

XERCISE4LESS REBRAND

1.2.9

Category: 1.2 Design and implementation costs under £100,000

Client: Xercise4Less, Leeds, West Yorkshire

Design consultancy: The Engine Room Design Co. Ltd

June 2013




XERCISE4LESS

**PEAK
MEMBERSHIP**
JUST
£14.99
PER MONTH*

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XERCISE4LESS STOCKTON
New Street, Mandale Triangle,
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“XERCISE4LESS HAVE INCREASED THEIR PROJECTED 3-YEAR CLUB GROWTH FIGURE FROM 40 TO 100+ SITES ACROSS THE UK AND HAVE GAINED OVER 69,000 NEW MEMBERS IN JUST 2 YEARS.”

The privately-owned ‘Xercise Health Club and Fitness’ was established in 2006 in Castleford, West Yorkshire. In 2009, the management team made the strategic decision to position the business in the emerging budget gym sector and ‘Xercise4Less’ was born. By 2011, the business spanned three sites across Northern England with plans for dramatic growth. Xercise4Less realised that they needed a strong brand to help them to achieve this.

Budget gyms are the fastest growing sector in a highly saturated market. Recognising that customers want high quality at a low cost, budget gyms offer a pared back alternative to the mainstream gym, removing luxuries such as swimming pools and saunas and replacing them with more equipment and basic amenities. Many budget gyms grow to a handful of sites but a few market leaders have reached 60-70+ sites.

The Engine Room began working with Xercise4Less towards the end of 2011 on a new communications strategy. Up against some incredibly tight deadlines around new club openings, The Engine Room turned the entire brand project round in approximately three months.

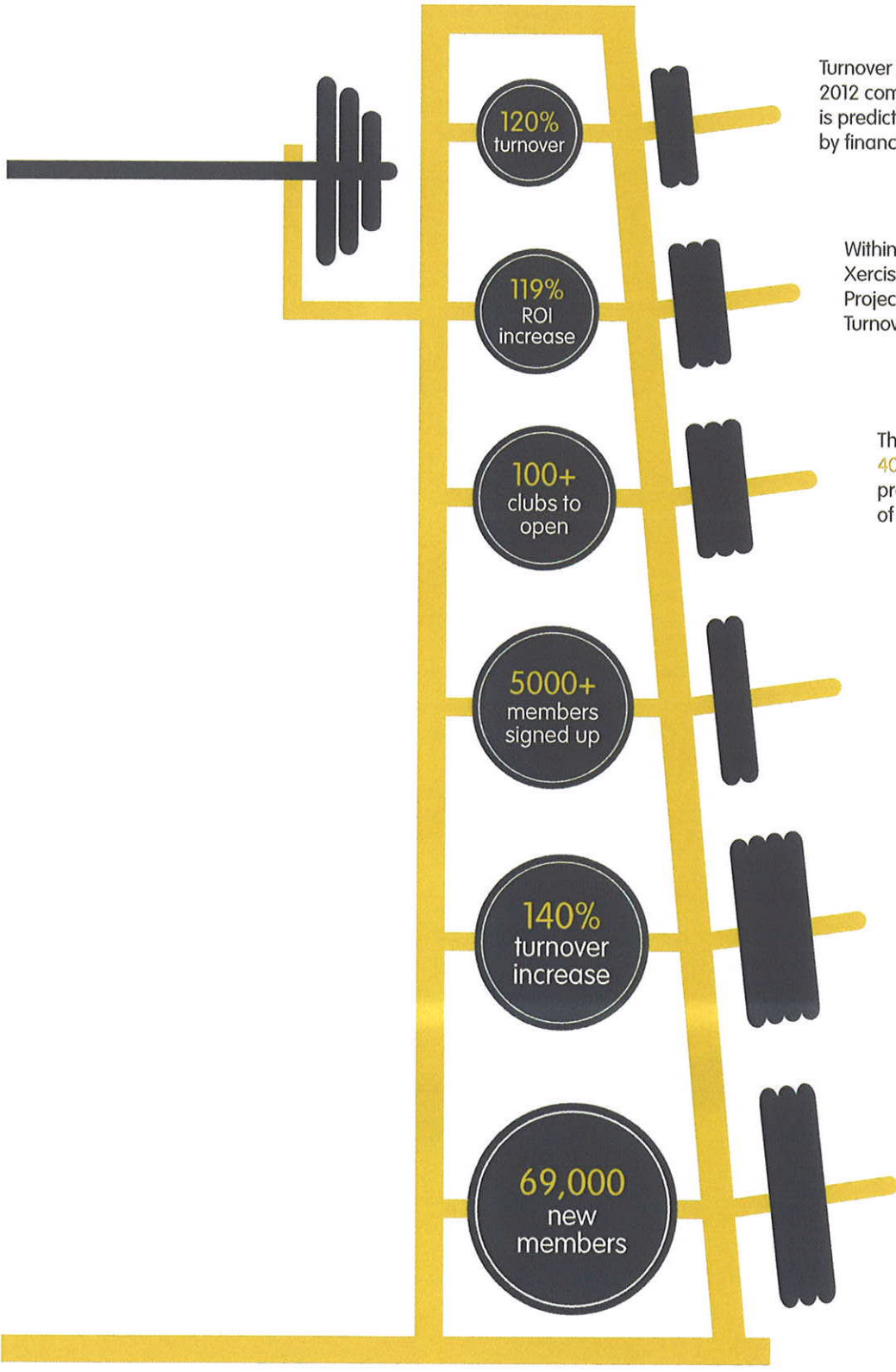
Since the launch of the new brand in January 2012, Xercise4Less have smashed their projected targets, are growing at an accelerated rate and are on the verge of becoming the most successful and recognisable low cost gym in the UK.

In addition, it has just been announced that on top of their now planned 100+ club expansion, Xercise4Less have signed a co-brand deal with Tesco, arguably the biggest supermarket brand in the country.





WITH AN INITIAL BRAND DEVELOPMENT BUDGET OF 20K...



120% turnover

Turnover increased by 120% (£1.8m) in 2012 compared to the previous year and is predicted to increase by a further £2m by financial close 2013.

119% ROI increase

Within the first six months of the rebrand, Xercise4Less gained a ROI of 119%. Project spend: £20K Turnover in the first six months: £2.4m.

100+ clubs to open

The club originally planned for a further 40 clubs to open by 2016; they are now projecting 100+ and growing at a rate of 60%+ in turnover year-on-year.

5000+ members signed up

A record-breaking 5000+ members signed up to both the Leeds and Wakefield clubs within just the first month of them opening under the new brand. The brand launched at the same time as the Leeds site.

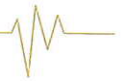
140% turnover increase

Turnover increased by 140% (£1.4m) during the period of January-July during 2012, compared to the same period in the previous year pre-rebrand.
JAN - JULY 2011: £1m
JAN - JULY 2012: £2.4m

69,000 new members

As a result of five new clubs opening during 2011 and 2012 and a further four in 2013, X4L have gained over 69,000 new members since 2011. In addition to this, membership sign ups grew at an average of 70% across the two existing and one new club within the first 12 months of rebrand.





OUTLINE OF BRIEF

Xercise4Less had a strategic plan in place to grow the business over a five-year period. The proposition was simple and their target audience was wide. The brief was also simple, 'make us stand out and give us something to grow into'. The business' original financial targets for the first six months (Jan-July 2012) after brand launch was a turnover of £1.5m and 4,000 new membership sign ups.

KEY OBJECTIVES

- Reposition the business as the clear alternative in the value gym market, whilst appealing to a wide target audience.
- Enhance the perception of value to attract customers who feel they are paying over the odds at their current gym.
- Stimulate an increase in new member sign ups to each location.
- Create a brand that can readily be applied across a number of applications, from interiors and gym equipment to merchandise.
- Redesign key customer 'touchpoints' to communicate the difference and provide a 'big brand' feel throughout every gym in every location.

- Create a website which is built for effective SEO and that is more customer-focused, i.e. allowing members to book classes/sessions online.
- Complete by mid-January, in time for the opening of the new flagship gym and head office situated on one of the busiest commuter routes in Leeds.
- Generate 4,000 new membership sign ups for the two new clubs in 2012.
- Generate a turnover of £1.5m within the first six months of the rebrand.

DESCRIPTION

'Xercise4Less' budget health clubs provide some of the largest and most up-to-date fitness facilities on the market with competitive membership prices. With everything from non-contract memberships to being able to freeze an account, Xercise4Less promise to fit in with any individual lifestyle, at fit-to-budget prices.

With a bottom line membership of £9.99 per month, the gyms attract an array of customers from the age of 16 up to 85. The gym also offers classes and fitness programmes and personal trainers as part of the package - this is a differentiating factor in their offer.

Each club requires at least 30,000 square feet (the largest gyms in the UK), which means that available properties are limited and most of the sites are situated on industrial or business estates. This is not the most practical positioning for a members' fitness club, however Xercise4Less have still managed to prosper despite not being in the city centre.

The managing director was anticipating a high rate of new registration sign ups following the rebrand, generating an increase in turnover and customer numbers in the first few months of launch. "The brand has exceeded all our expectations. We broke the record for new registrations within three weeks of launch. The brand has given us the confidence to push our growth aspirations further in the market and we're seen as a much more credible player with both suppliers and competitors."

Xercise4Less had an identity and communications strategy that had served to get the business up and running but was dated, lacked any sort of personality and certainly wouldn't have had the differentiation required for dramatic growth. The club wanted to be seen as the number one choice for value; low-cost fitness but with high quality facilities. The business needed a brand that not only represented that, but would also appeal to a very wide target audience from teens to the retired.





OVERVIEW OF THE MARKET

At the time of the rebrand, the health and fitness industry was in the latter stages of a shake-up. A number of new budget gym entrants had shifted the market dynamic, by offering basic gyms without the luxuries of swimming pools and saunas at competitive cut-price subscriptions.

Premium brands such as Fitness First had struggled to cope with this and were in deep trouble (having since gone out of business) as they struggled to encourage loyalty among their customers who were beginning to wonder why they paid such high monthly fees.

With many gym-goers seeing the appeal of lower prices, brands such as PureGym, DW Fitness and The Gym Group were already starting to take advantage of the shift in consumer trends.

According to the 2011 FIA State of the UK Fitness Industry report, the UK health and fitness industry had maintained a total market value of £3.81 billion, its first flat annual performance in ten years. The timing was perfect for Xercise4Less.

They had a unique mixture of value. Opting for a 'supergym' strategy of huge floor space, combined with a large choice of equipment, classes, personal trainers and bespoke programmes, they had the opportunity to create clear space between themselves and the competition.

PROJECT LAUNCH DATE:
January 2012

DESIGN BUDGET:
£20,000



OUTLINE OF DESIGN SOLUTION

(417 WORDS)

Much of the early stage work was spent on defining a position for the brand - what place would it hold in the market? Their current identity was primitive and dated, it spoke 'low-budget' and not a lot of 'high-quality'. Following a number of insight sessions with the gym managers and directors across all Xercise4Less sites, The Engine Room developed the following:

- 'The People's Gym': a positioning statement and reflection of the business' values – Xercise4Less is for everyone – old, young, fit and unfit. You choose to go to the gym on your terms, with no pressure or prejudice to 'fit in'. This will play an important part of what the business is and why it is different - it will also help guide future products and services.
- A new identity system and logo incorporating a 'heart' icon subtly hidden in the '4'. We distinctively chose yellow as a stand out colour palette in the sea of blue and green in the market.

- A flexible brand architecture: this can be utilised to suit different customer groups, segmenting the mass-target audience in order to rollout a more personal approach to sales. This was explored to sell products and services through specifically branded marketing material, for example, expanding the 'Xercise4' master brand into individual concepts and sub-brands, i.e. Xercise4Women, Xercise4Students.
- Improved touchpoints: the gym interior would benefit from some more sophisticatedly designed interiors such as the use of graphics and imagery on wall space, printed literature and merchandise.
- The identity was launched internally to all staff and management before being rolled out during the middle of January, coinciding with the opening of the new Leeds site.

The new X4L identity represents 'the people's gym' and exposes a brand new concept...

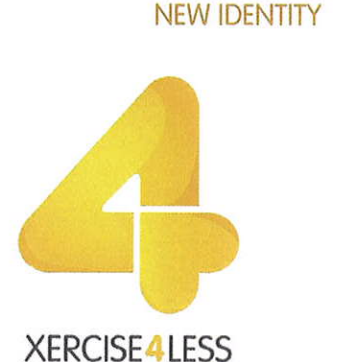
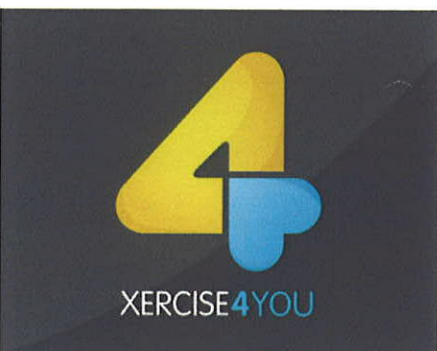
- Xercise4Fun
- Xercise4Happiness
- Xercise4You
- Xercise4Life

Xercise4Less are able to appeal to a wider audience with both their image and communication, as the brand now has a feminine hierarchy as part of the new concepts which effortlessly appeals to females, in turn broadening their audience.

Xercise4Less now have ten sites throughout the UK with over 160 employees and plan to expand to 100+ before 2016. They have invested heavily in their communications strategy since the rebrand and have been able to create new services that had never been offered to their customers before, such as online class booking systems and an interactive exercise app.



PREVIOUS IDENTITY



NEW IDENTITY





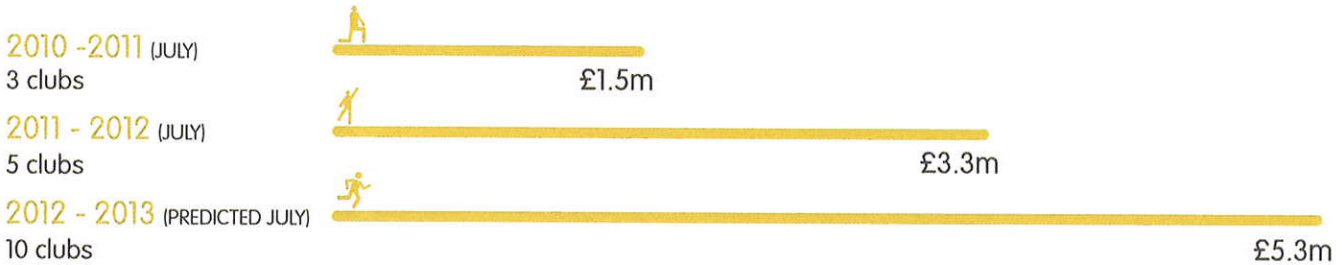
TURNOVER

Turnover increased by 120%

in 2012 (£1.8m) compared to the previous year and is predicted to

increase by a further 60% (£2m)

by financial close 2013.



Turnover increased by **140% (£1.4m)** during the period of January – July during 2012, compared to the same period in the previous year (pre-rebrand).

JAN-JULY 2011
OLD BRAND

£1m

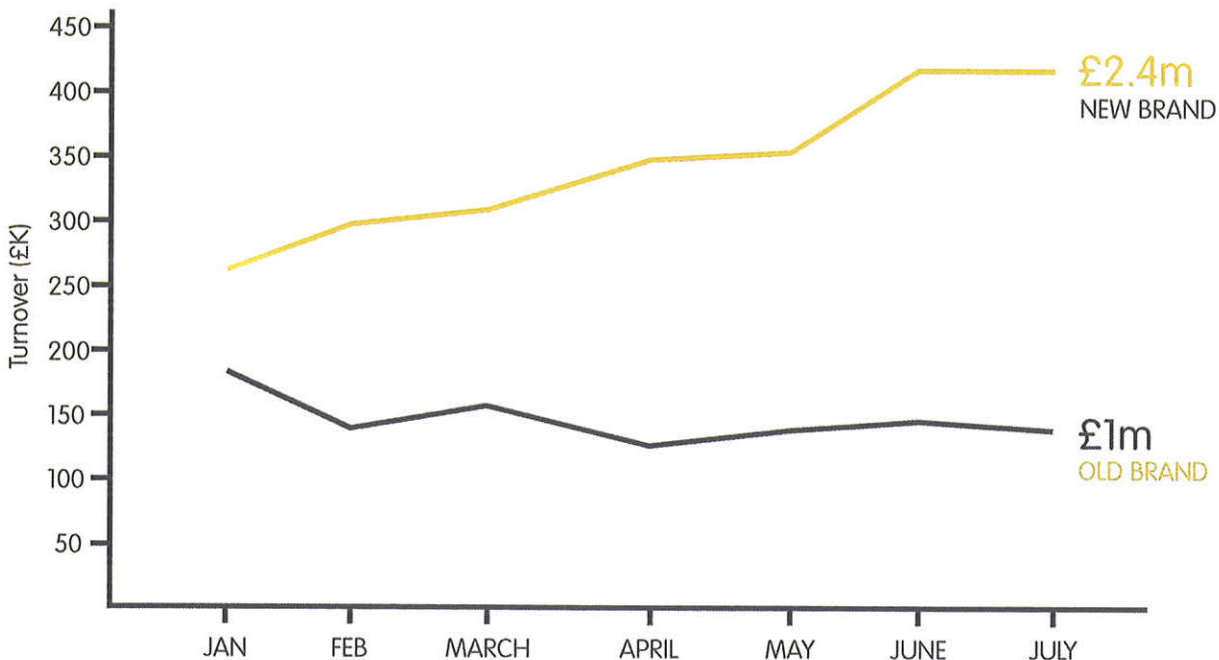
The income forecast for the first six months of the new brand was £1.5m, when in actual fact turnover was

JAN-JULY 2012
NEW BRAND

£2.4m

£2.4m

A ROI of **119%** was gained in the first six months of the rebrand.

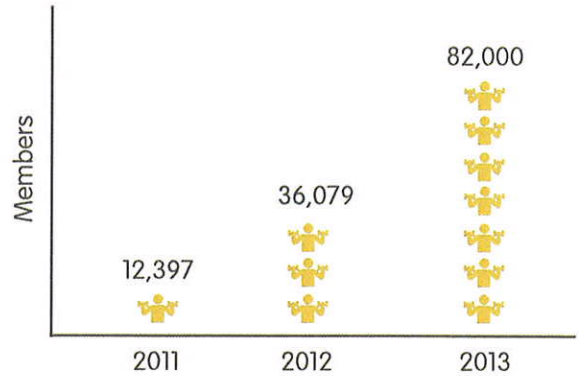




SALES (MEMBERSHIP)

X4L have gained over 69,000 new members

This is a result of the new clubs opening throughout 2012 and 2013, resulting in a sign up growth of **561%** since 2011.



Before the rebrand, X4L operated just three clubs in Yorkshire. Within the first six months of the rebrand they opened a further two clubs.



Increased new membership sign ups per month; from **1,000** in 2011 to **4,000** in 2013.

The rate of new membership sign ups grew from

4,084

throughout 2011 to

6,980

in 2012 across the two existing clubs, Wakefield and Castleford and after opening Stockton in October 2011.

Membership sign ups grew at an average of

70%

across **2** existing and **1** new club

within 12 months of the rebrand.

A record-breaking



signed up to both the **Leeds** and **Wakefield** clubs within the first month of them opening under the new brand.

During the first 12 months of rebrand, unique visitors to the website grew from **73K** to over **260K** and page views increased by **660%**.

Website views

Unique visitors
Page views

2011-2012

73,548
433,952

2012-2013

264,013
3,298, 207





EXPANSION

In 2013, X4L now operates 10 clubs across the UK spanning 82,000 members, currently growing at a rate of 4,000 per month.

The club originally planned for 40 clubs to open by 2016; they are now projecting 100+ and growing at a rate of 60%+ in turnover year on year.

STOP PRESS!

XERCISE 4 LESS



In July 2013, it was announced that the planned expansion of Xercise4Less Health Clubs comes with the addition of a new partnership with Tesco Supermarkets who are to rollout the first in-store 31,910 sq ft facility. Never having been done by any other retailer, or gym, the combination of the two is a unique concept in the UK.

Tesco's decision process involved looking at the market and narrowing it down to two companies. Xercise4Less were considered for the partnership over and above their closest competitor, due to the strength of the brand and shared values such as the 'people's gym' concept developed by The Engine Room which contributed substantially to Tesco's new 'healthier lives' campaign.

The first site will be in Stockton-on-Tees, where Xercise4Less already operates one club, and with the deal expected to expand, it could potentially add another 50 clubs onto of the already 100+ projected for throughout the UK.

The gym, which is to create up to 50 new jobs, employing people from the local area, is to reside in the mezzanine floor of the existing Tesco store, with Tesco's existing electrical and clothing Tesco stock being re-organised and housed on the ground floor. It is expected to open in October 2013.



THE COLONEL

Using the unique yellow banding, X4L have created an online Personal Resident Trainer - The Colonel - a yellow morph to offer hints, tips, guidance and videos. The Colonel features heavily on the new website offering his advice to current members. This would not have been possible with the old brand in terms of the colour, design and the online service that The Colonel offers.

- X4L along with The Colonel's videos have received over 52,000 views on YouTube since launching their channel after the rebrand in 2011.
- Since January 2012, X4L's Twitter followers have grown from 1,334 to 4,057 and they have received over 6,267 Facebook 'likes' in that time.
- Due to the capabilities the website brought, X4L could create a Member's Area where 54.6% of visitors are now repeat visitors.
- X4L developed an app in 2013, incorporating the brand values and The Colonel's activity, which has allowed X4L to further expand their services.

OTHER NOTICEABLE IMPROVEMENTS

- Xercise4Less were awarded Budget Gym of the Year 2012. X4L had entered the previous year under their old brand but were unsuccessful.
- In May 2012, MD at Xercise4Less, Jon Wright was named The Yorkshire Business Insider's Entrepreneur of the Month. Jon celebrated his success at the Insider 42 under 42 Awards.
- Xercise4Less often hold charity events and promotional days, which would never prove as successful without the incorporation of the new brand and what it represents.
- Xercise4Less are able to appeal to a wider audience with both their images and communication as the brand now has a feminine hierarchy, which effortlessly appeals to females.

OTHER INFLUENCING FACTORS

- Advertising – Xercise4Less ran the same TV advertising campaign as they had ran before the launch of the new brand. The campaign runs regionally when a new club opens.
- No price promotions – gym membership prices have always been the same.
- Driven by the design, brand values and diverse brand hierarchy.
- Continued online marketing as before. Xercise4Less are now more active than ever on social media thanks to the confidence instilled by the new brand.



