



What makes a loyal customer

What's making health club customers unhappy, what will grow their loyalty, and how do we join the dots to make more customers loyal to our clubs?

Jon Nasta offers insight from the latest Listen360 analysis

Walt Disney once said: "Do what you do so well that they'll want to see it again – and bring their friends." In any industry – and the competitive health club industry is no exception – knowing how to get your customers returning and bringing along their friends is vital.

But how do you build this type of loyalty? Research has found that, while having satisfied customers is a necessary element of this process, it isn't on its own sufficient to build customer loyalty. Customer loyalty goes one step further, involving a commitment from the customer to make a sustained investment in an ongoing relationship with a brand.

Customer loyalty is reflected in a combination of behaviours and positive attitudes about a brand. One such behaviour is providing a recommendation to other potential customers, resulting in additional business for the brand. Indeed, research has consistently shown that customer loyalty is a primary driver of business growth; this is the insight on which NPS (Net Promoter Score) is based.

Meanwhile, dissatisfied customers will walk away from the brand – unless they're trapped by a lack of alternatives or high barriers to leaving – and if they're extremely dissatisfied, they will also give

negative feedback or reviews to others, damaging the brand's reputation.

With this in mind, we sought to find answers to two essential questions. Firstly, what is it that's currently dissatisfying customers? And secondly, what will help to grow customer loyalty?

TOWARDS BRAND LOYALTY

In 2015, we analysed over one million Listen360 member surveys (see 'Listen up!'

briefing, below) to identify positive and negative mentions of touchpoints (places or processes where customers interact with the brand, such as 'the facility') and attributes (qualities or characteristics such as 'cleanliness', for instance).

Touchpoints and attributes work to create an attitude or emotion about the brand, which in turn drives consumer behaviour in the form of loyalty. Our analysis therefore categorised touchpoints

LISTEN UP!

On behalf of its clients, Listen360 conducts ongoing online Net Promoter Score (NPS) surveys of customers, allowing companies to hear the voices of their customers in real-time. The surveys ask customers: 'How likely are you to recommend [brand X] to your friends and family?' followed by a question asking them to explain the reason for their 1–10 rating.

In 2015, Listen360 conducted an analysis of over one million customer surveys to learn what aspects of the customer experience had the biggest impact on customer loyalty in various segments of the health club industry. The analysis randomly selected fitness and health brands around the world, encompassing yoga, boutiques, classes, children's classes, small to medium-sized fitness (clubs under 15,000sq ft), and large fitness (sites over 15,000sq ft).

Semi-automated text analysis and advanced statistical analysis then ranked customer comments and related them to their loyalty. The text comments were analysed for positive and negative mentions of touchpoints (places or processes where customers interact with the brand, such as 'the facility') and attributes (qualities or characteristics such as 'cleanliness').



Friendliness of club staff was a commonly mentioned 'delighter'

FIGURE 1: TOP BARRIERS BY SEGMENT

YOGA	BOUTIQUE	CLASSES	CHILDREN'S PROGRAMMES	HEALTH CLUB (SMALL-MIDSIZE)	HEALTH CLUB (LARGE)
Too Expensive/Not Good Value	Too Expensive/Not Good Value	Too Small, Cramped/Crowded	Poor Communication	Too Small, Cramped/Crowded	Changing Rooms
No or Limited Availability	Too Small, Cramped/Crowded	Too Expensive/Not Good Value	Too Expensive/Not Good Value	Equipment	Do Not Resolve Issues Quickly/At all
Too Small, Cramped/Crowded	Inflexible/Restrictive	Poorly Organised/Managed	Late to Start/Poor Use of Time	No or Limited Availability	Temperature Air Flow Issues
Temperature Air Flow Issues	Late to Start/Poor Use of Time	Inflexible/Restrictive	Changing Rooms	Inconvenient Hours/Scheduling	Poor Communication
Not Challenging Enough	Lacking Consistency/Continuity	Front Desk Staff/Receptionist	Too Small, Cramped/Crowded	Changing Rooms	Payment/Billing Process
			Pool		Showers

and attributes into one of three types: barriers, delighters or key drivers.

Barriers are minimal expectations that dissatisfy customers if performed poorly, but don't have any positive effect on customer loyalty if performed well. One example would be clean bathrooms; this is a minimal expectation which if not met causes customer dissatisfaction. However, clean bathrooms won't be the reason your customers recommend you.

Delighters are the wow factors that aren't expected by customers. They improve customer loyalty when performed well, but if absent or not performed well, there's no damage done. An example might be an unexpected giveaway, such as a free class or a flower on Valentine's Day. The delighters are your brand's differentiators that will make you stand out above the competition.

Key drivers work both ways: when not performed well, customers will be dissatisfied; when performed well, customer loyalty will increase.

As an example, consider the quality of an exercise class. If the instruction is poor and the class is boring, your customers will be disappointed and probably won't return. However, if the instruction is excellent and the class enjoyable, customers will want to return and share the experience with their friends. ▶

FIGURE 2: TOP DELIGHTERS BY SEGMENT

YOGA	BOUTIQUE	CLASSES	CHILDREN'S PROGRAMMES	FITNESS (SMALL-MIDSIZE)	FITNESS (LARGE)
The Lesson/Class/Workout	Friendliness	The Employees/Staff	Friendliness	Friendliness	The Facility/Space
The Facility/Space	The Employees/Staff	The Atmosphere/Environment	Fun	Fun	Helpful
Friendliness	Experienced/Knowledgeable	Fun	Encouraging/Supportive/Motivating	Personalised Service	Convenient Location
The Employees/Staff	The Atmosphere/Environment	Plenty of Variety/Options	Plenty of Variety/Options	Encouraging/Supportive/Motivating	Warm/Welcoming/Inviting
The Atmosphere/Environment	Helpful	High Energy/Positive	Personalised Service	Plenty of Variety/Options	Easy to Use

FIGURE 3: TOP KEY DRIVERS BY SEGMENT

YOGA	BOUTIQUE	CLASSES	CHILDREN'S PROGRAMMES	HEALTH CLUB (SMALL-MIDSIZE)	HEALTH CLUB (LARGE)
The Teachers/Instructor/Coaches	The Teachers/Instructor/Coaches	The Lesson/Class/Workout	The Teachers/Instructor/Coaches	The Teachers/Instructor/Coaches	Cleanliness
Convenience of Hours/Scheduling	The Lesson/Class/Workout	The Teachers/Instructor/Coaches	The Lesson/Class/Workout	The Lesson/Class/Workout	The Employees/Staff
Peacefulness	The Facility/Space	Friendliness	The Employees/Staff	The Employees/Staff	Equipment
	Cleanliness	The Facility/Space	Organisation/Management	Cleanliness	Friendliness
	Convenience of Hours/Scheduling	Cleanliness	The Facility/Space	The Facility/Space	Spaciousness

Again, large health and fitness clubs differ from the other six segments. For this segment, customers are delighted by the facility/space, helpfulness, convenience, warm/welcoming/inviting feeling, and the club being easy to use.

These are the areas in which you can focus your efforts to really make your club or studio stand out from the crowd.

IN THE BALANCE: PRIORITISING THE KEY DRIVERS

In our analysis, two crucial touchpoints emerge as the most common key drivers across the segments, and these really are the raison d'être of the health and fitness industry: the personal trainers/instructors/coaches and the lesson/class/workout (see details in Figure 3).

For the large health clubs, which are less class-based and more self-designed, the top key drivers are cleanliness, the employees/staff, equipment, staff friendliness and spaciousness.

Consistently good performance on these key drivers is necessary – and ultimately rewarding. Get it wrong and face the consequences.

► So why categorise the touchpoints and attributes of the experience? Because knowing which elements of the experience fall into each category is helpful for prioritising your club's operational decisions, as well as effectively managing your resources.

With barriers, only a minimally acceptable level of performance is required to prevent dissatisfaction – spending any more on barriers would not be appreciated by customers and would be a waste of time and money. With key drivers, your performance needs to be on-target with customer expectations, and with delighters you should aim to over-perform in order to generate positive feelings and promote your brand.

IDENTIFYING MEMBERS' MINIMUM EXPECTATIONS

Our analysis identified 'too small, cramped/crowded' and 'too expensive/not good value' as the most common barriers across the various segments. For class-based/boutique segments, other issues such as 'late to start/poor use of time', 'no or limited availability' and 'inflexible/restrictive' emerged as attributes causing dissatisfaction among customers.

Large clubs have a different set of barriers that include elements of the physical environment – changing rooms, showers, and temperature/air flow issues – as well as elements of the customer relationship such as issue resolution, communication and payment/direct debits.

Make sure you know which elements of the customer experience are deal-breakers in your segment (see Figure 1, p73) and ensure that those elements are delivered to the minimum expected standard. If not, you'll have a whole raft of dissatisfied customers who could potentially harm your brand.

WHAT WOWS CUSTOMERS?

Friendliness is what delights many customers across a variety of club formats (see Figure 2, p73). Other common delighters include the employees/staff and the atmosphere/environment.

Meanwhile, being enjoyable and having plenty of variety/options delight customers in the yoga, boutique, children's programmes and small to medium-sized health club segments.

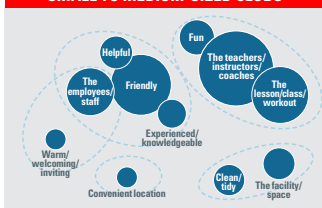
FIGURE 4: NEGATIVE EXPERIENCE AT SMALL TO MEDIUM-SIZED CLUBS



TOP NEGATIVE THEMES

- Equipment with limited availability and not well-maintained
- Equipment crowded in too small a space in the facility
- Lessons/classes/workouts scheduled at inconvenient hours and not challenging enough
- Teachers/instructors/coaches that fail to provide guidance and are too noisy/loud
- Dirty changing rooms, exercise mats
- A booking/scheduling process that is inconsistent

FIGURE 5: POSITIVE EXPERIENCE AT SMALL TO MEDIUM-SIZED CLUBS



TOP POSITIVE THEMES

- Fun teachers/instructors/coaches and fun lessons/classes/workouts
- Employees/staff who are friendly, helpful, experienced and knowledgeable
- Employees/staff who are warm/welcoming/inviting
- A convenient location



Top negatives include unavailable equipment and crowded spaces

► CONNECTING THE DOTS

So how are the different elements of the customer experience related?

In the second part of our analysis, we looked at the relationship between the critical touchpoints and attributes, both in terms of what contributes to a negative experience and what contributes to a positive experience.

Using an analysis of small to medium-sized clubs as an example, we can begin to understand how the dots connect for customers (see Figures 4 & 5, p74).

In these figures, the size of the bubble represents the frequency of mentions (bigger bubbles mean more people mentioned it), while bubble proximity is linked to the co-occurrence of mentions (closely positioned means they were more likely to be mentioned together). ► ► ► ► ►

ABOUT THE AUTHOR



Jon Nasta is MD of Retention Solutions, whose services include Listen360 and rewards scheme Perkvill, and director of ecommerce and marketing at Xercise4Less. jon@retentionsolutions.co.uk
www.listen360.com www.perkvill.com

SO WHERE DO WE GO FROM HERE?

The analysis has provided some insight into what the customers of different fitness segments require, both to be satisfied and to be wowed. To effectively use this information, we recommend taking the following actions:

- **Conduct surveys** to measure how your brand performs on the touchpoints and attributes that most affect loyalty for your industry segment
- **Prioritise your improvement efforts** to meet your business goals. In general, we recommend prioritising the improvements in this order:
 - **Reduce dissatisfaction** and meet minimum expectations by improving barriers that are underperforming
 - **Increase customer satisfaction** and loyalty by fixing and improving on the key drivers, starting with the worst performing
 - **Wow your customers** by adding or improving on your performance when it comes to delighters
- **Track your performance** over time to monitor the impact of your improvement efforts on customer loyalty and satisfaction
- **Stay up to date** on what affects customer loyalty: customers' needs will inevitably change over time. Yesterday's delighter is frequently today's key driver and tomorrow's barrier

If you know what your customers need, and you deliver on this well, you will reap the benefits of loyal customers. Earnest Hemingway once said: "I like to listen. I have learned a great deal from listening carefully. Most people never listen." Your customers are one of your biggest assets. Take the time to listen to them. ●