A perfect match?

Heather Maitland asks: should *your* organisation have a membership scheme?

Arts and Business find it 'alarming' that 68% of organisations currently have no membership scheme. If half of all subsidised cultural organisations had schemes similar to those already in existence, they say, our sector would generate an additional £98m.[1]

Friends and members schemes are not unique to our sector. Supporters' groups donating time and money can be found in the education, health and social care, environmental and youth development sectors as well as affiliated to religious organisations.[2] And they can be huge money spinners. In 2010, the National Trust had 3.7m members earning £125.2m in fees alone.

So should your organisation have a membership scheme? It sounds like a no-brainer, but I'm not so sure.

The friends schemes in the Arts and Business survey had, on average, 298 members but this ranged from 17 to 2,000. Four out of five participating organisations with turnovers of £5m and over had a scheme, compared with one in five organisations with turnovers of £100,000 or less. They are more common among museum, heritage and music organisations and in London, the East and South West of England. Is it really possible to make a blanket recommendation based on such a varied picture?

Alix Slater reports that there isn't even an agreed definition of what a cultural membership scheme is.[3] Liz Hill and Brian Whitehead agree that the idea is seldom clearly defined. Their definition is broad: a way of connecting like-minded people through a formal structure which gives specific benefits only available to them.[4]

The reasons for offering these benefits are equally broad. Crispin Raymond summarises the objectives of membership schemes as increasing attendance, involving members and generating income. Often, cultural organisations try to achieve all three at once.[5] And that's where the problem lies.

Our membership schemes tend to offer the same benefits regardless of what we are trying to achieve and who we want to join. But why can't a membership scheme achieve multiple objectives? Debi Hayes and Alix Slater concluded that although motivations for membership are widely believed to be 'rational, economic and tangible' there is no research evidence for this. They found that motivations are either about money or about personal interest and a desire to support the organisation.[6]

Liz Hill and Brian Whitehead go further and divide members into givers and takers. Givers want to feel good about themselves, to make their self-perceived identity more real and to demonstrate their approval of the organisation. Takers want rewards, including social status and interaction.[4] Although social interaction can appeal to both groups, other wants and needs are mutually exclusive.

Fundraising consultant David Dixon tells me: 'Often there is confusion between marketing and fundraising purposes and I believe it is better to have a donation programme based on philanthropic motivation and a clearly differentiated marketing scheme promoting tangible benefits. In fact I avoid using the word "friends" since it is used in so many different ways that it has become a minefield of misunderstanding for both the organisation and potential members.'

Membership schemes are not always good things. Even the Arts and Business survey encountered failed schemes.[1] But identifying a good scheme is not easy because most are not evaluated effectively and many are not evaluated at all.[6]

Alix Slater lists 16 characteristics that she used to score membership schemes.[3] There's a glaring omission. If a key objective of many membership schemes is to raise money for the organisation, surely an important performance indicator is their profitability.

Arts and Business looked at income from membership schemes but ignored the costs of running them.[1] I know of a mid-scale arts centre in England that has 1,114 friends and patrons paying around £20 each. The income is unlikely to cover the administration costs, let alone the 10% discount on all tickets, food and drink offered as benefits. I found just one case study that compared costs with income. The Friends of Norwich Theatre Royal earned £230,000 and it cost £50,000 to run. This is a highly profitable scheme (although it is not

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clear if the costs include members' discounts on tickets). But it is huge. In 2003, there were 10,500 Friends.[7] The mean individual donation to the arts in 2009 was £30,[8] so to make membership schemes work, we need large numbers of members – but is this always realistic?

So, how do you decide if membership will work for you? Katy Raines recommends a three-step process.[9]

First, assess customer loyalty looking at retention rates, frequency of engagement, the length of their relationship with your organisation and the total amount they spent with you in that time.

Then calculate the potential gains. Where could you make a small improvement that would have a big impact? I'm working with one venue where 62% of ticket buyers have bought tickets for just one event in the past three years. If it persuaded one in ten of them to attend one more time, it would earn an additional £238,000.

Finally, develop strategies to move people up the loyalty ladder one step at a time. Katy says, be patient: attending twice doesn't make someone a potential member. Membership may well be an effective strategy if you have lots of customers who attend relatively frequently but have scope to become more engaged with the threshold most often set at three or four visits a year.[1,7]

I'll give David Dixon the last word: 'A loyalty scheme can only succeed within a strategic framework unique to each organisation; I have seen too many "me too" schemes which achieve little.'

1. **Tina Mermeri**
Arts Philanthropy: *The Facts, Trends and Potential*, Arts and Business, 2010.
2. **Helen Bussell and Deborah Forbes**, '"Friends" schemes in arts marketing: developing relationships in British provincial theatres', *International Journal of Arts Management*, Vol. 8, No. 2, 2006, pp. 38–49.
3. **Alix Slater**
'Revisiting membership scheme typologies in museums and galleries', *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 9, No. 3, 2004, pp. 238–260.
4. **Liz Hill and Brian Whitehead**
The Complete Membership Handbook, Directory of Social Change, 2004.
5. **Crispin Raymond**
Members Matter, Arts Council of Great Britain, 1992.
6. **Debi Hayes and Alix Slater**
'From "social club" to "integrated membership scheme": developing membership schemes strategically', *International Journal of Nonprofit and Voluntary Sector Marketing*. Vol. 8, No. 1, 2003, pp. 59–75.
7. **Mark Hazell**
'Case study: Theatre Royal Norwich Friends Scheme' consulted at www.australiacouncil.gov.au/research/arts_marketing/promotion/case_study_-_norwich_theatre_royal_friends_scheme on 15/2/2011.
8. **National Council for Voluntary Organisations and Charities Aid Foundation**, *UK Giving 2009* – note that the Arts and Business report appears to misquote this figure as £3.
9. **Katy Raines**
Step by Step, fuel4arts, 2006 consulted at www.indigo-ltd.com/resources on 15/2/2011.

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