

(SP) EXIT ANALYSIS: A SUPPLY AND DEMAND PERSPECTIVE IN THE HEALTH AND FITNESS INDUSTRY

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Introduction

This study examines why members discontinue membership of health clubs and recasts current theoretical exit analysis models. Hirschman (1970) provided theoretical foundation for understanding exit as a form of customer complaint known as the exit, voice and loyalty framework (EVL) while other studies confirm that exit is a process which has been captured by the critical incident technique (Olsen, 1992). Some of the non-critical incidents can be explained in the satisfaction/dissatisfaction literature which focuses on the customer's evaluation and subsequent repeat purchase intentions rather than 'triggers' (Richins, 1983; Kasper, 1988; Gronhaug and Gilly, 1991). However, customer exit may not follow dissatisfaction if customer exit is not an option (Thorelli, 1983) while Fornell and Didow (1980) discovered that availability of alternatives encouraged exit. The cost of switching has also been highlighted as a factor influencing the customers' decision to exit (Jackson, 1985; Wright, 1993; Liljander and Strandvik, 1995) while Sheth and Parvatiyar (1995) propose that a lack of novelty or variety may cause customers to exit a marketing relationship. Bennett (1996) suggests that customers may suffer from 'interaction fatigue' or boredom as the rewards received increase in familiarity and customers become satiated. Similarly, the Fitness Industry Association (1999; 2002; 2003) report noted that 'variety' and 'interest' were considered more important in exercise prescription for members of health clubs than the direct relevance to the specified fitness goal. The research completed to date examines exit analysis variables in isolation and from a demand or supply side only. This study proposes to examine a number of variables from a demand and supply perspective thus recasting existing models in a new format and new market arena as outlined in table 1.

Methods and Results

The initial part of this study included a mail survey of one hundred lapsed members. The findings noted how joining fees were instrumental in extending the duration of the membership, members who exercised previously or regularly had longer retention timeframes than those who attended sporadically with limited prior exercise experience. Situational factors 23%, club related reasons 21% and personal circumstances 15% were the top three reasons for discontinuing membership while 88% of lapsed members were either satisfied or very satisfied with the health club but still discontinued membership. 85% of the lapsed members had not rejoined another health club since discontinuing membership while 54% of this market said they would consider rejoining the same health club if offered an incentive such as a price reduction (38%) or salon gift token (8%). This study will be supported by a mail survey of regular attendees to investigate any notable differences between the lapsed member market and those who regularly renew

membership. The supply side will be examined using in depth interviews with health and fitness providers.

Discussion and Conclusion

It is envisaged that the findings will differ substantially from other market arenas due the uniqueness of the health and fitness industry where it is anticipated that boredom, interaction fatigue and situational factors may play a more prominent role in the exit analysis. Patterns of behaviour may also differ substantially from the regular attendee to the lapsed member market while significant opportunity to reactivate this market will also be highlighted from a supplier perspective.

Table 1. Exit Analysis Framework

Seller Behaviour	Buyer Behaviour	
Social/Exercise Psychology (Emotive Marketing)	Social/Exercise Psychology	
Offensive Marketing & Defensive Marketing (Customer Service)	Satisfaction → <ul style="list-style-type: none"> • Commitment/Trust/Loyalty • Exit Voice Loyalty 	→ Dissatisfaction <ul style="list-style-type: none"> • Critical Incidence Response • Lack of Novelty • Cost of Switching • Exit Barriers • Alternatives
Customer Retention	Patterns of Behaviour →	→ Stayers V Switchers
Exit Analysis →	Disengagement →	→ Reactivation → Reengagement

Supply

Versus

Demand

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