

Successful Steps to Maximise Donor Contributions

by German Sacristan, author of *The Digital & Direct Marketing Goose*

Reaching donors effectively becomes more challenging by the year. The purpose of this white paper is to share a direct marketing/ mailing methodology, tips and ingredients to help fundraisers build effective strategies and direct marketing/ mailing campaigns.

Managing the Basics

Before we take a ‘deep dive’ into the campaign strategy we must make sure that we are creating an appropriate marketing strategy for our charity. Having the right focus is essential to build a strategy that will help your funds grow. In order for your charity to thrive you need to successfully manage your existing donors. In order to do that you’ll need to segment your donors for further assessment and future effective engagement.

Donors should be segmented based on:

- Loyalty Risks
- Funding Size
- Funding Frequency

	Loyalty Risks	Funding Size	Funding Frequency	Strategy	Actions
Number of Segments	High/Medium/Low	Big/Medium/Small	Often/Seldom		

Each of the above segments should drive the appropriate marketing strategy.

Donors who give a lot and often but are reducing their giving to your organisation require a different strategy from donors who are loyal but give little and not regularly.

These different segment possibilities will not only drive the strategy, but also guide how you divide your marketing budget between them. Further donor profiling (discussed in the *Profiling* section) will be needed to make sure you achieve the most relevant engagement possible.

Thoroughly understanding and managing your existing donors will help with your new donor acquisition strategy, by helping you learn who your existing best donors are, and how to communicate with them successfully.

Marketing Principles and Campaign Components

The following marketing principles are critical to any campaign:

- Data
- Target and Media Allocation
- Capturing Attention and Relevance
- Ease of Giving
- Tracking and Analytics

The above principles can be organised into 3 marketing campaign components and strategies:

1. **The Targeting and Profiling Strategy** – focussed on data.
2. **The Target Engagement Strategy** – focussed on capturing attention, relevance, media allocation and ease of giving.
3. **The Tracking and Analytics Strategy** – focussed on campaign success, donor acquisition costs and future campaign improvements

1. Targeting, Profiling and Data Collection Strategy

Targeting

Describing a potential donor is a critical step in a fundraising program. If you fail here, you will end up wasting your marketing budgets on the wrong people. Most fundraisers describe their potential donors exclusively by looking at the individuals that already give. They are learning what is working already so they can find individuals with similar characteristics to engage with.

Proper description of a potential donor takes a lot more work. It is important to also look at potential donors that didn't give, maybe because the communication failed to capture their attention or resonate with them. Also, environments are constantly changing — donor values, personal situations and the economy. These changes will also alter the potential donor description.

If we only listen to the data analytics to describe a potential donor, we run the risk of describing a donor of the past rather than a potential donor of the present moment. There needs to be a human element in the data strategy. As a rule of thumb, I'd start by describing potential donors based on the value of what our charity provides to others, then run some data analytics to learn more.

Profiling

Often profiles are built based on what we know (Big Data) instead of what we need to know (Right Data). We'd need to ask ourselves a simple question: based on my charity values and purposes, what

do I need to know that will help me be more relevant when communicating with my potential donors? Then profile based on that.

Just because we have information about a potential donor it doesn't mean that we have to profile based on what we know, unless it is relevant to be able to have a more successful contact. The main purpose of profiling is to have the right information about a potential donor so they can be contacted successfully. If we profile based only on what we know, and that doesn't provide with enough information to attempt relevance with potential donors, profiles will be weak and communication most likely will fail.

Defining first what is important to know will provide focus and will make it easier and faster for us to get the information that we need — either from data sources or from our environment. It is critical to build a data collection plan that will be continually and proactively searching for what needs to be known.

Data or information will help profile potential donors and classify them in different groups that share similar characteristics. Once this is done, it is much easier to come up with the right messages, with the right design, the right number of contacts, and the right channels. The most popular profiles are built based on:

— *Potential donors' personal characteristics and lifestyle* (also called demographics, psychographics and behavioral profiles). The most typical profiles in this group are based on age, gender, income, education, activities, interest and opinions. What personal characteristics and interests make your potential donors different from each other? Most of the time, a simple profile based on age, gender and income will go a long way. Which values would you communicate based on the age, income and gender of your potential donors? The income demographic profile is often especially relevant. The best news is that this type of profiling should not be hard to do. A simple address database can also provide average income demographic information about the different areas in that database.

— *Potential donors' giving criteria*. Your potential donors give for different reasons and therefore need to be profiled that way. Sometimes, giving criteria might be linked to your potential donors' personal characteristics and interests. Simple demographic information about your potential donors will often help you make low-risk assumptions about their giving criteria.

— *Giving habits for when (frequency and timing), where/how and how much (giving size) a potential donor will give*. As with the previous point, low risk assumptions can be made based on your potential donor's demographic information.

You can tailor your messages based on what is helpful and informative to your potential donors utilising digital marketing technologies such as digital print and email.

Don't forget to analyse what you already know from your data sources, because you can learn other relevant habits and/or behaviours that might help you refine your profiles even further. Remember, highly segmented and profiled potential donors are not necessarily better. Simple segmentation and profiles often work very well. It's all about how much information (and therefore profiling) is needed to have a successful personal and relevant contact.

Data Collection Plan

We hear so much about data these days that it feels like its a 'new thing', it's not. What's different today is the term 'Big Data'. It represents the overwhelming amount of information that has become available via new technologies. However, we do not need Big Data; we need the 'Right Data'. The right data is needed to assess existing donors, describe and profile potential ones and measure Return On Investment (ROI).

Instead of trying to accumulate as much data as we can, we need to first identify what data we need, then build and implement an effective data collection strategy.

This section will focus on the data collection strategy that feeds in to the profiling. After the profiling criteria has been created based on what you need to know, you will need to collect the data that will classify the potential donors into different profiles.

For a simple profile classification, it might be as easy as searching through your Customer Relationship Management system (CRM) or you might have to supplement it by purchasing an appropriate mailing list/database.

Building a strong CRM is a critical objective towards campaign success. An effective way of building information is through websites. Why not encourage visitors to provide information via a subscription to receive relevant information? Then, through an effective cookie strategy, further information can be built from those visitors. The information can be utilised to follow up with them via a relevant fundraising piece that addresses their personal interests.

Another way to build information is through telemarketing. Telemarketing was historically utilised to ask potential donors for funding. But why not use telemarketing to retrieve the right information from potential donors so they can be further engaged in a relevant and personal way?

2. Engagement Strategy

Capturing your potential donors' attention and being relevant are critical objectives in a fundraising campaign. There are many ways to capture a potential donor's attention, including creativity and design, but capturing attention without being relevant is useless and will not encourage giving.

In order to be relevant we have to tell our potential donors what they want to hear. If potential donors are different individuals who give for different reasons, why do we tell everyone the same thing? By having done a proper profiling exercise in the prior step, fundraisers as discussed before can be more targeted with messages and design that better fit the different profiles of the potential donors.

As previously discussed, proper profiling is critical because it provides personal information about a potential donor. Now it takes more than just information to build a successful contact. We can have all the relevant information or data, but if we don't have the sensitivity and imagination to know what to say and how to say it, we'll fail. As Einstein said, "Imagination is more important than knowledge. For knowledge is limited to all we now know and understand, while imagination embraces the entire world." Besides information, sensitivity, and imagination, there are other critical ingredients that will help fundraisers build a more successful contact:

— **Focus.** Focus on what donors want to hear (relevance). Donors want to hear that their money has been used wisely and that it made a difference. Make your messages informative, add personal stories, entertainment links and share updates. Make sure to say thank you and make acknowledgments and do not forget to share what is in it for them.

— **Persistence.** Often it takes more than just one contact to capture a potential donor's attention, educate them on your charity and encourage them to give. Successful fundraisers don't give up, persistence is key. Persistence goes right together with the previous ingredient — focus on what potential donors want to hear. If we are only persistent, and not relevant, we risk annoying donors.

Persistence also relates to timing, which is critical. By being persistent and relevant, we increase the chances of contacting potential donors at the right time. Make sure that all your messaging and creativity is consistent across all engagements regardless of the channels.

— **Testimonials.** The views of other donors and word of mouth are very powerful in fund raising. Potential donors will believe other donors more than they believe you. Don't forget that your existing donors are often your most powerful marketing channel — it is imperative to make it easy for them to participate in the campaign or program by allowing to share what they like about your charity.

— **Ease of giving.** After a successful engagement, fundraisers have to make it easy for potential donors to give. Otherwise they might not give, and might go somewhere else. Pay special attention when promoting online, where other charities could only be one click away from yours. The giving process has to be clear, quick and easy, with no disappointments on the way.

— **Channels.** Media channels are always needed to be able to contact a potential donor. There's a large variety of media channel options available today. This large variety of options can sometimes

confuse and overwhelm us, making it difficult to identify the right channels. Effective fundraisers invest time and effort trying to understand which media channels will bring them more donors and fundings.

This is a difficult task, since we often engage the same potential donors many times, in different ways, using different media channels. This is almost the same as a sales rep trying to figure out which single visit is the one to credit with a sale. In most cases, all engagements are important and have a purpose; it is the combination of them that leads to funding. Understanding each media channel's strengths and weaknesses will help you choose the right ones, based on what you need to say to who, when, and how. When possible allow your donors to tell you how they want to receive information from you.

Even with all the excitement in the last few years about new digital media channels and technologies, direct mail, enhanced by digital technologies, are making a strong comeback — not surprising when you look at the strengths of the postal mailbox, together with fully personalized digital prints:

- A postal database provides demographic information about a target audience. Fund raisers can then profile the different potential donors to be able to contact them in a more relevant way.
- There is no screening in the postal delivery, the direct mail that you send is what your potential donors will get.
- People receive far more emails and/or mobile text messages than postal pieces, so there is far more competition on email and mobile devices than on the postal mailbox. Fundraisers can catch their potential donor's attention easier through a postal mailbox than anywhere else.
- People tend to be less stressed while going through their postal mail at home than while working on their computers or on their mobile devices. It is easier to capture the attention of potential donors when they are more relaxed.
- Through the post, fundraisers can better capture their potential donor's attention using creativity and design. Paper is tactile and tangible, it is easier for fundraisers to show the value of their charity. And don't 'over egg the pudding', simple designs normally work better.

Money. To promote your charity, you need money. It is imperative to invest your marketing budget wisely. It's not just about the quantity of pieces that you send out using the lowest cost media channels, it's also about quality. And the quality of the mailing piece does not refer just to design and printing and/or display quality; it also refers to sending the right message, to the right people, at the right time, using the right channels.

In order to get a positive Return On Investment (ROI), it is critical to first estimate how much marketing money needs to be invested per potential donor in order to have a chance at capturing their attention and showing them the value of your charity. Then divide the marketing budget by that estimate to find out how many potential donors you can afford to contact.

It is better to make a good impression to a few than be ignored by many. And when positive impressions are made on potential donors, they will tell others. It is imperative to make sure that marketing money is only spent with the right potential donors. Otherwise, it will be wasted.

Time. Time will help build and launch a better engagement strategy by better taking care of the details. It is better to launch a successful campaign next week than an average one today.

Courage. There are no crystal balls or magic wands in marketing. Fundraisers can't be successful in every campaign they launch. It is critical to have the courage to remain passionate and enthusiastic even when we fail. As Winston Churchill stated: "Success is the ability to go from one failure to another with no loss of enthusiasm."

Testing. Successful fundraisers test everything they do. This is the only way they can improve — by fixing what is not working and keep investing on what is. Digital technologies allow you to launch and track small samples of any given campaign. By doing so you can learn which campaigns are the most successful and what needs to be fixed on the ones that aren't. Testing will be further discussed in the tracking and analysing section below.

Partners. We can't be good at everything. Neither can we have all the required resources at all times. That is why identifying the right partners that will feed in to your strategy and help you implement and measure your campaigns is very important.

3. Tracking and Analysis Strategy

It is critical to know what, when, how and why you will track and analyse. Measuring and analysis is done for 3 main reasons:

1. *To know if your campaign was successful.* Was the return bigger than the investment? Be careful here as some campaigns might not give a positive return on marketing investment right from the beginning. It doesn't mean that they were unsuccessful; sometimes it takes more than one campaign to start building positive ROI. Some campaigns only succeed because previous ones failed. Retrieving relevant information and improving results are good signs that you are on the right path.

2. *To know the cost of acquiring a new donor* by dividing the investment by the number of new donors that were acquired. This will help you estimate how much you need to receive as an average per donor in order to achieve your target fundings for your charity.
3. *To know how to improve future campaigns.* You should track who responded and who didn't. Also, who gave and how much. And who didn't give? This information will help to improve your future campaigns. Knowing which profiles responded and gave (including how much) and which ones did not helps you invest more on what is working and fix what is not. This helps you identify which profiles are failing and to be successful in the awareness and/or closing phases (people not responding could mean that you are failing to create awareness; people that respond but don't give could mean an issue in the closing stage). Knowing which profiles are responding but also giving is very helpful as you can proactively try to find more potential donors that look like them. Profiles that do not respond will have to be analysed. You'll have to decide if they are truly your target or if the communication just failed to resonate with them. Profiles that respond but do not give have to be looked at in a different way, too. Why aren't they converting into donations? Is it easy and clear how to give? What could be wrong? A telemarketing campaign can help identify issues.

If you're interested in a personal assessment to help you improve your chances of a better direct marketing campaign Return On Investment, please contact German Sacristan on 01753 215307, or email german@x1.ltd.uk. For more information about X1's range of services, visit www.x1.ltd.uk.

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