Institute *for* Sustainable
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LOYALTY MEETS PHILANTHROPIC PSYCHOLOGY:

A NEW APPROACH TO SUPPORTER RETENTION

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INTRODUCTION

In the 20 years since the first academic article on the topic of donor retention was published, the state of our knowledge has changed very little. Academic researchers continue to emphasise motives for giving, rather than the determinants of switching or lapse and much of the modelling of retention that does take place is based on future giving intentions rather than actual future behaviour. We therefore have remarkably little evidence in respect of what may, or may not, increase the duration of supporter relationships.

Industry statistics from the UK and USA continue to make for depressing reading, highlighting a substantive opportunity for improvement. First year retention rates are low with around 80% attrition being reported in the USA and 50 to 60% in the UK. Although in the USA first time donors from 2020 were a little 'stickier' than those of previous years, the overall pattern of performance remains unacceptably poor. First year retention has long been problematic, but it is now proving harder to retain even long-term donors. In their most recent report the Fundraising Effectiveness Project

(2022), for example, conclude that the "retention of long-time donors is (now) particularly weak and driving down overall (aggregate) retention rates." Despite 20 years of tracking the scale of the issue, the sector has barely moved the needle on any of the relevant metrics. Indeed, there are multiple indications that the situation is getting worse, not better. In the UK important work by About Loyalty confirms that the picture is gradually worsening over time, with donors recruited in 2010 staying for significantly longer (on average) than donors recruited subsequently (Lawson and Sargeant, 2015). The mean length of a donor relationship reported in their study was 4.2 years. In the USA, early work by Blackbaud indicates that the percentage of first-time donors who gave a follow-up donation in 2003 was 34% and it had dropped to 27% ten years later. Chuck Longfield, at the time Blackbaud's Chief Scientist, (and cited in Blum, 2014), noted that "the rates are dismal, but whether the rates are in the mid-30s or mid-20s, it just doesn't make any sense to spend so much time and energy on acquiring new donors and then hardly any on keeping them."

In the view of many, the sector continues to waste a substantial proportion of its annual fundraising expenditures (e.g., Craver, 2014). In a large-scale analysis of database records, Sargeant (2001) identified that even small improvements in the level of attrition can generate substantial improvement in the lifetime value of the fundraising database. A 10% improvement in attrition, for example, can yield up to a 200% increase in projected value. This is because significantly more donors upgrade their giving, give in multiple ways, recommend the organisation to others, and ultimately perhaps pledge a planned gift or legacy to the organisation. In this sense, the behaviour of 'customers' and the value they generate appears to mirror that reported in the   for-profit consumer sector where similar patterns of value and behaviour are exhibited (see for example Reichheld and Sasser, 1990). Indeed, the marketing literature is replete with references to the benefits that a focus on customer retention can bring. These include the ability to:

1   Reduce acquisition costs because it isn't necessary to replace so many 'lost' donors. When donors are not retained, most charities and their leadership seek to turn up the effort in recruiting new donors. Often that is the only way to meet existing revenue goals and budgets, let alone surpass them (Sargeant and Jay, 2004a)

2   Reduce the number of appeals. With, say, 50% fewer donors in order to get close to what was raised the year before, the average gift size of those remaining would need to double. Since this is unlikely, what tends to happen is that nonprofits increase the number of appeals, particularly email appeals. While this may work in the short-term, excessive communication can itself cause additional donor attrition (Love, 2016)

3   Bring in more major gifts. If 50% of donors leave annually, the majority of those donors are gone in five to six years. Ironically, the 5th or 6th year is often the prime time to begin discussions of a major gift or legacy (Love, 2016)

4   Take advantage of the opportunities that existing customers present for 'cross' and 'up-selling' (Christopher et al, 1991). In the fundraising context, existing donors can be persuaded to upgrade their giving, make additional donations, purchase from the trading catalogue,

volunteer, leave a bequest, etc. (Sargeant and Jay, 2004a)

5   Utilise the additional feedback that customers are willing to supply as relationships grow   stronger. Continuing contact can enable organisations to improve the quality of the service they deliver (Zeithaml, 1981)

6   Generate the good word of mouth, or 'word of mouse' advertising, that successful relationships can engender (Palmer, 1994; Chaffey and Smith, 2008)

Given the scale of the opportunity, it seems timely to consider what we know about the factors that drive donor loyalty/retention and whether it may now be possible to move beyond simplistic learning from the commercial sector to examine these issues through the distinctive lens of philanthropy. In the report that follows we will outline the current state of knowledge and introduce a range of concepts from marketing and psychological science that might offer additional power in managing loyalty. We will then report the initial results of our 15-month loyalty research project and highlight how a range of factors can be actively managed in order to boost loyalty and retention.

CLARIFICATION OF TERMS

Before we open up the literature, it is important to distinguish between loyalty and retention. Scholars and sector researchers have tended to view the terms as synonymous but there is now a consensus that drawing a distinction between the two is a better approach.

Some researchers have focused on what they have termed 'attitudinal loyalty,' or the underlying evaluative and cognitive processes used when interpreting purchase decisions (e.g., Fournier and Yao, 1997; Patterson et al, 1997). In the nonprofit context this might perhaps be viewed as a supporter's level of devotion to a particular organisation or cause (e.g., Davis, 1999; Funk and James, 2006; Goldfarb, 2011; Wymer and Rundle–Thiele, 2016). Viewed from this perspective, loyalty is simply an attitude and capable of measurement on a scale such as the one below.

"I am a loyal supporter of ..."
"I intend to continue offering my support to ..."
"I intend to renew my support of ..."

The term retention has a better fit with a behavioural perspective, which focuses on actual repurchase behaviour (e.g., Colombo and Morrison, 1989; Dekimpe et al, 1997; Wright et al, 1998). This can be measured by whether a donor renews (or in the case of monthly giving, continues) their support.

The distinction between the two terms is important because what drives feelings of loyalty, may or may not be the same as what drives actual future behaviour. Studies of the former are plentiful while studies of the latter (because of the difficulty compiling relevant datasets) are significantly harder to come by. At the time of writing, we are aware of only three studies that have modelled the factors driving future donor behaviour, yet it is these behaviours that most fundraising targets are written in terms of and where the majority of the sector's interest lies. In this study we will reveal the preliminary results of our own future behaviour modelling, working with two large charity partners. We are actively growing the number of charity partners participating in our work and will thus report any additional data as soon as it becomes available.

SO, WHAT FACTORS DRIVE LOYALTY AND RETENTION?

A large academic literature now addresses the factors that might associate positively with loyalty and retention. There are broadly two categories of study that are of interest

1   Studies that examine sector specific antecedents of loyalty/retention; and

2   Studies that examine the role of relationships and how relationships are experienced

We will review each of them in turn.

Sector Specific Antecedents

In respect of the former, Sargeant (2001) examined the self-reported reasons why donors quit, including:

1   Recognition – Donors were significantly more likely to quit if the recognition offered to them was seen as being inappropriate or insufficient given the size and nature of the gift

2   Personal Benefit Versus Altruism –

Interestingly, donors motivated by a desire to attain some personal benefit in return from the gift were significantly more likely to lapse than those motivated by more altruistic concerns

3   Pressure – Those donors who felt under significant pressure to make a gift were more likely to lapse

4   Service Quality – Donor satisfaction with the quality of service provided by the fundraising department to its donors impacts significantly on retention. Donors with more favourable perceptions were significantly more likely to be loyal

The fundraising sector considers the final category to be of considerable importance. Many professional writers have examined loyalty and retention through the lens of service quality failures: noting the significance of factors such as getting the thank-you right, thanking within a reasonable timescale, providing adequate recognition, being open and honest in all communications, achieving a degree of donor centricity in correspondence,

offering donors choice, etc (Burnett, 2002; Burk, 2003; Sargeant and Jay, 2004a; Sargeant and Jay, 2004b; Ahern and Joyaux, 2008; Craver, 2014).

Supporter Relationships

More recent work has focused on how relationships are experienced, drawing on early work by Morgan and Hunt (1994). The authors argued that there were three broad factors at the core of relationships, which would tend to mediate the impact of fundraising practice on subsequent donor loyalty and retention. Thus, however strong an emotional appeal may be, if it is sent to individuals who have previously experienced a poor quality of service or who lack any commitment to the organisation or cause, it will have much less impact on behaviour than where satisfaction and commitment scores are high.

Satisfaction, trust, and commitment are among the strongest predictors identified by both for–profit (e.g., Lariviere et al, 2016; Morgan and Hunt, 1994; Reichheld et al, 2000) and nonprofit researchers (Sargeant, 2001; Sargeant and Lee, 2004; Sargeant and Woodliffe, 2007; Shabbir et al, 2007). The most recent of these studies focus on understanding the

indirect relationships between the three concepts and thus, for example, whether satisfaction and trust may be mediated through commitment (Caceres and Paparoidamis, 2007). Unpacking the nature of these relationships is important because it can help guide the design of a retention strategy.

Satisfaction

Satisfaction may be defined as a broad sense of "the degree to which the level of fulfilment through an experience was pleasant or unpleasant" (p.23, Oliver, 2010). Similarly, Johnson and Fornell (1991) define customer satisfaction as a customer's overall evaluation of the performance of an offering to date. Satisfaction is viewed as the consequence of a comparison between expectations and overall evaluations of delivered service quality (Gustafsson et al, 2005). In other words, people compare what they expected to get with what was actually delivered. They only experience satisfaction when their expectations are either met or surpassed. In the context of fundraising, it isn't always helpful to talk to donors about their 'expectations' when they begin their journey as a supporter. Donors find it hard to describe these. But whether they can articulate them

or not, their expectations will be driven in no small measure by the quality of service they experience at other organisations they support. Hence their experiences elsewhere can be a useful proxy.

There is now ample evidence in the commercial domain that customer satisfaction with the quality of service provided has an important impact on their intention to repurchase (for examples see Aksoy et al, 2013; Anderson and Mittal, 2000; Larivière, 2008). Work by Bennett and Barkensjo (2005) also supports the notion that there is a significant and positive relationship between satisfaction with the quality of fundraising practice and a donor's future intentions, particularly the likely duration of the relationship (Bennett, 2006).

Despite the weight of evidence that it is the single biggest driver of future intentions, few nonprofits actually measure and track levels of donor satisfaction over time (Sargeant and Jay, 2004a). That said, a number of major charities are now measuring and tracking donor satisfaction, with a handful constructing supporter satisfaction indices that can be fed into their organisational reporting systems (e.g., a balanced scorecard). Some managers are thus rewarded

for changes in the level of aggregate satisfaction expressed. Given the foregoing analysis, this would seem a sensible practice.

Satisfaction surveys typically ask customers to report how satisfied they are with each aspect of the service in turn and then conclude with an 'overall how satisfied are you?' question at the end. It is this latter question that is generally the focus of most managerial interest and with good cause. To illustrate, customers are often asked to indicate the degree of their satisfaction on a five-point scale such as:

1 = **Very Dissatisfied**
2 = **Dissatisfied**
3 = **No Opinion / Neutral**
4 = **Satisfied**
5 = **Very Satisfied**

The reason for the commercial interest is that for-profits discovered a long time ago that there is a world of difference between customers who indicate they are 'very satisfied' and those that indicate they are just 'satisfied.' On average, across a whole range of different contexts, customers who say they are very satisfied are six times more likely to repurchase than those who are merely satisfied (Jones and Sasser, 1995). In the context of fundraising the multiple isn't as

high, but research still tells us that satisfaction is important (Sargeant, 2001).

Trust

Trust may be defined as "the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognize and protect the rights and interests of all others engaged in a joint endeavour or economic exchange" (p.393, Hosmer, 1995). High levels of trust are important because they are said to reduce uncertainty and diminish perceptions of risk in a relationship (Morgan and Hunt, 1994). In charitable giving settings, this organisational trust also captures how much donors trust charities to do what is right and to use their donated funds appropriately (Sargeant and Lee, 2004).

Successive studies have demonstrated its utility in driving customer loyalty, either directly or indirectly through either satisfaction or commitment. Trust is built by the trusted party being seen to exercise good judgement (Gabarro, 1987; Kennedy et al, 2001), demonstrating role competence (Morgan and Hunt, 1994; Kennedy et al, 2001), adherence to a desired set of principles, perhaps a Code of Practice

(McFall, 1987), and by delivering a good quality service (Kennedy et al, 2001), possibly through high quality interaction with front line employees (Reichheld, 1993; Sirdesmukh et al, 2002). In the nonprofit context, Sargeant and Lee (2004) have demonstrated that levels of trust drive giving behaviour, albeit that its impact is mediated by commitment. In their view trust can be enhanced by:

1   Communicating the impacts achieved with the beneficiary group

2   Honouring the promises, or rather, being seen to honour the promises made to   donors about how their money will be used

3   Being seen to exhibit good judgement and hence communicating the rationale for decisions taken by the organisation in respect of its overall direction and/or the services offered to beneficiaries

4   Making it clear what values the organisation espouses. So communicating not only the content of service provision to beneficiaries, but also the style, manner, or ethos underpinning that delivery

5   Ensuring that communications match donor expectations in respect of content, frequency, and quality

6 Ensuring that the organisation engages in two-way conversation, engaging donors in a dialogue about the service that they can expect as supporters and the service that will be delivered to beneficiaries

7 Ensuring that donor (customer) facing members of staff are trained in customer service procedures and have the requisite knowledge and skills to deal with enquiries effectively, promptly, and courteously

In seeking to measure trust, just as we did earlier for satisfaction, it is possible to develop a set of measurements that might be included in a survey. We would avoid questions that talk of trust in the abstract (e.g., I have a high degree of trust in XXX) and instead focus on specific manifestations of trust because donors find them easier to process, thus:

"I trust XYZ to use donated funds appropriately"
"I trust XYZ to deliver on its promises"
"I trust XYZ to be open and truthful in all its communications"

Again, 5- or 7-point measurement scales can be adopted.

Commitment

Commitment may be defined as an enduring desire to develop and maintain a stable relationship (Anderson and Weitz 1992; Gundlach et al, 1995; Moorman et al, 1992; Morgan and Hunt, 1994). In the commercial sector, commitment to a brand or a company creates a stickiness between a customer and that company (Gustafsson et al, 2005). In charitable giving settings, it is donors' passion to see the mission of the organisation succeed and their personal commitment to that end that creates that stickiness (Shang and Sargeant, 2017). It differs from satisfaction in that satisfaction is an amalgam of past experience, whereas commitment is a forward-looking construct.

In addition to the direct effect that satisfaction and trust may have on loyalty, extant research indicates that satisfaction and trust may both generate higher commitment and then create additional change in consumption intention (Delgado-Ballester and Munuera-Aleman, 2000; Bansal et al, 2004). When people are satisfied with the services they are provided with (Morgan and Hunt, 1994) or when people feel they can trust the organisation to do the right thing (Kingshott and Pecotich, 2007),

they become more committed to the relationship they have with an organisation or a brand, and they become more likely to purchase again from the same organisation (Davis-Sramek et al, 2008).

It turns out that in the nonprofit context there are actually two types of commitment (Sargeant and Woodliffe 2005), passive commitment and active commitment. Active commitment is the enduring passion for the organisation just described. The second category is passive commitment. This refers to individuals who continue their support not because they feel strongly about the work of the organisation but because they feel it is the 'right thing to do.' The work doesn't excite them, but they know it's important. Passive commitment can also manifest in the realm of regular or sustained giving. Donors can look as though they are highly loyal but, in reality, they are continuing their support only because they haven't got around to cancelling or had actually forgotten they were still giving. Quite a few nonprofits with sustained gift programmes will notice a spike in attrition immediately after sending out a mailing. What they've done through the communication is to remind some folk who had forgotten they were still giving that they are in fact still doing so, and a small but significant percentage will cancel.

So how do we prevent this? In a large-scale empirical study Sargeant and Woodliffe (2007) identified the drivers of active commitment as:

1   Service Quality – Although satisfaction with the quality of service provided by the fundraising team has a direct impact on loyalty, it also has an indirect effect with favourable perceptions also driving the sense of commitment

2   Risk – Donors who believe that if they cancel their donation no-one will suffer harm as a consequence, were found to be significantly more likely to lapse. To illustrate, if a donor is supporting a shelter for the homeless, he/she is more likely to develop commitment if they forge a close link in their mind between their gift and the impact on the beneficiary. The stronger the belief that if they cancel their gift someone somewhere will be without a bed tonight, the more likely they are to develop commitment and through that, loyalty. By contrast, if they believe that cancelling their gift won't make any difference to the work the organisation is conducting the less likely they are to remain loyal. Fundraisers can therefore think through the messages they use in their appeals and the way in which

they thank donors, to engender loyalty. Thank you letters too can do a lot more than just acknowledge the gift, they can impress on the donor the difference their donation has actually made

3 Shared Beliefs – Believing in the work of the organisation is one thing, but altogether more powerful is convincing a donor to buy into its values. With many thousands of nonprofits all doing related things donors have a plethora of philanthropic options. The issue in loyalty is therefore not only what do they do, but how do they do it and with what in mind. In other words, in building loyalty it is important to convince the donor not only of the quality of the work, but what the work will deliver for society. If a donor shares the vision of the world the nonprofit wants to see and shares the vision of how this world will be delivered, he/she will be a great deal more committed to the organisation than if they lack these perspectives. Nonprofits thus need to be clear about their beliefs and use all their powers of persuasion to explain why they hold the views that they do. The more that donors buy into the beliefs of an organisation, the more loyal they will be

4 Learning – Donors who perceive that they are being taken on a journey that deepens their understanding of the organisation and the work it is conducting will exhibit higher levels of loyalty than those who perceive only a series of transactions for a series of unconnected needs. Fundraisers, therefore, need to think through the journey that supporters will take as they deepen their understanding of the organisation and the mission it is trying to accomplish. It is with good reason that some fundraisers now talk about planning 'supporter journeys.' Research suggests this is key

5 Trust – Donors who trust that the organisation will have the impacts it says it will have on the beneficiary group will be significantly more loyal than those who lack this trust. The provision of regular feedback is therefore important in driving loyalty as is being able to justify the pattern of performance achieved. The drivers of trust in an organisation are described above and they are all relevant to building donor commitment

6 Personal Link – For some causes, it is possible that supporters will have a personal link to the organisation. Many medical research charities, for

example, gain the support of those whose life has been touched by the disease or disability. It is no surprise that the existence of strong personal links is a determinant of loyalty

7   Multiple Engagements – This factor has two levels to it, one intuitive and one less so. The intuitive level is that donors who are also campaigners, who are also volunteers, who are also service users, etc. will be a good deal more loyal than those who are only one of these things. A good strategy is thus to encourage donors to support the organisation in multiple ways.

The second level is not so obvious. Each time we have a two-way interaction with a donor we engender a small amount of additional loyalty. In our survey work these past 20 years we have noted that donors who respond to a survey, for example, are more loyal than those who do not. Of course, it can be difficult to unpack cause and effect here because it may be that more loyal donors are more likely to complete donor surveys. But this is an issue we will speak to again, later in this report

Commitment has been measured by the level of agreement with statements such as:

"X is my favourite charity"
"I am very committed to X"
"The work is X is very important to me"

SATISFACTION, COMMITMENT AND TRUST: A CRITIQUE

It should be remembered that the proposition that satisfaction, commitment, and trust are at the core of the experience of a relationship was developed in the commercial sector. This a sector largely based on exchange, not on the love that is at the core of much of philanthropy. Thus, to think about retention as though the currency of love somehow equates to the currency of monetary exchange is, in our view, misguided. Certainly, giving money can be an articulation of love, but a focus on money and exchange deprives the donor of the deeper meaning associated with their giving. Deepen that meaning and enhanced retention will surely follow.

In the context of giving the utility of the satisfaction, commitment, and trust (SCT) approach has been called seriously into question. In most of the existing research, they have only been correlated to people's giving intentions or affective loyalty (Naskrent and Siebelt, 2011). Little is known about how, if at all, they might actually drive behaviour. Studies modelling that are rare and when the relationship between these measurements and behaviour

are typically calculated, the conclusions drawn are usually correlational in nature. That is, we do not have much causal evidence to say that satisfaction, commitment, and trust actually drive future giving.

To compound these difficulties the SCT approach is also largely undiagnostic. I may understand, for example, that my commitment score is 5.6, but what am I supposed to do with that knowledge? Certainly I can use the figures for benchmarking and looking to see how my scores changed from last year, or how they compare against other nonprofits. But if I want to improve to say 5.8 or 6.0 there is ultimately no prescription for how that might be achieved.

As we have noted, the terminology developed by various sector actors is confusing, with loyalty and retention being used as though they are synonymous. There is, alas, a world of difference between what donors say they will do and what they will actually do, particularly over a time horizon that stretches into the medium term (i.e., a calendar year).

There is also a measurement issue. Astute readers will already have recognised that the items typically used to measure loyalty intentions are remarkably similar to the items that many organisations use to measure commitment. Little wonder then that commitment is seen as a 'big driver' of loyalty, because the researcher is ultimately measuring the same factor. The two concepts are insufficiently discriminated.

It is against this confusing theoretical backdrop that our present study was conducted. We sought to identify the factors that drive loyalty intentions AND recorded retention. We also sought to explore whether factors about the person and their associated well-being and love could perform better as predictors of actual behaviour than the business based SCT approach.

METHODOLOGY

Our initial research has spanned a period of 15 months. Working with our charitable partners we sent a sample of donors in each organisation a survey that contained measures of SCT, but also measures of identity, well-being, and love drawn from the domain of philanthropic psychology. We also gathered data on giving intentions so we could conduct some initial modelling of what might drive those intentions. We then waited for a period of 12 months to elapse and matched the subsequent giving behaviours with the individual responses to our original survey. In doing so, we were then able to explore which of our initial survey concepts were the best indicators of subsequent behaviour (i.e., actual donor retention and future giving.)

It turns out that what predicts giving intentions is broadly NOT what predicts actual behaviour.

LOYALTY MEETS
PHILPSYCH

Drawing on the findings of our previous work we decided to include a range of variables related to identity, well-being, and love. We focused on variables that we had shown previously to be linked with annual giving or had been shown to do so in the academic literature.

Identity

In psychology, the term 'identity' is most commonly used to describe personal identity, or the distinctive qualities or traits that make an individual unique. Mischel and Shoda (1995) tell us that our sense of who we are can be defined by what we think, how we feel (Mischel and Shoda,1995), what we do (Buss and Craik, 1983), what we have (Belk, 1988), who we are in relationships with (Andersen and Chen, 2002), and which culture we live in (Markus and Kitayam, 1991). Here we focus on two forms of identity that are closely associated with giving: moral identity and supporter identity (Silke and Bernd, 2013). This is because these identities were found to be strong predictors of giving from our past research.

- Internalised Moral Identity – Measured as how good it would make people feel and how important it is to them to be kind, caring, friendly, compassionate, fair, helpful, generous, hardworking, and honest

- Symbolic Moral Identity – Measured as how important it is that others should see them as kind, caring, friendly, compassionate, fair, helpful, generous, hardworking, and honest

- Moral Identity Reinforcement – Measured as how much being a supporter of the organisation helps them become and feel like a more moral person (Shang et al, 2020)

- Organisational Identity Importance – Measured as how much being a supporter of the charity is important to their sense of who they are

- Organisational Identity Esteem – Measured as how much being a supporter makes them feel good about themselves

We also measured supporter disposition in the sense that they saw themselves (or not) as a compassionate person, or a person that enjoys problem solving, or thinking deeply about issues. We measure these because they mirror important strands of research in the domain of giving behaviour. Donors can be motivated to give because of a compassionate disposition and because they enjoy the problem–solving dimension of taking action to impact on a cause.

Well-being

We also explore the relevance of variables related to well–being.

- Positive Emotion (from Support) – Measured as how pleased, happy, and glad people feel when considering their support of the (focal) charity

- Encouragement and Uplift (from Support) – Measured as how encouraged, uplifted, heartened, and invigorated people feel from their support (Shang et al, 2020)

- Connectedness to the Charity – Measured by a general sense of how close people feel to the organisation (i.e., by a sense of affinity and belonging)

- Autonomy – Whether people feel like they are free to be who they are and that they can voice their beliefs

- Competence – Whether people feel like they can make a meaningful difference

We created a further variable, offering donors the opportunity to send a message of encouragement to a stakeholder group (e.g., a charity's employees or volunteers or perhaps one's fellow donors). The nature of the messages was then subject to a content analysis to determine whether the tone was positive or negative.

Love

Finally, the survey included variables drawn from the domain of love. In philanthropic psychology we define love as "a positive long–term predisposition that one experiences, often comprising of tenderness and affection, and it is most often experienced in a relationship." The starting point here was thus to identify with whom donors might have the strongest relationships.

- Connectedness With Specific Stakeholders (Targets for Love) – The survey examined a wide range of possible stakeholders that respondents could potentially feel connected with. The nature of those stakeholders was tailored to the context of each charity partner and connectedness with each specific group was measured. As the reader will appreciate this is more granular than the abstract sense of connection with the charity measured above

- Dependency – Love based relationships exhibit a degree of dependency. A willingness on the part of the supporter to depend on another and a willingness to allow that other to depend on the supporter

- Communal Strength – Communal relationships exhibit a willingness to sacrifice in order to allow another to satisfy their need or achieve their goal. It is not necessary for this sacrifice to be reciprocated

Dependent Variables

We used these three sets of factors (identity, well-being, and love) to predict supporters' intention to:

1 Continue supporting the organisation;

2 Increase their donation in the coming 12 months; and

3 Pledge a legacy to the organisation

We were also able to measure their actual behaviours over the coming year. Did they continue giving and at what level were they giving?

HUMAN SERVICE
ORGANIZATION 1

An online survey was sent to 129,812 supporters of a human service organisation in January 2021. A response rate of 2% was achieved. The average age of respondents was 63 years and 74% of respondents identified as female.

The survey measured the factors listed previously. The scales used to measure the factors were adapted from scales developed in psychology, marketing, and nonprofit management literatures.

Predicting Giving Intentions

The results of our linear regression are provided in Table 1 where only the significant predictors of future intentions are included.

Looking first at the means, the scores for traditional measures of loyalty (i.e., satisfaction and commitment) achieved scores in the ballpark of 6 on our 7-point scales. This is worth noting because it suggests relatively little ability to improve on the scores attained. It would be difficult to know what practical action one might take

to further increase satisfaction scores, for example. By contrast, other factors demonstrate significantly more scope for improvement.

The means also tell us that supporters perceive a relationship where both parties depend on each other (dependency) and where there are moderate levels of connectedness with the charity itself and the focal campaign.

It should be noted that 'positive emotion (from support)' was measured (for reasons of scale integrity) on a 5-point scale. Thus, the mean score here tells us that supporters generally experience a modicum of pleasure and happiness when they give.

Table 1. Predictors of Giving Intentions (Organisation 1)	Mean of Predicting Factor	Intention to Continue Donating (M = 5.7)	Intention to Increase Giving (M = 3.8)	Intention to Pledge a Legacy (M = 4.0)
Communal Strength (Love)	4.6	6.2%	32.9%	30.7%
Positive Emotion (from Support)* (Well-being)	3.2	6.5%	8.6%	
Connectedness to the Focal Charity (Love)	5.2	5.6%	4.5%	
Satisfaction	5.8	4.3%		5.4%
Connectedness to the Focal Campaign (Love)	4.2		4.6%	
Dependency (Love)	5.5	3.3%		
Commitment	5.9	3.1%		

* = Positive Emotion (from Support) was measured on a 5-point scale

Our giving intention variables are also measured on 7-point scales. Intention to continue donating scored 5.7, intention to increase giving scored 3.8, and intention to pledge a legacy scored 4.0. These scores tell us that as a group, our respondents considered themselves likely to continue their giving next year but were more ambivalent about increasing their giving or considering a legacy.

The percentages in the second, third, and fourth column show how much intention to complete a giving behaviour will increase across the supporter base if the mean score on the predicting factor is increased to its maximum. The maximum score for all factors is seven except for 'positive emotion (from support)' which as we have just noted has a maximum score of 5.

For example, if we can raise the average communal strength score across the supporter base from its current score of 4.6 to the maximum score of 7, average intention to continue donating will increase by 6.2%. We know that the average intention to donate score is currently 5.7 so it would increase to 6.1. Similarly, we can see that the mean intention to increase giving score is 3.8. Maximising communal strength would increase it to 5.1, which is a solid level of positive intention.

We are aware here that the maths may appear daunting, but for a professional fundraiser seeking to influence future giving intentions, Table 1 can guide the selection of the most appropriate factors to seek to influence. So, one would look for the

factors with the largest impact on the intention of interest and work to build it.

What is also striking from this table is that satisfaction and commitment have relatively little impact on giving intentions when compared with a majority of the other factors included in Table 1.

Predicting Actual Giving Behaviour

Twelve months after the initial survey, responses were matched to subsequent giving so that the research team could identify whether the survey measures that had predicted supporter's *intention to give* also predicted *actual supporter giving*. The behaviour of both cash and monthly givers was examined.

Cash Donors

The results of our logistic regression in respect of cash donors are reported in Table 2.

Table 2. Predictors of Retention for Cash Donors (Organisation 1)	Mean of Predicting Factor	Odds Ratio	Potential Increase in Annual Cash Giving Income (£)
Connectedness to the Focal Charity (Love)	5.2	1.32	75,448.02
Encouragement and Uplift (Well-being)	4.4	1.18	42,892.38
Moral Identity Reinforcement (Well-being)	4.2	1.14	33,659.94

Table 2 indicates that there are three significant factors that predict the retention of cash donors. If the organisation can increase how connected a cash giver feels to them by one point from the average of 5.2 to 6.2 (on our 7-point scale), we can increase the likelihood that the person will give a cash gift in the coming 12 months by 32%. This increase in likelihood of giving equates to a potential increase in income of £75,448.02 per year.

Feeling encouraged and uplifted (from support) also significantly predicted cash giving behaviour over the coming year. A 1-point increase from 4.4 to 5.4 is associated with an increase of the likelihood of giving of 18% and thus potential additional revenue of £42,892.38.

Finally, increasing scores on the moral

identity reinforcement scale by 1-point from a mean of 4.2 to 5.2 would improve the likelihood of giving by 14%. This enhanced likelihood is associated with additional cash giving revenue of £33,659.94.

It is noteworthy that satisfaction, commitment, and trust do not appear in Table 2 and were not significant predictors of cash donor retention.

Monthly Donors

In the case of monthly donors, we were interested in exploring the predictors of whether or not someone would continue their monthly support through the whole of the coming year.

The results of our logistic regression are provided in Table 3.

Table 3. Predictors of Retention for Monthly Donors (Organisation 1)	Mean of Predicting Factor	Odds Ratio
Positive Emotion (from Support)* (Well-being)	3.2	2.06
Connectedness to People Affected by the Disease (Love)	5.7	1.25
Connectedness to Other Supporters (Love)	4.2	1.37
Positive Affective Content of Messages (Well-being)	–	2.25

* = Positive Emotion (from Support) was measured on a 5-point scale

Table 3 presents the increase in likelihood that a donor will still be giving at the end of a year if their scores on any one of the four significant factors were to increase by 1-point. Hence, if we can increase their sense of the positive emotion (from support) they experience when they give from a score of 3.2 to 4.2 the likelihood of them being retained as a donor at the end of a further calendar year doubles.

Similarly, if we can increase the connectedness people feel to those affected by the disease (that is the focus of this organisation) from 5.7 to 6.7, the likelihood that that individual will remain as a giver at the end of the year will increase by approximately 25%.

Feelings of connectedness to other supporters are similarly important. Increasing the sense of connectedness a donor feels to other donors by 1-point, from 4.2 to 5.2, increases the likelihood that that individual will remain as a donor at the end of the year by 37%.

Finally, we found that the nature of messages of support that donors were able to write to the charity team was also a factor. Where the messages had a positive theme the likelihood of them being retained as a donor at the end of a further calendar year doubles.

When we began this project, it felt intuitive to us that donors would need to be connected to the charity. We hence chose this as the focus for the message writing. Given the results reported above though it may be more appropriate for supporters to be given the opportunity to write a message to their peers, or to those touched by the medical condition this charity exists to fight.

As we report the numbers above it is important to view the content of Table 3 through the lens of an individual and their experience. To illustrate, consider the impact of positive emotion. We might use this understanding to boost positivity in our newsletters with the aim of boosting retention. This is certainly smart, but while we might focus on positive emotions in our newsletter, not everyone who receives it will feel that positivity and have it impact their positive emotion score. Recipients will react in different ways. All we are saying here is that for those individuals who both receive it AND experience enhanced positivity will be broadly twice as likely to be retained after a year than those who do not.

It is worth noting that in this organisation's database, there were 4,419 lapsed regular donors who did not give a regular gift in all 12 months following the survey. If all of these donors were retained for an additional year, it could give the organisation an additional **£590,897.37** in regular gift income.

HUMAN SERVICE
ORGANIZATION 2

An online survey was sent to supporters of a second organisation in November 2020. A total of 4390 completed surveys were received, representing a response rate of 2.2%. The average age of respondents was 63 years and 71% of respondents identified as female.

As previously, we will begin with the factors associated with giving intentions and then move on to discuss the predictors of actual future behaviour.

Predicting Giving Intentions

Table 4 shows the factors that our analysis showed to be significant predictors of donor intention to continue donating, increase their donation, or leave a legacy.

Table 4. Predictors of Giving Intentions (Organisation 2)	Mean of Predicting Factor	Intention to Continue Donating (M = 6.0)	Intention to Increase Giving (M = 3.9)	Intention to Pledge a Legacy (M = 3.6)
Communal Strength (Love)	4.7	6.2%	24.1%	28.2%
Positive Emotion (from Support)* (Well-being)	3.3	6.6%	19.6%	16.0%
Satisfaction	5.9		3.9%	3.8%
Commitment	5.9	3.2%		4.0%

* = Positive Emotion (from Support) was measured on a 5-point scale

As previously, the percentages show how much intention to complete a giving behaviour will increase across the supporter base if the mean score on the predicting factor is increased to its maximum score. The maximum score for all factors is 7 except for positive emotion (from support) which has a maximum score of 5. As was the case with our first organisation, satisfaction

and commitment scores are already high, achieving around 6 on our 7-point scales. There would therefore be relatively little scope for improvement. Scores for positive emotion (from support) and communal strength, by contrast, are significantly lower.

Increasing communal strength from 4.7 to the maximum score of 7, increases average intention to continue donating by 6.2%, intention to increase giving by 24.1% and intention to pledge a legacy by 28.2%.

Similarly increasing the positive emotion felt when thinking about their support of the charity to a maximum score of 5 would increase intention to continue giving by 6.6%, intention to increase giving by 19.6%, and intention to pledge a legacy by 16.0%.

Predicting Actual Giving Behaviour

The same process was used to analyse retention as with the previous organisation. Twelve months after the initial survey, supporter giving was analysed to investigate whether the survey measures that predicted supporter's intention to give also predicted actual supporter giving.

Cash Donors

We employed a logistic regression to analyse which of the factors measured by the survey were important predictors of whether people classified as cash givers gave a cash gift in the 12 months immediately following the survey. We could find only one survey factor that predicted the retention of cash donors for our second organisation as shown in Table 5.

Table 5. Predictors of Retention for Cash Donors (Organisation 2)	Mean of Predicting Factor	Odds Ratio	Potential Increase in Annual Cash Giving Income (£)
Encouragement and Uplift (Well-being)	4.6	1.17	39,099.54

The results indicate that if the organisation can increase how encouraged and uplifted a cash giver feels (by 1-point on our 7-point scale) from the average of 4.6 to 5.6, we can increase the likelihood that the person will give a cash gift in the coming 12 months by 17%. Across

the whole segment of cash givers in the organisation's donor base, this increase in likelihood of giving results in a potential increase in income of £39,099.54 per year.

We were able to conduct one further analysis on cash giving for this organisation. Using regression, we analysed which of our factors were predictors of the amount given in cash gifts in the 12 months following the survey. This is a parallel to the measure of intention to increase their giving measured in the survey. We controlled for donor demographics and past cash giving behaviour. Table 6 shows these results.

Table 6. Predictors of Value of Cash Gifts (Organisation 2)	Mean of Predicting Factor	Increase in Amount Given (£)	Potential Increase in Cash Giving Income (£)
Connectedness to Volunteers (Love)	4.5	12.96	113,434.12
Connectedness to the Focal Charity (Love)	5.0	6.96	60,913.54

We found that feeling connected to volunteers of the organisation was a significant predictor of the amount given in cash gifts in the 12 months following the survey. If the organisation can increase how connected a cash giver feels on our 7-point scale from the average of 4.5 to the maximum of 7, we can increase the amount given in cash gifts over the next 12 months by £12.96 per person. This increase in giving results in a potential increase in income of £113,434.12 per year.

Connectedness to the focal charity performed similarly. If the organisation can increase how connected a cash giver feels on our 7-point scale from the average of 5.0 to the maximum of 7, we can increase the amount given in cash gifts over the next 12 months by £6.96 per person. This increase in giving results in a potential increase in income of £60,913.54.

Monthly Donors

For this organisation we were unable to find any survey factors that were indicative of the retention of its monthly donors. However, we did find a relationship with the affective content of the messages of support that donors were able to send to the organisation.

Looking only at donors who lapsed during the year we found that when people write mainly negative affective content compared with positive, they give 0.8 more gifts before lapsing. If lapsed regular donors gave 0.8 more gifts on average across the whole donor base, the increase in expected income is **£350,560.85.**

IMPACT OF COMPLETING THE SURVEY

For our first organisation we investigated whether the act of completing our survey correlated with cash giving behaviour in the 12 months following the survey. The retention rate of the cash givers who took the survey was 74% compared with 63% for those who did not complete the survey. Those who took the survey gave on average £18.51 more in cash gifts over the 12 months and gave on average 0.6 more cash gifts than those who did not complete the survey.

We found similar results for our second organisation. Comparing donors who completed the survey with those who did not, the likelihood that cash givers gave a cash gift in the 12 months following the survey was higher when the donor completed the survey. The retention rate of the cash givers who took the survey was 86% compared with 83% for those who did not complete the survey. Those who took the survey gave on average £3.91 more in cash gifts over the 12 months and gave on average 0.2 more cash gifts than those who did not complete the survey.

In respect of monthly giving in our first organisation, we found that whether or not donors completed the survey did not statistically significantly impact retention 1 year later. But those who took the survey gave on average £14.09 more over the 12 months in regular gifts and gave on average 0.7 more regular gifts than those who did not complete the survey.

For our second organisation when looking at the number of regular givers who were still active 12 months after the survey, those who took the survey were more likely to have continued with their regular giving than those who did not complete the survey. The retention rate of the regular givers who took the survey was 31% compared with 28% for those who did not complete the survey. Those who took the survey gave, on average, £26.32 more over the 12 months in regular gifts and gave on average 2.1 more regular gifts than those who did not complete the survey.

It should be noted that previous giving was controlled for in our analysis, so it is not the case that we obtained this result because more loyal donors are more likely to complete our survey.

CONCLUSIONS

In this preliminary report we have explored the impact of a wide range of factors on both future giving intentions and actual future behaviour. We analysed the impact of satisfaction, commitment, and trust alongside measures drawn from the domain of philanthropic psychology known to be associated with annual giving.

The performance of loyalty variables; satisfaction, commitment, and trust was generally poor. Satisfaction and commitment do appear to be associated with donor intentions, but we find no evidence in our samples that they are associated with future behaviours. This result suggests that the sector should consider a wider range of factors when determining future fundraising strategy. It would also be advisable to revisit the metrics that we use to assess retention strategies so that they are more reflective of the factors that do influence actual future behaviour.

The second thing we learned is that there appear to be no universals. The biggest drivers of loyalty and retention vary somewhat between organisations. A sample of just two organisations doesn't allow us to be definitive, but it does appear that the choice of retention variables should be tailored to the unique nature of the focal organisation. If the pattern is similar when the results from all five of our partners are available, we would conclude that retention cannot be studied generically. Models of retention would need to be organisation specific. We would also note that the lack of any universally applicable measures would render sector benchmarking initiatives ineffectual. Rather than benchmark performance against others, organisations would be better served benchmarking against their own past performance and tracking this over time.

Table 7 contains a summary of our analysis, and the data suggests that in aggregate how giving leaves people feeling is a critical factor in predicting retention. The experience of positive emotion or feelings of encouragement/uplift appear significant in many of our analyses.

The theme of connectedness also pervades many of our analyses. How connected people feel with the objects of their love was particularly highlighted. This suggests (as in our

work in annual giving) that nonprofits need to understand who donors may be desiring of connection with. This might include connection with:

1. Beneficiaries – or certain groups of beneficiaries
2. Volunteers
3. Other donors
4. Service providers
5. The organisation itself
6. The brand of the organisation
7. An outstanding leader
8. A God figure in the faith context

Thus, while donor surveys may routinely gather information about interests and motives, they should also work to determine the appropriate focus of connection. This can then drive retention strategy as the focal connection can be strengthened.

Similarly, understanding connection would aid in the implementation of a further retention strategy addressed in our survey. We have been working with clients to give donors a voice by sending a brief message to a focus of their love. For the purposes of this exploratory work, we focused on the level of the organisation and asked people to send a message of support to the organisation's team. Given our earlier results we now believe it would be smarter to allow donors to send a message to the specific stakeholder that is the target of their love. This, we believe, would be more meaningful. Attention should also be paid to the description of the nature of the task so that it is designed to direct the donor to focus on sentences that deliver the right level of either positive or negative affect. The reader will recall that in our results, in one case positive affect was significant while in another it was negative affect that was significant.

Table 7. Summary of Significant Variables	Organisation 1		Organisation 2	
Identity Variables	Loyalty: Giving Intentions	Retention	Loyalty: Giving Intentions	Retention
Internalised Moral Identity				
Symbolic Moral Identity				
Moral Identity Reinforcement		X		
Organisational Identity Importance				
Organisational Identity Esteem				
Well-being Variables				
Positive Emotion (From Support)	X	X	X	
Encouragement and Uplift		X		X
Connectedness to the Charity	X	X		
Autonomy				
Competence				
Positive/Negative Affect Content of Messages		X		X
Love Variables				
Connectedness to Specific Stakeholders		X		X*
Dependency	X			
Communal Strength	X		X	
Business Variables				
Satisfaction	X		X	
Commitment	X		X	
Trust				

* = Predictor of future value of cash gifts, not retention

It is also interesting to note that in general the factors that are associated with giving intentions are not the factors that are associated with retention. Since many models have been built on intention data this suggests that a rethink of the sector's current approach to managing loyalty

is now due. Organisations should focus on factors driving retention rather than future giving intentions.

Finally, we would note that the factors associated with retention are all very actionable. Unlike satisfaction and commitment, where there would appear to be little scope for improvements (organisations achieving mean scores around 6 on our 7-point scales) our PhilPsych variables appear to have a greater capacity for growth. They are also easier to implement in a communications strategy than certainly satisfaction would be. With this insight the right connections can now be built, generating the right emotions in the right way for the right individuals.

We will be adding additional cases to this report as they become available. If you are interested in working with us and sharing your retention factors in this way, please do not hesitate to reach out. We would be delighted to work with you.

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