

## Common Pricing Myths

### **Price Is The Issue**

Are you the cheapest gym in town? No. Then why do you have any members? Shouldn't they all be down the road at the cheaper facility? If price was the issue everyone would be at the low cost centre. Do you often pay more for convenience? Do you often pay more for quality service or products? Are there products that you avoid because they are cheap? If you promote the price or special deals – that is what you will be judged on.

### **The Market Sets The Price**

I am aware of a huge number of centres that have priced themselves way out above the market, however they continue to attract a huge number of customers. They persuade their customers to pay more by showing value for money and continuing to add value to their service. Proactive centres dictate the market they are not dictated by it.

### **You Must Match Your Customers Price**

This may be true if you offer exactly the same service. However you do not. Likewise you also do not have the same fixed costs as your competitors.

### **I Must Lower My Prices To Attract Business**

When Fitness First took over from the Healthlands brand that had just gone bust – do you know the first thing they did... they put their prices up considerably. Often, by putting up your price you will find you will attract more customers, and you will attract a higher quality customer. Think about this, would you rather have 1000 members paying \$400 for their membership, or would you rather 500 members paying \$800. I know what I would choose.

### **This is what IS important**

- ♣ You must understand what your customer's value.
- ♣ You need to think of ways in which you can add to the value that they perceive.
- ♣ Think of ways to persuade them to pay more.
- ♣ Differentiate yourself from your competitors.
- ♣ How can you increase sales without decreasing the price?
- ♣ Your staff need to be able to sell. If you can't teach them, find someone who can.
- ♣ Performance affects price.