

## **Donor Loyalty: The Holy Grail of Fundraising**

Face it. Nothing sends more shivers up the line from Membership Director to CEO to Board than: "Renewal mailing #1 isn't performing as well as last year!" Prospecting returns ebb and flow. We sigh. But nobody can tolerate an underperforming renewal series. We panic.

Wouldn't we all enjoy donor retention rates marred only by death! Wouldn't we like to see the hard-earned, expensive new members and donors we recruit each year actually top-off the barrel of our house file, instead of barely plugging the leak at the bottom? What happens during that exodus of first year donors who never renew their giving? They can't all have suddenly suffered amnesia or financial misfortune, can they?

Small gift fundraising works economically for one reason only – an appreciable proportion of initial donors give again, and again, and again. They renew gifts and memberships. Is it too much to suggest that donors indeed become loyal, like sports fans, Harley bikers and bourbon drinkers?

This white paper examines some of the issues surrounding the Holy Grail of donor retention.

Many of our observations are based upon an online survey of 2,333 American adults conducted in July 2005 by the DonorTrends Project, a collaboration of Craver, Mathews, Smith & Company (CMS) and The Prime Group. Two previous papers have been generated from this data: *Boomers! Navigating the Generational Divide in Fundraising and Advocacy*, and *Keep Your Postage Meter: The Status of Online Giving in America*.

However this paper examines the proprietary survey data in a larger context, taking into account a number of factors: a) the actual donor retention behavior we have observed over 35 years as direct marketing fundraising professionals; b) broader issues affecting donor loyalty, including trust and confidence in charitable institutions; and c) relevant lessons from commercial marketing, in particular, the discipline of "relationship marketing."

### **Setting the Bar**

Perhaps not everyone needs to read this paper with the same fervor.

Here's a simple test. If your organization enjoys a renewal rate for first-time givers of over 50%, go enjoy a day at the park instead. Today, if you are renewing, or getting a second gift from, more than 50% of your first-time donors, that means your overall retention rate combining all "classes" of donors is probably 80% or better. If so, you and your organization belong in the fundraising hall of fame. Of course, you still need to replace 20% of your donors to stay even.

Many mail/telemarketing programs have met this test over the past twenty-five odd years. But fewer and fewer do today. Most organizations still manage to cultivate a cadre of multi-year donors, some with giving histories stretching back ten years or more. To the extent retention is becoming more of a challenge – a front burner issue – the problem seems to center on retaining those fickle first time donors ... the ones you just spent, say \$50 to acquire (with a net loss of \$25 or so).

Today's typical profile for charities and advocacy groups looks more like a 30% renewal rate for first time givers and an overall retention rate of 70-75%. Obviously this puts more stress on prospecting programs, which fall into a nasty cycle of chasing less and less valuable new donors who, guess what, renew less.

If this sounds more like your organization's profile, read on.

### **Professed Loyalty**

The good news is that many donors claim to be – and maybe *want* to be – loyal. In our survey, 59% of respondents claim "High Loyalty" to a cause or charity they support. This loyalty to charities is competitive with loyalty to "my doctor" across all generations, and surpasses loyalty to sports teams, make of automobile, beer/soft drink brands, and telephone service providers, by way of comparison. And not surprisingly, loyalty translates into dollars: 81% of \$1000+/year donors (total giving to all organizations) say they are "highly loyal" to their favorite charities. Professed loyalty increases with income and education, which in turn correlate with most valuable donors.

Loyalty is also suggested by reported levels of multi-year giving and a focus on "favored" charities, as indicated in the following table:

*Percent that agree with the following statements ...*

	Total	*Pre-Boomer	Boomer	Post-Boomer	Online donors	Offline donors
I have contributed to my favorite charity or cause for more than two years	58%	73%	67%	41%	72%	56%
I contribute to a few favored charities or advocacy groups year after year	48%	58%	54%	35%	67%	44%

***\*Throughout this paper, Pre-Boomers are individuals born before 1946, while Post-Boomers are those born after 1964. Comparisons of online/offline donors exclude individuals who reported no contributions at all.***

These responses indicate that for many donors, some sort of comfortability with, if not loyalty to, a charity does develop. The data suggests that loyalty increases with age – it is

most evident with Pre-Boomers, the traditional "mother lode" for many organizations, while Post-Boomers are significantly less likely to report such a "brand preference." Also, online donors are significantly more likely to evidence loyalty than offline donors.

Gender does not appear to play a role in donor loyalty. While more women than men profess to be "Very Loyal" to a charity (31% for women, 18% for men), the percentages even out when one looks at the somewhat broader "High Loyalty" segment, at those who have given more than two years, and those who tend to give to a few favored groups year after year.

In contrast to professed loyalty, respondents confess little in the way of "impulse" giving or "shopping around."

*Percent that agree with the following statements ...*

	Total	Pre-Boomer	Boomer	Post-Boomer	Online donors	Offline donors
I tend to donate on impulse, when I hear about an issue that bothers me or seems especially urgent	24%	24%	21%	27%	33%	22%
I "shop around" for charities or advocacy groups as my interests change	8%	5%	7%	11%	14%	7%

So, it would appear that donors perceive themselves as making conscious efforts to focus their giving in a deliberate manner. This implies an ability and inclination to discriminate among groups and to stick with a few that pass some rational or emotional test. And maybe even to develop a sense of connectedness to their favored organization.

Is this what is really happening?

Loyalty implies some combination of rational assessment and enduring emotional commitment. Looking at possible donor loyalty, we would expect to find evidence that donors follow issues of concern somewhat closely, form judgments about which organizations might be working most effectively on those issues, commit to a preferred organization, and over time form some sense of belonging or faithfulness to that organization. But consider these survey responses:

*Percent that agree with the following statements ...*

	Total	Pre-Boomer	Boomer	Post-Boomer	Online donors	Offline donors
I follow certain issues closely, and limit my giving to	28%	39%	27%	23%	40%	26%

organizations working on those issues						
On the issues I care about, I consider myself pretty familiar with the groups doing the most effective work	38%	45%	41%	30%	51%	35%
I find it too difficult to sort out the most effective charities and causes from the less effective ones	33%	44%	30%	29%	32%	34%
I like to feel that I'm a member of groups I support, and not just a contributor	33%	36%	33%	32%	42%	31%
I have urged someone to make a contribution to a specific charity, cause or campaign <i>Percent Yes</i>	35%	23%	38%	39%	59%*	34%*

Fewer than 3 out of 10 donors report limiting their giving to issues they follow closely, and fewer than 4 in 10 consider themselves "pretty familiar" with the groups doing the most effective work on the issues they care about. Correspondingly, one-third of all donors (and more than 4 in 10 of traditional Pre-Boomer donors) find it too difficult to sort the groups out on the basis of effectiveness. Hardly the basis of informed judgment leading to loyalty. There would appear to be a solid 60-70% of donors who simply are not on the informational – let alone emotional – path to loyalty.

The finding that only 33% of donors like to feel like "members" – with the greater connectedness that implies – as opposed to "just a contributor" is a further indication that building loyalty is an uphill challenge for most charities and causes. So is the finding that only 35% of respondents have urged others to make a specific contribution. Referral activity is perhaps the strongest indicator of brand commitment.

Overall, the data suggests a profile where about one-third of donors show a propensity toward loyalty, one-third show little inclination to bond, and one-third sit somewhere in the middle. If this is accurate, an overall retention of rate of 70% or more per year represents significant accomplishment.

Note, however, that the numbers appear more favorable with respect to online donors – they seem to follow the issues more closely, be better informed about groups, be more likely to prefer the feeling (i.e., emotion) of membership, and a stunning 59% report having urged others to make specific contributions.

This greater propensity to show the necessary ingredients of loyalty on the part of online donors is potentially hugely significant. We might hypothesize that donors who choose to engage online have volunteered a critical piece of personal information – they have given their chosen charity or cause their electronic address through which to communicate and

interact. In an environment where individuals are still quite protective of their online mailboxes and where their electronic addresses are not for the most part commercially available (and where spamming is a cardinal sin), this volunteer act is a notable step toward inviting and enabling a *relationship* with their preferred organization.

No doubt some individuals will hand over their email addresses on a more casual basis. For example, they could be habitual online petition-signers, and maybe even use a secondary email address when doing so to segregate these interactions from exchanges in which they are truly invested. And perhaps such behavior will be truer over time for younger individuals who are more casual and comfortable in using the online channel as their medium of first choice for communicating.

But for now, we believe the evidence, including the significantly higher giving levels of online donors (renewal gifts in the range of 40% greater, according to Convio), indicates that *online engagement – starting with volunteering an email address – is the most significant indication available to an organization that an individual is open to a relationship, not just a one night stand.* More on the implications of this below.

### Why are we rejected?

The previous discussion suggests that certain preconditions of donor loyalty simply do not exist in any powerful way for most donors. So retaining them is bound to be a struggle in the best of circumstances.

When donors are asked directly – "Why have you left?" – the most common response is: "I can no longer afford to contribute." You've seen this response in every focus group and survey conducted on the subject.

Our survey indicated the same response, but frankly, we don't believe it. Over many years of listening to donors, we have become convinced that "can't afford" is a catch-all. It is literally true for some – certainly people do find themselves with less disposable income from time to time. But even then, making, reducing or eliminating donations begins with priority setting: Do I want to give in the first place? Do I have the resources? If so, to whom should I give? If I have given to them once, do I believe my gift counted, had impact, was well spent, etc.?

Let's look at the responses in this context:

*When you decide NOT to continue your support for a charity or cause, what is customarily the reason? Please rank order the top three reasons using the following list. (Percentages equal first, second and third choices combined.)*

	Total	Pre-Boomer	Boomer	Post-Boomer	Online donors	Offline donors
1. I can no longer afford to contribute	64%	67%	63%	63%	<b>51%</b>	67%
2. My interests or priorities	40%	<b>47%</b>	39%	36%	38%	40%

change						
3. I found a different organization that I thought might be more effective	36%	35%	39%	34%	<b>44%</b>	35%
4. The organization did something I disagree with	35%	34%	37%	34%	36%	35%
5. I am dissatisfied with the organization's performance	35%	32%	<b>43%</b>	29%	<b>41%</b>	34%
6. I'm not sure my contribution makes a difference	33%	38%	31%	32%	34%	33%
7. The problem or issue was solved	13%	12%	12%	14%	14%	13%
8. I haven't been asked to contribute again	12%	6%	11%	17%	11%	13%
9. The organization hasn't kept me sufficiently informed	12%	7%	9%	18%	11%	12%
10. The organization hasn't done enough to involve me	8%	8%	5%	12%	11%	8%

Most striking about this table is the uniformity of response across donor segments. The flow is from the ostensible "uncontrollables" (from an organization's perspective) of "can't afford" and "changed priorities," to dissatisfaction regarding organizational performance/effectiveness (reasons 3, 4, 5, 6), which arguably is addressable, to specific operational deficiencies (reasons 8, 9, 10), which certainly can be fixed.

Of course we can debate what factors are "controllable" or addressable or not. Arguably, even "can't afford" and "changing priorities" can represent a failure to communicate genuine urgency, affecting where an individual is likely to devote limited financial resources or mind share.

Perceived failures of performance (which could range from ethical lapses to leadership and strategic blunders to inadequate communication of results) are deserved, whether they reflect reality, or misunderstanding on the part of the donor. Fixing the former requires fresh action; fixing the latter requires better communication.

Of special note is the importance placed on organizational performance by three critical donor segments – Boomers, newly emergent as the most valuable donor generation; online donors, whom we argue above will increasingly anchor donor loyalty; and "platinum" donors (those who give more than \$1000 per year to all charities), as shown by the following table.

*When you decide NOT to continue your support for a charity or cause, what is customarily the reason? Please rank order the top three reasons using the following list. (Percentages equal first, second and third choices combined.)*

Platinum vs	Total	Pre-	Pre-	Boomer	Boomer	Post-	Post
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Non-Platinum Donors		Boomer Platinum	Boomer Non-Platinum	Platinum	Non-Platinum	Boomer Platinum	Boomer Non-Platinum
1. I can no longer afford to contribute	64%	40%	72%	50%	68%	51%	66%
2. My interests or priorities change	40%	45%	47%	47%	36%	38%	35%
3. I found a different organization that I thought might be more effective	36%	<b>55%</b>	33%	<b>49%</b>	35%	<b>43%</b>	32%
4. The organization did something I disagree with	35%	40%	33%	38%	37%	36%	33%
5. I am dissatisfied with the organization's performance	35%	<b>49%</b>	30%	<b>42%</b>	<b>43%</b>	<b>33%</b>	27%
Loyalty Indicators <i>Percent Agree</i>							
I have contributed to my favorite charity or cause for more than two years	58%	<b>93%</b>	70%	<b>79%</b>	62%	<b>55%</b>	37%
I contribute to a few favored charities or advocacy groups year after year	48%	<b>84%</b>	54%	<b>63%</b>	51%	<b>46%</b>	32%
I have urged someone to make a contribution to a specific charity, cause or campaign <i>Percent Yes</i>	35%	<b>46%</b>	24%	<b>49%</b>	38%	<b>45%</b>	42%

As the highlighted responses indicate, the most valuable donors are also the most discriminating. These donors definitely indicate that they are either making explicit comparisons of organizations pursuing similar objectives, and/or assessing the performance of their chosen organizations against some standard. A tough crowd.

But it would also appear, on reviewing the loyalty indicators at the bottom of the table, that these same performance-oriented donors are significantly more likely to stay with the "winners" they pick. And, very importantly, they are significantly more likely to urge other people to make specific contributions, adding to their organizational value if their missionary zeal can be harnessed.

Keep in mind that these platinum donors are not the major gift donors usually serviced by your Development Office; they are essentially small gift donors who happen to accumulate an appreciable amount of giving over the course of a year – the ideal target of direct marketing fundraising programs.

## The Broader Context

Before turning to strategies for building loyalty, we should take into consideration other trends that might have a bearing on success. Four come to mind, each of which unfortunately works *against* donor loyalty.

### Shaky public confidence in charitable organizations

Each individual charity seeks to raise funds in the context of whatever overall level of confidence the public has in like organizations. When the reputations of highly visible organizations like United Way, The Nature Conservancy and even the American Red Cross falter, it is likely that other non-profit groups carry a heavier burden as they seek to raise funds. In recent years, huge high profile national and international emergencies have generated both unprecedented voluntary contributions and unprecedented public scrutiny of the stewardship of recipient organizations. Media of record like the *New York Times* and *Washington Post* now cover the non-profit "beat" on a regular basis, focusing like the rest of journalism on bad news. Surveys indicate donors haven't liked what they have seen.

Intuitively, we believe that if public confidence in such institutions is shaken, individual donors will become more cautious, more skeptical, more demanding of groups seeking their support, including groups to which they already contribute.

It is difficult to quantify this possible indirect impact, though academic research on this effect is underway (see below). But it is possible both to monitor the "confidence environment" and to take steps that differentiate your group's practices and performance from the actions of those whose reputations are under fire.

The most recent analysis of overall confidence in charities we have seen was reported by NYU's Robert F. Wagner Graduate School of Public Service in October 2005 (see <http://wagner.nyu.edu/news/276.html>). Their assessment, *Rebuilding Public Confidence in Charitable Organizations*, concluded: "Four years after September 11, public confidence in charitable organizations remains stuck at a contemporary low." In the latest survey reviewed, 15% of Americans said they had a great deal of confidence in charitable organizations (which ranked charities far down the list of civic and governmental organizations in overall public confidence), 49% said a fair amount, 24% said not too much, and 7% said none at all. The report identified more specific criticisms shared by respondents, and is well worth a read.

Most pertinent for this paper are the report's findings regarding specific factors that correlate with increased confidence. For example, confidence in two specific organizations, the United Way and the Red Cross, correlate strongly with overall confidence. And perceptions that charities do a good job spending money wisely and that they are not wasting money are significant positive predictors of confidence.

Unfortunately, in our DonorTrends survey, only 37% of respondents agreed that: "Overall, the money I contribute is well spent" (paralleling the Wagner findings). Equally worrisome, 52% agreed with the statement: "Often I do not make a contribution because I can't be sure the money will get to the people or cause it's intended for."

Today, there is no tide of public confidence in charities that is lifting all boats. Donor loyalty must suffer as a result.

### Defiantly faceless in a personality culture

Here is an admittedly extreme statement: Most donors to any given organization can not name the leader of that organization. Do you know the leader of even better known "brands" like the American Red Cross, or Greenpeace, or the NRA? Not since the glory days of Ralph Nader, Jacques Cousteau and maybe John Gardner and Gerry Falwell have there been non-profit leaders who personified their causes and organizations for members and non-members alike.

Does this have any bearing on donor loyalty? We believe it does. America is a personality-driven culture. We prize leaders ... and we follow them. They have the capacity to inspire, to generate trust, commitment and loyalty. Sure, there are die-hard loyalists to every faceless organization. Take the ACLU, an organization whose day-to-day life revolves around issues that generate emotional debate and fuel a passionate constituency (can you name its leader?). Still, would the ACLU have an easier time holding donors if it were led by someone its donors "knew"? We say "Yes."

Without question, major donors bet – and *keep* their money – on leaders, people they come to know firsthand, trust and respect. We believe small donors would bet on people too, if given the chance.

For someone to inspire us and win our loyalty, we need to experience them ... either face-to-face or "in person" via electronic media. This requires more than reading their column in the organizational newsletter or website. We need to see and hear them. But few of them hit the speaking circuit these days. When was the last time your executive director spoke to an audience of members or small donors?

Electronic media gatekeepers – for television in particular – have been the most significant recent obstacle to developing recognizable personalities in the non-profit arena (abetted by organizations that insufficiently value leadership charisma). One of the great opportunities presented by the Internet and broadband access to it is the possibility for donors and members to experience their leaders again firsthand, at least in the form of online videos, podcasts and webcasts.

To optimize the impact leadership can have on donor loyalty, non-profit leaders need to come out of their corner offices, at least electronically, and Boards need to place higher value on charisma when they select executives.

### Too much information is not enough

We noted earlier that one reason donors give for not renewing or repeating their gifts is that the organization has not kept them sufficiently informed. But only 12% of respondents cited this reason. So it would seem that groups are doing a pretty terrific job of communicating with their constituencies.

But that's not what other focus group, survey research and field experience tells us. How many of you have buried your head in dismay when you saw reports on how few of your members actually read your newsletter or open your email or visit your website, let alone see anything about you in the media?

We have emphasized that the most valuable donors, now and going forward, are also those who are most attentive to your performance. "It's the results, \_ \_ \_ \_ \_!" And we noted the 30-40% who cited disappointment in performance as a reason for not repeating their gifts. Admittedly, some organizations don't in fact perform well, and pay the consequences. But we think many others are guilty only of not effectively communicating their work, progress and accomplishments.

Perhaps this seems like the ultimate "Duh!" But many organizations in fact fail to communicate their accomplishments – and, importantly, the "how" of their successes – to their own followers in a compelling, repetitive manner. And if you are not doing this effectively with your "house" organs, you are not likely to be communicating effectively through the filter of the external media.

It is indeed a daunting challenge to communicate with existing members and donors today in their time-constrained and media-saturated environment. If we want to tell our organization's story to existing supporters, who have at least partly opened the door to us, we need to recognize that we are nevertheless competing in a relentless battle for mind share. We need to experiment with the packaging of our information and messages directed at donors – short/long, print/electronic, visual/audio/words, rational/emotional; we must employ all available delivery media and devices in an integrated way; and we must not be afraid to repeat ourselves.

### The more the merrier?

As if winning donor attention, let alone loyalty, wasn't hard enough in the old days, now along come upstart, Internet-bred competitors. Anyone who can build a website can launch an organization. New "brands" now appear daily in the charitable and cause arena, luring "loyal" donors from existing organizations at least as much as they inspire new donors to enter the market.

In effect, the Internet removes the barrier to entry to the charitable marketplace that once was effectively erected by the high cost of direct mail marketing and mass communications. "Hello MoveOn.com" ... "Good-bye ... Common Cause?" And because the Internet is a more comfortable medium for Boomer and Post-Boomer

generations, perhaps new organizations built around online communications, fundraising and activism will steal the march on older, more traditional organizations.

Perhaps if donors were resistant to new brands, their loyalty to existing charities and causes would persist. But survey responses suggest otherwise.

Recall that 40% of respondents say they stop giving to an organization because their interests or priorities change. This fluidity opens the door for new organizations to challenge old loyalties. What existing organization do you join if you believe terrorism is an important threat to global security ... the CIA? What if you are concerned you're your children will not be competitive in the global economy they will enter in 10 or 15 years?

Moreover, donors indicate readiness to embrace new organizations. While many report that they support the same "favored" charities or advocacy groups year after year, only four in ten (38%) agree with the statement: "I prefer to support well-established organizations rather than new ones." Similarly, only four in ten (39%) agree with the statement: "If I haven't heard already about a charity or cause in the media, or by word of mouth, I won't contribute to them."

For Americans, "new" is better. For charities and causes, "new" is the enemy of loyal. To be clear, we are not pro- or anti-new; we are simply noting that now more than ever, as in any other business, for non-profits, new competition is just around the corner.

## **Intervention Strategies**

You have now seen the lay of the land as we view it with respect to donor loyalty and the challenges of enhancing it for your organization.

So how might we in fact build donor retention? Here are some strategies suggested by our analysis.

1. Start with lifetime value-focused new donor prospecting. It is beyond the purpose of this paper to wade into prospecting strategies. But one key point must be made: Unfortunately, "garbage in, garbage out" applies to donor retention. Organizations that chase low dollar "tippers" and rely upon premium-heavy offers are going to have more of a problem with retention than organizations that do not.

Although psychographic profiling could assuredly identify individuals with high "natural" propensity toward loyalty, unfortunately there is no way to pre-identify them in a manner that would be actionable for donor prospecting. There's no list of "loyalists" for rent! No indicative demographic screen to apply to rented names. The closest you might get is to rent only multi-gift or multi-year donor names for prospecting purposes. These are hard to come by as a rentable segment

in most sectors of the non-profit list market, but worth seeking out (e.g., multi-year subscriber lists).

Of course, you can and should analyze your donors' lifetime value by acquisition source. You will likely find sources (e.g., mailing lists, web links) that deliver higher retention donors.

2. Give the highest priority to securing a second gift from new donors. CMS client data indicates that the critical bonding "window" for a first-time donor is within 1-3 months of the initial gift. In one study, the average 3-year value for donors giving a second gift within the first month was 74% greater than a donor giving their second gift in the twelfth month. Your strategy for getting that second gift might need to include contacts that are not explicitly solicitations. Keep in mind that extra investment in winning an early second gift is well worth it.
3. Follow the basic rules of economics. Invest more in cultivating and retaining higher value donors (in the direct marketing context, say donors giving more than \$100 per year, and/or more than \$100 in one gift).
4. Understand in excruciating detail the renewal/retention economics of your donor program. Exactly how much are you spending to renew donors in various value segments? To secure monthly or "sustainer" givers? To model lapsed donors and reinstate them cost-effectively? How does this retention investment compare with the cost of acquiring new donors? What re-calibration of investment toward renewals and reinstatements, if any, is called for?

While doing this data analysis homework, it would pay to study some of the abundant literature on relationship marketing in the commercial world. Starting in roughly the mid-90s, commercial marketers began to appreciate the superior economic returns (i.e., profitability pay-off) from focusing resources on retaining and up-selling existing customers, versus the then-prevailing almost exclusive focus on "catch and release" marketing aimed solely at finding new customers.

A critical corollary principle of this new approach was focusing marketing attention on the best customers within their existing customer base, which meant that marketers actually needed to know who their best customers were, and why. As company after company embraced this strategy – which might seem like a no-brainer to fundraisers – they saw tremendous profitability gains and "CRM" (customer relationship marketing) came into vogue in business circles, abetted by sophisticated CRM software for data mining and contact management.

In the commercial sector, CRM strategies and tactics are now quite sophisticated, especially for companies that maintain transaction histories and can "touch" their customers through many channels. These tactics are not always translatable to fundraising, but there are many insights and practices to mine from business CRM. A good starting point into this literature is the writings of Don Pepper and

Martha Rogers (*Return on Customer, The One to One Future*, and others), as well as Frederick Reichheld (*The Loyalty Effect*, and others), leading gurus in the CRM field. Or simply google "relationship marketing."

5. Identify and specifically address likely defectors. In commercial relationship marketing, steps are usually taken to identify predictors of defection (for example, customers whose frequency or amount of purchase is decreasing, or customers who have been inactive for a certain amount of time). Special efforts are then made to engage these individuals – anything from surveying them to sending a free sample, new product information, or a special offer or incentive. In the non-profit context, an existing donor who has not responded to, say, two successive appeals might get a special intervention, such as a non-fundraising communication through a different medium designed to re-inspire them or surface any discontent.
6. Re-consider how you tell your success story to existing donors. You must meet the performance test your best donors are applying to assess your work. Routinely ask outsiders (not your newsletter editor) to look at your house communications and external media materials and evaluate them in terms of how well they project your accomplishments. Remember, your newsletter and website are, first and foremost, for your donors. Through your communications, they need know your accomplishments and to feel a part of making them possible. The relationship you are building is both rational and emotional ... too many organizations neglect the latter.
7. Introduce your leader, in person, to your donors. Offer him or her – perhaps after media training – in online video messages, webcasts, podcasts, even real membership meetings. These media provide opportunities to convey passion and emotion, not just facts.
8. Treat your online donors as your most valuable members. Your online donors, if they follow the pattern we see in the data, probably already make larger and more frequent contributions than your mail/phone donors, and they hold the most promise in terms of loyalty and retention. Be relentlessly creative in eliciting both email addresses and online donations. Few organizations have email addresses for more than 40% of their donors/members; many have less than half that number.

A critical opportunity is represented by the greater propensity of online donors to make referrals. Classic "member-get-a-member" programs have always existed, but never before have the mechanics – and productivity – of such programs been as attractive as they are now with the advent of online "viral" marketing. Online tools like those offered by Convio make it easy and extremely efficient to set up programs for encouraging referrals and orchestrating personal fundraising by individual members/donors. To stretch your imagination on this point, read Seth Godin's *Unleashing the Ideavirus*.

9. Monitor and respond to the high profile reputation "casualties" amongst your colleagues in the non-profit arena. Be alert to and try to offset the confidence loss they might be sowing. If an ethical lapse has occurred, underscore your organization's rigorous ethics and conflict of interest standards and review process. If their problem is evasion or apparent obfuscation, demonstrate your organization's crystalline transparency. If their leader has blundered, bring forward your Rock of Gibraltar. The point is not to trumpet explicit comparisons or criticisms, but to adroitly communicate your more appropriate behavior, allowing the differentiation to become recognized.
10. Monitor both your traditional and emergent competition. Do you have their mail up on the wall? How often do you visit their websites? What are your traditional competitors doing to retain members and build loyalty? What practices might you unabashedly copy and improve upon? What are emergent competitors offering that might be fresh and more compelling ... and enticing to your donors? Can you make the same or better pre-emptive offer or have they indeed come up with a better mousetrap? How are you differentiated from your competitors and how clearly do you communicate that differentiation? Sameness does not breed loyalty; confident, projected distinctiveness does.
11. Monitor donor inquiries that evidence dissatisfaction with your organization, looking for indications of systemic problems (anything from slow check processing to dismay at your CEO's latest appearance on *Meet the Press*). Resolve and respond to them. For those who actually register a complaint, there are typically many more who silently endure, then simply depart.
12. Benchmark loyalty of your donors against other donors, and monitor your "loyalty index" over time as an early warning against faltering retention. See next section.

## **Benchmarking Loyalty to Your Organization**

There is no substitute for measuring donor "loyalty" in terms of hard retention data ... actual donor behavior. But this method can only document bad news after the damage is done. By systematically measuring and monitoring pertinent donor attitudes, it is possible to identify and rectify loyalty-damaging issues before they impact on actual retention.

The DonorTrends benchmark survey reported here put a battery of "Loyalty Insight" questions to a nationally projectable sample of American adults. Our core loyalty questions have given us a snapshot of how donors relate to their organizations and how they evaluate them.

Putting the same benchmark Loyalty Insight questions to your organization's donors, together with questions customized to your organization's circumstances, would permit you to assess your donors' loyalty against the national sample, gaining insights into potential problem areas – poor or unknown results; lack of differentiation; "disagreeable"

actions, inactions, positions; systemic administrative breakdowns; poor or bad media; emergence of "more appealing" competition; loss of issue/cause urgency; and so forth. And as other organizations do likewise, a broader pool of anonymity-protected donor loyalty data would become available for further benchmarking.

DonorTrends has created an online surveying tool – the ***Loyalty Insight Portal*** – to conduct loyalty measurement on a dynamic basis, through periodic (quarterly or semi-annual) e-mail delivered surveys of donors, and/or random interception of your website visitors (filtered to target existing donors).

As actually viewed and responded to by your donors or members, the ***Loyalty Insight Portal*** is positioned as an effort on your part to better meet the needs and expectations of your organization's supporters. It is branded for your organization as a feedback tool.

DonorTrends can design, conduct and analyze the surveys on a turnkey basis. Our analysis includes benchmarking against our own loyalty data and that of other organizations where relevant and available.

If you would like to know more about the ***Loyalty Insight Portal***, and receive a sample Loyalty Insight survey, contact Ellen Church at Craver, Mathews, Smith & Company ([ellenc@cms1.com](mailto:ellenc@cms1.com)).