*charity*DYNAMICS

Donor Engagement Research:

A Guide for Long Term Donor Cultivation

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INTRODUCTION

In Fall 2012, Charity Dynamics and NTEN partnered to develop a first-of-its-kind donor engagement survey, which sought to understand how people prefer to engage with nonprofits across traditional and digital media. The results of the study unequivocally clarify the importance of being a donor's #1 nonprofit of choice: Nonprofits that establish themselves as a donor's favorite charity are more likely to receive greater support from the donor—not just in terms of financial contributions, but also through sharing information, volunteering, event participation, and issue advocacy.

Key Findings of the Survey

The results of the donor engagement survey provide valuable insight into how donors engage with charities in general, as well as how they engage at significantly higher levels with their favorite charity.

- **Donation Concentration:** Most donors (78%) give to more than one charity. Nearly half of the survey respondents (47%) give a majority (67%) of their annual total donation amount to the charity to which they feel most connected.
- **Fundraisers:** Nearly one-third (30%) of respondents indicated they fundraise on behalf of the charity they're most involved with at least once a year, with 18% of these individuals doing this activity several times a year or more.
- **Digital Media Preferences:** Respondents who are involved with their favorite charity prefer to find out information about the organization and its programs on the charity's Web site (28%), via email (18%), and on Facebook (13%).
- **Engagement Activities:** Respondents supported their favorite charity using digital media to participate in engagement activities ranging from donating and volunteering to endorsing by spreading the word about the organization.
- **Demographic Differences:** Among respondents, age was a significant indicator of the media and devices through which donors preferred to support and interact with their favorite charity.

For a full copy of the report, visit www.nonprofitdonorengagement.com

The study's implications for nonprofits are clear: In order to be successful, organizations need a well thought-out strategy and consistent engagement execution in order to become their constituents' favorite charity—and stay there. While most nonprofits are aware of this fact, few act on it. In fact, on average, 70% of new donors will never give again, according to the 2011 donorCentrics™ Internet and Multichannel Giving Benchmarking Report. Now is the time for you to change that stat for your organization.

THE GUIDE: AN OVERVIEW

Developing and implementing a truly comprehensive and integrated strategy takes time. The most successful organizations make multi-year investments to build engagement momentum, and maintain it through thoughtful strategic planning, diligent tracking of results, and ongoing refinement.

This guide takes the findings of the survey and makes them actionable. It outlines three critical steps for developing a strategy that creates powerful engagement momentum. These steps cover an analysis of your nonprofit's current situation and areas of opportunity, as well as strategy and tactics to enhance engagement, and ways to measure results so that you can track the success of your efforts.

STEP 1: TAKE STOCK

Developing a long-term strategy for engagement requires that you first take stock of the current state of your organization's assets and audience. A thorough analysis of your nonprofit's present situation will enable you to establish key benchmarks that can be used to measure the success of your future engagement efforts and the channels used to support them. Such a valuable exercise will also highlight where you are hitting the mark, and identify opportunities for improvement.

No single measure will provide deep insight into your engagement efforts. Rather, it is essential to examine a number of areas to gain a deep and well-rounded understanding of your audience, interactions, and influences, with a view toward defining metrics and key performance indicators (KPIs).

We suggest that you start by taking a systematic approach to examining the areas outlined below.

WEB SITE

A nonprofit's Web site is the top digital destination for donors who are seeking information about—or wanting to engage with—that organization. As such, it should be treated as the anchor for digital communications with donors, and serve as a useable, useful, and informative destination for these individuals, among others. With this in mind, it is critical to understand how effectively your Web site is meeting the needs of visitors, so that you can identify ways to maximize the likelihood that site visitors will become engaged donors.

35% of donors report visiting a charity's Web site from a few times per year to daily.

WHERE TO START

Evaluate the user experience, visual design, and content of your organization's Web site. Make sure you have analytic tools, such as Google Analytics, in place to understand how your Web site is being used and navigated by visitors. Examine where people are landing, where they are leaving, how long they are staying, and what they are looking at during their visit. This granular information is invaluable when it comes to understanding the popularity of various pages, the quality of content, and the user flow. You can use the results to inform a content strategy that illustrates gift impact and results (e.g., an impact calculator that can show how a donor's gift could be used), with a view toward promoting deeper donor engagement.

EMAILS

Donors count on receiving emails from nonprofits, and look to these communications as a source of current news. Nonprofits should continue to use this medium as a means to communicate frequently with donors, and provide them with information, as well as calls to action. As you create content and calls to action, take into account the makeup of your target audience in order to increase conversion and participation rates. Also keep in mind that the easier it is to perform a task, the more likely a donor is to engage.

Email is the #2 favorite channel for receiving communication.

WHERE TO START

Analyze the results of email campaigns over a significant time period (e.g., 12-18 months) to establish averages for key metrics such as open rates, conversion rates, and participation rates. Dig down a layer deeper by looking at which messages were most successful in terms of these metrics. Try to identify what those messages had in common (e.g., compelling content, attractive graphics, a specific deadline, a simple ask) so that you can inform decisions about future email campaigns. Assess your use of automated email series (e.g., a Welcome Series for new donors; a Monthly Gift Appeal Series to engage donors), and their overall effectiveness.

SEGMENTATION

It's easy to get excited about slicing your audience into the tiniest of segments for targeting, but most nonprofits don't have the resources (and can't justify the investment) to define, measure, and develop content for more than a few key audience segments. Instead of taking a blind approach to what segmentation schemes might work, your nonprofit should consider two main areas. First, understand the frequency and volume with which people are supporting your organization in non-monetary ways. Arguably the greatest predictor of whether someone is likely to engage with your organization is the amount of time that has passed since their last interaction. Many fundraising professionals define engagement by looking at their constituents who engaged with them over the past 12-18 months. For smaller, less intense interactions (like opening an email), you could look at data from a 6-month period to identify your most engaged constituents.

Develop content for a few key audience segments.

Second, understand the composition of your organization's audience by age. With this level of detail, it is easier to develop effective calls to action using the most appropriate medium to maximize response rates.

Segmentation by interest in topics and engagement activities allows your organization to provide information and activities that are most relevant. Identify donors who are interested in particular aspects of your mission such as education, services, and public policy. Next understand the engagement activities that are of most interest. Layer topics of interest with the engagement offerings that get the strongest response for each segment.

WHERE TO START

Use the information from emails to create bands of engagement. Such bands should take into consideration the volume, breadth, and recency of engagement so that you can create a relatively small, easy-to-identify set of constituent segments. These bands can then be used to identify your key targets for future engagement strategies.

In general, engagement can be categorized into "passive" or "active" engagement. For example, reading an email from the organization, visiting your nonprofit's Web site, or sharing social media content can be considered forms of passive engagement. Active engagement, on the other hand, can include responding to an action alert, making a donation, or referring a friend, sharing a story, or adding a comment. Similarly, the frequency of engagement can help you categorize your constituents. Below we have provided a simplified sample of how you might define different levels of engagement.

Engagement Level	Frequency	Breadth	Recency
Passive	Once	Clicked on 2+ email	12 months
Active	Twice	Clicked on 2+ emails and took action on engagement activity	12 months
Very Active	Three or more times	Clicked on 2+ emails and took action on an engagement activity	6 months

The criteria used in the "frequency" and "recency" columns will vary by organization based on the number of engagement opportunities offered, and the pace of communications. If your organization sends engagement opportunities daily, then you would look at a shorter horizon than an organization that sends a newsletter monthly.

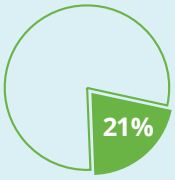
Also keep in mind that "engagement" can mean different things to different organizations, depending on the type of behavior an organization is most interested in triggering in their constituents. Take the time to define "engagement" for your organization, as this will put more structure around your analysis, and make the results more meaningful.

51% of donors learn information about their favorite charity from an enewsletter.

MESSAGING

Nonprofits have an opportunity to motivate people to become their #1 charity with mission-focused messages that demonstrate the organization's impact and, if possible, the donor's role in that success. The more a nonprofit can get a supporter truly engaged with their mission, the more likely they are to become that individual's charity of choice. Strive to increase participation rates and secure a deeper level of involvement by presenting compelling content that speaks to the preferences, attitudes, knowledge, and experience shared by the majority of donors in the group.

Be sure to include messaging that thanks your donors and shows their impact. Don't confuse an email receipt or standard thank you as conveying your true appreciation for everything donors do to support the organization.



21% of donors say they were never thanked.

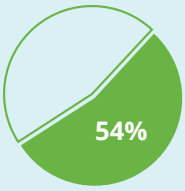
WHERE TO START

Examine the content of your Web site, as well as your email campaigns and social media posts. Is your organization's impact clearly conveyed in the messaging? Can a donor easily see how their donation has made a difference and led to a positive outcome? Is your messaging most likely to resonate with older donors or younger ones, or are you able to span both segments because of the nature of your organization? Also, analyze your process for thanking donors. Are they receiving the thanks they deserve for their support?

If there is uncertainty about the type of content that is most compelling in an email, try A/B testing for future messages over a specified time period (e.g., 6 months). Examine Web site analytics to assess what content seems to capture visitors' attention. These strategies should remove any uncertainty and support conclusions with hard data.

SOCIAL MEDIA

The amount of time and effort dedicated to social media should be tailored to the demographics of your nonprofit's target audience. Given donors' desire to be connected to a community of 'like-minded' people, nonprofits should use social media to support acquisition, conversion, and retention opportunities. Keep in mind that older audiences are more likely to be on Facebook, whereas younger audiences typically favor Twitter. Beyond simply broadcasting a promotional message "to donate" or "to volunteer," you should use precise, directive language to encourage donors to "get a friend to donate". By making it easy to spread the word about a call to action you send to your donors, your nonprofit can boost the likelihood that a donor will share information with a friend or family member and tap into your donors' social networks.



54% of donors are willing to talk to friends and family about their favorite organization.

WHERE TO START

Document your social media results over time to understand trends. For example, look at growth on a monthly or quarterly basis since you began using a particular social media site. See if you

can establish a correlation between any increased activity (e.g., likes, shares, tweets, or re-tweets) on the site and other marketing campaigns undertaken at that time.

MULTICHANNEL INTEGRATION

Nonprofits of all sizes need to engage donors across a broad range of media. However, your organization needs to consider the age and preferences of your audience in order to develop the right media mix. Rather than trying to be all things to all people, you should make relative investments in different media based on the ones that are most appropriate for your audience.

Older and younger donors have different preferences for the location and method through which they support a nonprofit. Younger donors tend to own multipurpose devices that enable them to access the Web, take and share photos, send text messages and emails, and—most important to nonprofit fundraisers—spend money. As you consider engaging your younger supporters before they become donors, you should adjust their media mix to include these new media and devices.

WHERE TO START

If your nonprofit wants to reach Gen Y donors, then you need to consider the quality of your digital presence across devices and media. For example, are email messages— which are especially important for Gen Y, but increasingly important for everyone—optimized to ensure they display well on handheld devices, desktop email clients, and Web-based mail programs? Is your Web site optimized to provide a great experience on a computer browser, as well as a tablet? Also make an effort to understand overlap between media. For example, how many people on your email list are on social media, or on your direct mail list? Such overlap—or lack thereof—can reveal gaps, as well as opportunities.

13% preferred learning about volunteering via visiting Web site from mobile device.

STEP 2: MAKE IT REAL

Now that you have taken stock of your current situation, you should have a better idea of the:

- Effectiveness of your Web site design and content
- Types of emails that achieve the best results
- Segments you want to focus on moving forward
- Sources of engagement
- Messages that resonate best with your target audience
- Social media channels that have the most activity
- Media mix that is best for reaching your target audience

You are now ready to use the valuable information from your analysis to:

- Identify where to focus your efforts;
- Create your strategy; and
- Determine where to start

Are you going to focus on a specific type of audience? Are you going to target several audiences and differentiate communications accordingly? Answers to these questions will help you push forward with the following tasks.

CREATE A CAMPAIGN CALENDAR

The most successful nonprofit organizations develop and maintain a campaign calendar that covers the next 12 to 18 months. Start with your own organization's calendar. Note dates of important events, policy issues, and publications that you produce, as well as special holidays that compliment your mission (e.g., caregiver month, back to school, cold weather preparedness). Don't forget to flag major holidays that are observed in the U.S., such as Mother's Day, the Fourth of July, Hanukkah, and Christmas. Planning a series of campaigns that makes your organization's issues appeal to the people who celebrate these holidays will be more successful than simply sending a combination of monthly newsletters and appeals. Remember, the goal is to offer a variety of ways for an individual to engage with your organization.

Finally, consider adding some basic seasonality to your engagement offers. For example, in the first and third quarter of the calendar year, you could consider introducing campaigns that are focused on list growth and non-monetary engagement. In the second and fourth quarters of the calendar year, you could ask for more monetary actions, like registering and raising money for a walk event, or making a donation.

These approaches to campaign planning have been tested by nonprofits of all sizes, and have proven to be successful. As such, they serve as a great starting point for organizations that are beginning to take their marketing efforts to the next level of sophistication.

Although planning is key to success, it is equally as important to be nimble. You want to be ready to respond to any current event that relates to your charity and that might already be top-of-mind with your supporters.

Develop and maintain a campaign calendar that covers the next 12 to 18 months. Note dates of important events, policy issues, and publications that you produce, as well as special holidays that compliment your mission.

TAILOR YOUR CAMPAIGNS

Integrated campaigns that span multiple channels (e.g., email, direct mail, social media) are necessary to drive results in today's multi-channel environment. As you develop campaign emails, social content, and conversion forms, be sure to tailor them based on meaningful qualitative characteristics, such as topics or themes. A food bank or environmental organization might send a series of articles on fresh and local foods to one segment of its audience, and updates on various public policy issues to another segment. This tailored approach to campaigns will enable you to explore how different segments are performing in terms of acquisition, attrition, engagement, and conversion. This classification up front will, at a later date, help you understand the qualitative attributes that drive participation rates across the metrics that are important to you.

Since email is one of the most affordable, easiest, and timely ways of connecting with your target audience and sharing information, you should approach email with the same rigor with which you approach direct mail. You must invest significant time and resources to ensure your email program is well organized, thoughtful, and delivers clear calls to action to email recipients. This means investing in strategies and tactics that involve segmentation, dynamic content, testing, and measurement at the level of the individual donor.

Social media is also an important channel as it touches different audiences at a different frequency with different content. Ensure that this channel is considered as a core part of your campaign strategy.

A tailored approach to campaigns will enable you to explore how different segments are performing in terms of acquisition, attrition, engagement, and conversion.

START MEASURING

It is never too early to put a measurement framework in place so that you can start gathering and consistently tracking valuable information about the results of your engagement efforts. So, before you send your first email or publish a single donation form, make sure you know what you're going to measure and how.

The table below contains a group of standard metrics—divided by engagement function—that you should start to capture.

Audience	Content Access?	Content Engagement	Conversions
• # of useable postal addresses • # of useable email subscribers • # of fans/followers on each social site where you maintain a presence	• Email open and click-through rates • Social media views and reach • Unsubscribe rate	• Web site visits • Visits to conversion pages • # of retweets and @ replies • # of Facebook shares and comments	• # conversions by type • # conversions by channel • # conversions by source • Value of conversions by type, source, and channels

Before you send your first email or publish a single donation form, make sure you know what you're going to measure and how.

Update and review these numbers monthly or more frequently if the data is easily accessible via reports in your various systems.

STEP 3: MEASURE RESULTS, REFINE YOUR STRATEGY. REPEAT.

Measuring your results (as covered in Step 2) helps you establish benchmarks and track performance over time. These insights will help you understand what is working and what you should change. You will also be able to identify patterns, such as increases in social media activity or a rise in unsubscribe rates. Any peaks or valleys—good or bad—should be examined carefully to see if a cause can be identified.

Keep in mind that measuring results is a multi-year effort, so develop a long-term view when you embark on this initiative. After all, you must track metrics over an extended period of time in order to fully leverage them in ways that are meaningful and impactful.

LOOK BACK

On a quarterly basis, step back and evaluate the impact of your engagement program. Be sure to measure both the response to the engagement activity while analyzing the donors who are participating. Begin adding analysis of engagement participation to your fundraising campaign analysis. This approach also gives you an opportunity to adjust your plans repeating what's worked and trying new approaches. This is the start of an ongoing strategic effort to benchmark, track, and compare performance over time.

Take the opportunity to adjust your plans repeating what's worked and trying new approaches.

You can eventually conduct year-over-year comparisons to track donor engagement over time. The goal is to understand the impact not just on donations this month or six months ago, but the overall impact on retention, gifts, and channels over an extended period of time. In the case of metrics, it is helpful to look back in order to move ahead with confidence.

GET GRANULAR

It's easy and important to measure a lot of big objects, like the number of visits to your Web site, the number of email subscribers you have, and your total annual donations. However, tracking these high-level metrics gives you limited insight into what's happening within your constituent base. It is important to supplement these metrics by measuring results at a finer, more granular level. By digging deeper, you will be able to make more informed assumptions about causation, and plan future campaigns that yield better results.

- **Campaigns:** As you send email messages and publish social content, do you notice that more people are joining your list, or are there more people unsubscribing? Are you processing more donations or event registrations when you see a spike in Web traffic caused by major events in the news?
- **Segments:** Consider the engagement bands that you developed in Step 1, and don't forget about your definition of engagement. If you can measure how these large groups of constituents are engaging and converting relative to the rest of your audience, then you can make strategic decisions about where you should focus your future efforts.

- **Constituents:** The hardest but perhaps most valuable measurement comes at the constituent level. Knowing whether sending a specific email to someone or exposing them to a Facebook message caused them to donate gives you specific insight into what motivates an individual and which channels you should use to engage them. This type of measurement takes significant investment of time and resources to generate returns.

As you execute your campaigns, you will be able to measure how each one performs and how they affect list growth, engagement, and conversion. You will also be able to track your highest and lowest performing segments of constituents, relative to all of the others. Armed with this insight, you can refine your programs and segmentation to make them perform better and to justify future investments in various engagement activities.

ANALYZE YOUR "MOST" AND "LEAST" ENGAGED SEGMENTS

Look at your most and least engaged segments and compare their characteristics. Are the individuals in these segments younger or older? Do they have common patterns of engagement behavior? These observations, among others, will allow you to refine and perhaps expand the segments you maintain. This data can also be used to increase the effectiveness of your future recruitment efforts, enabling you to attract new donors who are highly engaged. Most importantly, you will be able to use the information to identify differences between segments so that you can find ways to attract and retain your most engaged segments.

Identify your most engaged segments.

REFINE YOUR PROGRAMS TO IMPROVE PERFORMANCE

Your ultimate goal is to improve your programs in order to achieve higher levels of engagement and commitment from your constituents. Since you have laid the groundwork to understand what is working and what's not, you are now much closer to that goal than your competition. Now, it will take significant experimentation and fine-tuning to make incremental improvements to your engagement efforts. For example, look for opportunities to cross promote engagement interactions. Some of these techniques are common sense, such as asking constituents who take action to make a donation, or asking people who make donations to share their stories about why they support your organization. Also consider how to cross-promote by channel. For instance, if most of your donors come from Facebook, then you should consider taking out Facebook advertisements which target your page fans and encourage them to register for an event.

You should also be on the lookout to "upsell" your constituents on higher value engagement interactions. For example, you could develop a program that attempts to convince constituents who donate once per year to become monthly donors, or that encourages event donors to become event participants or even team leaders. Never be shy about offering additional engagement opportunities. If you do it in a compelling way, your efforts should yield the desired results.

LOOKING FORWARD

In the world of donor engagement, there isn't a silver bullet. Effective engagement is a direct result of thorough assessment, strategic planning, and consistent tracking results. With this in mind, there is no better time to get started. You have the proof (the donor engagement study), and we've provided the steps (this guide). Now all you have to do is act. So, what are you waiting for?

HOW CHARITY DYNAMICS CAN HELP

If taking stock seems overwhelming to you, or you simply lack the resources to do this in-house, consider some of the services:

- **DIGITAL DONOR ENGAGEMENT BENCHMARKING:** A Charity Dynamics analyst will assess your online housefile to understand current levels of engagement and channel effectiveness. We will produce an engagement dashboard identifying key metrics of interest and recommend engagement opportunities for your organization against benchmark performance. Together these data can be used to inform your strategy for becoming your donors' #1 charity.
- **DIGITAL DONOR ENGAGEMENT STRATEGY:** A Charity Dynamics digital strategy consultant will develop a digital strategy with the goal of establishing your organization as your donors' #1 charity. We will use available data, benchmarks, and stakeholder interviews coupled with your mission, to identify and prioritize the most effective digital techniques for driving engagement. Recommendations will focus on stewardship activities generated through segmented outbound email campaigning (including trigger-based email campaigns), website design, social media, and others.
- **ENGAGEMENT WEBSITE DESIGN ASSESSMENT:** A Charity Dynamics information architect will review your website to determine how it's performing as a platform for donor engagement. We will review core site analytics and activity, combined with an interactive design review, to identify opportunities for engagement and conversion. This comprehensive analysis will provide a data driven story to assess your website's effectiveness in donor engagement. The assessment will identify what's working and where there are blocking issues.

Ready to put a high-level strategy in place, but need some assistance to make it happen? Consider one of these offerings that can help take your engagement efforts to the next level.

- **ENGAGEMENT CAMPAIGNING:** A Charity Dynamics digital strategy consultant will lead a 6- to 12-month retainer to develop and implement campaigns designed to meet Digital Donor Engagement Strategy recommendations. We will develop the creative concept, identify components of the campaign, produce the creative copy and visual elements, implement the campaign using available technologies, and analyze the results with recommendations for iterative refinement and performance improvement. Campaigns will focus on stewardship activities generated through segmented outbound email campaigning (including trigger-based email campaigns), website design, social media, and others.
- **WELCOME SERIES IMPLEMENTATION:** A Charity Dynamics digital strategy consultant will lead a two month retainer to develop and implement a Welcome Series outbound email campaign. Designed to convey the most important aspects of your organization to all new constituents within the first 30 days on your file, this trigger-based email series will acknowledge new donor behavior and promote subsequent conversion activity.
- **E-COMMUNICATION STRATEGY (WEB, EMAIL, SOCIAL, AND MOBILE):** A Charity Dynamics digital strategy consultant will develop a calendar that details messaging, timing, and key segments for engaging your donors and prospects through e-communications. We will work to identify available resources and assets, as well as communication channel audiences, and then design a strategy that provides the right engagement opportunities for your donor and prospect segments.
- **CHANNEL INTEGRATION:** Charity Dynamics will analyze how you are using all channels for donor communication, appeals, and prospecting. We will review audiences, messaging, and channels to develop a strategy that builds on momentum and develops both audiences and channels with high potential.
- **DONOR ENGAGEMENT ASSESSMENT:** Charity Dynamics will analyze your engagement strategy and campaigns to identify key takeaways that drive your success. We will interview internal stakeholders to understand work flow, access to donor data and results, and effectiveness of engagement activities with a view toward helping you achieve your goals.

ABOUT CHARITY DYNAMICS

Charity Dynamics was founded in 2004 with the vision of empowering nonprofits with the technology expertise needed to help them change the world. Through the years the company expanded to meet the demands of rapidly changing technology and nonprofit needs. Starting with strategic consulting and now offering creative services, innovative technology and platform expertise, Charity Dynamics remains true to our vision.

The Charity Dynamics team is a powerful combination of experienced nonprofit veterans and technology mavens. Our industry experts focus on providing nonprofits with responsive and results oriented solutions, from concept and design through execution and analysis. We invest time to understand each client's mission, strategy and goals, utilize their data, consider their processes, and identify their resources to create integrated technology solutions that deliver long term value. We contribute to a client's cause, not take away from it.

We can help you too. Please visit our Web site, charitydynamics.com, email us at info@charitydynamics.com, or call us at 512.241.0561 to find out how our services can help you transform your engagement results.