

What kind of supporter marketing strategy does your non-profit have?

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Introduction¹

Whilst in reality charity marketing strategies are carefully crafted and multidimensional, in the public eye they all too often appear simple and unsubtle. Recent debates about incentives in mailing and media dislike of face-to-face fundraising on the street has only served to heighten the negative image of charity marketing.

To counteract this falsely simple picture, we think charities need help to work against three troublesome trends.

1. Marketing appears to be all about tactics (e.g. tests, mailing frequency, cost, agencies, etc.) rather than strategy. This focus on tactics has meant supporter marketing has often appeared mechanical and formulaic, and simultaneously insensitive and exploitative.
2. Non-profit organisations have often made it seem that the approach of high volume, low value fundraising is not one of many possible strategies, but in effect the dominant or only strategy for supporter marketing. This has meant organisations have often used supporter marketing inappropriately or never used it, because they have felt that, often correctly, this donation-led approach was not right for them. In many organisations fundraising supporter marketing has in effect limited its future by its own poor image.
3. Charities have not raised as much as they might because they have failed to tailor their supporter marketing to meet the needs of their organisations or of the supporters from whom they are trying to fundraise.

This paper intends to help non-profits buck these trends and adopt a strategy appropriate to their organisation.

We set out five relationship marketing strategies for non-profit organisations: donation-led, relationship-led, audience-led, product-led and offer-led. These strategies are intended to demonstrate the breadth of choice and approach that non-profits have to meet their individual fundraising needs.

¹ This is a revised and updated version of a paper originally published in the 1990s. It is being re-published now to allow electronic distribution.

1. The donation-led (or fast-food) strategy

This strategy is the most visible in the UK's charity direct marketing. When people talk of starting a direct marketing programme, it is most likely a donation-led strategy to which they are referring. As the name implies, the core elements of a donation-led strategy are the need for a large number of new recruits, a heavy frequency of subsequent appeals, and a high supporter attrition rate. The overall average lifetime value of a supporter is likely to be low.

The product range offered to supporters is usually very low; often just one-off donations. This strategy has developed because it is relatively simple to set up and run. It does not require new product development, nor does it require significant in-house resources. Indeed it is possible to contract much of the work out to agencies and external suppliers.

This approach needs a constant supply of motivating new stories or topics on which to appeal. It also presumes that the budget management of income does not require it to be allocated to specific projects, or if it does that sufficient funds are available from other sources for core costs such as salaries.

One of the big drawbacks to a donation-led strategy is that it must be executed energetically or its economics become increasingly unsustainable. Donors must be continually and proactively recruited (usually at a loss) or the database shrinks. A large number of donation appeals is needed in order to recoup the initial loss on investment and contribute to the programme overall. The organisations which can pursue this strategy most successfully are those with a universal appeal (e.g. animals, children, cancer) and can cope with the vulnerability of the income to outside events. The high recruitment and high turnover leads to the alternative title of fast-food. Figure 1 shows how the needs of this strategy compare to the other four.

Example – Royal Children's Cancer Society (RCCS)²

The RCCS recruits about 30,000 new donors each year through cold mail, inserts and doordrops at a loss of about £2 per donor. It aims to recoup this investment through six appeals throughout the year, the most successful of which is Christmas. It loses about 15,000 donors each year and so its database is slowly growing. The RCCS direct marketing manager is constantly looking for new research projects to appeal on, and new children case studies. There is unease in the rest of the organisation about the way research and services have been simplified by the agency that RCCS uses.

² All examples are based on real charities, however they are made anonymous in order to allow each to be idealised for the sake of clarity.

2. The relationship-led (or intimacy) strategy

The relationship-led strategy is much more a relationship marketing strategy than a direct marketing strategy. It relies on relatively limited numbers of new supporters being recruited, but each supporter is carefully nurtured to ensure that their lifetime value is maximised. This nurturing means that the charity aims to produce a feeling of intimacy in the minds of its supporters. While still often having relatively few fundraising products, supporters are carefully segmented based on giving history and preferences. Those people who have said they only wish to get mailed at Christmas will only get mailed at Christmas.

Communications in the relationship-led strategy have a feel of real warmth about them. They may be hand-signed or more importantly could only have come from the signatory. Unlike the donation-led strategy where the emphasis is on volume and high frequency over a short period, in the relationship-led strategy the emphasis is on longer term relationships. People will give as much because of their overall relationship with the charity or the person whose asking, as they will because of the specific appeal subject. A relationship-led strategy is often suited to small organisations, or to the major donor department of a large charity. Staff continuity is needed in order to ensure that relationships are developed. A good database is needed in order to try and respect supporter's wishes and segment appropriately.

Example – London Dogs Rescue

London Dogs Rescue is a small organisation which raises about half its income from individual supporters. Supporters are recruited through friend-get-friend, spontaneous donations, and a face-to-face recruitment programme which recruits about 5000 new dog lovers a year. 70% of supporters are still giving 5 years after their first donation. The programme works by appealing through different aspects of the rescue service, and keeping people in touch with the progress of particular animals. Reference is made to the success of previous appeals, and supporters are given relatively trivial information about dogs and staff, such as Becky the chief kennel maid recently got bitten rescuing a stray. The linchpin to the programme is the appeals manager, who many supporters write to on first name terms and speak to on the phone. She/He signs all the appeals and is keen to maintain the small organisation feel of the programme.

3. The audience-led (or bells, philes and ills) strategy

The audience-led strategy centres on a key target audience. It works by taking a specific audience and delivering a focused relationship based on the needs of that group. The group can be based on any key feature that unifies a group of people. It is also called the bells, philes and ills strategy as three of the main audience groups are those of a specific faith, those with a passion for a particular cause or those with specific illnesses.

Single issue pressure groups, such as the Whale and Dolphin Conservation Society have an audience of whale-lovers who they can talk to about whale-related issues. Disease, illness or medical conditions (e.g. diabetes, cancer, and arthritis) are also often the driving force behind the creation of a charity who wishes to have a close and lasting relationship with the audience who care about that illness. For example, Diabetes UK has an audience of people with diabetes who wish to get more information about diabetes, and are happy to pay a membership fee for the privilege. Members are then asked to help in a variety of others ways.

Once the relationship is established, often through membership, it can be used for a series of offers. However the offers need to be limited in frequency and range and often subdued in tone. The organisation ultimately wants the relationship to go on so it cannot risk audience alienation by overstepping the mark (unlike donation-led). Information and feedback is a vital part of the audience-led mix, so the organisation needs to create a good magazine or newsletter to give people the information they thirst. A further part of this strategy is the creation of local branches of supporters or members. These often take on a strong local role in either local services or fundraising or both.

Example – The Eczema Society

The Eczema Society exists to help people with eczema, or the parents of children with eczema. It has 30,000 members and a quarterly magazine. Two magazines come with raffle tickets which are also sold through local branches. Financial service products are also sold to help with insurance, health care and life assurance. Donation appeals are rarely made since it is felt to be too intrusive to those who are already members. 20% of the charities income is derived from legacies and legacy marketing is carried out in a very low key way. The average member stays for 8 years and is worth over £200 to the society in subscriptions, raffles, donations and catalogue purchases.

4. The product-led or 'happy meal' strategy

The 'product-led' strategy works by providing people with a very clear and focused relationship usually based around a single product. This may be membership as with the National Trust and RSPB or it may be child sponsorship as with Plan UK and SOS Children's Villages. The benefit of this strategy is that it makes the fundraising process very simple and clear for both the supporter and the charity. No need for the complexity of an 'offer-led' strategy or the emotional pressure of endless appeals. Once somebody has signed up to membership or the equivalent, their banker's order or direct debit will be drawn, and their lifetime value will remorselessly increase. The complexity of this in practice often comes from the need to recruit new supporters and the need to co-ordinate the link between a supporter and their money. The name 'happy meal' comes from the 'McDonalds Happy Meal' product universally marketed to children under ten.

This strategy requires a good transaction process database for regular payment from people's bank accounts. It does not require the complexity of either the relationship-led or offer-led strategies. Feedback or information is important to keep supporters in touch with their money or their membership benefits.

Example – the Coastline Trust

The Coastline Trust has a membership scheme which allows all of its members into its properties for free. It has a complex membership structure for subscriptions from pensioners, couples, concessions and adults. Members are recruited face-to-face at properties and through regionalised doordrops particularly around popular properties. It focuses heavily on a standard membership and it is very difficult to give amounts over and above the standard. Membership is through direct debit and covenanted where ever possible. The organisation is reluctant to send out donations appeals, but uses legacy marketing for its older members. Membership is growing year on year partly due to the low attrition rate.

5. The offer-led (or shopping mall) strategy

The offer-led strategy is the natural evolution of both the donation-led strategy and the product-led strategy. Offer-led, as the name implies, offers supporters a huge range of options and ways of supporting. What comes through the letter box is an array of catalogues, appeals, newsletters and fundraising offers. One letterbox analysis of one major charity has seen the following offered through the post: donations, direct debits, raffles, payroll giving, a trading catalogue, credit cards, financial services, house to house collecting, a magazine, shop volunteering, gift aid and local talks.

This breadth of offers has a range of implications for any organisations wishing to operate such a strategy.

- The database needs to be an accurate receptacle for the breadth of information about individuals. It is damaging to send a credit card offer to somebody who already has one, or to send a lapsers appeal to someone who is an active shop volunteer. An offer-led strategy is often reached after an organisation has seen the proliferation of a variety of unconnected databases, which are then combined to provide a single source of database information.
- Once the database is unified the rules of name and data use need to be agreed. Usually the recruiter of a name has prior access, and mail or telephone windows are agreed throughout the year for use by different fundraising product managers. An independent database officer is often useful for ensuring data integrity and fairplay between divisions.
- In practice it is complex to run an offer-led strategy and the database officer also needs to ensure that inappropriate mailings are not sent to people, mailings do not clash and that the database is updated as soon as possible after an activity.

The great benefit of an offer-led strategy is that the sheer range of offers is likely to produce greater loyalty than a simple donation-led approach ever can. This is because the range of offers will allow people to self-select what matches their needs the most and so in effect the charity becomes different for each person as they take up or turn down what they are offered. Importantly money and time often may need to be equal currencies in this strategy as people who spend time collecting house to house may be worth as much as those who give money directly.

Example – Royal Society for Disabled Children (RSDC)

RSDC is a large children's charity with over 200 fundraisers in three separate divisions; national fundraising, regional fundraising and trading. The direct marketing department is in national fundraising. A three year project has just been completed to create one integrated database with records of all the different ways in which an individual can support the society. There are currently nine different fundraising or marketing requests sent to the database: donations, general direct debits, a branded committed giving scheme, membership, raffles, house to house collector recruitment, a trading catalogue, local volunteering, and credit cards. There is intensive competition between database users to be allowed access to names. This is controlled by a database administrator who is in the finance division and arbitrates in

the case of any disputes; the product of tensions is usually creative. The average supporter helps in 4.7 ways (out of the nine options) over five years with an average value of £150.



Building blocks of a non-profit relationship marketing strategy

This section examines the building blocks of the five supporter marketing strategies and shows how their importance differs between the five strategies. These differences are shown diagrammatically in figure 1.

Importance of an integrated contact database

A contact database is one in which the different ways a person supports a charity are recorded together. Anybody looking at the database can get a clear idea of the importance of the supporter and any other important relationships such as personal links with companies and trusts. A good contact database is important for the relationship-led strategy, in order to treat people right, and for the offer-led strategy, because of the breadth of offers.

Importance of transaction records

A transaction database records all the transactions that are needed to support the breadth of offers and communications to supporters. This means reconciling bankers order payments, initiating direct debits, processing gift aid claims, initiating membership renewals and so on. These transactions are vital if a membership system or any kind of committed giving programme is being run. Both the audience-led strategy and the offer-led strategy require good transaction processes for their fundraising offers.

The nature of staffing

Relationship marketing doesn't need many people to make it work compared to many other charity activities such as regional fundraising. Despite this there are human resource implications between strategies. The donation-led strategy has the least crucial staffing requirements with few people and often a high staff turnover. In contrast the relationship-led strategy needs a high degree of continuity since the relationship is as much with the people as with the cause; it is hard to be intimate if one half of the relationship keeps leaving. The offer-led strategy needs a breadth of staff to be the champion of each fundraising offer or product. These 'offer managers' may need to battle it out for access to the database and for recruitment investment and mailing schedules windows.

Use of agencies

The highest user of external agencies is the donation-led strategy. It needs agencies for creativity and strategy, and production suppliers for the logistics of getting a mailing to the door. The other strategies use fewer agencies, partly because they have a lower frequency of appeal, but also because less creative input is needed. In many cases, creative work is done in-house or the same treatments are adapted from previous years

Figure 1. Relationship between the five strategies and the variation in how the building blocks are used

	Building blocks							
Strategy	CONTACT DATABASE	TRANS-ACTION DATABASE	STAFFING	AGENCIES	SUPPORTER TURNOVER	FREQUENCY OF CONTACT	RANGE OF OFFERS	INFORMATION & FEEDBACK
Donation-led	Yes	Yes	Low number	High use	High turnover High recruitment	High	Narrow	Limited
Relationship-led	Yes	No	Low number Low turnover	Low use	Low turnover & quality recruits	Focused to relevance	Medium	Specific
Audience-led	No	Yes	Editorial & marketing	Variable	Medium turnover Unprompted recruits	Focused to key offers	Medium	Magazine/ Newsletter
Product-led	No	Yes	High support services	Low use	Low turnover Quality recruits	Feedback but limited overall	Narrow	Magazine/ Newsletter
Offers-led	Yes	Yes	Product Managers	Range	Medium turnover High cross-sell	High across product range	Broad	Specific

Level of supporter turnover

The rate of supporter turnover is partly dependent on the rate at which supporters are lost, and also by the rate at which they are replaced. As the name implies, the donation-led strategy has the highest supporter turnover or 'churn'. One simple measure of turnover is the time taken for half (or three-quarters) of a cohort of supporters to be lost. The faster the loss, the higher the volume of supporters needed to keep the database size constant. Many charities find that half of all new supporters recruited through donation-led never give again. This is not the case with product-led. For example, Plan UK's child sponsorship scheme which has over 100,000 child sponsors retains a high percentage of their original sponsors (with many sponsoring their second or third child).

The frequency of appeals

The frequency of appeal is also a key variable between strategies. Donation-led is usually based on one offer made very frequently. The relationship-led strategy doesn't necessarily use more offers, but adopts a lower frequency and a greater relevance through careful segmentation and targeting. The audience-led strategy varies in the frequency of appeal between organisations; medical charities tend to have a low frequency of appeal while single-issue charities often have a higher frequency of appeal.

The range of fundraising offers

The five strategies probably show the greatest variation in the type and range of fundraising offers they communicate to their supporters. In the donation-led strategy many supporters may only receive a request for a one-off donation (sometimes supplemented by direct debit) throughout the year. With the offer-led strategy, people will receive a host of offers. While with the product-led strategy people may receive only a few additional offers throughout the course of a year.

Project information and feedback

To a greater or lesser degree information is needed about a charity's services or projects by all the strategies outlined here. The main difference is that donation-led and relationship-led need information in order to elicit donations, whereas product-led and audience-led need information as much to keep people in touch as they do to create specific appeals. This creates a need for two kinds of information. Donation-led and relationship-led strategies require hard-hitting emotionally-charged case studies where a donation can be seen to make a real difference and funds raised may be offset against the specific project. Product-led and audience-led strategies, on the other hand, need information which is much less focussed, often used simply to tell people about how their money is being spent.

Conclusion

The purpose of outlining these five strategies is to demonstrate that there are a range of choices to be made at the strategic level in relationship marketing. Supporter marketing is not simply a matter of creating large numbers of compelling appeals to raise cash. The strategies match the competences and resources of different charities and this should help marketers to review whether the strategy they are currently employing matches the nature of the organisation they work for. It is all too common, for example, to find organisations employing a donation-led strategy when they should be pursuing one of the other strategies. Other organisations appear to simply send out to their supporters whatever fundraising offers come to hand without regard to the relative contribution to lifetime value each appeal will make.

By carefully examining the strategies and the building blocks from which they are built up, it is hoped that non-profit marketers will be able to improve their fundraising effectiveness and find a supporter marketing strategy that best matches their organisation and its fundraising needs.



nfpSynergy is a research consultancy for the not-for-profit sector. Our goal is to provide research information and knowledge to help non profits thrive. We do tracking research, focus groups and individual projects. We measure anything from effectiveness to advertising.

We run both syndicated monitors and individual projects for dozens of different charities, using a wide variety of research techniques.

We have also published a range of reports covering a variety of issues, which you can download from our website for free, including:

The 21st Century Donor

This report is the culmination of several years of work by nfpSynergy researching and understanding donors in a whole variety of guises.

The State of the Third Sector 2007

This is the first instalment of an annual survey carried out with Third Sector magazine, which will track the mood of the sector over time.

The 21st Century Volunteer

Our most downloaded report, which aims to help voluntary organisations understand the current volunteering environment and to anticipate how volunteering will change over the coming years.

Typical Young people – a study of what young people are really like today

Commissioned by the Scouts, this report is invaluable for any charities who work with young people.

Polishing the Diamond

Our popular and practical look at branding for charities. This was followed by 'Branding: the jeweller's story', which has more case studies and advice.

Mission Impossible

'Mission Impossible' brings together over 80 vision statements from a range of organisations in the charity and not for profit sector. We have added our own analysis and ideas on the way charities present their vision, mission and values.

nfpSynergy - our stakeholder syndicates

Our syndicated monitors provide lower cost, more frequent and more detailed research than any organisation could achieve by acting on its own.

The following are four of our most popular monitors:

- **Charity Awareness Monitor (CAM)** Nine times a year we ask 1000 representative members of the public about their awareness and understanding of charities. Over 45 organisations have signed up.
- **Charity Parliamentary Monitor (CPM)** MPs and peers are a key audience for many charities and pressure groups and our research helps establish how effective politicians think specific charities are.
- **Charity Media Monitor (CMM)** Journalists are gate-keepers to wider coverage of charities, so their opinions are critical to communications success. CMM provides a unique insight into the views of over 200 journalists hand-picked by subscribing charities.
- **Youth Engagement Monitor (YEM)** Young people (11-25) are a key group for many charities. YEM gives charities a cost-effective online insight into the way that charities are seen by young people.

nfpSynergy – our project portfolio

Projects arise out of the individual needs of organisations and so our response to each is different. Here are just two examples from our wide ranging project portfolio:

- **YWCA Supporter Survey.** The organisation was keen to gain a greater insight into its donor base, with particular emphasis on ascertaining what would increase the loyalty of existing donors. Particular emphasis was placed on gaining a deeper understanding of what type of work supporters felt most passionate about supporting; their comprehension of the work YWCA does and attitudes towards YWCA's communications.
- **Poverty in the UK for Save the Children.** In order to highlight publicly the issues facing families living in severe and persistent poverty and to enable Save the Children UK to make informed policy recommendations to the government, nfpSynergy was commissioned to conduct an original qualitative and quantitative research programme to strengthen its understanding of the lives of children and their parents living in poverty in the 4 UK countries.

For more information, visit our website at www.nfpsynergy.net