



Why membership dues are no longer enough

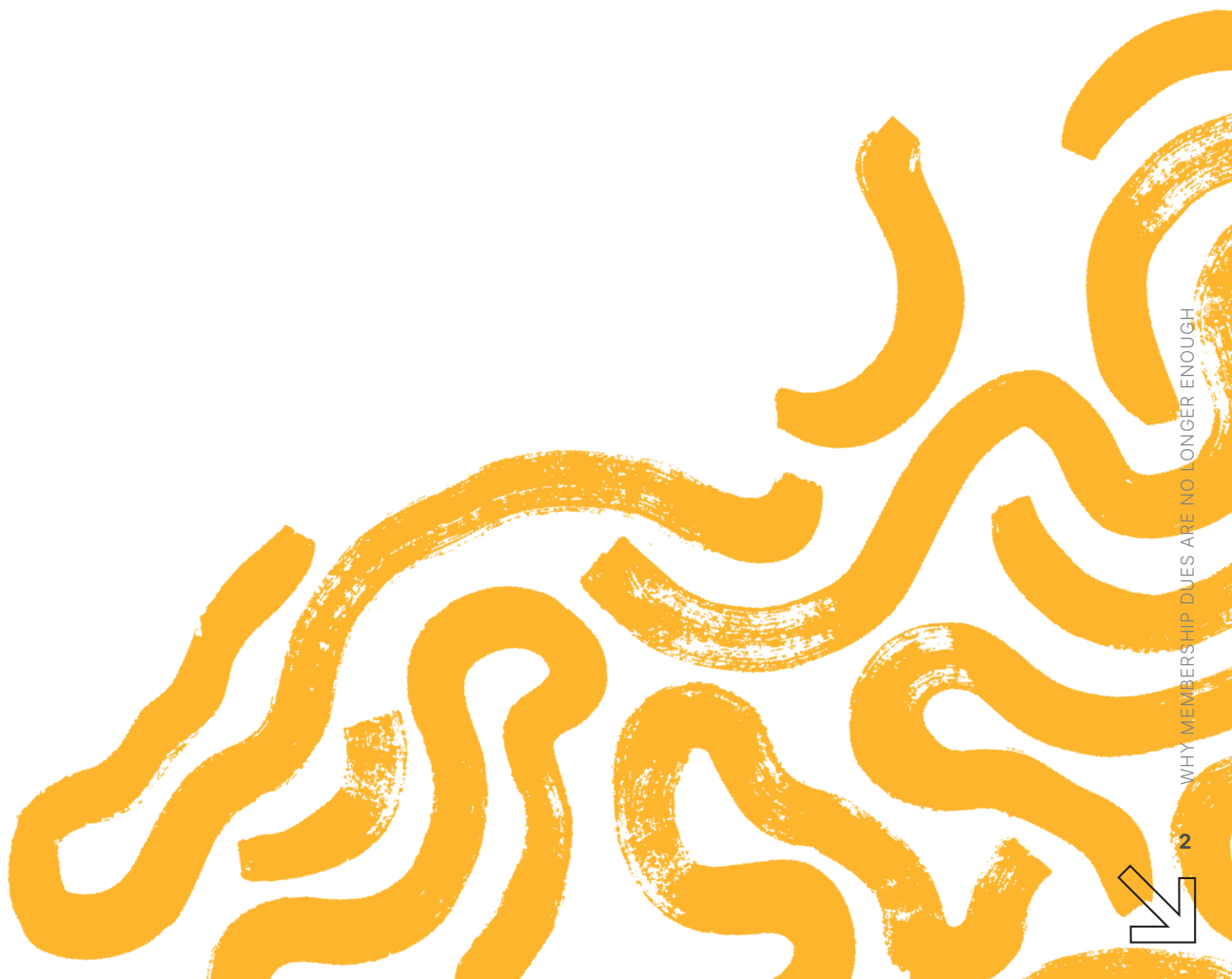
How revenue diversification can futureproof membership organisations

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Introduction

It's increasingly evident that the landscape for membership organisations is undergoing a rapid transformation. Brands that once relied heavily on steady membership dues are now facing significant challenges in both retaining current members and attracting new ones. Rising expectations and financial pressures are also creating substantial hurdles for many in the sector.

According to the 2023/2024 Digital Excellence Report by MemberWise:

- Around **34 per cent of membership organisations have seen a decline in membership numbers over the past year.**
- Additionally, **50 per cent are grappling with member acquisition and retention.**
- While **45 per cent report decreased engagement levels, further fuelling attrition.**

But it's not all doom and gloom. These statistics demonstrate that some organisations are thriving in spite of these challenges. This raises important questions:

- What strategies are these successful organisations deploying?
- How are they differentiating their propositions? While some benefit from legal or ethical mandates that encourage membership retention, others without such advantages are still achieving significant revenue growth.
- So, what's their secret, and how can you apply similar principles?

The battle for dues

The once-reliable income from membership dues isn't as dependable as it was. In a world where expectations are climbing, attention spans are dwindling, and competition for consumer spending is fierce. Relying solely on membership fees feels increasingly precarious. But, instead of viewing this as reflective of the sector's slow demise, we need to look at it as a chance to reassess how successful organisations are delivering value, and securing their future through diversification and commercialisation.

Membership organisations still hold a unique position with their audiences. Members seek value, of course, but they're not always anticipating something extraordinary. They've paid their dues, but often out of a sense of obligation or expectation rather than a particular enthusiasm for the brand or its proposition. For too long, some organisations have banked on this loyalty, but in today's membership landscape, loyalty can be as fleeting as this month's hottest London bakery.

Gone are the days when a laminated membership card and a quarterly newsletter were enough to keep members happy. Today, there's an ever-more critical need to consistently demonstrate value – and not just at renewal time. A 2022 report from the Membership Engagement and Retention Study highlighted that 69 per cent of associations observed members demanding more personalised services and benefits, and 52 per cent noted that members are quicker to leave if they don't perceive added value.

So, the pressing question is,

How can you enhance value in a way that also generates revenue?

Simply offering more of the same isn't the answer. Upping membership fees or extracting more from existing benefits feels like a short-sighted strategy. Instead, it's time to pivot towards revenue diversification.



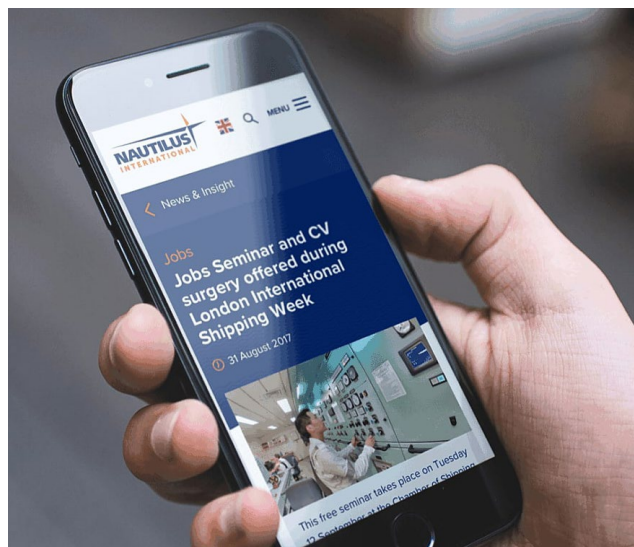
Beyond traditional sales: offering genuine value

Diversifying revenue isn't about turning into a commercial enterprise that pushes products at every turn. No one wants to feel they've joined an industry-specific Temu. The key lies in providing real value that naturally creates new income streams that are aligned with the organisation's mission, values and audience expectations.

One approach is developing value-added products that enrich the membership experience or offer a service that members need, but which is outside of their expectations for their membership fees. The Chartered Institute of Personnel and Development (CIPD) is a prime example. It created a range of online courses tailored specifically for HR professionals. These aren't just bolt-ons, they directly cater to professional development needs in an area where members are already investing time and money. CIPD doesn't need to hard-sell these courses – they seamlessly extend the value of membership. And that's the ideal scenario.

Embracing digital solutions

In line with enhancing value, embracing digital is crucial. Crafting digital products or Software-as-a-Service (SaaS) solutions is becoming essential. Our eight-year relationship with [Nautilus International](#) is another great case study. Like all membership organisations, Nautilus' members are on the lookout for tools that simplify their professional lives, boost productivity or enhance connectivity. It was with this in mind that we worked with the Nautilus team to develop the Sea Service Record SaaS product. It's an online platform enabling Nautilus' members to log their sea time quickly, securely and efficiently. It digitises a historically manual paper-based process in a genuine step change for the industry and, critically, Nautilus' members.



The advantage of digital products is their scalability and appeal beyond just your membership base. What starts as a tool for members can evolve into a product for a broader audience, generating additional revenue. The Institution of Mechanical Engineers (IMechE), for instance, developed a learning management system to support members' professional development. Over time, it expanded to corporate clients and educational institutions, creating a new revenue stream beyond its usual membership.

A thoughtfully designed SaaS offering can introduce a recurring revenue model that complements membership fees. Whether it's professional tools, industry-specific software, or platforms enhancing member connections, these applications bolster your value proposition and help position your organisation as a leader in your field – one which understands its audience and is actively investing in their success and development.



Personalising member benefits: leveraging the data you hold

Personalisation today is everywhere, permeating all corners of our lives. From your Amazon and Netflix recommendations to tailored news served directly to your device, we live in a world where we expect a personalised experience from the brands we interact with – and membership organisations do not get a free pass.

There is a pressing need to go beyond offering generic benefits to members, delivering experiences and services that demonstrate you understand your audience's individual needs and cater specifically to their interests.

Membership organisations have a significant advantage over other brands: access to extensive data and insights about their members. Member portals with preference centres, analytics on content consumption, and the ability to conduct regular satisfaction surveys, offer a wealth of information that can massively enhance the level of personalisation possible.

By leveraging this data, membership organisations can provide relevant content, resources, and opportunities that resonate with each member. For instance, the Royal Institute of British Architects (RIBA) offers and promotes tailored professional development programmes based on members' interests, career stages and specialisations. By segmenting its membership and understanding the unique needs of each group, RIBA delivers value that feels personal and directly applicable.

Technology plays a pivotal role in enabling this level of personalisation. Data analytics and member management systems (CRM and AMS) can track individual content preferences, behaviours, and feedback. This information can then inform the development of customised benefits, such as personalised event recommendations, targeted educational content, or bespoke networking opportunities.

The Institute of Directors (IoD) is another example of embracing personalisation. They provide members with a personalised dashboard where they can select the types of content, events, and services they're most interested in. This user-driven experience empowers members to shape their journey, leading to higher satisfaction and

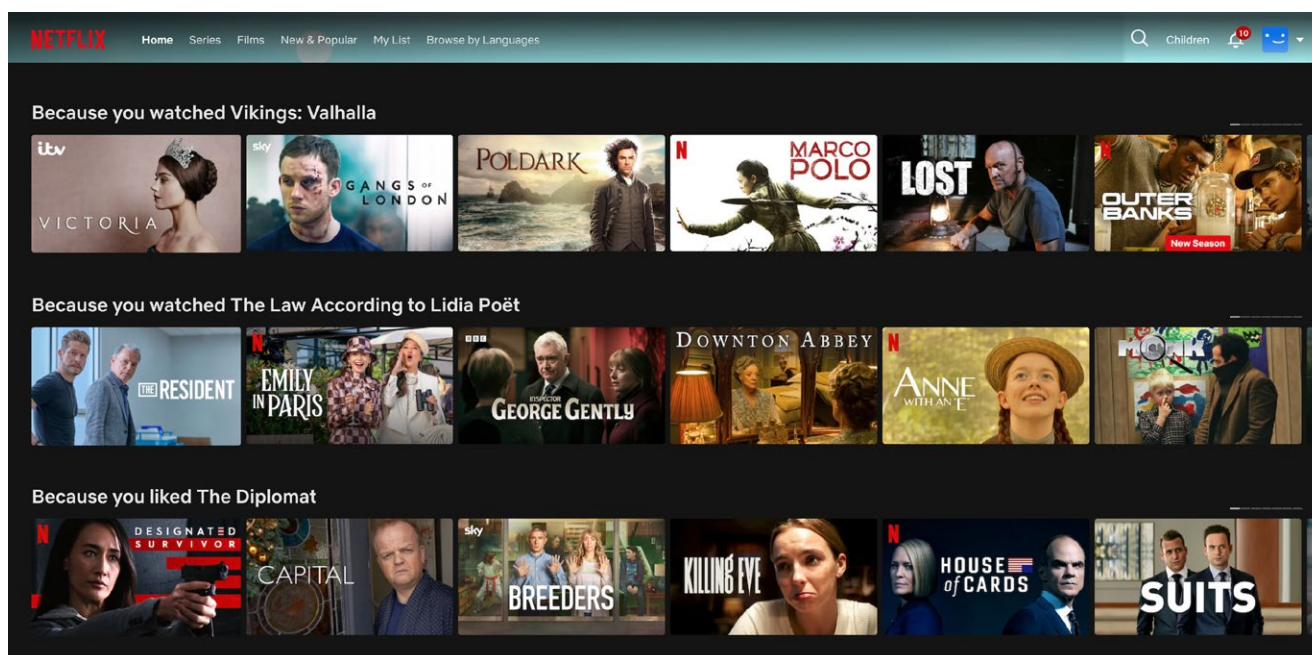


Figure 1. At the topmost level, Netflix allows different users of the same account to customise their own profiles with names and profile pictures. They also provide individualised recommendations for all users by analysing their data and understanding the trends that link different shows together. This supports their member retention strategies by making it easier for users to choose their next watch. This increases the time spent on their platform.



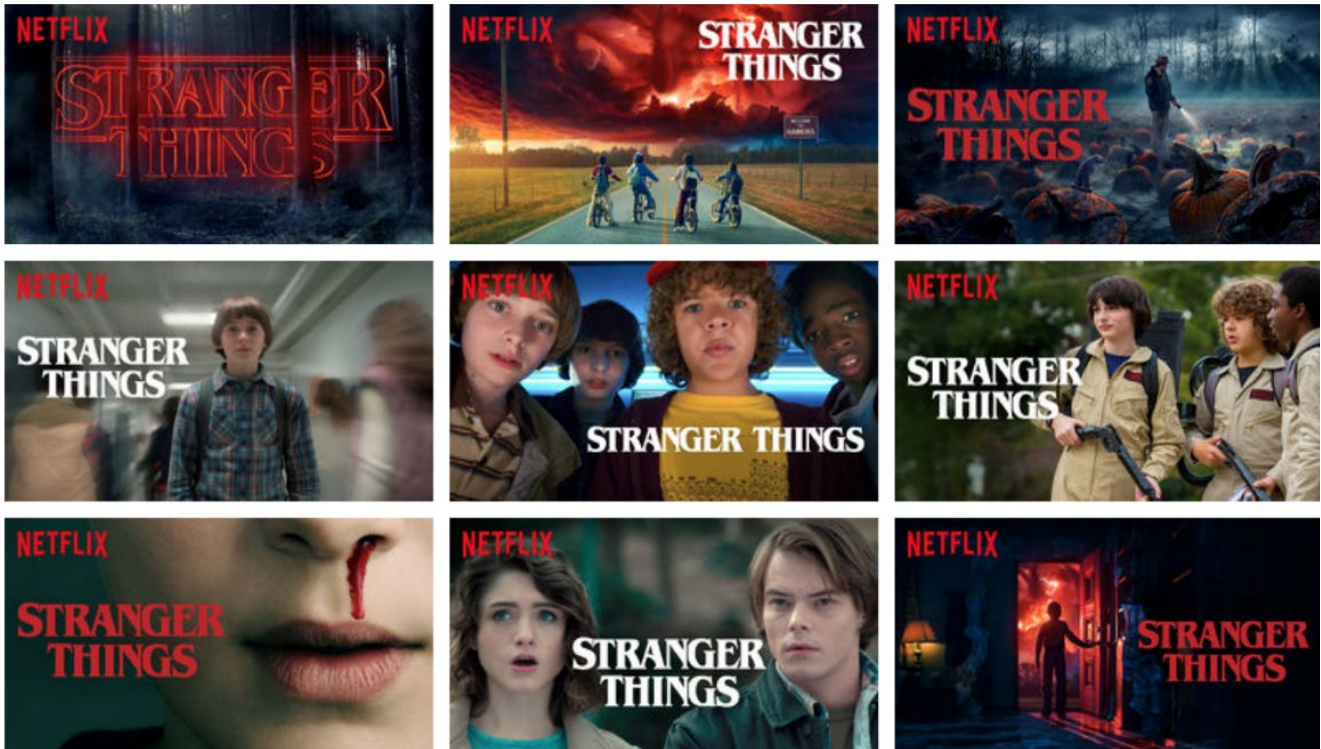


Figure 2. Netflix is able to customise the thumbnail of their shows to match the preference of the user. This increases likelihood of retaining that member by enticing them to using their platform.

retention rates, as well as increased regularity of website visits.

By investing in the right technology and communications strategies, membership organisations can differentiate themselves in a crowded market. Personalised benefits demonstrate a commitment to understanding and meeting the unique needs of each member, helping to foster deeper relationships and encourage long-term loyalty.

Rethinking events: creating memorable experiences

Events have always been an integral element of the membership sector and you might be thinking, “We already host events, move on.” However, I hate to be the one to say it but your conference or annual dinner is probably not the ‘must-attend’ event you think it is. Ask yourself honestly, how have you evolved your events in recent years? I would be willing to bet most have changed little or not at all. And that’s the issue. People now crave unique, tailored, exclusive experiences that are more engaging than obligatory, and that are aligned with their individual needs and

interests. That may sound impossible but it’s worth noting that when your members can see the value, they’re willing to pay for these enriching experiences.

A good example of this is The Royal College of Physicians (RCP).

It hosts exclusive events on pressing healthcare topics, offering immersive experiences that provide cutting-edge insights that would be difficult to get elsewhere. These events help members stay ahead in their careers and serve the broader profession. Naturally, there’s a charge for this added value, which in turn allows for greater investment in maximising attendee’s experience.

That said, events don’t all have to be grand, in-person gatherings. With the rise of digital platforms – accelerated exponentially by COVID – online webinars and virtual conferences can be just as effective. They offer scalability and can reach a global audience, extending your impact far beyond physical venues, but they come with their own challenges in terms of ensuring there is enough value on offer in the eyes of your audience.



Leveraging data and insights

Many membership organisations possess an incredible amount of data, however, far fewer are leveraging these goldmines of insight. Members generate data through their interactions, preferences, and the challenges they face so, when harnessed correctly, this information can be transformed into reports, benchmarking studies, and whitepapers – resources that members and even non-members are willing to purchase.

The British Retail Consortium (BRC) is a prime example.

It regularly produces market intelligence on retail trends, offering actionable insights. Selling these reports to both members and non-members not only generates revenue but also enhances the organisation's authority in the industry. Members can also feel rewarded with a hefty discount of the RRP or access to subsets of the data for free.

Strategic partnerships and sponsorships

Another under-utilised opportunity for membership organisations is developing partnerships and sponsorship agreements that can unlock untapped revenue. Membership organisations can offer sponsors access to a niche, highly-engaged audience – a valuable prospect. This can benefit both parties financially and strategically. British Marine is a good example of this. Its annual Southampton International Boat Show (SIBS) attracts a broad range of member and non-member organisations, as well as commercial sponsors and partners. The revenue generated enables the organisations to fund member services and benefits that would otherwise be cost-prohibitive.



Members of The MTM Agency PR team at SIBS

However, it's essential to choose partners wisely. Aggressively pursuing sponsorships without alignment with your audience can alienate your members, especially if it appears driven solely by profit. The goal is to find partners that resonate with your audience's values and needs. The Institution of Engineering and Technology (IET), for example, collaborates with tech companies to offer sponsored webinars. Since its members are engineers, content from leading tech firms feels relevant and valuable – not like a forced advertisement.



Exploring flexible subscription models

As we draw to a close, it's worth mentioning another potential revenue source: adopting elements of the subscription economy. While you might already operate on a subscription basis, consider offering tiered or additional subscription services for an increased fee or a separate subscription. The trend towards 'micro-subscriptions' allows members to opt into extra services atop their core membership. This could include premium content, data insights and analysis, exclusive networking opportunities, or bespoke advice. The American Bar Association has tried this approach by providing premium content subscriptions to legal professionals. Members gain access to high-value resources for an additional fee, and they're willing to pay for the convenience and exclusivity it offers.

Moving forward: adapt and thrive

For a final takeaway, it's important to highlight that this isn't about abandoning the traditional membership model, rather it's about enhancing it.

For many membership organisations, the reality is that numbers are going to continue to decline, so relying solely on dues is increasingly risky. The future success of membership organisations hinges on their agility, willingness to explore new ideas and new revenue streams, and a commitment to continually ask, 'How can we provide more value?'

When done thoughtfully, diversification won't come across as selling out or becoming overly commercial. Instead, it will be seen as a natural progression of your mission – delivering greater value in more ways to your members.

Ultimately, revenue diversification isn't just about surviving challenging times; it's about positioning your organisation to thrive. And that's a goal we all surely share.



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Benchmarks

Value for Money	9.6
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Client Services	9.8
Creativity & Innovation	9.8
Effectiveness	9.8
Strategic Thinking	9.8

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