

Building Donor Loyalty: Lessons From 25 Years of Research

Prof Adrian Sargeant
Director – Institute for Sustainable Philanthropy
adrian@philanthropy-institute.org.uk

Presenter



Prof. Adrian Sargeant
Co-Director
Institute for Sustainable Philanthropy

- Formerly the first Hartsook Chair in Fundraising at the Lilly Family School of Philanthropy at Indiana University
- Visiting Professor of Fundraising at Avila University and the Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology, Brisbane, Australia
- Designed the UK's system of professional education for fundraisers and is currently working on the European qualification framework for the European Fundraising Association
- In 2010 in the US he was named to the prestigious *NPT Power & Influence Top 50* list and in the same year received a Civil Society award in the UK for his services to the profession of fundraising
- In 2016 he received a lifetime achievement award from the Institute of Fundraising

Building Donor Loyalty: Lessons From 25 Years of Research

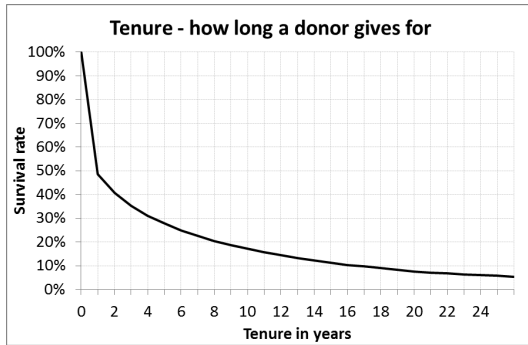
Prof Adrian Sargeant
Director – Institute for Sustainable Philanthropy
adrian@philanthropy-institute.org.uk

Is Retention An Issue?

Improving attrition rates by 10% can improve
revenue generated by

- 50%
- 100%
- 150 - 200%

Tenure



Year of giving	% still giving
1	48.6%
2	40.8%
3	35.3%
4	31.1%
5	27.7%
6	25.0%
7	22.6%
8	20.5%
9	18.7%
10	17.1%
11	15.7%
12	14.4%
13	13.3%
14	12.2%
15	11.2%
16	10.4%
17	9.8%
18	9.0%
19	8.3%
20	7.7%
21	7.1%
22	6.8%
23	6.4%
24	6.0%
25	5.7%

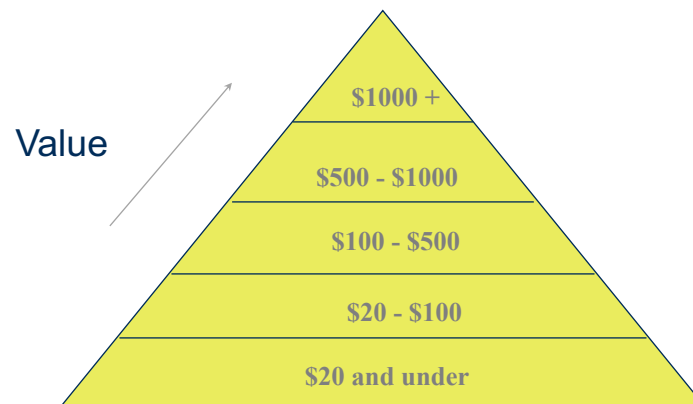
Tenure



What Is Lifetime Value?

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

Value Segments



Perspectives on Value

	Historic	Future
Segment		
Individual		

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....???

Why Do Customers Defect?

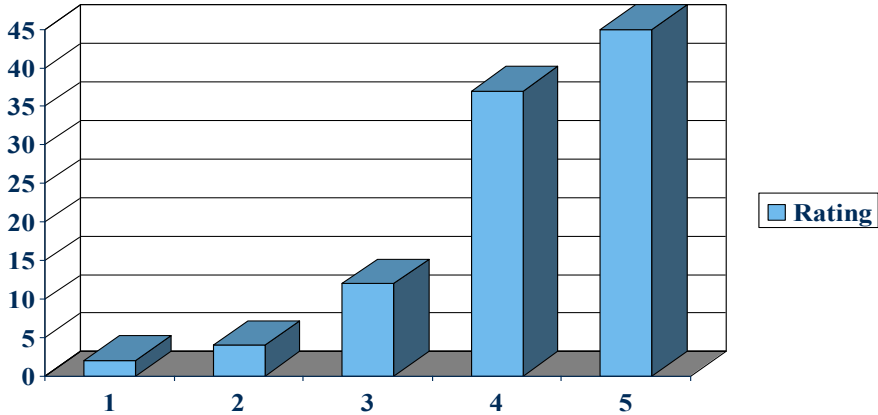
Death	1%
Relocation	3%
Won By Competitor	5%
Lower Price Elsewhere	9%
Unsatisfactory Complaint Handling	14%
Lack Of Interest From Supplier	68%

50 Ways To Lose Your Lover?

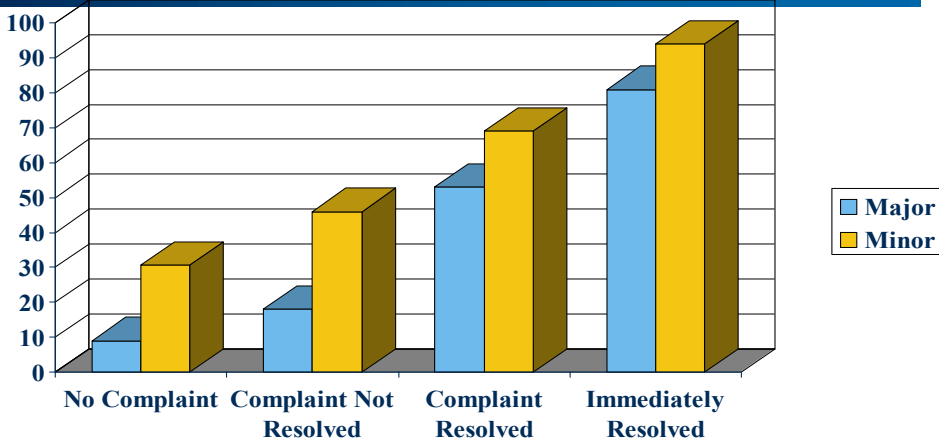
50 Way To Lose Your Lover

- 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.

Customer Satisfaction



Will Customers Buy From You Again

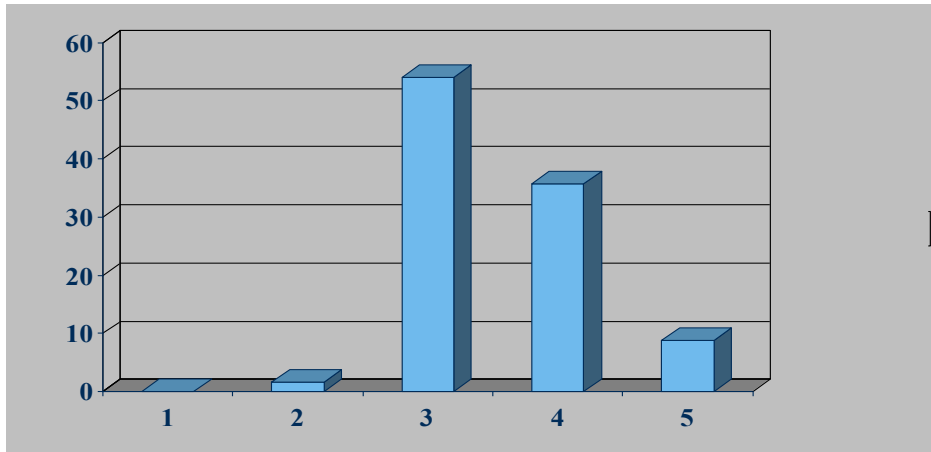


So what's likely to drive donor loyalty?

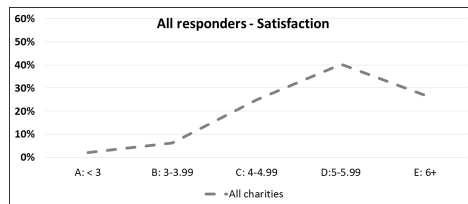
Reasons For Quitting

- 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

Donor Satisfaction

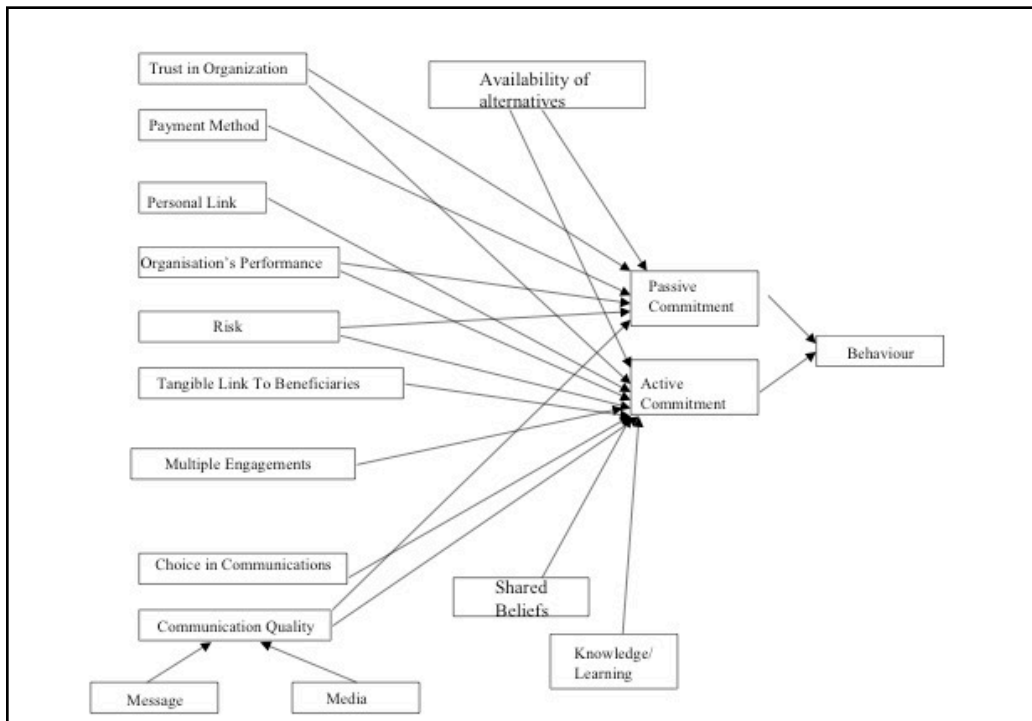


Satisfaction



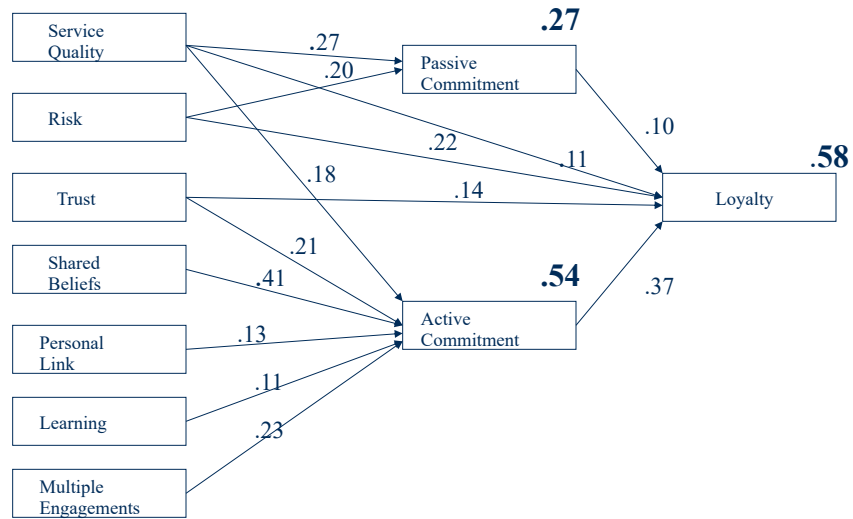
But what about commitment?

Qualitative Phase

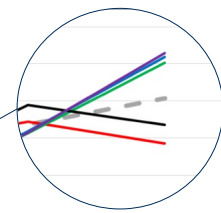
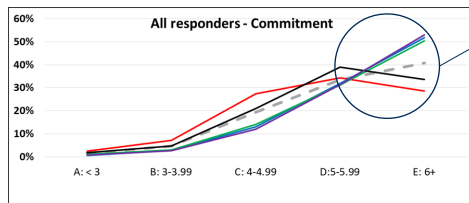
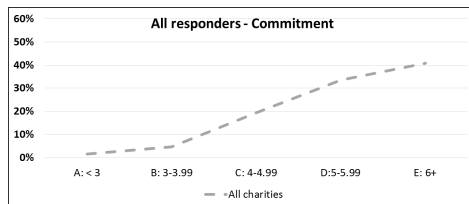


Quantitative Phase

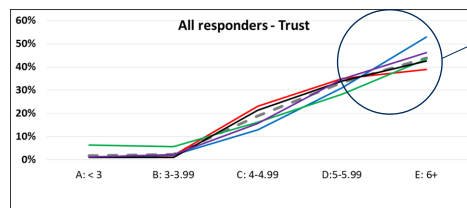
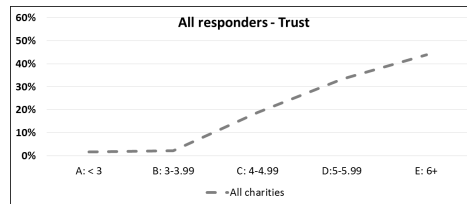
Structural Equation Model



Commitment



Trust



about  loyalty

Satisfaction, Commitment and Trust

Cumulatively, increasing each attitude by one point increases a donor's likelihood of renewal by approximately 51.26%

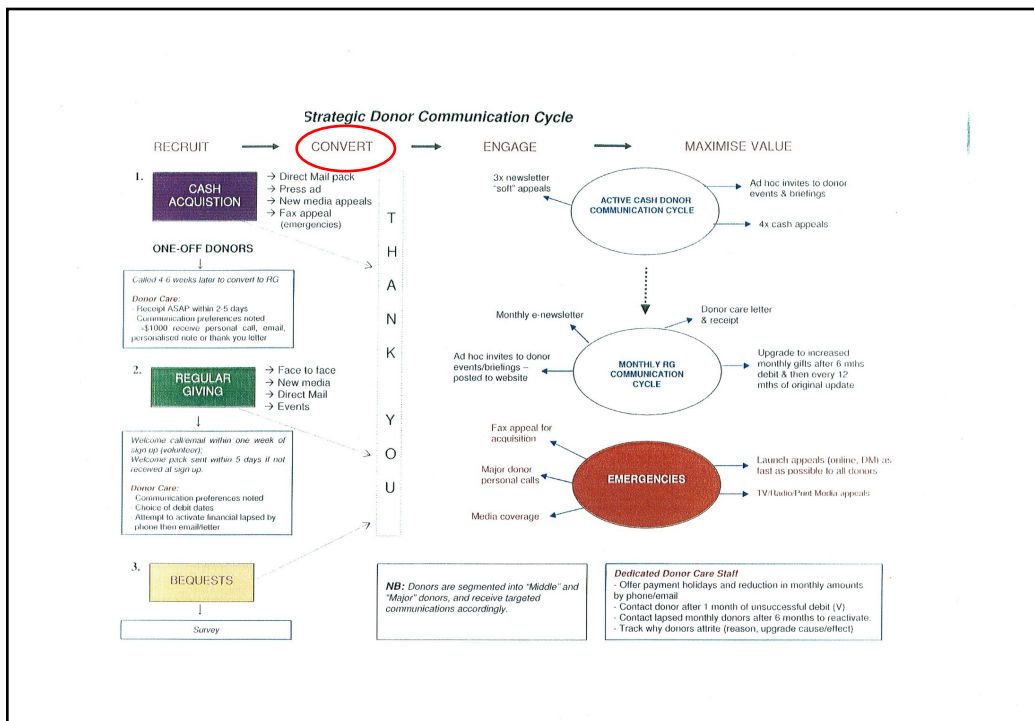
Measurement...

Beware...

– Net Promoter Scores

Some Practical Advice

...



1. Plan a Supporter Journey

- What do we want to expose our donors to ...
- In what order ...
- Does it vary by segment – how ...

2. Exploit Opportunities to Run Campaigns



American Civil Liberties Union (ACLU) - U.S.

- Activists taking 2+ actions between September and November were 4x more likely to donate at year-end
- Donors taking 2+ actions produced 26% more revenue at year-end than non-activists

Nick Allen

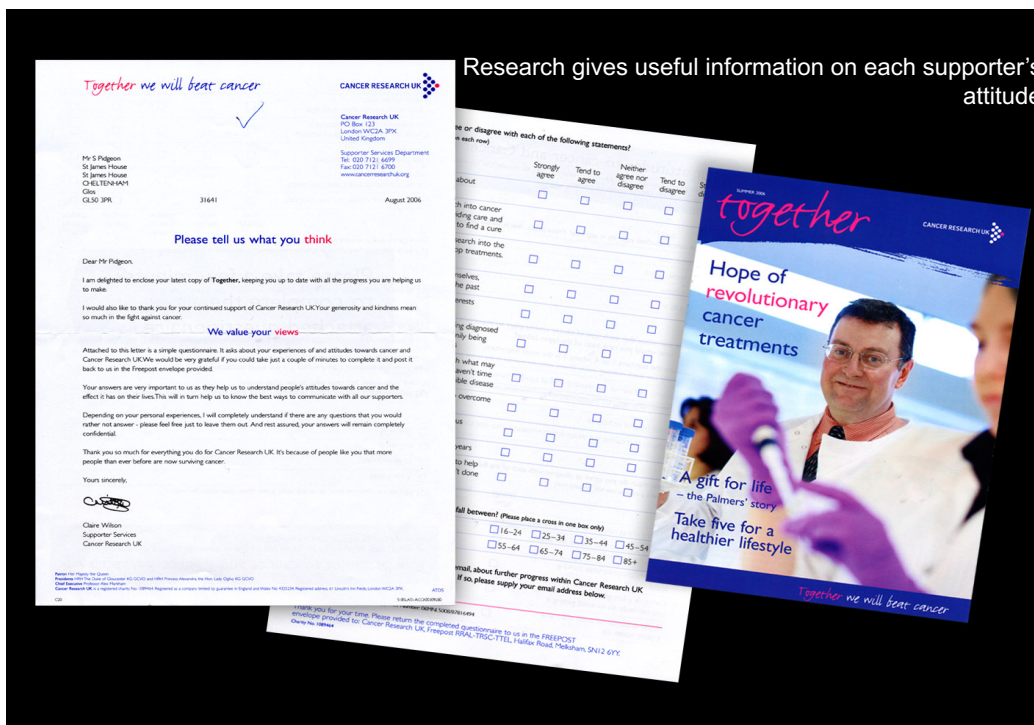
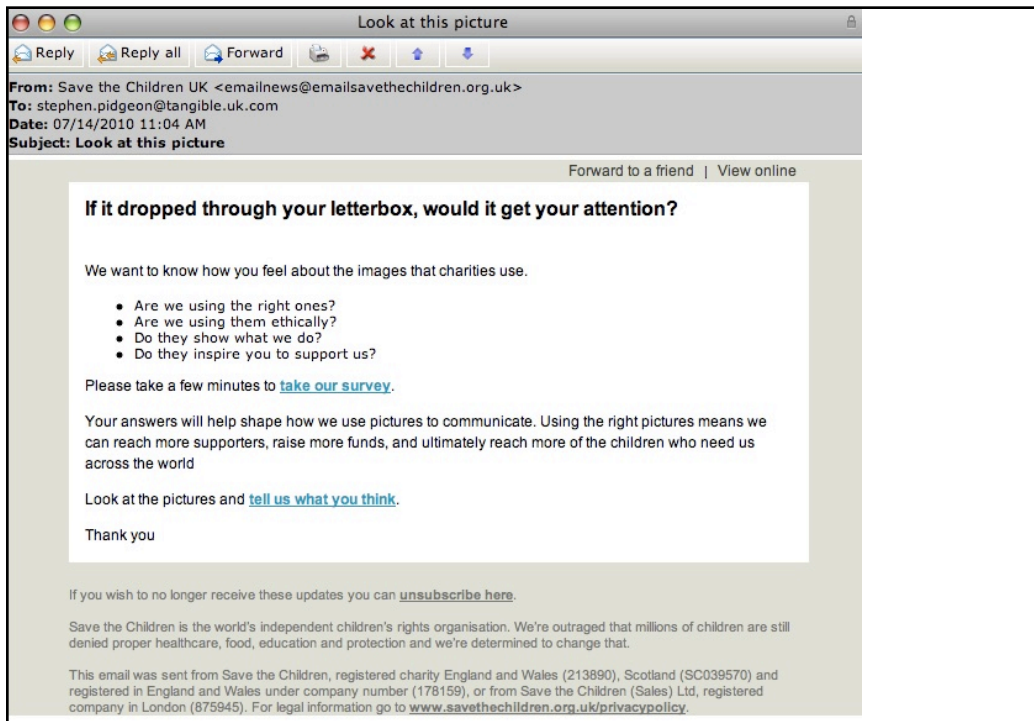
Stop thinking about...

– ...winning campaigns

Start thinking about...

- winning hearts, winning commitment!
- ...and the campaign becomes the mechanism!

3. Survey Donors



The collage consists of four pages:

- Top Left:** A letter from Miss H. Jeffries, dated July 2007, addressed to the Guide Dogs. It discusses the importance of donor input in the selection process for guide dogs.
- Top Right:** A survey titled "Which one would you choose?" with various demographic questions and checkboxes for preferences.
- Bottom Left (A):** A poster titled "When I grow up I want to be a guide dog." featuring a golden retriever puppy.
- Bottom Right (B):** A poster titled "Just a little mention in your Will could go a long, long way." featuring a group of guide dogs.

4. Give Donors Some Control...



5. Get the Thank You Right

Why Thank You Letters Are REALLY Important



- Our research showed
 - The Thank you letter was identified as one of the most important communications a donor receives
 - 7 out of 10 people said they had a better recall of receiving a thank you letter than an appeal
 - 7 out of 10 people rated their thank you letter as “ordinary / predictable”

Before

Date

«address»
«street»
«city», «state» «zipcode»

Dear «formalsalut»,

Thank you so much for your gift of \$«amount» in support of the Ontario Science Centre.

Science and technology enriches our lives, and a single visit to the Science Centre can plant a seed and provide the tools for a lifetime of exploration and discovery. Thanks to your support, young people and their families from Toronto's at risk communities will experience the inspiration and excitement that you and your family enjoy each time you visit.

We're thrilled to announce top-notch exhibitions and IMAX films in honour of our 40th anniversary. Come and experience our upcoming features The Science of Spying, followed by Lizards and Snakes, Alive! and our summer food programming. Watch for news on our anniversary celebration in September.

In recognition of your donation, we'd like to acknowledge your support by including your name in our Annual Report and on our Donor Wall. Your donation receipt, in the form of a letter, is enclosed. If you have any questions or need any assistance, please contact Matt Wiesenfeld, Head of Annual Giving at (416) 696-3233.

I hope you visit us soon, to see the impact you are making when you chose to donate to the Science Centre.

Yours sincerely,

Ianley Lewis
CEO (4)

Encl.

After

Date

«address»
«street»
«city», «state» «zipcode»

Dear «formalsalut»,

Robots whir. Comets streak. Tide pools purple. Much science comes to life, anything is possible... and all because of you.

Thank you for your contribution of \$«amount» in support of the Ontario Science Centre! Your gift is already inspiring a generation of future scientists and their families who, without you, might not have the means to visit our Science Centre.

... You provide the tools for a lifetime of exploration, too - illuminating the comets, giving tide pools their sparkle, and much more - sharing with others from Toronto's communities the same excitement that you and your family enjoy each time you visit.

... In recognition of your kind gift, we'll add your name to our Annual Report and our Donor Wall. (And you'll find your donation receipt enclosed.) If you have any questions, please contact Matt Wiesenfeld at (416) 696-3233. We'd love to hear from you.

Thank you so very much for sowing the seeds of discovery.

Ianley Lewis
CEO

P.S. ... There's lots going on for our 40th anniversary - from The Science of Spying to Lizards and Snakes, Alive! - so I hope you'll visit us soon. Stay tuned for updates in our upcoming [envelope?] and at www.ontariosciencecentre.ca. Thanks again.



Phew !!

www.philanthropy-institute.org.uk

Check out our classes on copywriting
and philanthropic psychology

Q&A

Additional Questions

adrian@philanthropy-institute.org.uk

nathan@stelter.com

jen.lennon@stelter.com

Webinar Resources

Recording

Presentation handouts

www.stelter.com/webinars

Thank you!