

Aleksandra Leśniewska

University School of Physical Education in Wrocław

e-mail: aleksandra.lesniewska@awf.wroc.pl

**CUSTOMER RELATIONSHIP MANAGEMENT
IN A FITNESS CLUB – CASE STUDY OF IT SOLUTIONS
APPLIED IN A SELECTED ORGANIZATION**

Abstract: This paper presents the structure of two information systems based on customer relationship management applied in a fitness club as a case study. The analysis of selected IT solutions is focused on their functions and modules which allow the maintenance of contact with the client and constant customer care. As the fitness business is actively growing in Poland, the cognitive goal of the paper is to present IT solutions applied in a selected fitness club as a proposal of how to manage a sports organization but also discuss those tools in terms of their usefulness and benefits for both sides – managers of the fitness club as well as the clients. The article also indicates probable precariousness of presented IT tools.

Keywords: Customer Relationship Management, customer care, IT solutions, fitness club, client retention.

DOI: 10.15611/ie.2014.4.07

1. Introduction

As different sources show, there are from 2000 to 4000 fitness clubs on the Polish market, including large and professional clubs as well as small, community clubs with basic equipment. Although the Polish fitness business is not yet as well developed as in some European countries, it is classified as a market with high prognostic indicators, especially because of increasing client numbers and growing financial potential (market saturation in the fitness business is being quantified for 2%, while European market is saturated at the level of 8% [*The IHRSA...* 2013]).

One of several popular forms of attending fitness clubs in Poland is using Multisport cards from Benefit Systems, which are distributed by employers amongst their employees at discounted prices or on a fully prepaid basis. Multisport cards as a corporate benefit are paid for in majority of cases from the Employee Benefit Fund [<http://www.benefitsystems.pl/kartymultisport.aspx>]. Another common form of attending fitness clubs are membership cards, besides standard single tickets.

However, the biggest concern of fitness club managers is not what kind of membership card they offer to their clients, but how to keep the client, when the competition is growing and it is not easy these days to indenture a client for a long time.

2. Customer Relationship Management – definition and approach

CRM has been a well-known term since 1997 [Jakubowski 1999] but has several meanings when it comes to the definition. CRM is defined as a computer program, an information system, a key client management approach or even a philosophy. For the purpose of this article, the definition is proposed to be as follows: Customer Relationship Management is a diverse operation to create and to keep good relations with the client [Beliczyński 2006], nowadays supported by information technology tools that help to maintain contact with the client in a regular and systematic way. It is more like a business strategy applied in organizations to build loyalty between clients and a company or a brand by long-term relations beneficial to both sides, including the support of modern technologies that help transfer information [Wróblewska 2013]. CRM is based on the conviction that gaining a new client for an organization is five times more expensive than to keep a loyal consumer. The widely known Pareto principle leads to the conclusion that 20% of the more profitable clients provide 80% of income, while 30% of the less profitable clients generate costs at the level of 50% of profit coming from the most profitable clients [Orzelska 2010, p. 230]. As regards these numbers, it is clear and reasonable that the partnership relations and client-oriented strategies in the organization can lead to success, the success being understood as not gaining a client and proceeding with the sales but as gaining a client and keeping them for a long time [Dejnaka 2002].

If the CRM is a dialog between an organization and a client [Stachowicz-Stanusch, Stachowicz 2002], it is then a process and requires a frequent contact and a long-term commitment. It is crucial for modern organizations (functioning in a knowledge-based economy) to gain, use and manage the knowledge coming from peoples' competencies, company procedures, projects or technologies in order to deal with clients more effectively and to build competitiveness on the market [Morawski, Stosik 2009]. This knowledge also might come from the codes of non-verbal and indirect communication with the client, which requires a different form of contact – for example media or technologies [Gajek, Morawski 2009].

This article presents two CRM solutions used in a Polish fitness club to ensure good and continuous customer care. The main goal of the paper is to present the idea of how to apply CRM concept in a sports organization and discuss its functions as well as its usefulness.

3. Review of selected IT tools supporting the fitness club management

It is common in business nowadays to use different kinds of information technology tools to support the organization management, the idea also becoming a more and more popular practice among sports organizations. The aim of this paper is to present two IT tools of a selected company that have been designed and dedicated to run a sports organization such as a health and fitness club or gym.

3.1. Perfect Gym software – functions analysis

Perfect Gym (Figure 1) is a club management software, dedicated to owners, managers and employees of health and fitness clubs. It helps organize work and many processes within the organization. This software is supplied by a provider of collocation and hosting services trading as Thinx Poland, a big carrier-neutral data centre seated in Poland.

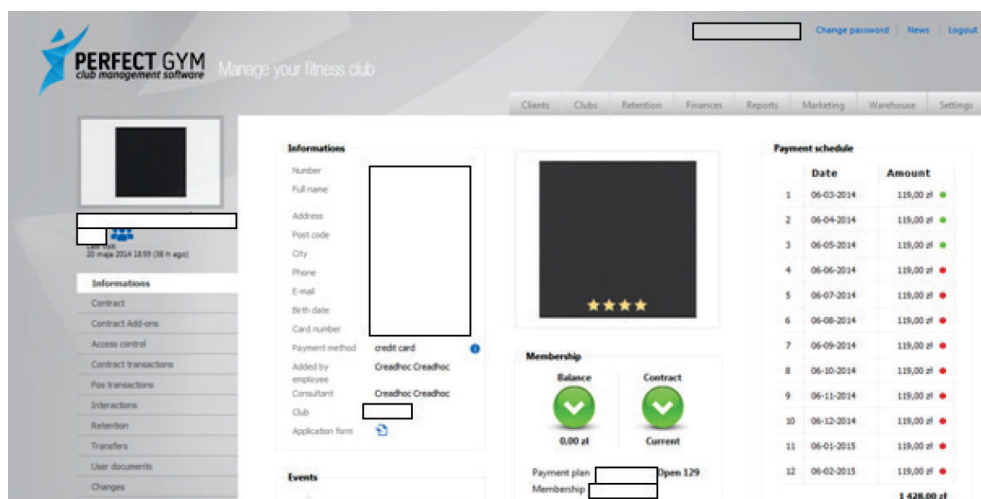


Figure 1. Perfect Gym software – client profile view

Source: screenshot from the Perfect Gym.

Perfect Gym has many different practical functions which may support the management of a professional health and fitness club and allow for:

- managing automatic payments (the software is able to support the collection of fees from club members through direct debit and credit card charging; it shows current payments and the actual payment balance – visible both to receptionists or instructors);

- measuring the club member activeness by means of the Perfect Guest tool which monitors the number of entries and the time spent in the club, assesses the likelihood of client resignation as well as signalizes a necessity of user intervention in order to ensure the client retention;
- collecting and storing personal data of clients to build a complete database of club clients (name, surname, client number, address, e-mail address, phone number, date of birth, chosen payment method, names of consultants, etc.). The software also contains records of communication with the client which support the CRM solution (a description of the CRM solution is presented further on in the text);
- generating and managing invoices, supervising the flow of commodities or membership tickets;
- generating advanced reports to ensure a control over all club statistics (retention of club members, turnovers, sales, employees and their takings, monitoring of marketing activities, etc.);
- controlling the access for clients with different access rights to different club zones requiring additional fees (e.g. access to the VIP zone or sauna);
- managing the sales of tickets (for individual clients and corporate clients) and personal trainings with calculation breakdowns by particular trainers, support training reservations in the calendar, mark accomplished training goals and attach test results, etc. The ticket system allows the user to distribute time tickets (for sauna or solarium) and quantitative tickets (for personal training), as well as season/open tickets or concession cards with the possibility of automatic prolongation;
- integrating many external devices with the system, e.g. drinking machines, zone gates, solarium control devices, membership card printers, card readers, cameras for taking club members' photos, bar code readers, cash registers or other – as requested by the client, e.g. iPads or smartphones;
- managing the SPA calendar and a calendar for trainers, receptionists, masseurs, beauticians, dieticians, so that their daily/weekly/monthly plans be visible and other club employees could check their own or other people's availability or add new appointments to their calendar;
- managing the access privileges for particular modules of the Perfect Gym software depending on the position within the organization and the tasks and responsibility purview;
- using the Join Us Online application which provides electronic club membership enrolment via the website, so that the potential customer can sign in via the Internet, join any group classes, choose a form of payment, a contract validity period, etc.;
- using the medical questionnaire module in order to assess the client's general health and physical condition, track the record and use such data in drawing up individual training plans;

- managing newsletters and the text message service, which allows for sending out newsletters, text messages to clients with marketing information, system notices, etc.

3.2. Customer Relationship Management by Perfect Gym

The Customer Relationship Management module of Perfect Gym is a function which allows one to keep a database of all club clients, collect full information about their entrances, the time they spent in the club, the whole communication history, the customer-instructor interaction history, the trainings goals, the test results or the body compositions measurements. This solution, besides providing simple club statistics for the managers, also provides basic information about the client for the gym instructors, dieticians or beauticians working for the club.

The CRM module of the Perfect Gym software has a client activity measurement system in place which works with a four point scale system allowing an automatic assignment of points to the client based on their activity. The system takes into account such activity indicators as the visits' frequency, the time spent in the club or the purchase of additional services. Clients with low indicators in these categories are classified as “high-risk clients” and require special attention. The software allows one to preview all members present in the club at the given moment and to check their history of interventions as well as their classification according to four point scale system (Figure 2).

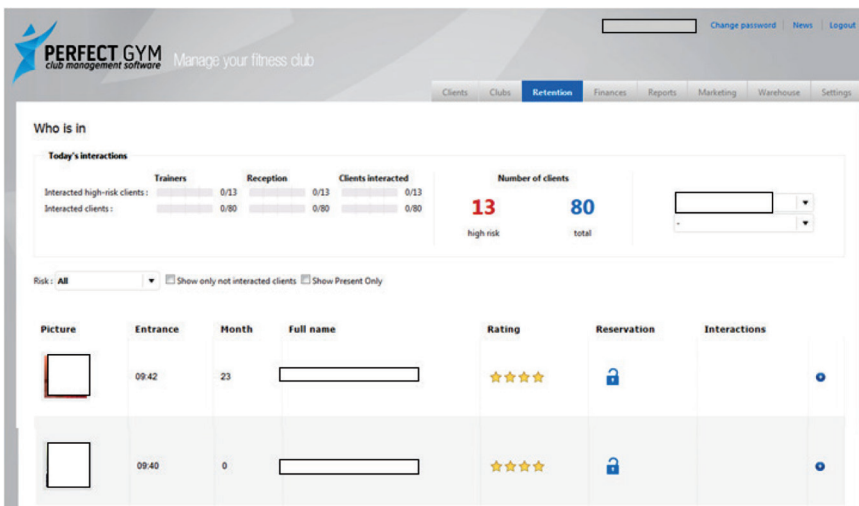
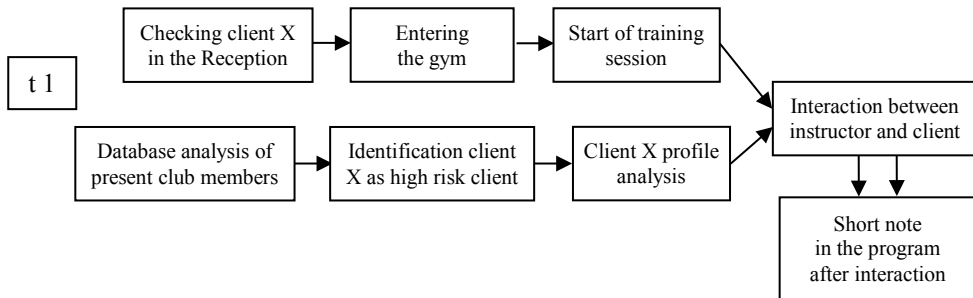


Figure 2. Preview of present club members with “high-risk client” classification

Source: screenshot from the Perfect Gym.

The client-instructor interactions can be noted down in the system in the history of interactions module. Such interactions have several important goals, for example to identify the client’s training goals, the level of training motivation, causes of absence or lower activity in recent periods of time. The result of such interaction could be a proposal for the next meeting, a creation of a training plan or planning of body composition tests, etc. For the club the most important thing is to keep the client, so the more regular interaction there is and the more conscientious notes are taken down, the better the client knowledge among other instructors and the better the chance for a successful client care. The interaction process is presented in Figure 3.

Client perspective



Instructor perspective

Figure 3. The client–gym instructor interaction process

Source: own elaboration.

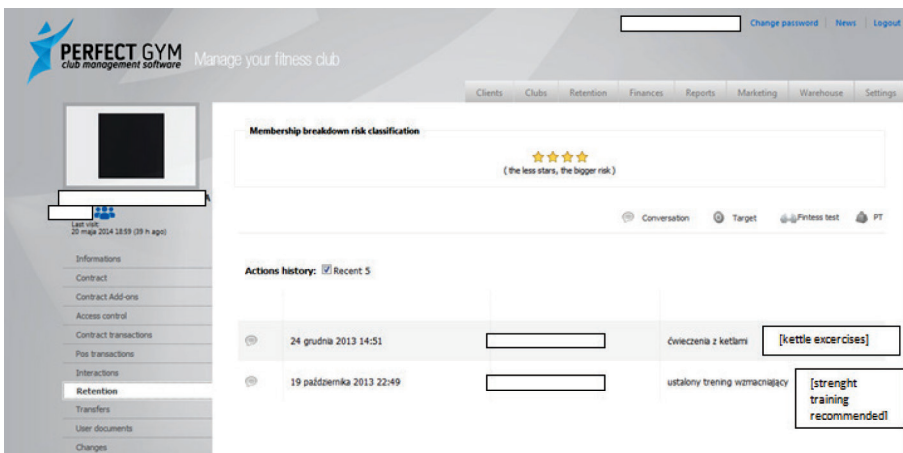


Figure 4. Actions history with notes in the system

Source: screenshot from the Perfect Gym.

An example of post-interaction notes taken down by the instructor is presented in Figure 4.

Perfect Gym is a website-based software, so the program installation is not required. Perfect Gym users can operate this tool from any location that has an access to the Internet. Access to the software is granted by entering the user login and the password. All fitness club employees such as receptionists, instructors, bookkeepers, marketing specialists, managers and club owners may have access to this software with specified access limitations depending on their position within the organization and their scope of operations.

3.3. Suunto Fitness Solution

Suunto Fitness Solution is a system dedicated to fitness clubs offering spinning, indoor cycling, Power TBS or Fat Burning classes. It comprises a system of groups that allow one to monitor the following physical activity indicators: heart rate, calories burned and percentage of max HR. The system helps to monitor proper physical parameters to improve training effectiveness and makes sure that all participants are working at the assumed level of intensity. It is important information for the instructor as well as for the class participant.

Suunto Fitness Solution is a set comprising a Team Pod receiver, the Fitness Solution software and twenty Suunto Dual Belts with a heart rate detector to be used by class attendees (Figure 5).



Figure 5. Suunto Fitness Solution set

Source: [<http://suuntoshop.cz/index.php?s=product&id=622>].

Every single participant of indoor cycling classes receives a Suunto belt to measure their average heart rate, percentage of max HR and energy consumption. The belt features a cordless synchronization with the Fitness Solution software



Figure 6. Heart rate group monitoring by Suunto Fitness Solution

Source: [http://www.pedalstudio.co.uk/wp-content/uploads/2010/12/Suunto-Fitness-Solution.jpg].

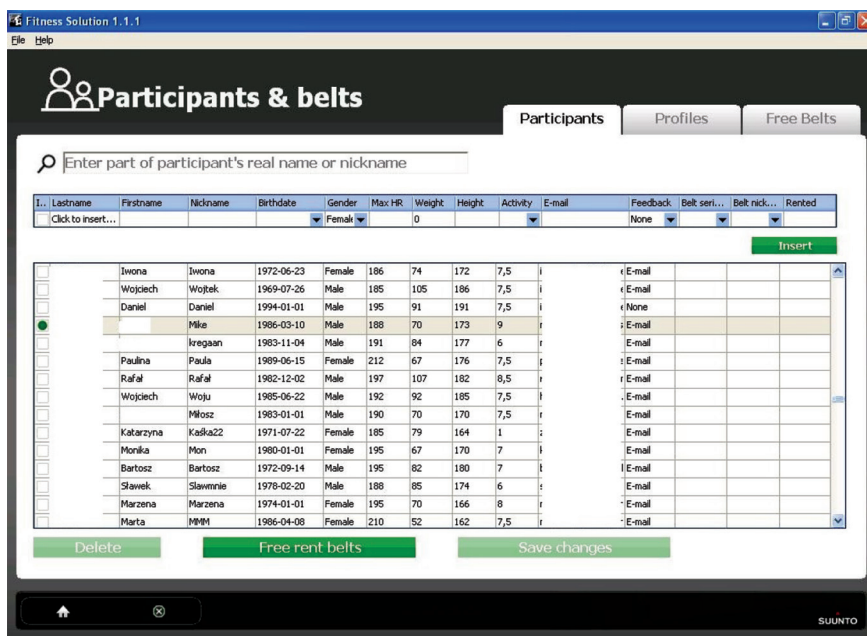


Figure 7. List of participants with their personal information in Suunto

Source: screenshot from the Suunto Fitness Solution program.

managed by instructor. The heart rate of every participant is registered and visualized on screen as shown below (Figure 6).

Group HR monitoring is a huge asset to the group training, as the instructor can adjust the training intensity and rate to the physical potential of every single participant. The maximum number of people the Suunto software can support is over 70. To evaluate the session effect, some personal data need to be input in the program, for example name, nick name, the date of birth, gender, maximum heart rate (max HR), weight, height, level of activity and e-mail address (Figure 7).

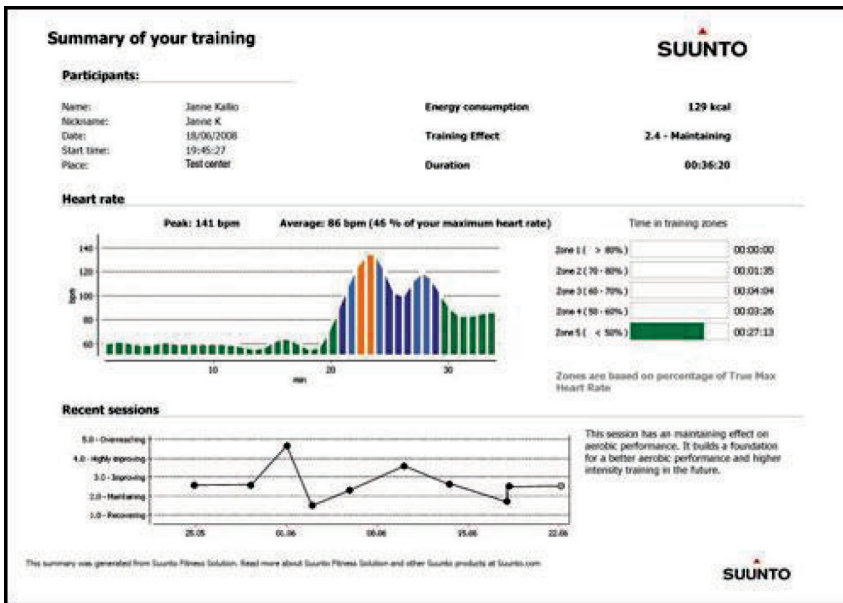


Figure 8. Report sent via e-mail after the training session by Suunto

Source: [http://www.cycling-online.com/Equipment/Suunto_Fitness_Solution].

This system helps improve the training effectiveness but also improve the group motivation. A signal from the belt put around the chest goes to the Team Pod receiver where special software registers and visualizes the training intensity and consequently sends a summary report via e-mail (from feedback@suunto.com) to the participant when the training is over. The report comprises the following information: session date, duration, energy consumption, training effect (on the five-point scale), heart rate (peak and average HR) as broken down into five training zones (easy, moderate, hard, very hard and maximal) as well as some indications for the next sessions. A report example is presented in Figure 8.

4. Discussion

The IT solutions presented have several CRM approach supporting assets. The main advantage of that kind of software applications is a constant and regular contact with the client (a report mailing system), a systematic transfer of information within the organization (processing the history of interactions with high-risk clients), constant observation of clients' progress and attitude to the training as well as monitoring of their motivation to pay regular visits to the club by taking down online notes. This is a big asset from the organization's internal perspective. However, nowadays being constantly asked for personal data (telephone number, e-mail address etc.), being accosted in the gym and encouraged to have a conversation, being bothered by regular text messages automatically sent to one's mobile or e-mails with new offers or new events can be perceived by some clients as disturbing. On the one hand, the IT tool modules and functions presented help manage the fitness club, some options being voluntary for the client (e.g. the mobile application or synchronization with social networks), but, on the other hand, it could be a disadvantage for clients who expect some privacy during their private time spent in the club. This is quite a challenge to define the subtle border between what is expected and accepted by clients and what is not.

For those clients who are interested in regular observation of their training progress, Suunto reports sent after training sessions could be highly motivating. The on-screen visualization of the heart rate and energy consumption during group sessions and the post-session e-mailing of results can keep the clients' attention and encouragement at a higher level. This particular report is an example of how CRM works and how the organization cares for the client by sending them some guidelines as to what they should do next and when they should come back to the club.

The main difference between Perfect Gym and Suunto Solution is that the first one is applied mainly to support the job of managers, whereas the second one is a tool which is used to keep contact with clients and improve their motivation. However, for different purposes, it is suggested to use tools that can support a fitness club management in many different aspects, also taking into account the clients' perspective.

Perfect Gym and Suunto Fitness Solution can be examples of how to manage a fitness club professionally and how to apply the CRM approach within the organization. They both allow for gathering a lot of information about clients. Wisely organized data could be a rich source of information about the clients' needs, habits, systematicity, preferred kind of activity, character of motivation, goals, etc. They can be helpful when an individual offer is being prepared for the client or when some statistics are needed to manage group class schedules or make some rankings. In view of so much information about the client and the fact that every single client has different expectations and needs, it is crucial to ensure that such data be analyzed properly and a unique and individualized offer be presented to a client to make sure

that a professional service has been provided to the clients and they are taken good care of. That makes a difference when it comes to choosing services and can build a long-term relationship between the client and a service company.

References

- Beliczyński J., 2006, *Koncepcja zarządzania relacjami z klientami*, Zeszyty Naukowe Akademii Ekonomicznej w Krakowie, nr 700.
- Dejnaka A., 2002, *CRM. Zarządzanie kontaktami z klientami*, Helion, Gliwice.
- Gajek K., Morawski M., 2009, *Nowoczesne formy komunikacji hotelu z klientem*, Zeszyty Naukowe Uniwersytetu Szczecińskiego. Ekonomiczne Problemy Usług, t. 559, pp. 468–476.
- Jakubowski J., 1999, *CRM – Customer Relationship Management. Zarządzanie relacjami z klientem*, V Konferencja PLOUG, Zakopane.
- Morawski M., Stosik A., 2009, *Zarządzanie kapitałem ludzkim. Dla menedżerów w sporcie*, Wydawnictwo Akademii Wychowania Fizycznego we Wrocławiu.
- Orzelska P., 2010, *System CRM podstawą sukcesu zarządzania relacjami z klientem*, [in:] Skrzypek E. (ed.), *Materiały Konferencyjne Ogólnopolskiej Konferencji Naukowej: Klient jako wyznacznik sukcesu organizacji*, 6–7 V 2010, Lublin.
- Stachowicz-Stanusch A., Stachowicz J., 2002, *Zarządzanie poprzez wartości a proces wdrażania Zarządzania Relacjami z Klientem (CRM)*, [in:] Grudzewski W.M., Hejduk I.K. (eds.), *Przedsiębiorstwo przyszłości – wizja strategiczna*, Difin, Warszawa.
- The IHRS Global Report*, 2013, www.download.ihrsa.org/research/2013_European_HealthClub_Report-LOW.pdf.
- Wróblewska W., 2013, *Customer relationship management (CRM) as a source of organization success*, Zeszyty Naukowe Uniwersytetu Przyrodniczo-Humanistycznego w Siedlcach, nr 97.

Websites

- <http://suuntoshop.cz/index.php?s=product&id=622>.
- <http://www.benefitsystems.pl/kartymultisport.aspx>.
- http://www.cycling-online.com/Equipment/Suunto_Fitness_Solution.
- <http://www.pedalstudio.co.uk/wp-content/uploads/2010/12/Suunto-Fitness-Solution.jpg>.

ZARZĄDZANIE RELACJAMI Z KLIENTEM W FITNESS KLUBIE – ANALIZA NARZĘDZI IT W WYBRANEJ ORGANIZACJI

Streszczenie: Artykuł prezentuje strukturę dwóch rozwiązań IT wspierających zarządzanie relacjami z klientem, które zostały zastosowane w fitness klubie. Analiza opisywanych narzędzi koncentruje się głównie wokół ich funkcji oraz modułów, które odwołują się do zarządzania danymi oraz do regularnego kontaktu z klientem. W związku z ciągłym i aktywnym rozwojem branży fitness w Polsce za cel artykułu uznano prezentację rozwiązań CRM wybranej organizacji oraz analizę ich funkcjonalności oraz przydatności zarówno dla menedżerów, jak i dla klientów. Artykuł ponadto wskazuje na pewne ograniczenia wynikające z zastosowania technologii informacyjnych tego typu w fitness klubach.

Słowa kluczowe: zarządzanie relacjami z klientem, rozwiązania IT, fitness klub, retencja klientów.