

# **Donor Commitment – What Is It, What Drives It and Why Does It Matter?**

**By**

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## **A New Study**

Most UK charities aim to have the maximum possible number of 'committed' givers on their donor database. Donors who agree to give on a regular basis through their bank tend to exhibit high retention rates, cost less in terms of ongoing communications and therefore return a high lifetime value.

The huge growth in regular giving across the sector in recent years has been facilitated through the popularity of automated systems within the banking world and the development of software to receive and record large numbers of small regular payments at the charity end. Members of the public have been encouraged by banks and utility companies to use Direct Debit and have been reassured of the simplicity and security of doing so. Charities now find little resistance to the use of these methods amongst the giving public.

However, new ways to give regularly and new techniques for attracting support have brought in a younger cohort of givers, who behave very differently to older donors recruited through more 'traditional' media like direct mail. Where once the move from a single to a regular gift, perhaps with a covenant attached, had real meaning in terms of the attitude of a donor to a cause, and could be translated confidently by fundraising planners into the likelihood of a high lifetime value and potentially an eventual legacy gift, regular givers from some groups are now lapsing at high rates, raising questions about profitability and how best to allocate fundraising resource.

Recent research amongst face-to-face recruits, for example, showed that over 30% expected to give for a year or less when they signed up. Should we be calling these donors committed at all? Are they any more committed than those who give by cheque on an irregular basis? If they are not committed to the charity they are giving to, how might we foster that commitment, recognise when it develops and treat them thereafter.

In an attempt to answer these questions we designed a research study last year, the aims of which were to

- a) Define and measure donor commitment
- b) Determine what drives donor commitment, and
- c) To identify the impact of commitment on perceived and actual donor loyalty.

Working in partnership with five national charities we drew a distinction between what we regarded as 'active commitment' and 'passive commitment'. Active commitment we defined as 'the genuine desire on the part of a donor to maintain a favoured relationship'

Passive commitment, by contrast, occurs where a donor is happy for the relationship to continue but feels no strong desire for it to do so and no sense of 'bond' to the organization. In the charity context this most frequently occurs with regular givers who take out a standing order or direct debit and who only review their giving to the organization when conducting an analysis of their bank statements, or when prompted by the charity, perhaps through a request for an upgrade. In a sense one could argue that this is inertia rather than any sort of commitment at all, but we know from previous research that some of these individuals are quite happy to 'forget' their gift, secure in the knowledge that they have done the right thing. They neither look for, nor expect any greater degree of relationship with the organization and it therefore seems fair on balance to describe this as a passive form of commitment.

Following a series of exploratory focus groups we developed a mail survey that was despatched to 5,800 known charity givers. A response rate of 22.2% was achieved and giving histories for each individual donor were added to the survey responses post hoc – so that the relationship between commitment and facets of giving behaviour could be explored.

## **What Drives Commitment?**

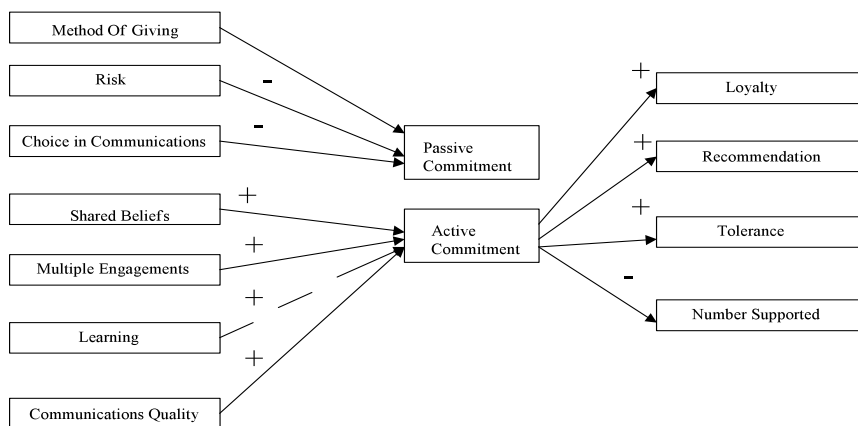
Figure 1 summarises the results of our analysis. In preparing this figure we have illustrated the direction of the relationship between each construct in the model. We identified that donors who share the beliefs of the charity, express higher levels of satisfaction with communications (and who read communications!) are significantly more likely to express higher levels of active commitment. Similarly donors who engage with the organization in multiple ways (e.g. donating, volunteering, campaigning) will express higher levels of active commitment. For a number of organizations in our sample we found that an additional factor – learning – was also a significant determinant of commitment. Those donors who felt that they had learned a lot about the nature of the cause, its significance and the role they could play were significantly more committed than those who had not. As it was not significant for all the organizations in our sample it is shown in our figure with a dotted line feeding into active commitment. In total we were able to explain 61% of the variation in active commitment by reference to the factors in our model.

In the case of passive commitment – higher levels of passive commitment will be felt by 'regular' or direct-debit donors. Higher levels of passive commitment are also associated with a feeling that there is no risk to the beneficiary group that would accrue from the withdrawal of the donors support. They are also associated with a feeling that no choice was offered in communications. This latter point is unsurprising since the act of interacting with an organization, as one would if choice were offered, would be likely to strengthen the sense of relationship and hence active bond.

While we did find a negative relationship between passive commitment and loyalty, the size of the impact was small and it is therefore not depicted in our model. Instead we focus on the impact of active commitment, which was found to be positively associated with loyalty and could explain some 36% of the variation in the same. Active commitment was also strongly associated with a willingness to recommend the organization to others.

Donors expressing higher levels of active commitment were less likely to support a large number of other charities and expressed a greater degree of tolerance for the amounts organizations might spend on fundraising and administration.

Figure 2: Summary of Results



It was interesting to note that we could find no difference in the level of commitment expressed between new and longer-term donors. We could discern no such relationships in either our aggregate dataset or in any of the five sets of analyses we undertook for our individual research partners. Newly recruited donors may be every bit as committed as their longer term counterparts.

The only relationship we could identify was that individuals who had upgraded to regular giving were likely to express higher levels of passive commitment as a consequence. Given the (albeit marginal) negative relationship with loyalty we would suggest that those donors on regular giving programs are invited to interact with the organization on a regular, if not frequent basis. This interaction will be likely to strengthen active commitment.

Our qualitative data suggest that a proportion of donors will be committed to the cause rather than the organization. Regrettably there appears to be no easy way of identifying these individuals *a priori* as such a propensity is not related to primary demographics. In our quantitative survey 64% indicated that they felt passionately about the work of the organization while 50% felt passionately about the cause, figures that reflect the somewhat 'blurred' division discovered in the focus groups.

What was interesting from our focus group results was that many individuals felt that they would be more committed to the organization if they understood more about its distinctive contribution to tackling the cause. Many individuals complained that there were too many charities conducting ostensibly similar work and there was often no clear rationale for the support of one organization over another as a consequence.

It was interesting to note how similar findings emerged from our survey. All of the determinants of active commitment were found to be related to unique facets of the organization or its approach to dealing with donors. Shared beliefs, communications quality and the notion of multiple links are all organization specific. More general factors such as a personal link to the cause were found not to be significant. It is therefore clear that charities should focus on inculcating commitment to their organization rather than the cause per se.

## **Implications**

A key lesson for fundraisers from this research is that a donor's level of commitment can be inferred through gathering information on attitudes, and (in the case of multiple engagement) through an analysis of behaviour. Interaction would appear to be the fundamental factor in the process.

Far from a regular payment being a reliable indicator of commitment, it would seem that regular giving is linked only to passive commitment levels. There is therefore a delicate balancing act to perform with regular givers (especially where they give at low values). Low-level regular gifts work for both charity and donor because they do away with the need for the charity to renew the gift commitment each time. However, in minimising the need for appeals communication (and hence interaction) we run the risk that active commitment will not be fostered. Regular givers should therefore be encouraged (cost-effectively) to interact – perhaps through campaigning 'asks', through a variety of media routes e.g. email, through invitations to events and so on. Though this might increase the costs of communication to this donor segment in the short term our research would indicate that increased interaction would encourage active commitment and loyalty, whilst a policy of 'leaving them alone' is likely to encourage passivity over time.

It also appears interaction is valuable in building active commitment – whatever form the interaction takes. Donors exhibiting passive commitment perceive that they have not been offered choice in what they receive from the charity, which is one way of initiating interaction at the start of the relationship. Many charities find that the most loyal donors on their base are those that have been exposed to telephone calls (whatever the result of the call) or to donor research.

The research did not find any link between commitment and the length of time a donor had been on the database. While this is disappointing in some respects, it does correspond with the frequent finding from database research that donors are particularly receptive in their first year of giving. This would underline the importance of the 'year 1' or 'honeymoon' strategy already followed by many charities, whereby donors receive a plethora of opportunities for interaction and engagement during their first months as givers.

Aside from 'multiple engagement', the other factors that impact on active commitment are learning, communications quality and shared beliefs. Opportunities for the donor to become more involved, and to access more detailed information about the cause and the work of the charity should be offered prominently to facilitate learning. Communications quality is again related to notions of donor choice – the research demonstrated that a higher degree of personalization could be beneficial. The importance of shared beliefs is interesting. Whilst the beliefs and attitudes of an organization are primarily communicated through ongoing branding, they could perhaps be emphasised more explicitly in donor communications.

Further information can be obtained from [www.charityfundraising.org](http://www.charityfundraising.org)

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