

# The Effectiveness of Different Types of Interaction on Membership Retention



[www.trpcem.com](http://www.trpcem.com)

# Does It Matter What I Say?

On numerous occasions we have shown that if fitness staff interact with members they retain their membership longer compared to those members with little or no interaction. When presenting these results we frequently get asked “does it matter what I say?” Therefore, in this article we examine different types of interactions and whether or not they are associated with differences in retention rates for members who are identified as high risk for cancelling.

## Data and analysis

All of the clubs who took part in the study used a system with a sophisticated algorithm that calculates risk-of-dropout. Using the system, the fitness staff recorded five types of face-to-face interactions and regularly reviewed the ‘who’s in’ page where they could see all members who were present in the club. Members were clearly displayed including their photograph, risk of dropout and any recent interaction history with staff at the facility. Armed with this information, the staff could locate members at high risk for cancellation, have a conversation with them and then quickly and simply record the main points of each conversation on the software.

In this article we will examine the effect of each interaction type described in Table 1. Comparisons will be made between members who, in a given month, made a high-risk visit and did not receive any interaction and members who made a high-risk visit and received one of the five types of interaction listed in Table 1 (overleaf).

Data for analysis included 13,722 members with join dates between June 2010 and January 2012. Members were followed up for cancellations between 1 and 14 months after joining (depending on their join date), during which time 8,700 members cancelled their membership.

## Results

Overall, 85% of members made at least 1 high-risk visit during the life of their membership at an average of 1 per month. Between them, the 13,722 members accumulated 33,468 high-risk visits. Approximately 50% of these visits included an interaction of some sort.

In addition:

- 68% of all interactions led to a subsequent visit within 7 days of the recorded interaction

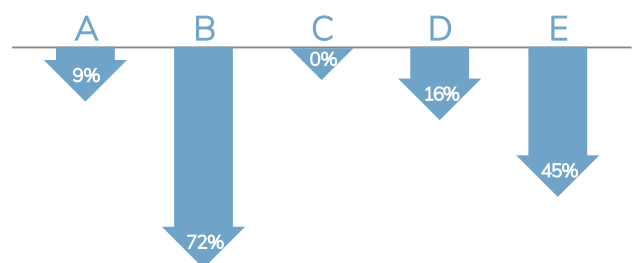
- 74% of all interactions where the member committed to attend again on a specific date led to either a visit on the specific date or within 7 days of the interaction
- 29% of all interactions where the member committed to attend again on a specific date led to a visit on the specific date

We can conclude therefore that interactions with high-risk members, particularly ‘commitment interactions’, increase visit frequency which, we know from prior research, increases retention.

## Do different interactions reduce monthly risk of cancellation in high-risk members?

Next we examine whether any of the interaction types reduce the monthly risk of cancellation compared to a high-risk visit that is not accompanied by an interaction (Figure 1). This compares the risk of cancellation in the month after the high-risk visit when members are split according to which one of the 5 types of interaction they received. High-risk members who did not receive an interaction are the reference group.

Figure 1. Percent reduction in risk of monthly cancellation, by interaction type, compared to a high-risk visit that receives no interaction



## Does It Matter What I Say?

Table 1. Description of each type of interaction

Label	Interaction type	Description
A	Basic interaction	High-risk member attended and received an interaction that did not lead to another club visit within the next 7 days
B	Effective interaction	High-risk member attended and received an interaction that led to another club visit within the next 7 days
C	Commitment interaction	High-risk member attended and received an interaction during which they committed to attend again on a fixed date but did not subsequently attend on that date or within 7 days of the interaction
D	Effective commitment interaction	High-risk member attended and received an interaction during which they committed to attend again on a fixed date but did not subsequently attend on that date but did attend within 7 days of the interaction
E	Successful commitment interaction	High-risk member attended and received an interaction during which they committed to attend again on a fixed date and did attend on that date

Overall, when a high-risk visit is made, receiving some interaction, even if it does not lead to a subsequent visit within 7 days, reduces the risk of cancelling in the next month by nearly 10% compared to receiving no interaction.

However, when interactions lead to another visit soon after the interaction more marked reductions in the risk of cancellation are observed. A major reduction in the risk of cancelling each month is seen for members who make a high-risk visit and receive an interaction that leads to another visit within 7 days ('effective interaction'). They are 72% less likely to cancel their membership in the month after the interaction compared to high-risk members who do not receive an interaction. The difference in cancellation rates between 1,000 high-risk members who attend and don't receive an interaction and 1,000 who attend and receive an 'effective interaction' is equivalent to saving 54 cancellations each month.

Similarly, high-risk members who received a 'commitment interaction' and attended on the commitment date were 45% less likely to cancel in the subsequent month compared to high-risk members who received no interaction. Members who make a commitment to attend on a future date and fail to attend on that date or relatively soon after do not reduce their risk of cancelling.

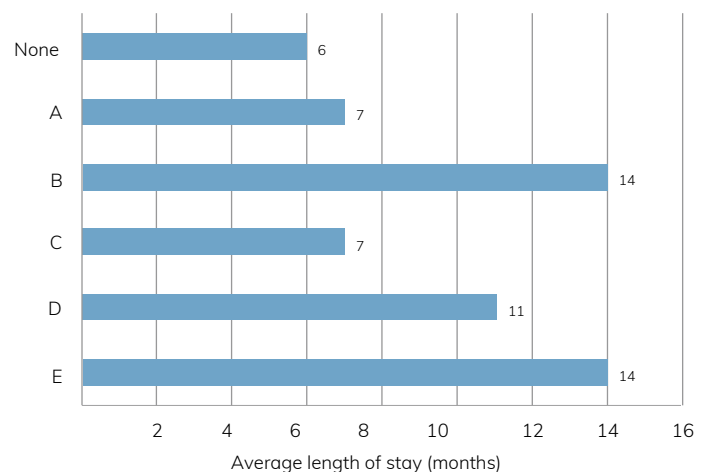
### What effect do different interactions have on the length of membership of high-risk members?

The different interaction types have a considerable effect on the average length of stay of high-risk members. On average, high-risk members retain their membership for 6 months and any interaction, whatever the outcome, adds a minimum of another month of payment per member. For high-risk members who receive an interaction and make a subsequent visit again within 7 days or on the date they said they would, the length of their membership is more than doubled. The true length of their membership is probably longer as the follow up period was

restricted to 14 months. Members who made a commitment to attend again on a fixed date and missed it but did attend within a week still extended their membership by 1.83 times that of high-risk members who did not receive an interaction.

Although 'commitment interactions' had a slightly reduced effect on the risk of cancellation in the subsequent month, compared to 'effective interactions' that led to a repeat visit within 7 days, the effect over the life of the membership is very similar. One possible reason why 'commitment interactions' appear a little less effective than other interactions on the risk of cancelling in the month after the interaction is that the members who receive them tend to have made more high-risk visits before they get them. This means that they are at a higher risk of cancellation at the point they receive the interaction, compared to members who receive other types of interaction. It is also possible that 'commitment interactions' are more likely to be received by certain types of members who have characteristics that also increase the likelihood of cancellation.

Figure 2. Average length of membership (months) of high-risk members by interaction type



## Does It Matter What I Say?

Table 2. Financial model of different types of interaction based on average length of stay

1,000 members paying £35/month based on existing levels of interaction				1,000 members paying £35/month based on improved levels of interaction			
	Number	Months	Income		Number	Months	Income
None	502	6	£105,420.00	None	100	6	£21,000.00
A	73	7	£17,885.00	A	60	7	£14,700.00
B	220	14	£107,800.00	B	500	14	£245,000.00
C	41	7	£10,045.00	C	20	7	£4,900.00
D	81	11	£31,185.00	D	160	11	£61,600.00
E	83	14	£40,670.00	E	160	14	£78,400.00
<b>Total</b>			<b>£313,005.00</b>				<b>£425,600.00</b>

### What effect do different types of interactions have on revenues from the membership dues of high-risk members?

To determine the financial value of interactions with high-risk members, we can calculate the average length of membership for each interaction type as well as members who did not receive an interaction. The average length of membership is calculated as either the number of months from the join date to the cancellation date or, if the member did not cancel, the number of months between joining and the date the data was analysed. In this study the maximum follow up period was 14 months with the most recent members followed for just 1 month.

Table 2 estimates the lifetime income based on a sample of 1,000 members. In the first example the number of members in each interaction group is based on the actual distribution in the full sample of 13,722 members. In the second example we have reduced the number of members who receive no interaction and increased the number who receive 'effective interactions'. The income is estimated by multiplying the number of members in each group by the length of membership and then by a monthly fee of £35.00. For every 1,000 high-risk members, improving interaction levels by the amount shown in Table 2 would increase the revenue from membership dues by approximately £112,595 or the equivalent of a 36% increase.

### Summary

- High-risk visits are common and approximately 50% of them will receive an interaction of some sort.
- Interactions are successful at increasing visits soon after

the interaction. This is especially true of interactions where the member commits to a visit on a specific date.

- Any kind of interaction with a high-risk member reduces the risk of cancellation in the subsequent month and also extends the lifetime value of the membership.
- Interactions with high-risk members that lead to a visit within a week or on a predetermined date more than double the lifetime value of the membership.
- Reducing the number of high-risk members who do not receive an interaction and improving the type of interactions which lead to a visit soon after the interaction can increase the total membership yield by over £100,000 for every 1,000 high-risk members.
- If all high-risk members received an 'effective interaction' nearly half (46%) of cancellations in high-risk members would be prevented.

### Action points

- Clubs would benefit from identifying members who are at risk of cancellation when they make a visit.
- At-risk members should be targeted for interactions that have a goal of getting commitment to a subsequent visit.
- Train staff in types of member interactions and different methods of motivating high-risk members to make a repeat visit.
- Monitor the types of interactions staff have with high-risk members and the proportion that lead to a repeat visit.





creating  
raving fans

## Regional Headquarters

### UK & Rest-of-World

18 Monmouth Place  
Bath, BA1 2AY

Email: [sales@trpcem.com](mailto:sales@trpcem.com)  
Tel: +44 (0) 845 621 2001

### North America

67 Froehlich Farm Blvd  
Woodbury, NY 11797  
USA

Email: [northamerica@trpcem.com](mailto:northamerica@trpcem.com)  
US Tollfree: +1-800-951-8048

