EXPLORATORY DATA ANALYSIS

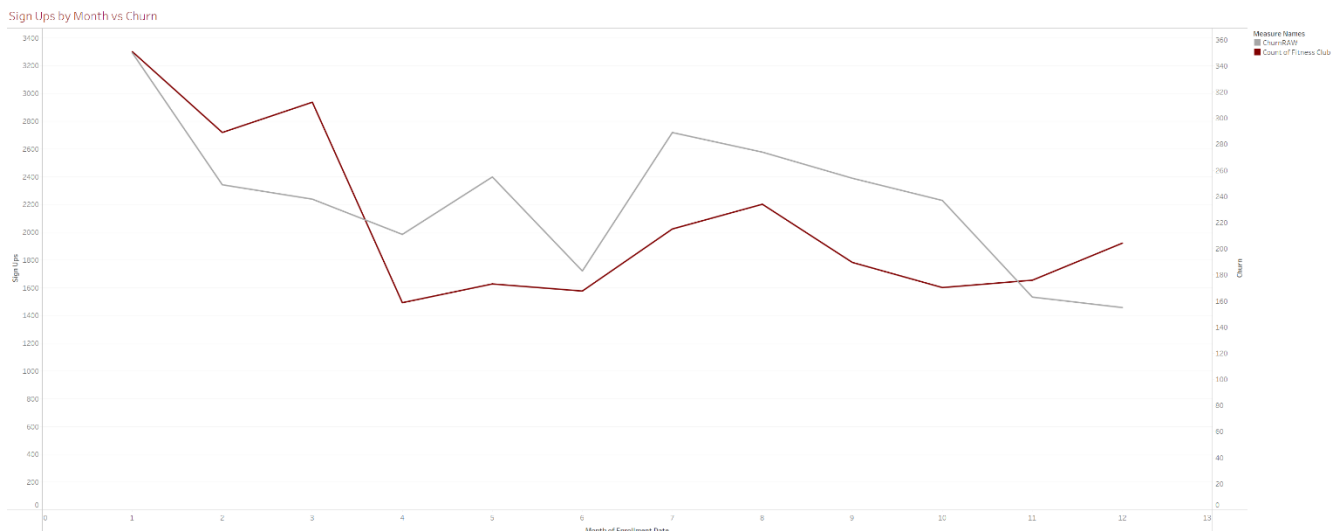OCTOBER 20

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History

** Fitness Center is a local chain of fitness centers, which is facing a very standard issue amongst fitness centers globally. They have a substantial number of signups during or after major holidays but are unable to keep the customers as repeat customers.

They approached us to formulate a plan to help reduce the customer churn by identifying the various drivers and how to act on them. They also want to discover the economic effects of the customer churn and how it is affecting their finances.

A local look at competitor fitness centers and a global look at fitness centers as a market, shows a remarkably similar story. Most fitness centers are facing a seasonal churn that begins like clockwork in January. This trend continues for other major holidays as well.
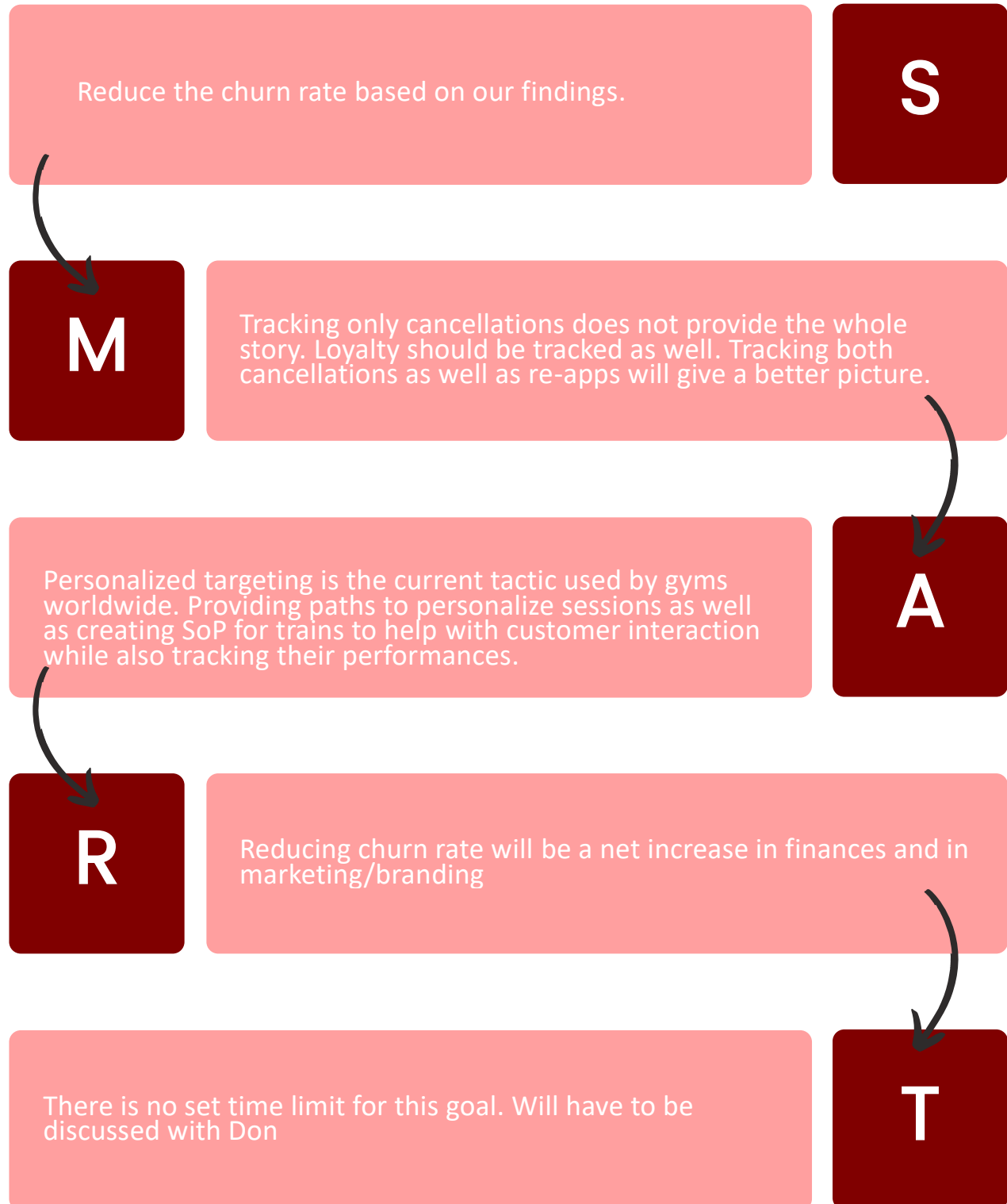
> *"Studies show that most gyms loose about 50% of their customers every cycle"*
>
> *-ptdirect*

Sign Ups by Month vs Churn

Understanding

Our understanding of the problem can be increased by applying the smart framework.

Reduce the churn rate based on our findings.

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Tracking only cancellations does not provide the whole story. Loyalty should be tracked as well. Tracking both cancellations as well as re-apps will give a better picture.

Personalized targeting is the current tactic used by gyms worldwide. Providing paths to personalize sessions as well as creating SoP for trains to help with customer interaction while also tracking their performances.

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Reducing churn rate will be a net increase in finances and in marketing/branding

There is no set time limit for this goal. Will have to be discussed with Don

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Business Drivers

The major business drivers do not seem to be internal drivers, but more so external drivers. The trend identified has been shown to be common across the globe and seems not to be a problem that can simply be tackled by lowering prices or other usual methods. Moreover, it is unsure as to the impact of churn, as churn accounts for a measly 11.3% of the current users which is thirty points lower than the national average for most fitness centers.

Churn vs No of Uses per Subscrption period
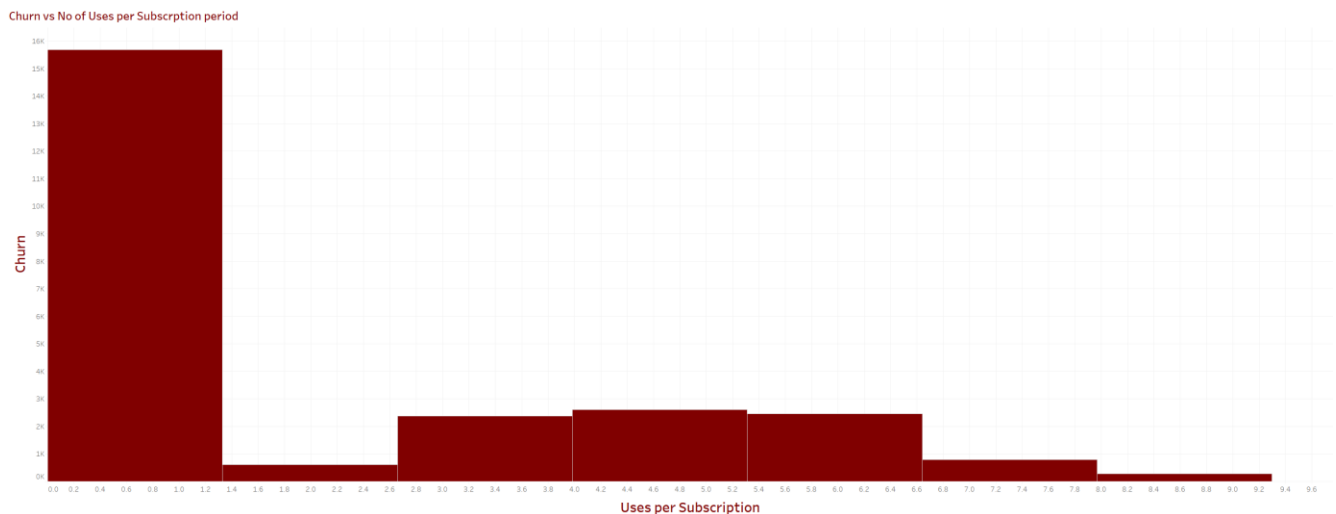
As shown by the above fig, the majority of churn do not even use the services, showing either a lack of interest, or willingness to participate. Moreover, looking at the finances, we can see that the Average Down Payment and the Average Monthly Cost has no great variance. It can thus be inferred that the people who do not use the service, provide the greatest profit.

No(Uses) by Down Payment
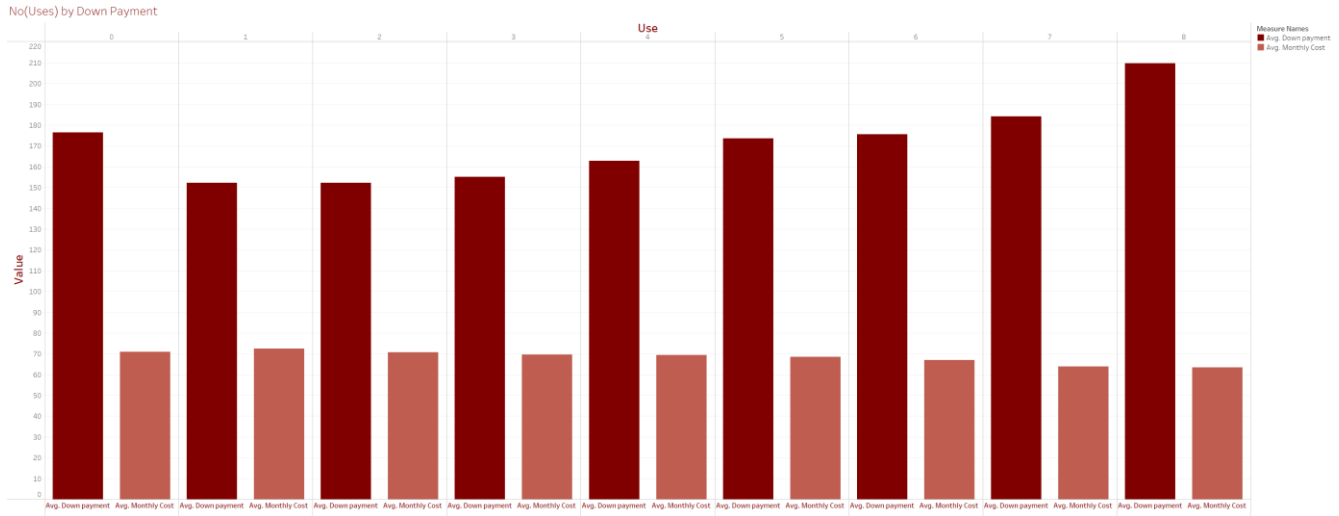
This however provides a dilemma, as increasing loyalty and customer retention are the requirements for the client. Factoring in a higher loyal customer base also will show an increase in operational costs, which is not a part of the data provided.

It is in the best interest of the fitness center based on the data provided, to instead focus its efforts on creating more introductory offers to lure in customers, who would not use the gym, as they are the biggest profit generating asset for the company. It could utilize existing customers to entice new customers this way.

Model Selection

The biggest factor affecting model selection currently is the data. The data provided to us is not very robust and has a multitude of errors. It would be better to either work with the company in either cleaning the dataset or in recollecting data.

The next biggest factor would be the timeline. implementation of the strategies attached require timing their deployment by December/January to take advantage of the new year boom. As such generating user stories and other marketing materials should take the front stage.

Data Issues

The data provided cannot and should be used for data analysis without further cleaning and/or with further enhancements.

There are missing parameters, like Subscription ending, that should not be inferred from other parameters. Parameters like months-due is not specifically described, and parameters like age contains erroneous information. More information on subscription methodology is required to accurately understand the pricing. Moreover, instead of looking at the dataset from a transaction viewpoint, we should be looking at it from a customer's standpoint, so parameters to identify a customer(anonymously) should be present to track their fitness journey.