

The Race to the Bottom. Are your Membership Affinity Programs Really Worth It

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In an age where the internet, social media sites and credit cards with loyalty discount programs provide easy access to information, communities of interest and/or group benefits or savings, associations need to take a hard look at the value of their member affinity programs.

Victor Santacruz, CAE reinforces this point in the 2nd edition of Canadian Association Management (Canadian Society of Association Executives, 2013) as follows:

Affinity programs are not the silver bullet or the omni-solution for non-dues revenues or added value proposition to membership. Associations need to be informed on how, why, when and *if* they should develop or adopt such programs. An evaluation beyond the programs, assessing how they will affect the association both in culture and focus, must be undertaken.

A case in point is the credit card merchant discount program introduced in the 80s by the Retail Council of Canada (RCC). First out of the gate, it provided an innovative benefit program that differentiated RCC and skilfully served as a membership recruitment and retention tool – a great money-saving program that allowed us to clearly show a positive return on our stakeholders' membership investment.

While it still serves us well because of our market size and penetration, it is by no means the most sought-after membership benefit today – that's because most associations can negotiate a similar program for their members, albeit with some small variation of the rates or overall package. The same thing applies to gas, shipping, insurance programs and the list goes on.

Lesson learned: We relied too heavily on this program as a recruitment and retention tool. As the world changed (e.g. every other industry association could negotiate a similar program), we were ill-equipped to provide the right narrative and tools to clearly illustrate membership value and market differentiation. Our attrition rate climbed - it was indeed a race to the bottom! We were building our brand on 'sameness' (addicted to the easy revenue these programs generated) and we lost our way for a while. It was an eye-opener and it forced us to reassess our mission and deliverables. In a strange way, this addiction forced us to better understand what we needed to stand for and what we needed to deliver (what members truly valued most) – which was to be the Voice of Retail in Canada (obviously not centred around affinity programs).

Affinity programs can be addictive (especially if they generate substantial non-dues revenue as noted above) and can distract you from your core business and differentiating value proposition. Do you really want to be known as an affinity program provider or as the voice or effective advocate for your sector, profession, or community of interest? Beware of the temptation - the revenues generated from these programs should not serve as a security blanket or deterrents to solid and intelligent financial planning. When these revenues dry up, are you in a position to re-adjust your membership fees to the appropriate level? How will your members re-act to that?

Trade shows, and their associated revenues, are not affinity programs but they serve as a good example of reliance on a non-core not-for-profit organizations' key mission and deliverables. Canada Revenue is now taking a hard look at non-dues revenue and at activities that it considers outside the realm of an association's central role. It's worth taking note and it's worth assessing how you generate revenue and for what end.

I'm not suggesting for a second that we should eliminate all affinity programs but here are a few questions we've asked ourselves at RCC along the way to objectively assess our affinity programs, their values and place within the organization's mission and objectives.

- The number-one reason members join an association is because they believe doing so will help them solve a problem – are your affinity programs solving their problem?
 - Do your affinity programs reflect the specific needs of the community you serve? Are these programs something you must own to remain relevant and top-of-mind with your community? Or are they just copycat programs or nice to have?
 - Can you objectively measure the impact of your affinity programs on recruitment and retention or brand equity? If you can't, why are you spending valuable staff time managing and delivering these programs?
 - Are the financial benefits paid by those who deliver those programs for you equivalent to what you would generate if you could retain and grow your membership with programs they truly value?
- Is there a clear price advantage and value for members and can you stand by the provider/supplier(s) providing that service? Does that benefit provider/supplier reflect your values and vision? Will that provider/supplier enhance your brand?
 - Are the revenues generated from these and other non-dues revenues superseding the revenue that should be generated through suitable membership dues? Could you justify your revenue generation schemes to Canada Revenue?

Understanding the place, value and purpose of your affinity programs will help you determine your course of action. Here's a great quote to inspire you.

To improve is to change; to be perfect is to change often.

[Winston Churchill](#)