Aspen Fitness Studio

Executive summary

01. Purpose

Purpose of this project

The purpose of this Analysis is to identify and evaluate the monthly revenue performance of Aspen Fitness Studio over 24 months, from January 2023 to December 2024. Specifically, this analysis is to identify whether they should shift its focus from Free Trails to retaining existing members. Additionally, they could first rectify the inefficiencies in the free trail process. The main purpose is to provide a brief recommendation based on facts to make the decision to open a second studio in Flagstaff.

02. Introduction

Introduction to this project

Aspen Fitness Studio is operating in a competitive market where retaining current customers and attracting new customers directly impacts on profits. They operates in
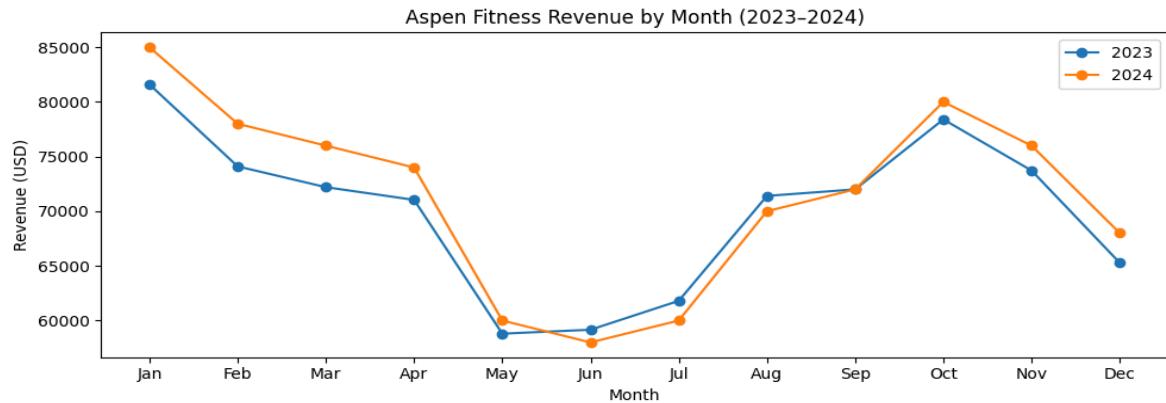
seasonal and competitive market near NAU and the business growth is closely depends on students in Session, seasonality/weather and local competition. However, the studio has seen the steady membership growth

It would be useful to understand whether Aspen Studio's Trials to member conversion or membership retention rate offers a strong way to growth before making an investment in a new location. If there are inefficiency in the free trial it may result in wasting marketing spend and poor retention can hurt the long tern sustainability and overall profitability for the business. This analysis will measure both impacts and highlights where Aspen studio should direct resources for the best results.
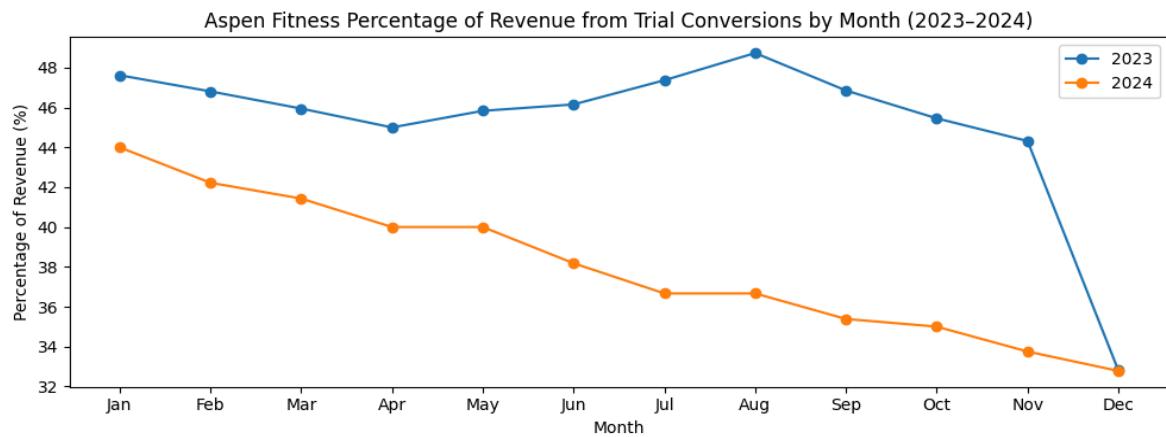
03. Key Insights

Over the last 24 months, Aspen Studio's month to month revenue closely correlated with active members. Revenue increased to $81,000 in January 2023 when active members reached 607, showing higher engagement at the starting of the year, on the other hand, both revenue and active members decreased sharply in the summer months, decreased to to $59,160 in June 2023 and $58,000 in June 2024 as active members decreased to around 490 to 500. The January 2024 high revenue also validate that it is academic and seasonal cycle demand rather than a result of continued campaign promotions.
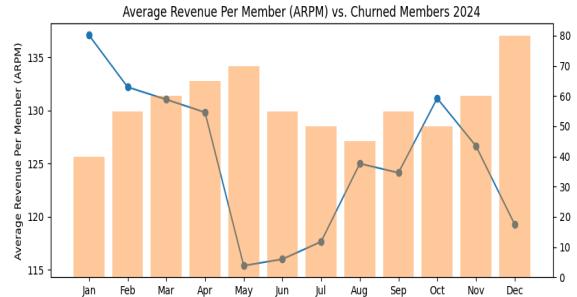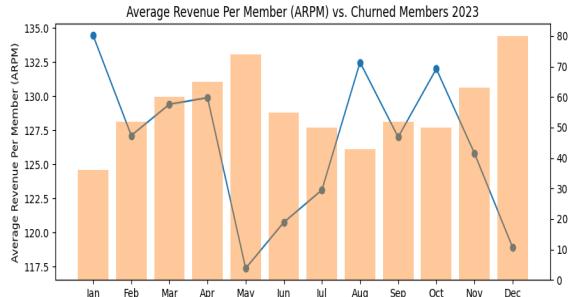
Month	Active Members	Revenue (USD)	Churned Members	New Members
Jan-23	607	81,600	36	114
Jun-23	490	59,160	55	43
Jan-24	620	85,000	40	120
Jun-24	500	58,000	55	45

Aspen Fitness Revenue by Month (2023–2024)

As per the data Free trial activity is lower than previously an overall monthly average of about 104.5 free trials claims per month, Also, trail to paid, trial conversion rate decreased from 45.24% in 2023 to 38.01% in 2024. Although, overall marketing spend did not increase year over year, marketing spend in 2023 was $33,450 and in 2024, $33,400, meanwhile, the number of new members count has barely changed from 788 in 2023 to 810 in 2024. The main issue most probably lie in the trial experience or follow ups after the trial like contacting or instructor engagement, therefor, improving the funnel and after trial engagement should be prioritized to increase the returns from free trials.

Aspen Fitness Percentage of Revenue from Trial Conversions by Month (2023–2024)

Retention and ARPM are the strong profit aspects even wit seasonal changes. As per the below figures for 2023 & 2024, Bar is showing churned members and line is showing Average Revenue Per Member (ARPM). ARPM stayed stable between $135 and $138 per month throughout 2023 and 2024. This clearly shows that the changes in Aspen Studio's revenue are mainly due to member churn rate. Months with high churn rate like May and December, consistently led to less revenue, this indicates that keeping and retaining the existing members is the most effective way to stabilize revenue.

Average Revenue Per Member (ARPM) vs. Churned Members 2023

Average Revenue Per Member (ARPM) vs. Churned Members 2024

As per the data, it shows the impact of external factors like NAU in session and snow days. Months with more than 10 snow days like January & February 2023 and 2024 showed lower and reduced ARPM. Therefore, planning for second location must account for seasonal downturns and additional local competition that can effect on initial revenue and profit at a second studio.

04. Recommendations

Focusing on retention and upsell rather than Free trial, the data shows that keeping existing members and retention has a strong more long lasting effect on long term revenue growth, they should adjust their marketing focus accordingly.

They should reallocate 20% to 25% of the current marketing budget from free trials to loyalty and reward programs and re-engagement programs. This will result lifetime value from existing customers. Introduce a couple of membership options like basis, Gold & Platinum to create different upgrade paths, align benefits and price with customer demand.

Offer a Returning Students membership program during breaks, this will help Aspen to regain curbed members who leave and return seasonally. They've to refine Free Trial model, as completely getting rid of free trial model could slow down the members growth, instead, they should refine it to improve conversion rate.

They should use personalized follow up after trial completion and add sessions led by instructor to make the experience more effective and improve instructor engagement. They should use CRM Analytics and frequent surveys lead to member behaviour and check on the existing members satisfaction level. Together these changes will improve profitability without relying too heavily on marketing campaigns.

05. Conclusion

After looking at the two years of data, the Analysis shows that te Aspen Fitness Studio is not ready to open second studio location. Although the brand shows strong market opportunity and seasonal peaks, they needs to improve profitability stability and retention efficiency.

By using the retention strategies mentioned above, they can expect measurable results including 10% to 25% decrease in churn rate, 10% to 15% increase in average revenue per member (ARPM), 15% to 20% improvement in revenue stability in an year.

These results will create a strong and scalable foundation for Aspen Fitness Studio, they will ensure sustainable, stable cash flow and operations readiness for expansion to come. Therefore, Aspen Studio's priority should be to focus on retention and and improving trial conversion proficiency before sending resources into a new location.