

Improving Retention Rate and Lifetime Value of Your Donors Through Monthly Giving

(DMAW Marketing Adverts, February 2003)

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Do you recognize this continuous struggle?

- * trying to obtain new donors
- * trying to keep them
- * trying to raise more money from them

Not an easy task.

It costs more and more money bringing donors in, only to see more than half of them “run out the back-door” after a year. Currently, the average life span of a donor or member is less than 4 years and declining.

So: is there a solution for this dilemma? Yes, there is!

Ask your donor to become a sustainer (monthly giver), automatically through the donor’s checking or credit card account.

Starting a monthly giving program has a number of advantages:

- The donor becomes more loyal to the organizations as he/she trusts the charity with his/her account number and he/she becomes part of a special group.
- The donor needs to take action to stop the automatic deductions. so once you have’em, you keep’em!
- The organization can plan on the money being there.
- Lifetime value improves considerably. Drop-off rates tend to be highest in the first year, but, after that, virtually nil.

- Upgrading the monthly gift becomes easy.
- Contrary to some belief, sustainers tend to easily give an additional donation on top of their monthly gift. In fact, they are often the most responsive group of all members mailed.
- Sustainers tend to be donors who are able to give small gifts now but leave big bequests later so the long-term potential is huge.

A monthly giving program keeps on growing with little investment once the sustainer has been brought in

There are several low-cost ways to acquire monthly givers, especially through inserts in donor campaigns. Part of the message for sustainers is that it is easy and convenient for the donor and that it will save the organization money: no checks to be deposited, no stamps necessary, regular income for the charity.

The internet is often the easiest place to start. A donor who gives on-line can be asked to make the gift one-time or recurring and that's all there is to it (other than the handling at the back-end of course).

Come up with a special name for this special group of loyal donors and tie it in with your mission. Use a small premium as an incentive and offer a special recognition certificate and see what happens.

Think long term. It may take a few asks before the donor converts to a sustainer. If the organization is willing to grow the program quicker, special appeals and telemarketing follow-ups are the best way. Start with your multiple givers. However, these campaigns may not break even in the first year, mainly because not all the money comes in that fiscal year but flows into the next.

Bear in mind that once you have 'em you keep 'em, so it is worth the investment.

The bottom line of monthly giving: it is a cost-effective way to improve the retention rate of your donors and improve their lifetime value. The program will keep on growing and growing.... But if you don't ask, you're not going to get them and the struggle continues.

