



Paal Hansem

Founder and CEO at Fresh Fitness AS

Fresh Fitness is a Norwegian gym franchise and national success story, boasting 27 centers and over 77,000 members. We caught up with CEO Paal Hansem, who explains how his ten year career in the grocery industry has helped him successfully grow the business to become Norway's leading chain of discount gyms and why he believes Fresh Fitness's 'low cost high quality' proposition has the potential to make the company the biggest fitness franchise in Scandinavia.

What attracted you to the CEO opportunity?

I was approached about the opportunity to establish a new fitness chain in 2009 and at that time, I was running my own consulting company and actually considering opening a low cost gym myself. My past experience as Regional Director at REMA 1000, Norway's biggest discount retailer, meant it was actually a great fit for me as well as an exciting opportunity. Following my appointment, I was given responsibility for developing the Fresh Fitness concept. I travelled across Europe investigating other low cost fitness providers and different operating models and finally created and then launched Fresh Fitness in autumn 2010.

What were the biggest challenges you faced in the initial start-up phase of the company and how did you overcome them?

The biggest challenge early on was overcoming public scepticism. Our proposition is to deliver high quality at the lowest price – about a third of the average price offered elsewhere – and initially people just weren't convinced that they would get the same level of quality as they would in a premium or more expensive establishment. In the fitness

industry, a new gym will typically attempt to sign up as many members as possible prior to opening. When opening our first center, we found this approach impossible. So, instead of focusing on pre-sales we invested in raising the profile of our brand, as well as organising a free open-day launch event, where people could come and try out the facility. This proved to be a big success, and we actually broke even after our first three months in business.







Five years on, what's the competitive environment in Norway like for Fresh Fitness?

Around one million people in Norway now regularly attend a gym and that number has increased by 30% since 2009. The fitness market in Norway today is extremely fragmented, however, with over half of the overall sector made up of small local discount centers. Because we were the first low cost chain, though, we now have the advantage of scale - 27 centers across the country to be precise - whereas most of our competitors only have one or two gyms limited to one particular area. Sweden's Fitness 24/7, for example, launched here a few years ago, but they have subsequently only opened seven centers nationally. We knew that time was of the essence when we launched the Fresh Fitness concept and a lot of work has been done to ensure we expanded our chain as fast as possible, gaining market share and achieving national coverage. So, we are the biggest player in the discount market and have a great reputation for offering high value at a low cost. What we will see over the next few years is more consolidation, as a lot of smaller players become part of bigger franchises.

What transferable skills and knowledge have you taken from your work in the retail industry and into the fitness sector?

The obvious and overarching factor was knowing how to develop a low cost, high quality brand and service. There were probably three specific things I had done or had been part of in the past that helped me progress this agenda quickly in my role as Fresh Fitness CEO. Firstly, I actually renewed the franchise operating manual at REMA 1000; so I understood the need to establish, early on, a clear road-map of 'how we do things around here' at Fresh Fitness which could be easily replicated across all new centers. My role as REMA1000 Regional Director also meant I was used to managing multiple sites as well as large numbers of people. Fresh Fitness now has 600 employees nationally, but thankfully, unlike a lot of founders of start-up businesses, I was prepared for the complexities and challenges that this kind of rapid transition entails. The other key learning that I was able to bring with me was the importance of establishing a fun and winning culture, which is something REMA 1000 is well known for. No matter what role employees undertake at Fresh Fitness – whether

they're cleaners or personal trainers – everyone sees the higher meaning of what it means to work for our brand and it's now regarded as a really fun and rewarding place to work.

What new challenges does the fitness industry bring in comparison to the retail sector?

It's clearly a different value proposition to buying groceries, but other than the obvious factors, the actual philosophy of 'getting the most out of every penny' as well as the core challenges that impact your business the most are fairly similar. To do this successfully you need to be efficient and look for cost savings all of the time and be completely focused on delivering a high quality service. You also need to hire the right people who completely buy into this way of working. At Fresh Fitness I always say to my managers, 'If you can't hire the absolutely right person, then you'll have to do the job yourself.' Making the wrong hire is too costly in this industry as well as in retail because, ultimately, it's the people delivering the service who make a difference to your brand.

In terms of customers, do you target fitness enthusiasts or people who do very little exercise?

We specifically appeal to individuals who want to achieve a better all-round lifestyle and I'm proud to say that, to date, we've managed to persuade 50,000 people to become gym members for the first time in their lives. Our customers are not tied into a contract and the low prices and welcoming environment we've created means people who are usually intimidated by gyms, or find them to be too expensive, suddenly see an opportunity to get fit in a place that is more aligned to their needs and expectations. We've also had some success in attracting customers away from 'premium brand' gyms. These people are often individuals that only go to the gym to maybe use a running machine or lift weights and therefore the comparable cost savings they make to do something fairly simple, regularly, means the decision to move is very easy for them. People who don't move to Fresh Fitness are usually those that have a more demanding fitness regime or a close relationship with a particular personal trainer elsewhere. We don't actively target those people.

As the business has grown, how have you ensured the entrepreneurial spirit and agility is maintained?

It's certainly been difficult, but a key part of our success has been down to the investments we have made in training and developing our people. Since 2014, everyone who has joined Fresh Fitness - even if

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it's someone only teaching one fitness class per week - has attended the Fresh Academy, a series of introductory sessions aimed at embedding our philosophy, vision, values and service standards, as well as providing new employees with an understanding of our history and what our objectives are moving forward. This internal schooling is actually another idea I brought with me from REMA1000, and it's proved to be very effective in helping us to maintain the distinct culture of the business.

What ambitious plans do Fresh Fitness have over the next 12 months to sustain the level of growth?

The personal training market has a lot of potential and that is an area of the business that we are actively developing. We also have a small retail operation in some of our gyms and that is likely to be an area of the business we will seek to expand in the future.

One factor, however, that we have to constantly monitor is how we can leverage new technology to help us grow. Measuring the impact of your training regime or your diet is something which is clearly important to our customers. It was recently reported that forty thousand new health apps were launched last year and it's very challenging to decide what we can use to our benefit. There are a great deal of devices or apps that allow people to track different activities and I think a device or piece of software that captures multiple different metrics - 'an all-in-one fitness measurement package' - will be the panacea technology that proves to be a game changer in the next few years.

What other businesses do you look to for inspiration?

In the fitness industry, there are various companies with a similar proposition to Fresh Fitness. Some of the best I've come across are FitX in Germany, Basic-Fit in the Netherlands and The Gym Group in the UK. Outside of this sector, another discount business models that really stand out in Norway is my former employer REMA100. Similarly, IKEA offer high quality products at low prices, and have an impressive innovation pipeline. I'm also always impressed with H&M for the same reason. These established companies, despite being in totally different industries, act as good role models as they have the same basic philosophy as Fresh Fitness.

How do you keep yourself busy outside of work?

I spend a lot of time with my family; I have two young children who keep me very busy. I enjoy hiking and skiing, which complement the exercise I tend to do most days at work in the gym!

