Organisational development within the health and fitness sector: Measuring, predicting and improving membership retention rates

Background

In this paper, two studies are described which are part of a research project aiming to identify the factors affecting members' intentions to cancel or switch their membership at a health and fitness club. Membership fees form the primary source of income for most clubs making retention rates a measure of a club's organisational effectiveness. Subsequently, retaining members is of high priority. Designing strategies to improve retention rates and change a club's culture from being acquisition-focused to being retention-focused falls under the rubric of organisational development. The need for such development has created demand for research into membership retention, a demand which has not been sufficiently met. Retention research to date has indicated that the current retention strategies typically include those of a 'lower level' (Hurley, 2004; Campbell, Nicholson and Kitchen 2006; Berry and Parasuraman (1991), which consist merely of financial incentives and 'tie-ins'. This basic strategy is thought to result in members developing 'continuance commitment'; based on cost-benefit evaluation, as opposed to 'affective commitment'; based on emotional attachment (see Morgan and Hunt, 1994) the latter considered as a more resilient, less imitable retainer. Whilst technology-based packages have been developed to allow member activity to be measured, there has been little development of strategies which increase affective commitment. Therefore, the antecedents to affective commitment need to be identified. Based upon existing retention literature, factors including satisfaction (Bodet, 2006) service quality (Murray and Howat, 2002; Lagrosen and Lagrosen, 2007), commitment (Iwasaki and Havitz, 2004), involvement (Kyle and Mowen, 2005) and identification (Bhattacharya and Sen, 2003) are all considered to be predictive of member behaviour.

Design

A representative, embedded, single-case study design has been adopted for this research project, due to the project's external initiation by a fitness club operator.

Methods

1) Semi-structured interviews conducted with a sample of club members, based upon information provided by the membership database. In addition, a critical incident technique is incorporated into the interview, to allow effective and ineffective aspects of a fitness club to be collected. Using the interview data, a predictive model of membership behaviours (cancelling and switching) is developed. 2) A quantitative questionnaire electronically distributed to a cross-section of club members, which also contains a section in which members' are asked to openly report their critical incidents of their membership experiences.

Findings

The results of the interviews are undergoing transcription and template analysis. The results of the questionnaires are examined in terms of predictive validity of the proposed causal factors in predicting members' intentions to cancel or switch their membership, using path analysis. The critical incidents are categorised into themes of effective and ineffective fitness club aspects.

In conclusion, the results of this research can be used to help understand the factors affecting members' intentions to either cancel or switch their membership and to develop and implement more effective retention strategies.