

### Segment Donors by Involvement

Kansas City, Mo.-based Harvesters—The Community Food Network ([www.harvesters.org](http://www.harvesters.org)) is a clearinghouse for the collection and distribution of food and related household products. Founded in 1979, the organization has a 26-county direct service area that includes more than 550 nonprofit agencies and provides food assistance to nearly 60,000 people each week. In addition to collecting and distributing food and household products, Harvesters offers a range of leadership and education programs to increase community awareness of hunger and generate solutions to alleviate hunger.

To improve donor acquisition and retention, three levels of involvement were established in order to segment supporters:

- Tryers made a single contribution in the past year and

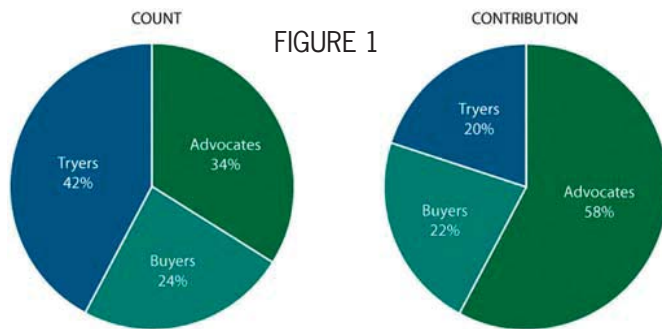
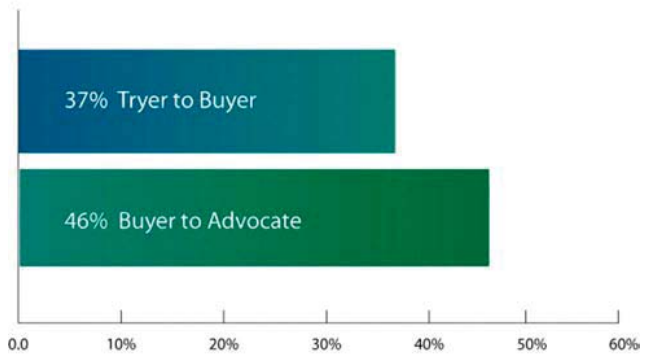


FIGURE 1

ABT CONVERSION

FIGURE 2



- none in the prior two years
- **Advocates** made a contribution in each of the past three years or a minimum of four in the prior two
- **Buyers** included everything in between

For each of these segments, it was possible to establish both the number of supporters and the relative value of their contributions. (figure1)

It was immediately clear that Harvesters needed to keep and grow current donors. Advocates and Buyers represented only 58 percent of the donor base but generated 80 percent of the revenue.

Segment parameters can vary to meet the needs of your organization. For example, your Advocate requirements could

# 5 Steps to Retain Donors

BY ELAINE FOGEL

Marketing guru Philip Kotler once said, “Before a company starts to worry about acquiring new customers, it must develop a strategy to satisfy its existing customers.” This approach rings true in the fundraising world, just as it does in the business sector. The key, Kotler says, is to continually invent new benefits for loyal customers.

With the ever-increasing need for funds, many organizations tend to focus more on donor acquisition than they do on retention strategies and tactics. Yet, this can prove to be a costly mistake. The best prospects are usually the donors already on your side. Here are five steps to retaining them and turning them into brand ambassadors:

**1 Know your donors: research, research, research.** Whether there are 500 names in your organization’s database or 50,000, knowing who your donors are is essential in developing an appropriate retention strategy. Analyze the donor base by market segment. Relying on traditional demographics alone will not always give you all the

information you need, however. Today, it is important to look at psychographic information—attitudes, values, lifestyles, and opinions—as well as generational data and where donors fall in their giving cycles.

What motivates donors to give to your cause? Does your mission personally affect them, and how? How did they

find out about your organization? How do donors at different giving levels differ? The more you know, the more you will be able to target your communications and steward them accordingly. Look for creative and cost-effective ways to conduct research.

**2 Develop a donor-centric organization.** If your organization is not 100 percent donor-focused, it is time to tackle a paradigm shift. Developing a donor-centered mind-set is not the responsibility of the development staff. Everyone in the organization should be part of a thorough and ongoing customer service training program with job performance metrics and staff rewards. This also applies to the organization’s clients, volunteers, partners, etc.

Know what their needs are, meet those needs, and go beyond their expectations, prioritizing quality and service in every detail of the operation.

Knowledge Curve FIGURE 3



include a minimum cumulative donation, a longer history of involvement, multiple types of involvement, etc.

This approach enables you to set specific income targets by segment and prioritize those efforts in light of cost/payback comparisons.

### Understand Your Churn

Harvesters knew they lost a little more than one-third of their donors each year. This “churn” was dramatically lower among Advocates (one in five) and dramatically higher among Tryers (two out of every three).

However, using the 3G perspective, churn includes more than just coming and going; each year you have donors who

will give more or less than the prior year. These changes had far more impact on Harvester’s total revenues than had donors gained or lost.

To measure this migration, Harvesters looked at the number of Tryers who become Buyers and the number of Buyers who become Advocates (ABT conversion figure 2).

Now you can begin to set retention and conversion goals for each segment and accurately project the financial impact of an increase or decrease in your current rates.

### Address Different Donors Differently

Why does one new donor become an Advocate while another falls away? While there is no sure-fire answer to this, the outcome does not have to be left totally to chance. The more supporters understand—and personally identify with—an organization’s mission, the more likely they will help accomplish those goals.

One of the tools that illustrates this is “the knowledge curve.” (figure 3)

Different donors have different information needs. Too many organizations acquire new donors and then simply drop them into the “mail stream.” How well does an event attendee understand your mission? Does a long-time supporter understand how much you appreciate and rely on that commitment? The more specifically you can address individuals’ information needs, the more likely you are to hold on to them and cultivate them as donors.

## 3 Communicate with donors according to their preferences.

Just because electronic communication is cheaper does not make it the ideal communication channel for all your donors. Ask them what they prefer. Some will prefer email or snail mail, while Millennials and Gen Xers may favor mobile or social networking communications.

Keeping your organization “top-of-mind” will help keep it on your donors’ radar screens. Communicate stories, showing how donors’ gifts are transforming lives. Use real photos whenever possible. They can elicit emotional responses and engage donors far greater than can words alone.

Be transparent and accountable in your communications, but without an internal focus. Donors don’t care about your infrastructure; they care about your mission. Use testimonials from the people you serve and invite submissions from donors.

Most importantly, personalize all your donor communication. Nothing gets tossed faster than salutations such as “Dear Donor” or “Dear Friends.” For major gifts and special donors, periodic phone calls work wonders in making them feel part of your team.

## 4 Show appreciation.


Develop donor appreciation and recognition protocols. Say thank you often. Do not ignore small gift or monthly givers, as you never know which ones are ripe for a planned gift or a big check. They may be testing your organization in a smaller way before deciding on a larger commitment.

## 5 Identify the benefits—and keep them coming.

What’s in it for donors? If fundraisers believe that altruism is the only benefit donors should receive, they are shortchanging their missions. There have been many studies that indicate various reasons why

donors give. Tapping into those reasons and ensuring that donors receive the benefits they want or expect is the key to donor retention.

Be creative and find new ways donors can benefit from supporting your organization. Check out association membership benefits for some new ideas.

Retaining donors takes strategy and continued effort. It requires year-long practice, no matter what other fundraising tactics an organization plans. Approaching retention with a donor-centered mind-set, professionalism, commitment, exceptional customer service and creative benefits can pay off in the long term. This is how to build an increasing pool of brand ambassadors who spread positive word-of-mouth messages about your mission. 

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