Finish Strong – Focusing on Your Donor Retention and the Plan for Next Year

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Is Retention An Issue?

Improving attrition rates by 10% can improve revenue generated by

- 50%
- 100%
- 150-200%
What Is Lifetime Value?

“the total net contribution that a customer generates during his/her lifetime on a house list”
Value Segments

- $1000 +
- $500 - $1000
- $100 - $500
- $20 - $100
- $20 and under

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### Perspectives on Value

<table>
<thead>
<tr>
<th>Segment</th>
<th>Historic</th>
<th>Future</th>
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<tbody>
<tr>
<td>Individual</td>
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LTV

\[ LTV = \sum_{i=1}^{n} C_i (1 + d)^{-i} \]

Where

c = net contribution from each year’s fundraising activity

d = discount rate

i = expected duration of each relationship in years
Key Decisions

- Costs/revenues
- Duration of lifetime
- Discount Rates
What can it do for you?

- Assigning Acquisition Allowances
- Choosing media for initial donor acquisition
- Setting criteria for donor marketing
- Investing in the reactivation of donors
So ........

What Drives Donor Value .... ????
Socio Economic Groups
Why Do Customers Defect?

- Death: 1%
- Relocation: 3%
- Won By Competitor: 5%
- Lower Price Elsewhere: 9%
- Unsatisfactory Complaint Handling: 14%
- Lack Of Interest From Supplier: 68%
50 Ways To Lose Your Lover?
50 Way To Lose Your Lover

- Ignore Them
- Lie To Them
- Fail To Return Calls or Answer Letters
- Fail To Deliver On Promises
- Be Uncivil
- Increase Prices
- Don’t Turn Up On Time
- Etc.
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Customer Satisfaction

- Rating
Will Customers Buy From You Again

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Service Quality

- Perception
- Expectation
- Importance
So what’s likely to drive donor loyalty?
Reasons For Quitting

- No longer able to afford support
- No memory of ever supporting!!
- Still supporting by other means
- Feeling that other causes are more deserving
- X no longer needs my support
- Relocated
- Not reminded to give again
- X did not inform me how my monies were used
- Xs communications were inappropriate
- X asked for inappropriate sums

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But what about commitment?
Qualitative Phase
Quantitative Phase
And Trust

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Drivers

- Drip feed performance data
- Demonstrate role competence
- Demonstrate good judgement
- Be honest when things go wrong
- Develop and promote complaints procedure
So

- Satisfaction
- Commitment
- Trust
Developing a Donor Retention Plan

- Mission
- Organizational objectives
- Retention audit
- SWOT analysis
- Retention objectives

- Retention strategy
- Relationship mix
- Budget
- Schedule
- Monitoring plan
Plan for cash, AND regular giving

- Honeymoon periods
- Communication cycles
- Engagement devices
Donor relationships build over time

- Recruitment strategies don’t stop with the first gift
Critical Timings - RG

- Post sign up
- Pre first debit
- Post first debit
- Second & third months
Critical Timings - Cash

- Post sign up
- First 4 – 6 weeks
- First 12 months
Donor relationships build over time

- Recruitment strategies don’t stop with the first gift

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<tr>
<th>Awareness</th>
<th>Acquisition</th>
<th>Engagement</th>
<th>Retention</th>
<th>Reactivation</th>
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<tbody>
<tr>
<td>Word of Mouth Brand Awareness Cause / Need Awareness</td>
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<tr>
<td>Mail, Phone, Online, TV, F2F, Events, Community, Unsolicited</td>
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<td>Honeymoon period Developing relationships</td>
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<tr>
<td>Frequent, relevant, targeted, planned comms. Involve, Cross-sell, Upgrade</td>
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<tr>
<td>Win back Best targets for best value</td>
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Honeymoon Period
The first 30 days for RGs
Honeymoon Period
The first 30 days for Cash Donors
Helpful Blackbaud Resources

Blackbaud Internet Solution
Online Giving & Websites
Found Here

Friends Asking Friends
Online Event Fundraising
Found Here

2011 DonorCentrics Report
Internet & Multichannel Giving Benchmarking
Found Here

Subscribe to NetWits
FREE Online Fundraising Resource
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Don't just follow them. Lead them to action.
Thank You!

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