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TRANSCRIPT OF KEEPME: SHAPING MEMBER RETENTION IN 2023

Dori Nugent: Hello, Fitness business podcast. Family and welcome. Today I have a special guest with us. I have Will Erb with us. He's the Senior Director of Strategic Growth with Keepme, which you all know with listening to our episodes week after week, that Keepme is one of our partners, our sponsors. We are so grateful for Keepme. I say it all the time in our episodes. We could not put a show up every week if it wasn't for businesses such as Keepme and sponsors, partners as Keepme.

Dori Nugent: So Will, honestly, thank you so much from everybody here at the Fitness Business Podcast for supporting our show.

William Erb: Oh, for sure, happy to.

Dori Nugent: Well, I'd love for you just to introduce yourself, talk to the FEP family a little bit about who you are and what you do at Keepme.

William Erb: Sure, yeah. I was one of the early employees and one of the partners that Keepme. We've been there, I've been there for a little over three years. I helped develop the sales CRM side of the platform and the 2.0 version of the system. And essentially what I do is I support the overall direction and strategic concept around how we choose to grow as a business. Keepme, as if your audience isn't aware, is a lifecycle CRM system that helps you manage leads from the time they're incepted all the way through joining. And then after they become members, we help identify things like who's likely to leave, stay engaged in a service, and then after they leave, we can also build out communications to support you, to build out communications that can bring them back.

William Erb: So we help you manage the entire process from one place.

Dori Nugent: Perfect. I feel, Will, as if we have industry experts come on every week onto the Fitness Business podcast that try to teach and talk about what's going on in the fitness industry, what works, what doesn't. Since you're kind of coming from a different angle, you're in the business every single day, just not as an operator. I'd love for you to just maybe talk about what do you think is missing from the industry right now?

William Erb: Well, I think primarily what you find out when you're on our side of this, which is we're on the back end essentially, right. We're looking at the data that's being developed, the actions that people take. We do this both through looking at our own clients as well as looking external. And what you see versus what the rest of business is doing, particularly if you look at software SaaS and the others, is there is a lack of connection and communication and prediction around what their members are doing.

William Erb: Right. There's a limited ability for them to understand what's happening and then very little action ever occurs to try to drive reasonable behavior modification or encourage particular types of behaviors that actually retain them or drive more value. That stuff just never happens.

Dori Nugent: And what do they need to do? What recommendations do you feel that they need? Is it using the CRM? Is it lying within the marketing? Is the lack of ideas in the marketing department so there's no lack of.

William Erb: Ideas in the industry, right? The industry as a whole. If you go to any of these shows that people have, if you go to what is it? IHRSA or FISA or any of these particularly like club industry or these areas, or even rec roundtables, right, you have these groups get together and they'll communicate all the time about the best practice to do X, Y and Z and how they need to approach communicating with their members, et cetera.

William Erb: But these ideas never really come to fruition. When you actually look at what folks do, it's a kind of a shocking thing, right? They tend to give more lip service to this activity or any of these activities than they actually do anything. And the reality is it's because they're really bad at implementing process. If there's one thing the fitness industry is bad at, it's that which in certain ways, you would kind of be a little shocked. Given that this is a group of people that tend to put together long term fitness.

William Erb: Projects for people and are doing personal training. And they can all tell me how much they can front squat, but none of them seem to be able to tell me what it is that drives the client to stay right. And they don't mean it in a negative way necessarily about what they do. It's really the tools that they utilize don't give them the ability to leverage the data that they develop and then don't allow them to then automate and build long term communications that work in the background that support them.

William Erb: It's a difficult process. Not to kind of stump too much, but the reality is if you look at what they're attempting to achieve and then the way they're trying to achieve it, right? So that's really what they're trying to do is they're trying to communicate with their members via email, text message, a variety of different things and they're trying to

condition them all. When you attempt to accomplish that the way that the fitness industry accomplishes that with like nail chimp or constant contact or some other unintegrated element, you effectively are creating one of the worst automation environments that you can.

William Erb: It will take you hours, there's absolutely no economy of scale and you're going to get nothing out of it really. And then obviously if you add in the elements, they don't know who the heck is at risk, who isn't. They have very little ability to really direct anything so it really drives them away from the communication part.

Dori Nugent: So speaking of communication, we also talked a little bit about lots of ideas. They're just not getting executed. What do you see on again, being on the backside that fitness operators look where are they actually spending their time building?

William Erb: Well, effectively they're spending most of their time on rudimentary stuff but they're really in terms of being able to drive client behavior they're spending almost all their time doing menial manual labor. You have people that are called I'm not talking out of school. We had a group where they had someone called a marketing director. Marketing director and that person's entire job was pulling and updating email lists.

William Erb: That is not what human beings are built to do. Right? Particularly because if you look at what we're good at, we're good at empathy, we're good at sort of good at strategy. We're good at understanding what kind of is driving a person on a micro level. What we're really bad at is executing a long chain process, doing manual labor and being able to repeat those kinds of things. We are about as bad as it gets.

William Erb: So they're spending the majority of their time doing this manual stuff with little to no return. They can't scale at all. You can't do things like long environments around onboarding or customer journeys and those sort of things just doesn't happen.

Dori Nugent: So you would probably say being in the CRM business automation that they should really be focused more on the automation and processes. Would you agree with that?

William Erb: No, absolutely. Absolutely. Because at this stage if you look at how many folks are even doing it because we look at this all the time and I'd even put it to you what do you think? How many clients or how many fitness clubs actually have any level of communication built or automated communication even built into their project? I tell you, it's rhetorical but it's probably 5% to 10% maximum out of everybody we've talked to.

William Erb: That's thousands, hundreds and hundreds and hundreds of clubs across the world. The largest providers in the world down to some of the smallest, right? And some of the most well known. Less than 10% of them have automations built into their communication process and less than 10% of them communicate substantively with their own clients. It's a shocking thing. I've had operators tell me they refuse to even try it interesting.

William Erb: Primarily they refuse because they're afraid of sleeping dogs. I mean it's just the truth. And they have no way to isolate who those folks are.

Dori Nugent: So I don't know about you but I feel as if when you think about automation I just feel like the banking industry has got it nailed down. How do you feel about that?

William Erb: Well, no, I mean the thing is with the banking the banking industry is an interesting thing, right? Because one of the things that we look at when you're looking at automating things is it's going to replace people or it makes people less valuable. Right? That's one of the things that we get back and it's a real peopledriven business, right? And especially with the type of folks that they have doing jobs it's a lot of fear around what is it going to do? Who's it going to get rid of?

William Erb: How are they going to who's going to get impacted by it? And if you look at banking and the way they managed it initially did not impact it that way. Most people thought you would lose tellers, there would be no tellers. Right? And when they brought ATMs in, that was the basic guess. But the reality was that within the next 1015 years, they doubled the amount of tellers. And the reason was pretty significant. It's something that's instructive to what the fitness industry is doing.

William Erb: Right. The reason why they had more tellers was it became cheaper to develop banks because these folks didn't need to. They didn't need as many people doing the jobs. And the other element that was really impactful was that as they changed their job, they started being able to focus on higher value things so they could actually drive income rather than just do a job. So they were learning how to sell, learning how to engage and get people interested in more expensive and more valuable things like loans and investing, right?

William Erb: So that changed really dramatically and in a positive way. If you look at what fitness could do, it's the same idea. If you could drive automation and take those people away from that, they then can turn around and start looking at their membership and connecting with them and understanding what it is that they do and what matters to them. Building relationships, which is really what the value of a human being is in business.

Dori Nugent: Well, if you had a gym owner that wasn't using any type of automation and they said to you, why? What would be your answer? What Keepme why?

William Erb: Why should they do automation? It's almost like, why should you sleep? Right? The reality is that it is simply just a waste of your time to do it the way that you're doing it. You are expending more money. To be totally honest, if there's one thing that would provide more ROI than anything, because typically when we talk to these folks, they are really looking at what's generating revenue. But that's not really where your ROI comes from. To be fair, the marginal revenue that's going to get generated by anything that anybody offers you is not really your biggest savings.

William Erb: The ROI is time. You don't get more time. People cost more money than anything else that they have. When you use systems that automate communications, they

give you back hours. They give you back the ability to reduce your staff or work with a more limited staff. They allow you to develop, deploy, and then review and improve strategy that ultimately, over time, drives a significant amount more. And it's all happening in the background.

William Erb: You're not spending time doing things with all these haphazard elements where you're not sure what's going on, why it's effective. You get to understand what's actually happening. I think to me it's shocking when I talk to folks and you ask them why they're doing something and they generally don't have a really good answer outside of we know that that's what people do, right? And it's because they can't see the steps.

William Erb: They don't know how it's effective and where it isn't. But to us that's the values. We give you back time. We give you back the ability to do other things and really drive relationships and value across your fitness facility.

Dori Nugent: Well, let's talk about the consumer. When it comes to automation, how do you see that automation actually helps and is beneficial for the consumer, for the users themselves?

William Erb: It depends. So if you're able to utilize a system like what we do that has the ability to kind of hook in and understand what's happening at the individual user level all the way up through which classes are doing best, which of your trainers are strongest or who are the members that are at risk. What something like that allows you to do in combination with automation is it allows you to develop and build communications that can address people based on their behavior.

William Erb: The idea is that all human beings at this stage are conditioned around what this does, right, what your cell phone does and your cell phone will communicate with you because it understands everything that you're doing, has all of your data and it will respond to you and offer you things that are relevant. And that relevancy has become the cornerstone to being able to market and communicate to folks.

William Erb: So when you can dig into the back end data in a fitness facility and then develop communications based on their behavior, you can be relevant to your member. And that member then will get more offers and more opportunities to engage in things that are going to benefit their lives, give them a better experience and offer them something of value. So that's what you can do with the system for sure. And that's what helps the member themselves for sure.

Dori Nugent: So being the strategic director for Keepme, what is the one thing that you would feel that you've grown from day one up until now?

William Erb: I think it was initially when we first started we were really hell bent on retention. We thought that retention was the thing. Shockingly, as with most things we found in the fitness industry there is very much said about it and very little importance placed on it. What we learned was that it was a more holistic relationship with the leads and

clients and their environment was what they were really looking for. They were looking for something that helped the fitness facilities, that helped them kind of close the gaps between all of their systems.

William Erb: They typically have a member management system and that member management system has things slapped on it, right? They've got bandaids all over it so that they can send out emails, text messages, get some sort of a data analysis out of it, do a variety of other front facing things all of limited value with very limited functionality. What they were looking for. And what we finally started to understand, I think, when COVID hit, was they were looking for something that helped them really manage from the day the lead was generated through their entire life cycle from one place, and that it was connected and integrated in a way that allowed them to take advantage of the things that they were beginning to understand.

William Erb: That was one of the key things. The other is that this industry is not what I would call technologically advanced or even what I would call it's. Beyond that it's significantly worse than that and it's a matter of most people that come into the industry and want to train folks or make people healthier are not the same people that want to build databases and evaluate machine learning models. Right.

William Erb: So the other thing that we found out pretty quickly was that our clients needed a higher level of service than a hey, we'll take your data, build it out and hand it over to you. They needed someone and something that could provide them not handholding necessarily but the kind of training and support that allowed them to not only get the baseline understanding but to continue to develop and get better.

William Erb: So we spent a lot of time on those two areas specifically trying to really understand how we could help and make people more functional faster and create better user adoption. So those are the areas where we really spent a lot of time.

Dori Nugent: Right. And where do you see in the next five years automation going? Do you can predict the future where you see it going or what it can do?

William Erb: It's easy. Yeah, for sure, super easy because the fitness industry is more than five years behind the rest of the world so it's a lot easier than it seems. Right? It sounds like Ian and I always talk about it, my CEO, that we always sound like we have some sort of crystal ball. Well we don't. We just look at what every other industry does and then we assume that fitness will sooner or later just like the federal government will sooner or later catch up.

William Erb: Right. In terms of what people are going to be doing, is there's going to be a deeper integration between the data that they're developing, the analysis that's occurring and then the execution of the communications? I think that the big advance is going to be in that area which we're the leaders in obviously. But then what I think the next element that's going to be big around it is that there's going to be a bigger variety in the way that they connect with you.

William Erb: So I think we're going to see a lot more not just text message WhatsApp and those sort of things, but more application development and more application communication. More multiplatform communication, too, as it gets more deeply integrated. So communicating with them via Instagram, TikTok, et cetera, being able to really delve into that. I think the final area where you're really going to see a lot of advancement is pulling in that last layer of external data.

William Erb: So like Google's data development or Facebook's data analysis stuff, being able to drive that into models like what we build, and being able to get a bigger picture around what your member looks like and who you want to reach out to externally to drive the client in more effectively.

Dori Nugent: All right, well, good stuff. Well, thank you, honestly for coming on and just kind of talking to our FBP family, giving us a little bit of update, kind of talking about where you see the industry going in the future of automation. So, again, we appreciate your time and we also, again, appreciate your sponsorship that we're able to provide these episodes week after week to our fitness industry.

William Erb: Awesome. We love it. We're happy to be a part of it.