

Vital Signs

# The 3 Numbers

That Will Make More Money  
for Your Fitness Business



# Want to make more money? Not sure how?

Unsurprisingly, you're not alone.

In this brief guide, we'll share the  
3 numbers you need to know to  
grow your revenue.





Let me tell you a true story.

When we first met Sarah, the owner of a popular yoga studio in Southern California, she had been in the business for about 5 years. And business was good. In that time, she had built up a loyal and enthusiastic customer base, and things were ticking along nicely. But there was still that little voice all great entrepreneurs hear from time to time: “Could we be doing better?”.

As always, the answer was “Yes!”.

The business was earning enough money to pay the bills, but Sarah knew there were opportunities to get more revenue. The only problem was, she didn’t know how.

She tried everything she could think of:

- ▼ They spent a bunch of money experimenting with different advertising ideas.
- ▼ They added different membership options, raising some prices and lowering others.
- ▼ They started offering a free week introductory package.

But since they were making so many different tweaks, they couldn’t figure out which of them (if any) were working.

So when Sarah came to us for help, we told her to drop everything and zero in on 3 key numbers. Instead of taking a “see what sticks” approach, she focused all of her efforts on improving one of these numbers. The result?

**They increased their revenue  
by 50% within  
3 years.**

Of course, not everything she tried during this time worked. But by focusing on the 3 numbers, she was able to tell what produced results, and what didn’t.

So, what are the 3 numbers that will help you make more money in your fitness business?

We call them the “Vital Signs” of a healthy fitness business. They are:

- 1 Average New Visitors Per Month
- 2 Conversion Rate of Visitors to Members
- 3 Lifetime Value of Members

Let’s take a look at each of them in a little more detail.



# 1

## Average New Visitors Per Month

### *Ask yourself: Is my marketing working?*

This is one of the easiest things to measure. Yet, strangely, it’s also one of the most overlooked. You need to know how many first-time visitors come into your business each month. Otherwise, your marketing money is wasted.

How do you do it? First, you need to **establish a baseline**. Using your studio management software, figure out how many new visitors you see each month. Once you have that number, **start a marketing campaign**. Try something. Anything. And finally, **monitor your results**. Has the number of average new visitors changed? Hopefully, it went up. But even if it stays the same (or goes down), at least you learned something, and you can be smarter about where you spend your advertising dollars.

Of course, increasing this number won’t make you more money on its own. You still have to sell something. But you can’t sell anything unless you get people to show up in the first place.

# 2

## Conversion Rate of Visitors to Members



### *Ask yourself: How is my sales process?*

So you got someone in the door? Now what? You aren't going to create a healthy fitness business on drop-ins and one-off visitors alone. How successful are you in turning your visitors into members?

When we say “members”, we mean regular, recurring customers (preferably on autopay). You might not have actual memberships, but we want to differentiate between your core customers and anyone who purchases a one-day pass or redeems a Groupon voucher. It is nice to get money from anyone, but your focus should be on creating consistent and loyal customers.

The **calculation for conversion** rate is pretty easy: you already know how many new visitors come into your studio each month. Now you need to figure out how many of those visitors buy a “membership”. If you have 100 visitors in June and 10 of them become members, your conversion rate is 10%. Remember - “membership” might mean different things for different studios.

To improve your conversion rate, you need a sales process. There should be a clear path that you follow to guide any new visitor into your ideal service offering - your “membership” package. If your sales process is broken (or worse, if you don't have one), it doesn't matter how successful you are at marketing.

# 3

## Lifetime Value of Members

### *Ask yourself: Are my members sticking around?*

Once somebody signs up for a membership, you have to deliver on your promises to them to keep them coming back for more. And you have to make your prices consistent with the value you are delivering. You could be great at advertising and sales, but it could all be worthless if all your customers leave after their first month.

The lifetime value of your members is really two numbers in one. First, you need to know the **average price** that your members are paying each month. You might have several different membership options, so you will need to calculate an average for all your members. Next, you need to know the **average number of months** that you keep your members. This might be the hardest thing to measure - but with some help from your studio management software, you should be able to get there. Just multiply the average price by the average number of months, and you get your lifetime value of members.

How can you improve your lifetime value of members? The easiest way is to increase your prices - but you will have to keep a close eye on things to make sure that doesn't negatively impact your conversion rate or how long people keep their memberships. You can also work on retention - making your studio a place that your members want to belong. Increasing your average membership by just one month has a huge impact on revenue.



## How did Sarah's yoga studio grow revenue by 50%?

After calculating her baseline for the Vital Signs, it was clear that their revenue would not grow unless they made some changes. For every new member that was signing up, they were losing a member through the back door. And they weren't excited about making the same amount of money each year.

So they focused on their Vital Signs to make a difference:

- ▼ Their first target was the **Average New Visitors**. Sarah decided to make a small increase in the advertising budget and track which campaigns were successful. Within a few months, she saw a 10% increase in the number of visitors.
- ▼ Then they targeted the **Conversion Rate**. They revamped their sales process - making sure their front desk staff were properly trained, setting up automated follow-ups for visitors, and offering a discounted trial membership. Their conversion rate went from 10% to 13%.
- ▼ Finally, they took a look at their **Lifetime Value of Members**. Sarah instructed her studio manager to start reviewing the attendance report each week to identify members who hadn't been in the studio recently. These members started receiving a simple follow up to make sure everything was still going okay. This simple step increased the average length of membership from 13 months to 14 months.

Combined, these modest increases resulted in a very welcome 50% boost in revenue within three years.



## Is it really that simple?

Yes! Increasing your revenue is as straightforward as:

- ✓ Attracting new visitors
- ✓ Converting new members
- ✓ Increasing the value of those members

And by monitoring the numbers outlined in this guide, you'll soon be checking off those boxes too.

**Need some help getting started? Our friendly team can point you in the right direction when it comes to tracking these essential metrics.**



**Click [here](#) to Get Started**



At Numberwise, our job is to give you accurate numbers that make sense so you're confident when deciding what to do next. We also take care of your accounting and back office stuff so you're spending time doing what you do best- running and growing your business.

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