

# The Keys to Donor Retention

FEBRUARY 4, 2019

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There's one often-overlooked aspect of fundraising that actually can bring you the biggest return on investment. Study after study shows this is the closest thing to a fundraising silver bullet and it's where you should invest the majority of your fundraising time.

I'm talking about *donor retention*.

## What is donor retention?

If you've been involved in non-profit fundraising for any length of time, you've probably heard the words "donor retention." It's a fancy-sounding term that just means keeping donors. Here's the distinction:

- Donor acquisition – reaching new donors;
- Donor retention – keeping existing donors.

Your donor retention rate is the percentage of people who donate to your organization again. So, if 100 people donated to your ministry last year, and 60 of them donate this year, then your annualized donor retention rate is 60%. The national average is, according to a recent national study, 48%. How do you compare?

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## Why should you care about donor retention?

### **1. It's way tougher to reach a brand-new donor.**

Roger Carver recently said this: "You have less than a 2% chance of a gift from a brand-new donor who doesn't know you. But you've got a 20-40% chance of a gift from a lapsed donor, and a 60-70% chance of a gift from an active donor."

In other words, the people who are already giving or have given in the past are far more likely to give again. That means the time you invest in donor retention will have a greater payoff than time you spend on donor acquisition.

### **2. Long-term donors who give recurring gifts take lots of the pressure off.**

When you know the bases are covered, it allows you to lead with freedom and confidence. Imagine going into a new fiscal year knowing the majority of your budget is covered by existing donors who will happily engage for another term. That's what can happen when you have a strong donor-retention plan.

Donor acquisition sounds more important, but donor retention is more helpful.

### **3. It's one of the most cost-effective fundraising strategies you have.**

*Non-Profit Quarterly* reports: "It typically costs around five times as much to solicit a new customer as it does to do business with an existing one. Acquisition costs through direct forms of marketing are high. This is particularly the case in the context of fundraising, where it typically costs nonprofits two to three times more to recruit a donor than a donor will give by way of a first donation. It can take twelve to eighteen months before a donor relationship becomes profitable."

In other words, if you've already absorbed the costs of donor acquisition, focusing on retaining them and helping them grow in generosity is a much better use of your resources.

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## What are the keys to donor retention?

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Here are some things you can do to take immediate action:

1. **Focus.** The first step in improving your donor retention levels is making a conscious choice to focus on it. In short, you've got to decide it's important enough to keep it a priority in the face of countless other priorities.
2. **Knowledge.** Getting to know your donors as individuals is absolutely key to keeping them engaged over a long period of time. So, don't rely on mass emails and form letters, be willing to make personal phone calls, have coffee for no reason in particular and get to know people on a personal level.
3. **Relationship.** Getting to know your donors opens the door to having a relationship with them. **Your donor is not your database – he or she is a unique individual.** You've got to be there for them if you want them to be there for you. That's how any relationship works. The key to donor loyalty is being loyal to your donors!
4. **Appreciation.** Any donor retention strategy should be built on thankfulness. Phone calls, thank-you notes, and public appreciation are not only helpful to keeping people engaged, they are just good things to do. Thank your existing donors constantly, using all means at your disposal. How aggressive should you be here? John Lepp says: "Say thanks until your donors tell you to stop."
5. **Communication.** A good donor-retention strategy is intentional, not just responsive. That means you can build the strategy in advance and execute it throughout the year. When you send letters and emails, make sure you fill it with stories and pictures. That does far more to keep people engaged than plain information. Stats may inform your donors, but the stories you tell will inspire them.

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### Action Steps:

- Make a personal phone call
- Have coffee for no reason in particular
- Get to know people on a personal level
- Keep saying "Thanks!"

Do you have questions about donor retention or donor care? Let's chat!



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