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Leveraging the Net: Association Internet Benchmarking Survey

by

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Leveraging the Internet for Member Value

I. INTRODUCTION

This study represents Leverus' first effort to assess Internet technology usage among non-profit organizations in Canada. It is intended to help provide association executives and their members with insights that will allow them to benchmark their own Internet usage. Associations are information-intensive organizations where the ability to collect, process, and disseminate large amounts of information quickly is essential. By identifying and adopting best practices in Internet technology usage, associations can better fulfill their mission and objectives.

For many associations, the Internet continues to be used mainly as a means to share an electronic brochure. Such limited usage does not speak to the pressing challenges association managers face in 2001. Increasing member demands for services, a declining volunteer base, and the challenge of providing services to members in a country as large as Canada—these are just some of the issues that confront association executives.

In response to these challenges, the Internet presents enormous opportunities to associations. Associations possess sectoral insights, a trusted status, and a defined demographic—all of which are critical success factors for any organization seeking to maximize the power of the Internet. Associations that embrace the Internet in a strategic fashion can achieve a number of tangible benefits, including:

- The ability to provide members with real time service delivery by leveraging the Internet.
- The ability to better service members despite geographic challenges.
- Increased operational efficiencies and a dramatic reduction in traditional communications costs.
- Heightened interaction with the membership.
- Increased non-dues revenue opportunities through innovative web advertising and related affinity programs.

II. PURPOSE OF REPORT

The purpose of this report is to provide an overall assessment of how associations are utilizing the strategic member service delivery and operational efficiency gains offered by adopting Internet based technologies. As such, the report seeks to provide both association executives and their members with strategic insights to help them in evaluating the effectiveness of their own Internet capabilities.

III. ORGANIZATION OF REPORT

The report's findings are organized into five key sections. These include:

Section 1 offers an overview of the survey and looks at the broad Internet usage trends among associations.

Section 2 considers the degree to which associations have embraced various Internet based tools to address operational efficiencies.

Section 3 examines the degree to which associations are utilizing the Internet as a tool for enhanced service delivery.

Section 4 looks at association web activities aimed at generating non-dues income.

Section 5 concludes by highlighting some future issues for associations to consider as they embrace their own web strategies.

IV. METHODOLOGY

Leverus drew upon a number of methodologies and inputs in preparing the results of this study. They are described below:

Web-Based Survey

Over a one-month period we contacted more than 1,000 organizations and asked them to complete our specially designed survey. Participants from each organization completed an interactive form posted on the Leverus website. Data was collected and analyzed using the SPSS statistical software. In total, almost 17% of those associations contacted responded to the survey.

Web-Site Analysis

As part of the benchmarking process, Leverus carried out a detailed best practices benchmarking of over 150 association websites. In each case, sites were assessed for the extent to which member services are delivered using Internet technology.

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Literature Review

Leverus reviewed a number of Canadian and US studies that examined technology usage and IT trends among associations. In addition, we drew on the growing body of literature that reviews association management issues and trends.

Section 1: Survey Overview

Canada is one of the most wired and connected countries in the world^{1,2}. Statistics Canada estimates that in the year 2000, there were over 13 million people (53% of those aged 15 and over) that used the Internet at home, at work or at some other location³. The most recent reports suggest that over 14 million Canadians used the Internet from home in September 2001.⁴ Over 60 percent of Canadian companies have a web presence.⁵ The Canadian government is a strong advocate of e-services.⁶ The impact of the Internet on society has recently been extended to include its effect on the volunteer sector.^{7,8,9} This interest is due to the size and scope of the non-profit sector. This sector includes volunteer organizations, charities, trade and professional associations and is considered to be a vital third pillar in Canadian society. Organizations range from small, neighbourhood, and issue-specific groups to broad national umbrella agencies. About 175,000 non-profit organizations exist in Canada, more than 77,000 of which are registered charities.¹⁰ Our survey is the first comprehensive study that focused solely on Canadian associations and their use of the Internet.

¹ Connectiveness Index for 2000, Conference Board of Canada, January 2001.

² Internet Industry Almanac, 2000, September 2000.

³ General Social Survey 2000, Heather Dryburgh, Statistics Canada, Ottawa, Canada, March 26, 2001.

⁴ September 2001 Canadian Internet Usage Stats, Jupiter Media Metrix, Toronto, Canada, October 17, 2001

⁵ CMA Annual Internet Marketing Survey, Canadian Marketing Association, Oct., 2001

⁶ Wired to Win! Canada's Positioning Within The World's Technological Revolution, Marie-P. Poulin, Michael Forrestall and Mira Spivak, Standing Senate Committee on Transport and Communications, May 1999.

⁷ Information and Public Policy Concerning Voluntary Sector Use of Information Technologies, the Internet and the World Wide Web: An International Report, Marcus Pargmegiani and Tarun Sachdeva, September 2000, Canadian Centre for Philanthropy.

⁸ Survey of Voluntary Organizations, Final Report, EKOS Research Associates Inc. prepared for Volnet, March 2001.

⁹ Information Management/Information Technology and the Voluntary sector - Environmental Scan, March 31, 2001, PRA Inc., prepared for IM/IT Joint Table.

¹⁰ The Voluntary Sector - Society's Vital Third Pillar, PCO's Secretariats, June 15, 1999.

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1.1 Who are the Participants?

The majority of survey participants reside in Ontario and are distributed evenly according to budget size and focus. Our survey included questions on the general demographic profile and operating characteristics of the participating associations. The majority of respondents (more than 80%) have their headquarters based in Ontario although some organizations from other provinces such as Quebec, Alberta and BC participated (Figure 1). This is somewhat expected as many organizations are based in Ontario.

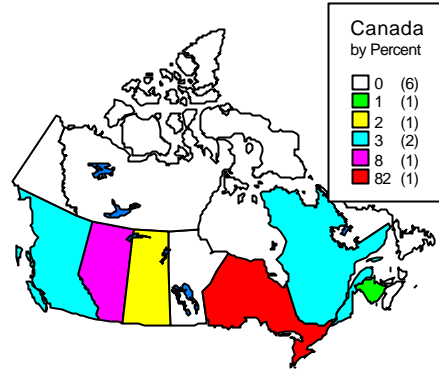


Figure 1. Regional distribution of respondents.

According to their budgetary profile, small associations (those with budgets less than \$250,000), medium size associations (those with budgets between 250,000 and \$500,000), large organizations (those with budgets between \$500,000 and \$3,000,000) and very large organizations (those with budgets greater than \$3,000,000) all contributed to the survey (Figure 2).

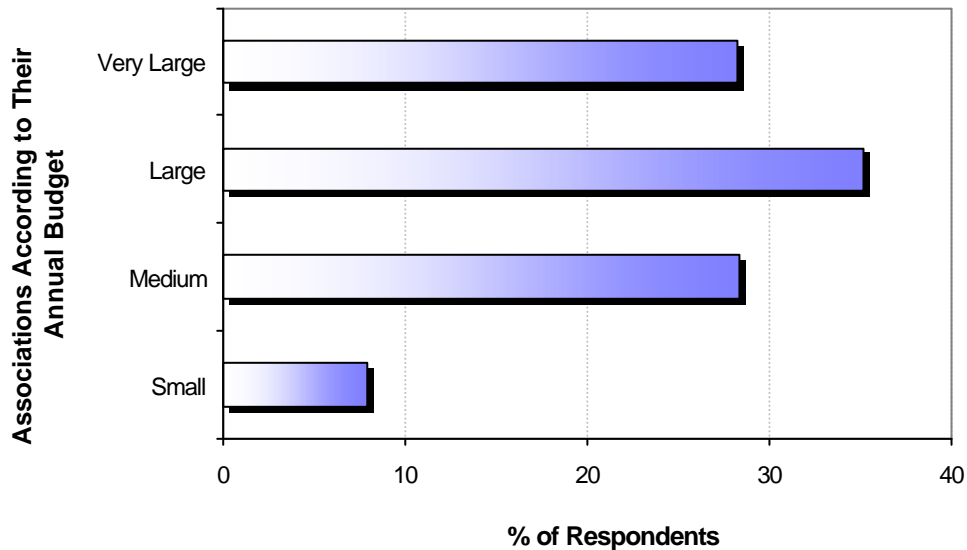


Figure 2. Distribution of respondents according to annual budget size.

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Distributed according to their budget size, large organizations represent 35% of the respondents followed by very large (28%) and medium organizations (28%). The respondents to our survey consider themselves to be mainly industrial associations (39%) followed by professional associations (35%). Many of the organizations have both corporate as well as individual members.

1.2 Age of Website

The survey sought to determine how long associations have had websites up on the web (Figure 3). Most respondents (87%) have had their website for more than three years. What is useful to note is that many associations are now moving to what Leverus has termed a “second generation” website. While their first generation website consisted mainly of an on-line brochure, many associations are seeking to embrace a greater degree of functionality. Associations are recognizing the value of leveraging the web to provide better services to their members.

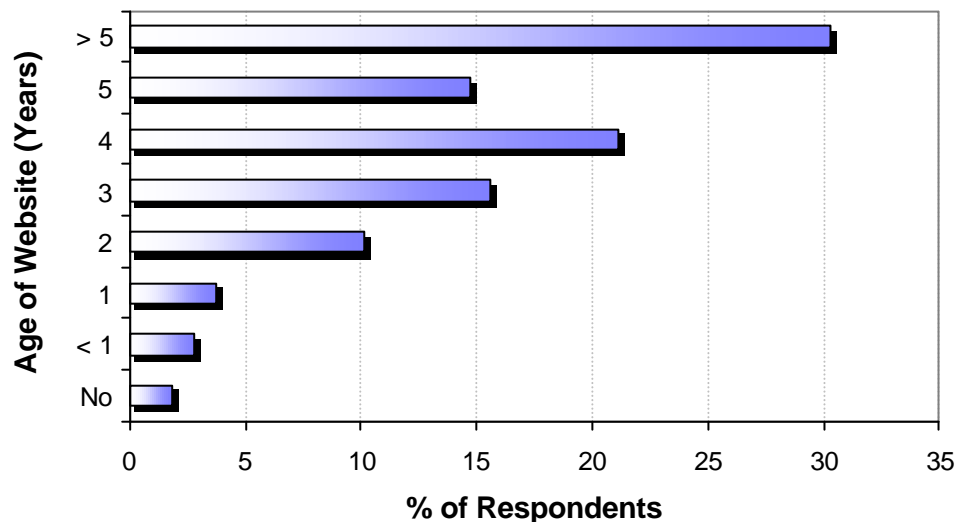


Figure 3. Age distribution for association websites.

Discussions with association executives revealed a number of instances where their first websites were relatively short-lived. Both the pace of change of web opportunities and the extent of learning within the organization once they went on-line has generated a need to re-think their first efforts at a website. Many executives then realize the importance of having a proper Internet strategy that is integrated within the overall communication plan for the association.

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1.3 Web Resources

We also examined the resources that associations are devoting to their web usage. Associations recognize the need to allocate resources to support their Internet efforts. Our survey found that associations are putting resources in place to support their Internet strategy. Respondents are spending time updating their sites (Figure 4), installing high speed Internet access (over 60% of respondents have ADSL or better access speeds) and taking advantage of computing technology such as databases (60% of those who use databases use Microsoft Access) to increase their service efficiency and return value to their stakeholders. The amount of time an association spends on web maintenance can be considerable (Figure 4). For example, close to 70% of respondents are spending more than 6 hours per month updating and reviewing their websites. In fact, 36% are spending more than 20 hours per month on the maintenance of their websites.

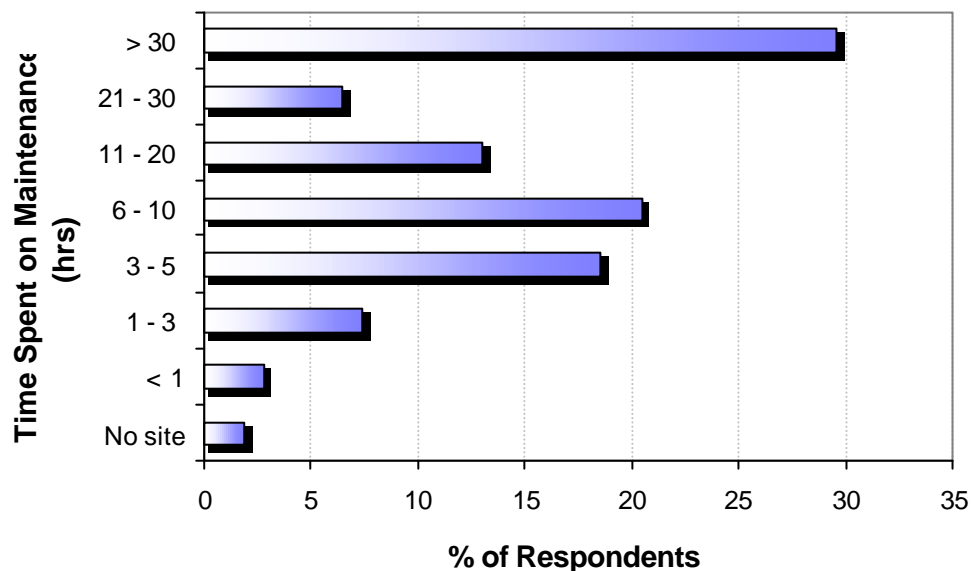


Figure 4. Amount of time associations spend on maintaining their website each month.

However, it is not only time that association executives are spending on their sites. Internet related expenses are slowly becoming a significant portion of an association's annual budget (Figure 5). 46% of respondents spend more than \$10,000 annually on their websites and other Internet related expenses. In fact, 22% spend more than \$30,000 annually. The survey did not break down the component costs for each association because of the complexity of the issue. Internet expenses can include access charges as well as web design and maintenance expenses. In most cases, associations themselves may lack the technological expertise to implement the changes necessary to support their strategic plan. Our survey determined that many associations (56%) uses external sources to aid their Internet related activities.

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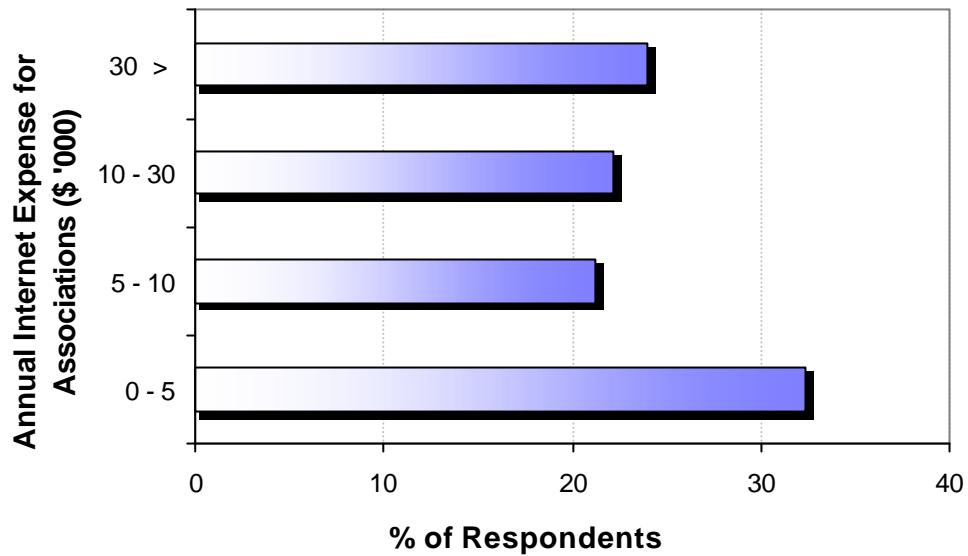


Figure 5. Annual Internet expenses for associations (in thousand of dollars).

1.4 Member Internet Usage

The extent to which association members are on-line shapes both the willingness and capacity of their respective associations to embrace the Internet. To this end, 68% of the respondents estimate that more than 50% of their membership has access to the Internet. In fact, 46% estimate that more than 75% of their membership is online (Figure 6).

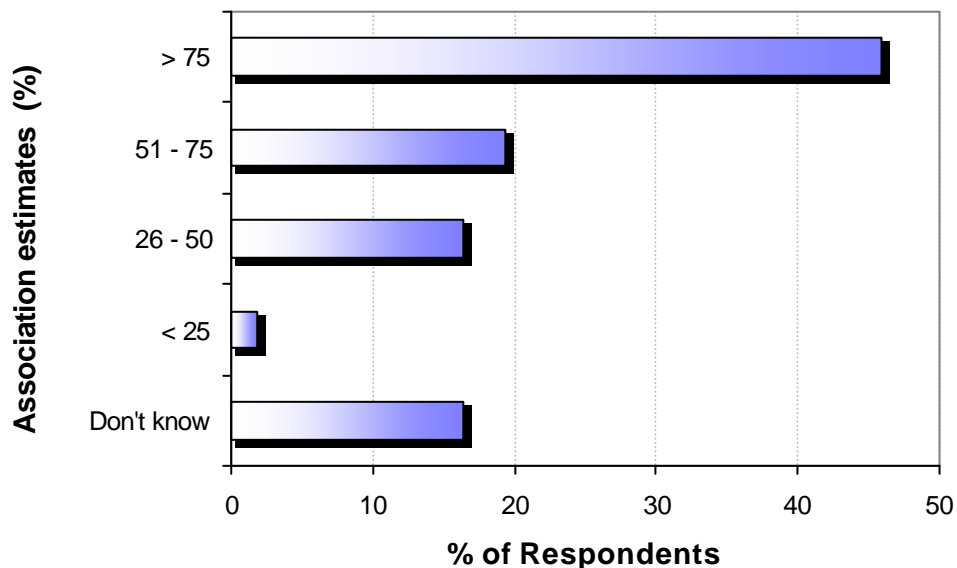


Figure 6. Association estimates on Internet penetration among their members.

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However, being on-line does not mean that members are equally as willing to use the Internet to facilitate their interactions with their associations. The effort to communicate more effectively using the Internet is hindered by the slow rate of implementation. Only 37% of respondents reported that 50% or more of their clients communicate with the association via the Internet.

2.0 The Internet as a Tool for Greater Operational Efficiency

This section focuses on the extent to which associations surveyed are using the tools the Internet offers to help them achieve greater operational efficiencies.

2.1 Member Communication

Associations are in the business of communication. Our survey shows that associations are using many information vehicles to engage their constituents. Those vehicles include information brochures, industry facts and figures, advocacy pieces, annual reports and newsletters (Figure 7). They differ in content and frequency of production. There is also a difference in how those association communications are produced and delivered. Information can be produced in a printed format and distributed using conventional means (mail, fax) or it can be produced electronically and distributed online.

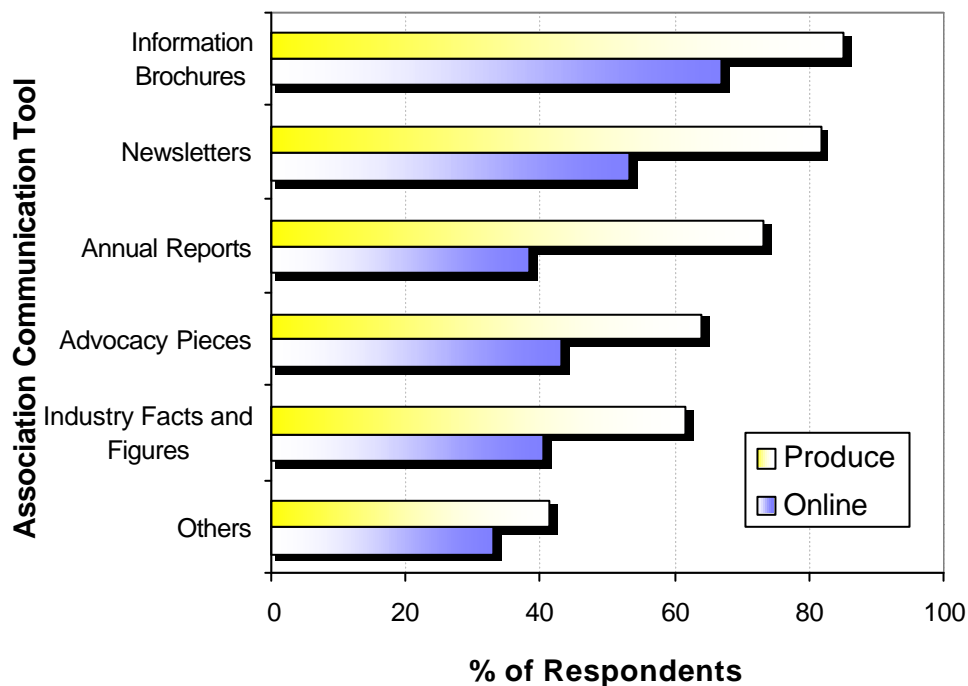


Figure 7. Tools used by associations to disseminate information to their members and to the public.

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More than 80% of the respondents produce newsletters and information brochures. In addition, more than 60% of the associations also produce annual reports, advocacy pieces and industry facts and figures. The on-line availability of these communication products is variable. For example, information brochures are available online for 67% of the association respondents. Newsletters are available on the websites of 53% of those surveyed. We can conclude, based on these results, that associations have yet to fully appreciate the advantages of Web-based publishing. The reason for this may be due to the inexperience associated with this form of information delivery. Many respondents cite member apathy (20%) and perception of lower impact of online information (24%) as barriers for communicating with their members online.

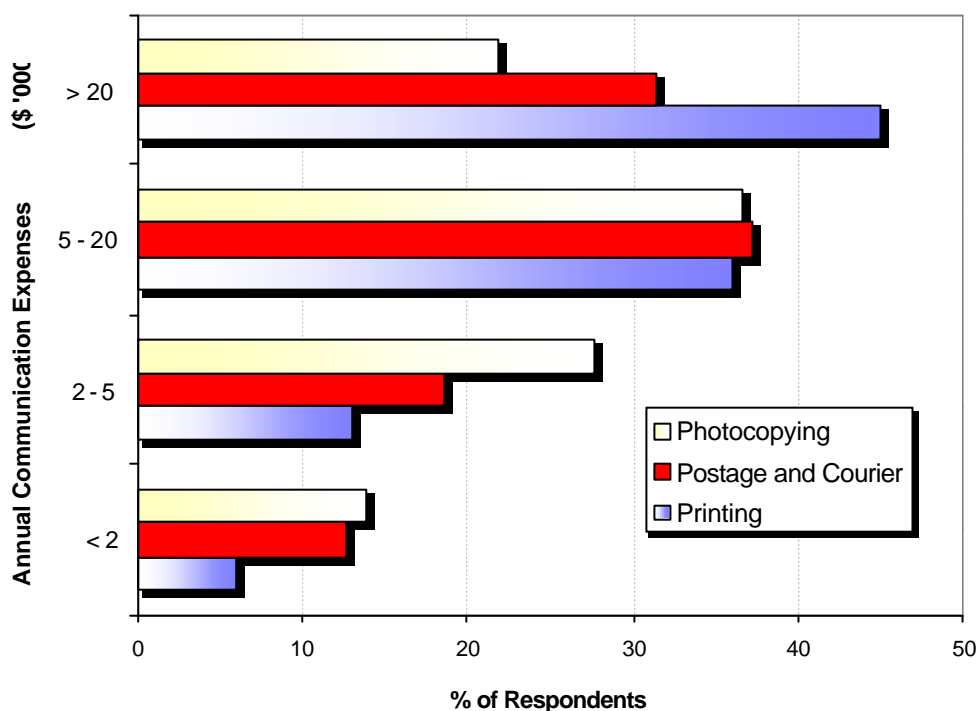


Figure 8. Annual costs of photocopying, printing, postage and courier charges for associations (in thousands of dollars).

As associations struggle with the impact of Web technology, they continue to absorb significant communications costs (Figure 8). More than 40% of respondents spend over \$20,000 a year on printing, over 30% of respondents spend over \$20,000 a year on postage and over 20% of respondents spend more than \$20,000 on photocopying. Associations are caught with this commitment to support their traditional communication plan and their newly evolving Internet strategy. This is one reason why 26% of respondents identify the lack of resources as another hurdle in using the Internet to communicate with their members and to execute their strategic plan.

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Our work in the area of enhancing membership communications using Internet technologies has been to emphasize the advantage offered by the paradigm of digital convergence. Most publications are already being produced on computers and therefore available electronically. Associations are essentially duplicating their communication efforts by publishing and printing the same information in different formats. What they require are the appropriate platform to manage the storage and delivery of this information. We suggest the use of managed list servers¹¹, web-based document management systems¹² and support of industrial standards¹³ as guiding principles in offering value to associations. Based on those guidelines, associations can finally reduce their communication costs and reap the benefits offered by the Internet.

2.2 Membership Administration

The Internet can also enhance the speed and ease of many membership administration functions. In theory, the process of registration, payment and membership renewal can all be accomplished on-line. Already, a majority (53%) of associations allows their member registration form to be downloaded from their website and 52% of respondents indicated that their members can register for association events and activities on-line. However, only 35% of associations allow potential members to sign-up and process their membership application online while even less (14%) allow their members to pay their membership dues online (Figure 9). These results clearly show room for improvement in the area of membership administration by offering on-line registration and e-commerce capabilities. Our experience with implementing Web-based administration functions and e-commerce abilities shed some light on the slow adaptation of new technology. Associations are reluctant to radically change their established procedures and work flows. They face the same problems and failures encountered by some businesses

Can members pay on-line?

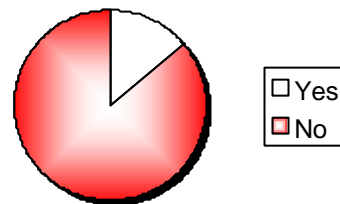


Figure 9. Survey on association's e-commerce capabilities.

¹¹ List servers are software that automates the process of maintaining e-mail lists. It is a program that runs on a computer and handles all of the administrative functions, such as subscribe and unsubscribe people to and from the mailing lists.

¹² Web based document management systems use a standard browser as a client to access content residing in a database. The application can also control the organization and accessibility of each document.

¹³ Industrial standards for information include support for established protocols such as http (HyperText Transfer Protocol), html (Hypertext Mark-up Language) and CSS (Cascading Style Sheets). There are also developing standards such as WAP (Wireless Application Protocol) and XML (Extensible Mark-up Language).

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as they switch to Enterprise Resource Planning (ERP) tools¹⁴. Our recommendation is to provide customizable technology that can be easily incorporated into each association's well-established procedures and workflows. We believe in the unique dynamics within each association and our solution allows both the association and the technology to evolve and eventually be integrated over time.

2.3 On-Line Committees and Collaborative Environment

Associations spend a significant amount of time facilitating communication among members that make up the multitude of committees and taskforces that define association life. As such, using the Internet can also improve communication within the organization. In our survey, 43% of the respondents are using e-mail as the common method to communicate between committees, in comparison, less than 30% of respondents use in-person or phone calls as a means of communicating (Figure 10).

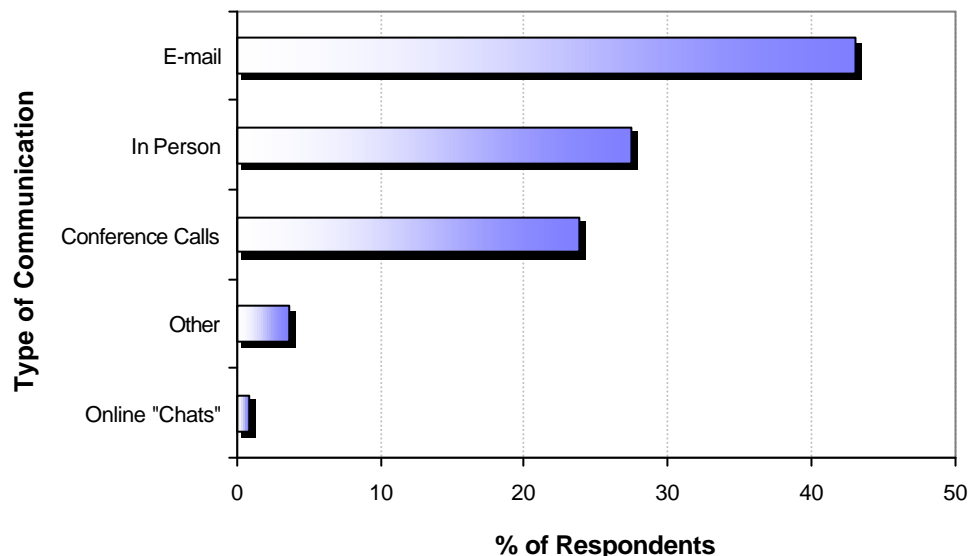


Figure 10. Type of communication used by associations to facilitate their committee meetings.

Most respondents (67%) consider their committee communication to be both timely and effective. We feel there is still considerable room for improvement since 88% of respondents have not yet attempted to use newer technology such as chat¹⁵, collaborative environments¹⁶ and Web-based conferencing systems¹⁷ to facilitate their committee communications.

¹⁴ Who is to blame for ERP failure?, Barry Calogero, Serverworld (Sun Server Archives), June 2000.

¹⁵ Chat – is a term for real-time text based communication between users via computer.

¹⁶ Collaborative environments involve an electronic message center similar to a bulletin board system (BBS) but include the options of posting attachments as well as the management of those messages and posted documents.

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The Internet is recognized as an excellent tool for facilitating collaboration because this technology combines the ease of communication with the power of the computer. The experience of Leverus, suggests that implementing Internet based technologies can increase the efficiency of association committee communications. An Internet based system can manage and deliver content rich information to selected committee members and thus reduce the time-consuming committee secretariat functions performed by association staff. Associations can put into practice the appropriate Web services depending on their needs and technology infrastructure.

2.4 Member Surveying

Associations regularly use surveys and polls as a means to solicit member input on a variety of issues, ranging from membership satisfaction to policy development. To this end, associations value their ability to solicit feedback from their memberships. Already, 61% of respondents conduct member satisfaction/needs assessments surveys and 50% of respondents conduct policy and advocacy surveys periodically. The majority of respondents carried out those surveys using mail (54%) and / or fax (40%) while 40% use e-mail and only 22% use the Web (Figure 11).

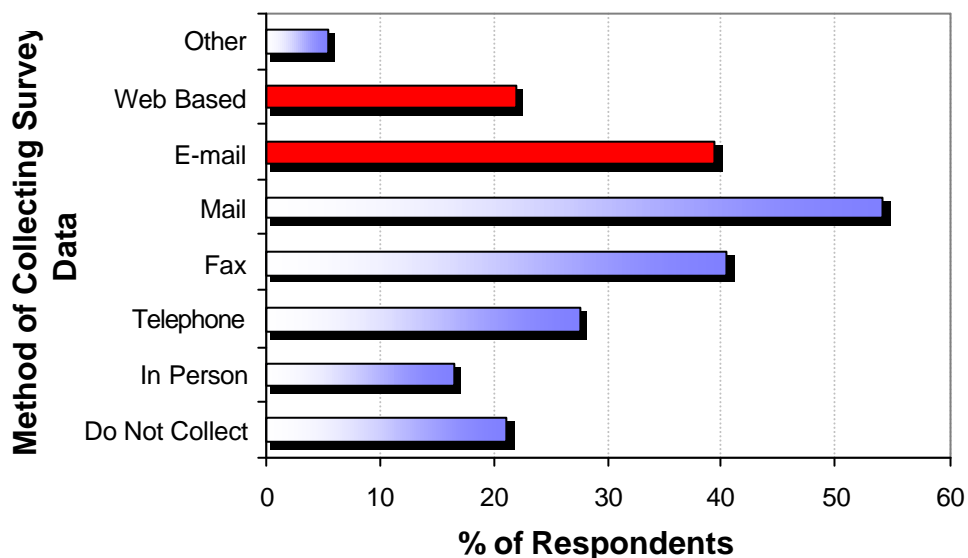


Figure 11. How associations collect survey information from their members.

The Internet offers an ideal medium to carry out surveys and polls. There are some very powerful reasons for using the Internet for quantitative research. For example, surveys and polls can be created, distributed and analyzed quickly and cost

¹⁷ Web-based Conferencing systems can include videoconferencing, audio conferencing, multimedia conferencing and screen sharing. The basic requirement is a web-browser and a connection to the Internet.

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effectively. Another unique advantage for Web based polls is their ability to provide real time results on demand. In this survey while 45% of association management had considered the use of on-line surveys, only 16% of respondents have actually used those methods. This discrepancy between the overwhelming advantage of online data collection and the low rate of implementation forms part of the barrier to adoption seen by Leverus. In order to encourage the use of these technologies, associations requires customized design tools and procedures that simplify the process of collecting, managing and analyzing survey information.

3. The Web as A Source of Non-Dues Revenue for Associations

Associations constantly struggle with the challenge of identifying and accessing non-dues revenue as a means to enhance financial growth and stability. For example, 45% of respondents are actively promoting their annual trade shows. Associations are also engaging in other types of marketing to a lesser degree including brochures (20%), seminars (26%), directories (30%) and other types of print publications such as magazines (30%). The Internet offers associations an important new venue to generate non-dues income in the form of advertising revenues. However, only 11% of associations currently allow members/suppliers to advertise on their web pages. At the same time, another 46% of those surveyed indicated that they are considering on-line advertising.

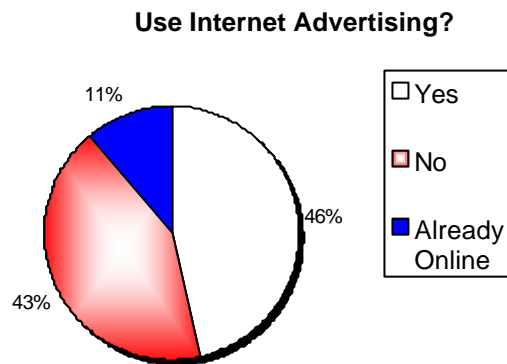


Figure 12. Associations using their website for advertising.

Our research suggests that one of the challenges that associations face in their web advertising policy is a concern over the appropriateness of allowing advertising in the first place. They are concerned about the potential for over commercialization of their web presence—too many flash banner ads might offend members or be conceived as an improper bias. While associations are correct in being concerned about going too far, there are subtler, yet equally as financially beneficial advertising opportunities. For example, on-line member/supplier directories represent one way in which associations can solicit advertising revenues but do so in a way that does not turn their website into a flashy billboard. The approach we advocate is to develop policies based the association's own marketing experience and use the Internet as another channel that can deliver value to the advertiser and to their membership.

4. The Web as a Tool for Member Service Delivery

The Internet also provides associations with access to new services and tools. Some of the more common opportunities are noted below:

On-Line Education and Training

In our survey, 54% of respondents consider education and professional development as important strategies or services that their associations provide to their members. Another innovative example of how the Internet is changing the face of association service delivery is in regard to web-based training. The technology exists for members to take courses through their associations on-line. Web-based learning helps to dramatically improve accessibility. It is no longer the members who reside close to the association offices or where education activities are held that get to benefit.

At this time, however, few associations are actively using web-based learning. Concerns about upfront investments coupled with an uncertainty over the willingness of members to embrace this type of learning accounts for the low level of usage. It should be noted that the Office of Learning Technologies of Human Resources Development Canada (HRDC) provides funding to associations to assess the feasibility of web-based training in their respective sectors¹⁸.

On-Line Supplier Directories

An emerging service delivery opportunity for associations is to turn static member directories into dynamic web-based products. Many associations (55%) currently provide a listing of their members on-line and in some cases provide a direct link to a member's website. However, simple text based links is generally not that useful and hard to manage. On-line searchable supplier directories provide associations with powerful member service tools that also offer the opportunity to generate additional revenues. Associations can then take advantage of the advertising and marketing reach of the Internet and at the same time offer a valuable service to their members.

On-Line Benchmarking and Statistics Gathering

In our survey, 76% of respondents consider government relations as an important strategy or service that their association provides to their members and 56% of respondents consider that statistics and data gathering plays an important role within their association. Surveys and polls are the tools that support those

¹⁸ Funding for Web Based Training, Leveraging the Net Bulletin Issue No. 5, 2001, <http://www.leverus.com/pdf/issue5.pdf>.

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activities. On-line surveying technologies offer associations unique opportunities to provide benchmarking and statistics data gathering services to their members. Dynamic results analysis capability means that an association member who fills out an on-line benchmarking survey on industry performance, for example, will instantly see how their company compares with industry averages. Despite the availability of such technology, associations are continuing to use more costly, less dynamic methods of benchmarking and data collection.

On-Line Employment Boards

In our survey, a majority (52%) of associations provide a means for advertising employment opportunities/vacancies for members. Within this group, 35% use their website to advertise jobs, followed by newsletters (15%), Internet job boards (14%) and association related publications (7%). Through our technology survey, we find that there is a need to develop the technology to manage and display employment related information. In order to fully benefit from on-line employment boards, associations requires the means to update job specifications, have an efficient search capability as well as the appropriate privacy policy.

5.0 Conclusions: Future Issues and Trends

5.1 Future Issues: Portals as Emerging Players in Association Space

A related issue that associations need to be mindful of when assessing their own Internet presence is the emergence of sectoral portals run by companies¹⁹. These portals seek to generate advertising revenues and potential B2B and B2C revenues. In order to drive traffic to their sites, these portals offer a variety of free information and services (i.e. industry statistics, supplier directories, affinity offers, sectoral news, employment opportunities, etc.) Unlike associations who charge members for these kinds of services, sectoral portals offer them for free in an effort to generate web traffic to garner advertising and related web revenues. Industry and professional associations, in particular, will need to keep a watchful eye on these portals.

As a new generation of web-savvy members come into the fold, associations will be increasingly challenged to ensure that their web offerings are superior to those available through such portals.

5.2 Concluding Comments

The study has found many positive examples of how associations are beginning to embrace all that the Internet has to offer in terms of services, revenues, and operational efficiencies. At the same time, association adoption of the full spectrum of web technologies available to them is still limited despite the benefits they provide. The pace of change in the Internet world is rapid and associations often lack decision-making structures and budgeting cycles that allow for an equally rapid response.

Those associations that choose to strategically make the Internet a focal point of how they conduct their activities will be rewarded in the long run. Greater operational efficiencies, enhanced member service delivery capability and new sources of revenue await those associations that strategically build upon their key Internet assets. In most cases, associations enjoy a trusted status among their given constituency and represent a defined demographic.

In contrast, those association executives that take--in the actual words of one association staff person—a “creeping approach” to the Internet will get lost in the shuffle as sectoral portals emerge to attract the same demographic and traffic that associations serve. The choice for association executives and their members is

¹⁹ For example, Vertical net operates more than 55 Web sites spanning 14 industry groups. Among its offerings are Water Online (municipal water supply and wastewater treatment) and Chemical Online (chemical processing). Vertical Net's Web sites offer features such as storefronts, buyer's guides, and industry news.

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clear and unambiguous. Do you want to be the agent of web technology change in your sector and garner the benefits that come with leadership? Or, do you want to react to change once it is upon you and do your best to play catch up. Leverus is committed to helping associations successfully choose and implement the right response

About Leverus

Leverus is a web design and development company focused on solutions for non-profit organizations. The company leverages the interactive power of the Internet to enhance the service delivery capability of NPO's. Leverus' expertise in serving non-profit organizations in addition to its Internet technology leadership, position the company as the premier resource for organizations seeking to realize their potential in the developing technological environment.

Our advantage is steeped in the premise that we conceptualize innovative Internet applications from the vantage point of not for profit organizations and the unique service and operational imperatives they face. Our market focus offers us the opportunity to build Internet tools and services that speak to the very challenges that not for profit managers confront on a daily basis.

Leverus offers a complete solution for non-profit organizations seeking services that range from website hosting, design, interactive technologies, custom web development, database services, system administration and many other Internet related services. The company has demonstrated the strength of its service offering through it's successful design and website implementation for a number of clients that have witnessed operational improvements, increased web traffic, enhanced communication capabilities, and the opportunity to generate new revenue streams through online methods such as web advertising.

Note For Further Information:

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