

‘

# **ANALYZING WHETHER TO RELOCATE A SERVICE FRANCHISE**

---

## **UNDERSTANDING A HIGH END CLIENTELE**

**TSATSATZU**  
**BOSTON, MA USA**  
**2012**







### Questions

- *How important is proximity to a service location that clients typically visit several times a week?*
- *How loyal would current clients be if the service location moved, i.e. are their relationships with service providers strong enough to retain their business?*
- *Does the calculus change if purchased services have an expiry date?*
- *What strategies could be employed to maintain current client loyalty and service usage?*
- *What lower cost services could the fitness center provide to gain and maintain new clientele? For example, are options like group classes, off peak-sessions, flash service sales, etc. likely to make up for any losses due to attrition?*

In effect, the new location would require strategies to help retain active clients whose households lie outside the one mile radius, to maintain current revenues from existing services. It would also benefit from promoting lower cost services to residents within the critical one to one-and-a-half mile zone, who may not have the funds to purchase existing services.

### NEXT STEPS

To help the principals quantify the effects of the potential move, we put together a series of spreadsheets with the assumptions made clear. We then walked them through the conditions that would be necessary to maintain their clientele or compensate for their defection to other service providers. We discussed marketing and pricing options as well modifications to the a la carte services currently being provided.

The management chose not to make the move.