Extracting Value from AI in the Fitness and Wellness Industry

When does it pay back, and how?

Karl Foster

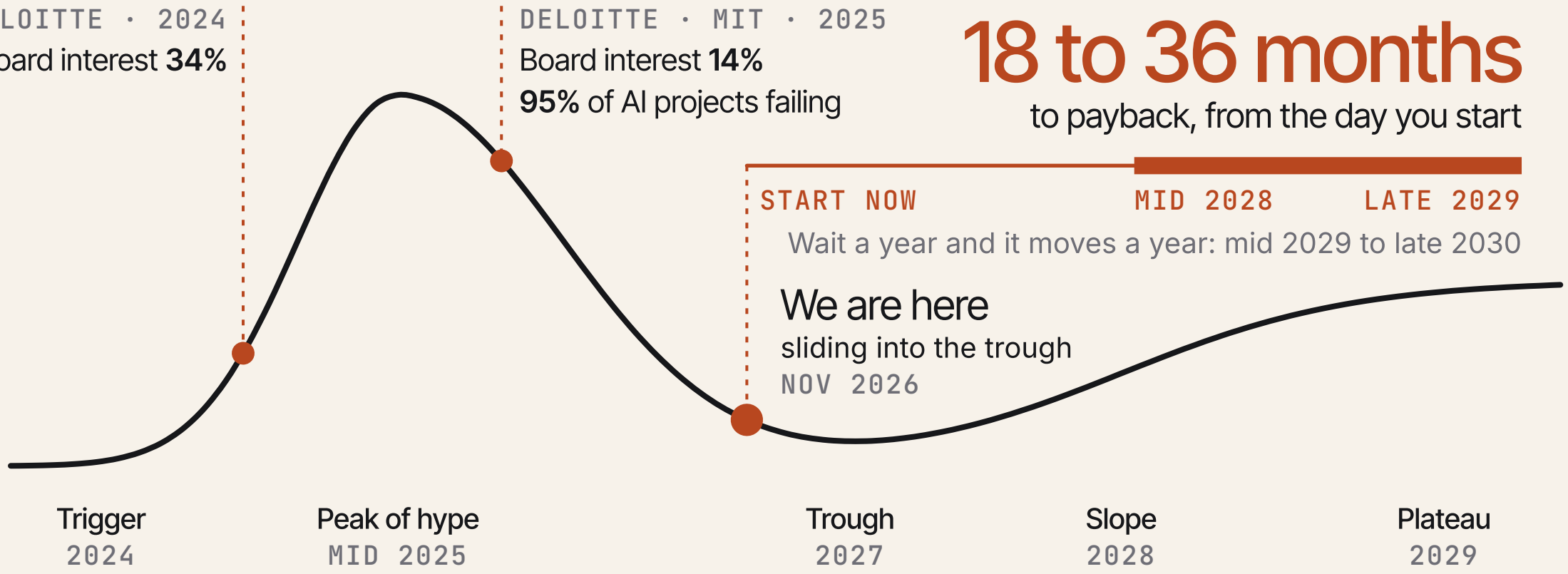
Fractional CTO for AI and data · karlfoster.me

Two Seasons Hotel Dubai

THE QUESTION

Nobody asks whether AI works any more. They ask when it pays back, and how.

The AI hype cycle



SOURCE Gartner Hype Cycle (2024); Deloitte (2025); McKinsey Global AI Survey (2024); MIT NANDA (2025).

Investors are asking when AI pays back.

29 OCT 2026 · ALPHABET (GOOGLE) · ONE DAY

−$500bn

Cloud sales doubled, but spending outran cash.

Your board will be asking the same question, with fewer zeros.

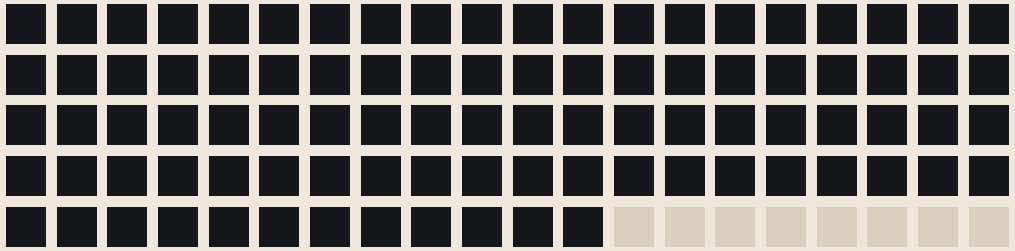
SOURCE Alphabet 8-K, 28 Oct 2026; CNBC, WSJ.

The economy is spending money on AI it cannot prove is working.

INVESTMENT IN AI · 2024 TO 2025

92%

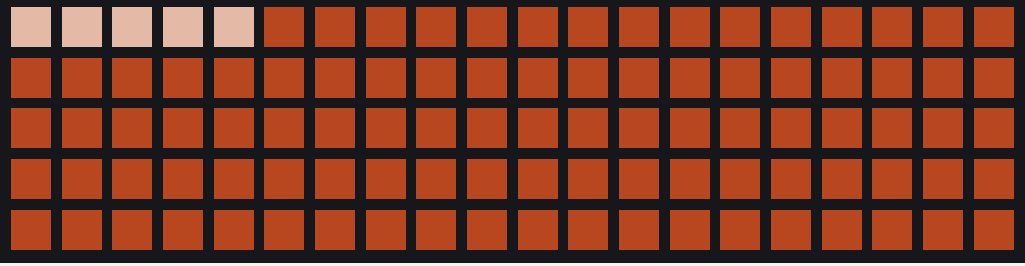
of companies are increasing AI investment year on year.



MEASURABLE RETURN · 2024 TO 2025

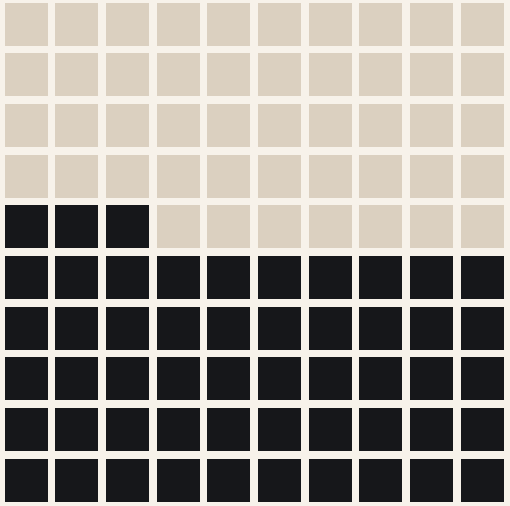
95%

are seeing zero measurable return on that spend.



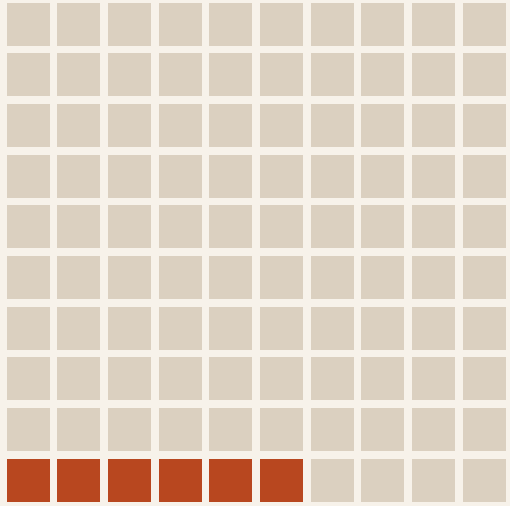
SOURCE Mayer et al. (2025); MIT NANDA (Challapally, 2025).

Half expect AI to pay back within a year. In the one survey that asked, 6% had.



53 in 100

expect a measurable return within a year



6 in 100

paid back inside a year

Executives report **2 to 4 years** for a typical use case to pay back

The ones who got there don't have better technology. They have everything around it.

SOURCE Accenture, Oct 2026, 3,000 leaders; Deloitte, Oct 2025, 1,854 executives.

PERSPECTIVE

Four perspectives on failure and success

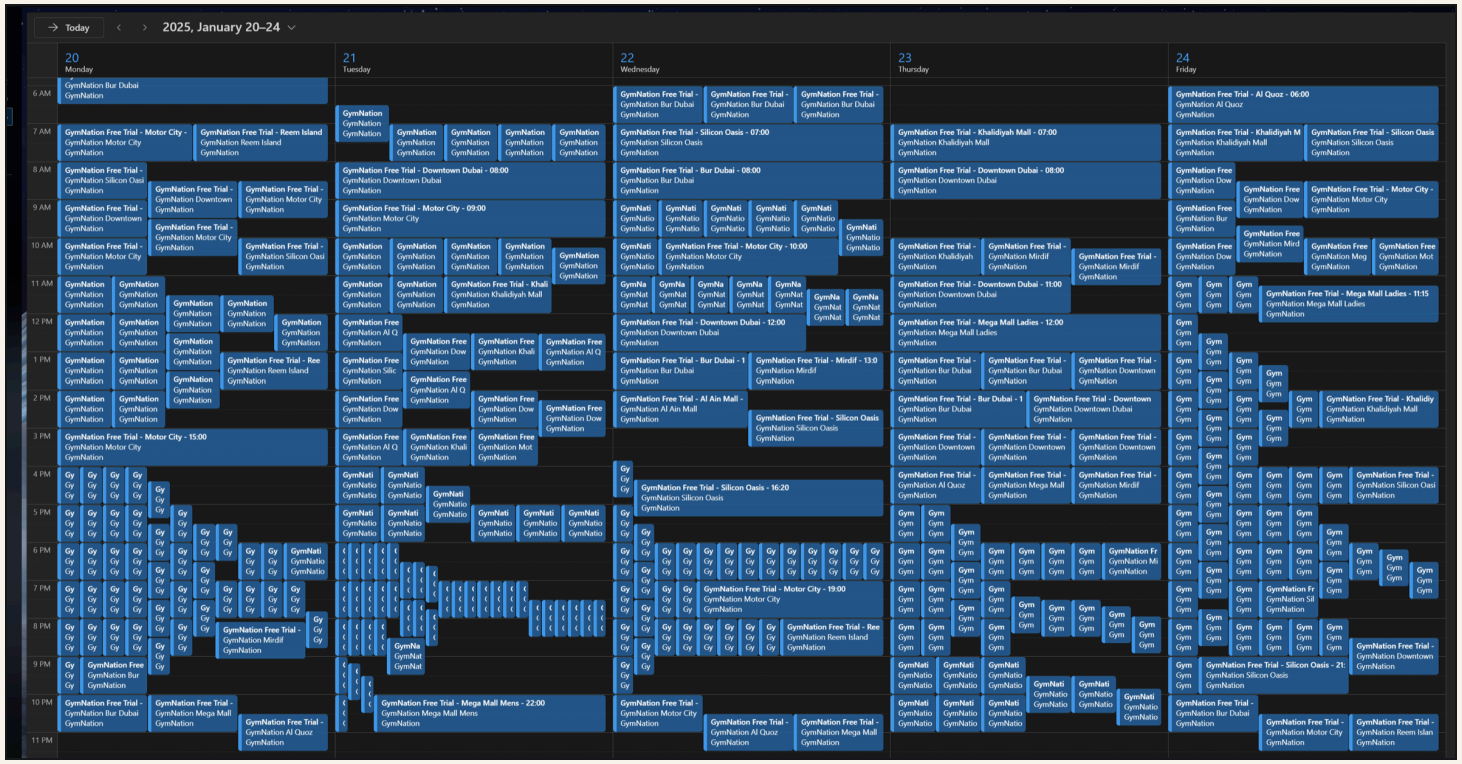
Operator	More than a decade in commercial fitness. As a gym chain's CTO, I built AI in-house.
Founder	My own AI consultancy, and fractional CTO across sectors.
Academic	MBA in Big Data. My dissertation was on AI ROI.
SaaS	Head of AI at a global fitness software group. I see what actually works.

The difference was never the model.



PHOTO Kate Jones Photo / Athletech News. ATN Innovation Summit, New York, 17 Jun 2026.

Proven ROI when it's done right



100% of digital leads' free trials booked by Jenny, the AI agent
one week shown, 20 to 24 Jan 2025

+20%
digital lead-to-sale conversion

87% reached a conversation
benchmark 60 to 70%

75% of tours booked by the agents alone
benchmark 50%

65% of booked tours showed up
benchmark 50%

SOURCE LlamaIndex case study, Aug 2024; Health Club Management, Sep and Oct 2024. Calendar and the 100%: GymNation, Jan 2025.

Why most of it "never" pays back.

We count the wrong thing.

We ask for money too early.

We fix one link of a chain.

Most "AI failures" are a translation gap.

WHAT AI REPORTS		WHAT FINANCE COUNTS
Response accuracy	≠	**Conversion rate**
Enquiries answered	≠	**Memberships sold**
Engagement rate	≠	**Member lifetime value**
Hours saved	≠	**Payroll cost**
Productivity uplift	≠	**Margin**
Churn risk flagged	≠	**Members kept**

SOURCE Translation gap: Kejriwal (2023). Counts from my MBA research: 16 executive interviews, 2026.

IN MY OWN RESEARCH

16 of 16

The translation gap showed up in every case I studied.

TIMES IT GOT IN THE WAY

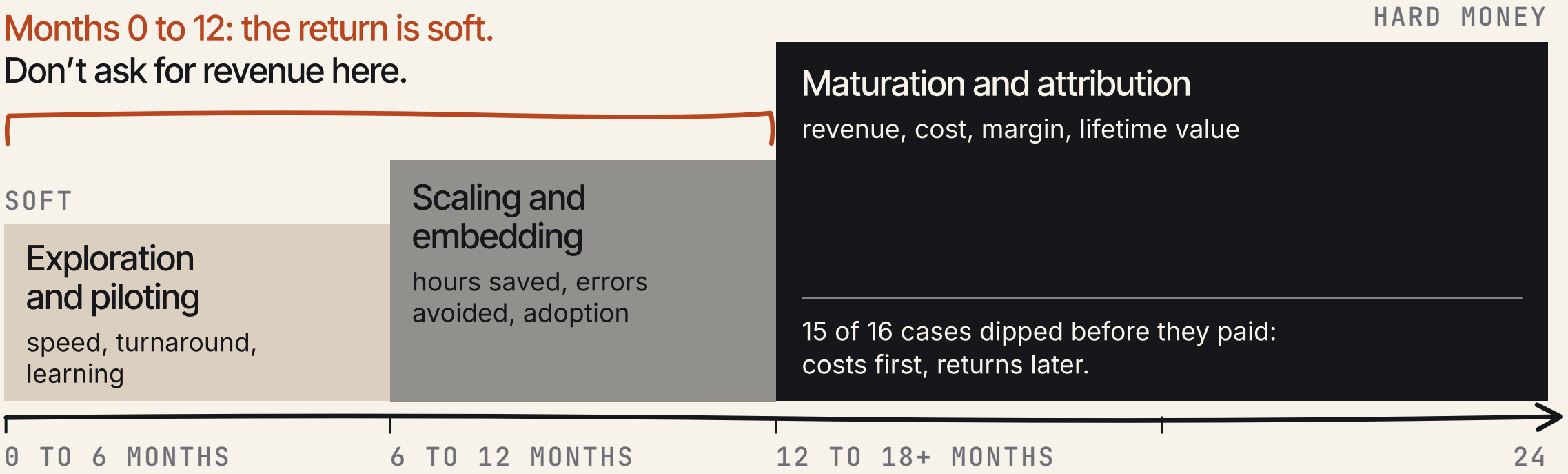
43 in the 9 that didn't pay back

8 in the 7 that did

Pushing for returns too early can be a mistake.

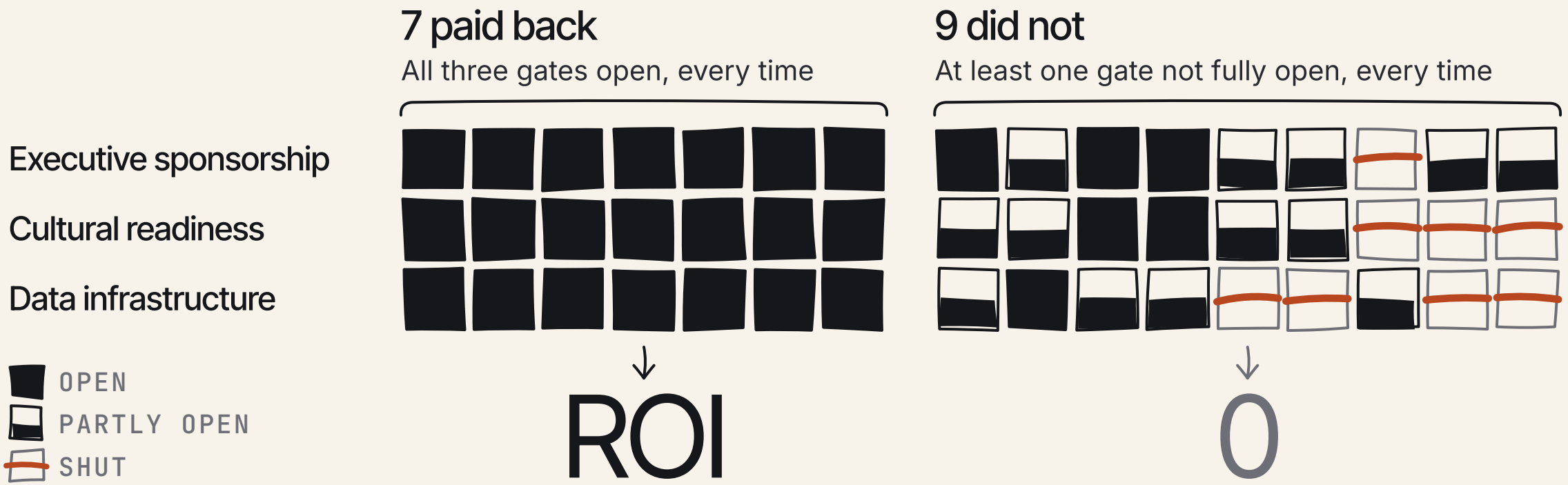
Months 0 to 12: the return is soft.

Don't ask for revenue here.



SOURCE Value progression model, from my MBA research: 16 executive interviews, 2026.

The three-gate framework



16 cases. All 7 that paid back had all three gates open. All 9 that didn't had at least one that wasn't. They're preconditions.

SOURCE The Three-Gate Model, from my MBA research: 16 executive interviews across ten industries, nine in fitness and leisure, 2026.

Four gaps keep the gates shut. Three are human.

GATE 1

Executive sponsorship

PEOPLE

Vision and culture

Leadership doesn't see what AI can do.

GATE 2

Cultural readiness

PEOPLE

Skills

Data people don't know gyms. Operators don't know AI.

PEOPLE

Change and adoption

Staff fear replacement. Nobody is trained.

GATE 3

Data infrastructure

PLUMBING

Infrastructure

Tills, CRM, access, payments, app. None of it talks.

WHY AI PROJECTS FAIL, ACROSS INDUSTRIES: SHARE CITING EACH

44%
lack of ownership

61%
lack of skills

49%
staff resistance

68% NO. 1
data integration issues

SOURCE After Bérubé et al. (2021) and Jibril and Roper (2025). Failure drivers: Aziz et al. (2025); Deloitte (2025). UAE Health & Fitness Industry Report 2026, 70 operators. Gates: my MBA research, 2026.

Worry about the 70%. Find a platform for the 30.



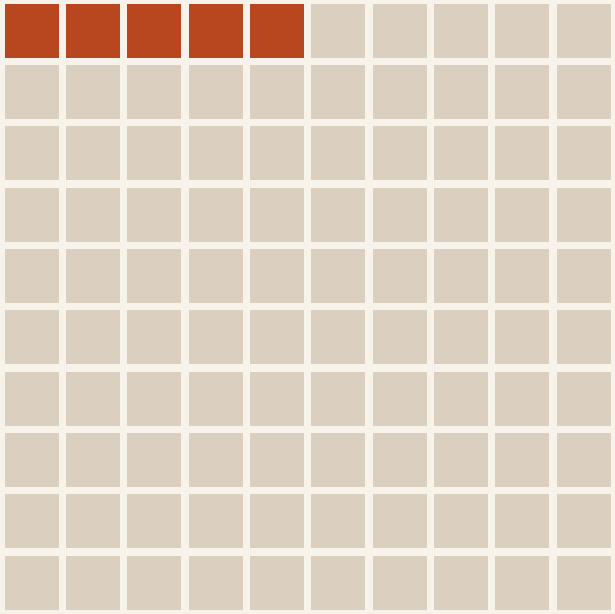
Where most companies invest:
models, pipelines, integrations

Where value compounds:
training, redesigned workflows, incentives, ownership

SOURCE de Bellefonds et al. (2024), BCG; Davenport and Ronanki (2018). In my own research, all 16 executives put people and process above the technology.

The 5% decided over a year ago; the 95% are still gathering requirements.

The 5% · leaders



WHAT THEY DO

69% started investing a year or more ago

78% have a defined AI roadmap

77% operate a responsible AI framework

78% **protect their teams: no headcount cuts**

47% of leadership teams say they are moving too slowly.

SOURCE Mayer et al. (2025); Bevilacqua et al. (2025).

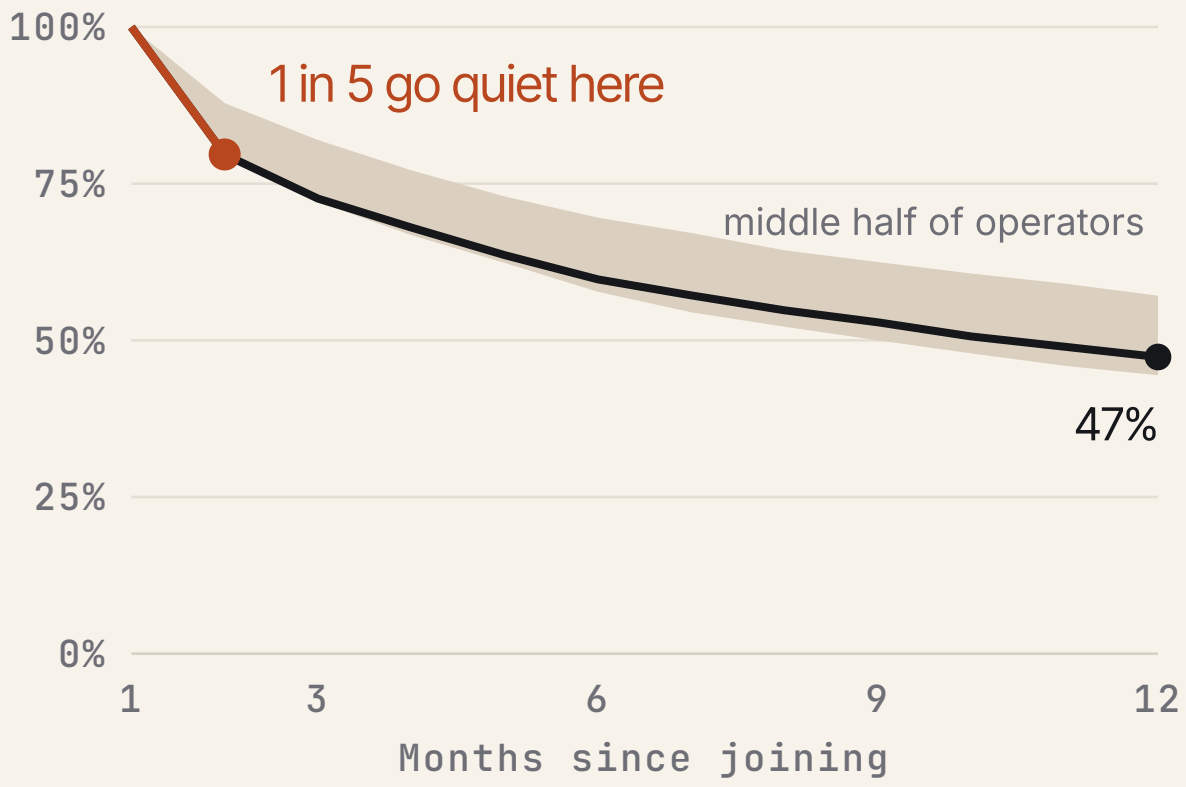
WHERE TO START

Two places to start, both inside a quarter.

Outside, with your members.
Sales conversion, engagement, retention.

Inside, with your people.
Systems, training, guidance and culture.

Members go quiet before they cancel. The steepest drop is month two.



One in five

new members trained in their first four weeks, then didn't visit in the next four.

47%

still visit at month twelve.

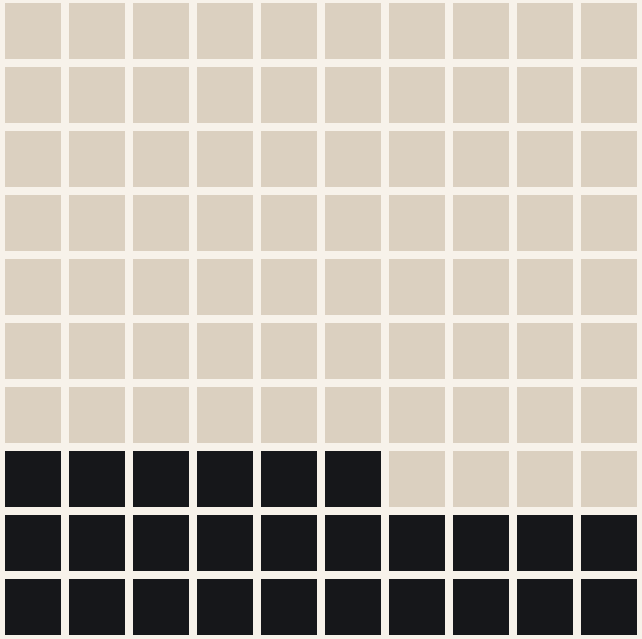
30 points

more likely to still be a member after year one if still visiting at month nine: 77 in 100 against 48.

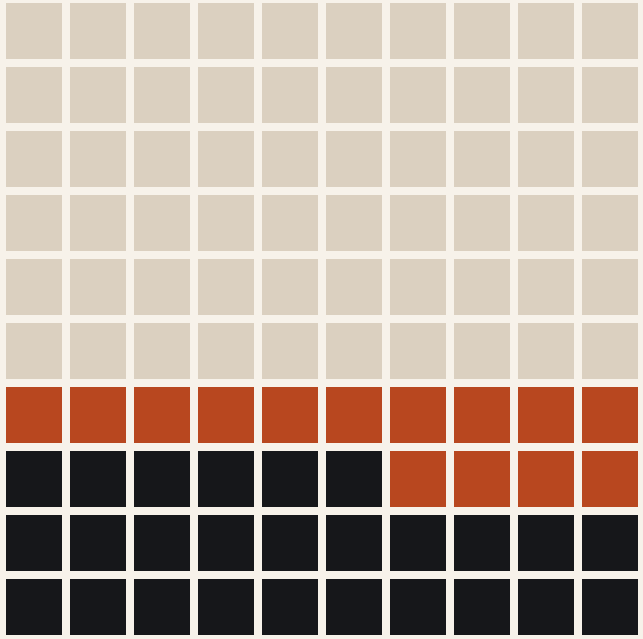
So we messaged the quiet ones: +14 in 100 came back.

SOURCE My white paper "Bringing members back", figures released 22 Oct 2026; 431,325 members on a first twelve-month contract.

Message the quiet ones, hold a group back: 14 more in every 100 came back.



26 in 100 got nothing



40 in 100 got a message

+14

MORE CAME BACK
WITHIN 14 DAYS

One use case, one group held back, two weeks. That is what measured means.

SOURCE Pilot of a product I lead at my day job: 28 studios, three operators, a random group held back. 40 and 26: one operator.

Three levels of AI use in a typical workplace



5 build with it.
Their own skills and connectors, sub-agents, and several workflows running at once.
I'm one of the five: about $800 a month across several workflows.

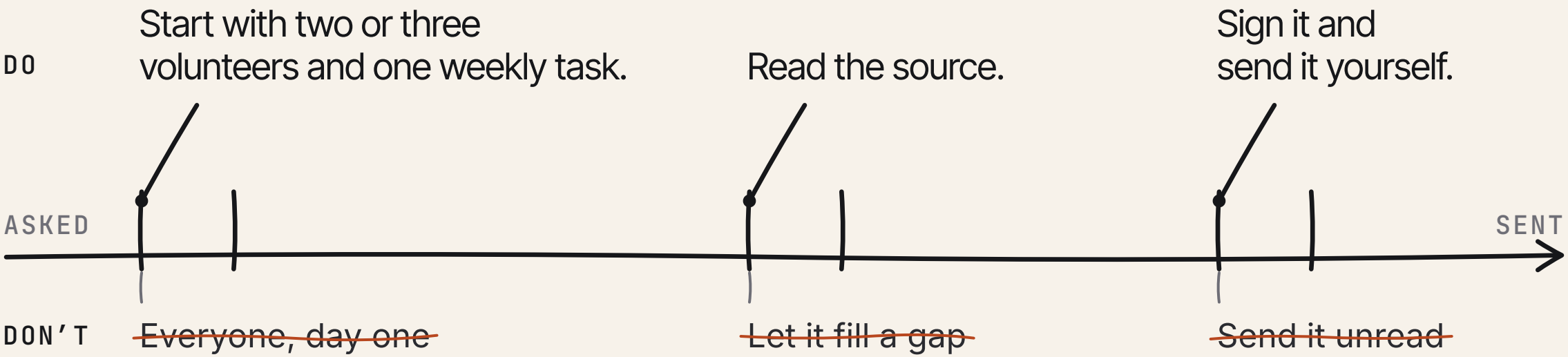
47 chat with it.
ChatGPT or Claude in a browser, one question at a time.

48 don't use it at work.
Many simply prefer how they work now.

Go first, in the open.

SOURCE Gallup, 22,573 US employees, May 2026. The five: Section, Jun 2026, 5,026 US knowledge workers.

Start small, and back it from the top.



78% against **44%** use AI often where the manager actively backs it, against where the manager doesn't.

Shadow AI

AI used outside the tools and rules you approved. The risk sits in the 44% who use it anyway.

How you frame it decides who uses it:
it multiplies your output and your value to the organisation. It doesn't replace you.

SOURCE Gallup, 23,717 US employees at employers that provide AI, Feb 2026. Shadow AI: Silic et al. (2025). After Anthropic's Cowork deployment guide, 29 Apr 2026.

One page of AI policy, and your yes before anything is sent.

AI policy

Using AI at work

1. Work goes in the work account.
2. Some data never goes in.
3. Only what the task needs.
4. You own what you send.
5. People decide about people.
6. Be open about it.
7. Report it the same day.

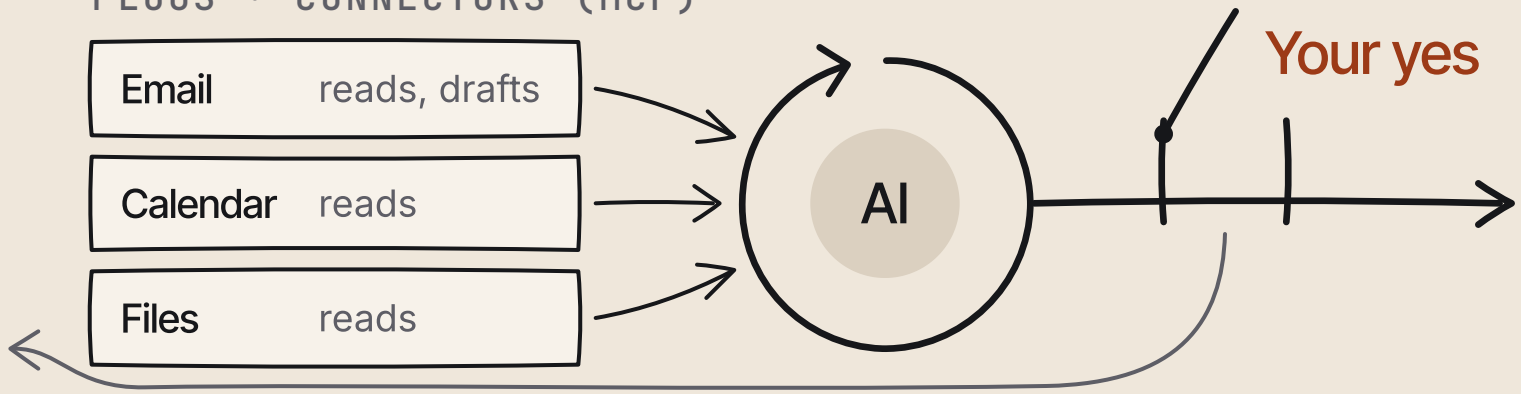
I have read this and will follow it.

Signature _____ Date _____

The harness

what the AI can touch, and what needs your yes

PLUGS · CONNECTORS (MCP)



68%

of failed AI projects cite data integration: the number one reason.

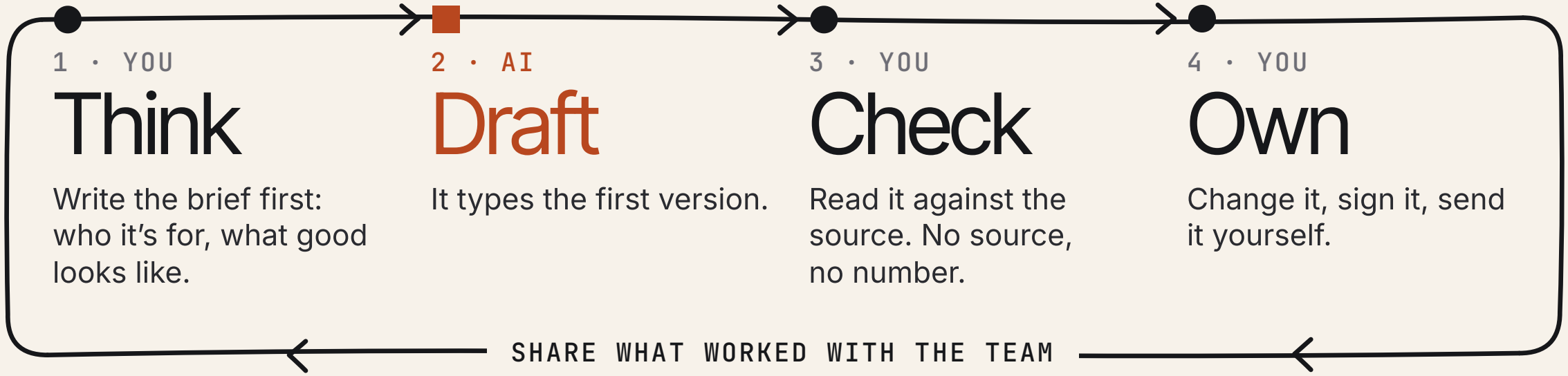
86% against **52%**

use AI often when it is plugged into the systems they work in, against when it isn't.

Same rule for your members' AI and your team's: it only pays when it is plugged in.

SOURCE 68%: Aziz et al. (2025). 86% and 52%: Gallup, State of the Global Workplace 2026.

AI drafts. Your people still do the thinking.



Hand over the thinking and AI hides weak work:
executives raised it in 3 of my 16 cases.

FIRST QUARTER
two or three people, one weekly task

END OF QUARTER
keep, widen or stop

SOURCE Cases: my MBA research, 16 executive interviews, 2026. After Anthropic's Cowork deployment guide, 29 Apr 2026.

Questions?

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