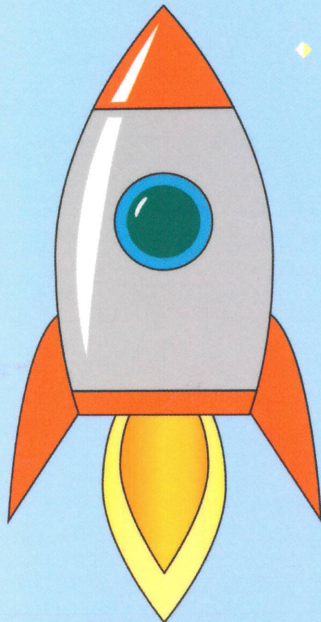# MUSEUM MEMBERSHIP INNOVATION

Unlocking Ideas for Audience Engagement and Sustainable Revenue

Rosie Siemer

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Foreword

Museums are facing increasingly challenging times, times of financial change, changing culture trends, and changing societal and institutional needs. The historic shift in audience demographics, mindsets, and motivations are compounded by changes in government funding, endowment losses, and corporate support models.

Rosie Siemer outlines this new reality with expertise and grace, encouraging difficult conversations, the true necessity for experimentation, and offers thought leadership and case studies with practical application.

The title of the book refers to membership. But it's so much more than membership. This is the only book I'm aware of that touches on every part of the visitor journey at a museum; it's the most comprehensive audience engagement resource available. Every chapter made me more excited to work in this field than the last. Most of us in the sector know that membership is flat or declining. What does this mean for our audiences? Does this mean audiences are less loyal? Or that they just are looking for a different way to participate? Rosie does a great job adapting ideas from many different museums and other industries. It is well-researched and includes many thought leaders in the case studies, providing for practical and applicable examples.

I cannot underestimate the necessity of this book for anyone in the museum field. In addition to being forward-looking, it is also very thoughtful about the roles and opportunities for museums in this time. Using data, as well as her own experience in branding, marketing, business strategy, and nearly a decade of museum audience development leadership, Rosie addresses how museum leaders must hone their empathic skills in these challenging times. And what better place than museums for this empathy to happen.

I think Rosie is brave to not just accept the status quo for museums, and we should all be inspired by this opportunity. She addresses the "silos and sacred

cows" that museums need to wake up to in order to address our own biases with metrics or changing cultures.

To remain viable, we have to adapt. Rosie makes the point that the average lifespan of a business model has fallen from 15 years to 5 years. What does this say about our 100 year plus business model in museums? Without adapting the practices in this book museums will be left behind.

Rosie doesn't claim to have all the answers. This is not a road map for what every museum leader should do. Rather, she sets the case for, and starts the dialog about, the future of museum audiences and membership. She challenges us all to begin to experiment. And not with low risk incremental change, but to try bold new ideas and develop cultures of innovation.

I know you, as a reader, will benefit from the insights of this book as much as I did.

Kristin Prestegaard
Chief Engagement Officer
Minneapolis Institute of Art

Preface

Once upon a time, there was a highly profitable company with millions of members. Through an incredibly successful and stable business model, the company became a leader in its category. In fact, it dominated the market. When customers thought of where to rent a movie, this was the company that was top of mind. Over the course of 15 years, the company established an enviable position as the number one movie rental company in the US. Yet, as it continued to enjoy seemingly effortless increases in market share and soaring profits, a quiet yet momentous shift was under way.

In 1999, while the company sat perched on its mountaintop, fat and happy, a newcomer competitor began nibbling away at its market share. Over the next seven years, consumers began to embrace a new way of renting movies—via the mail rather than through bricks-and-mortar retail locations. As word of mouth spread, more and more of the company's customers began to try this new movie-by-mail service. In a very short amount of time, a significant number of the company's customers had migrated to a small, upstart competitor. In 2007, seeking to adapt to consumers' rapidly changing preferences, the company launched its own rent-by-mail program. But it was too late. By the time the company adjusted its business model to respond to the evolving market, its customer base had eroded beyond repair. Three years later, the company filed for bankruptcy.

If you haven't guessed by now, I'm talking about the slow, agonizing death of the movie and video game rental giant, Blockbuster, and the rise of media titan Netflix. At the time of its bankruptcy filing in 2010, critics lamented that the demise of Blockbuster was a clear case of a company not seeing the technology trends that were disrupting its industry. In reality, technology wasn't at the root of Blockbuster's failure. Blockbuster succumbed to its own arrogance and refusal to listen to its audience. As columnist Jonathan Salem

Baskin remarked, "Blockbuster didn't lose its customers to Netflix or digital; they'd already long ago stopped belonging to the company in anything other than name. Membership meant nothing, or nothing good."[1] Blockbuster stopped innovating. The company was no longer listening to its customers and was ignoring critical pain points in the movie rental experience that Netflix was eager to solve.

With the benefit of looking back, we can see that Blockbuster's downfall did not result from customers deciding to stop renting from its bricks-and-mortar stores and start renting from Netflix via the mail. Instead, consumers were attracted to the new idea of unlimited, late fee–free movie rentals that Netflix's monthly subscription offered, and they began to move away from Blockbuster's pay-per-rental model. Netflix succeeded by solving an unmet need of Blockbuster's customers. For context, Netflix launched its live streaming service in 2007, the same year Blockbuster introduced its too-little-too-late DVD-by-mail program. That is, Netflix was already addressing the future needs of its growing customer base while Blockbuster was still reeling from the advent of the movie-by-mail concept Netflix introduced back in 1999.

While technology certainly played a role, the true cautionary lesson of the fateful tale of Blockbuster is that organizations that become complacent ultimately don't survive. In many ways, Blockbuster's failure was a result of its success. Because it was such a well-oiled machine with a strong customer base and an established business model, the company struggled to recognize that it was no longer meeting the needs of its customers. It became complacent and irrelevant.

THINKING DIFFERENTLY ABOUT MEMBERSHIP

In *The Innovator's Dilemma*—one of the most influential books ever written about innovation—author and Harvard Business School professor Clayton Christensen chronicles the unexpected, yet ultimately predictable, failure of several successful, well-managed companies. In his research, Christensen discovered that, as the marketplace shifts and the competitive landscape changes, good companies get increasingly better at serving the needs of current customers. Unfortunately, the practices that allow a company to become successful in the first place (e.g., listening to customers, establishing efficiencies, properly allocating resources, etc.) are, in fact, the very activities that risk self-annihilation by failing to be responsive to the needs of future customers. That is, the way decisions get made in successful organizations "sows the seeds of eventual failure," causing the innovator's dilemma.[2] Solving this perplexing problem requires a holistic rethink of the business model. While

Christensen's research focused primarily on disruptive technologies, the lesson of why well-established organizations become obsolete is one worth learning, as it has broader implications for why innovation is so important to long-term sustainability.

The first decade of the twenty-first century was a turbulent time for arts and culture organizations. While the economy has stabilized in recent years, the global financial crisis of 2008 left deep and lasting wounds that forced museums to adapt to a new normal. And, although many industries have slowly recovered from the Great Recession, the cultural sector is confronting increasingly worrisome financial distress. Declining attendance and stagnant (or, in many cases, decreasing) membership totals are widespread. Operating costs are rising, and funding sources are drying up. Overreliance on "blockbusters" is creating an unsustainable cycle of boom and bust. In addition, museums are struggling to attract and retain new and different audiences. At the same time, massive shifts in demographics and lifestyles are bringing rapid changes in consumer behavior that threaten the survival of the museum business model—and these trends are particularly pronounced in membership.

Museums are part of a much larger leisure marketplace; however, their products, marketing strategies, and internal structures do not reflect this reality. Looking ahead, it is clear that we are entering a period of significant challenge for museums. Competition for leisure activities and culture-type experiences are growing exponentially in the mind of the consumer. From streaming video to food trucks, it is becoming increasingly difficult for museums to compete for time, attention, and dollars. Additionally, as consumers become more discriminating, they have a heightened expectation that products and services will be tailored to meet their individual needs. Yet museums continue to operate with a twentieth-century mindset of standardized, mass production—especially when it comes to membership.

The one-size-fits-all approach of the traditional membership model is out of step with the trends and expectations of today's consumer. The fundamental truths of the past no longer hold in this crowded marketplace. Change is required for museums to keep ahead of the curve and remain competitive. Thankfully, the time for taking steps to evolve has never been better. New research, bold experiments, and pioneering leaders have helped to usher in an era of fresh thinking that challenges the status quo of the traditional membership model.

A FRAMEWORK FOR INNOVATION

In my role as a strategic advisor and marketing partner to museums, I have encountered three persistent obstacles that I believe are holding cultural

organizations back: First, old solutions are regularly prescribed to address new problems. Second, the marketing strategies employed are often wasteful and ineffective in achieving long-term results. Third, innovation is lagging when it comes to product development in membership. Despite the sincere intentions of museum professionals and their dedicated teams of advertising agencies, direct mail consultants, and market research partners, we have reached a critical juncture where business as usual will not serve us going forward. Regrettably, many well-meaning professionals have unknowingly been working under a set of assumptions that no longer hold true.

In writing this book, my aim is to provide an exploration of the ways in which the concept of membership is evolving in the museum space. Drawing from a wide range of research spanning the disciplines of behavioral economics and consumer psychology, this book offers insights into the trends shaping the future of museum membership. By exploring not only *how* organizations are adapting their membership programs but also *why*, the findings presented on the following pages affirm an urgent need for innovation in membership to more effectively engage with our current and future audiences. With an emphasis on the principles of design thinking and the lean startup methodology, the framework for innovation provided in this book serves as a guide to making thoughtful adjustments to existing membership programs and outlines a process for the creation of entirely new offerings to engage new and nontraditional audiences. Ultimately, my goal is to establish a preliminary thesis in which to begin a robust dialogue about the future of membership.

I intentionally take a broad view of membership innovation—from small experiments in messaging to large, full-scale program revamps. Importantly, the word *membership* is used throughout as a catchall term that encompasses the traditional model of membership (as described in chapter 3), as well as the many variations of the concept that reflect an expanding definition of membership. Building on the nine practices identified by The Wallace Foundation for successful audience-building programs (as shown in Figure 0.1), I advocate for development of an innovation practice that includes market research, experimentation, validated learning, organizational alignment, and preparing for growth.[3] Above all, I envision adoption of rapid prototyping, real-world testing, and continuous iteration that will allow museums to develop new audience-centric offerings.

The ideas presented in this book are not intended to be prescriptive. Rather, I seek to introduce practical principles and a methodology for innovation that have allowed organizations of all types to create, reinvent, and thrive. Armed with a framework for innovation, I hope to support museums in evolving their offering to attract and retain new audiences. By establishing a forward-looking, creative process for product development, I advocate for
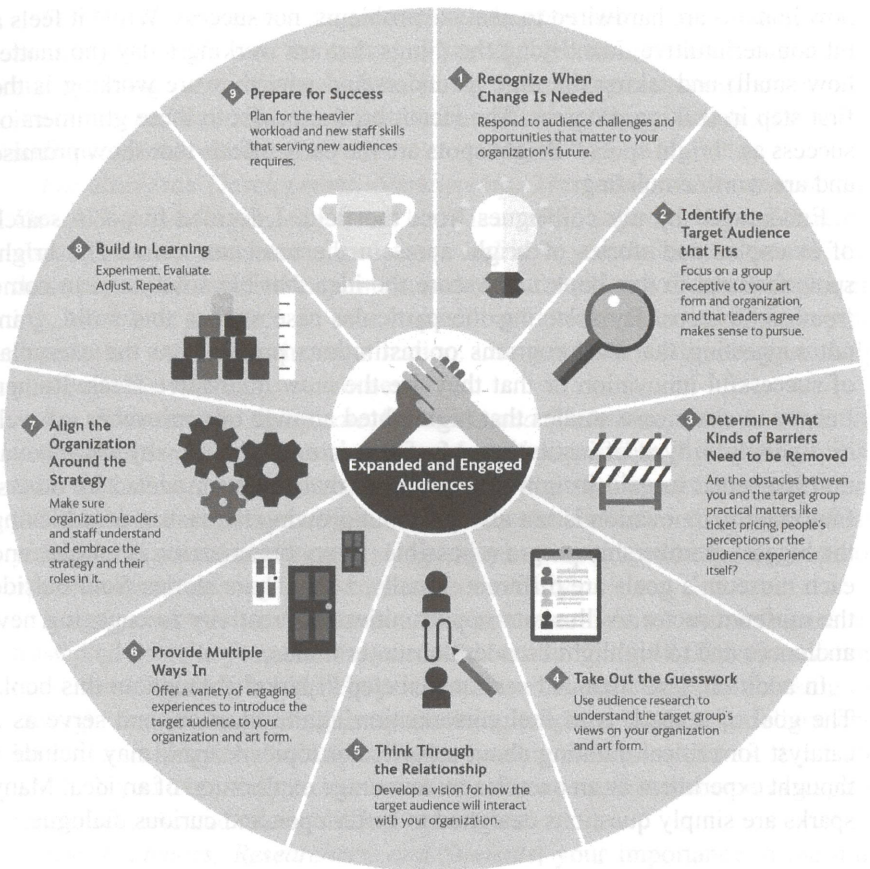
Figure 0.1. Nine Effective Practices of Audience-Building Programs

The Wallace Foundation, *The Road to Results: Effective Practices for Building Arts Audiences* available for free at www.wallacefoundation.org/knowledge-center/pages/the-road-to-results-effective-practices-for-building-arts-audiences.aspx.

an empathy-first approach that prioritizes the needs and desires of audiences. And through a discussion about creating a culture that fosters innovation, I promote the need for rethinking organizational structures, roles, systems, and metrics to encourage risk taking, collaboration, and agility.

LOOKING FOR THE BRIGHT SPOTS

In difficult times, our brains instinctively focus on the problem—fixating on what's wrong rather than looking for what's working well. In *Switch: How to Change Things When Change Is Hard*, authors Chip and Dan Heath describe

how humans are hardwired to analyze problems, not success. While it feels a bit counterintuitive, identifying the things that are working today (no matter how small) and taking the time to understand why they are working is the first step in making progress. The Heath brothers refer to these glimmers of success as "bright spots." Bright spots are the early efforts that show promise and are worth emulating.

Encouraged by my colleagues from the field, I decided to go in search of examples and stories of bright spots in the museum sector. The bright spots featured in this book underscore the idea that big solutions can come from small steps. By selecting the particular case studies that I did, I am not suggesting that the programs or institutions profiled are the exemplar of successful innovation or that they are the *most* innovative ideas. Rather, I chose to share case studies that highlighted a range of approaches, as well as diversity in type of institution. My focus is on how and why the innovation happened to gain insight into practices that can be modeled by others. Importantly, innovation is not always about growing the fastest or achieving the biggest membership program possible. Every organization is unique, and each museum's goals are different. Finally, I also share stories from outside the museum sector to illustrate opportunities for creativity in engaging new audiences and to highlight broader consumer trends.

In addition, I've included sections labeled "sparks" throughout this book. The goal of a spark is to fuel conversation, ignite ideation, and serve as a catalyst for critical thinking about a particular topic. A spark may include a thought experiment or an exercise to encourage exploration of an idea. Many sparks are simply questions designed to foster open and curious dialogue.

WHO THIS BOOK IS FOR

I've structured this book with 12 chapters grouped into three parts. Part One provides an overview of the state of the industry and a review of trends shaping the future of museums. Part Two discusses opportunities for innovation and includes insights and examples from industry leaders, the behavioral and social sciences, and the fields of membership and marketing. Part Three covers how to get started building an innovation practice by putting the principles of design thinking and the lean startup methodology to work.

Presented as both a philosophy and a practical how-to, this book will help museum leaders to implement a continuous innovation practice at an institution-wide level, within a specific department, or in a team setting. Emphasis is placed on new audience development, marketing strategies, and bridging the gaps between non-visitor, visitor, donor, and member.

For Museum Directors, Organizational Leaders, and Board Members, this book offers insight into the opportunity and power of innovation in reaching and retaining new audiences. It will help you champion innovation at your institution and build a culture that encourages risk-taking, collaboration, and audience-centric thinking.

For Audience Development, Membership, Marketing, Advancement, and Visitor Services Professionals, this book is a call to action to think differently about your role and internal processes and how you define success. Within these pages you will find inspiration and ideas for where to begin experimenting, as well as guidance on how to push back on the status quo within your department and across the organization. Use this book as a resource to help you write the future of your museum.

For Foundations, Corporate Partners, and Philanthropists, your continued commitment to museums makes innovation possible. By funding initiatives that allow museums to take risks, you directly support the experimentation and learning necessary to build a sustainable future. This book offers you insight into the challenges facing today's museums and suggests areas of opportunity for driving innovation in the industry.

For Consultants and Agencies, through your talents and influence as trusted advisors to your clients, you will be at the forefront of the innovation movement. This book will help you better serve your clients by focusing on the right metrics, more effectively directing precious marketing dollars, and investing in long-term solutions. In partnership with your clients, this book will help you to participate in a new kind of conversation that creates a space for taking risks and asking difficult questions.

For Academics, Researchers, and Students, your importance in the museum field cannot be understated. Many of the topics explored in the following pages are limited by a lack of available research and published results. Your passion and thinking are needed to unlock the true potential of what is to come. There is a significant need for further research into the concepts presented in this book to fully understand the impact of innovation in the field of membership and museum audience development. This book is only a starting point for a much bigger discussion that you will help guide.

A NOTE ABOUT THE NUMBERS

Data referenced in this book are the most recent and authoritative available at the time of writing. Even so, much of the research cited is already out of date due to the investment of money and time required to fund large-scale studies. Where possible, I have included sources that offer more timely data

or a different perspective. Importantly, my review found a significant gap in research regarding the motivations and perceptions of museum members. Further, much of the research publicly available is derived from self-reported data by museums or from audience surveys, neither of which are an ideal source for truly objective information. Finally, while the research presented here focuses primarily on the US and UK markets, many of the trends and takeaways are shared with museums worldwide.

LIMITATIONS AND ASSUMPTIONS

My perspective on innovation is shaped by my professional background as a researcher, consultant, and marketer. More specifically, my interest in innovation is expressly directed in the areas of membership and audience development. While I discuss key opportunities for collaborative product development and testing to better satisfy audience needs, my specific expertise is not in the areas of curatorial, interpretation, or program evaluation. Therefore, I do not attempt to address these aspects of the museum visitor experience. Instead, I aim to introduce a set of foundational principles and a framework that can be adapted and customized to spur continuous innovation across the museum. In particular, I advocate for a more dynamic and collaborative approach to strategic planning that invites a wide range of perspectives from across departments, as well as from external stakeholders.

Because there is a broad lexicon to describe various aspects and functions of the museum field, it will be helpful to review how I, personally, define the following terms. Of course, these are not definitive definitions but rather an attempt to create a shared language for engaging in the new conversations taking place in the museum field.

- *Museum:* As defined by the Institute of Museum and Library Services (IMLS), "Museums include, but are not limited to, aquariums, arboretums, art museums, botanical gardens, children's/youth museums, general museums (those having two or more significant disciplines), historic houses/sites, history museums, natural history/anthropology museums, nature centers, planetariums, science/technology centers, specialized museums (limited to a single distinct subject), and zoological parks."[4]
- *Product:* In this book, I use the term *product* to describe anything a museum offers to its audiences, whether tangible or not. The programs, offerings, experiences, events, physical goods, and services that satisfy a need or desire are all considered products. Often, a product, such as membership, is comprised of a combination of both tangible goods and intangible services.

- *Membership:* At its core, when you strip away the decorative marketing and the obligatory protocol, membership is simply a product. And like any other product, it is designed to satisfy the needs of a particular audience. Throughout this book, I call out the need for something "other" than membership. In some cases, other refers to a marketing approach—a different word, pricing structure, or messaging framework to describe the existing features of the typical membership program. In other cases, the notion of other is an entirely different offering that allows audiences to engage with the organization in new and different ways. Because this is an emerging area of study, an industry-standard definition for these nascent concepts does not yet exist.

- *Member:* A person who has subscribed, donated, or purchased a membership (or similar product). In recent years, the definition of a member has expanded to include participants in something other than traditional membership, such as free membership, loyalty programs, affinity groups, giving programs, subscriptions, advocacy, and season passes.

- *Donor:* An individual who has contributed money without an expectation of receiving a product in exchange.

- *Visitor:* A person who has visited a museum in the past, currently visits museums, or will visit a museum in the future.

- *User:* A person who accesses the museum's website, mobile app, social media, or other digital property. In some cases, users may also be members who benefit from their membership through access to exclusive content or offerings available via a digital platform.

- *Consumer or Customer:* While some in the nonprofit field consider the term a dirty word, the fact is that we are all consumers. We all have needs, goals, and desires. Successful nonprofits are market driven and understand that they need to have a customer-centric mindset to create value and remain relevant. Throughout this book, I use the terms *consumer*, *customer*, *member*, *donor*, *visitor*, *user*, and *audience* interchangeably. They all pay their money (or give their money, or spend their time, or exchange something else of value, such as their attention, their data, or their voice) to an organization with the expectation that the museum will cocreate value with them to help solve their problems and realize their goals.

- *Audience Development:* As defined by the Arts Council of England, "Audiences can include visitors, readers, listeners, viewers, participants, learners, users of a product, and people who buy works of art and publications."[5] Therefore, the act of audience development is any "activity to help develop relationships with new and existing audiences. It can include aspects of marketing, commissioning, programming, involvement in decision making, education, customer care, and distribution."[6] Because audience development is very much an evolving term, museums are actively defining this concept by doing.

- *Audience Engagement:* A topic of much debate, engagement is a relative term that can mean many different things depending on whom you ask. One definition offered in the National Center for Arts Research (NCAR) report published by SMU DataArts at Southern Methodist University characterizes engagement as the aggregate number of "total touch points" of all stakeholder interactions, both in person and virtually.[7] Another definition of engagement offered by authors Anne Bergeron and Beth Tuttle is "the myriad ways that institutions build trust and loyalty, create meaningful experiences and learning, and invite, enable, and nurture relationships with and among people."[8] The International Audience Engagement Network (IAE) declares that "Audience engagement champions the emotional and social relationship between audiences and museums to sustain their future" and defines audience engagement as "any function or set of functions within museums whose core mandate is focused on the strategy, planning, delivery and evaluation of relationship-building with audiences, including the key points of interaction between visitors and a museum."[9] I use the term *engagement* to describe any valuable action taken by an individual, with the meaning of *valuable* to be defined by each organization. Thus, a new email subscriber may be considered as engagement to one museum, while donating may be tracked as engagement by another. Put another way, if audience development describes a specific activity designed to meet the needs of existing or potential audiences, audience engagement, then, is the desired outcome of a successful audience development strategy.

The concepts introduced in this book are not intended to be a substitute for a long-range institutional strategic plan or to serve as a stand-alone audience development plan. That said, I do expect that the ideas presented will and should challenge the efficacy of the conventional approach to marketing and membership planning.

GETTING STARTED

Few people have the good fortune to discover their life's passion, let alone build a career around it. I am extremely lucky to have the opportunity to blend my love of arts and culture, behavioral science, marketing, design, and technology into my work in audience development and membership. My goal in writing this book is to ignite new and necessary thinking among my colleagues in the museum field so that, together, we can answer one of our industry's most important questions: Are we actively designing our offerings to meet the needs of tomorrow's audiences?

As you dig into the concepts, methods, and questions presented throughout this book, I invite you to explore further research, musings, and idea sharing at membershipinnovation.com. Let's get started!

NOTES

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