



CUSTOMER RETENTION IN OWNER-OPERATED GYMS IN TIMES OF CORONA

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Abstract

Despite having a membership rate higher than soccer, German fitness studios are suffering badly from the pandemic. Sales in the fitness industry fell drastically in 2020. The decline in sales poses major problems, especially for owner-operated fitness studios, which account for about half of fitness facilities in Germany. While fitness chains, forced to draw on financial reserves, were able to slightly increase the number of their studios despite the pandemic, more than one in 100 individual studio owners had to close their doors permanently because of financial difficulties. The corona pandemic is suddenly turning a once-thriving market environment into a difficult terrain in which gym operators must fight to retain members.

But what do these efforts look like? How can customers be retained at a gym and how can cancellations be avoided in times of crisis? The influence from the corona pandemic on customer retention, especially in the severely affected individual studios, represent and raise an interesting and currently relevant field of research.

By evaluating an interview with an owner of two individual gyms, it can be shown that the COVID-19 pandemic has a negative impact on customer loyalty and on membership numbers. To counteract this loss of members, owners learned that being present, open and comprehensive communication and personal loyalty are particularly important. Social media also became increasingly important as a communication channel due to the temporary lack of possibility for face-to-face communication. Alternative forms of training, such as online courses, are an effective means of customer retention during the pandemic. Although these options are likely to continually be offered, they will be significantly reduced after the pandemic.

Keywords: Health care facility choice, Facility bypass, Multinomial probit model, Socio-economic status index

1.0 Introduction



Figure 1: Gym memberships in Germany
Source: own presentation based on Deloitte (2020, p.8)

"Pain is weakness leaving the body." This martial motto, used by the U.S. Marines Corps to motivate its recruits, is also used by numerous athletes to train in gyms. For the fitness industry, however, pain and weakness were rather foreign words in the years before the COVID-19 pandemic. Until the corona crisis, membership figures for German fitness studios grew by an average of between 4.5 and 6 percent per year. After peaking at 11.66 million for the time being in 2019, membership plummeted by more than 11.5 percent to 10.31 million the following year (see Figure 1).

Despite having a membership rate higher than soccer in Germany, fitness studios are suffering badly from the effects of the COVID 19 pandemic. Sales in the fitness industry fell by 24.6 percent in 2020 compared with the previous year. The decline in sales poses major problems, especially for owner-operated fitness studios,

which account for about half of fitness facilities in Germany. Even though fitness chains were able to open new studios due to financial reserves, still more than one in 100 individual studio owners had to close their doors permanently for monetary reasons (Deloitte Sport Business Group, 2021, p. 4ff.). The corona pandemic is suddenly turning a once-thriving market environment into a difficult terrain in which gym operators must fight to retain members. But what do these efforts look like? How can customers be retained at a gym and how can cancellations be avoided in times of crisis? The influence from the corona pandemic on customer loyalty and retention, especially in the severely affected individual studios, represent and raise an interesting and currently relevant field of research. The research question of this paper is therefore:

"What impact did the COVID-19 pandemic have on customer loyalty and retention in owner-operated fitness studios?"

2.0 Theoretical Background

2.1 Gyms

The term "fitness" originates from Anglo-American but is now also firmly anchored in the German vocabulary. In colloquial language, fitness is often associated with health or performance. However, there is no uniform scientific definition. The gym is a facility where people work out to get or stay fit. For this purpose, gyms are usually equipped with a cardio area, a weight training area and a classroom. Depending on the type of equipment, a wellness area may also be available. Gyms can be divided into chains, individual studios and micro studios. Single studios are when fitness facilities have up to four operating locations. These are usually owner-operated, meaning run by the owner himself, and cover an area of at least 200 square meters. Chain operations, on the other hand, operate at least five fitness facilities, each of which is larger than 200 square meters. These can be owner-operated or franchised and usually appear on the market under a uniform image. Micro studios are smaller than 200 square meters and occupy a special segment in which a specific target group is addressed instead of the broad masses. In terms of price, fitness studios can be divided into discount, medium and premium facilities. With a monthly membership fee up to 30 €, one speaks of a discount provider. Premium studios charge monthly membership fees of 65 € or more. Medium facilities fall into the price range between discount and premium studios (Deloitte Sport Business Group, 2021, p. 46). Discount providers position themselves on the market through a low-price strategy, whereas studios from the medium and premium segments focus on unique selling points in terms of offers and quality (Daumann, Heinze, & Römmelt, 2012, pp. 1f). Fitness studios can also be divided into fitness- and health-oriented, performance-oriented or leisure- and family-oriented facilities. Women-oriented studios limit their target group to the female gender. Equipment only studios are contrasted with multifunctional facilities that appeal to the broadest possible target group through additional sports or wellness offers (Dilger, 2008, p. 20). In the following, the gym will be understood as a commercial provider of strength and endurance training. Owner-operated fitness studios are the focus of this paper.

2.2 Customer Loyalty and Retention

Despite their common use, the terms "customer loyalty" and "customer retention" do not have a uniform scientific definition. Due to that, for the definition in this seminar work, several sources are cited, which support and supplement themselves mutually. The construct customer loyalty and retention concerns, according to Diller (1996), the "business relation between supplier ... and customer" (P. 82). The focus of the customer connection can either be on the customer or the supplier. From the perspective of the customer, the customer connection represents its attitude to the business relationship (Diller, 1996, P. 84). This attitude expresses itself by the past purchase behavior as well as by the future behavior intention, thus the readiness of the customer for the repurchase or for the recommendation (Meyer & Oevermann, 1995, p. 1340). The causes of a customer's loyalty to a supplier can be emotional or rational. Rational causes of loyalty can be divided into situational, economic or contractual-legal causes (Bagusat, 2006, p. 84). Situational causes of commitment include external factors such as the provider's location being convenient for the customer (Homburg & Bruhn, 2017, p. 11). Economic causes relate to the price-performance ratio or the costs associated with switching providers. Emotional causes of loyalty primarily include customer satisfaction and the customer's trust in the provider (Bagusat, 2006, pp. 91-92). Customer satisfaction occurs when the customer's expectations are met or exceeded (Nerdinger et al., 2015, p. 121). Bliemel & Eggert (1998) divide the customer perspective of customer loyalty into attachment and commitment. Customer satisfaction and customer trust lead to attachment, which is also related to loyalty. On the other hand, they speak of commitment, if the customer cannot change the supplier or only if he accepts disadvantages such as changing costs (Bliemel & Eggert, 1998, P. 39-43). If customer retention is related to the supplier, it represents a bundle of activities. It describes all the measures a supplier takes to strengthen the relationship with the customer and to bind him to his company for the long term (Diller, 1996, p. 86). The goal is to at least meet the customer's expectations, or better still, exceed them. The customer is one of the most important intangible assets of a company. Its value is derived not only from its own contributions or purchases, but also from the acquisition of new customers influenced by referrals. As the cost of acquiring new customers is steadily rising compared to maintaining existing ones, the concept of customer retention is becoming increasingly important (Nerdinger et al., 2015, p. 120). In summary, customer retention and loyalty (in

German there is only one single word for both terms: Kundenbindung) can be viewed from two perspectives. From the customer's point of view, it is the attitude towards the business relationship and from the provider's point of view, it is measures or activities. Since these measures are to influence the attitude of the customer substantially, both perspectives stand in a close connection and condition each other. In the following, customer retention is examined from the supplier's perspective.

2.3 COVID-19 in German Gyms

COVID-19 is the acronym for coronavirus disease 2019, an infectious disease that originated in China in late 2019 and spread globally from there. As of March 2020, the disease was declared a global pandemic and a wide variety of measures were taken to contain the spread of the virus (Bendel, 2021). Gyms also had to temporarily close or observe special requirements. The period of officially ordered gym closures, also referred to as lockdowns in the following for simplicity, showed regional differences in Germany. With small variations in federal states, such as Hessen, gyms in Germany remained closed from mid-March 2020 to the end of May 2020 and from the end of October 2020 to the end of May 2021. The periods between the two lockdowns and after the second lockdown also saw the imposition of various conditions, such as access restrictions, requirement for facemasks and distance rules (Deloitte Sport Business Group, 2021, pp. 31f). The terms corona crisis or corona pandemic are used synonymously with the term COVID-19 pandemic in this paper.

2.4 Current Research

Kriegel (2012) states that customer satisfaction has an important impact on customer loyalty. To capture customer satisfaction, systematic member surveys are an appropriate tool, he says. Satisfied members are emotionally attached and more likely to accept price increases. In addition to emotional loyalty, gyms can also bind their members factually or economically. Contracts with a minimum term, for example, are an instrument for factual commitment. This binds the customer to the gym for a certain period, such as twelve months. Economic binding includes price competition, through which the provider wants to stand out from the competition and tries to bind its members by offering a favorable price-performance ratio. According to Kriegel (2012), emotional commitment is the most effective tool for retaining members at a gym over the long term. Three factors are significantly involved in successful customer retention. First are the employees, who are responsible for building a good relationship with the customer through commitment and competence. Secondly, the spatial and local conditions are mentioned. Hygiene and cleanliness are fundamental customer expectations and, if neglected, lead to declining customer satisfaction. One can stand out from the competition with a pleasant atmosphere for the customer, which results from the design and the concept of the training area. The location also counts as a second factor from the point of view of accessibility, connection to the transport network and parking facilities. The third factor is the offer. It includes classic forms of training such as endurance or strengthening programs, but also forms of training tailored to special target groups or personal training. The offers must be regularly reviewed and, if necessary, adapted to changing requirements. It is important to have an "ear to the customer" at all times to be able to meet their wishes and needs and to bind them emotionally through communication and interaction (Kriegel, 2012).

In a study conducted by the German University of Prevention and Health Management, 3,591 gym members were surveyed about the first lockdown in gyms. According to the survey, 89.6 percent of respondents continued to pay their membership fees during the lockdown. Emotional attachment proved to be the key to this behavior and thus to customer loyalty. The most important thing for members was that the fitness centers endeavored to look after them. The studios succeeded in this primarily by offering alternative training methods in the form of online courses or training videos. It was almost irrelevant what was offered and whether the customers used it at all. What was important was the fact that something was offered at all and that the gyms supported their members during the difficult period. Key success factors for customer loyalty during the corona crisis were also that the gym operators provided customers with comprehensive and transparent information and communicated positively and confidently. "Showing face" and being "present" on all possible communication channels from the studio's own website to mailing lists and social media was essential for customer retention during the corona pandemic (Kobel & Preuschhoff, 2020).

In an international study by ClubIntel, gym owners and employees were surveyed in late March 2020 about their responses to the challenges of the corona pandemic. From 195 usable responses, it was found that 46 percent of the gyms surveyed were already temporarily closed at that time. While about half of the studios that were still open tried to make members feel safe by implementing even more extensive disinfection measures, the closed studios were forced to take other measures to ensure customer loyalty. Only 47 percent of closed studios offered members a freeze on their membership fees. Instead, gyms primarily used online and streaming classes to offer customers an alternative workout experience. Virtual fitness content, such as workout videos uploaded to company-owned websites or social media, was also intended to maintain member loyalty to their gym. Giving out workout equipment for home use was used by only about one-fifth of the gyms surveyed (ClubIntel, 2020).

Deloitte's Sport Business Group (2021) study first looks at the overall fitness industry market and then goes into more detail about the impact of the corona pandemic on customer retention in gym chains. Owner-operated gyms are

addressed in less detail, which is why they lend themselves to being a research gap. As mentioned earlier, the fitness industry experienced a membership decline of over 11.5 percent in 2020. Gym chains and individual studios differed only marginally in this regard, with declines of 11.4 and 11.3 percent, respectively (Deloitte Sport Business Group, 2021, p. 12).

In 2021, membership figures continued to develop negatively. Final figures are not yet available, but the Employers' Association of German Fitness and Health Facilities is talking about an overall decline in membership of 25 percent from the beginning of 2020 to mid of 2021 and forecasts an imminent drop of a further 35.8 percent in memberships (DSSV, 2021).

3.0 Methods

3.1 Qualitative Research

In order to collect non-standardized data and derive new theories from it, the qualitative research method is suitable for the present research question. The impact of the COVID-19 pandemic on customer retention will be explored and understood from the inside perspective of a gym owner. Individuals from Mayring's (2016) 13 pillars of qualitative research will serve as a guide (pp. 24ff). The research process is characterized by openness towards the object of investigation, so that no specific result is expected in advance. Even though changes in the research process are possible at any time, it will proceed in a methodologically controlled manner. The preliminary understanding of the topic will be revealed in the theory section and further developed on the object. Historicity as well as problem orientation are also important, as the research result will be placed in the temporal context of the corona crisis and the resulting challenges.

3.2 Procedure and Research Design

The research design is based on descriptive field research (Hussy, Schreier, & Echterhoff, 2013, pp. 205ff). After formulating the research question, the basic concepts of the topic are defined for a comprehensive understanding with the help of literature review. Subsequently, studies related to the topic will be researched to gain an overview of the current state of research. The current state of research will serve as a basis for creating the interview questions but also for later comparison with the results of the interview. The interview will be conducted as a semi-standardized guided interview with an expert (Hussy, Schreier, & Echterhoff, 2013, p. 225). Relevant aspects of the research question are thus established in advance without losing flexibility. During the interview, further questions arising from the context can be asked. The guideline not only serves as a thinking tool and a common thread but can also serve as a basis for further research in this area. The interview partner will be selected according to the criteria defined in the sample description. After establishing field contact, the interview will be held in the natural environment of the interviewee's gym. To avoid disturbances or outside influences, the interview will be conducted there in a quiet room. The research objective consists of three components. First, to capture customers' reactions to the corona crisis from the gym owner's perspective. Next, to identify and understand the actions taken to promote customer loyalty. Finally, if possible, a future potential of the identified measures shall be derived.

3.3 Interview

Data collection is done by means of a face-to-face expert interview to query the knowledge and experience of a knowledgeable person on the research topic. The interview will be conducted as a semi-standardized guided interview. Considering the findings obtained through literature and study research, a guideline was prepared in advance to serve as a thought guide and common thread. The interview consists of an introduction, the established guiding questions, and a concluding question. The introduction includes a brief overview of the topic, clarification of the approximate duration and confidentiality of the interview, and two questions designed to create a comfortable conversational atmosphere and get the interview off to a good start. In the main part of the interview, both the leading questions and possible ad hoc questions are asked. The final question is intended to round off the interview and provide an outlook for the future. The interviewee is then thanked for his or her time and the interview is concluded. The auditory recording of the interview is done via smartphone to be able to create a transcript afterwards as a basis for the analysis. Mayring's qualitative content analysis will be used to evaluate the interview data (Mayring, 2016, pp. 114ff).

The transcribed interview will first be divided into meaningful coding units and tabulated. Subsequently, the coding units will be paraphrased and generalized, making the material more and more condensed. Due to the limited scope of the seminar paper and the restriction to a single interview, the formation of categories will be omitted.

3.4 Sample Description

Since the research question refers to owner-operated fitness studios, an owner of an owner-operated fitness studio is to be interviewed as an expert in the subject area of the research topic. In order to gain as comprehensive an insight as possible into the topic despite the limitation to only one interview partner, a fitness studio with a heterogeneous customer structure will be selected. The heterogeneous customer structure is intended to ensure that extreme cases

are less prominent and that the study represents a typical case. Using top-down methods (Hussy et al., 2013, p. 196), selection criteria were defined in advance that are important for a heterogeneous customer structure. The first criterion defined was the medium price segment. This was to avoid limiting the customer structure to either very price-oriented or prestige-oriented members. To include all genders in the study, a mixed-gender gym was defined as the second criterion. The third criterion for the selection of the gym is to cover the widest possible range of services, including at least equipment training, classes and wellness. The gym selected based on these criteria also offers nutritional counseling and has the added advantage of two locations. One of the two studios is in a suburban area, while the second studio is in a rural area. As the competitive situation is less pronounced in rural areas, this may result in a different approach in terms of customer retention. The customer structure includes members aged 16 to 85, with almost equal gender distribution. The owner of the fitness studio selected on the above criteria is 37 years old, has a degree in sports economics and set up his own gym in a rural area ten years ago. Four years later, he opened his second gym in a suburban area. Both fitness studios appear on the market under a uniform name and logo. The owner employs a total of 38 people, including temporary staff and course instructors. Due to his qualifications and many years of experience, he stands out as an expert in the subject area of the research question to be answered. After contacting him personally, he agreed to be interviewed. The personal relationship between interviewer and interviewee is kept totally out of the interview.

4.0 Results

In the following, the information obtained and condensed from the interview using qualitative content analysis is presented. All quotes marked with a line number are taken from the interview transcript shown in the appendix A. The interviewee classifies his gym in the medium price segment and attests to a good price-performance ratio. The offer was more comprehensive than that of fitness studio chains and "in most cases probably a bit too cheap" (line 2). Existing customers were always more important to the gym owner than new customers, although this focus has shifted slightly as a result of corona (lines 9ff). He maintains a "pretty private relationship" with his customers (line 17), and as the owner, he is always present and responsive to his customers (lines 13ff). Since the beginning of the COVID 19 pandemic, he said, the fitness industry has experienced a high turnover rate of 28-35 percent, although he places his gym at the lower end of this range "because you have a different kind of customer retention" (lines 38ff). As a result of the lockdowns, personal contact with members, which had previously been a distinguishing feature compared to most other studios, has become more difficult or has completely disappeared (lines 22ff, 122ff). The members' reactions to this have been "very, very different" (line 38). While there were few changes and much understanding for the situation within a close circle of members (lines 22ff), other members showed less understanding for the situation and partially suspended their contracts or terminated their membership (lines 44ff). Meanwhile, the number of members in the two studios fell to 930 due to more than 500 cancellations (lines 67ff). Due to an increase in new members during the summer months of 2021, which had not been expected in this form after the lockdown, membership had risen again to about 1,100 at the time of the interview (lines 72ff). The older membership structure in the rural area led to an especially high membership loss, because the fear of corona was great, among this group. The studio in the countryside had always been the "safe studio" (line 84), because the competitive situation was much less pronounced than in the studio in the suburban area. However, due to the pandemic and the associated studio closures, the competition in the urban area also ebbed away (lines 86f). Especially for the older members, the gym also plays a large social role and is significant for pain prevention (lines 133ff). Together with his employees, who play an essential role in customer retention (lines 179ff), the interviewee took various measures to retain customers during the corona pandemic. First, he said, it was always important to empathize with members and address their fears and concerns with understanding (22ff). In the times of lockdowns, when the personal contact that was otherwise crucial for customer retention was eliminated, members were informed through various channels (lines 44ff, 122ff). Every member who had cancelled the contract was contacted personally by phone, but this resulted in only a low rate of contract reactivation (lines 79ff). To provide members with daily updates, notices in the studio, e-mail distribution lists, YouTube, the company's own homepage, blog entries and Instagram and Facebook were also used (lines 98ff). Social media, as a free tool, was an important substitute for face-to-face contact during the lockdowns (lines 114ff). As a unique feature, the gym offered one-on-one outdoor training in consultation with the health department during the lockdowns. "We just trained one-on-one outside [...]. My first member was Juergen, aged 79, I think. He trained with me in a tent at minus ten degrees with a jacket. So, and that is customer retention [...]" (lines 143ff). In addition to personal training outdoors, online courses were also offered as an emergency solution. Although these were not used in large numbers, as most members did not find it "cool to do sports at home in front of the TV" (line 149f), they nevertheless generated positive feedback from users and were therefore conducive to customer loyalty (lines 157ff). Investments and maintenance during the lockdowns were intended to improve the condition of the gym to the satisfaction of members (lines 174ff, 184f). Members who continued to pay their dues despite the lockdowns were thanked with vouchers or personal training sessions and they could contact the gym owner with their concerns at any time (lines 44ff). The making of cooperative agreements during the corona pandemic represents a concept change. Cooperation partners such as "Qualitrain, Urban Sports

Club, Hanse Fit" (line 123) brought additional customers who are not bound to the gym with a membership and do not generate fixed revenues (lines 127ff). With their membership at the cooperation partner, they can train in many different gyms and only bring revenue to the gyms if they also show up there. "Maybe one comes, maybe none comes. It's different with a membership, of course. But if people come, I can make [...] good money through that." (lines 126ff). To bind these customers to the fitness studio, personal presence and support are necessary to stand out from the competition. For this purpose, the interviewee offers personal training sessions and the creation of training and nutrition plans. Many customers attach importance to this personal support and are thus retained (lines 133ff). According to the interviewee, there are no plans to make further changes to the overall concept of the fitness center or to customer retention in response to the effects of the corona crisis. The interview partner does not consider the described alternative online forms of training to have a promising future after corona. "That is always interpreted as the trend" (lines 148f) but does not correspond to "my philosophy" (line 152). He finds the concept of his gym "quite coherent" and "good" (lines 166ff). New ideas are available, but "support" and "stability" are needed to implement them (line 170f), which is why the COVID 19 pandemic can also be seen as an obstacle to innovation.

5.0 Discussion

5.1 Interpretation and Reference to Theory

Since the customer connection from the view of the customer represents the attitude to the business relation (Diller, 1996, p. 84), the membership decrease of 28 to 35 per cent in the fitness sector since beginning of the corona pandemic (lines 43ff) indicates a weakening customer loyalty. The favorable price-performance ratio of the individual gym under study (lines 2ff) can be attributed to the economic retention factor (Bagusat, 2006, p. 84). Due to the corona pandemic, rational factors, such as the economic and situational binding factors, become less important because of the limited possibility to use the gyms. Kriegel attributes a special role to emotional attachment (Kriegel, 2012, pp. 51f). Due to the influence of the COVID-19 pandemic, this influential factor becomes even more important. The statement "not much has changed in the narrow circle" (lines 28f) proves that emotionally attached customers quit significantly less often than members less attached to the owner (lines 33ff). It can be concluded that connectedness, as described by Bliemel & Eggert (1998), is more important than attachment in the corona pandemic (pp. 39ff). Exclusively bound customers, i.e., contractually obligated customers, partially suspended their contracts during the lockdowns, while connected customers continued to pay their premiums out of loyalty and trust towards the owner-operated studio (lines 40ff). According to the interviewee, presence and understanding, as well as a private relationship with the members, are the most effective means of achieving an emotional bond or attachment (lines 13ff, 22ff, 44ff). These means lead to a differentiation from fitness studio chains, in which "the member is first a member, but not a name" and to a comparatively lower cancellation rate (lines 38ff). The Deloitte Sport Business Group study cannot support this statement, at least for 2020, as the percentage membership decline was nearly identical for chains and individual studios (2021, p. 12). According to Kriegel (2012, p. 57), the employees, the location or the spatial conditions and the offer are the three factors that contribute significantly to customer loyalty. The interviewee attributes an important role in customer loyalty to his employees, which has not changed during the corona pandemic (lines 179f). During the pandemic, the location factor had the effect that studios with an older customer structure, such as those found in the rural single studio, had a higher cancellation rate (lines 84ff). The competitive situation, which is normally high in the urban area, changes due to the permanent closure of gyms that did not survive the pandemic economically (line 86). According to Kriegel, a provider must always have its "ear to the customer" (2012, p. 61) and adapt its offers to changing challenges. The interviewee responded to the challenges of the COVID-19 pandemic by making several changes to his offers. Online classes, workout videos and outdoor personal training were designed to retain members at the owner-operated studio despite the adverse conditions (lines 147ff). The studies by ClubIntel (2020) and Kobel & Preuschoff (2020) support the effectiveness of alternative online training offers for customer retention during the corona crisis. For members, it was not so important what alternative forms of training were specifically offered, but that gym operators offered anything at all (Kobel & Preuschoff, 2020). As a further measure, the interviewed individual gym owner entered into cooperative agreements with associations or fitness network providers, such as Qualitrain or Urban Sports Club (lines 122ff). These providers enable their members to train at many different fitness studios and thus do not bring the individual studio owner any fixed income, unlike their own members (lines 128ff). Through presence, personal support and personal training, these customers should also be tied to the gym independently of direct membership. These external customers must therefore be reached via affiliation, as they are not contractually bound to the gym. Through the gym use of the cooperative members as well as through their recommendations, additional revenue can be generated to cushion the loss of members (lines 133ff). Social media became increasingly important due to the loss of face-to-face contact during the lockdowns. Platforms such as Instagram, Facebook or YouTube offered gyms not only the opportunity to offer training content, but also to stay in touch with members and provide them with comprehensive and transparent information (Kobel & Preuschoff, 2020). The interviewee confirmed several times that social media as a "free tool" (line 109) became increasingly important in the pandemic for customer retention (lines 94ff) and that members were provided with daily updates via these channels (lines 94ff). Complementing communication via social media,

members were kept up to date by phone, mail and on the gym's own website (lines 89, 106ff), thus, as described by Kobel & Preuschoff (2020), showing face on all possible communication channels. The interview partner does not consider the alternative online training forms introduced during corona for customer retention to be promising for the future (lines 162ff). Major long-term concept changes are neither planned (lines 167f) nor even desired by the members, which is supported by the Deloitte study. The use of home or outdoor fitness is expected to return to pre-pandemic levels once the pandemic is over (Deloitte Sport Business Group, 2021, p. 16).

5.2 Limitations

The six quality criteria of qualitative research according to Mayring (2016, pp. 144-148) were largely met. The procedural documentation was sufficiently fulfilled by the methodological description. Due to the presentation of prior knowledge in the theory section, the argumentative interpretation assurance could be complied with. The application of the qualitative content analysis could ensure the rule-based research process. By interviewing the interviewee in his natural environment, the closeness to the subject was observed and additionally also a certain degree of validity was achieved. Due to the small sample, the results cannot be generalized. The communicative validation, i.e., the presentation and discussion of the results with the researched person, as well as the triangulation could not be considered due to the limited scope of the paper.

6.0 Conclusion and Outlook

This thesis aims to investigate the impact of the COVID-19 pandemic on customer retention and loyalty in owner-operated fitness studios in Germany. By evaluating the interview, it was possible to prove that the COVID-19 pandemic had a negative impact on customer loyalty. This was noticeable in the sharp decline in memberships. To counteract this loss of members presence, open and comprehensive communication and personal loyalty are particularly important. Social media became increasingly important as a communication channel due to the temporary lack of the possibility for face-to-face communication. Alternative forms of training, such as online courses, have been an effective means of retention during the pandemic and although these options are likely to continually be offered, they will be significantly reduced after the pandemic.

More interviews would need to be conducted for further research in this area. Additionally, it makes sense to extend the research to gym chains. To explore customer loyalty and retention from the customer's perspective as well, surveys or interviews with gym members would be another useful measure. The collection of additional qualitative and quantitative data, also after the COVID-19 pandemic has been overcome, could provide further information of interest for this research field.

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Appendix – Interview transcript (Translated from German)

Interviewer: How would you rank your gym in terms of price and offerings?

Interviewee: In most cases probably a little bit too cheap. So, we are so middle range, so we are actually not chain prices and we are also not premium prices, so we are basically so in the middle in between. And in principle, the direction in which that goes is missing. So, I could become cheaper now. I could go in the direction of a chain, but I don't, because the content is too big with courses and drinks and sauna. And premium is just the question of whether you can keep up with the competition there. That's why it's actually, well, I'd say the upper mid-range.

Interviewer: What do you associate with the term customer retention?

Interviewee: Mhm, for me it was always interesting, yes, to take care of the customers who are already there rather than the customers who are new. In the current situation, of course, it's a bit different, because you're fully dependent on external people.

Interviewer: First of all, it's about customer retention in general.

Interviewee: Well, for me it's always important that a customer can always come to me, that I'm on site as the owner, which I don't think many facilities offer. That means that every customer can always come to me if they have any concerns. No matter in which area.

Interviewer: What relationship do you typically have with your members?

Interviewee: I have a pretty private relationship with our members, I would have to say. So, a non-traditional gym relationship, but that's probably because I'm just on the training floor myself.

Interviewer: How has the corona crisis affected your relationship with members?

Interviewee: Mmm, phew. That's a pretty big question actually.

Interviewer: Go ahead, we have time.

Interviewee: Yeah, I'm thinking about it right now. That's just a huge area. First of all, of course, you have your normal customers or members, where you have an extremely close relationship with them, who I think can understand the situation a little bit. But I think that the media - I have to mention this topic - don't

necessarily report what the members think. So, it's always more interesting for me when I could talk to the member, which was made difficult by the situation of the media. Because then you have your preconception and the people who then came to me all of a sudden, of course, suddenly got a completely different impression of the situation. I would say that not much has changed in the narrow circle. In the middle circle, many people can't understand what's going on in the situation in all companies, or almost all companies. And I say the ones where you don't have quite so much to do with, they don't care at all and that's when things like dismissal or rest periods or whatever happen. It's a difficult question because there's a lot of emotion involved and then you have your issue level. I always try to understand both sides. I always try to put myself in the member's situation: "Shit, I can't train anymore. Shit, but have contribution, but want to train afterwards. What do I do?" That's a little bit difficult for everybody and I think I'm enough of a member myself that I can, that I can assess the situation, that it's hard.

Interviewer: How did the members react to the lockdowns?

Interviewee: Very, very differently. Basically, the industry has had between 28 and 35 percent member attrition. That's brutal. I think a lot of companies can't even imagine that. I'm in the lower range, so 28 percent. But that's also because you have a different kind of customer retention and have more contact with people than, say, in fitness chains, where the member is a member, but not a name. And yes... What was the question? Say again. [Laughs]

Interviewer: The question was how the members of you reacted to the lockdowns.

Interviewee: Well, there were just differences. There were members who quit because they didn't know what was coming. Those were more the older people because they were just scared. And then this middle circle tended more towards a rest period, which was then lifted after this lockdown. And the others, I have to say, continued to pay diligently. But for me - and this again has to do with customer retention - it is a matter of course that the person who stood by us during this time can always come to me and say: "Hey, T., you don't really need to say anything. Because we have already clarified the matter by sending out an e-mail to all members, plus we have made this notice, plus we have put this note on the counter. For two months. That the people who have continued to pay are welcome to choose something for this situation and people have done that, a few yes. And those who didn't do that, all the more thanks for that, because that's not a matter of course.

Interviewer: You mentioned that there was about a 28 percent drop in your membership. Did you relate that completely to the period from the beginning of corona until now?

Interviewee: Yes, exactly, that's right. You have to say, of course, now you have this interim storm. We were allowed to open again on - when was it? 27. of March? Yes, exactly at the end of May, the same day as the year before, so not even a different one. Very imaginative of them. Um yes, 28 percent approximately. What was the question?

Interviewer: Membership decline, in percentage terms, in that time.

Interviewee: So now we have but the time of course, after we were allowed to open, so let's just say first of June, extremely good members can write. That was also up to now the best time for member production at all, in my complete gym career. However, it is simply so that of course the member shrinkage is extreme, yes. You don't make that many members anymore.

Interviewer: Referring to the beginning of corona, with the members gained now: How big is the decline there, approximately?

Interviewee: We had 525 cancellations and then we went down to 930 members after the second lockdown. We now have about 140... Do I have my cell phone with me? I did take it with me. I don't even know. We've already gained 140 or so again. And that's over the summer and that's after corona, I didn't think anybody was coming, I have to say very clearly. We've made about 160 contracts since June 1 and we're talking about the summer months, even if it wasn't a real summer, that's more than good. And these are net contracts, the terminations have already been deducted. In other words, we have signed many more contracts. And then are now back to just under 1090 members.

Interviewer: You not only have the gym in the city area of Mainz, but also one in the rural area. Were there any differences between the two studios?

Interviewee: Yes, extremely, simply because the clientele in the rural area is much older - and here I have to mention it again - they watch a lot more of the daily news or any news from ZDF and really assume that the corpses are lying around outside. And we called them all personally. Again, that has to do with customer retention. And we were able to get eight people out of 125 to reactivate. That's nothing, that's nothing. Yeah, so if they were still there now from before plus the new ones, it would be great.

Interviewer: So, the decline in membership was much greater in rural areas?

Interviewee: Yes. Which is not so good. Because of course that was the safe studio at first. So here in the city of Mainz is much more difficult. Here we are talking about a different competitor and rival situation. Good, it has also cleared up a bit. Three studios have been sold, one has closed and so on. There's

already turmoil in the industry, it's not like that and it's still going on. The problems are still there after the opening. Most of the government then thinks, yes, when you're open again, you can earn money again. Yes, but you still have the layoffs. They are still there. They're not there again, the members are there on the first day and that's a bit of a problem.

Interviewer: You already mentioned it earlier. Maybe you could elaborate a little bit on how you communicated with your members during the lockdowns and kept them informed about changes in the studio.

Interviewee: I think the communication was on all the tools that were there: Facebook, Instagram, YouTube, homepage, blog posts, email traffic, even phone calls for cancellations and so on and so forth. Even that kind of thing took place. And we were actually online every day doing something. The things that were in our power. We're actually not that tech savvy, as most people know that too. But I think we did a pretty cool job of it and that was enough for me. An older lady came up to me afterwards and said she was extremely happy that she was able to maintain contact with us via Facebook at all. Because you didn't see anyone anymore. For a lot of older people, gym has a very, very, very big social component. Not this "I go to the gym." I could have started a ping pong club. It's "I'm alone, I'm 85, I don't have anybody," and all of a sudden this world collapses. And I think that's been a very big problem for many people. It was the same this morning. It was brutal. There were two elderly ladies sitting there and they started crying in the studio. And the problem is that they think I'm taking away their studio. I make the laws that I close down and stuff. That's mega crass, that's how crass it is in the head. And then you sit there and try to do a little bit of pastoral care. And why? Because they're afraid of getting pain and so on. So, it's kind of blatant.

Interviewer: So social media has played a big role in keeping in touch with members?

Interviewee: Yes, just because it's a free tool, you have to say that. You don't have to invest much except manpower.

Interviewer: What customer retention measures were dropped during the corona crisis? In other words, what you normally do in the area of customer retention and what suddenly no longer played a role.

Interviewee: Yes, actually the personal contact. I think that's actually the biggest difference compared to all other facilities or many facilities, that we have personal contact with the people. That you can also go out together in the evening, for example, and so on and so forth. These are things that continue in private

life. That, for example, a disco or a restaurant was closed, that is, you could meet at the gas station with the people at most. Then they left. And I think that is the biggest problem. That's so the biggest problem.

Interviewer: Apart from this emotional component: What other measures did you take during corona to continue to retain members and prevent quits?

Interviewee: I think it's been more of a concept shift. I've done a lot of collaborations, with the police, fire department, unions and so on and so forth, Qualitrain, Urban Sports Club, Hanse Fit. These are all tools where you have cooperation partners and people no longer have memberships and dial in via their cell phones. So, I don't have any memberships in the house anymore. That's not fixed money, but that's always a problem. Maybe one comes, maybe none comes. It's different with a membership, of course. But if people come, I can earn good money with them or you can earn good money through it. But, of course you also have to be present. That means changing the concept, also to personal training, one-to-one training, because there is simply a lot of value placed on it by many and also simply a lot of money can be earned with it.

Interviewer: Does that make it harder to retain customers when they also have the option to train anywhere else?

Interviewee: That's right, yes. But if they learn that, that there's somebody there. Sure, they can train anywhere and in quite a few studios. But when they realize that there's someone who's interested - and that's always been the case with us, no matter who's here - they say, "Hey, make a training plan, make a nutrition plan, let's train together, and so on and so forth. And, of course that has to take place in other studios as well, so that this bonding takes place.

Interviewer: Did you offer alternative forms of training during the time that the studios were closed?

Interviewee: Yes, I was one of the only studios that could continue to train at all, which was all agreed with the regulatory office, which was quite cool. Most of them put their equipment outside in a tent. You must have noticed that in the media. There were two quite large fitness studio chains, which then had to close everything down and also got their fines. And we simply trained one-on-one outside and that worked out great, even at minus ten degrees. My first member was Jürgen, who was 79 years old, I think. He trained with me in the tent at minus ten degrees with a jacket. So that's customer retention, I think.

Interviewer: Apart from that, as far as I know, you also offered online courses.

Interviewee: That's right, we did something like that, too, yes. But you really have to motivate someone to do sports at home in their living room. That is always interpreted as the trend. I have to be honest, I don't know anyone, and I know a lot of people who think it's cool to do sports at home in front of the TV. Maybe

they are people who are mega busy and don't have time for anything at all. They do a workout in between, 20 minutes and that's it. But that has nothing to do with training for me, not in my philosophy.

Interviewer: Was it still a way to show people that you are still there for them?

Interviewee: Sure, definitely. All these videos, whether that was on Facebook or Instagram or whatever, they always have a comment feature. And it was really like that, that I always did it together with a staff member and he filmed one, but at the same time he could also answer questions from the members who were watching at the same time. And on average, there were always between ten and 15 people watching. That's fine. If we kept them happy during that time, I think that's fine. There was definitely positive feedback from them.

Interviewer: I can see that this was a difficult time for you. What ideas can you take over for the future from the measures you took to retain customers?

Interviewee: Quite a few. There are really a lot of ideas. Well, I have ideas all day long anyway, it's not like that. With me it's actually more the case that a lot of things are shaped from above and I've never had one above me, so I simply have the problem that people are holding on to me. And I think that's always the question. Some people have ideas in their concept, that's fine too. But I think my concept is pretty coherent for now and I'm fine with it. New concepts would be different, I would build it differently. But the one I have right now, I wouldn't want to change it much, because I think it's good. And the new ideas, yeah one rumors, one rumors. That's always difficult. Yes, as I said, theoretically you don't know what's coming. And to take extreme risks now, yes, I like to do that, it's not like that, but the things that I'm planning now are quite big. And for that I need support. I also need stability. It's like when you're just standing on a piece of paper, and you don't know if you can and are allowed to move and you don't know what's going to happen. Whether any new measures are coming or something. Yes, and then to dare to do something is already difficult. We have also spent money during this time. So, I really invested money that I somehow got directly into the studios. And in the employees, of course, so that I could keep them. But that didn't go on me. With me, it's actually more like I sold everything so that everybody else could kind of get pulled through.

Interviewer: You just mentioned the topic of employees. What role do they play in customer retention?

Interviewee: A very, very big role, because they should actually reflect exactly what I had in mind. Which is difficult, of course. Because everyone has their own characteristics, which is good. One brings this, the other brings that, so we complement each other. We get along well. Everyone has a quirk in his own way. And that's also a good thing. I think it's always important to be diligent, no matter in which area. And that worked out extremely well in the time we had to, because we were in the studio every day and did something. Even if it was just a wall that we painted. And after that, the exact same thing.

Interviewer: We are done. I thank you for taking the time