

Avoiding Lapse Traps: Improving ROI by Increasing Retention

In our last email, we touched upon the assessment of past performance indicators to develop goals and strategies for 2015. Now, let's dive further into one such measure of performance — donor-retention rates.

Engaging new donors is often costlier than maintaining existing donors. Studies show that acquiring new donors via direct mail has an initial cost of \$1.00 to \$1.25 per dollar raised. Donor *renewal*, on the other hand, costs just 20¢ per dollar raised.¹

How can you improve donor retention? First, let's look at why donors stop giving. The top reasons for donor lapse have been reported as follows:²

<i>Reason</i>	<i>Percentage</i>
I can no longer afford to offer my support	54.0
I feel that other causes are more deserving	36.2
Death/relocation	16.0
The organization (X) did not acknowledge my support	13.2
I do not recall supporting X	9.2
X did not inform me how my money had been used	8.1
X no longer needs my support	5.6
The quality of support provided by X was poor	5.1
X asked for inappropriate sums	4.3
I found X's communications inappropriate	3.8
X did not take account of my wishes	2.6
Staff at X were unhelpful	2.1

While you can't control all the variables that impact donor lapse, you *can* directly address many of the most commonly cited causes. For example:

1. *A more deserving cause:* How can you report to donors more effectively to ensure they understand the importance of your work?
2. *Never thanked:* What are you doing to thank donors — not only when they expect it, but also when they are not expecting it?
3. *No memory of supporting:* How are you communicating with donors between gifts to keep them engaged with your organization?
4. *No information about how funds used:* What are your reporting protocols? Do acknowledgement materials inform your donors about the impact of their gifts?
5. *Organization no longer needs support:* Are you updating your donors about your ongoing need for support? (And this doesn't necessarily mean asking for more money in every communication!)

What can you do to prevent the donor-lapse traps above?

¹ Greenfield, James M., *Fund Raising: Evaluating and Managing the Fund Development Process*, 1999.

² Sargeant, Adrian (2001). Managing Donor Defection: Why Should Donors Stop Giving? *New Directions for Philanthropic Fundraising*, No. 32 (Summer 2001).