

Webinar: Q&A

Stelter Donor Insight Report™

Discovering the Secret Giver

Tuesday, Sept. 16, 2008

The following questions were submitted as part of our original broadcast on Sept. 16. We have reviewed these questions and provided additional detail to some of the original answers.

Q. Because Secret Givers are often reluctant to notify charities of their gift, it may be difficult to secure budget dollars to target this group with little tangible results to show for it. Thoughts?

A. Although only 34 percent of current bequest givers have informed charities, younger people are no more likely than other age groups to remain anonymous. Other than the fact that they have a much longer life expectancy than the oldest Americans, younger people provide a far better justification for planned giving marketing dollars than older folks provide. Americans aged 40 to 54—which include the subset of prospects we’re calling the Secret Givers—are more likely to say there is a good or small chance they will change their minds in the future and put a nonprofit in their wills (31 percent versus 17 percent of the general population). Younger Americans are the least resistant to the idea of bequest gifts; older Americans are the most resistant. Just 6 percent of adults aged 70+ say they will definitely or probably add a nonprofit to their wills (among those with wills who do not name a nonprofit at this point), compared with 12 percent among those aged 40 to 49. These data suggest that organizations that ignore people aged 40 to 54 could be missing out.

While it may seem counterintuitive to spend precious marketing dollars on the Secret Givers, who are younger, less educated and less affluent than your typical prospects, our suggestion is that you first raise awareness within your organization about the existence of this group that is waiting to be educated and waiting to be asked. Look for signs of Secret Givers within your own donor pool—perhaps you’re only looking at people aged 55+ and never considered targeting loyal donors regardless of wealth rating or age.

Second, employ low-cost ways to cast a wider net in which to capture younger donors and promote them up the giving pipeline. Luckily, younger generations are increasingly comfortable interacting with technology. One idea we often suggest is sending younger donors a postcard with a personalized URL (www.johnsmith.XYZcharity.com) that invites them online to view a video message you’ve created on estate planning and bequest giving. You can also communicate with this group less expensively through e-marketing techniques, such as an e-newsletter. Be sure to look at your marketing plan in a multitiered fashion and not just focus on one channel or one age group.

Q. If I’d like to reconfigure my newsletter program so that I’m sending out newsletters that are segmented by age group, what kind of cost increase could I expect?

A. There will be no cost increase. We have created a Life Stage Library of content, to which custom newsletter clients have complete access. The library includes content segmented by factors such as age, life stage and

gift vehicle. Ideally, you would create a targeted mailing for each separate age group. But a majority of nonprofits don't have budgets that would allow for that amount of sophistication, so we've also formulated recommended blends of articles and messaging strategies to address all of these age groups in one newsletter.

Q. Some vendors recommend just targeting by loyalty, what are your thoughts on this?

A. Loyalty will continue to be the predominate way of analyzing your database. This research, however, has shown that segmenting by age is critical. By virtue of their youth, donors aged 40 to 55 may not have the longevity of giving that older donors exhibit, but they still need to be communicated with and cultivated. Loyalty is No. 1. Age, however, is a key factor and will dictate the messaging strategies you use with each of these groups.

Q. Do you suggest a minimum giving frequency in selecting “mail-to” donors?

A. Usually loyalty of giving—rather than size of gifts—is a better criterion for judging prospects. We've documented that age is a critical component in targeting donors, and we believe that loyalty should be considered when segmenting your donor list, although we don't have specific data from this study to support this approach.

First, consider looking at how many donors you have older than age 40 who have made more than three gifts of any size. If you cannot afford to market to this entire group, consider further segmenting by loyalty and age. For example, target donors aged 70+ who have made three gifts and donors aged 40 to 69 who have made five gifts. You might also consider factoring in recentness of giving—culling out donors who have made five gifts, one of which was made in the past three years.

Q. Because many donors don't want special treatment, does this discourage “heritage society” or other like groups?

A. Perks and privileges were seen as a benefit to only 3 percent of those surveyed—less than we expected. But we still believe that there are those who want to be recognized and, more important, to affiliate with others in support of a shared cause. We would not discourage the formation of heritage societies.

Q. Is Stelter considering adding software to its Web site product that would track what a particular donor views most and then automatically presenting that information the next time he or she logs on?

A. We continue to evaluate this increasingly sophisticated array of software, which helps organizations deliver more targeted Web experiences to their online audiences by providing customized content

recommendations. Currently, Stelter achieves a similar result by harnessing the collective wisdom of visitors to the more than 1,200 nonprofit Web sites we host. We regularly review aggregated site usage reports, direct mail response statistics and e-mail campaign results to determine what content like-minded peers find useful. Drawing from these vast and rich sources of data, we are able to more effectively display useful and contextually relevant content.

Q. Given this knowledge, what impact do you anticipate this might have on design of Web site content to address the separate interests of these age groups? And, how might that be facilitated?

A. These changes are in the works across all of our products, including our Web content. You can expect to hear more details in the near future. We recently worked with a team of usability experts to learn more about how to better present planned giving content on the Web. A common myth is that if you present a lot of information in logical order on a Web page, visitors will weigh all the options and choose the best one. Usability studies show, however, that visitors will look for the first option that meets the minimum standards of what they are looking for and click on the link that satisfies that requirement. Now that this research has opened our eyes to the needs, objections, fears and preferences of each age group, you can expect to see a greater emphasis on segmenting content based on life stage—and presenting it in ways that can be quickly and intuitively consumed.

Q. Would the results vary by type of organization—educational, health care, etc.?

A. Along with our survey questions on bequest giving, we also asked questions about annual giving—both of which provided some insight into the types of organizations that people favor. Religious nonprofits are the biggest draw for current and prospective bequest givers. A majority of those who either have a nonprofit in their will now or prospects with wills who plan to name one in the future (61 percent) say a church or other religious institution will likely receive a bequest. This is considerably more than the next highest category: 37 percent say they will likely name (or already have named) a school, college or other educational institution. About the same proportion name (or will name) disease-related organizations (35 percent) and human services organizations (31 percent). Lower in the hierarchy are hospitals and health organizations (21 percent), nature or science organizations (16 percent), animal and pet-oriented charities (15 percent), and arts or cultural organizations (10 percent).

While religious nonprofits are the most popular for current givers and prospects with wills, prospects are more likely than current givers to name:

- Educational institutions (47 percent, compared to 30 percent of current givers);
- Disease-related charities (51 percent, compared to 24 percent);
- Human service charities (43 percent, compared to 23 percent); and
- Hospitals or health-service organizations (29 percent, compared to 16 percent).

The converse is not true. There is no category with a higher percentage of current givers saying they will likely give to the type of organization than prospects will.

Younger donors are more likely than average to give to disease-related or health organizations (45 percent of current or prospective bequest givers aged 40 to 54 say this type of nonprofit is or would be mentioned in their will, compared to 35 percent overall) and human service agencies (37 percent, compared to 31 percent overall). Older donors and prospects are more likely to give to churches or religious institutions (71 percent of those aged 60 to 69, compared to 61 percent overall).

Religious institutions, human services organizations and disease-related nonprofits benefit most from annual giving. As we saw with bequest gifts, churches and other religious organizations were the most common recipient for charitable giving, with 69 percent of people surveyed saying they made a gift to such nonprofits within the past year. Also winning donations from a majority of Americans are human service groups (53 percent) and disease-related organizations (51 percent).

Current bequest givers and prospective bequest givers who already have a will are more likely to make annual gifts to every category of charity. Of particular interest is the apparent affinity of prospects with wills to arts and cultural organizations: these prospects are twice as likely to report gifts to these nonprofits as average (37 percent, compared to 16 percent overall).

Prospective bequest givers without wills are less likely than average to report gifts in virtually every category, as the following table shows. The only types of organizations to which prospective bequest givers without wills are more likely to report recent donations are gifts to hospitals or organizations that provide health services (34 percent, compared to the overall average of 25 percent).

Q. I've heard that once a nonprofit is aware of a donor including it in his or her will or estate, the resulting cultivation typically increases the size of the donor's gift by more than 50 percent before his or her death. If this is true, wouldn't this suggest that more than 5 percent of your budget should be spent on cultivation of donors who you know have included your organization in their giving plans?

A. We included the 5 percent in our marketing formula more as a placeholder than a strict directive—a reminder that you cannot ignore your existing donors. The more you cultivate existing relationships, the deeper they will likely grow. The purpose of our proposed formula is to provide a starting point from which each organization can build a customized strategy. The broader message here is to cast your net wider, to be aware of the potential that is out there and to start incorporating younger donors into your giving pipeline.

Q. Do you have any data for this group on when the donors made their first outright gift?

A. No. The fact that people are making wills at an increasingly younger age was an unanticipated discovery. We didn't ask when donors made their first outright gifts, but, in light of this surprising age trend, it would be worth exploring in future surveys.

Q. Did the survey differentiate between contingent bequests and noncontingent bequests? It seems some of those first bequest gifts (age 40 to 54) may be contingent.

A. It did not. We did, however, ask people whether they made bequests as a percentage of their estates or as a fixed amount. We found that the most common way to specify a gift is to give a fixed dollar amount (50 percent of those who have a will and are either a current bequest giver or expect to become one say this is the preferred way to indicate an amount in their will). When separating current donors from prospects, we note some differences:

- Current donors are more likely than prospects to think about giving a percentage of their estate (40 percent, compared to 28 percent of prospects).
- Prospects are more likely to think about a specific dollar amount (60 percent, compared with 44 percent of current bequest givers).

These data suggest that even those with wills in place may need some education on the options for bequest giving. As Stelter learned in national focus groups conducted in 2007, many with wills have not considered giving a percentage of their estate to a charity (or to a family member or friend, for that matter). This may be the simplest way to address concerns for financial security and may also address worries about updating wills as assets change. That current bequest givers are more likely than prospects to think about giving this way makes sense. They have been cultivated (often) and so have learned how to be savvy. Prospects, however, are likely left to think about this on their own. They are therefore stopped from making gifts at all because they've not figured out for themselves how to do this in a way that provides for their families first.

Q. Did the survey take into account the fact that many people use their IRA or revocable trust to make their estate gifts? If so, how?

A. No, this survey concentrated only on bequest giving through a will.

Q. Did any of the research indicate that the first nonprofit to contact the prospect and propose planned giving was then included in a will, etc.?

A. No, we don't have any data on that. Based on the feedback from focus groups, however, we doubt people would remember who the first nonprofit was that asked them to give a gift.

Q. Does Stelter provide the Age Tracker profile of database? If not, who does?

A. Yes, we do offer that service, as do a number of other firms. This involves matching your list of names and addresses against those provided by a company specializing in gathering key data from households nationwide. Be aware, however, that because of privacy acts in recent years, the three main data-mining companies are no longer able to look at birth dates on driver's licenses. They've had to rebuild their databases using other sources of information, which may be less reliable. You can expect to match ages with 70 percent to 75 percent of the names you provide. Of that group, 80 percent will be accurate. In total, you should expect to obtain an accurate year of birth for 65 percent to 70 percent of the names in your database.

Q. What are some ways of gathering age data from donors? How do you justify asking their age to the donors?

A. As privacy concerns rise, donors are increasingly reluctant to impart personal information. The most effective way to gather age information is through the age overlay services we discussed in a previous question.

Q. Can you purchase a permission-based e-mail list? Where could I find it?

A. Stelter offers a permission-based service called E-Mail Tracker. We match the names in your database against a national database of 120 million addresses. Next, we cleanse the matches to identify each individual's primary e-mail address. Once appended, we'll send these individuals a message verifying their interest in receiving future e-mails. These e-mails feature your branding along with a message we help you create. Our typical net match rate is 15 percent to 20 percent. The average opt-out is less than 1 percent.

Another way to gather e-mail addresses is through an e-mail acquisition campaign, which we can help you design. For example, you could send a direct mail piece to donors directing them to a Web site. In exchange for providing a minimal amount of personal information—their name and e-mail address, for example—you could then provide the donor with educational information or a special offer. As part of the dialogue, you could ask permission to include the donor in future e-mail promotions.

Q. Will you be incorporating this new information into your Stelter courses? When do you anticipate having your seminars listed on your Web site for 2009?

A. If you are referring to our Essentials for Gift Planning Seminar, we already have this new information incorporated into the November 2008 seminar. All of our courses and content will be updated by 2009 to reflect this new research. Our 2009 course schedule should be released by Oct. 15, 2008.



If you have additional questions, please feel free to go to www.stelter.com/secretgiver and post them on our blog.

Founded in 1962, The Stelter Company is the leading source for gift planning marketing for the nonprofit community, serving more than 2,500 print clients and 1,100 Web clients nationally. With a staff of 80 individuals, The Stelter Company has been exceeding customer expectations for over 45 years. Our tagline, "Getting to the Heart of the Matter," speaks of our fervent belief that effective philanthropy must begin with understanding and touching the donor's strongest emotions and passions.

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