THE STUDIO OWNER'S PLAYBOOK

# Trade for Terms

The studio owner's playbook for negotiating with aggregators.

You don't get better terms by asking. You get them by trading something the aggregator wants for something *you* want.

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HOW TO USE THIS PLAYBOOK

Work through it in order. Section 2 is the prep you do before any conversation — fill in your numbers first, because those numbers are your leverage. Section 3 is the ten things you can actually negotiate, ranked so you know where to spend your energy. Section 4 is the conversation itself, with the exact language to use. Section 5 is the one page to keep in front of you on the call.

SECTION 1

# The core principle

Negotiating with an aggregator is not a complaint and it is not a favor. It is a trade. Each side holds something the other wants, and better terms come from putting those things on the table together — never from asking nicely and never from threatening to leave.

Before you negotiate anything, get clear on what each side is actually trading. You cannot give it all away, so knowing the full board lets you spend the chips that cost you least to win the ones that matter most.

| WHAT THE AGGREGATOR WANTS FROM YOU | WHAT YOU WANT FROM THEM |
|---|---|
| Inventory and fill on hard-to-move spots | Lower commission / higher per-visit payout |
| Conversion data and strong ratings | Better in-app ranking and featured placement |
| Exclusivity | Access to your customers' contact data |
| Predictable, reliable participation | Protection of your prime-time slots |
| A studio that makes the platform look good | Stable terms you can count on |

> Every ask you make should be wrapped inside a give. That single discipline — name what you'll offer and what you want in the same breath — is what separates a negotiation from a wish list.

SECTION 2

# Before you negotiate — know your numbers

Your leverage is evidence, not enthusiasm. “We’re really popular” gets you nothing; “we’ve held 95%+ fill for two quarters” changes the conversation. Specific, recent, verifiable numbers are the entire source of your power. Fill this in before you reach out — and do not walk into the call without it.

| KNOW THIS BEFORE YOU CALL | YOUR NUMBER |
|---|---|
| Percentage of total revenue from the aggregator | |
| Monthly aggregator visits | |
| Fill rate on the spots you release to them | |
| Your average rating on the platform | |
| Member rebooking rate | |
| Current per-visit payout | |
| Your drop-in price | |
| Your 10-pack price (and per-class equivalent) | |
| Your walkaway number per visit | |

SET A PROFITABLE FLOOR, NOT JUST A WALKAWAY

Don’t only know the number below which you’d leave. Know the number that is actually profitable for you to stay — and negotiate toward that, not toward “barely worth it.” Your walkaway protects you; your profitable floor is what you’re really fighting for.

One rule that governs the percentage line above: keep the aggregator under 20% of your revenue. Above that, a single change to their terms can put your whole business at risk overnight — which is exactly what the next sections are designed to prevent.

SECTION 3

# The ten levers

There are ten things you can negotiate. Some aggregators offer all ten; some offer half. But you do not need to win all ten — and trying to will scatter your leverage. Three of them move almost all the money for a typical studio. Go deep on those three. The other seven are real, and they're here in full, but treat them as supporting plays you reach for when the situation calls.

| | |
|---|---|
| MOVE THE MONEY | 1. Payout rate · 2. Inventory control & eligible classes · 3. Operative terms & length of terms |
| SUPPORTING | 4. First class free · 5. Dynamic pricing · 6. Exclusivity & placement · 7. Payout timing & cashflow · 8. Future funding & financing · 9. Google search marketing |

TIER 1

## The three that move the money

LEVER 1

### Payout rate

This is the biggest one: the discount you give the aggregator to "buy" a spot in your class. ClassPass sets your per-visit pay with a formula tied to your direct pricing — it looks at the cost of a 10-class pass at your studio and sets the per-class rate to roughly 3–7% of that, depending on how in demand you are. A $150 10-pack ($15 a class) yields about $7.50 a visit; a less favorable percentage drops it further. They now frame this as a confidential rate floor based on a percentage of your direct pricing.

That gives you two distinct levers to pull: your direct pricing (which you control) and the percentage they pay against it (which you negotiate).

TWIN ANCHOR PRICING — THE 90-SECOND VERSION

Humans don't judge price in absolute terms; we judge it against a reference point. That reference is your anchor, and you have two.

**Drop-in** Your drop-in is the true anchor. It should be the single most expensive way to take a class, and most people should never actually pay it — that's not its job. Its job is to define what a class at your studio is worth. If your drop-in is $34, a $30 class reads as a deal at a premium studio. If it's $18, that same $30 looks absurd.

**10-pack** Your 10-pack is the secondary anchor. The key move: it sits only 5–10% below your drop-in per class, not 30–40% below. Most owners discount the pack hard as a "loyalty" reward — but a deeply discounted pack doesn't reward commitment, it re-anchors your whole studio downward.

Why this lives in a negotiation playbook: aggregators most often base your payout on the 10-pack, not the drop-in. So your 10-pack is doing double duty — shaping how customers perceive value and directly setting the floor the aggregator will pay you. Your real lever isn't either price on its own; it's the narrow gap between them. Widen that gap and you lose twice: lower payouts and a cheapened brand.

Negotiate the percentage, too. We've seen the rate range from 4% to 7.5% of the 10-pack price — and on real volume that spread is enormous. On a $200 10-pack at 600 aggregator visits a month (about 20 a day, a typical figure across the studios we've surveyed):

| PERCENTAGE OF 10-PACK | PER-CLASS PAYOUT | MONTHLY (600 VISITS) |
|---|---|---|
| 4% | $8 | $4,800 |
| 5% | $10 | $6,000 |
| 6% | $12 | $7,200 |
| 7.5% | $15 | $9,000 |

The spread between 4% and 7.5% on this example is about $50,400 a year. That is not nothing — that is a hire, a buildout, or your own salary.

**THE PLAY** Keep your drop-in high and your 10-pack gap disciplined first — that raises the floor the aggregator calculates against — then negotiate the percentage upward using your fill rate as proof.

**THE TRAP** Don't open the conversation on the payout number. Lead with the gap and your direct pricing, or you hand them the rate-floor formula as their defense before you've established your value.

LEVER 2

# Inventory control & eligible classes

You decide how many seats the aggregator can sell in each class, and which class formats are even available to them. Control it along three dimensions:

| | |
|---|---|
| Instructor popularity | The more sought-after the instructor, the fewer spots (if any). |
| Class time | The more popular the slot, the fewer spots. |
| Class type | Keep your signature, hands-on, or premium formats off entirely. One yoga client keeps a wildly popular hands-on restorative class fully exclusive; a Netherlands client negotiated directly over whether Reformer classes (versus mat-only) were included at all. |

Inventory is also your first move if you're tapering off or heading for a clean break — you tighten supply before you cut it. And you can negotiate higher payouts for specific formats, which has worked well for us.

THE PLAY Trade inventory generously where it costs you nothing — the off-peak, hard-to-fill spots — and fence off your prime-time and signature classes completely. Released off-peak fill is the give that earns you rate.

THE TRAP Don't open all formats and all times "to see how it goes." You can't easily claw back inventory once the algorithm and your members are used to it.

# LEVER 3 Operative terms & length of terms

This is the lever almost no one negotiates and the one that has put studios out of business. The complaint you hear over and over isn't about the headline rate — it's about the terms changing overnight. We've watched it happen in waves: 2016, 2019, and again in 2025.

What shifts isn't usually your rate floor. It's the operative terms underneath it:

- Changing the payout structure on different classes
- Changing booking availability without telling you
- Changing how the payout rate is calculated
- Changing definitions (trial, qualifying reservation) that quietly change your pay
- Changing payment timelines
- Opting you in or out of campaigns like first class free

Most contracts read something like: *"terms are subject to change or termination by the aggregator at any time."* And changes often don't arrive by email — they appear as portal or product updates, and continued participation counts as consent. "Without notice" means exactly that. If you're reliant on this revenue, it can be here today, gone tomorrow, with zero control on your end — which is precisely what drove the mass closures in 2016 and 2019/2020.

One thing to be clear on: your partner agreement is the only binding document. Not the marketing FAQs, not what a sales rep told you, not what's advertised. What you allow operationally in that agreement is what you're bound to.

So ask for guaranteed term lengths. You won't always get them — the more in demand you are, the more likely you will — and our best results come from coupling a length guarantee with exclusivity, where you genuinely hold the cards.

**CAVEAT — THE MINDBODY REVENUE GUARANTEE**

If you're a Mindbody customer, one time-bound guarantee does exist — and it's important to understand what it is NOT. If a Mindbody subscriber joins ClassPass and doesn't see incremental revenue within 90 days, ClassPass pays 2x the lost revenue. That's a one-time, 90-day incremental-revenue backstop with eligibility conditions (active Mindbody subscriber, signed ongoing ClassPass agreement, consistent inventory, SmartTools deployed). It protects against "ClassPass didn't earn me money in the first 90 days" — not against "ClassPass lowered my per-class rate in month eight."

**THE PLAY** Make a guaranteed term length a named ask, and attach it to something they want (exclusivity, more off-peak inventory). Stability is worth trading for.

**THE TRAP** Don't assume the rate you signed is the rate you'll keep. Without a length guarantee in the partner agreement, every favorable number is provisional.

TIER 2

## The supporting seven

Reach for these when the situation calls. Each is real money or real risk — just secondary to the three above for most studios.

### 4 First class free

On some aggregators, if you've opted in, a new user attends their first eligible class with zero payout to you — and it's per venue, not per platform. A user sampling ten studios means ten studios eat a free class, and eligibility can renew if they restart after 180 days (we see a lot of this in reporting). Some aggregators frame it as a requirement or won't let you switch it off once opted in. Hold this one close: it subsidizes the aggregator's acquisition costs far more than it helps you.

### 5 Dynamic pricing

Yield-management tools (think Airbnb-style surge) that flex your payout up and down based on historical availability, instructor, and time. ClassPass's 2024 reporting credits SmartRate with ~20% higher payouts, 2x more new visitors, and 14% higher fill. Our own client analysis over the same period showed many landing below their original payout floor — so verify against your own numbers before you trust the headline.

### 6 Exclusivity & placement

In the last twelve months we've seen 60–90 of our clients offered exclusivity deals — commit to one platform in exchange for higher payouts, better placement and featured ranking, sometimes even financing. It's only available to sought-after, high-rated, regularly sold-out partners. If you get here, put a lawyer on the agreement: we've caught buried terms (like a required class type that the aggregator had never previously had access to) tucked into the deal.

## 7 Payout timing & cashflow

Often overlooked and often negotiable. Being paid 45 or 60 days after a visit is hard on cashflow — treat payout cadence as a real lever, not a fixed cost.

## 8 Future funding & financing

For high-performing, fast-growing studio groups that drive real volume, aggregators sometimes offer cash support — framed as “milestone bonuses” or payment in advance of services. We’ve negotiated financing for new locations, equipment, and buildout. If your growth sells more spots, the aggregator has a stake in funding it. Like exclusivity, this is a lever for in-demand brands.

## 9 Google search marketing

After testing nearly every paid platform (over $580k last year, on track for ~$1M this year), only two matter: Meta and Google. Meta builds trust and community; Google search is where people go when they’re ready to buy. If your agreement lets the aggregator run Google ads against your studio’s name, a searcher looking for you sees their ad offering your studio at half price — a serious problem worth checking in every agreement. Regardless, you should be running your own local search ads; the upside dwarfs what the aggregator returns, and an agency is worth it here.

THE PLAY

Make “no bidding on our brand name” an explicit term, and run your own local search ads in parallel so you own the result when someone searches for you.

SECTION 4

# The Leverage Loop — the conversation

This is the same five-step pattern we use to negotiate everything — leases, buildouts, equipment, even pay changes with staff. Run it in order. Each step sets up the next, and skipping one collapses the rest.

## STEP 1 Open with partnership, not problem

If you lead with the complaint, you've lost the frame in the first sentence. Open as an invested partner, leading with the thing they care about most: filling perishable inventory. You're offering value (reliable off-peak fill) before you ask for anything — and that's a sophistication signal that says you understand this has to work for both sides.

> SAY IT LIKE THIS
>
> *"We've been a reliable partner on the spots that are hardest for you to move, and I want to talk about how we grow that together."*

THE TRAP Opening with "our payout is too low" drops them straight into their rehearsed incremental-revenue defense.

## STEP 2 Anchor on evidence

Now build the case that you're a strong partner using their own metrics. Put your numbers on the table before any ask: fill rate on released spots, your rating, repeat-booking rate, how often you sell out your allotment. You're establishing that you sit in the stronger-business tier their own leadership admits does better on the platform.

> SAY IT LIKE THIS
>
> *"Our slots have run 95%+ full for two quarters, we're top-rated in our category locally, and your members rebook us at [X]%."*

THE TRAP Vague claims ("we're really popular") put you back on rung zero. Specific, recent, verifiable metrics are the entire source of your power.

## STEP 3 Make the trade, framed as mutual

Only now do you introduce the ask — and you wrap it inside an offer so it reads as an exchange, not a demand. Name what you'll give and what you want in the same breath. This is the heart of Trade for Terms.

> SAY IT LIKE THIS
>
> *"We're willing to open more off-peak capacity and commit exclusively — and in exchange we'd want to revisit our rate floor and get featured placement in this market."*

THE TRAP Asking for everything at once with nothing attached is just a wish list — and unattached asks are easy to refuse one by one. Every ask needs a corresponding give.

## STEP 4 Hold your ground against the pushback

They'll have standard responses; arrive expecting them.

*"We're only incremental revenue from unused spots."*

Your spots aren't unused; your fill rate proves the demand is real, so that framing doesn't apply to you the way it does to a struggling studio.

*"The rate floor is a confidential formula."*

Remind them the floor derives from your direct pricing, which you control and have kept disciplined.

Quietly hold your BATNA throughout: you have a growing direct base and other aggregators, so you can walk. And use silence — after their objection, let them fill it.

THE TRAP Negotiating against yourself — flinching at the first "no" and discounting your own ask before they've countered.

## STEP 5 Close on specifics with a built-in review trigger

Pin down concrete terms, get them in writing, and — most importantly — attach a measurable review trigger so the deal keeps improving as your demand does. That converts a one-time negotiation into a ratchet that climbs with your performance, which is how you keep ascending the Leverage Ladder instead of re-fighting the same battle.

SAY IT LIKE THIS

*"Let's run this for one quarter; if we hold 90%+ fill on the expanded inventory, we revisit the rate at the higher tier."*

THE TRAP Leaving with "a good conversation" but no next date and no metric means you start from scratch next time — and the rate stays exactly where they want it.

SECTION 5

# Quick reference — keep this on the call

| STEP | DO THIS | SAY THIS |
|---|---|---|
| 1 Partnership | Open as an invested partner; offer reliable off-peak fill first. | *"...how we grow that together."* |
| 2 Evidence | Put fill rate, rating, rebooking, sell-out rate on the table. | *"95%+ full for two quarters, top-rated locally..."* |
| 3 Trade | Name the give and the ask together. | *"We'll open off-peak + commit — in exchange, rate + placement."* |
| 4 Hold | Counter their two standard objections; use silence; hold your BATNA. | *"Our spots aren't unused — our fill rate proves it."* |
| 5 Close | Get it in writing with a metric-based review trigger. | *"Revisit the rate at the higher tier if we hold 90%+ fill."* |

## BEFORE YOU HANG UP, CONFIRM

- [ ] The specific terms, in writing (not a verbal "we'll look into it")
- [ ] A measurable review trigger and a date
- [ ] Which inventory is in and which is fenced off
- [ ] Whether brand-name Google bidding is permitted
- [ ] Guaranteed term length, if you won it

Reminder: anything above 20% of your revenue is a risk, not a relationship. Convert, negotiate, then decide this on your terms.

STUDIO GROW