

# ADVANCED TOPICS

NEXT-LEVEL DIRECT MARKETING  
: **Advanced Analytics**

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**It's not about the Cheetos!**



## Here with you today:



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## We'll share how deeper analysis

**Gets at the root of problems to formulate the *right* solution**

**Shows how decisions and events over time  
(even *years* ago) can impact results today**

**Guides your decisions and counteracts your biases**

**Gives you a framework for assessing future metrics**

**Helps you do your job better!**

## Why analyze trends beyond the standard KPIs?



## Digging deeper helps get at key questions

- What is driving the trends shown in the standard KPIs?
- Is the trend pervasive? Or is it only driven by sub-segments of donors?
- Where is the money? Which donor segments generate most of the revenue?
- Did your “moment-driven” donors continue to give?
- Are you feeding the furnace that will fuel future revenue?
- Has your file composition changed due to external events?

## Advanced measures of success...

- Defining the right investment levels
- Matching back donations to their source
- Analyzing return on investment by list and package
- Looking at performance across channels
- Calculating net long term value
- Reviewing the impact of monthly giving
- Understanding the upgrade/downgrade trends of your file

NATIONAL  
MUSEUM  
*of the*  
AMERICAN  
INDIAN





## Why this deep dive?

### **CHALLENGE:**

Despite increased revenue for the past several years, NMAI's FY19 revenue fell short of FY18.

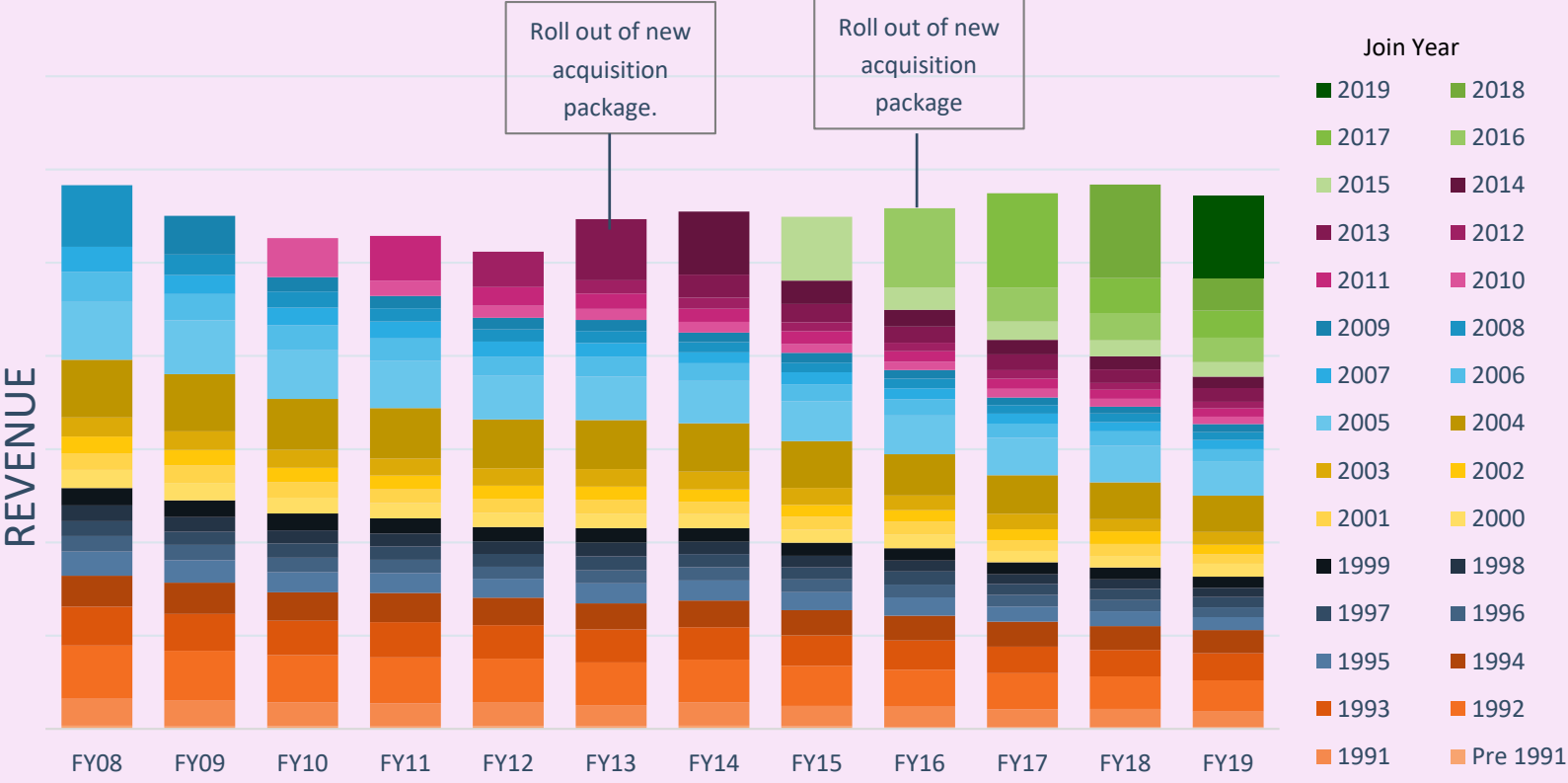
### **OBJECTIVE:**

Uncover what forces beneath the surface might be driving the results we were seeing.

### **HOW:**

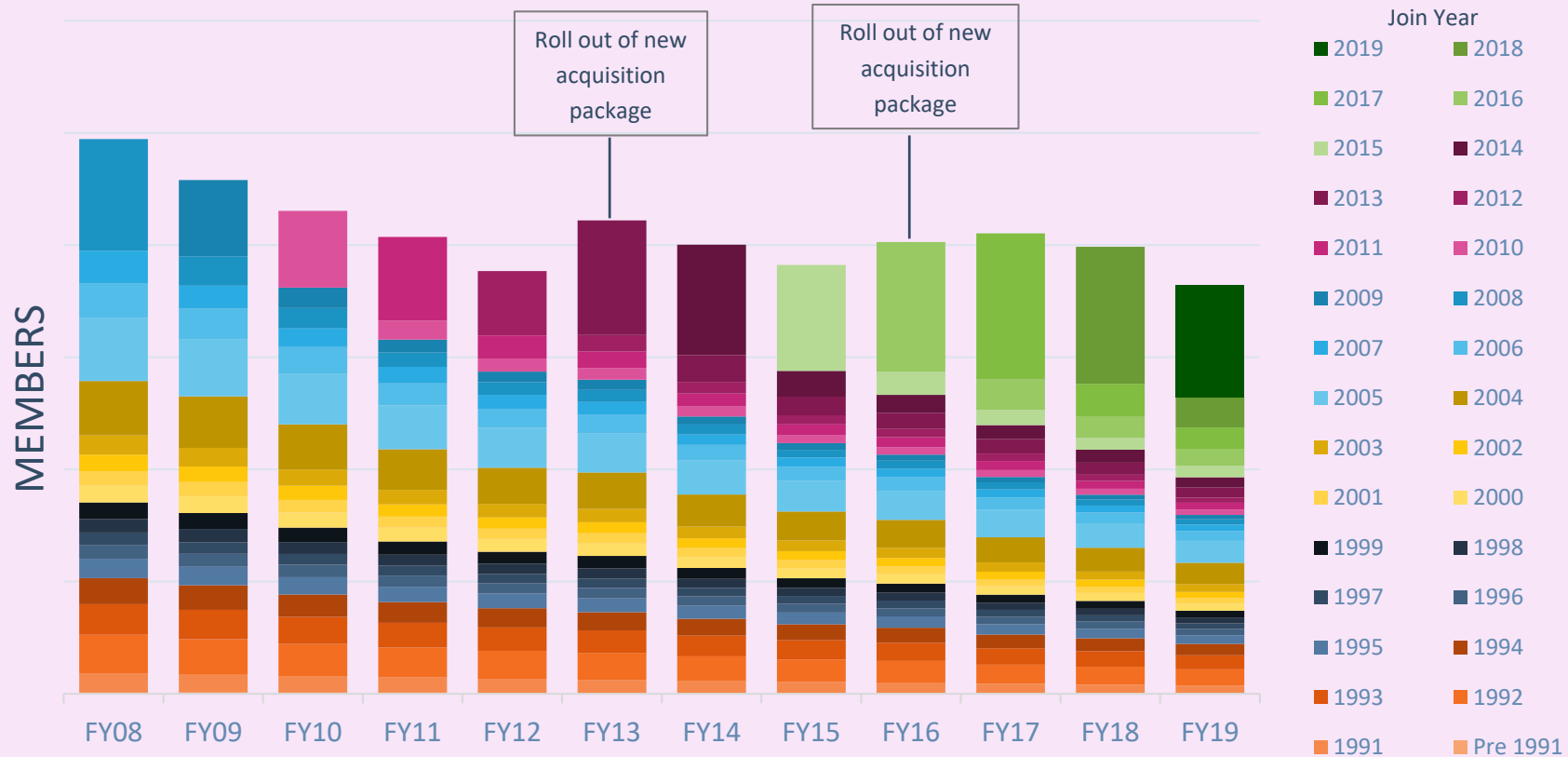
Dig deeper to examine historic trends based on *30 years of data*.

# Revenue decreased 2% in 2019, driven by a 12% decrease in acquisition income.



But this is not the entire story, the reasoning behind a decrease in revenue.

# Total donors declined by 8% in FY19 – with new membership joins decreasing by 18%.



# Understanding the impact of acquisition: "Snake eating Mouse" pattern

"Museum opening cohort" giving in FY09.

"Original benefactor cohort" giving in FY09.

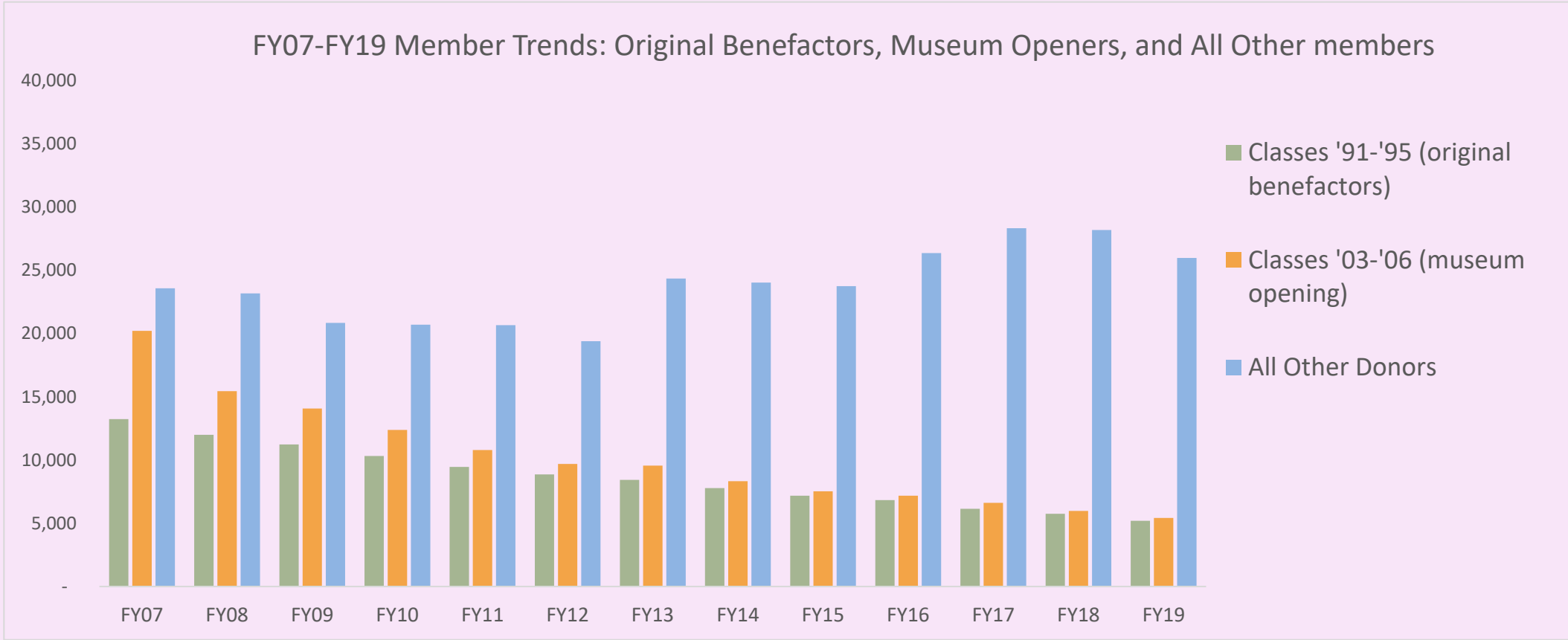
	Number of Donors Giving in the Year									
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1 Year on File	7,070	7,111	7,592	5,927	10,328	9,944	9,650	11,728	13,135	12,481
2 Years on File	2,633	1,848	1,702	2,067	1,484	2,398	2,307	2,081	2,730	2,856
3 Years on File	2,073	1,825	1,168	1,186	1,496	1,048	1,681	1,596	1,375	1,947
4 Years on File	2,758	1,667	1,825	942	1,032	1,163	812	1,454	1,247	1,034
5 Years on File	5,055	2,400	1,468	1,150	907	899	982	738	1,287	1,146
6 Years on File	4,601	4,489	1,979	1,243	1,082	724	707	898	667	1,053
7 Years on File	1,660	4,033	3,897	1,715	1,160	890	596	658	807	564
8 Years on File	1,396	1,455	3,620	3,535	1,660	931	700	549	606	684
9 Years on File	1,276	1,266	1,284	3,228	3,452	1,391	808	711	480	535
10 Years on File	1,511	1,138	1,102	1,207	3,233	3,007	1,244	770	632	421
11 Years on File	1,419	1,345	990	1,016	1,197	2,855	2,736	1,199	703	541
12 Years on File	1,169	1,282	1,237	925	990	1,053	2,570	2,574	1,088	602
13 Years on File	1,042	1,055	1,182	1,135	927	860	957	2,470	2,445	955
14 Years on File	1,159	960	981	1,075	1,109	798	797	905	2,234	2,154
15 Years on File	1,640	1,110	871	914	1,113	988	721	751	825	2,099
16 Years on File	2,192	1,547	997	813	908	973	896	687	691	721
17 Years on File	2,614	1,983	1,367	935	829	805	864	848	598	642
18 Years on File	3,187	2,432	1,838	1,302	931	743	719	809	746	560
19 Years on File	1,582	2,906	2,207	1,709	1,230	838	675	704	752	700
20 Years on File	111	1,436	2,674	2,089	1,622	1,150	795	679	613	692
21 Years on File		102	1,345	2,499	2,006	1,506	1,046	723	603	580
22 Years on File			104	1,237	2,388	1,840	1,412	997	679	552
23 Years on File				96	1,157	2,174	1,704	1,340	914	647
24 Years on File					91	1,069	1,990	1,611	1,205	841
25 Years on File						87	990	1,923	1,453	1,133
26 Years on File							81	925	1,694	1,374
27 Years on File								72	828	1,589
28 Years on File									58	742
29+ Years on File										55
Total Giving	46,148	43,390	41,430	37,945	42,332	40,134	38,440	40,400	41,095	39,900

These large cohorts moved through the years and continued to represent "larger" volumes of members.

"Museum opening cohort" giving in FY18.

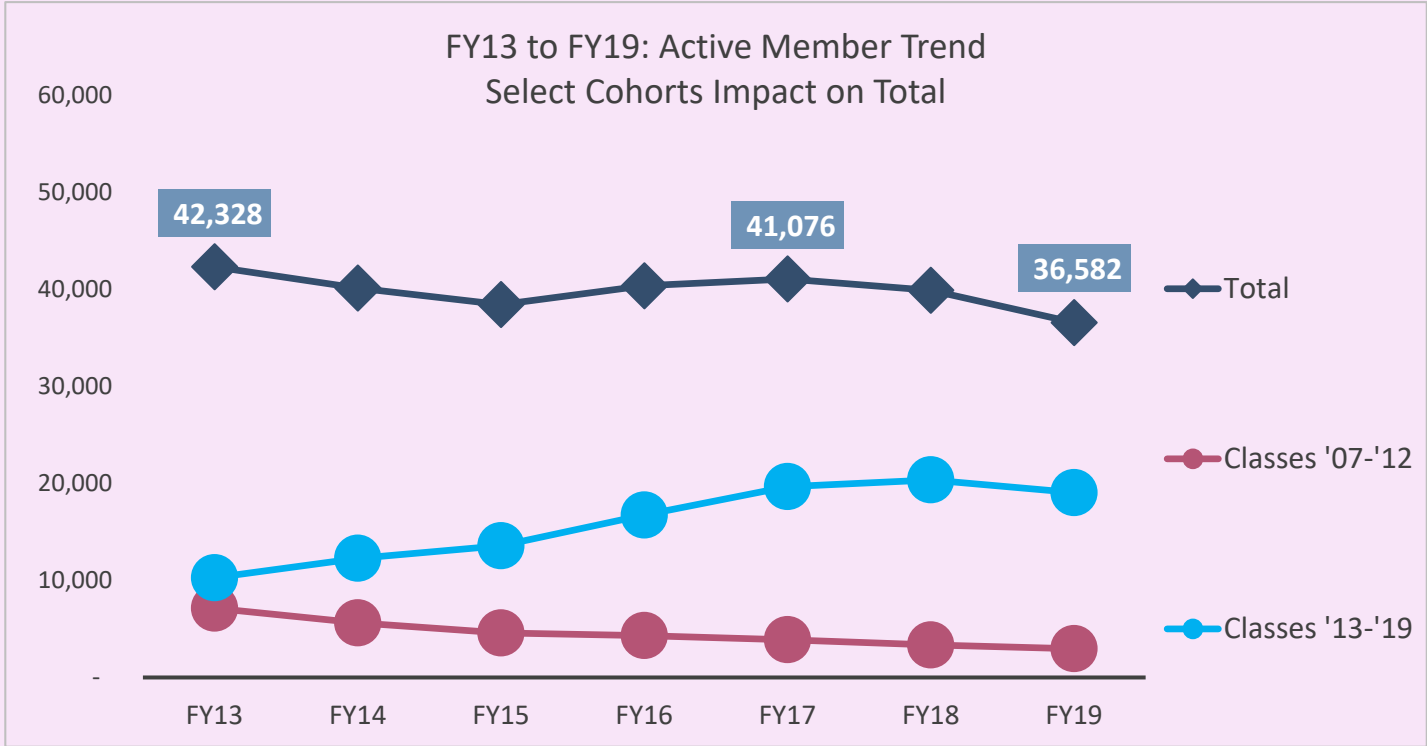
"Original benefactor cohort" giving in FY18.

**Naturally, these two critical cohorts were slowly lapsing. But all other acquisition classes, combined, were shrinking at the same time, until FY13.**



# 2007 through 2012 were years with low acquisition and new donors joining.

2013 was a turning point in the acquisition of new joins; helping to stabilize the active member population that would otherwise have continued to steeply decline.



In FY19, fewer new members joined.

When combined with...

6 very low years of acquisition ('07-'12) creating a chasm in multi-year donors.

Resulted in...

An 8% YOY decrease in active members in FY19 – the largest % drop in these 7 years.

# Revenue from critical cohorts continued to be substantial – 39% in FY19, but the biggest driver of growth was the recent acquisition investment.

FY07-FY19 Revenue Trends: Original Benefactors, Museum Openers, and All Other members



## What is the real story?

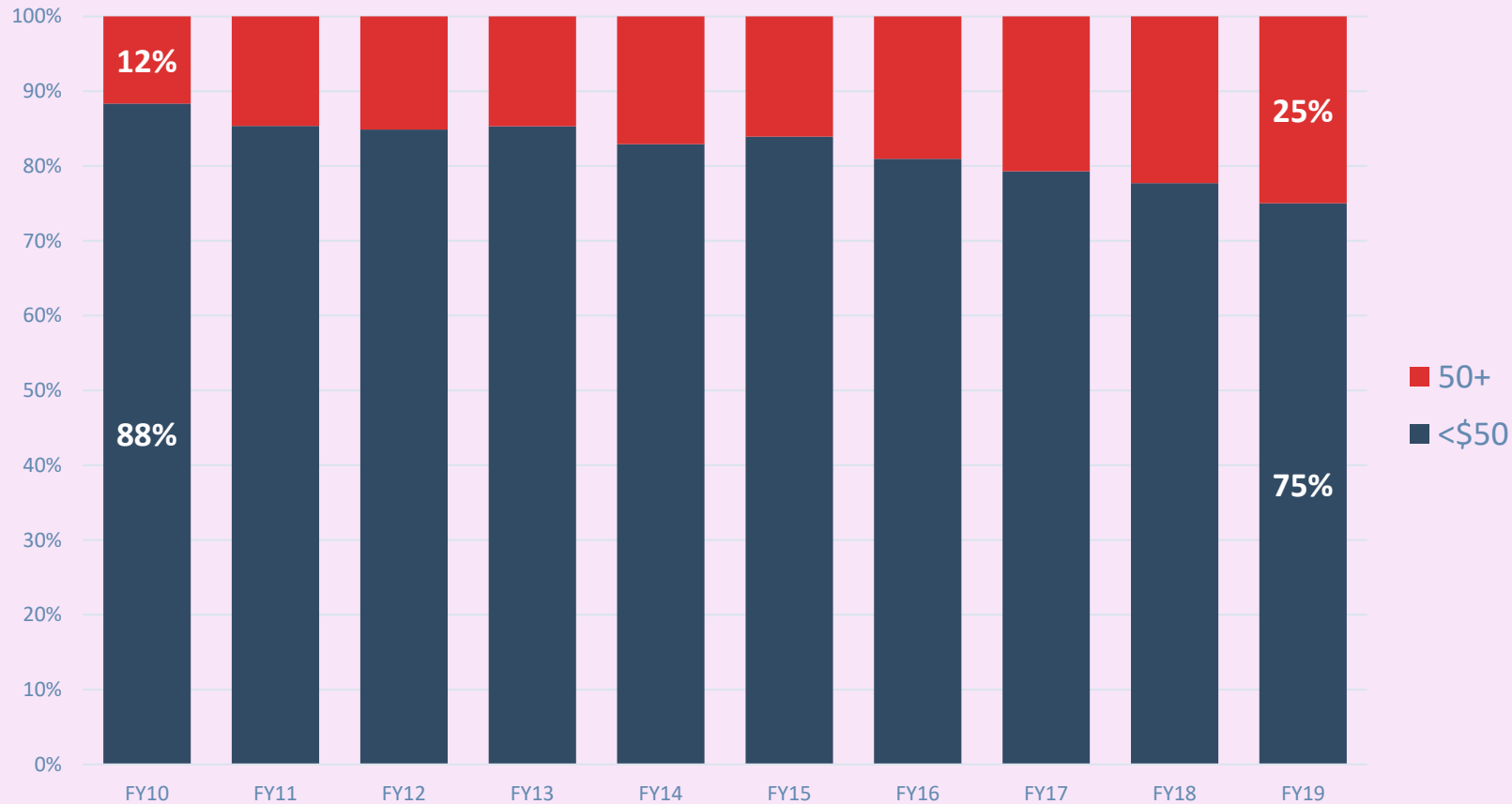
- The original benefactor and museum opening cohorts – aka Charter Members – who joined 14 or more years ago – were still giving in FY19 and represented 29% of the total active population. They donated 39% of FY19 revenue.
- This population was slowly decreasing in size. And they donated 60% *less* money than 11 years ago.
- The problem did not arise from these amazingly loyal and generous donors but from the much smaller classes of new members in the other acquisition years, especially when acquisition was reduced after the museum opened.
- A Domino Effect occurred:
  - **Fewer** new members were acquired to replace the naturally lapsing Charter Members
    - Newer members had less time to upgrade and be cultivated; so have **lower value**
    - Due to both factors, they gave **less revenue overall** and on a per donor basis.



**Now that we knew what the inside looked like, where did we go from here?**



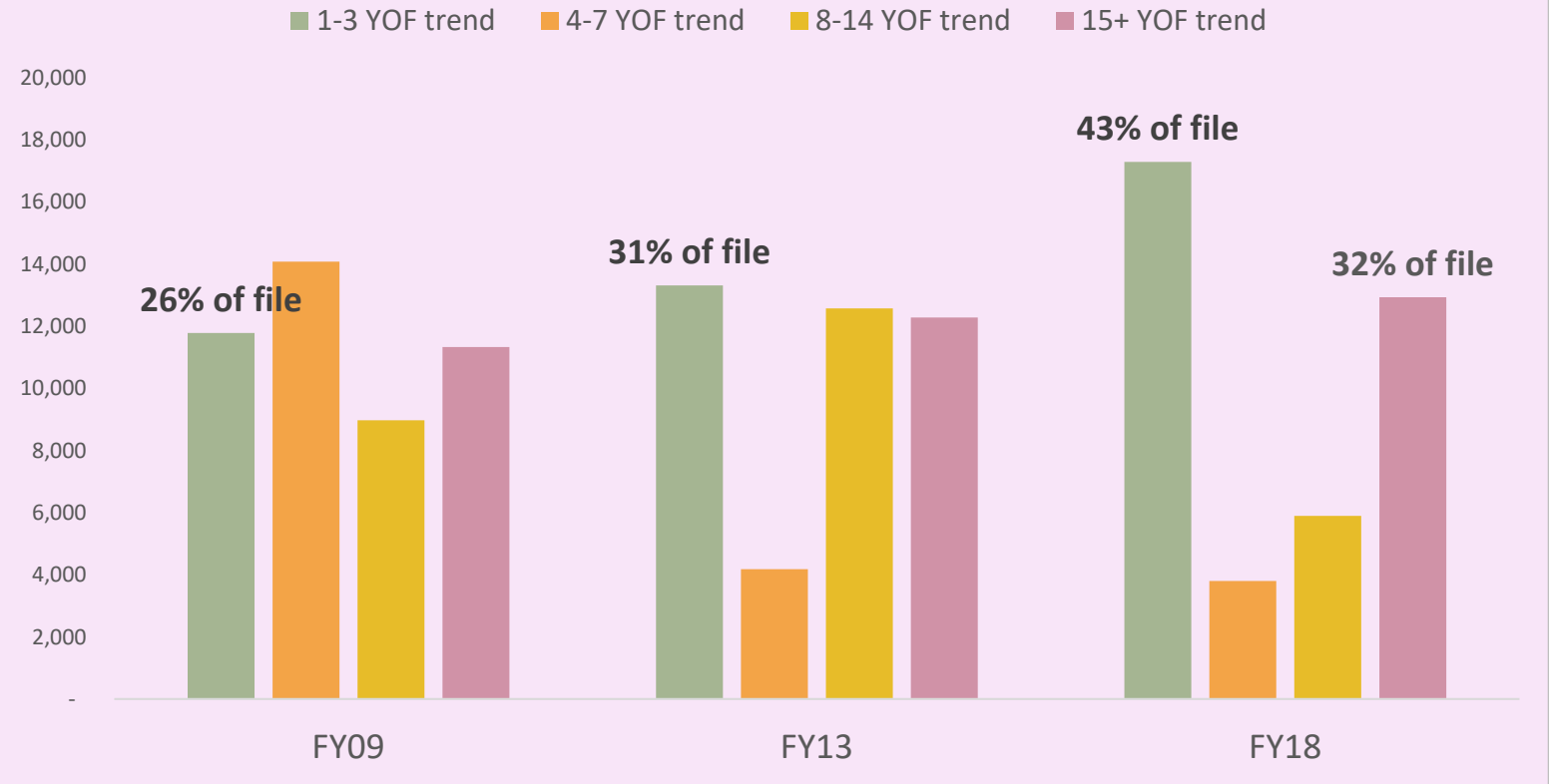
**In 2019, new members joining at \$50+ represented 25% of all new members – an increase of 13 percentage points compared to 2010.**



Higher-value joins will reap higher value in the future, compensating for some inevitable revenue loss from too many prior years with low acquisition classes.

# Composition of active membership changed notably in 10 years.

Active Members by Years on File - 3 Years of Comparison



Recently acquired members have a different perception and understanding of the institution than members who joined many years ago.

Uncovering the current composition difference can drive messaging variations by longevity segment.

The 15+ YOF, active member segment continued to generate substantial revenue and have unique cultivation, upgrade, and recognition opportunities.

## Impact on fundraising

1. The Charter Members who are still giving – or are very recently lapsed – are “ripe” for cultivation, upgrading, and recognition.
2. In 2019, most active donors were either recently acquired or very long on file. This reveals a strategic opportunity to uniquely message, solicit, and cultivate these segments.
3. The chasm of new joins from the low volume years of ‘07 to ‘12 continues to impact the size of the active donor population and total revenue. Strategies for increasing donor value are critical in the coming years.
4. Bringing on a higher value new member will generate higher value multi-year members who can help compensate for losing the high-value charter members.



**The  
Kennedy  
Center**



**Some performances are just more popular... so we have to make sure that our membership foundation is strong.**

**CHALLENGE:**

Blockbuster shows lend volatility to the Membership file. Oh, and the Membership rate increase didn't help...or the pandemic.

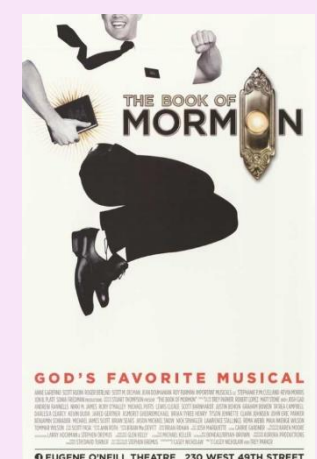
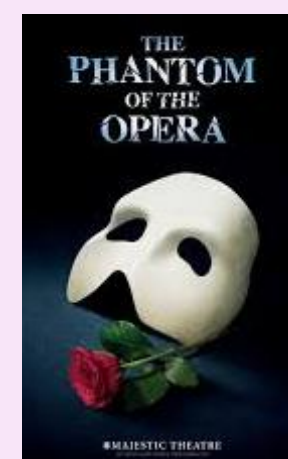
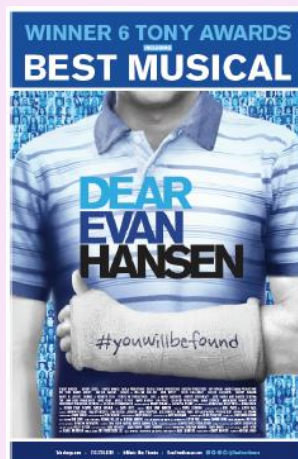
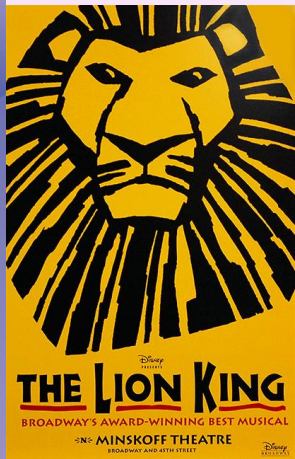
**OBJECTIVE:**

How do we ride the wave smartly and cost effectively?

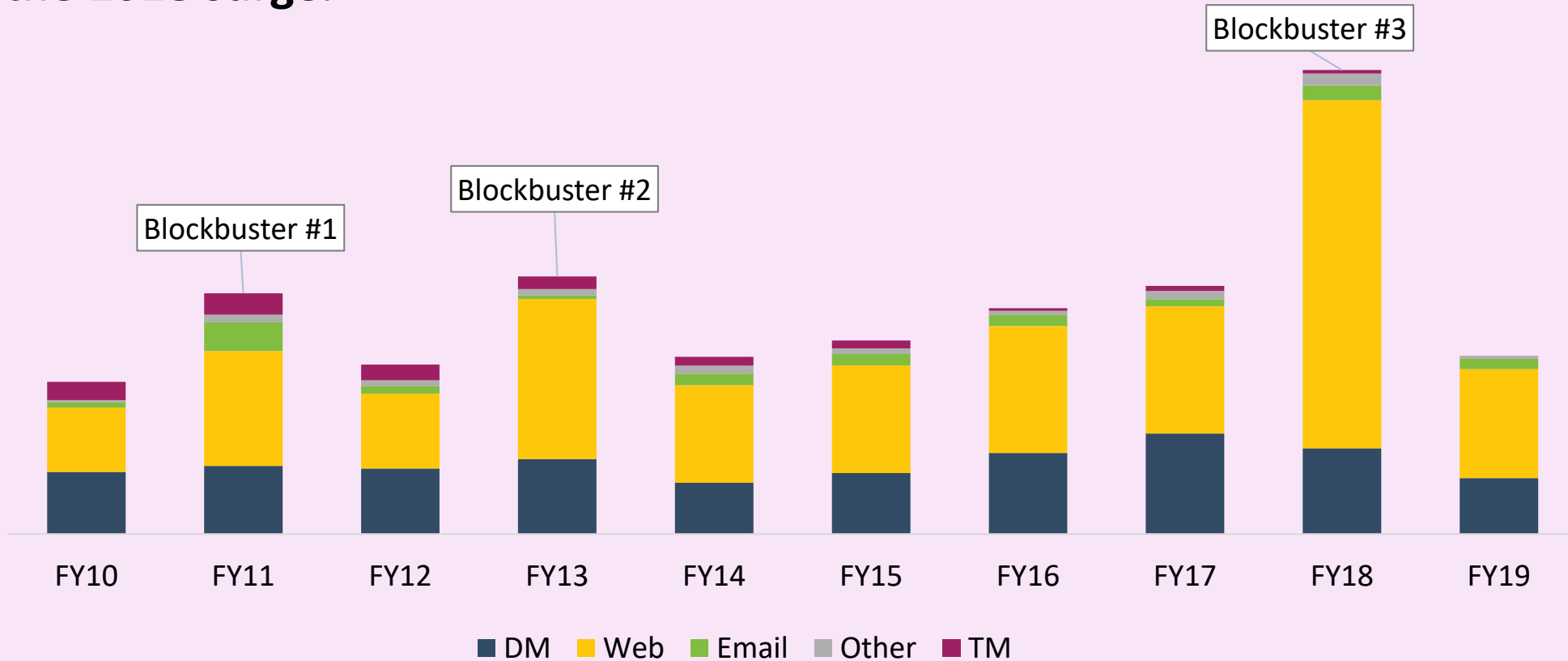
**HOW:**

Review and compare post-blockbuster performance and re-solicitation strategies. Determine how we can use this going forward.

# Managing donor surges – it's not just for advocacy orgs!

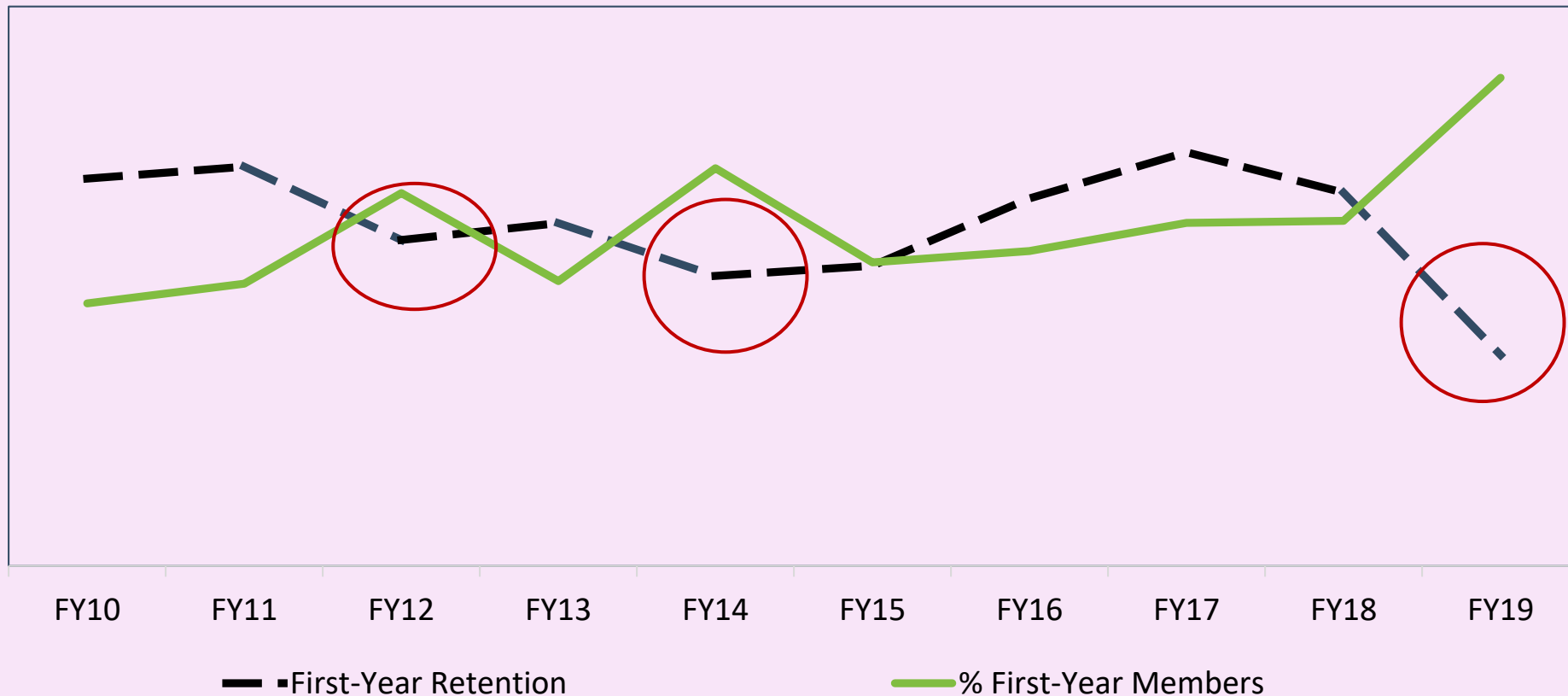


In FY19, new joins were at the lowest level they've been since FY14, with declines in acquisition across all channels and dramatically down after the 2018 surge.

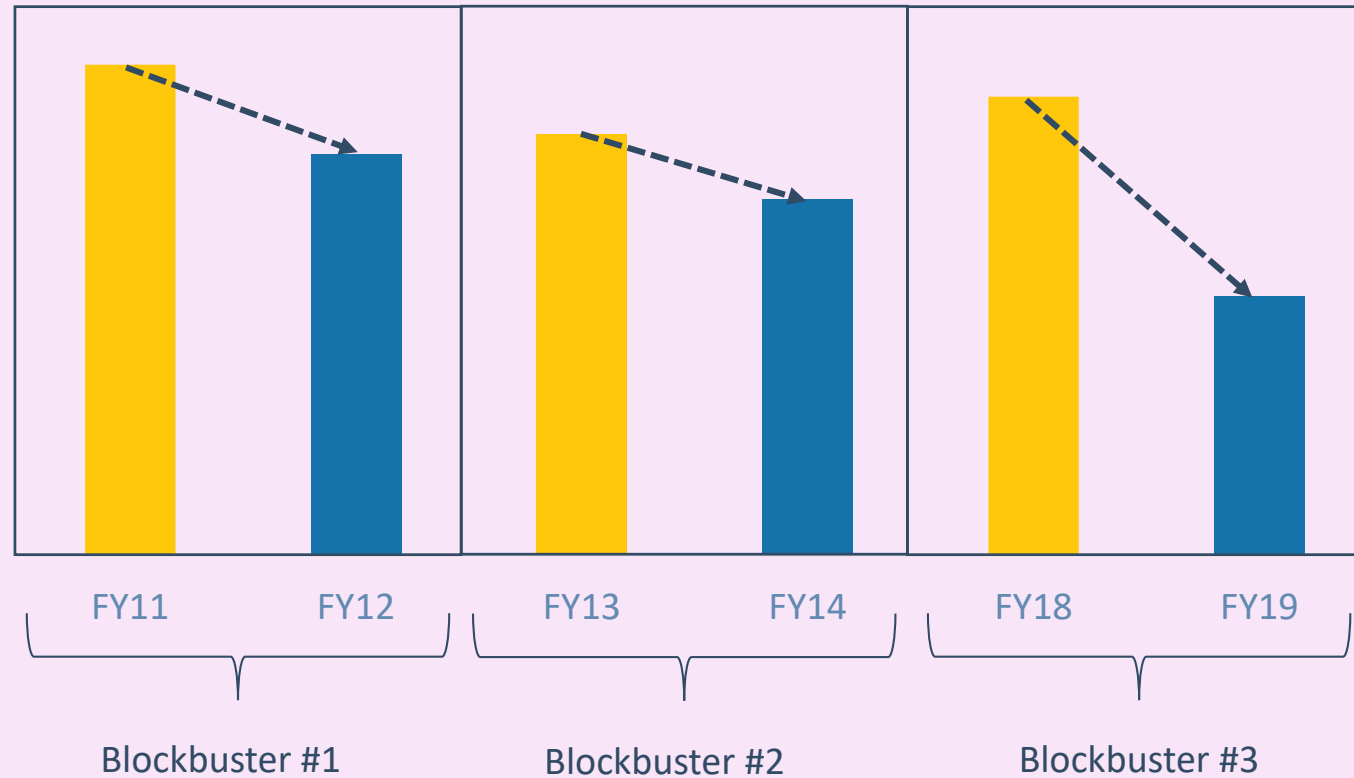




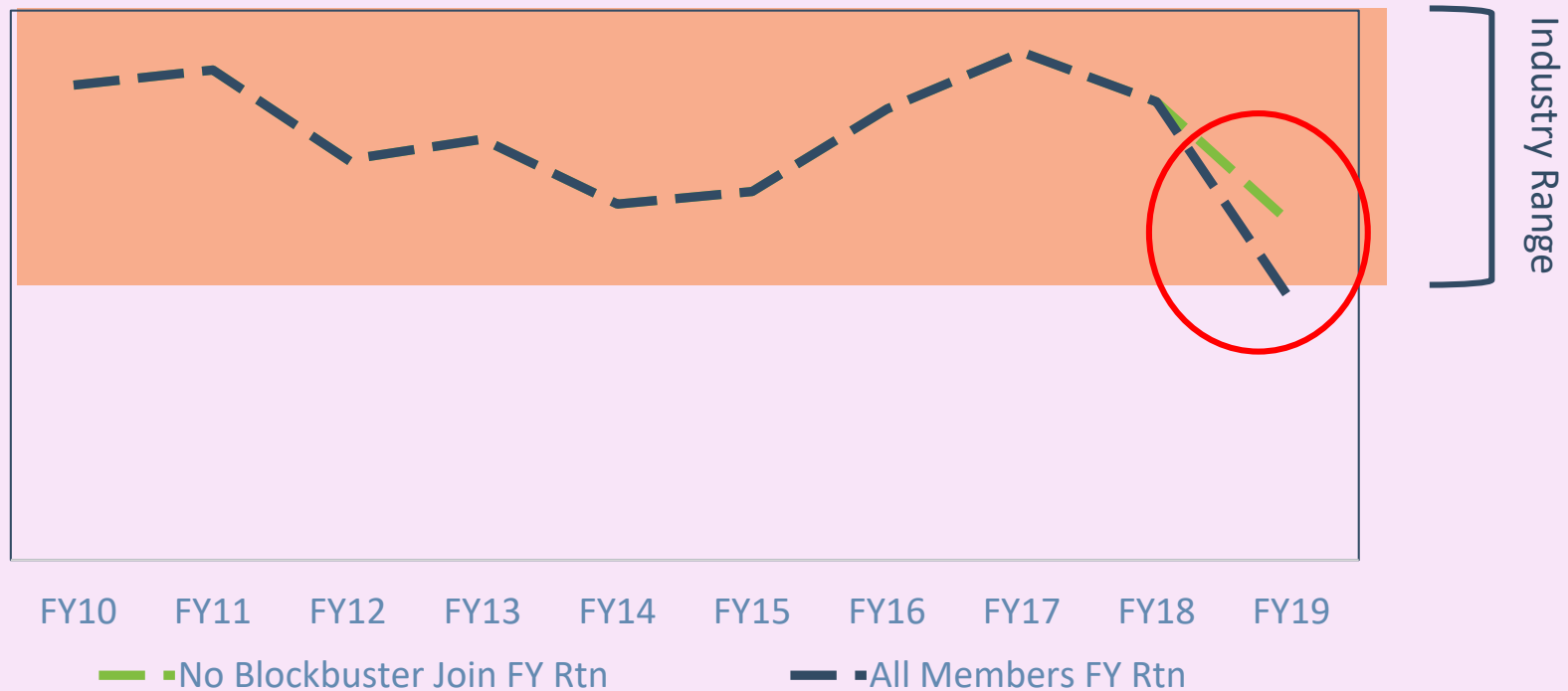
**Following blockbuster years, we see a spike in the percentage of first-year Members on file and a decline in first-year retention.**



**While first-year retention often drops when first-year volumes increase, the drop-off after the FY18 blockbuster was much larger than previous years.**



**Excluding FY18 blockbuster joins, the decline in first-year retention is less severe (less than 9 percentage points instead of over 14) and first-year retention remains within the standard industry range.**

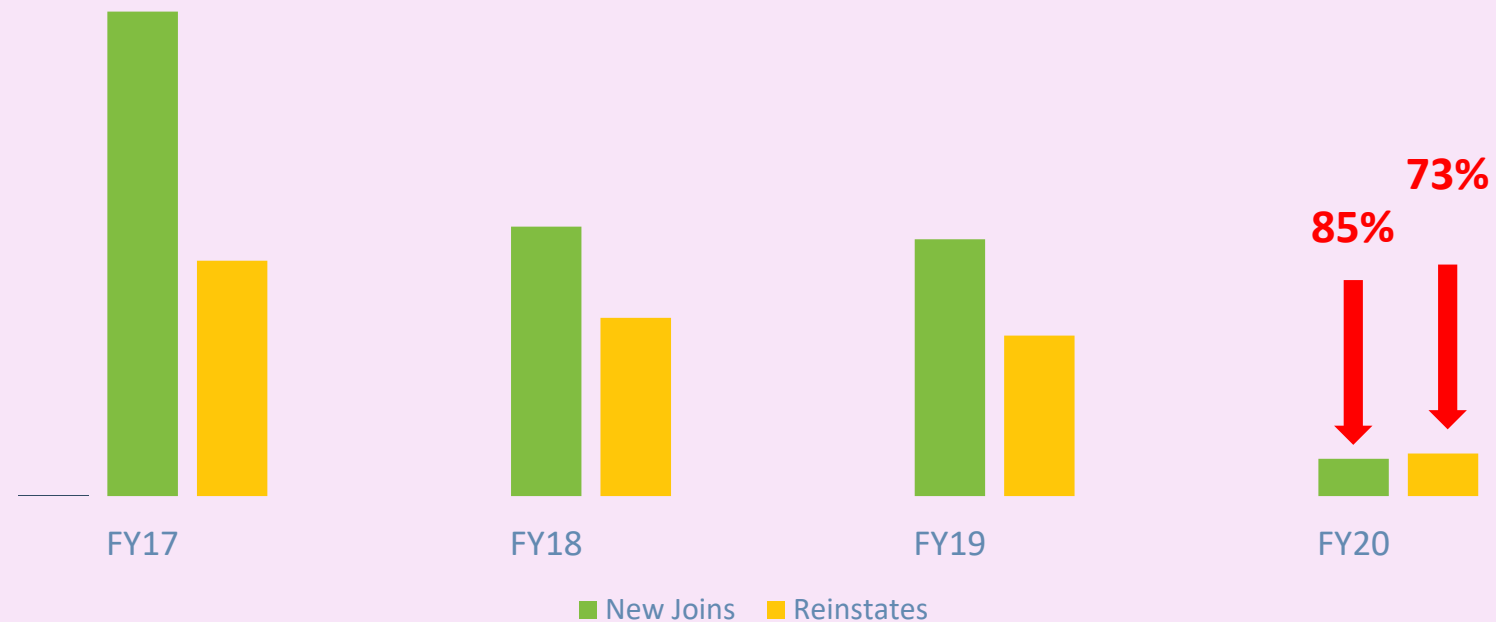


The 9 percentage point decline in this view is more consistent with a rate increase and tends to rebound the year following the increase.

Here we go again...

2020: Another Blockbuster surge AND an abrupt halt to acquisition due to COVID-19 = drastic declines in new joins/reinstates in Q3.

YOY Q3 New Joins and Reinstates



## And new joins are not the only group impacted.

- Immediate decline in new joins
  - Loss of their revenue over time
    - Fewer members = fewer in the pipeline to major gifts
      - Loss of major donor revenue over time
        - Loss of upgrade potential and associated revenue over time

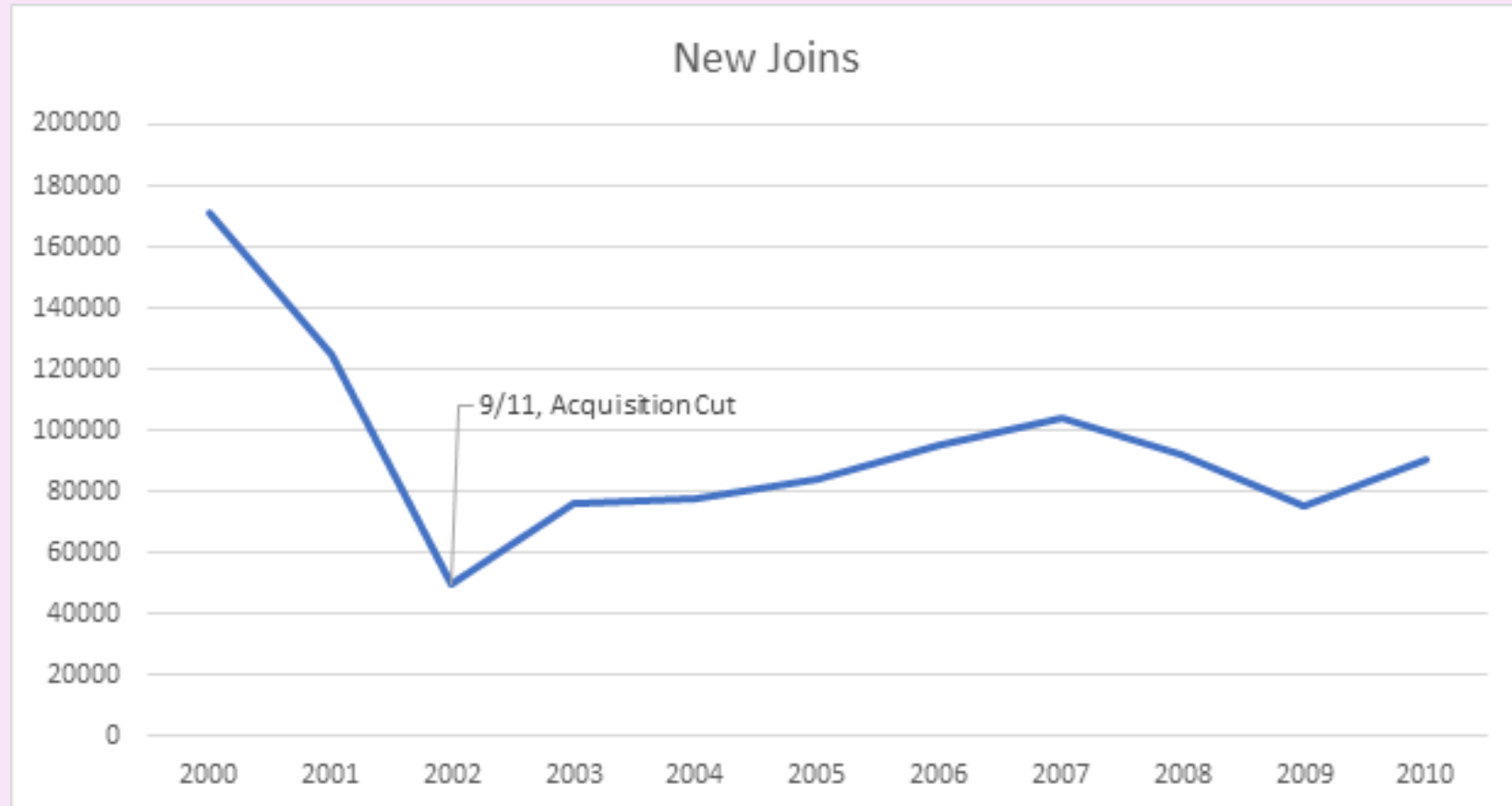
## What are we doing about the influx?

- Add a DM acquisition mailing
- Expand all other DM acquisition campaign quantity
- Expand co-op models to mail most productive lists
- Increase TM reinstatement contacts
- Increase mail quantity in planned reinstatement mailings
- Add a year-end reinstatement email campaign
- Move expense from Patron program to Membership

## Quick hits: Additional critical information to find in your data

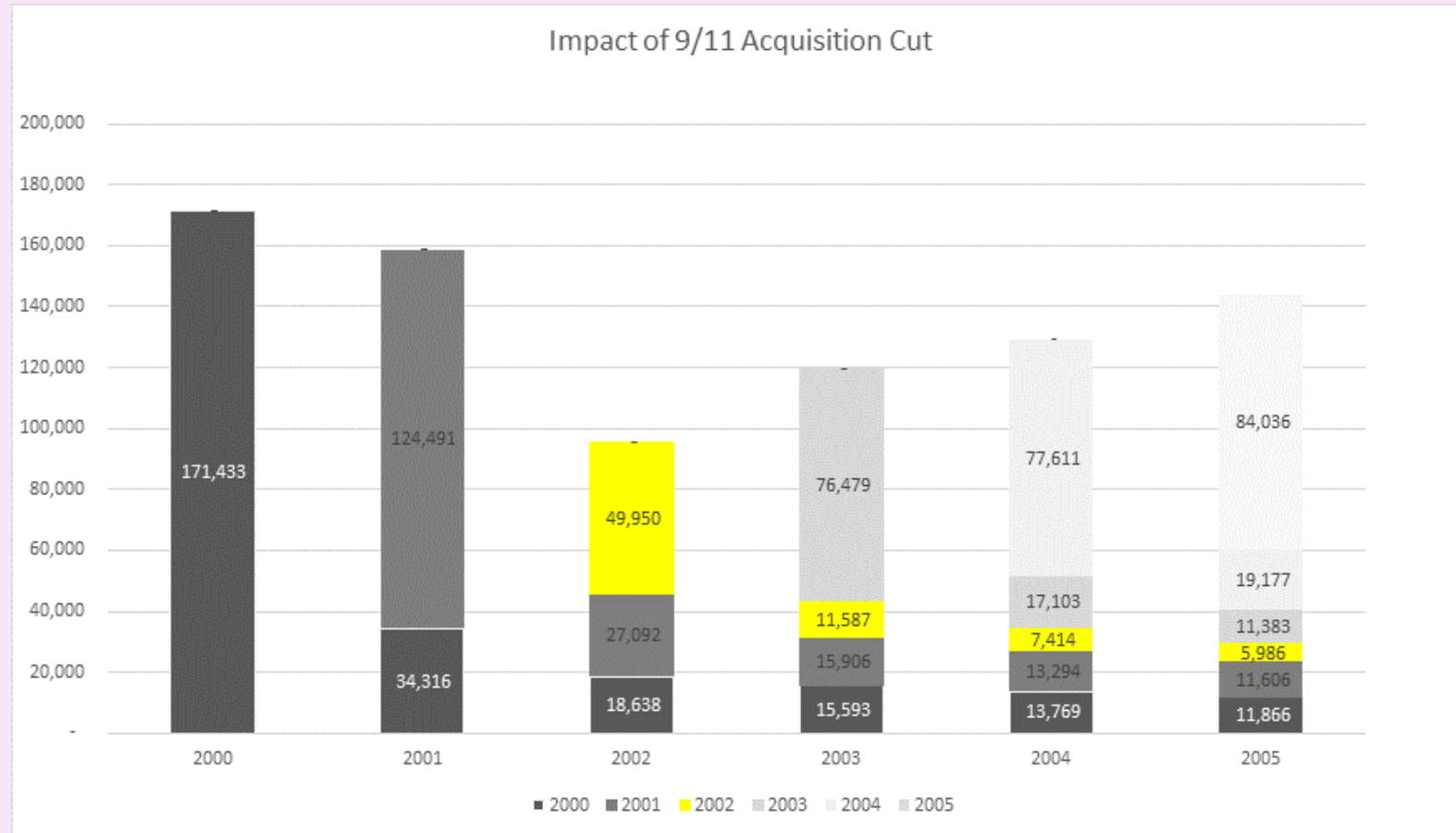


## Quick hit: Understanding the long tail of investment decisions

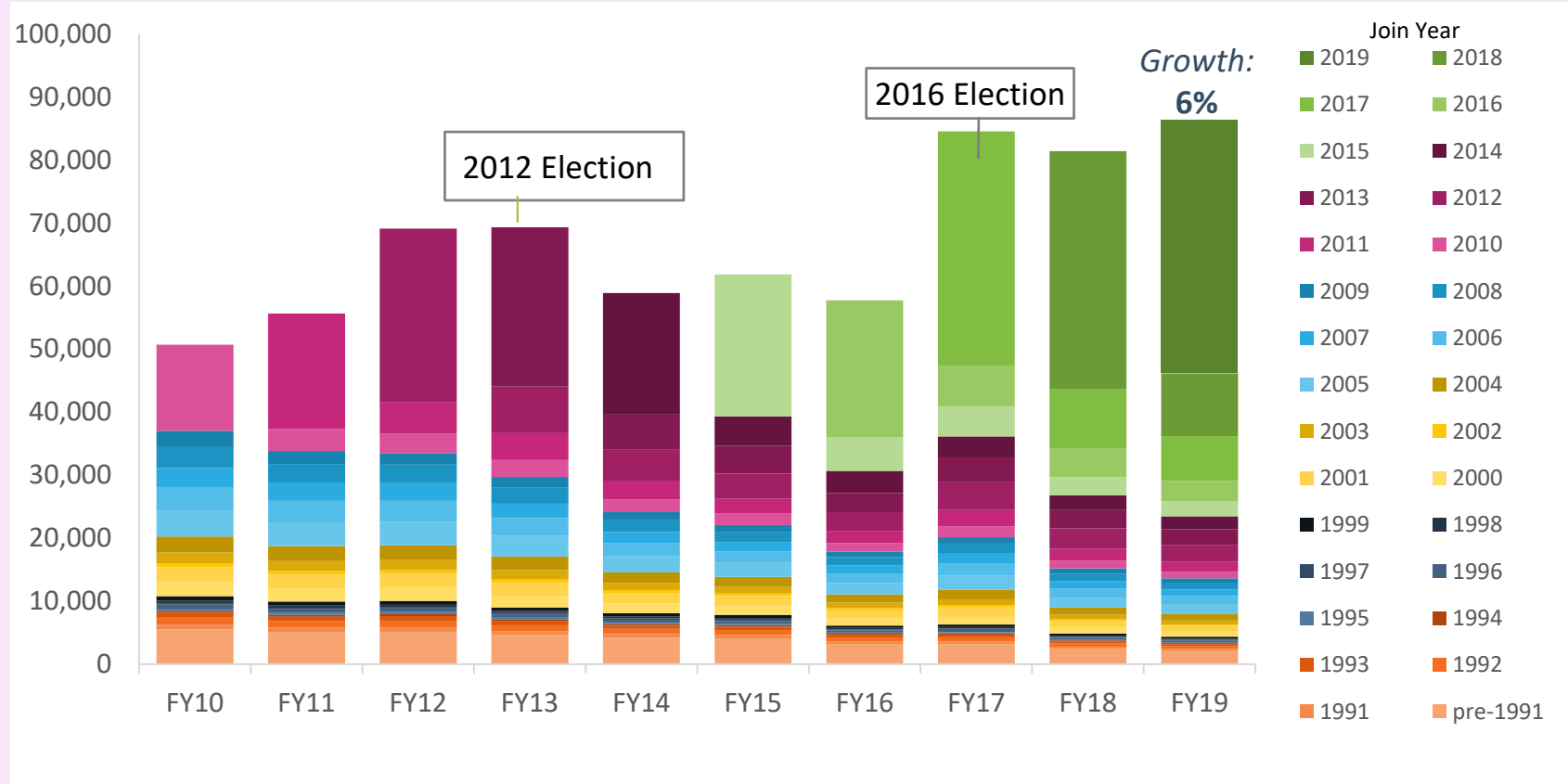




# Quick hits: Multi-year donors in subsequent years still feeling it



# Quick hit: Understanding the impact of big swings

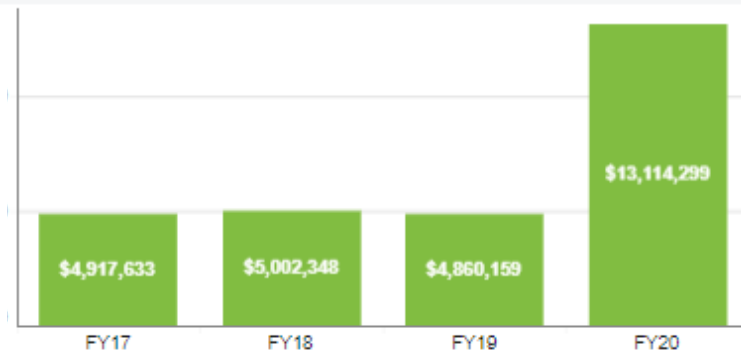


# Quick hits: How to move forward when the whole landscape shifts



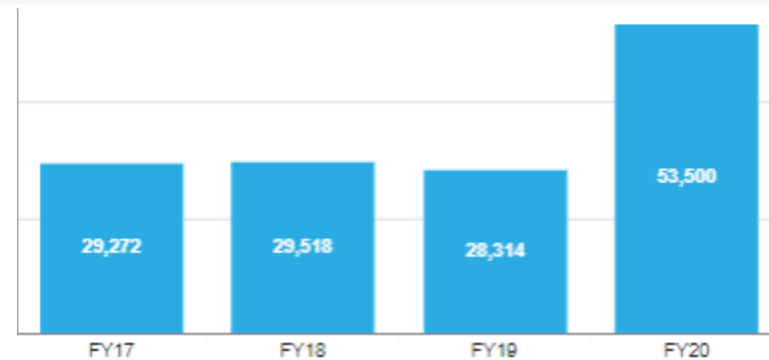
▲ 169.8%

Gross Revenue (through Q4)

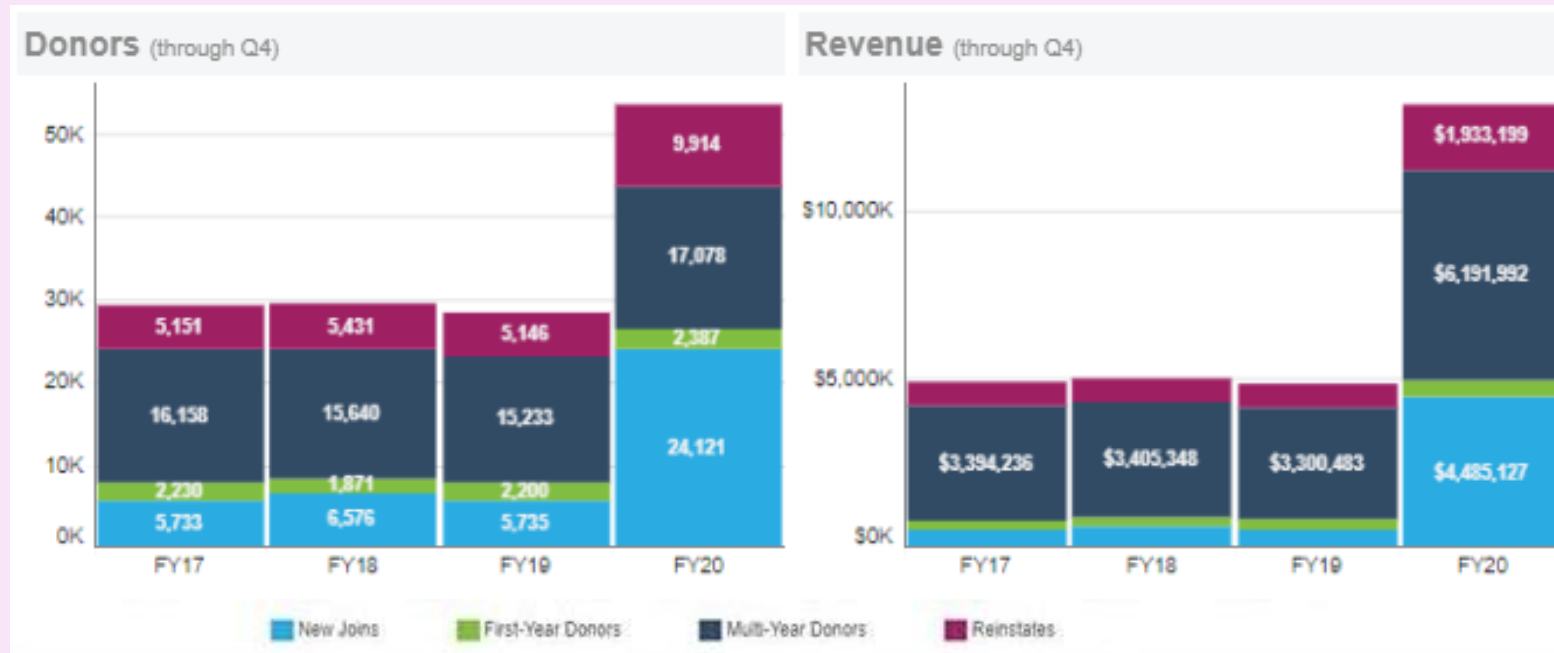


▲ 89.0%

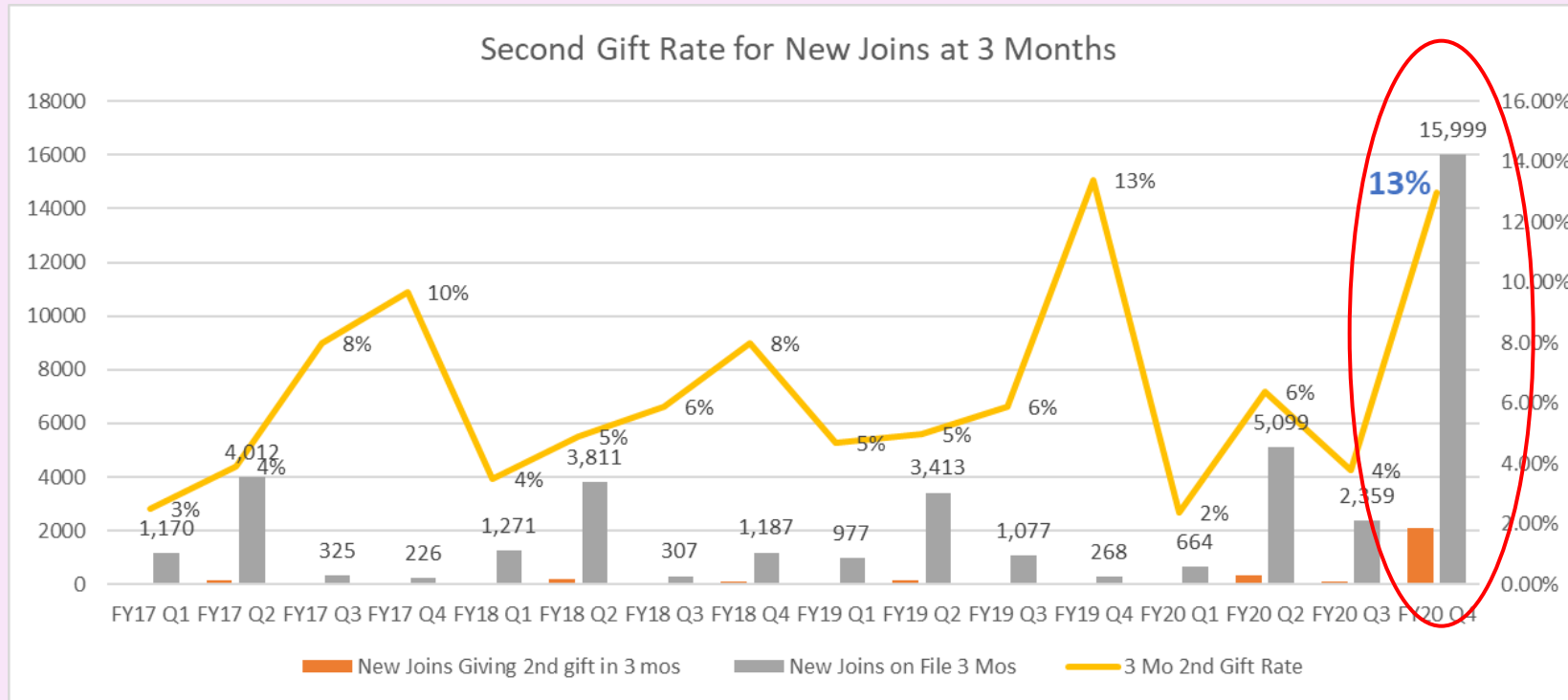
Donors (through Q4)



# Quick hits: Figuring out a cost-effective re-solicitation plan



# Quick hits: Ongoing monitoring and early read on key metrics



Pandemic joins – April to June 2020

## Quick hits: What does this mean going forward?



- Segment COVID joins by source
- Watch file composition and associated performance (e.g., whitemail new joins may perform differently than DM-acquired new joins)
- Qualify the ROI of COVID joins over the next several years
- Treat new joins as emergency donors... to a point. This crisis is not over and the impacts will be felt for a long time.

## Wrap up

- Most organizations are experiencing a unique year to some extent – whether directly or indirectly related to the pandemic, the recession, the elections or other anomaly events.
- We all have a Cheetos story to understand!
- Monitor current anomaly trends and put the steps in place to understand them moving forward – new join trends, changes in joins by channel, early markers of commitment, and more.
- Anticipate how anomaly situations drive future performance – adjust expectations and strategy accordingly!

# THANK YOU!

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