

DATE	Summer 2009
CIRCULATION	5,000

CHARITIES MANAGEMENT

BACK TO DONOR DATA BASICS

The old adage "charity begins at home" is beginning to look frighteningly accurate for third sector organisations. The economic gloom that has dogged us since last year has forced consumers to re-evaluate their regular outgoings, and they appear to be leaving charities out in the cold.



G2 Data Dynamics' Alan Thorpe – charities should be scrutinising donor relationships to speak to supporters at a frequency they prefer and with messages which are more relevant than ever.

ALAN THORPE, commercial and operations director of **G2 Data Dynamics**, looks at how charities need a more sensitive marketing approach for donors in order to firm up productive relationships, and how appropriate data can and should service this requirement.

The announcement earlier in 2009 that the government has created a 'recession fund' for the voluntary sector totalling £42.5m adds weight to recent surveys which have highlighted the impact of the downturn upon charity giving.

Building on this earlier announcement, the government then went on to unveil a new Hardship Fund for the sector worth over £16m.

This new money will be targeted at third sector organisations providing front line services that have been hit by the recession.

Research carried out among a UK-representative panel of 30,000 consumers has revealed that 14% of people have already axed regular direct debit donations to charities because of the economic downturn, and the pace at which donations are continuing to dry up may well have taken some charities by surprise.

The research also suggested that at the moment consumers would rather give time over money to charities.

One third of UK consumers said they were more likely to set aside time rather than cash

for good causes during the downturn. Some 57% of women who are happy to help charities say they would prefer to give up their time.

"Charities would do well to take note of the rising tide of people willing to volunteer support with their free time, which can be just as precious as money for many organisations."

People are clearly considering cutting back on regular financial donations to charity as they tighten their belts – but there are other

ways they can help.

Charities would do well to take note of the rising tide of people willing to volunteer support with their free time, which can be just as precious as money for many organisations.

Even though household wealth has doubled over the last decade, overall donations to charity have not kept pace with inflation, or increased at the same rate as disposable income.

dependent

And it gets worse – research by Charities Aid Foundation shows that, typically 6% of donors contribute almost half of all money raised, meaning many charities are dependent on a small group of high value donors.

Consumers are clearly making tough choices in the face of global financial uncertainty.

What's interesting is that potential reductions in disposable income, as prices go up and salary increases, look less likely, and mean people are reconsidering what is



DATE	Summer 2009
CIRCULATION	5,000

CHARITIES MANAGEMENT

MARKETING

essential in their everyday lives.

But the money *is* out there. This year Comic Relief raised a record £78m by convincing the nation to "Do Something Funny for Money".

This shows that people are still willing to give money to charities, but they are just being more selective.

While most charities don't have the resources or the PR machines behind them to create campaigns on the scale of Comic Relief, they do have something to generate just as much interest in their own individual charity right under their nose: the donor database.

understand

It really is the rock on which successful campaigning is built – if you get it right.

The key to creating regular donations is the more you understand about your donors, the more likely people will be willing to donate.

Therefore the gathering, storing and processing of information in the form of databases can provide you with a distinct competitive advantage.

Donor segmentation – where value, potential, channel preferences and motivations are identified – is a key route to communication optimisation.

"What donors want is not the hard sell, but a two-way dialogue with the charity they choose."

Allocation of scarce communication funds into retention strategies can be implemented according to the recency, frequency and value of donation, plus delivery of relevant communications which support each donor groups motivations are key steps.

Better customer (donor) management helps you gain knowledge to improve customer (donor) relationship management and single customer view, which in turn assists in improving customer satisfaction, engagement, retention, acquisition and service.



Even though household wealth has doubled over the last decade, overall donations to charity have not kept pace with inflation, or increased at the same rate as disposable income.

Marketers are being sent the very clear signal that audiences no longer want to be bombarded with unwanted offers, messages, incentives and products.

Alongside these trends, marketing departments are being put under increasing pressure to demonstrate the value that their activities create.

The era of push marketing being enough to boost sales has come to a close. What donors want is not the hard sell, but a two-way dialogue with the charity they choose.

Engaging with donors, and recognising that they are key contributors to successful marketing strategies, is the starting point.

beneficial

The end result is the creation of a conversation beneficial to both charity and donor. This is a process we define as "mutual marketing". It is a concept which can be applied to any sector, and for charities this means generating conversations and creating long-lasting relationships.

I believe that by bringing together the worlds of real time online research and marketing data insights, charity marketers

have the tools to respond to both supporter and trustee concerns.

They can ensure that spend is both highly targeted and measurable, that activities are more properly matched to interested audiences.

Marketers who aim to give customers what they desire, when they want it need in-depth insights into their purchasing behaviours.

"Even something as simple as a targeted customer mailing can be beneficial for you retaining current donors."

Consumers are more likely to willingly provide these key personal insights if they are guaranteed something useful in return –



DATE	Summer 2009
CIRCULATION	5,000

CHARITIES MANAGEMENT

MARKETING

be it special offers, new distribution channels, a makeover of the marketing message or even tweaks to the product itself.

Even something as simple as a targeted customer mailing can be beneficial for you retaining current donors.

Times have moved on from relying on an unaddressed mailing containing a pen to recruit donors – too many charities rely on this method.

targeted

To really gain cut-through in the charity market, mailings need to be targeted personally to recipients. Direct mail is a critical medium for the third sector.

Charities need to work hard to refine the difference between intrusive and thought-provoking campaigns.

Used well, direct mail can deliver high impact results for the sector, and from the growth of volume the sector is seeing, direct mail clearly still remains persuasive for the public.

A recent survey showed that over one third (34%) of consumers welcomed direct mail. The research also showed that 57% of consumers agreed that email is their preferred channel of communication.

The shift in consumer preferences certainly provides marketers with some good news during the current downturn due to the lower cost of email.

Uncertain times demand certain responses.

Charity marketers are under increased pressure to make sure every pound invested increases income through new or existing donors.

It's an opportunity for those charities with donor databases to implement effective donor retention strategies.

*“...at a time like this
the greatest value lies
in your most willing
and responsive givers,
so be sure you
understand the
techniques needed to
nurture them.”*

Of course, it would be foolish to completely ignore donor acquisition, but at a time like this the greatest value lies in your most willing and responsive givers, so be sure you understand the techniques needed to nurture them.

Marketers need to filter their data to show donor potential, how to contact each target and how communications should be tailored

to bring about one-off or regular giving.

The key is to really know the person you are targeting. You need to be able to rapidly identify and build a pool of key targets, thereby reducing campaign waste and building more efficiency into precious fundraising budgets.

The latest IPA Bellwether survey for the first quarter of 2009 has found that spend on direct marketing has fallen once more, but at a rate which suggests the downturn may be flattening out.

Direct marketing spend fell by some 12% – the same decline as in the final quarter of 2008.

In this climate it would be much easier for marketers to batten down the hatches, but I think this attitude is wrong.

Customer – or, in this case, donor – relationship management has never been so important. Thus to suddenly sever any contact with a supporter after years of bombarding them with information, whether relevant or not, is not the best solution to maintaining a relationship once we begin to rise out of the slump.

Charities should be scrutinising these relationships to speak to donors at a frequency they prefer, and with messages which are more relevant than ever.

It is critical charities show appreciation for all their supporters have done so far and create enduring relationships which will ensure that funds do not dry up.

