From Seeds to Full Bloom: The Back End of Customer Cultivation

For most organizations, customers are the lifeblood that enable their success. That is why a huge focus of an organization’s efforts should be on building stronger customer and stakeholder relationships, approaching these individuals not as one-off transactions, but as potential long-term sources of revenue. To do this well, organizations can leverage back end processes and their proactive management to their advantage.

While we serve a range of clients, a large portion of Merkle Response Management Group’s client base is nonprofits, whose most important stakeholders are their donors. The engagement lifecycle offers a helpful roadmap for how back end processing impacts customer and donor relationships. Through every stage of the engagement lifecycle, nonprofits need back end operations to help build stronger relationships to improve overall donor retention.

With an ability to impact elements like speed, accuracy, efficiency and personalization, back end processes can foster longer, more productive donor and customer relationships. Here’s how the back end can help organizations enhance relationships throughout the engagement lifecycle – from planting the seeds of a relationship to establishing solid roots and sustained blossoms – using nonprofits and their donors as examples.

Planting the seeds of a relationship

First impressions are everything. Whether it’s a customer making their first purchase or a donor giving to a nonprofit for the first time, the quality of the experience during this first interaction significantly impacts whether or not there will be a second one. This makes the first engagement a critical piece of the relationship lifecycle as it sets the tone between the organization and its newly acquired donors or customers.

In the nonprofit world, all supporters start by making a first gift, but successful fundraising programs focus on cultivating and retaining donors over the long-term. Growing these relationships takes time and care right from the start, beginning with a nonprofit’s back end approach. Donations need to be securely
processed, data must be accurately and efficiently captured, and gift acknowledgements should be sent quickly and with the appropriate amount of personalization.

Donors should be made aware of how their gift makes a difference and contributes to the nonprofit’s overall mission. This can be done through a prompt thank you letter or phone call, or even a welcome series, which fosters stewardship and cultivation, and actively shows donors the impact their gift makes. Whatever the mode of engagement, nonprofits benefit from introducing the option of a recurring gift or in the case of other types of organizations, a loyalty program, setting the stage for a long-term relationship early on.

With direct mail, a good deal of information can be gathered from the first interaction, helping recognize the lifetime giving potential of a newly acquired donor. Nonprofits need to ask themselves how they can use the donor information gathered through the first transaction. Did the donor offer a phone number or an email address? Did they include preferences for what programs they want to support or how they’d like to be contacted?

By actively, quickly and personally addressing a donor’s first gift, this positive experience builds a solid foundation and increases the likelihood of the first-time donor making a second gift and becoming a long-term, loyal supporter.

**Establishing roots – the second engagement**

A second interaction is an essential step in building relationships with supporters. This holds true in the nonprofit world – securing the second gift is a sign of a committed donor relationship. However, it’s still important to continue nourishing and investing in the relationship with appropriate support on the back end. According to the 2016 Fundraising Effectiveness Project Survey, the average retention rate for nonprofit organizations is around 46 percent, and for newly acquired donors the retention rate is only 23 percent. But once a first-time donor makes a second gift, their retention rate increases to 60 percent, which is why securing a second gift is vitally important.

To strategically nurture and strengthen these relationships, nonprofits should look to the back end services of contact management to best show appreciation for the donor’s gift. This starts by acknowledging each contribution in a personalized and timely manner, which can be done through various channels, such as outbound thank-you calls, in addition to acknowledgment letters and emails. Back end processes make it possible to view comprehensive reporting on call and email interactions, average talk time, and service-level performance,
data that better informs an organization’s performance and strategy for connecting with its donors or customers so they can be approached in the most appropriate way moving forward.

Especially for nonprofits, an important back end service connected to direct mail processing is the contact center. When it comes to making outbound thank-you calls, the contact center is proven to increase retention and gift amounts by an average of 40 percent. Through these services, each interaction a donor has with a nonprofit will be impactful, personal and contribute to a donor’s long-term commitment to your mission.

Maintaining your garden and ongoing maintenance

If a donor or customer has already interacted with your organization twice, it is likely there is a deeper connection to the nonprofit’s mission or a company’s product or service. However, processing issues and lack of attention to detail can lead to frustration and cause the donor or customer to stop engaging.

As donors and customers engage more frequently, exceptions handling is a valuable back end tool to prevent this attrition. Exceptions handling allows an organization to react to non-standard transactions and handle them in a constructive way. For nonprofits and their donors, this can include responding to hand-written messages – perhaps asking for a change in how frequently the donor is contacted – or managing rejected mail and finding the correct contact information. These services leverage information from responses to direct mail campaigns that can be carefully analyzed with the intention of improving overall results.

Once collected and recorded, exceptions transactions that are stored and electronically accessible allow nonprofits to quickly access information through image search and retrieval tools that simplify managing and responding to requests. Exceptions handling guarantees an immediate response to a request, building donor trust and ensuring supporter relationships continue to blossom.

Encouraging perennial blooms

Dedicated donors and customers should be approached with special care, and loyalty programs are growing more popular for organizations attempting to do so. In the case of nonprofits, these are recurring gift programs, also known as sustainer programs, which introduce a unique set of challenges on the back end.
The ideal sustainer program should offer donors the flexibility to give how and when they desire, while also seamlessly dealing with passive attrition challenges like credit card expirations or new account numbers before the recurring gift lapses. Back end management allows for a variety of daily, weekly and monthly reporting to address these problems in the program. It also helps maintain an appropriate cadence of interaction with the donor or customer.

Regardless of the type of organization you work for, the relationships built with donors and customers are critical for reaching goals, whether these are tied to donations or sales. Don’t overlook how back end processing and use of related data can influence and improve those relationships from planting the first seed to caring for donors and customers that blossom year after year.