

6 Steps to Better Member Retention

An educational guide for membership
association professionals

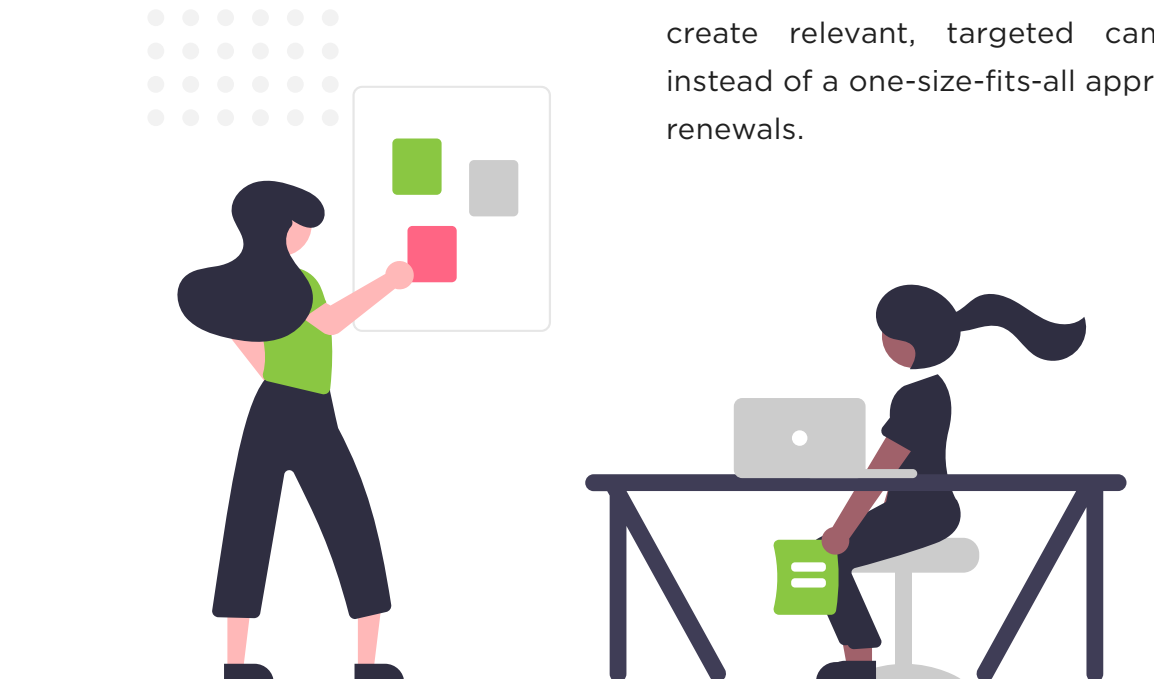


Every association professional knows that member retention is critical.

You spend time, effort, and resources on renewal campaigns, pricing and promotions, and member engagement, but often aren't sure how to prioritize them or track their success.

Knowing why members join, why they stay, why they leave and what they value is vital to a great retention strategy. The more relevant and valuable you are to your members, the better your chances are at keeping them around for the long-haul.

So, how do you figure this out? Data of course! In this 6-step guide, we'll outline a data-informed approach to improving member retention so you can start to create relevant, targeted campaigns instead of a one-size-fits-all approach to renewals.



6 Steps to Better Member Retention

1

Standardize Your Retention Language

pg. 3

2

Correctly Calculate Your Retention

pg. 4

3

Segment to Find At-Risk Members

pg. 5

4

Understand Member Lifetime Value

pg. 7

5

Test and Learn

pg. 8

6

Automate!

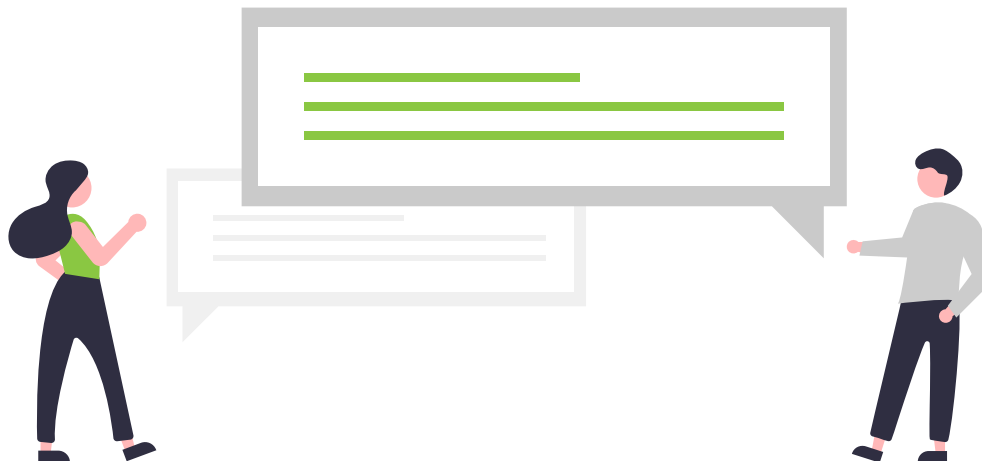
pg. 9

STEP

1

Standardize Your Retention Language

Common language is a key to success for any data initiative. Without consensus on definitions and business rules around key terms, it's impossible to understand your current state or have meaningful discussions on how to improve. In other words, before you can start making more data-informed decisions on renewal campaigns and messaging, everyone at your association needs to make sure you're all speaking the same language.



This means standardizing terminology and calculations across departments.

For example:

- **What are the relevant lifecycle definitions?**

Be clear and consistent with terms like renewed, reinstated, or rejoined. Each should have documented definitions and business rules that are shared across departments. Without this, you can't determine which populations should be included or excluded from your retention calculation.

- **How long is your grace period?**

How long do members have before their renewal is considered a reinstatement? Are members in grace considered active for retention purposes?

- **When and how are members dropped?**

Are members dropped automatically if they reach the end of your grace period? If this process is manual, it's important to make sure its current before any calculations.

STEP

2

Correctly Calculate Your Retention

The most common mistake in calculating retention is to simply compare point-in-time totals from year to year. This way calculates membership growth but doesn't give us insights into retention. Retention calculations should only include memberships that expire in the current renewal period. **This means we should exclude categories that do not expire, including:**

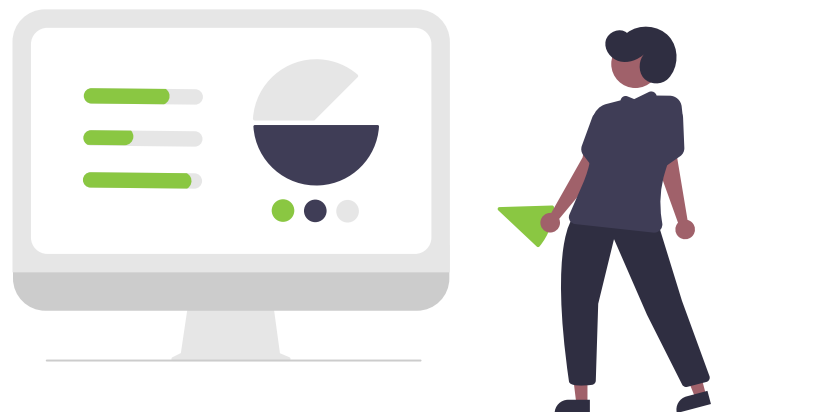
- New members who aren't yet up for renewal
- Lifetime and/or complimentary or non-expiring memberships
- Reinstated or rejoining members

PRO TIP

Associations with anniversary-based membership cycles should consider monitoring retention on a monthly basis over time to see if any actions you've taken have improved it – or if you need to try a different strategy.

The population of relevant members is known as your *Renewal Pool*. **Once you know who to include in the pool, you simply calculate what percentage of those members renewed in the relevant renewal period:**

$$\text{Retention} = \frac{\text{Number Renewed}}{\text{Renewal Pool}} \times 100\%$$



STEP

3

Segment to Find At-Risk Members

Retention is NOT one number. To be able to prioritize your renewal campaigns, you must segment first to find who is at-risk. Without any sophisticated predictive algorithms or even engagement scores, you can sort your historical retention data in order to identify segments with low retention - aka your “leaky buckets.” Finding potentially at-risk members allows you to better engage them year-round, not just at renewal time.

Some common ways to segment your members include:

- **Member type** - Even associations with high overall retention usually have at least one type that lags behind others.
- **Demographics** - Does your association struggle to retain young professionals? Executives? Members in a certain geographic area?
- **Behavior** - Do you observe cyclical membership related to your annual conference? Do members who join the community or take course renew more often?
- **Tenure** - Most associations find a sharp increase in retention after the first or second renewal.
- **Engagement score** - If you choose the right behaviors for your engagement model, low scores can be a good indicator of at-risk status. And the reverse is also true -- you should find a high positive correlation between engagement score and member renewals.

DIG DEEPER

Want to learn more about how to use member engagement scores? **Check out our on-demand webinar!**

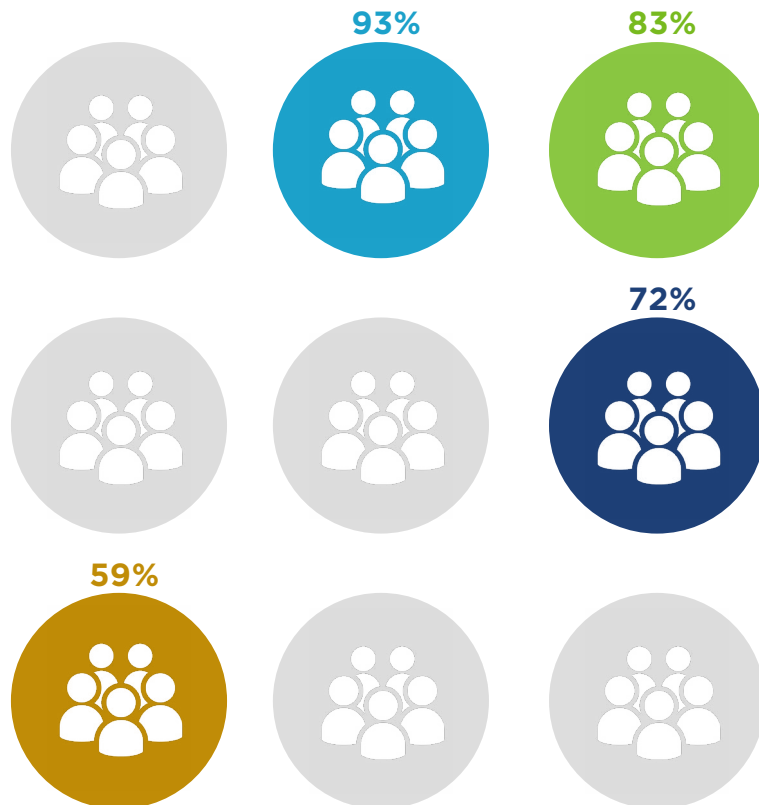
[Watch Webinar](#)



Example of Finding Your Leaky Buckets

Association ABC has an overall retention rate of 81% which they are happy with. But once they begin to segment, they discover that renewals after Year 1 only have a 59% retention rate. What would you do if you uncovered this?

OVERALL RETENTION RATE = 81%



Segmented Retention Rates:

93%: Executive members who attend your Annual conference

72%: Members with engagement scores below 50

59%: Members who renew after their first year

LARGEST POTENTIAL FOR RISK

83%: Members who are active in the community

STEP

4

Create A Plan Based on Member Lifetime Value

Members join for different reasons. Some join and participate when it's convenient or necessary for them. Others join because their company pays for it or because it's expected in their industry or workplace. Ideally, most of your members join because of the value they get from being a member. These members tend to be more engaged, spend more, and stay longer. In other words, these members have a higher lifetime value.

PRO TIP

Since profitable promoters are difficult to replace and cultivate, consider tactics beyond your normal renewal efforts, like high touch personal campaigns, phone calls and even in-person meetings.

Members with high lifetime value are an important segment to identify. These mission-driven professionals:

- See value in their membership
- Advocate for your brand
- Buy the most products and services

We refer to this group as “profitable promoters.”

To figure out who your profitable promoters are, you'll want to calculate member lifetime value (LTV) by estimating annual spending, costs, and average tenure of your members. You can find this information in your historical membership and sales data. Use this formula to calculate your member LTV and identify top valued members.

Member Lifetime Value (LTV)

=

**Avg Annual Spend
– Avg Costs**

**x Average
Tenure**

STEP

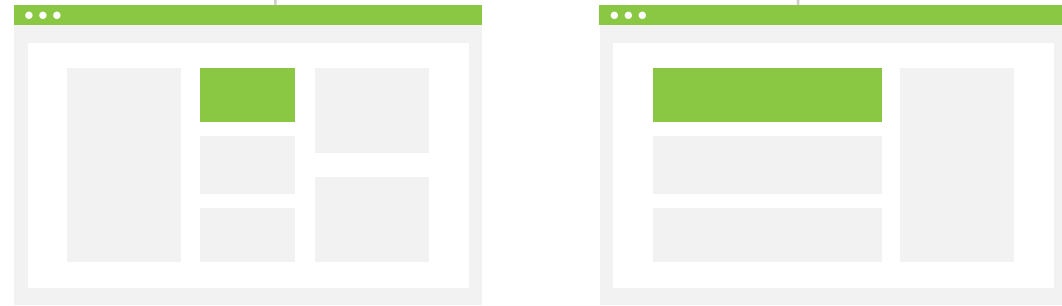
5

Test and Learn

Now it's time to take action on a data-informed marketing plan!

No retention strategy will work every time or on every type of member, which is why you need to be flexible and willing to adjust your efforts based on how successful they are. This is where testing comes in handy.

You might try to test the effectiveness of campaigns based on these different strategies like trying different communication channels, changing up the messaging, and focusing on local outreach.



Ways to test:

- **UTM Tracking** - One of the best ways to track your effectiveness is by using UTM tracking. This involves amending a snippet of code at the end of a URL to make it trackable. Marketers use these tagged URLs to attribute the success of their campaigns. UTMs let your analytics program know that someone arrived at your content through a certain source, like a Facebook post or your blog.
- **Split Tracking** - Sometimes a subject line or design choice can make a big difference in the success of a campaign. Also called “A/B Testing,” split tracking compares the performance of one element variation on two web pages, emails or marketing assets.

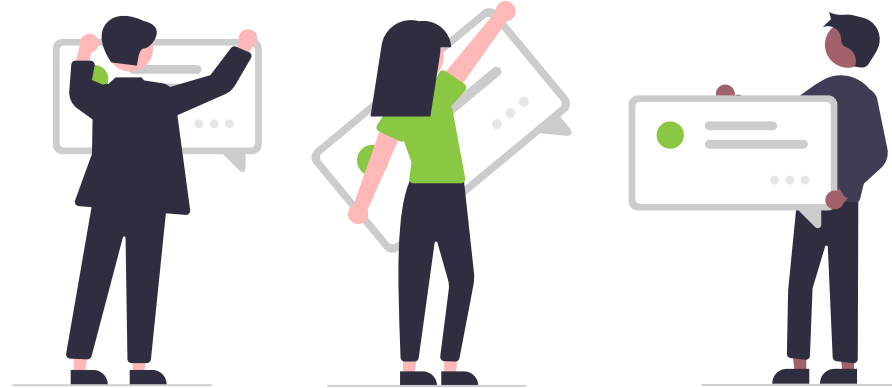
PRO TIP

Don't get overwhelmed about how many different ways you could segment your members to test campaigns. Start with the one that has the highest likelihood of generating ROI - like your profitable promoters or big spenders.

STEP

6

Automate!



Data is the key optimizing your retention strategy. But manual processes for integrating and analyzing the required data can be time consuming and prone to errors. Over time, its highly recommended that associations consider tools to automate some of the key elements to data informed retention. Doing this helps you make more data-informed decisions not only when working on renewal campaigns, but throughout the entire year.

Examples of common automations included in an analytics tool:

- **Integration** - automatically combine member records and behavior data across systems in a central repository which updates frequently
- **Calculation** - automatically calculate retention based on real-time data
- **Segmentation** - automatically sort data into groups based on important demographics and behaviors
- **Analysis** - automatically predict which members are most and least likely to renew using analytics

PRO TIP

Association Analytics' software solution Acumen combines your data into one platform with built-in calculations and visuals that make it easy to view retention over time, segment your members and track engagement.



Getting Started



Identify your largest leaks and start there



Identify behaviors that correlate with retention and create campaigns around those (e.g. Learning, Events)



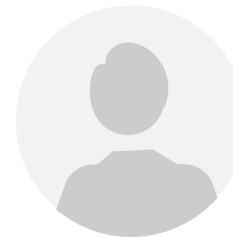
Identify the 3 behaviors that correlate with first year member retention and focus onboarding on these behaviors



Target promotions and discounts based on segments and personas (just pick one and start there)



Begin a personal outreach renewal program for high value members



See how Acumen can help you view renewals over time, segment your members and track engagement.

SCHEDULE A CALL TODAY

About Association Analytics

Association Analytics is a team of passionate people who love helping associations discover insights and take action on their data. That's what drove us to create Acumen, our data analytics platform built exclusively for associations to bring all your data together in one place. Acumen's self-service dashboards and visualizations make it quick and easy to uncover insights that lead to better decision-making and ultimately improved revenue, retention and engagement.

