

ELEMENTS THERAPEUTIC MASSAGE FRANCHISE KIT

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Business Model Highlights

Elements provides a variety of massage therapy modalities to our clients who are primarily seeking pain relief, stress reduction and an overall wellness benefit. The consumer need is big - the majority of Americans suffer from back pain, other muscle pain and routine stress, which are the primary reasons people seek their first massage.

An appealing aspect for the franchisee is the simple service-based business model that drives revenues through a variety of ways. The core of our model is our "wellness program" that allows our clients to become members. Our members pay a monthly fee (typically \$55 per month) which entitles them to one 55 minute massage session each month. This allows our clients to take advantage of a lower price point than non-members and gets them in the habit of regular massage sessions. For the Elements franchisees, this creates a recurring revenue stream that helps stabilize the business over time.

Why consider the massage therapy industry

Massage therapy is experiencing solid growth trends to meet a strong underlying market demand for proactive wellness:

- A. According to AMTA.org, massage has doubled in the past five years to become a \$18 billion dollar-per-year industry.
- B. According to the U.S. Department of Labor, employment for massage therapists is expected to increase 20 percent from 2006 to 2016, faster than average for all other occupations.
- C. Between July 2008 and July 2009, roughly 48 million adult Americans (22 percent) had a massage at least once (66 million people)!

As an franchisee of an Elements Therapeutic Massage studio, you will have the ability to make a positive impact on both your clients and employees while pursuing personal income and equity.

Why consider Elements Therapeutic Massage: Elements has the business model, brand positioning and franchise support team dedicated to making its franchisees a success.

- A. Elements offers a straightforward concept that requires a lower initial investment and operating cost than Massage Envy.
- B. Elements has a clear, focused position on the therapeutic aspects of massage that corresponds with a big consumer need in the market, and

Financial Details

Initial Franchise License Fee

\$45,000

Total Investment Range

\$166,000 - \$276,000

Cash Requirement

\$75,000 - \$100,000

Royalty Fee

6% of gross revenue paid monthly

Marketing Spend

Pre-Opening: \$3000-6000

Opening: \$25,000 (first 3 months)

Financing Available

Third Party

VetFran Program

Yes

Company Background

Year Founded: 2003

Year Franchised: 2006

Number of operating locations: 80

as well as an emphasis on consistently providing an exceptional, rejuvenating experience to our clients.

C. Elements is part of Fitness Together Holdings Inc., which between its two franchise models, has more than 16 years of franchising experience. Elements headed by one of the most experienced franchise management teams in the retail massage industry.

The Physical Studio and Ideal Location

Elements studios are spa-like, with rich earth tones throughout, making them comfortable for both men and women. Since Elements business caters to an upper end demographic, "A" retail locations are our primary target for studio placement. We seek to locate in shopping centers that cater to our core demographic. Ideal co-tenants are places that people visit frequently, such as banks, high-end grocery retailers, yoga studios, higher-end clothing stores, Starbucks etc.

Ideal Franchisee Candidates

Our best franchisees are franchisees who value massage and wellness services themselves. Although they typically do not have a massage therapy background, which is not necessary, they commonly are attracted to our model because they enjoy helping others feel better. The ability to manage others and the desire to coach staff members is crucial. Great people skills and sales ability is the icing on the cake that sets better franchisees apart.

Role of the Franchisee

The primary role of each franchisee is to implement the operating systems and business building programs based on the franchise support center training and ongoing performance improvement support. Because most of our franchisees are not massage therapists, their time is spent hiring great therapists and front desk personnel, training their staff properly, implementing the marketing programs that are designed for them and creating a relaxing, customer-driven experience to keep your members coming back time and again.

A Commitment to Supporting Our Franchisees:

Strong Starts

Our support staff assists our franchisee partners in many ways during the opening of their business:

- Site Selection – identifying quality trade areas and real estate for our locations
- Studio design and construction management – our experienced project management team oversees all phases of construction to ensure smooth process and on time opening
- Grand Opening – our team will be on site prior to and during our new studio openings



Pam Crespo
Area Director of the year 2009

- Initial 90-Day Marketing Plan – our GO marketing plan is designed to ensure that our new locations open strong and continue to ramp strong over their first few months of operation by building new client trial and setting up monthly membership sales.

Franchise University

Our core training modules are taught approximately two months prior to studio opening and are conducted over the course of a week by our staff at the Elements Therapeutic Massage Support Center in Highlands Ranch, CO. The core training modules are designed to give the operator, and their manager if applicable, the key understandings of running the business operations. These operations include, but not limited to, client acquisition and marketing, studio operating software, client scheduling, overall studio operations and client service path, financial modeling, planning and key performance indicator tracking.

Ongoing Support

Performance improvement support continues past the start-up phase with:

- Scheduled monthly phone support call
- Twice a year field visits
- Annual franchisees call & annual national conference
- Franchisee webinars
- Monthly newsletter

Ongoing marketing support includes:

- Annual and quarterly marketing plans, tactics and advertising creative executions
- Custom creative development upon request
- Individual websites and Internet marketing support
- Local studio B2B/medical practices marketing kits, content marketing
- Special program marketing materials (e.g., insurance, wellness program, etc.)