

## Coastal Climbing Centre

March 28<sup>th</sup>, 2012  
Mr. Doug Thompson  
Coastal Climbing Centre  
#202 – 7728 128 Street  
Surrey, B.C. V3W 1L3

Dear Mr. Thompson,

Attached to this letter, you will find our Marketing Information Management case study report for Coastal Climbing Centre.

This report analyzes key findings derived from Coastal Climbing's current situational analysis, competitive and industry analysis, and current organizational assessment. Critical issues for Coastal Climbing were identified and based on our research and metrics calculations, we have come up with sound alternatives and strategic short-term and long-term recommendations that we believe will help Coastal Climbing maximize revenue, profit, brand awareness, and overall sustainability and longevity of the gym.

We are thankful that you have allowed us to examine your business for our project and for providing valuable information and insight that enabled us to create this report. We hope that this report will assist you to maximize opportunities, sales revenues, profitability, and the longevity of Coastal Climbing

Please feel free to contact us if you have any questions about the report.

Sincerely,

**AJ House**

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# Marketing Metrics

## Case Study Report

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## Executive Summary

Coastal Climbing (formerly Vertical Reality) is an indoor rock climbing gym. The business was recently acquired by Doug Thompson in August 2010, and he has been running the company in partnership with Hung Lee. Coastal Climbing currently services the recreational climbing needs for individuals and groups in Surrey. The scope of this project focuses on Coastal Climbing's membership program and areas to improve pricing structure, customer retention, value-based services, brand awareness, and information management.

There are six indoor rock climbing gyms in the Lower Mainland with a total estimated size of 72,000 square feet. The size of Coastal Climbing gym is 8150 square feet or 10.2% estimated market share in the Greater Vancouver Regional District (GVRD).

Its current issues include a lack of an efficient customer service management (CRM) system. There is no formal marketing plan at Coastal Climbing. The teachers' strike, a large portion of its sales in the morning and afternoon have diminished. Coastal Climbing priced its membership passes lower than its competition. Doug stated that he priced his memberships lower than Cliffhangers' prices.

Its revenue comes from school groups, birthday parties, and memberships which contribute to 30%, 30%, and 40% of the business, respectively. Of the 40% memberships; 46% comes from memberships, whereas drop-ins make up the remaining 54%. 76% of the 46% of total memberships hold a 1 month pass, and it has the highest churn rate of 64%.

Of the alternatives Coastal Climbing can opt to offer 2 month membership and drop the 1 month option. Assuming more new members choose to commit to the longer memberships (3/6/1 year) by 15%, Coastal Climbing can see an increase of \$4,107 in their annual membership revenue. Another alternative is increasing its value with its memberships as stated below:

- 1 month: No discount;
- 3 month: 4<sup>th</sup> month free;
- 6 month: 2 months free; and
- 1 year: 2<sup>nd</sup> year is only \$485.

Its memberships are likely to achieve a higher retention as the new membership times are extended. There is an opportunity to entice yoga participants to try rock climbing because many poses can be tailored to aid in developing skills used for rock climbing. Based on the data Coastal Climbing would need 185 participants to break-even.

A customer relationship management (CRM) system Coastal Climbing will have a data base that includes customer information such as their contact information and email address. An alternative that Coastal Climbing could approach is to hire a part-time marketing student to take care of writing blog posts for the website, updating and analyzing social media platforms, research & marketing suggestions, and other marketing-related work. ROI hiring a marketing student will be 16%, 45%, and 60% for an increase in sales of 2%, 2.5% and 2.75%, respectively.

Coastal Climbing can offer a 60% discount (as an initial discount) on drop-in rates during their drop in-rate times on a certain day of the week to those who “like” their Facebook page. Coastal Climbing should expect a marketing ROI of 41.37%.

This approach helps build brand awareness and generate trial at Coastal Climbing. The South Surrey area is very appealing due to an average income of \$47,405, the highest of the regions in Surrey. The expected marketing ROI is 48.42%.

Given the decision criteria, Coastal Climbing will be implementing direct mail, social media, a sales strategy and a revised membership offering. It is recommended that for the short-term Coastal Climbing should address its brand, optimize its price, and restructure their memberships. It is believed that by implementing these recommendations, Coastal Climbing has considerable weight within the niche market it serves in the GVRD.

## Introduction

This report for Coastal Climbing analyzes critical issues for the company, identifies alternatives and strategic recommendations that will help Coastal Climbing meet its company objectives and long-term goals. Coastal Climbing (formerly Vertical Reality) is an indoor rock climbing gym in Surrey, and they are looking for ways to improve their business as part of their new re-branding. The recommendations outlined in this report are based on Coastal Climbing's situational analysis, industry research, and current company issues which are analyzed through several metric calculations that identify trends, dynamics, and characteristics of Coastal Climbing.

The scope of this project focuses on Coastal Climbing's membership program and areas to improve pricing structure, customer retention, value-based services, brand awareness, and information management. Alternatives are justified with costs and return on investment to make final short-term and long-term recommendations and help Coastal Climbing focus on the most important areas to allocate their budget to. Controls are in place to measure the potential success of the recommendations.

## Company Overview

Coastal Climbing (formerly Vertical Reality) is an indoor rock climbing gym. The business was recently acquired by Doug Thompson in August 2010, and he has been running the company in partnership with Hung Lee. Coastal Climbing is designed to offer challenging climbing for all ages and skill levels in a fun, safe and supportive environment. The gym offers 150 climbing routes and boulder problems with over 7500 sq. ft. of wall and 650 sq. ft. of climbable roof. Coastal Climbing is in the business to foster teamwork, trust and bring empowerment in a cathartic and holistic experience. They are the only rock climbing facility in the Surrey District.

## Services

The gym accommodates public drop-ins, advanced belay and introduction climbing courses, youth courses, a youth program and birthday parties (see Appendix 1: Coastal Climbing Services and Rates). Instructors or belayers, harnesses, and chalk are included during climbing sessions with the option to rent climbing shoes for \$2.00. Membership passes include one month, three month, six month, and one year options (Appendix 2: Climber & Membership Rates). As part of their promotional service mix, Coastal Climbing offers monthly or weekly specials such as their Spring Break 8 Session Youth Drop-in for \$45 – \$55 or Ladies Night every Friday evening for \$8.50.

## Current Market Focus

Coastal Climbing currently services the recreational climbing needs for individuals and groups in the Surrey district. According to 2006 statistics (see Appendix 3: Age & Gender Breakdown in Surrey) the total population of Surrey is 394,976. Primary customers are broken down into three segments which include children in school groups (30% of Coastal Climbing's business), parents who plan their children's birthday parties (30%), and young adults aged 18-30 (40%). Coastal Climbing is not focused on experienced or professional outdoor climbers because the facility does not accommodate for such

climbers, and the total population of outdoor climbers is relatively small compared to the total population.

## Primary Target Markets

### *School Groups (30%)*

- School groups consist of Elementary students in the Surrey School District, ages 5-12; and
- Organized recreational field trips consisting of 15-30 kids depending on the size of the class.

### *Parents/Children's Birthday Parties (30%)*

- Parents from the age of 30-45 with children between ages 5-12;
- Medium to medium high disposable income in the Surrey district (see Appendix 4: Income Distribution in Surrey);
- Parents who are looking for a fun and recreational activity that will accommodate group parties for their kid's birthday;
- Parents are ultimate decision makers and purchasers for the child's birthday event, although the child may have a say;
- Occasional or first-time climbers.

### *Young Adults (40%)*

- Young adults, skewed towards males, ages 18-35;
- Medium to high disposable income for hobbies such as rock climbing; and
- They enjoy the social aspect of the gym and tend to climb with a partner or a group of friends.

## Secondary Target Market

### *High school – University students*

Although Coastal Climbing does not partner up with high-school or university students, a portion of their sales come from this target market. "University Day" and "University Month" passes are discounted to college or university students. Two universities in Surrey include Kwantlen Polytechnic University and Surrey Simon Fraser University.

### *Women*

- Women in Surrey include 202,000 of population (refer to Appendix 3: Age & Gender Breakdown in Surrey);
- Medium to medium-high disposable income; and
- Enjoys trying out rock climbing with a partner or a group of friends – returns to the gym are low.

## Key Individuals

Doug Thompson is the owner of Coastal Climbing with partner Hung Lee. Hung is considered an angel investor because he does not deal with the day-to-day operations of the gym. Hung has no industry knowledge of the business but he owns a business himself as a mechanic. Doug Thompson has been working in the recreational industry for many years, and he was an avid rock climber before purchasing the business. There are two staff managers and 30 part-time employees on a casual basis. Part-time employees are called in when the gym is busy.

## Goals and Strategy

### Year 1

- To increase new monthly or annual memberships by 20% by the end of 2012;
- To increase overall retention rate (returning customers) by 10% by the end of 2012 (80% allocated to annual memberships and 20% to drop-in rates); and
- To increase overall sales at Coastal Climbing by 5% by the end of 2012. This will encompass memberships, birthday packages, drop-in rates, school groups, and additional courses that Coastal Climbing offers.

### Year 3

- To increase new monthly or annual memberships by 15% by the end of 2014;
- To increase overall retention rate (returning customers) by 15% by the end of 2014 through more strategic online and offline marketing initiatives to build brand awareness;
- To increase overall sales at Coastal Climbing by 15% of 2012's figures; and
- To target more women to the gym (an increase of 20% of current female attendance) through promotions, incentives, and targeted marketing.

### Year 5

- To increase new monthly or annual memberships by 20% by the end of 2016;
- To build an online community on their website, social media initiatives, and other online (and offline) activities to increase brand awareness by 20% by the end of 2016;
- To increase overall retention rate by 25% (allocation of 90% membership card holders & 10% drop-in rates) by the end of 2016;
- To increase overall sales at Coastal Climbing by 25% of 2014's sales figures; and
- To renovate the gym so that it is more professional, inviting, and aesthetically pleasing by the end of 2016, as stated by Doug.

## Industry Analysis

### Size & Growth

Rock climbing has been an increasingly popular recreational activity and sport within the last decade. Much of the current growth is attributed to indoor rock climbing, which has been increasing in popularity because of its setting and accessibility, personal and community support, and advantages that would otherwise be absent climbing outdoors. According to the 2010 Outdoor Recreation Participation Report created by the Outdoor Foundation, overall participation in bouldering, sport climbing, and indoor climbing included 4,313,000 Americans over the age of six (Green, 2011).

An interesting statistic shows that climbing participation among children ages 6 to 17 has dramatically decreased since 2006. According to the report "in 2006, 2,583,000 children or 5.1% of that population participated in climbing, including sport climbing, indoor climbing, and bouldering, but in 2009 that number dropped to 1,446,000 or 2.9% of the 6 to 17 population climbed" (Green, 2011). Despite



decreasing numbers from a younger demographic, rock climbing facilities still remain steady with sales and attendance.

## **Main Competitors**

Major competitors for Coastal Climbing are listed below (based on proximity and facility offerings). A pricing comparison chart between the three competitors and Coastal Climbing (see Appendix 5: Indoor Rock Climbing Price Comparison) shows the incremental differences between membership prices in different categories (adult, youth, or student) and compares percentages changes for each competitors' tier of membership levels.

### *Cliffhanger*

Cliffhanger ([www.cliffhangerclimbing.com](http://www.cliffhangerclimbing.com)) was established in 1993 in Richmond, Vancouver and it has expanded with two more locations in Coquitlam and downtown Vancouver. Cliffhanger Vancouver is considered western Canada's largest climbing gym with a dynamic indoor climbing environment featuring over 15,000 square feet of climbing terrain, 53 top ropes, lead climbing, and crack climbing, bouldering routes, a professional route setting, and friendly staff and instructors. All three Cliffhanger locations cater to all skill levels, and they offer drop-ins, memberships, courses, and birthday parties.

### *The Edge Climbing Center*

Located in North Vancouver, the Edge Climbing Center ([www.edgeclimbing.com](http://www.edgeclimbing.com)) features over 15,000 square feet of comprehensive climbing wall. The Edge offers drop-ins, memberships, courses, a youth climbing team, climbing parties, school programs and specialty courses designed for beginners and advanced climbers. Unlike its competitors, The Edge offers more variety in knowledgeable and intensive training courses to help beginners improve their skills as a climber.

### *Project Climbing Center*

Project Climbing Center ([www.projectclimbingcenter.com](http://www.projectclimbingcenter.com)), formerly known as Flashpoint Rock Gym, is located in Abbotsford, B.C., boasting 9000+ square feet of climbing surface and the best steep terrain climbing. They offer courses for all ages, birthday parties for kids, kids and youth groups, memberships for dedicated climbers, ladies night promotions, and they are popular with sports teams. Project Climbing Center recently held Tour De Bloc Season 9 Canadian Bouldering Series Western Regional Competitions (sponsored by Mountain Equipment Co-op) at their facility on March 24<sup>th</sup> 2012, which has helped the facility to gain brand exposure.

## **Market Share**

Market share is based on the estimated selling space in the indoor rock climbing market. In the case of rock climbing facilities, the estimated selling space will be calculated based on the square footage of climbing walls at each gym in the Greater Vancouver Regional District (GVRD) only.

There are six indoor rock climbing gyms in the Lower Mainland (including 3 Cliffhanger locations and one bouldering gym) with a total estimated size of 72,000 square feet (illustrated in Table 1: Facilities square ft.). The size of Coastal Climbing gym is 8150 square feet (7500 sq. ft. of wall plus 650 sq. ft.). Market share calculation will be:

**Table 1: Facilities\* by square ft.**

Location	Square Footage*
Richmond Cliffhanger	8000 sq. ft.
Coquitlam Cliffhanger	15,000 sq. ft.
Vancouver Cliffhanger	15,000 sq. ft.
The Edge Climbing Center	15,000 sq. ft.
Project Climbing Center	9000 sq. ft.
The Hive	10,000 sq. ft.
Coastal Climbing	8150 sq. ft.
<b>Total</b>	<b>80150 sq. ft.</b>

*\* Square footage is based on climbing terrain.*

Coastal Climbing Gym / Total Market "Selling" Space (including Coastal Climbing) =  
8150 sq. ft. / 80150 sq. ft. = **10.2% estimated market share in the GVRD.**

## Situational Analysis

Coastal Climbing's strength is their exceptional customer service, community-building within the gym, and their rapport with their loyal customers (see Appendix 6: Coastal Climbing SWOT Analysis). They are the only rock climbing facility in Surrey, and they offer a multitude of rock climbing and bouldering problems and routes for a fun, recreational, and challenging climb for people of all ages. They offer free drinks and snacks for those in the gym and because of their strong word-of-mouth they have increased business with that alone. Rock climbing is also becoming a more mainstream recreational activity and more people are becoming interested in the sport.

Coastal Climbing does, however, have a lot of issues with its current business model. It does not have formal business protocol with its staff, no customer relationship management system, nor a marketing plan. This is also attributed to a lack of time from Doug and Hung due to other commitments as well as a lack of formal business training. Furthermore, Coastal Climbing faces a lot of indirect competition such as regular gyms that offer a wealth of recreational activities for a similar price.

Consumers may be wary of attending a rock climbing gym because they may view the sport as dangerous or too challenging. Coastal Climbing is going through a process of rebranding which began in January 2012, and they are seeking new marketing opportunities and initiatives alongside their new branding. They are in the middle of transitioning their old website to the new one as well as creating awareness for both existing and new customers in lieu the name change.

## Critical Issues

In order for Coastal Climbing to grow the business in the future it needs to address the following issues:

- How to improve operational efficiencies so that it can track its business activities.

Coastal Climbing does not have a formal business protocol to schedule prospective parties interested in group booking. It does not have a customer service management (CRM) system other than knowing

regulars at the gym. There is no efficient record-keeping of business activities, and it is done informally. Doug is unable to monitor and track its business and forecast for growth in the future.

- How to increase brand awareness so that Coastal Climbing is top-of-mind and consumers choose Coastal Climbing as an alternative recreational activity.

There is no formal marketing plan at Coastal Climbing. New customers find it very difficult to find Coastal Climbing due to their hidden location. It is situated in a business park, and their signage space is not enough to indicate to newcomers of their location. Furthermore, the Coastal Climbing business model is based on successful word-of-mouth. It wants to increase their marketing efforts to generate awareness both online and offline and provide knowledge to new customers the benefits of rock climbing.

- How to increase its services so that it can serve a wider demographic.

At the moment the gym in the evening is preoccupied by regulars that attend the gym. However, due to the teachers' strike, a large portion of its sales in the morning and afternoon have diminished. Coastal Climbing is relying on a specific demographic to continue to bring business into the gym at a time when there's restricted growth.

- How to optimize prices so that it can increase its net profits.

Coastal Climbing priced its membership passes lower than its competition. Doug stated that he priced his memberships lower than Cliffhangers' prices. Differences in savings between each membership pass are very similar to Cliffhangers' because Coastal Climbing used it as a reference due to the lack of a pricing strategy.

## History of Issues

### *School groups attendance are declining at Coastal Climbing due to the ongoing teacher strike*

A teachers strike has been affecting business for the past few months, and it has had an adverse effect on total sales at Coastal Climbing. Teachers withdrew from providing extracurricular activities to students during this ongoing ordeal. The strike officially began on March 5th and continued until March 8<sup>th</sup>, 2012. This has proposed a significant problem to Coastal Climbing because a bulk of its annual revenue comes from student trips from local Surrey schools in the district.

### *Lack of information management system*

Continuing under previous ownership, Coastal Climbing has no functioning Customer Relationship Management (CRM) system. Current ownership hopes to introduce a CRM system to keep track of customers. The existing system is primitive and offers little variability in terms of extracting specific data about existing and new customers. The system is out of date and updating will be necessary. Furthermore, Doug does not have an adequate system of keeping sales and revenue records that are easily accessible for interpretation and analysis.

### *Lack of brand awareness online & offline*

Coastal Climbing has relied on word of mouth since 2001. They currently do not employ any online or offline marketing activities. Online marketing initiatives that have increased their word-of-mouth include their website (www.coastalclimbing.com), Facebook, and a Twitter page. Coastal Climbing has mainly relied on word of mouth over the past 11 years which has helped to create repeat business from loyal consumers. Furthermore, Coastal Climbing has not allocated a budget for offline marketing activities until the rebranding of the gym this year.

### *Amendment of the pricing structure*

When Coastal Climbing was purchased in 2011, the owner did not evaluate or assess the current pricing structure. Previous ownership cited the reasoning for the current strategy was because of price leadership. Undercutting the prices of local gyms and other climbing facilities was deemed as an appropriate model for Coastal Climbing.

## Organizational Analysis and Assessment

Coastal Climbing has been in operation since August of 2011, and since then they have only acquired up to five months' worth of financial statements. Financials were totaled and averaged then multiplied by 12 months to get the yearly sales and expenses. Table 2: Coastal Climbing Income Statement reveals that rent and wages make up 7.97% and 13.16% of total expenses, respectively. Coastal Climbing has a healthy profit margin of 40.80% against its competitors and it is attributed to its monthly rent being "significantly lower than its competitors" (Thompson, 2012). However, this income statement projection is still an estimate and does not consider seasonality and we can assume a 5% margin of error.

**Table 2: Coastal Climbing Income Statement**

Income Statement	August - December	Average Per Month	Yearly	% Total of Revenue
<b>Revenue</b>	\$ 92,816.09	\$ 18,563.22	\$ 222,758.62	
Ad/Promo	\$ 994.36	\$ 198.87	\$ 2,386.46	0.45%
Climbing Supplies	\$ -	\$ -	\$ 362.00	0.00%
Insurance	\$ -	\$ -	\$ 538.00	0.00%
Lic & Fees	\$ -	\$ -	\$ 55.00	0.00%
Office	\$ 865.11	\$ 173.02	\$ 2,076.26	0.39%
Other supplies	\$ 2,004.19	\$ 400.84	\$ 4,810.06	0.90%
Party Food	\$ 1,834.23	\$ 366.85	\$ 4,402.15	0.82%
Rent	\$ 17,754.00	\$ 3,550.80	\$ 42,609.60	7.97%
Travel	\$ -	\$ -	\$ 250.00	0.00%
Utilities	\$ 2,037.13	\$ 407.43	\$ 4,889.11	0.91%
Wages	\$ 29,310.47	\$ 5,862.09	\$ 70,345.13	13.16%
Security	\$ 147.17	\$ 29.43	\$ 353.21	0.07%
<b>Total Expenses</b>	\$ 54,946.66	\$ 10,989.33	\$ 133,076.98	24.67%
		\$ -		
<b>Profit</b>	\$ 37,869.43	\$ 7,573.89	\$ 90,886.63	40.80%

## Memberships

Its revenue comes from school groups, birthday parties, and memberships which contribute to 30%, 30%, and 40% of the business, respectively. Of the 40% memberships; 46% comes from memberships,

whereas drop-ins make up the remaining 54% (see below Table 3: Memberships). 76% of the 46% of total memberships hold a 1 month pass, and it has the highest churn rate of 64%. Customers are interested and trying out rock climbing out of curiosity, however, do not stay for various reasons. Coastal Climbing did increase their marketing towards students, and it can be assumed due to time constraints (such as prior commitments), the majority of them do not renew.

It is also worth noting customers that opt for a 3 month pass has a lower churn rate of 39%, and 11% for an annual. It is assumed that a longer membership resulted in returning customers. There is no data for 6 month memberships because it did not sell any for the year. The vast majority buy 3 months because the commitment is far less than 6 and for those interested for a longer commitment would go to an annual pass. 6 month memberships are not as attractive as the alternative offerings.

**Table 3: Memberships\***

Memberships	Ongoing	New	Attrition	Churn	Retention	Sales	% of membership	% of business
Annual	35	12	4	11%	89%	\$ 22,795.00	15%	
6 Month	0	0	0	0%	100%	\$ -	0%	
3 Month	23	0	9	39%	61%	\$ 4,485.00	10%	
1 Month	180	0	116	64%	36%	\$ 13,500.00	76%	
<b>Total Memberships</b>	<b>238</b>	<b>12</b>	<b>129</b>			<b>\$ 40,780.00</b>	<b>46%</b>	<b>18%</b>
<b>Drop-Ins</b>								
Day Pass	2183					\$ 37,111.00	76%	
Bouldering Pass	675					\$ 8,100.00	23%	
10 Flex Pass	21					\$ 3,150.00	1%	
<b>Total Passes</b>	<b>2879</b>					<b>\$ 48,361.00</b>	<b>54%</b>	<b>22%</b>
<b>Total</b>						<b>\$ 89,141.00</b>		

*\*Membership data is from March 2011 to March 2012.*

Drop-ins bring in 54% of revenue for Coastal Climbing. Indirect competitors like YMCA on 56<sup>th</sup> Ave and 152<sup>nd</sup> in Surrey have 85% of its customers on memberships and the remaining are drop-ins (YMCA, 2012). Coastal Climbing has only 46% of memberships comparably. Steve Nash Fitness Centre as shown in Chart 4: % of Memberships illustrates an inverse relationship between the two indoor gyms. Its annual memberships consist of 60% of their overall memberships, and Coastal at 15%. Cliffhanger Coquitlam, a direct competitor estimates their total memberships total 70% and the remaining 30% at drop-ins (Coquitlam, 2012).

It is important to note that although Coastal Climbing is not a direct competitor to Steve Nash, membership at Coastal is far from standard. Also memberships at Cliffhanger Coquitlam are 70% and Coastal at 42% shows specific problem it needs to address.

**Table 4: % of Memberships**

% of Memberships	Steven Nash	Coastal Climbing
1 Month	5%	76%
3 Months	10%	10%
6 Months	10%	0%
Annual	60%	15%

## Membership Pricing

Refer to Table 5: Membership Pricing across Competitors, Coastal Climbing offers the lowest prices compared to their competitors. Cliffhanger prices are the highest followed by The Edge and Project Climbing Centre (PCC). Coastal Climbing's closest geographic competitor Cliffhanger, charges \$64 more or 11.7% on their annual membership than Coastal Climbing. Only PCC and Coastal Climbing offer a "One Month Pass" as opposed to Cliffhanger and The Edge who uses two months as a start-up price level for a pass of their memberships. The Edge and PCC offer different price levels for students and The Edge also offers a special rate for "youths" (Appendix 5: Indoor Rock Climbing Pricing Comparisons).

**Table 5: Membership Pricing across Competitors**

### Colour Coding:

Below Average

Average

Above Average

Monthly Pass	Coastal Climbing	Cliffhanger	The Edge	Project Climbing Centre	Average
Annual Pass	\$485.00	\$549.00	\$529.00	\$524.00	\$521.75
Six Month Pass	\$330.00	\$377.00	NA	\$375.00	\$360.67
Three Month Pass	\$195.00	\$229.00	\$209.00	\$213.00	\$211.50
Two Month Pass	NA	\$159.00	\$159.00	NA	\$159.00
One Month Pass	\$75.00	NA	NA	\$80.00	\$77.50

Coastal Climbing incremental upgrade from 1 month passes to 3 months and from 6 to annual are high. It is much higher when compared to their competitors such as Cliffhanger and The Edge (according to Appendix 5: Indoor Rock Climbing Pricing Comparisons).

## Price elasticity of demand

The observed price elasticity of demand as indicated by Centre for Special Economics in Canada is  $-0.9^1$ . This figure shows a relative inelastic demand. Based on these industry findings, increases in price for coastal climbing will result in increased revenues.

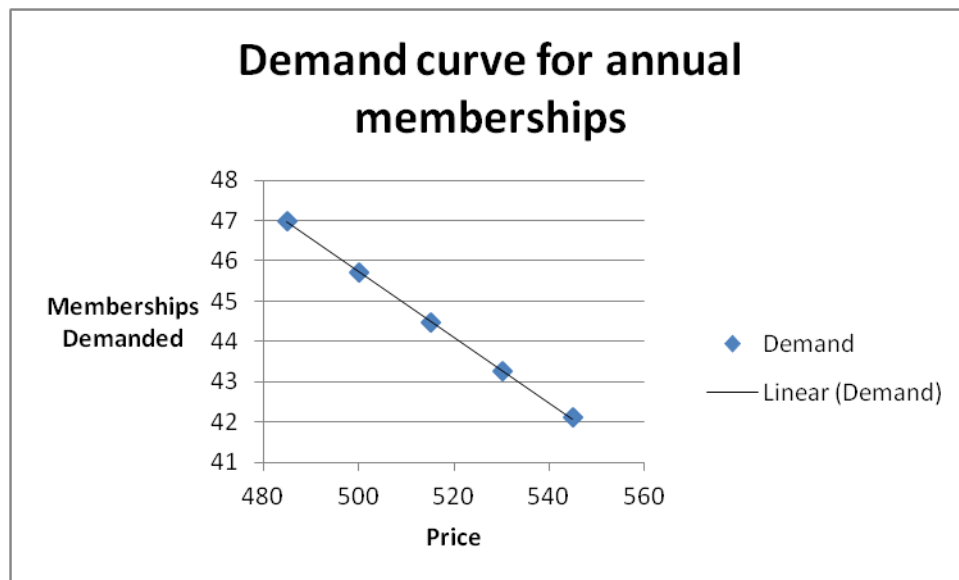
<sup>1</sup> Center for special economics. (2009, November). *RFP Questions*. Retrieved March 2012, from THE ECONOMIC BENEFITS OF A FEDERAL AND PROVINCIAL: [http://www.ficdn.ca/newsletters/eFIC\\_Bulletin\\_Dec09/images/FIC-2009-Final-Report-Nov%202009.pdf](http://www.ficdn.ca/newsletters/eFIC_Bulletin_Dec09/images/FIC-2009-Final-Report-Nov%202009.pdf)

From the price elasticity of demand price changes and the resulting effects on sales can be accurately estimated. The following data (see Table 6: Price Elasticity of Demand) presents potential revenues given future price changes to annual memberships.

**Table 6: Price Elasticity of Demand**

Elasticity	Price	Demand	Sales
-0.9	\$ 485.00	47	\$ 22,795.00
-0.9	\$ 500.00	46	\$ 23,000.00
-0.9	\$ 515.00	45	\$ 23,175.00
-0.9	\$ 530.00	43	\$ 22,790.00
-0.9	\$ 545.00	42	\$ 22,890.00

As illustrated in the above chart increases in price result in an increase in sales despite the reduced demand. This indicates Coastal climbing may be sacrificing revenues because of low membership prices. The demand curve is represented below.



Another consideration is the current pricing structure of Coastal Climbing. Currently operating with a price leadership strategy, prices are significantly lower than competing rock climbing gyms. The elasticity of demand will be lower, most likely less than one until the price exceeds the competitors. Upon exceeding other gyms the price will plateau and elasticity will rise exponentially.

## Price Optimization

As previously mentioned the pricing model for Coastal Climbing was based on an initial leadership model. Pricing of competitors was noted and then undercut in an attempt to gain market share. Given their price leadership model, the question of whether Coastal Climbing was reaching a level of price optimization was investigated. To assess price optimization the demand elasticity was applied to

determine demand curve and the price. To determine the optimal price, a linear demand function was applied.

The result was based on the assumption that after the price began to exceed competitors' demand price elasticity would become very elastic. The maximum reservation price was based on matching the costs of direct competitors. The optimum price for Coastal Climbing is \$515<sup>2</sup>.

### Price optimization for 6 months

$$\begin{aligned} \text{The optimal price for 6 months is } & \$355. \\ & = \text{Max price} + \text{Minimum price} / 2 \\ & = 380 + 330 / 2 \\ & = \$355 \end{aligned}$$

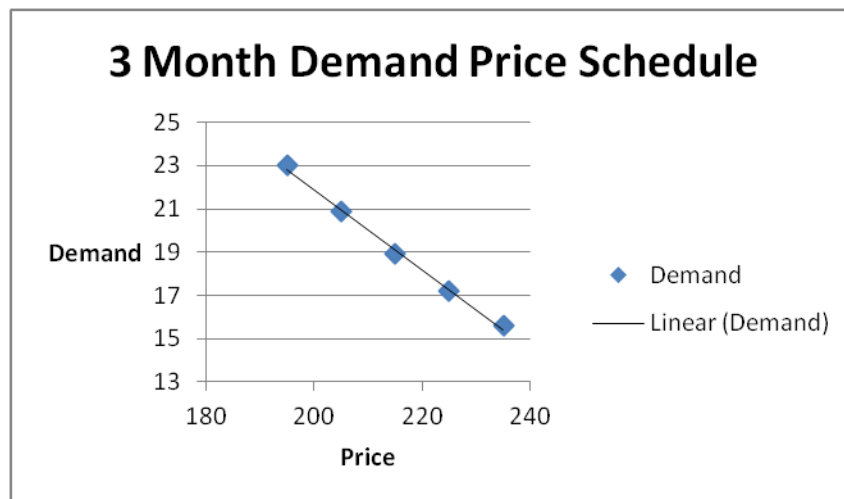
Because there was no demand for a 6 month membership in the past year of operation, a demand curve could not be derived.

### Price optimization for 3 months

The following is an examination of the optimal price for the 3 month membership period.

**Table 7: Price Elasticity of Demand for 3 Months**

Price elasticity	3 month	Demand	Sales
-0.9	195	23	\$ 4,485.00
-0.9	205	20.86829	\$ 4,278.00
-0.9	215	18.93416	\$ 4,070.84
-0.9	225	17.17929	\$ 3,865.34
-0.9	235	15.58706	\$ 3,662.96



Based on the above data the optimal price for 3 months is \$215

<sup>2</sup> Maximum Reservation Price (\$545) + Variable Cost (\$485) / 2



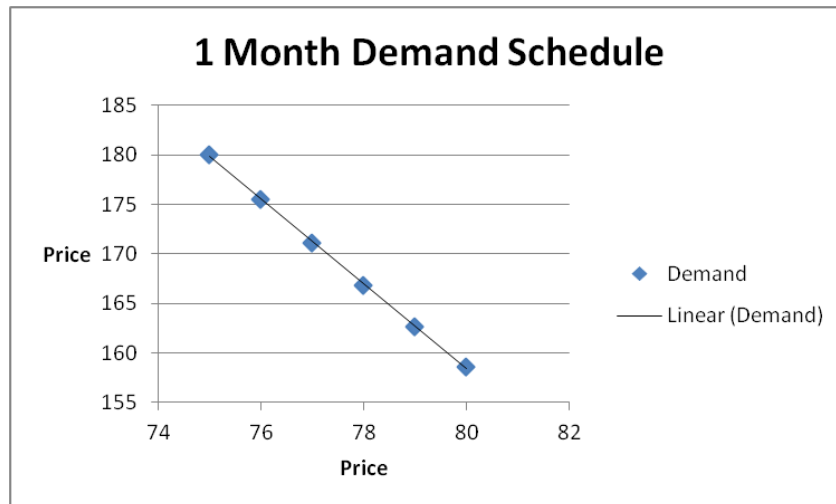
$$\begin{aligned}
 &= \text{Max Price} + \text{Minimum Price} / 2 \\
 &= 235 + 195 / 2 \\
 &= \$215
 \end{aligned}$$

## Price optimization for 1 month

The following is an examination of the optimal price for the month membership period.

**Table 8: Price Elasticity of Demand for 1 Month**

Price elasticity	1 month	Demand	Sales
-0.9	75	180	\$ 13,500.00
-0.9	76	175.5	\$ 13,338.00
-0.9	77	171.1125	\$ 13,175.66
-0.9	78	166.8347	\$ 13,013.11
-0.9	79	162.6638	\$ 12,850.44
-0.9	80	158.5972	\$ 12,687.78



Based on the above data the optimal price is \$77.5

$$\begin{aligned}
 &= \text{Max price} + \text{Minimum Price} / 2 \\
 &= 80 + 75 / 2 \\
 &= \$77.5
 \end{aligned}$$

## Customer Lifetime Value

A customer with an annual membership will bring in \$2,271.84 as opposed to a 3 month and 1 month membership. Discount rate was determined by the percent of CLV accruing in the first five years from Marketing Metrics (Farrus, Bendle, Pfeifer, & Reibstein, 2011). Coastal Climbing customer lifetime value (CLV) is seen below. From this analysis, it can be determined that the most revenue comes from an annual membership and that less emphasis on others.

**Table 9: Customer Lifetime Value**

<b>Customer Lifetime Value</b>			
Annual	\$ 2,271.84		
6 Month	\$ -		
3 Month	\$ 253.09		
1 Month	\$ 41.54		
	<b>Retention</b>	<b>Discount</b>	<b>Price</b>
Annual	89%	8%	\$ 485.00
6 Month	0%	0%	\$ 330.00
3 Month	61%	8%	\$ 195.00
1 Month	36%	1%	\$ 75.00

## Acquisition versus Retention Costs

From August to December 2011 marketing spending for the year was \$944.36. Assuming Coastal Climbing used 90% of their total marketing expense on acquisition and the remainder on retention, \$894.92 was used to help acquire new customers. Coastal Climbing secured 238 memberships and 129 due to attribution, however, that figure was from March 2011 to March 2012.

Both numbers were divided by 12 and multiplied by 5 to account for marketing expense from August to December 2011. The data below reveals that for five months Coastal Climbing acquired 99 ongoing members, and 54 were due to attribution. It costs \$9.04 to gain a new customer whereas it costs \$1.83 to retain one or 492%.

**Table 10: Acquisition and Retention Costs**

<b>Memberships</b>	<b>Ongoing</b>	<b>Attrition</b>
Annual	35	4
6 Month	0	0
3 Month	23	9
1 Month	180	116
<b>Total</b>	99	54
<b>Annual marketing expense</b>	\$ 994.36	
<b>Acquisition Spending</b>	\$ 894.92	
<b>Average Acquisition Costs</b>	\$ 9.02	
<b>Retention Spending</b>	\$ 99.44	
<b>Average Retention Costs</b>	\$ 1.85	

## Decision Criteria

In order to determine the best option(s) for Coastal Climbing, the following decision criteria must be considered:

- It must be within the time constraints of the owner because Doug would like to allocate his time to spend with his family;
- It must fit in with the gym's current rebranding;
- It must be within Doug's marketing budget;
- It must increase customer loyalty from their target market without alienating current customers;
- It must increase sales & revenues in the short-term & long term; and
- Tactics and strategies must have a return on marketing investment (ROI).

## Alternatives

### Restructure the membership offering

Although 75.63% of the members that sign up at Coastal Climbing have a one month membership, it only generates 15% of their total sales. In addition the churn rate for one month is also the highest at 64% (see Table 3: Memberships).

Coastal Climbing can drop the \$75 one month membership and instead opt for a \$159 two-month membership such as the ones offered by The Edge and Cliffhangers (see Table 11: New Pricing Strategy with 2 Months Membership). Coastal Climbing would need 85 members in the 2 month pass to obtain the same amount generated from their 1 month memberships pass last year (see Table 12: Sales Based on Two-Month Membership). Coastal Climbing can generate \$2400 more in the best case scenario where they generate 100 members. Coastal Climbing also risks generating \$2370 less in a worst case scenario where they obtain only 70 members.

**Table 11: New Pricing Strategy with 2 Months Membership**

Coastal Climbing	Price	Difference	Savings	Per Month
Annual Pass	\$485.00			\$ 40.42
Six Month Pass	\$330.00	\$155.00	32%	\$ 55.00
Three Month Pass	\$195.00	\$135.00	41%	\$ 65.00
Two Month Pass	\$159.00	\$36.00	18%	\$ 79.50

**Table 12: Sales Based On Two-Month Membership**

	Price	Memberships	Ongoing	Attrition	Retention	Retention %	Churn	Sales	Sales/Month
Best Case	\$159.00	2 Month	100	52	49	48.5%	52%	\$ 15,900.00	\$ 1,325.00
Even Case	\$159.00	2 Month	85	44	41	48.5%	52%	\$ 13,515.00	\$ 1,126.25
Worse Case	\$159.00	2 Month	70	36	34	48.5%	52%	\$ 11,130.00	\$ 927.50
	\$75.00	1 Month	180	116	64	36%	64%	\$ 13,500.00	\$ 1,125.00

\*Churn rate is based on a median between 1 month and 3 month churn rates  $(64\%+39\%)/2 = 52\%$

If membership for 2 month starts at 85 member and assuming more new members choose to commit to the longer memberships (3/6/1 year) by 15%, Coastal Climbing can see an increase of \$4,107 in their annual membership revenue.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• New members will have a better chance to know the facility, the sport, and the staff there.</li> <li>• Time to get assimilated into the culture and the community of the Coastal Climbing.</li> <li>• Lengthier membership increases retention versus a one month membership.</li> <li>• Upgrading from a 2 month membership will be more attractive as the increase in price will be less than a one month.               <ul style="list-style-type: none"> <li>○ \$191 for members to upgrade from a 2 months to an annual membership (Table 11: New Pricing Strategy with 2 Months Membership).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Members might not be willing to commit to 2 months.               <ul style="list-style-type: none"> <li>○ They might instead opt for a 10 day flex pass.</li> </ul> </li> <li>• Project Climbing Centre would be the only facility that offers 1 month membership and customers who want less commitment might go to them instead.</li> </ul>

## Sales Strategy

An alternative would be to create a new sales strategy, which is based around upselling the customer's initial preference on memberships. This is created by adding value for the consumer when they agree to purchase the next level. Consumers attribute value to price and quality, however, each individual consumer has different ways to describe value and abstractions provide different levels of value to them. Patterns found in a study-defined value in four different patterns for consumers<sup>3</sup> include:

1. Value is low price;
2. Value is whatever I want in a product;
3. Value is the quality I get for the price I pay; and
4. Value is what I get for what I give.

After an evaluation of this study and taking into consideration that rock climbing as a recreational sport has many substitutes, the assumption made is that the economic value to the consumer is the most important attributed. Therefore, the sales strategy is to provide economic value for the consumer if they higher their wanted membership level. The reason for this is that even though the service (rock climbing) can be substituted with other recreational activities, providing instant value economically can help sales because it reduces search time and effort for consumers.

<sup>3</sup>Zeithaml, V. A. (1988). Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, 2-22.

## Restructure

By selling a higher-level membership, the business can generate more revenue. There is no monetary cost for this because after the original training session that is a cost for the business, the business has no fixed or variable costs for those members dropping in whether it be 5 times or 40 times throughout the 4 month period. Shifting memberships to longer durations will also help the business achieve their goal of creating more interest in rock climbing. In addition, it is assumed higher retention rates, the longer a membership continues. This provides a higher possible retention of these members and generating continuous revenue from them.

The new sales strategy will have memberships valued at:

- 1 month: No discount;
- 3 month: 4<sup>th</sup> month free;
- 6 month: 2 months free; and
- 1 year: 2<sup>nd</sup> year is only \$485.

If you refer to Table 13: Optimize Prices with added value you can see the monthly prices with the added value provides an additional savings as oppose to the old prices.

**Table 13: Optimize Prices with added value**

Old Prices	Monthly	Savings	Optimize Prices	Monthly	Savings	Monthly - Year 2
485	\$ 40.42		515	\$ 42.92		\$ 40.42
330	\$ 55.00	32%	355	\$ 44.38	31%	
195	\$ 65.00	41%	215	\$ 53.75	39%	
75	\$ 75.00	62%	77.5	\$ 77.50	64%	

The level where there will be financial implications for the business will be at the annual level. This is due to lowering the price in the second year for members. Currently at the optimized new price of \$515 the demand is 45 members (see Table 6: Price Elasticity of Demand). Therefore, the sales are \$23,175. The current retention rate is 89%, therefore, assuming that all the members that do retain at this rate, provides year two annual members from this group at 40 members. If the price remains the same at \$515 the sales are \$20,600, however, if the price drops to \$485 the sales would only be \$19,400.

Initially it seems as irrational to lower the price in the second year, however, not all annual members return again for an annual membership. As quoted by the owner the industry is not location-based, as people will travel out of their area to try different location based on services and price. Therefore, the assumption is providing annual members with value to retain for a second year will higher the retention rate.

## Yoga Class Service Addition

Combining yoga and rock climbing is a growing market. Many rock climbing gyms in the U.S. have successfully integrated yoga into their rock climbing<sup>4</sup>. Yoga is the second fastest growing exercise activity

<sup>4</sup> Yoga Climbing. (2012). *Yoga climbing*. Retrieved March 2012, from <http://www.yogaclimbing.com>

in the U.S. having grown 32% since 2001<sup>5</sup>. This being said, it would be beneficial to capture some of this rapidly growing market to capture some of this market share and possible crossover into rock climbing for Coastal Climbing.

Yoga offers opportunities to cross over markets. There is an opportunity to entice yoga participants to try rock climbing because many poses can be tailored to aid in developing skills used for rock climbing. Including a yoga class can offer a unique selling point for Coastal climbing. The upstairs portion of the building will be converted to accommodate 20 participants who can engage in a weekly beginner's yoga class. The class will be held weekly on Friday evenings. The class will be held in conjunction with ladies night as 72.2% of yoga participants are women<sup>6</sup>. This will help increase awareness of this class being offered.

### Costs

The instructor will be employed by Coastal Climbing and will be paid an appropriate wage of \$25 per hour<sup>7</sup> for 2 hours each Friday evening. Total cost per year  $\$25 \times 2 \times 52 = \$2,600$ . The room which usually accommodates children's birthday parties in the day will be used. No potential revenues are expected to be lost as children's birthdays solely occur in the day (Thompson, 2012).

### Additional revenue

Yoga classes will be offered at a competitive \$15 drop in rate. Yoga classes will be treated as value added for annual members, classes will be offered for free. All other members will be offered the same classes for a discounted rate of \$5.

### Break-even Analysis

The number of participants was based upon 6.2% of current drop-ins and 6.2% of current members attending the yoga class. This 6.2% is based upon the statistic of 6.2% of the North American population participating in Yoga as an exercise activity. The break-even calculations are as followed:

$$\begin{aligned}
 &6.2\% * 2183 \text{ day passes or drop-ins} = 135.34 \\
 &6.2\% * 203 \text{ memberships under 1 year.} = 12.58 \\
 &\$5 (\text{price for members}) * 9 (\text{score based on proportion of participants}) = 45 \\
 &\$15(\text{price for drop-ins}) * 91 (\text{score based on proportion of participants}) = 1365 \\
 &45 + 1365 / 100 = 14.1 (\text{average price}) \\
 &\text{The selling price was based on a weighted average of members and drop-ins.} \\
 &\text{Participants} = \text{Fixed costs} / (\text{Selling Price} - \text{Variable Costs}) / \text{Selling price} \\
 &2,600 / 14.1 = 184.4 \text{ or } 185
 \end{aligned}$$

Based on the data Coastal Climbing would need 185 participants to break-even.

<sup>5</sup> namasta. (2008). *Wellness industry standards and statistics*. Retrieved March 2012, from namasta : <http://www.namasta.com/pressresources.php#>

<sup>6</sup> namasta. (2008). *Us Yoga Statistics*. Retrieved March 2012, from namasta : <http://www.namasta.com/pressresources.ph>

<sup>7</sup> Pay scale. (2012, March 15). *Hourly rate for yoga instructor jobs*. Retrieved march 2012, from Pay scale : [http://www.payscale.com/research/CA/Job=Yoga\\_Instructor/Hourly\\_Rat](http://www.payscale.com/research/CA/Job=Yoga_Instructor/Hourly_Rat)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provide added value for current and new customers.</li> <li>• Sustainability with additional revenue stream.</li> <li>• Opportunity for customers to cross over to rock climbing or yoga vice versa.</li> </ul>	<ul style="list-style-type: none"> <li>• Space allocated to yoga may take away from additional climbers.</li> <li>• It may alienate existing rock climbers.</li> </ul>

## Customer Relationship Management

A customer relationship management (CRM) system Coastal Climbing will have a data base that includes customer information such as their contact information and email address. This system will allow Coastal Climbing to know the purchase pattern of their customers for them for find the spending habit and patterns.

Keeping track of their members and their payment and let them know when each membership is expiring. The CRM system will also allow Coastal Climbing to send mass emails/e-newsletters to the contact list in their database (see Appendix 7: Customer Survey and E-mail).

Membership check-in equipment will make it easier for Coastal Climbing to keep track of members when they sign in to the gym. Members can sign in by scanning their membership tags into a card reader when this will integrated information into the database in the CRM system.

## CRM System and Hardware

The CS\_AIO\_KIT500 - All-in-One Custom Starter Package<sup>8</sup> costs \$795.00. This package includes the software and hardware needed to track members and check them in using bar coded key tags. Package includes:

- 500 Customized Bar Coded Key Tags (see Appendix 8: Membership ID card Sample);
- Base Module (CRM Software) (see Appendix 9: Club Sentry CRM System Snapshot);
- One-time Setup Fee; and
- Bar Code Slot Reader.

## Training

CC will need to train their front staff on using the new systems. It will cost \$12 per hour X 2 hours to train X 3 employees will cost \$72. Cost is time taken away from the business while the owner, and two managers. Overall costs including the software, hardware, training is \$1035.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Information about customers such as length of memberships, expiration, frequency of visits, and pertinent information for future contact.</li> <li>• Can send emails surveys to find out additional information on what their want and needs.</li> </ul>	<ul style="list-style-type: none"> <li>• The CRM system will have a one-time cost of \$795. <ul style="list-style-type: none"> <li>○ Additional key tags will need to be bought when the start-up of 500 tags runs out.</li> </ul> </li> </ul>

<sup>8</sup> Club Sentry. (2007). *CS\_AIO\_KIT500 - All-in-One Custom Starter Package*. Retrieved 02 20, 2012, from Club Sentry: [https://www.club Sentry.com/khxc/index.php?app=ccp0&ns=prodshow&ref=CS\\_AIO\\_KIT500](https://www.club Sentry.com/khxc/index.php?app=ccp0&ns=prodshow&ref=CS_AIO_KIT500)

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Provide exit surveys to customers who did not renew their membership to find out how they can improve their services.</li> </ul> | <ul style="list-style-type: none"> <li>○ Training staff costs \$240 and is time consuming.</li> </ul> |
|---|---|

### Hire a Marketing Student

An alternative that Coastal Climbing could approach is to hire a part-time marketing student to take care of writing blog posts for the website, updating and analyzing social media platforms, research & marketing suggestions, and other marketing-related work. It will increase business development and rapport with business owners and key individuals that will allow Coastal Climbing to leave brochures at university gyms, supplement establishments and food establishments that have the same values as Coastal in the Surrey area.

Because none of the employees currently working with Coastal Climbing is familiar with graphic and web design, social media tactics, and marketing research, a part-time marketing staff with knowledgeable marketing background may be beneficial in helping Doug to execute marketing tactics that would create brand awareness for the gym.

The marketing hire may be a marketing student in their 3<sup>rd</sup> or 4<sup>th</sup> year of their degree that is looking for relevant marketing experience to add to their resume. The new hire would be contracted to work part-time starting February for four months to increase memberships and drop ins. Working only 20 hours a week to manage marketing duties such as:

- Handling social media accounts;
- Creating customer exit surveys;
- Handling CRM responsibilities if implemented;
- Updating web content and weekly blog posts;
- Developing promotional and other marketing-related ideas;
- Creating graphics and visuals used for any Coastal Climbing material;
- Tracking and analyzing web metrics; and
- Business Development.

The four months allows the marketing student to develop a marketing foundation for Coastal Climbing, generate reports and insights for Doug to continue on with marketing initiatives. Doug may or may not keep the student after the contract expires.

### Cost

If the part-time marketing hire works 20 hours per week at \$12.00 per hour, a month's salary would be \$960.00. The total salary expense for the new marketing hire would be \$3840.00.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Doug would free up his time with any marketing-related tasks due to the new hire to focus on other things.</li> <li>• Increase of consistent marketing efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Part-time and contracted hire is temporary &amp; therefore marketing efforts may be unsustainable if Doug chooses not to continue with the marketing student after</li> </ul>



<p>for Coastal Climbing, particularly online.</p> <ul style="list-style-type: none"> <li>• New marketing ideas can be generated by the new hire to further increase Coastal Climbing’s brand awareness.</li> </ul>	<p>his contract expires.</p> <ul style="list-style-type: none"> <li>• Student’s marketing knowledge is to an extent; may not be at a professional level or not as focused/committed due to school and other commitments.</li> <li>• Would require training and instructions from Doug, especially in the first few months (longer learning curve).</li> </ul>
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To be conservative we hope to increase sales based off total revenue (see Table 2: Coastal Climbing Income Statement). Chart 13: Expected ROI Hiring a marketing student will show the expected return on investment on increase of sales from 2% to 2.75% is shown below.

**Table 13: Expected ROI Hiring a Marketing Student**

Expected 2012 Revenue	2.00%	2.50%	2.75%		Cost	\$ 3,840.00
\$ 222,758.62	\$ 4,455.17	\$ 5,568.97	\$ 6,125.86			
ROI	16%	45%	60%			

## Social Media Promotions

Coastal Climbing should invest more heavily on promotional marketing, using their online channels as their main medium to increase brand awareness in a cost-efficient manner due to Doug’s low marketing budget.

Coastal Climbing can offer a 60% discount (as an initial discount) on drop-in rates during their drop-in rate times on a certain day of the week to those who “like” their Facebook page. This incentive is attractive to those without memberships and drop-in occasionally at the gym, they may be accompanying a regular Coastal Climbing climber, or they may be a new climber. The idea is to also attract more Facebook likes, Facebook page visits, and link shares due to this promotion which would be announced during the week. This will also bring people in during Coastal Climbing’s slowest drop-in climb times.

## Conversion Rates

Coastal Climbing currently has 137 Likes on their Facebook Page. If they run a promotion for a 60% off drop-in at a certain time (for the first 15 people who redeem) the day before, under modest assumptions, it is estimated that 5% of Coastal Climbing Facebook fans will show up to the gym to redeem this offer in the first few months.

An assumption is made that the conversion rate for this promotion during the summer months will be lower because people would want to spend more time outdoors. With a 5% conversion rate (and a 3% conversion rate in the summer) each week from this promotion for a year coupled with an assumed slow organic growth of Facebook likes of 25 each month, there would be approximately 640 discounted drop-in climbs in one year (please refer to Appendix 9: Facebook Promotion Membership Conversion Rate).

Under modest assumptions, 2% of discounted climbers (and 1% in the summer) will convert into either a flex pass, three or six year membership for each month (including repeat and new discounted drop-in climbers). According to Appendix 9: Facebook Promotion Membership Conversion Rate, a total of 9 memberships may potentially be purchased with an allocation of 1 flex pass membership, 6 one-month memberships, 1 three-month membership, 0 six-month memberships, and 1 annual membership. This membership allocation is based on the current percentage of membership holders per category.

### Cost

The cost of this promotion on Facebook will include the cost of belayers available at the gym during slow drop-in rate times. One belayer per approximately four-five climbers would be a sufficient number to maintain the quality of the climb and reduce the amount of “wait” times (idle time when another person is climbing). Therefore, an average of two belayers (one per four climbers) every week are needed for the first five months of the promotion, and three belayers (one per five climbers) for the remaining months of the promotion. This is under the assumption that belayers spend two-three hours at the gym (depending on the number of people present). The total cost of this promotion would be:

$$2 \text{ belayers} \times 2 \text{ hours} \times \$12.00 = \$48.00 \text{ a week} \times 4 \text{ weeks} = \$192.00 \times 5 \text{ months} = \$960$$

$$3 \text{ belayers} \times 3 \text{ hours} \times \$12.00 = \$108.00 \text{ a week} \times 4 \text{ weeks} = \$432.00 \times 7 \text{ months} = \$3024$$

The total cost to run this promotion (based on the presence of belayers at the gym) is \$3984.00.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Great incentive to increase the number of likes on Facebook, increase traffic to the Facebook page.</li> <li>• Lower perceived risk due to purchasing at a discounted price (for new buyers).</li> <li>• Bring in more traffic to the gym during their slow times drop-in times.</li> <li>• May trigger word of mouth marketing/buzz.</li> <li>• Help gain brand awareness and more exposure online.</li> <li>• Low/no cost to promote on social media outlets.</li> </ul>	<ul style="list-style-type: none"> <li>• Time consuming to measure the effectiveness.</li> <li>• Lowering revenue due to discounts.</li> <li>• May be difficult to attract customers who are not on social media outlets.</li> </ul>

### Marketing ROI

Under the assumption that during slow days, very few people come into the gym during drop-in times; the discounted promotion will bring in a total of 640 climbs x \$6.80 discounted price assuming no shoe rentals. Coastal Climbing will generate \$4352. See Appendix 9: Social Media Promotion Membership Conversion Rates, an additional \$1,280 of revenue would be made if 9 discounted climbers converted to memberships. Total revenue from this tactic will be \$5,632.

$$\text{Marketing ROI} = \$5632 - \$3984 / 3984 = \text{Yields a } 41.37\% \text{ Marketing ROI.}$$

## Direct Mail

### Qualitative

This approach helps build brand awareness and generate trial at Coastal Climbing. The South Surrey area is very appealing due to an average income of \$47,405, the highest of the regions in Surrey (refer to Appendix 4: Income Distribution in Surrey). This will help Coastal Climbing because:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Gets traffic through the door.</li> <li>• Get demographic information for future promotions.</li> <li>• Opportunity to upsell its membership.</li> <li>• Increase word-of-mouth.</li> </ul>	<ul style="list-style-type: none"> <li>• Not as cost-effective as other alternatives.</li> <li>• Environmental implications.</li> <li>• Low conversation rate.</li> </ul>

### Quantitative

It will cost \$1015<sup>9</sup> for 1000 4x6 colour post cards including postage. The cost is very high; however, statistics show that direct mail can be an effective tool. 81% of people who get direct mail discard it, therefore, only leaving 19% of 1000 sent out to gain a potential customer base of 190 people. Statistics show that 87% of the remaining group as potential consumers<sup>10</sup>. To be conservative we subtract 25% leaving only 62% of potential consumers which is 117 people. Of these 117 people 83% are likely to use coupons or any offerings provided from the direct mail that gives the business 97 trials.

The postcard will have a 2-1 promotion that will bring in two potential customers per visit. Coastal Climbing prices for a day pass are \$17 without equipment rental. The promotion is only valid for one month and only on every Monday from 3:30PM – 5:30PM. An additional belayer will be available for the two hours at \$12 per hour. It will cost Coastal Climbing \$96 for the month promotion and \$1015 for the post cards which is \$1111<sup>11</sup> in incremental costs. Incremental revenue from this option will be \$1649<sup>12</sup>. Coastal Climbing would gain a ROI of 48.42% for this tactic only.

$$\text{Marketing ROI} = \$1649 - \$1111 = \$538 / \$1111 = 48.42\% \text{ Marketing ROI.}$$

## Recommendations

Following the analysis of coastal climbing's operations in the recent months we have derived several recommendations. These recommendations encompass both long and short term. The following recommendations are deemed to be beneficial for coastal climbing in furthering its organizational re-branding.

<sup>9</sup> Direct Mail Postcards. (2012). *Direct Mail Postcards: Mailing & Postcard Printing*. Retrieved 02 20, 2012, from GFX Printing: <http://www.gfxinc.com/direct-mail-postcards.html>

<sup>10</sup> Direct Mail Postcards. (2012). *Direct Mail Postcards: Mailing & Postcard Printing*. Retrieved 02 20, 2012, from GFX Printing: <http://www.gfxinc.com/direct-mail-postcards.html>

<sup>11</sup> \$1015 + \$96

<sup>12</sup> 97 Trial customers x \$17 Day pass

## Short Term

### Direct Mail

Direct mail with coupons will be issued to the south surrey region where household income is the highest in Surrey. Direct mail on the surface appears costly, at just over \$1 per mailed flyer. Coastal Climbing will issue 1000 post cards and is expecting a return of 19%. 1000 post cards will be issued and a return of 190 customers can be expected. Conservative estimates indicate 117 of those customers 83% or 97 of them are expected to use the offered coupon. The promotion will allow a 2 for 1 purchase of a day pass. Expected revenues are \$1649.00.

### Social Media

Identified as one of its main weaknesses of Coastal climbing's marketing is the current social media. Investing in social media is a great way to increase awareness through proportionally smaller investments. Presently the suggested campaign to promote Coastal climbing would be to offer a 60% discount on drop in rates to those who have "Liked" their face book page. The anticipated resulting revenue will amount to \$4352; this figure is based upon 640 redeemed coupons.

### Sales Strategy

Focusing on a sales strategy of this nature allows for the business to focus on growing their second tier of customers at the 1 and 3month memberships. There is value for consumers financially to up the level of their membership as they get free months. They can reward their annual members with a lower price. However, due to the fact that these groups of members might not be so price-sensitive, it will be important to build a strong relationship with them and take their feedback. The implementation of a yoga practice and providing it for no cost to annual members provides them with a reward for being top tier customers.

### Membership offering

To re-format the pricing structure the one month membership option will be eliminated. The one month membership option accounts for just 15% of sales. This being said 75% of clients choose this option. By dropping this option and offering a 2 month membership program in its place revenues will increase along with overall member commitment. This strategy mimics many local competitors. Scenarios with a positive outcome could generate up to another \$2400.00 in sales revenue for the following fiscal year. It is assumed not all current one month members will move to the two month option however there are still various options available such as the 10 day pass.

## Long Term

### CRM

Noted was the inadequate customer relationship management software used by Coastal Climbing. As operations continue and increased capital is accumulated the CRM system will be overhauled. The new system will grant Coastal Climbing access to valuable customer information keeping track of existing customer habits, how long they stay and the frequency of their visits. It will also add an element of convenience permitting customers to sign in with specialized key tag bar codes.

### Yoga

A weekly yoga class will be introduced to add a competitive unique selling point to Coastal Climbing's business model. Through research various trends have been identified showing the integration of yoga and rock climbing. This class would be a great opportunity to capture a growing market share of yoga participants and to potentially encourage many participants to try rock climbing and vice versa.

## Action Plan

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Direct Mail	1	2			3				4			
Social Media	5											
Sales Strategy						6						
Membership Offering						7						

Steps	Tasks
1	CC would need to get the design of the direct mail and this can be done through outsourcing it to Kwantlen GDMA students. This would make a month for CC to find a designer and produce a design.
2	CC would contact a print shop to print out the designed prints. The first batch of 1000 mails will be sent out May 2012 to start the promotion for the summer.
3	Second batch of 1000 mails will be sent out August 2012 to start the promotion for the fall.
4	The third and last batch of 1000 mails will be sent out December 2012 to start the promotion for the New Year.
5	Start social media campaign and measure success and ROI every month.
6	CC would implement a new price structure but this plan will not be in effect until September 2012 which is the start of the new fiscal year.
7	The new membership offering can start after the implementation of the new pricing structure.

## Controls

Coastal Climbing has 36.5 hours per week dedicated for membership only customers. It is assumed an average customer will come for two hours. This will result in having 18<sup>13</sup> customers per week to fill up that time. However, the gyms maximum capacity is 60 people in the rock climbing area. At any one time it can accommodate 1080<sup>14</sup> people every week, but it is also assumed that customers come in twice a

<sup>13</sup> 36.5 hours / 2 hours per visit per member

<sup>14</sup> 18 people x 60 people at max capacity

week so it can only accommodate 540<sup>15</sup> customers. It also needs to consider additional people such as belayers and the square ft. of the area so another half is divided which concludes a maximum capacity of 270 customers that it can accommodate every week.

This would indicate that Coastal Climbing can sell a maximum 270 annual memberships. This assumption only considers annual memberships and not a 6, 3, or 1 month membership. Coastal Climbing needs to increase its membership by 24% or 57<sup>16</sup> new memberships to meet the 70% similar to Cliffhanger.

### **Direct Mail**

Direct mail will be sent out three times a year and redemption rate will be crucial to the success of the campaign. It needs to achieve a conversion rate of 9.7% of the total direct mail sent out per month. Coastal Climbing will perform an A/B test in the first month, and the highest redemption rate of the two will be used for the remainder of the campaign. If the redemption goes below 9.7% it will need to change the messaging before the next batch of direct mail is sent out.

### **Social Media**

Social media tracking and measurement tools for Facebook (such as Social Mention, Facebook Insights, and WildFire) will be used to find out how many people were talking about the promotion, what increase it caused in traffic to Coastal Climbing's website, and what direct impact it had on conversion (refer to Appendix 10: Social Media Conversion Rates for forecasted conversion rates). The increase in Likes over a period of time, number of shares, and wall post comments can be measured as well, captured by an ongoing timeline to measure the success of this promotion. Sentiment can be measured (positivity or negativity around the promotions and the brand as a whole) through Social Mention.

Furthermore, a simple A/B test may also be implemented in the duration of this Facebook promotion. Currently suggested at 60% off drop-in rates as the incentive, Coastal Climbing can also offer Two-for-One drop-ins on Facebook. Using social media tracking and measurement tools, Doug can compare the two results against each other (with an ROI analysis of the other discount).

### **Restructuring Membership Offering**

The effectiveness of the new membership structure will be based on the revenue generated per month. The monthly revenue for new members should generate \$40,780 or more in order to stay on course. Refer to Table 14: Monthly Sales to see the monthly sales Coastal Climbing would theoretically need to reach per month of \$3,398.33.

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<sup>15</sup> 1080 people can visit 2 hours per week / 2 to accommodate people coming in twice a week

<sup>16</sup> 238 ongoing memberships x .24 percent increase

**Table 14: Monthly Sales**

	Price	Memberships	Ongoing	New	Attrition	Retention	Retention %	Churn	Sales	Sales/Month
	\$485.00	Annual	47		4	43	88.6%	11%	\$ 22,795.00	\$ 1,899.58
	\$330.00	6 Month	0		0	0	74.7%	25%	\$ -	\$ -
	\$195.00	3 Month	23		9	14	60.9%	39%	\$ 4,485.00	\$ 373.75
Even Case	\$159.00	2 Month	85		44	41	48.5%	52%	\$13,515.00	\$ 1,126.25
Total									\$40,795.00	\$ 3,399.58
Control Benchmark									\$40,780.00	\$ 3,398.33

\* The ongoing of 47 for annual accounts for the 12 new members

### Sales Strategy

In order to evaluate and control the sales strategy recommendation, the business needs to continue to monitor the number of sales and if there are any increases due to the new sales strategy. Due to this alternative being based around a qualitative approach to higher retention rate and increasing membership at higher levels. Doug and the two managers will be required to upsell the memberships. It is determined that any increase in new and retain memberships from the previous year will see the continuation of the new prices and value added service.

### Conclusion

By addressing its brand, optimizing its price and restructuring their memberships, Coastal Climbing will better increase its competitive advantage over its competitors. It also provides value for new customers and existing ones who are renewing it. Direct mail will increase brand awareness and bring in new memberships and gauge the type of customers redeeming the direct mail. Social media will build a community and hope the added value of providing discounts to those who follow Coastal Climbing is rewarded. Restructuring the membership offering helps increase the likelihood of higher retention due to a 2 month membership as oppose to 1 month. A sales strategy will incentivize members to opt for longer term memberships and the end result is an increase in long-term memberships. Implementing these strategies will complement the rebranding of Coastal Climbing and further their reach for new and existing customers.

## Appendix

### Appendix 1: Coastal Climbing Services and Rates

Service	Price & Description
Climb-Time Drop In	\$17 for 2 hours, or \$19 including climbing shoes. Call for alternative times and reservations for a 'Basic Party' if these times don't work for you or you want to bring more than 4 climbers. Prepaid reservations for Climb Time are available by request.
School Groups	Climb for 1.5 hours for \$12 or 2.0 hours for \$14 per person
Basic Party	<ul style="list-style-type: none"> <li>• Up to five climbers.....\$90 (1 instructor)</li> <li>• Up to ten climbers.....\$170 (2 instructors)</li> <li>• Up to fifteen climbers....\$240 (3 instructors)</li> </ul> <p>Basic groups climb for 1.5 hours, after which they have the option of using the party area for one hour. Food is not provided but paper plates, cups, napkins and utensils are supplied.</p>
Birthday Parties	<p>Party package (up to five children) \$140 Each additional child \$22 (to a maximum of 15 participants)</p> <p>Packages include:</p> <ul style="list-style-type: none"> <li>• 1.5 hours of climbing fun and excitement</li> <li>• All instructor fees and equipment - kids should wear runners, not skate shoes/sandals/crocs...</li> <li>• One hour to party and enjoy food from either:</li> <li>• Subway (Six-inch Sub sandwich)</li> <li>• Pizza Hut (Your choice of Pizzas)</li> <li>• Birthday Cake from:</li> <li>• Dairy Queen (Ice Cream Cake)</li> <li>• Safeway (Chocolate or Vanilla Cake)</li> <li>• One free Climb Time gift certificate to use on a subsequent visit</li> </ul>
Introduction to Climbing Course	\$60 - This introductory lesson consists of three hours of training with qualified instructors who will teach climbers the fundamentals of indoor rock climbing, such as proper knot tying, how to put on and use a harness, and belaying techniques. Shoes, harness, and belay equipment are all provided with the lesson. A free belay test and four free day passes for return visits are also included.
Advanced Belay Course	\$70 - This course will teach climbers about lead climbing, clipping techniques and belaying skills. In two hours you will learn about Dynamic Falls, Z-Clips, Back Clips and more. <i>Prerequisite: Climb solid 5.9 on top rope.</i>
Youth Programs	<b>Saturday Morning Youth Drop-in:</b> This program is for kids aged 7—15 who have tried



climbing and are interested in climbing regularly.

\$7 per visit + one-time \$10 registration

\* meet other kids interested in learning more about climbing

\* improve your climbing ability

\* Saturday mornings from 10:30-12:00

\* free harness rental

\* all abilities welcome

#### **Youth Team:**

This program is for young climbers from 11—17 years of age who are interested in a more consistent schedule and personalized coaching. The focus is on cooperation with teammates, more advanced skills, and learning to top-rope belay.

\* sessions are twice a week, on Mondays and Thursdays from 6:00-8:00 PM

\* enrollment is \$300 per 3 month course (minimum 24 sessions)

\* all team-members get a Youth Team t-shirt with enrollment

#### **Junior Team:**

For young climbers who have found “their thing!” Junior Team sessions will feature specialized training for indoor, outdoor and competition climbing.

\* Sessions are Monday and Thursday from 6:00—8:00, plus specialized workouts on Sunday morning.

\* Enrollment is for 3 months

\* Call or email for availability and price

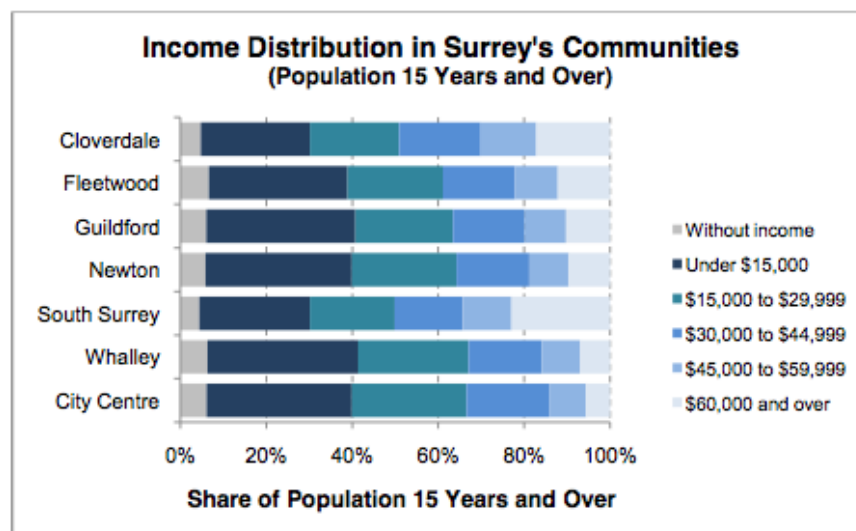
## **Appendix 2: Climber & Membership Rates**

Bouldering	\$12.00
10 Day Bouldering Pass	\$100.00
1 Day	\$17.00
10 Day Punch card	\$150.00
1 Month	\$75.00
3 Month	\$195.00
6 Month	\$330.00
1 Year	\$485.00
University Day	\$12.00
University Month	\$50.00

### Appendix 3: Age and Gender Breakdown in Surrey

	Cloverdale	Fleetwood	Guildford	Newton	South Surrey	Whalley	City Centre	Surrey Total†
Total population	37,700	50,040	52,240	109,385	59,890	83,190	17,560	394,976
Male population	18,665	24,670	25,830	54,050	28,675	41,850	8,735	194,710
0 to 4 years	1,520	1,430	1,520	4,310	1,230	2,795	480	12,710
5 to 9 years	1,335	1,870	1,820	4,225	1,705	2,945	490	13,725
10 to 14 years	1,410	2,095	2,095	4,215	1,990	2,950	535	14,915
15 to 19 years	1,455	2,090	2,235	3,695	2,100	3,015	410	14,445
20 to 24 years	1,140	1,760	1,900	3,870	1,695	2,950	680	13,225
25 to 29 years	1,095	1,555	1,725	4,030	920	2,900	690	12,165
30 to 34 years	1,335	1,400	1,355	3,970	1,050	2,960	675	12,265
35 to 39 years	1,445	1,730	1,735	4,140	1,575	3,340	695	14,105
40 to 44 years	1,530	1,915	2,320	4,245	1,950	3,605	750	15,980
45 to 49 years	1,545	2,145	2,380	3,815	2,285	3,455	835	15,620
50 to 54 years	1,325	1,845	1,940	3,385	2,395	2,795	595	13,940
55 to 59 years	1,140	1,570	1,420	2,840	2,440	2,455	555	12,050
60 to 64 years	780	1,070	1,110	2,450	1,960	1,870	440	9,080
65 to 69 years	530	795	775	1,670	1,315	1,355	315	6,640
70 to 74 years	395	520	705	1,355	1,360	1,050	240	5,285
75 to 79 years	355	455	405	1,010	1,065	740	160	4,095
80 to 84 years	205	250	250	480	960	440	110	2,660
85 years and over	125	165	130	340	675	225	80	1,800
Female population	19,040	25,370	26,405	55,335	31,215	41,340	8,825	200,260
0 to 4 years	1,215	1,430	1,330	3,790	1,225	2,665	490	11,845
5 to 9 years	1,300	1,645	1,615	3,945	1,395	2,610	455	12,610
10 to 14 years	1,415	1,765	2,045	3,795	2,060	2,860	460	13,735
15 to 19 years	1,165	1,970	2,015	3,695	2,175	2,595	520	13,810
20 to 24 years	1,185	1,695	1,690	3,745	1,385	3,020	600	13,005
25 to 29 years	1,225	1,605	1,500	4,550	980	3,280	605	13,240
30 to 34 years	1,350	1,655	1,760	4,630	1,330	3,130	705	13,810
35 to 39 years	1,630	1,870	2,115	4,420	1,805	3,210	755	15,035
40 to 44 years	1,800	2,210	2,605	4,315	2,320	3,415	775	16,430
45 to 49 years	1,635	2,215	2,460	3,740	2,680	3,145	655	15,955
50 to 54 years	1,430	1,895	2,005	3,555	2,765	2,875	635	14,300
55 to 59 years	1,055	1,500	1,620	3,395	2,575	2,490	615	12,465
60 to 64 years	805	980	1,075	2,320	2,025	1,665	365	9,135
65 to 69 years	580	955	750	1,775	1,465	1,360	330	6,965
70 to 74 years	520	580	615	1,530	1,410	1,020	270	5,775
75 to 79 years	370	640	610	1,045	1,315	830	205	4,900
80 to 84 years	215	435	335	710	1,265	650	190	3,900
85 years and over	130	315	260	385	1,030	500	175	3,355

## Appendix 4: Income Distribution in Surrey



	Cloverdale	Fleetwood	Guildford	Newton	South Surrey	Whalley	City Centre	City Total
Population 15 years and over	29,500	39,800	41,800	85,110	50,275	66,380	14,655	312,875
Without income	1,400	2,650	2,515	4,970	2,230	4,180	900	17,950
With income	28,105	37,155	39,285	80,135	48,045	62,195	13,755	294,925
Under \$1,000	1,085	1,910	2,300	3,930	1,975	3,900	820	15,100
\$1,000 to \$2,999	935	1,640	1,575	2,685	1,725	2,255	365	10,820
\$3,000 to \$4,999	620	1,380	1,600	3,150	1,400	2,150	490	10,300
\$5,000 to \$6,999	845	1,485	1,690	3,185	1,455	2,520	580	11,180
\$7,000 to \$9,999	1,395	2,040	2,670	5,295	2,240	3,665	770	17,305
\$10,000 to \$11,999	1,045	1,990	2,185	4,725	1,675	3,885	815	15,505
\$12,000 to \$14,999	1,570	2,415	2,510	6,005	2,470	4,855	1,105	19,830
\$15,000 to \$19,999	2,275	3,365	3,715	7,890	3,695	6,845	1,475	27,785
\$20,000 to \$24,999	2,000	3,080	3,045	7,215	3,175	5,685	1,355	24,195
\$25,000 to \$29,999	1,850	2,370	2,710	5,660	3,010	4,565	1,085	20,155
\$30,000 to \$34,999	2,230	2,530	2,570	5,555	2,795	4,520	1,120	20,200
\$35,000 to \$39,999	1,700	2,130	2,315	4,785	2,700	3,855	905	17,480
\$40,000 to \$44,999	1,685	2,035	2,115	4,085	2,480	2,970	795	15,370
\$45,000 to \$49,999	1,435	1,520	1,590	3,295	2,120	2,525	540	12,485
\$50,000 to \$59,999	2,380	2,445	2,405	4,470	3,590	3,355	725	18,640
\$60,000 and over	5,055	4,840	4,295	8,200	11,535	4,645	815	38,570
Average income	\$37,329	\$31,347	\$29,924	\$29,249	\$47,405	\$26,412	\$25,566	\$32,733



## Appendix 6: SWOT Analysis for Coastal Climbing

	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Strong word-of-mouth</li> <li>• Strategic alliance with universities</li> <li>• Rock climbing becoming more mainstream</li> <li>• Target market has a lot of disposable income</li> <li>• Collaboration with like-minded businesses</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Lots of substitutes like a regular gym, other leisure activities</li> <li>• Consumers see rock climbing as dangerous and seen as an extreme sport</li> </ul>
<b>Strengths</b> <ul style="list-style-type: none"> <li>• Excellent customer service – rapport with regulars; free snacks</li> <li>• Strong repeat business</li> <li>• Only rock climbing gym in Surrey</li> </ul>		
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• No business protocol</li> <li>• No customer relationship management software</li> <li>• No formal marketing plan</li> <li>• Key individuals have no formal business background</li> <li>• Time constraints of key individuals to focus on business – Family life</li> <li>• Location is difficult to find</li> </ul>		

## Appendix 7: Customer Survey and E-mail

### Customer Satisfaction and Willingness to Recommend Survey

How satisfied are you with your membership with Coastal Climbing?

<b><i>Very Dissatisfied</i></b>	<b><i>Somewhat Dissatisfied</i></b>	<b><i>Neither Satisfied nor Dissatisfied</i></b>	<b><i>Somewhat Satisfied</i></b>	<b><i>Very Satisfied</i></b>
1	2	3	4	5

How willing are you to recommend Coastal Climbing to a friend?

<b><i>Very Not Willing</i></b>	<b><i>Somewhat Not Willing</i></b>	<b><i>Neither Willing nor Not Willing</i></b>	<b><i>Somewhat Willing</i></b>	<b><i>Very Willing</i></b>
1	2	3	4	5

## Follow Up Email

Dear <member>,

It is great to have you at Coastal Climbing. I hope that your membership is going well and that you are starting to make progress towards your fitness goals and having fun.

Please let us know if you have any questions about your current membership, or would like us to have a look at your current climbing techniques and make any revisions for you.

We thought you might have a couple of friends or relatives that you may wish to train with, to assist and motivate you in your regular exercise sessions. With this in mind we have included two FREE ONE PASS TRIALS\* of our centre. Your friends can simply present these trial vouchers at our centre when they wish to begin their training.

We look forward to seeing you at your next visit

Regards,

**Coastal Climbing**

<name>

\*Limit of one trial per person. Trial offer not open to current or ex-member.

## Renewal Letter

Dear <member>,

It has been great having you as a member of our facility over the past few months. We hope that you have enjoyed your membership at Coastal Climbing. As you are probably aware, your membership is due to expire on <date>.

I have enclosed a membership renewal form for you to complete so that you can renew your membership easily and continue your membership with our club.

Please fill in the enclosed form including payment advice slip. Place this in the enclosed pre-paid envelope and send it through to us. Alternatively, you can come in and renew next time you visit the club.

If you rejoin before your existing membership expires, then you will be able to take advantage of the special rejoin price of \$\_\_\_\_.

We also have a number of easy payment options should you wish to pay your membership off in a more convenient manner. Perhaps you would like to align your payment with your weekly, fortnightly or monthly pay period. Please ask our staff about these options during your next visit.

Regards,

**Coastal Climbing**

<name>

## Appendix 8: Membership ID card Sample



## Appendix 9: Club Sentry CRM System Snapshot

Club Sentry - Club Sentry, Inc - Front Desk - user:JD Williams

File Tools Employees Help

Checkin Members Billing Memberships Sales Inventory Letters Reports Employees Sessions Settings

Search

Member's Name	Card #
Smith, Alison	2620997
Smith, Alex	3302214
Smith, Allison	7919980
Smith, Allison	2623047
Smith, Allison	2622917
Smith, Allison	3302392
Smith, Allyna	3302200
Smith, Allyson	3302317
Smith, Alona	5116733
Smith, Amanda	2620998
Smith, Amanda	2623230
Smith, Amanda	2621034
Smith, Amanda	2006119
Smith, Amaris	6035105
Smith, Amy	2622989
Smith, Amy	2623211
Smith, Amy	12019443
Smith, Amy	6013449
Smith, Amy	3302467
Smith, Amy	2622332
Smith, Amy	6013470
Smith, Amy	6521259
Smith, Amy	2621044
Smith, Amy	5116719
Smith, Amy	3302236
Smith, Amy	2623068
Smith, Ana	10731803
Smith, Anastasia	600599
Smith, Anca	3302253
Smith, Andie	11753473
Smith, Andrea	2621074
Smith, Andrea	600583
Smith, Andrea	7452386
Smith, Andrea	2623092
Smith, Andrea	6035122
Smith, Angel	2623209
Smith, Angela	6521294
Smith, Angela	10727606
Smith, Angela	10727688
Smith, Angela	11148189
Smith, Angie	2621047
Smith, Anita	6042919
Smith, Anita	6521508
Smith, Anita	2622936
Smith, Ann	10731704
Smith, Ann	2623138
Smith, Ann	2623085
Smith, Ann	7831024
Smith, Ann	3302360

MEMBER'S PICTURE

MESSAGES

CHECK IN RESULTS

MEMBER'S INFORMATION

Name: **Andrea Smith** CardNumber: **600588**

Plan: **OWNER'S COMP** Expiration Date: **NEVER**

Last Visit: **3/22/2008** Visits this month: **1**

Start Date: **1/10/2007** Visits Total: **255** Next Measure Date: **N/A**

Next Payment Date: **N/A**

ACTIONS

Check This Member In Take Member's Picture

Check This Member Out Show Member's Picture

Use Guest Passes Show All Memberships

Print Member Card Reconcile Check-in

View Checkin Status Refresh Checkin List

Start Class Checkin

Using Front Desk Application

Turn On Door Lock

Members Currently Checked In

Member's Name	Time In
Smith, Adrienne	11:23:54 AM
Smith, Allhne	11:23:57 AM
Smith, Allison	11:23:58 AM
Smith, Amanda	11:23:59 AM
Smith, Amy	11:24:00 AM
Smith, Amy	11:24:01 AM
Smith, Ann	11:24:03 AM
Smith, Anne	11:24:06 AM
Smith, Cynthia	11:24:06 AM
Smith, Danya	11:24:08 AM
Smith, Christine	11:24:11 AM
Smith, Emv	11:24:11 AM
Smith, Enid	11:24:16 AM
Smith, Ellen	11:24:19 AM
Smith, Gina	11:24:20 AM
Smith, Frances	11:24:22 AM
Smith, Eva	11:24:24 AM
Smith, Glenda	11:24:26 AM
Smith, Jane	11:24:27 AM
Smith, Jeanette	11:24:28 AM
Smith, Joan	11:24:34 AM
Smith, Jill	11:24:37 AM
Smith, Jessica	11:24:38 AM
Smith, Jennifer	11:24:39 AM
Smith, Jennifer	11:24:42 AM
Smith, Julia	11:24:44 AM
Smith, Julie	11:24:45 AM
Smith, Julie	11:24:46 AM

Total persons currently checked in **39**



## Appendix 10: Social Media Promotion Membership Conversion

	Now	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Facebook Likes	137	200	225	250	275	300	325	350	375	400	425	450	475	
Promotion Conversion rate	5%	5%	3%	3%	3%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Climbers per week	7	10	7	8	8	15	17	18	19	20	22	23	24	
First 15 people to redeem								15	15	15	15	15	15	15
Discounted climbs per month	28	40	28	32	32	60	60	60	60	60	60	60	60	640
Membership Conversion rate	2%	2%	1%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Membership card holders	1	1	0	0	0	1	1	1	1	1	1	1	1	9
<b>New Membership Card Holder Allocations</b>														
	<b>Members</b>		<b>Price</b>		<b>Sales</b>									
Flex Pass	9 x 0.08*		1	150	\$150.00									
One Month	9 x 0.69		6	75	\$450									
Three Month	9 x 0.09		1	195	\$195									
Six Months	9 x 0.00		0	0	0									
Annual	9 x 0.14		1	485	\$485									
			9		<u>\$1,280.00</u>									
*Based on a current ratio of membership percentages per category														
*Facebook Likes based on assumption of slow organic growth														

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