So………
So - What Do We Know About Loyalty?

Is Retention An Issue?
Improving attrition rates by 10% can improve revenue generated by:

- 50%
- 100%
- 150-200%
The answer to retention life, the data universe and everything is ...

- Is 4.2

Charity trends over time – things have changed

- The above example shows a typical pattern over time.
- Question: What has driven this apparent increase in attrition?

Charity A, B, C and D – all database since 1990

<table>
<thead>
<tr>
<th>Charity</th>
<th>Estimated 25 year tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity A</td>
<td>3.3</td>
</tr>
<tr>
<td>Charity B</td>
<td>5.1</td>
</tr>
<tr>
<td>Charity C</td>
<td>7.9</td>
</tr>
<tr>
<td>Charity D</td>
<td>4.7</td>
</tr>
</tbody>
</table>
What Is Lifetime Value?

“the total net contribution that a customer generates during his/her lifetime on a house list”

Value Segments

$1000 +
$500 - $1000
$100 - $500
$20 - $100
$20 and under

Perspectives on Value

<table>
<thead>
<tr>
<th>Segment</th>
<th>Historic</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
LTV

\[ LTV = \sum_{i=1}^{n} c_i (1 + d)^{-i} \]

Where
- \( c \) = net contribution from each year's fundraising activity
- \( d \) = discount rate
- \( i \) = expected duration of each relationship in years

Key Decisions

- Costs/revenues
- Duration of lifetime
- Discount Rates

What can it do for you?

- Assigning Acquisition Allowances
- Choosing media for initial donor acquisition
- Setting criteria for donor marketing
- Investing in the reactivation of donors
So.........
What Drives Donor Value....???

Why Do Customers Defect?

Death 1%
Relocation 3%
Won By Competitor 5%
Lower Price Elsewhere 9%
Unsatisfactory Complaint Handling
Lack Of Interest From Supplier 68%

50 Ways To Lose Your Lover?
50 Ways To Lose Your Lover

- Ignore Them
- Lie To Them
- Fail To Return Calls or Answer Letters
- Fail To Deliver On Promises
- Be Uncivil
- Increase Prices
- Don’t Turn Up On Time
- Etc.

Customer Satisfaction

Will Customers Buy From You Again
Hotel

- Check in: 4.0
- Check out: 3.0
- Restaurant: 3.5
- Bar: 4.2
- Cleanliness: 2.8
- Choice newspaper: 1.1

Service Quality

- Perception
- Importance

So what’s likely to drive donor loyalty?
Reasons For Quitting

• No longer able to afford support
• No memory of ever supporting!!
• Still supporting by other means
• Feeling that other causes are more deserving
• X no longer needs my support
• Relocated
• Not reminded to give again
• X did not inform me how my monies were used
• Xs communications were inappropriate
• X asked for inappropriate sums

Donor Satisfaction

But what about commitment?
Qualitative Phase

Quantitative Phase
Drivers

- Drip feed performance data
- Demonstrate role competence
- Demonstrate good judgement
- Be honest when things go wrong
- Develop and promote complaints procedure
Practical Implications

Plan for cash, AND regular giving

- Communication cycles
- Supporter journeys
- Honeymoon periods

Communication Cycles

<table>
<thead>
<tr>
<th>Cash</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Printed newsletter</td>
<td>• Donor care letter</td>
</tr>
<tr>
<td>• 4 appeals a year</td>
<td>• E newsletter</td>
</tr>
<tr>
<td>• Invitations to events</td>
<td>• Upgrade call after nine months</td>
</tr>
<tr>
<td>• Upgrade to monthly</td>
<td>• Invitations to events</td>
</tr>
</tbody>
</table>
Critical Timings - RG
• Post sign up
• Pre first debit
• Post first debit
• Second & third months
• End of Year

Appropriate to the channel
• Small goodie bag immediately OR a
texted picture

RG Honeymoon
Day 1: Welcome
Pack – Photo?
Day 1: SMS
Day 4: Welcome
call
Day 5: Email
1st Newsletter
with Personalised
cover letter
Day 5: Confirmation
Letter
2nd Newsletter
with Personalised
cover letter
Month 2: Feedback Letter
1- Newsletter
with Personalised
cover letter
Critical Timings - Cash

- Post sign up
- First few weeks

Cash Honeymoon

And…multi-channel is crucial

- In 2009, median revenue per donor
  - multi-channel - $339, offline - $88, online - $170
- First year retention
  - multi-channel - 51%, offline 30%, online 22%
- Multi-year donor retention
  - multi-channel - 75%, offline 30%, online 22%
- Reactivation rate
  - multi-channel - 16%, online and offline - 7%

Trends from Target Analytics (Blackbaud) donorCentrics Internet Giving Benchmarking Group
So

- Satisfaction
- Commitment
- Trust

And understanding patterns of attrition in a file

Get them to join your campaigns

American Civil Liberties Union (ACLU) - U.S.

- Activists taking 2+ actions between September and November were 4x more likely to donate at year-end
- Donors taking 2+ actions produced 26% more revenue at year-end than non-activists

Nick Allen
Stop thinking about...
• …winning campaigns

Start thinking about...
• …winning hearts, winning commitment!
• …and the campaign becomes the mechanism!

Ask them for their views...

Be donor-centric …
• How often and what …
Be donor-centric …

• How often and what …
• Who gets the credit

Be Donor Centric

• How often and what
• Who gets the credit …?
• And thank properly

Task

• I’ve just sent your charity a cheque for €250
• Write the first line of the letter of thanks, you are going to send me….
• Dear Adrian,
My thanks to Lisa Sargent

From John Grain Associates...

Why Thank You Letters Are REALLY Important

- Our research showed
  - The Thank you letter was identified as one of the most important communications a donor receives
  - 7 out of 10 people said they had a better recall of receiving a thank you letter than an appeal
  - 7 out of 10 people rated their thank you letter as “ordinary / predictable”

Phew …

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