Northern Illinois University

Your Future, Our Focus

Donor Recognition and Appreciation: Strategies from Local Organizations

Alicia Schatteman
May 16, 2019
Dear Mr. Schatteman,

Thanks for joining The Morton Arboretum. You are now helping us to provide beautiful landscapes and programs that inspire and educate our visitors. You are also helping with tree research and work to improve the environment.

Visit often!

Sincerely,

[Signature]

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Thank you
for being a member
of The Morton Arboretum.

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Cycle of Fundraising

1. Identify Prospects
2. Educate, Cultivate, Involve
3. Ask
4. Thank and Recognize
5. Involve More Deeply

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### Main Reasons for Donating

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am passionate about the cause</td>
<td>59%</td>
</tr>
<tr>
<td>I know that the organization I care about depends on me</td>
<td>45%</td>
</tr>
<tr>
<td>I know someone affected by their cause</td>
<td>33%</td>
</tr>
<tr>
<td>Moved to donate in response to an event in the news</td>
<td>18%</td>
</tr>
<tr>
<td>To memorialize someone</td>
<td>16%</td>
</tr>
<tr>
<td>Someone I know directly asked me to donate</td>
<td>16%</td>
</tr>
<tr>
<td>Awareness through ads/communication</td>
<td>13%</td>
</tr>
<tr>
<td>As a gift to a friend or loved one (birthday, retirement, etc.)</td>
<td>8%</td>
</tr>
<tr>
<td>Saw a post on social media</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

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The Research

What is stewardship?
• Comprised of four strategies:
  — Responsibility: actions of a socially responsible manner
  — Reporting: meeting legal and ethical requirements of accountability
  — Reciprocity: demonstrating the organization’s gratitude for support
  — Relationship nurturing: understanding the importance of supportive publics and keeping them central to the organization’s values

(Kelly 2001)
Responsibility

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The Donor Bill of Rights

- To be informed of the mission and how funds will be used
- To be informed of who the board is and expect the board to be responsible
- To have access to financial statements
- Assurance that gifts are used for the purposes for which they are given
- To receive appropriate acknowledgement and recognition
• To be assured of confidentiality and respect
• To expect professional relationships
• To be informed whether solicitors are volunteers, staff or hired solicitors
• To have the opportunity of anonymity and to be deleted from “lists”
• Ability to ask questions and receive prompt and truthful answers
Fiduciary duty
• Inform their stakeholders about their successes and failures
• Annual reports, websites, newsletters, fundraisers
• Go beyond what you MUST do (IRS, audited financial statements)
• Hand out checklist
Reciprocity
• Listening to different stakeholders
• Volunteer or donor spotlights
• Listing sponsors or community partners (if they wish to be recognized in this way)
Thank you!

- Thank a minimum of 7 times
  - At the end of the solicitation
  - Follow up phone call
  - Informal note from staff
  - Formal letter from Chair of the Board
  - Press release
  - Private invitations to events
  - Show the donor the work being done
  - Offering naming opportunities
  - Small gifts or tokens of appreciation
Thanks you Only

- "sixty-one percent of donors say they've received a request for a second gift with their 'thank you.' 81% have been offended by this" (Burnett, 2002, p. 86).
Relationship Nurturing
• Initiating and/or participating in conversations with various stakeholders (including the use of social media)

• Expand current involvement of individuals or stakeholders into long-term relationships with the organization through solicitations, volunteer recruitment, opportunities to take action to support the organization’s mission
## Does recognition matter?

<table>
<thead>
<tr>
<th>Reaction to Recognition</th>
<th>Would Love to Receive</th>
<th>Wouldn't Mind Receiving</th>
<th>Wouldn't Matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personalized thank you note sent to my home</td>
<td>26%</td>
<td>41%</td>
<td>25%</td>
</tr>
<tr>
<td>Personalized thank you email</td>
<td>25%</td>
<td>44%</td>
<td>23%</td>
</tr>
<tr>
<td>Sent me information about specific programs related</td>
<td>20%</td>
<td>42%</td>
<td>26%</td>
</tr>
<tr>
<td>A small gift</td>
<td>17%</td>
<td>24%</td>
<td>35%</td>
</tr>
<tr>
<td>Personalized gift with a photo of you participating with</td>
<td>17%</td>
<td>21%</td>
<td>36%</td>
</tr>
<tr>
<td>Sent me a happy birthday note</td>
<td>16%</td>
<td>28%</td>
<td>36%</td>
</tr>
<tr>
<td>Sent me a thank you note via text/SMS</td>
<td>16%</td>
<td>29%</td>
<td>28%</td>
</tr>
<tr>
<td>Recognition of your work anniversary</td>
<td>15%</td>
<td>25%</td>
<td>39%</td>
</tr>
<tr>
<td>Personalized thank you phone call</td>
<td>14%</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>Public recognition of your donation</td>
<td>12%</td>
<td>17%</td>
<td>42%</td>
</tr>
</tbody>
</table>

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Personalization matters

HOW PERSONALIZATION MAKES DONORS FEEL

71%  
Personalization makes me feel more engaged

15%  
Personalization makes me feel less engaged (it’s a little creepy)

14%  
Don’t know

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## Impact of Generation

### Generational Breakdown

<table>
<thead>
<tr>
<th>Generation</th>
<th>Average # of nonprofits supported</th>
<th>Median donation (annually)</th>
<th>Be motivated by passion for a cause</th>
<th>Be motivated that org relies on donations</th>
<th>Preferred donation method</th>
<th>Prefer short emails or letters</th>
<th>Preferred frequency of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>MILLENNIALS 1981-1997</td>
<td>3.7</td>
<td>$238</td>
<td>63%</td>
<td></td>
<td>[39% ONLINE] 31% - Check</td>
<td>✓</td>
<td>2x per month or more</td>
</tr>
<tr>
<td>GEN Xers 1965-1980</td>
<td>3.4</td>
<td>$465</td>
<td>62%</td>
<td></td>
<td>[41% ONLINE] 38% - Check</td>
<td>✓</td>
<td>Monthly or more</td>
</tr>
<tr>
<td>BOOMERS 1946-1964</td>
<td>4.1</td>
<td>$478</td>
<td>51%</td>
<td>52% CHECK 41% - Online</td>
<td>✓</td>
<td>Quarterly or more</td>
<td></td>
</tr>
<tr>
<td>MATURES 1945 or earlier</td>
<td>5.5</td>
<td>$683</td>
<td>65%</td>
<td>65% CHECK 31% - Online</td>
<td>✓</td>
<td>Quarterly or less</td>
<td></td>
</tr>
</tbody>
</table>

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• According to the [2016 Fundraising Effectiveness Report](https://example.com), the average donor retention rate in 2015 was 46%, roughly the same for the last decade.

What drives donor loyalty? What compels donors to give in the first place and what makes them come back to support the organization again?
SHOCKING NEWS

29% of nonprofits do nothing when a donor lapses.
• The key to building donor loyalty is recognizing the need people have to feel like a part of the larger whole as an individual.

• It means recognizing the unique preferences and goals of your donors.
DONOR CENTERED FUNDRAISING

How to hold on to your donors and raise much more money

Penelope Burk

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• You ask them. Imagine if you asked questions related to the information above to all your donors, so you know things like:
  – What drove you to support our organization?
  – How do you want to be involved?
  – Do you like to receive personalized communication?
  – What kind of impact do you want to make?
Who's in the Driver's Seat?
Emotional Connections
Considerations

• Authenticity and sincerity
• Timely
• Interesting or unique approach
• Genuine appreciation
• Donor loyalty
Measuring Donor Satisfaction

- Measure regularly based on the organization’s unique communications and donor interactions
- Need a baseline score so you can strategize about how to improve
- This can be part of your fundraising plan!
Why?

- High costs to acquire new donors
  - *Estimate that nonprofits will spend $1.50 for every $1 raised from new donors, while only spending $0.25 for every $1 raised in renewals.*

- Lost opportunities to have them support you in other ways or in larger amounts

- Loyal donors or vocal supporters and get others to support you

- Loyal donors are the best prospects for bequests
Do loyalty incentives work?

Fields of psychology and behavioral economics

• “The discussion should not be whether incentives negatively affect contributions but when incentives do and do not work.”
Economics Thesis 2016

• Evidence that both the possibility of acquiring prestige and the desire to avoid shame motivate individuals to give in recognition situations.

• The *possibility* of being recognized is more important than the distinguishing value of that recognition, suggesting that an offer of recognition has greater power to increase charitable contributions when a larger proportion of donors will be recognized.
• Donor communication, segmentation, reporting and recognition have a positive and a significant effect on overall organizational financial sustainability
Reasons for Ending Support

1. No longer felt personally connected
2. Too frequent solicitation
3. Organization not fulfilling mission
4. Lack of finances
5. Misled public
6. Management of assets
7. Inaccurate recordkeeping of donations