



WHAT IT COSTS TO LAUNCH

# VIRTUAL FITNESS

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WHY

# Go Virtual?

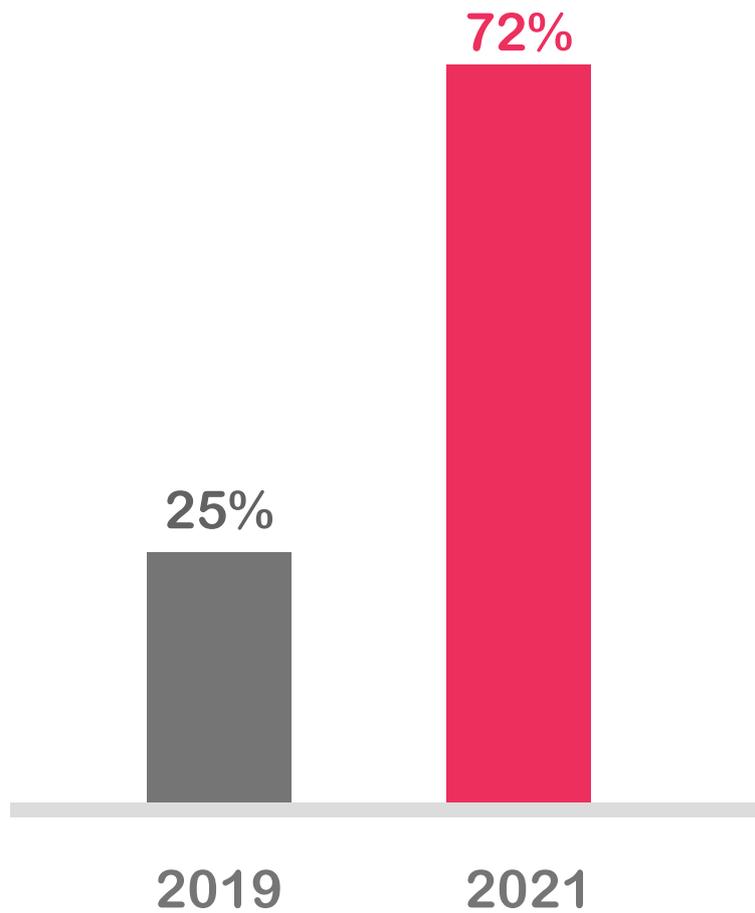


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**People's expectations have changed during the Covid-19 pandemic - many now want the option of working out from home or going into the studio.**

Most boutiques we talk to are not willing to just surrender the "working out from home" to Apple, Peloton and all the rest, so these studios are now working on a hybrid strategy for when they reopen - e-fitness is not going away.

In this e-book, we're going to survey the different components a boutique studio needs to launch virtual fitness classes. We'll look at the studio, lighting, cameras, other tech gear, studio team, metrics, software, music, training and tech support you'll need to think about.



On-Demand and Livestream Group Workouts Adoption

Gyms and studios doing online classes. Source: **Club Intel**

## PART ONE :

# The Studio

**Boutique studios have invested in beautiful workout spaces that look TV-ready.**

You need a physical space to record workout content (yes, I double as Captain Obvious).

For individual coaches during Covid, many have taken to shooting in their living rooms or their balconies. Going forwards post Covid, we believe many boutiques will move content creation back into their premises for several reasons:

1. The workout studios are much larger than coaches' living rooms.
2. Boutique studios have spent a ton of money designing a beautiful space that looks like a studio (versus a coach or blank wall with an occasional bookshelf or plant).
3. It's easier to control and customize the lighting in a boutique studio.
4. You can set up the tech gear, then it's shared by all the coaches, creating better content.
5. You have the option of shooting digital content at the same time as in-studio live workouts (two birds, one stone), or creating them separately.

# 01



Overall the Peloton studio is quite understated compared to say **iFit** and **Variis** (now **Equinox+**) - some of the **iFit** and **Equinox** workouts feel like nightclubs, with giant LED screens and smoke machines. At the other end of the spectrum, **Apple Fitness+** studios are much more understated, looking a lot like a local boutique studio with subtle lighting.

Of course, many of the digital providers like **iFit** and **Peloton** shoot outdoor content on location too - so you can run across the foothills of the Himalayas. This works OK for solo on demand workouts, but we're betting most boutique studios aren't planning to leap into this content category.

**Xponential** in their brands (**Cyclebar**, **Club Pilates**, **AKT**, etc) are shooting centralized content in their **GO** digital brands. **Orange Theory Fitness** started with **centralized home content** on YouTube but more recently moved to trying a more distributed model where

people can workout from home with their local coaches. **Variis** and **Equinox+** with **SoulCycle** have gone through a similar transition, starting with content from a centralized studio (**Variis Live** in NYC), but more recently launching **Studio Stream** in which you can do an at home ride with local studios (or at least the ones they've rolled out to so far). Some local boutiques like **UpState Studios** in Australia have started investing heavily in dedicated digital spaces, creating spaces that rival the studios of the pure digital players.

Others are adapting their existing physical spaces with upgraded lighting and tech equipment without major construction remodeling.

**You can spend as much as you can afford on your physical studios space - it's interior design and construction.**

## PART TWO:

# The Lighting

Whether you are shooting from a home living room or a fancy studio space, lighting can make a huge difference.

In general you're going to want more light - darker spaces may seem cool for spin classes ambiance, but on video they will typically have a lot more noise as the camera cranks up the sensitivity (ISO / Gain dB) to try and see what's going on. When you look at Peloton's (pre-Covid) studio set up, you can see that the participant riders in the room are kind of dark and seen in the mirror reflection, but the coach is well lit with a directional light.

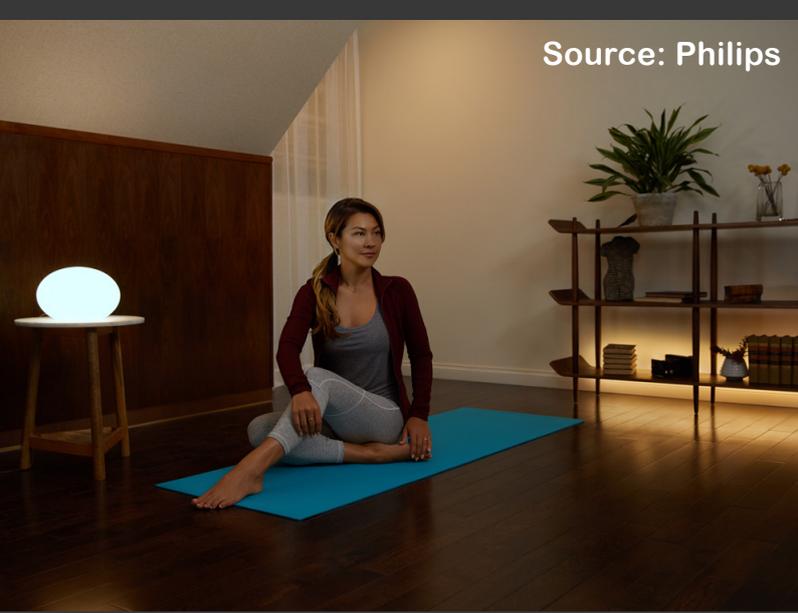
## LED Screens

Large LED strips or screens feature in many digital studios, like [Fiit.tv](#), [iFit](#) and [Equinox+](#), but they don't come cheap. LED strips and screens are measured in P numbers (the number of millimeters between the pixels, so the lower the number, the more pixels per inch, the higher the cost). You can rent them to try, but you're likely better off just going to look at a local showroom, as renting these screens tends to cost in thousands of dollars. Purchasing in the US can cost \$60K+, for example [PixelFLEX](#), you can also go to [Alibaba](#) and get one shipped direct from China starting at around \$20K for one you'd want to use.



Source: FIIT TV

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## Soft Boxes and LED Panels

They rule, they are a wider light source (versus a bulb) so they tend to create softer shadows, and they have been a mainstay for professional photographers and videographers for a long time.

You can also control the color temperature in many of them, from a yellow like candlelight, through daylight to ultra white lights at the high end of the Kelvin spectrum. Amazon has a boat load of these and plenty of well priced options (like this set for \$200), B&H Photo has more professional options (this three piece set or a more pro panel) and expert sales reps you can talk to about it. You're likely best of having several light sources from different angles to light up your coach, so the don't have strong shadows.

Overall, there's a ton of options to choose from, but you can get a nice set up for \$500 to \$1,000, and then spend a lot more than that if you'd like to. On the higher end, you can also get centrally controlled or network controlled lights, so you can quickly switch the mood from say colorful HIIT to relaxed yoga.

Note that I left LED rings off the list, because they're more designed for interviews and close in shots than people jumping around in workouts, but if you're stationary (like on a spin bike) and the light can avoid getting in the way of the camera, you could look at them too.

## Colored lights

You can get LEDs that have a color spectrum, gels to put on the front of LED panels, or light wands like this one from Amazon for \$60 to experiment with some color.

Again, you can spend as much as you want here, but you don't have to go nuts to get a bit of color interest in the shot. Even some Philips Hue bulbs from your local Best Buy or Home Depot can spice up the background.

## Disco Gear

They can liven up the experience, but can also feel cheesy.

You might want to try renting a set to do a demo workout before buying them, as most cities have companies that will rent them out for parties, so a nice package might set you back just \$60 for a day or two.

## PART THREE:

# The Cameras

Artificial intelligence is changing the game in camera options for boutique studios.

# 03

## iPhone 12 Pro

Dang they're good, and you can grab a streaming app that makes the phone the tech gear as well. From [videography tests](#), the latest iPhones can't quite keep up with DSLRs and mirror less cameras, but Apple is getting closer with each generation.

## Camcorders

The latest versions like the [Canon XA40](#) are loaded with features for \$1,500, but having so many buttons and menu options are broadly wasted unless you're going to have a real camera operator there using it. Even then, it's unlikely that you'll be taking audio into the camera in most settings where you're doing streaming.

## DSLRs

Lots of great options from the [Nikon D5600](#) around \$700 up to the flagship cameras like the [Canon EOS-1D X Mark III](#) at almost ten times that. One challenge for DSLRs for fitness video, though, is their narrow depth of field (which feels great for cinematic video) can mean that the coach is going in and out of focus, and the focus tracking isn't as responsive as in other cameras.

## Mirrorless

There's some great options here, particularly the **Sony ZV-1** that is designed for Vloggers and so is more "point and record" with artificial Intelligence to keep the coach in focus as well as a front facing preview screen to see what it's shooting. At around \$700, it's a good deal, and great for wide shots that don't need to track the coach (see this [video review](#) comparison with the iPhone 12 Pro).

## PTZ Cameras

Peloton uses **broadcast Pan Tilt Zoom (PTZ) video cameras** in their studios to avoid the need to have camera operators in the studio during the workouts - the camera is remote controlled from the production suite. PTZ Optics has **quite a few** around \$1,500, and there are lower cost options from **SMTAV** and **AViPAS** at around the \$700 mark. One interesting feature of these cameras is they can have 10X, 20X or even 30X optical zoom, as they are intended for large spaces like lecture halls and churches.

## Tracking PTZ Cameras

There are several companies creating these, such as **Osbot**, **AVer** and **HuddleCam**. Osbot is kind of between camera versions right now, but the Osbot Tail was around \$700. AVer has a 10X optical zoom **TR310** at around \$1,600. A game changing feature of these cameras is that they can use AI not just for auto focus but also follow the coach as he or she moves around - similar to having a human camera operator, but with out the ongoing operating expense of having a human controlling the camera.



Source: DJI

## Gimbal Cameras

All the cameras listed above do great for stationary cameras (or cameras that move on the spot). Gimbal cameras are designed for motion, they have motors that stabilize the camera while you move them around so they create far smoother footage than what you might see from electronic stabilization in regular cameras. One of the best is the **DJI Pocket 2** at just \$350, though annoyingly it still doesn't have HDMI out yet - it can be great for shooting a library of exercise demo cut away shots though.

With Tribe, we recommend that studios start off testing with a single iPhone as it's quick and easy, then they can move up to a mirror less Vlogging camera hooked to a laptop. Going further, a tracking PTZ camera like the TR310 is a good option in a smaller space. Or you could do a group of 4 cameras to get different camera angles like Peloton and Apple Fitness+ classes, spending say \$5K on two tracking PTZ cameras and two Vlogging cameras.

## PART FOUR:

# The Tech Gear

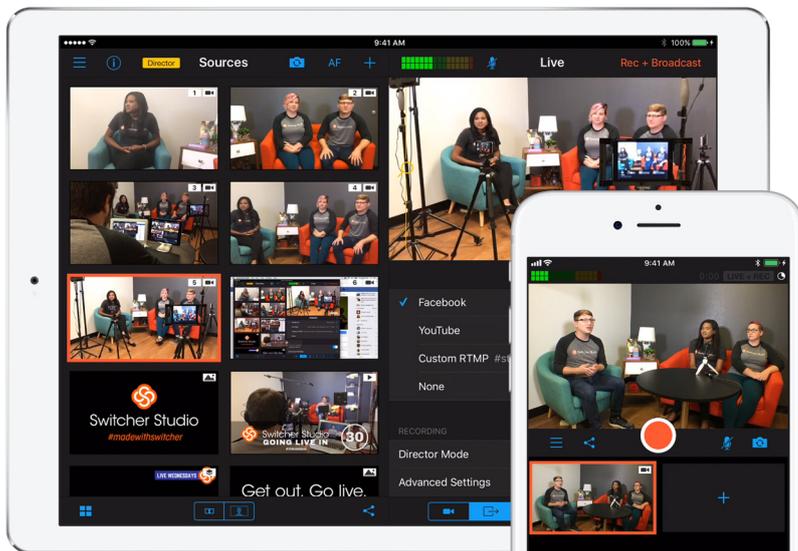
### Minimizing OPEX is key for local studios.

So ... how are you going to send your video to your members? If you're using an iPhone or a single DSLR or mirror less camera hooked to a laptop, there's a good chance that the software you're using will just run on the device. Tribe has a coach streaming app for iPhone and for OSX on Mac laptops, Zoom and Vimeo both have apps for both mobile device and laptops that make it easy to start a live stream.

If you're outputting to YouTube or another video streaming platform, you might want to consider a software program like [OBS Studio](#) (free, but rather complex to use), or [Restream](#) (\$190 or \$490 per year, moderately complex to use). We have found that in general, coaches want a nice easy "start workout" button and don't want to be messing with complex video software - but more on that later.

It gets harder when you want to have multiple cameras, and at Tribe we feel that higher end boutiques are going to want this - an entire workout from a single camera vantage point tends to get really boring really fast compared to what Peloton, Apple, Equinox and all the other digital providers are streaming. Heck even free content from [FitOn](#) and [PopSugar](#) on [YouTube](#) has more than one camera angle.

# 04



## Mobile

**Switcher Studio** is an example of a software app that strings multiple iPhones or iPads together into a multi-camera studio. It requires a person to operate it though, and it's limited to iOS devices. It costs around \$400 to \$600 per year as a subscription service, so it's not the price point you might be accustomed to for mobile apps.



Source: Blackmagic Design

## Mixing Desk

The ATEM Mini from Black magic is a nice little unit that enables a mixing desk operator to hook up multiple cameras then output a single HDMI or USB out to a laptop, like a webcam. Again, it requires a person to be pressing the buttons to go between the different camera inputs.

## Autonomous Switching

For fitness, there are really two main games in town - **Forte** and **Tribe**. Forte uses a PC with local .NET programming to switch between inputs, at Tribe we have been working on an appliance (little box) that looks like a cable modem but is remote controlled by our servers, and will retail for around \$799. The great advantage of autonomous switching is that you don't need to have a human being doing it - which would add to the ongoing operating expense.

You will likely want some speakers so the coach can hear the music, and a fitness specific headset mic like one from **Shure** or **Sennheiser** - but you likely have these already for in-studio workouts. One other consideration here is feedback monitors (TVs) for coaches to look at:

- If it's a single camera with no video of participants, then just a single TV screen showing the live camera output might work fine.
- If you have multiple cameras (as with Tribe), then you might want a split screen monitor showing live input from all cameras.
- If (as with Tribe) the software platform you selected for online workouts integrates with wearables, you are going to want to see leaderboards live so you can high five participants.
- If the software platform you chose for doing online workouts supports workout timelines and cues, you might want a TV screen for that too.

The good news is that you can buy a 65" TV at Best Buy starting at \$400 now, and 4K laser projectors that can throw a 150" video screen on a wall have come down to around **\$2,800** or less.

## PART FIVE:

# The Studio Team

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### Do you even need one?

Digital providers like Peloton, Apple Fitness+ and Variis can afford big, full-time studio teams - camera operators (sometimes) and live production people. The resulting workouts look amazing, but they come at a cost - the capture cost per class is thousands of dollars. The big platforms make this work by volume - just like a regular TV network with many viewers, Peloton can have 10,000 riders all on the same ride live, and then that class taken hundreds of thousands of times on demand. In running classes this large, they immediately become impersonal - the opposite of the intimacy and accountability of a local boutique studio class.

It all varies by company - Peloton shoots live and without in-studio camera operators, so there's no editing work to do after the workout - it's like a live sports broadcast. Other brands will shoot a single workout with multiple cameras, then mix it together in an edit suite at the end - this is going to be more human intensive, as video editing is notoriously time consuming.

### How much do studio teams cost?

1. As freelance, a camera operator, mixing producer or video editor is going to cost between \$50 and \$150 per hour (see



[Thumbtack's cost review](#) for local rates and [Beverly Boy's cost listing](#) for broadcast quality teams).

2. Full-time, video camera operators have annual salaries in the **\$55K to \$65K range**, depending on which city you're hiring in.

### So how do local studios take this on?

1. Very few (if any) local boutique studios have full-time studio production teams in-house.
2. Some local studios hire in professional crews to shoot one or two workouts per week to build an on-demand library. This is expensive (like \$500 to \$1,000+ per workout), but also puts them in direct competition with all the free content on YouTube - there's no live interaction, it's just recorded video clips.
3. Most boutique studios skip having any video

studio team - they just use tools like Zoom and Vimeo with only the coach present. Without video camera switching and coach tracking, this can make workouts look amateur compared to content on YouTube, but most studios try to make up for this by having the coach engage live with the members of the digital class, just as the coach would with a class in the studio.

At Tribe we believe that smaller class sizes with real interaction with coaches are the future of live digital workouts with local boutique studios. Hiring professional video production teams is infeasible for the vast majority of studios, so our focus is enabling a boutique studio to spend \$2K to \$10K to get it all set up, but then not have any additional operating expense over the cost of the coach. Computers control the camera tracking and switching to make it look like there's a TV crew there producing the workout, when really it's all automated.

## PART SIX:

# The Metrics

In e-fitness, interactivity is often correlated to price.

Most digital fitness pure plays integrate with biometric wearables, many also have connected fitness equipment (Peloton, Tonal, Tempo, Hydrow, etc).

One interesting observation is that the new digital pure plays tend to have connected fitness equipment, but they don't produce their own wearables - they leave that to Fitbit, Apple, Garmin, Samsung, Scosche, Wahoo, Polar, etc (Apple Fitness+ is of course a special case). There's several reasons for this - hardware is hard to do well, lots of people already own fitness wearables and don't want to have to buy another one.

Contrast that to most tech companies doing wearables for local fitness - MyZone, Orange Theory Fitness, Polar, Uptivo, they tend to manufacture (or at least white label) their own fitness bands and straps. Fitmetrix (Mindbody) works with standards compliant Bluetooth heart rate straps, but will also white label a stock strap for boutique studios. Some of these platforms suggest or require an in-studio radio setup - this is essentially a legacy requirement from devices that predate Bluetooth Low Energy (using ANT+), so today there's little need to buy one. Very few of these providers work with smartwatches - that's likely a problem, and reflects their history rather than what members want now.

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FOSSIL



APPLE WATCH



POLAR



SCOSCHE



Ticwatch



MICHAEL KORS



LG



MOVADO



COOSPO



GARMIN

As a studio, trying to custom build connectivity to heart rate monitors and other fitness wearables is typically going to be outside of your budget, and it should really be provided by whichever software platform you're using to stream. Some studios have told us that metrics and leaderboards are not part of their culture for in-studio workouts, so they don't feel they need them for online workouts - here's some reasons to question that belief:

1. A third of American adults own (have purchased) fitness wearables.
2. Up to 90% of a boutique studio's members are likely to own one (because they are massively overrepresented in that third).
3. Almost all the digital pure play companies are integrating with them, and you can bet they're spending a bunch of money on researching what their users want.

At Tribe we integrate with all the major fitness wearables as part of our platform - Bluetooth heart rate devices, and smartwatches from Apple, Garmin, Samsung, Fitbit and Android WearOS. We support all of them without any additional cost, and you can put their readings on in-studio leaderboards like MyZone and Orange Theory Fitness as well (for members in studio and working out from home). We do metrics monitoring for both live and on-demand classes, and put them into a single leaderboard.

I mentioned above that SoulCycle has started setting up their local studios to be able to lead live classes in their Studio Stream product. Most centralized content subscription services use freelance coaches but have their own studio, Stryde is taking that one step further. Stryde is manufacturing the bike, but then getting rides from partner studios around the nation rather than setting up their own central studio.

It will be interesting to see how the ecosystem of connected fitness hardware evolves - smartwatches like Fitbit and Garmin started as private islands but then opened up their data to other companies as Apple enabled apps on Apple Watch. The first generation of connected spin bikes converged to a set of standards (using ANT+), and bike trainers have also adopted Bluetooth standards so that apps like Zwift work with them.

There's a good bet that open standards will emerge in connected fitness hardware, and then local studios will be able to teach classes using them.

I recently participated in a paid Zoom workout class with a celebrity coach, and at least 20% of the participants had Peloton bikes behind them in their video streams.

Tribe is planning to integrate with these connected fitness devices, starting with spin bikes and bike trainers, allowing a studio to show cadence and power exerted for participants working out from home.

## PART SEVEN:

# The Software

Now you can go beyond basic video classes without having to reinvent your own wheel.

There are so many options here and they vary wildly in price and features. Some have just vanilla video streaming, others have features that cater specifically to fitness workouts, similar to what Peloton, Tempo, Hydrow and others do.

### Some useful things to know in this space:

1. Most video streaming runs on the same core infrastructure, just like most houses are made of the same bricks from Home Depot or Lowes.
2. Video streaming uses a lot of infrastructure resources (read high cost) - there's a reason why Netflix is Amazon's largest global customer, Twitch is top 5, and Zoom is up there too.
3. Just for comparison, with gym management software, the loading per studio on infrastructure is light (low cost) - Mindbody could likely run its entire service offering for all customers on less than 10 servers hosted at Amazon.
4. Even if you as a studio are paying per month, per user, or as a percentage of the class cost, the company at the bottom of

# 07

the stack who's really providing the video streaming infrastructure is paying or charging per gigabyte or per minute - because video is infrastructure intensive.

## Free Streaming Solutions

You can post to [YouTube](#), [Instagram Live](#), [Facebook Live](#), etc - in the craziness of 2020 you probably did. They are an end user app that requires no customization or software integration, but they own the user experience. There's no easy way to do pay walls on these platforms, or to monetize the content - the platforms monetize in ads, often for your direct or indirect competitors. It's unlikely that you are considering these platforms for your core digital platform going forwards as a boutique studio.

## General Streaming Solutions

Here I'd include [Vimeo](#), [Uscreen](#), [Vidyard](#), and a ton of startups. Again, these are broadly "solutions" that have end user apps "out of the box". Pricing varies from \$50 per month for Vimeo, to monthly and per subscriber costs for Uscreen, to a percentage of revenue in [Patreon](#) and (would you believe it, they're trying to target fitness creators on Facebook) [OnlyFans](#). Most of these companies tend to run on third party cloud providers like Amazon and Google. They are also designed for streaming versus interactivity with viewers or members - like a white labeled Netflix. If you're a heavy user on Vimeo and you're on the \$50 per month plan, they are likely losing money on you, but they average it out across all their streaming customers. More recently Vimeo has launched its OTT product offering, but it's much more expensive.

## General Video Chat Platforms

[Zoom](#) is the number one here, though some studios may use Skype or Google Hangouts. Zoom's pricing starts at just \$200 per year per



license, and some boutique studios are sharing a single license among coaches for thousands of workout attendances per month. Zoom is losing a lot of money (thousands in infrastructure costs versus that \$200 per year) on these boutiques with lots of online workout attendances, but again they can average it out across all their other paying customers who only do a few meetings each week with a few participants. Zoom does allow 2 way video for interaction, but the audio and video can get out of sync, there's no fitness specific features (like wearable integration or form analysis), and it's never likely to focus on fitness workouts as a use case driving product development priorities.

## Platform Services

Just like the vast majority of people get their electricity from the main power grid today, most video streaming (and software in general) now happens on the servers of 3 companies - Amazon, Google and Microsoft. Rather than just renting servers, most digital fitness services (Peloton, Tonal, Tempo, Fiit, Variis, Neou, Intelivideo, etc) use an existing video streaming service and infrastructure like Amazon's [Elemental](#) or one of the services that run on Google (e.g. [Mux](#) or [Wowza](#)). These services typically don't provide you the whole experience (like Vimeo does), you still have to build the user experience around it, but they give you video streaming in the same way that the power grid gives you electricity - it's just a commodity. Many charge per minute, for example:

**Mux:** 7 cents per minute for live stream sending, 5 cents per minute for uploading an on demand video, 0.13 cents per minute for streaming (live or on demand) to a user. So a 30 minute live workout with 20 people would cost \$2.88, made up of \$2.10 for encoding and then about 3.9 cents per participant.

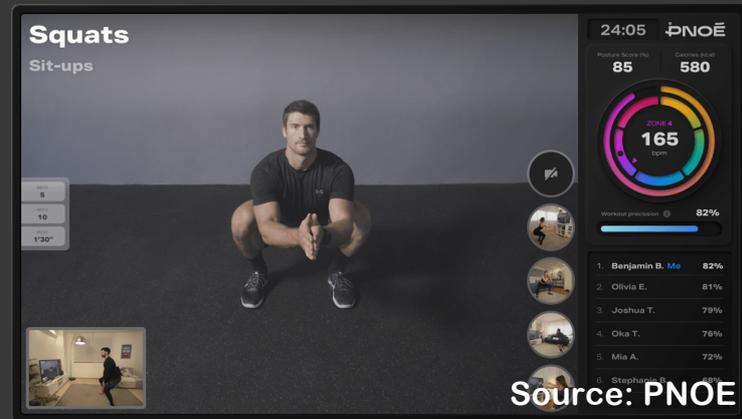
**Amazon:** The AWS pricing for Elemental is **kind of complex**, and the end user streaming cost varies significantly depending on where they are (for example, **Australia is several times the cost of the US**). But to give an idea, encoding a 30 minute class is \$1.11, and then sending 660MB of video data to each US participant across CloudFront costs about 6 cents each.

## Fitness Specific Solutions

There's surprisingly few Fitness-specific software solutions for local studios to do workouts online (compared to the 100+ companies providing centralized content subscriptions)

**Mindbody:** They have launched live classes and video streaming service, in which they have essentially replicated a basic mashup of Zoom and Vimeo and added it to their platform. **Pricing** - live is from \$49 to \$199 per month with 15 cents down to 8 cents per attendee for more than baseline numbers. On demand is now \$99 at fee for the first 4000 views, then 20 cents or 15 cents per view over that.

**Forte:** **Forte** has both live and on-demand options for studios. They have a consultative deployment process, so there's no direct comparison per class, but it's expensive. As mentioned above, they do support multiple camera angles with switching between them, but as yet they haven't integrated with wearables,



form analysis, or anything that's truly fitness specific.

**Intelivideo:** Historically more focused around on-demand than live classes, Intelivideo has started moving into live streaming. Similar to Forte, they don't really have any features that are fitness specific yet, but they do market their offering solely into fitness today. Their base **pricing** is \$25 per month and a 12% revenue share, or \$100 per month and a 10% revenue share (both plus some transaction fees). White labeling is additional (pricing unpublished), but single sign on is \$2,000 and custom apps start at \$7,500.

**PNOE:** PNOE has a **live and on-demand solution** that is more designed for small group classes, it includes video chat as well as integration with Apple Watch and basic form analysis. Pricing is 50 cents per user per workout, so a 50 person class would cost \$25.

**Tribe:** At **Tribe** we have built an E-fitness platform that combines high quality video streaming (using the same Amazon services as Peloton / Tonal / Mirror etc), participant video to see others working out, and fitness specific features like wearable integration. Our focus is enabling local boutique studios to create the most interactive and highest production quality workouts - both live and on-demand.

We have pricing based on tiers (\$49, \$99, \$199 per month), but it works out at volume to about 8 cents per user per workout.

## Build Your Own

We've written on this in a [blog series](#):

- You need to expect to pay six figures (USD) in custom development costs.
- It still won't have as much functionality as a purpose built platform like Tribe (where we have a large full-time engineering team).
- Your consulting or development firm will still end up using platform services like Amazon and Google on the backend.
- You will still end up paying something like 6 cents per workout per attendee in infrastructure costs, after spending \$100,000+ on custom software engineering.

I should note here that there's quite a few startups creating services or marketplaces for local coaches and trainers, but they aren't really targeting boutique studios (they are trying to cut them out and let coaches go direct).

None of the new breed of digital fitness offerings (Peloton, Tonal, Tempo, Hydrow, iFit, EquinoxApple Fitness+, ...) use Vimeo or Zoom. They have all built their own user experiences tailored to fitness on top of the same core building blocks from Amazon, Mux, etc - and they are all paying per user per minute costs to Amazon, Mux, etc (granted Peloton is going to be getting some serious volume discounts).

It is possible to "go cheap" with Zoom and Vimeo, where you pay a low fixed cost each month irrespective of usage, and then you can benefit from piggybacking on low usage regular business users (Zoom or Vimeo will make a loss on your account if you're as busy as some of the studios we know). The downside of this strategy is that the user experience just feels like video chat or video on demand, and vanilla fitness VOD in particular "feels like" it should be free - on YouTube, Instagram etc.

Tribe has done research on this, but in general, there is a direct correlation between interactivity in online workouts and the price people are willing to pay for them. Local boutique studios have the relationships, community and class sizes to win the fight in virtual fitness - so long as they can leverage these superpowers in virtual workouts. An analogy that might be useful here is physical premises. If a local studio shuts down their physical space and just moves to doing workouts in a local park, it can save a lot of operating overhead costs. The problem is that attendees like having privacy (no guys gawking or taking selfies), changing rooms, showers, mirrors, a decent sound system, air conditioning, no dog dirt, no ant nests, no rain, no sunburn, no mosquitoes, ... the list goes on.

**Bottom line is that people are willing to pay more for a high quality in-studio boutique experience, and the same is true for a virtual boutique experience. That's why Peloton (and all their clones) can charge \$39 per month - it's not just video on demand.**

## PART EIGHT:

# The Music

Let's just start off by saying that music in digital E-fitness is an expensive pain in the butt - ask Peloton.

You have a few options:

**Stream Spotify:** You can just hook up commercial music like a [Spotify](#) playlist to your streaming platform of choice. Of course, this is illegal, and at any scale can get you sued. Beyond that, if your streaming partner supports or adds support for digital copyright protection (where they scan for ripped off music), you may suddenly find your whole audio for the workout being muted. If you ever saw someone doing a "sing along" karaoke on Facebook or YouTube but you couldn't get the audio to work, this may have been why.

**Playlists:** You share a playlist from say Spotify ahead of time with your members, then they play it. The problems with this are that the music won't be in sync for everyone (if they are doing dance moves), and all your members need to have separately purchased a Spotify (or whichever service you're using) subscription. If some already have Apple Music or Amazon Music, then you're going to have to support multiple platforms for playlists, or try to convince them to pay twice.

# 08

**Royalty Free:** You can go get music from royalty free libraries, and you may or may not be able to use it in your workouts. A lot of these services (like [Epidemic Sounds](#)) explicitly exclude paid fitness workouts in their terms of use for their regular commercial licenses, so you need to buy an enterprise license if you want to use the music in workouts behind a paywall (versus just being free for everyone on YouTube). [Soundstripe](#) is definitely worth a look here, at about \$20 per month.

**Digital Radio:** A lot of digital fitness pure play companies (Peloton, Mirror, Classpass, Tonal, Tempo, Ergatta, Fight Camp, etc) are using [Feed.fm](#) for commercial music, paying something 2 cents for every track play start. Tracks are typically 3 minutes long, so a 30 minute class for 20 people would cost \$4 in music costs (20 cents per person). You specify beats per minute (BPM) and genre, then Feed.fm provides you a live stream. Note that the mix is different every time, and you can't bake it into recorded workouts. Also it requires software code integration and a minimum bill of \$5000 per month - so if you're a boutique studio, ideally you want whichever platform you're using to provide you with this music (not to contract directly with Feed.fm).

**Commercial Music:** Doing what Peloton and Apple are doing, where they have a Justin Bieber, Brittaney Spears or The Beatles ride (both live and on-demand) is going to be a distant dream for any local studio. Peloton has spent over \$100M on music rights at this point, to read more of their pain, [see this article](#) - music licensing is likely Peloton's largest cost in its subscription revenue.

Source: The Upbeat, Bondi



Integrating commercial music has been a major effort for Peloton - as per their [Head of Music, Paul DeGooyer](#):

*"We built a proprietary system, which we call Crescendo, that is essentially our in-house streaming service — and it has tools that are specifically designed for instructors to be able to search for music to fit [their classes]. There are search tools around [beats per minute], duration of song and some very interesting other little things, then instructors can create their own library."*

Like other pieces in the virtual fitness stack, you need to see music as part of your overhead cost. You can find royalty free sources, but for a digital workout costing say \$10, it probably isn't unreasonable for a member to expect commercial music they like versus royalty free music they've never heard of. Again, in an ideal world, you as the boutique studio don't want to be worrying about this, you want to be working with a fitness streaming platform that solves this for you.

## PART NINE:

# Consulting & Training

Your coaches may not be experienced in working on camera.

For studio setup, studios typically go to local audio visual consulting services to help them acquire equipment and rig everything. But you really want to talk with these AV services about what you're trying to achieve, and how it will integrate with the software platform you select. Setting up a studio space for interactive workouts is very different than setting up say a conference hall for live events with production teams. Both Forte and Tribe have quite specific opinions on equipment and studio set up given the capabilities of their software.

As with remodeling your studio for digital workouts, you can spend anything from hundreds to tens of thousands of dollars with consultants - it's buying time from expert people.

At Tribe (as demonstrated in this ebook), we are happy to advise on how to set up your studio space, where to put lighting, what cameras to purchase, etc. Our goal is to make sure that you can capture the highest production quality workouts possible with as much live interactivity as you can.

# 09

There are lots of resources out there for coach consulting and training:

1. **Fitness Mentors** has a certification course to become an online personal trainer.
2. Forte includes coach training as part of their deployment services for their online workouts platform.
3. **Les Mills** has great content and training courses for coaches.
4. At Tribe we're developing training content for coaches to level up their skills in doing online classes.

The software platform you're using makes a big difference in training for leading online workout classes. For example:

1. Is there a single camera, or are there multiple cameras? If there are multiple cameras, how do you know which one to look at, and how do you practice looking at the right one for that meaningful close up?
2. What other metrics do you have to engage with your audience? If it's just one way video streaming or on demand, then there's really no way to authentically engage in interactivity with attendees. But if you can see them, if you can see their calories burned, streaks, milestones, awards, badges, etc - then it feels more like being in the studio.
3. How are you going to plan your workout, and what tools will you use to make sure you stay on the timeline?



4. What music are you allowed to use? Does any come with the platform? Or how do you find which music you can use legally then build a playlist for the workout?
5. Is the software platform just "push the button and go" like Zoom and Vimeo, or do you need to correlate your workout plan with actions that happen in the software.

Just as for the consultants setting up the studio space, the training for coaches needs to reflect the capabilities of the platform the studio has selected. You can bet that Fiit, Tempo, Mirror, Peloton, ... they all have custom built interfaces and monitors for coaches during workouts, and they train their coaches on how to use them.

The best coaches at digital platforms like Peloton are really TV personalities - they have big personalities that carry you through the pain and suck in their workouts. This takes time to perfect. Just like in the movie *The Matrix*, **nobody makes their first jump.**

## PART TEN:

# Tech Support

**My Garmin won't connect to my Samsung Galaxy while I'm casting to my LG TV - what am I doing wrong?" Welcome to tech support.**

If your digital strategy is just Zoom or Vimeo over a browser, you probably don't have that many end user technical support needs, but the end member experience isn't going to be very interactive either. The more devices you support and wearables you integrate with, the more opportunity there is for members to hit technical issues.

Peloton and all the digital fitness subscription services have some degree of technical support in house - ranging from "email us" on the cheap end to phone calls and chat on the fancier end.

**As a local boutique, you have two technical support needs:**

**Coaches** - when the system goes down or there's some problem with a camera just before the class he or she is supposed to be running.

**Members** - because someone paying \$100+ per month or \$10+ per class expects the tech to work and to get support if it doesn't.

# 10

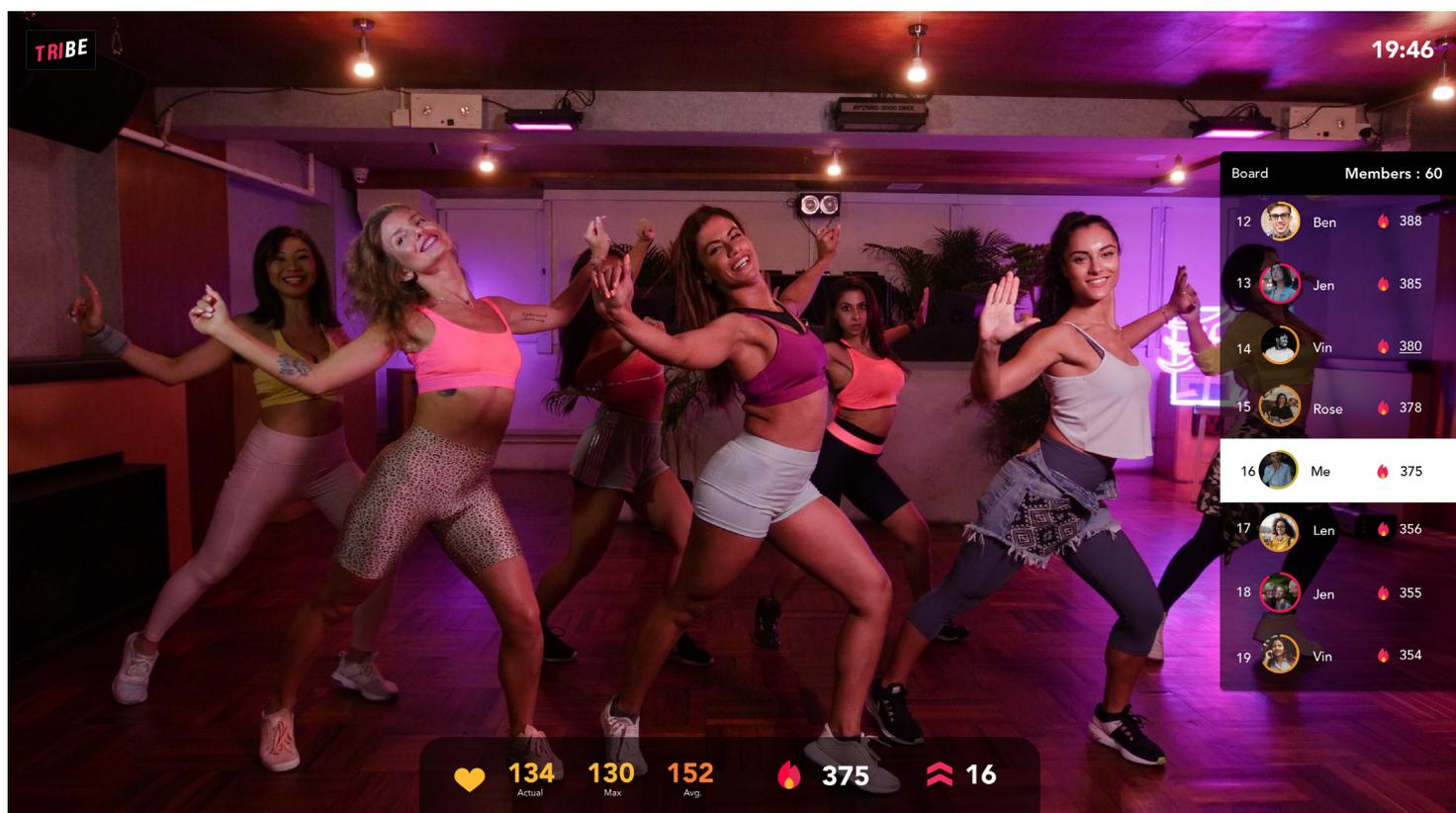


You can try to have someone technical in-house, but for end member tech support, if that in-house person doesn't own the mobile device or smartwatch the customer is struggling with, it's going to be pretty hard to figure out the problem.

Honestly, I'm not sure how other vendors approach this, or whether they really have an answer for it - but I think it's important.

At Tribe, we are building a tech support team for both coaches and members. It makes sense to do this in-house at Tribe, because we have a bank of devices for testing, we have the developers for level 3 tech support (the really hard ones), and we are running the tech support team out of our Indian office. Right now we're doing tech support for free, but our plan is to soon launch premium support for members at \$1 per subscriber or member per month - including chat, phone calls and video chat walkthroughs to address technical issues with members.

# Summary



Flye Fitness, No. 1 Dance Fitness Studio in Hong Kong using Tribe for premium virtual experience.

Peloton put together the whole package - a great bike, great music, great instructors, a TV quality studio, all the streaming software and white glove delivery to each customer's home. It wasn't a home exercise bike, it was home exercise solution - end to end. Many early investors thought that Peloton's early vision was too broad and all encompassing, ironically that vision turned out to be key to their success.

Now that you are hopefully getting past the tactical "oh crap, we have to do something" of 2020 and making longer term plans, whatever path you select, you need to think about what your "whole solution" is going to be for hybrid fitness. That could be Zoom or Vimeo, but if you want to lean into e-fitness workouts, you need to go beyond that - just like your in-studio experience is premium not "cheap".

I'll summarize here what you might need to budget to deploy a virtual fitness strategy, and what it would take to do it on Tribe. Of course, there are many configurations and options, this is just illustrative. Note that white labeled apps and integration with gym management systems like Mindbody would have additional cost, but of the order of \$100 to \$300 per month for most studios depending on options selected and complexity to deploy.

# Basic

Basic starter setup for a smaller studio:

**Studio** - leave it as is.

**Lighting** - two LED panels from Amazon, \$200.

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**Cameras** - your iPhone 12 Pro.

**Tech Gear** - one large TV to see your members working out, \$400.

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**Studio Team** - none.

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**Software** - \$20 per month for Zoom and \$50 for Vimeo, or \$49 for Tribe (covers you for up to 490 workout attendances).

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**Music** - use royalty free music you can find online, maybe \$20 per month for access to a library.

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**Consulting & Training** - trial and error, figure it out from YouTube videos and reading blogs like this.

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**Tech Support** - hope for the best and that it usually works, if you're work with Tribe, get free text chat support.

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Overall the set up cost is around \$600 and then \$69 per month for software and music.

# Medium

A medium setup might look like this:

**Studio** - leave it as is.

**Lighting** - four LED panels and several spot colors, \$800.

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**Cameras** - a Vlogging mirrorless camera for \$700.

**Studio Team** - none.

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**Tech Gear** - a Mac Book Pro for \$1,000 (or bring your own), and two large TVs at \$400 each.

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**Metrics** - same as above, no cost.

**Software** - \$199 for Tribe (covers up to 2500 workout attendances).

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**Music** - again, royalty free at \$20 per month.

**Tech Support** - same, free text chat support.

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**Consulting & Training** - budget \$500 for some consulting with Tribe's team.

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If you are getting a dedicated laptop, \$3,800 in set up  
and then \$219 per month.

# High

So here I'll assume 10,000 workout attendances for a 800 member studio and premium music integration:

**Studio** - spend \$5,000 for a few upgrades with a local contractor.

**Lighting** - budget \$5,000 for soft boxes and color spot lights that are mounted into the studio.

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**Cameras** - 2 auto-tracking PTZ cameras and 2 Vlogging wide angle cameras, \$5,000.

**Tech Gear** - a \$799 Tribe video switch, a laser projector and three larger TVs at \$800 each.

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**Studio Team** - still none.

**Metrics** - same, no cost.

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**Software** - \$199 for Tribe plus \$600 for the additional 7,500 workout attendances per month.

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**Music** - commercial live stream from Feed.fm, assuming 20 cents per workout attendance comes to \$2,000 per month.

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**Consulting & Training** - budget \$5,000 for local AV consultants and Tribe's team.

**Tech Support** - premium option, so \$800 per month.

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Here you're looking at \$25,800 in setup costs, and \$3,600 per month. This might sound like a lot compared to just using Vimeo, but at 36 cents per workout attendance or \$4.50 per member on a monthly basis, this is the type of overhead you need to budget for a premium virtual or hybrid fitness experience.

**TRIBE**

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