



Putting Your Members First:

Strategies for Organic and Sustained Growth at Gyms & Fitness Businesses

Club 

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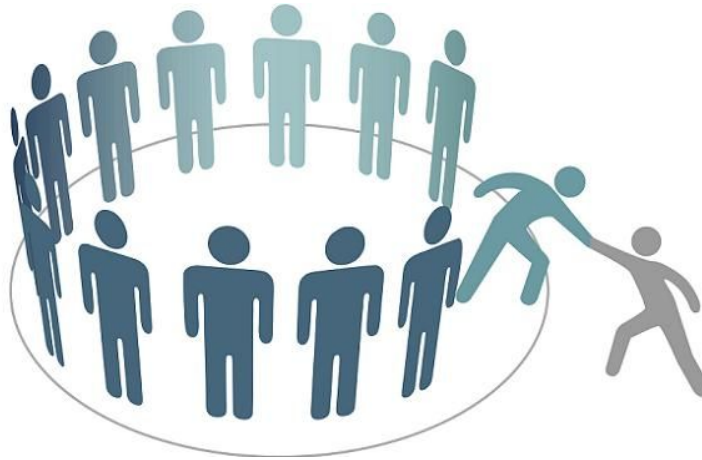
Show us a business with excellent retention and we'll show you two thumbs up because that business is almost certainly doing well. Many analogies can be made between retention and what it means for a gym or fitness business. Some may call it the lifeblood while others may call it the backbone. Whatever you want to call it, we agree that retention is incredibly important for any gym or fitness business. Without excellent retention, you will not have a successful business.

We are releasing this e-book during the holiday season. This means people are spending more time with family and friends and thus indulging in foods and drinks at a higher rate than other times of the year. This is also what contributes to two of the top New Year's resolutions being "getting in shape" or "being healthier." As a result, your gym or fitness business most likely receives a dramatic influx of new prospects and new members. But how do you hang onto these new members when the post-New Year's excitement wears off while also attending to your existing, loyal members?

This e-book is not about upselling your current members (even though that's a great idea). This e-book is focused on hanging onto as many of your best members as possible because that's how your business will be sustainable and continuously grow.

Why Retention Matters

Healthy retention generates new business. Your loyal members create a cycle of acquisition whereby your best members end up being the ones that stick around the longest and therefore become the most willing to become, even by accident, evangelists for your business. The more happy and/or fulfilled members you have, the more people your business has out there bringing in more members just like them. It's a never-ending loop of positivity and growth!



<https://greatwithtalent.files.wordpress.com/2013/12/recruitment-and-retention-strategy.jpg>

It's also important to remember, and perhaps more so for not-yet-opened or brand new businesses, that growth at any cost will never get you as far as growth as a byproduct of excellent retention. True growth and sustainable success comes more from "organic-based" strategies such as effective communication with existing members, making excellent customer service your differentiator, harnessing a sense of community, and knowing what to do when someone does end up wanting to cancel.

Having a good retention rate can also help you to one day sell your business if that's what you decide to do. If you want to get the most value for the business and brand you've built, you'll need to prove that your efforts paid off by having an appropriately-sized, and active, member base. **One of the most important metrics any potential buyer will want to know is your retention rate.**

Handling An Influx of New Leads and Members

We know, we know - almost every fitness-related company is currently producing content talking about how to best prepare for the post-New Year's rush. Of course, there's a reason for this: it's an important time, perhaps the most important time, for fitness and wellness businesses to grab as many new members as possible. It's also a time when people are already accustomed to having their credit cards out. A New Year's resolution is a person's chance to do something for themselves, especially after a couple months typically filled with excessive food and drink.

The most popular New Year's resolution for 2017 was "Lose Weight / Healthier Eating" which was an amazing 21.4%* of the total responses. That's almost twice as much as the number two resolution which was "Life / Self Improvements" which is a first cousin to losing weight and healthier eating. So what does that tell us? At the start of a new year, people want to take better care of themselves in every way imaginable. *But so do your loyal members that have been with you for a while.*

When is enough enough? What is your facility's capacity? Even though the fire marshal may say otherwise, what do your current members think about the overall crowd levels at your facility? Do you know what they'll tolerate when it comes to adding more members? Can you "add more seats to your airplane" without overcrowding and possibly ruining the experience for some of your most important, loyal members?



<http://cdn.cnn.com/cnnnext/dam/assets/140710135952-skyrider-standing-plane-seat.jpg>

Another thing to ask yourself is if the temporary spike in lead and member activity is ultimately beneficial to your long term retention. If you're always having to fill gaps in your membership then, yes, but since this type of influx only happens once a year you can't exactly count on being able to fill and retain those lost

members just once a year. Members leave year round, so if you count on a once-a-year fix it may be like trying to keep a boat with a hole in it above water.

Plus, the more new members you bring in, the more resources you have to use to retain them. And if they're a bad fit to begin with, you could be wasting your time. Also, the effects of this type of quick member to non-member transition don't always stay internal. They can quickly become an external problem when/if the person speaks negatively about your business because they didn't have enough time to really understand or experience the value. So with that in mind, sometimes it's also good to weigh the potential downsides of the influx of new members.

But how do you know if you're where you need to be with your retention efforts and numbers? How do you avoid being surprised by the effects of your efforts or non-efforts? What information becomes way more digestible if maintained and viewed over the long term instead of only when it's business life or death? Metrics! Numbers! Data!

The Numbers Don't Lie: Retention Metrics

Take the mystery out of knowing whether your retention is where it needs to be. The following retention formula may seem intense, but really all you're doing is plugging in numbers that shouldn't be too difficult to find.

To figure out your retention rate, we first must pick a span of time you'd like to apply the retention rate formula to. Typically, you'll want to do this once a month, but you should also break it down quarterly and yearly as well.

Retention Rate =

$$\left(\left(\frac{\text{Total Members at end of month}}{\text{Total Members at start of month}} - \frac{\text{New Members acquired during month}}{\text{Total Members at start of month}} \right) \div \frac{\text{Total Members at start of month}}{\text{Total Members at start of month}} \right) \times 100$$

Example: We start July 1st with 100 members. During that month, 15 new members join. During that same month we have 8 members cancel.

So with that information we can fill out our formula as $((107 - 15) \div 100) \times 100 = \text{Retention Rate}$ and therefore conclude that our retention rate for the month of July is **92%**.

Amazing Customer Service > Better Retention > Business Growth > 🎉

In this e-book when we talk about providing amazing customer service, we really mean it. Your customer service should be so good that you can use it to differentiate yourself from the competition.

They call it “customer” service and not “prospect” service for a reason. Yes, prospects need to be taken care of with the same level of customer service, but you’re also using a different set of tools and messaging as prospects have not yet experienced the value of your business or paid you any money. The point is: never forget about your customer service commitment to your existing members. You never know who’s out there waiting to take better care of them.

Speaking of, you ~~will soon start to see~~ are already seeing increased competition from online and app-based fitness businesses. However, until someone invents a teleportation device, you can still offer members something the online companies can’t: in person customer service. Sure, they can offer video conferencing, but we all know that’s not the same as being in the same room as someone else. It’s why indie bookstores are still thriving even when faced with juggernauts like Amazon.com. In person, customized service from a human being will almost always win.



<https://9to5mac.files.wordpress.com/2014/10/ios-vs-android.png?w=1600&h=1000>

Try to think of customer-centric ideas that will dazzle existing members. Remember their names, the things they’re interested in, their preferred machines, etc. The more you know about them, the better you can curate their experience to ensure you’re providing them with the things they’ve come to expect and more. This will make them increasingly loyal to your business as they’re having all of their needs and expectations met. With this level of member service, they won’t feel the need to look elsewhere.

Communication

Never assume everything is going well. If you're not continually talking to your members, your competitors happily will. Member communication isn't something you do once a year, it should be happening constantly and using various methods that distribute and collect information differently, and for different purposes.

The most common forms of ongoing member communication are email lists, social media, telephone calls, texts, and in person. Of course, some forms of communication work better when it comes to retention efforts.


For example, we've talked about [social media advertising](#) for gyms and fitness businesses, but when it comes to using social media to make important announcements that you need people to know about in order to prevent them becoming upset (facility being closed, class cancellations etc.), it's not always reliable. This is due to algorithms that are increasingly making decisions about what our followers or "Likers" see in their feeds. However, social media can produce amazing results when used as a way to directly communicate with members or prospects that have questions. By responding quickly to Facebook or Twitter messages you're showing prospects and members that you're attentive and interested in hearing from them - even if it's not always positive.

	1st Day as a Member	3-5 Days After Becoming a Member	3-4 Weeks After Becoming a Member	1 Month After Becoming a Member	2 Months After Becoming a Member	3 Months After Becoming a Member	4 Months After Becoming a Member	Monthly Check-ins After Becoming a Member
Member	EMAIL	PHONE CALL	TEXT	PHONE CALL	EMAIL	EMAIL	TEXT	PHONE CALL

Telephone calls and texting are excellent ways of getting messages out to people. It's due to their ability to get right to people that they need to be used delicately and in a way that makes them the most effective. For example, you should always keep your audience in mind. If your members and prospects are typically young, a phone call may scare them away. This doesn't then mean you should start texting them all the time. No matter who the person is, a text will announce itself right away and potentially disrupt whatever the person is doing, so your texts better be relevant to them or they could end up having the opposite of the intended effect.

Email is still king. Communication by way of email is a big part of what makes retention work. With email you can send out surveys, promote referral programs, schedule one-on-ones with valuable members, and more.

A large part of your retention strategy should be data gathering, specifically to track overall member satisfaction levels. You can do this in a number of ways, but the easiest is generating an NPS or "net promoter score." An NPS is a one-question survey that asks the recipient, "How likely are you to recommend [your business name] to a friend?" While on the surface the question is only asking if the person would tell someone else about your business, but what it says under the surface is way more interesting.



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CLOTHING CO.

How likely are you to recommend
Hem & Stitch to a friend?

0 1 2 3 4 5 6 7 8 9 10

Not likely Very likely

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If someone gives your business an NPS of 9 or 10 then that means they love your business and would probably scream it from the rooftops if given the opportunity. This is where you can get smart with your NPS survey emails. If you send out an NPS survey email to a member and they give you a 9 or a 10 then that member should quickly be offered a chance to join your referral program (check out our partner, [Perkville](#)). Additionally, they should be asked to leave a review on Yelp or Google, but not all at the same time - don't overwhelm them with requests. The benefit of creating and sending out NPS surveys is they're the easiest one question way to find out who loves you.

For a less scientific approach to gathering member insights, you could consider installing some "[HappyOrNot](#)" terminals in your members-only areas. You've probably seen these stations at airports post-security or in hotel lobbies. They not only provide potentially valuable day-to-day insights, but they also give people an action to take that lets them know they're helping and you're listening.



For members added during the New Year's resolution influx, try acknowledging the seemingly obvious but sometimes "secret" reason they're at your facility: due to a resolution. If you know this information then you'll be better prepared to help them find value past the initial positive vibes that come with taking the step of even belonging to a gym. Keep them inspired and engaged. This is an excellent opportunity to introduce them to your member community.

A quick note about staff: Communication doesn't end with your members. Don't forget about your *staff* members. Routinely perform staff interviews. Make them casual to get a sense of what's going on with them and their opinion of the business. This isn't a time to get them to rat out other staff members for transgressions. It's a time to bond and hear them out as a lot of the time that's all anyone's looking for. People want to know they're being heard. Happy staff typically results in happy members. High staff turnover hurts retention. Your members may like variety with their workouts, but typically value consistency when it comes to the other elements of your business - especially staff.

Community

There's a reason most at-home treadmills become clothes hangers: people don't always like doing things alone even if they think they do. It's true that many people really would enjoy working out alone, but it doesn't take a rocket scientist to figure out whether or not it's what's best for them (see dusty treadmill/clothes hanger referenced previously).



The dusty treadmill image is definitely a humorous scenario and a tried-and-true way to target prospects with the value of attending a physical gym or fitness business. However, it's also how some of the more successful web and mobile-based fitness businesses are eating into your market share; they're offering more community-based workouts while in the comfort of the member's home. But as we mentioned earlier, a business with a local, physical location can still offer things that the digital companies can't.

Where appropriate, give members a place to hangout that solidifies your place in their lives and thus your community. This can include money making opportunities such as juice or coffee bars, but even just an area where people can hangout with a cup of complimentary coffee and their laptops can suffice. Having an area like this will also make it easier to have in-house events and gatherings such as member meetups, guest lecturers, and more.



Other exciting ways to build your member community include:

Build your community by helping your actual community. Adopt a street or a highway and ask members if they'd like to help out. People like to help and if the result is a positive feeling about themselves and your business then it's win-win-win. The community wins, your member wins, and your business wins.

Have events, not just promotions. If you have the space, bring in lecturers to talk about healthy eating, new workout techniques, mindfulness, or anything else even tangentially related to your business. As we mentioned earlier, you should attempt to curate experiences for your members and even prospects. You may be wondering how you can curate things for prospects when you don't know them yet. Well, you have an idea of what your members like and therefore your ideal members (prospects) will most likely enjoy those things too. This is another opportunity for your loyal members to refer people that are similar to themselves. Give them a reason that's not just "come workout with me" to get their friends to come to your facility.

What else can you offer loyal members that's unique to your business that they would enjoy? Would they like to see more products related to your business for sale? Maybe even products with your business logo on them? **You've created a brand, don't be afraid to promote it by selling quality products with your logo and brand colors.** Just make sure the quality of the products accurately represents the quality of your brand.



Offer to help newbies find a gym buddy; someone that they can meet up and workout with. As we stated earlier, people may think they want to workout alone, but if they've never tried working out with other people then helping them find a gym buddy may be a light-hearted and interesting service you can offer. There are even ways to turn this into a revenue-generating option if the person decides they'd like to go a step further by working with a personal trainer. However, don't scare them away by trying to be too sales-y. If they really do just want to try working out with another person then that's what you should offer.

Even with these techniques members will quit. But don't fret as it happens to every gym and fitness business and there are still things you can do to get value from it.

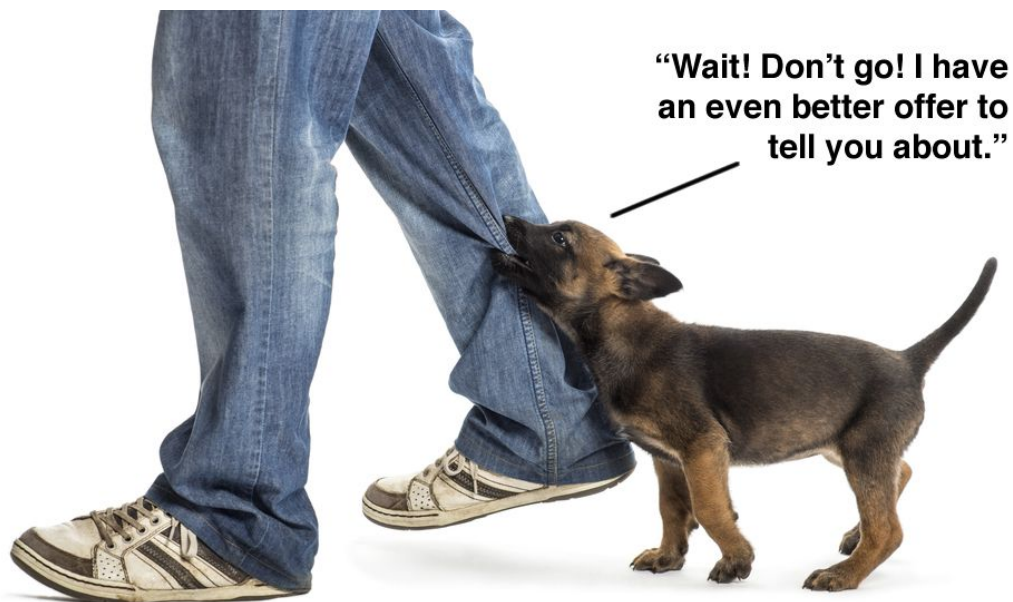
When the Worst Happens

Members will cancel. It's simply inevitable. Sometimes this can't be helped as the person is moving, has unexpected and sudden monetary issues, or just doesn't think your business is the right fit for them.

Obviously the latter is the most disconcerting cancellation option. Finding a new member is harder than keeping an existing one, so when someone wants to quit it can feel like an affront to all of your retention efforts. This too happens to even the best and well-intentioned fitness business owners.

Don't be caught off guard by not preparing for this inevitability. If most governments have plans tucked away in case of a real-life zombie apocalypse then you can certainly have a plan for when a member wants to leave.

Engage them *before* it's too late. For a member heading towards their renewal/expiration date, reach out to them at a predetermined time *before* their membership expires. With Club OS this can be automated, but you always have an opportunity to customize the communication to make the recipient even more likely to open it and take the desired action.



This type of pre-renewal communication serves multiple purposes:

- 1) **It shows that you care.** Just don't make your early communications too focused on closing the renewal. The earlier you start, and therefore the less sales-y you have to be, the more organic your outreach will seem (because it is). A simple reminder of the benefits they receive by being a member can be enough to start with. Also, the earlier you start will allow you to keep any major offers in your back pocket for later on when/if they're needed which in turn could keep you from having to give away more to retain them.

- 2) **It gives you a chance to reconnect with members that may be feeling neglected up until this point.** However, if you've already been communicating with your members as we previously suggested in this e-book, you may not need to reconnect as you'll already be connected and that's great!
- 3) **You have the opportunity to get creative and learn more about your retention-based offers and strategies.** You won't be able to save everyone who needs or wants to cancel, but even when the worst happens, you'll be able to try new things and end up collecting valuable data to use when it happens again. You'll start to see patterns in what works and doesn't work when it comes to increasing your renewals and therefore your retention. You just have to pay attention and continually log which communications work and which don't.

When all else fails: *The Diving Catch*

Let's say you have a specific member that's been with you for a while. When you look up "perfect member" in a dictionary you see their face. And what's worse is they haven't really made it clear why they want to cancel even after you're asked. So what should you do? It's at this point you may consider making your final offer, something that you wouldn't offer to just any members that wants to cancel as it's too valuable.

However, always remember that what you offer your members and even your community is something of immense value. Health is wealth and you deserve to be paid. Sometimes there's simply no preventing someone from cancelling

And when a member actually does cancel, you can still generate value from it. If you feel it's appropriate to the situation, ask the leaving member if they'll agree to a quick exit interview or even to fill out an online questionnaire. In a sense, this is a great way to "time travel" since gathering this data from a leaving member will theoretically help you to prevent or at least mitigate the chances of this happening with another member in the future.



Conclusion: Growth = Your Current Members

Hopefully we've helped shine some light on the importance and value of your current, active members. They should never be neglected. They are what will lead you to true, sustained growth. They typically demand less resources than prospects. They want to know they're being listened to and that their comments inspire action. They can help you even if they end up leaving.

If you want to hold onto the members you already have, there aren't many services that can help more than Club OS. We focus on providing revenue-generating and retention-improving features to over 2,500 gyms and fitness businesses. But don't just take our word for it:

“Very easy to use to contact members and potential members.”

- Eric, Charter Fitness



“Overall great experience, very solid tool to manage large amounts of leads.”

- Chase, Gold's Gym



“Excellent system with precise client management capabilities.”

- David, Genesis Health Clubs



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