

Acquisition

Agenda

- Putting things into perspective
- Developing effective messages
- Leveraging special campaigns
- Evaluating your efforts

PUTTING THINGS INTO PERSPECTIVE

Reflect on the first time you ever...



Imagine the journey of a principle gift donor

- **First gift**
- Regular gifts
- Leadership gifts
- Special gift
- Major / planned gift
- Principle gift



Create segments to mirror the donor journey



- **Non-donors**
- Current donors (LYBUNTs)
- Lapsed donors (SYBUNTs)
- Leadership donors

Prioritize - but beware of the leaking bucket

- Retained / Reactivated donors
 - Lapsed donors
 - + **New donors**



Focus on your non-donors

- Adjust your mindset - think of them as “future donors”
- Quantify how many exist
- Maintain good records
 - Contact
 - Demographic
 - Interests
- Develop models to identify those who look like your current donors
- Score and prioritize based on potential inclination and capacity

Recognize the challenges



- Hard work
- Expensive
- Inferior results
- Tied to past experiences

Appreciate the opportunities

- Work from a clean slate
- Be creative
- Think outside the box
- Take risks
- Test new ideas
- View things through a long-term lens
- Focus on younger audiences



DEVELOPING EFFECTIVE MESSAGES

Know the battlegrounds

- Envelopes
- Sender names
- Subject lines
- Caller ID

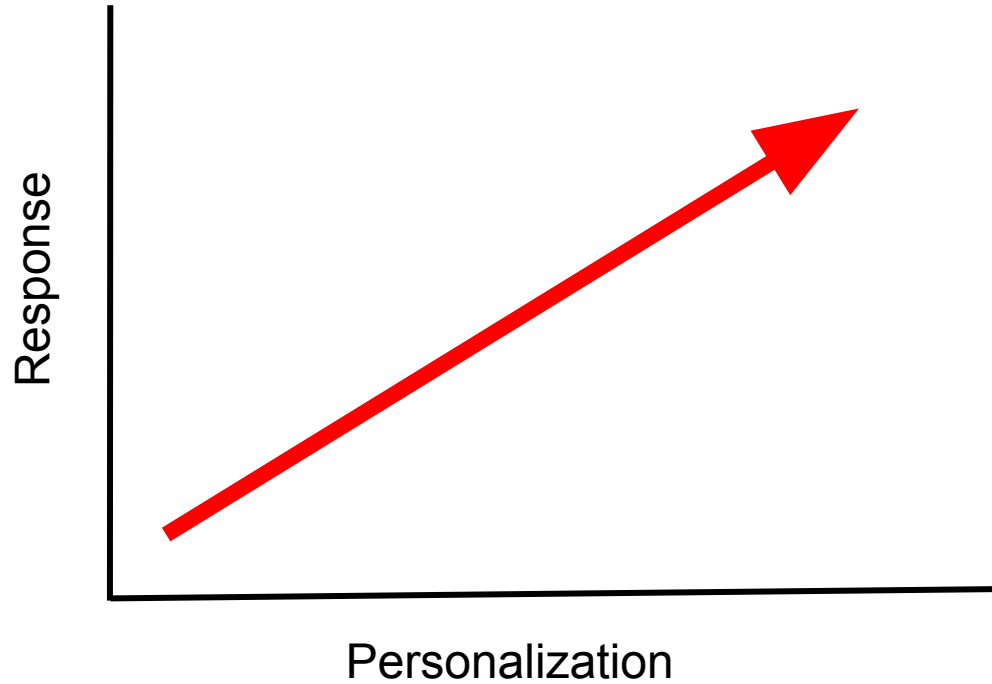


Cut through the static

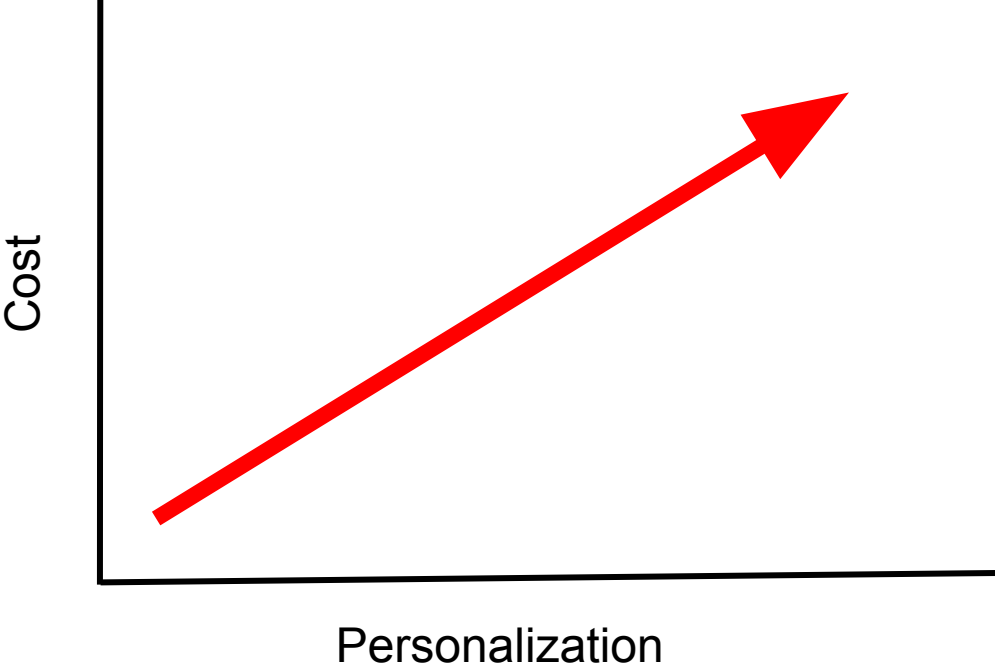


- Frequent
- Direct
- Loud
- Clear
- Bright
- Different
- Personal

Personalize your appeals

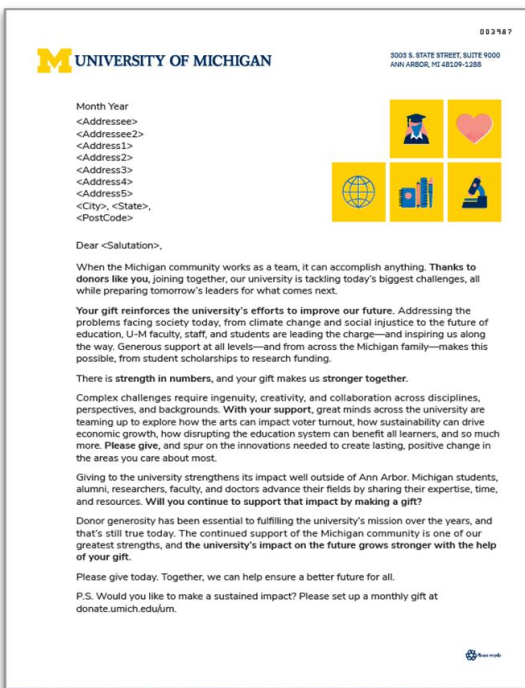


Allocate your resources



Capture attention with bold designs and images

Lower-performing non-donor letter



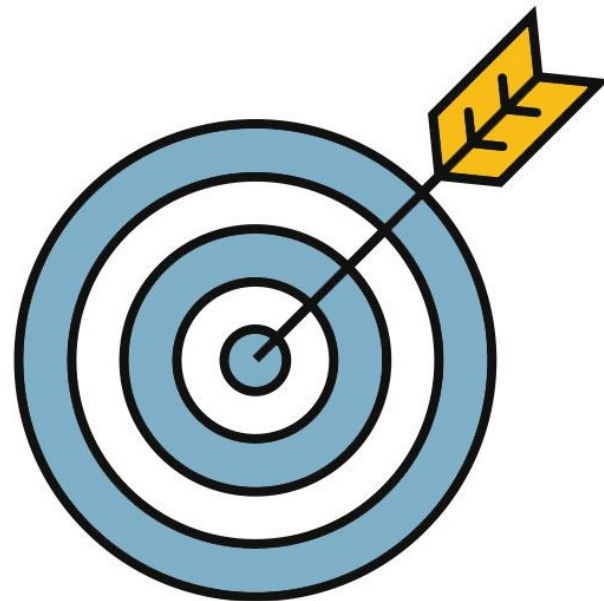
Higher-performing non-donor letter



Source: U. of Michigan

Get to the point

- Keep writing clear, concise and focused
- Avoid big complicated words
- Don't assume prospects:
 - read everything
 - know much about the school
 - understand philanthropy



Highlight the most important words and phrases



- **Bold**
- *Italics*
- Underline

Convey a sense of urgency

- Clarify the goal or call to action
- Establish a deadline
- Explain what happens if goal is (or isn't!) achieved
- Follow-up to remind them



Tell stories



Highlight the importance of participation



- Explain *why* it's important
- State specific reasons
- Quantify a goal
- Be open to (but cautious of) lower asks

Make it easy to give!

- Offer multiple ways to give
- Make donate buttons/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

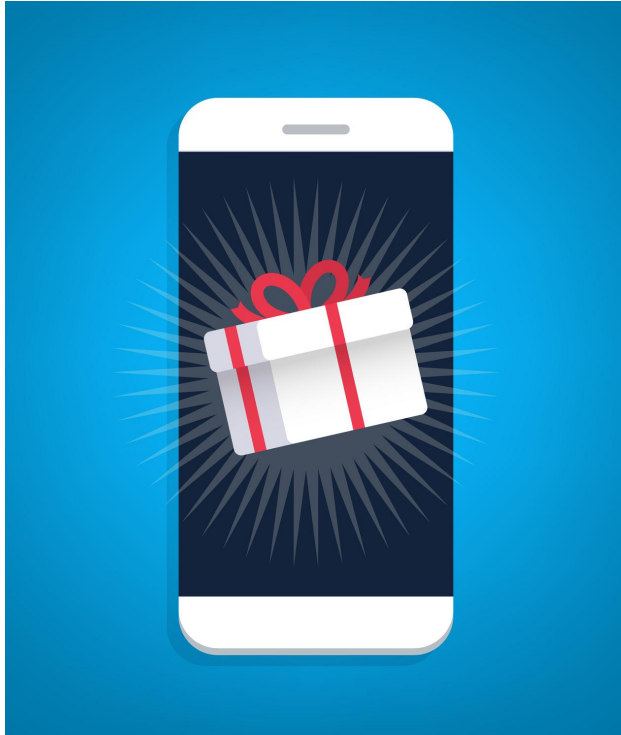
LEVERAGING SPECIAL CAMPAIGNS

Take advantage of important occasions

- Reunion (e.g., especially “zero”)
- Family weekend
- Founders Day
- Fiscal-year end
- Holidays
 - Groundhogs, Valentines, National Superhero Day
- #GivingTuesday



Capitalize on giving days



- Popular at many educational institutions
- Have replaced phonathon as the major driver of acquisition for many programs
- Especially popular with young alumni
- Often incorporate “challenges”

Use challenges regularly

- Matches
- Collective goals
- Competitions



Support crowdfunding efforts

- Organic, specific and volunteer driven
- Central services model
- High portion of new donors
- Low retention rates



Tap into interests and affinities



- Academic programs
- Athletics
- Student activities
- Regions
- Careers

Incentivize with premiums

- Premiums vs. freemiums
- Beware of creating expectations
- Don't assume they're working



Test - don't guess



- Divide target population into two equal groups
- Pick a single variable to test
- Keep everything else the same
- Nearly endless list of variables to test

Celebrate every donor's FIRST gift!

- Welcome letters/packets
- Phone calls
- Handwritten notes
- Multiple stewardship touch-points throughout the year
- Make sure they're thanked before their next ask!
- Special activities and events



EVALUATING YOUR EFFORTS

Consider the big picture

	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Alumni Participation %	8%	9%	10%	11%	12%	13%
Alumni of Record	65,000	65,650	66,307	66,970	67,639	68,316
Alumni Donors	5,200	5,909	6,631	7,367	8,117	8,881
Retention Rate	60%	61%	62%	63%	64%	65%
# Retained Donors	NA	3,172	3,663	4,177	4,715	5,276
# New/React Donors	NA	2,737	2,967	3,189	3,402	3,605

Response rates

- **# 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

Average gift



- **\$ revenue from new donors / # new donors**
- Will typically be lower compared to retention and reactivation efforts
- Will be higher as ask amounts and personalization increase

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)



Retention rates



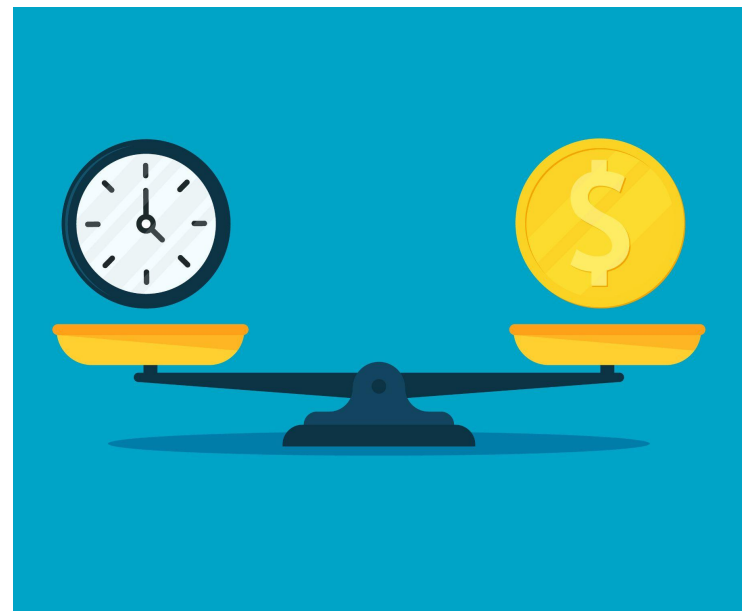
- **% of new donors in a year who give again the following year**
- Are usually less than 20% for first-time donors
- Usually lower than retention / reactivation
- Can be especially low for special gifts (e.g., crowdfunding)
- Decrease along with the size of the gift (so beware of \$5 gifts!)

Donor coverage ratios

- **# of new and reactivated donors vs. 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%

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



Key Takeaways

- Someone's first gift is a big deal
- Acquisition is hard work and requires focus, analysis and creativity
- Personalization and messaging are extremely important
- Special campaigns offer many ways to energize your efforts
- Test (don't guess) and do it constantly
- Keep lifetime value in the back of your mind



aGn

ANNUAL GIVING NETWORK