

# 2009 ECONOMIC IMPACT ON ASSOCIATIONS: A BENCHMARKING REPORT ON ASSOCIATION PRIORITIES, CHALLENGES AND STRATEGIES

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 PRACTICE 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, MCKINLEY MARKETING (MCKINLEY) DEVELOPED A STUDY TO GATHER AND DISSEMINATE IMPORTANT DATA ASSOCIATION EXECUTIVES CAN USE TO SHARE AND COMPARE THEIR CONCERNS. **TEXT MCKINLEY MARKETING - JODIE SLAUGHTER, PRESIDENT & FOUNDING PARTNER, JAY YOUNGER, MANAGING PARTNER & CHIEF CONSULTANTS AND SHERI JACOBS, CAE, MANAGING DIRECTOR CHICAGO OFFICE**



## 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

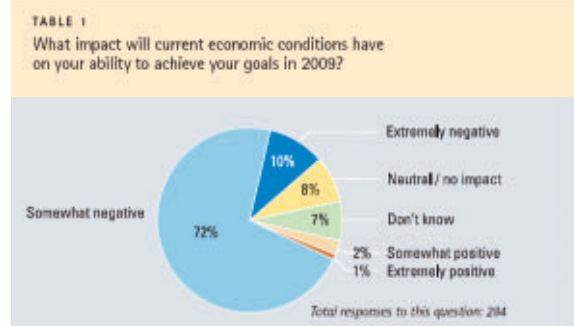
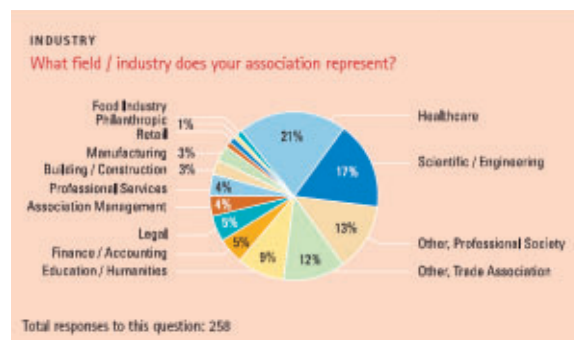
## ORGANIZATIONS

Slightly more than 20% of the survey respondents represented healthcare organiza-

tions. 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.

## 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



**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

**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%	20%
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

their association were spread across numerous industries and organizational sizes.

### 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.

### 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.

### 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.

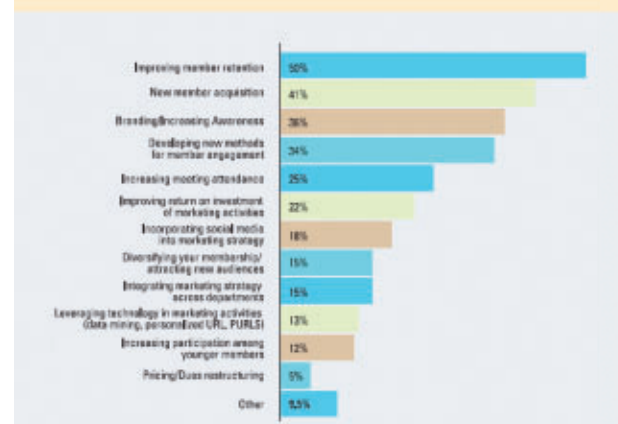
### KEY FINDING #5

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 4**  
What are your three highest priorities for 2009?



## One of the key findings is that 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

### 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.

### 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.

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

**TABLE 5**  
How effective are each of the following methods in helping your association achieve its goals?

ITEM	Increasing member retention	New member acquisition	Brand awareness	Increasing meeting attendance	Increasing 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)

**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	DO NOT KNOW
Direct mail	10%	42%	44%	5%
Email communications to members	55%	4%	39%	1%
Market research	13%	33%	49%	10%
Online advertising (Google adswords, banner advertising, online sponsorship)	22%	9%	43%	26%
Print advertising	7%	40%	47%	8%
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

**TABLE 7**  
What are your three highest priorities for 2009?\*

ITEM	PRIORITY
New member acquisition	40%
Brand 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	19%
Increasing meeting attendance	19%
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: 33  
\* Survey respondents who expect that the economy will have no impact or a positive impact on their association.

McKinley Marketing is dedicated to helping associations advance their missions and achieve their visions. McKinley Marketing helps them create value, effectively promote programs and services, identify member and customer needs, determine and implement appropriate dues structures, and generate non-dues income.