

BALANCING ACT



Neena Dhillon explores the different business models for offering pilates within a health club environment

Championed by celebrities and sports stars, pilates has emerged as a strong fitness trend over the past few years, attracting a following among fitness enthusiasts and those in need of rehabilitation following an injury. Not surprisingly, then, many UK health club operators have added pilates to their timetables, often providing mat classes within their standard membership.

However, while the demand for pilates is on the up, the extra costs of employing qualified instructors and investing in quality equipment can make it tricky for operators to gauge the impact of pilates on their bottom line. So, how can revenues be maximised and are there any hidden benefits for operators?

improving retention

Central YMCA in London runs nine pilates classes per week, split into varying levels and focusing on both mat and equipment disciplines. Based in a fully equipped pilates studio, the classes are not included in membership and are charged at £10 for

members and £12 for non-members, with discounts on block bookings.

Brigitte Wrenn, an advanced pilates instructor and the club's fitness programme manager, says: "Our classes are booked up in advance and some are full with waiting lists. We'll continue to increase the number of classes as awareness grows. The majority of users are members, but a significant minority only come to the YMCA to do pilates."

As part of the club's established mind/body programme, pilates has diversified the offering at Central YMCA while opening up additional income. The cost of equipping the studio almost four years ago was £40,000, but running costs so far have been low and, in 2007, pilates brought in revenue of £37,000 to the club. Monthly revenue of £4,500 is being achieved this year.

Wrenn believes the equipment sessions also add an edge to the offering, provide

Fitness First clubs run at least one mat pilates class per week, which is attracting a new user group

Bannatyne's pilates co-ordinator (north-east), Angie Stirland, demonstrates pilates in action

progression for those who've been attending mat classes for years, and can be more appropriate for those seeking rehab.

At nationwide chain Fitness First, which runs at least one mat class per week in each of its clubs, interest in pilates has also been building. The classes have also attracted a different market – slightly older and predominantly female – compared to the average Fitness First member (50/50 male/female, aged 19–30).

"Pilates has been included in our membership to satisfy demand," says Fitness First fitness director Nick Smith. "We also have proven data that shows





► members who participate in group exercise, including pilates, are retained twice as long as those who don't."

This is a sentiment supported by Bannatyne's pilates co-ordinator (north-east), Angie Stirland. "Many gym owners include pilates because it introduces variety to the timetable," she comments. "But what they don't realise is that people improve body awareness through pilates, a skill they can transfer to other forms of exercise in the gym. With people getting more out of exercise functionally and aesthetically, there's no doubt that retention and usage levels increase."

Bannatyne's schedules approximately seven mat classes per week per timetable, and Stirland believes the chain would lose members if sessions were not available. She also points out that non-gym users, such as those who are referred following an injury or illness, have joined up to take advantage of classes.

third party operation

Ian Mahoney, managing director of Reebok Sports Club in London, recognises that the club's 13 weekly mat classes add 'sizzle' to his offering and that they have a positive effect on membership through word of mouth. However, as a minority activity, he doesn't believe he would lose members if he withdrew pilates – a perspective which perhaps explains his decision to rent out the club's 74sq m (800sq ft) Tranquillity Pilates Studio to a third party operator, led by Nikki Chrysostomou.

"Offering pilates equipment classes to members and non-members, who readily expect to pay extra for this type of session, represents another string to our bow," Mahoney comments. "But I wanted a commercially aware third party to operate the studio. I recognised that my yield per square foot would be reasonable if I wasn't spending the money and time to manage this specialist activity directly."

Small group and one-on-one equipment classes range from £53 to £71 per hour, with the fees retained by Chrysostomou.

Another club to favour the third party route is Esporta's Riverside club in Chiswick, London. In return for a fixed monthly fee, Bodies Under Construction Pilates runs the club's dedicated pilates studio, which features Balanced Body equipment, paid for jointly by the two parties. Open to members and non-members since April, there are six small group sessions per week on equipment

New revenue: Pilates has diversified the offering at Central YMCA while opening up additional income, bringing in £4,500/month this year

(£30/hour) and mat (£20/hour), plus around 30 one-to-one classes (£60/hour).

Says studio director Leslie Abrahams: "Esporta identified a demand for equipment classes, as it gets fast results. We haven't had the numbers coming through as estimated by Esporta, however, because people don't fully understand the benefits of equipment work. We're only at 40 per cent capacity, so there's lots of room for improvement."

revenue driver

Despite requiring a higher level of investment than most group exercise, pilates can deliver steady profits to operators when they find the right business model and balance of classes.

Operators should expect to pay more for highly qualified pilates instructors, compared with other group instructors, as pilates training can run into thousands of pounds. STOTT PILATES qualifications for mat courses, for example, cost £1,235, while reformer equipment courses cost £1,475. A six-month Modern Pilates course, meanwhile, is set at £1,999. As a result, London clubs, might expect to pay £35 an hour to an established instructor for mat classes.

However, qualified professionals usually build a loyal following and many of them multi-task, providing personal training as

Core, in Cornwall, uses the GTS, which turns a profit of £20 per unit per 30 minutes



EQUIPMENT SOLUTIONS

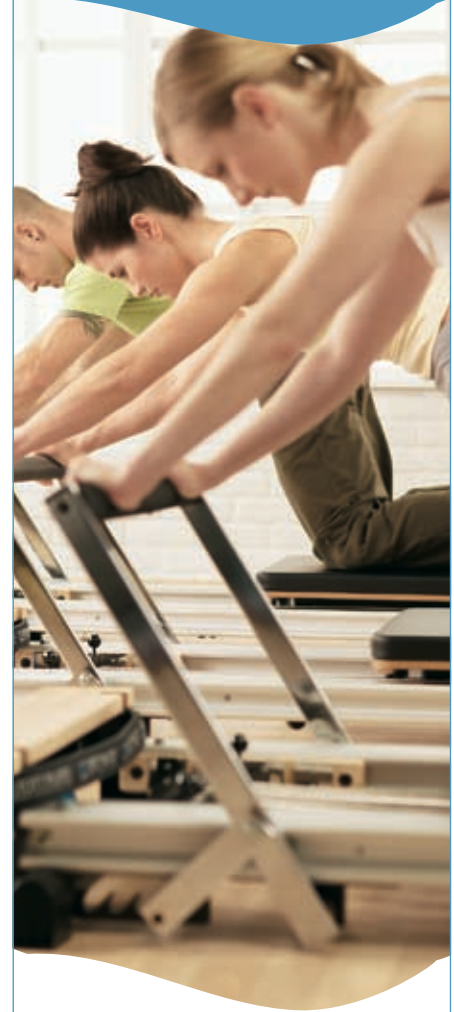
Innovative equipment can be beneficial in clubs with limited space. The Body Control Pilates Centre in London, for example, features a range of Peak Pilates equipment. Managing director Leigh Robinson says: "We have installed folding PPS (Peak PilateSystem) Deluxe Reformers in our second studio because they can be easily moved to free up room for group mat classes, thereby ensuring maximum revenue potential from this space."

Meanwhile, the Core Fitness and Body Studios in Cornwall has two Gravity Training System units. Since instructors with a pilates qualification can be trained on the GTS, the machine can be used both as a pilates tool and for small group personal training, thereby facilitating a quicker return on investment. Core Fitness managing director Helen Tite says: "I use the GTS to progress mat-based clients on to equipment pilates, and for personal training at other times. Indeed, 85 per cent of our personal training and pilates is now on the GTS."



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**A STOTT PILATES
class can generate £51
net revenue per hour**



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AN EXAMPLE BY NUMBERS

Pilates Solutions, supplier of STOTT PILATES training and equipment in the UK, recently provided a health club in Leeds with six STOTT PILATES Group SPX reformers and a cadillac/trapeze table at a total cost of £13,500.

Equipment was purchased on a three-year commercial lease, with monthly payments of less than £500. A small area of the club was set up with the cadillac and one reformer to allow for personalised pilates training sessions, while the remaining five reformers were stored on a rolling trolley ready to be wheeled into the group exercise area for classes with up to six participants.

With a dedicated STOTT PILATES instructor, the studio has scope for 15

reformer classes to be held per week, plus a further 10 personal training sessions. Based on a class fee of £10 per hour with six participants, net revenue of £51 per hour is generated. Meanwhile, private sessions charged at £45 per hour generate net revenue of £38.30 per hour.

Taking into account commercial lease costs and instructor fees of approximately £20 per taught hour, gross profit per month is £2,250. Factoring in marketing costs of 10 per cent of gross revenue per year still allows for a profit of £91 per square foot of permanent floor space, in addition to membership fees. Once equipment lease payments are completed, this will increase to £118.

well as running classes. More importantly, good instructors will be able to handle groups of up to 20 people in one session. As Mahoney points out: "You have to be prepared to pay top rates for the best teachers who can handle mixed ability classes and develop strong relationships with clients."

Peak Pilates, the US-based equipment supplier and training provider, argues that health club operators can also increase their non-dues revenue by offering equipment classes at an additional cost, including private sessions for a large fee.

The company's international account manager Sharon McCauley explains: "Free group mat classes, which give members an opportunity to experience the benefits of pilates, can act as a feeder into fee-based classes. Members expect to pay extra for equipment classes,

because they perceive it as a form of personal training."

Recently opened in Darlington, Bannatyne's Wellness Studio attracted 50 bookings in its first month, with clients paying upwards of £30 per hour for one-on-one training. The club predicts the pilates studio will generate a profit of £1,000 per month and expects a return on investment within 30 months.

However, return on investment is not Bannatyne's sole driver. Managing director Nigel Armstrong concludes: "Pilates is a vital part of our overall wellbeing package and attendance of classes is virtually 100 per cent. It represents an additional benefit to our members and therefore to our club."



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