



Planet Fitness Marketing Plan

*University of Wisconsin, Oshkosh
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Executive Summary

Planet Fitness is a limited liability corporation and franchise that provides affordable gym memberships to average health-conscious consumers in the city of Oshkosh and surrounding areas. Recognized for their innovative thinking, Planet Fitness is known for many trademark attributes. Low prices, the Lunk Alarm, and the Judgment Free Zone philosophy are all a part of what makes this gym successful. Members of Planet Fitness have the chance to relax, get in shape, and have fun without being subjected to the hard-core, look-at-me attitude that exists at their competitors' gyms. It is our intent to take an already great business and marketing strategy a bit further to reach two key marketing goals. We will increase brand name awareness among local college and high school students. We will increase our total membership by 10% per year for the next three years.

There has been a continuing trend in America to quit bad habits that lead to unhealthy lifestyles. Increasingly people are working to stay fit and healthy. This means that there is a growing demand for work out facilities and health clubs. In order to maintain a membership status people have had to shell out small fortunes (over a two-hundred dollars a month in some cases) to maintain a healthy lifestyle. Many people have not been able to afford to pay the extensive fees and high monthly rates to maintain their membership. Planet Fitness is the solution to this need for affordable gym membership. They have all the essentials for a great workout and few necessary extras and benefits for members. Competitors of Planet Fitness attract customers by adding in extra benefits to their gyms like having personal trainers, massage therapists and so on. Competitors cannot afford to lower their prices to match the value that Planet Fitness provides. In the current economy, now more than ever, customers are finding the value in a Planet Fitness membership as they seek out affordable options.

Planet Fitness is a gym available to anyone no matter their age, fitness level, or expertise in gym equipment. Members of our gym can be comfortable knowing that whatever help they need when it comes to designing and implementing an exercise regimen, the staff will be there to help, or if all the member wants is to get in, complete their work out, and get out without being bothered by grunting muscle men we got that covered by the Judgment Free Zone policy. This policy is meant to prevent "meathead" or "Lunk" behavior such as dropping weights or grunting that creates an uncomfortable and even hostile workout environment.

In order to reach our marketing goals we plan to implement some key marketing strategies that expand the current advertizing strategy. Diversity already plays a strong role in the atmosphere at Planet Fitness. To further this diversity we will be targeting a younger demographic. Expanding our demographic to include college and high school students brings approximately 11,000 people into our targeted customer demographic as potential customers. We believe this group will find our facilities and services attractive because we are within walking distance of campus, offer low affordable prices, and provide a substitute for the Student Recreation and Wellness Center.

To increase awareness among this core group we will

1. Hand out Planet Fitness pens on campus to increase brand name awareness
2. Post fliers advertizing discounted rates for students and our new Gold Card Membership for summer
3. Hand out Planet Fitness t-shirts at sporting events to increase awareness and improve customer opinion towards our brand name
4. Increase use of Facebook, Twitter, and create a Four Square account

A main issue we found with the current marketing plan is the once a month pizza days. Giving away pizza sends the wrong message because pizza is thought of as an unhealthy junk food and doesn't belong in the get fit, get healthy atmosphere of Planet Fitness. Instead of pizza we plan to implement Subway Sub night. Giving away Subway Subs gives Planet Fitness a positive brand affiliation. In exchange for us purchasing subs from Subway they will hand out Planet Fitness coupons, and let us advertize at all six of their Oshkosh locations.

In addition to these simple advertizing changes we will be implementing some improvements of the services provided directly to our members:

1. We are adding workout classes in yoga, biking, and cardio strength intervals. These classes will help members in their fitness goals and increase a sense of belonging to the customer by introducing the more social aspect of exercising with a group.
2. We will be providing new members with an orientation day. This day will serve as a tool to get new members familiarized with the facility and its operations. This is a great opportunity to get any questions answered, speak with a trainer, and sign up for group classes. These orientation classes will also include machine demo classes lead by Planet Fitness professionals, which may also be of interest to members who have been there a while.
3. To keep track of how well we are implementing these changes and how well employees are providing services a quality assessment will be made quarterly in the form of customer surveys and feedback cards.

In order to succeed with all the above changes to our advertizing strategy and services within Planet Fitness we will be hiring more staff to help with the increase of new members and service standards. The total costs for all of these changes for the year will approximately total \$18,855. To cover these costs we will need a total of 122 new members throughout the year.

Introduction

Planet Fitness is a limited liability corporation and franchise that operates in many states across the U.S. The marketing strategy for each location can differ dramatically; we are focusing on the Planet Fitness location on 1850 Jackson Street in Oshkosh, Wisconsin. Planet Fitness is aimed towards providing a comfortable, clean, and judgment free place for anyone who wants to peruse an active lifestyle. Although the current nationwide marketing plan does a good job reaching a wide audience by advertizing with humorous television and radio commercials, we feel that we can greatly improve the number of new members with a few low cost advertising techniques in the Oshkosh area.

Company Description

Planet Fitness targets the average health-conscious consumer, people who may be uncomfortable with the body-builder, down-to-business attitude found with competitors. Members enjoy a gym where they can get in shape and relax in a hassle free, judgment free environment. Planet Fitness is clean, easy to use, and an easy to access gym that covers the essentials of a health club setting. Planet Fitness doesn't clutter our facilities with unnecessary frills like babysitters, massage therapists, or steam rooms. In return customers benefit by paying the low price of ten dollars a month to use our facilities and services.

Planet Fitness is a fitness club geared toward supporting a healthy lifestyle for the average person in the community featuring a Judgment Free Zone policy. Services are available from Monday at 12am through Friday at 10pm and also on Saturday and Sunday from 7am to 7pm. Members of Planet Fitness enjoy clean and numerous cardiovascular, and strength training machines that are disinfected on a regular basis. There are two levels of membership, White Card and Black Card. The White Card Membership offers full use of all cardio, physical and strength training equipment, as well as a personal health and fitness trainer. The Black Card Membership includes reciprocal use of all Planet Fitness franchise locations, unlimited use of massage chairs, unlimited guest privileges, unlimited tanning, free unlimited fitness and health training, half price cooler drinks, and a PF Black Card key tag.

Situational Analysis

SWOT Analysis

The following is a list of strengths, weaknesses, opportunities, and threats for Planet Fitness. We will use this to maximize strengths and opportunities, and to minimize weaknesses and threats. It is important recognize and promote awareness throughout or company ensuring that everyone strives towards the same goal.

Internal Factors	Strengths	Weaknesses
Product/ Service	<ul style="list-style-type: none"> • Trademark Judgment Free Zone philosophy that attracts the average person, not the body builder (larger demographic population) • Clean, stylish, hassle-free facility • Flexible hours – Monday 12am through Friday 10pm, Saturday and Sunday from 7am to 7pm • No long term commitment required • Variation in types of memberships (Black Card and White Card) • Black Card Membership offers additional benefits, such as unlimited tanning, admission to any location, and the ability to bring a friend at no cost • Free personal training • Plenty of brand-name cardio and strength equipment for use during peak busy periods • Payment is automatically 	<ul style="list-style-type: none"> • Member do not currently have the option of group exercise classes • Members do not have the have the option of using a pool or outdoor workout facilities such as tennis and basketball courts • Alienates the bodybuilder, and other people that do not abide by the Judgment Free Zone rules • Do not provide on-site extras such as a steam-room, child care, juice bar, and so on that competitors provide

	<p>deducted monthly from member's bank accounts</p> <ul style="list-style-type: none"> • Facility is simplistic, a place to work out without distraction • Facility provides locker rooms and clean showers 	
Price	<ul style="list-style-type: none"> • Low monthly membership cost • Low annual membership cost compared to competitors • No start up fee for Black Card Membership 	<ul style="list-style-type: none"> • Yearly membership fee regardless of numbers of months members use the facility
Promotion	<ul style="list-style-type: none"> • Many methods of reaching target market • Many of the advertising methods are very inexpensive 	<ul style="list-style-type: none"> • Some advertising methods are expensive • Ads can often be overlooked due to the large volume we see each day
External Factors	Opportunities	Threats
Place	<ul style="list-style-type: none"> • Located close to the UW-Oshkosh campus • Could expand into other parts of Oshkosh 	<ul style="list-style-type: none"> • Located on the on north side of Oshkosh, not easily accessible to entire population • Small location, eventually will result in cap on the number of members
Competition	<ul style="list-style-type: none"> • Membership for other gyms such as the YMCA are much more 	<ul style="list-style-type: none"> • College students already have a gym membership included in

	<p>expensive</p> <ul style="list-style-type: none"> • Other gyms don't offer the Judgment Free Zone philosophy • UW-Oshkosh students have to pay high rates for Wellness center memberships during summer • UW-Oshkosh Wellness Center is closed during holidays 	<p>tuition</p> <ul style="list-style-type: none"> • Other area gyms offer more variation in exercise types such as, group classes and a pool
<p>Social/ Economic</p>	<ul style="list-style-type: none"> • Getting fit is a popular trend that is very influential in our society • Many people have new year's resolutions to get fit and lose weight • In a slow economy low prices are important to consumers • The Judgment Free Zone policies will attract people who would not otherwise join a gym 	<ul style="list-style-type: none"> • Seasonal customers may be reluctant to pay for a summer membership when outdoor sports are popular

Key Strengths and Opportunities

Planet Fitness' key strength is the price of our gym membership. Just ten dollars a month for unlimited usage of the facility and services is the main sales driver. The gym is all about flexibility, which is important in our society. Planet Fitness offers flexible hours for busy students, business professionals, and the blue collar workers that make up the Oshkosh demographic. We also offer a variation in the type of membership that can be purchased, either a Black Card or White Card Membership. The White Card Membership is a basic membership plan while the Black Card Membership offers other benefits such as unlimited tanning and the option to bring a friend.

Another key strength for Planet Fitness is the Judgment Free Zone philosophy. This attracts the average person instead of the body builder type that typically dominates work out centers. By adopting this policy the gym can reach a larger demographic, since majority of the Oshkosh population would be considered average in terms of work out usage. Other key strengths that are associated with the Judgment Free Zone are a free personal training, and easier to use machines so that members feel comfortable in the gym. As a part of the marketing mix we plan to implement a new member orientation to help members feel more comfortable when they come into the gym. This would greatly improve our product and is a key strength to Planet Fitness

There are many exciting opportunities that could greatly help business. The biggest opportunity Planet Fitness has is using our close location to the UW-Oshkosh campus and many area high schools to include a younger age demographic. Concentrating on some basic advertizing strategies in the campus area is a great opportunity to expand the Planet Fitness customer base. Another key strength is the fact that there are many large businesses in Oshkosh that support a large portion of the Oshkosh and surrounding areas with jobs. These job opportunities bring more customers close to the Oshkosh location, it is convenient and easy for members to stop in after a day of work. Another opportunity is that many of the other work out facilities in this area are expensive to join. Many of the UW-Oshkosh students already have memberships to the Wellness Center, but in the summer and during the holidays there are limited hours and memberships are costly.

Another opportunity for Planet Fitness is that getting fit is currently a very big trend. Health consciousness is extremely influential in our society and can greatly help our business. It is also the start of the New Year, and many people make it their resolution to get in shape and go to the gym more. The economy is slowly coming out of a recession and many people do not want to spend a lot of money. Planet Fitness is very affordable making people feel like there is great value in the product that they are receiving. Even after families are recovered from the recession, members will keep their memberships with Planet Fitness rather than moving to a higher cost gym because they will see that they are getting the same quality for a lower price.

Key Weaknesses and Threats

A key weakness that we will have to assess is the fact that Planet Fitness has limited options in the types of workout equipment and facilities they offer compared to other gyms in the Oshkosh area. To help minimize this threat, we will be offering group exercise classes to help make up some of the things that we are lacking. Another weakness that could result in a loss of customers is the lack of a daycare facility. Since we will be expanding to include younger demographic this may not be a big problem but it is something that we need to be aware of.

Another weakness that could affect Planet Fitness is the yearly membership fee. Many people would consider this a hidden fee and could label it deceiving to the low price that we advertise. To help minimize this we will be taking out the annual fee for students and senior citizens. This will help minimize the weakness since students are such a large part of our expanded target market.

A major threat to the business is the fact that UW-Oshkosh students already pay for a gym membership that is included in their tuition. It is important that we do everything possible to promote Planet Fitness and draw this group in. We will minimize this threat by offering student discounts and gearing our promotions towards the younger demographic.

The final threat is the location of the gym; it is located on the north side of Oshkosh. For some our customers it could take twenty or more minutes to get to the location. This could make some of the target market reconsider purchasing a membership. A possible way to minimize this is to consider adding another location or relocating to a more central location. This is not something that we plan to do immediately but is something that we may consider in order to remain successful.

Marketing Objectives

- 1.) Increase awareness of the Planet Fitness facility and its benefits among local college and high school students: 40% total awareness in year 1, 60% in year 2, and 80% in year 3.
- 2.) Increase membership 10% per year for the next three years. (See Budget section for specific numbers.)

Target Market

The target market is residents in the Oshkosh area between the ages of 15 and 44 who are interested in maintaining an active lifestyle but may not be able to afford expensive memberships. We believe that this is a good target market for this area because of the large volume of people in that age category that reside in this area. According to the U.S. Census Bureau 51.3% of the Oshkosh population, or 32,300 people, are in the age range.

There are also several high schools in the area, along with many big businesses that will bring new customers to town. Another portion of the population not included in the information above is students from UW-Oshkosh. This will also account for a significant portion of our target market being that there are approximately 10,000 students on campus who are not included in the Oshkosh population. While residents between the ages of 45 and 59 are not in our target market, they are still part of the market. This age range makes up 15.2% of the area's population, or 9,500 people. Altogether the gym membership market size in the area is around 51,800 people.

After conducting a survey of UW-Oshkosh students, a significant part of Planet Fitness' target market, we reaffirmed the need to promote awareness among this group.

Are you aware of the Planet Fitness located in Oshkosh?	
Yes, I'm a member!	0%
Yes, I know right where it is.	46%
Yes, I have heard about it on the radio/ seen commercials.	16%
No, I did not know there is a Planet Fitness in Oshkosh.	38%

While Planet Fitness needs to work on awareness, once those objectives are achieved, they should have no trouble gaining members. Our survey results confirm the health consciousness of students. Results show the importance of health to students and also reports that students work out an average of 3-4 days per week.

How important to you is a healthy lifestyle/ working out?		Work-out	
Extremely important	36.5%	Days per	Percent
Somewhat important	53.8%	7	1.90%
I know I should be more concerned with my health, but I'm not motivated	9.6%	5 or 6	23.10%
I'm not too concerned about it	0%	3 or 4	46.20%
		1 of 2	21.20%
		0	7.70%

Marketing Mix

Product

Planet Fitness is a fitness club geared toward improving the health of the average health conscious person in the community. The club's slogan of being a Judgment Free Zone embodies the culture of its members; these are the people who are looking to work out in a non-intimidating atmosphere, which is part of the perceived value. Planet Fitness offers a variety of fitness equipment for both strength training and cardio (tread mills, elliptical machines, bikes). There are TV's on the ceiling in front of the cardio machines, and a box on the side of each machine allows the members to plug in headphones and tune into any of the TV's or radio stations. There are two of each kind of strength training machine to assist in the flow of members working out during peak hours (5pm-7pm Monday through Thursday).

Planet Fitness has personal trainers available at no additional cost. We will be implementing customer surveys to improve the quality of service expected of our trainers and other representatives of Planet Fitness. There will always be someone available to help answer any question the member may have.

We also feature two massage chairs to help assist members' post workout cool down. There is a water bubbler available to all, but we also offer cooler drinks (bottled water, sports drinks, protein drinks). There are no free weights, but we have two racks of dumbbells weighted from 2.5lbs to 75lbs to allow members to do a more free movement work out tailored to their needs and goals.

The set up of the gym is user friendly in that all of the machines used to work similar areas of the body are grouped together. Planet Fitness also has six tanning beds available to the Black Card Members for unlimited tanning. There are cleaning solutions as well as paper towels located at four stations throughout the gym to help assist in maintaining a clean environment. When a member is done using a machine, he simply wipes it down; the employees will also be cleaning at various times to maintain that clean environment.

The locker rooms feature toilet facilities, sinks and showers for the customer. When a member joins they are given a guided tour and any questions they have are answered by our thoroughly trained employees. As an added perceived benefit (and free on person advertising) new members also receive a free t-shirt with the Planet Fitness logo on it, white for White Card Members, black for Black Card Members, and a gold embossed shirt for the new Gold Card Members as described below.

To add more value to our service, and not alienate the core customers, we will add fitness classes in yoga, biking and interval strength training. We will offer each class in the evening during the week. We will also add a non-mandatory orientation day to help new members get familiar with the facilities and equipment. We will offer two sessions every Saturday, one in the morning and one in afternoon. The orientation is for those who need

further instruction on machine usage but may feel less awkward in a group. These new services will attract more members and help obtain the 10% annual growth objective.

Price

The standard White Card Membership costs \$10 a month plus a one-time \$20 start up fee and a \$29 annual membership fee. Unlike most gyms, there is no minimum length of time members have to keep this package. The White Card Member has unlimited use of the fitness equipment as well as personal training but can only use the location in Oshkosh. The upgraded membership, called a Black Card Membership, costs \$19.99 a month, no start up fee, plus a \$39 annual membership fee. Black Card Members are required to maintain this membership status for a minimum of twelve months.

The Black Card Member truly receives a lot of value for the price. As Black Card Members, our customers enjoy unlimited tanning, full use of fitness equipment, reciprocity to all other Planet Fitness locations, and half off all cooler drinks excluding protein drinks. Tanning services and the use of the fitness club facilities gives Black Card Members more value than they could ever receive if they bought these services separately. The average fee for unlimited tanning is around \$30 a month and average monthly fee for a gym membership is around \$35 plus hidden fees for extra services.

To attract a younger demographic during the summer months we are adding a third membership option, the Gold Card Membership. This will cost the customer a flat fee of \$50 for three months, June through August. There will be no other fees associated with the Gold Card Membership. Gold Card Members can enjoy unlimited tanning and full use of fitness equipment. To add more perceived value to the fitness club, we will waive all start up fees for senior citizens and students with valid student identification. Planet Fitness charges all fees when they are due on a monthly basis to either the members' checking account or a credit card, making payment hassle free. This also makes many members less likely to discontinue membership.

Planet Fitness is by far a low price leader in the fitness industry, and they can do this because they cut out all the frills that are not necessary for most fitness customers. Planet Fitness oftentimes runs promotions where members can join for only a dollar, waiving the start up fee for White Card Members; this is usually done around the New Year's resolution time, which is a peak time for new members. Our competitors just can't match the value we bring to our members. When we look at what members can get at Planet Fitness we see how Planet Fitness blows the competition out of the water.

Place

Planet Fitness is located at 1850 Jackson Street in Oshkosh. This is a prime location for UW-Oshkosh students to be targeted as an expansion of our current market share as it is within walking distance from the college campus. Many students already shop at Pick N Save, which is located next to Planet Fitness. Through the convenience of location, price, and services we will be able to capture some of this market with further

promotions. Planet Fitness can be reached by car in 5 minutes or fewer from any location on campus. It is also realistically within walking distance about a 15 minute walk. If you like to bike it can be reached in 10 minutes or less. The city bus, which is free for students and low priced for everyone else, also makes stops at the Pick N Save right next door. The building itself is very easy to spot with its signature purple and yellow colors marking the outside of the facility.

While the current location is all right, it is not ideal for optimum customer traffic. In the future Planet Fitness may want to expand. For future consideration, we have researched a suitable building on the frontage road just off Highway 41 that would be an ideal new larger location. Planet Fitness could either add a second Oshkosh location or relocate depending on how it might impact business. Oshkosh could support another facility on the west side and gain more market share away from competitors. This facility would then be more convenient for those on the other side of town as well as be the low price leader. Currently, the west side of Oshkosh has the most rapid growth, so this is an area we should consider targeting in the future.

Promotions

Planet Fitness is currently using television and radio advertising as their main method of promotions. Local radio stations give away free memberships during competitions as well as run Planet Fitness advertisements. The message of the Judgment Free Zone comes across in the form of humor, which is very clever at getting potential customers to listen. Planet Fitness also uses a dollar joining fee promotion to get new customers to their gym. The promotions, as well as the physical layout do not target the hardcore fitness elite who can make the gym atmosphere more intimidating. Planet Fitness is targeting the average person, who wants an easy solution to getting in shape in an inviting and relaxing atmosphere.

We feel that Planet Fitness can expand their market share by expanding their demographic to include younger UW-Oshkosh students and high school students. Although UW-Oshkosh has a fitness facility, students must pay to use it during the summer months, which is why we are creating the Gold Card Membership. Planet Fitness will put out flyers around campus to increase awareness of the facility among students. They will also hand out free pens on campus, as well as give away t-shirts at athletic events to help reach the college students.

Planet Fitness will also offer a Friday Friend Day every Friday, so current members can bring a friend exposing more people who are on the edge about joining Planet Fitness. We believe these simple advertising tactics will be highly successful increasing market share both among current targeted segments and our expanded segments, which will help reach the 10% annual growth objective and the awareness objective. With the economy pushing people to downgrade, starting a new advertising campaign now will push a whole new demographic toward Planet Fitness as a cheaper fitness option.

Another way we plan to reach more people is through improving Planet Fitness' use of internet marketing tools. We must update these sites with current promotions on

Facebook and Twitter to increase awareness and brand loyalty. We would also incorporate another media source called Four Square, giving people chances to earn rebates on memberships. These low cost advertising methods will be a big helping in reaching the awareness objective.

Currently, Planet Fitness has a pizza day once a month when gym members receive free pizza, which seems backwards for people trying to lead a healthier lifestyle. We would like to change this to Subway subs to more appropriately pair our services and facility with a healthier food option. We would purchase subs from Subway in return for them handing out free one day passes to Planet Fitness, leaving the door open for more dual brand recognition and promotions with Subway in the future. These Subway promotions are a great way to increase awareness as there are currently six Subway locations in Oshkosh including one near campus. Not only will the Subway coupons raise awareness, but the great deal will bring potential members to the facility.

Measurement and Control

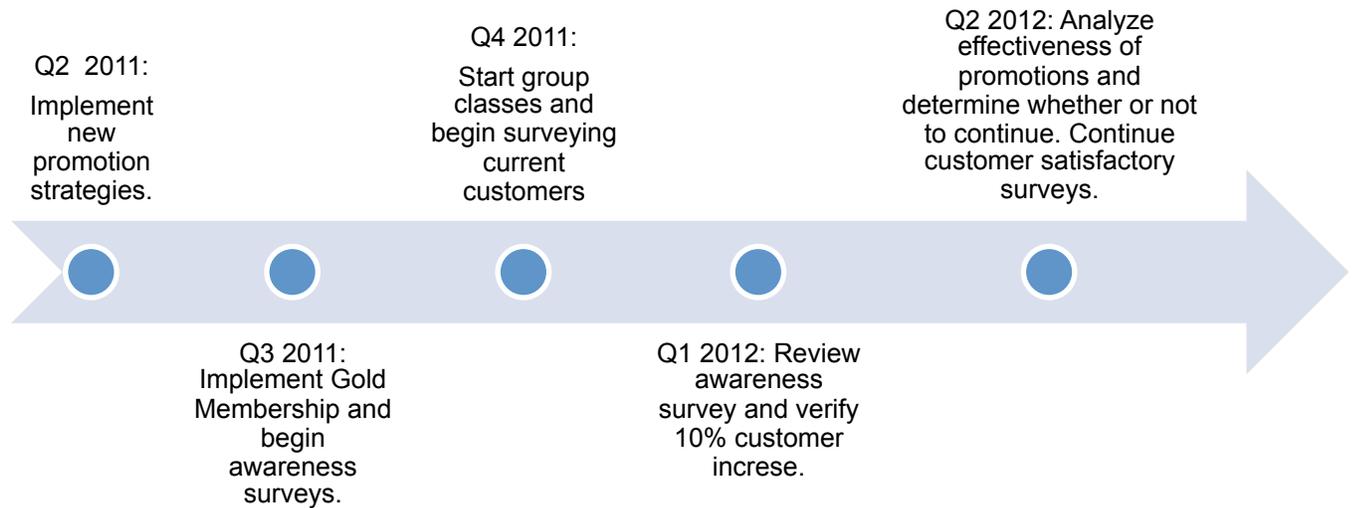
Planet Fitness already has an established customer base of middle working class residents from Oshkosh who enjoy a comfortable work-out environment and very competitive prices. We have recognized that Planet Fitness has the opportunity to increase awareness among college students and high school students over the next three years. We anticipate that awareness will be 40% in the first year, 60% in the second year, and 80% in the third year of the marketing plan implementation.

We believe Planet Fitness can monitor their new marketing efforts through brief surveys via e-mail or phone calls. Since many people will not be willing to take these surveys initially we will need to provide information about a promotion that is currently being run or offer a free visit in return for their time. These surveys will need to be conducted at least four times a year or quarterly so we have accurate data to analyze. To ensure that the marketing efforts are on track, we will compare awareness survey results to the customer base at each year's end to make sure our objectives are fulfilled.

As Planet Fitness gains an increased awareness among local college and high school students, they also have the potential to increase their customer base by 10% each year for the next three years. As we help implement and promote the suggested new features from the marketing mix, we will track the increases in the customer base at each year end over the period of our marketing plan implementation.

Aside from trying to attract new customers, it is important to seek feedback from the current customers to instill a sense of loyalty toward Planet Fitness. As customers come in for their workouts we will suggest that Planet Fitness employees ask customers to complete a brief survey about the classes, the new Gold Card Membership, and the idea of opening or relocating to a more central part of Oshkosh. This will provide us feedback from the current customers on the ideas we have for planet fitness. This survey process should be conducted during the first year of our implementation and we can provide raffles for Subway gift cards as incentives to complete the survey.

Implementation Schedule



Q2/Spring 2011:

We plan on implementing the new promotion strategies beginning in the spring of 2011 so that it will be in time for summer. We will put out flyers around campus to increase awareness of Planet Fitness among students. We will also hand out free pens on campus, as well as give away t-shirts at athletic events to help reach the college students. We would also add a Friday Friend Day every Friday, so current members can bring a friend exposing more people who are on the bubble about joining Planet Fitness. Another way we plan to reach more people is through improving Planet Fitness' use of internet marketing tools. They need to update their promotions on Facebook and Twitter to increase awareness; we would also incorporate another media source called Four Square, giving people chances to earn rebates on memberships. We would like to change this to Subway subs and pair our services as a healthier alternative to pizza. We would purchase subs from Subway in return for them handing out free one day passes to Planet Fitness, leaving the door open for more paired promotions with Subway in the future.

Q3/Summer 2011:

We will add a third membership option the Gold Membership card. This will cost \$50 for three months, June-July-August. There will be no other fees associated with the Gold Membership. Gold Members can enjoy unlimited tanning and full use of fitness equipment. To add more value to our fitness club, we will waive all start up fees for senior citizens and students who join our club. During the late spring and early summer months we will also begin the awareness surveys to identify where we need to target our promotions most. We will conduct surveys to our target market via e-mail and phone calls

and offer the current promotions or provide the opportunity for a free visit in return for people's time.

Q4/Fall 2011:

Come late summer early fall, we will add more value to our service by adding fitness classes in yoga, biking, and interval strength training. We will offer each class twice a week once in the morning and once in the evening. We will also add a non-mandatory orientation day on every Saturday. We will offer two sessions per Saturday, one in the morning 8-9 am and one in afternoon 2-3 pm. The orientation is for those who need further instruction on machine usage but may feel less awkward in a group. We will also begin to survey current customers about the new promotion efforts, new products, and will ask for their thoughts regarding a new location or relocating the store to a more central part of Oshkosh.

Q1/Winter 2012:

As the first year of the new marketing plan comes to an end we will analyze the customer awareness surveys to make sure that we have reached our marks and if not determine the direct taken in the future. Verifying that we achieve a 10% increase in new customers will also help our marketing efforts and help provide more current direction.

Q2/Spring 2012:

Going off of the previous quarter we will decide whether the promotions and marketing strategies are effective and if they are not we will determine a new direction to make the plan more effective. We will also continue our customer satisfactory surveys until the end of the 2nd quarter of 2012. With the information we collect from the customer satisfactory surveys we will begin to discuss the plan of opening a new Oshkosh location or relocating the current store to a more central location.

Budget

Planet Fitness in Oshkosh will need additional employees to take on all the new programs and promotions strategies we have described. First we will hire a marketing intern to assist management in accomplishing our new promotion plans. The intern will be responsible for designing, ordering, and distributing the promotional pens, t-shirts, flyers and coupons. The intern will also be in charge of managing Planet Fitness of Oshkosh's Facebook, Twitter and Four Square accounts. Planet Fitness will also need to hire more fitness experts to lead group exercise classes and the new member fitness orientation sessions.

Break-even Analysis

Profit Needed from New Memberships	\$ 18,855.42	
New Costs		
Marketing Intern	\$ 5,200.00	(\$10 * 10 hours * 52 weeks)
T-Shirts	\$ 443.52	(\$3.08 * 144 shirts) -Superior Promos
Pens	\$ 550.00	(\$0.22 * 2,500 pens) -Superior Promos
Flyers	\$133.95	(\$133.95 for 5,000 copies) -Next Day Flyers
Coupons for Subway	\$47.95	(\$47.95 for 5,000 copies) -Next Day Flyers
Employees for Workout Orientation Sessions	\$ 2,080.00	(\$10 * 4 hours * 52 weeks)
Employees for Group Exercise Classes	\$ 10,400.00	(\$10 * 20 hours * 52 weeks)
Total New Costs	\$ 18,855.42	
Net Profit	\$ -	

Black Card Member	\$279	(\$20 * 12 Months + \$39 Annual Fee)
White Card Member	\$149	(\$10 * 12 Months + \$29 Annual Fee)
Gold Card Member	\$50	(\$50 Summer Pass)
Average Revenue per Member	\$165.10	(.20 * \$279 + .70 * \$149 + .10 * \$50)
Annual Variable Cost per Member	\$10.00	
Average Profit per Member	\$155.10	

Revenue Needed to Break-even	\$ 18,855.42
Average Annual Revenue per Customer	\$ 155.10
Number of New Members Needed to Break-even	122

Our average cost per member is based on our forecast of what percentage of each category our members will be. We predict that the White Card Membership will remain by far our most popular since Planet Fitness's advertising really emphasizes the \$10 a month plan. Black Card Memberships will be around 20% since the combination of the gym, unlimited tanning and reciprocal use is such a great value. Finally we predict 10% of our annual members will be in the new Gold Card Member category.

In conclusion, our break-even analysis shows that we will need 122 new members during the year. We realize that some members may not maintain their memberships for the full year and some may join late in the year. We make up in part for that by excluding the start-up fee from our revenue section, which often changes with promotions and will now be waived for all students and senior citizens. We feel that the 122 new members needed to break-even is very obtainable since it is actually less than our main objective to increase memberships by 10% in the first year, which would be adding 163 members.

Income Statement

Over 40 million Americans have gym memberships. According to 2010 US Census data, 62% of Americans, or 187 million people, are between the ages of 15 and 59, the age range most likely to purchase gym memberships. That means that 21% of people in this age range have gym memberships.

As we mentioned earlier, 51,800 people in Oshkosh fall into the 15 through 59 age range. At a 21% average, 10,900 of those people have gym memberships. Estimating that Planet Fitness has 15% of that market, that gives them 1,632 members. Based on our objective to increase our member base at 10% per year, the following table shows how many new members Planet Fitness will have each year.

Members	Year	Increase	Percent Increase
1632	0		
1795	1	163	10%
1975	2	180	10%
2172	3	197	10%

Here is the forecasted income statement from the new marketing plan for the next three years. The cost of new employees will remain the same, but other costs will decrease. We will decrease the amount of money spent on pens, t-shirts, and flyers by 50% per year as awareness of Planet Fitness increases. In Year 2 the Subway promotions will be less aggressive, and there will be no Subway promotion in Year 3.

	Year 1	Year 2	Year 3
Profit from New Members	\$ 25,281.30	\$ 27,918.00	\$ 30,554.70
New Marketing Plan Costs			
Marketing Intern	\$ 5,200.00	\$ 5,200.00	\$ 5,200.00
T-Shirts	\$ 443.52	\$ 221.76	\$ 110.88
Pens	\$ 550.00	\$ 275.00	\$ 137.50
Flyers	\$ 133.95	\$ 66.98	\$ 33.49
Coupons for Subway	\$ 47.95	\$ 23.98	\$ -
Employees for Workout Orientation Sessions	\$ 2,080.00	\$ 2,080.00	\$ 2,080.00
Employees for Group Exercise Classes	\$ 10,400.00	\$ 10,400.00	\$ 10,400.00
Total Expense	\$ 18,855.42	\$ 18,267.71	\$ 17,961.87
Net Income	\$ 6,425.88	\$ 9,650.29	\$ 12,592.83

In conclusion, this new marketing plan will offer Planet Fitness an attractive increase in their total profit. Not only will the Planet Fitness of Oshkosh enjoy this increase in profit, but they will also have the long-term benefit of a loyal customer base, which they will need to pursue any future plans of expansion or relocation.