

The Lifetime Donor Conversation

A White Paper
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Amergent



Introduction

If you are a fundraiser, and if you think each new donor has the potential to be a lifelong friend to your cause... if you want donors who enjoy supporting your cause and continue to do so year after year... if you want donors who consider your cause to be such a presence in their lives that they talk about you with friends and family... if you seek advice on caring for long-term associations with the people who support you, then welcome to the lifetime donor conversation.

Long-term, loyal donors don't become lifetime donors just from having a deep interest in your organization. They have to know that your organization has a deep interest in them. This is beyond the basic practices of thank-you mailings and welcome packages. A lifelong donor is a relationship, and anyone who's ever had one can tell you relationships don't grow, they don't even live long, without communication. If you want a lifelong donor, treat that donor as a friend.

Think of a conversation you might have with a friend. What is it like? What things do you talk about, and how do you know what is interesting to your friend? What does your friend expect of you – a phone call or an email? An instant message or to be “friended” on Facebook? How often does your friend expect to see you and talk with you? How can you know all of these things?

You know because you listen. You confirm what you have heard. You share jokes and stories based on what you know about your friend's taste. You suggest books, movies, television shows and music that you think they will like. Whether you speak in a professional jargon you and your friend share or the slang that was popular when the two of you were in high school together, you use language you think they will be comfortable with. You give them options of how to reach you, and you pay attention to how they choose to talk with you.

It sounds like a lot of work, doesn't it? Maybe it is, but you're happy to do it, because you know the relationship won't survive without attention.

You don't need to share jokes with and make movie recommendations to your donors. Fortunately, you already know about one of their crucial areas of interest: your cause. That can be the basis for your conversation. But you still need to think about how the conversation affects them and how best to communicate with them.

There is no secret knowledge about this. Do a Google search on “communication and relationships,” and you get 235 million hits – everything from scholarly articles to Dr. Phil's “Relationship Communication Test.”

As human beings, we understand instinctively that successful relationships require communication. Your donors understand it, too.



Introduction (continued)

They expect a conversation. If they are the only ones contributing to the conversation, they will sooner or later find themselves with no reason to continue the relationship with you. They will cut you off or drift away.

In this paper, we will talk about:

- how to find friends (donors) who will want to talk with (support) you for a long time;
- what you need to do to make sure they stay with you and expand their relationship with you;
- how to ask them back if, in spite of your efforts, they do drift away.

It's all in how well you pay attention to and speak with your donors in a language that they know and understand.

Getting to Know You

Who can forget Deborah Kerr singing this song in *The King and I*? Later in the song she sings "getting to know you... getting to know what to say." That's the real challenge – what can I say so that you can know me better and want to respond to me?

It's not so hard when you are face-to-face with someone, but what do you do when you want to know more about your donors and your prospects?

Using Analysis

There are three types of analysis that are important in determining how effective the connections are between you and your donors. Let's take a look at these and understand how they help to initiate and maintain a productive donor conversation.

1) Response analysis for appeals and tests within appeals

The mail, emails, phone calls, newsletters, etc., that you use to generate gifts from your donors are the culmination of all the creative, segmentation and production that you do to raise direct response income, so you have a lot invested in the responses your donors choose. These communications from you are also the first voice in a new conversation, and the words that are spoken usually end in the question, "Will you support us with a gift?"



Using Analysis (continued)

To measure donor response, many organizations use backend analysis to measure just a binary response – yes, I'll support you, or no I won't. But, that's not all that's being said and there's a lot more to be considered in understanding what a donor is relaying back to you. Here are some examples:

- "Yes, I'll support you, but not at the level you are asking."
- "Yes, I'll support you at a higher level than you are asking, so I'll fill in the blank space you've provided."
- "No, I won't support you now, but I will make a gift at a different time of the year."
- "No, I won't support you."

To continue the donor conversation and to be effective all boils down to how well you have prepared for the different elements of the conversation from the beginning.

To continue the donor conversation and to be effective all boils down to how well you have prepared for the different elements of the conversation from the beginning. Are you able to recognize all of the subtleties of the donor response, and are you prepared to respond to them appropriately? You are if you have planned up front how to map your responses to multiple donor actions. You will be able to respond in the way, and at the times during the year, the donor prefers.

Here is an example. A donor sends a gift that is larger than the suggested amounts in the gift ladder. Nominally, the conversation consists of a number written in a blank space on the reply slip. But the donor is saying, "Yes, I'll support you at a higher level than you are asking."

What's your response? Of course you should say, "Thank you." But we hope you would have said, "Thank you," for every gift. The donor has made a dramatic statement here. It goes without saying you should acknowledge it. Don't just thank them. Tell them you have noticed the gift is larger than usual. The donor is certainly aware of having made a special effort for you. You need to show you are aware of it, too.

What else is the donor trying to tell you? There should be some clues. How large is the gift compared to the donor's lifetime giving record? What time of year is the gift in comparison to when the donor usually gives? If the gift is a modest increase offered in the season in which the donor usually gives, they could be saying they are comfortable with a higher range of giving.

If the gift is a very large increase, and especially if it is offered in a different season than is usual for them, they might be telling you they've had an epiphany, or a windfall.

You can respond, and hold up your end of the conversation, by adjusting the terms of the relationship. If the donor is signaling comfort with a higher level of giving, change the giving ladder the next time you ask for a gift.



Using Analysis (continued)

If the donor has dramatically increased the usual gift, consider moving them into a new category altogether. Include them in a midlevel mailing and deepen your relationship with richer, more detailed messaging.

Every time you contact a donor, that donor responds by telling you something. It may be that they are ready to give more, as in the example above. It may be that they are happy with your current relationship. It may be that they feel the need to economize or that they have become disenchanted with your cause. You can't know for certain what a donor is trying to tell you with a particular response, but if you make no effort to figure it out, you can miss opportunities or undermine the relationship.

Until now, we've been talking about a conversation with a single donor, comparing it to a conversation with a friend. If you're running a fundraising operation, however, it's unlikely you talk to your donors individually. You talk to thousands of them at a time. This is where the work of fundraising gets both interesting and challenging. Even if you are talking to donors by thousands at a time, the need to cultivate the relationship requires you to treat them as individuals. How do you do that? Analysis.

Think about how you consider campaign results. An organization that doesn't think in terms of the donor conversation will look at overall response of an appeal, and likely the response by segment. But, knowing that donors are each trying to tell you something makes you see the results in a different light. Segments that supported an appeal with a high response, but at a lower average gift, may still be looking for the right reason to make larger gifts. If you limited the number of donors from a lapsed segment, and the donors you selected supported an appeal with a high response and a high average gift, it is a good bet that a larger selection of these lapsed donors will do well in a similar appeal in the future.

You must set up your segmentation plan in a way that will let you recognize "hidden winners." Knowing that donors are trying to tell you something will encourage you to set up your appeals to understand what donors are saying, and to find more and better ways to let them be heard.

Different Mailing Segments Drive Success in Different Ways

	Recency	Mailed	Gifts	Response	Revenue	Average Gift
1	2+ gifts within 12 months	5,339	1,075	20.13 %	\$64,493	\$59.99
2	1+ gifts 13-24 & 1 gift last 12	5,431	481	8.86 %	\$32,832	\$68.26
3	1 gift within last 12 months	320	50	15.63 %	\$2,605	\$52.10
4	2+ gifts within last 13 months	1	0	0.00 %	\$0	\$0.00
5	1 gift within last 13 months	247	33	13.36 %	\$3,011	\$91.24
6	2+ gifts within last 14-24 months	448	37	8.26 %	\$1,764	\$47.68
7	1 gift within last 14-24 months	1,130	73	6.46 %	\$3,100	\$42.47
	Total	12,916	1,749	13.54 %	\$107,806	\$61.64

This chart shows the results of a successful mailing to high-potential donors. While the most recent multi-gift donors drove the largest share of the response and revenue, other smaller segments also did well in their own right. The results of this mailing justify more focus in the future on segments that show promise in response and average gift.



Using Analysis (continued)

Using response analysis to segment your solicitations and tests pays off as a return on your financial investment, and it provides valuable information on what donors like about you. In fact, using response analysis to understand donor preferences has the highest payback because it provides a road map that increases ROI over time. And it holds up your end of the conversation.

Takeaway: Prepare to gain meaning from donor responses by setting up reports to evaluate gifts in terms of giving history by giving-level segments and any other information you have about the donors.

2) Vital Signs Analysis™ to see long-term giving patterns and seasonality

Let's get back to the conversation with your old friend. Have you ever noticed how much your conversation relies on your ability to anticipate what your friend is going to say? Most conversations between old friends do not include many surprises. You use context to predict the content of the conversation. Chances are, if you're talking about gardening, and your friend suddenly interjects a remark about robotics or basketball, you will be at least momentarily disoriented and will struggle to capture meaning.

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Context? You need to observe donor behavior on a long-term basis, for five or more years if possible. Amergent's Vital Signs donor behavior analysis is a tool that provides this kind of insight. The analysis of the past five years will help you predict what donors will tell you in the next five years, or the next year, or the next mailing!

For example, say you have begun a strategy of using up-front premiums (such as address labels) in acquisition. You are gratified that the premiums have raised your response rate from 0.8% to 1.7%. The average gift has declined from \$35 to \$18, but increased total revenue offsets the decline.

But if you have set up your giving records well, you may notice three years into the strategy that the retention rates for your new donors have gone down each year. Using long-term behavior analysis, you learn that changing the dialog from letters to up-front premiums captured the interest of more donors, but they weren't interested in who you are or why they should continue to support you. These are the kinds of insights Vital Signs finds all the time.

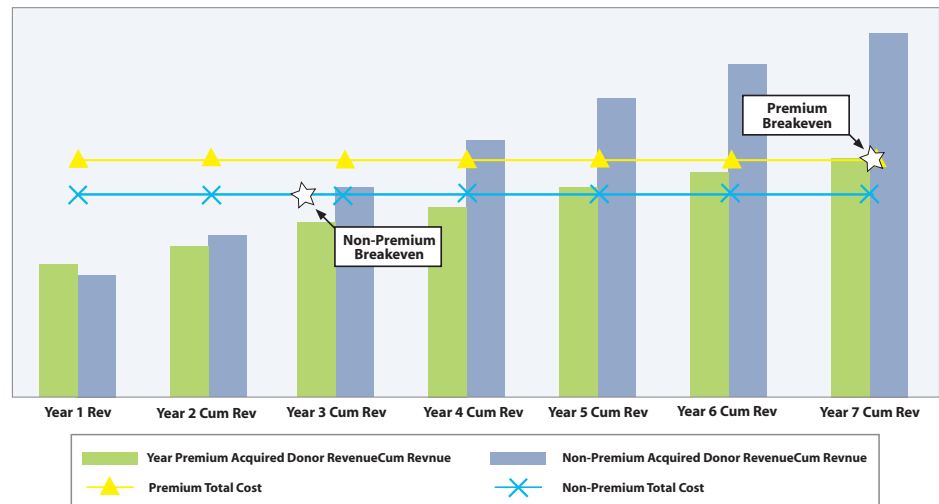


Using Analysis (continued)

What are these donors telling you? Perhaps that their relationship is based on getting things from you, instead of participation in your mission. This changed the composition of your file from mission-based donors to donors who expect to get something tangible from you in return for their gifts. Would you expect to have a long-term conversation with such people?

Like the context that helps you predict the content of your friend's conversation, the Income Growth Model based on the Vital Signs trends can predict what will happen if you stop using premiums. You know you can expect the response rate to drop by more than half and the average gift will almost double. How will that affect revenue?

Premium and Non-Premium Breakeven



Assumptions:

- 100,000 per package mailed
- 1.7% response rate for premium, 0.8% response rate for non-premium
- Average gift: \$18 for premium, \$35 for non-premium
- Cost: \$0.55 for premium, \$0.47, all inclusive
- Year 2 retention rate: 15% for premium, 30% non-premium

In the first year, your program will report a loss. In the second year, however, revenue will increase, and in the third year, you will reach breakeven. This is partly because the cost of mailing without a premium is somewhat less, but it is mainly because the retention rate doubles. The new donors are more likely to stay with you because you are conducting a conversation rather than distributing trinkets.



Using Analysis (continued)

Most fundraising organizations routinely perform recency, frequency and amount calculations. But that's a very limited context for predicting future conversation. You need to know how your donors have behaved over all their years on your file, how their support grew or changed during that time and how this affects their future performance.

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Such detailed knowledge might show, for example, that some of your deeply lapsed donors used to be your most loyal supporters, but something knocked them off the track. You could try a routine renewal, but for those who were once your most loyal supporters, don't you think something more personal is called for? You wouldn't, after all, try to renew a relationship with an estranged friend by means of a Facebook wall posting or a mass mailing.

What do you need to say to them to attract their support again? How do you restart the dialog you once had? It helps to think about what you would say to an old lost friend. "I miss you. Will you come back?" We do this for our clients and many old friendships are restarted, some at rates of giving that were as high or higher than they were when they were previously active!

Takeaway: Use giving records to create context for your relationship with donors. Know more about them than recency, frequency and amount. Learn the ups and downs and the seasonality of their giving, because these will help you predict their future conversational responses. Your understanding will predict your revenues.

3) Listening to your donors

Analysis does a good job at understanding donor actions. The more actions that can be observed, the deeper the understanding will be of what motivates a donor or group of donors to make a gift or to do other things that you have asked them to do. The only element that is missing is hearing directly from them what their preferences are and what motivated them to support you.

To do that, keep it conversational. Just ask them.



Using Analysis (continued)

Fundraisers who come from a marketing background may feel comfortable with formal questionnaires and study designs. But polling your donors with a formal questionnaire puts your relationship with them on a different footing, and it's probably not a good one. Keep it conversational.

Outside of environmental factors like a shift in the economy, if the performance of your donor base starts to trend up or down, you're going to want to hear directly from your donors what they are thinking. What are you doing that they are pleased with? What causes them to fall off in their support?

The most valuable questions you can ask are about the connection that you and your supporters have. Things like, "What part of our support of homeless veterans most interests you?" Or, "What part of our organization's work would you like to hear more about?" Asking a simple question like, "Why are you so generous in your support?" will generate some amazing responses.

If you ask open-ended questions (i.e., questions that cannot be answered "yes" or "no" and that usually begin with "why," "what" or "how"), you are likely to get sincere responses. They are unpredictable and difficult to collate, but that contributes to their value. We'll talk more about this later.

No matter what you ask, it needs to be short and sweet, or most of the people won't answer it. It needs to be about the donor, who they are and how you can make their experience better. Sometimes this means more work for you compiling answers, but it is worth it in the stories and other information that you get back.

Takeaway: Giving records can do quite a bit to predict donor behavior, but there's no substitute for asking the donors themselves. To obtain good responses, ask infrequently, keep questions open-ended and keep them short.

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Making New Friends

There are many reasons why we find new friends. They like the same things we do, they have the same political views or they remind us of our dearest friends. They have the same values and the same backgrounds. We feel like we have known them for years, even though we just met them!

You find such friends by looking for them in the right places. If you like to take adult education courses, for example, you're likely to find new friends at the adult education center. If you like riding bicycles, you're likely to find new friends by joining a bike club.

The same is true of donors. If you want to find new donors who have a higher likelihood of growing into long-term friends... who respond at higher rates... who are more likely to upgrade their support... then look for people who share your interests in your cause. It's easier said than done. But there are ways of searching for such people systematically.

One way to find these donors is to use targeting models that are made with the attributes of your best donors, matched to the attributes of prospective donors. Soliciting these people for support provides a higher level of confidence that you will be able to cultivate them into loyal donors when they come on to your donor file.

But, it only works if you use a language in your communications that works with your best donors.

But, it only works if you use a language in your communications that works with your best donors. Identify points of conversation and items of interest from your loyal donors that prompt a deeper commitment from your new friends. Then allow them access back to you, through the channels that they prefer, at the time of year that is best for them. You may want to look at the language your donors used when answering the open-ended questions you developed in the previous section.

Traditional response lists work well, especially if you can have a good understanding of which lists produce the highest number of long-term loyal donors. Amergent created a long-term donor List LifeCycle™ Analysis for our clients that not only determines what the best responding lists were in an acquisition appeal, but also which lists produced the most donors who renewed within the following 100 days, 101-365 days, 2 years, 3 years and 4+ years.

Using lists that bring in more new donors with long-term potential is a great start to creating a constructive dialog with new donors.

Takeaway: To make new friends, look for people similar to your existing friends. In fundraising terms, this means defining the characteristics of your best donors and looking for those characteristics in new populations. List modeling and List LifeCycle Analysis can help you predict the long-term behavior of prospective and new donors.



Reasons to Keep Talking

A conversation isn't a conversation if there's only one person talking. Unless you plan carefully, that's the way that it can be in relationships with donors. Too often donors and prospects are asked for support or action, a percentage of the donors step forward and engage, then they receive a thank you message. Period. Not much of a conversation. How can you get to know your donors, what their interests are and why they support you?


The best way it to provide ways to "talk back" in every cultivation channel you use.

As an example, some Catholic organizations provide space on the back of the reply slip for the donor to ask for prayer (Intentions). This allows the donor to ask the organization to pray for them or for someone they designate, thereby using the organization as an extension of themselves.

These are my special prayer intentions:

Stay connected to the Sisters of St. Benedict! With your e-mail address, we can send you the latest updates about our sisters and events at the monastery. (You'll help us save postage, too.)

Just fill in your e-mail address here: _____



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This helps the donor to feel that they are connected to the organization that they support, and that the organization is interested in what is important to them. But, what more can be done to perpetuate that dialog? Wouldn't it be interesting for the donor to receive a newsletter that reported their prayer was included at a special mass that honored all of the faithful who have supported the organization? It would provide another reason to prompt the donor for another action – responding to the newsletter, going to the website or supporting a special cause.

The greater the variety of ways that a donor "speaks" with you, the greater their dedication and the more reasons you have to speak with them.

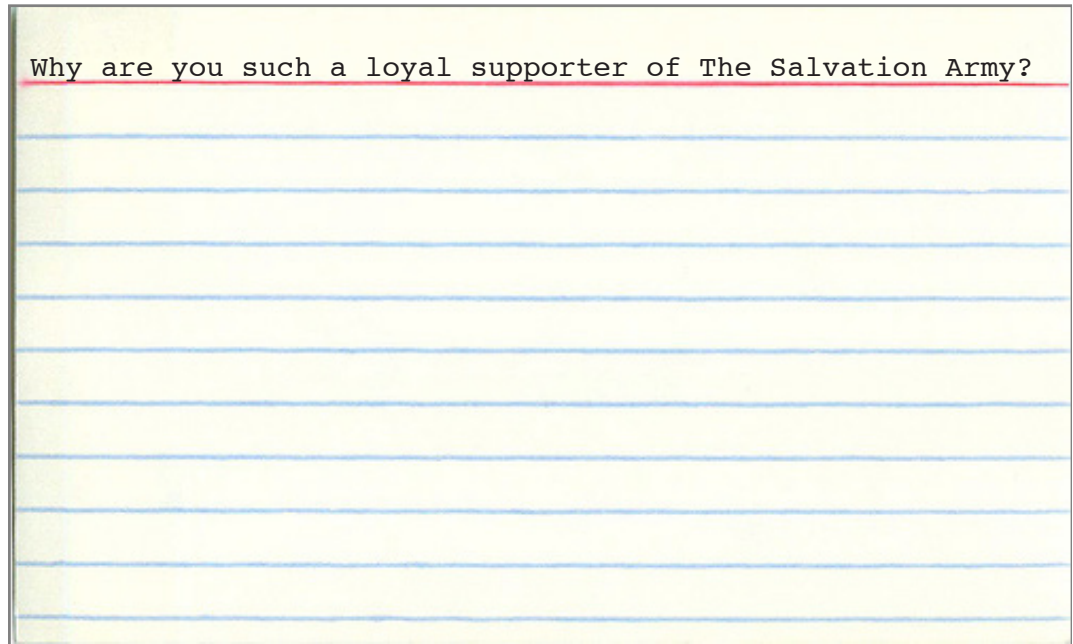


Reasons to Keep Talking (continued)

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A Salvation Army division we work with had great conversational success with a humble index card. Here is an organization with donors who have supported them for many years. Some families have supported them for generations! We suspected there were reasons for this support that extended beyond “I’ve seen your red kettles” or “I know that you do good work.” We wanted to hear examples.

The Salvation Army Index Card



Why are you such a loyal supporter of The Salvation Army?

Salvation Army donors are most active at Christmas, so we decided to ask loyal donors for feedback in a Christmas mailing. We included a simple Index card that asked one question: Why are you such a loyal supporter of The Salvation Army?

The stories that came back were wonderful, some reaching back to WWI! We were able to use the tone and interest points from the cards we received in our communications back to the donors, closing the loop and speaking in a way that they were familiar with.

Takeaway: Look for every opportunity to keep the conversation going. Simple, open-ended questions may not produce very scientific results, but they inspire sincere and priceless messages from the donors. These messages provide you with both insight and language in which to couch your appeals.



Different Places to Meet

Social Networks

Donors, including the core fundraising audience of 65+ Americans, are comfortable using several types of online communications like email, Facebook, Twitter, even mobile (text). Organizations still underestimate the potential that these destinations have for meaningful dialog. Here are some statistics on social networking from the Pew Research Center's Internet & American Life Project regarding core donor audiences:

- Social networking use among internet users ages 50 and older has nearly doubled – from 22% to 42% in a recent year (2009 to 2010).
- One in ten (11%) online adults ages 50-64 and one in twenty (5%) online adults ages 65 and older now say they use Twitter or another service to share updates about themselves or see updates about others.
- Email and online news are still more appealing to older users, but social media sites attract many repeat visitors.

Facebook and Twitter are excellent channels for two-way conversations for donors. These media allow them to respond to topics that appeal to them and to receive responses that address their unique interests. If they are on Facebook, they can learn about the latest developments in treating a disease or if the organization has recently received an award for their work. They can even find out if anyone that they know follows the Facebook page!

This points to the full potential that social media holds for donors to enrich their relationship with you. Avoid the temptation to talk exclusively about your organization. Whenever you post something to Facebook or tweet something, think about what you would think if you were reading it yourself. Would you want to write a comment? Would you want to click through on the link in the tweet? Would you want to re-tweet it to someone to get them involved? It's like thinking about what you should say if you are talking to a friend. You want a response, right?

They do this because they feel more connected the more that they know and the more they have a chance to be known.

Regardless of why a donor visits an organization's social networks, the result is consistently the same – they become a more loyal donor, renewing at higher rates and making more or larger gifts. They do this because they feel more connected the more they know and the more they have a chance to be known.



Different Places to Meet (continued)

(Social Networks continued)

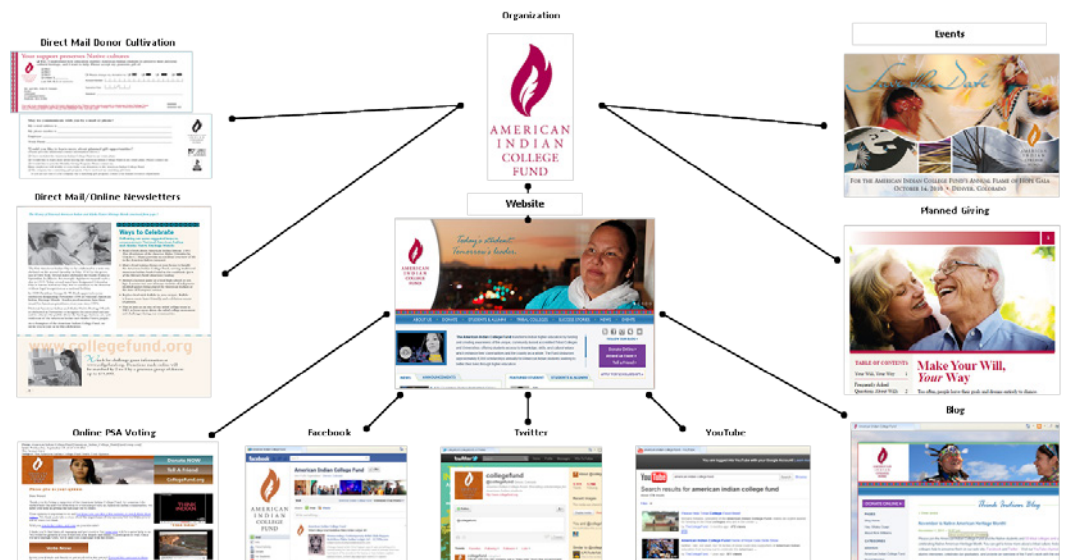
Takeaway: Social media are not necessarily magical fundraising machines, and if you look at them that way, you are likely to be disappointed. Social media are powerful platforms for donor conversation. Use them to engage your donors and to facilitate their conversations with each other. This will pay off in donor engagement, loyalty and ultimately support.

Getting Donors to Your Website

Most fundraisers make sure that their website address (URL) appears in at least two places in their direct mail packages, providing a pathway for the donor to research your organization or to make a gift online. While we know that most donors will still make their gift using the direct mail reply envelope, increasing numbers of donors each year are visiting fundraisers' websites and using the online donation form, signing up for an event or linking to the social networking sites.

Why the interest in getting direct mail donors online? Because 1) most donors know how to make their way around a website; 2) they get to know you better if you do a good job presenting them with information, choices and calls to action; and 3) when the donor who had the online experience makes a gift, it will be an informed choice, making them much more likely to give another gift in the future.

The Donor Conversation



Each touch point allows the donor to add a dimension to their relationship with the organization. Direct mail opens up the website and phone. The website opens up events, tell-a-friend, social networks, YouTube and a blog. All channels provide a way to donate or feed back.

Different Places to Meet (continued)

(Getting Donors to Your Website continued)

Takeaway: Your website can be a hub of donor communication. Make sure it helps donors find your blogs, your videos, your social network sites and news of your events. They are going to communicate with you in the ways they most prefer; make it easy for them to find those channels and make sure you continue to capture the conversation.

Events and Phones

This overview would not be complete without a brief recognition that the donor conversation is more than metaphorical. There are ways in which you speak directly with your donors and engage them in conversation.

Events can be a great way for online or direct mail donors to get to know more about the organization and get a chance to talk with people who share the same interests. This increased access and community will prompt the donors to credit the experience back to the host organization, creating a positive and lasting bond.

While it is true that it is tough to get event donors to convert to direct mail or online donors, promoting events to donors who have a direct response relationship is good for the donors and the organization, increasing the donors' positive perception, and increasing the chance of creating another

channel of financial support to the organization. And if you place skilled people at the event, you can open up a direct line of communication with donors.

For donors who are receptive to phone calls from fundraisers, the use of phones is the best two-way channel of communication, outside of a face-to-face conversation. Use either an in-house team or a telemarketing firm that is known for taking the time needed on the phone. When you employ proven listening skills (paraphrasing, reflecting feeling, summarizing), you can often get a donor to open up and tell their interests and concerns. They can even designate their giving preferences and discuss options for planned gifts. Of course, phone calls also do a good job in re-inspiring a donor to start giving again after a gap in support.

Including telemarketing in your fundraising mix accomplishes much more than pursuing a financial objective. It can be a donor's way of completing the dialog loop with the organizations that they know and trust.

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Conclusion

No longer are fundraisers able to rely on a continuous supply of new donors to fuel growth. A combination of an uncertain economy and overused sources of new names has put the focus on making sure that the donors that you have are happy and engaged. Also, when choosing lists for acquisition, use the lists that produce more long-term donors.

We understand that an engaged donor is a donor with multiple points of contact and information. Additionally, they have options in virtually all of their communications to provide feedback, in one form or another. The more of these successful conversations, the longer the active tenure of the donor and the higher their value.

Good friends are hard to find, and sometimes hard to keep. But, keeping the channels of communication open with good friends and good donors assures that the conversation can go on for a long time.

