

# POSITIONING OF AN “ECONOMY” NATIONAL BRAND TO LOCAL AFFLUENT CUSTOMERS

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## ABSTRACT

This case focuses on brand positioning of a value-based fitness center in a high-end neighborhood in Southern California and uses secondary and primary collected data to decide on a segmentation, targeting and positioning brand strategy nationally known for affordability in a premium and highly demanding geography.

Keywords: *Brand Positioning, Strategic Marketing, Sports Marketing*

## INTRODUCTION

### Positioning of an “Economy” National Brand to Local Affluent Customers

Crunch Fitness (CF) is a chain of clubs originated in NYC in 1989. From its origins in an underground aerobics studio, the gym expanded through creative use of newly invented group exercise classes such as hip-hop, co-ed wrestling, yoga and cycling which made working-out intense and collectively enjoyable. CF has over 150 locations in the United States including Puerto Rico and in Australia and as of 2010, operates under a franchise business model in the lower-cost, higher-value segment of the industry, which includes the franchise in Southern California (CFSC) and is the focus of this case. CFSC is a luxury franchise location with extra amenities and benefits and staggered membership fee. In addition to top of the line equipment and group classes such as cardio, dance, action sports, cycling and yoga, members can pay “extra” for high-margin personal training, access to tanning and hydro-massage beds, towels, assigned lockers, one complementary accompanying guest, boot camps to name a few. Given the significant overhead of the business, CFSC is interested in improving its brand awareness to increase both membership and member engagement while keeping its customer service image. The main goal of this case is to help CFSC to increase its brand awareness and member engagement through implementing neighborhood *outreach* programs, *IMC Campaigns* and an innovative *loyalty* program.

## DATA ANALYSIS

Using secondary data, a SWOT analysis was conducted. Then, political, economic, sociocultural, and technological factors were identified and third, a segmentation, targeting and positioning breakdown was developed. The CFSC’s area is predominantly Caucasian with Asians comprising 30% of the population and minorities represent a small fraction of the area’s demographics. Married with children is the singles largest segment of the population, over 77% have at least a bachelor’s degree, average household income is over \$165,000 and expenditure on health care and personal care are significantly higher than the national averages. The most affluent income group in the region are 45-64 years group / capita is 45-64 year though all age groups earn well above the national average in income. Data from 172 CFSC members were also

collected to augment secondary data findings. In general, collected primary and secondary matched. One main difference in findings is that around 10% of CFSC members identify as backs plus Hispanics (over twice the % of residents) and the same as Asians (one-third of residents). Finally, the majority of members live under 10 minutes away from CFSC. Members are social media savvy with only 2% reporting no platform usage. Facebook leads at 31% usage followed by Instagram, LinkedIn, Snapchat and Twitter (10%). Members primarily identify *value* in “likes” regarding CFSC.

### **RECOMMENDATIONS**

Nearly half of CSSC members learned about the GYM, most live under 10 minutes from the facility and many members shop in the vicinity. Several local corporations including healthcare and wellness as well as high schools have also moved into the area. Being a CFSC member is one benefit but being a loyal member takes effort. CFCS can show its *care* towards loyal members through multiple ways such as *Member of the Month* (with a pecuniary benefit such as one complementary training session) using the hashtag #onlyatcrunch to post on Facebook and Instagram, highlighting a member who embodies the *no judgements* philosophy. For engagement, highlight members who check-in the most per month and award them with CFCS fitness gears.

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