

## **JUSTIFYING YOUR PRICE ONLINE: AN INVESTIGATION OF ACADEMIC ASSOCIATIONS' ONLINE COMMUNICATION OF MEMBERSHIP BENEFITS**

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### **ABSTRACT**

This study identifies the benefits that are communicated online by a selection of academic associations. It also investigates the relationship between what is communicated online and the size of the associations' membership fees. The findings show that the level of the membership fee is to some extent influenced by the amount of words that communicate status on an association's website, as opposed to communication about conferences, job market, networking, publications, savings, size, or age.

### **INTRODUCTION**

Getting oneself involved in a professional group such as academic association comes along with great opportunities. Members have access to the organization's network, information and career, or professional development programmes. Frank (1997) contends that benefits nurture a sense of professional community that is extremely important to the profession. In this regard, the strategies for communicating benefits should be an integral part of all professional organisations and the products or services they offer. Hampered by time constraints, limited knowledge and resources, or an attempt to provide services to everyone, many associations do themselves a disservice by failing to seize the multiple opportunities to establish and enhance their benefit perceptions. Yet, opportunities for communicating these benefits appear to have been frequently overlooked or mismanaged. The fact that active recruitment and retention of members is vital to the survival of a professional association cannot be overlooked, hence it behoves on an organization to identify the unique services it offers and to develop a strategy that communicates its benefits with the aim at attracting and retaining the members. As these organisations are not immune to competition, the increasing stringency in business and economic conditions are causing both personal and corporate members of professional, trade, and technical associations to re-examine the advantages of membership in terms of cost and benefits. Even when membership is mandatory, it does not prevent members from giving their loyalty and involvement to other organizations (Wilson 1997). The proliferation of dot.com companies and their quest to create online communities has placed associations head to head with the for-profit world (Granahan 2000). This double-edged sword technology, the internet, also serves as an opportunity for professional associations to influence their destinies by clearly defining their benefits and shaping the value perceptions that are formed by web users. Like any other organization providing a service, professional associations must now acquire the techniques for marketing themselves (Wilson 1997) online.

The purpose of this study is therefore to explore the extent to which academic associations communicate membership benefits through their websites and whether these communicated benefits can be related to the level of membership their fee. As a means to achieving this purpose we also intend to develop and demonstrate a relatively simple but effective tool for identifying a benefit profile that could serve as criteria to evaluate associations' websites. Websites in this study are compelling because they represent a medium that is easily accessible to all audiences, constantly available and relatively affordable (Berthon et al. 2001), at the same time as they, whether it is intended or not, will communicate certain characteristics of the organisation behind them. By analyzing the content of a website this can be understood, and by making comparisons with what is being communicated on other websites, the relative perceived benefits of these organisations can be both comprehended and managed. Though this study is limited to the analysis of academic associations, we contend that the techniques used can have wider applications in marketing communications of any association. In order to reach our objectives, we have proceeded as follows: First the pertinent literature on benefits of joining professional associations has been reviewed thus establishing the conceptual foundation for the hypothesis. Second, a methodology has been developed to capture the specific benefits communicated online by academic associations. This methodology includes the content

analysis of the websites of a sample of academic associations in order to develop a profile of benefits communicated. This profile has thereafter been used for computer aided data collection. After presenting the results, we have drawn conclusions, identified the limitations of our approach and subsequently discussed them. Finally, opportunities for future research have been highlighted.

## CONCEPTUAL BACKGROUND AND PILOT STUDY

Feldman and Lynch (1988) have proposed the *accessibility-diagnostics model* to explain how information is used to make judgments and choices. Accessibility refers to the ease with which an input in memory is brought to mind, while diagnostics is the perceived value or sufficiency of the input for the judgment task at hand and determines the likelihood of information utilization (Fitzsimons et al. 2002). The model suggests that the more accessible a cue is in the buyer's memory, the more likely it is to be used to make a judgment of quality. Buyers who do not have direct purchase experience of a product will tend to make their price-quality association on the basis of information derived from elsewhere. In fact, both, the accessibility-diagnostics model (Feldman and Lynch 1988) as well as the *cue utilization theory* (Cox 1967) suggest that price is used as an indicator of product quality only when certain other salient attributes are missing. This means that a buyer (potential member) can make an informed decision if the seller (professional association) is able to provide some cues or attributes to potential buyers through their marketing medium. While the *accessibility-diagnostics model* and *cue theory* do not deal with the pricing of membership fees in particular, their attempt to explain how information is used to make judgments and choices is provocative and the attempt to expand the boundaries of this prior research by applying it to the present study may be fruitful. We posit that potential members who would like to join an academic association but do not have direct experience with an official from the association will tend to make their decision based on benefit information derived from elsewhere, for instance, the organization's website. Hence, the more accessible the benefits communicated on website are, the more likely they are to be used to make a membership decision. On the basis of this establishment, we propose a hypothesis that links the extent of communicating benefits to the membership fee. Our main hypothesis for this study is thus formulated as:

*H<sub>1</sub>: The extent to which benefits are communicated on an academic association's website is positively related to the size of the membership fee*

To be able to test this hypothesis one first needs to know *what* benefits that are actually communicated on academic association websites. Therefore a pilot study was conducted during the spring of 2006.

## PILOT STUDY

The primary objective of the pilot study was to determine what benefits academic associations communicate on their websites and the secondary was to start creating a tool for measuring the amount of benefits actually communicated. To achieve this, a manual content analysis was conducted on 10 academic association websites purposely selected with an aim for maximum variance in terms of industry, size, stature, and governance. Guiding this sample was a series of expert interviews. The subsequent content analysis was thereafter performed by letting two researchers independently scan the selected sites for words used to communicate benefits and put these into suitable categories. Initially it was easy for the researchers to unite on some of the categories of communicated benefits such as (1) opportunities to attend conferences and meetings (hereafter called Conferences), (2) career development programs and job listings (hereafter called Job Market), (3) the opportunity to meet peers and network (hereafter called Networking), (4) be exposed to current research (hereafter called Publications), and (5) receiving membership discounts (hereafter called Savings). These findings are in line with previous research on the benefits of joining associations of this kind (Desmond and Symens 1997; Logemann 1994; Young and Boling 2004). However, one issue that previous researchers had not mentioned is the manner and style in which these benefits were communicated. Some associations claimed to be the "oldest", whereas others had the "most respected" publications, or the "largest" and "best" conferences. This use of adjectives and adverbs added another dimension to the communication of benefits and it had to be categorized in some way. After some discussion and consultation of experienced senior researchers, it was agreed that three additional descriptive benefits should be added based on how they were communicated. These were called (6) Size

(based on claims of being the largest, biggest etc), (7) Status (based on claims of being the most respected, the best etc), and (8) Age (after claims of having a long tradition, being the oldest etc). These findings enabled us to form a number of sub-hypotheses in support of the previously stated main hypothesis. These sub hypotheses posit that: communication about conferences (H1a), job market (H1b), networking (H1c), publications (H1d), savings (H1e), size (H1f), status (H1g), and age (H1h) on an academic association's website is positively related to the size of the membership fee.

## MAIN STUDY

The unit of analysis used for this study were the websites of academic associations. The sample list of academic associations was generated from expert interviews with a number of university professors in social sciences and business administration. These experts were asked to list at least five associations that they considered important and influential in their particular field. After an additional web search we had a final list of 56 associations. The websites connected to these associations consequently became the study's sample from which we proceeded with data collection. The method used to obtain information from all the websites was computerized content analysis. One might initially be tempted to limit a study like this to the homepage (initial screen) of the site (c.f. Jo and Jung 2005) or the membership section. Yet, with the view to enrich our basis for analysis and provide a more complete picture, especially considering the descriptive benefits that we aimed to investigate, we chose to derive all textual information from the main portals and three levels down in the hierarchy of information. That is to say, we repeatedly copied all textual information from homepage as well as from three levels down into a text document. This rigid and systematic procedure yielded a considerable amount of textual information (further information about the websites covered and the amount of information collected is available from the authors). After having collected all text from the websites, it was necessary to obtain information on the dependent variable; the membership fees (the prices). Our objective was to get hold of the cost for full annual 2006 membership (i.e. not student, senior citizen, or similar fees), and approximately 50% of the sample had this information readily available online. The rest of the associations were contacted via e-mail with a request for price information. 18 responses were returned and in September 2006 the textual information, as well as information about the price, from 45 academic associations' websites had been obtained. In order make the price information comparable, all price quotes that were not US dollars (USD) were converted into dollars on September 20, 2006 at the current spot rate at 13.00 GMT. Thereafter, based on the results of the pilot study, we were able to create a comprehensive computerized dictionary containing words used for communicating each of the 8 identified categories. This enabled us to quickly and precisely analyze the benefits communicated on the identified websites (the items included in this dictionary are available from the authors upon request). By thereafter running the textual information from the websites against the categorization dictionary, we were able to perform a computerized content analysis in order to determine what types of benefits the academic associations actually communicated online as well as to what extent.

## RESULTS

Multiple regression analysis was used to estimate the relationships between the number of mentions on the websites relating to conferences, job market, networking, publications, savings, as well as the descriptive benefits relating to size, status, and age (independent variables), with the cost of membership (dependent variable). Thus, we tested the hypotheses while at the same time distinguishing the internal relations between the categories of communicated benefits. The result of the regression analysis is presented in Table 1. As shown in the table, although the goodness-of-fit and the explanatory power of the estimated regression model are acceptable, an examination of the adjusted  $R^2$  reveals that it only accounts for approximately a quarter of the variation in the price. This implies that there are mainly variables outside what is communicated online that determines the size of the membership fee among the associations investigated. Moreover, the analysis reveals only one significant positive relationship in the equation pertaining to the amount of words communicated in connection to the *status* of a particular association. This suggests that the level of the membership fee is, to some extent, influenced by the amount of words that communicate status on an association's website, and accordingly, not influenced by the number of words communicating conferences, job market, networking, publications, savings, size, or age. Therefore it can be concluded that  $H_1$  is partially accepted among with  $H_{1g}$ , whilst  $H_{1a}$ ,  $H_{1b}$ ,  $H_{1c}$ ,  $H_{1d}$ ,  $H_{1e}$ ,  $H_{1f}$ , and  $H_{1h}$  are all rejected.

## DISCUSSION

Despite the increased importance of demonstrating the value of membership of academic associations towards their present and prospective members in order to justify their membership fee, very little empirical work has been devoted to the subject. To contribute towards filling this gap in the on-line marketing communication literature, the focus of the present study has been to explore what academic associations communicate in terms of benefits on-line and how these communicated benefits can be related to the membership fee. To this end, the study found that communication of benefits does not only include *what* is communicated such as conferences, career development, networking opportunities, publications, and savings, but also *how* it is communicated. The latter, the descriptive benefits, can be categorized according to age, size, or status, leaving us with eight distinctive categories of benefits that academic associations communicate online towards their prospects, members, and other stakeholders. Moreover the results of the multiple regression analysis revealed that only a small part of the membership fee is related to the benefits communicated online. Based on this finding, it can be concluded that most of the variables that determine the membership fee can be found offline. In other words, most academic professionals are probably making their membership decision based on information collected from other sources than the association's website. This finding can be attributable to the fact that the study focused on academic associations which is a very tradition-bound industry in which there are only a handful of associations in each respective field that are widely respected. As a consequence, it is likely that information on these might be communicated informally by word-of-mouth between colleagues, supervisors and their students. A similar explanation might be applied to the other major finding of this study; the fact that only the communicated status of a particular association seemed to have a direct positive impact on the size of the membership fee. Again, looking at the academic association industry structure, only a few in each sector have the status of a "must be" association. This was an issue repeatedly stressed by the interviewed professors during the pilot study. Some even had problems coming up with more than a couple influential associations altogether. In making a decision, it therefore stands to reason that it might not be important for a prospective member if an association communicates how many conferences, publications, and networking opportunities it can offer if the quality and benefit of these are only second or third-rate. In other words, it is better to have one excellent conference than ten really bad ones. This conclusion is also in line with Kamm's (1997) claim that people join associations partly because of the perceived quality of their activities and might explain the relative significance of the status benefit vis-à-vis the relative insignificance of the others.

As for management implications, the approach followed and described in this paper can offer good general insights to managers and administrators of commercial websites, despite the fact that this particular study concentrated specifically on academic associations. The approach used can easily be extended to other organisations but more importantly to websites of firms engaged in the provision of services where cues and information are critical in their marketing communications. For example, a service organisation such as a consultancy could use this approach to assess their relative uniqueness vis-à-vis their competitors and also as a confirmation of consistency regarding their communicated benefits.

Certain limitations evident in the explication of this study also need to be taken into account. The first limitation has to do with the design of the pilot study in that the 8 categories of communicated benefits were based on an exploration of only 10 associations' websites. Although we aimed for maximum variance among them, there is still a risk that not all benefits communicated would be covered. Also, in the main study, we used a limited sample for the multiple regression analysis. While 5 observations per variable (in this study: 5.6) is an acceptable minimum ratio for achieving generalizable results in multiple regression analysis (Hair et al. 1998), a larger sample would definitely have improved the generalizability of our findings. A third limitation has to do with the somewhat limited scope of this study, as it only focused on academic associations in general, and associations within mainly social sciences and business administration in particular. There is a chance that the benefits communicated might be different among other types of associations but also among academic associations within different fields. There are a lot of opportunities for the interested academic to extend this study by simply re-applying the methodology in a different setting and by that to further contribute to filling the void that currently exist in this important area of online marketing communications.

**Table 1: The Relationship between the Categories of Communicated Benefits and the Price of Membership**

Dependent Variable: Price		
Independent Variables	Beta	t-Value
Conferences	-.10	-.36
Job Market	.20	.95
Networking	.26	1.41
Publications	-.12	-.49
Savings	-.07	-.35
Size	-.05	-.26
Status	.57	2.71**
Age	.03	.21

N = 45, R<sup>2</sup> = .399, Adjusted R<sup>2</sup> = .266, F-Statistic = 2.99\*, \* =  $p \leq .05$ , \*\* =  $p \leq .01$

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