

7 Ways Market Intelligence Can Make You More Money

According to Gartner Inc., a leader in technology research and consulting, “the key to thriving in a competitive marketplace is staying ahead of the competition. Making sound business decisions based on accurate and current information takes more than intuition. Data analysis, reporting, and query tools can help fundraisers wade through a sea of data to synthesize valuable information”. In short, he describes ... Market Intelligence (MI).

MI Benefit #1 – Fundraising Audit

For any valuable analysis you must know where you have been...what you’ve tried...what worked...what didn’t and why. This review is crucial to determine where you should spend your fundraising dollars in the future.

With the right information, your fundraising should constantly improve – If you start capturing the right data.

Asking the “right” person with the “right” message at the “right” time is critical to success. The **business as usual approach is dead**. You can’t afford to search out new clients the old fashioned way.

Your success is too important to play a hit or miss game.

How this makes you more money: You will not repeat the same costly mistakes. Nuggets of truth will be unearthed that will help you utilize future fundraising dollars to achieve your best ROI.

MI Benefit # 2 - Focusing on the “Right” Audience

The Association of Fundraising Professionals estimates that **60% of direct fundraising results** are attributable specifically to the targeted audience. In short, the “right” list has the biggest impact whether your fundraising succeeds or fails. In order to ensure maximum fundraising success, you want to do anything you can to “**stack the deck**” in your favor. It is very important to pinpoint that narrow audience that is going to be the most interested in your product or service.

Targeting the “right” audience is **TWICE** as important as your ask and **SIX** times more important than your creative. Ask yourself where are you spending your time and dollars? If you’re like a lot of people, it’s on the creative. Start investing in your Market Intelligence.

An in-depth look at your current donors is a perfect starting point to begin defining the target audience. This can be done using analytical products like **profiling** which literally paints a visual picture of existing donors through the use of demographic, geographic and behavioral attributes.

Understanding who your best donors are and their profile is the primary step in finding more people like them.

How this makes you more money: Going to the “right” list has a 60% impact on whether your fundraising succeeds or fails. Profiling can provide a 10 to 25% lift in direct fundraising response rates over a true random selection. Higher response rates increase your performance without increasing the number of households solicited. This saves you money by mailing more effectively.

MI Benefit #3 - Prioritizing the Audience

Not all donors are the same. Some donors are more responsive, loyal and giving. Digging deeper into your donor base provides insight into the differences between donor segments and how to prioritize them.

Using **segmentation** techniques is beneficial both for donor and prospect fundraising. From a prospect standpoint, it provides a roadmap to prioritize prospects. For example, while there may be a large universe of prospects matching your donor's profile, some prospects will be more responsive than others or potentially give more and should take precedence when there is a limited fundraising budget.

Additionally, while all donors should be treated special, some donors are will give more than others. **Segmenting** provides a way to identify those donors you cannot afford to lose. Understanding who your "best" donors are also provides a road map for finding (or developing) more of them.

You should definitely treat large donors differently. As said, in the movie *Pretty Woman...* "they need major sucking up."

You also might find new markets to target in the future. For example, targeting new families moving into your community is an excellent approach for certain organizations. In many cases, these lists alone can yield 10 to 20 times better ROI than other prospect lists. In short, the more you know about the trends and reasons donors give to you the easier it becomes to exponentially grow your organization.

***How this makes you more money:** An in-depth segmentation plan can provide a 10 to 45% lift in direct mail response rates over a true random selection. The more you know about your best donors and their attributes the more you can fine tune your fundraising packages and asks to achieve your best results. Also, understanding the needs of your donors and identifying those you can't afford to lose increases the lifetime value of a donor.*

MI Benefit #4 – Increase Donor Retention

Understanding the typical donor lifecycle and donor attrition warning signs is very important to increasing your contributions. National studies prove the average nonprofit **loses 10% of its donors every single year!** Acquisition efforts often do nothing more than simply replace the donors who are leaving rather than increasing the overall donor base.

Imagine for a moment you want to grow 12% this year. If your donor attrition rate is 10%, that means you must have at least 22% new donor growth. That is a tall order for most organizations. Therefore, it becomes critical to increase your donor retention rate. **Stop donor loss!** The key element in doing this is to know more about your donors and what they want from you.

Simply having a system in place to say "thank you" can build loyalty. Your donor's need to know you appreciate them. Do you send new donors anything welcoming them? If not, you should. Create the "right" first impression along with volunteer and other giving opportunities.

Market Intelligence such as **retention analysis** helps proactively identify those donors in the process of leaving you. With this intention, you can put in place the proper fundraising packages to significantly reduce the number of donors you lose each year.

***How this makes you more money:** Existing donors are at least **five to eight times more responsive** to your asks than true prospects. Additionally, it is estimated that the cost of acquiring a new donor is as much as **five times** that of retaining existing ones. It makes financial sense to learn how to keep more of your donors.*

MI Benefit #5 – Make the “Right” Ask at the “Right” Time

The right ask at the right time has an enormous impact on the success of your fundraising. You can have the best audience and great creative and still not have good results if the ask isn't appealing – not timely – and doesn't give them what they want.

A deep understanding of what makes a donor tick is necessary to determine what it takes for them to respond and what it takes to make them a “happy” donor. Analytics such as **focus groups, surveys or experienced fundraising experts** can provide significant insight.

The **availability of competitive information** helps ensure that organizations know what is going on with other nonprofits and what it takes to fundraise effectively. Furthermore, the **use of experienced partners** can provide the opportunity to take advantage of fundraising best-practices and prior experience without the extra cost of testing.

***How this makes you more money:** Reaching prospects or donors with a compelling ask at the “right” time they are ready to make a gift is critical. Understanding the timing and letter components are essential to fundraising success, so you will always reach the “right person” with the “right ask”.*

MI Benefit #6 – Testing and Measuring Results

It is surprising how many organizations don't have a reliable way to track program results. Admittedly, no program can be tracked with 100% accuracy; however, it is vital for organizations to know if their fundraising program met their objectives and which packages worked best.

Fundraising results should be analyzed like stock brokers and financial managers review investment portfolios. It is critical to have the “right” market knowledge and structure to succeed.

Get past the concept “I know all the answers” or “this is the way we have always done it”. Test to find “better” ways to improve your results.

Testing (audience, ask, creative etc.) is a key driver of performance improvement. Without the **ability to capture and analyze these results** very little learning will take place. However, with this information you might be able to actually reduce the cost of your fundraising and get better results.

You will learn your response rates, average gift amounts, cost to acquire a new donor and cost to raise a dollar. And, most of all you will be able to improve all of these very important fundraising statistics.

***How this makes you more money:** Testing allows you to try new things in small quantities and wait for the results before a large scale roll-out. An accurate way to capture responders and link to the data file is crucial to being able to have reliable actionable results. Tracking your results helps you continually improve your MI.*

MI Benefit #7 – Reducing Waste

The costs of postage, design and printing are growing outside your control. If it is any consolation you are not alone. Everyone is dealing with similar challenges. You must work **smarter...not harder**. And, you must use technology to your advantage to improve your performance.

The cold hard facts are every year approximately 15% of the U.S. population moves and a portion passing away. It is mandatory to take your house or prospect files and screen them for accuracy and maximum deliverability. Remove duplications, deceased names and other “embarrassing moments” with your message. Could this be you?...real money saved recently by three actual clients:

	List Qty	Bad Addresses	% Savings	\$Savings
Client A	12,329	472	3.83%	\$213
Client B	9,741	511	5.25%	\$230
Client C	67183	7,085	10.55%	\$3,188
Total	89,253	8,068	9.03%	\$3,631

Our random sample proves an average organization saves approximately 9% simply by updating their databases. This is real money.

Use Market Intelligence to improve **the quality, accuracy and deliverability** of your database. This is beneficial from a donor perception standpoint as well as cost savings.

Your audience, ask and creative can be “right” on target. However, if your fundraising package never reaches the intended audience they will never have the chance to give to you.

How this makes you more money: When more of your fundraising is reaching the intended audience, there is less waste and response rates will increase thus increasing ROI. Additionally, postage rates are lower for records that meet certain delivery standards (such as DPV) which will save fundraising dollars.

To learn more about how Market Intelligence can improve your fundraising results, please contact Scott Swedenburg at 800-595-4945 or email sswedenburg@mailent.com.