



Renewal communications and pricing strategy

Presentation prepared for Modern **Membership**

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MYMEMBERSHIP®

Renewal strategy

Communications

Renewal communication

A standard renewal or price change communication would most likely be - *there is a price increase because of Inflation, and you must renew because your membership is ending.*

If you are making fees higher for any other reason other than inflation, then you need a strategy for this

Your renewal communication strategy needs to follow two simple trains of thought:

- We want you to renew and at this price because of the following (see next slide for ideas)
- Contextualise the renewal fee – talk about the cost of being a member per day / week in Rands and show how the value you add covers this. For example, your membership fees cost less than a cup of coffee a day and you get the following for this -



Use the “BE’s”
in your price
communication

Be	innovative
Be	member-led
Be	-spoke
Be	the best
Be	legally protected

Be innovative

- In a nutshell this means being able to provide new solutions and new ways to deal with problems
- It is your organisations ability to problem solve quickly

Q: ask yourself, in the last 6 months, how have we been able to respond quickly to our members needs?

- Your answer will most likely be going online. More online events and online training has been offered.

It is useful to start thinking about how your organisation has been innovative as this should form part of your your renewal call (i.e. Dear member, please renew. Reason for renewing is that we were innovative by doing XYZ)

Be member led

You must have easy option for members to voice problems they are facing (non-employment etc.), but more importantly there should be a focus on offering members a channel to voice solutions to their problems

Q: How have you positioned yourself in the market and have your members been central to the creation of the services or benefits you have been offering?

It is important to start thinking about this now already as when it comes to renewal you will want to be able to show members that – they spoke, you listened, and this is how you have improved your services and benefits – hence they should renew

Bespoke

- This means tailoring your services to fit your members exact needs
- By being bespoke, you make it harder for competitors to copy you
- Don't reinvent the wheel, consider taking best practice already out there and tailor it for your members

Q: How can you take your service and offering and fit it exactly to your members?

It is a good idea to start researching best practices that already exist and then saying, 'how do we adapt this to meet the needs of our members?'. It is important to start driving the message home now to members that your services and benefits are bespoke.

i.e. marketing a business is not a new concept but marketing a law firm would be very specific to the law industry.

Be the best

- This is easier said than done as everyone wants to be the best.
- It is more about offering genuine quality to your members.
- Other organisations will probably offer solutions to your members, so how do you set out to be the best or prove to members you are the best offering? For example, online training in your industry may already be offered somewhere else but how do you offer members the best in online training in your industry?

Q: What other organisations can you work with that could assist you in getting some glory by default?

You may want to consider approaching organisations that offer awards to professional bodies for example for best customer service. This way you can start applying for accolades to attach to your renewal reminders if you win or are approved.

Be legally protected

- This may mean thinking about Trademarks, Patents and Copyright
- Particularly training material if you offer members CPD or other training material

Q: What content to we provide; what value does this content hold and if any of it can be protected?

Another legal aspect to think about might be status. Are you POPI compliant? How do you become POPI compliant? Are you registered with SAQA as a professional Body?

When sending out renewal reminders you can show members you are taking your responsibilities and members seriously if you have been making strides to become legally protected

Renewal strategy

Pricing

“If membership gave me a free Porsche, then I wouldn’t have an issue renewing”



Money will become the go-to reason for not renewing



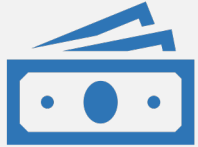
An easy reaction to this would be, let’s just reduce the fee!



The problem with the above is that if underlying issues haven’t been addressed then eventually you will get to a point where members don’t see enough value in membership and still don’t renew.



Therefore following a guided pricing strategy would be a better response.



Member value = member benefits –
cost



If member value is high and
perceived to be high, then member
benefits are viewed as high and cost
can be higher.

Price
adjustments
and sensitivity
of members to
price



Poor pricing strategy

Fee = how much do you want to spend and then divide this by the number of members you have

This is not a good pricing strategy as you are not considering why you do what you do or why members come to you.



Cost plus pricing strategy

Fee = cost to produce plus % mark-up

This is the usual strategy used by companies who sell products such as books. The book costs X amount and I add a mark up to this.

This is also not a great pricing strategy as it still doesn't address members needs as you may not have a minimum viable product or taken into consideration whether there will be demand for your product / membership



Demand led pricing

Fee = directly related to demand

If the demand is high, then price can be higher. If the demand is low, then price must go down.

It is important to add value or consider adding value to create demand before just assuming you should reduce your price



Competition based pricing

Fee = going rate to be part of a professional body

What else is out there or is like us?
Common reaction is to then deliver exact same thing but offer your services and benefits at a lower rate.

Ideally though with this pricing strategy, what would be better is to request the same price as others out there but offer better value in your services and benefits



Premium pricing

Fee = indicates value

This is used in the premium goods market

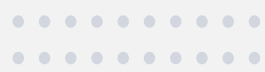
Value is indicated by the price as it is high, but the quality should be there because of this price
In other words, if you offer a high-quality service then price can be higher



Budget building

Your pricing strategy will fit into your budget building

- Start with your purpose. You need to understand what you do and why you do it.
- If you know purpose, you can start to create a strategy (member driven strategy or general corporate strategy)
- Once you have a strategy in place, you can start to plan the activities required to achieve that strategy. This may be online courses, events, CPD material, new website etc.
- If you know what activities will be needed to meet your strategy you can build a budget that is purpose orientated and goal driven.
- Don't just look at what you have spent this year and add a percentage
- Lastly, if you have a spend budget you can look at price setting: what value will we be adding to members and what is an appropriate price to charge for this



Remember to adjust your budget

- Think about zero based budgeting and prioritising strategic spends. In other words, membership fees may not be the only income your organisation has. Therefore work out which budget spends are an absolute or priority, and which budget spends would be nice to have – as these could then be funded through other sources of income
- Another option would be to consider what activities or services you are currently offering that add so little value to members it would be worth dropping these as a budget spend. This would help you to focus on new budget spends or activities that do add value

Q: We want to make a substantial change to our pricing structure or how we ask members to pay, how do we test the waters on this?

- The problem with testing the waters is that you often tend to get a focus group of members responding and you think this is exactly what the response will be. This is not always 100% correct.
- Rather think about what it is you want to change or implement you and then research:
 - ask others who have already done what you are wanting to do
 - ask E2 what we have seen

Learn from others rather than testing with your members – use case studies – i.e. what would happen if we got rid of monthly debit order options and only allowed online payment with debit or credit card? Plenty of other organisations have been in this boat, you can use their outcomes as a base case.

Q: I am worried about losing members – should I start emailing them now to ask them to budget for their membership fees?

- If you haven't spoken to your members, the whole year and are now communicating with them about payment or asking them to put membership fees in their budget – then you have already probably lost them as a member as you have not been adding value
- A better strategy would be to identify and target those members that are most likely to leave you.

Q: Who might be likely leave us? and then proactively engage with these members to see how you can prevent them from leaving

An example of this may be students. Student memberships are often free or very low priced. Students are likely to leave your organisation or not take up professional membership as the fee is considered high to them. The problem is that they have not had the chance in the professional world to understand the value you can offer them. Why not offer a two-year membership for the price of one to give members in this transitional phase the chance to recognize the value you can add ot them as a professional?