



6 Ways Dynamic Pricing Brings New Customers to Any Fitness Studio

Bring More Customers to Your Business

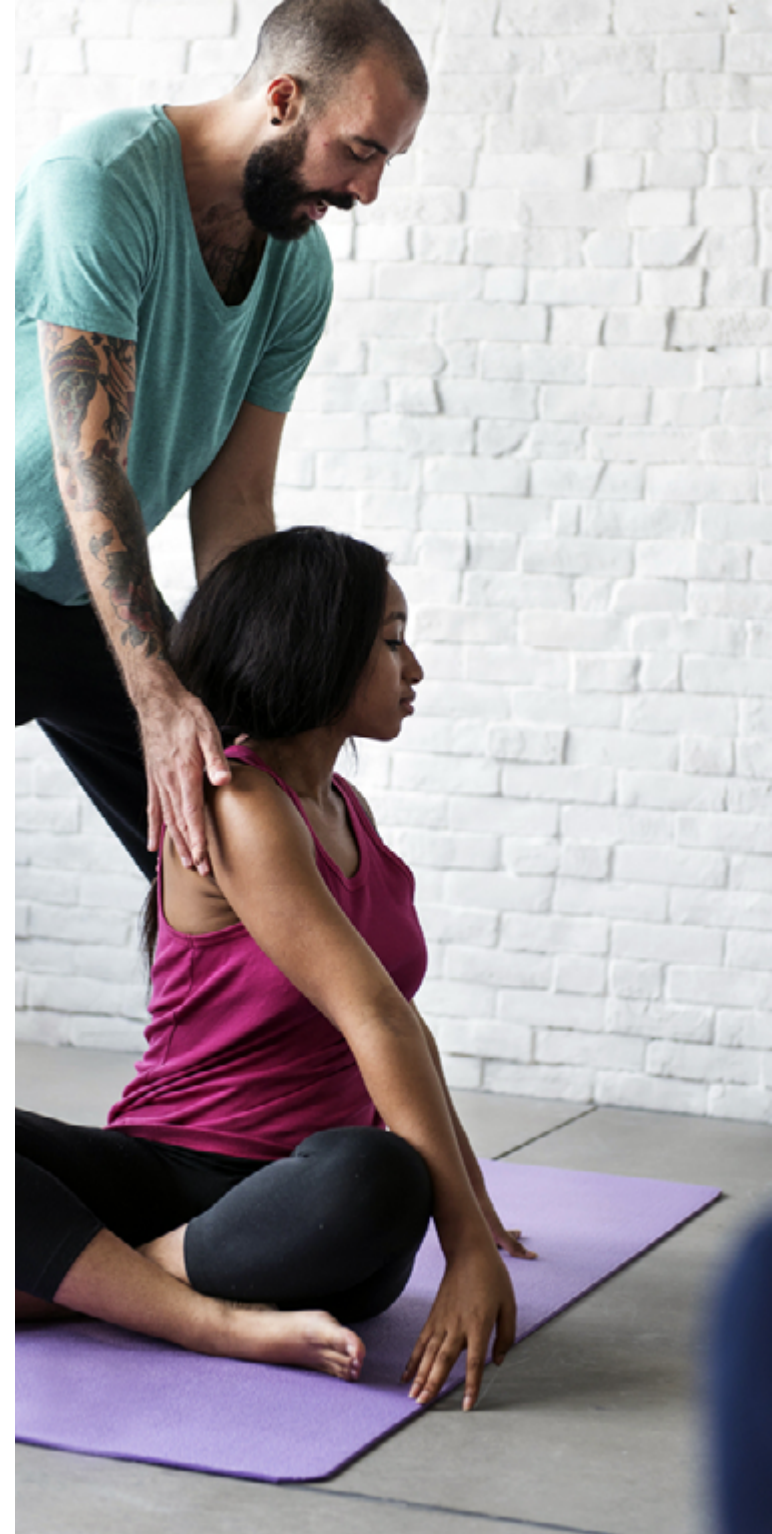
That's something all business owners want, right? To grow their business into a thriving community. And if you own a fitness studio, there's an easy way to do so: dynamic pricing.

Dynamic pricing is the ability to automatically adjust the prices of your services based on external factors, like current demand (or available space), historical rates and time until the classes start. Why would you use it? To fill unsold spots in every single one of your classes.

Our data shows this pricing strategy is a successful way to build your customer base. How?

- On average, 29 percent of people who make dynamically priced purchases are new to your business.¹
- Approximately half of dynamic pricing purchasers come back for more classes.¹

Interested? Here's more about how dynamic pricing benefits your business as well as best practices to employ.



1: Dynamic Pricing Does the Work for You

As a small business owner, you know that not only is every penny important but that your prices are carefully calculated. You may be used to using introductory offers, which is an effective way to bring in new customers. With dynamic pricing, you can fill unsold spots in class by setting your prices to shift so they meet real-time demand. Dynamic pricing is an old concept with new technology: when supply is low and demand is high, prices go up. When supply is high and demand is low, prices go down. However, you still get to choose the minimum and maximum prices, classes and number of spots.

Consider Jess Pierno's story. Jess is co-owner of Yoga Heights in Washington, D.C., and she used a popular discounting platform to create introductory offers. Her goal was to drive enough foot traffic to the studio while opening a second location. Yet, even after negotiation, the other platform only paid Yoga Heights \$7 per student, while the studio's regular drop-in rate was \$18.

With MINDBODY's dynamic pricing, however, Jess was able to set minimum and maximum costs for empty spots, giving her more control over her pricing. What's more, the feature brought Yoga Heights 150 new customers between November 2017 and February 2018.



“Dynamic pricing is a no-hassle tool. I set and forgot about it. Any time I don’t have to work harder or take away precious time to devote to something, that’s gold.”

—Jess Pierno, Co-Owner, Yoga Heights

2: Dynamic Pricing Gives You Complete Control

Unlike other platforms, dynamic pricing gives you full control and only takes a small marketing fee when you get a new customer.

Dynamic pricing lets you take a more flexible and robust approach to your pricing strategy. Most notably, dynamic pricing lets you control all of your settings, including:

- Which classes utilize dynamic pricing.
- Minimum and maximum price.
- Maximum number of spots.
- Class sizes.

This flexibility allowed Bryan Mistretta, founder of Versatile Fitness in San Diego, to better manage class sizes. His morning and evening classes always had waitlists, but classes during the day were empty. Bryan used dynamic pricing to choose which classes counted for a discounted price while reserving spots for regular members.





3: Dynamic Pricing Takes Your Classes From Half-Full to Packed

A full class means more revenue, which means you can improve your studio's offerings and services. But sometimes, it's just hard to sell spots. Dynamic pricing solves this issue by attracting new customers – or those who have only been to your studio once or twice – with attractive offers that can't be beat. This allows you to maximize revenue from all of your classes.

The employees of Elevate Training in San Diego know how well dynamic pricing boosts attendance. Studio Manager Bekah Klein credits dynamic pricing with helping her attract new customers – particularly travelers. She said it's also great for keeping customers who love the studio but aren't ready to take the plunge into a membership.

"We love the ability to control our min and max price. There is a lot of control, so we don't feel like we are undercutting our business."

—Bekah, Elevate Training

4: Dynamic Pricing Also Wins Back Customers

Dynamic pricing helps you bring customers back – 22 percent of dynamically priced purchases are from people who haven't been to the business within the past 60 days.¹ Furthermore, dynamic pricing is only targeted at individuals who don't have memberships, helping you build the base to add more classes, expand locations or do whatever you need to accomplish your business goals.

Dynamic pricing also helps you monitor class attendance so spots don't fill up before your members can register. Doug Riccio, owner of dr pilates in Los Angeles, used this strategy when he saw classes booking up weeks in advance. He used MINDBODY to set a specific number of spaces for people buying dynamically priced classes, making sure his current members got a spot and helping non-members see the value in joining.



“We are always wanting to bring people as members, but they are not always ready. Dynamic pricing has been a good solution for that.”

—Bekah Klein, Studio Manager, Elevate Training



5: Dynamic Pricing Brings in New Customers

Members pay monthly, semi-annual or annual fees for various tiers of access to your studio. If they come often enough, the cost of a membership is far more economical than the total price of paying a drop-in rate each time.

In short, your members are getting a nice deal, but you may be concerned that they'll become upset if they see a dynamically priced class that's slightly cheaper than your drop-in rate. Rest assured, there's no reason to worry. In the long run, the increased access that comes with a membership over a dynamically priced drop-in rate will always be the better deal. What's more, members who are satisfied with your business won't search for new classes to book. It doesn't make financial sense for members to pay money for classes on top of their recurring fees, even if the class price is technically a discount. As long as your prices are considered a good value, none of your customers – members, drop-ins or those who keep coming back – will get upset over a little variation.

6: Dynamic Pricing Attracts a Different Type of Valuable Customer

Trying to survive on memberships alone may miss some of the needs of your community. Many people who are new to fitness or who want to try a new class aren't willing to commit to a membership just to try something out. Similarly, a significant percent of your customers may not want to commit to one place and/or have a separate primary studio. Dynamic pricing lets people switch up their fitness programs without a high level of commitment, allowing you to meet your customer's demand for convenience and variety.

In this way, dynamic pricing is a great method of attracting a different type of customer: people who are curious about an existing or emerging fitness trend, who want variety in their fitness routines or who simply prefer flexibility.

If you ever have an open spot – even with a healthy number of members, dynamic pricing helps you fill it. That's how Terri Fry, owner of The Hot Yoga Factory in Chelmsford, Massachusetts, uses it. When she sees a student habitually using dynamic pricing, she'll offer that person a limited membership at a better value than consistent drop-in costs.





MINDBODY's Dynamic Pricing Is the Perfect Pricing Strategy to Fill Classes and Attract New Members

In short, dynamic pricing is a strategic way to maximize revenue without wasting your time and resources. It helps you fill those empty classes and manage your overbooked ones, all while attracting new customers via enticing deals or openings for classes in high demand.

"I look at dynamic pricing like this: I'm not always at capacity at my studio. If I can get more people in, why wouldn't I? I think dynamic pricing helps bring in a more cost-conscious consumer."

—Terri Fry, Owner, The Hot Yoga Factory

MINDBODY's dynamic pricing is just one of the tools available with MINDBODY Promote. Visit software.mindbodyonline.com/dynamic-pricing to learn more about how to bring more customers to your business!



For more educational resources, including webinars, whitepapers, conference presentations and online courses, visit www.mindbodyonline.com/resources.

To learn first-hand how MINDBODY can position your business for success, schedule a guided tour today at www.mindbodyonline.com/business-software, or give us a call at 877.755.4279.

¹Data reflects all first-time dynamic pricing purchases from September 25, 2017 (the launch of dynamic pricing) through March 8, 2018, and all subsequent purchases through April 7, 2018