The Real Value of Joining a Local Chamber of Commerce

A Research Study

Commissioned by the American Chamber of Commerce Executives
In cooperation with the Western Association of Chamber Executives

Sponsored by

Study Overview

Advocates of chambers of commerce have long believed that when a company is active in its local chamber, it is doing the right thing not only for the community but for its own success as well. While there is plenty of evidence to show the impact of chambers of commerce on their communities, it is much harder to find data that quantify the impact of belonging to a chamber. This project, commissioned by the American Chamber of Commerce Executives as a replication of its 2007 study of the same name, is designed to do just that: determine the real value to companies in terms of consumer outcomes of joining and being active in their local chamber of commerce. Do consumers really support businesses *because* they are chamber members?

Just as in 2007, data for the study come from a web-based survey of 2,000 adults nationwide. What makes the study unlike a typical survey is that almost every question on it is part of one of several imbedded experiments. This means that respondents were randomly assigned to different groups at several points during the survey. Each group reads something slightly different—like a description of a company that changes only a little for each group—but then everyone is asked the same questions thereafter, regardless of which company description they just read. Therefore, when there are statistically significant differences in how different groups answered the same questions, we know exactly why it happened.

This approach yields powerful results because it bypasses the subjectivity of most opinion polls. A sampling of some of these results proves this to be the case.

- Being active in the local chamber of commerce is an effective business strategy. It communicates to consumers that a company uses good business practices, is reputable, cares about its customers, and is involved in its community.
- If a company shows that it is highly involved in its local chamber (e.g., sits on the chamber board), consumers are 10% more likely to think that its products stack up better against its competition.
- When a consumer thinks more favorably of a company because the company is highly involved in its local chamber of commerce, it is because he or she infers that the company is trustworthy and cares about its customers.
- When consumers know that a restaurant franchise is a member of the chamber of commerce, they are 68% more likely to eat at the franchise in the next few months.
- When consumers know that an insurance company is a member of the chamber of commerce, they are 36% more likely to think favorably of the company.
- When consumers know that a small business is a member of the chamber of commerce, they are 49% more likely to think favorably of it and 80% more likely to purchase goods or services from the company in the future.
- The positive impacts of chamber membership have remained the same and even increased over time.

Acknowledgments:

As the commissioning entity in 2007 and in 2012, the American Chamber of Commerce Executives (ACCE) established the need for this type of research. J. Mac Holladay of the economic development firm Market Street Services was a guiding force and key contributor to the concepts of the original 2007 study, on which this 2012 study is based. Jim Blasingame of the Small Business Network also furnished valuable assistance for both studies. Insperity provided significant financial support for the research in both 2007 and 2012, as did the Western Association of Chamber Executives (W.A.C.E.) for the 2012 research.

Chamber Membership as a Business Strategy

The first imbedded experiment in the survey tests how effective an active membership in the local chamber of commerce is for making specific impressions on consumers. Joining the chamber is a good thing to do, but what exactly does an active chamber membership say about your company? Does it tell consumers that your business is reputable, that it cares about its customers, that it is involved in the community, or that it uses good business practices?

The Test

To answer this question, we asked survey respondents to rate the effectiveness of five different business strategies, including being active in the local chamber. These business strategies represent the rows of Table 1.

We also divided up respondents into five groups at random. Each group was asked to define "effectiveness" differently. In one group, respondents were asked to rate how effective each business strategy would be for a company to show you that it uses *good business practices*. Other groups rated the strategies based on how effectively they communicated other company traits, which are represented by columns in Table 1.

The fifth group of respondents was asked to rate each strategy based on how effective it is for a business "to show you about itself." This group, which was asked about no trait at all, is a baseline group. We compare the results from each of the four "trait" groups (the ones listed in the columns of the table) against the "no trait" group to determine whether any of the tested strategies are more effective, equally effective, or less effective at showing people that a company embodies each of these traits.

The Results

The results show that being active in the local chamber of commerce is a good strategy for businesses to use in communicating each of the four specific company traits. Statistically, it is an effective way to convey to consumers that a company uses good business practices, is involved in the community, cares about customers, and is reputable—regardless of whatever they may or may not already think about the company.

The percentages in Table 1 show just how effective of a business strategy being active in a local chamber really is. For example, consumers say that being active in the local chamber is 23% more effective for communicating that a company uses good business practices than it is for making a general statement about the company. The only other business strategy that so consistently communicates specific traits about a company is encouraging employees to volunteer their time.

Also displayed in Table 1 is how the survey results compare to the baseline established in 2007. Green shading represents an increase in effectiveness from 2007, while red represents a decrease in effectiveness. Lighter shades represent a change of fifteen percentage points or less, and a darker shade represents a change of more than fifteen points. The results show that being involved in the local chamber remains an effective business strategy. Encouraging employees to donate to charity is also a consistently effective strategy, and has grown more so in the past five years.

Table 1: How Effectively Business Strategies Communicate Specific Traits about a Company, and % Change from 2007

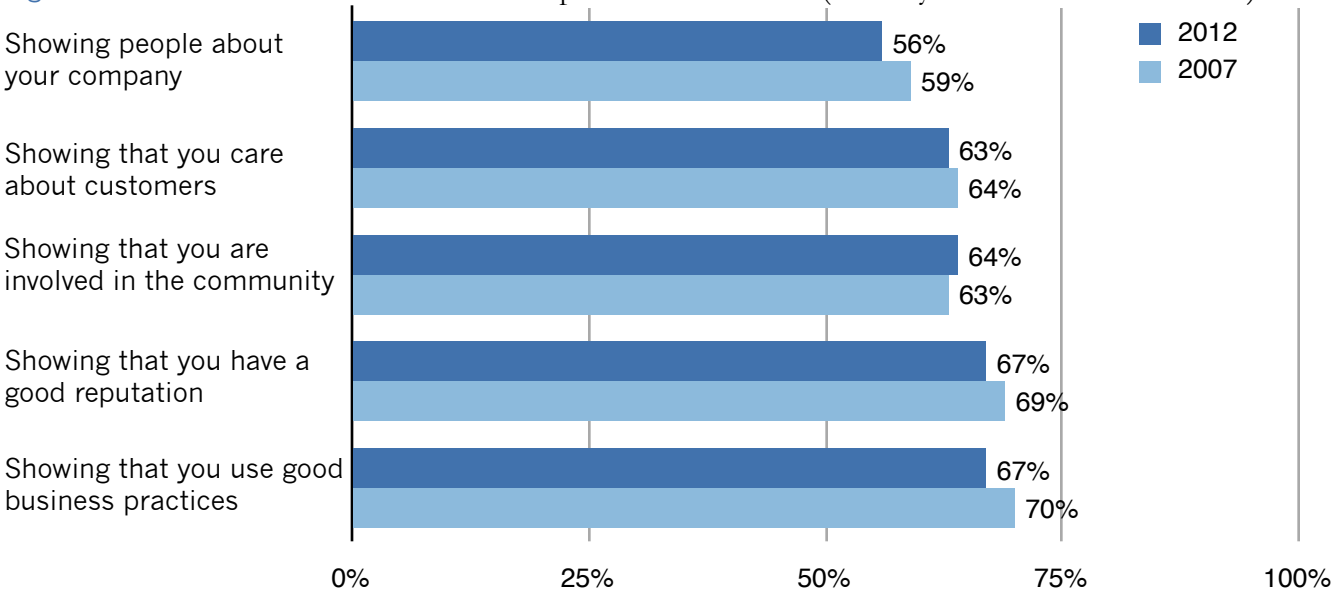
Business Strategies	Specific Company Traits: Uses good business practices	Reputable	Cares about customers	Community involvement
Being active in the local chamber of commerce	**23% more effective**	**24% more effective**	**17% more effective**	**21% more effective**
Sponsoring events around the community	12% more effective	Equally effective	16% more effective	29% more effective
Encouraging employees to volunteer	17% more effective	Equally effective	15% more effective	20% more effective
Giving out scholarships to local students	Equally effective	Equally effective	19% more effective	38% more effective
Encouraging employees to donate to charity	15% more effective	18% more effective	16% more effective	16% more effective

>15 point increase from 2007 | 1-15 point increase | 1-15 point decrease | >15 point decrease

Figure 1 is a snapshot of just how effectively chamber membership conveys to consumers each of the specific company traits, as well as the baseline measure of "showing people about your company." The percentages for 2007 and 2012 of those who indicated that chamber membership is a "somewhat" or "very" effective strategy are collapsed for easy viewing, so the percentages do not match up directly to the statistical values in Table 1.

The graph shows that the results have changed little over time, with two-thirds of consumers believing that being actively involved in the chamber is an effective strategy for enhancing a business' reputation and for demonstrating that it uses good business practices.

Figure 1: What a Local Chamber Membership Shows Consumers (% "very" or "somewhat"effective)



Chamber Impacts and Their Causes

The next step in quantifying the real value of a local chamber membership is to assess its impact on various consumer outcomes such as how they think about a company's goods and services. If such impacts exist, how exactly does chamber membership make the consumer think differently about the company so as to explain the impacts?

The Test

This imbedded experiment involved creating a fictional business called the Wallace Products Company. It was important to use a fictional business so that respondents had no preconceptions about the company, its reputation, or its products.

Respondents were divided into several different groups at random, and each read a short description of the company and the products it makes for the home. There were only two ways in which these descriptions differed: some added that the Wallace Products Company was a longtime member of its local chamber of commerce, some added that the company is known for various traits (such as being involved in its local community or being trustworthy), and some included combinations of these.

No matter which version of the company description respondents read, they all answered the same questions afterward about the company, including how favorably they felt toward it and how well they thought its products stacked up against its major competitors. The differences in how the various groups answered these questions can be tied back directly to the different ways in which the fictional company was described to them.

The Results

The results show that chamber involvement can enhance a company's reputation in the following way:

- If a company shows that it is highly involved in its local chamber (e.g., sits on the chamber board), consumers are 10% more likely to think that its products stack up better against its competition.

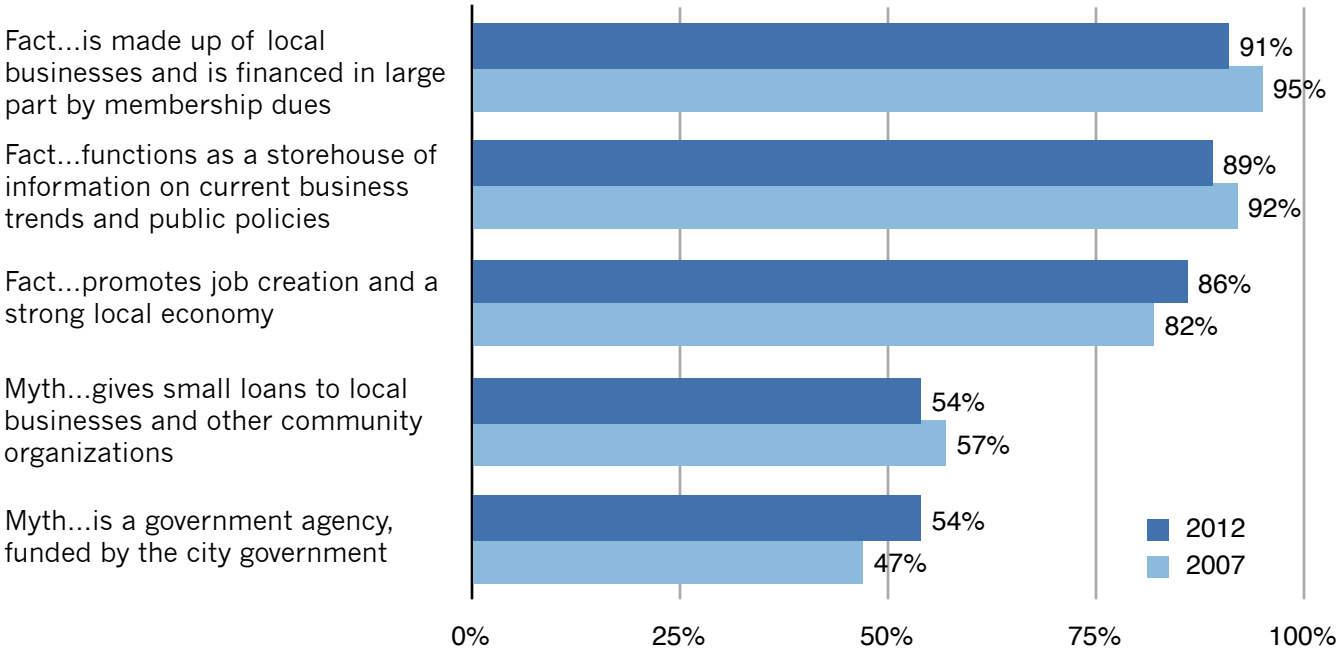
Next we parsed out *why* involvement in the local chamber leads to this positive effect. In other words, what exactly does chamber membership say about a company that creates this positive impact?

- When a consumer thinks more favorably of a company because the company is highly involved in its local chamber of commerce, it is because he or she infers that the company is trustworthy and cares about its customers.

Figure 2 shows that most people know fairly well what local chambers do and do not do, but it is still important to assess the effect that this knowledge could have on the positive chamber membership impacts described above.

- The results differ from those in 2007, in that *any* belief about the chamber of commerce—whether that belief was true or not—could have a significant positive impact on how someone views a member. Even if a person thinks that the chamber is a government agency or gives small loans, he or she is more likely to think that the company's products stack up well and have a favorable opinion toward the company.
- The most salient messages—that is, the messages that are most likely to ascribe positive qualities to a company—are that the chamber functions as a storehouse of business information and that the chamber promotes job creation and a strong local economy.

Figure 2: Beliefs in Facts and Myths: The Chamber of Commerce…



Note: In 2007, Fact 3 was worded "The chamber of commerce creates jobs and promotes local development."

Impact on Large Businesses

The previous section of the report shows that chamber membership can have a big impact on a fictional company, but what about on actual companies? The next imbedded experiment in the study quantifies consumer outcomes for large, national corporations in the automobile manufacturing, insurance, and restaurant industries. Whereas before we used a fictional company in order to eliminate the possibility that a company's reputation affects the potency of a local chamber membership, here we use differences in existing reputations to understand *whether and how* those reputations enhance or suppress the positive consumer impacts of joining the local chamber.

The Test

This imbedded experiment involved selecting a handful—usually 3 or 4—real companies that compete against each other for individual consumers at the national level, like Ford, GM, Honda, and Toyota. Survey respondents were divided into four groups, one for each company, and were then asked a series of simple questions like, "how likely are you to buy a car from this company?"

Respondents were divided up one more time, however. Half of the respondents in each of these four groups were first asked, "Did you know that [company name] is a member of its local chamber of commerce?" This creates eight groups in total.

Thus, we were able to determine whether "reminding" consumers about a company's chamber membership has an impact on consumer outcomes. Perhaps more importantly, by analyzing how people *who were not given the "reminder"* think about these different companies' reputations, we were able to determine whether and when the chamber membership impact hinges on a company's existing reputation.

The Results

Chamber membership has a marked effect on consumer outcomes for large businesses, and a company's existing reputation often changes the nature of the impact.

There is an important caveat, however: **the positive outcomes only occur when consumers know that a business is a chamber member** (i.e., being involved in the chamber is a known facet of the company's reputation). When consumers know that a large business is a member of the chamber, they are likely to patronize the company more often, to express favorable opinions about the company, to know more about the company, and to buy the company's products. The strength and nature of these effects differ by industry, as detailed below.

The Impact of Chamber Membership on Large Restaurant Chains

Consumer Knowledge

- When consumers know that a restaurant franchise is a member of the chamber of commerce, they are 15% more likely to report knowing a lot about the franchise.

Patronage Frequency

- When consumers know that a restaurant franchise is a member of the chamber of commerce, they are 58% more likely to eat at the franchise more often.

Favorability

- When consumers know that a restaurant franchise is a member of the chamber of commerce, they are 37% more likely to think favorably of the franchise.
- Among consumers who do not eat at the franchise so often, those who are aware that the franchise is a member of the chamber are 33% more likely to hold favorable opinions of the franchise.

Purchase Intent

- When consumers know that a restaurant franchise is a member of the chamber of commerce, they are 68% more likely to eat at the franchise in the next few months.
- Among consumers who hold less favorable opinions of the franchise, those who are aware that the franchise is a member of the chamber are 65% more likely to eat there in the coming months. Among those who don't eat there so often, chamber membership increases the likelihood by 77%.

The Impact of Chamber Membership on Insurance Companies

Consumer Knowledge

- When consumers know that an insurance company is a member of the chamber of commerce, they are 29% more likely to report knowing a lot about the company.

Favorability

- When consumers know that an insurance company is a member of the chamber of commerce, they are 36% more likely to think favorably of the company.

Purchase Intent

- When consumers know that an insurance company is a member of the chamber of commerce, they are 36% more likely to consider buying insurance from it.
- Among consumers who hold less favorable opinions of the insurance company, those who are aware that the company is a member of the chamber are 25% more likely to consider purchasing insurance from it. Among those who have not considered purchasing insurance there in the past, chamber membership increases the likelihood by 37%.

The Impact of Chamber Membership on Automobile Manufacturers

Favorability

- When consumers know that an auto manufacturer is a member of the chamber of commerce, they are 21% more likely to have a favorable opinion of that company.

Purchase Intent

- When consumers know that an auto manufacturer is a member of the chamber of commerce, they are 31% more likely to consider purchasing their next car from that company.
- Among those who have ever considered buying a car from a particular auto manufacturer, chamber membership leads to a 44% increase in consumers' likelihood of purchasing a car there in the future.

Impact on Small Businesses

Small businesses represent the largest segment by number of most local chamber membership rolls, so it is important to quantify the impact that chamber membership has on them, too. This section of the report does just that using a similar analytical technique to the one for large businesses.

The Test

This imbedded experiment is much the same as the test for large businesses described on page 6. Since small businesses tend not to be nationally known, however, respondents answered questions about small businesses located in their area.

Half of respondents were first asked whether they knew that the small business was a member of its local chamber of commerce. The other half was not given this "reminder." Thus, we were able to determine whether "reminding" consumers about a small business' chamber membership has an impact on consumer outcomes, much like we did with large businesses.

The Results

The results once again indicate that the impact of a local chamber membership on small businesses is more consistent and more powerful than for large, national corporations. The caveat here is the same, however: **consumers need to be aware that the small business is involved with its local chamber in order for the benefits to emerge**. The results are detailed in Table 2 below.

For example, the table indicates that if respondents know that a small business is a member of its local chamber, the business enjoys a 49% increase in its consumer favorability rating, a 73% increase in consumer awareness, a 68% increase in its local reputation, and an 80% increase in the likelihood that consumers will patronize the business in the future—all of which represent increases from 2007. The table also shows the impacts among key demographic and geographic subgroups.

As in the table before, Table 2 also displays how the survey results compare to 2007. Green shading represents an increase in effectiveness from 2007, while red represents a decrease in effectiveness. Lighter shades represent a change of fifteen percentage points or less, and a darker shade represents a change of more than fifteen points.

Finally, we asked a new question in 2012 regarding the impact of a local chamber of commerce's endorsement for a candidate for public office. A majority (54%) indicates that it would make no difference in their voting decision. One-quarter (28%) says it would make them more likely to vote for that candidate, while 17% say it would make them less likely to vote for that candidate.

Table 2: The Impacts of Chamber Membership on Small Businesses, and % Change from 2007

		% Increase in Consumer Favorability	% Increase in Consumer Awareness	% Increase in Local Reputation	% Increase in Likelihood of Future Patronage
Overall		49%	73%	68%	80%
Region	Northeast	54%	76%	67%	73%
	Midwest	—	78%	69%	54%
	South	55%	68%	60%	104%
	West	53%	71%	80%	77%
Age	18 to 29	93%	109%	95%	170%
	30 to 39	—	75%	56%	72%
	40 to 49	63%	82%	79%	—
	50 to 59	28%	74%	64%	76%
	60+	57%	58%	67%	74%
Income	Less than $20,000	70%	88%	84%	138%
	$20,000 to $40,000	86%	70%	109%	97%
	$40,000 to $60,000	40%	65%	49%	63%
	$60,000 to $80,000	60%	79%	64%	100%
	$80,000 to $100,000	—	68%	61%	—
	$100,000+	—	77%	57%	57%
Gender	Male	76%	90%	88%	116%
	Female	26%	60%	51%	49%
Business Decision-Makers		42%	78%	65%	74%

>15 point increase from 2007 | 1-15 point increase | 1-15 point decrease | >15 point decrease

Note: "—" indicates no impact

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Our research team is led by Beth Schapiro, President of The Schapiro Group and a nationally recognized expert on strategy development and public affairs with 35 years of experience in the field. She holds a Ph.D. in Political Science from Emory University. Senior Strategist Rusty Parker holds a Ph.D. in Applied Sociology from Baylor University.

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