

8 PROVEN WAYS TO ***BOOST REVENUE***



Running a fitness business can be the most personally and financially rewarding venture of your life.

But running a fitness business is no easy task. In fact, it is downright hard.

Most fitness businesses will fail in the first five years and many of those will fail in the very first year.

But it doesn't have to be that way.

If you match your vision with the right strategy, you can overcome the odds and build a business that your members love and that the community supports. With the right team in place, you can create a culture where profitability matters and you can thrive.

We're not about giving you some salesy unrealistic "formula to make millions." We've helped business owners in all kinds of fitness businesses to boost their profits and found these 8 principles to be the best for this industry.

So we wanted to share the good news.

Let's get started.



1

HAVE THE RIGHT INTRO OFFER

(DEVELOP A WINNING INTRO OFFER)

Your business's introductory offer has a big impact on your business growth. We've found that it's one of the biggest factors in whether your business is successful or struggling.

Many fitness business owners start by just doing what their competitors are doing. To be honest, you might be unsure what a good offer is all together.

But don't worry, that's why we've collected the data, run the numbers and figured out the best introductory offer for your new members. We've looked at the trends from all the fitness businesses we've worked with over a period of 7 years, and this is what we found.

The 'Free Class' and the 'Introductory Week Offer' are killing your conversion rates and stagnating your membership growth.

In fact, we've seen practically every promotional introductory offer possible, from "Free Class" to "Free Week" and even "\$20 Week" or "30 Days for \$30".

The data is in. New member conversion rates from a discounted month are much higher than those from "free" introductory offers.

The discounted month like a 30 Day Introductory Offer is the ideal promotional introductory offer because it has a perfect balance of price and length of time.



A 30 Day Intro offer:

1. Gives the new member enough time to attend various classes, and experience different instructor styles, allowing them to see if they really like the vibe.
2. Allows enough time for the new member to develop a healthy habit in their daily routine.
3. Provides enough time for the new member to become a part of the community.
4. Gives your new prospect a scan card, system login, or ID to make them feel like a member from the beginning.
5. Adds revenue to your studio. Instead of giving away free trials, your studio or gym will be generating revenue right away. This resulted in \$36,000-\$72,000 in additional annual revenues at locations we've consulted with.

Are you concerned about new members being deterred by having to pay to try your fitness concept?

We compared the numbers. Fitness Businesses who switched to the 30 Day Introductory offer sold nearly as many paid 30 Day Introductory offers as when the introductory offer was being given away for free. We recommend you don't sweat those few members who don't buy the 30 Day Introductory offer and monetize your introductory offer as soon as possible. Those members who don't buy are never going to be paying members no matter what you do. Trust us, your team's efforts are better focused on customers who understand the value of what you offer.

So how should you price your discounted introductory offer?

A rough rule of thumb for pricing is 1/3 of your monthly membership price, or about 1.5-2x your full priced drop in rate.



2

PRICE YOUR MEMBERSHIP RIGHT

How did you decide what to charge anyway?

Do you worry that you're under or over charging, and how would you know if you were? Here are three ways to ensure you're earning every dollar:

1. Survey competitors and determine what your value proposition is.

What is your value proposition relative to the other fitness concepts in your community?

Check out your competitors online, call around for pricing, stop in yourself or have your staff stop in to understand your competitors value proposition.

If you are a bare bones garage gym with no bathroom and a garden hose for filling water bottles then you wouldn't want to compare your prices to the local health club.

Do you offer just a few specialized classes each day, or do you have a robust class schedule offering 10 classes in five styles each day?

We call this the value proposition.



2. Take a long hard look at your legacy price

We love legacy members. Legacy members have been there since the beginning.

What we don't love is legacy pricing.

We don't want to be Grinches here, but if you have members who signed up at \$50 eight years ago and your pricing is now \$120/month then we recommend a gentle, gradual price increase for legacy members.

We get it, it's nerve-racking. So, try starting with a \$5-\$10 increase. Your true members will understand.

We especially recommend this tactic when your business is operating at or near capacity and turning away other full paying members.

3. Don't fall into the family trap

While we love slightly discounted student pricing, we do not recommend family pricing.

If a family member wants to be part of the studio too, their decision to invest \$99-\$150 or more monthly at your studio will not be based on a \$10-\$20 per month discount.

Would you add a \$100+/monthly expense to your family budget just in case your spouse wanted to attend a fitness class on occasion?

Of course you wouldn't. That's why family pricing needs to go.



3

SELL 3RD PARTY RETAIL & BRANDED RETAIL GEAR

We love those Instagramable pictures of the perfectly laid out retail wall, but when an accountant sees a retail wall, they see profits.

Let's be clear. Your core business is fitness training, classes and memberships, so be sure to focus 95% of your efforts there. But with that last 5% of effort, you may consider adding a retail section, provided you have the space

We recommend finding someone on your team with prior retail experience to manage it for your business.



It's not enough to just have a section for retail. We recommend that you:

1. Sell branded gear for little profit, no profit, and even have free giveaways. Members are proud of where they work out, so let them be your walking billboards. Branded apparel gives your members a community to identify with. It makes them part of an identifiable tribe. Make your brand a lifestyle!
2. Keep inventory fresh and constantly rotated. You can do this by having a discount rack to move inventory items and make space for the newest athletic pant patterns or seasonal changes in clothing.
3. Pay attention to what kind of clothing members are wearing and stock similar items that can't be found locally.
4. Offer discounted retail to monthly members.
5. Build relationships with clothing and supplement vendors for special pricing.
6. Encourage staff to use and wear the items you sell by offering a staff discount. It's a not-so-subtle way of promoting your retail products.

Retail is an add-on, not a primary revenue, but it can add up to \$5,000 - \$10,000 per month of additional revenues.

With profit margins of 40-60%, this could result in \$2,000-\$6,000 of additional profit per month.

But be careful, one of the pitfalls of retail is having high sales and not tracking your actual profit margins after discounts and giveaways.

We've seen some clients pour a lot of hard work into their retail section only to realize a much smaller profit than they were hoping for.

In this instance, it may be time to increase your prices. In general, prices should be twice what you paid.



4

RUN A WORKSHOP

Workshops are those evening or weekend sessions that build community and enhance the skill sets of your members.

A reminder though, workshops are another add-on service secondary to classes and memberships which are the foundation of your business.

But workshops can add profits while building a sense of community among your members - which will improve member retention. Workshops can last from 90 minutes to four hours and members pay anywhere from \$30 to \$150 on top of their existing membership to attend.

If you have workshop material ready to go, you just need to find an instructor, set a date and time, and start promoting.

Instructors who use your programming should be paid a flat rate like \$50 for a 90 minute workshop. This could be something close to, or maybe slightly better than their current pay rate.

If you need to start from scratch and develop a workshop, ask your instructors if they would be interested in creating and executing the program themselves.

In these instances, we find revenue shares with instructors work well, often giving the instructor 50-60% of the revenue while the fitness business owner sits back and collects 40-50% of the earnings for providing the space. After all, it takes a lot of hard work to develop a workshop.



TIP: Ask around for a "guest" instructor from another gym, or even from another part of the country to bring a special skill set to your members and staff. It will also give your members the latest fitness know-how.



5

RUN AN INSTRUCTOR TRAINING OR CERTIFICATION

Compared to workshops, instructor training or certifications are considerably more involved to prepare and run.

Instructor training attendees often become life-long members and advocates of your fitness business.

An instructor training can last from a weekend to several months and can be a big source of revenue for all fitness concepts, though we often see the highest success rates with our yoga and Barre studios.

Many franchise or license concepts will have support and materials to run your training.

TIP: Offer a free weekend training for your existing instructors to help improve their skills and the classes they teach. Sometimes it takes money to make money, and we believe this is a wise investment into your fitness business.



6

RENT OUT YOUR EMPTY OR UNUSED FITNESS ROOM

Some fitness businesses have extra space or downtimes when their studio isn't being used.

We often see this with newer fitness businesses who just haven't grown enough yet to best use their entire space at all times of the day.

1. Find out what the going rate is by asking other fitness businesses how much they charge to rent their space. We've seen studios rent out for as low as \$20 per hour to as high as \$1,500 for a half day.
2. Make your space look good, take some photos and post a listing online at a site like <https://www.gymlynx.com/>. Gymlynx connects space owners to those looking to rent space for group classes. Or get on a local fitness community Facebook group to list your space for rent.



TIP: Check with your insurance agent to make sure you have coverage for renting out your space.



7

AUTOMATE YOUR MONTHLY BILLING

Do you still do manual billing? If so, it's time to automate the process of billing and collecting payments from your members.

Automated billing is simple through platforms like [Mindbodyonline](#), [Club OS](#), and [Zen Planner](#) just to name a few.

Automated billing increases collections, decreases late or unpaid memberships, and saves you and your staff valuable time so you can focus on your members. *And who doesn't want that?*



BONUS: The platforms above are also full customer relationship management platforms that offer a lot more than just billing.

A CRM tool lets you store customer and prospect contact information, identify sales opportunities, record service issues and manage marketing campaigns, all in one central location – and make information about every customer interaction available to anyone at your company who might need it. (Source [Salesforce](#))



8

WORK WITH YOUR FITNESS CPA FOR POSITIVE CHANGES IN YOUR REVENUES

Change is inevitable, but some change is good and some is bad.

We recommend reviewing your monthly revenue streams for signals that good or bad changes are happening.

If your membership revenue is growing each year, that's great! But if it's lower than it was last month or at this time last year, that means something has changed that you need to troubleshoot as soon as possible.

We track our client's monthly revenue streams and compare them to the most recent month and the same month last year. In addition, we track each revenue stream this current year-to-date (from January 1st until today) compared to the prior year-to-date results.

If this is your first year of business, we'll be focusing our attention on each of the last 12 months and looking for growth, stagnation or seasonal changes.

Looking for changes isn't enough. Translating those changes tells us a story that helps drive your business decisions.



THE FITNESS CPA

Accountants who help you
GROW YOUR FITNESS BUSINESS

...the investment of money, energy and time that was put on your fitness studio. We're passionate about helping you grow your business without losing it first. We LOVE the transformative opportunities that come with being a fitness studio owner, and we're here to help you do it even better.

Your fitness business is...



MacBook Air



Here are a few examples of what we would look at if revenue is down compared to other months:

1. **Member experience:** Looking to ensure the member experience is great through your Net Promoter Score, Listen360 feedback and working to improve customer satisfaction. Happy members are the biggest source of growth in a fitness business.
2. **Lead Generation:** Ensuring the number of monthly leads stay strong. Do you need to revamp your marketing strategy or introductory offer?
3. **Your sales process:** Ensuring the sales process and resulting conversion rates are stable or improving. Is a sales training refresher in order?

If revenues are improving compared to prior periods we would look to document what is working so we can stay the course and replicate it in the future:

- If class attendance is up, is it due to seasonality or to your health and wellness offerings (such as nutritional and exercise challenges)?
- Is a new instructor drawing in members and getting them excited to be working out?
- Is your new marketing strategy paying off, or did you just get promoted in the local newspaper?

With all these great revenue increasing ideas, even the best fitness business owner is at risk of being spread thin and overwhelmed.

Instead of trying to chase all of the revenue generating ideas above, we recommend focusing on one and tracking the revenue growth over time so you can see the results for yourself.

Nothing will get you pumped more than seeing a 20% increase in membership revenues by pricing your memberships right or doubling your new member conversation rate by implementing the right introductory offer.

The old adage is true, “what gets measured, gets managed.”

Learn, know and track your business’ numbers like you would your one rep max, your 1-mile time, or your max heart rate.

And if you need a little training in that, The Fitness CPA would love to help. [Click here to get in touch.](#)





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