

Industry Insight:

<https://www.debitfinance.co.uk/blog/reducing-membership-churn-gym/#:~:text=The%20fitness%20industry%20is%20booming,of%20their%20members%20each%20year.>

- ‘report from Mintel found that gyms lose around 50% of their members each year’

Gyms are flexing their strategy more than ever in a bid to keep hold of existing members. After all, it costs between 5-25 times more to acquire a new member than retain one.

The most loyal members are ones who experience a sense of community in their gym. The trick is to smile lots, employ enthusiastic team members and work to build a sociable culture through amenities such as communal areas.

A diverse range of facilities will entice a wider audience. Member rewards. This doesn't have to be financial. It could include regular advice, health checks, loyalty schemes etc.

<https://natwestbusinesshub.com/articles/industry-insights-health-and-fitness>

The industry is booming – the number of gym members grew 5.1% last year, according to the most recent State of the UK Fitness Industry Report, published annually by market analysts LeisureDB.

Clubs have a problem retaining customers, with expensive memberships often remaining unused.

“Clubs lose around half of their members each year, and recent research showed that one in five (21%) of those who join go only three times a year, at an average cost of £188 a visit. Almost one in 10 (9%) pay their fees, then never set foot in the gym at all.”

“The fitness market is still growing at a very healthy rate,” says Geoff Bamber, CEO of London-based gym network Digne Fitness. “But we’re seeing a seismic shake-up, with low-cost gyms and boutique studios taking more and more business from the traditional middle market.”

Low-cost gyms have already muscled in on 35% of the market.

The smaller gyms tapped into people's desire for a sense of community and a more personal service, which they're willing to pay a premium for.

To be successful, benchmarking should be implemented as a structured, systematic process. Typically, when a business is about to carry out a benchmarking exercise, it will work through the following steps:

1. Choose one or two OKRs (Objective Key Results)
2. Design and/or select a handful of KPIs (key performance metrics) relevant to those goals
3. Select several peer groups from a limited pool — usually competitors of a similar size, profitability and global presence etc.

Selecting peer groups is crucial to insightful benchmarking. Think about the following examples.

OKRs: (Set after looking at analysis results?):

“Objectives and Key Results.” It is a collaborative goal-setting tool used by teams and individuals to set challenging, ambitious goals with measurable results. **OKRs** are how you track progress, create alignment, and encourage engagement around measurable goals.

Potential OKRs:

- e.g Reduce the average percent of **churn** from 4% to 2%

Key KPI's:

1. **Revenue per Client/Member:** $Growth\ Rate = (Present - Past) / Past$
2. **Client Retention Rate:** $Existing\ Clients\ at\ End\ of\ Period / Existing\ Clients\ at\ Beginning\ of\ Period$ (Calculating member retention rate is important in forming a retention strategy)
3. **Active Members (growth rate):** $Growth\ Rate = (Present - Past) / Past$
4. **Member Lifetime Value:** Sum all payments a member will make to you over the life of their membership. <https://uhurunetwork.com/5-essential-fitness-marketing-kpis/>
5. **Early Stage Usage:** Adding up the number of days a member attends the fitness center within the first 90 to 120 days of a new membership.
6. **Membership Usage:** Dividing the total number of days a member attends the fitness center within a week, month, etc. by the total number of days in the time period.

Benchmark:

Competitors for benchmarking:

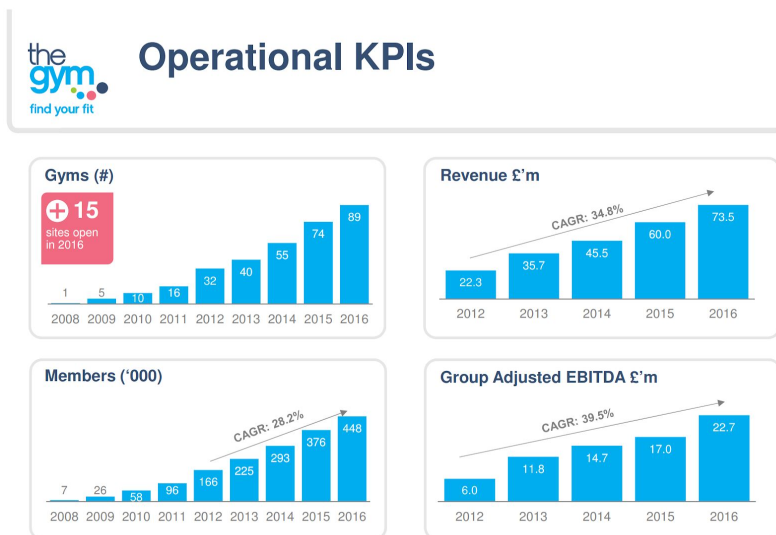
1. The Gym Group:

2016: <https://www.tggplc.com/media/82712/TGG-Plc-FY-Results-2016-Presentation1403.pdf>

2019: https://www.tggplc.com/media/90852/GymGroup_Investor_Mar19-18-Mar-_FINAL.pdf

KPI: <https://www.tggplc.com/investors/results,-reports-presentations?year=Archive&page=2>

Overview of some of their KPI performance:



The Gym Group is also

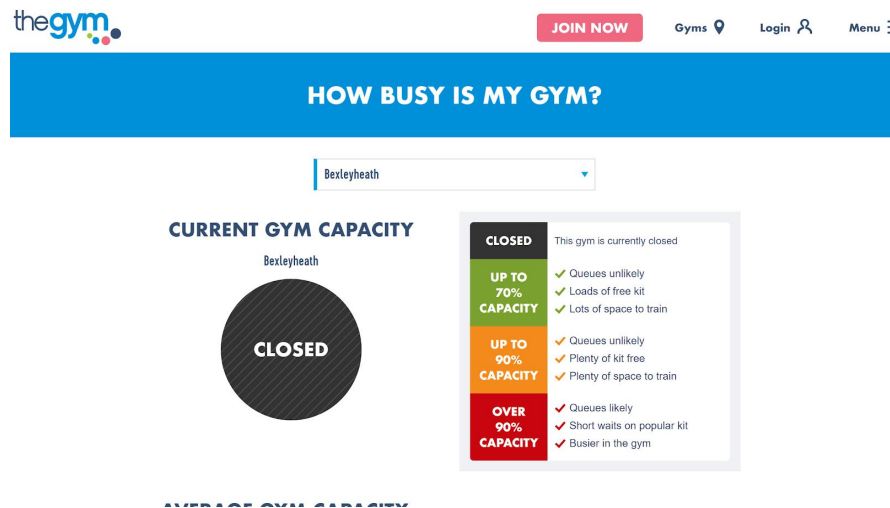
Benchmarking: How does OC&Gym perform in comparison to competitor such as The Gym Group

2. PureGym:

https://corporate.puregym.com/sites/default/files/result_document_dl/PureGym%20Q1.20%20Presentation_FINAL.pdf

Possible recommendations(what other gyms are doing):

- Allow members to check gym capacity



- Student discounts & elderly discount for elders (Smallest customer segment, further analysis needed to check their sensitivity)