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The Customer Churn at Libon Gym: Causes and Proposals to Overcome the Problem

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Master in Applied Management

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ISCTE-IUL

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BUSINESS
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Department of Marketing, Operations and General
Management

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Abstract

The objective of this project is to study the reasons for the customer loss of Liben Gymnasium in recent years and to propose solutions to this problem. Customer churn is a significant challenge for any business, as they only generate revenue when customers have a daily, weekly, or monthly subscription or when customer regularly buy products or services. To reach the objective of this project, it was carried out an internal and external analysis, and 10 customers who do not come for a long time were interviewed. Therefore, the main reason for customer loss in recent years is that some customers think that our gym is very expensive, the service attitude may be better than before, the fitness environment may be better, and the fitness equipment is also very old. As such, it is suggested that sincere communication should be conducted between the gym and clients. If there is any problem or question in the process of cooperation, we must timely communicate and solicit customer opinions. Secondly, this gym should strengthen product innovation, such as developing new exercise plans for all categories and using new equipment to make customers feel comfortable while exercising.

Keywords: Fitness industry, Customer churn/retention, Service quality, Customer loyalty

JEL Classification: M10

Resumo

O objetivo deste projeto é estudar as razões da perda de clientes que tem ocorrido nos últimos anos no ginásio Liben e propor soluções para este problema. A perda de clientes é um grande desafio para qualquer negócio, pois apenas geram receita quando os clientes têm uma subscrição ou quando compram produtos ou serviços com regularidade. A metodologia utilizada neste projeto inclui uma análise interna, uma análise ao contexto externo, bem como entrevistas a 10 clientes que não vêm ao ginásio há algum tempo. Os resultados mostram que as principais razões da perda de clientes nos últimos anos são o facto dos clientes considerarem que o ginásio é caro, problemas no serviço prestado, no ambiente e o facto do equipamento já ser antigo. Assim, propõe-se que exista uma comunicação sincera entre o ginásio e os clientes. Se existir algum problema, o ginásio deve comunicar atempadamente e solicitar a opinião dos clientes. Adicionalmente, o ginásio deve melhorar a inovação de produto, por exemplo, desenvolvendo novos planos de exercício em todas as categorias, e introduzir equipamento novo por forma a que os clientes se sintam confortáveis a treinar.

Palavras-chave: Indústria de fitness, perda / retenção de clientes, qualidade do serviço, fidelidade do cliente

JEL Classification: M10

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1. Introduction

The LIBON gym was once one of the most popular sports centers in the city, bustling with people. But recently, this gym has been in trouble, and customer loss phenomenon is more and more serious. The previously bustling venues are now deserted, worrying the gym operators. The problem of customer loss is mainly reflected in two aspects: firstly, many old customers gradually lose their enthusiasm for the LIBON gym and no longer visit it frequently; secondly, many new customers will not visit again, or only occasionally once. After this situation continued for a long time, the revenue of this gym and popularity declined sharply.

This project aims to determine the leading causes of customer churn at Libon Gym and propose solutions to this problem. As the workforce keeps ageing and the population is still declining at an accelerated pace, gym customer loss is expected to continue to increase. Additionally, one of the significant causes of gym customer loss is demand and supply mismatch meaning there is a structural imbalance threatening the sustainability of the fitness industry. The fitness sector and several other sectors of activity, which are dependent on many gym customers, have been intensely affected by the COVID-19 pandemic, as it has brought negative public health implications. These changes in economic, social, and behavioral setups profoundly affect the earnings of gymnastics.

The equipment purchased by Libon Gym is outsourced to the leading enterprises in the industry, and, as such, the company sells its fitness products at a higher price than its competitors in the same industry and geographical location. Libon Gym needs to improve its handling of customer complaints due to the cumbersome process and time-consuming manual processing resulting in too long customer waiting time. It cannot even meet customers' psychological expectations when solving problems, resulting in poor customer experience and consuming the time cost of customers. The loss of economic benefits leads to customer dissatisfaction, resulting in customer churn. Various competitors used malicious price competition to grab customers, resulting in LIBON's churn in the gym in the past two years.

To solve the customer churn problem in the LIBON gym and promote the company's healthy development, this project does research to find out the reasons for customer churn in this company to put forward practical solutions. In addition, this study also pays attention to how the recruitment methods and processes of LIBON gym and the lack of customer maintenance will affect the performance of gyms.

This project mainly adopts the method of Interview through interviews with users of LIBON Gym to deeply understand the relevant situation of LIBON Gym, thoroughly understand and investigate the existing problems of LIBON Gym, and comprehensively analyze and compare the first-hand information obtained, thus providing a solid foundation for the follow-up research of the project.

The first chapter of this project mainly introduces the research problems/issues, objectives, and methodology of this project. The second chapter is a literature review on customer churn. This chapter mainly expounds on the definition, reasons and consequences of customer churn and the countermeasures to prevent customer churn. The third chapter presents the methodology. The fourth chapter introduces LIBON gym, its mission, vision and values. The fifth chapter presents the analysis of the interviews and and concludes about the problems which lead to customer churn in LIBON gym. Chapter 6 presents the analysis of the external context. Chapter 7 present a set of proposals to solve the problem of customer churn at Libon Gym. Lastly, Chapter 8 mainly covers the conclusions, study limitations and future research suggestions.

2. Literature Review

2.1. The Customer churn problem

With the development of economic globalization and the world's multi-polarization, market competition is fiercer. When a single enterprise tries to create higher market value, it will face double competitive pressure from home and abroad (Verbraken et al., 2012). The problem of customer churn, that is, the continuous shortening of the average customer life cycle, has posed a significant threat to the development of enterprises. In the fierce market competition and the ever-changing market demand, how to minimize the customer turnover rate and maintain the customer relationship is the problem that every enterprise faces. The research on customer churn has attracted more and more attention from researchers and enterprises in various countries (Hassouna et al., 2016).

2.2 Definition of customer churn

Customer churn generally is the phenomenon of customers or subscribers ending their relationship with a company or brand, typically by ceasing to purchase or use its products or services. It is also known as customer attrition and customer defection. Based on their research perspectives, scholars from various fields have provided various definitions of customer churn. Some definitions from academics are presented below.

According to Keaveney and Parthasarathy (2001), customer churn is about customers who withdraw from organizational work by changing competitors or stopping purchases.

According to Reinartz and Kumar (2002), customer churn is defined as customers no longer being customers.

According to Ruyter et al. (1998), customer churn refers to the loss of customers who end their relationship with a telecommunications provider by turning to competitors or completely stopping using telecommunications services.

According to Gupta et al. (2006), customer churn is defined as the voluntary termination of a customer's relationship with a service provider.

According to Rust et al. (2004; p. 12), "customer churn refers to the speed at which customers stop doing business with the company."

2.3 Reasons for customer churn

Understanding why customers churn and taking appropriate steps to prevent or reduce churn are critical to the success of your business. Kumar et al. (2016) argues that customer needs and preferences may change over time. Failure to keep up with these changes can result in a product or service that no longer meets customer expectations, resulting in churn.

Thompson (2016) believes that customers may choose to leave if the product or service quality declines or fails to meet their expectations. Good customer service increases customer satisfaction and loyalty. If a business fails to provide high-quality service, it may lead to customer loss. Effective communication and interaction can strengthen the customer's connection with the brand, reduce misunderstanding and dissatisfaction, and thus reduce the risk of churn.

Price can be an important factor in customer loyalty. Customers may choose to leave if they feel the price is unreasonable or if the business fails to provide value perception (Kotler et al., 2017). The volatility period of enterprises is often the high-frequency period of customer loss.

Sana et al. (2022) believe that employee turnover is one of the important reasons for the loss of corporate customers. In particular, senior marketing managers are the largest and most unstable "mobile army" in the company, with turnover changes every year. The outflow of these marketing employees often take away a number of customers. Competitors also take away customers. After all, the customers of any industry are limited, and excellent customers are rare, so it naturally becomes the object of competition for major enterprises. Any brand or product have weaknesses, and competitors in business wars are often the easiest to catch these weaknesses, and they will take advantage of the opportunity to enter (Amatare & Ojo, 2021; p. 55).

2.4 Countermeasures to prevent customer churn

Outstanding customer service is an essential countermeasure to reduce churn. According to Fornell and Wernerfelt (1987), satisfied customers are more likely to stay loyal and less likely to switch to competitors. To provide excellent customer service, businesses should engage in employee training to help their staff deal with client questions and concerns (Grönroos, 1984). Additionally, giving customer-facing personnel the freedom to address problems quickly can raise customer satisfaction and lower turnover rates (Bitner et al., 1990).

Another successful defense is to cultivate strong customer ties. Researchers like Morgan and Hunt (1994) point out the value of relationship marketing in increasing client loyalty and decreasing churn. Businesses can gather and analyze client data by implementing customer relationship management (CRM) methods, enabling individualized interactions and focused marketing initiatives (Payne & Frow, 2005). Businesses may improve connections with consumers, boost their loyalty, and reduce churn risks by staying in constant touch with them and providing experiences suited to their needs.

The effectiveness of loyalty programs as a churn prevention strategy has long been acknowledged (Keiningham et al., 2007). According to studies of Verhoef et al. (2007) and Vatanasombut et al. (2008; p. 12), well-designed loyalty programs benefit customer retention. Businesses can encourage customers to maintain loyalty by providing awards, special perks, and customized incentives (Liu-Thompkins & Roggeveen, 2013). Loyalty programs decrease the chance of churn by instilling a sense of value in customers and motivating them to keep interacting with the company.

2.5 Consequences of customer churn on the enterprise

According to Ausloos et al. (2019), to lose a customer is to lose not only the customer's benefits but also the benefits that other customers can generate. It can also undermine a company's ability to capture potential customers. Companies often do not value their customers. However, in this case, if the connection with the customer

cannot be quickly repaired, the loss of customer will be permanently lost. To make matters worse, such customers are more likely to be taken away by competitors (Ausloos et al., 2019).

Competitors will take advantage of customer expansion to obtain more market share and more profits, thus posing a more significant threat to the company. Losing customers, especially those with "high net income," is like pulling a pipe out of business and squandering years of investment and effort in customer relationships. Just as friction drains the power of machines, the loss of customers drains the company of capital, supplies, employees, and image. It hurts the company a lot, and its long-term (Ausloos et al., 2019).

2.6 The loss of some customers is inevitable

As presented in the previous chapter, there are several reasons for customer defection, both endogenous and exogeneous.

Therefore, although many companies have "zero customer drain" as their goal, this goal will never be achieved. The idea of retaining all customers' needs to be revised. Even if it does, the price will be too high to pay. Because all customers cannot fully recognize the company's products and services, the company can only retain some customers. Therefore, enterprises should remain calm and cautious to verify customer loss. And what the enterprise wants to do, want to make sure the loss of the customer will be manageable (Janette et al., 2017).

2.7 It is possible to recover some customers

According to Kotlerman et al. (2017; p. 102), there is a view that once customers are lost, they will never return, and there is no possibility of recovery. This is a one-sided view. Nevertheless, the authors stated that one-fourth of lost customers will likely be restored, while one-sixth of the potential customers will likely be acquired. The reasons are as follows: on the one hand, the enterprise has the information of the lost customers, and their past purchase records will guide the enterprise to make efforts to win them back. On the contrary, the enterprise needs a much more robust

understanding of potential customers. On the other hand, the lost customers themselves have a better understanding of the enterprise. As long as the enterprise makes enough efforts to correct the mistakes that caused customer dissatisfaction, they will likely return. It is much easier to win back lost customers than to acquire new customers. Once lost customers return, they are also likely to introduce new customers (Kotlerman et al., 2017).

3. Methodology

Over the past few years, we have noticed that customer churn has been rising at LIBON gym. This project aims to understand the reasons LIBON gym customers churn to take measures to retain users. In order to understand this problem, an internal and external analysis were done. Besides, we conducted a structure interview and collected information from 10 customers who did not visit tis gym for a long time. This information intends to reveal the main causes of customer loss in this gym.

The interview guideline is as follows:

1. When was your last time you came to the LIBON gym?
2. Are you satisfied with the facilities and services of this gym?
3. Do you think the price of the gym is reasonable?
4. What are your favorite services or facilities in the LIBON Gym?
5. Why haven't you come to the LIBON gym again?
6. Did you choose another gymnasium during the period when you did not come to the LIBON Gymnasium?
7. What improvements do you think should be made to improve the service quality?
8. Would you recommend Libon Gymnasium to your friends?
9. What suggestions or opinions do you have to the LIBON gym?

The following table present some details about the interviews.

Table 1 – Details of the interviews

Name	Time	Place	Interview time	Proposal
Mr. Li	August 5th	Inside the stadium	10 Minutes	Change new equipment
Ms. Wang	August 5th	Inside the stadium	8 Minutes	Add new equipment
Mr. Zhang	August 5th	Inside the stadium	12 Minutes	Do a good job in hygiene

Miss Lee	August 5th	Inside the stadium	8 Minutes	Membership card discount strength is some bigger
Ms. Wu	August 5th	Inside the stadium	6 Minutes	Do a good job in hygiene
Mr Wang	August 5th	Inside the stadium	15 Minutes	Add new equipment
Ms. Hong	August 5th	Inside the stadium	11 Minutes	Add new patterns

The questions intend to get information about the reasons for gym customer loss, covering all aspects, such as facilities, services, membership, security measures, staff, membership support, feedback, future plans, etc. These questions are designed to gather information on gym-offered products, prices, cleanliness, coaching qualifications, membership engagement, and growth plans.

The interview method is a useful strategy for learning more about Libon Gym's customer churn. First and foremost, interviews give researchers a chance to talk directly to customers, allowing for a deeper comprehension of their perspectives and experiences. Researchers can gain insights that may not be captured by other data collection methods by delving into the underlying reasons why customers decide to churn through open-ended questions and follow-up inquiries. A comprehensive picture of the phenomenon is provided by this qualitative approach, which enables an extensive investigation of individual experiences, motives, and feelings related to customer churn.

Second, the questioning process can be made more adaptable and flexible during interviews. Each customer's circumstances and perspectives can be taken into consideration by researchers when crafting their inquiries. This individualized approach assists in identifying specific grievances, concerns, or unmet expectations that contribute to customer churn, such as nuanced details that may vary from customer to customer. In addition, interviews provide an opportunity to delve deeper

into responses and, if necessary, seek clarification or elaboration. Researchers can learn a lot about the factors that influence customer churn by having a lively conversation with them. This will help Libon Gym find insights that can be implemented and come up with specific strategies to lower churn rates.

In order to achieve the expected purpose, a research method is developed to comprehensively collect all kinds of information about a particular aspect of the research object, analyze and synthesize it, and draw certain conclusions.

We search through Libon's registration book and randomly picked ten individuals who have not reported or has stopped their subscription for a period of six months to two years. These customers were contacted and the interview scheduled were booked.

4. Description of the LIBON GYM

4.1 LIBON Gym Introduction

LIBON Gym, founded on July 8, 2007, is a highly professional, large-scale, multi-grade fitness chain company. Spacious fitness venues, top fitness equipment, a first-class coaching team, and people-oriented high-quality service have achieved a good reputation in the industry. Libon Gym is committed to assisting individuals in achieving their health and wellness objectives. Libon Gym is a cutting-edge wellness community that gives a helpful climate to the two fledglings and wellness devotees the same (Zhou & Tuo, 2022).

Libon Gym is proud of its team of staff members who are highly skilled and knowledgeable. Its certified trainers are dedicated to guiding and motivating our members throughout their fitness journeys and have a passion for fitness. Its knowledgeable trainers will create individualized workout plans that are tailored to the specific requirements and objectives of each customer, whether they want to lose weight, build muscle, or improve their overall fitness (Zhou & Tuo, 2022).

The welcoming and inclusive atmosphere of Libon Gym is one of its most distinctive features. Libon gym wants to create a welcoming and friendly environment where people of all fitness levels are welcome and encouraged. Customers are greeted by a friendly staff that is committed to providing excellent customer service and ensuring their satisfaction from the moment they enter the gym facility (Zhao et al., 2023).

Different types of customers use the fitness center's services, from professionals looking for stress relief to athletes practicing for competitions. Libon gym has a wide range of equipment and training options to suit a variety of fitness preferences. The offer includes cardio exercises, weightlifting, bunch classes, or practical preparation (Zhou & Tuo, 2022).

Libon Gym has some difficulties, just like any other business. Overcrowding during peak hours is one of the primary issues it has been working to resolve. To handle this issue, Libon management team is presently dealing with growing offices to give extra exercise regions and gear. They are also putting in place a scheduling

system to make it easier to control the flow of customers and make sure that everyone has access to the resources they require (Zhao et al., 2023).

Finally, Libon fitness center is a state-of-the-art wellness office with a committed staff, an inviting climate, and a different client base. We are dedicated to assisting individuals in achieving their fitness goals and leading healthier lifestyles. Libon Gym continues to be a trusted destination for individuals looking for a transformational fitness experience thanks to the exceptional service and ongoing efforts to address challenges (Zhao et al., 2023).

In 2022, the number of sports and fitness venues in the country has decreased, and there are about 131,000 generalized fitness venues in the country, including 39,620 commercial health clubs, down 5.48% from the 1-6 months in 2022, and 45,529 fitness studios, down 12.34% from the 1-6 months in 2022. This data proves that gyms have been losing customers rapidly in recent years (Nagaraju et al., 2022).

4.2 LIBON Gym Vision and Values

Vision: Become a leader in China's fitness industry.

Values: The values of LIBON gym are integrity, respect, team, professionalism, and innovation.

5. Data Analysis of the interviews

5.1 Analysis of the interviews

Based on the results of the interview, some conclusion may be drawn.

Firstly, the customer thinks the price of LIBON gym is too high. In the today's economic environment, people's concept of sports consumption is increasingly enhanced, and their sensitivity to price is also increasing. If the customer thinks the price is too high, they may choose other gyms with more reasonable prices.

Secondly, the service quality of LIBON gym has been questioned. In the interview, some clients said that they had encountered problems with low service quality, such as poor coaching attitude and unreasonable course arrangement. These issues directly affect customer satisfaction and loyalty.

In addition, the fitness environment is also criticized by some customers. They believe that the facilities are somewhat old and need to be updated and upgraded. At the same time, they want to feel a more comfortable and pleasant atmosphere during the workout.

5.2 PEST Analysis

5.2.1 Political Context

Under the outline of the construction of sports power, industry support policies are frequent in China. In recent years, China has attached great importance to the development of the sports industry, successively issued programmatic documents such as the Outline of Building a powerful Sports Country and the National Fitness Plan, amended the Sports Law of the People's Republic of China, which encouraged more investment in the fitness industry, enhanced the nationwide fitness infrastructure, expanded the supply of sports products and services, and increased participation in national fitness activities. Promoting the deep integration of national fitness and national health will accelerate the development of China's fitness industry.

5.2.2 Economic Context

China remains the world's second largest economy. In 2021, China's total GDP exceeded 114 trillion yuan (about 17.77 trillion US dollars), a real growth of 8.1 percent. In 2022, the number of sports and fitness venues in the country has decreased, and there are about 131,000 generalized fitness venues in the country, including 39,620 commercial health clubs, down 5.48% from the previous month, and 45,529 fitness studios, down 12.34% from the previous month. According to the latest data statistics of Q1 in 2023, the operational data indicators of offline fitness venues are recovering rapidly. As of April 30, the number of offline fitness venues has increased significantly, and the data such as the number of paid fitness members, average consumer expenditure, activity, and training frequency have all approached the level of the same period in 2019. In 2023, China's fitness industry and market development is worth everyone's expectation.

5.2.3 Socio-Cultural Context

The gym is a good place for many people to relax after work. However, since 2020, due to the influence of COVID-19, gymnasiums and other leisure sports venues in China have been forced to close down. Besides, there has been a trend of considerable loss of existing customers, and LIBON gym is no exception.

5.2.4 Technological Context

In recent years, China's fitness-related enterprises are very active in patent applications, and the number of fitness-related patent applications has increased significantly, among which the number of patent applications in 2020 and 2021 are 6734 and 6787, respectively. The continuous innovation of fitness related patents has boosted the development of China's online fitness industry and provided equipment and technical support for online fitness.

5.3 Analysis of 5 Forces of Porter

Porter's Five Forces model is a tool used to analyze the competitive situation of the industry, which includes five aspects: the competition degree of competitors, the

threat of potential entrants, the threat of substitutes, the bargaining power of suppliers and the bargaining power of buyers. The following is a brief analysis of the five forces of China's fitness industry:

1. The degree of competition among competitors: With the improvement of people's attention to health, the fitness industry has developed rapidly. In China, the fitness market is highly competitive and homogenized. In order to compete for market share, some large fitness clubs improve their competitiveness by providing diversified services and adding special courses.

2. Threat of potential entrants: As the fitness market continues to expand, more and more investors are entering the industry. However, since the fitness industry requires a lot of investment and effort, and the market competition is already quite fierce, the threat of potential entrants to the industry cannot be ignored.

3. Threat of substitutes: With the improvement of people's living standards, there are more and more substitutes in the fitness industry. For example, alternatives to home fitness equipment and gyms are various online fitness classes and fitness apps. These alternatives provide a convenient, efficient and personalized way to get fit, posing a certain threat to the traditional fitness industry.

4. Bargaining power of suppliers: In the fitness industry, suppliers mainly include fitness equipment manufacturers and gym suppliers. At present, there are many suppliers in the market, and different brands and types of suppliers provide diversified choices, which helps fitness enterprises to negotiate prices with suppliers.

5. Buyer's bargaining power: The main consumer groups of China's fitness market are mainly young people, who pay more attention to experience and service quality, and are more sensitive to price. At the same time, with the rise of the online fitness market, consumers have more choices and bargaining power. Therefore, in Porter's five forces model, buyers have stronger bargaining power.

To sum up, the five forces analysis of China's fitness industry shows that the industry is highly competitive, but at the same time there are many opportunities and challenges. Enterprises need to adjust their strategies according to the market environment and enhance their competitiveness.

6. Recommendations to Reduce the Customer Loss at LIBON gym

Customer loss is a concern. In order to solve this problem, a diagnosis was done based both on customer interviews and the analysis of external context. Taking into consideration these results, we plan to implement a comprehensive and multi-directional preventive plan. The objectives of this plan is to reduce the customer attrition of the LIBON gym, increase customer satisfaction and loyalty, enhance the customer experience, and maintain customer long-term value and contribution.

As such, the following main actions are proposed: reducing the price of subscriptions, improve the service quality, purchasing new fitness equipment, and improving the environment of the gym. The pros and against of each proposed action are also presented below, as well as the corresponding Key Performance Indicators (KPIs).

With the adoption of the above measures, it is expected that the gym significantly increase its advantages in the face of fierce competition from domestic peers. The gym leverages its personnel advantages in customer service and can provide more comprehensive, professional, efficient, and proactive services. The gym leverages its resource, talent, cost, price, and management advantages in various aspects and is in the first tier of the industry.

6.1 Reducing the price of subscriptions

As the interviewees complaint about the price, it is proposed to reduce the subscription fees. It can encourage current members to keep their memberships while making LIBON gym more affordable and appealing to potential customers.

Advantages

- Cost-effectiveness boosted: By lowering the cost of a gym membership, LIBON can make it more affordable for a broader range of people, including those who might not have been able to afford it before. This can both avoid the

customer attrition and draw in new clients who were recently discouraged by more significant costs.

- The advantage over rivals: LIBON gym may be able to gain an advantage over other facilities in the area by offering memberships at lower prices. Cost is often a critical element for potential clients when picking a training centre.
- Member retention: LIBON can encourage current members to keep their memberships and discourage them from looking for cheaper alternatives by lowering prices. This may lower churn and increase member retention rates.
- More member referrals: Members may be more likely to recommend your gym to friends, family, and coworkers if your membership fees are lower. Your gym's membership base can grow even more due to new customers coming from word-of-mouth recommendations.

Disadvantages

- Reduced marginal revenue: In the short term, lowering membership fees will likely decrease marginal revenues, but increase the overall revenue due to the reduction of customer attrition and the increase probability of get new customers. To ensure the long-term viability of the business, it is essential for LIBON Gym to carefully evaluate and project the financial impact of lower prices.
- Value perceivable: Some members may believe that lower prices indicate lower value or quality. To maintain member satisfaction, it is essential to combat this perception by emphasizing the features and benefits LIBON gym provides in addition to the reduced membership fees.
- On the off chance that the decrease in enrollment costs is not balanced enough by an expansion in the number of individuals, it can strain the productivity of the gym. LIBON should check to see if the pricing strategy meets its financial objectives and cost structure.

The key performance indicators to be used by the gym to measure this proposal are:

- The ratio for acquiring members: LIBON gym should keep track of how many new members join the gym after lowering membership prices. The pricing strategy is attracting new members, as evidenced by an increase in the acquisition rate.
- The ratio of members remaining: LIBON gym should keep an eye on the proportion of members who remain members for a particular period of time. While lowering prices may attract new customers, it is essential to ensure that current members continue to value their memberships and remain committed.
 - Profits and revenues.
 - Member satisfaction: LIBON should collect member feedback on a regular basis to determine how satisfied they are with the reduced membership fees. It is very important to understanding their impression of the worth they get at the cost they pay.
 - Rate of referral: Track the number of new members who sign up through member recommendations. A higher referral rate may suggest lower prices improve member advocacy and satisfaction.

To get the most out of this pricing strategy, it should be backed up by strong marketing campaigns, excellent customer service, and a focus on making the gym a good place to be.

The length of time and extent of Libon Gym's fitness subscription fee reduction to effectively reduce customer churn can vary depending on a number of factors, such as the gym's current subscription fee, the market's competition, and its financial circumstances. A general overview is as follows.

Duration: It is possible to reduce the cost of a fitness subscription fairly quickly, typically within a few weeks to a few months. Market research, an evaluation of the financial implications, and the selection of the most effective reduction strategy are all part of the timeframe. To ensure that the decision is financially viable, it is essential to evaluate the impact of the fee reduction on the gym's revenue and profitability.

Extent: The particular circumstances of Libon Gym determine how much of a reduction in the fitness subscription fee should be made. Competitive analysis and market research will shed light on industry pricing trends and customer expectations. Libon Gym is able to determine an appropriate reduction that is both appealing to customers and financially viable for the business by carefully considering these aspects. Depending on the goals of the gym and its position in the competition, the reduction can be as small as 10-20% or as big as more than that.

It is essential to keep in mind that cutting the subscription fee may not be the only way to cut customer churn. The customer experience, service quality, and additional value-added offerings are all important considerations. Libon Gym will be able to make educated decisions regarding fee reductions and other improvements to effectively retain customers if it conducts customer surveys, gathers feedback, and analyzes churn patterns. These activities will provide valuable insights into the preferences and expectations of customers.

To reduce customer churn at Libon Gym, lowering the fitness subscription fee should be approached strategically, weighing the financial implications against customer satisfaction and long-term business viability.

6.2 Improve the service quality

Problems related to service quality were also mentioned by interviewees as a reason of customer churn, which means that it is very important to improve the service quality of the LIBON gym. Service efficiency, service quality, and product quality directly affect customer satisfaction and customer churn. Gyms increase customer stickiness in the company by continuously improving service efficiency, improving service quality, and improving product structure.

As such, it is crucial to get an in-depth understanding of customer needs and expectations, which can be done through market research and data analysis. It allows providing customers with more accurate and personalized services.

Improve customer service quality may be possible through training and incentive measures, improving the professional quality and service quality of customer service personnel, to ensure that customers feel satisfied and happy when enjoying the service.

Training employees should be a top priority for Libon Gym in order to guarantee that they will provide outstanding customer service and actively engage with members. Effective communication, problem-solving, and creating a welcoming environment are all topics that can be the focus of training programs. It is possible to significantly increase member satisfaction and decrease churn by encouraging staff to establish relationships with members, address their concerns, and provide individualized assistance.

To improve the customer purchase experience, the customer purchase process may be improved, as well as the convenience and efficiency of the purchase, by reducing the customers' time cost and energy consumption.

Offering customized workout regimes custom-made to individual objectives can assist with holding individuals. Services like individualized training sessions, fitness assessments, and individualized workout plans can be offered by Libon Gym. The gym has the potential to cultivate a sense of loyalty and keep members engaged by demonstrating a commitment to the progress and success of each member.

It is also proposed to establish a customer loyalty plan by means of points and membership to provide customers with more discounts and privileges and increase customer stickiness. This program that rewards individuals for their continuous responsibility and commitment can increment client maintenance. Offering motivators, for example, limited rates, reference rewards, selective admittance to exceptional occasions, or customized prizes, can inspire individuals to remain faithful to Libon Gym and elude their loved ones.

Besides, keeping regularly in touch with customers is also very important, which can be done by phone, email, SMS and other ways, in order to understand their demand changes and service satisfaction, and solve their problems and feedback in time.

It is also proposed to create channels that allows direct customer communication in order that customers may send their comments and feedback. Regularly conduct feedback sessions or surveys to learn more about member experiences, preferences, and areas for improvement. Newsletters, social media, and email communication can keep members updated on news, promotions, and upcoming events, fostering a sense of belonging and community.

Libon Gym's offerings can be enhanced by collaborating with renowned fitness professionals or local wellness experts. These experts can lead workshops, seminars, or classes at the gym, bringing in more fitness enthusiasts and providing additional expertise.

Advantages

These set of actions to improve the service quality can effectively reduce the loss of provincial customers, improve customer satisfaction and loyalty, enhance customer experience, improve customer recognition and trust of the brand, and maintain long-term customer value and contribution.

Disadvantages

The implementation of the plan requires a certain cost input, including market research, data analysis, training and other aspects.

The key performance indicators to be used by the gym to measure these proposals are:

- Customer satisfaction: improve customer satisfaction to more than 90%.
- Customer turnover rate: reduce the customer turnover rate to less than 10%.
- Customer complaint rate: reduce the customer complaint rate to below 5%.

6.3 Purchasing new fitness equipment

Other reason mentioned by the interviewees to churn is the fitness equipment, that they consider old. Investing in new equipment (promoting the modernization and completeness of fitness equipment in the gym) can be an excellent way to avoid their attrition and to keep gym members returning. It can help draw in and hold individuals by offering various exercise choices and staying up-to-date. When implementing this plan, it is important to note the advantages and disadvantages and examine the key performance indicators (KPIs), which are presented below.

Advantages

- Enhance member satisfaction: The completeness of the equipment can improve the general part insight, making exercises more pleasant and successful. A more comprehensive range of fitness objectives and preferences can be accommodated by cutting-edge equipment.
- The advantage over rivals: Putting resources into new equipment will give LIBON gym an upper hand over nearby gym. Individuals frequently search out exercise centers that proposition cutting-edge equipment, which can draw in new clients and deter existing ones from changing to contenders.
- Rise in referrals: Current members will be more likely to recommend the gym to friends and acquaintances. LIBON gym can create a positive word-of-mouth effect by investing in new equipment, which leads to potential new customers through referrals.

Disadvantages

- Cost: It can be expensive to buy brand-new equipment. It can cost a lot to start, depending on the gym size and equipment you choose. But, the ongoing costs for repairs and maintenance are lower in new equipment.
- Space limits: Presenting new equipment requires sufficient room (more equipment instead of only the replacement of the old ones). The addition of new

equipment may result in member overcrowding and inconvenience if your gym already has limited space.

- The learning curve: Whenever new equipment is presented, individuals might require time to dive more deeply into its activity and elements. Members and staff alike may initially experience some confusion or frustration as a result of this learning curve.

The key performance indicators to be used by the gym to measure this proposal are:

- The ratio of members remaining: LIBON should keep track of the percentage of members who keep their gym membership for a given period of time. A higher retention rate may indicate that the new equipment improves member engagement and satisfaction.

- Comments from members: LIBON should collect member feedback on a regular basis to determine how satisfied they are with the new equipment. Conduct surveys, suggestion boxes, or one-on-one conversations to learn about their preferences, concerns, and suggestions for improvement.

- Attendance by members: Screen changes in part participation designs after the presentation of new equipment. Expanded participation can show further developed part commitment and interest in using the updated equipment.

- Rate of referral: LIBON should track the number of new members who sign up through member recommendations. A higher rate of referrals may suggest that the new equipment is improving member advocacy and satisfaction.

- Profits and revenues: LIBON gym should examine the economic effects of the brand-new equipment on the revenue and profitability of your gym. Determine whether the increased membership fees and the possibility of acquiring new customers outweigh the initial investment and ongoing maintenance costs.

Therefore, while buying new equipment can be valuable, it should be joined by other client maintenance systems, for example, customized preparation programs,

superb client support, and local area building drives. The most effective solution to member satisfaction is a comprehensive one.

The size of the gym, the type of equipment required, and the availability of resources all play a role in determining how much new gym equipment will cost and how long it will take to acquire. It follows a rough estimate of the cost and time to get the new equipment.

Cost: The brand, quality, and quantity of required gym equipment can all have a significant impact on the equipment's price. A complete set of gym equipment for a medium-sized gym typically costs between \$50,000 and \$200,000 or more. However, this estimate is subject to change based on Libon Gym's particular requirements and preferences.

Duration: The length of time it takes to buy new gym equipment can also vary based on things like suppliers' availability, shipping times, and installation requirements. The procurement procedure can typically be completed in a few weeks to a few months. Equipment research and selection, order placement, delivery coordination, and equipment setup in the gym are all included in this time frame.

Libon Gym must thoroughly do some research, compare prices and quality from various suppliers, and take into account any additional costs like warranties, installation agreements, and maintenance contracts. Libon Gym can ensure that it acquires the necessary equipment within a reasonable timeframe and on budget while meeting the specific needs of its customers by carefully planning and budgeting for the purchase of new gym equipment.

6.4 Improving the environment of the gym

Improving the gym environment can be a viable arrangement to relieve the customer churn. LIBON gym can improve customer satisfaction and retention by fostering an engaging and positive atmosphere through. As such, it is proposed the following actions:

- **Upgrading Facilities and Equipment:** New equipment improves the exercise quality, drawing in and holding clients who esteem quality. Modern offices establish a more agreeable and pleasant climate.

- **Design and Environment Enhancement:** An appealing gym environment can boost motivation and enhance the overall experience. A positive atmosphere can be created by paying attention to details like music, decor, and lighting. The disadvantage of enhancing design and ambience is that it can be costly and time-consuming to redesign the gym space and bring the atmosphere up to date. Besides, during renovations, it might necessitate temporary closures or disruptions. To evaluate the success of implementation of this proposal, it is suggested to apply surveys of customer satisfaction regarding the atmosphere, and comments regarding the gym's design, and increased social media engagement.

- **Providing Additional Services and Amenities:** Including extra services like a juice bar, a sauna, massages, or fitness classes can make the gym more appealing to customers. Additionally, it can draw a broader clientele. The cons of implementing additional services are that space, resources, and staff may be required for additional amenities. It is important to carefully compare the potential revenue and retention benefits to the cost of providing these amenities. The KPIs for this proposal are: rates of class attendance, revenue from new amenities, and customer feedback on the quality and availability of new services.

- **Enhancing the Experience of Customers:** It can be fostered a sense of community and increase customer loyalty to tailor services to individual customer requirements and preferences. Customers may feel valued if personalized training programs or consultations are provided. This strategy will force the LIBON gym staff to devote more time and effort to personalization. Guaranteeing consistency and versatility of customized encounters across a considerable client base can be challenging. The KPIs of this proposal include increased referrals from satisfied customers, customer satisfaction surveys regarding personalized experiences, and customer retention rates.

- Increasing Customer Satisfaction through challenges, competitions, and social events can be used as engagement strategies to foster a sense of community and belonging. Routine correspondence through pamphlets, virtual entertainment, or wellness applications can keep clients associated. LIBON must note that planning and carrying out engaging events and activities can take a long time. There might be difficulties in keeping up with interest and cooperation from a different client base. The KPIs for this proposal are member participation rates, customer engagement metrics (likes, shares, and comments), and event attendance.

Improving the environment of Libon Gym is a multi-layered process that requires cautious preparation, execution, and ceaseless observing. The term and cost of such enhancements can fluctuate contingent upon the size of changes wanted and the assets accessible.

At first, it is critical to lead an exhaustive evaluation of the ongoing environment at Libon Gym, distinguishing areas that require improvement. This assessment might incorporate factors like tidiness, equipment support, ventilation, lighting, and generally speaking style. Following the evaluation, an itemized plan ought to be created to address each distinguished region, focusing on the most basic perspectives that straightforwardly influence the client experience.

Carrying out the enhancements might include a mix of exercises, for example, office updates, hardware substitution or restoration, staff preparing, and the execution of successful support conventions. The term of the improvement cycle will rely upon the intricacy of the progressions and the accessibility of assets. It is vital to find some kind of harmony among proficiency and exhaustiveness, guaranteeing that the upgrades are executed successfully while limiting disturbances to the rec center's activities.

Monetary contemplations are additionally huge. The expense of working on the climate at Libon Exercise center will rely upon different variables, including the extent of the progressions and the degree of redesigns required. It is fundamental to

assign satisfactory assets to the undertaking to guarantee that the upgrades are of excellent and manageable in the long term which is approximately five percent of the revenue each month.

Normal checking and criticism from clients will be fundamental in assessing the viability of the upgrades and making vital changes. Ceaseless endeavors ought to be made to keep up with and upgrade the superior climate to meet the advancing requirements and assumptions for exercise center individuals. Eventually, by putting resources into and focusing on the improvement of the exercise center's current circumstance, Libon center can make a really welcoming and charming space for its clients, cultivating consumer loyalty and faithfulness.

7. Conclusion

7.1 Conclusions

In conclusion, Libon Gym must take a proactive and strategic approach to reduce customer churn, which is a significant obstacle to its development and sustainability. Based on a set of customer interviews, it was concluded that the main factors to customer churn are the price, service quality, the old facilities, and the environment. Libon Gym must take specific measures to keep its customers and cultivate long-term loyalty by comprehending the factors that lead to customer churn.

Enhancing the overall customer experience is an essential strategy for preventing customer churn. Libon Gym ought to concentrate on providing outstanding customer service, ensuring members feel appreciated and supported throughout their fitness journey. This can be accomplished through customized collaborations, mindful staff, and a brief goal of any worries or issues.

Additionally, providing a wide range of high-quality fitness facilities and programs can contribute to increased customer engagement and satisfaction. By persistently enhancing and adjusting to changing patterns and inclinations, the Libon exercise centre can draw in and hold a more extensive crowd, lessening the probability of a stir.

Executing hearty information examination and prescient displaying can likewise assume a fundamental part in recognizing expected churners and going to proactive lengths. By dissecting part information, for example, participation designs, action levels, and criticism, Libon Gym Center can distinguish early admonition indications of disappointment and intercede with customized maintenance techniques.

In addition, reducing churn can be significantly facilitated by cultivating a strong sense of community within the gym. Empowering part communications, arranging get-togethers, and making the web stages for commitment and support can reinforce the connections between individuals and the exercise center. At the point when people feel associated with a local area, they are bound to stay faithful and committed.

In the end, addressing customer churn necessitates a comprehensive strategy that takes into account all aspects of the gym's operations. Libon Gym can reduce churn

rates and build a loyal customer base by placing a high value on exceptional customer service, providing a variety of high-quality fitness programs, making use of data analytics, and cultivating a sense of community. In order to stay ahead of the competition in the fitness industry and ensure the gym's long-term success, constant effort and adaptability will be necessary.

7.2 Study Limitations

In the survey and research of this project, only investigation and analysis were conducted on customers, without investigation and research on the fitness industry, market, departments, and personnel. Therefore, no joint research or detailed research was conducted on this issue.

During the project' writing process, the prediction of customer churn in the fitness industry should have been included in the research scope, which is also one of the shortcomings of this study.

7.3 Suggestions for Future Research

In the subsequent work, it is necessary to continuously track the changes in essential characteristics and influencing factors of gym clients during different periods and particular stages of the development of the fitness industry, deepen research, and adaptively adjust work ideas and countermeasures.

In subsequent work, research should be conducted on the fitness industry, market, departments, personnel, and customers to enhance the persuasiveness of the data.

In subsequent work, the prediction of gym customer churn should be included in the research scope to enhance the positive guidance effect on customer management work.

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Appendix

Interviews transcription

Interview One

Interviewer: I appreciate you participating in this interview. This interview is being conducted on Libon Gym's behalf. Our objective is to find out why some customers, like you, are leaving the gym and collect feedback. We genuinely value your input. I want to reassure you that your responses will remain private before we begin. Is it okay for you to continue with the interview?

Customer: Yes, I'm content.

Interviewer: Great! Let's begin with a few introductory questions. Can you briefly discuss your fitness or general experience with gym memberships?

Customer: Since I've been into fitness for a while, I've tried a few different gym memberships. Keeping active and living a healthy life are important to me.

Interviewer: I appreciate you sharing that. Let's now concentrate on your Libon Gym experience. Could you please explain to us why you have stopped coming to the gym?

Customer: I stopped going to Libon Gym for a few different reasons. First, I moved to a different part of the city, and the distance became very uncomfortable. In addition, I had the impression that the equipment in the gym was not well-maintained, and there were frequently lengthy wait times for machines, particularly during peak hours. The facility's overall atmosphere and cleanliness also fell short of my expectations.

Interviewer: I appreciate you sharing that. We value your comments.

Interview Two

Interviewer: Have you been to the gym lately?

Interviewee: Not recently. I haven't been there for a long time.

Interviewer: So why? Is it a lack of time?

Interviewee: Time is a problem, but there are other reasons. For example, the gym is too far from my home, and it takes a lot of time and energy to go every time. Besides, the price is a little high. But the main reason is my need for more motivation and a sense of purpose when it comes to fitness.

Interviewer: Have you ever considered exercising at home?

Interviewee: Working out at home alone doesn't feel as good as working out at the gym. And I was the only one who could help me if I had a problem or needed guidance.

Interview Three

Interviewer: Have you ever worked out at a gym before?

Interviewee: Yes, but I last went there a long time ago.

Interviewer: So why? Is it a lack of time?

Interviewee: Time was a problem, but mostly because I didn't feel like I was sticking to it. The first few times I went to the gym, I felt great but lost interest and motivation.

Interviewer: Would you consider getting some friends to exercise with you?

Interviewee: That's a good idea, but most of my friends around me are busy or uninterested. And even if someone wants to go with them, they need to find the right time and place.

Interviewer: Do you have a specific goal or plan for fitness?

Interviewee: I do not really have a specific goal or plan. I want to improve my physical fitness and form through exercise and improve my mental state and quality of life.

Interview Four

Interviewer: What do you think of the gym equipment and environment?

Interviewee: The equipment and environment of the gym are essential. First of all, the equipment should be complete, novel, efficient, and well maintained to ensure the sports effect and safety; secondly, the environment must be comfortable, clean, spacious, and have enough airflow.

Interviewer: What do you expect from the gym service?

Interviewee: I hope the gym can provide more personalized and professional guidance and support and provide different types of classes or services according to different people and needs. The service is also expected to be friendly, attentive and able to resolve any problems or concerns on time.

Interviewer: Have you ever considered using an online platform to campaign? Like taking an online class or using an intelligent device to exercise independently?

Interviewee: That's an excellent idea, but I need to work out better at home. And even if you take online courses or use intelligent devices, you can't get timely and accurate help when you have problems or need guidance during exercise.

Interviewer: What do you value or differ about online platforms and offline gyms?

Interviewee: The online platform is more convenient, flexible, and you can exercise anytime, anywhere. But offline gyms are safer, more professional, and offer more opportunities for actual communication and interaction. Therefore, the choice should be based on their needs and circumstances.

Interview Five

Interviewer: What factors do you look for most when choosing a fitness program?

Interviewee: The most important thing is to provide personalized guidance and support to the individual situation. For example, my exercise habits, physical conditions, goals and so on are different from others, so I need to have a corresponding plan to cooperate. The other is the price and Effect of the problem. It can be relatively inexpensive and to be effective.

Interviewer: If there was a new fitness program based on smart devices and artificial intelligence technology that could monitor your exercise status in real-time and provide personalized guidance and support based on the data, would you consider trying it?

Interviewee: If such a service is really available and the price is reasonable, I will definitely consider trying it. However, it is essential to note that protecting privacy during sports is still very important, and this should not be ignored just because of the use of intelligent devices.

Interviewer: In addition to personalized guidance and support, are there any other features or features that you would like to see in this fitness program?

Interviewee: Besides the essential functions, complementary services such as social interaction and online courses are also necessary. It allows me to exchange experiences with other bodybuilders or watch professional teaching videos online to improve my exercise level and interest. Of course, ensuring that the equipment and services are stable, safe, easy to use and other issues is also necessary.

Interview Six

Interviewer: I appreciate you participating in this interview. This interview is being conducted on behalf of Libon Gym. Our objective is to find out why some customers, like you, are leaving the gym and collect feedback. We genuinely value your input. I want to reassure you that your responses will remain private before we begin. Is it okay for you to continue with the interview?

Customer: Yes, I'm content.

Interviewer: Great! Let's begin with a few introductory questions. Can you briefly discuss your fitness or general experience with gym memberships?

Customer: Over the past few years, I have had gym memberships and been actively involved in fitness. I value the opportunity to stay fit and healthy and the gym environment.

Interviewer: I appreciate you sharing that. Let's now concentrate on your Libon Gym experience. Could you please explain to us why you have stopped coming to the gym?

Customer: I stopped going to Libon Gym because I thought the service had gotten worse. The facilities were filthy and the maintenance of the equipment was subpar. In addition, the staff appeared to be uninterested and unhelpful.

Interviewer: I appreciate you sharing that. We value your comments. Did you notice anything particular during your time at Libon Gym that you thought was wrong or could be improved?

Customer: Yes, in addition to the issues I mentioned earlier, I also noticed that the classes offered lacked variety. There were few opportunities for group workouts and a rigid schedule. Because of this, it was hard for me to find classes that worked with my schedule and preferences.

Interviewer: I appreciate you sharing that. We appreciate your insights. Do you have any suggestions for how Libon Gym could improve its services or offerings based on your experiences?

Customer: Absolutely. I would recommend that the gym make an investment in routine maintenance of its equipment and provide its members with a clean and sanitary environment. Members like me would also greatly benefit from improving the scheduling system and expanding the number of classes offered.

Interview Seven

Interviewer: Thank you very much for coming for this interview. This interview was conducted on behalf of the Liben Gym. Based on your experience, do you have any suggestions on how Liben Gym can improve its services or products?

Guest: I suggest that Libon Gym consider opening a new location that is more accessible, or provide a shuttle service for members who live far away. In addition, waiting times can be reduced by investing in more machines and improving equipment maintenance. More trainers will help guide and support members. Finally, if the schedule is expanded and the classes are diversified, a wider range of members will join.

Interviewer: Thanks for your advice. We will make sure that they are taken into account. One last question: Since you stopped going to the Libon gym, have you joined another gym or gone there regularly?

Customer: Yes, I joined another gym, which is closer to where I'm moving. I think it suits my needs better now because it has more modern facilities and more courses.

Interviewer: I appreciate you sharing the data. We value your sincerity.

Interviewer: Last but not least, we would like to thank you for your time and willingness to give us useful feedback. With your help, we will be able to improve our service. Do you have any comments or questions?

Customer: I just wanted to let you know how much I appreciate the opportunity to give me feedback. Gyms need to focus on their members and work to improve the experience for everyone. I appreciate you doing this interview.

Interviewer: I appreciate you expressing yourself. We will carefully consider your feedback and work to address the issues raised. We greatly appreciate your participation and valuable time. Please do not hesitate to contact us if you have any additional enquiries or if there is anything else you would like to share in the future. Have a nice day!

Customer: I appreciate it. Thank you very much. goodbye.

Interview Eight

Interviewer: Would you consider seeking the help of a coach?

Interviewee: This is a difficult question to answer, because if the coach can provide practical guidance and support, and the price is reasonable, I would love to try it. But only if it's an average coach with some particularly good or professional options.

Interviewer: What are your expectations for the gym? Would you want to go to a gym if it could meet those expectations?

Interviewee: I wish gyms could provide more professional and practical guidance and support. The price should be reasonable, and the environment should be comfortable and safe. If the gym can meet these requirements, I will consider starting to exercise again.

Interview Nine

Interviewer: Would you consider getting back into exercise if given more personalized, specialized guidance and support to help you establish clear, actionable goals and plans?

Interviewee: If this kind of service is available and the price is reasonable, I would consider starting to exercise again. However, it is essential to note that the guidance and support must be truly effective, not as shallow or lacking in practical results as before.

Interview Ten

Interviewer: Nice to talk to you. We will make sure that they are taken into account. Since you stopped going to Libon Gym, have you joined another gym or gone there regularly?

Customer: Yes, after I left the Libon Gym, I joined another gym nearby that better caters to my needs. I found a gym with more classes, well-maintained equipment and a schedule that suited me well.

Interviewer: I appreciate you sharing the data. We value your sincerity.

Interviewer: Last but not least, we would like to thank you for your time and willingness to give us useful feedback. With your help, we will be able to improve our service. Do you have any comments or questions?

Customer: Overall, I think addressing the above issues will greatly improve the member experience and help retain customers. I appreciate you giving me the opportunity to voice my opinion.

Interviewer: I appreciate you expressing yourself. We will carefully consider your feedback and work to address the issues raised. We greatly appreciate your participation and valuable time. Please do not hesitate to contact us if you have any additional enquiries or if there is anything else you would like to share in the future. Have a nice day!

Customer: I appreciate it. Thank you very much. goodbye.