

Optimizing Membership Structure for a Fitness Club



\$3M

The new offer is estimated to bring **~\$3.5MM in annual revenue.**



Our client was able to identify the **best membership offer structure** to maximize the membership base.

5%

Estimated annual membership base **increased by 5%**

2%

Annual revenue is expected to increase by 2% after implementing new membership structure.

Challenge

Our client is an **international fitness club with +1,000 facilities** across the country. Although our client was experiencing year-over-year growth in membership revenue, after the **COVID-19 pandemic**, more than 30% of this revenue was lost.

The Iris Pricing Solutions team was contacted to recommend a pricing strategy that is based on customer insight, research, and analysis to increase the club's penetration.

Solution

The Iris Pricing Solution team proposed a **4-step plan.**

Step 1: Background Research

- We conducted 10 interviews to understand the current pricing and membership usage.
- Collected past member transactional data.

Step 2: Desk Market Research

- Understand the competitor landscape and membership best practices.
- Conducted Churn Analysis to uncover and analyze the underlying factors contributing to customer loss.

Step 3: Discovery Focus Group

- Conduct focus groups to understand the needs of different member segments.
- Categorize community segments.

Step 4: Quantitative Survey.

- Conduct a conjoint membership survey to understand the best membership types based on customers' insights.
- Develop a pricing simulation model to determine changes in demand and revenue based on value drivers.