Fast-Growing Gym Chain, O2 Fitness, Realizes 2054% ROI with Perkville Platform

O2 Fitness operates 12 fitness centers located across North Carolina that utilize a mix of state-of-the-art fitness equipment, personal training and group exercise classes to offer a unique and holistic health and fitness experience to O2 Fitness' members. O2 Fitness rolled out O2 Rewards, a customer rewards program powered by Perkville, in January 2013. In the last year, O2 Fitness' customer rewards program increased referrals, improved retention and drove engagement with O2 Fitness members, resulting in a 2054% return on investment (ROI).

In 2013, O2 Fitness' members who participated in its customer rewards program increased their monthly personal training sessions by 33%, their monthly referrals by 17% and their monthly check-ins by 13%. They referred 588 new members to O2 Fitness. O2 Fitness estimates O2 Rewards reduced their Q4 cancels by 3.5% year over year. Cancellations were reduced even more in early 2014, one year after launch. "We estimate the value of O2 Rewards' retention impact in 2014 will be between $400K and $800K," said Michael Olander, the CEO of O2 Fitness. O2 Fitness recently doubled to 25 gyms and will deploy the Perkville platform to all new locations in Q2 2014.

PERKVILLE PLATFORM

O2 Fitness searched for a customer rewards program that would be easy to use and work well with its existing club management software, ClubReady. As Shanna Kane, O2 Fitness' Vice President of Marketing, put it, "We wanted a system where we could be as involved or hands off as we wanted. We were able to launch O2 Rewards to our members and the Perkville platform did the rest." While O2 Fitness had already been tracking measures of attendance and engagement prior to implementing O2 Rewards, it did not have a program that could systematically reward target behaviors or track social media engagement. Finally, O2 Fitness needed a customer rewards program that would be easy to implement and administer across multiple locations.

For these reasons, Perkville was an ideal solution for O2 Fitness' needs. Perkville integrates seamlessly with multiple club management software platforms, Facebook and Twitter, meaning O2 Fitness could administer its customer rewards program at the point of sale with minimum hassle, allowing staff members to better engage their customers. The Perkville platform was flexible, enabling O2 Fitness to reward a host of different member behaviors, and Perkville was able to track and reward social media engagement by its members as well. Lastly, because Perkville is a cloud-based software solution, it was easily implemented and administered across all of O2 Fitness' locations.

IMPLEMENTATION

O2 Fitness created a customer rewards program that allowed it to work with local partners to encourage and reward a healthy lifestyle among its members. O2 Rewards was designed to encourage desired member behaviors and increase engagement with O2 Fitness. Points were offered to members for each check-in at the gym and for each personal training session attended. Additional points were also awarded to new members if they attended a complimentary fitness assessment and/or a complimentary personal training session as part of the onboarding process. Finally, points were awarded to members who posted on social media about O2 Fitness or referred friends.

REWARDING LOYALTY

In developing the customer rewards program, O2 Fitness sought to create tiers on the basis of value to provide continued encouragement for its members. No two rewards have the same point value and rewards range, from $10 off for 200 points, to a free one-year membership at 25,000 points.

Reward	Points
$10 Off Any Purchase In-Club	200
Free Spray Tan at Sun Tan City	500
$25 SHOP Gift Card (O2 Apparel)	550
Free Enrollment + 1 Box of Fresh, Local Produce from The Produce Box	750
1 Month Membership for a Friend at O2 Fitness	800
$50 SHOP Gift Card (O2 Apparel)	950
Free Week of Custom Fit Meals (10 meals)	1000
Free Personal Training Session	1250
$100 SHOP Gift Card (O2 Apparel)	1750
Free Massage at Massage Envy	2000
One Free Year of O2 Fitness Membership	25000

By developing strategic partnerships with local businesses, O2 Fitness was able to generate an attractive mix of in-gym and third-party perks for its members. As a result of these partnerships, by which customers could redeem points for things such as fresh produce and massages, not only did O2 Fitness reduce the total cost of its customer rewards program, but it also strengthened its fitness lifestyle aspect. Another interesting component of O2 Rewards is that members can redeem points for a free personal training session or to give a free one-month membership to a friend. By providing these rewards, O2 Fitness was able to leverage the O2 Rewards program not only to reward loyalty, but also to upsell members and generate referrals.

DELIVERING RESULTS

| O2 Rewards - Select Results for Program Participants in 2013	
34%	of O2 Members participated in O2 Rewards
213%	more personal training sessions per Participant than per non-Participant
89%	more check-ins per Participant than per non-Participant
22%	of Participants checked in 10+ each month, on average

MEASURING IMPACT

From the select results included above, it is clear that participants in O2 Rewards were some of O2 Fitness' most loyal and engaged members. O2 Rewards has helped O2 Fitness to segment these customers and reward them for their loyalty, however, one of the key goals of O2 Rewards was to increase member engagement. For this reason, it was important to identify the specific impact of O2 Rewards on member behavior.

In order to measure O2 Rewards impact on member behavior, a subset of participants for whom at least three months of pre-joining usage data was available were evaluated. This required excluding participants who had joined O2 Rewards prior to April 2013, since the program started in January 2013. This resulted in a sample of over 700 participants for whom usage data qualified for the analysis. The data was adjusted to account for seasonal differences in usage and was also recalculated on the basis of a 30-day month for better comparability.

The results show O2 Rewards had a strong impact on member engagement. In the period including the month of joining O2 Rewards and the three months thereafter, participants in the sample averaged 32.8% more paid personal training and boot camp sessions than they had during the three months prior to joining O2 Rewards. This impact grew from 22% in the month of joining to 45% in three months after joining.
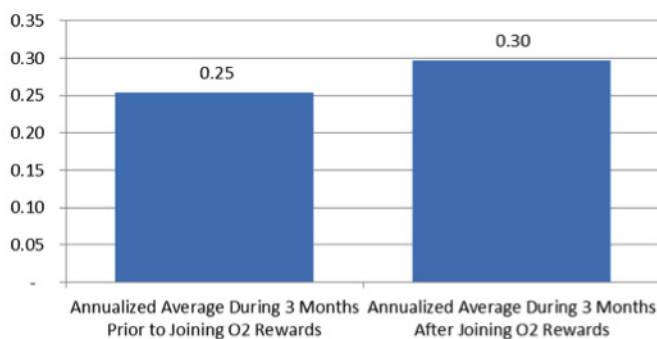
Personal Training Sessions Per Month
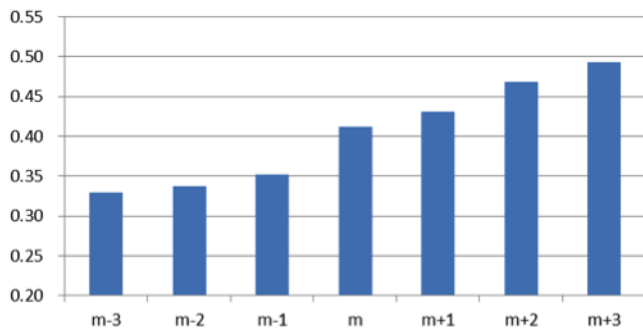
Note: M denotes the month in which the member joined O2 Rewards

Referrals also increased for participants in the sample. Using the same methodology, referrals increased by 16.8% after participants joined O2 Rewards.

Increase in Referrals Per Member

Finally, this impact was also noticeable with regards to check-ins, where the increase in check-ins per month after joining O2 Rewards was 13.1% across the sample. For members who had been relatively infrequent guests in the months prior to joining O2 Rewards, this impact was significantly stronger. For O2 Fitness members who had been averaging 10 or more visits a month prior to joining O2 Rewards, the impact of joining on check-ins per month was negligible.

Avg Check Ins Per month During 3 Months Prior to Joining	Segment Average Prior to Joining	Segment Average After Joining	Increase
<1	0.32	2.63	734.4%
1 - 2	1.53	3.64	138.2%
2 - 3	2.53	4.36	72.2%
3 - 4	3.49	4.09	17.3%
4 - 5	4.51	4.61	2.1%
5 - 6	5.47	6.33	15.9%
6 - 7	6.51	8.35	28.1%
7 - 8	7.48	7.99	6.8%
8 - 9	8.58	9.10	6.1%
9 - 10	9.46	10.61	12.1%

Notes: "Segment Average Prior to Joining" is the average per member during the 3 months prior to the month in which such member joined O2 Rewards; "Segment Average After Joining" is the average per member during the month in which such member joined O2 Rewards as well as the three months thereafter

RETENTION

O2 Fitness estimates O2 Rewards reduced their Q4 2013 cancels by 3.5% year over year. Cancellations were reduced even more in early 2014, one year after launch. "O2 Rewards was the cornerstone of our retention efforts in 2013. We estimate the value of O2 Rewards' retention impact in 2014 will be between $400,000 and $800,000," said Olander.

SOCIAL MEDIA

Since creating the O2 Rewards program, Kane has noticed that the program drives a significant level of social media engagement between O2 Fitness and its members. Kane stated, "It has been invaluable to us to get

Facebook posts." In particular, through December 2013, there had been over 1,060 social media posts generated by O2 Rewards. O2 Rewards also added 206 followers to O2 Fitness's Twitter stream, allowing O2 Fitness to reach a new audience and better connect with its existing members.

Anna Wenman-Arellano
O2 Fitness is by far, the best gym around. You all should check it out!
Like · Comment · February 2 at 9:07am via Perkville
O2 Fitness Clubs likes this.

Dustin Ragan Shepard
Just got back from O2 fitness love the staff there and the equipment is amazing
Like · Comment · January 26 at 1:22pm via Perkville
O2 Fitness Clubs likes this.

Zoe Schlegel Meinecke
Really loving my O2 fitness membership after the first 3 weeks!
Like · Comment · January 25 at 1:46pm via Perkville
O2 Fitness Clubs likes this.

REFERRALS

According to Kane, "Referrals have been the most successful piece of the O2 Rewards program." Through December 2013, Participants averaged 199% more referrals per member than non-participants. Over that same period, participants referred friends to join O2 Fitness at a rate of approximately one successful referral per 10 participants. If non-participants had generated referrals at the same rate as participants during that period, O2 Fitness would have received an additional 1,011 new members.

Completed Referrals Per Member
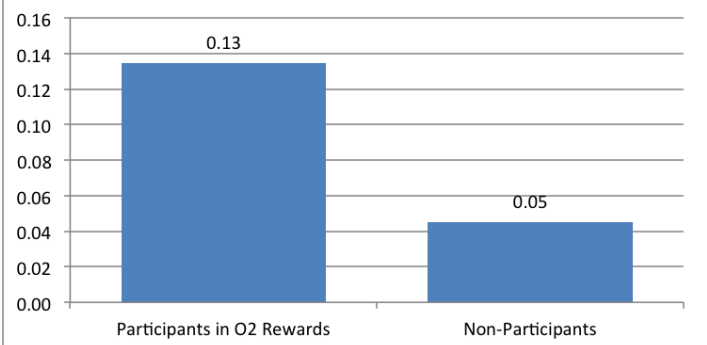
Note: "Completed Referrals per Member" is computed as the average of the monthly averages of referrals per member in 2013

O2 Fitness received 588 new member referrals from users on the Perkville platform in 2013.

CONCLUSION

In conclusion, O2 Fitness has accomplished a number of goals through the implementation of a customer rewards program powered by Perkville. O2 Rewards has helped increase member engagement by rewarding O2 Fitness' loyal members and improving retention. At the same time, O2 Rewards has allowed O2 Fitness to win new business by leveraging its existing members for referrals and by tapping into their social networks. By using Perkville technology to seamlessly integrate its customer rewards program with its club management system, O2 Fitness has been able to do this in a hassle-free way, which has allowed O2 Fitness to focus on the task at hand — growing its business by helping its customers live a healthy lifestyle. O2 Rewards resulted in 2054% ROI for O2 Fitness in 2013.

This case study was conducted and written by Perkville. For more information on Perkville and how it can benefit your company, visit https://www.perkville.com.