Digital Futures

A review of the digital maturity and digital effectiveness of the UK's fitness and leisure sector

Contents

Foreword

Lloyds Banking Group

In 2014 Lloyds Bank set out on the request of its clients to help businesses understand how digital, and the skills required for its adoption, can be supported. Each year Lloyds Bank produces three reports measuring the essential skills and understanding of digital through its Business, Consumer and Essential Digital Skills Index, analysing more than 2,000 businesses across a variety of sectors and over one million customers in the UK. While progress has been made in digital skills and capability, we know there is still much more to be done.

These reports have been vital to the adoption and commercial realisation of digital and we commend ukactive's approach to provide additional data and insight to help grow the fitness and leisure sector. Measuring digital maturity and its effectiveness is vital to provide a benchmark for growth and development, highlighting not only the challenges faced by fitness and leisure operators but also the sector's readiness to grow sustainably to meet the needs of the consumer, and therefore grow participation in physical activity.

ukactive's 2021 Digital Futures Report, in partnership with Sport England, sets an initial benchmark which is an essential starting point for the fitness and leisure sector, and one which represents cause for optimism when considering ukactive's ambitions for growth. Its success is very much dependent on the collective contribution and will of the sector to develop its digital mindset. As with Lloyds Bank's previous reports, this report will be produced annually in order to measure the progress of digital adoption and guide the sector's digital journey.

We hope you take value and inspiration from this report, and we look forward to continuing this important work with ukactive and Sport England over the coming years.

Jemma Waters, Head of Responsible Transformation, Group Transformation
Lloyds Banking Group

Sport England

Our collective ability to apply innovation and digital in ways that are meaningful and relevant, and that ultimately improve the experience of getting active, is a critical area for the sector, as identified in Sport England's 10-year strategy, Uniting the Movement.

We hope that the publication of the Digital Futures Report, as well as ukactive's Digital Futures programme will help increase collaboration across the leisure sector, to explore the current understanding and use of digital, with the aim of driving improvements in how digital is applied, particularly in the areas of accessibility and inclusivity to ensure that we aren't worsening the digital divide that we know exists.

We are proud to have supported ukactive to develop this report, which critically provides a baseline from which the leisure sector can begin discussions on how we all improve our digital skills and capabilities, to enable us to provide more relevant, inclusive, accessible digital experiences that help more people to be physically active.

Allison Savich, Strategic Lead for Data & Market Innovation
Sport England

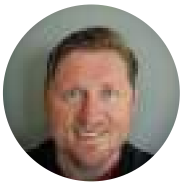
eGym

eGym has always been digitally forward thinking within the fitness industry and saw huge value in working with ukactive on its Digital Futures strategy to help bring future digitalisation to as many facilities as possible. The report gave us clarity on where our industry needs support and we now can't wait to action this support in an effective and manageable way to help our industry adapt to this new digital world.

Kerstin Obenauer, Country Director at eGym UK
eGym

Myzone

Understanding, embracing and acting on the insights from this report is everything. Most talking points in the tech space are not new to any of us, but how we work together in shaping our individual digital futures will make the impact that acts as a catalyst for positive change far beyond what we've known. Myzone is perfectly positioned to forge and fuel these partnerships, working closely with ukactive, and we're proud to be a part of this report.



Dave Wright, Group CEO
Myzone

Gladstone

Gladstone have been at the forefront of digital innovation for the health and fitness industry for 40 years, and we fully intend to continue that for the next 40! As time brings with it new technologies, solutions, and consumer experiences this, only increases our ability to deliver cutting-edge solutions to improve the health and wellbeing of a nation. We saw the Digital Futures initiative as a crucial step in recognising where we as a sector are positioned, and how we can build from here to collectively move the industry forwards in first meeting and ultimately redefining consumer expectations.

Claire Rollins, Managing Director
Gladstone

Executive Summary

In August 2021 ukactive launched Digital Futures, a new programme in partnership with Sport England. Based on collaboration with the leisure sector, the programme aims to improve the application of digital within leisure to enhance consumer experiences and value to operators.

Digital Futures has been designed to support the fitness and leisure sector to measure its digital maturity and effectiveness, and provide a reference point to build out a clear path of further understanding that meets the needs and demands of the consumer. This report will support operators in the enhancement or design of their own digital transformation journey as well as identify the challenges and opportunities for digital adoption.

Prior to the COVID-19 pandemic, the past 10 years have seen a steady shift in the use of technology, from a way to streamline processes and save operational costs to a way of enhancing consumer experience through frictionless and intuitive use of personalised data, and the maintenance of good data management.

In May 2020, McKinsey[18] reported that society vaulted five years forward in consumer and business digital adoption in just eight weeks as a result of the pandemic.

At the same time, we must not ignore consumers who are digitally excluded. While the pandemic has meant five years' worth of progress in digital engagement in just eight weeks, it has also widened the digital divide, with 5% of the UK population still not online[1]. This is compounded by the 21% without the essential skills for everyday life.

While many fitness and leisure operators have responded to the digital revolution with great success, some have struggled to meet the scale and pace of change required. The Lloyds Bank Digital Index 2020[3] report found that while a majority of businesses are prioritising investment in digital, many face the issue of not knowing where to begin and how to measure progress.

ukactive, through its Digital Futures programme, set out to provide a reference point to build out a clear path of further understanding in the digital maturity and effectiveness of the fitness and leisure sector. Not surprisingly, similar trends started to appear to that of the Lloyds report.

98% think digital will play an increasing role in the future

50% say it will play a critical role

23% say it will be central to their future and they have concrete plans to harness it

However, although COVID-19 has accelerated digital progress and given it more priority, it has also highlighted gaps between large privately operated sites and those run by, and on behalf of, public leisure.

Within the report a number of digital measures were evaluated and it was found the greatest opportunities for improvement are in organisational model and digital experiences. Organisational model is defined as a measure of how adapted and prepared an organisation is for digital, with 84% of the operators surveyed stating they do not have a digital strategy that is up to date, complete, ambitious or supported by an achievable roadmap.

Digital experiences is a measure of how rich and thriving the organisation's digital experiences are, with 70% of operators saying that the usability of their digital experiences could be improved.

Two areas for further discussion have emerged in the recommendations. Firstly, a desire by those surveyed for greater collaboration across the whole sector from operators, technology suppliers and local authorities – as well as within their own organisations – to understand the impact and value that digital can have in supporting participation.

Secondly, to support the growth of digital in reaching new audiences and enhancing experiences. There was a strong desire expressed to understand the impact of the way in which leisure management contracts are delivered and whether simplification could allow organisations to drive greater adoption and so lead to enhanced insights and increased satisfaction.

In conclusion, to build out a programme in line with the needs of the sector, there needs to be greater understanding and insight to help inform its development. Significant steps have been made over the past 18 months as operators have had to develop a digital mindset to support consumers. In addition, transparency about the current position helps to inform the sector about its current maturity levels and will collectively help us grow together. This is a tried and tested starting point used by other sectors.

To support this development, ukactive and Sport England will make the digital maturity and effectiveness survey available to all members year-on-year so that together we can evaluate the growth of the sector as we seek to implement digital measures and support you to build successful a digital strategy. ukactive, alongside Sport England, will develop a report every autumn to support your development. The digital maturity and effectiveness online tool are available here.

Background

It has been cited in a number of reports that organisations which adopt digital transformation at the core of their operation become empowered to enhance their consumer experiences, brand awareness and customer retention. In addition, operators with digital at their core are able to adjust much quicker to abrupt changes, as recently experienced, in a meaningful way to meet the needs of their members, and drive insights for further development.

There has been a 50% rise in UK consumers using digital tools and websites to manage their physical and mental health in the past 12 months[1], a 30% increase in downloads of health and fitness apps and a 70% increase in consumer spend on them.

We also need to acknowledge that the availability and accessibility of technology is growing each day. Consumers are no longer wowed by being able to engage with businesses digitally, they now expect and demand it, and they want that engagement to be personalised to their specific needs and interests.

Consumers have, in much greater numbers, adopted digital mindsets and behaviours.

To compound the challenge, digitally leading businesses are harnessing data, automating processes to increase operational efficiencies and enhancing consumer experiences – making it harder for less-digital businesses to remain profitable.

While many operators have responded, it's challenging for the sector as a whole to meet the scale and pace of change required.

Operators may be held back for multiple reasons, such as their digital skills, digital mindsets, the platforms they use, investment and resources.

As part of ukactive's new 'shared ambition for growth', which projects more than five million new members of gyms, pools and leisure facilities by 2030, ukactive set out to take a number of measurements to help inform, grow and represent our members. Assessment of sector digital maturity through an index is one such measurement, although this type of approach to digital is not new.

Lloyds Bank has produced an annual report on the digital maturity of more than 2,500 UK businesses since 2014, which has over the years extended to consumer expectation and skills audits to provide a 360-degree wrap-around of what is required for growth. ukactive's digital report has also looked at additional factors required to reach the 2030 growth target aligned to accessibility, inclusivity and sustainability, as we build foundations for a stronger, digitally enabled leisure sector.

Embarking on digital transformation is not easy, it takes time, and starts with an assessment of where you are and what you want to achieve – there is no one- size-fits- all. This benchmarks an organisation against its peers, which can provide both context and inspiration. It also highlights the actions that could have the greatest return on business performance through an achievable roadmap for change, which not only meets the needs and demands of your consumers, but reflects the skills, budgets and capabilities available, and encourages employee buy-in.

According to McKinsey[14], more than 70% of digital transformation initiatives do not reach their desired outcomes, while only 16% generate sustained performance improvements. As a result, many organisations have become weary of investing in digital. COVID-19-induced challenges around resource, capacity and lack of financial resilience are likely to exacerbate this issue, putting the sector at risk of falling behind other industries.

A study conducted by Celonis[17] found that 44% of senior leaders believe their digital transformation efforts have been "a waste of time", citing poor planning, high costs and lack of organisation-wide involvement, as top concerns.

Having a person-centred approach across internal departments aligned to the consumer supports the ambition for innovation and digital as a catalyst for change in Sport England's new 10-year strategy, Uniting the Movement[20]. This approach will ensure that digital solutions, that are developed for the sector, are inclusive and sustainable making sport and physical activity accessible and relevant to more people.

There is no value in having the perfect digital strategy and committing investment to it if it does not deliver business results. Jon Reay, founder and CEO of strategy consultancy Rewrite Digital, says that "digital maturity is not the goal but digital effectiveness in reaching your business metrics is".

The sector already recognises the need for change. Now is the time to act and to keep moving as consumer adoption of digital and expectations continue to rise.

The focus on digital is not for the sake of it but the impact on survival, revenue, cost efficiencies, participation, retention and social outcomes. It is what consumers expect and demand as is seen in other service sectors.

This report shines a light on the digital maturity and effectiveness of the fitness and leisure sector in 2021, and how to support digital growth into 2022 and beyond.

Methodology

Overview

The digital consultation was conducted with UK fitness and leisure operators in August and September 2021. The design of the consultation was conducted by an external agency (Rewrite Digital) with equivalent experience of other sectors to help define the methodology and design the resource tools to evaluate the leisure sector. This was done in collaboration with eighteen businesses including operator's from public, private and independents plus suppliers and specific SMEs alongside key stakeholders to ensure all aspects were considered.

The target audience was defined as both public leisure facilities (which is defined as a government/council/charity owned facility) and private leisure facilities (which is defined as a privately owned facility where a private membership to the owners is required to use). The scale of operators ranged from those with single sites through to several hundred sites.

It was acknowledged that the digital measures being assessed required a representative view of many departments and at board-level for strategy oversight, so all survey respondents were asked to engage with all aspects of the business where digital is used before submitting their response. This representative view allows an organisation to assess where the most effort is required to support insight and growth through the development of a structured digital strategy.

Definition of digital

As part of the consultation design process with stakeholders, it was agreed a definition of digital and its interpretation was needed as digital can mean many things to many people, not to mention how it is used within different departments. For the purposes of this review, the following definition of digital has been used and was conveyed to all participants in advance of answering questions relating to digital:

Digital: The use of technology and data to meet raised consumer expectations and drive innovation, actionable insights and value across:

- Capabilities and culture
- Processes and systems
- Services and experiences (online, in-venue and in the community)

What was measured

A digital maturity and effectiveness score was established for each operator based on multiple choice responses from a survey to ukactive's membership base which covered more than 40 individual measures across five digital measures.

To enhance the qualitative research a deeper dive was conducted with 12 of the operators, comprising an interview against an agreed question bank with key stakeholders and a desktop review of the digital customer experience from a data perspective carried out by Winners Consultancy.

All participating organisations received a short summary report outlining their digital maturity and effectiveness score, with high-level recommendations to be further explored with Rewrite Digital, to help form a starting point for internal discussion.

The digital measures evaluated were:

1. Organisational model: A measure of how adapted and prepared an organisation is for digital. This looks at the products and services an organisation provides, how it is structured, its culture, people, infrastructure, processes and plans.

2. Performance and impact: How digital is contributing to an organisation's commercial, social and other KPIs. This covers downloads and engagement, digital revenues, operational efficiency, participation growth and customer retention.

3. Data and insights: Collection and use of data to improve the relevance and quality of consumer experiences and drive value. The areas looked at were: explicit and implicit data collection, data reporting, security and privacy, database and CRM and how personalisation is formed using data.

4. Digital experiences: A measure of how rich and thriving the organisation's digital experiences are. We looked at ease of use, third-party exposure and discoverability. Channel use covered websites, apps, email, social media, connected experiences and virtual experiences.

5. Accessibility, inclusion and satisfaction: How digital experiences welcome, support, engage and satisfy all consumers. This looks at digital access and inclusion, social listening, Net Promoter Score (NPS) and other satisfaction measures, as well as the end-to-end consumer journey.

To support the development of the report a number of additional quantifiable measures were recorded using publicly available data for each operator. Tools used include Seoability, WebAccessibility.com, Google PageSpeed Insights and Phlanx[4].

The purpose of the consultation and Digital Futures was to measure the current digital maturity and effectiveness of the fitness and leisure sector and provide a reference point to build out a clear path of further understanding that meets the needs and demands of the consumer. Upon completion of the survey, each operator would be given its own digital maturity and effectiveness score calculated from the five digital measures scores. This overall score is then matched to five digital maturity definitions.

Digital Maturity Definitions

Digitally Behind (0–19)
The organisation is not quite ready to meet the increasing demands and expectations of a digital world, but a focus on its people, processes and infrastructure can put it on the path to success and align it with other operators.

Digital Foundations (20–39)
The organisation has some elements of digital in place but to align it more with other operators, the main recommendation is to review its digital strategy to identify where it is heading and where best to focus attention next.

Digital Experimenter (40–59)
The organisation is already making some great advances in digital. A committed and ongoing investment in digital from the top will accelerate business performance and put it ahead of other operators.

Digitally Established (60–79)
The organisation is already benefiting from operating a successful digital model. It is harnessing digital more than most other operators but there are still opportunities to stand out, deliver more return and lead the way through greater automation and innovation.

Digital Leader (80+)
The organisation is already making digital deliver significant business performance and setting the benchmark for other operators to follow. As digital continues to evolve, it must ensure it can constantly adapt to stay on top.

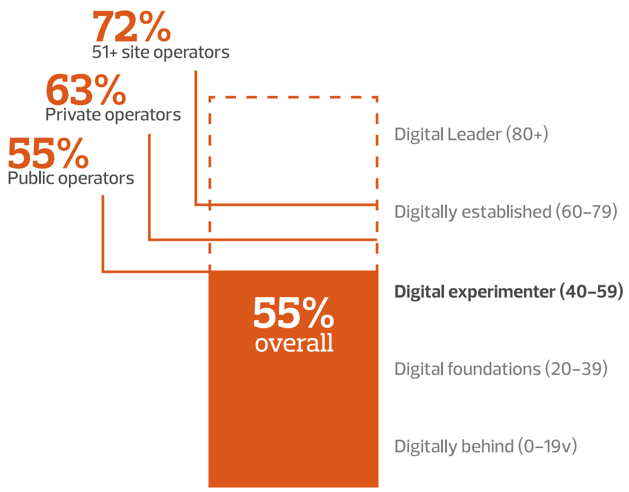
To enable us to compare the impact of the pandemic on the fitness and leisure sector with other sectors, a series of questions specifically on how the use of digital was used were also asked. These were identical to those asked to small businesses in a range of different sectors by Lloyds Bank for its 2020 'Transformation with Tech Report'[3]. This will allow us to measure the long-term impact on mindsets and the changes it represents, with those organisations that continue to evolve their digital maturity and effectiveness index score and those which do not.

Findings

Overview

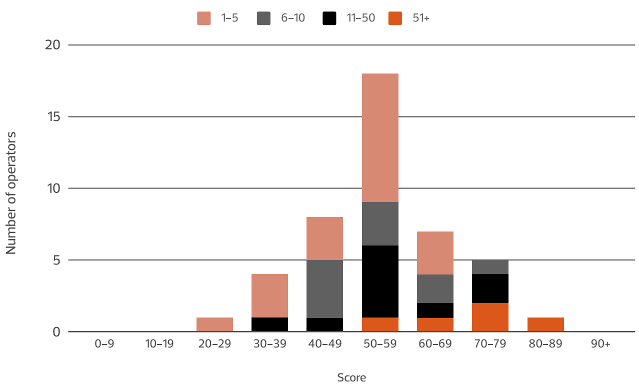
In total we had a strong sector representation of 44 organisations representing 1300 individual sites across the devolved nations including public, private, independents and local authorities, representing about four-million-member digital touch points. Overall, the surveyed organisations averaged a **55%** score for digital maturity and effectiveness.

This puts the sector at the **Digital Experimenter** level (40–59% range), making great strides forward but missing the investment, goal alignment and rapid advances to yield a strong performance for all operators.



Although not directly comparable, this score lags behind sectors such as retail, financial services, automotive and FMCG, using similar measures. Both McKinsey[14] and Boston Consulting Group[15] score the digital maturity of health, entertainment, recreation and public sector below technology, telecoms, finance and retail.

Looking at segment splits, public operators scored the same **55%** on average, but private operators scored higher at **63%** and the largest operators (with more than 51 sites) scored **72%**, putting them at the **Digitally Established level** (60–79% range).

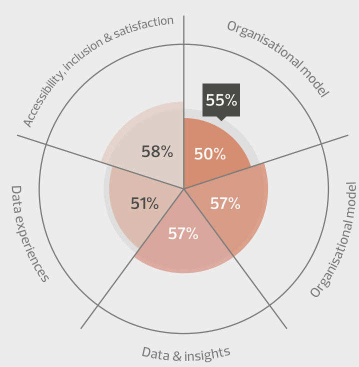


While no operator was considered **Digitally Behind** (0–19% range), only one ranked as a **Digital Leader** (80% or more). Even this operator acknowledged that everyone in the sector has room for improvement.

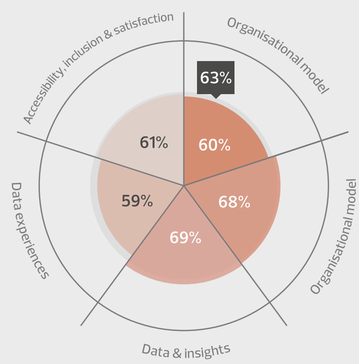
> **We look outside the sector for where we should be heading.**

Private operators scored higher than public operators for all five digital categories, but **Accessibility, Inclusion and Satisfaction** scores came close – demonstrating the importance placed on these areas by public operators.

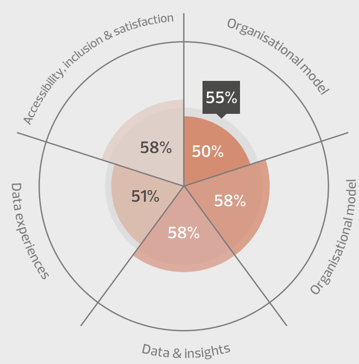
Public Operators



Private Operators



Overall



COVID-19

The COVID-19 pandemic has taken a significant toll on the sector and it was felt we needed to understand its impact in relation to other sectors to measure long-term adaptation. The questions asked were identical to those asked to small businesses in a range of different sectors by Lloyds Bank for its 2020 'Transformation with Tech Report'[3]. This enabled us to compare the fitness and leisure sector with other sectors.

As with most businesses throughout the country, operators had to close their doors for months on end during lockdowns, with some areas affected more than others. Staff had to be furloughed and memberships were frozen. There was an expectation and demand from consumers for engagement during these times and digital was the only means to do so.

“ ”

We have never spoken to members as much!

Most operators made some form of on-demand or live video content available to their members, either through third-parties such as Les Mills or directly. Some went to the extent of hosting live daily workouts and classes on social media, competing with the vast global market of digital content providers. At the start of the pandemic, YouTube found that average daily uploads of workouts at home increased by 57%. In 2020, according to the State of Mobile 2021 report from App Annie 71,000 new fitness and health apps were launched, with a 30% increase in downloads in 2021 and a 70% increase in consumer spend on them.

“ ”

Half of the workouts on our app are designed for use outside the gym (i.e. at home or outdoors). Without COVID-19 this would've been more like 10%.

It was widely recognised that COVID-19 accelerated digital, but it also made things much more tactical and short term, with wider strategic plans put on hold permanently as a result of COVID-19.

“ ”

COVID-19 panicked everyone for a while, identified weaknesses in digital and more justification for investing in it.

A recent Les Mills report cited that consumers have maintained an omni-channel approach of at-venue and at-home exercise, with 84% of gym members surveyed stating they also workout at home and 80% stating they will continue to exercise at home. The majority (59%) favoured a 60:40 split between gym and at home workouts respectively.

73%	of operators said they sell or provide digital products or services (such as virtual classes)
95%	sell or provide products or services digitally (such as online booking)
7%	sell only digitally

When venues reopened, minimising personal contact meant that digital was used much more throughout the customer journey (pre-booking, access and payments for instance). It mandated digital in some ways, giving greater focus to it and exposing issues and gaps.

“ ”

Pre-COVID-19, 1 in 10 booked online, now it's 9 in 10.

Some walk-ins and other face-to-face interactions have returned but people are still much more likely to use digital than they ever were before. A number of operators interviewed stated that interactive digital kiosk usage has remained high, as well as cashless payment, providing operational efficiency which has led to more time being able to be spent in enhancing customer experiences. Kiosk usage helped one operator increase confidence in older members using digital services through other devices – reducing digital exclusion.

As members started to return, live streaming and digital content provision has reduced as many operators found it not commercially viable, but also because they cannot compete with digital-only providers or haven't seen sufficient demand for it. Most operators have struggled to see success in charging for such content, which requires further investigation, but see its availability as a retention tool, as most operators have retained some form of on demand/virtual provision.

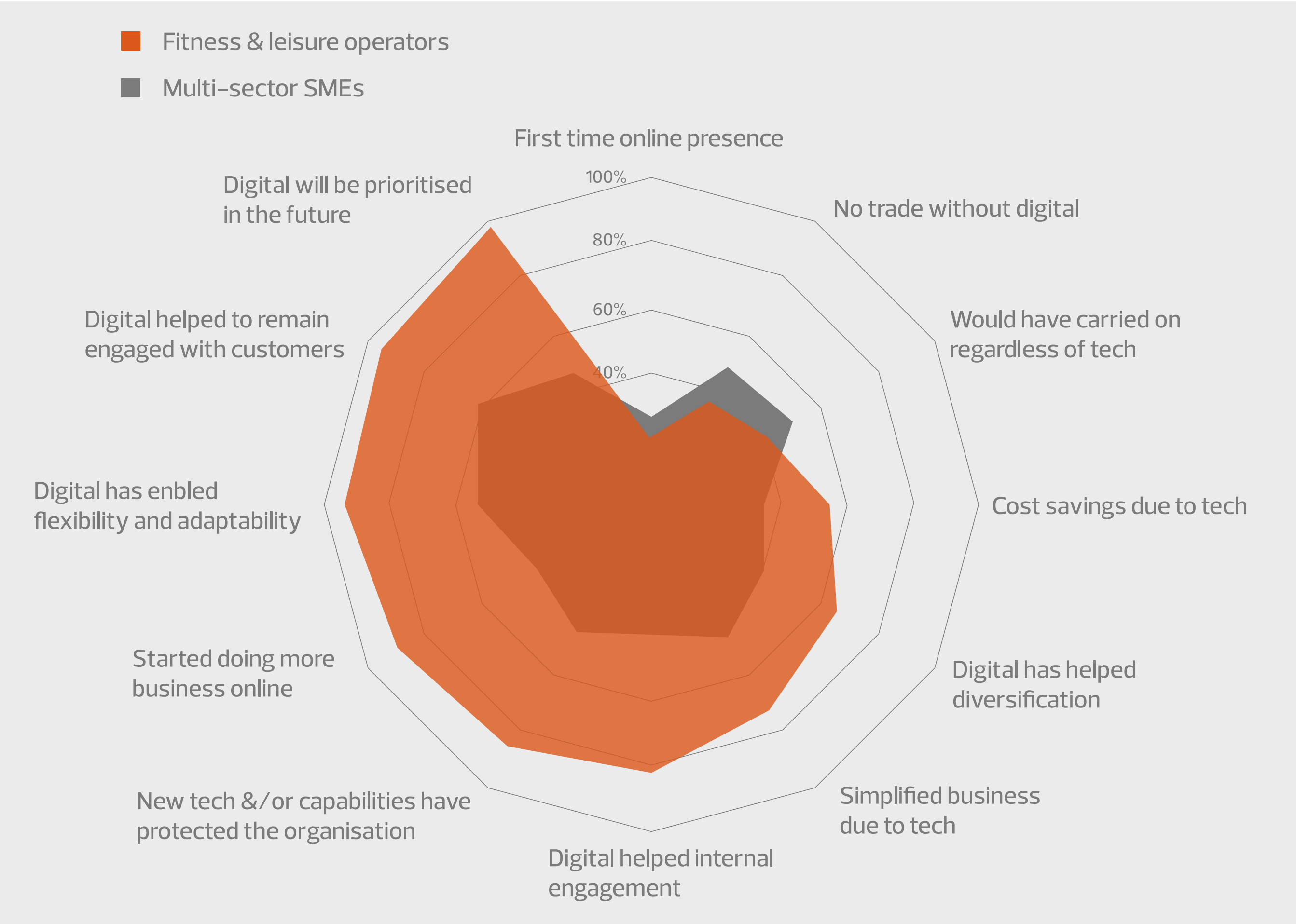
> **In-venue is our strength. How do we build on this with a hybrid experience? We can't compete on standalone digital, it's about retention and acquisition.**

The leisure sector differed from businesses surveyed in the Lloyds 2020 'Transformation with Tech Report' in that digital has been instrumental in enabling operations to not only continue but improve – in customer engagement, cost savings, simplification and even diversification.

The below graph represents the depth and breadth of value that has been realised from digital as a result of the pandemic, with many operators accelerating the deployment of digital services to support members. The spread within the categories demonstrates in a short period how quickly, with the right support within an organisation, an operator can deploy meaningful digital experiences which meet the needs of the consumer.

Furthermore, **98%** of operators said that digital will be prioritised in the future, in contrast to **46%** for businesses surveyed in the Lloyds report surveying FSB companies.

This gives a very clear signal that the sector sees digital as a pivotal driver in its recovery and growth as we emerge from the COVID-19 pandemic.



Organisational model

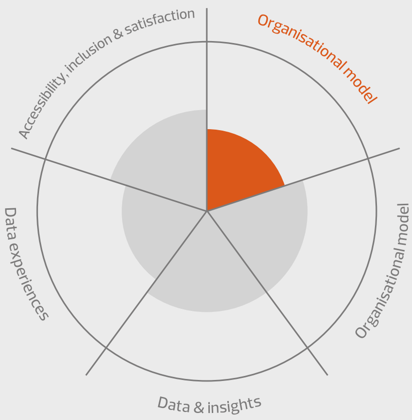
Digital transformation is considered as the utilisation of digital technology with the aim to address traditional business issues. These can stem from enhancing brand presence, customer experience, or customer loyalty through the application of digital. Companies with digital embedded at their core were able to be flexible in meeting the changing needs of consumers brought about through changes in trends and abrupt shifts in engagement. As previously stated, the past 18 months have seen those operators with digital at their core able to adjust more quickly to these abrupt changes in a meaningful way to meet the needs of their members, and drive insights for further development.

What you said
Organisational model

A measure of how adapted & prepared an organisation is for digital

This was the lowest scoring category:

- Overall 50%
- Private Operators 60%
- Public operators 50%



20% Said it's challenging to get leadership to invest in digital

41% Said a large proportion of their people are digitally-savvy and digitally-skilled

84% Don't have a digital strategy that's up to date, complete, ambitious and supported by an achievable roadmap

89% Said technical solutions are holding them back, outdated, costly or resource intensive to evolve or maintain

As part of the consultation, ukactive measured how an organisation was prepared and set up to adapt for digital. The successful application of all five digital measures in unison helps to reduce the 70% failure rate of digital transformation strategies not delivering the expected returns, as stated by McKinsey and subsequent supporting Celonis study of senior leaders[17], of whom 44% stated that digital initiatives are a waste of time.

Digital Futures describes the organisational model measure as an organisation's ability to successfully measure the impact digital evaluation of the products and services an organisation provides, how it's structured, its culture, people, infrastructure, processes and plans are fundamental to the success of digital transformation programmes.

The findings found **30%** of operators said they do not have a digital strategy. In addition, **84%** of operators admit they do not have a digital strategy that is up to date, complete, ambitious enough or supported by an achievable roadmap.

The lack of a robust digital strategy by the majority of operators represents a significant gap in organisational readiness and long-term commitment to digital. However, despite the organisational model being the lowest scoring category, highlighting the gap in how operators are set up for digital, the COVID-19 pandemic demonstrates the sector's recognition that digital plays a successful role in business strategy for growth. The challenge faced by operators is matching the recognition of value to the willingness of leadership to invest, with **20%** saying it is challenging to get investment.

“ ” No-one ignores the importance [of digital], even if they don't have the knowledge.

A 2019 PWC[11] blog titled ‘Five reasons the management board needs a digital mindset' set out to explain the difference between the terms often observed within the boardroom to help promote awareness of the value of digital and its importance to set out on the right path on understanding. It was noticed that a number of terms were used interchangeably, such as digitalise, digitalisation and digital transformation.

The article goes on to explain that digitalise deals with changing formats such as the change from analogue to digital (text and pictures into a digital form), whereas digitalisation explores the ways of changing how to do things (booking online or wearable integration). Digital Transformation refers to the implementation or acknowledgement that digital pervades all departments. Having a digital mindset means being open to discovering new digital technologies and working across the organisations to successfully realise the value that was believed, initially, would come from it. At the start we discussed that 70% of digital transformation programmes fail, with 44% of senior leaders citing poor planning as the reason why they are a waste of time.

We brought digital representation to the board with the right skills and experience, but also to challenge us to think differently.

We should be doing more to equip all of our people with digital skills and mindsets too.

Digital is a key element of our overall strategy so is brought into by the leadership.

An interesting comparison on digital skills between sectors is that 41% said a large proportion of their staff are digitally savvy and digitally skilled. Yet for comparison, Lloyds Bank's recently published 2021 Essential Digital Skills Report[5] found that across all sectors, 64% of adults have the Essential Digital Skills for work.

Staff digital adoption is a greater issue than customer digital adoption.

People are starting to see that digital is everyone's responsibility, not just that of a department.

Across the whole sector, without exception, management boards make strategic decisions based on data; be it swipes, financial performance, downloads and usage or even sentiment scores – the list is endless. Technologies exist to support this decision making, yet compared to other service sector businesses no operator surveyed said it is using machine learning for business process optimisation, despite 93% automating some processes. However, early signs are staring to appear of the acknowledgment that machine learning and AI (artificial intelligence) can drive value. Operators understand they have a wealth of data that can inform their businesses using machine learning or AI for business processes.

A few operators applying a digital mindset are looking to bring their data together through building cloud data warehouses to apply big data technologies and leverage the building of Digital Experience Platforms (DXPs). This allows technologies such as artificial intelligence, machine learning, the internet of things and blockchain to obtain insights to develop products and services in line with consumer expectations at reduced cost, strengthening market position and growth.

In supporting a digital mindset, it is acknowledged that technology suppliers have enabled digital growth through meaningful development programmes to reach 'digital leadership' status, as currently run with Gladstone. Yet, 89% of operators said the platforms they use are either holding them back, outdated, costly or resource-intensive to evolve or maintain.

We're on different roadmaps [to our platform provider].

We're not on the latest version and they don't invest in the version we're on.

If they could demonstrate commercial value, it would help to invest.

What's the cause of this? How can we unblock these barriers?

Those surveyed in the public sector stated that digital growth was stagnated by the complexity imposed to manage leisure service contracts. A number of operators surveyed stated that those local authorities which empowered their partners to deliver what they believed to be the right digital solution saw a significant uptake and maintenance post-COVID-19 in adherence to digital projects. A question exists post-consultation as to whether this complexity is required to protect delivery of leisure services or whether it stifles the needs of consumers seen and experienced in other sectors.

The platform's not been built for the world we're now in.

The platform's not been built for the world we're now in.

It's not an intuitive, easy user experience.

The more things can be simplified, the more this enables existing digital platforms to better meet operator and consumer needs and evolve more quickly. And it also opens up more opportunities for new entrants to join the market.

We've ended up here not by design, so we're now reviewing the whole journey.

How can we make it easier for consumers to adopt digital solutions?

While some bookings and purchases have been enabled digitally, not all have – with block bookings, joint memberships, birthday parties, corporate use, coaching and lessons often still needing manual intervention.

Is there a way to reduce the complexity in these areas to enable all bookings to be digitised?

Those innovating and creating their own products see the value of them being used by other operators or elsewhere in the sector. How can we enable more sharing to happen?

75% of what we're doing could be useful elsewhere.

Performance and impact

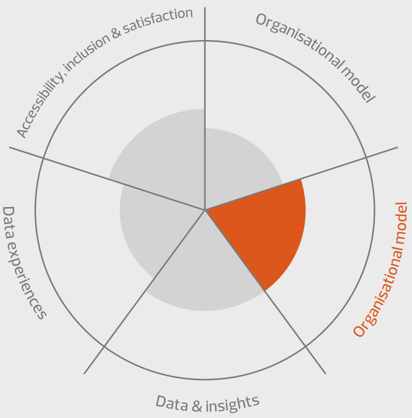
Digital Futures describes performance and impact as how digital is contributing to an organisation's commercial, social and other KPIs. It is not the growth of digital that matters but the impact it has on the metrics that matter, such as participation, income and cost effectiveness.

This scored highly for all operators, highlighting digital's contribution to key organisational goals. Research over the past two years is starting to explore in greater depth the correlation between digital technologies that create innovation and their ability to leverage commercial value.

What you said
Performance and impact

How digital is contributing to an organisations commercial, social and other KPI's

- Overall 58%
- Private Operators 68%
- Public operators 57%



95% Said digital makes operational savings

86% Are generating at least some revenue via digital

95% Said digital increases participation

An article in Technovation[12] (July 2021) found that companies with higher levels of digital technology implementation across the entire business capitalised on greater product and service design which enabled higher usage of their embedded technologies leading to higher sales. In contrast, those with low digital technology utilisation used digital to generate product and service innovations leading to performance increases. The high-level users of digital accepted these as a given but viewed digital as commercial advantage.

“ ”

We're at the start of the journey. There's no finish line. We're constantly moving.

98% think digital will play an increasing role in the future

50% say it will play a critical role

23% say it will be central to their future and they have concrete plans to harness it

“ ”

We're trying to get to point zero before moving beyond.

With the almost unanimous view that digital will play an increasing role in meeting organisational goals, how much, and in what way, is less certain. What is clear, however, is that by standing still, or not advancing quickly enough, we will progressively fall behind.

93% said digital makes a positive social impact but it can be difficult to quantify and feed back into budgets and funding applications? Although 95% said digital increases participation. How can we consistently measure these?

The report found that those organisations in the Digital Foundations percentile had a high dependency on their suppliers to help define their digital strategy, whereas those in higher percentiles took more control over a business-wide approach.

Data and insights

Digital Futures defines this category as the collection and use of data to improve the relevance and quality of consumer experiences and drive value. Data underpins digital. What is collected and how it is used is fundamental to delivering effective digital experiences, business intelligence, automation and the capabilities for rapid growth.

Keepme states that data is your past, your present and, by acting on the insights your future.

This was the top-scoring category for private operators, highlighting how they have made significant headway in recognising and harnessing the power of data.

All operators say they collect consumer data that is described as both explicit (i.e. inputted data such as name or email address) and implicit (such as app usage tracking or access gate check-ins), but only **20%** say data is managed centrally and just **14%** say they are actively using it to drive insight and value.

How can we support operators to do more and utilise this valuable data more effectively?

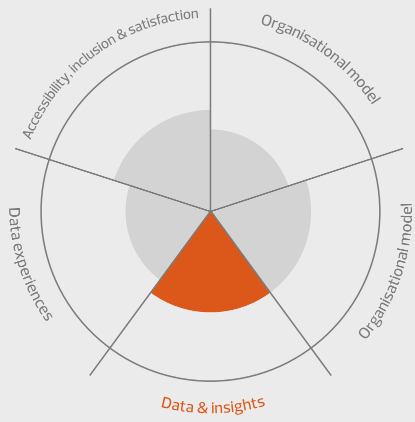
What you said

Data and insights

Collection and use of data to improve the relevance and quality of consumer experiences and drive value

This was the highest scoring within the private sector

- Overall 50%
- Private Operators 60%
- Public operators 50%



25% Said their customer database isn't up to date, comprehensive or effectively harnessed

20% Said data is managed centrally

14% Said activley using data to drive insight and value

We collect good levels of data on members. Not so much on casual users – but these are future members.

Not one operator said it is using advanced personalisation that continuously learns and improves, despite 91% doing some form of personalisation.

Are operators not seeing the value of AI or do they not know what it can do?

Too much data! I don't know what to do with it.

A recent paper produced by Ian Mullane, CEO of Keepme, titled 'Everything You Need To Know About Data and AI'[19], gives a viewpoint of data and AI for every leisure operator CEO, looking at what you need to know about data and how to extract value through a number of steps outlined in the paper to guide you in this journey.

Irrespective of whether you work in the public or private sector, there exists a wealth of data, some known and others not yet known, however, this guide is the start of the journey to bring it all together in what is referred to as 'big data'. This digital measure shines a spotlight on how the private sector has woken up to what it has and how to benefit from it. Good news: everyone has the building blocks.

We're starting to bring back personalisation post-COVID

20% create business reports from data manually while only **5%** have fully automated live reporting. Are operators spending too much time putting reports together rather than acting on the insights?

Technology can bring together many forms of data in a structured format for your business to review. Why work hard when you can work smart?

The Keepme report explains the difference between the two types of data, structured and unstructured, as shown below:

Structured vs Unstructured

To elaborate on the difference between structured and unstructured data, let's take a look inside a typical fitness operation and explore the data pools – those with an external viewpoint, not internal such as HR or payroll – that we might expect to find.

Structured	Unstructured
Club Management System	Social media
Access control	Customer surveys
Member mobile app	Internet reviews
Website visitor analytics	CCTV
Class bookings	Member inbound email comms
Membership sign-up	Member inbound SMS comms
Fee payment	Webchat
Exercise equipment	Member assessment/induction forms
Point of sale	Telephone call recording

(Taken from Keepme report Data & AI – with permission)

To no surprise, there is 'in-between data' which is semi-structured, an example being NPS – where there is a score, then there is a wealth of information surrounding why they scored that value which enriches the insight with meaningful information. Surveys are also another form of information to interpret to inform business decisions, however, you could ask for responses in the form of emojis. AI passes this through language sentiment analysis and gives a positive, negative or neutral score. Keepme explains this enriches your data. In addition, there is the data gifted by members which are touched on in the Digital Experience measure.

“There are weaknesses in the quality and completeness of the data.”

Being able to capture this type of information in a format that adds to all the other data points is where AI can really move your business forward, as seen in the use of data by the private sector.

All operators think they are doing at least what's necessary for data security and privacy. Yet improvements can be made across the sector. How can these be addressed?

“There should be greater data standards or shared development across the industry and from technical suppliers to build upon”

While every operator has a customer database, **25%** said it is not up to date, comprehensive or effectively harnessed. What can be done to support operators to make more of their customer data?

"When one set of data is connected with other data sets or tools, the value of the data multiplies – Keepme"

The use of consumer data from an acquisition part of the journey was assessed as part of an extended analysis for a subset of the operators, through this it was found that:

- Generally, there is a good level of data policies but some education is needed around cookies
- No site uses a standardised approach to data collection, with most generating data from multiple sources and inconsistently
- Mandatory data fields on forms are not always clearly highlighted
- The majority of sites do not use front-end validation to maintain data standards and quality
- No consistent approach to marketing opt-ins
- No use of PECR (Privacy and Electronic Communications Regulations) soft opt-in on any of the sites assessed
- Little use of abandoned basket/registration marketing by public operators

Large volumes of data are being collected by operators but few are currently using it to effectively report, communicate, automate and personalise. The commercial opportunities for increased use of data across the sector are significant.

Digital experiences

Digital Futures defines this as a measure of how rich and thriving the organisation's digital experiences are. These are the owned and third-party interfaces that consumers engage with. Continuously evolving these experiences to meet the needs of target consumers ensures that organisations remain relevant.

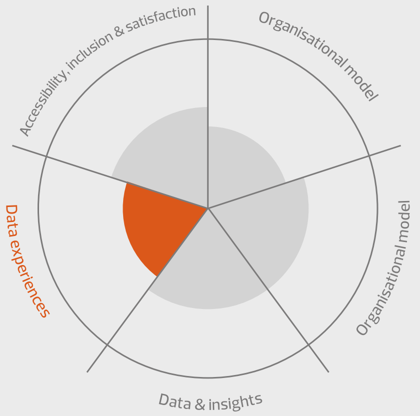
It's not just our industry or competitors, customer expectations are set from the likes of Amazon, Apple and Netflix.

This was the second lowest scoring category, highlighting gaps in the effectiveness of operators' websites, apps and social platforms.

What you said
Digital experiences

A measure of how rich and thriving the organisations digital experiences are

- Overall 51%
- Private Operators 59%
- Public operators 51%



91% Have a mobile app, but ratings are well below industry benchmarks

70% Said the usability of their digital experiences could be improved

64% Admit they could be doing more with SEO (Search Engine Optimisation)

The website is clunky as it's driven by the council.

36% provide no connected services such as integrating the data from wearable devices with gym equipment or apps (with only **32%** saying it's an established part of their offering).

We're now enhancing the experience customers have with us outside the four walls.

Within the data and insights section we touched on data which comes in the form of the data gifted by your members. Keepme explains this is the data collected and managed by your members through third-party applications from organisations such as Myzone, and other wearable or at home applications. Having your members share this data with you helps build a 360-degree wrap- around physical activity ecosystem that meets the needs of the consumer who is at the centre through hyper-personalised experiences, be it messaging or new products they may like.

An example might be, the weather is nice and they may wish to exercise outside your facility and not come to the gym. These members may fall into your 'at risk' so you send them a message saying 'Not been to the gym for a while? Do you realise exercise supports health benefits? The consumer views this as mis-messaging in the digital world. Alternatively, if permission was given to share data, then the message could read, 'Great to see you have been making use of good weather or relaxing elsewhere, keep it up, see you soon?'

The utopian view as described by Peter Croft is to change from being a 'facility of choice to a whole life brand of choice' based on the level of hyper-personalisation designed through an omni- channel approach of facility, people and technology.

64% admit they could be doing more with SEO (Search Engine Optimisation) and paid digital marketing to help attract consumers to their digital channels in the first place.

How can we support operators to better reach those who are new to the sector?

Search engine optimisation (SEO) brings "free" web traffic to your website. It is the process of improving your website's organic traffic to increase its ranking on search engines such as Google by persuading algorithms to recommend your content. To have an effective SEO rating you need to keep your content up to date. Poor execution will not deliver what you want and puts pressure on paid content; you need to work at a way of increasing your likelihood of being seen, i.e. optimising your site.

Great thought needs to go into adding backlinks to sites, phrases and combinations of words, and not just keywords. As within the data and insights section, it's not about just looking at joiners and leavers to determine your sales strategy but enhancing multiple data points through AI, and SEO is the same; you need to layer a number of key attributes to be successful and be seen.

70% said the usability of their digital experiences could be improved

A recommendation would be for operators to survey which site has good SEO and social content; you may already have hidden talent to utilise?

Operators scored an average SEO score (by SEOability) of 74%, suggesting a number of improvements such as adding meta descriptions (the short text description that appears below a link in search results), reducing file sizes and adhering to header tag rules (a critical ranking factor used by search engine bots when looking for content to present to the person making search) could help to improve search rankings and increase website traffic.

""

We can't compete on paid

Increasing your SEO rating will result in high- quality optimised web pages that answer a prospective member search query showing up at the top, reducing the need to pay for clicks. It is advised to stay on top of your SEO strategy as a subset of your digital strategy to be as effective as possible.

Both paid and organic have their place but it's advisable to reap the benefits of free traffic.

52% of operators don't have much presence on third-party websites or apps, or don't know what presence they do have.

A simple guide to understanding what is and what types of SEO there is go to[13].

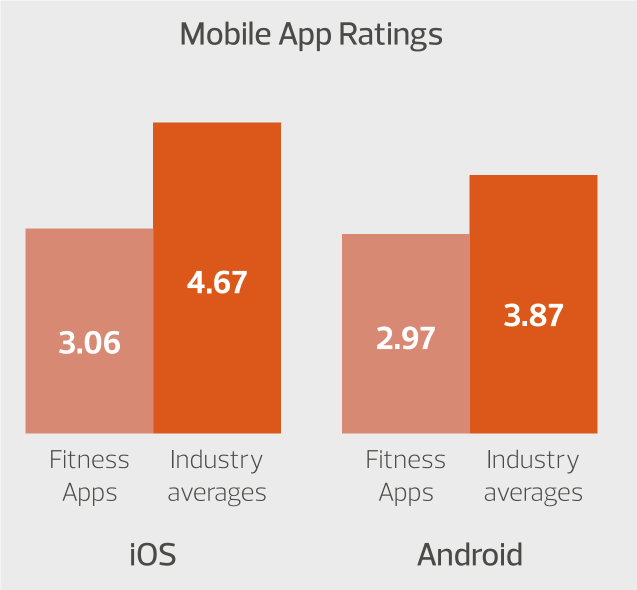
Operators scored an average page speed score (by Google PageSpeed Insights) of 76% on desktop and 42% on mobile. As well as impacting negatively on the user experience, slow pages are penalised by search engine ranking too. A study by Forrester Research and Akamai[16] found that nearly half of web users expect a site to load in two seconds or less. Google reports the probability of bounce increases by 32% as page load time goes from one to three seconds[10].

59% of operators say they are very active on social media.

Private operators attract 27 times more social media followers than public ones and have above average Facebook engagement for the industry, while public operators have above average Twitter engagement.

How can we support all operators to make social media work more effectively?

91% have a mobile app, but ratings are significantly lower than industry averages for fitness apps (3.06 vs 4.67 average on iOS and 2.97 vs 3.87 average on Android).



The app experience is better than the website so those less digitally capable (i.e. without a smartphone) get a poorer experience.

The past 18 months have caused us to think differently about our customer journeys through websites, apps and in facilities which, pre-COVID, have been reliant on human intervention – which increases the likelihood of failure. Technology can enhance this and, through interviews, those operators who have worked in partnership with local authorities to deliver experiences in line with other service sectors have seen an increase in utilisation. This allows operators to increase the amount of data collected, which in turn enhances value through the optimisation and recognition of the insight available to enhance the consumer experience.

Our customer journeys aren't perfect and rely on staff doing a lot in the background or dealing with issues.

It is recognised all operators provide a multitude of digital channels for consumers to access. Enhancements to the user experience would improve engagement and ratings as well as commercial measures too if set within a digital strategy that connects all business functions.

Determine what role you play in the consumers physical activity ecosystem and look to add value through integrating with others.

Accessibility, inclusion and satisfaction

Digital Futures defines accessibility, inclusion and satisfaction as digital experiences that welcome, support, engage and satisfy all consumers. Digital is for everyone, so making it work effectively for all audiences is paramount.

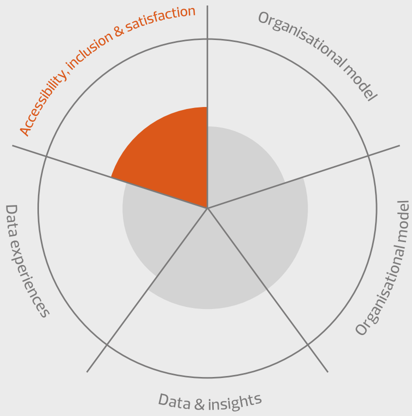
This was the top-scoring category for public operators, highlighting the importance of this placed by them.

What you said

Accessibility, inclusion and satisfaction

How digital experiences welcome, support, engage and satisfy all consumers

- Overall 58%
- Private Operators 61%
- Public operators 58%



20% Think their digital experiences are fully accessible to people who have limited digital skills or capabilities

23% Think their digital experiences are very welcoming and supportive to anyone who is new to

93% Average accessibility score by WedAccessibility.com

98% provide customer service in some form digitally.

20% think their digital experiences are fully accessible to people who have limited digital skills or capabilities. How can this be improved?

Operators build their products for existing users, not new people.

Operators scored an average accessibility score (by WebAccessibility.com) of **93%**, suggesting that the most fundamental steps towards accessibility are in place for the majority of operators. Some are using tools like Recite Me to[8] help ensure their site is accessible, and other 'accessibility toolbars' are available (and used across other sectors), such as Monsido and ReachDeck, which include screen readers, dexterity tools and assistive technology. Specific to the sector, a number of user-orientated specialist applications are in development (downloadable and accessed via smartphone).

Digital is a gamechanger for inclusivity. You can tailor the experience without labelling.

23% think their digital experiences are very welcoming and supportive to anyone who is new to the sector. What more can be done?

1/3 of people who join have never been part of a gym before. Real focus to use digital to support them.

The recently released ukactive and Sport England This Girl Can playbook[9], for example, provides practical advice for attracting more women and girls into facilities. ukactive's Everyone Can report noted that 'Increasing technology in the leisure sector will make information and facilities more accessible, encouraging greater participation'. With specific reference to disabled people, the 'lack of relevant information about what is on offer at the leisure centre, including activity timetables, opening times, instructor qualifications and accessible equipment' were listed as key issues preventing people using a leisure facility or setting.

Digital has been a lifeline for some active community groups who haven't been able to attend in person.

In a report focusing on older adults and their relationship with fitness and leisure, ukactive's Life in our Years report[20] recommended that 'offerings need to be clearly communicated to allow them to make informed decisions'. Attendance of older adults was dependent on the accessibility of booking systems, but the report highlighted the digital inequality barriers and cautioned against whole reliance on online booking – a theme also noted across disabled people and those with long-term conditions.

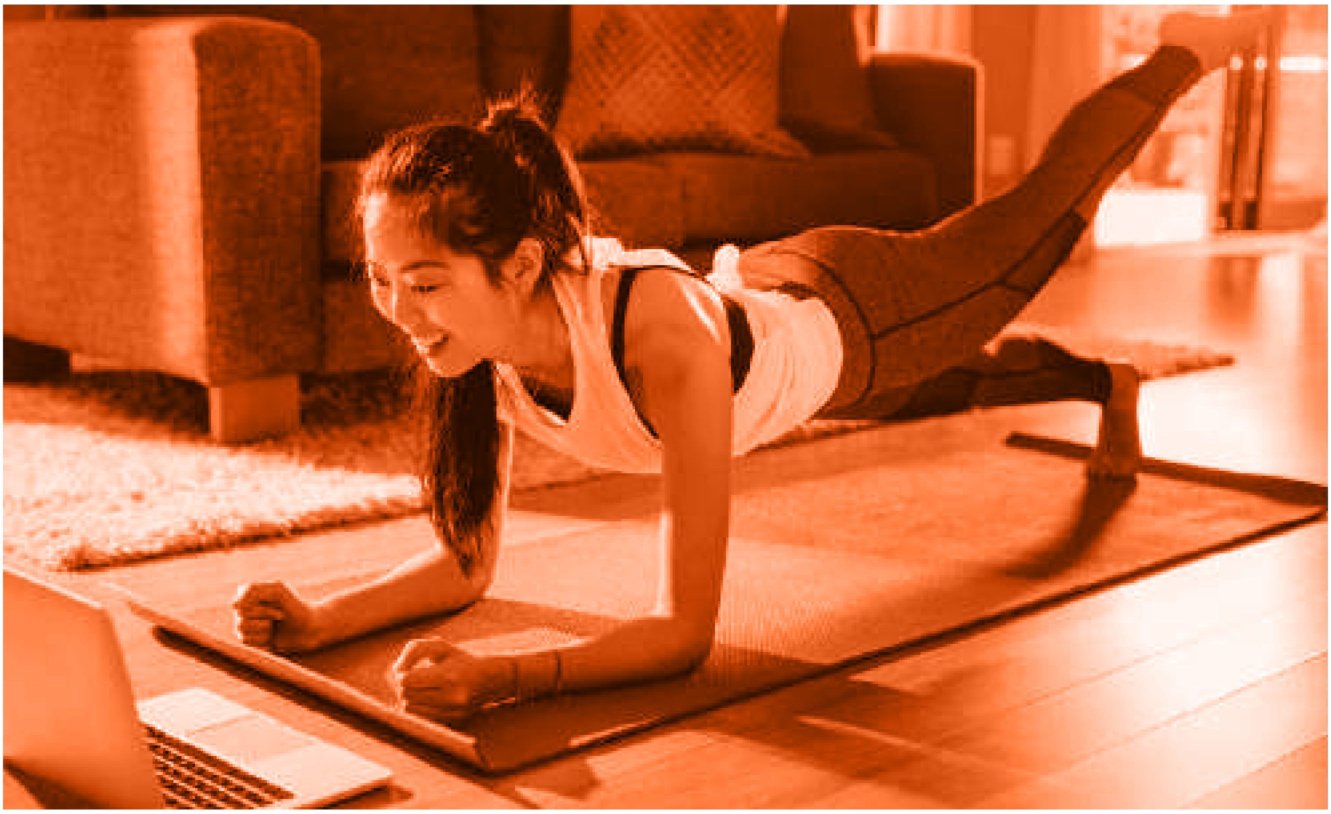
The more people can see people like themselves in our imagery, the less intimated they'll feel.

London Sport has been exploring the use of open data to support social prescribing through a number of projects to enable link workers to better prescribe interventions which best meet the needs of the participant. Similar projects using open data have been pioneered by many Active Partnerships to enable consumers to find activities within their local area, as well as companies using open data to support the opening up of school facilities out of hours. In addition, Playfinder, which has over 7,000 facilities listed, enables people to find and book local pitches and courts making sport more accessible.

"How do we make ourselves a central part of a member's health and fitness lifestyle?

Digital can have a huge influence on accessibility, inclusivity and satisfaction, and is critical to ensuring the sector can meet ukactive's shared ambition for growth by 2030. Digital user journeys can unintentionally exclude certain groups if not designed with everyone in mind and the digital experience must incorporate inclusivity and accessibility (both of which have previously been associated with the physical facility and the 'in person' or 'on site' experience). With digital recognised as an initial touchpoint and the first contact for those who have not attended before, those with support requirements or those from particular or diverse groups and communities, it has been noted that inclusive language, imagery and design can help operators meet the needs and expectations of the widest possible audience.

In Summary



Before the pandemic, digital was already on an upwards trajectory. Events caused by the COVID-19 pandemic accelerated that and gave digital greater priority and urgency by operators. Digital became the default way to engage with consumers before, during and after visits.

The future

98% think digital will play an increasing role in the future

50% say it will play a critical role

23% say it will be central to their future and they have concrete plans to harness it

Despite the growth, the sector is still at an experimental stage with digital, and there's lots to do to establish greater effectiveness with it.

A gap in digital maturity and effectiveness exists between private and public operators, and large and small operators.

'Organisational model' and 'digital experiences' are the lowest scoring digital categories.

The lack of a robust digital strategy, continual investment and adaptability of third-party technology platforms is holding operators back.

Gaps have also been highlighted in accessibility, inclusion and data handling.

The sector recognises that digital will play an increasing role in its future; now's the time to build on this with clear plans, actions and results.

Recommendations

Overview

The sector is ready for digital change and the COVID-19 pandemic has highlighted the change that's needed. While considerable progress has been made over the past 18 months, there is much that is also holding operators and suppliers back which could be extended into other sectors contributing to the whole physical activity ecosystem and the consumer experience.

Digital Futures has been designed to support the fitness and leisure sector to measure its digital maturity and effectiveness, and provide a reference point to build out a clear path of further understanding that meets the needs and demands of the consumer. This will, over time, increase participation and help to grow membership by an additional five million paying members by 2030.

To do this it is imperative that all parties engage to help inform Digital Futures by the completion of the online digital maturity and effectiveness survey, as well as getting actively involved in the discussions on the 8 recommendations that are to follow – are they perceived or real barriers to adoption?

What can be done to keep the momentum on digital and deliver sustainable returns from it?

Two key areas emerge: ***Collaboration*** and ***Simplification.***

Collaboration

Do we as a sector work collectively to support growth, consultation would suggest a long way to go?

There is a great deal of investment in digital across the sector that is either siloed or duplicated, limiting the value gained by individual operators and the sector as a whole. Operators, suppliers and associated organisations need to be clear on their role in contributing to the overall physical activity ecosystem of the consumer. This will support the development of a collective definition of roles and a digital mindset, which compliment each other.

“ ”

What can we learn from other sectors?

We recommend increased collaboration between:

- **Operators –** to share common user requirements that don't risk competitive advantage for open-source commercial development. Private operators have greater flexibility to innovate, and great inspiration is generated by their success to make leisure accessible. Can the sector raise participation and share commercial growth to reduce health and social costs, and so offset commercial rents and taxes based on ROI?
- **Operators and platform providers –** Platform providers should demonstrate upskilling strategies to operators to enhance the digital mindset.
- **Operators, platform providers and other third-party providers –** need to provide demonstrable evidence of collaborative strategies that provide sustainable ways of working to promote combined growth.
- **Operators and local authorities –** Does the current structure work? The Decade of Change report on Public Sector Leisure highlights challenges with procurement and the focus on operational or financial outcomes over development and growth which inhibits the opportunities available to operators to innovate. Technology is in parabolic growth. Both operators and local authorities need to build a strategy to allow innovation and consumer demand to flourish. Is it absent at present?
- **Platform providers –** Are platform and other technology providers open to API documentation for integration to provide complementary products and services? Do platform providers actively seek partnerships to support their customers?

- **Local authorities –** Through interviews it became apparent that those local authorities which established new ways of working with their service providers realised greater growth in participation. Do local authorities have the right skills or understanding of digital to ensure they can set the direction for future policy and complement the operator by driving innovation for the consumer?
- **Operators, National Governing Bodies (NGBs), SRA, CLUK –** Are we joining up to support local delivery in digital knowledge, skills and technology to best support the consumer to meet their physical activity needs?

Key to enabling greater collaboration are open standards, platforms and data. We encourage the sector to be **'open to being open'** and to seek ways to collaborate with all relevant parties to help achieve common goals together. Success has been seen in OpenActive, which makes it easier for people to find and book activities through the use of open data standards, and the Open Referral UK data standard, which is a consistent way of recording and sharing information about services. Work has also been undertaken to explore how the bringing together of OpenActive and Open Referral could support social prescribing pathways to either signpost physical activity or culture and social care interventions.

Simplification

Will the simplification of leisure management delivery support digital growth? According to the consultation, yes.

It is widely recognised that there's too much complexity in today's membership types and products across the sector and disparities across different local authorities. Maintaining multiple versions of platforms creates challenges and slows innovation for companies like Gladstone which are looking to innovate to support their clients.

Efficiencies and innovation could be supported if operators maintained version concurrency for platforms to build upon. However, do operators feel it's of benefit?

The lack of such complexities has made it challenging for new platform entrants to join the market for instance. One multi-site public operator said they have over 120,000 subscriptions and 10,000 membership categories.

In contrast the private sector and service providers in other sectors strive to reduce the level of categories to bring seamless and intuitive experiences which provides an enriched experience for the consumer.

Some complexities are necessary to protect the level of service delivery but we propose finding ways to reduce complexity in the sector in order to enable the fulfilment of digital solutions more easily, more quickly and more cost effectively. ukactive, in partnership with stakeholders, service delivery partners and local authorities, will explore this in more detail to establish if a simplified delivery mechanism can be agreed, with the efficiencies released to build digital pathways for greater accessibility and experiences for the consumer.

Could local authorities, for example, commit to following best practice guidelines to minimise complexity and differences?

Could the number of different membership types and entitlements be streamlined?

Simplification frees us from many of the barriers holding back digital growth.

Consumer insights

Do we know what the consumer wants from leisure providers or are we guessing?

This consultation identified only three operators that have engaged in significant research with their existing and target consumers to truly understand their needs (beyond the Net Promoter Score and other satisfaction measures). This is in stark contrast to consumer polling in other sectors.

To complement this study, we must explore the needs of the consumer. With this need established we can assess the sector's readiness to meet these needs and the delta for development. We therefore recommend a thorough review of existing consumer research that is available across the sector on digital needs and, if required, conducting research directly with consumers to understand their attitudes, desires, frustrations and behaviours when it comes to digital. It is critical that this comprises both existing and non-users of the sector, and that the customer experience is considered both inside gyms and other facilities and outside these environments as part of consumers' daily lives.

Knowledge upskilling

Does the leisure sector have a digital mindset?

With **84%** surveyed saying they don't have an updated digital strategy, it would suggest room for growth. This consultation would suggest that there is an understanding of the role of digital but it's not fully realised at board level as they are not equipped with the right digital mindset, which is clouded by either lack of knowledge or misinformation.

Knowledge upskilling pervades all aspects of the business – from board level, and their ability to interpret the data available, to the front of house on the importance of data capture, and the quality of data hygiene for the board to review with a company-wide digital mindset. Throughout this structure is the recognition that valuable data touch points exist to enrich decision making by the board. Digital Futures sets out not to make everyone a digital expert, but as the world and consumers have evolved, we all need to think and act with digital in mind.

“”

The business doesn't understand the cost of standing still.

We recommend all staff are given the opportunity to learn a range of digital skills through online training resources, many of which are free, open source and relevant to their role but linked to the digital strategy of the organisation. One such resource, launched by CIMSPA with support from Sport England, is the free Digital Marketing Hub, while Google's Digital Garage also has a wealth of digital learning resources.

Mindsets are as, if not more, important than skills to get in place. We must educate our staff on how digital can benefit them.

For example, we could begin to change the mindset by making digital a daily habit through the use of digital devices and online staff communities.

Within the data and insights section we explored the vast amount of data that already exists in either structured, unstructured, in-between structures and the data gifted by members. As a sector we need to utilise and upskill our staff to recognise and harness this valuable data. We must enthuse our staff about the possibilities of digital and how even 'advanced' aspects such as machine learning and AI (artificial intelligence) are much more within reach than they may think.

We are in the people business. The more digitally aware and skilled our people are, the more we can remain relevant in the digital age too.

Role of Platforms

Platform and other technology providers have a responsibility to support growth – do they?

It is universally agreed that operators wouldn't be as digitally advanced as they are today without the aid of leisure management systems, app platforms and other technology and content providers but what evidence exists of true upskilling? Platforms need to raise this aspect for their proposition.

However, such platforms were also identified by operators as one of the key barriers in delivering the digital experiences that they and their customers expect.

Challenges include:

- Limited market (few options and none are perfect)
- Lack of APIs and the ability to build and share custom experiences and features
- Interoperability of different platforms
- User experience - not consumer-centric
- Product roadmap / direction at odds with operator needs
- Speed of product evolution
- Focus on latest versions not old ones many operators still use
- Clear demonstration of commercial value / ROI

It should be noted that this survey has only taken the views of operators, not platform providers, so we've only heard one side of the story. However, we have subsequently consulted a number of those providers for comment.

Gladstone and its parent company Jonas Group, represent two of the leading leisure management systems on the market that recognise and align with the findings but, as with other systems, challenge some of the perceptions presented by leisure operators. Gladstone understands the views that operators have and agree that product progression has been slower than it would have liked. However, it points to a number of other challenges not necessarily focused on by operators:

- Complexity in the range of products, services and membership entitlements to support across multiple operators and local authorities too.
- Maintaining multiple versions of platforms across the leisure sector is inefficient, cost prohibitive and hampers innovation. Gladstone and its parent company Jonus Group supports innovation and allocates a percentage of revenue to support its customers. Investment decisions in innovation can only be supported by market uptake. Gladstone can best serve the leisure sector if investment raises large portions of the sector. Servicing and maintaining legacy systems only hurt commercial growth in meeting the needs of the consumer. In the public sector, greater understanding is required in aligning business priorities in the pursuit of leisure participation and the needs of social prescribing to ease social and health care costs.
- Operator mindset on what to invest in digital outside of traditional IT is imperative to commercial growth. Digital transformation pervades all departments and is not under the ownership of one. Disparity in the alignment of consumer experience over operational and system- led decisions excludes consumer centricity.

While the issues highlighted by operators are valid and valued, it is important to remember that it is essential to form long term partnerships with leisure management systems, app platforms and other technology and content providers for the biggest benefits and longevity of value.

Myzone describes this relationship as a time-served culture of empathy, understanding and insight, to appreciate the challenges faced by operators and offers transparency in resolving them. Myzone strives to demonstrate a clear understanding of what is needed within the business and for members, in partnership with both operator and technology service provider they can define, explain and enact any vision for the benefit of each community to reach commercial growth. .

We encourage an open dialogue between operators and platform providers to help find ways to better meet consumer needs now and in the future. It's in everyone's interests to make this work. Platforms that can't keep up with digital change will lose market share and give way to others, including new entrants, to take their place.

More than just meeting needs, we propose that platform providers lead the digital agenda more, driven by consumer insights too, and set the bar for even the sector's leading operators to aim for. This will help to position them as aspirational leading lights, rather than a weight to bear.

Operators need to recognise that digital needs continual, and rising, investment to succeed. It's not a cost to drive down each year. Consider the end-to-end returns from digital investments and the commercial case becomes clear. Platform providers can do more here too to help evidence that case.

Data

Are we doing enough to support policy decisions or working in silos and hindering collective growth, irrespective of which sector we serve?

Private operators wish to show commercial growth year on year, the public sector wishes to show participation and social value impact. What is the difference, if we stand back?

There's a wealth of data already being collected and shared by operators and throughout the sector which supports commercial and wider policy decisions such as Moving Communities, COVID-19 data, Data Hub reports, as well as private sector benchmarking, which all sets out to inform wider policy support. In addition, a number of operators are working towards open data standards. As we support the consumer in their interaction with leisure, sport, community and health provision there is a lot more we can do to build on this and improve the quality of and openness of data to build upon, analyse and report on for meaningful interventions.

Ensuring that data is open and available to be read or written by authorised platforms and third-parties enables better experiences for consumers, better insights for operators and greater pace of digital change. MCRactive's one-stop shop for sport and physical activity across Manchester makes use of open data, but it only works if all local authorities and platforms support common standards such as OpenActive. London Sport is another example of an organisation that leverages open data.

However, data is currently mostly in islands rather than being joined up, and the power of that data is not always realised.

We recommend that operators conduct a holistic data audit to understand what they have already, how it's being used and what's missing, including consumers' health and fitness activity outside the gym environment as well as inside. Keepme offers all operators that take part in a consultation a complimentary review of member's workflow. Keepme would give guidance on optimal setup on sales and retention workflows from a technology perspective, and give ideas on where to improve efficiencies and measure results.

Commercial case

Do real commercial cases exist for digital investment? Operators say are hard to substantiate.

This research clearly demonstrates that operators see digital as a priority. However, there are some challenges evident in operators taking that pledge forward into sufficient action. Investment is required, continuously and increasingly over time.

Leadership needs to be equipped with the commercial case for such investment.

Digital's impact on revenue, profitability, participation and retention can be demonstrated.

We recommend enlisting the support of operators and platform providers that have the evidence needed to help the sector as a whole with the commercial case. This will unlock the necessary investments at operator level that will bring both commercial and social value in return.

Annual review

What is the commitment to collective support to aid recovery and growth through digital?

This study gives our sector an initial benchmark for digital maturity and effectiveness and an opportunity to measure year-on-year performance against this benchmark. Through the Digital Futures initiative, all operators will be able to complete an annual survey, get their score and be supported with recommendations. It is proposed that this annual report develops into a wider sector digital report across operator readiness, consumer expectation and digital skills.

We'll also curate a number of free tools, resources and offers from third-party suppliers to support operators in their digital growth journeys. ukactive will encourage suppliers to build a resource library which is in line with an operator's current digital maturity to provide a clear path for continued growth.

Conclusions

This first sector-wide review of digital maturity and effectiveness gives us a glimpse into where operators currently stand with digital and what's expected next. However, to be able to provide the right support we require increased participation in the ongoing assessment of the leisure sector.

Despite the rapid growth over the past 18 months, there is still much to do at the overall sector level, with specific segments and with specific operators.

Through Digital Futures, ukactive and Sport England aims to work with all aspects of the sector to understand and provide the support that is required to grow the adoption of digital which meets the needs of the consumer.

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Participating fitness and leisure operators
For contributing to interviews and surveys.

UK active More people More active More often

ukactive

ukactive is the UK's leading not-for-profit health body for the physical activity sector, with more than 4,000 members – from gyms, leisure centres, sports bodies and other activity providers, to major consumer brands and equipment manufacturers. Members come from across the private, public and third sector and are united by ukactive's longstanding and uncompromising commitment to getting more people more active, more often.

REWRITE DIGITAL

Rewrite Digital

Rewrite Digital is a strategic consultancy that helps organisations keep the pace of digital change. Their comprehensive framework for measuring digital maturity and effectiveness enables organisations and sectors to see where they are now, where they need to head and benchmark themselves with peers and over time.

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More people
More active
More often