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6 Essential Guidelines to Proper Pricing for Your Fitness Studio



(Note: This is the [second in a series of AFS micro reports](#) that examine in greater detail the most important concepts and data extracted from the recently released [AFS 2016 Marketing Best Practices Research Report](#). We extend our warmest thank you to Club Intel and their co-founders Steve Tharrett and Mark Williamson for their great work on that project.)

6 Essential Guidelines to Proper Pricing for Your Fitness Studio

By Deneen Laprade
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Nothing can give operators greater heartache than determining the “right” price for their offering. It is no secret that how you price impacts your ability to generate new business.

All too often, the fitness industry relies on pricing as a measure of value and point of differentiation. Unfortunately, nothing could be further from the truth. Warren Buffet said, “*Price is what you pay. Value is what you get.*” In other words, price is not the same as value, only a reflection of value in the consumers’ eyes.

Furthermore, price is not a differentiator, except possibly for those who operate in the low end of the pricing spectrum (i.e., budget clubs). The point is, price is only one reflection of your studio’s value to the client, and when you mess up pricing, you either slice away your profits or damage your reputation.

It should also be clear that pricing plays a role in marketing, sometimes too much of a role, despite the fact that most marketing experts would tell you otherwise. Whenever a business discounts, offers “two for one,” complimentary sessions, or a month for free, it is leveraging price in its marketing efforts.

For the purposes of this Micro Report, we’ll focus on Small Group Training along with the factors that influence pricing decisions and guidelines to follow during the process. This data can be found in the [AFS 2016 Marketing Best Practices Research Report](#) that identifies how fitness studios price their core products, providing a general framework for how they believe consumers equate the value of their offering.

In a moment we’ll introduce you to six key guidelines for pricing. All of them include several key factors that must be considered when establishing core program pricing. These include: (i) Understanding your market demographics; (ii) Knowing the local competitive environment; and (iii) Recognizing your product differentiation.

Here then, are six guidelines you can use to help establish a healthy price point:

■ Guideline #1: Affordability

Consumers must be able to afford what you’re selling, both now and for the foreseeable future.

2015 Average Price for a Single Individual Small Group Training Session by Studio Size



Doing your due diligence to learn average incomes, ages and lifestyle interests of your target market will enable you to make strategic decisions about how to price single sessions, packages and monthly EFT programs.

I'm working with the owners of a brand new 2,500 sq. ft. studio in Connecticut and they are in this very stage – “How do we know what to charge?”

We started the process using the demographic info they got from their realtor when selecting their space.

What we learned is that the average annual income in their market is roughly \$85,000 and the largest age group is 36–49 years old. We dug a little deeper and found that many of these folks have active lifestyles that include year-round outdoor activities.

What does this mean for studio owners? It means they are in a great spot. Their target market earns a good living, is of the age that typically enjoys more disposable income (kids are grown, mortgages are paid for, etc.) and they have a passion for physical activity.

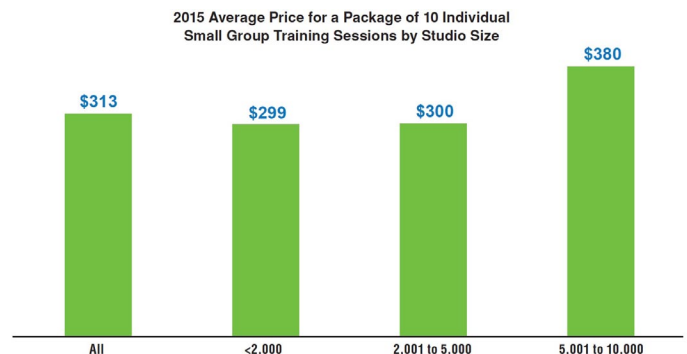
■ Guideline #2: Points of Entry Means ‘Trial’

You must have trial offers to overcome the most consistent objections when selling memberships or client packages. Most new exercisers and even those with experience will tell you they aren't ready to commit to a full year and the high price tag that comes with it.

When a prospect isn't ready to commit to a full membership, trial options give them the chance to experience your offerings at a comparable price and without a long-term commitment. The studio's benefit is the opportunity to establish a relationship and show them the possibility of success. A true win-win!

This does not mean FREE or DISCOUNTED. Here's what solid trial offers have in common:

- They are at least 30 days in length – sometimes more. Longer trial options can be 4–6 week programs with specific goals, (i.e. weight loss, sports performance, etc.)
- They are priced to qualify
 - A 30-day trial should be priced at approximately 50% of your current monthly rate, with no obligation.
 - Longer trials are priced at slightly more than the current monthly rate, again with no obligation.
- The price point for each of these trials also shows the prospect's level of commitment and financial means. If they can afford the trial and are willing to pay for it, they are likely a serious prospect.





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■ **Guideline #3: Consider Layered Options**

Layered pricing is another appealing factor. As reflected below, a healthy strategy includes a variety of usage options with corresponding rates that allow prospects to choose the best fit for their time and budget.

Pricing “layers” can promote different trials within each layer. It’s really important to understand which layer is most profitable for you – so you can nudge the consumer in the right direction as they see options and choices.

PRICING LAYERS

Types of Layers

- Simple Access (workout on your own)
- Team Training/Large Group Training (boot camp – 20 to 25 people)
- Small Group Training (less expensive PT option, 2-4 or 3-5 at a time)
- Private (one one one training)

Examples:

- \$39/month = Simple Access to the equipment
- \$99/month = A layer would be to add Team Training on top of simple access (Team training sessions could be offered eight to 12 times a week)
- \$139/month = the customer gets Simple Access, unlimited Team Training and unlimited Small-Group training
- \$249/month = All previously mentioned benefits, plus five one-on-one sessions per month.

■ **Guideline #4: Accurately Reflect your Brand**

While part of what your studio will be known for is what you charge - set your prices too low *and* using that fact to market your business leads consumers to think, “You get what you pay for.” Conversely, setting prices too high leads consumers to believe your studio isn’t for them, it’s a “country club”.

Another aspect of your reputation comes from the dynamic programming you provide, often translated by the consumer as their experience.

- Return to the act of doing your due diligence for a moment to find out what other studios in your market offer and charge. What is their experience and programming like?
- Use this information to learn the similarities and differences between “you and them” to establish fair pricing that’s an accurate reflection of the type, quality, and differentiation of programming you offer.

■ **Guideline #5: Sustainability for Profitability**

It’s almost too fundamental to state, but the fact is that you must establish rates that translate into sustainable profitability for your business. These rates must stand the test of time, at least for a while.

Assuming your business plan reflected such rates, often the next pricing issue to deal with is price changes, which – up or down – are very difficult to implement and are often negatively perceived by current and future clients.

If you adjust south, the rumor mill will tell people your studio is closing. If you push north, you’re being greedy. Your pricing needs to find the sweet spot that will enhance the trust you’ve built with your customers.

■ **Guideline #6: Marketing and Pricing Don't Always Mix**

Marketing - is not really a direct element of pricing, but consumers perceive your marketing as reflective of the value you offer, which in turn impacts whether it appeals to them, and whether or not they will buy.

Consequently, studio operators should be as strategic with their pricing as they are with their marketing, otherwise mixed messages will be communicated to consumers. Here are a couple of helpful hints:

- *Market the Experience Not the Price.* Most people don't join just because of the cost and services you offer. They join for the whole experience.
- *Fitness is Social.* Many people become friends with staff and fellow clients outside of the studio. They are part of a like-minded community to share fun and fitness. Build this component.
- *Events.* Build your brand so that it becomes trusted locally and perceived as the 'go-to' for all things fitness. When you support local charities and host fundraisers, you further elevate your studio's status as a community supporter. It's all about small business these days.
- *Results.* Clients who achieve lifelong weight and fitness goals with your help are automatic brand ambassadors. Get their permission to use their pictures and stories to convey their reason for joining your studio, the experiences they have, and the results they've achieved.

Differentiating your brand as a local leader is how you achieve top of mind status. Pricing is a significant factor, but certainly not the only one. Using the guidelines detailed above, you will create a positive pricing structure that is appealing and affordable to your clients and is sustainable and profitable for your studio.



Deneen Laprade is a Marketing Coach with Susan K. Bailey Marketing and Design. A former health club operator, she has first hand experience with daily operations and the ongoing challenges of running a small business. This powerful combination of skills and experience is further enhanced by her passion for helping fitness professionals realize their goals! She is uniquely able to make marketing concepts and business practices relatable for her clients and supports them every step of the way. She provides timely, useful, relevant solutions that meet the specific needs of each individual she works with.

AFS members can connect directly with Deneen for a FREE 30-minute coaching call.

[Visit her page on the AFS website to get started!](#)