

# FITNESS NEWS

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**EUROPE**

## European gyms resort to wide-ranging energy savings

The temporary closure of some saunas at Sats in Norway and Sweden is among the measures adopted by European operators to deal with soaring energy prices, which are putting renewed pressure on fitness club owners.

Operators across Europe have been pleading for support to make up for energy costs, and they are taking measures to reduce their consumption. Some have fixed energy costs until next year or more, but others are facing astronomical increases this winter.

Energy costs are broadly estimated to make up between 3% and 8% of operating costs in European fitness clubs, but

many can ill-afford huge increases as they are rebuilding their membership.

Among pro-active measures to lower consumption, some



Focus on training offer/Sats

clubs are accelerating investment in self-powered cardio machines or energy-efficient lighting. Others are shortening opening hours, turning the heating down by one or two

degrees, or altogether turning off some of their cardio equipment outside of peak hours.

Quite a few clubs have closed their swimming pools, reduced their temperature or the number of towels handed out to members.

Operators in most European countries have yet to obtain clarity on the support they may obtain from their governments, from special grants to energy price caps.

In several cases, European governments have pledged financial support for “energy-intensive” companies, but it remains uncertain if fitness clubs will be considered as such.

Sats has seen its share price

*Continued on page 6....*

## Johnson studying Precor deal?

Johnson Health Tech (JHT), the group behind Matrix Fitness and other brands, is said to be studying a potential strategic deal with Precor’s owner, Peloton Interactive.

Several private equity firms have apparently been sniffing at Precor as well. However, due to Peloton’s strategic shift and its focus on cash, analysts estimated it was likely to fetch far less than the \$420 million that Peloton agreed to pay in late 2020. Interest was flagged by sources in the U.S. and Taiwan, but not confirmed by either party.

While there is substantial overlap between Matrix and Precor’s product ranges, the latter has enviable assets in engineering and U.S. production.

Among the synergies to be derived from a potential partnership, JHT has a large-scale retail business. It runs 102 stores under the Johnson Fit-

ness brand in the U.S. market alone, which may be highly relevant for Peloton.

While it previously sold through its own showrooms and online, Peloton has just started opening up to wholesaling through a partnership with Amazon in the U.S.

Another potential focus is digital contents. JHT has an exclusive deal with iFit for contents on its retail products in North America and Mexico, but that is until the end of the year. Matrix said it’s exploring options, including a renewal with iFit.

When it comes to production, JHT has its own facilities in China and Taiwan, and it’s expanding a plant in Vietnam that mostly produces retail products. Another plant in Wisconsin makes plate-loaded strength gear, racks and such.

Matrix indicates it has no

shortage of production capacity for its cardio gear, and it’s just two weeks behind for strength equipment. Yet the last years suggest that Matrix could benefit from more production capacity in its largest market.

Peloton bought Precor in part for the purpose of quickly building up manufacturing capacity. But under the leadership of Barry McCarthy since March, the connected fitness equipment maker has moved in the opposite direction. It has closed down its own production in Taiwan, outsourced production to Rexon and shifted its focus to digital contents.

McCarthy previously said that anything unrelated to connected fitness wouldn’t be part of Peloton’s long-term strategy. In his latest call with analysts,

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## FNE#161

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# Therabody raises \$165m

**N**orth Castle Partners has led a fundraising of \$165 million for Therabody, which will support the expansion of its product range and distribution.

The U.S. company behind the Theragun is among the suppliers that have driven the recovery trend in the fitness market. This has seen the proliferation of massage guns, the take-up of recovery areas in a growing number of gyms, and even the opening of standalone fitness recovery studios.

Therabody said it would use the capital to invest across hardware, software, digital content and services – not least its own retail locations under the Reset brand.

Therabody's revenue reportedly reached \$396 million last year, up from \$224 million in 2020. The firm declined to provide the share of sales in Europe, where it has been investing in partnerships with sports teams as well as fitness clubs.

Therabody hired several

former Life Fitness managers to spread its products around Europe. But Marcus Pestell, who headed up Therabody's health club business in Europe, the Middle East and Africa, left earlier this month. He created his own firm focus on wellness products, Alkaline Wellness Solutions.

Over the last weeks, Therabody attributed distribution in a growing number of European countries to RLVNT Distribution, a Swedish-based firm. Its remit covers France, the Benelux countries and the Nordics. RLVNT specialises in sports and fitness technology products such as Withings and Wahoo.

Existing investors participated in Therabody's fundraise, such as Hart Beat Ventures and RX3 Ventures, which are investment entities for Kevin Hart and Aaron Rodgers.

North Castle Partners is a U.S. firm that has already invested in several fitness assets, from Barry's Bootcamp to

Hydromassage. This company has been tapping into the same trend with its massage chairs as well as the launch of Relax-Space wellness pods.

In its previous capital raise, Therabody secured an unspecified amount from a raft of investors, athletes and influencers. It has expanded through organic growth and the acquisition of RP Sports, PowerDot and So-Sound.

Therabody said that the fundraise and eight product launches are part of its efforts to build up a full ecosystem. They include an upgraded version of its Theragun Pro and the launch of Smart Goggles, a facial device using proprietary technology.

Research by McKinsey underlines the potential for growth of the wellness market in Europe. It shows higher average spend on fitness as well as nutrition, mindfulness and sleep in the U.S. than in the U.K. and Germany. About 37% of Europeans prioritise wellness more than they did three years ago.

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he said that Precor helped to raise Peloton's commercial business by 35%, and he wanted to accelerate that.

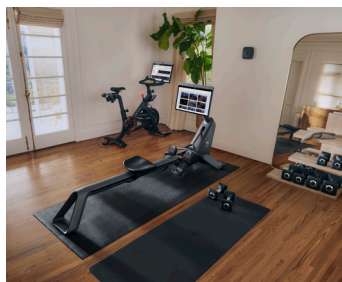
With its combination of commercial and home gear, JHT saw its sales jump by 11.4% in 2020 and another 8.3% to 30.7 billion Taiwanese dollars (€996m) in 2021. While sales of home equipment slumped this year, JHT claimed U.S. market share gains as its sales moved up by 2% in the first six months.

This comes as Peloton finally started taking orders for its rower in the U.S. Priced at \$3,195, Peloton Row is the first cardio product launch since the Tread hit the market. The Peloton Guide was added for connected strength training earlier this year.

Peloton should start delivering the rower in the U.S. in December, but it has yet to confirm launch dates for Europe.

In its belatedly released annual report, Peloton report-

ed that its international sales reached \$322.5 million for the year until June. Covering the U.K., Germany and Australia, that's just 9.0% of the entire group's sales. But it amounts to a rise of 14.0% for international sales, compared with a decline of 12.8% in North Amer-



Peloton Row

ica. The entire group's sales slumped by 10.9% to \$3.58 billion, as previously reported.

Kevin Cornils, who built up Peloton's international business from London, is leaving this month, apparently for personal reasons. He became chief commercial officer in August last year.

In an even more high-profile

change, Peloton said that John Foley, its co-founder and former chief executive, is leaving. When he was replaced by McCarthy, Foley became Peloton's chairman. But he has handed over the chairmanship to Karen Boone, the Peloton board's lead independent director since last October.

Boone previously worked as president, chief financial and administrative officer at Restoration Hardware (RH). Crucially, she led RH's transition to its membership model, and several transactions.

Foley was credited for helping to create the leading interactive fitness platform.

Along with the launch of the Peloton Row, the company just added interactive features to its Guide. They are Rep Tracking, which recognises and counts members' movements, and Weight Rack, which tracks the free weights in a member's home and allows Guide to measure the weight lifted in each movement of a workout.

## Gear Briefs

■ **Tonal** is reportedly targeting a valuation of \$1.9 billion for a fundraise of more than \$100 million to pursue growth. The plans reported by *Bloomberg* come just a few weeks after the connected home strength equipment firm said it was reducing its workforce by 35%. Tonal said last year that it raised \$250 million at a valuation of \$1.6 billion. The firm has been supported by Dragoon Investment Group and L Catterton. Both are anticipated to take part in the funding that is underway. Other backers include Serena Williams and Mike Tyson. The round includes terms favoring the latest investors, giving them priority to be paid first if Tonal was bought, *Bloomberg* was told. Tonal's strength training station comes at a cost of \$3,495, including workouts and connections with personal trainers.

■ **Zwift** wants to make the use of its platform easier and more affordable with its own Zwift Hub. This means that users will no longer have to buy a potentially costly smart trainer from another brand. This comes about four months after Zwift said it was pausing the development of its own hardware. The Zwift Hub was created in a partnership with Jet Black, and it's based on the Australian supplier's Volt smart trainer. The Zwift Hub has been fitted on 500 bikes across more than 70 brands. It will be launched across Europe in early October, at just under €500. That makes it cheaper than competing suppliers of direct-drive trainers, such as the Wahoo Kickr. Zwift could also compete more directly with fitness bikes through the launch of route-based workouts and ZRacing, a series of races that can be completed in one hour.

# Bhout packs a gamified punch

At the intersection of boxing, fitness and gaming, Bhout is finalising a fundraising of about \$10 million to spread smart boxing bags and a studio concept with outstanding retention rates.

Bhout uses computer vision, artificial intelligence, music and lights, lights and an app to create high-intensity workouts on its connected boxing bags.

"Members join because they want to get fit, but they stay because they're having fun," said Mauro Frota, a former trainer who started working on Bhout two years ago. "It's closer to gaming than traditional fitness," he added.

The concept was launched in a standalone studio of about 200 square meters in Lisbon in August last year. Frota said it's nearing 600 customers and an occupancy rate of about 80% for ten classes per day.

The workouts of 45 minutes are created for up to 15 participants and one trainer. They consist of nine rounds, each with its own lighting and beat. Sessions combine boxing with strength training, using weights and resistance straps.

Unlike other connected boxing systems, which often have sensors in gloves, or attached to the bags, Bhout's sensors are in the bag. Frota said this allows for more interactive workouts and gaming functions.

Customers can buy monthly memberships starting from €36 for four workouts to €78 for 20 per month, which may be used to bring along friends. One-off access costs €14, which may be reduced to €10 for packages of 20 tickets. About 70% of these users are women, and 90% had never worn boxing gloves.

Frota boasts that the retention rate reaches about 80% after one year, due to the motivational aspects of the gamified boxing rounds. He reckons that Bhout studio is the most profitable per square meter in the Portuguese capital.

Frota chiefly attributes the stickiness of the concept to the science behind the workout, which allows users to rapidly

reach a flow state. Another factor is the experience, through the combination of music, light, the thrill of gaming, the cool décor and the "club vibe" of the studio. "It's fight club meets night club," as Frota puts it.

As the chief executive explains, the trainer leaves intensity in the hands of the user. "The trainer shouldn't be on the person's back," said Frota. "If the customer chooses, they often make the workout



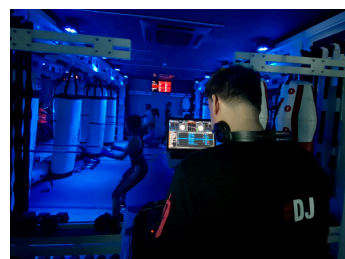
Photo: Bhout

more intense, and they stay longer."

Another layer of motivation comes from the accumulation of Jabs. The motivational points should turn into tokens, which could be spent on products and services relating to Bhout.

After 75 minutes of boxing, users would virtually drink a "life potion" and get an extra life in their game. But if they skip their workouts for four weeks, they will get an "inactivity fee."

It's no coincidence that Oleg Fomenko, Sweatcoin's founder,



Bhout studio

is among Bhout's advisors. An initial round of funding for Bhout was financed with cryptocurrency.

The plan is to build ten Bhout studios in Iberia next year, and then get started in other markets. Bhout is targeting about 1,000 studios after ten years, some 80% own clubs and 20% franchises. Frota is already holding talks with potential partners in the Middle East, in

Brazil and the U.S.

He has been approached by large operators as well, to potentially develop their own programs with Bhout boxing stations.

Another target is to reach one million connected bags in ten years. About 20% would be used for the studios, sold to gyms and other commercial customers. The plans envisage that about 80% of the bags will be sold as home equipment.

The upcoming Bhout bag has a skin made from cactus, a docking station, four water bladders and several sensors that measure the intensity and accuracy of punches.

The computer vision system detects 17 joints in the body and analyses 30 frames per second. Frota adds that Bhout's algorithm can precisely locate a jab with 97% accuracy.

Frota adds that the start-up has been working on personalising the concept. "We're starting to teach the AI to give personalised advice on the quality of jabs," he explained. That will be based on the user's performance as well as data they input when getting started.

Bhout has opened a waiting list for customers to buy the bag with a rebate. The price has been set at €2,000, excluding the monthly membership for the app.

The company adds that it could launch "hardware as a service," allowing users to pay a monthly fee for both the equipment and the app. The studios could be used to sell bags, as well as Bhout's online platform.

Bhout already closed a round of pre-seed funding in February, and it's talking to venture capital firms to finalise its seed round in the weeks ahead.

Frota said that he has been approached by many investors and headliners in the U.S. entertainment industry.

He is preparing to move to Miami with his family to set up a U.S. entity for Bhout, and launch its expansion into the market. However, Frota adds that engineering and manufacturing of the equipment should remain in Portugal.

## Retail Briefs

■ Todd Krinsky has been appointed as chief executive at **Reebok**, after the Adidas Group finalised the brand's sale to Authentic Brands Group (ABG) earlier this year. Krinsky joined Reebok in 1992 as an intern and he worked his way up to become vice president of the Reebok Design Group. This is the firm that supervises product ranges and arrangements with the licensing partners onboarded by ABG for Reebok. Krinsky previously helped to drive Reebok's Classics business. He takes over from Matt O'Toole, who has led Reebok for the last 15 years. O'Toole will join ABG as executive chairman in January. He will work with ABG's leadership team on brand acquisitions, to drive strategic initiatives and support Reebok's global expansion.

■ **Gymshark** has slightly delayed the opening of its first retail store, but it should take place around the end of October. The highly-anticipated store of nearly 1,700 square meters on London's Regent Street will include a "sweat room", a Joe & the Juice and a hub to host podcasts, panels, Sunday brunch clubs and more. The opening had been announced at the start of the month.

■ **Inditex**, the Spanish retail group behind brands such as Zara and Pull & Bear, is yet another entrant in the digital fitness market with the launch of its **Oysho** Training app. It's named after a brand owned by Inditex, which moved into sports apparel a few years ago. The Oysho app was launched in Spain, Portugal, France, Germany, the U.K. and several other countries. It's available in Spanish, English, French and Italian. The technology allow users to create workout programs, it will include coaching by virtual trainers and recommendations to achieve training goals.

# Go Fit to target U.K. under new chief

**G**abriel Sáez Irigoyen is preparing to hand over the leadership of Go Fit to a chief executive who should take the Spanish club concept into Italy and the U.K. as part of its next strategic five-year plan.

As Go Fit's chief executive from the start, Sáez turned it into the leading operator of Spanish clubs run under long-term concession agreements with local authorities.

It has 18 clubs across Spain, another two in Portugal. Go Fit obtained a deal to upgrade and manage the Piazzale Lotto sports center in Milano Lido and it has reportedly issued an offer for the Scarioni center, north of Milan. Sáez said that the fourth country would be the U.K.

The leadership will be taken over at the start of next year by Mario Barbosa, who will join from McDonald's. He was its managing director in Portugal and in Spain. For nearly five years he has been president of the east zone in the U.S.

Barbosa will be supervised by Sáez, who will become non-executive chairman of the board at Ingesport, the company behind Go Fit. He added that he would remain on board as a shareholder.

Sáez said that Barbosa will benefit from the group's strongest ever pipeline, all the work accomplished in the last years in terms of digitalisation and product upgrades. GoFit has invested in digital technology and its science-based training concept. It has adjusted its branding to include "life, science, tech."

Barbosa will be backed by a leadership team that has been steadily reinforced in the last years, with Javier Urbano in charge of expansion, Jesús Díaz as general manager, and Steven Ward.

The appointment of UK Active's former chief executive as GoFit's chief transformation officer in 2019 probably isn't entirely unrelated to the Spanish group's prospective move into the U.K. market.

A former athlete and rugby player, Sáez said that he started Ingesport "alone, with



GoFit Olivais

no money, a piece of paper and a pen." He said that Barbosa complements a "dream team," and he regards it as a strong measure of success that he's able to hand over and guide from the bench.

Sáez said it was already agreed he would have an option to step aside back in 2016. That is when Mutua Madrileña and Torreal, a Spanish investment firm, acquired a majority stake in Ingesport. This deal reportedly valued Ingesport at

about €300 million. The business was divested by Corpin Capital, which owned 84% in Ingesport. Sáez then agreed with the shareholders on a strategic plan under his leadership until 2022.

Ingesport's expansion plans gained traction three years later, when it obtained debt funding worth €200 million from Intermediate Capital Group.

As Sáez explained then, about half of the funds provided by the British organisation were meant to help Go Fit pay off loans contracted in 2016, while the other half were intended to support expansion. It was already targeting Italy and the U.K. as well as Germany, but plans were presumably delayed by disruption.

The Spanish operator boasted sales of €83.6 million in 2019, making it the leading player in the Spanish market for fitness club concessions. They shrank the next year and Ingesport plunged into losses, due to closure of its clubs for several months.

Go Fit went out of its way to make sure that its staff were fully paid, by topping up compensation from the government. This secured strong commitment from the team, Sáez said.

The Ingesport chief executive is involved with EuropeActive as well, as one of its ambassadors. His special remit is public affairs, research into the sector's socio-economic impact and the positive effects of fitness and exercise on physical, social and mental health.

## David Lloyd buys Reebok Sports Clubs

**D**avid Lloyd Leisure (DLL) is pursuing its expansion in Spain with the acquisition of the two high-profile Reebok Sports Clubs in Madrid.

The British group reportedly wants to invest about €10 million to refresh the two facilities, with upgraded group exercise studios, probably to implement its own training concepts, such as Blaze for high-intensity training. Other investment should go into fitness equipment and changing rooms.

The two high-end clubs have a monthly price listed at €164 for permanent access. They were under the ownership of Antonio Sainz, an uncle of Carlos Sainz Jr, the Spanish Formula One driver with Scuderia Ferrari.

One of the Reebok Sports Clubs is an urban location of nearly 5,000 square meters spreading over several floors in a commercial center of the capital's Calle Serrano.

It has plenty of Technogym equipment

as well as studios branded as Reebox and Reeshape, the Reezen studio for yoga and Pilates, a CrossFit box and even a climbing wall. Other facilities include a healthy restaurant and wellness services.

The other acquired club is a much larger site of about 25,000 square meters at La Finca, with pools and plenty of racquet sports facilities – fitting neatly with the David Lloyd concept.

Late last year DLL purchased three Áccura clubs in Barcelona, Zaragoza and Málaga. With the deal around Reebok Sports Club, it has grown to seven clubs in the Spanish market.

DLL moved into Madrid with its club in Aravaca five years ago. Julia Molina, who previously worked for Ikea's real estate arm, has switched to DLL to take charge of Spanish acquisitions.

The two added clubs in Madrid should be gradually transformed into David Lloyd Clubs Serrano and La Finca. The plan is to switch to the group's branding

and software by the end of this year.

Blanca Sainz, Carlos' sister, has been in charge of development at Reebok Sports Club for the last three years. It has yet to be confirmed if she will remain on board.

DLL runs 130 clubs in eight European countries, 101 of them in the U.K. It's estimated to have about 735,000 members around Europe.

Spain has turned into the third-largest international market after Germany and the Netherlands. It competes with operators such as Metropolitan, which runs high-end gyms around Spain. Virgin Active's Spanish clubs were acquired by Holmes Place, which subsequently dismantled its Spanish business. It sold its five remaining Spanish clubs to McFit a few weeks ago.

Owned since 2013 by TDR Capital, an investment firm, DLL previously said that it's targeting around 150 clubs in Europe by 2026. TDR has repeatedly been reported to be targeting a swift exit.

# French gym groups driving sales with digital investments

Three of France's leading fitness club operators are switching to phone apps for entry to their gyms, as part of their digital investments to drive sales and gamified fitness.

Business leaders from Fitness Park, L'Orange Bleue, L'Appart Fitness and Basic-Fit in France shared bullish perspectives on their sales and expansion at a forum organised by EuropeActive and the former France Active in Paris last Thursday.

Participants indicated that sales are picking up, with younger and more assiduous members, as well as extra services. They are supported by far-reaching investments in digital infrastructure and contents, and helping to raise average sales per member.

Gaëtan Dubuisson, general manager at Fitness Park, said that digitalisation was crucial for a smart cost brand targeting young adults. The operator and franchise owner has teamed up with Resamania and created an app that integrates plenty of contents and services.

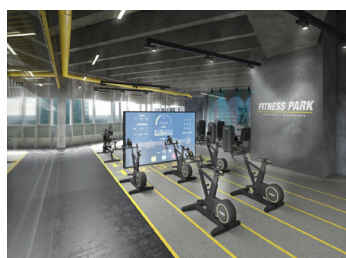
About 35% of members regularly use Fitness Park's app. But that should soar next month, as entry to its clubs will require a QR code generated by the app, instead of a plastic card. This has required the installation of about 1,500 readers.

Digitalisation has proved particularly useful to manage services such as Fitness Park's studios for high-intensity training or boxing. The group wants to raise to about 25% the proportion of members using such add-on services.

The fully digitalised concept has been adopted by the Fitness Park club just opened in Saint-Ouen. Among the additions is a body measuring device with the appearance of a giant metallic egg, equipped with tiny cameras. Members who step into it are able to create a digital twin. They can set targets to change the appearance of their avatar, and obtain guidance to get there.

Thomas Mendonça, who led the digital transformation at Fitness Park, said that it was key for clubs to turn into the digital hub for the member's fitness. This helps to centralise data and to drive retention by gamifying their progress.

A mid-market operator with 120 own gyms and franchis-



Fitness Park

es, L'Appart is implementing a wider transformation of its digital infrastructure, to support the development of its omni-channel offering.

Patrick Mazerot, who heads up L'Appart, suggested that the digital platform contributes to a virtuous circle. It helps to onboard members and makes sure they get the right training program from the start. This in turn helps them to get results, and encourages them to recommend L'Appart to other potential members.

L'Appart's concept is in part based on human service, which remains in place. But it has



L'Appart Fitness recording studio

started selling coaching separately, for members who want more personal support. The system works with a combination of fixed payment and extra fees for coaching services.

Mazerot added that L'Appart could draw yet more advantage from its digital tools and data for predictive purposes.

Basic-Fit has been adding to its digital services as well, af-

ter the Dutch group decided to take back the development of its own app. The company operates more than 600 clubs in France, which are switching to QR codes for entry.

Among the most relevant added services is the Personal Online Coach. Fabien Rouget, business manager at Basic-Fit in France, explained that it provides a training plan for about three months – again helping members to achieve results, and lifting average sales per member.

Rouget suggested that such services also help to cater to a wider range of members. Basic-Fit has started to target smaller French cities, where it may be the only large-scale facility. With the coaching support, Basic-Fit is appealing for members who just want equipment at a cheap price as well as others who are prepared to pay more for personal guidance.

L'Orange Bleue is working on its own digital upgrades as well. José Nercellas, the group's general manager since October, has been working on an updated concept that integrates more digitalisation. Gamification should be part of the approach, but the concept has yet to be finalised.

As membership prices are converging, participants in the French discussion agreed that they would increasingly compete on their offering and customer experience. They are all well-positioned to explore the potential of the French market, which still has a relatively weak penetration. They have all publicised ambitious targets, including Basic-Fit's estimate of a potential reaching 1,000 to 1,300 French clubs by 2030.

Fitness Park is continuing to expand in France as well as Spain, where the implementation of its latest concept is most advanced.

The same applies at L'Orange Bleue. The brand has grown to four clubs in Spain, and Nercellas said it intends to open five own gyms in the country in the next months.

## Gym Briefs

■ **Stay Fit**, the fast-growing Romanian fitness club operator, has snapped up two more clubs in Sibiu and Galati, and it intends to invest 12.5 million lei (€2.53m) in the two cities. This marks the operator's fourth and fifth acquisitions since it teamed up with Morphosis Capital. This Romanian investment firm acquired a majority stake in Stay Fit last year, while the three partners behind the fast-growing operator remained on board. Already Romania's second-largest operator with 14 gyms, Stay Fit said that it intends to add more this year through organic openings and acquisitions. The plans include a second club in Sibiu.

■ **Basic-Fit's** move into the German market is getting closer, as the group is advertising for staff based in and near Düsseldorf. The Dutch operator, which had more than 1,100 clubs across five European countries at the end of June, said that it should get started in Germany in the fourth quarter. Central to a densely populated area of western Germany, Düsseldorf has the other advantage of being quickly and easily accessible from the Dutch group's head office in Hoofddorp, near Amsterdam.

■ **DiR** has started offering streamed classes to other Spanish operators, with a target to reach about 100 by September 2023. DiR is the leading Catalan operator, with 24 own clubs and 61 franchises. It created its own digital content, to be used in group exercise studios when there are no trainer-led classes. DiR said attendance ranges from 60% to 80% of capacity. Led by Isabel Ferrández, DiR Streaming helps to monetise these contents. The offer includes about 200 streamed classes per week, and there are over 500 in the library, covering all sorts of fitness disciplines, in Spanish or Catalan. DiR has a separate digital offering for home users.

# Gyms targeting long-term energy savings

...continued from page 1

tumble by more than 65% so far this year, in part due to investor concerns about the impact of energy costs.

The Nordic operator has spot price agreements for electricity in Norway, Sweden and Finland, and a fixed price agreement in Denmark that runs until the end of this year.

Its latest quarterly presentation showed a 40% jump in energy costs in the second quarter compared with three years ago. This is lower than the spot price rise in Norway over the same period, indicating that Sats has already achieved substantial reductions in consumption.

The group said it closed saunas because this measure saves costs while affecting the lowest number of users. The idea is to prioritise the delivery of its training offer.

All saunas are closed in Norway, apart from Tromsø and Røa Bad in the Oslo area. Some saunas remain open in each of the Swedish clusters, and they have limited opening hours in Finland.

Such measures have been taken by several other operators around Scandinavia, which are more affected than most in Europe by increases in heating costs. The decision to keep some saunas open could help to prevent demands for compensation.

## U.K. government support

There was some relief among British operators last week, as the government provided more clarity on its Energy Bill Relief Scheme for non-domestic energy users, with an energy price guarantee for companies across the public and private sectors from the start of October, and until March.

Huw Edwards, chief executive at UK Active, said in a statement that “gyms, pools and leisure centres remain highly vulnerable to rising energy costs, given the sector’s high dependency on energy usage,” and these costs “impact facilities all year round.”

Edwards thus argued that

gyms, pools, and leisure centres should be considered by a government review as a “vulnerable sector” that will require more support after the end of the price guarantee in March 2023.

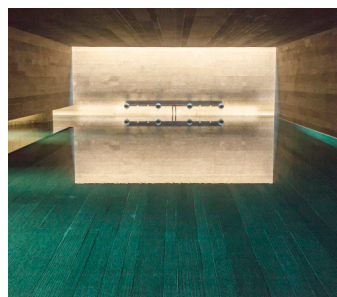
He said this should include a reduction in VAT and business rate relief, alongside greater ringfenced funding for local authorities to aid public sector leisure.

British operators previously reached out to Liz Truss, the U.K.’s new prime minister, asking for help to deal with energy prices. Without financial support, UK Active estimated that over half of all public and private facilities would be forced to close some or all of their sites, including 85% of public sector leisure facilities in the next six months.

## Italian aid

ANIF, the Italian association, said that the country’s Parliament has turned down its attempts to push through amendments that would have identified sports centers as “energy-intensive” companies.

But Nicola Pinzi, in charge of institutional affairs at ANIF, said that it obtained support



Chillier dip at Blanche/Ken Group

through non-repayable grants with a capacity of €43 million for gyms and €57 million for swimming pools.

Pinzi added that they managed to squeeze into the text of the latest aid decree the allocation of another €50 million for the industry, and a one-time contribution for sport center staff.

Two types of entities running Italian fitness clubs can use an energy tax credit of about 30% for the first half of

this year, which should be extended for the second half.

Ahead of the elections held yesterday, the Italian government issued another aid decree “that will provide both another fund for Italy’s sports centers and another grant for sports employees,” Pinzi added.

Union Sport & Cycle (USC), a French association with a group of gym operators, said that rent and employment costs are by far the most important chunk of fitness club costs, but gas and electricity still make up between 5% and 7% of their costs.

Virgile Caillet, who heads up USC, said that the association has been in contact with government representatives to make sure that fitness clubs are eligible for support. Another important demand is that the aid for fitness clubs should not be based on energy costs in 2021, when they were artificially lowered by temporary closures.

This comes as some French gym owners have to start repaying the government-backed loans obtained in the previous years. They are also facing higher staff costs, after raises in minimum wages that are affecting fitness clubs and partners such as safety and cleaning firms.

Some of the same considerations apply in Germany, where fitness club operators are awaiting instructions from the federal government. Energy-intensive producers that are badly affected by price rises have been targeted for government support.

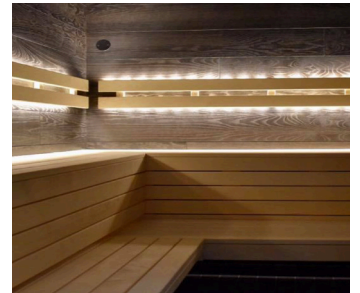
## Citizenship

Most operators strive to underline the positive aspects of their energy saving measures – to help deal with the repercussions of (most of) Europe’s support for Ukraine in the short term, and to protect the environment with lower energy consumption.

Quite a few operators have long taken action to reduce their environmental impact, with investments in low-consumption lights and self-pow-

ered equipment, detectors to ensure that lights are switched off in empty rooms, and much more.

Leading fitness club operators have so far refrained from implementing price hikes that are directly linked to cost hikes. But many have already raised their prices in the last year, and they are also putting



Sauna at Nordic Wellness Almedal

more emphasis on extra services and other ways to pull up average sales per member.

Then again, some Clever Fit clubs in Austria have apparently turned directly to their members to try and help compensate for price increases, among other issues.

An online message from Clever Fit managers in Austria tells members they would like to charge a one-off fee of nearly €30 at the start of October to help make up for higher costs. Members are given the option to refuse by filling in an online form.

The message explains that clubs lost up to 40% of their members, and they have to deal with aggressive offers to get more joiners. The headline offer at Clever Fit’s Austrian clubs this week includes six months of free training.

The managers add that they haven’t received the compensation they had anticipated, and they are faced with wide-ranging price increases, reaching up to 600% for energy costs.

This was flagged by the *Arbeitskammer* of Styria, the Austrian state around Graz. It questioned the adequacy of this one-off fee – particularly the idea that members have to take action if they don’t want to pay. Clever Fit has been contacted for its reaction.

# Athlo facilitates gym access rental

**A**thlo started in London last week as a platform to help fitness clubs increase membership retention, by allowing members to sell periods or sessions they're not using.

Sweat by BXR, MoreYoga, The Altitude Training Centre and Milo & the Bull are among the studio operators that agreed to take part from the start, and Athlo already has about 4,500 pre-registered users.

Members who have to quit using their club for a while will be able to offer their membership for a set rental period, which could range from one day to several months.

The sellers will get up to 90% of the price they are paying for their membership, if the buyer is not a member of a club working with Athlo. The buyer will then pay 150% of the price, with the differential going to the club and Athlo's commission.

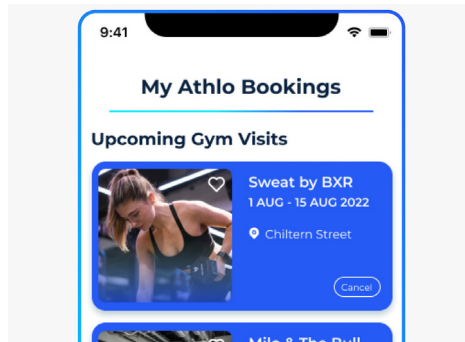
If the buyer is a member of an Athlo partner club, the seller will get up to 60% of the price of the membership they're renting out. Members at Athlo clubs get access to other gyms in the network at membership rate.

Matthew Mansell, the former rugby player who created Athlo, explains that it's meant to benefit all parties. The seller gets money for services they temporarily can't or don't want to use. The buyer gets access to clubs at a rate that is lower than an accumulation of day passes, without commitment. The system makes it easy to mix usage of several clubs and studios.

As for the clubs, the supposed benefit is that Athlo will help to reduce their churn, because there will be fewer reasons for members to cancel. It shouldn't affect the potential for joiners, because the cost of

using the facility on a temporary or one-off basis should be higher for users who aren't yet members.

As Mansell explains, Athlo addresses the three issues most recurrently given by members for giving up their membership: that they can no longer afford the cost, they don't sufficiently use their membership, or they're not getting enough value for money.



**Athlo's rental platform**

Mansell has worked out that retaining members comes at a much lower cost than acquiring them, and it has a disproportionate impact on a gym's sales and profit. He quotes a broader estimate that a 2% improvement in customer retention is equivalent to 10% in cost reduction.

Mansell saw that gym management systems aptly identify members who are likely to cancel, but that they often use "archaic" tactics to prevent that, such as notifications about upcoming classes or offers of free months to extend membership.

Just like aggregators, Athlo helps clubs to make full use of their capacity. But the underlying issue is that under-utilised clubs don't have enough members, and

Athlo helps to address that, Mansell said.

Such a rental platform, operating with another structure, was created a few years ago by Olli Rounaja, from the family that owns Hukka. In a survey at Hukka, a large-scale sports and fitness club in Oulu, 23% of 700 respondents said they would have cancelled their membership if they didn't have the option to rent it out while they were away.

Several more high-profile players will join Athlo in the next weeks. While the start-up is launching with prominent studios, the plan is to get larger operators on board as well. Athlo is free for operators and members to set up, and it fully integrates into club booking systems.

Clubs in New York, Miami and Los Angeles should join Athlo early next year, and some more European cities should be added before the end of next year. As Mansell explains it, Athlo's development should be guided by "travel corridors."

Mansell was a professional rugby player in Auch, in southern France. After an injury he returned to England to resume his studies and worked in finance, at Senhouse Capital. He hit upon the idea of launching Athlo when he walked past his tennis club and saw all courts empty.

The venture was financed by high net worth individuals, issued from health and fitness as well as property, finance and other industries. They were joined by a venture capital firm, Fairway Capital.

A "substantial amount" has been committed by existing investors in another fundraise to expand the platform. Mansell said he was targeting about £2 million to £3 million in the fundraise in October.

## Ecosystem Briefs

■ **Apple** is substantially widening the reach of its Fitness+ offer by making it available to all iPhone users in 21 countries later this year. When it launched just under two years ago, the digital fitness membership was targeting Apple Watch users. Given the price of the watch, and the much larger number of iPhone users, Fitness+ will become far more accessible. The European countries covered are Austria, France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the U.K., as well as Russia. Fitness+ boasts over 3,000 workouts and meditations. Fitness+ users will get onscreen trainer guidance and interval timing, and estimated calories burned will be used to make progress on their Move ring. The subscription comes at less than \$10 per month or \$80 per year, to be shared with up to five other family members. It's included in the Apple One Premier plan.

■ **Egym** and **Magiline** have created a partnership to integrate part of their systems. Egym provides connected strength equipment, software and membership apps, while Magiline is a leading German brand of club management software, with customers such as McFit, Bodystreet and Clever Fit. It moved into several more European markets two years ago. The integration will make it easier to access Egym's connected training floor. Some basic features will be available in October and others in the next months, such as booking classes for studio members through the Egym branded member app, or controlling Egym smart strength devices. Magiline will also integrate a software interface to Qualitrain, Egym's corporate fitness firm. The goal is to jointly drive digitalisation in the fitness market, which is why they both created open ecosystems.

■ **Kollektiv** has raised €1.5 million to move ahead with the launch of its "creator-led" ecosystem for training and community-building. The Danish start-up helps trainers, performance coaches and clubs to connect with potential users, support their training and create communities. It was created two years ago by Helle Powell-Frederiksen, a triathlete who competed at the 2012 Olympics, and her husband, Ben Powell-Frederiksen. He's the former chief marketing officer at Ceramic Speed. In its testing phase, Kollektiv has already reached users from over 55 countries. The pre-seed funding was led by Ugly Duckling Ventures (UDV) and VF Ventures. UDV previously invested in Yogo, a booking platform for fitness and yoga studios. Early Kollektiv membership provides a rebate on the monthly price of €59.