

3RD EDITION

STATE OF THE INDUSTRY

The data, analysis and insight gym owners need to grow their businesses and profit in 2023.

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WHAT ARE THE BEST GYMS DOING?

THE DATA, THE DETAILS AND TWO-BRAIN'S ANALYSIS

BY CHRIS COOPER TWO-BRAIN BUSINESS FOUNDER

Here is the truth about the gym industry.

Forget the doomsday, "sky is falling!" media. Ignore the dudes who say they're going to "flood our gyms in 30 days!" on Facebook. We want proof. Data cuts through the crap.

My mission with this guide every year is to give you proof: real numbers you can use to make decisions, compare your progress and track the industry.

How are other gyms doing it? How are the best gyms in the world doing it? That's what we want to share in this guide.

Let's start with what we know:



While there are superstars in each of the six areas, the best gyms in the world are addressing all of them pretty well. Success in one of the six categories, taken alone, doesn't mean much. Everyone knows a gym owner who has 300 members but can barely pay the rent. But a gym that performs really well in three areas is going to be profitable. And a gym that does well in all six can be a great example to all of us.

So first we have to know a few things: Which gyms have the most clients? Which gyms have the highest revenue per client? Who keeps clients longest? Who's getting the most from the expenses they carry? Who leverages their biggest investment—their team better than anyone else? And, finally, what do great gym owners earn?

Then we want to know **how** they're doing it.

Is Facebook advertising still viable? Should we spend more time on social media or less? Are full-time trainers better than part time? Should we add a nutrition program? Should we buy a second location, expand this location, hire a mentor?

This guide will tell you. Thanks to our internal data set and the amazing contribution of our partners at PushPress, TeamUp and Wodify, we've put together the most comprehensive and useful set of numbers in the entire fitness industry.

Look, I'm a skeptic. I don't believe anything until I see proof. When you start with proof, you build your gym on a rock-solid foundation. This guide is what I use to make decisions in my fitness businesses. Hope it helps you, too.

Coop

When you start with **proof,** you build your gym on a **rock-solid foundation.**

WHO'S IN THE DATA?

STATE OF THE INDUSTRY

WE COLLECTED DATA FROM **10,657** GYMS WORLDWIDE.

TWO-BRAIN SURVEY RESPONSE BY SEGMENT





Qualitative data came from our **State of the Industry Survey**, which ran from Aug. 16 to Sept. 1, 2022. More numbers came from our own Two-Brain App, as well as from our collaborators: PushPress, TeamUp and Wodify. Our collaborators provided anonymized data, but the numbers are valid because we went straight to the source, minimizing input error and rough guesses.

This is the largest data set in the world for microgyms and coaches.

As such, regional differences are sometimes present in the data. For example, 73 percent of Wodify's data comes from U.S.-based gyms, but 59 percent of TeamUp's data comes from gyms in Europe. When we saw a significant difference in the data, we spelled it out. If we didn't note a regional difference or highlight, you can assume the data applies worldwide.

All monetary stats are reported in U.S. dollars unless otherwise noted.



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A MARCH MARCH

HOW MANY CLIENTS DOES THE AVERAGE MICROGYM HAVE?

CLIENTS

I've long been a proponent of basing your gym's goals on 150 members (and I've even written books and sample business plans on that number). With 150 members:

- Churn is manageable.
- You can serve your clients in 4,000 square feet (the optimum range for profitability, as you'll see in later sections).
- The owner can make \$100,000 per year and employ a fulltime coach, as well as a few part-time staff members.

Many gym owners struggle when their client count exceeds 150. This number is a very common "sticking point" in the gym business. The good news is that if the business is set up properly, **150 clients are more than enough.**





ARE GYMS GAINING OR LOSING CLIENTS?

CLIENTS

WODIFY: USER GROWTH BY REGION IN RELATION TO JULY 2021 MEMBERSHIP TOTALS



- U.S. - Aus./N.Z. - Other - E.U. - U.K. - Canada - Total

Month	U.S.	Aus./N.Z.	Other	E.U.	U.K.	Canada	Total
July 2021	Baseline	Baseline	Baseline	Baseline	Baseline	Baseline	Baseline
Aug. 2021	0.01%	-1.39%	2.68%	1.18%	2.42%	2.51%	0.40%
Sept. 2021	-1.51%	-4.82%	5.21%	4.54%	4.19%	5.50%	-0.31%
Oct. 2021	-2.64%	-0.37%	6.58%	5.14%	4.94%	5.51%	-0.63%
Nov. 2021	-3.07%	2.66%	6.78%	6.23%	3.93%	6.22%	-0.67%
Dec. 2021	-4.52%	0.82%	2.04%	4.91%	-0.80%	4.89%	-2.56%
Jan. 2022	-3.44%	4.01%	3.43%	7.95%	2.53%	1.44%	-1.20%
Feb. 2022	-6.06%	5.24%	4.44%	9.05%	0.98%	2.87%	-2.85%
Mar. 2022	-5.83%	5.63%	5.94%	11.41%	-3.93%	4.79%	-2.53%
Apr. 2022	-5.74%	3.58%	5.98%	12.28%	-3.89%	6.26%	-2.50%
May 2022	-4.45%	5.16%	7.97%	12.94%	-3.54%	8.64%	-1.18%
June 2022	-9.78%	-3.20%	-1.53%	6.28%	-10.14%	2.05%	-7.26%

Note: This is not month-over-month growth. All figures are calculated with July 2021 numbers as the baseline.

ARE GYMS GAINING OR LOSING CLIENTS?

CLIENTS

WODIFY: CANCELED USERS AS A PERCENTAGE OF ACTIVE BY REGION



- U.S. - Aus./N.Z. - Other - E.U. - U.K. - Canada - Total

	U.S.	Aus./N.Z.	Other	E.U.	U.K.	Canada	Total
July 2021	7.42%	8.41%	7.83%	6.88%	5.96%	6.88%	7.41%
Aug. 2021	8.34%	8.46%	9.07%	6.40%	6.85%	7.77%	8.20%
Sept. 2021	7.66%	6.58%	8.21%	6.96%	8.34%	9.12%	7.66%
Oct. 2021	7.36%	8.87%	8.46%	6.97%	9.13%	7.89%	7.63%
Nov. 2021	7.09%	7.72%	9.03%	5.66%	7.84%	7.10%	7.25%
Dec. 2021	7.31%	8.98%	11.21%	6.48%	8.99%	8.15%	7.82%
Jan. 2022	9.76%	8.26%	7.83%	7.17%	7.72%	7.62%	9.14%
Feb. 2022	8.15%	8.20%	8.07%	6.09%	12.68%	6.83%	8.16%
Mar. 2022	7.27%	9.09%	7.91%	6.39%	6.74%	6.62%	7.35%
Apr. 2022	7.30%	7.94%	7.81%	7.34%	7.47%	7.98%	7.43%
May 2022	7.94%	9.63%	7.98%	7.84%	7.70%	8.28%	8.05%
June 2022	8.83%	8.74%	10.71%	7.91%	8.29%	8.35%	8.89%

ARE GYMS GAINING OR LOSING CLIENTS?

CLIENTS

WODIFY: NEW USERS AS A PERCENTAGE OF ACTIVE BY REGION



- U.S. - Aus./N.Z. - Other - E.U. - U.K. - Canada - Total

	U.S.	Aus./N.Z.	Other	E.U.	U.K.	Canada	Total
July 2021	6.86%	6.15%	7.69%	7.05%	8.24%	9.42%	7.03%
Aug. 2021	6.79%	5.52%	9.43%	6.49%	7.88%	8.41%	7.01%
Sept. 2021	6.06%	4.89%	9.31%	8.75%	8.93%	9.92%	6.70%
Oct. 2021	5.43%	8.73%	7.69%	7.19%	7.33%	7.23%	6.12%
Nov. 2021	5.49%	8.71%	7.80%	6.35%	7.02%	7.27%	6.10%
Dec. 2021	4.51%	5.21%	4.76%	3.37%	3.40%	4.69%	4.45%
Jan. 2022	6.90%	9.82%	8.74%	8.02%	10.04%	4.71%	7.43%
Feb. 2022	5.62%	7.96%	6.86%	5.97%	6.52%	6.22%	5.99%
Mar. 2022	6.40%	6.94%	6.47%	6.27%	6.31%	6.52%	6.44%
Apr. 2022	5.77%	5.76%	6.06%	5.26%	6.05%	5.47%	5.76%
May 2022	6.49%	7.88%	7.62%	6.34%	6.51%	6.62%	6.69%
June 2022	7.91%	7.10%	7.46%	5.64%	7.16%	6.73%	7.57%



Source: Wodify

HOW ARE THEY GAINING CLIENTS?

MARKETING STATS





PAID ADVERTISING

MARKETING STATS

GYMS RUNNING ADS AS OF AUGUST	2022	1	
Access Only	42.90%	0	
 CrossFit	43.10%	-	
Martial Arts	75.00%		AND AND
Other	49.40%		
Personal Training	50.00%		
Strength & Conditioning	50.50%		
Total	46.10%		

LEADS PER MONTH



Regardless of how they generate leads, gyms are getting better at attracting potential clients to their websites. From there, they can nurture the leads toward becoming clients.



COST OF A NEW LEAD

MARKETING STATS

A	\$27 werage cost of a lead across all gyms		
	Access Only	\$27	
	CrossFit	\$29	
	Martial Arts	\$26	
	Other	\$21	
	Personal Training	\$38	
	Strength & Conditioning	\$18	
	Total	\$27	

Signups per month—this is an interesting number to know, and there are several factors to consider.

First, is your gym signing up more or fewer clients than the average in your category?

Next, what are gyms in the other categories doing to sign up more people?

For example, while access gyms regularly sign up more clients per month, their churn rate is also much higher, and the value of each client is much smaller. Look at the average pricing tables in the next section, and you'll see that it takes four access-only clients to equal one CrossFit client in revenue.

The strategies for acquisition are different in each niche, but lead costs remain fairly constant—which is a good reason to focus on high-value clients for your business. Obviously, leads coming from social media, blogs, podcasts and other media don't carry an attributable cost of acquisition, which pulls the average down. However, simply knowing the cost to acquire a client can help gym owners direct attention to the greatest point of leverage in their marketing plans.

If the cost of their leads is too high, they can focus more on posting media. If the cost of their leads is low, they can focus on simply ramping up a working system.

LINE OF LINE

SIGNUPS PER MONTH

2	Access Only	37
%	CrossFit	8
\bigcirc	Martial Arts	18
×.	Other	11
B	Personal Training	8
×.	Strength & Conditioning	10
Y	Total	9



CLIENT VALUE

CLIENT VALUE

Many gym owners will say they want more clients. But the most successful gyms in the world focus on another metric first: the average value given to, and received from, the clients they already have.

We call this "ARM": average revenue per member. It's actually the easiest metric to improve and the fastest way to grow your gym.

Let's start with overall revenue per month per gym and look at how gyms are making money.

\$15,900

Average gym revenue per month (up 7% over 2021) (PushPress)

\$21,309 Two-Brain gym average

revenue per month

WODIFY REVENUE GROWTH FROM INITIAL

	U.S.	E.U.	Aus.	U.K.
July 2021	Baseline	Baseline	Baseline	Baseline
Aug. 2021	-1%	4%	-7%	3%
Sept. 2021	-3%	22%	-13%	7%
Oct. 2021	-3%	16%	-2%	10%
Nov. 2021	-3%	19%	14%	6%
Dec. 2021	-6%	17%	5%	-5%
Jan. 2022	-1%	26%	7%	-1%
Feb. 2022	-3%	26%	5%	5%
Mar. 2022	0%	30%	11%	7%
Apr. 2022	-1%	31%	6%	9%
May 2022	2%	30%	12%	7%
June 2022	3%	29%	7%	8%



Note: This is not month-over-month growth. All figures are calculated with July 2021 numbers as the baseline.

GROUP TRAINING

WHAT ARE GYMS SELLING?



HOW MANY GROUP CLASSES DOES THE GYM PROVIDE PER WEEK?



Wodify broke the numbers down further to show an average between **25 and 45 classes per week.**

AVERAGE ATTENDANCE PER CLASS CLIENT VALUE

What's even more interesting than "how many classes?" is the question "how many classes **should** gyms be offering?"

In general, we've found that client adherence is improved in classes of 7-13, but many gyms are running classes for fewer than four attendees. In effect, they're providing personal training for a tenth of the price. **6.6** PushPress average class attendance

Take note: Almost no one in the data set is consistently running classes with more than 10 attendees all the time. Building your business on the target of running large classes all day is **just not a good idea.**



HOW MANY CLIENTS ARE IN THE AVERAGE GROUP CLASS?

Average Class Size	Percentage of Gyms	
1	13.93%	
2	17.39%	
3	21.18%	
4	18.83%	
5	12.20%	
6	8.60%	
7	4.06%	
8	1.70%	
9	1.08%	
10	0.32%	

Note: The percentage of gyms with average class sizes above 10 is less than 1%.





POPULAR CLASS TIMES

CLIENT VALUE

Wodify supplied detailed tables showing very clear attendance patterns.



Monday is the most well-attended day of the week worldwide.



Sunday is the least well-attended day of the week worldwide.



Attendance declines each day from Monday to Sunday worldwide.



Combined Saturday and Sunday attendance is still not as great as attendance even on the worst single weekday (Friday) worldwide.

Significant attendance declines appear on **Thursday** in all regions except the European Union, from a 3.24% drop from Wednesday in the U.S. to a 2.08% drop in the U.K. In the E.U., the Thursday decline is still present but lesser in magnitude: 1.76 percent.

PERSONAL TRAINING

CLIENT VALUE



\$74 Survey respondents' average 60-minute PT session price

> **\$71** 2021 price

22% Average percentage of revenue for survey

respondents who offer 1:1 coaching

At least **85%** of gyms in all categories offer PT

Gym Type	Avg. Price	% Offering
Access Only	\$59	85.70%
CrossFit	\$71	93.30%
Martial Arts	\$78	87.50%
Other	\$74	87.50%
Personal Training	\$77	98.40%
Strength & Conditioning	\$82	89.80%
Total	\$74	92.10%



It's not surprising that the price of a personal-training session is lowest in Access Only gyms: The price anchors there are so low. What is a surprise is the relative cost of a personal-training session in CrossFit gyms. CrossFit originated as a personal-training program and then evolved into a semiprivate program. Over time, different influencers in the CrossFit community began to promote large group classes as the way to "scale" the business. Their recommendation is largely not supported by data.

Personal training is often preferred by clients, creates opportunities for coaches and delivers targeted results. Raising personal-training rates (or combining 1:1 clients into 1:2 or semi-private groups) might be a huge opportunity for microgym owners.

NUTRITION COACHING

CLIENT VALUE

NUTRITION COACHING

45 Survey respondents' average monthly price



Survey respondents' median monthly price \$110<u>-2020</u> . \$129—2021 \$140—2022

Gym Type	Avg. Price	% Offering
Access Only	\$164	21.40%
CrossFit	\$142	72.70%
Martial Arts	\$21	25.00%
Other	\$155	56.60%
Personal Training	\$141	64.10%
Strength & Conditioning	\$149	60.20%
Total	\$145	65.90%

CrossFit gyms led in representation here, with 73 percent offering nutrition coaching. This is a good step forward; even in 2016, when we started posting podcasts about nutrition coaching, fewer than 10 percent of all CrossFit gyms listed a separate service.

However, this hasn't yet translated into significantly more revenue for gyms, as you'll see later. That's a big opportunity.

The lowest representation was seen in Martial Arts and Access Only gymsin both categories, fewer than 30 percent of respondents offer nutrition training. In Martial Arts gyms that offered nutrition coaching, it was almost always in the form of a low-cost challenge, which probably accounts for the very low average price.



ONLINE COACHING

CLIENT VALUE

Image: constraint of the example of

Gym Type	Avg. Price	% Offering
Access Only	\$155	23.10%
CrossFit	\$182	25.70%
Martial Arts		0.00%
Other	\$171	40.00%
Personal Training	\$222	48.40%
Strength & Conditioning	\$160	37.40%
Total	\$181	31.60%

 48% of Personal Training gyms offer the service (highest rate).

2021 price

- Martial Arts gyms are still the least likely to offer online coaching: no survey respondents offer the service.
- These numbers are similar to last year, when only 52% of Multi-Function gyms offered the service and all other categories were below 50%.



of gyms offer online training

> The percentage of gyms offering online coaching is down dramatically from 2020 (63 percent), when most microgyms added the option as a pivot against COVIDrelated gym closures. The number was 41.6 percent in 2021. We included the stat again as a point of interest for two reasons:

1. Given the choice, more than half of the owners of bricks-andmortar gyms prefer not to deliver online coaching.

But:

2. Many gym owners who added the option during government lockdowns realized the potential and kept the service as an option. And it looks like that's paying off.

SUPPLEMENTS

WHAT ARE GYMS SELLING?

Less than		Gym Type	Percentage Selling
50% of gyms		Access Only	57.10%
sell supplements	3%	CrossFit	59.10%
	Average percentage of revenue for survey respondents who sell supplements	Martial Arts	12.50%
		Other	28.60%
52.5% in 2021		Personal Training	28.10%
54% in 2020		Strength & Conditioning	39.80%
		Total	48.10%

CrossFit and Access Only gyms are much more likely to sell supplements than gyms in other categories. In the CrossFit category, the 2022 percentage—59—is the same as it was in 2021.

Although various factors can affect profitability, 76.5% of gyms that offer supplements are profitable compared to 68.7% of those that do not sell supplements.

It's also interesting to note that supplement sales go up during economic downturns.

KIDS CLASSES

WHAT ARE GYMS SELLING?

9% Average percentage of revenue for survey respondents who offer kids coaching

39% of survey respondents offer kids classes

Most gym types do not offer kids classes.

Most likely to offer kids classes: Martial Arts, CrossFit, Strength & Conditioning

Gym Type	Percentage Offering
Access Only	7.10%
CrossFit	44.60%
Martial Arts	62.50%
Other	31.20%
Personal Training	19.40%
Strength & Conditioning	43.10%
Total	39.50%



This is interesting: Martial Arts gyms often describe themselves as part of the "after-school industry" instead of the fitness industry. They often have large kids programs, as do cheer gyms and ninja gyms (not represented in our sample, but we have access to their industry data). This is a big deal because it creates a completely different set of price anchors.

Gyms with a strong youth focus typically charge more for youth clients than for adult clients. But in the microgym industry, most gyms charge less for youths than for adults. That's probably a big opportunity. The difference isn't the product—we're all producing fitness and programs that kids love. The difference is in the perspective.

HYBRID PROGRAMS

WHAT ARE GYMS SELLING?

\$319 Survey respondents' average monthly price

11%

Average percentage

of revenue for survey respond<u>ents</u>

who offer

hybrid programs

47.7% of survey respondents offer hybrid memberships

56.2% of Strength & Conditioning gyms offer hybrid memberships

> **49%** of CrossFit gyms offer hybrid memberships

Gym Type	Avg. Price	% Offering
Access Only	\$350	7.70%
CrossFit	\$324	49.00%
Martial Arts	\$233	25.00%
Other	\$324	46.10%
Personal Training	\$294	40.30%
Strength & Conditioning	\$314	56.20%
Total	\$319	47.70%

Hybrid memberships include nutrition coaching and fitness coaching for one price.

The nutrition might be delivered in a group setting or 1:1, and the fitness program might be delivered in a group setting or 1:1. This creates a very wide range of price points, from very low (included in a regular membership) to very high (so-called "high-ticket" programs that include nutrition, exercise and accountability).

What's most important is that more gyms are solving clients' problems more fully instead of simply offering an exercise program.

UNCOACHED ACCESS

WHAT ARE GYMS SELLING?

\$73 Survey respondents' average monthly price

20% Average percentage of revenue for survey respondents who offer uncoached access **77%** Average percentage of revenue for survey respondents who identify as Access Only gyms

Gym Type	Avg. Price	% Offering
Access Only	\$40	92.90%
CrossFit	\$82	22.80%
Martial Arts	\$55	12.50%
Other	\$63	24.70%
Personal Training	\$66	10.90%
Strength & Conditioning	\$71	26.20%
Total	\$73	23.90%

Obviously, access-only gyms usually sell an uncoached-access option (though there was a very small group that sold only "coached access," like a 9Round model, where clients can arrive and be coached without an appointment).

But coaching gyms are now offering access at an increasing rate: 23.9 percent of all gyms in the survey data now offer the service. What's more, 22.8 percent of CrossFit gyms are now offering uncoached access.

Access Only gyms had an average price of \$40 for use of their space and equipment, but CrossFit gyms selling access had an average price of \$82.

PERCENTAGE OF REVENUE

WHAT ARE GYMS SELLING?

This is one of the most interesting parts of the data set every year. First, it highlights opportunities for owners to increase their value to clients (and to receive value in the form of more revenue). Second, it shows owners where they can refocus their attention.

The table below breaks down the average percentage of revenue each service stream contributes to gyms in each category. It should be noted that input errors by survey respondents create totals that do not equal 100 percent.

For example, a gym owner might have mistakenly entered percentages that total above or below 100, or the owner might have attributed "kids" revenue to "group." Nevertheless, the table still shows clear trends and revenue-generation opportunities for businesses in all categories.

For example, gyms in all categories could take steps to increase their nutrition revenue. On average, all gyms generate just 5 percent of revenue from nutrition coaching, and this number is down from 6.4 percent in 2021. It's a clear area of opportunity.

Supplement sales are also down from 4 to 3 percent for all gyms.

In our calculations, we excluded gyms that do not offer a certain service at all. The percentages shown below are for gyms that offer the services, and the stats are not affected by gym owners who entered "\$0" for online training because they don't offer it.

GYM TYPE	GROUP	РТ	NUTRI- TION	ONLINE	SUPPLE- MENTS	KIDS	HYBRID	ACCESS
Access Only	20%	18%	4%	8%	6%	2%	4%	77%
CrossFit	76%	14%	4%	2%	3%	5%	7%	5%
Martial Arts	80%	14%	1%	-	3%	52%	10%	-
Other	55%	29%	6%	11%	3%	15%	16%	29%
Personal Training	40%	59%	8%	5%	3%	12%	30%	21%
Strength & Conditioning	57%	25%	5%	8%	3%	16%	14%	25%
Total	67%	22%	5%	5%	3%	9%	11%	20%
Change From 2021	-21.60%	2%	-1.40%	0.7%	-1%	-1%	NA	NA



SECTION 3: CLIENT RETENTION



The industry average LEG is 7.8 months. That's too low.

If a gym owner can keep the average client for a year, the business will improve dramatically because the owner's marketing will add clients instead of just replace the clients who are leaving.

Most important of all: A client who spends only eight months in a fitness and nutrition program won't see the life-changing benefits of the program.

The average Two-Brain gym keeps clients for 18.8 months—dramatically better than the average.

We publish a ton of retention material for free to help gym owners keep clients longer and change their lives. We also track the habits of the best in the world, and we find they consistently do very well with the basics:

1. They have a consultative process instead of a free trial class.



18.8 months Two-Brain clients' average length of engagement

cludes a 1:1 on-ramp period but varies in delivery after the first 90 days.

3. They constantly track client progress, update their prescriptions and show clients the plan for the next 90 days.

4. They consistently get results for clients and share their clients' success stories.

The "community" and "culture" aspects are present but unmeasurable.

And, of course, normal variations in retention exist. For example, time of year has an effect:



2. They make every client a prescription that in-

SECTION 4: EXPENSES

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MONTHLY EXPENSES

HOW MUCH IS THE AVERAGE GYM PAYING OUT IN EXPENSES?

- Access Only gyms have the greatest monthly expenses.
- Personal Training gyms have the lowest average relative to revenue (return on investment).

CrossFit gyms have the lowest average cost of any segment but also lower revenues than some other segments.

GYM TYPE	AVERAGE MONTHLY EXPENSES
Access Only	\$25,800
CrossFit	\$13,958
Martial Arts	\$18,699
Other	\$17,670
Personal Training	\$15,515
Strength & Conditioning	\$17,066
Total	\$15,465

What are they getting for that money?

GYM SIZE



On average, Access Only gyms have the most space. Martial Arts gyms have the least.

GYM TYPE	AVERAGE SQ. FOOTAGE
Access Only	6,672
CrossFit	5,572
Martial Arts	5,151
Other	4,116
Personal Training	3,971
Strength & Conditioning	5,407
Total	5,220

COST OF GYM SPACE

EXPENSES

¢		GYM TYPE	AVERAGE COST
	\$4,962 Average monthly real actuate cost	Access Only	\$8,613
\$4,962		CrossFit	\$4,709
Average monthly		Martial Arts	\$3,991
\$8,613	\$8,613	Other	\$5,307
	CrossFit gyms: \$4,709	Personal Training	\$3,719
\$4,709	Strength & Conditioning	\$5,877	
		Total	\$4,962

BUSINESS DEBT

Predictably, the Access Only category had the greatest number of gym owners with debt over \$50,000. This is just part of the business model associated with access gyms: rent a big space, buy a lot of equipment and accept early losses until you reach the minimum viable client count. Many access gyms also pay franchise fees.

Conversely, many coaching gyms (like Martial Arts and CrossFit) have no debt, but their business is dependent on service delivery, so their profit margin is often lower.

42% Percentage of survey respondents who reported no business debt

GYM TYPE	NO DEBT	< \$20,000	\$20,000- \$49,000	\$50,000- \$99,000	\$100,000+
Access Only	14.30%	28.60%	7.10%	28.60%	21.40%
CrossFit	44.30%	23.10%	13.60%	10.30%	8.60%
Martial Arts	50.00%	37.50%		12.50%	
Other	31.20%	23.40%	16.90%	7.80%	20.80%
Personal Training	48.40%	28.10%	12.50%	3.10%	7.80%
Strength & Conditioning	40.20%	19.60%	17.80%	10.30%	12.10%
Total	41.80%	23.30%	14.30%	9.70%	10.90%



NUMBER OF TEAM MEMBERS

STAFF

1-2 Average full-time team members for gyms in all categories

How many staff members does the average gym have, and how much do team members make per year? How are the best gyms making careers for others without starving the owners?

Percentage of Gyms by Staff Member Count



FULL-TIME STAFF MEMBERS

Access Only gyms typically have more fulltime staff members. However, it's worth noting that "full time" in a coaching business generally carries an income that's more than double that of the average "full-time job" in an access gym.

In some cases, though, gym owners refer to themselves as full-time employees. Indeed, gym owners shouldn't concern themselves with paying anyone full time until they're making a full-time wage themselves. Consider these numbers to be a little higher than reality.

GYM TYPE	AVERAGE NUMBER
	OF FULL-TIME STAFF
Access Only	2
CrossFit	1
Martial Arts	2
Other	1
Personal Training	2
Strength & Conditioning	2
Total	1
Iotal	

NUMBER OF TEAM MEMBERS

STAFF

PART-TIME STAFF MEMBERS

While full-time employees have value, most staff in the fitness space consider themselves part time. For some, it's a pursuit of passion; for others, there's just not enough opportunity to make the leap to full-time status.

There is definitely a sweet spot for the number of employees in a business: too few and your staff members get burned out and lose energy. Too many and your team members lose alignment, sometimes with declines in quality of service. In our survey, the numbers varied widely, from "I'm the only person working at my gym" to "we have 14 part-time coaches doing 1-2 classes per week each."

Staffing accounts for **33%** of expenses in the average gym

GYM TYPE	AVERAGE NUMBER OF PART-TIME STAFF
Access Only	7
CrossFit	6
Martial Arts	4
Other	5
Personal Training	3
Strength & Conditioning	4
Total	5


COST FOR COACH TO RUN CLASS

STAFF

There are no drastic differences among the categories, but it's worth noting that CrossFit is tied with Access Only for the lowest staff costs for a class.

The math is really important here:

If the average gym pays \$22 per class and the average class contains 6.6 members (as noted on Page 18), the gym is paying around \$3 per head for coaching.

If the average gym is also charging \$160 for an unlimited membership and the average client attends 3.4x per week (with 4.3 weeks per month), then the gym is only grossing \$10.94 per attendee or \$72.20 per class.

For your gym, you might want to do the same calculation for any class with fewer than six attendees on average. Once you have that number, you can decide if it's wise to keep the class or do something else with that time.

\$22 Average pay for a coach to run a class (regardless of size)	\$22 2020 & 2021
GYM TYPE	AVERAGE COST
Access Only	\$21
CrossFit	\$21
Martial Arts	\$27
Other	\$24
Personal Training	\$26
Strength & Conditioning	\$25
Total	\$22

Access Only

HIGHEST-EARNING STAFF MEMBER

\$28,709

Average wage of highestearning staff member across all segments

This all-category average was strongly influenced by the average wages of the highestearning staff members at CrossFit gyms: **\$26,973.**

C		Ø	\$44,25 Highest average among categorie
TR.			
GYM	ТҮРЕ	A\	ERAGE WAGE OF

ns: \$26,973.	GYIVI TYPE	HIGHEST-EARNING STAFF MEMBERS	
	Access Only	\$44,251	_
all.	CrossFit	\$26,973	
	Martial Arts	\$31,857	
	Other	\$30,562	
	Personal Training	\$30,716	_
	Strength & Conditioning	\$29,993	
	Total	\$28,709	



NET OWNER BENEFIT

OWNER BENEFIT

\$3,787

Median net owner benefit per month across all categories Half of survey respondents take home **less than \$4,000 a month** (same as 2021)

\$4,854 Average Two-Brain client monthly NOB in 2021

The average Two-Brain gym owner takes home more than \$1,000 more every month

The purpose of owning a business is to **make a greater income in less time** than you would spend in a job.

While all gym owners have a noble purpose in guiding clients to health and fitness, they opened gyms to make more than they would as trainers. Therefore, the measurement of their success as CEOs is what they earn from the gym—which we call net owner benefit, or NOB.

As NOB improves in the fitness industry, more people are encouraged to open more gyms, we attract more experienced entrepreneurs, and we create more opportunities for clients and coaches.

MEDIAN MONTHLY NET OWNER BENEFIT
\$2,900
\$3,500
\$1,750
\$4,000
\$4,000
\$4,000
\$3,787

EFFECTIVE HOURLY RATE

OWNER BENEFIT

Another measure of a gym owner's skill as CEO: effective hourly rate (EHR). This is a comparison of NOB against the time spent working in or on the gym.

Some owners take small incomes but spend very little time in their gyms; their businesses are passion projects. Other owners take large incomes and work full time; they're mostly selfemployed.

Unfortunately, many owners take small incomes and work full time. I'd like to help them escape entrepreneurial poverty. Some owners are investors; they take large incomes and work little.

In general, a good first EHR goal is to earn more as an owner, per hour, than you would make as a trainer.

Of note, the average EHR of Two-Brain clients—\$49.03—is significantly higher than the averages for all coaching gyms in our survey. This is because our mentors teach gym owners to earn more but also to work more efficiently and spend less time doing the grunt work.

~ ~ ~		
\$30	GYM TYPE	AVERAGE EHR
Average EHR across	Access Only	\$60
all survey categories	CrossFit	\$30
	Martial Arts	\$25
	Other	\$28
S49	Personal Training	\$28
Two-Brain client	Strength & Conditioning	\$28
average EHR	Total	\$30

NET OWNER BENEFIT AND MENTORSHIP

GYM OWNER INCOME	PERCENTAGE WORKING WITH A MENTOR	PERCENTAGE NOT WORKING WITH A MENTOR
<\$2,000	52.40%	47.60%
\$2,000-\$3,999	62.80%	37.20%
\$4,000-\$5,999	71.60%	28.40%
\$6,000+	74.70%	25.30%



The effects of mentorship compound over time. The longer a gym owner works with a mentor, the greater the result not just in revenue and clients but also in NOB and EHR.

HOW MANY HOURS DO GYM OWNERS WORK EACH WEEK?

OWNER BENEFIT



OVERALL PROFITABILITY

72.3% of survey respondents reported owning a profitable gym

GYM TYPE	PERCENTAGE WHO ARE PROFITABLE
Access Only	64.29%
CrossFit	72.55%
Martial Arts	62.50%
Other	62.34%
Personal Training	82.81%
Strength & Conditioning	74.31%
Total	72.27%

PROFITABILITY BY HOURS WORKED

OWNER BENEFIT

39 Average hours worked per week by survey respondents



Respondents who worked **more than 50 hours** per week had the **lowest** representation of profitability

When survey respondents are split in roughly equal segments, those who work the fewest hours reported profitability at the highest rate but not that much higher than owners who work 20-40 hours.

Respondents who reported working more than 50 hours per week had the lowest representation of profitability: Fewer than 60 percent of those gyms reported profitability.

If working harder isn't the answer, what is? Probably working with someone who's already been successful—like a mentor.

HOURS WORKED BY OWNER PER WEEK	PERCENTAGE WHO RUN PROFITABLE GYMS	PERCENTAGE WHO RUN UNPROFITABLE GYMS
<20	80.40%	19.60%
20-39	78.00%	22.00%
40-49	76.60%	23.40%
50+	58.30%	41.70%
Total	72.30%	27.70%

PROFITABILITY BY MONTHLY EXPENSES

Gyms investing over \$20,000 in monthly expenses still had the highest rate of profitability compared to 2021.

Gyms spending less than \$6,500 had the lowest rate of profitability: Only 63.5 percent of bootstrapped gyms turn a profit.

MONTHLY EXPENSES	PERCENTAGE WHO ARE PROFITABLE	PERCENTAGE WHO ARE UN- PROFITABLE
\$6,499 or less	63.50%	36.50%
\$6,500-\$10,999	70.70%	29.30%
\$11,000- \$19,999	76.50%	23.50%
\$20,000+	78.60%	21.40%
Total	72.30%	27.70%

PROFITABILITY BY FACILITY SIZE

OWNER BENEFIT

Gyms with 4,500-6,499 square feet of space are most likely to be profitable

Remember the 150-member target: It's easy to train 150 people in 4,500 square feet.

But many gym owners take on high expenses because they don't have a clear plan or assume they will get over 250 members—or, worst of all, that a big facility will attract more members.

	GYM SQUARE FOOTAGE	PERCENTAGE WHO ARE PROFITABLE	PERCENTAGE WHO ARE UNPROFITABLE
100	2,499 or less	62.90%	37.10%
	2,500-4,499	71.80%	28.20%
- 2 1	4,500–6,499	78.70%	21.30%
	6,500+	76.90%	23.10%
	Total	72.30%	27.70%
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PROFITABILITY BY YEARS IN BUSINESS

D Median years in business for survey respondents



75% of survey respondents

have been in business fewer than 10 years



Businesses that have been in business longer are most likely to be profitable

A stagnant year-over-year median suggests a slowdown in new gyms opening but also some long-term gyms closing for good.

Profitability seems to be down across the board with regard to size, suggesting that gym size had even less correlation with profit than in previous years.

TIME IN BUSINESS	% WHO ARE PROFITABLE	CHANGE FROM 2021
0-4 years	63.00%	-9
5-6 years	74.00%	15.8
7-9 years	77.20%	-3.5
10+ years	77.20%	-8.2
Total	72.70%	



TRENDS, OPINIONS AND ANALYSIS

While the data in the former sections is objective and quantifiable, most of the data in Section 7 is qualitative—it's based on opinion. As such, I'll share my take on the poll numbers, and I'll review industry trends that can affect your gym from a macro view. As CEO of the largest mentorship practice in the fitness business, I'm fortunate enough to have a "lifeguard-chair view" of the industry.

I was a 14-year CrossFit affiliate, and just over 50 percent of our survey respondents are CrossFit affiliates. I still love the CrossFit method and seminars but take a more objective view of its affiliation program. So I'll dive deeper into CrossFit than I will into franchises (like 9Round, and others), for whom we also track data.

This is the section some will want to skip—but others will enjoy it most.



Average cost to open a gym

- The \$40,000 median was heavily influenced by CrossFit gyms' median opening cost of \$40,000.
- The \$88,448 average was pulled up significantly by the inclusion of Access Only gyms, so we included median numbers in the table below.

GYM TYPE	MEDIAN COST TO OPEN	AVERAGE COST TO OPEN
Access Only	\$125,000	\$294,231
CrossFit	\$40,000	\$58,119
Martial Arts	\$35,000	\$54,286
Other	\$471,444	\$225,193
Personal Training	\$30,000	\$49,189
Strength & Conditioning	\$35,000	\$85,379
Total	\$40,000	\$88,448

BUSINESS PARTNER

INDUSTRY

Only **32.3%** of respondents reported working with a business partner

Note: Martial Arts and Access Only gyms are outliers in the table to the right. This is likely due to culture in the case of Martial Arts gyms and cost of opening in the case of Access Only gyms. In general, as the cost to open a gym rises, more owners take partners.

GYM TYPE	PERCENTAGE WITH A PARTNER
Access Only	50.00%
CrossFit	31.80%
Martial Arts	62.50%
Other	26.00%
Personal Training	25.00%
Strength & Conditioning	38.10%
Total	32.30%

MERGER AND ACQUISITION ACTIVITY

of gyms were part of a

merger or acquisition in the last year This figure increased slightly year over year, which was predictable. In times of economic uncertainty, weaker gyms tend to close or be sold, while stronger gyms tend to grow through acquisitions and mergers.

and the second se
PERCENTAGE WITH MERGER/ ACQUISITION ACTIVITY
7.14%
8.99%
0.00%
5.26%
4.84%
8.49%
7.85%

BUSINESS COACHES

INDUSTRY

65% of survey respondents work with a business coach or mentor

GYM TYPE	PERCENTAGE WITH COACH	
Access Only	28.57%	
CrossFit	62.85%	
Martial Arts	75.00%	
Other	68.83%	
Personal Training	75.00%	
Strength & Conditioning	65.09%	
Total	64.71%	

This figure increased year over year, and it has increased dramatically since 2012 (when I began to offer mentorship to gym owners myself) and 2016 (when I began certifying Two-Brain mentors).

WILLINGNESS TO SELL

Access Only gyms reported a much higher willingness to sell. This is probably due to the high overhead and period of negative revenue at startup. It could also be related to the type of owner: Many access-only gyms are opened by investors, while coaching businesses are often opened by passionate practitioners (like me).

Martial Arts gyms reported the lowest percentage of respondents willing to sell.

For CrossFit gyms, only 20 percent are willing to sell. Interestingly, these gyms also have the lowest monthly expenses, so their rate of loss might be easier to stomach.

GYM TYPE	PERCENTAGE UNWILLING TO SELL	PERCENTAGE WILLING TO SELL	PERCENTAGE WILLING TO CONSIDER SELLING
Access Only	21.40%	57.10%	21.40%
CrossFit	51.40%	20.70%	27.90%
Martial Arts	75.00%		25.00%
Other	58.70%	17.30%	24.00%
Personal Training	51.60%	18.80%	29.70%
Strength & Conditioning	59.10%	14.30%	26.70%
Total	53.20%	19.70%	27.20%

PROFITABILITY

INDUSTRY



Gyms with 4,500-6,500 square feet of space have the greatest likelihood of profitability

- **77%** of gyms have returned to pre-pandemic revenue levels
- 84% have returned to pre-pandemic profitability levels

(Gyms that opened post pandemic were excluded from these calculations)

These pandemic-related stats might suggest that while revenue has yet to fully return to 2019 levels, business operations have become stronger and companies have made smart decisions in favoring profitability over revenue.

GYM TYPE	PERCENTAGE WITH REVENUE BELOW PRE-COVID LEVEL	PERCENTAGE WITH REVENUE AT OR ABOVE PRE-COVID LEVEL	OPENED AFTER COVID
Access Only	42.90%	42.90%	14.30%
CrossFit	20.10%	70.10%	9.80%
Martial Arts		62.50%	37.50%
Other	29.90%	58.40%	11.70%
Personal Training	14.10%	65.60%	20.30%
Strength & Conditioning	16.90%	70.80%	12.30%
Total	20.40%	67.70%	11.90%

GYM TYPE	PERCENTAGE WITH PROFIT BELOW PRE- COVID LEVEL	PERCENTAGE WITH PROFIT AT OR ABOVE PRE-COVID LEVEL	OPENED AFTER COVID
Access Only	50.0%	35.7%	14.3%
CrossFit	27.6%	62.5%	9.3%
Martial Arts		62.5%	37.5%
Other	33.8%	54.6%	11.7%
Personal Training	12.5%	67.2%	20.3%
Strength & Conditioning	12.4%	64.8%	12.4%
Total	11.7%	62.5%	11.7%

CROSSFIT APPROVAL

INDUSTRY

91% of gym owners who selected the CrossFit category are currently affiliated with CrossFit Inc.

00

Of gym owners in the CrossFit category who are current affiliates,

approve of CrossFit Inc.'s direction

As a CrossFit aficionado, I love tracking what HQ is doing. With so much upheaval in the ecosystem over the last two years, I wanted to get a real sense of how the affiliate community feels about the brand.

It's interesting to note that about 10 percent of gym owners who selected the "CrossFit" category when filling out the survey are not actual affiliates. This figure was the same in 2021.

A 77 percent approval rating from actual affiliates seems like a low score. The figure is up slightly from 2021, when the approval rating was 75 percent.

CONCLUSION

STATE OF THE INDUSTRY

At the start of this book, I said that I was a skeptic.

I tend to doubt the gurus and "experts" until I see proof. However, when I see proof, I'm all in: I copy what other people are doing and sometimes get even better results.

This is the essence of science: the pursuit of truth by the elimination of crap. Data and numbers cut away the garbage and allow us to see the world as it really is. Skepticism is the hand that wields the scalpel of science.

But I also know it's easy to go too far: to become cynical instead of skeptical. To believe that nothing will work, that you've already tried everything to grow your business, and that every expert out there is just trying to scam you.

Trust me: In my darkest days, I was pretty cynical. I started listening to mentors only when I had no other choice. And that's when I realized something: I had no unique problems. Every struggle that I faced as a gym owner had already been faced—and usually beaten—by someone else. I simply had to ask "who has already solved this problem?" and then copy them.

Two-Brain Business started with the strategies I was using in my own gym, Catalyst. I chronicled the changes that I made, and they helped others reach the same level of success that I had achieved.

But, over time, some of my clients in Two-Brain exceeded my level of success. So I asked them, "What are you doing?" And even then, I remained skeptical: Though I saw proof of their success, I had to ask, "Will this work in other gyms?" And so we cut the strategies that were one and done, the tactics that didn't work elsewhere and even the old stuff that had stopped working. When we found something that was working and useful, we bought the rights.

Now we have 26 certified millionaire gym owners in Two-Brain. These are the fruit of the Two-Brain mentorship tree. That tree anchors its roots in data, allowing us to reach ever higher in the pursuit of making gyms profitable.



Mentorship for Gym Owners.

Make your gym more profitable:

twobrainbusiness.com/book-a-call



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COLLABORATORS

PUSHPRESS

<u>PushPress</u> is a full-stack suite of software that helps thousands of gym owners around the world build wildly successful businesses.

Founded by gym owners with more than 100 years of combined ownership experience, PushPress is a fitness business management software platform that helps you build your business, not just manage it. With automated member billing, coach and class scheduling, third-party integrations, and a suite of marketing and sales tools, our full stack of systems helps you focus on what's important: growing your business and helping your members.

Today's gym owners simply don't have enough time. With the incredible amount of behind-the-scenes work that goes into running a successful fitness business—from janitorial tasks to sales and marketing to managing staff and customers—owners need a gym management tool that gives them back their time.

PushPress has built a groundbreaking platform that alleviates many of those tasks and runs your gym for you, with outcomes better than if you tried to do it all yourself. Our software grows with your business by providing plug-ins and integrations to take your gym to the next level—at your pace.

"Dominate Your Day" is the mantra that guides our team and customer service. It means giving gym owners the freedom and flexibility to choose how to spend their days without worrying about running their back-end operations.

PushPress saves time by automating many of the tasks that previously took hours per month. Updating member billing information, coordinating coach scheduling, checking members into class and onboarding new members can now be done with just a few clicks.

We are committed to pushing the envelope in the fitness industry and helping fitness businesses grow and succeed. Welcome to the future of gym ownership.





<u>TeamUp</u> is the most recommended fitness management software for independent gyms, studios, boxes, and PTs offering in-person, online, and on-demand services. Launched in 2012, TeamUp quickly built a reputation for reliability and willingness to adapt to its customers' needs. TeamUp's dedication to customers drives everything, which makes it stand out from other platforms on the market.

Its all-in-one software offers bookings, payments, customer relationship management, access control for facilities, online classes and on-demand classes, and a rich feature set of business management tools, including valuable insights and reporting specially designed for fitness business owners. TeamUp also integrates with powerful platforms including Zapier, Zoom, BoxMate, Kisi, ClassPass and more to offer everything owners need to run the best version of their business in one place. With TeamUp, your voice is heard. From the moment you make a request, you have full transparency as it moves to development and launch.

TeamUp works with some of the leading independent fitness businesses and franchises across the globe and is well known and has market share in CrossFit. TeamUp is trusted by the biggest names in fitness as the most flexible software designed to eliminate business complexity and enable you to focus on your customer experience and thriving community.

Fitness clients love it, too, especially the ability to manage their accounts on the go via their member app, receive perfectly timed communication, and engage with your business at all times.

With all features included right from the start, affordable pricing that scales with your business, a free import service to migrate your data for you, and unlimited support from a team who cares about your success, TeamUp provides more than just software to help you manage your business. If you want great business oversight, quick and easy class management, and pain-free payments—but you don't want to pay increasingly hefty bills—TeamUp is the management software for your business.

Sign up today for your free 30-day trial.





<u>Wodify</u> is the industry-leading all-in-one fitness management platform, with 5,000+ of the world's top fitness owners trusting Wodify to run their businesses.

At Wodify, we know that you want to be an influential success story.

In order to do that, you need a truly customizable fitness platform.

The problem is there are too many software tools, which makes you feel restricted and inefficient. We believe you shouldn't hate your software.

For business owners relying on outdated software and manual processes, Wodify provides a welcome alternative. <u>Wodify's integrated platform</u> helps gym owners like you run your business the way you want, gain confidence with technology, and save time with a single platform.

Wodify Core tracks and automates running a fitness business so that owners can scale their membership base and increase profitability. With Wodify's easily accessible insights, owners can <u>quickly access</u> reports on everything from attendance rates to lead conversion rates to gain more clients, reduce revenue leakage and increase retention.

Wodify and Two-Brain Business have partnered to bring a new, <u>easy-to-use business dashboard</u> to Wodify. This business dashboard includes a section of essential metrics that Two-Brain tracks monthly for their customers and many other business health stats that Wodify customers know and love.

In addition to the Core product, Wodify has multiple add-on services to help you grow your business further—including automated programming from the trusted partners of the <u>Workout Marketplace</u>, integrated <u>websites</u>, real-time <u>heart rate tracking</u> and more. Not to mention the Perform add-on, which is a world-class performance-tracking feature used by millions of athletes around the world and is proven to increase retention and engagement.

The <u>Wodify Client App</u> for members <u>can be tailored</u> to look and feel like your brand while also providing a seamless experience that will keep them engaged with your business in person and on the go.

Wodify's <u>appointment feature</u> allows your clients to book time based on your calendar availability for personal training, nutrition or any customizable meetings.

To make sure that you are utilizing everything Wodify has to offer for your business, there are plenty of resources available, including <u>Live Chat</u>, <u>email</u> <u>support</u> with our Customer Success Team, the <u>Help</u> <u>Center</u>, and <u>YouTube playlists</u> to provide guidance on powering your business to its fullest potential.

"I can't imagine using three different pieces of software," said CrossFit Mayhem Owner Rich Froning Jr., "when one does it all."





Find out how a mentor can help you grow your gym.

Book a Call

twobrainbusiness.com/book-a-call



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