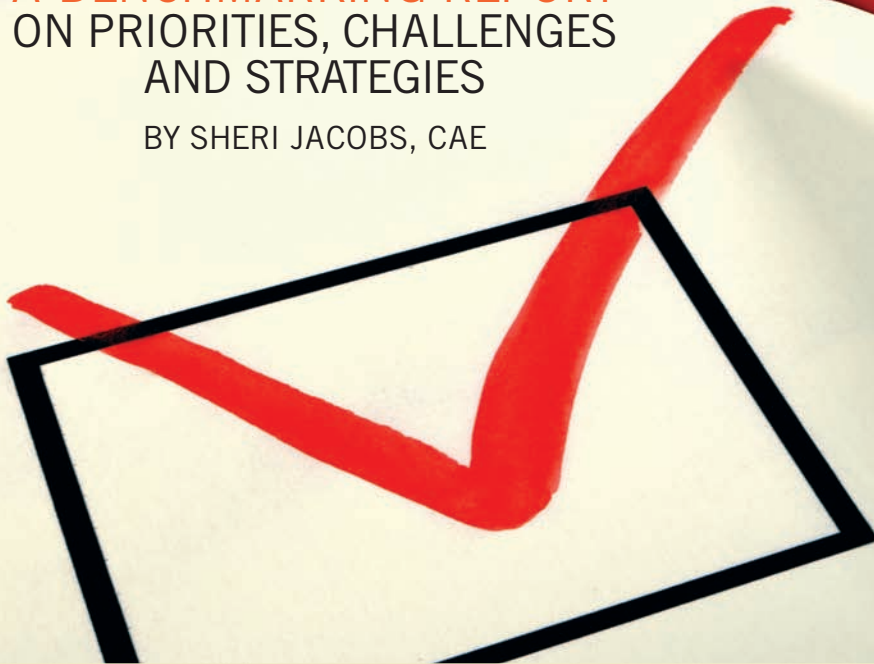


ECONOMIC STRATEGY FOR ASSOCIATIONS:

A BENCHMARKING REPORT
ON PRIORITIES, CHALLENGES
AND STRATEGIES

BY SHERI JACOBS, CAE



AT THEIR CORE, MOST ASSOCIATIONS EXIST TO SERVE THEIR MEMBERS. THIS, IN TURN, DRIVES 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 professionals today: What challenges are other associations 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 professionals began to wonder about the year ahead. Recognizing the need for empirical data on these topics, McKinley Marketing developed a study to gather and disseminate important data that association professionals can use to share and compare their concerns for this year.

This report provides the results of a survey of 300 participating trade and professional associations. 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.

2009 STATE OF ASSOCIATIONS

KEY FINDING NO. 1

Associations are bracing for a negative impact on membership, meeting attendance and other non-dues revenue sources.

Not surprisingly, 82 percent 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

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

— either positive or negative — and 3 percent 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.

KEY FINDING NO. 2

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

Overall, associations 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. Associations also expect budget cuts, hiring freezes, staff reorganization and even layoffs. For example, 88 percent of association professionals 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 professionals don't appear to be overly concerned.

KEY FINDING NO. 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, associations 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 percent believe their organizations may lay off staff or outsource staff functions. (See Table 3 above)

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 NO. 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.

KEY FINDING NO. 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 regarding effectiveness across all goals was online media. (See Table 5 above)

KEY FINDING NO. 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 percent of survey respondents stated they will decrease their direct mail budget in 2009. The most significant budget increase in the marketing budget will be for online activities, including e-mail, Web site modifications and social networking.

KEY FINDING NO. 7

While many associations report that membership acquisition and retention are the sole responsibility of the membership department, volunteer engagement and customer service 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

SURVEY METHOD

McKinley Marketing developed an online survey that was distributed to more than 2,500 members of the association community, representing a variety of segments:

- 86 percent were director-level and above
- The top areas of responsibility included:
 - 61 percent in membership
 - 50 percent in marketing
 - 34 percent in executive management
 - 30 percent in communications
 - 16 percent each in professional development and meetings and exposition.

Slightly more than 20 percent of respondents represented health care organizations; scientific and engineering associations accounted for 17 percent. 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.

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.

KEY FINDING NO. 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.

KEY FINDING NO. 9

Better communications and demonstrating improved member value were the most common drivers of increased member retention.

From the data collected in the open-ended question regarding 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. 

Sheri Jacobs, CAE, is managing director for McKinley Marketing. She may be reached at sjacobs@mckinleymarketing.com.

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