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Digital Futures 2022

An updated review of the digital maturity and effectiveness of the UK's fitness and leisure sector

Digital Futures Core Strategic Partner Group

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Foreword

This is the second annual report on the digital maturity of the fitness and leisure sector, and it comes at a time when the fast-moving digital economy is presenting significant challenges to organisations, culture, government and the environment.

Designed to offer the industry a valuable snapshot of its digital transformation journey, the analysis in this paper offers clear evidence of year-on-year changes across the sector.

To date, the sector's digital transformation has focused on improving user experience and convenience. It ensures that – for the large majority of customers – we're offering the experiences, convenience and ease of access they enjoy in other areas of their lives.

Of course, digital transformation also brings with it significant operational streamlining, reducing operating costs and freeing up resources. Operators must reprioritise these resources to ensure they also cater for those for whom access to digital services is a challenge; this is a group that will only grow as the economic crisis tightens its grip.

Even as the cost of living crisis forces businesses to review their own expenses and focus their resources where they are needed most, digital poverty must not be allowed to be an obstacle to participation. Operators must prioritise access to the extra support and services these individuals need.

Of course, digital transformation cannot happen through the force of one single department. It is a journey that needs to be delivered by, and owned across, the whole organisation, embedded into the very culture of the business. Cross-departmental involvement in the redesign of back-end systems is as important as any technology solution chosen.

Strong leadership is also required to continue to drive the growing digital transformation evidenced by this year's report, which brings me to my own area of interest. Strong digital leadership can maximise and scale any business, creating success within the sector, but we do not all necessarily have the skills or time to make that happen. Digital Leaders [5] was formed to address this knowledge gap; we now have 180,000 like-minded leaders to share thoughts, forge partnerships, collaborate proactively on ideas and navigate the complex nature of everything that is digital. It's free to join and you are all very welcome.

Finally, I offer my congratulations to the team that has created this second annual report, benchmarking the digital maturity of fitness and leisure operators. I strongly recommend you read this report and make use of the excellent tools and support it links to throughout its pages.

Robin Knowles
Founder and CEO, Digital Leaders

Foreword

D*igital Futures 2022* builds on the foundations laid in 2021. It is inspiring to see the levels of engagement and collaboration from across the sector in developing our collective digital understanding, all with the ultimate goal of improving end-user experience and helping us reach underserved audiences.

Yet while it is hugely positive to see improvements among operators that have been on this journey, we should all be mindful that digital transformation does not lead to digital-only services.

The digital divide is a growing social issue. Many people still lack basic digital skills and/or access to a device and connection to get online; with the current cost of living crisis, we're likely to see even more people moving into digital poverty. Others rely on accessibility features and tools.

We hope the sector can draw valuable learnings from this report. We're proud to support this work via our partnership with ukactive.

Adam Freeman-Pask
Head of Digital Innovation, Sport England

Executive Summary

David Gerrish – Strategic Digital Lead, ukactive

In August 2021, ukactive launched Digital Futures in partnership with Sport England and in collaboration with the leisure sector. The Digital Futures Advisory Group set out to improve the application of digital within leisure, to enhance consumer experiences and drive value to operators.

Digital Futures has been designed to support the fitness and leisure sector, measure its digital maturity and effectiveness, and provide a reference point to build out a clear path of further understanding to meet the needs and demands of the consumer.

This report will support operators in the enhancement or design of their own digital transformation journeys, as well as identifying the challenges and opportunities for digital adoption.

The 2022 consultation process was well supported, with more than double the number of participants compared to 2021.

46% say that digital will play a central or critical role in their future compared to 34% in 2021

Encouraging findings highlight the benefits that a large number of operators have already found by engaging in the Digital Futures programme. Using the online tool to assess their current maturity and effectiveness, and working across their departments and with suppliers, many have formed digital strategies that have set them on the right course to maximise their digital experiences and deliver the insights they need to inform operational and commercial decisions. This digital maturity and effectiveness online tool is available here [1].

ukactive acknowledges that digital solutions in isolation are not the answer, nor is digital transformation about replacing human interactions with digital – something that's particularly important to understand in the human-centred, community-based, expert-supported fitness and leisure sector.

Digital transformation is about creating a unifying web that connects both digital and human interactions. In a recent ukactive Digital Futures paper, we defined connected fitness as:

'The symbiotic connection of front- and back-end systems, using data to inform business decisions that meet commercial objectives and consumer expectations, while improving wellbeing'

Exponential growth

But why measure year-on-year? What value does this provide?

We all understand that technology is growing exponentially; the past few years have felt like we've moved into the fast lane, with no time to take a break. Keeping with the car analogy, it's essential that we take a pitstop every now and then to check our direction of travel and to refuel, to ensure our journey continues to run smoothly.

So, what's happening in the world of digital? Thanks to DataReportal's 2022 Digital July Global Statshot[2] – produced in partnership with We are Social and Hootsuite – we can clearly see the direction and momentum of travel.

World population 7.98 billion people, climbing by 66 million (+0.8%) over the past year.

Global mobile users grew to 5.34 billion – up by 93 million since this time last year – with almost 67% of the world's total population now using some form of mobile phone. Smartphones account for almost four in five mobile handsets.

The number of internet users is up 3.7% in the past year, reaching 5.03 billion. Year-on-year growth of 178 million new users has pushed global internet penetration up to 63.1%.

Social media users grew by 222 million over the past year, reaching 4.7 billion. That's a growth of 5% over the past year, with the latest global total now equivalent to 59% of the world's population.

"The speed of expected digital experiences means that retailers have had to re-evaluate their digital strategies and are planning to invest in new technologies across the length and breadth of their operations, with a favour towards consumer-facing technologies to meet needs of the rise of digital access".

"In addition, 60% of respondents have seen a 20-50% increase in their technology budget over the past two years, and 18% have seen a +50% increase in the size of their technology team over a two-year period." Retail Week Connect - Retail Digital Spend Report 2022 [2]

Fitness and leisure is not the retail sector, of course, but we are an experience-based, consumer-facing sector. As such, does the consumer measure us equally? What questions must we be asking and where must we be investing? What do our consumers use technologies for, and how can we take advantage to not only enhance the experience we offer but also maintain relevance?

We must also be mindful that access to the internet is still globally limited, with reports stating that 3.7 billion people still don't have access to the internet in rural and underdeveloped areas. The private sector is working to address this, such as the pilot that's underway in Pembrokeshire as the UK government strives to hit 2030 gigabit broadband coverage.

Having spoken to many operators and suppliers over the past two years, as part of the consultation process, one theme emerges: no-one knows what the digital leisure and fitness experience of the future looks like. The one thing that galvanises all those we've spoken to is the desire to be prepared to make informed decisions, with the right digital mindset, culture and strategy in place – the 'brilliant basics' – to meet the demands of the consumer, and in some cases go on to exceed them.

In conclusion

As in the 2021 report, in 2022 there exists a clear need among operators for continued practical support to help them mature digitally. That doesn't only mean resources and upskilling, but also analytically reviewing the current delivery models within leisure and asking the question: Are these fit for purpose to meet the rapid advances and subsequent expectations of consumers?

To support this development, ukactive will continue to make the digital maturity and effectiveness survey available to all UK leisure operators year-on-year. Together, we will evaluate the growth of the sector as we seek to implement digital measures.

ukactive, alongside its partners, will also develop a report every autumn to support operators' digital development and the formation of successful digital strategies.

Background

From the global pandemic to an economic downturn, the fitness sector has experienced tremendous turbulence over the past few years. It has never been under so much pressure to adapt.

When the COVID-19 pandemic forced an exodus from physical sites, digital platforms were propelled and launched at speed, creating innovative and often more efficient experiences. Coming out of the pandemic, customers have returned to facilities in the millions – and yet, while some digital at-home experiences have waned, we are by no means less digital in our attitudes or behaviours. In fact, most of the high consumer expectations developed during the pandemic have endured and continue to rise.

Yet while consumers are demanding better, the backdrop of a shifting and indeterminate period of economic challenge – for consumers and businesses alike – is having a very real impact. With tightening belts and rising costs, fitness and leisure operators are finding it harder than ever to retain customers and protect revenues. Filling staffing gaps and the cost of retaining staff add further pressure.

We know the health and social benefits offered by our sector are of significant importance in these times, and thankfully many consumers are still choosing to prioritise their use of the sector's vital facilities.

Nevertheless, creating fulfilling experiences that are perceived as good value for money, alongside services that are optimised for efficiencies, will be key to the sector's survival and growth. Digital sits at the heart of enabling this, and this is why Digital Futures exists.

This report offers a measure of how the fitness and leisure sector is embracing digital in 2022, and what needs to be done next to build our Digital Future.

Methodology

Overview

The digital consultation was conducted with UK fitness and leisure operators through July and August 2022. The consultation was designed and conducted by an external agency (Rewrite Digital) using equivalent experience from other sectors to help define the methodology and design the tools to evaluate the leisure sector.

The target audience included public leisure facilities (where activity takes place in a government- or council-owned facility), private leisure facilities (where activity takes place in a privately-owned facility, access to which requires a private membership) and university leisure facilities (where activity takes place in a university-owned facility). Size of operation ranged from single-site to several hundred sites.

The digital measures being assessed required a representative view from many departments, as well as board-level input for strategy oversight. All survey respondents were therefore asked to engage with all areas of the business involved in digital before submitting their responses.

Definition of digital

As part of the consultation design process with stakeholders, it was agreed that a definition of digital and its interpretation was needed; digital can mean many things to many people and have many uses across different departments.

For the purposes of this review, the following definition of digital was used:

Digital: *The use of technology and data to meet raised consumer expectations and drive innovation, actionable insights and value across:*

- Capabilities and culture
- Processes and systems
- Services and experiences (online, in-venue and in the community)

This was conveyed to all participants in advance of answering questions relating to digital.

What was measured

A digital maturity and effectiveness score was established for each operator, based on multiple-choice responses to a survey issued to ukactive members. The survey covered more than 40 individual measures across five areas of digital to form an overall digital maturity and effectiveness score.

The questions asked in 2022 were identical to those asked in 2021, with the addition of two questions about customer insight and open data.

All participating organisations received a short summary report outlining their digital maturity and effectiveness score, with high-level recommendations to be explored further with Rewrite Digital and as a starting point for internal discussions.

The 40 measures of the survey covered the following areas of digital transformation:

1. **Organisational model:** How adapted and prepared an organisation is for digital: the products and services it provides, its structure, culture, people, infrastructure, processes and plans.
2. **Performance & impact:** How digital is contributing to an organisation's commercial, social and other KPIs, including downloads and engagement, digital revenues, operational efficiency, participation growth and customer retention.
3. **Data & insights:** How data is collected and used to improve the relevance and quality of consumer experiences and drive value: explicit and implicit data collection, consumer insights, open data, data reporting, security and privacy, database and CRM, and data-informed personalisation.
4. **Digital experiences:** How rich and thriving the organisation's digital experiences are, spanning ease of use, third-party exposure and discoverability. Channel use covered websites, apps, email, social media, connected experiences and virtual experiences.
5. **Accessibility, inclusion & satisfaction:** How digital experiences welcome, support, engage and satisfy all consumers. This assessed digital access and inclusion, social listening, Net Promoter Score (NPS) and other satisfaction measures, as well as the end-to-end consumer journey.

To enhance the research, a deeper dive was conducted with a sub-set of operators. This involved a qualitative interview with each operator, using a bank of questions that had been agreed with key stakeholders.

To enable us to compare the fitness and leisure sector with other sectors, some additional questions were asked that were identical to those asked in two widely recognised and reputable national surveys:

- *2022 UK Business Digital Index by Lloyds Bank: The level of digital skills an organisation has (asked to small and medium businesses in a range of sectors) [2]*
- *2022 Charity Digital Skills Index: The perceived stage of digital maturity and planned progression (asked to charities) [2]*

The purpose of the consultation was to measure the current digital maturity and effectiveness of the fitness and leisure sector, providing a reference point from which to build further understanding and shape actions to even better meet consumer needs and demands.

Scoring

Digital maturity and effectiveness scores placed each operator within one of five digital development stages, as outlined below.

Digitally Behind (0–19)
The organisation is not quite ready to meet the growing demands and expectations of a digital world, but a focus on its people, processes and infrastructure can put it on the path to success and align it with other operators.

Digital Foundations (20–39)
The organisation has some elements of digital in place. However, to align more with other operators, the main recommendation is that it reviews its digital strategy to identify where it is heading and where best to focus attention next.

Digital Experimenter (40–59)
The organisation is already making some great advances in digital. A committed and ongoing investment in digital from the top will accelerate business performance and put it ahead of other operators.

Digitally Established (60–79)
The organisation is already benefiting from operating a successful digital model. It is harnessing digital more than most other operators, but there are still opportunities to stand out, deliver more return and lead the way through greater automation and innovation.

Digital Leader (80+)
The organisation is already using digital to deliver significant business performance and is setting the benchmark for other operators to follow. As digital continues to evolve, it must ensure it constantly adapts to stay on top.

Participation and representation

1,800 sites and 4.5 million members represented

This year saw a significant boost in participation and representation compared to 2021, with 93 eligible UK fitness and leisure operators completing the online survey in July and August 2022 (vs 44 in 2021). These organisations represent nearly **1,800** sites and around **4.5 million** members nationwide.

Cross-sector representation was also improved compared to last year, with a greater number of private sites and smaller operators taking part. However, the private sector remained under-represented compared to the national picture.

Of all respondents in 2022:

70% of operators were public, 12% private and 11% universities

7% were nationwide operators, 67% England only, 21% Scotland and 5% Wales

46% had 1–5 sites, 23% 6–10 sites, 25% 11–50 sites and 6 % 51+ sites

39% of operators also participated in 2021, offering an opportunity to compare and determine changes in the digital performance of these organisations

10 operators were also interviewed to provide more in-depth, qualitative insights

Findings

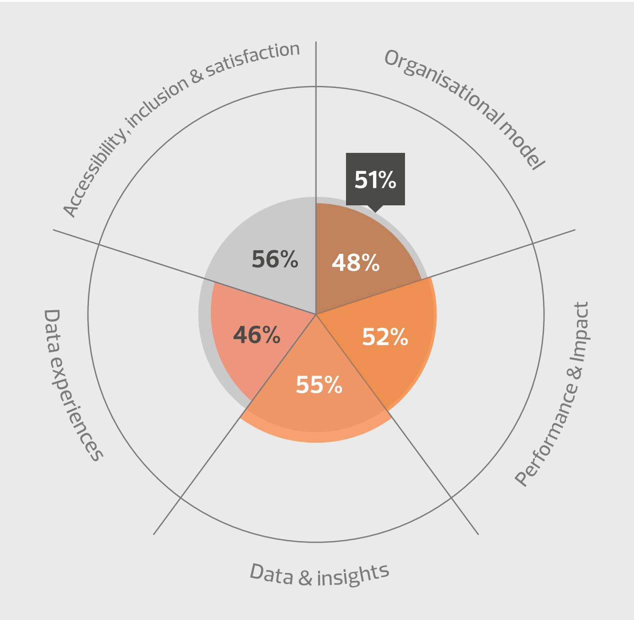
Overview

A sector of Digital Experimenters

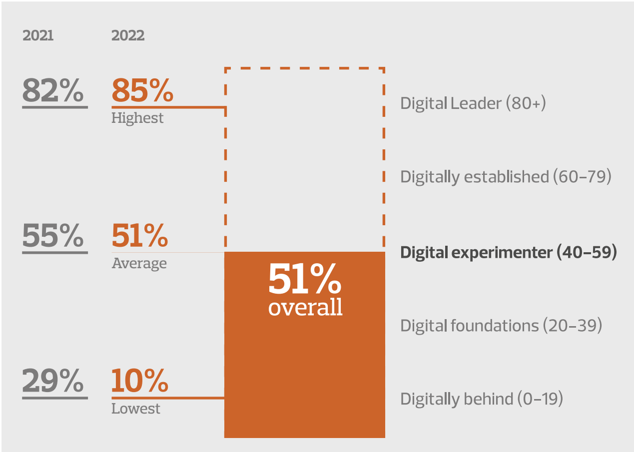
Overall, the surveyed organisations averaged a **51%** score for digital maturity and effectiveness.

This puts the sector at the **Digital Experimenter** stage (40–59% range) – the same as last year, but with a fall of 4 percentage points from 2021's 55% average.

The highest-scoring digital area was **Accessibility, inclusion & satisfaction.** The lowest-scoring was **Digital experiences.**



The highest overall score for a single organisation was **85%** – one of three **Digital Leaders** this year (organisations scoring 80%+) – while the lowest-scoring organisation came in at just **10%**. This represented a wider distribution of scores compared to 2021.



Why are we seeing a lower average score this year? Importantly, it doesn't necessarily mean a drop in digital maturity and effectiveness across the sector as a whole.

As we've heard from several operators, the greater the knowledge and understanding of digital, the more accurate and realistic – and sometimes lower – the score.

We also saw higher participation among smaller operators this year, which tend to score lower. We should applaud the greater levels of participation in this year's consultation as the first important step in growing digital maturity and effectiveness.

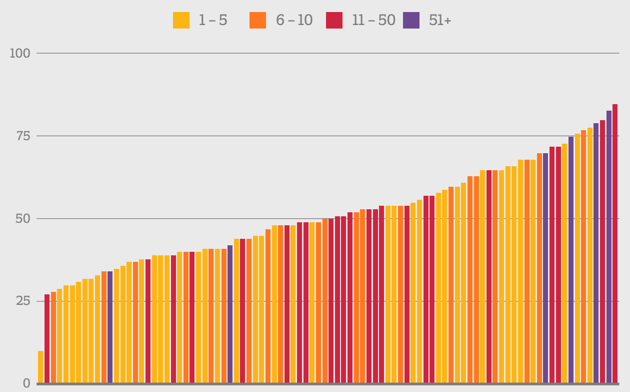
"As we understand more, we may go backwards before we go forwards."

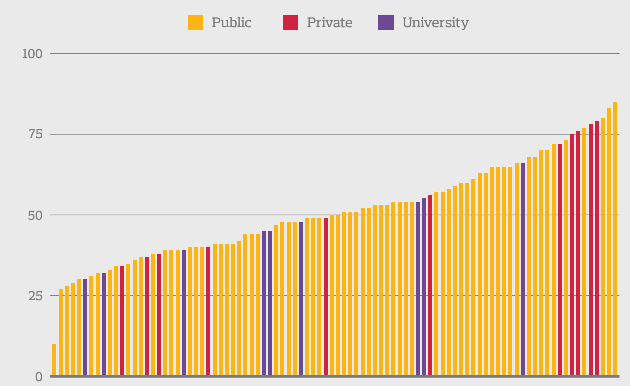
Operator type, size and location

The largest operators are on average Digitally Established, performing better on average than smaller operators

As last year, public operators scored **51%** on average, while private operators scored **58%**. Universities averaged **48%**.

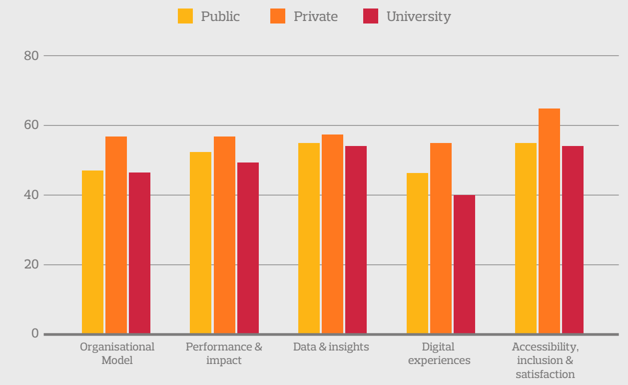
The largest operators (more than 51 sites) scored an average of **64%**, putting them at the **Digitally Established** level (60–79% range).



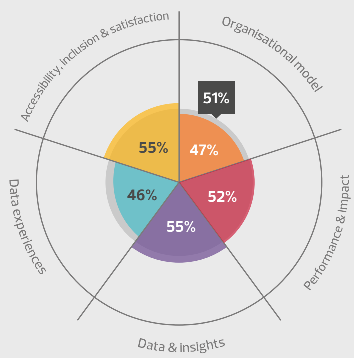


Operators in England scored higher on average (**52%**) than in Wales (**49%**) or Scotland (**46%**).

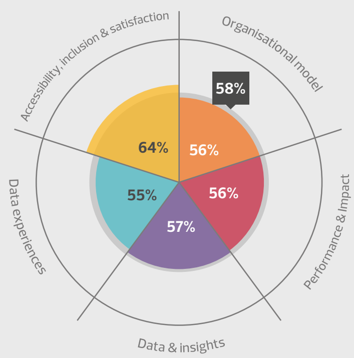
Private operators scored higher than public and university operators for all five digital categories, but **Data & Insight** scores came very close, demonstrating the advances made in this area by public and university operators.



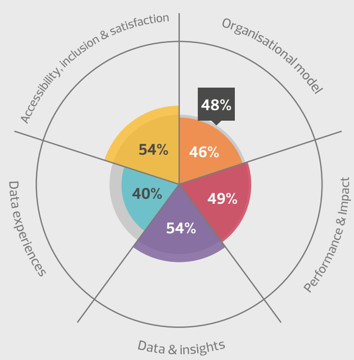
Public



Private

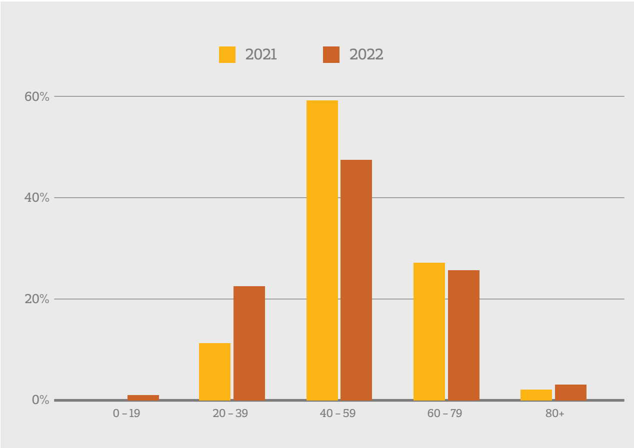


University

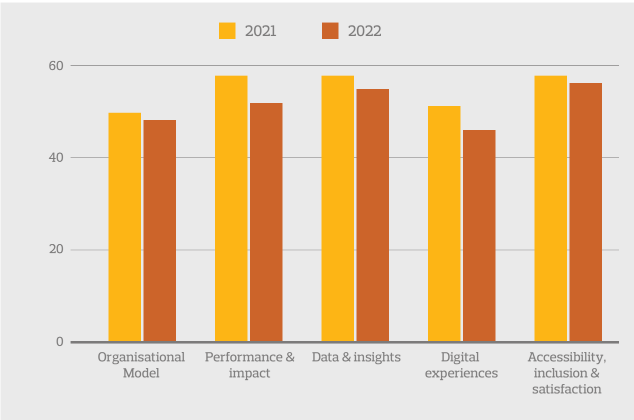


2022 vs 2021

While there were some higher-scoring operators in 2022 than in 2021, **24%** of operators scored less than 40 this year. In 2021, only 11% scored below 40.



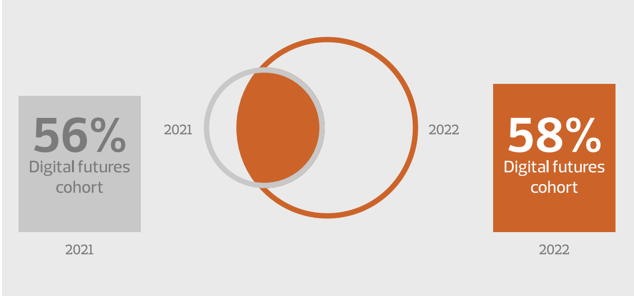
In 2022, all areas of digital scored **lower** on average than in 2021.



Digital Futures cohort – rising to the challenge

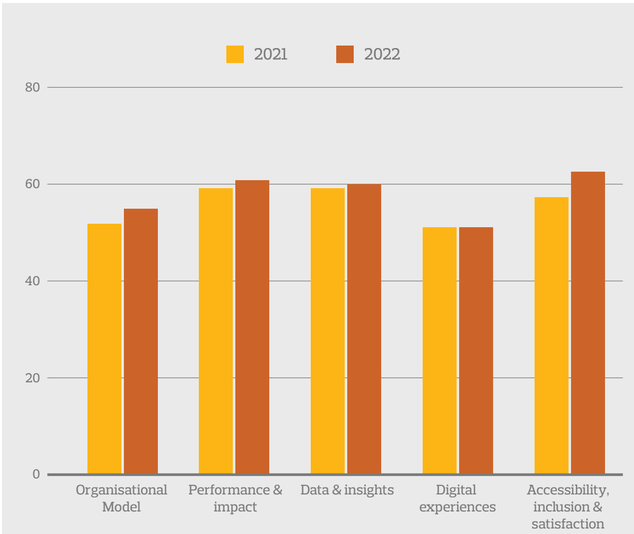
We're calling the 36 operators who participated in both 2021 and 2022 the **Digital Futures cohort** – and despite the overall sector average falling in 2022 vs 2021, these 36 operators scored **higher** on average this year than last.

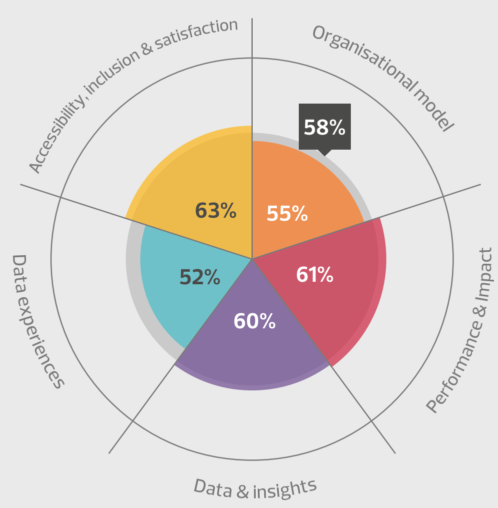
This significant result suggests that playing an active role in the Digital Futures programme over the past two years has helped operators increase their use of digital and amplify its positive impact on their performance. We encourage more operators to follow in the footsteps of the Digital Futures cohort into 2023, continuing to benefit from the support obtained through participation.



"We have made many significant improvements and reduced inefficiencies over the last two years, but will continue to strive to deliver new digital technologies for customers" – Digital Futures cohort member

On average across the Digital Futures cohort, all areas of digital consistently scored the same or higher in 2022 vs 2021.

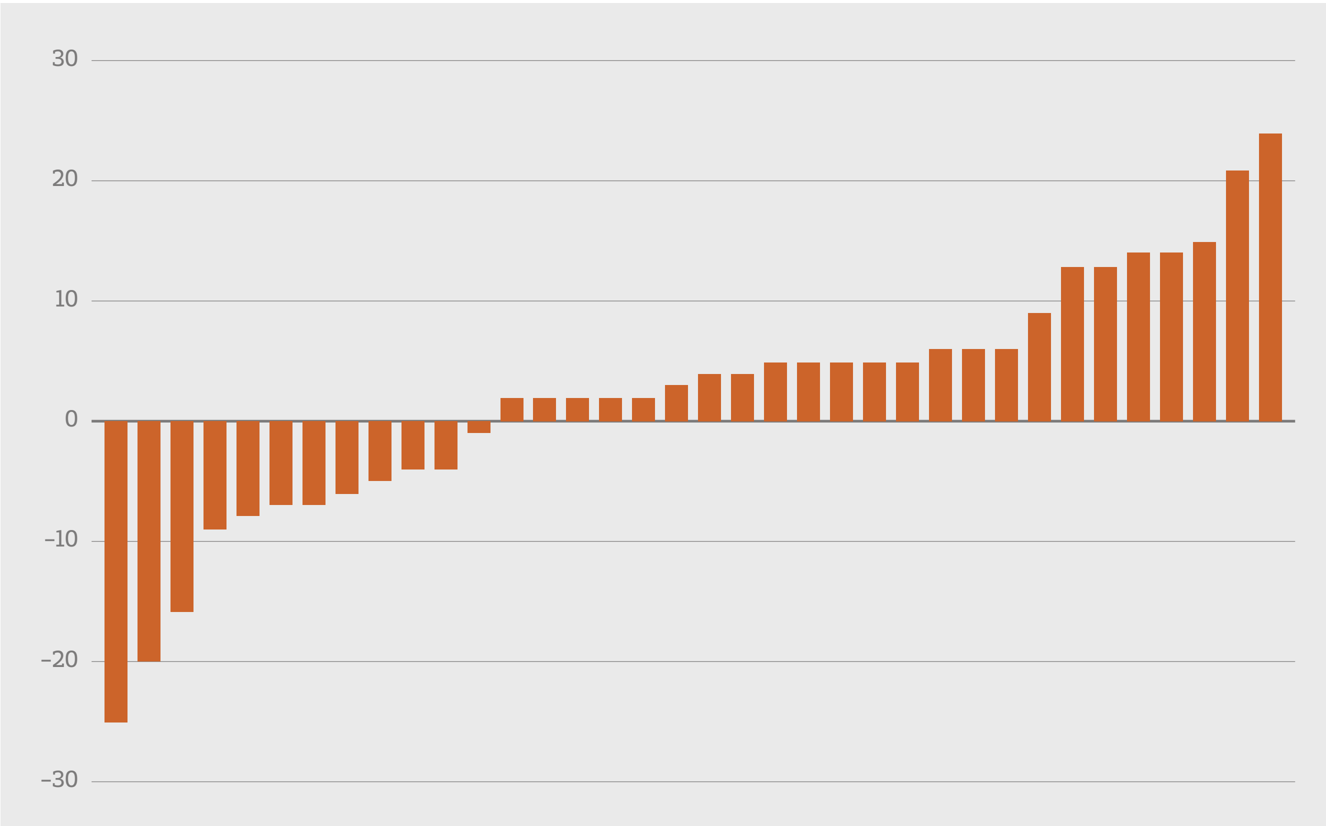




Looking at members of the Digital Futures cohort individually, however, while on average these operators have performed better, not all have. Some have even dropped far enough to be categorised at a lower stage of digital development this year compared to 2021.

The highest gain in 2022 was **+24** percentage points vs 2021. The greatest loss was **-25** percentage points. The question must be asked: Why are we seeing such big differences in just 12 months?

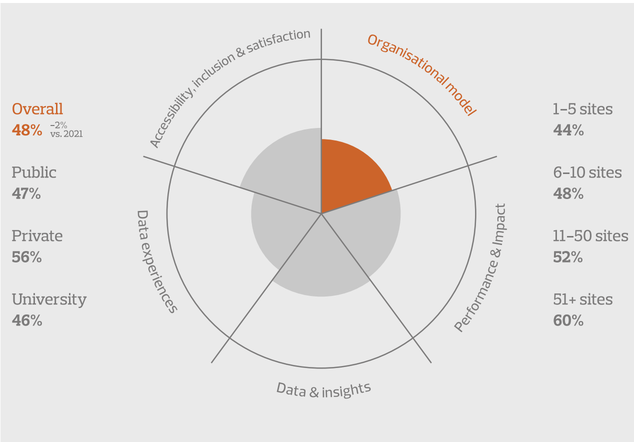
In some cases, operators have made huge strides in their digital progression. Others may have scored lower with greater understanding or personnel changes have resulted in greater variance. We continue to monitor year-on-year scores in 2023 and ensure the operators are supported to maintain and grow their score overall.



Organisational Model

In Digital Futures, the 'organisational model' measure looks at the structure, culture, people, infrastructure, processes and plans of an organisation, as fundamental to the success of any digital transformation programme.

This was the second lowest-scoring category overall, and the equal lowest category for operators of between one and five sites, highlighting gaps in the organisational set-up and level of digital strategy development within the sector.



Digital skills

In 2022, **48%** of organisations say a large proportion of their people are digitally-savvy and digitally-skilled (vs 41% in 2021). While more still needs to be done, this uplift is comforting to see, with operators now baking digital into their processes, training, recruitment and onboarding.

"When taking people on for a gym instructor role, the use of tech is part of it, so it's built into the induction for staff."

"Routinely putting data in front of management and frontline teams reinforces the value of digital."

A growing investment in digital

This year's results demonstrate a notably higher propensity to invest in digital, with **46%** actively and/or heavily investing (vs 34% in 2021).

Increasingly, organisations that have strategically embraced digital within their core leisure strategy – rather than seeing it as a separate entity – have also seen it pay off.

"COVID wasn't such a big hit, as we had put in place the right steps before."

"Leadership has a customer-first mindset, so they see the value of digital and will invest."

Challenges remain, however, including the digital literacy and mindset of some leadership teams. The prioritisation of leisure and digital within multi-service environments is another challenge.

"PA still prints out emails for leadership and dictates their emails."

"Just started a digital steering group across the council to try and collaborate."

Systems still failing the sector

85% say that at least some of the systems they have in place hold them back (vs 89% in 2021).

Legacy systems that do not integrate seamlessly with one another, and that do not fit with today's expectations, present both a cost and a logistical challenge, particularly when multiple systems are required to provide the best experiences.

Operators are still finding Leisure Management Systems (LMSs) particularly challenging to work with.

"All LMSs are painful in different ways. They are not current-age tech."

"Ambition to do more, but challenge is making sure the systems are in line with what we want."

"We want our LMS to think about the future, not just the now."

There is a cost and resource impact from changing systems, but operators that are upgrading to the latest cloud-based versions are better able to meet consumer needs. These scalable solutions enable quicker deployment, enhanced flexibility, reduced costs and increased insight, allowing organisations to meet the growing demands of both the consumer and business complianc.

"Our local infrastructure is moving to be closer to the customer."

Some larger operators are conducting bespoke development on platforms that the rest of the sector can then benefit from. In exchange for more cost-effective development and non-exclusivity, they are helping to grow the maturity of platforms for all.

"We pay for development that benefits the sector as a whole."

Digital strategy and process

42% of respondents in this year's consultation say they don't have a digital strategy (vs 30% in 2021). With the higher proportion of smaller operators this year, it isn't surprising to see a higher figure here. However, support is clearly needed to help more operators develop a digital strategy.

Only **15%** say they have a digital strategy that's up-to-date, complete, ambitious and supported with a roadmap.

Yet digital strategy is the cornerstone of digital transformation, outlining the parameters, processes and plan for ongoing, cross-departmental implementation. Without a digital strategy, digital improvements will only scratch the surface of what could be achieved.

"A digital strategy will be key to achieving our long-term goals. Increasing automation and improving the end-to-end user journey will be part of the vision."

It's therefore a concern that 42% still don't have a digital strategy. At the end of this publication, you'll find resources that support the development of a robust digital strategy that will set your organisation up for success.

The consultation also found lower scores in the area of process compared to 2021:

87% have automated at least some of their processes (vs 93% in 2021).

44% have an established approach for innovation (vs 57% in 2021).

One interesting finding is that 8% of organisations now use machine learning in automation (vs 0% in 2021). Although still a small percentage, it's good to see machine learning beginning to be incorporated into organisations' operational processes.

A call for collaboration

A simple and effective approach to supporting innovation within an organisation – and, indeed, across the sector – is working in the open.

In practising 'open working', we share as we are doing, creating open invites for others to also learn and provide early feedback, re-use if appropriate and build on to ultimately make better products for customers.

The third sector has a strong track record of open working, which you can read about in this Catalyst article. It's an open invitation for people to learn from work, re-use it, feel part of it, build on it and make it better.

Digital provision is falling

In 2022, **62%** of respondents provide digital products or services as well as physical ones (vs 73% in 2021).

As people return to exercise in physical facilities, some of the virtual services that were provided during the pandemic have been cut back – services where demand is low and/or where there's insufficient commercial payback. One participant commented that:

"The expectation is that you should have a digital studio and online classes, but actual usage is next to nothing."

This highlights a need for customer research and analysis to support the provision of relevant digital services. Multiple factors can affect digital product use, from marketing to the user experience, but undertaking customer research before and after launch can support the effective delivery of digital experiences that match customer expectations and optimise the outcomes from the investment.

Meanwhile, **90%** sell products and services online (vs 96% in 2021).

"Introducing ticketing for family swim in one transaction has been transformational for the business."

"Can join in the gym, but the manager will take you to the kiosk."

Leading by example

In contrast to sector averages, the Digital Futures cohort scored better in 2022 than in 2021 and once again outperformed the rest of the sector.

56% say a large proportion of their people are digitally-savvy and digitally-skilled (vs 48% of the sector overall and 42% in 2021)

58% actively and/or heavily invest in digital (vs 46% of the sector overall and 39% in 2021)

81% say that at least some of the systems they have hold them back (vs 85% of the sector overall and 89% in 2021)

14% are using machine learning in automation (vs 8% of the sector overall and 0% in 2021)

22% don't have a digital strategy (vs 42% of the sector overall and 36% in 2021)

Steps to improve your organisational model

1. Bake digital into processes organisation-wide
2. Work to improve digital literacy throughout the organisation
3. Invest in systems improvements
4. Develop a robust digital strategy
5. Implement customer research ahead of development

Performance & Impact

Digital Futures defines performance & impact as the ways in which digital is contributing to an organisation's commercial, social and other KPIs. It is not the growth of digital that matters, but the impact it has on metrics such as participation, income and cost-effectiveness.

The biggest fall

Performance & impact saw the greatest fall of all categories compared to 2021, highlighting the gaps in confidence among operators when it comes to connecting digital and business performance.

63% say their digital experiences play an important role for customers (vs 73% in 2021). This lower perception of importance from within organisations is somewhat at odds with consumer expectations, whereby consumers now expect a high level of digital engagement with all organisations.

As participants advised:

"Everyone expects you to be the same as Amazon."

"Digital engagement is not the north star, it's the baseline."

We've also seen falls in reported revenue and savings resulting from digital implementation, yet figures remain high, demonstrating great potential for further impact.

42% say digital accounts for at least half of their revenue (vs 49% in 2021).

89% say they make at least some operational savings through the use of digital (vs 93% in 2021).

Anecdotally, participants highlighted ways in which they make and report on efficiencies.

"We're saving with a central call centre rather than reception taking calls in each centre."

"Demonstrating tangible outcomes to savings drives more investment."

While all results within performance & impact have fallen since last year, the perceived benefit of digital implementations remains high.

91% say digital helps increase participation (vs 95% in 2021).

88% say digital helps increase retention (vs 96% in 2021).

88% say digital helps make a positive social impact (vs 93% in 2021).

66% say their use of digital supports the sector as a whole (vs 87% in 2021).

60% say digital will play a critical or central role in their future (vs 73% in 2021).

Digital Futures cohort

In contrast to the wider base, the Digital Futures cohort scored better in 2022 than in 2021 and once again outperformed the rest of the sector:

64% say digital accounts for at least half of their revenue (vs 42% of the sector overall and 58% in 2021)

97% say they make at least some operational savings through the use of digital (vs 89% of the sector overall and 92% in 2021)

86% say digital helps increase retention (vs 88% of the sector overall and 92% in 2021)

86% say digital helps make a positive social impact (vs 88% of the sector overall and 89% in 2021)

86% say their use of digital supports the sector as a whole (vs 66% of the sector overall and 89% in 2021)

Data & insights

Digital Futures defines this category as the collection and use of data to improve the relevance and quality of consumer experiences and drive value.

Data underpins digital: what is collected and how it is used is fundamental to delivering effective digital experiences, business intelligence, automation and capabilities for rapid growth.

This was the equal top-scoring category for public operators, highlighting the value placed on collecting, and harnessing the power of, data.

Looking in more detail at some of the findings in this area:

92% say they provide some personalisation to customers (vs 91% in 2021).

30% say they have a regular test & learn approach (vs 28% in 2021).

26% say they collect a lot of explicit data and managed it centrally (vs 20% in 2021).

13% say they collect a lot of implicit data and actively use it to drive insight and value (vs 14% in 2021).

62% say they go beyond the basics for data security and privacy (vs 64% in 2021).

73% say they do at least some automated reporting (vs 80% in 2021).

"It's enshrined in our business strategy to harness data for decision making."

46% say they regularly use data to infer or inform trends (vs 57% in 2021).

"We have a data science function within the business to draw intelligence from a very large customer data set."

"With 98.5% of users having an account, having the data has helped to put business cases together."

24% say they actively maintain and use an up-to-date customer database (vs 25% in 2021)

52% say they know about the needs and expectations of their customers, and 15% say they know about the needs and expectations of target non-customers – a new question for 2022.

But while one of the higher-scoring categories, the results and anecdotal feedback show there's still much to be done to help operators understand how best to use the data that's collected, and the benefits of doing so.

"The more data you have, the bigger the challenge with finite resource."

"We've been sticklers for the collection of data. Now we need to make sense of it."

40% say they consume or publish open data, while **23%** were not aware of open data – another new question for 2022.

"As a sector, we should drop the inhibitions to allow people to go to other operators if available."

Open data is data anyone can access, use and share, and there are growing rates of adoption of several open data standards that everyone in the sector can benefit from:

- **OpenActive** for session data [6]
- **Open Referral UK** for community services [6]
- **Active Places** for facility data [6]
- **360 Giving** for grant-making [6]

Only **27%** of private operators say they consume or publish open data, and only **13%** of operators without sites in England.

Digital Futures cohort

Once again, these operators scored better in 2022 than in 2021 and outperform the rest of the sector.

47% say they have a regular test & learn approach (vs 30% of the sector overall and 31% in 2021)

67% say they go beyond the basics for data security and privacy (vs 62% of the sector overall and 64% in 2021)

61% say they regularly use data to infer or inform trends (vs 46% of the sector overall and 53% in 2021)

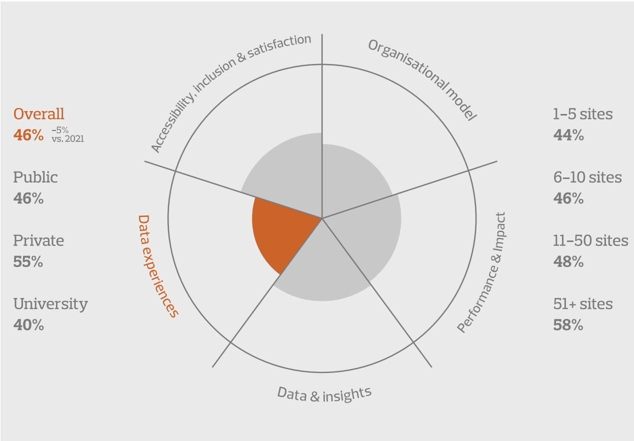
61% say they know about the needs and expectations of their customers (vs 52% of the sector overall)

58% say they consume or publish open data (vs 40% of the sector overall)

Digital experiences

Digital Futures defines this as a measure of how rich and thriving the organisation's digital experiences are – the owned and third-party interfaces that consumers engage with. Continuously evolving these experiences to meet the changing needs of target consumers helps these organisations remain relevant.

This was the **lowest-scoring category overall** – and the significantly lower-rated category for universities – highlighting gaps in the effectiveness of operators' websites, apps, social media, email and other digital experiences delivered to consumers.



"We spend a lot of time looking at the consumer landscape for digital fitness, but don't know what to bet on, and can't take the risk anyway."

"We just want things to work together seamlessly."

"We try to keep everyone happy with memberships, but end up making no-one happy."

"We host events, bringing digital agencies across the region to come in and hear about challenges etc. Don't want pitches that promise the earth and don't recognise the challenges."

33% say the majority of their digital experiences are joined-up (vs 30% in 2021).

68% say the usability of their digital experiences could be improved (vs 70% in 2021).

"We have a 'one-click finish' aim. Is the product or service easy to engage with and refer to?"

46% say they don't have much presence on third-party websites or apps, or don't know what presence they have (vs 52% in 2021).

32% say connected experiences are an established part of their offering (same as in 2021).

80% have an app (vs 91% in 2021).

Note that in a 2022 ukactive poll of gym and leisure facility members, which set out to understand consumers' digital usage patterns, 51% said they use their provider's app the most; 33% said the website; and 16% didn't use either. The figure for app use and preference rises to 60% among 16- to 24-year-olds and falls to 37% for those aged 55 years and older.

23% say virtual experiences are an established part of their offering (vs 27% in 2021).

17% say they continually and consistently invest in improving digital experiences and have a clear digital product roadmap (vs 20% in 2021).

40% say they aren't as active or effective on social media as they could be (vs 41% in 2021).

"We're rationalising 140 social media channels down to 40."

28% say they continuously monitor and invest in SEO (vs 36% in 2021).

82% say their web presence could be improved (vs 77% in 2021).

70% send regular marketing emails (vs 80% in 2021).

Digital marketing is a fast-moving area of communication with new or existing members, yet attracting the right talent to grow and manage your channels can be a challenge given the current skills shortage. CIMSPA's Digital Marketing Hub [5] is a free collective resource that can help you share techniques and grow digital marketing skills in-house.

It's a critical area, with Retail Week Connect's Retail Digital Spend Report 2022 [2] noting hyper-personalisation and increased relevance as a top priority for retail companies through front-end services.

"The number of regular Tesco Clubcard app users has increased more than fourfold over the past two years – to 9 million – and Tesco says customers are now using Clubcard on more than 75% of all UK Tesco transactions. In turn, this is allowing the grocery giant to improve the customer experience with personalised coupons and increasingly relevant rewards."

All of which makes this an interesting observation from Dave Birch, CEO and founder of Endurance Zone:

"Many companies attempt to drive loyalty and data capture to enhance personalisation through rewards. Many fail."

"Why? Loyalty is based on a feeling of value, and value is built on relevancy. A few generic discounts that aren't relevant just won't cut it. Consumers expect offers that are meaningful and personalisation takes this to another level, whether that's receiving rewards based on their favourite sports, exercise routine or even what their wearable tech tells us."

"But relevancy isn't just based on interests. It's based on what's important to the consumer. For example, with the cost of living increasing, operators have asked us to add thousands of savings on lifestyle and everyday purchases. These everyday savings could mean the difference between people cancelling or continuing with their membership."

"Ultimately, rewards need to be meaningful, creating value that keeps consumers coming back."

Digital Futures cohort

These operators scored better in 2022 than in 2021, outperforming the rest of the sector.

42% say the majority of their digital experiences are joined-up (vs 33% of the sector overall and 33% in 2021)

61% say the usability of their digital experiences could be improved (vs 68% of the sector overall and 75% in 2021)

31% say they aren't as active or effective on social media as they could be (vs 40% of the sector overall and 39% in 2021)

92% have an app (vs 82% of the sector overall)

28% say they continually and consistently invest in improving digital experiences and have a clear digital product roadmap (vs 17% of the sector overall and 19% in 2021)

Accessibility, inclusion & satisfaction

Digital Futures defines this as digital experiences that welcome, support, engage and satisfy all consumers. Digital is for everyone, so making it work effectively for all audiences is paramount.

This was the top-scoring category overall and the significantly higher-rated category for private operators, highlighting the importance they place on it.

Digital accessibility & inclusion is about targeting the issues at the heart of today's digital divide – the unintended consequence of progress, digital transformation and the evolution of modern life online.

We need to be mindful that when a product, service or customer engagement touchpoint becomes digital-only, we run the risk of excluding a large proportion of consumers – people who may lack basic digital skills, who may not have access to devices or an internet connection, or who may be disabled and in need of accessibility features and tools that must work seamlessly with your digital offering if they are to use it.

This digital divide is a growing area of concern, especially as more people could experience digital poverty in the current cost of living crisis. Designing and testing services with a diverse group of users is vitally important, to highlight any digital steps that might have been overlooked and might need changing, as well as identifying additional support requirements and/or alternative offline processes.

Participants in this year's consultation shared the following insights:

18% say they are talked about a lot online and it's largely positive (vs 14% in 2021).

39% say there are a lot of largely positive reviews and ratings online (vs 27% in 2021).

70% say they could do more to welcome and support people who are new to the sector (vs 77% in 2021).

69% run regular customer satisfaction surveys (vs 87% in 2021).

94% say they use digital channels for customer service (vs 97% in 2021).

83% say they could do more to make their digital experiences more accessible (vs 79% in 2021).

"High customer satisfaction ties back to being open and accessible online and offline, and acting on what we're hearing."

59% say they offer at least some support or alternative to digital engagement (vs 71% in 2021).

Importantly, accessibility can also mean harnessing digital to create more diverse offerings which in turn appeal to more people. Caroline Richings, co-founder of thriveologie, explains:

"Offering a more holistic approach will help us as a sector move away from merely helping the fit to get fitter. An alternative approach would be to deliver a blend of physical activity and holistic health and wellness content via channels that support existing and potential new members and drive a new image of the leisure sector, making it more inclusive and accessible."

If operators were to create this sort of diversified proposition, it would unleash a powerful new message that's a world away from the standard membership offers and generic service-based messaging. The opportunity would be there to motivate previous members to return, as well as to attract an entirely new community of members who may otherwise not have been interested.

Meanwhile, physical facilities could complement digital channels with a sort of accessibility that digital cannot replicate. As one participant put it: "Are we set up to welcome people in as a warm hub this winter?"

Digital Futures cohort

The operators of the Digital Futures cohort scored better in 2022 than in 2021 and outperformed the rest of the sector.

28% say they are talked about a lot online and it's largely positive (vs 18% of the sector overall and 14% in 2021)

44% say there are a lot of largely positive reviews and ratings online (vs 39% of the sector overall and 31% in 2021)

61% say they could do more to welcome and support people who are new to the sector (vs 70% of the sector overall and 81% in 2021)

67% say they offer at least some support or alternative to digital engagement (vs 59% of the sector overall and 64% in 2021)

Sector comparison

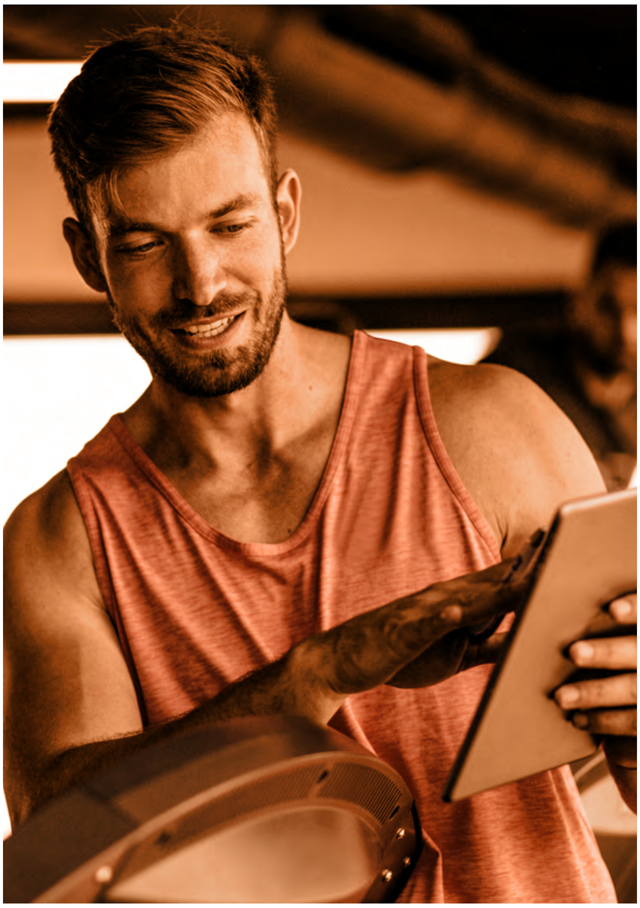
Our sector is not alone in facing these challenges, which means we can benchmark ourselves against other sectors too.

91% of operators have 'Essential Digital Skills', as defined by Lloyds Banking Group's 2022 [5] UK Business Digital Index.

93% of operators with 1-249 employees (SMEs) have Essential Digital Skills. This compares to 55% of SMEs in other sectors, although note that the proportion of SMEs with Essential Digital Skills varies by sector; consumer-facing sectors tend to score higher. Fitness and leisure falls within the arts & recreation sector – the highest ranked at 69% on average.

In the Lloyds survey, larger businesses (10-249 employees) also scored higher, averaging 80%.

76% of operators say they are advancing or advanced in digital (vs 56% of charities in the 2022 Charity Digital Skills Index). And **84%** say they are actively working to progress in the digital arena (vs 72% of charities).



In summary

We're delighted to have more than doubled participation in this year's digital consultation compared to 2021.

While the average score was 4 percentage points lower than last year, the top-scoring operators surpassed 2021's highs. Additionally, the Digital Futures cohort of operators, participating in both years, scored higher on average than in 2021, demonstrating fantastic impact from participation in Digital Futures.

Within the **Organisational model** area, there has been a rise in operators investing in digital, and in digital skills and mindsets, and we have seen the first operators using machine learning in business process automation.

However, importantly, fewer operators have a digital strategy, and systems are still holding operators back.

In **Performance & impact**, we have seen the greatest fall in scores from 2021.

In **Data & insights**, only half of operators say they know about the needs and expectations of their customers; just 15% say the same about their target non-customers.

In a new question this year, we learned that awareness and adoption of open data is low, particularly among private operators and those outside of England. This demonstrates a need for greater understanding of the benefits of a collaborative model that's fit for the future.

Digital experiences was the lowest-scoring category, with a lower proportion of operators this year investing in SEO, being happy with their web presence and sending regular emails.

In **Accessibility, inclusion & satisfaction**, we saw fewer operators offering alternatives to digital engagement, risking higher rates of digital exclusion.

However, digital skills adoption in fitness and leisure surpasses SMEs in other sectors. Furthermore, operators' own perceived stage of digital maturity and level of progression exceed those of charities and other non-profit organisations.

Overall, we're very pleased with the engagement and progress in digital we've seen this year, despite clear gaps and areas for improvement. We will continue to support operators in their digital growth and look forward to continuing this momentum into 2023 and beyond.

Recommendations

Overview

This year's consultation has highlighted the need for practical support, so operators can grow their digital maturity and effectiveness and better meet the growing needs and expectations of the consumer. If, as ukactive targets, our sector is to increase participation and grow membership by an additional 5 million paying members by 2030, we must begin to show sector-wide, year-on-year improvements in how operators harness digital.

The Digital Futures cohort of operators have demonstrated that being part of this programme is having a positive impact on their digital maturity, effectiveness and ability to keep pace with the consumer.

We encourage all operators to follow in the footsteps of the Digital Futures cohort by getting a digital score, working through the recommendations in this report and participating in future consultations. Together, we move towards our Digital Future.

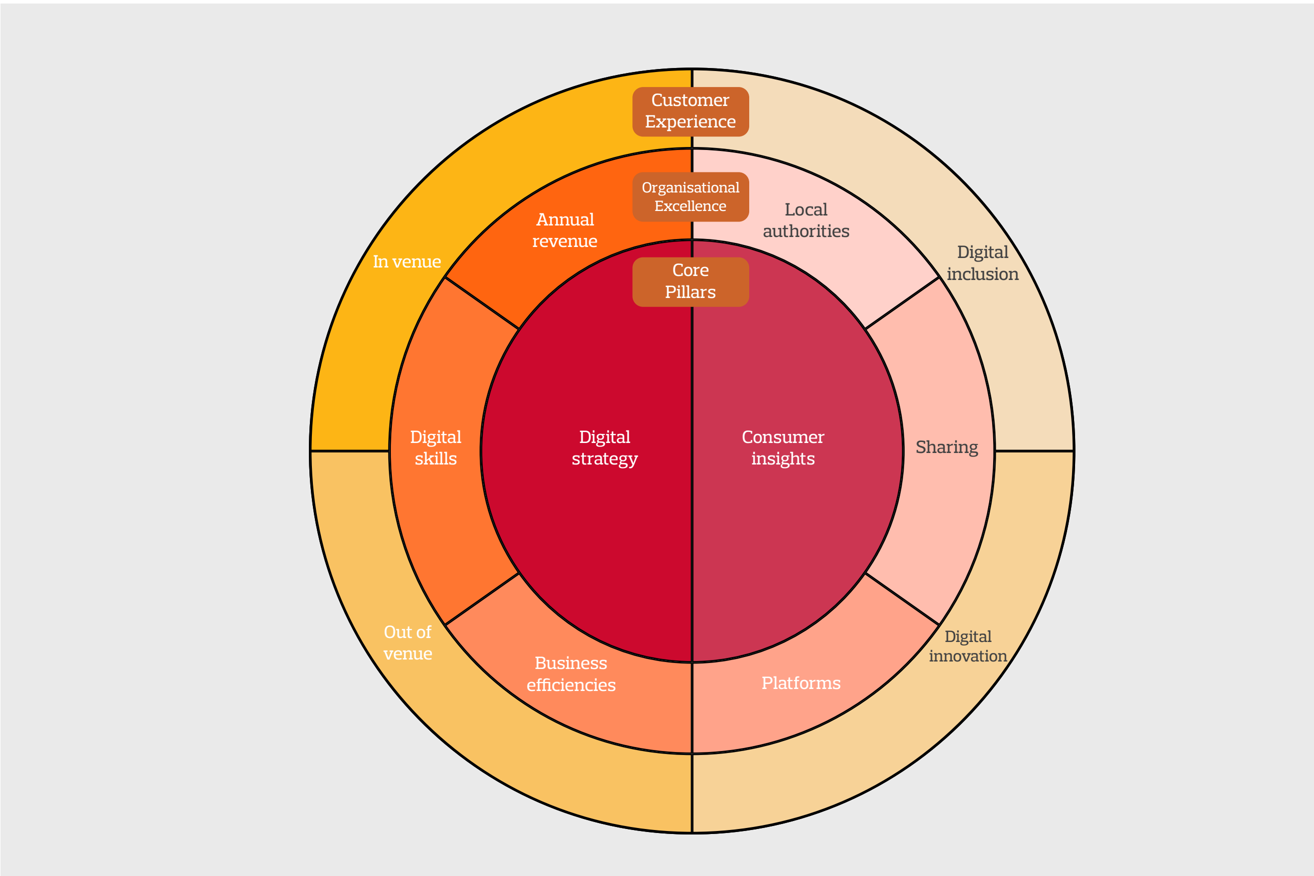
In last year's report, we focused on two key themes: **Collaboration** and **Simplification.**

Collaboration was about operators working more closely together, as well as with platform providers, other third-party providers, local authorities, National Governing Bodies (NGBs) and Active Partnerships.

Simplification was about reducing complexities in the sector, such as the volume of different membership types and products, disparities across different local authorities, and multiple versions of platforms.

While these themes are still valid and will continue to be explored in more depth in 2023/24, we recognise that operators need clear, actionable advice to improve their digital maturity and effectiveness. So this year, our recommendations are laid out in a way that's designed to support operators whatever their size, capability and current score.

We start with two core pillars from which all digital activity can be driven: **Digital strategy** and **Consumer insights.** There are then six recommendations for the delivery of organisational excellence, and four for the delivery of an exceptional customer experience.



Core Pillars

Developing a digital strategy

60% of operators said digital will play a central and/or critical role in their future, yet only 15% have a digital strategy that's up-to-date, complete, ambitious and supported with a roadmap.

Putting a strategy together is the first step towards growing your digital maturity and effectiveness. There's no one-size-fits-all, but one common factor is that a digital strategy should connect with your overall business/leisure strategy.

In developing your digital strategy:

1. Get input from across the organisation. Digital is not merely the responsibility of the digital or marketing team.
2. Create a living, shared online document that's easy to digest, understand and maintain.
3. Establish a digital vision that everyone can get excited about and want to participate in working towards.
4. When it comes to digital, link what you do and how you prioritise it to broader organisational goals. Don't just chase after the latest shiny technology.
5. Establish a digital roadmap that's achievable, not just a wish list.
6. Revisit your digital strategy at least quarterly to ensure you're reflecting changes in the market, the consumer and your organisation.

"Based on our digital score, we knew we had to establish a dedicated digital strategy to run alongside our leisure strategy. Now in place, our digital team and our managers have a clear focus for harnessing what digital can offer" – Pembrokeshire Leisure

See our white paper on digital strategy for more tips and examples [1].

Gaining consumer insights

In last year's report, we highlighted the need, as a sector, to better understand our customers and target group non-users; when we know more about consumer attitudes and behaviours, we can improve the digital experiences we offer and positively influence acquisition, retention and revenue.

This year, we asked a new question to gauge and benchmark operators' understanding. Just over half said they knew about the needs and expectations of their customers; only 15% said the same about their target non-customers.

Consumer insights tool
ukactive has recognised the need to support operators with consumer insights at a national level. This year, we have started a consumer consultation with a nationally-representative sample of adults (aged 16+) which will be continued on a regular basis and available for use by the sector.

Digital questions are included as part of this consultation and can be broken down by age, gender, ethnicity, region, disability status, socioeconomic group and gym/leisure facility membership status.

Conducting research
We also encourage all operators to conduct their own research at a local level, among existing customers and, ideally, target group customers and non-users too.

This can be through regular Net Promoter Score (NPS) or other surveys, customer forums and feedback opportunities in-venue, and via digital channels. Insights can also be gained through implicit data collection such as access control, website and app analytics.

Personalisation
In an ideal world, operators would personalise all digital experiences to each individual based on what they know about their needs and preferences. In practice, this is hard to achieve and takes time: while 92% of operators said they provide some personalisation to customers, only 17% said they provide a significant level, and only 2% an advanced level that continuously learns and improves.

As a starting point, we recommend identifying a set of customer personas: fictional profiles that represent different types of customer, their drivers and goals, digital adoption and typical use of fitness and leisure facilities. These personas can then be used to identify the most effective channels and communications to engage each customer segment.

As a starting point, we recommend identifying a set of customer personas: fictional profiles that represent different types of customer, their drivers and goals, digital adoption and typical use of fitness and leisure facilities. These personas can then be used to identify the most effective channels and communications to engage each customer segment.

Moving towards this sort of customer-centric mindset equips you to deliver what people demand and expect. Commercial performance will follow.

"From research, we knew it was often difficult for customers to find answers to basic information, placing barriers in the way of their fitness journeys. We rebuilt our website, working closely with our customers to ensure their needs were placed at the heart of our design" — Parkwood Leisure

"The more you understand, the greater the experience you can deliver, using technologies such as Artificial Intelligence and Machine Learning to blend unique information on each customer and rigidly capture and process every interaction. This ensures a memorable brand experience as well as consistent, predictable business outcomes" — Jon Dickson, Keepme

"Our customer NPS survey found the number one issue raised was queuing, and the time taken to enter the facility. We set about creating a customer journey that focused entirely around enhancing the members' entry experiences" — Active Newham

Our previous paper makes for good additional reading on this topic: ukactive digital paper – Digitally Fit – Rising to Consumer Demand for the Connected Digital Experience [1].

Organisational excellence

Growing digital skills and mindsets

Fewer than half of operators (48%) say a large proportion of their people are digitally-savvy and digitally-skilled.

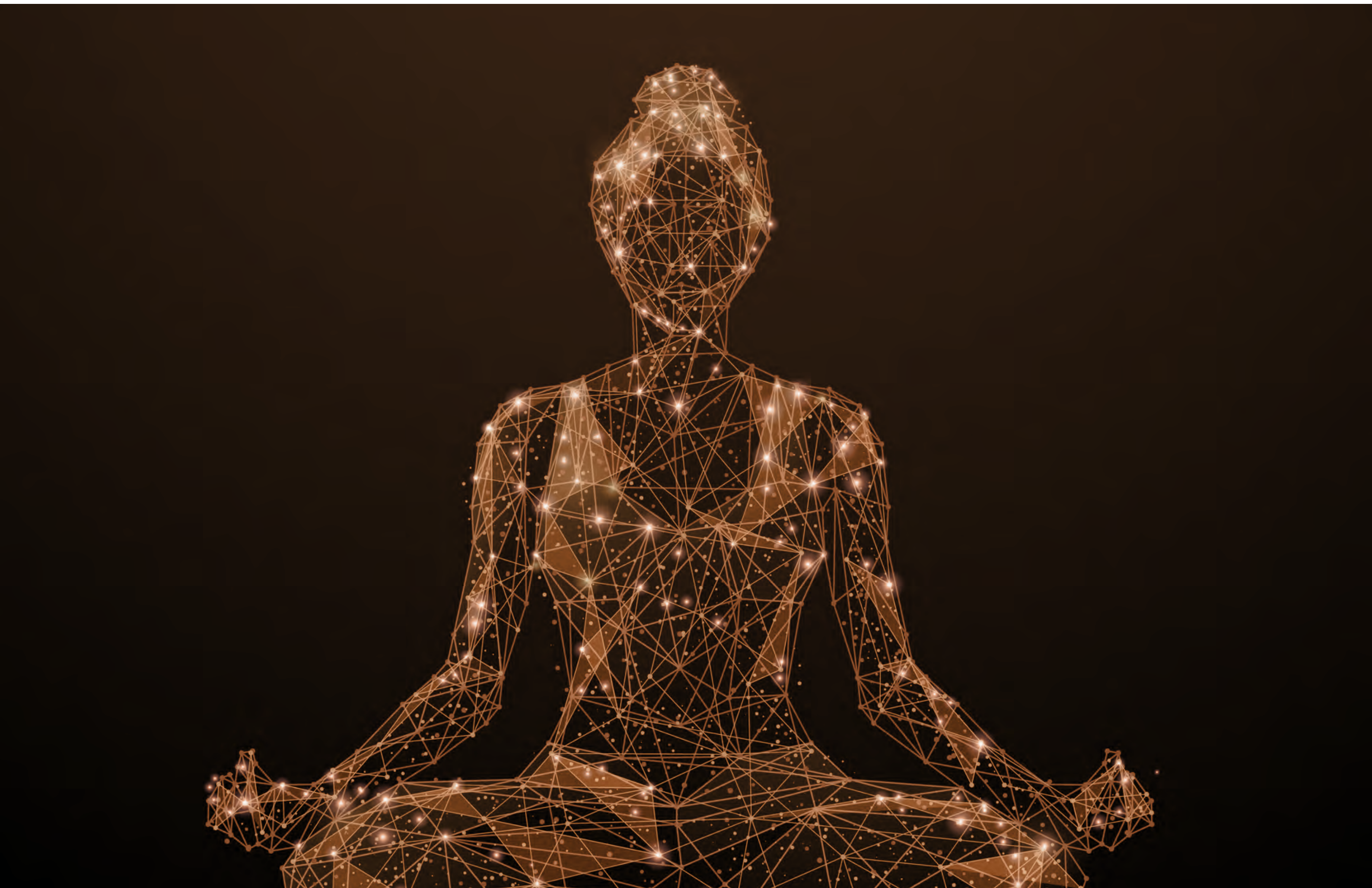
However, digital is no longer something just for the IT and marketing teams to understand and use. It impacts the whole organisation, from customer-facing staff through to the leadership.

Although we perform well in digital skills adoption compared to other sectors – according to the Lloyds Essential Digital Skills benchmark – there's still a clear need to educate and support all staff in digital knowledge and skillsets. And the good news is, a lot of online training material is freely available, from CIMSPA's Digital Marketing Hub [5] to the Lloyds Bank Academy [5].

Mindset and culture can be a tougher change to bring about. Some staff may fear digital, thinking it will take away their jobs or expose their lack of understanding. Others may simply feel it isn't part of their job description to know or use digital. Leadership may not have sufficient understanding, particularly of the potential returns, to commit to investment in digital; they may even have been stung in the past with investments that haven't delivered, so trust can be an issue.

To improve understanding and buy-in for digital:

- Build up trust and commitment via smaller digital projects that can tangibly demonstrate impact, before expecting larger investments to be made.
- Embed digital ways of working within your processes, recruitment and onboarding. If it isn't part of the day-to-day, it won't be adopted.
- Find champions of digital across your organisation who can attract and entrust others to join them.
- Your customer-facing staff also need to support your customers in adopting digital. How can you equip them to do so?



Working with local authorities

Public operators – either run directly by a local authority, or indirectly by organisations that operate multiple local authority contracts – are a significant segment of the sector.

Working with local authorities can be challenging. Leisure has to compete with other services, many of which are statutory and thus prioritised over leisure. Additionally, resources can often be shared across a local authority – and in some cases, the platforms and policies used by a local authority are restrictive and unsuitable for the competitive leisure market.

For those working with multiple local authorities, the complexity of managing different requirements from one authority to the next can further slow progress and add to the cost of providing services.

But there are some examples of best practice:

"As a result of the COVID pandemic we had to implement a number of digital measures, these measures allowed customers to access their centres safely, and significantly, also enhanced their digital experience. Post COVID many of these measures have remained in place and have become business as usual. Without the willingness of our clients to work in new ways, in true partnership, these would not have been either implemented or continued. Today this spirt endures which has proven to be successful for all parties in creating new digital experiences and getting communities active". – Ben Beevers, Everyone Active

Improving relationships

- We encourage operators to foster a close working relationship with local authorities – particularly IT and data governance teams, people teams and budget holders – and to share examples of where greater collaboration has improved experiences.
- Through close engagement, many operators have been able to separate leisure from the rest of their council's brand, services and digital channels, while still benefiting from some shared resources.
- Involve IT and data governance teams in the development and maintenance of your digital strategy. It's harder to get buy-in and adoption later.
- Connect with, and share best practice with, other local authority-run operators. ukactive is conducting a series of forums to support such operators in 2023. Get in touch if you'd like to participate.

Performing with platforms

Leisure Management Systems sit at the heart of operators' digital ecosystems and enable a rich set of functionality for both customers and organisations.

However, with 85% of operators saying that at least some of the systems they have in place hold them back, we know that LMSs and other platforms remain a barrier to delivering the digital experiences that operators want to deliver – and that their customers expect, with the recent acceleration in digital transformation of other industries raising consumer expectations across the board.

The challenges being faced by operators in this area also highlight the importance of a secure system. This is where leading cloud-based systems come into their own in the fitness and leisure industry, as Gladstone's Claire Rollins explains:

"By undergoing transitions to cloud-based systems, LMS providers will be able to provide the highest levels of performance, security and reliability while driving innovation at rates not possible when maintaining multiple versions of software."

"Forward-thinking operators are embracing the change and paving the way for others to follow suit. For those more reluctant to leave behind their traditional software, we're asking operators to think about their long-term vision. Where do you see your organisation in five or 10 years' time? What experience do you want your consumers to be having?"

ukactive is working in partnership with all the major LMS and other platform providers to ensure they continue to help operators move forward digitally.

We also encourage operators to liaise directly with their existing platform providers, challenging them to overcome any specific challenges they face and building a plan together. In practice, it's likely that other operators have experienced something similar and that a solution already exists.

Speak to other operators, too, who may have found creative solutions using APIs (Application Programming Interfaces) and different front-end interfaces, for example.

And stay curious to what else is in the market. There's a new generation of platforms emerging that are challenging the traditional players – a healthy signal for the sector as a whole. The latest cloud-based versions of platforms come with more features and stability, and this is where future investment lies.

If you're on an older version and the upgrade path requires more budget, ask your provider to support you in making the business case and getting it approved. Once providers can focus on just the latest version of their products, they will be able to move faster and keep pace with consumer and operator demands.

Creating business efficiencies

The vast majority of operators (89%) say they make at least some operational savings through the use of digital. Yet with only 8% saying they continuously optimise their operational efficiencies or use machine learning to accelerate operations, there's clearly more that can be done.

Mapping your existing processes – joining, booking, entering your facilities, amending personal details etc – is the first step towards incorporating more automation. What are the sticking points where you currently have to manually intervene? What's the impact on staff and/or the customer at these points? What's the cost involved to manage this process?

Then consider what could be improved through automation and self-service. What benefit would it bring to customers and staff? Can it be achieved with your current systems or do you need to look elsewhere? What are the capital and operational costs of these changes?

Once you've identified where opportunities exist and prioritised them based on cost and benefit, implement the changes, educate your customers and staff and monitor the impact.

Further improvements could involve optimising performance rather than simply automating processes that were previously manual. How can you improve the usability and speed of the joining process? How can you improve retention through targeted notifications and communications? This is where leading operators are starting to use machine learning, harnessing the collective data they have on consumer behaviour.

Benefits of sharing

Operators can sometimes focus on their own activity, keeping plans confidential from others; ours is, after all, a competitive market. But it's also very regional, meaning most operators aren't in direct competition with each other. Even where they are, there can be mutual benefits in sharing.

Many of the challenges you face are shared by other operators. What can you learn from them? Could you better challenge your provider, adding weight and gravitas to your argument, if multiple operators were also demanding the same change? Could you share development costs between multiple operators?

And are you harnessing the power of open data? Open data enables operators to, for example, share details of their facilities and classes, which in turn enables other organisations to promote those services to consumers who might otherwise not know about them. It's a benefit for consumers, operators and society, yet fewer than half (40%) of operators say they consume or publish open data, and just under a quarter (23%) were not even aware of it.

Find out more about open data at OpenActive, Open Referral UK, Active Places and 360 Giving [6].

Annual (and anytime) review

The Digital Futures 2022 study presents our sector with an updated benchmark for digital maturity and effectiveness, following the first review conducted in 2021.

Moving forward, to measure year-on-year growth of digital maturity and effectiveness, ukactive members will be able to complete an annual survey, get their score and be supported with recommendations – all through the Digital Futures initiative.

In addition, operators can get an initial or updated score instantly, any time, using the free tool (available here) [1] which shows past performance scoring with recommendations. This will be enhanced throughout 2023; ukactive welcomes feedback and suggestions.

Rewrite Digital also offers all participating operators a free 30-minute consultation to discuss their digital score, and it has already been helping a number of operators to develop and implement their digital strategies. Contact Jon Reay at Rewrite Digital for more information: jon@rewritedigital.com

Customer experience

In-venue digital experiences

Digital plays a significant role in the in-venue experience.

Access control gates are now in place or being installed at most facilities, allowing customers to swipe their fobs or cards or scan QR codes to gain access to venues, and even specific areas within them.

This gives operators live reporting on usage, as well as individual customer insights that can be used to enhance the experience through things like personalised communications. Added to that, not having to queue improves the customer experience in itself, and frees up staff to add value elsewhere.

Meanwhile, when facilities reopened from the pandemic, operators didn't only have to cater for the increased demand for 'any time, anywhere' digital engagement. They also had to provide compelling reasons to attend in-person rather than just working out at home – and although the personal touch was what many returning customers were looking for, digital touchpoints in-venue have been important in creating those compelling reasons.

With the latest fitness equipment, customers can track their workouts and get visual, instructor-led tutorials on their phones. They can compete against their own targets, with others in the gym or with friends and peers anywhere. In virtual studios, they can join a class using high-quality equipment courtesy of their gym, taking part alongside thousands of other participants, not only those physically next to them.

Consumers now expect high levels of digital engagement within fitness and leisure venues. Are you doing enough to keep them coming?

Out-of-venue digital experiences

A visit to the gym or leisure centre is only one part of a customer's health and fitness life. You're competing not just with other physical facilities, but with the likes of Nike and Apple too.

Digital is the key here, allowing you to be with your customers at all times, not only when they visit your facilities. It can help you attract new members too, through digital marketing that includes virtual tours on your website and promotion via social media.

Other considerations include:

- Making your services available to book and self-serve online.
- Considering how you help people plan their visits. Can you show live capacity data, for example?
- Considering the creation of hybrid solutions, such as the ability to track at-home fitness activities alongside activities that take place in your facilities.
- Considering which classes you could provide virtually, whether live or on-demand.

Be mindful, however, that the goal of the consumer is to spend more time enjoying sports and leisure; modern leisure management solutions should focus on enabling this, not standing in the way. The objective must be to provide a digital accessibility level on a par with any top-rated consumer app.

By simplifying the user experience, processes will be faster and data errors reduced. But more importantly, users will be more satisfied, meaning more people will engage with your digital offering.

Digital inclusion

Citizen Online defines digital inclusion as ensuring the benefits of the internet and digital technologies are available to everyone. Digital inclusion can therefore cover several areas:

1. **Connectivity and devices:** Access to the internet through broadband, wifi and mobile, as well as computer, smart TV, tablet and smartphone. People need the right infrastructure, although that's only the start.
2. **Digital skills:** that is, knowing how to use computers and the internet. Remember, though, that a lack of digital skills is not necessarily the only, or even the biggest, barrier that people face. Confidence to go online, understanding the purpose of doing so, and fear of online crime can also deter people from learning the skills to get online.
3. **Accessibility:** Services need to be designed to meet all users' needs, including those dependent on assistive technology to access digital services.

As digital access, skills and confidence improve, it's increasingly important to also tackle additional barriers that inhibit digital inclusion. Collectively, these all impact the customer experience and can occur in several areas of the delivery:

1. **Awareness or discoverability:** Not every customer is aware of the digital services and products on offer or the support available to them. They can struggle on their own and fail to complete the tasks they're trying to do.
2. **Design:** Not all digital services and products are accessible or easy to use; many should have undergone more rigorous user testing with a diverse pool of people.
3. **Staff capability and capacity:** Not all staff have the skills or even the knowledge of how the front-end user experience feels online. They may not therefore feel equipped to handle frequent customer queries; guidance notes may help.

If you would like to learn more about digital inclusion, we would recommend:
Digital inclusion how to guide by Good Things Foundation
Government Checklist for Digital Inclusion
Digital Poverty Alliance Global Community Hub [3]

AbilityNet – What is Digital Accessibility?
Digital Accessibility Centre [4]

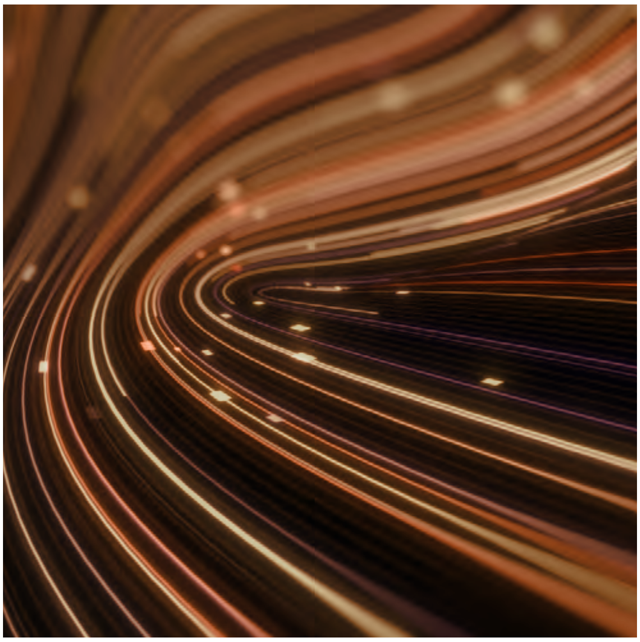
Government Guidance for Digital Accessibility [4]

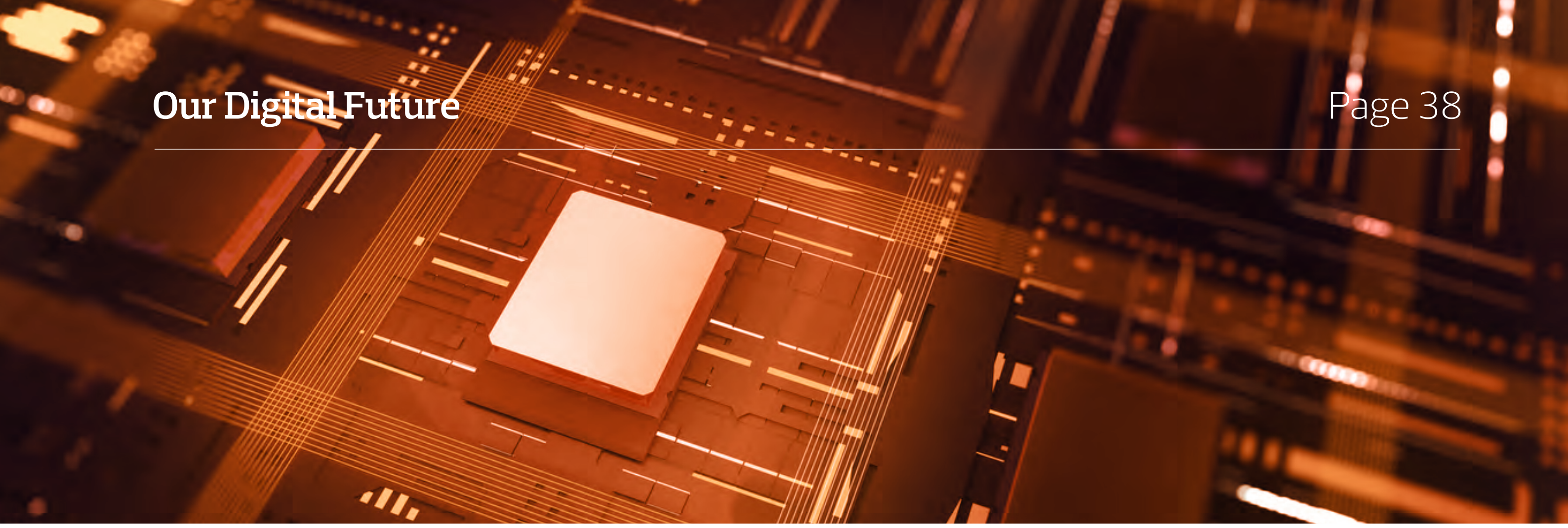
Find your digital innovation

Many operators have strived to be 'the best' or 'the first' at something, or else 'the largest' in their area or nationally. And this can, of course, help you stand out from your competitors and shape exceptional customer experiences.

But not all innovations have to fit this model: even the smallest innovation can have a big impact on outcomes.

So, what's your digital innovation? Find something you can own – something that can help position you as a digital leader with your members, your staff and the sector at large. It needn't cost the earth.





Our Digital Future

Alex Peacock, founder & CEO, Leisure Labs

When speaking about the future of digital, it's easy to conjure up images of virtual reality, artificial intelligence and cryptocurrency trading. But Web3 isn't just about the metaverse. Artificial intelligence isn't just about self-driving cars. At the heart of both of these emerging technologies is one dominant trend: hyper-personalisation.

According to the Web3 Foundation, the true definition of Web3 is "a decentralised and fair internet where users control their own data, identity and destiny". As we move away from Big Tech Web2 dominance and towards decentralisation and user control, consumer-first experiences will become the norm. Over the next two to three years, consumers will come to expect technology that better anticipates their needs and provides them with a tailored experience as standard.

As indicated in this latest Digital Futures report, only 13% of operators are currently using data to drive insights, while two-thirds do not provide a joined-up digital experience. Yet interconnected digital systems and effective use of data to drive insights are the essential foundations of a user-centric digital experience. The sector will need to make a far more concerted effort in these areas if it is to keep pace with consumer expectations.

Over the past few years, the banking sector has shown us all how to move to a consumer-first approach. In a highly regulated industry – one that was traditionally reliant on physical transactions and extremely manual processes – digital-first 'challenger' banks completely disrupted long-established norms. The process of opening a new bank account, for example, was historically time-consuming and onerous. It's now possible to do it entirely online in a matter of minutes. Regulators in the UK have driven interconnectivity and decentralisation through the Open Banking initiative, putting the consumer in control of their own banking arrangements.

The good news is that artificial intelligence (AI) and machine learning (ML) are becoming much more commonplace: according to Forrester, AI/ML and automation will account for almost one in 10 new jobs in the US by 2025. And this means that data science and machine learning will be available at scale, allowing organisations of all sizes – and across all sectors – to leverage these technologies more effectively and at a reasonable cost.

"Technology isn't going to replace human interaction. But it will allow for better – and cheaper – process automation and data-driven insights, giving 'superpowers' to team members which will allow them to deliver a better, more personal experience to members."

Meanwhile, as operators continue to replace antiquated software systems with more flexible, scalable, cloud-based alternatives, much better connectivity will be facilitated between different parts of the digital ecosystem.

While only 17% of operators featured in this survey are currently committed to continuous investment in their digital platforms – all supported by a roadmap of future development – this will become standard in the future.

"Understanding emerging technologies shouldn't be a strategy leap. Evolution over revolution will mean that fitness industry professionals can, over time, pick and choose where to 'be' in this exciting new space, and where to remain traditional." – Leon Rudge, global head of product, Myzone

Conclusion

This is the second report into the sector's digital maturity and effectiveness, and it has been encouraging to see increased participation this year. This forms a foundation and baseline from which we can build out findings and recommendations.

Despite a slight reported decline in overall maturity, participation in the consultation has shown a growth in understanding of digital transformation and a more accurate view of what leaders know and don't know.

The Digital Futures cohort of operators have increased their digital maturity and effectiveness, which lends even greater credibility to the work of the Digital Futures programme. The leaders of this cohort are showing themselves willing to expand their digital mindsets and understand how interventions can be deployed successfully.

This year's increased participation, along with the findings from the Digital Futures cohort, enable ukactive and Sport England – in collaboration with the Digital Futures Group and contributing operators – to further support the application of digital within the sector, to in turn enhance consumer experiences and provide commercial and social benefits.

It's hoped that the 2023 consultation will see even greater participation, providing an even truer reflection of the digital maturity and effectiveness of the fitness and leisure sector. Further benchmarking against other sectors, as well as other leisure territories outside of the UK, will provide additional insight, inspiration and learnings.

Many operators have suggested a broadening of the digital survey to other ecosystem organisations such as the Active Partnership Network, National Governing Bodies and Community Leisure. These organisations form part of operators' requirements and service provision, so their use of digital is a key factor.

The consultation process and ukactive's membership events have also provided several further recommendations on how the programme can support knowledge upskilling. This includes sharing of case studies and successful business case submission, a marketplace of proven delivery by suppliers through commercial case studies and an acknowledgement and willingness to explore with suppliers commercial not compete shared development costs to accelerate experiences.

Finally, we encourage all operators to join us in the Digital Futures programme as we move into 2023. Together, through greater use of digital, we will get more people, more active, more often.

"The industry's digital transformation journey presents an incredible opportunity for businesses to thrive commercially, whether through efficiency improvements or enhanced customer experiences and reduced friction when engaging with products and services."

"But more important than ever is the need to move from isolated uses of digital to holistic, ecosystem approaches that increase engagement, boost motivation and make wellness and health services accessible and hyper-personalised for all, ultimately helping people live better, healthier lives."

"At Technogym, we work every day with a strong commitment to help the industry grow and be even more relevant for people and communities." – Nerio Alessandri, founder & CEO, Technogym

References

Digital Futures exists to help steer your digital transformation in the right direction, providing knowledge, tools, access and support to guide you towards your digital North Star.

Throughout this document, we have outlined a range of resources, reports and examples which we collate here for your ease.

[1] Digital Futures resources
ukactive Digital paper – One Step at a Time – Importance of a Digital Strategy
ukactive digital paper – Digitally Fit – Rising to Consumer Demand for the Connected Digital Experience Get your Digital Score

[2] Cross-sector
2022 Digital July Global Statshot – we are social/hootsuite
Retail Week Digital Spend Report
Charity Digital Skills Report 2022
Lloyds Bank UK Business Digital Index 2022

[3] Inclusion
Digital inclusion how to guide by Good Things Foundation
Government Checklist for Digital Inclusion
Digital Poverty Alliance Global Community Hub

[4] Accessibility
AbilityNet – What is Digital Accessibility?
Digital Accessibility Centre

[5] Online training
CIMSPA's Digital Marketing Hub
Lloyds Bank Academy
Digital Leaders

[6] Open data
OpenActive
Open Referral UK
Active Places
360 Giving

Participating in the Digital Futures study gives you access to a benchmarking tool, further guidance and a consultation with Rewrite Digital for a deeper analysis of your digital metrics. Find out your digital score here [1].

With Thanks

This year's digital review of the sector would not have been possible without the generous support of the following organisations:

Sport England
For funding, promoting and consulting throughout.

Scottish Leisure Network Group
For promoting and supporting the consultation across Scotland.

Digital strategic partners
For their continued support on this and other ukactive programmes.

Digital contributor partners
For being part of the steering group on this programme.

Big Bee Content
For collating and crafting the content of this report and other Digital Futures publications.

Participating fitness and leisure operators
For contributing to interviews and surveys: The Gym Group, Anytime Fitness, Glasgow Life, South Lanarkshire, Leisure Focus, Places for People, Active Nottingham, Everybody Leisure, BHLive.

ukactive
ukactive is a not-for-profit body of 3,500 members and partners from across the UK active lifestyle sector. Members represent the full spectrum of the activity sector, from local leisure centres to multinational brands, from facility operators to activity providers working out of community centres.

ukactive is committed to getting more people more active, more often, and to working with any organisation that shares this goal.

Rewrite Digital
Rewrite Digital is a strategic consultancy that helps organisations keep pace with digital change. Its comprehensive framework for measuring digital maturity and effectiveness enables organisations and sectors to see where they are now and where they need to head, and to benchmark themselves with peers and over time.

Rewrite Digital has partnered with ukactive and the Digital Futures programme since 2021 to conduct annual digital reviews of the fitness and leisure sector, report on the findings and support the sector and individual organisations in growing their use of digital.

Rewrite Digital also works with the likes of Digital Leaders and Lloyds Banking Group to support greater digital adoption from all organisations and their people.

More people
More active
More often