




Leveraging **Research** to **Increase Membership Retention and Position for Revenue Growth**

Pricing Strategies for Professional
Associations & Non-profits



 **Increase** in
Membership Retention
& Revenue Growth



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Background

Historically, **strategic pricing** has been overlooked across the professional associations sector. What's more, a lack of coordination between membership and commercial parts of the association often results in an unwieldy combination of offerings and pricing. In some cases, these offers are **revenue generating** (membership fees and dues, continuing education, annual conferences, publications, etc.) and in other cases they are not (membership discounts on products like insurance and car rentals, for example).

The pandemic has forced many professional associations to shift to digital offerings. This shift has led to a **switch from in-person to virtual conferences** – accelerating the speed at which **membership rates** are **declining**. Bringing the focus back on offerings that provide value for the wide variety of members is critical for these association to retain and even grow membership numbers moving forward.

The Challenge

Like many associations, the client had experienced a decline in membership, when their goal was to increase this metric. Our client was uncertain how to **protect membership** numbers, prevent churn, and ultimately **grow membership and revenue**. The association had been offering a single price for membership. Although the association did discount some services, all were included with membership. The Pricing Solutions team identified that this pricing approach was causing the association to **lose revenue and members**.

The association already had internal buy-in to address membership pricing and decided to simultaneously undergo a digital and pricing transformation. The client set ambitious goals for membership growth – planning to **increase membership exponentially by 2023**, with a focus on growing both international and American memberships.

The association's existing members were comprised of professionals from different sub-specialty fields. With more than 60 different features and numerous membership benefits (also referred to as attributes), the Pricing Solutions team needed to take a creative approach to traditional research methods which usually limit testing to a much smaller number of attributes.

Building a Solution That Fits

This association had **member segments**, which is a term used to describe the different types of members belonging to the association. Member segments included professionals, associate professionals, students, academics, and researchers as well as American and international members, as well as potential members. To account for member segments, and to accurately determine which member benefits were truly the most important to each type of member, the Pricing Solutions team used its proprietary **Association Price Optimization Methodology** to capture the insights into membership behaviour that will truly allow the client to make decisions that drove higher membership retention and growth.

The Association Price Optimization Methodology leverages **interviews, focus groups**, and a **profile development** that look closely at each type of member. Then, a type of analysis called a **Max Diff Driver Analysis** was used. This analysis appropriately segmented members by value, using data to determine what member benefits are most valued by each type of member. An **Adaptive Conjoint Analysis** was then created to test for a larger range of offerings. This approach allowed the Pricing Solutions team to test *all 60+* member benefits to determine what is most in demand and truly driving value for members.



Following the Data

The association's first **hypothesis** was that members could be segmented into two groups: those looking to interact with the association on a high-level versus those professionals who were focused on interacting in more detail around their area of sub-specialty. The belief was this second group of members may be interested in paying for more premium aspects of membership, which was indeed the case.

Another **hypothesis** that was tested was that it would be better to introduce membership at a lower price point, or even for free, to prevent churn and avoid losing members altogether.

Based on initial data, Pricing Solutions **recommended a tiered pricing structure**, and the client was interested in testing a variety of different pricing packages.

Package A - Free with limited benefits. Data revealed that this "freemium" would hurt the association because too many members would trade down.

Package B – Mid-range price with select benefits. A lower priced package with limited benefits provided the greatest value to members who were willing to pay for some aspects of membership.

Package C – Premium price for premium benefits. This package represented the association's existing "access to everything" membership package, which was of interest to some groups of members.

The data showed that there was a lower demand for the premium aspects of membership that were being offered. For example, the Pricing Solutions team found that an in-person **premium did not have the expected appeal.**

Based on this information, the Pricing Solutions team then tested two other low-priced packages with limited benefits and found that the association could **retain 20% more members by instituting a Good/Better/Best tiered package structure** compared to their existing offering, a strategy that would significantly contribute towards their growth targets.

"Tiered packages allowed members to become more fluid as they traded down without leaving the association entirely," said [Bijou Gurung](#), Pricing Solutions, Research Consultant.





Results

Based on the research results, the Pricing Solutions team created a **detailed strategy** to guide the successful execution of the association's pricing transformation. This strategy will coincide with the association's larger strategic overhaul which will also include a complete digital transformation.

What's the Pricing Solutions Difference?

Pricing Solutions is experienced in understanding the unique challenges facing professional associations. Our team uses focused, customized research methods to develop strategies that **leverage pricing** to achieve goals. In the past year, we have completed projects for leading associations across the globe. We use research and **data-driven strategies** to help associations **increase membership, grow revenue, expand market share**, and increase membership engagement.



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