

Brilliant on the Basics

Development Newsletter

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The Station Resource Group

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Moving Beyond Installments and Add Gifts: The Concept of "Sustainer"

The BoB Project started with a question: If we were "brilliant on the basics" of membership fundraising what would that mean? The answer divided into three parts:

- First, we would be brilliant at recruiting donors from among current listeners.
- Second, we would be brilliant at retaining the donors we recruited.
- Third, we would be brilliant at enhancing our relationship with those donors, so they would form an expanding base of financial and community support on which to build the future of our stations.

Recruitment, Retention, and Stewardship. These are the three primary concepts. Everything else that I can think of in member fund raising comes under one of these three categories. These three primary concepts are not independent of one another. Obviously, retention depends on stewardship. We all knew that. But during the last year BoB explored ways in which retention is also a function of *recruitment*. For example, members recruited by pledge drives tend to renew at lower rates than those recruited by direct mail acquisition.

Not everybody knew this, and this is the kind of knowledge that goes well beyond the notion of "improved techniques." Once you grasp the subtle relationship between recruitment and retention, you think differently. You reorder your priorities and reorganize hundreds of routine tasks. A change of this kind can transform an entire field and help practitioners focus on "important" things rather than "urgent" ones. It can identify leverage points, where a little more effort produces a lot more result.

At the last BoB meeting, held in Washington in mid-May, one of the speakers introduced another concept that, I believe, has this kind of transformational potential. "Sustainer" is not as well researched or accepted as the relationship between recruitment and retention, but it may have significant influence on the future of our work in memberships.

The "sustaining member" is a donor who prefers to give several small gifts as his or her way of showing a high level of support. Generally, these people show up as "mid-level donors," an apt but hardly inspired description. A sustainer is more than that. The sustainer is a person (or family) who uses

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modest gifts to have a major impact, namely, *sustaining* the station by providing a stable base of continuing support. The word itself with its rich emotional import provides an interesting alternative to the "member" vs. "subscriber" choice we've been discussing throughout the spring.

The term "sustainer" came to my attention from a project at WGBH in Boston, although the idea did not originate there. The concept has been in use for years outside of public broadcasting. The person who first promoted it at WGBH picked it up at Oxfam. Oregon Public Broadcasting had a "sustainer circle" as early as 1993. Dick McPherson, principal partner at the marketing firm McPherson Associates, first noticed it at "Meals on Wheels." As Dick notes, "it's your classic 'tithing'."

What makes this concept so powerful is that it fits so comfortably with other activities and concepts that are gaining momentum within our industry, including

- installment pledging;
- computer programs capable of automatic monthly credit card charges;
- increased use of additional gift campaigns;
- telemarketing for renewals and upgrading; and
- EFTs and on-line banking.

If "sustainer" does not reach the level of a "Perato Principal" (a case where 20% of the actions produce 80% of the results), it does identify a point of leverage where well designed activity can produce disproportionately strong results.

To introduce the concept, I am providing three things: First, on page 3 I included the initial slide which Dick McPherson presented to the BoB group in May, illustrating how a donor file segments by

"number of annual gifts." As you can see in that chart (which is about three years old), many "mid-level" donors on that file (from WGBH) were making multiple gifts each year. Beginning on page 4, I transcribed an interview with Dick McPherson in which I asked him to discuss his experience with "sustainer" programs. And, beginning on page 6, I included comments and material provided by Mary Toropov, who directs the Sustainer Program at WGBH.

Throughout this Newsletter "sustainer" is used in two distinct ways: first, as a generic description of a donor willing to make multiple gifts; and second, as a reference to a participant in the "Sustainer Program" at WGBH. The WGBH program has been growing for more than three years, supported, in part, with a start-up grant from PBS Development. It is a method of support in which a donor chooses to provide \$x per month (or per quarter) on a continuing basis. This "Sustainer Program" is a step beyond installment pledging insofar the contributions *continue indefinitely*. The station charges the donor's credit card, debits the donor's checking account or sends an envelope until the donor asks the station to stop. (Record and book clubs work the same way.)

Both WGBH and PBS view the "Sustainer Program" as a major building block for public TV membership fund raising in the next five to ten years. In the fall of 1998, PBS Development will publish a "turn-key" Sustainer Program Kit, based on the research and experience of WGBH.

Throughout our interview, Dick referenced the WGBH "Sustainer" activities which he has observed in his capacity as a marketing consultant to that station. After reviewing the transcript, Dick asked me to note that credit for development of the program belongs entirely to the WGBH staff, and especially

Profile of a Donor Base by *Number of Gifts Per Year*

In the analysis presented here, Dick McPherson looked at the composition of the WGBH membership file prior to the development of the "Sustainer Program" in its current form. What he observed is that (a) donors in the lower giving tiers tended to make single annual gifts; but donors in the higher gift ranges — starting as low as \$60 per year — often gave more than once. Perhaps they gave at each drive or responded to additional gift mail or a sweepstakes mailing. Whatever the cause, these donors were generous in a noticeable pattern. The Sustainer Program follows that pattern to one of its possible conclusions, giving regularly and continuously throughout the year. So far, the results have been excellent.

Donor File for Organization X

Total Donors: **190,000**

Apparent File Composition By %

Giving Once per Yr.:	72 %
Giving By Installment:	11 %
Giving Multiple Gifts:	17 %

Actual File Composition:

Donors Below \$100 (Annually)

\$25 Donors

Once per Year:	88 %
Instal./Multiple Gifts	12 %

\$40 Donors

Once per Year	85 %
Instal./Multiple Gifts	15 %

\$60 Donors

Once per Year	34 %
Instal./Multiple Gifts	66 %

Donors \$100+ Annually

\$100 Donors

Once per Year	55 %
Instal./Multiple Gifts	45 %

\$500 Donors

Once per Year	38 %
Instal./Multiple Gifts	62 %

\$1,000 Donors

Once per Year	44 %
Instal./Multiple Gifts	56 %

Interview with Dick McPherson, McPherson Associates, Inc.

MF: Dick, you started your BoB presentation with a chart showing "frequency of giving" among different donor sectors. Where did this material come from?

DMCP: That data is a few years old now, but it was something that we (McPherson Associates, Inc.) undertook for WGBH and a couple of other public TV stations. We examined the frequency of giving for both radio and television donors. We did not break out the (radio/TV) composition. My recollection is that there was not a dramatic difference between those media.

We have been reviewing this kind of information annually and we noticed that the fastest growth in memberships is coming from people who prefer to give more than once a year. They're "sustainers" of one kind or another. Whether they are formally doing installments or informally making a series of gifts. This seems to be a way of showing greater support.

In the chart, when you move past a hundred dollars in annual giving, this propensity to give multiple gifts really takes off.

This is one reason stations may chose to develop a monthly sustainer program at \$10 a month. Outside of public broadcasting, you'll see programs that really push the \$60 per year amount.

Am I right in thinking that many sustainers are not in the usual "major donor" group?

They're much more likely to be "mid-level donors," between a hundred and a thousand dollars a year. This type of giving

program has been practiced much more *outside* of public broadcasting. Actually, it's your classic "tithing." Churches and synagogues ask for ten dollars every time you come to church. We first saw it at a "Meals on Wheels" program in California, run by St. Vincent Medical Center. The Center and some nuns have a huge program. The nun in charge of the program told us not to be too concerned about the limitations of the computer system: "Just send everybody a calendar and a monthly envelope." Her idea was to get people in a habit of monthly giving. For social services, like food services, or adopting kids, like Sally Struthers's program of \$20 a month for a child in Bolivia, this kind of gift is a natural and short leap for people who are serious, core religious givers. These charities set the stage, and I think that we, in public broadcasting, just didn't notice it.

Why didn't this take root right away in public radio or TV?

Some systems issues held things back. People felt, "We've got to have the [computer and administrative] capacity to organize this kind of program." [Now,] public broadcasting stations have more confidence in their [information processing] systems. Even in our co-op group we found people who were reluctant to start something like this because they did not want to mess up their donor records. With more conversions to Team Approach and better systems, more stations are willing to take the leap.

Perhaps people felt that with a charity or an adoption program, there would be more forgiveness for administrative errors.

That could be. And the religious groups stress "writing the check." Most of their giving is by *check*. We talk more about how good it feels to listen to or watch the program. They talk about how good it feels to

write the check. They get right down to the act of charity, and that makes a difference. A lot of [religious social services] prefer check-based programs. As soon as you start talking about "Get out your Visa card," the program loses the feel of traditional charity. Of course, public radio and television have lived on credit cards.

*And this relates to one of the concepts in the Denver Subscription Research: **Price is related to the method of payment.** If you can change the method of payment, you can change the price of a subscription or membership.*

It certainly is, and that's one of the things that drives the sustainer program. But you also create the opportunity for multiple gifts for people who are disposed to do that. When you think about it, sending a return envelope with a thank-you letter is a primitive first step in this direction. "You just gave us a gift, but here's a way to send another one." At Catholic Charities, I remember discussing the idea of sending everybody a year-end thank-you letter with *twelve* envelopes, labeled "January," "February"....

For some donors, the method of payment can be viewed as a *service*. That's an important copy point in the WGBH materials for their sustainer program. In their reply device, you have three choices: checks ("Good for WGBH; Easy for you"), credit cards ("better for WGBH; Easier for you") and a third box for EFTs, ("Best for WGBH; Easiest for you"). In this way, GBH is addressing the question of service and convenience.

I know that you've been thinking a lot about method of payment, especially as we move to a more electronic commerce. How do you see the Internet affecting this?

I think that as people do more on-line banking and on-line purchasing, EFTs will become more important. I recently saw a full-page ad: "Pay your next two MasterCard bills on-line and we'll give you \$25 to spend...". Some of these companies realize the value of getting everybody to do things on-line.

A donor must be deeply committed before making monthly donations. Can public broadcasters expect that kind of loyalty?

That's a good question, and I don't think anybody has related *the frequency of viewing or listening* to participation in a sustainer program. [See the notes from WGBH on page 6.] The research that I remember seeing only looked at the financial record of the donors, such as how long had they been a member, how often did they give, did they use credit cards, etc. Certainly, the sustainer-type donor is more likely to be a long-term donor—at least a few years. And I think a sustainer program works better with people who have a tendency to give using credit cards. [From the donor's perspective] the credit card has become a central way that people keep track of things.

Also let me mention that one of the things I observed about the sustainer programs: they seem to be a relatively good sales piece for telemarketing efforts. They provide a way for people to upgrade, and I think that's having some effect on their popularity.

You can also have another benefit [to your bottom line], in that you can drop the cost of maintaining these members, because you drop the cost of reminders and mailings, etc. [See references to this in the Sustainer Invitation Letter, page 7-8].

THE END

Follow-up Comments from Mary Toropov, Director of the WGBH Sustainer Program

As a follow-up to the interview with Dick McPherson, I called Mary Toropov, Director of the Sustainer Program at WGBH Boston. Mary graciously reviewed the interview for accuracy, supplied the attached material, and provided some additional insight into the sustainer group

She traced the origin of the WGBH program to Russell Moore, a member of the WGBH development staff who had worked at Oxfam, which developed a monthly, continuing giving program.

The WGBH program targets its "sustainer invitations" (see page 7-8) to donors who have been on the donor file for two or more years with gifts over \$60. This segment of the file receives a special renewal cycle beginning with "the sustainer invitation letter" [See pps 7-8] sent in the seventh month of an annual renewal effort.

GBH decided that \$5/month was too low to justify the cost of maintaining the program, so the program has a minimum of \$10/month or \$30/quarter.

They are particularly pleased with the use of the Sustainer Program in their renewal telemarketing. According to Mary, they use very good, well-trained telemarketers, who are good at encouraging installments. The Sustainer Program has been an excellent way to upgrade people during the call. She credits part of the program's success to WGBH's credibility: "they trust us."

A survey of the sustainer file at WGBH, showed that Sustainers, as a group, appeared to be more involved in WGBH than other members. They are more likely to use both WGBH radio and WGBH TV. They have more specific preferences, and they use more services. All of which suggests that there may be a relationship between personal use, personal value and willingness to participate in this kind of Sustainer program.

For example:

- 54% of the Sustainers use their Membercard vs. 43% of the general membership.
- 69% of Sustainers listen to WGBH-radio vs. 51% of all WGBH members.
- 84% of the Sustainers watch Channel 44 (GBH's second station) vs. 71% of all members.
- A survey of member preferences in listening to *specific* public radio programs found that *all* of the programs measured had higher (self-reported) listenership among Sustainers than among general members.
- 64% of the Sustainers asked that their gift be credited "to both TV and radio" vs. 50% of general members. Only 34% wanted their gift credited as "TV only" vs. 44% of all members. Only 2% wanted "Radio only" vs. 6% of all members.

Sustainer Invitation

sustainer

June 18, 1998

Mr. John J. Sample
123 Some Street
Anytown, US 12345-6789

Dear Mr. Sample,

Your generous support of WGBH for over nine years demonstrates your ongoing care and concern for our mission and your continued enjoyment of our programs. As your membership renewal month approaches, I am writing to thank you for your steadfastness, and to propose a new way to support WGBH which offers potential convenience to you and great savings to the station.

I would like to invite you to support WGBH radio and television by joining a select group of members called the WGBH Sustainers.

As a WGBH Sustainer, you would agree to make a continuing monthly or quarterly pledge of support. Your contributions can be deducted directly from your bank account or charged to your major credit card. You may also choose to send checks in response to mail reminders.

Whichever you choose, you will be providing WGBH with a "Living Endowment" to help secure the future of your favorite programs and to make sure WGBH can continue to serve New England and the nation with stimulating new programs.

By becoming a WGBH Sustainer you will enjoy the convenience of regular payments, pre-determined by you, as well as automatic membership renewals, so you'll never struggle to remember when you last gave. You'll know you're saving WGBH precious dollars spent on mail and phone membership reminders.

Put simply, a Sustainer pledge of regular, continuing support allows us to spend more of our resources--your dollars!--on programs and on future needs and less on chasing after necessary funding.

Your generous support to WGBH since your last membership renewal totals \$240. You may want -to consider a Sustainer gift of \$20 per month. And if you would like to support great programs a little more, a monthly gift of \$25 will certainly make a difference to WGBH over the course of the coming year.

- more-

The WGBH Sustaining Member Program - Box 200 - Boston, MA 202134-9939

WGBH Sustainer Program

Sustainer Invitation - page 2

WGBH Sustainer Program

Because Sustainers are friends we can rely on, you will be happy to know that we can communicate with you in a much more "relaxed" way. Instead of repeated appeals for annual support, Sustainers receive information about public television and radio programs of special interest. You'll enjoy periodic postcards and letters giving you an insider's update on new programs and projects, along with your WGBH MemberCard and uninterrupted monthly delivery of *'GBH, The Members' Magazine*.

Once a year we'll send a record of your total gifts for tax purposes and give you an opportunity to change your pledge amount or the manner in which you choose to pay it. Of course you can stop or change your Sustainer contributions, or request a thank-you gift, anytime you want. Just call our Member Hotline at 617-492-9254, or visit us on the Web at www.wgbh.org,

To convert your WGBH membership to the Sustainer program, simply choose a convenient amount and payment method, then return your Sustainer enrollment form and first gift in the enclosed postage-paid envelope. The sooner you act, the sooner we can both stop thinking about mailings and phone appeals and focus on great programs!

Your generous support has already helped WGBH become a precious cultural resource for New England and America. Your Sustainer membership will secure our future.

I thank you for considering my request.

Sincerely,

Stephen Bass

Steven M. Bass
Vice President and Manager of Television Stations
(and Sustaining Member)

PS: I've enclosed the Sustainer Bill of Rights which describes your choices fully. When you read it, you'll understand why over 5,000 WGBH members have become Sustainers in the two years since the program began. Please join us today.

Sustainer Pledge Form

sustainer

Thanks for choosing to become a WGBH Sustainer! Your ongoing contributions help support creative television and radio production that informs, inspires, and entertains you and your community. Here are the pledge and payment options that we think are most beneficial to WGBH and easiest for you. Please select one of each of the choices below.

1. Choose your pledge option:

Monthly Installments

- \$ 25 per month
- \$ 20 per month
- Other \$ _____ (Min. \$10 per month)

Quarterly Installments

- \$ 75 per quarter
- \$ 60 per quarter
- Other \$ _____ (Min. \$30 per quarter)

2. Choose your pledge option:

**Good for WGBH
Easy for you**

Check

- Here's my first check. Please send reminders and return envelopes for future gifts

**Better for WGBH
Easier for you**

Charge

- Here's my charge # with expiration date. Please bill each installment to my credit card (AE, MC, Visa, DiscC)

Acct # _____
 Expiration date _____
 Signature: _____

**Best for WGBH
Easiest for you**

Auto-withdrawal

- Please deduct my monthly installments from my checking account (min/ \$10/month). I've enclosed a voided check from my account .

Signature: _____

Sustainer “Bill of Rights”
sent to each new Sustaining Member

sustainer

Bill of Rights

**Thank you for sustaining
WGBH into the future!**

- As a Sustaining Member of WGBH, I understand that my membership gift installment payments will be ongoing until I notify WGBH otherwise.
- My annual membership will be automatically renewed each year upon expiration, and I will receive new membercards at that time, along with renewal of all my other membership benefits.
- I can choose to increase, decrease or discontinue my installment payments at any time by calling the WGBH Member Hotline at (617) 492-9254, or by writing to: WGBH, Box 200, Boston, MA 02134.

If paying by check

- I will continue to receive reminder forms and return envelopes for my payments, as they come due.
- I will also receive a summary statement of checks received for the year with each reminder, as well as a final statement each spring for tax purposes.

If paying by credit card

- My installment payments will be billed to my credit card at the intervals I have specified, and will appear on my regular credit card statements from my bank. I will also receive a final statement each spring for tax purposes.
- I will notify WGBH promptly when my credit card account number or expiration date change by calling the WGBH Member Hotline at (617) 492-9254, or by writing to: WGBH, Box 200, Boston, MA 02134.
- In the event of an error, I have the right to instruct my bank to reverse any charge, per the terms of my credit card agreement.

If paying by automatic withdrawal

- My authorization to charge my account at the bank shall be the same as if I had personally signed a check to WGBH.
- This authorization shall remain in effect until I notify WGBH or my bank in writing that I wish to end this agreement, and WGBH or my bank has had a reasonable time to act on it, or until WGBH or my bank has sent me 10 days written notice that they will end this agreement.
- A record of each payment will be included in my regular bank statement, and will serve as my receipt. I will also receive a final statement each spring for tax purposes.
- In the event of an error, I have the right to instruct my bank to reverse any charge. I understand that this must be done by written notice within 15 days of the date of the bank statement, or within 40 days after the charge was made.