Supporters In Sight

Part 2 | A Look at Affluent Donor Personas

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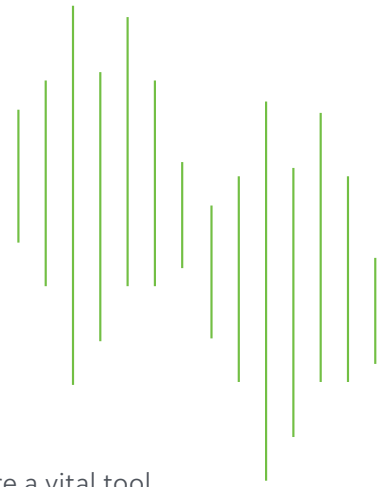INSTITUTE

CONTENTS

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OVERVIEW

In Part 1 of the *Supporters In Sight* series, we identified the reasons why personas are a vital tool for today's fundraising professionals. As highlighted previously, a growing body of research has found that while the overall amount of dollars being donated continues to grow, the number of individuals donating money is shrinking (*Vital Signs*, 2018). With fewer donors overall, those who are still giving prove more valuable than ever, and we need to double down on our efforts to create a strong supporter experience to retain the donors we have.

This research also shows that those donors who are still giving are giving more than ever before. Major donors have always been an important part of your donor portfolio, and this new landscape shows that they continue to be one of the most critical groups to your success. But how can you determine your best major and midlevel giving prospects? How are their preferences and motivations unique? And once you know who they are, how can you communicate with these supporters to encourage them to maximize the impact of their giving?

The answers can be found in affluence personas. In this report, we will explore the key indicators you should be looking for, examples of your most valuable supporter groups, and the ways you can use affluent supporter personas in a variety of campaign applications.

Key Wealth Indicators

To get started with affluence personas, you should first consider the factors that can indicate a prospect's wealth. While these indicators cannot be determined with certainty, some analytics techniques allow for the prediction of estimated figures quite closely. Understanding these indicators is a key first step to assessing who might have the capacity to make a major gift:

1. ANNUAL INCOME

Average giving tends to climb as average income climbs, reflecting the obvious influence of financial capacity to give. Those in the income range of $200,000 per year or higher, which translates to roughly 3% of the United States population, are significantly more likely to be a force when it comes to charitable giving.

2. NET WORTH

Combining factors like home value, liquid investments, and other proprietary data allows net worth to be predicted at the household level beyond basic information about annual income.

3. INVESTMENTS

Investments are a signal of financial security. Only about 5 million households in the United States possess over $1 million or greater in assets. Items like securities, annuities, life insurance, savings bonds, and checking and savings accounts can also be explored to further understand a supporter's financial capacity.

4. DISCRETIONARY SPENDING

Spending on nonessential expenses shows that a supporter may have discretionary income available to dedicate to charitable giving.

Because of consumer privacy and ethics considerations, these estimates must be determined in conjunction with a third-party provider. Most will not be able to calculate these estimates on their own.

To learn even more about the relationship between financial capacity, discretionary income, and giving behavior, check out *Share of the American Wallet*.

Why Affluence Personas?

While wealth indicators are a valuable screening tool to help determine your wealthiest prospects, there are limitations to these wealth insights when we try to define affluent supporter personas that also include inclination to give at the highest levels. It isn't possible to know someone's exact net worth, investments, income, or discretionary spending because that is private information. And wealthy individuals who engage in major giving do not do so purely because they have large private wealth or capacity to give. Your personas must consider a supporter's philanthropic goals and emotional ties to your cause to be effective tools for communicating with and engaging the best major gift prospects.

Affluence indicators help segment the supporter population along dimensions that are not based purely on public data. Partnering with data experts can allow you to develop modeled estimates based on information like consumer marketing data and public wealth data. These reasonable estimates about income, net worth, and other values can help you segment your donor portfolio into groups to allow more targeted communication.

Donor Groups

As we explored in Part 1 of the *Supporters In Sight* series, strong personas must show both capacity and inclination. Tailored personas can reveal the core focus areas of your unique constituent portfolio. Here we'll explore a handful of sample groups that show the wide variety of supporter types an organization may find in its database.
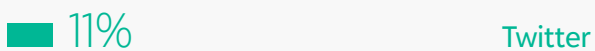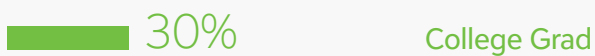
The Masses

This group makes up 40% of the U.S. population. With no record of giving, little means to give, and low levels of education, awareness, and loyalty, members of this group are not the most valuable targets. Since they are often distracted or burdened by other concerns, gaining and maintaining their support will be problematic for most organizations. In fact, it is recommended that you minimize your investment in this population unless you have specific reasons to further outreach and engagement.

THE MASSES
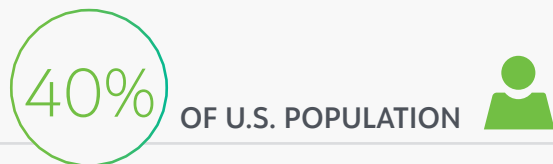
40% OF U.S. POPULATION

DEMOGRAPHIC ATTRIBUTES

30% College Grad

Social:

45% Facebook

11% Twitter

DONATION ATTRIBUTES

No Record of Giving

WEALTH ATTRIBUTES

|	
Annual Income	$54K
Net Worth	$175K
Invested Assets	$95K
Discretionary Spending	$8.7K

Enigmas

Enigmas are a much smaller group who, like the Masses, have no giving history. However, these mysterious individuals do show donor potential based on assets alone and have assets that rival other donor groups, like the Philanthropists. Since little is known about the causes that matter to them, converting these individuals to donors would take a committed effort, convincing arguments, and plenty of focused time and attention. If you are looking for a pool to invest your human capital in researching further, this is a segment worth focus.

ENIGMAS
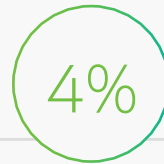
4% OF U.S. POPULATION

DEMOGRAPHIC ATTRIBUTES

64% College Grad

Social:

50% Facebook

31% Twitter

DONATION ATTRIBUTES

No Record of Giving

WEALTH ATTRIBUTES

|	
Annual Income	$188K
Net Worth	$987K
Invested Assets	$693K
Discretionary Spending	$19.4K

Casual Donors

Making up 35% of the U.S. population, this group includes working- and middle-class donors. They believe in fairness and inclusion, so they may be responsive to messaging about unfulfilled needs. However, with varied incomes and loyalty, this group tends to give casually, and retention rates can often struggle.

CASUAL DONORS
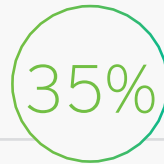
35% OF U.S. POPULATION

DEMOGRAPHIC ATTRIBUTES

42% College Grad

Social:

53% Facebook

20% Twitter

DONATION ATTRIBUTES

Annual Donations	$50 to $500
Donation Frequency	1 to 2+ per Year
Donation Amount	$10 to $75
Lifetime Value per Org	$250+

WEALTH ATTRIBUTES

|	
Annual Income	$72K
Net Worth	$273K
Invested Assets	$159K
Discretionary Spending	$9.3K

Humanitarians

At 13% of the U.S. population, this smaller group is similar in wealth and affluence to the Casual Donors but gives more frequently. In fact, they are very philanthropic considering their level of wealth. They are engaged by messages of need and like to feel included in grass roots issues. Driven by the motto, "Love your neighbor," this group is defined by compassion and kindness. Given their profile, Humanitarians can become your most loyal and faithful donors even if their gift size does not rival major giving. As such, it is recommended that organizations heavily focus their retention, upgrade, stewardship, and engagement efforts here.

HUMANITARIANS
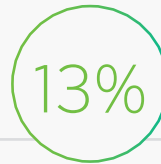
13% OF U.S. POPULATION

DEMOGRAPHIC ATTRIBUTES

44% College Grad

Social:

53% Facebook

18% Twitter

DONATION ATTRIBUTES

Annual Donations	$500 to $2,500
Donation Frequency	4 to 6+ per Year
Donation Amount	$15 to $100
Lifetime Value per Org	$500+

WEALTH ATTRIBUTES

|	
Annual Income	$72K
Net Worth	$336K
Invested Assets	$195K
Discretionary Spending	$9.6K

Philanthropists

Making up 8% of the U.S. population, this group consists of the wealthiest households and is the most philanthropic to nonprofits. They are educated, environmentally conscious, tech savvy, and loyal to the organizations that matter to them. While this group is powerful in means, they also believe strongly that power should be used wisely. This group responds more to messages about positive potential for mass-scale improvements more than single cases of success. And many organizations will find that the majority of their major gift donors are a subset of this group.

As you can see, different groups are valuable to your organization in different ways. When thinking about your most important prospects, you should focus on the highest value groups in your portfolio. With their commitment to causes, Humanitarians and Philanthropists both represent stronger targets than the other groups that have more casual involvement with giving. Focusing on these affluent personas allows you to hone your messaging and target your efforts for the strongest response from the highest-value groups.

PHILANTHROPISTS

8% OF U.S. POPULATION

DEMOGRAPHIC ATTRIBUTES

61% College Grad

Social:

48% Facebook

37% Twitter
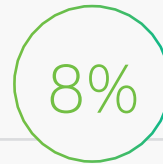
DONATION ATTRIBUTES

Annual Donations	$4,000+
Donation Frequency	1 to 3+ per Year
Donation Amount	$250+
Lifetime Value per Org	$1,500+

WEALTH ATTRIBUTES

Annual Income	$210K
Net Worth	$2.1M
Invested Assets	$1.7M
Discretionary Spending	$15.8K

Segmenting for Success

In order to segment your database to be able to focus on the Humanitarians and Philanthropists, you must first remember the data fundamentals introduced in Part 1 of *Supporters In Sight*. Techniques like segmentation allow you to group constituents based on common characteristics—in this case, by their persona. Successful fundraising depends on customizing your communications and stewardship to particular donors. You can specifically target strong prospects like Humanitarians and Philanthropists in segments that incorporate both wealth indicators and the factors that lead to a donor's inclination to give. In this section, we'll explore how segmenting for these types of donors can work in three common fundraising programs: major giving, midlevel giving, and annual fund campaigns.

We've included a data fundamentals checklist in the back of this report to help you plan and organize your segmentation strategy.

Major Giving

As we reviewed earlier, household income correlates strongly to charitable giving, but neither income nor discretionary spending alone are sufficient indicators for major gift prospecting. Philanthropists and Enigmas, the two groups most likely to make significant contributions to your organization, are defined by their commitment to the cause and not just their financial capacity to give.

The strongest major giving prospects tend to have longstanding commitments to causes that matter to them personally. While they often have a high capacity to give, they consider their charitable gifts investments in these meaningful causes, and they tend to have an emotional connection to their philanthropic involvement. And just because they are loyal to the organizations that they have relationships with does not mean that they are unwilling to give to

new organizations. On the contrary, they just need to be clearly shown how any new giving will impact the causes that matter to them.

While focusing on the Philanthropists might seem like the obvious place to start for your major giving program, these personas apply to the entire U.S. population and not specifically for your organization. To create even stronger segments for your specific nonprofit, it is recommended that you use predictive models specific to your database to identify those most likely to make major gifts and those most capable of making them. Then, by using affluence personas to further segment your supporters based on both their capacity to give *and* their affinity for your cause, you can make the most efficient use of your major gifts officers' limited time and focused attention.

Enigmas are the less likely persona to consider for major gifts. However, their significant levels of wealth and assets indicate that if your organization can find a way to build a very personalized relationship with a prospect, the upside potential of their philanthropy could be quite remarkable. However, since the Enigmas have no known philanthropy, they will likely take more time and attention to engage. Gift officers should consider that those who do contribute to philanthropy may be more likely to do so in non-traditional ways, such as through a private foundation, through a donor advised fund, or anonymously.

To effectively communicate with these groups once they have been identified, major gifts officers must engage in a combination of rigorous data work and meaningful relationship building, all with personalization in mind. Prospect research can uncover the qualified donors who already show some affinity for your cause and similar organizations. And publicly available data can show which households and individuals have the financial capacity to warrant the individualized attention of a dedicated major gifts officer.

Midlevel Giving

Midlevel giving is considered to be the often-elusive middle segment of the traditional giving pyramid. Many organizations do not even truly define a dollar range to represent midlevel giving. A common definition is to start the annual midlevel giving range at around $500 or $1,000, although some organizations set it as high as $25,000 or even $50,000. It's important to look at your own fundraising data to determine the levels that make sense for your needs. Examine your annual fund participation to see what level you generally top out at smaller annual fund society levels. Some organizations also place their midlevel target range close to the amount of the median gift amount over the past three years.

While the traditional image of midlevel giving as the middle of the pyramid between annual giving and major giving persists, the reality is that the dollars raised for each of these three programs often don't actually form a pyramid. Many organizations see a large amount of dollars raised from major givers and another large base of dollars at the annual fund level, but smaller amounts raised at the midlevel. Growing the pool of dollars raised by midlevel donors with intentional cultivation and stewardship can help bridge the gap and set more donors up for success as emerging major givers.

While midlevel givers do not yet require the individual attention of an assigned major gifts officer, they still warrant a more customized engagement strategy than the annual fund pool. For midlevel programs, focus on your Humanitarians and those Philanthropists who are not tracking toward major gift outreach. Use communication segmentation to make messages to these givers as personal as possible. Continue to look at your data to see which kinds of messaging these supporters are responding to, whether it be messages of positive impact or critical need, and align future communications with these preferences. If staffing

allows, assign a prospect manager to nurture this group specifically and ensure that their experience is more tailored than the mass messages you share with your annual fund pool.

For the midlevel range givers who have proven to be strong supporters for multiple years, you can begin to employ more aggressive asks to help steward these givers toward the major giving range.

Annual Fund Campaigns

While affluence personas have clear applications for your larger dollar giving programs, they can also be leveraged to make your annual fund campaigns more effective and efficient. Using the donor groups outlined earlier, you can segment your lists and craft multiple messages to ensure that your communications are tailored to those receiving them. Humanitarians, for example, respond to grassroots messaging and are seeking to make an impact on another person's life. A message sharing an individual's story will likely resonate more with this group than data about the large-scale impact of your programs. The Masses, on the other hand, have no giving history and no signs of the means to give. While they may offer one-off gifts sporadically, maintaining their support could be more effort than the return of these gifts warrants. Knowing this, you may consider leaving these types of prospects off your mailing lists to cut costs and engaging them only through the lowest-cost, broadest communication streams. And, lastly, consider your Casual Donors somewhere in between the Humanitarians and the Masses. Focus on messages that pertain to fairness and inclusion for this group. Understanding that retention rates of Casual Donors will be lower, use stewardship tactics to attempt to retain your current donors. However, use your resources mindfully and consider budgetary implications in relation to the likelihood of lower return on your investment.

And remember that the data from your annual fund should never stay in a silo! This pool is your testing ground to determine which supporters are rising to the level of mid and major givers, so your annual fund managers should always be working in lockstep with prospect managers and major gifts officers at the higher levels. Each team member should be encouraged to upgrade supporters into the next highest pool, and these successes should reflect well on their professional performance.

SEGMENTATION CONSIDERATIONS

As you segment for success at your organization, consider these questions about your past performance, the likelihood of future performance, and the characteristics of your current supporters. Use these to guide the types of questions you might want to ask at your organization. You are encouraged to adjust these to be the most meaningful to your organization's programmatic interests. Looking at your past performance:

- How many $1K+ donors did you have last year?

- What percentage of $1K+ donors retained, upgraded, downgraded, or lapsed?

- What is the comparison between the number of donors who were retained last year compared to two years ago?

- What is the average age of your donors?

LOOKING AT THE LIKELIHOOD OF FUTURE EVENTS HAPPENING:

- Who is most likely to give to your organization in the future?

- Who is most likely to give $10K+ to my organization?

- Is a donor more likely to make an annual gift, become a monthly donor, or put us in an estate plan?

LOOKING AT YOUR CURRENT PROSPECTS AND PUBLICLY AVAILABLE DATA:

- Can you get a sense of your prospects' ample assets, like real estate, insider stock, or private company ownership?

- Can you access biographical information, such as:

  Board membership

  Community involvement

  Interests

  Academics

  Giving to other nonprofits or political causes

Conclusion

We continue to see that giving is a personal commitment to specific causes. Givers—and especially major givers—want to be certain that their support is positively affecting the causes that matter most to them.

As we have seen here, this means that affluence personas do not rely solely on profiles of private wealth. While wealth screening is still a critical tool to hone our strategies, we must always remember that our goal is to uncover and enhance the deep relationships our supporters have with a cause. As you work toward these goals, keep these critical factors in mind:

1. Tried-and-true methodology may **no longer be sufficient**. Big data and analytics will continue to push fundraisers to think differently, more creatively, and more strategically. And this is good for our individual organizations and for our industry!

2. Understand that a **multi-faceted** strategy for prospect identification is important. People aren't one-size-fits-all, so your strategy shouldn't be either.

3. Knowing **who** to contact is just as important as understanding **how** to contact them and **what** messaging might resonate.

4. Conversely, knowing which segments are **least worthy** of your time, talent, and treasure will help your organization be more effective.

By looking beyond wealth indicators and considering different donor groups and the ways in which they think about the impact of their philanthropic involvement, we can strengthen these relationships and build loyal supporters for life. In today's giving landscape, it is more critical than ever before that we do more than just check the boxes of a donor profile. The supporter relationship is everything, and tools like affluence personas allow us to make more informed decisions about how to nurture and grow those vital connections.

About The Blackbaud Institute

The Blackbaud Institute drives research and insight to accelerate the impact of the social good community. It convenes expert partners from across the philanthropic sector to foster diverse perspectives, collective thinking, and collaborative solutions to the world's greatest challenges. Using the most comprehensive data set in the social good community, the Blackbaud Institute and its partners conduct research, uncover strategic insight, and share results broadly to drive effective philanthropy at every stage, from fundraising to outcomes. Knowledge is powering the future of social good, and the Blackbaud Institute is an engine of that progress. Learn more, sign up for our newsletter, explore our knowedgebase of social good best practices and trends, see the latest quarterly statistics on giving, and check out our most recent resources at www.blackbaudinstitute.com.

About Blackbaud

Blackbaud (NASDAQ: BLKB) is the world's leading cloud software company powering social good. Serving the entire social good community—nonprofits, foundations, corporations, education institutions, and individual change agents—Blackbaud connects and empowers organizations to increase their impact through software, services, expertise, and data intelligence. The Blackbaud portfolio is tailored to the unique needs of vertical markets, with solutions for fundraising and relationship management, digital marketing, advocacy, accounting, payments, analytics, school management, grant management, corporate social responsibility, and volunteerism. Serving the industry for more than three decades, Blackbaud is headquartered in Charleston, South Carolina, and has operations in the United States, Australia, Canada, and the United Kingdom. For more information, visit www.blackbaud.com, or follow us on Twitter®, LinkedIn®, and Facebook®.

DATA FUNDAMENTALS CHECKLIST

Keep these strategies in mind as you optimize segmentation at your organization.

○ **Start with a clean database.** You need accurate demographic data on your prospects to make valid models. Clean up your addresses, remove deceased records, and identify the main address for each constituent.

○ **Don't assume you know what will turn out to be predictive.** This is where data-driven models rise above personas based on assumptions. For example, you may know in your gut that alumni who were part of the Greek system tend to be good donors, but this may not turn out to be true, or it may turn out to be one of a cluster of related factors that predict giving. Let your data speak for itself for more accurate personas.

○ **Beware of different types of variables.** "Endogenous" variables are variables that are in some way the cause or the result of the thing you're trying to predict. These variables always have a strong correlation to your dependent variable, but they are not necessarily predictive. For example, most donors to a women's college will likely be female. Modeling based on this constituent file could lead someone to determine that gender is highly predictive of giving. Similarly, you might find that knowing someone's email address is correlated with giving. Is it possible instead that people who give are more likely to share their email with you?

○ **Correlation is not always causation.** If you find that most of your major donors were born before 1965, that might be valuable insight, but not if most of your constituent population is of the same age. Personas shouldn't just show what your best donors have in common; they should show what makes donor segments different from each other.

○ **Modeling requires a strong historical record.** If you only have one year of giving data, it will be difficult to predict who is likely to give next year. What separates the one-and-done donor from the truly committed supporter? The more data you have, the more accurately you can pinpoint the indicators affecting your performance. This will not only enhance your ability to model later, but it will also provide a record of your donor personas for future staff.

○ **Append data to your file that comes from outside your organization.** While your database may already have some degree of demographic and wealth data, you can work with partners to append additional data on topics like demographics, wealth, overall philanthropic activity, consumer marketing, and more. Layering this data on top of your own may reveal correlations and predictive variables that make your models even stronger.