

Aidarkhan Alikbayev, Tommaso Bertelli, Santiago Dominguez Ham, Patrick Horiszny

Our workout planner and tracker app helps anyone who wishes to have a companion exercise app by reducing features hidden behind a paywall and providing accurate workout tracking, personalized and customizable exercise planning, progress tracking, wearable device integration and example videos to help users learn new exercises.






1. List competitors and analogs with descriptions, estimate advantages and disadvantages:

<https://docs.google.com/spreadsheets/d/1MgmAzds8uUIo2D9UP6jOxRHOpKcIAAtE1XIGNyEuDK2Y/edit?usp=sharing>

2. Define parameters and KPIs for competitor analysis, create competitor assignment matrix:

KPIs:

Downloads, percentage of SAM (almost no data available regarding revenue amounts)

KPIs						
Downloads	>5 million	>10 million	>1000	>1000	>100k	>3 million
Download percentage of SAM	>15.2%	>30.3%	Negligible	Negligible	0.3%	>12.3%

Features/KPIs						
Free	✓	✓	✓	✓	✓	✓
Tracks and graphs progress	✓	✓	✓	✓	✓	✓
Connection to smart watches	✓	✓	✗	✗	✗	✓

Personal programs	✓	✗	✓	✗	✗	✓
Example videos	✓	✓	✓	✗	✓	✓
Precision tracking - warmups, failures	✓	✗	✗	✗	✗	✓
Custom exercises	✓	✗	✗	✓	✗	✓
Intra-workout Tracking	✓	✗	✓	✗	✗	✓
Motivation system	✗	✓	✗	✗	✓	✗

3. User Satisfaction statistics

GooglePlay and AppStore reviews for user satisfaction for our competitors:

Hevy - 4.8/5 stars in GooglePlay based on 87,369 reviews, 4.9/5 stars in AppStore based on 20,979 reviews

Nike Training Club: Fitness 4+ - 4.5/5 stars in GooglePlay based on 370,891 reviews, 4.7/5 stars in AppStore based on 35,666 reviews

GymTracker - Not enough data available to verify user satisfaction.

GymGraphs - Not enough data available to verify user satisfaction.

7 minute workout - 4.8/5 stars in GooglePlay based on 394,852 reviews, 4.8/5 stars in AppStore based on 119,031 reviews

Strong - 4.6/5 stars in GooglePlay based on 41,209 reviews, 4.9/5 stars in AppStore based on 107,503 reviews

4. Research available market and estimate SOM/SAM/TAM/PAM:

Potential Addressable Market (PAM)

This number represents the theoretical limit of our business. In the case of our product, our PAM would equal the number of people in the world who have access to a smartphone, which according to Statista, is around 4.5 billion.

(<https://www.statista.com/forecasts/1143723/smartphone-users-in-the-world>)

With that said, we are designing our product in English, and thus can only really cater to an audience that understands English. According to another Statista study, 1.46 billion people speak English or around ~18% of the world population.

(<https://www.statista.com/chart/26884/languages-on-the-internet/>)

Thus, we'll take 18% of 4.5 billion, taking our number down to **810 million**.

Total Addressable Market (TAM)

The TAM consists of the total market demand for our service. In a 2016 survey in the US, a survey found that ~39% of respondents were currently members of a gym

(<https://www.statista.com/statistics/638964/gym-membership-prevalence-in-us/>)

A Rakuten Insight survey conducted in 2020 found similar results in Thailand, coming in at around ~39.7%

(<https://www.statista.com/statistics/1185923/thailand-people-with-gym-membership-by-gym-franchise/>)

Though these two countries are vastly different by a number of metrics, they had very similar results for this statistic..

Still, to be more conservative in our estimate, we will say that 35% of smartphone users have active gym memberships.

$0.35 * 810 \text{ million} = \mathbf{283.5 \text{ million}}$

Serviceable Available Market (SAM)

The SAM consists of the portion of the TAM that can be realistically *targeted* with marketing, sales, and advertising efforts. We also have to take into account factors like language, geographic location, and our product's compatibility features.

User penetration rate for fitness apps was identified as 11.63% in 2024

(<https://www.statista.com/outlook/hmo/digital-health/digital-fitness-well-being/health-wellness-coaching/fitness-apps/worldwide>)

$0.1163 * 283.5 \text{ million} = \mathbf{33 \text{ million}}$

Serviceable Obtainable Market (SOM)

This number captures our short-term market opportunity; the portion of the SAM that we can realistically *capture* with our efforts. Given our resources, existing competition, and market presence (since the mobile app market can be notoriously difficult to break through), we estimate that we can realistically capture 5% of the SAM.

$\text{SOM} = \text{SAM} * [\text{Estimated Market Share}] = 33 \text{ million} * 5\% = \mathbf{1.65 \text{ million}}$

5. Estimate draft market model from top to bottom and bottom to top. Formulate hypothesis about average check, marginality, and expenses

The top-to-bottom approach is very similar to what we have already done in the previous section. We start with macro-level data and narrow it down to our specific market, relying on external market research. In other words, the top-down approach is the same as the PAM → TAM → SAM → SOM progression outlined above. To summarize:

PAM: 810 million users

TAM: 283.5 million users

SAM: 33 million users

SOM: 1.65 million users

The bottom-to-top approach is complementary to the top-to-bottom: we start with micro-level data and then scale up to capture our whole market. For this approach, we follow this general procedure:

1. Starting with individual sales figures and data, we estimate how many units we can sell.
2. Factoring in pricing and costs, we multiply units sold by price per unit to have an idea of our revenue.
3. We multiply this by market growth figures and estimates about our ability to scale.

Our product is available to download free of charge and uses advertisements for revenue. Users have an option to pay a one-time fee of 50€ to permanently disable ads. In the case of our product:

1. We assume that 90% of the SOM use the free version (1.485 million users) and the remaining 10% use the premium version (165,000 users).
2. The premium users' revenue will be $165,000 * 50 = 8.25$ million euros.
3. Estimating that ad users generate 10€/year each from seeing advertisements, the yearly revenue would be $1,485,000 * 10 = 14.85$ million euros/year.
4. Our total revenue would be the sum: $8.25 + 14.85 = \mathbf{23.1 \text{ million euros in the first year}}$.
5. Next we estimate costs. Since the fitness app market can be quite competitive, we estimate the cost of acquiring a user to be 7€. Total cost of acquiring all users: $7 * 1,650,000 = 11.55$ million euros.
6. Due to the variety of features offered by our product, our operational costs will be estimated at 5€ per user per year. Total operational cost: $5 * 1,650,000 = 8.25$ million euros.
7. Total costs: $11.55 + 8.25 = \mathbf{19.8 \text{ million euros/year}}$.
8. Total profit: $23.1 - 19.8 = \mathbf{3.3 \text{ million euros/year}}$.

Hypothesis

We must calculate marginality for free and premium users separately:

The marginality of a free user: $10 - 7 - 5 = \mathbf{-2€/year}$.

The marginality of a premium user: $50 - 7 - 5 = \mathbf{35€/year}$.

The average check, also known as the Average Revenue Per User (ARPU) is calculated by simply dividing the total revenue generated by our product in a chosen period of time by the total number of customers served in that time period:

$23,100,000 / 1,650,000 = \mathbf{14€/user/year}$

A more accurate estimate for the ARPU would involve adding weights to properly evaluate the contributions of both free and premium users. Considering 90% free users with 10€/year and 10% premium users with 50€/user:

$$\text{ARPU: } (0.90 * 10) + (0.10 * 50) = \mathbf{14\text{€/user/year}}$$

This time, both the weighted and unweighted calculations were the same, but this isn't always the case.

From the marginality calculations, it is clear that despite the slight negative marginality of free users, the contributions of premium users are a huge boost to profitability and allow the business to generate 3.3 million euros/year in total profit. Luckily free ad users are very close to breaking even. By reducing the cost of acquiring a user and focusing efforts on converting existing free users to premium after the first year, we can ensure the longevity and continued profitability of our product.