



***Loyalty Research:
The Next Generation
of Voice-of-the-Member
Research***

Tracie Mrakich, Director of Marketing

tmrakich@loyaltyresearch.com

317-466-5003

1. Benefits of conducting loyalty studies.
2. Structuring survey questions for a loyalty survey.
3. Analyzing survey responses.
4. Calculating the Loyalty Profile of your current member base.
5. Developing a composite description of loyal, neutral and vulnerable members.
6. Identifying the key drivers of loyalty.
7. Developing an improvement plan with priorities.



Benefits of Loyalty Research

1. Improve organizational processes (e.g. Member Services, Website, Conferences, Education, Government Relations).
2. Benefits assessment.
3. Marketing and member recruitment.
4. Vulnerable member intervention.
5. Develop internal metrics.
6. Management performance (e.g. dashboard).
7. Guidance for Board of Directors.

Satisfaction is the degree to which an event or an experience meets or exceeds expectations.



What is “Loyalty”?

1. Loyalty is a measure of the strength of the relationship between an association and its members.
2. Loyalty is an abstract concept that cannot be determined through direct questioning. That is, you cannot get reliable results by asking members to rate their loyalty.
3. Loyalty is determined by indicators, and validated with outcomes.

1. Member retention
2. Non-dues revenue (e.g. conferences, continuing education)
3. Contributions/donations
4. Member involvement (e.g. volunteerism, governance)
5. Recruitment (“member-get-a-member”)
6. Understanding of dues increases
7. Forgiveness when problems are encountered

1. Likely to recommend your association
2. Likely to renew their membership
3. Value of their association membership

Q1. If a friend or relative asks you to recommend a professional association, how likely would you be to recommend ABC?

1. Extremely likely
2. Very likely
3. Somewhat likely
4. Not very likely
5. Not at all likely

Q2. When your ABC membership is up for renewal, how likely would you be to renew your membership?

1. Extremely likely
2. Very likely
3. Somewhat likely
4. Not very likely
5. Not at all likely

Q3. Considering the benefits you receive from ABC in relation to the price you pay for membership, how would you rate the overall value of your ABC membership?

1. Excellent
2. Very good
3. Good
4. Marginal
5. Poor

1. Loyal – strong relationship with association
2. Neutral – moderately strong relationship with association
3. Vulnerable – weak relationship with association
 - A. Poor performance in areas that are key drivers
 - B. Bad fit between the association's business model and the member's needs

Q1. Likely to recommend ABC?

1. Extremely likely
2. Very likely

Q2. Likely to renew your membership?

1. Extremely likely
2. Very likely

Q3. Overall value?

1. Excellent
2. Very good

To be considered Loyal, respondents must give a Top 2 response to all three questions used in the Loyalty index.

Q1. Likely to recommend ABC?

- 4. Not very likely
- 5. Not at all likely

Q2. Likely to renew your membership?

- 4. Not very likely
- 5. Not at all likely

Q3. Overall value?

- 4. Marginal
- 5. Poor

Any Bottom 2 response qualifies a respondent as Vulnerable



Rules For Neutral Members

1. Neutral members are any members that do not qualify as Loyal or Vulnerable.
2. Neutrals may have some Top 2 responses, but will not have all three.
3. They will not have any Bottom 2 responses.
4. Respondents will be classified as Neutral if they provide a "Don't Know" to any of these three questions, or leave any of the three questions unanswered.

Classifying Respondents

To classify respondents using Excel, assign numeric values to responses (e.g. Extremely likely = 1, Very likely = 2, Somewhat likely = 3, ...etc.), and sort.

Member ID	Recommend	Renew	Value	Loyalty Classification
58469	1	1	1	
25789	1	2	2	
14539	2	2	2	
58715	2	3	3	
98124	3	1	1	
63214	3	3	3	
85694	3	3	4	
25436	4	2	1	

Classifying Respondents

Classify respondents as Loyal if they give Top 2 responses to all three questions.

Member ID	Recommend	Renew	Value	Loyalty Classification
58469	1	1	1	Loyal
25789	1	2	2	Loyal
14539	2	2	2	Loyal
58715	2	3	3	
98124	3	1	1	
63214	3	3	3	
85694	3	3	4	
25436	4	2	1	

Classifying Respondents

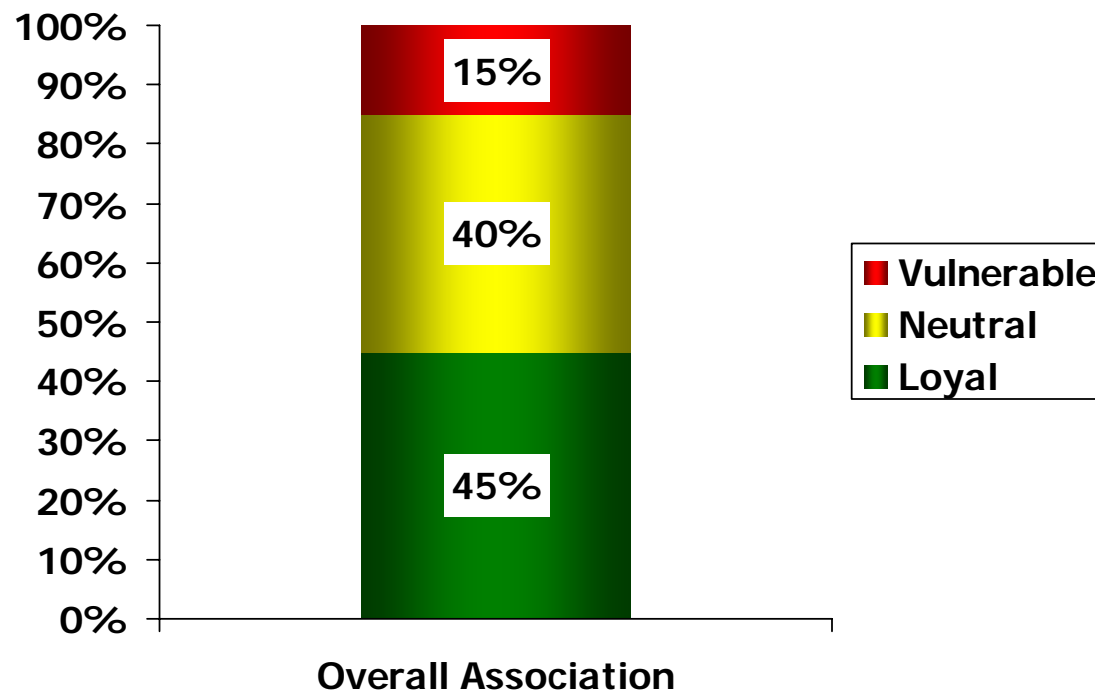
Classify respondents as Neutral if they don't give all three Top 2 responses, AND they don't give ANY Bottom 2 responses.
(Or leave a question unanswered.)

Member ID	Recommend	Renew	Value	Loyalty Classification
58469	1	1	1	Loyal
25789	1	2	2	Loyal
14539	2	2	2	Loyal
58715	2	3	3	Neutral
98124	3	1	1	Neutral
63214	3	3	3	Neutral
85694	3	3	4	
25436	4	2	1	

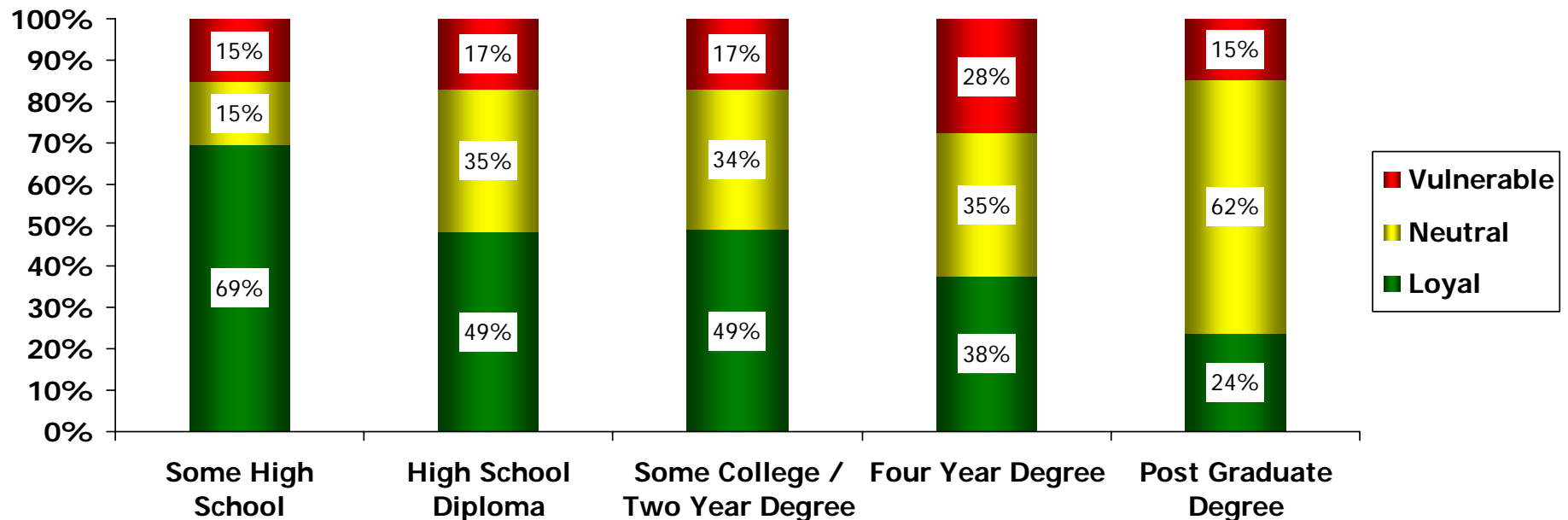
Classify respondents as Vulnerable if they give at least one Bottom 2 response.

Member ID	Recommend	Renew	Value	Loyalty Classification
58469	1	1	1	Loyal
25789	1	2	2	Loyal
14539	2	2	2	Loyal
58715	2	3	3	Neutral
98124	3	1	1	Neutral
63214	3	3	3	Neutral
85694	3	3	4	Vulnerable
25436	4	2	1	Vulnerable

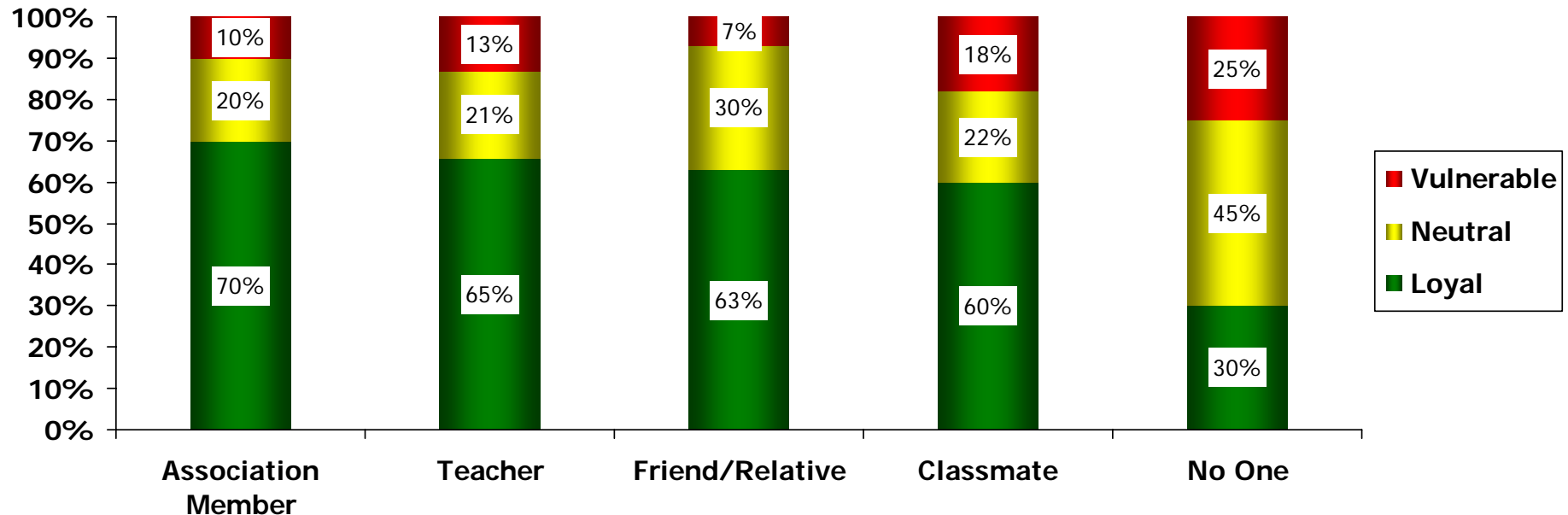
An association's Loyalty Profile is the percentage of respondents in each of the loyalty segments. The typical association loyalty profile is 30%, 50%, 20% (Loyal, Neutral, Vulnerable).



1. Calculate the distribution of loyal, neutral and vulnerable members for each demographic variable to identify profiling characteristics.
2. In this example, respondents with higher levels of education are less likely to be loyal.



1. Profiling variables do not have to be linear.
2. In the example below, individuals who were not influenced by anyone to join the association have a higher likelihood of being neutral.



1. The Loyalty Profile can be used to build a composite of the characteristics of loyal members.
2. These characteristics can be applied to membership at large, even members who did not participate in the loyalty study.

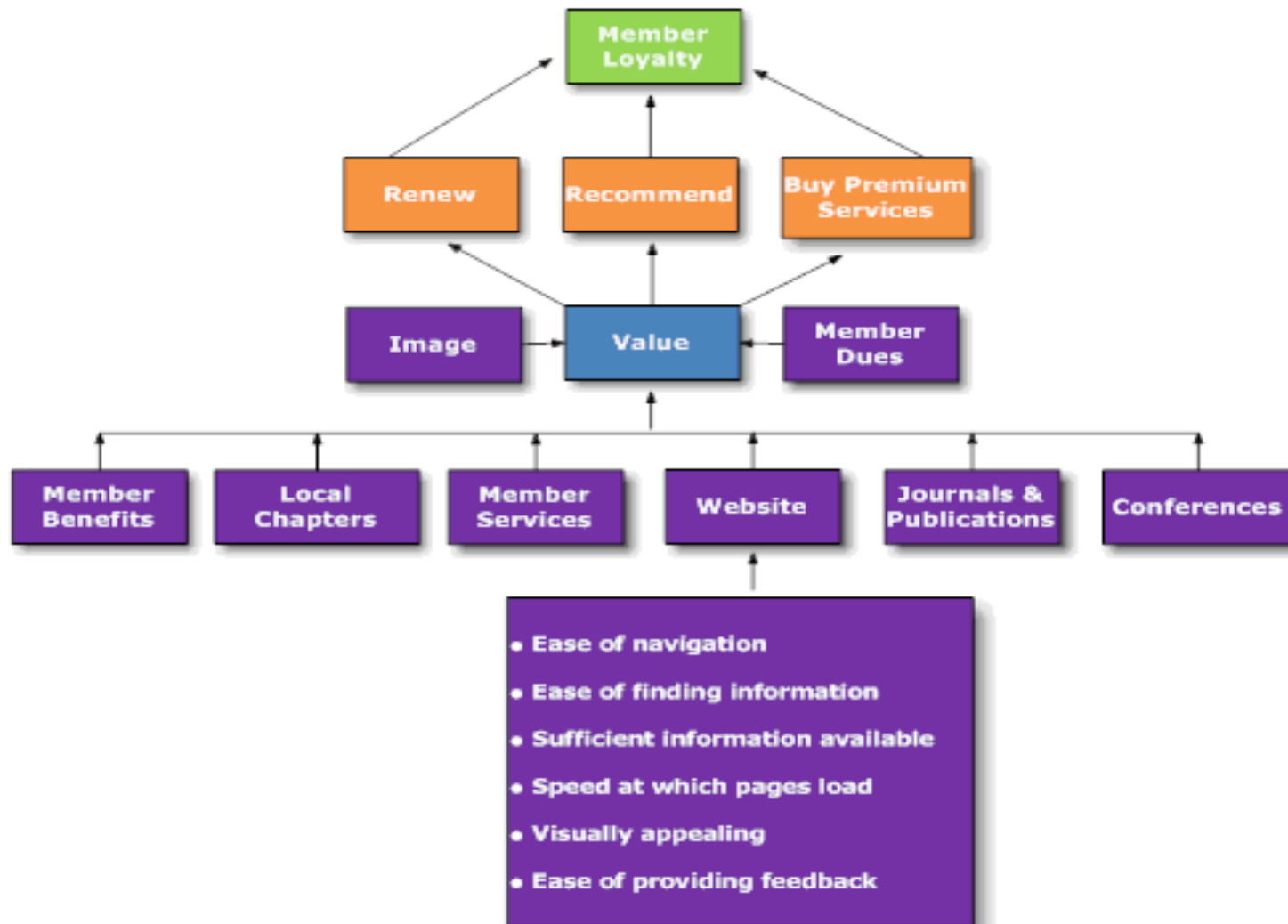
Loyal Members (Example)

1. Tend to be Baby Boomers
2. Have less formal education
3. Joined the association as a result of a referral
4. Joined primarily for networking and career advancement

1. Some profiling characteristics can be determined by internal member data (e.g. from membership application, continuing education classes taken, conferences attended).
2. Other characteristics can be determined from survey questions (e.g. what were the main reasons you joined the association, who/what influenced you to join the association).

1. Develop marketing tactics to attract more members with characteristics of loyal members.
2. Improve organizational processes to strengthen the relationship with neutral members and migrate these members to the loyal segment.
3. Develop intervention tactics to retain vulnerable members.

Member Loyalty Model



Q4. Compared to other associations, would you say ABC's dues are ...?

1. Lower
2. Somewhat lower
3. About the same
4. Somewhat higher
5. Higher

Q5. Overall, how would you rate ABC's website?

1. Excellent
2. Very good
3. Good
4. Fair
5. Poor

Q6. More specifically, how would you rate ABC's website on the ease of finding information?

1. Excellent
2. Very good
3. Good
4. Fair
5. Poor

The table below shows how 100 individuals rated their association's benefits, continuing education, national conference and publications.

Rating	Rating Codes	Member Benefits	Continuing Education	National Conference	Publications
Excellent	1	20	50		
Very good	2	20		10	
Good	3	20		80	100
Fair	4	20		10	
Poor	5	20	50		
Total Responses		100	100	100	100

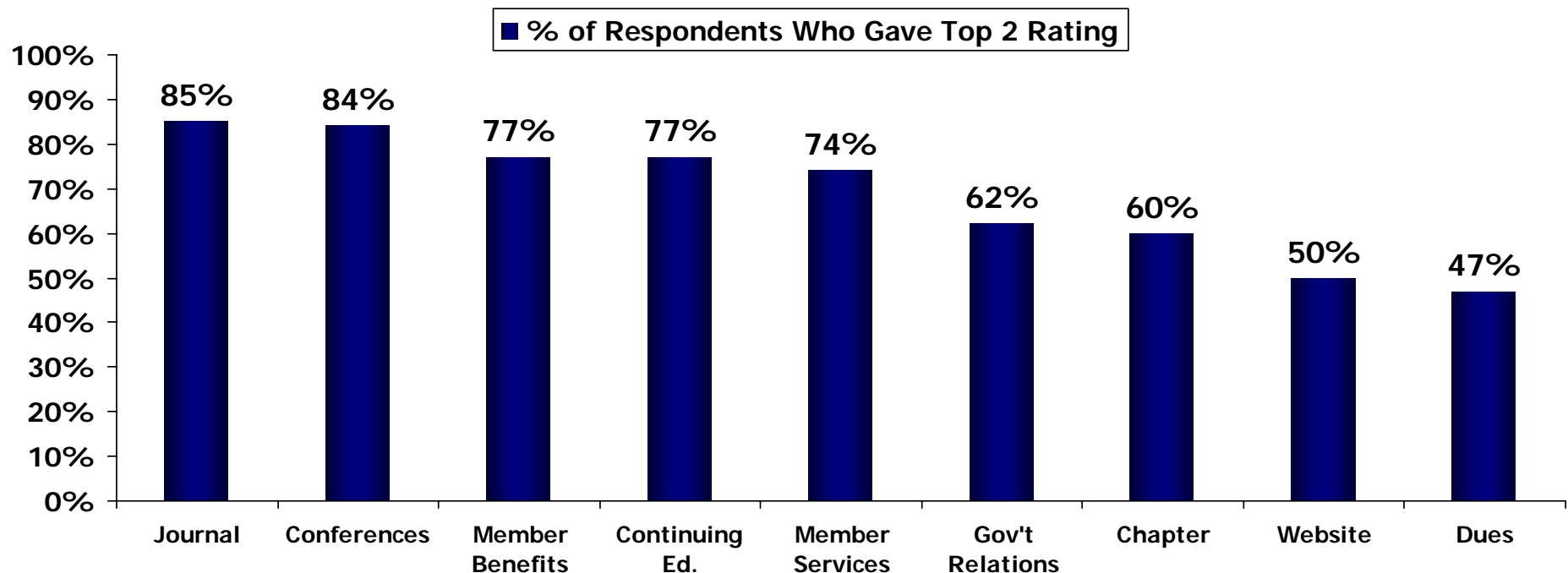
All four processes receive the same average rating, even though each has a unique distribution of responses.

Rating	Rating Codes	Member Benefits	Continuing Education	National Conference	Publications
Excellent	1	20	50		
Very good	2	20		10	
Good	3	20		80	100
Fair	4	20		10	
Poor	5	20	50		
Total Responses		100	100	100	100
Average Rating		3.0	3.0	3.0	3.0

Research shows that for attitudes (and behaviors) to change, the respondent has to have a strong positive evaluation (a top box or top two box evaluation).

Rating	Rating Codes	Member Benefits	Continuing Education	National Conference	Publications
Excellent	1	20	50		
Very good	2	20		10	
Good	3	20		80	100
Fair	4	20		10	
Poor	5	20	50		
Total Responses		100	100	100	100
Average Rating		3.0	3.0	3.0	3.0
Top 2 Score		40%	50%	10%	0%

1. A bar chart of Top 2 ratings shows how members rate an association's various processes.
2. However this is not enough information to determine which processes are key drivers.



In the key driver analysis, value is used as the dependent variable and all the organization's processes are the independent variables.

Respondent	Value	Member Benefits	Dues	Education	Member Services	Website	Conferences
1	1	1	3	1	1	5	1
2	1	3	3	3	1	3	1
3	2	2	1	3	3	3	1
4	2	5	2	1	1	2	1
5	2	3	2	1	3	2	1
6	2	2	2	1	3	3	1
7	2	2	2	2	1	3	1
8	2	2	2	2	2	2	2
9	2	3	2	2	3	3	2

Regression Statistics

Multiple R	0.894839233
R Square	0.682801559
Adjusted R Square	0.649433918
Standard Error	0.653320553
Observations	3860

Goodness of fit.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	0.684846989	0.264944675	2.584868	0.011297
Member Benefits	0.231430277	0.071873192	3.164327	0.002101
Dues	0.077522989	0.080592965	0.961908	0.330859
Education	0.200032792	0.064088763	3.121184	0.253214
Website	0.091461291	0.06755453	1.279874	0.020373
Member Services	0.016080172	0.080932056	0.19869	0.842941
Annual Conference	0.143989314	0.072239074	1.993233	0.049166

Regression Statistics

Multiple R	0.694839233
R Square	0.482801559
Adjusted R Square	0.449433918
Standard Error	0.653320553
Observations	3860

Key drivers have
P-value \leq .05

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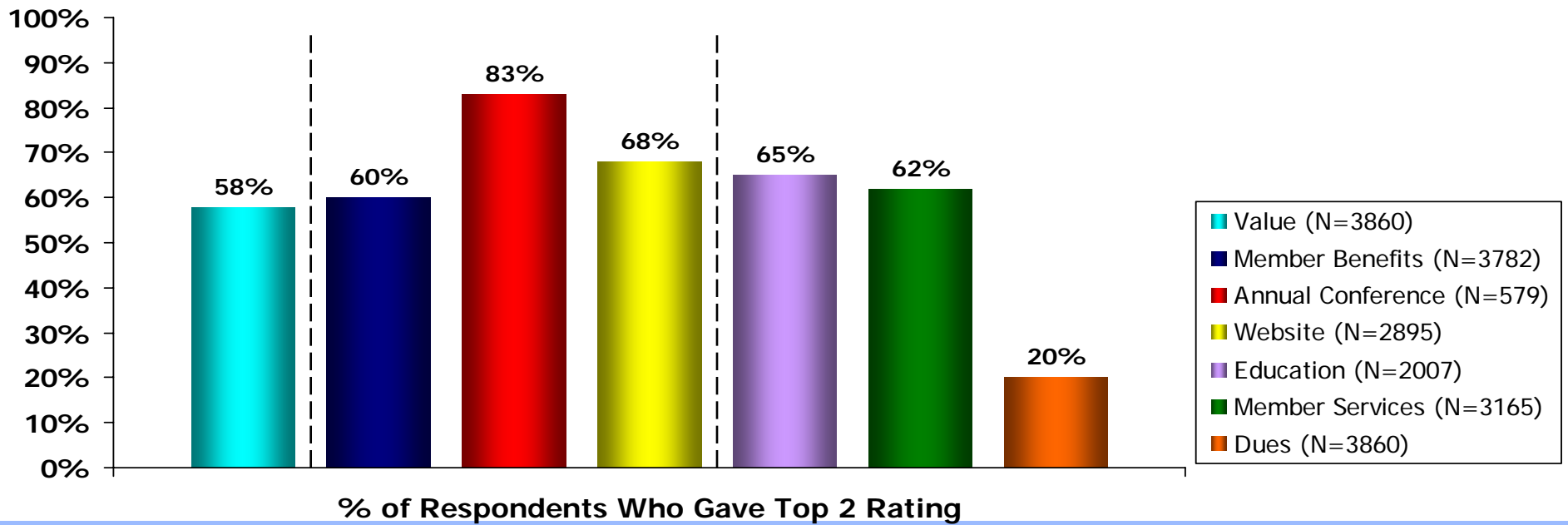
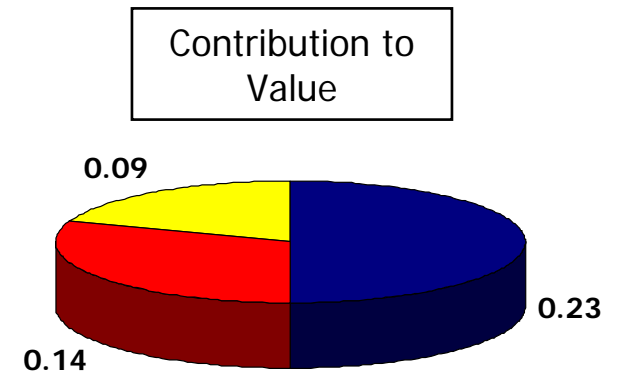
Coefficients indicate relative impact.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
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Driver Analysis - Value

A pie chart shows the relative weight that each key driver has on membership value.

A bar chart shows performance ratings for value and each process.

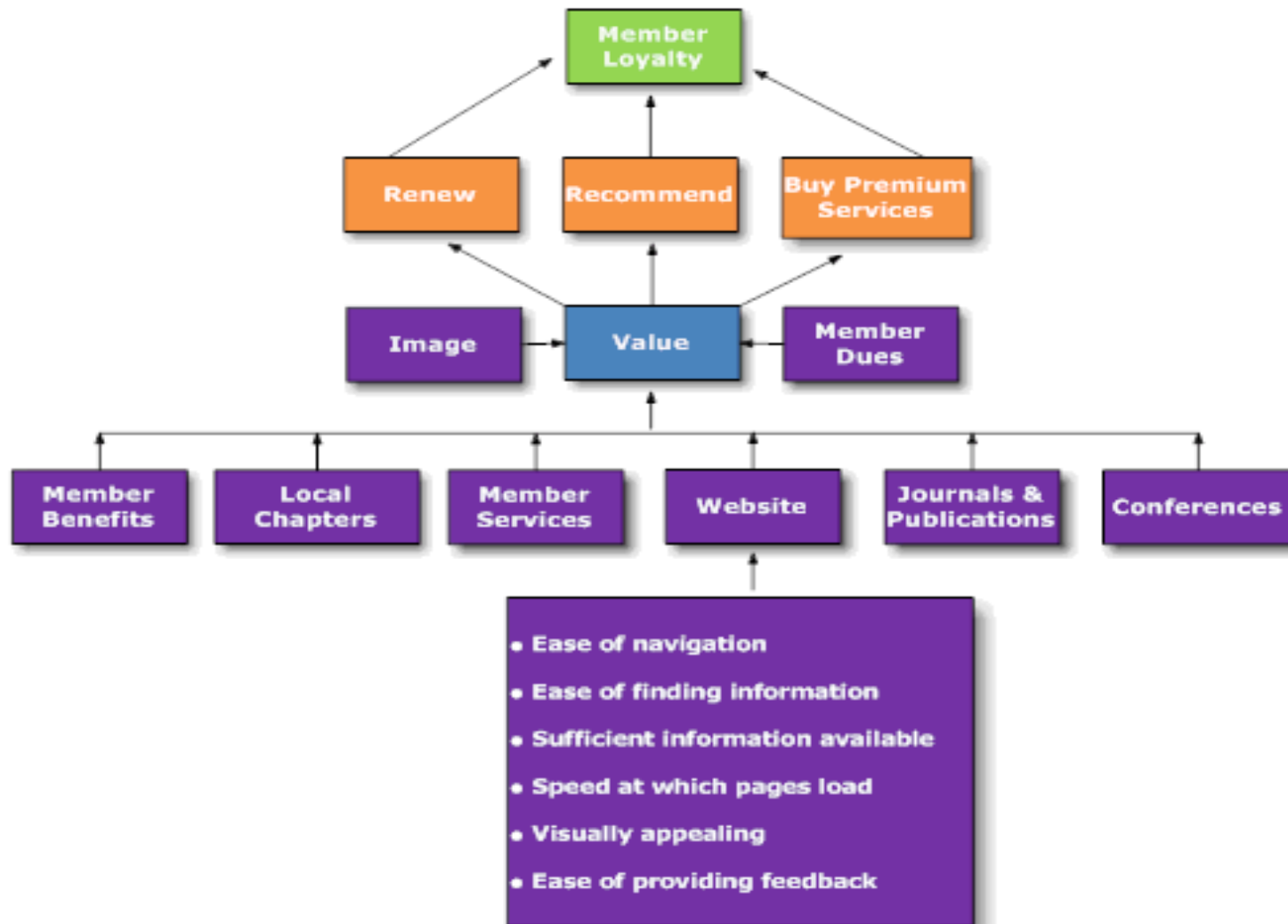


Priority Table - Value

Areas for improvement can be prioritized by their impact (contribution to value), the percentage of respondents who experience that process, overall Top 2 performance ratings, and the drop in Top 2 performance ratings from Loyal to Neutral.

Drivers of Value	Priority	Coefficient	Contribution to Value Rating	% Respondents Who Rated	% Top 2		
					Loyal N=2630	Neutral N=1090	Vulnerable N=140
Member Benefits	1	.23	50%	98%	67%	47%	35%
Annual Conference	3	.14	30%	15%	93%	87%	76%
Website	2	.09	20%	75%	78%	52%	15%
Dues				100%	25%	10%	6%
Education				52%	75%	45%	40%
Member Services				45%	59%	43%	0%

Member Loyalty Model



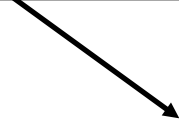
To determine the key drivers of the website, the overall website rating is used as the dependent variable and the ratings for all the website's attributes are the independent variables.

Respondent	Website	Navigation	Finding Information	Sufficient Information	Page Load Speed	Visual Appeal	Providing Feedback
1	1	1	3	1	1	5	1
2	1	3	3	3	1	3	1
3	2	2	1	3	3	3	1
4	2	5	2	1	1	2	1
5	2	3	2	1	3	2	1
6	2	2	2	1	3	3	1
7	2	2	2	2	1	3	1
8	2	2	2	2	2	2	2
9	2	3	2	2	3	3	2

Regression Statistics

Multiple R	0.79084327
R Square	0.625433078
Adjusted R Square	0.614687306
Standard Error	0.576018265
Observations	2064

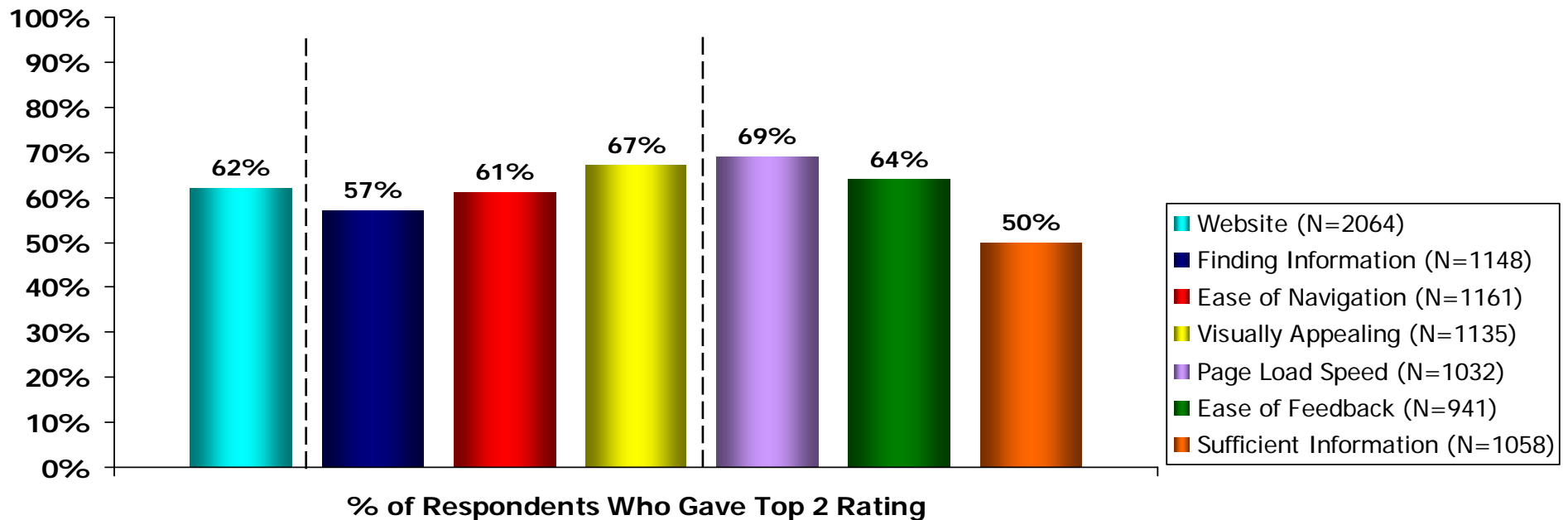
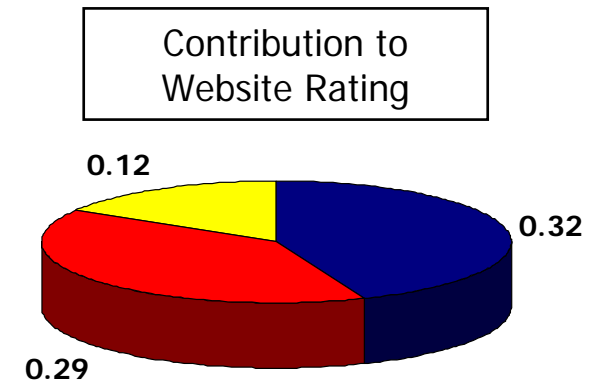
Key drivers have
P-value \leq .05



	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	0.195870311	0.105108168	1.863512	0.0635916
Ease of Navigation	0.292264491	0.07584333	3.761234	0.0002117
Finding Information	0.320341348	0.081883718	3.875512	0.0001368
Sufficient Information	0.101942827	0.065704337	1.551539	0.1220687
Page Load Speed	0.096269968	0.070415965	1.367161	0.1728633
Visually Appealing	0.124672015	0.066535132	1.73851	0.0433823
Providing Feedback	0.030052186	0.030482911	0.98587	0.3251735

A pie chart shows the relative weight that each key driver has on the website.

A bar chart shows performance ratings for the website and each website attribute.

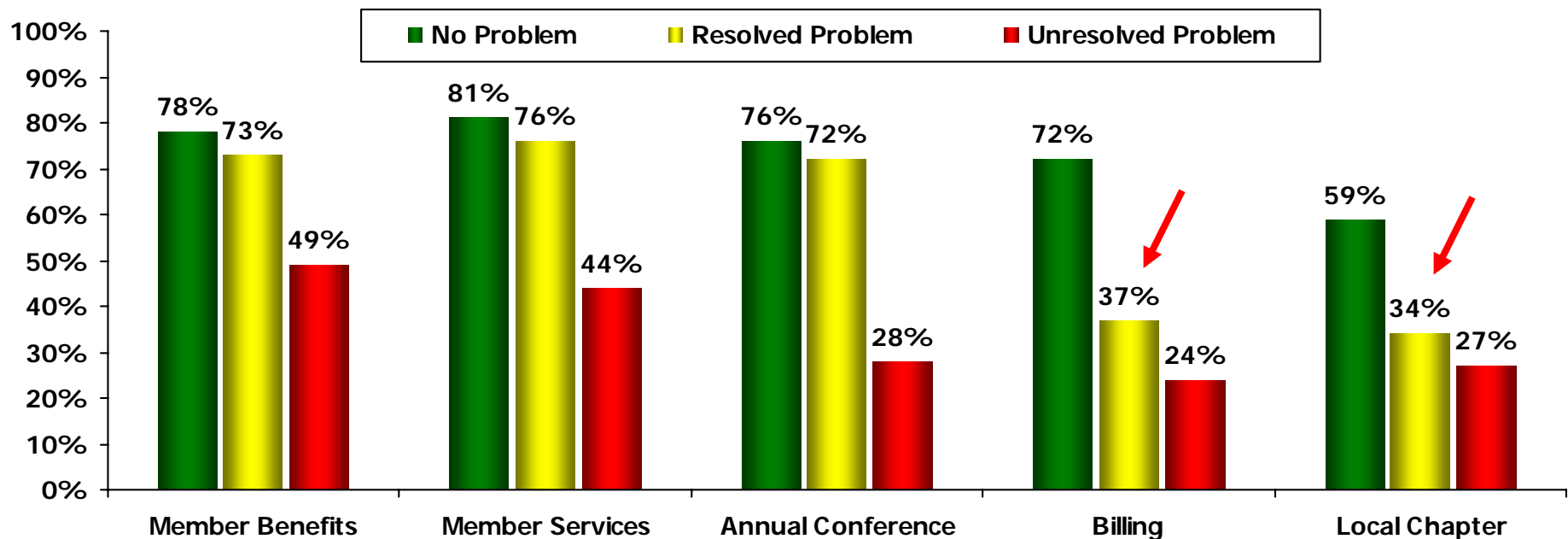


Priority Table – Website

Areas for improvement can be prioritized for each organizational process. The table below shows what a priority table for an association’s website might look like.

Website Attributes	Priority	Coefficient	Contribution to Website Rating	% Respondents Who Rated	% Top 2		
					Loyal N=1290	Neutral N=555	Vulnerable N=219
Finding Information	1	.32	44%	35%	60%	55%	42%
Ease of Navigation	2	.29	40%	36%	62%	60%	55%
Visually Appealing	3	.12	16%	40%	72%	68%	38%
Ease of Feedback				32%	68%	63%	42%
Sufficient Information				41%	55%	48%	27%
Page Load Speed				41%	80%	57%	36%

1. For some benefits or services, minimal damage is done if problems are successfully resolved.
2. Problems in other areas must be prevented, as even successful problem resolution cannot mend the relationship.



Percentages above indicate Top 2 performance ratings

1. Immediately after the survey has been completed, thank respondents for participating and sharing their opinions, and let them know that improvement will take place.
2. Once the improvements have been implemented, communicate the changes to members. Do not wait for members to discover the improvements on their own.
3. Case: Top 2 rating = 46%
Next year = 49% for group with no communication
Next year = 64% for group with communication

1. Processes that were determined to be key drivers in the analysis can be monitored regularly by putting internal metrics in place.
2. Example 1: If caller hold time is a key driver of customer (member) service, put system in place to track hold times.
3. Example 2: If welcoming new members is a key driver, put metrics in place to monitor new member welcoming activities.

1. Periodically, select a random sample of members and survey them on the key processes and key attributes to verify that progress is being made.
2. Follow-up surveys should be conducted after changes have been made and communicated to members.

1. Give your employees the same survey questions regarding value, price and processes as you give members.
2. Ask employees to answer questions in the way they believe the majority of members would answer the questions.
3. Calculate the differences in Top 2 box percentages between members and employees for value, dues, and each process. Do your employees' responses match up with your members' responses?
4. Show employees where there are differences between the members' ratings and the employees' ratings. Gather their thoughts as to what they think is causing the differences.



Questions?

Tracie Mrakich, Director of Marketing

tmrakich@loyaltyresearch.com

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