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2018



ASSOCIATION OF
FITNESS STUDIOS

Fitness Studio Operating & Financial Benchmarking Report

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Welcome from AFS

‘We take this data with pride, knowing that the education we provide the industry is having a positive impact on the business of our members.’



On behalf of the Association of Fitness Studios, it gives me great pleasure to present this 2018 Fitness Studio Operating & Financial Benchmarking Report – the 4th consecutive year of this industry-leading research project.

This year’s Report analyzed the data differently, focusing on data points that have a direct relationship with a studio and gym’s bottom line.

In particular, this Report focuses on the key financial metrics for fitness businesses, to provide owners with a roadmap to greater profitability. Due to the nearly 600 studio owners who provided data, we’ve been able to isolate key performance indicators to help businesses of all sizes and disciplines evaluate their businesses.

We thank them, as well as our corporate sponsors whose generous financial support makes studies like this possible.

There is some incredibly revealing data in this report, including the last section that further supports the AFS mission - to support these current and aspiring business owners become more profitable. This 2018 Report is the 2nd year in a row to showcase that AFS members are more profitable than non-members. We take this data with pride, knowing that the education we provide the industry is having a positive impact on the business of our members.

Enjoy!

Sincerely,

Josh Leve

Founder & CEO
Association of Fitness Studios

Study Methodology

Commentary From the Research Team

Overview

In the 2nd Quarter of 2018, AFS sponsored its fourth annual study among fitness studio owners and operators to identify baseline performance metrics from 2017. The study was conducted via online survey among various segments of potential participants as defined by AFS.

Methods

Data collection methods included emailing invitations to AFS members, AFS prospects, suppliers and customers. In addition, the link was posted via social and digital channels, including those of AFS and its various affiliate partners.

The findings adhere to strict guidelines that guarantee data integrity, including but not limited to the following:

- Did not include data from facilities whose sq. ft. exceeded 10,000 sq. ft.
- Did not include data that appeared to be the result of typographical errors or respondent misunderstanding (e.g., numbers too small or too large for the scope of the question being asked)
- Ensured a large enough sample size for each cut of data to be statistically significant
- Ensured that findings for which there was insufficient data were withheld from the final report

Results

There was a 118% increase in the number of studio owner respondents in 2018 vs 2017 (565 vs 259), offering a more robust data set from which to derive insights. Results are focused on U.S.-based studios and future studio owners only.

Disclaimer

The statistical information contained in this report is a collective profile of the studios responding to the survey and not to the global fitness studio industry.

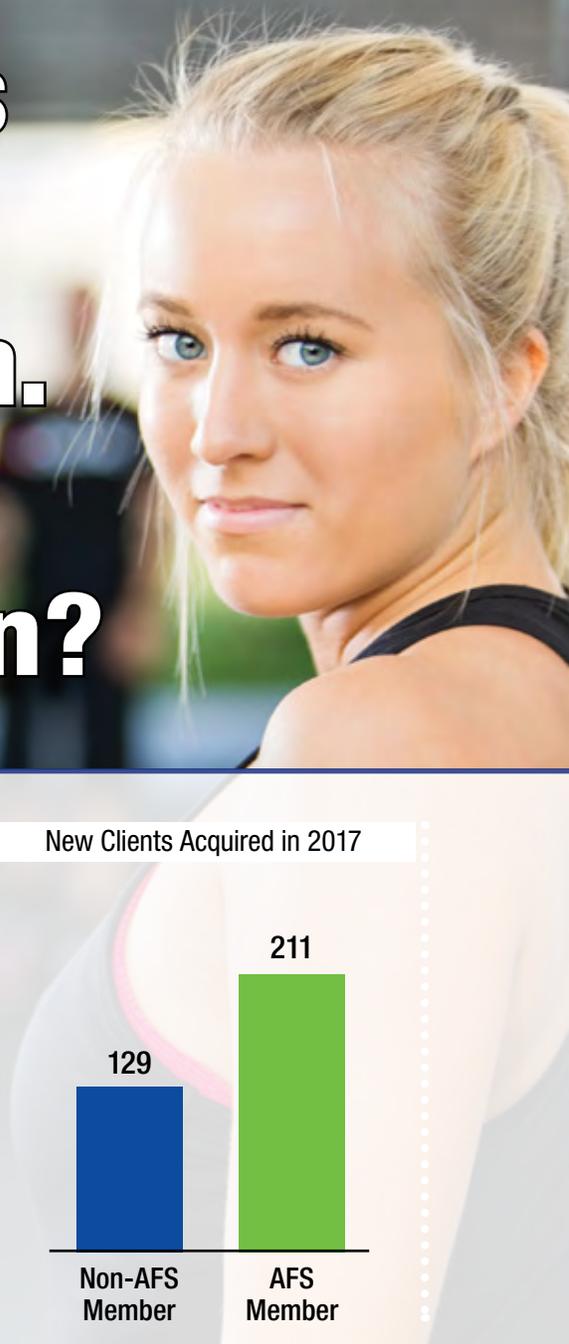
All reasonable efforts were taken to assure data comparability within the scope and limitations of the reporting process. However, the data contained in this report is not necessarily based on third-party audited data and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that data point.

AFS makes no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in content, regardless of the cause of such inaccuracy, error, or omission. In no event shall AFS be liable for any consequential damages.

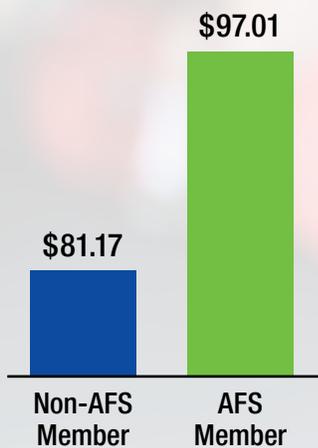
The Research Has Been Done.

The Results are In.

Which Side of the Ledger Are You On?



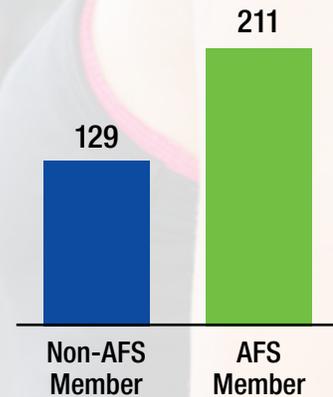
Revenue per Sq. Ft.



Revenue per Member/Client



New Clients Acquired in 2017



AFS Membership - The best investment you'll ever make!



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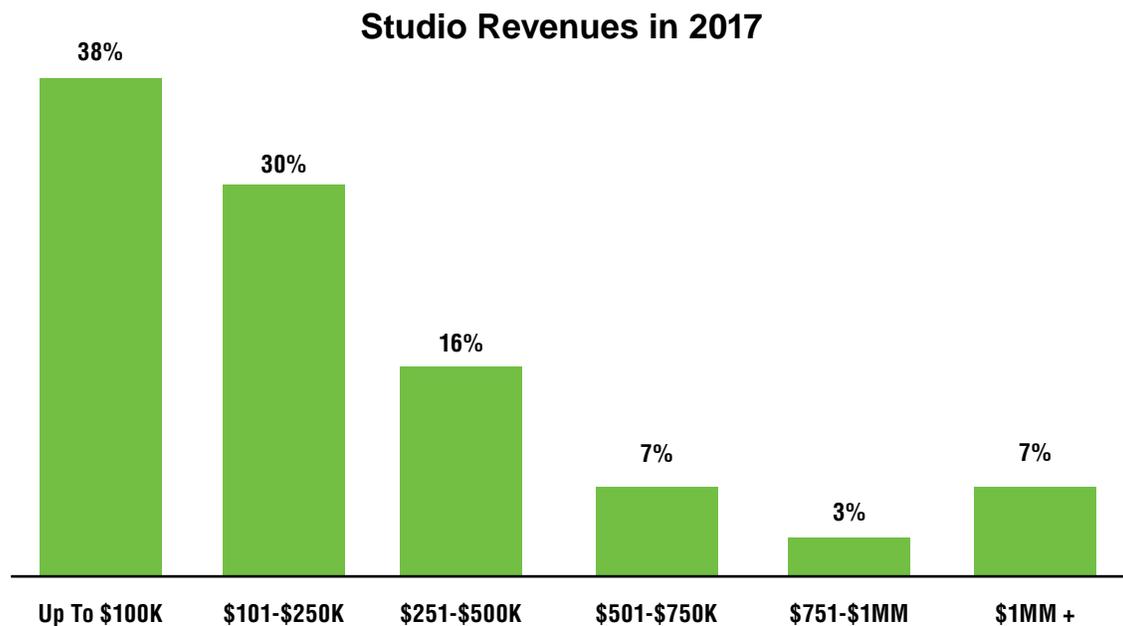
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Association of Fitness Studios
Annual Business Convention/Expo

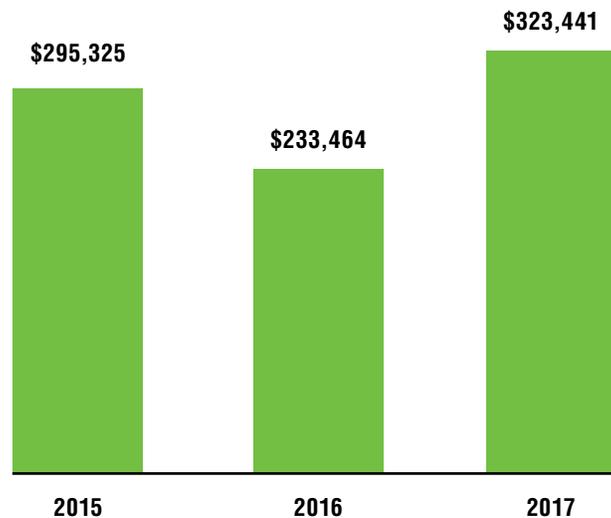
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Financial Metrics

Virtually all financial data points are headed in a positive direction. It appears studio owners are steadily becoming more savvy in their business acumen as with their training philosophy.

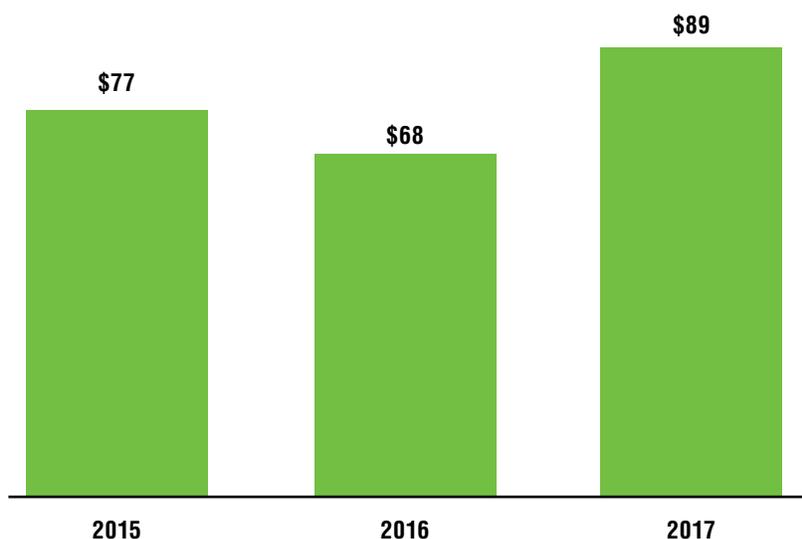


Average Revenues Generated by Studios
2015 to 2017



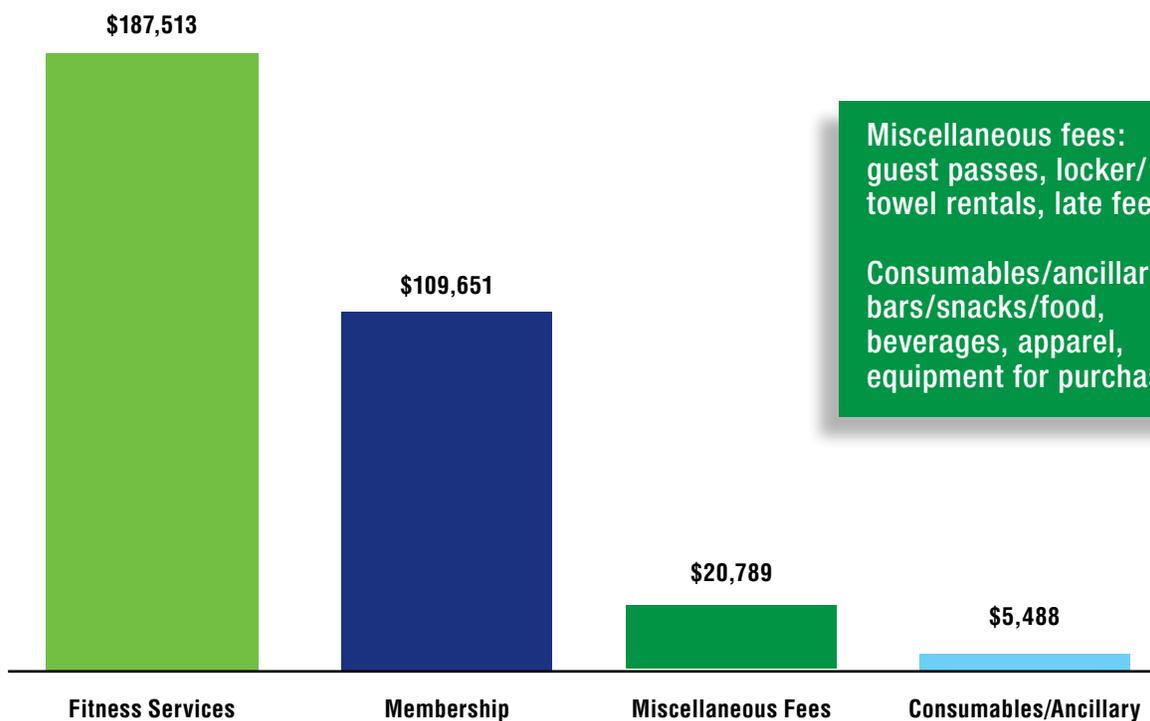
Financial Metrics

Revenue Per Square Foot 2015 to 2017



Studios have become increasingly revenue efficient, deriving more income per square foot, possibly due to an increased focus on the right KPIs to drive their business.

Average Revenue Per Studio by Source



Miscellaneous fees: guest passes, locker/towel rentals, late fees
Consumables/ancillary: bars/snacks/food, beverages, apparel, equipment for purchase

Deep Dive Into Profitable Studio Makeup

Studio Composition

	All Studios	Profitable Studios
 Square Footage	3,624	4,210
 Hours Open/Week	66	74
 Years in Business	9	7

So What? Profitable Studios are open on average 8 more hours per week than all others, and are about +600 square feet larger in size. Years in business is not necessarily a factor of success.

Member Retention **Based on Respondents in This Survey** is +6% Stronger at Profitable Studios, Indicative of Another Critical Element of Success

Clients Last Year	New Clients	Last Clients	Current	Retention Rate
560	+150	-73	637	87%
412	+135	-78	469	81%

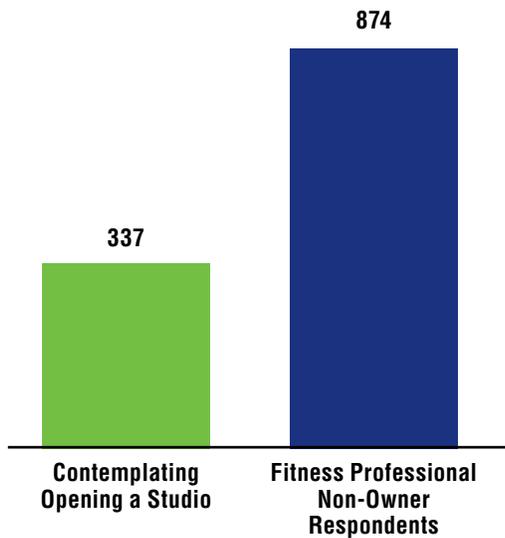
■ Profitable Studios
■ All Studios

Client Retention is defined as: $(\# \text{ of Current Customers} - \# \text{ of New Customers}) / (\text{Number of Customers in Previous Year or Period})$

Profitable studios not only gain more new clients than all studios do on average, but they also lose fewer, resulting in a stronger retention rate.

Future Studio Outlook

38.5% of Non-Owners Are Contemplating Opening their own Studio

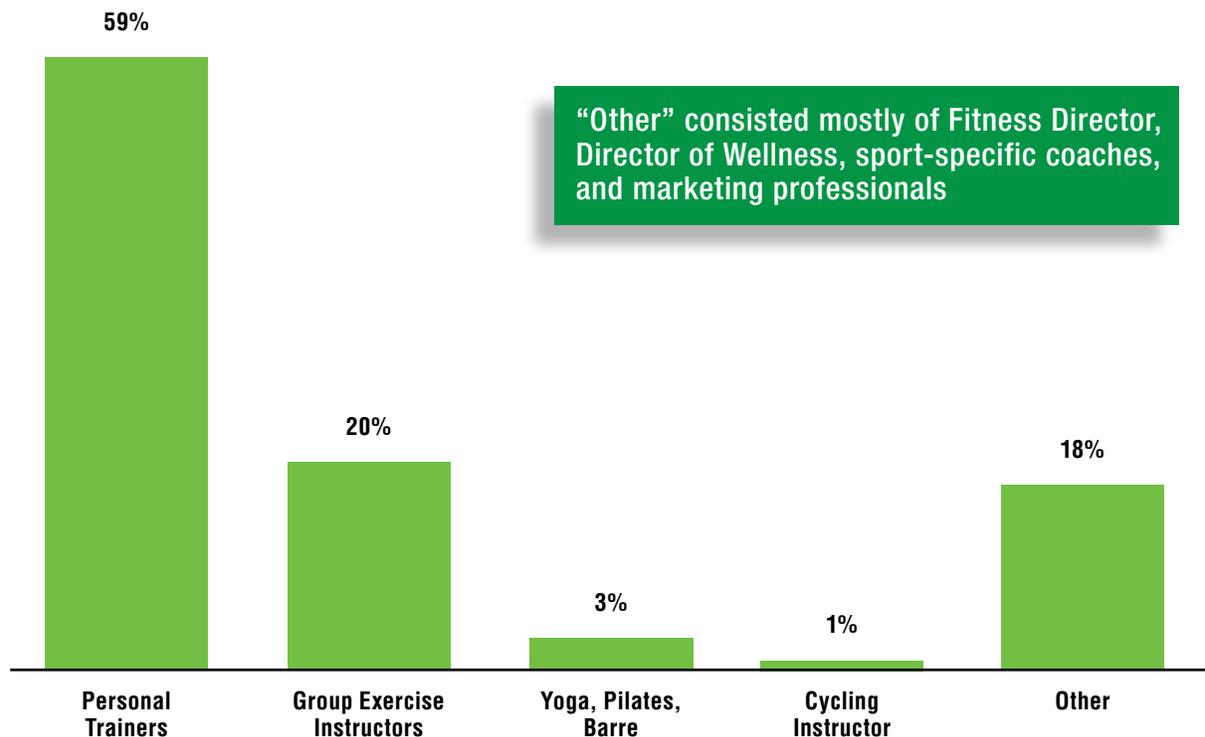


874 of respondents were not current studio owners

337 of these (38.5%) plan to open in the next two years

38.5% non-studio owners planning to open a studio in the next few years is significantly higher than previous years' benchmarking studies, indicating industry growth expected to continue to grow' to... This percentage is significantly higher than previous years' benchmarking studies, indicating industry growth is expected to continue at a rapid pace.

Of Those Who Currently Are Not a Studio Owner, an Overwhelming Percent Are Personal Trainers, Followed by Group Exercise Instructors



"Other" consisted mostly of Fitness Director, Director of Wellness, sport-specific coaches, and marketing professionals

SUCCEED!



Association of Fitness Studios
Annual Business Convention/Expo

**The first-ever major
Business Convention
& Expo for current
and aspiring
studio/gym owners!**

**Why Everybody's
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SUCCEED! will be an event like none other in the fitness industry with 2.5 days of education solely dedicated to fitness businesses of all sizes, disciplines and tenure for entrepreneurs looking to take the next step in their career.

- **6 Business Tracks, 3 Pre-Con Workshops, 3 Keynotes**
- **Multiple Ways of Learning**
- **Cutting Edge Ideas and Presenters**
- **Post-Conference Intensive**
- **The EXPO - Innovation Meets the Studio/Gym Market**
- **Have Fun! The Event and Experience You Deserve**
- **The Entire Event Center is Dedicated to YOU!**



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