



The Importance of Sustaining a Balance between New and Loyal Customers. The Case of All Fitting

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Abstract

Dissertation Title: The Importance of Sustaining a Balance between New and Loyal Customers. The case of All Fitting

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The purpose of the study is to understand how a women-only gym can keep a balanced focus between acquiring new customers and creating customer loyalty among existing ones.

The case study focuses on All Fitting, a women-only gym in Lisbon, Portugal. It provides a selection of group fitness activities for its members. For convenience of the clients they are also aiming to consolidate different services under one roof, hence, in addition to practicing sports the clients can also use aesthetics services, nutritionist, and hairdresser.

In order to address the problem statement and answer the research questions, a literature review is provided for theoretic background. Then a thorough background of All Fitting is provided, including its activities, customers, and competitors. A market research is conducted between both current clients, to assess the drivers for satisfaction and loyalty, and prospective clients, to understand what All Fitting could do to attract new customers more effectively.

The findings show that customer retention is rather problematic at All Fitting, even if customers express high satisfaction with the gym and have high intentions to stay as a client. As for prospective clients, current strategy could be made more effective, especially by leveraging on referral marketing. A set of recommendations is provided concerning both customer groups.

Key words: Customer Acquisition, Customer Retention, Customer Loyalty, Referral Marketing, Word of Mouth, Health and Fitness Club, Gym

Resumo

Título: The Importance of Sustaining a Balance between New and Loyal Customers. The case of All Fitting

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O objectivo deste estudo é perceber como é que um ginásio que acolhe apenas mulheres como clientes pode equilibrar a aquisição de novos clientes com a retenção e criação de lealdade das clientes já existentes.

O caso de estudo baseia-se no ginásio de mulheres All Fitting, em Lisboa, Portugal, que oferece uma seleção variada de atividades desportivas para os seus membros. Adicionalmente, numa óptica de conveniência, oferece vários outros serviços no mesmo espaço, assim como serviços de estética, nutricionista e cabeleireiro.

Uma Revisão de Literatura foi feita para abordar o dilema e as questões de pesquisa, bem como para recolher conhecimentos teóricos. É dada também uma visão global do All Fitting e das suas actividades, clientes e concorrentes. Adicionalmente, foi feito um estudo de mercado a actuais e potenciais clientes para perceber quais os principais factores que levam à satisfação de lealdade de clientes e, que medidas tomar para adquirir atrair novos cliente eficazmente.

Os resultados do estudo indicam que a retenção de clientes é bastante problemática, mesmo que os clientes expressem grande satisfação com o ginásio e tenham intenções de permanecer como clientes. Em relação a potenciais clientes, a estratégia atual podia ser mais eficaz, especialmente através da alavancagem de marketing por recomendação. Um conjunto de recomendações é fornecida para ambos os grupos de clientes.

Palavras-chave: Customer Acquisition, Customer Retention, Customer Loyalty, Referral Marketing, Word of Mouth, Health and Fitness Club, Gym

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Introduction

With the growing popularity of healthy lifestyle and concern for one's well-being, healthy diet and fitness clubs, or practicing sports in general, was gaining more importance. With this development, the market for health and fitness clubs was experiencing growth worldwide, and Portugal, which is the focus of this study, was no exception.

In order to satisfy various needs of customers, there were different formats of fitness clubs appearing: low price, 24/7, women-only, and others. However, to fight the intense competition, it was not enough to simply deliver good service quality, it was necessary to focus on building relationships with customers in order to retain them and create loyalty. Of course, any club to be a sustainable business also needed to attract new customers, and it was extremely important to keep the balance between retention and acquisition.

The case study is about All Fitting, a women-only gym in a residential area of Lisbon. Its core activity was providing various group classes to members. In addition to sport activities, it provided other services as well: aesthetics (massages, depilation and others) as well as nutritionist consultations and hairdresser. It was a comparably small gym with 169 active members in Q1 2016 (active members considered those who paid the monthly fee), but its goal was to increase this number. To do so, All Fitting management needed to find a way of how to attract new customers while retaining current customers as well. Hence, the case study aimed at understanding what factors made clients satisfied with All Fitting and fostered their loyalty, as well as assessing what activities should be deployed to acquire new clients.

The rest of the work is constructed in the following way: Firstly, the problem statement and research questions as well as methodology of the thesis are introduced. Secondly, Literature Review is presented where the main findings of other related academic papers are overviewed. Thirdly, the Case Study of All Fitting is introduced, followed by a Marketing Research. Based on the results, conclusions are drawn in order to address the problem statement, and suggestions provided. And lastly, a Teaching Note is provided that can be used for facilitating class discussion of the case study.

Problem Statement and Key Research Questions

The main focus of the work is to understand how to keep a balanced focus between retaining loyal customers and acquiring new customers.

Research questions, that should be answered in order to address the problem statement of the thesis, are the following:

RQ1. What were the main drivers of customer loyalty for All Fitting?

RQ2. Was All Fitting able to retain its customers and what could be improved further?

RQ3. What was All Fitting communication strategy to attract new customers? Should it be adapted to be more effective, and if yes, how?

RQ4. What was the importance of word of mouth in case of fitness clubs and how could All Fitting leverage on it?

RQ5. Being a women-only gym – was it an advantage or limitation for All Fitting? Was the concept of many services under one roof adding benefits?

Methodology

The dissertation process followed a certain methodology. Firstly, to provide an overview of the concepts used throughout the paper, a Literature Review was prepared by summarizing the main findings of related academic papers. Also, to get an impression of fitness clubs industry and its trends an Internet search was done, mostly focusing on such sources as IHRSA and AGAP.

In order to build the case study about All Fitting, qualitative research methods were used. Namely, the manager of the establishment and one of the trainers were interviewed, as well as company's website and Facebook page were inspected throughout the first quarter of 2016. To further advance the study, quantitative market research was conducted by using two surveys: one directed towards current All Fitting members, and another dedicated for prospective clients.

Literature Review

Acquiring Customers in Fitness Industry

In a research done by Murrow & Welch (1997) it was found that there were two main reasons encouraging people to engage in healthy lifestyle, by joining a fitness club or otherwise: first and slightly stronger motive is threat or fear of illness, and second – a wish to feel good. People who practice sports in a gym believe that it increases their overall productivity, provides stronger sense of control over their lives, and improves the state of psychological well-being (Dogan, 2015). According to a study done in Taiwan, that specifically concentrated on women in sports, the core motivators to practice sports were self-learning, improvement of overall fitness and performance, ability to communicate with others, and entertainment (Yen, Ho, Su, Hsueh, & Huang, 2012).

Yet, besides motivators, there are also many barriers that keep people from exercising in a gym, and therefore pose a challenge for customer acquisition. Lack of time,

embarrassment, inability to do vigorous exercising, and lack of enjoyment were identified as the main barriers to exercise (Charness & Gneezy, 2009). Another common reason was related to the fact that people had a fear of not knowing how to use the equipment and anxiety that there would be no one to help them (Phillips, 2015). Self-awareness was also identified as a strong barrier specifically for women, as well as facilities in terms of their safety, setting and equipment (Yen et al., 2012). Therefore, it is important to address these issues so as to attract new customers.

There was another three-fold challenge that fitness club management might face in order to attract new customers: they were simply unable to choose the best supplier for them due to high switching costs, search costs, or difficulty in evaluating and comparing alternatives (Wilson & Price, 2010). Nevertheless, at the same time it may also prove beneficial when trying to retain customers so that they do not switch to competitors. Customer relationship management technologies allowed companies to focus on both acquisition and retention simultaneously, which, however, might prove to be challenging because the two were usually separate activities, but they had influence on each other. For example, acquisition might even have negative effect on retention, such as spoiling that might appear if new customers were attracted by special deals offered only in the beginning (Dong, Yao & Cui, 2011).

Fitness Customers Retention

Even when people join a gym, one study showed that 50% of them quit during the first 6 months (Berger, Pargman & Weinberg, 2002). Another study showed similar results: 25% of gym members quit after 6 months, 50% after a year. In addition, people who continuously exercised could also experience relapses (periods of not practising sports for 3 months or more): within a period of 5 years 20% of people went through 1-2 of such periods, another 20% relapsed 3 or more times (Sallis et al., 1990).

That is why it was becoming increasingly popular to have monthly membership contracts instead long-term engagements. Following this trend it was more and more important to focus on customer retention rather than acquisition as the customer might leave at any time (IHRSA, 2014). Customer retention is any activity that a company engages in so as to reduce the defection rate, and for it to be effective, it should start from the first encounter with a clients and continue throughout its whole lifetime. On average, every year a company lost about 10% of its customers, and it was said to be 5-10 times more expensive to attract

someone new as compared to retaining someone who was already a client (Hundre, Kumar & Kumar, 2013).

Making upfront investment into customers, for example, providing free samples, might have positive impact on future repeated purchase and growth (Shugan, 2005). On the other hand, if a service company acquired customers by offering a free trial, it possibly posed additional challenge to retain them because they differed from regular customers: they had higher churn rate and lower flat-rate usage, but their pay-per-use consumption rate was higher and they were more responsive to marketing communication (Datta, Foubert & Heerde, 2015).

It was argued that managers of a health and fitness club should focus most resources at retaining members who had joined recently because they were easier to lose but at the same time quality changes had greater effect on them rather than long-term members (Rust et al., 1999). From another perspective, companies should invest more in retaining those that exhibited moderate response to customer relationship management activities (also, acquiring such customers from competitors), as that may also lead to higher profit (Musalem & Joshi, 2009).

Gustaffsson, Johnson & Roos (2006) identified three main drivers for customer retention, and depending on what was the prevailing factor, management should adjust the CRM strategies. First factor was overall satisfaction; in this case better quality or lower prices should be offered as compared to competitors. Second, affective commitment, if it was dominating, then it was needed to build closer personal relationship with clients. And third, calculative commitment, in which case a company should create barriers for switching to competitors.

Overall, to reduce customer churn rate, fitness clubs management should identify which customers were most likely to defect and then target them with proper incentives to encourage them to stay (Neslin, Gupta, Kamakura, Lu & Mason, 2006). There were several strategies that may help manage the churn rate and they were mostly based a lot on the professionalism of the staff: their knowledge level and willingness to solve problems, as well as communication skills and how friendly they were with the customers (Hundre et al. 2013). Also, relationship marketing activities, specifically, customer service, loyalty programs, creating brand communities and personalization, helped increase retention (Bojei, Julian, Wel & Ahmed, 2013). Relationship marketing was becoming especially important in a competitive market of fitness clubs: only by building social relations with and between clients, gyms could retain them (Campbell, Nicholson & Kitchen, 2006).

It was also found, that people who participated in group fitness activities had higher retention rate than those who exercised alone; the latter group had 55% higher risk of cancelling membership than the former (Aiello , 2015a). Small group training was at the moment very popular in fitness clubs; it increased retention and engagement of customers because working together with others toward certain goals created a feeling of community, and it would not become boring (IHRSA, 2015). For any club that wanted to be successful, creating a sense of belonging was the most important thing; thus, it had to make sure that it had a staff that sincerely took interest in clients (Wall, 2015).

Fitness Clubs Customer Loyalty

Customer loyalty was often understood as actual customer retention (Gustaffsson, Johnson & Roos, 2006). Loyalty was essential for success of any company, and to reach it, one had to make its customers trust that the company would optimize each stage of the service and to satisfy customers by providing high quality service (Seto-Pamies, 2012). However, Oliver (1999) noted that even though there was an undeniable relationship between satisfaction and loyalty, it was not necessarily symmetric, meaning that satisfied customers did not always turn out to be loyal, even if it served as a necessary foundation. The ultimate customer loyalty appeared from a mix different aspects: perceived product or service superiority, personal endurance, social bonding and the synergies between these aspects.

Dick & Basu (1994) created a customer loyalty model, which claimed that the strength of it depended on the relationship between customer's relative attitude toward the brand (cognitive, affective and conative antecedents) and his repeated purchase. This relationship was also affected by social norms and situational factors. In the model, loyalty was divided into four levels: true, latent, spurious and no loyalty, depending on the levels of the two attributes. Another author also argued that consumer can become loyal to a company throughout different stages of attitudinal development: first, cognitive – based on knowledge, when one provider was preferred over the competitors, then, affective loyalty, which was created through cumulatively appearing usage, and third, conative, expressed as an intention to repurchase. This in turn could become action loyalty, when intentions would turn into repeated purchase (Oliver, 1997).

One of the tools to measure customer loyalty that could be used by fitness clubs was Net Promoter Score (NPS). It could be determined by asking clients a question of how likely he would be to recommend the company to a friend or colleague, on a scale from 0 to 10. It was proven to be an effective way to measure loyalty and predict growth, across various

industries. Those who ticked the top two boxes were considered to be promoters, 7-8 – passives, and the rest – detractors (Reichheld, 2003). NPS was calculated as the difference between percentage expression of promoters and detractors. This number was determined to predict visiting frequency and retention (Kemmer, 2016).

In fitness club industry young women were more likely to be promoters, with age this effect decreased. Overall, a person was more likely to become dissatisfied if he was a member of the club for a longer time, thus, it was needed to engage them (Aiello, 2015b). For promoters, the two most important factors in a gym were staff and facilities, while overcrowded changing rooms and unsatisfactory facilities were the most common reasons that turned customers into detractors (Aiello, 2015c). Ali & Muqadas (2015) also found that brand equity elements, namely, physical quality, behaviour of the staff, environment, brand identification, self and lifestyle congruence, and trust, were related to customer satisfaction, which in turn affected loyalty. Among older fitness club members, satisfaction was found to be the strongest antecedent for loyalty and intention to repurchase overcoming perceived value and service quality (Yu et al., 2014). Similar result was found by Bodet (2012) who surveyed health club members in France: customer satisfaction was the dominating factor influencing resistance to change, the main sign of commitment. Therefore, service delivery and performance were especially important for gyms.

Fitness Clubs Customer Satisfaction

Customer satisfaction was an essential part contributing to customer lifetime value: satisfied customers were more inclined to purchase more often, their average spending tended to be higher, and they were less likely to switch to competitor or leave the category entirely (Ho, Park & Zhou, 2006). Satisfied members were more likely to attend the gym more frequently, and such form of behavioural loyalty lead to increased probability of membership renewal (Ferrand, Robinson & Valette-Florence, 2010). Worth noting that frequency itself did not necessarily directly predict loyalty, customers who visited a fitness centre rarely might just as well be dedicated to it (Bodet, 2012). However, customer satisfaction not only lead to continuation of relationship but also created word of mouth (hereafter, WOM), which in turn affected the profitability (Rust & Chung, 2006). In addition to profitability, satisfaction had intermediate consequences. First, it improved the efficiency of firm's marketing and advertising investments because of free WOM and reducing related expenses. Second, it had positive influence on company's human capital performance (Luo & Homburg, 2007).

It was found that customer satisfaction was a valuable feedback measurement method (in terms of both measuring average satisfaction and top 2 boxes scores in surveys) and was a great predictor of future business performance as it showed positive relation with company's market share (Morgan & Rego, 2006). However, just a few years later, the same authors conducted a study testing the relationship between satisfaction and company's share of market in long term and concluded that the association was actually negative. Growing market share predicted decreasing customer satisfaction, meanwhile the latter did not essentially help predict the former. Thus, a company should choose and focus on maximising either one or the other (Rego, Morgan & Fornell, 2013).

There were a number of studies done to assess what factors affect customer satisfaction in health and fitness clubs industry. Results showed that services offered, security, and promoted image had a positive influence; therefore, fitness club management should invest in hiring qualified staff and their further training, as well as good equipment and maintenance (Ferrand, Robinson & Valette-Florence, 2010). Other authors confirmed the importance of staff: even with perfect services and facilities one could not ensure customer satisfaction without staff being highly devoted to customers because it was extremely important to create close relationship and concern about them (Albayrak & Caber, 2014). Yet in addition to service elements, corporate values of a fitness club, such as peak attitude, innovation, and trust, appeared to be just as important, because the conventional service attributes had already become a standard: most of clubs had trained staff, similar facilities, equipment and programmes, took care of cleanliness (MacIntosh & Doherty, 2007).

A study to assess overall satisfaction of fitness clubs members was also done in Portugal, Braga; the authors surveyed 426 members from 5 different clubs. It revealed 5 main factors that had influence: 1. The conditions of facilities and programmes offered (for example, females prefer group activities); 2. Expertise and responsiveness of staff; 3. The degree to which club's activities satisfied relaxation needs; 4. If participation satisfied fitness/health expectations and needs; 5. If participation satisfied intellectual and social needs. (Theodorakis, Alexandris, Rodriguez & Sarmiento, 2004)

Fitness Clubs Marketing and Communication

In order to retain customers, the communication needed to have a personal touch, therefore, communication with the staff of a club was especially valued. Yet different age groups preferred different communication channels: younger members were more inclined to use Facebook, while older preferred phone calls or talking directly to receptionist. But no

matter what it was, regular members valued all forms of communication more (Aiello, 2015d). If a company used marketing campaigns to acquire new customers, it affected current clients because they were exposed to them as well, and it might influence retention and loyalty (Lhoest-Snoeck, Nierop & Verhoef, 2014). In case it was decided to use an email communication for retention, there were three best target groups: newly joined members, those who had a high risk of quitting, and those who had not come to the gym for 7-14 days (Aiello, 2015e).

As for social media, there were several tips for fitness clubs to follow: firstly, understanding the major social networks and what the role of each of them was; then, sharing helpful content, interacting with followers, using proper hashtags and posting consistently (Conrad, 2016). In addition to this, it was a good strategy to create a “fear of missing out” by sharing personal stories and testimonials of gym members (Amend, 2016). Overall, it was becoming more and more prevalent for companies to create community venues for their customers to communicate, online or offline. Especially because direct advertising was being viewed sceptically, communities offered an alternative mean, and it was effective as people engaged a lot in social activities with others online, and technology had empowered customers by providing wide access to information. Community members are more loyal and engaged, and are more likely to share positive WOM (Algesheimer, Bortle, Dholakia, & Singh, 2010).

Importance of Word of Mouth

Referral marketing provided many benefits for companies: firstly, the message had greater credibility when it came from other customers, it helped reach customers that traditional advertising could not, and had greater match between the needs and service provided (Berman, 2016). Using the network of existing customers made new customers adapt the service at a 3-5 times greater rate than using conventional advertising (Hill, Provost & Volinsky, 2006). At the same time, it also strengthened the attitudinal and behavioural loyalty of existing clients. As an illustration, in an experiment done by Garnefeld, Eggert, Helm, & Tax, (2013), the defection rate of current clients participating in a referral program decreased from 19% to 7%, while their monthly revenue grew by 11.4%. It was also supported by another study, which said that existing customer who shared positive WOM were less likely to switch to competitors and more willing to pay price premium. It happened because articulating positive aspects of a company emphasized them in the sender’s mind as well, which reinforced the affiliation with the service provider (Chawhary & Riley, 2015).

Simply asking the customers of a firm to share referrals had positive effect on WOM activity (Soderlund & Mattsson, 2015). However, lately it was becoming a common practice to offer incentives for current customers in order to foster WOM, instead of just hoping that satisfied customers would share on their own (Godes & Mayzlin, 2009; Kornish & Li, 2010; Martin, 2014; Pereira, Garrido & Matos, 2015). Those companies that wanted to take advantage of customer lifetime value, needed to manage referral programs proactively and seize the potential. And to do so, the company should offer either high quality or low prices to delight the existing customers as well as incentives to encourage them to share positive WOM; the combination of these three attributes depended on how easy it was to delight the customers before they referred the company (Biyalogorsky, Gerstner & Libai, 2001)

A firm could generate WOM which in turn increased sales, and it might be more beneficial to target less loyal customers with incentive programs because their social circle was less likely to be already informed about the company (Godes & Mayzlin, 2009). Additionally, new customers, no matter their satisfaction level, were more likely to share referrals so they should be especially targeted with such incentives (Wangenheim & Bayon, 2007). Nevertheless, offering some referral bonuses could have negative aspects as well. First and foremost, it may raise questions about the credibility of the recommendation, and in this case the listener would rely more on the strength of the brand as well as his own knowledge (Pereira, Garrido & Matos, 2015). In addition to trustworthiness, altruistic motivation of the message could also be doubted, therefore, the listener was less likely to adopt it in the purchase decision; unless, the incentive was offered to both parties. Yet such incentives posed a threat to the value of all positive WOM for the company. (Martin, 2014) On the other hand, it might be argued that even with a bonus, customers were able to make reliable recommendations because they assessed their personal benefit versus the value provided to their friends; and the more a person cared about the friend, the more selective he would be (Kornish & Li, 2010).

Case Study

Fitness Industry Overview

Since after the economic downturn, the global health and fitness club industry was experiencing stable yearly growth (Exhibit 9), and in 2014 the total market size globally was estimated at €74.81 billion in revenues (Statista, 2014a).

Looking closer at Europe only, according to European Health & Fitness Market Report released by Deloitte (2015), European health and fitness market was estimated to be

the largest in the world, valued at €26.8 billion in 2014. The top 5 countries in terms of market size were United Kingdom, Germany, Italy, France and Spain, all together accounting for 69% of total European market (Exhibit 10). Portugal, on the other hand, did not appear in the top 10.

The fitness market penetration in Europe was growing over the last few years. The total number of health and fitness club members reached 50.1 million at the end 2014, making it a 9% increase compared to the year before. The sector grew across all price segments, thus making the price not the only factor for membership choice. (Deloitte, 2015) In 2014 Germany had the biggest number of health and fitness clubs in Europe – 8026, followed by Italy with 6695 and United Kingdom with 6112; Portugal registered #11 with 1200 clubs (Statista, 2014b). However, even with this large number of clubs available, one fifth of all European members belonged to one of the 30 leading chain operators, giving them a big significance (Deloitte, 2015). Interestingly, the special eurobarometer completed by EuropeActive in 2014 showed that only 15% of people in Europe exercised in fitness clubs, while 40% preferred outdoors and 36% rather stayed at home for exercising (EuropeActive, 2014). Thus, there was still place for growth in terms of fitness clubs market penetration. There was a great ambition among European health system policymakers to raise the number of fitness clubs members up to 80 million by the year 2025 (AGAP, 2014).

According to the same eurobarometer, the main reasons why people exercised were to improve health (62%), improve fitness (40%), relax (36%), have fun (30%), control weight (24%), and improve physical performance (24%). As for the opposite, not having time (40%) and lack of motivation (20%) were the main reasons expressed as to why people did not exercise. (EuropeActive, 2014)

Fitness Trends in 2016

Since 2006 American College of Sports Medicine (ACSM) released a yearly worldwide fitness trends report predicting the 20 most prominent trends for the upcoming year (Exhibit 11). In 2016 a new trend appeared at the top of the list – wearable technology, such as smart watches, heart rate monitors, fitness and activity trackers (Thompson, 2016). With the growing importance of such gadgets, fitness clubs should find a way to address this trend in the services provided so as not to stay behind. Trainers should be educated not only how to advice clients on usage of wearable technology, but they also should be able to analyse the collected data and propose corrective action plan based on it.

The other two important trends that were featured on the list for the last few years were body weight training and high-intensity interval training (HIIT). Body weight training is

a type of training that requires minimal equipment, instead people use the weight of their body to create resistance (for example, doing pushups). As it was an inexpensive way of exercising, it had become popular in gyms. HIIT is a workout that involves short periods of high intensity exercises demanding maximum effort followed by short recovery periods. (ACSM, 2016) However, professionals shared many concerns about this type of training due to its possible negative effects on health, thus it could be expected to evolve in the future.

Other trends identified in the report in the order of importance include strength training; educated, certified and experienced fitness professionals; personal training; functional fitness; fitness programs for older adults; combining exercise and nutrition for weight loss; and yoga. (ACSM, 2016)

Even though big chain fitness clubs were leading the market in 2015, boutique studios were gaining more importance due to sense of community that they provided and better results that could be achieved in smaller classes (Glofox, 2016). It might also be linked to the fact that training in small groups was growing in popularity, gradually replacing personal one-on-one training. Another thing that conventional fitness clubs should watch out for is the growing demand for video-on-demand workouts and online personal training (AceFitness, 2015). It might either hurt or benefit the clubs, depending on how they decided to treat this shift in behaviour and adapt.

Portuguese Fitness Market

As for Portuguese people, physical activity was prevalent among 62% of women and 69% of men over the age of 18. It represented a percentage of population who regularly engaged in any physical activity, including sports, cycling, dancing, and similar. (GoPA, 2016)

For a few years Portuguese fitness clubs were dealing with pressure of decreasing membership numbers due to economic downturn and a significant raise of VAT, which in turn affected the prices. Nevertheless, a research done on behalf of Association of Gyms and Academies in Portugal (AGAP) in 2015 revealed that the industry was recovering and the operators experienced growth for two consecutive years, in 2014 the growth rate of memberships was 19%. The whole Portuguese fitness market could be evaluated at €289 million revenues, and accounted for 648,000 members in fitness clubs countrywide (AGAP, 2015).

In Portugal, big operators accounted for 11% of the market in terms of number of facilities, but as high as 30% in terms of memberships. Additionally, the big players (either over 1000 m² or having more than 2 clubs) reported growing or stable revenues, but small

clubs were still experiencing financial pressure. It could also be observed that customers were leaning towards low cost clubs as the average sum spent on monthly gym membership dropped to €36.70 as compared to €46 in 2012. (AGAP, 2015)

All Fitting Company Description

Concept

All Fitting was a fitness centre in Lisbon, dedicated especially for women (Exhibit 12). Every day they offered different training programs, mostly group sessions. As well as this, there were cardio and hydraulic training machines, vibrating platform, and additional equipment available. The idea that All Fitting tried to follow was to change daily so that doing sports did not become monotonous, as well as provide clients with flexibility to choose the best time for training: the gym worked 12 hours a day. At all times the classes were supervised by one of the three trainers, that were there to guide, monitor and motivate, thus making it easier for clients to reach results.

In addition to flexibility in terms of exercising, All Fitting strived to offer their clients convenience and ability have everything that a woman might need under one roof. That is why they also had other services available: massages, face and body beauty procedures, nutritionist consultations.

Historical development of All Fitting

Before All Fitting, the same facilities used to be a franchise of another women-only fitness chain called Go Fit. The concept of Go Fit was rather similar to All Fitting, yet there was less flexibility in terms of classes provided. There was only one class per day offered, and it continued the whole day, always following the same method: circuit training using hydraulic machines and cardio exercises. At the time aesthetics services were available as well. What was different, the management had less flexibility in terms of marketing activities because they were dictated by the franchisor.

However, the manager of the gym wanted to be independent and have the opportunity to put in practice his own ideas. Thus, from October 2012 it separated from Go Fit and became an independent health and fitness club All Fitting. It retained the same customers, staff and equipment but it was able to offer clients a bigger variety of activities, apply different pricing and promotional strategies.

Objectives

The main objective of All Fitting for 2016, as articulated by the manager was growth:

“We need to get at least 210 active clients before next summer. Our main ways of getting them are references from our current clients and more returns from ex-clients.”

The staff was developing some marketing activities and bonus policies so as to attract clients.

All Fitting Staff

All Fitting had a small number of employees working there. Joaquim, the owner and the manager was the only male representative in the staff. Together with him there were three trainers: Joana, Lígia and Nanci. All of them were licensed in Sport Science and had additional specific training depending on the classes they gave. To keep the organizational structure lean (Exhibit 13), two of them also undertook responsibilities to help Joaquim with management related issues: Joana was taking care of commercial and technical sides of the business, meanwhile Lígia was responsible for administration, maintenance and cleaning. Also, a cosmetologist Ana provided the aesthetics services to clients as well as supervised the SPA part of the business.

In addition to the main staff, there was also other personnel available on certain days of the week: nutritionist, hairdresser, and manicurist.

All Fitting Customer Base

Overall, All Fitting defined their target market as all women over the age of 12 without segmenting it further.

In 2012, once All Fitting replaced Go Fit, it retained 587 contacts to their database, which then increased by 82 new clients during the year, including both new gym members and those who used only aesthetics services. Throughout the years, the number of new clients joining All Fitting for one or the other service was rather similar, around 80-90 members per year. Yet looking at the first quarter of 2016, slightly better results could be forecasted: during the first quarter 43 new members joined, and if it followed the same pattern, by the end of the year around 125 new members could be expected.

From the graph in Exhibit 1, it can be observed, even if the number of members increased, the number of active clients was not increasing and stayed at more or less similar level. It could mean two things: either All Fitting was not good at retaining loyal customers and therefore depended greatly on inflow of new customers; or the opposite, new clients who joined the gym did not stay for long, and the active members mostly consisted of loyal customers.

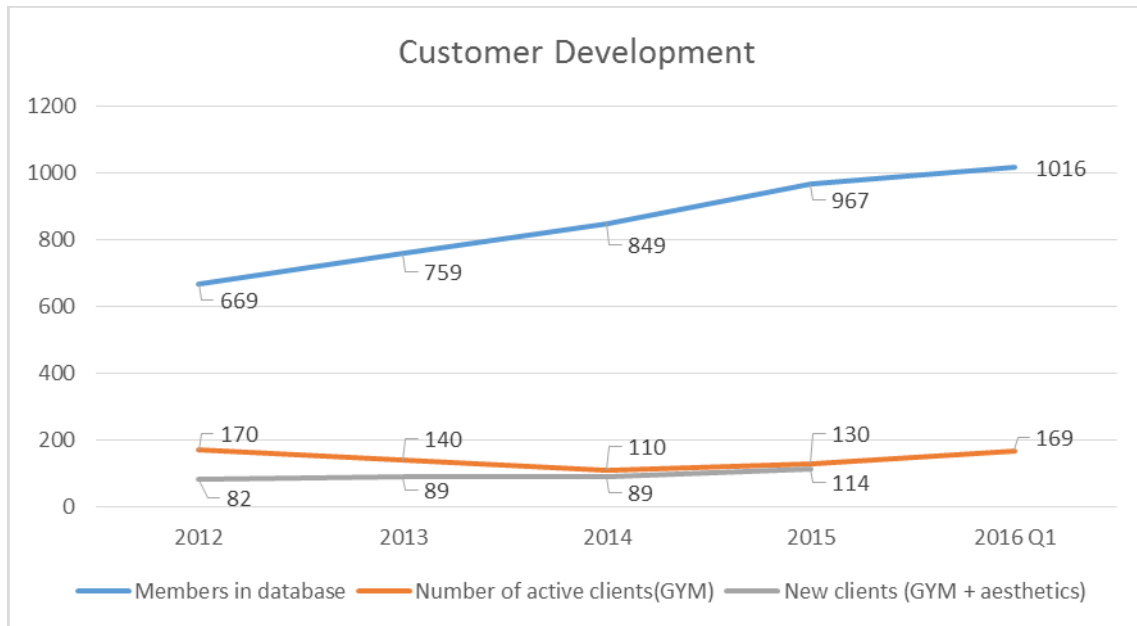


Exhibit 1. All Fitting Customer Development 2012-2016 (Source: All Fitting management)

The calculations for retained and lost customers (Exhibit 2) showed that in 2013 All Fitting managed to retain around half of its clients from previous years. However, in 2014 and 2015 this number dropped significantly, and only a quarter of the customers were retained. This revealed that indeed All Fitting was dependent a lot on new customers and had some challenges at retaining its customers. However, in 2016, at least the first quarter, the results were completely opposite: the major part of active clients were the ones retained from previous year. Yet there was a high chance that the composition of new and loyal customers would change by the end of 2016, and results would be closer to previous years. It could be assumed, because in Q1 2015 the customer development followed the same trend as it did in Q1 2016: loyalty index was 0.95 but by the end of the year it decreased to 0.25.

	2012	2013	2014	2015	2016 Q1
Members in database	669	759	849	967	1016
Number of clients (aesthetics)	30	21	20	40	62
Number of new clients (aesthetics)	11	21	12	11	5
Number of active clients (GYM)	170	140	110	130	169
Number of new clients (GYM)	71	68	77	103	43
Retained customers (GYM)		72	33	27	126
Lost customers (GYM)		98	107	83	4
Loyalty index (GYM)		0.42	0.24	0.25	0.97

Exhibit 2. All Fitting Customers and Their Loyalty 2012-2016 (Source: All Fitting management)

A closer look at customer database in 2016 needs to be taken. In the first quarter of the year All Fitting had 1016 members in their database. Out of these, there were 169 active gym visitors. The first two months of the year showed very good results in terms of new customer acquisition. In February 2016 alone, there were 38 new active members, either joining the gym for the first time or returning after a break. As mentioned before, the closing of one competitor, Onda Natur, had a significant positive effect. Overall, 28.40% of current active members have joined the gym in 2016, 25.44% joined in 2015, 7.69% in 2014, and the rest joined more than 2 years ago.

Services Portfolio and Price Management

The core activity of All Fitting was group training classes. There was a big variety of group activities available, and they changed every day (Exhibit 14), so the members could choose what classes and at what time they wanted to attend. In the middle of the day there were also several hours allocated for individual training.

The membership fee (€50) had to be paid once, at the time of registration. However, if the person was not an active member for three months, the membership needed to be renewed (€25). Once the person was a member, there were several options of monthly fees to choose from:

- Free access to gym and group classes – €50/month (also included nutritionist consultation and sports insurance)
- Access to specialized classes once a week (Zumba or Pilates) – €25/month
- Free access to specialized classes (Zumba or Pilates) – €35/month

In the aesthetics section, there were a number of different services available (Exhibit 15). They could be grouped into five areas: massage, machine treatment, photo depilation, waxing, and treatments with dermo cosmetics Gernetic. The prices varied greatly, depending on the kind of service provided.

Individual consultation with a nutritionist cost €50.

In addition to all this, the clients could buy beauty products or use manicure services. As of March, 2016 All Fitting started sub-lending a room to a hairdresser so as to expand the services available to its customers. It was believed to also help with increasing the exposure and customer inflow to the gym.

Customer Journey

Every time a new customer came to All Fitting, there was a certain process to be followed:

1. Informing the client about the prices and services offered. Introducing the promotions available at the time.
2. Inserting client data in the CRM system, signing the contract.
3. Payment of membership and monthly fees.
4. Filling in an internationally accepted Physical Activity Readiness Questionnaire (PARQ) about readiness for physical activity, with specific questions about the person's medical history. It served as self-evaluation tool to assess the safety and possible risks of physical activity and it had to be filled in by every client at the moment of subscription.
5. Scheduling initial assessment according to availability of the staff, and explaining necessary conditions to perform it.
6. Performing the initial assessment. It combined the PARQ and evaluation of body composition (age, height, weight, body fat, measurements of body lines). Taking into account the client's objectives (lose weight, improve body tonus, maintain physical shape), a training plan was prepared.

Once the client became an active member, technical support was provided throughout the whole customer lifetime, until they ceased the membership:

7. Client re-evaluation every 3 months, following the same procedure as initial assessment, to verify the improvement of body composition and physical capacity.
8. Following the results of the re-evaluation, a new training plan was proposed taking into considerations the new objectives, physiological limitations, client's availability and preferences.

Competitive Analysis

In case of All Fitting, its biggest competitors, as identified by the staff, were other gyms located in close geographic proximity (Exhibit 16). They included both women-only and mixed gender gyms. There were four main competitors to which All Fitting was either losing clients or had clients migrating from them.

Vivafit was a Portuguese chain of express gyms for women, available in 11 countries in 2016. It was an absolute women-only market leader in Portugal, and with its 23 locations in the country (out of which, 5 were in Lisbon, plus more in nearby areas like Cascais), in 2008 it reached 80% market share (Vivafit, 2016). The focus of Vivafit was to provide women with quick 30-minute circuit workouts that differed every day. In addition to group classes, it also

provided individual training services and nutritionist consultations that could be accessed by every member online.

Tonik was a family oriented health and fitness centre. It had 2 locations in Lisbon; the one situated near All Fitting had a big area, and was spread throughout 4 floors building. Having large facilities allowed them to offer many different services: traditional workout rooms with machines, numerous group classes, well-being services, and Osteopathy, Physiotherapy and Nutrition consultations. There were also indoor pool, jacuzzi and sauna and restaurant available. Since Tonik was family oriented, they also provided special classes for kids, like karate.

Energy was another gym for genders. They positioned themselves as health and fun club. The main activity was also group classes, however, in addition to regular classes, such as localized or core training, they provided more untraditional activities, like capoeira or PowerJump (a class entirely on a mini trampoline). With its communication and activities, Energy was targeting younger audience.

Onda Natur was the last main competitor to All Fitting. It was a small gym for both genders. Their core activity was providing group classes, however, the biggest focus was on such classes as yoga or Pilates, instead of fitness exercises. The gym closed on February 29, 2016, which led to a part of its clients migrating to All Fitting.

All Fitting Point of Differentiation

According to Joaquim, the manager of the gym, the thing that differentiated All Fitting from the competitors was its size. The fact that it was so small allowed the staff to be friendly and know every client closely. Additionally, the clients also got to know each other closely.

“In fact, I think we are a small and kind family”, said Joaquim.

All Fitting Communication Strategies and Customer Management

All marketing and communication activities were in the hands of the manager. However, the trainers gave their suggestions based on feedback and observations.

At the beginning of 2016 the company was restructuring their website. In addition, All Fitting had a Facebook profile as well, where they shared the promotional campaigns or moments from the gym.

Acquiring New Customers

Every week, Lúcia once and Joana twice, went outside to the city to distribute leaflets (Exhibit 17) and talk to people about the gym and the special offers that they had at the time. The visited places were usually the ones in the neighbourhood: Católica Lisbon University,

commercial zone, Pingo Doce and Lidl entrances, metro. All Fitting also sent emails to companies, so that if they were interested, they would pass the information further to their employees. One of such companies was Galp Energia Group.

However, as noted by the staff, these activities did not bring good results and only very limited number of people got interested and actually joined the gym. The more effective means of attracting new members was company website and Facebook profile. And the most powerful tool was references from already existing members.

Once customers became aware of All Fitting, they were also often exposed to special promotions. Exhibit 3 presents previous promotions that took place. There was no clear indication that one promotion was better than others. However, slight increase in new members could be observed during those months, when new clients were offered a free massage and orientation class or free massage for referrals (February, 2016; November, 2015; October, 2015).

Date	Promotion	New Members
March, 2016	<ul style="list-style-type: none"> · 3 months gym + nutritionist + 4 sessions of vibrating platform for €89 · 30% discount for aesthetics treatment packs 	17
February, 2016	<ul style="list-style-type: none"> · Free orientation class + massage, €6/week without subscription fee · 30% discount for aesthetics treatment packs 	21
January, 2016	<ul style="list-style-type: none"> · 3 months gym + nutritionist + relaxing or anti cellulite massage for €89 · Reducing/anti cellulite or firming massage for €17 · 30% discount for aesthetics treatment packs 	16
December, 2015	<ul style="list-style-type: none"> · Dezembro Bombastico: each day different promotion, either gym, aesthetics, or both 	9
November, 2015	<ul style="list-style-type: none"> · Bring a friend, get free massage. · 50% discount for all aesthetics services on November 7th-10th 	12
October, 2015	<ul style="list-style-type: none"> · Special package deal for waxing · Free orientation class + massage, €6/week without subscription fee 	12
September, 2015	-	12
August, 2015	-	4
July, 2015	<ul style="list-style-type: none"> · 3 months gym + nutritionist + treatment session for €69. · Bring a friend, get 4th month in the gym free 	9
June, 2015	-	7
May, 2015	-	13
April, 2015	<ul style="list-style-type: none"> · 3 months of gym membership for the price of 2 months 	8

Exhibit 3. All Fitting Promotion Campaigns and New Members' Attraction (Source: All Fitting management and Facebook page)

Retaining Customers

As for the current customers, they could also use special prices (e.g. Women Week, Health Week) or special package deals. All other activities were directed towards building stronger sense of community. Once every 1 or 2 months, on a special occasion, All Fitting organized either going for a walk together with the members or a special class. In January, 2016 they organized a dinner for the members where everyone willing to join was invited. During the event the members were also encouraged to write poems about going to the gym, and the best ones were rewarded with a massage. Usually, they also celebrated the successes and results of other members, for example by sharing them on a board (Exhibit 18), especially because reaching results was one of the most important motivators for the customers.

All Fitting also tried to address the members who are were coming to the gym very often. To encourage them to spend more time there, they were given a special card where it was marked how many times the member came to the gym in 30 days (Exhibit 19). If this number was either 12 or 16, she was rewarded with a gift. This tool also worked as a way to attract new members because the person should also bring a friend together to claim the gift.

The staff also tried to attract back the customers who used to come to the gym but had stopped doing that for some reason. They called the contacts in the database, and offered special deals in order to encourage them to return.

All Fitting used to collect structured feedback on customer satisfaction by asking them to fill in a short questionnaire after 2 weeks, 1 month, 2 months and 3 months (Exhibit 20). However, this feedback was never aggregated and analysed in greater detail, and by 2016 the company had stopped doing it.

All Fitting Dilemma

Having in mind the objective of reaching 210 active members by the upcoming summer, the staff of All Fitting had to figure out how to balance the focus between retaining its loyal customers and acquiring new customers. It was important to have both, especially because the results of customer loyalty index had not been impressive for the past few years. This could be related to the fact, that lately All Fitting had not done market research or customer satisfaction survey, so there might be misalignment between what management considers to be important and what is actually valued by clients. Thus, a market research needs to be done in order to understand what the attributes are valued by loyal customers and whether they could be harnessed to attract new members. Or perhaps a different communication strategy would be more effective.

Market Research

Methodology

In order to answer the research questions and address the dilemma, a quantitative research method was deployed: namely, two surveys.

The target audience of the first survey was the active clients of All Fitting. Since the vast majority of the clients were Portuguese, the questionnaire (Appendix B) was constructed in Portuguese language, and it was distributed in the gym in April 2016. Overall, the main purpose of the survey was to assess customer's attitude towards All Fitting, their satisfaction and loyalty. In order to evaluate satisfaction and loyalty a 10-point Likert scale was used, so that it could also be used to determine the NPS.

The second survey was aimed at potential clients of All Fitting; therefore, the target audience was women living in Lisbon area. The survey (Appendix C) was distributed online in April 2016 using Qualtrics, and available in both English and Portuguese. The questions addressed several topics: habits regarding practicing sports, attitudes towards fitness clubs, All Fitting perceptions, and demographics.

The data collected from both surveys was analysed using SPSS. The analysis of the results should not only reveal respondents perceptions but also help understand whether there were any discrepancies between the perceptions of All Fitting management and the clients.

Current All Fitting Customers

Sample Description

The survey was answered by 52 All Fitting members, which represented 30.8% of active clients in 2016.

The respondents were rather equally distributed among different age groups: 5.9% aged 12-18, 19.6% in each of age groups 19-25, 26-35 and 36-45, 13.7% aged 45-55, and finally 21.6% aged over 56 years old. Biggest part of respondents were employed (51%), also 19.6% were self-employed, 17.6% students and 9.8% retired.

25% of All Fitting clients have smaller than €10.000 annual household income after tax, 35.4% have between €10.000 and €27.000, and 31.3% have between €27.001 and €44.000.

Age	Sample	Occupation	Sample	Annual household income	Sample
12-18	5.9%	Student	17.6%	<€10,000	25.0%
19-25	19.6%	Employed	51.0%	€10,000-€27,000	35.4%
26-35	19.6%	Self-employed	19.6%	€27,001-€44000	31.3%
36-45	19.6%	Unemployed	2.0%	€44,001-€60,000	2.1%
46-55	13.7%	Retired	9.8%	>€60,000	6.3%
56+	21.6%				

Exhibit 4. All Fitting Clients Survey Sample Description

Joining All Fitting

Majority of respondents joined were All Fitting members for either less than 6 months (34.6%) or 3 years and more (38.5%), see Exhibit 21. For around half of them (44.2%), All Fitting was the first gym they had ever joined. Others (55.8%) used to attend a different fitness club. Some of the clubs mentioned matched the competitors indicated by the management (VivaFit, Energy, Onda Natur), however, there was a number of other gyms mentioned (for example, Solinca Colombo). Nevertheless, it could be observed, that most of the places were concentrated in quite close geographic proximity.

All Fitting relied on several channels to create awareness and attract clients to the gym, hence, the members were asked of how they had found out about it (Exhibit 22). The most common was friends or family recommendations (38.5%). It showed that referrals were extremely important in order to attract new members. The other channels in order of importance: leaflets (21.2%), internet search (11.5%) and advertising (9.6%). Facebook did not have much significance in this case (3.8%). Additionally, there were no significant differences among different age groups in terms of prevailing channel. Once clients were aware of All Fitting, special package deals (30.8%) or price discount (23.1%) encouraged them to join (Exhibit 23).

As for the reasons that motivated to join All Fitting, aim to improve health and fitness was named by the most of respondents (80.8%). It was also important that the gym was close to the home or office (69.2%), it had good atmosphere (50%), and the wish to control weight (44.2%). For different age groups, same reasons were prevailing, there were only minor differences in case of some factors (Exhibit 24): for example, 12-35 age group were more motivated to join because of good price (26.1%) and because they had a friend attending (34.8%) compared to 36+ age group (3.6% and 3.6% respectively).

At All Fitting

Out of respondents, 46.5% came to All Fitting 3-4 times a week, others came either 1-2 times (36.5%) or 5-6 times (15.4%). There were no significant differences between different age or loyalty groups on how often they practiced sports, results were distributed evenly.

Even if All Fitting offered a wide variety of classes, most of members (55.8%) said, they did not differentiate and attended whatever class was happening at the time. Otherwise, Localized, Core/ABS and Functional training were preferred activities. Also, there could be some differences observed between what classes were more attended by age group 12-35 and 36+ (Exhibit 25).

As for aesthetics services, 42.3% of respondents never used them. Out of those who used, did so mostly for massages (66.7%), see Exhibits 26-27.

All Fitting Clients: Satisfaction and Loyalty

The clients were asked to evaluate how satisfied they were with the gym on a number of attributes, on a scale from 1 to 10. Overall, all of the aspects were evaluated well (Exhibit 28). Respondents were mostly satisfied with attributes related to the staff and social dimension: close relationship between the staff and client (9.52), trained and knowledgeable staff (9.36), sense of community (9.23). The aspect that respondents were satisfied the least was Nutritionist (7.28), and some of respondents have not used this service at all. According to two independent sample t-test, there were no significant differences in how the attributes were evaluated between different loyalty groups; same could be said for age groups, except for two attributes that 36+ age group was satisfied less than the younger group: relationship between staff and clients (9.32 vs. 9.87) and good condition equipment (7.95 vs. 8.60).

Being satisfied with some of the attributes was more correlated with overall satisfaction than other attributes. Exhibit 5 shows the attributes that were mostly correlated with satisfaction (significant at 0.01 level).

Flexibility of schedule	0.7044
Cleanliness of facilities	0.6238
Variety of classes	0.5306
Good condition equipment	0.5043
Fair price for services provided	0.4754
Trained and knowledgeable staff	0.4464

Exhibit 5. Correlation between Attributes evaluation and Overall Satisfaction

When asked about overall satisfaction, referrals and loyalty, there were no observable differences between answers of different age or loyalty groups, and these were the average results yielded:

- Overall, I am entirely satisfied with All Fitting (9.25 out of 10)
- I would recommend All Fitting to my friends or family (9.35 out of 10)
- I intend to keep practicing in All Fitting in the upcoming years (9.29 out of 10).

Supporting what was said in the literature, there was a correlation between the overall satisfaction with All Fitting and intention to repurchase and recommend (both significant at 0.01 level, Exhibit 6). The correlation was especially high in case of referrals, which showed how important it was to keep the customers satisfied if one wanted to encourage WOM.

I would recommend All Fitting to my friends or family	0.9079
I intend to keep practicing in All Fitting in the upcoming year	0.5748

Exhibit 6. Correlation with Overall Satisfaction

It was also worth looking at the NPS, which was 78.8% in case of All Fitting. A NPS score equal or above 75% is considered to be a good result; as the closest benchmark could be used total health and fitness industry in the UK, which in 2010 had an NPS as low as 34% (Health Club Management, 2010). Hence, All Fitting had a great potential for positive WOM, and future growth in turn.

Potential Customers for All Fitting

Sample Description

In total there were 226 women living in Lisbon who answered the online survey, out of which 179 completed it and were considered as valid responses in further analysis.

Majority of respondents, 68.2% were Portuguese, the rest represented other nationalities living in Lisbon. The biggest part of respondents (63.1%) were aged 19-25. Other age groups were represented as follows: 20.2% of respondents from age group 26-35, 10.3% in age group 35-45 and 4.6% women aged 46-55. As for the occupation profile: 53.7% of respondents were students, 31.1% employed working for an employer, and 10.7% unemployed. The survey also addressed annual household income after taxes; 35.8% of respondents reported lower than €10.000 income, 38.1% between €10.000 and €27.000, and others have fall into higher income groups.

Age	Sample	Occupation	Sample	Annual household income	Sample	Nationality	Sample
12-18	0.6%	Student	53.7%	<€10,000	35.8%	Portuguese	68.2%
19-25	63.1%	Employed	31.1%	€10,000-€27,000	38.1%	Non-Portuguese	31.8%
26-35	20.2%	Self-employed	3.4%	€27,001-€44,000	15.9%		
36-45	10.3%	Unemployed	10.7%	€44,001-€60,000	5.1%		
46-55	4.6%	Retired	1.1%	>€60,000	5.1%		
56+	1.1%						

Exhibit 7. Potential Clients Survey Sample Description

Sports-related behaviour

Overall, 67% of respondents practiced some kind of sports. Out of those who did, 39.2% exercised 1-2 times per week and 40.8% 3-4 times per week. The most preferred place for exercising was gym or fitness centre (51.7%), followed by outdoors (25%) and home (12.5%). The same pattern without significant differences could be observed among different age groups.

When looking at those who attended a gym, the most often way to become aware of it was referrals by friends or family (56.5%). The other ways mentioned were quite far behind: walking by the place (16.1%) and advertising (12.9%). Interestingly, social networks did not play any importance in raising awareness (1.6%). The same channels appeared among different age groups. The most often mentioned names of gyms that respondents attended were Holmes Place and Fitness Hut, which is not surprising considering that they were among the biggest players in Portugal.

The most important motivators for a person to decide to join a gym were identified as willingness to improve health and fitness (79.0%) and control weight (61.3%), as well as the gym being close to home or office (59.7%) and having a flexible schedule (50.5%). Same attributes with some minor variations were important for different age groups (Exhibit 29).

Even if some respondents preferred practice sports elsewhere, 74.1% of them had attended a gym at some point. When asked what the main reason was that made them quit, lack of time (34.9%) and gym being too expensive (30.2%) were mentioned the most. The other group that never attended a fitness centre, said that too high expenses (46.7%), being afraid not to know how to use the equipment (33.3%) and not willing to go alone (33.3%) were the things that prevented them from joining (Exhibit 30).

As for remaining 33% of respondents who did not practice sports, lack of motivation was the most common reason (35.6%), followed by lack of time (28.8%), not liking sports (18.6%), and it being too expensive (11.9%).

On the other hand, some type of aesthetics services were used by majority of respondents (Exhibit 31), most popular being waxing (50.8%) and massage (39.7%). Massage was the most popular service among older age group (53.1%).

Women-only gyms and All Fitting

A concept of women-only gym proved to be attractive only for a part of respondents (25.7%). Others claimed they would not consider such an option (38%) or were in doubt (36.3%). No significant differences in attitude could be observed among different age groups.

When asked whether they were aware of All Fitting, 94.4% of respondent said no. It was an expected, considering that it has only one location available in Lisbon, and the customer base is rather small. Nevertheless, respondents were shortly introduced to the concept of All Fitting and asked whether they would be willing to join (Exhibit 8). They seemed rather open to the idea of attending a free introductory class, which could help increase awareness and trial. However, when it comes to joining All Fitting, women in Lisbon were quite sceptical, and evaluated the possibility only at 4.5 out of 10; the score increased if they had a friend coming together.

I would attend a free introductory class in All Fitting	7.4
I would consider joining All Fitting	4.5
I would consider joining All Fitting if I had a friend coming with me	5.5

Exhibit 8. Potential Clients Attitude towards All Fitting

Obviously, those who earlier said they would not consider joining a women-only gym, evaluated their possibility of considering All Fitting lower as well. On the other hand, younger group of respondents (19-25 years old) seemed to be more open to the idea of joining All Fitting, but if they had a friend coming with.

Conclusion and Suggestions

The focus of the case study was to understand how All Fitting could keep a balanced focus between retaining loyal customers and acquiring new customers, which was especially important if the club wanted to grow further in terms of the number of active members. To address the problem statement, 5 key research questions were formulated, answers to which are provided further.

RQ1. What were the main drivers of customer loyalty for All Fitting?

Looking at customer database development throughout past years, loyalty was a rather problematic topic. Nevertheless, according to survey responses, All Fitting clients seemed rather loyal: the average evaluation of intention to keep attending All Fitting during upcoming years was 9.16 out of 10. It also had a high NPS (78.8%), which was said to predict visiting frequency and retention (Kemmer, 2016).

Both of these aspects (intention to stay and intention to recommend) were highly correlated with overall customer satisfaction. Hence, it could be said that if All Fitting was able to provide high service quality, it would foster customer loyalty. To continue, some of service attributes were more related to overall satisfaction than others. For example, flexibility of schedule, cleanliness of facilities, variety of classes and good condition equipment have the highest correlation with it. However, these were not the attributes that received the highest evaluation from respondents: cleanliness 8.90, variety of classes 8.68, equipment 8.40. Improving these aspects could lead to increased overall satisfaction and loyalty in turn.

Q2. Was All Fitting able to retain its customers and what could be improved further?

Even if asking All Fitting members about their intention to stay in All Fitting showed good results, the analysis of customer base development told a different story. Customer retention was actually problematic: database of clients kept growing, which meant that new members joined; however, the number of active clients grew at a much slower rate. Even if there were active members who were part of All Fitting for 3 years or longer, the customer loyalty index was only around 0.24-0.25, which meant that every year All Fitting was able to retain only around one fourth of its clients.

All Fitting was doing some activities in order to retain its customers: providing special packages and price promotions, incentives for less active members to increase their frequency of attendance, calling non-active members to invite them back with special deals.

Also, literature said that for retention it was important to build close personal relationships between the staff and clients, create a community. According to All Fitting management, it was one of its strengths. It was also supported by members: satisfaction with relationship between members and staff was evaluated on average 9.52 out of 10, and community sense 9.23 out of 10. However, it should be noted that these aspects were not very correlated with overall satisfaction. To build stronger community All Fitting also did several activities. For example, sharing members' good results on a board in the gym, or organizing a special events.

To improve the currently low retention, All Fitting should put more effort in building the community, not only within the gym by organizing special events, but also online. Community is especially important because it is difficult to create switching barriers in fitness industry. Additionally, the staff should try and build close relationships with newly joined members early on, because they are easier to lose.

RQ3. What was All Fitting communication strategy to attract new customers? Should it be adapted to be more effective, and if yes, how?

To attract new customers All Fitting distributed leaflets in areas close to the gym, but according to the staff, it was not very effective. Customer survey revealed that 21.2% of respondents found out about the gym in this way, which is not a bad result, so leaflets should be distributed further by focusing on neighbouring areas. However, leaflets as such is not an efficient way of advertising – only small proportion of those who receive a leaflet actually join, so in long run it should be replaced by more effective tools.

More effective channels, according to staff, were Facebook page and website. However, market research revealed the opposite: out of current customers only 3.8% found out about All Fitting from Facebook and 11.5% from internet search. Regarding non-clients, 1.6% found out about their gym from social media and 8.1% from internet search. Even if it was nearly impossible to operate a business without an online presence, for fitness clubs online was not the best channel for generating awareness. Perhaps, such things as Facebook page could be used for community building among current members instead. Also, it was important to adapt the content of the website to search engine optimization – not doing this could be one of the reasons for low percentage of internet search.

Another way to find out about a gym is simply walking by it (16.1%). Overall, geographic proximity to either work or home plays huge importance in deciding whether to join a gym (location was a motivator to join for 69.2% current All Fitting clients, and 59.7% non-clients). Thus, it would make a lot of sense to concentrate the communication in the neighbouring areas, both in terms of nearby offices and residents. It should be done not only by distributing leaflets, but consider also advertising through posters, collaborating with offices, and creating events in the neighbourhood, that non-members could attend.

Another sensitive topic is price. People in Portugal were leaning towards low cost gyms, and importance of price was supported by survey of potential clients: 30.2% of respondents who used to attend a gym named price as a reason to quit; 46.7% of those who never joined a gym, named price as a barrier. Current customers seemed rather satisfied with the price they had to pay for service provided (8.96 out of 10). Also, All Fitting almost every

month offered a special price promotion or package deal. The most effective campaigns for attracting new members were the ones where free introductory class and free massage were offered to those who join, or free massage was offered for current members for bringing a friend. However, it was needed to ensure that these special deals are communicated beyond Facebook and leaflets.

Overall, most powerful channel for new customer acquisition was referrals, which is elaborated upon in RQ4.

RQ4. What was the importance of word of mouth in case of fitness clubs and how could All Fitting leverage on it?

WOM was the most powerful tool to spread awareness about the gym and attract new members. According All Fitting members, 38.5% of them found out about the place from their friends or family. Other survey, for potential clients, showed that 56.6% of respondents found out about their current gym the same way. Other channels had much less importance.

Hence, All Fitting should concentrate a lot of its effort on encouraging referral marketing. It would not only help acquire new clients, but also would have positive impact on retention of current clients who engage in this activity. And it could be possible, because All Fitting had high NPS, so customers were willing to recommend the gym to friends and family.

To encourage referrals, All Fitting should offer incentives. It occasionally already did, and it worked quite well. It should do more of these activities, and promote them more vigorously. Perhaps, it could also be a good idea instead of a massage to offer a free monthly membership, because around half of All Fitting members do not actually use aesthetics services. To increase referrals even further, incentive could be offered not only to the one referring, but to the new member as well.

RQ5. Being a women-only gym – was it an advantage or limitation for All Fitting? Was the concept of many services under one roof adding benefits?

In the competitive environment of fitness centres, especially when the services provided were rather similar, being more specialized and focused on a certain target might offer a point of differentiation among competitors. However, being a women-only gym brought some limitations. For only 19.2% of current members this aspect was motivating factor to join, other generic factors were more prevailing (e.g. improve health and fitness). Also, when women in Lisbon were asked whether they would consider joining a women-only gym, only 25.7% said yes and 36.3% maybe. Hence, being just a women-only gym was not good enough.

And All Fitting was not just that. It offered a variety of group classes, which was a motivating factor for 42.3% of current members to join (41.9% of prospective clients). This attribute was also correlated with overall satisfaction, and current members evaluated it at 8.68 out of 10. Paradoxically, even if customers wanted the gym to offer variety, 55.8% of All Fitting members say they attended whatever class was happening at the time they came to the gym. Perhaps it could infer that actually breaking monotony is of importance in this case.

All Fitting also offered other services. Yet, it was not the main factor why people joined All Fitting (only 9.6% were influenced by it) or other gyms (29%). 42.3% of current members never used aesthetics, and those who did mostly did so for massage. Also, a lot of customers did not use nutritionist consultations, or if they did they are not very satisfied with it (7.28 out of 10). Nevertheless, there was potential to attract more clients: majority of women surveyed outside All Fitting said they used some aesthetics, most popular being waxing and massage. The additional services should be leveraged more and communicated more widely to attract customers beyond and not necessarily those interested in sports, especially because small clubs were experiencing financial pressure, thus aesthetics services were very important.

Limitations and Future Research

The thesis reached its objectives to explore the problem statement and answer the research questions. Additionally, the results were shared with All Fitting management, and proposed suggestions for improvements are going to be implemented. Nevertheless, the thesis faced several limitation in different stages, which could be addressed by future research. Firstly, the company was not able to disclose all information, especially the one that was more sensitive, like revenues or profits. Secondly, the thesis had a bigger focus on the fitness part of All Fitting business, to balance it out, other areas, especially aesthetics could be analysed deeper. Thirdly, it could be interesting to interview the members who quit, so as to understand why there was discrepancy between clients' intentions to stay loyal and actual loyalty index.

What is more, the quantitative part of market research, has area for improvement as well, especially the second survey targeted to potential clients of All Fitting. Since the questionnaire was distributed online, the sample contains a few drawbacks: the sample is skewed towards younger audience, up to 25 years old, and a big part of respondents were non-Portuguese, so even if they were living in Lisbon there is a high probability that majority of them was here for a limited time (for example, studying), so their attitude toward fitness centres, especially loyalty, might differ. Hence, the results might be biased.

Furthermore, it could be useful to analyse other women-only gyms in Lisbon benchmarking them on different aspects could paint a fuller picture: differences in positioning and customer perceptions, differences in customer loyalty indexes and the underlying reasons for it. Such analysis could help identify customer behaviour patterns in women-only fitness clubs.

Teaching Notes

Synopsis

All Fitting was a gym located in a residential area of Lisbon. It was a rather small gym, dedicated only for women. Its core activity was group classes, such as Pilates, Zumba, HIIT, and others. In addition, they also had cardio and hydraulic training machines. The concept that All Fitting was trying to implement was providing a variety of services under one roof, therefore, there were also aesthetics, nutritionist, and hairdresser services available.

In 2016 Q1 the gym had 169 active members, and its aim was to reach 210 by the next summer, mostly through using referrals from existing customers as well as getting the old members to return. In order to reach the goal and be a sustainable business, it was extremely important for All Fitting to keep the balance between acquiring new customers and creating loyalty among current members. Especially, because the loyalty index was low for the last few years, which meant that a lot of customer defect. The thesis aimed to understand what drove customer loyalty and motivated new members to join, and how All Fitting could be more effective on both ends.

Target Audience

The case study “The Importance of Sustaining a Balance between New and Loyal Customers. The case of All Fitting” is suitable for both Bachelor and Master students in Management, Business Administration, and similar disciplines. The case study can be discussed in Marketing, Marketing Communication, Consumer Behaviour classes, depending on the focus of the subject. The case covers certain concepts of marketing, therefore, students should have at least basic background in Marketing.

Teaching Objectives

Discussing the case study gives students a chance to explore a real life business related issue, and propose their suggestions for improvements. Students are introduced to health and fitness industry, with a focus on one of its niches, women-only gyms. The case exposes students to such concepts as customer acquisition, retention and loyalty, and how it is related

to customer satisfaction. As well as this, students can learn about the importance of referral marketing in services industry. They are expected to assess the current communication and marketing strategies of All Fitting, and come with ideas for increasing effectiveness. And last but not least, the paper displays some marketing research techniques that may be used either for current members of a fitness centre or to understand the general attitude towards sports by prospective clients.

Teaching Plan

To prepare for in-class discussion of the case study, students should read the All Fitting case study (Literature Review including) and the following articles, each of which covers some ideas and topics discussed in the case:

Gustaffsson, A., Johnson, M. D., & Roos, I. (2006). The Effects of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*, 69(4), 210-218.

Albayrak, T. & Caber, M. (2014). Symmetric and Asymmetric Influences of Service Attributes: the Case of Fitness Clubs. *Journal of Managing Leisure*, 19(5), 307-320.

Biyalogorsky, E., Gerstner, E., & Libai, B. (2001). Customer Referral Management: Optimal Reward Programs. *Marketing Science*, 20(1), 82-95.

Further is provided a list of question to facilitate in-class discussion. The questions, depending on the preferences of professor, could either be addressed individually while discussing the case with the whole class, or the students could firstly be divided into small groups of 4 to discuss it among themselves before presenting their ideas to the whole class. However, the latter form is encouraged, especially for questions 1-4, as group work could foster more discussions and innovative solutions.

1. *Using Porter's 5 forces analyse the fitness industry in Lisbon, Portugal*
2. *Why is it important to put effort on customer retention? How can a fitness club retain its customers according to literature? Why it is important for All Fitting and what is it currently doing? What else it could do?*
3. *What outcomes does customer satisfaction bring? Why is it important to measure customer satisfaction? Evaluate the way All Fitting currently measures satisfaction?*

How could All Fitting measure satisfaction in the future? What is customer satisfaction in All Fitting? Are there possible improvements?

- 4. What are the benefits of WOM? How to encourage it and what to watch out for? Is WOM important for All Fitting? How should All Fitting leverage on it?*
- 5. All Fitting “Little family” – is that something that’s relevant for customers? How to strengthen the community?*
- 6. What are the fitness trends in 2016? How is All Fitting addressing them, what should be improved? Is it worth focusing on all trends? Why, why not?*

A discussion guide for each of the questions is provided in Appendix E.

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Appendix A. Case Study Exhibits

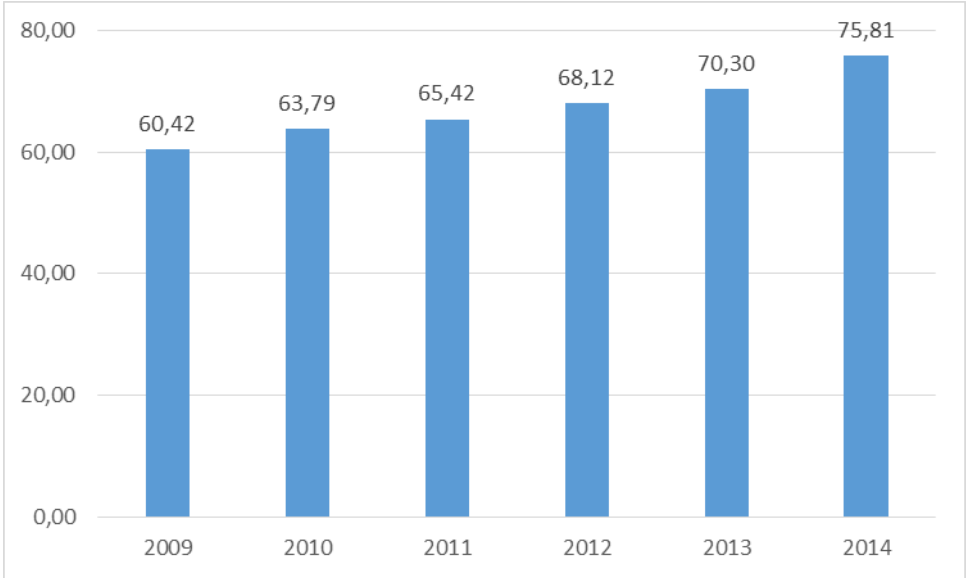


Exhibit 9. Market Size of the Global Health Club Industry, in billion EUR, 2009-2014 (Source: Statista, 2014a)

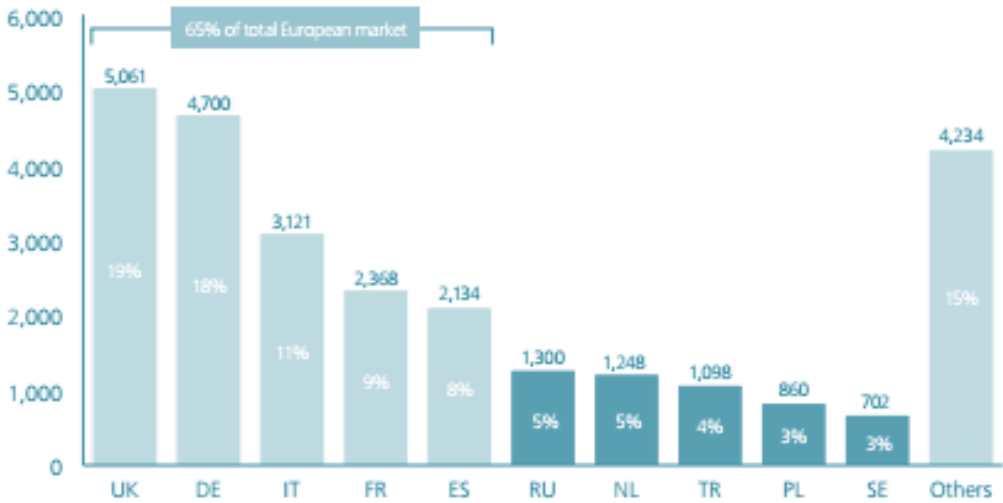


Exhibit 10. Top 10 European Fitness Markets by Revenues in million EUR and Share of the Total European Market, 2014 (Source: Deloitte, 2015)



Exhibit 11. 2016 Fitness Trends (Source: ACSM, 2016)

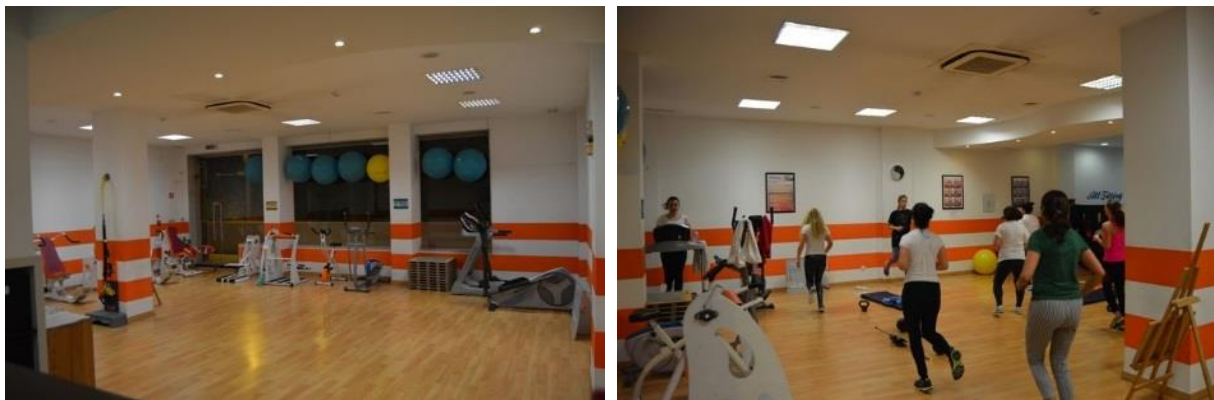


Exhibit 12. All Fitting Facilities

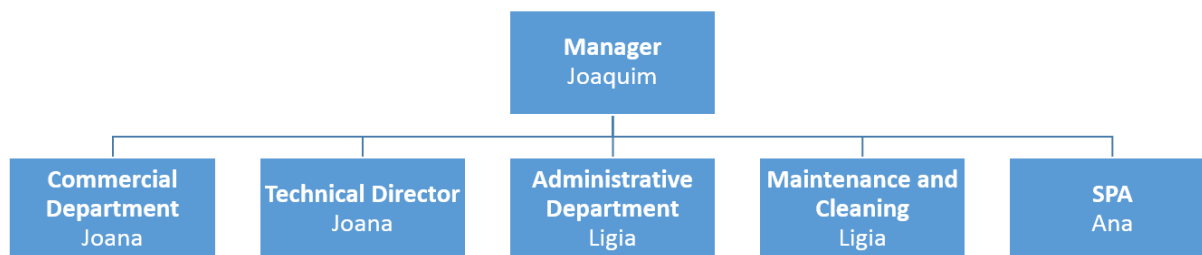


Exhibit 13. All Fitting Organizational Chart (Source: All Fitting Management)

	Segunda	Terça	Quarta	Quinta	Sexta	Sábado
08:00	Bum-Bum (30')	Core/ABS (30')	TOP (30')	Challenge (30')	Relax (30')	
08:30	HIIT (30')	Challenge (30')	Metabolic (30')	Bum-Bum (30')	Localizada (30')	
09:00	Challenge (30')	Localizada (30')	T. Funcional (30')	TOP (30')	HIIT (30')	
09:30	Aula Livre	Aula Livre	Aula Livre	Aula Livre	Aula Livre	"Best of week"
10:00	Aula Livre	Aula Livre	Aula Livre	Aula Livre	Aula Livre	"Best of week"
10:30	TOP (30')	T. Funcional (30')	HIIT (30')	Core/ABS (30')	Bum-Bum (30')	"Best of week"
11:00	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	"Best of week"
11:30	HIIT (30')	Pilates (45')	Bum-Bum (30')	Metabolic (30')	GAP (30')	"Best of week"
12:00	T. Individualizado		T. Individualizado	T. Individualizado	T. Individualizado	"Best of week"
12:30	Localizada (30')	HIIT (30')	Core/ABS (30')	T. Funcional (30')	Metabolic (30')	"Best of week"
13:00	Metabolic (30')	Bum-Bum (30')	Zumba (30')	HIIT (30')	Core/ABS (30')	T. Individualizado
13:30	Core/ABS (30')	TOP (30')	GAP (30')	Challenge (30')	Pilates (30')	T. Individualizado
14:00	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
14:30	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
15:00	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
15:30	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
16:00	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
16:30	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
17:00	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	T. Individualizado	
17:30	Core/ABS (45')	GAP (45')	TOP (45')	Localizada (45')	Challenge (45')	
18:00	Pilates (45')	T. Funcional (45')	HIIT (45')	Metabolic (30')	GAP (45')	
18:30				Zumba (30')		
19:00	Metabolic (30')	Zumba (30')	Pilates (45')	Core/ABS (45')	Zumba-Local (45')	
19:30						
20:00	T. Individualizado	Localizada (30')				
20:30						

- Bum-Bum – localized exercises to strengthen the gluteal muscles.
- HIIT & Challenge
- TOP & Localized – integrated and comprehensive training for upper or lower body.
- Metabolic – exercises to accelerate metabolism.
- Core/ABS – localized exercises to strengthen the abdominal and lower back areas.
- Pilates – focus on more balanced and stable posture. It stretches the muscles and increases the mobility.
- Functional Training – exercises to improve physical condition by imitating daily movements.
- GAP – localized exercises for gluteal muscles, legs and abs.
- Zumba – simulates Latin dances with simple but challenging movements.
- Relax – a mix of Pilates, Yoga and Tai Chi exercises, which focus on balance, stretching and relaxing.

Exhibit 14. Classes at All Fitting (Source: All Fitting Management)

Massage	Duration	Price	Description
Relaxing	60 min	€40 (€160 for 5, €270 for 10 sessions)	Relaxes the muscles, reduces or eliminates existing pain, improves blood circulation and general well-being.
	30 min	€25 (€99 for 5, €170 for 10 sessions)	
Craniofacial	20 min	€15 (€65 for 5, €120 for 10 sessions)	Relieves the tension in neck and shoulders, relaxes face and scalp.
Anti-cellulite	45 min	€35 (€140 for 5, €250 for 10 sessions)	Activates the circulation and reduces the size of adipocyte, improves the appearance of skin.
Tired legs	30 min	€25	Stimulate blood and lymphatic circulation. It brings relief and overall feeling of well-being.
Migun massage	35 min	€8	Therapeutic massage done by Jade stones that stimulate 5 points located in the spine and lower limbs. It has infrared rays that have anti-inflammatory and relaxing effect.
Quick massage	10 min	€10	Quick massage focused on the problematic points.
Lymphatic drainage	60 min	€45 (€180 for 5, €295 for 10 sessions)	Fights against water retention and cellulite, and gives the feeling of lightness afterwards.
Facial Lymphatic drainage	30 min	€25	Eliminates the bags under the eyes, brightens the skin, and prevents aging. Can be used against acne.
Body exfoliation	45 min	€30	Removes all impurities and dead cells from the skin surface.

Machine Treatment	1 session	8 sessions		12 sessions	
		Non-Member	Member	Non-Member	Member
ShapeTonic RF	€45	€288	€234	€378	€297
Migun	€8	€51.20	€41.60	€67.20	€52.80
Power Vibe	€6	€38.40	€31.20	€50.40	€39.60
Infrared	€35	€224	€182	€294	€231
Reflexology	€4	€22	€16	€31	€22
Electrostimulation	€35	€224	€182	€294	€231

Photodepilation	1 session	3 sessions	5 sessions	8 sessions	Description
Group 1	€10	€26	€38	€52	Face and chest parts
Group 2	€20	€51	€75	€104	Armpits, groin, knees, shoulders, feet, hands
Group 3	€40	€102	€150	€208	Arms, abdomen, extended groin, breasts, gluteus
Group 4	€60	€153	€225	€312	Half of leg, full face, full arms
Group 5	€80	€204	€300	€416	Full legs, back

Waxing	Non-members, €	Members, €
Upper lip	5	4
Eyebrows	11	9
Chin (simple)	6	5
Chin (extended)	9	7
Feet	5	4
Armpits	7	6
Groin (simple)	9	7
Groin (extended)	12	10
Groin (complete)	16	13
Half of leg	15	12
Full legs	19	16
Arms	12	10

Exhibit 15. Aesthetics Services and Prices at All Fitting (Source: All Fitting Management)

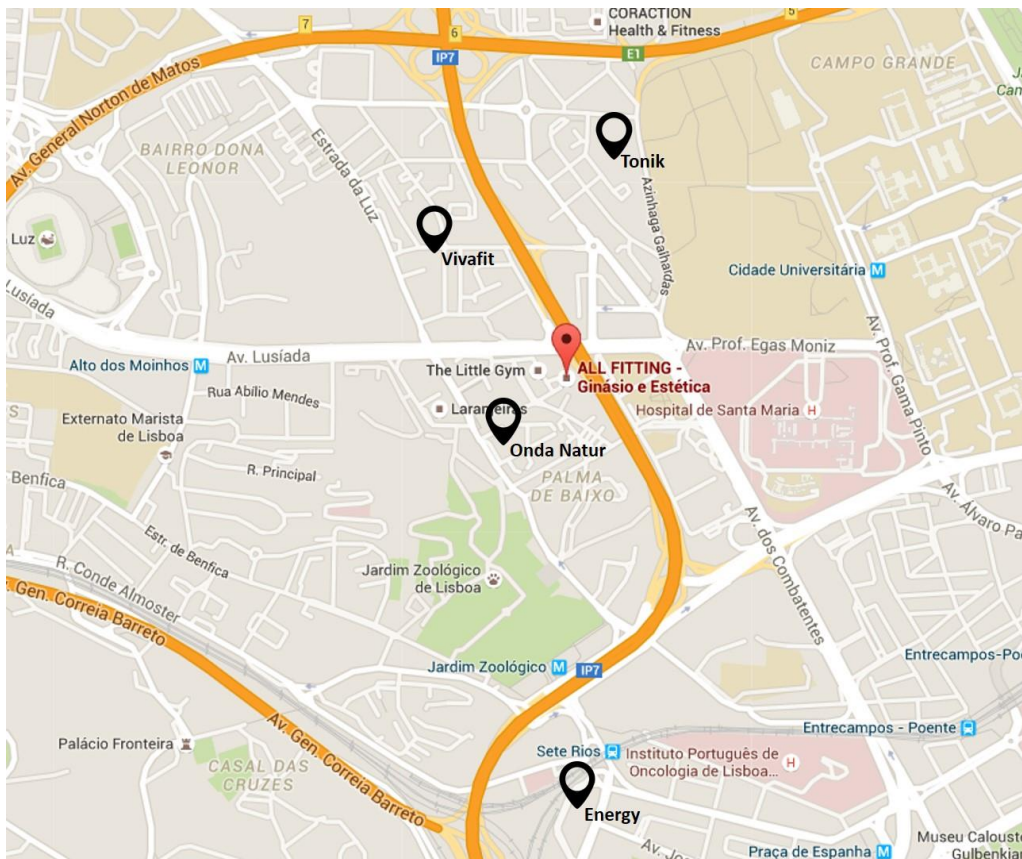


Exhibit 16. All Fitting and Competitors Map

Se é **mulher** e procura bem-estar e boa condição física, continue a ler, se não..., queira desculpar e fazer o favor de deixar este folheto em local devido.

Facilmente encontrará no All Fitting, tudo o que precisa para cuidar de si! O All Fitting é um clube exclusivo para mulheres de todas as idades, onde comodamente no mesmo espaço, poderá usufruir de **GINÁSIO** e de **CENTRO DE ESTÉTICA**.

6€ /semana

INCLUI: Consultas de Nutrição, total e livre acesso diário, Cardiofitness e Musculação, Avaliação da Composição Corporal e diferentes Aulas:

ZUMBA, PILATES, Localizada...

Venha experimentar o nosso Treino Orientado e poderá GANHAR uma Massagem!

All Fitting
made for women

Rua Manuel da Fonseca, 9A
Laranjeiras - Lisboa
21 727 73 71 // 965 659 597
www.allfitting.pt

Exhibit 17. All Fitting Leaflet

Centro de Estética!
Onde os seus sonhos, são os nossos objectivos!

All Fitting
made for women

Temos resposta para...
Rugas, Celulite, Flacidez, Gordura Localizada, Depilação a Cera e Permanente, Massagens de Relaxamento e outras, Manicura, Pedicura,...

www.allfitting.pt

Visite-nos! Para mais informações: 21 727 7371 / 965 659 597

Mapa de localização: PINGO DOCE, LOJA DO CIDADÃO, AV. LUSÍADA, EST. DO LIZ, FARMÁCIA, Rua M. Silva Leal, Rua Manuel da Fonseca, Rua Manuel da Fonseca, Rua 2, Rua 3, Rua Direita de Palma, LARANJEIRAS, EST. DO LARANJEIRAS, BLO. PROFESSOR.

VALE 10€
Em tratamentos de estética e massagens
Válido para compras superiores a 40€
Um vale por pessoa.

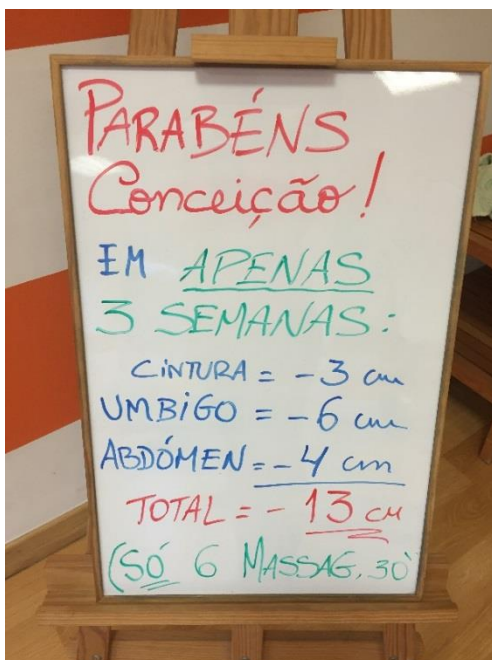


Exhibit 18. Sharing Members' Results

Partida

	1	2	3	4	5
Traga 1 amiga	6	7	8	9	10
	11	12	13	14	15
					16

Amiga inscreve-se

PARABÉNS!!

Cartão válido durante 30 dias. Pessoal e intransmissível.

Exhibit 19. Gift Card for Less Frequent Members

Name _____ Membership number _____ Joined _____

First Meeting (15 days), date _____

No. of trainings _____ Weekly average _____ Objective _____

Do you enjoy? Yes/No _____

That pleases you the most? _____

What displeases you the most? _____

Initial difficulties _____

Second Meeting (1 month), date _____

No. of trainings _____ Weekly average _____ Objective _____

Do you always have the will to come? If yes, why? _____

If no, why? _____ What do you do to come? _____

Third Meeting (2 months), date _____

No. of trainings _____ Weekly average _____ Objective _____

Do you enjoy? Yes/No _____

That pleases you the most? _____

What displeases you the most? _____

Difficulties _____

Fourth Meeting (3 months), date _____

No. of trainings _____ Weekly average _____ Objective _____

Do you always have the will to come? If yes, why? _____

If no, why? _____ What do you do to come? _____

Exhibit 20. All Fitting Customer Satisfaction Survey (Source: All Fitting Management)

Appendix B. All Fitting Customer Survey

Hello,

My name is Aiste Virkutyte, I am a member of All Fitting just like you are. Currently, I am writing my Master's Thesis at Catolica-Lisbon School of Business and Economics, and this survey is a part of it. The aim of the survey is to evaluate All Fitting customer satisfaction.

The survey will take just a few minutes of your time. There are no right or wrong answers, but I would like to ask you to answer the questions honestly. The questionnaire is anonymous.

Questions about All Fitting

1. How did you find out about All Fitting
 - Internet search
 - Facebook
 - Leaflets
 - Advertising
 - Friends or family recommendations
 - Other _____
2. What was the communication by All Fitting that convinced you to join?
 - Price discount
 - Special package deal
 - Free week at the gym
 - Free massage
 - Other _____
 - There was no special communication
3. Did you go to any gym before All Fitting? Where?
 - No
 - Yes _____
4. Why did you join All Fitting? (Can choose more than one option)
 - To improve health and fitness
 - To control weight
 - To relax
 - I was unsatisfied with my previous gym
 - Good price/ it is cheaper than my previous gym
 - Women-only gym
 - Other _____
 - It is close to my home or office
 - I have friends coming here
 - It has good atmosphere
 - Variety of classes
 - Trained and knowledgeable staff
 - Variety of services under one roof
 - Good condition equipment
 - Clean facilities
 - Flexibility of schedule
5. When did you join All Fitting?
 - Less than 6 months ago
 - 1 year ago
 - 2 years ago
 - More than 3 years ago
6. How many times per week do you come to All Fitting?
 - Less than once a week
 - 1-2 times a week
 - 3-4 times a week
 - 5-6 times a week
7. What classes do you attend in All Fitting? (can choose more than one)
 - Zumba
 - Pilates
 - HIIT
 - Bum-Bum
 - Challenge
 - TOP
 - I attend whatever class is happening at the time
 - Localized
 - Core/ABS
 - Metabolic
 - Functional Training
 - Relax
 - GAP

- I do not attend classes
- 8. How often do you use aesthetics services?
 - Every week
 - 1-2 times a months
 - 1-2 times in 3 months
 - 1-2 times in 6 months
 - 1-2 times in a year
 - Never
- 9. Which aesthetics services do you use (can choose more than one)
 - Massage
 - Machine treatments
 - Treatments with dermo cosmetics Gernetic
 - Photo depilation
 - Waxing

10. Evaluate All Fitting on these aspects (on a scale from 1 to 10, where 1 = completely dissatisfied; 10 = completely satisfied)

Variety of classes	1	2	3	4	5	6	7	8	9	10
Trained and knowledgeable staff	1	2	3	4	5	6	7	8	9	10
Close relationship between the staff and client	1	2	3	4	5	6	7	8	9	10
Variety of services under one roof	1	2	3	4	5	6	7	8	9	10
Personal training	1	2	3	4	5	6	7	8	9	10
Results tracking	1	2	3	4	5	6	7	8	9	10
Nutritionist	1	2	3	4	5	6	7	8	9	10
Good condition equipment	1	2	3	4	5	6	7	8	9	10
Location	1	2	3	4	5	6	7	8	9	10
Fair price for services provided	1	2	3	4	5	6	7	8	9	10
Cleanliness of facilities	1	2	3	4	5	6	7	8	9	10
Flexibility of schedule	1	2	3	4	5	6	7	8	9	10
Sense of community	1	2	3	4	5	6	7	8	9	10

11. Rate the following sentences (on a scale from 1 to 10, where 1 = completely disagree; 10 = completely agree):

Overall, I am entirely satisfied with All Fitting	1	2	3	4	5	6	7	8	9	10
I would recommend All Fitting to my friends or family	1	2	3	4	5	6	7	8	9	10
I intend to keep practicing in All Fitting in the upcoming years	1	2	3	4	5	6	7	8	9	10

Personal Information

12. Age

- | | |
|--------------------------------|--------------------------------|
| <input type="checkbox"/> 12-18 | <input type="checkbox"/> 36-45 |
| <input type="checkbox"/> 19-25 | <input type="checkbox"/> 46-55 |
| <input type="checkbox"/> 26-35 | <input type="checkbox"/> 56+ |

13. Occupation

- | | |
|--|-------------------------------------|
| <input type="checkbox"/> Student | <input type="checkbox"/> Unemployed |
| <input type="checkbox"/> Employed | <input type="checkbox"/> Retired |
| <input type="checkbox"/> Self-employed | |

14. Annual household income after taxes

- | | |
|--|--|
| <input type="checkbox"/> <10.000 EUR | <input type="checkbox"/> 44.001-60.000 EUR |
| <input type="checkbox"/> 10.000-27.000 EUR | <input type="checkbox"/> >60.000 EUR |
| <input type="checkbox"/> 27.001-44.000 EUR | |

Please share if you have any other comments

Thank you for your participation!

Appendix C. Potential Clients Survey

Hello,

My name is Aiste Virkutyte. Currently, I am writing my Master's Thesis at Catolica-Lisbon School of Business and Economics, and this survey is a part of it. The aim of the survey is to evaluate fitness and health related habits of women living in Lisbon area. The survey will take just a few minutes of your time. The questions are available in both English and Portuguese (please select your preferred language in the top right corner). There are no right or wrong answers, but I would like to ask you to answer the questions honestly. The questionnaire is anonymous.

1. Do you practice any kind of sports?

- Yes
- No

If Yes Is Selected, Then Skip To #3...If No Is Selected, Then Skip To #2

2. What is the main reason you don't practice sports?

- Lack of time
- Embarrassment
- Lack of motivation
- Physical inability
- Too expensive
- Do not like sports
- Other _____

Skip to #12

3. How many times per week do you practice sports?

- Less than once a week
- 1-2 times a week
- 3-4 times a week
- 5 or more times a week

4. Where do you usually practice sports?

- Outside
- At home
- Gym / fitness centre
- Between home and work
- At work
- Other _____

If Gym / fitness center Is Selected, Then Skip To #5 If Gym / fitness center Is Not Selected, Then Skip To #8

5. What is the name of the gym you are attending?

6. How did you find out about your gym?

- Internet search
- Social networks
- Leaflets
- Advertising
- Friends or family recommendations
- Other _____

7. Why did you join your gym? (you can choose more than one option)

- To improve health and fitness
- To control weight
- To relax
- I was unsatisfied with my previous gym
- Good price/ it is cheaper than my previous gym
- Women-only gym
- Other _____
- It is close to my home or office
- I have friends coming here
- It has good atmosphere
- Variety of classes
- Trained and knowledgeable staff
- Variety of services under one roof
- Good condition equipment
- Clean facilities
- Flexibility of schedule

Skip to #12

8. Have you ever attended a gym?

- Yes
- No

If Yes Is Selected, Then Skip To #9 If No Is Selected, Then Skip To #11

9. What was the name of the gym you attended?

10. Why did you quit your gym? (you can choose more than one option)

- | | |
|--|---|
| <input type="checkbox"/> Lack of time | <input type="checkbox"/> Unknowledgeable staff |
| <input type="checkbox"/> Lack of motivation | <input type="checkbox"/> Inflexible schedule |
| <input type="checkbox"/> Inconvenient location | <input type="checkbox"/> Lack of variety in classes |
| <input type="checkbox"/> Too expensive | <input type="checkbox"/> Inadequate equipment |
| <input type="checkbox"/> Bad atmosphere | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Got bored | |

Skip to #12

11. Why have you never joined a gym? (you can choose more than one option)

- | | |
|--|---|
| <input type="checkbox"/> Lack of time | <input type="checkbox"/> I don't want to go alone |
| <input type="checkbox"/> Lack of motivation | <input type="checkbox"/> I am sceptical about long term contracts |
| <input type="checkbox"/> Too expensive | <input type="checkbox"/> Embarrassment |
| <input type="checkbox"/> Afraid not to know how to use the equipment | <input type="checkbox"/> Other _____ |

12. Would you ever consider joining a women-only gym?

- Yes
- Maybe
- No

13. Do you ever use any of these aesthetics services? (you can choose more than one option)

- | | |
|--|---|
| <input type="checkbox"/> Massage | <input type="checkbox"/> Waxing |
| <input type="checkbox"/> Machine treatment | <input type="checkbox"/> I do not use such services |
| <input type="checkbox"/> Photo depilation | |

14. Have you ever heard about a gym called All Fitting?

- Yes
- No

If Yes Is Selected, Then Skip To #15 If No Is Selected, Then Skip To #17

15. Where did you hear about All Fitting?

- | | |
|--|--|
| <input type="checkbox"/> Internet search | <input type="checkbox"/> Advertising |
| <input type="checkbox"/> Social networks | <input type="checkbox"/> Friends or family |
| <input type="checkbox"/> Leaflets | <input type="checkbox"/> Other _____ |

16. To what extent do you agree with these statements about All Fitting? (1 = completely disagree, 10 = completely agree)

Good value for the price you pay	1	2	3	4	5	6	7	8	9	10
Has trained and knowledgeable staff	1	2	3	4	5	6	7	8	9	10
Has good atmosphere	1	2	3	4	5	6	7	8	9	10
Has equipment in good condition	1	2	3	4	5	6	7	8	9	10
Wide variety of services under one roof	1	2	3	4	5	6	7	8	9	10
I would attend a free introductory class in All Fitting	1	2	3	4	5	6	7	8	9	10
I would consider joining All Fitting	1	2	3	4	5	6	7	8	9	10

I would consider joining All Fitting if
 I had a friend coming with me 1 2 3 4 5 6 7 8 9 10

Answer If Have you ever heard about a gym called All Fitting? No Is Selected

17. All Fitting (<http://allfitting.pt/pt>) is a small gym in Lisbon, Laranjeiras, exclusively dedicated for women. Every day they offer group sessions that are supervised by an educated trainer. The idea that All Fitting tries to follow is to change every day so that practicing sports does not become monotonous. As well as this, they want their clients to be able have everything under one roof. That is why in addition to training they also have other services available: massages, face and body beauty procedures, nutritionist consultations, and a hairdresser.

To what extent do you agree with these statements about All Fitting? (1 = completely disagree, 10 = completely agree)

I would attend a free introductory class in All Fitting	1	2	3	4	5	6	7	8	9	10
I would consider joining All Fitting	1	2	3	4	5	6	7	8	9	10
I would consider joining All Fitting if I had a friend coming with me	1	2	3	4	5	6	7	8	9	10

18. Your age

- | | |
|--------------------------------|--------------------------------|
| <input type="checkbox"/> 12-18 | <input type="checkbox"/> 36-45 |
| <input type="checkbox"/> 19-25 | <input type="checkbox"/> 46-55 |
| <input type="checkbox"/> 26-35 | <input type="checkbox"/> 56+ |

19. Nationality

- Portuguese
 Non-Portuguese

20. Occupation

- | | |
|--|-------------------------------------|
| <input type="checkbox"/> Student | <input type="checkbox"/> Unemployed |
| <input type="checkbox"/> Employed | <input type="checkbox"/> Retired |
| <input type="checkbox"/> Self-employed | |

21. Annual household income after taxes

- | | |
|--|--|
| <input type="checkbox"/> 10.000-27.000 EUR | <input type="checkbox"/> 44.001-60.000 EUR |
| <input type="checkbox"/> 27.001-44.000 EUR | <input type="checkbox"/> >60.000 EUR |

Thank you for your participation! Please press ">>" to end the survey.

Appendix D. Surveys Analysis Output Tables

Less than 6 months ago	34.6%
6 months - 1 year ago	13.5%
1 year - 2 years ago	13.5%
3 and more years ago	38.5%

Exhibit 21. When did you join All Fitting? (Source: All Fitting Customer Survey)

Internet search	11.5%
Facebook	3.8%
Leaflets	21.2%
Advertising	9.6%
Friends or family recommendations	38.5%
Other	15.4%

Exhibit 22. How did you find out about All Fitting? (Source: All Fitting Customer Survey)

Price discount	23.1%
Special package deal	30.8%
Free week at the gym	3.8%
Other	21.2%
There was no special communication	21.2%

Exhibit 23. What was the communication by All Fitting that convinced you to join? (All Fitting Customer Survey)

	Total	12-35	36+
To improve health and fitness	80.8%	82.6%	82.1%
To control weight	44.2%	47.8%	42.9%
To relax	30.8%	34.8%	28.6%
I was unsatisfied with my previous gym	9.6%	4.3%	14.3%
Good price/ it is cheaper than my previous gym	15.4%	26.1%	3.6%
Women-only gym	19.2%	17.4%	21.4%
It is close to my home or office	69.2%	69.6%	67.9%
I have friends coming here	17.3%	34.8%	3.6%
It has good atmosphere	50.0%	47.8%	53.6%
Variety of classes	42.3%	39.1%	46.4%
Trained and knowledgeable staff	40.4%	43.5%	39.3%
Variety of services under one roof	9.6%	8.7%	10.7%
Good condition equipment	25.0%	17.4%	32.1%
Clean facilities	15.4%	4.3%	25.0%
Flexibility of schedule	38.5%	34.8%	42.9%

Exhibit 24. Why did you join All Fitting? (Source: All Fitting Customer Survey)

	Total	12-35	36+
Zumba	32.7%	47.8%	17.9%
Pilates	21.2%	13.0%	25.0%
HIIT	7.7%	13.0%	2.6%
Bum-Bum	19.2%	21.7%	17.9%
Challenge	3.8%	8.7%	0.0%
TOP	9.6%	13.0%	7.1%
Localized	25.0%	26.1%	25.0%
Core/ABS	21.2%	34.8%	10.7%
Metabolic	15.4%	21.7%	10.7%
GAP	11.5%	17.4%	7.1%
Functional training	19.6%	21.7%	17.9%
Relax	5.8%	8.7%	3.6%
I attend whatever class is happening at the time	55.8%	52.2%	60.7%
I do not attend classes	1.9%	0.0%	3.6%

Exhibit 25. What Classes Do You Attend in All Fitting? (Source: All Fitting Customer Survey)

Every week	11.6%
1-2 times a month	25.0%
1-2 times in 3 months	9.6%
1-2 times a year	11.5%
Never	42.3%

Exhibit 26. How often do you use aesthetics services? (Source: All Fitting Customer Survey)

	Out of total clients	Out of aesthetics clients
Massage	38.5%	66.7%
Machine treatments	9.6%	16.7%
Photo depilation	11.5%	20.0%
Waxing	7.7%	13.3%
Treatments with dermocosmetics Gernetic	9.6%	16.7%

Exhibit 27. Which aesthetics services do you use? (Source: All Fitting Customer Survey)

Evaluate All Fitting on these aspects

(on a scale from 1 to 10, where 1 = completely dissatisfied; 10 = completely satisfied)

Variety of classes	8.68
Trained and knowledgeable staff	9.36
Close relationship between the staff and client	9.52
Variety of services under one roof	8.55
Personal training	8.59
Results tracking	7.90
Nutritionist	7.28
Good condition equipment	8.40
Location	9.12
Fair price for services provided	8.96
Cleanliness of facilities	8.90
Flexibility of schedule	9.14
Sense of community	9.23

Exhibit 28. Customer Satisfaction with Different Aspects (Source: All Fitting Customer Survey)

	Total	12-25	26+
To improve health and fitness	79.0%	78.3%	81.3%
To control weight	61.3%	60.9%	62.5%
To relax	32.3%	34.8%	25.0%
I was unsatisfied with my previous gym	9.7%	6.5%	18.8%
Good price	32.3%	26.1%	50.0%
Women-only gym	3.2%	4.3%	0.0%
It is close to my home or office	59.7%	56.5%	68.8%
I have friends coming here	29.0%	32.6%	18.8%
It has good atmosphere	25.8%	32.6%	6.3%
Variety of classes	41.9%	43.5%	37.5%
Trained and knowledgeable staff	17.7%	19.6%	12.5%
Variety of services under one roof	29.0%	32.6%	18.8%
Good condition equipment	35.5%	34.8%	37.5%
Clean facilities	17.7%	21.7%	6.3%
Flexibility of schedule	50.0%	45.7%	62.5%

Exhibit 29. Why did you join your gym? (Source: Potential Clients Survey)

Why did you quit your gym?		Why did you never join?	
Lack of time	34.9%	Lack of time	13.3%
Lack of motivation	18.6%	Lack of motivation	26.7%
Inconvenient location	16.3%	Too expensive	46.7%
Too expensive	30.2%	Afraid not to know how to use the equipment	33.3%
Bad atmosphere	9.3%	Don't want to go alone	33.3%
Got bored	14.0%	I am sceptical about long term contracts	6.7%
Unknowledgeable staff	2.3%	Embarrassment	13.3%
Inflexible schedule	7.0%	I don't like gyms	26.7%
Lack of variety in classes	7.0%		
Inadequate equipment	2.3%		

Exhibit 30. Reasons for Quitting or Not Joining a Gym (Source: Potential Clients Survey)

	Total	12-25	26+
Massage	39.7%	32.5%	53.1%
Machine treatments	15.6%	13.2%	20.3%
Photo depilation	27.9%	29.8%	25.0%
Waxing	50.8%	51.8%	50.0%
Do not use such services	21.2%	21.9%	18.8%

Exhibit 31. Do you ever use these aesthetics services? (Source: Potential Clients Survey)

Appendix E. Guide for In-Class Discussion of the Case Study

1. Using Porter's 5 forces analyse the fitness industry in Lisbon, Portugal

- COMPETITIVE RIVALRY
 - Portuguese fitness market is saturated, there are 1200 fitness clubs (Statista 2, 2014).
 - Big operators: 11% of market according to number of facilities, and 30% memberships (AGAP, 2015).
 - Customers were leaning towards low cost clubs.
 - There were a number of women-only gyms; biggest – Vivafit, others – Curves, Go Fit, Solinca, Varequipe, Bodyup.
 - Biggest All Fitting competitors – gyms in close geographic proximity, both women-only and mixed gender.
 - Many women prefer both gender gyms.
- THREAT OF NEW ENTRY
 - Industry grew for two consecutive years, memberships growth rate was 19% (AGAP, 2015).
 - Service provided by gyms is rather homogeneous. Only variation is the new formats appearing to satisfy more specific customer needs (e.g. 24/7)
 - Low switching costs for customers – decision which gym to attend is a lot based on proximity rather than brand.
 - Modest cost barrier for new entrants, mostly depending on location (rent cost) and investment in equipment.
 - Small clubs were still experiencing financial pressure (AGAP, 2015): might discourage non-established players from coming.
- THREAT OF SUBSTITUTION
 - Some prefer practicing sports outdoors or at home (can be less costly and provide more flexibility).
 - Quite often reason to join a gym is to control weight. In this case, customers may substitute gym for diet or supplements.
- SUPPLIER POWER
 - Gym needs good equipment, which gives importance to suppliers.
 - But there are many suppliers to choose from, which reduces their power.
- BUYER POWER

- There are a lot of potential clients: 648,000 fitness clubs members countrywide. (AGAP, 2015), and there is still place to increase penetration. Thus, there is no power concentrated in a few buyers.
- Buyers can switch easily between gyms because of low switching cost.
- Buyers are price sensitivity, and switch gyms or quit at all if it does not satisfy them.

2. Why is it important to put effort on customer retention? How can a fitness club retain its customers according to literature? Why it is important for All Fitting and what is it currently doing? What else it could do?

- WHY
 - 25% of gym members quit after 6 months, 50% after a year. Additionally, within a period of 5 years 20% of people have 1-2 of relapse periods, another 20% relapse 3 or more times (Sallis et al., 1990).
 - Monthly contracts are becoming more popular instead of long term contracts, so customers may leave at any time. (IHRSA, 2014)
 - It is 5-10 times more expensive to attract someone new as compared to retaining clients (Hundre, Kumar & Kumar, 2013).
- HOW
 - Making upfront investment into customers, e.g. free samples (Shugan, 2005).
 - Gustaffsson, Johnson & Roos (2006) identified three main drivers: 1. Overall satisfaction; offer better quality or lower prices than competitors. 2. Affective commitment; build closer personal relationship. 3. Calculative commitment; create switching barriers.
 - Decreasing churn rate is mostly based on the professionalism of the staff: their knowledge, willingness to solve problems, communication skills, and friendliness (Hundre, Kumar & Kumar, 2013).
 - Relationship marketing: customer service, loyalty programs, brand communities and personalization (Bojei et al., 2013).
 - Creating a sense of belonging, making sure that staff sincerely cares about clients (Wall, 2015).
 - Group fitness activities (Aiello 1 , 2015).
- ALL FITTING CURRENTLY
 - Each year loyalty index is low (around 25%).

- Special events every 1-2 months to build sense of community.
- To encourage less active members to come more often to the gym All Fitting offers motivation program (a gift after a certain number of days attended per month).
- Trying to attract the customers who stopped attending by offering special deals via phone calls.
- FUTURE IMPROVEMENTS
 - The main reasons for quitting a gym was lack of time (34.9%), and too high expenses (30.2%). First can be addressed with flexible schedule, second – with pricing strategy.
 - Bigger focus on community building, both inside the gym and online
 - Important to address the fact that a big part of customers quit within the first 6 months or have relapses
 - Build close relationships between staff and new members early on, show genuine care and interest in them.
 - A pricing strategy that reduces monthly fee after a few months of continuous attendance.
 - Other suggestions from students are welcome

3. What outcomes does customer satisfaction bring? Why is it important to measure customer satisfaction? Evaluate the way All Fitting currently measures satisfaction? How could All Fitting measure satisfaction in the future? What is customer satisfaction in All Fitting? Are there possible improvements?

- OUTCOMES
 - There is a relationship between satisfaction and loyalty, it serves as a necessary foundation (Oliver, 1999).
 - Customer satisfaction is the dominating factor influencing resistance to change (Bodet, 2012).
 - Satisfied customers are more inclined to purchase more and less likely to switch to competitor, their average spending tends to be higher (Ho, Park & Zhou, 2006).
 - Satisfied members are more likely to attend the gym more frequently, which leads to increased probability of membership renewal (Ferrand, Robinson & Valette-Florence, 2010).

- Satisfaction creates WOM, which in turn affects the profitability (Rust & Chung, 2006).
- Intermediate consequences: it improves the efficiency of firm's marketing and advertising investment, and it has positive influence on human capital performance (Luo & Homburg, 2007).
- SATISFACTION INFLUENCERS
 - Services offered, security, and promoted image; thus, invest in qualified staff and their training, good equipment and maintenance (Ferrand, Robinson & Valette-Florence, 2010).
 - Staff devoted to customers, create close relationship and concern with them (Albayrak & Caber, 2014).
 - Corporate values, such as peak attitude, innovation, and trust (MacIntosh & Doherty, 2007).
 - 5 factors: 1. Conditions of facilities and programmes offered; 2. Expertise and responsiveness of staff; 3. Satisfying relaxation needs; 4. Satisfying fitness/health expectations and needs; 5. Satisfying intellectual and social needs (Theodorakis et al., 2004).
- MEASUREMENT
 - Customer satisfaction is a valuable feedback measurement method and is a great predictor of future business performance as it shows positive relation with company's market share (Morgan & Rego, 2006).
- ALL FITTING MEASURING SATISFACTION
 - Used to collect feedback on customer satisfaction by asking them to fill in a short questionnaire after 2 weeks, 1 month, 2 months and 3 months. However, and by 2016 the company had stopped doing it.
 - What was wrong with the old method: the feedback was never aggregated and analysed. The questions requested qualitative answer, which made it even more difficult to summate. Part of the questions were addressing personal motivation rather than satisfaction with All Fitting. Members after 3 months would not be interviewed anymore.
 - What could be improved: All Fitting should apply more structured and numeric approach, which would make analysing the data easier; feedback should be collected at least once a month to identify any changes; members could be asked to fill in a short survey while they are paying the monthly fees.

Also, the staff could call to members in the database who do not attend anymore anyway, asking why they left. Other ideas from students are welcome.

- **ALL FITTING CUSTOMER SATISFACTION**

- Members were mostly satisfied with these attributes: close relationship between the staff and client (9.52), trained and knowledgeable staff (9.36), sense of community (9.23).
- Correlation between overall satisfaction and other attributes (Exhibit 5).
- Overall satisfaction rather high (9.25 out of 10)
- There is a correlation between the overall satisfaction with All Fitting and intention to repurchase and recommend (both significant at 0.01 level). The correlation is especially high in case of referrals, which shows how important it is to keep the customers satisfied if one wants to encourage WOM.

- **IMPROVEMENTS**

- All Fitting should pay special attention to the attributes that are most correlated with overall satisfaction but were not evaluated the best by survey respondents, namely, cleanliness of facilities, variety of classes, good condition equipment, personal training and fair price.
- Nutritionist was evaluated especially low, a big part of members do not even use this service. Even if this attribute is not the most important for overall satisfaction, with current trends it could gain more importance in the future.
- Other ideas are welcome

4. What are the benefits of WOM? How to encourage it and what to watch out for? Is WOM important for All Fitting? How should All Fitting leverage on it?

- **BENEFITS**

- The message has greater credibility, it helps reach different customers, and has greater match between the needs and service provided (Berman, 2016).
- Makes new customers adapt the service at a 3-5 times greater rate than conventional advertising (Hill, Provost & Volinsky, 2006).
- Strengthens the attitudinal and behavioural loyalty of existing clients (Garnefeld et al., 2013).

- Existing customer who share positive WOM are less likely to switch to competitors and more willing to pay price premium (Chawhary & Riley, 2015).
- HOW TO ENCOURAGE WOM
 - Simply asking the customers has positive effect on WOM activity (Soderlund & Mattsson, 2015).
 - Offer incentives for current customers in order to foster WOM (Godes & Mayzlin, 2009; Kornish & Li, 2010; Martin, 2014; Pereira, Garrido & Matos, 2015).
 - It may be more beneficial to target less loyal customers with incentives: their social circle is less likely to have been already informed about the company (Godes & Mayzlin, 2009).
 - New customers, no matter their satisfaction level, are more likely to share referrals so they should be especially targeted with incentives (Wangenheim & Bayon, 2007).
- WATCH OUT
 - Referral bonuses may raise questions about the credibility of the recommendation (Pereira, Garrido & Matos, 2015).
 - Altruistic motivation is doubted, therefore, the listener is less likely to adopt the message in the purchase decision; unless, the incentive is offered to both parties. But such incentives pose a threat to the value of all positive WOM for the company. (Martin, 2014)
- IMPORTANCE OF WOM FOR ALL FITTING
 - Management says that referrals is one of the main ways of getting new clients.
 - The most common way to find out about All Fitting was friends or family recommendations (38.5%). Same for non-clients to find out about their gym (56.5%)
 - All Fitting survey: customers would recommend All Fitting to friends or family (9.35 out of 10).
 - All Fitting NPS is 78.8% : it has a great potential for positive WOM, and future growth.
- HOW TO LEVERAGE

- The correlation is especially high between overall satisfaction and referrals, which shows how important it is to keep the customers satisfied so as to encourage WOM.
- Firstly, start by simply asking members to refer All Fitting to others. If the gym started organizing events that outsiders could attend, members would have a chance to invite their friends or family.
- Offer referral incentives to current clients, and communicate such incentive more insistent, especially focusing on new members, as they are more likely to refer and their social circle is less likely to be aware of the gym already.
- For incentives, other than free massage could be offered. Perhaps, reduced monthly fee could be a higher motivator. Consider offering incentives for both parties involved.

5. All Fitting “Little family” – is that something that’s relevant for customers? How to strengthen the community?

- RELEVANCE

- Literature claims that close relationship between the staff and clients, sense of belonging and community matters.
- According management, the thing that differentiates All Fitting from competitors is its size. The fact that it is so small allows the staff to be friendly and know every client closely. The clients get to know each other closely as well.
- All Fitting clients were mostly satisfied with attributed related to the staff and social dimension.
- 50% of respondents said they joined All Fitting because of good atmosphere. On the other hand, the same attribute had lower percentage for women attending other gyms (25.8%).

- HOW TO STRENGTHEN

- Special events organized more often, including more members: for example, run a part of marathon as a team, participate in a Colour Run together (team uniform), organize a day outside.
- Sharing healthy diet tips and recipes with each other. Could be done in a designated Facebook group, or in a special event. Nutritionist could also be

involved in this idea, which in turn could positively affect members' satisfaction with it.

- A competition between members: for example, who achieves highest results or who spends the most time in the gym in a set period of time.
- Other ideas from students are welcome

6. What are the fitness trends in 2016? How is All Fitting addressing them, what should be improved? Is it worth focusing on all trends? Why, why not?

- TRENDS
 - Trends for 2016: Exhibit 11
 - Boutique studios were gaining more importance (Glofox, 2016).
 - Growing demand for video-on-demand workouts and online personal training (AceFitness, 2015).
- ALL FITTING ADDRESSING TRENDS
 - It could be called a boutique gym.
 - Nutritionist services available (though not widely used by customers).
 - Classes available: HIIT, body weight
 - Educated and trained staff
- ADVICE ALL FITTING
 - It could be not worth focusing on wearable technology even if it is the top trend of 2016 – it would require additional investments and staff training, wearable technology is still not something big in Portugal, especially among older women, which is an important part of All Fitting clients.
 - Improve the service of nutritionist and clients' involvement with it.
 - Management should invest in further training of their staff to make sure that they are aware of the new techniques and can offer continuously evolving workouts to members.
 - Other ideas from students are welcome