



Philadelphia Museum of Art Direct Marketing

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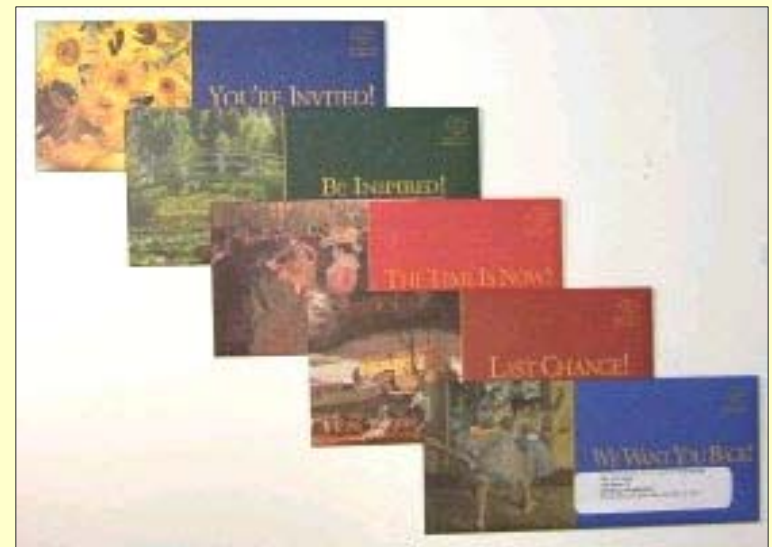
Manager of Strategic Analysis, Membership

Direct Marketing and Museum Membership

- Acquisition, renewals, upgrades, and appeals for support
- Integrated approach for all solicitations
 - Direct mail
 - In-house and outsource telemarketing
 - E-marketing
 - Voice messaging (renewals, special notices)
 - In-bound Ticket Center
 - Onsite sales

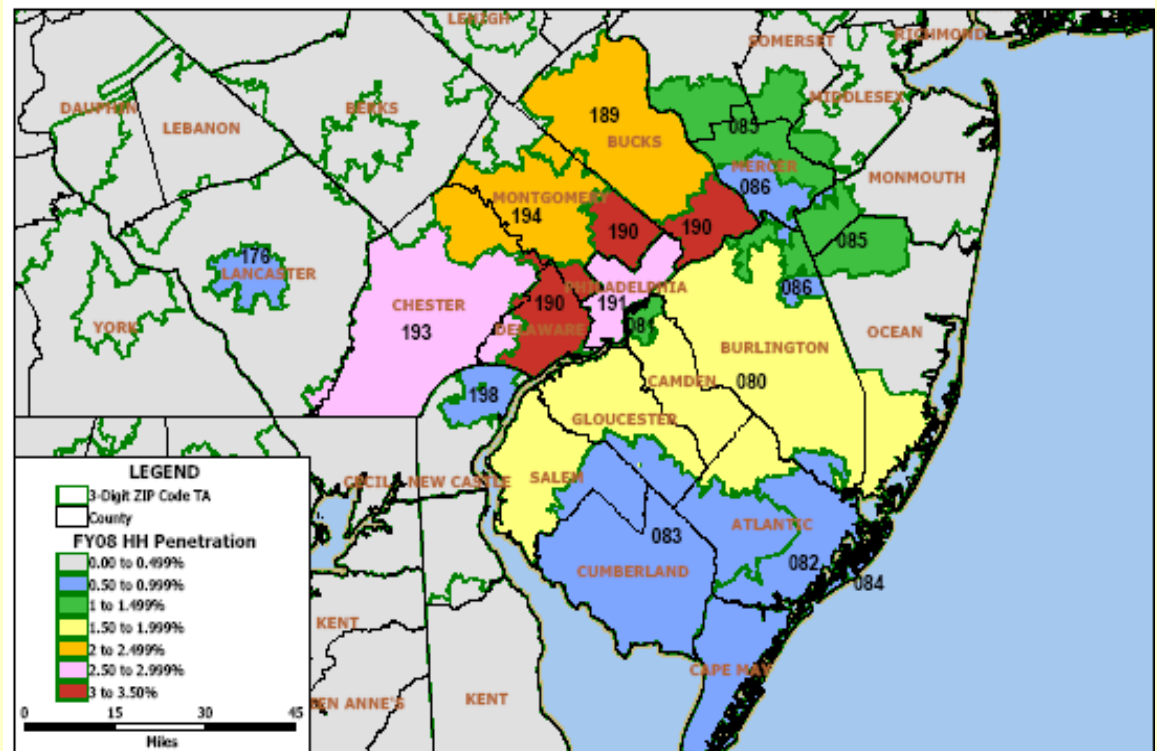
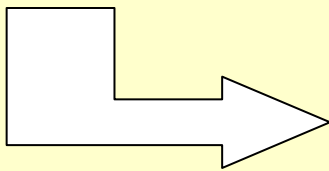
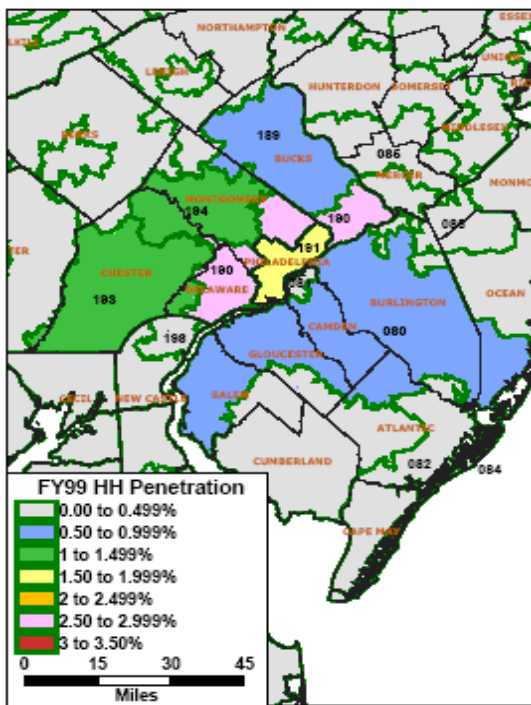
Size of Direct Mail Program

- Acquisition
 - 3-5 mailings
 - 500,000-1.4 million pieces annually
- Renewals
 - 6-7 monthly mail solicitations, telemarketing, e-mail and voice messaging overlays
 - 118,000-239,000 annually, about 15,000/month
- Annual appeal
- Upgrades



Market Penetration

Direct marketing has played key role in growth



7-22-2009

Philadelphia Museum of Art

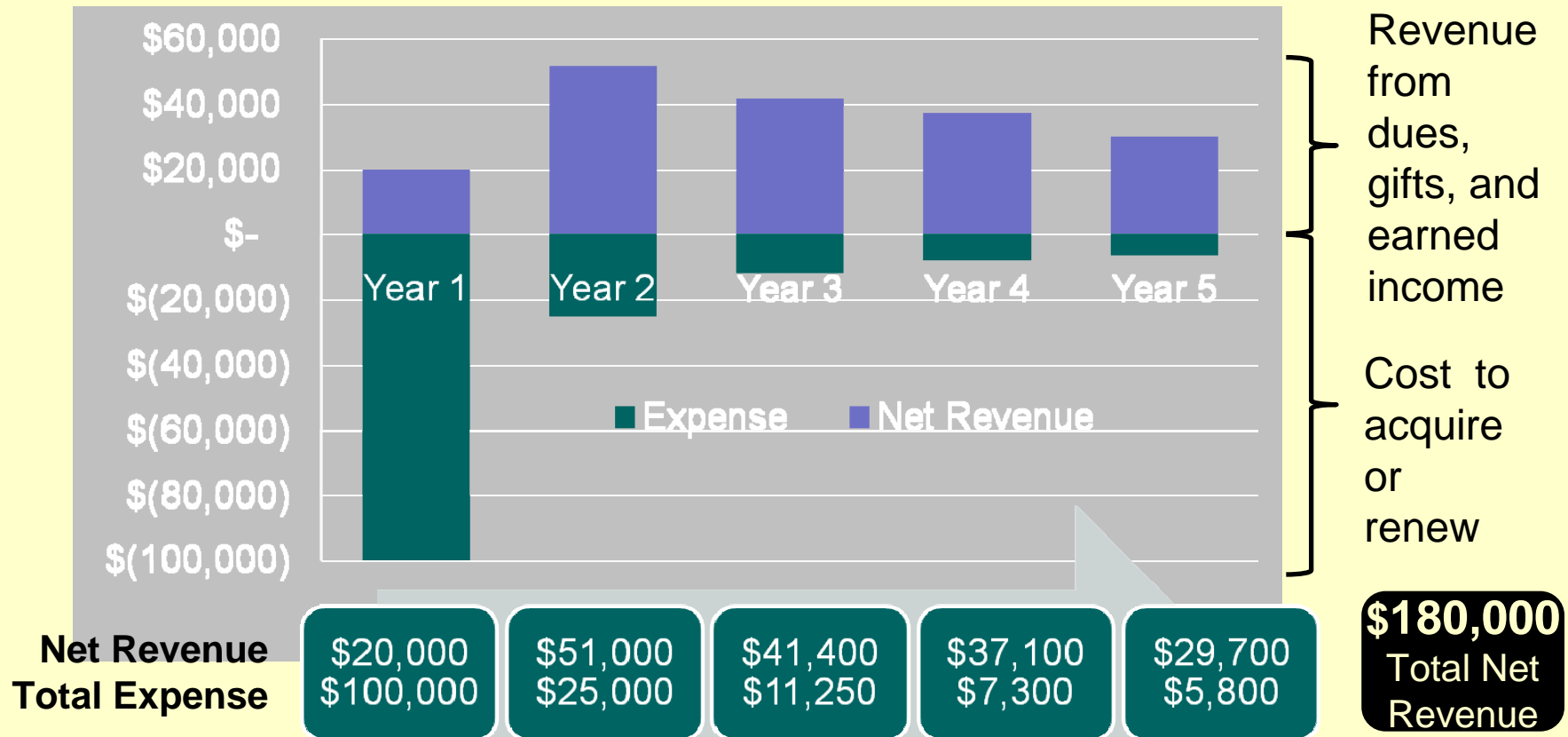
A Closer Look at Member Acquisition

- Systems, vendors, and data quality
- Segmenting and targeting
- Tracking
- Testing
- Reporting and measurement
- Understanding expanded impact of direct mail



Acquisition: cost/revenue analysis

Based on 1,000 new members



**Investment of \$100,000 in year 1
yields net revenue of \$180,000 within 5 years**

List Management and Data Quality

- Systems: Raiser's Edge and Paciolan
- Direct marketing agency: strategy, creative
- Data services coordinated with mail services
- Data hygiene and enhancement
 - NCOA done with data services
 - AddressFinder: NCOA via Raiser's Edge
 - QAS standardization used with in-house systems
 - Phone and e-mail append

Segmentation and Targeting

Target by:

- Geography
 - SCFs
 - 1st tier includes core SCFs
 - 2nd tier includes expanded SCFs
- Demographic and more
 - Know your patrons: surveys, Claritas market segmentation study
 - Prizm codes, data appends (income, age, education, children in household)
- Past behavior and relationship
 - Former members, ticket buyers, other Museum programs, recency, list performance
- Predictive modeling
 - Blackbaud Analytics target tags and propensity ratings



Predictive Modeling Results

Figure 1: Target Tags Performance Analysis
Philadelphia Museum of Art 12+ Months Lapsed Donors, January 2007

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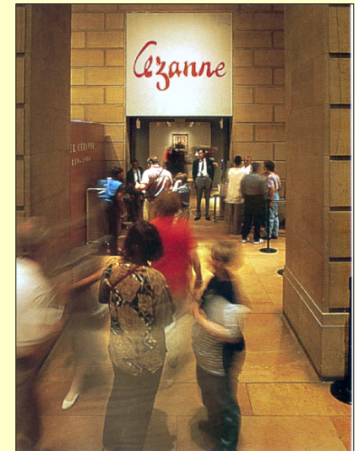
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Overall Summary: Value

All Donors		Results by Total Contacts				Revenue						
Tag	Donors Tagged	Total Mailed	Total Responses	Average RR	Total Revenue	Average Gift	Revenue per Piece	Total Cost	Cost per Piece	Net Revenue	CPDR	
A	8,392	5478	72	1.31%	\$ 9,630	\$ 133.75	\$ 1.76	\$ 3,068	\$ 0.56	\$ 6,562	\$ 0.32	
B	8,392	7257	78	1.07%	\$ 6,980	\$ 89.49	\$ 0.96	\$ 4,064	\$ 0.56	\$ 2,916	\$ 0.58	
C	8,392	7251	55	0.76%	\$ 4,730	\$ 86.00	\$ 0.65	\$ 4,061	\$ 0.56	\$ 669	\$ 0.86	
D	8,392	7089	48	0.68%	\$ 4,270	\$ 88.96	\$ 0.60	\$ 3,970	\$ 0.56	\$ 300	\$ 0.93	
E	8,392	6916	38	0.55%	\$ 3,365	\$ 88.55	\$ 0.49	\$ 3,873	\$ 0.56	\$ (508)	\$ 1.15	
F	8,392	2000	5	0.24%	\$ 400	\$ 80.00	\$ 0.20	\$ 1,120	\$ 0.56	\$ (720)	\$ 2.80	
G	8,392	-	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
H	8,392	-	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
I	8,392	-	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
J	8,392	-	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	83,920	35,991	296	0.82%	\$ 29,375	\$ 99.24	\$ 0.82	\$ 20,155	\$ 0.56	\$ 9,220	\$ 0.69	

Prospects: Current Relationships

- House files
 - Dropped members
 - Year dropped
 - With or without e-mail (lifts response by .5% to 1%)
 - Special exhibition ticket buyers
 - Single exhibition or multi-buyers
 - Exhibition recency and type (Impressionist)
 - Other Sources
 - Museum programs (Education)
 - Names collected through raffles, guest passes
 - SCF
 - Prizm codes and Target Tags predictive model
 - Past performance (response rate)
 - Recency



Prospects: Exchanges with Cultural Organizations

- Exchange files
 - Tracking and Targeting
 - Organization
 - Buyer type
 - Donor
 - Member
 - Subscriber
 - Ticket buyer
 - SCF
 - Past performance (response rate)
 - Recency (1-3 yrs)



Exchange List Performance

- Build list histories for benchmarking
 - Since 2002, average exchange list response rate has been .8%; ranges from 0%-3%
 - Compare performance over time
 - January 04 Manet: 1.05% (45,000)
 - November 08 Renoir: .5% (70,000)
 - February 09 Cezanne: .3% (155,000)
 - Compare performance by organization type
 - Historical: .57% (least prospects)
 - Visual Arts: .77%
 - Performing Arts: .80% (most prospects)

Strategies for Selecting Exchange Lists and Quantities

- Consider proportion of your total prospects
 - Fall mailing to 150,000 includes 30,000 exchange names (20%)
- Order more names than target quantity – duplication is significant
 - 50,000 exchange names may yield only 30,000 unique names
- Download order reports periodically before list due dates
 - Order additional names to meet desired quantities
- Order multi-buyer files – best prospects
 - 1% average response rate since 2002

Prospects: Commercial Sources

- Commercial files

- Tracking

- Organization
 - Buyer type such as:
 - Catalog
 - Publication subscriber

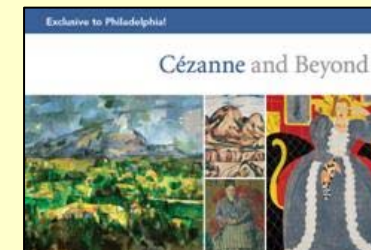
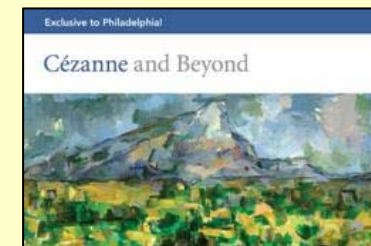
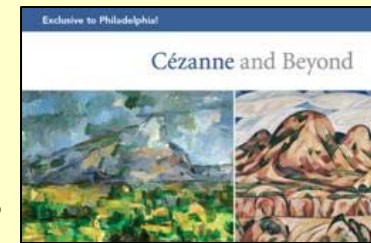
- Targeting

- SCF
 - Past performance (response rate)
 - Demographic selects (income, education, and age)
 - AARP
 - New York Times
 - Recency



Testing

- Testing Strategies
 - Lists
 - Expanded SCFs for tried and true lists
 - Offers
 - Front-end and back-end premiums
 - Discounts
 - Events
 - Creative
 - Outer envelope
 - Messaging
 - Always include a deadline for offers
 - Test creative options with e-surveys



Reporting Highlights

- Conduct appeal performance analysis weekly
 - Report performance by code
 - Summarize test results and key performance metrics
 - Response rate, average gift, income and cost
 - Per piece income, cost, and return per \$ invested



Reporting

Example of summarized weekly results:

RM3 November results:

Mail quantity: 388,585 (dropped on 11/1/07)

memberships: 2,466

Response rate: 0.63%

Avg gift: \$89.59

Gross revenue: \$220,932

Cost: \$213,470

Net Revenue: \$7,460

Package A - Test A, #11 - Renoir images on envelope, DROPPED members

- 453 memberships, 0.69% resp, \$89.25 avg gift, \$40,430 total given, 66,072 mailed

Package B - Test B, #11 - Renoir images on envelope, 2006/2007 DROPPED members with seed packets

- 169 memberships, 1.65% resp, \$90.76 avg gift, \$15,338 total given, 10,256 mailed
- *(0.81% for ALL DROPPED - A & B combined)*

Package C - Test C, #11 - Renoir images on envelope, HOUSE (ticket buyers and other internal names)

- 615 memberships, 0.64% resp, \$86.39 avg gift, \$53,130 total given, 95,686 mailed

Package D - Test D, #11 - Renoir images on envelope, COMMERCIAL and EXCHANGE

- 166 memberships, 0.33% resp, \$91.81 avg gift, \$15,240 total given, 50,000 mailed

Package E - Test E, 6x9, With seed packets, EXCHANGE

- 45 memberships, 0.46% resp, \$90.82 avg gift, \$4,015 total given, 9,744 mailed

Package F - Control F, 6x9, COMMERCIAL and EXCHANGE

- 515 memberships, 0.33% resp, \$90.37 avg gift, \$46,538 total given, 156,827 mailed

MISC

- 480 memberships, \$92.33 avg gift, \$44,316 total given

Understand Patterns of Mail Receipts

- Track daily mail receipts
- Expect most responses within the first 3 to 4 weeks
- Set offer deadline to encourage early response
- For event-related promotions, mail at least 6-10 weeks prior to event
- Include “Please Rush” on reply envelope

Measuring Campaign Performance

- Conduct final appeal performance analysis
 - Lists
 - Prospect segments
 - Tests
 - SCF (overall)
- Create comprehensive list history

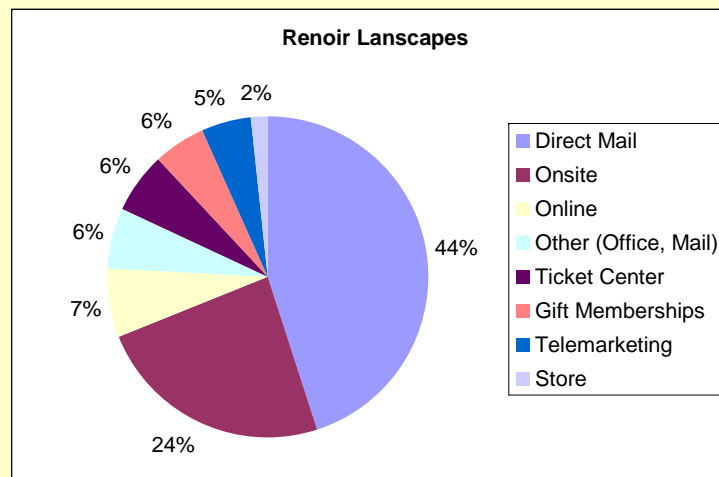
Campaign Reporting – An Example

Membership New Sales (Sept 07 - Jan 08)

Renoir Landscapes Direct Mail Results

	<u>Renoir 1 August</u>	<u>Renoir 2 September</u>	<u>Renoir 3 November</u>	<u>Renoir 1-3 Total</u>
Mail Quantity	100,118	350,000	388,585	838,703
Mail Date	8/9/2007	9/15/2007	11/1/2007	
Memberships	1,335	2,722	2,464	6,521
Response rate	1.33%	0.78%	0.63%	0.78%
Avg membership fee (level)	\$92.52	\$93.38	\$89.62	\$91.78
Gross revenue	\$123,515	\$254,173	\$220,827	\$598,515
Cost	\$53,600	\$202,350	\$213,470	\$469,420
Net Revenue	\$69,915	\$51,823	\$7,357	\$129,095

	<u>8/15/07 to 1/6/2008</u>
Direct Mail	8,438
Onsite	4,448
Online	1,302
Other (Office, Mail)	1,141
Ticket Center	1,110
Gift Memberships	1,034
Telemarketing	909
Store	312
Total	18,694

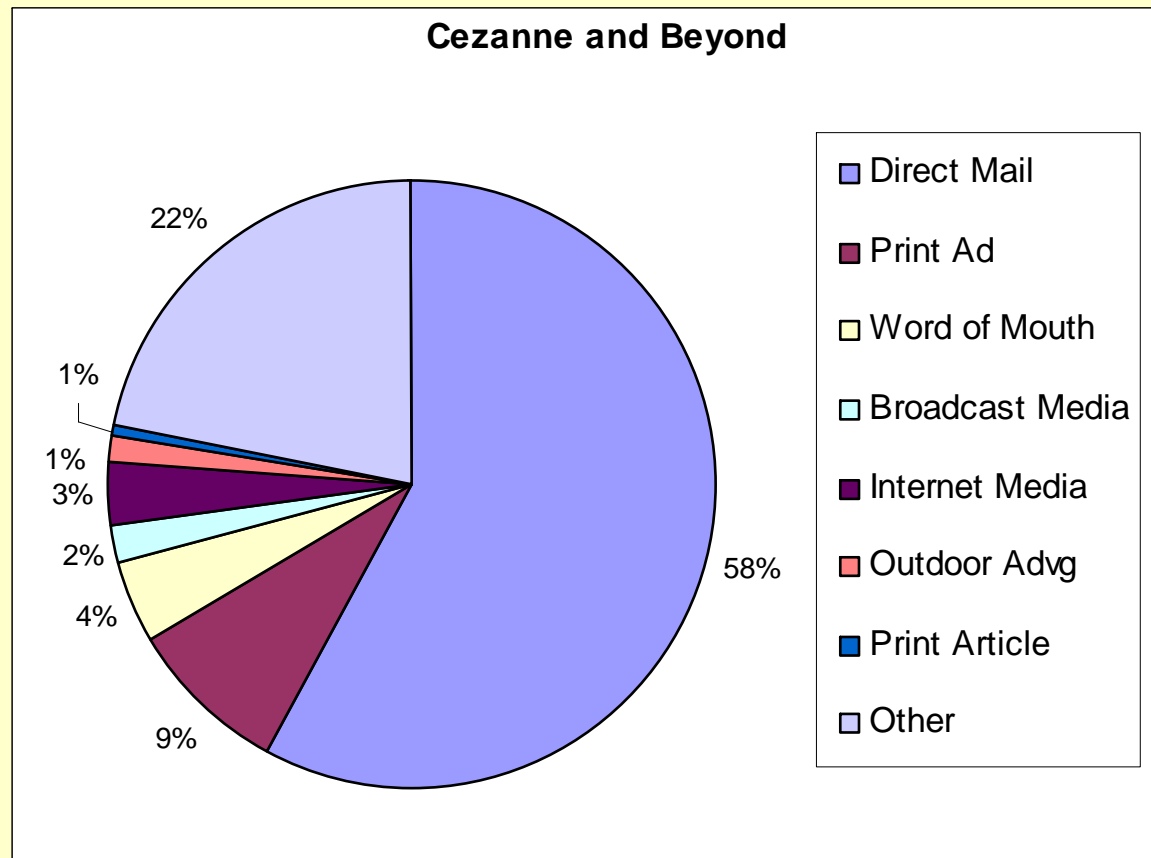


Expanded Impact of Direct Mail – Back-End Analysis

	Cezanne & Beyond	Renoir	Wyeth
Additional Impact of Membership Direct Mail			
Total advance ticket buyer households	23,538	14,225	22,245
Households reserving tickets and receiving direct mail	8,626	6,012	4,153
Ticket-buyer Households receiving direct mail as % of total	37%	42%	19%
Tickets at 2.5 per order	21,565	15,030	10,383
Ticket value for advance sale (with TC/web fee)	\$22	\$25	\$21
Total ticketing revenue	\$469,864	\$375,750	\$218,043
Households buying membership through other sources after receiving mailing	7,943	3,053	2,264
Total membership revenue	\$764,506	\$277,104	\$242,747
Ticketing and membership revenue from households receiving direct mail	\$1,234,370	\$652,854	\$460,790
Total mail quantity	1,386,310	838,000	752,000
Total mailings	5	3	3

Leading Marketing Source

Collect marketing source through ticketing staff



Importance of Direct Marketing

- Involves an integration of marketing tools
- Helps drives growth
- Strengthens relationships and loyalty
 - 1-to-1 marketing and communication
- Strategic, targeted and it still works
 - Direct and indirect impact
 - Long-term revenue