Measuring donor satisfaction and loyalty

November, 2016
Roger Lawson Consulting

Helping charities grow donor loyalty

About Loyalty

The charity sector’s only Loyalty benchmarking service
How fundraising has changed... 1992

What we did:

- Acquisition and development

Strategy

- Cold and appeals and DD conversion
- Thank you letters and newsletters

Our language:

- Relationship Fundraising
- Donor pyramid
How has fundraising changed... 2000

What happened?

- Along came the internet and face-to-face
- We discovered campaigning

Strategy

- Product cross-selling
- Channel integration

New language

- Integration

Transactional Engagement
How has fundraising changed... today

What has changed now?
• Communications trigger emotions
• Emotions trigger response

Strategy
• Engagement
• Experience

New language:
• Loyalty

Emotional Engagement
Loyalty
Why is Loyalty important?

“A 10% improvement in attrition can yield up to a 200% increase in projected value”
Professor Adrian Sargeant

Source:
1: Professor Adrian Sargeant: Donor Retention: What Do We Know and What Can We Do About It? (May 2008)
2: Fundraising Effectiveness Project (2011)
Two types of Loyalty

**Behavioural Loyalty**
How long someone gives for

**Emotional Loyalty**
The *feeling* of support or allegiance for a charity or cause
Loyalty is driven by:

- Personal connection
- Familiarity
- Perceived performance
- Shared values

- Satisfaction
- Engagement
- Social capital
- Identity

- Commitment
- Communal orientation
- Knowledge
- Trust
Take a minute

What do you think drives Loyalty of your donors?
What do you think drives Loyalty of your donors?

- Personal connection
- Familiarity
- Perceived performance
- Shared values
- Satisfaction
- Engagement
- Social capital
- Identity
- Commitment
- Communal orientation
- Knowledge
- Trust
The research project

Retention analysis
Tenure

Loyalty survey
Loyalty score

British Heart Foundation
CATS Protection
Sightsavers
RSPCA
WWF
### The research project

<table>
<thead>
<tr>
<th>Charity</th>
<th>Total no donors</th>
<th>Number of surveys sent</th>
<th>Total survey responses</th>
<th>Response rate</th>
<th>Survey responses analysed (supported &gt;= 18 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity A</td>
<td>2,027,809</td>
<td>311,101</td>
<td>9,884</td>
<td>3.18%</td>
<td>5,073</td>
</tr>
<tr>
<td>Charity B</td>
<td>582,373</td>
<td>69,727</td>
<td>3,530</td>
<td>5.06%</td>
<td>2,412</td>
</tr>
<tr>
<td>Charity C</td>
<td>1,884,614</td>
<td>50,431</td>
<td>1,968</td>
<td>3.90%</td>
<td>1,642</td>
</tr>
<tr>
<td>Charity D</td>
<td>439,290</td>
<td>51,649</td>
<td>2,542</td>
<td>4.92%</td>
<td>1,869</td>
</tr>
<tr>
<td>Charity E</td>
<td>1,685,138</td>
<td>100,438</td>
<td>4,266</td>
<td>4.25%</td>
<td>2,716</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>6,619,224</strong></td>
<td><strong>583,346</strong></td>
<td><strong>22,190</strong></td>
<td><strong>3.80%</strong></td>
<td><strong>13,712</strong></td>
</tr>
</tbody>
</table>
Why is loyalty important?

![Graph: Tenure - how long a donor gives for]

- % still giving:
  - 1: 48.6%
  - 2: 40.8%
  - 3: 35.3%
  - 4: 31.1%
  - 5: 27.7%
  - 6: 25.0%
  - 7: 22.6%
  - 8: 20.5%
  - 9: 18.7%
  - 10: 17.1%
  - 11: 15.7%
  - 12: 14.4%
  - 13: 13.3%
  - 14: 12.2%
  - 15: 11.2%
  - 16: 10.4%
  - 17: 9.8%
  - 18: 9.0%
  - 19: 8.3%
  - 20: 7.7%
  - 21: 7.1%
  - 22: 6.8%
  - 23: 6.4%
  - 24: 6.0%
  - 25: 5.7%

- 4 yrs and 10 months
Why is loyalty getting more important?

Tenure All

Year recruited

<table>
<thead>
<tr>
<th>Year</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>6.3</td>
</tr>
<tr>
<td>2001</td>
<td>6.0</td>
</tr>
<tr>
<td>2002</td>
<td>5.6</td>
</tr>
<tr>
<td>2003</td>
<td>5.2</td>
</tr>
<tr>
<td>2004</td>
<td>4.6</td>
</tr>
<tr>
<td>2005</td>
<td>4.6</td>
</tr>
<tr>
<td>2006</td>
<td>4.4</td>
</tr>
<tr>
<td>2007</td>
<td>4.1</td>
</tr>
<tr>
<td>2008</td>
<td>4.0</td>
</tr>
<tr>
<td>2009</td>
<td>4.4</td>
</tr>
<tr>
<td>2010</td>
<td>4.4</td>
</tr>
</tbody>
</table>
Method of Payment

Charity Comparison - Payment Method of Cash

Charity Comparison - Payment Method of DD

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INSIGHT * STRATEGY * INCOME
Loyalty is driven by...

Commitment, Satisfaction and Trust

- Personal connection
- Familiarity
- Perceived performance
- Shared values
- Satisfaction
- Engagement
- Social capital
- Identity
- Commitment
- Communal orientation
- Knowledge
- Trust

Roger Lawson Consulting
INSIGHT ★ STRATEGY ★ INCOME
A Loyalty score

Because it’s possible to measure Commitment, Satisfaction and Trust, it’s possible to create a Loyalty score.
Loyalty Score = Commitment + Satisfaction + Trust

Proportion of intention explained by loyalty score

<table>
<thead>
<tr>
<th>Intention</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to continue</td>
<td>38%</td>
</tr>
<tr>
<td>Intention to increase</td>
<td>14%</td>
</tr>
<tr>
<td>Intention to leave a gift in will</td>
<td>17%</td>
</tr>
</tbody>
</table>
Emotional loyalty is important
Loyalty varies by charity

Loyalty drivers

- All
- Charity A
- Charity B
- Charity C
- Charity D
- Charity E

- Commitment
- Satisfaction
- Trust
- Loyalty
Loyalty varies by segment – product

1st Product: All charities

Commitment | Satisfaction | Trust | Loyalty
---|---|---|---
Cash one-off | Regular giving | Sponsorship | Membership

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Loyalty varies by segment – recruitment channel
Loyalty varies by segment – method of payment

1st Method of payment: All charities

- Cash
- DD
- SO

Commitment  Satisfaction  Trust  Loyalty
Loyalty varies by segment – time on file

Loyalty by Length of time on file

- Commitment
- Satisfaction
- Trust
- Loyalty

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Loyalty varies by segment – lifestage
Multiple support is important
Take outs

- Emotional Loyalty is different to Behavioural Loyalty
- Emotional Loyalty = Commitment + Satisfaction + Trust
- Emotional Loyalty is important
- Different charities have different drivers
- Different donors have different drivers
Break time
Commitment, satisfaction and trust
Loyalty Score = Commitment + Satisfaction + Trust

Proportion of intention explained by loyalty score

- Intention to continue: 38%
- Intention to increase: 14%
- Intention to leave a gift in will: 17%
Different behaviours have different drivers

- **Intention to continue: Key drivers**
  - Commitment: 0.543
  - Satisfaction: 0.221
  - Trust: 0.176

- **Intention to increase: Key drivers**
  - Commitment: 0.235
  - Satisfaction: 0.368
  - Trust: 0.000

- **Intention to leave a gift in will: Key drivers**
  - Commitment: 0.603
  - Satisfaction: 0.230
  - Trust: 0.000

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Trust varies least by charity.

Although there is some variation by segment, especially recruitment channel.

Research (nfpSynergy) has shown that trust in a charity tends to be inherited because of the type of charity it is.

Trust can be destroyed.
Trust

Building trust
• Feedback
• Demonstrate role competence
• Demonstrate good judgement
• Being open and transparent when things go wrong
• Satisfactory complaint handling

Destroying trust
• Media coverage
• Spelling mistakes
• Not listening to donors
• Hard to complain to
• Difficult to access information
Commitment

The most important factor

Structural Equation Model
Professor Adrian Sargeant

Service Quality
Risk
Trust
Shared Beliefs
Personal Link
Learning
Multiple Engagements

Passive Commitment
Active Commitment
Loyalty
Commitment

25%
How can you build commitment?

Passion

Ambition / vision

Emotion

Impact
How can you build commitment?

**Need emotions**
- Anger
- Helplessness
- Compassion

**Reward emotions**
- Gratitude
- Pride
- Togetherness

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**Why Thank You Letters Are REALLY Important**

- Our research showed
  - The Thank you letter was identified as one of the most important communications a donor receives
  - 7 out of 10 people said they had a better recall of receiving a thank you letter than an appeal
  - 7 out of 10 people rated their thank you letter as “ordinary / predictable”

Source:
1: Alan Clayton
2: John Grain Associates
Before

Lisa Comments:
1) Consider membership number carefully. In thank you letters, I'm not keen on including anything that makes donor feel like a number. So unless it serves a bona fide purpose - and you say so - I suggest deleting.
2) Improve readability: to "visually encourage" donor to read what you write, try these -
   • Left-justify but keep a "ragged" right margin
   • Use at least a 1" (about 2.5 cm) margin
   • Keep font uniform: this begins with New Roman then switches to Arial.
   • Use a serif font: Times New Roman is one. Save sans serif for your online copy and e-mails.
   • Keep letter short
3) Avoid fancy design tricks. In a one-to-one personal letter, simple font (vs. boldface) works best.
4) Open with an engaging lead. Just like a good fundraising letter, you want to draw the donor into your letter. A great way to do this is to avoid beginning with "thank you" or "on behalf of." More comments below...

DATE

(2) Salutation,

(3) Thank you for supporting XYZ Charity.

On the anniversary of your joining, we want to let you know what we have accomplished thanks to your generosity. I hope you will enjoy the enclosed newsletter, summarising our achievements for the past year.

Payment

Thank you for donating to us by Direct Debit, the cheapest method of collecting subscriptions. This means that more of your money goes towards protecting your wildlife. Your membership subscription Direct Debit is currently <$amount & frequency>. We hope that you are still comfortable with this arrangement, but if you would like to change it, please complete the Direct Debit mandate on the XYZ Reply form. If you could afford a little more, we would be very grateful.

(4) Our Magazine

If you would like to receive the national Our Magazine, which we issue free for the first twelve months of membership, please include a cheque or postal order (made payable to XYZ Charity) of £0.00 to cover the three issues a year, or add a minimum of £0.50 per month to your direct debit. Please indicate your decision on the enclosed XYZ Reply form.

If you are altering your donation, or if you are subscribing to Our Magazine please ensure that your completed form is returned to this office within the next 14 days. This will allow us to amend our records and ensure that the correct charges are made to your Direct Debit Payment. The first amended claim will be made on the next collection date.

Some of the subscription that you paid us in your first year was absorbed in the costs of setting up your membership and sending you our various publications. On average it takes three years to feel the full benefits of your generosity and with this in mind, we are asking our members if they would be prepared to make a 'three year pledge' to support local wildlife. If you feel comfortable with this, please tick the box on the enclosed 'Do something' form.

If you have any questions regarding your membership, or if anything in this letter raises problems for you, please do not hesitate to contact me. Once again, thank you for your support.

Yours sincerely

[Signature]

Membership Administration Officer
Email
XYZ Charity Phone #

Comments, continued:
4.) Not everyone will agree, but I don't include upgrades and ask in thank you letters.
5.) Consider breaking this letter down into two communications. In my mind, two things are happening here: a sort of annual update (or, for new donors, a welcome), and a donation thank you. Because this letter is so involved for a thank you, I'd simplify by sending a thank you only, followed by a welcome or update letter.
6.) Signer should be executive level, so CEO or President.

After

Lisa Comments:
1.) For illustration, I restructured the "after" version of this letter as a straight thank you, as if a separate update/welcome communication was already in place.
2.) As with so many of the others, inspiration for the lead came from this nonprofit’s website.
3.) The main changes you'll see here: I strived to simplify the letter, and give donor a real sense of all their gift is accomplishing. I left out "administrative" details that can be saved for the welcome or update letters, and let donor know that this update would be forthcoming (in case she had a question about it). You'll also note that the magazine language is changed: I suggest finding a way to simply include this free for your members, and give them a chance to opt out if they prefer.

More comments below...

30 March 2009

\[ \text{Salutation}, \]

They fit from flower to flower. Trundle across dune heaths. Glisten in the gorse. Each butterfly, beetle and bee, protected because of you. (2)

And on your anniversary of joining XYZ Charity, I’d like to thank you. Through your $<amount & frequency> direct debits of $<amount>, you protect the countryside we love - and the creatures who live here.

(3) As a member of XYZ Charity, you support the nature program -s that inspire young environmentalists… advocacy teams that speak out for our region’s rare wildlife species… outreach services that teach local businesses how to thrive while caring for nature, and more.

We’ll be sure to keep you updated on how you’re helping – from heath to hillside – in our annual newsletter, and in Our Magazine, the XYZ Charity magazine that’s free to members. And another message, you’ll also receive your tax-deductible receipt and direct debit update form.

Meanwhile, if you have any questions, please give us a call here, on (XXXXX) XXXXXX. We'd love to hear from you.

By caring for our corner of the countryside, you protect the planet, too. So from all of us at XYZ Charity, thank you.

Yours sincerely

[Signature]

FirstName LastName
(4) CEO, XYZ Charity

Comments, continued:
4.) Now signed by CEO.
5) And I added a P.S. This organization’s website is packed with lush photos and fabulous information, including a map of Nature Reserves perfect for visiting. My slim is to encourage donors to have a look.

First Name LastName
(4) CEO, XYZ Charity

P.S. On our website at www.xyzcharity.org, you’ll find a map of the XX Nature Reserves managed by the Charity – along with a schedule of what’s on at each. I hope you’ll visit soon! Again, thanks.

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http://sofii.org/article/sample-thank-you-letters-for-you-to-swipe

about O loyalty
Dear NAME,

On behalf of XYZ Charity, thank you most sincerely for sending through AMOUNT donated on behalf of the winner of the ABC Competition. We truly appreciate your generosity and support.

For over XXX years, XYZ Charity has been Ireland’s leading independent charity advocating for the rights, well being & protection of children. Our mission is to eradicate cruelty & injustice (4) to children in all forms - ensuring every child is given the opportunity to experience love, happiness & equal opportunity. Despite Ireland’s great progress, the moral obligation to protect fully our most vulnerable citizens remains unfulfilled. This is the gap XYZ Charity aims to fill each & every day with the public’s generous support.

Our services to children, their families and communities includes:

- ProgrammeName is Ireland’s only multi-media listening service for children, providing daily round-the-clock support. With a network of over 200 volunteers nationwide, ProgrammeName has answered over 1,300 million calls, texts and online communications over its 20 year history. Nearly 2,000 calls are received each day.
- ProgrammeName2 programme focuses on teenagers with behavioural or mental health problems as well as those at risk of substance abuse to prevent social isolation and early school leaving.
- ProgrammeName3 is a home-based service working with vulnerable young children who are experiencing behavioural or emotional difficulties with limited support options available.
- Now in its 13th year, ProgrammeName4 is a 24/7 service focused on children, young people and parents who are begging or at risk of begging on the streets. ProgrammeName also provides support to children from minority ethnic backgrounds who are residing asylum in Ireland.

- We rely on donations like yours to continue to expand and improve our programming.
- AMOUNT covers the costs of one month’s one-on-one web counselling.
- AMOUNT can help train one new volunteer who will then devote 100 hours or more of service to our programme, making an immeasurable difference to the lives of so many children.

We would welcome the chance to explain our work further or answer any questions you might have. Please do not hesitate to contact us anytime on (XX) XXX XXXX or visit www.xyzcharity.org.

Again, we really appreciate your support and we hope that you can continue to support us in whatever way you can in the future.

Yours sincerely,

[INSERT SIGNATURE]

Chief Executive, XYZ Charity

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Lisa Comments:

1. Great that you personalise!
2. Three improvements to visually encourage donor to read your letter:
   - Left-justify: keep a ‘ragged’ right margin
   - Place your paragraphs: avoid paras over 7 lines, 3-4 lines are better.
   - Mix short & long.
   - Avoid boldface type - it’s not visible here, but this letter had boldface phrases sprinkled throughout.
3. Open with an engaging lead. Just like a good fundraising appeal, you want to draw the donor in. A great way to do this is to avoid beginning with “thank you” or “on behalf of.”
4. Focus on positive. Thank you are all about helping donor feel good, so focus on positive (vs. negative words/phrases).

More comments below...

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XYZ Charity Letterhead

Dear NAME,

For Inspiration, look to your website. This charity has a brilliant online video that inspired my lead sentence.

In these paragraphs, I worked to do two things clearly show donor how much her gift means to children and their families - using you-focused, benefit-rich language - and shorten this section of the original letter.

I added an ‘update’ sentence letting donor know when she’ll next hear about all the good her gift is accomplishing.

I changed the signor to the CEO.

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Comments, continued:

5.) Pare down detail and focus on ‘you’ (the donor). This section has an awful lot of detail for a thank you, especially since you can say all this in ongoing donor communications. I’d also avoid bullets.
6.) Recompose asking for more. I avoid asks and upgrades - like the ‘soft ask’ in this section - in my thank you letters. (Not everyone will agree with me.)
7.) Nice contacts paragraph: I’d include update info, too.
8.) Consider using CEO or President as signor.
Dear <formalsalu>,

(1) Thank you so much for your gift of $100 in support of the Ontario Science Centre.

(2) Science and technology enriches our lives, and a single visit to the Centre allows you to plant a seed and provide the tools for lifetime of exploration and discovery. Thanks to your support, young people and their families from Toronto and all of Ontario's communities will experience the inspiration and excitement that you and your family enjoy each time you visit.

(3) We're thrilled to announce top-notch exhibitions and IMAX films in honour of our 40th anniversary. Come and experience our upcoming features The Science of Spying, followed by Lizards and Snakes, Alive! and our summer Food programming. Watch for news on our anniversary celebration in September.

(4) In recognition of your donation, we'd like to acknowledge your support by including your name in our Annual Report and on our Donor Wall. Your donation receipt, in the form of a letter, is enclosed. If you have any questions or need any assistance, please contact Matt Wiesenfeld, Head of Annual Giving at (416) 696-3232.

I hope you visit us soon, to see the impact you are making when you chose to donate to the Science Centre.

Yours sincerely,

Lesley Lewis
CEO (6)

Comments, continued...

4.) Great programs and excitement, but we-focused. Note difference between you-based paragraph #2 and this one, so all you need to do here is shift the focus.

5.) Is donor informed of this ahead of time? Many don't want that sort of recognition. Also, you can eliminate “in the form of a letter” phrase: if you label receipt clearly, simply tell donor it’s enclosed.

6.) Bravo for signing w/ CEO! Great that signor comes from highest ranks of your nonprofit.

Lisa Comments:

1.) Use an engaging lead. Just like a good fundraising appeal, you want to draw the reader into your thank you. A great way to accomplish this is to start with something other than “thank you” or “on behalf of.”

2.) Great use of “you” and “your.” This is where nonprofits commonly shift into “we-speak” - so by making this “you-based” and focused on benefits (vs. activities) you're on the right track. Well done.

3.) Make sense. “At-risk” always makes me wonder, at risk of what? It’s best to avoid jargon. And clarify how I help others enjoy the Centre.

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http://sofii.org/article/sample-thank-you-letters-for-you-to-swipe
about loyalty
How can you build commitment?

- I’ve just made a donation to your last appeal. Please write me the start of your thank you letter.
- What can you do to make your face-to-face acquisition experience inspiring?
- What would you like your charity’s home page to look like?
- Come up with three ideas for how you can grow the commitment of your donors.
Some ideas
“Even satisfied donors lapse. It is not until a donor is extremely satisfied that this affects their retention.”
Professor Adrian Sargeant

Causes of dissatisfaction:
- Feeling pressurised (tone / frequency)
- Fundraising tactics (channels)
- Charity behaviour (salaries / admin / waste)
- Not valuing or recognising donors
How can you build satisfaction?

Exceed expectations

- What do your donors expect from you?
- What can you do to exceed expectations?
Some ideas
Measurement
Why measure?

“You can’t manage what you don’t measure”

Peter Drucker
Metrics
A final point
Everything is all about culture
Take aways

What will you take-away from today?