

# Gympass

## Questions

- 1. Based on my experience B2B aggregators bring new users and increase revenue. That is positive for the overall industry. My question is to B2C Aggregators where I am more uncertain:**
  - Are B2C aggregators aiming for the same members that gyms have?
  - Can B2C aggregators explain their payment model to gyms?**TO B2B Can you explain how you add value bringing new users and new revenue?**

Gympass' DNA is built on bringing together new corporate users with our fitness partners by offering physical activity programming to corporations.

The Gympass model opens another growth avenue by unlocking corporate investments and working with companies in joint programs to motivate inactive employees to start exercising. We do this globally, and at scale, directly communicating the inherent value of physical activity with the employer and employees.

Our business model is very different from intermediaries, in the sense that we are fully focused on the corporate sector, partnering directly with companies like Tesco, Sainsbury's, Thames Water, Telefonica, Sky and KPMG. We implement a corporate wellness program that increases physical activity levels amongst their workforces, thus creating a virtuous cycle in which employers reap the benefits of a more active and productive workforce, employees benefit from the company's investment and the flexibility of the platform, and our fitness partners benefit from receiving incremental users. Data from our fitness partners shows incrementality levels consistently above 80%, and data from our corporate clients show that 70%+ of their employees who joined Gympass didn't have any gym membership before joining Gympass which is why they are willing to invest with us.

- 2. Gympass boasts that it is unique because it can cover all employees across all locations? Some chains have 100+ sites all over the country. Why is Gympass any more ""universal"" than them?**

As revealed in a report by Deloitte, HR teams want a solution that can cater for varying needs across employees, locations, profiles, prices and variety of activities. Our focus is very much on large organisations - 5k+ full time employees, across multiple countries - and they need a one-stop-shop solution. It's not just about location within a country, it's about providing a solution that fits the needs of large organizations and the varied needs of all of their thousands of employees.

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- 3. Gympass: other studies running similar surveys say that the level of cannibalization is much higher than the one shown. what are these studies missing vs. yours? In any case, if 50+% of the gym members are new the remaining are cannibalized members. Does that make the price Gympass charges gyms too high to justify 'sharing' the economics of the other 50% members?**

I would have to disagree with those surveys in terms of what our operator partners are telling us. Gympass is particularly targeted at people who aren't already a leisure centre member so rather than cannibalising members by bringing them onto the Gympass platform, we are bringing new people into the sites. In fact, over 80% are new to the gym and have not been a member before. Operators including Bannatyne, Everyone Active and DW Fitness First in the UK and Dabliu in Italy all confirm this.

Additionally, given our corporate model, we do not have the same 'sharing' model as other operators may have. Our three sided marketplace means that corporations share the cost of memberships with employees, making it more affordable for employees. With this, we are able to pay partners at fair corporate rates as agreed to with operators according to their strategy.

It's an understandable assumption that cannibalisation might occur in other models but we haven't seen that. Given this, some of our partners have chosen to start with a few sites to test this theory and quickly upscale – usually across their entire estate – when they see how Gympass works in practice. You may like to see what they say themselves here (Video testimonial [Bannatyne EA](#), [Fit Active](#)).

- 4. It seems to us that Gympass offers to pay money in advance or guarantee a certain level of members to gyms. How far would the company go to sign the larger chains? if it is an obvious decision for the gym operators to join your network, why offering them these guarantees to join? What is the operator churn (after their contracts lapse) in your platform?**

Once we start working with an operator, we pull together a joint business plan to help lay the foundation to achieve positive results for the following 3-5 years of collaboration. We then apply a combination of initiatives to grow the customer base such as bringing classes to the offices of our corporate clients, exclusive live classes and webinars. Some partners need greater assurances that we will continue to grow their membership bases in the future, and we discuss this as part of the long term strategy.

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Operator churn:

We have seen very little operator churn throughout our growth as a company. We do feel that partners should do what is best for their business and create agreements that help create a long term, profitable strategy. However, at the end of the day, if we are not delivering the value we have agreed to, fitness partners are able to leave the platform. We just have not seen this happen much which speaks to the value of our business model.

## **5. What is the customer churn (after their contracts lapse) in your platform?**

Our business relies on our ability to retain our customers and we have only been able to keep expanding because of this retention. We in particular saw the value that clients see in us throughout the Covid crisis as we have retained the vast majority of our clients despite their own budget cuts AND signed over 60 net new clients. It is clear that health and wellness is top of mind for employers now more than ever, and they rely on us as their wellness provider.

## **6. Thanks for the presentations. My question for Pietro is what percentage of Gympass users go to more than one venue and also what is the average discount that a Gympass member receives compared to what they would have paid for the same venue as a direct member**

Peoples' fitness is driven by habits in exactly the same way that they might go about doing their grocery shopping. We give them options to start exercising, but once they find an activity that they like, they stick to it. Our numbers show that the vast majority of our members, over 80%, utilise one single gym.

Discount varies and can depend on different factors such as fitness partners pricing strategy, company investment and location, but we can say that we enable a discount of around 40-70% compared to regular market value. However, this is only possible because of our three sided marketplace and the investments of our corporate clients.

## **7. Is the fact that Gympass are in the USA and South America a good thing or a bad thing? Benjamin seemed to suggest it was a bad thing? But I'm not sure why!**

It's definitely a great thing. We came to Europe as the demand was there from our global clients. The same thing happened in the US, and this is a major factor that has driven our global expansion to date. It also shows that our business model is reputable and that we can provide a great service to our corporate clients, fitness partners and users in all the geographical locations that we operate.



## 8. Why is gympass focussing purely on b2b rather than b2c?

Our model is completely based on working with corporate companies to support their employees to become more active. Our business is not intermediate or an aggregate - we are bringing new corporate people to the market.

Our B2B focus is central to our value proposition. There is significant potential to funnel more investment from companies to the fitness industry, and our focused and holistic corporate approach, from integrating with payroll systems to having a dedicated engagement and activation team to promote behavior change within organizations, supports our fitness partners to capture this opportunity.

Members coming from Gympass are most frequently loyal (80%+ go regularly to the same club) and have a direct relationship with their chain/club of choice (we incentivize our fitness partners to gather the same information from members coming through Gympass as their other members in the first visit, and to include them in all regular member communication and activities).