



Title/Project name

Redefining the membership offer for the Royal Botanic Gardens, Kew

Summary

Membership income is critical to Kew's activities as a charity, representing c.15% of non-governmental income.

Kew's 'headaches':

- HMRC Gift Aid rules required removal of an existing membership benefit. How should members be compensated to prevent potential mass defection?
- A long term desire to merge two, overly complex, membership packages into one simplified scheme. Internal financial modelling suggested immediate merging represented too high a risk. Was this correct or was there a scheme to generate confidence for an immediate switch?

BDRC Continental's 'remedy': applying our *Membership Verdict* retention model, developed for the leisure market

Impact on decision-making: robust, user-friendly model outputs allowed Kew to get hands-on to results, generating confidence in outcomes, facilitating senior buy-in and accelerating decision-making

Impact on Kew's business: almost a year after the scheme's relaunch, the bold decision for an immediate switch to a single scheme has been vindicated. Membership income has increased by 3% in a highly challenging economic environment

Why should we win?

- Introducing an adapted version of conjoint research to a sector with limited experience
- An exemplary case study of research being used to measure and deliver strong ROI
- Delivering a bold, yet compelling recommendation which actively reversed a client's earlier decision

Word count: 198

Synopsis

Kew's Challenge

Kew's medium to long term plan was always to gradually narrow the pricing and benefits gap between its two, overly complex (containing a total of 16 different price points) existing member schemes, so that eventually only a single scheme was available.

- **Season Tickets:** low priced option with the principal benefit being free visits to the gardens;
- **Premier Friends:** higher priced option offering a range of additional benefits, including six free guest passes annually

Kew's own modelling had indicated that immediate streamlining of the schemes, with the abolition of the lower priced membership, represented too high a risk to member retention and income.

However, an HMRC Gift Aid audit argued that the 'six free guest passes' offered as part of the Premier Friends scheme was non-Gift Aid compliant. This triggered a need to review urgently member benefits, but also presented a fresh opportunity to investigate potential for consolidating the two schemes.

In essence, what package of member benefits should any relaunched scheme(s) contain so that member retention and ultimately, membership income is optimised?

BDRC Continental's 'remedy'

At the heart of our approach was a desire to understand the perceived 'value' of individual benefits to existing members, so that the predicted impact of benefit removal, reduction or upgrade upon retention could be modelled. Price sensitivity needed to be a key element to facilitate further modelling of impact upon member income.

This requirement was tailor made for our *Membership Verdict* retention model, which was developed especially for, and already applied within, the leisure market. This is based upon an adapted version of a choice-based conjoint approach. The final output is a user-friendly, interactive tool which allowed the Kew team to get hands-on in testing a wide range of different benefit package scenarios.

The hands-on testing was a critical confidence-building feature of our approach, given that this research technique was brand new to them and as yet, not widely adopted within the sector. It also facilitated buy-in at a senior level within the organisation.

The key innovative feature of the model is its ability to predict member retention levels for a comprehensive range of benefits package scenarios. This is achieved by anchoring the model around stated and known retention rates of existing benefits packages among a range of member sub-groups.

An example of model output is presented below. This allows:

- isolated modelling of retention impact upon Premier Friends and Season Tickets, of key importance when assessing viability of merging the schemes
- identification of extent of switching between Individual and Joint Membership for each package scenario, important for understanding impact upon income
- identification of differential impact by length of membership, important for understanding the potential longer term impact of benefit changes

Universal Filters Member type: Payment type:
Scenario 1
Scenario 2
Scenario 3
Scenario 4

Price	£69	£44	£51	£79
Joint membership	Available at £65	Available at £60	Available at £76.5	Available at £95
Concessions	Available	Available	Not available	Not available
Additional family guest entry	Six free days passes	None	Six free days passes	Free entry family guest
Kew additional guest discount	20% discount	Not available	50% discount	20% discount
Other benefits	Included	Not included	Not included	Included
Magazine	Quarterly - by post	Not available	Three times a year - by post	Three times a year - by post
Events listing newsletter	Not available	Delivered quarterly	Not available	Delivered quarterly

 Activate Scenario 1
 Activate Scenario 2
 Activate Scenario 3
 Activate Scenario 4

	Sample Size	Scenario 1			Scenario 2			Scenario 3			Scenario 4			Total across active		
		Retention	Individual	Joint	Retention	Individual	Joint	Retention	Individual	Joint	Retention	Individual	Joint	Retention	Individual	Joint
TOTAL	2514	74%	35%	39%	63%	29%	33%	82%	42%	40%	62%	30%	31%	86%	42%	43%
Detailed Type																
Premier Friend Individual	564	83%	74%	8%	47%	42%	5%	87%	80%	7%	66%	60%	6%	89%	80%	8%
Premier Friend Individual Concession	195	92%	84%	7%	60%	55%	5%	91%	85%	6%	75%	73%	6%	94%	86%	7%
Premier Friend Joint	548	84%	6%	78%	59%	4%	55%	89%	4%	81%	72%	9%	64%	90%	7%	83%
Premier Friend Joint Concession	160	88%	5%	82%	65%	4%	61%	89%	7%	82%	78%	7%	71%	89%	6%	84%
Season Individual	265	54%	48%	6%	69%	63%	7%	82%	74%	7%	44%	40%	4%	82%	74%	8%
Season Individual Concession	258	50%	46%	4%	75%	69%	5%	70%	65%	5%	37%	34%	3%	78%	72%	6%
Season Joint	250	62%	7%	55%	73%	8%	65%	72%	3%	62%	57%	3%	48%	79%	3%	70%
Season Joint Concession	274	62%	8%	54%	74%	10%	64%	67%	11%	57%	49%	3%	40%	79%	10%	68%
Type																
All Premier Friend	1467	85%	41%	44%	56%	24%	31%	89%	43%	45%	72%	35%	37%	90%	43%	47%
All Season	1047	57%	27%	30%	73%	37%	36%	73%	39%	33%	47%	23%	24%	79%	41%	39%
All Individual	1282	71%	65%	7%	60%	54%	5%	83%	76%	6%	58%	53%	5%	86%	78%	8%
All Joint	1232	76%	7%	69%	65%	6%	60%	81%	3%	72%	65%	3%	57%	85%	8%	78%
Concession																
Concession Not	887	70%	39%	31%	69%	39%	30%	78%	46%	32%	58%	33%	25%	84%	48%	36%
Concession	1627	75%	33%	42%	59%	25%	35%	84%	39%	45%	63%	29%	35%	86%	39%	47%
Direct Debit																
Yes	2116	85%	40%	45%	73%	34%	38%	91%	46%	45%	72%	35%	37%	95%	46%	48%
No	398	34%	17%	17%	28%	13%	15%	48%	25%	23%	24%	12%	13%	52%	27%	26%
Membership length																
Less than 1 year	527	60%	24%	36%	58%	25%	33%	71%	33%	38%	49%	21%	28%	77%	35%	42%
1-2 years	275	68%	30%	38%	66%	30%	36%	79%	38%	40%	54%	24%	29%	83%	39%	44%
2-5 years	679	70%	30%	40%	66%	27%	36%	82%	38%	44%	60%	27%	32%	85%	38%	47%
5+ years	1033	81%	42%	39%	64%	32%	31%	86%	47%	39%	69%	36%	33%	90%	48%	42%
NET less than 2 years	802	62%	26%	37%	61%	27%	34%	74%	35%	39%	51%	22%	29%	75%	36%	43%
NET less than 5 years	1481	66%	28%	38%	62%	27%	35%	78%	37%	41%	55%	25%	31%	82%	37%	45%
Age																
18-34	208	66%	19%	47%	56%	18%	38%	78%	28%	50%	56%	20%	36%	80%	27%	53%
35-44	473	73%	28%	45%	62%	22%	40%	84%	35%	48%	62%	26%	36%	87%	35%	51%
45-54	473	74%	34%	40%	61%	28%	34%	84%	41%	43%	61%	29%	32%	86%	41%	45%
55-64	671	73%	36%	37%	64%	31%	32%	81%	43%	38%	62%	31%	31%	84%	43%	41%
65+	665	76%	44%	32%	65%	37%	28%	82%	50%	32%	64%	37%	27%	87%	52%	36%

The survey vehicle selected was online to facilitate a conjoint approach. However, a combination of direct email and postal letter invites was employed to maximise the representativeness of the invited sample. Kew had a strong inclusivity agenda which involved an ongoing engagement with members throughout the research process.

The survey received around 2,500 responses, with data weighted appropriately by membership type, length and payment medium.

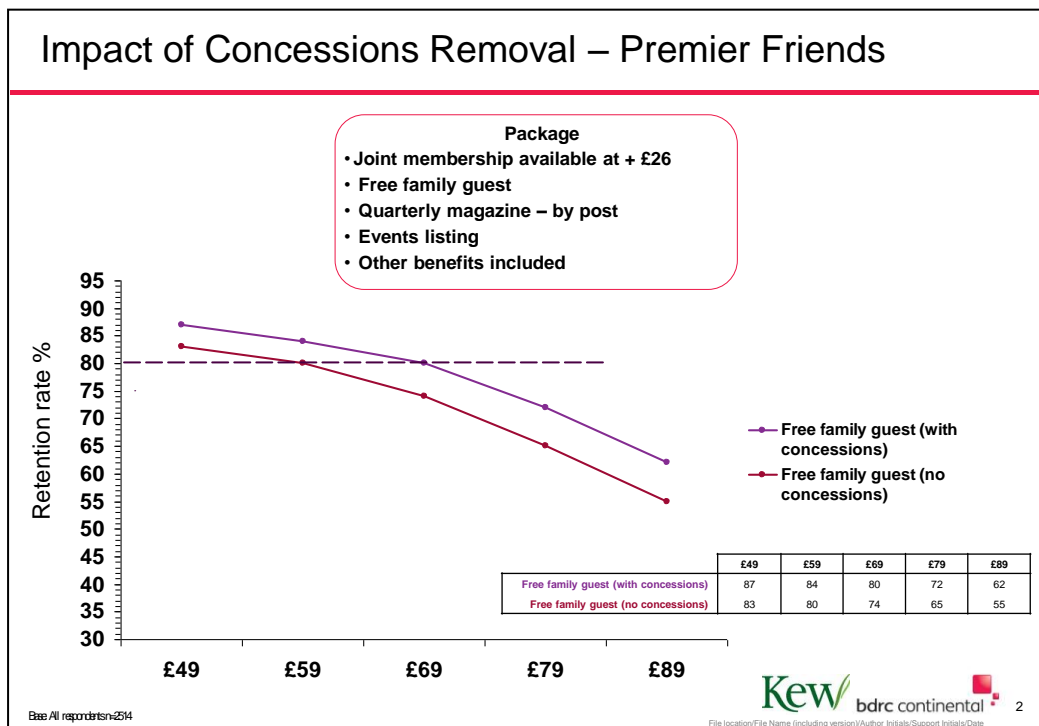
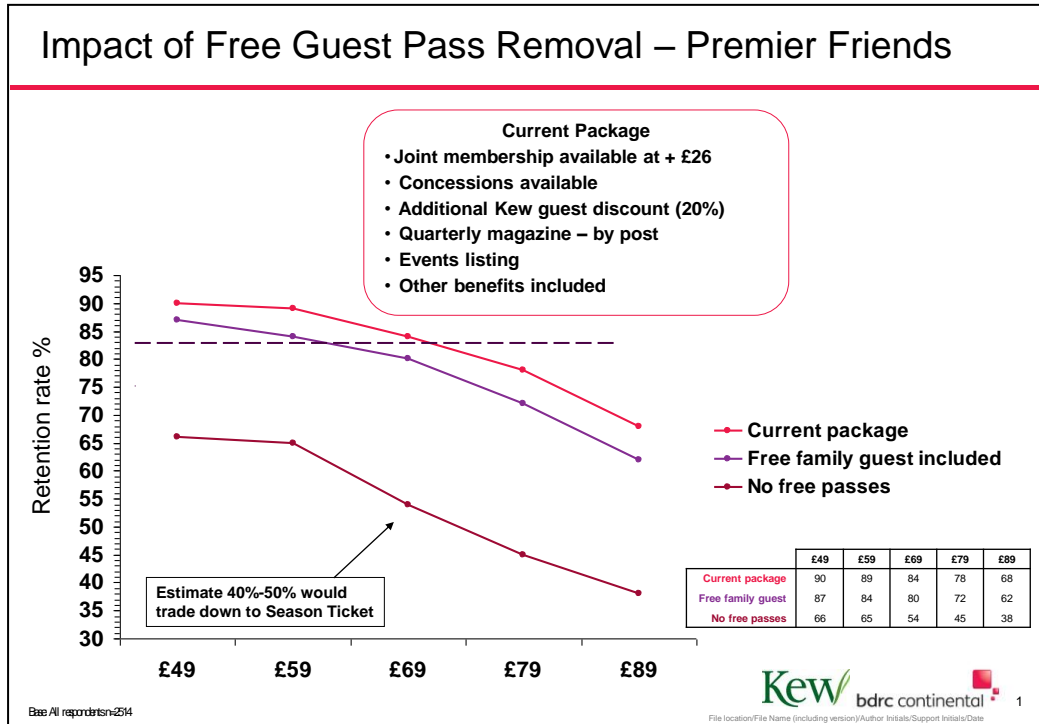
Impact on Kew's decision making

Importantly, final decisions on relaunched benefits packages would be based not on maximising retention levels, but on maximising income. To achieve this, further financial modelling was conducted using relevant retention estimates from the *Membership Verdict* model as the key input.

Several key decisions were taken as a result:

- For Premier Friends, the model indicated that the free guest passes were a highly valued benefit. These would need to be replaced with a free family guest visit on each visit occasion in order to come close to maintaining the retention and income from this high net worth member segment;

- The removal of concession rates for seniors and the 20% discount for additional guests would have minimal negative impact upon retention, but a significant positive impact upon income. This benefit would be removed for new members;



But most importantly of all...

- The model indicated that replacing the two existing schemes with a single, unified scheme straight away was more feasible than previously thought. At the root of this was an unexpectedly high level of retention for existing Season Ticket scheme members who were being asked to trade up to a much more

comprehensive set of member benefits. The prediction was that although memberships at the end of Year 1 would decrease by around 9%, there would be an increase in income – the critical measure – of around 4%.

This triggered a major rethink by Kew over its strategy of gradually bringing together price points and benefits for Premier Friends and Season Tickets. The bold step of immediately relaunching as a single, unified Friends of Kew scheme was taken as a result.

Providing Kew with a user-friendly, interactive retention model tool was key to generating confidence in results. It also prompted a quick decision to relaunch as a single, unified scheme, enabling the new scheme to be launched within three months.

Impact on Kew's business

Eleven months into the single, unified scheme's relaunch, the immediate switch to a single scheme has been more than vindicated.

Thanks to active member communications by Kew, retention rates have been slightly higher even than the *Membership Verdict* model predicted:

- For former Premier Friends, retention has been running at 80% compared with a predicted 74%;
- For former Season Ticket members, retention has been 64% compared with a predicted 48%

The resultant positive impact upon income has been impressive, with membership income up by 3% compared with a year ago and absolute number of members remaining at similar levels. This despite the enforced removal of a key benefit and requesting former Season Ticket holders to trade up to Friends of Kew, paying a premium of £25.

All this against a highly challenging economic backdrop which has seen retention rates for other major organisations within the sector decline considerably.

From BDRC Continental perspective, feedback from organisations such as Kew on actual retention levels allows us to refine the *Membership Verdict* model further for future applications, applying correction factors to account for the slight over-estimation of member churn.

Why should we win?

Membership Verdict has introduced an adapted version of conjoint research into a sector with limited previous experience. It is a sector with few professional market researchers – there are none within Royal Botanic Gardens, Kew. Barrier number one to overcome was to present a potentially complex technique as a simple, compelling proposition.

The most powerful research challenges client preconceptions. Kew entered the process with a problem: how to cope with a specific HMRC Gift Aid issue. They left the process having grasped a new opportunity: relaunching their entire membership scheme. Our approach generated the confidence that Kew needed to take this bold decision which actively challenged their internal analysis.

This project is an exemplary case study of research being used to measure and deliver strong ROI. Final decisions were based upon measured financial outcomes: in this case, impact upon membership income. This made a compelling case, delivering immediate senior buy-in to the recommendation for relaunching as a single, unified

scheme. As a consequence, launch of the new scheme was achieved less than three months after the results were available.

In the words of Kew's Russell Le Page:

"With hard data we were able to return to the modelling we had previously done and populate it with renewal rates which were reliable and well researched rather than best estimates based on our professional experience. This modelling now showed that the abolition of the lower priced scheme did not present as high a risk as had been previously thought and allowed us to make changes that we would have liked to make, secure in the knowledge that we were doing so on the basis of known risk."

Word Count: 1292

Responsibility for submission

The primary contact named on the Entry Form is deemed to be the lead person for this submission. He/she takes full responsibility for the content of the award entry and must have obtained all necessary permissions before submitting this application.

Please send this form, along with your Entry Form and logo(s) to researchawards@mrs.org.uk.

These two forms constitute your award application and must be sent as Word attachments in an email with **Applications of Research Award Entry 2012** in the subject line.

Please be sure to save a copy of both forms for your records.