

Affinity Marketing Programs and the Association's Dilemma

The Association's Dilemma

"If you hunt two rabbits, you will lose them both" –old Turkish Proverb

Has the current recession affected associations? The data is hard to deny. According to one survey⁸, 36% of the 180 associations polled reported a decrease in their membership during 2010. In other words, more than a third of associations lost more members than they gained.

Understanding this dip is not difficult. Today, people are faced with difficult choices, stemming from the urgent realities of their situation. Time, income, and personal commitments are not just limited resources: they are sometimes wholly non-existent, or unstable at best. For example, the recent recession has seen the economy put into flux, increasing the financial demands and employment uncertainties of millions of Americans. As a direct result, millions are making decisions about what causes to support, which associations to stay active in, and which to discontinue. This in turn creates a dual demand on associations to increase their value in the eyes of the members (in order to recruit new members and retain old ones) while also trying to make up for lost dues revenue.

These two demands are in tension, and so associations face a dilemma—a dilemma that is particularly keen in this tentative post-recession economy. On the one hand, associations need to recruit new members and retain the members they have. Members are, after all, the lifeblood of the association, driving its activity and giving it a reason-for-being. On the other hand, associations need to stay financially stable. Revenues have to keep up with operating expenses, which naturally increase as membership (and member activity) increases.

Why are these two goals in tension? Recruiting and retaining members requires a substantial ROI for the membership, usually in the form of

As the economy has changed, so have member expectations. The majority of associations (59%) admit that their members' needs have changed. For instance:

32% share that their members want more networking opportunities,

42% say that members want to pay less for membership & products,

42% tell us that their member expectations have changed in other ways, including legislative policy activity, scholarships and financial assistance, among others, as well as clearer or deeper evidence of benefits/ROI.

*From "The Recession: Is There a Silver Lining for Associations?"
Fowler/Daxko 2010.*

benefits.^{8,11,20} In fact, a 2010 survey of associations and association members revealed that, of all members that chose not to renew association membership in 2010, a whopping 36% (over a third) chose not to renew because there was not enough perceived value in membership—the number one most common reason cited in the survey.¹⁶ But providing value to members often has a cost, and rising costs are hard to justify when membership is already shrinking. Adding to the tension, members expect association dues to go down during a recession—or, at the very least, base their decision to continue membership partly on lowered dues.^{8,16}

There is an old Turkish proverb that goes, “If you hunt two rabbits, you will lose them both”. Associations are, in essence, trying to hunt two rabbits. The data show that, while some associations are succeeding at pursuing two goals, many are not.

Leveraging an Association’s Attributes: Affinity

So how can increased recruitment and retention be pursued at the same time as financial stability? The key is to leverage those attributes that an association already has:

An understanding of their members. People join associations because of a common interest, cause, or professional affiliation. After a member joins, associations often continue to collect data about them, including information about their interests, professional concerns, and demographic data.^{5,6} Thus, associations have an understanding of their members that can provide valuable marketing information—information that can be of critical value to partners/sponsors.

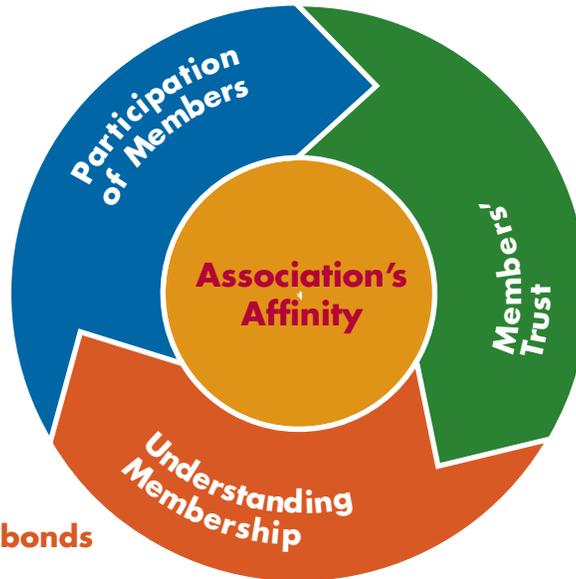
The participation of their members. Any type of engagement, however small, increases a member’s perception of the value of their association membership.³ Furthermore, utilizing the “grass roots” power of an organization can turn small, incremental behaviors into large effects.¹

Their members’ trust. Members often turn to their associations for help, ideas, and education.² Associations are also places where people with common interests can come together and form a community. Such interdependence is both fueled by, and contributes to, trust in the underlying association. Thus, the endorsement of the association can direct members’ behaviors.²¹ This level of trust is a natural fit for loyalty programs.



Of course, associations vary in the degree to which they have these attributes. All three attributes are majorly affected by an association’s cohesiveness. The measure of an association’s “cohesiveness”—and, subsequently, the trust that its members place in the association—is known in the literature as *affinity*. The classic definition comes from Machiette and Roy (1991): “The term affinity basically depicts an individual’s level of cohesiveness, identification, and conformity to the norms and standards of a particular reference group. The marketing concept, however, focuses directly on the satisfaction of individual wants and needs. It centers on the expectation of benefits to the consumer.”^{13,14}

- Increase in perception of value
- Large effects through incremental behaviors



- Associations endorsement can direct behaviors
- Fits well with loyalty programs

- Critical marketing information
- Common norms and bonds

Affinity, then, has both an “attitudinal” component (cohesiveness, identification, conformity) and a “marketing” or “behavioral” component (membership in return for benefits). The strength of an association’s affinity has been found to correlate positively with the strength of an association’s endorsements, motivation for members’ participation, and members’ identification with the association, and negatively with member decline.¹⁹

Understanding affinity in this way, it is easy to see how member recruitment and retention can be brought into sync with financial stability. Associations can bring a target market (and data about that market) to a sponsor/partner as well as their endorsement, in effect acting as an affiliate to the sponsor/partner. The sponsor/partner, for their part, can provide the association with non-dues revenue based on the association members’ patronage, which provides an alternative to volatile dues income and a “financial cushion” for the future.²¹ Finally, the association members gain access to exclusive offers and a customer service experience that adds value to their membership, while the marketing efforts of the sponsors/partners can be uniquely crafted to their interests and needs.^{4,2}

Affinity Marketing

Marketing to—and through—associations thus provides a unique opportunity: associations naturally form pre-selected target markets.^{13,19} Again, Macchiette and Roy’s definition: “Affinity marketing may be defined as a unique exchange process in which value-expressive products and services are marketed to reference groups with cohesiveness, common interests and/or values, usually offering shared incentives, in return for the group’s endorsement as a marketing leverage to its individual members or constituency.”¹⁴

Affinity marketing, then, not only taps into the members’ personal needs (and their subsequent calculations of ROI), it also taps into their “group related” needs¹⁴, including the feeling of “helping” or “doing the right thing”.^{8,10,17}

Affinity Marketing is substantially different from similar sounding market efforts, such as cause-based marketing and sponsorship.^{7,9} The main difference is that the corporate partner is specifically targeting, and providing value to, the members of the association itself (gaining valuable “mind share” and market data in the process), while the association also gains from providing a benefit to their members.

An effective affinity marketing program is a concrete way of avoiding the association's dilemma. According to David Carrithers of Affinity Center International, "A professionally developed affinity marketing program can bring the association's value to life and make it obvious why the member needs to stay active. The sad fact is there are only a few of these types of programs in existence for the association market."²

Example: Loyalty Points Programs

Running through the various kinds of affinity marketing programs is beyond the scope of this survey, but a brief example should suffice to give the flavor of such programs.

One kind of affinity marketing program is a points-based loyalty program. The idea behind points based loyalty programs is not new: consumers accumulate points by engaging in particular behaviors—for example, using a specific credit card or airline over its competitors. These points, once accumulated, can be redeemed later for various rewards. The goal of such a program is to change both customer behavior (increase episodes of spending and amount of spending) and attitudes (foster a relationship so that customers serve as advocates for the brand and resist competitive threats).

Such loyalty programs have been largely successful—multiple studies have shown that loyalty program members remain customers longer and spend, on average, 50 percent more than similar customers not enrolled in a loyalty program.⁴

The novel twist is in incorporating such a program into an association's membership retention and growth campaigns. One way to do this would be to integrate a typical points-for-reward program with an affiliate or royalty program that pays the association every time one of its members makes a purchase. The association adds a new dimension to the typical loyalty program: they contribute their endorsement, data, and efforts to the sponsors/partners, and also invoke members' empathy with their cause, thereby driving behavior. This behavior results in valuable points accumulation for the member and greater non-dues revenue for the association.

Particular Challenges for Affinity Programs

Affinity programs face their fair share of challenges as well. There are countless loyalty and affinity programs in existence, and novelty is hard to maintain because these programs are easy to replicate.^{4,12} Successful affinity programs require high levels of customer service and engagement, both of which can be time consuming for the association. Finally, members must see a value in their participation, in terms of economic benefit for both themselves and for the association with which they identify.¹⁸ New business models are developing to meet these challenges, especially for traditionally underserved association markets.



Appendix

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