

Brilliant on the Basics Newsletter

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XPN Clubs its way to a 25% gain in membership dollars. Now the trick is: how do you keep them on the file?

All around public radio you hear the low buzz of concern. Some call it the “talent gap.” Others bemoan “the aging workforce.” At the core, it’s a concern about future leadership. With so many public radio heads turning gray, where are the people who can take the field to Gen X and beyond?

One name surfaces on many lists of next generation leaders: Quyen Shanahan, Assistant GM at WXPB. Quyen joined that station nine years ago, while she was still an undergraduate. She broke into the business as a work-study receptionist. Pretty soon she had started a quasi-promotions department, and, soon after graduation moved into a full-time job as Membership Coordinator. By 1995, she was Membership *Director*. And last year, she jumped up to Assistant GM.

Quyen is tough, with a “Show me the money!” style of management. Since she took full control of XPN’s membership department, revenues are up by 40%.

Quyen and three full-time membership staff pursue an aggressive membership program, which includes constant membership recruitment through a “Memberline,” and some clever packaging. They offer a “CD of the Month Club” for \$500 per year, and more recently an “Arts Circle Club,” described on page 6 and 7.

In FY98, they aimed at *raising the average gift* through installments. By year-end, thirty percent of their pledges came through installments, mostly on credit cards. That helped lift the average pledge to \$126 during a four-day drive which ended in early June.

Like most BoB stations, XPN knows that it’s done a better job raising pledges than keeping donors. Target Analysis found a first year retention rate of 38%, and a multi-year renewal rate of 63%. With some of the BoB stations showing first-year retention rates in the low fifties and the multi-year retention rates in the high seventies, XPN clearly has some catching up to do in BoB’s chosen area of concentration.

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Interview with Quyen Ho-Shanahan, Asst. General Manager for Marketing and Development at WXPN:

MF: *Is it true that you're having a sensational year?*

QUYEN: It looks like it.

I'm calling you in the last week of June. Your fiscal year will end in a few days. What are you showing for a year to year increase?

Something between \$300,000 and \$400,000. **[For Yr. to Yr. comparison, See page 3.]**

When you get together at staff meetings to discuss this kind of success, what's the inside view. Where are these increases coming from?

Part of it, I think, is that XPN has matured. As you know, the longer people listen to us, the more likely they are to support us. Secondly, I think we are doing a very good job of attracting larger gifts. For example, in the last drive we had -- which just ended June 6th -- the average gift was \$126. In our winter drive the average gift was \$110. In almost every drive, the number of large gifts is increasing. The most amazing thing about the high average gift during the last drive was that it happened despite the fact that we ran out of space in 2 of our higher giving clubs. Our fear was that the average gift would be decreased but, to our surprise, that wasn't the case. Maybe people are just getting used to thinking that WXPN is worth a larger gift.

[For more on Clubs See page 6.]

Another huge part of our increase comes from collecting installments from pledges made in prior years. And, finally, we added some major gifts -- something we did not have before.

What else did you do?

We also made a decision in the beginning of the year to hire an administrative person, full-time, to supplement our work study students who answer the Memberline [a 24-hr pledge line] and deal with customer service issues. That's really helped. The work study students were great, but they didn't have the continuity and the time needed to deal with some issues.

When you entered this fiscal year, what improvements were you looking for?

Our biggest area of concern was our back-office operation, improving customer service. We were not able to do that immediately, but then over the course of the year we upgraded the database management position from an administrative to a professional-level position. We expanded our customer support staff, by consolidating part-time staff to create another full-time position. And we concentrated on getting all of our mailings out in a more timely way -- renewals, fulfillments, etc.

Did you have empirical evidence that you were having problems?

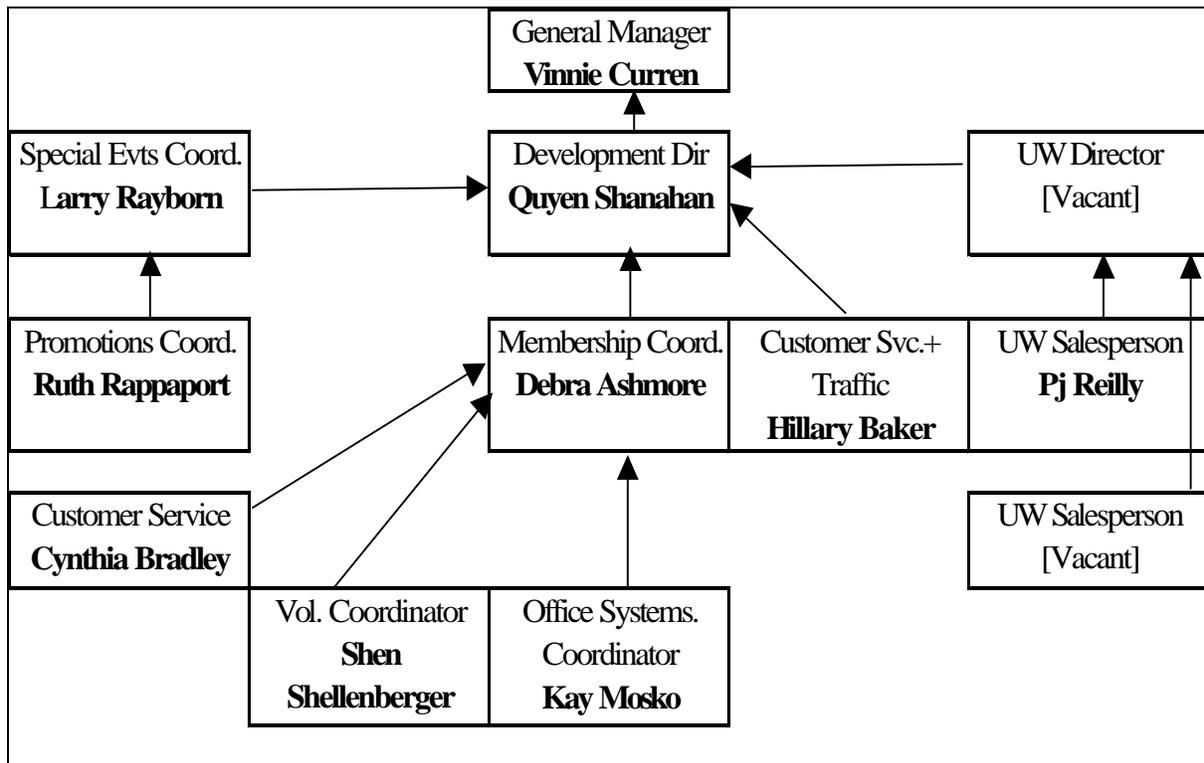
Just the phone calls coming into the office. If I pick up the phone five times a week in the membership office and three of those calls are from people saying "I didn't get something," then I think... that's enough evidence for me.

We are trying to get to the point where we can do some research ourselves, including randomly calling members, to see how we're doing.

Year to Year Membership Performance

	FY97	FY98	% Inc.	FY99	% Inc.
Cume	236,000	250,000	6%	260,000	4%
Members	14,854	15,968	7%	16,500	3%
Penetration: % of Cume	6.3%	6.4%		6.3%	
Member \$	\$ 1,334,000	\$ 1,669,727	25%	\$ 1,800,000	8%
\$ per listener	\$ 5.65	\$ 6.68	18%	\$ 6.92	4%
\$ per member	\$ 89.81	\$ 104.57	16%	\$ 109.09	4%
Retention Rate	52.1%			55%	
First Yr Retention rate	37.9%			41%	
Multi yr Retention rate	63.2%			66%	

Development Staffing at WXPB



How many people do you have in the membership department?

Three full-time. **[For more on staffing, see pg. 3]**

And you're still using part-time help and work-study students?

Yes, two to three, depending on the semester.

Did you make any major changes in your drives?

The only important change we made was in the way we pitch. Our on-air staff are getting more and more comfortable asking for larger gifts. In the beginning, it was very hard to convince them to pitch for larger pledges. They had to learn that just because they might not be able to contribute \$500 or \$1000, there are still many listeners out there who can and who think XPN is worth that much. Now, after a few years of experience, they have no problem asking for bigger gifts.

Did you make any significant changes in renewals?

Not until late in the year. We worked with Barbara Appleby and Helen Kennedy in the New Acquisition Project. While we were looking at the direct mail programs at WXPn, they suggested that we move our first renewal notice one month earlier. Now we're sending the first hit in the ninth month, rather than the tenth month.

Have you seen any improvement?

It's too early to tell. Of course, in the first year, we expect to get some money sooner, because we're sending out the notices sooner. Over time, we're hoping to see some improvements in renewal rates.

Did you conduct any new major gift activities?

Yes, we used some significant new projects as a reason to go out and ask for major gifts. We set up lunches, explained the projects and asked for support. So far, the program has produced \$45,000. Actually, we had a 100% success rate. We got money from everyone we met with.

Really! One hundred percent success?

Well, maybe we just picked the low hanging fruit, but it worked.

How many calls did you make?

Seven or eight.

That's still not bad. On another subject. When you looked over your accomplishments last year, did you identify any activities that you felt were unproductive?

We eliminated one major donor event. Last year, we just made a few thousand dollars on it, and felt it required too much work. So, we decided not to do it this year.

Did you make any significant software or hardware changes?

Not this year, but we will next year. We'll upgrade all of our department computers to Pentiums and go to the upgrade version of MEMSYS, for Windows.

Did you employ any outside consultants?

I already mentioned Barbara and Helen with whom we are working on the "new acquisition" mail project, funded by CPB. That started last month.

Looking back, what initiatives from prior years are starting to bear fruit?

Well, the biggest one is the implementation of installment plans.

What impact did BoB have on your work this year?

I think BoB made a big difference in one way: The BoB project -- and the PRM Report -- really kept me very focused on our goals. It makes a big difference to have someone from the outside following your progress and looking at what you're doing. I felt there was always someone there to say: "Quyen, you'd better be looking at your goals, and you'd better be making them." That was pretty motivating, at least for me, because I hate to fall short.

Did the discussion or the content of the meetings change the way you did things?

I really didn't work with any of the project members outside of the meeting. It was useful to hear what people are doing and get a sense of what kind of results people are achieving. What was successful. That sort of thing. What was more important, for me, was using the meetings to think about long-term strategies and new ideas because it's hard to find the time to do that.

Did you use any stations or organizations as models?

I think we used different aspects of different stations. I was concerned about our renewal rate, and the new acquisition project was one way to deal with that. There were 2 main theories about why we might have a lower renewal rate: One was that we're asking for such high gifts; the other was that too many of our members come from on-air pledging. And pledge-acquired donors have a lower renewal rate. I'm not ready to lower the asking amount if people are continuing to give. So I'm willing to try [DEI's] "Acquisition Project" to find some new members through direct mail. Hopefully. We'll see some results in a few years.

What didn't work this year?

I can't think of anything. Fortunately, we were able to meet our goals for FY98.

What are you planning for next year?

We'll definitely keep doing things to maintain our high average gift. And we'll be working to improve the renewal rate, through increasing lapsed mailing and additional gifts, and direct mail acquisition. We'll see if we can make our drives even shorter-- even though we're probably one of the stations with the shortest drives. We'll participate in the SRG Major Gifts Initiative project, looking for renewable major gifts of \$1000 or more. We'll improve our hardware and software.

Any plans to expand staff?

Probably not. We expanded last year.

Will you do more outsourcing?

Only the consultants that we started working with this year, Barbara and Helen. And for the major gifts project, we'll continue to work with the woman, Ann Adriance, who also helped us with major gifts this year.

Where will your big payoff come next year?

I think it will still come from collecting on installments, getting large gifts and getting better systems in place that improve fulfillment rates, renewal rates and collections.

Do you have a target for improving your renewal rate?

I'm hoping to improve our renewal rate by 3-to-5% next year.

WXPN Donor Clubs
part of the donor continuum
As described by XPN Staff

Some Background on the Development of Donor Clubs at XPN

Early in the 1990's WXPN recognized that one of its strongest assets was its ability to provide a "cultural screen," which could sift through the overwhelming volume of new music and make discriminating selections. In doing this we fill two roles: first, we serve as a "trend indicator," for a group of people who want to stay in the know about alternative music; second, we help busy people, many with demanding jobs, some with young families, to make music purchasing decisions. They cannot listen to everything -- they just do not have the time. We do have the time. In fact, we get paid to listen to all kinds of music.

We applied this insight in two ways. Since 1992, we have chosen an "Album of the Week," every week. This album gets the highest level of exposure on our playlists. Next, we created a "CD of the month Club," where for a \$500 annual pledge, a CDMC member gets 12 of the album of the week CDs, a "best of the best" selection.

Expansion of the CDMC Concept

In June of 97, we extended the donor clubs at WXPN by creating the **Arts Circle** through which a limited number of members can take advantage of the best that Philly has to offer in entertainment and cultural activities. This new membership club helps us promote fellow cultural institutions *and* serve generous members at virtually no cost to us or the participating institutions.

Our objectives in creating the Arts Circle were to:

- Encourage donor up-grades at low cost or no cost to WXPN.
- Collaborate with other cultural and art institutions, in a way that financially benefits WXPN.
- Exploit our programming staff as a source of art and cultural awareness.
- Offer members access to exclusive and hard-to-come-by events in the Philadelphia area.

We decided our strategy would include:

- Creating partnerships with area venues and cultural institutions to allow access to members of the Arts Circle to special events and performances.
- Creating a sense of urgency by limiting the number of participants to 75.
- Generating excitement by involving on-air personalities in the selection of events and encouraging their presence at events.

(Continued on page 7)

How the Program Operates

To join the Arts Circle, a donor must contribute \$360 (or \$30 per month) during pledge drives or mail campaign. Participation in the club is limited to 75 individuals. This exclusivity is promoted on air and through the mail. In return, Arts Circle members receive invitations to 12 specially selected events per year. The events vary from dance performances to gallery tours to international theater. Although performances are open to the public, Arts Circle members receive VIP access to the artists, curators, stage parties, or premiere events. The Promotions Coordinator selects the events for the Arts Circle and notifies the club members of an upcoming event via the mail. The venues and galleries receive high-visibility promotional attention on-air in return for their participation in the Arts Circle.

Some Results from the First Year

- The Arts Circle started during the June, 1997 Fund Drive. Thirty-four people joined in three and a half days. By December 1997, the Arts Circle had expanded to 65 members, contributing a total of \$23,400.
- The Arts Circle successfully encouraged upgrades. The Arts Circle giving level was a substantial up-grade for over 90% of its members, producing a 300% increase in donors at the \$360 level.
- The Arts Circle brought in new members. Over half (57%) of the Arts Circle members are first-time donors to WXPB.
- There is virtually no cost to WXPB. In fact, we spent less on the Arts Circle than we did on the premiums that the program replaced. Tickets and passes to the events are free to WXPB, leaving only the monthly letter's postage as an expense. In the past, this giving level cost WXPB approximately \$35 per donor for premiums and postage.