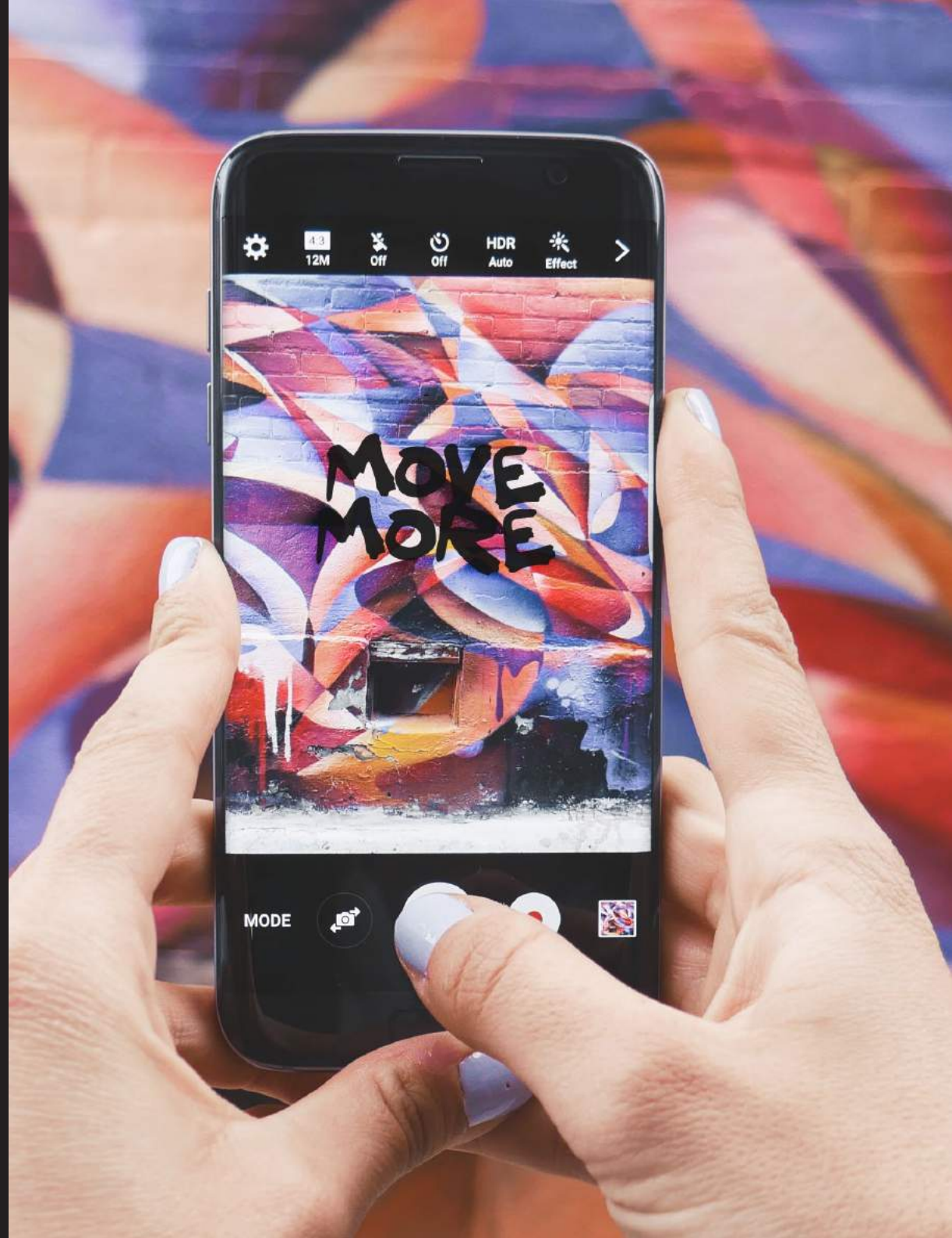


WINNING MEMBERS IN THE NEW AGE OF FITNESS

A PLAYBOOK

LES MILLS



INTRODUCTION

The gap between generations is widening. Where once we could focus on a single target group, now is the age of all ages, where it's never been more vital to be able to identify and entice a range of demographics into the gym. While Millennials have been in the spotlight for some time, Gen Z is the next big disruptor, and they're growing up fast.

Consumer-facing industries are still coming to terms with the shift towards targeting Millennials, which will make up 50% of the workforce by 2020. Yet a new generation of power brokers are now coming of age, with Gen Z nipping at Millennials heels and already boasting a USD\$44bn purchasing power.

Successful fitness facilities like Equinox and SoulCycle are recognising the needs of these younger demographics. If they want to stay in business, they have to.

In this guide we explore the differences between the two largest growing demographics affecting the future of the fitness industry.

Reviewing and answering:

- What are the fundamental differences between these two generations and why we should care?
- What are the key tactics for winning the hearts and minds of both Millennials and Gen Z?
- Solutions you can adopt in your business and marketing plan.

Sources: GWI Flagship Report 2018. Glofox blog: 3 Generations Impact on the Industry. Vision Critical: The Everything Guide to Millennials. Nielsen: Les Mills Global Consumer Fitness Survey 2019
Ernst & Young LLP : What if the next big disruptor isn't a what but a who?

THE GENERATION GAME

How do we define these two generations?



MILLENNIALS



GENERATION Z

| | | |
|------------------------|--|--|
| BORN | 1981 – 1995 | 1996 – 2010 |
| CHARACTERISTICS | Idealistic, creative, self-centered, entitled | Pragmatic, self-aware, persistent, realist, innovative |
| MONEY | Value the experience | Value saving money |
| DIGITAL DEVICES | 1. Desktop 2. Smartphone 3. TV | 1. Smartphone 2. TV 3. Laptop |
| FITNESS VIEWS | Prefer fast, social workouts. Strong is the new skinny. | Fitness programs that promote balance body confidence and feeling good. |

DIGITAL MARKETING AUDIT GUIDE 1

Even if your demographic has not shifted outside of your four walls, the population embracing fitness has.

This shouldn't mean you have to abandon your current loyal customer base. But it does mean that you need to start integrating strategies to target these generations and grow their presence as a percentage of your membership base.

It is up to you whether you choose to command a bigger piece of the pie. In betting terms, it's the nearest you'll get to a sure thing. As time marches on, their purchasing power will only increase.

A digital marketing audit will help you to prioritize your marketing efforts by:

- Identifying any digital marketing activity gaps that may need filling.
- Identifying any digital marketing activity that may need improvement.

Taking the time to map your activity against consumer expectation is critical when your goal is to ensure that you're getting the right content, in front of the right audience, at the right time.



MILLENNIALS



GENERATION Z

| | | |
|--------------------------|---|---------------------------------------|
| MARKETING | Polished, video, technology adopters | Authentic, immersive, digital natives |
| DIGITAL BEHAVIORS | They expect answers to questions to be available instantly digitally. They prefer to automate simple tasks such as class bookings. Choose messaging over phone calls. | |
| VALUE | <p>80%</p> <p>of all fitness dollars are being spent in gyms by Millennials or Gen Z.</p> | |

DIGITAL MARKETING AUDIT GUIDE 1

HOW

- Get your front desk staff to write down every question they get asked for 48 hours, on the phone or in person.
- Give this list to your 13-year-old neighbour/cousin/niece and see if they can find the answer to every question on your website in less than 20 seconds, on their phone.

WHY

This will enable you to understand the digital user experience;

- Is it simple and easy experience?
- Does it answer all of the questions, effectively and efficiently?

The answer should be 'yes', after all this is what these generations will expect.

RESULTS/SOLUTION

Mapping your findings against insight will enable you to prioritize and invest in improvements that will make a difference and achieve a return on your investment. Meeting the expectation of this audience is key to promoting continued engagement.

TACTICAL ADVICE GUIDE

- Make sure you have a mobile-optimised website.
- Make sure you have a search function.
- Make sure you have your Google listing up to date .
- Make sure you have every piece of information you believe a 20-year-old may want to know about your gym clearly displayed on your website (and ideally SEO-optimised).
- Your app doesn't count, that will only become relevant once they are a member.



CONTENT - GUIDE 2

Video has its place in ensuring your brand and facility is relevant to both generations but beware of the unique differences.

Perhaps you have some key personalities within your facilities that can become your real influencers; from GMs, GFMs to putting the spotlight on your members. Real, honest stories that can be trusted and inspiring.



MILLENNIALS



GENERATION Z

**CONTENT
POINT OF
VIEW**

A difficult crowd to wow. They embrace the polished brand narrative.

They know the value of their recommendation, their like, their opinion. A scepticism of brands and the people selling them are real. Embrace authentic, honest content.



More so than Millennials, Generation Z are embracing the truth and authenticity that comes from LIVE video.



half

a billion people are watching video on Facebook every day



300

million are using Instagram stories

CONTENT - GUIDE 2

DOS

- Be mobile first, content should be optimised for the smaller screen.
- Create shareable content that enables your audience to learn, it should promote discovery, trust and credibility.
- Learn how to create creative and innovative content.
- Create content that isn't overtly selling the product, sell the lifestyle!
- Create content that promotes engagement, if your audience are engaged that means they're consuming your content.
- Consider using carefully selected UGC (user generated content) that will appeal to your audience and leveraging influencers to aid in the promotion and fitness lifestyle.
- Continue to research and gather insights into your audience, they are quick adopters to new technology.
- Reach your audience across a variety of platforms as they're not faithful to one.



DON'TS

- Be desktop first.
- Create brand, self-indulgent content that offers no discovery for the audience.
- Continue to reproduce the same type of content, in the same format demonstrating no digital innovation.
- Creating too much product lead content that your audience will consider too 'salesy'.
- Create content that is 'safe' and uninteresting.
- Mindlessly use UGC to build a relationship with your audience without any consideration for brand perception.
- Be complacent and think 'you know best', this is a tech-savvy audience.
- Duplicate content across social platforms, it's likely your audience will be expecting to see something different.

CONTENT CHANNELS - GUIDE 2

98%

of digital consumers are social media users, so it's vital that you invest in platform-specific content. They'll expect to see different content on your social media channels to your website.

To put this into perspective, digital consumers have a global average of 8 social media accounts, using each one for different networking behaviours.

Couple that with an average of over 2 hours per day being spent on these networks. That's a lot of content being consumed.

Ensure you keep up-to-date with current social trends and news by signing up to Facebook's free business updates.

Most importantly, ensure you establish a clear purpose for each of your channels.

- Define the role of your website.
- Define the role of each of social channel.



MILLENNIALS



GENERATION Z

| | | |
|--------------------------------------|--|--|
| CONTENT MARKETING PREFERENCES | Polished, video, early technology adopters. | Authentic, immersive, digital natives. |
| CHANNEL CONSUMPTION | A mobile first approach. 80% of internet time is on mobile devices. Facebook is the dominant social platform for membership*. | |
| MOTIVATIONS | Gen Z are most likely to use social media to fill up spare time. Social networks are the top product research channel among Gen Z. | |

*Excluding China

SPACE AND DESIGN AESTHETICS

There are some key differences between how each generation regards desirable design, and in both instances, it comes down to how they want to use it.

Millennials are the first generation to not consider their personal life as private by default. Simply providing access to the sort of backdrop this audience are happy to share on their social media accounts will enable any facility to score wins.



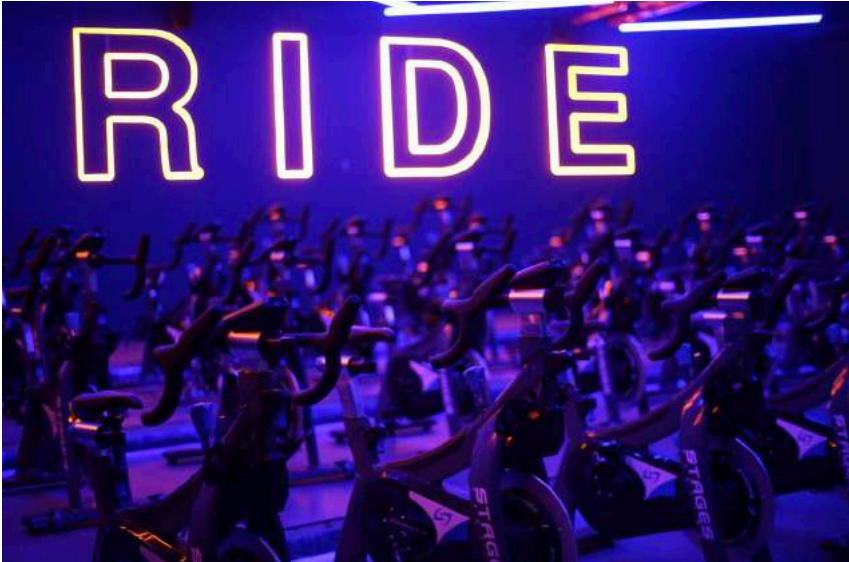
MILLENNIALS



GENERATION Z

| | | |
|------------------------------------|--|---|
| DESIGN | Design for voyeurism. | Design for function and purpose. |
| WHAT IT SHOULDN'T LOOK LIKE | Banks of treadmills in front of TVs playing music videos and the news. | |
| WHAT IT SHOULD LOOK LIKE | Picture perfect opportunity aesthetics. | Holistic design which is unique and relevant to its space, functional fitness spaces. |

SPACE AND DESIGN AESTHETICS



TERMS OF SERVICE



MILLENNIALS



GENERATION Z

| | | |
|----------------------------|--|--|
| PREFERENCES | Accept incentives, not willing to commit, honour devotion. | Distrust incentives, not willing to commit, devalue loyalty. |
| CHANNEL CONSUMPTION | Generic offers. | |
| MOTIVATIONS | Personalization of offers. | |

Both groups are generally less willing to commit. They do not crave or seek stability. They want to avoid feeling hemmed in with little choice.

Gen Z want to be part of creating the customisable solution for themselves. They expect to be shown respect, the respect of being known personally, before they give loyalty.

Solution

Review your offers, programs and terms of service and ask yourself:

Do we have a loyalty or rewards program?

Do we have different levels of memberships and do they allow flexibility of choice without being hugely penalised for not being loyal?

Small boutiques can benefit from aggregators like ClassPass. This is particularly appealing to Gen Zs as it provides them with the ability to craft their own workout schedule, on their own terms, without any hassles of membership.

SUMMARY

1

Be mobile first. These generations haven't got time for much else. If they can't consume it on a small screen, forget it!

2

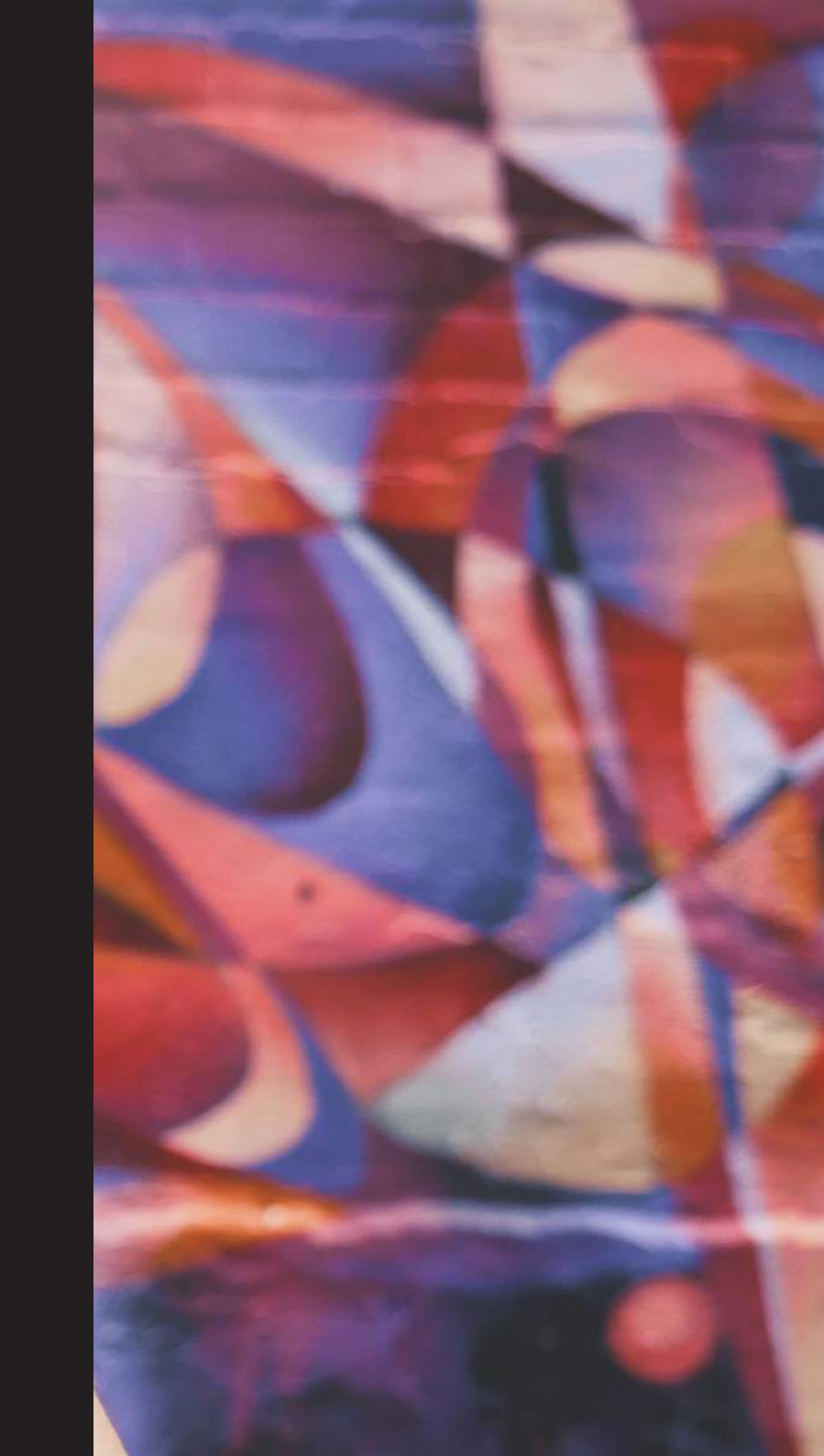
They're on social. Ensure you're hitting them with the right content, at the right time, in the right place.

3

These generations are commitment poor and they don't have huge sums of money. Consider a different pricing model for these audiences.

4

Invest in style and function. The look and feel of your facility has to be appealing, somewhere they'd like to be seen in.

An abstract, colorful pattern consisting of overlapping, irregular shapes in shades of blue, red, orange, and purple, resembling a stained-glass or mosaic design. The pattern is dense and fills the left side of the page.

Les Mills has 50 years' experience working within the fitness industry. Not only are we experts in Group Fitness, but we also run and operate a successful chain of branded gyms.

From member insights, to marketing resources, member acquisition blueprints and onboarding strategies, we can help put your facility on the path to long-term success.

LMUK.Clubs@lesmills.com

02 072 640 200

1 Alie Street, Aldgate, London E1 8DE

www.lesmills.com/uk

LES MILLS