Mining for Gold: Analyzing Your Donor Database

In previous Topics of the Month, we have discussed the importance of establishing and maintaining a donor database and reporting to donors. Once your database is established and you are consistently reporting to your donors, the next step is to analyze giving histories and patterns to begin solidifying your fundraising strategies.

This Topic of the Month will highlight how and why you should analyze your database. It is important to remember that current donors are your best fundraising prospects for future and increased donations. Taking time to analyze the content of your database really is like mining for gold.

The analysis outlined below should be completed on each main segment of your database: foundations, corporate donors, and individual donors. Since most nonprofit organizations have more individual donors than any other type, the analysis highlighted in this paper will focus on mining the individual donor base.

Donation Trends
As you begin to analyze your data, it is often helpful to benchmark your findings in each category and compare your results to similar organizations. Information about industry standards can be found in the current year’s Giving USA report. When you look at over-all giving, you will want to analyze the following:

1. **Over-all increase or decrease in annual donations.** Begin by looking at your total giving by year, and compare your current year’s giving to previous years. Ideally, your annual giving should be increasing each year. If it is not, you need to consider implementing strategies designed to increase the total number of donors and the average donation. In addition, you can compare your total annual donations to a report such as The Giving USA summary, which will indicate the percentage that giving has increased (or decreased) to various types of organizations from one year to the next.

2. **Total giving by month.** At the same time, determine the total amount of funds that you are raising from individuals each month. It is helpful to plot this data on a graph or in an Excel spreadsheet so that you can visually see the peaks and valleys of giving cycles. Most organizations have some sort of seasonal donor pattern, such as an increase in giving at year-end. Once you have a good idea of your giving patterns by month, you can enhance your development strategy by adding appeal letters or email campaigns in the months when you historically receive fewer donations. Strategies like this can help make your donations more consistent from month to month, which will assist with cash flow planning.

Average Gift
Most databases, or even an Excel spreadsheet, will allow you to look at over-all giving by type of donor: foundations, corporations, or individuals. You can determine the average gift by simply dividing the total amount of funds raised by each type of donor by the total number of donors in each category. The average gift in each category should again be compared to industry standards.
It is also important to determine the average gift for each different type of appeal (in-person asks, direct mail, online giving.) This can help you determine the efficacy of your appeals, and this data can be used as you plan future fundraising strategies and communication pieces.

In addition, calculating your average gift determines a good “price point” for your organization. Your giving opportunities should encourage people to give slightly more than the dollar amount at which many of your donors are comfortable giving. For example, if your average gift is $100, consider asking people for gifts of $125.

Lastly, you may also want to determine the average gift of someone who gives once (single donor) versus someone who gives multiple times in the same year (multiple donor). As an example, the 2012 e-Benchmark survey indicated that while the average online gift was $20 for one-time donations, the average online gift for an individual giving once a month was $62. Individuals who give more than one time a year tend to be committed to your organization and will usually donate more through each gift and on annual basis than someone who gives once a year.

**New Donors and Retention Rates**
Organizations are always excited about new donors, and this is definitely a statistic that should be measured. You typically want to increase the number of new donors to your organization year after year. If your software does not provide this statistic, simply sort on donations by name of donor to see how many people gave a gift in the current year but not the past year.

Retention is the percentage of donors who give in one year who give again the following year. A donor retention rate should be 50% or higher. Since it typically costs an organization more to recruit a new donor than to retain a current donor, it is critical for an organization to know its retention rate. Donor retention rate also points to whether or not an organization is effectively communicating with and engaging its donor base. If you have a high number of donors who give in one year but not the next, it is time to take a look at how you acknowledge, engage and communicate with your donors and consider increasing your efforts in those areas.

**Lapsed Donors**
Every organization has a certain percentage of donors who give one year but don’t give the next year. The good news is that many of these donors may give – if asked again – in another year. Most donor databases will have a LYBUNT (Last Year But Unfortunately Not This Year) or SYBUNT (Some Year But Unfortunately Not This Year) report feature. The LYBUNT is a great way to identify current lapsed donors. An organization can follow-up with a portion of the lapsed donors to determine why they chose not to give again. This can be done through a donor survey or a simple follow-up phone call. You may be surprised by the number of donors who simply forgot to give a gift in the current or thought that they already had.

The SYBUNT report can help an organization determine normal giving patterns for its donors. For example, organizations often ask us how long they should keep a non-responsive individual on their mailing list. We first recommend that they look at their SYBUNT report. If you have a large portion of donors who gave in one year and then gave again two years later, you know these donors have a giving cycle of three years and should be kept on the mailing list for no less than three years. Some organizations, particularly those with an older donor base, may find that three or four years elapse between donations. For these organizations, it is important to keep lapsed donors on your mailing and email distribution lists for a minimum of five years. In each scenario, the largest amount of donors in each type of category should be used to determine how long individuals are kept on the mailing lists.
Other Trends

Small, Frequent Gifts
Individuals who make small donations over a number of years are typically excellent candidates for planned giving. As you look through your database, make sure that you note anyone who has a pattern of consistent giving. This loyal giving pattern can indicate that the donor would consider making a legacy gift.

Most Recent Gifts
It is also important to look at the trend of recent gifts. If someone has donated to your organization over a period of three years, is their last gift higher or lower than their first gift? Is their last (most recent) gift higher or lower than the previous gift? Since the long-term goal of fundraising is to help a donor become more engaged in your organization, gifts should increase. If they are decreasing, it could be a sign that you need to improve your communication or direct contact with your donor base.

With the data received from this analysis, you can determine which donors can be asked again and which individuals can be asked to make a larger gift. In addition, the data you collect on response rates, lapsed donors and other trends can be tracked quarterly and annually to help indicate the success of your various fundraising strategies. Additional information for how to develop a successful donor strategy can be found on Cathedral’s website.

Additional Information
2. An overview of giving trends between online and offline (direct mail) donations, including an assessment of the importance of incorporating both email and direct mail initiatives in fundraising strategies can be downloaded at: https://www.blackbaud.com/files/resources/downloads/WhitePaper_MultiChannelGivingAnalysis.pdf
3. A comprehensive study of email on online giving, including donor trends, can be downloaded after registering for free: http://www.e-benchmarksstudy.com/

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