

Challenges, Trends, and Strategy for Club Operators

Taispo March 7th, 2024

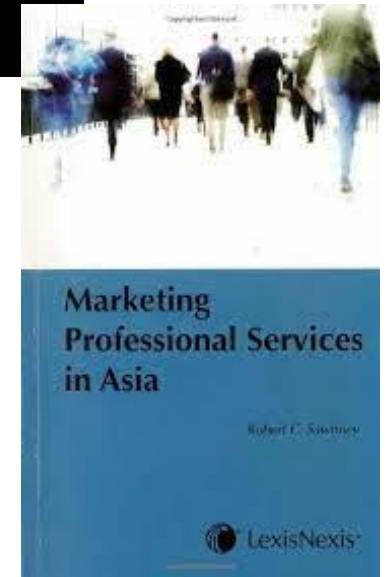
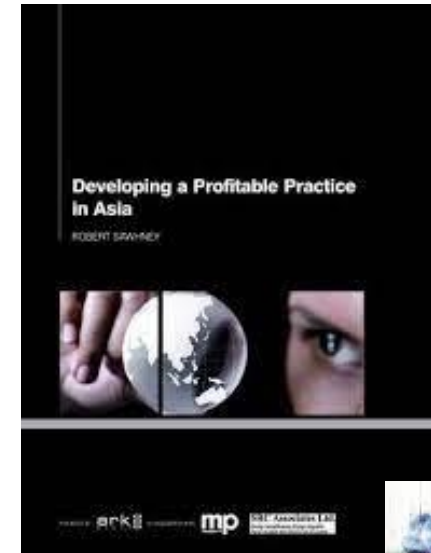
Robert Sawhney

CEO – APAC

Global Chief Strategy Officer

About me

- From UK originally, over 20 years in Asia (Hong Kong based)
- BSc, MBA, doctoral studies in business (strategy and marketing)
- Author of 2 books, keynote speaker, published dozens of articles in various magazines, journals and newspapers
- Varied career in fitness, academia, industry, consultancy and back to fitness



Objectives for Today

- Identify key challenges facing the health and fitness industry
- Share global trends and cutting edge practice to improve performance
- Identify key implications and takeaways for operators

What is Strategy?

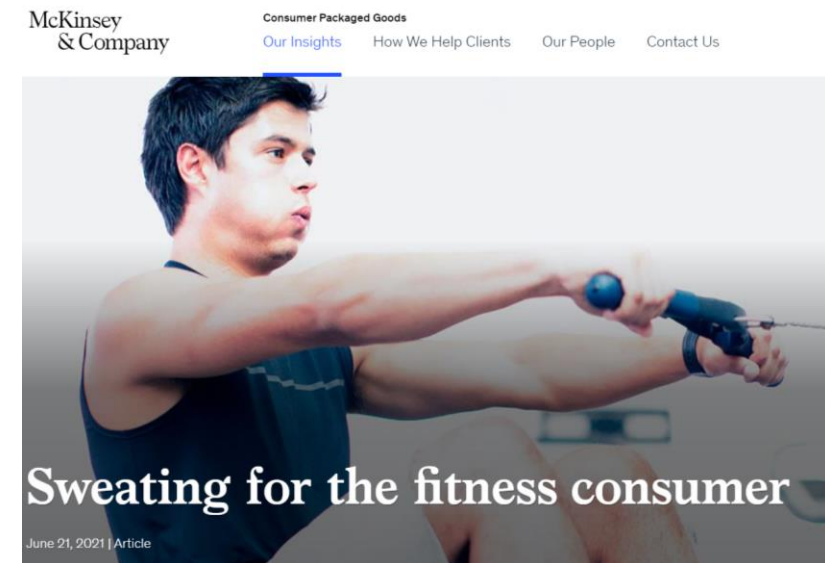
“Strategy is a market oriented process that describes the what and the how. A coherent, integrated set of concepts and dialogue that offer a guiding principle in addressing the organizations most pressing contextual challenges. It is dynamic, open, iterative, and accepts paradox in moving the organization towards its ambitions”.

Challenges

- Membership penetration rates of between .15% (India) and 20% plus (Sweden, EUR, US)
- General exercise rates of over 50% in developed nations
- 50% of new members cancel within 6 months
- Retention rates of less than 70%
- Tenures of less than 4 years
- Business model that relies on sleeper members, aggressive PT sales and limited membership journey in and out of the club
- Continued growth of obesity, diabetes and other health related issues
- Focus on fitness as opposed to wellness/well being

*If any industry should
be purpose driven
surely it is ours!*

What about the 80%?



Moving from extrinsic to intrinsic motivation – how long does this take?

FREAKONOMICS RADIO

How Goes the Behavior-Change Revolution?

An all-star team of behavioral scientists discovers that humans are stubborn (and lazy, and sometimes dumber than dogs). We also hear about binge drinking, humblebragging, and regrets. Recorded live in Philadelphia with guests including Richard Thaler, Angela Duckworth, Katy Milkman, and Tom Gilovich.

 Stephen J. Dubner/ Freakonomics Radio Jun 22, 2019 · 10 min read ★



How managers can predict customer retention rates through psychological profiling

Helen N. Watts
Dr Jan Francis-Smythe
Dr Derek Peters
Professor Dominic Upton

Centr Challenges Global Community To “Live Your Best Life” With All-New Program Designed For Total Body Optimization

“Centr Circuit: Elevate” Promotes Sustainable Lifestyle Changes by Focusing on Daily Healthy Habits Across Movement, Meals and Mind

Also, how self-determined the member is in attending the club impacts on the odds changes. Those who are intrinsically motivated to go are nearly twice as likely to intend to retain whereas those who are extrinsically motivated are nearly twice as likely to intend to cancel! This has implications for the way in which managers motivate their members, possibly during their induction process when they join the club.

Member, Club, and Trainer of the Future?

Member

- More knowledgeable
- More conscious of wellbeing / health / longevity
- Tracks and makes data-driven decisions
- Combines strength + cardio + mobility + recovery ... // indoors + outdoors



NESTA Certified

<https://www.nestacertified.com> › what-personal-trainer...

What Personal Trainers Should Know about Ozempic and ...

15 Feb 2023 — ... Wegovy should be combined with a calorie deficit and increased ... **Exercise Technique Fundamentals: Observing and Analyzing Exercise Techniques.**

Equinox Clubs Have New Workout Program for Clients on Ozempic, Wegovy, Mounjaro (Exclusive)

The celebrity-friendly fitness club has developed a special program for clients, who have lost muscle mass due to weight-loss drugs

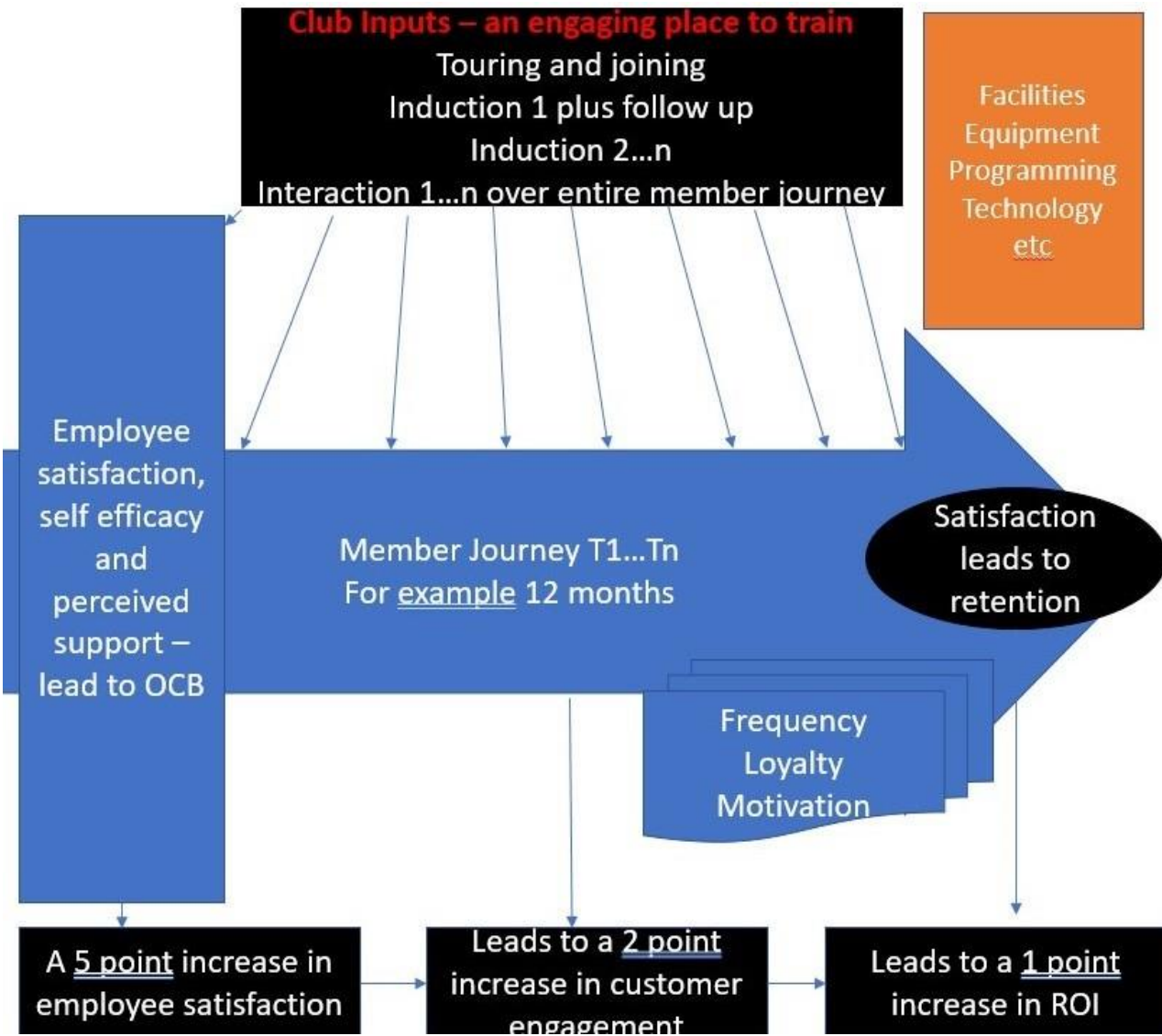
By [Gillian Telling](#) | Published on January 1, 2024 09:00AM EST



Trainer – 3.0

- Holistic broad based knowledge
- End of rep counter
- Coach, advisor, motivator
- Wellness emphasis
- Tech and data savvy

Service Profit Chain - EVP



Top retention factors

1. Wellbeing in club
2. Facilities/equipment
3. Expectations

Goncalves, C and Diniz A (2015) Analysis of member retention in fitness through satisfaction, attributes perception, expectations and well-being. Revista Portuguesa de Marketing. Vol. 38, No. 34, pp. 65-76

Top retention factors

1. Visits
2. Interactions
3. Programming
4. Goals
5. Social

*+3 visits per week, increase retention by 28 months (LFV) – Paul Bedford



Key Takeaways

- Strategy is not a plan, objectives, vision, budgeting, yearly etc
- Experiences are key – the service profit chain
- Behaviour change for members does not happen in weeks
- Member journeys require deliberate execution which requires a cultural shift for most operators

THANK YOU

Q&A

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