Andrew: This session is about how to grow your membership business and it's led by Robbie Kellman Baxter. She is the founder of Peninsula Strategies which advises subscription and membership based businesses on growth strategies. What we're talking about here today is based and comes out of her book, "The Membership Economy." Let me see, can you see that up on the screen? Yeah. Find your super users, master the forever transaction and build recurring revenue. I'll help facilitate. My name is Andrew Warner. I'm the founder of Mixergy where proven founders teach. Thanks for being here.

Robbie:Yeah, thanks for having me. It's great to be here, Andrew.

Andrew: I run a membership based business. More and mores SaaS based companies are subscription, membership based businesses. You are right, this is becoming more and more a membership economy, but we want to get it right. In the early days of this tech revolution, people got it wrong. In fact, here's an example of a company many of us loved. I don't know if anyone will recognize this, but I've got to bring this blast from the past up on the screen. This is what Napster used to look like on a PC. Napster got tons of users. Where did they get it wrong, and what can we learn from their mistake?

Robbie: Yeah, so the place where they got it wrong is also what initially led to so much grief which is they gave it away for free. They didn't worry that much about who had the rights to that content and when they needed to implement a payment model, they had already trained their users to expect online music to be free. So they actually did a lot of damage to the music world for online because of creating that expectation, because they were so successful with building word of mouth and building traction.

Andrew: They did eventually start charging and because of the expectations that they set they had a hard time doing it. Is the big lesson for us that if we are going to start building a membership based business or growing ours, we need to communicate to our potential costumers. This is a business we're going to be charging and set all the expectations up right from the start, is that our big take away?

Robbie: Absolutely, and the other big take away I think, Andrew, is that it is very hard in a membership business to raise your prices. It's not impossible but it's a lot easier to do it if you're adding additional value and layering on additional tiers as supposed to charging more for the same experience.

Andrew: Okay, meanwhile a new economy business that actually was able to make that transition and do it especially well, here let me bring up my browser, RelayRides. What is RelayRides and what are they doing right that we can learn from?

Robbie: Yeah, so RelayRides is really interesting business model. What they do is they allow people to share their cars, so let's say that your car sits in the driveway between nine and six, Monday through Friday because you take the bus to work. Well, maybe somebody else could use your car while you're not using it, so they allow you to share the car and they use geo tracking and remote unlocking capabilities and all kinds of other technology to make it really easy for peer to peer sharing of cars.

Andrew: Okay, kind of like Airbnb. What is it that they're doing right that we can learn from?

Robbie: They're doing a lot of things right but one thing that they did right from the very beginning is they built their market up customer by customer. If you think about it all the technology stuff that they did was easy compared to getting people to trust a stranger to borrow their car. And so what they did is they brought on people one by one with a lot of human hand holding. So they blended online with physical relationships, and they did it market by market to let word of mouth help grow their business. So I think the big learning is that early on in a highly trust driven membership relationship, you really need to build it from the ground up by building across a network that already exist in the offline world.

Andrew: Okay, all right and as a result they're getting people to trust each other with their car, strangers which is ... I don't trust my close friends with things as personal as a car, but strangely if it's done right we do trust strangers with it. Let's talk about how the person who's listening to us can get those kind of results for their business and do it right. I've got a collection of points here up on the big board, you know what? Even though I'm the one who put this together, I'd like to skip over to the second point first and then go back and pick up the first point, is that okay?

Robbie: Sure.

Andrew: All right, so second point is to get the experience right before you get awareness. Now Jenny Craig is a company I've known about for years, I think before I even aware of the internet because they used to have a location not too far from my house and I just happened to see the meetings and the number of people that would go in there. Why couldn't they just go online and just say, "Hey, guess what everyone, we're online. You can now sign up and do everything that you did offline, online and life is good." Why did they need to get it right first?

Robbie: Yeah, well so in that model where they're transitioning from an offline to an online experience, you need to really think about how you're going to provide the same value without defaulting to providing the same process.

Andrew: Okay.

Robbie: What a lot of organizations in a membership business, your promise to your customer is that they are going to get some kind of value. But the way you deliver that value has to evolve over time and it's a big evolution to go from offline to online. So before you start moving people to what you think might work, you're better off testing it and understanding how people react before you do a big reveal.

Andrew: So what were they able to learn when they decided to go online, that wasn't immediately obvious to a company that had been doing it for years in serving so many customers before.

Robbie: Well, so I don't know the Jenny Craig story that well but I do know the Weight Watchers story.

Andrew: Oh. Did I just say Jenny Craig? I meant to say Weight Watchers, you know what? It's so interesting that I combined the two in my head and I've been looking up on their website and saying "Wait, this isn't what I wanted to show." The screenshot I had was completely different, you're right. Yes, Weight Watchers is the company that I meant to talk about.

Robbie: Yeah, so Weight Watchers a really, really interesting company. I think most people are familiar with them. They're probably maybe the most successful membership based offline business that we have. And when they about 10 years ago wanted to go online there was a lot of pressure, first of all, to give it away for free, and there was a lot of assumptions that they should offer the exact same experience but offered online. So online meetings with an online moderator, online recipes and so on. But what they did when David Kirchhoff who eventually became CEO of all of Weight Watchers that was brought in to run a Weight Watchers online did is first, he realized that they needed to charge. There were still real value being provided if you are actually going to be effective at helping people lose weight and that people would be willing to do that in whatever the form was.

So they avoided what I would call the Napster problem of giving it away and removing the perceived value from the service. Then the second thing that he did was he tested and tested, and iterated and iterated on the experience until he got to something that was engaging to users and that actually worked to help them lose weight. And Weight Watchers online is dramatically different than the Weight Watchers experience that you get if you go to a members meeting in real life. And the fact that he was really disciplined about figuring out how to provide the same value that is predictable, easy

weight loss without defaulting to offering the same product.

Andrew: I see, and where Weight Watchers offline is largely about keeping track of points, as they call it, and also having those meetings online. Are there meetings at all?

Robbie: There aren't meetings. They are now toying with and testing the idea of having coaches online. So that you can actually talk to an expert in real time if you need to which is actually somewhat of the KURBO model that is currently getting a lot of traction with kids. But their model was much more anonymous because one of the things that they realized was it wasn't just that people were appreciating the online version of what Weight Watchers because it was easier and online more convenient. But also because some people don't want that level of being known, they want privacy.

Andrew: I got that. All right, and so if they hadn't spend some time and first built out their experience and gotten it right, they might have just said, "We've got something that works offline and it's been working for a long time, let's just put it online and create these communities for people to get together with just like we have them offline we'll do it on the internet." And if they've done that and they would've missed one of the big reasons why people are now today signing up online and that is that personal surveys, do it privately in your own home. This is the screenshot I wanted to show that for some reason I ... This is what it looks like an explanation of their process and as result of what they've done, now I'm looking here at my notes from your book, they're now doing 1.5 billion each year.

Robbie: Yeah.

Andrew: They're three times larger than their primary competitors, NutriSystem and Jenny Craig. Maybe that's where Jenny Craig got stuck in my head, and they have eight million website visitors a month, 1.72 million paid online subscribers. That's huge, 1.72 million people are signing up and using the Weight Watchers system online. All right, all because they got it right before they got awareness. It's such a hard thing to do. I wonder if bigger companies have that kind of a challenge too because when we're getting started we feel like unless a lot of people love it it's a failure. I'd better it in front of a lot of people and have them all join up because otherwise I'm a failure and you're telling us something that's counterintuitive. Forget about a lot of people, get it right with a few people and then expand it to more.

Robbie: Yeah, and tinkering is sort of the hallmark of great membership organizations. You know, I always caution people against what I call the big reveal, the, you know, ta-da!

Andrew: Yeah.

Robbie: A new offering for you, I hope you love it. Oh, wait you don't love it you hate it because not only do you have a failed new offering which is the case in a regular business, but you also disappoint your members.

Andrew: Yeah.

Robbie: And that's the big problem is that when you do a big reveal and you change what's been offered it can be very upsetting to your members and it can also give them a reason to reevaluate the relationship.

Andrew: All right, let's go back to the big board here. The next big point is the one that I initially had as the first one on the list which is to put your customers at the center of your business. Now Caesars has been known for doing that. This is a company that started in Vegas years ago, that decided that they were going to go huge to give you huge experience, huge connection to the company. And they decided that they were going to grow their membership business, total rewards.

Robbie: Yeah, so what's totally interesting about them right now is they're going through this very bitter bankruptcy feud and you would think that their most valuable asset would be their gorgeous huge resort that's in the sweet spot on the Las Vegas strip. But actually their most valuable asset which is valued at over a billion dollars is the data from their member rewards program.

Andrew: Wow!

Robbie: Yeah, and the reason is that they're one of the few companies that I can think off that is really gotten loyalty programs right. They segmented their market, they don't just look at loyalty as a program on the side that encourages people to return more frequently and spend more money. They actually look at it as a way to build data, get to know their members better and then to take that learning and apply it to product development and service development. Which most companies don't really do, they sort of just put loyalty off to the side and say, great. You know, if you do this then you get that but we're not actually going to learn from it or do anything on a broader level.

Andrew: What do you mean? So I know, for example, having read "The Membership Economy" that one of the things that they do is ... it's so cool to actually have a physical book. I'm usually so digital but I've got your book and I've had it here for weeks on my desk. They will see if I as one of their customers and now I guess close enough or valuable enough for them to give me perks like a company a drink or make an exception

to a rule. That's basic stuff. What are they doing that allows them to build a better product because of the data that they have about their users?

Robbie: Well, so, for example, they've realized that this sounds so basic but most companies really don't do this that people that are local that live in Las Vegas use the facilities a lot differently than people that are coming in from out of town. And if there are some people who come to Las Vegas to gamble but that there are a lot of people who's spend a lot of money on restaurants, shows, other kinds of experiences that have nothing to do with gambling.

So they're starting to segment out offerings for those groups, you know, different kinds of benefits that they can get, different kind of experiences that can be enjoyed. I mean, one thing when I talked about them that they'd talk about is that some of their best members what they really want is access to meet famous people. So I think they'd said that, I'm trying to remember now it was Elton John that was in-house and they arranged for some of their best members to meet Elton John just as he was getting set up for his show. And that had nothing to do with the gambling places, it had to do with somebody who really enjoys seeing the shows, enjoying all the facilities and the hospitality resources. So you know, thinking about what to offer people, it isn't always what you'd think of first which is discounts. That's always the default, discounts and free stuff. But sometimes it's just an experience that you wouldn't otherwise get access to it. It comes down to being treated like you're special and having somebody recognize what it is that you would really value.

Andrew: Okay, and at Caesars company with a long history, huge size even their data alone is worth a billion dollars but in your book you also talk about startups who are doing similar things. One of them is a company called Punch Card which does local shopping with a rewards program, and one of things that they do here reading from the book is they allow you to take a picture of your receipt as a way of kind of punching a card and saying that you've been to this restaurant. And the reason I'm bringing up Punch Card is to show that what Caesar is doing on this massive scale startups are able to incorporate into their companies too. All right.

Robbie: Yeah, absolutely. I was just going to agree with you that startups should be building loyalty into their model from the very beginning and not just ... I mean, Punch Card is great and loyalty programs are great but what's really important is building loyalty and ongoing relationships into the fabric of your business and into your core culture, which is way harder to do when you're a big organization trying to do that after the fact.

Andrew: What size companies do you work with?

Robbie: I work with a range of companies. I've worked with public companies like Netflix, like Yahoo!, eBay, Oracle but the majority of my bread and butter clients are somewhere between ... they have a good business and they're public. So venture backed, fast growing private companies and, you know, they're big enough to have a real business model but it's not too late to really instill some discipline and rigor around building community and ongoing relationships.

Andrew: Okay, and so the clients that you work with if they were going to add a rewards program or something that kept track of how loyal their members were, they would probably build it in-house. Do you know of any outside software that companies can integrate in if they don't want to develop it themselves? I know for WordPress there are multiple plugins that do it but how about on the higher end?

Robbie: Yeah, so for loyalty programs one company that's really interesting is called Stellar Loyalty and I mean, it's really interesting because they're totally rethinking what it means to have a loyalty program and allowing organizations to do some really cool things like ...

Andrew: I'm pulling up the browser.

Robbie: Yeah, tracking at .. they allow you to provide surprise benefits which people love rather than just always getting ... Now like if you fly United you know when I hit 25,000 miles I get something, I hit 50,000 I get something, my status changes here. But to surprise and delight members or when you come into a restaurant having them know that you're already a loyal member and maybe even asking you oh, so do you want to get the burger with avocado like you gotten the last three times that you've been there and maybe even start the order for them before they've sat down.

Andrew: Okay.

Robbie: So that's a really interesting company that's really pushing the envelope on what it means to have a loyalty program. But I also work with ... a lot of companies don't have loyalty programs, they're just subscription models or have a community and they've really integrated it into the fabric of the business model itself.

Andrew: All right, let's go on to the big board. The next big idea to talk about is to provide your members with immediate value after on boarding. Now I think you are talking a moment ago about a company called Kurbo. Kurbo is there to help develop proper ... Wait, that is zoomed way too far, here we go. There's their app, their goal is to help out adolescents with their weight loss, right?

Robbie: Mm-hmm.

Andrew: And the challenge there is if you're talking about providing immediate value, how do you let some one lose enough value immediately that they think great? This Kurbo thing really is helpful. I'm going to stick with it.

Robbie: Yeah, so that is a problem with a lot of businesses that the actual benefit that the product is designed to provide takes some time and actually takes some engagement for the result. So if you've ever tried to lose weight which I have, you know it takes, at least, a couple weeks before you lose weight and it takes about a month before anyone even you're going to notice any difference. So what Kurbo does with kids who tend to have shorter attentions spans is they've gamified the onboarding. Which basically means they're rewarding the kids for eliciting the desired behaviors through artificial means, as kind of a stop gap between now and the time when the weight loss becomes the rewarding it self. So, for example, if kids they have a red, yellow, green model for food, so, for example, candy would be red light but vegetables would be a green light and something like chicken would be a yellow light. So green lights, you eat as much as you want, red lights you should stop and think before you have any, and yellow lights you should eat but with caution not with abandon. And they reward you when through a game that you play they have evidence that you have understand that principle.

They reward you when you exercise, they reward you when you track your food intake. So these are all the kinds of behaviors that are going to lead up to success in weight loss. In fact, 80% of losing weight is tracking your food, I mean it's just that simple. So if they can get kids to track their food everyday, the kids are going to lose weight, they're going to eat healthier, true for adult too.

Andrew: And so we want to give them that value immediately so people feel that it's worth continuing and being a part of the program but it doesn't have to be the main goal that they came in for.

Robbie: Absolutely.

Andrew: Okay, all right, let's go on to the big board. The next big idea is to start with a single service and leave room to expand. Now I'm looking at the big guys.

Robbie: Mm-hmm.

Andrew: Here is American Express, a company you've written about.

Robbie: Yeah.

Andrew: Look at the number of cards that they have, In fact, it's even more than this. I see green, I see gold, I see, I guess, that's platinum and black and they have other cards also.

Robbie: Yeah, they have blue and they're coming out with the debit cards as well for people that are in a lower income bracket. They actually have a pretty broad range of products. They also have products for small businesses and they have a enterprise business card systems as well. And they've continue to evolve, they're very, very clear about what their mission is. You know, when I spoke to them they said, "We've got our customers back" and that's different than the positioning or the promise of other credit cards. So it's not just about extending the credit, but it's also about when you have a problem with the thing that you've gotten on credit using your credit card. American Express is willing to step in and "Do whatever it takes to help you."

Andrew: So that feels overwhelming, that feels like well if they are already establishing all these different cards, all these different services maybe when we start we should not be starting with one offer with one kind of membership, with one option. Maybe we should also be offering multiple. What do you think? I say I know what you think, I know it because it's important.

Robbie: I love that kind it was like ...

Andrew: Wait, that's a little too obvious. I'm supposed to tee it out for the guests so that the guest can express the point that I've read about and we discussed but that's a little too obvious. I figured I'd call myself out on it. Why do you still say that we should start smaller with one?

Robbie: I think we should start with focus, do one thing really well that has a perfect match with your buyer. So people talk about product market fit and I talk about service member fit. You really want to get that right and it's so tempting to just throw everything in in the kitchen sink and bundle the whole bunch of ... I always say bundling a whole bunch of staff and calling it a membership. But really most people are willing to pay actually a higher price for one thing to be solved really, really well for that one audience and then you can always extend it. But what happens is people throw in other stuff or they try to reach another market or they say we're for everybody and they end up pleasing nobody. You know, or they're kind of interesting to everybody but not interesting enough to buy for anybody.

Andrew: Do you have an example of a smaller company that maybe could have had multiple different offerings when they started but they decided to have just one offering?

Robbie: Yeah, so they're not a small company now but they were when I worked with them and that's Netflix.

Andrew: Okay, and so, oh I see Netflix could have done video games and movies and other things and you're saying ...

Robbie: Yeah, so people ask them all the time, you know, they were getting all kinds of increase like let's do videos or we have this really cool hardware that maybe you could sell because your audience really loves movies or maybe you can sell movie tickets because ...

Andrew: Why would that have hurt their business if they said we're Netflix we'll send DVDs to you one at a time to your house and so on. We'll talk about them in a moment more but why would it have been any worse if they would have said we do all that and if you want movie tickets and go watch a local movie you can buy tickets from us too. And we'll even rent you a great DVD player that you can take on trips with you because you might sometimes want to be on the go. Why would they've hurt their ability to do the DVD business?

Robbie: It's distracting, it's too many things at once. So if you think about a restaurant and you think about a restaurant that makes one thing really well, you can kind of imagine that in your head. If you try to make 10 things at the same time in that kitchen, first of all one person can't do it, so you need to hire more people. The manager needs to understand all of those different offerings and it can be really distracting. And the temptation is to take your eye off the ball and each one of those offerings is no longer quite perfect. The other issue from a brand perspective is that if you offer too many things, it's very, very expensive to build brand awareness to have people understand that the more complicated your offering is the more complicated your messages.

Andrew: I see. I kind of have that problem now with Evernote where I used to be able to say to people on our team, you need to sign up for Evernote because Evernote is going to be our software for sharing notes. And then they'd installed it and now they see that Evernote also does chat and Evernote also does sale of socks and all kinds of other stuff, and it's hard for me to even convince my own people, people I pay that they should be on Evernote because now they go in there and they get too confused by all the different features. Now Evernote is a little more mature than most companies, but I can imagine when you're just getting started and trying to get anyone to understand what you're about it becomes so confusing that they just walk away.

Robbie: Yeah.

Andrew: All right, let's go back to the big board here. Wait, we talked about that one. So we're going to go on to this next one which is to optimize the onboarding process with simple pricing. T-Mobile is a company that is now calling itself the uncarrier, they don't want to be like all those other carriers. What are they doing about pricing that you like?

Robbie: It's simple, their pricing is easy and then they say if you transfer to us we'll pay for it.

Andrew: Pay for the contract, so you don't even have to think about all the other expenses that other people are inflicting on you.

Robbie: Yeah, so they are trying to make it as easy as possible for you to get a subscription and for you to buy it. And in some cases the challenge with pricing subscription is that not every subscriber is going to require the company don't occur the same cost, right? Some people make more phone calls than others, some people used more data than others. It's hard to know it's kind of the same problem that you have at the all you can eat buffet, right? One person's going to go straight for the oysters and caviar, and someone else is going to have a half of sandwich and be done and the two people are paying the same price. The temptation is you want to price each person on what they do which is number one, it takes away from the subscription value.

And number two, it can be so confusing to somebody that they don't understand what they're paying for and the result of when you don't understand something is you have a sinking feeling like you're being tricked. And so the more complex your pricing is the less transparent you seem even if you make it all perfectly, say, here's our complex algorithm and you too can understand why we charge you $42.78. The feeling is that you're being tricked.

Andrew: I see and so by keeping it simple you're keeping people from feeling that they're tricked and you're getting them to understand what you are even offering.

Robbie: Yeah, and then on the company side managing two, three, four pricing models is a lot easier than having a different price for every customer. I mean, that is just a nightmare to track and when people cancel or they want to upgrade, I mean, you have to like look through. I mean, it takes hours to even understand what you sold them in the first place.

Andrew: All right, let's go back to the big board. The penultimate point is pick one key

benefit and deliver it to a focused audience. We spoke about Netflix earlier. What were some of the benefits that Netflix could have promoted when they were getting started?

Robbie: So many, so when Netflix started they could have said we have more Bollywood movies than any other company in the United States.

Andrew: True.

Robbie: They could have said we deliver movies right to your home so that you don't have to put on your shoes to get a movie. They could have said we keep a queue of the movies you want to see, so that you don't have to remember what it is that your friend told you was really great and you'd love.

Andrew: We'll help you find the right movies so you don't have to walk into your local video store and try to figure out which movies you should watch based on what you liked before. Right now I'm thinking of all the different benefits, you're right.

Robbie: Yeah, and they kept it really simple. Well, the reason they could keep it simple is because they did so much research to understand what people really cared about and I'm just going to say I know a lot of your listeners are in technology. The temptation in technology is to not invest in marketing and not invest in market research, and to think that you know best about the product because it's a new space or a new technology. And Netflix invested in understanding their market and they really understood why people were signing up and staying with them and it's all about the late fees.

Andrew: The late fees, why were people so upset about late fees?

Robbie: Because they felt cheated by it because it didn't fit with the value preposition and they would forget to return the movie and then the late fees, they actually cost more than ... at one point I think Blockbuster's making more money on late fees than they were making on rental fees. And any time that a business, I mean, forget membership models. Any time that a business is making more money from their customers misusing their product and being penalized, than from actually providing value you have a big problem.

Andrew: I see and so people who are customers of Blockbuster, another local video rental chain, were so upset about late fees that when they saw here. These are the early promotions for Netflix. We found them online. Here is one where you can see how does this work? Here's how it works. You receive what you want by mail, you watch it and then you exchange it as often as you want and right there in the center no late fees.

If we're to look at one of the early ads, I love that I can Google back in time and see what things used to looked like.

Robbie: It's so cool. I love all these images you have. It's really fun, it's great.

Andrew: Yeah, you know what? I forgot that this is the way they used to promote themselves. That's one of their early button ads and it says no late fees right in the center and as easy as that, they didn't have to communicate the whole value proposition behind Netflix. They just picked the one thing that you really cared about and that's what they emphasized. You said you have done work with Netflix, right? because I looked at the back of your book. Didn't I see it on the back of the book?

Robbie: Yeah, it might be. I did do work with Netflix, they were actually my very first subscription client.

Andrew: I see.

Robbie: Eleven years ago or 12 years ago now I did a consulting project for them Up until then I'd been a generalist strategy consultant that worked at all kinds of companies and after I worked with Netflix, I really fell in love with this business model around membership. I could see how valuable it was. And so I've really moved my whole consulting practice to companies like Netflix.

Andrew: I see, all right, I know where it is. I think it was on your website, isn't it on your website?

Robbie: It's probably on the website.

Andrew: Yeah, I saw a quote from someone from Netflix on the site.

Robbie: Yeah.

Andrew: And that's where I saw that they are one of your early clients. All right, final point on the big board. Continue innovating even after you achieve success, I went back into the internet archives and I found this screenshot of SurveyMonkey from their early, early, early days. Look at how that page looks, today it looks so much cleaner than that. Let's see that is from 2003. If we're to look at their site today SurveyMonkey, SurveyMonkey, there we go, it looks so much more polished.

Robbie: Yeah.

Andrew: Beyond the polish, what have they done to continue innovating after they became so successful?

Robbie: Yeah, so first of all the first picture that you showed that SurveyMonkey when all they did was basically they had a consumer product. They had one price, kept it super simple just like we've been talking about and it was really designed for either an individual like you or me to do a quick survey of friends and family or potentially for a professional researcher to do some quick and dirty research without having to engage their whole corporate marketing department or their agency. And what they realized was there's actually more value there, there's more they could be doing. So, for example, they realized that bigger organizations especially about the rise of online research happened, they realized that they needed a product for the enterprise, they needed dashboards and if you have multiple researchers within the same company that they were using the right logos and the right layout, and that all of those questions could be shared across departments.

So SurveyMonkey added and evolved their offerings and came up with models that appeal to larger organizations and even to the enterprise customer. They also introduced panels. Sometimes you have a question and you want to ask your customers. Sometimes you have a question, and you want to ask people who aren't your customers to see if you should evolve your model in a certain way. They can actually now provide you with the kind of people who fit that target.

Andrew: So how do you know when it's time to go from that single, very focused offering to innovating by adding another one that's not completely different but it is different enough for you not to have included it in the first place.

Robbie: Yeah, so I would say there's a couple of things. One of them is you want to stay focused on your mission. So if you look at Netflix they went from the DVDs that you showed in the pictures to now they stream most of their content, totally different but it's the same value which is great video content. With SurveyMonkey I forget exactly what their mission statement is but they're still helping people understand their customers and so they're just evolving how they do that. And practically the way that they do that is by observing the behavior of their members through the data that they're collecting.

Andrew: I see.

Robbie: And seeing where are people bumping up against the limits of what the product can do and how can they continue to meet their customers' needs. So in the case of SurveyMonkey they knew that a lot of people were saying I can't do my survey because I don't have people to ask or I don't know how to find those people. Or with Netflix they

said, you know, we realized that people are curious about all these trends in downloading, streaming, other ways of getting your content digitally that don't require the DVD packaging. And so, like I said, they're always thinking about how to improve things for their members, they're always focused on the same mission and then they tinker.

So they don't just do a big ta-da! They roll things out slowly, get feedback, adjust and there might be a moment when they announce it to the press but most of these organizations do very slow gradual roll outs and often will just add one feature at a time and we didn't even talk about that but I mean, if you look at SurveyMonkey everyday or Facebook, or Pinterest they're changing it every single day. Making little incremental improvements, testing things, taking them out when they don't work, adding something else because they don't want their members to ever reach a point when they look up and say. "Wow! They haven't changed this product in years, I bet there's something better out there." That's what they're trying to avoid.

Andrew: All right, they define their mission, the mission statement's right in their back page it says, "We want to help you make better decisions." That's it, that's all, that's what drives us.

Robbie: Yep.

Andrew: And so, anything that allows them to do that, anything that their customers want that still stays within their mission is a possibility for what to add.

Robbie: Great.

Andrew: All right, the book of course as we mentioned is called, I'll bring up the camera on me for a moment. "The Membership Economy" and it's available everywhere. I think I got an early copy of it and I thought it was incredibly helpful and now it's available in stores everywhere, am I right?

Robbie: Yeah, everywhere online, offline, independent book stores, yeah.

Andrew: Congratulation on the book and the business and, of course, the website is let's bring it up, PeninsulaStrategies.com and Peninsula is a reference to here, San Francisco.

Robbie: It is.

Andrew: The Silicon Valley area.

Robbie: Yes.

Andrew: Cool. Thank you so much for doing this. Every one, thank you for being a part of Mixergy. Bye everyone.

Robbie: Thanks for watching.