

OC&Gym Attrition Analysis & Recommendations

MSc Business Analytics

William Flynn

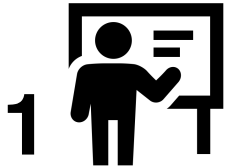
Anqian Li

Rayyan Sidi Ali Mebarek

Gopal Juneja

Lily Nguyen

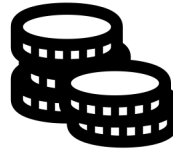
AGENDA



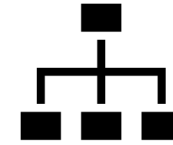
1
INTRODUCTION



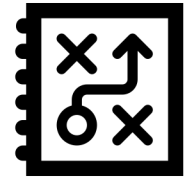
2
CUSTOMER
DEMOGRAPHICS



3
IMPACT BY
PRICE INCREASE



4
IMPACT BY
OTHER FACTORS



5
RECOMMENDATIONS

INTRODUCTION

Background:

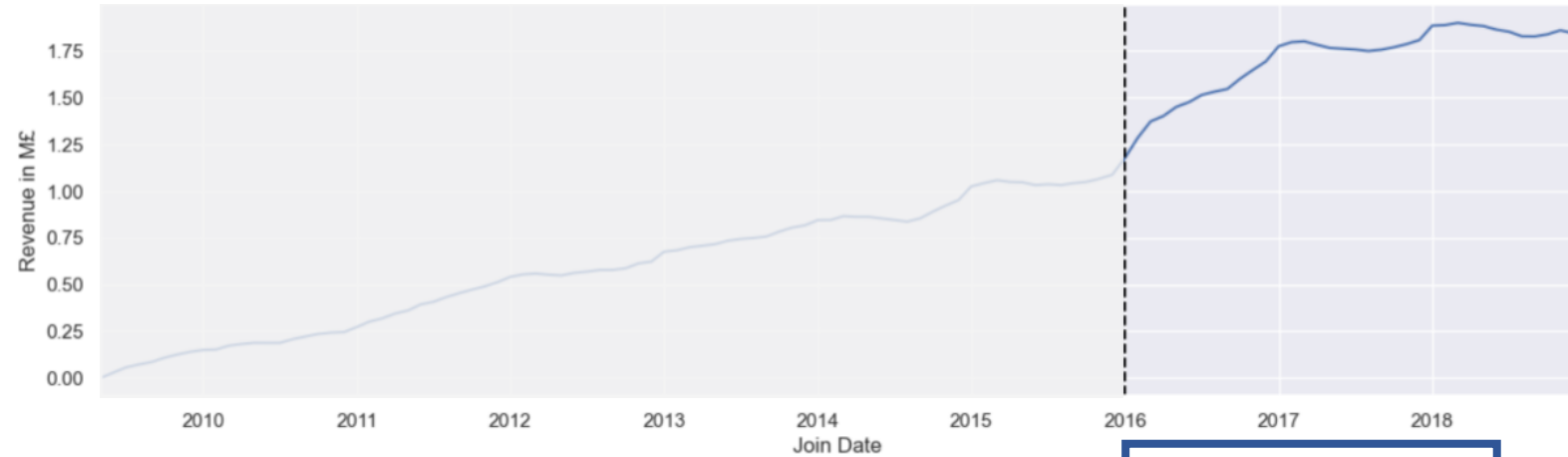
Lower-than-expected impact of location expansion and price increase on revenue

Purpose:

- ❑ Understand customer attrition
- ❑ Recommendations for future

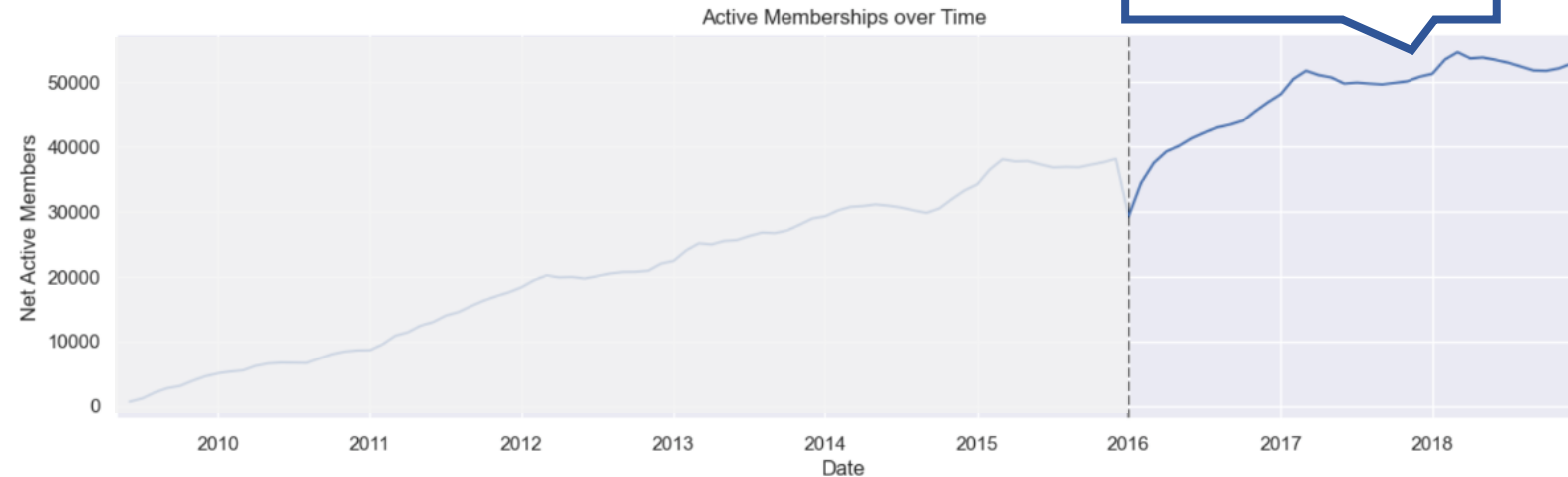
? Why

Slower growth in revenue



? Why

Slower growth in net active members

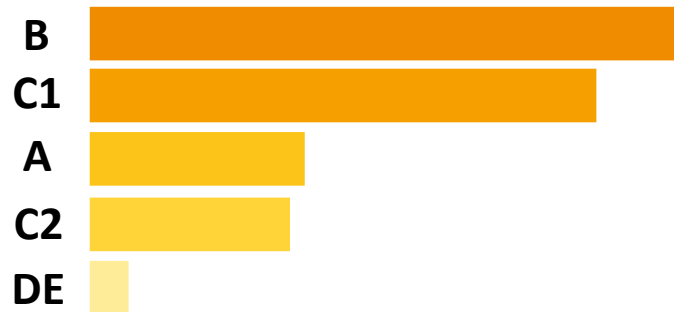
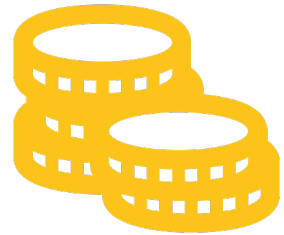
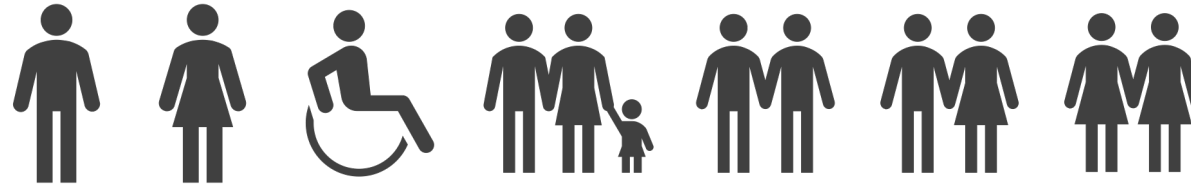
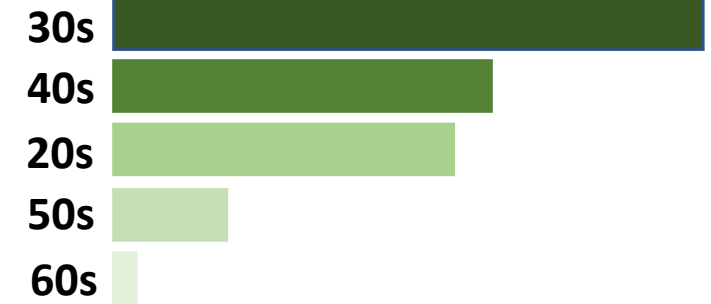


CUSTOMER DEMOGRAPHICS

48%



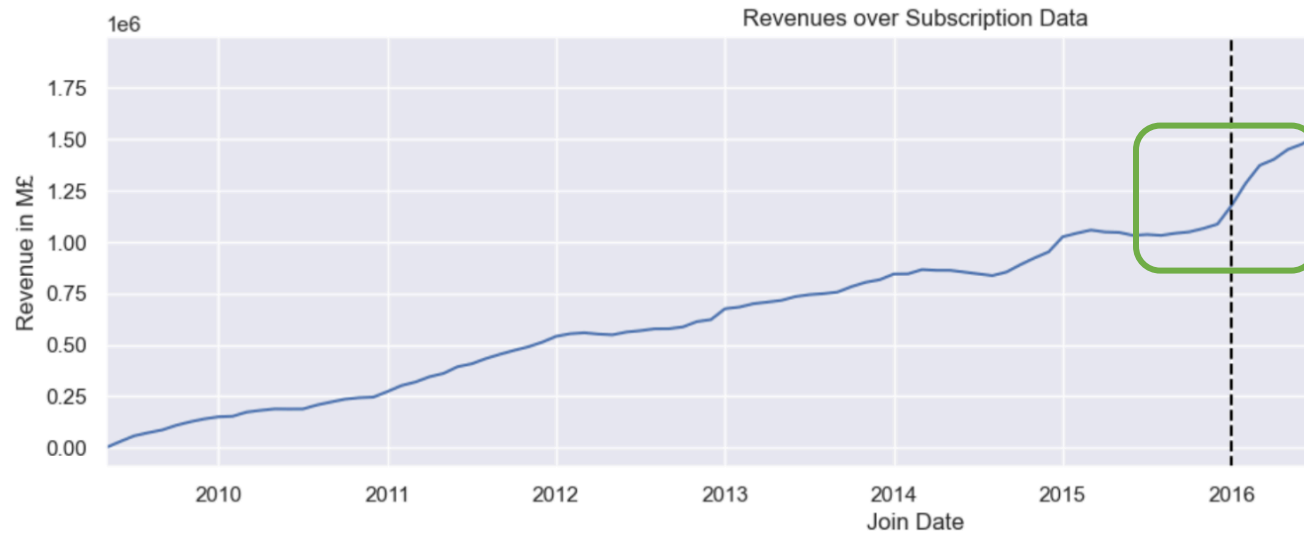
52%



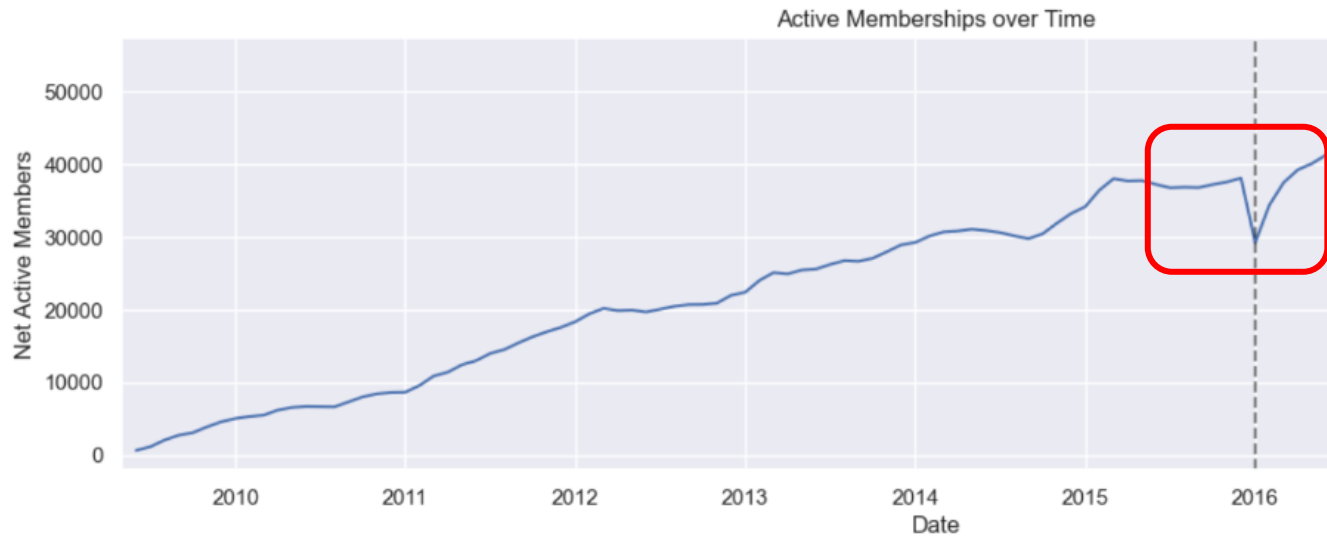
78% Standard

22% Flexible

IMPACT OF PRICE INCREASE



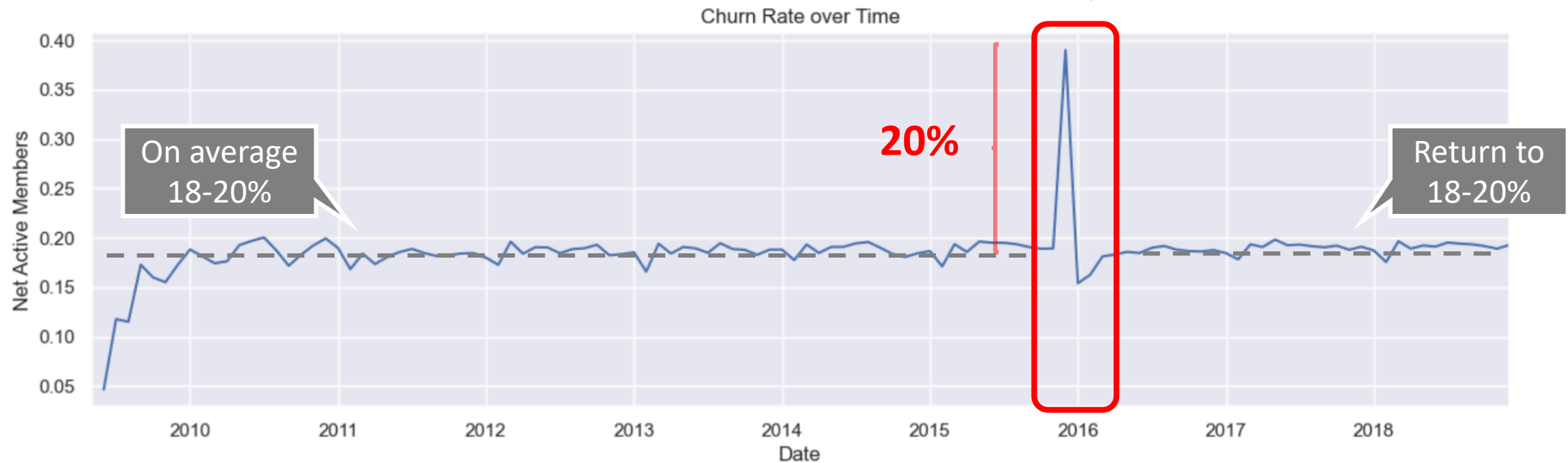
- No dip in revenue due to :
Increased joiners in January
under
new price regime



- Decrease approximately **8800** members

IMPACT OF PRICE INCREASE

- Increased Churn Rate at the month before price increase
- Affected price-sensitive cohorts such as younger cohort



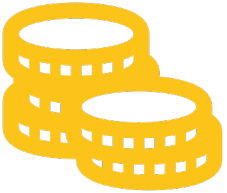
Other Attrition Factors



Female slightly higher churn rate than male



Young adults shows more fluctuations & higher churn rate



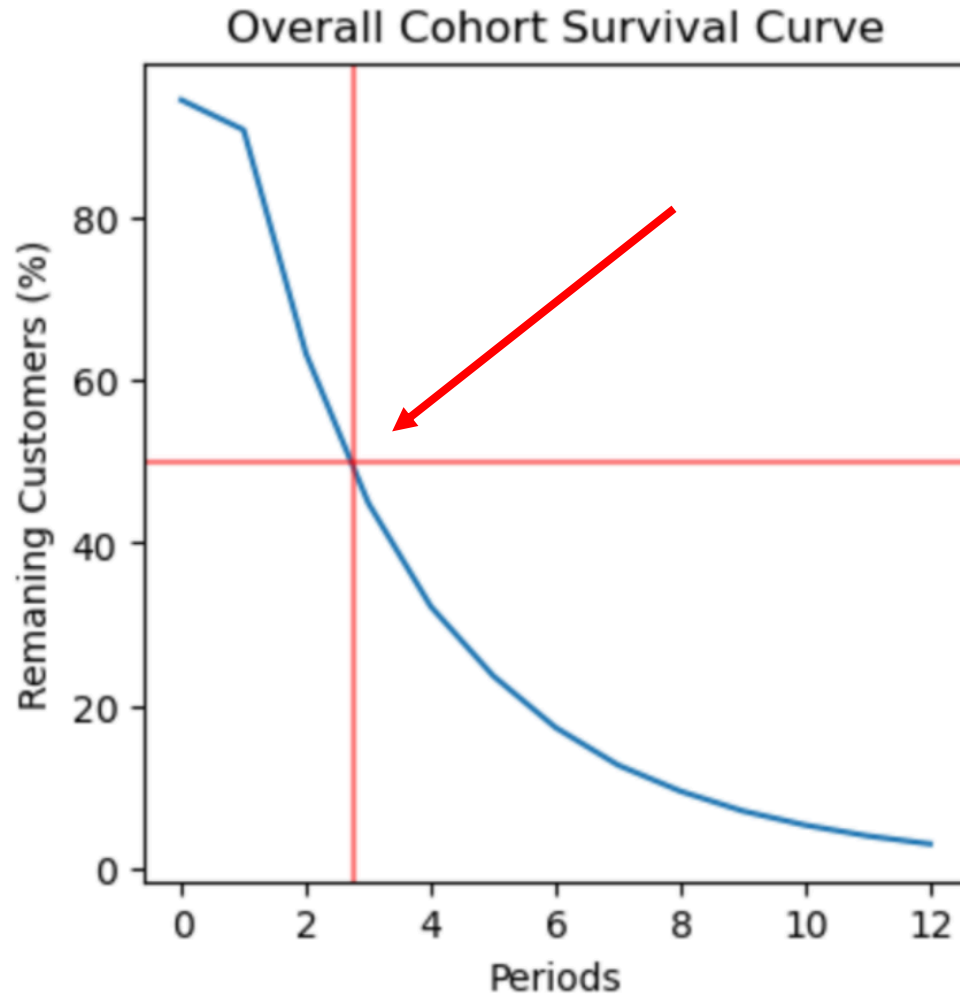
Unemployed group shows more fluctuations & higher churn rate



Flexible members have higher churn rate



LIFETIME VALUE OF CUSTOMERS



50%

of customers remain for more than 3months

25%

Biggest drop in customers (from month 2 to 3)

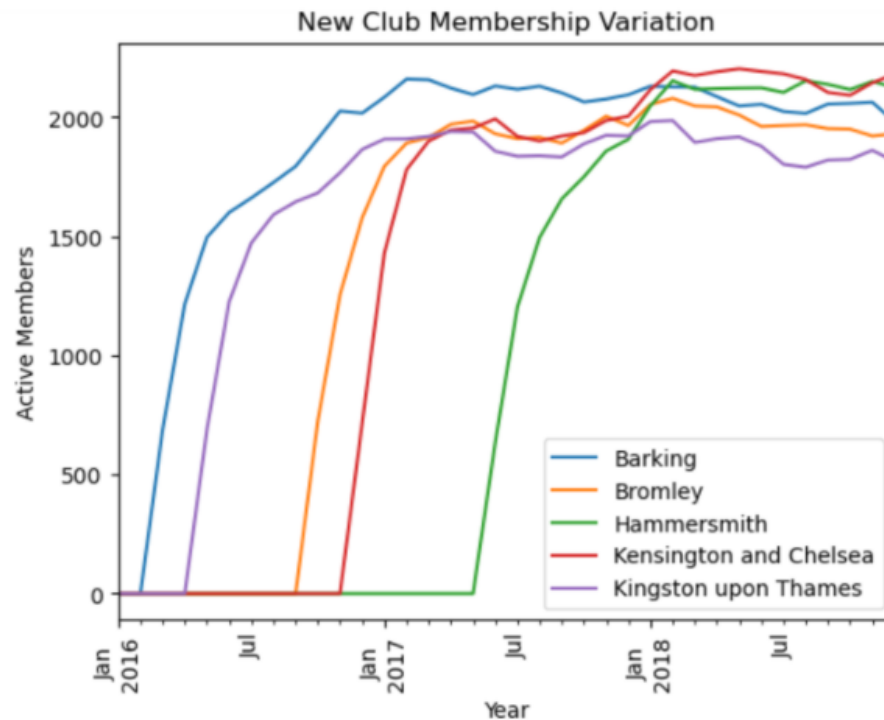
2x

Standard Members stay 2x longer than Flexible Members

IMPACT BY GYM CONDITIONS

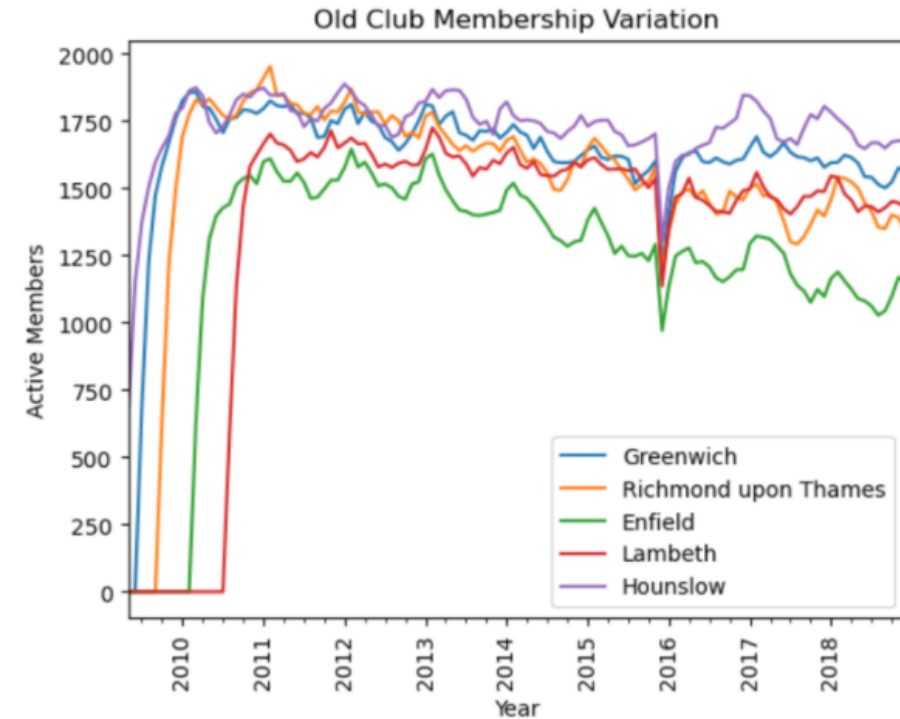
NEW GYMS

- Consistent net membership
- Higher net memberships at peak

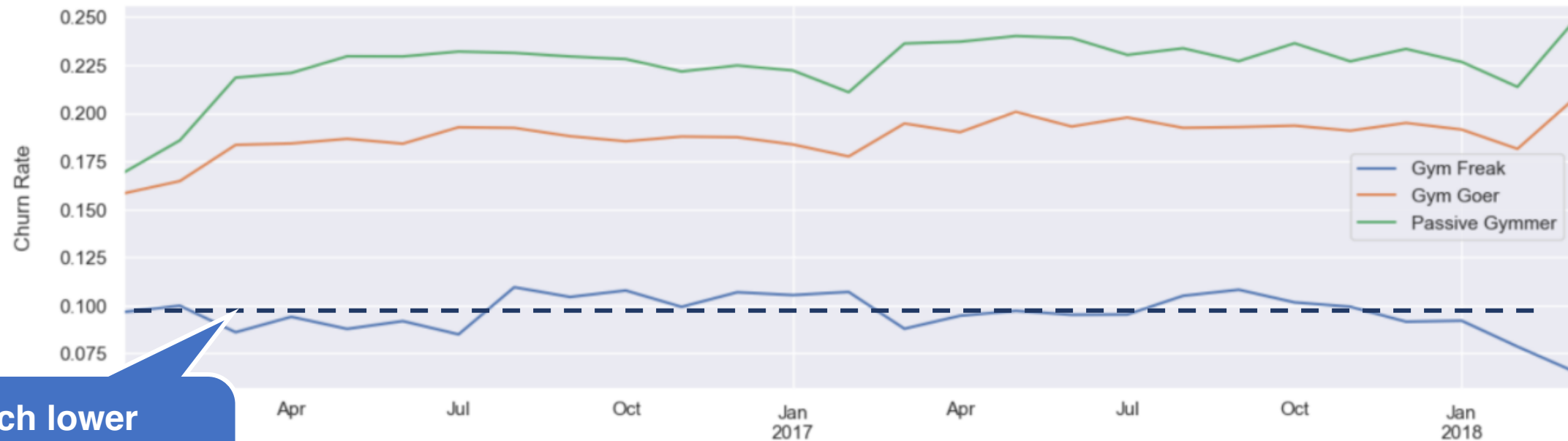


OLD GYMS

- Decreasing net membership over time
- Lower net memberships at peak



IMPACT BY MEMBERSHIP VALUE



Much lower
churn rates than
other groups

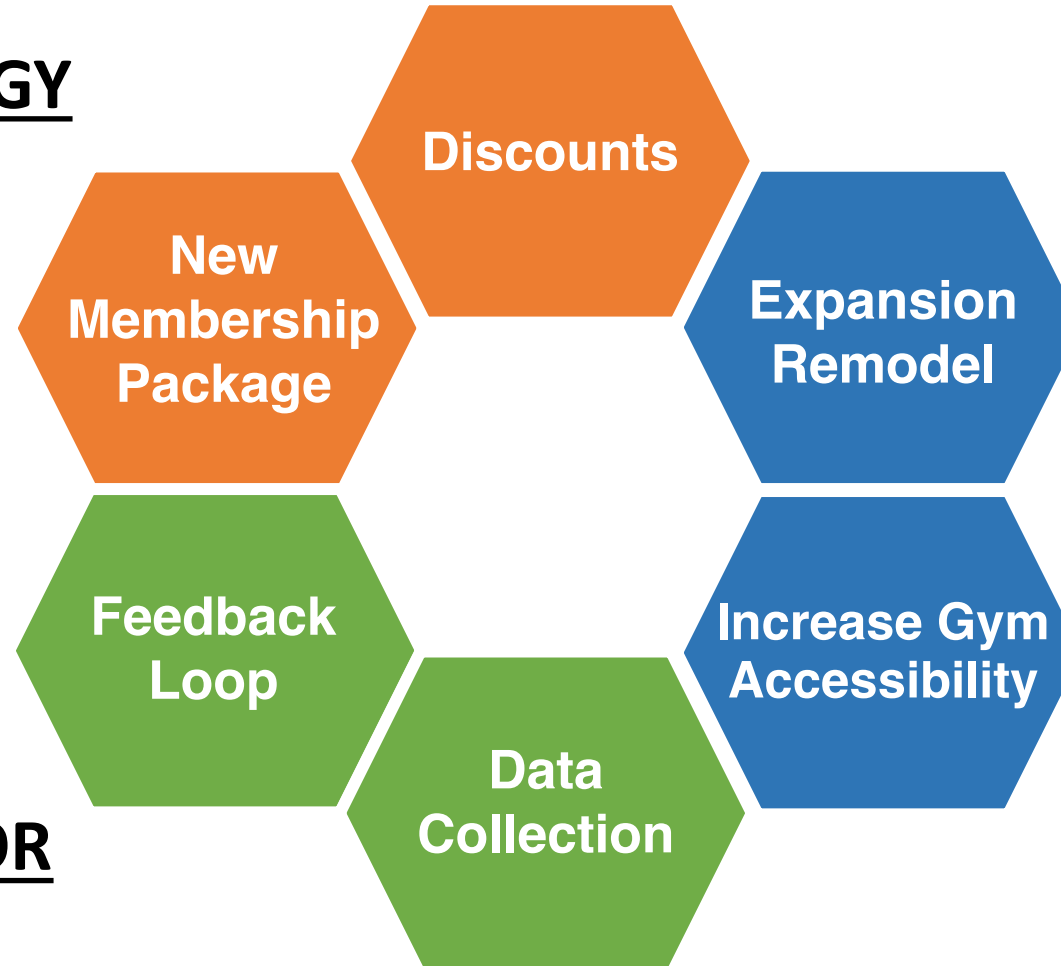
- **Gym Freaks:** 5-7 times/week
- **Passive Gymmer:** 1-2 times/week

CONCLUSION

Price	<ul style="list-style-type: none">➤ Significant attrition rate as price increase but return to normal after➤ Unsustainable growth due to lack active member fluctuation➤ Certain customer cohorts are more price sensitive: younger age, flexible members, lower affluence group
Customer Demographic	<ul style="list-style-type: none">➤ Besides Price, Demographics such as Age and Affluence influence churn. OC&Gym has to understand these trends and drive retention.
Gym	<ul style="list-style-type: none">➤ Newer gyms have higher net membership and lower churn rate➤ People that visit the gym frequently, are less likely to churn➤ Standard Memberships should be prioritising as they bring revenue with lower churn rates and higher value
Overall	OC&Gym should now leverage the churn information to mitigate their churn rates by developing pricing and innovative strategies

RECOMMENDATIONS

PRICING STRATEGY



GYM FACILITIES

CUSTOMER BEHAVIOR

PRICING STRATEGY

Discounts

- ❖ Off-peak Membership Discounts
- ❖ Standard Membership Discounts

New Membership Package

- ❖ Student Membership
- ❖ Yearly Membership

SUSTAINABLE GROWTH

Feedback Loop

- Customer satisfaction survey

Data Collection

- Keep track of workout class attendance

Expansion Remodel

- Refurbish gym equipment

Increase Gym Accessibility

- Members can attend to different locations
- Service offerings: group classes

Thank You