

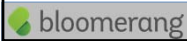
## Donor Retention:

Current Rates Are Plummeting

What Fundraisers Can Do to Reverse the Trend!

**Jay B. Love**  
CEO & Co-Founder  
*Bloomerang*

December 6, 2013



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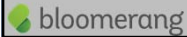
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## Your Presenter

**Jay B. Love**  
CEO and Co-Founder of Bloomerang



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



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## Do you know your Retention %?

In our surveys, less than 5% of fundraising offices know their current Retention Rate . . .



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**What does a 10% increase in Donor Retention rates mean in terms of LIFETIME dollars raised?**

- 50%
- 100%
- 150-200%



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**Is Retention important for NPO's?**

Improving donor retention rates by 10% can improve LIFETIME dollars raised by?

- 150-200%!



(Do we have your attention yet?)

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**Lifetime Value = Donor Commitment**

**“Active donor commitment is the enduring passion for your nonprofit. Inspiring donors is key for loyalty.”**

- 101 Fundraising

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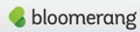
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### This scares most NPO Board Members

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

Let's dig even deeper into "actual" NPO data . . .




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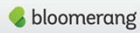
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### Fundraising Effectiveness Project (FEP)

*A project to help nonprofit organizations measure and compare*




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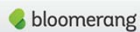
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### Fundraising Effectiveness Survey Report "FEP"

#### Participating Donor Software Firms:

- Donor2/Campus Management Corporation
- PhilanthrAppeal (FundTrack Software)
- DonorPerfect Fundraising Software
- The Raiser's Edge® (Blackbaud)
- eTapestry
- Avectra
- Bloomerang
- Sage Software
- MatchMaker FundRaising Software
- Telosa Software (Exceed!)
- Metafile




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**2012 FEP Data on Donor Retention Rate**



**Donor Retention Rate was 39%**

**Donor Attrition was 61%**

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**Yes, your eyes read correctly:**

**More than SIX out of every TEN Donors from the previous year did NOT donate at all the next year!**



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**Nonprofit Donor Retention is 39%**     **Attrition is 61%**



**Donor Retention Past 7 Years**



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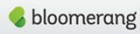
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How Do Two Long Term Experts in Separate Corners of the Non-Profit World Synch Up?

Common Desire to Address an Ever Increasing Crisis in the Sector We Both Love




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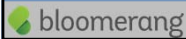
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DONOR RETENTION BEST PRACTICES

Dr. Adrian Sargeant  
Bloomerang Chief Scientist



“A 10% improvement in retention can double the LIFETIME value of your donor database!”



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Donor Retention Made Simple

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	\$ 265.20	\$ 91,794	4	652	\$ 265.20	\$ 176,556
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

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### Figuring Your Retention Rate »

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



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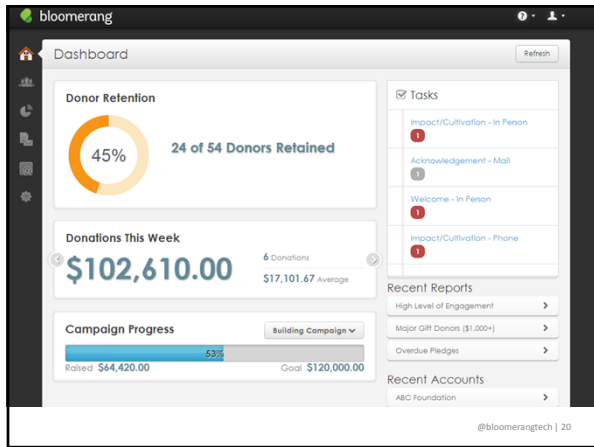
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### Defining Lifetime Value »

**“The total net contribution that a customer/donor generates during his/her lifetime in your database”**



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### Lifetime Value or "LTV"

$$LTV = \sum Ci$$

Where

c = net contribution from each year's fundraising activity

i = expected duration of each relationship in years

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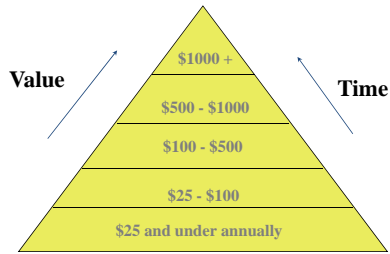
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### Value Segments »



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### Why Do Customers Leave?

(can this apply to donors . . .)

- **Death** 1%
- **Relocation** 3%
- **Won by Competitor** 5%
- **Bad Complaint Handling** 14%
- **Lack of Interest from Us** 77%

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### Key Reasons For Donors Leaving

- No longer able to afford support
- No memory of ever supporting!
- Organization asked for inappropriate sums
- Feeling that other causes are more deserving
- Not reminded to give again
- Organization did not inform how monies were used
- Did not feel connected!



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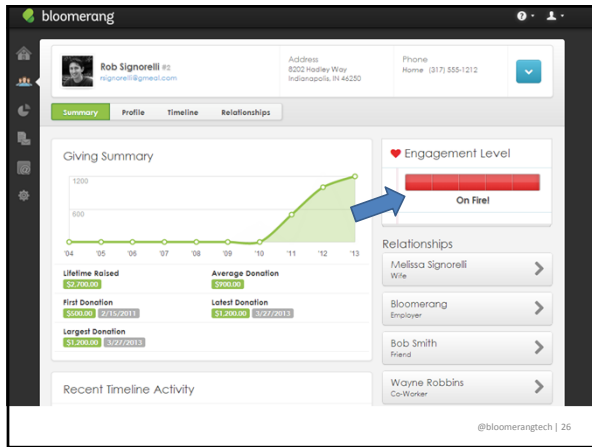
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### Automatic Engagement Factors

- 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 +
- Social Media (coming soon)
- ...and a whole lot more!

@bloomerangtech | 27

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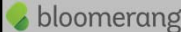
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## 6 Key Retention Drivers

*(That can double lifetime value)*

- Drip feed mission performance data
- Connect often (1<sup>st</sup> 90 Days!)
- Establish a monthly recurring donor program
- Develop like a good personal friendship
- Find & use numerous human connectors
- Always communicate what monies are doing!

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## DONOR COMMUNICATION BEST PRACTICES

**Mr. Tom Ahern**  
Bloomerang Donor Communications  
Head Coach

**"Successful direct mail appeals are quite simple. At heart, they are love letters to donors & prospects, woven through with clear cries for help."**



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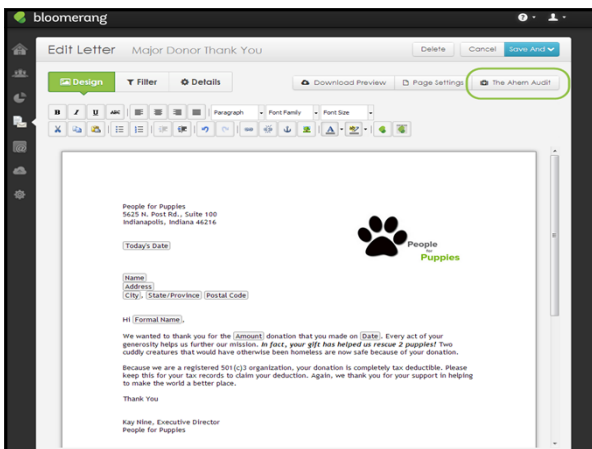
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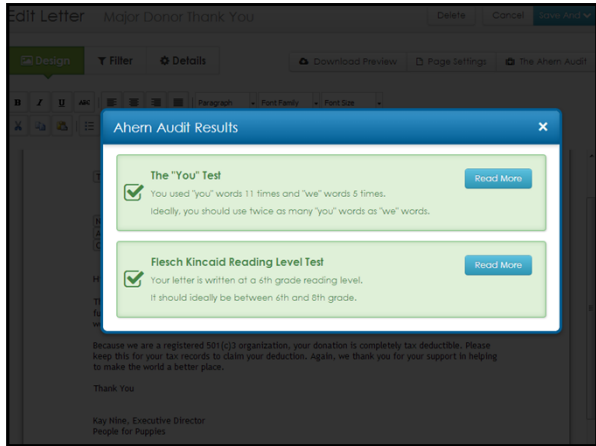
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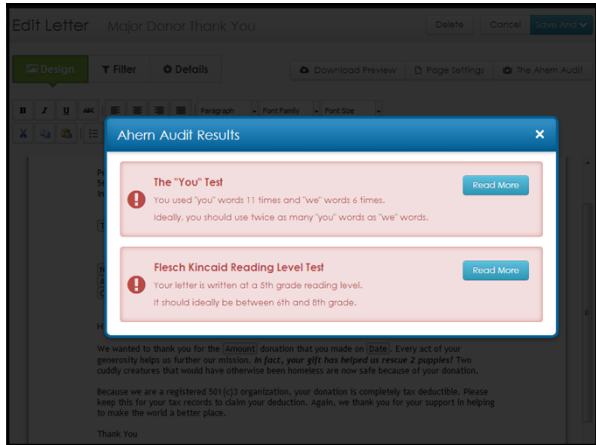
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**5 Acknowledgment Principles**  
*(Drastically Improve First Year Donor Retention)*

- 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

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**5 Communication Strategy Practices**  
*(Involve Your Entire Fundraising Team)*

- Fully Map a Track for Each Key Segment
- Survey in 1<sup>st</sup> 90 Days, Then “Honor”
- Involve Human Connectors
- Nurture Means Personal
- Never Forget the “You” Test for EVERY “Touch”

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**Conclusion:**  
**So Strive For:**

- Donor Satisfaction
- Donor Commitment/Engagement (which . . .)
- Donor Trust
- Donor Loyalty (close your eyes)

**Doubling Your Lifetime Value = ?**

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**Questions?**

Presenter: Jay B. Love  
jay.love@bloomerang.co

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