



Independent Fitness Clubs Benchmarking:

Impact of lockdown and comparison to sector

FOREWORD

Huw Edwards: CEO, ukactive

This report was born out of conversations with numerous independent operators, following the launch of the ukactive independent operators steering group, as well as a survey of independent clubs carried out by GGFit. In addition to government lobbying support and highlighting the impact independent operators have, two of the key areas that independents want to focus on are data benchmarking and standards.

ukactive partnered with 4global and GGFit on this report as together we are acutely aware of the impact that the COVID-19 pandemic has had on our sector. The repercussions from multiple lockdowns, social distancing and consumer confidence have affected operators in different ways, and this report aims to understand the impact on independent clubs.

The pandemic has boosted health awareness and digital fitness solutions. It has also accelerated the desire, or need, for businesses to share and collaborate. Whether sharing stories, best practices, data, or even members, there are advantages to working together, learning from each other's successes or failures. By their nature, independent fitness clubs tend not to compete with one another, so collaboration makes sense.

“There is more work to be done to support independent clubs with better understanding, standardising, and definition of data and Key Performance Indicators. Benchmarking with each other is important, but only if it can lead to useful insights that help inform business decisions and actions. More data sharing, trust, and education is needed, for clubs, suppliers, and the industry, and we hope this report is a catalyst.”

Guy Griffiths, GGFit

GGFit's input on this project has been invaluable to collate, analyse and interpret the data. Guy Griffiths (GGFit): “The report confirms that while

independent clubs have been hit hard by the lockdowns, their members are supportive, loyal, and keen to return. What's more, net member movement has generally been positive for independent clubs (more joiners than leavers most months), compared with consistent net member loss for the rest of the sector, which bodes well as we emerge from lockdown and restrictions.”

Partnering with 4global on this project brings a vast amount of additional comparable measures, their repository now draws valuable, actionable information from more than 3,000 facilities and venues and is fast approaching the milestone of tracking 900 million facility visits. With more than fourteen million members and active participants now being tracked, the DataHub is by far the largest repository of activity data in the UK, meaning the industry can trust that all the insight and evidence generated is accurate.

“Knowledge is power and the more insight we can gather as a sector the more effective we can be collectively.”

Utku Toprakseven, 4global

This report represents the first collaborative dive into the independent gyms collective data and is an exciting opportunity to assess the value of the rich diversity delivered across the sector. The strategic business insight gathered from this data and ongoing monitoring of independent operators, will enhance the capability of the whole sector to evaluate itself and demonstrate the essential value of physical activity.

We look forward to continuing the collaboration with 4Global and GGFit and even more independent operators and system providers in the coming months, with an aim to deepen our collective understanding of the critical impact the independent gyms have to the wider health and physical activity agenda.

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This report outlines analysis of data collated by GGFit (ICO registered Data Controller Z3638521) from three front of house system suppliers (ClubWise, EZFacility, & membr), under NDA. All club data was anonymised, so that no individual clubs can be identified by name, postcode, or any other information.

INTRODUCTION

This report provides analysis of the performance of independent fitness clubs in the second half of 2020, based on data collected from a sample of UK clubs. This includes comparison to 2019 performance to identify the impact of lockdowns and site closures, comparison against the rest of the sector and comparison between different club characteristics.

This report is presented in three sections:

1. RECOVERY DURING 2020

Comparison of performance of independent fitness clubs in the second half of 2020 (July– December) against the same time period in 2019. This section uses data from clubs that submitted for both 2019 and 2020, a sub section of 448 sites.

2. COMPARISON AGAINST WIDER SECTOR

Comparison of independent club performance against data from multi-site operators, taken from the ukactive benchmarking tool and the wider DataHub repository. This section includes analysis of the full data set.

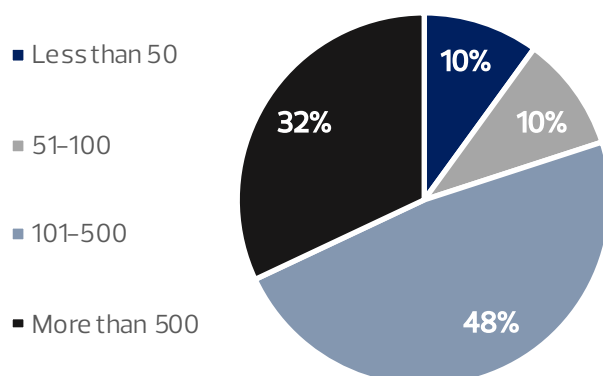
3. COMPARISON WITHIN INDEPENDENT SECTOR

Comparison of independent club performance looking at the characteristics of clubs including number of members and age of club. This section includes analysis of the full data set.

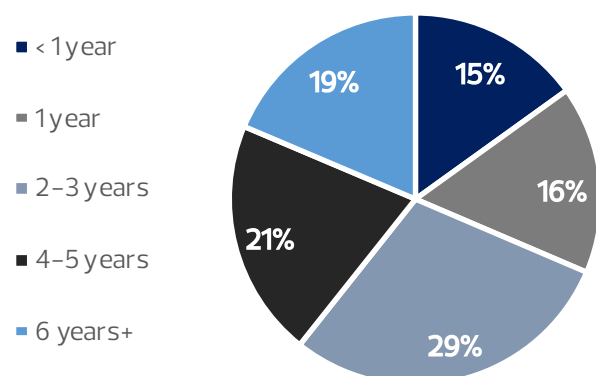
WHAT TYPE OF CLUBS ARE IN THE DATA SET?

Nearly half of clubs included in the data set had between 101 and 500 members, with 20% having less than 100. Clubs were fairly evenly split by age, with 15% having been open for less than one year, and 19% more than 6 years.

NUMBER OF MEMBERS



AGE OF CLUB



SUMMARY

KEY FIGURES

July – December 2020



627 clubs



289,000 members



460 members per club



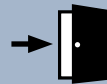
3.9 million visits



5.6 visits per month (average excluding months closed)

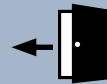


£31.7m total revenue



ATTRITION RATE

-10.9%



JOINER RATE

12.0%



LEADS

28%



AVERAGE YIELD

£22.05

CLUB CHARACTERISTICS



Independent clubs had **higher** attrition and joiner rates than the **rest of the sector** every month from July – December 2020.



Independent clubs had very similar average visits to the rest of the sector, reaching 6.2 in October.



Smaller clubs (fewer members) had **higher** attrition rates, joiner rates, leads and average yield than **larger** clubs.



Newer clubs had **higher** attrition rates, joiner rates, leads and average yield than **older** clubs.



Joiner rates for clubs with the **highest average yield** (more than £40 per month), were highest of all across the six months.

2019 vs 2020 COMPARISON (448 clubs)



Monthly members

↑ Highest ↓ Lowest

2019
Jul – Dec

605
(Oct)

584
(Dec)

2020
Jul – Dec

537
(Oct)

495
(Dec)



Active members

↑ Highest ↓ Lowest

63%
(Jul/Sep)

52%
(Dec)

58%
(Sep)

33%
(Nov)



Average yield

↑ Highest ↓ Lowest

£26.88
(Sep)

£25.32
(Dec)

£23.91
(Sep)

£17.15
(Jul)

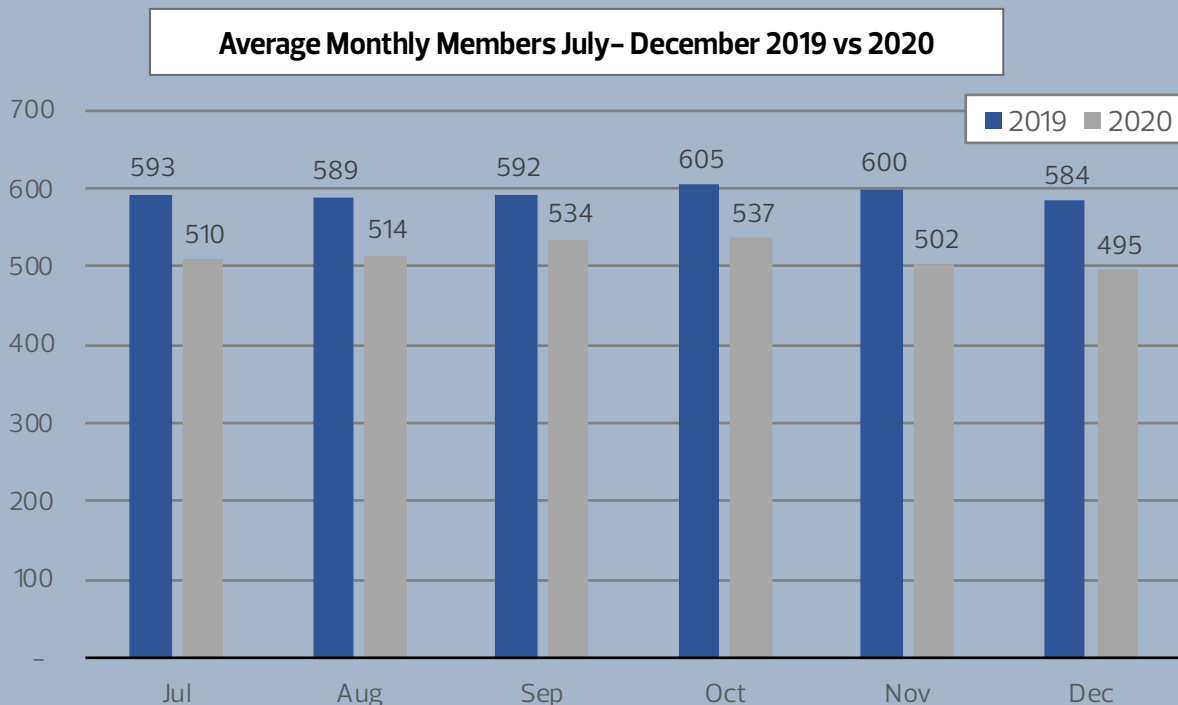
RECOVERY DURING 2020

This section covers the impact of the two lockdowns in 2020 on the independent sector. For a period of over four months from March 20th to July 25th all gym, fitness, and leisure facilities were forced to close under government lockdown regulations. A further four week lockdown was implemented from November 5th to December 2nd following a rise in the number of COVID-19 cases.

This comparison is taken only from sites for which we have both 2019 and 2020 data sets, a total of 448 clubs.

AVERAGE MONTHLY MEMBERSHIP COUNT

- >> Average member count at clubs in 2019 was 594. This dropped by 13% to 515 in 2020.
- >> The traditional seasonal peak in October 2019 is a result of new member sales in September, but this was not seen in 2020. For both years, membership was lowest in December.
- >> 2020 saw better than average growth through September and October after clubs re-opened and confidence grew. The second lockdown in November saw a crash in member numbers, with twice the usual decline from July to December.



263,000 Jul.– Dec. 2019
total members
(peak month)

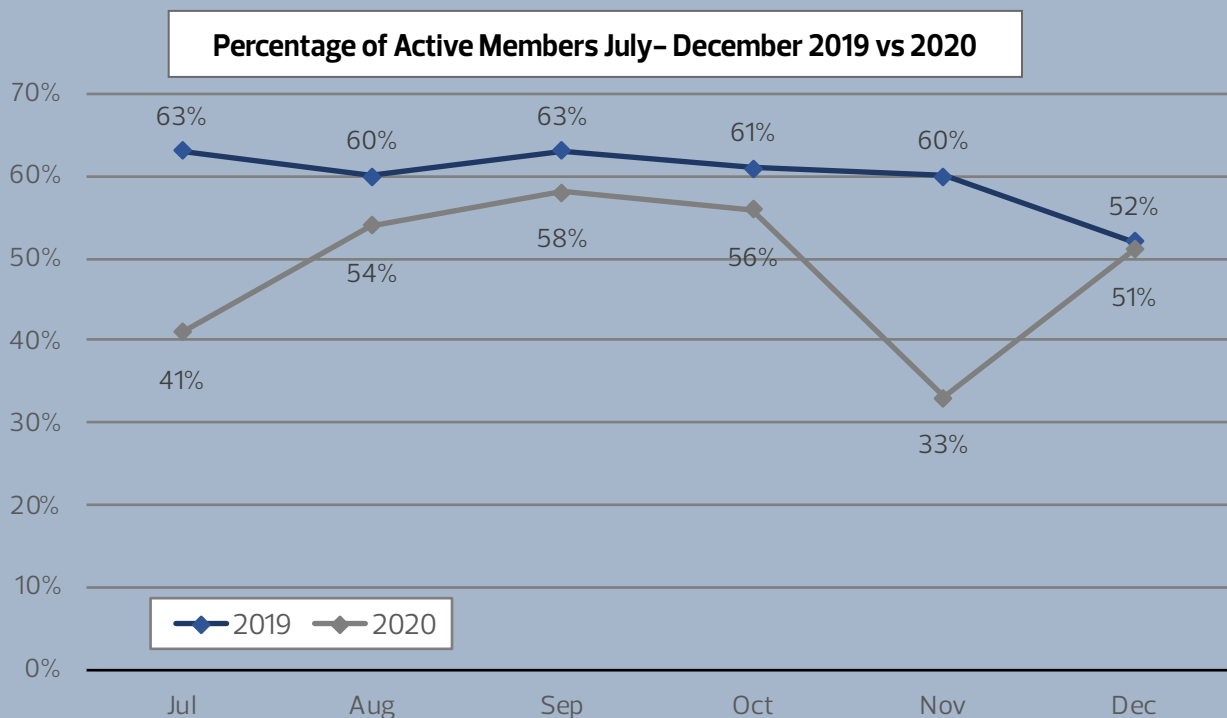
-13%

228,000 Jul.– Dec. 2020
total members
(peak month)

ACTIVE MEMBERS AND VISITS

An active member is classed as any member who visits their facility at least once in a given month.

- >> The percentage of active members was clearly lower in July and November 2020 due to clubs being in lockdown for most of the time during these months.
- >> August to October 2020 generally tracked 5–6% below 2019, showing a good level of recovery during these months.
- >> By December, active members recovered within 1% of 2019, showing a healthy appetite to return to facilities, albeit with fewer total members.
- >> Across the entire six month period, 2020 saw a reduction of 39% in total visits to clubs from 5.1 million to 3.1 million.



5.1m

Jul.– Dec. 2019
total visits

-39%



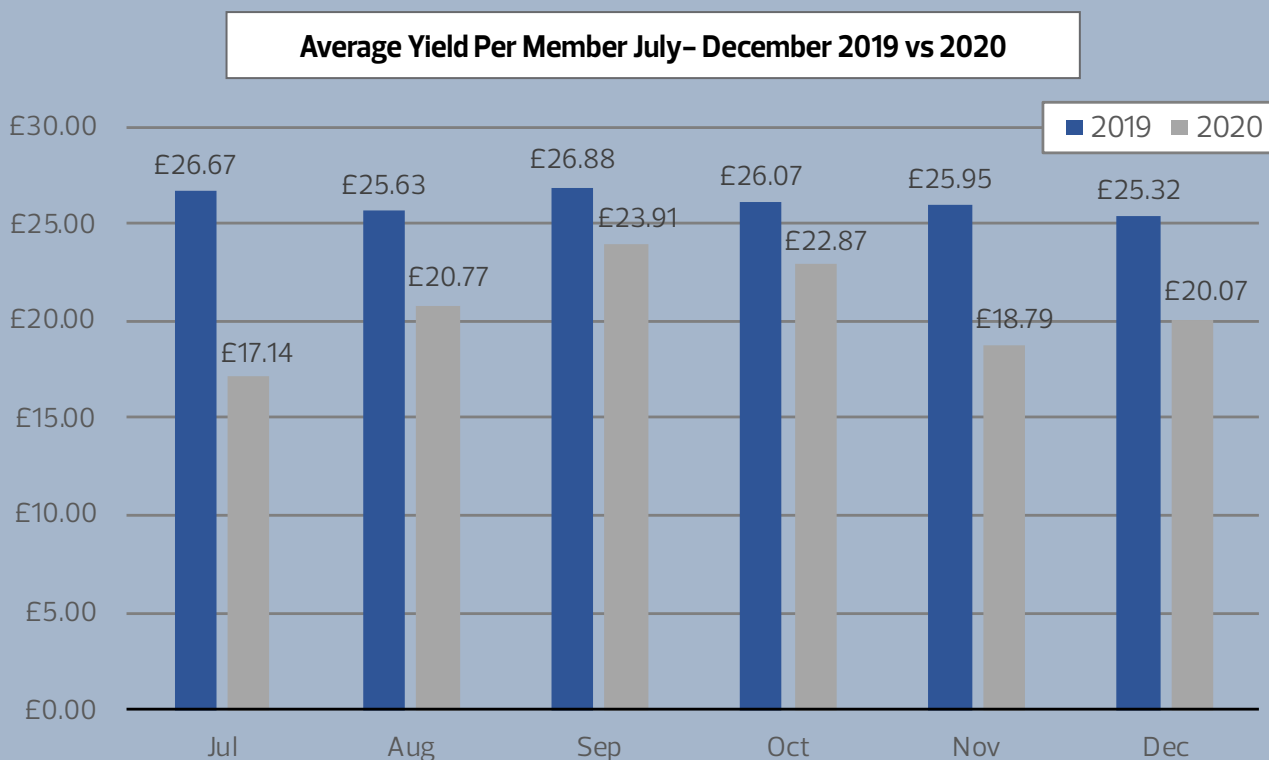
3.1m

Jul.– Dec. 2020
total visits

MEMBERSHIP YIELD

Membership yield is calculated from total income received from membership payments, including any secondary spend.

- >> Average yield per member was noticeably lower throughout 2020. The difference between 2019 and 2020 was greatest in the lockdown months of July and November, as clubs were mostly closed.
- >> Excluding July and November, there was an average difference across the months of £4.34, which is a 17% decrease from 2019. October saw the closest values between 2019 and 2020, with a difference of just under £3.
- >> Total revenue across the six month period was 37% lower in 2020, down from £39.5 million to £25.0 million.



£41.6m

Jul.– Dec. 2019
total revenue

-43%



£23.6m

Jul.– Dec. 2020
total revenue

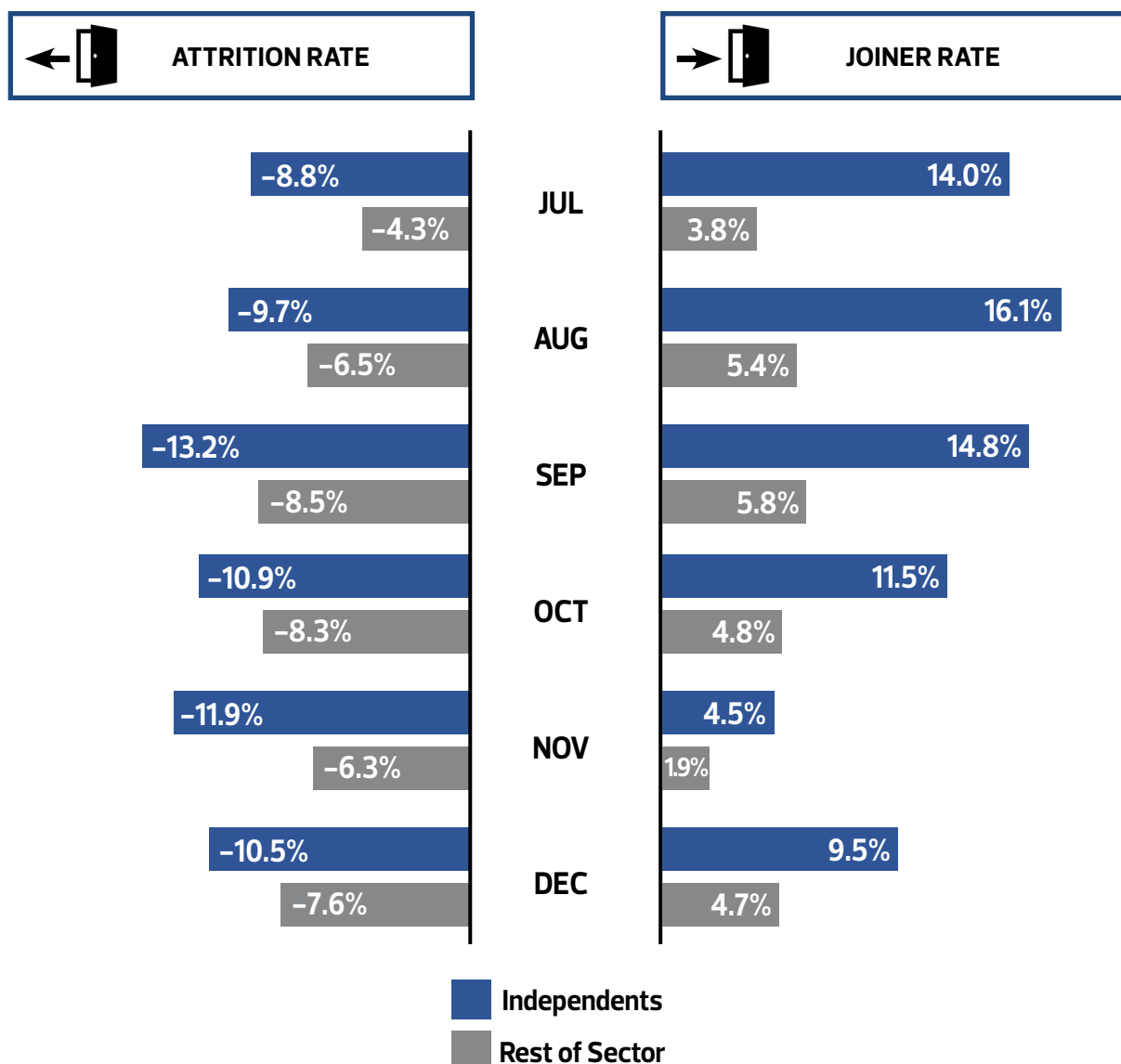
COMPARISON TO SECTOR

In this section, the entire 2020 data set from independent clubs is compared against a selection of multi-site clubs (272 sites) who have submitted data to the ukactive benchmarking tool. The data set for independents consisted of 627 sites, representing 289,000 members making nearly 4 million visits over the course of the six month time period.

MEMBERSHIP METRICS

>> Whilst net membership movement rates were negative for the wider sector for every month, the independent sector saw positive membership movement from July to October.

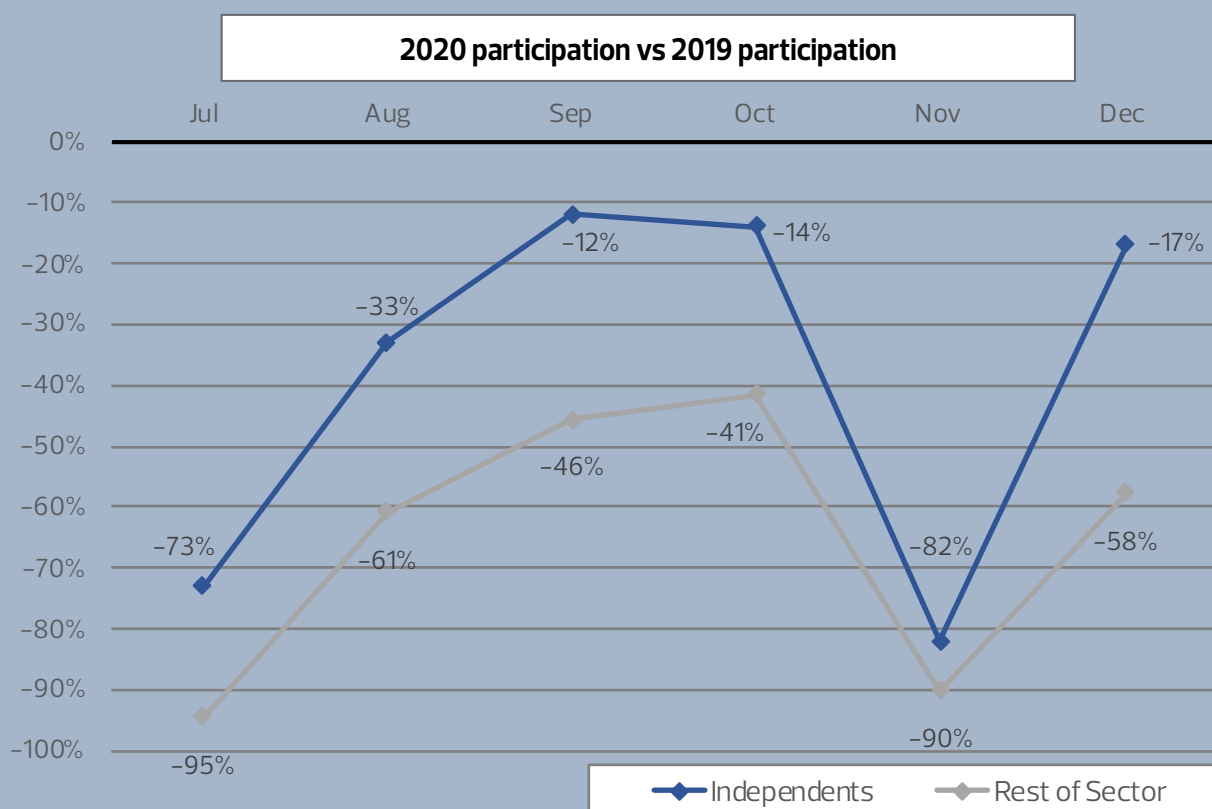
>> Joiner rates are consistently higher for independents, sometimes by a factor of three. This will be due to a combination of re-engagement campaigns, re-joiners, and the 'local' business effect of independents reaching out to their community during the pandemic. Many independents were able to adapt and pivot quickly, to deliver what their members needed during lockdown.



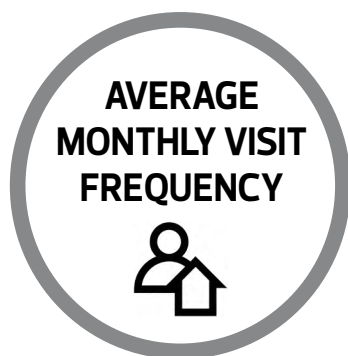
PARTICIPATION METRICS

The data for the wider sector in this section is taken from a DataHub sample of 900 sites.

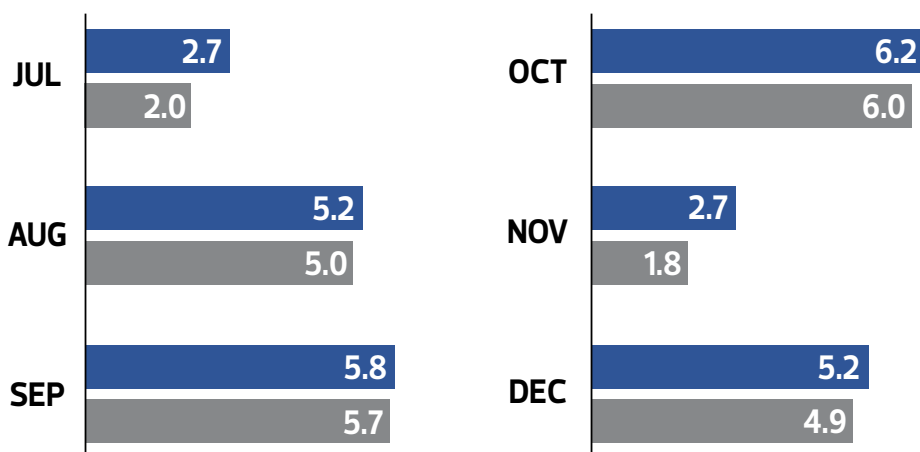
>> The graph below presents the throughput percentage for each month against 2019 figures. Reaching 0% would mean participation for the month was the same as that month in 2019. Whilst the overall trend for independents was the same as the rest of the sector, participation tracked at a higher level, with September and October reaching 12% and 14% of the 2019 equivalent. Independents recovery was also much stronger than the rest of the sector in December.



>> Visit frequencies were remarkably similar throughout July- December for independents and the rest of the sector, with October being the best month in terms of visit frequency for both.



Independents
Rest of Sector



CLUB COMPARISON

The third section shows how different types of independents have fared over the six month time period, using data from sites that have shared their site characteristics as part of the data set.

SITE SIZE (NUMBER OF MEMBERS)

>> There is a more focused, or bespoke service at smaller clubs, resulting in higher yield, but these businesses also create more leads, sales, and but have higher attrition.

>> Clubs with smaller memberships had higher average monthly membership yields, with those with under 100 members receiving on average around £5 more per person than those with more than over 1000 members.

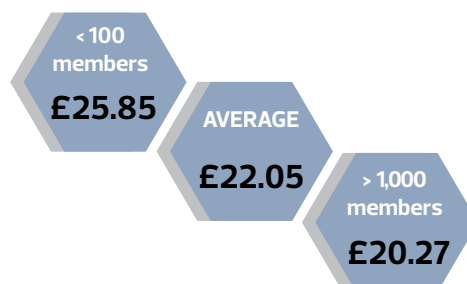
>> Clubs with smaller memberships generated more monthly leads, reaching 82% against an average of 28%. Conversely, for clubs over 1000 members, the monthly leads percentage was 11%.

>> Clubs with fewer members have much higher figures for both attrition and joiner rates, but a marginally positive net member gain over the 6 months.

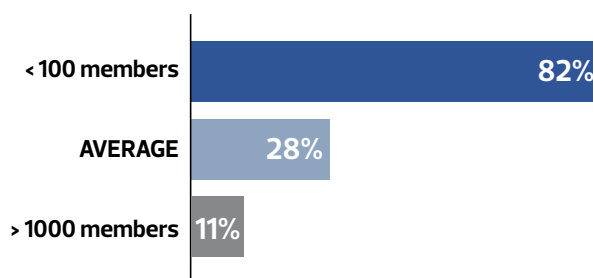
>> Mid-size clubs also show a positive net member gain. A club with under 500 members is in a 'goldilocks zone' whereby gym owners and staff can reasonably know all members by their first name and deliver great customer service. This is possible with more than 500 members too, but becomes harder to manage.

>> For larger clubs of over 1,000 members, there is a small negative member loss over the six month period.

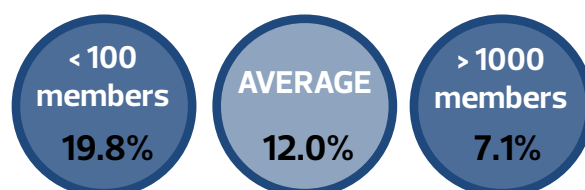
YIELD



LEADS



JOINER RATE



ATTRITION RATE



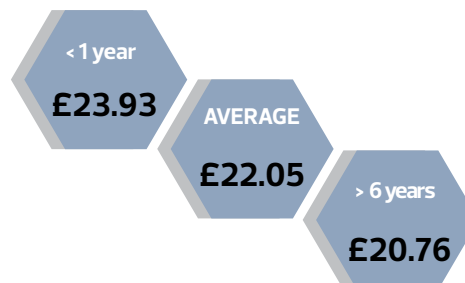
SITE AGE

>> Newer sites (open less than a year) have the highest monthly membership yield, averaging a little over £3 more than sites older than 6 years. This could be because newer businesses are sticking to list prices with less discounting or fewer loyalty discounts.

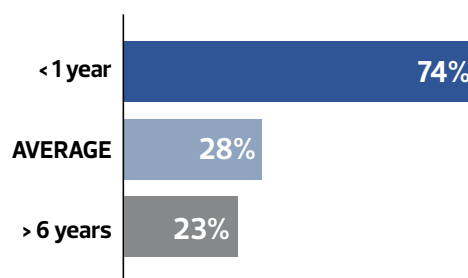
>> Newer clubs again saw much higher joiner rates, reaching 20.2% compared to 8.7% for sites over six years old. Attrition rates were much less variable according to site age, with the newest clubs reaching -11.7% and the oldest -10.0%.

>> The data also shows that newer clubs have a higher leads percentage, reaching 74% compared to 23% for the older clubs. This highlights the importance of having an efficient and up-to-date process for lead conversion.

YIELD



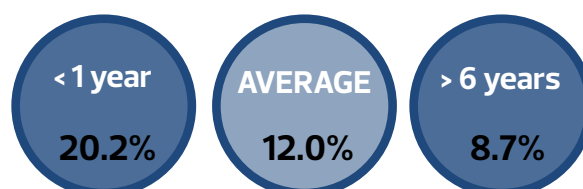
LEADS



ATTRITION RATE



JOINER RATE



IMPACT OF MEMBERSHIP YIELD

>> Joiner rates for clubs with the **highest average membership yield** (more than £40 per month), were highest of all at **15.2%**, compared to **8.1%** for clubs at the other end of the scale (less than £11 per month).

>> The same is true for attrition rates, with the most expensive clubs reaching **-14.0%**. Despite this they still show positive net member gain across the six months. Clubs in the £30 zone have the most positive net member gain for the period.

>> Clubs in the £30 zone also had the highest percentage of active members across the six months, with **65%** having visited at least once per month.

NEXT STEPS

The months ahead

As we emerge from this pandemic, the nation should be more aware than ever of the benefits of being physically active in maintaining and improving health and wellbeing. Independent operators have served, and will continue to serve, their local communities with the facilities, expertise and environment for their members to achieve their health and wellbeing aspirations.

Through collaboration and sharing data, we can develop insight, highlight areas of best practice, and benchmark across key performance indicators. Beyond this, we also have the ability to highlight the collective contribution of the independent sector to the national landscape. Nearly all businesses across the sector have suffered due to the pandemic, but independent gyms have shown resilience and agility through the lockdowns, and have recovered well, so far.

New ways to use data

One thing that was clear from the analysis is that data recording is improving all the time. System developments are contributing to this, as well as the recently enhanced need for clubs to record visit data for members, for example to inform track and trace. Ultimately, improved data collection procedures will help clubs to better understand, support and retain their members.

While the recording of visits has improved, we must look at new measures of member engagement. With the rise of digital offerings, active members no longer have to visit a physical club, so we must measure their interactions and standardise these KPIs if we are to benchmark accurately.

To collate more data, whether this is financial, participation, or membership based, needs backing from system providers, as well as involvement and feedback from clubs. Increased collaboration should help to build trust, which will help with more sharing and understanding.

Future reports

To build on the information in this report, future versions would aim to include more in depth analysis on club characteristics, including regional differences and customer demographics. It is also important to continue to drive adoption of standardised definitions, for example what makes a club 'small' in size or membership.

More detailed data will also help to build a clearer picture of the social value that independents contribute to the wider sector, and could lead to funding for more health and fitness initiatives. With their coverage and customer service levels, independents are well positioned to deliver these schemes. This could be individually, as a co-operative, or in conjunction with public or private operators.

This report covers the second half of 2020– since then we have been through another lockdown and period of facility closure, and it would be interesting to repeat the analysis to see how recovery has been impacted. We hope this report acts as a starting point for further discussion on how we can use data to reflect on past performance and start planning for the future.

For more information on ukactive, our work as a trade body and how we can support your organisation through membership, please contact membership@ukactive.org.uk

For more information on 4Global and how we can work with you to provide strategic actionable insights and benchmarks for your organisation please contact info@4global.com

For more information on GGFit, data analysis or KPIs for your club or system, business insights and recovery strategies, please contact info@ggfit.com



UKACTIVE

ukactive exists to improve the health of the nation by getting more people, more active, more often. ukactive provides services and facilitates partnerships for a broad range of organisations, all of which support our vision and have a role to play in achieving that goal. We serve over 4,000 members and partners from across the public, private and third sectors.



4GLOBAL

4global is shaping the future of sport with a vision of being the number one trusted adviser within the sector. Operating at the heart of the sports industry, 4global delivers competitive advantage to clients by empowering them with expert advice and intelligence. Our team of industry-leading specialists provide a suite of high-quality services across the sector at local, national and international levels.



GGFIT

Since 2008, GGFIT has worked with hundreds of fitness clubs in the public, private, and low-cost sectors. Our mission is to help more people to be healthy and happy by working with clubs on retention strategies that work. A unique blend of soft-skills and data analytics helps develop systems and processes that engage more members and enables you to measure and improve your retention.



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