



FREQUENTLY ASKED QUESTIONS TOWEL TRACKER FOR FITNESS CLUBS

Q. **How was Towel Tracker invented?**

- A. Towel Tracker was invented by Steven Molewyk, Towel Tracker's founder and Chief Operating Officer. Molewyk is an entrepreneur who previously owned a commercial laundromat in Grand Rapids, Michigan. The laundromat's customers included a large fitness club whose manager mentioned that club members were stealing 3,500 towels each month, which was costing the fitness club nearly \$50,000 a year. Molewyk was astounded by these numbers, which ultimately inspired him to invent Towel Tracker for fitness clubs. Since then, Towel Tracker has expanded its customer base to include hotels and resorts experiencing chronic poolside towel theft problems.

Q. **How serious is the towel theft problem at fitness clubs?**

- A. The problem is very costly and rampant at fitness clubs across the country. According to an *Athletic Business* magazine article entitled "Towels: Customer Service or Money Pit?": "If you offer towels to members, one of the biggest challenges is keeping track of them. Whether members intentionally walk off with them, or simply forget they have them, towels are lost in large numbers every month at almost every fitness center that offers them." Towel Tracker's clients all experienced these exact problems, which prompted them to contact us:

"We were purchasing approximately 100 dozen towels a month, to the tune of \$60,000 a year. So from an economic standpoint it became quite obvious that we needed to change direction and do it quick."

*Jim Mongrain, General Manager
Genesys Athletic Club, Grand Blanc, Michigan*

"We actually went through a time period of trying to have towels and the cost was so expensive. Constantly losing them, constantly... it was too costly. So we eliminated towel service for at least ten years."

*Amy Seth, Director of University Recreation
Western Michigan University, Kalamazoo, Michigan*

"We set out piles of towels and people took what they wanted... we were spending about \$1,000 a month replacing towels."

*Michael Seip, Aquatic and Environmental Manager
Steel Fitness Premier, Allentown, Pennsylvania*

Q. How does Towel Tracker work?

A. Towel Tracker is very easy to use:

HOW TOWEL TRACKER WORKS

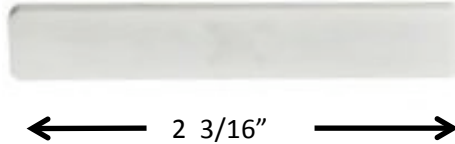
1. Fitness club members scan or swipe their membership card through a card reader on the front of the towel cabinet. Then they open the door and take the towels they need.
2. A small, washable RFID tag is imbedded in each towel. After the clean cabinet door is closed, the cabinet does an RFID scan of the remaining towels and can tell exactly which towels were removed.
3. The towels that were removed are automatically assigned to the club member's account—just like borrowing books at a library.
4. Club members place used towels in the return cabinet, which scans the RFID tag in each towel and removes them from the member's account.
5. If a member walks out with towels, those towels remain on his or her account. Fitness club management knows exactly who has taken them and can handle it in any way they deem fit.



(For a video demonstration of Towel Tracker, see our website: www.toweltracker.com)

Q. **How big is an RFID chip?**

- A. Towel Tracker uses washable RFID (Radio Frequency Identification) tags that are about the size of a large paper clip. They look like this:



Q. **How effective is Towel Tracker at reducing towel theft?**

- A. Extremely effective. Genesys Athletic Club in Grand Blanc, Michigan, one of the largest fitness clubs in the country, has experienced a 94% drop in towel theft with Towel Tracker. Riverside Health Fitness Center in Bourbonnais, Illinois has experienced a 95% reduction in towel theft. And Michael Seip, Aquatic and Environmental Manager at Steel Fitness in Allentown, Pennsylvania, stated, "Towel Tracker has cut our loss of towels to virtually zero."

Q. **How much do fitness club towels cost?**

- A. A lot more than most people realize! When buying gym towels in bulk quantities, you can expect to pay about \$1-2 for a low grade towel, \$2-4 for a midgrade towel, and \$5-6 for a nicer, fluffier, high grade towel. Now suppose 1,000 towels are being stolen from your fitness club every month. You initially paid for those 1,000 towels, and now you need to buy 1,000 replacement towels every month. Here's what this will cost you:

- Low grade towels costing \$2 each:
 - The initial 1,000 towels will cost \$2,000.
 - Buying 1,000 replacement towels will cost another \$2,000 dollars per month.
 - Total cost (initial supply + 12 months of replacements) = \$26,000 per year.

- Mid-grade towels costing \$4 each:
 - The initial 1,000 towels will cost \$4,000.
 - Buying 1,000 replacement towels will cost another \$4,000 dollars per month.
 - Total cost (initial supply + 12 months of replacements) = \$52,000 per year.

- High grade towels costing \$6 each:
 - The initial 1,000 towels will cost \$6,000.
 - Buying 1,000 replacement towels will cost another \$6,000 dollars per month.
 - Total cost (initial supply + 12 months of replacements) = \$78,000 per year.

(Please keep in mind that these are conservative numbers. Many fitness clubs average more than 1,000 towels stolen per month.)

Q. **What do people do with stolen towels?**

A. Some fitness club members take towels home by accident. But there are other members who deliberately steal towels for specific reasons. For example, a customer once told us about people selling stolen towels at garage sales and flea markets. We've also heard about stolen towels being used at a car wash and an auto detailing business.

Q. **Does Towel Tracker offer any other benefits beyond reducing towel theft?**

A. Yes it does:

- Cleaner facilities
With Towel Tracker, fitness club members no longer leave dirty towels lying around for staff members to pick up. This improves the cleanliness and sanitation at each facility.
- Cost savings through redirected and reduced labor hours
When fitness club members proactively return used towels to Towel Tracker's return cabinet, staff members no longer need to regularly walk around the facility, picking up dirty, germey towels. This frees them up to perform job duties that are more strategically valuable. Customers who place Towel Tracker outside of their locker rooms have also been able to reduce labor hours, because they no longer need to have male and female locker housekeeping staff on site at all times, to manage locker room towels. Steel Fitness in Allentown, Pennsylvania experienced both of these benefits and ultimately saved \$24,000 a year by cutting a night time cleaning contract with an outside vendor and reducing locker room staff hours by 15 hours a week.
- Ability to offer higher grade towels
When towels aren't being stolen, fitness clubs can offer nicer towels to members. Genesys Athletic Club in Grand Blanc, Michigan upgraded their towels after installing Towel Tracker, and General Manager Jim Mongrain observed, "I've had a number of members approach me and say, 'You know, I used to use three or four towels. I'm only using one now because it's a better grade. Thank you for doing that.'"
- Towels last longer
Towel Tracker customers like Steel Fitness in Allentown, Pennsylvania and Riverside Health Fitness Center in Bourbonnais, Illinois have told us that before installing Towel Tracker, their towels were typically stolen before they had a chance to wear out. But with Towel Tracker, they now keep towels until they are worn out.

Q. Is Towel Tracker eco-friendly?

- A. Yes it is. In fact, one of Towel Tracker's customers, Riverside Health Fitness Center in Bourbonnais, Illinois, was named a top three finalist in the 2013 international RFID Journal Green Award. Riverside received this honor because of the environmental benefits that resulted from installing a Towel Tracker unit at their facility.

Riverside employees used to wash 525 industrial-sized loads of gym towels per month in-house, which equaled 6,300 loads per year. But after installing Towel Tracker, Riverside members used 50% fewer towels, and as a result, employees now only wash about 250 loads a month. That's 3,300 fewer loads a year—a 53% reduction. This led to a corresponding reduction in the laundry detergent, electricity, and gas involved in laundering towels, as well as the greenhouse gases emitted in the process. In addition, Riverside has experienced a 250,000 gallon per year reduction in water used to launder towels. All of these eco-friendly reductions contributed to Riverside's finalist finish in the aforementioned competition.