

# How to raise your prices by 50%







# Learning goals

1. Why you should raise your prices
2. How much should you charge?
3. How to communicate the changes to your clients



Why you should  
raise your prices





# You are an artisan offering a premium service

Big box gyms have a different  
business model.

You can't compete on price  
because you lack the space

You can only win by competing on  
quality



# Charging more = better client results

- More emotional investment = more commitment
- More commitment = show up and do the work
- Show up and do the work = better results





Don't copy  
everyone else's  
prices.  
They're not  
making money



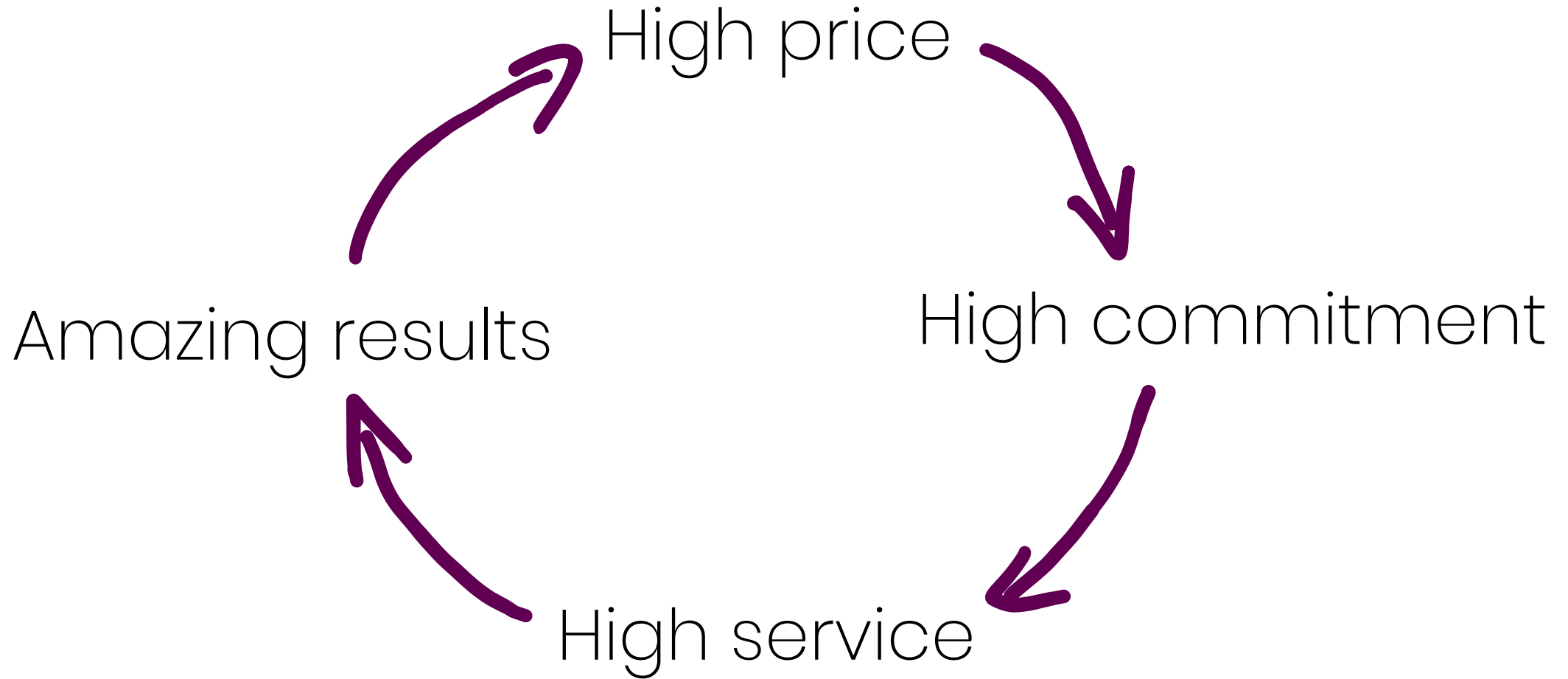
# Premium pricing enables you to over-deliver

High price lets you spend more  
time on each client

More time = better results & better  
service

Better results & better service =  
happier clients & more referrals

# The virtuous cycle of high price







Price is the single  
biggest thing  
you can change  
to increase profit

The best way to make more  
money is to charge more



## Self-test

- True/False: You have economies of scale and a business model that relies on 70% of your clients not using the service, which enables you to effectively compete on price
- How does charging more lead to better client results?
- True/False: You should copy everyone else's pricing because they're all making lots of money





How much  
should you  
charge?

# Pricing guidelines

- Charge top of market
- Charge the maximum the clients will pay
- 80% gross margin if you employ others =  $\text{price} - \text{cost of delivering the session}$
- 40% net margin if you're solo
- Start with how much you want to earn, divide by the number of sessions you want to teach = your per session rate





<b>Semiprivate model</b>	
Price per week	\$100
Clients in each session	2
Sessions per week per client	2
Clients required to hit revenue goal	21
Sessions required to service clients	21
Instructor cost per session	\$50.00
Total weekly instructor cost	\$1,041.67
Gross margin	\$1,042
Gross margin %	50%
Annual gross profit	\$50,000

Model your pricing

<https://docs.google.com/spreadsheets/d/1MIZFPp0efspiG5GBKqNGINAq4S4Qy47luzjBvORF6p0/edit?usp=sharing>



## Self-test

- List 3 guidelines for setting your price





# How to raise your prices

- Give 28 days notice
- Communicate multiple ways
- Explain your reasons
- If you want, offer a lower priced option for a lower level of service
- Apply the price increase to everyone OR start with new clients only
- Expect to lose a small number of clients





## Give 28 days notice

- Tell people the specific date the price rise will take effect
- Give them the opportunity to buy passes at the current, lower price





# Communicate multiple ways

- Email
- Video
- SMS
- Notices around the studio e.g. back of the toilet door, change room
- Closed social media group





# Explain your reasons

- I love working with you
- I'm not making any money and my business is not sustainable
- I'm going to be increasing service for you
- If this will cause you significant hardship call me!
- Use the template →





Use this  
template &  
personalize it

[https://docs.google.com/document/d/1GXYO\\_ljWimu1PPB1aA\\_R8ITCi\\_09-hLxTxclfqgQDOI/edit?usp=sharing](https://docs.google.com/document/d/1GXYO_ljWimu1PPB1aA_R8ITCi_09-hLxTxclfqgQDOI/edit?usp=sharing)



If you want, offer  
a lower priced  
option for a lower  
level of service

- Less frequent sessions
- Larger group size
- Off-peak times
- This should still preserve your profit margin!





# Apply the increase to everyone OR new clients only

- Apply to everyone = more profit quicker + more friction from OGs
- Apply to new clients only = easier but slower increase in profit
- If you apply to new clients only, when you're full, increase price on the OGs



# Expect to lose a few clients

- You'll lose your most painful or high maintenance clients
- You'll gain new, fun, low maintenance clients to replace them
- It's ok!
- If you increase your prices 50% & lose 10% of your clients, you're now making 35% more for 10% less work





## Self-test

- How much notice should you give?
- What method should you use to communicate the changes?
- True/False: Explain your reasons
- True/False: You can use the template and personalize it
- Give an example of a lower priced option for a lower level of service that preserves your profit margin
- What are the pros & cons of increasing price for everyone at once vs for new clients only?



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Questions?

