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LesMILLS

**WINNING
MEMBERS** IN THE
**NEXT GENERATION
OF FITNESS**



PLAYING THE MOTIVATION GAME



1

Shifting
dynamics
globally

2

Who is
Generation
Active?

3

What this
means for
fitness

4

How to know
you are
winning?

5

Your blueprint
to capitalize on
the shift



CHANGING CONSUMER *FORCES*

In the face of changing consumer forces, insights into exerciser's preferences and motivations are critical.

To help you stay ahead, we have recently completed the largest global consumer fitness survey to date. Compiled by Qualtrics, the study was conducted over 22 countries and 13 languages, with 16,000 people surveyed.

Many of the insights in this presentation come from this global research.

SHIFTING DYNAMICS

The pace of generational change has amplified.



The lines and distinguishing characteristics have blurred between the most recent emergent generations.



The shifting dynamics make it difficult to clearly define the line between Millennials & Gen Z.



Regardless, one key point is abundantly clear.

MILLENNIALS & GEN Z ARE VERY SEPARATED FROM ANY GENERATION THAT CAME BEFORE

This predominantly comes from their ready access to technology and the pace of change, both economically and politically, that have been prevalent in their lifetimes.

WHO IS *GENERATION* ACTIVE?

ALTHOUGH DIFFERENT RESEARCH INSTITUTIONS DEFINE THE YEAR PARAMETERS DIFFERENTLY, THERE ARE A FEW KEY MOMENTS IN HISTORY THAT BETTER DEFINE WHO SHOULD BE CONSIDERED PART OF EACH GENERATION

MILLENNIALS 1981 - 1996

Learned to operate some form of computer technology in early education.



Remembers the introduction of mobile phones – smaller meant better.



First generation to have access to the internet during their education.



Childhood photos are in photo albums, not on social media.

GEN Z 1997 - 2010

Learned to operate touch screens at an early age.



Unlikely to have had a 'home' telephone number.



Never known a world where you cannot instantly access information.



Never known a world where you are not connected at all times.



GLOBAL DOMINANCE

63%

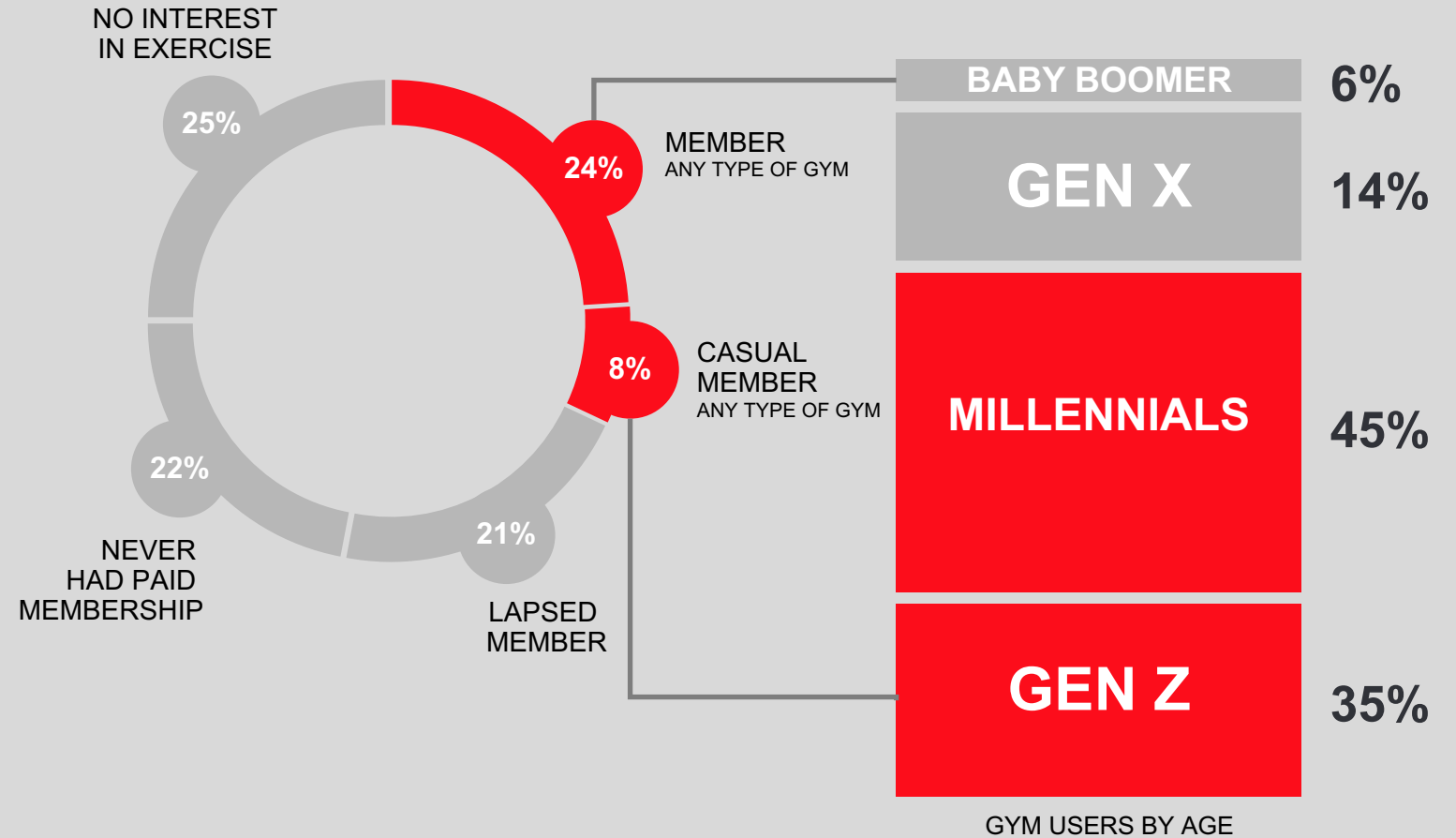
As of 2019, 63% of the world's
7.7 billion people will have
been born after 1980



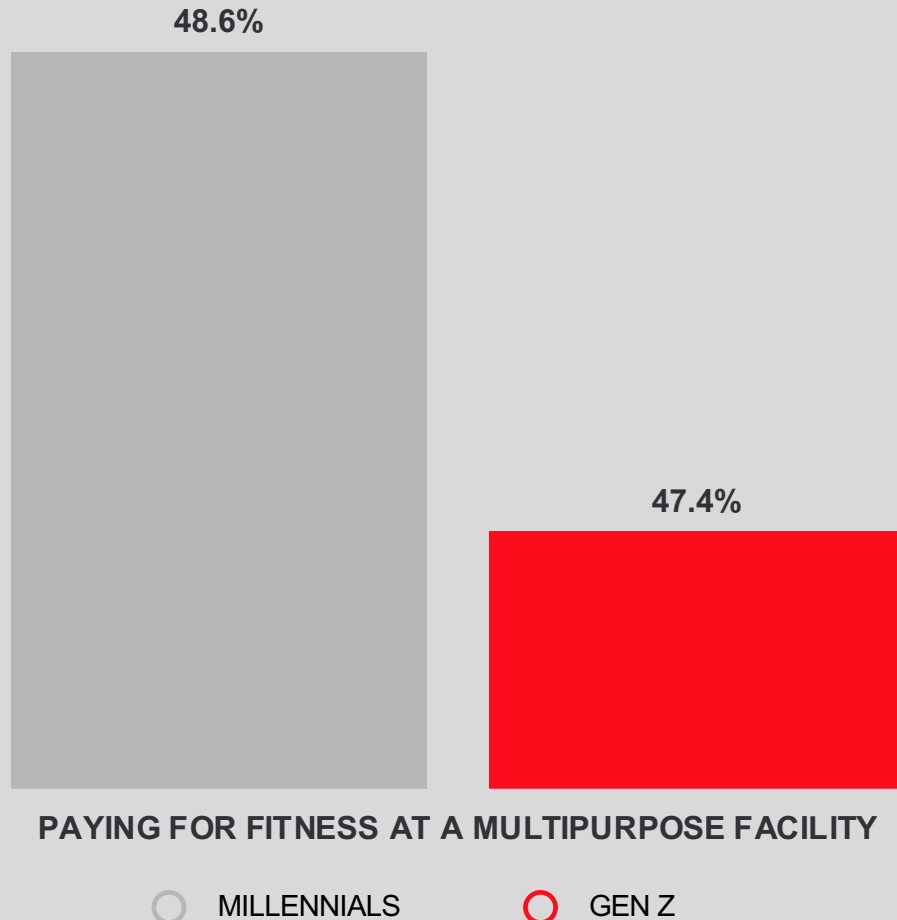
WHAT THIS MEANS FOR *FITNESS*

80%

Of all those paying for fitness
are Millennials or Gen Z



YOUR MEMBERS SPREAD THEIR *SPEND*



TRADITIONAL FACILITIES ARE GETTING LESS THAN **50%** OF SHARE OF WALLET FROM THOSE THAT ARE PAYING FOR FITNESS

Generation Active are also choosing to workout at home, in dedicated-activity boutique studios and in low-cost gyms.


WHAT HASN'T SHIFTED?

50%

Typical facilities lose 50%
of their members every year

If half of your members are leaving every year, where are your new members going to come from?

If 80% of people paying for fitness are from the younger generations, your club has to be focused on tapping into and targeting these modern members.



**HOW TO CALCULATE YOUR
APPEAL TO GENERATION ACTIVE**

~~WHAT IS THE AVERAGE AGE OF YOUR MEMBERS?~~
WHAT IS THE AVERAGE AGE OF YOUR **JOINERS?**

WHY YOU SHOULD LOOK AT JOINERS

1

Long historical tail
of members

2

Accurately reflects
who you are
attracting

3

Focuses your
business on the future,
not the current state

Many clubs have an average membership age of 40+, yet we know many members join in their 20s.

If you have to replace 50% of your membership every year, you need to be making business decisions based on the demographics you are attracting.



HOW BIG IS YOUR GAP?

36.82

Average age – all members

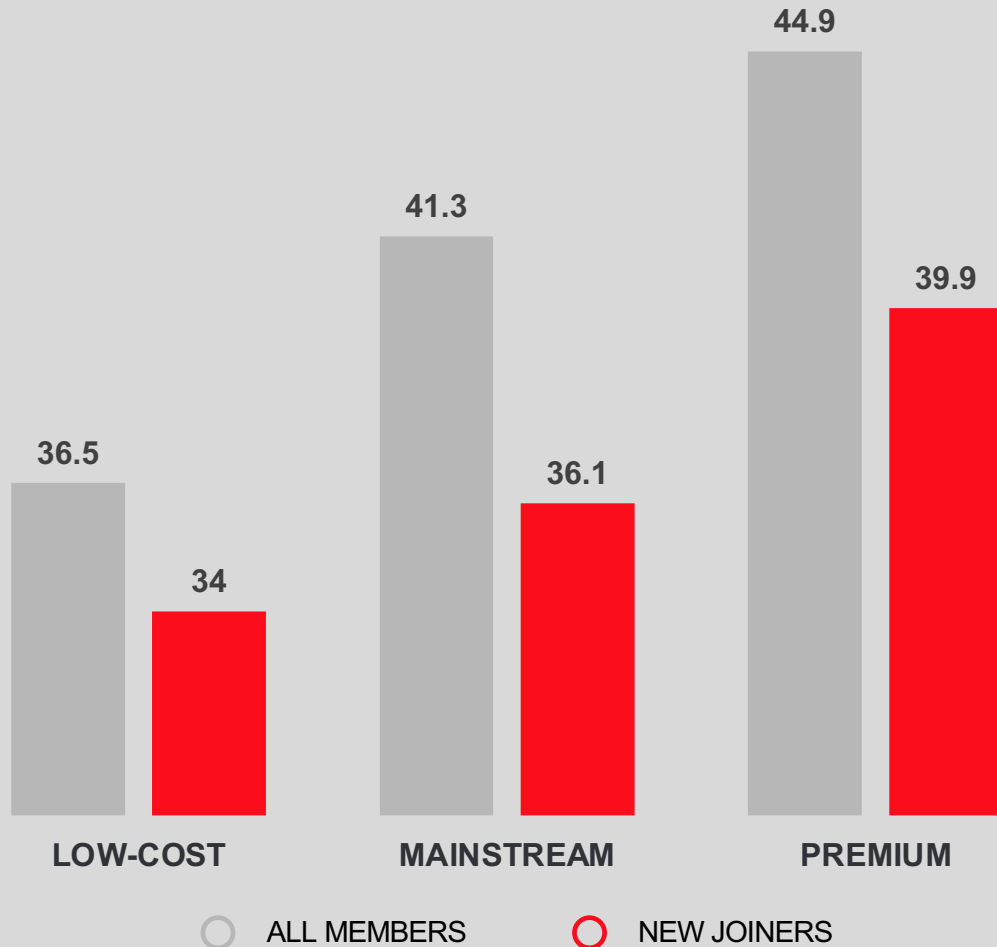
vs

30.71

Average age – new joiners



THE AGE GAP ACROSS *SEGMENTS*



The average age gap does exist across all segments, although low-cost & mainstream operators will benefit more from ensuring their businesses are focused on attracting and retaining Millennials & Gen Z.

Whatever the segment, it is vital that your club is utilizing the average age of new joiners for insight on who you are attracting and what future acquisition strategies to implement.

A BLUEPRINT TO CAPITALIZE ON *GENERATION ACTIVE*

1

Embrace a
24/7 solution

2

Recognize the
value of advocacy

3

Crafting the
customer experience

4

Member-focused
programming



01

**EMBRACING A
24/7 SOLUTION**



FULLY INTEGRATED FITNESS SOLUTION

LIVE

VIRTUAL

AT HOME

PROVIDE MEMBERS FITNESS WHEN THEY WANT IT

1

Adapt to their
schedule with
Virtual Fitness

2

Extend into their
home with
LES MILLS+
on-demand fitness

3

Provide a total
wellness solution
via your app

A 24/7 solution can be achieved without extending your opening hours.

Research has proven that providing the above complements
(*not competes with*) gym attendance.



WHY *VIRTUAL* FITNESS WORKS

75%

Of gym members would consider trying Virtual

12%

Virtual grows live class attendance by an average of 12%

70%

A typical club's studios are only utilized for 70% of their opening hours

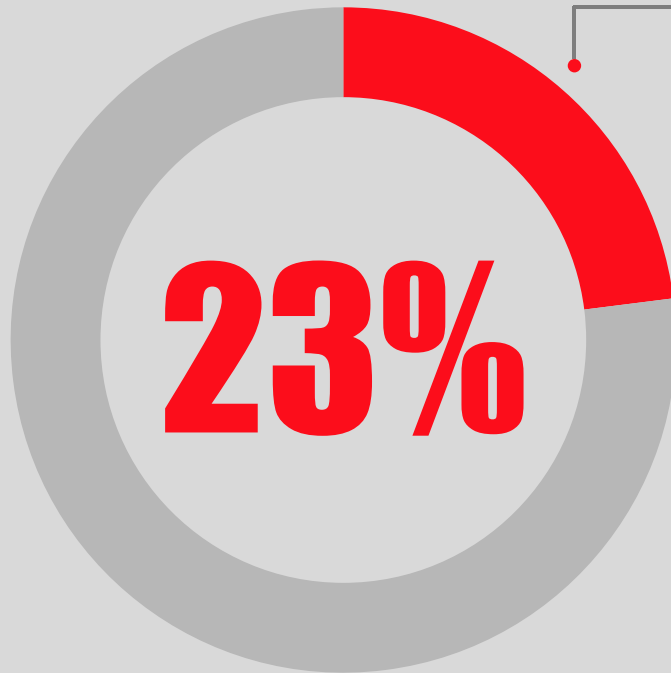
If you aren't currently running Virtual Fitness classes, you are missing out on offering a service that appeals to the majority of your members and dramatically increases attendance. You can triple your scheduled classes, providing the flexibility the modern member wants.



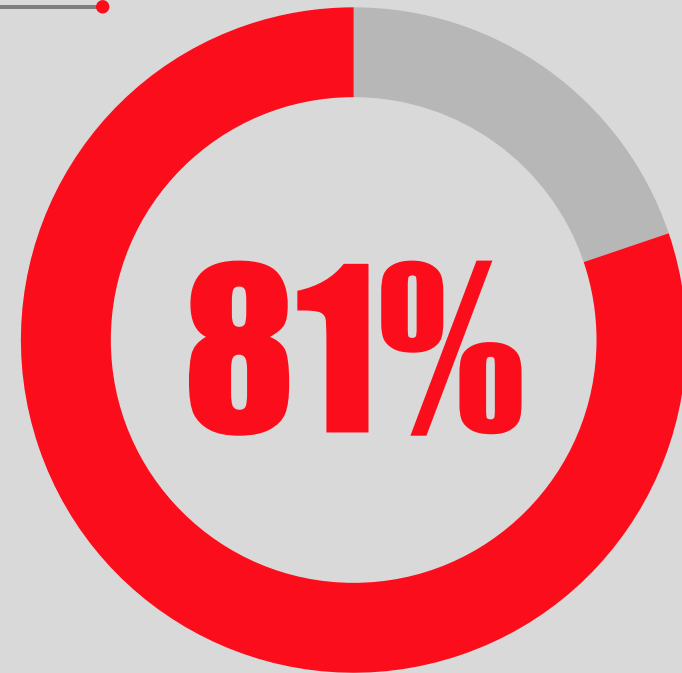


**HOME EXERCISE COMPLEMENTS
GYM PARTICIPATION**

85% OF ALL GYM MEMBERS ARE ALSO DOING HOME-BASED EXERCISE



of regular exercisers are using app or online workouts



of app or online users are Millennials or Gen Z

DELIVER *ON-DEMAND FITNESS* INTO YOUR MEMBER'S HOME

100% ↑

Usage of an app or online workout has increased by 100% in the last 3 years

You are facing competition from digital disruption even if you don't currently have an offer in this space.

What you can offer:

- LES MILLS+ on-demand access to fitness classes
- 1:1 virtual coaching
- Accessible & personalized training regimens

FREE



NIKE TRAINING CLUB

100M USERS

LOW COST



KAYLA ITSINES

**33M SOCIAL FOLLOWERS
\$5 SUBSCRIPTION**

PREMIUM



PELOTON

**600K SUBSCRIBERS
\$700M REVENUE**

A muscular man with dreadlocks is shown in profile, running towards the left. He is wearing a black tank top and black shorts. He is holding a smartphone in his right hand. The background is dark with glowing orange and yellow light trails that suggest motion. A large, semi-transparent watermark of the number '330%' is overlaid on the image. The text 'HEALTH & FITNESS APP USAGE HAS GROWN BY 330% IN 5 YEARS' is written in bold, red, uppercase letters across the center of the image.

**HEALTH & FITNESS APP USAGE HAS
GROWN BY 330% IN 5 YEARS**

STUDIO AND FITNESS CONTENT *APPS* HAVE EXPERIENCED THE LARGEST GROWTH

330%

Studio & fitness content apps have grown by 330% from 2014 - 2017

By providing information across the key wellness categories, your club is able to integrate into the home exercise environment and increase brand relevance & utility with your customer:

Categories include:

- Nutrition
- Workout & weight loss
- General health advice
- Fitness content & guidance

02

**RECOGNIZE THE
*VALUE OF ADVOCACY***



A woman with voluminous curly hair is shown from the chest up, wearing a black Reebok zip-up top. Her arms are raised behind her head. The background is dark. A large, semi-transparent '75%' watermark is centered over the image. Overlaid on this watermark is the text '75% OF PEOPLE DO NOT BELIEVE YOUR ADVERTISING' in a bold, red, sans-serif font.

**75% OF PEOPLE DO NOT
BELIEVE YOUR ADVERTISING**

FOCUS ON *ADVOCACY* INSTEAD

50%

Word of mouth & advocacy drives 50% of purchases

90%

Of people will trust the word of their friends as gospel

37%

Customers that are referred by other customers have a 37% higher retention rate

A 12% increase in advocacy alone can represent a 200% increase in revenue. Referred customers stay longer.

Advocacy drives \$6 trillion of annual consumer spending, yet 80% of all companies are not using advocates in their marketing strategy – so you are not alone.



THE ADVOCACY CIRCLE

REFERRALS

**WHAT DO YOU FOCUS
ON TO START THE
CIRCLE?**

**INCREASES
RETENTION**

**INCREASES
QUALITY
ACQUISITION**

START WITH FREQUENCY



GROUP WORKOUTS INCREASE YOUR *REFERRALS*

95%

ACQUISITION

95% of Les Mills class attendees refer people vs 85% of gym-only attendees



22%

RETENTION

Les Mills class attendees who participate in 3 or more classes per week stay 22% longer than gym-only members



**WHAT IS IT ABOUT GROUP
WORKOUTS THAT INCREASE
ADVOCACY & REFERRALS?**

**A CUSTOMER EXPERIENCE
WHICH IS GROUNDED IN
PROVIDING MOTIVATION!**

SHIFT YOUR MARKETING MIX TO *MAXIMIZE* THE MOTIVATING POWER OF GROUP WORKOUTS

1

Regularly schedule experiential events for existing & 'trial' members

2

Ensure you are visibly tracking & rewarding frequent attendances & referrals

3

Regularly 'market' to your current members with updated campaigns, club changes & updated programming

Increasing frequency of attendance increases advocacy.

By ramping up your marketing mix to ensure your existing members are attending your club more often and enjoying a great customer experience, you will increase your referrals.



03

**CRAFTING THE
CUSTOMER *EXPERIENCE***



EXPERIENTIAL DESIGN IS CRITICAL TO GREAT CUSTOMER *EXPERIENCE*

**HOW SPACES LOOK AND FEEL ARE
CRITICAL TO GENERATION ACTIVE**

**EXPERIENTIAL DESIGN WHICH
SATISFIES BOTH VISUAL
APPEAL AND FUNCTIONAL USE
IS A MUST-HAVE**

Nearly all boutiques have the same things in common that set themselves apart from mainstream fitness facilities, and it is how they have captured the imagination and wallet of 'Generation Active'.





**BOUTIQUE SHARE OF WALLET HAS
GROWN BY 121% OVER THE LAST 5 YEARS**



BOUTIQUES

WHAT'S THEIR SECRET SAUCE?

COOL INSPIRATIONAL BRANDS



A dimly lit gym or fitness studio. The room is filled with treadmills and exercise equipment. The lighting is dramatic, with several red stage lights hanging from the ceiling. The floor is dark with white lines marking the equipment areas. The overall atmosphere is modern and high-tech.

EXPERIENTIAL STUDIOS

A dark, atmospheric photograph of a gym. In the center, a person is silhouetted against a bright, circular light source, performing a pull-up on a bar. The scene is illuminated by several bright spotlights from above, creating a dramatic, high-contrast environment. The overall mood is energetic and focused.

**MOTIVATING WORKOUTS
FROM ROCKSTAR INSTRUCTORS**

THE HOME OF LES MILLS GRIT

82 88:88

BACK TO
WORK
BUDDY.

BEAUTY IS BRU

CREATE THE FEELING OF A
BOUTIQUE INSIDE YOUR CLUB

CHANGE YOUR GAME



INTERNAL BOUTIQUE CATEGORY OPPORTUNITIES

CYCLE ○ HIIT

FUNCTIONAL TRAINING ○ STRENGTH

YOGA / MIND-BODY

DANCE ○ BOXING

ENJOYMENT FACTORS ARE IN YOUR *CONTROL*

WHAT IS CRITICAL TO ENJOYMENT WHILE EXERCISING

26%

Quality music



25%

Quality equipment

When it comes to the younger generations, they cite emotional & educational factors as most important to enjoyment while exercising. But the 2 highest ranking controllable areas are 'quality music' & 'quality equipment'.

04

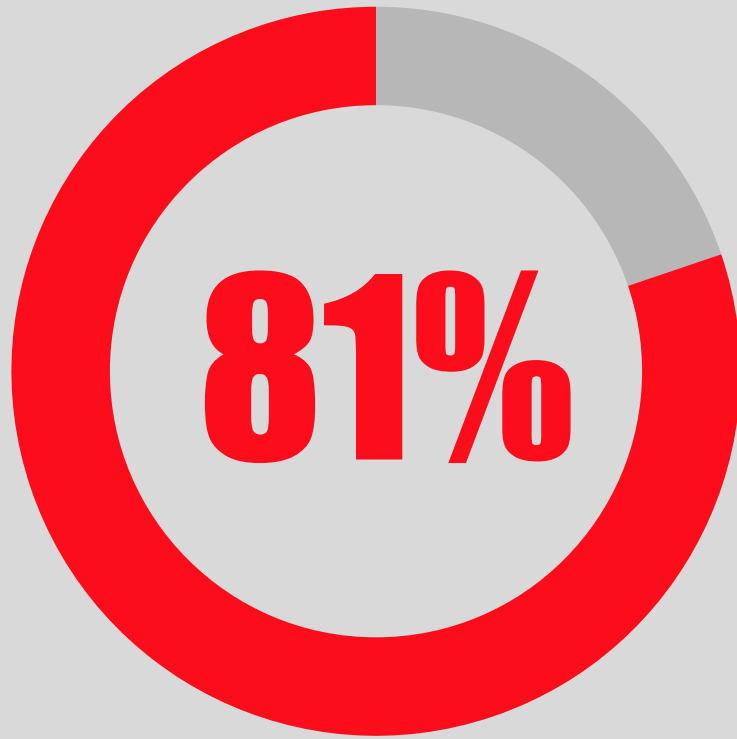
MEMBER-FOCUSED
PROGRAMMING





**TARGETING GROUP WORKOUTS
TO GENERATION ACTIVE**

GENERATION ACTIVE CRAVE THE SOCIAL *CONNECTION*



Of all group workout participants
are Millennials or Gen Z

Group workouts are a magnet
for Millennials & Gen Z –
Representing 81% of all
group workout participation.



**WHAT IS THE DEMOGRAPHIC PROFILE
OF YOUR GF ATTENDANCES?**

GENERATION ACTIVE ARE DOING GF, BUT NOT ALWAYS AT YOUR CLUB...

66%

Of boutique users belong
to a multipurpose facility

66% of all boutique users are paying additional fees to experience GREAT GROUP WORKOUTS – on top of the their multipurpose membership.

**Can you risk not winning
more of their share of wallet?**

YOU CAN EASILY CHANGE THAT...

QUALITY OF *INSTRUCTOR* IS KEY

#1

Important factor



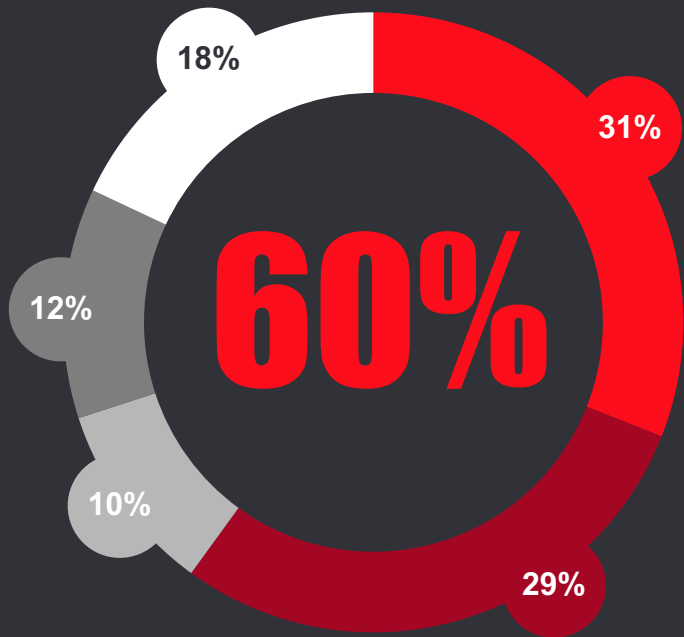
35%

Quality of Instructor

#1 MOST IMPORTANT FACTOR WHEN LOOKING FOR A GROUP WORKOUT IS THE QUALITY OF INSTRUCTOR

INCREASED GF PARTICIPATION IS WITHIN YOUR *CONTROL*

BARRIERS TO GROUP FITNESS PARTICIPATION



OF REASONS WHY MILLENNIALS & GEN Z DON'T PARTICIPATE IN GF ARE EASILY WITH IN YOUR CONTROL

- PRICE
- WORKOUT STYLE
- SCHEDULING
- INTIMIDATION
- OTHER

FOR GENERATION ACTIVE, INCREASING THEIR PARTICIPATION AND FREQUENCY IN GF CLASSES IS EASILY WITHIN YOUR CONTROL

31% of barriers can be addressed through the right schedule, workout type and instructor mix.

The 29% intimidation factor can be solved through a 'Smart Start' induction program and Virtual Fitness solutions both in club and on-demand at home.

RECRUIT THE RIGHT *INSTRUCTORS*



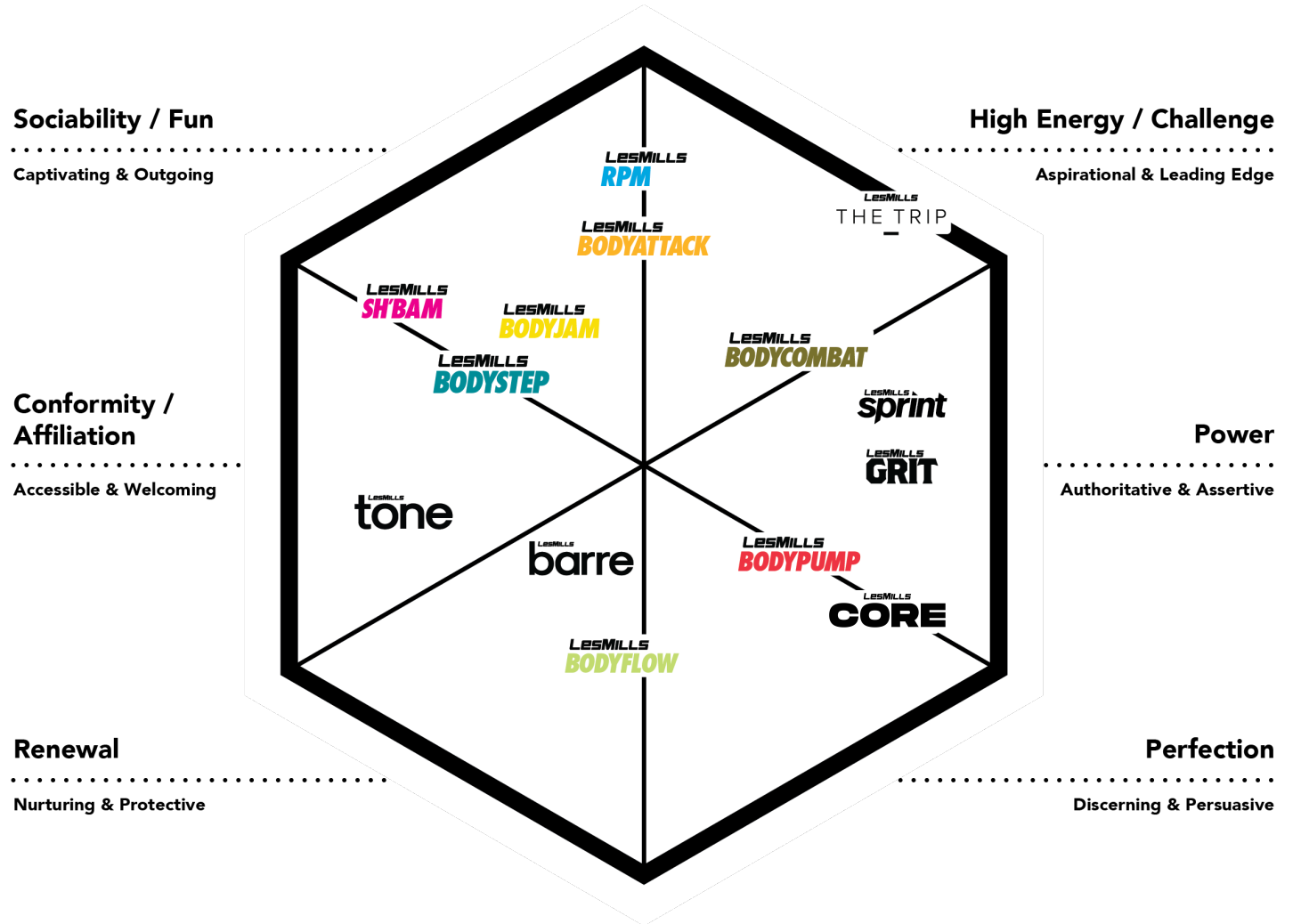


CONSIDER *SHORTER* CLASSES

MATCH YOUR PROGRAM TO YOUR MARKET

Implement the right program mix to drive the new market.

Consider the effectiveness of your programming in relation to a specific appeal.







**HOW DO YOU GET THE MOST POPULAR
BOUTIQUE WORKOUTS INTO YOUR CLUB?**

**LES MILLS HAVE CREATED
A RANGE OF WORKOUTS FOR *MILLENNIALS* AND *GEN Z***

WORKOUTS DESIGNED FOR *GENERATION ACTIVE*

HIIT

24%

Of all Generation Active exercisers are currently doing group HIIT workouts



CYCLE

26%

Of all Generation Active exercisers are currently doing group cycle workouts



LES MILLS GRIT
(HIIT)



THE TRIP
(CYCLE)



LES MILLS SPRINT
(HIIT/CYCLE)



LES MILLS TONE

(STRENGTH/CARDIO/CORE)



LES MILLS CORE

(CORE)



LES MILLS BARRE

(BALLET-INSPIRED STRENGTH)



**IS YOUR CLUB SET UP TO WIN THE 80% OF
PEOPLE WHO ARE PAYING FOR FITNESS?**

WE CAN HELP YOU STAY *AHEAD*

1

Embracing a 24/7 solution

- Pre-designed Virtual programs designed by experts and supported with fully-licensed playlists and Virtual App solution
- LES MILLS+ Affiliate program, generating extra revenue
- Complimentary wellness & fitness content for your app
- Access to global & local partnerships – unlocking savings (AV, App, platform suppliers)

2

Recognize the value of advocacy

- Quarterly launch and re-launch events
- Cutting-edge member marketing campaigns every 3 months
- Strategic and implementation support
- Access to Brand Central website 2000+ marketing resources

3

Crafting the customer experience

- World leading Instructor certification for GF training
- Studio design options & education
- Workouts that are designed from the latest music
- SMART TECH equipment designed for optimal workout performance

4

Member-focused programming

- World leading GF programs – specifically designed for younger demographics
- Programming backed by science
- Instructor recruitment toolkits and campaigns
- Group Fitness Management education



LesMILLS