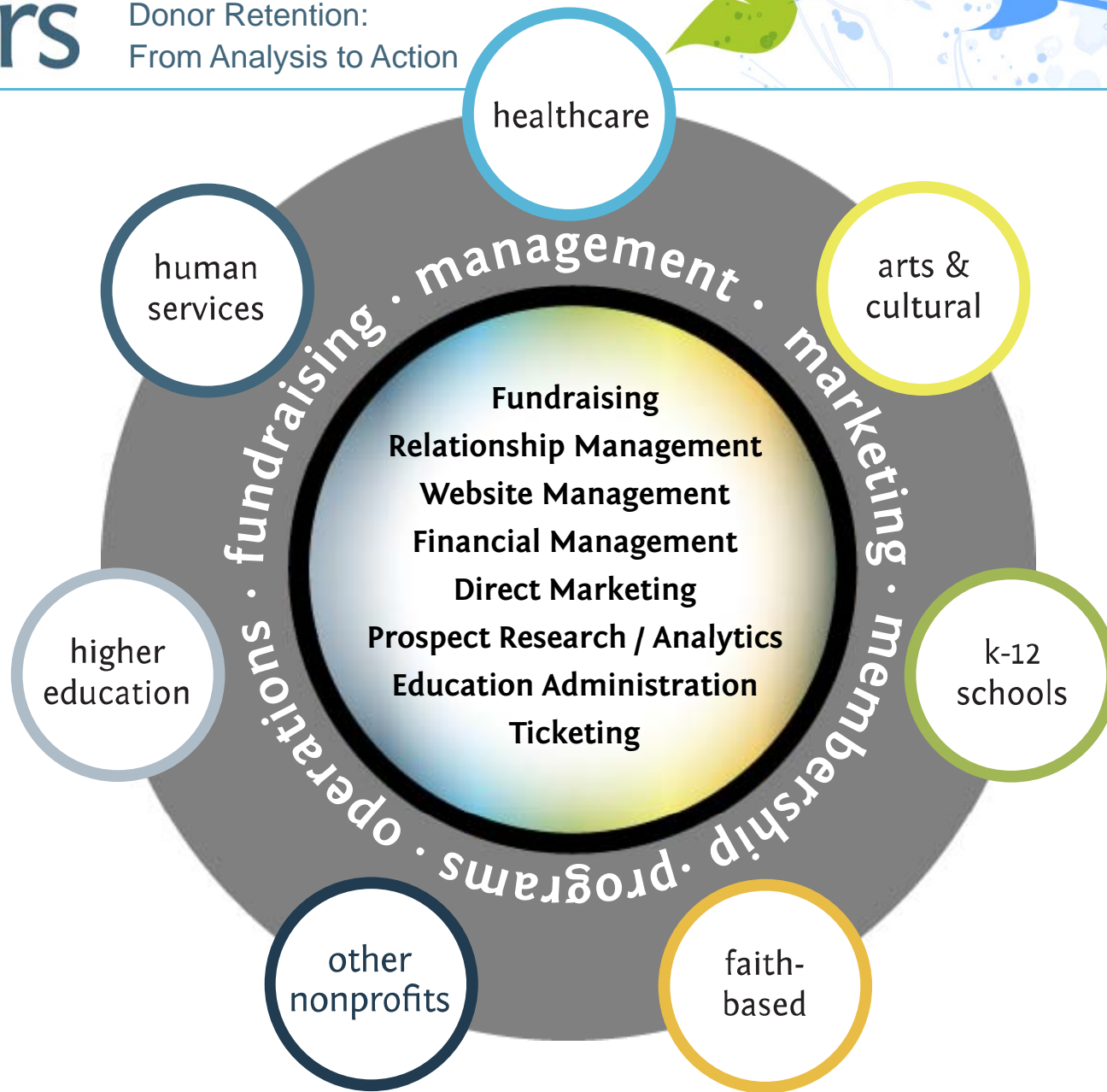




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**Donor Retention:
From Analysis to Action**
Samantha Cohen





Agenda

- Why we're here
- Retention versus Loyalty
- Marketing your fundraising programs
- Demographics and its affect on donors
- Retention and Loyalty programs
- Retention Planning
- A few small thing to make a difference
- Questions and Answers



We Heard You

- How to analyze donor loss
- How to act to reduce loss and increase retention
- How to increase the annual giving average gift size and percent of donors who give every year
- How to keep donors that have connected to our organization mostly through their relationship with our board members
- What is an acceptable or standard level of donor retention
- What are some strategies that re-incentivize you to keep your donor communications active and fresh
- How to keep donors engaged without spending a lot of money
- How to attract new donors and keep the present ones giving at the same or increased level



How do they interrelate?

RETENTION VS. LOYALTY



Retention Versus Loyalty

Retain

1. to keep possession of.
2. to continue to use, practice, etc.: *to retain an old custom*.
3. to continue to hold or have.
4. to keep in mind; remember.
5. to hold in place or position.

Loyalty

[implies] a sense of duty or of devoted attachment to something or someone. Loyalty connotes sentiment and the feeling of devotion that one holds for one's country, creed, family, friends, etc...implies unwavering devotion and allegiance to a person, principle, etc.

Dictionary.com Unabridged (v 1.1)
Based on the Random House Unabridged Dictionary, © Random House, Inc. 2006.



Who Are We Loyal To?

alma maters

college sports

political parties

professional
sports

our faith

movie & television stars

friends and family



Retention Versus Loyalty

- Constituents have multi-faceted relationships with your institution
- Though key, donating is only one way a constituent can interact
- Look for missionaries not just transactional behaviors
- Life-time value is not calculated year over year

→ Donor retention is only one measure of loyalty



Loyalty: Questions to Consider

- How does your institution promote loyalty
- Is there a grace period for “missing” a year
- Do constituents “age out” at your institution
- Can loyalty be shared or transferred

→ **Are you as loyal to your constituents
as you ask them to be to you?**



MARKETING YOUR FUNDRAISING



Marketing Your Fundraising Programs

What is it?

A systematic approach

- To create excitement
- Shares information on programs being supported
- Tells a story about program recipients
- Creates immediacy



Marketing Your Fundraising Programs

Why?

- Donors give more often and larger amounts when they can plan their philanthropy
- “Crisis fundraising” prompts immediate giving but average donations are smaller and overall annual contributions remain static
- Impulsive donations are like impulse buying and create a quick high rather than deeper contentment

Note: Good planning seeks to build awareness and enhance involvement by recruiting both volunteers and donors



Age Cohorts and how they matter

DEMOGRAPHICS

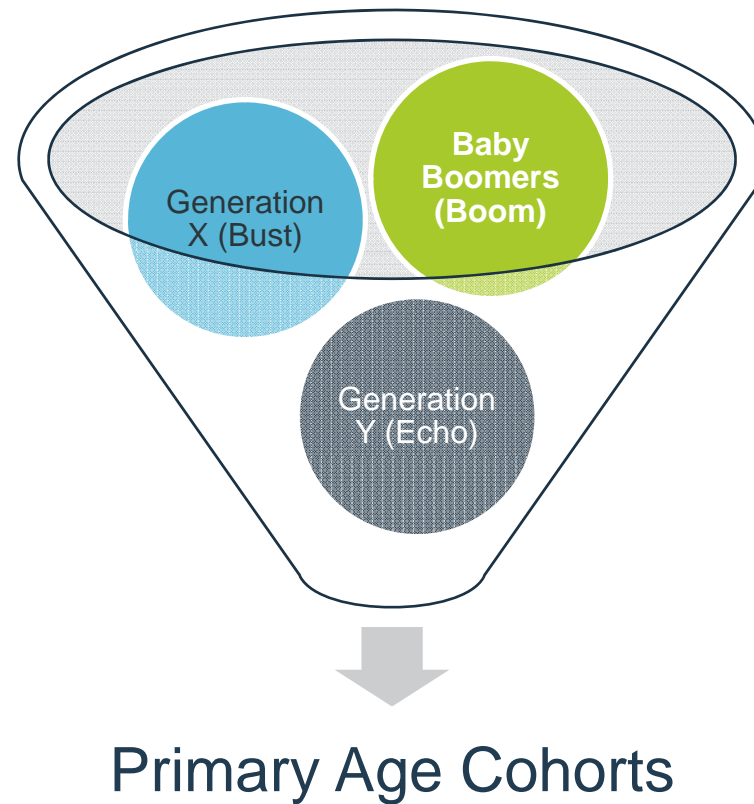


Demographics and Its Affect On Retention

- o Each age cohort seeks a different relationship to the institutions it supports
- o It is much more than word choices and cultural references
- o A well-defined mission can appeal to different cohort



Demographics and Its Affect On Retention



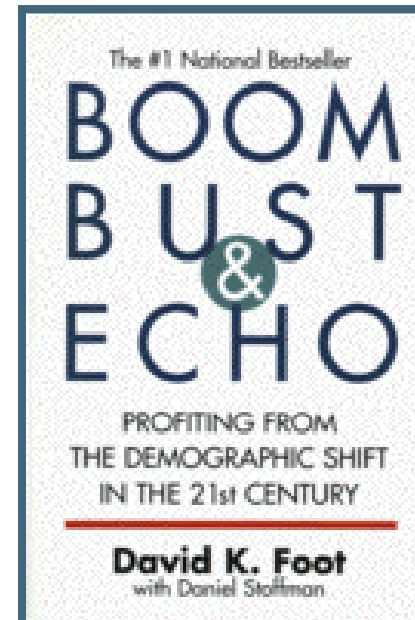
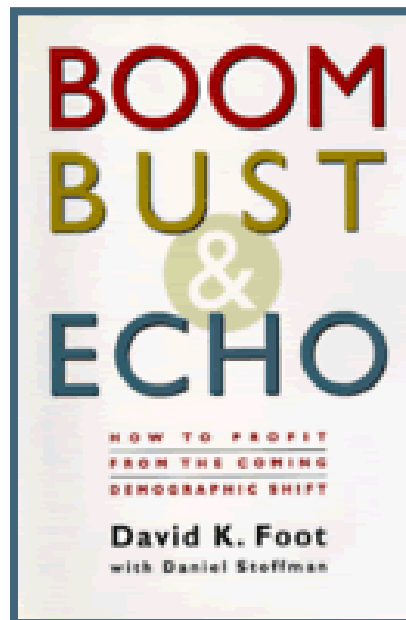


Reading

Boom, Bust and Echo - How to Profit From the Coming Demographic Shift

David K. Foot with Daniel Stoffman

Macfarlane, Walter and Ross, Toronto, 1996





Boom, Bust, and Echo

- Understanding of basic demographic dynamics can explain most of the current patterns we observe in consumer behavior. Donations are a purchase

Why?

- Everyone ages
- As we age, we enter into life cycle phases that govern our attitudes, careers and discretionary income spending habits



Baby Boomers – the Boom

General Description

- Born between 1947 and 1966
- The “me” generation will start to shift focus to its legacy
- Less willing to comparison shop, they seek quality and high level of service
- “Baby-boomers are human beings, not a new species. Previous generations also had their own popular music and they too learned to appreciate classical music” (Boom, Bust, and Echo)
- Volunteerism should increase as relatively healthy individuals leave the workforce
- Continuing education becomes a focus



Baby Boomers – the Boom

Communication Focus

- Legacy and leaving the world a better place
- Financial planning



Generation X – the Bust

General Description

- Born between 1967 and 1979
- Fewer in numbers, also having fewer children themselves
- First generation to have a lower quality of life than the one before
- Estimated that this generation will have on average three complete careers
- More action rather than idea oriented



Generation X – the Bust

Communication Focus

- This age cohort is more cynical and less idealistic; they seek authenticity
- Return on investment is more psychic than material – don't dwell on benefits
- Want “proof” of monies well spent
- Well positioned to be the most loyal group in decades...will have “pet” causes



Generation Y – the Echo

General Description:

- Born between 1980 and 1994
- Never knew a time before MTV and 50+ television channels
- Least religious of all prior generations
- Not a rebellious group – seldom had limits to start with
- Young Cosmopolitans (“Yo-Co’s”) much sought after but offer little loyalty



Generation Y – the Echo

Communication Focus:

- Very visual, prefer multi-media
- Able to consume vast amounts of information
- Very short attention spans



LOYALTY PROGRAMS



Retention and Loyalty Programs

- Recognizing cohorts needs and wants, think about the value of benefits and recognition programs
- Are there non-tangible benefits offered
- Do you reward investment in your mission with tangible benefits
- Does this value the investment
- Do you reward volunteer involvement
- Think of loyalty programs as a way to draw your constituents closer to the institution.

→ It's about access and influence



SMALL GROUP DISCUSSIONS



Small Group Discussion Questions

Part One

- What is a loyal constituent
- What metrics does your institution use to measure retention?
- Do you offer benefits and/or recognition for loyalty? If yes, at what level
- How do you or could you demonstrate your loyalty to your donors

Part Two

- Based on the discussion of Boom, Bust, Echo – what elements would you include in a mailing to:
 - 1st time donors in their mid-twenties who responded to a crisis appeal
 - Annual fund donors who have given consecutively for 3 years in their sixties
 - Event attendees who have never give and their in late thirties



Now that we have the ingredients, how do we bake the cake?

RETENTION PLANNING



Retention Planning

Analysis

- Mission and objectives
- Environment/Competition
- Donors/Members

Defining

- Retention goals
- Metrics for success
- Segmentation

Execution

- Positioning
- Refine & Enhancements



Evaluating Retention

Institutional Mission and Objectives

- What is your institution's mission
- What are your long-term objectives
- What are your short-term objectives
- How do you measure success
- Why should donors support you



Evaluating Retention

Environmental / Competition

- Name charities that actually have a comparable or competing mission
 - Define their strengths
 - Define their weaknesses

- Name charities that the public perceives as competition
 - How do their missions differ
 - How are their missions the same
 - Define their strengths and weaknesses



Evaluating Retention

Environmental / Competitors

Who is raising money from your donors?

- What are their activities
- How are they doing
- What are their strategies
- What are their strengths
- What are their weaknesses
- Is there anything you can learn from them
- Do they attract all of your donors or just particular segments
- If yes, which segment(s)



Evaluating Retention

Donor Analysis

- Who are your donors?
 - Age range
 - Gender
 - Socio/economic factors
 - Education
 - Interests/Activities
- Why do your donors support you
- Do your mid to high range donors differ from broad-based donors
- What characteristics do they share
- Why do these donors support you
- Of the two groups, who has a higher retention rate
- What do donors like about your institution
- What aspects of your mission create the most interest



Evaluating Retention

Donor Analysis (continued)

- What kinds of communication do your donors want
- Are there gaps
- Are you overwhelming your donors with communications
- What is the ratio of pure information to asks (both soft and direct)
- What other nonprofits do your donors support
- Why do they support them
- How do they decide “what portion of the pie” they give to you
- What prompts your donors to start giving
- Why do they stop



Evaluating Retention

Donor Relations

- How do you identify new donors
- Do you segment your database
- What criteria do you use for segmentation
- Can this be further refined
- What is the annual attrition rate for each segment
- Does one perform significantly better
- If yes, why
- What types of donor acquisition work



Evaluating Retention

Donor Retention

- What retention methods are successful for your institution
- Do you have a strategy to grow each segment of donors in terms of dollars and connection with your institution
- How does your institution measure its level of donor servicing
- Have you noticed any trends in donor satisfaction
- What is the return on investment for donor stewardship
- How do you measure this



Further Refinement

Based on the evaluation of your retention activities

- What are your strengths
 - How would you rank them
- What are your weaknesses
 - How do they fit into the following buckets
 - Fully resolvable in 0-6 months
 - Significant action taken within the year
 - Long-term planning required



Further Refinement: Goals

- What are your goals for donor retention
 - Percentage retained year over year
 - Dollars raised from retention activities
- Which segments will produce these results
- Costs for retention programs

→ How will you define success?



Further Refinement: Positioning

- What do you offer “charity shoppers”
- What unique opportunity do you provide to your donors
- How can you make your needs immediate, urgent, and relevant without creating a crisis or emergency?
- How do you “reward” loyalty
- Do you speak to your various segments in the manner in which they want you to communicate with them
- Are you tracking your messages vis-à-vis results



A Few Small Things To Make A Difference

- Know your constituents
- The holistic approach
- How do your constituents want to relate to the institution
- Research – Why do constituents behave in certain ways
 - Surveys are valuable
 - Test the results
 - Determine if words and actions match
- Role of Technology
 - Better data capture
 - Analytical tools



A Few Small Things To Make A Difference

- Look at communications calendar
- Avoid sending too much
- Aim for meaningful contact
- Evaluate frequency of all touches (mail, phone, in-person)
- Speak to different motivations and life stages
- Based on motivations, evaluate benefits
- Track responses and use to tailor messages



A Few Small Things To Make A Difference

- Say thank you often and sincerely
- Seek balance between asking and providing information
- Be as transparent as possible about challenges and opportunities
- Avoid crisis fundraising
- Recognize that not all donors will stay with you a lifetime
 - Value all donors
 - Celebrate and promote loyalty

Ask your donors how they would like to interact.

Respect their wishes!



Questions?



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