Donor Retention

Rates Continue To Plummet
What Every Fundraiser Can Do
To Reverse The Trend!
Your Presenter

Jay B. Love

- 35 Years of NP Technology Leadership
- Over 20,000 Database Installations
- Former Founder & CEO of eTapestry
- Former CEO of Master Software/Fund-Master
- Conner Prarie Museum Board Member
- AFP Ethics Committee (Past Chair)
- Former Center on Philanthropy at IU Board Member
- Innovation Fund at Butler University
- Former Gleaners Food Bank Board Member
- Co-Chair of Indianapolis YMCA Capital Campaign
Do you know your retention rate?
In our surveys, less than 15% of fundraisers knew their current donor retention rate.

Do you know your retention rate?
Growth in Giving Initiative / FEP »

http://afpfep.org
The 2016 results are in »

Median Donor Retention/Attrition

Retention 43%
Attrition 57%
Yes, your eyes read correctly:
Nearly SIX out of every TEN Donors from the previous year did NOT donate at all the next year!
New donor retention is even worse:

- First Time Donor Retention: 19%
- Repeat Donor Retention: 63%
Who to focus on »

88% of dollars raised comes from 12% of the donors
# So what?

## Donor Attrition Over Five Years

<table>
<thead>
<tr>
<th># of Donors</th>
<th>Attraction Rate</th>
<th>Donors Remaining After 1 Year</th>
<th>Donors Remaining After 2 Years</th>
<th>Donors Remaining After 3 Years</th>
<th>Donors Remaining After 4 Years</th>
<th>Donors Remaining After 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>20%</td>
<td>800</td>
<td>640</td>
<td>512</td>
<td>410</td>
<td>328</td>
</tr>
<tr>
<td>1,000</td>
<td>40%</td>
<td>600</td>
<td>360</td>
<td>216</td>
<td>130</td>
<td>78</td>
</tr>
<tr>
<td>1,000</td>
<td>60%</td>
<td>400</td>
<td>160</td>
<td>64</td>
<td>26</td>
<td>10</td>
</tr>
</tbody>
</table>

So what?

Improving donor retention rates by just 10% can increase the lifetime value of your database by 150-200%!

- Dr. Adrian Sargeant, Bloomerang Chief Scientist
### Donor retention math

**Original Retention Rate: 41%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Donors</th>
<th>Avg. Gift*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>5,000</td>
<td>$200.00</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>2</td>
<td>2,050</td>
<td>$220.00</td>
<td>$451,000</td>
</tr>
<tr>
<td>3</td>
<td>841</td>
<td>$242.00</td>
<td>$203,401</td>
</tr>
<tr>
<td>4</td>
<td>345</td>
<td>$266.20</td>
<td>$91,734</td>
</tr>
<tr>
<td>5</td>
<td>141</td>
<td>$292.82</td>
<td>$41,372</td>
</tr>
<tr>
<td>6</td>
<td>58</td>
<td>$322.10</td>
<td>$18,659</td>
</tr>
<tr>
<td>7</td>
<td>24</td>
<td>$354.31</td>
<td>$8,415</td>
</tr>
<tr>
<td>8</td>
<td>10</td>
<td>$389.74</td>
<td>$3,795</td>
</tr>
<tr>
<td>9</td>
<td>4</td>
<td>$428.72</td>
<td>$1,712</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>$471.59</td>
<td>$772</td>
</tr>
<tr>
<td>11</td>
<td>6</td>
<td>$518.75</td>
<td>$3,088</td>
</tr>
<tr>
<td>12</td>
<td>3</td>
<td>$570.62</td>
<td>$1,732</td>
</tr>
<tr>
<td>13</td>
<td>2</td>
<td>$627.69</td>
<td>$972</td>
</tr>
<tr>
<td>14</td>
<td>1</td>
<td>$690.45</td>
<td>$545</td>
</tr>
</tbody>
</table>

**Improved Retention Rate: 51%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Donors</th>
<th>Avg. Gift*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>5,000</td>
<td>$200.00</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>2</td>
<td>2,550</td>
<td>$220.00</td>
<td>$561,000</td>
</tr>
<tr>
<td>3</td>
<td>1,301</td>
<td>$242.00</td>
<td>$314,721</td>
</tr>
<tr>
<td>4</td>
<td>663</td>
<td>$266.20</td>
<td>$176,558</td>
</tr>
<tr>
<td>5</td>
<td>338</td>
<td>$292.82</td>
<td>$99,049</td>
</tr>
<tr>
<td>6</td>
<td>173</td>
<td>$322.10</td>
<td>$55,567</td>
</tr>
<tr>
<td>7</td>
<td>88</td>
<td>$354.31</td>
<td>$31,173</td>
</tr>
<tr>
<td>8</td>
<td>45</td>
<td>$389.74</td>
<td>$17,488</td>
</tr>
<tr>
<td>9</td>
<td>23</td>
<td>$428.72</td>
<td>$9,811</td>
</tr>
<tr>
<td>10</td>
<td>12</td>
<td>$471.59</td>
<td>$5,504</td>
</tr>
<tr>
<td>11</td>
<td>6</td>
<td>$518.75</td>
<td>$3,088</td>
</tr>
<tr>
<td>12</td>
<td>3</td>
<td>$570.62</td>
<td>$1,732</td>
</tr>
<tr>
<td>13</td>
<td>2</td>
<td>$627.69</td>
<td>$972</td>
</tr>
<tr>
<td>14</td>
<td>1</td>
<td>$690.45</td>
<td>$545</td>
</tr>
</tbody>
</table>

**Grand Total from Original Donors:** $820,859  
**Grand Total from Original Donors:** $1,277,208

**Total Savings:** $456,349
Calculating donor retention »

# of Donors in Current 12 Months
(from the previous years pool)

Divided by

# of Donors in Previous 12 Months

https://bloomerang.co/retention
Importance of dollar retention »

$0 - $25
$26 - $100
$101 - $1,000
$1,001 - $10,000
$10,000 & Up
(50% of Total)

(Where do you desire a 10% change?)
Database Effect on Retention »

Can you have too many names in your database?
0 / 10 / 90 Rule

- 0% of your funding
- 10% of your funding
- 90% of your funding
0 / 10 / 90 Rule »

- 0% of your funding
- 10% of your funding
- 90% of your funding

What should you do with each segment?
0 / 10 / 90 Rule »

• 0% of your funding
  • remove all but:
    • previous above-average donors
    • previous board members
    • previous top volunteers
    • alumni
    • positive replies to surveys
• 10% of your funding
  • handle in an automatic manner, but research
• 90% of your funding
  • focus the majority of your efforts here
Defining Lifetime Value »

“The total net contribution that a customer/donor generates during his/her lifetime in your database”
Overall Giving by Household Income Level

Source: Philanthropy Panel Study - Lilly School of Philanthropy
Importance of being a chosen charity »

The number of charities supported annually:

- Income 50K – 2-3
- Income 100K – 3-4
- Income >100K – 4-5
- One is usually there church
- Second is most likely their school
Where Does This Leave Your Cause?
Value Segments »

- $1000 +
- $500 - $1000
- $100 - $500
- $25 - $100
- $25 and under annually

Value

Time
Why for-profit customers leave »

• 1% - death
• 3% - relocation
• 5% - won by competitor
• 14% - bad complaint handling
• 77% - lack of interest from us
Why nonprofit donors leave »

- 5% - thought charity did not need them
- 8% - no info on how monies were used
- 9% - no memory of supporting
- 13% - never got thanked for donating
- 16% - death
- 18% - poor service or communication
- 36% - others more deserving
- 54% - could no longer afford

6 Key Retention Drivers
(That can double lifetime value)

• Drip feed mission performance via stories
• Connect often (1st 90 Days!)
• Be personal (SEGMENT via DB)
• Develop like a good personal friendship
• Find & use numerous human connectors
• Always communicate what $’s are doing!
“Are your charity's fundraising, advocacy or other "persuasion" communications riddled with common, hidden flaws that limit their effectiveness?”

- Tom Ahern, Bloomerang Donor Communications Head Coach
Today's Date

Dear [Name],

We wanted to thank you for the [Amount] donation that you made on [Date]. Every act of your generosity helps us further our mission. In fact, your gift has helped us rescue 2 puppies! Two cuddly creatures that would have otherwise been homeless are now safe because of your donation.

Because we are a registered 501(c)3 organization, your donation is completely tax deductible. Please keep this for your tax records to claim your deduction. Again, we thank you for your support in helping to make the world a better place.

Thank You

Kay Nine, Executive Director
People for Puppies
Because we are a registered 501(c)3 organization, your donation is completely tax deductible. Please keep this for your tax records to claim your deduction. Again, we thank you for your support in helping to make the world a better place.

Thank You

Kay Nine, Executive Director
People for Puppies
We wanted to thank you for the [Amount] donation that you made on [Date]. Every act of your generosity helps us further our mission. In fact, your gift has helped us rescue 2 puppies! Two cuddly creatures that would have otherwise been homeless are now safe because of your donation.

Because we are a registered 501(c)3 organization, your donation is completely tax deductible. Please keep this for your tax records to claim your deduction. Again, we thank you for your support in helping to make the world a better place.

Thank You
Engagement Begins With The Thank You!
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
5 Communication Strategy Practices
(Involve Your Entire Fundraising Team)

• Fully Map a Track for Each Key Segment
• Survey in 1st 90 Days, Then “Honor”
• Involve Human Connectors
• Nurture Means Personal
• Never Forget the “You” Test for EVERY “Touch”
Free educational resources »

• Daily blog post
• Weekly webinar
• Downloadables
• Nonprofit Wrap-Up
• Bloomerang TV

https://bloomerang.co/resources
Questions?

jay.love@bloomerang.co
@JayBarclayLove

Free Book »

https://bloomerang.co/staytogether/