



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.



<https://bloomerang.co/blog/infographic-the-state-of-donor-retention-in-2014/>

Growth in Giving Initiative / FEP »



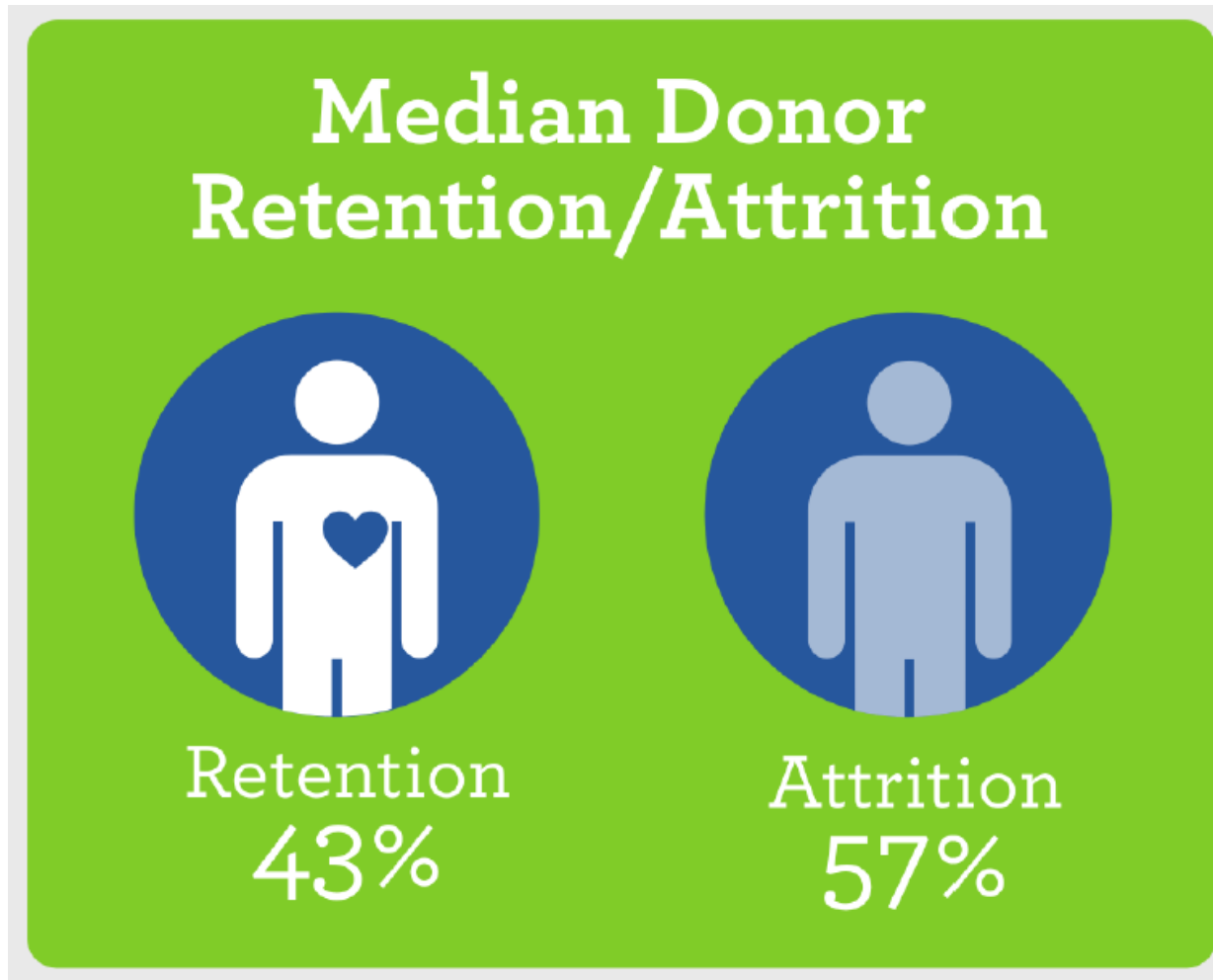
<http://afpfep.org>

Fundraising Effectiveness Survey »

Participating Donor Software Firms:

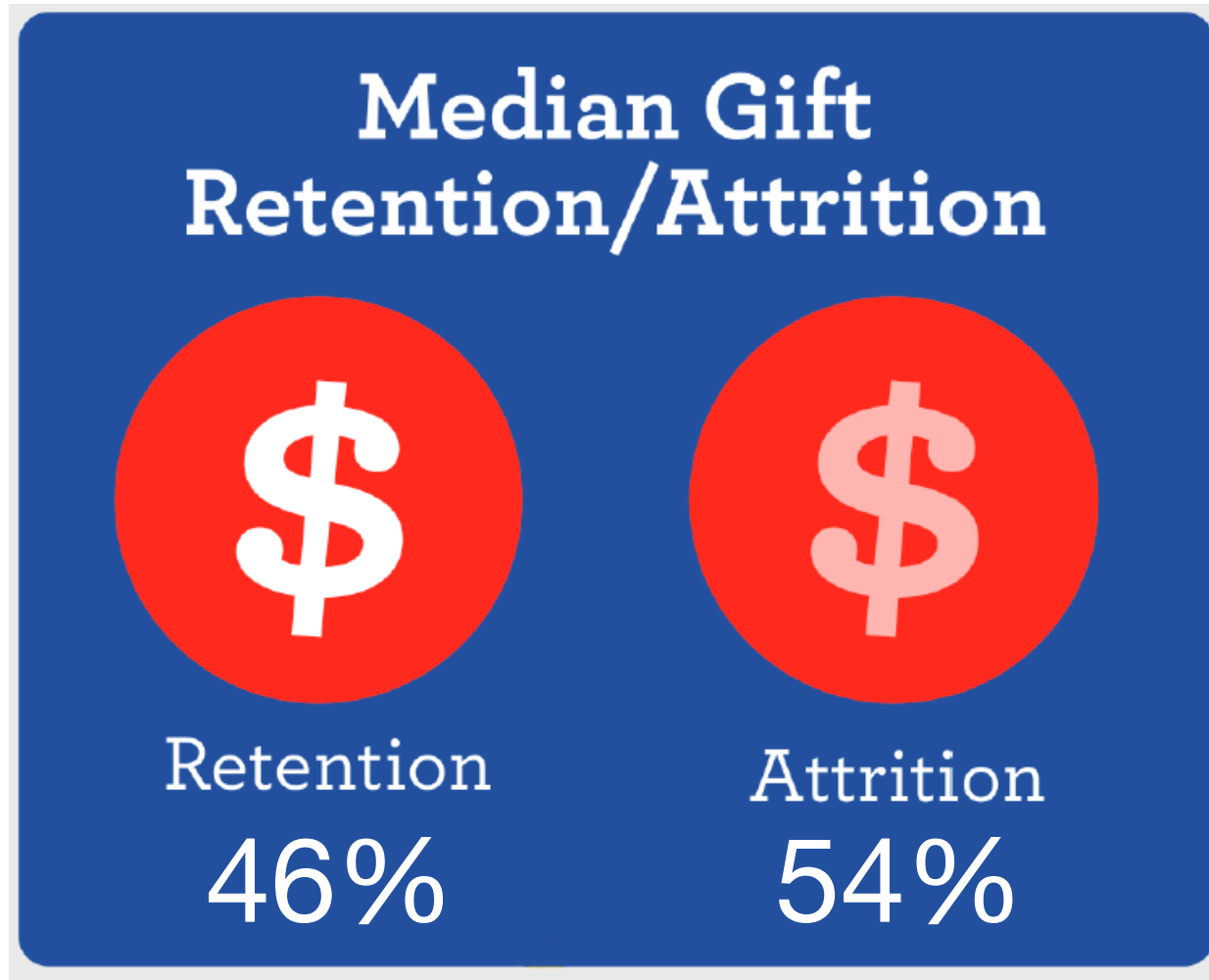
- Bloomerang
- DonorPerfect
- eTapestry
- Neon

The 2015 results are in »

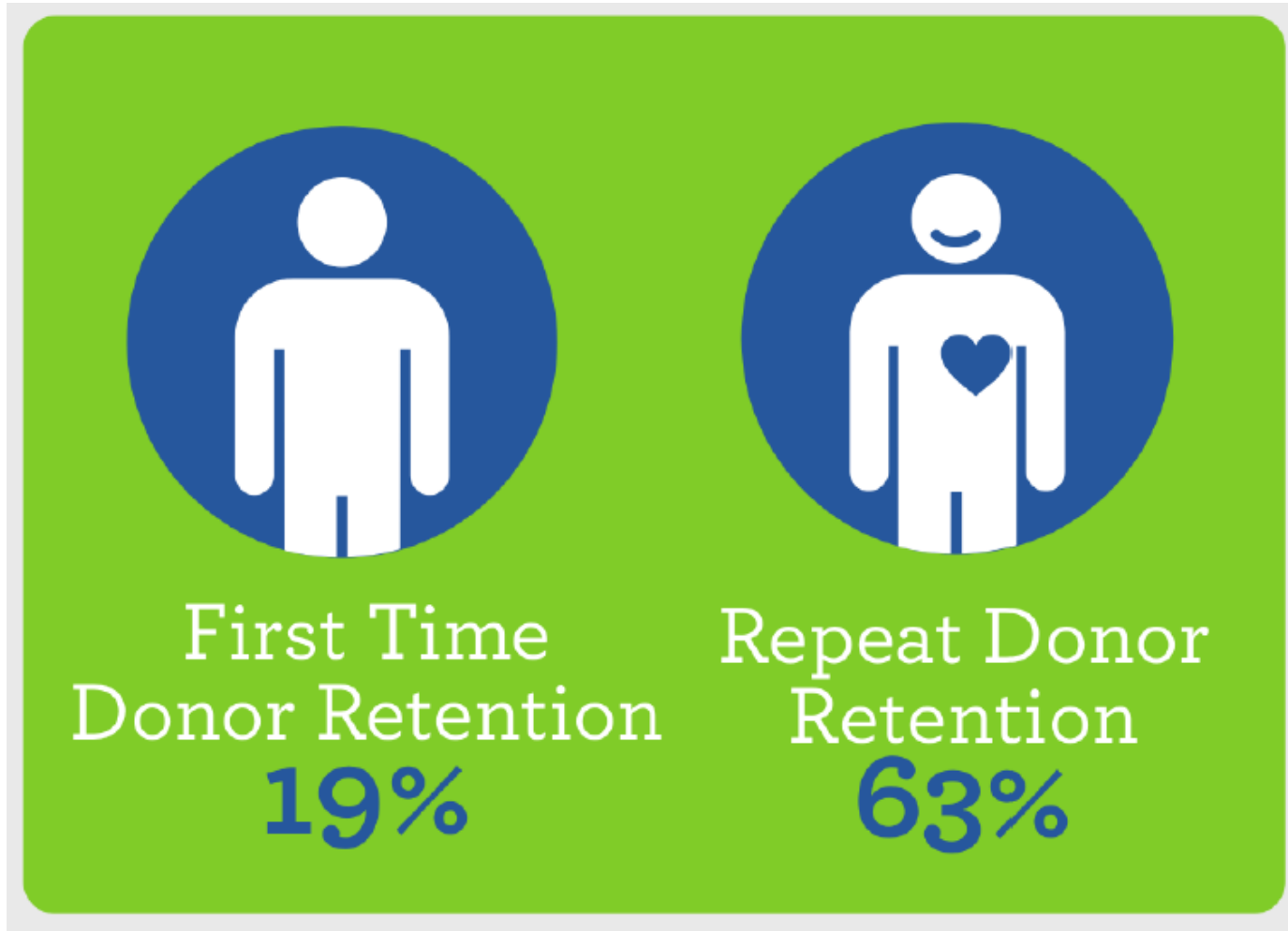


<https://bloomerang.co/blog/infographic-2015-fundraising-effectiveness-project-survey-report/>

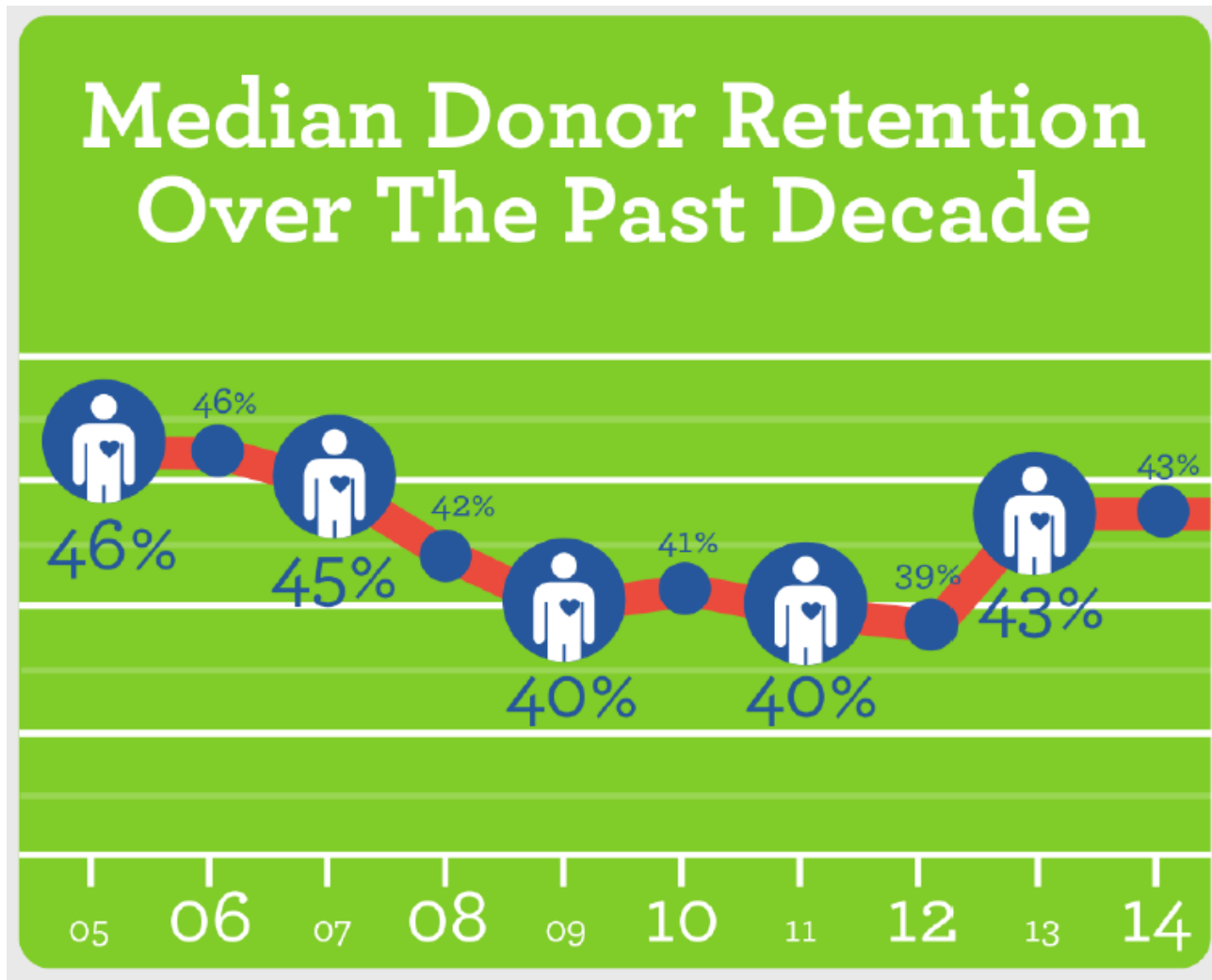
Gift retention isn't much better »



New donor retention is even worse »



Donor retention over a decade »



So what?

Donor Attrition Over Five Years

# of Donors	Attrition Rate	Donors Remaining After 1 Year	Donors Remaining After 2 Years	Donors Remaining After 3 Years	Donors Remaining After 4 Years	Donors Remaining After 5 Years
1,000	20%	800	640	512	410	328
1,000	40%	600	360	216	130	78
1,000	60%	400	160	64	26	10

<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 »

Original Retention Rate: 41%

Improved Retention Rate: 51%

Year	Donors	Avg. Gift*	Total	Year	Donors	Avg. Gift*	Total
Start	5,000	\$ 200.00		Start	5,000	\$ 200.00	
2	2,050	\$ 220.00	\$ 451,000	2	2,550	\$ 220.00	\$ 561,000
3	841	\$ 242.00	\$ 203,401	3	1,301	\$ 242.00	\$ 314,721
4	345	\$ 266.20	\$ 91,734	4	663	\$ 266.20	\$ 176,558
5	141	\$ 292.82	\$ 41,372	5	338	\$ 292.82	\$ 99,049
6	58	\$ 322.10	\$ 18,659	6	173	\$ 322.10	\$ 55,567
7	24	\$ 354.31	\$ 8,415	7	88	\$ 354.31	\$ 31,173
8	10	\$ 389.74	\$ 3,795	8	45	\$ 389.74	\$ 17,488
9	4	\$ 428.72	\$ 1,712	9	23	\$ 428.72	\$ 9,811
10	2	\$ 471.59	\$ 772	10	12	\$ 471.59	\$ 5,504
11	—	—	—	11	6	\$ 518.75	\$ 3,088
12	—	—	—	12	3	\$ 570.62	\$ 1,732
13	—	—	—	13	2	\$ 627.69	\$ 972
14	—	—	—	14	1	\$ 690.45	\$ 545

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?)

Importance of dollar retention »

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) »

$$LTV = \sum C_i$$

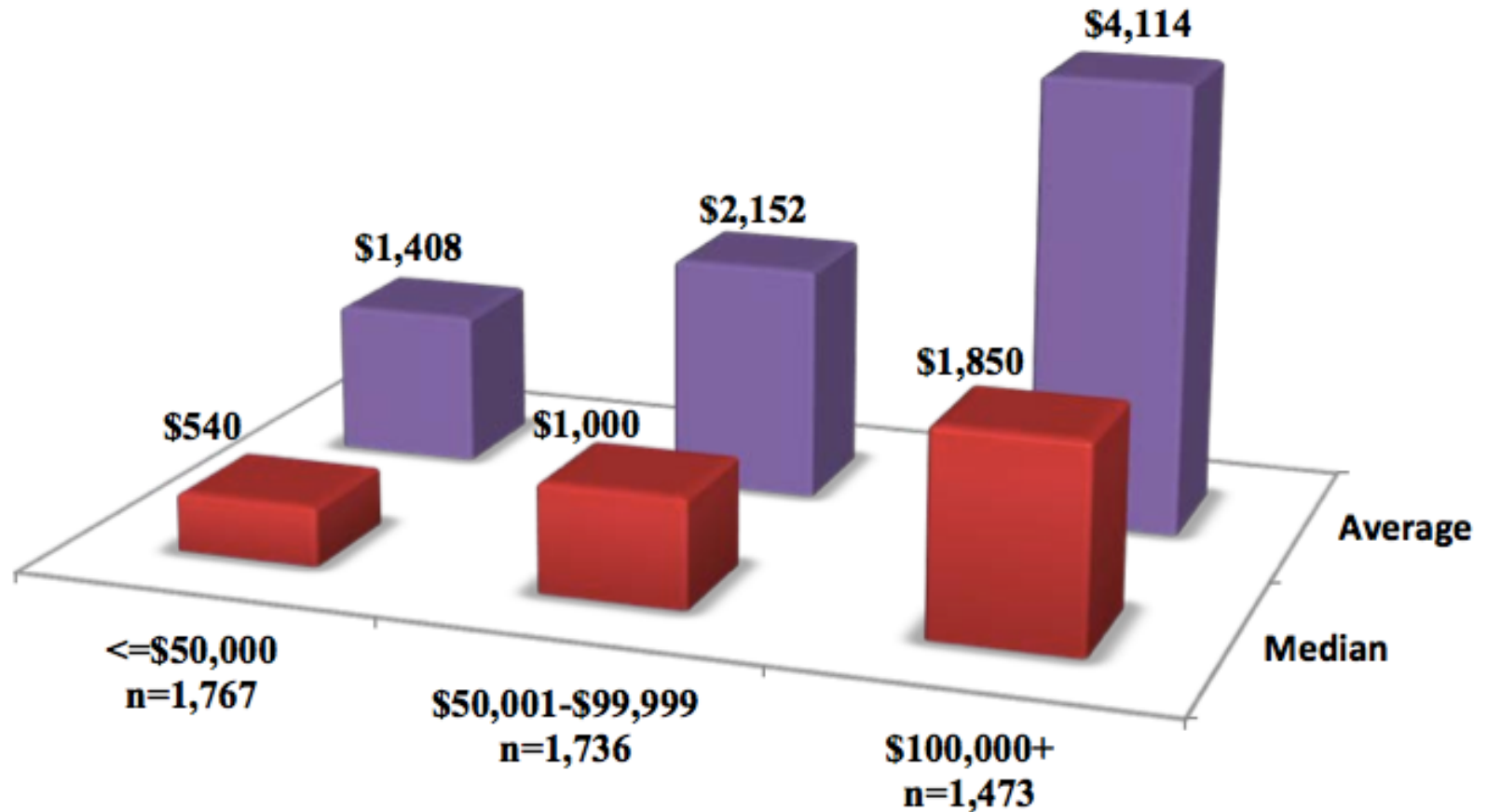
Where

c = net contribution from each year's fundraising activity

i = 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 »

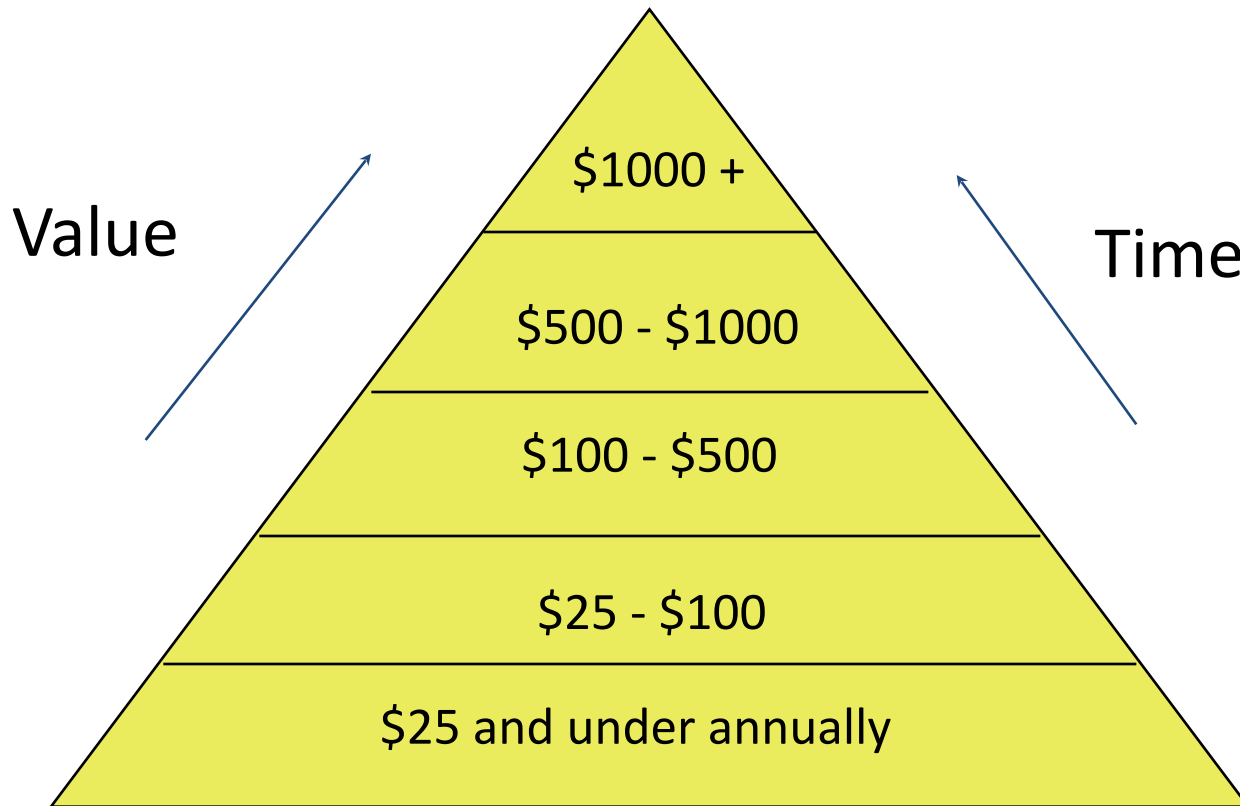
The number of charities supported annually:

- 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 »



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

<https://www.linkedin.com/today/post/article/20140520191728-746287--infographic-why-donors-stop-their-support>

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 +


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Phone

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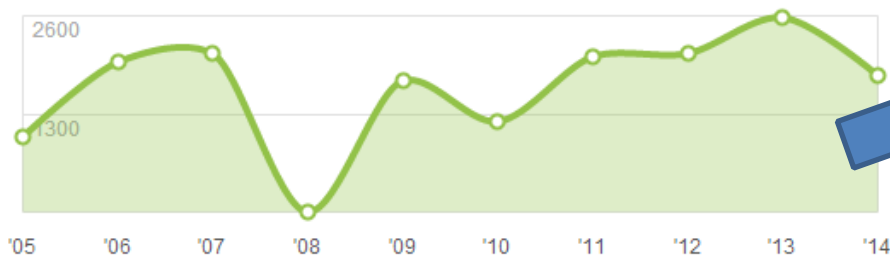

Summary

Profile

Timeline

Relationships

Giving Summary


Lifetime Raised
\$17,085.00
Average Donation
\$427.13
First Donation
\$500.00

2/4/1999

Latest Donation
\$400.00

2/6/2014

Largest Donation
\$1,200.00

3/27/2012

♥ Engagement Level


On Fire!

DonorSearch

Perform Search

Last screened by Wayne Robbins on
10/16/2013 9:11 AM

Relationships

Wayne Robbins

Friend



Amy Allen

Wife



Melissa Signorelli



Recent Timeline Activity


3/17/2014
In Person

Acknowledgement - Thanked Rick for his gift in person!


2/6/2014
Donation

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



Secret to Success #1 »

You're trying for “mental nods.”

Secret to Success #2 »

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

Secret to Success #5 »

Don't bore me.

Secret to Success #6 »

Know your SMIT.
Single Most Important Thing.

Secret to Success #7 »

Get them into a fight.

Secret to Success #8 »

Make a promise.



Honoring **OUTSTANDING**
donor communications

<https://bloomerang.co/bloomies>

Edit Letter Major Donor Thank You

Delete

Cancel

Save And ▼

Design

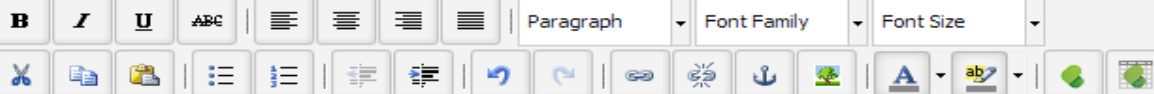
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The Ahern Audit



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
People for Puppies



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The Ahern Audit

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Ahern Audit Results ×**The "You" Test**

You used "you" words 11 times and "we" words 5 times.

Ideally, you should use twice as many "you" words as "we" words.

[Read More](#)**Flesch Kincaid Reading Level Test**

Your letter is written at a 6th grade reading level.

It should ideally be between 6th and 8th grade.

[Read More](#)

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

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Ahern Audit Results



The "You" Test

[Read More](#)



You used "you" words 11 times and "we" words 6 times.

Ideally, you should use twice as many "you" words as "we" words.

Flesch Kincaid Reading Level Test

[Read More](#)



Your letter is written at a 5th grade reading level.

It should ideally be between 6th and 8th grade.

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

Acknowledgement segmenting »



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 »

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- Weekly webinar
- Downloadables
- Nonprofit Wrap-Up
- Bloomerang TV
- Bloomies



<https://bloomerang.co/resources>

Questions?

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<https://bloomerang.co/slides>