THE FUTURE OF MEMBERSHIP

#MEMBERSHIPFUTURES
Past Forums

- State of the System: Fundamental Issues
- Public TV Local Programming
- The Evolving Business Model
- Next $100 Million: Sustainers & Major Gifts
- Public Media News
- The Capacity Gap: Concentration of Growth
- Arts and Culture in Public Media
- The Generation Gaps
- Dangers of “Going Local”
- The Public Radio Program Economy
- Capacity Gap Redux
- Understanding Impact
- The Future of Membership

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How We Got Here

• Starts with a call from Jay Clayton, followed by discussions with Deborah Lein
• Connect with GP “Big 3”: Jay, Melanie Coulson, Becky Chinn
• Invite Dick McPherson to help with Mobile and Out-of-Pubcasting view
• 37 Interviews in the Spring
• Presentation at the PMDMC
• 39 Interviews in October
Conclusions

• After 20 Years of Digital Disruption: Public Radio is Remarkably Strong
• “Topline” Strength Masks System Imbalances and Significant Technical Deficiencies
• For Many Stations, Growth Will Require Shared Infrastructure and (I think) Service Outsourcing.
• Mobile Will Be More Rapid and More Disruptive than the First Wave of Internet Competition
• For Large and Small Stations: The Path Ahead is BOTH Different and Better
THE STATE OF THE SYSTEM IS STRONG
System Growth: 2007 - 2013

Total Direct Revenue

$171,000,000

21%
Total Direct Revenues
294 CPB Qualified Radio Licensees
Adjusted to 2012 dollars
Managers would often answer “Yes” when asked, “Would you say that your station has *never been financially stronger* than it is today?”
Thank you to Bill Davis, SCPR, for providing this slide.
Station and Major Network Revenues
Approx. Adjusted to 2012 dollars

Millions of 2012 Dollars

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Cable starts in the mind-70s. Yet PTV Membership rises all through the ‘80s and early ‘90s.

PTV membership fell as (a) Cable supported a dramatic expansion of competitive content delivery and (b) PTV failed to adapt to the new delivery platform.

National PTV member files peak in 1993 at 5 million members. What happened in 1994?

CPB Annual Financial Reports and David Waterman, Ryland Sherman and SungWook Ji, The Economics of Online Television: Revenue models, Aggregation and 'TV Everywhere,' August 2012.
INDIVIDUAL GIVING IS DRIVING RADIO SYSTEM GROWTH
This is Total System Growth.
My Analysis used 2007 to 2013
Unadjusted dollars for 285 licensees

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<td>27,073,399</td>
<td>38,381,186</td>
<td>38,980,437</td>
<td>47,425,758</td>
<td>53,233,454</td>
<td>58,893,288</td>
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<td>Individuals</td>
<td>290,827,97</td>
<td>299,683,90</td>
<td>307,374,63</td>
<td>315,690,41</td>
<td>341,823,16</td>
<td>355,543,52</td>
<td>362,217,92</td>
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Courtesy Moutapha Abdul, CPB
based on Station Annual Financial Reports

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<table>
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<tr>
<th>Year</th>
<th>Major Giving</th>
<th>Millions</th>
<th>Individuals</th>
<th>Millions</th>
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<td>66,437,672</td>
<td>366,278,18</td>
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<td>2011</td>
<td>77,662,685</td>
<td>364,397,69</td>
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<td>2012</td>
<td>75,231,277</td>
<td>362,609,36</td>
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<td>2013</td>
<td>82,993,614</td>
<td>359,513,25</td>
<td>359,513,25</td>
<td>359,513,25</td>
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</table>

Courtesy Moutapha Abdul, CPB based on Station Annual Financial Reports

Funded by the Wyncote Foundation
System Growth: 2007 - 2013

Individual Giving

↑ 41%

+ $110,000,000

285 Radio Licensees
Source: CPR AFRs

Funded by the Wyncote Foundation
System Growth: 2007 - 2013

Membership Revenue

285 Radio Licensees
Source: CPR AFRs

↑ 28%

+ $68,000,000

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Funded by the Wyncote Foundation
System Growth: 2007 - 2013

Members File Growth

↑ 20%
+ 450,000

285 Radio Licensees
Source: CPR AFRs

Futures Forum
Funded by the Wyncote Foundation
System Growth: 2007 - 2013

Major Gifts

$42,000,000

167%

285 Radio Licensees

Source: CPR AFRs

Funded by the Wyncoite Foundation
System Growth: 2007 - 2013

Individual Giving Growth

64% of Total Direct Revenue Growth

285 Radio Licensees
Source: CPR AFRs

Futures Forum
Funded by the Wyncote Foundation
For more than a decade, Individual Giving has driven Radio System Financial Growth
WE COULD GROW EVEN MORE
The Potential Upside

Three assessments of public media* revenue came to the same conclusion:

Under 2012 audience conditions, publiccasters should be able to secure $100 to 200 million more annually in individual gifts.

*2012 Public Media Futures Forum, System Assessment from the Contributor Development Partnership, Boston Consulting Group Report for NPR
How would we get that $200MM more?

By a mix of BETTER and DIFFERENT

- Refinement /Expansion of Sustainers Programs
- Sharpened Pledge Messaging
- Major Gift Expansion locally and nationally
- Re-organized Basics, Closer to “Best Practice”
- Outsourcing Backroom Operations
How would we get that $200MM more?
By a mix of BETTER and DIFFERENT

**Different**

- Re-Imagined Pledge Drives
- New Tactics for Member Recruitment
- Advanced Data Tracking/Segmentation
- Mobile Gift Technology and Design
- Effective Use of Social Media
Live Text Polling

1. Open your phone
2. Call up your Text window.
3. Hit the “write” icon
Live Text Polling

1. In the “To” box type 22333

2. In the Message Box type your response.
Live Text Polling

When you vote, our text polling company... Polleverywhere.com... will text back.

First, with a security message. Then confirming your response.
TEXT POLL QUESTION

IS YOUR MEMBERSHIP FILE EXPANDING, CONTRACTING OR FLAT?

- Expanding
- Contracting
- Flat
GROWTH IS CONCENTRATED
## Licensee Cohorts

<table>
<thead>
<tr>
<th>Group</th>
<th>Total Direct Revenue in FY13</th>
<th># in this Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Large</td>
<td>$20 million and over</td>
<td>8</td>
</tr>
<tr>
<td>Larger</td>
<td>$5 million to $19.99 million</td>
<td>39</td>
</tr>
<tr>
<td>Medium</td>
<td>$2.5 million to $4.99 million</td>
<td>48</td>
</tr>
<tr>
<td>Smaller</td>
<td>Under $2.5 million</td>
<td>190</td>
</tr>
</tbody>
</table>
If individual giving is the most powerful driver of system financial growth, then at least half of all licensees in public radio have a “growth problem.”
Growing (or not) in Different Directions
2007 - 2013

The “Very Large” and “Larger” Cohort
• 90% of file growth
• 76% of total revenue growth

The “Smaller” Cohort of 190 licensees
• Lost 9,000 members*, and
• Added a TOTAL of $4 million in member revenue over 6 years.

* Half of the Smaller licensees lost members from ‘07 – ’13
A FULL-SERVICE MEMBER-SHOP NOW HAS 14 PARTS (AND GROWING)
Complexity expands dramatically: Sustainers, major gifts, social media and big data.
TEXT POLL QUESTION

HOW SOON do you think MOBILE PAYMENT systems are likely to affect YOUR Membership Activity?

• Within a year
• Within 2 years
• Within 5 years
THREE MEGA-TRENDS RESHAPING “MEMBERSHIP” FUNDRAISING
Most of what you know about mobile fundraising is already history.

1. THE FUTURE IS MOBILE AND IT’S NOT “TEXT-TO-GIVE.”
Shift your thinking about mobile giving

1. Text-to-give ($5 or $10 paid through your carrier) is vanishing because
   - Shared data plans block these gifts and
   - There are better alternatives.

2. Gifts via mobile do not require a text message campaign.
Mobile giving (without texting) is online fundraising by another name.

1. Requires fully mobile-responsive forms.
2. Mobile viewing of e-mail is over 50% and is already impacting e-mail fundraising.

In 2013 donations from e-newsletters dropped by 12%. This was widely attributed to lack of mobile-optimized content. It will get worse this year.
Mobile is coming very fast

[S]ome retailers are already seeing spikes in in-store mobile payments activity, much of which is because of the introduction of Apple Pay… Forrester predicts that remote mobile payments… will be the largest area of growth over the next five years.
How big is the shift to mobile?

• In 5 years Pew Internet estimates *mobile payments will top both cash AND credit cards.*

• Harvard Business Review reports that of the 50+% of Americans who access the web by mobile device...1/3 have left their desktops and laptops behind completely.

• Google recently announced if your page isn’t mobile-friendly, you’ll drop in rankings. For practical purposes, you’ll disappear in search on mobile devices.
The age of entering credit card info is ending.

Apple Pay, MCE (Merchant Customer Exchange) and wallets will change everything...

• No need to enter personal info, credit card, etc.
• Wallets will keep track of loyalty programs and deliver special offers.
• Donors can use bank debit OR credit card (benefitting sustainer programs).
Will apps help fundraising? Maybe a little.

- Apps like “GIVE” may find a following for giving.
- NPR One might generate member referrals, but stations mostly aren’t ready with mobile content & forms. (You’re in good company – 84% of US nonprofits aren’t ready.)
The mobile “perfect storm” will begin in 2015.

1. **Consumers** now use mobile for most email and social media. For some stations, the same is true for web and program content.

2. **Merchants** have to buy new, high-security credit card processing technology by *next October*. Consumers will quickly learn the “new normal.”

3. **VISA, MasterCard, American Express and all the big banks** will push Apple Pay and digital wallets.
Stations’ mobile fundraising has two paths

1. **RIGHT NOW:**
   Optimize content and plan for mobile payment options for e-mail, pledge pitch, events.
   – Use NPR Digital or other services.

2. **WHEN YOU’RE READY:**
   Start text messages for audience service and fundraising.
   – Use Mobile Commons, mGive or Mobile Cause
Mobile payments will disrupt legacy practices (probably for the better)

*If my phone is at my elbow...*

...why fill out a direct mail form if I can just text “renew”?  
...why fuss with giving my credit card to a telemarketer?  
...why call from home or the office during a pledge drive?
Who’s setting the pace? Nothing fancy, right?
An emerging new “best practice”
For Sierra Club, mobile service & fundraising are inseparable
The real lessons of social media and crowdfunding

2. NEW MESSENGING = NEW MESSENGERS & COMMUNITIES
Crowdfunding hit $5 billion last year
$1.5 billion for *nonprofits*

- Kickstarter raised a half-billion $ in the last 12 months from 6 million backers
- Very low cost-to-acquire donors
- High % are new
- Stations are testing for local programs (WFPL Louisville)
- Major donors, funders love to see success
12 of 22 Independent Lens films funded on Kickstarter last season
World Wildlife Fund targets families, friends

Announcing Panda Nation

Panda Pages have become Panda Nation, a new, exciting way to fundraise for World Wildlife Fund!
“If we only had better messaging...” (Part I)

Donors are increasingly responding to new messengers:

• 22-40% of traffic to online giving pages is from donors’ (not organizations’) Facebook activity.

• Over 50% of Kickstarter gifts are generated by social media activity not initiated by the nonprofit project.
“If only we had better messaging.” (Part II)

Social and crowd fundraising reward new offers

• Membership is not always our strongest pitch. (especially for existing members!)
• Loyal members and sustainers want new ways to support their stations.
• Social and crowd fundraising for projects, programs, or activities can also emphasize station local-ness.
Digital engagement may not be just another form of listening.

3. NEW PATHS WILL EMERGE FROM USAGE & ENGAGEMENT TO GIVING
X listeners may = Y members, but...

- How many e-subscribers, app downloads or mobile text subscribers = a member?
- How many Twitter followers = a sustainer?

We need new ROI metrics measured by audience groups, not just channels.
Why do legacy practices “still work”?

• They are (for now) more convenient than online or mobile giving.
• We know how to measure them. They are fairly predictable.
Wake-up calls from competitors

Meet America’s fastest growing text messaging program...

KICKSTARTER.COM

...and a new top training topic for CASE and your local universities.

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Dick McPherson
CEO, New Donor Strategies
newdonorstrategies.com
mcphersonadvisor@gmail.com
Follow @mcpadvisor

Sponsored by the School of Communication at American University
with editorial support from Current
TEXT POLL QUESTION

If I am a sustaining member of your station... and I lose my card... CAN I GO TO YOUR WEBSITE AND CHANGE MY CARD NUMBER?

• Yes
• No
• Don’t Know
THIS WAS THE SECOND ROUND.
WE COMPLETED 37 INTERVIEWS WITH DEVELOPMENT AND MEMBERSHIP MANAGERS IN APRIL.

39 INTERVIEWS
WITH STATION LEADERS
Who we contacted?

Station-based Board Members of

- All major Public Radio Networks (NPR, PRI, APM)
- Greater Public
- SRG
- PRPD
- PMBA
Before we proceed

This survey includes ONLY 37 stations.
The responses came primarily from station-level senior staff.
What Did I Hear In This Round?

• Need New Messaging (37)
• Audience Fragmentation (19)
• Various CRM Issues (17)
• Sustainers (Opportunity and Problems) (13)
• Improve Basic Performance (12)
• We need to Expand Major Gifts (12)
• Pledge Drives... Are Not Working (10)
• We Need A Business Model for Digital (9)
Identified Strength

• MANAGERIAL DEPTH:
The managerial corps in public radio is stronger than I have ever seen it.

• WILLINGNESS TO DELEGATE, OUTSOURCE:
Especially at larger stations, people are working with and through Greater Public and CDP.

• AWARENESS OF THE NEED TO ADAPT:
A high level of interest in taking on the challenge of digital disruption.
Identified Weakness

• INADEQUATE TECHNOLOGY/DESIGN: Attachment to legacy systems is clearly a problem, especially with CRM.

• AGING TECHNIQUE: Older methods/models predominate. Is membership even the right concept?
Can I Change my Credit Card at your site?

- No
- Yes
ARE YOU REALLY MOBILE READY?
Please Contribute Today

Thank you for your support.

More than half of the funds required to bring you public radio come from listeners like you.

Please tell us in the comment section what show you’d like to support with your donation.

If you would rather telephone your pledge, call 723-4567 during business hours.

723-4567 during business hours (8am - 5pm, M-F).

These items are required:

- Name
- Address
- City
- State
- Zip
- Credit Card Information

If you recently changed your address, please supply your new information.

Please note, this is an email form.

Thank you for your support.

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Donate to United Republic’s Represent.Us Campaign

WILL YOU PITCH IN?

Your donation to United Republic helps the Represent.Us campaign organize bold actions that get noticed and create change.

SELECT AN AMOUNT

1) AMOUNT  2) INFO  3) PAYMENT

$5  $10  $25  $50  $100  $250  $1000

other

Donation Type:

Funded by the Wyncote Foundation
Thanks for giving monthly!
Tell us how much you’d like to give monthly:
- Monthly Gift of $5.00
- Monthly Gift of $10.00
- Monthly Gift of $15.00
- Monthly Gift of $20.00
- Monthly Gift of $30.00
- You pick the amount $ ___________

Additional Information

Thank you! Your monthly gift will be ongoing and provide steady support for the programs you love. Contact us when you’d like to change or cancel your monthly gift.

Type of gift:
Ongoing debit/credit card gift
Monthly processing day
Day 20 of every month
Starting: 5/28/2014
Comments (what you listen to, or instructions for your donation):

Is this a replacement for a current monthly gift?:
- No, I do not have an existing monthly gift.
- No, this gift is in addition to my existing monthly gift.
<table>
<thead>
<tr>
<th>1950-75</th>
<th>‘75-85</th>
<th>‘85-95</th>
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<td>DATA/SEGMENT</td>
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<td>The tools we are using were created for this era</td>
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<td>Pledge Drives</td>
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TEXT POLL QUESTION

Do you Agree or Disagree with this statement?

“Pledge Drives will become less effective as listeners get more audio options.”

• Strongly Agree
• Agree
• Neutral
• Disagree
• Strongly Disagree
Are your pledge drives getting lower results?

- Yes... down 10% or more (34%)
- Yes... down less than 10% (23%)
- No... pledges are steady/flat (9%)
- No... up less than 10% (3%)
- No... up 10% or more (31%)

Two thirds told me they were getting lower pledge volume.
Do you think Pledge Will Become Less Effective As Listeners Get More Audio Options?

Seventy-six percent thought pledge would become less effective

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So I asked: If Pledge is Going to Decline...
Do you see any alternatives?

- I don't know of any [alternatives] that are as effective or that bring in the numbers.
- We've tried direct mail, but the numbers were not good.
- It's got to be something around digital...
- Events... perhaps charging for events and having events discounts be part of that.
- It would have to be a long-term build and a large technology investment.
- Big data--we are just beginning to understand what our audience is doing in real time.
WHERE DO WE GO FROM HERE
Recommendations

1. Encourage Small-Group, Networked Exploration of Membership Innovations
   - Greater Public, PBS Development, TRAC, CDP should continue to be the centers.
   - More disciplined innovation groups

See “Accelerate,” John Kotter
What Ideas?

• Improved Mobile Transaction Designs
• Alternative membership recruitment, like the one used North Country Public Radio
• Real-time user data analysis (SRG)
• Application of the audience framework in use at The Guardian: Known vs. Unknown
• Better understanding the use of events for building member loyalty
Recommendations

2. Most stations—even some of the largest—need to outsource more backroom service and technology support.

The costs of advanced CRM is too large. The pace of technical change is too fast.

— NPR and PBS Digital need to lead the way.
— CDP is already working: find out more.
3. Integrate and Reinforce this Discussion

- Affinity Groups and Major Organizations need to increase their collaboration.
- Increase the coordination of conference themes and sessions.
- Increase the speed of information sharing.
Recommendations

4. Revise and Update the Audience 98 model of content use, user values and “the giving path.”

The model we are using was developed just before we started using email.

– NPR is moving to gain cross-platform metrics.
Follow-up

- Work with Greater Public and PBMA Webinars
- Reach out to the Regional Groups
- Publish features in Current to provide more depth
- Work with GP staff, CDP, PBS, NPR, CPB to identify ways to encourage “better and different” approaches to membership
- Rework this material for presentation to PTV
Get the Slides here

http://tbf.me/a/XjoFj

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