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Kipp Edgington and a business partner started out with one Snap Fitness gym less than two years ago and have added four others, including this facility in German Village. Their 24-hour gyms are smaller than most competitors, giving them flexibility on locations.

## No-frills gym finds market alongside giants

**SNAP FITNESS IS** bulking up with a low-key approach, even as Urban Active and others carve out their own niche with high-energy centers loaded with amenities.

BY DAN EATON | BUSINESS FIRST

Kipp Edgington and Eric Ferch opened Snap Fitness gym near Grandview Heights in September 2008, a month before the economy collapsed.

Two years later, they aren't struggling for business, nor do they lament the timing or reduced recession spending. Edgington has been able to quit his day job as an infor-

mation technology headhunter and the pair has grown the business to five franchised clubs in Central Ohio with plans for 10 more divided among Columbus, Indianapolis and Charleston, S.C.

"This just started as a side business for me," said Edgington, who was convinced to buy in by Ferch, who already owned a gym in Minnesota.

Chanhassen, Minn.-based Snap

Fitness has grown to six gyms in Central Ohio; one is owned by another franchisee. The seven-year-old chain has enjoyed meteoric growth, expanding from 18 gyms in 2004 to more than 1,100 mostly franchised operations, including some in Mexico, India and Australia.

Of course, Snap Fitness isn't the only operator targeting Columbus. Lexington, Ky.-based Urban Active has six facilities in Central Ohio after opening a Grove City gym this year. It expects to open one at Grandview Yard this fall. Locally

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# GYMS: *Even if you get a few percentage points, that equals thousands of gyms'*

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owned Aspen Fitness Clubs opened two centers this year, giving it four, and Hastings, Minn.-based Anytime Fitness LLC has two area clubs, with two more expected. Lifestyle Family Fitness has 10 clubs, while Life Time Fitness Inc. runs two.

The cause of the boom is simple and obvious, said Paul Garbarino, director of operations for the National Council on Strength and Fitness. Americans are aging, he said, and more baby boomers are seeking workout facilities, be it big boxes such as Urban Active or boutiques like Snap Fitness.

"This is still a young industry," Garbarino said. "There's a large, untapped portion of the population out there, and even if you get a few percentage points, that equals thousands of gyms."

## FILLING GAPS

Snap Fitness sports the basic features of any fitness club – cardio equipment, free weights, weight machines – but none of the grander amenities that competitors flex, such as day care, pools or climbing walls. Spokesman Patrick Strait said its value approach is driving growth, as well as making its business model appealing.

Edgington, who opened his latest club in Bexley in May, plans to open at least two more in Central Ohio next year. He is looking at locations similar to the German Village and Upper Arlington sites, which he described as pockets of retail surrounded by residents. He said the vast majority of members walk or ride bikes to his clubs.

Strait said the company projects Central Ohio to be a 20-gym market.



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**Snap Fitness has grown to 1,100 locations through franchisees such as Kipp Edgington.**

Franchise costs are \$77,000 to \$300,000 per location, Strait said. The gyms are open around the clock, but personnel costs are low because members come and go with an entry card. Some gyms have just one employee. Edgington employs 20 managers and trainers at his five facilities, and contracts with other trainers.

Real estate flexibility helps, too. The gyms can fit into spaces from 2,500 to 6,000 square feet, which widens the market for operators. The Snap Fitness in German Village is in the former home of Haban Saw Co.; the Grandview gym operates in an old American Furnishings storefront.

Strait declined to detail sales levels for franchises, but said the chain generated

revenue of \$26.5 million in 2009 and expects to pull in slightly more this year.

## UNTAPPED MARKETS

At the other end of the spectrum is Urban Active, a former Gold's Gym franchisee that unveiled its own brand in 2007. General Counsel John Gragg said the company has opened more than 10 gyms since then, including two in Central Ohio to give it six in the area. It expects to open its Grandview Yard club in September. The Gold's Gym affiliation kept the business limited to Ohio, Tennessee and Kentucky but since shedding the relationship, it has added gyms in Pittsburgh and Omaha, Neb., and is building its first facility in

Charlotte, N.C.

"(Columbus) has been a vibrant market for our format," he said. "We feel we've canvassed the market."

The company hopes to open one more Central Ohio operation, something comparable to the smaller-format, 20,000-square-foot Grove City gym that took over a former Circuit City storefront. The typical Urban Active is more than 40,000 square feet, Gragg said, and includes extensive cardio equipment and free weights, child care, pools and plenty of group exercise programs.

Gragg said membership is strong among the 18- to 34-year-old crowd, but the business does well with older customers and is putting in more programs to appeal to that group. He declined to share sales levels.

Garbarino said industry growth has slowed since 2008, but gyms continue to be added, fueled by the dual approach of large centers – including Urban Active, the 270-gym Bally Total Fitness and LA Fitness International LLC – and by the compact-space rivals, such as Snap Fitness and the 1,300-center Anytime Fitness.

"It's like shopping at a boutique shop versus shopping at a big retail store," Garbarino said. "Both are effective. They're run by different groups with different targets and different consumers."

Different experiences appeal to different customers, he said.

"There is no right way or wrong way," Garbarino said. "It's about what fits the person. There's enough business for everybody."

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