

MID-LEVEL GIVING: A MILLION-DOLLAR MISSED OPPORTUNITY

Nonprofits and fundraisers agree that mid-level donors are one of the most productive and valuable segments in a donor file. The reason is obvious: these supporters represent roughly three percent¹ of the active donor file, and they account for 10 to 30 percent of annual revenue².

Mid-level donors generally give \$1,000 to \$10,000 per year, yet they're treated the same as donors who give \$25 or even less. But not all donors are created equal — and mid-level donors represent millions of dollars in missed opportunities because they're not receiving the right level of attention.

So, Why Are Nonprofits Leaving Millions on the Table?

Over the last decade, fundraising has become exponentially more challenging. Internal politics, siloed departments, shrinking budgets, and a general lack of attention have hampered the growth of mid-level programs across the industry. This has resulted in a significant amount of money being left on the table. There are a number of different factors that have inhibited nonprofits' ability to develop true mid-level giving programs.

1. Clash of the Giving Programs

- It should come as no surprise that direct marketers and major gift fundraisers do not share the same fundraising cultures. Both are highly protective of "their donors." But they both forget that these are not "their donors" — they're the nonprofit's donors. And their unwillingness to "share" is detrimental to the overall success of the nonprofit.
- This challenge goes beyond just a difference of opinion. There can be some serious infighting between the two programs — who gets credit for this gift, who gets credit for that gift, who can mail this donor and who can mail that donor. If this much attention were paid to the donor who made the gift, it would benefit all parties involved.
- Because of this internal conflict, mid-level donors get lost between direct mail and major giving programs. If they're lucky, these donors are given the "high-touch" direct mail treatment. But let's be honest — there's nothing "high-touch" about it. An appeal might have slightly different copy, or maybe even an added faux-handwritten note. But that's not fooling anyone; these donors are still being treated like they are \$25 donors.



Mid-Level Engagement



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2. Lack of Established Definitions and Best Practices

- The industry has not been successful in standardizing the definition of a mid-level donor. The qualifications vary from nonprofit to nonprofit; many define mid-level donors as those who give \$1,000 – \$10,000, others consider \$500 – \$5,000 to be mid-level, and some nonprofits may push the mid-level ceiling all the way up to \$100,000.
- The inability to clearly define this segment makes it challenging to share knowledge and other insights. In turn, this makes it nearly impossible to establish program best practices.

3. Program Value is Difficult to Grasp

- The importance of mid-level giving programs can be difficult to understand when you're not immersed in fundraising every day. The programmatic concept of a mid-level giving program is not straightforward like it is with acquisition or sustainer programs, and its value is not always immediately felt. This makes it difficult to generate support from leadership.
- Mid-level gifts don't prompt the "oohs" and "ahs" that major gifts do. These programs don't involve \$100,000+ gift prospects — just a steady stream of donations that are consistently more generous than average. When considered at an individual level, they don't evoke the same thrill as a six-figure donation or pledge.

4. Complex to Execute and Manage

- Unlike direct marketing, there isn't a one-size-fits-all approach to mid-level giving programs. Differences in donor preferences, the information donors share, and how nonprofits respond to different gift amounts mean not all mid-level donors will receive the same treatment. This program requires a lot of planning and coordination prior to implementation, and continued maintenance and attention to ensure it is running smoothly.
- The planning alone is overwhelming. Between mapping out current touch points and determining the optimal engagement journey for this segment, there are lots of details to work through. Just finding the time to start this process is a challenge.
- And after all that planning, fundraisers need to figure out how to execute and service this program consistently.
- Launching a new mid-level giving program is not an easy task. It requires time, resources, cross-department collaboration, and support from leadership — all of which are challenging to obtain.

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Stop Leaving Money on the Table!

For these reasons and probably more, it makes sense why nonprofits haven't made it a priority to develop their mid-level giving programs. And sadly, there is no "easy" button.

But success is not born from complacency. Nonprofits do not have the luxury of ignoring an opportunity that can add millions to their revenue. The fundraising climate is only growing more challenging as nonprofits compete for their share of wallet. It would be shortsighted for nonprofits to neglect developing their most committed, reliable and productive segment of donors.

Nonprofits need to rise to the challenge and build a mid-level giving program that works for them. There are several things nonprofits can do to be successful in this endeavor:

1. Educate and Lead

- The intricacies and relationships of fundraising programs are hard to grasp for those who don't specialize in these efforts every day. By championing your nonprofit's investment in a mid-level giving program, it's your responsibility to educate executives and other key influencers about the value and potential opportunity these donors hold for the nonprofit.
- Be prepared for pushback and lots of questions. Have your supporting data and projections at the ready, and do additional research on the potential ROI for this program.
- Build bridges with other fundraising departments. Yes, each department has performance metrics it's responsible for, but at the end of the day, you're working towards the same goal: raising more money for your organization.
- Share your research and vision with colleagues to generate consensus and support. Make sure to clearly communicate how this mid-level program can benefit the organization as well as their own fundraising program.

2. Plan Your Approach

- Before you ask yourself, "What should this mid-level giving program look like?" you need to ask, "How are these donors being treated right now?" Take time to fully explore the journey these donors currently experience: How long does it take for them to receive an acknowledgement? Are they included in planned telemarketing or email campaigns? How are new mid-level donors welcomed? Is there even an onboarding strategy for them? Questions like these will help you map out the current state of program-level donor engagement and identify areas for improvement.
- Once you understand the current donor experience and any gaps that exist, determine which changes need to be made, and those

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that can be made easily. These changes could be as simple as adding cultivation touch points or adjusting the cadence of direct mail appeals. Prioritize these simple changes over those that require more effort and resources. Likely, there will be opportunities for a more comprehensive fix; you may even decide that your strategy needs a full overhaul. Be mindful of the ripple effects your changes may have on other areas of your fundraising program.

- Once you achieve a couple of small wins, build out the rest of your mid-level giving program strategy. Be thoughtful and intentional.
- Engage and collaborate with the right partners, external and internal. See if there are opportunities to piggyback your new initiative on an existing one in another department; this will help save costs for both departments.
- Be mentally prepared for difficult conversations and other roadblocks. Do your due diligence, understand the current state of the industry, and reach out to vendors to understand costs. Arm yourself with knowledge and data.
- Hold yourself accountable and see development through to the very end. It will be tough to drive change, but it is achievable. Many fundraisers have been successful in creating lucrative mid-level giving programs, and so can you. Be persistent and don't give up, even if at first you meet resistance.

3. Focus on Stewardship

- Mid-level giving programs must strike a 50/50 balance between asking and stewardship or cultivation. A personal touch is critical.
- Depending on how often a nonprofit mails its donors, a reduced ask frequency may make sense. Modify your acknowledgement process for mid-level donors to include a live thank-you call within a few days of receiving their gift. Then follow up with the formal acknowledgement in the mail.
- These stewardship efforts don't need to be prohibitively expensive. Consider adding three to six cultivation efforts per year, which should be a mix of mailings and phone calls.

4. Ensure Consistency and Scalability

- Before implementing a mid-level giving program, verify that you have proper and adequate resources in place. Whether they're internal, external or in the form of volunteers, securing the right resources is vital to the program's success.
- As this program grows, so will the number of moving parts. Ensure that your resources can scale to fully support the execution required.

Stewardship must take a front seat to move the needle forward.

- Donors want a consistent message, and any competing messages from a nonprofit can cause confusion and frustration. Look for opportunities to simplify and streamline your organization's voice without reinventing the wheel. Take cues from what is working in the broader direct mail program, and try to focus on two or three key points when communicating with your mid-level donors. Continuity is powerful.

5. Be Patient, and Listen Twice as Much

- Rome was not built in a day, and your mid-level giving program won't be, either. It will take time to realize the value that stewardship and cultivation through this program can bring to your organization. You'll see increases in giving frequency and size of average gift within a few months, but it will take longer to see the full impact on donor value. So be patient — it will come.
- Listening to your donors is critical to long-term success. Donors want to share their feedback and feel that they're being heard. Show them you're listening; this can be as simple as adding a short survey to the welcome/acknowledgement or as one of your cultivation efforts. However you choose to do it, it's important to give donors the chance to share.

Educate, plan, steward, and be consistent and patient: these are the steps to success when building a mid-level giving program. Fundraisers know that mid-level donors represent an abundance of opportunity, but they must be stewarded properly. For this reason, nonprofits need to prioritize and invest in this valuable segment. They need a program in place to maximize each donor's giving potential, so money is not being left on the table.

Set yourself up for success — focus on the simplest improvements first to get some immediate wins under your belt. From there, plot your path forward in developing this vitally important (and valuable!) giving program. The road ahead is not necessarily an easy one, but your efforts will pay dividends.

About Merkle RMG

Merkle Response Management Group (RMG) is a processing, data and technology-driven company. By combining best-in-class direct response processing, customer care and fulfillment solutions with actionable data insights, Merkle RMG drives one-to-one relationships for an improved donor and customer experience that increases retention and revenue.

Sources:

1. Merkle Response Management Group, Self-Reported Data
2. Merkle Response Management Group, Self-Reported Data
3. 2018 Merkle RMG, 2018 Client Shared Data

In testing, average gift and response rose slightly for mid-level donors who received a thank-you call before an appeal. This led to a 4% rise in donor value over 6 months.

*— 2018 Merkle RMG,
2018 Client Shared Data*

Interested in learning how Merkle RMG can support your mid-level giving program?

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