

Trends & Opportunities Survey 2014

Your source for insights into YMCAs, JCCs, and Community Centers

{ Gauging the opportunities and challenges for the year ahead.

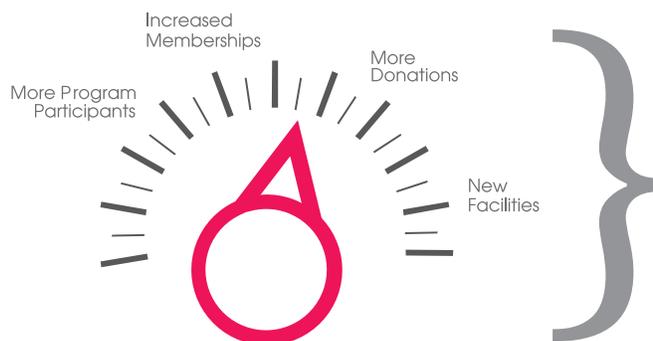


Table of Contents

Operating Budget.....	3
Facility Effectiveness.....	3
Member Engagement & Retention.....	4
Member Satisfaction, Recruitment, & Communication.....	5
Program Participation & Satisfaction.....	6
Financial Development.....	6-7
Community Partnerships.....	7
Technology.....	7-8
Metrics that Matter.....	8
2013 Achievements.....	9
2014 Challenges, Opportunities, & Trends.....	9

About the Survey

Daxko conducted the Trends and Opportunities survey via email during December 2013 to gather insights in the member-based nonprofit market. This year we included YMCAs, JCCs, Boys and Girls Clubs, and other community centers in our survey. Thank you to all who participated. Your insights will help guide Daxko in developing solutions to meet your changing needs so that together we can positively impact your communities.

Respondent Detail

288 executives and professionals participated in the 2014 Trends and Opportunities Survey representing 238 unique associations. C-level executives comprised the majority of respondents, with 84% falling into the roles of CEO, CFO, or COO. Organizations of various sizes participated in the survey, with operating revenues ranging from less than \$1,000,000 to greater than \$30,000,000.

{ 84% executive respondents }
{ 238 participating associations }

About Daxko

Daxko provides the software and services that member-based organizations need to gain a better understanding of their constituents, and therefore, deepen connections with their communities. Doing so helps our customers operate more efficiently, grow healthier organizations, and deepen the impact they have on their communities.

Budget Growth Projected in 2014

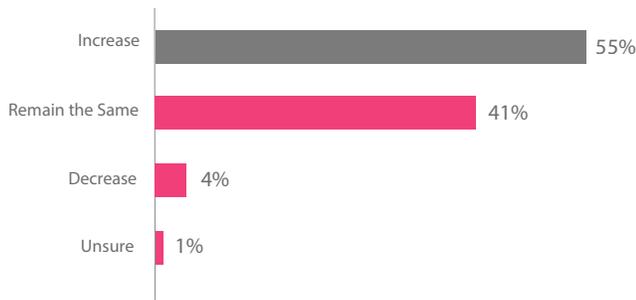
The future is bright as more than half (55%) of respondents predict an increase in their operating budgets over 2013. In fact, just 4% expect a decrease.

The percentage of associations anticipating budget growth has increased 11% in just one year.

Revenue growth for both membership and programs tops the reasons for budget increases, and facility expansions are also contributing.

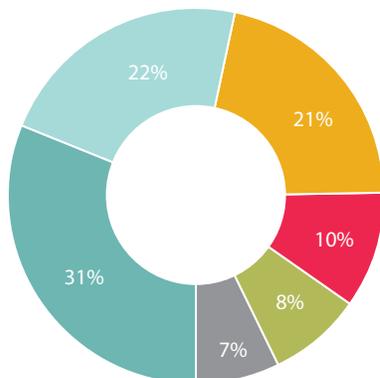
Those that are projecting a budget decline cite increased competition as the primary driver, whereas in years past, the economy has been to blame.

Anticipated Change in Operating Budget over 2013



The Most Significant Factor Fueling Budget Growth

- Increased membership sales
- Increased membership rates
- Increased program revenue
- Other
- Facility expansion/new branches
- Increased development funds



Facility Effectiveness

61% of respondents rate their facility as effective in meeting the needs of their communities, which is an increase over 2013 (49%). 15% place complete confidence in the effectiveness of their facility, which is nearly double to last year's response.

For those responding that their facilities were not effective, the primary factor is due to the facility being old or outdated. The second most popular response was that there is not enough space. 8.3% are in the process of renovating their facility and nearly 1 in 4 respondents mentioned that facility expansions, upgrades, or new facilities are the most significant opportunity for their association in the coming year.

Nearly 1 in 4 respondents shared that facility expansions, upgrades, or new facilities represent the most significant opportunity for their association in 2014.

Facility improvement was the greatest achievement in 2013 shared by participating organizations. 14% of organizations believe that if facilities are improved, member retention improvement will follow.

And that thinking is right on track: the YMCA of Greater New York saw an 11.2% increase in member retention as the result of a facility redesign. In addition, the Invensys YMCA, Fond du Lac YMCA, and Penn Hills YMCA saw more than 100% growth in membership after redesigns; the Invensys YMCA saw as much as a 144% increase (Daxko T2 Consulting Facility Development and Design).

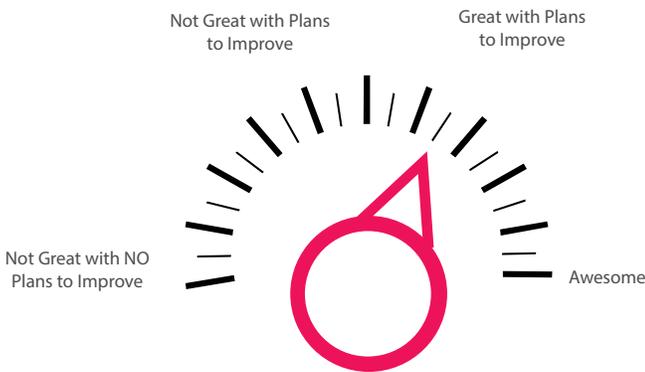
Member Engagement & Retention

2 out of 3 respondents shared that their organizations have staff with full-time responsibility for increasing engagement for members, program participants, donors, and/or volunteers.

2 in 3 organizations have staff with full-time responsibility for engaging constituents, rather members, donors, program participants, or volunteers.

Less than 1% of respondents were willing to attach the word “awesome” to their current member retention while nearly half (49%) admit dissatisfaction with their organization’s rate. Still, it’s encouraging to see 9 out of 10 recognize a need for member retention improvement plans, regardless if their rate is favorable or not.

Describe Your Association’s Member Retention Efforts



“Most organizations know what they need to do. The real issue is how to get it done. To address retention in the most efficient way, you need a team of people,” explains Lori Swann, Daxko T2 Consulting Director of Membership. Lori suggests forming a Member Experience Executive Team, or MEET, with these attributes:

- Senior-level team focused on the member experience
- Interdisciplinary makeup including experts in programs, finance, membership, and marketing
- Vital involvement in decisions around pricing, programs, facilities, hiring, and training
- Ability to make clear-cut and data-informed decisions, and provide strong recommendations for next steps

In thinking about their organizations’ member retention efforts, for the third year in a row respondents have identified connecting members to the mission as the number-one way to improve retention.

Most Helpful Way to Improve Member Retention

- #1. Connect Members to the Mission
- #2. Expand/Improve Programs Offered
- #3. Improve Member Communication

One way to literally connect members to your mission is via technology. Take Millennials for example (those age 20-35 in 2013). According to the 2013 Millennial Impact Report Most nonprofits already know the basic pieces they should put in place to capture Millennials:

- Have an up-to-date, well-designed website
- Make your website mobile friendly
- Be present on social media such as Facebook and Twitter
- Follow-up with relevant, easy-to-read emails

Being proactive about member retention can help an organization get ahead of member cancellations. Still, when attrition occurs, having a plan in place to recover lost members is important. Just over half of organizations report having a member recovery plan.

Conducting member surveys is a great way to collect insight into attrition and satisfaction. 45% of organizations report they already conduct exit surveys to gather that feedback, which is a significant decrease from 2013’s 60%.

Member Satisfaction

Half of organizations are manually collecting member feedback with suggestion boxes, but a small 11% say the process is actually effective in gauging satisfaction and loyalty. The disconnect between effort and effectiveness means added work and little reward for organizations.

While 45% track satisfaction in exit surveys, shifting those efforts to collecting feedback before a cancellation occurs should be a priority. The best way to do this is regularly surveying members by phone, email, or online, and more than once a year as only 30% of organizations report doing. Regular “member pulse checks” maximize interactions with members, keep them involved, and ensure they stay invested in the mission.

Member Recruitment & Communication

Word-of-mouth referrals are still viewed by organizations as being the most effective communication channel for attracting new members, with direct mail and social media being a very distant tie for second.

To make word-of-mouth marketing most effective, are you arming your members with the right message to spread to their contacts? According to McKinsey & Company,

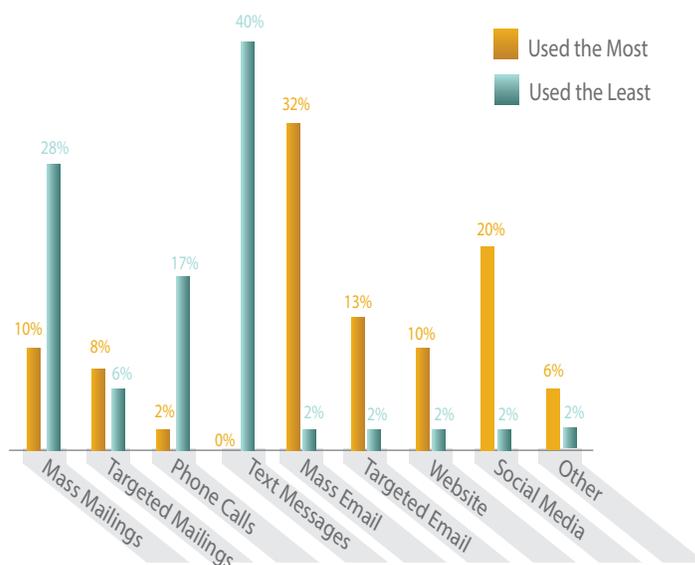
“**What’s said** is the primary driver of word-of-mouth impact.”

Word-of-mouth is still the most effective recruiting tool.

Seth Godin, popular marketing blogger and author of numerous best-sellers, shares that the majority of consumers are not

good at talking about products or experiences. About 1% of your customers are talkers and bloggers, but the other 99% represent a real opportunity. It’s up to you to figure out the right message to appeal to them all and then turn that 99% into talkers or advocates for your brand. (McKinsey & Company “A New Way to Measure Word-of-Mouth Marketing, 2010; sethgodin.typepad.com)

Channels Used the Most/Least to Communicate to Members



Mass e-mail (to the entire membership database) is the most frequently used way to communicate with existing members. However, organizations are missing out on an opportunity to make those communications more effective through targeted segmentation. According to MarketingProfs.com, one of the top email marketing mistakes to avoid is blasting the same message to your entire database (MarketingProfs Email Marketing Kit 2013). Chances are, participants in your silver sneakers program are not interested in child care.

In terms of the most underutilized communication channels, participants agree that text messaging is often overlooked. 40% admit they use that channel the least when communicating with members. Most nonprofits sent about 9 texts per subscriber in 2012. That’s very small compared to email messages or social media posts. However, mobile lists are growing at about double the rate of email lists (2013 eNonprofits Benchmarks Study).

Program Participation & Administration

In 2013 significant strides were made in programming. 13% of respondents shared that their association's biggest achievement had to do with programs—either from surpassing goals or expanding their offerings. 1 in 5 can attribute their organization's budget increase in 2014 to more program revenues. That's not surprising since the vast majority (87%) of programs were either profitable or breaking even.

1 in 5 attribute budget increases to growing program revenues. In fact, 87% of respondents report their programs are profitable or at least breaking even.

Organizations say implementing online registration would be most effective in minimizing program administration. Currently, 55% of respondents told us that their organization offers real-time, fully integrated online registration. An additional 17% offer a more basic form of online registration using an online form or email.

Most Helpful Ways to Minimize Program Administration

- #1. Online registration
- #2. More efficient, easier software
- #3. Ability to email alerts to participants

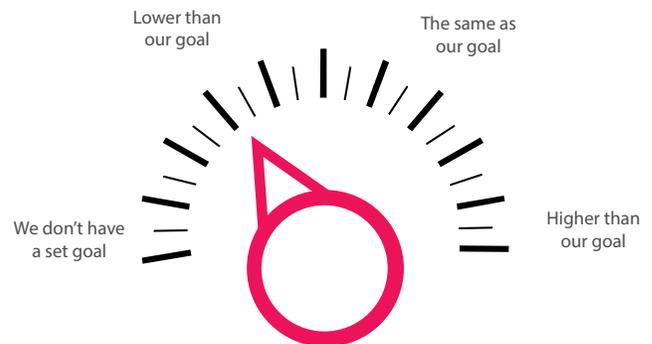
At the same time, just 6% have full confidence in online registration as a way to increase participation. Only 10% think updating program information on their websites would help with participation.

Using targeted marketing materials is identified as the number-one way to increase participation. Keep in mind, however, that updated website information provides the best place for the “more information” referenced in an email or flyer, and reaches an even broader audience.

As is the case with membership, organizations are not placing confidence in their websites as a vehicle for enhancing the program experience—but they should. Registering for programs online can provide immediate gratification for someone wanting to interact with your organization. The ability to register on cue means participants have less time to talk themselves out of participation. Plus, it takes pressure off someone who is new and simply wanting to explore his or her options.

Financial Development

The majority of organizations (63%) are not meeting their annual campaign goals for member giving. 14% have a level of member giving that is at their goal or higher. Surprisingly, 14% of respondents work for organizations that do not have a set goal when it comes to member contributions to the annual campaign.



According to Julie Sistrunk, Daxko T2 Consulting Director of Financial Development, 25% of members should contribute to the annual campaign. Currently, less than 1% of organizations report that more than 20% of members give annually. The vast majority have member giving levels of 10% or less. Increasing member giving, and putting a strong plan in place to do so, will be critical in achieving annual campaign success.

For major gifts (\$1,000+), leveraging relationships of board members and staff members tops out as the main methods for identifying prospects. Still, digging deep with current donors and elevating gift values must play a big role. “A major gifts program is the most cost-effective fundraising strategy,” Julie continues. “It provides the greatest return on investment with 80-90% retention on major gifts.”

Partnerships

Almost all organizations are partnering with other groups and businesses in their communities. School, hospital/wellness center, and social service organization partnerships are the most popular.

Slightly more than half (53%) of organizations partner with insurance carriers in the community to provide incentives to employers for membership reimbursements. Of those, the vast majority (88%) are based on the number of visits per month.

53% partner with insurance carriers to provide incentives to employers for membership reimbursements. Nearly 3 in 4 offer employee healthy living programs.

72% of associations work with corporate partners to offer healthy living programs to employees. Of those, the majority are only based on the employee joining the organization.

Technology

45% of organizations rate their overall technology as adequate, which is consistent with last year’s survey results. However, the percentage of organizations rating their technology as less than adequate and even antiquated has skyrocketed. 1 in 3 respondents rate their association’s overall technology in this range, which is a 63% increase over 2013.

Associations rating their technology as less than adequate or antiquated has grown +63% over last year.

Improving software appears to be top of mind for respondents, particularly solutions for operations (13%) and fundraising (10%). Integration of current systems, improving hardware, and upgrading the association’s website also top the list.

1. **Hardware (13.3%)**
2. **Website (12.9%)**
3. **Operations Software (12.5%)**
4. **Integration of Systems (11.3%)**
5. **Fundraising Software (10.2%)**

Mobile Tools

With many new technology opportunities on the horizon—emphasizing mobile and implementing online tools, for example—it’s more important than ever for organizations to assess how they will modernize current technology.

As we charge into the mobile age, it’s imperative that organizations beef up their mobile presence and capabilities to remain relevant to their members.

Consider this:

- 56% of American adults now own a smartphone. 34% own a tablet.
- 65% of smartphone owners take their phones to bed with them.
- 67% said they are more likely to forget their wallet when they left home than their iPhone.
- 87% of Android users admit to using their device while in the bathroom.

(Pew Research Center, Stanford University, 11 Mark)



34% offer a mobile application to members which is +42% from 2013!

How are member-based nonprofits adapting to this mobile reality?

- 80% do not use tablets at their association
- Of those that do, utilizing them in child care operations and on the wellness floor are the most popular applications
- 34% offer a mobile application—a 42% increase over our 2013 survey. An additional 32% of organizations are considering one.

Online Presence & Capabilities

Similar to last year’s survey, 63% of respondents would rate their association’s online presence as average. Only 1 in 4 think that their online presence is strong. 82% do have the ability to update their own web content and 36% offer new content in the focus areas of their mission. 33% allow constituents subscribe to an online newsletter.

How can constituents interact and do business with associations online? Here are the most popular:

- 55% offer real-time, fully integrated online registration. An additional 17% offer more basic online registration with an online form or email.
- 28% allow people to join online and 17% can take a virtual tour of the facility
- 28% can manage their account online

Online registration

Online membership sales

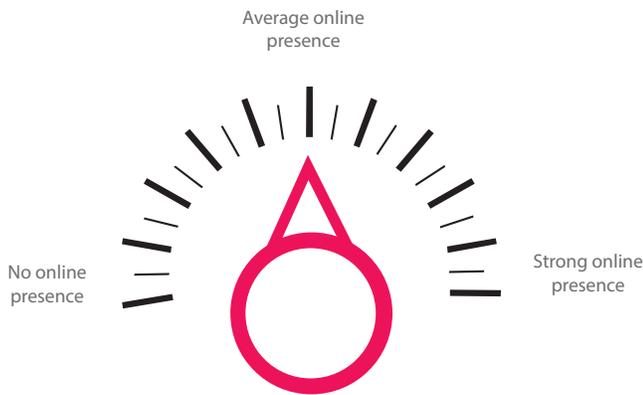
Virtual tours

Online account management

Success Metrics

We asked respondents to tell us the most critical metrics for measuring their association’s success. Here’s what they had to share:

Which of the following best describes your association’s website?



- Executive:** community impact, strategic plan performance
- Membership:** growth, retention, revenue, and satisfaction
- Programs:** growth, revenue, and satisfaction
- Development:** members as donors, volunteer engagement
- Finance:** overall fiscal health
- HR:** staff development and satisfaction
- Marketing:** community/public image

2013 Achievements

Organizations participating in the survey shared varied achievements from 2013. The most significant one shared was the addition, expansion, or improvement to facilities. Not far behind was completing the organization's strategic vision and then meeting/surpassing membership goals for the year.

1. **Facility addition/expansion/improvement (16.2%)**
2. **Completing our strategic vision (15%)**
3. **Meeting or surpassing membership goals (13.8%)**

{ Facility improvements top the list for the biggest achievements in 2013 and the most significant opportunities this year. }

2014 Opportunities

Facility expansions and upgrades along with capital campaigns are identified as top opportunities this year. Not far behind is the opportunity for a partnership/alliance with area businesses or hospitals.

1. **New building, facility expansion or upgrade (23.1%)**
2. **Capital campaign (21.5%)**
3. **Community partnerships (13.8%)**

2014 Challenges

Growth in members and donations is top of mind for organizations this year. Outside of the current economic situation, the biggest challenges ahead are membership growth and retention as well as fundraising and development.

1. **Membership growth (30.8%)**
2. **Fundraising & development (22.7%)**
3. **Member retention (16.2%)**

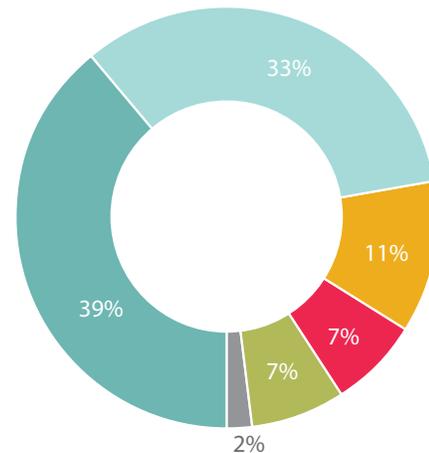
Most Significant Trends

In terms of trends overall that are affecting similar organizations, respondents ranked the following as most significant:

1. **Competition from for-profits (39.1%)**
2. **Demographic shifts (33.3%)**
3. **Centralization vs. decentralization (11.6%)**

What is the Biggest Trend Affecting Organizations Like Yours In 2014?

- | | |
|---------------------------------------|-----------------------------------|
| ■ Competition from for-profits | ■ Retirement of current leaders |
| ■ Demographic shifts | ■ Risk management |
| ■ Centralization vs. decentralization | ■ Challenges to non-profit status |



Resources Tailored to You

Need help capitalizing on opportunities and weathering challenges with ease? We're here to help and have an extensive resource library for YMCAs, JCCs, and community centers like yours.

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