

Kratos Gym



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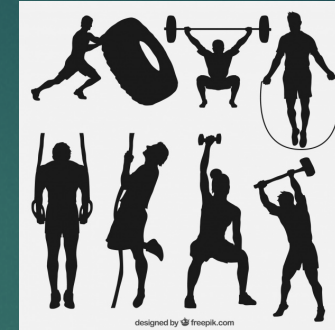
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1. Idea and Type of Business

1. Idea and Type of Business

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Business idea? A new Crossfit gym in Nice, France. Approximately 13,000 Crossfit gyms worldwide. In Nice, France, one Crossfit gym called *Wolfpack*.



What is Crossfit? Full body workout with weight training, cardio and gymnastics mixed up; high-intensity sport –getting the most out of your workout

Training: classes led by a Crossfit trainer (needs a Crossfit certification)

How often? Mainly for everyone off all abilities; **one** or **two times a week**, or like full-time athletes **2-3 times a day**, 5-6 days a week

→ Crossfit competitions all over the world

Where? Usually placed in large warehouses (“**boxes**”)

Workout? Plenty classes in a day to choose. Each workout: 45-60 min.

A typical workout: run, burpees, deadlifts and pull-ups; couple rounds of each movement in a time assigned



1. Idea and Type of Business

Crossfit box

- ▶ **Where?** rented from the city center of Nice
- ▶ **Size?** small warehouse at first, space for training for approximately 15 people at one time
- ▶ **Equipments?** must fit well in the warehouse
- ▶ **Traffic connection?** must be near to the public transports, e.g. tram, busses and/or train; place for parking near the warehouse. Customer's coming and going should be as easy as possible
- ▶ **Classes?** couple classes a day, in 6 days in a week.
At first: classes are in the evenings
In the future: classes also early in the morning and at a lunch time in the middle of the day

2. Market Research

2. Market Research - General

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Currently: one Crossfit gym in Nice: **Wolf Pack**

→ the only direct competitor in the Nice area.

There are several ordinary gyms in Nice, considered as indirect competitors.

- ▶ only one direct competitor in Nice → still market niche left for Kratos Crossfit Gym. Kratos Crossfit Gym is the second Crossfit operator in the city.

2.1 Fitness industry in France

Europe: world's largest health and fitness market, with total revenues of €26.3bn in 2016, ahead of the USA at €23.3bn in 2015, according to the IHRSA Global Report.

Top 5 European fitness nations by membership:

- ▶ 1. Germany - 10 million members, €5billion revenue
- ▶ 2. UK - 9.3 million members, €5.1billion revenue
- ▶ 3. France - 5.5 million members, €2.5billion revenue
- ▶ 4. Italy - 5.3 million members, €2.2billion revenue
- ▶ 5. Spain - 5.1 million members, €2.2billion revenue

4000 fitness clubs in France

8.2% of the French population have memberships

2.2 Competitors

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	Monthly	Annually
Fitlane	99€	588€
TropicGym	39.50€	
Keep Cool	44.90€	418.8€
VitaClub	29€	
SunFit Musculation	50€	
Gym Suédoise	40€	
Crossfit Nice - The Wolf Pack	169€	1308€
Fit N Form	29.90€	
Fitness Park	29.95€	
Lady Moving	100€	658€
Club Start	99€	990€
Vita Liberté	27.95€	
GIGAFIT	29.95€	
VitaLiberté	27.90€	
Jean Bouin Sport Palace	80€	381€
So Fit Gym	130€	
Average Price:	64.13€	

Price example:

- ▶ 49€/month - 1 session/week
 - ▶ 89€/month - 2 sessions/week
 - ▶ 129€/month - 3 sessions/week
 - ▶ 149€/month - unlimited sessions
-
- No enrollment fee/no contract
 - 1200€/year - unlimited
 - 15% student discount

2.3 Target group

2.3.1 Demographics

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- ▶ 50% men
- ▶ 50% women
 - Under 18: 18%
 - 18 - 24 : 6%
 - 25 - 34 : 40%
 - 35 - 44 : 20%
 - 45 - 54 : 8%
 - 55 - 64 : 2%
 - 65+ : 5%

“Crossfit is becoming more popular in all of Europe but in countries like Italy, Spain, France and Germany no such thing as CF Lifestyle exists. That's why we want to serve in those markets too,” (explains CEO Kim Kooren of CF Lifestyle)

2.3.2 Segment

2.3.2 Segment

Demographic

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Age: 25-34 (main)

- ▶ >18-44 (84%)
- ▶ **Income:** Medium - High
- ▶ Student discount 15%
- ▶ **Marital status:** irrelevant
- ▶ **Education:** 40% post-grad exam
- ▶ **Family size:** irrelevant
- ▶ **Gender:** 50/50
- ▶ **Geographic location:** city
- ▶ **Social status:** Middle - upper class
- ▶ **Occupation:** irrelevant

2.3.2 Segment

Psychographic

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- ▶ **Brand preferences:** Irrelevant (reebok)
- ▶ **Price sensitivity:** Low (experience/belongingness is more important than price)
- ▶ **Conservative/liberal:** liberal
- ▶ **Enviro-friendly:** irrelevant
- ▶ **Hobbies:** Important (group belongingness/work outs/community)
- ▶ **Lifestyle:** Important (Crossfit lifestyle)
- ▶ **Services preferences:** not important
- ▶ **Spontaneity:** no
- ▶ **Influenced by peers:** yes
- ▶ **Relationship importance:** no

2.3.2 Segment

Behavioural

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- ▶ **Purchase history:** continuously
- ▶ **Where:** Crossfit boxes
- ▶ **Internet usage:** low
- ▶ **Impulsiveness:** yes
- ▶ **Buy based on trends:** yes, it's trendy
- ▶ **Benefits sought:** health, fitness, belonging

2.3.3 Target

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- ▶ **Core target:** 25-34 year old men/women
- ▶ **Main target:** 18-44 year old men/women
- ▶ **Gross target:** >18-65+ year old men/women

2.3.4 Positioning

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Mid-to-high price segment. Differs from the competitors (normal gyms) in Nice as it focuses only on Crossfit.

3. Sales

Sales 2018 - August

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Gym memberships	W1	W2	W3	W4	Total
€49/month	30	12	6	3	51
€89/month	12	-	-	-	12
€129/month	-	-	-	-	-
Total	42	12	6	3	63

Products	W1	W2	W3	W4	Total
Bottles	2	1	1	1	5
Powder	2	1	1	1	5
Protein Bars	6	8	5	5	24
Total	10	10	7	7	34

Sales 2018 - September

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Gym memberships	W1	W2	W3	W4	W5	Total
€49/month	18	6	6	6	12	48
€89/month	18	12	12	12	12	66
€129/month	-	-	-	-	-	-
Total	36	18	18	18	24	114

Products	W1	W2	W3	W4	W5	Total
Bottles	3	2	2	1	-	8
Powder	3	2	2	1	-	8
Protein Bars	10	12	12	8	6	48
Total	16	16	16	10	6	64

Sales 2018 - October

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Gym memberships	W1	W2	W3	W4	Total
€49/month	24	6	12	6	48
€89/month	18	18	12	12	60
€129/month	6	6	6	-	18
Total	48	30	30	18	126

Products	W1	W2	W3	W4	Total
Bottles	1	2	3	3	9
Powder	1	2	3	3	9
Protein Bars	10	12	8	12	42
Total	12	16	14	18	60

Sales 2018 - November/December

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Gym memberships	November	December	Total
€49/month	42	40	82
€89/month	60	70	130
€129/month	18	20	38
Total	120	130	250

Products	November	December	Total
Bottles	9	15	24
Powder	9	15	24
Protein Bars	42	60	102
Total	60	90	150

Sales 2019 - January – June

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Gym memberships	January	February	March	April	May	June
€49/month	55	50	55	45	42	40
€89/month	80	70	75	80	77	74
€129/month	25	25	25	30	30	30
Total	160	145	155	155	150	145

Products	January	February	March	April	May	June
Bottles	20	14	7	5	4	2
Powder	20	14	17	17	14	10
Bars	80	70	80	80	70	65
Total	120	98	104	102	88	77

Sales 2019 - July – December

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Gym memberships	July	August	September	October	November	December
€49/month	50	50	45	40	35	40
€89/month	50	50	50	65	70	75
€129/month	20	20	27	35	40	40
€149/month	-	-	3	5	5	5
Total	120	120	135	145	150	160

Products	July	August	September	October	November	December
Bottles	-	-	3	5	5	2
Powder	5	5	12	14	20	10
Bars	80	70	80	80	70	65
Total	120	98	104	102	88	77

3.3 Sales 2020

Sales 2020 - January – June

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Gym memberships	January	February	March	April	May	June
€49/month	58	54	58	46	43	41
€89/month	80	73	76	82	79	74
€129/month	26	27	26	30	30	30
€149/month	4	4	3	2	2	1
Total	168	158	163	160	154	146

Products	January	February	March	April	May	June
Bottles	24	14	10	9	7	4
Powder	27	17	20	23	19	13
Bars	88	90	103	84	81	69
Total	139	121	133	116	107	86

Sales 2020 - July – December

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Gym memberships	July	August	September	October	November	December
€49/month	53	52	50	48	40	43
€89/month	57	55	55	65	71	77
€129/month	24	23	30	35	40	43
€149/month	1	1	5	6	7	7
Total	135	131	140	154	158	161

Products	July	August	September	October	November	December
Bottles	2	3	7	7	8	17
Powder	7	8	15	17	23	30
Bars	53	52	68	80	90	90
Total	62	63	90	104	121	137

4. Financial Plan

Item List

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05.04.2019

Items	Price per unit	Quantity	Total
Pull Up Bar	25 €	2	50 €
Medicine Balls	60 €	4	240 €
Weight Bench	159 €	2	318 €
Plyometric Box Pack	110 €	2	220 €
Dumbbells Pack	485 €	1	485 €
Kettlebells Pack	120 €	2	240 €
Pumper Plates Sets	20 €	2	40 €
Olympic Barbell	130 €	2	260 €
Gym Bandages	20 €	10	200 €
Battle Rope	50 €	2	100 €
Glute Ham Developer	350 €	1	350 €
Shower	400 €	2	800 €
Drinking	50 €	1	50 €
Yoga Matress	20 €	4	80 €
Gym Rings	39 €	2	78 €
Sofa	130 €	2	260 €
Small Table	10 €	1	10 €
Shaker bottles	2 €	15	30 €
Audio System	105 €	1	105 €
Computer	200 €	1	200 €
Shelf	65 €	1	65 €
Protein Powder	15 €	15	225 €
Protein Bar	20 €	2	40 €
Total	2.585 €	77	4.446 €

4.1 Income statement 3 months

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Kratos Company Income Statement for 3 months from August to October, 2018																
	August €					September €						October €				
	W1	W2	W3	W4	Total	W1	W2	W3	W4	W5	Total	W1	W2	W3	W4	Total
Sales	1734	378	339	192	2643	2604	1458	1458	882	294	6696	3612	2766	2544	1488	10410
Cost of Sales	50	33	28	28	140	77	60	60	33	10	240	37	60	73	80	250
Gross Margin	1684	345	311	164	2503	2527	1398	1398	849	284	6456	3575	2706	2471	1408	10160
Marketing	23	23	23	23	93	19	19	19	19	19	93	23	23	23	23	93
Research & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S.G.& A.	1560	0	0	1370	2930	1560	0	0	0	4570	6130	1560	0	0	5370	6930
EBITDA (operation profit)	101	322	288	-1229	-519	949	1380	1380	830	-4305	233	1992	2683	2448	-3985	3137
Depreciation	15	15	15	15	60	12	12	12	12	12	60	15	15	15	15	60
EBIT	86	307	273	-1244	-579	937	1368	1368	818	-4317	173	1977	2668	2433	-4000	3078
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT	86	307	273	-1244	-579	937	1368	1368	818	-4317	173	1977	2668	2433	-4000	3078
Income tax (15%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	86	307	273	-1244	-579	937	1368	1368	818	-4317	173	1977	2668	2433	-4000	3078

4.2 Income statement 2018 monthly

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Kratos Company Income Statement for 5 months from August to December, 2018

	August €	September €	October €	November €	December €	Total €
Sales	2643	6696	10410	10116	11400	41265
Cost of Sales	140	240	250	251	400	1281
Gross Margin	2503	6456	10160	9865	11000	39984
Marketing	93	93	93	93	93	463
Research & Development	-	-	-	-	-	-
S.G.& A.	2930	6130	6930	6930	6930	29850
EBITDA (operation profit)	-519	233	3137	2842	3977	9671
Depreciation	60	60	60	60	60	300
EBIT	-579	173	3078	2783	3917	9372
Interest	-	-	-	-	-	-
EBT	-579	173	3078	2783	3917	9372
Income tax 15%	0	0	0	0	0	1406
Net income	-579	173	3078	2783	3917	7966

4.3 Income statement 2019

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Kratos Company Income Statement for the year 2019 from January to December													
	Jan €	Feb €	Mar €	Apr €	May €	June €	July €	Aug €	Sept €	Oct €	Nov €	Dec €	Total €
Sales	13880	12535	13265	13825	13311	12831	9715	9715	11035	13545	14540	15445	153642
Cost of Sales	5336	397	424	414	347	269	150	150	295	352	459	537	9128
Gross Margin	8544	12138	12841	13411	12964	12562	9565	9565	10740	13193	14081	14908	144514
Marketing	93	93	93	93	93	93	93	93	93	93	93	93	1110
Research & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
S.G. & A.	8290	8290	8650	8290	8650	8290	8290	8650	8290	8650	8290	8290	100920
EBITDA (operation profit)	162	3756	4099	5029	4222	4180	1182	822	2357	4451	5699	6526	42484
Depreciation	60	60	60	60	60	60	60	60	60	60	60	60	719
EBIT	102	3696	4039	4969	4162	4120	1122	762	2297	4391	5639	6466	41765
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT	102	3696	4039	4969	4162	4120	1122	762	2297	4391	5639	6466	41765
Income tax	0	0	0	0	0	0	0	0	0	0	0	0	6265
Net income	102	3696	4039	4969	4162	4120	1122	762	2297	4391	5639	6466	35500

4.4 Income statement

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Kratos Company Income Statement for the year 2020 from January to December

	Jan €	Feb €	Mar €	Apr €	May €	June €	July €	Aug €	Sep €	Oct €	Nov €	Dec €	Total €
Sales	14595	13385	14235	14525	13995	13120	11500	11450	12835	13985	14575	15980	164180
Cost of Sales	673	475	424	546	496	439	384	352	393	467	518	682	5849
Gross Margin	13922	12910	13811	13980	13499	12682	11116	11098	12443	13518	14057	15298	158331
Marketing	93	93	93	93	93	93	93	93	93	93	93	93	1110
Research & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
S.G.& A.	10250	10250	10910	10250	10910	10250	10250	10910	10250	10910	10250	10250	125640
EBITDA (operation profit)	3579	2567	2809	3637	2496	2339	773	96	2100	2515	3715	4955	31581
Depreciation	60	60	60	60	60	60	60	60	60	60	60	60	719
EBIT	3519	2507	2749	3577	2436	2279	713	36	2040	2455	3655	4895	30862
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT	3519	2507	2749	3577	2436	2279	713	36	2040	2455	3655	4895	30862
Income tax	0	0	0	0	0	0	0	0	0	0	0	0	4629
Net income	3519	2507	2749	3577	2436	2279	713	36	2040	2455	3655	4895	26233

5. Cash flow plan

5.1 Cash flow plan 2018

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05.04.2019

Kratos Company Cash Flow Plan for 2018																			
	2018																		
	August €					September €						October €					Nov €	Dec €	Total €
	W1	W2	W3	W4	Total	W1	W2	W3	W4	W5	Total	W1	W2	W3	W4	Total			
Opening cash	20000	15315	15637	15925	20000	14696	15484	16863	18242	19072	14696	14767	16599	19282	21730	14767	17745	20247	20000
Customer payment	1734	378	339	192	2643	2604	1458	1458	882	294	6696	3612	2766	2544	1488	10410	10116	11400	41265
Cash available	21734	15693	15976	16117	22643	17300	16942	18321	19124	19366	21392	18379	19365	21826	23218	25177	27861	31647	61265
Variable cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	50	33	28	28	139	77	60	60	33	10	240	37	60	73	80	250	251	400	1280
Marketing	23	23	23	23	92	19	19	19	19	19	95	23	23	23	23	92	93	93	465
R & D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S. G. & A.	1560	0	0	1370	2930	1560	0	0	0	4570	6130	1560	0	0	5370	6930	6930	6930	29850
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1406	1406
Total payments	20101	15637	15925	14696	19482	15644	16863	18242	19072	14767	14927	16759	19282	21730	17745	17905	20587	22818	28264
Investment	4786	0	0	0	4786	160	0	0	0	0	160	160	0	0	0	160	340	400	5846
Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash	15315	15637	15925	14696	14696	15484	16863	18242	19072	14767	14767	16599	19282	21730	17745	17745	20247	22418	22418

5.2 Cash flow plan 2019

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Kratos Company Cash Flow Plan for 2019													
	2019												
	Jan €	Feb €	Mar €	Apr €	May €	June €	July €	Aug €	Sep €	Oct €	Nov €	Dec €	Total €
Opening cash	22418	21659	24994	28602	33140	37091	41020	42047	42714	44821	48876	54109	22418
Customer payment	13380	12535	13265	13825	13311	12831	9715	9715	11035	13545	14540	15445	153142
Cash available	35798	34194	38259	42427	46451	49922	50735	51762	53749	58366	63416	69554	175560
Variable cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	5336	397	424	414	347	269	150	150	295	352	459	537	9130
Marketing	93	93	93	93	93	93	93	93	93	93	93	93	1116
R & D	-	-	-	-	-	-	-	-	-	-	-	-	-
S. G. & A.	8290	8290	8650	8290	8650	8290	8290	8650	8290	8650	8290	8290	100920
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	0	0	0	0	0	0	0	0	0	0	0	6265	6265
Total payments	22079	25414	29092	33630	37361	41270	42202	42869	45071	49271	54574	54369	58129
Investment	420	420	490	490	270	250	155	155	250	395	465	590	4350
Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash	21659	24994	28602	33140	37091	41020	42047	42714	44821	48876	54109	53779	53779

5.2 Cash flow plan 2020

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05.04.2019

Kratos Company Cash Flow Plan for 2020													
	2020												
	Jan €	Feb €	Mar €	Apr €	May €	June €	July €	Aug €	Sep €	Oct €	Nov €	Dec €	Total €
Opening cash	53779	56797	58839	61057	64073	66149	68067	68450	68190	69939	71944	75133	53779
Customer payment	14594	13385	14235	14525	13995	13120	11500	11450	12835	13985	14575	15980	164179
Cash available	68373	70182	73074	75582	78068	79269	79567	79900	81025	83924	86519	91113	217958
Variable cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	673	475	424	546	496	439	384	352	393	467	518	682	5849
Marketing	93	93	93	93	93	93	93	93	93	93	93	93	1116
R & D	-	-	-	-	-	-	-	-	-	-	-	-	-
S. G. & A.	10250	10250	10910	10250	10910	10250	10250	10910	10250	10910	10250	10250	125640
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	0	0	0	0	0	0	0	0	0	0	0	4629	4629
Total payments	57357	59364	61647	64693	66569	68487	68840	68545	70289	72454	75658	75459	80724
Investment	560	525	590	620	420	420	390	355	350	510	525	735	6000
Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash	56797	58839	61057	64073	66149	68067	68450	68190	69939	71944	75133	74724	74724

Sources

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