What Fundraisers Can Do to Stop Falling Donor Retention Rates
Your Presenter

Jay B. Love

- 30 Years of Technology Leadership
- Over 20,000 Database Installations
- Former Founder & CEO of eTapestry
- Former CEO of Master Software/Fund-Master
- Conner Prairie Museum Board Member
- AFP Ethics Committee Chairman
- Center on Philanthropy at IU Board Member
- Innovation Fund at Butler University
- Gleaners Food Bank Board Member
- Co-Chair of Indianapolis YMCA Capital Campaign
Do you know your retention rate?
Do you know your retention rate?

In our surveys, less than 45% of fundraisers knew their current donor retention rate.

Growth in Giving Initiative / FEP

http://afpfep.org
Fundraising Effectiveness Survey

Participating Donor Software Firms:

- Bloomerang
- DonorPerfect
- eTapestry
- Neon
The 2015 results are in »

Median Donor Retention/Attrition

Retention 43%
Attrition 57%

Gift retention isn’t much better

Median Gift Retention/Attrition

Retention 46%
Attrition 54%
New donor retention is even worse »

First Time Donor Retention: 19%
Repeat Donor Retention: 63%
Donor retention over a decade »

Median Donor Retention Over The Past Decade

- 2005: 46%
- 2006: 45%
- 2007: 42%
- 2008: 41%
- 2009: 40%
- 2010: 40%
- 2011: 39%
- 2012: 43%
- 2013: 43%
- 2014: 43%

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## Donor Attrition Over Five Years

<table>
<thead>
<tr>
<th># of Donors</th>
<th>Attrition Rate</th>
<th>Donors Remaining After 1 Year</th>
<th>Donors Remaining After 2 Years</th>
<th>Donors Remaining After 3 Years</th>
<th>Donors Remaining After 4 Years</th>
<th>Donors Remaining After 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>20%</td>
<td>800</td>
<td>640</td>
<td>512</td>
<td>410</td>
<td>328</td>
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<tr>
<td>1,000</td>
<td>40%</td>
<td>600</td>
<td>360</td>
<td>216</td>
<td>130</td>
<td>78</td>
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<tr>
<td>1,000</td>
<td>60%</td>
<td>400</td>
<td>160</td>
<td>64</td>
<td>26</td>
<td>10</td>
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</table>

https://bloomerang.co/resources/downloadables/donor-retention-math-made-simple
So what?

Improving donor retention rates by just 10% can increase the lifetime value of your database by 150-200%!

- Dr. Adrian Sargeant, Bloomerang Chief Scientist
**Donor retention math**

<table>
<thead>
<tr>
<th>Year</th>
<th>Donors</th>
<th>Avg. Gift*</th>
<th>Total</th>
<th>Year</th>
<th>Donors</th>
<th>Avg. Gift*</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Start</td>
<td>5,000</td>
<td>$200.00</td>
<td>$451,000</td>
<td>Start</td>
<td>5,000</td>
<td>$200.00</td>
<td>$561,000</td>
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<tr>
<td>2</td>
<td>2,050</td>
<td>$220.00</td>
<td>$451,000</td>
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<td>2,550</td>
<td>$220.00</td>
<td>$561,000</td>
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<td>841</td>
<td>$242.00</td>
<td>$203,401</td>
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<td>1,301</td>
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<td>345</td>
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<td>4</td>
<td>663</td>
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<td>5</td>
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<td>6</td>
<td>58</td>
<td>$322.10</td>
<td>$18,659</td>
<td>6</td>
<td>173</td>
<td>$322.10</td>
<td>$55,567</td>
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<td>24</td>
<td>$354.31</td>
<td>$8,415</td>
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<tr>
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<td></td>
<td>12</td>
<td>3</td>
<td>$570.62</td>
<td>$1,732</td>
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<td></td>
<td>13</td>
<td>2</td>
<td>$627.69</td>
<td>$972</td>
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<td></td>
<td></td>
<td>14</td>
<td>1</td>
<td>$690.45</td>
<td>$545</td>
</tr>
</tbody>
</table>

Grand Total from Original Donors: $820,859  
Grand Total from Original Donors: $1,277,208

**Total Savings:** $456,349

https://bloomerang.co/resources/downloadables/donor-retention-math-made-simple
Calculating donor retention »

# of Donors in Current 12 Months
(from the previous years pool)
Divided by
# of Donors in Previous 12 Months

https://bloomerang.co/retention
Calculating dollar retention »

Total Dollars from Donors in Current 12 Months
(from the previous years pool)
Divided by
Total Dollars from Donors in Previous 12 Months
Importance of dollar retention »

- $0 - $25
- $26 - $100
- $101 - $1,000
- $1,001 - $10,000
- $10,000 & Up (50% of Total)

(Where do you desire a 10% change?)

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Seattle’s Lakeside Upper School counts ... Bill Gates among its alumni. Rumor has it a fundraiser for the high school called Gates, who asked: “How much is everyone else giving?” About $75 he was told. “So put me down for $75,” said Gates.

-- Forbes, Jan 22, 1996, p. 16
Defining Lifetime Value »

“The total net contribution that a customer/donor generates during his/her lifetime in your database”
Defining Lifetime Value (LTV)

\[ \text{LTV} = \sum c_i \]

Where
\[ c = \text{net contribution from each year’s fundraising activity} \]
\[ i = \text{expected duration of each relationship in years} \]
Overall Giving by Household Income Level

Source: Philanthropy Panel Study - Lilly School of Philanthropy
Importance of being a chosen charity

The number of charities supported annually:

• Income 50K – 2-3
• Income 100K – 3-4
• Income >100K – 4-5
• One is usually their church
• Second is most likely their school
Where Does This Leave Your Cause?
Value Segments »

Value

$1000 +

$500 - $1000

$100 - $500

$25 - $100

$25 and under annually

Time
Why for-profit customers leave »

• 1% - death
• 3% - relocation
• 5% - won by competitor
• 14% - bad complaint handling
• 77% - lack of interest from us
Why nonprofit donors leave »

- 5% - thought charity did not need them
- 8% - no info on how monies were used
- 9% - no memory of supporting
- 13% - never got thanked for donating
- 16% - death
- 18% - poor service or communication
- 36% - others more deserving
- 54% - could no longer afford

Automatic Engagement Factors

- Recency and pattern of giving
- Cash donors vs. sustaining donors
- # of years giving +
- Upgrade / Downgrade + -
- Lapsed -
- Event attendance +
- Opens email +
- Click links in emails +
- Unsubscribes from email -
- Has stated communication preferences +
- Has inbound interactions +
- Has soft credits +
- Volunteers +
- Website visits +
6 Key Retention Drivers
(That can double lifetime value)

- Drip feed mission performance data
- Connect often (1st 90 Days!)
- Be personal (SEGMENT via DB)
- Develop like a good personal friendship
- Find & use numerous human connectors
- Always communicate what monies are doing!
Donor communications »

“Are your charity's fundraising, advocacy or other "persuasion" communications riddled with common, hidden flaws that limit their effectiveness?”

- Tom Ahern,
  Bloomerang Donor
  Communications Head Coach
You’re trying for “mental nods.”
Your appeal is **NOT** about how wonderful your organization is.

Your appeal **IS** about how wonderful the donor is.
Secret to Success #3 »

1st paragraph: 10 words or less.
Secret to Success #4 »

Multiple asks
Don’t bore me.
Secret to Success #6 »

Know your SMIT.
Single Most Important Thing.
Secret to Success #7 »

Get them into a fight.
Make a promise.
People for Puppies
5625 N. Post Rd., Suite 100
Indianapolis, Indiana 46216

Today's Date

Name
Address
City, State/Province Postal Code

Hi [Formal Name],

We wanted to thank you for the [Amount] donation that you made on [Date]. Every act of your generosity helps us further our mission. In fact, your gift has helped us rescue 2 puppies! Two cuddly creatures that would have otherwise been homeless are now safe because of your donation.

Because we are a registered 501(c)3 organization, your donation is completely tax deductible. Please keep this for your tax records to claim your deduction. Again, we thank you for your support in helping to make the world a better place.

Thank You

Kay Nine, Executive Director
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Thank You
Acknowledgement segmenting »

- Above Average Gift
  - New Donor
  - Repeat Donor

- At or Below Average Gift
  - New Donor
  - Repeat Donor
5 Acknowledgment Principles
(Drastically Improve First Year Donor Retention)

- 48 Hour Rule
- Be Different Than the Rest
- Handwritten Rule Written Communications
- State Exactly What the Monies will Fund
- Call or See in Person as Often as Possible
5 Communication Strategy Practices
(Involve Your Entire Fundraising Team)

• Fully Map a Track for Each Key Segment
• Survey in 1st 90 Days, Then “Honor”
• Involve Human Connectors
• Nurture Means Personal
• Never Forget the “You” Test for EVERY “Touch”
Free eBook »

https://bloomerang.co/ebook
Free educational resources »

- Daily blog post
- Weekly webinar
- Downloadables
- Nonprofit Wrap-Up
- Bloomerang TV
- Bloomies

https://bloomerang.co/resources
Questions?

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https://bloomerang.co/slides