



# SUPERMONKEY

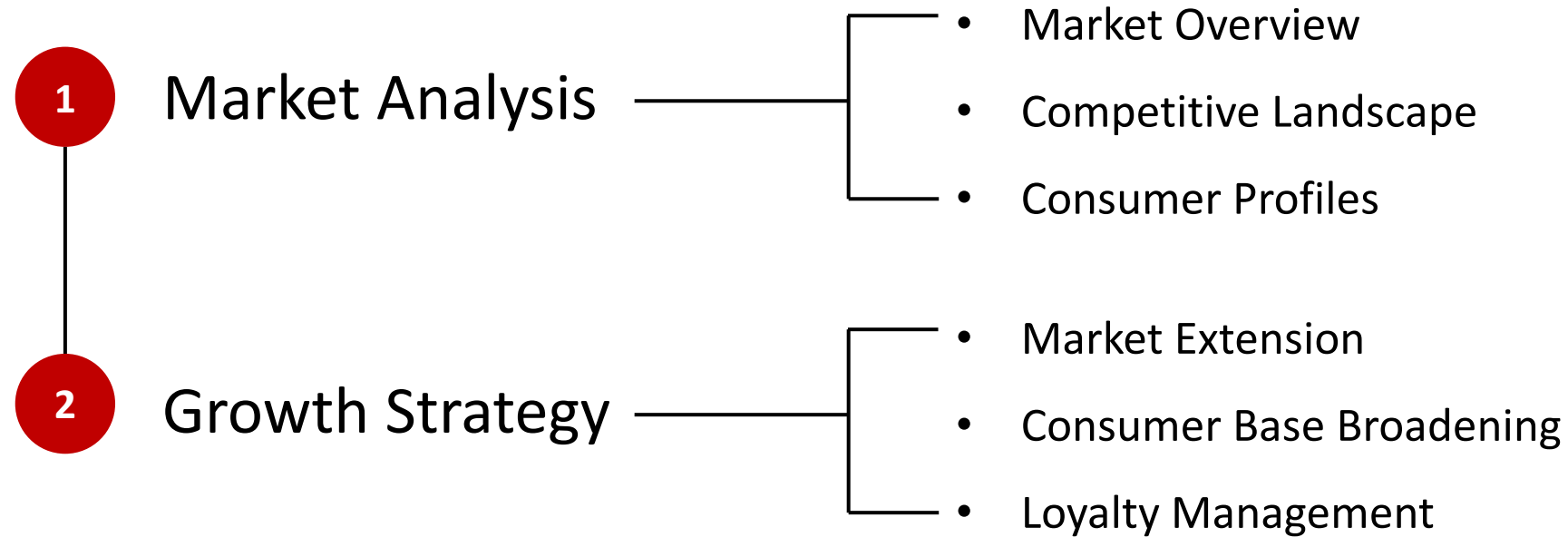
SUPERMONKEY

Growth Strategy in China

## 2020 Bain Case Competition

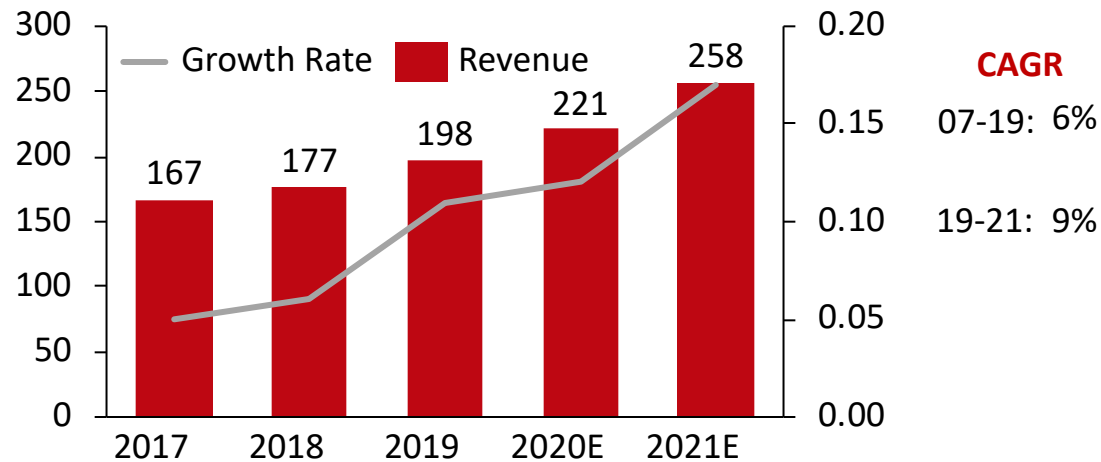
### Case Analysis Proposal

# Content

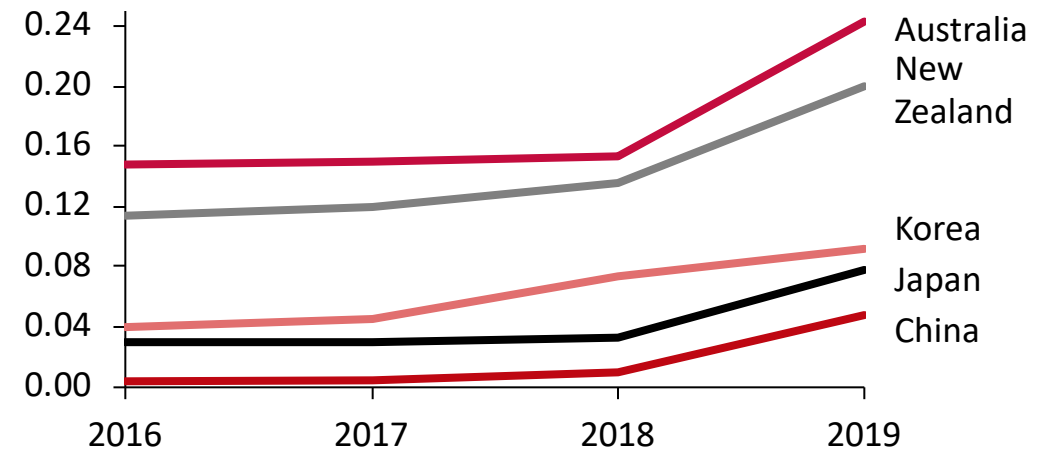


# Chinese fitness market accelerates with huge potential, and various fitness develop collaboratively to meet all users' needs

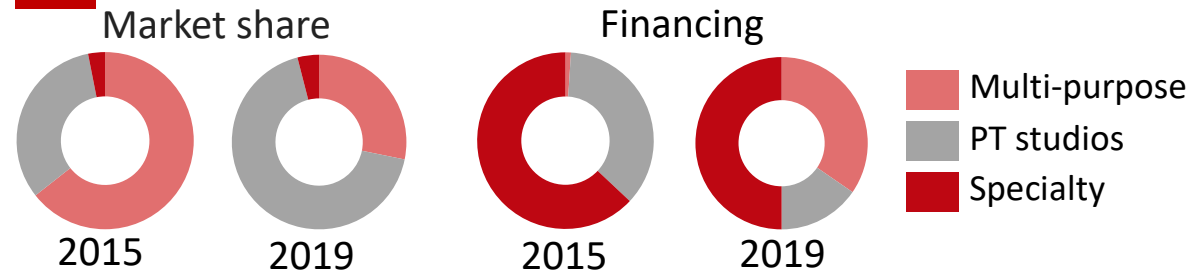
## 1 Overall fitness market revenue increases rapidly



## 2 Low penetration rate indicates market potential



## 3 Specialty has a strong momentum



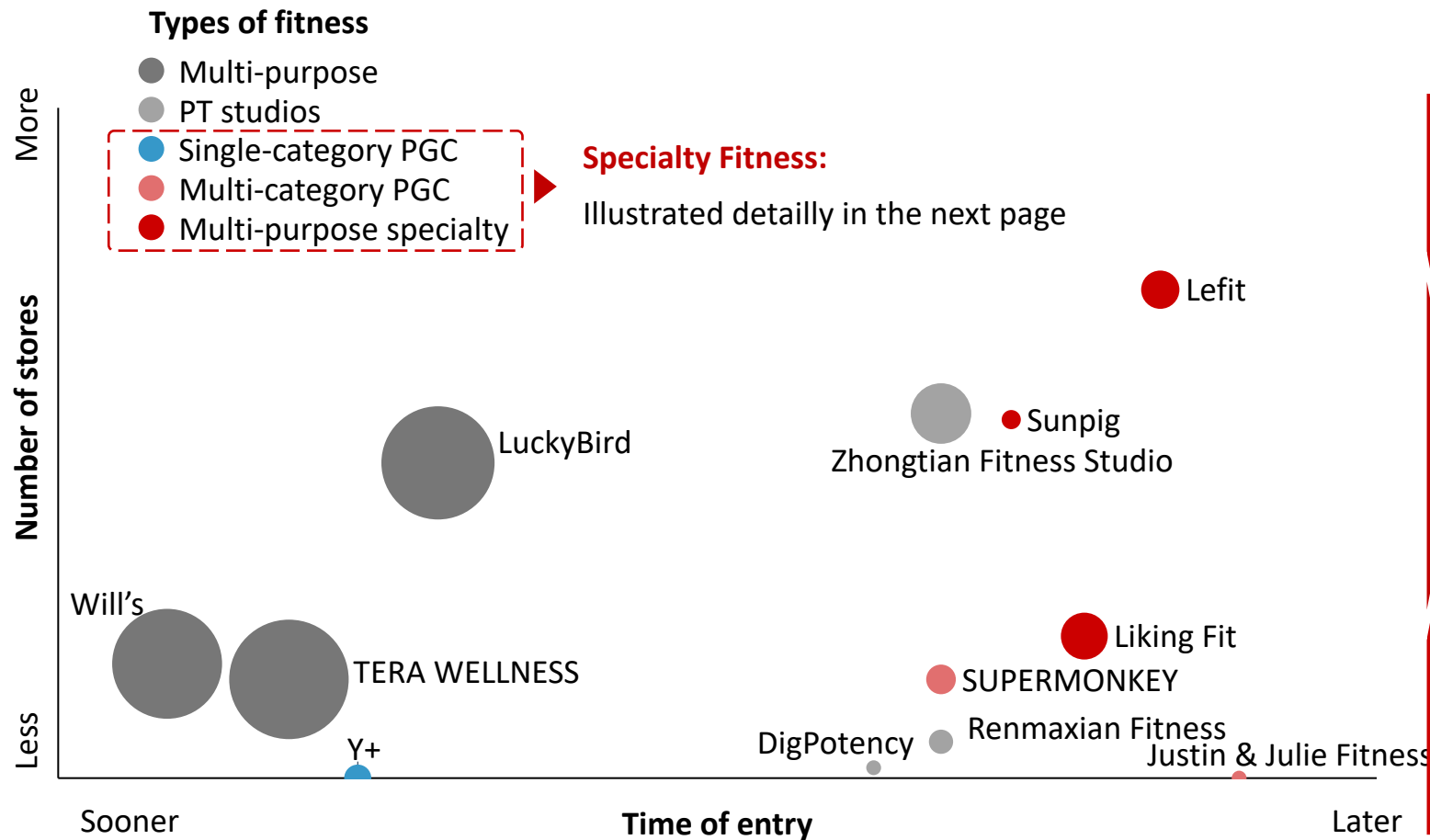
## Projections and key drivers in five years

- Fitness revenue will grow at 16.5% annually
- Penetration rate will reach 6% in the next five years
- Specialty fitness will take up to 35% total market share
- Increasing consumption willingness Stronger
- Awareness of sub-health Problems
- National favorable policies publicity

\*Hotel & Online fitness APP are not listed due to different functions

Source: Global Wellness Institute, ITjuzi, BAINEW analysis

# Competitive landscape of current players<sup>1</sup>: New competitors representing specialty segment entered the market around 2015 and took over market share










## Insights

- Multi-purpose fitness entered the market in the early 20th century, representing traditional form of fitness. Top players achieved the majority of the market share and earned high revenue
- PT studios were created by fitness trainer from original Multi-purpose fitness. Players are more fragmented
- Single-category PGC, multi-category PGC, and multi-purpose specialty are all categorized as specialty fitness with diversified operating patterns and obvious differentiations among competitors

○ Bubble size represents the revenue in 2019

Source: Euromonitor, Liter research, BAINEW analysis

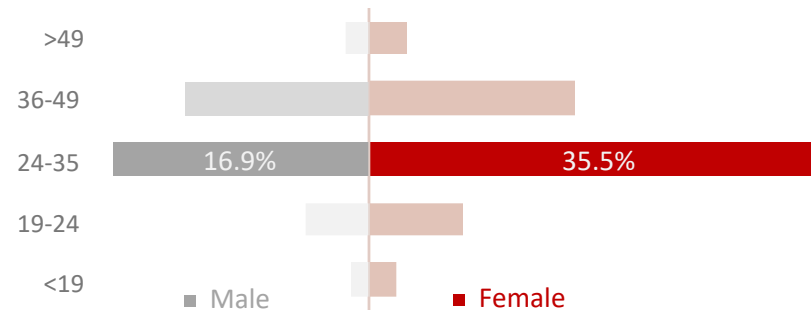
# Case study & future trend in specialty segment: two scenarios may occur regarding the current competitive landscape and competitors' positioning

	Single-category PGC	Multi-category PGC	Multi-purpose specialty	Future trend	
Leading segment player				Scenario 1	Likelihood
Positioning	<ul style="list-style-type: none"> <li>Comfortable, and high-end yoga room</li> <li>Professional service team specialized in yoga</li> </ul>	<ul style="list-style-type: none"> <li>Daily fitness experts with low entrance fee</li> <li>Customized courses to meet all needs</li> </ul>	<ul style="list-style-type: none"> <li>A platform connecting users, trainers and venues</li> <li>24/7 convenience meeting all needs</li> </ul>	 <p>Fragmented Heterogeneous</p> <p>Oligopolistic Homogeneous</p>	
Targeted customer	<ul style="list-style-type: none"> <li>Yoga lovers</li> <li>Young money</li> </ul>	<ul style="list-style-type: none"> <li>Sports enthusiasts</li> <li>White-collar workers</li> <li>80% are women</li> </ul>	<ul style="list-style-type: none"> <li>New fitness experienter</li> <li>Nearby residents and office workers</li> </ul>	 <p>Relative concentrated &amp; homogeneous</p> <p>Fragmented Heterogeneous</p>	
Key success factors	<ul style="list-style-type: none"> <li>Rare and peaceful space for relaxation in the busy center of Shanghai</li> </ul>	<ul style="list-style-type: none"> <li>"Word of mouth" advertising</li> <li>Retailing fitness course products</li> </ul>	<ul style="list-style-type: none"> <li>Government-enterprise cooperation</li> <li>Cater to customer convenience</li> </ul>	<ul style="list-style-type: none"> <li>Scenario 1: Current competitors excel in certain areas. It is highly likely they will try to expand their service portfolio to undercut market shares and small-sized players may be driven out</li> <li>Scenario 2: Differentiations among current players will become more obvious, and small-sized players gradually lose their competency</li> </ul>	

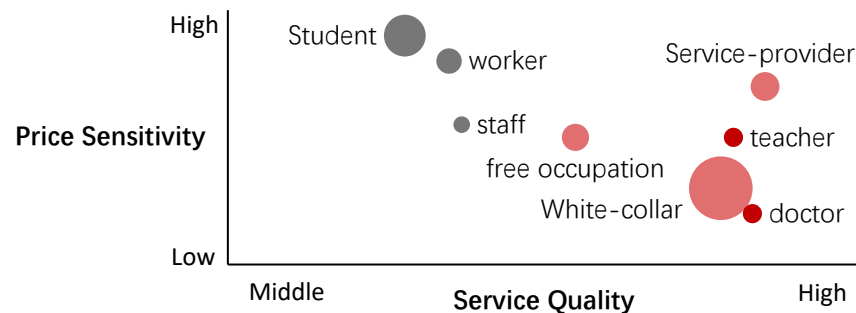
Source: Liter research, BAINNEW analysis

# Demographics of customers: Female aged 24-35 with relatively high income demanding gym course with high quality

## 1 Young women aged 24-35 are the main customers in fitness market

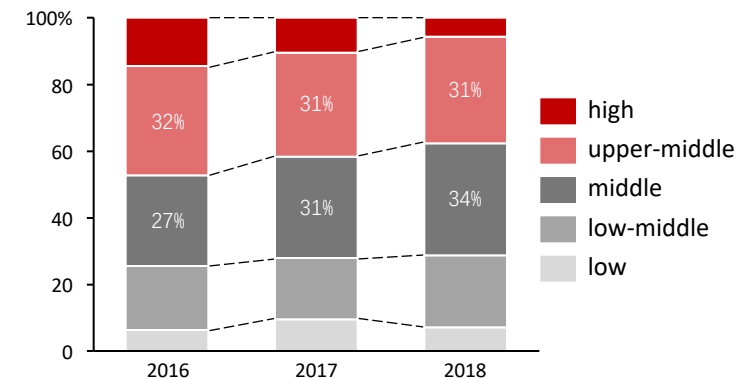


## 3 White-collar demands service quality and are less sensitive to price



Source: Liter research, MobData

## 2 Upper-middle & middle course consumers remain the majority of fitness market

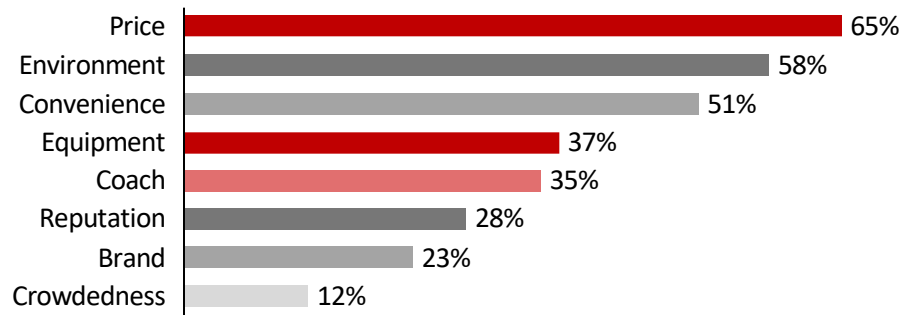


## Insights

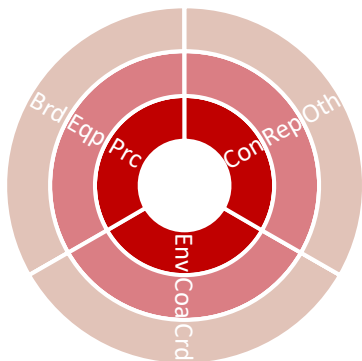
- Specialty fitness market attracts more young women from traditional fitness clubs
- Middle-course prefer pay by times representing newly-emerged payment scheme
- White-collar course value quality service and comfortable environment more than price to release their pressure from work

# SUPERMONKEY's customized high-quality group courses all needs from customers

## 1 Price, environment and convenience are top 3 aspects along consumer decision journey



### Customer concerns



### SUPERMONKEY features

	<b>Pay by times</b> Quality courses, lower price
	<b>Simple and energetic</b> Orange color motivates users
	<b>CBD or residential area</b> Convenient access

## 2 Demand for quality & specialized group courses is higher among female white-collar

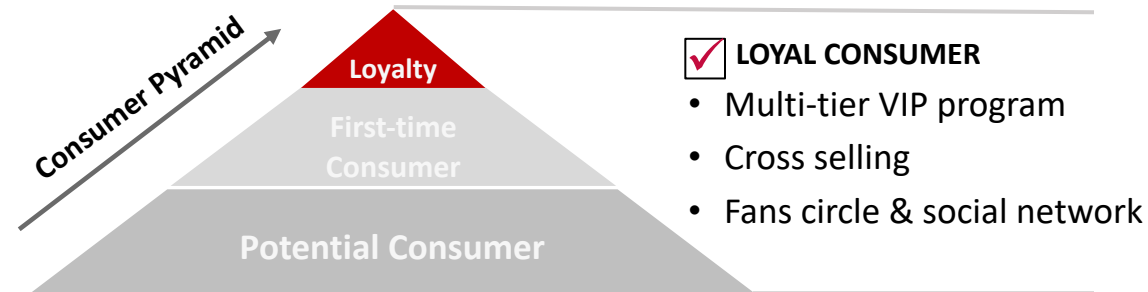


> SUPERMONKEY provides multiple group courses choices according to customers' specific needs.

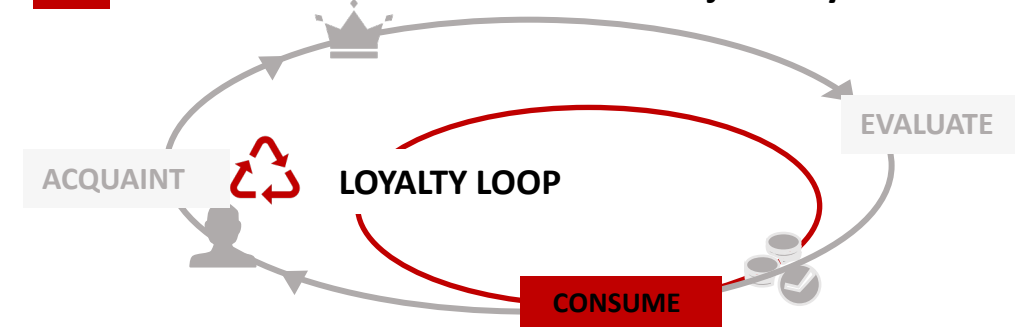
SUPERMONKEY meets expectations from young female with relatively high income

# Customer awareness and loyalty could be cultivated through delicate services and customized products in order to ensure future growth

## 1 Branding through consumer pyramid



## 2 Grow classic consumer decision journey

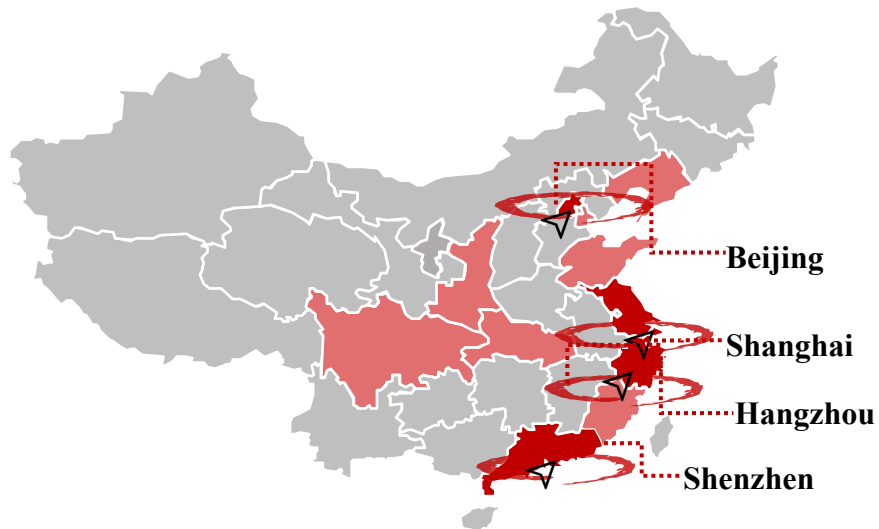


PHASE	STRATEGY	RISK
<b>AWARENESS PHASE</b> <ul style="list-style-type: none"> <li>• Desire for potential consumer</li> <li>• Achieve rational fitness layout</li> </ul>	<b>Market Extension</b> <ul style="list-style-type: none"> <li>• Deeply cultivate the fitness market in the developed cities</li> <li>• Plan types of gym expansion</li> </ul>	<b>Market Risks</b> <ul style="list-style-type: none"> <li>• Competitor responses to similar brand services</li> <li>• National policy do not aligned with consumer trends for fitness service</li> </ul> <b>Political Risks</b> <ul style="list-style-type: none"> <li>• Decreased economic development lead to per capital income</li> <li>• Political outrage in south Asia area</li> </ul>
<b>CONSUME PHASE</b> <ul style="list-style-type: none"> <li>• Form band culture &amp; story</li> <li>• Optimize customer experience</li> </ul>	<b>Consumer Base Broadening</b> <ul style="list-style-type: none"> <li>• Create brand IP</li> <li>• Constitute super monkey college</li> </ul>	
<b>MANAGEMENT PHASE</b> <ul style="list-style-type: none"> <li>• Strengthen word-of-mouth effect</li> <li>• Realize personal value</li> </ul>	<b>Loyalty Management</b> <ul style="list-style-type: none"> <li>• Maintain and improve value proposition</li> <li>• Implement Build fans-circle in social media (Wechat, Weibo)</li> </ul>	



# SUPERMONKEY focuses on cultivating tier 1 & 2 cities to form large-scale operations, reduce operating costs and increase brand awareness

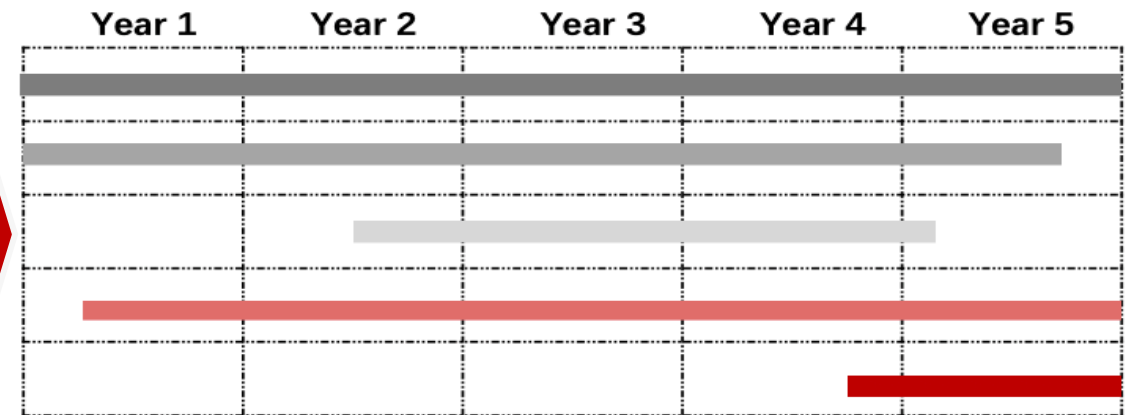
## 1 National incremental store in specialty segment



Based on projected specialty fitness market share and projected total market revenue, approximately 2500 stores will be opened in the next five years

## 2 SUPERMONKEY extends market nationally in five year

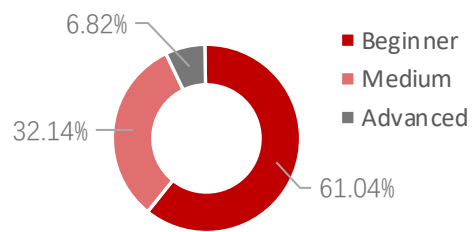
### Five year market extension strategy



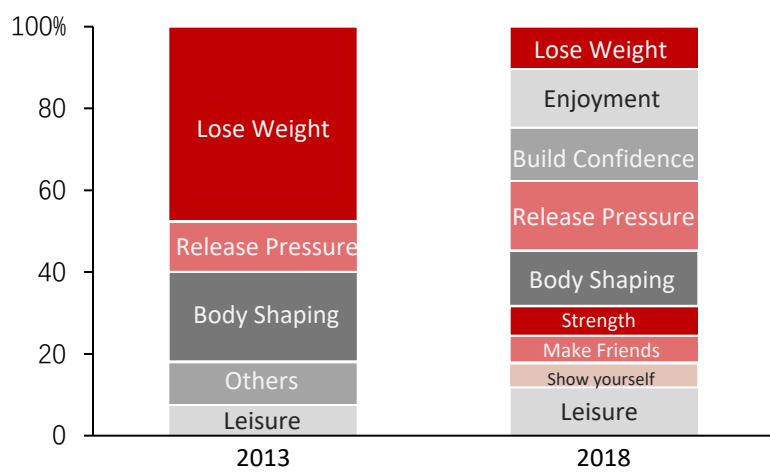
- Stage1: Deep dig into tier 1&2 cities to expand brand reputation
- Stage2: Develop potential users in tier 3&4 cities to form scale effects after establishing branding
- Stage3: Expand the mini fitness, PT studios to make use of developing trained coach from SUPERMONKEY college
- Stage4: After 3 to 4 years, restart Fitness Warehouse project as the national penetration rate national fitness awareness increases

# Optimize group courses and service system to further attract and satisfy customers aiming at all fitness needs

1 Potential customers are mostly at beginning or medium level





2 Customer work-out motivations



Source: iClick research, BAINEW analysis

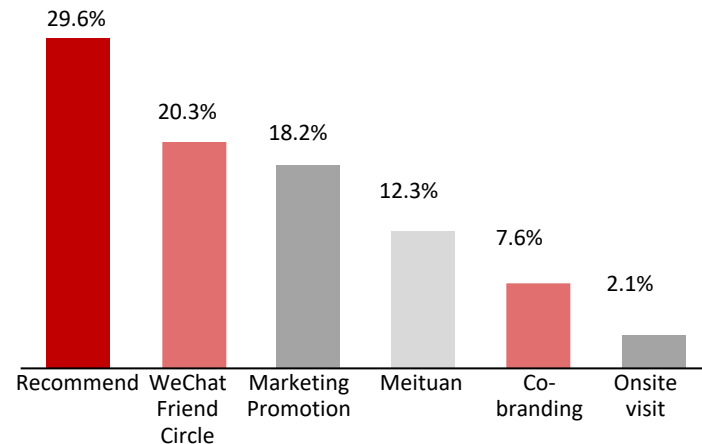
3 Based on the needs of target customers, SUPERMONKEY should rebalance the course system and provide more various courses

course Type	Specialty	Customer
	<ul style="list-style-type: none"><li>Copyright Course</li><li>Basic &amp; Intermediate level cardio workout</li><li>Communicative &amp; Immersive course</li></ul>	<div>BeginnerMaster</div> <div><div></div></div>
	<ul style="list-style-type: none"><li>Coaching System</li><li>Group course R&amp;D</li><li>Customer Feedback and optimization</li></ul>	<div>BeginnerMaster</div> <div><div></div></div>

- > Reach out to more fitness beginners and customize Les Mills courses to Chinese customers
- > Provide multiple group course choices, and the types and routines of the group courses should be updated constantly

# Apply multi-phase marketing strategy to shape brand image, enhance brand exposure to attract potential consumers

## 1 Current customers branding acknowledgement



- SUPERMONKEY should enhance brand exposure via multiple channels
- Cross-industry cooperation has become a new trend, e.g. fashion brands

## 1 Brand slogan & brand tags for target customers

### Example



“Your personal work-out partner”  
“Super monkey, super me”

Les Mills ; SUPERMONKEY college ;  
City fitness window

## 2 Multi-channel advertising aiming for target customers

### Social marketing

- > WeChat; Weibo

### E-mail

- > Sell fitness products online

### Idol effect

- > Celebrity endorsement

*online*

### Marketing campaign

- > Fitness game, free class

### Co-branding

- > Nike, PUMA, Reebok...

### Fitness products

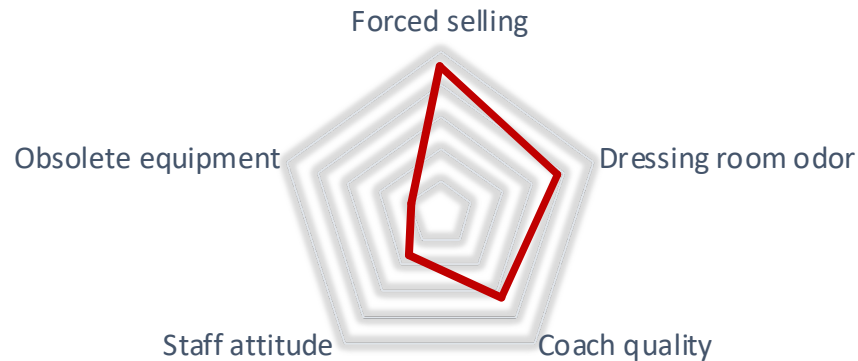
- > Gym outfit, equipment

*offline*



# Increase customer loyalty by optimizing management service, providing fan network activities and associating with brands

## 1 Manage customer's feeling is crucial



### Optimize service management

- Optimize location selection to provide geographic convenience
- Optimize self-service management system to lighten management.

## 2 Strengthen brand cooperation and implant impression

- More than 90% of fitness customers indicate forced sales are the most objectionable content.
- Provide customers the sense of freedom in the process of service to reduce psychological pressure and cultivate trust

### Provide comfort service

- Personal contact with coach is optional;
- Low threshold of the gym value card;
- The balance could be refunded at any time

METHODS

Inside



- Hold member activities to form a fan community and expand brand reputation

Outside



- Joint famous fitness equipment brands to enhance brand exposure