



How Cutting-Edge Data Analytics Can Revolutionize Your Membership Program

2016 AMMC Conference

Presented April 12, 2016



Here with you today...

David Saunders – Director of Membership – National Museum of the American Indian

- NMAI is committed to advancing the knowledge and understanding of the Native cultures of the Western Hemisphere, past, present, and future, through partnership with Native people and others. The Museum works to support the continuance of culture, traditional values, and transitions in contemporary Native life.

Edison Wato – Director of Membership – National Museum of African American History and Culture

- The National Museum of African American History and Culture will be a place where all Americans can learn about the richness and diversity of the African American experience, what it means to their lives, and how it helped us shape this nation. A place that transcends the boundaries of race and culture that divide us, and becomes a lens into a story that unites us all. Scheduled to open on September 24, 2016, the Museum is under construction on the National Mall in Washington, DC, on a five-acre tract adjacent to the Washington Monument.

John Perell – Director of Direct Response and Shared Services – Smithsonian Institution

- Founded in 1846, the Smithsonian is the world's largest museum and research complex, consisting of 19 museums and galleries, the National Zoological Park, and nine research facilities. At the heart of this work are the Friends of the Smithsonian, who sustain our commitment to celebrating our nation's history, our art and science, our inventions – and preserving them for future generations.

Allison Porter – President – Avalon Consulting Group

- Avalon is a full-service direct marketing fundraising agency. Since 1997, Avalon has helped our clients raise millions of dollars to achieve their visions for a better world—while building relationships with people who share their passion and support their important causes.

In today's session...

Through actual examples, learn **critical ways to view your donor and member data** to inform your marketing strategy.

Learn how to **recognize how underlying trends have changed over time**, and how they vary by organization and strategy.

Identify key metrics and performance indicators that are relevant for comparison, and what those comparisons tell you about the health of your file.

What are key performance trends?

Comparing key metrics and critical analytical views will give you a deeper view into the *health, future performance, and potential of your member file.*

Retention

List return on investment

File composition

File trajectory and impact of acquisition

Member value

Cross-channel analysis

Major donor pipeline

Metrics should be compared over time, and to other organizations, when evaluating their significance.

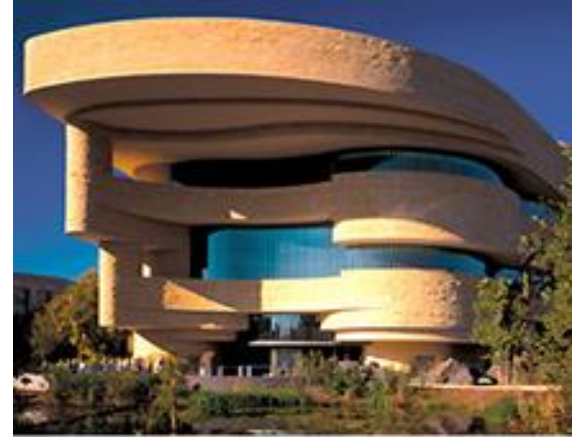
Case Studies

National Museum of the American Indian

NATIONAL
MUSEUM
OF THE
AMERICAN
INDIAN

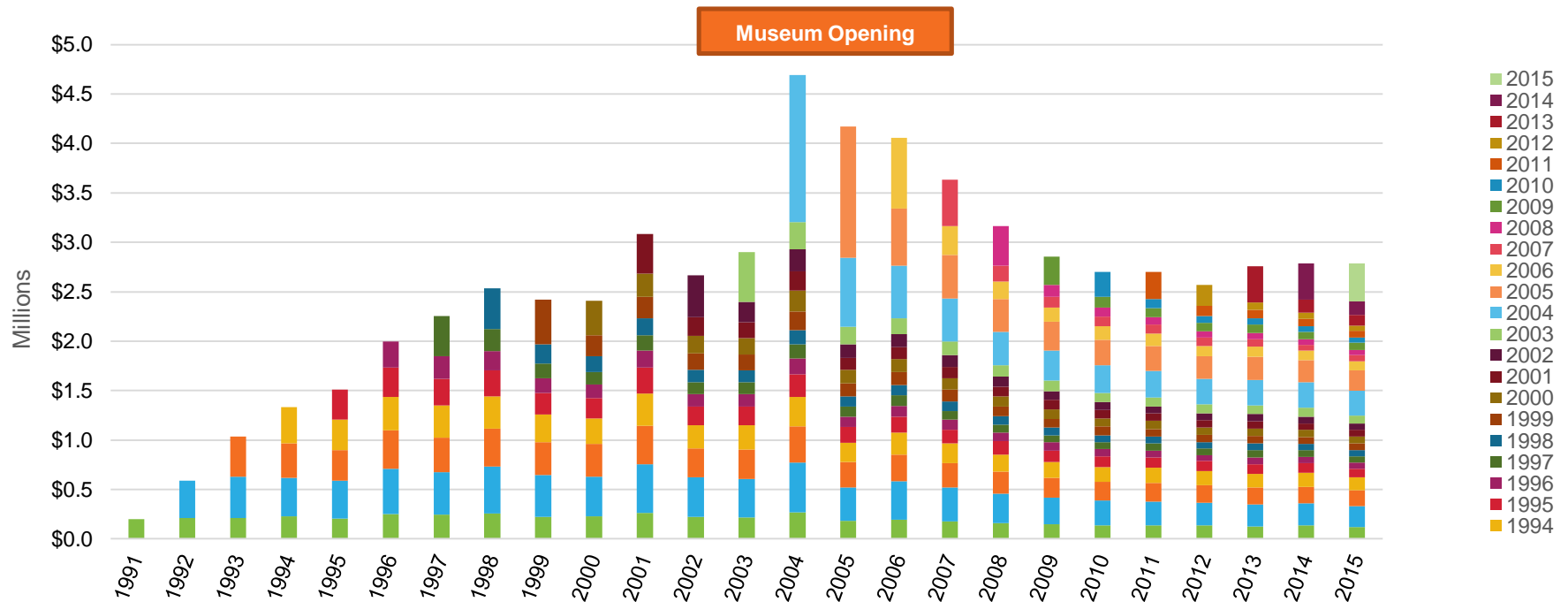
Situational Analysis:

- Membership program established in 1991 as part of the Museum's capital campaign to open the Cultural Resources Center and the Museum on the National Mall.
- The Museum opened in September 2004.
- Current membership of 40,000 households nationwide.
- 70% of members live outside the DC and NYC metropolitan areas.
- Members and revenue increased dramatically through the opening of the Museum, and then experienced a sharp decline. **NMAI has been hard at work to stabilize the program since this time.**



Key Trend #1:

After the Museum opening, NMAI experienced a decline in revenue both due to the event and a decrease in acquisition investment.

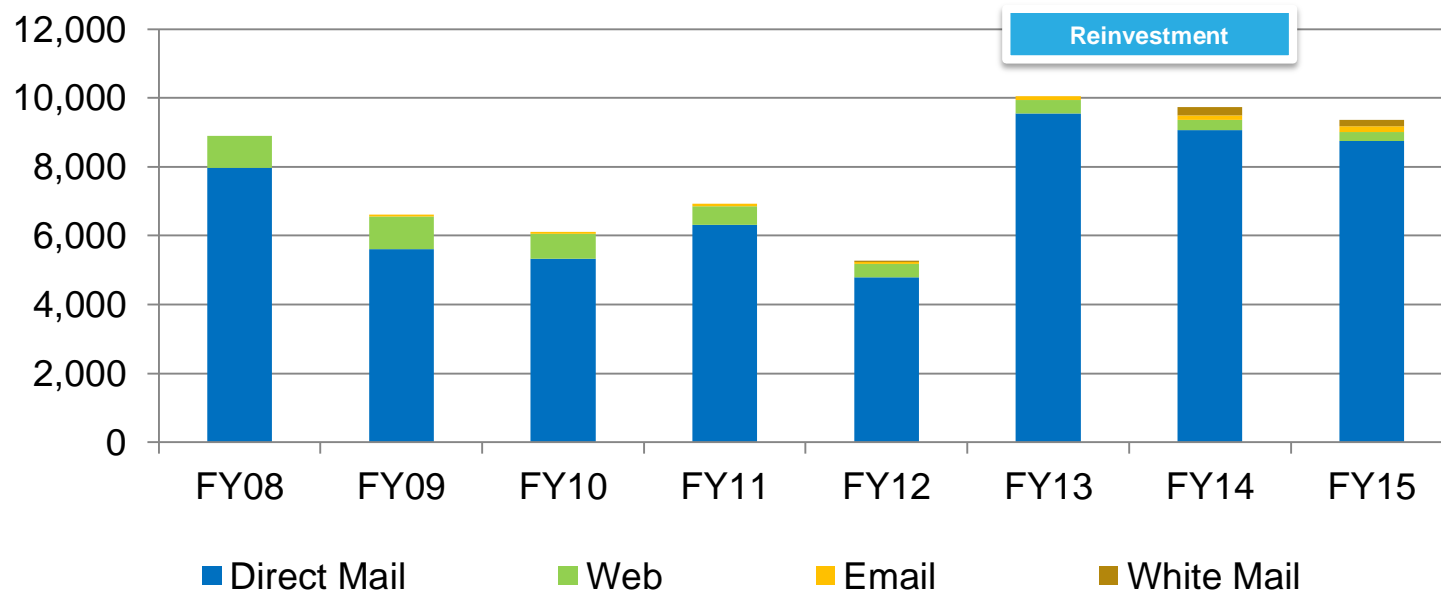


- This view shows the impact of acquisition year over year.

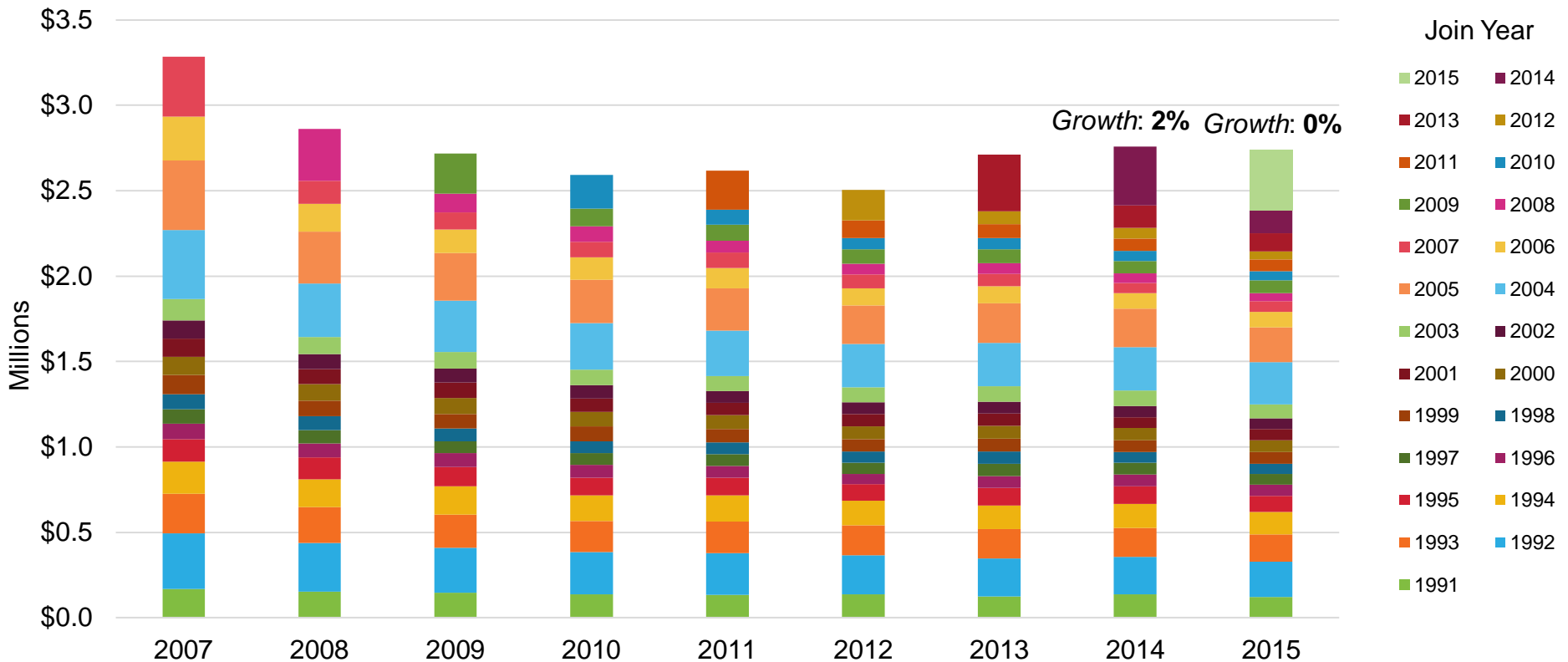
Key Trend #2:

After reduced acquisition, NMAI strategically reinvested in direct mail to rebuild the file.

New Joins



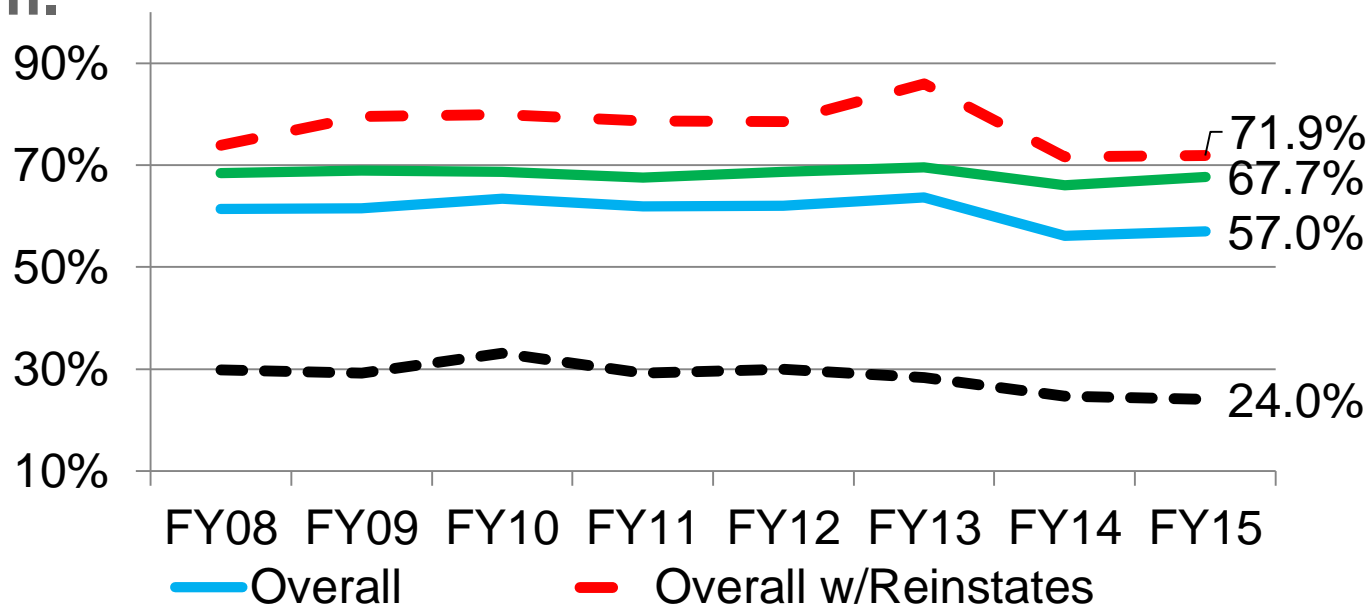
This investment has paid off – revenue has started to grow after years of decline.



- 2015 represents stability with the year before.

Key Trend #3:

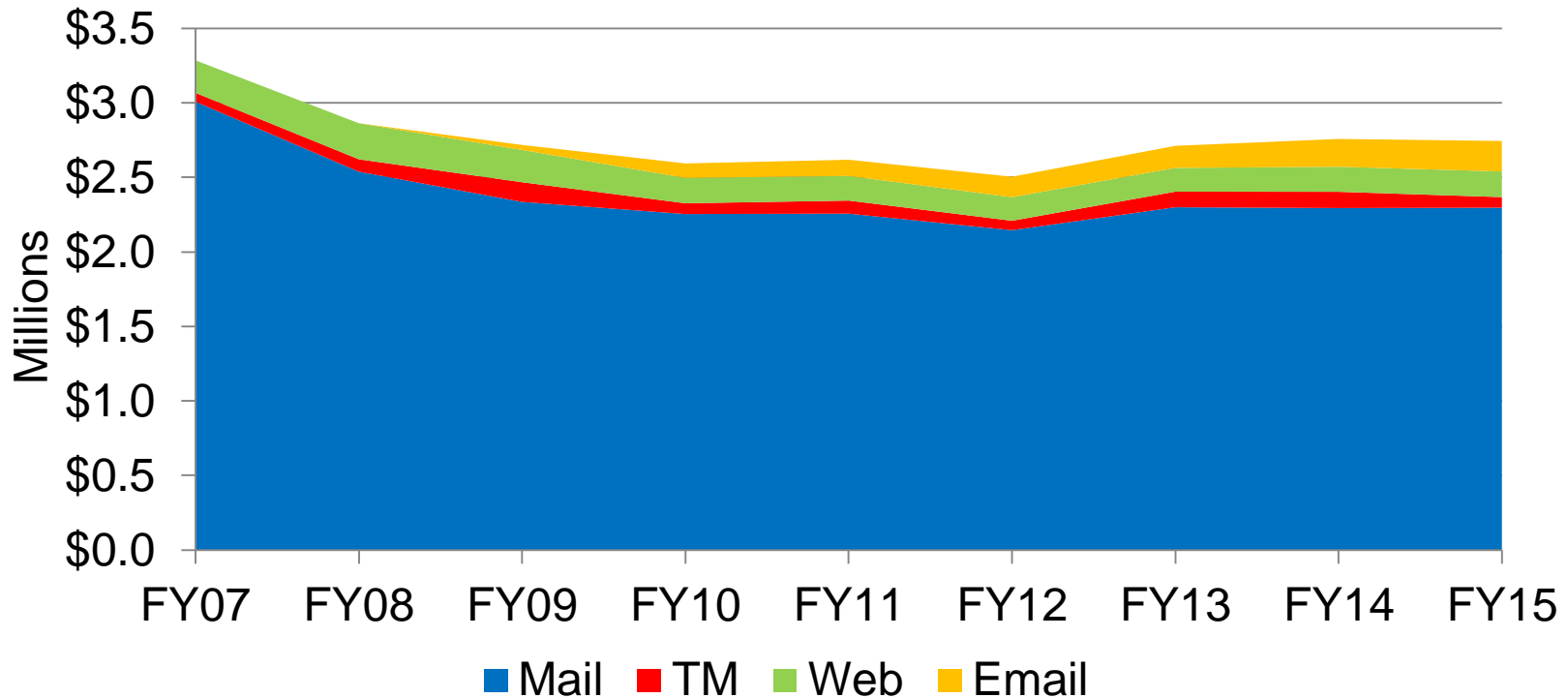
After reinvesting in acquisition, overall retention increased slightly in FY15 due to an increase in multi-year retention – a step in the right direction for the program.



- First-year retention declined slightly. This metric is now on the low end of the typical range: 20-40%.

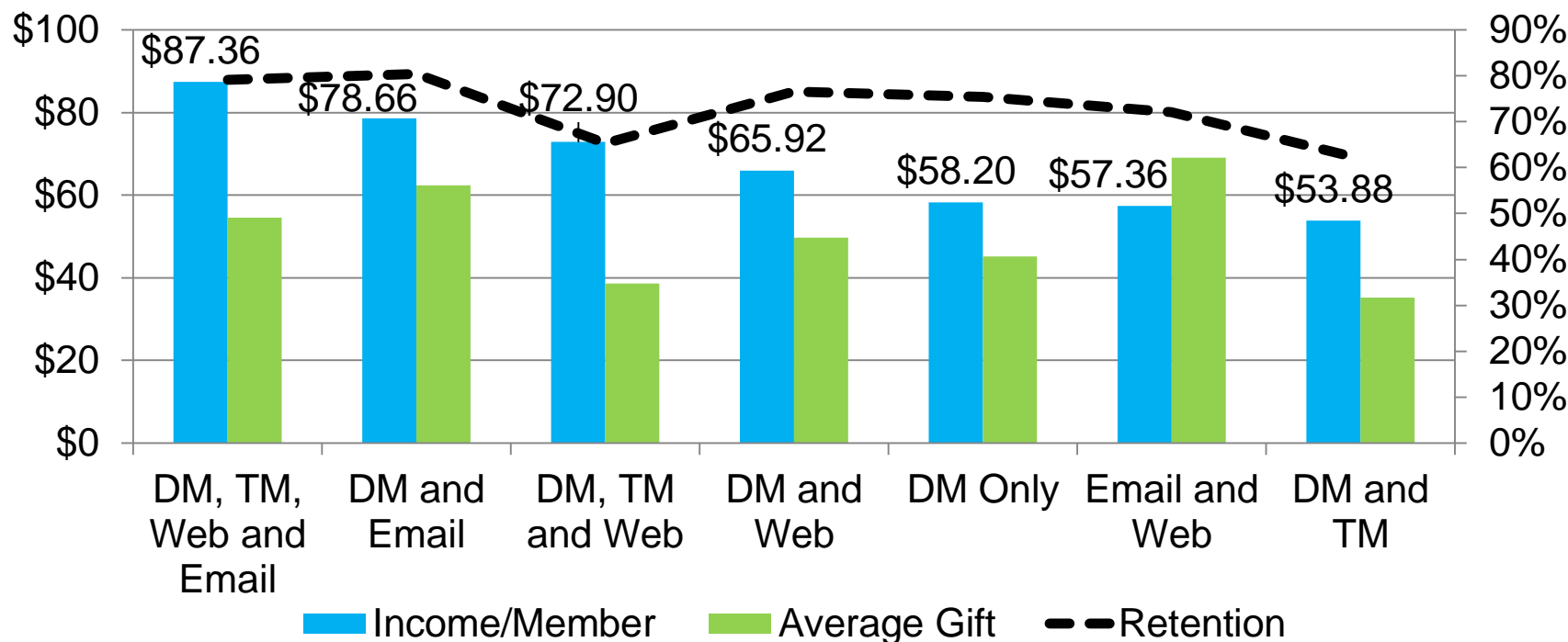
Key Trend #4:

NMAI has used cross-channel views to identify trends by channel and diversify revenue since the Museum opening.



Key Trend #5:

Members giving through multiple channels show higher retention and income per member.



Moving forward:

- NMAI will continue to build on current progress through added investment.
- As the program grows, regular reviews of metrics like retention are key to maintaining file health.
- NMAI continues to explore options to increase multi-channel giving and build value within the current file.

National Museum of African American History and Culture



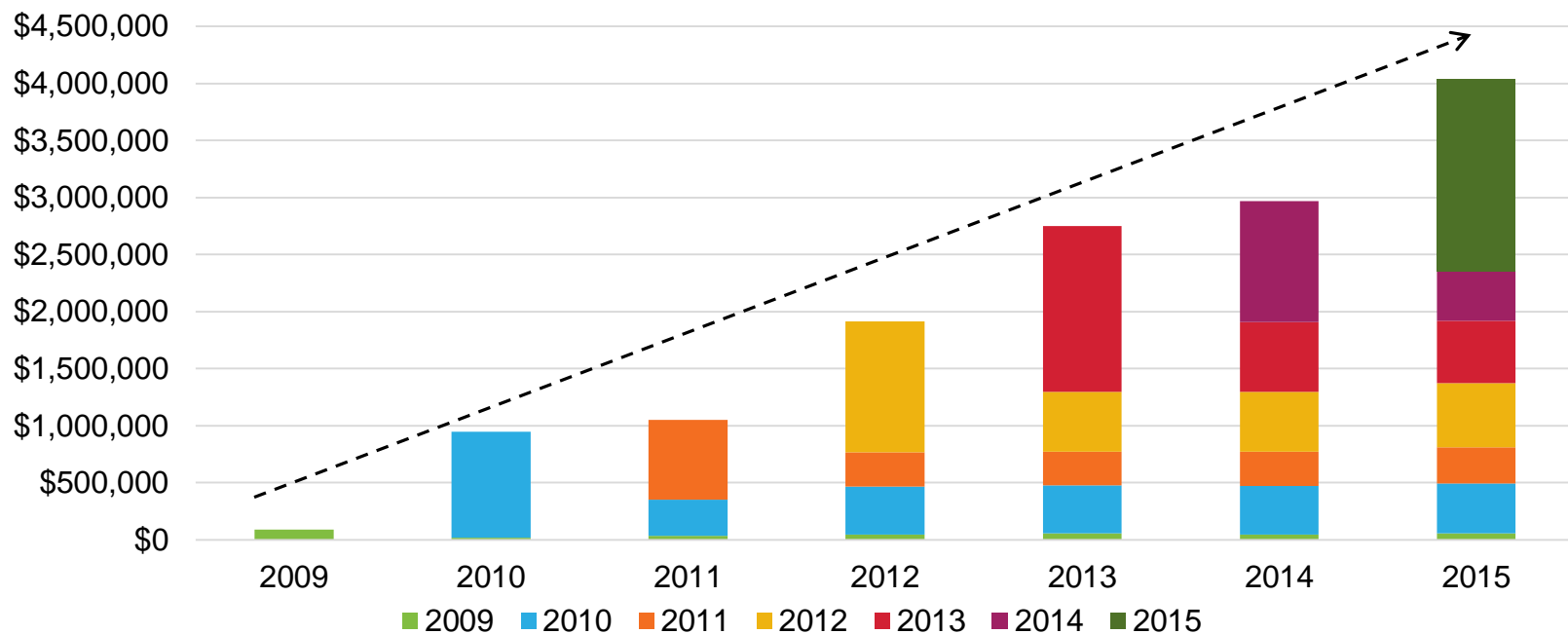
Situational Analysis:

- Program established in September 2009 to build a membership base to support projected Museum opening on September 24, 2016.
- NMAAHC has grown dramatically since that time, reaching 101,789 cumulative members and a high point of 48,282 active members as of April 2016.
- The program will continue to grow through the September 24, 2016 opening.
- **Maintaining a strong and stable base of membership support beyond 2016 is a priority for the new Museum.**



Key Trend #1:

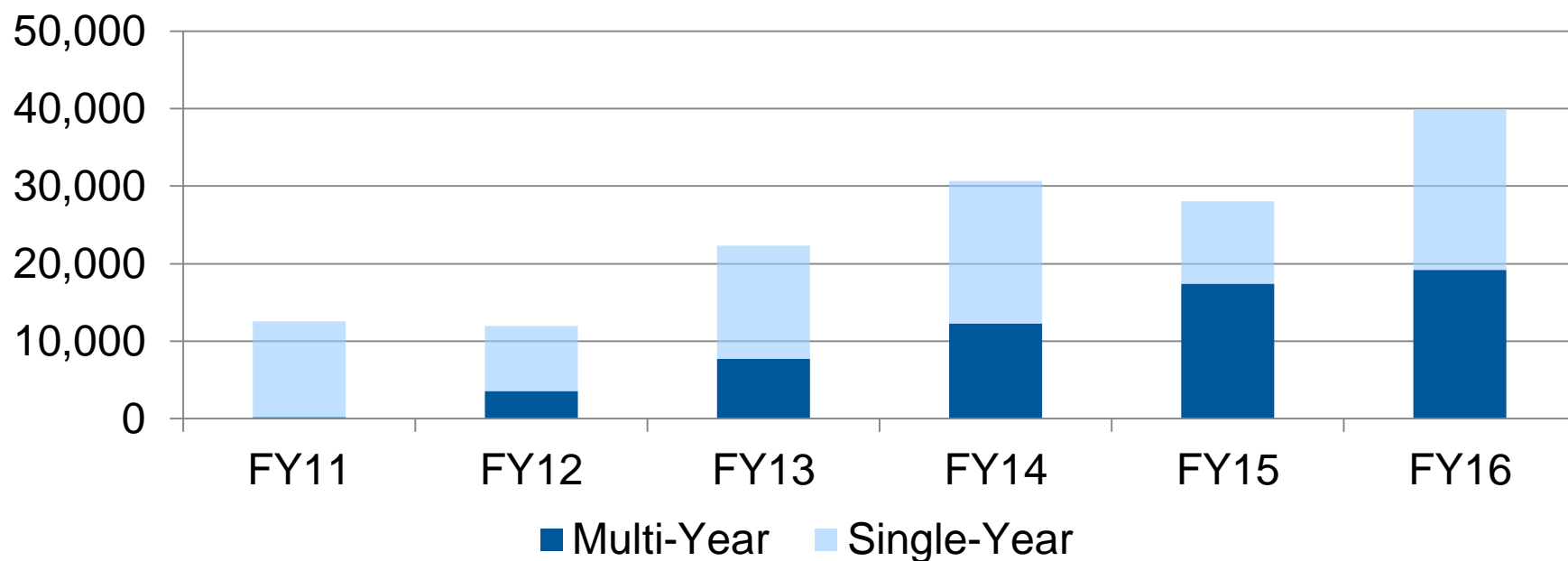
NMAAHC's membership program has increased steadily since its inception of the program.



- Steady and generally increasing acquisition investment has allowed the program to grow year over year.

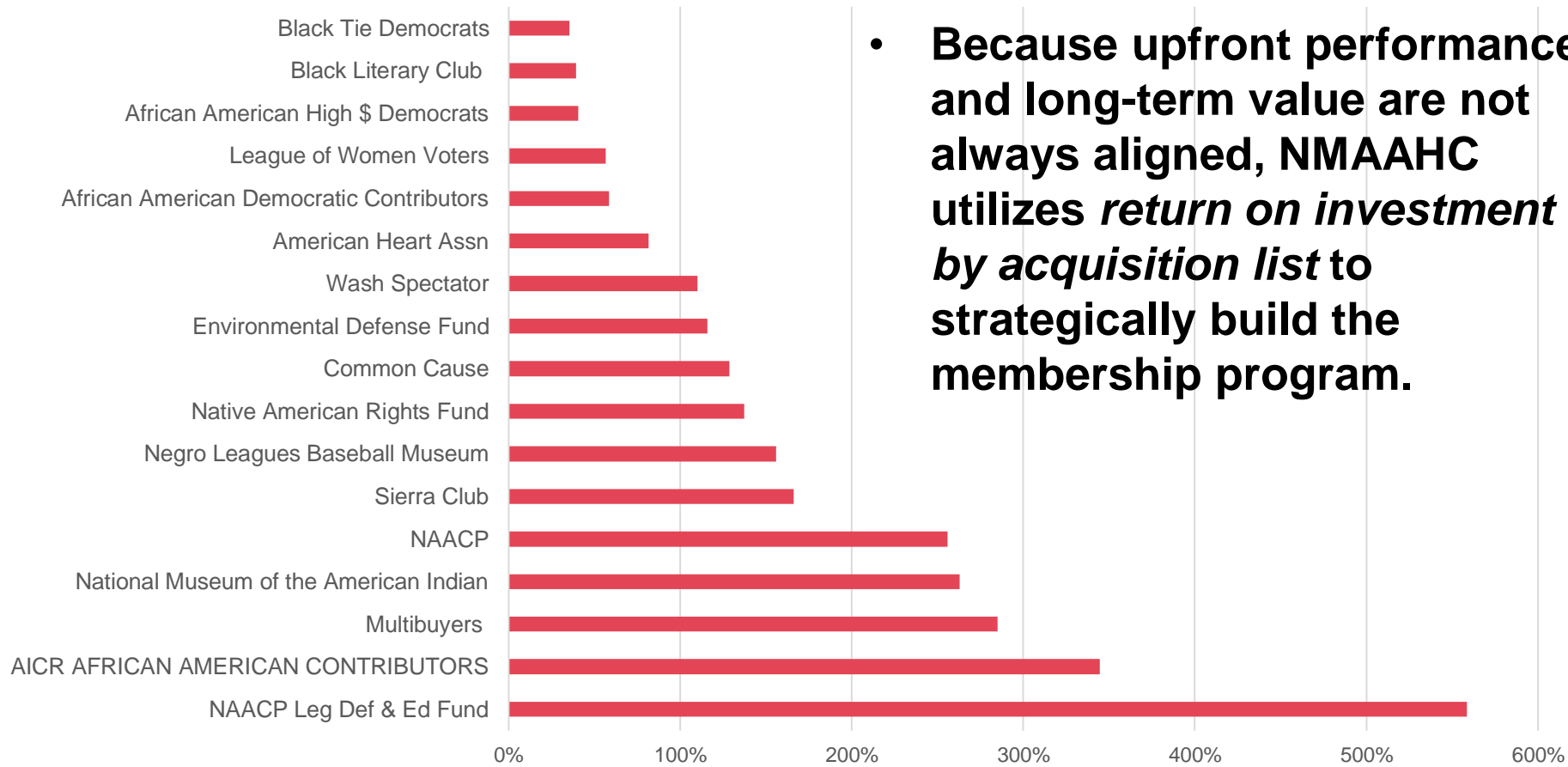
Key Trend #2:

Multi-year members continue to grow in quantity, a sign of a healthy and maturing program.



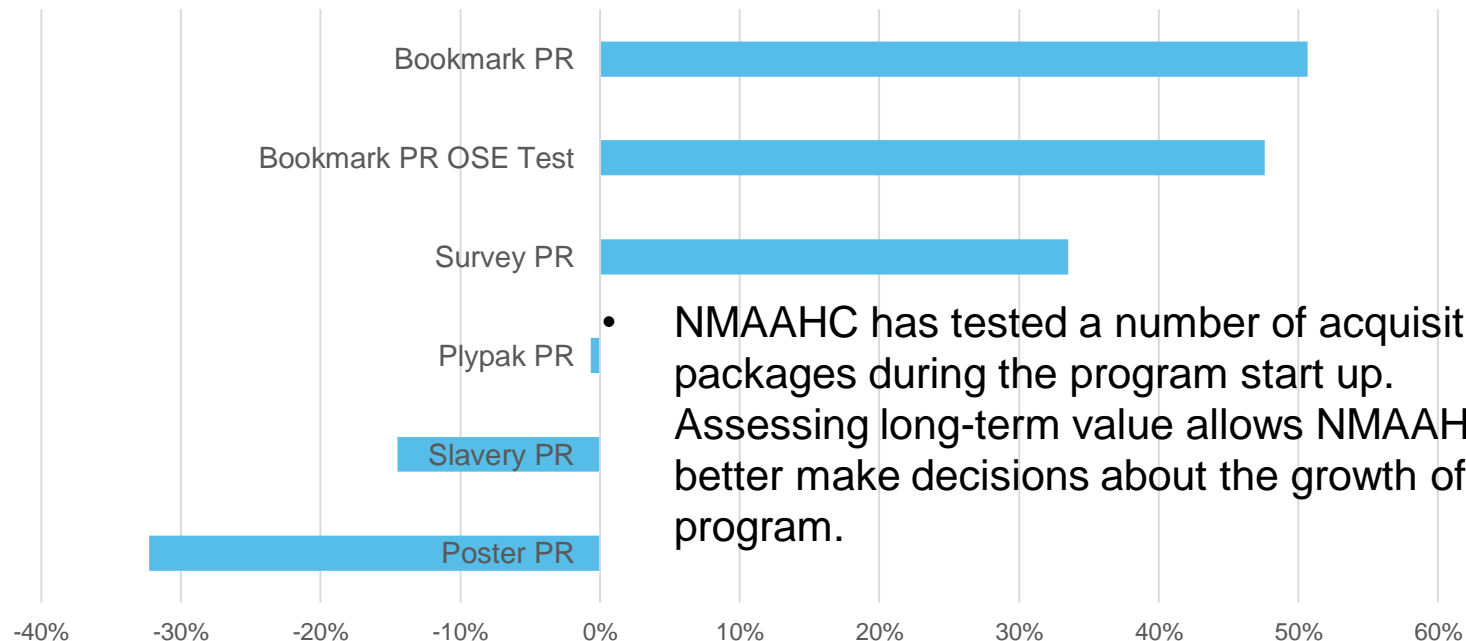
- Multi-year member counts have trended upwards since FY12. The large influx of new joins in FY15 has boosted the member file to new highs.

Key Analysis: List Return on Investment Assessment



• **Because upfront performance and long-term value are not always aligned, NMAAHC utilizes *return on investment* by *acquisition list* to strategically build the membership program.**

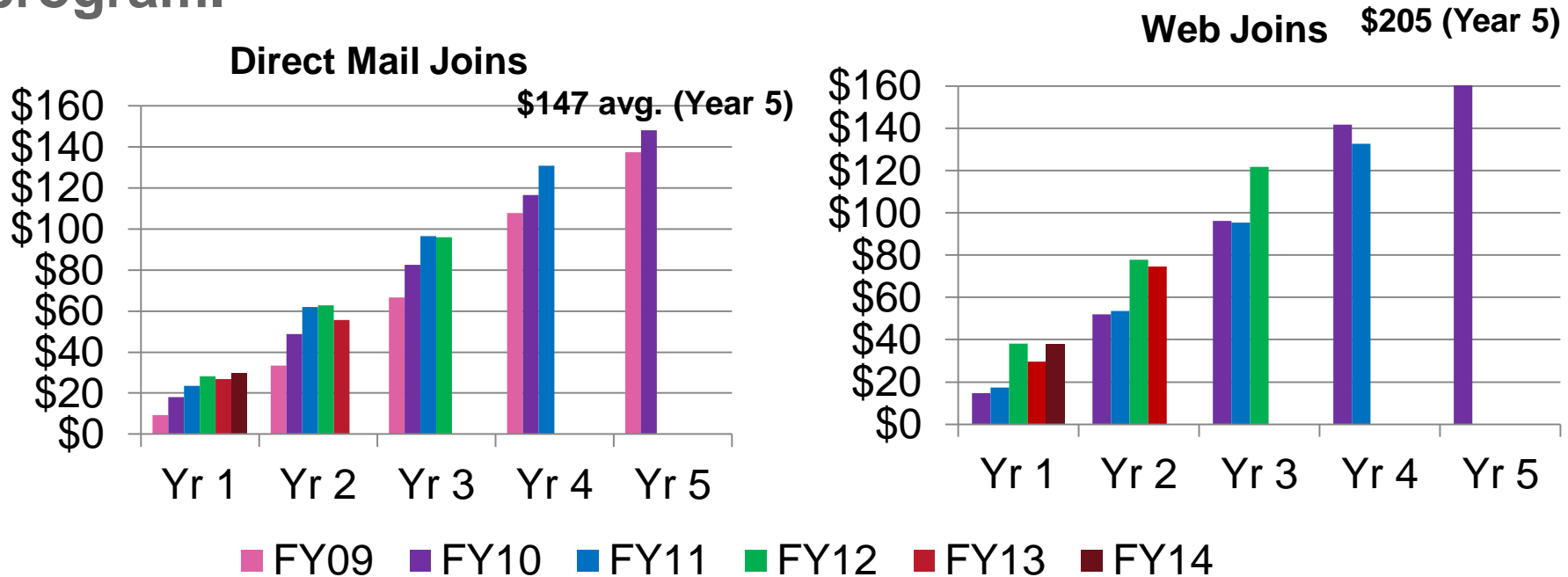
Key Analysis: Acquisition Package Return on Investment



- NMAAHC has tested a number of acquisition packages during the program start up. Assessing long-term value allows NMAAHC to better make decisions about the growth of the program.

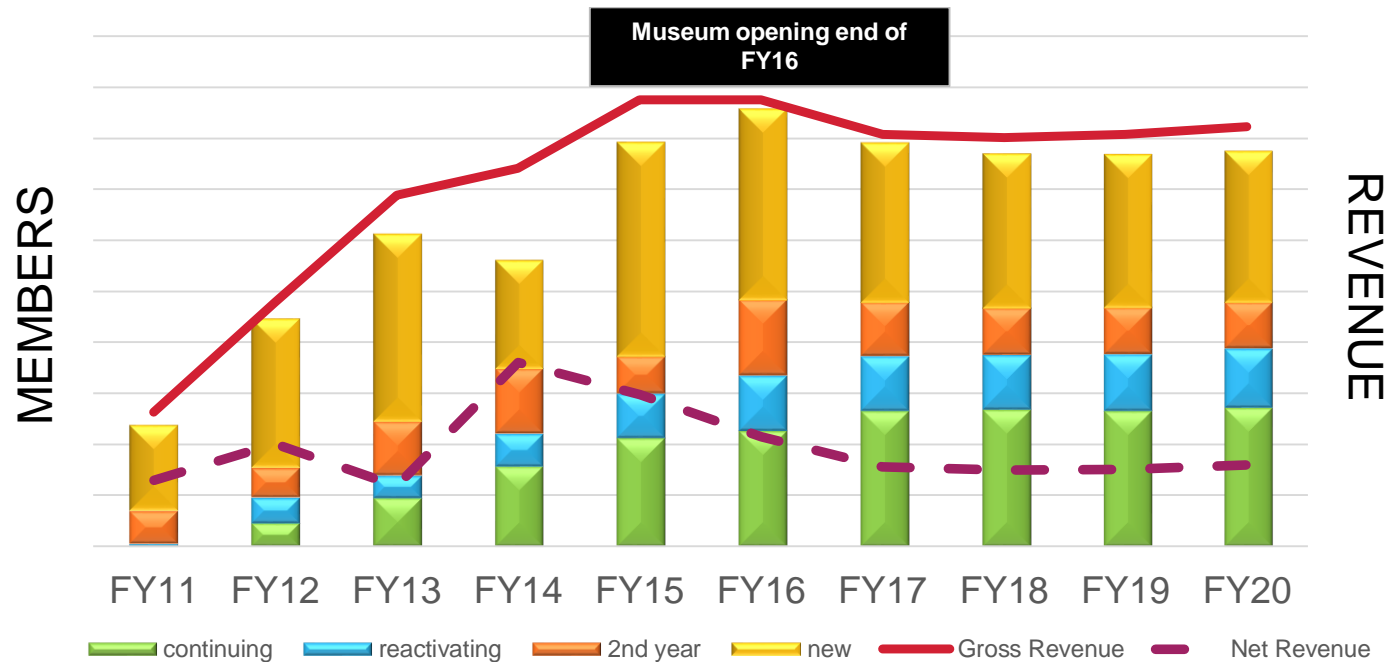
Key Trend #3:

Using key analytical tools for guidance, NMAAHC has gradually increased member value since the start of the program.



- Member value by year 5 is strong compared to other organizations.

Key Analysis: Long-range forecasting to predict future trends



- NMAAHC is using forecasting to predict the trajectory of the file and anticipate future changes. Based on this analysis, investment strategies will be outlined to guide the program.

Moving forward:

- NMAAHC will continue to watch key performance trends as the file continues to grow.
- Using analytics, NMAAHC has an opportunity to anticipate and address future trends to maintain stability during the volatile window after the Museum's opening.
- NMAAHC will be focusing on member retention strategies to preserve the strong base of the program after the opening of the Museum.

Friends of the Smithsonian



Friends of the Smithsonian

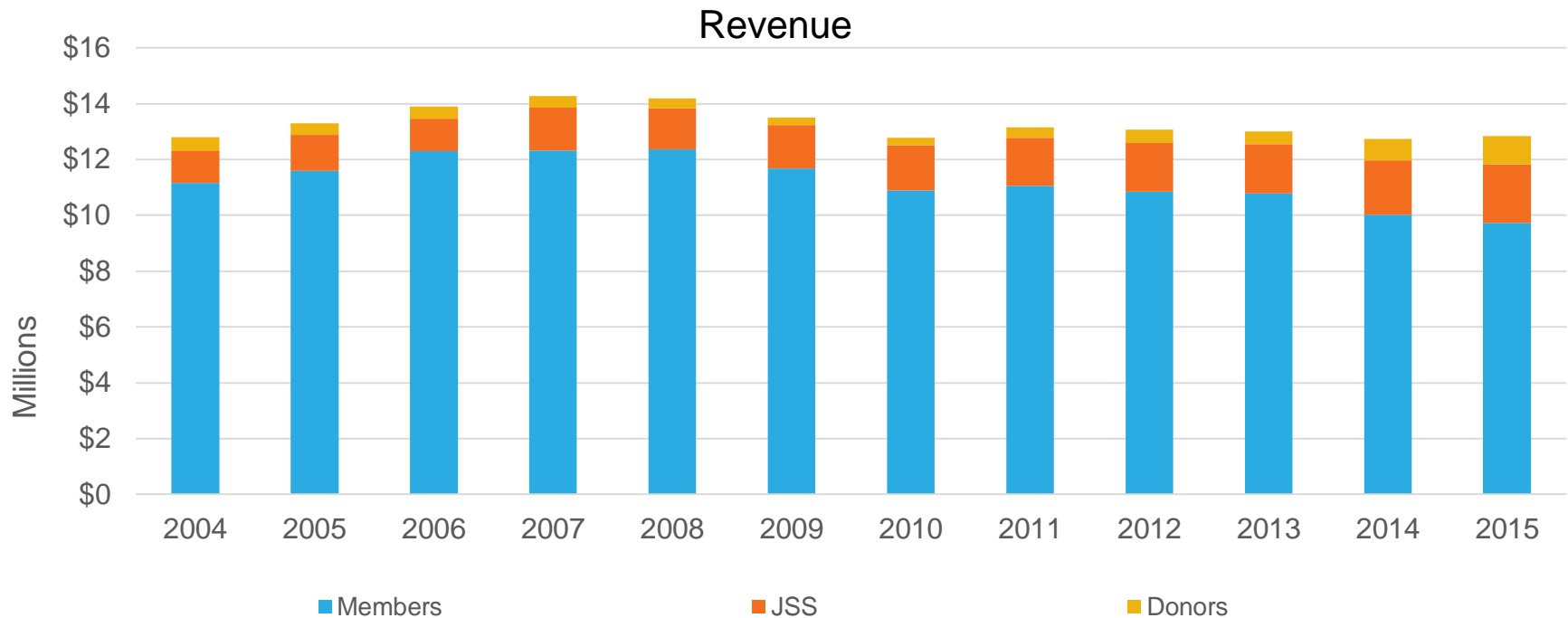
Situational Analysis:

- *Friends of the Smithsonian* is a mature and robust membership program with a member history that stretches to before 1990.
- Currently, there are nearly 80,000 active *Friends*.
- After years of growth, the program has been steady in recent years. FOS has developed a structured “donor track” to help reinvigorate the file.
- **The *Friends* program is actively seeking ways to return to a pattern of growth through increased acquisition of both members and donors.**



Key Finding #1:

Revenue from Friends has been generally stable over the last five years.

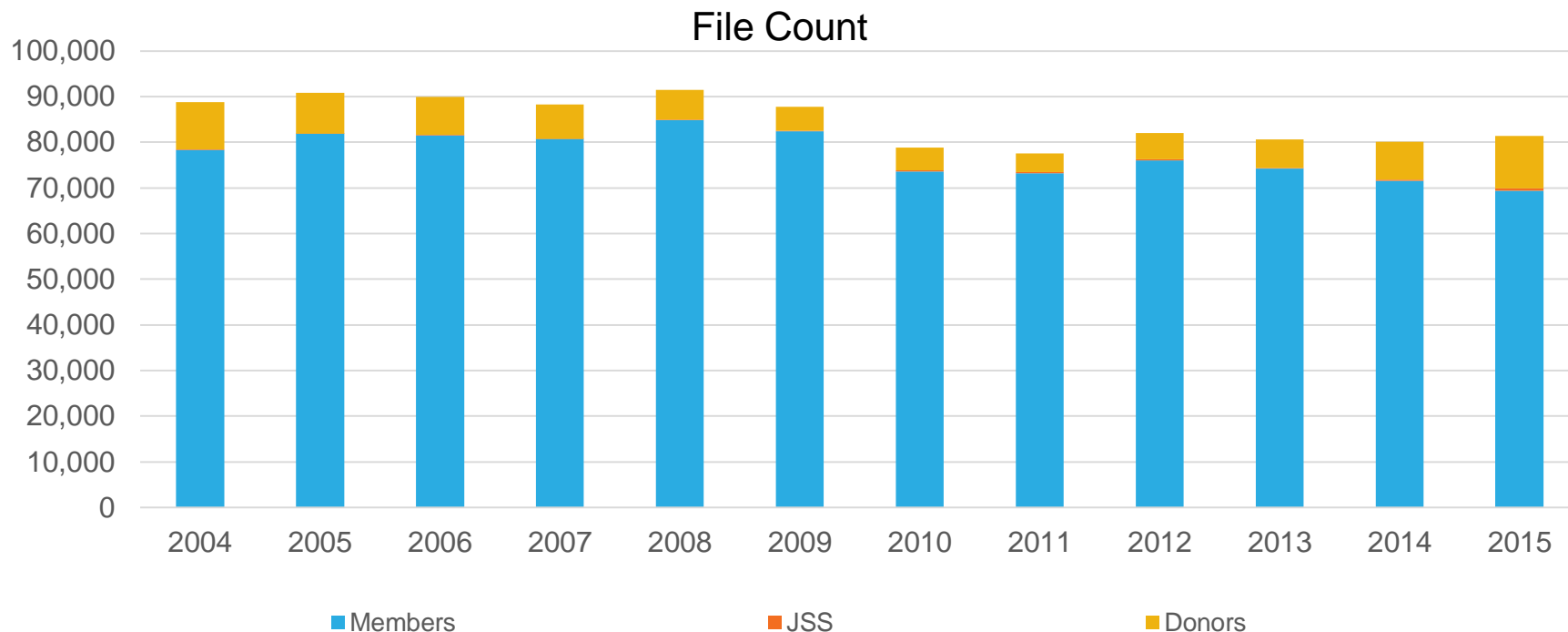


- A decrease in the Member program revenue has been offset by growing revenue in the Donor program.
- While not near the level of member program revenue yet, the donor program has seen sizable growth with increased investment in the acquisition of donors. JSS program is also growing.

Income by Fiscal Year – Including JSS (\$2,500+)

Key Finding #2:

The Friends file count has been relatively stable, with 2012 an anomaly due to added acquisition.

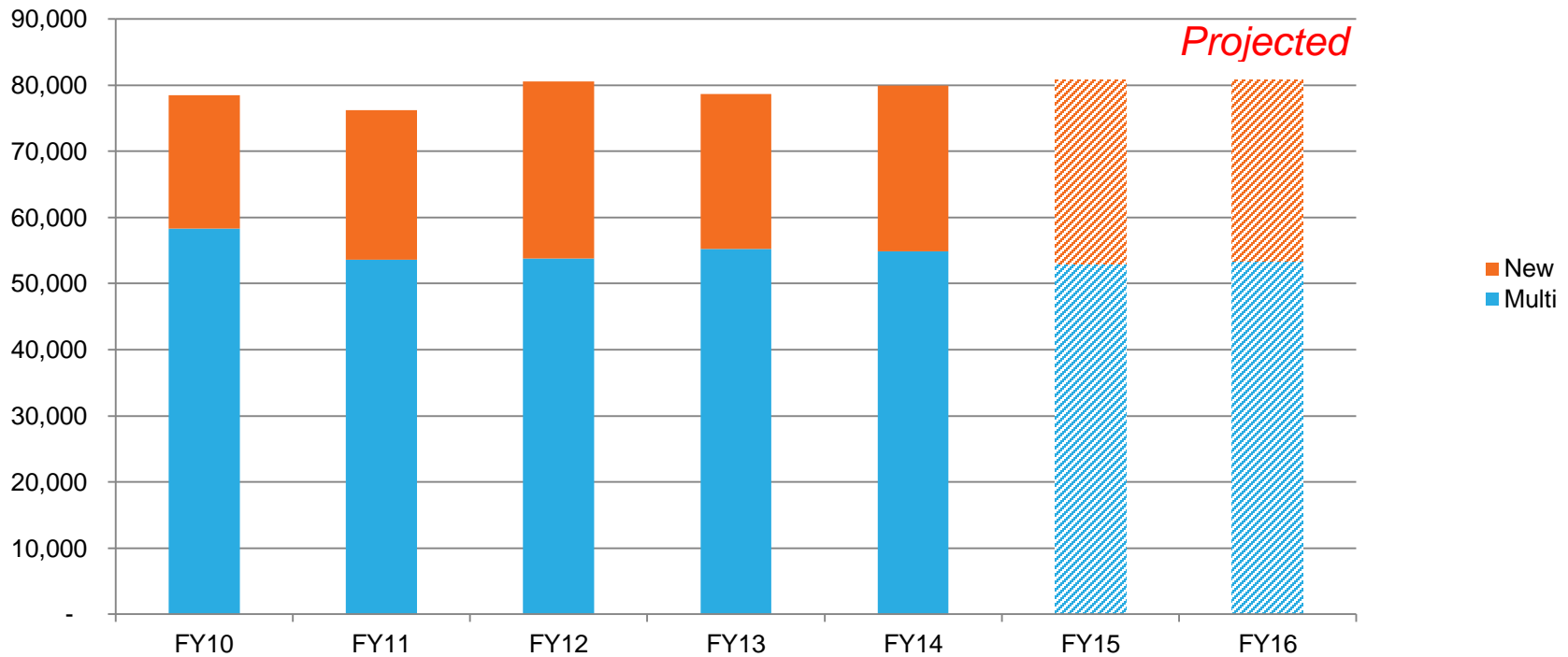


- As member counts have declined in the past three years, donors have grown significantly in that same timeframe.
- With 539 members, JSS represents a small portion of the total file.

Friends by Fiscal Year – Includes JSS, \$2,500+

Key Finding #3:

27,000 new Friends (Members and Donors) needed each year for file stability.

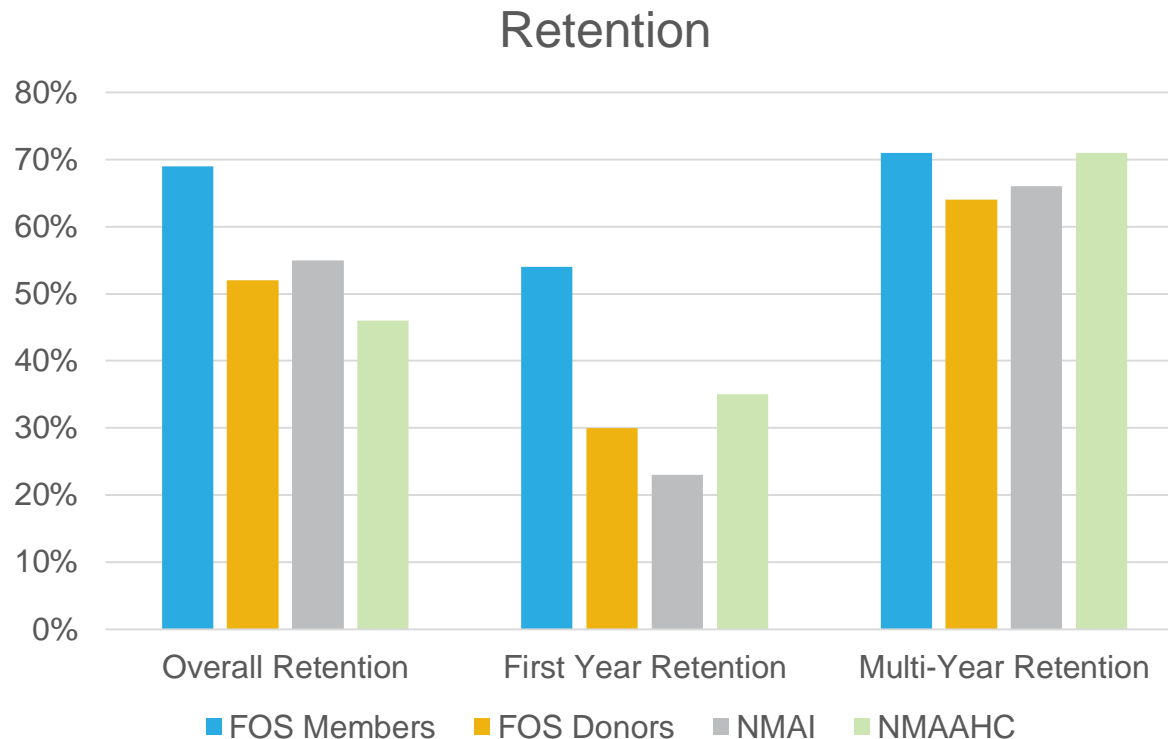


- **FY15 program resulted in a slightly growing file. Current FY16 budget projects continued growth. Additional investment is needed for more aggressive file growth.**

Projected File Size for Friends – based on FY15 and FY16 Budgets

Key Finding #4:

Donor program metrics are solid compared to other Smithsonian units and industry at large.

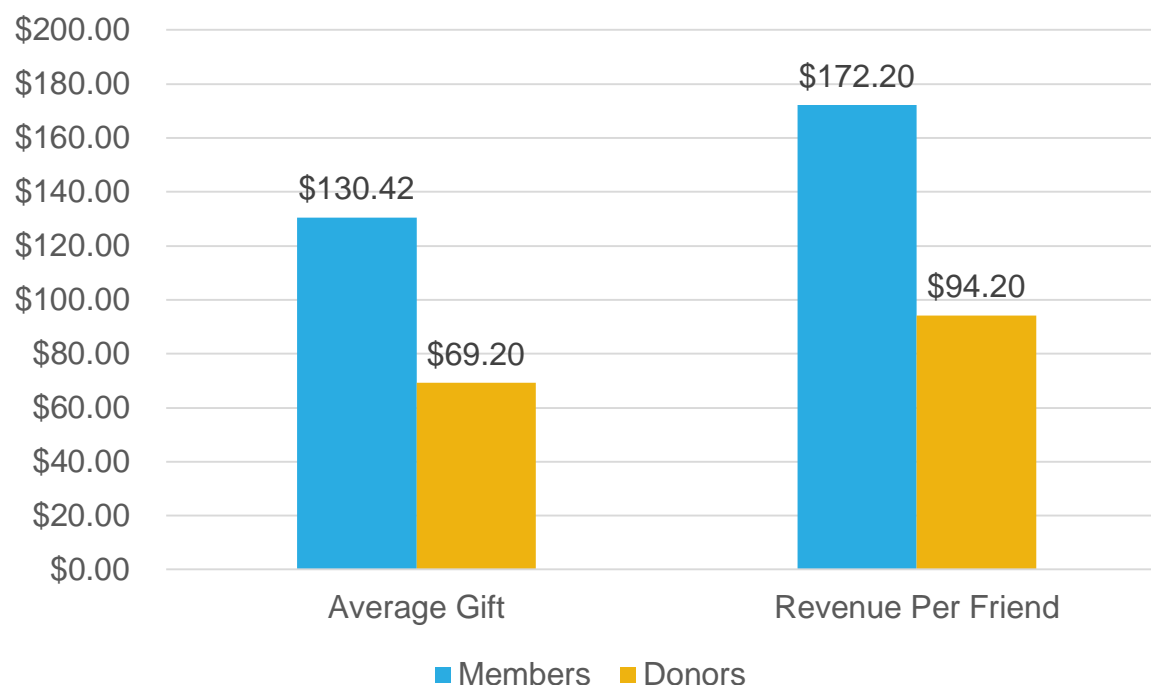


Industry Ranges
FY Retention:
20-40%
MY Retention:
50-70%

- **FOS Member program metrics are exceptionally strong compared to other SI units and the industry at large.**

0-12 Month Retention (Members Only)

Key Finding #5: Donors are not yet as valuable as Members.

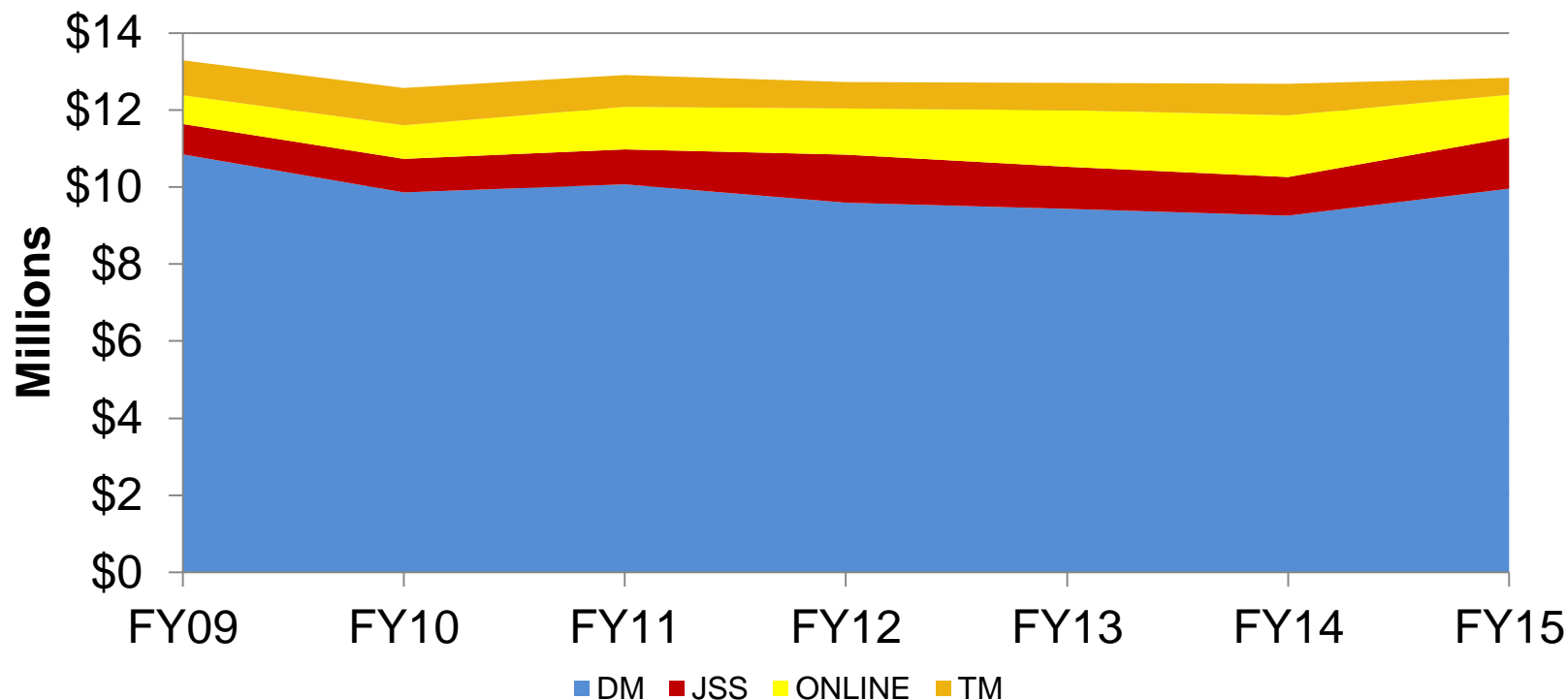


- However, Donors are slightly more responsive with 1.49 gifts per Donor compared to 1.43 gifts per Member.

Income by Fiscal Year – Including JSS (\$2,500+)

Key Finding #6:

FOS has increased the diversity of Friends revenue by channel since 2009, yet direct mail is still the primary revenue channel.



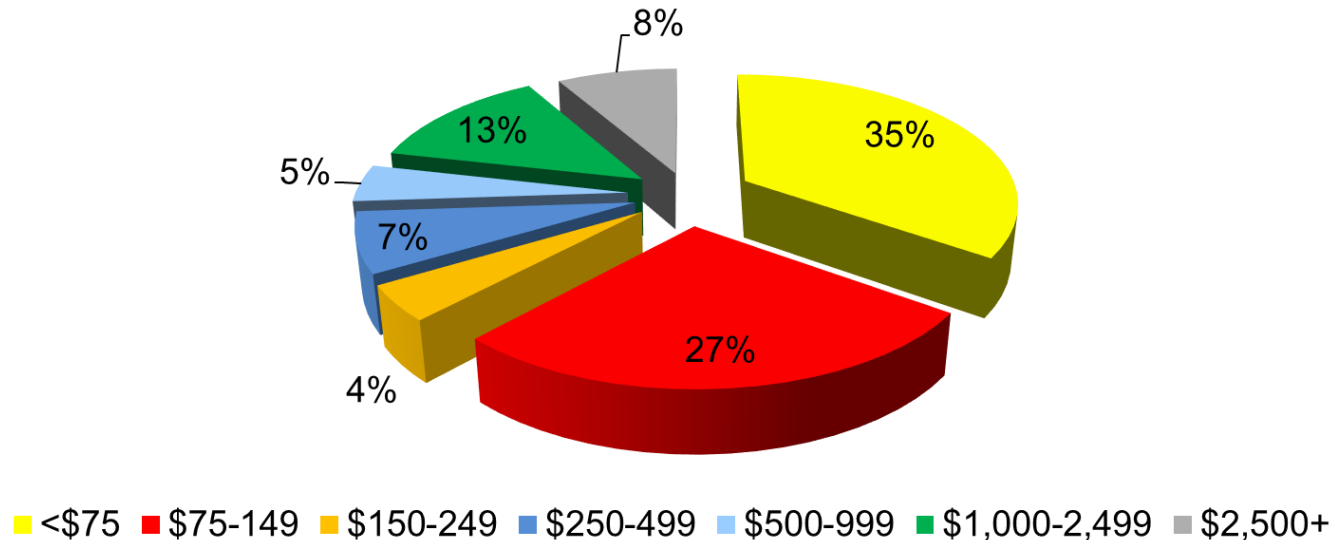
- As a percentage of the total revenue, the online channel has increased consistently; 6% (FY09) to 9% (FY15).

Note: JSS revenue includes all JSS DM, TM & Online

Key Finding #7:

JSS and online revenue are key areas for revenue growth – and both are driven by the Friends program.

First Gift Amount for JSS Members



- **62% of JSS members started with a Friends gift of under \$150.**
- **Average years for joins under \$2,500 to upgrade to JSS is 13 years.**

Moving forward:

- With the goal of stability and then growth, the Friends program will use this analysis and more to project future trends and inform decision making.
- Strong donor-level metrics (retention, long-term value) indicate added investment is wise and will return quickly.
- Regular (quarterly and annual) review of key performance metrics allows FOS to keep tabs on key trends and changes as the new donor program evolves.

Wrap Up

How do you do this for *your* program?

Quarterly and annual oversight of key metrics through dashboards and full file analysis.

Identification of changing performance trends.

Continuous goal evaluation, resetting, and forecasting.

Education and reporting to leadership.

REPEAT.

Questions?

Thank you!

David Saunders

Director of Membership
National Museum of the American Indian
saundersdf@si.edu
202.633.6602

Allison Porter

President
Avalon Consulting Group
allisonp@avalonconsulting.net
202.429.6502

John Perell

Director of Direct Response and
Shared Services
Smithsonian Institution
PerellJ@si.edu
202.633.2042

Edison Wato

Director of Membership
*National Museum of African American History
and Culture*
Watoe@si.edu
202.633.9539