It's Your University Calling: *Studying $1b in Phonathon Solicitations*

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Workshop in Multidisciplinary Philanthropic Studies (WIMPS)
January 19, 2016

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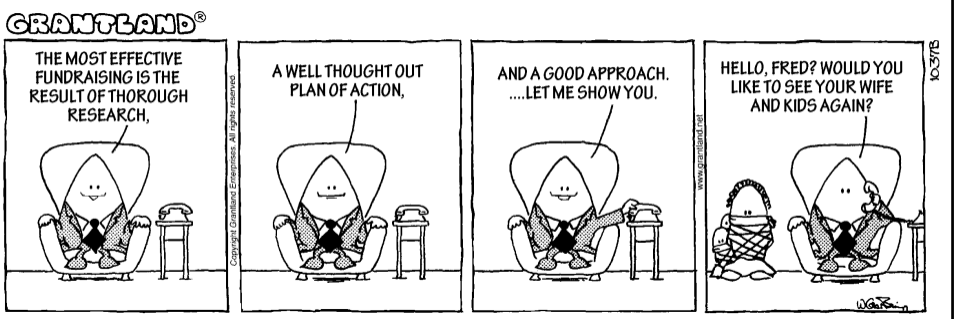

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Studying Higher Education Phonathons

1. Higher Education Phonathon Context
2. Description of the Solicitation
3. Zip Code Aggregation Study
4. Caller Survey and Interviews
5. Limitations, Feedback, Suggestions for Future

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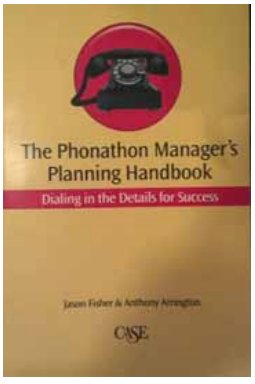
Higher Education Phonathons

Quick Review of the Literature

- Common solicitation method which exploded in the late 1980's (Review of CASE and other practitioner publications).
- Meer and Rosen (2011) looked at volunteer calls to alumni and determined that calls and personalization matters.
- Edwards and List (2014): an experimental study involving phonathon suggestions determined what a caller suggests greatly affects what a donor pledges, even if prior giving was higher.
- Sargeant (2015) worked with calls to NPR stations and donor identity cues ("donors like you") and increased donation amounts by 20% or more.
- Almost all historic studies have focused on a single institution's data.



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Why it matters

Dollars up, donors down

- Higher education receiving record contributions.
- Alumni still a key component, largest source of individual contributions.
- Significant investment in direct response solicitation.
- Yet, alumni participation is declining.
- Fueled by donor decline.
- Consistency matters (stay tuned).

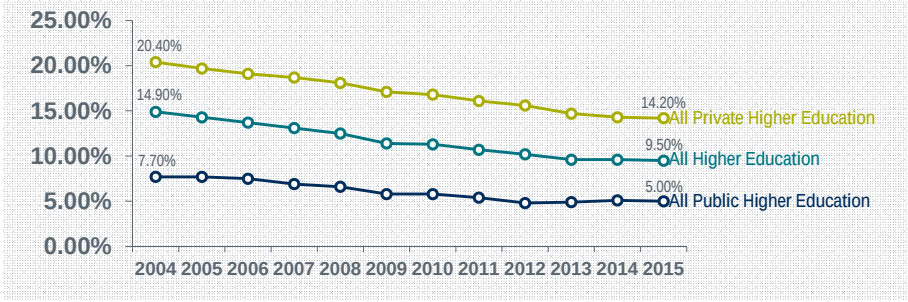
VSE VOLUNTARY SUPPORT OF EDUCATION

CAE Council for Aid to Education

2016 State of Donor Decline

THE FUNDS ARE FLOWING, YET THERE ARE SOME WORRYING DONOR TRENDS:

From 2007 to 2014, institutions saw 10% average decline in alumni donors contributing to significant drops in participation rates.



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Ruffalo Noel Levitz Phonathon Partnerships

Describing the Solicitations

- Student callers (generally <25 age, undergrads).
- Call centers with some level of automated dialing.
- Heavy focus on calling many prospects, many alumni, "robust" programs.
- Seeking specific pledges, upgrades, credit cards (a metrics focus).
- Caller motivation, incentives, and active partnership with host institution.
- Database leans towards larger, more resourced institutions.

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The Pilot Phonathon Data Study

3 Hypotheses

- **Hypotheses 1:** (Average Pledge) A statistically significant positive correlation will be found between discretionary income in community of residence and average phonathon pledge by higher education alumni.
- **Hypotheses 2:** (Average Pledge) While average pledge will be associated with discretionary income in community of residence, this demographic characteristic will explain a relatively small portion of the average pledge variance (30% or less).
- **Hypotheses 3:** (Call Length) A significant difference will be found in the average talk time during pledges for higher discretionary income donors, with the prediction that time per pledge call will be slightly lower as income increases.

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The Pilot Phonathon Data Study

Can I get you some data with that?

- Looked at $750 million in phonathon pledges, 2007-2014. (Data now at $1b)
- Over 300 higher education institutions.
- Aggregated by US Zip Codes.
- Segmented to Zip Codes with 500+ contacts.
- Merged with US Census and IRS Data via How America Gives.
- Set median income quartiles.
- Loads of fun with statistical analysis.

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THE CHRONICLE OF PHILANTHROPY How America Gives

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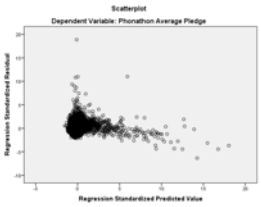
Statistical Analysis

- One-way ANOVA on each dependent variable.
- The test for differences in mean average pledge between income quartiles was significant, F(3,8845) = 945.21, p <.001.
- The test for differences in mean average pledge talk time between income quartiles was significant, F(3,8845) = 108.37, p <.001.
- *Dunnett's C* <.05
- Simple linear regression:

  Predicted Average Pledge = .422 EMDI (In Thousands of Dollars) + 64.098



Income and Average Pledge:

.53 Correlation, p<.05

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RICH PEOPLE GIVE MORE.

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What I Saw in the Data

Confirmations and Some Surprises

- Higher income individuals give more to phonathon.
- Income is a reliable but relatively weak determinant of average pledge.
- Average call times declined significantly as income increased.

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Average Pledges And Income

Est. Median Discretionary Income	Average Pledge
<$24,999	$77
$25,000-49,999	$78
$50,000-$74,999	$90
$75,000+	$131

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Average Talk Times and Income

Talk longer with wealthier donors?

Est. Median Discretionary Income	Average Pledge
-$24,999	235 seconds
$25,000-49,999	275 seconds
$50,000-$74,999	264 seconds
$75,000+	247 seconds

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High Income Donors

Impact to Average Pledge

- About 28% Marginal Effect of Estimated Median Discretionary Income (r squared).
- Income is a statistically valid, but relatively weak predictor of pledge amount.
- Why might this be?

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Limitations

Database, Lack of Randomization

- **Database:** generally larger institutions, more representation in Midwest and East (with several high profile West Coast institutions).
- **Analysis** is descriptive rather than a "what if." Institutions do not have the luxury of A/B testing with randomized samples.
- **Is the metrics focus leading the results?** Is this is a pure description of donor behavior?
- Some zip codes had **very few contacts**.
- Analysis may not be as applicable at the individual institution level . . .

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ILLINOIS STATE REDBIRDS

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Average Pledges and Income – Illinois State University

Est. Median Discretionary Income	Average Pledge
<$24,999	Not enough data
$25,000-49,999	$73
$50,000-$74,999	$83
$75,000+	$120

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Average Talk Times and Income – Illinois State University

Talk Longer with Wealthier Donors?

Est. Median Discretionary Income	Average Pledge
<$24,999	321 seconds
$25,000-49,999	397 seconds
$50,000-$74,999	371 seconds
$75,000+	368 seconds

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Specific Illinois State University Differences

What's the Story Here?

- ISU Correlation between income and average pledge: .10.
- National Correlation between income and average pledge: .53.
- What does this mean?
- Further investigation at ISU: younger alumni giving more. Many education alumni.

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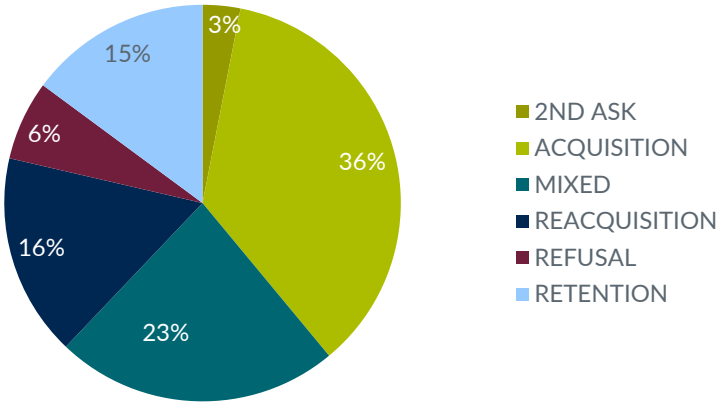
$1 Million + Phonathons , 2013 -2015

Percent of Grand Total (Contacts)



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$1 Million + Phonathons , 2013 -2015

- From 2013 to 2015, $500+ pledges made up approximately 3% of the pledges at all institutions.
- $1000+ pledges made up approximately 1% of all pledges.
- These pledges represented a whopping 29% of all pledged dollars.
- A scenario we are used to.

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The Pilot Caller Survey:

-130 RNL Sites in US, Canada and Australia

-714 students responded, Largest we could find

-Follow-up interviews

-Note: not IRB, considered an industry survey but utilized IRB-level administration (informed consent, guard against coercion, privacy)

Download paper at:
ruffalonl.com/fundraising-management
https://www.ruffalonl.com/papers-research-higher-education-fundraising/2014/developing-phonathon-callers-with-challenge-and-support

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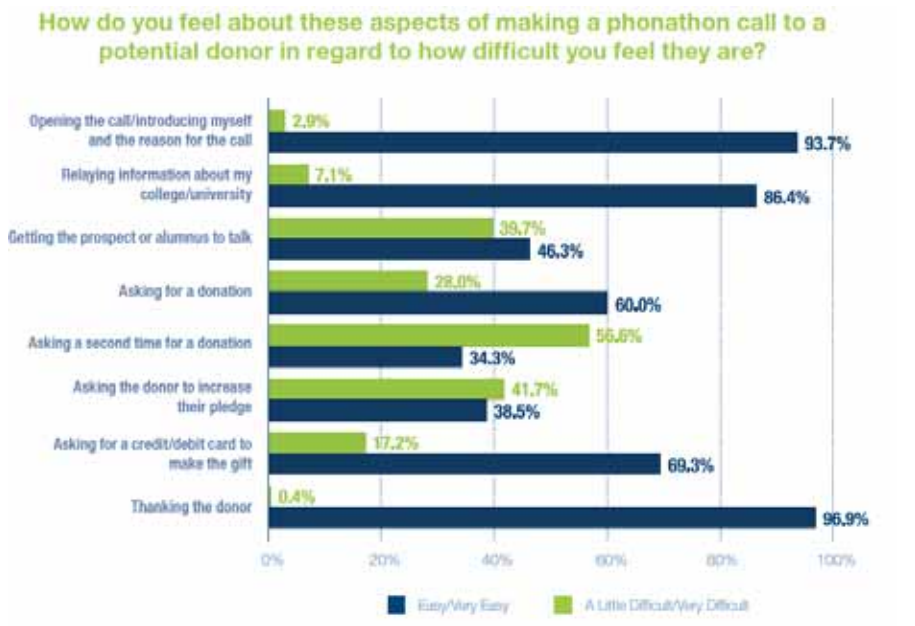

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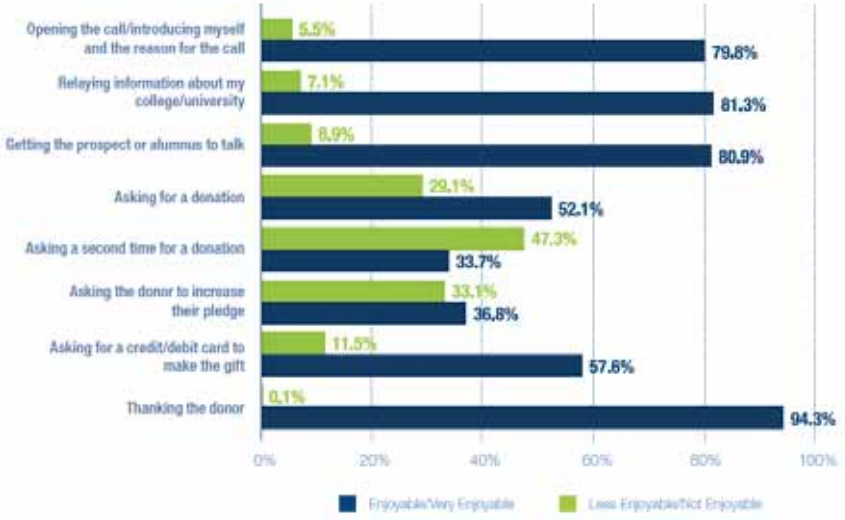
How do you feel about these aspects of making a phonathon call to a potential donor in regard to how much you enjoy them when you are successful?



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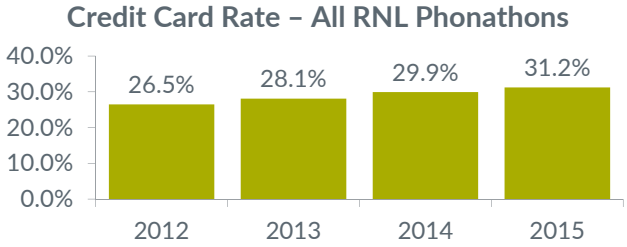
Are Our Expectations Lagging Reality?

Example: Credit Cards



- Yet, 69% of students say asking for a credit card is “Easy or Very Easy”.
- New Programs: Always Higher, up to 80%.

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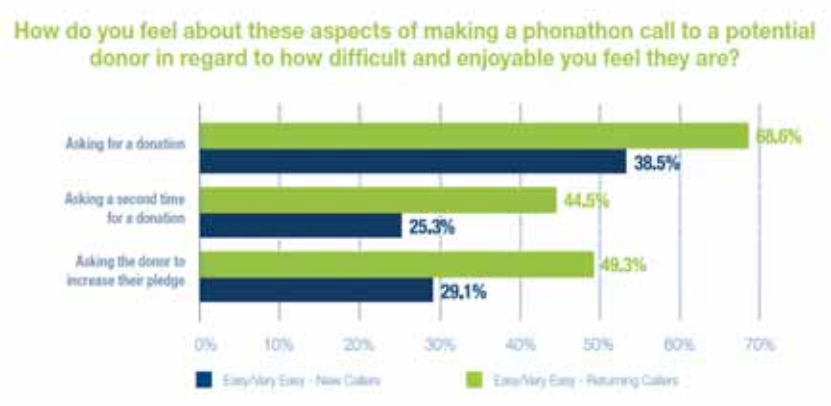
EXPERIENCE MATTERS



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Not In The White Paper

- **Returning Callers** are slightly less interested in getting donors to talk.
- **Returning Callers** are slightly more interested in booking pledges, upgrades, and credit card gifts.
- **Caution: Let's make sure we're emphasizing the relationship building** along with our metrics.

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Not in the White Paper, cont.

- **Hypothesis:** Perceived Difficulty would be highly correlated with Greater Enjoyment when successful.
- **Result:** Callers that find aspects easier also find just about everything about the position more enjoyable, and high correlations of ease and enjoyment across the board (>.5 in almost all cases)

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> *I was a little nervous when they put me in the leadership pool for the first time, asking people for thousands of dollars, but after a while, you realize that these are just people with a higher capacity and all you have to do is talk with them. It's no different.*
>
> — Sam, junior at a private institution and lead caller

https://www.ruffalonl.com/papers-research-higher-education-fundraising/2014/developing-phonathon-callers-with-challenge-and-support

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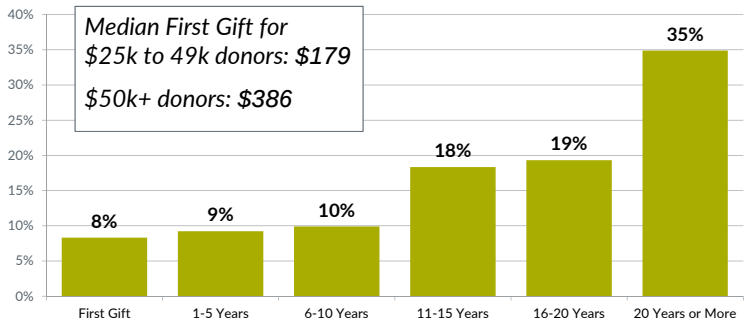
Time to reach $25,000 Gift Level



Percentage of Donors, Years Given Prior to $25,000 Gift

Average Results from Analysis of 8 institutions, 4 public and 4 private, weighted by number of donors.
Represents donors with $25,000 or more as their largest lifetime gift.

Source: RNL360 Fundraising Analysis Participants, 2015

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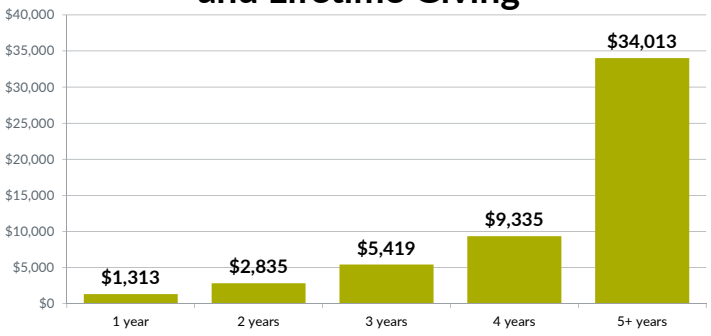
CONSISTENCY MATTERS

Maximum Donor Consistency and Lifetime Giving



Max Consecutive Giving Years

Average Results from Analysis of 8 institutions,
4 public and 4 private, weighted by number of donors.

Source: RNL360 Fundraising Analysis Participants, 2015

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0.5%
AVERAGE DIRECT MAIL RESPONSE RATE[1]

0.2%
AVERAGE EMAIL RESPONSE RATE[1]

6.39%
NEW DONOR PHONATHON ACQUISITION RATE[7]

19.4%
AVERAGE EMAIL OPEN RATE[2]

40.4%
AVERAGE DIRECT MAIL READ RATE[3]

54.0%
AVERAGE PHONATHON CONTACT RATE[4]

Direct Mail | Email
Event Invitation
ONE TO MANY

Crowdfunding
ONE TO MANY ...TO MANY
(through social network sharing)

Phonathon
Gift Officers
ONE TO ONE

The Value of Robust Phonathons - https://www.ruffalonl.com/papers-research-higher-education-fundraising/2015/the-value-of-robust-phonathons

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Potential Future Inquiry

Loads of Data to Investigate

- What is the impact of living in a younger and/or more highly educated zip code ("the hipster community effect").
- Does proximity to a larger, high profile higher education institution have an impact?
- Can pledge amounts be optimized through the "ask strategy," or the call time? (active experimentation)
- What caller characteristics lead to success with particular tasks?

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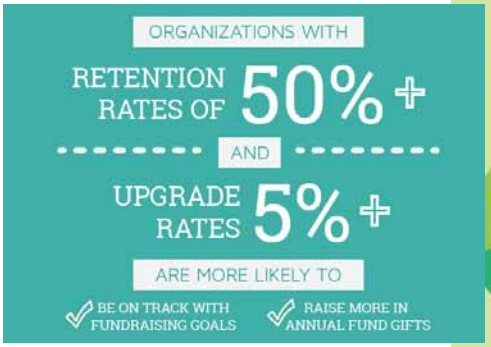

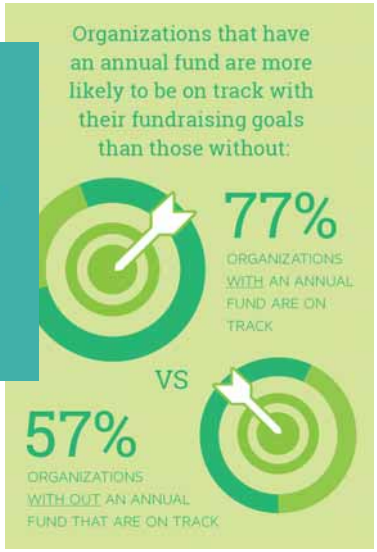

Source: Nonprofit Research Collaborative, July 2014
NPRResearch.org

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SUGGESTION: MIX IT UP!

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