

Subscriptions & Memberships

Covered in this section:

The subscription & membership business models

- Subscription - Customers have limited access to your products, for a monthly fee
- Membership - Customers pay a fee in order to get a lower price for other future purchases
- Where this model works well:
 - negligible incremental costs
 - digital goods
 - multiple services packages
 - offering large amount of content
 - consumable business ideas - if you want the customers to develop a habit
 - it needs to be something that's used frequently, otherwise people forget about you
- 70% of the revenue of the companies that offer subscriptions comes from people who forget to cancel
- You can make a price innovation with these models
- Example: Costco
 - clients pay a membership fee in order to shop at very low prices
 - they make 100% of their money from the memberships