

Demographic Challenges Facing Radio Ministries:

Analysis and Recommendations for a Solution

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Summary

Our data suggests that radio ministries (and all ministries) are facing a dual challenge posed by a short-term drop in support due to the economic recession and a longer-term danger due to donor demographics. Of the two, we consider the longer-term threat to be the more critical. This threat is compounded because the same lack of success in acquiring new, younger donors that is driving the demographic trend is also forcing ministries to place additional stress on existing donors.

Based on our analysis we recommend all radio ministries explore an aggressive donor acquisition program aimed at younger donors, keeping in mind the following information:

- The “younger” donors in question will generally be age 35-55 and may even be age 45-55.
- Younger donors need an aggressive non-appeal communications strategy.
- Multi-channel communications are important to reaching these donors.
 - o E-mail will be a critical means of informational communications, but one should explore the particular donors an organization is are trying to reach to assess whether it will be effective for appeals or only for informational purposes.
 - o Other online communications, such as social networking, are more relevant to an even younger generation than they are to these donors.
 - o When considering a multi-channel approach, keep in mind telephone communications, particularly recorded messages direct to voicemail.

- Telephones make up a large portion of these donors' total communications experience and recorded messaging straight to voicemail can help leverage the ministry's "brand" based on the voice that donors already associate with the ministry.

Introduction

Religious broadcasters face a dual challenge in their fundraising efforts. The first challenge is the immediate drop in support many have seen because of substantial losses many donors have suffered in the stock market coupled with uncertain financial situations faced by donors due to the economic recession. But, it is the longer term demographic trend in religious broadcaster donations that poses an even greater threat to the sustainability of radio ministries.

In this analysis we explore first the short term threats with special attention to how Christian donors are modifying their giving during this recession. The focus of this analysis is the second section in which we explore the greater challenge posed by demographic shifts within the radio ministry donor universe over the past decade. In the third section we provide some guidance to ministries for reversing this trend in their own ministry based on our observations of successful and unsuccessful efforts over the last decade

Short Term Threats

The immediate threat facing many ministries, both radio ministries and others, is a sudden and steep decline in support driven by the fall of the stock market and the economic recession. In May of 2008, during the early part of the recession, we asked 1,000 Christians nationwide whether and how they planned to change their giving in the coming year. Only just over one-quarter (26%) said they planned to reduce their giving. We conducted a follow-up study in January of 2009 and found that the deepening of the recession and the decline in stock market values had taken a much greater toll on

giving than had been anticipated. In our January survey (again of 1,000 Christians across the country) 36% said that the recession had caused them to reduce their charitable giving in order to balance their household budget and another 19% said they had completely eliminated their giving. This reduction in giving was both sharp and immediate. Over the course of six months, and most likely between early fall and January, a majority of Christians cut back on or eliminated their giving.

While addressing the stresses that the recent drop in donations puts on ministries of all types is a critical need, it is equally important that we keep sight of the longer-term issues related to donor demographics that face many ministries. Our purpose in this analysis is to demonstrate the demographic challenge that an increasingly older donor population will eventually put on radio ministries by focusing on the trend in average donor age among radio ministries from data collected by WRS over the last ten years. We will also note the increasing “stress’ that is already being put on these donors as more and more ministries become more active in their direct solicitation of contributions. Both of these findings suggest that radio ministries can expect to find it increasingly difficult to sustain their income levels over the long-term. In order to ensure sustainability then, these ministries will need to find strategies to acquire donations from younger donors. In the final section of this analysis we will make general recommendations for engaging these donors.

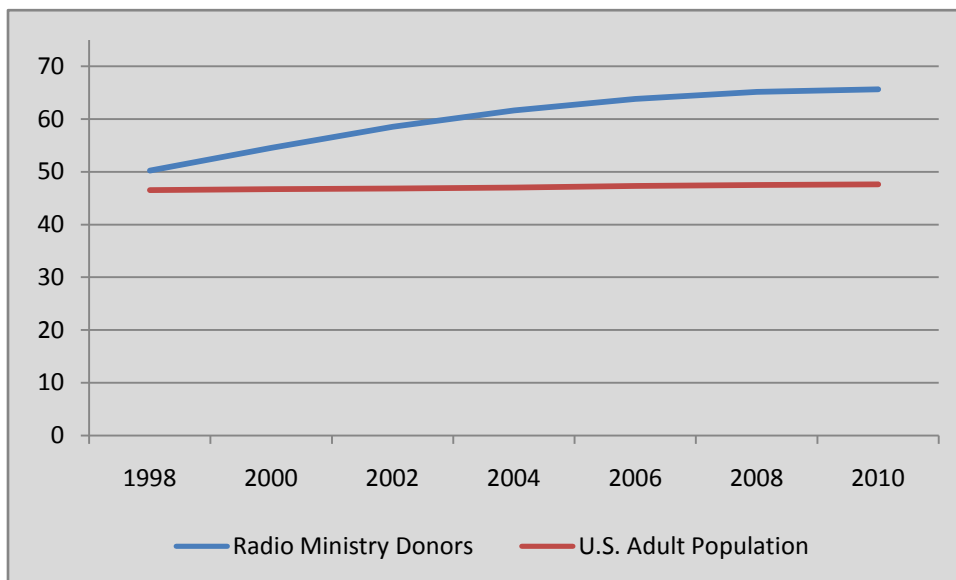
Long Term Problems—Demographic shifts among radio ministries donors

One issue that is often on the minds of ministries we talk with is the “graying” of their donor databases. While a number of ministries have had success in adding younger donors to their rolls, there is still a perception (and as we will demonstrate, a reality) that ageing donor populations are a problem for many organizations. In order to explore this issue, we decided to look back at interviews we have conducted for a number of different ministries since 1998. In order to make sure that this analysis was as meaningful as possible to this audience, we focused on the radio ministry donor audience. The

results presented in this analysis are based on an examination of 4,500 donor interviews conducted for radio ministries over that period. However, the trends explored here match the findings of an analysis of our much larger overall data set of more than 40,000 interviews conducted on behalf of ministries and Christian not-for-profits since 1998.

In order to understand the demographic trends among radio ministry donors we used a time-series regression approach which allowed us to control for a variety of important characteristics of the ministries whose donors we were surveying in each individual case and assess the underlying trend in donor age. We controlled for several ministry characteristics including size of the ministry (as measured by the number of stations on which the ministry has a presence), date of the ministry's founding (to control for the fact that more established ministries might have older donor bases purely through the aging of early donors), and whether the radio ministry was part of a larger ministry organization. The result of this analysis was a slow uptrend in average donor age from 1998 to the present. While the annual trend was small, the result over the course of a decade is powerful. This trend line is shown in graph 1 below. For comparison, we also show the mean age of the U.S. Adult Population for each year and a projection for 2010 based on U.S. Census data.

Graph 1. Average (mean) age of Radio Ministry Donors and U.S. Adult Population 1998-2010 (projected)



The divergence between the radio ministry donor population and the U.S. adult population in average age over the past decade shows that, as their donors age, radio ministries have not successfully acquired new, younger donors to keep their overall donor base on par with the U.S. population. This has important consequences for the long-term sustainability of the ministries. The first one of these we will see manifest itself in the next couple of years—and which has happened already to a number of ministries—is that the average age of a radio ministry donor is now crossing a key threshold at or near age 65. As more and more donors cross this threshold and enter the fixed-income phase of their lives, generating additional marginal donation dollars from this group will become increasingly difficult.

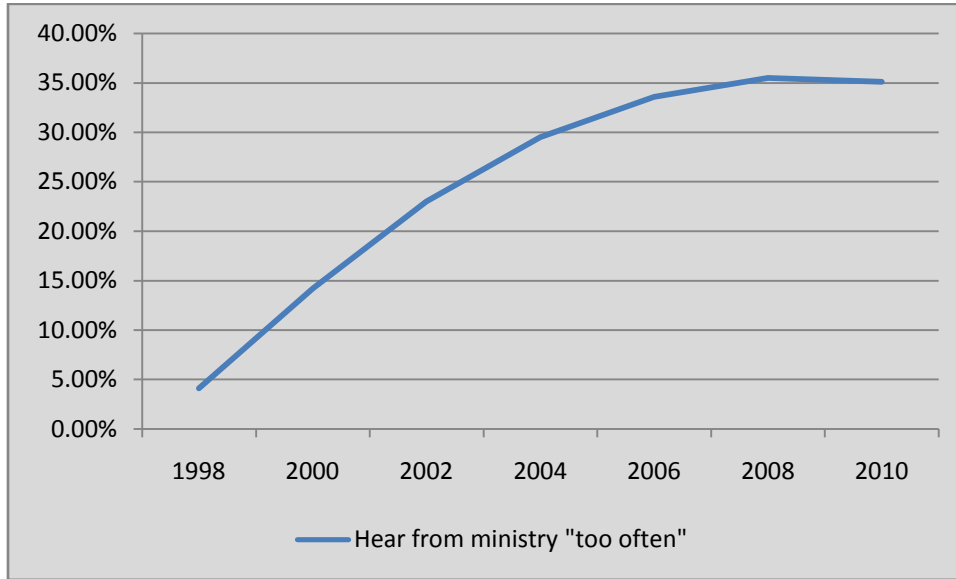
The second important consequence of this demographic trend is that eventually there will be significant attrition from the donor bases of most ministries. To be blunt, this puts a premium on planned giving efforts to ensure that the ministries receive substantial bequest from their donors. It also means that ministries must be proactive in recruiting a younger generation of supporters in order to remain vibrant into the future. And, as this analysis shows, many radio ministries have not yet found success in recruiting new, younger donors.

Implications for New Donor Acquisition and Donor Stress

Beyond the simple demographic trend, this analysis also suggests that radio ministries may simply not be having the success they need in donor acquisition. If this is true, then we would expect ministries to be placing increasing stress on their existing donors as they attempt to generate additional support in order to grow their ministry and deal with increasing costs of operating their ministry. One of the easiest ways to measure donor stress is to measure the percentage of donors who tell us they are hearing “too often” from a ministry they support. Looking again at 4,500 radio ministry donor interviews from the past decade we performed a regression analysis controlling for the same ministry

characteristic variables discussed above. The results of the trend in donors who tell us they hear “too often” from the ministry they support are striking.

Graph 2 Percent of Radio Ministry Donors who hear from ministry “too often”



There has been a sharp rise in the “too much” response that, while it has leveled off substantially in the past few years, is still dramatic. While there are probably several factors driving this increase—including improvements and expansions in the targeting and use of direct mail fundraising, and a general increase of solicitation volume both within and without the ministry community—it is at least suggestive that this sharp increase in donor stress corresponds with the sharp increase in average donor age and therefore potentially with a decline in the success that many radio ministries have seen in donor acquisition.

This donor stress is a potentially significant problem as it can compound the other problems we have discussed earlier in this analysis. Whether the problem a ministry faces is the short term disruption of an economic recession or the longer term issues caused by demographic shifts of radio ministries’ donor bases, donors already stressed by what they perceive as too many appeals for support are likely to be less interested in additional giving. This is particularly critical as many ministries may have an immediate response to a decline in donations by reaching out to their donors with a “special

appeal” or “emergency appeal.” While this has been a successful strategy in the past, the combination of demographic changes (fixed incomes) and donor stress suggest that this strategy may become less effective in the future. This is because a donor base which is primarily fixed-income will have less flexibility to make an additional donation in response to a special appeal. A stressed donor base may be similarly less likely to respond to an emergency appeal because they feel as though they have already been over-solicited, whether by a specific ministry or in general.

All of these issues point to the critical need facing many radio ministries for an aggressive donor acquisition effort aimed at acquiring younger donors. This will help ministries avoid the demographic trap posed by having a primarily age 65 or older donor base and also to expand their donor bases so they do not have to risk over-soliciting their existing donors.

Strategies for acquiring younger donors

The first thing to keep in mind when we are discussing “younger donors” from the ministry perspective is that the relevant age range is in the 35-55 year old range or perhaps even 45-55. While there may be some potential donors under the age of 35, the general finding of our acquisition targeting research among younger age groups is that they are unlikely to commit to sustained relationships with an organization and thus cannot be counted on to help remedy the problems discussed above.

Focusing on the 35-55 year old age group then, based on our research and observation of successful acquisition and retention programs for these donors there are several modifications that a ministry needs to make to its appeals and donor communications in order to expand its base to include more of these donors. First, it is critical to understand that these donors expect much more detail about the programs and purposes their donations are going to than do donors of the prior generation. They want to know how their donations are being used at the micro level and to have a clear “big picture” of the ministry and its plans. This puts a premium on “donor engagement” type communications such as

leadership notes, program updates, thank-you letters and other acknowledgements. These communications can be most effective when they do not explicitly include an “ask” as donors in the 35-55 range often express a dislike for what they see as “stealth appeals” where an appeal for support is included in an otherwise informational piece of mail or e-mail.

Another key to appealing to these donors is establishing an effective multi-channel communications strategy. In our surveys, donors in these age groups often express frustration with the volume of mail they receive and many do not carefully sort their mail before rejecting a large percentage of it as “junk.” This makes it important to ensure that any mail sent to these donors is clearly branded so that they identify it as from a ministry they support rather than as part of the significant amount of unwanted mail they routinely reject. It is also important to reach out to these donors through other communications channels they routinely use including e-mail and telephone.

Online communications can be an important part of a well-structured multi-channel communications strategy. E-mail has potentially significant advantages over traditional mail in terms of cost and immediacy. However, our data suggest a few important considerations for any ministry hoping to expand its online communications. First, it is important to keep in mind that the target donor group (35-55 year olds) generally does not go beyond e-mail in their online activities. Newer innovations such as social networking sites may be valuable in the very long term as potential donors now in their 20s become more relevant, but they have not been widely adopted by donors in the age group we are interested in here.

It is also important to note that many donors in the targeted age group are not necessarily comfortable with an online financial transaction. This is particularly true of donors in the upper half of the relevant age distribution, those between the ages of 45 and 55. This makes e-mail appeals a complicated matter as they can place an additional demand on the potential donor to print the donation information and then mail back a donation in their own envelope. For this reason, we suggest you

carefully study your donors and acquisition targets before you commit to a predominantly e-mail driven appeal strategy. For some groups, it may be best to use electronic communications for “donor engagement” type informational communications and rely on direct mail for appeals.

Another communications channel that we see often being underutilized is the telephone. Particularly for a radio ministry for which voice is such a critical part of the “brand,” the opportunity of recorded messaging direct to voice mail or answering machines can be a powerful tool for donor communications. There are two ways in which this can be utilized to great advantage. First, thank-you messages and program or ministry updates can be deployed quickly and easily using a recorded voice message. This avoids adding to more “cluttered” communications channels such as mail or e-mail and also reinforces the personal nature of the communications since there is an immediate connection with the voice that donors associate with the radio ministry. A less common use of recorded voice telephone communications is pre-notification of a mail appeal. In our studies of appeal response and our studies of mail survey response, we find that pre-notification is a key driver of increased response rate. Again considering the audio nature of a radio ministry’s “brand” it would be valuable in reaching out to these donors (and perhaps all donors) in a multi-channel way to use a recorded call directly to voicemail or answering machines to tell them in advance to expect an important appeal in the mail and to repeat part or all of the appeal message.

Methodology

Data for this analysis were drawn from 4,500 telephone surveys of radio ministry donors conducted from 1998 to 2008. Additional findings and insights are based on more than 40,000 of donors to nearly 100 ministries conducted by Wilson Research Strategies over the same time period.

About the Authors and Wilson Research Strategies

Chris Wilson is CEO and Bryon Allen is COO of Wilson Research Strategies, a national donor and market research company. Since its founding in 1998, WRS has conducted over 2,500 research studies in all 50 states and numerous countries around the world. We have a strong commitment to serving ministries and Christian not-for-profits and have conducted nearly 100 donor studies for these organizations. We have helped leaders of ministries, not-for-profits, and more than 100 Fortune 500 companies and numerous small-to-medium sized companies make better decisions through thorough analysis and interpretation of survey research data.