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Leisure after lockdown.

Mapping the future of leisure marketing post-COVID.

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Introduction

Has leisure marketing fundamentally changed forever?

At the start of the pandemic, many leisure operators across the world wondered how they might be able to adapt their communications, product offering and customer engagement whilst facilities were closed for the foreseeable future. Many also questioned how they could play their part in communicating effectively to members whilst a global pandemic was in place.

Many more questions came around digital marketing too – should all budgets now be diverted to digital channels? Should they halt marketing budgets altogether? Will centres see a drop in members when things reopen? Will this pose a challenge, an opportunity or a threat to the industry as we know it?

As we move out of nationwide lockdowns, thousands of home workouts and millions of Peloton purchases later¹, a certain nervousness across markets worldwide exists. This white paper is designed to help you prepare marketing activities ready for whatever the pandemic has to throw at you and your organisation, and offer insight into how you can reduce some uncertainty to help you exploit opportunities more quickly and more effectively than your competitors.

The following touches on key areas for you to explore to ensure your marketing strategy is ready to achieve maximum gym membership ROI, optimised budgets, stronger targeting of core audiences coupled with lower long term attrition rates.

Making the unknown known – how to map out the year ahead.

The first thing to make clear about reducing uncertainty is that market research is key. So many businesses and marketers alike talk about marketing as 'comms' - the art of communicating with customers, but the reality is, comms is just a very small string in the larger bow that marketing offers businesses working strategically.

Using customer research to understand what members are thinking, how they intend to return to facilities and what period of time that is likely to cover plays a far greater role than just marketing. It also provides solid sales forecasts for your commercial arm of any operation and helps finance and HR understand what areas are likely to need cash and resource immediately, medium and longer term. This also filters down to the all-important marketing budget. By understanding what member actions are likely to be, you can also understand where to place your marketing spend, which people to target first and what message you should be sending to those audiences. We'd recommend conducting this through two forms of research - qualitative, which provides open ended answers when speaking one-to-one with your customer base, and quantitative, closed ended questions that are typically conducted through a survey platform such as SurveyMonkey.

With this data in hand, you'll glean insights into buying behaviour, market confidence and most importantly, how to tailor your channel strategy, overall consumer targeting and marketing messaging in a way that will maximise revenue, with minimised spend.

But gaining this insight isn't quite enough, as it provides you with only a snapshot of what your current members are doing. Additional to this, the Coronavirus pandemic will have brought about new opportunities that can also be captured.

Using online research tools such as Facebook Audience Insights, Google Analytics and Google Search data, you can identify trends and demand for not only your core services, but potential new services that might be requested or even expected by your customer base. This could be digital equivalents of your in-facility offering, or something completely new.

By digging into this data, interpreting it and then speaking to existing members about their interest is a great way to use marketing insights not only for marketing strategy, but also product and service planning, development and launches. You can also learn more from Facebook Audience Insights here.

We recommend once research is completed, you form a series of personas. These are simple summaries of your key customer types, providing insight into their buying behaviour, barriers to purchase and preferences for marketing channels, messaging and interaction. These should then be used to drive each and every one of your marketing messages, channel strategies and budget decisions.

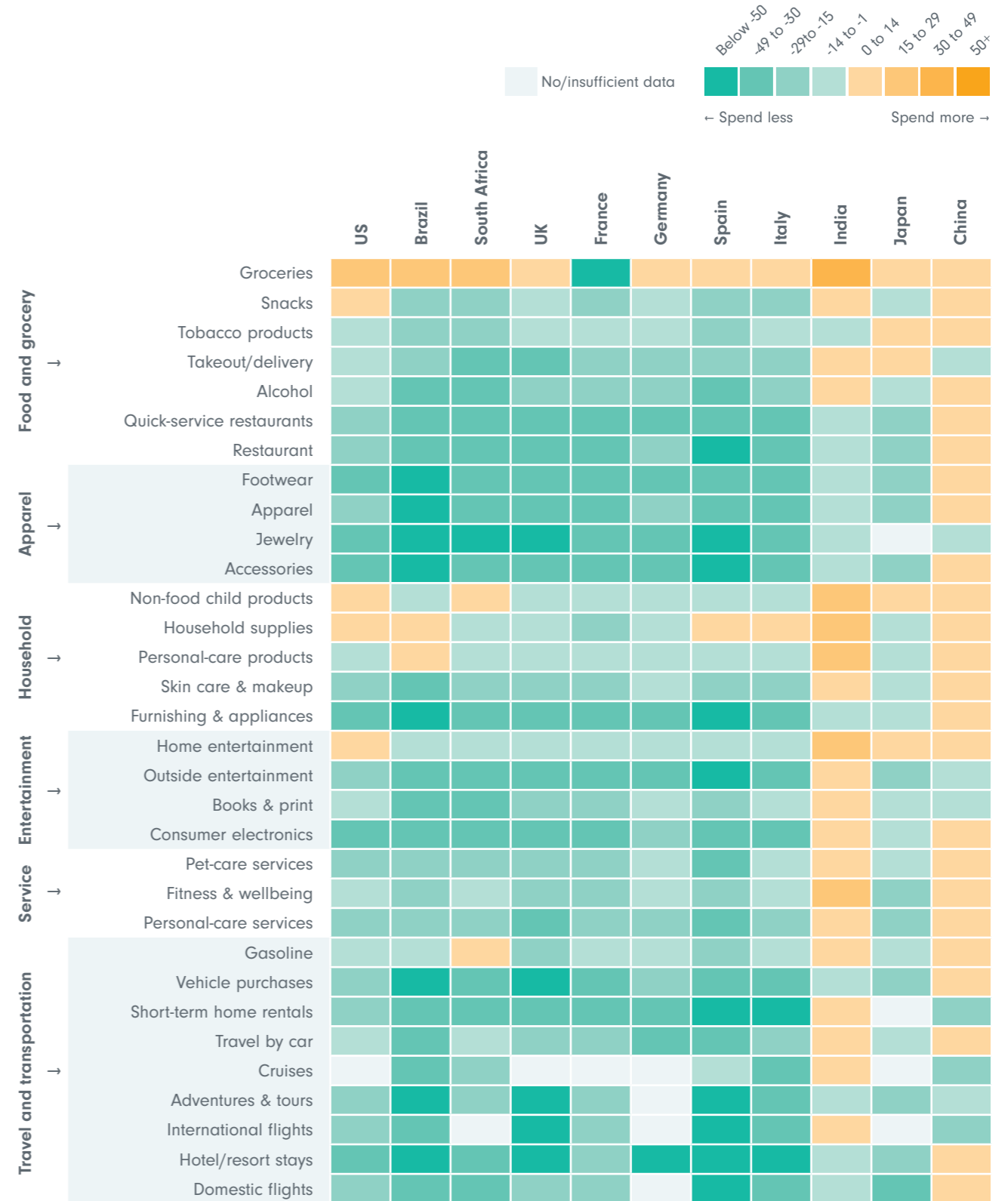
Consumer spend is shifting, and so are their attitudes.

Consumer spend continues to shift significantly since the pandemic began. It's likely that we'll see polarisation of income, with those that were closer to poverty closer than ever before, and those with higher disposable incomes ready to spend as savings have built up over the course of the last 12 months. Consumer confidence in spend across the UK is currently lower than ever according to McKinsey (2020), which paints the following picture:



Outside of China and India, global consumers anticipate pulling back on spending

Expected spending per category over the next two weeks compared to usual¹
Net intent %²



¹Q: "Over the next two weeks, do you expect that you will spend more, about the same, or less money on these categories than usual?"
²Net intent is calculated by subtracting the percent of respondents stating they expect to decrease spending from the percent of respondents stating they expect to increase spending. Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally September 18-30, 2020.

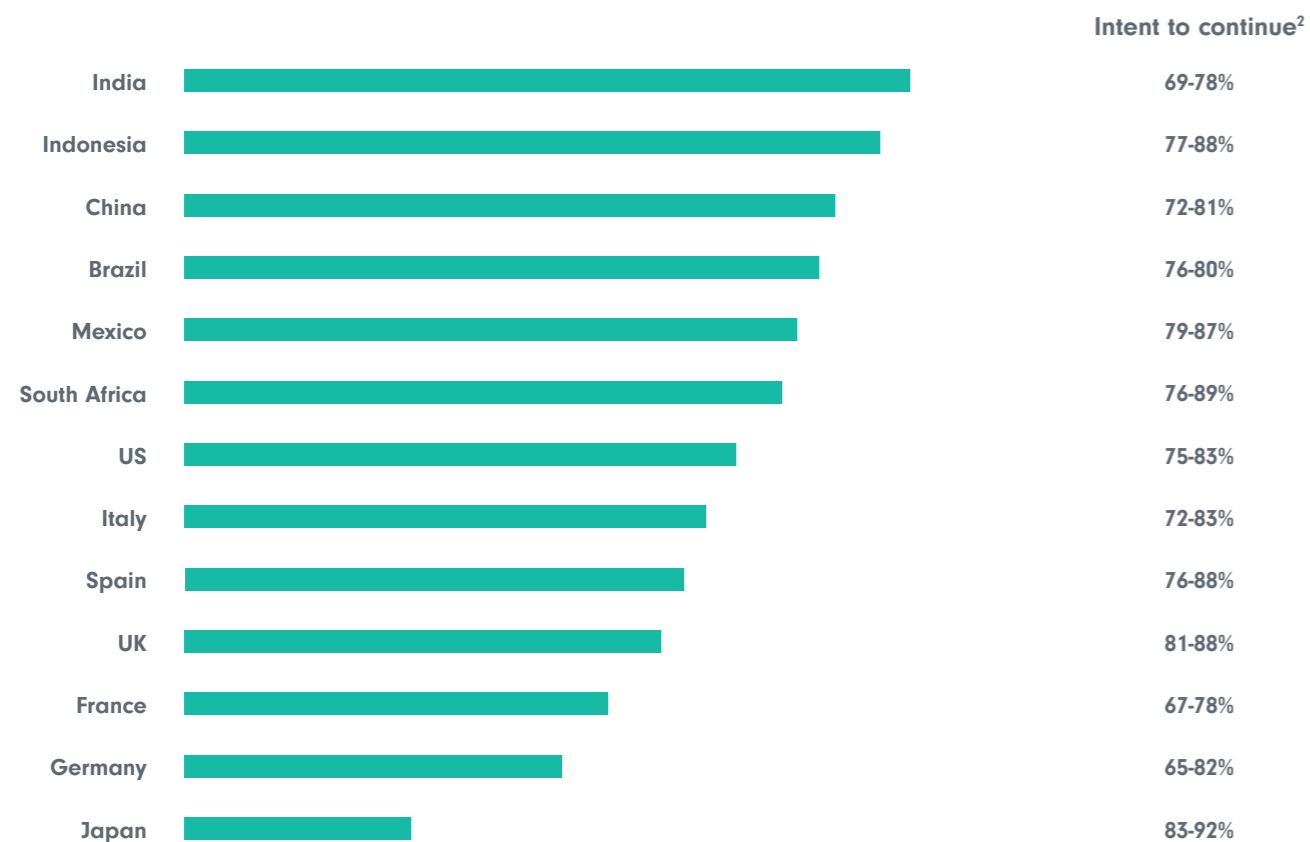
This could impact not only members' return to facilities, but also the products and services they buy into and how they spend their hard earned and saved cash. By using your consumer insights to understand this, you should consider how your product and pricing structure is adapted if required to better tailor to these audiences needs. This could be in the form of more pay as you go prices increasing in certain areas, and other audiences ready to buy into a more premium, experiential offering from their leisure provider that provides a better service to help them reach their health and fitness goals.

By tailoring price to products centred around the customer, your offering will be stronger and more tempting to your target audience than ever before, which is good, considering that 63% of UK consumers surveyed would consider moving to a different brand for many of their goods or services - McKinsey (2020).

There's spectrum of purchasing loyalty exhibited by consumers around the world.

Customers who have tried new shopping behaviours since COVID-19¹

% of respondents



¹Q: "Since the coronavirus (COVID-19) situation started (i.e., in the past ~3 months), which of the following have you done?" That chart excludes % of consumers selected "none of these."

²Q: "Which best describes whether or not you plan to continue with these shopping changes once the coronavirus (COVID-19) situation has subsided?" Possible answers: "will go back to what I did before coronavirus"; "will keep doing both this and what I did before coronavirus"; "will keep doing this and NOT go back to what I did before coronavirus." Intent to continue respondents who selected "will keep doing both this and that I did before coronavirus" and "will keep doing this and NOT go back to what I did before coronavirus."

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally September 18-30, 2020.

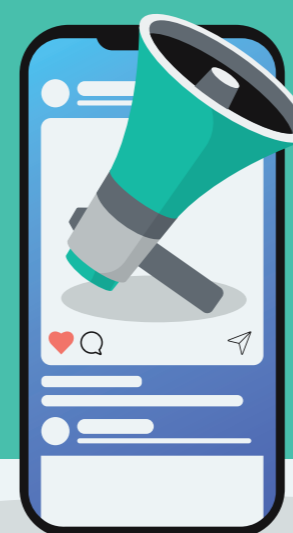
The role of digital.

The role of digital isn't just important, it's imperative to marketing effective and ROI.

Since the pandemic, more people in the 57-75 age bracket (typically termed baby boomers) have moved to social channels than ever before. This opens up a new means of communicating with this audience whilst they're at home, with the added benefit to leisure centres of providing trackable metrics and customer insights.

The key to ensuring a strong digital offering is to make it your own. If you simply replicate larger brands and stronger operators with a 'me too' approach, your digital offer will be obsolete within 12 months, and customers may well have moved on. The key to a strong digital offering is to have a strong brand proposition (see later in this paper). This means creating something that amplifies your brand's point of difference, its personality, its position within the market and its tone of voice. Without this, consumers will become distracted by stronger offers with a unique point of difference within the market and fail to see the importance of what's on offer. Remember that digital for many is now a product and service, not simply a marketing tactic, so treat it with the same time, focus and team input as you would a new range of classes being developed and launched to members.

→ Social Media.



Social media as part of a wider digital strategy will play its part in making brands more effective and assist in personalising customer journeys. Channel analysis offers the opportunity to learn from insights, buyer behaviour and campaign messaging trials through A/B testing, all of which will be backed by strong customer research.

It will also form a huge part of a more engaged membership package, where digital becomes part of the standard membership, offering the opportunity to work out with a favourite instructor at home. At this stage, brands should reassure their members of the qualifications, industry experience and dedication they have towards their members. This provides trust, assurances and confidence in the brand and its offering over other online providers that are currently entering the market, often without the backing of qualifications and experience.

Breaking down marketing silos.

Many businesses across the globe move all marketing spend to digital as they believe it's the cheapest, most effective way to market to consumers and the easiest to track. It's true that tracking digital is better than it ever has been, and you can gain a clear understanding of ROI and keep tighter control of budgets, but marketing should be looked at in its entirety, and not in silos.

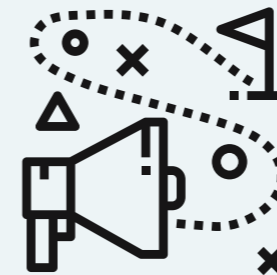
Digital is a channel, just the same as TV, radio, out of home (OOH), direct mail and press are all channels. The key to choosing the right channel is to understand

your audience. If you understand how they live, what they engage with and how their lives are shaped by marketing and media, you'll soon understand the right way to place media, and your budgets.

Think about some of the most engaging brands consumers buy from. You probably see them advertising across all different channels, and not just social media. This is because they have customer intelligence and insight data that they use to drive their marketing decision making process. It's important to gain this same insight, albeit on a smaller scale, to some of the global businesses delivering this extremely well, and consistently.



Strategy vs tactics.



A critical point of view to understand with marketing is to gain a clear understanding of what a tactic is, and what a strategy is. All too often, it's easy to fall into the trap of saying a strategic objective is something such as 'gain a page 1 position on Google for key term X'. The reality is, that's not strategy, but it's a solid tactical objective.

Your strategic objectives should be intrinsically linked to your business objectives. If you want to overcome the barrier that only a small percentage of your target audience know your brand, then your marketing strategy will be based around raising your brand profile and visibility. With that in mind, you need to use channels such as radio, press and digital to support and achieve that, and monitor performance in a refined manner. This could include sales data, consumer research and market sampling.

One of the key downfalls to poorly defined marketing strategy is that short term view - which often comes from higher up the organisation, of wanting to achieve a certain set of sales figures within the next quarter. We all need that, but using strategy as a long-term tool to make marketing budgets work harder for you over a number of years is where real added value will be achieved. Pushing CEOs, board members and managers to allow for strategy over short term thinking will be critical to success not only during the easing of lockdown restrictions, but longer term after the pandemic is a distant memory. The most sustainable businesses on the planet (and the most profitable) encourage and support strategy over tactics, in the understanding of long-term results coming from long-term efforts.

Consider Zero based budgets.

A controversial view for many, but budgets are always a sticking point for any organisation going through a period of uncertainty. Without doubt, leisure is facing a tough road ahead. With months of no revenue, the temptation for many would be to slash marketing budgets, batten down the hatches and ride out the storm ahead.

This might work for some, but for most, it's likely to leave them highly vulnerable to competitor activity as it weakens brand recall not only with current customers, but target customers too. When it comes to considering a new gym membership post-pandemic, the winner will be the brand that comes to mind first, who has consistently and clearly communicated their value proposition mentioned in the research stage of this report.

With pent up consumer and business demand for a sense of normality, competitors will be more aggressive in their marketing strategy than ever before. For those who invest in a targeted manner, that is well aligned with objectives, they'll see increased revenues, stronger membership relations and reduced marketing spend in the long term. For those who slash budgets and hold tight for a while, they're likely to only be left with the spoils of what the competitors didn't want, and more than likely will have to spend more in the process of acquiring that lead. Timing is critical with budget allocation and roll out. Whilst many

may spend heavily up front, by using research it's imperative to know when and how to spend effectively. As many consumers may stay out of the market long after lockdown, other groups will return more quickly. Backing your budgets with research will ensure an optimal approach.

For this reason, zero based budgets may be the route forward for some organisations. This doesn't simply mean marketers get nothing to play with, but instead, they start at zero, and then work against their objectives, costing out how much cash they'll need to achieve the goal being set at an organisational level.

This route can offer a more robust pathway than traditional budget setting, where historically marketers would be given an arbitrary percentage of sales revenue or profitability from the previous year. By taking this more pragmatic approach, marketers who are confident and capable in their planning and delivery, will be able to drive requests for a more meaningful budget that is tightly aligned with results and more importantly, revenue and profitability. It's hard for a CEO or board to decline a budget if you pin your hat on achieving a revenue figure to warrant it.

This shift may be uneasy to many organisations and marketers alike, but with more brands across the globe adopting this method than ever before, it's likely to be an essential way of keeping lean and effective within the marketplace, whilst stabilising and growing in what is set to be a rough and uncertain road ahead.

Harness the power of your own brand.

Consumers are looking for brands they can truly engage with and feel a part of, especially within the leisure sector. Those that offer something more tangible will come out on top, and with consumers more likely to try an alternative now than ever before, it's the time to invest and get your brand absolutely right.

By understanding what your brand stands for, how it is perceived in your customers' eyes and the true value you offer, you'll be well on your way to forming a brand identity and value proposition that is unique, distinctive and well positioned. This is the key to be able to defend that position against competitor efforts to steal market share and customers.

Don't confuse brand with your logo. Your brand is much larger than that. Quite simply put, your branding is 'the story somebody tells when you're not in the room', the DNA that runs through the beating heart of your business. Think about what your customers would tell friends about their experience and use that to craft your brand into something that is desirable. This will influence the way you write your marketing messages, the experience somebody receives when they arrive, and the way they feel when engaging with your brand.

Once clear on direction, don't overlook design. Consumers use visual cues as a critical way of making purchase decisions. By spending wisely on a quality brand identity, that takes customers through a consistent visual journey as well as service experience, you will create stronger ties between consumer and the brand, whilst adding further value and position that will make sales and retention far easier.

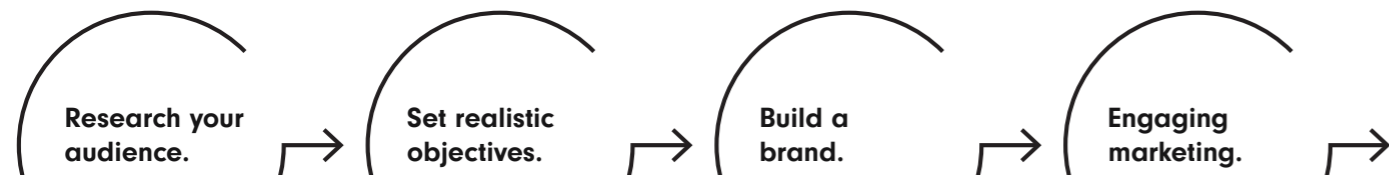
The key to all of the above is being authentic and basing your brand on research, not opinion. We all think we know why consumers buy, but who better to guide that than customers themselves?



Mapping out the future marketing strategy.

As an industry we're about to embark on what's likely to be one of our most challenging environments yet.

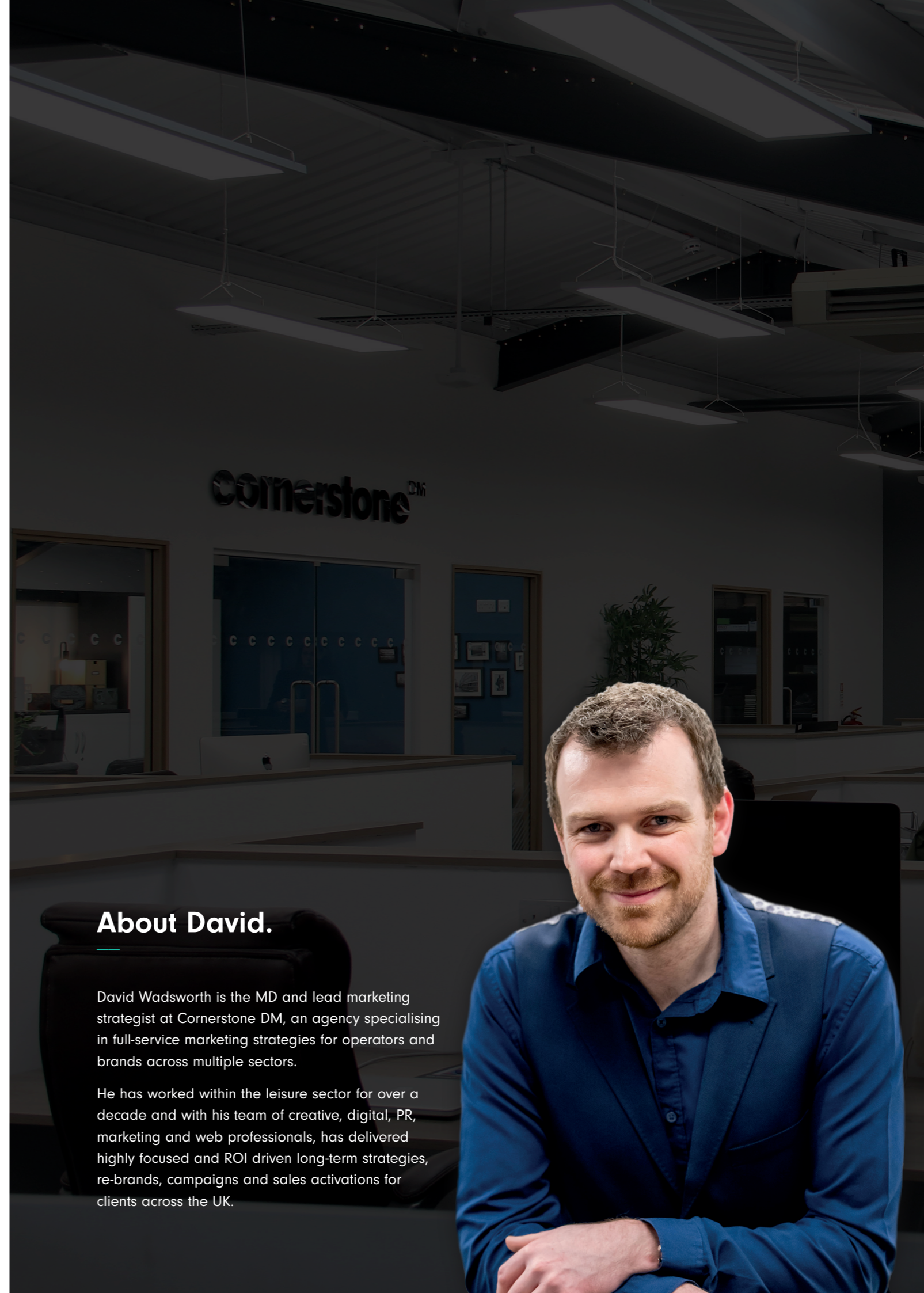
The key to not just surviving but thriving, will be to simply research your audience and market, set realistic objectives, strategy and budgets, build a brand that will act as the right vehicle and refine your product offer and marketing to better engage and facilitate your customer's journeys.



With this in place, set out a solid marketing strategy that has a clear and defined objective, a solid channel strategy, a robust budget based on outcomes and most importantly, is centred wholly around the consumer.

Good luck.

→ If you'd like to see how best to build your own marketing strategy to effectively reopen post-pandemic, contact Cornerstone DM.
Our MD and lead strategist David will be happy to assist - david@cornerstonedm.co.uk



About David.

David Wadsworth is the MD and lead marketing strategist at Cornerstone DM, an agency specialising in full-service marketing strategies for operators and brands across multiple sectors.

He has worked within the leisure sector for over a decade and with his team of creative, digital, PR, marketing and web professionals, has delivered highly focused and ROI driven long-term strategies, re-brands, campaigns and sales activations for clients across the UK.

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