



Get Your Group On

By Joelle Seligson

In the early hours of Oct. 20, 2009, Will Cary sold nearly 100 memberships in his sleep. Another 50 had been purchased by the time he got to work at the Brooklyn Museum, where he was then membership manager. By the end of the day, 857 people had joined. “We’ve never a campaign comparable,” Cary notes.

It was the Brooklyn Museum’s first foray with Groupon, an online collective-buying service. Groupon has so far sold nearly 5 million of its one-per-day-per-city deals, saving consumers around \$200 million. Given its massive, Web-savvy subscriber base, the company has also attracted museums looking to access new audiences and sell hundreds or even thousands of memberships in 24 hours—with no upfront cost. But is there a price?

Groupon’s been around since November 2008, when it began working with businesses in its home base of Chicago. The service gives a day- or weekend-long window for consumers to purchase a deeply discounted deal, often anywhere from 50 to 90 percent off. The deal only goes through if a minimum number of Groupons are purchased, ensuring the featured business gets, well, a group of people in the door.

“We think of it as an alternative to traditional advertising,” explains Mark Desky, vice president of marketing at Groupon. “A business might advertise in a newspaper or online, spend a certain amount of money and hope for a return. Here, they only pay for the customers who actually sign up and purchase.” Groupon collects the profits, retains a portion and forwards the rest to the merchant.

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Groupon is “much cheaper” than traditional marketing campaigns, notes Melissa Ferguson, director of marketing and communications at the Columbus Museum of Art, eliminating such expenses as printers, paper and mailing lists. “It also happens much more quickly,” she adds. It was a month from the Columbus museum’s first conversation with Groupon to the day the deal went live, selling 336 memberships.

In the 18 months since its start, Groupon has set up virtual shop in more than 50 cities, from Boston to Seattle to Fort Worth to Vancouver. The deal for Sioux Falls, S.Dak., on a Saturday morning in May was half price on \$10 worth of “specialty wieners and thirst-quenching drinks at Señor Wiener.” (More than 400 had been purchased so far.)

Restaurants have long been a staple of Groupon’s clientele, but it wasn’t until July 2009 that a museum gave it a go. Groupon approached the National Museum of Crime and Punishment (NMCP) when it first entered the Washington, D.C., market. “In the beginning, I had never heard of them, so I was a little bit hesitant,” recalls Janine Vaccarello, chief operating officer at NMCP.

Ultimately, though, she decided there was no harm in trying. NMCP signed up to offer its \$20 tickets for \$10. Thirty needed to sell for the deal to go through. More than 1,500 were purchased.

Those numbers don’t compare to the effect Groupon had on the Fernbank Museum of Natural History. More than 3,200 people bought a half-price family membership, increasing the Atlanta museum’s membership by nearly one-third.

At the same time, the individual membership Fernbank offered through Groupon the same day didn’t reach its tipping point, selling only 72 out of the required 100. And the Jewish Museum in Manhattan sold only 44 family memberships—reaching its target number of 40, but certainly not the heights witnessed a borough away.

The Jewish Museum generally attracts

“a more senior population,” acknowledges Director of Membership Marcia Miller, than the Brooklyn Museum (or Groupon itself). It also doesn’t have the same social-media presence, which Cary, who has since moved on to direct member services at the Portland Museum of Art in Maine, says the Brooklyn Museum used as an essential tool for spreading the word on the deal. “The key for us here was the groundwork that the museum had laid online,” he says. “We’re fortunate enough to have a large following on Twitter and Facebook, so that when the day came along we ... just reached this cascade.”

Cary also turned to the museum’s online community to express his concerns about discounting membership in this manner. The day of the sale, he posted a lengthy entry on the museum’s blog, stating that he had previously been “completely against” the idea. Not only does the Brooklyn Museum work hard to make membership levels affordable, Cary wrote, but “when you offer membership for a lower price you essentially admit that you think the membership is worth less than what you were charging before.”

Then there’s the risk of alienating current members who paid full-price by allowing newbies to sign up at a discount. While a few museums have allowed members to use Groupon to renew their subscriptions, most have included such disclaimers as “valid only for new members or if you haven’t had a membership in the past two years” in the fine print. Generally, Groupon joiners have never before been members of the museum.

The deal “penalizes those of us, like myself, who are members of the museum and on a limited budget,” wrote a commenter named Tracy in response to Cary’s post. “I winced at having to write my renewal check this past August and seriously considered not renewing for financial reasons. To find out that I would have been rewarded had I waited is frustrating, to say the least.” (As Cary replied, though, the Brooklyn Museum was one of those that allowed current members to use the Groupon membership to renew at the

discounted rate. Tracy then changed her tune, commenting that she was “happy to continue to support the museum.”)

Groupon also requires museums to give up content control. Much of the service’s youth appeal comes from its write-ups, which are composed by a team of humor writers and comprise equal parts sales and snark. “We provided information about the museum to them, but they really tailored it to their audience. You have to be comfortable with that,” warns Ferguson of the Columbus Museum of Art.

The Columbus museum’s deal, for example, was accompanied by a “Guide to Art-Museum Banter,” urging subscribers to memorize a few “handy art criticisms, which are guaranteed to apply to any work in the Columbus Museum of Art.” The guide then provided three suggested talking points, including, “Some say those are boxes, but to me they appear as triangles. Either way, this painting is about Lou Gehrig’s desire to adopt a dog.”

Ultimately, both Ferguson and Cary came to see Groupon as a win-win for the museums and for members. Along with membership, the Brooklyn Museum’s deal included tickets to a preview of the photography exhibition “Who Shot Rock & Roll,” complete with a performance by Blondie. Groupon gave hundreds a chance to attend the opening.

While he was still in Brooklyn, Cary said he was not planning to repeat the offer, however. “I don’t want to set a precedent for people to think that they can wait around for us to do this again,” he explained. “We’re all for experimenting here ... but at the end of the day, I feel that we charge the right amount for a full membership.”

Other museums are waiting to see whether Groupon members will pay full price when their discounted membership lapses. (As none of the Groupon memberships had been in place for a full year as of press time, this question has yet to be answered.) The Art Institute of Chicago (AIC) gained almost 5,000 members in one weekend last August. That’s about 5 percent of AIC’s total membership base,

and almost half the members it gained throughout 2009. Still, Jennifer Thielen, associate director of membership, hesitates to herald the Groupon deal before it hits the one-year mark. "I will call it a success after I look at renewal rates," she says. But, she adds, "That's not to say someone wasn't a valuable member if they were only with us for one year, because we've started a new relationship with that person."

A prime example is Sara Hall, a 29-year-old who joined AIC through Groupon. Along with yearlong admission to the museum, the deal included a membership to the Evening Associates, which Groupon described as "a premier group of almost 1,000 young professionals hip on Chicago's art scene."

Through Groupon, the Evening Associates nearly quintupled overnight. Though the five-year resident of Chicago had been to AIC a handful of times, Hall admits that if not for the Groupon discount she probably wouldn't have signed up for membership at the museum, much less with the Evening Associates (a \$30 value). "I hate to say it, but I probably wouldn't have joined. I think it would've been something I thought about doing but never would've done," Hall says.

Being able to reach and motivate this population is a major advantage of tools like Groupon, says John Davidoff, managing director of Davidoff Communications, a consultancy that specializes in, among other areas, mission-driven marketing for museums. Social-media networking services are giving museums "a chance to interact with audiences that they haven't been able to really entice," he explains.

The key for using Groupon successfully, Davidoff says, is not to use it exclusively. He often warns clients to "be wary of saviors." If museums envision Groupon as the be-all-end-all of marketing or membership campaigns, "that's dangerous territory to be in," he advises. "Have some fun with it. Give it a try, but don't make it your entire marketing plan." ●