



The Center for Association Leadership and ASAE

welcome you to the

2005 Marketing & Membership Symposium

**Monday June 27- Tuesday
June 28, 2005**

Bethesda North Marriott Hotel & Conference Center

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Providing value added risk management services for associations and affinity groups

Common Sense Membership Acquisition



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Topics Covered

- Environmental Scan
- Strategic Perspective
- Tactics
- Review of Sample Promotions
- Q & A

Environmental Scan

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Our Environment: The Need to Acquire Members

- Need to achieve growth
 - Replenish members lost through attrition
 - More members = spread costs, economies of scale
- Our typical outreach can't reach everyone in a targeted way
 - Even in down times, unemployment, consolidation
 - Older individuals and companies leave industry/profession; newer ones enter
 - We need to continually re-introduce ourselves to non-members as services change
 - Our universe is often growing, larger than we realize: associate members, international, diverse audiences
 - Need to attract the new generations and new audiences

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Reasons for Lapsing ... And Not Joining

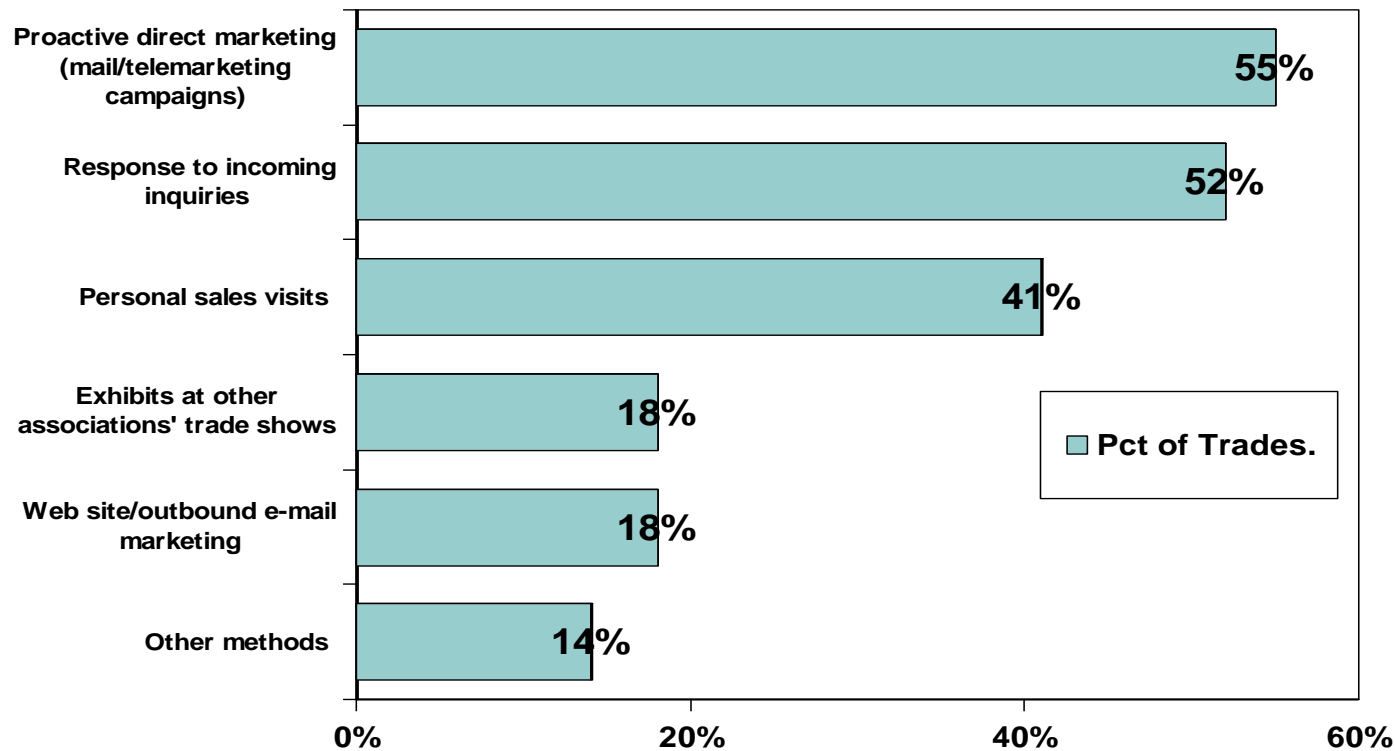
- The greatest factors for not renewing membership:
 - Individual Associations:
 - change of profession (25%)
 - dues expense (17%)
 - services no longer relevant (16%)
 - Trade Associations:
 - business closed/mergers (22%)
 - dues expense (18%)
 - services no longer relevant (18%)
- Non renewal is often well-understood
 - How well do you understand reasons for not joining?

Source: 2001 ASAE Policies & Procedures Study

Common Practices: Recruitment Methods

October 2000 Survey of Trade Associations:

- How they recruit new members: majority proactive, some inquiry response, personal sales, exhibits common with web relatively new and not used heavily.



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Other Association Trends

- Practices
 - Direct mail remains the most common membership recruitment medium.
 - Other methods (fax, email, telemarketing) represent only 10% of an association's overall communications methods
- Results
 - Growth (median): 3% for individual & 5% for trades
 - Primary membership category is mean of 82% mean for individual, 77% for trade associations (remainder are associates, students, etc.)
 - Infrequent dues increases

** Source: 2001 ASAE Policies & Procedures*

More Recent Association Trends

- Budgeting
 - Total member recruitment budget: median \$20,000 mean \$64,000
25% report \$7,500 or below; 25% report above \$64,000
 - \$70: median cost for organizations to recruit a new member
 - Proportion of association budget by channel:
 - 13% e-mail
 - 43% direct mail
 - 1% fax
 - 4% telemarketing
 - 15% in-person
 - 10% trade shows
 - 6% advertising
 - 8% all other activities
 - Only 3% indicate that they outsource member recruitment

* Source: 2005 ASAE Policies & Procedures (Raw Data)

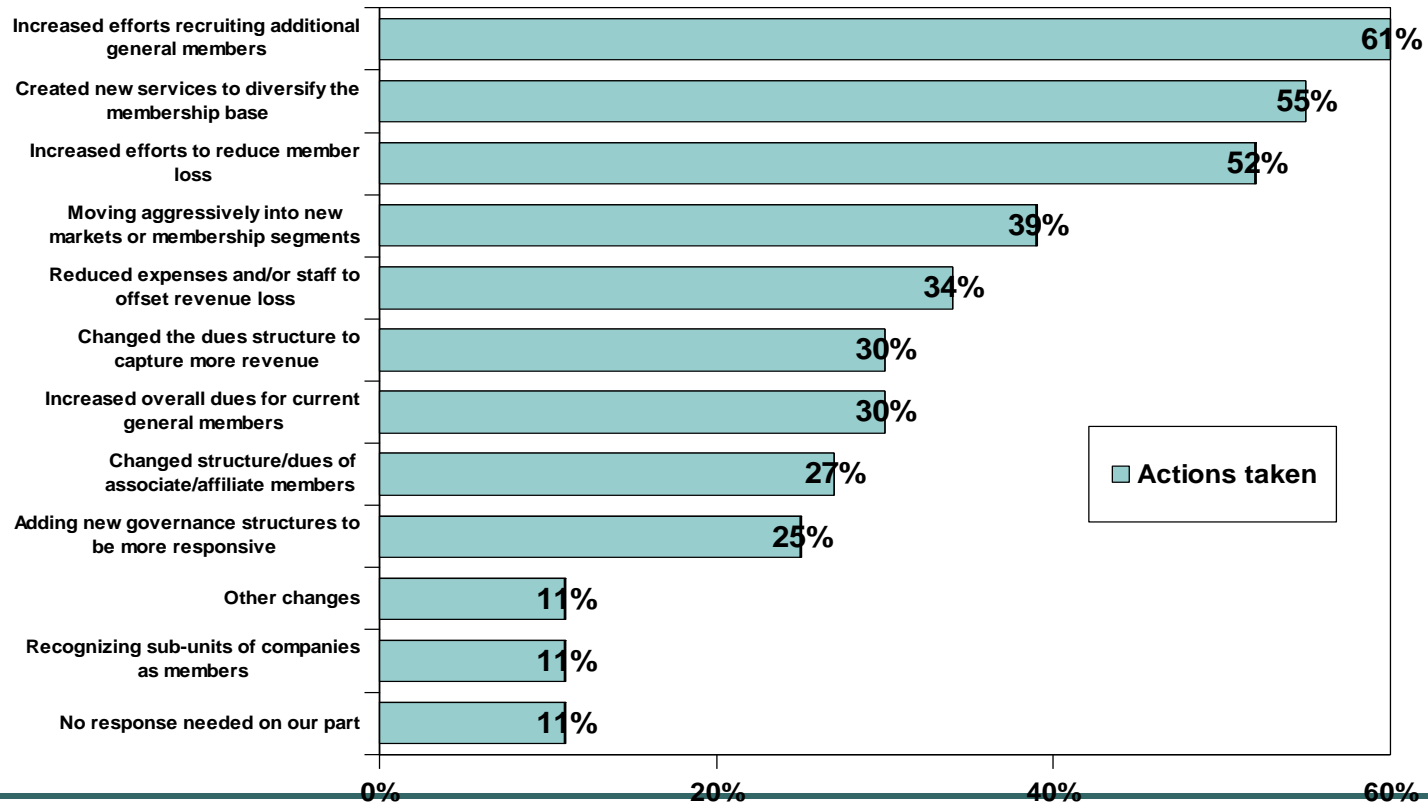
More Recent Association Trends

- Growth
 - Recent changes
 - 53% report an increase in membership: median 5% mean 12%
 - 20% report a decrease in membership: median 4% mean 4%
 - 28% report no change
 - Average of 14% of total membership are new members (0-1 year)
 - 20% have formal member get a member program

** Source: 2005 ASAE Policies & Procedures (Raw Data)*

Common Practices: Reactions to Consolidation

October 2000 Survey of Trade Associations:
"How they you responded to industry consolidation?"—mostly recruitment, service development, retention initiatives.



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Strategic Perspective

- **Your Market**
- **Tools for Measuring Return**
- **A Model Acquisition Program**

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Analysis & Strategy

- Understand your market
 - Current/historical penetration
 - Measure market size, general awareness, core & peripheral markets
 - Audience analysis: unique individuals who belong, have belonged, bought things
 - 2000 study: trades estimate 50% market share: over time, 51% increasing, 19% decreasing
- Understand the drivers
 - Your own branding and marketing/communications
 - Your offer and perceived value
 - Your positioning, competition and other external factors

Market: Association 1

Example:

Total in profession: 35,000

Level of awareness: 30% unaided, 50% aided

Total current members: 5,500

Total "users": 9,500 (*members, conference attendees, product purchasers, recent lapses*)

Total in Profession



Aware

Members

Users

Prognosis:

- Good pool for membership acquisition with non-member "users"-4,000 potential
- Need to raise awareness overall and among those who "know" you but lack top of mind recall.
- Membership penetration of 16%: may indicate issues with offer, past marketing: needs clarification.

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Market: Association 2

Example:

Total in profession: 35,000

Level of awareness: 60% unaided, 80% aided

Total current members: 14,000

Total "users": 18,000 (*members, conference attendees, product purchasers, recent lapses*)

Total in Profession

Aware

Users

Members

Prognosis:

- Good opportunity to convert aware individuals into membership
- Awareness already high within industry/ profession: expect high response rates
- Awareness outside industry: good opportunity to acquire associate members.
- Membership penetration of 40%: probably a good offer/perceived value

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Calculating Tenure

Examples:

Annual retention rate: 84%

Average tenure: $1/(\cdot 16)$ or 6.25 years

At other rates: 80% - 5 yrs 75% - 4 yrs 67% - 3 yrs

- **Definition:**
 - Average total years a person spends as member of your association
 - Defined by retention: $1/(1-\text{rate})$
- **Caveats:**
 - First-year retention generally far lower than long-term retention
 - Newly-acquired members are in a trial period
 - Evaluating your services, determining if your value proposition matches your marketing promise
 - Average tenure can vary year-to-year as rapidly as annual retention rates do

Calculating Lifetime Revenue

Average Individual Association (2001 P&P):

Average retention/tenure: 84% or 6.25 years

Average dues: \$130

Other rates: 80% - 5 yrs 75% - 4 yrs 67% - 3 yrs

- **Definition:**

- Member's total value over their lifetime

- **Formula:**

$(\text{Dues} + \text{Non-dues revenue}) * \text{Tenure} = \text{Individual LTR}$

$\text{Individual LTR} * \text{No. of Members} = \text{Total LTR}$

Example:

$(\text{Dues} + \text{Non-dues}) * \text{Tenure} = \text{LTR}$

$(\$100 + \$100) * 6.25 = \$1.250$

So...

For every 100 new members you recruit, you can expect \$125,000 in lifetime revenue.

Illustration: An Annual Acquisition Program

Internal Structure

Marketing Performance

Average cost of fulfilling member	\$50	Average mailing size	20,000
* Marginal cost of fulfilling a new member	\$20	* Total contacts per year	60,000
Average cost of discounted membership	\$15	Campaigns/year	3
Normal membership dues	\$155	Response rate	1.0%
* Average revenue per acquired member	\$140	New members per campaign	200
		* Total new members, direct/indirect	600

Market Conditions

Financial Performance

Current market share	33.3%	Revenue/campaign	\$28,000
Current core membership	20,000	Acquisition revenue/year	\$84,000
* Current associate membership	10,000	Cost per contact	\$700/M
Potential gain in core membership	40,000	Cost per campaign	\$14,000
* Potential gain in associate membership	5,000	Cost per year for program	\$42,000
Declining returns per year	20%	* Net revenue, current year	\$42,000
Probable maximum penetration	50%	* ROI on acquisition	100%
Available share of market	20,000		

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TEXAS MEDICAL SOCIETY

Newly Licensed Physician Recruitment Plan

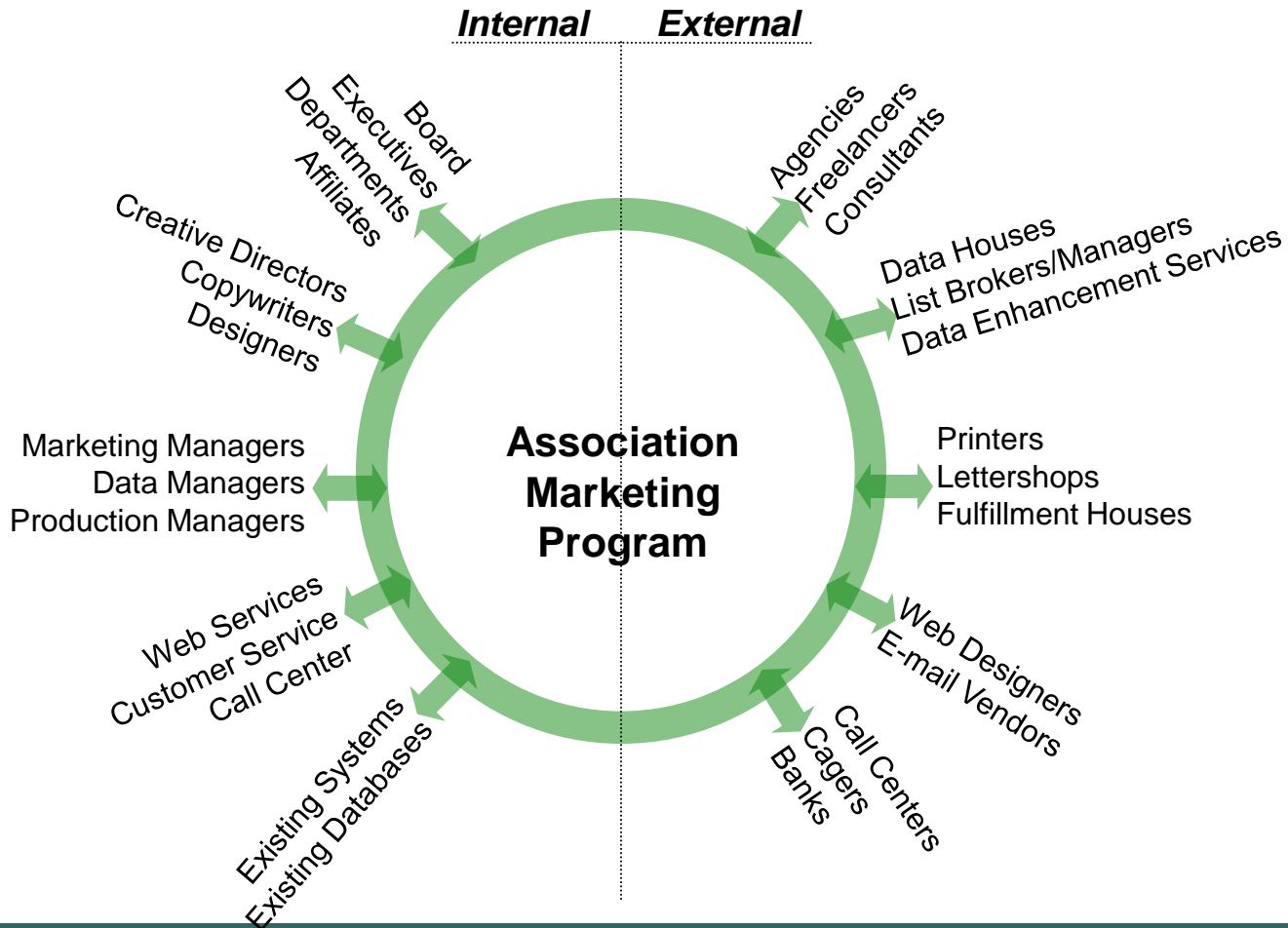
New Recruit Residing in Texas
Newly licensed data set is received electronically from the BME, entered into iMIS and dues records are created.
Dataset is sent to CMS for their review.
Pre-populate applications and 1st recruitment letter mailed (Exclude exceptions as designated by CMS) and Non-recruit code and activity records are added to those physicians who received the newly licensed mailing.
TMA staff makes phone calls.
Generate current status list of original dataset from iMIS (i.e., how many new members, APL).
Send CMS current status of dataset (i.e., how many new members, APL).
TMA and CMS staff phone call assignments are determined.
TMA and CMS staff phone calls are made (Thank you for your app and welcome, or you're invited to join, can I answer any questions?).
Follow-up postcard invitation sent to those who have not joined/responded.
Mail 2nd pre-populated application and recruitment letter (from physician leader and targeted by specialty).
Make TMA physician member call assignments in conjunction with the CMS staff.
Physician member phone call.
Remove non-recruit code for physicians who didn't join.

** Each month CMS receives monthly report of newly joined TMA members. CMS staff & leadership should call to welcome & provide information.*

*** Shading indicates CMS activity.*

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Your Marketing Program



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Your Available Resources

- Many associations have internal resources:
 - April 2005 study (64 staff, \$14.4MM budget average)
 - Only 61% have a Marketing division and 59% a Membership division
 - Common titles: marketing director (58%), market managers (49%), production managers, acquisition managers (33% each)
 - Average staff: 4.1 FTE in Marketing, 4.0 in Membership, 3.3 in Member Services
 - 25% indicate Membership & Marketing “don’t work together effectively”
- Outsourcing

Tactics

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Acquisition Methods

Direct

- Direct Mail
- E-mail
- Fax
- Telemarketing
- Face-to-Face
- Lead Generation Programs

Indirect

- Member Referrals
- Call Center
- Advertisements
- Website
- Chapters/Affiliates
- Conference Affiliates
- Product Buyers
- Subscribers

Acquisition Direct Marketing: Five Common Mistakes

- 1) Materials too long & written for insiders
- 2) Poor use/integration of media
- 3) No scale in marketing: high cost per contact
- 4) No frequency: one campaign per year
- 5) Not enough evaluation/analysis

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Direct Mail: Messaging

- How do you speak to a stranger?
 - Get their attention
 - Introduce yourself: be memorable
 - Use strong *unique selling proposition*
 - Support positioning, reinforce your brand
 - Win their trust: summarize your value *quickly*
 - Get to the point with offer and reply
 - Focus on them—"What's In It For Me"
 - Be conversational & friendly
 - Use jargon, specific examples
 - It's a peer-to-peer communication

Direct Mail: Schedule & Testing

- Frequent communications
 - Build campaigns that include periodic contact
 - Components: letters, brochures, envelopes
- *Test* wherever possible
 - Formats: #10, self-mailers, 6 x 9, Invitation, Postcard
 - Offers: discounts, premiums, no offer
 - Personalization of letters
 - Segmentation: variable copy in letters, teasers, etc. by type of prospect
 - Short often outperforms long formats
 - Avoid assuming too much: base marketing on *results* not internal preferences/biases where possible

Direct Mail: Formats

- Inserts/Brochures
 - *Test!* Sometimes these do not increase response.
 - Specialize and target inserts.
- Reply Forms
 - BRE will increase response.
- Outer Envelopes:
 - *Test* closed face does not always increase response
 - Envelope teasers often depress response

Direct Mail: Tone

- Many unwritten rules (are they good?)
 - Little “going negative”
 - No direct positioning against specific competition
 - Complexity: providing all details
 - Assumes high-interest prospects
 - Ignores facts: short often beats long, fewer inserts beat brochure ...
 - Professional tone
 - Often assumes an older reader
 - Avoiding quantification
 - Few expressions of direct value or “symbolic asks”

Direct Mail: Audience/Lists

- House lists (prospects, product purchasers, meeting attendees) usually perform best
- Lapsed: test, generally go back five to seven years
 - National Change of Address (NCOA) the file
- Test new lists
 - Response and membership lists generally outperform compiled lists
 - Check your own association's mailing list renters and advertisers for prospective lists
- Always use merge/purge: suppress current members
- "Multi-buyers" can be reused for later mailings

Direct Mail: Offers

- Approach
 - Discounts or premiums
 - No-risk offers out-pull hard offers
 - Offer more help (15 months for 12)
- Pricing Tactics
 - Free trial offers out-pull hard offers
 - Trial Offers
 - Price Points “7” or “9”
 - Use a deadline to convey urgency
- Payment modes:
 - Credit cards will increase response rates
 - “Bill me” option increases upfront response
 - First and Multiple Year Discounts

Other Tactics: Telemarketing

- Often the least-used method
 - Tends to break through the clutter
 - “B to B” often more effective than “B to C”
 - Metrics: response rate, conversions
 - Rarely go for the direct sale (credit card)
 - Integrate with pledge fulfillment: paid vs. unpaid, mail or faxed invoices
 - Refusals, non-contacts, bad info (DNC, disconnects, deceased)
 - Often good idea to integrate acquisition calls with other programs
 - Renewals, new member, conference

Lead Generation

- Creates a lead from direct mail, e-mail, telemarketing
 - Sales or marketing staff follow up on lead
 - Especially successful for higher dollar memberships (<\$500)
- Effective for memberships that require consideration before acceptance
 - Evaluate based on up-front response and conversion rates

E-mail Acquisition

- Effective method for working prospects
 - Very low cost per contact
 - Easy to incorporate with other methods
 - Rental lists available at high CPM
 - Often best to maintain list of inquiries
 - Be willing to “give away” content
 - Often email is a good way for them to “shop” and become familiar with your organization
 - Consistently drive readers to website and/or membership landing page

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E-mail Acquisition

- Technical Tips
 - HTML generally yields higher open and click-through rates than text
 - Most popular day: Tuesday, followed by Wednesday then Thursday
 - Avoid spam filters:
 - Specific times of day, weekends
 - Words/characters to avoid such as “free,” “!”

Adhering to Restrictions

- Privacy issues
 - You cannot fax someone who has no prior relationship with your organization.
 - E-mail blasts must have an opt-out.
 - Be as specific as possible on the opt-out.
 - If someone asks to be taken off a list you must!
 - “Do not call” list.
 - Any sweepstakes promotion must be open to any member and with no purchase necessary.
 - DMA has a useful guide available for purchase.

Evaluating Your Results

- Evaluate head-to-head results: tests and/or multiple control packages. Base on response rate or revenue (if multiple dues levels/price points)

Mail Packages:	A	B	C
# Mailed	364,945	150,000	50,000
% Response	0.71%	1.23%	0.77%
Average Rev.	\$36.50	\$24.00	\$55.50
Rev/M	\$257	\$293	\$425
ROI	-28%	-35%	8%

- Then evaluate based on long-term performance
first year renewal rates, lifetime value by campaign, media used
 - Recognize that quantitative analysis probably misses many “sales”

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Sample review

- What is working?
- What is not working?
- Sample critique

Q & A and Discussion

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Thank you!

***We hope you found this
program useful.***

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