

**Shopping Centers Today**

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**ANYTIME FITNESS OFFERS SLIMMED-DOWN GYMS**

By Neil Janowitz

"Oh, the gym is too expensive. It is too far away. It closes too early. And I'd be paying for a pool I'd never use." Anytime Fitness is ready to help clients eliminate both pounds and excuses through readily accessible facilities and an aggressive growth plan.

Jeff Klinger and Chuck Runyon, two longtime fitness industry veterans who had grown tired of the big-box workout facilities they were running in Minnesota and Wisconsin, launched Anytime Fitness in 2002. "Members were paying for things they weren't using, and a considerable amount of the fees were going towards upkeep of pools," said Debra Griffith, the chain's media spokeswoman and franchise consultant. "They decided to create a different model, one that offered comfort, convenience and affordability."

Their solution emerged as this concept of modest-size gyms with offerings that are anything but modest. These gyms are available 24 hours a day, seven days a week by means of a key given to members. The facilities provide an intimate feel and are deficient in nothing — users will have their treadmills, lifting machines, free weights and, in some states, even tanning services.

The staffing is on the light side, particularly during the off hours, but surveillance equipment provides security. Personal panic-button devices that summon 911 are available too. But fewer bodies on the payroll means members pay only about \$29 to \$39 per month, depending on the market. This puts Hastings, Minn.-based Anytime Fitness within reach even of users with more modest incomes, Griffith says.

Personal trainers, meanwhile, are happy because they can come in with their clients and keep all the profits, unlike in the larger gyms, which often take a cut, she says.

The chain's first franchisee was Eric Keller, who was managing big-box clubs for Klinger and Runyon in 2002 when they began pitching the Anytime Fitness franchise idea to him. "I loved it," Keller said. "I wanted to be the first." He opened that first club in Cambridge, Minn., that year. "Not to sound too cliché," he said, "but it's been life-changing." Indeed, Keller has gone on to open four more clubs in Minnesota — in Ham Lake, Isanti, North Branch and Winona.

Keller has kept strictly to the original template with each one, he says. "I haven't added anything with subsequent locations," he said. "Extra staff or unused space just stretches margins. It's all about finding populations of roughly 7,000 to 10,000 people, where the big-box centers can't compete, and being good to the community to create a good culture. We've found a sweet spot between the intimidating environment in Gold's Gym and the 100,000-square-foot, gargantuan fitness emporiums. We always used to hear from people that they didn't want to pay for a pool, because they knew they weren't going to use it. They just wanted a place at which they could park nearby, walk in, hit the treadmill, hit the weights and leave. That's why I've never gotten a complaint — people know what they're getting into, and it's exactly what they want."

Gym clients are the kind of people you want to have around your shopping center, says George Johnson, who owns Crossroads Commons, which houses Keller's Cambridge gym. "There's been a definite increase in traffic," Johnson said. "The sports store in my plaza loves it. And though we now have people coming at all hours, we've been less susceptible to vandalism, because there are good people coming and going at all times of the day. There was no need at all for a security boost."



**WORKING OUT WITHOUT THE BELLS AND WHISTLES**

Continued on next page.

The chain has grown swiftly. "Since inception, we had hoped to sell 650 clubs by the end of 2006," said Griffith. "We ended up getting to over 900." At press time the clubs numbered roughly 1,000, across 44 states and in Canada, and the chain says it continues to open them at the rate of about one per day. "The company yielded \$10 million on the corporate level, which we expect to double in 2007," said Griffith. "Systemwide revenues for all the franchises in 2006 are estimated at \$60 million. And despite emerging copycat chains, we're still the least expensive."

Griffith says the company looks for people who, regardless of professional background, have a passion for Anytime Fitness and display a formidable entrepreneurial spirit. Interested parties should have roughly \$70,000 on hand and a space in mind ranging from 1,500 to 4,000 square feet. Though anchors need not be a factor, Griffith says sites near a coffee shop, a Home Depot or a Walgreens have been popular. The one-time franchise fee is \$8,999. "We're hoping to get to 1,650 locations by the end of 2007 and 2,300 locations by the end of 2008," Griffith said.

Such projections come as no surprise to consultant Thomas Plummer, founder of the National Fitness Business Alliance, who says there's no reason to think growth will slow and that the industry is shifting from the big-box format to an emphasis on specific training. "The days of the giant Bally's model, with large gyms and large memberships, is over," said Plummer.

Contributing to this shift is the changing face of personal fitness, says Plummer. "In the past people joined gyms to solve a specific issue — say, to lose 10 pounds for a wedding," Plummer said. "Now it's about maintaining a fit lifestyle. The boomers are trying to keep up with their spouses, look better and improve their quality of life at an older age, while younger members want to maintain the fitness they already possess. It's a wonderful time to be in the gym business, particularly when you consider that only 16 percent of Americans belong to clubs. As people realize they don't already need to be in shape to come to the newer gyms, that number's going to quickly increase."

The number of competitors vying for pieces of the no-frills fitness pie seems to be increasing too. Chanhassen, Minn.-based Snap Fitness is one of these, and at \$35 a month, it is priced competitively with Anytime Fitness. It also offers 24-hour access. The company is busy selling franchises across the U.S. and is opening a gym each day, according to George Henry, its vice president of franchise sales. At press time Snap Fitness had opened about 250 gyms, Henry says.

Another chain knocking about is Cardinal Fitness, a family-run business based in the Midwest. This chain is among the cheapest out there, at \$20 per month for a membership. But Plummer questions whether it can ever truly pose a threat, because its units do not operate around the clock and it remains very small, with clubs in Illinois, Indiana and Wisconsin. "Right now they have only about 60 units, and I don't know how much expansion they want to do out of the Midwest," Plummer said.

Then there is Planet Fitness, a network of large facilities that operates on a sheer-volume basis, charges cutthroat rates and is as no-frills as one is going to find anywhere, Plummer says. "It's as low as \$10 a month," he said, "and it's pretty much for people paying to use a treadmill. But they generate immense traffic, and the owners are well-regarded in the industry."

Nevertheless, insists Plummer, Anytime Fitness is, feature for feature, probably the most serious contender.

The Anytime Fitness clubs are limited to a certain size, but they have some choice when it comes to locations. "The company gives franchisees freedom to adapt their clubs to individual markets," said Plummer. "And while I don't think they'd work in big regional malls, mainly because you don't want people roaming around at 2 a.m., they're ideal for strip centers — people use it, they're safe and they're very clean. Furthermore, since it's a target destination for clients, it's a huge driver for businesses around it. If anything, the only downside is that Anytime Fitness centers are mostly on the small side, so they have to limit what they can offer. Owners have to know what they want to provide. Of course, that size allows them greater flexibility for fitting into retail centers, so it's a worthwhile trade-off."

Anytime Fitness is working diligently to expand overseas, as well, though at this point it is unwilling to discuss any details. Meanwhile, the company is happy with its niche in small-town America, Keller says, rich as the area is in available space and people who want to drop a few pounds.