

**NEW YORK INSTITUTE  
OF TECHNOLOGY**

School of Management



# 2021 High School Students Business Competition

Case on

## Retro Fitness, New City



This case was written by Professor Lu Huang with the help of Ashley O'Leary. It is intended to be used as the basis for the case competition organized for the students of Albertus Magnus High School, Bardonia, New York.

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# Company Overview

Retro Fitness New City is a franchise-owned gym located in New City, NY.

## What is franchising?

Franchising is a marketing concept that can be adopted by an organization as a strategy for business expansion. When starting a business, an owner can either 1) start their own business, name it, and operate it and incur all the costs (and risks) of ownership and operation and make all the decisions concerning it, or 2) an owner can choose a franchise business. With a franchise, a business owner enters into a contract with the Franchisor to use the business name, operating procedures, and marketing materials in exchange for fees.

Founded in 2004 by entrepreneur Eric Casaburi, Retro Fitness has evolved from a regional Northeast gym concept into a national fitness system located in 16 states such as Florida, Illinois, California, Maryland, New York, Virginia, and Washington, D.C. As reported by the International Franchise Association (a trade group focused on publishing data on franchise activity through a partnership with the U.S. Census Bureau), "Retro Fitness is a high value, investor-friendly fitness model with strong-unit economics and streamline operations that is on track to grow to 700 locations by 2021. A strategic membership price point of \$19.99 per month and state-of-the-art equipment attract new and experienced exercisers of all ages while ancillary offerings like Retro Blends Smoothie Bar, personal training, child care, group fitness, pro shop, and tanning create multiple revenue streams maximizing bottom line returns."

The mission of Retro Fitness is to provide a consistent and innovative customer experience for each member to realize their true fitness potential; making America a healthier place 1 visit, 1 rep, 1 mile at a time. Retro Fitness headquarter is located in West Palm Beach, FL, and has been operating as a franchise since 2006. In addition, start-up costs are \$400,000 with a total investment of \$944K-\$2M.

Retro Fitness is a low-cost, high-value fitness brand. According to the Statista survey, about 6% of consumers in the U.S. have heard about this brand name (see Figure 1), and 3% of U.S. consumers have the potential to be a member of Retro Fitness (see Figure 2).



## Which of the following gyms do you know, at least by name?

Fitness clubs, gyms people in the U.S. know, at least by name 2016

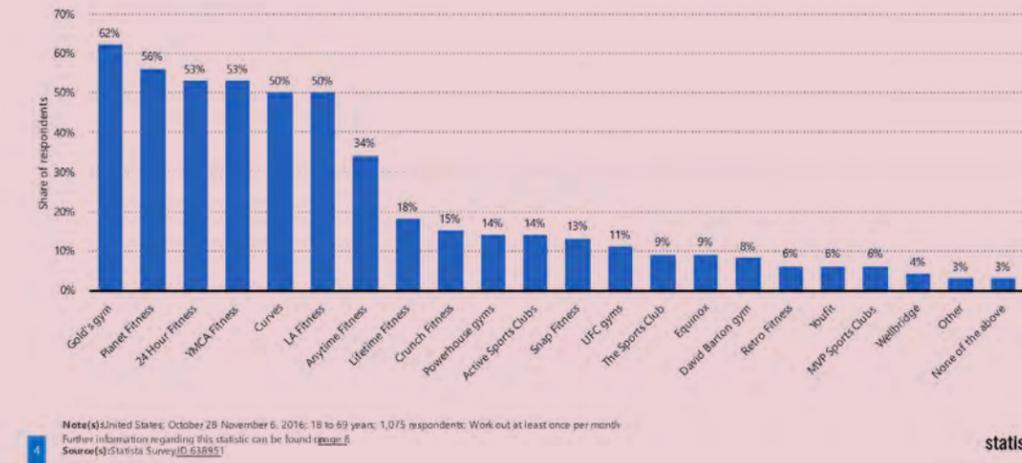


Figure 1. Knowing gym by name

## Which of the following gyms could you generally imagine becoming a member of?

Healthy/fitness clubs people in the U.S. could imagine becoming a member of 2016

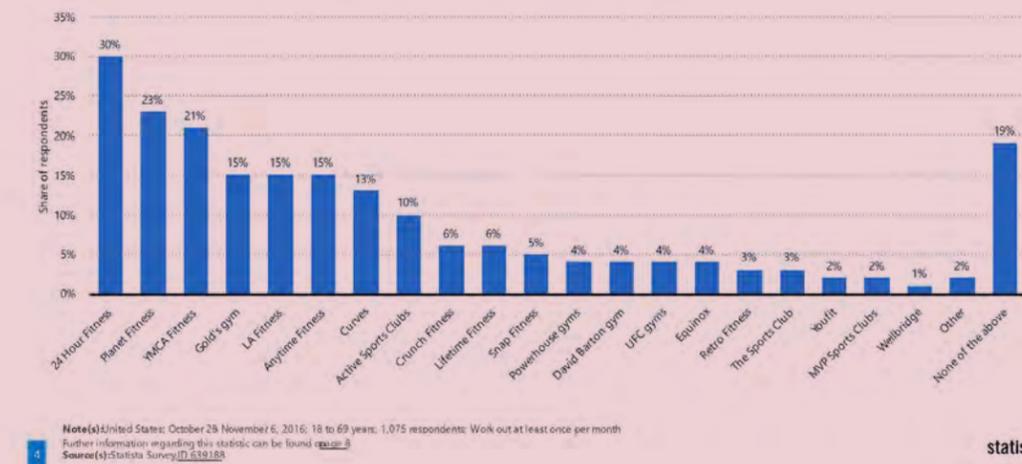


Figure 2. Imagining being a member of a gym

## Current Practice at Retro Fitness, New City, NY

Retro Fitness, New City is about one mile away from the Albertus Magnus High School and has been running in the area for about 10 years. It features “more than 150 pieces of professional equipment, Retro blends smoothie bar, cardio movie theater, endless group fitness classes, virtual on-demand fitness classes, on-site kid’s club, state of the art training, full retail shop, Retro results personal training, and free WiFi.”

Retro Fitness, New City has 12 employees, including 1 director of fitness and 4 trainers. Customers can find promotion programs on their website: (<https://retrofitness.com/location/newcityny/>). For example, the club is featuring a “15 years of keeping America healthy” promotion program in which new members can join the club with a 15 cents enrollment fee and bring a friend for free every time they visit the

club. Also, Retro Fitness New City has been actively managing its social media accounts including Facebook, Instagram, Twitter, YouTube, and LinkedIn. In specific, the New City location has 1,921 followers on Facebook, and 11,416 people have checked in there. Figure 3 shows the location of this fitness center in the New City area.

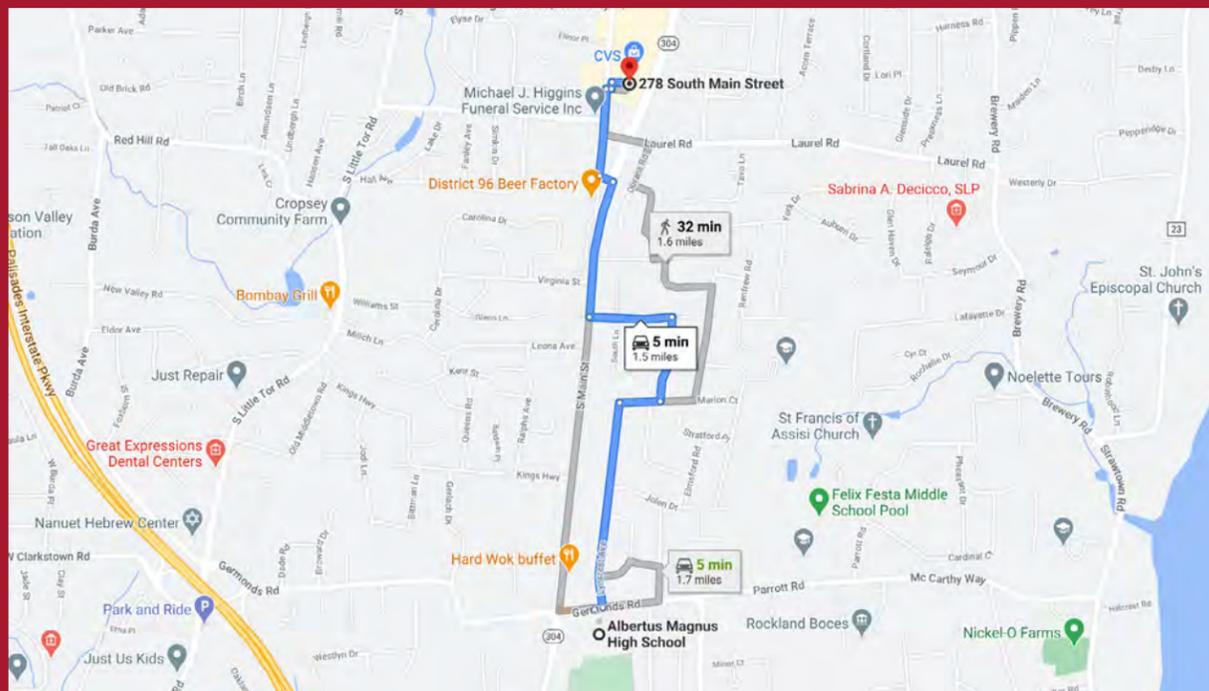


Figure 3. Location of Retro Fitness, New City

## COVID-19

Due to COVID-19, the gym was closed in March of 2020 and was able to reopen in August 2020. Currently, a customer can find an “occupancy meter” on their webpage and decides when he/she wants to go to the club. The location is fully cleaned using a special chemical designed to kill COVID within an application time of one minute. Everyone in the gym is required to wear a face mask at all time. Members are asked to bring their own face masks. However, one will be provided, if necessary. The CDC offers advice to gym and fitness center owners on keeping employees and customers safe (to know more about this advice, please visit <https://www.cdc.gov/>).

## Some Details about Media

- Owned Media:** Owned media is defined as media that a business owns and can post on without additional costs. In the case of Retro Fitness, there is media that is owned by the corporation and media that is owned by the New City franchise (for example, company websites, company pages on Facebook, Instagram, Twitter, YouTube, and LinkedIn).
- Paid Media:** TV advertising, search advertising, print (e.g., local newspapers), radio (e.g., The Shark 94.3, WBLI, WALK radio), and flyers that are sent to residential homes in the local area (but people may not want to touch flyers these days).
- Earned Media:** Earned media is any publicity that is gained. For example, the CEO of Retro Fitness participated in a TV show called “Undercover Boss”. Earned media also includes shared social media posts.



## Marketing Challenge

Currently, this Retro Fitness has about 3,900 members at the New City location. However, only 24% of members are under 25 while more than 11% of members are at the age of 65 and older.

- What strategies can be used to expand Retro Fitness New City's market share within younger age groups especially among high school athletes?

The pandemic has brought a very difficult time for gym owners. Gyms are facing a barrage of negative publicity surrounding contracting the virus at the gym (e.g., Misdary, 2020). When you design the promotional plan for Retro Fitness, New City, you need to address the following issues:

- Schools and Communities are locked down. How to target your promotional plan to high school students and their parents in the current situation?
- For safety reasons, the club is not running at the full capacity, which means the club may not be able to invite potential customers to the gym and give them a tour. How to promote a fitness center without a "test drive"?
- Many media vehicles can be used for your promotional plan. Which media outlets are best for the target audience? Do we need different messages for different media outlets?



## The Case Competition

Your job is to develop a promotional plan to conquer the marketing challenge of this case. Your plan will be judged based on your description of how the plan can be implemented, measured and evaluated. The judges will be looking for a plan that includes a audience, events and how they will be promoted using different media vehicles, an integrated marketing communications campaign for social and/or print and radio media.

For example, if you want to develop a plan for search engine advertising, what keywords do you suggest and why? What should the google ad look like? Furthermore, how do you propose that Retro Fitness, New City measure and evaluate the success of the plan? What KPIs would you suggest that Retro Fitness New City track?

## References

1. <https://en.wikipedia.org/wiki/Franchising>
2. <https://retrofitness.com/>
3. <https://www.franchise.org/franchise-opportunities/retrofitnessr>
4. <https://retro-fitness-hb-fitness.careerplug.com/account>
5. <https://www.statista.com/>
6. Misdary, Rosemary, "Coronavirus FAQ: How Safe Is It to Work Out in A Gym Or Play Indoor Sports?" NPR.org, November 20, 2020.

## Case Contributors

**Lu Huang, Ph.D.**  
Assistant Professor of Marketing  
NYIT School of Management  
[lhuang12@nyit.edu](mailto:lhuang12@nyit.edu)

**Ashley O'Leary**  
Retro Fitness New City  
[ashley.retrofitness@gmail.com](mailto:ashley.retrofitness@gmail.com)

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