

PROFITING THROUGH  
**ASSOCIATION**  
MARKETING



GARY C. TEAGNO  
**asae**

# PROFITING THROUGH ASSOCIATION MARKETING

*Gary C. Teagno*

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# PROFITING THROUGH ASSOCIATION MARKETING

*To  
Ken Guenther,  
my mentor,  
and to  
Pam, Kari, and Jeffrey,  
my inspiration*

## *Preface*

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*Profiting through Association Marketing* was developed to provide an insider's look at the 100,000 associations thriving in America and show how they can assist corporations to garner market share. Each association represents a readymade target market of motivated prospects. For the members of each association share a common bond—whatever their occupations, vocations, or pre-occupations. Association members highly regard the association that has earned their dues, and they support its programs.

We will examine the association market; its motivations, decision making, and “hot-buttons.” The book also details the opportunities for program development, association prospecting, the close, and successful member marketing.

The challenge is to select the association that best represents your customers or prospects, and design programs that meet the associations's needs. Our goal is to help locate your ideal association and build a program that is too good to refuse.

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American Physical Therapy Association	National Association of College Stores
American Society of Association Executives	National Association of Realtors®
American Trucking Associations	Penny-Wise Office Products
AON Specialty Group	PHH U.S. Mortgage Corporation
Automotive Service Industry Association	Pitney Bowes
Avis Rental Car System	Produce Marketing Association
Camelot Travel Services	The Prudential
Chicago Society of Association Executives	Royal Insurance
Commercial Life Insurance Company	The St. Paul Companies
Distributive Education Clubs of America	Schlegel & Associates
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**Gary C. Teagno**

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## Chapter One

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# A Nation of Associations

Americans of all ages, all stations of life, and all types of dispositions are forever forming associations. They have not only commercial and industrial associations in which all take part, but others of a thousand different types—religious, moral, serious, futile, very general and very limited, immensely large and very minute.<sup>1</sup>

America is indeed a nation of associations. The IRS estimates that there are now over one million tax-exempt organizations in the United States. Michael O'Neill, the author of *The Third America*, states that this sector of America "owns 10 percent of the nation's property, employs as many civilians as the federal and state government combined, has a bigger budget than all but seven nations in the world."<sup>2</sup> While the nonprofit sector includes such diverse groups as charities, churches, schools, hospitals, and museums, only one group of nonprofits is dedicated to representing the interests of individuals and businesses across the nation: associations.

While associations can be traced back to the ancient cultures of Rome and the Orient, the growth of associations as we know them today began in the Middle Ages with the guilds that were established to protect the interests of merchants and their families. While the Industrial Revolution diminished the importance of medieval guilds, the growth of associations in America was just beginning in the 18th century, witnessed by the rapid growth of cooperative trade groups and chambers of commerce formed to promote favorable business conditions. With the advent of the Civil War and the nation's subsequent industrialization,

association and chamber of commerce formation accelerated to meet the growth of specialized industry. Many of the associations formed in the 1800s continue to serve members today:<sup>3</sup>

American Statistical Association (1839)

American Psychiatric Association (1844)

American Medical Association (1847)

American Pharmaceutical Association (1852)

American Iron and Steel Institute (1855)

National Education Association (1857)

American Dental Association (1859)

At the beginning of the 20th century, only 100 national associations existed in the United States, but by the end of World War I, in order to meet the nation's tremendous industrial demands, over 1,000 national associations had been established.<sup>4</sup> To foster economic development and export trade, the number of national associations doubled, to approximately 2,000 following the Depression and World War II.

Spawned by the increasing specialization of industry and the birth of new technologies, the number of national associations continued to grow at a steady pace, reaching 5,000 in 1956 and 13,000 in 1975. In the last 25 years, because of the continued economic growth of the nation, the number of associations has quadrupled to meet the needs of both individuals and businesses.<sup>5</sup>

The enormous influence of associations affects every American. A recent study by the American Society of Association Executives (ASAE) and the ASAE Foundation found that 7 out of 10 Americans belong to at least one association, and 4 out of 10 belong to four or more. Just the top 200 associations in the United States represent over 260,000,000 members—more than the population of the United States.<sup>6</sup>

The top dozen associations, ranked by membership, are virtually household names:\*

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\*Source: *Association Fact Book*, published by the American Society of Association Executives.

American Association of Retired Persons

American Automobile Association

YMCA of the USA

National Geographic Society

National PTA

National Wildlife Federation

Boy Scouts of America

4-H Programs

Girl Scouts of the USA

American Heart Association

American Legion

National Rifle Association

Contrary to what most people believe, associations are not principally “political animals.” According to research conducted by the Hudson Institute for the American Society of Association Executives, the major roles of associations are:

1. Setting, certifying, and meeting product standards. Voluntary standards, established by an association are generally preferred over government regulations because they are often more flexible and adaptable and they help ensure the compatibility and interchangeability of products and parts. In 1990, the association members surveyed spent \$14.5 billion to meet voluntary rules.
2. Education—almost 90 percent of associations surveyed offer educational programs to their members and disseminate information to the public. Through their educational offerings, associations translate general information into concrete practices in industry and professions, provide technical education assistance and management training.
3. Encouraging professional conduct through the establishment of standards, certification, accreditation, and licensing. While secondary education, graduate training, and state licensing form the basis, associations promote professional conduct through peer review, courses that meet legal requirements, and the issuing of standards that often form the basis of disciplinary action.
4. Information—almost 65 percent of associations gather statistics and facilitate or conduct research. Many institutions, including the government, depend on associations for statistical information, on which to base policy debate.

5. Political representation. Overall, associations spend less than 10 percent of total annual expenses on political education, often concentrating on explaining new regulations and guidelines, rather than lobbying. Associations also provide information to Congress and other government agencies on the potential effect of proposed legislation or regulations on their members.<sup>7</sup>

Over 100,000 associations now exist at the national, state, and local levels. These associations vary in nature as widely as the occupations, vocations, and preoccupations of Americans. For almost every cause, belief, or position there are likely to be associations that represent its proponents and associations that represent its opponents. The common bonds that association members share are marketing dreams come true, for not only do members share common traits, but they believe in their association and in the programs it supports.

The essence of target marketing is getting your message in front of motivated prospects. Because the average sales call now costs \$275 and the average sale takes 5.5 sales calls, target marketing is an economic necessity.<sup>8</sup> Through target marketing, return on investment is improved through the elimination of unproductive promotional, advertising, sales, and marketing efforts.

David Cravens, in his book *Strategic Marketing*, states, "When you analyze the corporate and marketing strategies of successful companies, one feature stands out. Each has a target market strategy that has proven to be a major factor in gaining a strong market position for the firm, although the actual strategies used by firms and the business units within them are often quite different."<sup>9</sup>

In traditional target marketing, the sales process usually begins with a corporate examination of current customers and prospects to determine the factors that the groups have in common. For individuals, depending on the product, you might examine income, location, purchasing habits, purpose of the purchase, criteria for purchase, product features, occupations, and even lifestyle. If your target is other businesses, you might examine the industry, the location, the application, and requirements and service needs.



Once you've defined the target market, you have to determine if and how it can be reached. An effective marketing strategy will likely involve utilizing the expertise of list brokers to target direct mail and using advertising agencies to focus media exposure. Through the traditional process of establishing a target market, you have established a de facto "association" of people or businesses that share common characteristics and buying habits.

Traditional target markets are composed of businesses or individuals who are unaware of their selection and lack any direct connection to anyone else in the same group or to those who established the group. Members of an association, however, have an established affinity with the association. That sense of affinity is a strong motivator since the decision to buy is often influenced by the actions of peers, the "seal of approval" of a trusted party, or the confidence that a supplier understands the buyer's needs.

## **ASSOCIATION ACCESS**

Associations are target markets, for each association is comprised of individuals or businesses that share common characteristics and buying patterns. Associations are a cut above fabricated target markets because the members of associations not only share a common bond, but belong to an established group of their peers and have expressed their ongoing support of the group through participation and the payment of dues.

There are two methods to access a target market through an association. The first option, traditional association marketing, involves taking an active role within the association that represents your customers and prospects. This approach permits your advertising, promotion, and marketing to be targeted, increasing its relevancy and effectiveness. The second approach is to market in partnership with associations. Association partnerships permit you to leverage your product expertise and marketing with the name, goodwill, and access to the association. Unlike traditional association marketing, partnerships provide an unparalleled opportunity to target market with the "seal of