



Trust Your Data, Not Your Instincts

2016 AMMC Conference

Presented April 13, 2016



Here with you today...



Allison Porter
President
Avalon Consulting Group



John Perell
*Director of Direct Response and
Shared Services*
Smithsonian Institution



Kerri Kerr
Senior Vice President
Avalon Consulting Group

Which one won?

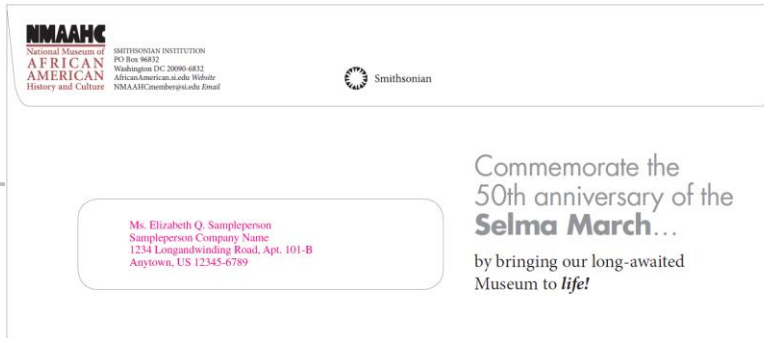


A



B

Which one won?



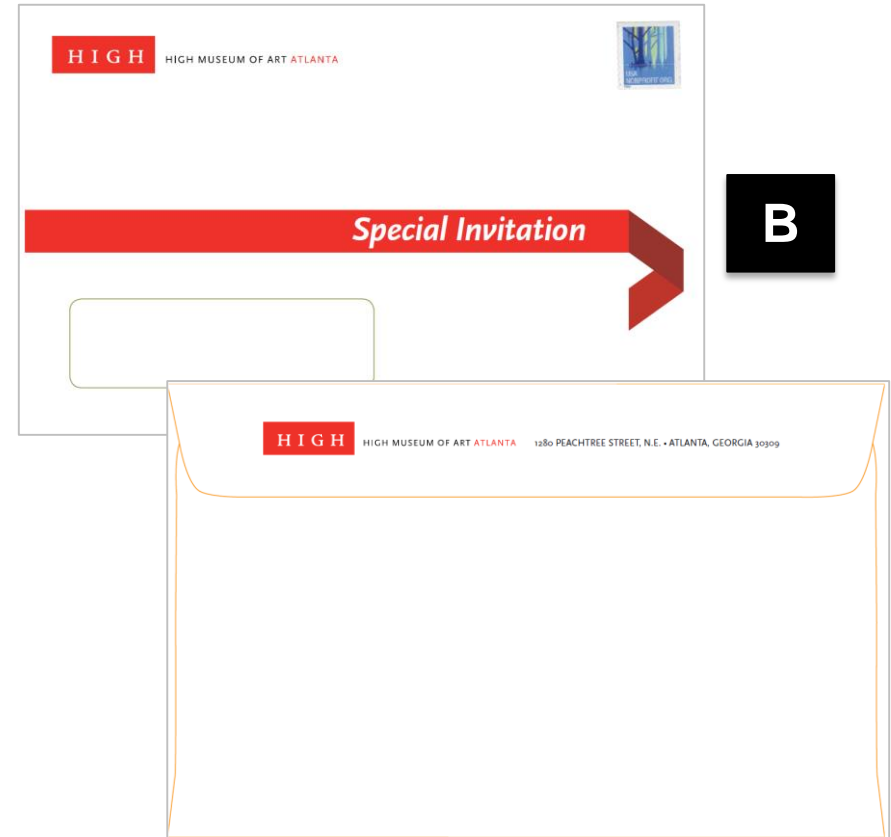
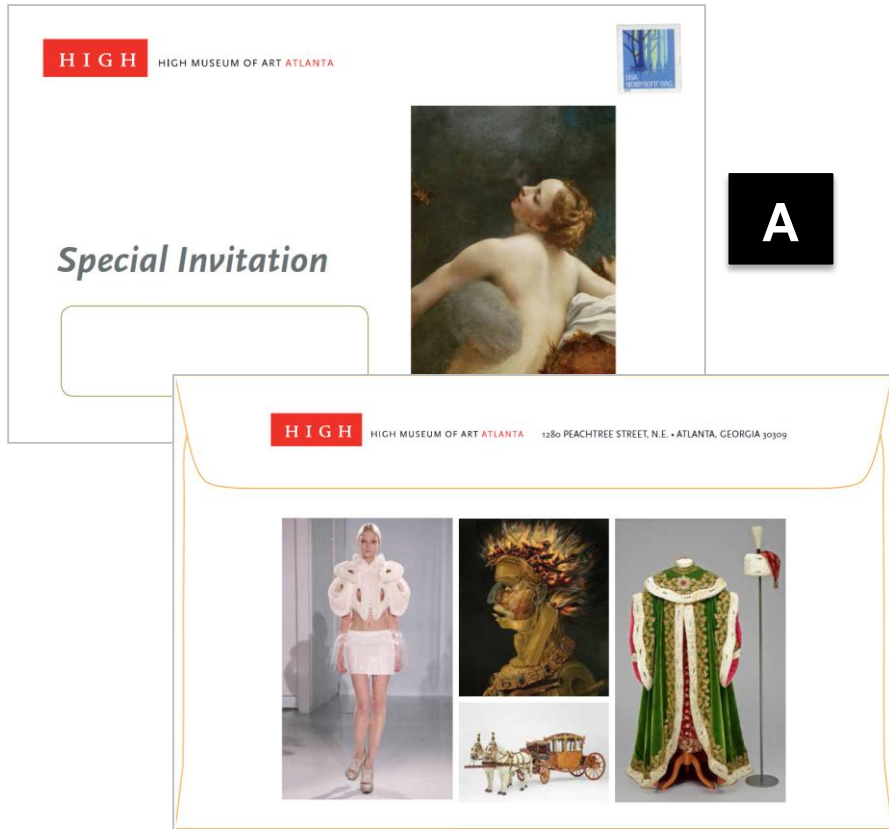
A



B



Which one won?



Introduction

*If we just trusted our instincts,
marketers probably wouldn't use
the data-driven best practices
we've come to rely on.*

Introduction

In today's session

Confirming all assumptions with data, from top-level trends to individual campaign performance.

Dispelling myths through testing or other sources.

Accessing the data needed to strategically guide our programs.

Three-pronged approach: *using data to guide your program*

Industry-level

- Using readily available benchmarking reports.

Program-level

- Creating donor level metrics to provide information about the profile of your program.

Campaign-level

- Developing a solid testing plan to guide campaign level strategy.

INDUSTRY-LEVEL INFORMATION

Industry-level trends: *using data to confirm assumptions*

Many industry-level data points exist to confirm or dispel common myths:

Overall Trends

- *Should we be raising more money online?*
- *Should we be acquiring more millennials?*

Benchmarking

- *Is my program “normal” and how do we stack up against other organizations?*

Industry trends: *direct marketing fundraising*

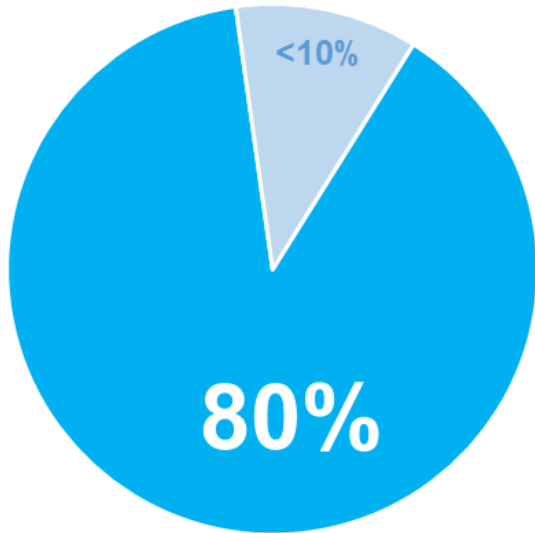
Top-level industry trends will provide guidance on how organizations are raising money, specifically when it comes to questions about online fundraising.



Online up 9.2% in 2015.

Source: Blackbaud 2015 Charitable Giving Report

Industry trends: *direct marketing fundraising*



**Less than 10% of giving is online.
Direct mail is 80%.**

Source: Blackbaud's 2014 State of the Not-for-Profit Industry Report

Industry trends: *who is giving?*

“Should we be raising money from younger donors?”

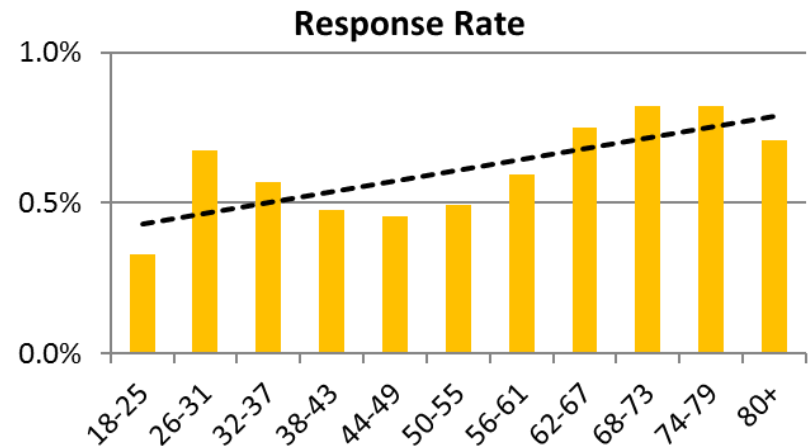
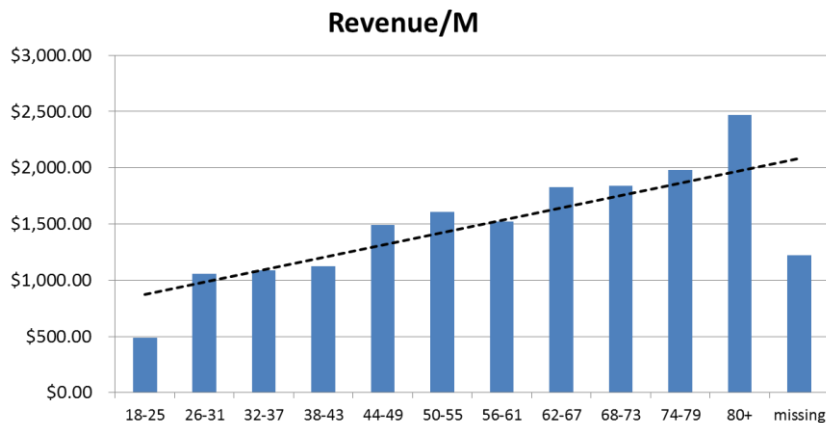
Readily available industry reports can illustrate the age trends at a top level.

Younger donors (under 40) don't respond well to direct marketing. Typically they need to “grow” into being a donor.

The long-term value of “millennials” does not compare to that of older donors – the upfront cost is too much to offset with future revenue.

Industry trends: *who is giving?*

Using age overlay information, analyzing productivity in appeals and acquisition can illustrate the impact of older donors.



Industry Benchmarking

Using readily available benchmarking reports allows for comparison to the industry and individual sectors.

Target Analytics®

Provides quarterly industry updates and offers individual organization benchmarking.



Provides annual online benchmarking tools.

blackbaud®

Provides online and other benchmarking information.



Provides industry-level trends and insights.

PROGRAM-LEVEL METRICS

Program-level trends: *creating donor-level metrics to illustrate areas of opportunity*

Analyze your file to confirm assumptions, dispel myths, and answer key questions.

What is my retention rate and is it healthy?

Where are my major donors coming from?

How old is my member base?

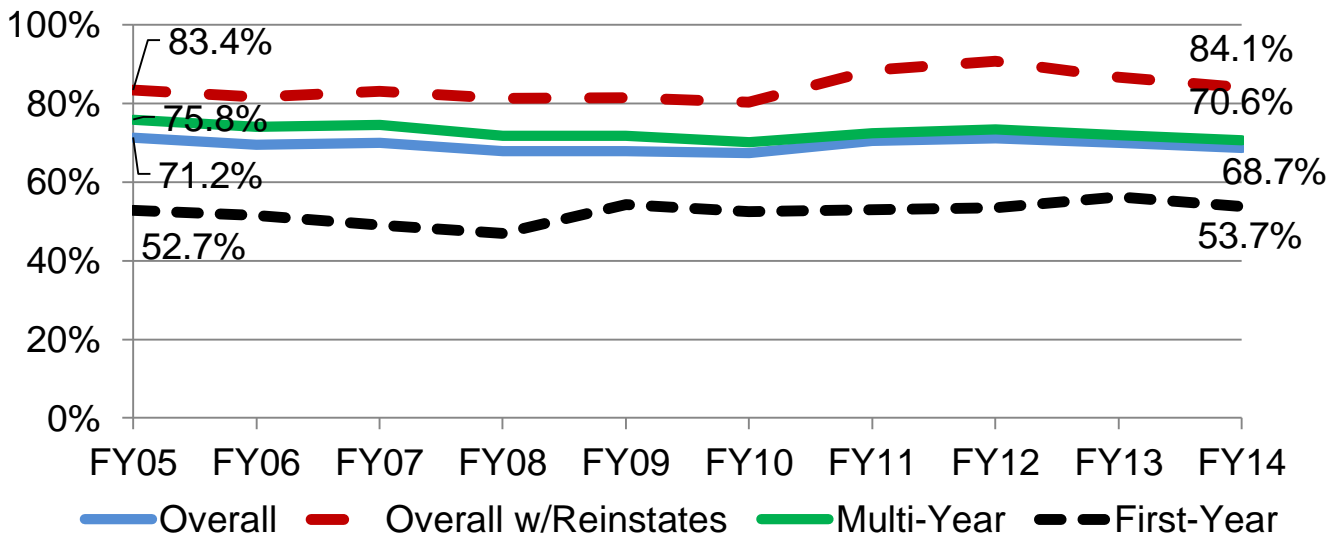
Are my members giving to other organizations?

What is the break-even point for my acquisition program?

Friends of the Smithsonian: *Reviewing key metrics*

Reviewing key metrics like retention can provide insight into the health and stability of the file:

✦ If problems exist, this view can also help identify downward trends.

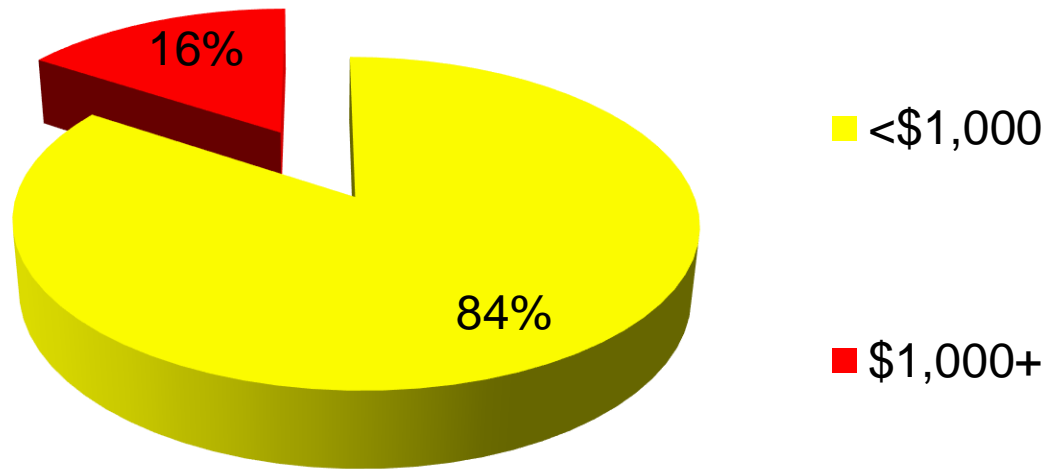


For the *Friends* program, retention is overall very strong!

Friends of the Smithsonian: *Major Donor Pipeline*

Analysis of \$1,000+ members by join level illustrates that 84% started below that level.

✦ For many organizations, the direct marketing program provides a strong pipeline to the major giving program.



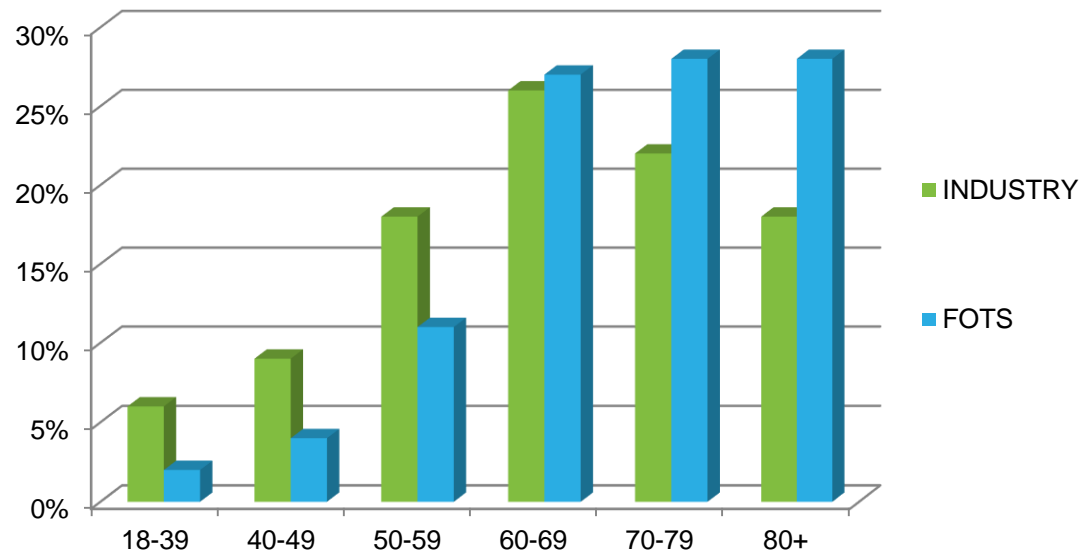
Average time to upgrade is 8-9 years for most programs.

Friends of the Smithsonian: *Age profile*

Performing an age append can answer the often-asked question “how old are our members?”

☀ For Friends of the Smithsonian, members skew older than the industry profile.

☀ Generally speaking, direct-marketing responsive members are older, and younger groups will “grow into” giving.



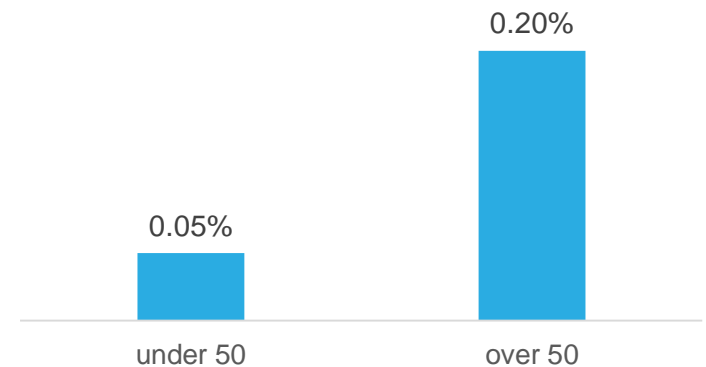
Using age as a segmentation tool

For one performing arts organization, appending age provided useful information to boost performance for a prospect “ticket-buyer” universe.

- ✦ Segmenting “age 50+” from “under age 50” led to a response rate that was 4 times higher for the older group!

Using age information has helped the organization increase the productivity of its acquisition mailings by removing younger prospects, therefore saving on expense.

Response Rate using Age



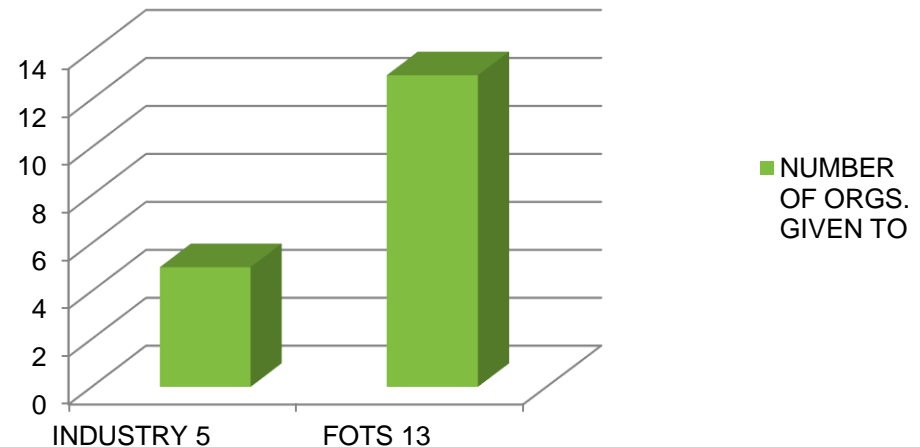
Friends of the Smithsonian: *Giving profile*

Overlaying the number of other organizations your members give to provides insightful information:

✨ For Friends of the Smithsonian, members are very philanthropic and give to many other organizations.

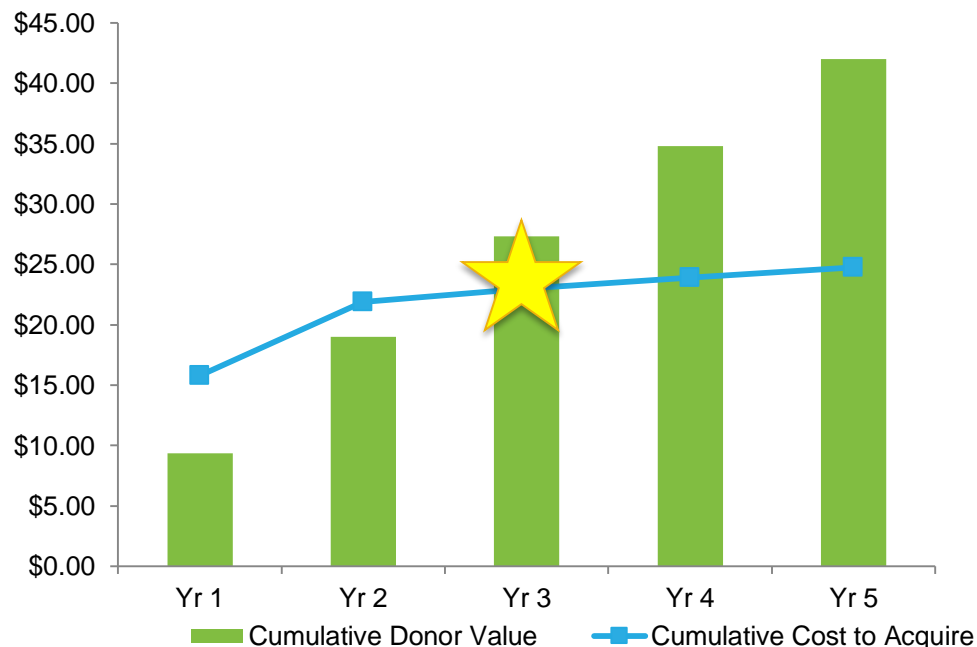
This view highlights competition in the mailbox but can also serve as a reminder: *members do not belong to any one organization.*

NUMBER OF ORGS. GIVEN TO



Estimating the break-even point for acquisition

Calculating the break-even point for your acquisition program can provide a comparison to the industry as a whole.



3-5 years to break even is considered strong by industry standards!

Quantitative and Qualitative analysis

Focus groups and member surveys can answer questions like:

What messages and topics do our members respond best to?

Why do my members give to my organization?

What are key sources of information for my members?



Quantitative and Qualitative analysis

*Rather than using guesswork or anecdotal feedback, **quantitative and qualitative information** can give real information and remove assumptions.*



Note: Don't take this analysis at face value – use it to inform your testing strategy!

CAMPAIGN-LEVEL DATA

Campaign-level trends: *using testing to guide your program*

When in doubt about the best techniques for your direct marketing program, test to create the data-driven answers you need.

Testing is essential to a healthy, productive direct marketing program.



Campaign-level trends: *using testing to guide your program*

Each organization is different and not all best practices are universal.

Use testing to determine what works for your organization.

Test making incremental or large changes, seeing their impact, while minimizing overall risk.

Testing helps find ways to improve performance, can save money and improve the bottom line.

How to set up your test

To ensure valid testing results, it is important to follow the guidelines below:

Choose tests where there is a “reason to believe” the change will improve the campaign.

- What information informs the testing decision?

Test one element at a time to isolate the impact of the variable change.

- Carrier? Copy? Ask string?

Ensure the goal of the test is clear – what will be the measure of success?

- 20% lift in response rate? 10% lift in average gift? 15% reduction in cost?

Ensure the statistical significance of your test – use a sample size calculator to accurately project your panels.

How to measure your test

It is important to accurately read the results of your test, beyond just “eye-balling”:



A difference in results may be insignificant and within the margin of error.

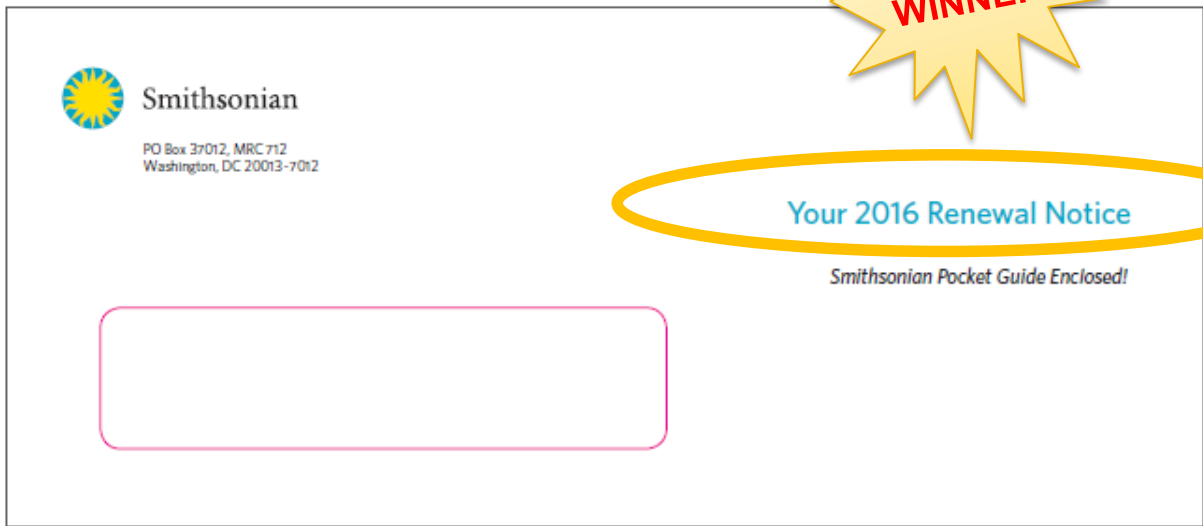


Use a calculator designed to identify significant differences before determining a winning test.



Use roll-out costs to extrapolate the true impact of the test at full quantities.

Testing to boost response

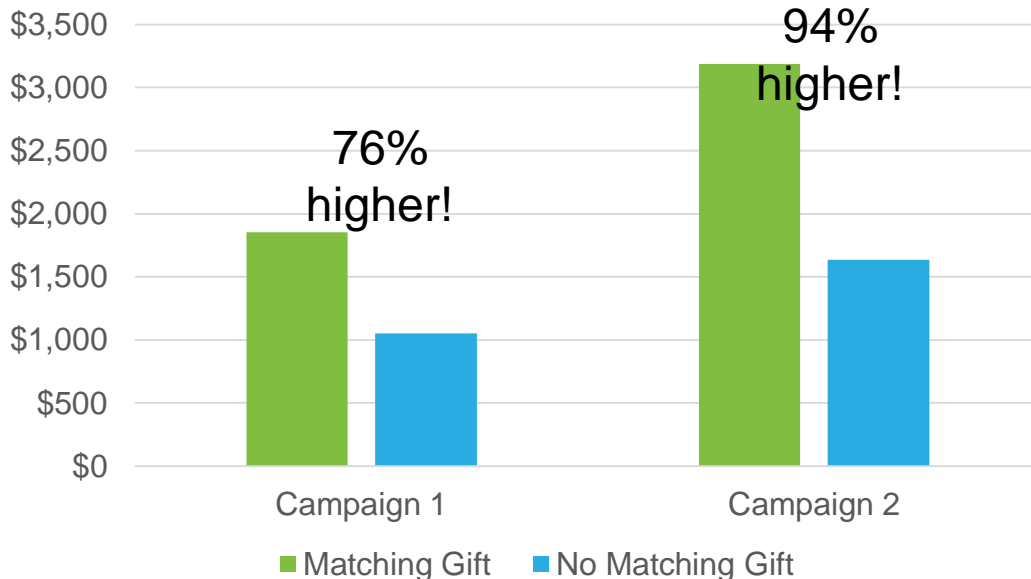


30% increase in response rate, and 20% lift in average gift!

Testing to boost response

For many organizations, testing the inclusion of a matching gift can dramatically raise revenue/thousand.

Matching Gift Testing



Testing to raise average gift

The John E. Kennedy Center for the Performing Arts

OPERA HOUSE

MEMBERSHIP ACTIVATION TICKET

With your Membership contribution

Box 14

MEMBERSHIP

22% increase
in average gift
without
lowering
response rate!

YES! I want to become a Member! Please accept my contribution of:

\$50 ~~\$60~~ Sustainer *fully tax-deductible*

\$120 Contributor *\$80 tax-deductible*

\$300 Donor *\$166 tax-deductible*

\$600 Sponsor *\$414 tax-deductible*

\$1,200 Patrons' Circle *KC/WNO - \$936 tax-deductible*

\$3,000 Golden Circle *NSO - \$884 tax-deductible*

..... *KC - \$2,502 tax-deductible*

..... *NSO - \$2,450 tax-deductible*

..... *WNO - \$2,394 tax-deductible*

Please designate my gift to (select one):

Washington National Opera at the Kennedy Center

National Symphony Orchestra

All Kennedy Center programs (including WNO and NSO)

I do not wish to receive any benefits in order to deduct my full contribution (Contributor level and higher).

My company will match my gift. I have enclosed the appropriate form.

YES! I want to become a Member! Please accept my contribution of:

\$50 \$60 Sustainer *fully tax-deductible*

\$120 Contributor *\$80 tax-deductible*

\$300 Donor *\$166 tax-deductible*

\$600 Sponsor *\$414 tax-deductible*

\$1,200 Patrons' Circle *KC/WNO - \$936 tax-deductible*

\$3,000 Golden Circle *NSO - \$884 tax-deductible*

..... *KC - \$2,502 tax-deductible*

..... *NSO - \$2,450 tax-deductible*

..... *WNO - \$2,394 tax-deductible*

Please designate my gift to (select one):

Washington National Opera at the Kennedy Center

National Symphony Orchestra

All Kennedy Center programs (including WNO and NSO)

I do not wish to receive any benefits in order to deduct my full contribution (Contributor level and higher).

My company will match my gift. I have enclosed the appropriate form.

Most popular level!

Testing to save costs

NATIONAL MUSEUM OF THE AMERICAN INDIAN
SMITHSONIAN INSTITUTION
P. O. Box 96836
Washington, DC 20090-6836
www.AmericanIndian.si.edu

WINNER

5B

Important Survey on Cultural Stereotypes

Important Survey on Cultural Stereotypes

recycled paper

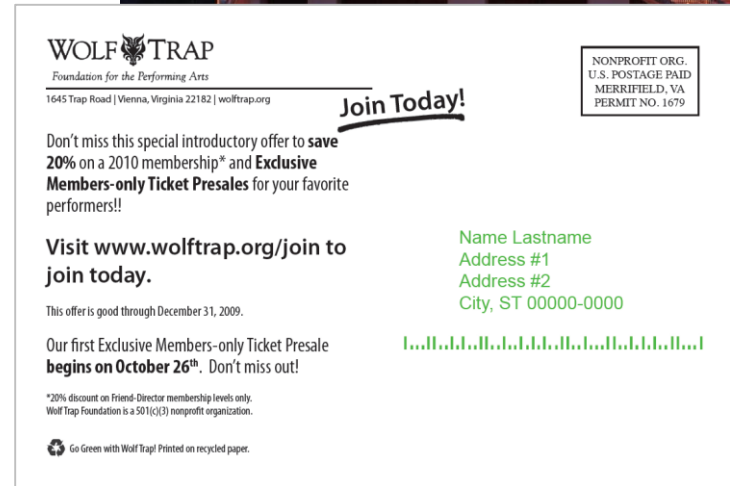
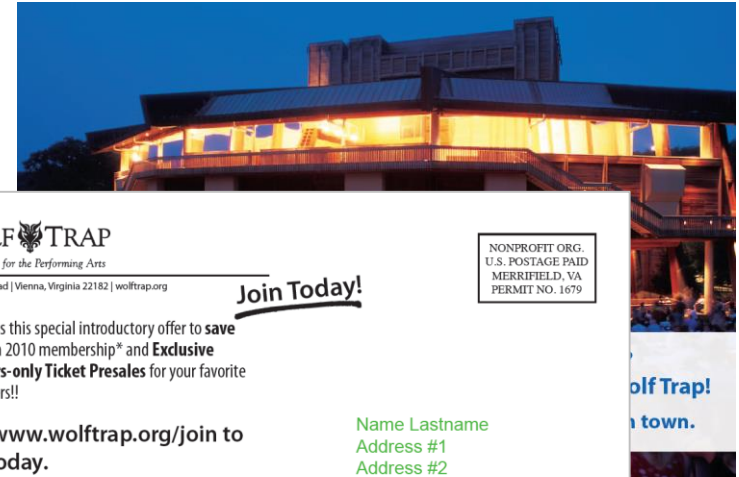
Higher response rate (10%) and average gift (8%), AND lower cost!

Testing: *What you think may work often does not...*

6x9 Package



WINNER



Postcard

518% higher response rate!

Testing: What you think may work often does not...

WINNER

2015 MEMBERSHIP SURVEY

NON-PROFIT US POSTAGE PAID SMITHSONIAN INSTITUTION NATIONAL MUSEUM OF THE AMERICAN INDIAN

RESPONSE DEADLINE: MARCH 31, 2015

Survey Recipient:

NMAI 1-15 Survey Appeal - PS #50708
Pkg 2 (B - Test) - Qty: 23,757
Maidate: 1/23/2015
Std NP - Commingle - India

POLY 1-1/8 x 4-1/2
7/8L 5/8B

2015 MEMBERSHIP SURVEY

Survey Participant: NMAI 1-15 Survey Appeal - PS #50708
Participant Codes: 999999999999 CO315SAMPLES

Your response will remain confidential.

- Part of the Museum's mission is to "advance knowledge and understanding of Native Americans in the Western Hemisphere." Given the pervasiveness of stereotypes and myths about Native Americans, how important do you think it is to continue prioritizing this aspect of our mission?
 - Very important. Entire generations have no accurate understanding of who we are and how they have shaped our world.
 - Not important. It doesn't matter that a false history has been written and passed down that misrepresents and omits Native people.
 - Not sure. Please explain _____
- How do you feel about the use of Native imagery in sports mascots and consumer items like Jeep Cherokee and Red Man Chewing Tobacco?
 - Fine. Native names and mascots honor American Indians.
 - Offended. You don't need to be a Native person to realize that naming consumer items after American Indians and creating mascots that perpetuate stereotypes is offensive and wrong.
 - Not sure. Please explain _____
- When it comes to the growing debate about racist stereotypes of Native people in American sports, do you believe the Museum should provide a voice in the national conversation?
 - Yes. The Museum is the only national institution dedicated to fostering understanding about the history and present-day circumstances of Native people. It should use its expertise to influence and inform this important discussion.
 - No. It is not appropriate for the Museum to play a role in this conversation.
 - Not sure. Please explain _____
- Which aspects of Native American culture are the most interesting to you? Check all that apply.

<input type="checkbox"/> History	<input type="checkbox"/> Music and dance	<input type="checkbox"/> Literature
<input type="checkbox"/> Art	<input type="checkbox"/> Clothing/Jewelry	<input type="checkbox"/> Native cuisine
<input type="checkbox"/> Language	<input type="checkbox"/> Native spirituality	<input type="checkbox"/> Contemporary Native culture
- Have you had an opportunity to visit the Museum's newest exhibition, *Nation to Nation: Treaties Between the United States and American Indian Nations*?
 - Yes
 - Not yet

PO Box 9458 | Washington, DC 20009-0458 | www.AmericanIndian.si.edu | NMAI@si.edu

6% higher response rate,
5% higher average gift!

Testing: What you think may work often does not...

Test package

Friends of the Smithsonian
Contributing Membership
PO Box 37012, MRC 712
WASHINGTON, DC 20013-7012

You can HELP CHANGE THE WORLD.

Yes! I want to help tell America's story, spark discovery, inspire lifelong learning and engage people everywhere as only the Smithsonian can by joining *Friends of the Smithsonian* with a gift of:

\$55 Scholar (regularly \$75) \$90 Archivist (regularly \$150) \$195 Researcher (regularly \$250)
 \$425 Curator (regularly \$500) \$850 Castle Circle (regularly \$1,000)

Please make your check payable to Friends of the Smithsonian and return your contribution with this form in the envelope provided. To charge your contribution, please see reverse.

[Name]
[Address]
[Address]
[City, State Zip]
[BarcodeBarcodeBarcode]

[FINDER#] [SOURCECODE]

You may also contribute online at: go.si.edu/member

Friends of the Smithsonian
Contributing Membership
PO Box 37012, MRC 712
WASHINGTON, DC 20013-7012

Change the world through the power of knowledge.

Friends of the Smithsonian
Contributing Membership
2016 MEMBER
TEMPORARY CARD
Mr. John R. Sample
Valid through <Month XX, 2015>

290% higher response rate,
121% higher average gift!



Control package

2016 Friends of the Smithsonian ****CityName** Member Drive** **2016 MEMBER**

Dear Ms. Samplelongastname: Your membership will provide critical support and help sustain the Smithsonian now and for future generations. Please select the Membership level that is right for you:

\$55 Scholar (regularly \$75) \$90 Archivist (regularly \$150) \$195 Researcher (regularly \$250)
 \$425 Curator (regularly \$500) \$850 Castle Circle (regularly \$1,000)

Please make your check payable to: Friends of the Smithsonian. To join by credit card, please see the back of this form.

Ms. Jane Q. Samplelongastname
1234 Main Street
Address Line 2
Anytown, ST 12345-6789

Send me membership communications and Smithsonian's monthly e-newsletter by e-mail to: To join online: go.si.edu/member

Friends of the Smithsonian
Contributing Membership

2016 **CityName Member Drive - please join Friends of the Smithsonian**

Dear [Donor Name],

It's well known that Americans are the most generous people on Earth. In fact, many Americans are helping make a difference at the Smithsonian.

If you believe that we need to protect and preserve our cultural and artistic treasures, the stories of our shared history, and our commitment to scientific research ... and if you believe that the Smithsonian should continue to inspire discovery and create a passion for lifelong learning ...

Friends of the Smithsonian
Contributing Membership
PO Box 37012, MRC 712
Washington, DC 20013-7012

2016 MEMBER
TEMPORARY CARD
Ms. Jane Q. Samplelongastname
Expires XXXXXXXXXX

Thank you for your membership contribution. You may use the above temporary membership card to immediately obtain your benefits until you receive your permanent card in the mail.

Friends of the Smithsonian
Contributing Membership
PO Box 37012, MRC 712
Washington, DC 20013-7012

YOUR 2016 MEMBER CARD
Enclosed

Summary – *Data-driven decisions will serve your organization best in the long run*

Industry-level information

Benchmarking
Industry trends

Program-level metrics

Key metrics
Appending data to
provide insight

Campaign-level data

Testing

- Cost
- Response rate
- Average gift

Questions?

John Perell
**Director of Direct Response
and Shared Services**
Smithsonian Institution
PerellJ@si.edu
202.633.2042

Kerri Kerr
Senior Vice President
Avalon Consulting Group
kerrik@avalonconsulting.net
202.429.6080 x116

Allison Porter
President
Avalon Consulting Group
allisonp@avalonconsulting.net
202.429.6080 x 102

*Thank
you!*