

EXPLORE LOS ANGELES WITH A BUSINESS MICROSCOPE, P. 29

# Hispanic

JANUARY/FEBRUARY 2011  
VOL. 4, NO. 12

Executive

A website that redefines the modern Latina p. 36

How to sustainably produce 25% of the world's tortillas p. 48

A dance-aerobics empire protects its brand p. 52

## L.A.'s Own

Mayor Antonio Villaraigosa spends a second term serving the city he came from p. 38

# TURNING THE BEAT AROUND

Zumba Fitness, LLC whipped a fast-paced workout class into a fully branded global enterprise

by Ruth E. Dávila





Over the past 10 years, three unknown Colombians named Alberto (surnamed Perlman, Perez, and Aghion) have taken the fitness industry for a spin. They turned a single Latin-inspired aerobics class in Miami into an international fitness program with die-hard fans in more than 100 countries and 60,000 class locations.

“We didn’t come from the fitness industry, and we didn’t know how other companies operated—and that was actually a good thing, because we reinvented it,” says Alberto Perlman, CEO of Zumba Fitness, LLC, from his Hollywood, Florida, office, where more than 70 employees work.

The three Albertos fought their way to the top of a celebrity-dominated market, using a few secret weapons: innovation, a people-centric philosophy, and a veritable marketing machine.

### A Style is Born

In 2001, Perlman was a 24-year-old Internet entrepreneur in Miami. When the dotcom bubble burst, Perlman’s mother suggested he start a venture with her aerobics instructor, Alberto (“Beto”) Perez, who was packing the gym with a hot class called “Rumbacize.”

While living in Colombia, Perez created Rumbacize by chance on a day he arrived to teach aerobics without a soundtrack. In a panic, he grabbed some tunes from his car—mostly contemporary and tropical Latin hits—and improvised a workout with popular dance styles. In 1999, he moved to Miami, where his class became a hit.

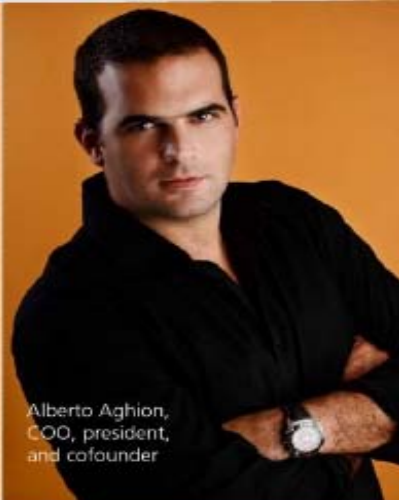
When Perlman met Perez at a Starbucks, neither had a budget, but there was an instant connection. As creative director, Perez was the inspiration. Perlman, with a business degree from Babson College, was the strategist to take it to market. For business support, they invited cofounder Alberto Aghion, Perlman’s long-time friend, to join as CEO.

The new name: Zumba.  
Target audience: the world.  
Philosophy: to build a brand that would enable instructors and enthusiasts to prosper.  
The path to success: technology.

### Spreading Like Wildfire

In 2002, with Perlman at its helm, Zumba Fitness produced an infomercial that turned the heads of even aerobics-phobic viewers. Orders poured in, but so did phone calls—from fitness instructors seeking Zumba certification.

As a result of this strong response, Perlman’s team realized that instructors were its most vital distribution network, so Zumba Fitness built a business model to empower instructors as entrepreneurs. “Every time we make any major business decision, we benchmark it against, ‘Will this make our instructors successful?’” Perlman says.



Alberto Aghion,  
COO, president,  
and cofounder



Alberto Perlman,  
CEO and cofounder



Alberto “Beto” Perez,  
creator and cofounder

In addition to instructor education, Zumba Fitness earns revenue from an apparel line, home videos (with more than four million units sold), and several specialty classes, including Zumba Gold for seniors, Zumbatomic for kids, Zumba Toning for body sculpting, and an Aqua Zumba pool workout.

The firm is also launching a video game compatible with Microsoft Xbox, Nintendo Wii, and Sony PlayStation. Tapping into the "exergaming" trend, it allows fans to follow Zumba choreographies at home and receive instant feedback on their performance, boosting their confidence to attend a class.

Innovation in technology has always been one of the firm's core strengths. "We were pioneers in using Internet technology to help our instructors be more successful and acquire more students," Perlman says. "We were able, through the use of technology, to make an instructor in South Africa or France feel as close as the ones here in Florida."

Stories abound of people—from FedEx drivers to laid-off professionals—who make new careers as Zumba instructors. Aspiring instructors are attracted, in part, because certification is earned by completing the course, rather than an exam. Testing goes against the brand's carefree personality, and against the grain of the industry. Perlman says the free-market approach entails quality control: instructors who lack skills won't survive.

As Zumba Fitness has grown, Perez remains the creative force. "I spend a lot of my time traveling around the world with our education program," Perez says. "But I also spend much of my time creating new choreography and finding new music for the Zumba instructors."

Today, Perez counts on a federation of 100 licensed "Zumba Education Specialists" to certify instructors in their areas.

## Battle for the Brand

Zumba fever swept the United States, and then went global. In Finland, a local told Perlman it's the biggest thing in 15 years. In Malaysia, women go wild at Zumba classes underneath burkas. "I couldn't see their smiles, but I knew they were having fun," Perez says. In China, instructors render a first-class imitation of Perez.

But, surprisingly, one can't find a certified instructor in the countries where genres like

## BREAKING IT DOWN

- Length of workout: 60 minutes
- Exercises: Simple Latin- and urban-dance moves
- Sequence: Musical scores change tempo to transition from toning, strengthening, or cardio
- Targeted body parts: Every major muscle group
- Calories burned: 500-1,000 per class
- Weight loss over time: People have reported losing as much as 100+ pounds per year.



Beto Perez encourages his Zumba class participants to have fun and let go of their worries.

cumbia, salsa, and merengue originated—some of the very rhythms that gave birth to Zumba. "We've decided strategically that we're going to leave Latin America last," Perlman says.

In addition to challenges related to shipping and low credit-card penetration, piracy has delayed expansion in Latin America. "In Peru, we launched the DVDs via television, and two weeks later they were on every street corner," Perlman says.

That was in the early days, though, when the founders were trigger-happy and shot for every potential market. After the Peru fiasco, they retreated. In fact, the only Latin American country with a significant number of authorized Zumba classes is Mexico—and Perlman had to staff a local office to ensure

the integrity of the experience. However, that is not a scenario the self-proclaimed "control freak" wants to replicate. Zumba Fitness will land in the rest of Latin America soon enough, Perlman says, once it is done with its European expansion.

For now, policing the brand across so many borders is a day-and-night task—more day and less night now, thanks to strict enforcement of brand guidelines. To preserve brand equity, Perlman is hygienic about his alliances, partnering only with reputable firms, such as Kellogg Company, for its Hispanic fitness campaign in 2003.

Perlman's marketing department instructs anyone writing about the firm to capitalize the word "Zumba" and to use it only as



Beto Perez teaches a Zumba class.



A Zumba Gold class, designed for seniors.

an adjective, rather than a noun or a verb (with the registered mark, where able). So, in proper Zumba-speak, one goes to a Zumba class or does a Zumba workout; one does not go to Zumba, or, worse yet, simply Zumba.

If certain multinationals had been this vigilant, people today would blow their nose with tissue paper in the hot tub, rather than with Kleenex in the Jacuzzi (when neither brand-name product is in the room). Brand misuse

and outright theft is a rampant threat for the firm. Copycats have popped up and fizzled in their Miami home base and abroad, lacking a compelling value proposition to compete.

In Italy, however, the company had to file a lawsuit for its name. An Italian ex-Zumba instructor had trademarked the name, blocking the company from entry. Although the issue was resolved fairly quickly, Perlman says these learning curves are costly. "If I had to give advice to an entrepreneur who is creating his own brand, I would say it's never too early to get your trademark filed in as many countries as you can afford," he says.

Frequently, the best brand vigilantes are the Zumba instructors themselves. If they hear of an instructor who is not listed on the Zumba.com website, they report it to headquarters. While this helps flag scammers, it doesn't bar the need for a robust legal team. "Legal is one of our biggest expenses,"

Perlman says. "The amount of money we have to spend worldwide on legal is crazy—it's what a Fortune 500 company spends. We do it to protect our brand and instructors."

### The Zumba Life

At present, more than seven million people around the world take a Zumba class—a 1,000 percent growth from three years ago. Perlman aims to catapult participation to 100 million. "We just need to get a person in the door," Perlman says. "Zumba has one of the highest adoption rates in the fitness industry."

Aghion, who approves all of the firm's business decisions, has witnessed Zumba Fitness transform people inside and out. "I can't express to you how many letters, videos, and stories we've received where people share their success stories," Aghion says. "You hope to touch people's lives, but you never expect to completely and utterly change them."



At present, 75 million people around the world take a Zumba class each week—a 1,000-percent growth from three years ago.

In Mexico, a small-town housewife lost 70 pounds by working out to pirated DVDs. When the Zumba team hosted a workshop in her country, she took a bus there to thank them. "It gave me the self confidence to get a job—and the first thing I did was buy the original DVDs," she told Perlman.

Clearly, what started as a workout has now become a lifestyle. Perlman uses yoga practitioners as a parallel example: many yogis are healthful eaters (often vegetarian), drive eco-friendly cars, wear organic cotton, and read yoga magazines. "A Zumba person... is healthy and takes risks," Perlman notes. "Zumba Fitness makes life about living in the moment and enjoying your friends."

Perlman adds that he's seen at least 100 people adorned with Zumba tattoos. "It's about music, laughter, letting go," he says, "not worrying about tomorrow, and just living today." *H/E*

## YOU GOTTA FEEL THE BEAT

The Zumba spirit springs from the phenomenal music used in classes and DVDs. "No other fitness company in history has spent as much on music as we do, and we plan to spend more," CEO Alberto Perlman says.

In addition to synchronizing choreographies to published hits (often remastered Zumba-style), the firm has pursued music-making, churning out original tracks through its own production company.

*Musical styles include:*

Cumbia, Salsa, Merengue, Mambo, Flamenco, Chachacha, Reggaeton, Samba, Belly Dancing, Bhangra, Hip-Hop, Axe, and Tango.