

## **MGT 140 AO1 Davis CrossFit Research Project**

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## **Executive Summary**

For our client analysis, we examined the Davis branch of CrossFit to uncover some of their biggest marketing problems. To start, CrossFit is a high-intensity fitness regimen that combines weightlifting, gymnastics, running and rowing among other movements into a rigorous competition-style workout. With CrossFit, you are not just getting a membership to throw some weights around and run on a treadmill until your ankles give out. CrossFit provides its members with industry-leading coaching and the tools to train like a pro. Apart from excellent training, members also gain access to a tight-knit community of fellow athletes. As such, it is easy to say that CrossFit presents a more premium product.

While the product may be superior, most students do not see the value in paying upwards of \$150 for a “gym membership”. However, it is important to note that people see the value of CrossFit once they’ve actually experienced the service a few times, as opposed to just hearing about it from a third person. To add to the problem, Davis CrossFit also lacks in terms of promotional material. Initially, we were unaware of the small discount that was offered to students. They do offer an hour-long free intro class on Sundays, but from a promotional perspective this seems very nominal. Furthermore, CrossFit is located far away from campus in a business complex on 2<sup>nd</sup> Street. This plays against CrossFit in terms of accessibility. Also, additional signage could definitely be incorporated to attract new clientele. However, the friendly coaches and the minimalistic layout of the fitness center did create a rather inviting and alluring atmosphere.

## **Market Segmentation**

Our segmentation model defines our broader consumer base as UC Davis students. We chose the combined undergraduate and graduate student population of Davis for a couple of reasons. First off, based on our client field trip we noticed how about half the patrons fell within the college-student age range. Furthermore, approximately half the population of Davis is comprised of students, so it makes sense to focus on this rather large market. After defining this market, we get more specific by highlighting the target audience as students who exercise in some capacity or another. We chose this target base because CrossFit is quite strenuous and would not appeal to those without adequate fitness experience. This market of students who work-out is subsequently broken down into three subcategories: fitness junkies, casual athletes, and low-priority lifters. From these three niche areas we establish fitness junkies as our primary target audience.

Fitness junkies represent the group that we believe CrossFit has the best chance of attracting and maintaining as customers. This group is predominantly male, 18-24-year old's who are educated and do not shy away from hard work. They live by the motto "the early bird catches the worm," and they are intrinsically motivated to succeed both professionally and personally. Healthy lifestyle is very important to them, whether that be in the form of clean eating or exercising to meet their fitness goals, and they are also eager to try new experiences to push their limits. Casual athletes are both male and female, often work part-time on campus or downtown, and exercise at least once a week. Fitness is still important to them, but they have busy schedules with school and work and tend to exercise to stay in shape and feel good. They are slightly more price sensitive than fitness junkies. The third sub-segment, low-priority lifters, is comprised of students who really just exercise if time permits. They have no carefully defined fitness objectives, and don't count calories to the same degree as fitness junkies or even casual athletes. This group eats out quite frequently as they do not care about healthy eating enough to cook meals at home.

### **Primary Target Audience Persona**

Our target customer persona is embodied by "Physically-fit Phil". Phil is a 22-year-old student with a long athletic history playing team sports and leisurely weight training on the side. He takes pride in his aesthetic, but also exercises to test the limits of his strength and to mitigate the stress created by his hectic school schedule. Phil enjoys cooking and shopping for healthy ingredients at local institutions like the Davis Co-op and The Nugget. Phil is also a major fan of sports and was actively involved in Davis intra-murals as a lower classman. Phil does watch how much he spends, but is willing to pay just a bit more for fresh foods and other things that promote healthy lifestyle. We chose to target people like Phil as indicated by our focus group and survey results. The focus group participants who seemed most inclined to check out CrossFit were those students who already exercised quite frequently and had histories of playing team sports or lifting with some club or organization. This group was more receptive to the benefits that CrossFit has over traditional gyms. Based on the survey there is also a thriving community of fitness junkie types like Phil in Davis, as 44.4% of respondents reported exercising 3-5 times a week. Moreover, 61.11% of respondents reported that they have been working out/lifting for two years or more. The marketplace is thus moderately saturated with experienced athletes, a customer base that CrossFit as a global franchise has been quite successful in appealing to.

### **Competitive Analysis**

Key factors that define a good gym experience include quality of product, price, proximity, environment, whether it is crowded or not, and the quality of customer service. When we surveyed customer importance relative to these six attributes based on a one to ten scale, we found that quality of product and price were rated as a 9, proximity a 7, environment a 6, how not crowded the gym is an 8, and customer service a 4 (rounded). The three competitors that we identified were the ARC, West Village Gym, and Get Fit Davis.

When it comes to quality, Davis Crossfit was rated at a 10 with a 110% satisfaction percentage. Given this overcompensation, quality could be slightly lowered while still meeting the standards of customers and since CrossFit placed higher than its competitors, it could easily use quality of product as a bragging point when advertising. When it came to price, Davis Crossfit was rated at a 4 (44.44%). All in all, Davis Crossfit seems to have a hard time getting their perceived value to match price in new customers' eyes. When it comes to proximity, Davis Crossfit scored a 5 (71.4%). We suspect this is because CrossFit is mostly only accessible by car and because our survey shows that only 25% of people are willing to travel over 2 miles, which is the distance most people have to drive to get to Crossfit. When it comes to environment, Davis Crossfit scored a 9 (150%). This overcompensation indicates that the environment can be placed at a lower priority while still maintaining customers who appreciate a good community feeling. When it comes to how not crowded the gym is, Davis Crossfit was given an 8 (100%). When it came to the competitors, Davis Crossfit rated higher than all three. With this in mind, Davis Crossfit is currently in the perfect position for how crowded their workout space is. Customer importance of customer service was rated the lowest of the six attributes. Crossfit scored an 8 (200%). Once again, Davis Crossfit could easily give up points in their customer service and focus it into other categories such as bolstering perceived value.

### **SWOT Analysis**

The strengths of CrossFit are fostering a tight-knit community beyond simply allowing members to exercise together. From CrossFit's social media, we can see many fun activities the gym recently held or actively engaged in. Moreover, coaches were very happy to entertain our questions. Participants in our focus group who had experience in CrossFit also praised its friendly customer service. Furthermore, CrossFit offers tailored programs for various difficulty levels. For example, CrossFit's On-Ramp program is for beginners while they also offer classes for advanced athletes. Compared with the ARC, CrossFit is far less congested, and the notion of waiting almost an hour in line to secure a bench or squat rack is unheard of. In addition, CrossFit has a global reputation for excellence as created by the results it produces for members and the new phenomena which is the CrossFit games. However,

the strength of the CrossFit brand does not seem to promote a similar level of awareness in the Davis community, as survey results show that only 19.4% of people have heard of CrossFit Davis.

Crossfit Davis is about two miles from the Memorial Union terminal. For most students it is only accessible by car, and only 25% of our survey participants are willing to travel over two miles to the gym. Moreover, CrossFit is situated in the corner of a business park and is not located near any study spots or other points of interest which students may frequently visit. In contrast, the Peet's Coffee and the lounge area at the ARC make it more appealing and also help to boost its presence on campus. Most students in our focus group also pointed out that Crossfit doesn't have any conspicuous signage in guiding them to find the gym. Meanwhile, the windows were completely tinted. However, according to our survey 52.8% of respondents had no preference when it came to an open or more secluded workout environment.

A plus for CrossFit is that they have an ample market of individuals who exercise to stay in shape to reach out to. The survey shows that 83.3% of people workout for this purpose, which is a large opportunity for CrossFit. However, the free trial program needs to be revamped to show clients the true value of CrossFit.

Price competition is the primary threat CrossFit faces. Compared to the ARC, CrossFit is expensive for students and its promotion is not very appealing. A student discount of 7.5% on a monthly fee of \$150+ is essentially meaningless. The survey also tells us that 72% of people said price is a vital factor when considering which gym to join. Furthermore, the proximity of most competitors like the ARC and apartment gyms is better suited for most of the target base, and focus group feedback has indicated that location is almost if not more important than actual value offered.

### **Marketing Problems Identified within 4P's**

Key findings we found for price were that 25% of our survey participants wouldn't mind paying for CrossFit given the benefits. Some problems we encountered were that 31.6% of our participants would have no interest in CrossFit if price wasn't an issue; however, this is mostly due to CrossFit not promoting its benefits well enough. Our second problem is that 72.7% of our participants are not employed, which could mean they are less inclined to look for alternative workout spots when they have free options like the ARC.

We had a preconceived notion that place would be an area of contention for customers, and our focus group and survey confirmed this. However, 34.5% of our participants would be willing to travel 2 miles or more to

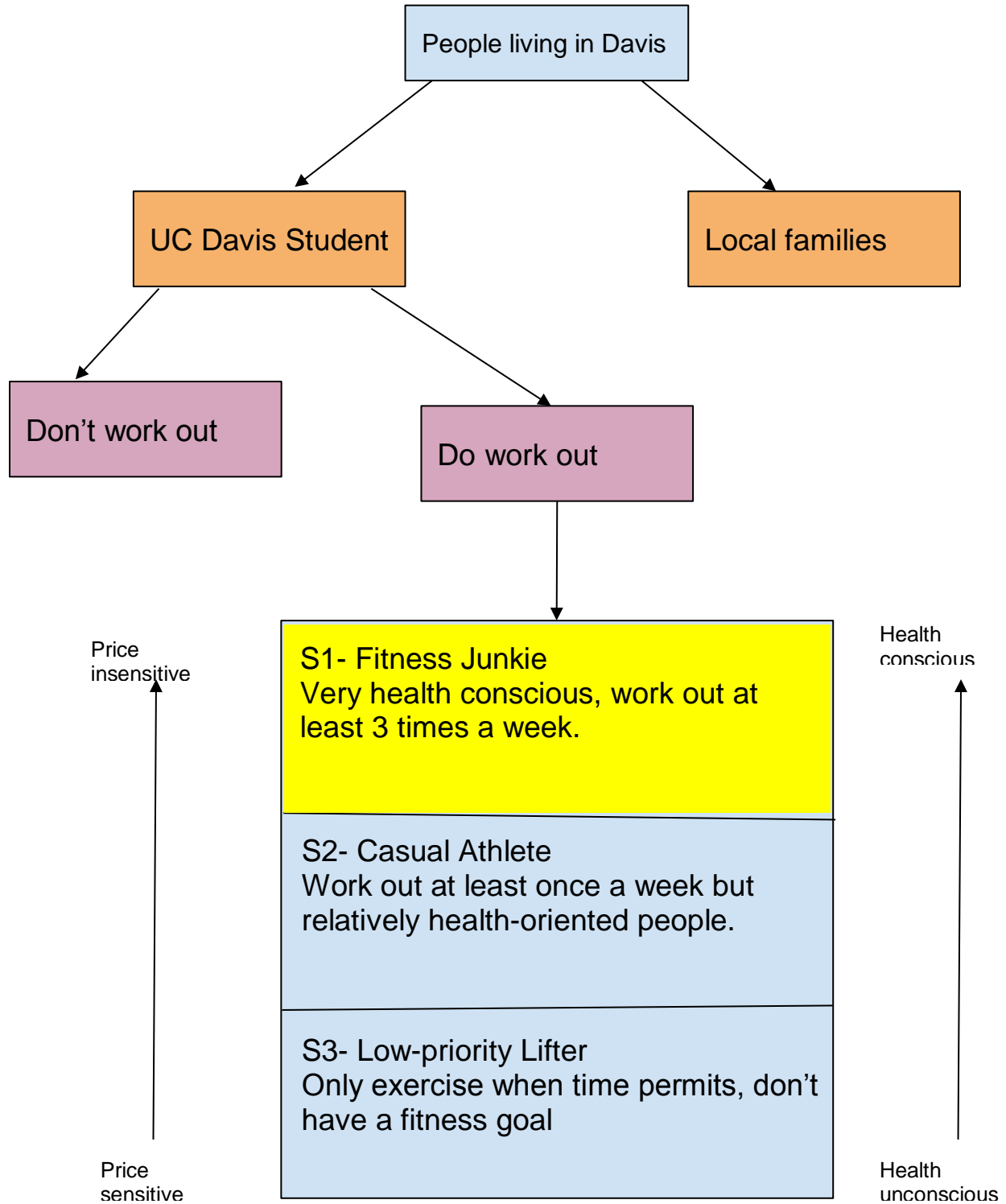
workout. A couple problems that we encountered were 66.9% of our participants don't want to sacrifice convenience in order to have a personal trainer, and even if they are willing to travel, 65.5% of them are not willing to travel upwards of 2 miles. Since CrossFit is far from most apartment complexes in the area and is not near popular stores or restaurants. Community members would not typically pass by CrossFit's lot unless traveling southbound toward the Target shopping area.

Some of our major problems with promotion are that we have an awareness issue and they only offer one trial class for an hour on Sunday at 1pm. Our survey shows that 58.3% would be interested in joining Davis CrossFit if they offered more trial classes. More trial classes could mean that potential customers could experience what Davis CrossFit has to offer. The biggest problem we have is that no one knows about Davis CrossFit. In our survey only 32.5% have heard of Davis CrossFit but only 16.7% have been there. If CrossFit wants to augment its top-line growth it needs to find a way to spread its name better in the community.

Product has the least amount of issues as discerned by talking to current customers and viewing the positive reviews on the Yelp page. The main obstacle CrossFit faces in product is altering the perceived value. The survey tells us that 50% of our participants don't find value in a coach or a personal trainer. This could be because many of them haven't had a personal trainer before. Davis CrossFit thrives on their close community, but 16.1% of our survey participants prefer to work out alone. Due in part to CrossFit's exceptional success in transforming athletes and novice lifters as a group effort, we believe that classes would have a very positive impact on new members. In conclusion, the most paramount issues standing in CrossFit's way of greater market share and revenue growth are awareness, location, and the lack of perceived value.

## APPENDICES

### Customer Segmentation Model



## Target Persona

### Target- Physically Fit Phil



#### **Demographics**

Predominantly male

Age: 18-24

College educated

Unmarried

Limited income

#### **Behavior Variables**

Cook regularly at home

Count calories

Follow professional sports

Read nutrition labels

Look for high-quality foods (e.g. organic)

Tight schedule (school and/or work)

#### **Psychographics**

Health conscious

Eager to learn

Desire competitive environments

Enjoy working out for stress-relief

Interested in reaching a certain aesthetic



## Competitive Analysis

\*Satisfaction Gap and Satisfaction % represented by Gap and %

<u>Attribute</u>	<u>Customer Importance</u>	<u>Davis Crossfit</u>	<u>ARC</u>	<u>West Village Gym</u>	<u>Get Fit Davis</u>
<b>Quality</b>	9	10 Gap: -1 S.P.: 110%	4 Gap: 5 S.P.: 44.44%	6 Gap: 2.5 S.P.: 67%	8 Gap: 1 S.P.: 88.89%
<b>Price</b>	9	4 Gap: 5 S.P.: 44.44%	10 Gap: -1 S.P.: 110%	10 Gap: -1 S.P.: 110%	7 Gap: 2 S.P.: 77.78%
<b>Proximity</b>	7	5 Gap: 2 S.P.: 71.4%	9 Gap: -2 S.P.: 128.5%	10 Gap: -3 S.P.: 142.8%	4 Gap: 3 S.P.: 57.14%
<b>Environment</b>	6	9 Gap: -3 S.P.: 150%	6 Gap: 0 S.P.: 100%	7 Gap: -1 S.P.: 116.67%	8 Gap: -2 S.P.: 133%
<b>Not Crowded</b>	8	8 Gap: 0 S.P.: 100%	3 Gap: 5 S.P.: 37.5%	6 Gap: 2 S.P.: 75%	7 Gap: 1 S.P.: 87.5%
<b>Customer Service</b>	4	8 Gap: -4 S.P.: 200%	2 Gap: 2 S.P.: 50%	4 Gap: 0 S.P.: 100%	6 Gap: -2 S.P.: 150%

## SWOT Analysis (Davis CrossFit)

<p style="text-align: center;"><b><u>Strengths</u></b></p> <ol style="list-style-type: none"> <li>1. Strong Community</li> <li>2. Good customer services</li> <li>3. Personalized workout</li> <li>4. Quality in personal trainers/coaches</li> <li>5. Brand value/reputation</li> <li>6. Less crowded than competitors</li> </ol>	<p style="text-align: center;"><b><u>Weaknesses</u></b></p> <ol style="list-style-type: none"> <li>1. Crossfit is not well known in Davis</li> <li>2. No local marketing campaigns</li> <li>3. Location is fairly hidden</li> <li>4. Only accessible by car</li> <li>5. CrossFit in general is perceived as pretentious to many</li> <li>6. Not central to social hubs/food destinations</li> </ol>
<p style="text-align: center;"><b><u>Opportunities</u></b></p> <ol style="list-style-type: none"> <li>1. Large market for people wanting to get into better shape</li> <li>2. Free trial classes need to be at more convenient times/more accessible</li> <li>3. More classes should be offered on the weekends.</li> <li>4. Website needs improvements.</li> </ol>	<p style="text-align: center;"><b><u>Threats</u></b></p> <ol style="list-style-type: none"> <li>1. Price of competitors is significantly lower</li> <li>2. Proximity of most competitors is relatively closer to customers</li> <li>3. Many do not understand value that high-intensity conditioning has over traditional lifting</li> </ol>

## SWOT Analysis (ARC)

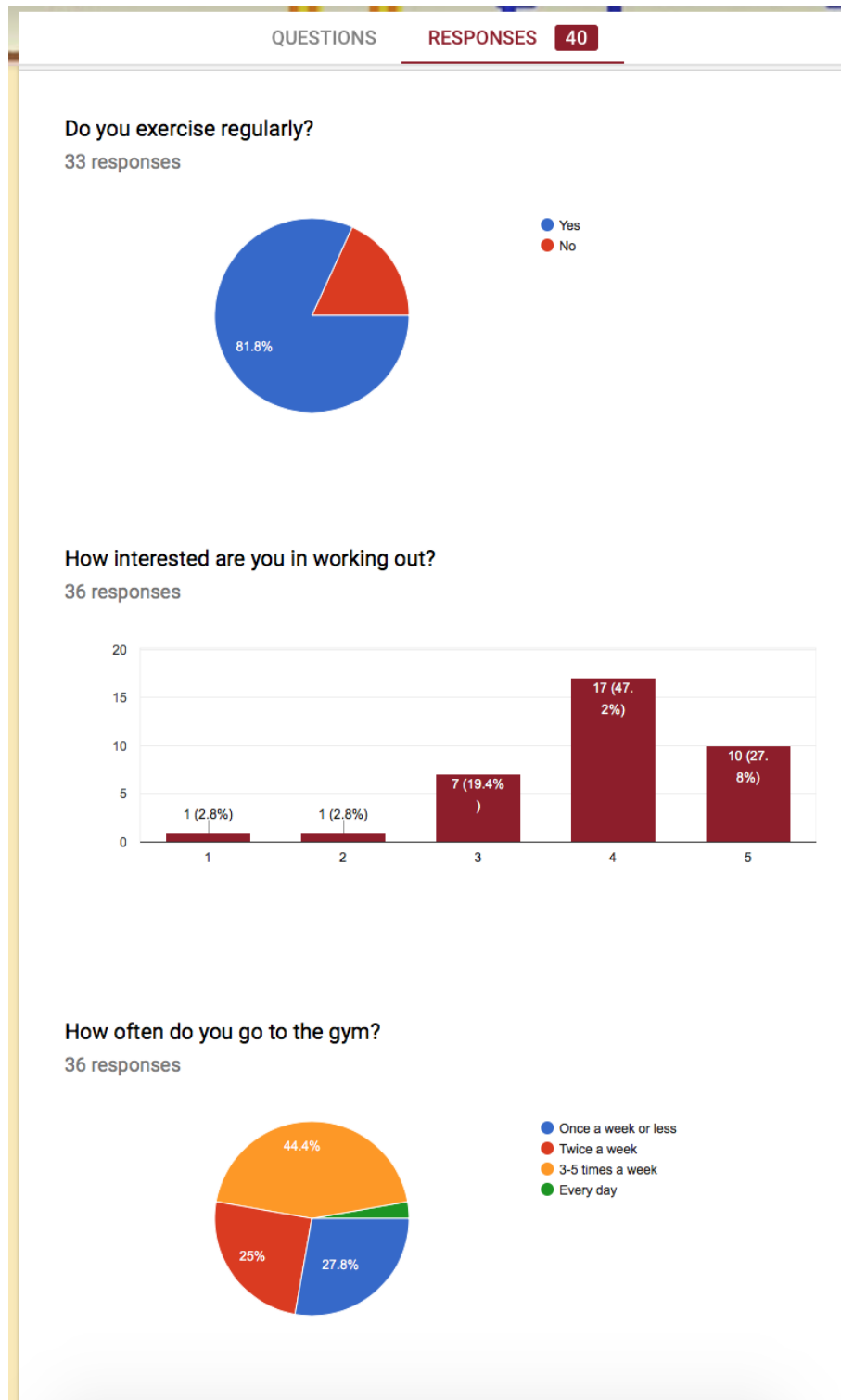
<p style="text-align: center;"><b><u>Strengths</u></b></p> <ol style="list-style-type: none"> <li>1. Price is covered by student tuition</li> <li>2. Nearby Coffee shops and a lounge area</li> <li>3. Located on campus, which is very accessible to students</li> <li>4. As a part of main facility on campus, it doesn't need to promote anything</li> </ol>	<p style="text-align: center;"><b><u>Weaknesses</u></b></p> <ol style="list-style-type: none"> <li>1. Overcrowded/wait times for most machines</li> <li>2. Limited equipment and weight racks</li> <li>3. Too few classes</li> <li>4. No personal trainers</li> </ol>
<p style="text-align: center;"><b><u>Opportunities</u></b></p> <ol style="list-style-type: none"> <li>1. Offer more sports classes</li> <li>2. Hire some coaches to train students in powerlifting techniques</li> <li>3. Opening 24/7</li> <li>4. Increase count of and improve exercise equipment, not only updating cardio machines</li> </ol>	<p style="text-align: center;"><b><u>Threats</u></b></p> <ol style="list-style-type: none"> <li>1. Customer services relative to competitors is not so satisfying</li> <li>2. Reconstruction period has turned off many customers, limited service</li> <li>3. Long wait times not suitable for busy students</li> <li>4. Lack of organization</li> </ol>

### Focus Group Results

1. How often do you exercise?
  - Not at all | 3-5 days a week | 1-2 days a week
    - Our focus group majority was 3-5 days
2. How long have you been working out?
  - Since high school | one year | two years
    - Our focus group was fairly split
3. Do you find value in personal trainers and coaches? If so, would you ever get one?
  - I've gotten a personal trainer before | I've never gotten one | I've wanted one
4. Do you know how to work out/have a routine that works for you?
  - Yes
    - All participants said they did
5. Have you heard of Davis CrossFit?
  - No | Yes
    - All participants but one knew CrossFit Davis
6. Can you afford Davis CrossFit's prices?
  - It's a bit pricy | the ARC is free
7. Would you consider Davis CrossFit's prices reasonable?
  - Yes, | no
    - Focus group majority said no
8. If you work out at the ARC, would you mind paying for Crossfit given the benefits?
  - Yes, the ARC is free | I don't know what the benefits are | I don't need a personal trainer
9. If you work out at a gym in or close to your apartment, would you mind giving up the convenience of walking to your gym quickly to have a coach that can manage your workout schedule?

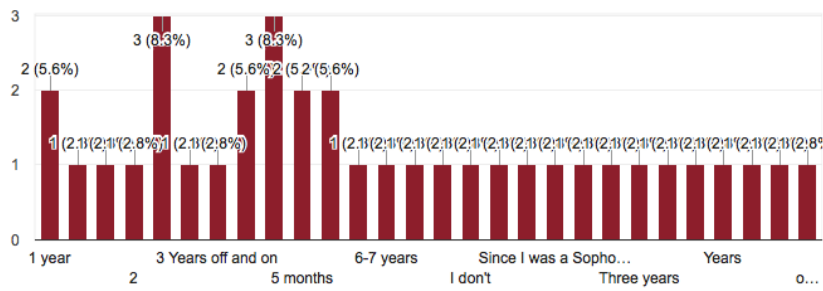
- Yes, I mind | I want quick workouts | No
- 10. Would driving to Crossfit be too much of an inconvenience?
  - Yes | It's far | The ARC is close to campus | Prefer biking distance
- 11. Do you find value in being part of a community with a shared passion of a healthy lifestyle?
  - Yes | I like to work out alone
- 12. How feasible is it for you to go a gym that is not in close proximity?
  - Not feasible | I can drive there | It's too far
- 13. Would you be more interested in joining CrossFit if they offered more trial classes?
  - Yes | I want to try it out first
- 14. How important is price to you when choosing where to work out?
  - Important | Not that important | It's important because I don't have income
- 15. Do you prefer to work out alone or as part of a class?
  - Either | alone | with 1 or 2 people
- 16. Do you prefer a relatively private workout environment or an open one just like ARC?
  - Open | Private
- 17. What problems do you see with working out at the ARC?
  - It's too crowded | The reconstruction is in the way | Layout of the ARC is bad
- 18. Is your primary motive for exercising/lifting to stay in shape, challenge yourself, or simply to reach a certain aesthetic?
  - To stay in shape | To get stronger | to look good
- 19. Do you have any interest in learning powerlifting and/or Olympic lifting?
  - No
- 20. If price was not a factor in your decision, would you even have any interest in joining a CrossFit gym?
  - Yes | No, I have no interest in CrossFit
- 21. Has your ability to work out at the ARC been hindered at all by all the current construction?
  - Yes, they moved all the weights on to the basketball court
- 22. If you are familiar with CrossFit, what is your overall impression of the brand? What good or bad things have you heard/been told about the company?
  - I didn't know what CrossFit was | People who are in CrossFit always talk about CrossFit

## Survey Results



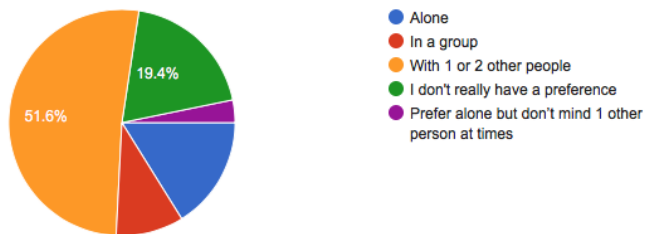
## How long have you been working out?

36 responses



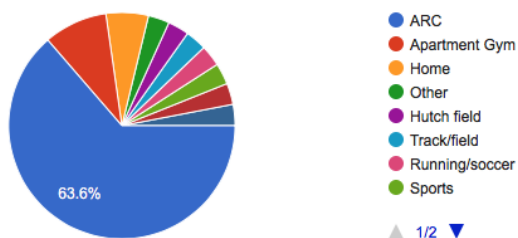
## Do you like working out in a group or alone?

31 responses



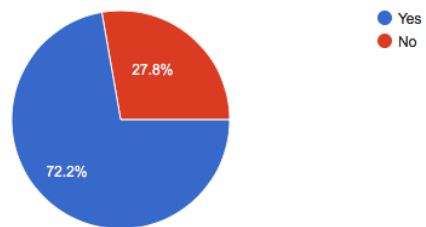
## Where do you workout?

33 responses



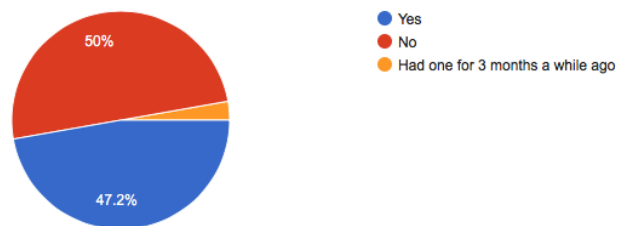
Do you have a specific routine/know how to design your own workout regimen?

36 responses



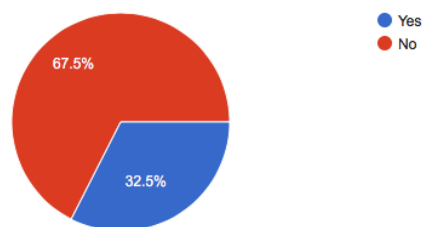
Do you find value in personal trainers and coaches? If so, would you ever get one?

36 responses



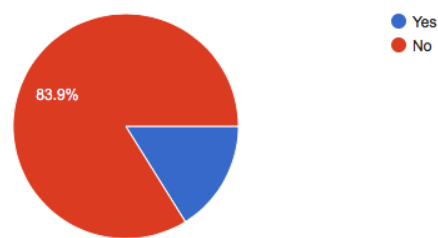
Have you heard of Davis CrossFit?

40 responses



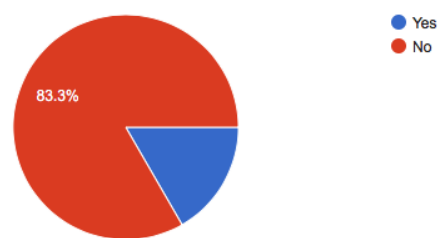
If you have heard of it, do you know where it is?

31 responses



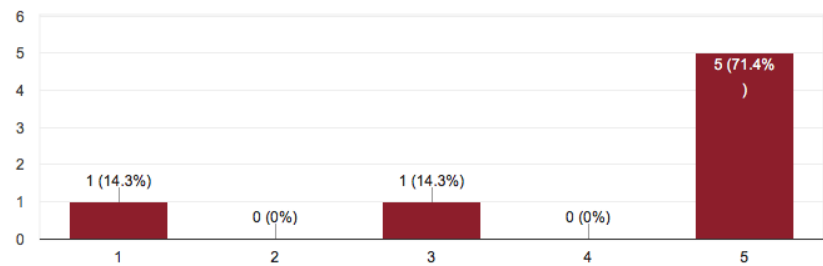
If so, have you been there?

30 responses



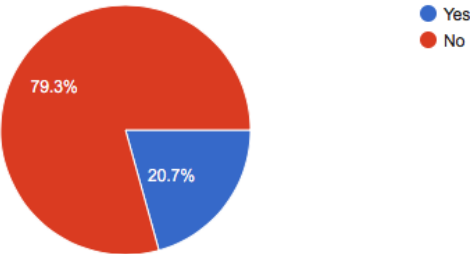
How was your experience at Davis Crossfit? (If applicable)

7 responses



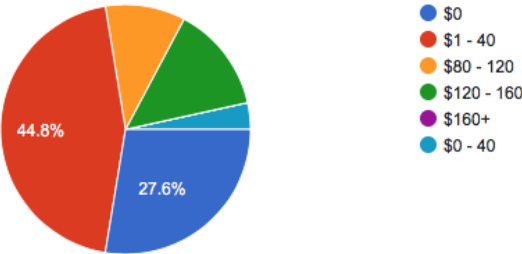
Have you paid for a Personal Trainer before?

29 responses



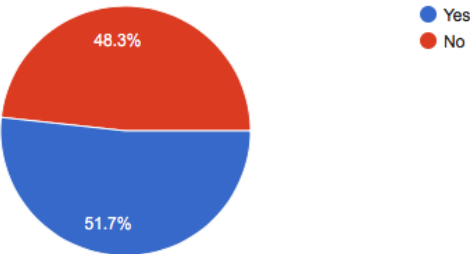
How much would you be willing to pay (per month) for a gym/trainer?

29 responses



Are you interested in powerlifting?

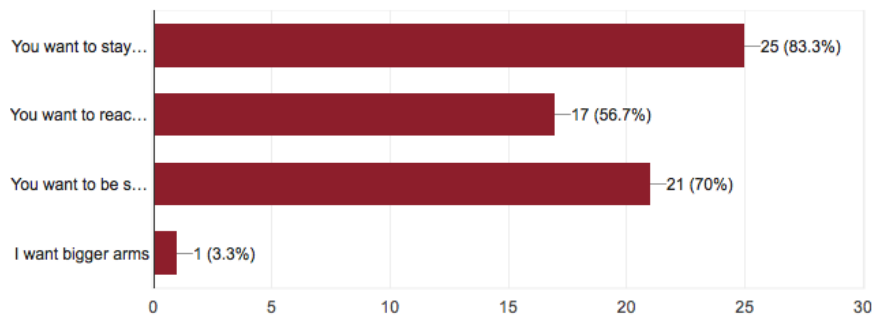
29 responses





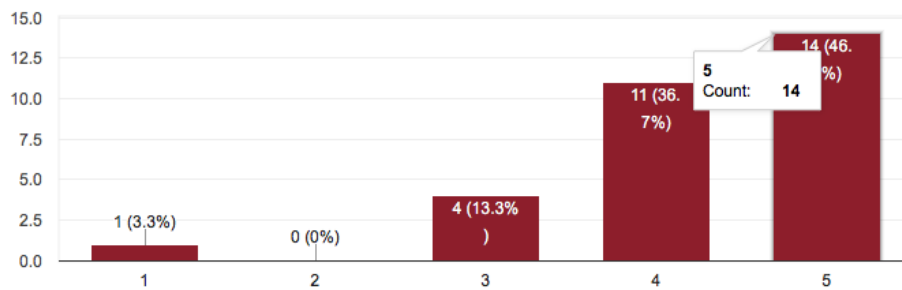
## Why do you workout?

30 responses



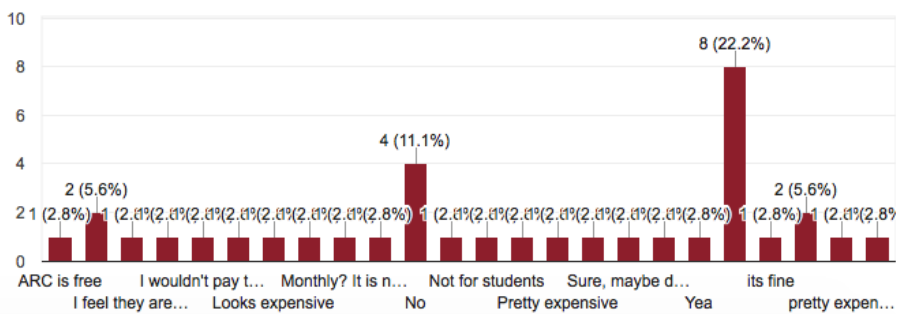
## How important is customer service to you?

30 responses



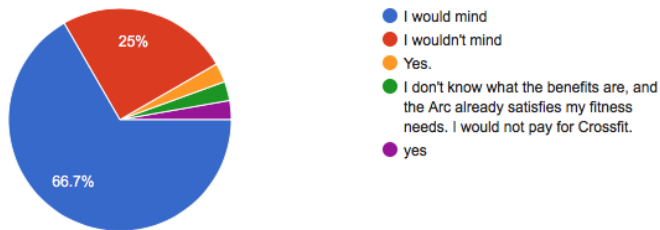
## Would you consider Davis Crossfit's prices reasonable?

36 responses



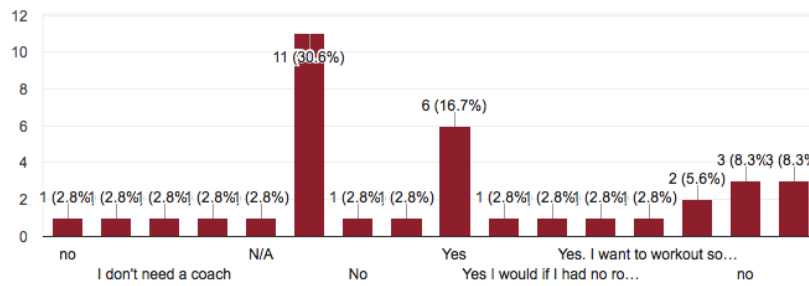
If you workout at the ARC, would you mind paying for Crossfit given the benefits?

36 responses



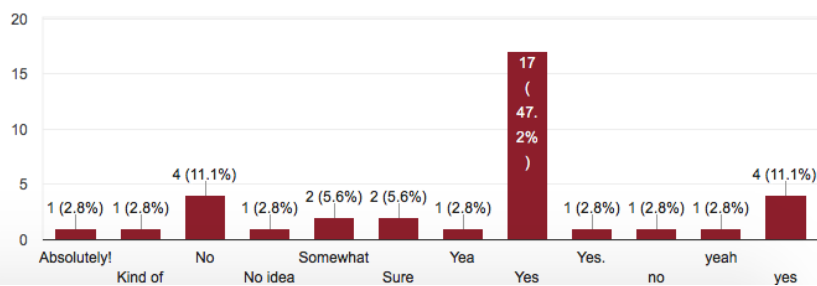
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36 responses



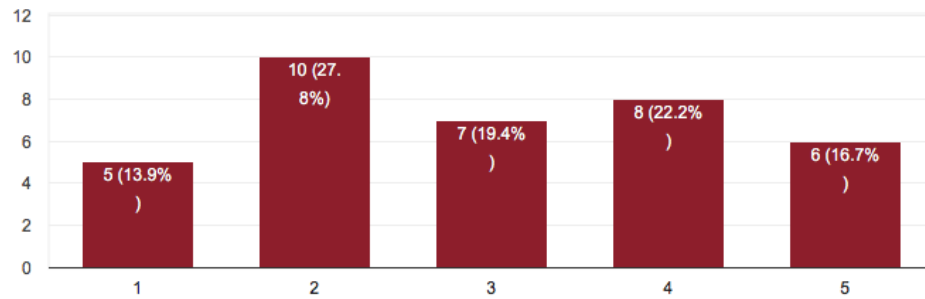
Do you find value in being part of a community with a shared passion of a healthy lifestyle?

36 responses



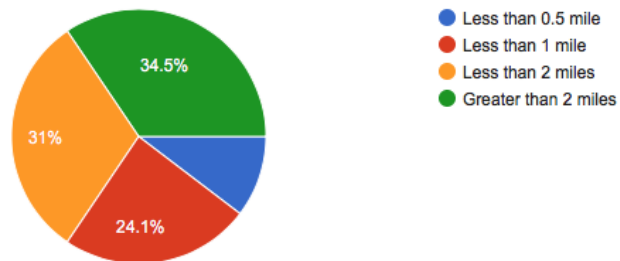
### How feasible is it for you to go a gym that is not in close proximity?

36 responses



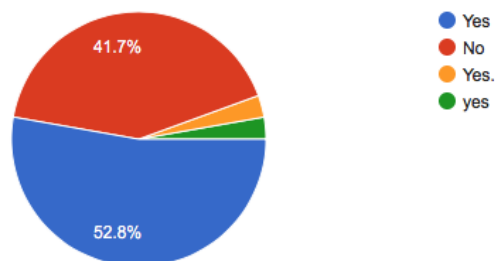
### How far would you be willing to travel to work out?

29 responses



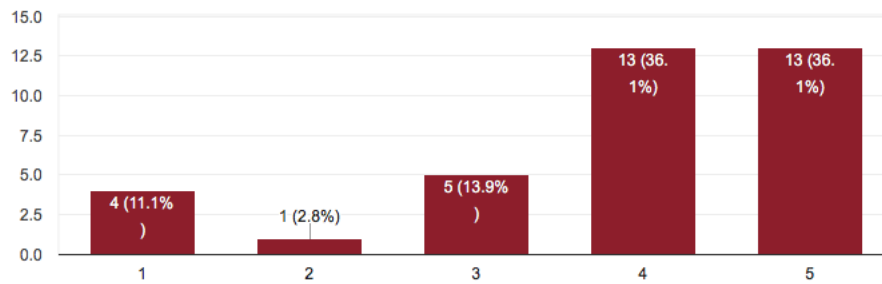
### Would you be more interested in joining CrossFit if they offered more trial classes?

36 responses



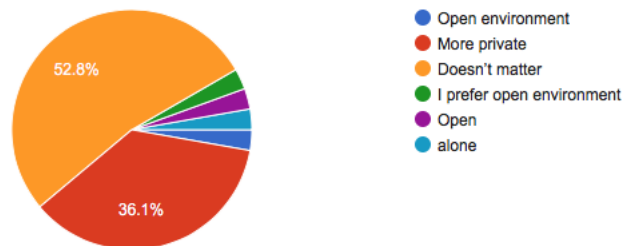
### How important is price to you when choosing where to work out?

36 responses



### Do you prefer a relatively private workout environment or an open one like the ARC?

36 responses



### What problems do you see with working out at the ARC?

33 responses

Too crowded (3)

The reconstruction..... + far from home

Too crowded sometimes

too many people

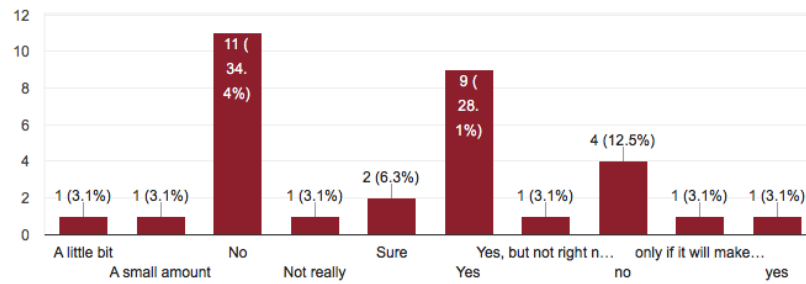
The stationary bikes are no longer in front of the squat racks. Therefore, I have even less of an incentive to do my interval workouts at the ARC when it's raining.

Basketball court is small

The space is smaller. It would be nice that if it's opening 24/7

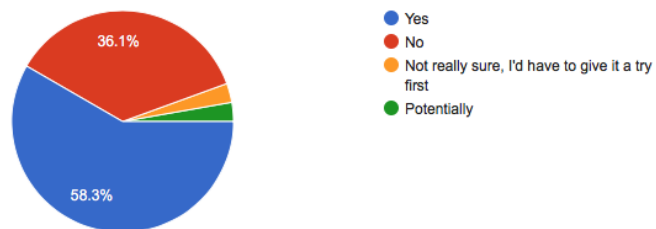
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32 responses



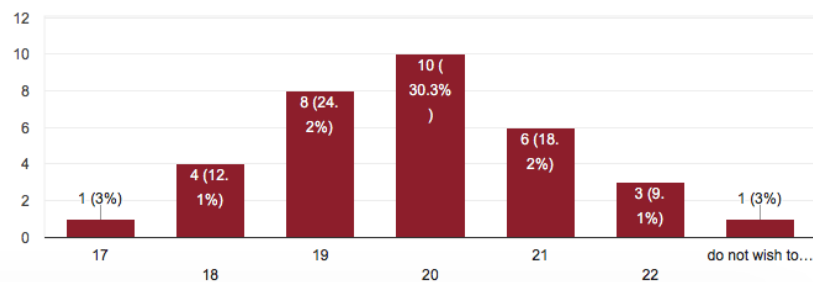
### If price was not a factor in your decision, would you even have any interest in joining a CrossFit gym?

36 responses



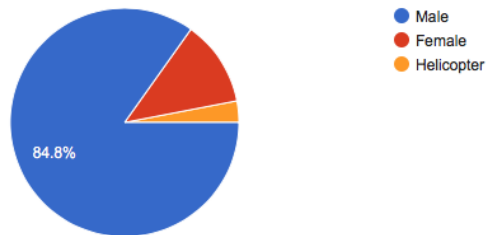
### How old are you?

33 responses



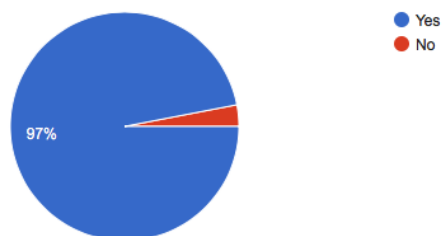
## Gender

33 responses



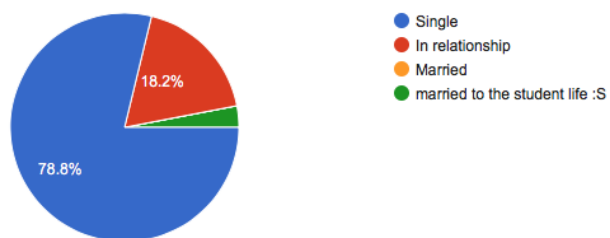
## Are you a student?

33 responses



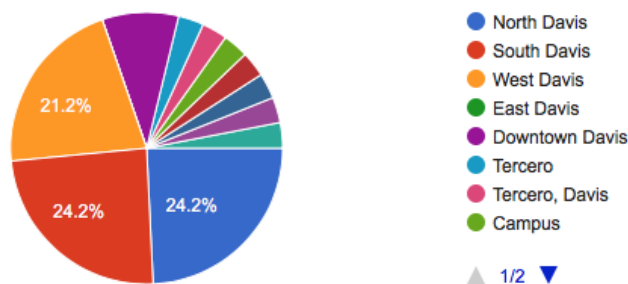
## Relationship status

33 responses



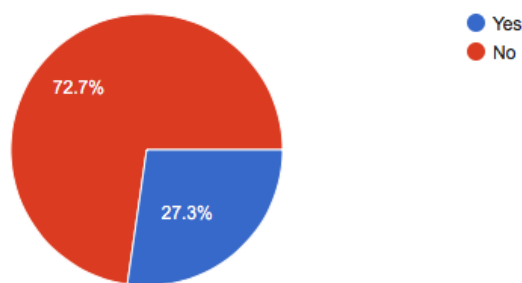
Where do you live in Davis?

33 responses



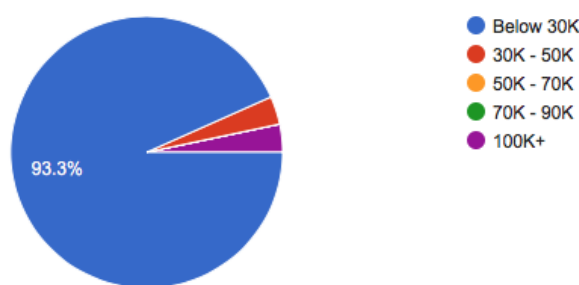
Are you employed?

33 responses



If so, how much do you make?

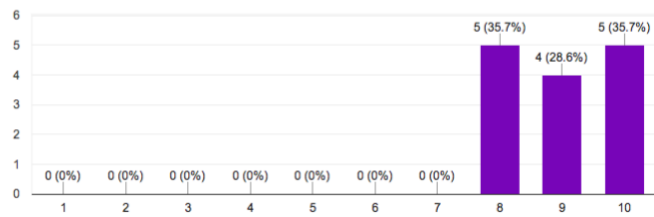
30 responses



Thank you for your feedback!

### How important is price at a gym for you?

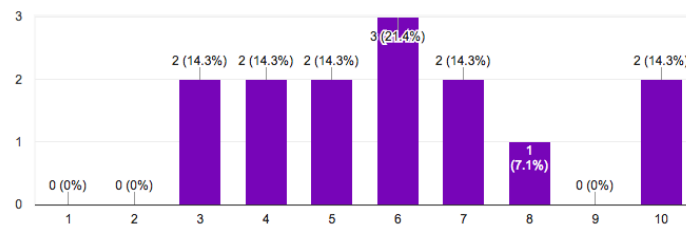
14 responses



### How important is environment/community at a gym for you?

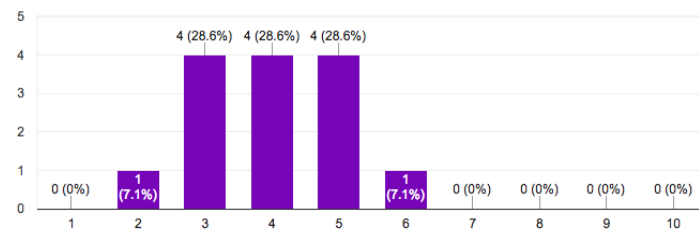


14 responses



### How important is customer service at a gym for you?

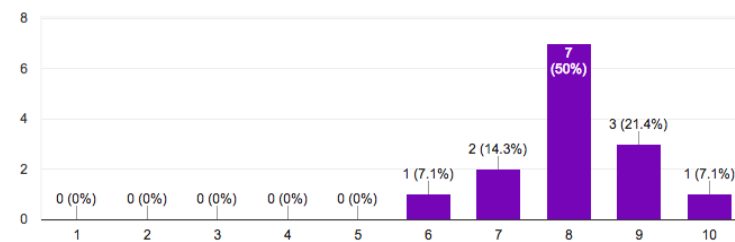
14 responses



### How important is a gym not being crowded for you?



14 responses

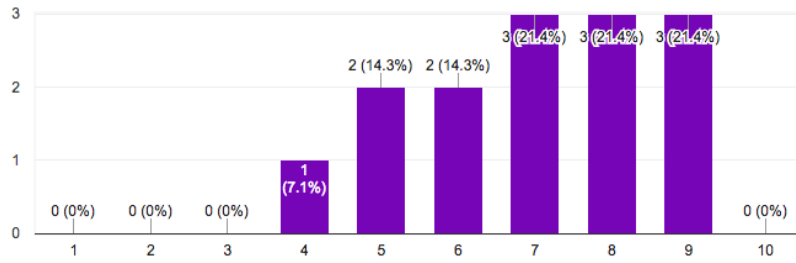




### How important is proximity at a gym for you?



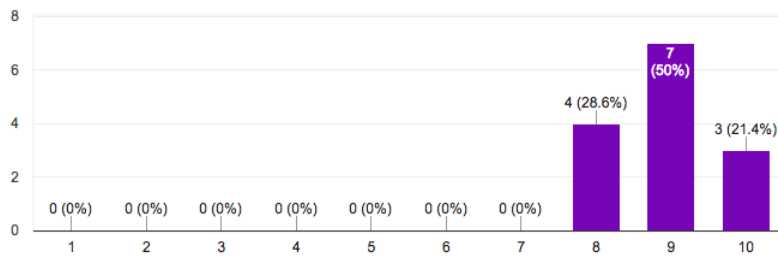
14 responses



### How important is quality at a gym for you?



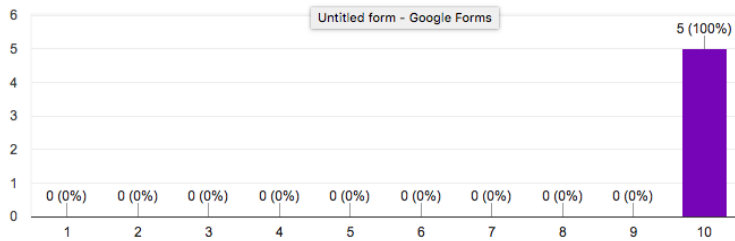
14 responses



### How would you rate the quality of Davis CrossFit?



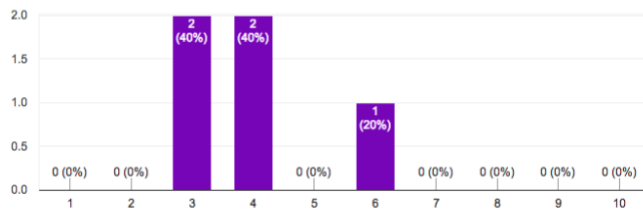
5 responses



### How would you rate the price of Davis CrossFit?

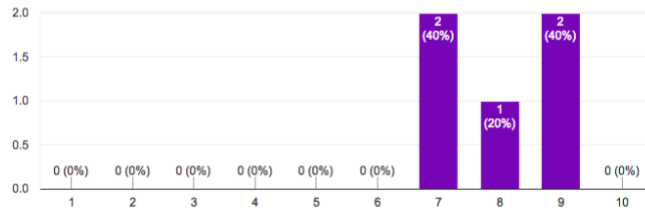


5 responses



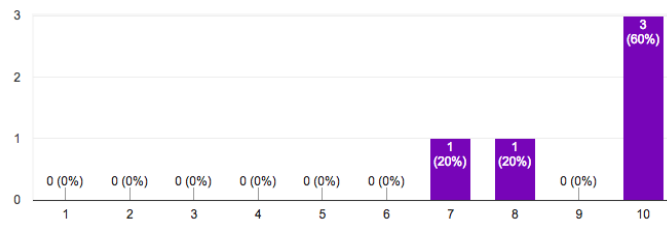
How would you rate the customer service of Davis CrossFit?

5 responses



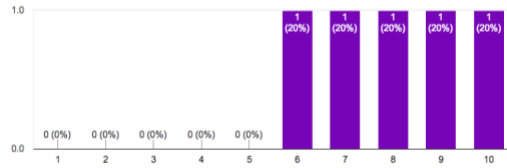
How would you rate the environment/community of Davis CrossFit?

5 responses



How would you rate how not crowded Davis CrossFit is?

5 responses



How would you rate the proximity of Davis CrossFit?

5 responses

