

Daniel Hall Presents



Episode 43

**Creating Recurring Income with  
Membership Sites Using the Magazine  
Subscription Model**

**with Andrew Lock**

I thought that we would talk about one of the ways, and I believe it's the best way, online to get residual income. Sometimes this is referred to as recurring income or passive income. That's money where you do the majority of the work upfront, and then you continue to get paid over and over again, without limit, just like a songwriter gets paid for writing a song. They get the royalties, and they continue to come in over the years.

**In this case, the mechanism that enables this is a membership site.** I'm sure that people are familiar, generally, with the concept of a membership. If you think about what this is offline, in the real world, it's things like a gym club membership, or maybe Costco, or the Automobile Association, or Netflix. Online, it's really no different, and as much as people are willing to pay a fee to gain access to certain benefits... **Usually, the two big benefits that people want are information about a topic, and also, a community of other people that are interested in the same topic as they are.** Those are the two big things that people look for.

One of the questions that comes up on this topic, which I'll address because I know that people will be thinking it, is, **“Why are people willing to pay for a membership site and belong to a community when there is lots of information out there for free online?”** That's a valid question. Here's how I explain this. If a friend recommended a book to you, and you like the sound of it, and you think, “I want to read that book. It sounds good to me.” Well, one type of person will drive down to the library and see if the book is available, and if it's not, they will ask the librarian if they can get it in. They may even drive back again to get it and borrow it for a few weeks when it comes in, and then they will even drive back and return it. They are perfectly happy to do so.

Another type of person will jump onto their computer (not literally), or jump on Amazon.com and order it with overnight delivery. That's really the difference in the makeup of the population. So, these two types of people coexist quite happily. **One is willing to spend a lot of time to get the book, and the other one feels as though time is money, and they just want it right now and are willing to pay for it.** The real danger comes down to the fact that if you're the library type of person, you would naturally think that everyone is like you. But, guess what? They're not. At the end of the day, the main point here is that there are plenty of people who are willing to pay money to gain access to high-quality information and a great community online. They are happy to do it.

## **It's Like Charging People for a Magazine Subscription**

A magazine subscription is a really good example. That is essentially very close to what we're talking about here. A magazine subscription gives information, which a lot of people want, on a niche topic. Online, they still get the information, but they also get the added benefit of being able to interact with a community of like-minded people. What I find with membership sites, on any topic, is that people tend to sign up and become a member. **When people sign up for membership sites, they join for the content and stay for the community.** That's kind of a big breakthrough, to understand that.

They think that they want the information, but actually, what they really want is to interact with, connect with, share ideas with, ask for feedback from, ask questions of, and so on, among other people who are interested in the same topic. **Of course, you know, the sky is the limit when it comes to topics.** You can look at topics in business, health and fitness, food, hobbies... Yeah. I mean, you name it, you can

create a membership site about it. If it's a niche interest, you can create a membership site.

## 6 Steps to a Successful Membership Site

I've developed a blueprint with six steps that I think are very logical...A logical sequence of things that need to be done, with the ultimate aim of having this residual income, because that means a lot less stress in your life. It can also lead to financial freedom, because you know, you really can make good money from this. **The steps are:**

- Step #1 is to choose a topic.
- Step #2 is to pick a platform.
- Step #3 is to add content (and a community, if that's relevant)
- Step #4 is to attract members
- Step #5 is to make money
- Step #6 is to keep members

**If you take all of these steps, you'll have a successful membership site.**

### Step # 1 - Choose a Topic

The first place that I encourage people to start is to look at their own interests, and make a list of hobbies, things that you enjoy doing. **And, ask yourself questions like:**

- What types of activities do you enjoy doing?
- What do other people seek your help with?

For example, do find that other people come up to you and say, "I've got this problem with my computer..." If so, they think of you as being good with computers. Maybe someone might ask you, "I've got this strange noise in my car. Could you take a look?" That means they think you are good with cars, and you probably are.

**Also, think about:**

- What magazines do you read?
- What books do you read?
- What personal obstacles have you overcome?

An example might be that if you're a cancer survivor, that would be a great topic for a membership site. Maybe you lived through a period of depression or something like that. If so, you could help other people by building a community around those topics.

**The easiest way to verify a topic is to do what I call “The Magazine Test,” which is looking to see if there is a magazine on the topic that you're thinking of.** If there is, then you can immediately move ahead with that topic, and the reason we can say that is because when a magazine exists, it proves two very important things.

It proves, first of all, that there is a sufficient demand in the marketplace because if there's a magazine, people are buying it. Secondly, it proves that people are willing to spend money on that topic because the magazine costs money. **So when there's a magazine on the topic that you're thinking of, you can just move right ahead and start creating the membership site.** If there isn't a magazine, there's a little more involved than I have time to go into today, just to verify scientifically if this is going to work.

## Step #2 Picking a Platform

A platform is a special type of website. Membership sites need to do a few things specifically to that format. They need to sign people up. They need to manage members, like giving them their username and password, or allowing them to change it, or sending it to them if they forget it, and things like that. Also, of course, to deliver the information and the community. **A platform is a special type of website, and there are a couple of very easy options.**

One is a platform called [Value Addon](#), which is still kind of unknown in the marketplace, but it's certainly the easiest. It's all-in-one, and it has everything you need. I love it. You can find it at [ValueAddon.com](#). There's currently a 30-day free trial. Another one that I recommend, for people who have a little more experience with the techie stuff, is WordPress (which is free) with the plug-in called . This plug-in transforms a website into a membership site. Those are the two key platforms that I recommend.

## Step #3 - Add Content and a Community

The next step is to add content and a community. When we think of a website, we probably naturally think of articles as content, like text, which is content. In addition to that, there are lots of other types of content, like audio, for example. You could have a recorded audio of an interview on a membership site. There's also video, which is self-explanatory. News. What's new in this topic? Surveys. Asking for feedback and the opinions of members. They love doing that. And then, with the community, really what that means is a forum. There are lots of forum software out there, like [phpBB](#), that do a good job.

An interesting thing happens. I was mentioning about forums and building a community from a membership site. Most people have experienced a public forum, where anybody can join and anybody can interact. What tends to happen, with that type of environment, is it gets very negative, very fast, in most cases. It's just this, kind of, downward spiral of silliness, of "Your mother is naughty," and "No. YOUR mother is naughty," or worse. It's just this, kind of, silly name calling, and it's destructive. It's not helpful, and you have to wade through all of this nonsense.

**Well, the interesting thing about a membership site where people pay to belong, is that this elevates the whole experience.** What you find is that, actually, not only do members behave, but they have this mindset of helping each other that's such a radically different experience to a public forum. That's why people love communities within a membership site, among other things, such as an opportunity to work together, and to feed off of one another, and to get feedback from other people who can be serious about the subject matter as well. It comes down to this basic human desire to belong and be among like-minded individuals.

**One great thing about creating video content is that you can derive audio and written content from it as well.** It's good to have a mix of several types of content in your membership because people like to learn in different ways. In fact, this is very important. You want to include modalities that fit the various types of learning styles. There's your auditory, your visual, your psycho-motor, etc. The more that you can engage with each one of those learning styles, the more you can retain people in your group. That, and the better engaged they are with the community you've provided.

## Step #4 - Attract Members

Of course, you'll want to be able to sign people up and have them join, and really, this is the marketing aspect. There are lots of ways to do this. Facebook advertising works very well because you can target very specific niche interests. So, that's one of the ways that my students get their start. You know, for \$5 or \$10 a day, you can get... I encourage them to aim for one new member a day, at a minimum, so that in 30 days they get 30 members. It's worth stating that this compound effect that happens when you sign people up over time is very, very powerful. If you look at, let's say, if we were to have a membership site that charged \$49.00 a month, and you got just one new person a day, in 12 months your passive income would be around \$17,000 every month. So, you know, this is very powerful and very exciting.

**Facebook ads are a good one.** You could do things like article marketing. Forum comments, on public forums. You could be on Podcasts. Guest blog posts. Having a system for members to refer other members. You know, that's an exciting one too because as soon as you get your one member a day, if you have a system for referrals, each new member should naturally lead on to at least one other member. So, that has a very powerful effect. In my training, I think I cover about nine or ten different methods for getting the members in.

**One thing that you might consider doing is giving a free trial, or a \$5 trial, or a \$7 trial for maybe a week or two.** This will give people a chance to get in and get a taste for the site, and you can have it automatically re-bill, with their knowledge, of course. By the way, you'll want to have lots and lots of contact with people, if you're going to re-bill them, so that they do know when they are going to be re-billed and are aware of it. This works well because it's just so much easier of a sell, to get them to try it.

Another strategy you might use is very similar, but you could use affiliates for this. **It's "thank you" page selling.** What you do is you find someone with a very complimentary product or service to yours, and you offer their members either a free trial or a very cost-reduced trial period. But, actually, it resides on another person's "thank you" page so that when someone buys their product, which is complimentary to your own, the customer sees your offer. This works quite brilliantly in many cases.

## Step #5 - Make Money

We've touched on this. **Essentially, you'll need some way to accept the money.** The two easiest ways would be through [PayPal](#) and [Stripe](#), which is a very easy way to accept payments these days. And, of course, you're going to want to decide what you want to charge on a monthly, or some people prefer to do annual, basis. There's lots of detail involved in how to go about choosing a price point, but basically, in the logical sequence of things, that would be the next step.

**When it comes to coming up with a price point, a lot of experts advise to start lower and then work your way up.** Another way that you could do it is to start higher and then run specials to get folks in. It's fine to kind of experiment when it comes to pricing. The main thing is that you want to charge a price that suits your demographic audience. Obviously, some audiences will be willing to pay much more for a membership than others, and a lot depends on what type of topic you're covering. A good start is to research other existing products related to your topic.

## Step #6 - Keep Members

This is often referred to as member retention. **Members will leave for a few different reasons.** One would be that they are just not interested in the topic anymore, which is fine. More significantly, if someone feels like there's not enough value, or if they feel overwhelmed because there is too much to consume, they'll leave. As a guide, really you should be looking at a percentage of 3% or less leaving on a monthly, or annual, basis. If it's a lot more than that, then something is very wrong. So, of course, people will leave, but it should be a tiny percentage.

**There are lots of ways to help retain members.** For example, when they first join, you want to make sure that they understand the site. Give them a tour. Make a video, and tell them what to do first. You might say, "The first thing we want you to do is introduce yourselves in the forum." If you do something like that, they have something specific to do and they get quickly involved with the community, which is really important. That's just an example.

**Something else that you can do is to tell them about what's coming up in the next month.** Just like a TV show cliffhanger, you might say, "Watch out for these articles (or pieces of content) next month." You can do that in the site or via email. That helps people to become excited about what's coming up. I think that

I've come up with 23 or 24 different member retention strategies that are in my full training. They are very, very powerful. Most people just don't give thought to those things.

**Having too much content is definitely a big concern because that happens a lot.** You know, you would think, logically, that you could never have too much, but in actuality, you can have too much and you can position it in a way that it just feels overwhelming to members. So, it's very important to strike a balance. You also have to understand that as a membership site owner, you want people to consume the content, and if they get lost and overwhelmed, they just sort of give up. Then, they go away and stop paying you, which of course, you don't want.

## Connecting with Andrew

I have two resources. One is my regular show, where I talk about my marketing strategies. You can find that at [HelpMyBusiness.com](http://HelpMyBusiness.com). It's free, and it's a resource that is available for entrepreneurs. That's [HelpMyBusiness.com](http://HelpMyBusiness.com), and it's a video show. When it comes to pursuing a membership site, I have a full, comprehensive course on how to do that. It is literally step-by-step. It guides you through everything, from choosing a topic all the way through how to retain your members, all of the steps that were covered today. This is video training that gives you a chance to look over my shoulder, and it has everything that you need. This is available at [MembershipCourse.com](http://MembershipCourse.com).

## Resources

**Andrew's Book:**

**[Big Lessons from Big Brands: Secrets from Big Business to Improve Your Small Business](#)**

**Membership Site Platforms:**

**[Value Addon](#)**

**[WishList Member](#)**

**Forum Software:**

**[phpBB](#)**



**Accepting Payments:**

[PayPal](#)

[Stripe](#)

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