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European Health Club Industry

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Winning Team

Vivafit's Constance and Pedro Ruiz



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Pedro and Constance Ruiz

The 2008 European Club Leadership Award winners discuss Vivafit's success

By Patricia Amend

CBE: You were first to embrace the express workout concept for women in Portugal. What was the original inspiration for Vivafit?

CONSTANCE RUIZ: The original inspiration was the 30-minute fitness revolution in the USA, which includes Curves and Casey Conrad's Healthy Inspirations. Casey is one of my favorite "gurus" in the industry. I have always been partial to the new exerciser, and the 30-minute workout is an easy way for women to get started. Also, it is convenient and effective for the person who does not have time for a longer gym workout.

CBE: How do you compete with Curves? What do you do better or differently?

PEDRO RUIZ: We are different from Curves in the way we deliver fitness, and in the success of our franchising effort. Our clubs offer our unique architectural design, special colors and lighting effects. We also have a separate studio for Pilates and Les Mills' Body Vive. In addition, our service is better, as we have invested heavily in initial training, continuing education and advanced training, with approximately 12 training days available yearly—for owners, managers, sales people and instructors. Our franchisees have higher profits as a result of having more members. Our current average is 350 paying members per club.

CBE: Why did you pursue franchising?

CR: It is a means to expansion. Now we have a total of 90 units in Portugal and Spain.

CBE: How much does it cost to open a Vivafit franchise? What does a franchisee pay in royalties? What do you look for in potential franchisees?

Q&A Highlights

- The Vivafit difference
- The economic crisis and its effects
- The Vivafit value proposition
- Working with AGAP

PR: It costs approximately €100,000, including the initial fee, machines, and construction build-out. The royalties in 2008 were fixed at €950. Having a fixed royalty benefits the high performers and penalises the low performers. This way, we can rotate out the low performers to keep the performance of the network strong.

Potential franchisees must have a great attitude and business/management experience. Many passionate fitness industry professionals with management and/or commercial experience are prime franchise candidates. ►

A great moment: In October Pedro and Constance Ruiz receive the 2008 European Club Leadership Award at the IHRSA European Congress in Lisbon



It is much more difficult to find bank financing for franchisees, though our success is attracting high calibre prospects

CBE: How has the current economic crisis/credit crunch affected your franchisees? How many locations do you expect to open in 2009?

PR: It is much more difficult to find bank financing for franchisees, though our success is attracting high calibre prospects. These investors/business people don't have financing problems. Our initial goal for 2008 was to sign 30 new locations and we ended the year with 20. In 2009, we hope to sell at least another 20 in Portugal and 10 in Spain.

CBE: What do you offer your franchisees in terms of business support and training?

CR: For starters, they receive a comprehensive set of manuals, which cover construction, marketing, selling, how the exercise circuit works, and opening the facility. They receive nine days of training at Vivafit University and three days of business training from the Franchise Academy, an independent institution here in Portugal. Our continuing educa-

First to serve the needs of busy women

Constance Ruiz began her work in the fitness industry first as a fitness instructor, then as a class coordinator at the Holmes Place clubs in Portugal. After 15 years, she left the company, where she had become group fitness programming manager, when she recognised the need for a 30-minute, women-only fitness centre in the market. In the summer of 2002, she and her husband, Pedro, began researching their business plan. In September of that year, they started Vivafit, opening the first location in January of 2003. The first franchise opened in December 2004. Today, there are three company-owned locations in Portugal, and one in Spain, and a total of 86 franchise units in both countries.

IHRSA honoured Pedro and Constance Ruiz with the 2008 IHRSA European Club Leadership Award at the 8th IHRSA European Congress in Lisbon in October.

tion includes our back-to-basics series and customer service/team building. We have a convention once a year for advanced training. We also encourage our franchisees to attend the local fitness convention in Portugal (Manz), and the IHRSA European Congress. In October, 15 franchisees and their staff attended the Congress in Lisbon.

CBE: Please describe a typical Vivafit club. How many members do your clubs have?

PR: The typical location is approximately 170 sq m, with 40 sq m as a group exercise studio. The colours in the circuit are lime green (energetic and fun) and light blue (relaxing and calm). The studio is lavender (for spirituality/relaxation) and terracotta (close to nature). We make the most of natural light whenever possible. Each facility has 10 hydraulic machines with 10 platforms. There are no mirrors in the circuit training area, as studies have shown that they are not good for self-esteem.

The stores have three full-time staff, and two or three part-timers. Fitness instruction is included in the first orientation, and there is always an instructor teaching the circuit in the morning, at lunchtime

and in the evening. The goal is 500 members per franchise, and currently, our entire network is averaging 350.

CBE: What do members pay per month? Do you ask for contracts?

PR: Our basic membership for circuit training only is €39 per month. We had been offering Pilates classes as an extra activity. But we did not see much up-sale or secondary profit from the Pilates studio. So, we piloted a second pricing option—for only €10 additional, or €49, members can attend Pilates classes, and twice as many people signed up instantly when we piloted this initiative. For 2009, we have the circuit-only option or the full membership with group exercise.

We have offered six, 12- and 24-month contracts in Portugal. We have dropped the six-month contract. In Spain, we have experimented with month-by-month, 12-month and 24-month options. But it's too soon to draw any conclusions.

CBE: Have your franchises been seeing a drop-off in membership sales or in the retention of current members in the last six to 12 months?

CR: Our membership is an economical option when compared with traditional clubs. We started the second half of 2008 with average higher sales than in the same period of 2007. However by November, average sales started to be affected by the scare of unemployment. We have developed a frequent user



Very affordable: Vivafit's €39 monthly fee includes a high level of personal instruction

We plan to grow Portugal to 150 centres, Spain to 250, and have at least five master franchises

programme that rewards members who train a minimum of eight times a month for three months. With the addition of Body Vive, we will increase usage, retention, and results, for our members.

CBE: Please tell us about Body Vive.

CR: Body Vive is a Les Mills programme that we have permission to run in a shorter format—35 minutes. While it is geared to the 40- to 60-year old deconditioned participant, many 30-year-olds enjoy it. It is a total conditioning class, with fantastic music, great instruction and new choreography released every three months.

CBE: Do you offer members weight-loss coaching? If so, do they pay extra for it?

CR: We have been piloting a behaviour change coaching programme at an extra cost. Right now, Body Vive is our innovation priority, but we understand the importance of weight-loss coaching.

CBE: Do you expect your franchisees to get involved in their communities? If so, how?

CR: Our franchisees do such things as collect items for the poor, support disabled children, gather baby items for local

orphanages, and participate in walks/runs for cancer. Involvement is really the decision of each individual franchisee.

CBE: Do you work with any health insurers right now to offer fitness?

PR: After years of negotiations with major insurance companies, we have made a deal with the lead health insurer in Portugal to offer a 25% discount to members who have trained 100 times at Vivafit during the past year. This will be launched in 2009.

CBE: Please tell us about your work with AGAP, the Portuguese fitness association.

CR: We have been actively involved in the RICO committee, which is for international relations. Our goal has been to encourage participants to attend the IHRSA meetings—we had 35 in Amsterdam, 50 in Paris, and we won the host site for Lisbon that had more than 200 Portuguese participants!

My husband and I have also been involved in AGAP meetings that deal with local issues. Now we have a battle with the local government... it wants to launch a directive that is not in alignment with EHFA and the European recommendations. It mandates that *all* staff working in health and fitness centres be university licensed. In Portugal, that means that physical education teachers are seen as superior to any other fitness professional, including personal trainers and fitness instructors. There are not enough of these licensed educators to teach in all the gyms in Portugal, not to mention the retraining that they would need. We are supporting AGAP in its efforts to lobby the government against this new directive.



Something extra: For €49 per month members can enjoy Pilates in addition to circuit training

CBE: How has IHRSA played a role in your success? What could IHRSA do to help make you more successful?

PR: We have learned from attending IHRSA conventions and reading *Club Business International* and *Club Business Europe*. Also, IHRSA University in Barcelona was a valuable experience. We also learn from reading *Why People Stay*, *Why People Quit*, the *IHRSA Global Report* and the *IHRSA European Market Report*. IHRSA needs to keep doing what it is doing.

CBE: What opportunities do you see in Spain and Portugal at the moment?

PR: In Portugal, the large discount chains will enter the marketplace. With only 5% penetration, there are a lot of opportunities. In Spain, there are many local community fitness centres. However, few are professionally managed and there are few large health club chains—and thus, many opportunities. The exception is Barcelona, which is well developed.

CBE: What are your goals for Vivafit in the next five years?

CR: We are working towards master franchising. Prospects are contacting us from Europe, South and Central America and the Middle East. We plan to grow Portugal to 150 centres, Spain to 250, and have at least five master franchises. ■

PATRICIA AMEND is the managing editor of CBE.

Vivafit Pro Forma

- **Year founded:** 2002
- **Number of clubs in 2007:** 65
- **Number of clubs in 2008:** 90, including four company-owned locations and 86 franchises.
- **New clubs opening in 2009:** 30
- **Cities where clubs are located:** Greater Lisbon (60) and Greater Porto (6). There are additional clubs in northern and western Portugal, in the Algarve, on the Azores Islands and in Madrid.
- **Members in 2007:** 24,000
- **Members in 2008:** 32,000
- **Annual revenues in 2007:** €12m
- **Annual revenues in 2008:** €15.5m