



Fundraising Trends in Public Broadcasting and Beyond: Trends Showing Fewer Donors Giving More Dollars Are Not Limited to Public Broadcasting

General economic trends since 1999, the tragedies of 9/11, subsequent anthrax anxiety, and declining prime time ratings make it extremely difficult for public television fundraisers to attribute donor behavior to any single correlating factor. A great deal of anecdotal information regarding fundraising trends has been published in trade journals, but little of it has been based on actual transaction data. For many years, Target Analysis Group has helped fundraisers conduct annual benchmarking studies among a variety of non-profit organizations in addition to Public Broadcasting by using payment history data, not just interviews with fundraising managers or the public. Now, thanks to a grant from PBS, Target Analysis has developed the **PBS Quarterly Index** to provide assessments of important fundraising trends within public television throughout FY02. Many TAGLines readers have already seen the Key Indicator Analysis and accompanying observations distributed to stations by PBS.

Target has also extended some of this analysis to 22 of its largest national fundraising clients through the **National Index of Fundraising Performance**, including health, environmental, and relief organizations. Although this parallel benchmarking exercise

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FY03 Budgets!

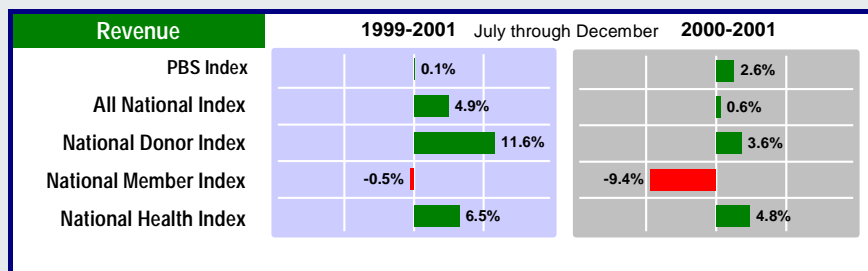
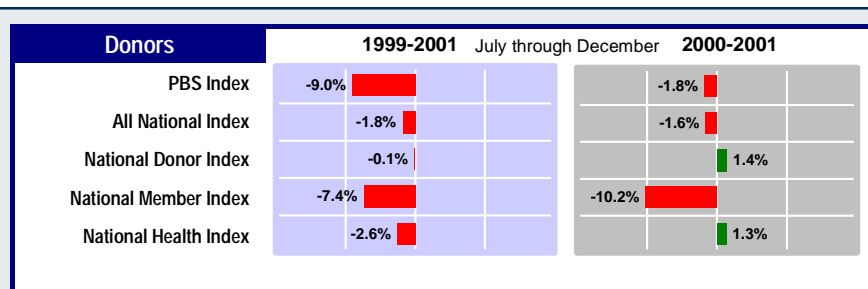
Please let us know if we can help you plan your FY03 budget. If you need pricing information on *donorCentrics™*, *Target Tags™*, or any of our other services, please contact your account manager or email us at info@targetanalysis.com.

does not include detailed trends for sources such as pledge, telemarketing, or web giving, the Index does provide a valid basis for comparing overall donor and revenue trends for the same quarterly calendar periods over the past three years.

The overwhelming observation: most public television stations and national non-profits exhibit a downward trend in numbers of donors yet revenue amounts remain flat or increasing slightly.

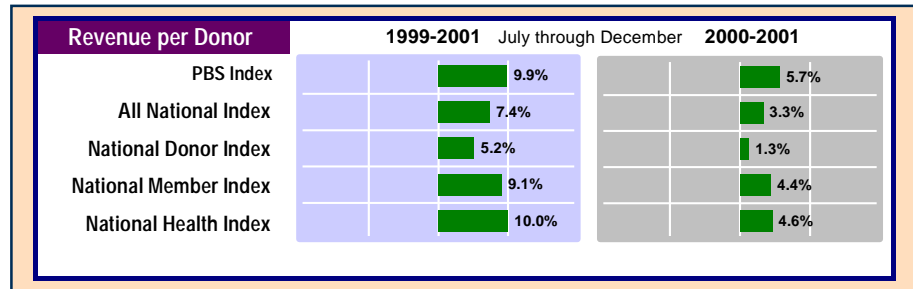
The first two charts (left) show the relative median growth or decline in donors and revenue for months July through December for the years 1999, 2000, and 2001.

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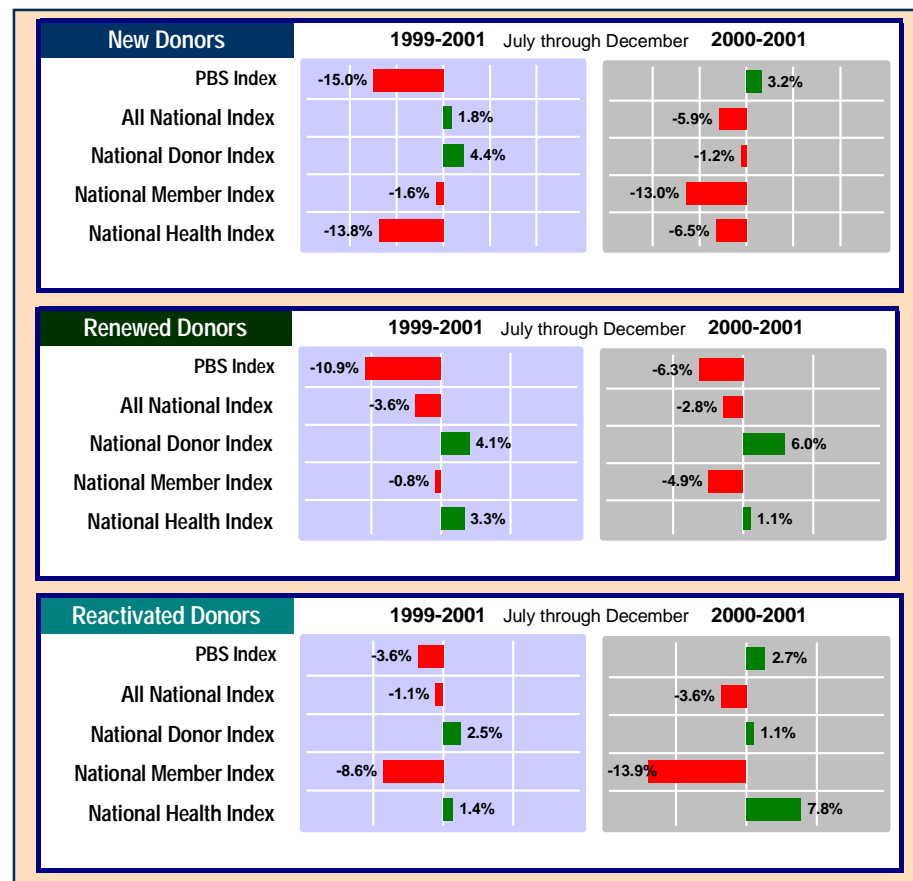


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The third chart shows how significant increases in revenue per donor have offset the decrease in total number of donors. Average annual revenue per donor growth exceeded average annual declines in donor numbers, hence overall revenues grew slightly.



Revenue per donor increased at about the same rate for PBS Index stations and Health sector charities since 1999. However, the median 2001 PTV member gave \$82.16 per year, compared to \$18.08 for the six health charities. Looking at other organizational types, the 2001 median revenue per donor was \$46.74 for the eight member organizations, \$27.08 for the 14 donor organizations, and \$23.03 for all 22 national organizations in this comparison. The following three charts describe trends in file composition, the mix of new, renewed, and reinstated donors or members.



About the Charts

The PBS Index consists of 15 stations, including some joint licensees, chosen because of high correlation to past public broadcasting trends. The 22 national organizations are comprised of 14 donor files and 8 membership files. The Health Index is comprised of 6 large, national health-related charities that are included in the National Index. In order to protect the confidentiality, as well as provide valid benchmarking standards, 6 or more organizations are required to form a sector.

Median % Change is used rather than aggregate values for comparison to reduce distortions caused by variations in file size. To calculate the **median**, the % Change from each station was ranked in order from high to low. The middle value from these ordered values is the **median**.

Target Analysis Group applied standardized rules to data from each of the participating organizations that excluded large gifts and applied uniform gift type definitions based on timing. For more information on the Index of National Fundraising Performance project, please see www.targetanalysis.com/Q34Index.pdf (Adobe Acrobat Reader is required) or contact us at info@targetanalysis.com.

As the charts indicate, most organizations had difficulty attracting new donors. PBS stations made some modest gains in 2001 after declining by more than 15% since 1999.

With the continued cooperation of stations and national organizations, Target Analysis and PBS will offer regular updates to help fundraisers better compare their own program performance with broader non-profit trends. We are now processing January through March data and will be updating both the PBS and National Indices and hope to distribute findings by June 1st, 2002. Stay tuned!

Improving Retention and Lifetime Value Through Monthly Giving

If you are like most stations, you are engaged in a continuous struggle to:

- ⊙ **obtain new members,**
- ⊙ **retain more members longer,**
- ⊙ **and raise more money from existing members.**

With increasing direct mail and telemarketing competition among charities, this is not an easy task even for public broadcasting. Stations expend a great deal of money and effort to bring in new members only to see half of them “run out the backdoor” after about a year. Even if your overall retention rate is as high as 70%, it means the average life span of all public broadcasting members is only about two years. In other words, every two years you need to acquire or reinstate about half the donors on your entire file!

Of course, once renewed two or three times, a member is likely to renew about 80% of the time, but that still means about half that population will lapse every three years. Is there a solution to this dilemma? Yes, there is! Ask your members to become monthly Sustainers through contributions automatically deducted from the member’s checking or credit card account.

Sustainer and monthly giving programs have a number of advantages:

- ⊙ Sustaining members are inherently more loyal to the station; many trust the station with their checking or credit account numbers.
- ⊙ Year-to-year retention rates usually exceed 90% and often 95%.
- ⊙ The member needs to take action to stop the automatic deductions. Once acquired, long-term retention is extremely high, sometimes holding at 70% after 7 years!
- ⊙ The station can plan and budget on a highly reliable revenue stream.
- ⊙ Upgrading the monthly gift becomes easy.
- ⊙ Lifetime value improves considerably thanks to high retention and modest but consistent upgrading of gift amounts. Some stations with mature Sustainer programs are approaching 10% of all donor revenue generated by this member group.

Continued on page 4.

Have you visited Target Analysis Group’s **Public Broadcasting Performance Benchmarking System** yet?

If you haven’t, here’s what you’re missing:

- ⊙ **Online access to all your *donorCentrics*™ metrics**
- ⊙ **Ability to benchmark with station groups and individual stations**
- ⊙ **Quick and easy navigation of benchmarking trends**

Access is available to *donorCentrics*™ participants through www.targetanalysis.com. Keep an eye on our home page for upcoming web conference training sessions. If you have any questions, please contact us at info@targetanalysis.com.

donorCentrics™ Day

donorCentrics™ Day for Public Radio will be **Wednesday, July 24th, 2002**, at the Loews Philadelphia Hotel, the day before the official start of the **DEI PRDMC**. Target Analysis Group and Lewis-Kennedy Associates will host a 10am-4pm workshop designed to review and address industry trends, examine winning strategies, and help you get the most out of *donorCentrics*™. We will also include our popular Key Issues Round Tables.

A detailed agenda will be distributed to participating stations as the date approaches. In the meantime, please plan your travel to arrive before 10am on Wednesday, July 24th. As always, remember to bring your single station and comparison reports. **Please RSVP with the number of attendees from your station to info@targetanalysis.com before June 15, 2002.** We look forward to seeing you there!

Security Upgrades

In our continuing efforts to provide your station with the best and most secure online services, we are in the process of upgrading our password security system. *donorCentrics*™, Renewal Monitoring, and other users of Target Online systems will receive new passwords with your *donorCentrics*™ E-Participation Packet materials this summer.

Coming soon!

The next *donorCentrics*™ cycle is fast approaching! Keep an eye on your mailboxes in early July for more information, or contact us at info@targetanalysis.com.

Special Discounts Available:

Last year, a number of stations took advantage of our special *donorCentrics*™ discount by pre-paying their participation fee before June 30th. Target Analysis is pleased to offer this special pricing on *donorCentrics*™ again this year. If you plan to participate in the FY98-FY02 *donorCentrics*™, please call us to find out how you can take advantage of this great opportunity.

Target Tags™ Tune Up Reminder

When was the last time you had your Target Tags™ updated? If it has been 6 months or more, it's time for a refresher. Tags work best when they're updated on a regular basis. Update now to be ready for fiscal year end campaigns.

- Contrary to some belief, many Sustainers will give additional gifts if asked.
- Sustainer populations tend to include members who give small monthly gifts now yet leave big bequests later.

Acquiring monthly givers can be relatively inexpensive. In addition to specially-formulated and targeted direct mail appeals, stations can utilize inserts in add-gift or renewal campaigns. The case for convenience and efficiency seems to resonate well with members that choose credit cards on EFT: no checks to be deposited, no stamps necessary, regular income for the station, and more money for programs. Similar messages work very well in telemarketing, especially among installment givers.

Members acquired through pledge tend to be more 'transactional' and are usually the hardest to renew. Coaxing them into monthly giving on-air may be part of the solution. Using premiums and offering special recognition on-air to Sustainers can help reinforce mail and telemarketing.

If you are one of the many stations already experimenting with the PBS Sustainer toolkit, be sure to coordinate your efforts with your direct marketing agency. Collaborative testing with other stations can improve the speed and accuracy of testing, meaning faster roll-out of winning controls.

Think long term when prospecting for Sustainers. It may take quite a few asks before the member fully understands the concept and becomes ready to make a long-term commitment. Although campaigns might not break even in the first year because of deferred cash flows, many stations have improved initial response by using a combination of Additional Mail and Lifetime Value Target Tags™ to reach the most responsive members.

Sustainer programs are a cost-effective way to improve the retention rate, increase lifetime value, and build a reliable revenue stream among a significant part of your member file.

By Erica Waasdorp, Vice President Fund Raising, DMW Direct, Braintree, MA

Erica has been with DMW since May 2000. Prior to joining DMW, she was Marketing Manager Planned and Committed Giving at the International Fund for Animal Welfare, raising \$13 million a year from 170,000 Sustainers internationally and in the US.

Erica can be reached via: ewaasdorp@dmwdirect.com or (781) 356-3224.

Contact Us:

Amy Hrabchak, 617.583.8409
ahrabchak@targetanalysis.com

Katie Brimer, 617.583.8402
kbrimer@targetanalysis.com

Terry Krais, 617.583.8424
tkrais@targetanalysis.com



1030 Massachusetts Avenue
Cambridge, MA 02138

Phone: 617.583.8400
Fax: 617.354.0895
E-mail: info@targetanalysis.com
Web: <http://www.targetanalysis.com>



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Editor: Sarah Durst

For questions or comments about this publication, please send e-mail to sdurst@targetanalysis.com.