



# 4 Keys to Understanding The Membership Economy

*adapted from a blog post by Robbie Kellman Baxter*

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Have you noticed lately how many organizations have joined the Membership Economy? Netflix and Amazon are two obvious examples, but more and more private sector companies are seeing the potential of unlocking a forever transaction through membership.

As an association, this is how you've been doing things from the very beginning, which is why you've had so much success. However, you face increased competition for members' attention coming from the private sector. Technology has made it easy to connect members to organizations and to one another. It also allows organizations to analyze their behavior and provide increasingly targeted experiences to those members.

It's going to require creativity on your part to remain relevant to your current and future members. It's time to start thinking like a for-profit business so you can best serve your association.

Here are the four keys to understanding the Membership Economy:

**1. Humans are joiners for a reason. Think about the psychology of why people join associations. For this, take a look at Maslow's Hierarchy of Needs.**

The pyramid structure breaks up human needs into five sections. From the base of the pyramid, you work your way from physiological, to safety, to love and belonging, to esteem and finally land at self-actualization.

This rule of thought means that, assuming basic physiological and safety needs are in check, people want to belong, be held in high regard by their peers and ultimately to achieve their full potential.

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Membership in an organization is conducive to meeting the top three tiers of the pyramid. With organizations that provide a long-term formal relationship with customers or members, we experience an immediate sense of belonging, receive recognition for contributions and achievements, and access to tools that lead us toward self-actualization.

This is a really powerful combination, but the important thing to keep in mind is that simply joining an association does not satisfy these tiers by default. You must ensure that your member experience is effectively tapping into these needs. If you can successfully do this, your association will be stickier and conjure up more loyalty.

## **2. You're competing for their time. Too often, when we think of competition, we look at the organizations offering a similar product or service as us.**

But that's not the case. Your members and potential members have one resource often considered the most precious: Time. This means your competitive set is probably bigger than you realize.

You're competing for mindshare and share of wallet, terms you may have heard before. Your customer might choose to pay for a premium membership on LinkedIn, and spend their "professional development" time and money with them, instead of with you.

## **3. B2B members need love, too. You already know that your Superuser is your secret weapon.**

They go beyond being great members, and spend their own time and resources to help your organization. They onboard others. They're generous at giving feedback. They are paving the way for new members to get to the point where they're getting good value. We love them.

But if you're an association with a memberbase consisting of businesses rather than individuals, you may not think this concept applies to you. In fact, it does!

A great example is Salesforce. They have a dedicated status for their Superusers: MVP. These members, who have demonstrated a commitment to the Salesforce community, are given freebies like customized sneakers and socks. They also gain the ability to speak at national and international events, and direct access to senior Salesforce executives. There are less than 50 people who achieve this kind of status, so they feel really special. In fact, many Salesforce administrators feel more loyal to Salesforce, a technology vendor, than they do to their employers. You may not think people would identify with the company in this way but, for some, it is their most important community.

On paper, your member may be a business, but you are still dealing with individuals. Seek memorable ways to connect with them.

## **4. You might need to give some milk away for free. People's expectations of what they should be paying for are changing.**

One of the biggest benefits associations used to offer was connecting like-minded people because they used to be hard to find. However, now you can simply go to LinkedIn and run a search, or join online groups based on shared interests.

Just because something costs you money to create, doesn't mean other people will think it's worth paying for. Free things can be loss-leaders that attract people to your organization. For example, major accounting firms offer free training programs for continued education for their existing employees, but also for alumni. For the firm, it is a marketing cost.

Offering something for free can also be a way to give someone a taste of what you have to offer so they'll want more, or it can be a way to bring together a bigger group of people to create a network effect.

Technology makes it much easier to give away value in the form of digital content and community. Get creative in thinking about how you can incorporate free as a tactic in your business model.



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