

Membership Benefits:

The First Step to Building a Powerful Source of
Recurring Revenue

NSSF[®]
The Firearm Industry
Trade Association



Where we came from

Since 2013, we have owned and operated over 25 fitness facilities throughout Ohio and Pennsylvania. During that time, we saw the positive effect recurring revenue can have on the sustainability and profitability of a business.



We opened our first shooting center in 2019 and structured our success around having a robust membership department. Our focus was centered on the philosophy of building a membership base that supports the fixed operating costs of a 60k sqft 24-lane facility.

Where we are now

18 months later, the profitability of this department alone allowed us to cover our fixed operating costs, unburdening our business and profit margins. Since then, we have expanded to 3 additional locations that have allowed us to further prove out our approach in both small and large markets.

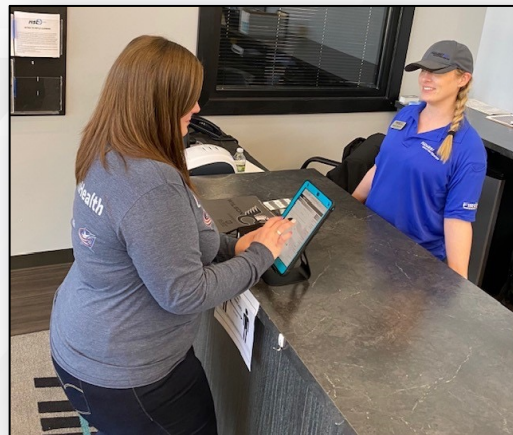


Real Numbers at MSC

Opened in 2019 with 36k city population generated:

- 6-month presale: 1,000 memberships
- 3 years open: 2,400 members
- 98% are 3-year commitments
- Avg member paying \$38/month
- Under 4% delinquency rate

OVER \$1 MILLION ANNUALLY



3 expansion ranges completed presale with a 250k city population generated:

- 6-10 month presales: 2,000+ members each
- 95% are 3-year commitments

Role of a Membership Department

Memberships are a powerful source of recurring revenue that can provide consistent and predictable income for a shooting range. Memberships have a strong synergistic effect as patrons receive privileged benefits when they become a member. These privileges enhance brand adaptation and customer-use across all departments.



Memberships also reinforce brand loyalty and drive long-term customer commitment that will provide a stabilizing effect on your business.

If a range can run an effective membership department, recurring revenue will stabilize and support the overall health of your business, immunizing it to the volatility of the firearms industry.

Identifying a Need

Speaking with other range owners, we realized our membership-centered business model was unique in the shooting sports industry. These differences often contributed to their range's ability to thrive in the volatility of this industry.

Some contributing factors to underperforming membership departments:

- Revenue is retail-focused with membership as an after-thought.
- Membership offerings are built for the frequent and/or experienced shooters.
- Members are not properly onboarded.
- The signup process is overly complicated and outdated.
- The perceived value does not directly reflect cost.

Membership Mistakes

Revenue is retail-focused with membership as an after-thought.

Fellow operator's approach:

- Low gun margins
- Retail first
- Re-earn every dollar

Let's invest \$100,000 up front:

Gun Department

Buy 205 Glocks
Sell them @ \$579 each

Gross Profit:
\$18,695 ONE TIME

Our approach:

- High blended profit margins
- Memberships first
- Recurring revenue

Let's invest \$50,000 annually:

Membership Department

Hire Fulltime Membership Manager
Sell 205 memberships

Gross Profit:
\$29,895 RECURRING ANNUALLY



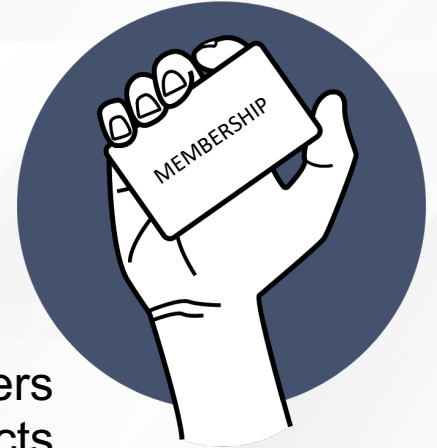
Identifying a Need

Membership offerings are built for the frequent and/or experienced shooters.

As range operators, we must be aware of our industry history and perception by our potential customers. Historically, our retailers have been male dominant and intimidating to the novice firearms enthusiast.

Instead, it should be goal of the business to work with members to achieve a high comfort-level with the facility and the products that are offered to ensure long-term patronage.

To achieve this, it is imperative that the aesthetics of your facility, personality of your staff, and path to comfortability with your product are supportive of the individual that is new to the industry.



Identifying a Need

The member is not properly onboarded.

In our experience, a significant number of members you will enroll at your facility will be considered new to firearms. Getting your members through formal firearms training goes a long way in their adoption of the facility, comfort in their skill and long-term patronage to your facility.

An additional consideration is ensuring that your members know how to access amenities, are aware of the facility rules, are provided proper documentation of their membership benefits and given all materials needed to utilize those benefits.



Identifying a Need

Perceived value does not directly reflect cost.

As a best practice, the price a member is paying should be easily contrasted with the cost of the value they believe they would pay a retail price for.

If a member is being asked to pay \$40/month, they should be able to formulate a path to realizing \$40/month in value through normal interaction with the facility.

Steer away from justifying the customer's visits to help recoup their membership dues. This will discourage the novice shooters by putting a specific number of visits in their head they need to justify the signup.



Questions to ask when building better benefits:

Do these benefits promote additional revenue in other departments?

Do these benefits appeal to a wide audience?

Do these benefits add value without cutting into margins?



Do these benefits provide stability to my overall business?

Are these benefits sustainable within my overall business model?

Identifying a Need

Do these benefits promote additional revenue in other departments?

When we build out our benefits, we need to consider how they will support revenue growth in other departments at your range. Memberships reinforce brand loyalty and drive long-term customer commitment that provides a stabilizing effect on your business.

- **ADDITIONAL MEMBER SPEND**
 - \$58 in additional member spend on retail, rentals & training/month.
- **MEMBER TRAINING RATE**
 - 37% of members purchase training following their sign-up.
- **RETAIL MARGINS**
 - Retail margins often-times in excess of 30%.



Identifying a Need

Do these benefits add value without cutting into margins?

The benefits of being a member at your facility will be a significant driver for your pricing model. Use caution before adding discounts to retail and like items that already have small margins.



Instead, offer benefits that will:

- discount “time”:
 - private training & classes
 - lane time
 - events

- put members in a favored class:
 - member lounge
 - members-only bay
 - online lane reservations

Identifying a Need

Do these benefits appeal to a wide audience?

Frequent and experienced shooters are low hanging fruit when it comes to selling a membership. In fact, they likely make up the majority of your current membership base. If our focus is surrounding these members, we are neglecting the large group of people: *FIRST TIME SHOOTERS*

I challenge you to structure your memberships around that group of people and provide them with benefits that:

- Are easy to understand
- Grow their comfort around firearms
- Emphasize the use it or lose it skill
- Provide them with independence surrounding their skill



Identifying a Need

Do these benefits promote additional revenue in other departments?

The main purpose of the membership department is to cover the overhead cost of running your facility, insulating your business against the ups and downs of the industry.

We often have little control over walk-in traffic as it relates to lane use and retail purchases whereas with membership, we know exactly what revenue will be month over month.



➤ MEMBER CONVERSION RATE

- A successful membership department should be able to convert 18% of its walk-in traffic.

➤ MEMBER DUES VS LANE FEES

- \$49 in average membership fees per lane use, far out-producing day pass or patron lane use fees.

Identifying a Need

Do these benefits provide stability to my overall business?

In managing subscription services, you will find that the #1 cause of attrition relates to billing and financial management. There are several best practices to implement if your ambition is to have a high-performing department with long-term sustainability:



- Generally-speaking, the higher the monthly rate, the higher your membership attrition, regardless of median income.
- Very little incentive should be made for paid in full (non-recurring) memberships.
- Enact processes that will manage your delinquency rates so that your membership manager can spend their time focused on growth.

Identifying a Need

Are these benefits sustainable?

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