

EBOOK

Ultimate Guide to Monetizing Association Member Learning

How to Unlock the Value of Your Member Experience



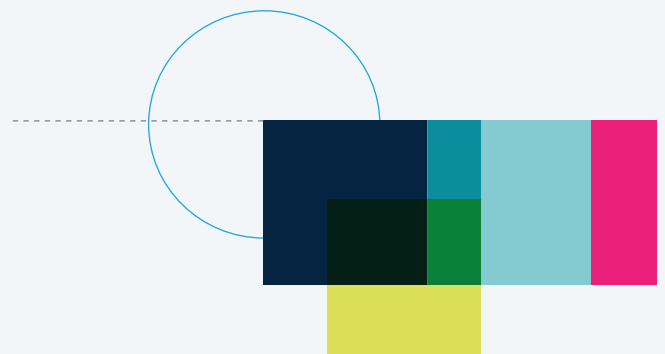
At Thought Industries, one of the questions we're most often asked is when and how to monetize member learning content.

In our 2021 State of Customer Education survey, we found that while not all learning programs attribute a price tag, the 43% that do tend to be among longer-established programs. And, in [our most recent research effort](#) to define exactly how high-performing member learning programs reach that level of success, **we saw clear correlations between high program maturity and monetizing learning content.**

While monetization isn't a prerequisite for a great education program, the member learning leaders we've partnered with have demonstrated that high maturity and high ROI tend to go hand-in-hand. Further, most highly mature programs in our study had even transitioned away from a simple SKU-based model and had moved toward a more complex subscription model. With this connection between high performance and strategic monetization in mind, read on for our ultimate guide on how to start, change, or upgrade your approach to monetizing member learning.

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Debunking 5 Monetization Myths

Moving your member education from being a cost-center to a profit center is one of the most important steps in the maturity of your team, as ultimately, your c-suite is waiting for you to showcase how you add value to the organization.

There are so many misconceptions around monetizing training content, many of which are holding today's member learning teams back from making a success of adding revenue streams to the business. Let's look at some of the most popular and persistent myths, and break down the truth about monetization.

Myth #1: You can't start monetizing training content immediately

Chances are, you already have content in your arsenal that your members would be willing to pay for. Some of it may need to be redesigned, repackaged or repurposed, but the material exists in one way or another. Look at the member experience you're currently providing and consider the value that you're providing. If you can repackage this ad-hoc or informal training into a live Zoom session, a collection of on-demand videos, a repeatable VILT course, customized or in-person ILT, or even a full-blown learning path or certification—why wouldn't you?

Once you make this happen, the revenues start rolling in pretty fast. You can charge between \$99 and \$3,000 per person for ILT or VILT courses, depending on the length, topics, target audience, and purpose of the course. Private or customized training on-site can be priced anywhere from \$6,000 to \$15,000 per day, which organizations will think of as a few hundred dollars per person. Workshops at conferences or roadshows can earn you between \$3,000 and \$6,000 per event, while company-wide or individual

subscription models or training credits can be upsold at the point of sale or tacked on at a later date for thousands of dollars per year. You might also choose to bundle your learning content into certifications or individual learning pathways that work for particular personas. Don't feel overwhelmed by your options; there's no right way to start your monetization journey. Pick one approach, a handful, or try them all—just get started.

Myth #2: Members won't pay for training

The truth is, where there is value, members are willing to pay. Remember that your members may already pay for your services. They might also pay for Continuing Professional Development, for that content in different formats, or for specific modules within that curriculum. Your member experience provides a lot of value, so why wouldn't they pay?



Often, the exercise isn't "fee versus free," it's working out which members will find value with what approach. In many ways, monetizing training often becomes a member segmentation strategy. Some members will want to see a discount or a coupon, a special offer that they're eligible for which no-one else can take advantage of. You'll also have members who expect to pay top dollar, and would be offended or turned off without a reassuringly expensive price tag that tells them this training is worth their time. In the middle, you might find members who need to see the price offset elsewhere, such as reducing their reliance on in-person training. Your monetization strategy needs to appeal to members across the spectrum.

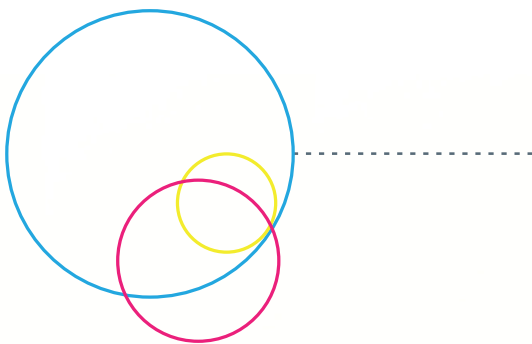
One approach is to take the same topic and offer it in varied delivery methods. Create a VILT course, then offer it on-site or customized at a higher cost, or as on-demand videos at a lower cost, representing the difference in value. Be transparent that it's all the same core content, just packaged differently, with the added value of customization or face-to-face instruction for the white-glove delivery method. This can help your

members to self-select the kind of education they're looking for, giving you a better idea of who your member is and what they need—not to mention, what they're willing to pay for.

Myth #3: There's a right and wrong way to approach monetizing education

When it comes to monetizing member learning, any strategy is a good strategy, depending on your company and where you're heading. Sit down and plan a roadmap that starts today and includes a 3- or 5-year plan.

This should be a function of two things: First, what are you capable of doing? If you're not yet capable of selling training online—perhaps you can't accept payments or you don't have the back-end technology—then start with free content, or in-person training offerings. Build into your roadmap that you plan to expand your online training alongside business or technical capabilities. Second, what is the member demand? Early adopters and smaller companies are more likely to want to figure it out alone, so on-demand offerings might suit their needs better, while enterprise members or late adopters will put greater value on training and support—and may be looking for customized or in-person training for their teams.





Myth #4: Pricing educational content by its value is too complicated

Many member education teams stick to cost-based pricing, where they take the cost of building the education content, tack on a set margin, and make that the price tag for their training. While this is simple to do, it doesn't let you benefit from the value you're offering to the member. Ask yourself, can a member put your certification course on their CV or their LinkedIn profile, and get attention from a recruiter for a higher-wage position? If they can get a \$10,000 raise, it's very likely that they would be happy to spend \$500 on the course. Can a manager train their team with an ILT/VILT course to get more out of a million-dollar software subscription? If so, what is that worth to them?

This kind of value-based pricing is a harder process, and it might take some market research and estimation, but it's a lot more beneficial in the long-run, and the potential for scale and margin is much greater. It also builds on itself in a circular way, allowing you to get a sense of whether you're accurately estimating the value of what you're offering. Cost-based pricing only tells you that you're making a profit on what you've created. However, if you charge \$1,000 for a training course based on your perception of its worth, and the uptake is low—perhaps the certification isn't as important to members as you first thought. This kind of insight can be incredibly valuable, not only for Member Education teams, but also for Support or Marketing teams to inform their next steps.

Myth #5: You need to stick to a set pricing strategy

Testing several different pricing strategies is the best way to know what works for you! Think about the local grocer who puts one box of oranges outside the front of the store for \$0.98 a pound to draw members inside, and another identical box inside at \$1.28, for those who are already invested in purchasing. The same psychology applies for training content, and there's no shortage of options for pricing strategies to trial. Think about sales, discounts, seasonal specials to align with “use it or lose it” budget decision-making, volume discounts, or even buy-one-get-one-free offerings.

Consider trying out-of-the-box strategies such as creating a product that you're not prepared to deliver, pricing it off the charts so that people opt for the next option down, which is in reality the high-end choice. Similar to asymmetric domination, the decoy choice is never meant to be purchased, but it nudges your members towards your ideal option. If you have the infrastructure, you can run A/B tests to see which strategies work best and get the most people to checkout.

If any of these myths are holding you back from turning training into profits—it's time to throw uncertainty off your list of excuses. There are so many ways to be successful monetizing member education, pick a starting strategy and dive in!

Fee + Free: Understanding Member Learning Monetization Strategies

If you're looking to understand more about how today's organizations are monetizing their member education programs, and get some tips and tricks on becoming more revenue, margin and profit positive, take a look through these frequently-asked questions:

Shouldn't member training content always be free?

Do you ever feel innately uncomfortable with charging for training content? If so, you're not alone. This feeling usually centers around the idea that, as training content drives member engagement, member education leaders shouldn't be putting a barrier (AKA a price tag) in the way of their members taking the training. You might even think, "Surely I'll get more people to sign up if I don't charge, which will then have a positive impact on member engagement."

Maria Manning-Chapman, [TSIA's VP of Education Services Research](#), calls these thoughts the "fallacy of free," because what actually drives product adoption is whether training is consumed, not whether it's free. You have to drive consumption in order to drive adoption. Since paying for content makes you more invested in making the most out of the training, paid-for content is actually more likely to be consumed.

She also notes that, as a result, the pivotal point in your ability to drive member engagement isn't whether it's free or fee-based training, it's whether you have a strong, documented consumption strategy. In other words, it's not about the price tag.

Does monetizing mean all of my content should be fee-based?

Understanding that the cost doesn't turn your members off from consuming training doesn't mean all of your content should therefore be paid for. In fact, there is a growing trend to provide some of your training content free of charge, with 60% of organizations offering some free content in 2016, compared to more than 90% today. Interestingly, for those who offer a mix of strategies, the proportion of free to fee based content in this same time period hasn't changed that much at all, staying constant at around 75% fee-based to 25% free.

So the real question is, which content should you be charging for?

Bill Cushard, General Manager at [Service Rocket](#), notes that it's less about the topic itself, and more about the value that you're offering. You can have a single training topic, and offer it as a free self-paced course or on-demand, at one price packaged as a VILT course, and then at a third, much higher, price option if the member wants white-glove or customized on-site delivery.

It's also important to think about your training from the perspective of your members. What kind of training are your members looking for? This can heavily inform how you decide to price training content.

People who fall into different member segments will often have unique ideas about what they want. For example, an innovator or early adopter of a product usually doesn't want too much hand-holding, so they're more likely to ask to be given the manual and to work things out for themselves. Later adopters or laggards in the market may expect you to show up and walk them through the process step by step, which would be a more premium offering. In this kind of scenario, Manning-Chapman believes that you can offer something which is of low cost to you but high value to the member, such as office hours where your instructors are available to answer questions on the fly.

Just as you would customize a product offering or a support interaction by the member's needs—look for ways to offer highly customized training by segment or specific member.

When should I start monetizing content?

Many member education teams make the mistake of waiting for the "right time" to monetize, but the truth is that there is no magic point where it's time to turn from being a cost center to a profit center. You want to be in control of your own growth. Monetization helps you to grow your infrastructure and scale, in which case it's important to start looking for revenues from day one.

It's also important for your members to see that your training has value, and that you believe that too. You're going to help your members get better at their jobs using your product. The certification you're offering might get the user a raise, or a new job. Your training is going to help a whole team get ROI from your product. That's worth some money!

Finally, when you start out from day one charging for some content and offering other content for free, you're offering transparency. In contrast, if your training starts out as free and then switches at some undefined point to being fee-based, your members may feel that they have been tricked with some kind of "bait-and-switch" approach.

Remember, this doesn't mean that all your content should be fee or free—just that you should make a decision about each type of training and start as you mean to go on.



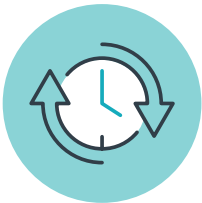
Which pricing and funding strategies can I choose between?

When you're considering how to package your training content, there are four main categories that your fee-based or free content can fall into.



Discrete fee:

This is the most straightforward approach. Your members are charged a simple, transactional fee in return for a single item of training. You may want to combine this with upsell opportunities to a larger bundle such as offering a certification program or an additional course.



Bundled fee:

Here, your offering may include a learning subscription, training credits, on-site training or additional instructor-led courses. TSIA recommends this approach for driving greater member engagement and showing that you care about member success.



False free:

This is where the membership price covers the cost of additional services such as training. The member makes the purchase and feels that the training is an "add-on" that they get for free. In reality, the membership cost has been lifted to include the cost of training, and at the back-end, the revenues are apportioned across the different teams.



Free free:

In this case, the training really is given away, and your member education is a cost-center. Ask yourself what you're gaining from providing this content for free, and make sure it aligns with your overall organizational strategy.

How to Choose a Member Learning Business Model

If you're starting a member education training program, one of your foundational questions will be where it will sit in the business, and whether it will act as a cost center or a profit center. You might have a gut reaction to this question, either instinctively assuming that members won't want to pay for product training, or feeling strongly that without revenues any training initiative would be a failure.

In fact—there is no single right answer to this question that you can apply to 100% of your content. Different associations will have different organizational goals for each education project that will inform this decision.

While there is definitely a place for free training content, that doesn't mean it can't be an essential part of a wider monetization strategy. If you can balance this effectively, then some parts of your training will cost you money (as you use the content to achieve other goals), others will break even on their own costs, and hopefully a generous portion will make you a profit.

Understanding various business models for training content

Let's start with a quick definition of the three main business models that your training program could fall into:

- **Cost Center:** In this model, you're spending more money than you're making. You're losing revenue—so your program is margin and profit negative.
- **Cost Recovery Center:** This is also known as a break/even model, and it means you're spending about the same amount that you're making.
- **Revenue Center:** Here, you're making more than you're spending. You're revenue, margin and profit positive. This is also known as a profit center, or P&L.

Being a cost center is often an organization's landing point for member education

While it may seem obvious that profit should always be the goal of any department in the business, for

some organizations, a cost center is step one. After all, free content may be part of your company's lead generation strategy. For example, you may be looking to develop solid prospects and gain data such as a marketing list of contact information, or attract a slew of trial members that you can convert into paid members at a later date. Gotta spend money to make money, right?

Your team may also have goals that are not associated with revenue-generation, such as answering member questions or increasing member retention rates. In this case, you may feel that charging for content adds friction to these goals, making it harder to get members to consume your content. But is this a fair assumption?

Breaking even with your member education

Being a true cost center is a scary place to be. No one wants to lose the business money. And on top of that, in order to get buy-in for your member education expansion, you want to be able to prove

your worth to the board. Without revenues, you aren't in control of your own growth. That's why, in many cases, your monetization strategy may start with a drive to break even. You'll have costs such as classroom hire, instructor wages and content production—and you may start by working out how much the program is costing you, and simply charge to cover those incremental costs.

Whether you're sitting as a cost center, or you're trying to simply break even and keep costs as low as possible for the member as a cost-recovery center, it's time to challenge yourself to change the way that you think about your offering to your members.

Your training is your intellectual property—and that has value

Ask yourself, why is training your members so important? We've spoken before on our blog about [boosting non-dues revenue](#). And if you accept that trained prospects buy more, trained members are more easily retained, and trained long-term members become brand advocates, your untrained members are costing the business money and at greater risk of churn.

The consumption of your training isn't linked to the cost of your training. Taking away the price tag doesn't inherently make it more likely that members will consume the training. In some cases, it may even make it less likely, as people tend to ascribe more value where they have spent money. The Harvard Business Review has found that [strategies to mask pricing](#) (rather than highlight the cost) make it less likely that members will consume the product. The question of fee or free isn't a full picture of what drives member engagement, it's more important to think about what makes a transaction worthwhile and then draw attention to that.

If you're still wondering how you can justify charging members for product training without it resulting in friction—watch out, here comes that mindset shift.

Instead of thinking about the member paying for product training, think about the member paying for membership value. Your training is something that only your organization can offer. It's going to help the member to get more out of your product, and to do their job more effectively or with greater efficiency. Ultimately, it might help them to get a raise, a promotion, or a certification that holds valuable CV capital. Suddenly, its worth has become a lot clearer.



Don't be afraid to innovate with your business model

In the words of [Alex Osterwalder](#), your business model will describe the rationale of how your organization captures, creates and delivers value. It doesn't need to fall into the traditional boxes of cost center, cost recovery or revenue center.

As the member education market becomes increasingly mature, teams will start to create new models that align with their business goals. Examples include continuously updated subscription-based education that keep skills relevant, or partnering with Marketing and Product teams to funnel members from initial free content to fee-based upsell opportunities as they move through the member journey.

In this way, "picking a business model" may be more complicated than choosing a pre-existing strategy—it may make more sense to design your own that reflects how you want to both create and deliver value.

How will you monetize your training program?

Get in touch with our experts to unlock the full value of your learning.

About Thought Industries

Thought Industries powers the business of learning with the industry's leading enterprise learning platform for customer, partner and member training. The company was founded in 2013 around the core belief that online learning experiences should be modern, intuitive, engaging, and scalable. Today, the Thought Industries growing team builds and maintains the only learning platform with completely native tools and integrations that drive higher customer engagement, learner proficiency, and retention. Headquartered in Boston, Thought Industries has offices across North America and Europe.

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