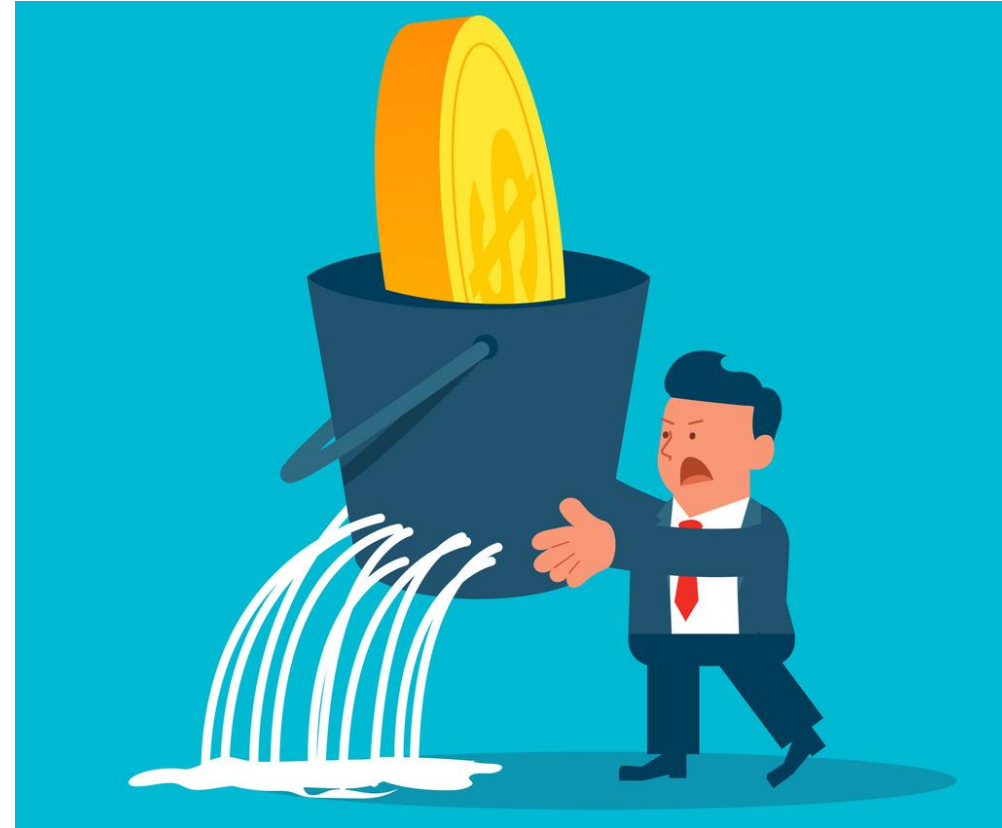# New Donor Acquisition

agn
ANNUAL GIVING NETWORK

Agenda

- Putting acquisition into perspective

- Developing effective messages

- Inspiring new donors through special campaigns

- Evaluating and building on your acquisition efforts

PUTTING ACQUISITION INTO PERSPECTIVE

Consider the leaking bucket

- Retention of current donors

- Reactivation of lapsed donors

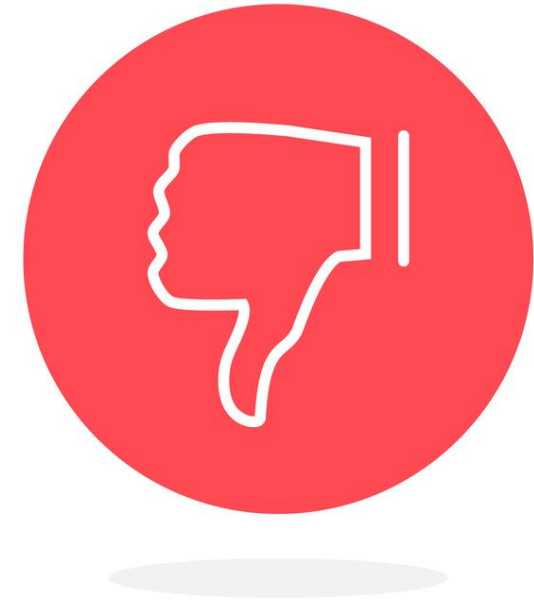- **Acquisition of new donors**
(to fill the bucket)

Appreciate the benefits of new donor acquisition

- It's fun!

- Opportunity to be creative

- Chance to think long-term about the future

- Benefits of natural constituencies (a key difference between educational vs. other non-profits)
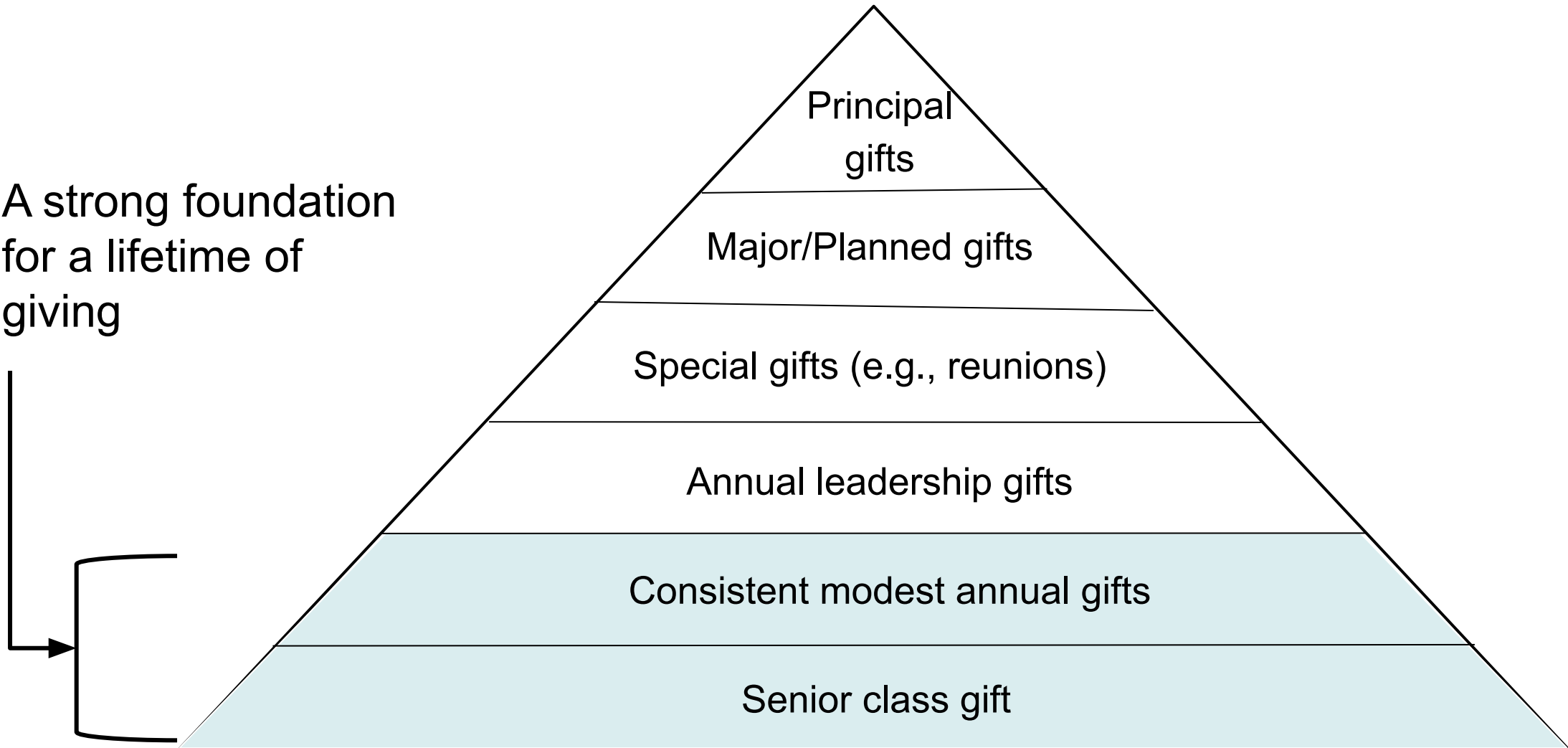 - Alumni
  - Parents
  - Faculty/staff

Recognize the challenges

- It's hard work!

- Higher costs

- Lower response rates

- Smaller average gifts

- Lower short-term ROI

- Requires greater focus on younger audiences (who typically have lower capacity)

Think about the journey of a lifelong alumni donor

A strong foundation for a lifetime of giving

Principal gifts

Major/Planned gifts

Special gifts (e.g., reunions)

Annual leadership gifts

Consistent modest annual gifts

Senior class gift

Create donor personas for shared characteristics

- Demographics: Age, gender, region, marital status, children

- Interests: Academic areas, sports, causes, issues

- Careers: Industry, employer, role within company

- Communication preferences: Mail, phone, text, email, social

Build predictive models to identify gift likelihood

Example: University of Virginia

- Determine what you're trying to predict (e.g., scholarship gifts)

- Identify characteristics of existing donor to that area

- Look for similar characteristics in non-donor populations

- Assign scores to indicate which donors are more likely

- Use scores to guide marketing focus and budget allocation

DEVELOPING EFFECTIVE MESSAGES

Personalize communications as much as possible

- Salutation/name

- Degree information

- Interest area(s)

- Signatory

- Prepopulated reply device

Get to the point
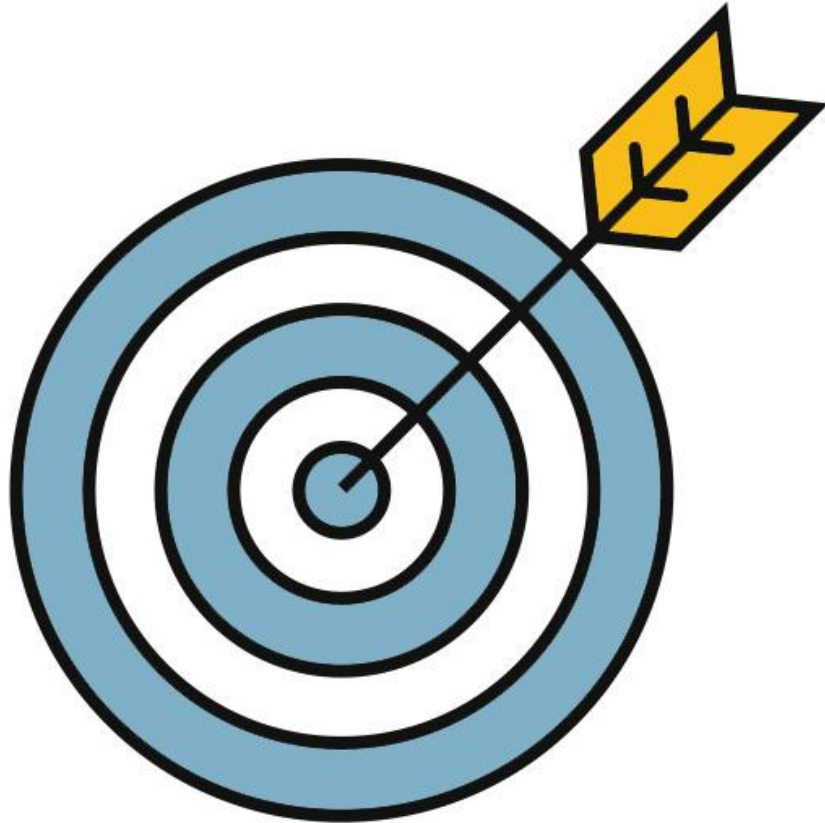
- Keep your writing
  - Clear
  - Concise
  - Focused

- Avoid big complicated words

- Don't assume prospects understand a lot about your organization or philanthropy

Highlight the most important words and phrases

- **Bold**

- <u>Underline</u>

- *Italics*

  – Make it so the reader can scan and understand

Dear {First Name(s)},

We are excited to welcome back students, families, faculty and staff for the 2021–2022 school year. Our community is full of hope and aspiration for all we can accomplish together this year. To celebrate the start of the 2021–2022 academic year, we are launching **Welcome Back, Give Back — a 22-day campaign to support the Durham Academy Fund.**

Capture attention with bold designs and images

Low-performing non-donor letter
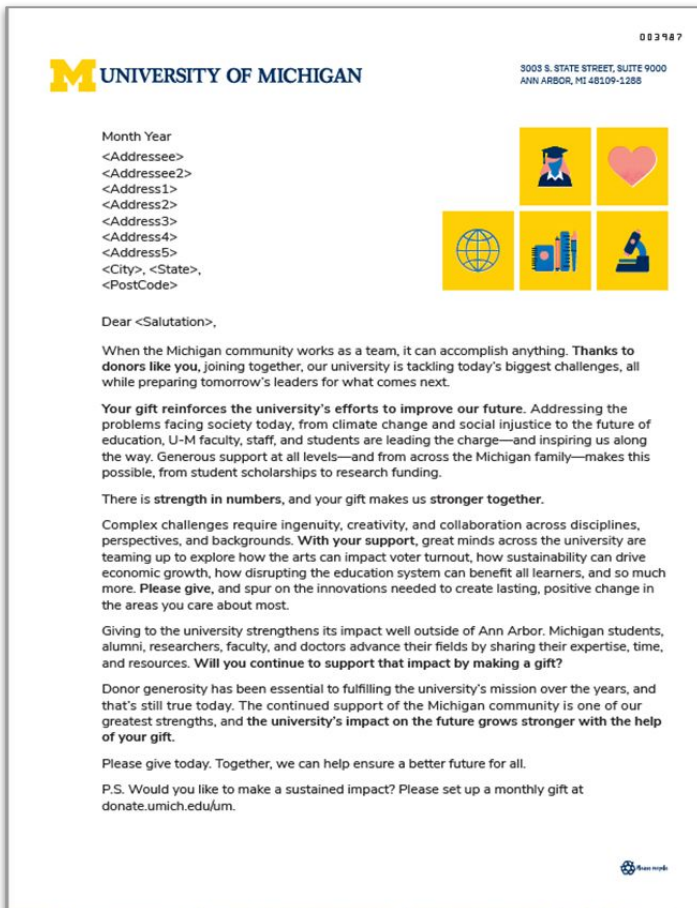
High-performing non-donor letter

Example: University of Michigan

Convey a sense of urgency

- State goal

- Create deadlines

- Explain what happens if goal is (or isn't!) achieved

- Leverage important periods
  - Beginning of academic year
  - Reunions
  - Graduation

Select signatories, senders, and voices carefully

- Someone they know

- Someone they trust

- Someone they view as relevant

> "The teachers have this intrinsic trust for students to do a great job, which is the first step in any strong relationship. When I step out of Athenian, I feel like the possibilities are endless."
> - Class of 2021 Graduate
>
> Dear {Informal Salutation}:
>
> Athenian teachers have brought out the best in each of our four children. Our eldest, Evan '19, is now in college and the confidence and independence he developed while at Athenian continues to guide him. Evan is embracing the many possibilities of life after Athenian thanks to the foundation provided by his Athenian teachers.

Example: The Athenian School

Keep it lighthearted

- Humor

- Playful tone

- Puns

- Catchy taglines

- Warm images

Example: University of Virginia

Lower ask amounts

Example: Spelman College

Test often to find out what resonates

- Envelopes

- Subject lines

- Subject matter

- Designations

- Signatories

- Images

- Ask amounts
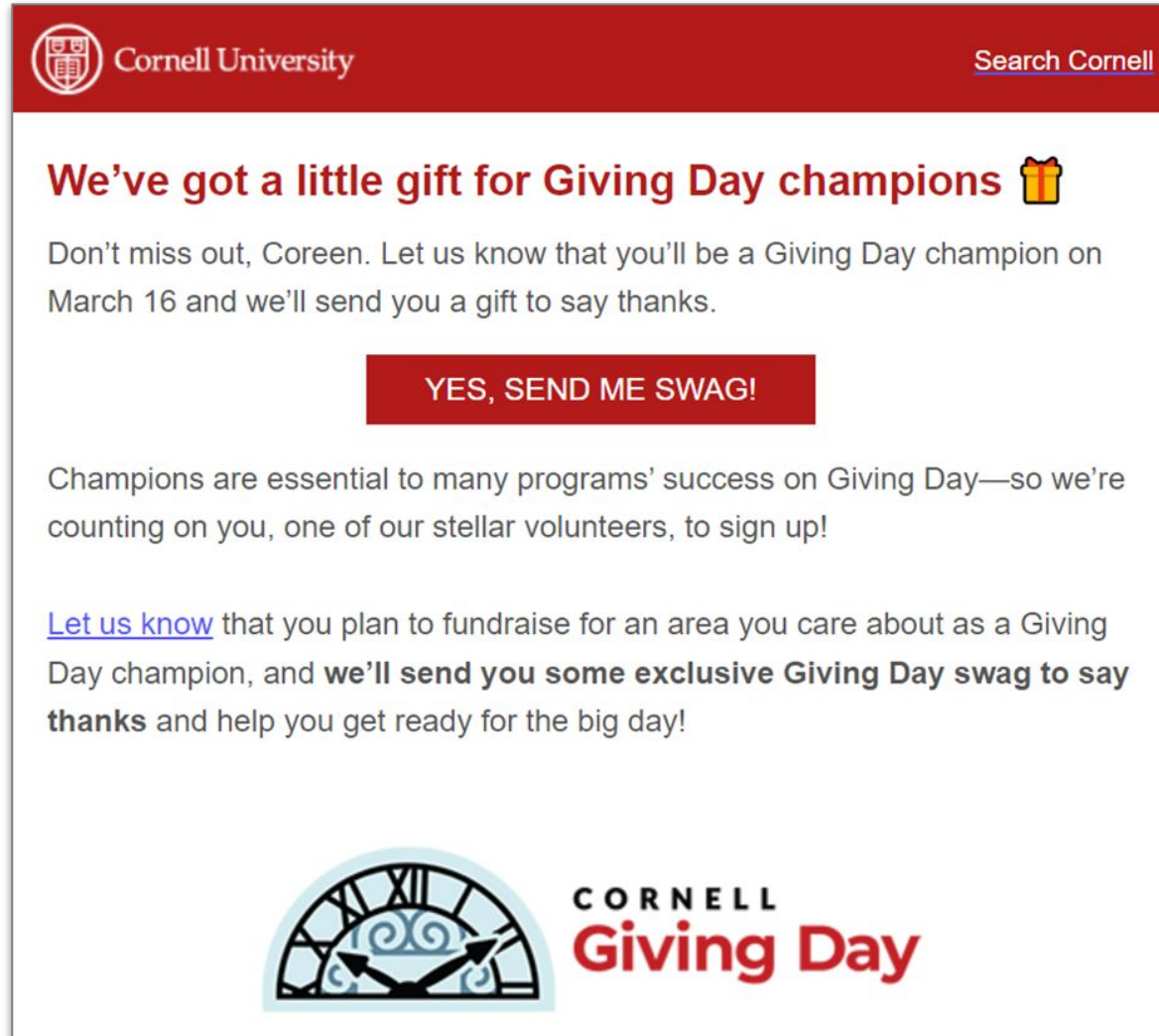
Make it easy to give!
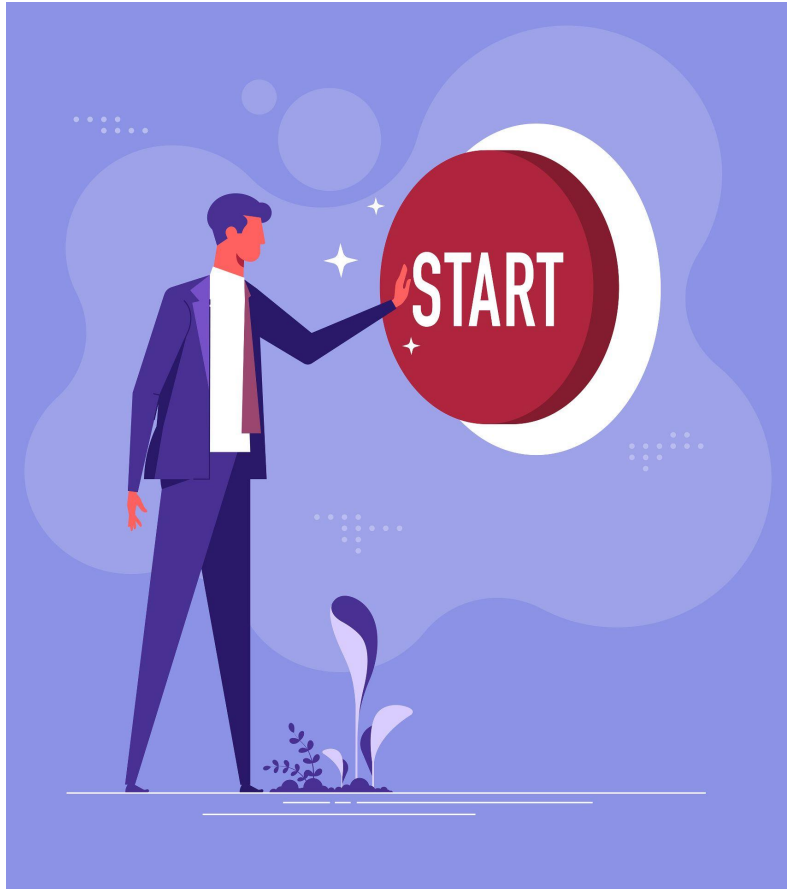
- Offer multiple ways to give
- Make donate buttons and links common and visible
- Minimize amount of information and time required to complete transaction
- Encourage recurring gifts
- Provide contact information for those who want personal assistance
- Plan follow-up after engagement activities and events

INSPIRING NEW DONORS THROUGH SPECIAL CAMPAIGNS

Capitalize on giving days!

Example: Cornell University

Leverage challenges

Example: Syracuse University

Encourage competitive spirits
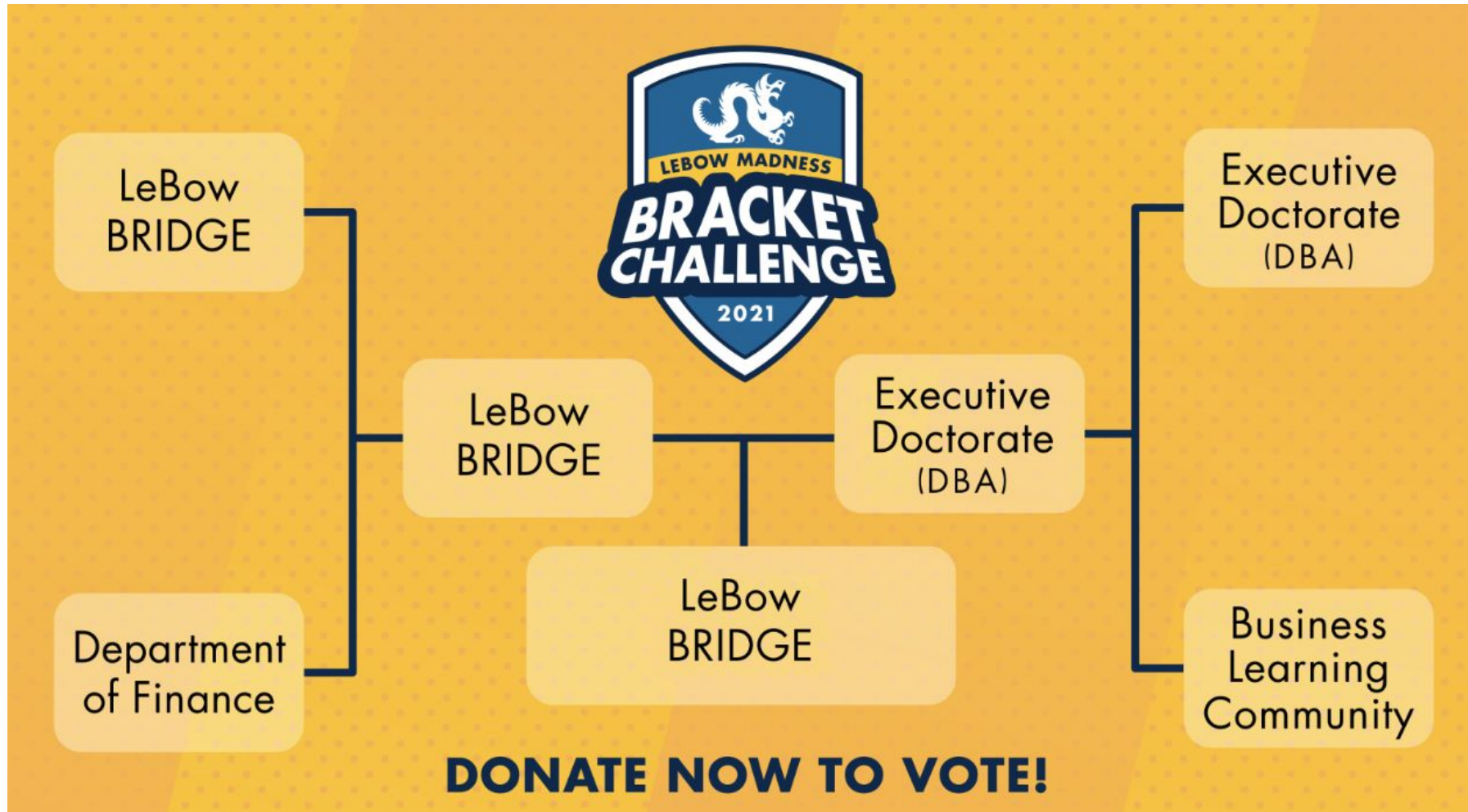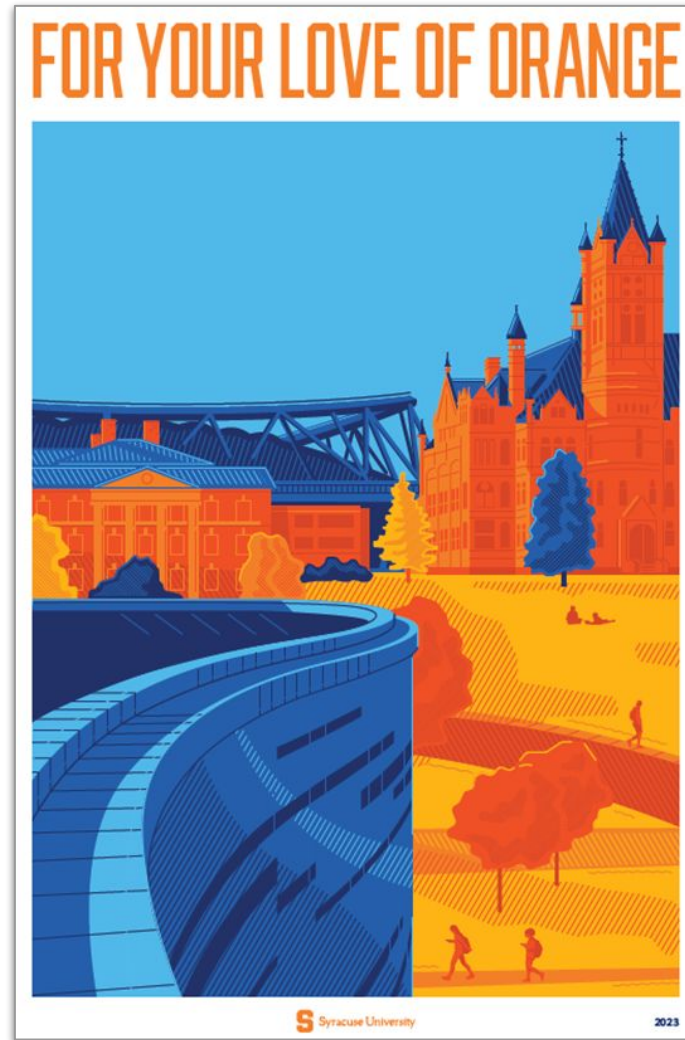

Example: Drexel University

Tap into affinities

Example: Syracuse University

Entice with unique premiums

Example: Syracuse University

Celebrate special occasions and milestones

Example: William & Mary

Example: Fairfield University

Be careful of becoming overly transactional

Example: Syracuse University

Leverage existing holidays
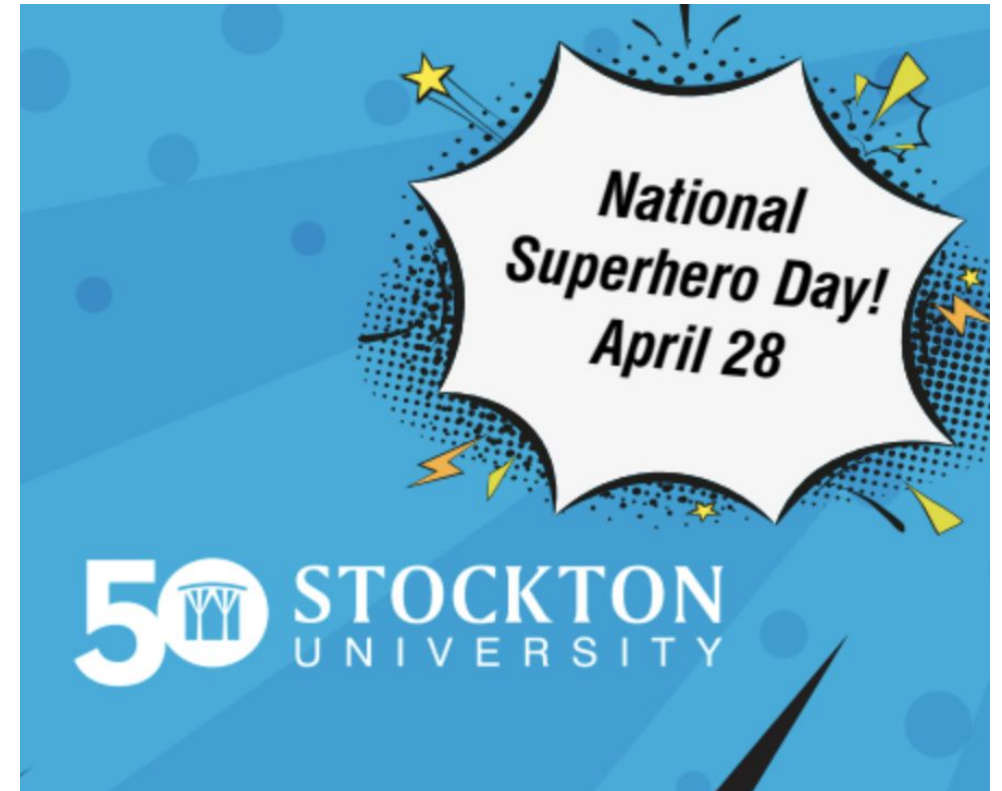
*Examples (clockwise from top left):
Towson University, Stockton University,
The Principia*

Offer access to uncommon experiences

Example: Cornell University

EVALUATING AND BUILDING ON YOUR ACQUISITION EFFORTS

Understand response rates for new donors

- Are calculated as # of new donors generated / # non-donors contacted
- Vary by channel
    - Phone: 10-15%
    - Mail: 1%-3%
    - Email: < 1%
- Will always be lower compared to retention and reactivation efforts (except with very long lapsed donors)
- Decrease the further out alumni get from graduation

Appreciate average gift amounts

- Total $ revenue from new donors / # new donors

- Will always be lower compared to retention and reactivation efforts

- Will be higher as personalization increases

Consider retention rates

- % of new donors in a year who give again the following year

- Are usually less than 20% for first-time donors

- Will always be lower compared to retention and reactivation

- Can be especially low for special gifts (e.g., crowdfunding)

- Decrease along with the size of the gift (so beware of $5 gifts!)
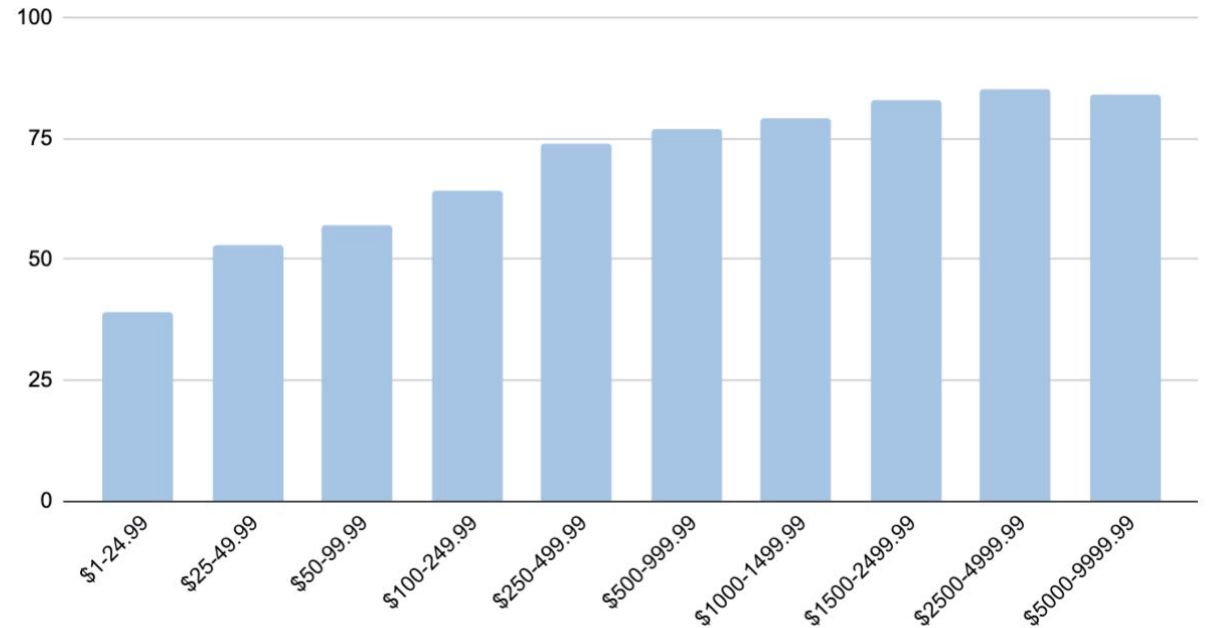
Calculate return on investment (ROI)

- $ generated / $ spent in order to acquire the donor

- Is sometimes (often) negative for acquisition efforts

- Varies significantly by channel

- Channels with low response can have high ROI (e.g., email)

Stay focused on lifetime value

- Most institutions acquire donors at a loss

- Short-term losses are often recovered through future gifts

- Retention rates grow tremendously in years two and three

- Consistent annual donors often become planned gift donors

- The concept of lifetime value is more important than the exact calculation

Monitor donor coverage ratios

- Number of new and reactivated donors you've secured compared to those lost through attrition

- Helps you monitor the "leaking bucket"

- Example:
  - Yr. 1: 1,000 donors generated
  - Yr. 2: 400 donors do not renew
  - Yr. 2: 300 new/reactivated donors secured
  - Donor coverage ratio = 75%

Analyze each channel's strengths and weaknesses

Channel	Strengths	Weaknesses
Phone	Personal, high response, high ROI	Expensive, hard to reach people now
Direct Mail	Scaleable, able to state case thoroughly	Lower response rate
Email	Low cost, high average gift	Low response rates, lots of static to compete with

Keep an eye on social channels too

Traffic and Conversion Rate by Social Channel

	Traffic to Campaign	Conversion Rate
Facebook	84%	13.4%
Instagram	13%	22.7%
YouTube	2%	17.4%
LinkedIn	1%	33%
Snapchat	0.08%	12.7%
Reddit	.06%	9.3%
TikTok	.09%	8.8%
Twitter	.06%	.5%

Prioritize new donor stewardship

- Handwritten notes

- Welcome letters/packets

- Multiple stewardship touch-points throughout the year

- Make sure they're thanked before their next ask!

- Special activities and events

Example: Cornell University

Determine how acquisition affects everything else

	Year 1	Year 2	Year 3
# Alumni	170,155	179,555	188,955
# Alumni Donors	10,209	12,569	15,116
Retention Rate	63%	63%	63%
# Retained Donors	-	6,432	7,918
# New & Reactivated Donors	-	6,137	7,198
Participation Rate	6%	7%	8%

- How much time will it require?
- What portion of your budget will you spend?
- Will it affect your messages? (donors vs. dollars, unrestricted vs. restricted)
- How will it impact overall metrics?
  - Average gift
  - Participation
  - Revenue

Determine how acquisition affects everything else

	Year 1 (FY23)	Year 2 (FY24)	Year 3 (FY25)	Year 4 (FY26)	Year 5 (FY27)
Alumni of Record	170,155	179,555	188,955	198,355	207,755
Alumni Donors	10,209	12,569	15,116	17,852	20,776
Retention Rate	63%	63%	63%	63%	63%
# of Retained Donors	-	6,432	7,918	9,523	11,247
# New + Reactivated Donors	-	6,137	7,198	8,329	9,529
Alumni Participation Rate	6%	7%	8%	9%	10%

Key Takeaways

- Acquiring new donors may feel difficult and unproductive today, but investing now pays off in the long term

- If you want to increase acquisition, then make it a priority

- The more personalized your efforts are, the more productive they will be

- Your acquisition efforts will only be as good as your data

- The only thing more important than a donor's first gift is their second gift

- Have fun—acquisition is an opportunity to step outside of the norm