

## PROGRAM PRICING

# The Search for Pricing Power

By David Gould, Staff Editor

It's not a stretch to compare today's highly trained teaching professional to a board-certified physician. Each is more in demand than the average practitioner hanging out a shingle. Does that mean the popular pro, like the medical specialist, can earn premium pay? When they see credentials like TPI certification, Trackman University, Golfing Machine and the like, do consumers understand that a premium fee could reasonably be charged? Likewise, do the awards from major media outlets tip the balance heavily toward an up-charge versus other professionals?

Then again, since word-of-mouth often outsells all other promotion, is a reputation earned via the grapevine a basis for having the highest fee around? We could go on, and ask whether tournament wins on the part of amateur and professional players bring the coach extra pricing power. Likewise with collegiate scholarships awarded to this pro's youth golfers.

Actually, it doesn't matter how the buzz gets created, only that it does. The direct result is that your lesson book is full weeks and months in advance. In classic economic terms, that means an hour of your time is scarce, which makes it rise in value versus an hour of some other teacher's time.

Ah but there's a catch—maybe one or two. Going back to our board-certified physician, it's clear that the doc and golf pro differ. The physician sees a stream of continually changing faces, based on who happens to need a particular type of treatment or surgery. A golf instructor relies on regulars and repeats. His or her loyal customers take lessons over a long period of months or even years. Which means that any rise in fees is a highly visible event and liable to be taken personally by those paying it.

At the 2013 Proponent Group Summit just completed, several presenters pushed back against the traditional training and compensation paradigms. The common theme of their remarks was that sell-

ing time and filling a book with hour lessons was passé, and top coaches eventually would be out of that business. Instead they would design and operate a system for creating measurable improvement that involves technology and staff instructors assisting. Golfers would go through the system, learn skills, become true players and pay handsomely for it.

We aren't there yet, and the road to this new scenario may not be short and straight. One reason golf instruction doesn't easily go up in price is that it sometimes has to go down in price. So notes Kenny Nairn, executive vice president at Celebration Golf Management. When asked about pricing of game-improvement services, Nairn discussed the need to price-promote. "We know our demand patterns, so we've put together value packages and we slot them into the slow times," he says. Generally speaking, that dead spot is 11 a.m. to 1 p.m. on weekends, Nairn reports. Celebration's promotional pricing was set at \$25 a golfer for two hours of group teaching and supervised practice, an offering that tends to produce about 12 golfers and calls for two or three instructors to cover it. "We did have other teaching professionals in the market question us about the policy," Nairn says. "They didn't like it."

Proponent Group member Bill Davis of Jupiter Country Club feels he is "already at the max" he can charge, which is \$200 per hour. "This is a matter of relationships," Davis comments. "I have 23 clients who take 40-plus lessons a year. If there weren't that cluster of golfers already writing checks to me for \$8,000 or \$10,000 or more, I would push my rate up to \$300 in a heartbeat." Among the fees on Davis's schedule is a \$1,500 day rate for him to serve as

caddie and coach in a tournament. He looped it 42 rounds in 2013, through October. In discussing his compensation as a coach, Davis makes the point that the flow is not all one way. "If a student of mine wins a tournament, he or she gets three hours back from me at no charge," he says. "I caddied for a student in an NCAA event a while back and gave her that day—includ-



What are you really worth? How do you really decide how much to charge for instruction?

ing four hours travel time round trip—as a Christmas present. You can't be a taker only.”

Some golf instructors are playing catch-up based on price levels their facility was at when the new professional arrived. Brian Varsey, a Proponent member who is just finishing up his first year at the Ocean Reef Club in Key Largo, Fla., spent those 12 months building a matrix of services and pricing them fairly aggressively. “When I was done the resort sales team was very appreciative,” reports Varsey. “They said it was just what they had been needing. It added muscle to the golf program overall, which does attract a good group business. Problem was that instruction and coaching had never been built into the packages.”

With the spreadsheet completed, Ocean Reef now has many products defined and delineated, beginning with the 10-minute supervised warm-up session. Fees of all kinds were wallowing at low levels when Varsey arrived. For example, the cost to add a second golfer—usually a spouse—to a previously scheduled private lesson was a mere \$15. “We asked around and learned that most comparable facilities in our market priced that extra golfer at closer to \$50,” says Varsey. “We moved our number up to \$40, which, I would say, is progress.”

Golf facilities that emphasize player development and new-golfer recruitment often find their business boosted but their rates a bit tinged by Get Golf Ready. For example, when Nairn was hearing it from neighboring courses about promoting “value-priced” instruction, he used Get Golf Ready promo rate of \$99 as a rationale. “It provides you



some cover,” says Nairn. “In some instances all we’re trying to do is build the base.”

Nicole Weller went immediately to the Get Golf Ready platform when asked about changes in costs for instruction at The Landings Club, her base on Skidaway Island, Ga. The standard Get Golf Ready program has four levels, each of which requires a \$99 payment, but The Landings has added a fifth. “Level 1 is pure SNAG,” Weller says. “People are totally enthusiastic about it, once they try it.” One up-charge her club does levy is a bump from \$99 to \$120 for any

golfer who wants to participate in a GGR level without having completed all the previous levels.

Scott Sedgwick, who runs the entire golf program at Louisville (Ky.) Country Club, has painstakingly been redefining how instruction is bought, sold and paid for at his golf facility. “It’s a lot of work explaining this to our clientele,” says Sedgwick. “The old way of doing things in instruction is so ingrained.” Louisville C.C. members can purchase a \$950 5-pack of golf coaching units or a \$1,500 10-pack. That includes a free professional clubfitting session plus a nine-hole on-course supervised play experience. In these sessions there are multiple golfers, usually on a 5/1 student-teacher ratio or less. It’s often said that a new program at a private golf club works if you can sell it first to the influential, gregarious types whose voices are most easily heard. If that’s the way to create a groundswell for the switch to a coaching model, Sedgwick says he will have to continue showing patience. “It’s more the serious, studious type of member who is catching on to this,” Sedgwick observes. “The classic ‘influencer’ type has not been an early adapter.”

## SAVE THE DATES

### Proponent Group PGA Show Event Schedule

An announcement with the entire Proponent Group January 2014 PGA Merchandise Show schedule in Orlando will be published later this month.

Until then, please note the following on your calendar as you plan for your trip to Orlando.

Additional events also will be announced shortly.



**PGA**  
Merchandise Show

### Tuesday, January 21st

Live Lessons hosted at the Mike Bender Golf Academy in Lake Mary, FL

### Wednesday, January 22nd

Our traditional mix of seminar sessions all day in our PGA Show meeting room.

### Thursday, January 23rd

Marketing Workshop hosted by Retail Tribe