



Building Donor Relations: Enter Database Marketing

Use your computer to forge long-term relations with your donors.

BY SUSAN LEE TAYLOR & MARK ANDREW MITCHELL

Are you searching for innovative marketing techniques to stimulate lagging contributions? Database technology and the resulting relationship marketing trend may be just what you need.

Relationship marketing is a way to learn as much as possible about your donors, to target them individually, and to build a relationship with each one. The ultimate goal is a target market of *ONE*.

The best way to accomplish this relationship-building feat is to tap into the incredible computing power at your fingertips. Using your computer, you can collect, analyze, and distribute information to develop long-term relationships with your donors.

BUILD ON WHAT YOU HAVE.

You're better off enriching relations with your current donors than seeking new ones. It costs you an estimated five to six times more to find a new donor than to cultivate exchanges with existing donors. People who have already contributed their time or resources have shown their commitment to your mission. Through relationship marketing, build on that commitment by gathering information about these people and marketing to them. There are three steps to this process:

1. Build a database of current and potential donors which records and

cross-references information about each donor's lifestyle, behavior, and giving history.

2. Deliver differentiated messages to these people based on their characteristics and preferences.
3. Track each relationship to monitor the cost of acquiring the donor and the lifetime value of each person's donations.

You can use database technology in two distinct ways:

- You can collect and store demographic, lifestyle, donation behavior, and media exposure information in a database which you can update regularly. This type of information helps you understand each person's donation process. Past contribution behavior, as recorded in actual gifts, is by far the best predictor of future donations.
- You can use database technology to target people directly, with individually selected messages. For example, you can market via direct mail, videos, telemarketing, newsletters, fliers, and so on. For each donor, you can choose the most appropriate vehicle.

USE TECHNOLOGY TO MAKE IT WORK.

Yes, you can develop this information without database and electronic

technology, provided you have plenty of time to organize and retrieve information manually. However, the rapid pace of technology has made powerful machines accessible to most organizations. Besides, investment in such computer equipment is an investment in your relationships with donors.

You should consider several factors when making the decision to invest in database technology:

1. Plan for It to Take Time.

Developing a database system may be expensive in terms of managerial and clerical time devoted to developing, organizing, and maintaining the database. Your initial development may require several months of work before yielding a usable database.

2. Choose a Manager.

You must decide who will have ultimate responsibility for managing and maintaining the database. Some organiza-

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tions hire a computer specialist to set up the program and remain on board to manage it; however, the quickest and least expensive route is to use regular managerial or clerical staff members who learn to enter data and conduct basic commands and searches on their own.

3. Collect Appropriate Information.

The more background information you have on your donors, the more valuable your database will be. Here are ways you can use your database:

- Identify your best donors based on amount contributed, frequency of gifts, and loyalty. Once you have pinpointed these individuals, focus on strengthening your relationship with them for the long run. Sorting your database by those most likely to give permits a personalized approach and a better use of your resources.
- Keep donation history records—date of gift, amount of gift, and type of appeal you sent. The more you know about your donors' giving history, the more you can vary your mailings and keep up their interest.
- Record everything you learn about a donor, including nickname, spouse's name, interests, and so on. You can use such information to personalize your letters and phone calls.
- Analyze people's past behavior to decide which marketing approach—direct mail, phone call, or personal visit—works best with each donor.
- Test responses to different direct-mail packages, such as the use of several local references vs. no such references, offer of a premium vs. no offer, and so on.
- Use your database information to reinforce donors' giving decisions, keep them up-to-date about what your organization is doing, and give them new opportunities to give.
- Compare largest gift to most recent gift to analyze trends and update your fundraising plan.
- Use your database to conduct marketing research. If you're thinking

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of adding a new program, for example, ask the people in your database how they feel about the idea.

- Use database marketing to attract and retain volunteers. The word-of-mouth of satisfied volunteers is the best way to recruit additional volunteers. Thus, it's essential to build a long-term relationship with every volunteer. A database containing work preferences, time preferences, special skills, and vital contacts lets you optimize volunteers' contributions while respecting their limitations.

4. Manage Your Database Marketing System.

The goal of a marketing information system is to collect, analyze, and distribute information to the appropriate person at the appropriate time to improve management decision-making. Information is power—if the right people have access to that information. Relationships need to be managed. Similarly, the database marketing system allowing this enhanced level of communication must be managed.

Here are keys to managing your database successfully:

- Be sure the information in the database is accurate and up to date.
- Distribute the information to everyone in the organization.
- Develop different communications to appeal to different types of donors.
- Continually evaluate the effectiveness of each appeal.
- Tailor your database to meet your organization's individual needs. The

most important key to success is how well database marketing technology fits into your organization's existing structure—your people, processes, resources, and, most important of all, your mission.

5. Address Privacy Issues.

Some people feel that the vast use of database marketing is invading their privacy. This issue has the potential of creating an image problem for your organization. Thus, you must be prepared to handle possible donor backlash. A few suggestions:

- Let people know if you're using information about them. If you rent your list, for example, tell people on the list that you're doing so, and give them a chance to remove their names.
- Use information only in appropriate ways, and release it only to appropriate people.
- Assure people that you will not share their name with others if they don't want you to do so.
- Be sure people have easy access to their own records.
- Keep track of the source of your data. If information is too far removed from its source, it is difficult to check its accuracy.
- Take every opportunity to educate people about the privacy implications of technology.

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IT'S NOT A CURE—ALL, BUT IT IS A BETTER WAY.

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It's easy to view database marketing as a remedy for multiple marketing problems. Of course, there have been some wonderful success stories of organizations putting this technology and process to work. On the other hand, many organizations collect information and that is all that happens; the organization never figures out what to do with it.

You should view database marketing not as a panacea but as a tool which will help your organization increase donor participation and improve the activities



you already do well. Database marketing is not a substitute for a solid marketing strategy. Rather, if you manage it properly, database marketing will help you execute your smart marketing strategies.

Relationship marketing represents a natural evolution in the way you communicate with your target consumers. It focuses on building and enhancing the linkage between your organization and interested parties—a goal to which you have always aspired. Relationship marketing does not change that goal; it simply provides a different path for getting there. ■

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Software Resources

Auction Maestro Software, MaestroSoft, Inc., 13215 S.E. 46th Street, Bellevue, Washington 98006 (phone 800-438-6498 or 206-881-9305; fax 206-867-1138).

Chronicle Guide to Grants, 1255 23rd Street, N.W., Suite 700, Washington, D.C. 20037 (202-466-1000).

Donor Development, Samuelson Computer Services Company, 350 South Schmale Road, Carol Stream, Illinois 60188 (708-668-1598).

Donor Perfect fundraising software, SofterWare, 540 Pennsylvania Avenue, 2nd Floor, Fort Washington, Pennsylvania 19117 (800-220-8111).

Enterprise fundraising software, Access International, 432 Columbia Street, Cambridge,

Massachusetts 02141 (phone 617-494-0066; fax 617-494-8404).

Executive Data Fundraising, Executive Data Systems, Inc., 1640 Powers Ferry Road, Building 27, Marietta, Georgia 30067 (phone 800-272-3374; fax 770-955-3374).

Federal Money Retriever, access to all Federal Assistance Programs, IDI Magic Technologies Corporation, available through the Society for Nonprofit Organizations' *Resource Center Catalog*, 6314 Odana Road, Madison, Wisconsin 53719 (phone 800-424-7367; fax 608-274-9978).

Fund-Master 7.0 fundraising software, Master Software Corporation, 5975 Castle Creek Parkway N. Drive, Suite 300, Indianapolis, Indiana 46250 (phone 800-950-2999; fax 317-849-5280).

Manage!, Omega C.G. Limited, 377 East Butterfield Road, Suite 975, Lombard, Illinois 60148 (phone 800-443-3481; fax 708-969-8690).

ParaGon planned giving software, Blackbaud, 4401 Belle Oaks Drive, Charleston, South Carolina 29405-8530 (phone 800-443-9441, Ext. 307 or 803-740-5400; fax 803-740-5410).

Planned Giving Manager (PGM) software, PG Calc Incorporated, 129 Mount Auburn Street, Cambridge, Massachusetts 02138 (phone 617-497-4970; fax 617-497-4974).

The Raiser's Edge fundraising software, Blackbaud, 4401 Belle Oaks Drive, Charleston, South Carolina 29405-8530 (phone 800-443-9441, Ext. 307 or 803-740-5400; fax 803-740-5410).

Special Events software, Lifeline Information Services, 1776 Woodbine Place, Oceanside, California 92054.