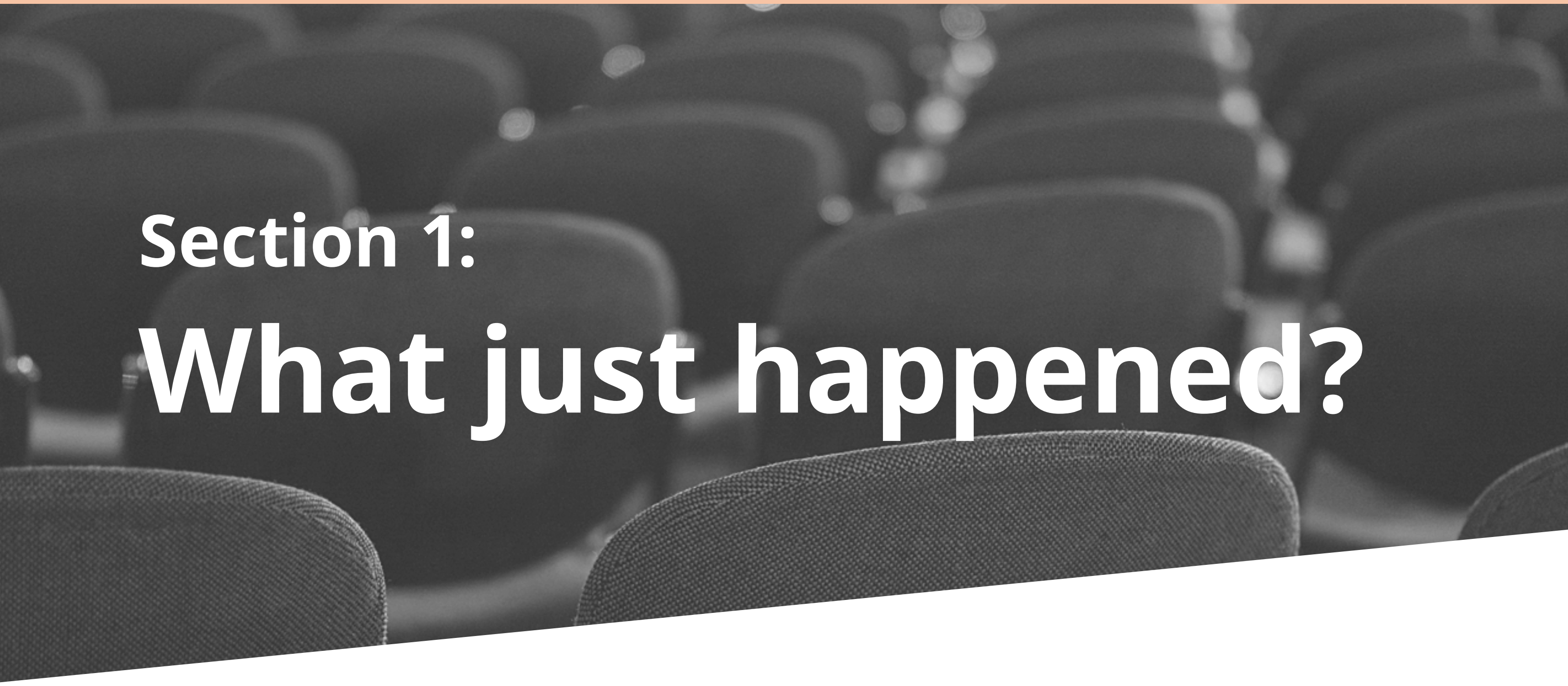
How to **Create a Pandemic-Proof Pricing and Value Strategy** for any Association

Pricing for Associations + sidecar

Table of Contents



Section 1:
What just happened?

If yours is like most organizations, the COVID-19 pandemic rattled the ways your association planned for revenue and delivered value to your members and sponsors. It was unavoidable.

As we saw our world turn upside down, we had multiple things to balance, all of which touch pricing and value:

- **Cancellations of in-person events**
- **Stretching ourselves to move to virtual events**
- **Understanding the technology and educational formatting that would make sense and reduce Zoom fatigue**
- **Delivering to sponsors what we had already promised in this new environment**
- **Figuring out how to adjust new sponsor packages so they still receive value, even if differently**
- **Fear that we would lose members because of the greater economy losing strength and individuals losing their jobs**

Whether you had a strategy or not, this certainly was going to be a tough time for associations.

Yet some organizations were able to navigate the climate to the best of their abilities, and others suffered from confusion and knee-jerk reactions on how to deliver value and adjust pricing in the face of economic uncertainty.

What was the difference maker for these associations?

Having a pricing and value strategy

Associations that had a Pricing and Value Strategy in place were able to respond more quickly and efficiently to what we were going through. They were able to meet their members and sponsors where they were and deliver value in a way that made sense. They were less likely to reduce staff or tap reserves.

Associations that did not have a Pricing and Value Strategy had to rely on guessing, mimicking their competition, or leaning on Boards who stressed to make everything free or strongly reduced pricing. They were in a worse position to tap into reserves more heavily, cut staffing or programming, and unsure how to bounce back from the position they were in.

Think of your organization: When is the last time you updated your pricing for the products you offer? How many years before that was the second-to-last time?

Most associations go 10 to 20 years without updating their membership pricing, and at least 5 years for educational programming, events and sponsorship packages.

More often, associations will consider the value within these products and make adjustments, but even then, those edits aren't as much strategic as they are in response to complaints

Why?

They do not have a Pricing and Value Strategy.

That's the problem.

When there is a lack of strategy for pricing and value, the association is going to coast until something disrupts it, and when something does disrupt, the leaders won't know how to respond and will make rash decisions resulting in a lack of value provided to their audience, as well as a loss of revenue.

The good news is that this is the perfect time to create a pricing strategy for your organization. We can allow the hardship that we've gone through for the past year to fuel our understanding of the need for strategy in this area.

Section 2:
The Purpose of Pricing

When it comes to value in pricing, it is not about greed.

Many associations operate as if they discuss pricing, their members will see them as greedy, especially because most are nonprofit organizations.

The reality is association pricing is directly related to financial sustainability, and financial sustainability is what equips associations to fulfill their missions and purposes.

Think of the small association that might not have weathered the past year, or the larger association that had to tap into reserves to keep its staff going and continue programming. When we ignore pricing and leave money on the table, we're putting ourselves in a worse position to be able to continue to operate and withstand any storms, but those storms are the time associations are needed most to fulfill their missions as an organization.

Pricing and value are not about greed, but asking:

- **"What value do we bring to our audience?"**
- **"What is a fair price to charge based on that value and the return on investment they get from being a member of our organization, attending our events, earning our certification, or being a sponsor and partner with our organization?"**
- **"What piece of the pie should we be getting for the value we provide?"**

No, the purpose of pricing and value are most importantly about serving our audience with the right value and maintaining financial sustainability to serve members and fulfill missions during the good and bad times.

The honesty that developing a Pricing and Value Strategy empowers is through that conversation and recognition: There is no shame in talking about pricing.

But there is one more thing that a Pricing and Value Strategy empowers.

Innovation.

In a conversation of value with an organization, what we look to discuss is how to continue to innovate and meet member and sponsor needs with the programming and products the organization offers. Innovation allows us to say something is no longer serving the value the organization as originally intended, so we can sunset it. We simply have to ask, “Is this providing value to our audience?”

Innovation also allows us to ask:

- **What else could be?**
- **What else could we create?**
- **What other problems exist for our audience that we could be the solution to?**
- **What might that look like?**
- **What are we currently doing really well that needs attention to value?**
- **How can we bolster the programming in a way that further meets the needs of our audience?**

Ultimately, Pricing plus Value does not equal Greed. Instead,

Pricing + Value = Financial Sustainability + Innovation

This lens of pricing and value lets us see how we are empowering our members, the organizations they work for, and our sponsor partners to prosper because of the solutions we provide.

How are we empowering them to do their jobs better? How are we advocating and lobbying for them to have the policies to be successful? What does it mean when we become the resource they turn to, to quickly find an answer when they have a tight deadline and they need to go to a trusted source for content they know is of value?

We have to ask, “What do we do for them?” and “What value we provide?” to then ask, “What price do we charge for the value we provide, and what is the story we can share around the value we provide to capture that price?”

Pricing + Value

=

Financial Sustainability + Innovation

Section 3:

How to develop a pricing and value strategy

Now that we understand the purpose of value and pricing for associations, how do we develop a Pricing and Value Strategy?

Your strategy is going to entail an annual review of pricing and value through a few key components, along with monthly or quarterly check-ins with your audience and team to keep your thumb on the pulse between annual reviews.

Before you get started, your team should consider the following questions:

- **Do we have an annual Pricing and Value Strategy?**
- **When was the last time we adjusted prices for our products and services?**
- **How do we currently set prices? Based on competitors, costs or gut feeling?**
- **How do we measure value? Is it based on what we think, what our members/sponsors tell us, or what we see competitors doing?**

Now, it’s time to get onto the right path.

- **When you gather annually, consider the following questions: Are we following our Pricing and Value Strategy?**
- **Will we bring in an outside consultant to help us with our Pricing and Value Strategy this year for any products or services?**

- **What story is our data telling us?**
  - What is high value, low effort?
  - What is high value, high effort?
  - What is low value, low effort?
  - What is low value, high effort?
- **What market research will we conduct this year?**
  - Surveys?
  - Focus Groups?
  - 1-1 conversations?
  - For all products and services, or just select? On what rolling schedule?
- **Based on our market research, what is our plan?**
  - What value can we sunset?
  - What value do we need to ramp up?
  - What value is missing?
  - Do our value propositions need updating? Our marketing collateral?
- **Is there an opportunity for a price increase?**
  - When was the last time we had a price increase?
  - Will we conduct market testing to test our potential new price and value adjustments?
  - Based on market testing, will we see an increase in our profits or a decline?
  - Based on our market testing, can we provide more meaningful value to our members or sponsors to best fulfill our mission?

Now, let's dig into each of the pieces of your Pricing and Value Strategy puzzle that'll help you answer these questions: Data, market research, planning, price increases and discounting.

Data

The first step you're going to want to do is start with gathering internal data, including a review of the current pricing and value of all of your products and services against benchmarked KPIs.

This is an important thing to consider because many associations just don't have good data to review. Instead, associations make decisions based on what they think as a staff or Board, or based on what a few squeaky wheels say at a conference or in the latest survey, rather than polling the entire membership and getting a solid view based on a significant sample size and what various segments value.

Data should never be about your gut feeling or just anecdotal. What you want to do is review the data you have to determine the value you're creating and successfully delivering.

For your membership, ask yourselves if each component of your organization's value is paired with a KPI to determine if it is successfully delivering — and then check the data to make sure it is.

If we have high engagement, then there should be value, right?

Not necessarily.

Why is engagement not always equal to value? Let's continue with the train of thought that engagement is related to the frequency of interacting with an association's product. This would mean that something becomes more valuable when it is accessed more frequently versus something accessed less frequently.

Let's think about some real products where that's just not true:

The first type of product that we can think of is a webinar. Many webinars tend to have fluff content that doesn't go too deep — i.e., isn't going to fully give the next step or a super valuable takeaway.

Instead, a webinar is going to give you ideas worth considering. And if the webinar is sponsored? It's really a sales pitch for whoever is presenting.

This is all a generalization, but most of the time this is a a webinar's function.

Webinars tend to have high frequency; we often see one to four per month conducted at any given association.

This means your audience could be engaging with webinars every single week. That's a high touchpoint from a product within your catalog. But does that mean they value them within the same proportion?

Now if we consider another product such as a salary survey that might happen once per year, this would have a lower engagement rate of reviewing it once or twice per year.

But there is so much value in a salary survey. I would bet most people would say the salary survey is more valuable than an individual webinar, and possibly even valuable than your collection of webinars you put on throughout the year because the salary survey gives real information a member can use to benchmark their own earnings against others in their profession.

Now, if we went back to engagement being the most important value driver, then we would say the webinars are more valuable because they're accessed more frequently than the salary survey ever is. But by now you're nodding your head in agreement that this is not true.

So what does this mean for you as an organization?

While it means engagement is one metric to look at when it comes to determining the value of the products you are presenting to your audience, it is not the only metric you should look at.

There are many other metrics beyond engagement that you can place on your product dashboard, and it depends on what type of product you offer.

Your pricing and value should be looked at as a strategy across your ecosystem of products, ranging from free components to high-ticket items.

When you're doing data review, it also allows for you to look at pricing to understand:

- **Are enrollments where we anticipate them to be?**
- **Is enrollment in any of our programming down and, if so, why?**
- **Is it based on price?**
- **Is it because the value is no longer being met, and we need to reevaluate the value we're packaging it with?**
- **Is it the marketing collateral?**
- **Do your value propositions need to be updated?**

Market Research

Once you've looked at the data and analyzed it for value, you then want to move to external market research.

Data gathering tends to focus more internally based on your consumer behaviors; your market research tends to focus more on where your audience is going and what more they need (or do not need) from you.

When you do market research, there are a few different methods you can utilize:

1. **Surveys or quick polls**
2. **Focus groups**
3. **One-on-one conversations and interviews**

Surveys and focus groups always work great with member-facing products and services, and one-on-one conversations are best if you're focused on a very small segment of your audience, but they're very important with your sponsors.

Pro Tip: Do not take market research or data as the end-all-be-all. While you can hedge against it with smart interview techniques, many people can inadvertently lie in market research because it is hypothetical and doesn't require committing to a purchase.

Instead, marry your data analysis and market research together as a cohesive, complementary set of data you can use to tell a story and make decisions on how you move your pricing and value forward.

When you conduct market research surveys, we have three primary tips:

1. Always ask if you can follow up.

First, you should always have a question asking if you can follow up with the person responding — and make sure you have the contact information you'd need to follow through.

This matters because your survey is typically the first step in market research. If you'll lead focus groups next, you'd ideally like to invite those who responded to those focus groups.

After all, you already have baseline data and you can ask more specific, personal questions in the focus groups to grow the data you collect.

If you don't ask if you can follow up, then you're assuming they will invest more of their precious time with you, and ultimately you're removing consent from your relationship.

When you ask to follow up, it can be as simple as asking, "May we follow up with you if we have further questions?" followed by a yes and no option. This allows you to quickly segment who said yes, resulting in a core list of people you can continue market research with.

We also recommend you always ask for the name, email, and phone number of each respondent. You will have a harder time getting people to leave their phone number — we are conditioned to our phone being personal while our e-mail can handle unwanted messages - so you may make the ask for phone number optional.

However, what we have found is when you ask for a phone number and you begin by making personalized phone calls inviting people to focus groups after the survey, you have a much higher rate of people converting from the survey to confirming their participation in the focus group, rather than if you send an email blast, even if individualized.

Yes, the additional phone calls will take more work than sending a batch of emails with custom name fields, but this builds your relationship with your audience to get the best quality answers.

After all, they're the ones investing in your organization. We should care enough to build trust and relationships for the types of answers we are seeking around value and price.

2. Always ask persona questions.

Unless your survey and AMS tools sync so you can see the personas of who replied, you must ask persona questions so you can better segment answers for trends and value laddersa.

Most associations do not have great data on the segments of their audience. They might be able to tell you the different personas based on anecdotal information they observe through attending events and understanding their audience, but associations must get better at actually tracking this data within their AMS so they can more quickly send personalized communications and offerings.

Because most associations are lacking this, we typically include persona questions within the survey so we can segment answers.

There are many persona questions you can ask.

Here are some examples of persona questions worth asking:

- **Are they a member?**
- **If they are a lapsed member, why did they leave?**
- **If they are a current member, how many years have they been a member?**
- **Where do they live?**
- **What seniority is their position at their organization?**
- **Are they someone who has purchasing decision-making authority at their organization?**
- **How many people at their organization are members?**
- **How frequently do they or the other members of their organization attend events or engage with other components of membership?**

By asking these persona questions, you can begin to create segments within your responses to see how different segments receive the value you offer and how that might move the pricing needle for their segment's willingness to pay.

It also allows for you to invite segments to focus groups so you have proper representation across your answers.

3. Always ask about value and pricing. Well, not always pricing.

The third component you need for your value and pricing survey is — drumroll please — questions specific to value and pricing.

In general, we recommend staying away from pricing questions in the first survey you send.

The reason?

If this is the first point in the journey of your conversation, would you want to be asked about price? Usually not. It comes off as greedy and unaligned with your mission — which is exactly what we're trying to avoid.

By starting with value, you get an open door to how you can add more value (and sunset what isn't of value), then you can share new potential packaging and ask about pricing.

This isn't to say you can't ask at all in a first survey, but if you do, limit it to one general question.

Also, if you ask about pricing up front, you'll typically receive much lower answers about pricing than if you save them for later in the conversation because no value has changed.

We recommend including questions about value. Examples include:

- **Which components of membership do they value most? Have them rank them or pick their top three favorite components of membership. This can also work for an event, the process of certification, or for the components of a sponsorship.**
- **What could be taken away from the product and they wouldn't care?**
- **What should be added to the product that would really make a difference for them and make this a more complete solution?**

Asking open-ended questions around value at the beginning helps you gather data that can form the types of questions you ask later in the process to hone in on what specifically should be added or removed from a product, and then ask about willingness to pay based on those changes.

There are other components your unique survey might need depending on the goal of your survey and your overall strategy, but these three components should give you a head start on the next survey you decide to conduct.

Plan

Based on the totality of your data and market research, you can then craft your plan for the coming year (or two) regarding value changes and, subsequently, pricing.

The story you tell should be "We've listened to you. We understand this is something we can do better. We've made it better, and with that, the price is slightly going up."

Ultimately, the purpose of pricing is all about innovation, delivering value and capturing your piece of that pie. Remember, it is not about greed but it is about financial sustainability.

Most annual plans have two primary needs that are hard for associations: price increase and discounting. Let's discuss how to approach both before you decide to do either.

Price Increases

Normalize price increases within your organization.

You should be training your members and your sponsors that every year or two, there will be a price increase, whether a slight increase without many value changes, or a heavier price increase with a justified set of value-adds to the product or program.

That means you also have to normalize adding value every year or two to your various products and programs. If you don't add value and only increase price, you will — rightfully — be called greedy.

If it's been 5 to 10 or more years since you've increased your price, how do you proceed with that now that the economy is recovering? You have to communicate three things:

- **The position you're in**
- **Your organization's financial stability**
- **Value**

As an example,we'll review how to apply these three steps with virtual event prices in the event your organization offered them for free or a deeply discounted rate during the pandemic:

1. **Explain the position you're in.** The first thing you need to communicate with your audience is why you previously provided the event for low cost or free, which was likely out of urgency that your members had the right training amid a pandemic. What this does is allow you to clarify that it's not something you would normally do, but rather it's something that was for a special time and purpose. It also allows you to infuse compassion awareness and empathy into the decisions you've made while signaling it's time to move in a different direction.
2. **Communicate the financial sustainability of the organization.** Make this argument in light of your members being the hero. Share something like: *"Because our members have supported us so strongly over the years, we were able to do something radical or drastic during a pandemic. And now, as we begin to see the silver lining in our world, we are ready to return to proper financial sustainability for our organization so our nonprofit can continue to thrive and fulfill our mission for many more years to come."* What this does is remind members that while you are a nonprofit, you still need profit to do the work you do and you can't give everything away for free. It also triggers in their mind that they play a crucial role within your organization and helps them to feel good about what you were able to accomplish, but also that they can continue to contribute in a way that allows your organization to not bleed its profits.
3. **Communicate value.** One easy thing most organizations can say is, "We learned so much from putting on an event last year, we have grown, and we can't wait to make the experience even better for 2021." Many organizations were not fully confident or competent in how to pull off a virtual event.

> We were flying by the edge of our seats and pulled off what we could in the best way that we could. By signaling that you're raising the price, you're also attaching it to the value and saying *"Hey, we know we got this 70 or 80% right, but we're working to achieve 100% this year so we can offer a quality training experience for all our attendees. Because of that, we need to ensure the price matches the value, just like it would for any event you've come to know and trust."*

What you want to avoid is increasing price without increasing value. If we look at this as consumers, Netflix and Disney do a great job of this. They have tended to raise their price about every year by around 10% and sometimes more. When they do, they tell you how they've added additional programming and how that is of value to you. They don't just say "here's our new price, and that's it."

Here's an example of how that looks in associations: One association recognized that its members saw a lack of value in their discussion boards because members had to log into the discussion boards to see any new posts or to see if anybody replied to their own posts. It resulted in fewer people logging in, and more people turning to other sources or associations to find solutions.

To remedy this, the association was able to work with their technology partner to turn on a notification setting so members could be emailed when there were new posts or responses to their own original posts seeking help.

This simple change increased the value greatly of the discussion forum, built more community, and helped justify a simple price increase for their organization.

If you're not going to do full-on market research at this point, look at the data.

What do your people engage with the most according to the benchmarks you've set?

How can you make a simple adjustment to make it even better?

Does that deliver incremental value?

Even better is if you can share two or three things you've done to increase the value of your product. The more value your members feel like they're getting, the easier it is to make the case for a price increase.

You also need to prepare your staff to tell the story of the added value and the price increase. They will be the front-line team keeping your audience happy. One video from the CSE or Board isn't enough; your team needs to be empowered to tell that same story in a personable, authentic way.

Discounting

Let's take a hypothetical look at the impact pricing has on any given product if you were to offer a discount: Likewise, you can see the power of a price increase through this same example.

Let's say that you are running a sale on your membership because retention has dropped a little bit, and — without a pricing strategy — your team offers a discount to get more people to sign up and make up for that lost revenue.

In this scenario, we haven't run any projections or done any market research. We're making our best guess, like most associations will do if they lack a Pricing and Value Strategy.

Let's say that the membership is $100 per year. Knowing that the majority of memberships have a profit margin of about 30%, this means $70 of every membership goes to direct and indirect costs, some fixed and some variable, and $30 of every membership goes to profits for reserves and expanding programming.

Now let's say that your organization has 1,000 members. Your annual revenue would be $100,000 and your annual profit would be $30,000.

Let's consider what discount might be provided:

Most would agree a normal discount range is between 10% and 50%. Anything under 10% feels cheap and unnecessary, anything over 50% feels drastic.

In our example, let's offer a 10% example.

10% doesn't sound like that much, right? Will members who we aren't retaining even jump at that? Will potential new members think this is the time to get off the fence and become a member?

But more importantly, let's look at the math to see if we can justify the discount.

Remember: When you offer any discount (or make a price increase), it hits your profit.

Most would assume that if we discount 10%, we would need about 10% more members to make up for the profit lost in the discount.

What does the math say?

If our profit is 30%, that means we are making $30 per member. When we discount by 10%, or $10, that comes out of our $30 profit because we still need $70 to run the membership, per member.

This means we just lost 33% of our profits because profits have dropped from $30 to $20 per member.

Worse, that means we need to increase our membership by 50% to make the same amount.

Seriously. 50%.

To hit the same $30,000 we started with in profits from membership, we only make $20 per member in profit, then we need 1,500 members, or 50% more than the original 1,000.

Now, take a moment to imagine the power of even a 1% price increase: At $31 in profit on a $101 membership, your bottom line has gone up just over 3%.

"But what if our costs go down? What if we remove some value from membership when we lower the price by 10%?"

That is not a discount; that is adjusting price based on value, which is exactly what a Pricing and Value Strategy would have you do.

However, just discounting without removing value means you are strongly hurting your profitability.

Association ABC

Members: 1000 | Dues: $100 | Cost of membership to association: $70

$100 Dues – **$70** Cost **$30** Profit	**$30** Profit ÷ **$100** Dues **30%** Profit Margin	**$30** Profit x **1000** Members **$30,000 Net Profit**

What if Association ABC offered a 10% discount?

$90 Dues – **$70** Cost **$20** Profit	**$20** Profit ÷ **$100** Dues **20%** Profit Margin	**$20** Profit x **1000** Members **$20,000 Net Profit**

To hit same $30,000 net profit,
Association ABC needs 1,500 members.

Section 4:

Deep dive into pricing for membership, events and sponsorship

We’ve covered the need for pricing, what it looks like to lack a strategy, what you should consider when making a strategy, and practical advice on enacting price increases and discounts.

Lastly, let’s look at some strong tips for membership, events and sponsorships — after all, they are what has been hit hardest during the pandemic.

Membership

An exercise I love to do with organizations is what I call the High-Low exercise. (Bonus tip: You can do this exercise with any product your association offers!)

First, begin by listing out everything in your membership by bullet points with your team.

Second, go one bullet at a time and ask yourselves if this is of high value or low value to your members.

The way I qualify this is, “Is this something that will make or break whether someone renews their membership?”

Something such as a weekly newsletter with the latest content might feel like high value because it’s something many members will click on, but at the end of the day, that’s not necessarily a value level that will make someone join your association.

More than likely, high-value items will be things like continuing education, networking and access to authoritative content for the industry they can’t find from generic sources on Google.

Third, go back through that same list, but this time, ask if it is high effort or low effort for your organization to create.

This is relative, so it will vary by organization, but high effort tends to mean something that takes up a lot of staff time or resources, even if you’ve budgeted for it. Low effort typically equates to something automated or running on autopilot with an outside vendor. It doesn’t take much effort or many resources.

Finally, map everything in your membership into one of four quadrants.

High Value, Low Effort

Your golden arena. You want as much as possible to be high value, but also automated so it's low effort for your organization. That is your tier 1 best components of membership you might want to scale up.

High Value, High Effort

These make a strong difference in acquiring new members and retaining current members, but they also take a lot of effort from your organization. Therefore, it takes resources including time and money, which is exactly why financial sustainability matters. These are most likely the items that help decommoditize your organization from competitors.

Low Value, Low Effort

These are nice to have. It doesn't take that much time away so they may be OK to keep offering, but these are the things that are not driving sales. Newsletters tend to fall here; these are things you won't sunset, but you won't allow to become High Effort for your team.

Low Value, High Effort

Your bottom tier. These are things that take up a lot of staff time or resources and don't have a great return on investment. That doesn't necessarily mean you need to sunset these bottom-tier items, but it might mean these are the things you scale back, or have a tough conversation regarding KPIs to confirm continuation or sunsetting.

By walking through this High-Low exercise, your team can quickly determine those small, quick-win value-adds that will justify a slight price increase in the coming year, while also strategizing bigger evolutions you can pull off in the coming 2 to 3 years to revamp membership.

Events

What about events? How do we raise the price of events in the coming months and years?

After running virtual events for free or very low cost, the first thing you want to focus on is raising the price of any virtual component you're going to offer, whether hybrid components or purely virtual events.

As a general rule of thumb, I like to anchor the price of a virtual event at 50%-80% of an in-person event.

This assumes the audience is getting similar value through the content and sessions they'll be able to access. This doesn't mean identical; even if they can't access every single session, they still might be getting the same value as they would on-site.

If you run 40 sessions in a week-long conference but people could only attend 16 live, then the virtual audience is getting the same value if you only stream 16 sessions on one track). Yes, they're losing the autonomy to pick their sessions, but that is justified by the slight reduction in price.

If they can access all 40 sessions? Your virtual component might be 80% or more of the in-person price based on that value.

Outside of content, it can be very hard to replicate an in-person event. Most people don't care about missing out on food and beverage but they do care about missing out on networking. Likewise, the more you can integrate real networking through small group interactions that are intentional and scheduled into the programming just for the virtual attendees, the better. That's going to help close the gap of the value they get from an in-person event compared to a virtual event.

As a general rule of thumb, if they're able to get the same amount of sessions, or even more, and can get intentional networking, I would see no reason not to price a virtual component at 80% of an in-person event.

If you can't replicate that much value — like, for example, if they're not getting any solid networking and they're getting access to a limited amount of sessions — then you might drop your price about 50% of what a normal in-person event would cost.

This is all variable and it takes measuring and weighing the value attendees can expect from an in-person event versus what they'll get from the specific virtual component, but it does help in not only setting the price but also in justifying it through value-based marketing on your event collateral and messaging.

As far as your in-person events go, now is the time to try an incremental price increase. Similar to membership, I would recommend nothing more than 5% to 10%.

Bring in a strong value proposition. Many organizations, as they go back to in-person for the first time will have people who are just fine with the slight price increase simply because they're happy to get back to in-person events. You don't want to depend on that — you want to give them something concrete and of value — but it does make the price increase more palatable.

How do you add incremental value without overhauling your in-person programming immediately?

It might be that you say, "We recognize that people love to have on-demand access to the sessions, so we're going to record our sessions on-site, whether it's from one simple track or the entire program. We're going to make those available to our in-person attendees so you can revisit the content you had access to and see everything you normally would miss."

It might be that you continue the networking beyond the event. Perhaps you create a discussion forum allowing attendees to sign up for and be placed into segmented, small groups where they meet once a month for the three to six months after an in-person event for the benefit of continued learning, digesting the material as they begin implementing it and building community.

Sponsorships

When it comes to increasing the price for your sponsors, it has its own sets of unique challenges.

Some organizations thrived during the pandemic, some did not.

Beyond that, you more than likely sold a package for 2020 you ultimately couldn't deliver on because it was tied to in-person events that didn't happen.

You spent 2020 trying to make good on what you said you could do, and moving into different packaging and offerings so your sponsors got what they needed for the price they paid you.

Assuming you've made good and your sponsors are on a positive trajectory, we can still look at raising the prices of packages to partner with your organization.

Most sponsors want two things, in this order:

1. **Leads**
2. **Brand recognition**

Knowing this, you want to craft your sponsor opportunities in such a way that you're getting them in front of as many people as possible, and the value you deliver is how many people their message reaches through you. The format doesn't matter — it can be virtual, in-person, hybrid, quick pieces of content, long-form courses over multiple weeks — whatever it is, it's getting them to their goal. What typically matters is the format they value the most.

Over the past year, there's been a lot of thought leadership on the future of sponsorship. Do we create more customized packages? Do we stick with tiered options of what they can access?

What I recommend is you create a menu of what your organization can do, and then allow the sponsors to customize from there.

By creating a menu, your association is being realistic about what you can fulfill so you keep your promise and deliver the value proposition you've sold them.

There's no sense in somebody selling a sponsorship you can't deliver on.

Or worse yet, you oversell the number of opportunities and your sponsors see others getting the value you promised them.

By creating a menu and documenting how many of each component your organization can properly execute, you create a level of scarcity for your sponsors to know if they want something, they need to commit and sign a contract. Plus, your association has security in knowing it can deliver what has been promised.

This allows your sponsors to customize their experience within the boundaries you've set.

If they prefer to get in front of people in a digital format, or through thought leadership, or a traditional expo hall format, they can choose what they believe is best for them for qualifying leads and building relationships.

Before we close out on sponsors, I want to share my absolute favorite tip to give associations on negotiating with sponsors:

"Yes, if."

When a sponsor asks if they can get a lower price, don't say no. That can come across as confrontational, although I do recommend clear boundaries of the price that matches the value you provide.

Don't say yes because then you diminish your value.

Instead, say, "Yes, if."

"Can we have a $700 price on this package of 3 webinars that is normally $1,000?"

"Yes, we can do $700 if we lower the value to 2 webinars."

Do you see what we did there?

We created an environment of agreement while holding firm to the price matching the value we deliver. It builds trust with your sponsors to know you know your value — they're trusting you to deliver on it.

Will they always like the answer? No. But will they respect you for it? Yes, when you follow through on value.

Section 5: Conclusion

Where do we go from here?

When we look at where associations are right now, we strongly believe each association is at a fork in the road.

They can choose to craft a Pricing and Value Strategy to follow every year, or they can continue to price based on competitors, feelings and gut reactions.

Those who continue to price in the second way will typically miss the mark with value and become obsolete, especially as more and more competition from free content and for-profit entities, including sponsor partners, becomes available online.

The former will continually ask themselves how they can improve, how they can best serve their audiences, and what value they're providing, as well as what their share is of the value they provide. They'll be able to innovate and continue to make adjustments every few years, inclusive of changing markets. They'll be able to evolve and continue to fulfill their mission while ensuring financial sustainability to the best of their ability so their mission drives forward for generations to come.

Which organization will you be?

Appendix:

Your checklist for creating a pandemic-proof pricing and value strategy

Questions to ask now:

Do we have an annual Pricing and Value Strategy?

When was the last time we adjusted prices for our products and services?

How do we currently set prices? Based on competitors, costs, or gut feeling?

How do we measure value? Is it based on what we think, what our members/sponsors tell us, or what we see competitors doing?

Annual Conversations to have:

Are we following our Pricing and Value Strategy?

Will we bring in an outside consultant to help us with our Pricing and Value Strategy this year for any products or services?

What story is our data telling us?

- What is high value, low effort?
- What is high value, high effort?
- What is low value, low effort?
- What is low value, high effort?

What market research will we conduct this year?

- Surveys?
- Focus Groups?
- 1-1 conversations?
- For all products and services, or just select? On what rolling schedule?

Based on our market research, what is our plan?

- What value can we sunset?
- What value do we need to ramp up?
- What value is missing?
- Do our value propositions need updating? Our marketing collateral?

Is there an opportunity for a price increase?

- When was the last time we had a price increase?
- Will we conduct market testing to test our potential new price and value adjustments?
- Based on market testing, will we see an increase in our profits or a decline?
- Based on our market testing, can we provide more meaningful value to our members or sponsors to best fulfill our mission?

About the author:
Dr. Michael Tatonetti, CPP, CAE

Dr. Michael Tatonetti is a Certified Association Executive and Certified Pricing Professional on a mission to advance associations in their pricing and value models for financial sustainability.

As the Founder and CEO of Pricing for Associations, he and his team work with associations to harmonize pricing and value across membership, education, sponsorship, events, and marketing.

He is also the Vice President of Professional Pricing Society, overseeing strategy for products, pricing, and value. Dr. Michael is a proud Association Forum Forty Under 40 honoree for his dedication to the association field.

You can learn more about the work his team is doing at www.pricingforassociations.com.

About Sidecar

At Sidecar, we create the professional development tools a leader needs to grow their career and their purpose-driven membership organization. From interactive workshops to step-by-step courses, being a part of our community drives innovation and empowers you to be a change-maker wherever your career takes you.

Join Sidecar!

Sidecar members have access to educational and inspirational resources that'll help you grow yourself and your organization, with step-by-step courses on topics like leadership, content development, AI, business analytics and marketing, plus more than 100 videos featuring expert interviews, panel discussions and session replays from our unparalleled membership-focused events, like SURGE and digitalNow. Membership benefits are being added all the time, so don't wait.

Join Sidecar

If you want to go, go. But if you want to go far, go with Sidecar.

sidecar

Contact us to learn more!
www.SidecarGlobal.com