

GYM CUSTOMER CHURN ANALYSIS & RETENTION INSIGHT



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EXECUTIVE SUMMARY:

This analysis evaluates customer churn patterns in a fitness centre with **4,000 members**. The overall **churn rate is 26.53%**, meaning roughly **1 in 4 customers leave**, while the retention rate is 73.48%. The **average customer lifetime is only 3.72 months**, highlighting a challenge in keeping members engaged long-term.

Key drivers of churn include **younger age groups, short contract periods, low engagement, and lack of referrals/social connections**. On the other hand, **long-term contracts, high engagement, group visits, and referrals** strongly improve retention.

KPI OVERVIEW:

- **Total Customers:** 4,000
- **Churn Rate:** 26.53%
- **Retention Rate:** 73.48%
- **Average Lifetime:** 3.72 months

INSIGHTS BY DIMENSION:

➤ **Demographics:**

- **Age Group:**
 - ✓ Extremely high churn among younger customers: **0–15 yrs: 75%, 15–20 yrs: 66.11%, 20–25 yrs: 36.02%**.
 - ✓ Much lower churn in older groups: **25–30 yrs: 11.77%, 30–35 yrs: 2.13%**.
🔗 **Interpretation:** Younger customers are less consistent, possibly due to shifting priorities or lack of motivation.
- **Gender:**
 - ✓ **Male (26.56%) vs Female (26.49%)** → Negligible difference.
- **Partner Influence:**
 - ✓ **With partner: 19.36% churn vs No partner: 33.32% churn.**
🔗 Having a partner is a strong retention factor.

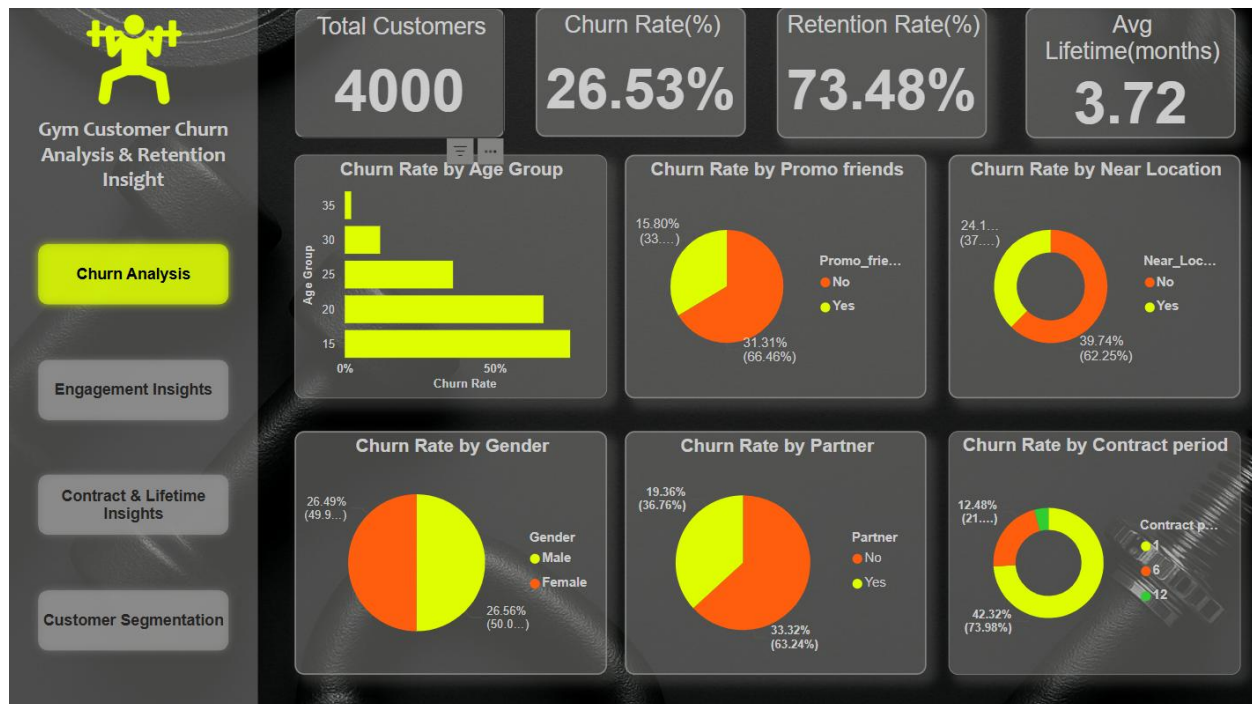
➤ Contract Period & Location:

• Contract Length Impact:

- ✓ 1-month contracts → 42.32% churn (highest risk).
 - ✓ 6-month contracts → 12.48% churn.
 - ✓ 12-month contracts → only 2.40% churn (most loyal).
- ☞ Long contracts act as a natural lock-in for retention.

• Near Location Effect:

- ✓ Near gym: 24.11% churn vs Far: 39.74% churn.
- ☞ Distance is a strong predictor of churn.



➤ Engagement & Spending:

• Group Visits:

- ✓ No group visits → 33.01% churn.
- ✓ With group visits → 17.28% churn.

• Class Frequency:

- ✓ Overall: 1.88 classes/month, Current month: 1.77 classes/month → Declining trend.

- **Engagement Levels:**

- ✓ Low engagement → **32.05% churn.**
- ✓ High engagement → **25.93% churn.**

- **Spending Behavior:**

- ✓ Low spenders → **33.78% churn.**
- ✓ High spenders → **18.02% churn.**

☞ Members who spend more and engage socially are less likely to leave.



➤ **Contract & Lifetime Trends:**

- **Lifetime vs Churn:**

- ✓ Early exits are common: **82.75% churn at month 0**, 49% at month 1.
- ✓ After 3 months, churn drops significantly.
- ☞ Customers who stay beyond 3 months are much more likely to continue.

- **Retention by Months to End Contract:**

- ✓ Strong retention during 9–12 months (>97%).
- ✓ Drop in retention when contract end approaches (**~58% churn in last month**).



➤ Segmentation Insights:

- **Age + Engagement:**

- ✓ Under 25s churn heavily regardless of engagement (~65–69%).
- ✓ Ages 25–39 with high engagement churn much less (**22.76% vs 28%**).

- **Location + Contract Length:**

- ✓ Short-term contracts + far location → **51.25% churn (highest risk)**.
- ✓ Long-term contracts + near gym → **2.23% churn (lowest risk)**.

- **Referral + Group Visits:**

- ✓ No referral & no group → **37.29% churn**.
- ✓ Referred + group visit → **10.68% churn (best retention group)**.



KEY TAKEAWAYS:

- **Younger customers** (<25 yrs) are the most vulnerable group.
- **Short contracts and far location** lead to highest churn risk.
- **Social factors** (referrals, partners, group visits) greatly improve loyalty.
- **High spenders and engaged members** are more likely to stay.
- **Critical period is first 3 months** — most customers leave early.

RECOMMENDATIONS:

- ✓ **Promote longer contracts (6–12 months)** with discounts to reduce churn.
- ✓ **Targeted retention programs** for young members (0–25 yrs) such as challenges, gamification, or youth offers.
- ✓ **Encourage referrals & group workouts** through incentives (buddy passes, referral bonuses).
- ✓ **Focus on early engagement** (first 3 months) with on boarding programs, free trial classes, and follow-ups.
- ✓ **Personalized offers for low spenders** to push add-ons and increase commitment.
- ✓ **Flexible options for far-location members**, like hybrid memberships (online + gym).