

THE TRACK FITNESS GYM CASE MEMO

Executive Summary:

The primary purpose behind this evaluation is to aid the Track fitness club in some of the problem areas which are being encountered. Track fitness gym is one of the best gyms in the locality, I convinced the owner about the idea of letting me go through some aspects of the data which are required to solve the problem the gym currently faces.

The fitness business fluctuates rapidly with the season and trend, and the track fitness gym is no exception, the gym currently suffers with two most recurring problem, which is overcrowding at some specific slots and membership retention, currently according to the gym owner about roughly a tiny percentage of people who joined the gym at some point stayed at the gym till present, the member retention figures are unhealthy and is taking a toll on the business, as a consequence a steady revenue has become something more of an unpredictable scenario, which heavily depends on the number of new members joining every month.

By the time I am writing this, it is clear to me that the number one problem I need to tackle is to figure out why the clients are more likely to leave than to stay, by analyzing the necessary data generated every month, I will figure out the necessary patterns and possible reasons behind those patterns and provide the business owner with valuable insights and suggestions which will in turn help the business to retain more and more of their clients and employ strategies which will help them do so.

Organization Background:

The **Track fitness club** is a first-generation operated business which is a joint venture looked after by Randhiv brothers and their father, which is located within Nagpur district in Maharashtra, the business is new as it started in the rearmost stages of the nationwide lockdown, since then the business is earning satisfactorily enough to keep the doors open, but the maximum income is capped and varies a lot every month, according to the owner, the gym is sitting at a revenue of roughly 1.5 lakh averaged across every month. Considering the investment, it took to setup and run the gymnasium the revenue is not quite what the owner expected.

The fitness studio consists of 2 floors where the first floor is reserved for cardio with more than enough equipment's to promote the same, with roughly around 40 equipment's on both the floors, with ample space, and lightning, the gym is spread across some 4000 sq. feet of land. The gym currently has 7 employees, which includes 2 housekeepers, 2 receptionists and 3 trainers and a freelancer who works as a personal trainer. The gym is located in a plush area where parking and loud sound is not an issue, everything looks good from the bird's eye point of view but is that really the case with this business? I don't think so and in this case study I will try to breakdown the underlying problem and its probable causes.

Problem Statement:

1. After the exchange of words with the owner and his staff, the principal problem with which the business suffers is of **Membership Retention**.
2. Owners secondary concern was that the place runs into **Overcrowding at the peak hours** clients who may encounter this might decide its not worth the wait and are likely to quit their fitness journey entirely or continue it with some other gym.

Both the problem statements are the cause of unstable and unforeseen decline in the revenue. The owners main concern and only priority is to retain at least more than half of his clients which will lead to stable revenue and cause an increase his profit margin without hurting his own pocket.

Background of the problem:

Being the first-generation owner of a gym with no prior experience of handling a gym, the track fitness club fell prey to a problem which is common in the fitness business, this not so obvious scenario is called as **poor retention rate**. This business is influenced by current trends which includes various social media which is why any fitness studio must think of new ways to engage their clients regarding which the business has earlier tried to run some lucrative signing up offers in specific months which did boost up the number of new clients in the same month but however the so-called health club in our cross hairs was not able to retain these clients for much long hence failing to solve the actual underlying problem.

The client retention rate is unhealthy and a colossal torment to the business owner coupled with this there is another issue which is evident in the morning and evening slot, at some equipment's stations more than required people can be seen waiting for their turn which can be cumbersome and one of the reasons a client might quit the gym. People who decide to quit for such reasons might not be a majority but **overcrowding** simply means that the business does not effectively handle the surge of keep-fit fanatics during the peak hours, such little inconsistencies in the management may cause the clients to get disheartened and might at first reduce their workout frequencies and for the worse might disappear after some time and then finally quit the gym, the domino effect is quite real too which may act like fire to the gasoline.

However, there are several reasons one might decide to end their gym subscription which may include lack of motivation, results, discipline, time and so many other factors, but there is this other array of factors which I intend to uncover in this case study which may help the organization to generate a steady revenue with some simple tweaks here and there

Problem Solving Approach:

- **Details about the methods used with justification:**

As it was made clear to me on separate occasions while meeting with the organization that they need to retain more and more of their clients. The basic way with which I can get any insights to solve this million-dollar question is to conduct a **Retention Analysis** which includes discovering **Adherence Rate (AR) and Finding leaks**. AR measures the number of times a client works-out in a given stretch of time, the regular the client is with his/her workouts more likely they will get results and less likely they are to quit. Once AR is figured out I will find other variables associated with **high AR clients** which will enable me to find the leaking point which is responsible for low AR clients.

With the necessary variables at my disposal AR and leaking points can be identified and then an effective client retention strategy can be put in place.

To address another issue of **Overcrowding** I have asked the owner (to which he agreed) to lend me the customer log, which includes the punch in punch out time of every individual client for a stretch of time, so that with all the necessary data at hand **binning** will be performed which will in turn help with **Client categorization** which is the key behind figuring out their behavioral traits which will in turn address both the problem statement.

- **Details about the intended data collection with justification:**

Since I have already mentioned that I train in the same gym for quite some time now, I had the luxury to questions to most of the current and past members of the gym, the answer to these questions include all the necessary details which will help me conduct my analysis. I decided to go down this road of **manual Q&A** because some few extra variables which were needed for successful analysis were unfortunately not being recorded by the staff / gym management software at the time of member onboarding process. By the time you will read this most of the required data will already be collected and with some manual work I will manage to combine it with rest of the **members invoice data** acquired from the club management software. I will get my hands on all the invoices generated in the **year 2022**, according to the front desk, there are roughly about 1200 such invoices generated till the end of august, which is the time frame I am going to consider for this study (equivalent to 32 weeks of data).

The **punch in - punch out entries** of the clients for every single day across 32 weeks can be a stepping stone to figure out the overcrowding state of affairs. The punch in-punch out (which again according to the front desk will have more than 50000 observations) entries can be binned into morning, noon and evening slots and **flexible members** can be identified, these clients with **flexible schedule** who appears in all the slots can be then targeted with personalized offers to promote off peak hours, hence preventing client congestion.

- **Details about analysis tools with justification:**

Considering the size of the **member invoice data** data Microsoft Excel will be sufficient for any descriptive analysis / data visualization and cleaning.

The **punch in-punch out sheet** will be processed with the help of various ML libraries, python and Jupyter notebook as IDE. I Intend to use libraries like matplotlib for visualization (if need be because Excel is a powerful tool in itself) and pandas for cleaning the data

Binning and AR calculations can be done via excel or python both. The tools I will use completely depends on the nature and size of the data and the ones listed above are of familiarity. I can be flexible between excel and python according to my convenience and level of efficacy.

Expected timeline:

Date	Task to be performed
10-09-2022	End of Data collection
15-09-2022	End of data cleaning
20-09-2022	Descriptive analysis of required metrics
27-09-2022	Client categorization and flexible client Identification
05-10-2022	AR measurement and Leaking point Identification
10-10-2022	Coming up with a client retention strategy Without overcrowding the gym
11-10-2022	Meeting the owner with my thoughts and analysis
16-10-2022 To 20-10-2022	Final submission

Expected Outcomes:

With my understanding of this business through data analysis I hope to create a noticeable footprint which may further cause a significant increase in the revenue of the business along the coming months which is the primary request of the owner.

After all the leaks are fixed via **Promotion of off-peak hours and client retention strategies** in place, I hope to find more and more members retained for more months than they currently do with less overcrowding in the morning and evening sessions. I would be able to experience all of the aftereffects firsthand since I train in the same gym.

