



SHOULD YOUR MEMBERSHIP
OFFER MULTIPLE
**DIFFERENT
LEVELS?**

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Mike Morrison:

Hey everyone. Welcome to episode 87 of the Membership Guys Podcast. I'm your host, Mike Morrison, and you have found me in the number one place for proven practical tips and advice for membership site owners.

Today I'm answering the question of whether or not you should have multiple levels inside your membership. So, maybe there's some distinct elements of your membership that you kind of want to separate out and price separately in a multilevel kind of set rather than just having a simple single membership offer.

Maybe you want to have some sort of entry level, a more affordable option that's a bit more budget friendly just to get people into your membership site, and then you can try and upsell them to a higher price level where they get more stuff. Or maybe you might even want to have a free level, so you follow the free-ium model that a lot of software as a service companies use.

Now, whatever the reason for considering multiple membership levels, if you've been listening to me for a while, you will know that I'm a massive advocate of keeping things simple with your membership. In fact, not so long ago, back in episode 179, so that's at themembershipguys.com/179, I did an entire episode encouraging people to embrace simplicity in their membership for variety of reasons.

So, if you're thinking about separating your membership into multiple different levels and you're still on the fence, you're still undecided, my advice would be to just start with one level. It keeps things simple for you. It keeps things simple for your members.

Even if you are thinking of introducing new levels in the future, chances are that if you do start simple, you do just stick to one level for now, that you'll be better positioned further down the road to know whether multiple levels is something that will actually work for your members, because you'll have more feedback and more data to go on and to work with about what actually has been working, what's resonated with your members, what else they may need, and so on.

So, if you are early on in your membership journey, if you are still planning it all out and you are on the fence, my best advice would be to keep it simple, just go with one membership level, at least for now.

This is definitely important for a new membership because the best feedback you're going to get about your membership will be from paying members. So, if your membership hasn't launched yet, you don't have that feedback. Your members are going to be the people that help you to shape the future direction of your membership site.





So, keep it simple to start with because plans might change after six months. Let's say you decide that you want to have a membership level that includes some sort of one on one coaching, but after a few months of running just a simple single level membership, you might actually realize that just that is more than enough work, and so, adding in an additional level that has a burden of one-to-one coaching would just be way too much to deal with, or maybe you realize the demand just isn't there.

So again, if you're starting out and if you're umming and aching between keeping things simple with just one level, or adding in multiple different levels or product offering for your membership, then I would so strongly urge you to keep things simple.

However, that's not to say that there aren't some benefits to having multiple membership levels. I always like to play devil's advocate to give you both sides of the story because as I always say, "There is no one size fits all approach to memberships," and anyone who tells you otherwise is either a liar, or is someone with an overpriced course to sell you that is predicated on the notion that there's a one size fits all approach to the memberships. It just isn't the reality. So, there's some definite things you might want to consider as positives and reasons for having multiple memberships.

First and foremost, it can help you make your membership more accessible or better suited to a wider range of your audience's needs and wants. If you have a low-cost level or you have a free level, then that makes it more affordable, which means you could potentially serve more people.

If you have a premium level that includes some one on one coaching, again that helps you satisfy the portion of your audience that wouldn't necessarily be interested in a membership without the coaching element. So, it means you could in theory help more people, you're more accessible, or you're more better suited to a larger amount of your audience base.

Sometimes if you just have one level, and if it's low-cost, this can actually affect people's perception of you. They may see you as a budget membership, a cheap membership. However, if you have multiple levels and you still have a single low-cost level, but that's accompanied by another higher cost level, that includes coaching or some premium stuff, you get the best of both worlds.

You can still offer that affordable option that makes you more accessible to a wider range of people without being perceived as a cheap brand because you still have that premium membership level available to people.





There is definitely scope for serving more people on a deeper level as well, with a regular membership where maybe you're charging 40, 50 dollars a month, you're probably not going to incorporate anything on a one on one side of things. You're probably not going to have any kind of done for you stuff. Maybe there's a limit on the type of tools or the depth of engagement you're going to have with people because you might not be able to actually justify doing that at that price point.

However, having additional membership levels means that you could incorporate stuff into those different levels that otherwise you normally wouldn't if you just had a single track offering.

You also get the benefit of something called price anchoring. So, this where you put two differently priced offerings next to each other, as in you literally put them on a sales page next to each other, presenting them to your potential members. The fact that you have these two offerings, these two prices aligned in close proximity, influences people's perception of what value they'll be getting.

So, for example, let's say you're out shopping for a TV. You may see a TV that's a 50 inch TV, selling for \$1,000. Next to it, there could be one that's 48 inch and it's selling for \$600. In that scenario a lot of people would look at the 48 inch TV and think, "Wow, what a bargain."

The 48 inch one is \$600, 50 inch is \$1,000. So, the 40 inch TV is a whopping \$400 cheaper, almost half the price of the other TV, and it's only two inches smaller in its screen size. That sounds like a hell of a bargain, right? It's a no-brainer, but that's only the case because you're comparing it to the 50 inch, \$1,000 TV.

Without that context, without that price anchoring, that reference point, you're probably not going to look at a 48 inch TV at \$600 as being a huge bargain. So, some people use multiple membership levels in this way solely for the price anchoring effect.

In essence, that \$1,000 TV is a decoy product. People don't expect people to buy that TV. It's only there to make it seem like much more of a no-brainer for you to buy the \$600 one. You're going to feel good about paying \$600 for your 48 inch TV because, hey, at least you didn't get ripped off like those idiots paying \$1,000 for a TV that's only two inches bigger, right?

Apple do this a lot. You go to buy the new iPhone and the 64 gigabyte capacity version of the iPhone will cost you \$1,000, but if you're willing to pay only \$150 more, and really what's \$150 when you're spending \$1,000? Just \$150 more,





you can get the 256 gigabyte version, four times more storage, but only \$150 more.

I mean, if you're comparing those two, it's a no-brainer, right? You spend \$1,000 for something that is one fourth as good as the option for \$1,150. This strategy of price anchoring has been used by Apple for as long as Apple have been selling electronics. They did it with iPods, iPads, iPhones, i, whatever, and it works.

So again, this is a big, big reason why some people offer different membership levels. Do you want the bronze membership that's \$20 a month and gives you access to half the content, or the silver membership that's \$30 a month and gives you everything, plus a community, plus a free ticket to an event, and all this other stuff?

You're not going to go for the \$20 because you just get so much more. The difference in price versus the difference in value is totally disparate, it's not proportional. So, 20 bucks for next to nothing, or 30 bucks for everything. Or maybe the platinum membership, that's all of what you get in the 30 buck membership, plus an hour of coaching a month, but it costs \$100 a month, which people are going to go for? Probably the silver membership, right?

When you compare it to the bronze level, it's a no-brainer because you get to shed load more stuff for only an extra \$10, but when you compare it to the platinum level, you're getting \$100 a month worth of stuff, minus only one measly coaching call at less than a third of the price.

So, that anchoring is working both ways. You've got that real overpriced, expensive for very little additional benefit at the high end that your middle product just looks like a bargain compared to, and then you've got that offering that offers so much less than your middle option while actually being quite close in price.

Everyone's going to go for that middle option. Whereas, otherwise if you just had that one membership level, people are then going to think, "Okay, so is all the content and the community and all that stuff actually worth \$30 a month?" With a multiple levels and the price anchoring people look at it and say, "Okay, so what do I get for 30, compared to what I get for 20, compared to what I get for a whopping \$100 a month?"

It changes the equation, it changes the decision making. So, without doubt, this is one of the big sales and marketing advantages of having multiple membership levels. But of course, as I said before, I always like to get both sides of it. There are some definite cons, some definite downside.





Obvious one that we mentioned earlier is the complexity. More levels means more complications on the tech front, means more complexity in your marketing, in your messaging, more complexity in your sales page and so on. It can be so much harder to sell because in effect, every level you have is a different product.

You have three levels, that's three different products that you're having to sell. That's three different membership offerings you have to explain. That's three different sets of blurb you need to use to direct people from one to the other.

If you're offering multiple levels, not primarily because of the price anchoring, so if you don't have what we call decoy product, you actually want people to buy your various offers, your various levels, then again, the marketing for that can be so much more complicated than if you just had a single level to sell.

There are already enough headaches to deal with when planning, building and launching a membership without the extra stress of needing to work around multiple levels. The text of in particular can be a real pain in the backside. You have to think about ways to only show specific stuff to the right people.

Sometimes that means different member dashboards, different user experiences, different messaging if you're using the likes of Intercom, and so on. Restricting access to sections your community for one group versus the other, making sure invites, emails and announcements are going to the right place, there's so much more complexity of getting the right stuff to the right people at the right time.

You can tie yourself in knots with trying to figure out how in the world to make that happen. Of course, if your website is confusing to create, you can guarantee it's going to be confusing for members to use as well. Simple is better.

You can also find when you have multiple membership levels that the whole thing can become very arbitrary. You can find yourself creating content, or making decisions about what to include and what to leave out, solely for the purpose of justifying the different levels, justifying having a split. When you go down that path, it can all get just so petty and very confusing for your customer.

I'm sure everyone listening can relate to a time where they've been told that they can't have something, they can't do something, they can't go somewhere, they can't sit in that seat, or something like that because that is something reserved only for the mega special people and you're just a kind of special person.

You don't want to create that kind of experience in your membership. You don't want to create that kind of resentment in your membership. Even, if someone's only on your lowest level, you don't want them to feel bad about themselves.





You don't want to create a class system inside your membership.

We've actually seen memberships where the only way the founder, the experts, the gurus in that community will acknowledge or respond to your post is if you're on the second tier and above. So, you're posting in the same place as everyone, but someone is making a deliberate decision to not give you the common courtesy of a response purely because you're not paying them enough money.

It's a little bit too petty and it's going to cause divisions, it's going to cause issues. You're telling people that you will literally ignore them unless they are of a certain level, a certain class. You must be this tall to ride this train.

So, you have to weigh all of this sort of stuff up. If you're thinking about either starting out with multiple membership levels, which again, I'd urge you to at least test the water by starting with just one level to begin with, or maybe your membership has been up and running for a while, so this doesn't just apply to new memberships. Maybe you've had this sit for a while and you're thinking about introducing another level or two into the equation, then I've got a few tips for you.

First, I strongly advise that you do not differentiate your membership levels by content, unless you have a signature program, so one big epic course that is the cornerstone of your membership. Then maybe you have an optional library of supporting materials, or if you're having a free level.

These are the only situations in which I would differentiate your membership levels by content alone. Otherwise, do not differentiate levels by content. We mentioned before that sometimes this stuff just gets too arbitrary and too petty, and that definitely happens when you make it so that you have a library of 30 courses or something like that, and then you just arbitrarily pick which courses your silver members get, that your bronze members don't.

Again, it's just too petty. It's the sort of thing where you find yourself just finding ways of justifying having multiple levels, and you're not serving the best interest of your members.

So, instead differentiate the levels in terms of things like access to you. In terms of direct support, maybe some coaching or some aspect, some element of done for you service. Maybe there's an additional tool or something like that. Think a little bit outside the box, don't differentiate just on content.

If you have an offline element, maybe you do conferences, workshops, retreats, or mastermind days. Maybe they could be an aspect of your higher level mem-





bership. Again, I mentioned that the acceptance to the differentiating bad content rule is if you have one big signature course.

So, you have the epic course that may be on its own, you'd sell for anywhere from 500 to \$2,000, so that's the basic, that's the core offering. Then the next level look, they get the course and they get some supporting materials, access to the community, and so on, and so on. So, that's a situation in which you would perhaps differentiate by content.

Similarly, with a free membership level, maybe you only give people a handful of beginner level courses with the intention of them then needing to actually join and pay you some money, become a paying member in order to access the full lot. Or perhaps your free members, they get some of the initial modules to a much bigger course.

So, free members, or where you have a big signature course, and then your membership is almost supplementary to that course, those are the situations in which you would differentiate levels by content. Otherwise, don't do it, be more creative. Look at things like access to you. Look at things like support, coaching, one on one attention, stuff like that. So, tip number one, don't differentiate on content alone.

Tip two, consider whether it makes more sense to create an additional membership level, or whether it would be more of a no-brainer to have that as a totally different product. So, if you're thinking of having another membership level that incorporates coaching, why should it be a membership level instead of just a separate coaching program?

If you're thinking about having a particular course that you reserve for your high level members, again, why not just spin that off and have it as a completely separate product? You don't have to cram everything into your membership.

So, if the extra stuff that you're considering giving someone at a level is very, very different in nature to the rest of your membership, maybe split that up entirely and have it totally separate so you create an equal system of related products, rather than putting everything under one roof if it doesn't make sense to do so, or if doing that will just create unnecessary complexity.

Tip number three, if you are offering multiple levels of membership, don't also offer multiple payment terms. If you do that, so let's say you decide to offer a monthly and an annual option for your membership, and you have three different levels, those three levels become six options. You have monthly silver, annual silver monthly gold, annual gold, monthly platinum, annual platinum. Ugh, it's tiring just listing those out.





Don't have multiple payment terms and multiple options. The more options you give people when it comes to the ways in which they can join your site, the harder the buy-in decision becomes, because they're then focusing on just trying to figure out which of your joining options is best suited to them, rather than focusing on why joining your membership in the first place would be beneficial. It changes the decision process in a negative way.

If you absolutely must have multiple payment options across multiple terms, then you are really going to need to work hard on the design of your sales page. It really needs to do a great job of presenting all of those options in a way that's not confusing or overwhelming.

If you do that, look at SaaS products, so software as a service products. Look at their sales pages for inspiration. Quite often if they you have multiple service levels that also have monthly and annual options, they have a particular way of presenting the pricing tables so that it's not too over the top. It's not too convoluted. So, take inspiration for that, but again, simplicity is better. Don't take your three membership levels and turn it into six different options for people to actually choose from, it's too many and it will cost you sales.

Then my final tip, if you're listening to this episode thinking, "Well, I wasn't even considering adding membership levels. It never even crossed my mind, and even though Mike strongly encourages us to keep things simple, now I've heard this episode, I really love the sound of that whole price anchoring thing. That sounds kind of awesome, right?"

You're right, price anchoring is very cool. You can do some really good stuff with that, but what I would say is consider rather than having multiple membership levels, instead have multiple payment terms for a single product level.

I usually think it's a good idea to offer both monthly pricing and annual pricing for your membership anyway. So, you get a little bit of that anchoring effect there, if you put the annual price and the monthly price on your sales page, then that has an anchoring effect because people look at it and they're comparing \$50 a month. So, \$50 out of their pocket right now, versus \$500 out of their pocket, which long-term is a better deal, but it's more in the short-term.

So, you have a little bit of that anchoring effect going on there. Maybe not as strong as how Apple do it, for example, since there's no real differentiation in terms of what's in the box, what you're actually getting, but you do get a little bit of that, and that little bit of price anchoring could go a long way.

In fact, you could throw in a few extra bonuses into your annual plan that enhances that anchoring effect. So, if your annual option is just a good deal, so





you're getting a discount for taking that annual option, usually if you're offering monthly and annual, we would say to price your annual up at the equivalent of 10 times the monthly price.

So, it would be \$50 a month or \$500 a year, so essentially you get two months free. If you have that, plus maybe people joining on your annual get a one-off coaching call, plus maybe they get recordings of your last workshop, then you definitely get some of the anchoring there as well, okay? Because, that starts to make that annual plan seem like a little bit more of a no-brainer.

So, that's one way of actually getting the price anchoring effect without having multiple membership levels in terms of giving people different stuff. Another way of getting our price anchoring purely from pricing levels is by having real disparate pricing for your monthly versus your annual.

In fact, one of our old clients, Scott's Bass Lessons does this. Their site cost \$168 per year, or \$25 a month. Do the maths on that. When you actually work that out, it's almost doubles the cost if you go for the monthly plan over a 12 month period. You know why? It's because Scott doesn't want you to become a monthly member.

From years of experience Scott knows that the people who sign up on a yearly plan get better results. They also have a higher lifetime value than people who join on monthly because they're not necessarily budget conscious, they're not always looking for the ROI, they're more committed in the long-term.

So, by having such a gulf in the relative pricing between monthly and annual, it makes the annual seem like so much more of a no-brainer because hang on, if I'm going to be here for a year, I can pay \$300, or I can 168. Total no-brainer. So, that acts almost as a decoy product to drive people towards the annual. So, you've really got that price anchoring going on there as well.

So, again, this isn't to divert too much of this episode towards the price anchoring thing, but it certainly is worth talking about because that is without question one of the biggest upswings of going for multiple membership levels. But hopefully this episode has been useful for you. Hopefully it's given you better insight into the pros and cons of having multiple membership levels, versus my personal preference of keeping things simple with just a single product level, everyone gets everything.

The latter is still definitely my personal preference. It's certainly what we see most consistently being most effective. On a broad sense, there's always obviously exceptions to the rule. This is especially true for brand new memberships, but if you are still on the fence, or you've been considering introducing new





levels in your membership, hopefully what we've discussed is going to make that decision a little bit easier for you.

That's it from me for this week. If you enjoyed this week's episode, I would love to hear from you. Hit me up on social. I am @membershipguys on Twitter, or if you're inside our free Facebook group @talkmemberships.com, then let me know in there.

Search for Membership Mastermind on Facebook, on the Facebook app or on desktop, that will take you to our group. We've got over 11,000 membership site owners in there. So, any questions you do have about this, if you want to discuss multiple measure levels further, that's a great place to do that, or of course, if you're part of our academy membership, we'll be talking about this topic in depth inside the members only community forum there as well.

All right, that's it. That is a wrap. I am out of here. Thank you so much for listening to me this week. I'll be back again next week with another installment of the Membership Guys Podcast. Bye for now.

