



FDD Talk 2016: The Club Pilates Franchise Opportunity (Financial Performance Analysis, Estimated Costs, and Other Important Stuff You Need to Know)

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IN [FDD TALK 2017: FITNESS FRANCHISES](#), [FITNESS FRANCHISES](#), [FRANCHISE EARNINGS](#)



In this FDD Talk 2016 post, you'll learn the following:

- Section I – Background information on the Club Pilates franchise opportunity, including relevant news updates
- Section II – Estimated initial investment for a Club Pilates franchise, based on Item 7 of the company's 2016 FDD
- Section III – Presentation and analysis of Club Pilates's financial performance representations, based on Item 19 of the company's 2016 FDD, including information on the:
 - **2015 average Gross Revenue** for the 11 franchisee-owned and 2 affiliate-owned Club Pilates Studios that were open and operating for the entire 2015 calendar year and utilizing at least 12 reformers
 - **2015 average Teacher Training Revenue, Traditional Revenue, Total Revenue, Estimated Royalty (on In-Studio Revenue Only), Estimated Fees Paid in Connection with Teacher Training Revenue, Cost of Sales – Third Party Vendors, Marketing Fund, Instructor Expense, Bank Service Fees, Merchant Account Fees, Office Supplies, General Supplies, Cleaning, Computer and Internet Expenses, Professional Fees, Rent, Fitness Accessories, Repairs and Maintenance, Security, Insurance Premiums, Towel Service, Utilities, Water, Advertising/Promotion, Total of Certain Operating Expenses, and Total Revenue Less Certain Operating Expenses** for the 2 affiliate-owned Club Pilates Studios that were open and operating for the entire 2015 calendar year and utilizing at least 12 reformers

Section I – Background Information

Allison Beardsley grew up poor and it wasn't until 2002 when she discovered and fell in love with Pilates, the fitness workout that is similar to yoga but makes use of specialized equipment to really focus on your core, lower back, obliques, thighs, butt, etc., in a way that develops strength, flexibility, muscular endurance, coordination, balance, posture, and mental awareness. In fact, she never took a class that actually used the Pilates equipment because she couldn't afford it.

When she eventually started Club Pilates, you can bet she had an eye on making sure classes were kept affordable – she's on a mission to bring Pilates to everyone, not just to the elite.

After completing her instructor training, she began offering classes in the duplex she rented in San Diego in 2007. When she quickly outgrew that, she started renting a small studio down the street, just 900 square feet. Then came the Great Recession, which saw several neighboring businesses close, so she rented out their spaces as well and was soon running a busy studio of 3,000 square feet.

How did she grow during the economic downturn? She came up with a business model that could work for just about anyone. Some classes can be had for as little as \$10 per session – way below the industry average – so no one had to give it up because of affordability.

Since franchising began in 2012, the number of locations has grown to 55, four of which are company-owned and one of which is located outside the U.S. Here's how Club Pilates keeps people coming back for the health of it:

Successful Grouponing

Everyone knows that a lot of businesses that signed up for Groupon couldn't handle the massive demand, leaving customers frustrated and turned off. Not so with Club Pilates. Just one of their Groupon deals attracted 1,400 new customers – and the chain generally has customer retention rates of 80%, so you do the math.

A new location in Cherry Creek, Colorado used Groupon to publicize their grand opening. 85% of their initial client base came from Groupon, with a 99% retention rate.

Incentivized Instructors

Beardsley has been adamant from the beginning that Club Pilates is for anyone and everyone, no matter what your body type or what your fitness goals. As such, one important component of success is the class instructors who need to be enthusiastic and effective for everyone. And the better they do, the more they get paid.

New Leadership

In 2015, Beardsley sold Club Pilates to Anthony Geisler, who had previously run LA Boxing. Although Geisler is now the CEO, Beardsley retains a 25% ownership interest and will continue to be involved in the company.

Creating a Global Brand

Geisler is particularly excited to now be involved in Club Pilates because of the potential to grow a global brand. Pilates as a segment is very fragmented, and often very expensive. By keeping classes affordable, Club Pilates is already the leading brand for Pilates. His goal is to keep opening a new location every week for the foreseeable future.

Section II – Estimated Costs

- Please click [here](#) for detailed estimates of Club Pilates franchise costs, based on Item 7 of the company's 2016 FDD (updated).

Section III – Financial Performance Representations (Item 19, 2016 FDD) and Analysis

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