



PROINSIGHTTM

Mystery Shopping and Consumer Research

The Proinsight Annual Benchmark Report

Driving commercial performance

October 2014

Foreword

In our new annual report we highlight some revealing benchmark statistics on membership sales performance within the leisure sector and introduce the Proinsight Benchmark Score™. We are able to include year on year analysis that will show where progress has been made and also where there has been some fall back in performance. There is new data on the seasonality of sales behaviours and how these could impact on your company's performance.



David Hopkins

MD and Founder of Proinsight Research Ltd

The first issue of this report begins a new chapter for Proinsight Research Ltd and for me personally. As I look back over the last year and the key decision made to spin the business out of its parent company, Proleisure LLP, I am delighted with the new start the company has made but I am even more excited about our future plans.

I am proud to present the very first Proinsight Annual Benchmark Report. Please read on...



Executive Summary



Thank you David and your team, at last a report that has meaning and relevance, this report really highlights the current trend within the sector with most staff focusing on a features based price sale, using poor closing and follow up techniques. The power of mystery shopping creates a platform for accountability, improved service levels and consistency.

Paul Woodford

*Head of Client Support and Partnership Division
Alliance Leisure*

The aim of the report is to present objective data on the sales process that has been collated from our mystery shopping visits. The mystery shop template for measuring the sales process has been created and refined over the years in collaboration with our clients and the sales expertise of Proinsight.

Proinsight operates in over 350 different locations across the UK and has conducted c. 5,000 mystery shops over the last 3-4 years. This has produced over ¾ million

pieces of data and thousands of qualitative comments.

The data has been collated, crunched and analysed to produce the Proinsight Benchmark Score™ (PBS) which we believe reflects the overall effectiveness of the sales process in the leisure sector.

The PBS for 2014 was 59.3% which was just 0.1% up on the 2013 score of 59.2%, so the industry has not moved forward in terms of overall score. However, closer examination of the eight metrics that make up the score

show progress in two out of eight areas. The featured Case Study shows what can happen when a business focuses effort on one or two critical sales skills in order to improve the commercial performance. Proinsight operates to the highest standard of trust, ethics and confidentiality but in full cooperation with one of our clients we can show in our featured Case Study that improving your sales teams' confidence and skillset really pays dividends. Our graphical analysis on seasonality

in the sales process shows how and when the process slips under pressure and where innovative methods can be applied to improve performance at the most crucial period of the year for the leisure sector, January - March.

Finally our analysis of qualitative comments from an "exceptional" service question is there to remind us in black and white what is at the heart of our industry. Human beings and how we make them feel.



The Importance of Benchmarking

Mystery shopping with Proinsight measures the effectiveness of your sales process and your sales people. Combining a huge volume of data allows the calculation of benchmarks for the leisure industry on certain key touch points. This creates the Proinsight Benchmark Score™. The value of having benchmark data to compare your company's performance with your industry peers is two-fold:

- ✓ An improved understanding of your relative strengths and weaknesses so you can target action and lift sales performance
- ✓ A useful metric to assess the return on investment from your training initiatives

The eight key customer touch points benchmarked are:

Touch point	What	Why
1	Welcome	Is your first impression setting the right tone?
2	Data Capture	Do you know who your prospect is?
3	Needs Analysis	Do you understand what your prospect really wants?
4	Tour	Do you show your product in the best light and match it to your prospect's needs?
5	Rapport Building	Do you and the prospect develop a positive understanding about their motivations?
6	Presentation of offers and prices	Are we using the club branded tools and materials available?
7	Closing & Answering Objections	Are we business-like in asking for contracts?
8	Follow up	Does your prospect get another chance to consider your offer?

The eight metrics contribute to an average score that is the Proinsight Benchmark Score™; this score is an indicator of the effectiveness of the sales process. As Proinsight has year on year data in volume across 350 locations and c. 5,000 visits, the relative improvement or fall back in each section can be examined.

The Proinsight Benchmark Score™

Across all metrics	Score
2014	59.3%
2013	59.2%
Movement	0.1% Up

The score shows no meaningful movement year on year so, overall, the industry has not moved forward in terms of effectiveness in selling over the

last 24 months. However, by examining each element that makes up the score, a more informed view emerges. The table below shows where the

industry has improved and where it has fallen back.

Year on Year Performance – Individual Elements

Key Points	Welcome	Data capture	Needs analysis	Tour	Rapport building	Price presentation	Closing	Follow up
2014*	88%	55%	38%	67%	73%	82%	53%	19%
2013**	86%	61%	42%	55%	67%	82%	52%	29%
Movement	2%	-5%	-4%	11%	7%	0%	1%	-10%

*350 Locations c. 5,000 shops **184 Locations c. 2,700 shops

Does the data shown in the table above reflect your current sales team performance? Some facets of the sales process have improved and some have fallen back year on year. In order to sell memberships

successfully and consistently, each stage of the process needs to score highly. We would set a lower limit score of 75% per section.



Where Are We Doing Well?

Where the sales teams have improved is on the tour and how they use the tour to talk to the prospective member:

- Tour section up 11% from 55% to 67%
- Rapport Building up 6% from 67% to 73%

The sales teams are improving in their ability to tailor the tour to what the prospect is telling them

The rise in Rapport Building is a reflection of more effort by the sales person during the tour to connect with the prospective customer. The sales people seem happier doing this while on the

tour; this could be because they have plenty of props, rather than in the sit down needs analysis at the start of the process.

The sit down needs analysis is a more intimate process and the prospect needs to warm to the sales person quickly so that they are willing to tell the sales

person the real reason that made them walk through the door.

There is still a lot of scope for improvement in both these skill sets.

Where Are We Going Wrong?

Out of the three areas that dropped year on year, the first two should be easy to get right in this hyper connected world:

- Data Capture down 5% year on year to 55%
- Follow Up down an incredible 10% to 19%
- Needs Analysis down 4% to 38%

The Data Capture performance could be lowering your conversion rates by half, as sales teams struggle to ensure that contact details are recorded. Centres may spend £20k - £50k per year on marketing to bring new prospects in through the door; failure to data capture wastes a significant portion of this investment.

The Follow Up statistic was not particularly good in 2013 at 29% but on top of this there was a decrease

of 10% to 19% in 2014. This shows there is huge opportunity for a better return on your marketing pound, if a follow up methodology is properly implemented by your Sales Manager. The initial failure at the start of the sales process on Data Capture has a knock on effect down the line by lowering volumes; add in the low performance percentage on follow up and the opportunity is easy to see.

The Needs Analysis score dropped back year on year by 4%. This stage of the sales process is where the prospective customer's real motivations for coming into the centre should be coaxed to the fore. It appears from these results that soft skills in sales behaviours need to be developed further and used with more emotional intelligence.



Parkwood Leisure introduced its first wave of mystery visits in February 2014 in partnership with Proinsight. The mystery shops have been a valuable tool in ensuring consistency within our sales systems. The report itself is detailed, which has helped provide a comprehensive understanding of all aspects of the Parkwood Leisure sales process. Furthermore, the mystery programme has been beneficial in giving a truly independent assessment of our centres service levels

Many thanks

Luke Colaluca
*National Sales Manager
Parkwood Leisure Ltd*

Consistency

It is good to see that there is consistency across the two highest scoring elements:

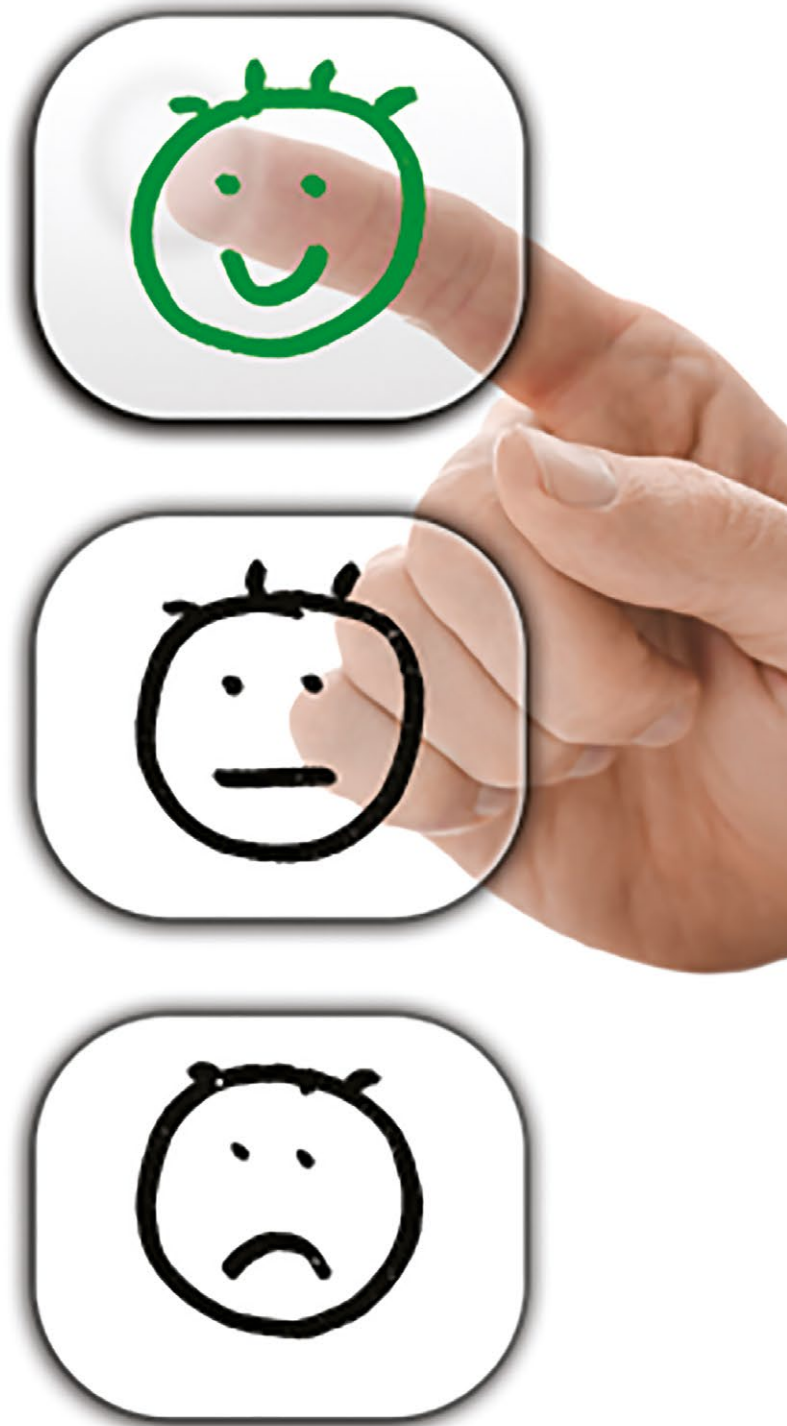
- Welcome section up 2% from 86% to 88%
- Presentation of current offers and prices steady at 82%

The reception teams are, for the most part, doing a good job at making the potential customer feel comfortable when they walk through the door. The qualitative comments associated with this section consistently mention welcoming and friendly. However, that last 12% gap means that just over 1 in 10 prospects are not getting a great welcome to the business.

In the main, the sales teams present the current offers and the prices associated with membership and do this using the branded materials. People like having tools to use to help them make a point and these materials help. This is also to some extent prospect driven; after all how many prospects comes for a tour and don't ask for the price?

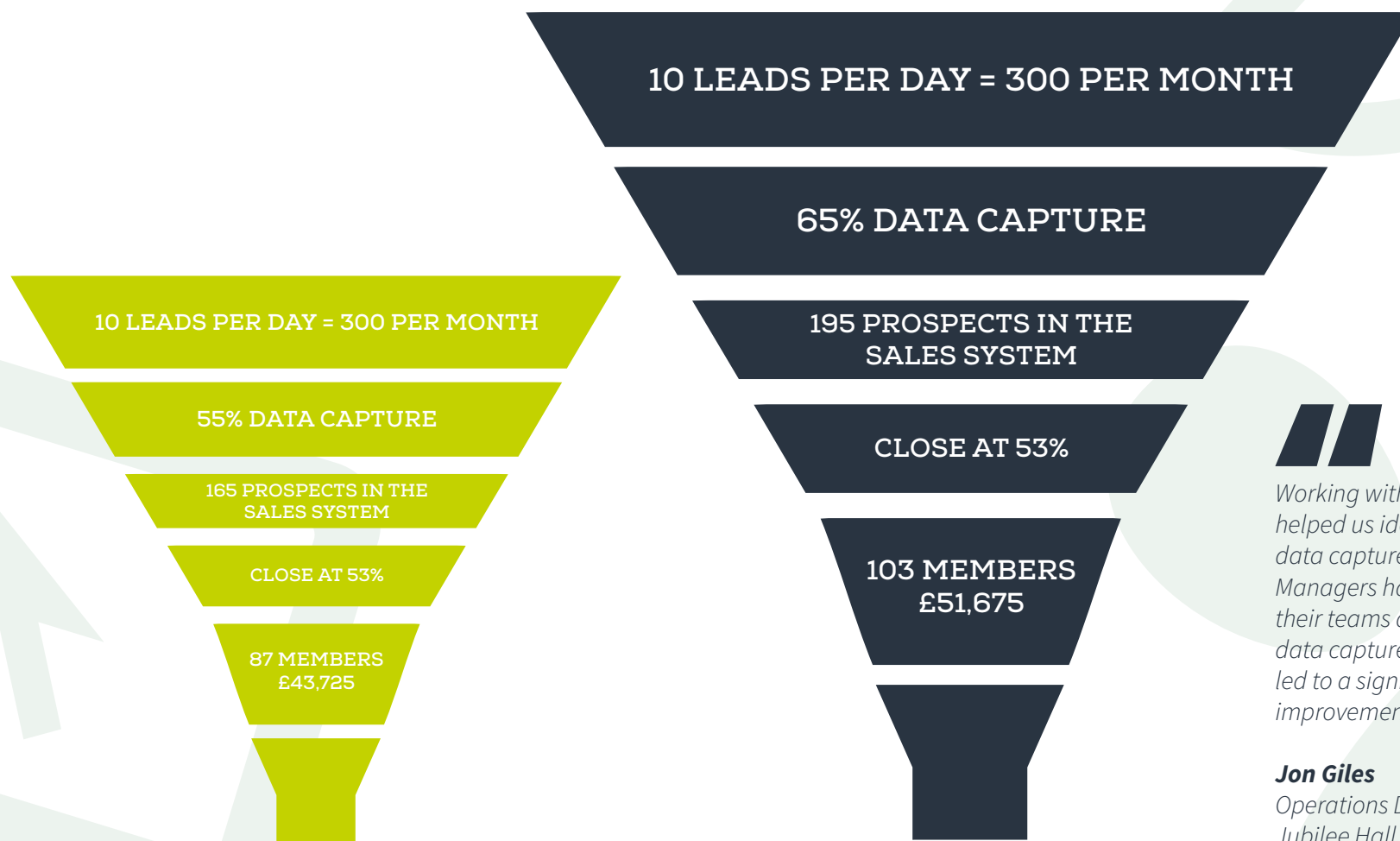
The Closing performance remains consistently poor, struggling to score just over 50% in both years. In the majority of cases this comes down to NOT asking the most basic question "Do you want to join?" Remember here we are measuring closing in its most basic form. Were you "asked to join"? Did the sales person remain "silent" awaiting your response? Was there an attempt made to overcome your objection? Closing is a complex element of the sales process, a subject upon which many books have been written. Good closers will always sign up more members. As we are scoring just over 50% on the most basic elements of closing, a real opportunity exists for the industry to raise the bar.

The good work done on the tour does not seem to give the individual sales person the confidence to ask for the business. Bridging this gap in confidence and improving closing, requires a more nuanced approach to training.



Targeting One Metric and increasing by 10%:

In this example of busy centre 1 member is worth £500 per year



Working with Proinsight has helped us identify that we had a data capture weakness. The Clubs Managers have been tasked to train their teams and focus on minimum data capture volumes this has led to a significant year on year improvement.

Jon Giles
Operations Director
Jubilee Hall Trust

Data Capture - How to Improve

Having a good quality database is essential for any business looking to improve its performance. The benchmarking data is showing that sales teams are capturing details 55% of the time when a mystery shopper completes a sales tour. Lack of quality input at the top of the sales funnel will filter down into poor sales volumes. If this is not addressed the business will not reach its potential and neither will the sales team. Remember also that our mystery shopping personnel are ready and willing to hand over contact details when asked. If sales staff are not obtaining data under this scenario then they certainly won't be collecting data from more challenging prospects less willing to share information.

Our Top Tips For Improving Data Capture:

INCENTIVISE
THE RECEPTION
TEAMS TO
SUPPORT
BUILDING THE
DATABASE

RE-TRAIN
SALES TEAMS
ON DATA
CAPTURE

INCENTIVISE THE
SALES MANAGER
AND THE WIDER
SALES TEAM ON
THE QUALITY OF
DATABASE NOT JUST
SALES VOLUME.

USE A RECEPTION
BASED SELF-REGISTER
KIOSK TO 'REGISTER'
ALL VISITORS
WHO ARE NOT YET
MEMBERS

OPTIMISE YOUR
CRM SYSTEM
BY BOLTING ON
A PROSPECT
MANAGEMENT
DATABASE

Case Study – Closing a Sale

The PBS score for Closing was 53% for 2014. The Closing section of the mystery shop is made up of four elements:

1. PRE-CLOSE test response
2. ASK for the business
3. MAINTAIN SILENCE after asking
4. COUNTER objections

Our featured case study for this section is with GLL, the UK's largest leisure charitable social enterprise that operates over 150 leisure centres across England. Under their consumer brand 'Better', they have put in place a training programme focused on improving their closing success ratio. They

looked in detail at the many ways it is possible to ask a prospect to join, and the many different closing techniques. There was a lot of emphasis on being assumptive, answering objections, responding to questions (with questions) and not being afraid of silence. The Proinsight audit results, shown in the box below, demonstrates how much impact such an intervention can have on a business and its eventual profitability.

The improved scores since the first audits were completed and in particular the 2 questions highlighted in this report: a) were you asked to join, and b) did the CSA (Customer Service Advisor)

remain silent; are a direct result in the work completed internally using the Mystery Audits as the framework to implementing change and improved performance.

The General Management and Service Management teams within GLL business had specific focus off the back of the Audits, which formed a regular part of the monthly reviews that take place. Extensive training of new staff and re-training of existing staff on all aspects of the sales process can be attributed to the improvements in scores highlighted in this report.

Christian Brown, Company Sales Manager for GLL, said, "The audit scores provide a significant

insight into what is taking place at our 150+ leisure centres across the UK, which without this information, would be hard to obtain on the sales process - both in terms of speed, accuracy and objective results. The sales and operation teams use the results as a solid benchmark on what is taking place, and use the results and feedback to fundamentally improve customer service and business performance."

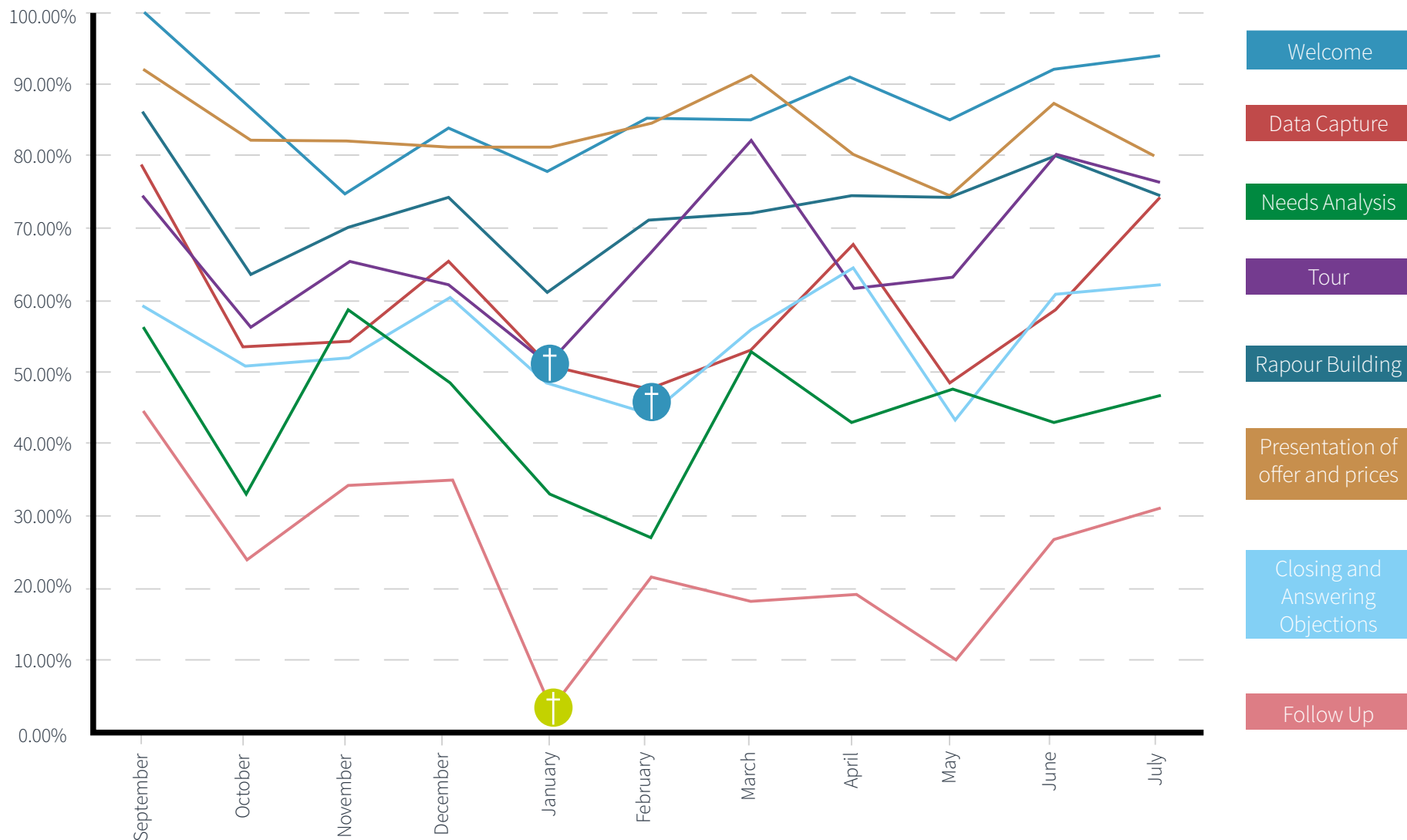
Year on year they achieved:

Key questions	2014	2013	Improvement
Were you asked to join?	82%	65%	17%
Did the CSA remain silent after asking you if you wanted to join?	82%	51%	31%



Seasonality In Key Customer Touch Points

The graph below shows the month by month analysis from September 2013 to July 2014:



Seasonality

The effect of the post-Christmas rush on each element of the sales process is clear to see in the above graphical illustration. The pressure of a large volume of prospects causes deterioration in almost every aspect of the sales process with the exception of Presentation of prices and offers. This is not

unexpected as the offers for the January/February period are usually very clear and high on the sales teams' agenda to put forward.

However, if Data Capture performance is at a seasonal low in both the high volume months of January/February then this will

affect the whole years financial performance as the opportunity for database building is lost. Do you need more resource or innovative methods to improve your data capture in January and February?

Combine this with the low Follow Up performance and the loss of business is compounded.

Does your business need a specialised follow up resource to maximise the opportunity of the seasonal high? Really, what business would not be looking hard at the processes in place in this crucial ten week period that can make or break a financial performance?

† Data Capture

Losing prospects because you have not captured contact details is a cardinal sin in sales. Look at your footfall pattern in January/February and target your resources to ensure all prospects give contact details. This could be using iPad stations where people input data themselves or using a "host" staff member who can manage a busy throughput of prospects to the sales team and ensure all prospects are looked after while waiting for a member of the sales team.

† Follow Up

Resistance to buying is at its lowest point in January so quick follow ups make sense. Put some resource behind this and use either personalised new media follow up or phone call invitations to join the day after enquiry and not in some impersonal text blast a day before month end.

On the Spot Research – Exceptional Service

A selection of mystery shoppers had a key question added to their shops for a month of visits in August 2014. The question was:

During your visit was there a member of staff who delivered exceptional service?

The qualitative comments were collated and the Word Cloud below shows the most commonly used words in the comments (people and centre names were removed):



This is a reminder of what is most important in people's perception of great service – Friendly but professional and delivered with feeling.

The Proinsight Team

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Proinsight can provide the following services:

Mystery Shopping

- Telephone
- Web
- User
- Video

Research

- Staff survey
- User and non-user surveys
- Exit Surveys
- Bespoke Research Projects

RRP £195



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