

## STATE OF THE INDUSTRY

# Yield Management is Key to Growing Your Revenues



By Lorin Anderson, President

Yield Management is the process of understanding, anticipating and influencing consumer behavior in order to maximize yield or profits from a fixed, perishable resource (such as airline seats or hotel rooms)... or your lesson schedule.

Yield management involves strategic control of inventory to sell it to the right customer at the right time for the right price. This process can result in price discrimination, where a firm charges customers different prices for the same services, but after 20 years of airlines and hotels doing this every day most golfers – who are generally savvy consumers – understand the concept and are fine with the premise.

Yield Management is of especially high relevance in cases where the constant costs are relatively high compared to the variable costs such as when providing private golf instruction. In fact, you have virtually no variable costs when you are able to fill recurring gaps in your typical weekly or seasonal schedule.

In general, Yield Management is all about optimizing resource utilization by filling unused gaps in your (or your staff's) teaching schedule by adjusting prices or services to attract golfers who otherwise won't pay rack rate for instruction.

The truth is that figuring out exactly what to charge and how to tweak your offerings would – in a perfect world – use

finely-honed algorithms and would be automated. Unfortunately, we're not there yet for golf instruction, but I'm betting we'll start to see this become more prevalent within the next year or so.

Until there is software readily available for golf instructors, I'd suggest that you review your past 10-12 weeks of lessons and identify your softest booking day of the week and the time of day that most often goes unused. Once you have this information, experiment with special programming or special rates for that day or that time of the day. (As you know I'm not a fan of straight discounting, so I suggest special packaging instead.)

For example, if Wednesdays are generally your quietest day, offer a special discounted series rate that must be used on Wednesdays only. Or, if you're light in the late mornings a lot of weekdays, offer a special rate or a special program before noon on weekdays. For example, appeal to golfers who have flexibility in their schedules such as retirees and offer a program where two students can come together for the price of one.

Perhaps your slow periods are the same as your facility's slow times so work together to help each other. Offer a deal where if a golfer comes out on Tuesday-Thursday and takes a lesson, they get a green fee discount good that day only. Say the green fee discount is worth \$30, you might contribute half that amount back to the course. These are just a few ideas of hundreds that could work well. Whatever you try, the key is to become aware of your schedule gaps and creatively fill them.



### Our Proponent Group Partners:

