

Snap Fitness –

...our “*story*” to Snap affiliates...

Quarter 1 vs. Quarter 2

Balihoo
Local Marketing. Automated.

- In January, Snap Fitness allowed affiliate business owners access to Balihood's Automated Media Software to run their local Pay-Per-Click campaigns...
 - Started off with 238 Accounts in January
 - Most at one time was 248 in February
 - Currently Managing 168, as of June, 2012

Meaning...

...80 Snap business owners have “dropped” subscriptions with us...

Leaves us with only one question **WHY?**

Couple reasons why an affiliate “drops” a subscription.

1. *Don't really understand the system (confusing)...*
2. *Not sure they are seeing enough return on their ad dollars*

*However, we want to focus on **ONE** reason in particular....
the most common reason, cited by affiliates, to cancel is*

3. They want to “*Pause*” their campaigns in order to allocate portions of their annual marketing budget in accordance with seasonal trends – to get the most “*bang for their buck.*”
 - **EXAMPLE:** *Putting substantially more ad dollars towards New Years Resolution campaigns at the expense of running year round.*

- However, the data tends to suggest otherwise...

Balihoo Proposition:

Snap Fitness affiliates should adjust their current Pay-per-Click strategy from spending the bulk of ad dollars during “the season” to a more consistent spend through out the year.

Reasoning:

1. Customers are still searching
2. Changes in competitive landscape

The Result will be greater business in the off-season overall, and with lower costs.

Quarter 1

- Total Budget for Quarter 1: **\$116,430.43**
- Total Spend for Quarter 2: **\$96,703.92**
- % of Total Budget Spent = **83%**

Quarter 2

- Total Budget for Quarter 2: **\$89,525**
- Total Spend for Quarter 2: **\$52,632.74**
- % of Total Budget Spent = **58.79%**

Quarter 1

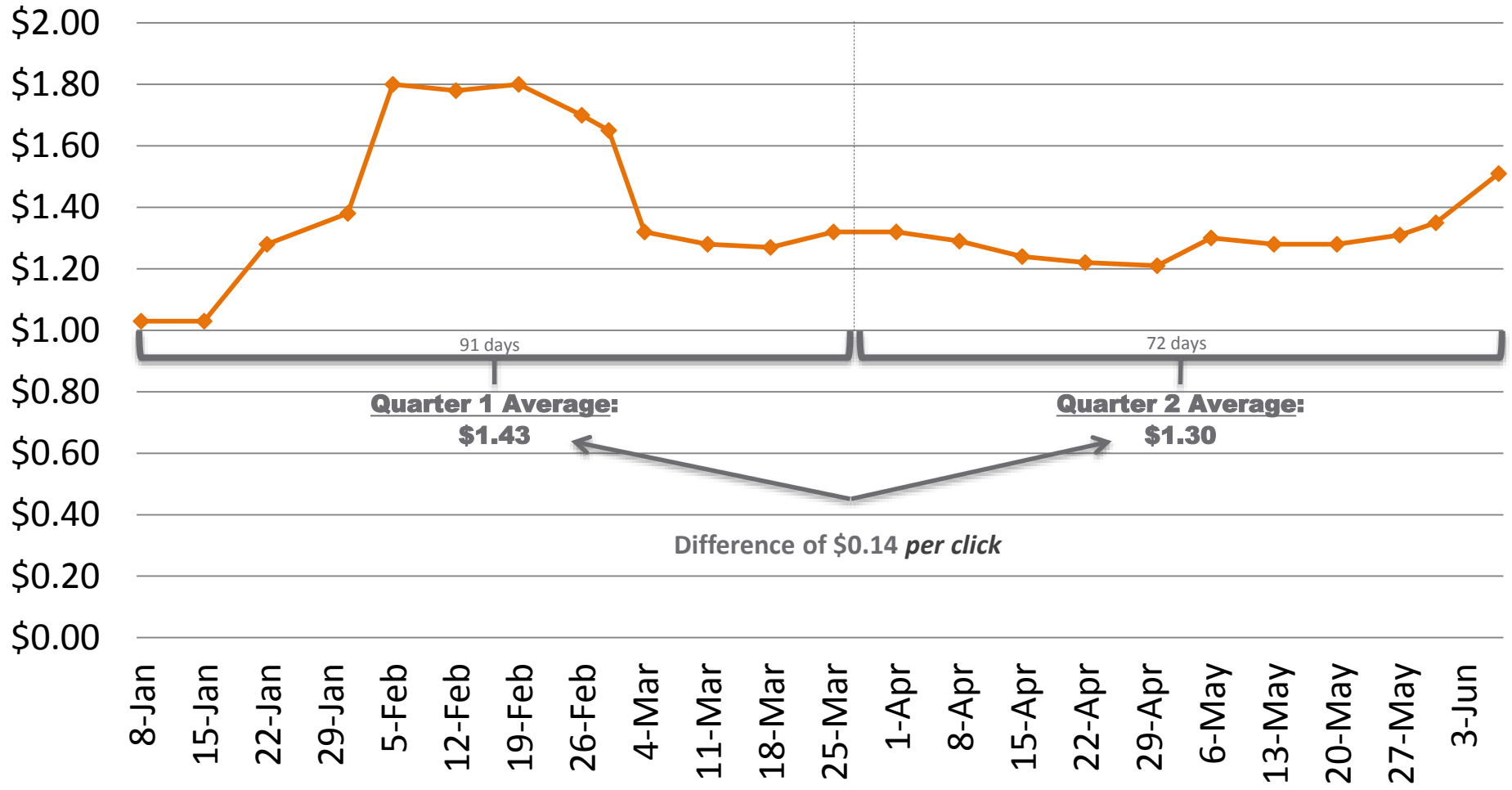
- Total Conversions = **13,868**
 - Total Phone Conversions = **10,195**
 - Total 7-Day-Free Conversions = **3,623**
 - Total Online Conversions = **44**
- Cost Per Conversions = **\$6.97**

Quarter 2

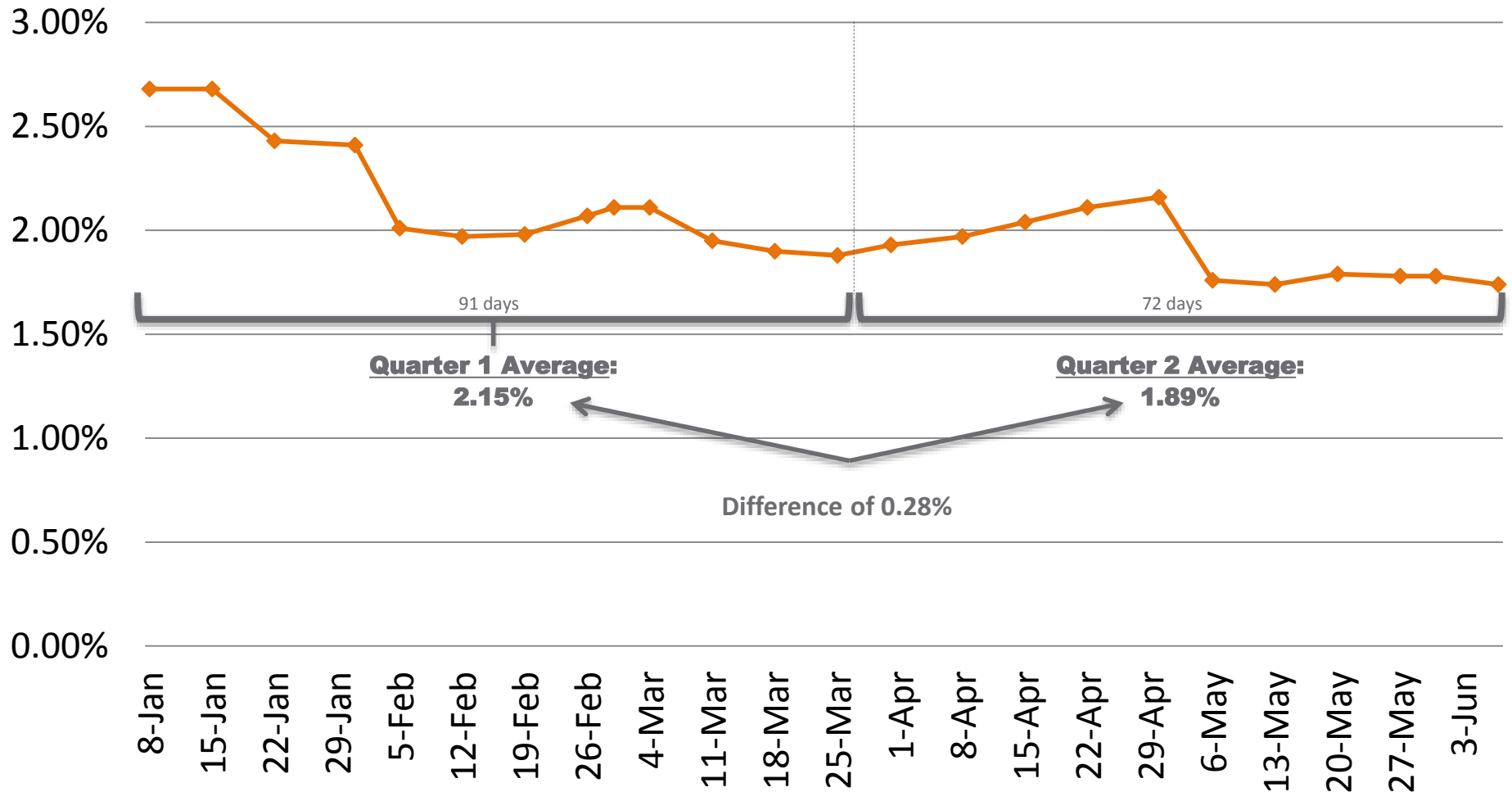
- Total Conversions = **7,697**
 - Total Phone Conversions = **5,923**
 - Total 7-Day-Free Conversions = **1754**
 - Total Online Conversions = **20**
- Cost Per Conversions = **\$6.84**

- **Clicks**
 - Quarter 1: Uptown – 303 Clicks, 5,171 Imp., 5.86% CTR, \$0.65 CPC
 - Quarter 2: Uptown – 314 Clicks, 8,855 Imp., 3.55% CTR, \$0.49 CPC
- **Click-Through-Rate**
 - Quarter 1: Dumas – 28% CTR, 7 clicks, 25 imp., \$1.81 CPC
 - Quarter 2: Dumas – 11.59% CTR, 8 clicks, 69 imp., \$0.75 CPC
- **Phone Conversions**
 - Quarter 1: Corpus Christi – 74 Phone Calls
 - Quarter 2: Lagrangeville & Hampton – 49 Phone Calls
- **7-Day Trials**
 - Quarter 1: Poulsbo & Yuma – 20 “7 Day Trials”
 - Quarter 2: Markham-Armdale/Belleville/Spruce Grove/Worcester
 - 14 “7 Day Trials”

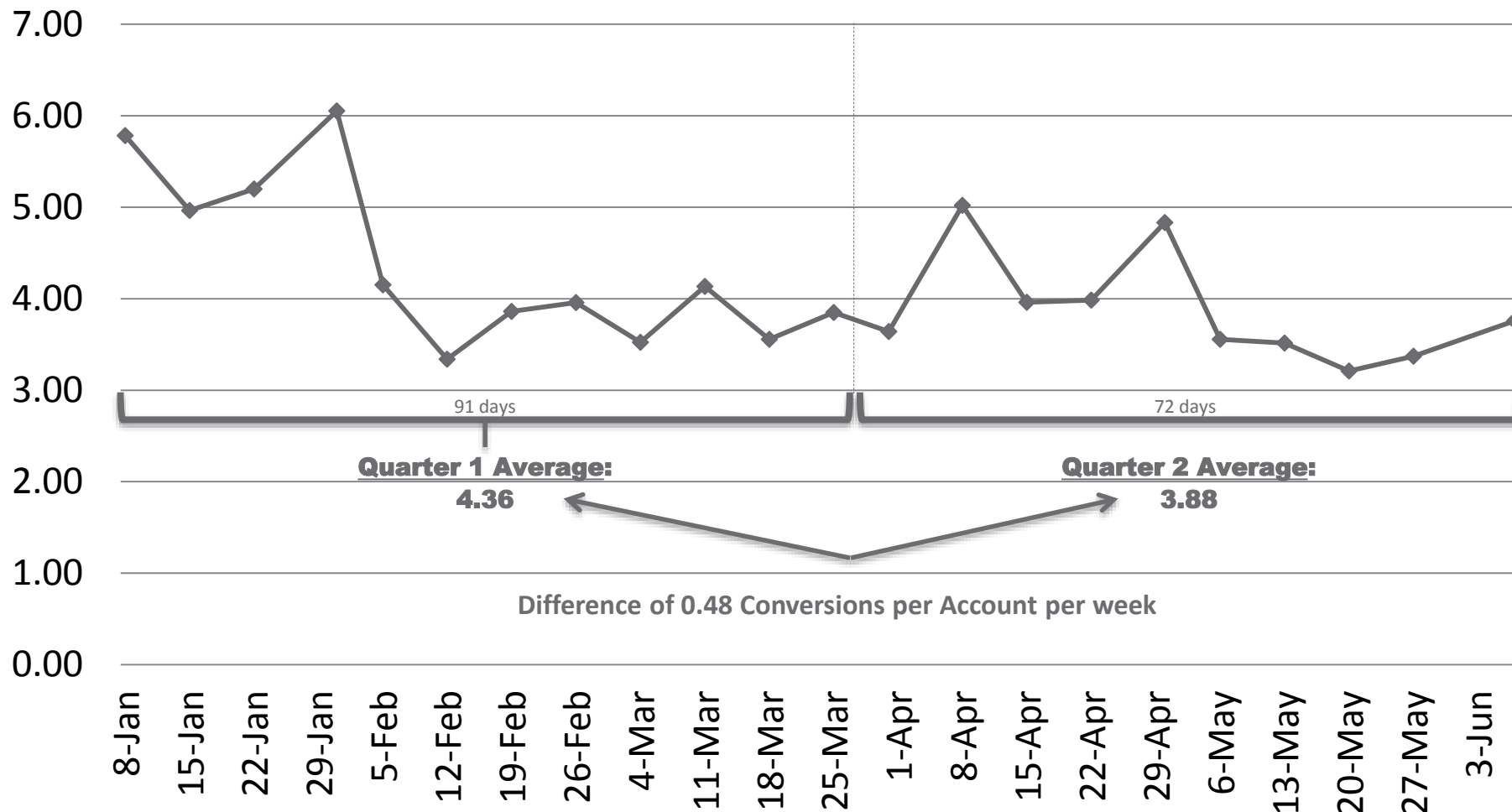
Average CPC



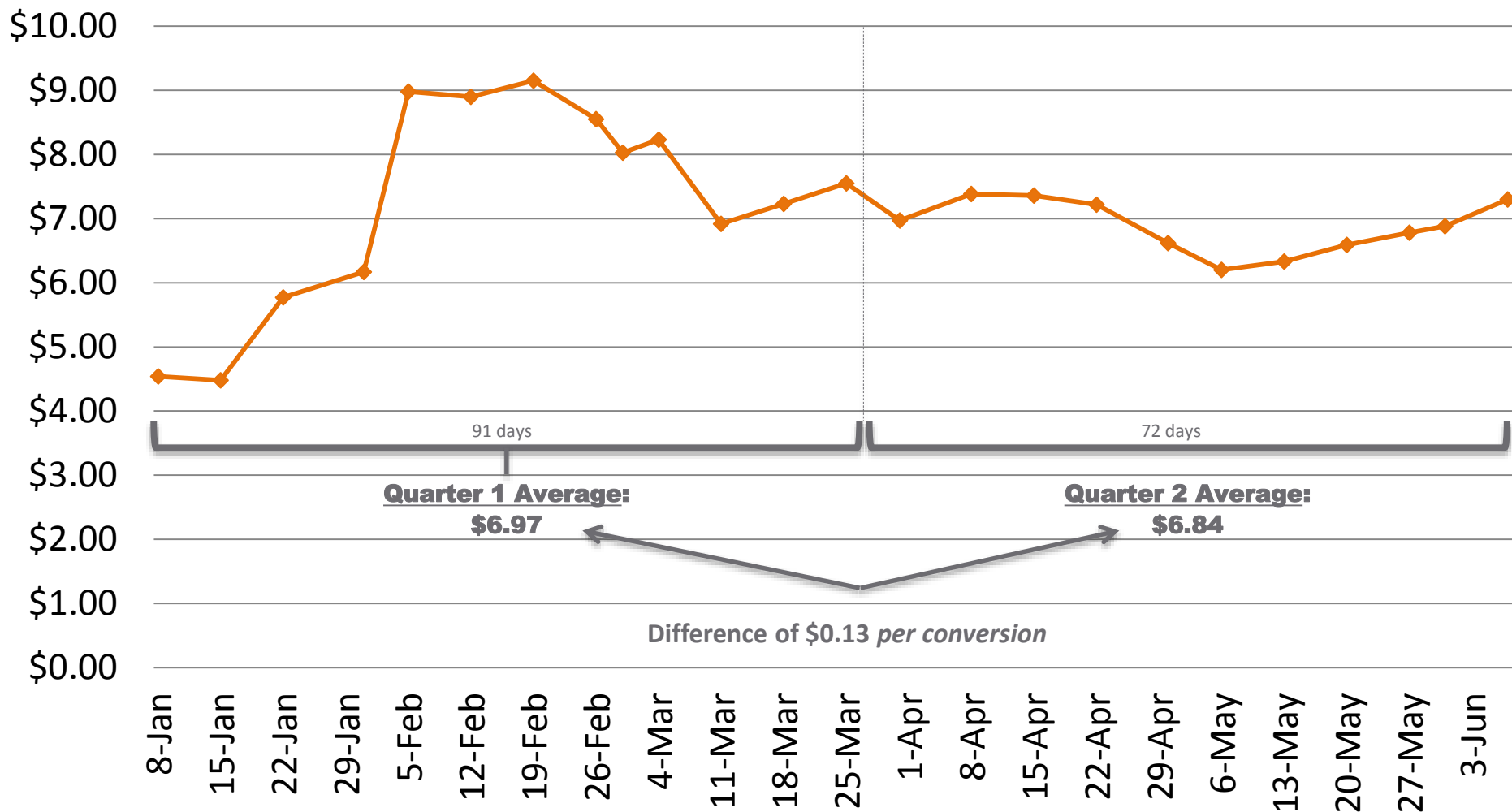
CTR



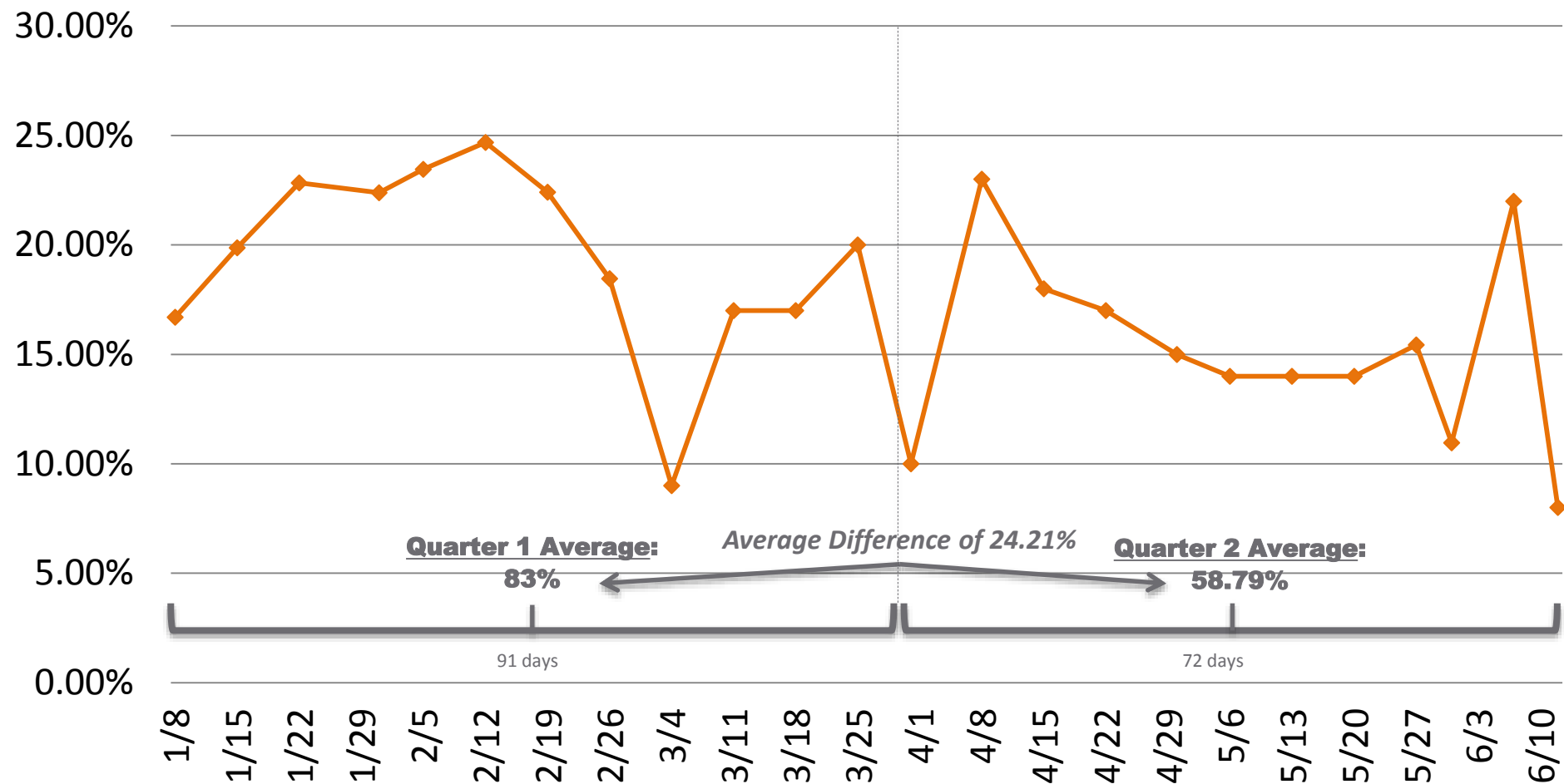
Avg. # of Conversions



Cost Per Conversion



Percent Budget Spent by Week



Average CPC

- Quarter 1: \$1.43
 - Quarter 2: \$1.30
-
- Difference: -9.8%*

Average CTR

- Quarter 1: 2.17%
 - Quarter 2: 1.89%
-
- Difference: -12.9%*

Average Conversions

- Quarter 1: 4.36
 - Quarter 2: 3.88
-
- Difference: -11%*

Average Cost-per-Conversion

- Quarter 1: \$6.97
 - Quarter 2: \$6.84
-
- Difference: -2%*

*per account, per week

Average CTR



Average Conversions



Average CPC



Average Cost per Conversion



The Takeaway EXPECTED...

- Overall searches are down, compared with New Year's and seasonal trends. This data shows that conversions were down, but only by less than half of one conversion per account.
- Furthermore, **conversions are still happening**, contrary to what many Snap owners "intuitively" believe.

Importantly...

- Each of these clicks came at a lower cost to affiliates.
- Importantly, because of changes to the competitive landscape during this "off-season" conversions cost each affiliate \$0.13 less per conversion during Q2. They are happening at **lower costs** to affiliate business owners.

- What it means for ONE Gym Owner, *per week*...

	AVERAGE GYM OWNER Performance <i>(Quarter 1 Averages)</i>	AVERAGE GYM OWNER Performance <i>(Quarter 2 Averages)</i>
<i>Average # of Conversions</i>	4.36	3.88 ←
<i>X Average Cost per Conversion</i>	\$6.97	\$6.84
	<hr/> \$30.39	<hr/> \$26.53

Conclusion

Almost **4 MISSED** Conversions **per week**

Costing 13 cents **LESS** per conversion, on average

- What that means for ONE Gym Owner, *per quarter...*
(91 days – Quarter 1 vs. Quarter 2)

	AVERAGE GYM OWNER Performance <i>(Quarter 1 Averages)</i>	AVERAGE GYM OWNER Performance <i>(Quarter 2 Averages)</i>
<i>Average # of Conversions</i>	52.32	46.56 ←
<i>X Average Cost per Conversion</i>	\$6.97	\$6.84
	\$364.67	\$318.47

Conclusion

Over **46 MISSED** Customers **per quarter**

Costing 13 cents **LESS** per conversion, on average

- What it means for Snap Fitness Corporate, aggregate...
91 days – Quarter 1 vs. Quarter 2 X 300 Accounts Running

	AVERAGE GYM OWNER Performance <i>(Quarter 1 Averages)</i>	AVERAGE GYM OWNER Performance <i>(Quarter 2 Averages)</i>
<i>Average # of Conversions</i>	15,696	13,968 ←
<i>X Average Cost per Conversion</i>	\$6.97	\$6.84
	<hr/> \$109,401.12	<hr/> \$95,541.12

Conclusion

NEARLY 14,000 MISSED Potential Customers for the brand

Costing 13 cents **LESS** per conversion, on average

- What if those 80 Accounts had not dropped their subscription after Q1? What would that mean for Snap Fitness?
 - **Minus 80 Accounts** (what if they had not cancelled?)
 - 3,725 Conversions Missed by not advertising in Q2
 - X _____ ROI per Conversion
 - = _____ in Revenue Missed
 - **Money Saved** (versus advertising in Q1 only)
 - **\$484.24** less than for what would have been the same number of conversions in Q1.
 - **X-Factor**
 - Is there any chance that conversions that occur during this “off-season” are more likely to *STAY* Snap Fitness customers? Meaning, less likely to cancel their membership after the month or two following their “Resolution?” Is it possible they are more likely to pursue their fitness goals much longer, and as a result, be a more profitable customer base for both corporate and franchise owners to chase as prospective customers?

Thank You!

Please contact Shane Vaughan with additional questions

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