

# OPTIMISING ENGAGEMENT THROUGH DATA

FROM  
REPORTING  
TO AI

MEMBERSHIP  
INSIGHTS

SEQUOIA  
rise above



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# WHY DATA MATTERS



**Increase engagement**



**Improve renewal rates**



**Upgrade / cross sell**

More and more we are seeing and hearing about data in our daily lives. Think the charts and graphs that were displayed on our television screens during the pandemic, or the massive hype that exploded around the release of ChatGPT. And we have become used to seeing the use of data in our daily habits: fitness tracking devices showing us our daily health metrics, retailers informing us what we want to buy next, broadcasters telling us what we want to watch or listen to, or even our phones telling us where we will be going today and how long it will take to get there. These largely commercial uses show organisations tapping into vast data sources to drive deeper engagement from their customers which leads to more value for them.

Membership organisations are no different and as data becomes more widely collected and easier to process, you could also be using data to help drive your organisational goals and objectives. We are increasingly seeing membership organisations invest in new CRMs which enable them to collect more data about their members, and of course digital take up only increases the volume of this data that can be produced. But are you getting the value from this rich asset that you could and should be?

Each time a member engages with your organisation this can create a data point which tells you something about that member. For example their renewal date, the level of membership they take, taking a course for CPD points or attending one of your events. In the digital world this could be opening and reading an email, or viewing pages on your website.

# WHY DATA MATTERS CONT'D

This information can be used at a macro level to understand which areas of your programme or membership offer are most used or most attractive, but also on a more individual level to understand specific members and their interests so you can deliver more personalised experiences (such as those we get everyday from certain online retailers!). It can also tell you where you currently stand and even where you are likely to be going in the future. And finally, data can help you make strategic and tactical decisions on how to change that future, to get to where you want to be.

And why does this matter? Without this wealth of information at your finger tips you are driving blind, trying to achieve your objectives without a roadmap on how to get there. It's like trying to get to your destination without your trusty sat nav.

In our experience membership organisations are trying to achieve two main objectives:

- Increase their reach through better recruitment and retention
- Deepen the engagement of their members

Data can help you understand, forecast and improve both these elements but it is the latter where we believe there is massive opportunity to create happier members who will become champions for your organisation and help increase the impact of the work you do. It can also reassure or validate your current strategies to de-risk your investment and give confidence in your planning.



**Added value**



**Increase impact**



**Engaged members become champions**

# WHAT SHOULD YOU MEASURE

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As we have already highlighted, data can give you a vital understanding of how you are performing at the moment. But it is not just the data itself! Through measuring and tracking your KPIs you will gain insight which will help you decide on what to do next. Data won't make those decisions for you (not yet anyway) or solve all your business problems, however it will tell you where you need to focus and what decisions might be the best ones.

Begin with understanding what data you have got and what it can tell you. In our experience there is always a wealth of insight you can get from any dataset you may have and it is often surprising how much can be gleaned from even the 'dirtiest' of CRMs. This will also tell you what data you don't have and help build your future strategy on what to collect.

A good starting point for all this is to understand where you are now. We are strong advocates of starting with a holistic view across your whole programme. Without the bigger picture you don't know what you should prioritise and what the overall position looks like. Understand your top level metrics such as volume of members, volume of interactions and the longer term trends. From here you can begin to narrow your focus and take deeper dives into specific areas of your activities. For example it is no good trying to understand how you can recruit more members if you renewal rates are low and you will be unlikely to retain them if you do.

One of the biggest challenges is to understand what information is important to your organisation and what you should be measuring. Most organisations generate a wealth of data ranging from renewal rates, cash flow, event participation, through to email opens, expenditure and income. For each organisation what should be measured is different and depends on the nature of your organisation and your goals.

# WHAT SHOULD YOU MEASURE

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For any organisation the precise measures will vary depending on your circumstances and it is worth spending time thinking about what matters to your organisation, it will help you understand what you need to measure and better understand the health of your organisation. There are four broad categories of data most membership organisations collect.

## 1 - Membership

These are the metrics that describe how your membership is performing and typically measure recruitment, renewals and upgrades. These are at the core of what you do and drive your overall membership reach.

## 2 - Services

Most membership organisations provide members with a range of services, from events to learning resources (often driving professional achievement), or legal advice and insurance (providing more functional benefits). Measuring how members engage with and use your services will tell you more about what members want from your organisation.

## 3 - Engagement

Across your organisation you will have a number of touch points with members, such as how often they login to your website or open your emails, how they engage with social media, or whether they volunteer for you. This multitude of different touch points can act as a measuring opportunity to take the pulse of your relationship with your members.

## 4 - Finance

Sometimes neglected, finance is the cornerstone of any organisation and understanding how recruitment and renewal impact overall income and cash flow is essential for a healthy organisation.

# WHAT SHOULD YOU MEASURE

## RENEWAL RATES

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### Renewal and Recruitment Rates

One of the most important sets of metrics for an organisation are renewal rates and acquisition rates

- **Renewal Rate** – How many of your current members at the beginning of your membership year are still members at the end of your membership year.
- **Recruitment or Acquisition rate** – How many members you recruit in a year.

These are usually expressed as a % of your overall membership and together will help you understand your future membership volumes. From your renewal rate you can also calculate your average length of membership and your average lifetime membership revenue (see the glossary for details of the formulas). When you know your lifetime membership revenue you can start to plan more carefully your cost of acquisition and make investment decisions on recruitment.

Renewal Rates vary considerably by type of organisation, however there are some general trends and three broad categories of membership bodies:

- **Professional bodies – Mandatory.** Where membership is mandatory renewal rates tend to be very high. For example Royal Medical colleges will often have a renewal rate of 95% or higher.
- **Professional bodies – Optional** – There still tends to be a lot of prestige associated with being a member of a professional body. For these bodies a renewal rate of 85-95% would be good.
- **Transactional membership** – Some membership bodies offer a service that people wish to use, membership of the AA or the National Trust. The principal benefit is in the service provided and renewal rates vary between 70-90%

# WHAT SHOULD YOU MEASURE

## RENEWAL RATES

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Even within a membership organisation you may have very different renewal rates between membership categories, students typically will have lower renewal rates as they are often only members whilst studying. Other organisations find that they have both transactional members, who buy membership for a few years for a service, and more loyal members who have a sense of identity in being a member and will stay with the organisation for many years.

And remember, as a general rule members are most likely to leave an organisation in their first year of membership. If you have a good year recruiting members, you are likely to see a decline in your renewal rate in the subsequent years.

Renewal rates represent how members feel about staying in membership. But service use and engagement rates can act as an early indicator of pending renewal rates by showing how members are engaging and how deep their relationship is with the organisation. Declining engagement rates may suggest that there is an issue and that you are likely to see declining renewal rates. On the other hand, increasing engagement rates may precede an uptick in renewals and could potentially suggest price changes are an option. So monitoring these is really important to being ahead of the game to ensure you can react to changes before they actually happen.

Engagement rates are often measured through engagement scoring. Scoring varies considerably between organisations, and are based on a range of metrics relevant to your membership. For example they could be how often a member logs into your website, how often they open emails or use services. For each metric a score is given, e.g. 1 for opening an email or 10 points for attending an event, over time a picture is built up of an individual's engagement score. In practice the majority of members have very low engagement scores with a small number having extremely high engagement scores which reflects the general pattern of membership behaviour. Engagement scoring is very much an art and normally takes three or four cycles of membership renewals to refine to a system that is meaningful for your organisation.

**By understanding how your members engage with you, you can improve your renewal rates driving membership growth.**

# AUDIENCE

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## Who they are

Where are they from, what are they interested in, how do they engage



## Segments

Different ways of segmenting (sports, faculties, services, demographics)

If you understand your different audiences, you can then start to segment your members and look for different types of behaviours, interests or drivers. This can be done initially at a fairly simple level by looking at their interactions with the organisation. Are they members of different faculties or interest points? For example with a sports membership body which covered a range of sports we looked at those who had specific interest in certain sports. Or it could be down to different age groups or location areas.

Beyond this you can segment on the different ways that they behave, looking at email engagement or events attended. This can then be enhanced to look at the level of engagement. Creating an engagement score across all the touchpoints of your organisation is a great way of understanding your members at an individual level. Those at the top will make great candidates to become advocates or champions whereas those at the bottom will need more focus and attention to determine what they want from their membership and how you can provide better value to them.

Understanding motivations is another useful way of segmenting your members. Through research, or simply looking at the ways they engage, you can gain great insight into why people have joined your organisation and what they are trying to get from it which in turn will help you optimise your current services or design new offerings which fulfil their needs.

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# AUDIENCE

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Essentially there are three main ways of segmenting your members:

**Behavioural** - what they do and how they engage with you

- much of this data will be transactional and event driven data that you hold on your CRM, e.g. membership renewal or training manual ordered
- behavioural segments will give you an excellent overview of how your members are engaging with you and are also great at predicting what somebody is going to do next

**Demographic** - who they are and what they look like

- this includes things like age and gender, or even location, which you may already capture but also extends to other factors such as income or family make up - there are a lot of interesting postcode products out there which can be easily matched to your membership base
- demographic segments give you a better understanding of who your members are which will help in determining what kind of offers or services they may be interested in as well as highlighting where to look for new member acquisition

**Motivational** - why they engage and what they want from their membership

- this is often less tangible and will generally need to be sourced through surveys or research
- motivational segments are often hard to assign against all your members but are a useful tool in thinking about product alignment, new product development or innovation

Using one, or a combination of these methods, will help you breakdown your membership into meaningful groups that can be treated on a more personal and appropriate level. And if you start with behaviours, in many cases you will have the data to gain this insight within easy reach through current systems and processes.

By understanding your members through one of more of these lenses you will be able to design your programme to better fit with their needs and desires which will allow to you increase your member value. You can also use them to develop more personalised experiences which we will discuss more later on.

# COMMUNICATIONS



**Optimise response rates**



**Target correct audiences - right message / right channel / right time**



**Automation**



**Personalisation**

Up to now we have talked about using data to understand what is happening in your membership base - who your members are and how they engage - how to predict what might happen in the future - renewal rates or upgrades. But once you have all this information and have determined what your strategy needs to be you can then start to use your data and technology to influence the future, optimise your resources and increase your success rates across your key goals.

In the example of needing to increase your renewal rates, how do you actually go about doing that? It is no good knowing that you need to change something if you can do nothing to affect that change.

In this section we will talk about the ways in which you can use your data to build success into your member engagement programme.

- **Predictive models**
  - Machine learning models can be used to rank and predict the likelihood of each of your members taking a certain action or being interested in a certain offer
- **Personalisation**
  - Using data to help you understand your members can help you deliver more relevant information to them based on what their needs or interests are
- **Automation**
  - Combined with the right technology you can also use your data to automate your communications to ensure you get those messages to the right people at the right time and through the right channels

# COMMUNICATIONS

AI and Machine Learning are clearly hot topics at the moment but they have been around in some shape or other for many years, and have become integral in many parts of our day to day lives. How many of us use a map to get from A to B these days? Rather we rely on our Sat Navs and phones to tell us not only how to get somewhere, but also the quickest way to do so under current traffic conditions. My phone even tells me where I am going some mornings! All this is based on sophisticated algorithms churning through millions of rows of data to gain information, and even make decisions.

But it doesn't have to be science fiction. Machine learning is becoming more and more accessible to us through new technology or even integration into some of our existing software tools. And if you don't have the time or resource to benefit from this then look to a trusted partner to help you open up the possibilities that you could be taking advantage of.

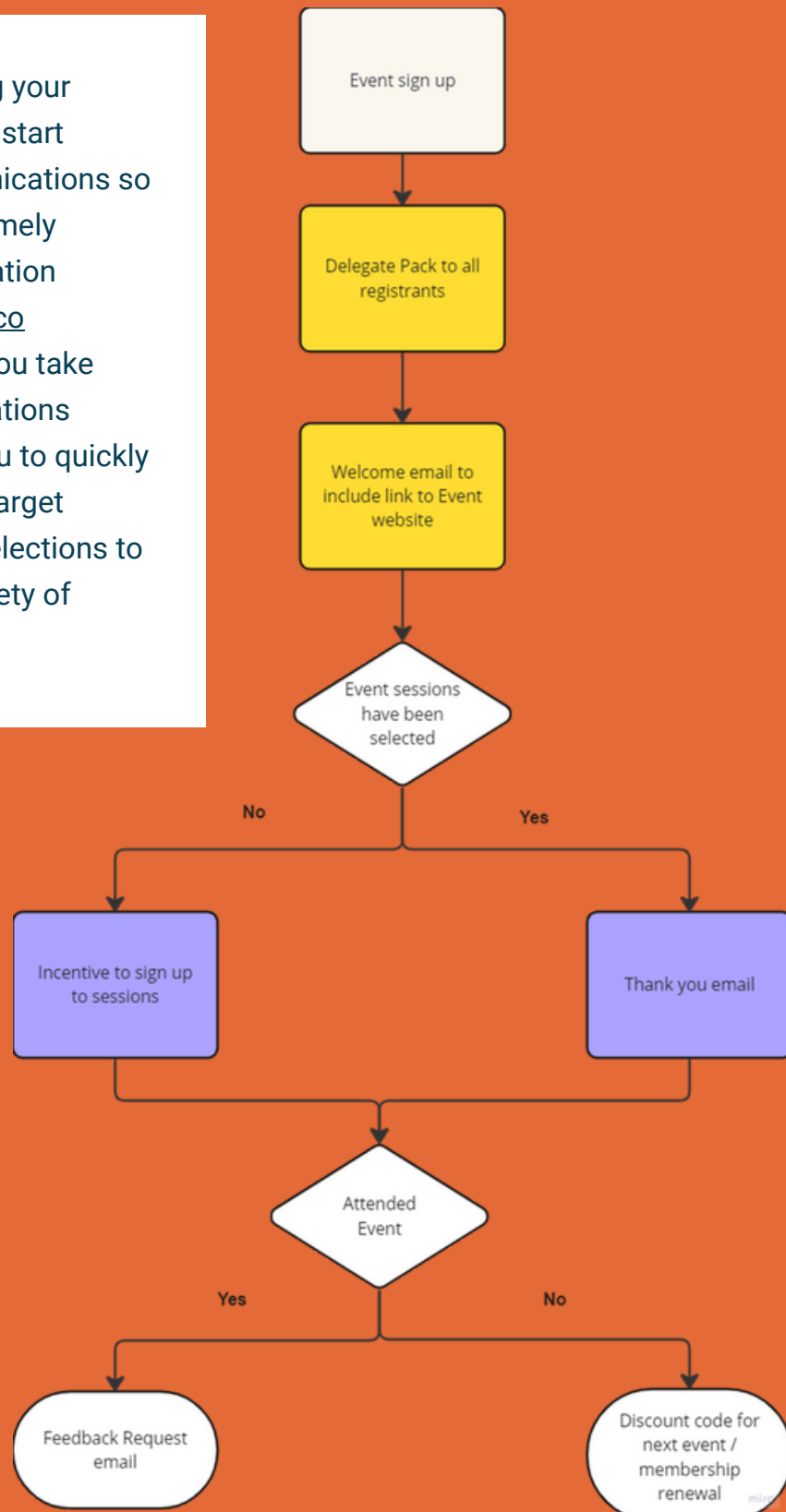
Let's talk about predictive modelling first. Predictive models come in all shapes and sizes but their essential basis is to help you optimise your communications by determining which of your members are most likely to be interested in particular information, offers or messages. This will mean they are more likely to engage with what you send them and therefore your marketing will be more successful. Many of you may already be using data to determine who to send your communications to by segmenting your audiences or using something like an RFV model. Machine learning models can take this process by the nth degree by looking at a vastly more variables and relationships to more accurately rank members on their likelihood to respond to your next campaign.

Whether you are using sophisticated ML models or a more simple segmentation criteria, talking to your members in a personalised manner is vital in today's competitive landscape. Most membership organisations will have a range of members who are potentially looking for different things from their membership. Being able to target appropriate content and messages based on this will help deepen relationships, increase engagement, improve retention and ultimately help you provide greater value to your members and increase your relevancy.

# COMMUNICATIONS

## EXAMPLE EVENT SIGN UP JOURNEY

The final step in optimising your communications will be to start automating these communications so they can be sent out in a timely manner. Marketing automation software such as the [Apteco Marketing Suite](#) can help you take control of your communications programme by allowing you to quickly and easily select specific target segments for marketing selections to be delivered through a variety of channels.



# STORYTELLING WITH DATA

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## Telling a compelling data story

Coming up with a fantastic predictive model and great analytics is a starting point, you then need to convince your colleagues and senior leaders of your analysis and recommendations. This is where storytelling comes into its own and is a vital skill for any analyst. To paraphrase Karl Marx

“Analysts interpret the world, in various ways. The point, however, is to change it.”

Creating a compelling story about your analysis, visualising it and leading your audience through the story is a skill in itself. There is the temptation to let the data and the analysis do the talking, the trouble is data is very bad at talking and people are mostly very bad at understanding or interpreting data. There are some simple techniques and approaches that can help improve and hone your storytelling skills.

## 1. Understand your audience

Data analysis is used to convince colleagues and leaders about a course of action. Understanding the concerns, interests and motivation of your audience is vital to create a story that they find compelling. For example for the finance team, they may be most interested in revenue, for the head of membership it might be growth in member numbers, for the policy team an increase in reach and influence. By understanding the concerns of your audience you can start to craft a narrative which is meaningful and compelling for them.



# STORYTELLING WITH DATA

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## 2. Craft your story

It is important to be clear in your own mind about what the story is you want to tell and to follow. It may well be that you forecast a fall in renewal rates due to a decline in membership engagement. Your solution is to increase membership engagement with online resources through an investment in marketing and developing resources

**a. Follow the storyline structure** – Most stories follow a simple 3 act structure: Setting the scene, the issue or challenge, and the resolution. By building on this simple story structure it is easier for your audience to follow what you are trying to say and to remember the point you wish to make.

**b. Present a solution not just a problem** – Your analysis may indicate an issue, a fall in renewal rates, due to a decline in membership engagement. Business leaders also need to hear your recommendation on how to address this, for example an investment in marketing and developing new resources for members.

**c. Memorable moment** – People are bad at remembering a lot of detail, but good at remembering a key fact or a compelling point that incapsulates the story. Your memorable moment, may be a fact that shows if there is not a change in direction then the organisation will run into difficulties, or it might be the potential of investment.

**d. Use empathy** – The people who will make a decision based on your analysis are humans. We respond well to emotional cues, not just intellectual facts. In telling your data story consider the emotional concerns of your audience and how your story can also address their issues.



# STORYTELLING WITH DATA

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## 3. Create compelling visuals

Data analysis lends itself to visualisation in graphs and charts and we as a highly visual species, we find a picture that sums up the challenge, issue or solution much easier to comprehend than a paragraph of dense text. However a lot of data graphics can be hard to decipher and often contain far too much information to be succinct. Here are some useful tips

**a. Choose an appropriate visualisation** – different types of chart work well for different types of information, line charts work well when comparing change over time, bar charts when comparing the relative sizes of different categories (e.g. number of members in different membership classes). Choose your chart carefully so that it makes your analysis easier to comprehend.

**b. Less is more** – You don't need to show all the analysis, focus on what is most important to your audience and what tells your story most clearly. Appendices can hold the in-depth information if anyone wants to go into detail.

**c. Keep visualisations simple** – Data visualisation tools come with a lot of additional elements, lines, points on a chart which create a lot of visual clutter that can be distracting to an audience and obscure what you are trying to say. Try removing anything that is not focal to your story and use a simple colour palette to keep your audience's attention.

**d. Create Focus** – Even a simple chart can have a lot of information, you can create focus by highlighting the key information. There are a number of different ways to achieve this, you can fade out data points that are not central to your story or use bold colours and text to highlight the key elements on your visualisation that you want to draw attention to.

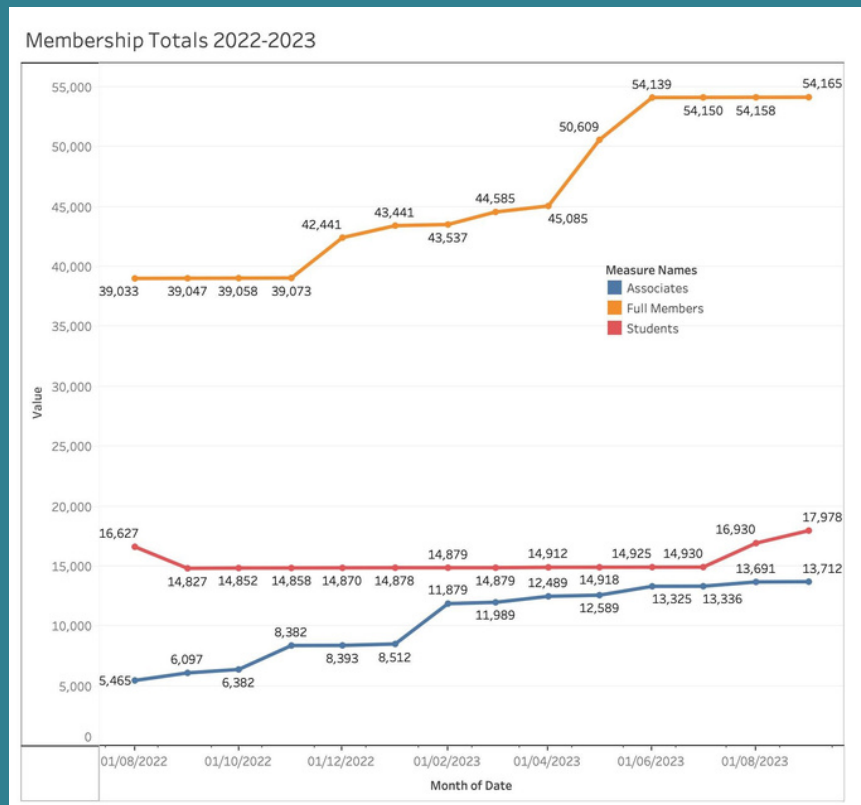
## 4. Be prepared for your presentation

Once you have crafted your story make sure that you feel confident in your presentation and that you are prepared for questions. Whilst your analysis and story should speak for itself, in practice the strength of your own convictions and your belief in what you are saying will communicate themselves to your audience and make your story more compelling. Practicing your presentation in front of colleagues and asking for feedback and questions will help you be well prepared for when you have to present to senior leaders and will make the whole presentation more enjoyable!

# STORYTELLING WITH DATA

In the example below we have a chart showing how different membership classes have grown during the membership year. The story we want to draw our readers attention to is the fact that student membership has hardly grown. In the first chart the large amount of information and detail make it harder to see the story we want to tell. In the second chart all the information is there, but the readers attention is clearly drawn to the issue with student membership growth.

Cluttered visualisation



Simplified visualisation focussing on students



# GLOSSARY - ESSENTIAL MEMBERSHIP MATHS

**Renewal Rate** – Renewal rate is calculated as the number of members at the end of your membership year, minus the members you recruited during the year, divided by the number of members at the beginning of the year as a percentage.

$$\frac{\text{Members at end of year} - \text{Members recruited}}{\text{Members at beginning of year}}$$

An example:

Members at end of year = 12,000  
Members recruited during the year = 2,000  
Members at beginning of year = 11,000

$$\frac{(12,000 - 2,000)}{11,000} = .91 = 91\%$$

**Average Length of Membership** – The average length of membership is 1 divided by 1 minus your renewal rate as a decimal.

$$\frac{1}{(1 - \text{Renewal rate as a decimal})}$$

An example:

$$\begin{aligned} \text{Renewal rate} &= 91\% \\ \frac{1}{(1 - .91)} &= 11 \end{aligned}$$

In this example the average length of membership is 11 years.

**Average lifetime value** – This formula only works for average subscription revenue and assumes that you don't change your prices. In reality membership fees will change and members will use services increasing the value of the member to your organisation. Despite these limitations average lifetime value is a good measure to help you think about investing in members. If you are going to generate £1,100 in membership fees over 10 years and it costs you £500 to service a member in that period you can start to think about how much to invest in acquiring a member.

The formula is average length of membership multiplied by the membership fee.

Average length of membership x membership fee

e.g. Average length of membership = 11 years  
Average membership fee = £100  
11 x 100 = £1,100