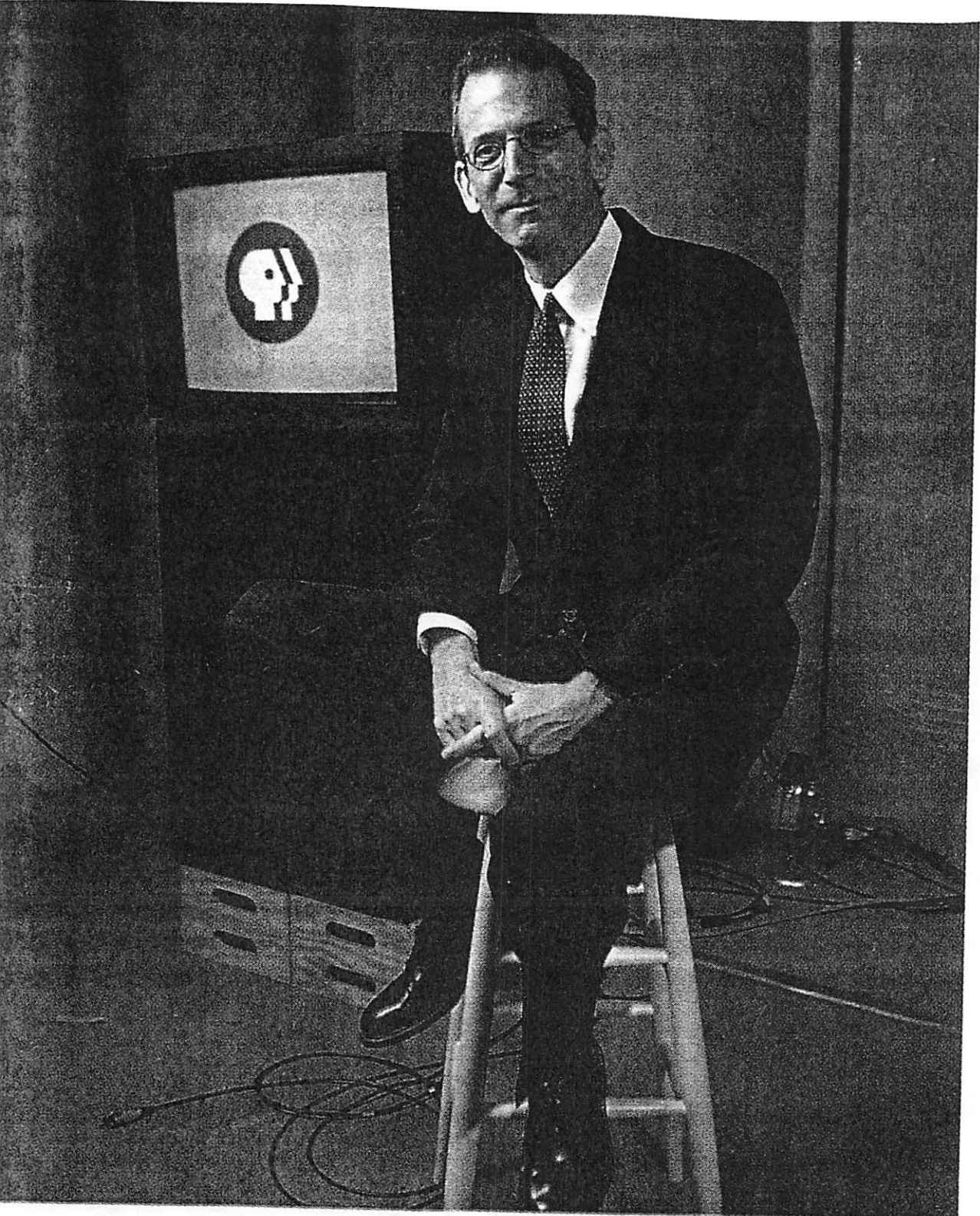


THE CHRONICLE OF PHILANTHROPY



DENNIS BRACK/BLACK STAR, FOR THE CHRONICLE

Public Broadcasting Service official Robert C. Altman: "Our support has been built on a broad base. And the ability to attract and maintain that broad base of members is critical."

• May 17, 2001 •

Warning Signals at PBS

*Fund-raising success masks drop
in number of contributors*

By Debra E. Blum

FOR ITS ON-AIR fund-raising drive in March, WHYY/Channel 12, Philadelphia's public-television station, erected an eight-foot-high tote board to keep track of the campaign's progress. But instead of tallying dollars raised—the traditional measure of on-air appeals—the board counted the number of viewers calling in to make donations.

The board symbolized a shift in the focus of the station's campaigns, from the amount raised to the number of supporters attracted. The results were promising: More than 9,700 people contributed during the 16-day appeal, topping the goal of 8,000. But the true test will come next year, station officials say, when those donors are asked to give again.

Like many other public-television stations around the country, WHYY is hoping to halt a steady decline in its number of donors. Among the 347 Public Broadcasting Service stations, the total number of contributors hit a record high in 1993, topping five million, but slipped 7.5 percent by 1999, the latest year for which figures are available. During the same period, total contributions to stations grew, meaning that stations were relying on a smaller number of donors for their revenue.

The drop in donors is due partly to a loss of viewers to cable television, industry analysts say. But they place much of the blame on public television itself.

Across the country, public-television stations have
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ARNOLD ADLER, FOR THE CHRONICLE

Paula A. Kerger, a vice president and station manager at Thirteen/WNET New York, says offering gifts in exchange for donations has become problematic: "You can fall into a real hole with the sales message."

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pursued bigger and bigger one-time donations through on-air appeals and expensive thank-you gifts, spending less time attracting and cultivating their bread-and-butter audience—viewers who year after year pay an annual membership fee to their local stations, usually about \$40.

Public radio, meanwhile, has seen its donor rolls flourish. From 1989 to 1999, the total number of contributors to stations around the country nearly doubled to 2.3 million. Broadcasting analysts note that public radio has faced far less competition from commercial stations than its television counterpart, and has even benefited from the declining number of for-profit stations that feature classical music, often a staple of public radio.

Long-Term Concerns

Despite the competition for television viewers, industry officials say that public television is still healthy. It has annual revenue approaching \$2-billion and, according to PBS, more than half of the television-watching public tuning in each week, they say. In addition, gifts from individuals continue to account for nearly one-quarter of stations' income, a bigger share than is covered by the federal govern-

ment. But, industry analysts say, the decline in the number of donors threatens the long-term viability of public television.

"Our support has been built on a broad base," says Robert C. Altman, senior vice president of development and corporate relations at PBS, in Alexandria, Va. "And the ability to attract and maintain that broad base of members is critical."

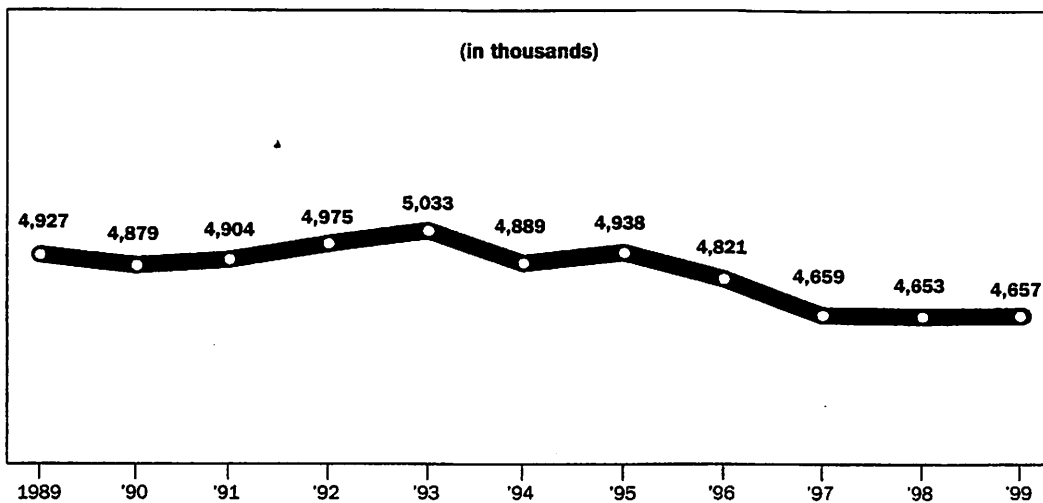
That is especially true now, Mr. Altman and others say, because other sources of funds, such as corporations and state and local governments, have been flat or falling. And stations are having to find ways to pay for technology and facilities to make a federally mandated switch from analog to digital transmission by 2003.

Last month, PBS, which helps stations raise money and oversees the acquisition, distribution, and promotion of programming, invited local-station representatives, public-television consultants, and other experts to what it called a summit on membership. Participants describe the meeting as a weekend-long brainstorming session about how stations can find, serve, and keep members.

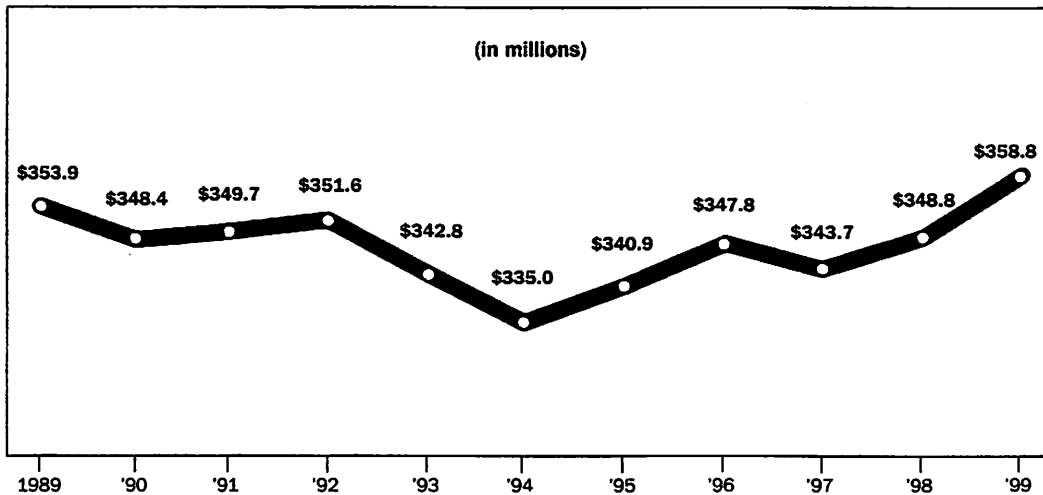
Local stations are dealing with the challenge on their own, too. Broadcasters are revamping their

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Number of Donors Supporting Public Television Has Fallen...



While the Amount Stations Raise Has Grown



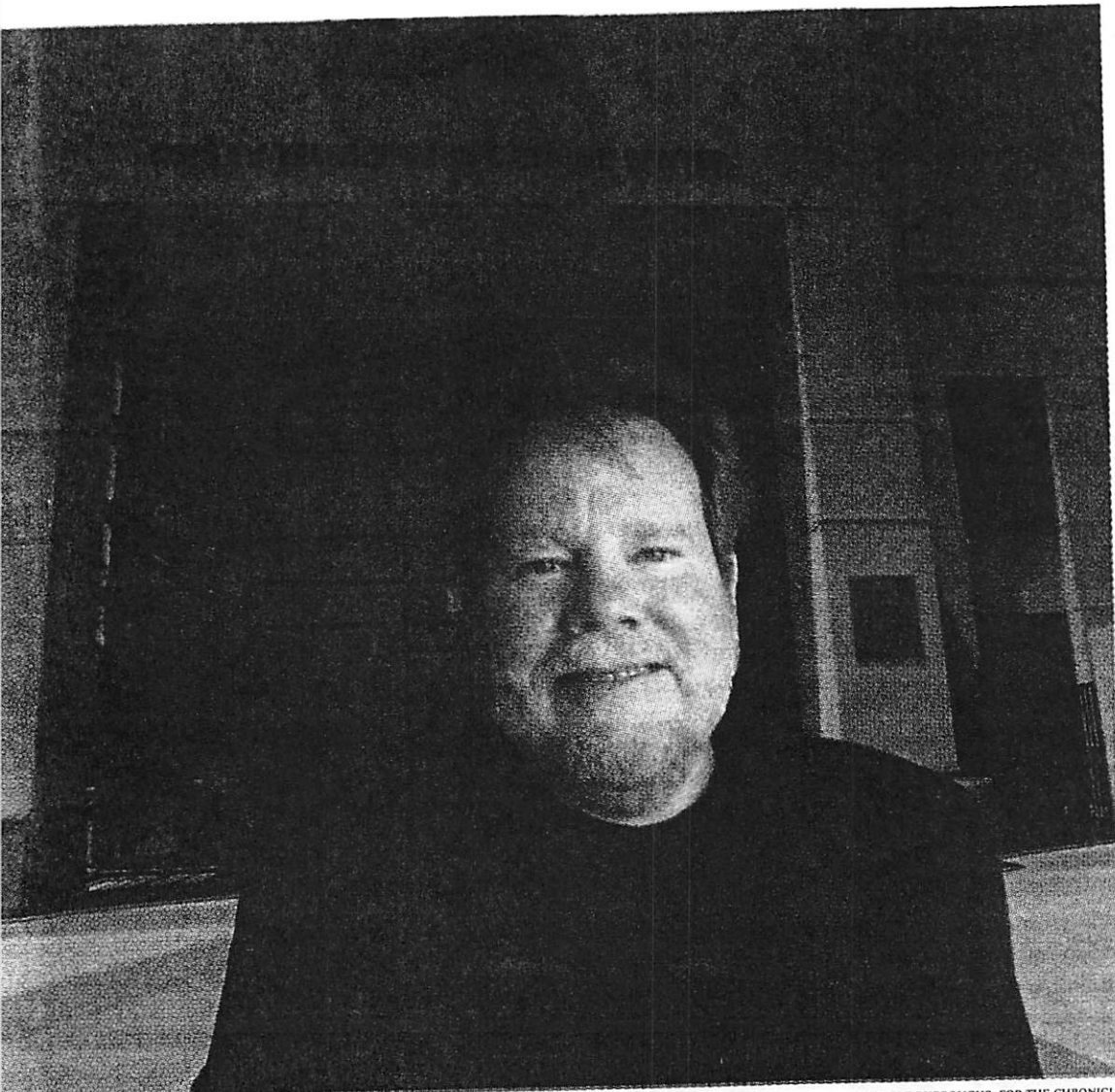
Note: Dollar figures adjusted for inflation by *The Chronicle*.

SOURCE: Corporation for Public Broadcasting

CHRONICLE CHART BY SONDRAS HASKINS

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ROBERT BURROUGHS, FOR THE CHRONICLE

Doug Myrland of San Diego's KPBS: "We are hitting our short-term financial goals, but we haven't invested enough in figuring out how to make sure we have long-term members."

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on-air campaigns, known in the industry as pledge, and working on other ways to attract and retain members throughout the year, such as by better communicating with supporters through newsletters and e-mail messages.

Some stations, too, are scaling back the number and size of their on-air campaigns and turning to other traditional fund-raising tools, such as major-gifts solicitation and planned giving, that have gone largely untapped in public television.

On-air campaigns have been a "quick fix," says Doug Myrland, general manager of KPBS, in San Diego. "We are hitting our short-term financial goals, but we haven't invested enough in figuring out how to make sure we have long-term members."

Hidden Problem

At many stations, the membership slide didn't set off alarms because its effects had been masked by financial success.

Even though fewer and fewer people had been contributing to public television, the average donation size was growing. Thus, from 1993 to 1999, total contribu-

"We are hitting our short-term financial goals, but we haven't invested enough in figuring out how to make sure we have long-term members."

tions to all stations rose roughly 5 percent, after accounting for inflation, to nearly \$360-million. The average gift size in 1999 was just over \$77.

But while stations were meeting their financial goals, they were finding it harder and harder to keep up the pace, especially with a shrinking donor pool. Particularly troubling are stations' renewal rates, the rates at which donors stay members year after year.

No national figures are available, but data from individual stations show renewal rates dropping.

At Wisconsin Public Television, for example, 49 percent of the donors who contributed to the station for the first time in 1995 made a donation again the following year. Last year, 41.5 percent of first-time donors in 1999 gave again. Put another way: In just four years, the station saw a 15-percent decline in the proportion of people who stayed on as station members for more than one year.

Everybody's a Fund Raiser

To drive home the message that fund raising and membership cultivation ought to be paramount

concerns for everyone in public television, PBS's chief executive officer, Pat Mitchell, has spread the mantra: "We are all in development." The idea, PBS officials explain, is that everyone, including technicians and producers, should do what they can to ensure that existing donors remain satisfied and new donors are welcomed.

PBS next month plans to introduce new 30- and 60-second promotional spots that not only advertise local stations but also spread a fund-raising message.

In the past, promotional spots were used mainly to promote the PBS brand or shape its image. Last year's spots, for example, were meant to publicize public-television stations as places for learning. The new spots, by contrast, will reflect the theme that public television is worth preserving, and they will be formatted so local stations can add a tag at the end asking for support.

New Appeals

Local stations are experimenting with a host of other strategies to refine and expand their case for donor support.

Along with erecting the tote board during its March campaign, WHYY presented fund-raising appeal spots, called "Out and About."

The spots, filmed at various locations around the city, were intended to demonstrate to donors how their gifts support not just programming, but also the organization's work in the local area. One of the spots, for example, was filmed at a child-care center to highlight the station's educational programming and the training and support it provides to parents, teachers, and other caregivers through its Ready To Learn program.

Thirteen/WNET New York is changing the way it makes pitches to potential donors on-air, too. Whereas appeals once focused almost exclusively on thank-you gifts—the compact disc, concert tickets, or other items of value that donors get when they make a gift of a certain size—station officials now spend more time talking about the basic membership level, \$40. And even when thank-you gifts are available, as they still almost always are, the appeals tout the benefits of membership, not just the value of the gifts.

"You can fall into a real hole with the sales message," says Paula A. Kerger, WNET's vice president and station manager. "It's great to be able to offer the CD. But you don't want to position your \$100 ask as a sales transaction."

The trouble with turning pledges into sales transactions, says Ms. Kerger, is that donors drawn to the premiums are less likely to give additional gifts throughout the year or, more significantly, to renew their membership the following year.

"Your revenue at the end of the day looks better, but what does your member file look like at

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Public-Television Stations Look to Broaden Support

the end of the year?" Ms. Kerger says.

Reaching Out to Donors

Many stations, too, are looking beyond on-air campaigns for ways to build loyalty among their members. In too many instances, public-television officials say, stations collect gifts during the campaigns and then don't contact donors again until gift-renewal time a year later.

To stay in better touch with its contributors, WQED Pittsburgh is starting a series of donor clubs. For at least a \$50 gift, people interested in 1950's doo-wop music can join the first of such groups, the Juke Box Club, and receive a quarterly newsletter and other benefits, such as early chances to buy tickets to area concerts. Clubs for cooking enthusiasts and history buffs are on the way.

In Rochester, N.Y., staff members at WXXI/Channel 21 have started to call new members about three months after they make a gift to make sure the members are receiving the station's monthly program guide, and to answer questions the donors may have about the station or its programs.

"PBS has this image that every time we talk to someone we want their money," says Mary Kay Bishop, vice president for development at WXXI. "We want to change that image."

The station also wants to revitalize its on-air campaigns so viewers don't get tired of the appeals.

In lieu of its regular two-week summer drive last year, the station sponsored a 12-hour live broadcast

at a shopping mall. The campaign, called Vacation Day, fell just short of its \$120,000 fund-raising goal, but, says Ms. Bishop, it raised the station's profile and brought in new donors. And, she says, taking a break from a full-fledged campaign reminded station officials of the importance of moving away from its reliance on on-air appeals.

Last fall, WXXI started a planned-giving society, named for one of the station's founders and

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earliest benefactors. The station is preparing to promote and handle a range of planned gifts, such as charitable remainder trusts. And it plans to offer donors the chance to both set up their own named funds and earmark their gifts to support programming in interest areas such as technology and history.

Big Gifts

Jonathan C. Abbott, vice president and general manager for television stations at WGBH, in Boston, says that such efforts are critical in an industry that has re-

lied too heavily on marketing itself through broadcasts. Stations should scale back their fund-raising expectations for on-air appeals and put more resources into working one-on-one with donors to attract major and planned gifts, he says.

An on-air campaign, Mr. Abbott says, "can't be counted on for both the big money and for bringing in members. Let's let it do what it does best naturally—attract an audience to public television—and make a bigger investment in other parts of our fund-raising programs."

Mr. Abbott, who was head of development at PBS from 1992 to 1998, says making more personal connections with potential and active donors is especially important now that public television must woo a new generation of supporters as the industry's most-loyal audience, the World War II generation, ages and dies.

Stations, he says, must sell themselves to the baby boomers, who, demographers and sociologists say, are less civic-minded and more independent than their parents—and who, he adds, have a lot more viewing choices.

The key to attracting a new generation of contributors, says Mr. Altman of PBS, is to redefine what it means to be a public-television member, and what the benefits of being a donor are.

The great perk that resonated with donors in the past, he says, was a coffee mug or tote bag emblazoned with the PBS logo. Now, says Mr. Altman, the question is: "What is the coffee mug of the 21st century?"