ABOUT LOYALTY

The charity sector's first benchmarking tool for loyalty

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About Loyalty has given the charity sector its first benchmarking tool for loyalty –underpinned by the establishment of three driving metrics of Commitment, Satisfaction and Trust.

Each charity is now able to not only benchmark themselves across these loyalty metrics but also compare against other charities. Equally, these metrics are reviewed against a range of donor dynamics such as product, payment type and recruitment source.

With the current perfect storm around fundraising - adverse publicity, potential for FPS and new GDPR guidelines – now more than ever fundraisers need a way to understand the impact of donor loyalty in relation to its impact on income.

What is About Loyalty?

About Loyalty is a joint research/analysis venture between Wood for Trees and Roger Lawson Consulting, with input and support from Adrian Sargeant, Professor of Fundraising and Director of the Centre for Sustainable Philanthropy at the University of Plymouth. It was born out of an increasing perception that, despite the ability to process and analyse the supporter data of countless fundraising organisations, we still have very little concrete knowledge about the motivations behind the choices that people make when they initially decide to donate to a charity – and perhaps even more importantly, what encourages them to continue to give regularly. By shining a brighter light on this decision-making process, communication with donors and potential donors can become more empathetic, focused and efficient – as envisaged by the forthcoming GDPR legislation being introduced throughout the European Union.

The initial wave of the About Loyalty study launched in 2015, and involved five major UK charities. They provided access to their supporter databases, and from these Wood for Trees carried out initial analysis to understand the numbers and donation histories of these groups.

A bespoke questionnaire designed to assess attitudes to fundraising was emailed to as many supporters of the five charities as possible. More than 22,000 responses were received, of whom 13,700 had been giving to the relevant charity for 18 months or more. These responses were used in the subsequent analysis to map attitudinal insights back onto the supporter bases.

The Research

What do we mean by Loyalty?

> **Loyalty:** The feeling of support or allegiance towards a charity or a cause.

We are looking at measuring attitudinal loyalty (the way a donor feels loyalty towards the charity they support). This is a first for the sector – until now charities have only measured behavioural loyalty (whether donors give again).

Loyalty is driven by Commitment, Satisfaction and Trust

We tested 12 hypotheses for what would drive Loyalty. Through analysis of responses we were able to identify that the most robust and significant drivers of Loyalty, based on predicting the donors' intention to give again in the next 12 months are Commitment, Satisfaction and Trust.

Loyalty is measurable

Whilst it is impossible to measure a feeling, it is possible to measure what creates that feeling. Because we now know that Commitment, Satisfaction and Trust are the key drivers of Loyalty, we are able to create a Loyalty Score based on these factors.

But we need to know that this score is relevant.

The Loyalty Score predicts future giving intentions

A good model would be able to explain 10-15% of the variation in a donor's intention to give again (there are many other factors that we would expect to influence this) but analysis of this model shows that it explains 38% of their intention.

Can you imagine having a model that explains nearly 40% in the variation in whether your donors will give again next year?

For interest, we also looked at whether the model explains a donor's intention to give more and their intention to leave a gift to the charity in their will.
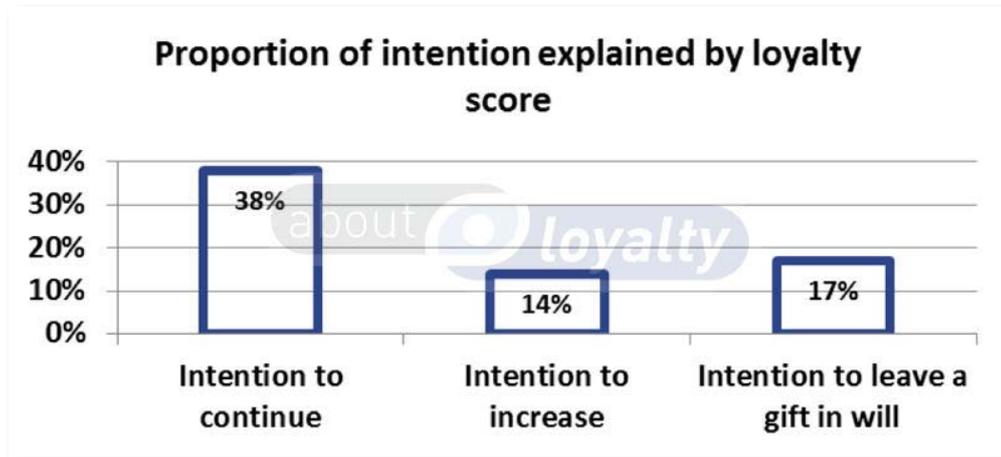
The Loyalty Score is closely related to the length of support

In parallel to measuring the Loyalty of donors, we also measured how long they had given for (or were predicted to give for, based on predictive modelling).

We can see that the level of a donor's Loyalty towards the cause is positively correlated to the length of time they give for. For the first time, we are able to see that donors with the most Loyalty give for longest as can be seen by the 'Best Fit Line' on the following chart.
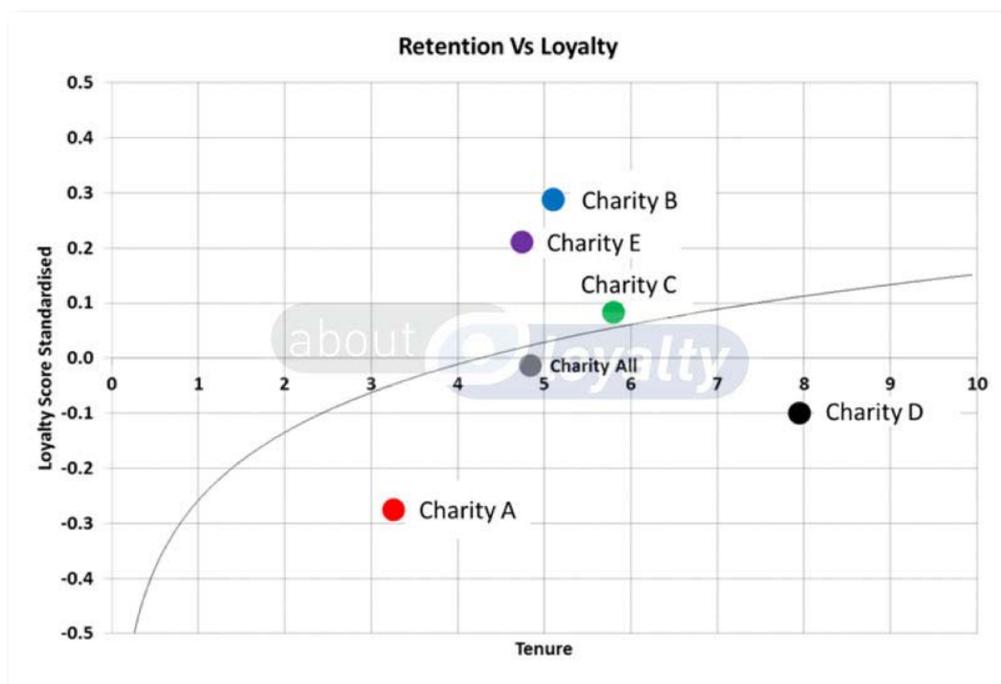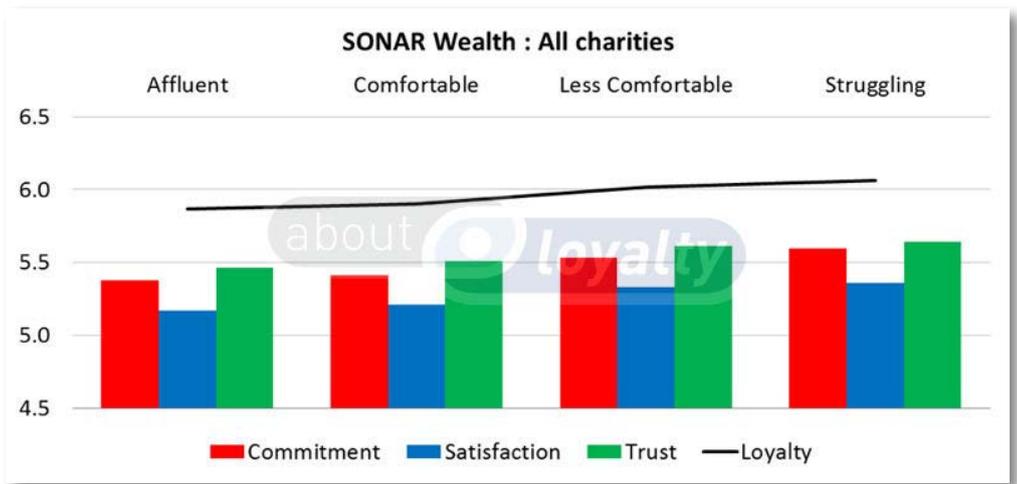
**Different donors have different Loyalty**

We are able to see how Loyalty varies across different donor types. For example, the variation of Loyalty across different recruitment sources is marked.
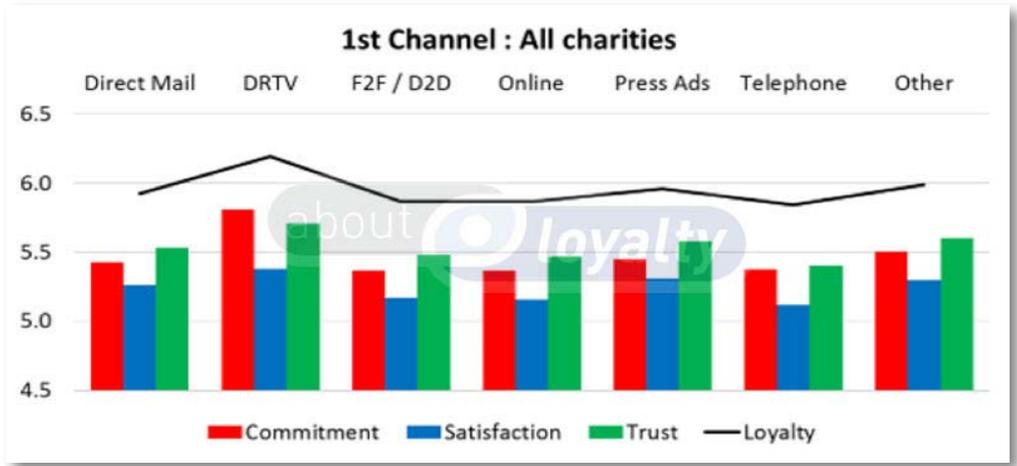
Less well-off donors have greater levels of Loyalty to the charities they support.

However, and surprisingly, there is little variation in Loyalty across different ages.
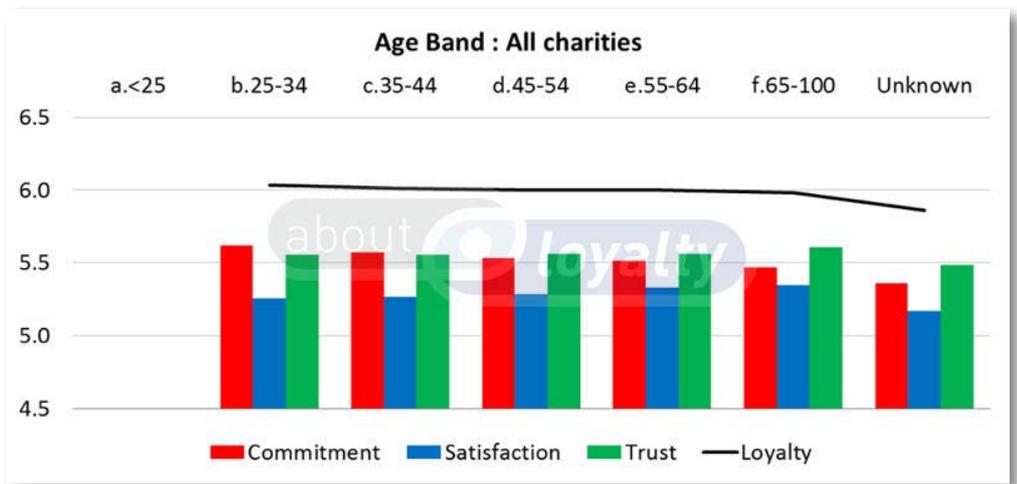
Loyalty varies by charity

We saw quite different levels of loyalty across the different charities. What is also interesting is that we can see that the scores of the different drivers vary across the charities too. For example, we can see that, relative to the other charities, Charity C has good Loyalty, but their Trust Score is the lowest of all charities and their Satisfaction is second lowest – it is their Commitment Score that is high for them.
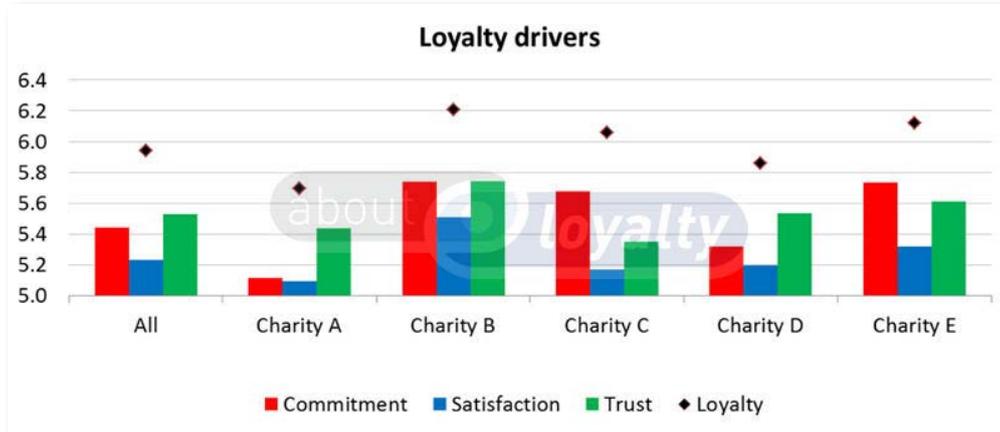
Charities have identified donors with the most potential and those at most risk

We are able to break these scores down and to compare Loyalty with the length of time someone has given for across the different segments of each charity's database. In this way we can identify those donors who:

- Have the most potential: They are more loyal, but they are not giving for as long as other segments.

- Are most at risk: They have been important donors to the charity for longer than other segments, but they do not show the same levels of loyalty.

Those that are above and to the left of the average are those donors where the charity has been unable to harness the high levels of Loyalty and create the length of support that should be expected yet. Whereas those who are to below and to the right of the average are those who have given for a long time, but have lower levels of Loyalty and therefore have high levels of risk for the charity.