

Passport

Navigating a Sea Change in Fundraising

18-Month Study Reveals Impact, Potential, and New Donor Landscape

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STUDY COMMISSIONED BY PBS DEVELOPMENT SERVICES AND
DONE IN PARTNERSHIP WITH THE PASSPORT SUPERUSER GROUP





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Section 1

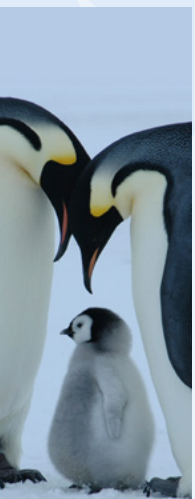
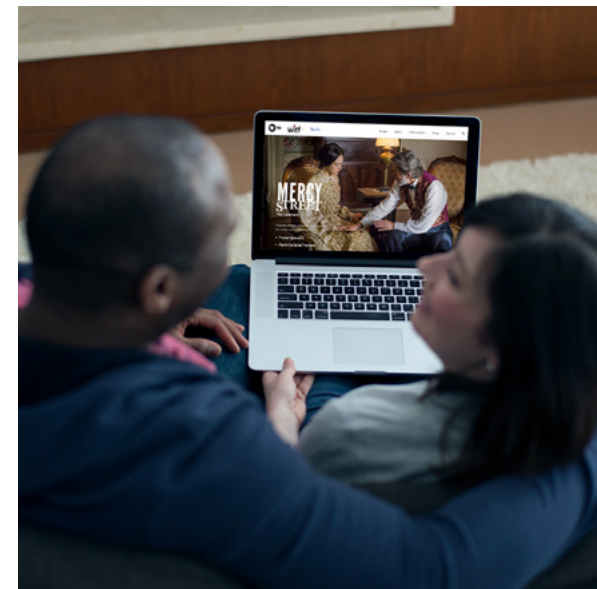
Executive Summary: Top Take-Aways



Approximately eighteen months after Passport was launched, PBS commissioned interviews with fundraising professionals at local stations and their agency partners to gather key findings on stations' fundraising experience and assess the implications of Passport for station sustainability. A survey of all station general managers was also conducted. The study found:

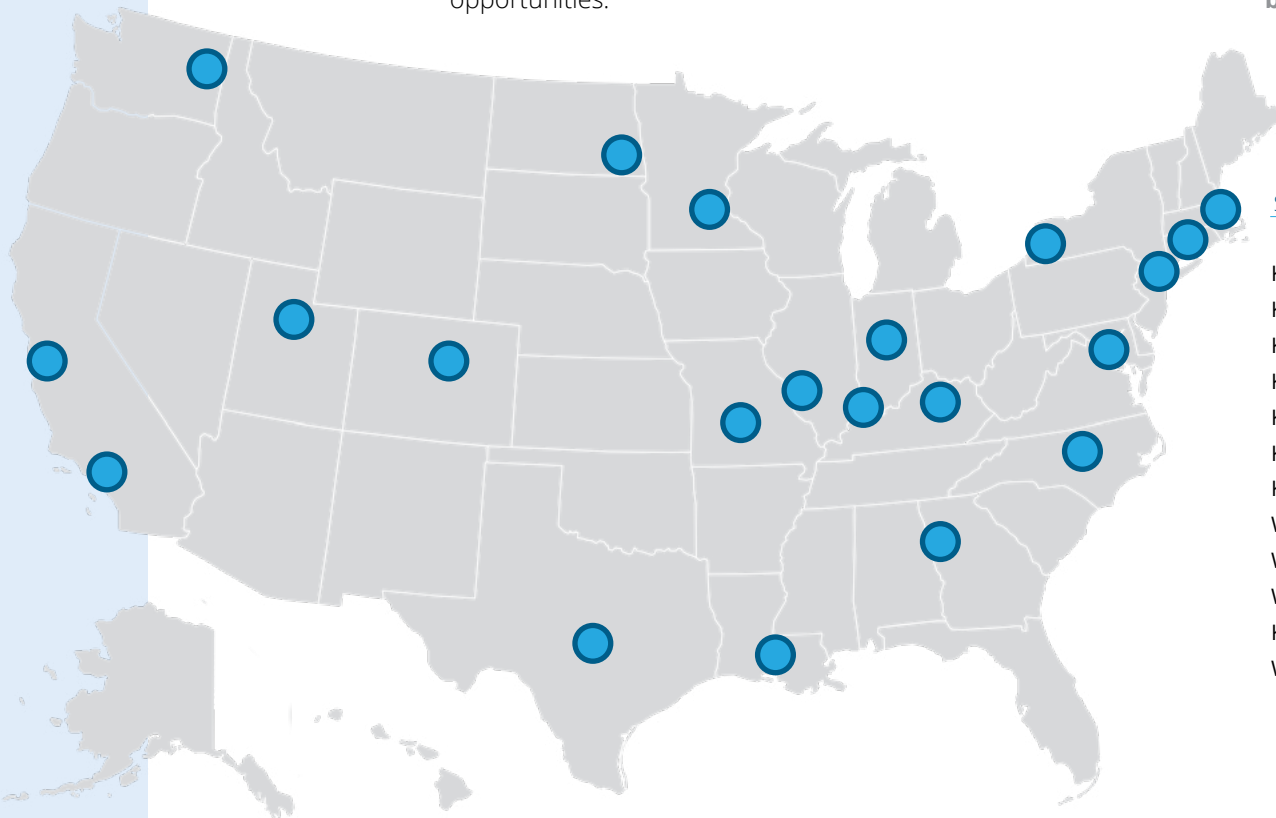
- **Passport's launch was promoted aggressively on-air and online by most stations, resulting in rapid awareness, especially among members.** The result is that Passport has exceeded the fundraising expectations of stations, with an average activation rate of 25-30% of qualified members, reaching over 50% at some stations.
- **GMs and fundraisers agree Passport appears to be a fundamental change in the viewing-fundraising relationship with audiences.** Passport is already generating as many – or more – new members as pledge at some stations.
- **New members represent upwards of 75% of Passport-triggered donations with a far more favorable ROI for acquisition than legacy channels.** It is considered responsible for double-digit membership file growth at many stations.

More than half of GMs, and most fundraisers interviewed, think Passport is “a game-changer.”



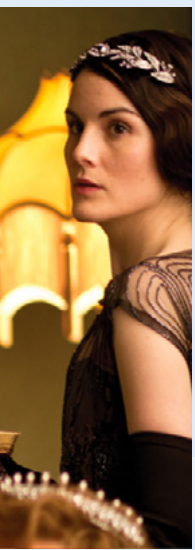
- **Passport members are typically about twenty years younger than traditional members, addressing a long-standing concern over stations' aging traditional members.**
- **Most new Passport members are generated by PBS digital products, with stations' promotion efforts such as email and website promotion, rarely accounting for more than 5-15% of Passport members.**
- **Early Passport member retention data is reportedly higher than traditional pledge members, and only slightly lower than Netflix.** Retention appears to be improving with each quarter, perhaps due to increased content and binging opportunities.

- **Many older members called local stations with Passport questions, resulting in increased demands on audience service departments.** Some stations saw the calls as an engagement and service opportunity.
- **Passport is producing a large, distinct class of members whose viewing interests may be analyzed for engagement and fundraising.** But viewing data first needs to be integrated with station membership databases.
- **While PBS focuses on more program content and a smoother Passport user experience, stations have the task of integrating new Passport members with local programs, benefits and activities.**



STATIONS SURVEYED

- | | |
|-------------------------|--------------------------------------|
| KSPS, Spokane, WA | KUED, Salt Lake City, UT |
| KLRU, Austin, TX | GPB, Atlanta, GA |
| KRMA, Denver, CO | Connecticut Network, Hartford, CT |
| KOCE, Los Angeles, CA | WNET, New York, NY |
| KET, Lexington, KY | Prairie Public Television, Fargo, ND |
| KTCA, St. Paul, MN | UNC-TV, Research Triangle Park, NC |
| KQED, San Francisco, CA | KOZK, Springfield, MO |
| WETA, Arlington, VA | WNED, Buffalo, NY |
| WGBH, Boston, MA | WNIN, Evansville, IN |
| WYES, New Orleans, LA | |
| KETC, St. Louis, MO | |
| WFYI, Indianapolis, IN | |



Section 2

Station Launch: Rapid Growth, Hints of a Sea Change



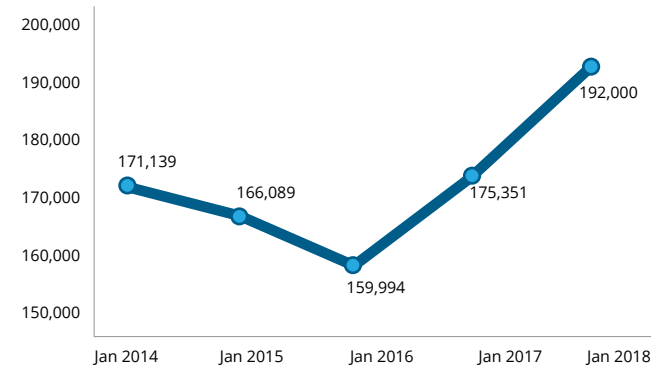
A | UNDERSTANDING PASSPORT'S LAUNCH PHASE

The rise of digital media streaming has created a permanent shift in the way viewers watch television. They now expect to watch programs on their own schedule and at their own pace, shuttling back and forth among past and present seasons. In response, PBS built Passport, the most fundamental change in station fundraising since the advent of the pledge break.

Like pledge, Passport has sparked both hopes and concerns because it brings the needs of financial sustainability face-to-face with stations' central relationship with communities: viewing. Developed as a member video on demand (MVOD) benefit, and intended to fit with sustainer fundraising, Passport was launched on December 15, 2015. In two weeks, 35 stations had enabled Passport in their local market. One month later, more than 50 stations had successfully launched Passport. And by the time of this report, 128 stations – or 93% of all eligible stations – offer the service to their members. At the national level, the launch required the alignment

At THIRTEEN, Passport reversed a decline in file size, triggering 10% growth.

CHART A THIRTEEN (FILE GROWTH SINCE LAUNCH)



of program rights, development of training programs, and implementation of complex data integrations. At local stations, the launch required on-air promotion, integration of Passport into stations' websites, new fundraising messages, and a heightened customer service challenge as members and viewers called with questions.

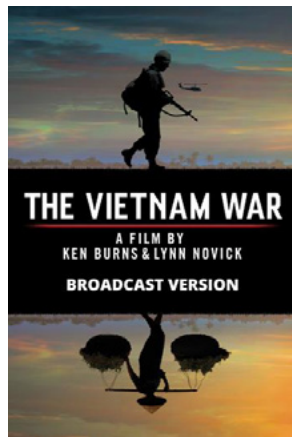
Shortly before the release of this report, and less than two years since launch, Passport passed one million activations. There is now sufficient data to begin drawing preliminary conclusions about Passport usage and its impact on station sustainability. This report is part of the overall assessment of Passport and focuses on the emerging fundraising lessons and issues.

The report is based on interviews with 24 stations, both "Passport Superuser Group" members and other stations

of all sizes and license types, as well as fundraising partners CDP and Carl Bloom Associates. The Superuser Group was engaged in identifying key fundraising issues and offering candid, in-depth assessments of their Passport experiences. We are especially grateful to Co-Chairs Jeff Regen of WETA and Teri Lamite of WGBH, for their extensive contributions and guidance.

In addition, a survey of all station GMs was deployed, generating a 60% response. Further discussions took place at the Superuser Group meeting and the General Managers Planning Meeting, both in Washington in October.

This report summarizes the key findings and their implications for station sustainability.



B | EARLY FUNDRAISING RESULTS

Stations were asked to report the portion of qualified members (i.e., active at \$60) who had activated Passport as of the date of the interviews, which were conducted from mid-August through mid-September. Many reported a specific percentage, others made an estimate. For the purposes of this report, stations were not tasked with producing detailed data reports, which are available from PBS, but merely to assess the impact of Passport on their members at least a full year after launch. In that sense, these findings better align to a focus group of station fundraisers than a statistical analysis of data.

- **Member activations and passport potential**
Most stations reported that 25-30% of active qualified members had activated Passport by time of report, with activation spikes around major PBS programs. Only a few reported numbers as low as 15%, largely due to internal station issues or delayed promotion. The highest reported activation rates were 45% at two stations and 60% at one other.

Based on these numbers, stations were asked their opinion of the potential of Passport as a member benefit. Station fundraisers were remarkably consistent, expecting that eventually Passport might be used by 50% of all active members. Stations uniformly believed achieving 50% usage would be a strong result.

Most were skeptical that older traditional members would take to the new benefit, partly based on customer service calls, although a few stations

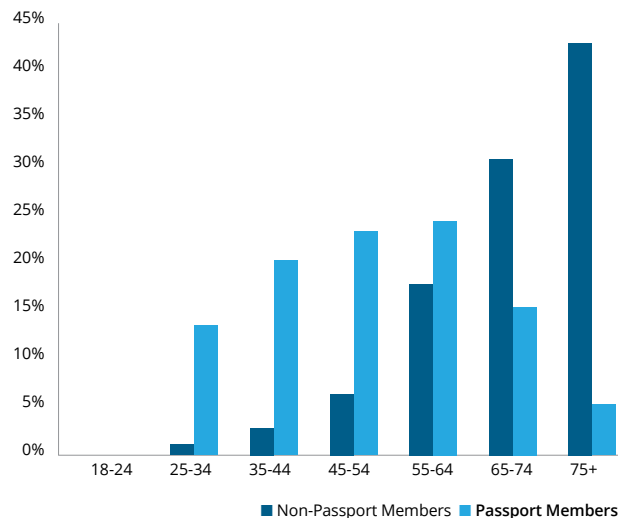
reported even their older members were activating. Generalizing about “older members” may carry an element of truth, but it is not yet known whether Passport’s acceptance will be driven largely by age or by other factors; Pew Internet studies report that digital adoption among seniors lags younger Americans, but seniors’ rate of adoption is faster. Pew reports that adoption among older Americans is driven more by their income and education levels, and residence in urban rather than rural areas. Of course, the content available on Passport will probably be the largest driver of adoption by all age groups. When it comes to stations’ older members, it can only be said that the jury may be out for some time.

“Passport-driven members are basically pledging for core programs.”



The average non-Passport THIRTEEN member is 73 years old, the average Passport member is 53.

CHART D THIRTEEN AGE OF PASSPORT VS NON-PASSPORT MEMBERS



“Passport has become our fastest growing member acquisition source.”

• **New member and lapsed member activity**

All stations reported that new members comprised the majority of Passport-driven donations, with some as high as 75% new. This is comparable to what stations across the system have shared with PBS at particular intervals since launch.

A demographic review of new Passport-triggered members revealed they are generally one-two decades younger than traditional members, i.e., 45-54 and 55-64, with major increases even in the 25-34 and 35-44 cohorts.

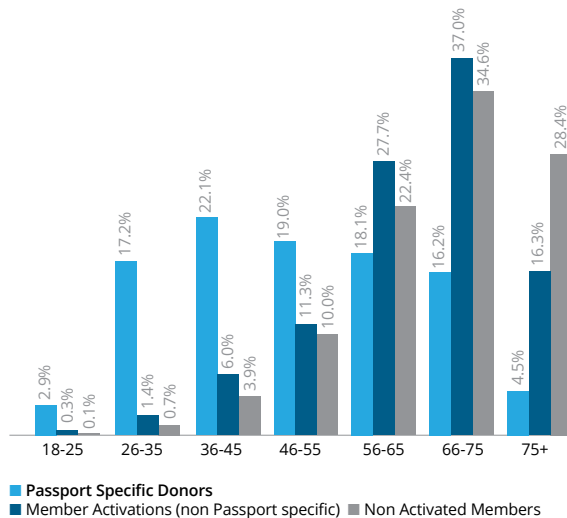
Data for former, or lapsed, members indicates that email and on-air efforts have been as effective, or slightly more so, than previous offers without Passport. The area of lapsed reactivation is one that needs a great deal more data, although the ROI with Passport appears to be as healthy as it is for acquisition of new members.

• **Sources of revenue and return on investment**

System-wide, 80% of Passport-enabled stations report to PBS a total of \$14.9 million in directly attributable, actualized revenue (i.e. money in the bank) between December 15, 2015, and September 15, 2017. This is a 39% increase in revenue and a 50% increase in donors in six months. As one station said, “\$60 is now our de facto entry level,” adding that there has been “no damage to results” from that level. Another station reported they would formally change their membership entry level from \$35 to \$60 by mid-2018.

At KLRU 54% of qualifying members have activated. Passport-specific members have an average age of 50, non-activated members average 67. Almost 60% are between 26-55.

CHART E KLRU AGE OF DONORS



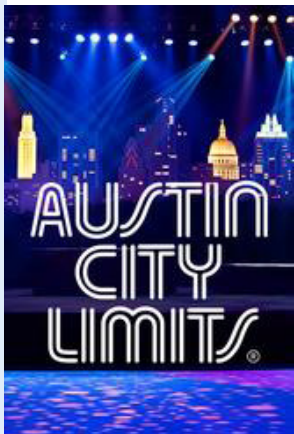
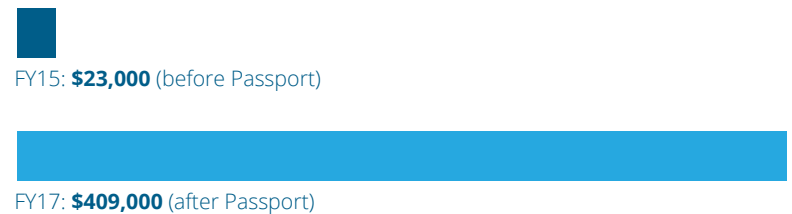
The costs to local stations for acquiring new members using Passport are largely in the indirect expense areas of air time, data management and customer service. Outside of pledge, new Passport members have resulted largely from PBS digital products, creating a de facto flow of core program viewers who also view or research programs online. Therefore, hard direct costs, such as those associated with channels like direct mail, are minimal.

Prior to Passport, acquiring members via digital channels was limited to promoting traditional fundraising appeals and member benefits on websites and through email; there was no system-wide benefit designed specifically for digital audiences. Even so, PBS analysis of SABS data have shown that the ROI for digital channels was \$5.22, compared to \$3.71 for direct mail, \$2.34 for pledge and \$1.70 for telemarketing. How Passport will affect that number is becoming clearer, with station interviewees reporting that hard costs are minimal to use Passport for new member acquisition, lapsed reactivation and member upgrading.

- **Are some stations missing online Passport revenue from PBS.org?**

Clearly, it's fair to attribute new members who use a Passport-specific online giving page to the new benefit. But what about visitors to PBS.org who click on "donate" buttons unrelated to Passport? Often they are directed to a station giving page which itself is not Passport-focused. Expecting that many visitors to PBS.org would be driven by Passport promotions across channels and previous encounters with the Passport upsell lightbox, WETA made sure that every form linked to PBS.org promoted Passport. The results below compare the station's revenue from PBS.org links the last full year before Passport to the first full year with Passport. The data strongly suggests stations should be scrupulous in adding Passport promotion to every giving page linked to PBS.org.

WETA REVENUE FROM PBS.ORG DONATE BUTTONS



WETA reports local marketing efforts and PBS.org traffic each account for 21% of gifts.

CHART F WETA GIFT SOURCES

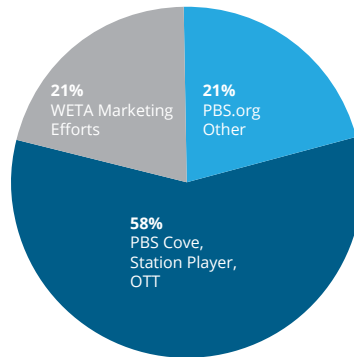
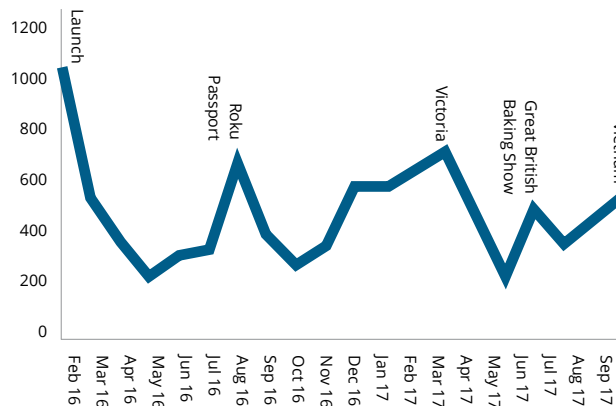


CHART H KLRU ACTIVATIONS BY MONTH



While Passport produces small but steady monthly new member activations, most growth occurs around major PBS programs or campaigns. All stations saw data similar to KLRU.

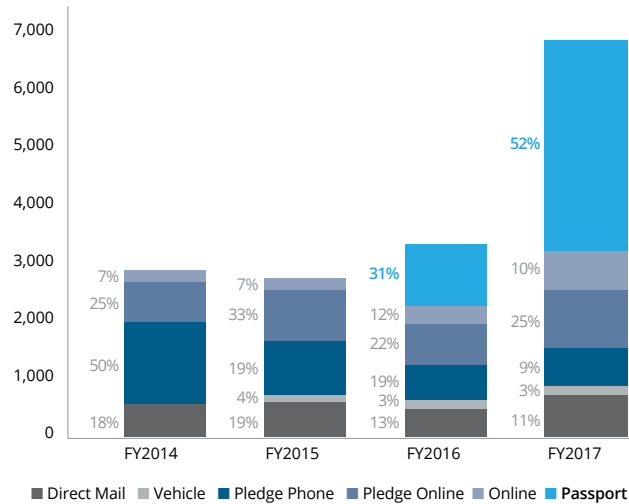
C | PASSPORT, PLEDGE AND A CHANGED LANDSCAPE

- Outside of pledge, there has been a steady flow of new members from PBS.org and visitors to stations' Passport promotion pages. In fact, PBS digital products are generating the overwhelming percentage of new members, reaching as high as 90-95%. Stations aggressively promoting Passport have generated as much as one-fifth of their gifts, from new, current and lapsed members.
- As expected with a benefit based on streaming, Passport activations track major PBS programs.



Passport generated the majority of new KLRU Members in FY17.

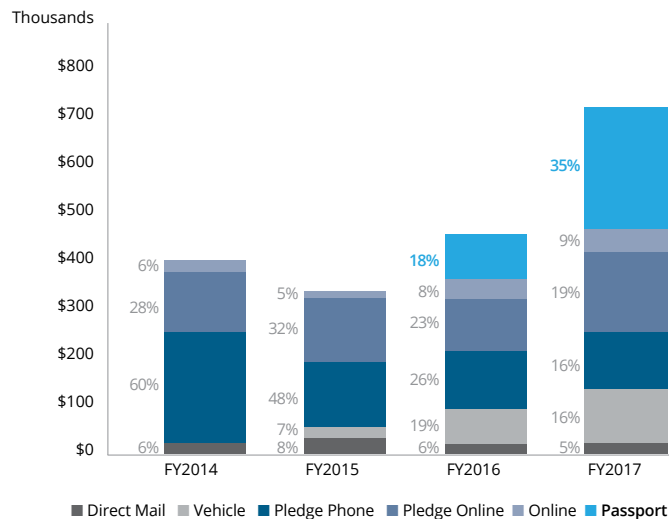
CHART B KLRU NEW DONORS BY CHANNEL FY14-17



- Viewed as a distinct fundraising channel, Passport has quickly remade the landscape of new donor acquisition, emerging as a primary source for increasing stations' total membership base. The data from KLRU is one of the first assessments of both revenue and individual donor counts over four years, including FY17, reflecting a full year of Passport.
- Stations reported a notable increase in the percentage of new members responding during pledge, but a corresponding drop in average pledge gift. The decline in gift size was also accompanied by reduced demand for high-end thank-you gifts. Stations reported a higher percentage of callers opting for sustainer giving. However, at this time it is unclear of the overall impact of the reduced demand for high-end thank-you gifts and increase in sustainer giving has on total net revenue.

In Austin, New member gross revenue from Passport equaled pledge online and phone revenue.

CHART C KLRU NEW DONOR REVENUE BY CHANNEL 14-17



D | EARLY RETENTION AND VIEWING TRENDS

Will the large number of new, younger Passport-generated members continue to support their local stations? Will that important question be driven by their viewing preferences or habits? Repeating the caveat that this report is based on only eighteen months of data, efforts have begun to compare early retention trends to other station fundraising activities, and also to major streaming services dependent on monthly “sustainer” payments.

- **Retention compared to legacy fundraising channels**

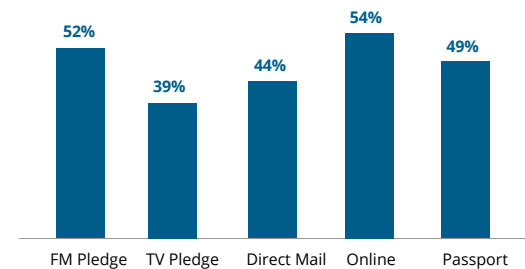
Early Passport members, sometimes referred to as the “Downton cohort,” were the first to enter their traditional, anniversary-driven renewal process. Many other Passport members are only now entering the membership renewal window, and therefore overall data on those who lapse is incomplete. This will be one of the most eagerly-watched numbers in the next twelve months, but early indications are encouraging.

Generally, stations that measure annual retention rates have reported to PBS between 40-50% of Passport-acquired members are retained. One early-adopter station reports that renewal rate among the first Passport users were 53%, double that station’s renewal of pledge members, albeit with a smaller average gift.

The Passport Superuser Group has been tracking the retention of Passport-driven sustainers specifically for the last six fiscal quarters. This chart from WETA sheds light on the combined effect of available Passport content as well as the local station’s improved handling of these members. The first

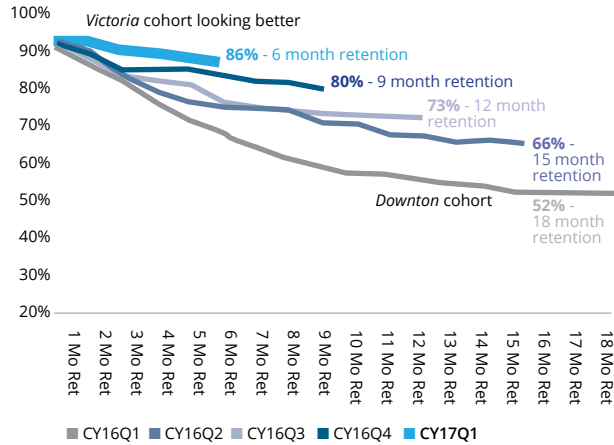
Passport cohort was prompted largely by Downton Abbey, which ended before many other programs were added. That cohort’s retention dropped below 70% within six months and now has an 18-month retention of 52%; in comparison, the Victoria cohort has a six-month retention of 86%. In addition to added Passport content, the station attributes the improved retention to aggressive promotion of new content and the integration of Passport sustainers into the existing sustainer stop-loss process.

CHART I WETA COMBINED SUSTAINER-1X RETENTION BY CHANNEL



A WETA analysis of Passport’s first fifteen months shows combined sustainer + one-time retention is ahead of traditional TV pledge and direct mail, just behind online and radio pledge. A second year of retention data is being gathered and will also reveal Passport member support for additional gift appeals and upgrades.

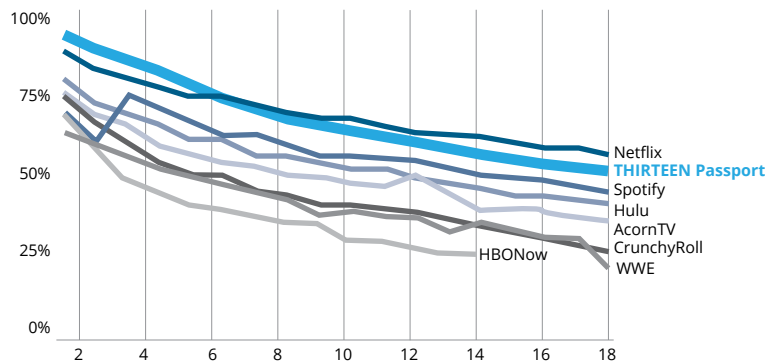
CHART M WETA PASSPORT-DRIVEN SUSTAINER RETENTION



• **Retention compared to commercial streaming services**

Whether or not retention of Passport members will resemble Subscription Video on Demand (SVOD) services is an unknown, and may be affected in part by members’ interests and feeling of connection with their local station’s mission and other benefits. Still, retention of streaming “competitors” is a useful number, to the extent the data is available from famously tight-lipped commercial streaming services. Research by WNET produced one set of data showing Passport retention just a few percentage points behind Netflix, both in the low to mid-60’s, and well ahead of Spotify, Hulu, HBONow, Acorn and others.

CHART J MONTHLY RETENTION RATES



18-month Retention of Passport vs Commercial Streaming Services: Only THIRTEEN Passport and Netflix remain over 50%.

- What are Passport members watching?**
 The list in Chart K is a one-month snapshot from July, 2017, and is an early lesson in the potential differences between traditional broadcast viewing and streaming. Note that five of the top ten streamed programs were not among the top ten programs viewed by broadcast. Both lists indicate the steady demand for British drama.

The biggest unknown is the relationship between frequency or type of Passport usage and retention of members. Early data, unsurprisingly, indicates that frequency of viewing is the largest driver of 12-month retention. More complete data relating viewing to giving is unlikely to emerge until late 2018, after stations have had the opportunity to take advantage of more Passport content in fundraising messaging and tests.

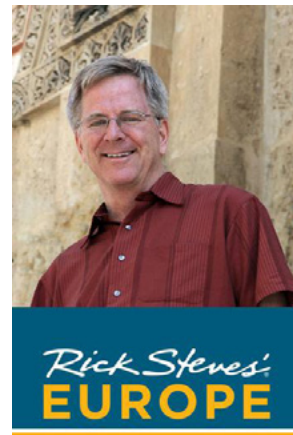
CHART K THIRTEEN TOP TEN LISTS

TOP BROADCAST

Masterpiece/Grantchester
 Masterpiece/Prime Suspect
 Capitol Fourth
 Masterpiece/My Mother
 Antiques Roadshow
 Remember Me
 American Experience/Summer of Love
 PBS Newshour
 Nature's Great Race

TOP MEMBER STREAMS

The Great British Baking Show
 Masterpiece/Grantchester
 The Tunnel
 Masterpiece/My Mother
 Masterpiece/Prime Suspect/Tennison
 PBS Newshour
 Story of China
 Antiques Roadshow
 Masterpiece/Downton Abbey





Section 3



Adjusting to Passport: Initial Practices & Lessons

Stations were asked to assess their launch and where Passport stands going into the Fall season. Many interviewees cited specific individual initiatives, which are included as “Items of Interest” for stations to consider.

A | AWARENESS & ACTIVATIONS

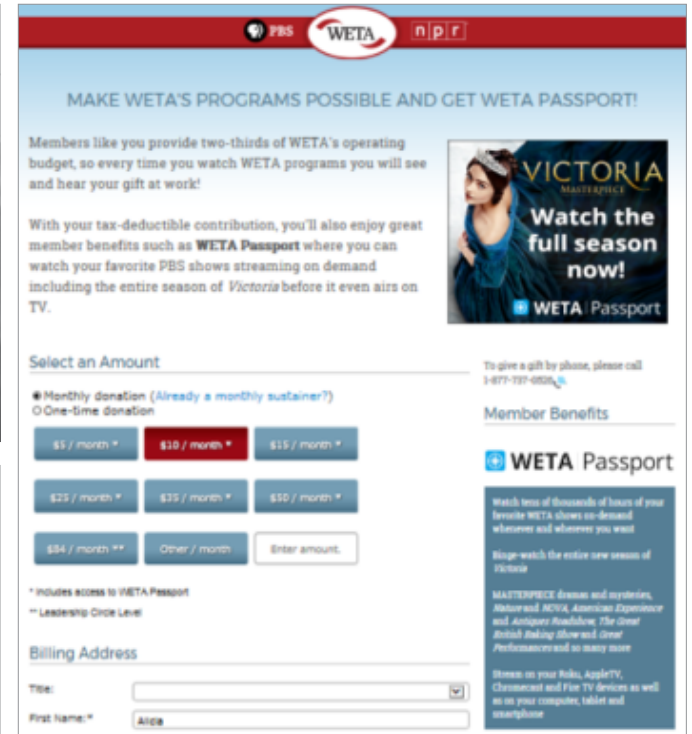
- Stations felt the frequency of on-air promotions, and prominence on PBS.org and most station sites, has created a “medium to high” awareness of Passport among digitally active members, but only a “low to medium” awareness among general viewers.
- Some felt there was “more awareness than desire among members,” especially older members who understood the benefit but “don’t watch television that way.”

B | PROMOTION ON AIR, STATION SITES, PBS.ORG, EMAIL

- Promotion of Passport on-air has generally been aggressive. Stations report “heavy rotation,” some attempting to guarantee a spot “with every program.” One station reported it had produced nine spots in-house to supplement PBS spots.

WETA.org makes Passport ubiquitous, giving forms nudge donors toward \$10/month.

CHART G WETA FULL SITE INTEGRATION



- Passport is generally well integrated with online fundraising, as most stations are adapting their online giving forms and using promotion areas to highlight Passport. Items of interest reported in interviews:
 - › One station uses lightboxes on the home page synced with new PBS series available on Passport, recently adding related ads on Google and Facebook.
 - › One station's new website navigation now includes Passport as a key header and "What's On Passport" images change weekly.
 - › All online giving forms at one station have a pop-up stating "You qualify for Passport," with a link to activate.
 - › PBS on-air spots have been included by some stations as a link in email, and posted on their sites.

- Skillful use of email boosts Passport growth, highlighting the extent to which stations have, or have not, built and maintained their lists. Open rates for Passport-related email appear to be twice as high as fundraising appeals, and measurably higher than e-news. Click-through rates are likewise higher than other categories of email, with unsubscribe rates below the benchmark. Items of interest reported in interviews:
 - › The value of an active email address is vividly shown by one station, reporting that "38% of all qualified

"38% of qualified members have activated, but that number is 58% for members with email addresses."

members have activated, rising to 58% among members for whom the station has a valid email address.”

- › Some stations still suffer from list ownership silos: “We don’t own the e-news list [of non-members] and can’t always get access to it.”
- › “Really good results” were derived from a two-track email campaign for British Baking Show, to increase usage among activated members, and to increase activations for those who had not activated.
- › One station has added “Staff Picks” to Passport email promotions.



C | RADIO CROSS-PROMOTION

- **Stations with radio licenses reported a variety of approaches to Passport, from largely ignoring the service on radio to promoting it during radio pledge drives.** Stations using Passport on radio report a high activation rate, and one station reported “a larger percentage of our radio members have activated than television members.” We should note that the age demographic of radio news listeners can be somewhat younger than traditional television members, consistent with the younger demographic of Passport users.

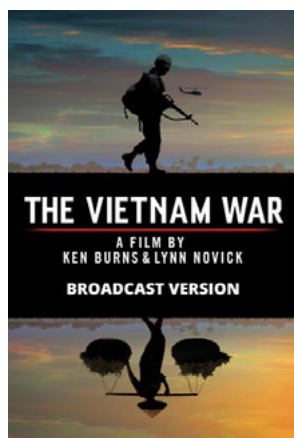
D | INTEGRATION OFF-LINE, OFF-AIR

- **Use of Passport for fundraising in legacy channels is very mixed at this point.** Some stations said they used Passport in direct mail and saw little effect, while others said “they were surprised how good” the impact was on some segments. Items of interest reported during interviews:
 - › One station reminds members in direct mail renewals that their email address is required for Passport activation, both to promote Passport and build their email file. Adopting the practice, originated at TPT, of including activation codes on the monthly magazine, and having a variety of Passport house ads, which can be run from full page to small page-fillers.
- **Use in telemarketing was sporadic and no clear trends emerged.** Station comments ranged from “I don’t know if it has helped much,” to “We haven’t really tested it.”

- **Integration of Passport in canvassing appears to be very uneven.** One station reported their canvassers “always including Passport,” while another considers it “a fall-back offer, mentioned third if other incentives fail.”
- **In the Community:**
 - › A major donor event about “station services you may not know about,” included a segment on “How we pick programs,” followed by a presentation on Passport. Station personnel distributed business cards to major donors for Passport assistance.
 - › In one community, the station acquired bus boards on local transit lines at the time of launch.
 - › Passport information was included for one station on playbills at local theatres, through an arrangement with the publisher.

E | FUNDRAISING GOALS, FILE GROWTH, SPENDING

- **Few stations have yet to establish fundraising goals for Passport, although many expect to do so by the end of the current fiscal year.** One station expects Passport to represent 6-10% of all FY18 membership giving. Two stations reported having internal departmental goals; one said they are “blowing our goals out of the water,” and the other reported being “pleasantly surprised” by fundraising results.
- **Three stations reported they have added a new member goal for the coming year (+10% file growth for one, +25% for another).** Others expect to set new members goals over the next six-twelve months.
- **Three stations reported plans to reduce spending on direct mail based on Passport new member ROI, and one is canceling their telemarketing fundraising and shifting the money to major gifts and Passport promotion, the two areas of highest return.**



“With an average gift of \$62, and even a 50% renewal, we could see an additional \$300,000 in new revenue over the next two years.”

F | INCREASING DEMAND ON AUDIENCE SERVICES

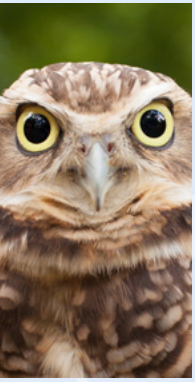
Audience service requirements immediately impacted every station; some were more prepared than others. Stations reported reacting in one of two ways to the flow, or sometimes flood, of calls:

- **Many stations lamented the number, and length of calls, struggling to staff phones and stretch personnel.** These stations expressed the hope that an improved Passport user experience, and growing understanding by members, will result in a decline on such calls. They were equally concerned, even with PBS support, that audience service demands could limit Passport's growth or detract from other station customer service needs.
- **A few stations began early in their Passport launch to examine whether the new benefit would carry a new "cost of doing business" in terms of customer service which stations must accept, requiring longer service hours and staff.** Some of those stations, without minimizing real audience complaints, are weighing the cost against the potential of having conversations with Passport members, mostly sustainers, about ways to use Passport as well as other member benefits. One station is already "seriously considering hiring a full-time staff member to oversee all aspects of Passport," including the audience service demands and opportunities.

G | STATION ASSESSMENT OF PBS PASSPORT TOOLS

- **PBS received high marks for Passport fundraising tools.**
 - › Typical comments included: "PBS has given us everything we need to succeed," and "We depend on the instant gratification page."
 - › One veteran station fundraiser noted that Passport could become more than a streaming service, and "get back to the vision of resembling Amazon Prime more than Netflix, a place where members can get thank-you gifts and other benefits."
- **Nevertheless, when asked what further tools would be helpful, stations identified several needs:**
 - › More turn-key social media tools, especially online advertising, along with strategy guidance.
 - › More customizable e-mail templates.
 - › A "dashboard" summary of top Passport usage and fundraising metrics.
 - › More advance notice of programs coming to Passport.

"The monthly promotion spots are awesome."



Section 4



Unanswered Questions and Passport's Next Phase

PBS and member stations have a long history of collecting and analyzing data. The result has been to create assumptions which drove fundraising strategy, e.g., “Pledge donors give bigger gifts, but renew less often, than direct mail donors.” Most often, assumptions for categorizing grassroots supporters center on the channels or techniques associated with their giving. There are pledge members, mail members, canvass members and the like. The data was simply not there to identify and target members by their viewing habits, patterns or preferences.

Now Passport offers the potential to do just that. Moreover, Passport users are comfortable with, and may well prefer, digital communications. The primary tool for generating Passport activity will likely remain what shows are airing on TV and available in Passport, but fundraising tools for engaging and retaining Passport members are likely to be email, station websites and social media, not costly tools like telemarketing or direct mail.

We already know a lot about Passport's impact on fundraising. But what we don't know is even greater, and the biggest unknown will affect station sustainability: Will the giving behavior of “Passport members” be similar to, or different from, traditional members? Will they respond to traditional station appeals and renewals, or will they respond to different messages or via different channels? Answering these questions will surely dominate fundraisers' activities during Passport's next phase.



A | HEALTH INDICATORS OVER THE NEXT EIGHTEEN MONTHS

- A clearer picture of Passport's potential, based on its ability to continue driving new members, to recapture lapsed members, and to retain and/or upgrade existing members.
- The relationship between usage and giving, based on integrating Passport usage data with station giving data.
- The extent to which Passport satisfaction affects membership lapsing or cancellations compared to legacy channels.
- The effect on other revenue areas, pro or con: underwriting, major gifts, additional gifts, events, etc.
- The role of social media, search and online advertising efforts, especially for acquiring new members. Valuing social media for fundraising (except events) has generally proven illusive for stations. But connecting people around programs, and thus to Passport, may prove more fruitful.

In terms of Passport fundraising, "there will be big 'Alps' peaks like VICTORIA, and also steady 'Appalachian' hills like the GREAT BRITISH BAKING SHOW."



B | WHAT FACTORS CAN OBSTRUCT PASSPORT FUNDRAISING GROWTH AT STATIONS?

As much as stations are focusing on ways to maximize Passport, it is important to outline possible obstacles.

- **Lack of understanding Passport’s potential, and therefore lack of support, from senior management.** At many stations, Passport already rivals pledge in terms of member acquisition, but interviewees expressed concern that station investment in time, talent and money for Passport may not reflect the new reality it has created.



- **Old thinking:**
 - › Failing to build digital “prospect” assets for eventual conversion to Passport membership, e.g., email subscribers, social media followers, etc.,
 - › Siloed messaging, e.g., reaching members but not nonmember email subscribers, qualified but not “unqualified” members, etc.,
 - › Siloed access to digital assets, e.g., one station reported “our Google paid ads all go for local programs, so membership hasn’t been able to test Passport,” and
 - › Being distracted by debating whether Passport is a true gift or a subscription, potentially an artificial distinction of our own making.
- **Failing to use actionable data by treating all “Passport Members” as a homogeneous group without targeting by interests or viewing habits.**
- **Attempting to build technology locally, such as a Passport-enabled donation form, which makes integration with PBS more difficult and risks creating subsequent new audience service problems.**
- **Poor audience service, or the tendency to allow audience service concerns to overshadow or retard efforts to expand Passport promotion.**

“Subscription and philanthropy are not opposing thoughts.”

C | NEXT STEPS: PRIORITIES FOR A LOCAL-NATIONAL PARTNERSHIP

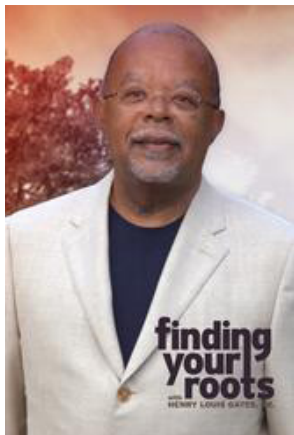
Navigating the changes resulting from Passport will require actions by all stakeholders:

- **Nationally**
 - › PBS must continue to invest in more Passport content, both new and old.
 - › It must also constantly iterate on Passport technology and the user experience, especially in the area of navigation, search and viewing recommendations.
 - › PBS will also need to summarize important data and work with stations to guide tests for fundraising.
 - › PBS will add promotional tools as needed, especially spots and social media tools.
 - › Sharing practices, tests and results will continue to be a PBS priority.
 - › Push to develop new areas of reach, e.g. OTT, for expansion of fundraising opportunity. Additional platforms will generate new members, more revenue and more streaming of PBS programs through Passport.
- **Locally**
 - › Stations must rethink budget and staffing priorities as they assess the impact of Passport compared to pledge and other legacy channels.
 - › Stations must continue to integrate promotion of Passport as a central member benefit, not as another “thank-you” gift to be used on an ad hoc basis.
 - › Stations will have a growing opportunity to understand the fundraising rewards and risks of Passport usage through integrated data. Some Passport segments may or may not be large enough to warrant deep analysis at individual stations, so data analysis at the national level will in all likelihood drive fundraising test strategy. The results of local fundraising tests will need to be rolled up nationally when possible, both to produce more meaningful data and to spot any regional or local differences.
 - › A flow of new Passport members requires the development of a “welcome-and-engage” process far beyond a conventional thank-you letter or email. The traditional membership fundraising model has been to thank members, send them periodic appeals and then ask for their renewal. The Passport-era model is likely to require additional digital communications serving members’ interests, such as information about local program viewing opportunities (and those programs’ underwriters), and ways to engage with the station at events or via social media. It’s worth emphasizing the importance social media will probably

play in new members' use of Passport, as stations' use of Facebook, Twitter and the rest typically rely heavily on information about new programs.

- › Stations, their agencies and CDP will benefit from testing new fundraising strategies and messaging. This will certainly include tailoring messaging for evergreen communications like telephone or mail renewals, but may also extend to targeting constituencies for additional gifts around programs or genres, invitations to station events or promotion of other member benefits.

- › Stations may be well advised to aim for better-than-adequate audience service, not merely resolving navigation or activation problems, but perhaps offering outreach to Passport members whose usage has fallen off, or not even commenced. It isn't yet possible to say whether a more pro-active audience service strategy is needed because Passport is in its early days, or whether it is a longer-term investment in increased retention and upgrading. But it is likely that the line between customer service and membership fundraising is likely to blur – if it was ever actually there.



D | ONE BIG QUESTION: HOW IS PASSPORT LIKE NETFLIX, HOW IS IT DIFFERENT?

Like Netflix and other streaming services, Passport users will begin to fall into viewer groups: samplers, regular users, binge-watchers, etc., as well as those whose viewing is genre-focused, eclectic, etc. We will see data with special meaning to local stations, such as geography. With enough national data, the potential for targeted messaging is obvious – both to maximize regular users' viewing and to motivate infrequent users before they lose interest and lapse.

But PBS serves constituencies, not just viewers. Unlike Netflix, Passport creates viewer connections in three unique ways. It connects them with:

- **Local stations' programs, events and other member benefits.**
- **Programs created around the values, which have always distinguished public television.**
- **Like-minded neighbors with shared interests.**
(One thinks of PBS Nerds, for example, and its demonstrated ability to gather people to station events.)

Of course, neither public television's local membership model, popular national series, nor mission of enrichment, will excuse Passport from users' demands. They will certainly expect a steady flow of PBS-quality programs and an ever-improving user experience. But less than two years into Passport, we do not yet have even a hint about how Passport users – especially new members – feel about the value of their monthly or annual gifts. All we know for sure is that users seem motivated by the promise of watching PBS programs, either for greater convenience or greater choice.

All the challenges of technology and program inventory notwithstanding, a desire to watch more of our programs is a good starting point. Though their Passport relationship is new, even alien, for stations, new members did not arrive on alien ships; they were drawn to join by VICTORIA, THE GREAT BRITISH BAKING SHOW, Ken Burns and the like, as they either watched public television or visited one of our websites.

The PBS and local station brands allow a conversation unavailable to commercial competitors. How we manage the conversation with Passport members is every station's next big decision; in terms of creating a lasting local relationship, stations and PBS have equal challenges. Just as PBS and producers will focus relentlessly on content, an easier experience and gathering data, local stations will need to focus just as relentlessly on engaging new Passport members.