

The Ultimate Fundraising Donor Retention Cheat Sheet

Why Does Loyalty Matter?

Original Retention Rate: 41%

YEAR	DONORS	AVG. GIFT*	TOTAL
Start	5,000	\$ 200.00	
2	2,050	\$ 220.00	\$ 451,000
3	841	\$ 242.00	\$ 203,401
4	345	\$ 266.20	\$ 91,734
5	141	\$ 292.82	\$ 41,372
6	58	\$ 322.10	\$ 18,659
7	24	\$ 354.31	\$ 8,415
8	10	\$ 389.74	\$ 3,795
9	4	\$ 428.72	\$ 1,712
10	2	\$ 471.59	\$ 772
11	—	—	—
12	—	—	—
13	—	—	—
14	—	—	—

Improved Retention Rate: 51%

YEAR	DONORS	AVG. GIFT*	TOTAL
Start	5,000	\$ 200.00	
2	2,550	\$ 220.00	\$ 561,000
3	1,301	\$ 242.00	\$ 314,721
4	663	\$ 266.20	\$ 176,558
5	338	\$ 292.82	\$ 99,049
6	173	\$ 322.10	\$ 55,567
7	88	\$ 354.31	\$ 31,173
8	45	\$ 389.74	\$ 17,488
9	23	\$ 428.72	\$ 9,811
10	12	\$ 471.59	\$ 5,504
11	6	\$ 518.75	\$ 3,088
12	3	\$ 570.62	\$ 1,732
13	2	\$ 627.69	\$ 972
14	1	\$ 690.45	\$ 545

Grand Total from Original Donors: **\$ 820,859**

Grand Total from Original Donors: **\$ 1,277,208**

Total Difference: \$ 456,349

Just a small change in your donor retention rate can cost your organization thousands of dollars!

Note: Some numbers rounded

WHAT ARE DONOR AND DONATION RETENTION RATES?

Defining retention is simple: it is the number of (\$) donations or (#) donors from last year (quarter, month, week, etc.) who gave again this year (quarter, month, week, etc.) to your organization.

Retention rates are simply calculated by taking the retained (\$) donations or (#) donors and dividing them by the total amount of (\$) donations or (#) donors at the beginning of that period.

Simply put, donor retention rate is the number of donors you manage to keep by the end of the year with respect to the number you had at the start of the year. And, donation retention rate is the amount of donation revenue you manage to keep by the end of the year with respect to the amount you had at the start of the year.

DONOR RETENTION CAVEATS

Donor retention rate is capped at 100% — the maximum number of donors you can renew year-over-year is 100% of the existing donors you have.

DONATION RETENTION CAVEATS

Donation retention rate on the other hand is theoretically unbounded. Donation revenue renewal rates could be much greater than 100%. If all of your donors renewed and upgraded their donation amounts your rate would be greater than 100%. It could also be much lower than your donor retention rate if a lot of your donors renew but downgrade their donation amounts.

WHAT'S MORE IMPORTANT?

Our industry has focused a lot of attention on donor retention rates, and for good reason. Donor retention is relatively easy to understand and doesn't take too much effort to comprehend.

The concept of revenue renewal rates is a little more complex than donor renewal rates. But it's more telling of overall fundraising performance.

MAKING SENSE OF DONATION RETENTION RATES

Donation retention rate can be an eye opening metric that speaks volumes to your constituents behavior. When comparing donor retention rate and donation retention rate you can start to infer how your retained donors are interacting with your organization. Are they upgrading, downgrading, etc.

We all know it is great to retain a donor year after year-after-year. But, imagine a scenario where donor retention rate is rising year-over-year and donation retention is falling. Donors are sticking around, but consistently decreasing their annual donation amount. That increasing donor retention rate is misleading. Donation retention tells a more true story of what is going on with your constituents.

HOW TO CALCULATE RETENTION RATE?

$$\text{2016 Donation Retention Rate} = \frac{\text{2016 Retained Donation Amount}}{\text{2015 Total Donation Amount}}$$

Figure 2.

$$\text{2016 Donor Retention Rate} = \frac{\text{2016 Retained Donors}}{\text{2015 Total Donors}}$$

Figure 3.

HOW DO I USE DONATION RETENTION RATE?

Leveraging donation retention rate comes down to analysis. A lot of Fundraising Report Card users have shared stories with us about their experience in upgrading existing donors to boost donation retention rate.

Measuring, tracking and visualizing donation retention rate is a great way to make sure your retained donors are being upgraded year-over-year. Many fundraisingreportcard.com users use donation retention rate as one of their key performance metrics they will measure and set goals for each year.

For example, one organization we work with mentioned that after studying trends in their donation retention rates, they will be pursuing targeted upgrade appeals to retained donors. They set a goal of increasing their donation retention rate by 5% from the prior year.

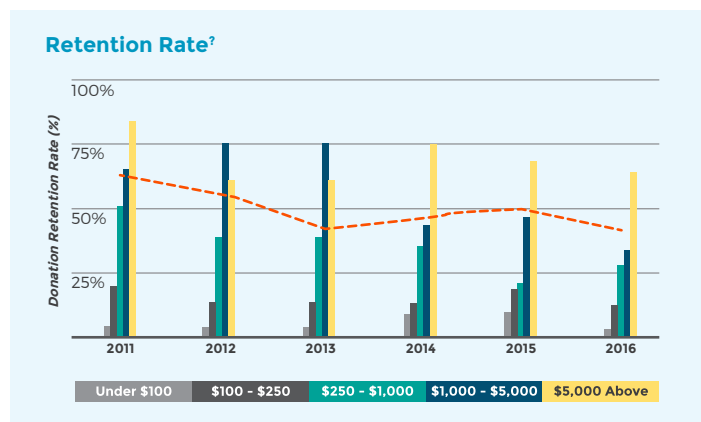


Figure 4.