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Marketing Plan for Ginásio Clube Português

Inês Parreira Cruz Hermínio - #1208

*A project carried out on the Management Course, under the supervision of
Professor Jorge Velosa.*

My position writing this Marketing Plan for Ginásio Clube Português is as a Master in Management student for Nova School of Business & Economics and not as an intern or employee for the stated organization, although I am currently working as a Fencing monitor and Birthday parties' animator in the Club.

In the following pages some acronyms will be used. For a better understanding of the project, they will here be explained.

- *H&F - Health & Fitness: the market this project refers to.*
- *GCP – Ginásio Clube Português: the company for which the analysis is being performed.*
- *AGAP – Associação de Ginásios e Academias de Portugal: an organization of private H&F clubs that has as objective protecting its associates' interests and rights.*
- *IHRSA – International Health, Racquet & Sportsclub Association: a trade association serving the H&F industry worldwide.*
- *E&H – Exercise & Health: the GCP's department which serves the H&F markets, thus the department being analyzed in this project.*
- *SE – Sala de Exercício: one of the E&H's services of GCP; the gymnasium itself.*
- *SAAT – Sala de Avaliação e Aconselhamento Técnico: another of the E&H's services of GCP; does free checkups and counseling to all members.*
- *PT – Personal Trainer: another of the E&H's services of GCP; individual and personalized trainings.*
- *PCO – Piscina de Campo de Ourique: the latest department of GCP which delivers to its members pool related activities; a good source of revenues.*
- *SDD – Sistema de Débito Direto: direct debit system.*

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1.0 Executive Summary

Ginásio Clube Português is one of the eldest sports club in the world. It offers a wide range of activities from age 0 to 90, divided in a sportive, an H&F and a pool offer, not forgetting an extensive non-sportive offer. Within our catchment area, GCP represents 23.1% of the market, constituted by five major competitors. The H&F activities represent around 57% of the Club's revenues, and are essential to finance the sportive offer, between other expenses. Since 2011, our target year, GCP went from 3.390 to 2.846 active-members in H&F memberships, jeopardizing the financial stability of the Club.

In order to regain those 19% lost members in a three year time frame, we will implement different measures which will target former member, current non-active members, members' family and friends and our geographical neighbors, segments which marketing research proved to be a better option.

For that, marketing research was performed, both secondary and primary research, constituted by in-depth interviews to members and former active members, as well as expert interviews, an awareness analysis and field research.

Our strategy will pass by adjusting our marketing mix. New pricing strategy and promotions will be implemented in order to attract and retain members. Complementary services considered essential, like parking, will also be our target, as well as the creation of new services and memberships and the extension of previously restricted ones.

With these implementations, we will reach, at least, the 3.390 active members with a gross margin NPV of 3.271.432,57€, getting closer to be the preferred brand for H&F in our catchment area.

2.0 Situation Analysis

In this first chapter, the current situation will be analyzed, in order to increase the number of members of the E&H department. This department delivers an extended offer of top H&F activities to an age range that goes from 14 to 90 years old. Customers may join one of our special programs, construct a training plan in SE with our specialized trainers, have a PT or either participate in any of the group classes. What makes this service a top service is the 100% commitment of our trainers and staff in achieving goals and creating a trustful and familiar atmosphere so characteristic of the 138 years of GCP's history. See Attachment 1 for detailed information on GCP.

Currently, the number of members in the Classic and Gold monthly fees are dropping and, with it, precious revenues which support other areas of the Club, since it represents over 50% of the Club's revenues.

2.1 Market Summary

Based on a GCP previous research and its Marketing and Sales Director, Hugo Oliveira, the H&F market in Lisbon represents about 43% of the Portuguese market, characterized by equal gender distribution and a wide range of ages. Well-being, either physical or mental, is discovered to be the primary need¹. Trends in the market majorly follow the need pointed. Nevertheless, this market is yet developing. Crossing the low penetration rate with the prediction of the percentage of population which does some kind of exercise, it is reasonable to assume that this market has limited space to grow.

2.1.1 Market Demographics

GCP is based in the center of Lisbon, Portugal. The Portuguese market is characterized by 1.400 clubs and 600.000 members². Lisbon represents around 43% of this market³. Thus, it is fair to guess that there are around 602 clubs and 258.000

members in Lisbon. With 2.846 active H&F members⁴, the Club represents around 1.1% of the market, a scenario which represents space for growth. Demographically, H&F's members are almost equally distributed by gender. Regarding age, baby boomers (1946-1963) have the highest retention rate and young adults are the most active. Moreover, around 40% of new members have never enrolled in a Club⁵.

2.1.2 Market Needs

Well-being or lifestyle quality is perceived to be the need for our service, as stated in the in-depth interviews⁶. However, some point out that well-being comes mostly from fixing body related issues, like extra body fat. By gradually defining challenging but attainable training objectives and improving their condition, the motivation and confidence increases, enhancing well-being. Meanwhile, some mainly point out the urgency for the experience itself, making the H&F facility a valid option to spend their spare time in a social environment, a mental well-being enhancer. The versatility of GCP reflects, then, a major opportunity in satisfying these needs.

2.1.3 Market Trends

The most relevant trends in this market are directly connected with the identified market needs, our population lifestyle and socio-economic conjuncture.

Age-appropriateness and special programs: currently, obesity is a reality for 10% of the Portuguese population⁷ and is fairly represented on children. Also, about 52% of the population has, at least, one chronic disease and 26% two or more, tending to rise, according to the President of the International Chronic Disease Forum. Baby boomers and children are age segments which are becoming more and more demanding.

Convenient Fitness options: wide schedules and opening hours, family clubs that match families' schedules and needs, wider range of prices and lower barriers to entry⁸.

Social exercise: people are looking for unique entertainment experiences for their spare time. Popular and trendy group programs with a fun background. Specifically, Padel is a growing trend in Portugal that reflects that social component.

Technology: use of popular fitness motivating technology, like interactive workout programs, progress tracking or even healthy competitions, like Nike Plus. Also, it is useful in preventing injuries and knowing ones' limits.

2.1.4 Market Growth

In Portugal only 5.7% of the population engaged in the H&F market, by 2008. Note that this number hasn't showed much variation from 2008, according to AGAP, due to various factors. On the other hand 65% of the European population does, in fact, some kind of exercise, although not signed in an H&F club⁹. Crossing that information, with the high turnover of this market¹⁰, there is clear growth opportunity, although contained in the next years.

2.2 SWOT Analysis

The following will access GCP's internal factors, strengths and weaknesses, as well as the opportunities and threats that surround in the external environment¹¹. The main strengths focus on the high perceived quality and diversity of our main service offer, allowing us to overcome weaknesses like bad accessibility. Externally, the predisposition of the population to this kind of activities is an opportunity and the rising amount of competitors is a threat. Refer to Attachment 3 for a visual representation.

2.2.1 Strengths

Service excellence: for 138 years, GCP has been serving in a specific way that is acknowledged and appreciated by its members, being a top service, according to

Carvalho Dias¹². Through the accumulated knowledge and excellent professionals, GCP got to be a trustful brand. Moreover, it has a good perceived quality/price ratio¹³.

Wide service offer: it has over 500 classes a week and activities for everyone from age 0 to age 90. It is perceived to have a good range of activities and schedules. Moreover, it is able to match the different family members' schedules and needs¹⁴.

Sports Club: the environment is characterized as a safe, familiar and healthy one¹⁵, serving the whole family. As a Club, its main goal is to serve its' members, and not profitability as private H&F clubs.

Fiscal benefits: has an institution of public utility, GCP benefits from not charging the 23% VAT to which all private clubs are obliged.

2.2.2 Weaknesses

Bad accessibility: although we are located in the center of Lisbon, the accessibility to the headquarters is difficult because of the lack of parking places¹⁶. Also, the pool not being in the headquarter makes it inaccessible for the majority of the members since it is not in the customer purchase radius.

Poor use of technologies: sports' technology, like interactive screens in machines, is an innovative area which we are not fully exploiting as an attraction tool, considered a trend for this market. Furthermore, GCP's web page is poorly developed, creating a gap in communication¹⁷.

Pricing strategy: GCP has a mandatory annual membership fee and narrow price fences, denying this choice to some segments, like families¹⁸. Also, extra services are not included in the tuitions, reducing GCP's power in comparison to others¹⁹.

2.2.3 Opportunities

New technologies available: luckily, the sports technologies' market is presenting good alternatives as an answer to that trend.

New trendy programs available: as an example, Padel is currently a trendy program which is experiencing a remarkable growth in Portugal. By absorbing these new trendy programs, GCP could share their growth.

Market Potential: being the H&F penetration rate is 5.7%, there is clearly space to grow.

2.2.4 Threats

Increased competition: in fact, people are willing to work out, but in this economic situation, price is definitely a question, making budget competitors and outdoor workout a threat²⁰.

Lack of time: through in-depth interviews, it is possible to understand that time has become central nowadays, since it means money²¹. Thus, people have less and less time left to fill up with hobbies and are not willing to pay for what they do not value.

2.3 Competition

In this competitive analysis, the different types of competitors will be defined, allowing for a better perception of the market. This analysis had as a basis a market hierarchy driven by the well-being benefit. Refer to Attachment 4 for visualization.

Direct competitors: since location is a critical factor in the choice of consumers it is important to define which H&F clubs are considered close enough to be our competitors. After analyzing this issue (see Attachment 5), in our catchment area are Holmes Place Amoreiras, Fitness Hut Amoreiras, Virgin Active Palácio SottoMayor and Clube VII, due to their characteristics. Refer to Attachment 6 for a comparison grid.

- Fitness Hut is a low cost market-changing club model, born in Portugal, which is facing remarkable growth. It has weekly payments and the possibility of training in any of the chain's Clubs, allowing for flexibility and a low justified price, for a basic quality offer. Moreover, it has extensive use of web and technology. Special programs are undeniable strengths²². With around 4.000, members, Fitness Hut has an estimated market share of 30.8% within our catchment area, of around 13.000 members²³.

- Holmes Place is a franchise born in USA and brought in the late 90s. The facility in Amoreiras is a mid-market fitness club that offers a good and quality range of activities for a medium price, as well as the possibility of attending to any of the chain's clubs, upon payment. As a franchise, the service did not fit the Portuguese population's needs, and is much seen as a "factory" type of club²⁴. With around 1.500 members, Holmes Place Amoreiras has an estimated market share of 11.5%. Moreover, HP is the one with the higher brand awareness results. See Attachment 12 for awareness analysis.

- Clube VII is a premium H&F club which has the highest prices, of this range of competitors, justified with top service and facilities. It has a very good outdoor area which is definitely a strength. With around 1.500 members, Clube VII has an estimated market share of 11.5%.

- Virgin Active is a premium H&F club which is gaining popularity within the Portuguese market. Its facilities are considered to be a major strength. It is completely centered in allowing its customers to fully relax and enjoy their workout time with a top service. Plus, Virgin Active has every service available included in the monthly fee apart from towels and PTs²⁵. However, the lack of extra services is considered a weakness. With around 3.000 members, Virgin has an estimated market share of 23.1%.

Indirect competitors: the relevant indirect competitors of GCP, as an H&F facility, are majorly body care facilities and outdoor activities, like running and walking outside. Moreover, sports clubs are an indirect competitor, however they will not be considered since no sports clubs exists in our location.

- Body care facilities and medicines are an easier, but more expensive, option for the ones wanting well-being by solving specific body issues, like extra fat and muscle toning, major reasons to join an H&F facility²⁶. Also SPAs are included in this category.

- The population which does some kind of physical exercise but is not engaged in the H&F market pose as a major competitor, since it is a budget option.

2.4 Service

To achieve service excellence we must outperform in dimensions our customers value the most and perform poorly in dimensions they value the least, convincing them that what they need is something we already have²⁷.

Analyzing the expert interviews together with the testimonials of some customers, the most valued dimensions for decision-making, in this industry, are price, quantity and quality of the sportive offer, followed by convenience, meaning broad schedules and opening hours, as well as no retention measures, paired up with parking conditions. Last we have quantity and quality of the non-sportive offer. Comparing to our competitors, we outperform in the sportive offer, as well as the non-sportive offer. However, when it comes to the flexibility and parking, we clearly underperform. In Attachment 7 the current and future comparative attribute maps are represented.

2.5 Key Success Factors

KSFs are important factors which are required in order to accomplish one, or more, desired goals²⁸.

Service quality: in order to differentiate, service quality is essential. In an H&F club is essential to have a good system installed so that customers' goals are achieved.

Convenience: let's not forget, however, that people have limited time schedules and, more and more, less spare time for hobbies. Thus, wide opening hours, a class filled schedule, easy parking and children's drop off location are some convenience facilitators which are appreciated and needed.

Justified price: customers evaluate price according to the service usage. The price of a service must be justified by its quality, service offer and usage, bearing in mind its target market characteristics.

2.6 Channels

In addition to the conventional direct selling, online selling has proved to be an important and relevant channel, as seen by Fitness Hut progress in that area. Technology is becoming an important tool for the everyday life, thus there is the urge to use it, not for sales for GCP but for communication and retention.

2.7 Macroenvironment

Economical factors: recessions always have serious implications, being one of them the decrease in buyer power. In this case, entertainment activities, such as H&F, are the first to be cut off of the family budget, especially the ones for adult members.

Fiscal policies: as an entertainment activity, H&F is subject to the 23% Value Added Tax. Although this tax does not apply to GCP because of its status as a public utility institution, fiscal policies may harm this sector.

Technological factors: as mentioned before, sports technology is a growing market. Thus, significant changes may arise from it to the H&F market.

3.0 Marketing Strategies

Our main objective is to become the preferred brand in our catchment area. The market strategy in order to attain the ultimate goal will be to attract customers and retain them, which will be associated with profitability and sales revenues' goals. The following chapters will explain each of the elements that compose the overall strategy.

3.1 Mission

A well defined corporate mission provides employees a shared sense of purpose, direction and opportunity. It also unifies the company despite of geographical dispersion²⁹. GCP's mission statement is clear and simple, "The member's well-being". If modified according to our customers' needs and market trends, as well as the company competitive scopes, the new mission statement should look like "To provide top quality sportive activities in a warm, trustful, flexible, caring and enthusiastic atmosphere which will enhance the member, its family and friends' well-being". Note that GCP offers not only H&F, but a wide range of activities.

3.2 Marketing Objectives

Marketing objectives will have a time frame of three years and are small parts of the major objective defined for year three: to, at least, reach the number of active members of 2011, a good year for GCP, which had 3.390 active members. In order to keep regular control on the progress and be able to quickly redefine our objectives, if needed, the SMART objectives methodology will be used³⁰.

Annual growth of active-members: each of the three years, there must be a 6.3% growth, to reach the 19.11% (from 2.846 to 3.390 members) in the end of year three.

Enhance brand awareness in the H&F category: comparing our direct competitors, GCP comes second in recognition, however is only ahead of Clube VII in

top of mind and recall, for H&F. Thus, by the end of year three our recall must arise to 50% from the current 17.4%, together with 10% in top of mind analysis and first in recognition within our competitors. See Attachment 12 for an awareness comparison.

3.3 Financial Objectives

Financial objectives must be in accordance to the marketing objectives, serving the same primary objective³¹. These objectives are defined for three years.

Sales revenue growth from the H&F activities: attain at least a 5% annual growth rate in sales revenues from E&H activities. This approximate growth is the reflection of the expected growth in active members.

Profitability: the goal is to increase the gross margin by, at least, 5% annually, allowing for an increase in cash flow.

3.4 Target Marketing

In order to fully absorb, and use in our favor the market complexity, multifactor segmentation is used³². Thus, the market will be defined according to geographic, demographic and behavioral or psychographic segments.

Geographic: since location is a decisive factor in this market, people who live or work in a radius of less than 1km, are considered to be a key segment.

Demographic: the H&F market has been raising limits, thus people from 14 to 90 years old, looking for well-being through regular physical activity, are now our key segment. Income is an important variable, since ours is a medium income service.

Behavior or psychographic: also due to our tradition, people looking for a community and familiar environment, typical in a Club, as well as guaranteed quality, are key segments. Majorly, our customers are looking for enhanced well-being.

Summing up, our key target market is everyone from 14 to 90 years old, is looking for well-being through regular and guided physical activity, is our neighbor, and is looking for a familiar Club environment allied to guaranteed quality.

3.5 Positioning

Positioning is an attempt to manage how potential customers perceive our service, selecting the most important variables and benefits to highlight³³. There are two main approaches to positioning, the competition-based and the consumer-based approach. Our approach will be the competition-based perspective, which entails informing our brand's category followed by the points of difference³⁴. The positioning statement is the simplification and, at the same time, the communication of the positioning, through a brief description of our target market, frame of reference, points of difference and reasons to believe. Our position statement is defined as followed:

“For our neighbors from 14 to 90 who elect physical activity as their preferred way to enhance well-being [target market], Ginásio Clube Português is a brand of H&F activities [frame of reference] that offers a wide range of activities with guaranteed top quality in a familiar environment which, together, will enhance your well-being [points of difference], since it is a Club and has 138 years of experience and awards and a massive offer of over 500 classes a week from age 0 to 90 [reasons to believe].”

In order to draw the perceptual map, two of our points of difference were considered and compared to our competitors, in Attachment 8.

3.6 Strategy Summary

After accessing the H&F market and our current situation in it, areas of particular important focus in order to attain the proposed goals have been discovered. The major areas of action will be within the service, price and promotion. New services

will be created and increased convenience will be provided to our customers. The price menu will be adjusted to market needs and perceptions and promotion will target not only attraction but also retention. Refer to Attachment 9 for the OGSM-framework.

3.7 Marketing Mix

The distinctive nature of service performance, especially aspects like customer involvement in the production of the final output and the time factor, require that more elements are analyzed to capture the nature of it³⁵. As such, the seven elements of the services' marketing mix will be assessed.

3.7.1 Services

The marketing mix begins with creating a service concept that will offer value to target customers and satisfy their needs better than competing alternatives³⁶. Our core services are the main H&F activities, group classes, SE, special programs and PCO. These activities respond to our customers' primary need, when searching for our service. On the other hand the complementary offer is mainly adding value to our proposal through useful enhancements, and sometimes helping customers to use the core services properly and effectively. These complementary services are the remaining sportive offer, PTs, SAAT and our partners on the non-sportive offer, like sauna, nutrition program or the bar/restaurant. See Attachment 10 for a graphic representation.

The main changes will act on our core services. Firstly, hydro-gymnastics classes at PCO should be included in the memberships which allow for the free use of the pool in limited hours, the Gold and the Classic memberships, in order to keep up with competitors, improving customers' experience as pointed in in-depth interviews³⁷. However, members could only attend to classes on the limited schedule for the free use of the pool. Second, a new membership should be created, the Basic membership, which

would include the classes that the Classic one includes, but not the SE, not the use of PCO nor the Sauna and Turk Bath. This new membership will allow us to reach another segment, since some of our members do quit due to financial distress³⁸.

When it comes to complementary services, our strategies should embody the fact that GCP is a Sports Club, one of our major strengths. Thus, the first strategy is to deliver a new trendy and motivating activity, which will enhance our customers' experience: Padel³⁹. The fields' construction cost is low, around 22.000€ each, but the most attractive factor is that maintenance is 500€/year each at most, mostly in lighting, which GCP already has.

The last strategy has to do with one of the most important complementary service which should help customers in the use of the core service by allowing for convenience: parking. Currently, this service is a weakness of the Club, contributing for a bad experience and leading some members to quit⁴⁰. In three years, we are expecting to have built an underground parking, with high capacity⁴¹, however, it is not healthy for the Club to have the same poor parking system until then. Thus, as a short-term solution, our proposition is to restore the agreement with the underground parking of Páteo Bagatela, in which our members get a discount whenever they park there. A system of no charges for the first hour with an exponential growth after is preferred, to educate customers, actively involving them in the service. Note that GCP would also assure the payment of the second hour, since that one is not covered by Páteo Bagatela. Moreover, GCP private parking would follow the same system.

Since each of the marketing mix elements aren't effective on their own, in the next chapters the remaining will be assessed.

3.7.2 Price

A key to effective pricing is to have it in sync with the other marketing mix's elements, in order to be capable of choosing only the feasible strategies. Thus, pricing strategy should create a consumer's incentive to buy and the firm's incentive to sell⁴². We will use the value-based approach, instead of the competition-based pricing.

Different segments value offers differently thus, by using a price menu we are able to serve more segments. With the creation of the Basic membership, we are also embracing and gathering the customers who want to pay less, with access to fewer services. This way, we will be capturing more value and delivering more value to our customers, "filling the house" and not "leaving money on the table".

Another important part of pricing is defining the terms of the exchange⁴³, meaning the price metrics. The price metric that makes more sense is to offer an annual membership, either for a bigger or smaller service bundle, depending on memberships.

Price fences are fixed criteria which customers must meet to qualify for a lower price when value differs between customer segments even when all the features and benefits are the same⁴⁴. Currently, GCP uses age, time schedules and occupation as fences. Meaning, over 65 year-old members have discounts under identification. The same for off-peak and corporate users. Again, because being a Club and having a familiar environment is one of our major strengths that should be reflected in the strategies taken. Moreover, the majority of the interviewees for the research mentioned they joined the Club with, or because, their friends and/or family⁴⁵. As so, new fences should be created, in addition to the existing ones. The first would benefit group signups. Thus, each group of six friends will be able to sign up at the same time, or resign, with a 20% monthly discount, the Wolf Pack membership. This discount will only

be on while every member is in the “wolf pack”. Second, for each two friends who became members in any of the H&F memberships, the current member would get a reduction in the next payment equivalent to one month of the tuition (in the SDD payment option), and the friends will get free signup. The last would benefit families, by augmenting the 5% discount on minor siblings for direct family members also, since one of the quitting reasons is the lack of buying power, especially for a family⁴⁶. See Attachment 11 for further details on current and proposed pricing.

3.7.3 Promotion

No marketing programs can succeed without an effective promotion campaign. Informing, educating, persuading and reminding our customers of our service are essential tasks for the achievement of the planned objective⁴⁷.

Firstly it is important to define our goals. The major marketing goal is raising and retaining our active members in around from 2.846 to 3.390, increase margins in around 6% a year and rising brand awareness.

The primary target audience to which our campaign is going to be directed to is our members’ family and friends which do some kind of physical activity, since they already have the category need and we can use the member as an initiator and influencer. A secondary phase will target BL (brand loyal) non-active members. Targets must be, at least, in the medium income category. Once again, we must take advantage of our status of as a Club and try to gain the market share mainly from the inside.

Bearing in mind our renewed positioning statement and the I-D-U model of benefits⁴⁸, the aspect that we must mention in our campaign is the wide range of trendy activities for all with guaranteed quality, emphasizing that we are a Club (social

approval) and a well-being enhancer (sensorial gratification), however omitting the extra services' not so good conditions.

Communication objectives are enduring mental brand associations, created in the minds of current or potential consumers⁴⁹. Our communication objectives will be generating brand awareness and attitude. Regarding awareness, recall is our focus since it is prior to purchase, meaning first comes the category need and then the brand is recalled. The second objective is attitude, which is the buyer's overall evaluation of a brand with respect to its perceived ability to meet a currently relevant motivation⁵⁰, in this case positive motivations like social approval and sensorial gratification. For the primary target audience, members' family and friends, the objective is to increase recall and create and increase attitude in order to reach, at least, 90% until year three. Since the secondary target is already BL, meaning are members but not active ones, awareness will be only to increase top of mind to 10% and to maintain attitude, since our non-active members have already high brand attitude levels⁵¹.

Going on to the creative strategy, it is first necessary to position ourselves in the Rossiter Percy Bellman Grid. In our case, it is a high-risk "reward" purchase since it is high-involvement, due to the relatively high cost involved and motivations at stake, and it is transformational, since it relates to positive motivations. The creative tactics needed for awareness help link the brand to the need while the creative tactics for attitude help persuade the target audience that your brand is the best alternative to satisfy that need⁵².

Our main campaign will be a social media and digital campaign, mainly directed to our primary target audience, but also the secondary one, since it is a brand attitude enhancer. People's main goal on social platforms is to connect with other people, not companies, and that is where our plan is going to focus: reducing costs or increasing

willingness to pay by helping people establish or strengthen relationships doing free work on the company's behalf⁵³. Bearing this in mind, the first stage of the campaign is to develop a new web site for the Club, in order to enhance brand awareness and communication. The web site must be attractive, since as a high-risk "reward" purchase there is a focus on image and emotional authenticity. The second stage is to enhance the Facebook page of the Club, making it a good social platform of the Club. Step three is to create an insider annual contest "GCP, O Desafio", which is constituted of monthly thematic challenges in Facebook. For example, to win in the first month, members needed to post daily pictures of themselves going to train, hastagging GCP in their posts; in the second month wins the ones who gathered the biggest training group, again hashtagging and posting on GCP page. Monthly winners would win merchandising items and the annual contest winner would get a 50% discount on the next year membership. By using owned media, like the web site, we are creating a long term relationship with our customers.

Also directed to our primary target audience, with the objective of increasing awareness, are Open Days, where members can take their friends and/or family for a trial. Promotional actions represent a big advantage, since we are using loyal members as a presenter to potential members. Those are the perfect presenters because they are close to the potential members, following the VisCAP model⁵⁴. In those actions, emotional authenticity is a must, over claiming the category benefits in a unique way; the action must trespass well-being and the sense of Club and experience. To ensure members actually take their peers, Open Days must be part of "GCP, O Desafio", for example, the member who takes more non-member peers to this promotional action, and posts it on Facebook, will win merchandising items or a massage voucher.

Lastly, traditional advertising, through pamphlets directed to our secondary target audience (non-active members) should be done. Pamphlets must be clear and informative and, at the same time, likeable and attractive. These will act as a category need reminder, informing members of the new offers and inviting them to visit the facilities, since it is important to keep in touch with our BLs. The pamphlet's message should contain phrases like "A sua visita e opinião é importante para nós! Apareça no GCP e fique a saber das novas condições que temos para os nossos sócios", reinforcing how important they are to us.

Following Open Days and the pamphlet distribution, personal selling actions should take place. Phone calls to our non-active members and to our members' peers who attended the Open Days should be made, inviting them to revisit the facilities and deliver them the best solution possible regarding their needs.

The last step on promotion is tracking and controlling. Our main trackers will be the number of "likes" on the Facebook page, for the social media campaign. Surveys at time of enrollment are also good trackers which allow us to see which measures are being more effective. Usage rate will also track the app campaign as well. Overall, the variation in active members is the major tracker for our strategies.

3.7.4 Place (Channels of Distribution)

Delivering a service involves decisions on both place and time which depend on the nature of the service being provided. Services can be delivered by the own company or through intermediaries, in order to facilitate the user's search or reduce the company's costs⁵⁵. Regarding place, our services can only be delivered directly and either on our headquarters or the pool, depending on the type of activity wanted. In the near future, our H&F activities will be also available in Porto on a corporate agreement

with EDP. The option of home service delivery is available and gaining popularity in other countries, however in order to fully take advantage of our environment, this option will be put aside for now.

Our complementary non-sportive offer is delivered by our partners, although it is also delivered at the club, to concentrate offer and reduce user's search, improving schedule flexibility.

3.7.5 Process

A process describes the method and sequence in which service operating systems work. Good designed processes save time, create good experiences to our customers and strengthen their relation with the brand⁵⁶. Our main processes are intangible actions, since they consist in prescribing and assisting trainings, and information processing, counseling and goal seeking strategies. Thus, ours are high-involvement processes, since the service cannot be created without the customers' active participation and they have the ability of jeopardizing the quality of the service output⁵⁷. As a high-involvement process, fail-safe methods must be created in order to avoid treatment errors. For that, GCP delivers BTSs (Body Training System) for most of their classes; meaning classes are bought in a universal and trendy format which eliminates part of the error probability when planning and delivering trainings. It is important to bear in mind that the first impression affects customers' evaluation of quality during later stages of service delivery, meaning our main desk has a primary role in our service delivery⁵⁸. Thus, constant training actions should continue to be provided.

Because customers do not just consume, but also participate in the delivery, and they are not always so good at it, it is important to manage our customers, in order to deliver the most suitable service possible and increase loyalty⁵⁹. Thus, we need to

ensure rewarding and appraise good performance constantly, increasing efficiency and motivating customers, reducing the risk of abandon⁶⁰. This rewarding does not need to cost money to GCP, instead it may come in the way of the desired well-being, meaning if they actively and neatly participate in the service delivery they will actually enhance their well-being, being appraised for that. Thus, our professionals must be focused on goal achieving, in order to improve our members' well-being. In Attachment 12 it is visible the service blueprint of our H&F department.

3.7.6 People

The encounter with service staff is the most important aspect of a service. It is a source of differentiation and competitive advantage and important driver of customer loyalty⁶¹. Thus, we must not discard this front line contact, but instead improve it to gain advantage. The net-promoter score (NPS) is the percentage of customers who are promoters of a brand minus the percentage of detractors that we get by asking customers how likely it is that they would recommend us to a friend. Firms with higher net-promoter score constantly capture most of the market growth and have the highest rates of customer loyalty. Thus, monthly NPS surveys should be applied to random customers. Based on this, and aiming to build service excellence, we will act on employers' management and culture⁶².

The goal to excellent service organization is to deliver outstanding results with average employees. Thus, employees must be reasonably able and motivated to achieve excellence. Selection, training, job designing and performance management are some of the elements that constitute employees management systems and must be internally consistent and aligned with the rest of the service model. Starting with selection, the decision is between aptitude and attitude, since high scores on both make a “star

employee”, which are very expensive. Thus, when selecting, GCP should avoid choosing the edges, meaning neither 100% aptitude 0% attitude nor backwards, but an average of both, since service quality is definitely important but not more than a good attitude that enhances the Club environment. While selecting and training, there must be a cultural imprinting of the Club environment and mentality and a clear definition of what traits they must meet in order to deliver the quality service searched by our customers. Job design helps reducing task complexity through an intuitive and clear design that matches the people who are doing those jobs, like BTSs for trainers or user-friendly systems for reception staff, allowing them to focus in nothing else than service delivery. The performance management system is the last step of the process and consists of creating incentives and disincentives to specific actions and behaviors, motivating employees⁶³. These incentives can be monetary or either on a recognition and status basis, which are, sometimes, stronger than the monetary ones and less costly to the company. Incentives and disincentives will depend on the NPS monthly scores. The performance management must be internally consistent and integrated in the business model. It is important to look for gaps between operational complexity and employer sophistication, in order to quickly act, changing either the people (training and selection) or the job (job design) to attain service excellence.

Uncommon service is achieved when great organizational design meets a culture of service excellence. Luckily for us, culture is our major strength. It is important to clarify the organizational culture which will lead the company to success. Secondly, signaling the norms and values that embody that culture is essential, especially during the first days of work or training (imprinting), in order to have the whole organization in the same page. Finally, the values we talk must be present in the actions we take in

every part of the organization. Refer to Attachment 13 for the company's culture in more detail.

3.7.7 Physical Evidence

Unlike products, services have a high degree of uncertainty regarding the outcome, since it cannot be seen, tasted, felt, heard or smelled before they are bought. Evidences of quality taken from place, people, equipment, communication material, symbols and price are, then, important inferences that reduce uncertainty by "tangibilizing the intangible"⁶⁴.

Place: both, exterior and interior, as well as the pool's design must be consistent and aligned with the brand's culture and service experience communicated. Thus, the exterior must be renewed so that it reflects the inside and the benefits of being a Club and a trustful well-being enhancer⁶⁵.

People: our employees are our face, thus they must fully reflect our top quality service and our familiar and involving environment. Meaning, they must be efficient and caring. Moreover, every employee, but the group classes' professors wear a uniform, which are different from each other depending on their functions, so that everyone could be easily identified.

Equipment: fitness machines and apparel are of an extreme importance to the quality of H&F activities, requiring constant maintenance and control. Also, tourniquets must be in perfect conditions every day, because the mal functioning of these implies no control on entries and exits, cues and no control on the parking, reflecting poor quality.

Communication material: all our communication materials, like pamphlets, web site and app must be consistent between them and aligned with the communication objectives all the times. Moreover, it is important to carefully control the web site and

Facebook page since those are the most used and important communication methods, if used correctly.

Price: transparency is guaranteed through our prices, since we openly communicate our fences and prices. Moreover, our prices assure more flexibility to our members, since they are awarded for bringing their family and friends.

3.8 Marketing Research

Any research has some limitations to it. In this case, the main limitation is that I am not a professional researcher. Second, it is important to state that the sample size does not fully represent the universe. On the other hand, in the in-depth interviews' filters (questions posed to interviewees prior to the interview in order to see if they qualify for it), one fake brand was inserted as a trap and as a veracity guarantee.

The marketing research was conducted bearing in mind the framework of Malhotra and Birks⁶⁶. The research design applied was a secondary research, mainly constituted by IHRSA reports, Club's previous research and academic material, followed by a primary research constituted by exploratory research and descriptive research with a single cross-sectional design and expert interviews. The research intended problem identification, business trends research, and problem solving, segmentation and pricing research.

The first stage of the primary research was three expert interviews with the major goal of understanding the market. Following was the qualitative research: fourteen in-depth interviews were conducted to current active members of the H&F department of GCP and former members, in order to gain insights on a variety of subjects. The last stage of the research was a quick awareness survey to 157 respondents, on recognition, recall and top of mind. However, only 149 surveys were

able to be analyzed due to lack of responses. Refer to Attachment 14 for detailed information on marketing research.

4.0 Financials

Please refer to Attachment 17 for the financial analysis.

5.0 Implementation and Control

The final step of the marketing plan is implementation and control. This will allow us to keep track of the ongoing performance and change our action routes, if needed. Implementation starts in January with all actions. The parking agreement will last for the entire time schedule proposed (three years). The construction of the Padel fields as well as the exterior improvement and the web site construction will be taking the first two months. The advertising measures like pamphlets will have three stages separated by a year with no-action periods in order to let people settle. Open days will be done in the beginning of each advertising period. Surveys, either to customers and employees, as a measurement tool will be done quarterly, together with an annual evaluation of employees. For further detail, please refer to Attachment 18.

Six months after the beginning of the implementation a review to the market and results of the plan will be executed. Should this review be unfavorable to that expected results, a detailed analysis will be performed in order to find the gap in the process and correct it. In case it happens, another review will be performed six months after the corrections are applied. As a contingency plan, and in order to still be able to maintain the Club's margins, GCP will need to gain more management concessions like the PCO and the agreement with EDP in Porto, financing its activities and investments.

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6.0 Attachments

Attachment 1: History and Services

Ginásio Clube Português was founded in 1875 as an amateur Sports Club and had a primary and innovative role in physical activities and sports, has a reference in sports in Portugal. It is the most eclectic Club in Portugal and one of the elder in the world. With over 40 awards and distinctions, GCP is recognized for its top quality in initiation, competition, representation and H&F, with the goal of train people to sports, exercise and health.

Our services are divided into three major areas: sports activities, H&F activities and Pool activities. These activities have different membership options which vary on the price and activities available (see Attachment 2 for further detail). The sports activities comprise initiation, competition and representative classes. These activities are the most representative ones of the Club's tradition and reputation, since each year we have over fifty national champions within a wide range of sports. However, this department represents more of a cost to the Club, since competition classes absorb more than what they gain. The memberships for these activities are Star, Baby and Kids. The PCO is the newest department of GCP result from a contract with the City Hall for the pool management in 2009. This was a major achievement, widening the range of activities GCP offers, increasing its power. The H&F activities represent the major source, around two thirds, of the Club's revenues, and illustrates the brand's mission, "The member's well-being". The E&H has a wide range of activities available to our members.

SE: it is a specialized treatment activity in GCP, which offers every member the possibility of booking periodical, free of charges, training sessions. It has top of the line

equipment, either in the cardiovascular area and the bodybuilding and functional training. Moreover, trainers are 100% committed to help members reach their proposed goals and counseling when needed, without ever undermining the Club environment communicated. This activity is exclusive for the Gold members.

SAAT: this represents one of the H&F department's most valuable services. It is directed to every member of the Club and allows for increased safety and goal achievement. This service is 100% personalized and delivered by specialized professionals. Most important, this service is free of charges, representing a major strength.

Group Classes: group classes per week account for more than 200, and extensive offer. Group classes represent the familiar spirit lived in the Club, where people know each other. Our professionals help create that healthy, fun and safe environment through their everyday actions, which can be small but significant things like calling people by their name. Allied to that it is the technical quality which leads to a top service and the delivery of trendy new programs.

Special Programs: we have three special programs which can be taken, the cardiac rehabilitation program, the weight management and control program and the children obesity program. These programs have had a positive growth and positive and very good results.

Psychomotor rehabilitation: designed for people with physical or psychological disabilities, which promotes and stimulates the psychomotor development and learning potential. This program, as well as the previous one, target special populations widening our activities range.

Other activities: the E&H department also delivers some other services like workshops, open days and the Running Club which, once again, contributes to widening the activities' range and strengthening GCP's power.

Moreover, GCP has several partners which deliver to our members many more services, like a languages school, hospital services, hairdresser, esthetic clinic, sauna, between others. Sauna is included in the Gold membership and all other services are extras which add value to our company.

Attachment 2: Membership Options

Gold: all classes from the Classic membership plus access to SE, free usage of PCO, on week days until 16h00, on Saturdays from 8h30 to 18h30 and Sundays from 8h30 to 13h30, and access to Sauna and Turk Baths.

Classic: Bike, Condição Física, Fitness, Yoga, Moderada, Pilates, dance and combat sports classes and free usage of the pool, on week days until 16h00, on Saturdays from 8h30 to 18h30 and Sundays from 8h30 to 13h30.

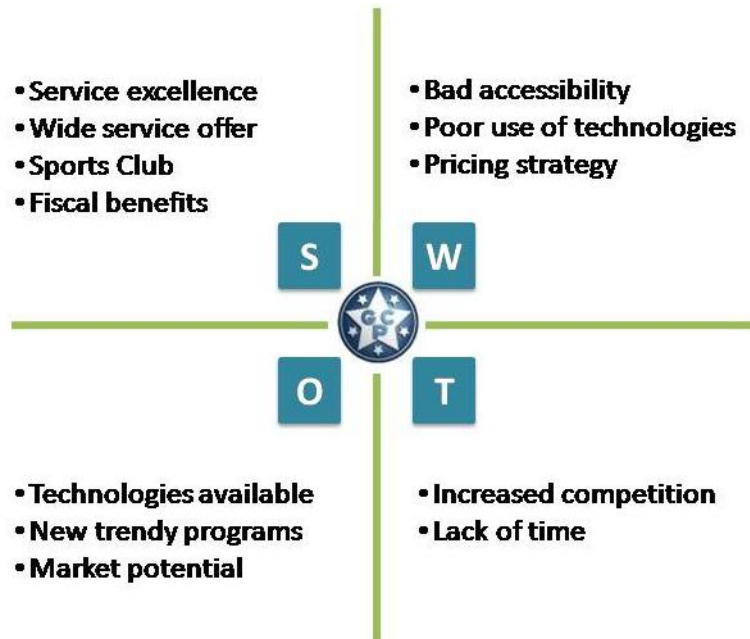
Baby: all classes of Baby Gym.

Kids: Aikido, Fun Gym, Classic Dance, Modern Dance, Hip Hop Kids, Capoeira, specific initiation and football classes.

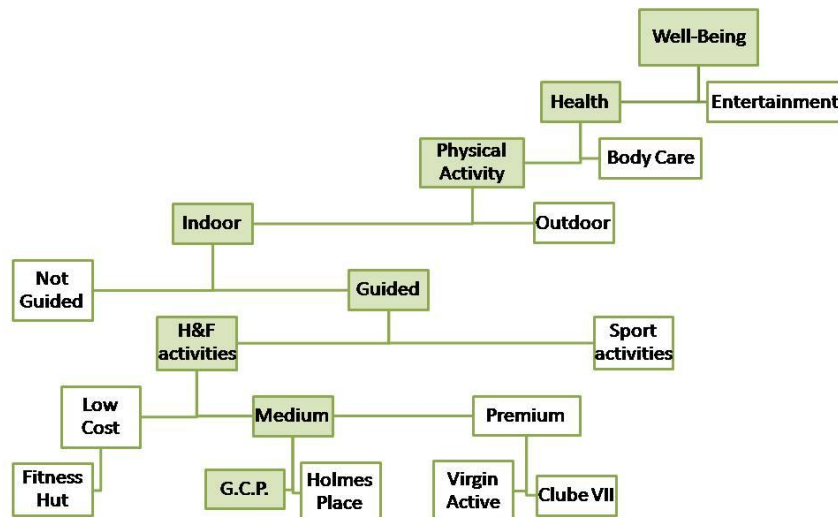
Star: pre-representation, representation, pre-competition and competition classes.

All other activities, like special programs, pool, tennis, between others, are paid aside and not within a membership.

Attachment 3: SWOT Analysis



Attachment 4: Market Hierarchy



Attachment 5: Location Analysis

Location is central in decision-making for H&F facilities. An H&F club is considered as an option if it is at a radius of less than 1km of their consumption line

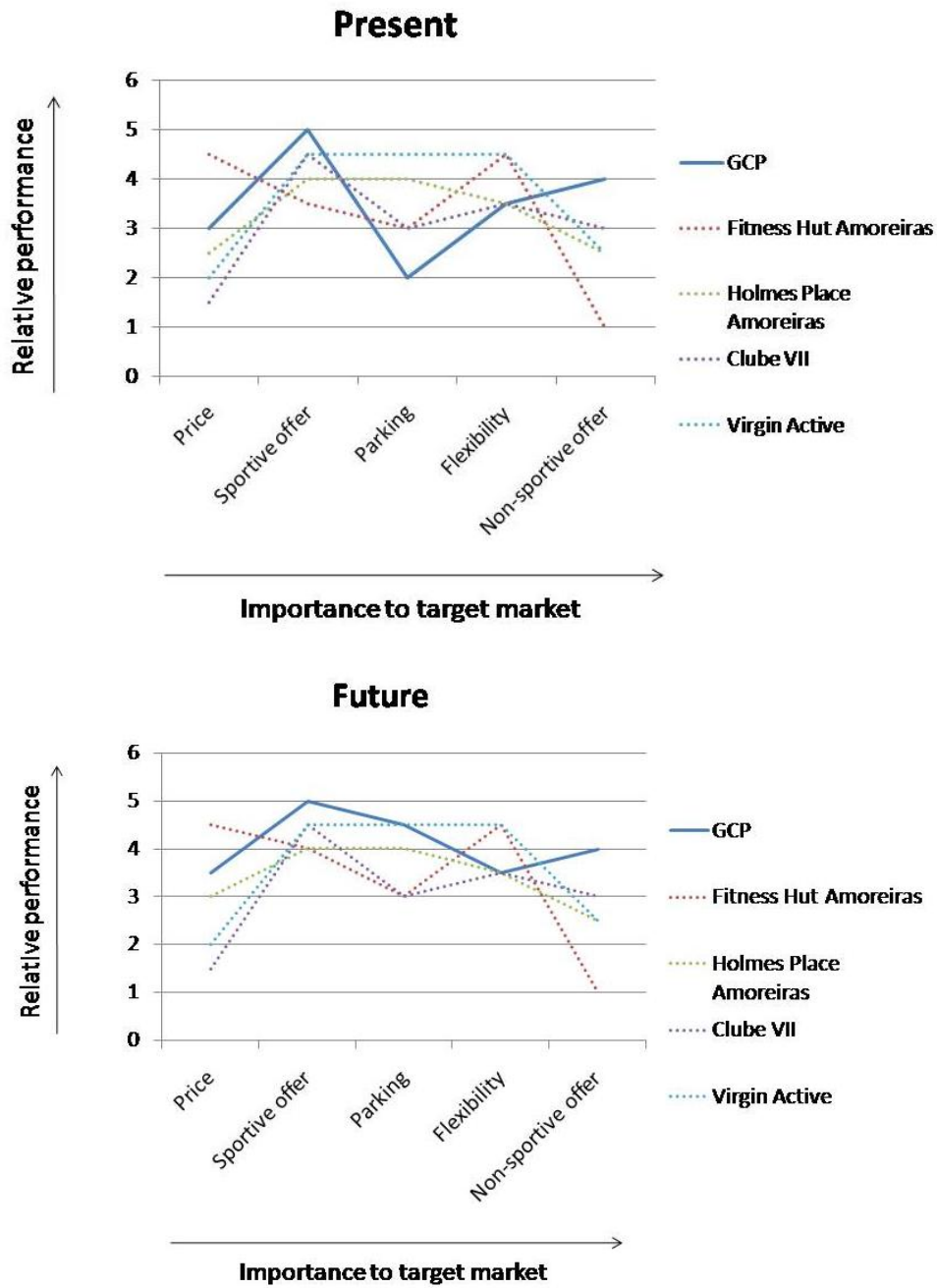
(single person) or prism (family), meaning their daily paths and routes⁶⁷. Thus, if GCP is in their consumption line or prism, its direct competitors are the ones inside the circle, in the figure bellow. Virgin Active Palácio SottoMayor will also be considered a direct competitor because of its clear strength and geographical proximity to our circle of possible competitors.



Attachment 6: Competition Comparison Grid

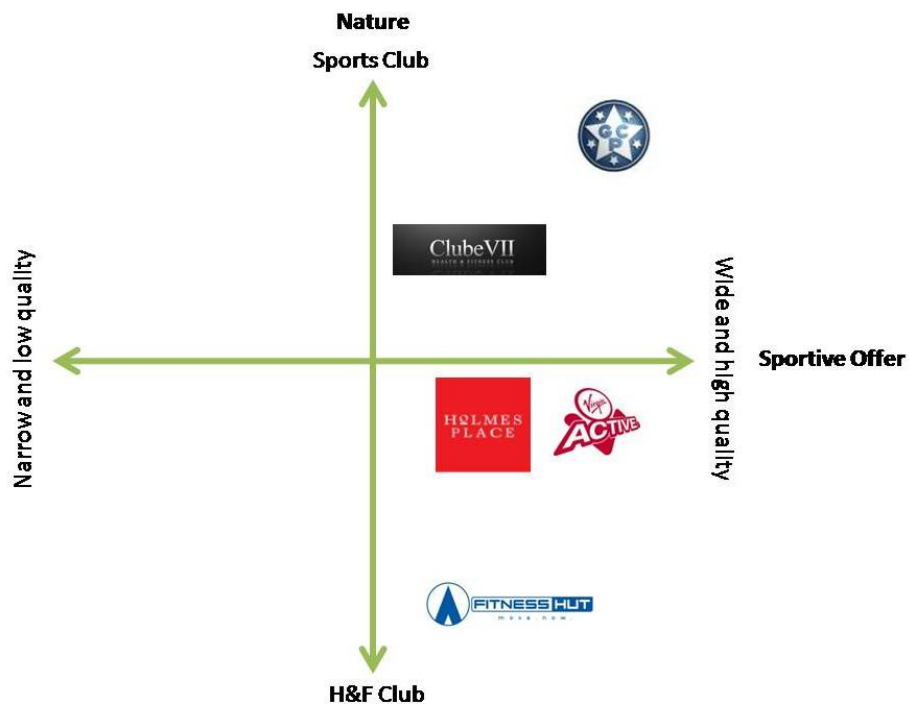
	GCP	HP Amoreiras	Fitness Hut	Clube VII	Virgin Active
Price	52,50 €	69,90 €	8,8€/semana	99€	69,95€
Opening hours	***	****	*****	****	*****
Group	246	104	341	165	186
Classes/week					
H&F offer	*****	****	***	*****	*****
Sportive Offer	*****	***	***	****	***
Non-sportive offer	*****	**	*	***	***
Physical Evaluation	free	extra	extra	free	free
Number facilities	*****	**	**	****	****
Quality facilities	***	****	***	*****	*****
Parking	**	****	**	no offer	****
Barriers to exit	no	no	no	no	no

Attachment 7: Service Performance



Note that the data here presented has its basis on the comparison grid in Attachment 5, and both come from my field research, visiting the clubs and/or collecting information on them through web sites, local members or experts, and marketing research (in-depth interviews and expert interviews).

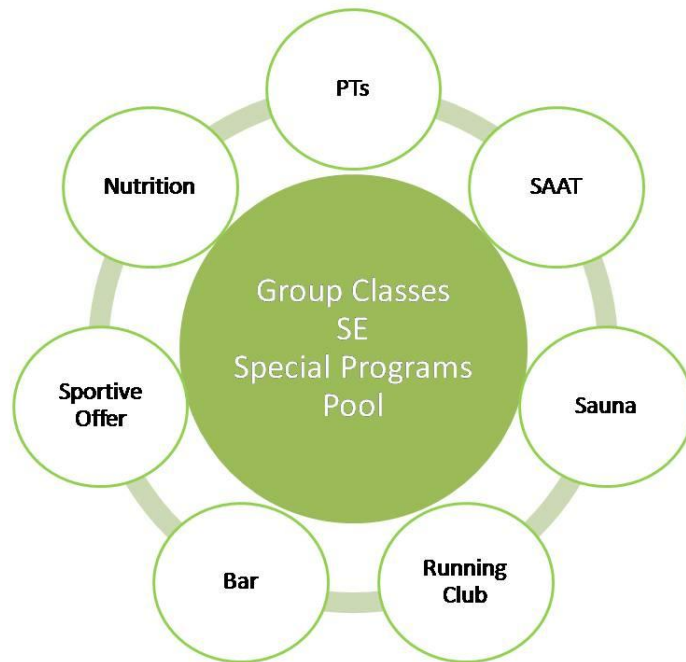
Attachment 8: Positioning Map



Attachment 9: OGSM Framework

Objective	Goal	Strategy	Action Plan	Measurement
Become the preferred brand in H&F within our catchment area	<ul style="list-style-type: none"> -19.11% of growth in active-members, around 572 members -6% increase in margins through profit increase -Brand Awareness: 50% increase in recall, 10% increase in top of mind, 1st in recognition 	<p><u>Services:</u> increase in convenience, attractive activities</p> <p><u>Price:</u> value-based pricing</p> <p><u>Promotion:</u> social media campaign, promotional actions and advertising campaign</p> <p><u>Process:</u> increase efficiency</p> <p><u>People:</u> employee management systems</p> <p><u>Physical evidence:</u> enhance visibility</p>	<p><u>Services:</u> more parking options, include hydro-gymnastic classes in membership, launch Padel</p> <p><u>Price:</u> create a bundle, new price metric and fences</p> <p><u>Promotion:</u> Facebook contest (social media), digital campaign (web site and facebook), pamphlets, open days, personal selling</p> <p><u>Process:</u> manage customers, fail-safe methods</p> <p><u>People:</u> selection, training, job design and performance management</p> <p><u>Physical evidence:</u> place, people, equipment, communication material, price</p>	<p><u>Services:</u> sales of Padel, entries in the garage, classes presences</p> <p><u>Price:</u> margin control, active members' variation</p> <p><u>Promotion:</u> NPS, awareness and attitude surveys, number of accounts in platform, number of "likes", active members' variation</p> <p><u>Process:</u> usage rate, NPS</p> <p><u>People:</u> employee survey</p> <p><u>Physical evidence:</u> customer survey</p>

Attachment 10: Core and Complementary Services



Attachment 11: Pricing

Current pricing conditions

	GOLD				
	Annual		Semiannually	Quarterly	Monthly
	At desk	SDD (monthly)			
Normal	600 €	52,50 €	420 €	240 €	90 €
Senior	480 €	46 €	336 €	192 €	72 €
Off-peak	430 €	40 €	300 €	172 €	65 €
Corporate (normal)	540 €			135 €	
Corporate (off-peak)	450 €			112,50 €	

	CLASSIC				
	Annual		Semiannually	Quarterly	Monthly
	At desk	SDD (monthly)			
Normal	500 €	48 €	350 €	200 €	75 €
Senior	400 €	36,50 €	280 €	160 €	60 €
Off-peak					
Corporate (normal)	450 €			112,50 €	
Corporate (off-peak)	375 €				40 €

SPECIAL PROGRAMS				
Annual		Semiannually	Quarterly	Monthly
At desk	SDD (monthly)			
900 €	90 €	630 €		135 €

* 5% discount for annual reenrollment at desk and for siblings under 18

	MEMBERSHIP QUOTAS	
	SDD	At desk
Under 18 (inclusive)	30 €	37,50 €
19 to 29	60 €	75 €
30 to 64	90 €	112,50 €
Over 65 (inclusive)	60 €	75 €
Family (spouse and minor children)	150 €	187,50 €
Correspondents	30 €	37,50 €
Antiquity (over 50 years member)	Exempt	Exempt

	SIGNUP FEE
Under 18	Exempt
Over 18	50 €
Spouses	Exempt

Suggested pricing conditions

	GOLD				
	Annual		Semiannually	Quarterly	Monthly
	At desk	SDD (monthly)			
Normal	600 €	52,50 €	420 €	240 €	90 €
Senior	480 €	46 €	336 €	192 €	72 €
Off-peak	430 €	40 €	300 €	172 €	65 €
Wolf-Pack	480 € x 6	46€ x 6	336€ x 6	192€ x 6	72€ x 6
Corporate (normal)	540 €			135 €	
Corporate (off-peak)	450 €			112,50 €	

	CLASSIC				
	Annual		Semiannually	Quarterly	Monthly
	At desk	SDD (monthly)			
Normal	500 €	48 €	350 €	200 €	75 €
Senior	400 €	36,50 €	280 €	160 €	60 €
Off-peak					
Wolf-Pack	400 € x 6	36,50 € x 6	280 € x 6	160 € x 6	60 € x 6
Corporate (normal)	450 €			112,50 €	
Corporate (off-peak)	375 €				40 €

	BASIC				
	Annual		Semiannually	Quarterly	Monthly
	At desk	SDD (monthly)			
Normal	460 €	45 €	322 €	184 €	69 €
Senior	368 €	36 €	258 €	147 €	55 €
Off-peak					
Wolf-Pack	368 € x 6	36 € x 6	258 € x 6	147 € x 6	69 € x 6
Corporate (normal)	414 €			104 €	
Corporate (off-peak)	345 €				29 €

SPECIAL PROGRAMS				
Annual		Semiannually	Quarterly	Monthly
At desk	SDD (monthly)			
900 €	90 €	630 €		135 €

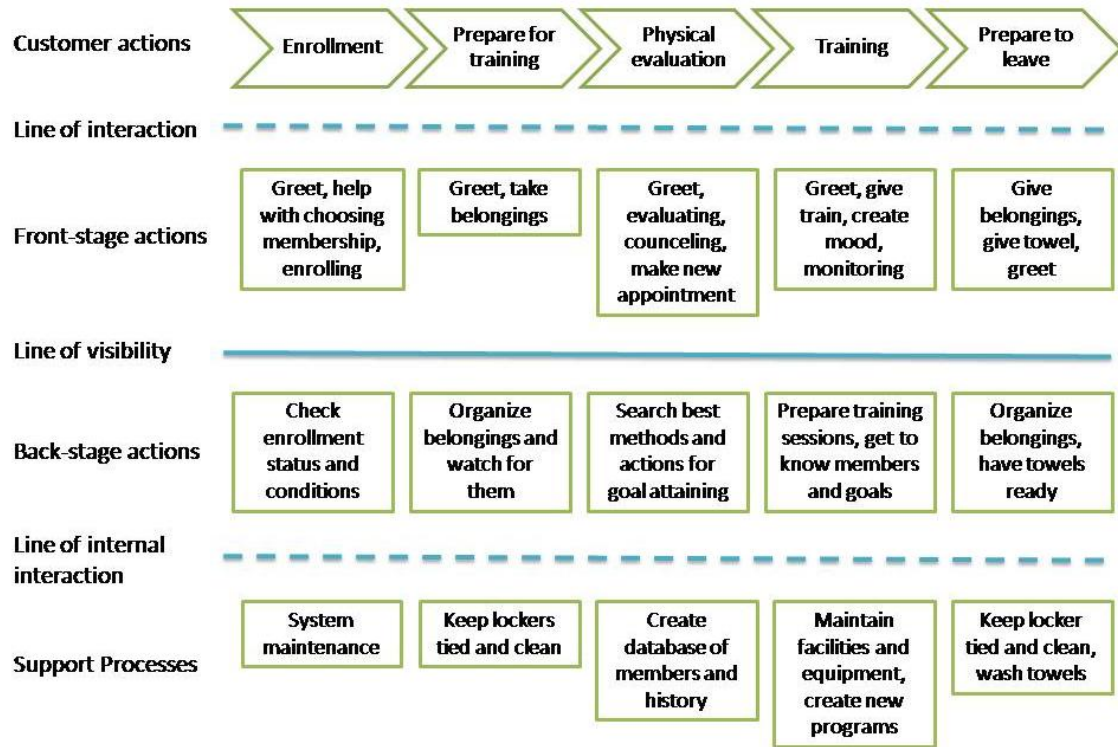
- * 5% discount for annual reenrollment at desk and for direct family members enrollments
- * Equivalent to 1 month of discount in the next payment for each 2 new members brought and free signup for the new members

	MEMBERSHIP QUOTAS	
	SDD	At desk
Under 18 (inclusive)	30 €	37,50 €
19 to 29	60 €	75 €
30 to 64	90 €	112,50 €
Over 65 (inclusive)	60 €	75 €
Family (spouse and minor children)	150 €	187,50 €
Correspondents	30 €	37,50 €
Antiquity (over 50 years member)	Exempt	Exempt

	SIGNUP FEE
Under 18	Exempt
Over 18	50 €
Spouses	Exempt

In the suggested price strategy the member can, now, choose to what services he wants to have access to, with limitations like off-peak, or not. The next step is to see if the member qualifies for one of the price fences, age, occupation or group signups. Also depending on its age, status and promotions, the member would pay, or not, the signup fee (only in the first year) and the annual membership quota, since GCP is a Club.

Attachment 12: H&F's Service Blueprint



Attachment 13: Organizational Culture

Mission: To provide top quality sportive activities in a warm, trustful, flexible, caring and enthusiastic atmosphere, which will enhance the member, its family and friends' well-being.

Professional Commitments: our employees should, in accordance to our Mission, act according to our professional commitments: competence, motivation, experience, attitude, enthusiasm, integrity, perception, trust, hygiene and security, organization and methodology, confidentiality, planning, individuality, professional responsibility, assiduity and punctuality.

Code of Conduct:

1. Always defend the Club
2. Always defend the Team

3. Not have conversations on bad aspects of the Club with members and colleagues
4. Not bother members with personal issues
5. Mutual help so that a better service is achieved, respecting diversity
6. Hear, respect and help members, and not “paying back” if the contrary does not happen
7. Educate members in respect for the Team and other members
8. Contribute for a professional and competent work environment with happiness and joy

Attachment 14: Marketing Research

Any research has some limitations to it. In this case, the main limitation is that I am not a professional researcher. Second, it is important to state that the sample size does not fully represent the universe. On the other hand, in the in-depth interviews’ filters (questions posed to interviewees prior to the interview in order to see if they qualify for it), one fake brand was inserted as a trap and a veracity guarantee.

The main part of the marketing research was qualitative research. Fourteen in-depth interviews were performed to six current active-members for more than two years, six former active-members and two current active-members for less than six months, in order to get opinions from different segments. Interviews were conducted in Portuguese and only to people living in Portugal for, at least, two years now. Findings can be found in Attachment 15 and the guidelines for the in-depth interviews to consumers in Attachment 16.

Pre-purchase behavior: people join a gym for well-being purpose. However, some search the well-being, either physical or mental.

Reasons to choose GCP: most point the quantity and quality of our offer as the main reason to choose. However, the ones who know the Club, at least by name, point the environment and their friends and family. Of course, location is central, and the ones who lived/worked outside this area have their family here or are with us for several years.

Communication channels: the main pointed channels are, of course, friends and family and tradition/name.

Usage pattern: there is a balanced distribution between group classes and SE preference. The ones who choose group classes, choose it mostly for the socialization, while the ones who choose mostly SE state the individualization and convenience. A fact is that few do both, they mainly choose one and stick to it.

Environment: it is general that GCP has a familiar, healthy, nice environment which people like to part of. However, it is important to understand that new members are not so aware of the environment and not so inserted there. As one old member said, at first newbies are reluctant to enter that environment because it may seem like they do not belong there, but they soon understand they are welcome, and it becomes a retention factor⁶⁸.

Services: interviewees point the personalization of services and the involvement of the group as value adding. However, pool classes are seen as a problem, since it is not included in the membership⁶⁹.

Facilities: mostly good and wide, however the parking is seen as a major problem, exterior passes unseen and the pool should be in the headquarters. Also, too much heat is pointed, in the summer.

Staff: staff is the main factor for our quality. When speaking of staff, interviewees directly speak of trainers, their technical quality, character and interest in them. Staff is seen as totally integrated in the environment and make them feel acknowledged.

Range of activities: the good amount of classes and schedule as well as the possibility of having option for the whole family is mainly pointed.

Extra-services: extra-services are mainly not used but considered useful and price justifiers. However, some consider them too expensive and with poor quality, especially sauna, which they claim that should be available with the memberships⁷⁰.

Relationship with the brand: both current members for more than two years and former members have a great relationship with the Club, even saying they are part of the family and that they would not change it for other (unless it changed location). It is interesting to see that all former members interviewed stated they would like to come back. New members have also a good relationship with the Club, however not so intense.

Reasons to quit: reasons that took those six members to quit regarded convenience, change of work location and the lack of easy parking, current lack of buying power which lead to choice-making in purchases, lack of time which did not justify the price and lack of motivation.

Brand image: if compared to a person, GCP is seen as a wise grandfather, nice, trustful, correct, demanding, caring, good-looking and with defined values. Comparing, HP is seen as a Barbie, fake, excessive, entrepreneur, arrogant who only lives the moment, between other. Virgin Active and Clube VII were compared to elitists, not so honest, with high heels, relaxed, modern, impersonal, between others. Finally, Fitness

Hut was compared to a student, impersonal, stressful, with hurry, an actor in Morangos com Açúcar and physic centered.

Brand perception: when asked about in which market sector GCP was in, most answered medium high and some premium. When asked where it should be, the answers were mostly the same, and some said that moving out of the medium sector would lose its essence. Finally, when asked in which they would like to be in, the answers were unexpected, since most did not answer one sector but the name GCP.

Together with this analysis, a descriptive analysis was performed in order to calculate the Club's awareness, as well as competitors'. 149 of the 157 answers, in an internet survey with only one restriction imposed to respondents which was to be living in Portugal for the last three years, were qualified for the study. The first question, "In the category H&F clubs, which clubs do you know at least by name?", the intent was to analyze recall, being the first name pointed considered the top of mind. The second question, "From the list below, which clubs do you know at least by name?". The list presented the GCP, our direct competitors and some other brands. Once more, the club Get Fit is not a real club and was putted there as a trap, meaning the ones who selected that option would be excluded from the research. The results were as followed:

	Top of Mind	Recall	Recognition
GCP	3,4%	17,4%	69,8%
Holmes Place	38,3%	75,8%	94,0%
Virgin Active	4,7%	32,2%	47,7%
Clube VII	0,7%	6,7%	38,3%
Fitness Hut	14,1%	43,0%	63,1%

Attachment 15: Qualitative Research - Findings

Sample and Methodology

- 14 In-depth interviews
 - 6 active members for more than 2 years
 - 2 active members for less than 6 months
 - 6 former active members
- 8 Males + 6 Females
- Between age 18 and 50
- All respondents had been signed in a H&F club once
- All respondents knew recalled and recognized GCP

1) Pre-purchase behavior

- Why join a gym:
 - ✦ Well-being
 - ✦ Mental and physical balance
- “Fazer um equilíbrio entre o físico e o mental” (E11, former)
- “... bem-estar físico e mental” (E3, current over 2y)
- “Faz-me sentir bem” (E8, current under 6m)

2) Purchase behavior

2.1) Reasons to choose GCP

- Available to all family members and friends
- Good offer range
- Location
- Tradition of quality
- “tem uma oferta muito transversal” (E6, current over 2y)
- “O ambiente é diferente” (E7, current under 6m)
- “Porque é o melhor” (E12, former)
- “Porque tinha cá amigos” (E11, former)

2) Purchase behavior

2.2) Communication channels

- Communication through family and friends
- Tradition as communication
- Promotions announced in local zip codes
- “Se fazia bem aos meus amigos, também me ia fazer a mim” (E3, current over 2y)
- “Já tinha ouvido falar muito bem do ginásio” (E6, current over 2y)

3) Consumer behavior

3.1) Usage pattern

- Group classes for the ones who want to socialize
- SE for the ones who prefer individualistic trainings and flexible schedules
- Balanced distribution between group classes and SE
- “aulas de grupo dá mais para socializar” (E6, current over 2y)
- “somente SE, sou mais individualista” (E7, current under 6m)
- “SE que é mais flexível” (E10, former)

3) Consumer behavior

3.2) Environment

- Familiar environment
- Welcoming and warm
- Relaxed
- “É como se fosse uma grande família” (E11, former)
- “Sentia medo mas é agradável de ver que o GCP é tão acolhedor” (E4, current over 2y)
- “muito descontraído e diverso, acaba por ser natural” (E7, current under 6m)
- “o desporto aproxima as pessoas que acabam por se tornar colegas, é engraçado” (E10, former)

3) Consumer behavior

3.3) Service

- Customized and caring trainings
 - Free check-ups are value-adding services
 - Pool not included in the memberships retracts value
 - High quantity and quality of offer
- “Treino personalizado e com preocupação por mim” (E2, current over 2y)
 - “As avaliações, planos de treino personalizado e atenção acrescentam muito valor” (E7, current under 6m)
 - “se pago um cartão, devia incluir a piscina” (E9, former)
 - “Tem aulas em quantidade e qualidade” (E4, current over 2y)

3) Consumer behavior

3.4) Facilities

- The exterior does not reflect the interior
 - Good facilities and equipment
 - Lack of air conditioned in some rooms
 - Bad parking
 - Pool outside the headquarters is negative
- “o exterior passa despercebido e não mostra a qualidade” (E1, current over 2y)
 - “para mim este edificio é sinónimo de qualidade” (E10, former)
 - “boas instalações e máquinas em comparação” (E7, current under 6m)
 - “Falta de ar condicionado no verão, essencial para a boa prática de desporto” (E8, current under 6m)
 - “Tem pouco estacionamento e mal organizado” (E9, former)
 - “tenho pena que a piscina não seja aqui, assim não a utilizo” (E13, former)

3) Consumer behavior

3.5) Staff

- Staff embodies the familiar environment and enhance it
 - Monitors customize trainings, are caring and make an effort to know members
 - Monitors are technically good
 - Monitors are valuable assets in retention
- “estão muito bem enquadrados no espírito” (E12, former)
 - “interessam-se mesmo com o que estamos a fazer” (E9, former)
 - “Sinto o entusiasmo do professor” (E3, current over 2y)
 - “tecnicamente bons, inovadores, sentes-te singular” (E12, former)
 - “Sigo alguns professores” (E4, current over 2y)
 - “gosto muito de toda a gente no ginásio” (E13, former)

3) Consumer behavior

3.6) Range of activities

- High range of schedules and options
 - Options and matching schedules for the whole family
 - Some classes have too high attendance
- “Muita opção de escolha” (E1, current over 2y)
 - “não se fica limitado por horários ou aulas” (E3, current over 2y)
 - “Oferece muitas modalidades para toda a família... pode vir a família toda ao mesmo tempo” (E9, former)
 - “não há falta de aulas mas aulas muito concorridas” (E6, current over 2y)

3) Consumer behavior

3.7) Extra-services

- Extra-services are considered to be a plus, however are mostly not used
 - Too expensive
 - Sauna and Turk Bath are not good services and should be included in membership
- “Não utilizo porque são caros, mas acho importantes, são uma mais-valia” (E1, current over 2y)
 - “É uma mais-valia e ajuda a justificar o preço, mas não é isso que me motiva por falta de tempo e acesso” (E6, current over 2y)
 - “é ridículo os horários e funcionamento do banho turco e sauna” (E8, current under 6m)

3) Consumer behavior

3.8) Relationship with GCP

- Current members over 2y have a sense of belonging to the Club
 - New members still don't have the same sense of belonging, are more neutral
 - Former members also have a sense of belonging to the Club and would like to return
- “Não trocava o ginásio por nada, é a minha 2ª casa” (E1, current over 2y)
 - “Tenho uma relação neutra, mas simpática” (E8, current under 6m)
 - “Tenho o GCP no meu coração... Estou sempre na expectativa de voltar!” (E10, former)

4) Reasons to quit

- Parking and location
- Lack of buyer power
- Lack of time and ratio between price/usage rate
- Lack of motivation
- “Cansei-me de andar de um lado para o outro e não ter sitio para estacionar” (B9, former)
- “não é mais caro que os outros mas tive que fazer opções” (B10, former)
- “Deixei de ter tempo para conseguir vir para cá e não justificava o preço que pagava” (B12, former)
- “a minha falta de motivação não foi culpa do ginásio” (B14, former)

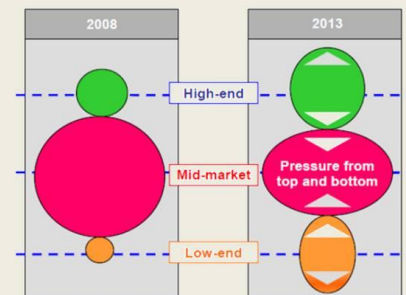
5) Projective technique If Brand X was a person how would it be?

- GCP**
 - Avô, simpático, sábio, correcto, bonito, atraente, valores definidos, em forma
- Holmes Place**
 - Barbie/Ken, falso, pouco afável, carrancudo, egocêntrico, arrogante, vendedor, betinho, excessivo, luxuoso, vive o momento, empreendedor
- Virgin/Clube VII**
 - Elitista, dondoca, séria, demasiado arranjada, pouco verdadeira e honesta, descontraído, saltos altos, moderno, impessoal
- Fitness Hut**
 - Estudante, pouco pessoal, stressante, com pressa, Morangos com Açúcar, centrado no físico

5) Projective technique Conclusions

- GCP**
 - Trustable, with knowledge and experience, that values not only shape but also the mind, people oriented
- Holmes Place**
 - Seen as a factory of good looking bodies, profit oriented, impersonal and only values shape
- Virgin/Clube VII**
 - Considered elitist, values figure, status oriented members, not caring and warm
- Fitness Hut**
 - Young-people and busy people oriented, impersonal and a short-term option

5) Projective technique Sectors



5) Projective technique If Brand X was a person how would it be?

- “Onde se situa”**
 - Medium-high
 - Premium
 - “Em nenhum, tem características especiais”
- “Para onde deve ir”**
 - Medium-high
 - Premium
 - “Não deve subir, porque não condiz com o ginásio”
 - “Não deve descer senão é a fast-food dos ginásios”
- “Onde gostaria de treinar”**
 - “Neste!”
 - Medium

Attachment 16: In-depth Interview Guidelines and Structure

Pre-recruitment:

#	Filter	Yes	No
Filter 1	Have you been living in Portugal for the three years?	F2	Stop interview
Filter 2	Have you done a Marketing Research course?	Stop the interview	F3
Filter 3	In the category of Fitness Gyms, which brands do you know?		
Filter 4	From this list of brands, which brands do you know at least the name?	GCP is mentioned (100%): Go to F7	

- Holmes Place
- Virgin Active
- Ginásio Clube Português
- Fitness Hut
- Lisboa Ginásio Clube
- Fitness Health
- Solinca
- Clube VII
- Pump Fitness

Filter 5 From the list, which ones are you signed in currently?

Warm Up: “Good morning/afternoon, I am a master student in management at NOVA SBE and for my thesis I am conducting a research on fitness in Portugal.

For this research we are using a particular technique, the non-directive method: it means that I will not ask you specific questions about the subject, fitness, as in a standard questionnaire. After the first question, that I will introduce now, you will be free to tell me whatever you want about the subject.

If you do not mind, I will record the interview.

This interview will last approximately 45 mins to 1h30.”

Initial question: Can you tell me about your experience as a fitness athlete?

Topics:

Pre-purchase behavior

Reasons to join a gym (friends, weight loss, sickness...)

Purchase behavior

Reasons to choose brand X (price, parking, offer, service, price, location, cleaning...)

Reasons to choose a specific gym type

Communication channels

Involvement (importance given to choice)

Consumer behavior

Usage pattern

Schedules

Environment

Service

Cleaning

Staff + trainers

Range of activities

Extra-services (outdoor activities, massages...)

Experience and relationship with the brand X (positive/negative)

Brand Image

If GCP (Virgin, HP, Fitness Hut) was a person what person would it be?

Brand Perception (polarization graphic)

In which level is GCP?

In which level should it be?

In which level would you like to be?

Respondent's profile

Gender

- Male
- Female

Age

- 13-17
- 18-29
- 30-50
- >50

Education

- Less than 4th grade | *Primária incompleta / Sabe ler/escrever sem ter completado a primária*
- 4th grade | *Primária Completa*
- 6th grade | *Ciclo Preparatório (completo)*

- 9th grade | *9º Ano unificado ou antigo 5º ano dos liceus (completo)*
- 11th /12th grades | *11º / 12º unificados ou antigo 7º ano dos liceus (completo)*
- Professional or Arts Degree | *Curso profissional / artístico*
- Incomplete undergrad | *Curso médio / frequência universitária / bacharelato*
- Undergrad | *Licenciatura*
- Post-grad or Masters plus PhD | *Mestrados/Pós Graduações e Doutoramento*

Occupation

- GO1 – Middle and Top Management | *Quadros Médios e Superiores*
- GO2 – Specialized Technicians and Small Business Owners | *Técnicos Especializados e Pequenos*
- GO3 –Employees of Tertiary Sector | *Empregados dos Serviços / Comércio / Administrativos*
- GO4 –Qualified / Skilled Workers | *Trabalhadores Qualificados / Especializados*
- GO5 –Unqualified / Unskilled Workers | *Trabalhadores não Qualificados / não Especializados*
- GO6 – Retired / Unemployed | *Reformados / Pensionistas / A viver de rendimentos*
- GO7 - Unemployed/ *Desempregados*
- GO7 – Students | *Estudantes*
- GO8 – Housewives | *Domésticas*

Kids(< 18 years old) in the household

- 0
- 1
- 2
- 3
- ≥ 4

Attachment 17: Financial Analysis

Assumptions:

1. The sales forecast will be separated by fences and not by memberships, since unit sales per fences can be calculated with 2013 values.
2. This analysis does not provide for the fixed and variable costs which are not exclusive for the H&F department, since that data is not available.
3. *Market growth:* by analyzing the market growth in previous years and the macroenvironment, market growth is predicted to have a small and gradual growth in the next years, starting at 1%, growing 0.5% a year.

4. *Unit sales per fence*: calculated based on percentages of 2013 with adaptations and restrictions.

a. *Wolf Pack*: 240 members in 2014, 25% growth in 2015 and 20% growth in 2016, representing 7.93%, 9.33% and 10.53%, respectively, of total memberships.

b. *Special Programs*: since it is a niche inside our offer, it is very stable. Thus, it will have a 5% internal growth per year, representing 2.48%, 2.46% and 2.43%, respectively, of total memberships.

c. *Corporate*: our campaign will not be focusing in the Corporate segment, thus it is reasonable to assume that it will be stable with 187 members a year, representing 6.18%, 5.81% and 5.47% respectively, of total memberships.

d. *Remaining distribution*: this distribution is done dividing the remaining through a weighted average within the three remaining memberships, which are less stable.

General: 63.13%, 62.37 and 61.74%, respectively, of total memberships.

Off-peak: 5.35%, 5.29% and 5.24%, respectively, of total memberships.

Senior: 14.93%, 14.74% and 14.59%, respectively, of total memberships.

5. *Unit prices*: computed through a weighted average of the different payment fences and memberships, for facilitating purposes. The weights have as basis values of 2013 on the division of members through payment options. However, SDD payment is becoming more popular within customers, which exchange annual for it. Per year, annual payments at desk will be reduced in 5% and SDD payments will growth those 5%. Thus, in 2014 49.82% pay annually at

desk, 48.59% pay with SDD, 0.32% pay semiannually at desk, 0.58% quarterly at desk and 0.68% monthly at desk.

6. *Costs with personnel and water:* compound with 2013 data and a weighted average of the H&F number of members within the total number each year, everything else ceteris paribus, and have a growth of 3% a year, half of the growth in members using the facilities.

7. *Merchandising:* costs of merchandising are based in 2013 values, with an increase of 50%

8. *Web Site:* costs have as basis the actual budget prediction the Club will spare for the web site and the average price of constructing a web site.

9. *Parking agreement:* has as a basis the previous conditions with the same parking facility; assuming that 300 people want to use the park every day, and GCP's private park has 50 spots, only 150 spots will be using Páteo Bagatela's park every day, being the cost for GCP of 1€.

10. *Padel:* construction value and maintenance have as basis crossed information of various constructors, like Greenpark and Agitatsport.

11. *Exterior improvement:* cost prediction of the Club for the 2014 budget.

12. *Publicity:* cost for pamphlets and other publicity tools have as basis the 2013 values and will maintain static.

13. A discount rate of 10% is assumed for the NPV of the gross margins.

Market Shares:

	H&F active members	Growth	Catchment area members	Growth	Market share
2013	2846	-	13000	-	21,9%
2014	3025	6,3%	13130	1%	23,0%
2015	3205	6,3%	13327	1,5%	24,0%
2016	3390	6,3%	13593	2%	24,9%

Sales Forecast:

	2013	2014	2015	2016
Unit Sales				
General		1910	2006	2110
Off-peak		162	170	179
Seniors		452	474	499
Corporate		187	187	187
Wolf Pack		240	300	360
Special Programs		75	79	83
Total Unit Sales	2846	3025	3216	3418

Unit Prices				
General		579,90 €	580,89 €	581,89 €
Off-peak		410,62 €	411,14 €	411,66 €
Seniors		469,71 €	470,75 €	471,73 €
Corporate		478,60 €	478,60 €	478,60 €
Wolf Pack		469,71 €	470,75 €	471,73 €
Special Programs		988,20 €	991,80 €	995,40 €

Sales				
General		1 107 609,00 €	1 165 265,34 €	1 227 787,90 €
Off-peak		66 520,44 €	69 893,80 €	73 687,14 €
Seniors		212 308,92 €	223 135,50 €	235 393,27 €
Corporate		89 498,20 €	89 498,20 €	89 498,20 €
Wolf Pack		112 730,40 €	141 225,00 €	169 822,80 €
Special Programs		74 115,00 €	78 352,20 €	82 618,20 €
Total Sales	1 587 590,19 €	1 662 781,96 €	1 767 370,04 €	1 878 807,51 €
Variation in Sales		5%	6%	6%

Marketing Expenses:

	2014	2015	2016
Web site	22 000 €	0 €	0 €
Merchandising	2 000 €	2 000 €	2 000 €
Parking agreement	4 500 €	4 500 €	4 500 €
Exterior improvement	36 500 €	0 €	0 €
Advertising material	21 000 €	21 000 €	21 000 €
Total Expenses	86 000 €	27 500 €	27 500 €
Percentage of sales	5,17%	1,56%	1,46%

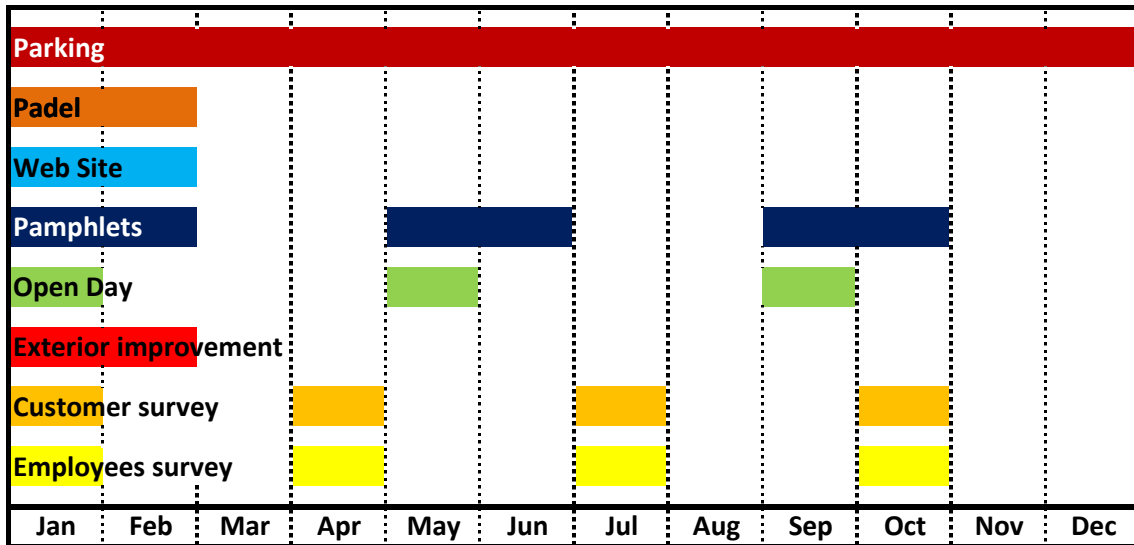
Gross Margins:

	2014	2015	2016
Sales	1 662 781,96 €	1 767 370,04 €	1 878 807,51 €
Other revenues - Padel	33 600,00 €	36 960,00 €	40 800,00 €
Personnel costs	398 713,00 €	410 674,00 €	422 994,00 €
Water	12 257,00 €	13 132,00 €	14 008,00 €
Other costs - Padel	44 000,00 €	1 000,00 €	1 000,00 €
Gross Margin	1 241 411,96 €	1 379 524,04 €	1 481 605,51 €
Gross Margin %	73,18%	76,46%	77,18%
Web site	22 000 €	0	0
Merchandising	2 000 €	2 000 €	2 000 €
Parking agreement	0 €	0 €	0 €
Exterior improvement	36 500 €	0 €	0 €
Advertising material	21 000 €	21 000 €	21 000 €
Total Expenses	81 500 €	23 000 €	23 000 €
Gross Margin	1 159 911,96 €	1 356 524,04 €	1 458 605,51 €
Gross Margin %	68,38%	75,18%	75,98%

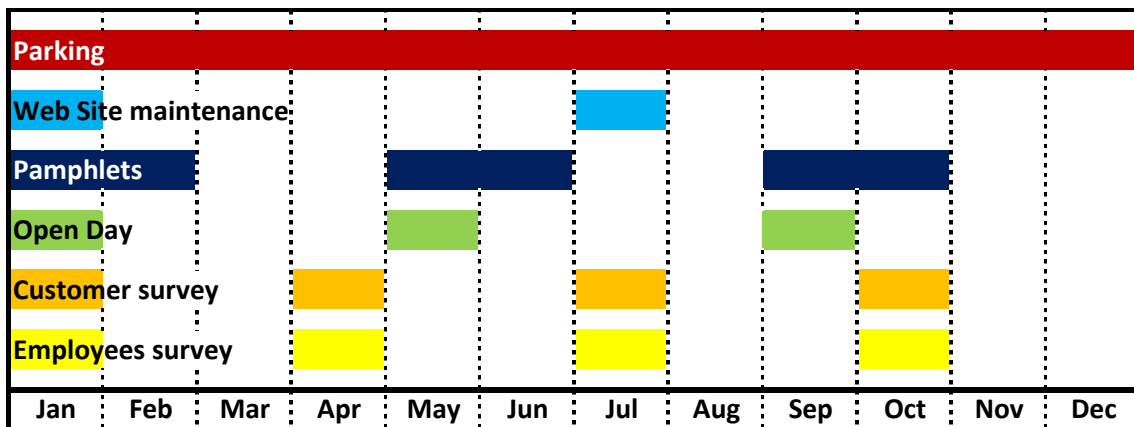
$$\begin{aligned}
 \text{NPV} &= 1.159.911,96 \text{ €} / (1+0,1) + 1.356.524,04 \text{ €} / (1+0,1)^2 + 1.458.605,51 \text{ €} / (1+0,1)^3 \\
 &= \underline{3.271.432,57 \text{ €}}
 \end{aligned}$$

Attachment 18: Implementation Milestones

2014



2015



2016

