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An Analysis of Perceptual Gaps among Chamber Management, Chamber Member Contacts, and a Proxy Sample of Chamber member Employees: An Attempt to Improve Marketing Efficacy

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Abstract - Decreases in membership for a local chamber of commerce led the authors to conduct research to assist them in determining why they have been experiencing difficulty with business organization memberships within the last few years. This paper presents findings from an exploratory study that examined perceptual gaps on a series of factors that the authors believe when identified, may lead to improved marketing efficacy. Chamber management, chamber member contacts, and a proxy sample of chamber member employees for a local chamber of commerce completed surveys to assess the level of consistency among their perceptions of value added benefits of chamber membership. The authors believe the results of this study may be useful for other chambers of commerce and organizations when their long-term survival is dependent on active memberships.

Note: The authors failed to provide Keywords or a statement regarding Relevance to Marketing Educators, Researchers and/or Practitioners.
Introduction

Nonprofit organizations that are membership-driven such as local and regional chambers of commerce depend on the successful marketing of their value and benefits to their respective target members because without members, they cease to exist. The authors believe that the existence and long-term survival of these nonprofit organizations is largely dependent on, 1) the organization obtaining an accurate assessment of their target members’ perceptions of the value and/or added benefit of membership, 2) identification of the existence of perceptual gaps among the groups involved, 3) and how to use this knowledge to implement change. The decision whether to implement change is ultimately a choice made by the nonprofit organization and is beyond the scope of this paper. The focus of this paper is on the measurement of perceptions of chamber management, chamber member contact organizations, and a sample of employees of a chamber organization and the identification of perceptual gaps (defined here as significant differences among perceptions of two or more groups).

Review of the Literature

The vast majority of empirical research on the conceptual and operational dimensions of perception is available in the psychology literature. There are however a considerable number of perception studies that can be found in marketing-related journals. The overwhelming majority of studies in marketing-related journals have been published on the topic of consumer perceptions. For example, some notable and more recent marketing-related journal articles on consumer perceptions include topics on service quality (Parasuraman, Zeithaml, and Berry 1985, 1988; Carman 1990; Cronin and Taylor 1992), total quality (Noël 2014), and source credibility (Jin and Phua 2014). What could be of particular interest and value to marketers is the idea that perception research may lead to better marketing decision-making.

The social relations model (SRM) is a useful framework to measure and compare individual and group perceptions (Kenny and LaVoie 1985; Kenny 1988, 1991, 1994). The components of the model include constant, actor, partner, and relationship effects and are represented in the formula $y_{ij} = \mu + u_i + v_j + \varepsilon_{ij}$ (Kenny 1988; Lüdtke 2013). The SRM is applicable to situations whereby a business evaluates the services of a chamber of commerce. The following is a scenario to help illustrate the model. The perception of the business, John’s A-1 Dog Training, on the measure of service quality of a local chamber of commerce, Orange County Chamber of Commerce ($y_{ij}$) is a function of constant ($\mu$) or generally how businesses in general perceive service quality of chambers of commerce, plus the actor effect ($u_i$) or how John’s A-1 Dog Training
perceives other chambers of commerce on service quality, plus the partner effect (V\text{j}) or how other businesses evaluate Orange County Chamber of Commerce on the measure of service quality, plus the relationship effect (\text{\epsilon}_{ij}) or how John’s A-1 Dog Training (i) uniquely perceives Orange County Chamber of Commerce (j) on the measure of service quality (with actor and partner effects removed). All of the measures of the SRM can be obtained by using a round-robin matrix design.

There are currently approximately 299 published studies that reference the social relations model (SRM) and an additional 64 dissertations (retrieved May 24, 2014, a bibliography of SRM references is available at http://www.davidakenny.net/doc/srmbiblio.pdf). The social relations model has also been used to analyze perceptions in studies in business, specifically marketing (Cronin 1994; Current author 1997; Dewsnap and Jobber 2002; Akdeniz, Calantone, and Roger 2013) and management (Greguras, Robie, and Born 2001; Greguras et al. 2007; Girard and Sobczak 2012).

Knowledge about the presence of perceptual differences can be especially useful information for a marketer. For example, Bacdayan (2002) found that inconsistent perceptions existed between what a chamber of commerce expected in regard to rendered services from local universities and what the university was willing to provide. An evaluation of perceptions among various chamber groups may equally be beneficial knowledge for chamber management because this information could then be useful when developing future marketing strategies aimed at recruiting and maintaining members.

The authors conducted an exploratory study to analyze the similarities and differences among perceptions of chamber management (chamber officials and board members), chamber member contacts (representatives from business organizations), and a proxy sample of chamber member employees. The match (equitable) or mismatch (inequitable) among what chamber management may deem necessary and sufficient for the maintenance and recruitment of its members and what chamber contacts, and a proxy sample perceive necessary and sufficient for their participation in chamber activities/functions is critical. These comparisons can be the determining factor in whether the chamber is able to financially survive and/or prosper to provide invaluable resources to small businesses (Lacho and Brockmann 2011). A Chamber of commerce who has the ability to compare perceptions of their available services among their management, chamber member contacts (individuals in each organization that represents a chamber “member,” who chambers typically contact for membership renewal and for soliciting sponsorship of chamber events), and additionally the chamber member’s employees are in a better position to resolve perceptual differences through more focused changes in marketing strategy.
The existence and survival of a chamber of commerce is dependent on the retention and recruitment of its members. Little empirical research is available that assesses the benefits associated with membership to a nonprofit chamber of commerce (Noel and Luckett 2014). However, membership fees paid to these associations provide necessary, sustainable financial resources. Members, especially in times of economic uncertainty, demand higher accountability of membership fees/dues. Chambers have responded to these demands by offering a variety of services, opportunities, and benefits that they believe are valued and relevant to its current as well as prospective membership, however, often based on surveys of chamber member contacts (one or two people representing entire member organizations). This focus is a necessary but often times not sufficient method by which chambers of commerce market the usefulness of their services to their members. An important element to consider is the method(s) by which chamber member contacts and their employees (of which this study examines a proxy sample) evaluate membership attributes (access to available membership fees, willingness to join, time/availability issues, etc.) and their perception of the added-value of the benefit services offered by chambers of commerce.

Relevant Background Information

In several studies spanning 10 years, the authors investigated two chambers and a professional organization dedicated to providing resources for financial service providers. The administration from two local chambers of commerce (including but not limited to chamber presidents, director of member services, Vice President-Marketing and Communications) and the president of a professional organization for financial service providers (referred to as the “Society”) collaborated to help assess member perceived preferences of services, networking events, and educational materials. One chamber was a large affiliate of several smaller local chambers from six local communities (Chamber “A”); the second chamber was a small, one-town chamber (Chamber “B”). Both Chamber “A” and “B” member contacts were queried on their eligibility, usage, level of online access, and perceptions of various services (networking and informational, marketing opportunities, enhanced services and legislative advocacy, and cost savings) as well as level of online e-commerce activity, demographic characteristics of respondents, and general overall perceptions towards the chamber services. Chamber “A” also conducted a survey of ex-members, and investigated perceived value of various services and networking events as well as reasons for joining and leaving the chamber.

The survey developed for the president for the professional organization (AKA the “Society”) for financial service providers was similar to the two chamber surveys in that various services and networking events were evaluated and demographic characteristics were recorded. All surveys allowed for open-ended comments that provided respondents the opportunity to share their
perceptions about overall positive and negative issues relative to each organization.

The authors administered three surveys for Chamber “A” and one survey for Chamber “B” prior to the economic downturn of 2008. The first was spring 2004 and the second was spring 2005. The surveys were administered via snail mail and electronically to chamber members from a membership list of 1,600 members. A sample of 148 chamber (response rate 9.25%) member contacts returned the surveys. Chamber “B” conducted a similar survey of current members in spring 2006. Chamber “B” membership included over 400 companies, with individual memberships within companies ranging from one to over 50 employees. Of these companies and employees, 53 responded to a mail survey. In the third data collection for Chamber “A,” phone interviews were conducted for Chamber “A” to ex-members to determine why businesses and/or business clients left the affiliate in spring 2007. Chamber “A” had created a list of 932 ex-members, of which 159 responded, yielding a response rate of 17%.

The authors also collected data from a regional chapter of a national organization for financial service providers consisting of 140 members in spring 2005. Of the 140 members within the regional chapter, 42 responded yielding a response rate of 30%. The total from all of the samples was 402 respondents.

Of particular note is prior to 2008 a measure of current member satisfaction yielded relatively neutral results (see Table 1).

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Satisfaction with Membership</th>
<th>Value of</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>CHAMBER “A” Members: 3.15</td>
<td>CHAMBER “A” Ex Members: 5.51</td>
</tr>
<tr>
<td><strong>Scale</strong></td>
<td>1=Very Satisfied</td>
<td>1=Very Unsatisfied</td>
</tr>
<tr>
<td></td>
<td>4= Neither satisfied nor</td>
<td>5= Neither satisfied nor satisfied</td>
</tr>
<tr>
<td></td>
<td>unsatisfied</td>
<td>unsatisfied</td>
</tr>
<tr>
<td></td>
<td>7=Very Unsatisfied</td>
<td>10=Very Satisfied</td>
</tr>
</tbody>
</table>

In usage of services, Chamber “B” and the Society respondents did not use significantly more than half of the services (mean=16.97 for 28 services, and mean=6.57 for 13 services, respectively). A measure of usage of Chamber “A” member services prior to 2008 also yielded low scores with significantly fewer than half (p= .000, range = 0-56) of the services rated and being used by the respondents.

Chamber “A” and “B” members in open-ended questions did not report areas needing improvement, however, Chamber “A” ex-members noted that chamber membership costs were high (frequency 83), availability of information to be
insufficient (frequency 39), the chamber was slow to respond to their needs (frequency 33), few overall benefits of membership (frequency 19), and not enough benefits in the networking provided (frequency 15). Chamber “A” was rated best by members at helping members learn about area businesses, but worst in helping to create a referral list for their members. Ex-members from Chamber “A” rated an area trade show as most beneficial, but cost savings on particular insurance benefits lowest in value.

It should be noted, that in spite of relatively neutral satisfaction scores and medium to low usage of services, in these studies prior to 2008, respondents indicated they mostly planned to renew their membership for both chambers and the Society (range 88.1%-98%). However, many businesses might have felt membership in local chambers and/or a professional organization like the Society was easily accommodated prior to 2008 when businesses had more revenue to devote to such memberships. While generating new memberships even with attrition helped the chamber maintain a roughly 1600-2000 membership base, the complacency with low usage of services and ambivalent satisfaction scores cost the chamber dearly after the 2008 downturn.

The geographic area where these organizations are located experienced an economic downturn in 2008. The local affiliate chamber (Chamber “A”) at that time lost over 50% of its membership, and in 2013 worked with the authors once more to design another study on the remaining membership of just over 700 members.

**Method**

A 37-item questionnaire was distributed via SurveyMonkey® to 1) 733 chamber organization contacts, where 78 (response rate=10.64%) chamber contacts responded (37.7% of sample). 2) 785 proxy chamber employees, where 112 (response rate=14.3%) proxy sample chamber member employees responded (54.1% of sample). 3) 9 chamber administration senior-management employees, where 4 (response rate=44.4%) responded (1.9% of sample). 4) 25 chamber board members, where 13 (response rate=52%) responded (6.3% of sample). Email messages included a description of the study and statement of confidentiality, and the Institutional Review Board at the university where the authors completed the study approved the study. Respondents were offered to be included in a raffle for a Google™ Nexus 7 Tablet for their participation.
All but the chamber administration answered questions about their businesses and the characteristics of their businesses (see Table 2). For the purposes of the analysis that follows, the chamber board and chamber administration were considered “Chamber Management.”

Table 2

<table>
<thead>
<tr>
<th></th>
<th>Proxy Sample N=112</th>
<th>Member Contacts N=78</th>
<th>Chamber Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Board N=13 Administration N=4</td>
</tr>
<tr>
<td>Years in Operation (mean)</td>
<td>67.34</td>
<td>53.37</td>
<td>39.42</td>
</tr>
<tr>
<td>Category of Business (mode)</td>
<td>Not-for-Profit</td>
<td>Profit</td>
<td>Profit</td>
</tr>
<tr>
<td>Number of FT (mean)</td>
<td>208.2</td>
<td>184.1</td>
<td>71.4</td>
</tr>
<tr>
<td>Number of PT (mean)</td>
<td>21.8</td>
<td>8.3</td>
<td>19.8</td>
</tr>
<tr>
<td>Revenue in past Year (mode)</td>
<td>IDK</td>
<td>$1 mil-$5mil</td>
<td>&gt;$5mil</td>
</tr>
<tr>
<td>Past 3 Years of Sales (mode)</td>
<td>Same</td>
<td>Increased</td>
<td>Increased</td>
</tr>
<tr>
<td>% Sales to WMA (mean)</td>
<td>55.53%</td>
<td>69.75%</td>
<td>85.1%</td>
</tr>
<tr>
<td>Years Respondent Working (mean)</td>
<td>20.62</td>
<td>29.54</td>
<td>28.25</td>
</tr>
<tr>
<td>Gender</td>
<td>M=27; F=26</td>
<td>M=29; F=21</td>
<td>M=12; F=1</td>
</tr>
</tbody>
</table>
Findings

Ranking of General Categories of Local Chamber Services in Importance

Networking and Information Programs (NIP) and Marketing Sponsorship Opportunities (MSO) were ranked within the top three in importance for the local chamber for all groups. Legislative Advocacy (LA) however, was only ranked in the top three for Chamber Member Contacts and the Chamber Management. The Proxy Sample of Chamber Member Employees ranked as 2nd in importance providing Member Discounts and Cost-Savings (MDC-S). Enhanced Member Services (EMS) did not rank within the top three for any group.

Ratings of Specific Services

Perception Ratings of more specific services for the local chamber generally supported rankings of general service categories found above. For the Chamber Management (where other group perception were compared to Chamber Management), the top three rated services for the local chamber were “Helping my business network with other businesses,” “Marketing my business to other local chamber businesses,” and “Helping my business form strategic business alliances,” reinforcing the importance of NIP and MSO, with emphasis on NIP. For the Chamber Member Contact and Proxy Sample Chamber Member Employees, the emphasis was on MSO as “Helping my business form strategic business alliances” was substituted with “Marketing my business to regional businesses.” The difference in groups for “Helping my business form strategic business alliances” was significant (p=.011) as well as for “Helping my business network with other businesses” (p=.002), where the Proxy Sample of Chamber Member Employees generally perceived these services as important, but less so than Chamber Member Contacts or Chamber Management. Interestingly, “Providing my business opportunities for legislative advocacy” was not perceived as the top rated local chamber services, and was perceived as the lowest (rated 8th of 11 services) in importance (p=.029) by the Proxy Sample of Chamber Member Employees. This group also perceived the local chamber significantly lower in competence (.030) in providing legislative advocacy. The Chamber Board also perceived the Chamber as less competent in “Legislative Advocacy” than the Chamber Administration (p=.036). Also of note was that the Chamber Board and Chamber Administration differed on their perceptions on both providing businesses opportunities for “Event Sponsorship” and “Member Discounts,” with the Chamber Board perceiving these as less important than the Chamber Administration (p=.002 and .042 respectively) and that the Chamber was less competent at providing “Event Sponsorship” than the Chamber Administration perceived (.007).

Respondents were then asked what additional benefits the local chamber should offer. Discounts were the most frequently mentioned benefit respondents
perceived the local chamber needed in expanding services, followed by better connection/communication with the chamber, its members, and member employees, and lastly more positive chamber efforts in general economic development of the region (see Table 3). All three groups were neutral to slightly above neutral in agreeing the local chamber benefitted their business/organization, however, somewhat to mostly agreed that the chamber benefitted the region.

All three groups used (to promote themselves) the Internet, Public Relations/Publicity (used significantly more by the Chamber Management and the Proxy Sample of Chamber Member Employees; p=.023), and Social Media with the highest frequency. While not mentioned in the top three for use, the Proxy Sample of Chamber Member Employees significantly used Local TV (p=.000), Radio (p=.013), and Newspaper Advertisements (p=.011), and National Newspaper Advertisements (p=.001) more than either Chamber Contacts or the Chamber Management.

### Table 3

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounts to local businesses, smaller businesses, analysis of actual savings for each business (health insurance mentioned 3), industry-specific savings for companies</td>
<td>10</td>
</tr>
<tr>
<td>Online “hub” or social media for local businesses and organizations/better communication for members and their employees, communication between members and their employees also, better networking</td>
<td>7</td>
</tr>
<tr>
<td>Proactive positive Economic Development for Area, positive engagement of government</td>
<td>5</td>
</tr>
<tr>
<td>Outreach to sub-groups for specific industries/types of companies/organizations and non-profits, smaller businesses (that make up larger quantity of membership)</td>
<td>4</td>
</tr>
<tr>
<td>More mentorship/collaboration between small/large businesses</td>
<td>4</td>
</tr>
<tr>
<td>Trainings/workshops for members.</td>
<td>2</td>
</tr>
<tr>
<td>Employment opportunities</td>
<td>2</td>
</tr>
<tr>
<td>More benefits for member employees</td>
<td>1</td>
</tr>
<tr>
<td>Free lunches at The Fort</td>
<td>1</td>
</tr>
<tr>
<td>Identify and promote business excellence models, such as Baldrige.</td>
<td>1</td>
</tr>
<tr>
<td>Bold, creative, community changing initiatives.</td>
<td>1</td>
</tr>
<tr>
<td>Tax preparation/Accounting</td>
<td>1</td>
</tr>
<tr>
<td>Fund-raising leads.</td>
<td>1</td>
</tr>
<tr>
<td>Pooling of advertising resources.</td>
<td>1</td>
</tr>
</tbody>
</table>

However, National Newspaper and Television Advertisements as well as Consumer Magazine Advertisements were the least used promotional tool for Chamber Management and the Proxy Sample of Chamber Member Employees. For the Chamber Member Contact, Consumer Magazine Advertisements were substituted with Local Television Advertisements. In an open-ended question, all respondents in all groups mentioned Facebook, Twitter, and LinkedIn as promotional tools if their organization/company used Social Media (see Table 4).
Very few Chamber Contact respondents (6.3%) and only 1 Chamber Management respondent indicated that Chamber Membership exceeded their expectations. Most respondents indicated that the membership met their expectations, with roughly a quarter of each group indicating that the membership fell below their expectations.

Most of the Chamber Management (82.4%), less than half of Chamber Contacts (47.1%), and only 17.4% of the Proxy Sample Chamber Member Employees have encouraged other businesses to join the Chamber. Chamber Contacts reported that they are members of other chambers/business organizations (80%). Chamber Management respondents (58.8%) also have high stated personal membership in other chambers/business organizations. The Proxy Sample Chamber Member Employees had the lowest stated knowledge of their organization belonging to any other chamber/business organization (8.5%), with over 68% not knowing if their organization was a member of any other chamber/business organization.

Most Chamber Contacts (40/50 responding) plan to renew their chamber membership. However, most Proxy Sample Chamber Member Employees (39/59 responding) were unsure. Most Chamber Contacts (35/50 responding) make this decision, however, most Proxy Sample Chamber Member Employees (36/56 responding) are unsure who decides their organization’s membership to the chamber.

Implications and Conclusions

After losing over half of its membership following the downturn of 2008, a local chamber affiliate elected to conduct a study that differed remarkably from previously conducted studies prior to 2008. In previous studies, this chamber affiliate conducted surveys similar to surveys another chamber and professional organization used to assess the successful delivery of their varied services: studies that primarily focused on current membership contacts and professionals, looking at their beliefs and attitudes relative to services provided by the chambers and professional organizations. The authors noted that after these studies, few changes in particular occurred with the affiliate chamber,
other than to become a larger affiliate (inclusive of more townships). Variety of services and categorization of services remained stable.

After the 2008 downturn, the chamber affiliate lost over 24% of its membership in the first year, and at the time of the current study, more than half their membership. Clearly, neutral satisfaction scores and low service usage, while easily ignored through the recruitment of new members to remedy the attrition of membership prior to 2008, positioned the affiliate for a hard fall in membership when companies tightened their budgets in response to unstable markets. It became apparent that the chamber affiliate (board and administration) had fallen short of satisfying members and providing sufficient value to warrant continuation of membership. A clear disconnect existed between the board and administration and their members, and of particular note was that the chamber member contact was one or two individuals from member organizations who may or may not represent the larger interests of all member organization employees.

A study inclusive of chamber administration, the chamber board, chamber member contacts, and chamber member employees (represented in the current paper by a proxy sample of employees from one member organization) allows for comparison of priorities and perceived competencies of the chamber affiliate on their services. Chamber Management prioritizes networking over marketing their members, whereas member contacts and chamber member employees (as represented by a proxy sample) would seem to prefer the chamber affiliate prioritize marketing their businesses/organizations. The chamber affiliate can also gain information from how member organizations promote themselves and the tools (media) used for such promotion for planning how to promote both themselves to area businesses, but also for planning promotions for their members.

Lastly, future research on the components of the SRM may offer additional insight regarding its usefulness beyond the exploratory research findings presented in this study. Chambers of commerce willing to use the SRM may also benefit from using a round-robin approach to analyze contrasting and meta-perceptions from chamber management, chamber members, and chamber member employees. Chambers like so many other nonprofit organizations today face unique challenges when doing more with fewer resources is the acceptable standard. Maintaining and increasing membership is becoming more difficult for chamber management. Identifying areas where discrepancies or gaps in perception exist might not always lead to better decision-making; however, it may provide the decision-maker with additional resources for doing so.
References


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