white paper

Donor Data, Feedback & Service: The Key to Retention

It is a well-known fact that it costs less to retain a donor than acquire a new one. The trick is how to increase retention. With the right data, nonprofits can look beyond numbers and understand why donors connect and stay connected.

This white paper highlights best practices shared in a webinar featuring Jamey Heinze, CMO of CDS Global, Kevin Schulman, CEO of DonorVoice, and Leslie Monk, director of sponsor care at ChildFund International. The paper covers how to use data to determine the best ways to engage donors with a nonprofit's cause over the long term, and using feedback and a donor service strategy to increase donor loyalty and retention.

HOW NONPROFITS CAN MAXIMIZE DONOR RELATIONSHIPS & INCREASE RETENTION

It is no wonder donor retention is top of mind these days. It costs six to seven times more to acquire a new donor than to retain an existing one, according to research by Chuck Longfield, chief scientist at Blackbaud.[i] Unfortunately, the donor retention rate is abysmal. Longfield also discovered that nearly three out of four newly acquired donors leave within the first year.[ii] The good news is that lowering attrition rates by only 10 percent can improve the lifetime value of a donor base by up to 200 percent.[iii]

> It is 6-7 times more costly to acquire a new donor than to retain an existing one.

Here are three steps organizations can take to reach their donor retention goals:

1. Develop a 360-degree view of donor data for a deep understanding of donors.
2. Collect and respond to donor feedback for improved engagement and higher retention rates.
3. Create and cultivate a donor service and recovery strategy.

USING DATA TO DEVELOP A 360-DEGREE VIEW OF DONORS

The ultimate goal is to move donors through the stages of giving: from a one-time giver to a recurring donor, and then to a planned giver who leaves money to the organization as a bequest.

Encouraging this higher and continuous level of giving is not just a matter of asking for donations in a mass mailing. The key is to engage donors in a manner that inspires them to give. Such engagement requires developing a long-term relationship through personalized interactions and communications based on a deep understanding of

Watch the webinar "Donor Data: The Key to Retention" at www.cds-global.com/resources/webinar-key-donor-retention.

each donor. The source of this understanding is all the data that nonprofits collect about and from their donors.

Unfortunately, many organizations struggle to manage and take advantage of all that data. Because they collect donor information from so many sources, it is difficult to keep disparate data systems up to date.

Make Data the Differentiator

Turning these data challenges into an opportunity is a matter of taking three steps:

1. Collect and aggregate donor data
2. Use the data immediately
3. Complete the picture by supplementing donor data

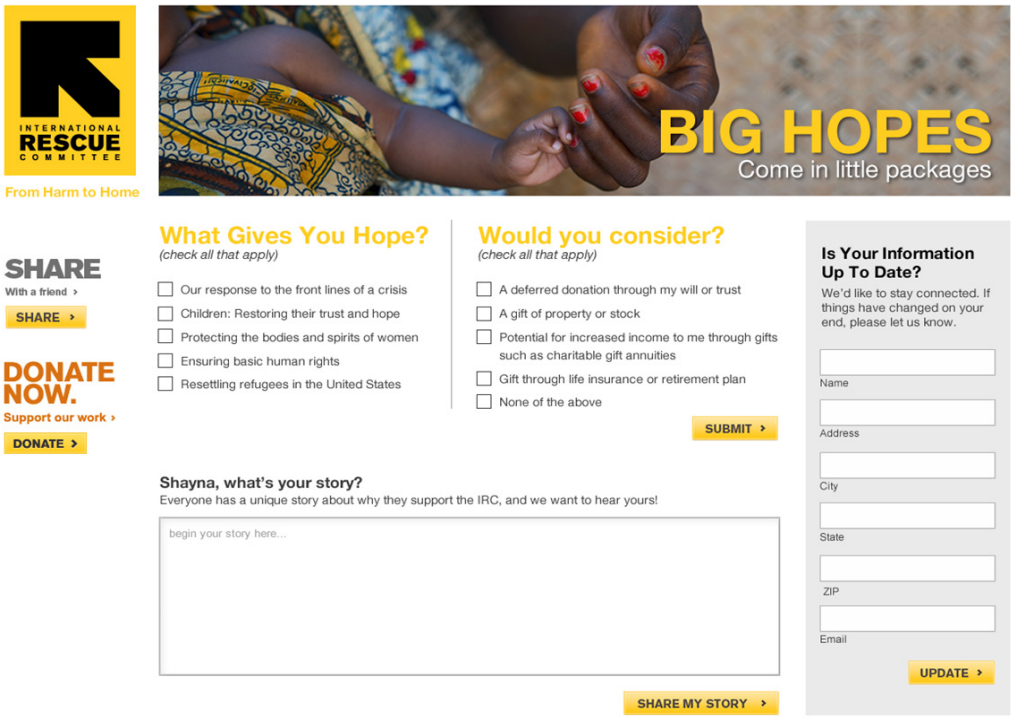
The first step is straightforward: nonprofits need to find a way to both collect and aggregate donor data so it no longer lives in silos.

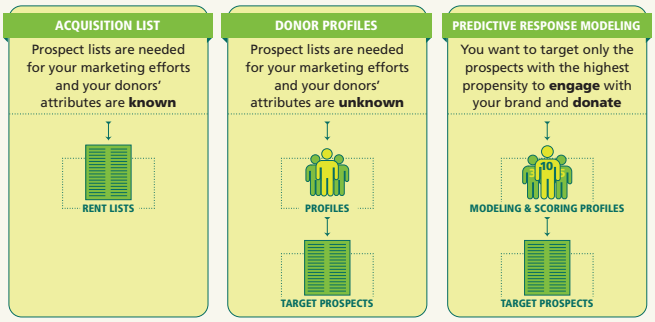
Start by feeding information collected about donors offline – whether in face-to-face meetings, in letters or on a phone call – into a central CRM database. This gives the organization a better idea of a donor's preferred communication channels and a more holistic view of the donor in general.

Though it is critical for nonprofits to unite disparate data for a more complete picture of their donors, the data does not need to be perfect or completely aggregated. To simplify data collection and aggregation, always begin by asking:

- What kind of insight am I looking for on my donors?
- What data should I be collecting to get that insight?
- How will I use this data to achieve my fundraising goals?

Example online form that collects data on donor values and donation preferences.





Use acquisition lists, donor profiles and predictive response modeling to augment your donor data and better understand your donors.

By collecting data purposefully, with clear goals in mind, nonprofits can narrow down data collection to only worthwhile activities, making it far more manageable.

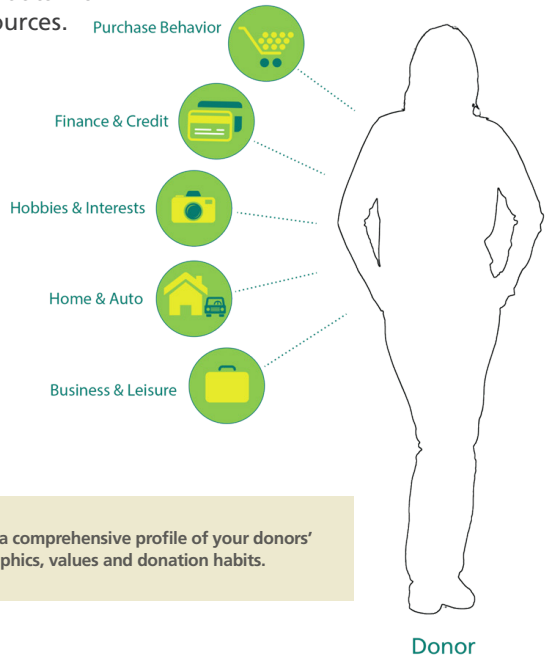
The next step is to put that data to use right away. One of the easiest ways to do that is through a donation acknowledgement. Showing thanks for donors' contribution is a way to bring interactions full circle and demonstrate that the organization values its donors. Plus, it puts the nonprofit in a favorable light, making the donor more likely to donate again.

With that said, acknowledgements should not be self-centered communications that focus solely on what the organization needs. Instead, they should be tailored communications that resonate with the donor's values – values uncovered by the data that has been collected. A donor's values are a highly important insight to consider when building a data collection strategy. Keep track of the programs they engage with the most, the events they have participated in and the campaigns they have responded to. Include options on forms and letters that let donors write in their interests. These are just a few ways to gauge donors' values and interests, but they are critical to establishing a bond. Remember, the ultimate goal is to build a long-lasting relationship based on interactions that reflect a personal understanding of each donor.

Finally, nonprofits should augment the data they collect to gain the most complete picture possible about their donors. They can supplement their donor database in a number of ways, including:

- Purchasing lists
- Cross-referencing against other databases containing information about their donors, to form a more complete donor profile
- Using predictive response modeling to figure out which donors are most likely to donate to the organization

Regardless of the method used, the key is to collect and use data that empowers the organization to speak in a language that resonates with the donor and encourages follow-on donations over the months and years. This requires a comprehensive profile of donor demographics, values and donation habits, which can be achieved by developing a purposeful data collection strategy, aggregating data from multiple channels and augmenting any profile gaps with data from outside sources.



Develop a comprehensive profile of your donors' demographics, values and donation habits.

DONOR FEEDBACK: THE SECRET ENGAGEMENT AND RETENTION STRATEGY

At the end of the day, the most important step a fundraiser can take is to engage its donors in a way that compels them to give more regularly and, ultimately, at higher levels. By soliciting feedback from their donors, nonprofits not only gain valuable information on donors' perceptions of their organization, they can actually impact donor behavior as well. In most cases, donors are pleased to be asked for feedback because it's a sign that the organization cares what they think and feel. This reinforces donor loyalty to the organization.

The fact is, nonprofits are overlooking a huge opportunity by not assigning more value to donor feedback. The organization may feel that donors will not say what they mean or do what they say. Or it may believe that only the most loyal – or most dissatisfied – donors will respond. Furthermore, many cannot look beyond the expense of a feedback program to see the value it ultimately delivers to the organization.

Nonprofits stand much to gain by learning from the success of their commercial counterparts when it comes to soliciting feedback. Research shows that the act of simply collecting feedback can reduce attrition rates. In one study, a certain set of consumers was asked to provide feedback after making a purchase. The shoppers who were asked to share their feedback were less than half as likely to defect as the control group, three times as likely to open new accounts and more profitable overall than the control group.[iv]

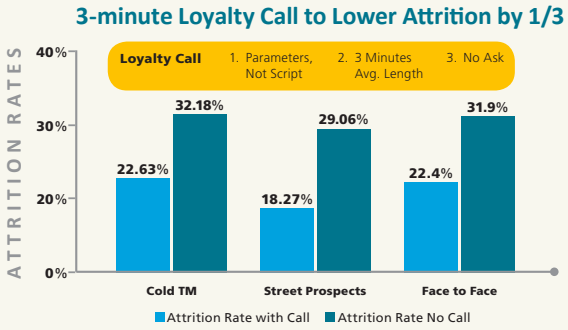
Another study shows that a simple, three-minute loyalty call (with no ask except inquiring how the nonprofit was doing as far as the donor was concerned) can lower attrition by one-third.[v] Still, other data shows surprising results when nonprofits take calls from donors with complaints: even if the complaint is not resolved, the attrition rate lowers, and if the complaint is resolved, the attrition rate plummets.[vi]

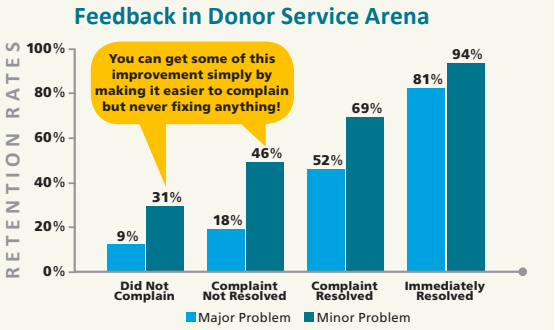
What is donor feedback?

- Structured listening
- Attitudinal – asks donors to provide their thoughts and feelings
- A donor providing an organization with something they consider valuable
- Useful information organizations usually only get if they ask for it

Donor Voice
The Donor Experience and Relationship Company

The act of giving feedback changes behavior and increases retention rates.





While some nonprofits grasp the value of soliciting and responding to donor feedback, too often the initiative is only spearheaded by those in customer service or operations. As the ones who largely control communications with donors, marketers and fundraisers also need to adopt this tactic if they are going to contribute to rising retention rates.

A Donor Feedback Strategy

Regardless of who manages the feedback program, it is wise to follow established best practices:

- Collect feedback at key touchpoints, such as when an agent takes an inbound call or when a donor is filling out an online form.
- Apply business rules to determine the next-best action based on the feedback, such as escalating and resolving an issue or thanking a donor.
- Follow up to either resolve a donor's negative experience with the organization or to build upon a donor's positive experience.

Nonprofits can think of these best practices in terms of the 2-by-2 matrix or framework represented in the figure to the right. This framework revolves around two key measurements: diagnostic and relational. Diagnostic measures the result of a specific interaction with a donor, such as how the donor felt after speaking with a customer service agent. Since donor satisfaction is likely the key goal, a good question to ask might be, "How did we do just now?" Relational measures relationship strength or commitment over the long term. Here is where it is important to understand how the donor feels about the nonprofit. In other words, find out whether or not the donor loves the organization.

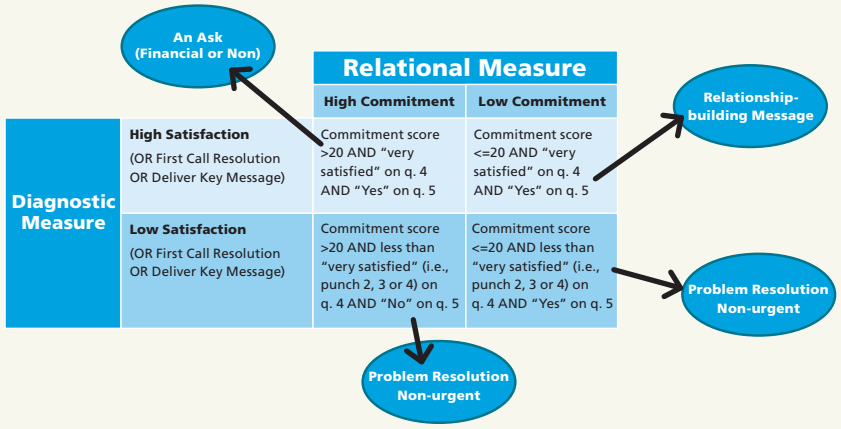
When analyzing the responses, it is critical to apply business rules that make it possible to easily segment donors based on their responses. The middle of the framework represents the business rules, which are and/or statements that determine how to segment and respond to donors in light of where they fall on the grid. Based on the responses, organizations can categorize their donors for appropriate follow-up.

For example, if a donor is put into a segment indicating high dissatisfaction, someone should immediately address the issue. On the other hand, if a donor expresses extremely high satisfaction, the nonprofit should respond by taking measures to build upon this positive experience, such as by asking for a secondary donation. Remember, the best time to ask for a donation is not when a mass appeal is scheduled to go out, but on the heels of a great experience the donor had with the organization. Nonprofits will only know about that great experience if they ask for feedback.

A proven framework for gathering and acting upon donor feedback.

Feedback for Any Touchpoint – Matrix & Business Rules Illustration

Can be done for any interaction, touchpoint or channel – e.g., TM, email, F2F or direct mail.



Donor Voice
The Donor Experience and Relationship Company

In the matrix on the previous page, donors are bucketed into one of four categories. The category determines the follow-up, whether via email or working through a call list. This illustrates the idea of using feedback for donor retention coming full circle – the organization collects feedback and uses the data to proactively respond.

The key to success is gathering feedback after every interaction with a donor, whether that occurs online or offline as the result of an outbound or inbound contact.

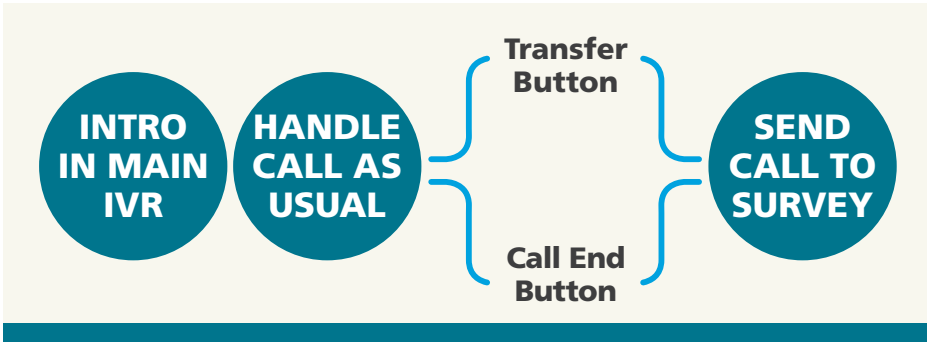
CREATING AND CULTIVATING A WORKING DONOR SERVICE AND RECOVERY STRATEGY: CHILDFUND CASE STUDY

An effective donor service strategy – whether answering donor questions, resolving issues or accepting feedback – can contribute greatly to increased donor retention rates. After all, by finding out why some donors leave, the organization can take measures to minimize the same occurrence in the future. At the same time, it can proactively reach out to try and recover dissatisfied donors and ensure a strong donor base.

ChildFund International is a nonprofit that has successfully put a donor service retention strategy into play. The sponsor care team (aka donor services group) within ChildFund collects transactional feedback from donors and uses it to deepen and enhance relationships.

> The best time to ask for a donation is not when a mass appeal is scheduled to go out but on the heels of a great experience the donor had with the organization. Nonprofits will only know about that great experience if they ask for feedback.

As soon as donors call in, they are connected with the organization's interactive voice response (IVR) system. The first thing they hear is a recorded voice thanking them for calling and asking them to take a survey after speaking with an agent. The donor is then transferred to a sponsor care representative, and at the end of the call, the IVR system launches the survey.



The survey focuses on gathering feedback that aligns with the diagnostic and relational measures of the feedback framework. After asking whether the donor's question or issue was resolved, the survey asks how the person feels about ChildFund in general.

The sponsor care team then uses the aggregate of the results as part of its service recovery process. Dedicated resources within ChildFund mine donor responses in real time and separate them into two categories:

- *Satisfied Donors*. The donors have responded positively about the organization and have given ChildFund high ratings.
- *Dissatisfied Donors*. Donors who are unhappy with the organization or service experience, or who have stated their issues were not resolved.

Satisfied donors are sent a thank-you email to show that ChildFund appreciates them, solidifying the relationship. For dissatisfied donors, the donor services team immediately analyzes the situation to determine the problem and assesses how to get things back on track. The team proactively follows up with unhappy donors to resolve their issues and recover them as donors.

Outcomes from ChildFund's Donor Service and Recovery Strategy

By asking for feedback and showing reciprocity in its relationships with donors, ChildFund drives donor commitment. From ChildFund's perspective, simply asking donors for feedback rewards the organization with a boost in its donation and retention levels. This boost is reflected by positive metrics that illustrate how the donor services department benefits the organization's fundraising efforts as a whole.

By putting this proactive donor retention plan into practice, ChildFund has realized the following benefits:

- *Process improvements*. ChildFund is identifying ways to better run its donor services, interact with partner departments and deliver a good experience for its donors.
- *Improved agent training and refresh*. To address a straightforward issue with a donor as part of the donor recovery process, ChildFund tasks the initiating agent with follow-up. This demonstrates accountability to the donor while providing agents with a learning experience.
- *Improved policies*. ChildFund's director of sponsor care reviews organizational policies and makes cross-organizational recommendations based on donor feedback.
- *93 percent resolution rate*. Of the donors that ChildFund addresses through its recovery process, 93 percent are still actively engaged and contributing one or two months later.

ChildFund: Lessons Learned

- Invest in service recovery – even if only time and attention – using tools you already have.
- Follow up quickly – within hours!
- Plan for integration – prepare to use this data in other areas of the organization.
- Monitor and evolve – watch and improve your service processes over time.

- *Higher win rate*. ChildFund defines a win as any action whereby it can increase its engagement with a donor, whether that is moving the donor to an automated credit card donation instead of waiting for a check, up-selling them for an incremental donation or saving the contributor by convincing them to stay on as a donor. In its service recovery, ChildFund experiences almost two times the rate of wins compared to its normal first-contact into the donor services team. The key takeaway: When ChildFund fixes an issue, it is rewarded with a more engaged, loyal contributor.

CONCLUSION

By retaining existing donors, nonprofits increase the chances of cultivating relationships that ultimately generate lifelong givers. The key to these long-term relationships is personalized interactions that show a deep understanding of donors' interests and concerns. In addition, demonstrating donor appreciation and reciprocity through a donor service and feedback program not only helps to increase donor loyalty, but also provides the organization with valuable donor insight. By conversing with – and not at – donors, nonprofits can deepen and enhance those relationships and increase the likelihood of immediate retention and future giving.

About CDS Global

Powering the Modern Nonprofit

CDS Global is the leading provider of end-to-end business process outsourcing, managing 159 million consumers for more than 1,100 brands across industries, including media, nonprofits, utilities and consumer products.

With more than 40 years of expertise and 16 locations worldwide, CDS Global powers elite operations with data-driven solutions. These solutions connect organizations with their customers, subscribers and donors by creating meaningful and seamless interactions. The company heavily invests in technology and is backed by nearly 130 years of stability and vision from Hearst Corporation.

From order management and payment processing to customer service and business intelligence, CDS Global simplifies operations to make businesses more efficient and cost-effective. This allows organizations to focus on what is most important to them: their businesses, their missions and their success.

About DonorVoice

DonorVoice is a survey research company dedicated to improving nonprofit retention rates. With fundraising, survey research and customer loyalty as the company's experiential bailing wire, DonorVoice developed a set of donor feedback and survey products to address the massive issue of retention. The company sees a donor-centric approach to running a nonprofit and the ability to skillfully listen to and employ donor/constituent feedback as leading the way into the future.

About ChildFund International

ChildFund exists to help deprived, excluded and vulnerable children have the capacity to improve their lives and the opportunity to become young adults, parents and leaders who bring lasting and positive change in their communities. The organization promotes societies whose individuals and institutions participate in valuing, protecting and advancing the worth and rights of children.

[i] Chuck Longfield. "SlideShare: Donor Retention Fundraising Ideas from 14 Nonprofit Experts," *Blackbaud*, Jan. 23, 2014, http://www.slideshare.net/blackbaud/donor-retention-fundraising-ideas-from-14-nonprofit-experts.

[ii] Id.

[iii] Adrian Sargeant and Jen Shang, "Growing Philanthropy in the United States: A Report on the June 2011 Washington, D.C. Growing Philanthropy Summit," *Blackbaud*, Oct. 1, 2011, https://www.blackbaud.com/files/resources/downloads/WhitePaper_GrowingPhilanthropyReport.pdf.

[iv] Paul M. Dholakia and Vicki G. Morwitz, "How Surveys Influence Customers," *Harvard Business Review*, May 1, 2002, http://hbr.org/2002/05/how-surveys-influence-customers/ar/1.

[v] Bethan Holloway, "How to Reduce Donor Attrition by a Third in 3 Minutes," *Pell & Bales*, Aug. 15, 2012, http://pellandbales.wordpress.com/2012/08/15/how-to-reduce-donor-attrition-by-a-third-in-3-minutes/.

[vi] DonorVoice internal client data