



# A Better Donor Experience: Is it the Cornerstone of Donor Loyalty?

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## ABOUT NETWORK FOR GOOD

Since 2001 Network for Good has been instrumental at helping tens of thousands of nonprofits raise more funds by engaging supporters and donors in a more meaningful and impactful way. Refreshingly easy to use Donor Management Software, Fundraising Pages, and Personal Fundraising Coaches provide nonprofits with a complete fundraising solution, reducing their need for disparate systems, saving them time and enabling them to raise more funds to support their mission.

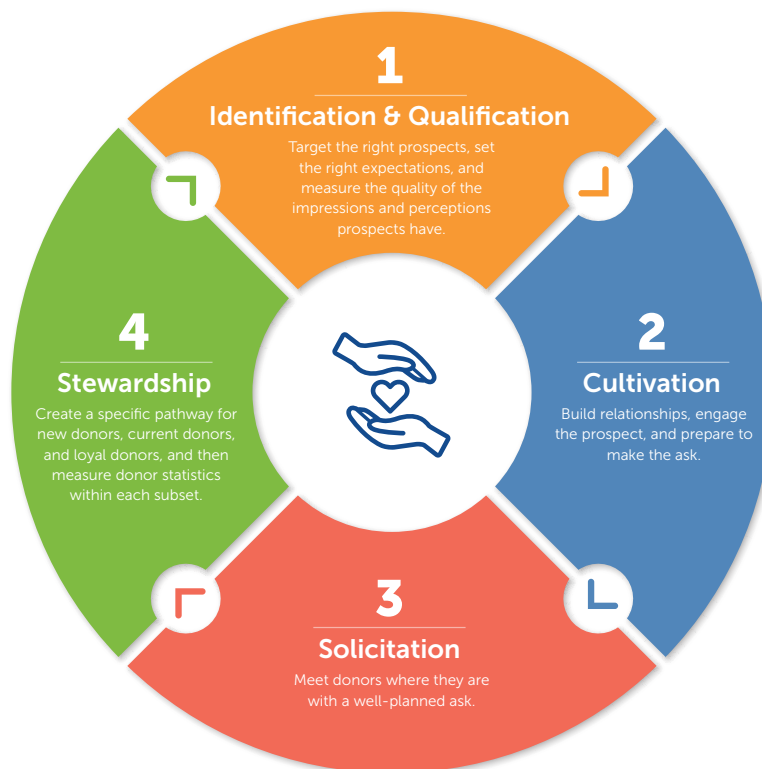


# Executive Brief

According to data from the Association of Fundraising Professionals and the Center on Nonprofits and Philanthropy at the Urban Institute, the average donor retention rate in the U.S. after the first gift is around 45 percent. It's an amazing reality that over half of those who give to an organization will not give a second gift.

When you consider the true cost to raise a dollar and the financial and organizational value of donor retention, it's clear that nonprofits need to keep their donor relationships thriving. In order to build strong relationships, nonprofits must optimize the donor experience: the path of a donor's engagements, interactions, and activities with the organization that can ultimately lead to a gift.

## Four Donor Lifestyle Stages



However, retaining and maximizing donor relationships and focusing on the donor experience can take effort. And, at times, it feels like a struggle. So many organizations focus on acquiring new donors. But a more effective strategy would be to balance donor recruitment with an intentional donor retention system that leverages the donor experience. The outcome could equal thousands (to tens and even hundreds of thousands) of dollars in additional contributions. Just how beneficial is creating a good donor experience for your supporters? Here are three things to consider.

### **1. It costs less to keep a donor than it does to attract a new donor.**

Marketing alone eats up [between 5 and 15 percent](#) of a nonprofit's total budget. Then, there are your fundraising expenses. Whatever your donor acquisition cost, it's always higher than your donor retention cost. To bring in a new donor, you have to raise awareness, build trust, make an emotional connection, and facilitate the process of actually making the first gift. These steps take time and can be expensive. To retain a donor, you simply need to keep the donor engaged with your work and with your organization by focusing on their experience with your organization.



### **2. You'll have the opportunity to expand giving within your donor-base.**

Nonprofits don't typically think in terms of cross-selling and upselling, but they can apply these valuable strategies during the fundraising lifecycle. If you have a donor who's committed to supporting one of your programs, that individual is likely to want to give toward special projects in the program or to related programs. The donor is already sold on your organization and believes in your ability to provide impact, so it's relatively easy to deepen the relationship and increase the amount of donations you receive from the individual.

### 3. You'll gain valuable feedback from regular donors that you can use to attract new donors.

What gives donors confidence in an organization? What gets them excited about a particular program? What do they like organizations to share with them? What aspects of their charitable programs would they like to see firsthand? What experiences make the biggest impact on donors? Your committed donors can answer these questions for you, providing you with the information you need to improve their experience — which will allow you to attract new donors and retain more of the ones you attract.

While it does take some energy and planning, focusing on the donor experience to retain your donors will give back many times over what you put into it and we believe it is the cornerstone of donor loyalty. And that's why this topic is worth exploring deeper.

**In this white paper, we'll examine the motivators of a donor — what compels them to give, how they give, when they give, and why they might give repeatedly. From there, we'll dive deeper into where they give. We'll explore how the online experience of making a donation impacts giving. Then we'll look at what the customer experience can teach us. We'll examine strategies and best practices from marketing in the corporate sector that we can use to improve the donor experience. Finally, we'll see how nonprofits can pull these ideas into their organization in a way that's meaningful.**



# I. What Drives Donor Loyalty

Let's get practical. How can you build a relationship with a donor that's loyal and strong enough to stand the test of time? What motivates donors to continue giving to an organization? Research often focuses on how to motivate donors to give an initial gift. But we can apply marketing and engagement strategies that are designed to optimize the customer experience to achieve similar results with donors.

## 1. Satisfaction: Do Donors Believe They're Making an Impact?

When a customer buys a product, satisfaction is measured by how well the product lives up to his or her expectations. Donors aren't receiving a product in exchange for their money, but they absolutely have expectations of the organization they're giving to.

Donors give because they buy into the vision of an organization. They care deeply about a cause or an issue, and they're partnering with an organization to create change. Dani Robbins, who has served as chief executive of several nonprofits and now advises nonprofit boards and executive leaders, shares her perspective: "People don't give to our agency, they give through our agency. We're engaging people around the work we're doing."

In order to create donor satisfaction, you have to show donors that their work through you is making a real impact. Share what your organization is doing with the money they gave. There are many ways to do this, including update emails and letters, coffee meetings that provide a more personal feel, and donor cultivation events that allow donors to see the work firsthand.



## What Drives Donor Loyalty?

- 1. Satisfaction:** Donors must believe that they're making an impact.
- 2. Relationship:** Donors need to feel connected with the organization.
- 3. Trust:** Donors have to be confident in the organization's leadership.

## 2. Relationship: Do Donors Feel Connected With Your Organization?

Donors want to feel that they're truly participating with your organization to accomplish something meaningful together. They want to feel that you value them individually. The more connected a donor feels, the more he or she will identify as a supporter of the organization. As that role becomes a part of the donor's identity, he or she is likely to continue giving.

To build the relationship, you'll need to get to know your donors. Find out what they care about, and customize your communications accordingly. People are used to getting customized communications from brands and stores they frequent. Similar to consumer brand experiences, donors expect nonprofits to leverage what the organization knows about them to make their experience the best it can be.

You may wonder what information you have that could offer insight to personalize your communications. If you have a robust donor management system, you probably know quite a bit. Some simple data that you might leverage includes:

- **The types of causes they support:** You can take this knowledge and share what's happening in your area/region related to the types of programs or campaigns they support.
- **Current giving level or specific program:** You can segment your donors for more in-depth communications and/or updates.
- **How they prefer to give:** Online? Snail mail? Text to give? Social media? Special events? You can customize your communications based on their preferences.
- **The timing of their gifts:** Do they usually give at the end of the year? Around a special event? Look for trends in your donors' giving to improve outreach timing and response.
- **Who in their network is also supporting your organization:** Are friends, family members and/or professional colleagues also attending events and contributing? You may be able to leverage these networks to upgrade other donors in this group and prospect deeper into their networks.

## 3. Trust: Are Donors Confident in Your Organization's Leadership?

Donors most often give to organizations whose leadership they believe in and have a relationship with. In order to grow a one-time donor into a loyal donor, you have to build a relationship that's founded on trust. What does this look like in the real world?

- Say what you'll do, and then do what you say — particularly with communication frequency.
- Be transparent — demonstrate that you're using donations efficiently.
- Communicate the specific impact that the funds are having and the plans in place to help make it happen.
- Ask for feedback and truly listen to that feedback.
- Respond to questions and comments promptly.
- Communicate your commitment to maintaining the relationship into the future.

## II. How the Online Experience Impacts Giving

According to the 2017 Global Trends in Giving Report, 61% of donors worldwide prefer to give online. People are spending more and more time online.

Nonprofits can reach donors where they are by sharing their message via ads placed on websites or social media platforms that donors are visiting and then guiding them to branded pages for a full experience. Nonprofit leaders that want their message to influence donors who spend time online must optimize their online experiences to not only trigger an initial gift, but also to encourage regular giving. are designed to optimize the customer experience to achieve similar results with donors.

Nonprofits shouldn't underestimate the importance of driving donors to their branded donation pages. According to Network for Good's research, peer-to-peer giving accounted for only 24% of online giving in 2017. Branded donation pages were responsible for 60% of online giving. And the trend year-over-year is widening the gap between peer-to-peer giving and branded donation pages, rather than diminishing it.

“ People don't give to our agency, they give *through* our agency. We're engaging people around the work we're doing.”

—Dani Robbins, Personal Fundraising Coach with Network for Good



# III. Lessons from E-Commerce and the Corporate Sector

When someone makes a purchase online, there's an immediate emotional payoff. After clicking the order button, the buyer immediately sees a confirmation page and receives an email from the brand with a message that builds excitement about receiving the item. Additional follow-up emails are sent after the customer receives the item, eliciting more good feelings by sharing how to more fully enjoy the new product and by recommending other, related products that the customer would like.

When someone makes a purchase online, there's an immediate emotional payoff. After clicking the order button, the buyer immediately sees a confirmation page and receives an email from the brand with a message that builds excitement about receiving the item. Additional follow-up emails are sent after the customer receives the item, eliciting more good feelings by sharing how to more fully enjoy the new product and by recommending other, related products that the customer would like.

Although people do research and evaluate pros and cons of various product options, ultimately, buying isn't a purely logical decision. Neither is giving. Nonprofits can engage both the emotional and rational parts of the brain to guide donors through the first transaction and beyond, to become regular donors that the organization can rely on.



## Benefits of Donor Retention

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1. It costs less to keep a donor than it does to attract a new donor.
2. You'll have the opportunity to deepen donor giving and upgrade donors.
3. You'll gain valuable feedback from regular donors that you can use to attract new donors.

Jonathan Gibbs, VP of Products at Network for Good, explains: “The donor experience needs to be conveyed throughout the online process, from the time donors land on a website all the way until they hit the final payment button.” Although a donor often begins the experience focusing on the emotion of the message, the rational brain kicks in when they start the checkout process. It’s important to walk donors through that process to keep them engaged and confident that they’re making a good decision. How can you accomplish this? We can gain insight from the consumer e-commerce experience.

## 1. Include Reviews

People are wary of products without reviews, and they’re just as cautious about giving to a nonprofit that doesn’t have positive feedback from other, real donors. People want to see that others have already given, having put their trust in the organization. Peer influence is powerful, so post messages you’ve received from donors on your scroll and include donation thermometers on donation pages to show how many people have already given (or how much money has been given).

## 2. Display Endorsements

Donors want confidence that your organization is reputable. Endorsements and logos from third-party websites like Charity Navigator, Guidestar, and the Better Business Bureau will give donors peace of mind that your organization is known for its integrity. After registering and receiving approval, you can add their logos to your homepage or donation page.

## 3. Use a Trusted Merchant Processing Service

Donors are hesitant to enter their credit card information into a payment processing system that they’re not familiar with. Using a trusted merchant processing service and displaying security badges will remove this barrier to completing a gift.

## 4. Keep the Message Front and Center Throughout the Checkout Process

Complexity in the checkout process skyrockets cart/donation abandonment. The simpler you can make your checkout process, the better. Minimize all distractions. Be sure to keep your message in front of your donors as they go through the process, keeping their emotions engaged. And you’ll want to use the same message that attracted their attention to begin with — don’t revert to a generic message that may not hold as much interest.

## 5. Prompt Donors With Amounts That Relate to Concrete Impact

Donors will be more motivated if they are able to visualize where their money is going. Make suggestions for giving amounts (impact labels), associating those amounts with specific items or actions that money will go toward. For example, "\$58 provides a year of schooling for young girls."

## 6. Continue the Experience with a Cadence of Follow-ups

The experience isn't over after the payment button has been clicked. Creating loyalty requires ongoing engagement. Follow up with a thank you letter that communicates what they can expect next. Over the next year (and beyond) send a series of emails that keeps them informed about the progress of the program they gave to. Invite them to events. Build the relationship.

“ People are used to getting customized communications from brands and stores they frequent. They expect you to leverage what your organization knows about them to make their experience the best it can be.”

—Liz Ragland

# IV. How To Build the Donor Experience Into Your Organization

Like customer experience, the donor experience has to be embedded into the fabric of the organization. If only a few staff members are focusing on it, your organization won't be able to fully grow your donor relationships. This process takes both attention and planning. But once it's set up, you can automate a lot of the work, so less time is required from your staff.

## 1. An Exceptional Donor Experience Starts at the Top

As a leader in your organization, those you manage look to you for guidance on priorities. There's always more to be done than can fit into the day, and people have to make choices for each day's priority list. When you communicate that your relationship with your donors is essential to the functioning of the organization (and live it out), your people will follow suit.

Beyond prioritization, those in leadership will need to spearhead the actual planning and implementation of a donor experience program. While it's smart to get ideas and input from your team members (not only to improve the program, but also to generate buy-in from your team), you'll need to have someone in charge of overseeing the process.

Speaking of gathering input, that's the first step in creating an effective donor experience program. Insight from team members who interact with donors on a daily basis, and from donors themselves, can be invaluable. Together create a vision of what the donor experience could look like, from the very first touchpoint all the way through the lifetime of a loyal donor. Once you have a clear picture of the possibilities, decide how each ranks in order of importance. Now you have a roadmap for creating your ideal donor experience program.

## 2. Each Department Has a Role to Play

Building and implementing the program will take work that can't be done by the leadership alone. Each department has an essential role to play. As you look at your ideal program's roadmap, consider which department could own each piece.

The marketing, community outreach, and fundraising folks will implement a large portion of the experience, but program managers are essential to connect the donors to the work and people that are being impacted by their contributions. Every department should be involved — all the way to HR, as they reinforce the organization's culture.

As you're considering who to put in charge of what, get feedback from your team members. What are they excited to own? What pieces are they especially equipped to manage? Simultaneously,

assure them that you'll provide them with the resources and tools they need to be successful. Provide ongoing reporting at staff meetings so everyone can track the overall goal and understand how it affects the organization's bottom line. Fundraising is a team sport and everyone wins (and deserves praise) when donations grow.

### 3. Tools to Build Your Donor Experience From Within

With the right tools, building and managing an exceptional donor experience isn't hard or time-consuming. Even the smallest nonprofits can create systems and processes that are simple to manage, with automated elements that reduce the amount of hands-on work needed.

While you can use tools piecemeal and connect them together, a robust donor management system will have all the tools you need, integrated into one technology suite. A complete donor management system will save significant time, and you won't have to deal with integrations that don't quite work properly.

When you're evaluating different donor management systems,  
here's what you should look for:

- ☐ Is the CRM easy to navigate? Is it easy to find a specific contact record when you need to?
- ☐ Can you track communications and view them within each contact record?
- ☐ Can you track donations made by each contact?
- ☐ Can you group contacts and categorize them?
- ☐ Does the software have a built-in email system?
- ☐ For event management, does the software track contacts who have registered for each event?
- ☐ Can you send newsletters through the system? If so, how easy is it to create and customize the newsletters?
- ☐ Can you send emails and thank you letters through the system?
- ☐ Can you create surveys through the system?
- ☐ Does the software offer templates that are easily customizable?
- ☐ How easy is it to get your reports? Will you be able to access the data you need quickly and easily?
- ☐ Is the dashboard easy to use?
- ☐ How secure is the system?
- ☐ How easy is it to set up the system?
- ☐ What kind of support does the provider offer?
- ☐ What kind of training does the provider offer?
- ☐ Does the provider offer coaching and guidance on how to improve the results of your campaigns?
- ☐ Does the provider offer a pricing structure that works for your organization?

As you think through your roadmap for creating your donor experience, consider what tasks you'll need to perform. Then ask how the software you're considering could streamline those tasks. As you're going through this exercise, the path to an exceptional donor experience should become clearer, and your roadmap will start to come to life.





# Converting Donors to Committed, Loyal Supporters

Your donor experience should make those who invest in your organization feel that they're a part of a movement, not just bystanders who contribute money to a cause. Ultimately, by optimizing your donor experience, you're engaging people in an ongoing relationship and motivating them to buy into your vision for a better future. When that happens, donors become committed, ongoing and loyal supporters.



Learn how we can help you meet your fundraising goals.

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