

>> trends [4]

The definitive [4] times per year source of philanthropic trends analysis in Canada

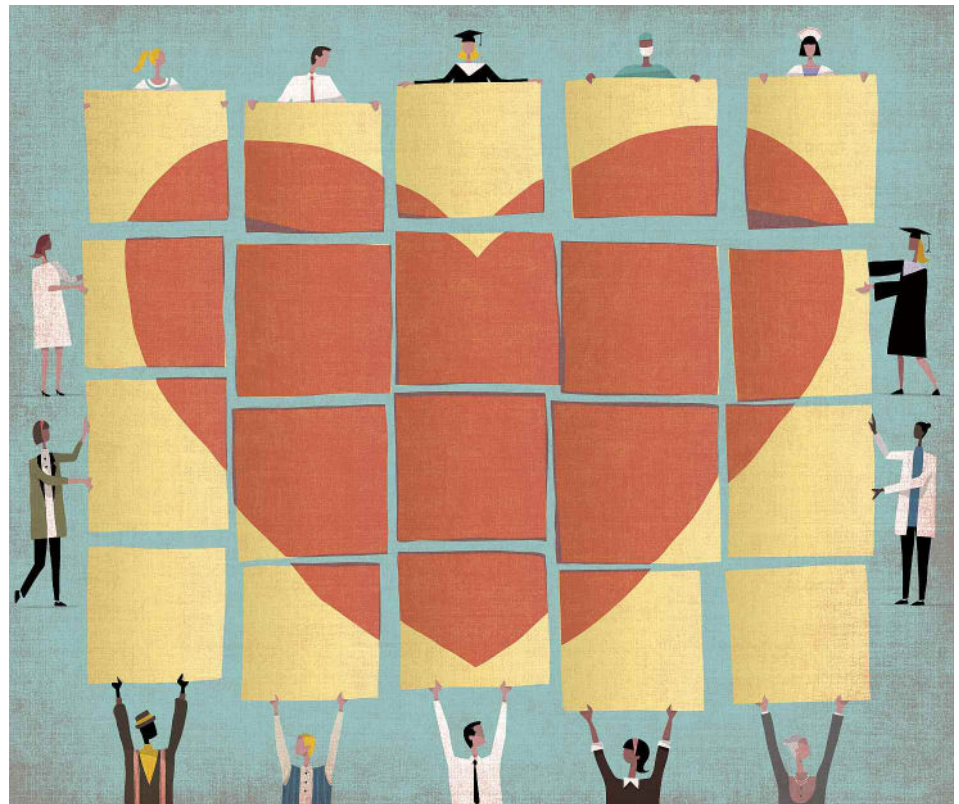
The Mass Philanthropy Issue - Part 1

Annual and mass market giving programs don't get the respect they deserve.

As emphasis has increasingly shifted over the past decade to major and principal giving, I believe many organizations have lost sight of the importance of these programs to the ongoing health and sustainability of their fundraising enterprises.

Revenues from these programs are real-time and are often a charity's only source of flexible funding. They provide a large and generally predictable base of supporters. They build donor loyalty to and affinity for the institution. They identify and involve new leaders and volunteers. Through their broad-based outreach, they are a way to maintain and update constituent records. And as the main entry point for donors, these programs are the feeders to major and planned giving. Need I say more?

I also believe these programs are critical to tackling one of the most pressing and ongoing issues facing charities today – fewer donors giving more. As the programs through which the vast majority of donors initiate their relationships with our organizations, they are an important means of educating donors about philanthropy and cultivating philanthropic behavior. How we engage with these donors and steward their gifts determines whether their gifts (and behavior) will be repeated again!



So it is to annual giving and mass philanthropy programs that we turn our attention in the next two editions of *Philanthropic Trends Quarterly*.

In this edition, we will discuss the current and emerging tactics and strategies in use by Canadian charities today in raising money through their mass giving programs. And in the second edition, which will be out in mid December, we will explore the philosophy guiding how smart organizations are thinking about and approaching their programs in order to maximize their strategic potential as

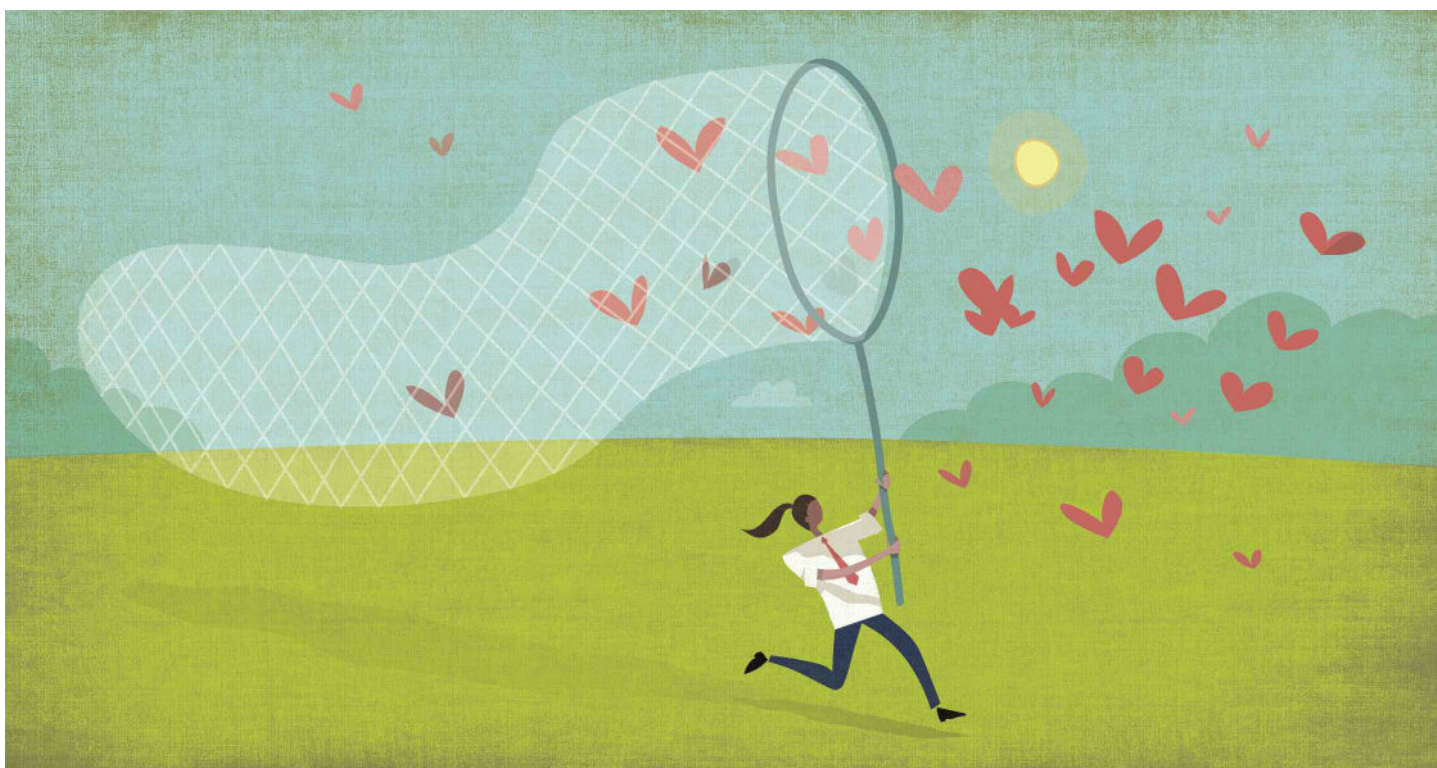
tools to build relationships with their different communities.

As Canadians' relationships with charity and giving are evolving and changing, we need to respond and adapt. Thinking about how our mass giving programs can continue to engage more Canadians in philanthropy is not only overdue but also critical for the sector at this point in time.

Marnie Spears
President and CEO

KCI >>

FORWARD THINKING



Perhaps lacking the cachet and prestige of major and principal gifts, annual and mass giving programs don't always get the respect and attention they deserve.

Sometimes treated almost like an afterthought in fundraising planning, annual and mass giving, if planned and used well, can actually serve as critically important strategic levers in achieving fundraising and relationship goals. Not only are they a means to raise money relatively quickly and on a sustaining basis, often for unrestricted priorities, they are also one of the primary mechanisms available to charities to build long term relationships with donors.

Acquisition is a key pillar of any mass giving program and all programs should have an acquisition strategy that encompasses a variety of vehicles and tactics by which donors are invited to give. Leaving it up to the direct mail acquisition mailing simply isn't good enough.

No acquisition without access

Of course acquisition is impossible without access to prospective donors, so the first step in any acquisition strategy is to think about ways to connect with your prospective donors.

Hospitals have the benefit that their prospective donors interact with the organization every day. So many are putting materials in place throughout the hospital that enable donors to self-identify. At Toronto General and Western Hospital Foundation, they observed that tribute donations were being made by patients as a way to thank their physicians and surgeons and so the Foundation team decided to be proactive about encouraging this behaviour. They tested a strategy by placing brochures in one department that encouraged patients to honour their care teams through a gift if someone had made a difference in their care. The test was a success. Not only was there a good response rate, the average

gift was also significantly higher than that of many of their other programs.

Alumni are the key donor constituency for universities, so securing contact information from graduating students is imperative. Some universities incentivize the behaviour of sharing permanent contact information among their graduating classes. McGill University, for example, created a contest where graduates had the chance to win a \$1,500 travel certificate if they provided two email addresses and their phone number. In the contest's first year, 1,600 of 7,000 graduates had shared their information within the first 24 hours and by its conclusion, 34% of the class had participated.

When the Heart & Stroke Foundation launched its FAST campaign to build awareness around the signs of stroke, the direct marketing team saw an opportunity to gather contact information. As part of the campaign, a checklist was developed to help people recognize the

signs of stroke (**Face** – is it drooping? **Arms** – can you raise them? **Speech** – is it slurred? **Time** – time to call 911 right away). “In exchange for their email address, we gave people the opportunity to access a downloadable version of the checklist that included a spot for the name of their emergency contact so first responders would know who to call in the case of an emergency. By offering this checklist, we were able to gather a large number of new email addresses, which then enabled us to begin to build relationships with these individuals,” says Brady Hambleton, Director, Direct Marketing, Canada.

Love the ones you’re with

While acquisition is fundamental to annu-

“Sometimes treated almost like an afterthought in fundraising planning, annual and mass giving... can actually serve as critically important strategic levers in achieving fundraising and relationship goals.”

al giving programs, donor retention is equally important. Unfortunately, statistics tell us that it is not an area of strength with a number of sources revealing that retention rates are below 50% for most charities. *AFP’s 2016 Fundraising Effectiveness Survey* indicated that the donor retention rate was 46 percent in 2015, a percentage they note has been consistent

for the past decade. And KCI’s Analytics Team confirms a similar figure, with an average retention rate of 47% arising from its analysis of donor bases of numerous Canadian charities.

Many believe that these poor retention rates can be directly related to a lack of stewardship. Good stewardship is much more than a thank you letter with another ask in it. Not enough charities create donor a stewardship plan for donors who give through mass giving programs. The plan should include variety of touches throughout the year using a variety of vehicles, including video, email reports, thank you letters, thank you calls and notes from someone who benefitted to name just a few. The key is to create a feeling of connection and engagement

Four pillars to annual giving

Every annual giving or mass philanthropy fundraising program should have four pillars – 1/ **Acquisition**, 2/ **Renewal and Upgrade**, 3/ **Reengagement** and 4/ **Stewardship**. Programs should have specific strate-

gies in place related to each pillar, with the database of donors and prospects segmented by pillar to reflect the approach that will be taken with them. Here is a bit more detail about each pillar.

1. Acquisition

- New donors
- Phone and email are most successful
- Healthy programs retain 35% of brand new donors

3. Reengagement

- Lapsed donors
- Phone and targeted mail work well
- Likely to upgrade

2. Renewal & Upgrade

- Loyal donors
- Phone, mail and email work well
- Encouraging donors to give again and grow their giving

4. Stewardship

- Acknowledgements
- Recognition
- Accountability and Impact Stewardship

When budgets are tight, there can be a tendency to cut back on acquisition efforts. Or some organizations put too great a focus on finding new donors, neglecting the need to build relationships with their existing donors. And stewardship

can be an afterthought, if a thought at all, when it comes to mass philanthropy. All of which are mistakes. Healthy programs make investments in all four pillars, with smart organizations understanding the value of each.

among donors so they are open and ready to give again when asked.

In thinking about who should fall into the category of the loyal donor, Karen McQuigge, Director, Alumni Advancement at McMaster University makes an interesting observation. "I think we need to adjust our thinking and expectations away from the concept of the annual gift. We have many examples of good donors to McMaster who don't necessarily

give every single year. Rather, we're seeing a lot more in and out with donors cycling their giving. This year, they may be choosing to focus on McMaster, next year on a different charity or need. Thinking of it from the donor's point of view, it's not about their annual gift, but rather they make a gift when there is a need or when they feel motivated by the ask." In thinking this way, McQuigge notes that the donors captured in your retention plan need to be more than

simply those who gave to you in the past 12 months.

One way to improve donor retention and loyalty is to grow the number of donors who are on a sustained giving program like monthly giving. One such program is Plan International Canada's child sponsorship program. With 180,000 donors and raising close to \$80 million annually, this program has an incredibly loyal base of donors. Jeff Cornett, Chief Marketing and

Crowdfunding

Matching a unique cause with an interested, motivated audience much like major gifts does but at a lower level, crowdfunding has become an increasingly common fundraising strategy in the past several years. According to its annual Crowdfunding Industry Report, Massolution, an organization that specializes in the crowdsourcing and crowdfunding industries, reported that donation and reward based crowdfunding totalled \$5.5 billion in 2015.

Experts say that successful crowdfunding initiatives have a few things in common and offer these tips.

1) Cause matters. Campaigns that are most likely to attract support are ones that raise money for education, health-care or causes specific to a neighbourhood, city or region.

2) Tell a human story. Engaging and personal stories that connect people to their fundraiser generates more interest.

3) Include video. Experience shows that fundraisers with a video raised 2x more than those without videos.

4) Promote, promote, promote. Any crowdfunding initiative must be supported by promotion, marketing and outreach. Setting up a crowdfunding page and then waiting for gifts to be made is doomed to fail.

5) Ongoing communication. Give your target community, including those who have already given, ongoing progress updates about the campaign. And don't forget to keep them posted over time on the progress of the project they have funded.

6) Make an undesignated upgrade ask.

While the beauty of crowdfunding is that it can give a donor making a small gift the chance to designate to a project of interest to them, also ask donors to make a top up, undesignated gift of \$5 or \$10. Those who do tend to be excellent prospective donors for the long term.

7) Realistic goals. Keeping in mind that the average campaign raises less than \$10,000, set a goal that is realistic and is an amount where a donor giving \$50 or \$100 can feel like they have made a difference.

Important to know that setting up a crowdfunding program takes significant commitment of resources, including time, talent and money, not to mention managing the technical elements of the platform, and providing fundraising coaching to all using it. And that it is not without risk - sometimes campaigns just don't work. So, don't use it as a replacement for a good, basic annual or mass giving program including email, phone, mail etc. But if you already have a solid annual giving program, backed up by market research on your donors, in addition to resources to allocate to crowdfunding, this may be an area of opportunity for you.

Let's take a closer look at some of the other stats related to crowdfunding.*



Average crowdfunding donation **\$88**

Average funds raised for charity on individual pages **\$534**

Average funds raised on campaign crowdfunding pages **\$9,237**

Average % of donors who are repeat donors **28.3%**

*Source: craigconnects.org

Philanthropy Officer, reports that based on a snapshot of their current database, the average tenure of a child sponsor with Plan Canada is eight years.

At an average monthly donation of \$39, or \$468 annually, the program generates a very healthy average gift for a mass market program. When asked to explain why the program is so successful at creating such steadfast donors, Cornett points to two main factors. "Firstly, it is a program-led product that is tied directly to our mission. Our programming in the field, which we called Child Centred Community Development, is possible because of the child sponsorship program. And secondly, I believe it is so effective and compelling because it touches on the powerful human instinct to care for children."

Another reason for the incredible loyalty of their donors is that donor stewardship is woven right into the fabric of the Sponsorship Program. "Our stewardship of child sponsors falls into three themes. The first is direct information about the sponsored child, the second is about the impact in their donations are having in the community in which the child lives and the third is about the general credibility of Plan's work as a whole." Finally, Cornett says that sponsors and sponsored children are encouraged to develop direct connections. "Creating these real relationships with their sponsored children results in an incredibly engaging experience for our child sponsors and equally for the children."

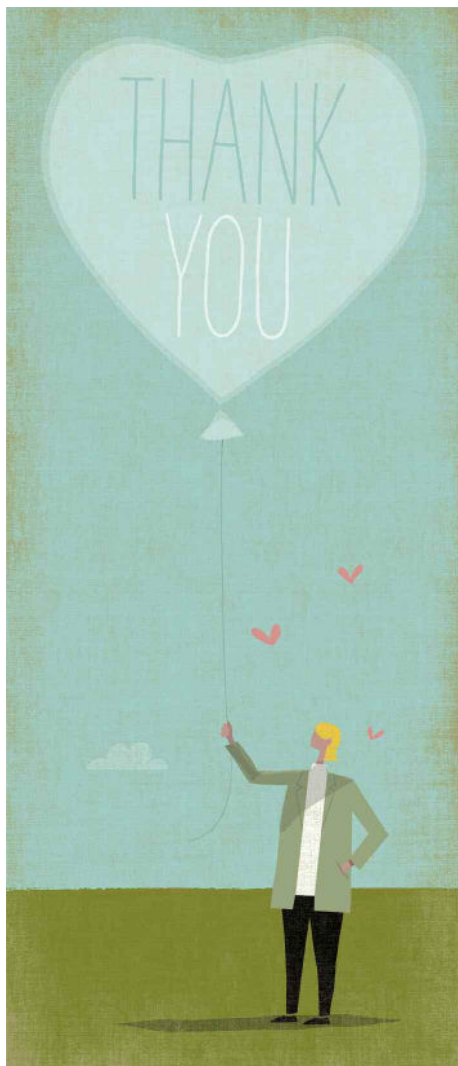
Direct mail is dead...long live direct mail!

There are a wide variety of tactics in use today as part of the fundraising mix of mass market giving programs. Some are tried and true, but continue to show ongoing relevance, while others are emerging and our understanding of how to harness and mobilize them in our fundraising efforts is still evolving.

"Thinking of it from the donor's point of view, it's not about their annual gift, but rather making a gift when there is a need or when they feel motivated by the ask."

*– Karen McQuigge
Director, Alumni Advancement
McMaster University*

Two of those that have been around for a while are direct mail and telephone, with talk of the imminent demise of both a common occurrence.



Not so fast, say the annual giving experts we spoke to, with everyone saying that both direct mail and telephone continue to be both relevant and important fundraising vehicles. The person-to-person connection offered by phone programs was cited as particularly important. "We've always known that people give to people, something that hasn't changed over the years even with the advent of new technology," say Karen McQuigge "Our phone program at McMaster continues to be big part of our annual revenues with most donors coming in through it. While the number of conversations we have has declined, when we do have those conversations, we have good success securing gifts and these donations tend to have a higher average contribution than those from other channels."

Giving Days have emerged as a popular fundraising strategy in mass giving programs. While short term campaigns that rally support and raise funds have been a strategy in some form or another for a long time (think of telethons, radio-thons or initiatives like Tim Horton's Camp Day or McDonald's McHappy Day), this modern day equivalent is becoming increasingly common. These short term (often 24 hour) online fundraising events bring together donors, volunteers and communities around a common cause. While events like Giving Tuesday or Red Nose Day (in the UK and the U.S.) rally the general public to get involved in giving, there are a growing number of organizations that are creating organization-specific Giving Days, including McGill University's McGill24 Campaign and University of Michigan's Giving Blue day, which last year raised \$3 million.

Third party events or Do-It-Yourself fundraising drives are also becoming increasingly common, perhaps reflective of the desire of donors to be engaged in their giving and an active participant in the process. The biggest task in starting a DIY program is to create the supporting infrastructure and to market the program to

“Many organizations determine content and messenger for an appeal based on need or what they believe is important...whereas research enables the understanding of what is appealing to donors.”

supporters so they know what DIY is and how they can raise funds. RMHC Canada’s Make Fun Matter Campaign is an example of a robust and successful DIY program.

We would be remiss if we didn’t highlight the need for charities to be ready for mobile philanthropy. While mobile giving has not yet become fully mainstream, it is certainly expected to increase in the way that mobile payments and mobile wallets are expected to become more common. By 2021, it is estimated that 90% of the world’s population over age 6 will have a mobile phone covered by mobile broadband networks, supporting internet access. Charitable giving isn’t immune to the worldwide trend in mobile and broadband adoption and while traditional methods of giving still account for the current majority, organizations need to be spending time to think through a strategy that prepares for impending rise of mobile.

Data, data, data

One final piece of advice when it comes to mass giving programs is to base decisions and strategies on data.

Because mass market programs have large numbers of donors, regular analysis of your

Marnie A. Spears
President and CEO

Nicole Nakoneshny
Vice President and Editor,
Philanthropic Trends Quarterly

Philanthropic Trends Quarterly© is published by KCI. Unauthorized reproduction or distribution without attribution is prohibited. *Philanthropic Trends Quarterly*© is intended to provide an anecdotal ‘snapshot’ of philanthropy in Canada. We hope it will serve as a useful overview for observers of the charitable and nonprofit scene.

Aussi disponible en français. Illustrations by Rocco Baviera.

Characteristics of good annual fund donors

KCI’s Analytics team has conducted predictive modeling on the donor bases of numerous Canadian charities. Although the database characteristics of donors vary between institutions, KCI has found certain commonalities that predict likelihood of donors to give. Based on our findings, these are the characteristics, in order of importance of donors most likely to give on an ongoing basis.

- Share multiple pieces of biographical information with the charity (e.g. place of business, spousal information, personal emails, etc.)
- Have donated in recent years – not necessarily the previous year, but within the last 2 to 3 years

- Have had a history of giving for several years or more
- Have more than one connection to the organization (e.g. as donor, volunteer, alumni, parent, etc.)
- Live closer to the institution or organization office
- Have stated communication preferences, and have not opted out of all communication
- Have attended/participated in events
- Have higher income levels
- Are older individuals

database can generate important and interesting insights. There are a wide variety of metrics that should be regularly explored, including loyalty (number of years giving, number of gifts per year), lifetime cumulative value, average gift amount, ways of giving (direct mail, online, tribute) and designations to name just a few.

To further provide insight into strategies, engage in research with donors to ensure best possible outcome of your programs and messaging. Many organizations determine content and messenger for an appeal based on need or what they believe is important, whereas research enables the understanding of what is appealing to donors. Conduct research to understand

why donors give, why non-donors do not give, what constituents want to support, which perspectives they wish to hear, how they prefer to be engaged, and other targeted information.

Our exploration of annual and mass giving programs continues in our next edition, which will be out in mid-December. In it we will take a closer look at how smart organizations are adapting their philosophy and approach to this segment of their fundraising mix in order to take best advantage of all these programs have to offer. >>



FORWARD THINKING