

The market driven model – The future for associations

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**How did the economic crisis impact the associations world? Were associations forced to revisit their business models as the result of an evolving marketplace? Have they suffered from the crisis or did they come out even stronger and in a healthier financial condition?**

The association industry has experienced the ripple effects of recession. Memberships are largely drawn from industry, and when industry ‘tightens its belt’, third-party relationships with organisations, such as associations, suffer. As a result, associations are faced with increased pressures to retain their membership and constituency bases.

Without doubt, associations strongly reliant on membership revenues went through difficult times. According to the survey carried out by MCI Brussels among European and international associations, over 50% of those surveyed have suffered from decline in membership revenues in 2010 (see graph below).

Where have you seen the most significant decline in revenues?

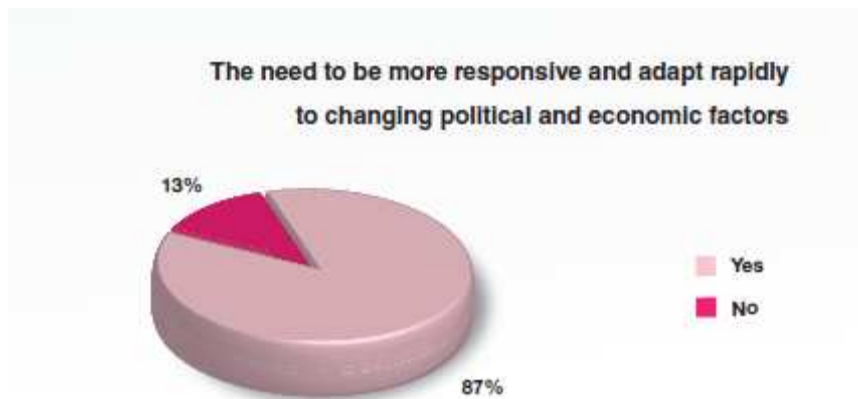


The industry in some way confirmed the Darwinian ‘survival of the fittest’ theory. As members became even more selective in their choices of memberships, events and programmes, they were choosing the high-quality, value-for-money and ROI generating services. The world of associations was suddenly faced with increased competition, coming not only from other associations but also from commercial service providers.

### Membership-based model redefined

Changing member needs and behaviour patterns, as well as external pressures, resulted in some irreversible steps that associations needed to undertake, which include revisiting their ‘raison d’être’ or ensuring that their value proposition was still relevant to their members. They needed to move away from extreme reliance on the membership fees as the only source of revenue and become more competitive, which often meant starting to operate more like for-profit businesses. Unfortunately, many associations are at the beginning of this journey.

Luckily, many associations seem to recognise the importance of market monitoring and the need to adapt to the continuously evolving environment. According to the very same survey, 97% of respondents see the need to be more responsive and adapt rapidly to the changing political and economic environment (see graph below).

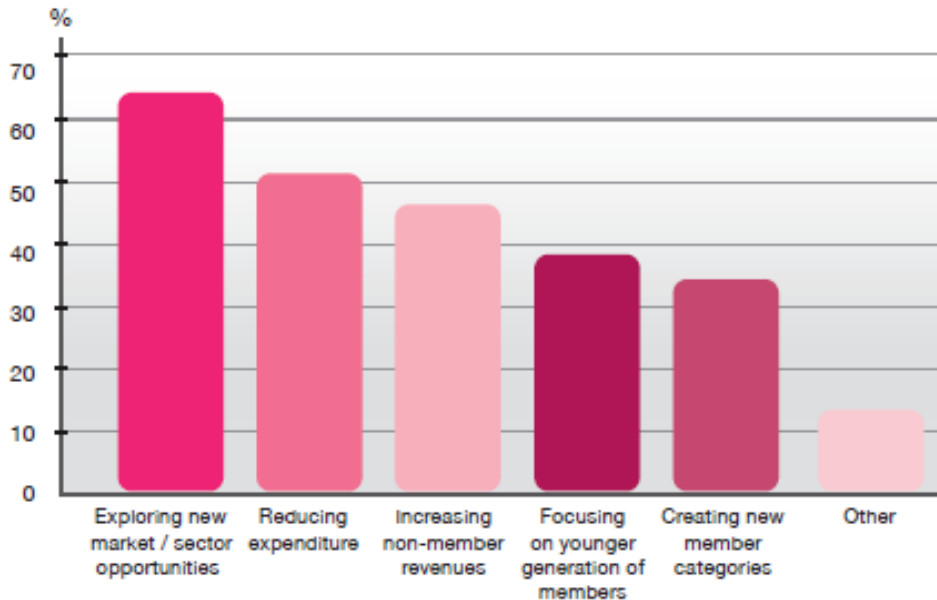


### Association or corporate-like?

In view of these changes, the corporate vocabulary suddenly became part of the association jargon. Such words as **sustainability** extended their meaning much beyond *green* or *environmentally friendly* to also mean *able to endure* or *sufficiently profitable to last* – the words, which have almost been banned in the association vocabulary up to now.

This new dimension of the word *sustainability* requires specific activities in which associations need to engage in order to ensure their ability to last and grow (see the graph below).

**Which of the following actions is your association taking to ensure future sustainability?**



Apart from changing services and activities, associations also recognised the increased need for a clear vision and strategic objectives, accountability measurement and diversified talent pool.

The changes, however, are not only the result of the economic crisis, which is why it became increasingly important for the associations (like businesses) to monitor their market environments and be able to identify trends and opportunities of the future.

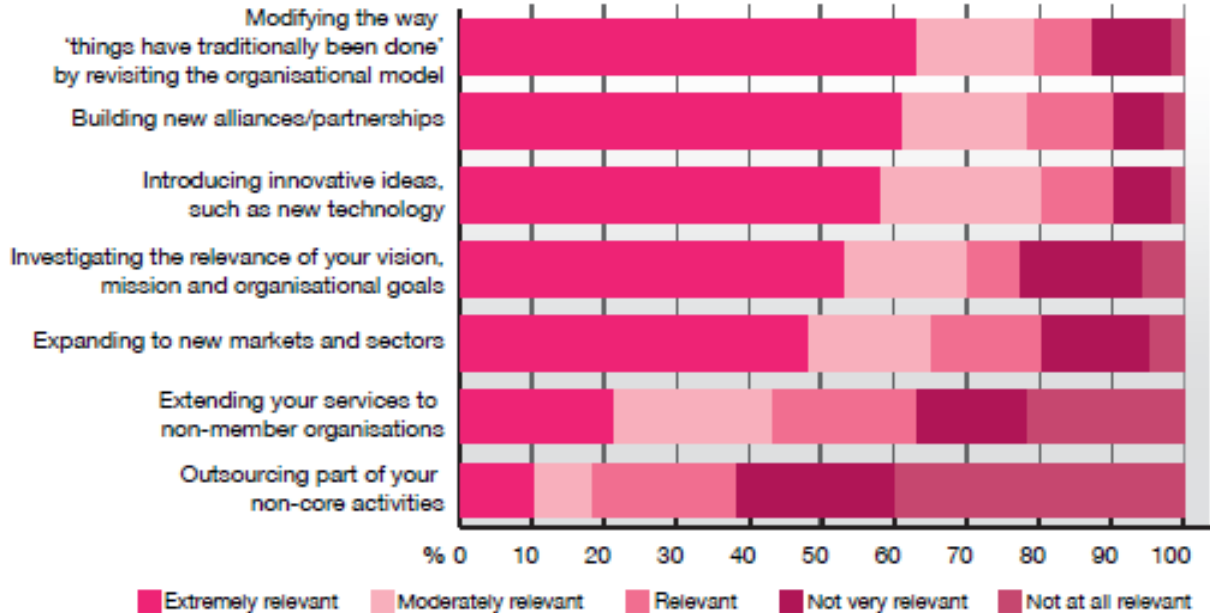
The associations, which became aware of the increasingly complex market conditions and their impact on the association business model, became trend-setters, thought leaders and role models for others to follow in their strive to achieving the best possible market position.

Such phenomena as the use of social media, globalisation, generation gap and fast growing emerging markets only added to the existing complexities.

So what are the recession-proof and universal strategies that can help associations in their sustainable growth?

Examples include introducing new services and activities to the existing members or extending global outreach, both geographically and outside of their core membership. Partnerships and alliances grow in importance and so does the emphasis on innovation (see the graph below).

## What do you see as your greatest opportunity?



A key objective of many associations now is to **enhance the relevance, accessibility, and delivery of their programmes and develop services to new markets**. In order for this to be successful, one of the key components is the accurate profiling of user needs.

The next phase in the process is to translate the findings of market profiling into **effective delivery infrastructure**. Experience has shown that the success of delivery is often determined by specific geographical market characteristics, which should be an intrinsic part of the final recommendation to action.

### From fancy words to reality

Fundamentally, association organisational drivers appear to be changing for the most part, as **organisational planning and strategies** have become the priority 'buzz words' of the day.

Having the right value proposition, based on accurate market segmentation and data is paramount. As in any chain of supply and demand, associations should not market a product or benefit without having a clear market profile for these services which can be supported.

Today's economic environment is pushing associations to accelerate this process of change from a product and service driven approach to a **market driven association model**. After all, the automotive industry may not be so different from the association world; a strong brand name without the right products and services will have little future. More than ever, associations should question their existing model of products and services, define a demand driven value proposition, and ensure the functioning of an efficient and effective delivery infrastructure.

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## **8 Market-driven strategies of successful associations:**

1. Revisit the association's 'raison d'être'
2. Ensure the value proposition is relevant
3. Develop diversified revenue sources
4. Monitor the environment and identify trends
5. Adapt fast
6. Formulate clear vision and objectives
7. Build partnerships and alliances
8. Innovate