

Membership Marketing - "Going Tactical" Series

Part Three: Membership Structuring and Pricing

By Bob Bodman

Structure first, then adjust pricing.

Structuring:

- Willingness to Break from Tradition: When reviewing and analyzing your membership structure, you will need to have some guts -- a willingness to break from traditional thinking. That is if you want to move memberships and breathe new life into the club. Begin by looking around the market area. Keep an eye peeled for what is NOT working in other clubs as much as what IS working. In this new club marketing climate, there are probably more things not working than are working, probably because so many clubs are realizing they need to try out new ideas.
- Consider But Don't Follow: Don't just follow another club's lead, even if they are having success with a certain program or campaign. They no doubt have different features, different internal conditions (financial, political, rules restrictions, etc), different circles of members' friends, a different demographic radius, etc. If you are compelled to consider what other clubs are doing, then at least break it down into component aspects and consider the components.
- Study Comprehensively: Go beyond a simple survey of the other club's numbers of members and their fee structure. Visit their clubs, take a tour, take pictures and chat with their leadership. Gather as much data as you can, however, remember that your club is unique. An Apple computer design executive was recently quoted as saying "Apple does not do market research because it guarantees mediocrity." This says more about finding out what the customer really wants, rather than trying to copy someone else's successes (or failures). If one club is using a certain membership program that is working well for that club, it does not mean it will work the same for your club, and vice versa.
- Listen to your prospects. One of the best things about having a large bank of prospects is having the opportunity to listen to all of the objections and reasons "why not." This is gold. You can use consistent feedback to redesign and restructure. This of course underscores that you need to develop a bank of prospects (see *Going Tactical Part One : Campaign Management*)

Pricing:

Pricing is the trickiest task in membership marketing and sales. Here are just a couple points to consider:

- Objective Analysis: The club will not get very far if it prices its memberships to appease and appeal to the current members. We can use a real estate market example for this: If the listing price of a home is solely determined its seller, it is likely to sit on the market until the seller's perception of their home's value is no longer the determining factor. The seller simply is driven by what they have invested in the house, but the market is not nostalgic, it is precisely fair. Likewise for a club's membership price. It is very easy for the membership as a whole to appraise the memberships when they are not actively trying to sell or leave the

club, because it feels better to say the value of a membership is higher than it is in reality. Avoid setting prices based on this kind of consensus approach. This is different than allowing members to set their own value on their own membership sale, as discussed in the next point.

- **Market Rate Approach:** Likewise, setting an arbitrary initiation fee is problematic as well. It is very hard to outwit the market. Consider a “market-rate” approach to initiation fee prices. When a Board sets the price, it is only setting an arbitrary number, no matter how much research went into the decision. Board set initiation fees miss the market both going up and going down, which causes artificial selling lists on the downslope, but leaves the club underpriced on the upslope. There is rarely a moment that the Board set prices is in sync with the market. Let the members’ set their own price. There are very successful methods for doing this.
- **Stair-Step Pricing:** When pricing a club’s membership, we tend to look out at least beyond one year to develop a pricing strategy, considering attrition rates and matriculations against the revenue and membership goals that need to be achieved. We will focus on getting the “Rack Rate” of the membership stepping up incrementally, so that it allows us the ability to discount down with specials.

Membership structuring and pricing, especially in today’s new economic climate, must be about the hardest and most elusive tasks there are for club leaders to manage. Hopefully these points can help in setting a tactical approach to membership marketing and sales.

To learn more about Membership Structuring and Pricing, as well as our membership marketing methods, contact Bob Bodman, president of Club Resources (800) 267-6758 or via email: Bob@ClubResources.com