



## How to know if a member is getting value for money – The creation of a Value for Money Index (VFM)©

## Fact Sheet



### IF A MEMBER ISN'T GETTING VALUE FOR MONEY FROM THEIR MEMBERSHIP THEN THEY WILL LEAVE – RIGHT?

Yes – but can we understand the science behind it? TRP's latest research has focused on understanding the value proposition, with the result being the creation of what we believe will become a powerful industry metric – the VFM index.

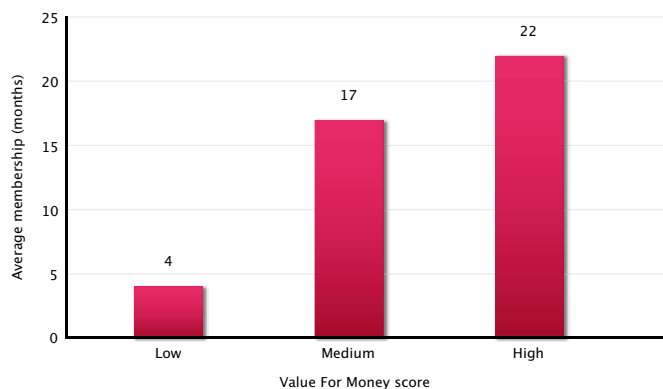


### HOW CAN WE MEASURE VALUE FOR MONEY?

TRP have developed an algorithm that considers the following 3 key factors, and enables you to assign a Value for Money score to each individual member:

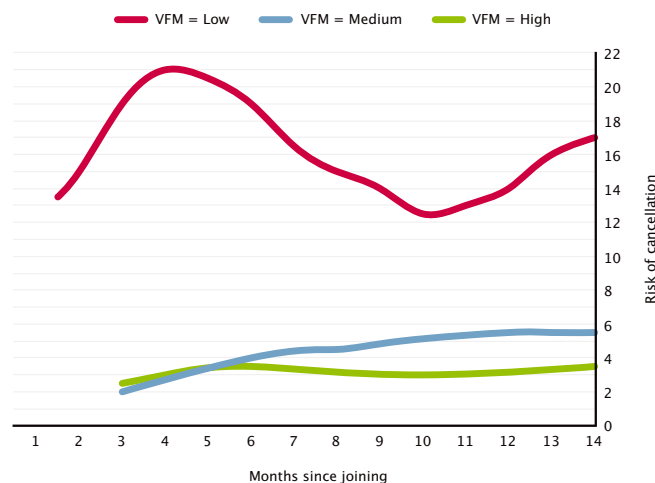
- How often the member is visiting
- The level of service a member is receiving (can be measured by recording service interactions)
- How much the member is paying

#### 1. VFM© Scores, Retention and Revenues



- The difference in average membership length between low and high VFM members is 18 months - in revenue terms for a 1000 member club, taking actions to move every member from low to high would equate to:
- 1000 members x average fee of £35 x 18 months = £630,000
- Moving a member from low VFM to medium VFM is worth £455 per member (£35 x 13 months)
- Moving a member from low VFM to high VFM represents £630 per member (£35 x 18 months)

#### 2. VFM© Scores and Risk of Cancelling



- Members who have a higher VFM are less likely to cancel their membership at any stage during their member lifespan
- Members with a low VFM have a higher risk of cancelling throughout their membership
- There are two occasions when the risk of cancelling peaks in the low VFM group, at months 4-5 and 13-14

If you are interested in **learning more about the VFM Index**, or in working with us to implement this new metric and the strategies around improving the score please contact us.

