

TEACHING TRENDS

A Variable Pricing Model Worth Considering

By Lorin Anderson, Proponent Group President

Inventory Management is such a critical piece of just about every business and yet, in the golf instruction industry, it's rarely even considered beyond the most basic levels.

Golf courses are constantly trying new methods to handle their inventory management issues for tee times with varying degrees of success. There is no simple right or wrong answer. It's tricky.

For instructors, inventory management comes down to answering one question successfully: **How do I fill my available inventory (available lesson hours) for the maximum revenue possible for each available slot?**

The good news is you have a great deal of flexibility in how you set your prices. The bad news is there is no surefire, formula-based approach you can pull off the shelf and apply in your business. Pricing services is more difficult than pricing products because you can often pinpoint the cost of making a physical product, but it's more subjective to calculate the worth of your counsel, expertise, and your time.

On the plus side, when you're pricing services, there's a bit more leeway than pricing products. Since it's more subjective, there is a gray area that can work to your advantage if you are willing to be a bit more creative than the typical golf teacher.

My contention is that we need to be a bit more flexible in our pricing strategies because supply and demand are fluid for each month of the year, each day of the week and even for various hours during the day. In the restaurant business you will frequently see "Wednesday Specials." Movie theaters have matinee promotions and vacation homes rent for less on either side of the peak season. All of these businesses understand that demand is constantly in flux and when well managed, revenues and profits can be increased.

Proponent Group Partner Uschedule ran some numbers and found that instructors using their booking system booked the most lessons on Saturdays (18.3% of all lessons booked). Now

that may not surprise anyone reading this, but would you believe Saturdays had nearly two-and-a-half times the number booked on Sundays (6.7%)? It's true. Saturdays were followed closely by Wednesdays (18.1%), Thursdays (16.7%) and Tuesdays (16.4%). Meanwhile, Fridays only accounted for 13.4% of lessons.

The data also shows that nearly 40 percent of all lessons are given in the March-May time period. This is 66 percent higher than the number of lessons given during the months of June-August. Yet, lesson inventory is virtually the same during both periods and overall weather may even be better nationwide in the Summer months. So the question becomes: How do you exploit this unused inventory in ways that drive new students to the lesson tee or attracts current students to take more lessons?

Since price is always among the top two issues (along with time) for why golfers don't take more instruction, we need to thoroughly examine how we can create new price options that don't erode full-pay clients but help incentivize more golfers to try what instructors have to offer.

If we can charge golfers more for green fees on Friday through Sunday, why not charge more for lessons if you are currently fully booked on the weekends? Why not create more schools, clinics or coaching programs for early and late in your season when you're not as busy? How about special practice or training programs for times during the day when business is usually very light? Maybe there's a creative option for Sunday afternoons to attract families to your tee when you would normally be slow.

The beauty of more efficient inventory management is that as you fill in the gaps and maximize your revenues at peak times, the new revenues are virtually all profit as you are already there, the time is available and you aren't taking on any significant new expenses to drive this business except for, perhaps, a flyer or two and a few email blasts to your database.

Each members' situation is unique, but the point is that as you become more successful, managing your inventory becomes more important and there are a variety of options that can drive more profit for you.

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