

2017 Fitness & Health Industry Report: Large Fitness Center Segment



INTRODUCTION

With so many competitors in the marketplace, every interaction counts. Understanding what makes members of large fitness centers have both wonderful and unpleasant experiences is the first step to offering a service that will create loyal members and generate referrals that drive new business.

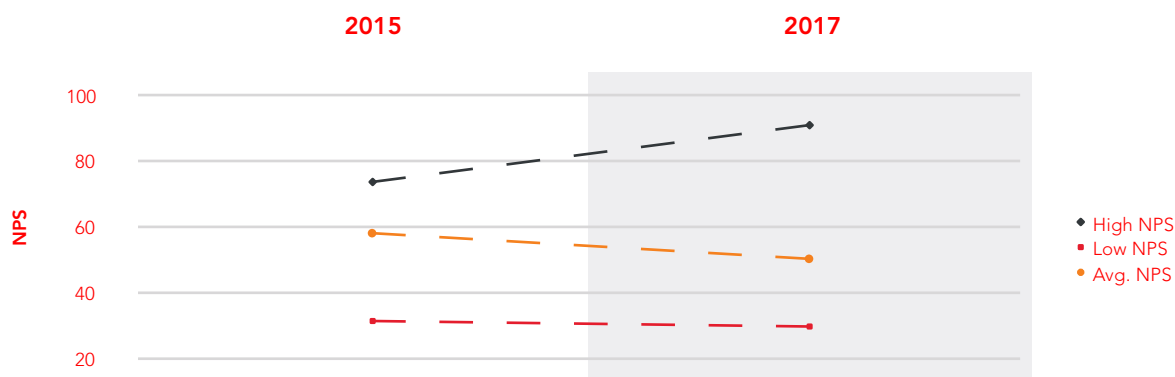
To find out exactly what captures the heart of large fitness center members, Listen360 analyzed 2000 survey responses. Similar to a study completed in 2015, the 2017 study sought to identify exactly what is dissatisfying members, which aspects of the member experience have the greatest impact on member loyalty, and what has changed in the last two years.

This information was gathered by Listen360 using Net Promoter Score (NPS)¹, the de facto industry standard for measuring member loyalty. The surveys ask members to rate, on a scale from 0 to 10, how likely they are to recommend [the client's brand] to a friend or colleague. This ranking is followed by an open-ended question that digs deeper into their rating. The collection of ratings is then translated into an NPS score.

FIGURE 1: Large Fitness Center Net Promoter Scores 2015 vs 2017

The range of low to high Net Promoter Scores for large fitness centers has become broader in the last two years. In addition, a slight decrease in the bottom of the range when comparing 2015 to 2017 indicates a decline in member experience for some large fitness centers.

By maintaining a focus on the member experience and pushing toward a high NPS, large fitness centers can set themselves apart from the competition and drive organic growth for their business.



¹ NPS is a trademark of Bain & Company, Satmetrix Systems, and Fred Reichheld.

THE MEMBER EXPERIENCE

Once you have a new member, the key to long term business is delivering an exceptional member experience. In fact, **companies that make member experience a priority, generate 60% greater profits than their competitors**. While the facility equipment is a crucial part of delivering health and fitness services, it accounts for only a portion of a member's overall perception of your brand.

As part of the study, Listen360 looked at the entire member journey, from the booking/scheduling process to the time your member leaves the facility, in order to identify the most common pain points along the way. Based on 2017 survey response data, the most negative aspect of the experience is a general lack of maintenance and updating (especially of the exercise equipment).

FIGURE 2: Pain Points in the Member Experience



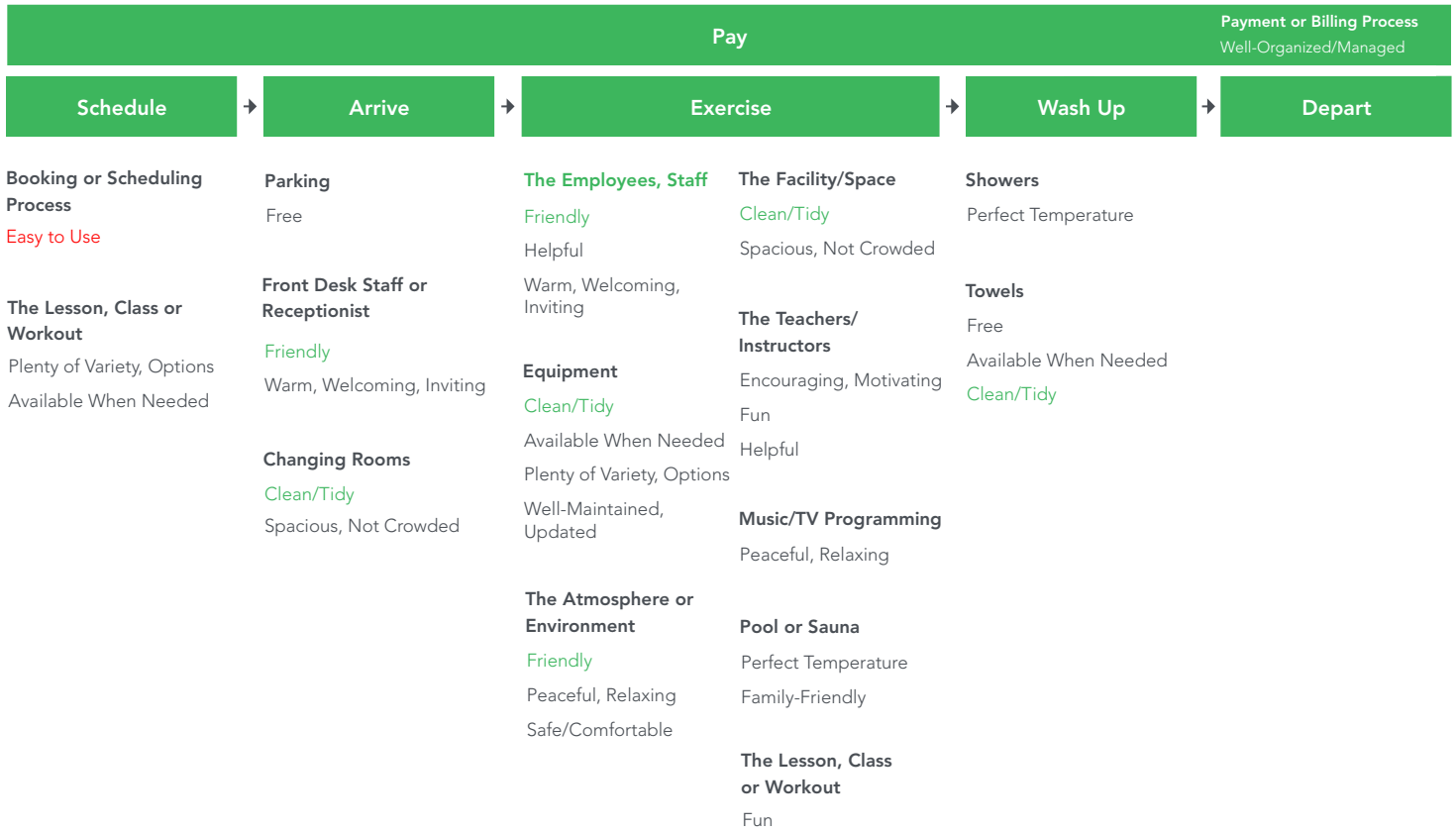
"If you are 100 percent committed to the guests you would notice that for AT LEAST the past three months each morning the music is playing on a loop. The member request book is filled with comments on it and even the staff is tired of the music playing on the same loop morning after morning."

In contrast, a great experience has the power to increase retention rates, drive up referrals, and improve your overall brand image. Increasing retention by as little as 5% has been shown to raise profits anywhere from 25% to 95%.

According to the Listen360 study, a great experience has: friendly employees and staff in consistently clean and tidy surroundings.



FIGURE 3: What Makes a Great Member Experience



MINIMAL EXPECTATIONS OF LARGE FITNESS CENTER MEMBERS

While there are many elements in the member experience, it is critical to know which ones are actually deal-breakers and ensure those components are delivered at the expected level. These deal-breakers are also known as barriers.

Barriers are a member’s minimal expectations which can negatively impact member satisfaction if performed poorly, but don’t have any positive effect on member loyalty if they are performed well. With barriers, only a minimally acceptable level of performance is required to prevent dissatisfaction. Spending a large part of your budget on barriers would not directly impact member loyalty, and could potentially be a waste of time and money when compared to focusing on the things that delight your member. Our analysis identified the top barriers for large fitness centers.

According to the Listen360 study, poor issue resolution, air flow and temperature issues, and the showers are 2017’s most common barriers for large fitness centers. Air flow in the facility won’t be the reason a member recommends a large fitness center, but poor air flow and temperature control issues will decrease brand loyalty and could lead to negative word of mouth.

Barriers	
2015	2017
Changing Rooms	Do Not Resolve Issues Quickly/At All
Do Not Resolve Issues Quickly/At All	Temperature/Air Flow Issues
Temperature/Air Flow Issues	Showers
Poor Communication	Poorly Organized/Managed
Payment/Billing Process	Payment/Billing Process
Showers	Poor Communication
Not Functioning/Working	Smelly/Bad Odor
Smelly/Bad Odor	Lacking Consistency/Continuity
Unethical/Unfair	Booking/Scheduling Process
Towels	Music/TV Programming

New Barriers in 2017

FIGURE 4: Barriers | Minimal Expectations that Have the Power to Decrease Loyalty

FIGURE 5: Drivers | Have the Power to Increase and Decrease Member Loyalty

Key Drivers	
2015	2017
Cleanliness	Equipment
The Employees/Staff	Cleanliness
Equipment	The Employees/Staff
Friendliness	The Lesson/Class/Workout
Spaciousness	The Facility/Space
The Teachers/Instructors	Friendliness
The Lesson/Class/Workout	Regular Maintenance/Updates
Plenty of Variety/Options	The Teachers/Instructors
Regular Maintenance/Updates	Availability When Needed
Value/Price	Changing Rooms

Key drivers are similar to barriers in that if poorly performed, they could have a significant negative impact on the way your members' view your services. Unlike barriers, however, high performance of key drivers has the power to lead to a positive brand reputation amongst current and potential members.

In Listen360's analysis of large fitness center members, three crucial key drivers were identified as most common: 'the equipment,' 'cleanliness,' and 'the employees.' When it comes to key drivers, your performance needs to be on target with member expectations.

Compared to 2015, in 2017...

- The facility/space is no longer considered a Delighter and can drive down customer loyalty.
- Changing rooms can now drive up loyalty, as this attribute has shifted from a Barrier to a Key Driver.
- A new key driver, 'availability when needed', has emerged.

If you want to truly differentiate your service from the competition, go beyond the barriers and the key drivers and provide a service that delights. Of all the top attributes Listen360 identified, there were two new delighters that appeared in 2017, with the potential to have the 'wow factor.' These attributes are: plenty of variety/options and fun. Incorporating these delighters into your business model will help solidify loyalty amongst your member base and build the foundation for brand advocacy.

You should aim to over-perform in the areas listed to the right in order to generate positive feelings and chatter about your organization.

“Family atmosphere, cleanliness, fantastic machines, exciting variety of classes offered and a truly dedicated staff that checks in on the members consistently.”

FIGURE 6: Delighters | Have the Power to 'WOW' Members and Increase Loyalty

Delighters	
2015	2017
The Facility/Space	Plenty of Variety/Options
Helpful	Fun
Convenient Location	
Warm/Welcoming/Inviting	
Easy to Use	
Professional	
Encouraging/Motivating	
Personalized Service	

New Delighters in 2017

CONTINUAL MONITORING AND IMPROVEMENT

So where do we go from here? This analysis has provided some insight into the positive and negative aspects of the member experience, what satisfies large fitness center members, and what they need to be wowed. To effectively use this information, we recommend taking the following actions:

- Conduct NPS survey research to measure how your business performs on the touchpoints and attributes at each location.
- Prioritize your improvement efforts to meet your business goals. In general, we recommend prioritizing the improvements in this order:
 1. Reduce dissatisfaction, and meet minimum expectations by improving Barriers that are underperforming.
 2. Increase member satisfaction and loyalty by fixing and improving on the Key Drivers, starting with the worst performing.
 3. Wow your members by adding or improving on your performance for Delighters.
- Track your performance over time to monitor the impact of your improvement efforts on member loyalty and satisfaction.
- Stay current on what effects member loyalty, as member needs will inevitably change over time. Yesterday's delighter is frequently today's key driver and tomorrow's barrier.

If you know what your members need, and you do those things well, your business is well positioned to reap the growth and profitability that comes from a loyal member base. Your members are one of your strongest assets—taking the time to listen and appropriately respond to them enables you to make smarter business decisions and build the kind of personal relationships that result in loyalty, organic growth, and sustainable profit.

Listen360 helps businesses understand how their members truly feel about the services they provide. By gathering real-time feedback via a simple, two question NPS survey, Listen360 offers its clients the ability to quickly resolve issues and identify their most loyal members.

With reporting that highlights key differentiators, top team members, and aspects of the business that are delighting members, businesses are given the operational insights they need in order to consistently improve the member experience and build a better, more profitable business.

In addition to operational improvements, Listen360 helps customers boost their online reputation by prompting their most delighted members to leave 5-star reviews on sites like Google. **Learn more at listen360.com.**