

Trends in Patron Support:

A look at the performance of Ticket Buyers,
Members, and Donors



Carol Rhine and Deborah Trumble, Blackbaud Target Analytics

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Hey There!



Carol Rhine

TITLE

Senior Principal Consultant

AT BLACKBAUD

More than 20 years

HOMETOWN

Chesterfield, Massachusetts

- ▶ The voice of the National Index
- ▶ Music is a very special kind of Math

Deborah Trumble

TITLE

Principal Consultant

AT BLACKBAUD

13 years

HOMETOWN

Alexandria, Virginia

- ▶ Data geek extraordinaire.
- ▶ Tap-dancing fool – to relieve those moments of mind-numbing data overload.


Hey! I'm John Perell.

At Smithsonian Institution 4 years

Hometown Alexandria, Virginia

- ▶ Fundraising Strategist – program architect and analyst, with a love of complex organizations with a compelling mission.
- ▶ Love connections to my British and Italian background.
- ▶ British music fan extraordinaire, Black Lab loving fool, gardener with dirty hands, fall canner and love to cook Italian for friends!





Did you know that
each patron averages
\$222 in revenue per
year?



THE FUNDRAISING LANDSCAPE



What the Market Looks Like

Tumultuous Fundraising Landscape (*not a complete list!*)

- US-China trade relationship.
- Economic uncertainty – tariffs
- Tax changes
- Recession
- Data privacy
- Self-curation of news
- Climate change
- Political issues



Decline in Donors

- The number of donors in the U.S. was highest in 2005 and has been in decline since.
- 56% of Americans give – that was 68% five years ago



ECONOMIC PERSPECTIVES



Charitable Giving and the Tax Cuts and Jobs Act

We estimate that the TCJA will reduce individual charitable giving by almost 4.0 percent, or \$17.2 billion on a static basis and \$16.3 billion on a dynamic basis.

American Enterprise Institute



Other Projections

Effect of the Tax Cuts and Jobs Act on Giving

1.7% - 4.6%

Decrease of \$4.9-
\$13.1 billion

Tax Policy and
Charitable Giving Report

4% - 6.5%

Decrease of \$12-
\$20 billion

Tax Policy Center

5.3% - 8%

Decrease of \$16 -
\$24 billion

Council on Foundations



Giving by individuals/households would have increased in 2018 and 2019 without the TCJA.



2018 FUNDRAISING EFFECTIVENESS SURVEY REPORT



The basic concept of the Fundraising Effectiveness Survey is that growth in giving from one year to the next is the net of gains minus losses.

FEP Update Q2 2018



% of Total 2017 Donors

47.8%



Donors (Year to Date)

YTD Change **-6.6%**



% of 2017 Revenue

43.9%



Dollars (Revenue to Date)

YTD Change **-2.1%**

Overall YTD Donor
Retention Rate¹



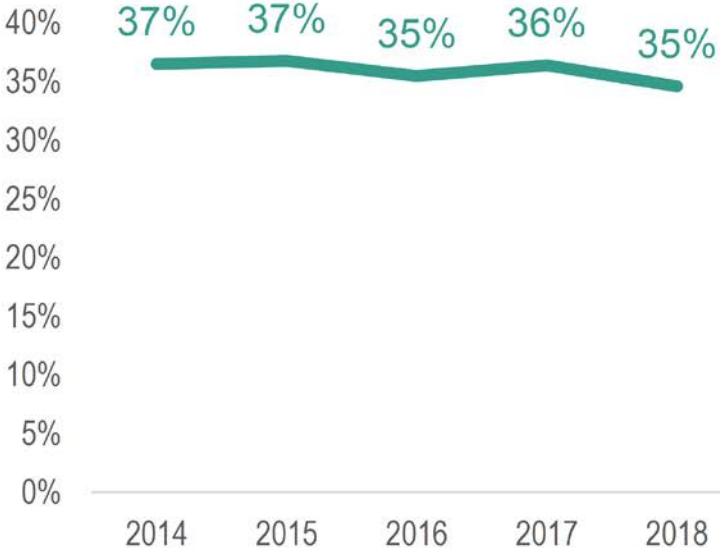
25.2%

YTD Change **-6.4%**

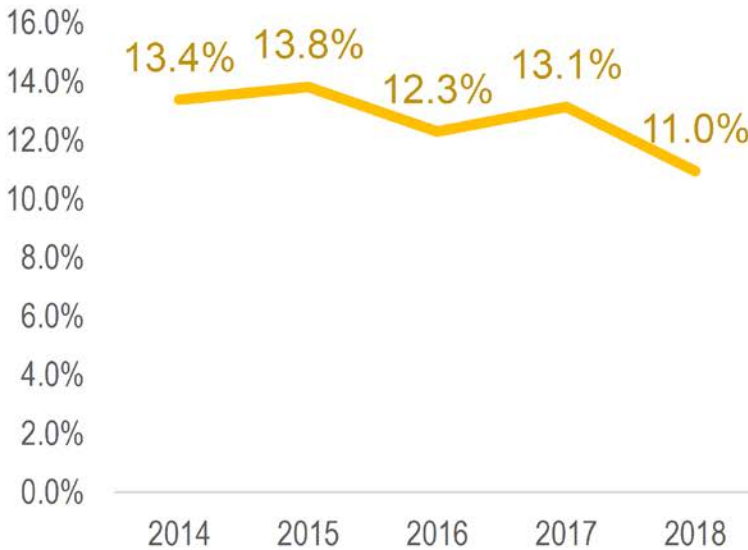
¹All prior year donors retained YTD

FEP Update Q2 2018

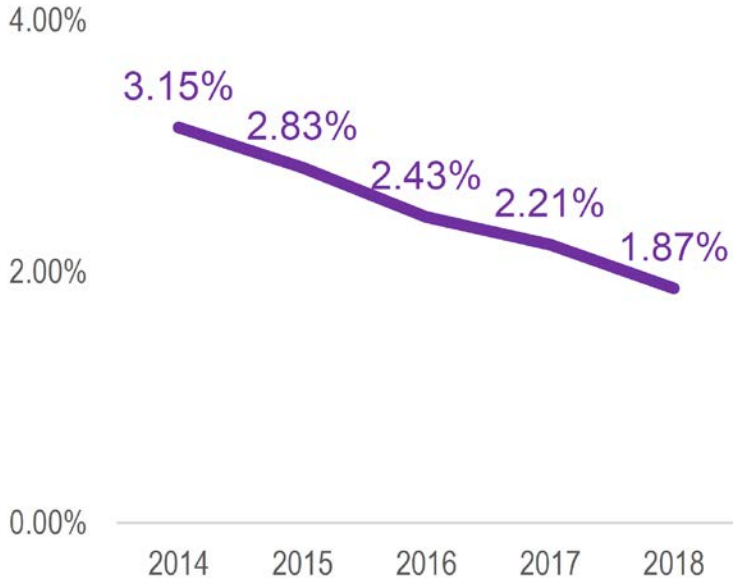
Repeat Retention Rate YTD



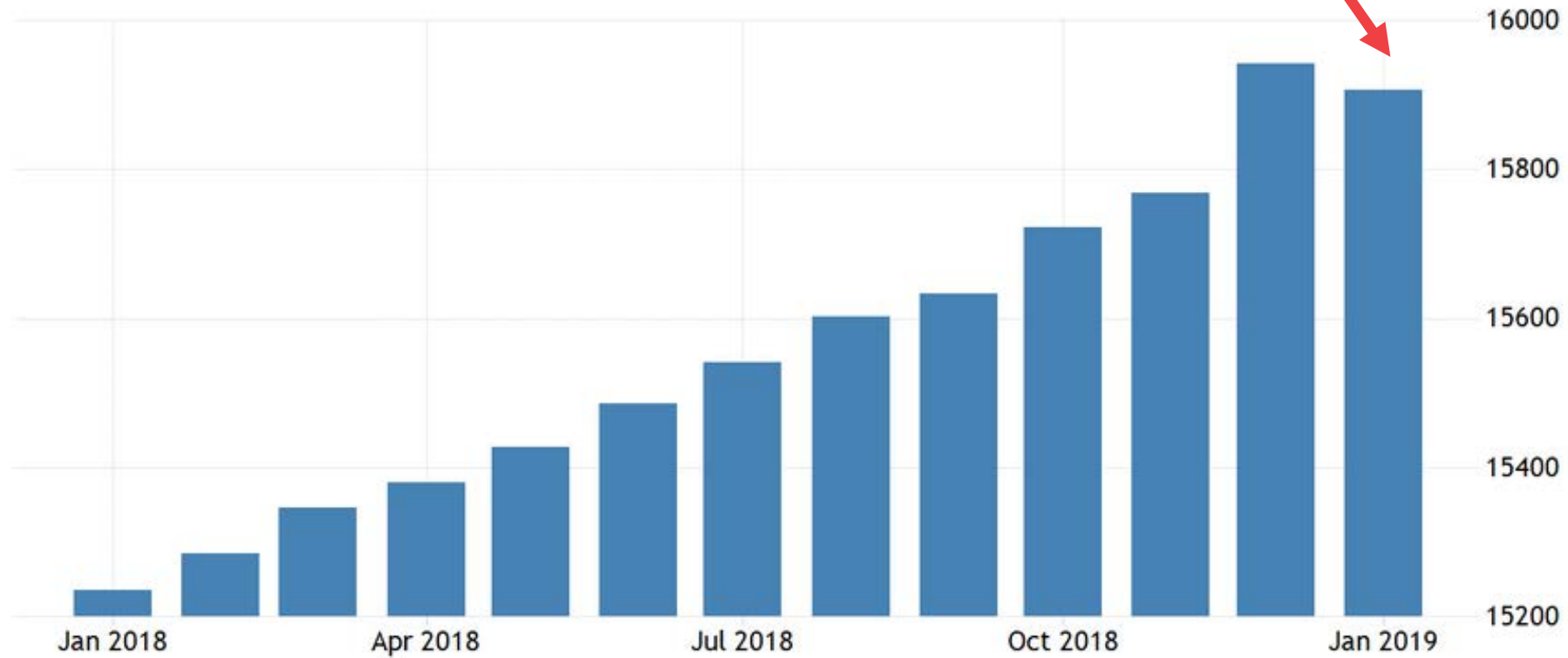
New Donor Retention Rate YTD



Recapture Rate YTD



Disposable Personal Income

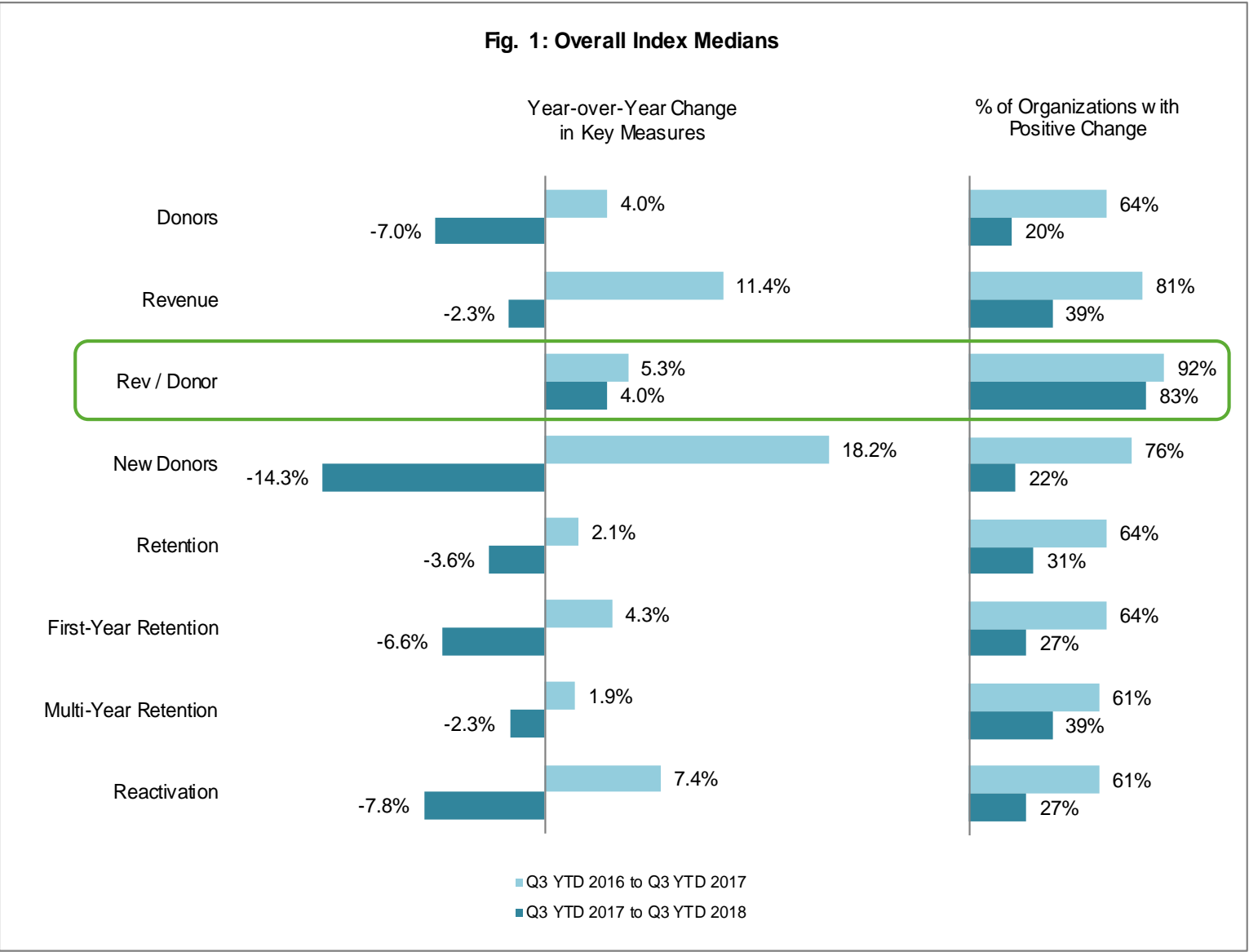


SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

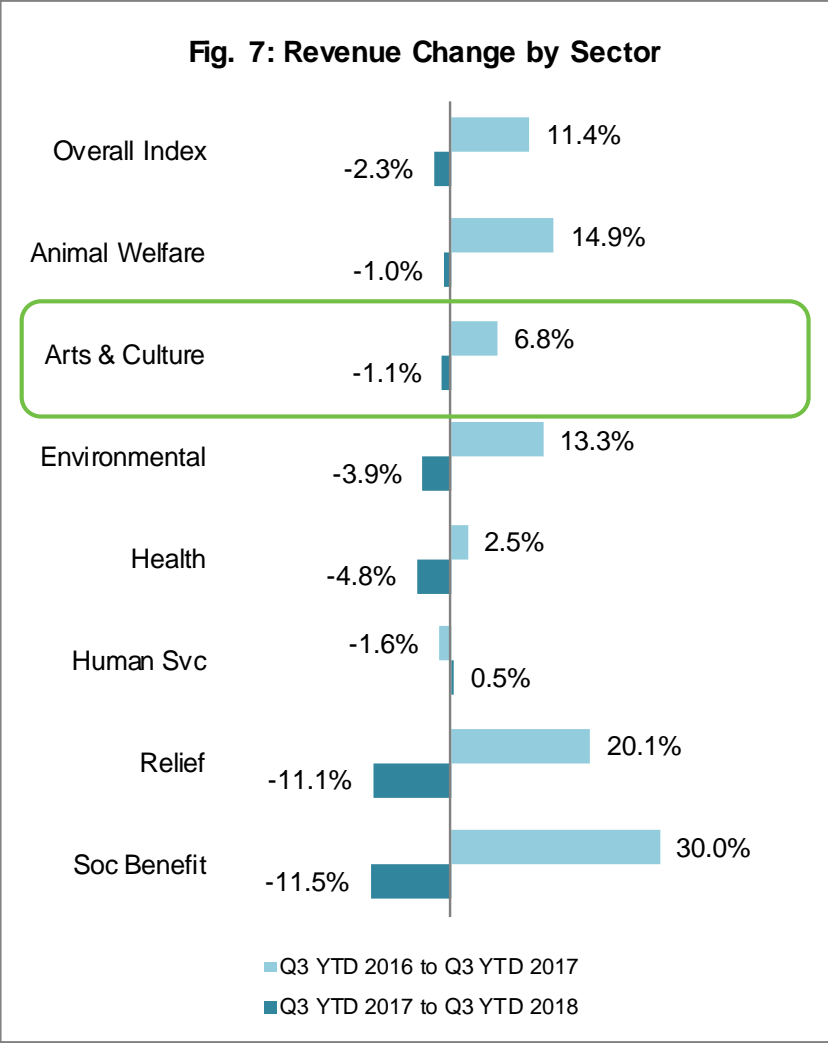
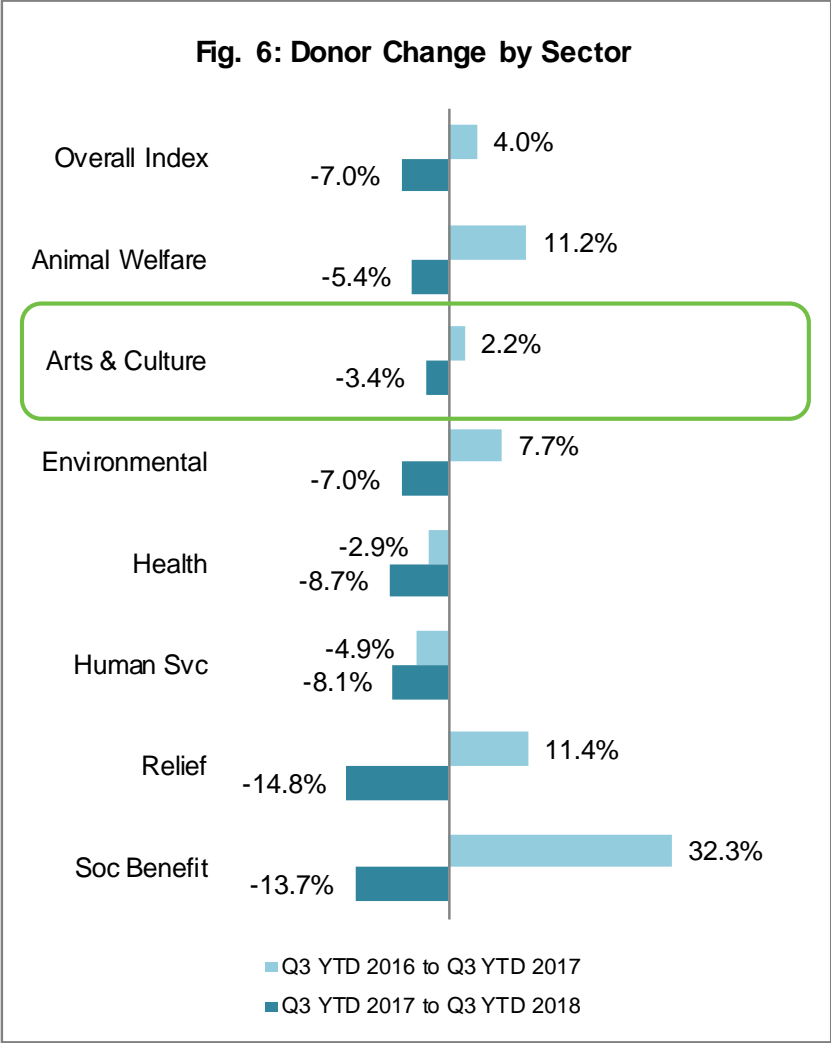
U.S. *donorCentrics* Index of Direct Marketing Fundraising: Q3 2018 Performance Results

- 59 national non-profit organizations
- Organizations have 100,000+ active (0-12 month) donors
- Direct marketing giving (mail, telemarketing, web, canvassing – not events)
- Individual payments greater than \$10,000, soft credits, and matching gift payments are excluded.
- Robust data set 30 million donors and more than 77 million gifts totaling over \$2.8 billion in revenue

donorCentrics Index of Direct Marketing Fundraising: Q3 2018 Results



donorCentrics Index of Direct Marketing Fundraising: Q3 2018 Results



donorCentrics Index of Direct Marketing Fundraising: Q3 2018 Results

Fig. 2: Five-Year Overall Index Revenue and Donor Trends
Cumulative Rolling 12-Month Median Change from Q3 2013

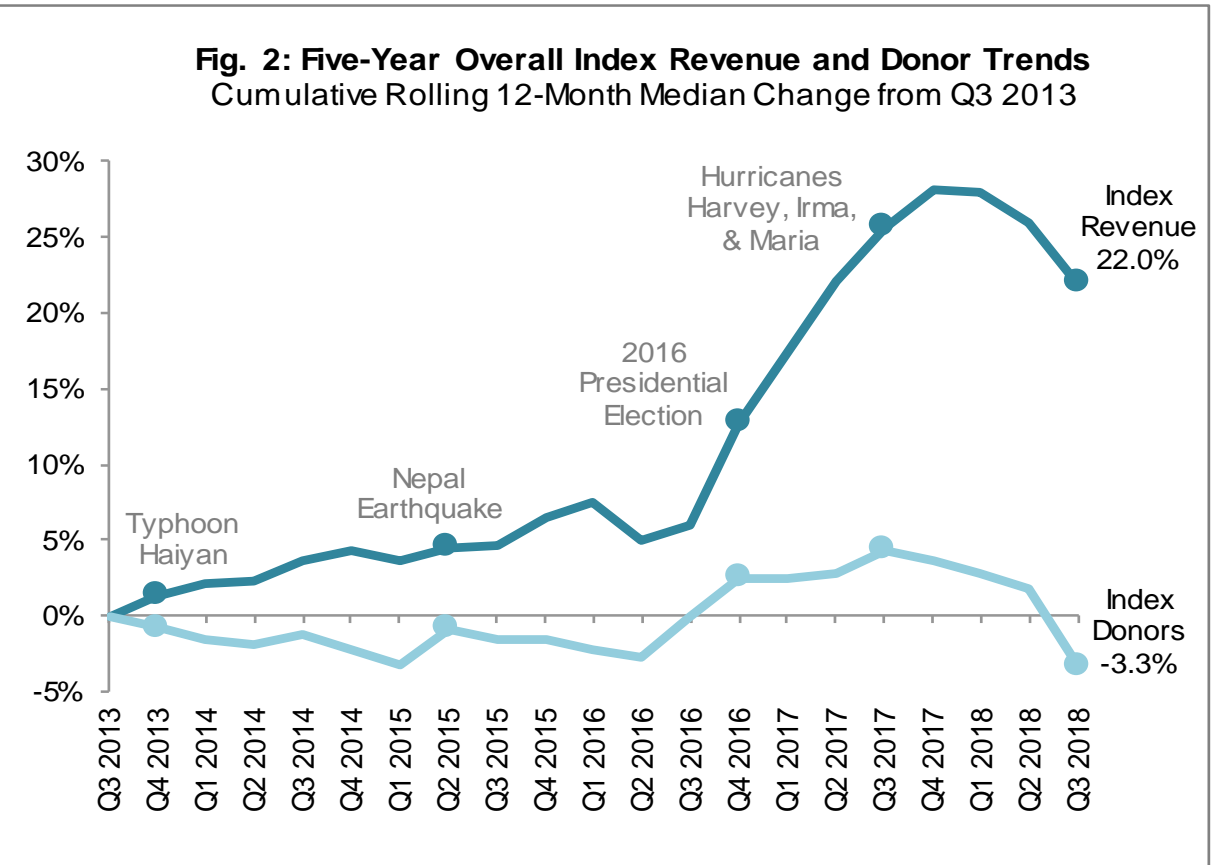
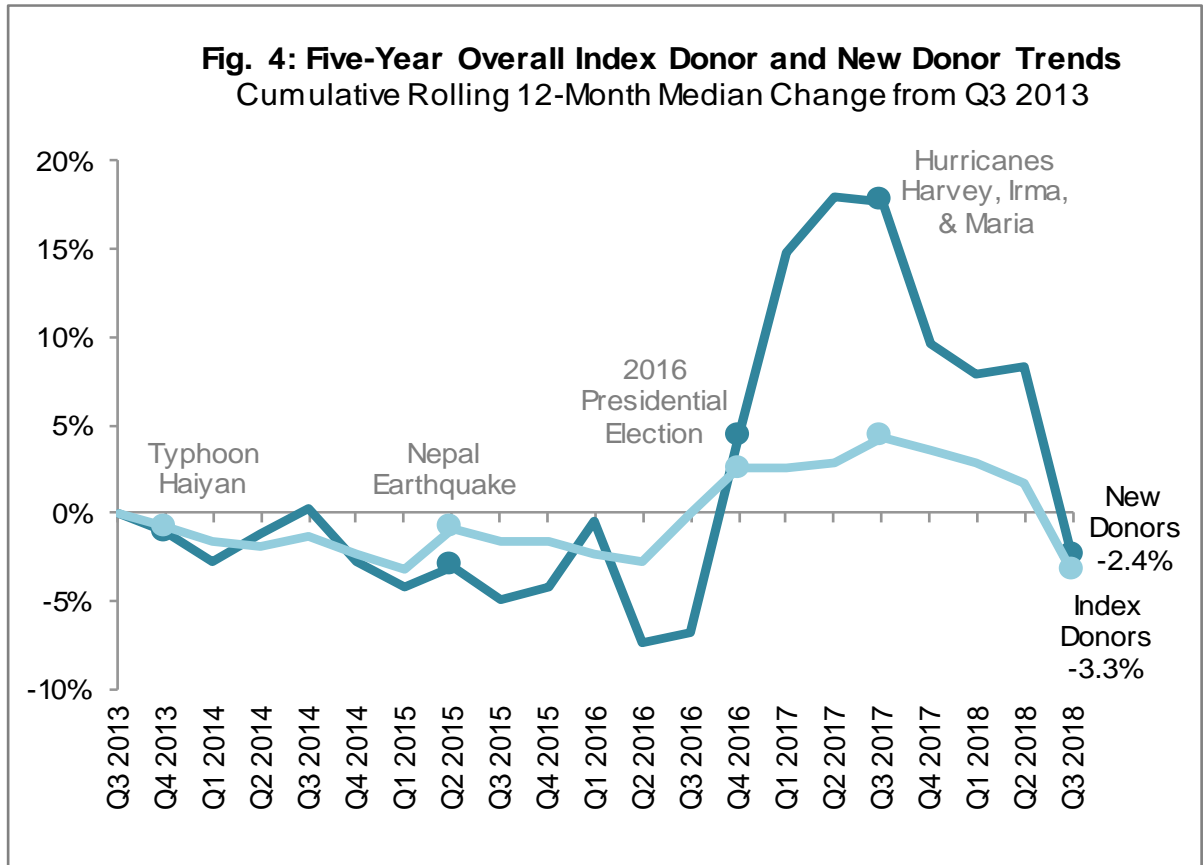


Fig. 4: Five-Year Overall Index Donor and New Donor Trends
Cumulative Rolling 12-Month Median Change from Q3 2013



donorCentrics Index of Direct Marketing Fundraising: Q3 2018 Results

Fig. 13: Arts & Culture Sector Medians
Year-to-Date Change in Key Measures

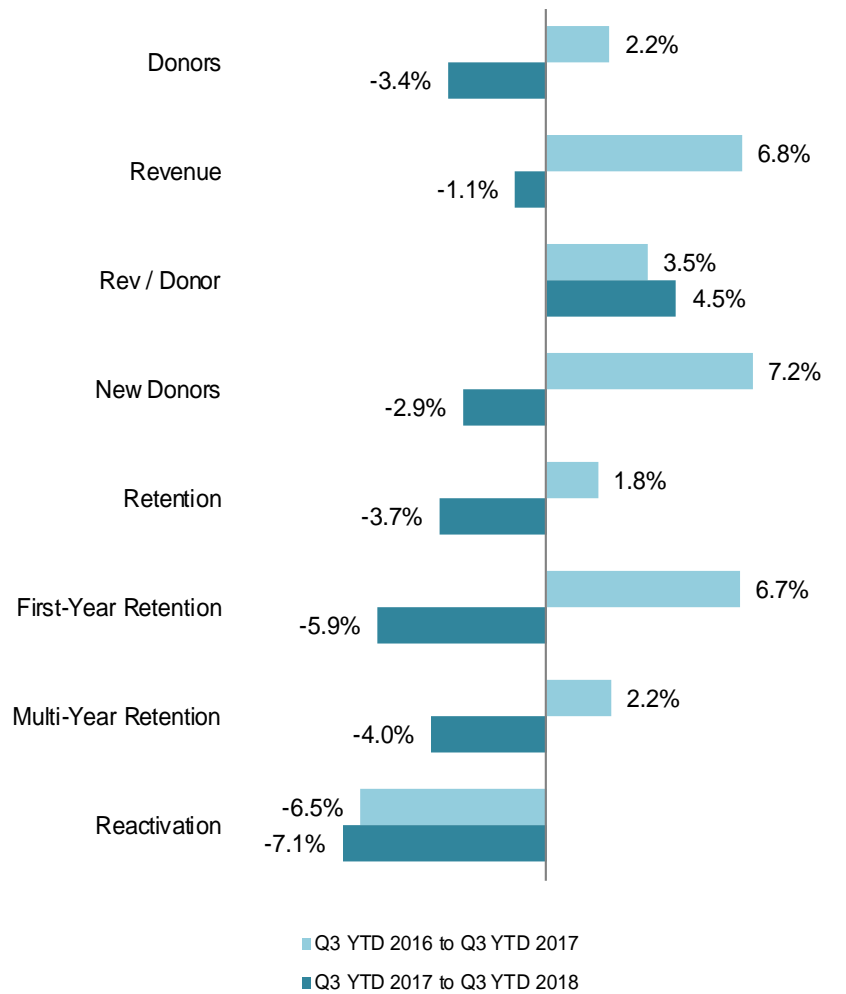
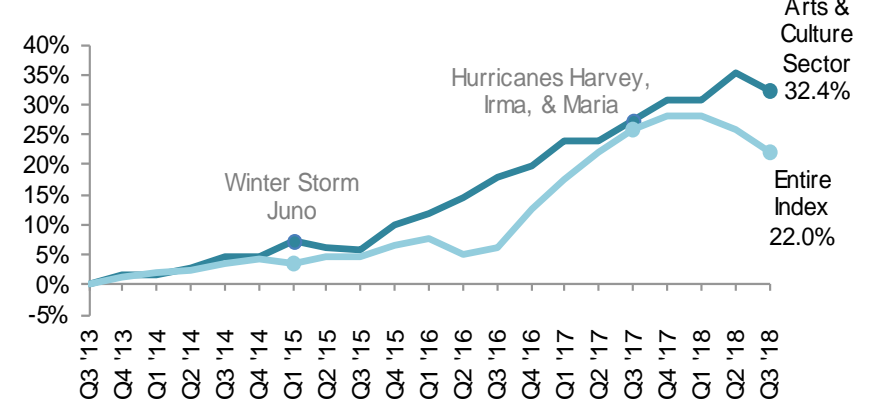
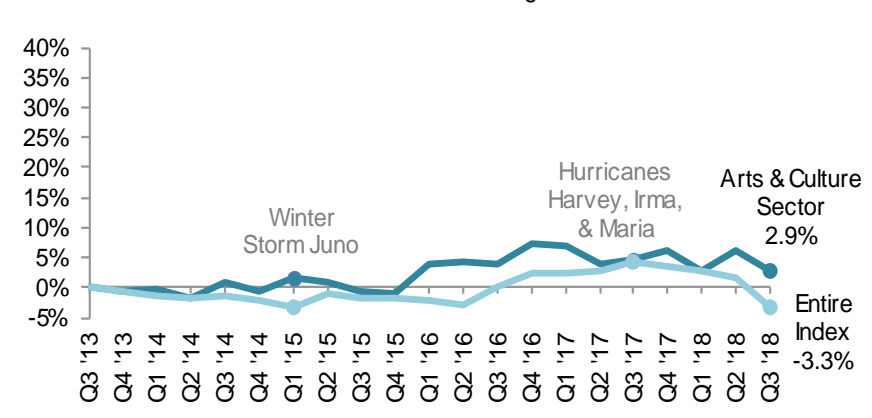


Fig. 14: Five-Year Arts & Culture Revenue Trends
12-Month Quarter-End Median Change from Q3 2013



Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q3 2013.

Fig. 15: Five-Year Arts & Culture Donor Trends
12-Month Quarter-End Median Change from Q3 2013



Each data point is the median change in donors for the 12 months ending in that quarter from the 12 months ending in Q3 2013.

Effect of the new tax law

Estimated reduction in charitable giving due changes to the tax code, per year

Research based on changes similar to provisions included in the final tax package indicate that overhaul could decrease charitable giving through multiple channels. The total annual decline could amount to \$21 billion or more.

SOURCE	ESTIMATED CHANGE
Individuals and families during their lifetimes	Decline of at least \$13.1 billion
Estates of the deceased	Decline of at least \$7 billion
Corporations	Decline of at least \$1.3 billion

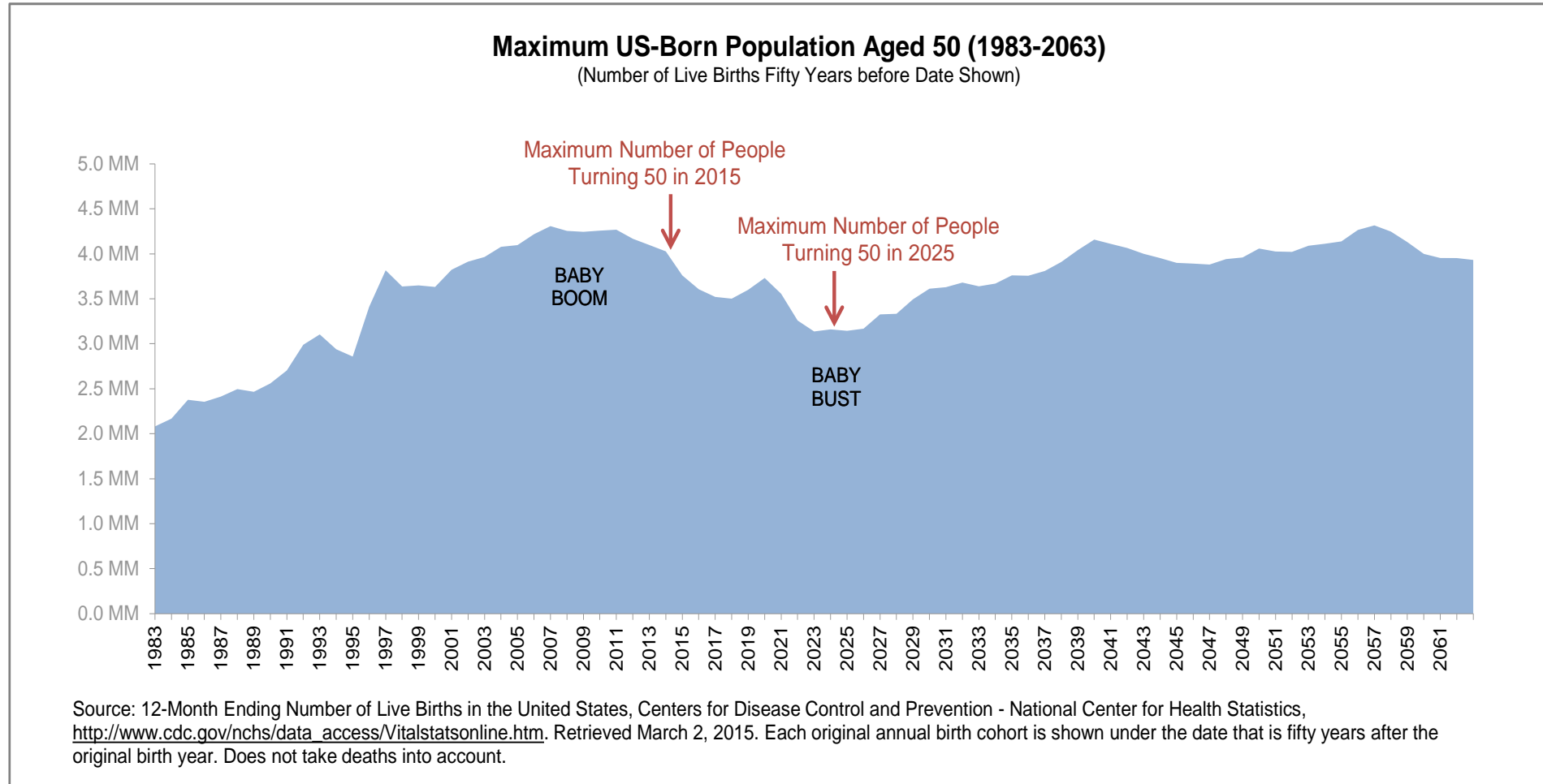
The Conversation, CC-BY-ND

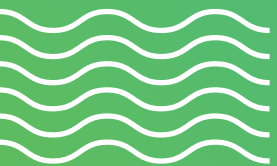
Source: Giving USA Foundation, Indiana University Lilly Family School of Philanthropy and other sources



Currently on track to be down about 3% or \$9 billion in 2018

One Last Thing to Consider





TRENDS IN PATRON SUPPORT



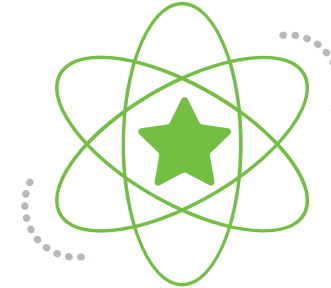
Understanding the Patron Data and How to Apply to Your Own Program



Compare your organization to peer organization benchmarks

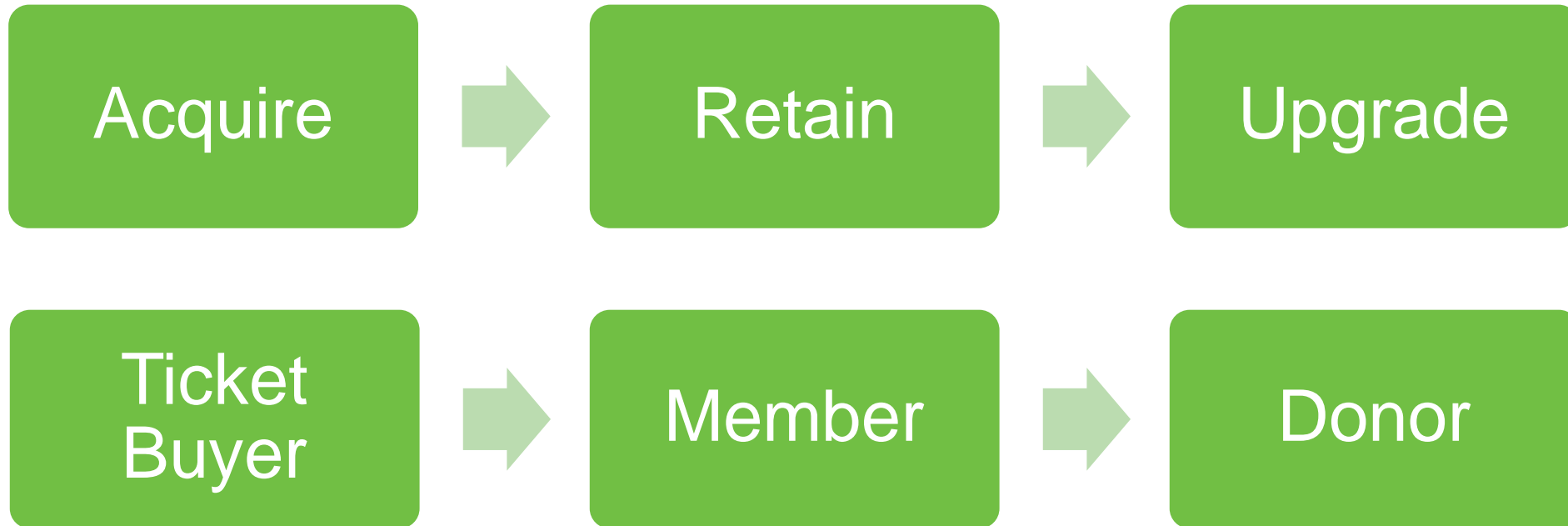


Evaluate the performance differences of various supporter types – ticket buyers, members, donors

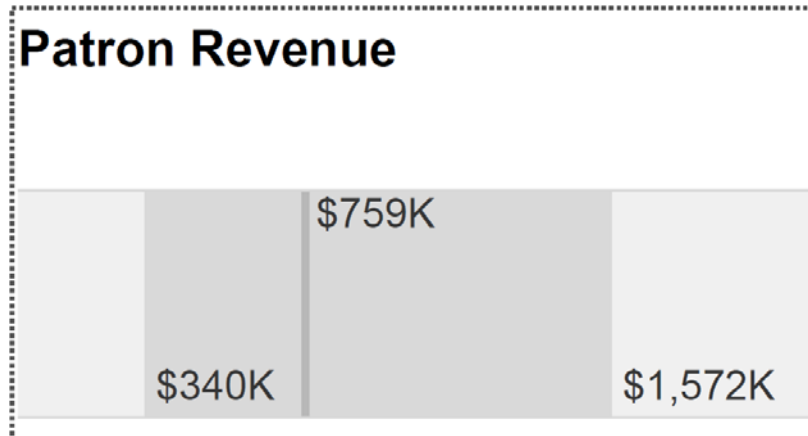
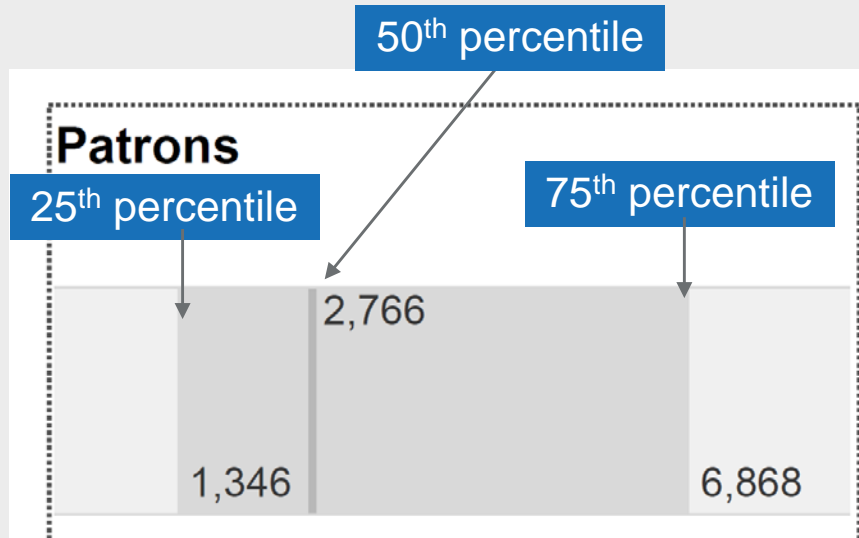


Understand the importance of data collection in your database

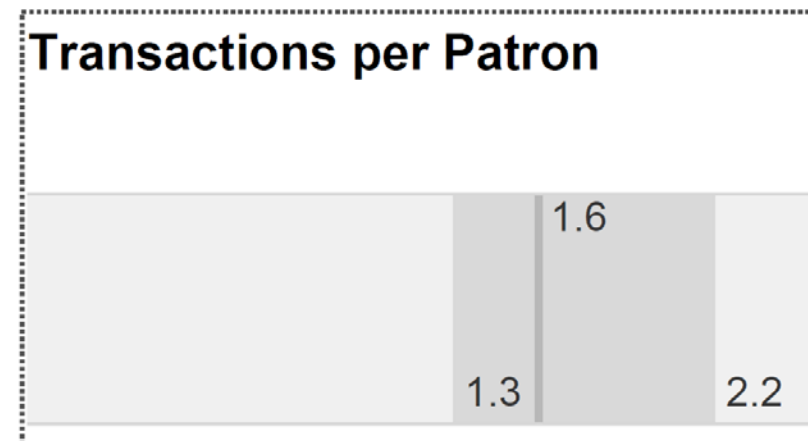
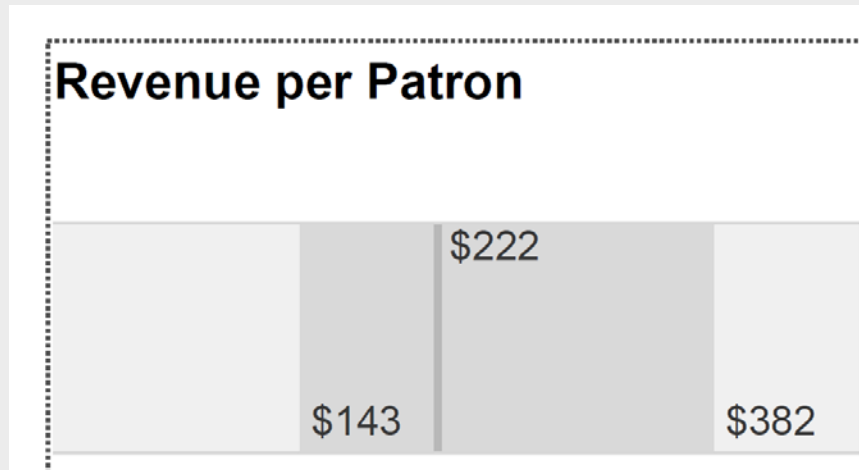
An assessment of patron support – through the giving lifecycle



Active Patron Supporters



The median revenue per patron was \$222 in 2017.



Each patron made 1.6 transactions – tickets, membership, and donations.

Revenue per Patron

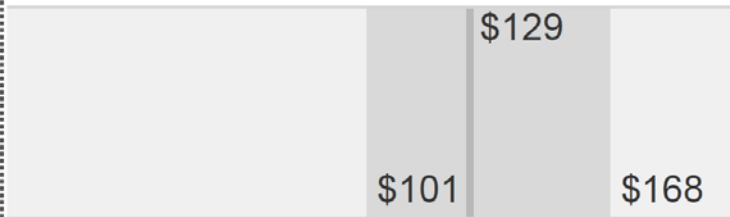
Ticket Buyers: Revenue per Patron

My org vs. peer benchmarks (2017)



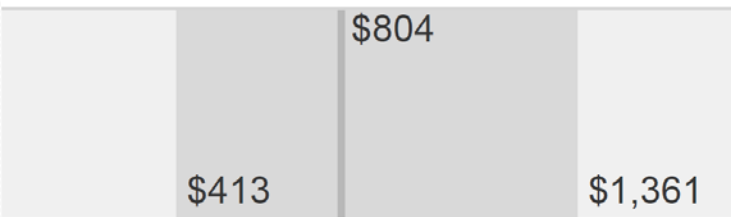
Members: Revenue per Patron

My org vs. peer benchmarks (2017)



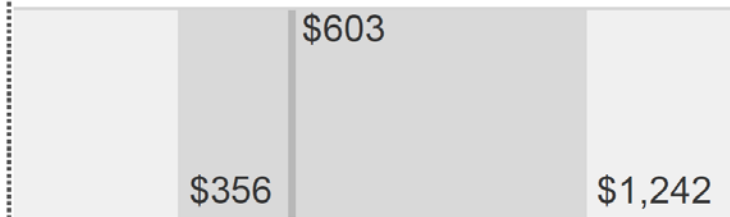
Donors: Revenue per Patron

My org vs. peer benchmarks (2017)

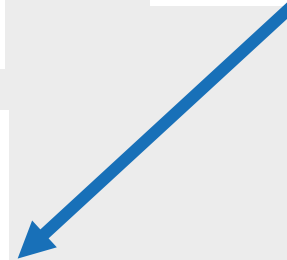


Members with Donations: Revenue per Patron

My org vs. peer benchmarks (2017)



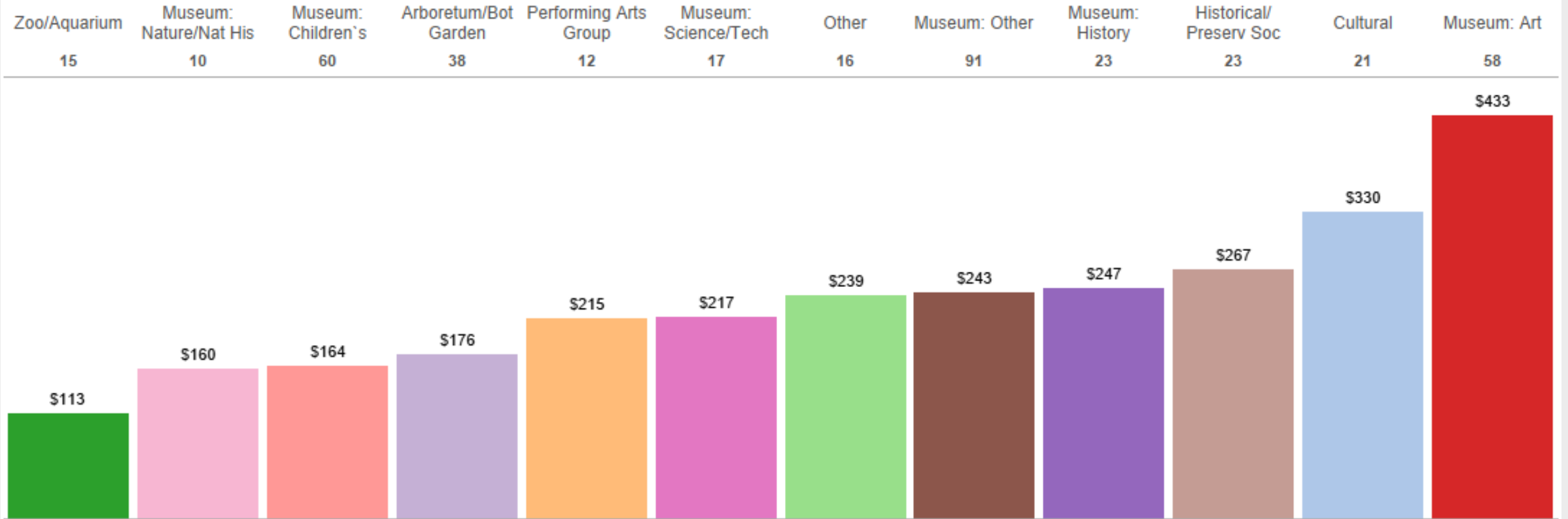
Highest revenue per patron comes from the donor segments



Revenue per Patron

76% of Organizations Increased Revenue per Patron in 2017

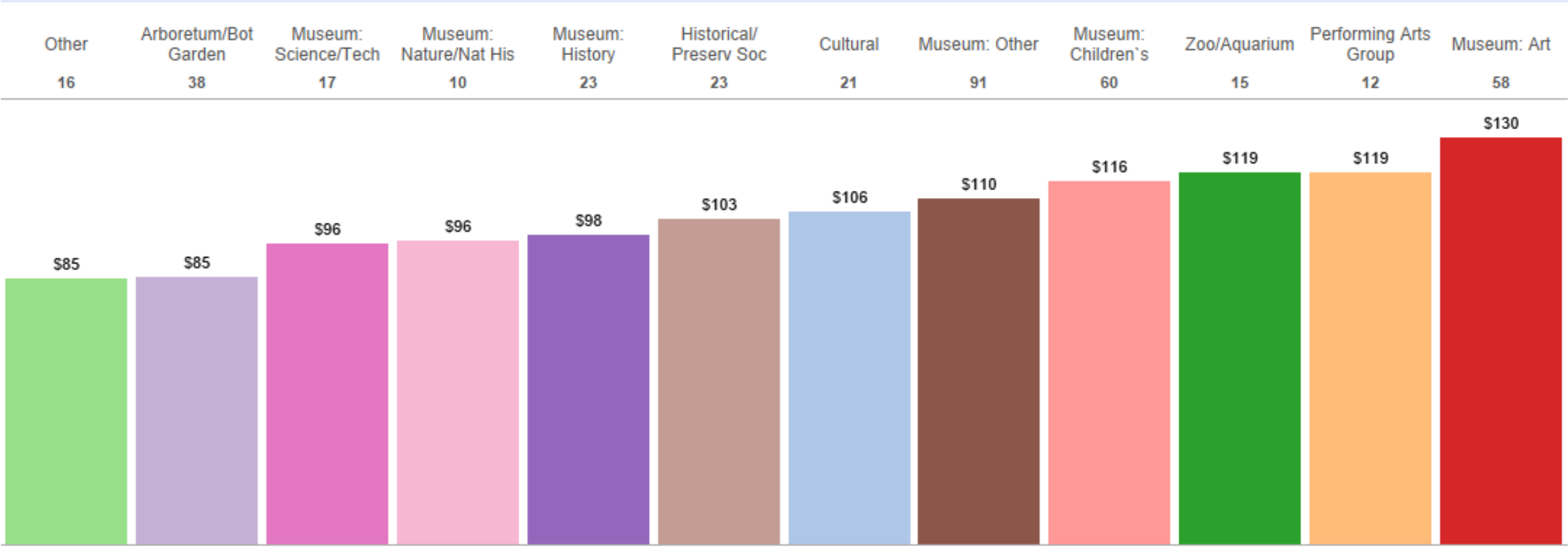
Revenue per Patron (2017)
(384 Organizations)



Revenue per Patron

The 2017 Median Revenue per Membership-Only Patron Ranged from \$85-130

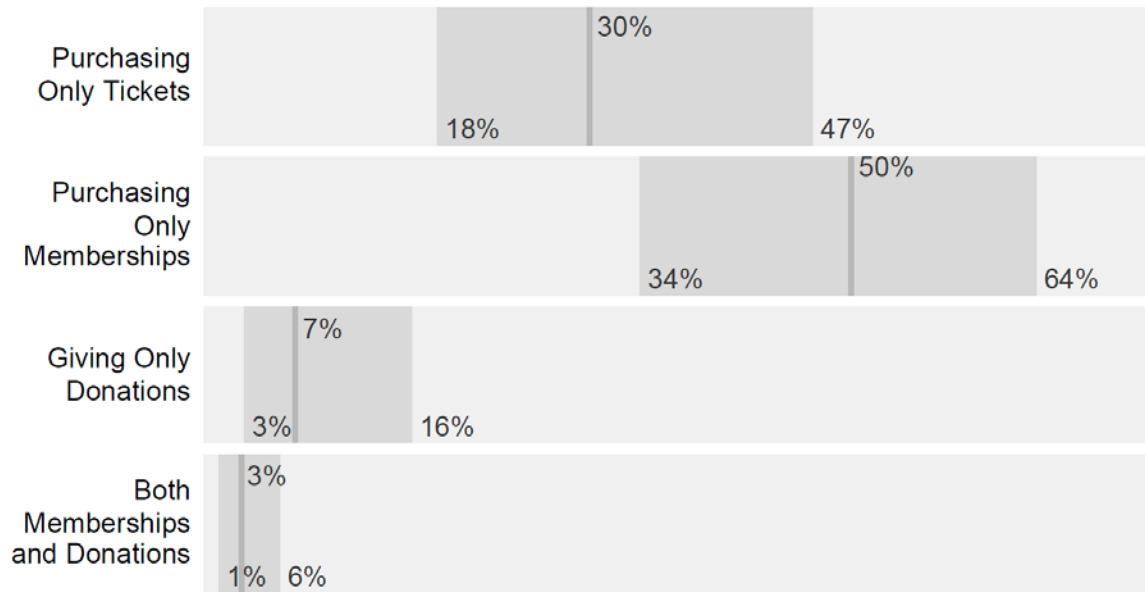
Revenue per Patron for Membership-Only Patrons (2017)
(384 Organizations)



Patron Type Composition

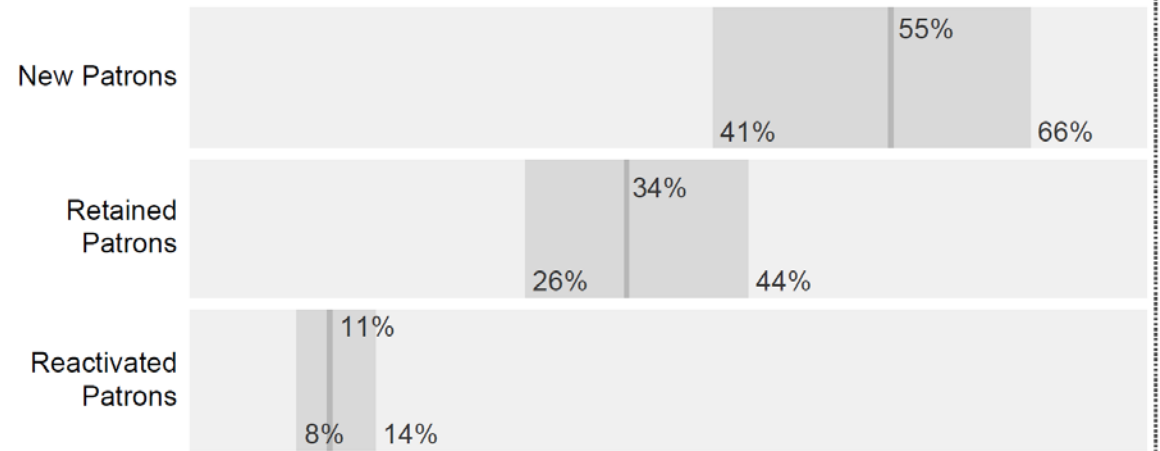
Percentage Breakdown by Supporter Type

May add to less than 100%. Patrons who only have other transaction types are excluded.
My org vs. peer benchmarks (2017)



Percentage Breakdown by Lifecycle Status

Adds to 100% of the total annual patron population.
My org vs. peer benchmarks (2017)



10% of all patrons make charitable contributions outside of membership.

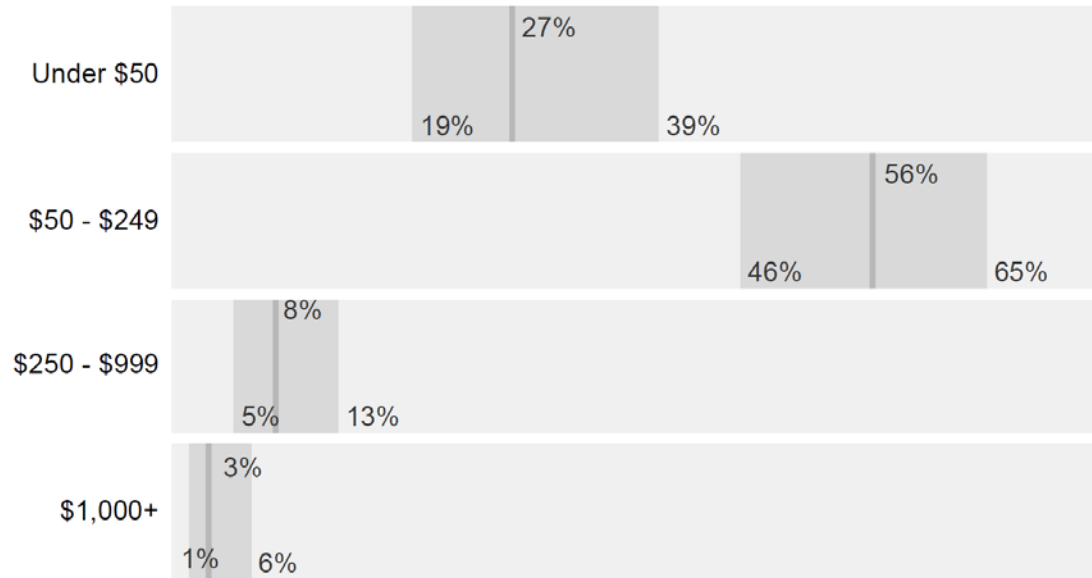
Transactions

Percentage of Patrons by Total Annual Revenue

Percentage Breakdown by Total Amount of All Transactions within the Year

Adds to 100% of the total annual patron population.

My org vs. peer benchmarks (2017)

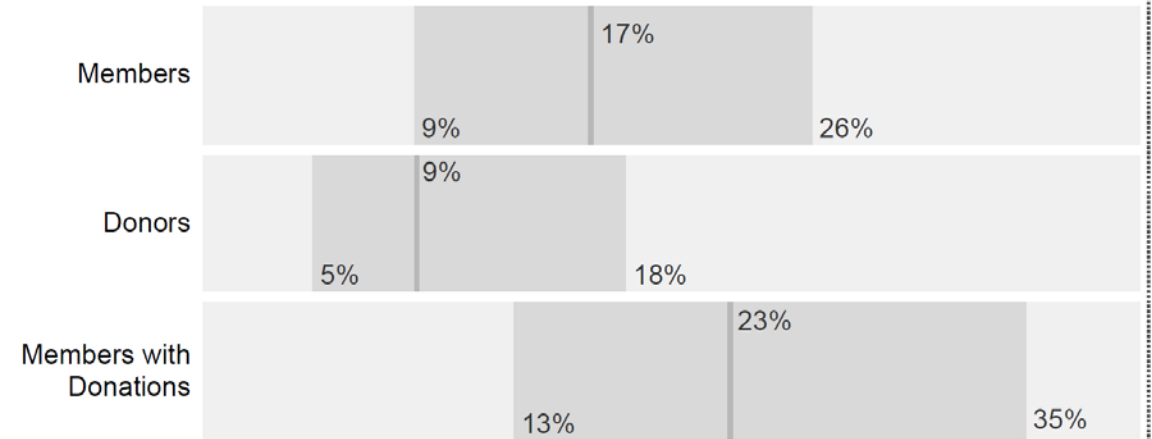


What percentage of members/donors are purchasing tickets?

Percent of Patrons Also Purchasing Tickets by Supporter Type

Each row is the percentage purchasing tickets in the year by the indicated supporter type.

My org vs. peer benchmarks (2017)

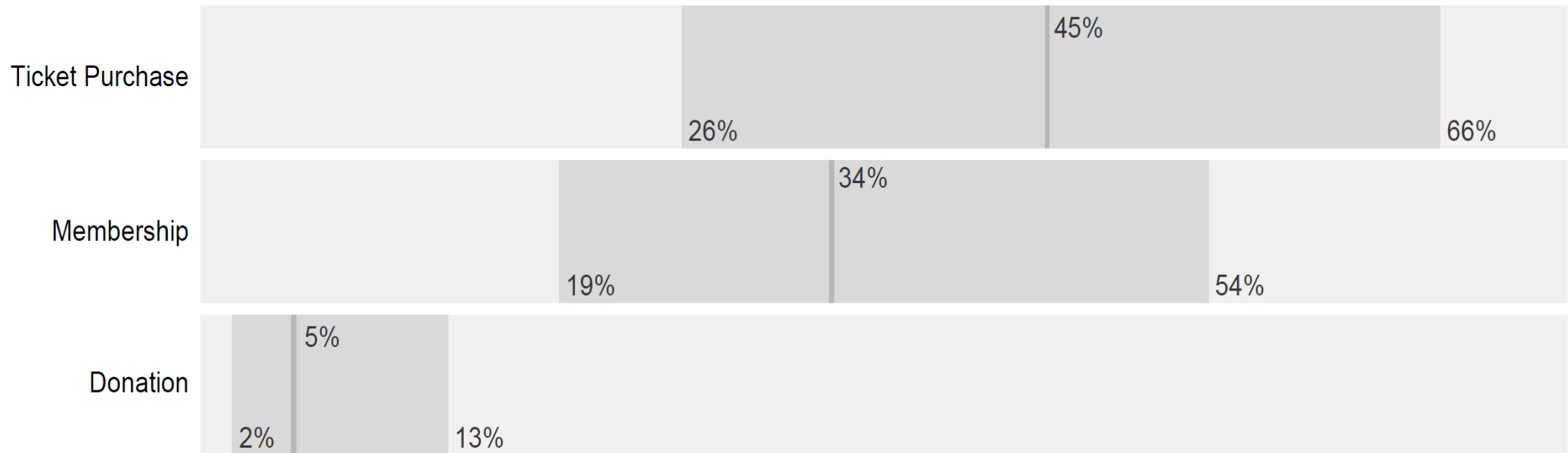


Patron Acquisition – How are Patrons being acquired?

Percentage Breakdown by Type of Acquisition Gift

Adds to 100% of the total new patron population.

My org vs. peer benchmarks (2017)



Patron Acquisition

% of New Patrons Acquired by a Ticket Purchase

Org Type	#	2017 Median
Cultural	21	62%
Other	16	58%
Performing Arts Group	12	82%
Museum: Art	58	52%
Zoo/Aquarium	15	49%
Museum: Other	91	48%
Museum: Nature/Nat His	10	47%
Historical/Preserv Soc	23	46%
Museum: Science/Tech	17	45%
Museum: History	23	45%
Arboretum/Bot Garden	38	42%
Museum: Children`s	60	28%
All Selected		45%



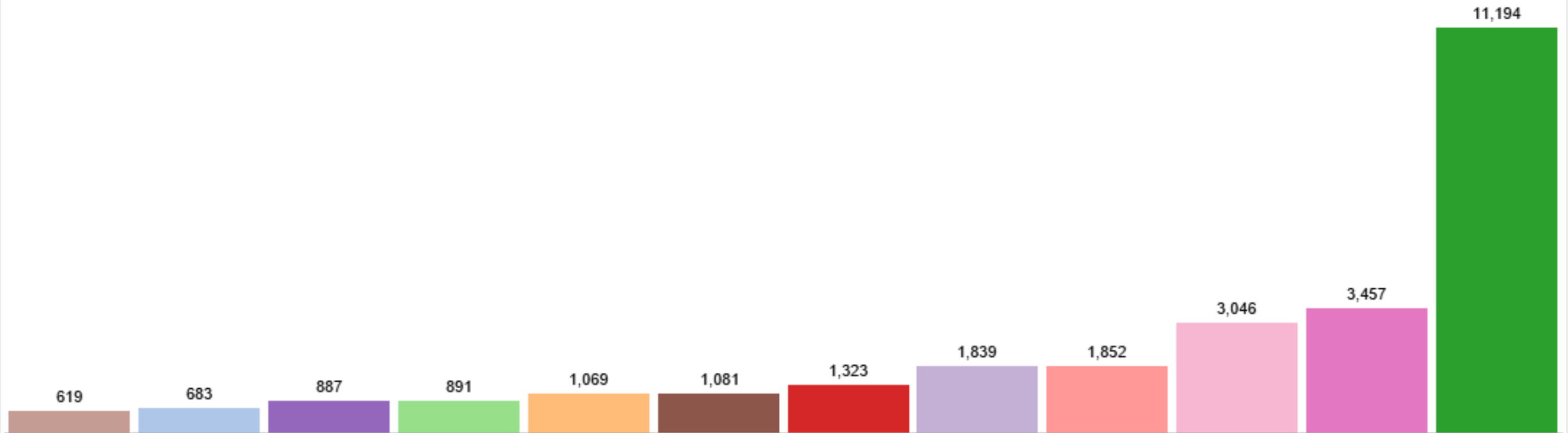
Most new patrons interact as ticket buyers

Patron Acquisition

80% of Organizations Increased the Number of New Patrons in 2017

New Patrons (2017) (384 Organizations)

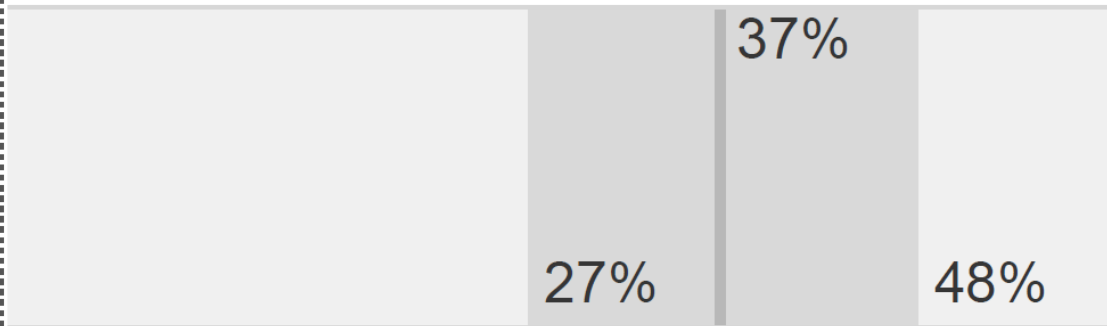
Historical/ Preserv Soc	Cultural	Museum: History	Other	Performing Arts Group	Museum: Other	Museum: Art	Arboretum/Bot Garden	Museum: Children's	Museum: Nature/Nat His	Museum: Science/Tech	Zoo/Aquarium
23	21	23	16	12	91	58	38	60	10	17	15



Keeping Patrons and Revenue

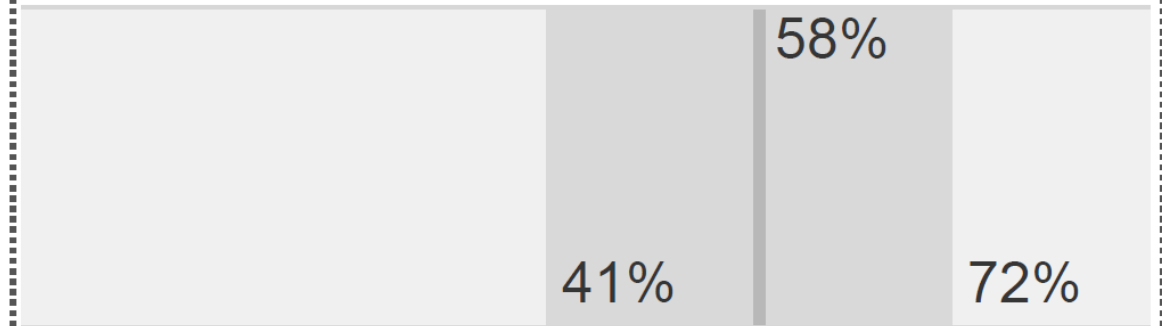
Patron Retention Rate

My org vs. peer benchmarks (2017)



Revenue Retention Rate

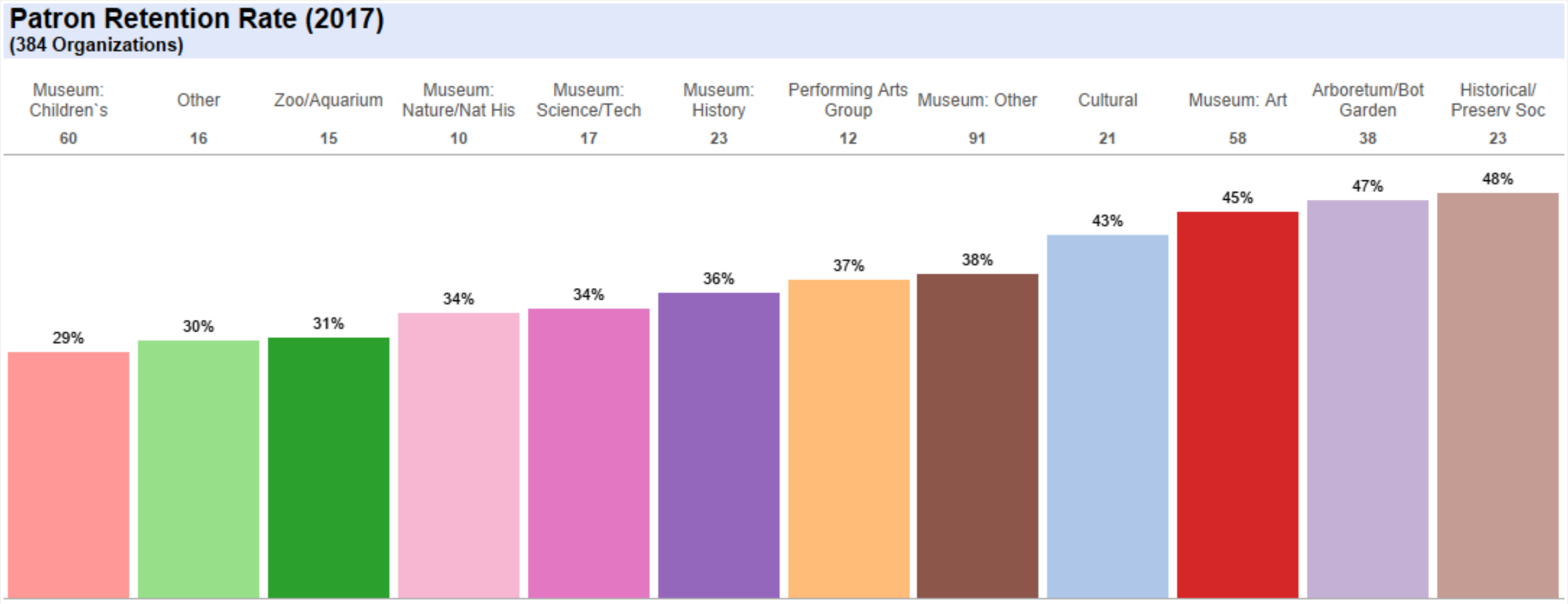
My org vs. peer benchmarks (2017)



The top 25% of organizations retained 48+% of their patrons, and 72% of their revenue, from 2016 to 2017

Keeping Patrons

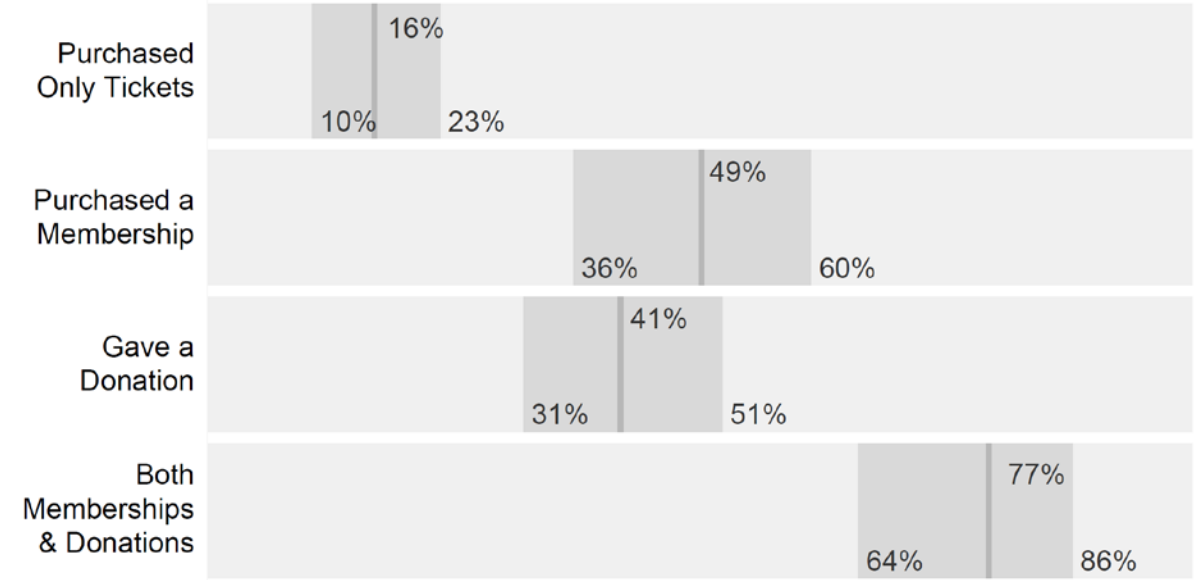
The 2017 Overall Patron Retention Rate Ranges from a Median 29% to 48%



Keeping Patrons

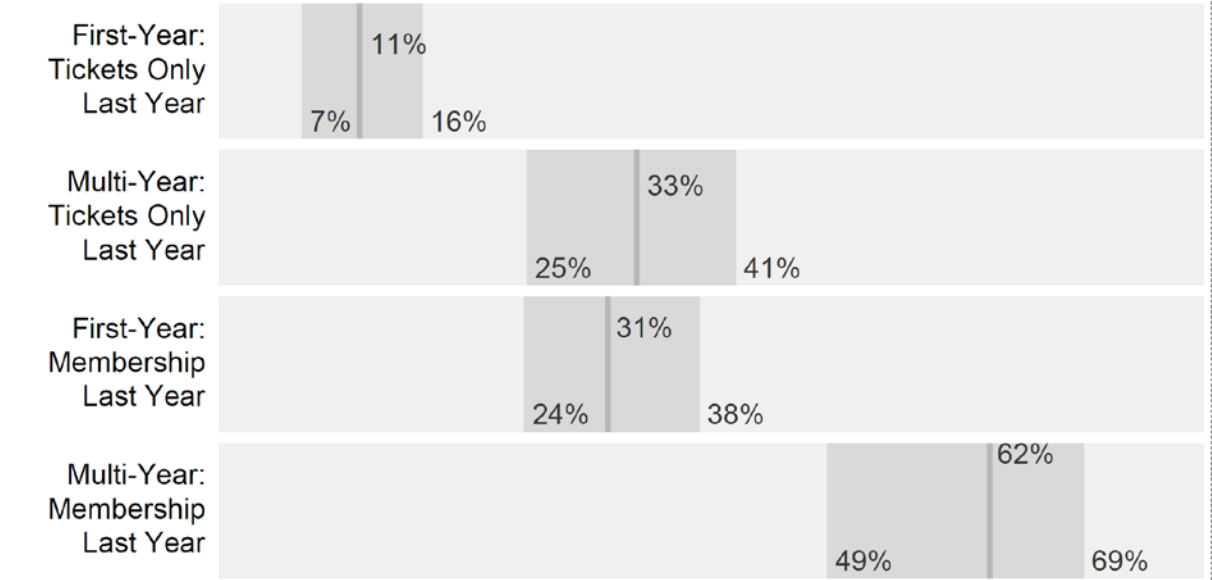
Retention Rate by Supporter Type in the Prior Year

My org vs. peer benchmarks (2017)



Retention Rate by Prior Year Supporter Type and Loyalty

My org vs. peer benchmarks (2017)



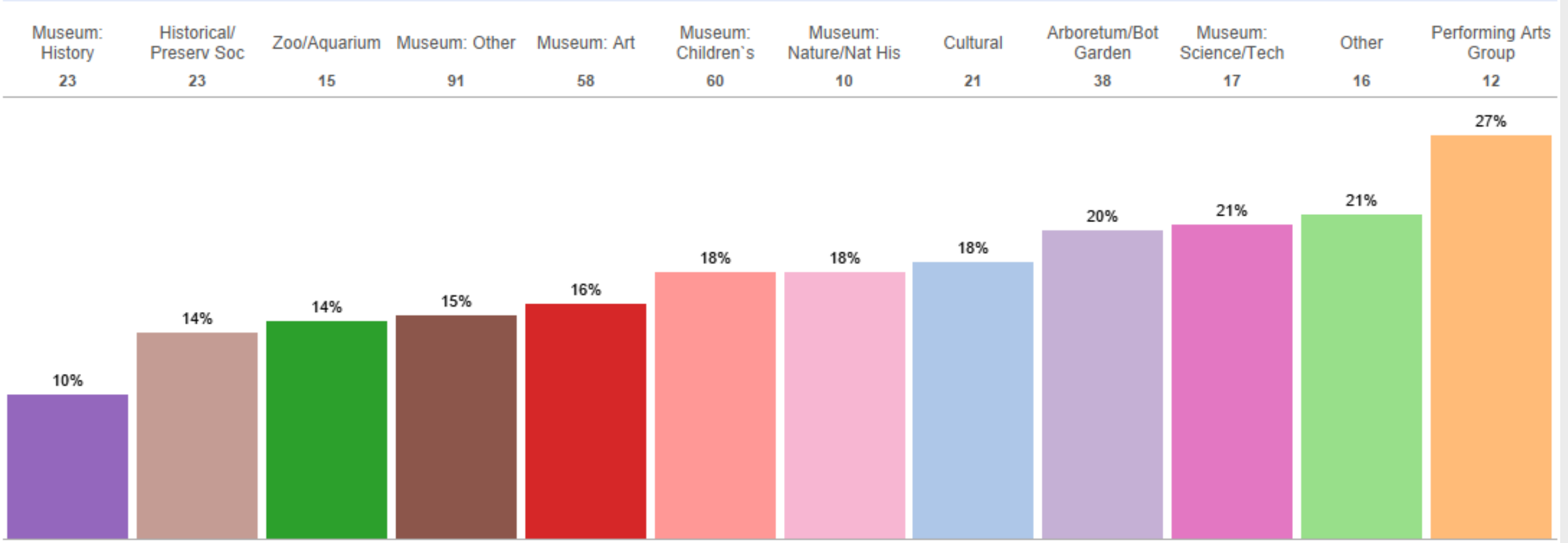
Patron retention is highest among members who are also donors.

Patron retention increases with loyalty.

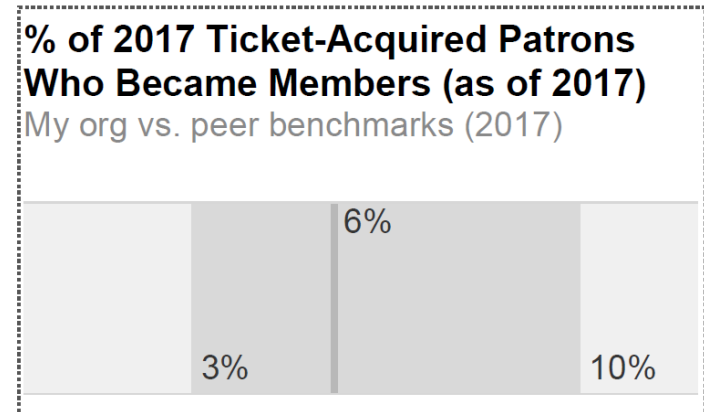
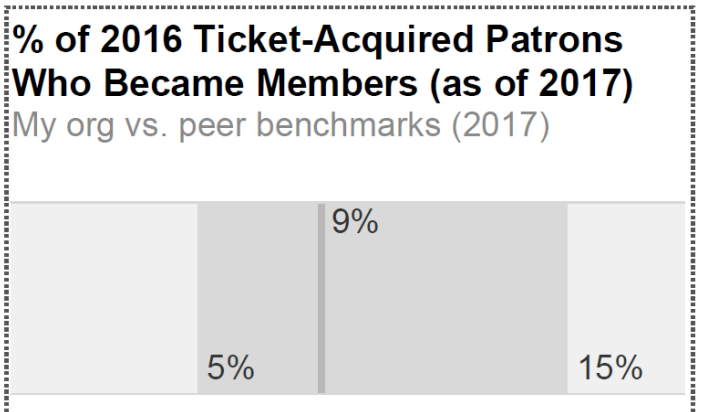
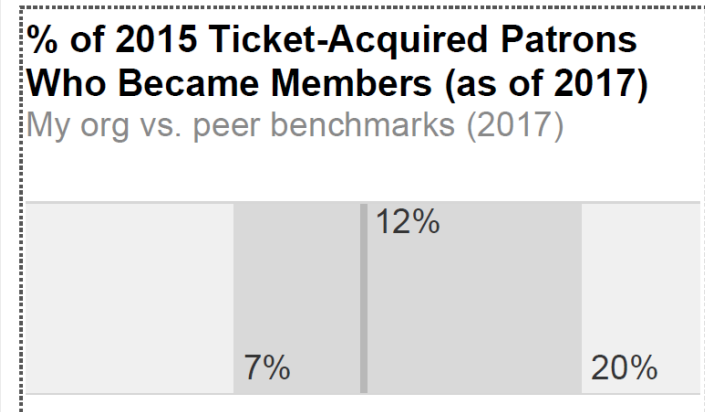
Keeping Patrons

The 2017 Overall Retention Rate of Patrons Who Only Purchased Tickets Ranges from a Median 10% to 27%

Retention Rate of Patrons Who Purchased Only Tickets Last Year (2017)
(384 Organizations)



Conversion to Membership

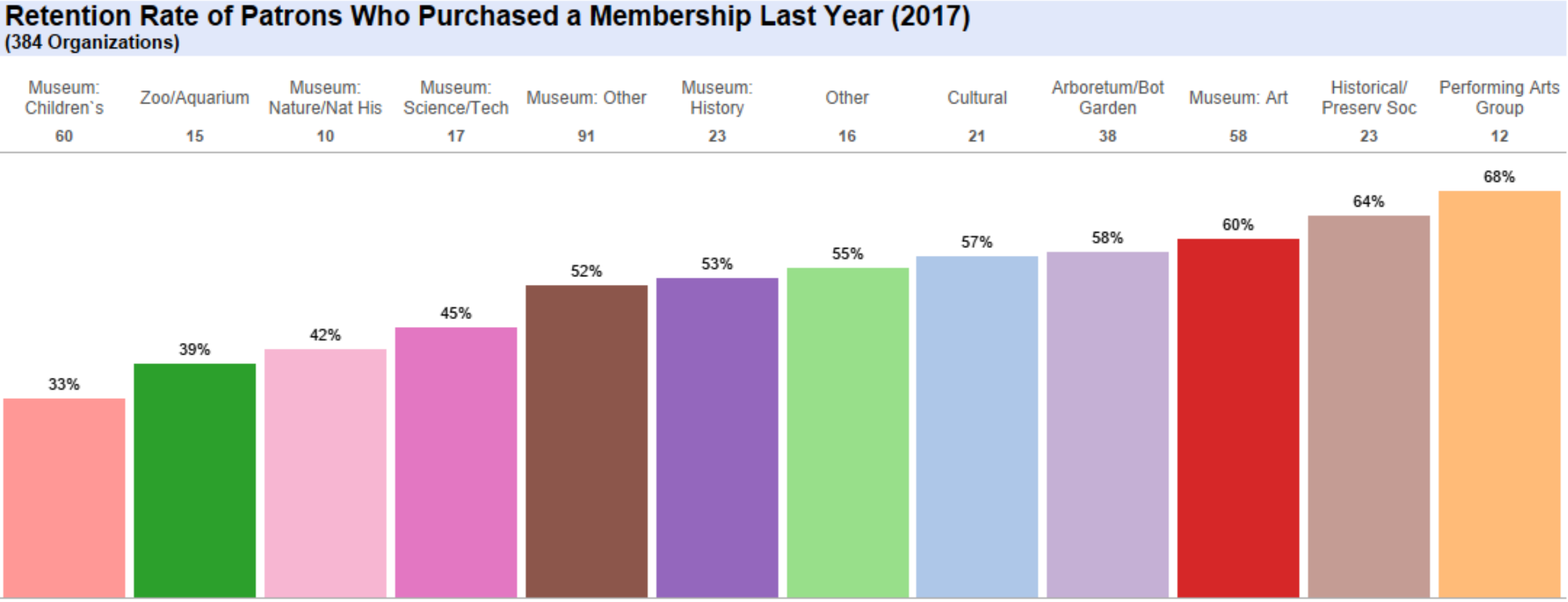


Over time – ticket buyers slowly become members

Conversion to Membership increases patron retention and long-term value

Conversion to Membership

The 2017 Overall Retention Rate of Patrons Who Purchased a Membership Ranges from a Median 33% to 68%



Findings

- 80% of Organizations Increased Active Patrons in 2017
- 81% of Organizations Increased Revenue in 2017
- 76% of Organizations Increased Revenue per Patron in 2017
- 80% of Organizations Increased the Number of New Patrons in 2017

The results are not yet in for 2018.

- They are expected to be a return to pre-2017 levels of growth in patrons and revenue.
- Revenue per donor should continue to increase, and
- New patron numbers are expected to decline.

Donor Lifecycle and Impact on Analysis

Understanding how donors behave and move through the file over time

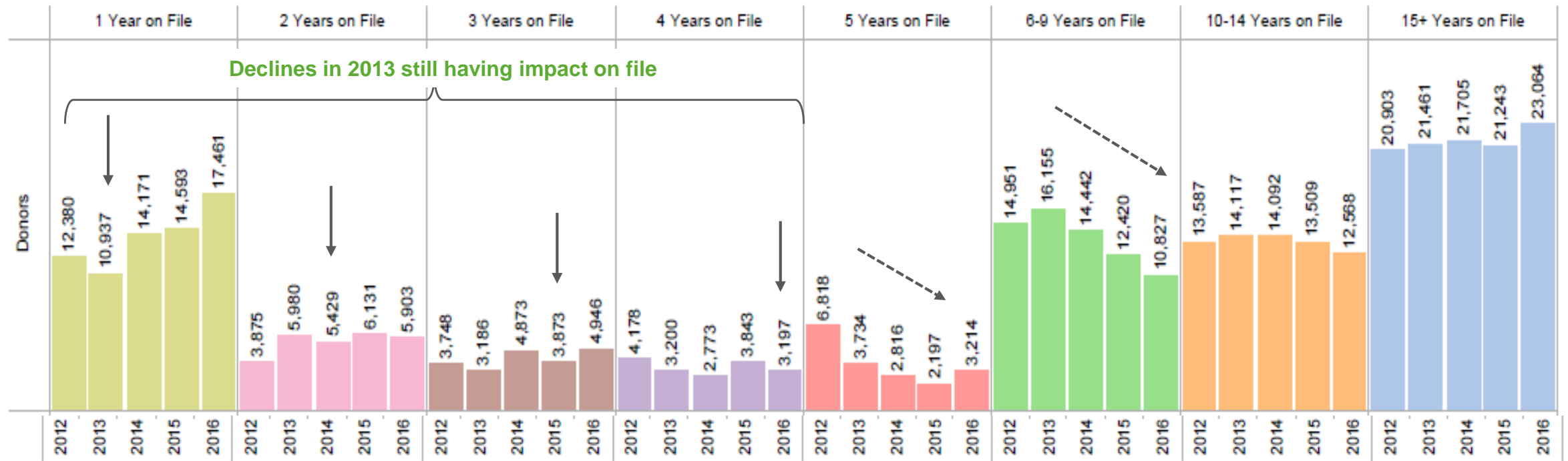
Affects how you interpret your data

- Do you have a high percentage of new donors?
- Is your mid-level program robust?
- Do you have a large number of low dollar donors?
- Do you have a monthly donor program?



The composition of your file will affect retention rates, reactivation rates, revenue per donor, and other key metrics.

Changes in File Composition: New Donor Declines Have a Long-Term Impact



- Declines in new donors in 2013 continued to affect the file as that class of donors moved through the file
- Note that there were also declines in new donors 5 – 9 years ago that continue to affect those segments

Measure What is Meaningful

- Active Patrons
- Retention/Conversion
- Frequency
- Average Gift Amount
- Annual Value
- Revenue
- # of Gifts
- Members/Donors
- Channel (Online, Onsite, Mail)
- Length of time on file
- Monthly Donors

What is important to your organization?



Metrics: Cautions

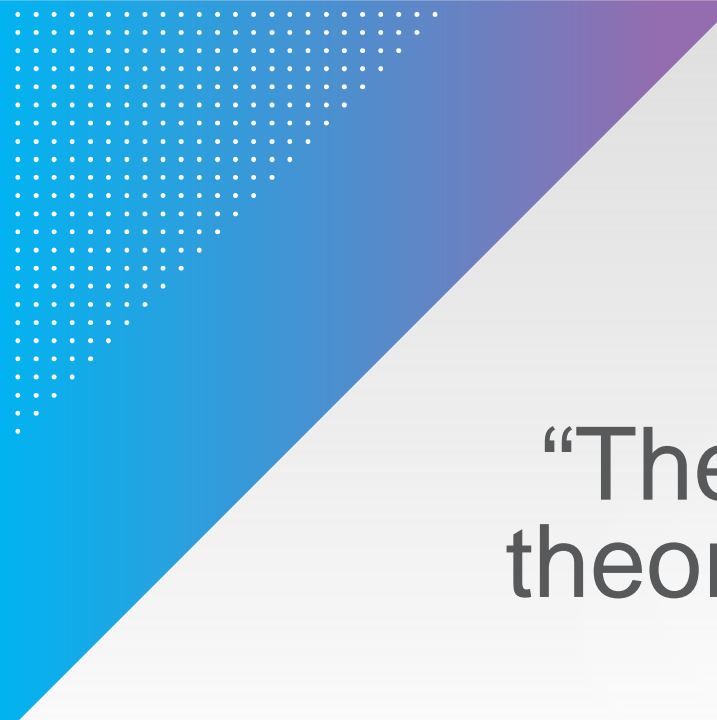
- One size does not fit all.
- Do the results give you actionable insights?
- Where are the opportunities?
- Is this a problem?
- All organizations do not act alike.



What are the Actionable Insights Gained from Data?

- Are our metrics on par with peer organizations?
- How should we prioritize our efforts?
- Should we invest more or cut back in direct marketing?
- Do we have the human resources we need to implement the strategy?
Technology resources?
- How do we communicate results to management?

Keep in mind that no other organization is a perfect match.



“The temptation to form premature theories upon insufficient data is the bane of our profession.”

Sherlock Holmes, fictional detective





Your data can lead you to success.

From Data to Successful Strategy

Before Smart Data



After Smart Data



THANK YOU!

