

2009 Economic Impact on Associations:

A Benchmarking Report on Association Priorities,
Challenges and Strategies for the Coming Year



LOOK : LEARN : PLAN : DELIVER



McKINLEY MARKETING, INC.
TRUSTED ASSOCIATION ADVISORS

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Dear Colleagues:

McKinley Marketing is pleased to publish this report, the first in a series of benchmarking studies that will examine the key challenges association professionals face in the future.

This report is based on the responses of nearly 300 association executives who generously shared their concerns, past experiences and future plans.

We appreciate your feedback and look forward to partnering with the association community in the future to deliver meaningful studies that will help organizations expand their knowledge and implement effective practices.

Best regards,



Jodie Slaughter
President &
Founding Partner



Jay Younger
Managing Partner &
Chief Consultant



Sheri Jacobs, CAE
Managing Director
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Introduction

At their core, most associations exist to serve their members. This necessitates the need for association professionals to collaborate and learn from colleagues and peers who share similar interests. In negative economic conditions, the need to share best-practices and experiences often takes on greater significance as individuals look for assistance in weathering the challenging climate and finding ways to emerge intact.

Many questions linger in the minds of association executives today:

- > What challenges are other association executives facing?
- > What are the key priorities of associations within my industry and the greater association community?
- > How will the economy impact our ability to recruit and retain members and attract participants to educational programs?
- > What marketing strategies and tactics will prove most effective and provide the best return on our investment?

As 2008 drew to a close, the need for actionable insights on these questions became particularly acute as economic conditions worsened and association executives began to wonder about the year ahead. Recognizing the need for empirical data on these topics, McKinley Marketing (McKinley) developed a study to gather and disseminate important data association executives can use to share and compare their concerns for the coming year.

This report provides the results of a survey of 300 participating trade and professional associations. Not surprisingly, McKinley found that association executives are working harder than ever with smaller budgets and staff just to maintain their existing programs and services. Yet many also view this time as an opportunity to delve into new marketing strategies and tactics, hoping for a better return on their efforts.

McKinley will conduct a follow-up survey in mid-2009 to evaluate the impact of the current recession. Using the data presented in this report as a baseline, we will identify and share successes as well as adjustments being made in light of actual behaviors demonstrated by association members.

If you wish to participate in future benchmarking studies, please contact Sheri Jacobs, CAE at sjacobs@mckinleymarketing.com

About McKinley Marketing

McKinley Marketing is a consulting firm dedicated to supporting associations as they address their most critical challenges. We employ a unique mixture of strategic thinking, tactical support, and practical solutions that associations need to retain and renew members, develop new streams of income, meet financial goals, and remain relevant and competitive in their respective markets. We are well-suited to help associations tackle their most pressing challenges, particularly in the following areas: member and market research, strategy, membership recruitment and retention, marketing and communications, planning and facilitation and organizational development.

Our well-honed methods and innovative techniques have evolved over decades of working in, for and around associations. Collectively, we have surveyed and interviewed more than 1 million individuals worldwide in numerous industries including health-care, education, science, engineering, arts, finance, accounting, technology, manufacturing, legal, marketing and association management.

With offices in Washington, D.C. and Chicago, the leadership at McKinley Marketing is active in ASAE & The Center and the Association Forum of Chicagoland. With a proven track record, McKinley's consultants have backgrounds that include tenures in association management, membership, market research, branding and organizational development. For further information about McKinley, please visit www.mckinleymarketing.com or call (202) 333-6250 x301 in Washington, D.C. or (847) 236-1915 in Chicago.

Survey Method

McKinley developed an online survey that was distributed to more than 2,500 members of the association community.

Survey participants were comprised of executives representing a variety of segments within the association industry.

- > 86% were director level and above

The top areas of responsibility included the following:

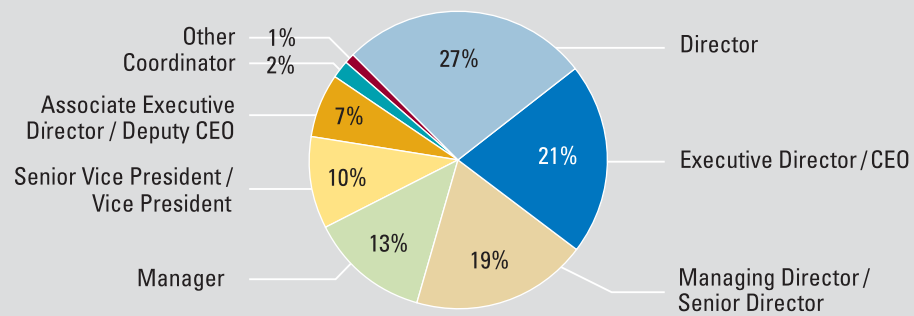
- > 61% in membership
- > 50% in marketing
- > 34% in executive management
- > 30% in communications
- > 16% each in professional development and meetings and exposition

Organizations

Slightly more than 20% of the survey respondents represented healthcare organizations. Scientific and engineering associations accounted for another 17%. The balance represented a variety of industries, including education, humanities, finance, accounting, legal, building and construction, association management, philanthropic and retail. A wide range of budget sizes were represented.

TITLE OF SURVEY PARTICIPANTS

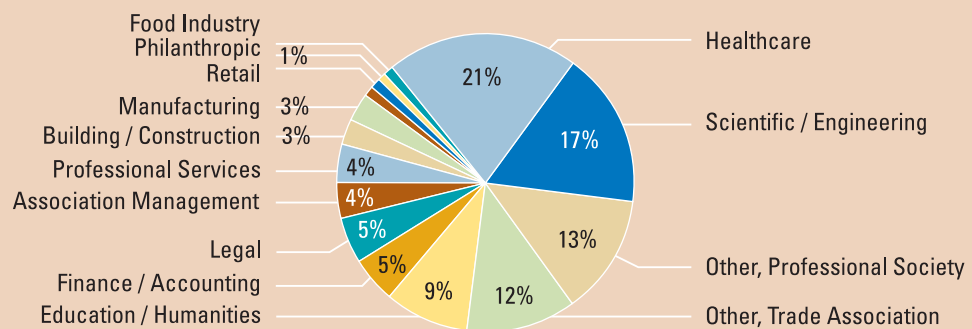
Which of the following most closely describes your position within your organization?



Total responses to this question: 259

INDUSTRY

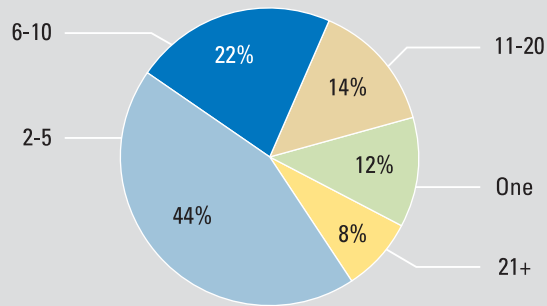
What field / industry does your association represent?



Total responses to this question: 258

DEPARTMENTAL STAFF COUNT

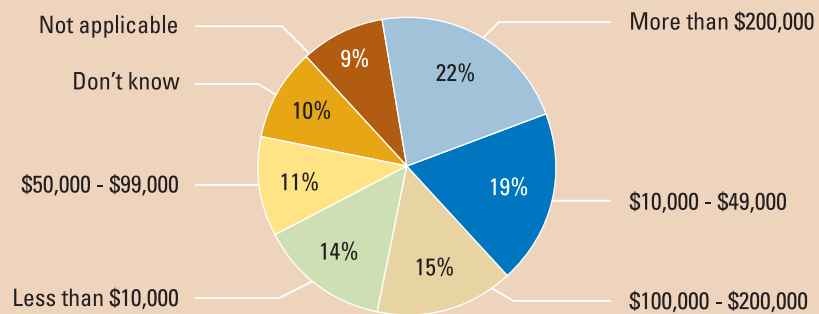
How many full time staff work in your department?



Total responses to this question: 257

DEPARTMENTAL MARKETING BUDGET

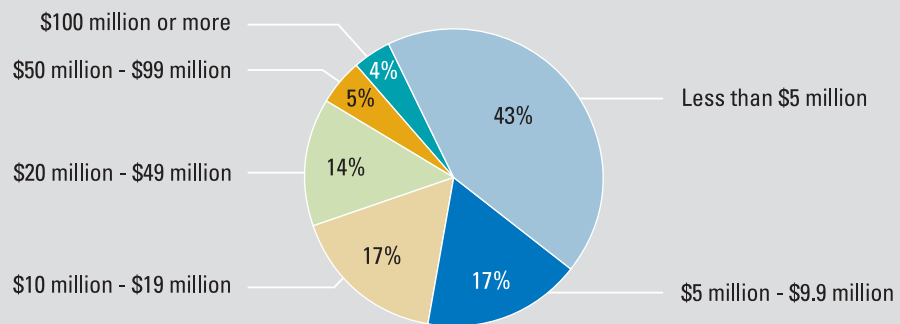
What is your department's marketing budget?



Total responses to this question: 249

ORGANIZATIONAL BUDGET

What is your organization's annual operating budget?



Total responses to this question: 248

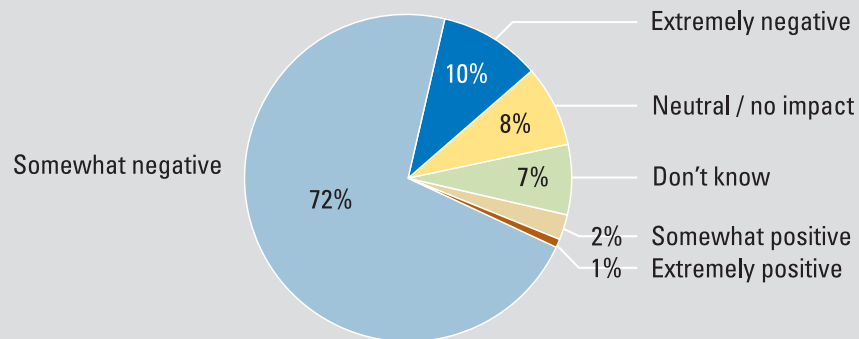
Key Finding #1

Association executives are bracing for a negative impact on membership, meeting attendance and other non-dues revenue sources as a result of current economic conditions.

Not surprisingly, 82% of survey participants believe the economy will have an extremely or somewhat negative impact on their ability to achieve their goals in 2009. Eight percent did not believe the economy would have any significant impact – either positive or negative – and 3% anticipate a possible positive impact. The organizations that believed the economy would have a positive impact on their association were spread across numerous industries and organizational sizes.

TABLE 1

What impact will current economic conditions have on your ability to achieve your goals in 2009?



Total responses to this question: 284

Key Finding #2

Non-dues revenue activities, including sponsorships, advertising and meeting attendance, are the top concerns for 2009.

Overall, association executives are expecting a sharp decline in spending from traditional non-dues revenue sources in 2009. For associations that rely on a significant percentage of their overall revenue from these sources, this will result in a reduction of some programs and services. Association executives also expect to incur budget cuts, hiring freezes, staff reorganization and even layoffs. For example, a total of 88% of association executives are extremely or somewhat concerned about sponsorship. This was followed closely by annual meeting attendance and advertising. Volunteer participation was the one area where association executives don't appear to be overly concerned.

Associations that have a high percentage of revenue from non-dues sources such as advertising and sponsorship are more vulnerable to downturns in the economy.

TABLE 2
Considering the current economic situation, how concerned are you with the following issues?

ITEM	EXTREMELY CONCERNED	SOMEWHAT CONCERNED	NOT VERY CONCERNED	NOT AT ALL CONCERNED	NOT APPLICABLE
Advertising	32%	42%	13%	3%	11%
Annual meeting attendance	35%	48%	10%	1%	6%
Attendance at other educational seminars	27%	47%	12%	3%	11%
Membership recruitment	27%	59%	11%	1%	2%
Membership retention	28%	60%	10%	1%	2%
Product sales	14%	44%	22%	4%	17%
Sponsorship	43%	45%	6%	1%	5%
Volunteer participation	5%	24%	49%	18%	4%

Total responses to this question: 283

Key Finding #3

Budget cuts and hiring freezes were cited most frequently in response to the question regarding what associations expect to happen in 2009 as a result of the current economic conditions.

In light of the economic downturn, association executives expect dramatic changes to their resource allocations that include budget cuts, hiring freezes, salary increase freezes and a reduction of programs and services. Additionally, slightly more than 50% believe their organizations may layoff staff or outsource staff functions.

TABLE 3

What do you expect to happen at your association in 2009 as a result of current economic conditions?

ITEM	IS HAPPENING NOW	DEFINITELY WILL HAPPEN	PROBABLY WILL HAPPEN	PROBABLY WILL NOT HAPPEN	DEFINITELY WILL NOT HAPPEN	DON'T KNOW
Budget cuts	35%	18%	31%	9%	4%	4%
Change in investment strategy	17%	12%	22%	16%	8%	26%
Freeze on salary increases	11%	7%	26%	31%	11%	14%
Hiring freeze	25%	11%	21%	24%	8%	11%
Layoffs / eliminate positions	8%	4%	14%	44%	17%	13%
Outsourcing of staff functions	5%	5%	15%	41%	15%	19%
Reduction of programs and services	8%	9%	29%	40%	8%	7%
Staff reorganization	12%	4%	20%	37%	12%	14%

Total responses to this question: 283

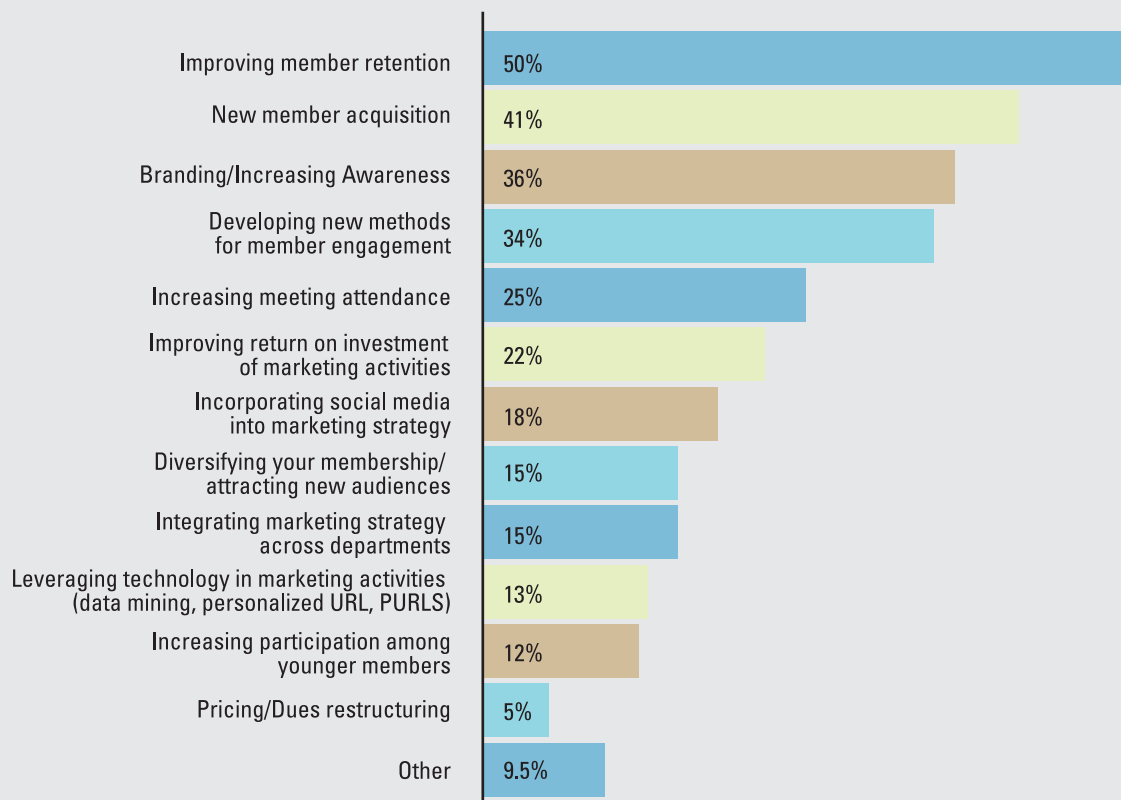
Key Finding #4

Improving member retention is the top priority for association professionals for 2009.

Three of the top four priorities for association professionals center on retention, including increasing awareness of the organization within key audience segments and developing new methods for member engagement. Additionally, new member acquisition was cited as a top priority for nearly half of the survey respondents. These findings suggest an increased focus on member-centric activities, both as a way to drive revenue and to help sustain the organization through the economic downturn.

TABLE 4

What are your three highest priorities for 2009?



Key Finding #5

Direct mail, event marketing and public relations are considered the most effective tactics to accomplish all goals; online media tactics are considered the least effective.

This study found that the most effective strategies varied slightly depending upon the association's priority; however the majority who selected membership recruitment or retention as their top priority cited traditional marketing tactics such as direct mail, promotional pricing and event marketing as the most effective way to reaching their goals. The tactic that received the lowest rating in terms of effectiveness across all goals was online media.

Increasing the number and the size of transactions per member can increase loyalty and help counter the negative forces of the economic downturn.

TABLE 5

How effective are each of the following methods in helping your association achieve its goals?

ITEM	Improving member retention	New member acquisition	Branding/awareness	Increasing meeting attendance	Improving marketing ROI	Diversifying membership	Increasing participation among younger members
Direct mail	3.1	2.9	2.7	3.1	3.1	3.3	3.3
Brand management	2.8	2.6	2.9	2.4	3.0	3.1	2.9
Database marketing	2.8	2.5	2.5	2.8	2.8	2.8	2.4
Event marketing/trade shows	3.0	3.0	3.0	3.0	3.1	3.1	2.7
Market research	2.6	2.5	2.8	2.3	2.7	3.0	2.9
Member get a member program	1.8	1.9	1.7	2.0	1.6	2.0	1.9
Online media (such as blogs, Facebook group, twitter, YouTube)	1.8	1.8	1.7	1.8	1.5	2.1	1.9
Print advertising	2.6	2.5	2.5	2.4	2.6	2.4	2.8
Promotional pricing/discounts	2.8	2.7	2.6	2.6	3.2	2.3	2.5
Public relations	2.9	3.0	3.1	2.8	3.1	3.2	3.3
Telemarketing	2.2	2.1	1.6	1.7	1.8	2.0	2.3

Total responses to this question: 258

Average response rated on a 5-point scale (Very effective = 5; Not at all effective = 1)

Key Finding #6

Spending on traditional marketing tactics, such as direct mail and trade shows, is expected to decrease; online spending is expected to increase in 2009.

Direct mail was cited as the most effective method for increasing brand awareness, recruiting new members and retaining existing members. However, more than 40% of survey respondents stated that they will decrease their direct mail budget in 2009. The most significant budget increase in the marketing budget will be for online activities, including email, web site modifications, and social networking.

While new online channels such as social media are valuable additions to marketers' toolkits, associations should assess the relative effectiveness of their various marketing tactics before making significant budgetary shifts.

TABLE 6

Do you anticipate that your budget for each of the following will increase, decrease or remain the same in 2009?

ITEM	INCREASE	DECREASE	REMAIN THE SAME	DON'T KNOW
Direct mail	10%	42%	44%	5%
Email communications to members	56%	4%	39%	1%
Market research	13%	31%	46%	10%
Online advertising (Google adwords, banner advertising, online sponsorships)	22%	9%	43%	26%
Print advertising	7%	40%	47%	6%
Public relations	30%	9%	48%	13%
Social media (blogs, Facebook, YouTube)	52%	3%	25%	21%
Trade show attendance/marketing	16%	34%	43%	7%
Web site modifications	60%	7%	28%	4%
Word of mouth marketing	40%	4%	43%	13%

Total responses to this question: 258

Key Finding #7

While many associations report that membership acquisition and retention are the sole responsibility of the membership department; volunteer engagement, customer service and branding are viewed as a shared responsibility among departments.

While acquisition and retention typically fall under the purview of the membership department, associations that experienced an increase in member retention during the past three years reported that the membership department put a particular emphasis on volunteer engagement and customer service. A greater focus on these issues naturally fed the retention effort, survey respondents said.

TABLE 7
 What department is responsible for each of the following marketing activities within your organization?

ITEM	SHARED RESPONSIBILITY AMONG DEPARTMENTS	COMMUNICATIONS	EDUCATION	MARKETING	MEMBERSHIP	NOT EXECUTED
Annual Meeting promotion	27%	7%	16%	38%	8%	4%
Branding	36%	17%	1%	37%	4%	4%
Customer service	60%	2%	2%	6%	31%	0.4%
Membership acquisition	15%	1%	(N/A)	22%	60%	3%
Membership renewal	12%	1%	1%	16%	69%	2%
Membership retention	20%	1%	0.3%	16%	61%	2%
Other educational promotion	27%	4%	30%	31%	4%	4%
Volunteer engagement	69%	2%	5%	3%	15%	7%

Total responses to this question: 262

Key Finding #8

New member acquisition is a top priority for associations that do not expect to be negatively impacted by the economy.

Thirty-one associations reported that the economy will either have no impact or will have a positive impact on their organization. For this group, the top priorities for 2009 include:

- > New member acquisition
- > Increasing awareness
- > Developing new methods for member engagement
- > Improving member retention
- > Leveraging technology in marketing activities

A significant difference between this group and the other survey participants was their rating of effectiveness for various marketing tactics as a means to reaching their goals. Associations expecting a neutral or positive outlook found market research and online media to be more effective than associations with a negative outlook on the economy. Similarly, associations expecting no impact or a positive impact as a result of the current economic situation anticipate much smaller decreases in spending on market research, direct mail and trade show marketing.

TABLE 8
What are your three highest priorities for 2009? *

ITEM	PRIORITY
New member acquisition	48%
Branding / Increasing Awareness	41%
Developing new methods for member engagement	34%
Improving member retention	31%
Diversifying your membership / attracting new audiences	21%
Incorporating social media into marketing strategy	21%
Leveraging technology in marketing activities (data mining, personalized URL (PURLS))	21%
Improving return on investment of marketing activities	10%
Increasing meeting attendance	10%
Increasing participation among younger members	7%
Integrating marketing strategy across departments	7%
Advocacy and public relations	3%
Developing web based continuing education	3%

Total responses to this question: 53

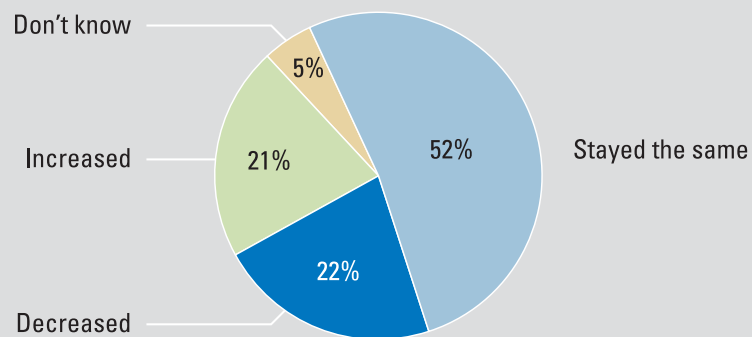
* Survey respondents who expect that the economy will have no impact or a positive impact on their association.

Key Finding #9

For most respondents (52%), member retention has remained the same over the past three years with roughly the same percentage reporting an increase (21%) as a decrease (22%).

TABLE 9

Over the past three years, has your retention increased, decreased or remained the same?



Total responses to this question: 258

From the data collected in the open-ended question regarding the factors that contributed to increased retention, McKinley found that many of the associations attributed increased retention to improved coordination and timing of retention efforts and targeted messages that are based on the needs of specific audiences rather than a "one size fits all" approach. Other respondents said the following tactics were successful:

- > Heightened visibility with a focus on member value
- > Increase in local events and more member engagement
- > Sound relationships with chapters
- > Brand awareness
- > Engagement with new professionals (first five years of practice)
- > Targeted communication and marketing efforts
- > Better follow-up by membership staff
- > Telephone calls with key contacts
- > Increased touch points and personalized mailings
- > Increasing the value proposition
- > Connecting with members throughout the year
- > Better web visibility
- > Increased members-only benefits

2009 State of Associations | Partial List of Participating Associations

AACE International	American Library Association	APICS The Association for Operations Management
Academy of General Dentistry	American Massage Therapy Association	ASAE & The Center
ACADEMYHEALTH	American Mathematical Society	Association for Supervision and Curriculum Development
Advanced Medical Technology Association	American Medical Technologists	Associated Subcontractors of Massachusetts
American Institute of Chemical Engineers	American Oil Chemists' Society	Association Executives of North Carolina
ALA-Allied Professional Association	American Physical Society	Association for Financial Professionals
American Academy of Actuaries	American Physical Therapy Association	Association for Healthcare Documentation Integrity
American Academy of Dermatology	American Political Science Association	Association for Research in Vision and Ophthalmology
American Academy of Hospice and Palliative Medicine	American Psychological Association	Association Forum of Chicagoland
American Academy of Pediatric Dentistry	American Society for Clinical Pharmacology and Therapeutics	Association of College & Research Libraries
American Academy of Pediatrics	American Society for Gastrointestinal Endoscopy	Association of Collegiate Conference and Events Directors-International
American Animal Hospital Association	American Society for Healthcare Human Resources Administration	Association of Community Cancer Centers
American Association for Justice	American Society for Information Science and Technology	Association of Perioperative Registered Nurses
American Association of Endodontists	American Society for Quality	Association of Professional Chaplains
American Association of Law Libraries	American Society of Agricultural and Biological Engineer	Association of Public Health Laboratories
American Association of Museums	American Society of Bariatric Physicians	Automotive Oil Change Association
American Association of Naturopathic Physicians	American Society of Chemical Engineers	California Building Industry Association
American Association of Physics Teachers	American Society of Civil Engineers	CFA Institute
American Association of Radon Scientists and Technologists	American Society of Consultant Pharmacists	CHADD (Children & Adults with AD/HD)
American Association of University Women	American Society of Heating, Refrigerating and Air-Conditioning Engineers	College of American Pathologists
American Bar Association	American Society of Mechanical Engineers	Commercial Finance Association
American Business Women's Association	American Society of Plant Biologists	Consumer Electronics Association
American Chemical Society	American Society of Plastic Surgeons	Credit Union Executives Society
American Chiropractic Association	American Society of Travel Agents	CUPA-HR
American College of Nurse-Midwives	American Staffing Association	Door and Hardware Institute
American College of Phlebology	American Water Resources Association	Ecological Society of America
American Health Care Association	American Water Works Association	Exit Planning Institute
American Health Information Management Association	Association for Education and Rehabilitation of the Blind and Visually Impaired	Flexographic Technical Association
American Industrial Hygiene Association	Association for Professionals in Infection Control and Epidemiology, Inc.	Giant Screen Cinema Association
American Inns of Court Foundation		Globalization Strategies
American Institute of Certified Public Accountants		

2009 State of Associations | Partial List of Participating Associations

Healthcare Information and Management Systems Society	National Association of Chemical Distributors	Pennsylvania Music Educators Association
Heart Rhythm Society	National Association of Enrolled Agents	Professional Association of Innkeepers International
Home Care Alliance of MA	National Association of Quick Printers	Professional Beauty Association
Industrial Research Institute	National Association of Retail Marketing Services International	Professional Management Associates, LLC
Industrial Supply Association	National Association of Tax Professionals	Promotional Products Association International
InfoComm	National Association of the Remodeling Industry	Public Relations Society of America
Institute of Industrial Engineers	National Association of Trial Lawyer Executives	Recovery International
Institute of Real Estate Management	National Association of Workforce Development Professionals	Troyer Seismological Society of America
Inter-Company Marketing Group	National Association School Psychologists	Semiconductor Equipment and Materials International
Intermodal Assn of North America	National Child Support Enforcement Association	SOCAP International
International Association of Assessing Officers	National Council of Teachers of English	Society of Critical Care Medicine
International Erosion Control Association	National Institute of Governmental Purchasing	Society for Human Resource Management
International Food Information Council	National Investor Relations Institute	Society for Industrial and Applied Materials
International Order of the Golden Rule	National Middle School Association	Society for Marketing Professional Services
International Society for Pharmaceutical Engineering	National Pest Management Association	Society of American Florists
International Society of Automation	National Recreation and Park Association	Society of American Military Engineers
Legal Marketing Association	National Society of Professional Engineers	W E Society of Exploration Geophysicists
Management Options, Inc.	New Jersey Society of Certified Public Accountants	Society of Hospital Medicine
Marble Institute of America	North American Quitline Consortium	Society of Petroleum Engineers
Medical Group Management Association	North American Vascular Biology Organization	Southern Association of Orthodontists
Minnesota Society of Certified Public Accountants	North Carolina Advocates for Justice	Specialty Graphic Imaging Association
Minnesota State Bar Association	North Carolina Nurses Association	SPIE
Modular Buildig Institute	Northeast Human Resources Association	Tax Executives Institute
National Association for College Admission Counseling	Oncology Nursing Society	The Humane Society of the United States
National Affordable Housing Management Association	Orange County Regional Chapter of Community Associations Institute	The Wildlife Society
National Art Education Association	Pennsylvania Dental Association	Tree Care Industry Association
National Association for Campus Activities	Pennsylvania Institute of Certified Public Accountants	Turnaround Management Association
National Association for College Admission counseling		Urban Land Institute
National Association for Gift Children		Visiting Nurse Associations of America
National Association for the Education of Young Children		Women in Cable Telecommunications
		Word of Mouth Marketing Association

