

How long will your members stay?

The 2010 Australian Fitness Industry Survey brought to you by Ezypay will again provide the owners and managers of Australian fitness clubs with insights into club operations, staffing, sales, marketing and finance along with the thoughts feeling and perceptions of the members of their clubs.

To provide additional guidance and direction this year Ezypay invited a panel of leading industry professionals to discuss some of the major outcomes from this year's survey results. The AFIS expert panel included;

Grant Gamble (GG)	Owner – Bodywise
Justin Wilshaw (JW)	CEO – Contours
Gayle Brimble (GB)	Training Team Captain – Australian Institute Fitness
Megan Crow (MC)	Business Advisor - Christchurch City Council, NZ
Jamie Hayes (JH)	Managing Director - Healthy Inspirations
Edel Kilmartin (EK)	Director of Operations - Curves
Justin Tamsett (JT)	CEO - Active Management
Simon Hall (SH)	Marketing Manager - Ezypay
Celeste Kirby-Brown (CKB)	Sales & Marketing Director – Ezypay

Survey outcomes - 51% of expired members left their club in October (18%) - November (33%) and joined in the traditional high buying months of January and February (29%) and September and October (20%). However, active members joined evenly over the year with an average of between 8% - 10% each month.

Question - Would this suggest that those joining during the peak buying times are more likely to leave?

JT What baffles me is that during these high buying times we discount so much and often give them the world to join our facilities. I think what happens is we lower the barrier to entry therefore more people come in and they are joining not for the real reason, they are not joining for themselves, they are joining because of the discount or incentive therefore there's no overall value. You'll probably find when a club does no promotions and sells a lower number of memberships a month you can probably guarantee that those people are still members in 20 years.

JH I can only postulate that people joining in the optimism of the NY resolutions may not be joining for a lifestyle decision but the pain of seeing that Christmas photo. I think the information warns us that if you don't move those people into more sticky sorts of lifestyle behaviours then they will begin to un-stick.

SH So managers should be more cautious with those members that join at the high buying times and work harder at the more motivational and adherence activity during the joining process?

JH You can equally say here they are cancelling during another motivational time, pre-summer – what is happening there?

GG I believe that attrition is directly related to the incentives that are used. What I would call the extrinsic motivation in comparison to the intrinsic health motivation when you look at people with high intrinsic motivation and they have reached that breaking point then I've got to do something about it. It's a lot of different things that are going to affect it, they make the decision and they are committed to it. They get a good induction at the club, they get good support then there is a lot of stickiness in that. You get someone who "well I've been thinking about it and it's a zero joining fee and a month free I may as well give it a shot", they turn up and they may not get a good experience because as there is a large influx at one time and the trainers can't keep up, bookings can't be made, you can't get on equipment in busy times. I truly believe that most people have a bad experience during the January and February and if they can't get on a piece of equipment for two or three visits their motivation gets knocked around.

JH I think a lot of retention issues are created by people, and processes and by our staff. A typical fitness membership sale is justified on the basis of coming two or three times [a week] but a human frailty we all suffer from is optimism. They then meet the fitness trainer who is fresh out of training who directs them to train three or four times a week so the member thinking that's the norm agrees and then life gets in the way. What we can do is sell do-able.

SH In summary, this optimism sets people up for their own failure trying to achieve time and commitment goals as well as exercise goals.

SH Question to Curves as the largest health club in the world - do you experience similar peaks and troughs?

EK At Curves we don't find that we have high peaks and troughs because what we completely focus on is when a woman joins the club they have a need and then our staff are trained to find that need and consistently deliver the promise.

GG Forty or fifty years ago we evolved from an industry of free weights and a simple bike. The system would be do a warm up, do some weights and if you wanted to do group fitness you just fell into it - there was no induction. I believe that clubs can have a broader welcome mat and look at people and say what is it that you want to do and what is the sticking point for you to stay at the club, to find out what's fun and what's enjoyable and the role of the trainer is to find that out, what can a new member do within our four walls that will work for them and introduce them so moving away from the traditional health assessment and show round to possible introduction to group exercise or running group. I think we are stuck back 30 years ago with one formula fits all and this is a great opportunity for the trainers to broaden their horizons.

GB This is where you look at the situation of employee versa contractor PT. If the contractor is running their own business paying a rental fee their sole motivation is to get that person to do personal training and they won't push them towards group fitness which may have been more appropriate for that particular people. So the employee PT model would be more suitable.

JH In Prochaska model one part of maintenance is relapse, people who relapse never go to contemplation, in a lifecycle of our target customers people do fall off I'd have to think that some of this. The high number of people not rejoining is that their exit experience left such a sour taste in their mouth and there are some clubs out there making exiting so difficult and there are now website and blogs out there warning people, we have just done ourselves self harm.

SH Does this suggest then that if they do join at this high time or that they've had a poor experience in the club or poor exiting experience it results in this dramatic result? I

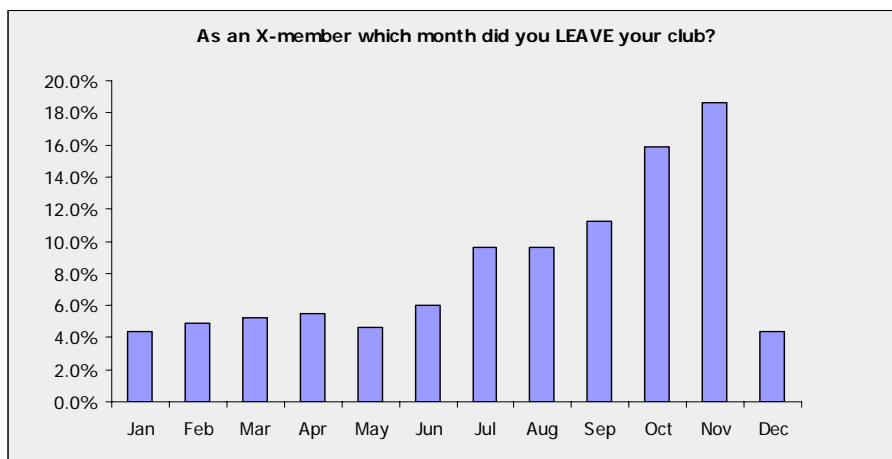
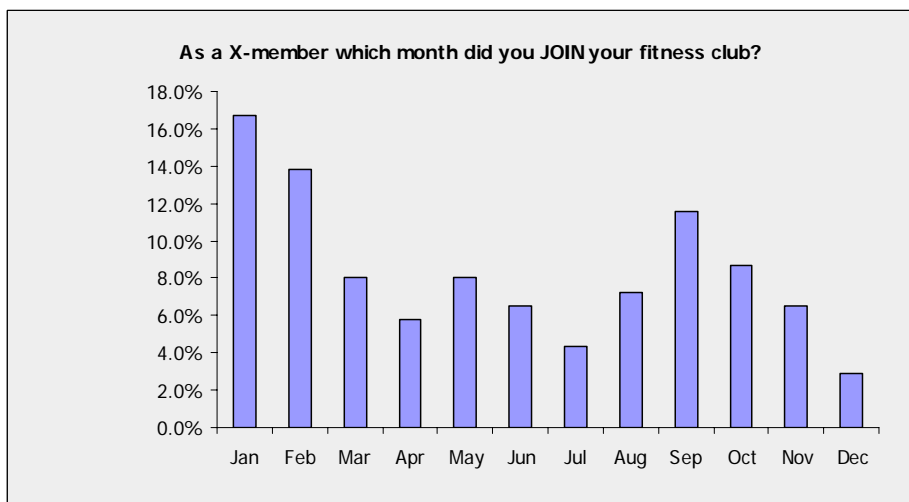
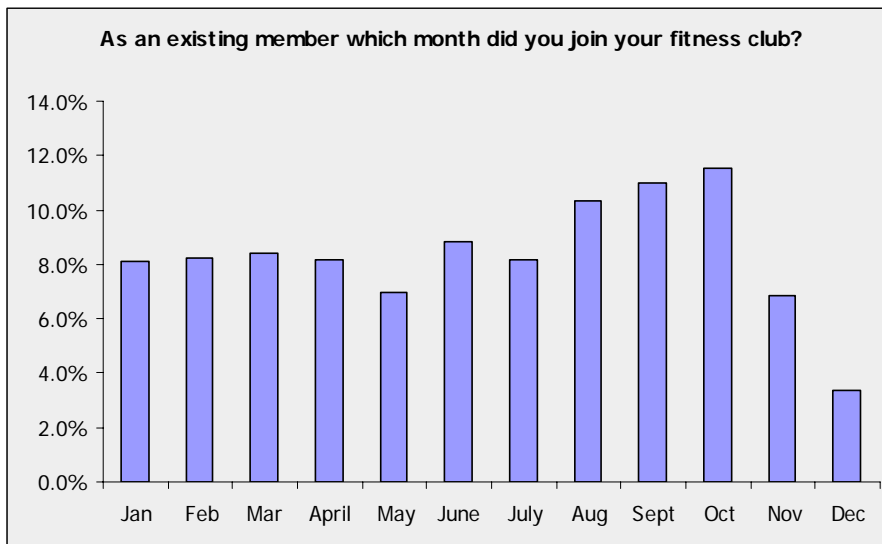
was mortified to know that if you'd been a member of a club and joined in January you are 65% less likely to re-join a club ever.

JT That goes against an IHRSA (International Health Racket and Sports Club Association) study done in the mid 90's where they found that 60% of members would rejoin another club.

GG I think JH is spot on that exit experience is so disastrous that people out of certain groups would not join that group of clubs again but they may join another club potentially, and we speak to that when we are talking to people. If you look at the source of new members the number one source is current members and the number two source is members of a previous club. I would say that it's slowly shifting down because the clubs are taking this hardline exit strategy using aggressive tactics. I can't tell you how many people have come into our club to join but they are locked into a contract. They try to get out of the contract even if they are out of term they end up in a fight and it leaves a bad taste in their mouth. It definitely hurts the industry. I don't think it's that they will never rejoin a club - it's that they won't join that club.

JW A lot of the issues we have at the moment is the no exit strategy and the massive cancellation fees and with the new laws around membership agreements you will see those cancellation fees come right down and it'll not be such a traumatic experience.

JW If the survey can demonstrate what the positives are to not having an exit strategy in comparison to having an exit strategy from the data we've collected from 7,000 odd people, it can only be a good thing.



The 2010 AFIS discussion series covers 6 critical fitness topics including, staff quality, social media, membership fees, retention and growth and the concerns around membership contracts. The full series can be viewed on www.fitnesssurvey.com.au. Visit our stand P22 at the Health and Fitness Expo.

Simon Hall – Marketing Manager - Ezypay Pty Ltd – January 2010