



Pricing analysis

Fitness company

Identified pricing related opportunities to maximize revenue and margins at the franchise fitness clubs, based on competitor pricing trends, and price elasticity

Fitness company needs comprehensive pricing analysis

Picture this...

You're looking to analyze the competitor pricing landscape and price elasticities to identify potential opportunities to change the prices at a product and location level. Currently, pricing of the memberships at the franchise fitness clubs were highly varied and there was an opportunity to explore pricing opportunities to maximize revenue and margins.

You turn to Accordion.

We partner with your team to identify pricing related opportunities to maximize revenue and margins at the franchise fitness clubs, based on competitor pricing trends, and price elasticity, including:

- 1) Analyzing the product-price architecture of the clubs to identify variability in pricing within network, including variability in tier pricing (across memberships), enrollment fee and ancillary services
- 2) Estimating short-term and long-term price sensitivity/elasticity, by club and membership type, based on historical price changes to understand the impact of these price changes on new customer acquisitions
- 3) Analyzing impact of customer acquisition price segment on customer behavior and revenue metrics, such as tenure, LTV, churn etc. Additionally, analyzing the incremental benefit of ancillary services in terms of reduced churn and high LTV.
- 4) Assessing the competitive market landscape by analyzing the price comparisons with key local and national competitors and integrated the learnings with the pricing analysis to identify relevant opportunities

Your value is enhanced.

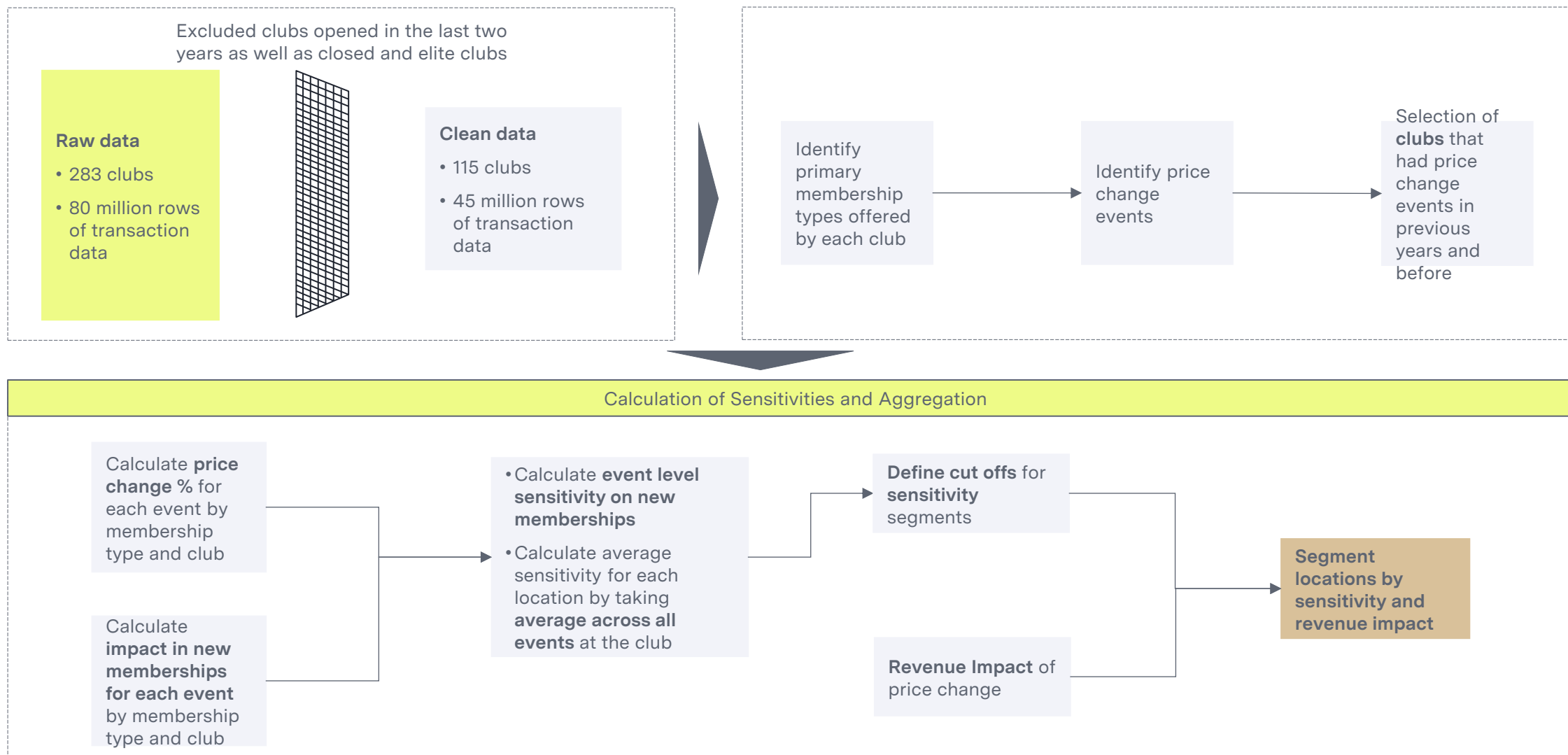
You have identified pricing opportunities for membership dues at a club-level based on the competition, price elasticity and current pricing. You have insights on benefits of ancillary services helped to devise strategies to further improve the share of customers opting for these services.

PRICING ANALYTICS

VALUE LEVERS PULLED

- Product price architecture
- Price sensitivity/elasticity

Approach & methodology

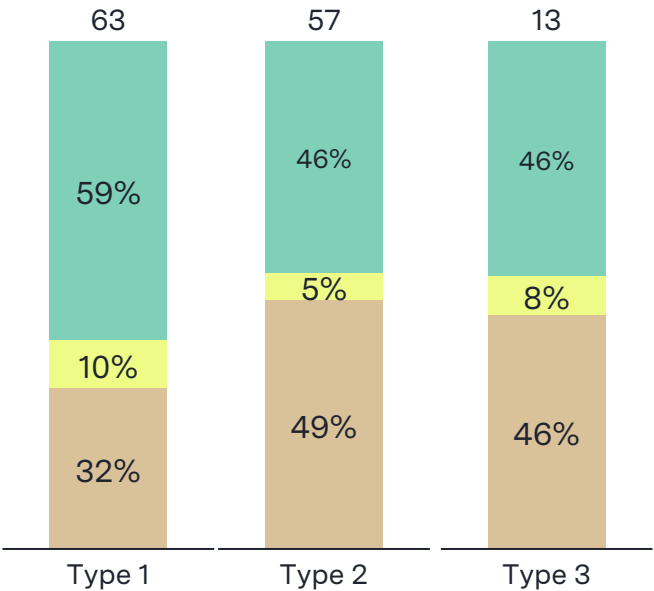


Notes: 1. Avg. Price is calculated as Total Revenue / # Transactions for all the members starting their second month of membership
2 Sensitivity: % change of #new memberships per 1% increase in monthly dues (accounting for YoY growth in memberships)

Pricing opportunity identified at location-level based on price sensitivity

Distribution of price change events by sensitivity (3 months pre and post price change), % for each membership type

Highly Sensitive Moderately Sensitive Not Sensitive



Definitions based on Sensitivity	
Highly Sensitive	Sensitivity < -0.5
Moderately Sensitive	-0.5 <= Sensitivity < -0.01
Not Sensitive	Sensitivity >= -0.01

Club-level pricing opportunities identified based on sensitivity to historical price change events

Clubs with potential price change opportunities for Membership Type 1:

Club Details		Price Change Event					
Club Name	Potential Pricing Opportunity	Price Change Event	Prior price (\$)	Post price (\$)	% Price Change	3 Months sensitivity	Impact on Revenue due to price change
Club 1	No	Mar-18	\$10.41	\$12.12	16%	0.35	R+
Club 2	No	Mar-18	\$10.71	\$12.60	18%	-0.24	R+
Club 3	No	Mar-18	\$10.04	\$12.80	28%	-1.25	R-
Club 4	No	Mar-18	\$10.37	\$11.90	15%	-1.28	R-
Club 5	No	Mar-18	\$10.13	\$12.04	19%	-1.03	R-
Club 6	No	Mar-18	\$10.52	\$12.56	19%	-1.10	R-
Club 7	Maybe	Mar-18	\$10.17	\$12.33	21%	-0.74	R+
Club 8	No	Mar-18	\$9.15	\$11.64	27%	0.35	R+
Club 9	No	Mar-18	\$10.54	\$14.64	39%	-0.90	R-
Club 10	No	Mar-18	\$10.86	\$14.76	36%	-0.55	R+
Club 11	Maybe	Nov-19	\$12.73	\$17.58	38%	-1.99	R-
Club 12	Maybe	Aug-19	\$13.32	\$15.21	14%	0.09	R+
Club 13	Maybe	Sep-19	\$11.66	\$15.45	33%	-0.28	R+
Club 14	No	Feb-18	\$11.31	\$16.15	43%	NA	R-
Club 15	No	Aug-19	\$14.45	\$13.12	-9%	-0.83	R-
Club 16	Yes	May-18	\$11.67	\$16.42	41%	-1.25	R-
Club 17	Maybe	Jun-19	\$9.94	\$12.70	28%	0.45	R+
Club 18	No	Aug-18	\$10.86	\$12.20	12%	1.28	R+
Club 19	Maybe	Jun-19	\$9.73	\$13.96	43%	-0.39	R+
Club 20	No	Sep-19	\$12.68	\$16.18	28%	-1.42	R-
Club 21	No	May-19	\$10.99	\$12.53	14%	-1.10	R-
Club 22	No	Nov-18	\$11.41	\$13.45	18%	-2.47	R-
Club 23	Maybe	Aug-18	\$10.75	\$12.17	13%	0.01	R+
Club 24	Yes	Aug-18	\$13.33	\$15.91	19%	-0.12	R+
Club 25	Maybe	Mar-19	\$11.27	\$10.07	-11%	0.94	R-
Club 26	Maybe	Nov-18	\$13.49	\$11.91	-12%	0.37	R-
Club 27	No	Jun-19	\$13.49	\$15.38	14%	-6.23	R-
Club 28	Maybe	Mar-18	\$12.53	\$13.92	11%	-0.54	R+
Club 29	No	Mar-19	\$11.21	\$13.30	19%	-2.30	R-
Club 30	No	Nov-19	\$11.56	\$15.46	34%	-2.55	R-
Club 31	No	Nov-19	\$11.13	\$15.46	39%	-1.91	R-
Club 32	No	Jan-19	\$12.91	\$14.91	15%	-0.59	R+
Club 33	Maybe	Sep-18	\$11.82	\$13.18	12%	-2.25	R-
Club 34	Yes	Jul-19	\$10.93	\$13.29	22%	1.00	R+
Club 35	No	Nov-19	\$10.63	\$16.69	57%	-1.47	R-
Club 36	No	Mar-18	\$11.33	\$14.70	30%	-1.23	R-