

# Planet Fitness, Inc. (PLNT) Q1 2026 Earnings Call Transcript

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## Q1: 2026-05-07 Earnings Summary

Insights



EPS of \$0.74 **beats by \$0.11** | Revenue of \$337.24M (21.89% Y/Y) **beats by \$38.47M**

Planet Fitness, Inc. ([PLNT](#)) Q1 2026 Earnings Call May 7, 2026 8:00 AM EDT

### Company Participants

Colleen Keating - CEO & Director

Thomas Fitzgerald - Interim Chief Financial Officer

### Conference Call Participants

Brendon Frey - ICR Inc.

Simeon Siegel - Guggenheim Securities, LLC, Research Division

Randal Konik - Jefferies LLC, Research Division

Maksim Rakhlenko - TD Cowen, Research Division

Joseph Altobello - Raymond James & Associates, Inc., Research Division

Jonathan Komp - Robert W. Baird & Co. Incorporated, Research Division

Arpine Kocharyan - UBS Investment Bank, Research Division

Christopher O'Cull - Stifel, Nicolaus & Company, Incorporated, Research Division

Sharon Zackfia - William Blair & Company L.L.C., Research Division

### Presentation

**Operator**

Good morning, and thank you for joining today's Planet Fitness Q1 Earnings Conference Call. [Operator Instructions]

I would now like to hand the call over to Brendon Frey for opening remarks. Please go ahead.

**Brendon Frey**

*ICR Inc.*

Thank you, operator, and good morning, everyone. Speaking on today's call will be Planet Fitness' Chief Executive Officer, Colleen Keating; and Interim Chief Financial Officer, Tom Fitzgerald. Colleen and Tom will be available for questions during the Q&A session following the prepared remarks. Today's call is being webcast live and recorded for replay.

Before I turn the call over to Colleen, I'd like to remind everyone that the language on forward-looking statements included in our earnings release also applies to our comments made during the call. Our release can be found on our investor website along with any reconciliation of non-GAAP financial measures mentioned on the call with their corresponding GAAP measures.

With that, I'll now turn it over to Colleen.

**Colleen Keating**

*CEO & Director*

Thank you, Brendon, and thank you, everyone, for joining us for the Planet Fitness First Quarter Earnings Call. I'm pleased to have Tom Fitzgerald joining me on today's call, and I'd like to thank Tom for pausing his retirement to step in as Interim CFO. Tom is an accomplished finance leader with a deep understanding of our business and franchise model. I look forward to working with him again to position Planet Fitness to drive growth and shareholder value as we conduct a thoughtful and disciplined search to identify our next permanent CFO.

To start today's call, I'll walk through the key drivers of our first quarter performance and review the actions we're taking to refine our go-to-market strategies and reinvigorate member growth. Tom will follow with a review of the financials and outline our updated 2026 guidance.

During the first quarter, we grew net new members by more than 700,000, achieved system-wide same club sales growth of 3.5%, increased adjusted EBITDA 19.5% over Q1 2025 and opened 15 new clubs. While our top and bottom line results exceeded expectations, we are not satisfied with our member growth performance. The fitness industry continues to enjoy a number of long-term tailwinds as more people recognize the critical role movement plays in enhancing both physical and mental well-being, preventing disease and enabling longer, healthier lives. As a result, demand for accessible and affordable fitness continues to grow. We saw this momentum in 2025, delivering 6.4% club growth and adding approximately 1.1 million net new members, a 10% increase in net new membership adds over 2024.

A recent Health & Fitness Association study cited that fitness memberships for 2025 were up 5.4% over '24, reflecting that the industry experienced solid growth last year as well. While this favorable backdrop remains in place, during our key Q1 sign-up period, we faced some internal and external headwinds that impacted our join momentum year-to-date. As a result, we are taking targeted actions to reinvigorate member growth. We believe that a combination of 4 factors most directly affected our performance. First, our marketing largely resonated with a more fitness-minded consumer, yet had less resonance with the fitness beginner or more casual gym goer, traditionally our sweet spot given our differentiated nonintimidating environment. Second, we saw some competitive impacts in certain markets, particularly South Central and Southeast U.S.

Third, unfavorable weather conditions affected a number of regions during the quarter; and fourth, macroeconomic pressures and uncertainty weighed on consumers. Our overall performance reflects the strength and resiliency of our model. However, the addition of more than 700,000 net new members during the quarter did not meet our expectations. While this was driven by multiple factors, refining our marketing messaging and targeting is directly within our control. We are making immediate and near-term adjustments to broaden our reach and ensure our messaging is both visible and resonates with the fitness beginner and more casual gym goer.

Before I further address that, let me provide some context on how the year has unfolded. Member join trends were solid in the first 2 weeks of January, partially offset by temporarily elevated churn. Severe cold and winter weather in late January and February disrupted joins, especially as several of the storms fell on Mondays, our busiest join day of the week. We anticipated that our March campaign, Black Card First Month Free, which was very successful during the same time last year, would improve our join momentum over the remainder of Q1 and into Q2. Yet as we moved through March and into early April, our join trends remained below our plan.

Guided by consumer research and member behavior, over the past 2 years, we've evolved our equipment mix to deliver a more balanced combination of strength and cardio equipment, along with additional open floor space. This ensures members can work out their way. At the end of the first quarter, more than 80% of our entire system featured some version of a format optimized layout or equipment offering. As we've shared previously, our data shows this was the right decision as we enhance the member experience and support long-term engagement, and we shared some of this feedback at our Investor Day last fall. This evolution was a notable shift within our clubs.

To broaden our reach and reinforce that people of all fitness levels can achieve their goals at Planet Fitness, in Q4 of 2024, we began to showcase more advanced aspirational gym goers and strength equipment in our marketing, which resonated with a more fitness-minded consumer. This was a shift from the lighthearted approachable tone that had previously been a hallmark of our brand messaging.

We were encouraged by our net member growth in 2025 and made the decision to extend the campaign into 2026. However, looking at data from Q4 of last year and Q1 of this year, we saw that our messaging and targeting was successful in driving increased penetration with the fitness-minded consumer, yet we may have pivoted too far. To this end, we've identified 2 areas where we're sharpening and intensifying our focus this year, driving member acquisition and reinforcing affordability.

Let me start with member growth. We believe we have an opportunity to dial up the brand's no-gymtimidation ethos in our creative and messaging to appeal broadly to fitness beginners or more casual gym goers, a differentiator that sets us apart from the rest of the industry and is a critical advantage relative to other HVLP peers. To support this, we're testing new marketing initiatives aimed at reigniting net member growth with our target audience at the forefront. We also ran an RFP process in Q1 and recently selected a new creative agency. While we are already refining existing work for Q2 and Q3, we anticipate a new campaign to be in market before year-end to set us up for Q1 2027.

Additionally, as we shared at our Investor Day, we are investing in more advanced data-driven marketing tools that allow us to be more agile in our messaging. This includes testing different machine learning models as we modernize our CRM engine as well as building a dynamic content optimization engine for both development of creative assets and dynamic ad serving. These tools will enable us to deliver personalized advertising in real time through the right channels, driving acquisition and retention.

While we have seen and are actively addressing increased competition from other HVLP brands in certain markets, they generally target a narrower span of fitness levels and age cohorts. In this environment, it is critical that we clearly and consistently message consumers that while our offering has evolved to meet consumer needs, what truly sets Planet Fitness apart is our nonintimidating judgment-free environment. And this is where we can fully leverage our unmatched marketing fund by letting prospective members who are new to fitness know we're the place for them to begin their fitness journey and remain as they progress on that journey. While we know most consumers today are more fitness aware, our sweet spot is the more than 70% of the population that are not a gym member today and who value the welcoming environment at Planet Fitness.

We have a clear plan to expand our leadership position, strengthening the Planet Fitness brand, deepening member engagement, shifting elements of our execution to ensure we continue to maintain and extend our leadership in the HVLP space and driving membership and unit growth.

Now let me turn to our affordability and the everyday value that we offer. Against a macroeconomic backdrop of increasing financial pressure on consumers, we are reinforcing Planet Fitness' long-standing commitment to affordability. Economic data indicates an increasingly uneven economic recovery with higher-income households remaining resilient, while lower-income consumers experience mounting pressure. We want Planet Fitness to be accessible to all consumers who want to improve their health. Our pricing architecture and consumer value proposition is one of our most powerful strategic levers and historically has been a source of disruption and growth for our brand as the leader in the HVLP space.

While we conducted extensive testing over the past couple of years to support a potential Black Card price increase, the consumer and economic backdrop have shifted. Based on our experience, price increases create a near-term headwind to member joins. As a result, given our decision to prioritize member growth, we have decided to pause the national rollout of our Black Card price increase. At the same time, we are a test-and-learn organization, and our objective is to evolve pricing thoughtfully and in line with our brand promise of democratizing access to fitness while delivering exceptional value. Our test-and-learn approach ensures any pricing change is deliberate, data-driven and true to who we are as a brand, reinforcing our HVLP positioning while sustaining our role as the category leader.

Given our softer start to the year and the adjustments to our strategies, we are updating certain elements of our full year guidance. Two key factors driving the revisions are the net member growth shortfall in Q1, which has an outsized impact on the year, and our decision to pause an increase to Black Card pricing. Tom will walk through the specifics shortly.

These changes also impact the 3-year algorithm we shared at Investor Day last November. And as a result, we've made the decision to withdraw that outlook. I want to reaffirm our confidence in our strategy and the many key initiatives that underpinned it, which we outlined at Investor Day. We are continuing with these investments, and they are progressing well and on track. While we are taking action to address current market conditions, we are doing so while leaning into the same initiatives we outlined in November to drive sustainable long-term member growth.

Now I'll turn it over to Tom.

**Thomas Fitzgerald**  
*Interim Chief Financial Officer*

Thanks, Colleen. It's a pleasure to be back at Planet Fitness supporting you and the team while we search for a permanent CFO. This is a great brand with an incredibly strong competitive position, and I love the brand, and I love the team. So it was easy to say yes to rejoin Planet on an interim basis. While 2026 is off to a slower start than expected, I believe the factors impacting our momentum have been identified and are addressable through adjustments to our strategies.

Before I get into the financials, I would like to provide further insight into what we believe drove the softer net member growth in Q1. In addition to the marketing not resonating with the fitness beginner or more casual gym goers and competitive pressures in certain markets that Colleen spoke to, net member growth was also impacted by higher-than-expected attrition in the first quarter. Now Planet Fitness is committed to delivering an exceptional member experience, ensuring that our members choose to stay with Planet Fitness based on the value we provide, not due to any barriers to cancellation. This is why the company took the lead and rolled out online member management nationally in May of last year.

As we have shared before, our monthly attrition has historically been between 3% and 4%. This was true last year even after we introduced online member management more broadly. In January, we experienced elevated churn, which we partially attribute to a heavy rotation of TV advertising that included the use of the phrase "cancel anytime" in the messaging. After adjusting the language, attrition for February and March declined. Though it was still elevated versus last year, the gap was more in line with what we saw in Q4 of last year. For Q1, our attrition rate averaged 3.8% per month, which was within our historical range. For the rest of the year, we expect monthly attrition to continue to be in the top half of our historical range due in part to the implementation of online member management, but also driven by the increased penetration of Gen Z as younger consumers historically churn more than older cohorts.

Adding to what Colleen touched on earlier, the headwind from churn was followed by winter storms in January and February. While these weather-related disruptions were known and contemplated when the company issued guidance on the Q4 call in late February, the expectation was that, with better weather, net member growth would improve over the remainder of the quarter, similar to what we had seen in the latter half of December and the first half of January. Unfortunately, this reversion did not materialize to the levels expected for the reasons Colleen and I mentioned earlier.

Now to our first quarter results. All of my comments regarding our first quarter performance will be comparing Q1 2026 to Q1 of last year, unless otherwise noted. We opened 15 new clubs compared to 19. We delivered system-wide same club sales growth of 3.5% in the first quarter. Both franchisee and corporate same club sales increased 3.5%. Approximately 90% of our Q1 comp increase was driven by rate growth with the balance being net membership growth. Black Card penetration was 67% at the end of the quarter, an increase of 240 basis points from the prior year.

For the first quarter, total revenue was \$337 million compared to \$277 million, an increase of 22%. The increase was driven by revenue growth across all 3 segments. A 17% increase in franchise segment revenue was primarily due to an increase in National Ad Fund, or NAF, higher royalty revenue from increased same club sales as well as new clubs, and placement and franchise fees. The increase in NAF revenue was primarily due to a 1% increase in NAF contributions from 2% to 3% for 2026. For the first quarter, the average royalty rate was 6.7%, an increase of 10 basis points from prior year. The 5% increase in revenue in corporate-owned club segment was primarily driven by sales from new clubs as well as increased same club sales. As a reminder, we opened 23 new corporate clubs since January 1, 2025, 11 of which occurred in the fourth quarter.

Equipment segment revenue increased 123%. The increase was primarily driven by higher revenue from replacement equipment sales and higher revenue from new franchisee-owned club placement sales. We completed 14 new club placements this quarter compared to 10 last year. For the quarter, replacement equipment accounted for 87% of total equipment revenue compared to 78%.

Our cost of revenue, which primarily relates to the cost of equipment sales to franchisee-owned clubs, amounted to \$45 million compared to \$22 million. Club operations expenses, which relates to our corporate-owned club segment, increased 8% to \$88 million compared to \$82 million. This increase was primarily due to operating expenses from 23 new clubs opened since January 1, 2025. SG&A for the quarter was flat to prior year at \$34 million, while adjusted SG&A was \$33 million, an increase of 2%. National Advertising Fund expense was \$32 million compared to \$22 million, primarily due to the 1 point shift this year in marketing from the local fund to the national fund.

Net income was \$52 million, adjusted net income was \$59 million, and adjusted net income per diluted share was \$0.74. Adjusted EBITDA was \$140 million, an increase of 20% year-over-year, and adjusted EBITDA margin was 41.5% compared to \$117 million with adjusted EBITDA margin of 42.3%. By segment, franchisee adjusted EBITDA was \$95 million, and adjusted EBITDA margin decreased from 73.7% to 70.4%. Corporate club adjusted EBITDA was \$46 million, and adjusted EBITDA margin decreased from 34.3% to 33.1%. Equipment adjusted EBITDA was \$19 million, and adjusted EBITDA margin increased from 26.8% to 31.3%.

Now turning to the balance sheet. As of March 31, 2026, we had total cash, cash equivalents and marketable securities of \$652 million compared to \$607 million on December 31, 2025, which included \$81 million and \$66 million of restricted cash, respectively, in each period. In Q1 2026, we used \$50 million to repurchase approximately 614,000 shares at an average price of \$81.47.

Moving on to our 2026 outlook. As Colleen noted earlier, given the net member growth trends in the first quarter and our decision to pause the planned national Black Card price increase, we are adjusting our 2026 guidance. We now expect system-wide same club sales growth to be approximately 1%; revenue to grow approximately 7%; adjusted EBITDA to grow approximately 6%; net interest expense to be approximately \$111 million; adjusted net income to decrease approximately 2%; adjusted net income per diluted share to grow approximately 4% based on adjusted diluted weighted average shares outstanding of approximately 79 million. Our decision to pause the increase on Black Card accounts for approximately 150 bps of the reduction in our outlook for same club sales for the year. The rest of the decrease is due to softer net member growth trends. As we think about the composition of same club sales in the future, our goal is to have the majority of growth driven by member growth versus rate growth.

Our outlook for unit growth has not changed. We still expect between 180 and 190 new clubs system-wide and anticipate that the cadence of these openings and the related 150 to 160 equipment placements to be weighted to the second half of the year, especially the fourth quarter. We expect that re-equip sales will make up approximately 70% of total equipment segment revenue for the year with an equipment margin rate of approximately 30%. We expect the second and third quarter to each account for approximately 30% of our full year replacement equipment revenue and the fourth quarter to be approximately 15% of the full year. Lastly, we continue to expect capital expenditures to be up 10% to 15% and depreciation and amortization to be up approximately 10%.

In closing, we recognize that the operating environment has evolved in ways that require us to make some adjustments and to execute with sharpened focus on our core target. In response, we are taking proactive steps to reinvigorate net member growth and leverage our industry-leading marketing scale. Our focus will be to communicate the unique value proposition of Planet Fitness to a broader audience and ensure we connect with both our current and prospective members in a way that drives sustainable and profitable growth.

I will now turn the call back to the operator to open it up for Q&A.

## **Question-and-Answer Session**

### **Operator**

[Operator Instructions] Your first question comes from the line of Simeon Siegel with Guggenheim Securities.

### **Simeon Siegel**

*Guggenheim Securities, LLC, Research Division*

First off, Colleen, any color you can share on how your conversations with franchisees are going amid all of it, just the current performance. And this color -- and then either for you or for Tom, just obviously a notable guidance cut. So maybe just speak to how you arrived at these new numbers, confidence in them. And do you think or do you believe this should be the last cut, and we should be looking at it that way?

### **Colleen Keating**

*CEO & Director*

Sure. Thanks for the question, Simeon. So from the standpoint of our conversations with franchisees, certainly, we've got alignment on our overarching strategy. Some of the things we're sharing today as it relates to kind of shift in marketing messaging, this is fairly new news. And we have a town hall with our franchisees next week to share more detail on the go-forward plan.

### **Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes. Simeon, I'll take the second part on the outlook. I think the big change really is how we're seeing same club sales and net member growth for the year coming out of Q1. I think Colleen a couple of minutes ago outlined the 4 reasons behind it. And also not taking the Black Card price up, given our net member trends, we think that makes sense. But that obviously has a bit of a headwind on the outlook for the year. But we think absolutely the right strategic move to make. Our approach was to revise the guidance with the idea that we wouldn't lower it for the rest of the year.

## **Operator**

Your next question comes from the line of Randy Konik with Jefferies.

## **Randal Konik**

*Jefferies LLC, Research Division*

So Tom, just to kind of kind of bounce off that a little more. Coming out of the first quarter, are the trends kind of stable from first quarter into the second quarter? Are they getting worse on a net member basis? Can you kind of elaborate on that a little bit in terms of, again, arriving to the annual outlook change?

## **Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes. Sure thing, Randy. And we don't really comment on the member growth for the year or project it. But to help you out with a little bit of the color, we -- as Colleen said, we added about 1 million net members in Q1 last year. And this year, it was about 700,000 - a bit over 700,000. And that's with more new clubs year-on-year. So clearly, we expected more. And I think for the reasons Colleen outlined, we think a big reason is the marketing and sort of trying to go after a more fitness-minded target versus our traditional target. And we think the beginner, first-timer is just a much bigger pool. So we're going to redirect what is, as you know, an outsized orders of magnitude, larger marketing spend than anyone else in the industry.

So we're going to put the crosshairs kind of back on where we used to. And -- but that's going to take a little time. It's not a flip of the switch, as you know, particularly in a franchise system. So I think that's principally what we're seeing. I would say we don't comment in the quarter, but I'd say we projected the rest of the year based on what we've seen coming out of February after the storms and into March -- through March.

**Colleen Keating***CEO & Director*

Maybe I'll chime in on that a little bit. In March of last year, we had a very, very strong performance from our Black Card First Month Free promotion. And while we had some elevated churn in January and then some storm weather impacts that we were seeing coming out of January and into February, we anticipated very strong performance because we knew we were going to be running the Black Card First Month Free again in March, and we had softer performance than we anticipated there. So some of those trends are what we kind of carried forward in reforecasting the rest of the year because we didn't see the momentum in March that we had anticipated.

And then maybe just to comment a little bit further on the marketing and the shift in messaging, particularly because we, a couple of times a year, do a brand health tracker. We use a third-party research firm to help us evaluate how our marketing is landing. And when we built the 2025 campaign, "Grow Stronger Together," and "We're All Strong on This Planet," we were responding to what we saw in the brand tracker in early '24, which was that we needed to communicate to consumers and prospects that you could get strong at a Planet Fitness and that we had the right complement of strength equipment. The early read on that marketing was that it was working and it was communicating that message. So we saw the lift in consumer sentiment as we evaluated that campaign.

What we've come to recognize more recently, particularly in the data that we saw late last year and coming into this year, was that we were penetrating a more fitness-minded consumer. But you'll remember at our Investor Day, Brian Povinelli talked about defending and enhancing. And what this messaging did was enhance, but we missed a little bit of the defending. So where we had a strong ownership of the kind of the beginner or the person who might be more gymtimidated, that 70% of the population that doesn't have a gym membership today, this messaging may have resonated -- or did resonate a bit more intimidating, and we saw that in the more recent brand health data. So that's what's influencing the pivoting on the marketing messaging.

**Randal Konik***Jefferies LLC, Research Division*

Got it. And then when you think about -- when I look at the Black Card penetration, I believe it was up, and then you're talking about a broader price review. What is the kind of messaging there or thought process there? Because on one hand, you're getting that increased penetration so that fitness-minded person, I'm assuming, is appreciating the value of those amenities in the Black Card spa, yet -- are you kind of looking at that from a perspective of -- is our initial pricing to an initial gymgoer looking too high when they see that Black Card price? Or just kind of give us some perspective of why the broader price review and pausing the Black Card. Just want to get some color there.

**Colleen Keating***CEO & Director*

Absolutely. Great question. I'm glad you asked it. So as we think about the increased penetration that we've been experiencing with Black Card pricing and in the mid- to upper mid-60s in penetration across our membership, since we've narrowed the delta, the increase in the Classic Card price to \$15 narrowed the delta between Classic and Black. That increased penetration is giving us price, right? It's giving us organic price lift because we're getting more penetration at the Black Card price of \$24.99 versus the Classic price of \$15. So to be clear, and we've said this over the past year, we are getting price from the increased penetration.

We also -- as we've talked about, we have seen -- in the past where we've taken a lift in Black Card pricing, we've seen a slight headwind on joins, certainly a diminution on the penetration, but it builds back over time. Given what we saw in the first quarter and our focus on doubling down on member growth, really leaning into member growth for the rest of the year and kind of the consumer landscape and backdrop, we felt that the most prudent decision was not to put a price headwind when we're doubling down on membership growth.

So we've put the pause on the nationwide rollout of a Black Card price elevation. And we're continuing to do price testing in a number of different markets with a couple of different price scenarios. We're always going to be testing, but the Black Card price test was initiated in a different -- much different consumer environment. So we felt it was prudent to refresh our tests, run a couple of new ones and put the pause as we really, really lean in heavy on driving member growth between now and the end of the year.

**Operator**

Your next question comes from the line of Max Rakhlenko with TD Cowen.

**Maksim Rakhlenko***TD Cowen, Research Division*

Maybe piggybacking in a way to the last question. But Tom, can you -- just going back to the comp for the year at plus 1%, because -- just give us more help. You are still getting the benefit from the Black Card mix, as Colleen just discussed. You are going to be cycling the worst of click to cancel in 2Q and 3Q. And then in 4Q, you start to get the benefit from the waterfall given all the boxes that you opened late last year. So in the context of all this, sort of how do we build to the 1% comp? And then how should we think about the member versus rate contribution in the rest of the year?

**Thomas Fitzgerald***Interim Chief Financial Officer*

Yes. Max, so I would say that you're right, the clubs coming on board towards the end of the year into the comp base, that helps. It really does come down to the member growth. And as you know, in our business, it's not really what happened last month or last quarter. It's sort of the 12 months prior versus the prior and also the quarter's net member growth versus the net member growth in the prior quarter. And Q1 being so such a big piece of that net member growth change for the year, it kind of has an outsized impact that works its way through. So I think the split -- rate volume split in Q1 was 90-10, 90 rate, 10 volume. And I think, as Colleen said, really doubling down, zeroing in on the primary goal of driving net member growth. we've got to get that split to be different than 90-10. It's kind of unsustainable.

And in our business, you can spend a lot of money to drive -- because net member growth is profitable almost no matter what you do, unless you spend an incredible amount of money very efficiently. It's almost impossible not to make net member growth profitable. So that's really what's the beauty of the model, and I think what we want to rebalance. But the way we're calling the year is really based on the lack of the Black Card price increase that I mentioned, which was in our original outlook, not rolling that nationally, as well as just what we've seen as Colleen and I just mentioned on the last couple of questions about what happened through March that we expected more and didn't get it.

So we've got some work to do, and I think it will take a little bit of time to redirect it, but we're very confident that this is the right approach. And again, given our outsized spend and position in the industry and the fact that no one really goes after who we go after, we're confident that, that will fall into place and start to reaccelerate member growth and ultimately, comps. It's just going to take a while.

**Colleen Keating***CEO & Director*

Maybe I'll bolt on for a minute, too, just because I know you're going to -- you're looking to model, and I think -- so we get asked the question, well, we can share it broadly. The Black Card price was about 150 basis points of the comp for the year, right? And then I would also say kind of the seasonality and the subscription nature of the model. A miss in Q1 is harder to make up over the rest of the year. January join represents 12 months of revenue. If we -- the marketing engine starts kicking at a higher efficiency later in the year, it will take 2 joins in January -- or 2 joins in July to make up a January join because of the seasonality in the subscription model.

And the other thing I'll just remind you is, while we had a very, very strong unit openings year last year, at 181 unit openings, 104 of those were in Q4 and many of them late Q4. So they won't actually come into the comp until the 13th draft cycle.

**Maksim Rakhlenko***TD Cowen, Research Division*

Got it. Okay. That's helpful. And then, Colleen, a lot of your comments are around marketing, but there certainly was a lot less color on how you're dealing with a more competitive peer set that, as we all know, it's going to become even more of a challenge over the coming years. So should the takeaway be that in your view, marketing is the biggest issue and not the actual value proposition itself even with an increasing number of peers that arguably offer more for a similar price?

**Colleen Keating***CEO & Director*

So I think I would say offer different, not offer more. What -- where we're really doubling down is on the 70% who are not a member of a gym or a club today and are gymtimidated. And we know one of the biggest barriers to joining a gym is that fear of walking through the front door. And I've said that before, our biggest competitor is fear of walking through the front door. As I called out in my remarks, we did see competitive pressure in a couple of very specific geographies. So I called out Southeast, I called out South Central. But do keep in mind, we are 5 to 6x the size of our next largest competitor. So we can't say competition broadly and holistically across the estate is the driver of the softer join momentum in Q1.

We do believe, and what we've seen in the brand health track, the data that we've reviewed, is that we're resonating with a more fitness-minded consumer, but that is not as representative of our unique value proposition and the value that we do bring to the table, which is that welcoming all fitness levels, anyone of any age, any fitness level, any body type, you're going to walk into a Planet Fitness and you're going to see somebody who looks like you and feel comfortable in our nonintimidating environment. So we're going to amp that up in the marketing communications to ensure that we're penetrating our core prospective customer base.

**Maksim Rakhlenko**

*TD Cowen, Research Division*

But on -- any changes to the box or anything like that, is that more a longer term?

**Colleen Keating**

*CEO & Director*

What we've seen is the form in -- the consumer feedback on format optimization is resonating. And Bill Bode shared that at our Investor Day, where our NPS indicates that our members are appreciating the more balanced complement of strength in cardio. So that-ish 50-50 mix of the gym floor having a balance of strength and cardio and also the fact that we've opened up more floor space for people to kind of drop a mat and do their workout their way, that is resonating.

We think the creative -- and candidly, we got exactly what we set out to do. We wanted to convey that you could get strong at Planet Fitness, but when we think about the creative, we dialed up a little bit of the sweat level of our talent in the creative and some of our messaging, and we need to bring back a little bit of the lightheartedness and convey the approachability and the no gymtimidation that makes us so unique and special.

**Operator**

Your next question comes from the line of Joe Altobello with Raymond James.

**Joseph Altobello**

*Raymond James & Associates, Inc., Research Division*

I guess first question, I'll piggyback off of the competitive pressures question in terms of the quarter. It sounds like it was regionally confined. But what was it about those competitors or maybe those regions that drove that?

**Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes, I'll start. Joe, I think it is concentrated. And I think one of the things that we've seen historically is -- and some of them are opening boxes in certain markets fairly aggressively, the newer formats. And sometimes we've seen this historically with Planet, a new gym opens up near one of ours, we lose some members. But over time, we tend to gain them back because they're not comfortable in those environments. And I think back to what Colleen was saying, that's really the -- one of the key things about Planet is we're trying to get you, primarily, the 70% now who don't belong to a gym, to start your journey. And then when you get in, it should feel like -- it should feel very different than any other gym would feel, where it's not intimidating, it's welcoming no matter your fitness level. And we just don't think they have the ability to do that.

I'd say the second thing is, candidly, when we took the Classic Card up from \$10 to \$15, we thought some of them would follow. And in some markets -- in some of these key markets that Colleen mentioned, they haven't. So the headline price is better than ours. And now when you get inside, there's all kinds of extra fees and add-ons and commitments you have to make. But when you're there, you're there. So we think as we reconsider the approach forward, I think, primarily, to compete, we need to make sure our environment is even less intimidating than it is. That's a never-ending quest. We'll never be satisfied with that. And I think the second piece of it is, redirecting to primarily target the people who aren't -- who don't have a gym membership today.

**Joseph Altobello**

*Raymond James & Associates, Inc., Research Division*

Got it. That's helpful. I appreciate it, Tom. And maybe secondly, on the macro pressures on member growth. I'm curious when you started to see a shift there because the testing that you did last year, obviously sounded relatively encouraging and allowed you to move forward with the price increase. But I'm curious what the timing was there. And just as a follow-up to that, it looks like it's still \$30 in many markets. So is that going to get rolled back?

**Colleen Keating**

*CEO & Director*

So I'll start. The testing really started in -- back in 2024. So it was a different consumer environment when we initiated that Black Card test. We started that test almost immediately on the heels of the Classic Card price rollout, which was June 28 of 2024. So we're going back now nearly 2 years and a bit of consumer environment.

The second part of that question?

**Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes, I'd say -- I'll pick it up. So we do have some markets still at \$29, Joe, if that's what you were asking. And I think we've got -- where we have it, we want to let it run a little longer in part to see how that Black Card and Classic Card mix shifts over time. And also, in some of those markets, the price that other people offer is significantly higher. So we -- and the cost of doing business is significantly higher. So we're going to let them run for a little bit and continue to read, but we don't have any plans at the moment to pull those back.

**Colleen Keating**

*CEO & Director*

I think that's right. I think we've got a number of tests in market, but we're not -- there are no -- and we said no nationwide rollout for the Black Card price elevation, but we don't have any imminent plans of a price rollback there either.

**Operator**

Your next question comes from the line of Jonathan Komp with Baird.

**Jonathan Komp**

*Robert W. Baird & Co. Incorporated, Research Division*

Just a broader question. With nearly 3,000 units and your typical approach of testing and learning, is there anything that holds back your ability or speed to which you can test new initiatives, outside of marketing maybe? And when you think about changing the trend in member trends, could you give us a little more concrete, just your specific plans and maybe confidence levels and any thoughts on time line?

**Colleen Keating***CEO & Director*

Sure. I'll start with maybe the ability to test. Certainly, we own about 10% of the fleet, and we can move very quickly with great agility to run tests in our own corporate clubs. So that's a test accelerant. The other thing I'll say is we've got a super engaged franchisee base. And even some of the tests that are in flight right now, we reached out to a number of franchisees and have had great participation. And that tends to be true in our system. When we reach out to franchisees and ask them to participate in a test, we find a lot of engagement and strong participation. So we can move with speed and agility in testing.

I will say we may tend to test longer because of the size of our estate to make sure we're really pressure testing and because of the seasonality of our business. So we can launch a test quickly and with agility, we may tend to test a bit longer to make sure that we're capturing regional nuances, really understanding the difference in the control group and capturing some seasonality in the test as well.

Anything you want to add to that?

**Thomas Fitzgerald***Interim Chief Financial Officer*

No. John, maybe I'll take the second part of your question, and Colleen may add. I think the confidence we have in the actions will improve net member growth trends once we get them in place. I'd say it's pretty high. I mean we're going back more to -- in an evolved way, not exactly the same way, but going back to what we did and targeting who we did, and it was successful. I mean we grew faster than the industry for years. We used to talk about a higher percentage of people who don't belong to a gym is now lower. That's really due to us. And the power of the marketing. And I think, to Colleen's point, we got what we were trying to do in a way. That also shows the power of the marketing.

**Colleen Keating***CEO & Director*

That's right.

**Thomas Fitzgerald***Interim Chief Financial Officer*

So I think putting the big bazooka on the right target with the right messaging, it's not a new idea. It's an evolved idea that we used to run for a long time in our playbook that had a lot of success. So that's primarily what gives us the most confidence.

**Jonathan Komp***Robert W. Baird & Co. Incorporated, Research Division*

Okay. Great. And then my follow-up, Colleen, in the press release, I think you mentioned confidence in driving enhanced top and bottom line results in 2027. Any more context to that comment and your confidence in driving some re-acceleration after this year and a bit of a reset? And do you see any risk that the trends you're updating guidance for this year creep into less willingness from franchisees to build units?

**Colleen Keating***CEO & Director*

Yes. So I think when it comes to a shift in marketing and marketing messaging, it takes a minute to work with the agency and develop the new messaging and the new creative and shoot the creative. And then, of course, we've got to test it. And at the end of the day, the biggest quarter -- the biggest joint quarter where we're going to really see the greatest return on these initiatives, while we're moving on them very quickly this year, we'll best evaluate the benefit when we get into a joint quarter like Q1 of 2027.

So we see this year as a building year for some of these -- and we communicated some of the things we're investing in at Investor Day, and those are moving forward as well. We've just went into pilot, early pilot, in the launch of our AI-enabled predictive churn model. So that was something that we talked about at Investor Day, that just went into pilot. We're in the short strokes of selecting our partner for the DCO engine. And we're making very good progress on the AI-enabled CRM next best action model that will be in market or be in flight in the back half of the year. That's in the second half that we'll go into pilot in lockstep and in tandem with our new app, our revitalized app.

So there's a lot in flight this year. And we communicated that, right, that this was going to be a year where we were building and investing in some new tools that will help us to drive, particularly, top line in the future. And when that top line grows, because of the flow-through, particularly on member revenue, it has an outsized impact on EBITDA.

## **Operator**

Your next question comes from the line of Arpine Kocharyan from UBS.

## **Arpine Kocharyan**

*UBS Investment Bank, Research Division*

Your ADA pipeline came down further from 800 to closer to 750 in your latest 10-K. And I think it says including more than 500 clubs over the next 3 years. Could you just maybe address if you're looking at kind of further pruning ADAs, how that's going? And I understand the more accelerated unit openings would bring that number down faster, but wondering what else is driving that lower?

## **Colleen Keating**

*CEO & Director*

Yes. I'll start and then, Tom, if you want to chime in. So certainly, part of the diminution on the pipeline is the fact that we had such a strong openings here last year, right? So we had 181 new clubs opened last year. At the same time, and Chip talked about this, there's a slide in our Investor Day deck about this as well, about the ability to take back some territory and resell it. So we've got a new team member on our development team that's actively engaging with franchisees and prospective franchisees. And we're seeing opportunity where we may be able to sell some new territory as well.

So we also have talked about population growth and kind of de-urbanization and where - when transactions happen, we have the ability to recast ADAs, which then in turn kind of fills that pipeline as well. So as we've had transactions occur in our portfolio, we look at the territory. We recast the ADA based on where the population growth has taken place, where there may be another opportunity to support another club in that geo and adjust the ADAs accordingly with a new transaction.

## **Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes. I maybe just add to that, Arpine. I think over time, we've somewhat shortened the number of years in an ADA. So what happens -- and part of it is we want to see how it's going before we commit so much. It gives us more flexibility, more agility -- and so that -- sort of by shortening the tail, if you will -- or not the tail, but the...

**Colleen Keating***CEO & Director*

Time line.

**Thomas Fitzgerald***Interim Chief Financial Officer*

Yes, the time line and the number of years on average in an ADA, that has a natural sort of reduction there in total opportunities.

**Operator**

Your next question comes from the line of Chris O'Cull with Stifel Financial Corp.

**Christopher O'Cull***Stifel, Nicolaus & Company, Incorporated, Research Division*

I had a follow-up on the Black Card pricing. And I apologize if I missed it, but are you -- are there any new Black Card pricing structures you're testing?

**Thomas Fitzgerald***Interim Chief Financial Officer*

Chris, it's Tom. Good to talk to you again. We -- as Colleen said in her -- on the call, we're going to be testing some things. We're going to be talking to our franchisees about what we want to test. As we typically do, we'll share that what it is, where it is and how it's doing at the appropriate time, but it's premature to talk about that. But I think as we think about really putting net member growth front and center in all that we want to do, I think it does make sense to step back and say, "What are we doing today? And what else do we want to think about and potentially test going forward?" More to come, but...

**Colleen Keating***CEO & Director*

It's price and it's the price value relationship.

**Thomas Fitzgerald***Interim Chief Financial Officer*

That's right. That's right.

**Christopher O'Cull***Stifel, Nicolaus & Company, Incorporated, Research Division*

Okay. And then, Colleen, my question -- my main question is about just the marketing changes. And just wondering how you envision reworking the message to reach both nonusers and current fitness-minded gym users. I'm just trying to understand how you manage the risk of trying to be a gym for everyone without losing kind of the simplicity and clarity of a message to like a single group.

**Colleen Keating***CEO & Director*

Yes. I think we've long been kind of the opposite brand, and it's been our sweet spot to target that very large 70% of the population that is not a member of a gym today. And we want to ensure that our marketing messaging is reaching and resonating with that population.

**Thomas Fitzgerald***Interim Chief Financial Officer*

Yes. And I might add, Chris, over the years, when we were targeting the folks who don't belong to a gym, we also had people who were pretty darn ripped in our gyms. You knew one well. And I know that I see him when I go in the gyms that we have. Now they -- and part of the non-intimidation, too, is just because they are body builders, doesn't mean they act like lunks. And I think that goes back to the no gymtimidation, really making sure our members are comfortable. And those are the folks who are wiping down the equipment after they use it, they put it away, and they're not banging it on the floor, there, you can't clap chalk and all that stuff in our place. And that's what you get in the other places. So that is hard for them to replicate because that's a very hard thing to change given who they've attracted compared to who we've attracted.

**Colleen Keating***CEO & Director*

I think the importance is and what has been our sweet spot is that we attract members of all age cohorts, all fitness levels. And we want to ensure that our marketing is conveying that, that environment exists at Planet Fitness.

**Operator**

Your next question comes from the line of Sharon Zackfia with William Blair.

**Sharon Zackfia**

*William Blair & Company L.L.C., Research Division*

I guess as we think about the impact on more of those new-to-gym members, is there anything you can share on kind of what the membership mix was in new joins of those new-to-gym versus what you've seen historically?

**Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes, Sharon. Without being super specific, the last couple of quarters, it's been down a little bit.

**Sharon Zackfia**

*William Blair & Company L.L.C., Research Division*

Okay. And then, Tom, as I think about kind of the impact of this tough first quarter, it kind of implies flat comps for the rest of the year. Is there any curve to that comp for the rest of the year? And how do we think about member growth? I mean, do you think there is an opportunity to end '26 with more members than you currently have?

**Thomas Fitzgerald**

*Interim Chief Financial Officer*

Yes, sure. So we'll stick with our practice of not projecting and providing an outlook on membership. But I do think you're right, Sharon. We see kind of a gradual step down across the quarters without -- we don't provide quarterly guidance, as you know, but it's just based on that subscription model that you know and Colleen and I touched on earlier. That's how we see it.

**Operator**

I will now hand the conference off to Colleen Keating for closing remarks. Colleen, please go ahead.

**Colleen Keating***CEO & Director*

Thank you. Planet Fitness is a market leader, and the underlying strength of our brand and our business model remains in place. We have a proven track record of successfully navigating market pressures and near-term headwinds. More than 30 years ago, we entered the category as a disruptor, built on a differentiated offering and an unmatched value proposition at an accessible price point. That foundation continues to guide how we operate today, and we look forward to updating you on our progress as we move ahead. Thank you.

**Operator**

This concludes today's call. Thank you for attending. You may now disconnect.

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