



Waco fitness chain Curves finds itself shrinking, closing more than 1,000 locations

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Waco-based Curves International, once a fast-growing fitness business, finds itself shrinking.

Records show that the number of U.S. franchises has dropped by a third, from 7,748 to 5,208, during the past three years.

More than 1,000 Curves locations disappeared last year, while just 35 new locations opened.

That's quite a fall for a company that once was opening a club every three hours.



Misty Nardell (left) and Verneta Grohoske exercise at Curves for Women in Waco

Duane A. Lavery/Waco Tribune-Herald

A former franchisee and an industry analyst said Curves is losing clubs for several reasons. They include the bad economy; the company's failure to keep up with industry trends, including flexible hours; and cheaper competition.

A company official called the criticism "absurd" and said Curves is still profitable.

Curves designed its 30-minute workout for women. It involves moving through a circuit of hydraulic exercise equipment to the sounds of lively music for improving strength and the cardiovascular system.

Visitors to a Curves club would not see anyone pumping iron for hours, nor would they see men.

Founded in 1992 by Gary Heavin, now the company's chief executive, Curves became an international force in the franchising field.

At the end of 2008, it had nearly 4 million members worldwide — more than any other fitness chain and 500,000 ahead of second-place Gold's Gym, according to industry reports.

But those numbers are turning around, and theories vary as to why.

Curves has not been as selective as maybe it should have been in choosing franchisees, said Tom Garmon, a broker with Fitness Industry Business Brokers in Hattiesburg, Miss., which buys and sells health clubs.

“If you get someone in the system who is not suited for long-term ownership, that can affect their performance,” Garmon said.

He added he actually likes Curves' concept, but notices shortcomings.

For example, he said the company continued to lower its population requirements for awarding franchises.

“Pretty soon, you had Curves in towns with 3,000 people, and they didn't have enough depth in population to keep cycling members through,” Garmon said. “Then, when franchises began opening in major metropolitan markets, Curves had to compete with a lot more business models.”

Garmon said Curves has been slow to tailor its hours to the convenience customers.

“My wife works out after the kids go to bed. She goes to Snap Fitness because Curves is closed,” said Garmon, adding that Curves “needs a little more variety in their clubs to retain members and enjoy growth.”

Diana Tavary of Helena, Mont., said she “had a blast” running her four Curves locations. But as membership began to decline, she was pumping more of her own money into the operation and finally had to close her clubs.

Competing clubs

“Another club moved to town and wiped me out,” Tavary said. “My membership was growing older, many members were dying. And younger women are looking for a whole different club than Curves.”

Company president Mike Raymond said it is “baloney” to suggest the chain is not innovative.

He said the firm has installed a feedback system called CurveSmart to give machine users information about the intensity of their workouts. He said Curves is testing the Zumba dance fitness program at its Central Texas locations.

Raymond said Curves lets owners set their own hours of operation, up to a point.

“We have some franchises convinced they should follow the lead of some competitors and be open 24 hours a day, but we simply don’t agree,” he said. “If a woman wants to work out at 3 a.m., bless her. I’m sure she can find that in the marketplace today. But we believe there is a safety risk, and we’re not going to condone it.”

Karen Beatty’s four Curves locations total about 1,500 members.

She has noticed a decline in numbers that she blames on the economy and a summertime slump.

Three clubs close between 1-3:30 p.m. daily, and another closes from noon-3:30 p.m.

But Beatty believes she meets the needs of her members, “who leave with a smile on their face.”

Beatty said members pay about \$34 a month.

Raymond said Curves set out to “prune” its number of franchises in 2007 by making it easier for franchisees to get out of contracts and placing a moratorium on the awarding of new franchises.

Curves since has rescinded both policies and is awarding franchises for new stores.

The company remains embroiled in a lawsuit filed by owners of about 250 clubs around the country in 2007.

The suit alleges Curves saturated markets by awarding franchises too closely to one another, and that it did not provide sufficient service, support and assistance to franchisees.

Robert Zarco, a Miami attorney representing the plaintiffs, said the suit claims breach of contract, violation of deceptive trade practices and fraud.

Zarco said Curves has reached “amicable agreements” with the owners of all but 35 of the franchises, but legal wrangling continues on those.

A trial has been set for Dec. 6 in the U.S. District Court in Waco.

Raymond said the company remains profitable. For the year ending Dec. 31, 2009 Curves earned \$16.4 million on revenue of \$84.1 million. That compares with earnings of \$17.2 million on revenue of \$128.7 million the previous year.

He said the revenue falloff reflects lower franchising royalties and equipment sales.

Raymond said it takes an investment of between \$31,825 and \$39,100 to open a Curves franchise.

Franchisees also pay the company 5 percent of their monthly gross sales and 3 percent for national advertising.

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