

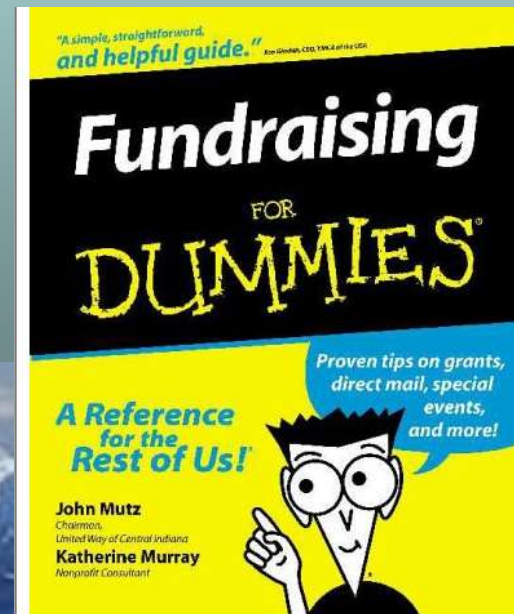
**Know Before You Ask:
Leveraging the Power of
Research & Data in Fundraising**

Association Foundation Group

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Whorton Marketing & Research
April 22, 2010**

Personal Background/Perspective

- Fundraising: Catholic Relief Services
 - ☯ Raised \$250 million over three years: 2002-2005
 - ☯ Primary responsibilities: DR (mail, phone, online)
 - ☯ Former vice chair, DMA Nonprofit Federation
- Practicing researcher
 - ☯ Research director for large associations (NAHB, ASHP)
 - ☯ Conducted 125 studies past 5 years as WM&R
- Marketing exec
 - ☯ Former account director, Marketing General
 - ☯ VP Retailer Relations of NACDS
 - ☯ Founder, ChainDrugStore.net



My Advance Assumptions About You...

- Fundraising Methods

- ☯ Personal solicitations of leaders, targeted members
- ☯ Solicitation of corporate, some foundation grants.
- ☯ Opt-in gifts through membership renewals.
- ☯ Occasional special events/drives.

- Foundation Programs

- ☯ Emphasizing research & education.
- ☯ Scholarships, targeted projects.

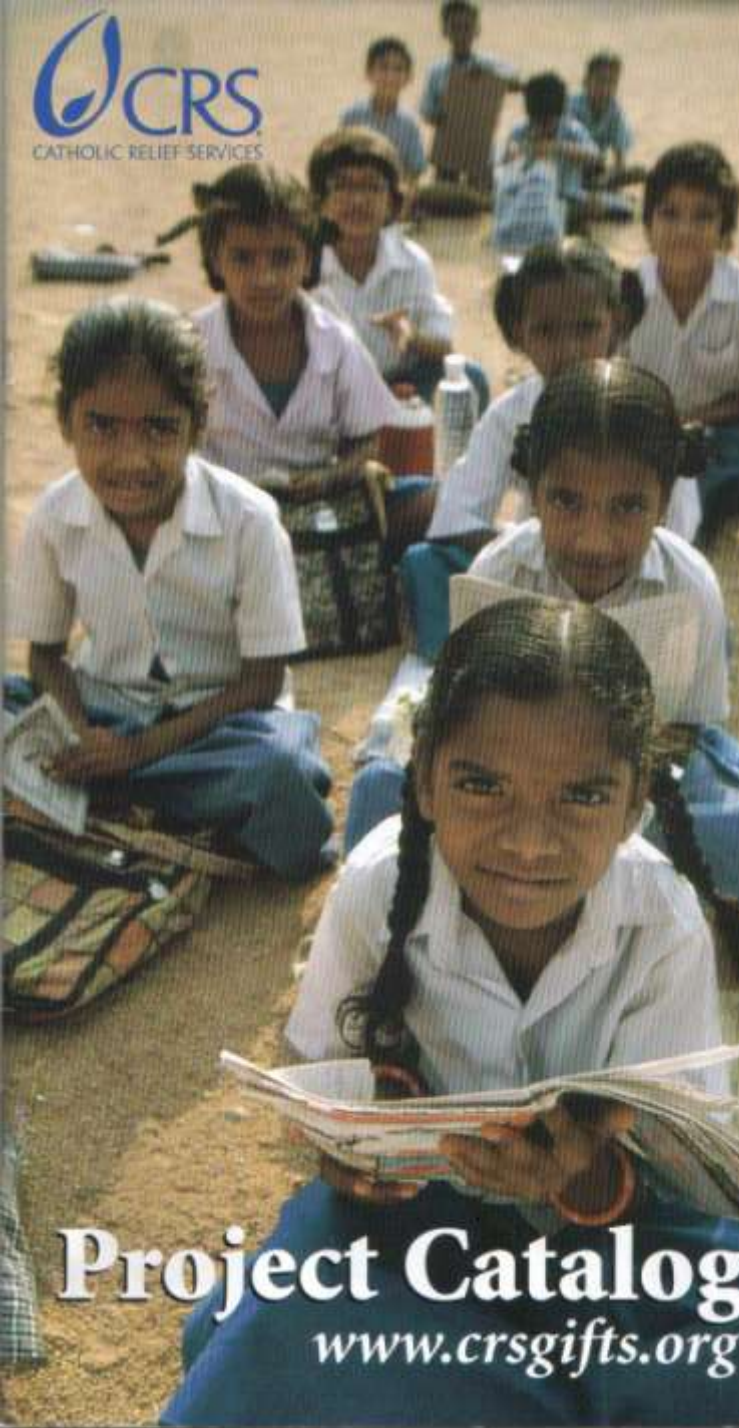
- Common Issues

- ☯ Low awareness, resource constraints.
- ☯ Limited appeal/"secondary mission" of association.
- ☯ Little or no expertise in accessing, managing data/research.



Lessons from, Methods of Large Charities





Project Catalog
www.crsgifts.org

Catholic Relief Services

Mission Statement

The fundamental motivating force in all activities of Catholic Relief Services is the Gospel of Jesus Christ as it pertains to the alleviation of human suffering, the development of people, and the fostering of charity and justice in the world.

CRS gives active witness to the mandate of Jesus Christ to respond to human needs in the following ways by:

- Responding to victims of natural and man-made disasters
- Providing assistance to the poor to alleviate their immediate needs
- Supporting self-help programs which involve people and communities in their own development
- Helping those it serves to restore and preserve their dignity and realize their potential
- Collaborating with religious and nonsectarian peoples of goodwill in programs and projects which contribute to a more equitable society
- Helping to educate the people of the United States to fulfill their responsibilities in alleviating human suffering, removing its causes and promoting social justice.



Visit our websites:
www.crsgifts.org: home of the CRS online project catalog and updated information.

www.crs.org: home of CRS and its worldwide programming.

www.myglobalvillage.org: detailed information about select villages and programs.



Lucas and his dog Rey-Teocon, Guatemala

www.crsgifts.org

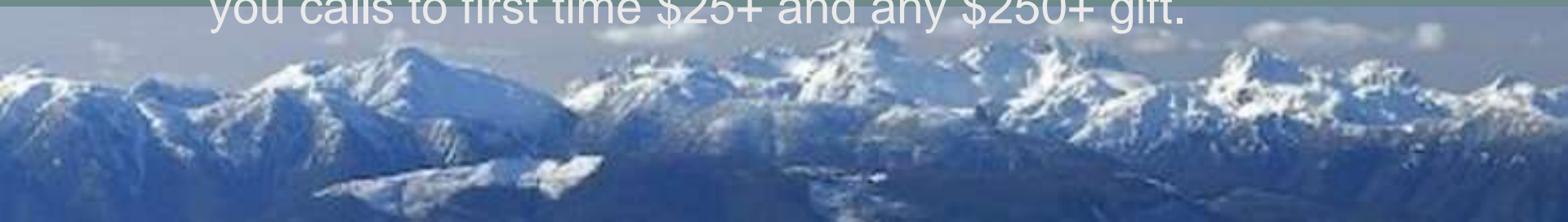
Gift of Hope

Project Catalog

2004 Fall/Winter

Snapshot: CRS Fundraising

- Annual budget: \$600+ million: \$100MM unrestricted giving.
- Strong USAID grants program as major NGO.
- 350,000 annual donors: 2+ gifts, \$145 average/year.
- Mix of mail, online, TM. Excellent website.
- CRSBriefing enewsletter with 130,000 circulation.
- Large monthly giving programs, matching gifts.
- Mid-level program: personal contact with \$500+ donors.
- 75%/25% split DR to major/planned gifts
- DM mix: donor newsmagazine (“Wooden Bell”), regular C&E seasonal appeals, disaster appeals.
- Strong premiums: annual calendar, tokens.
- Acknowledgement program: biweekly frequency, thank you calls to first time \$25+ and any \$250+ gift.



Snapshot: CRS Data & Research

- Data

- CMS (pledgemaker): tracking history of solicitations, gifts.
- Library of summary results: DM contacts/tests.
- Micro-data by individual: moves management.
- Overlays to append emails, demographics.
- Statistical modeling for acquisition.

- Research

- DM package evaluation focus groups/workshops.
- Clustering study: focused on prospect universe.
- Positioning study: focus on image among donors, relative to competitive organizations/causes.
- Donor/reader research.
- Sector-wide cooperative studies (TAG, Campbell).



Data Overlays: General Principles

- Acquiring & using data donors won't directly provide
 - ☯ Measure capacity, sometimes affinity.
 - ☯ Help stratify & qualify membership base to identify donors.
 - ☯ Qualify current large-gift donors for upgrade/continuity.
 - ☯ Qualify annual/DR donors for large-gift cultivation.
- Two kinds of service providers
 - ☯ Broad databases: proxy/estimated data, covers universe.
 - ☯ Narrow databases: lower coverage, specific wealth data.



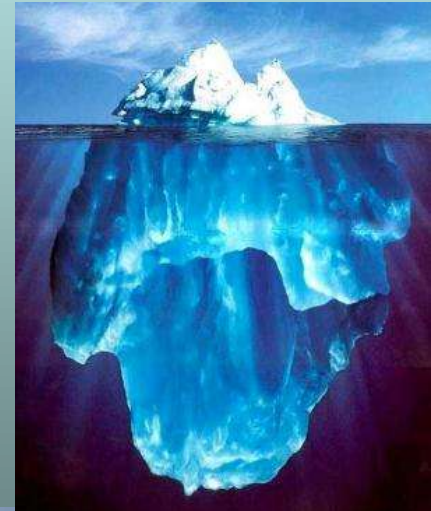
Data Overlays: Fundraising Applications

- Broad

- ☯ Acxiom, Experian, Target America—“credit bureau” data.
- ☯ Routinely used by mailing list owners to segment
- ☯ We used to code & profile current, former, low \$ donors.
- ☯ Statistical donor/member acquisition/renewal modeling.
- ☯ Common data: age, demographics, household composition, lifestyle indicators, estimated income.

- Narrow

- ☯ Specific income/wealth: big purchases, FEC donors.
- ☯ Smaller overlays of current donor files: “find the 1%.”



Prospect Research

- Major gift solicitation
 - ☯ Integrate moves management: upgrade the right donors.
 - ☯ Retain past DR giving, contact history.
- ☯ Use Internet tools (Google alerts, Hoovers, etc.)
 - ☯ Determine during cultivational period...
 - ☯ Affinity: Issues/programs they care about most.
 - ☯ Capacity: Willingness to give.
 - ☯ Guide the amount, focus, and structure of the ask.
 - ☯ Our PR manager (former private investigator):
“Learn what you don’t already know & keep it quiet.”
 - ☯ Probe deeply into motivation, history
 - ☯ Determine in-kind, multi-year, PG (bequest or stocks).



Mining Your DM Program

Head to head test results.
 Historical tracking: what messages pulled best?
 Cumulative donor behavior: RFM matrix and history.

Packages:	A	B	C
# Mailed	364,945	150,000	50,000
% Response	0.71%	1.23%	0.77%
Average Gift	\$36.48	\$23.73	\$55.52
Rev/M	\$257.26	\$292.99	\$424.76
CPDR	\$1.38	\$1.54	\$0.93

ACTIVE IN THESE 3 MONTHS		Donors to this Appeal			5+ Years of Giving Now			
		1	2	3	1	2	3	4
Annual Giving or HPC/year		1 Year Ago	2 Years Ago	3 Years Ago	0-12	13-24	25-36	37+
B	\$1,000 +	21	20	10	19	5	0	75
A	\$500 - \$999.99	25	12	12	19	7	2	47
9	\$250 - \$499.99	42	20	15	30	8	0	34
8	\$100 - \$249.99	489	241	173	207	28	13	47
7	\$50 - \$99.99	529	309	205	176	26	10	26
6	\$25 - \$49.99	946	577	428	295	38	21	10
5	\$20 - \$24.99	425	294	216	162	22	19	2
4	\$15 - \$24.99	311	244	164	73	8	10	3
3	\$10 - \$14.99	704	598	391	197	33	41	2
2	\$5 - \$9.99	284	234	179	77	14	14	1
1	\$.01 - \$4.99	237	153	90	29	12	7	0
Total		4,013	2,702	1,883	1,284	201	137	247



Qualitative Package Testing

- Focus group sessions
 - ☉ Reviewing 6-8 outer envelopes on a foam core board.
 - ☉ Indicating why they would open first & why.
 - ☉ Indicating which they would never open & why.
 - ☉ Net finding: no clear winners, but understand the “why” behind the “what” of fundraising performance.
 - ☉ Handing out DM packages: 2 minutes of silence.
 - ☉ Watch them open & read.
 - ☉ Understanding what they do first and what drives to making a gift.
 - ☉ Probe attitude toward cause.
 - ☉ Future online, upgrading, other behaviors.



Research: Audience Clustering

- Key issue: why won't others give?
 - ☉ Our big issue: 62MM Catholics ... 350k donors
- Conducted clustering study
 - ☉ Surveying representative sample of Catholics. Online using Knowledge Networks
 - ☉ Asking for attitudes toward international relief, religion, helping the poor.
 - ☉ Obligations vs. pessimism vs. efficacy.
 - ☉ Linking to current behavior, and predicted future behavior
 - ☉ Donating money, giving in-kind, doing nothing
 - ☉ Final finding: 30% of households predisposed to give: split between religious/secular, financial/in-kind.



Positioning Research

- Positioning: how you define your place in a competitive space
 - ☯ “What you are in the minds of your audience”
 - ☯ Combining logical and emotional appeals
 - ☯ Aggregate community values/perceptions
 - ☯ Laddering interviews to probe for innermost motivations
 - ☯ Understanding individuals’ perceptions, beliefs and needs
 - ☯ Link to actual behavior.
 - ☯ Develop messages: scripts, letters, speeches that build on beliefs of current donors.

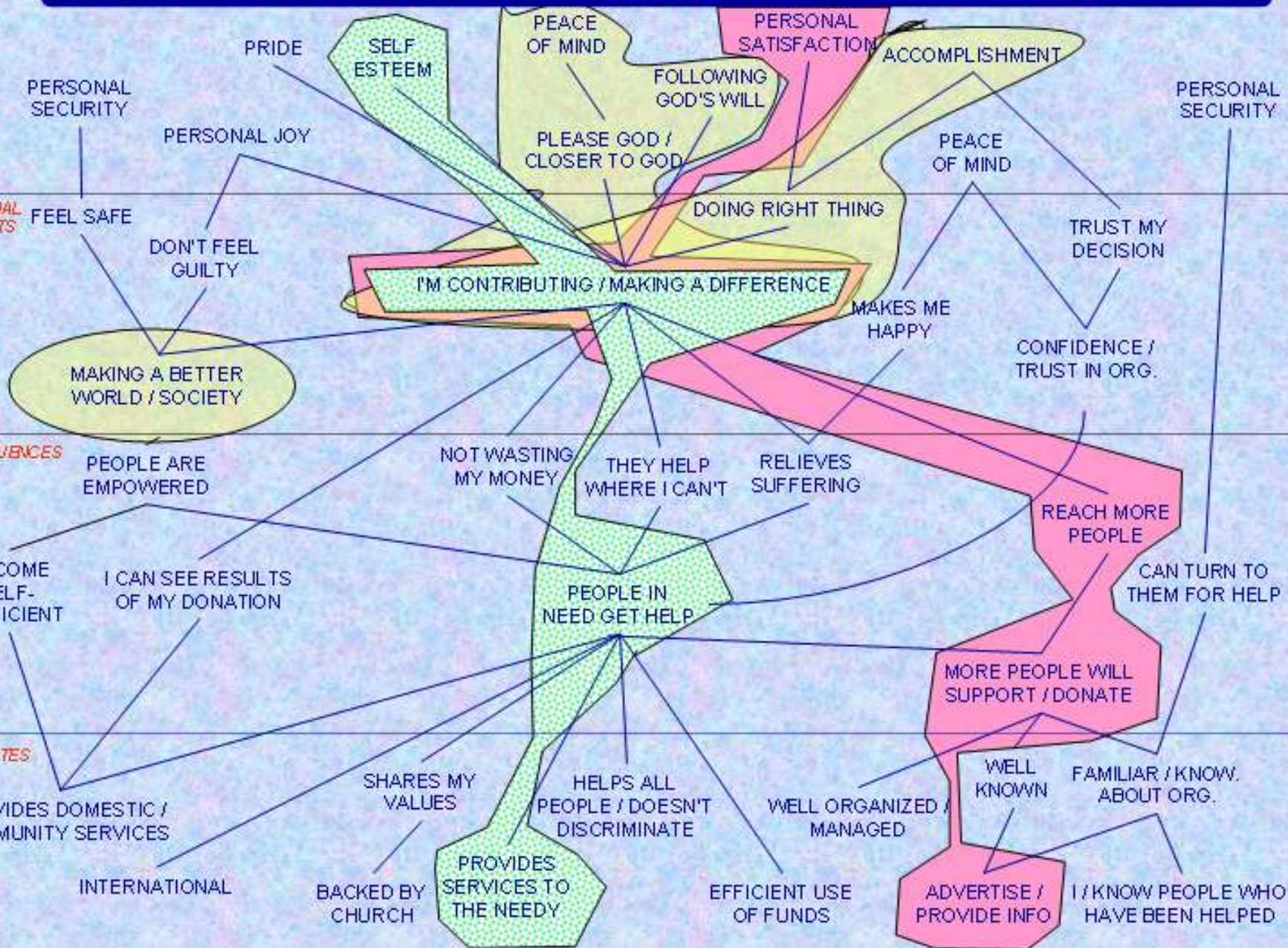


VALUES

EMOTIONAL BENEFITS

CONSEQUENCES

ATTRIBUTES



Research & Data in Association Foundations



Understand How Your 'Cause' Is Viewed

- Common issues with prospective donors
 - ☯ Corporate: primary members, associates
 - ☯ Foundations, USG, other grantors
 - ☯ Wealthy/supportive individuals
 - ☯ What aspects of your services match their goals/mission
- How is your foundation viewed:
 - ☯ Appeal of cause
 - ☯ Intuitive mission
 - ☯ Perceived effectiveness
 - ☯ Flagship projects
 - ☯ Transparency
 - ☯ Engagement among members
 - ☯ Mission-critical programs
 - ☯ Name-brand recognition
 - ☯ Innovation
 - ☯ Vehicle for having an impact



Use a Mix of Research Techniques

- ☯ Qualitative research: focus groups and interviews.
- ☯ Quantitative surveys.
 - ☯ Surveys & metrics only get you so far
 - ☯ We need both logical & emotional perspectives
 - ☯ Ask tougher questions: getting past “fine”
 - ☯ Understanding them better than they know themselves.
 - ☯ What people say and do are two different things
- ☯ Observed behavior is important.
 - ☯ In-person visits/cultivation/meetings.
 - ☯ Build on previous findings & don't reinvent wheel.



Relate Behavior to Attitudes

- Get logical & emotional perspectives.
 - Learn which attitudes influence giving.
 - Learn which attitudes deter giving.
 - Emphasize positive drivers in marketing, fundraising, and personal cultivation.
- What people say and do are two different things
 - Link survey responses to observed behavior.



Segmentation and Profiling Donors

- So often, donors are not “one size fits all”
 - ☯ Nor are prospective donors, current donors who upgrade.
- Understanding what works is critical
 - ☯ Online: Web MVT and split-cell test emails.
 - ☯ Web traffic, popup surveys and read/click-through metrics.
- Critical to cross-tab, cluster donors
 - ☯ By motivations and past behavior.
 - ☯ Avoid the oversimplification of RFM in direct response:
 - ☯ “All I need to know about them lies in their giving history”
Recency, Frequency, Monetary value
 - ☯ End-product: profiles and ability to flag them in database



Good Research Questions

- Develop a battery of questions that work well
 - ☯ Formal or informal use.
 - ☯ What are your greatest industry/professional concerns?
 - ☯ What do you know about us?
 - ☯ How important is what we do?
 - ☯ Would you support us? (ask for the vote)
 - ☯ What more could/should we do?
 - ☯ Help them create the case for your cause.
 - ☯ Quality the prospect.
 - ☯ Identify the sales objections you need to overcome.



How Research Can Guide Program/Fundraising

- ☯ How often do you base decisions on gut?
- ☯ How often do a few complaints serve as the “voice of the customer?”
- ☯ Generally we need to distinguish between “ya got a point there” and “you’re weird”
- ☯ Difference between complaint being
 - ☯ Tip of the iceberg
 - ☯ N=1 or “lone gunman”
- ☯ Another reason why research is important:
 - ☯ Facts are our friends
 - ☯ They validate ... and *disarm*



Research for the Long Cultivation Cycle...

- We all know that fundraising is a long process
 - ☯ Various prospects lie at various points in the funnel
 - ☯ Cultivation cycles often 18-24 months for major asks
 - ☯ Research needs to feed the process; monitor for changes in status/wealth, attitudes, other actions



Research for the Future

- In our work, research has to look forward
 - ☯ So often it's all backwards for the respondent
 - ☯ Evaluate our performance
 - ☯ Discuss your expectations
 - ☯ Understand why you did/didn't give
 - ☯ Everything is shaped by the past
 - ☯ Many best questions address the future
 - ☯ Changes, enhancements, future initiatives
 - ☯ What needs to change
 - ☯ Don't fear the process of asking
 - ☯ Set up for future asks



R&D ... for Your Future

- ☯ Use tools, choose services that serve needs now and on ongoing basis.
- ☯ Start with tools that measure annual donor/membership file(s).
 - ☯ Flag the lurking “millionaire next door”
 - ☯ Cultivate for first gift or upgrade.
 - ☯ Profile your file for “quality”—proportion who meet \$10,000, higher capacity levels.
 - ☯ Use tool to understand capacity, affinity & interests of current/potential major givers
 - ☯ Complement with “normal” web research during giving cycle.



Research for Normal People

- What to do when you don't have ...
 - ☯ Much time
 - ☯ Much budget
 - ☯ Much expertise with this sort of thing
- But you need ...
 - ☯ Answers for questions that need answering
 - ☯ Real-time data
 - ☯ Ways to apply what you learn, to what you do tomorrow



Conclusion & Thanks!!

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