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Effective Donor Retention and Communication Strategies

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Why is Donor Retention Important?

- Although major donors may contribute 80-90% of the total funds raised, most major donations only happen after 4-5 years of support. With first time donor retention rates in consideration, it is important to focus on retention in addition to acquisition.
- According to the Bloomerang Fundraising Effectiveness Report the average donor retention rate in 2017 was 46%; first time donor retention rate was especially low at only 23%.
- Multiple studies have found that donor retention is often a more effective and cheaper form of fundraising compared to donor acquisition. Nonprofit Quarterly estimates "... it typically costs nonprofits two to three times more to recruit a donor than a donor will give by way of a first donation"

01

Indicating Proper Usage of Donor Contributions

- 70% of respondents to a Charities Aid Foundation (CAF) study agreed, proper indication of expenditure would make them more inclined to donate.
- Effective Donor Communication is based on satisfaction. Comparing the expectations of donors vs delivery of services, which leads to either higher or lower satisfaction ratings.
- Studies found that trust and satisfaction were the key variables in predicting which donors participated in the most recent fundraising campaign





How your organization can communicate this:

- Releasing blogs / social media posts which highlight related organizational work allows for donors to keep track of your progress. Having a tangible representation of expenditure and the work it contributes towards provides confidence in the proper usage of contributions.
- Case studies are also an effective way to showcase organizational work, they are appropriately used for long form reports which would be out of place in a blog or social media post.

02 Following Up

- “Four in five people (81 percent) say it is important that they receive some form of communication from a charity after making a donation.” - CAF
- GuideStar previously published a blog which found that personally thanking first time donors within 48 hours can lead to a four times improvement in renewal rates.
- The lifetime value of a donor is more important than multiple one off donations, the total amount contributed over a donor’s lifetime is often higher value, even for small donors. This is evident in multiple studies, including those done by Bloomerang and The Urban Institute.



Examples of Effective Follow Up:

- Thank you letters are mandatory, either through physical mail or email, it is important that they are received within 48 hours.
- Thank you notes should be personalized, sending impersonal thank you letters can prove to be ineffective and can leave a bad first impression.
- Multiple studies have shown that phone calls are very effective in relation to donor outreach; a short 3-5 minute phone call is an easy and efficient way to leave a lasting impression. Make sure this isn't an automated robo call.

03 Improving Quality of Communication

- Organizational identity among donors is an important step in the donor retention process. Donors have to be able to identify with your organization or cause to be emotionally invested. Creating this connection turns fundraising from solicitation into conversation.
- A conversation is a two way street, an avenue of communication should also be provided to the donors. Donors should have the ability to voice their opinions, this also provides valuable feedback for your organization and helps alleviate the feeling of one way communications.





Donor Engagement Examples:

- Segmenting donors based on contribution level is a good way to organize and plan donor retention strategies. Providing donors above a certain level differing degrees of engagement methods can act as a starting point while also being efficient.
- Hosting donor exclusive events such as meetups which promote your organization and acknowledges donor contributions in a meaningful way.
- Sending additional communication materials at a later period in time shows that your organization values the donors as more than just a business transaction. Do NOT include solicitations within these communications, the goal is to establish longer lasting connections rather than immediate donations.



Data Sources

<https://www.urban.org/sites/default/files/publication/23231/412731-Donor-Retention-Matters.PDF>

https://www.cafonline.org/docs/default-source/about-us-publications/caf-ukgiving2014.pdf?sfvrsn=104dfb40_4

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<https://bloomerang.co/blog/the-state-of-donor-retention-in-one-image/>

<https://bloomerang.co/blog/3-reasons-why-donor-retention-trumps-new-donor-acquisition>

<https://trust.guidestar.org/how-quickly-should-you-thank-a-new-donor>



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