

Spain

Post Covid-19 Recovery Report

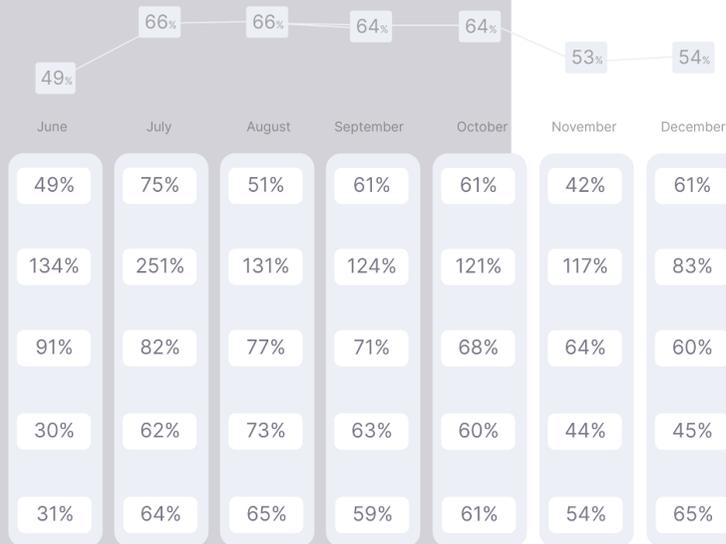
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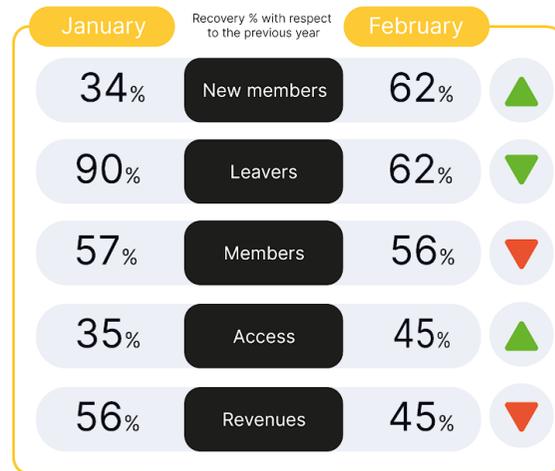
Post Covid-19 Recovery Report

Post Covid-19 Recovery Report (Spain).
This report has been made using real data (not surveys) from clubs in Spain.

Industry recovery average



KPI's recovery level



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Post Covid-19 recovery report in February 2021

We are about to pass the one year mark since the closing of the gyms in March of last year, so this time I am going to make a more global analysis of these 12 months.

Let's start by analyzing the data for this month of February. **The global recovery indicator has practically not changed** compared to the previous month, and stands at 52%, still a long way from the 100% which would mean total recovery. This global indicator is calculated from various KPI's and comparing with the same month of last year and with the last month before the closure of gyms.

Despite the fact that the global indicator has not improved, **we see some positive aspects in the recovery, especially in regards to New members and Leavers**, which have improved substantially, achieving one of the best values of this whole year. This is a very good sign and indicates that when the clubs reopen, despite the restrictions, there is a volume of customers who will respond positively and the new registrations will increase quickly.

Accesses have also improved, although at a lower level and are still far from recovery. This is in part because many Spanish regions continue to impose significant restrictions on the use of gyms, both in capacity and in opening hours.

The number of members has not increased either, despite improving registrations and cancellations. The effect of registrations and cancellations will be seen in the number of members in the coming months. This month the members continue to have a 56% recovery level, this is because the volume of registrations and cancellations in January was very negative. This KPI continues to be low this month due to the low memberships in the previous month.

Income recovery has dropped to 45% recovery mainly because many clubs, although they have opened this month, have not collected their members' fees due to last months closures and have had to make up those days in this month's fee. We hope that if there are no more closures, revenue will progressively recover in the following months and grow at the same rate as the members.

If we analyze the global evolution from June until now, we see that the recovery shows two very clear plateaus. The first goes from July to October, in which there was a first recovery when the clubs reopened (approximately 65%) and this level was maintained until after the summer, when there was another decrease. Since then, the indicators have remained quite stable (approximately at a recovery level of 53%).

On the one hand, we see that club closures and restrictions have had a very clear negative effect on the evolution of the level of recovery. This is mainly due to the effect on registrations, since withdrawals have progressively improved and clubs have avoided them by freezing of membership fees.

Both the New members and the Accesses have recovered quite well during times of lesser restrictions, which gives us hope of a quick recovery, at least of a significant part of the clients once restrictions are lifted.

It is difficult to estimate what percentage of clients will recover or how quickly in the first phase after the clubs reopen normally,

However, data from other countries and the response in new members that we are seeing in this report, **seem to indicate that this recovery could include a percentage of clients close to 80-85%.** That would mean going from 56% recovery in current members to 80-85%. In that case, there would be 15-20% of clients that would take longer to recover or that will be lost in the medium or long term.

It is key at this time to create strategies to recover that last percentage of customers and even attract some new ones who have started a sports habit during these closures. A large part of these strategies **must go through important business model changes and put the customer at the center of a truly differentiating experience,** which can compete with other substitute products and **which is highly Personalized, Socializing, and Fun.**

Our industry is facing great threats but also facing great opportunities like never before. Let's make the necessary changes to take advantage of these opportunities.