

Owners & Members Survey Summary

In August 2001, On Target Marketing, Inc. (OTM) conducted a nationwide market survey program on behalf of O&M. The program randomly targeted highly affluent neighborhoods to survey residents about the viability of O&M's potential new product offering. Frequency counts and percentages related to questionnaire responses were reported by four distinct regions (i.e. Northeast, Southeast, Central Corridor and West), as well as cumulatively. The following are highlights of the overall survey responses, followed by comments relating to the various quadrants indicated.

- 16.3% of the survey respondents indicate “they are currently a member of a private club that required an initiation fee of greater than \$5000.” Of the respondents who were not currently members of a private club that required such a fee, 12% of those indicated they had considered joining such a club.
- A key group in this survey is respondents who indicated they were not presently members of a private club, but had considered joining such a club. Of the respondents in this group, an exceptionally high 71.1% indicated that they were concerned about the refundability of their initiation fee.
- Of those respondents who were concerned about the refundability of the initiation fee, a very high 51.8% cite “the possibility of relocation” as a specific factor of concern. This is especially noteworthy since respondents were not prompted with specific reasons for concern.
- When asked if they would be more likely to join a private club if it could offer a membership option that would ensure they could immediately recover some or all of their initiation fee if they had to resign due to a relocation, an exceptionally high 66.3% of respondents indicated “yes.” Of those, 70.5% of respondents indicated they would be “much more likely” to join a private club with such an option available. Of the hundreds of surveys run by OTM over the past 9 years, very few product viability surveys have shown percentages over 50%; a range of 30-35% for these categories would be more typical in OTM's experience.
- 45.7% of respondents indicated they would be willing to pay more towards an initiation fee to protect their investment for a period of up to 8 years if they could get an immediate refund of 80% or more of their fee should they need to resign due to a relocation. This is a very high percentage in OTM's experience for a question related to a respondent's willingness to pay more for a product or service; a range of 10-20% would be more typical in OTM's experience.

- Of the respondents indicating they would be willing to pay more to protect their refund investment, 41.6% responded that a 10% higher cost would be “a fair and reasonable cost to protect their investment.” 18.3% of these respondents indicated that 20% would be an acceptable percentage. Again, these are very high percentages in OTM’s experience for a question related to a respondent’s willingness to pay more for a product or service.
- Further, it is very notable that 43.3% of those respondents willing to pay more indicate a “lump sum with the initiation fee” as the preferred method of payment. An additional 26.7% responded with “attach payments to monthly dues” as their preference, while 30% responded “don’t know/not sure.”
- When looking at the “West Quadrant” individually, we see patterns and percentages that are slightly different, but similar to the overall response rates. A somewhat higher percentage of respondents (77.9% for the West Quadrant vs. 66.3% overall) indicated they would be more likely to join a private club with the refundability option available. A lower percentage (30.8% vs. 45.7% overall) indicate they would be willing to pay more, but this is still a very strong percentage.
- The “Southeast Quadrant” seems most comparable to the overall results, with 27.3% of respondents (vs. 29.3% overall) indicating they were concerned about the refundability of their initiation fee. 45.4% (vs. 45.7% overall) indicate they would be willing to pay more if the refundability option was available.
- The “Northeast Quadrant” was probably the “weakest” quadrant surveyed, when compared against the overall respondent group. Only 17.9% of respondents indicated they were concerned about refundability of their investments (vs. 29.3% overall). 16% fewer respondents in the Northeast Quadrant indicated they would be more likely to join a private club with such a refundability option available (50.0% vs. 66.3% overall).
- The "Central Quadrant" measured the strongest against the overall percentages. 41.4% of respondents were concerned about the refundability of their initiation fee (vs. 29.3% overall). 79.3% of respondents in the Central Quadrant (vs. 66.3% overall) indicated they would be more likely to join a private club if a refund option was available. 58.6% of the Central Quadrant respondents (vs. 45.7% overall) indicated they would be willing to pay more towards an initiation fee to protect their investment should they need to resign due to relocation; this is still a very high percentage.