




Zoom
MEDIA

Fit For Loyalty

HOW RETENTION STARTS WITH REWARD

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- A woman with blonde hair, wearing a black sports bra and black leggings, is climbing a thick rope in a gym. She is looking up and to the right. The background is a blurred gym interior with various equipment like rings and bars.
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Foreword

Member retention has been the goal for gyms and leisure centres since day one, so when we started working on this white paper, we didn't want it to become a lecture to the industry. However, we set out to investigate why rewards in the leisure industry aren't on a par with other industries and where the gap is.

I think what we've found is that rewards are currently under-recognised and under-utilised as a way to improve member retention – they exist, but they're not a priority and when it comes to improving member experience, rewards aren't top of the list of tools.

Our research at Zoom demonstrates the value members put on a great rewards programme, with 1 in 5 saying their membership at a gym is influenced by incentives and rewards – retention is about the incremental gains, so looking to increase the value for at least 20% of your members is nothing to be sniffed at.

You may read some of the suggestions in this white paper and think these elements will be tough to implement in practice, but the reality is rewards don't need to be operationally complicated. We have a number of tools at Zoom that make everything incredibly easy and avoid a technological scramble to make everything work.

It's time to get moving and level up the leisure industry's rewards. We're excited to partner with operators and create a highly valuable, long-lasting legacy.

Ferne Langford
Strategic Partnership Director



State of the fitness nation

The UK leisure sector has faced numerous challenges over recent years, from its slow Covid recovery to sky high energy bills, all contributing to a difficult financial picture for many operators. At the same time competition for members is stronger, and more costly, than ever.

Signing up a new member can be anywhere from 5 to 25 times more expensive than retaining an existing one, and increasing retention rates by just 5%, could see profits increase by 25-95%, building a strong argument for operators to focus on the loyalty of its members, improving their retention rates.

Although retention rates are monitored consistently and a major focus for all operators, rewarding the loyalty of members hasn't historically been something the leisure sector has prioritised. While industries such as supermarkets, airlines, and hotels thrive on loyalty programmes.

Why haven't loyalty programmes been adopted and developed?

Hesitancy to Engage

As our conversations with operators progressed, it became clear to us all operators feel they need a loyalty platform for members, but very few believe they're making the most of it or see it as a key marketing and retention tool. In fact, many operators told us their loyalty platform isn't seen as a marketing channel at all.

Lack of Customer Data Utilisation

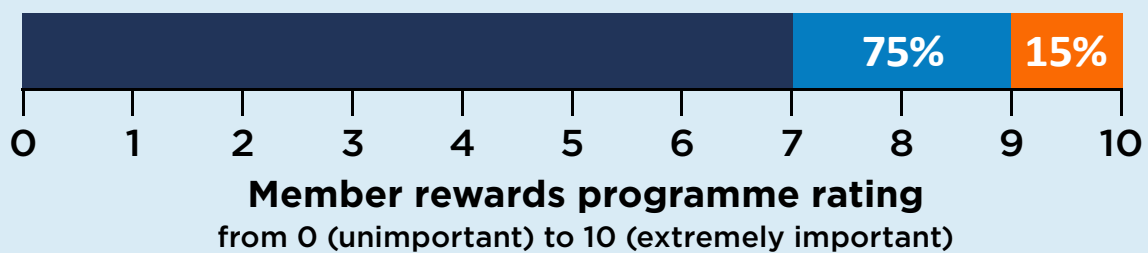
Another major hurdle is missing opportunities for personalisation and retention. The leisure sector has a mountain of data, with a unique position and access to rich audience data to give operators deep understanding of their clientele, but it's simply not being maximised currently.



Why loyalty programmes are needed

Despite a lack of engagement from many operators, it's clear from member research undertaken, there is a clear consumer desire for a truly worthwhile loyalty programme, with specific feedback highlighting the need for rewards to be personalised.

90% of respondents rated the importance of a member reward programme at '7' or higher



Despite the challenges the leisure sector faces, the vast, in-depth data it on members means it's simply a matter of application.

Additionally, there is a clear feeling from our operator interviews that once someone sets the standard for rewarding loyalty, others will quickly follow suit to avoid being at a competitive disadvantage.

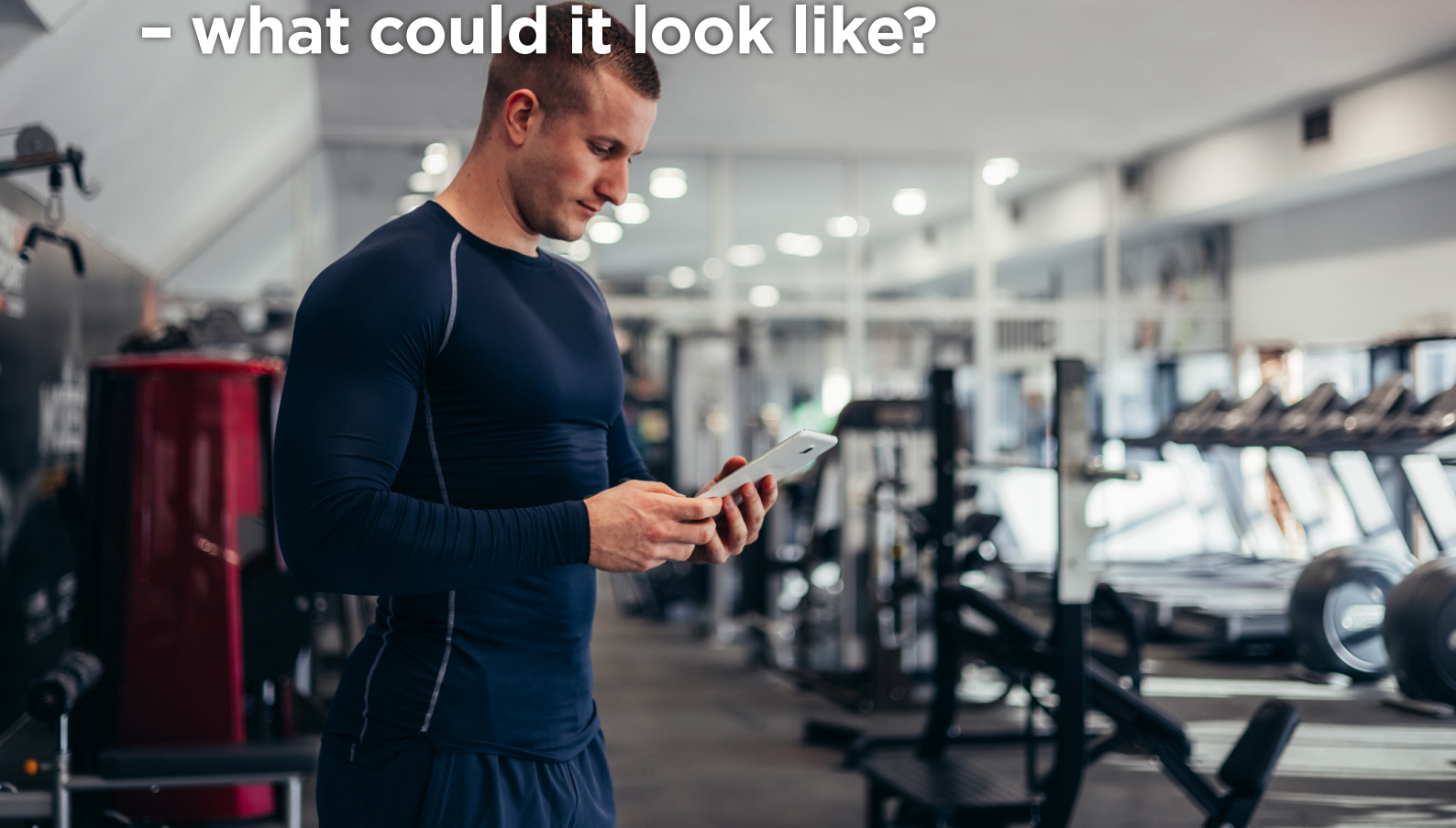
Reward and retention are interlinked and given the lifetime value of members and the length of stay, if we can extend that then it makes a huge amount of business sense for us to improve our rewards.

Parkwood Leisure

What we are not currently rewarding is long-term loyalty. If they've been a member for a long time, the likelihood is they're going to stay, and so rightly or wrongly, we spend a little more time focusing on those people we feel have a higher risk of leaving.

Village Hotel Club

Best-in-class loyalty programmes – what could it look like?



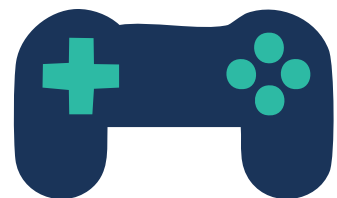
Taking examples from other sectors and looking at specific features that could drive loyalty for operators, we've investigated what a truly best-in-class loyalty programme could look like in the leisure sector.



**Making the
most of data**



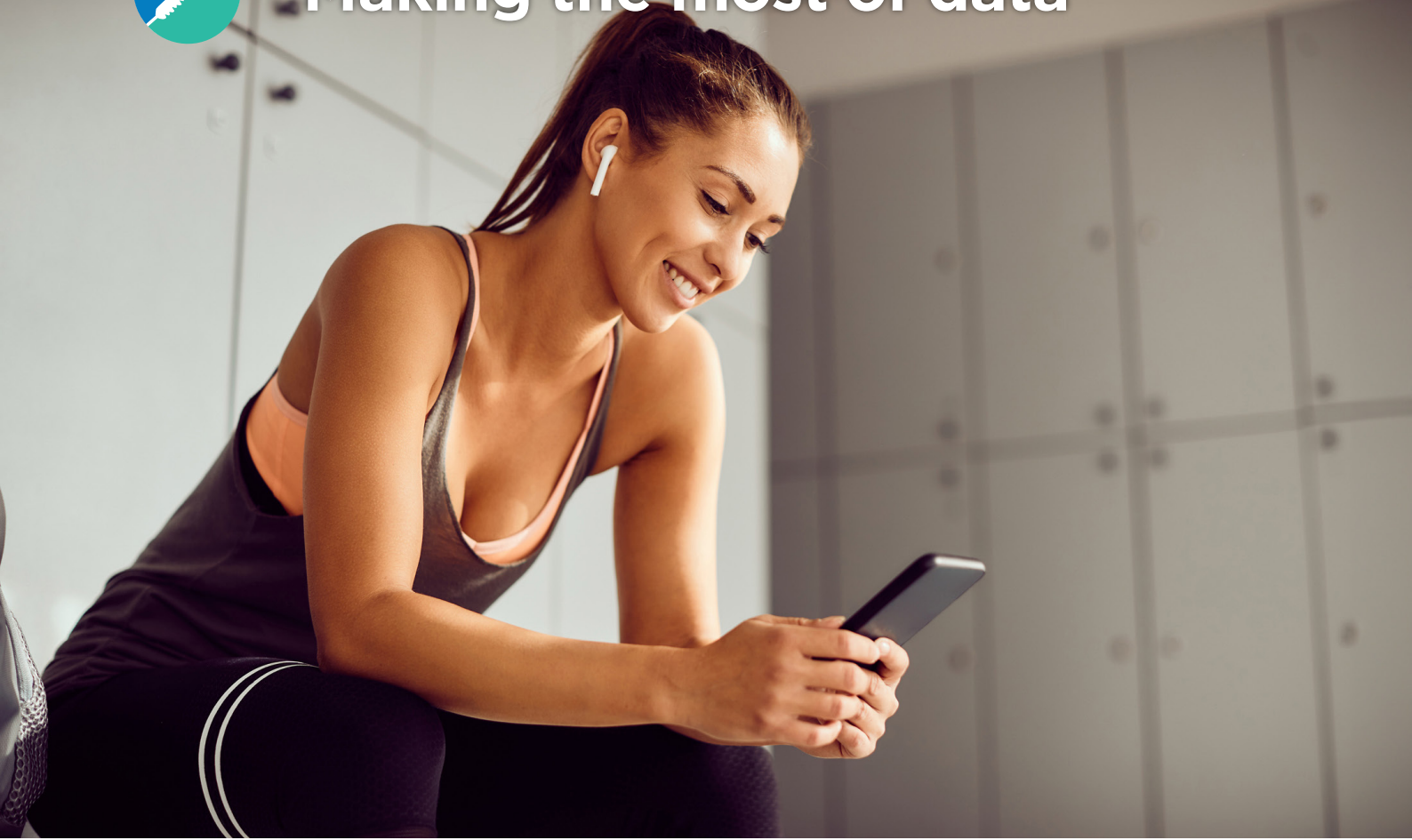
**Rewarding
positive choices**



Gamification



Making the most of data



Having a plethora of data is great, but it fundamentally comes down to how it's used

What's clear from our conversations with operators is their desire to see loyalty programmes improve data utilisation, both with the member data already stored and now integrating with wearables. Currently, the gym is generally removed from the other parts of a member's life once they leave the four walls of the gym. However, with a flood of information now provided by wearables, integrating this information into a rewards platform can help further integrate leisure operators into their member's everyday life.

For example, rewarding activity now doesn't need to be limited to visiting the gym in-person, a workout at home or a run outdoors can be included and rewarded in the same way, and a fuller picture of habits and interests can be formed to more effectively target a loyalty programme.



Data – success story

TESCO Clubcard

Perhaps the most well-known loyalty programme is Tesco's Clubcard, which led the way in the grocery sector for many years, makes strong use of its customer data and has led to a significant loyalty battle happening among supermarkets.

With millions of members worldwide, Tesco Clubcard has become an essential part of the company's customer retention strategy and a popular way to save money on groceries and other purchases.

The success of the Tesco Clubcard has been due in part to its ability to utilise its shopper data and demonstrate a clear monetary value, delivering multiple offers for customers and perhaps most importantly, personalising its rewards. By analysing purchase history and other data, Tesco tailors its offers and rewards to suit each customer's unique needs and preferences, capitalising on its customer data to ensure the offers appeal and are delivered at the right time to have maximum impact, building a greater affinity for the programme.



I think it's how you use the data, how you engage with your customers, how you're thinking ahead. The mechanics may be the same but what you deliver, the value you deliver, and how you do it can be very different.

Alessandra Bellini

Chief Customer Officer, Tesco. Speaking at MadFest 2023





What does this mean for operators?

A sweat towel or t-shirt upon joining is not enough to develop long-lasting brand loyalty!

Zoom's own consumer research has shown that members have a preference for higher value discounts they need to work towards over time versus smaller, more regular discounts – but also find free products on site, such as coffee, shakes or protein bars to be incredibly valuable. This indicates that a mix of higher-ticket rewards over time, combined with smaller, more regular free products could be the best route to create a sense of value.

Simply put, recreating the sense of value that something like the Tesco Clubcard is perceived to have is something the leisure industry should look to replicate and operators should be looking at how they can give their rewards a clear monetary value by personalising their offering.



Rewarding healthy choices



For a long time, the fitness industry has talked about encouraging members to make better choices for their health, but loyalty programmes are yet to reflect this.

With rewards often not tailored towards fitness, with much of what's on offer even seen as 'unhealthy', but this doesn't need to be the case, and utilising a loyalty programme is one route to incentivising better choices.

Coming back to the idea of wearables integration, we're now at a point where data can be used to reward activities such as a higher number of steps, better sleep or simply just exercising away from the gym itself. These positive behaviours are now much easier to track, reward and consequently build brand affinity separate to the in-person customer experience. Members are much more likely to make healthy choices away from the gym if they feels it's reflected in their rewards.

Rewarding choices – success story



An example of rewarding positive choices is Octopus Energy's Octoplus rewards – where smart meter customers can earn money for making smarter energy choices. The scheme offers customers money off their energy by taking part in 'saving sessions, using energy when fewer people are using the grid, capitalising on green and cheap energy. The average customer can get £270 in value out of Octoplus alongside rewards such as discounted cinema tickets, free coffees and Nation Trust days out.

700,000 Octopus customers took part in the winter of 2023/2024, encouraging a significant shift in behaviour towards positive energy usage among its customers – something the leisure sector can look to as inspiration.

What does this mean for operators?



Look at rewarding positive behaviours outside of the gym to make members feel truly valued as well as reinforce good habits.

Members that have built a habit and developed a healthy routine are more likely to stay and continue to make the most of their membership.



The industry has often talked about supporting positive health choices for members – the rewards platform is the ideal channel to do that, but it needs to include activity outside of the gym itself. It's got to reward a whole lifestyle.

Duncan Jefford, Everyone Active



Gamification

In loyalty programmes, gamification refers to game-like features that encourage its use. For example, customers are presented with some form of progression and tracking, along with features such as:

A prize for completion of certain goals (bonus points, freebies, services, partner rewards, etc.)

There is an element of luck involved, for example, you can spin a wheel for a guaranteed reward, but its value is randomised, or members are entered into a prize draw.

Members are able to see their progress and know what they need to do to complete a challenge or reach the next tier.

Members are regularly incentivised to utilise the loyalty programme by messages and notifications to gain a benefit.



Younger consumers, particularly Millennials and Gen Z, showed a greater propensity to engage with loyalty programs when interactive, game-like elements were present. This engagement led to a higher customer lifetime value, as members not only returned more often but also felt a stronger emotional connection to the brand.

Journal of Business
research study

Loyalty programmes incorporating gamification increased repeat purchase rates by...

**15% to
30%**



Journal of Business research study

Gamification – success story



bergzeit

Bergzeit, the German outdoors retailer, rewards its customers for daily activities. Within the company's loyalty programme, Bergzeit Club, members can earn points by completing sporting challenges, integrating with a sports tracker app to register activities – continuing our theme of data integration being integral to success of any programme.

Having milestones in your loyalty programme ensures there is always something for the customer to work towards. In addition to building a community of hiking enthusiasts, Bergzeit also set out to increase brand engagement with the help of gamification. It not only rewards customers for having an active lifestyle, but also for making repeat purchases, writing product reviews, and inviting friends.

95%

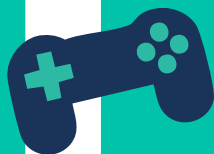
increase in the
average frequency of
orders per member.

25%

increase in average
order value.

5x

increase in
newsletter
subscribers.





What does this mean for operators?

Having milestones in your loyalty programme ensures there is always something for the customer to work towards.

It not only rewards customers for having an active lifestyle, but also for making repeat purchases, writing product reviews, and inviting friends.



Presently rewards are linked to all memberships, but our ambition is to further enable people to benefit from healthy lifestyles through both gamification and the digital monetisation of actions taken.

Jon Cottam, Hybrid Fitness





It's time to get moving

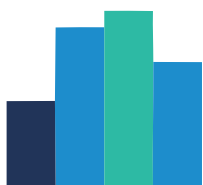
With mounting competition and rising customer acquisition costs, the case for investing in loyalty programmes has never been stronger. It's a view that came through across the board in our operator conversations – it's clear they're aware of the issue, so now it's about putting plans in place to tackle it.

By learning from other industries and adopting best practices — such as data utilisation, gamification, and developing a clear value proposition — operators have the opportunity to transform rewards into a powerful retention tool and the potential to separate themselves from the pack as a first mover. Not only can such programmes reduce churn and extend member lifespans, but they can also create a competitive advantage, fostering deeper emotional connections with members.

Zoom Media's loyalty offering



We have been experts in the fitness and leisure industry for over 15 years and have continuously championed innovation to support our operators' growth and development. Identifying the demand for loyalty programmes amongst gyms and leisure centres, we've developed our own, white-label rewards platform to integrate with partners. A unique loyalty programme tailored specifically to members boasting features set to motivate members and increase retention rates:



Points

Accumulate points for trackable actions and achieve elevated levels set out by the operator.



Badges

Reward actions and celebrate milestones like class bookings, birthdays etc.



Challenges

Added gamification aligned with points and badges to enhance engagement.



Get in touch

To find out more about Zoom Media and the opportunities our loyalty platform could provide for your business, get in touch with our team.



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