

Expert Advice: Adam Sedlack, President, UFC GYM



THE BOUTIQUE GYM BO

Boutique gym concepts represent a growing segment of the club fitness industry. They've exploded in popularity over the last few years, demonstrating more than 80 percent growth between 2012 and 2016, with no signs of slowing down.

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members who are willing to pay a premium price for the experience created by a community of people working toward their goals together. This drives increasing demand for boutique facilities, and the industry — including many franchised fitness brands — is stepping in to take advantage of the opportunity.

Today's consumers, including a large millennial audience, prioritize health and fitness when setting their budget. This same audience looks for more than treadmills and dumbbells when deciding where they want to get their workout. They want to be part of a community that fosters a sense of connectivity among its members and drives participation. In addition to getting a killer workout, these classes help

gym members create friends and build a shared sense of accountability that keeps them motivated to come back consistently and work toward their fitness goals. The simplified concepts offered by boutique gyms give them a unique, dedicated purpose, which is less intimidating and lowers a major barrier for entry among new members. And with a broad variety of options to choose from, this boom in boutique fitness concepts offers something for just about everyone who wants to get in shape and stay that way.

The benefits of boutique fitness concepts extend far beyond the consumer. For entrepreneurs looking to buy into a franchised fitness concept, building out a 3,000 square-foot facility presents

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equipment to maintain and replace from daily wear and tear.

On top of those financial incentives for investing in the boutique fitness spaces, these simplified concepts are easier to market to consumers. People come into the facility looking for a specific kind of exercise, making the brand positioning very direct and clear and its audience easier to identify and target. Investing in a business always comes with risks, but the lower risks involved in opening a boutique-sized facility are attractive to the savvy franchisee looking to make a smart bet with their hard-earned money.

The lower financial requirements and the reduced risks that accompany them make innovation in the space easier. Franchisors are more willing to experiment with new types of classes and incorporate new technologies to create a unique experience that sets their brand apart. A gym in Los Angeles can incorporate wearable technology that tracks fitness results in real time and allows a class to compete simultaneously against another class on the other side of the country or even the other side of the world. Franchisors can refine their concept and try new things that best fit the needs of their members, all while keeping costs under control.

Another factor that plays into the massive growth in the boutique fitness space is the quantity and variety of real estate options made available by the receding brick and mortar retail industry. These spaces previously occupied by retail businesses come in many different sizes, meaning the variety of concepts flourishing during the boutique fitness boom have plenty of options to fit their unique needs. It's not just smaller, 3,000 square-foot spaces that fitness brands can take advantage of; as 100,000-square-foot department store-style retailers reduce their number



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of locations, the massive spaces they leave behind are being remodeled and divided up to fit the needs of a wide array of boutique concepts, ranging from gyms to salons and smaller, highly specialized retail concepts.

Combined, these factors not only explain the surge in boutique fitness facilities, but also demonstrate why these concepts are here to stay and why growth in this sector of the club fitness industry is expected to persist. Rising demand from an increasing number of fitness consumers will continue to drive this growth. The reduced risks available in smaller, specialized fitness concepts create an attractive opportunity for new, fitness-minded investors looking to get into the industry or experienced entrepreneur looking to grow their portfolio of franchises, even if they've never considered the fitness industry before.

In 10 years as the president of UFC GYM, Adam Sedlack has helped to grow the brand from a startup to the 12th-largest club fitness business in the U.S. The company was recently named one of Club Industry's Top 100 Health Clubs of 2017. He currently oversees the company's U.S.-based franchise operations and its international division, which recently announced a major international expansions, including the addition of 100 locations each in India and the U.K. over the next 10 years and 35 locations in Mexico over the next nine years.

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DOM

a significantly lower financial barrier for entry than the one offered by the 40,000 square-foot behemoths that have dominated the club fitness landscape in years past. The focus on a handful of specialized classes pares down the amount of equipment a gym needs, drastically reducing overhead in comparison to larger, all-purpose gyms. Beyond the initial investment, a boutique facility also comes with lower operating costs. A big gym might have as many as 70 employees who are needed to maintain and operate the business. At a boutique gym, an owner only needs to someone to check members in, someone teaching each class and a small handful of employees to maintain the facility throughout the day. The smaller overhead also means less