

5 Key Drivers of Member Loyalty

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#IHRSA2016





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The background is a solid orange color with a repeating pattern of faint, white social media icons. These icons include hearts, thumbs-up (likes), location pins, and speech bubbles, arranged in a grid-like fashion.


Why are loyal
members so
important?



2X Higher Business Growth Rate^{*}

Businesses with the highest loyalty and NPS scores in their industry segments grow at more than twice the rate of their competitors.

^{*}Statistics on this page come from: Reichheld, Fred, *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World*; Jerry Jao, "Customer Retention Should Outweigh Customer Acquisition," *CMO Magazine*; and Alex Lawrence, "Five Customer Retention Tips for Entrepreneurs," *Forbes*.



An aerial photograph of a commercial district. A multi-lane road runs diagonally from the bottom left towards the center. To the right of the road is a large parking lot filled with cars. Further right is a long, low commercial building. Three orange location pins are placed on the map: one on the building labeled 'Orangetheory Fitness', one on the building labeled 'Anytime Fitness', and one on a larger building labeled 'Title Boxing Club'. The area is surrounded by dense green trees and some residential housing is visible in the upper right corner.

Orangetheory Fitness

Anytime Fitness

Title Boxing Club

5X More Expensive^{*}

Attracting new members will cost your company 5 times more
than keeping an existing member.

Ultimately, a loyal member...

- Spends more
- Buys more often
- Is less price sensitive
- Stays longer
- Is less costly to market to
- Tells their friends

125%

25% to 125% Higher Profits^{*}

A 5 percent increase in member retention can yield a 25 percent to 125 percent improvement in profits.

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Health & Fitness Industry Study

Background on the study

- 9,000+ reviews
- 61 Fitness and Health businesses
- 6-month period of time
- Large fitness, Small fitness, Yoga/Pilates, Salon/Boutique, Dance, Children's programs
- Touchpoints (places and processes)
- Attributes (qualities or characteristics)

Barriers

- Barriers are **minimal expectations**
- They dissatisfy members if performed poorly, but don't have a positive effect on member loyalty if they are performed well
- Example: clean bathroom facilities



⊘ Top Five Fitness Barriers

- Locker rooms / showers
- Lack of issue resolution
- Temperature / air flow issues
- Poor communication
- Payment / billing process



Delighters

- “**Wow factors**” that are not expected by members
- They improve member loyalty when performed well, but if they are absent or not performed well, there is no damage done
- Example: an unexpected giveaway





Top Five Fitness Delighters

- The facility / space
- Staff helpfulness
- Convenient location
- Warm, welcoming, inviting atmosphere
- Ease of use



Key Drivers

- Key Drivers work both ways
- When they are not performed well, members will be dissatisfied, and when they are performed well, customer loyalty will increase
- Example: the quality of a group exercise class



A woman with dark hair tied back, wearing a teal tank top, is running on a treadmill in a gym. She is smiling and looking forward. The background is dark with some blurred lights.

Top Five Fitness Key Drivers

- Cleanliness
- Employees / staff
- Equipment
- Staff friendliness
- Spaciousness

What gets
measured
gets done

Iconic brands as NPS loyalty leaders

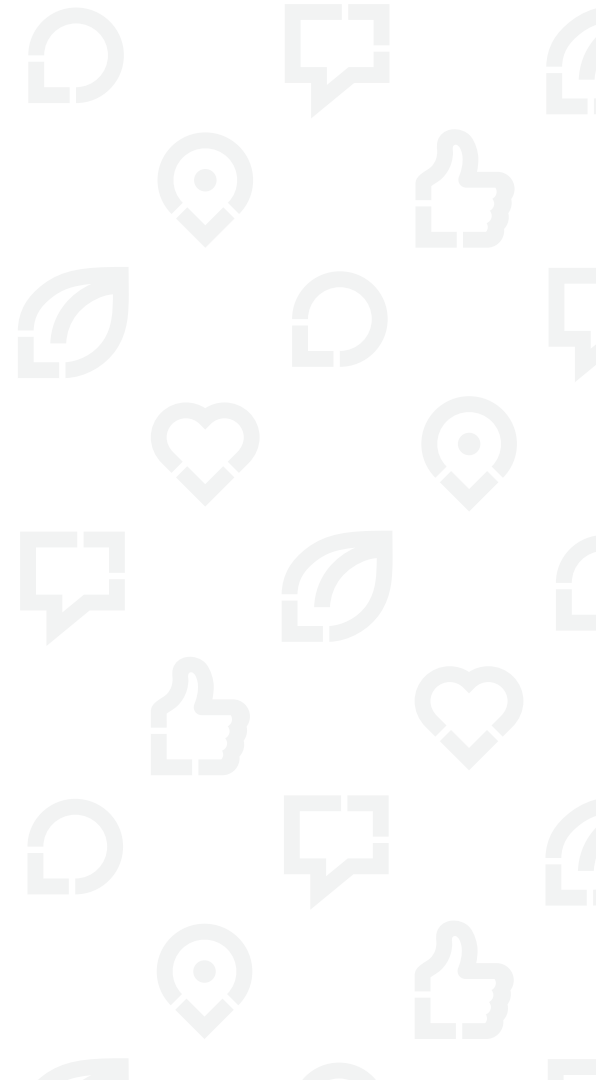


The Ultimate Question:

"On a scale of 0 to 10, how likely would you be to recommend our service to a friend or business associate?"

Open-ended follow up question:

"Tell us why you feel the way you do?"



"How likely would you be to recommend...?"

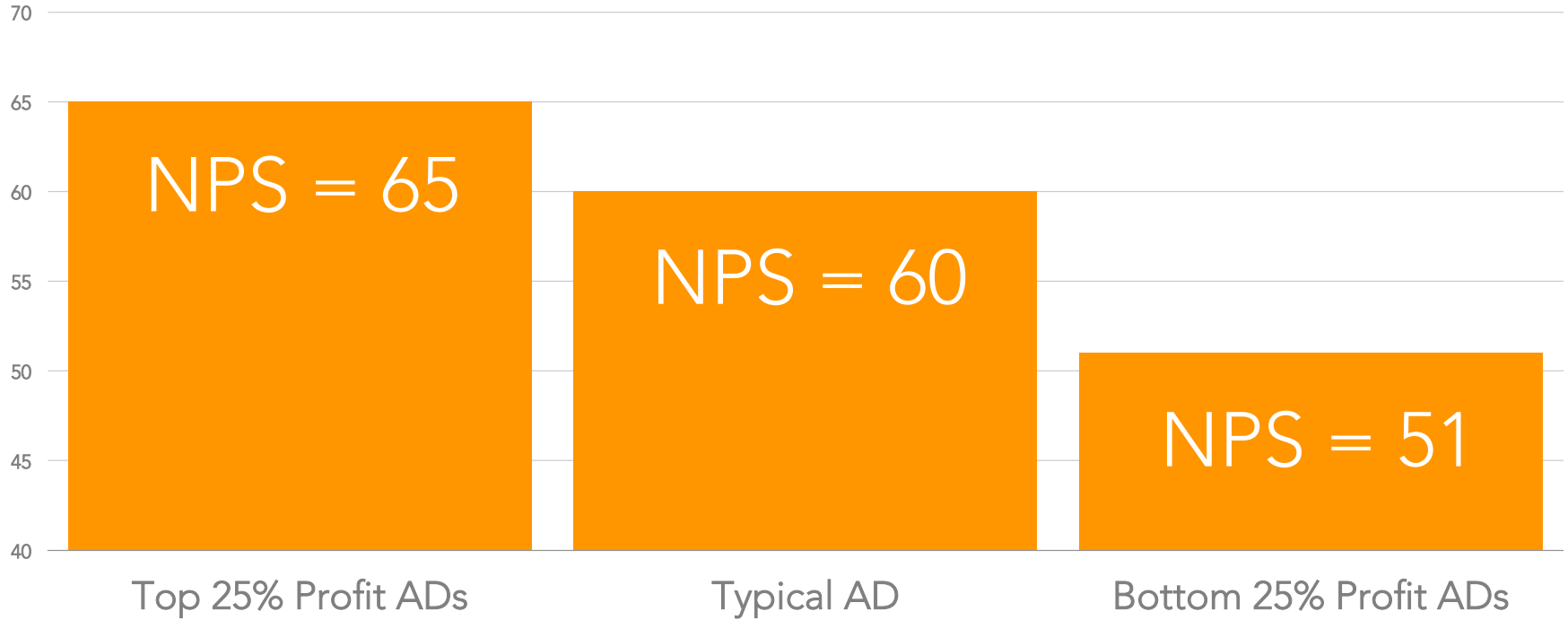


Net Promoter Score® = % Promoters — % Detractors

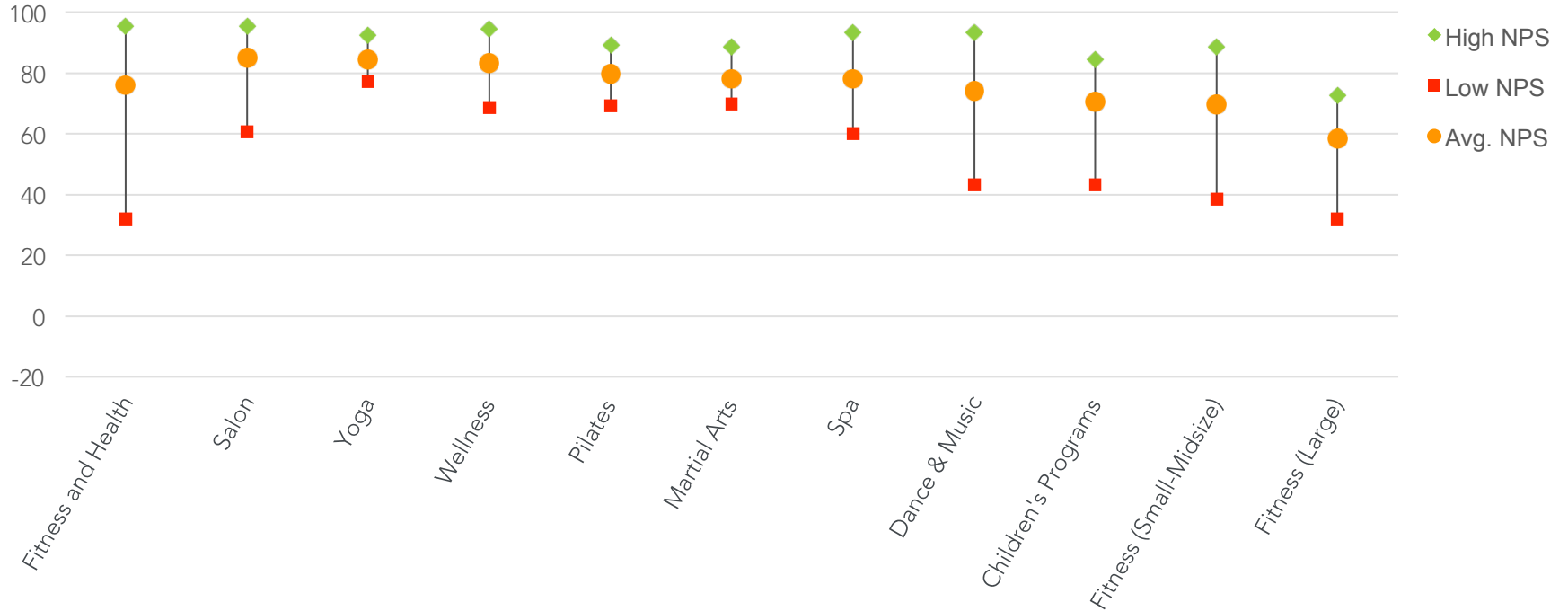
Benefits of NPS

- Predictive measure
- High response rates
- Ease of use
- Evidence that it works
- Adaptability

Net Promoter Scores by profit



Range of Health and Fitness NPS



What we believe

Profitable, sustainable organic growth occurs most often when customers and employees *enjoy* their business relationship with a company, and *willingly* sing its praises to neighbors, friends and colleagues.



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