

Free Trial Lesson – Good or Bad Idea?

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With today's economic climate we can safely assume that everyone is looking for a good deal. What deal could be better than "free?" Before we jump on the "free" wagon we should do some investigating to measure the impact a free lesson might have on our business.

FOUR AREAS OF IMPACT TO CONSIDER:

- Positive Emotional Impact
- Negative Emotional Impact
- Positive Financial Impact
- Negative Financial Impact.

Positive Emotional Impact

There is no doubt that the feeling of getting something for free can seal the deal for some. I have no science to back up my feeling on this, but I think there are a number of parents that are hesitant to invest money in their child's activities before they know what they are getting in to. This seems logical although I do not know many activities that offer this luxury. It is possible that offering your "first class free for new students" might make a positive impact to your enrollment.

Negative Emotional Impact

I think there are a number of adults that feel if something is free it must not be worth much. I wish I had some science or statistics to back up my feeling on this, but I don't. But I do believe that there are a number of adults that look at a "free" offer as a gimmick. Depending on the community your business is located in, offering a free lesson might not have the type of impact you were hoping for.

Positive Financial Impact

If offering a free lesson to new students stimulates new enrollment then it will definitely have a positive impact on your business income. Do some investigating within your current enrollment and try to determine how long a recreational student stays enrolled with you. For example, if a student taking a one hour class once a week brings you \$50 a month and the average length of enrollment for your recreational students is 12 months or longer, a new student is worth \$600 a year. That's pretty good! It might be worth giving away the \$12.50 for their first class when you consider how much the average student brings to the business in the course of one year.

Negative Financial Impact

As logical as it seems, giving away \$12.50 for a \$600 investment might end up having more of a negative impact than you are prepared for. I have run my gymnastics club since 1983. It was about 1998 when I decided to study my enrollment to determine a number of important factors: how many new students do we get each month, how long are students staying with us on average, etc. During this investigation I found that though our monthly enrollment averaged around 600 students, we had over 1,000 students try us out that year. Our one hour class was the most popular and we were charging \$10 an hour at that time. We offered a "free first lesson" which means we gave away \$10,000 of income! Wow! Not knowing if the free lesson offer was actually working to get students enrolled I began looking for an alternative. I viewed the absence of \$10,000 as a potential negative impact on my business.

A Free Lesson Alternative

After realizing the significant financial loss I was experiencing and the unknown positive emotional impact my free lesson was having, I was motivated to search for a happy medium. I decided to offer a "no risk guarantee." I am convinced that most parents are hesitant to invest a sizable amount of money for a children's activity their child might not enjoy. I decided to offer the opportunity for every child to try their first class with us with no obligation to pay for it if they decided not to enroll. "Try your first class with us and if you don't like it, it's on us" became our motto. If, however, you liked it and want to enroll, then we charge you for that class and the remainder of the billing cycle. This alternative has worked wonders for our enrollment and our bottom line. Will it work for you? Only you can determine that.

There is No Free Lunch!

Though the discussion of a free offer or some version thereof is interesting, I know of many gymnastics clubs that offer neither a "free introductory class" nor a "no risk obligation" for new students and seem to be doing fine.

In Summary

Only you can determine what offer, if any, will work best to increase the enrollment of your club. Do your research and investigate important factors that are impacting your business. Interview active members and research your class data. My hope is that this business tip offers you some information to help you in your decision.