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Donating Through Memberships:

Perks, Presence, and Purpose

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Abstract

This paper discusses why donors choose to give through membership at the Egyptian Theatre in DeKalb, Illinois. Information regarding the Egyptian Theatre is found within the methodology section, describing its history, size, and events held at the Theatre. Within this piece, the topics of defining membership, membership at nonprofits, member’s impact of giving to nonprofits, member’s motivation for giving at nonprofits are explored within the literature review. These draw from other works and look towards existing information within the academic world in regard to donor motivation and the impact of reoccurring giving. The methodology explains how this research was conducted and how it will be used. The results, implications, and recommendations expand upon the findings of this study and give insight as to how the Egyptian Theatre can use this information moving forward to improve their membership programs. From the research done, it is concluded that many members give solely based on associated perks with the given level of membership. All the interviewed members used some perks associated with their status the last few times they attended an event at the Egyptian Theatre. It was also found that most members of the Egyptian Theatre live within DeKalb County, leading to the assumption that the Egyptian Theatre retains donors closer in geographic location better than those further with the exception of five members outside of Illinois (including Florida, Minnesota, Iowa, and Pennsylvania). Overall, it is concluded that members at the Egyptian Theatre give because of the associated perks, geographic location, and because they want to support the Theatre.
Introduction

Nonprofit organizations, much like for-profit organizations, need money to operate. While some nonprofits get money from grants or large corporate donors or family foundations, individual donors are a large part of what keeps nonprofits afloat. Of this subsection of donors, if there is an option, many will give through memberships. Memberships often consist of different levels of giving at various price points and will sometimes have perks associated with the different levels. These levels make it easy for donors to give once and be recognized for their donations. At the Egyptian Theatre in DeKalb, Illinois, there are three levels of giving. Each level of the membership has various perks that the Egyptian Theatre uses as an incentive to give. For example, when choosing to become a member at the Egyptian Theatre, the donor is able to purchase tickets to events sooner than those who are not members, which could be a motivating factor. Other nonprofits, however, do not use perks and simply have a set amount a donor can give, and this is enough for many people. Though they are different, people still choose to donate through memberships with or without perks.

This research topic is important to our understanding of the nonprofit and NGO studies because much of what we learn is about different ways for nonprofits to obtain funds and remain in operation. By better understanding why donors give, we better understand how to market to these donors. We also gain an understanding of how to retain these donors and potentially have them continue to give year after year. By studying donors who give through memberships at the Egyptian Theatre in DeKalb, Illinois, there will hopefully be a better understanding of why donors choose to give through membership and why they may continue to give this way. The research question that will be discussed is why do donors at the Egyptian Theatre choose to donate through membership as opposed to other forms of giving?
Literature Review

*Defining membership*

Nonprofit organizations, much like for-profit organizations, need money to operate. While some nonprofits get money from grants or large corporate donors or family foundations, individual donors are a large part of what keeps nonprofits afloat (Ki & Oh, 2016; Marquis, Davis & Glynn, 2013). Many nonprofits structure fundraising programs for individual donors around two major forms of giving: donation and membership (Kim & Gupta, 2001). These two forms of giving are often used interchangeably however, they do mean different things.

Memberships often consist of different levels of giving at various price points and will sometimes have perks associated with the different levels. These levels make it easy for donors to give once and be recognized for their donations. Memberships also makes donors more valuable (Kim & Gupta, 2001) in that they are more likely to continue giving rather than donors who make singular donations on occasion.

*Membership at nonprofits*

At nonprofits, many members form a bond with the group of other members and the nonprofit they are giving to (Ki& Oh, 2016; Kim & Gupta, 2001) and because of this, they are more likely to continue giving. Members want to belong and by creating a place for them to give and find other like-minded people, they are able to do just that. Many members do not start of as members. They may start as someone who donates once, then move up to donating a few times a year, then move to membership. Their intrinsic desires may change (Kim & Gupta, 2001), causing them to change how they give their money. They may feel more drawn to the nonprofit since they are volunteering there or are being aided by its services. More simply, donors will
create, what some would consider, a friendship with their nonprofit and choose to support them in a more consistent way.

Member’s impact of giving to nonprofits

From 1999-2009, it was found that “there has been a 59% growth in the number of public charities and a 54% growth in the number of foundations in the United States” (Khodakarami, Peterson, & Venkatesan, 2015, pg. 77). Because of this rapid growth, nonprofits need to know how much money they are expected to have month to month and year to year. Consistency in giving is crucial for a nonprofit’s success (Kim & Gupta, 2001) so that they can easily and routinely predict what funds should be expected to come yearly. Many local and/or small nonprofits are heavily dependent on donor funds and their sustainability without these gifts and scarce (Cliff, 1993). Donors tend to be more scattered and less easy to follow (Kim & Gupta, 2001), whereas memberships repeat, and reminders can be sent to those subscribed to this form of giving. It is slightly easier to calculate their impact and how much money will come from this program than from random donations.

It has also been suggested that donors care more about the amount spent on social programs than where the money is coming from for these programs (Gittell & Tebaldi, 2006). While donors do tend to like to see the impact they are creating, many just want to see impact being created regardless of who is giving the money.

Some members may also be hesitant to give more through higher levels of membership because of the associated perks. Often times, the high member a donor is, the more perks they get, but if they do not feel like these perks are worth it or will be used, this may stop them from going up to the next level, but they will instead give an additional donation unrelated to their membership (Kim & Gupta, 2001). This is something that does not have much further research
in, but what does exist explains that many donors want to give but also do not want to feel as though they are wasting their money, so they will give in smaller amounts more often if they feel as though this makes more sense financially. Many are motivated by different things, but still choose to give through membership because of the intrinsic value and associated perks.

Member’s motivation for giving at nonprofits

While all members and donors are different, many have similar motivations for why they give through membership as opposed to other forms of giving. While some researchers claim to have no idea as to why members give in the way that they do (Sargeant, Wymer, & Hilton, 2006), others (Mirabella, 2013; Kim & Gupta, 2001; Van Slyke & Brooks, 2005) dive deeper into why this form of giving may be their choice.

Many donors give without any expectation of tangible benefits (Kim & Gupta, 2001), but those who choose to give through memberships may see their donations as much more transactional. They pay a monthly or yearly fee and receive benefits or perks, as well as supporting the nonprofit. However, this may lead some members to feel like they have already donated money as they are paying membership fees (Ki & Oh, 2016), and can lead to these donors making large donations elsewhere.

In comparison, a member who is satisfied with the nonprofit they are giving to is “three times more likely to donate to the organization than members who are dissatisfied” (Ki & Oh, 2016, pg. 3). This means that those who are pleased with the nonprofit are more likely to act upon these good feelings than those who are on bad terms with the organization and these members should be pursued. For example, a member at an art museum with longer membership (Ki & Oh, 2016) and enjoys going to the museum multiple times a year is more likely to continue giving than a member at the same art museum who has only been once.
Members can also be motivated by the desire to act. Charity gives donors and members the opportunity to act (Mirabella, 2013) when they have a desire but feel like they have no power as an individual. Having multiple forms of giving (Kim & Gupta, 2001) allows donors and members to not only form a relationship with the nonprofit, but also use the desire they have to do good and provide a nonprofit with the means to do it.

Members also give because it “feels good.” Instead of thinking of the gift as a transactional or because they have a need to act, many donors give simply because it makes them happy. Many researchers, like David M. Van Slyke and Arthur C. Brooks of Syracuse University, discuss that donor motivation change in “Why do People Give?” They write that some of the more important reasons for donating seem to be “belief in the cause, joy of giving, liking to be asked, altruism, sympathy, pride, obligation, reciprocity, nostalgia, and commemoration” (Van Slyke & Brooks, 2005). While no two donors are the same, many have similar habits or reasons for giving, so understanding what other organizations have found can be very helpful.

**Conclusions and Needs for Additional Research**

Currently, most research about nonprofits and memberships exist only at a large-scale or are too broad to be applied to every nonprofit. Many of the pieces discussed in this review understand that much of their information, while primarily backed-up by data, can only be applied to the nonprofit they were studying and is not always applicable to others. With the limitation of nonprofit size and direct member interviews, it is clear that more research is needed in this subject.

To fill this gap of information, more research into smaller nonprofits is needed in order to find difference and/or similarities with existing data surrounding larger nonprofits. Nonprofits
operate differently and do understand why membership is an effective form of giving, there
needs to be research done at all sizes of nonprofits. Research surrounding qualitative data should
also be collected to better understand this subject. Talking directly to these members will help to
gain insight as to what they are thinking. Only one piece, “Determinants of donation amount in
nonprofit membership associations” by Ki & Oh, 2016, expressed the importance of speaking
with donors to understand their satisfaction and how that impacts their reasons for giving and the
amount they give.

Overall, much of the existing research is incredibly informative and important for
dissecting memberships at nonprofits, but for research regarding smaller or more local nonprofits,
the information is lacking. Having this insight would lead to a better understanding of why
donors choose to give through membership, both motivation-wise and amount-wise.

**Methodology**

In trying to answer why donors at the Egyptian Theatre choose to give through
membership as opposed to other forms of giving, there are several methods that can be used to
collect data. This research focuses on the donors who give through membership at various levels
at the Egyptian Theatre in DeKalb, Illinois. This organization was chosen because they are
currently working to redo their membership program and are looking for answers as to why
people may give through membership instead of other ways. One reason may be that “members
expect to engage with [the] organization” (Zirulnick, Goligoski, & Rosen, 2020) but the
Egyptian Theatre also offers many perks with their membership status, so this could be another
reason.
History and Governance

While the Egyptian Theatre does have connections to the discovery of the tomb of King Tut in 1922, the Egyptian Theatre that is standing in DeKalb today was not built until 1929. Opening December 10th of that same year, they started as a for-profit business, along with the other 100 theatres across the country by the 1930’s. In 1978 the Egyptian Theatre became a nonprofit in order to receive funding for the necessary renovations it would need to remain standing. Today, the Egyptian Theatre is governed by nine board of directors. As a result of transparent practices, the Egyptian Theatre has earned the GuideStar Platinum Transparency Seal (2020).

Size

The Egyptian Theatre operates with six staff members and around 75 volunteers as well as interns from time to time through the DeKalb County Nonprofit Partnership drawn mostly from Northern Illinois University. According to their website, the Egyptian Theatre is averaging 150+ events a year, ranging from movies to live theatre to standup comedy to concerts. They also have many generous donors resulting in $6,123,775 being raised for their current expansion project. This project will focus on protecting the building that is currently standing and expanding to accommodate future growth. The Egyptian Theatre also has a membership system that allows donors to choose which of the three tiers they want to give in and receive the correlating perks. This system allows the donor to give once at a set amount and get rewarded for doing so.

Events

The Egyptian Theatre hosts a wide variety of events throughout the year. The event schedule changes from year to year, but in the past, their biggest turn out is usually Gaelic Storm,
a Celtic rock band that has been touring and creating music for two decades. The Egyptian Theatre also hosts smaller, more intimate events, and is able to be rented for private events, weddings, photo shoots, and even paranormal investigations. With roughly 1,400 seats, plus extra rows that can be added, the Egyptian Theatre can accommodate for large crowds or private events. With such variety, patrons are encouraged to find the show that best suits them and there is something for everyone.

Data

The best way to conduct this study will be to look through records kept by the Egyptian Theatre, interview people who are current donors at the Egyptian Theatre, and research what other organizations have reported about their donor motives. This variety of information will allow for the most diversity in answers and create a better understanding of why donors may choose to give through memberships at the Egyptian Theatre.

The Egyptian Theatre collects data on the demographics of their donors, specifically gender, age, and location. Understanding the different demographics of the donors and members can help to better analyze who their current donors are and who they may want to target in the future. If the Egyptian Theatre knows they have a lot of members from DeKalb, they may not have to focus their marketing efforts there or if they know they have a lot of male donors, they may want to focus on attracting more female or non-binary members to create diversity amongst donors. There is also existing data as to how long these members have been donating to the Egyptian Theatre. The length of membership can show if donating this way is more about loyalty to the Egyptian Theatre or if it is more transactional because of the associate perks. The Egyptian Theatre also tracks whether or not these members have bought tickets to any events in the past year. If members are just donating to donate and not using the perks, this can also help the
Egyptian Theatre better understand how they should be advertising their membership programs to potential donors. If many members are buying tickets and using perks, this can also tell the Egyptian Theatre new information about their membership programs. All of this information can give insight into why a donor may choose to donate through a membership. Seeing patterns in race or economic class or length of membership can show trends in the types of people that choose to become members of the Egyptian Theatre. This data will be quantitative in that there is a set amount of people being analyzed and in looking at the trends this information produces. Having these numbers shows concrete evidence as to how many members there are but will not fully answer the question as to why they give.

Along with existing data, interviews with current members were conducted. By sitting down with current members, questions that would otherwise not be answered will be. Hearing first-hand why a donor gives is valuable information and will give great insight into answering this research question. Many of these interviews were moved to being completed through emails. This was easier for a majority of the interviewees. One interviewee chose to do the interview via phone call. These different ways of interviewing allow for different amounts of information to be gathered. With the emails, I received somewhere between three and fifteen sentences depending on who was answering. With the phone call, I was able to ask the interviewee questions as I thought of them in the moment. In the future, I would probably opt for more phone calls or in-person interviews, but this is what worked for the time being.

The Egyptian Theatre helped to arrange ten potential interviews with some members that have been giving for years and some that are relatively new to help create a diversity of answers. Of the ten perspective interviewees, five members were interviewed. This information is both qualitative and quantitative. Some of the questions the interviewees answered are qualitative,
asking for reasons as to why they give, and one of the questions is quantitative, asking for how long they have been giving. These interviews will consist of several questions regarding why the donor chooses to give through a membership and if the perks are a motivating factor, along with other questions. Though the Egyptian Theatre does tend to have an older demographic of donors, the interviews had members ranging in age from 30-65+, this way there is a wide range of feedback from different age groups. The members that were interviewed were also almost evenly split male and female, with three men and two women. This allows more diversity in what donors of each gender may think.

All this information gathered for this research will help to better define what motivates donors to choose to give through memberships at the Egyptian Theatre as opposed to other avenues of giving. Donor motivation changes and each donor is different, but there are trends that can be seen and better understood to help with this research project. Seeing the data collected from the database and having the answers from the interviewed donors shows different aspect of the same answer – why members give. Using these various methods, I will have the best chance at getting results and being able to analyze what information I get. If I were to repeat this project, I would most definitely interview more members and try to interview members who have stopped giving to understand why they stopped. Both sides can help to understand donor motivations within the Egyptian Theatre.

Results, implications, and recommendations

Results

The Egyptian Theatre has several levels of membership within their organization. At the Bronze level, donors give $50 and receive: advanced ticket purchasing for select shows, concession discount coupons, and 10% discount at participating downtown DeKalb restaurants.
including Byers Brewing Company, El Jimador, The Hillside Restaurant, Hometown Sport Bar and Grill, Jamrah Restaurant, Keg & Kernel, Rosita’s Mexican Restaurant, Tapa La Luna, Thai Pavilion, and The Lincoln Inn at Faranda’s. At the Silver level, members give $100, and receive all of the previously listed perks, as well as: four free movie tickets and half off any size popcorn at each event they attend. Finally, at the Gold level, donors give $250 and receive all previously listed perks from the Bronze level, as well as: two free tickets to all movies, free small popcorn at each event they attend, free refills on popcorn, fountain drinks, and coffee, free ticket exchange, and a free theatre tour for them and ten guests of their choice. These various perks can be seen as an incentive for donors to start being a member or even potentially upgrade their status for better rewards.

Ten members were contacted via email requesting to interview them and only five members responded saying they were willing to be interviewed via email. This does limit the scope of the information collected, but because there are some opinions from each level, it is still diverse. The five consisted of two from the Gold level, one from the Silver level, and two from the Bronze level. For their privacy, they will remain anonymous. All of them answered the following questions: How long have you been giving to the Egyptian Theatre? Why do you choose to donate through membership rather than one-time donations? and Do you use the perks associated with your level of membership? If so, which ones? If not, why?

The first person I spoke with was a woman from the gold level, and she explained that “covid aside, [they] use the movie tickets and some of the concession stand privilege.” She also believes they have used some of the dining discounts but not in the past couple of years due to COVID-19.
The second person I spoke with was a man from the gold level, he wrote that he chooses to continue to give because of the advanced ticket sales as well as many of the other nice perks. He finds it is easier to give yearly as opposed to sporadically.

At the silver level, I spoke to one man. He explained that “[his] family and [he] really enjoy going to the theatre and like the perks that come with the membership. [They] attend a few events a year, and membership gives [them] some added benefits with also supporting the Egyptian Theatre. The perks [they] probably use the most are the concession discounts. Since [they] attend a few events a year and already are going to be purchasing concession items, it’s nice to have some of those discounts. [They] would like to attend more movies at the Egyptian Theatre and utilize those tickets, but timing and babysitting for [his] children don’t always work. Most events are generally attended by [his] whole family.”

The woman at the bronze level I spoke with wrote that “[she] has used the option of purchasing tickets early because of membership advantages” and the man at the bronze level stated that “[he] has not used many of the perks for a couple of years, because [he has] not gone out much [due to COVID-19].”

From these interviews, the members make it clear that, for the majority, the perks are part of the reason they give. They are, as the name suggests, a perk. Having the added bonus of a free popcorn or discounts at local restaurants seems to motivate donors to choose a higher membership level than they perhaps would have without the associated perks. Some of the donors even expressed interest in returning to the theatre soon to use more of their perks since, in light of recent events, they were not able to do so.

With access to the Egyptian Theatre’s database of donor information, many conclusions were able to be made. With my limited knowledge of the database, I was able to pull information
about all patrons of the Egyptian Theatre and look through records of who had a membership. Currently, there are 257 total active members across all levels of giving. 128 are Bronze, 89 are Silver, and 40 are Gold. This clearly shows that Bronze is the most popular level of giving, with Silver as the second option, and Gold as the least popular. This could be because of the price at only $50 compared to the other two levels or this could be because donors at this level feel as though they are getting their money’s worth out of their perks at this level. I also noticed that there were many memberships that had expired which made me wonder if the patron knew it had expired or if they purposely did not renew their membership.

Many members have also been giving for many years, some as many as a few decades. The female gold member and her husband have been giving for a better part of two decades, the male gold member has been giving for just under five years, the sliver member has been giving for three to four years, the female bronze member was unsure how long she had been giving but has appreciated the theatre for a long time, and the male bronze member, and the female bronze member has been giving to the theatre somewhere between ten and fifteen years. This wide range of timespans shows the strong retention the Egyptian Theatre has with members and that members are satisfied with the Egyptian and wish to continue supporting it. Their presence is known and having the constant inflow of donations makes it easier for the Egyptian Theatre to predict the amount of money they have to use for future events and upkeep of the Theatre.

Of the 257 donors, 185 of them live within DeKalb County, where the Egyptian Theatre is located and 72 of them live outside of DeKalb County. This shows us that the Egyptian Theatre does a great job at retaining donors who are geographically close to the theatre. Those who live within DeKalb, or within driving distance of the Theatre may be more likely to give because they are close enough to benefit from their own donations and associated perks on a
regular basis. Outside of the county, people may not have as much of a reason to go to the theatre, but clearly something is drawing them in. This could be the shows being hosted or donors may have had a good experience at the theatre and want to support it. Five members, however, live out of state in Florida, Minnesota, Iowa, and Pennsylvania, so what is driving them to give? My guess is that they have some sort of connection to the theatre. Either through attending a show in their youth or working there in the past, this theatre had a real impact on them and so even though they may not be able to attend events or use any perks, they still choose to support the theatre financially.

Implications

Are the perks associated with each level of giving worth it? In short, yes. Many of the people I spoke with seem satisfied with their membership level and the associated perks. The members often use the perks when they do go to the shows and consider these perks part of the reason they continue to give. But is this the only reason donors choose to give through membership at the Egyptian Theatre? No, there are plenty of other reasons donors give through membership. Yes, the perks are helpful, but they are not the sole reason.

Most donors give through membership simply because it is easy. As the male gold member explained, they can set up the membership and forget about it for twelve months. Having this convenient system allows for more donors to give than if every time they wanted to give a small amount they had to go to the website, find the donation button, and put in all of their information. Some donors, like the male from the silver level and the female from the bronze level having been using this system for so long they simply do not remember how long they have been giving. This shows many members have built trust with the Egyptian Theatre and continue to give year after year.
Going back to the database, in seeing that many people had expired memberships, I would want to look into more about why that happened. Do they know that their membership has expired? If not, is the Egyptian Theatre doing anything to inform them of their status? If they do know it is expired, why are they not renewing it? These are things that would be interesting and important to know in furthering this research to better understand why donors choose to give through membership and why these people in particular have chosen to stop. Having that information could tell the Egyptian Theatre what to do differently to retain more donors.

**Recommendations**

From all of the information gathered, both through the literature and firsthand data, there are a handful of recommendations for the Egyptian Theatre. The first recommendation would be to keep the existing membership the same. What they are doing is working and makes sense for their organization. Those who have been giving to the Egyptian Theatre for many years seem to like the way it is set up and the perks they get at the respective levels. If the Egyptian Theatre wanted to add more levels, it would be quite simple to add a $500 or even $1000 level, but figuring out what perks to go with could be challenging. Along with all previous levels, they could include something along the lines of a yearly event exclusively for high level donors or extending the membership to family member(s). Having high value perks gives people an incentive to give higher amounts.

A second recommendation would be figure out what audience you want to bring in and focus marketing there. Do you want to increase the number of donors outside of DeKalb County (or inside) or do you want more people at the highest donor level? Knowing who you want to target can make it easier. To build your network, start with something simple like “relationship mapping.” This exercise lets you visualize who you know and who your networks knows so you
have a better understanding of who you have access to. This tactic can be useful as a task for your board of directors to complete. Asking them to bring on, collectively, 5 new donors every year and retain them for at least two years is a task that can be completed by the entire board or by a select committee.

Overall, members give for many reasons at the Egyptian Theatre. Some for transactional reasons and others for the feel-good connection they have made over the years because of the events they have attended through the Theatre. Most importantly, the Egyptian Theatre is retaining these donors, and many are staying on for several years, so what they are doing is working.
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http://www.jstor.org/stable/43784391


