



The Success of CrossFit and Its Implications for Businesses of All Types

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Introduction

The Inception of CrossFit

Greg Glassman, who is otherwise known as “Coach” in the CrossFit community, is the fitness phenomenon’s architect. Following a gymnastics injury in high school that left him with a permanent limp, Glassman became a gymnast and celebrity fitness trainer in the 1970s and 80s (author unknown, 2013). During the 1990s, he went on to train police officers and started developing the backbone of modern-day CrossFit (Glassman, 2015). His workouts were deemed loud and disruptive, and it took being kicked out of five or six gyms for Glassman to decide to open his own gym in Santa Cruz, California in 2001. In less than 20 years, this one gym, or “box”, gave rise to the CrossFit empire. Today, there are over 12,000+ CrossFit boxes worldwide and the brand generates some \$4 billion in annual revenue with Glassman as sole owner of the company (Ozanian, 2015).

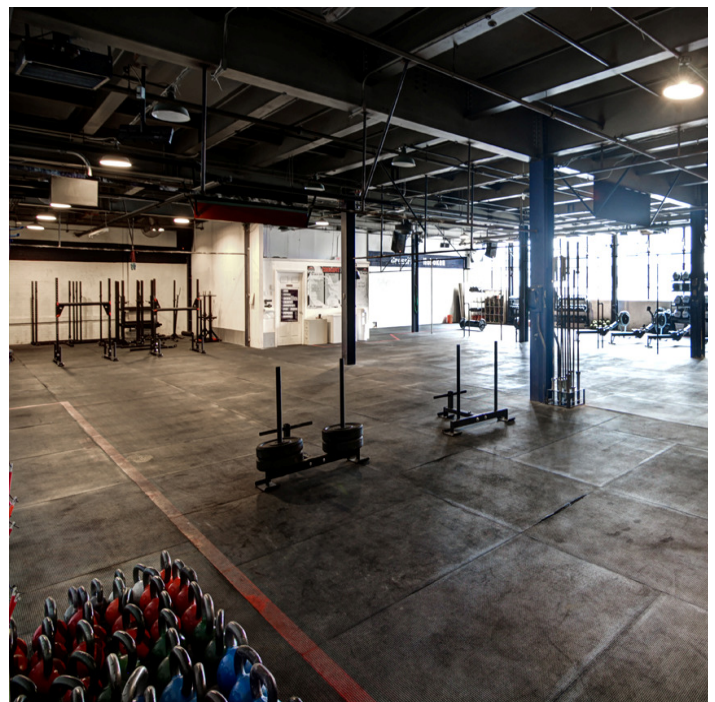
There is much to learn from CrossFit’s success. In fact, businesses of all types and from all industries could benefit from imitating several key contributing factors. Therefore, the following paper will focus on identifying these factors and demonstrating how they can be utilized in all business settings to foster success.

CrossFit 101

The Basics

To begin to understand CrossFit’s success it’s important to first identify what CrossFit is and how it sets itself apart in the fitness industry.

Unlike a traditional gym, CrossFit boxes are minimalistic. Many boxes are simply open square rooms with mirrorless walls and concrete floors. Equipment offerings depend on the size of the box, but most CrossFit spaces consist of a few power racks, jump ropes, peg boards, stationary bikes, rowing machines, kettlebells, and free weights. This is strikingly different from a traditional gym that offers a plethora of specialized equipment for specific body part targeting. The difference can be traced to CrossFit’s distinct value proposition. CrossFit is advertised as “the sport of fitness”. It’s a training philosophy focused on improving physical well-being and cardiovascular fitness at all levels through varied, high-intensity functional movements (Kamb, 2012). The idea of functional fitness is that the body doesn’t perform one movement or specialty perfectly, but rather is prepared and successful at performing practically anything and everything it’s tasked with. Therefore, CrossFit programming uses aspects of



Traditional CrossFit box

Image obtained from <http://www.insidebusinessnyc.com/crossfit-gym-virtual-tour/>

gymnastics, weightlifting, running, rowing, etc. to test the body's capabilities and stretch its limits. In addition to these focus areas, intensity is another integral part of CrossFit's proposition. On the company's website, they explain that a key way to test the body's limits is to not only challenge it with new and varied movements but to maximize the amount of work done in the shortest period of time. They explain that by employing a constantly varied approach to training, functional movements and intensity lead to dramatic gains in fitness.

CrossFit also has its own lingo. Within the CrossFit community, for example, one works out at a "box", not a gym. Another term, "WOD", stands for "Workout of the Day" and is typically displayed on a large whiteboard before the commencement of a class. Certain movements have names as well, such as "kipping", which is a small but powerful movement used to create momentum in a pull-up. Two other important terms are "AMRAP" (as many rounds or reps as possible) and "Rx'd", which signifies to perform a workout exactly as written (Myser, 2012). While seemingly trivial, these words and acronyms have meaning for members that create a unifying effect in the CrossFit community.

Business Model

Affiliation

Opening a CrossFit box is surprisingly simple. Just about anyone willing to pay \$3,000 annually and attend a two-day seminar can be a box owner (Glassman, 2012). This, of course, does not take into account other initial and ongoing costs such as equipment, rent, utilities, insurance, etc. that require a prospective CrossFit box owner to have close to \$30K before starting his/her box (DePersio, 2015). Yet even this amount seems extremely small when compared to other gym business models. To become

a Gold's Gym franchisor, for example, requires a total investment of \$1M-\$4M. This hefty fee can in large part be attributed to substantial initial leasehold improvements and construction costs as well as equipment and machine requirements.

Another benefit to the affiliate model is the level of freedom given to box owners. Glassman believes the affiliate model eliminates everything he finds frustrating about large gym franchises and puts the power in the hands of the affiliate owner (Achauer, 2016). In an interview discussing this mod-

Name of Fee	Low	High
Initial Franchise Fee	\$32,000	\$40,000
Travel and Living Expenses During Training	\$4,000	\$7,000
3 Months' Rent	\$19,000	\$250,000
Security Deposit for Lease	\$6,000	\$150,000
Leasehold Improvements and Construction Costs (assuming no pool)	\$625,000	\$2,000,000
Selectorized Equipment and Free Weights	\$100,000	\$500,000
Cardiovascular Equipment	\$150,000	\$500,000
Signage	\$10,000	\$50,000
Initial Inventory, Other Equipment and Supplies	\$12,000	\$56,000
Computer System and Gym Management System	\$20,000	\$35,000
Advertising and Marketing	\$25,000	\$170,000
Miscellaneous Opening Costs	\$10,000	\$65,000
Additional Funds - 3 Months	\$20,000	\$150,000
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate purchase costs)	\$1,033,000	\$3,973,000

Initial investment for a new 25,000 square foot Gold's Gym facility.

Image obtained from <http://www.franchisedirect.com/fitnessfranchises/golds-gym-franchise-07663/ufoc/>

el, Glassman explained that affiliates are in charge of deciding how to run their boxes—including, but not limited to, the hours of operation, color of the shirts, type of music played during training, decorations on the walls, and what equipment fills the space. He says it's important to “remove everything between you and your success that isn't essential” (Glassman, 2012). The idea of owner empowerment is arguably one contributing factor to CrossFit's success and we will spend more time analyzing its importance later on.



A glimpse of the number of CrossFit affiliate gyms in different regions.

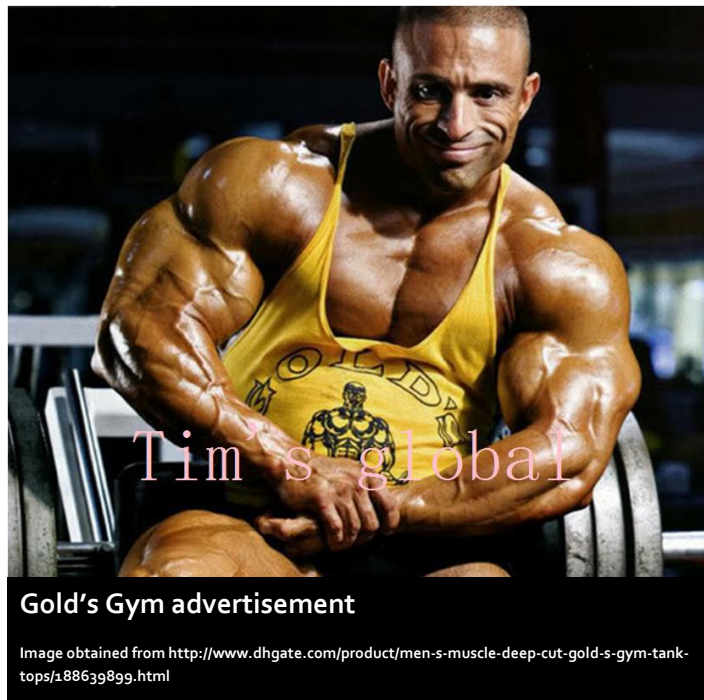
Image obtained from map.crossfit.com.

Value Proposition

Creating Demand

While the affiliate structure is an integral part of CrossFit's business model, I believe the company's unique value proposition is more central to its success. In many ways, Glassman emerged on the

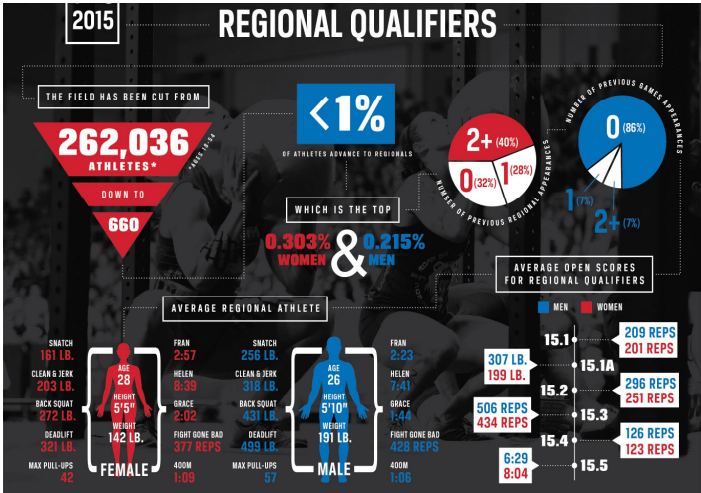
fitness scene and redefined what it means to be fit. As previously mentioned, he espouses the idea of functional fitness, or preparedness for anything and everything. This contrasts greatly with traditional measures of fitness, such as that of Gold's Gym, that merely encourage having a certain appearance or being able to perform a few movements well.



Glassman's idea of functional fitness is perhaps best displayed on the CrossFit Games stage. The CrossFit Games is an annual competition that has been held in California since 2007. According to Forbes, the CrossFit Games has become “one of the fastest growing sports in America” (Rishe, 2011). In fact, the Games might be the largest athletic event in the world considering two hundred and seventy-three thousand people competed in the Open (the precursor to the Games) this past February (Bowles, 2015). In Glassman's eyes, the Games serves as the world's premier test to find “the Fittest on Earth™”.

The road to this annual competition is a long one. The first stage is known as the Open, which takes place each winter and is a five-week, five-workout competition. Any CrossFit member is eligible to submit their workout results, provided they

are at least 14 years old. The top athletes from each of the 17 regions then compete in the next stage of competition—Regionals. Unlike the five-week long Open, Regionals is a live, three-day competition held in May. After combining two or three regions, the top five athletes from each category (individual men, individual women, teams, masters, and teenagers) progress to the CrossFit Games. This process whittles down the field of several hundred thousand to the top 40 men, 40 women, 40 teams, 80 teenagers, and 220 masters from all over the globe.

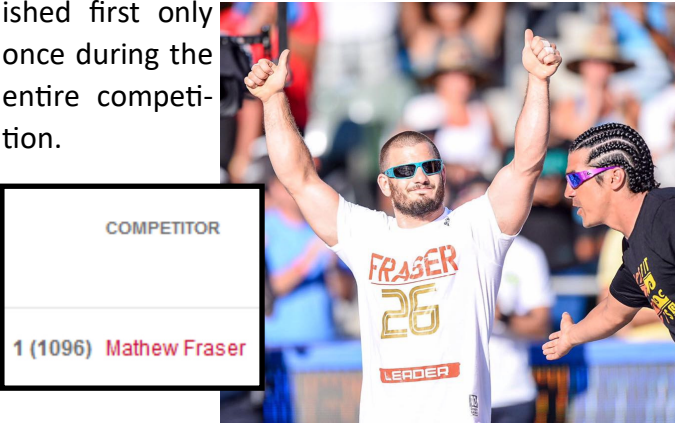


For athletes the journey is grueling; and while making it to the Games is an admirable feat, ultimately there is only one winner from each of the five aforementioned classes. The Games requires athletes to expect the unexpected, and during this final stage of competition spectators and athletes alike are not informed of what challenges the athletes will face until right before the competition. In 2016, the individual men and women each competed in 15 events over a six-day span that ultimately determined the winner from each category. These challenges ranged from a trail run to an ocean swim and even consisted of more unconventional events such as a handstand walk and the “Climbing Snail”—an event that required male athletes to push a 500LB drum cylinder down a football field after first completing a run and rope climb sequence.

Rather than having a winner from each



event, to be dubbed “Fittest on Earth” an athlete must accumulate the most points over the span of the six-day Games. Under the relative scoring system used for the competition, athletes are rewarded points based on their event placing in relation to their peers. Therefore, the goal is to amass the most points overall by outperforming your peers more often rather than to excel at one or two events out of the total that comprise the competition. In fact, the 2016 individual men’s winner, Matt Fraser, finished first only once during the entire competition.





From the nature of the events preceding and consisting of the Games to the relative scoring system, functional fitness is at the core of CrossFit. CrossFit athletes often say that their specialty is not specializing and that their fitness is measured by the body's ability to perform new and challenging movements as quickly as possible. This idea, redefining fitness, is what CrossFit is all about. Glassman challenged traditional definitions of fitness and then introduced a solution to the problem. With his unique value proposition, he illuminated a gap in the fitness industry and then filled this hole by creating CrossFit. In this way, rather than stealing demand from established competitors Glassman created demand where it didn't exist before. This is the first key take away from CrossFit's success: build a compelling value proposition that can't be matched by competitors.

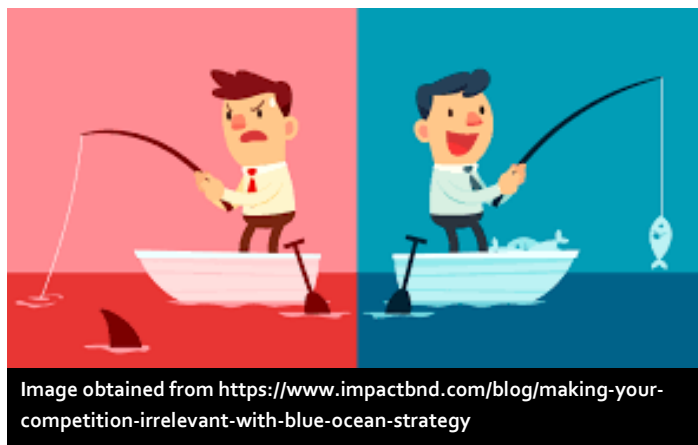
Strategy

Blue Ocean vs. Red Ocean

The fact that Glassman created demand rather than stole it is essential to CrossFit's overarching strategy. In a broad sense, there are two types of strategies companies can pursue. The first is represented by a red ocean. Red oceans consist of "all the industries in existence today—the known market space" (Kim and Mauborgne, 2014). In contrast, blue oceans consist of new, uncontested market space where there is ample opportunity for growth.

In most cases, red oceans give rise to blue oceans when a company breaks the traditional boundaries of its industry. Ford Model T, Apple personal computer, and Cirque de Soleil are a few such examples. In the fitness industry, CrossFit differentiated itself from traditional gym franchises such as Gold's Gym and 24 Hour Fitness to enter a similarly competitor-free market. Like other blue ocean com-

panies, CrossFit benefits from imitation barriers. In fact, "companies that create blue oceans usually reap the benefits without credible challenges for ten to 15 years" (Kim and Mauborgne, 2014). In CrossFit's case, the closest rivalry would be the National Pro Grid League (NPGL) which was founded in 2014 and claims to be the world's first professional co-ed team sports league. Yet even this could hardly be classified as competition seeing as how CrossFit athletes are able to compete for both. One CrossFit athlete, Lindsey Valenzuela, says that "CrossFit will never be replaced by The Grid...It's like the Olympics and the NBA. If athletes are lucky enough they get to go to the Olympics, but they play in the NBA to make a living" (O'Mara, 2015). In this analogy, Valenzuela suggests that the NPGL (called The Grid by its owners and athletes) is the NBA and the CrossFit Games is the Olympics.



The two imitation barriers that deter potential competitors like NPGL from reaching CrossFit-level status are economic and cognitive. The economic barrier exists because most companies are not flexible enough to alter their existing business model in a cost-effective and successful way. The cognitive barrier is equally as challenging to overcome because blue ocean companies benefit from brand recognition and amass an extensive group of loyal followers early on. Fortunately for CrossFit, these two barriers are still very much in tact.

CrossFit has undoubtedly benefitted from its

blue ocean strategy. Red ocean companies, however, can still be successful. It's up to a company to decide which strategy to pursue and in so doing deliver something of value to its customers. This is the second key take away from CrossFit's success.

Customers

Appealing to All

Our third area of focus centers on CrossFit's lifeblood: its customers. From a marketing standpoint, CrossFit has been able to appeal to the general public using an undifferentiated approach. This method is more commonly known as mass marketing, which unlike a differentiated approach ignores market segmentation and instead aims to reach as many people as possible with one offer or strategy. CrossFit is able to market itself in such a manner based on its "universal scalability" - a concept explained on its website as scaling load and intensity to meet individual needs while keeping the same workout program for everyone. CrossFit suggests that "the needs of Olympic athletes and our grandparents differ by degree, not kind."

This emphasis of equality between differing age groups is evident in the CrossFit community as well as the CrossFit Games itself. Since 2010, the Games has offered one competition category for Individual Men and Women, one for Teams, and six for Masters Men and Women. In 2015, CrossFit expanded these categories to include two for Individual

*"...the needs of Olympic athletes
and our grandparents differ by
degree, not kind."*

Teenage Boys and Girls. This had two obvious implications. The first was that CrossFit continued to emphasize the importance of life-long fitness, challenging the idea that a person can be too young or too old to test their physical limits. At the same time, expanding the categories also expanded CrossFit's potential customer base—a brilliant business move.



Teenage Girls competing in CrossFit Games 2016

Image obtained from <http://bmccrossfitsteenbergl.com/packages/bmc->

While day-to-day CrossFit is vastly different than the annual CrossFit Games, the desire to cater to all ages and skill levels is still equally as apparent. CrossFit Kids, for example, is a program designed to "improve the general physical preparedness of young people and set them up for a lifetime of fitness" (Achauer, 2015). There are even ways for adaptive athletes, those who are severely wounded or permanently injured, to get plugged into the CrossFit community. Whereas most athletes train to make it to the annual CrossFit Games, these athletes participate in programs that prepare them for the Working Wounded Games. CrossFit's universal scalability and unique community atmosphere has also made it an attractive option to those not previously involved in the fitness industry. There is a tendency for some people to feel so self-conscious about their physical appearance and/or abilities that avoiding the gym seems like a better option than going to

one. CrossFit, on the other hand, is attractive because it offers a strong support system and teaching atmosphere that a traditional gym often lacks. With CrossFit, members feel connected to a larger community that encourages a healthier self progression rather than a fixation with obtaining a particular physical image.



Jason Sturm competing at Working Wounded Games 2012

Image obtained from jasonisturm.blogspot.com/2013/01/2012a-year-in-

CrossFit created new demand by attracting non-gym members to boxes. On one end of the spectrum this includes people who are not the most physically fit, but on the other end this includes the most elite among us. CrossFit appeals to competitive athletes by offering them a way to compete outside



Brooke Wells at 2016 CrossFit Games

Image obtained from <https://www.pinterest.com/lizbethskye2015/>

of their traditional sports settings. There have even been cases where collegiate athletes choose CrossFit *instead* of their collegiate sport. Brooke Wells is one such example. A former track star, Wells initially used CrossFit as a way to supplement her track training (Ghiroli, 2015). After committing to the University of Arkansas, she ultimately changed her mind and opted to pass up her scholarship to train and compete as a CrossFit athlete. Camille Leblanc-Bazinet is another example of an athlete who turned to CrossFit. A hip tear ended her promising gymnastics career when she was sixteen, but CrossFit offered her athletic redemption. Today, she is one of the most well-known CrossFit athletes, having competed in the CrossFit Games for six consecutive years and winning the 2014 title of “Fittest on Earth™”. In more recent history, Tia-Clair Toomey has gained increasing recognition. Toomey narrowly missed winning the 2016 Games but went on to compete in the 2016 Rio Summer Olympics for the Australian weightlifting team. In all three cases, CrossFit has offered these athletes another outlet to utilize and challenge their athleticism.



Camille Leblanc-Bazinet being crowned “Fittest on Earth™”

Image obtained from <http://burpeezeoid.com/2014/07/28/froning-leblanc->

CrossFit isn’t just appealing to one particular market segment. With its universal scalability, it

offers everyone a way to test and improve their level of fitness. This is the third key take away from CrossFit's success: companies benefit more when their product or service is not limited to a certain demographic.

Social Media

Connection and Exposure

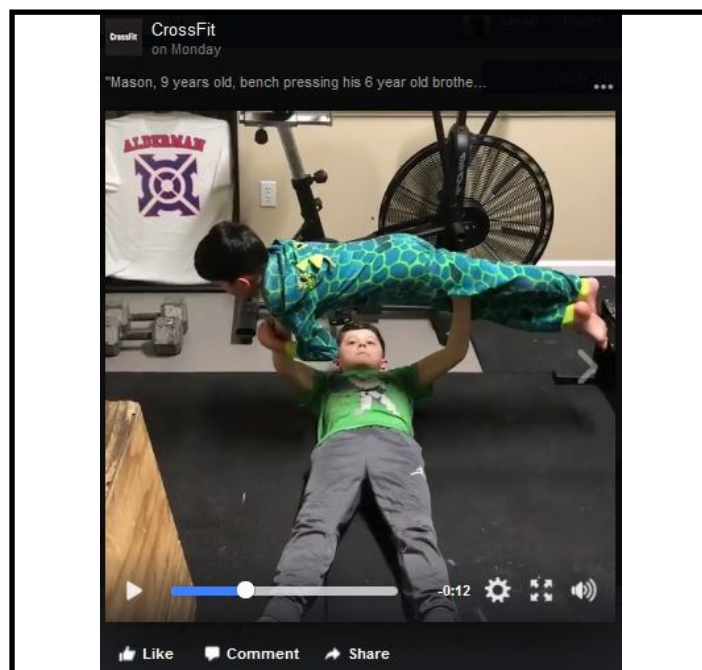
CrossFit has an extensive and diverse customer base, and the company is able to leverage this even more through its use of social media platforms. On Facebook alone, CrossFit engages its 2.7M followers through daily video and post sharing and effectively reaches millions more due to Facebook's friend-network structure. Through this networking setup, CrossFit is able to continually increase its brand exposure and ultimately gain new followers. A tool that Facebook offers to monitor this reality is a week-to-week page traffic graph that can be found on the "Likes" tab on CrossFit's Facebook page. In addition to this graph, CrossFit also features information about the company on its page including its



Facebook traffic for 2/12-18

Image obtained from <https://www.facebook.com/crossfit/likes/>

mission statement and founding date. As for content, CrossFit posts videos ranging from the instructional type to diversionary—one, for instance, features a 9-year-old bench pressing his younger brother—which serve to keep CrossFitters both informed and entertained. CrossFit affiliates can also post photos and member success stories to the main company page to increase awareness for their individual boxes as well as enrich the sense of community and connectedness. The remaining page components consist of an "Events" tab that details upcoming seminars and competitions as well as a "Shops" tab where CrossFit merchandise can be purchased.



Video of 9-yr-old bench pressing younger brother

Image obtained from <https://www.facebook.com/crossfit/videos/>

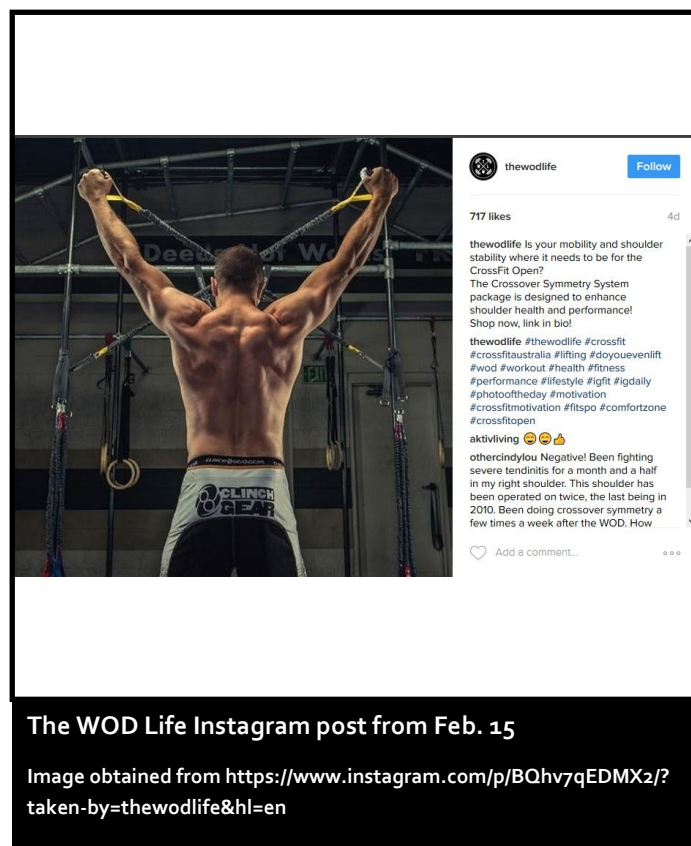
Twitter, which in contrast to Facebook functions as a micro-blog, also offers CrossFit a way to reach its customer base. Although far less than Facebook, CrossFit's Twitter account still has an impressive following of 824K people. Perhaps more impressive is the number of tweets the account boasts: 20.1K since Sep. 2012. Like Facebook, these tweets consist of links to news articles, success stories,



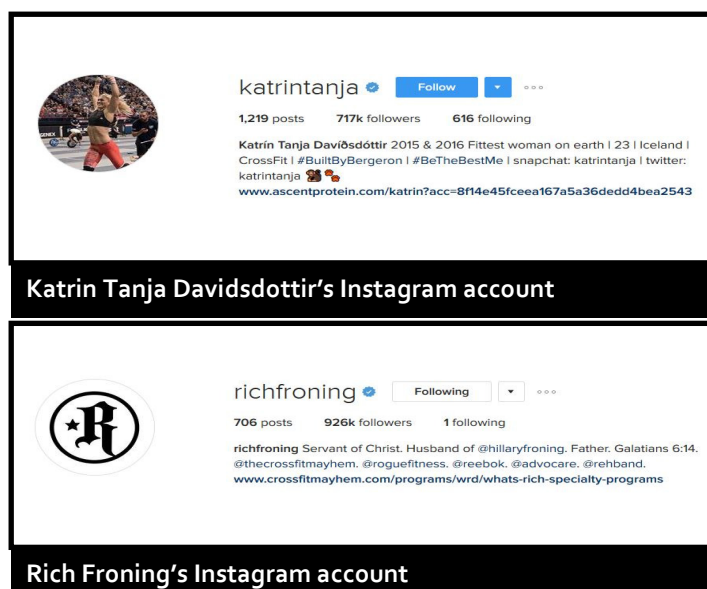
workout clips, and member pictures. CrossFit also updates its followers about competition deadlines and even retweets posts from affiliates and prominent athletes. Much of this content can be found on CrossFit's Instagram account as well, which as of Feb. 19th has over 1.7M followers.



So far, we have only looked at CrossFit's official social media accounts. There are other affiliate accounts such as "The WOD Life" and the "CrossFit Games" account that also have a presence on the prominent social media platforms. These accounts focus on smaller niche groups in the CrossFit community but nevertheless enlarge the pool of people CrossFit reaches. The CrossFit Games Instagram account, for example, solely features content concerning the once-a-year competition. The WOD Life account advertises CrossFit-related merchandise, often featuring top CrossFit athletes using their products. These athletes also help increase CrossFit's overall exposure through their personal social media accounts. Rich Froning, for instance, the four-time CrossFit Games champion, has over 926K followers

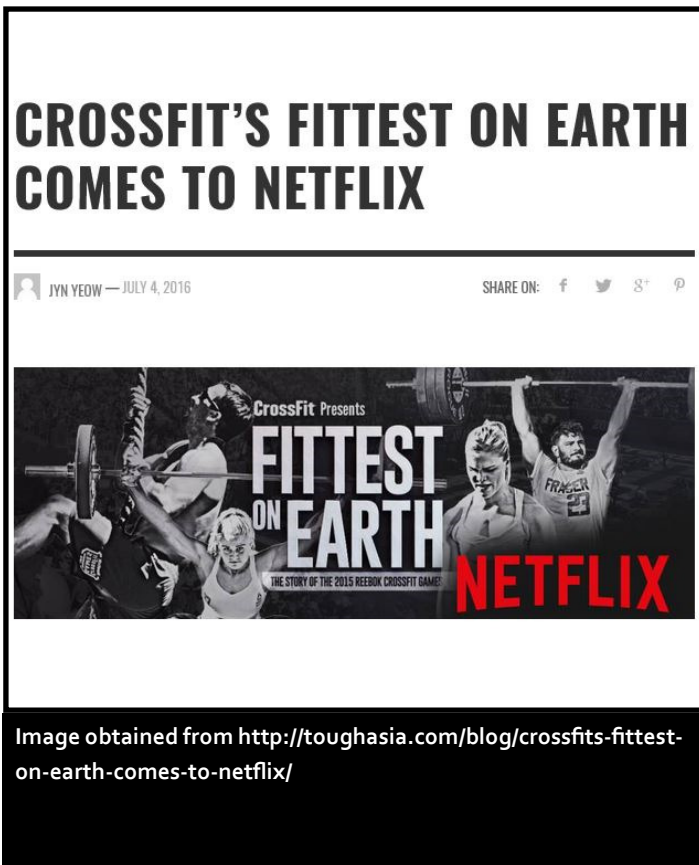


alone on Instagram. Katrin Tanja Davidsdottir, the 2015 and 2016 CrossFit Games women's champion from Iceland, also has an impressive following of 717K. While there is no doubt some overlap exists between followers of these accounts, each account also attracts new interest and further expands and



connects those involved with CrossFit worldwide.

Another way CrossFit uses social media to reach and engage its community is through its video production operation in Santa Cruz, CA. At this facility, CrossFit produces a broad range of videos including multi-part documentaries dramatizing the Games, personal vignettes of CrossFit athletes, and instructional videos that document the proper technique for certain exercises and events. Taken as a whole, “the video operation has created a pantheon of characters who epitomize CrossFit’s stated values of humility, self-challenge, and communal support” (Maneker, 2015). It also highlights Glassman’s promotional prowess and his understanding that social media is in large part the driving force behind the CrossFit enterprise.



As we’ve seen, CrossFit uses social media to connect with and expand its customer base. These online platforms give followers the chance to stay up

-to-date on CrossFit happenings as well as feel connected to the company’s global community. Individual athletes further enhance this connectedness by personalizing the CrossFit experience through their own accounts and simultaneously increasing brand exposure. Another important note is that there exists a consistency across CrossFit’s social media that upholds and speaks to its core values. From a business perspective, this is crucial to maintaining credibility and a positive reputation.

Regardless of the company, social media can enhance business if used appropriately. CrossFit serves as an example of how leveraging these tools can positively impact and foster business growth. This is the fourth key take away from CrossFit’s success: By using social media, businesses can extend their reach in ways that otherwise wouldn’t be possible.

Empowerment

For Employees *and* Customers

We now move into our next area of focus and contributing factor to CrossFit’s success: employee and customer empowerment. As briefly mentioned earlier, CrossFit’s affiliate business model offers box owners the unique opportunity to customize their gyms as they see fit. This freedom creates a favorable environment for creativity and experimentation, where owners can make decisions (and mistakes) that ultimately determine if a box succeeds or fails. These decisions include how many classes to offer, how many trainers to hire, how to outfit a box, etc. Affiliate owners are also responsible for specifying and communicating their box’s core values and mission, which can differ from—but must remain consistent with—CrossFit’s overarching mission of “Forging Elite Fitness”.

In addition to employee empowerment, CrossFit has taken this one step further to customer





empowerment. CrossFit's customers (its members and athletes) are given access to a platform for self-promotion and marketing because of their involvement with the company. Through the CrossFit community and brand reach, individuals can make a living for themselves by creating their own brands under the CrossFit umbrella and/or benefit from individual and strategic partnerships. Lauren Fisher, for example, a 22-year-old CrossFit athlete from San Diego, attracted Nike after finishing 9th overall at the 2014 CrossFit Games and winning the USA Weightlifting Junior National Championship in the same year. She is now part of an exclusive group of prominent female athletes, including tennis star Serena Williams and professional basketball player Skylar Diggins, who are sponsored by Nike. Brooke Wells is another CrossFit athlete who landed an important contract with GRID because of her CrossFit success and large social media presence (Ghiroli, 2015). She also has her own clothing collection with the brand ASRX as well as a shoe deal with the brand No Bull.

Both of these companies cater to the CrossFit community and strive to meet CrossFitters' unique workout needs. There are even athletes who branch out from fitness to start completely new ventures: Four-time Games champion Rich Froning and fellow athletes Dan Bailey and Josh Bridges are teaming up to start a coffee company called Good Dudes Coffee. In all of these cases, the athletes have used their CrossFit fame to take themselves to new levels of personal and financial success.

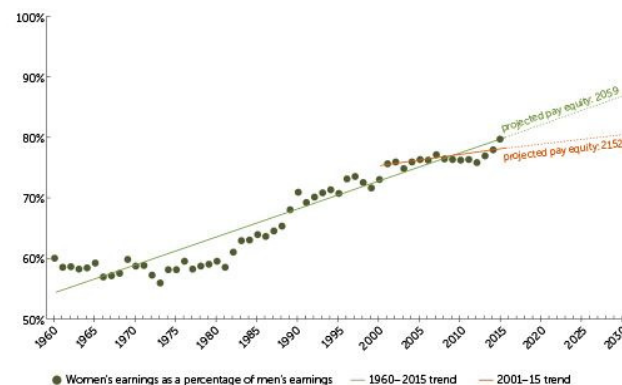
Another aspect of customer and employee empowerment stems from CrossFit's emphasis on gender equality. According to AAUW, women working full-time in the U.S. in 2016 were typically paid just 80% of what men were paid (Hill et al., 2016). The U.S. Census Bureau also reports that although this gap has narrowed since the 1970s, the earnings ratio hasn't had significant annual change since 2007. CrossFit affiliate owners, however, don't have to worry about pay discrepancies since women entrepreneurs have the same business opportunities



Lauren Fisher holding a Nike Metcon shoe

Image obtained from <http://news.nike.com/news/lauren-fisher-unveils-her-nike-metcon-shoes-at-the-social-regionals>

Women's Median Annual Earnings as a Percentage of Men's Median Annual Earnings for Full-Time, Year-Round Workers, 1960–2015



Source: AAUW analysis of data from Proctor et al., U.S. Census Bureau, *Income and Poverty in the United States* 2015

Image obtained from <http://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>

as their male counterparts. This emphasis in financial equality can also be seen in competition, as male and female athletes win equal amounts— \$275,000 each, plus millions in endorsement deals—and at certain points in the Games compete on teams together. Glassman himself has said “I just would never think to pay women less than men in sports” (Bowles, 2015). This differs greatly from other professional sports like golf, basketball, and soccer where pay inequality discourages female participation. In 2014, for example, the prize money for the PGA tour exceeded \$340M, which was more than five times that of the 2015 LPGA tour prize of \$61.6M (author unknown, 2015). Comparing the maximum salary of \$109,500 for female professional basketball players in 2015 to that of the top NBA salary of \$16.407M also highlights the sizable pay differences in professional athletics.

CrossFit provides gender equality through equal pay but arguably encourages it even more so through its culture. By promoting functional fitness, CrossFit has placed the emphasis on having a healthy body and pushing one’s physical limits instead of obtaining an idealized physique. The result is that both men and women have lean, strong, muscular builds—an appearance which has traditionally carried a masculine stigma. While assumptions about fitness suggest men lift weights and women do aerobics, CrossFit is changing these social norms so that performance and achievement are recognized equally regardless of gender.

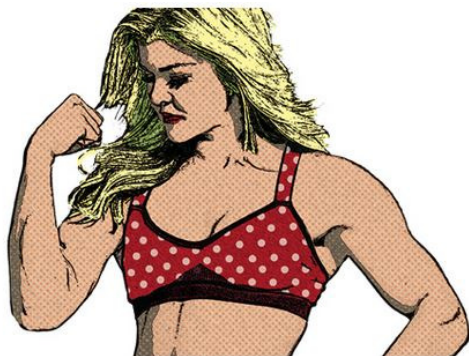


Image obtained from <http://www.theboxmag.com/article/CrossFit-feminists-favorite-sport-11495>

Employee and customer empowerment are ingrained in the CrossFit business model. With the affiliate structure, box owners have the freedom to learn and grow without burdensome corporate limitations. Members and athletes can also use the CrossFit community to expand their personal brands and make strategic partnerships. CrossFit also empowers women through gender equality by offering equal pay and breaking physical stereotypes. Employee empowerment is needed for a business to perform at its optimum level, and by taking this one step further to customer empowerment a business can, like CrossFit, increase its likelihood of success.

Partnerships

A Win-Win Reality

We’ve just seen how individuals can benefit from personal sponsorships, and on a larger scale CrossFit as a company does as well. We’ll now take a closer look at some of CrossFit’s key relationships and partnerships to see how they’re mutually beneficial.

Although there are now many companies associated with the CrossFit brand, Reebok is arguably the most closely associated of them all. Following the 2010 CrossFit Games, Reebok announced a partnership with the company that included sponsoring the Games itself, opening CrossFit studios, and introducing a line of co-branded footwear and apparel during Fall 2011 (Cruz, 2013). The 10-year deal immediately enhanced CrossFit’s visibility and financial prosperity with the cash prize for top Games finishers jumping from a total purse of \$25K to \$1M for 2011 (Rishe, 2011). CrossFit athletes embraced the sponsorship as well, benefitting from working with Reebok to design athletic wear best suited to their needs. The Reebok Nano, for example, is a shoe designed specifically for CrossFitters to make the tran-

sition between running and lifting weights easier and has been the go-to shoe for competition since its release.



Reebok was undoubtedly crucial to CrossFit's growth, but the opposite is true as well. In fact, since Reebok became the exclusive licensee of CrossFit's trademark and the sponsor of the CrossFit Games, Reebok's training category has nearly doubled, composing roughly 34% of the brand's net sales (Markelz, n.d.). This shows just how far the company has come after falling out of collective consumer consciousness during the 1990s. John Rowady, CEO of sports marketing firm rEvolution, says that the key for Reebok was positioning itself in a place where there is little to no competition. He suggests that this not only made them relevant again but also ensured a sustainable growth pattern for years to come. CrossFit, in short, gave Reebok a much-needed brand reenergization and couldn't have done so at a more opportune time.



Image obtained from <https://blog.beyonidthewhiteboard.com/2011/09/21/top-5-surprises-of-the-2011-crossfit-games/>

In addition to Reebok, CrossFit also has mutually beneficial relationships with other companies. ESPN, for example, benefits from airing the CrossFit Games during the summer when viewership is low due to slower competition schedules for other sports. CrossFit, of course, benefits from the exposure that such a far-reaching network provides. Paleo Power Meals is another company that CrossFit is closely associated with and benefits from. Since CrossFit encourages all-around physical fitness, many athletes adopt a Paleo diet consisting of lean meats, vegetables, nuts, seeds, and some fruit to complement their training regimen. A common tagline for the diet is "If you can hunt or gather it, you can eat it." Paleo Power Meals was created to cater to this way of life. The company delivers pre-packaged meals prepared by a culinary trained chef to customers to eliminate meal prep. In addition to providing convenience to CrossFitters, this also supports CrossFit's overarching goal to encourage complete health and wellness.



Image obtained from <http://ctbythenumbers.info/files/2012/09/>



Image obtained from <https://paleopowermeals.com/blogs>

From apparel to food, the relationships that CrossFit has cultivated and maintained have been essential to its growth and vice versa. These types of strategic business partnerships allow for success on both fronts and can unlock untapped potential for both parties. The key take away here is that by pursuing partnerships companies can increase and enhance their offerings to consumers.

Criticism

How CrossFit Faces Adversity

CrossFit has achieved great levels of success, but it hasn't been entirely smooth sailing for the company. The biggest challenge for CrossFit thus far has been combatting negative PR concerning CrossFit-related injuries. Many critics of the company have referenced a study conducted at Ohio State University to substantiate their claims. In the study, 54 participants performed a variety of CrossFit workouts over a 70-day span. After 70 days, the participants' maximal aerobic fitness and body compositions were remeasured and compared to their initial levels. Remarkably, all 43 subjects who returned for lab analysis saw loss of body fat and increased oxygen capacity (Greeley, 2014). However, the success of the study became overshadowed by the fact that nine out of the eleven volunteers who did not return for post-study analysis cited overuse and injury as the cause. The owner of the CrossFit gym where the participants worked out at has since sued two of the study's authors for fraud and defamation, but in many ways, the damage is already done. CrossFit now faces the arduous task of mending its reputation.

So how has the company addressed this problem? One of the ways in which CrossFit combats the negative publicity brought on by the study is by looking at a different set of data. Since CrossFit is relatively new, actual academic research is just now



forthcoming; however, the data that is available paints CrossFit in a notably positive light. In a survey published by the NSCA, CrossFit's injury rate is around 3.1 per thousand hours (Greeley, 2014). To put this in perspective, the injury rate for gymnastics and Olympic lifting is similar, around 3 per thousand hours, and all three rates are lower than those of rugby and other competitive contact sports (Hak, 2013). This indicates that CrossFit is no more dangerous than any other high-intensity sport and carries inherent injury risk simply due to its strenuous nature.

Another way in which CrossFit has addressed the negative PR is by encouraging company-wide transparency. In fact, Glassman himself has never glossed over the sport's injury risk, stating in an interview with the *New York Times* that "It can kill you. I've always been completely honest about that" (Cooperman, 2005). Glassman has also been open about rhabdomyolysis – a potentially fatal form of kidney failure that can result from overexertion – and has laid out steps for avoiding it in boxes. Although rhabdomyolysis is so rare that one study reported the overall annual incidence to be only 0.06% (Robertson, 2013), most CrossFitters are aware of the condition thanks to Uncle Rhabdo, a cartoon clown hooked up to a dialysis machine.



While initially the image merely served as a reminder of the harm that can come from improper training, he has since become more of an unofficial CrossFit mascot and a tongue-in-cheek way for CrossFitters to prove they've worked hard.

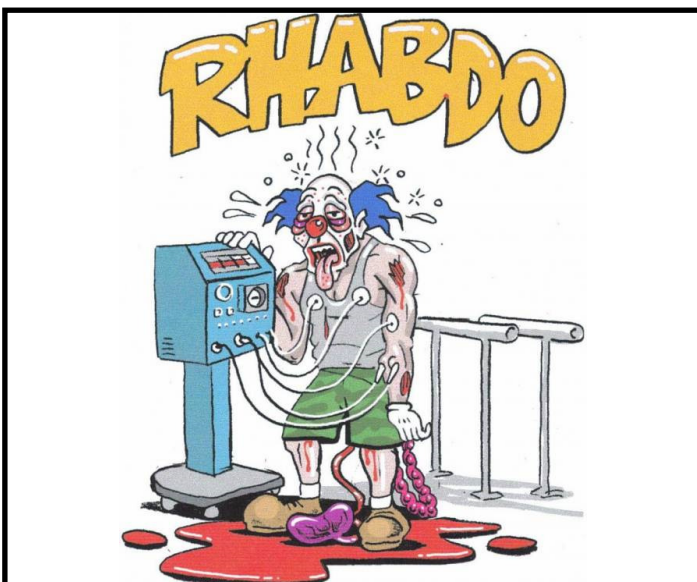


Image obtained from https://cdn2.omidoo.com/sites/default/files/imagecache/full_width/images/bydate/20130723/unclehabdo.jpg

A third way the company has dealt with the reputation for injuries is by encouraging sound coaching practices. Unfortunately, this is easier said than done with CrossFit's current business model. Although the pros arguably outweigh the cons with the affiliate structure, one con is that some gym owners and coaches simply aren't experienced enough to teach clients. Even with the Level 1 certification requirement, some coaches can push people to attempt things they may not be ready for (e.g., Olympic lifting) and/or not teach proper technique. Russell Berger, a former Army Ranger who now trains CrossFit trainers and manages CrossFit's social media, however, argues that the alternative is worse. He explains that it's far more beneficial to coach imperfect technique and make people's lives better who weren't exercising previously than for a town not to get an affiliate at all.

In addition to injury, CrossFit has also faced other forms of criticism. Many, for instance, believe CrossFit is cult-like. Much of this stems from the vast impact the workout regimen has on members' lives. CrossFitters can become so fixated on their workout results, physical transformation, and inter-community competition that CrossFit becomes what they eat, sleep, and breathe. This can alienate members from others who are unfamiliar with CrossFit's lingo and have no ground for workout comparison because of CrossFit's distinct style of training. Yuri Feito, who teaches exercise science at Kennesaw State University and studies CrossFit, recognizes how this can appear negative. He argues, however, that it's less of a cult and more of a tight-knit community and that people adhere to that (Greeley, 2014). Feito believes this camaraderie is why CrossFit generates so much loyalty and has no equal in terms of getting people to stick around.



Image obtained from <http://www.mariavoloh.com/wp-content/uploads/2016/04/Community-634x289px.jpg>

Other critics believe CrossFit is too expensive. The problem here is that CrossFit is so unique; it's both a workout and a sport as well as a mix between a gym chain and personal training. Therefore, it can't be benchmarked against one of them but rather all of them. Understandably, this price range is significant. Whereas the average monthly gym membership ranges from \$40-\$50, personal training can cost \$100+ *per hour*. David Osorio explains that CrossFit is the happy medium. He suggests that the

high price tag in comparison to a regular gym membership pays for the staff needed to coach classes and provide programming, movement education, and direct feedback to members (Osorio, 2014). Members also pay to partake in CrossFit's intangible atmosphere. Unlike traditional gyms, boxes encourage group fitness experiences that facilitate relationships inside and outside of the gym. In this sense, how can one put a price tag on becoming part of a community? Well...you can't.

CrossFit has faced its share of criticism. It's been said to cause injuries, encourage cultism, and charge its members too much. However, in response to these claims CrossFit has risen to the challenge and refuted each one. With regards to injuries, CrossFit has cited data that supports its current practices and encouraged transparency regarding risk from the top down. The company is also dedicated to ensuring trainers are prepared to take on clients by requiring Level 1 certification and relentlessly advocating proper coaching. And while some may believe CrossFit is like an exclusive cult and charges too much, the company stands by its ability to bring a community together and offer a valuable service for a reasonable price. All companies face their share of criticism, but CrossFit demonstrates that it's important to deal with it productively rather than let it be detrimental to the organization. Glassman doesn't hide from critics or simply deny their claims; he instead stands by his company and its mission. Companies need strong, capable leaders like Glassman to properly manage the organization through the good times and the bad.

Interviews

Owner and Athlete

To gain an even deeper understanding of CrossFit and the key topics outlined in this paper, I had the privilege of interviewing Alex Anderson and

Grant Scalf. Alex is a two-time individual CrossFit Games athlete from Georgia who now lives and trains in Knoxville. To put his athletic accomplishments into perspective, he is in the top 0.01% of CrossFit's most elite. Grant owns the box, CrossFit KTown, that Alex trains at and has run the gym since 2009. Both were extremely open and eager to talk about their involvement with the company.



Grant Scalf—owner of CrossFit KTown

Image obtained from crossfitktown.com/wp-content/

Me: What made you decide to become a box owner?

Grant: My journey really began when I was a student at UT studying Exercise Science. At the time, I was personally training at another gym, but when I found out about CrossFit around 2006 I started using CrossFit principles with my clients and found a lot of success with it. Clients loved that type of training, and it made more sense to me with my athletic background rather than sitting in machines and doing things. I realized I was training in a gym with lots of equipment that I didn't use for myself or for my clients. So I talked my parents into letting me use half their garage at home and bought equipment for around \$600-\$800 to outfit that. The great thing





about CrossFit is the low barrier to entry from a capital standpoint and the fact that I just needed to be CrossFit Level 1 certified and have proof of insurance. 18 months later I decided to put schooling on hold and open CrossFit KTown.

Me: Do you appreciate CrossFit's hands-off business approach? What guidelines does CrossFit have in place for you as an owner?

Grant: It was actually one of the most appealing factors about CrossFit – the fact that there's not a top-down structure. I always joke with people that you get a lot of libertarians who open CrossFit gyms because gyms are really formed from the ground up, and there isn't a structure you have to plug into. As long as you have a CrossFit Level 1 certification and proof of insurance, you can do whatever you want. This really suits my personality as a business owner. The flipside, of course, is that you get some bad gyms, but these are eventually weeded out by gyms where the owners are not only passionate about CrossFit but also business savvy. I also think it's important to be educated on physiology – and I hold my staff to this standard as well – to make sure we're doing a good job of keeping people healthy and preventing injury.

Me: Do you think utilizing social media has contributed to your success as a business owner? Do you encourage your members to use it to attract other prospective members?

Grant: From a meta standpoint, that's where everyone is now: the social media space. And when I opened CrossFit KTown in 2009 this was also true, so I wasn't going to use print ads or TV advertising. The average client here is a young professional, mid-to-late thirties with disposable income, and they get their information from the internet. So there's no doubt in my mind that social media has had a direct impact on my business. We even took advantage early on of sites that pre-dated Groupon. These became really important because what we're trying to

create, even more so than making people healthier from a physical standpoint, is a community where people are excited to share their personal success stories and get their friends and family engaged as well.

Me: How do you decide membership price points? What do you consider when making these decisions?

Grant: When I first opened the gym, I wanted to find a balance between typical gym (which we aren't) prices and personal training prices. Some people pay a thousand dollars a month for personal training, and on the other side of the spectrum is the \$10/month for Planet Fitness. So figuring that out I looked regionally at other CrossFit gyms to get a feel for what would be an appropriate price. Another aspect I considered is that if we want to be perceived as the best CrossFit gym in the area our prices have to reflect that – even if our higher prices turn away some people. Tying all that together, I settled on a price of about \$150/month when I first opened in 2009. Since then we've raised our rates because we want to maintain that superior perception. What's also really important to me and my team is that by being the most expensive gym in town we have to deliver the most superior service, and I believe we do.

Me: Do you think that CrossFit encourages gender equality? And if so, in what ways?

Grant: Yes, from multiple standpoints. What grabs people's attention a lot of times is a female trainer outlifting many of her male clients. Courtney, our head female coach who's actually seven months pregnant, is still able to outlift a lot of the guys. That makes people realize that women are capable of a lot more than what they originally thought. From a membership standpoint, we're also a predominantly female gym with the split being about 55% women and 45% men, and I think that helps empower the women inside the gym and outside of it as well. In

fact, one of the coolest stories I've heard as a gym owner is that of a female client of mine who stood up for herself after being passed over for a promotion several times even though she was more qualified than the males who were given the position. She confronted her boss about it, and I think that's a perfect example of how CrossFit encourages women in all settings.

Me: Where do you see CrossFit in 10 to 20 years? Do you believe it will ever eclipse mainstream gyms?

Grant: To answer your first question, the short answer is I don't know. In comparison to someone with an MBA who might be inclined to make pros and cons lists and talk about one to three to five year plans, I don't necessarily look that far into the future. We at CrossFit KTown don't make any plans that are longer than six months unless we're planning an event that happens later this year. So when we're talking about revenue, market share, and marketing campaigns everything's on a much shorter timeline. The timelines only really extend for us when we're talking about athletes. When an athlete walks in the door I'm not only excited about what they're going to do in the first one or three months, but also what they're going to do in year five and year ten. To answer your second question, I think there's space in the market for us and other gyms like Gold's, so unless someone makes a really gross mistake at the corporate level I think CrossFit and traditional gyms can coexist pretty well.

"what we're trying to create, even more so than making people healthier from a physical standpoint, is a community"



Alex Anderson at 2016 CrossFit Games

Image obtained from www.fitnessshq.com/wp-content/

Me: If you had to give a two-minute pitch for CrossFit to a prospective member or athlete, what details would you highlight or feel were most important?

Alex: My favorite thing about CrossFit is the fact that it targets everyone. If you want to lose weight or get leaner or stronger – anyone can come in and get the results that they want based on the type of effort they put in. Of course, CrossFit classes are only one hour out of a 24-hour day, so there's also work that has to be done outside of the gym. Another thing that we do is infinite scalability, so we can go down in weight on certain things or scale back certain exercises and movements according to a person's skill level. So literally anyone can do it, from an eighty-year-old to a young kid and from an overweight person to a super strong person.

Me: Have you in your experience as an elite athlete seen crossover from other professional sports? Could you see other mainstream athletes turning to CrossFit?

Alex: No I haven't, and I don't think they will. It would take professional athletes from other sports years to master the movements and gain the skillset



needed for CrossFit. CrossFit's called the Sport of Fitness and anything involving fitness is fair game from competitions to programming. It's an extremely high-skilled sport and takes thousands and thousands of repetitions to become good at it.

Me: Do you think CrossFit has given people a way to compete in a world where there are increasingly fewer opportunities to do so?

Alex: Oh yeah, 100%. The majority of the athletes at the Games are former high school and college athletes who've turned to CrossFit as a way to continue competing in some fashion after they've finished school.

Me: Do you believe CrossFit has implemented nutrition into its business model? How important are dietary practices to you?

Alex: Yes, I do. And I actually believe nutrition is more important than the workout itself. Like I said, the typical CrossFitter only gets one hour in the gym every day, so nutrition plays a role in the remaining 23 hours. As far as specific dietary practices, there are several different diets that people like to preach or coach. You just have to find out which one works best for you.

Me: Do you think membership prices are appropriate? How would you respond to those who believe prices are too high or unreasonable?

Alex: I think they're completely appropriate prices, but I also understand that it's not for everyone. Look at it this way: A lot of people go to corporate gyms like Gold's and pay monthly membership fees of \$30-\$50 and any personal training fees are added to that, which can range from \$30-\$50/hour. They're also probably meeting with that trainer one to three times a week. So if you're interested in getting personalized training and not just going into a gym not knowing what you're doing, you're already going to be paying hundreds of dollars to get that. When you come to a CrossFit gym, you get great equipment

and programming, small class sizes with basically personalized training and hands-on coaching, and you get a community and accountability – the two things people love the most about CrossFit.

Me: Have you ever been hurt or had any negative experiences with CrossFit? How do you think CrossFit should handle its reputation concerning injuries?

Alex: CrossFit's just like any sport. Injuries occur due to a variety of factors including mistakes, bad coaching, and overexertion. At CrossFit KTown, we coach really good form and really good reps, and by doing that it ensures safety. So yes, you're going to have bad gyms and bad coaches who coach you to go as hard as you can no matter the cost. But I think as CrossFit continues to grow each year true capitalism will take place in the sense that only the best coaches and best gyms will survive.

Me: What do you think is the next step for CrossFit to fully enter mainstream culture?

Alex: I think CrossFit gyms just need to continually improve their coaching and professional atmosphere, which also trickle down from CrossFit HQ. CrossFit's done a great job so far of creating this new sport that's grown so quickly, and I think people will continue to be drawn to the community and challenge that CrossFit provides.

Conclusion

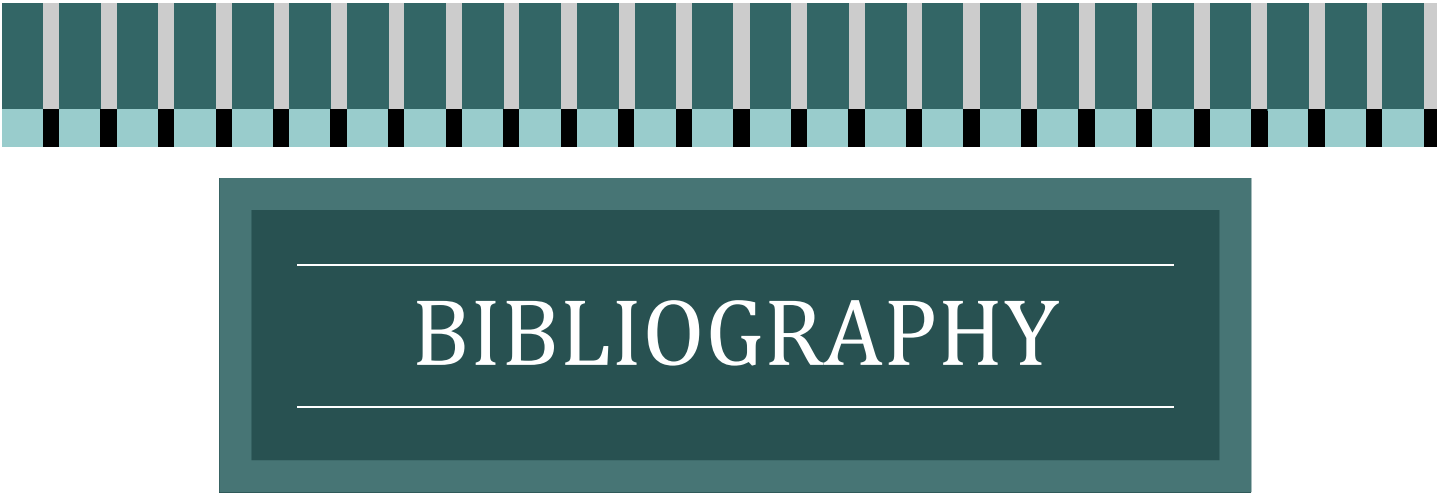
CrossFit began in 2001 as a grassroots fitness movement and is now a brand worth billions. This, of course, did not happen by accident. Greg Glassman founded a company with certain principles and practices in mind that ultimately led to his success.

He first created demand with his unique val-

ue proposition, redefining fitness in terms of functionality and introducing CrossFit as the exclusive pathway to become truly fit. As a result, CrossFit was able to adopt a blue ocean strategy in a competitor-free market with unlimited opportunities for expansion. CrossFit's universal scalability similarly created a limitless customer base, which the company constantly engages through a variety of social media platforms. Building on this corporate connectedness, CrossFit's customers, employees, and owners are empowered to push one another and the brand forward. The aforementioned factors, combined with external strategic partnerships, have created a business uniquely able to withstand both negative criticism and macro-economic volatility.

CrossFit has undeniably taken the fitness industry by storm, and by looking to and learning from the company's core practices, businesses of all types and in all industries have equally disruptive potential.





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