Mining New Sources of Data for DONOR RETENTION

By Mark Brewer

In the book *One Hundred Thirteen Million Markets of One,* researchers identify two groups of people: traditionalists and what they call the "New Economic Order" (NEO). People in the NEO group account for more than 70 percent of all discretionary spending, yet the makeup of this group cuts across age groups. They found that there's a particular language this group uses and that they think in a certain way. So why do we segment based on age or gift timing? Because that's all the data we had, and it was better than not segmenting at all.

What if you could go beyond age and gift history to segment your donors? What if you could uncover hidden networks and influencers buried in your existing donor database? What if you could take the guesswork out of messaging by getting into the heads of your donors and speaking to them in ways that resonate?

The answer is in the example of Amazon, Apple and many other commercial enterprises that are using tools to find and consolidate expanded sources of data about their audiences to create rich, personalized communications and experiences.

Of course, huge tech companies have huge budgets. But as the cost of data analytic tools and services comes down to earth, analytic insights are now becoming

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accessible to more nonprofits as they look to a future of retaining donors in a highly competitive philanthropy landscape.

Stagnant, Shallow View of Donors

Today's fundraising decisions are based largely or in part on quantitative data in our donor databases—transactional information such as gift amount, gift history, total gift volume, average gift size and how we're doing compared to last year.

While this information is important, transactional data doesn't give us a clear picture of donors in terms of their preferences, language, how they feel about your organization, what they're interested in today, what they think and feel and who they know.

Jay Goulart, co-founder and chief data artist for NewSci, a data analytics provider to nonprofits, says that our view of the donor through transactional data has been stagnant for decades. He says that fundraising strategies are based on limited data, which ripples out as limitations in our strategies and effectiveness. "Our ability to sustain relationships continues to stay flat or decrease when you look at national donor retention numbers," he says. "To me, this is a direct result of the focus on gift transactions."

He says that by combining our traditional quantitative data with newer sources of qualitative data, we can build a more complete understanding of our donors that will give us an edge in retaining them. "The only place any nonprofit can stand out in this crowded marketplace is to manage the relationship between points of asking," he says.

Getting a Richer View of Donors

New and cheaper analytic tools and services now allow nonprofits to dig deeper into their databases and combine existing quantitative transactional data with internal and external sources of qualitative data to build a more three-dimensional view of our donors as a group or as individuals.

Adding qualitative data as a decision-making tool can help us better understand donors' motivations for giving, help us decide who to mail to, take the guesswork out of what to say and how to say it, create richer profiles of individuals, provide direction in managing the relationship between asks and help us discover hidden trends, relationships, similarities and synergies across large groups.

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With this new knowledge, you can segment based on peoples' motivation for giving—how people think, feel or act rather than by age, gift amount or last gift, or a piece of data indicating an interest that may be decades old. Segmenting on why people give provides us with a powerful platform to target our messages to their motivations, allowing us to confidently push the right messages to the right people. More effective messaging and segmenting may lead to a better strategy for keeping in touch between asks, leading to better donor retention.

Qualitative Data Adds Color and Depth

According to Dave Larson, co-founder and CEO of NewSci, the numbers tell "a" story but not "the" story. "You can see from the numbers if giving is up or down," he says. "Qualitative data adds color and commentary to numbers. With qualitative data, you start to get at some of the whys behind that."

Hidden Insights in Personal Contact Reports

If your organization has been collecting personal contact reports from major-gift officers on their visits, conversations and interactions over a period of time, you may be sitting on a gold mine of insights waiting to be unearthed. Until recently, this qualitative data has not been searchable. Goulart says, "The uniqueness of people lives in the qualitative data—the nuance of their language and what they're interested in. It's in the 500-word personal contact reports."

Larson says, "There is so much gold in there about how donors feel about your organization. Are they happy? Are they unhappy? Are there parts of the organization that are really exciting them, or are there parts that are disappointing them? Call reports are kind of like a constant survey and you start to see trends, and then that can help leaders make decisions."

If your call reports read something like, "Nice visit," then you don't have much to analyze. But you can begin to direct your fundraisers to capture information that, over time, will yield benefits. Useful information for analysis includes a donor's interests, associates and what they think and feel about your organization.

By analyzing your personal contact report data for insights, you may discover hidden patterns that help you improve your strategy.

For example, donors talk about people they know. If that's captured in the personal contact reports, the ability to find hidden networks and to tie people, places and things together is possible. You can also find hidden influencers who may be worth cultivating early. For example, how many of your donors know Bill Gates? There was no way to search for that in personal contact data until now.

With enough data, the analysis can help you prioritize where gift officers should spend their time today. For example, in a group of 200 donors and prospects, there may be one person who has deep connections with your donor population. You may want to get in front of this person earlier than the others.

Leveraging Social Media and Other External Data

Beyond your donor database, there are many external sources of data waiting to be tapped. You're probably already using wealth-screening data. This is a form of external data that you can use in tandem with your existing data. With the advent of the iPhone in 2007, an explosion of consumer transactional data and social media posts is now accessible to nonprofits. Personal contact reports capture the gift officer's language, but social media captures the donor's, giving you a more vivid understanding of the emotional content of their relationship with you. Consumer transactional data is another source that lets you know what they're buying, which is a view into their interests.

Goulart says, "With 250,000 alumni, how many are posting on social media daily? A lot!" So if you're a university and you're doing fundraising around athletics, you can analyze your population's tweets to see who's mentioning your school and sports teams. You can then combine that with third-party transactional data to see who's buying athletic clothing and equipment. Through this, you can identify a specific population based on these characteristics and cultivate that group. You can court them as a group or factor in wealth-screening data to find major-gift prospects.

By capturing patterns in the language this group uses, you can craft messages that resonate with how they think, feel and communicate. "Our ability to communicate in a more meaningful way to a targeted group or individual will be based on the kind of language that they use," Goulart adds.

Compare that with mailing a generic letter to everyone who played sports. If you get a disappointing response, you'll have a hard time coming up with a next step that will make a difference.

Gathering Qualitative Data Through Surveys

Jun Helzer, director of nonprofit analytics at Merkle Inc., says, "Qualitative data is extremely important because it gets to insights and information that the organization might not have been thinking about."

You probably have a vision of your organization that you'd like your constituents to share. But in reality, each person has his or her own personal understanding of who you are and your impact. Richer data allows you to group people by how they perceive you so you can tailor your messaging to their understanding. While social media provides a view into this, you can also proactively collect this sort of qualitative data through surveys that ask an open-ended question to find out how people perceive your organization.

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Chris Pritcher, vice president of nonprofit data analytics at Merkle Inc., says that extracting insights from surveys can reveal donors' motivations for giving. He says, "If I do a survey well, I can take that and apply it to quantitative data of those people. Now I can go find people with similar motivations."

For example, you could do a survey that includes an open-ended question like, "Why do you give to us?" This free-form data can be searched to learn that donors give because they want to make the world a better place. Or perhaps there's a group that wants to leave a better world for their children. Pritcher says that if enough people self-identify as wanting to be a better parent, you can angle your messaging to this group to focus on how your organization makes a better world for your children. In this way, you can segment and write targeted messaging based on why they give rather than on age or the timing of their last gift. Gathering insights like this helps take the guesswork out of messaging or throwing the kitchen sink into every communication in hopes of something sticking. So, data analytics can strengthen our ability to connect with donors in ways that are meaningful to them.

For example, in a survey with five questions, the first four can ask for a numbered rating, and the last can be an open-ended question like, "If you had five minutes to talk to the leadership, what would you say?" Or, if someone rated something very high or very low, the survey can ask for clarification: "We noticed you rated us high/low on this question. Can you tell us why?"

Helzer says that at a basic level, you can use the analysis of qualitative data gathered this way to create a word cloud to see what's at donors' top of mind right now. Or you can use keywords from the analysis to segment the population.

Personalized Messaging Is the New Normal

If you spend any time on social media, Google or other technology platforms, you are accustomed to getting advertising and other messages based on your interests. This level of personalization is the new normal. Pritcher says that as donors are being engaged by commercial entities like Apple and Amazon, they have learned to expect a high level of personalization. If you're behind on personalization, he says, "It just doesn't feel right to them. They don't think through that Amazon has a much bigger budget than your organization." There's a lot of competition for peoples' attention and share of mind. Better personalization helps you cut through the noise and be heard.

The magic of analytics is in combining diverse sources of data to get a richer understanding of your audience in order to make a meaningful connection.

Today's analytic tools allow you to combine data from all sources to build powerful models of individuals, better understand your donors as a group and get actionable insights on how to communicate with them. These data sources provide a richer view of your donors' interests, language and preferences.

Data analytics do require specialized tools and expertise. If you have the expertise, there are free tools that can get you started. If you lack expertise but have a budget, there are several technology companies that specialize in data analytics for nonprofits.

The journey of data analytics for nonprofits is to learn what we don't know about our donors, what they think about us and what motivates them to give. The journey is best navigated incrementally over time. Find one area, such as surveys, social media data or mining personal contact reports, where you might benefit from a deeper analysis of existing data, and get comfortable with that before taking the next analytic step.

What are your burning questions? What keeps you up at night? Answers to these questions can help you form new questions about what you think you can learn from qualitative data.

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