OPTIMISING YOUR CAMPAIGN RESPONSE

SEQUOIA
rise above

CONTENTS

01
Optimising response

02
Determining your objectives

03
Audience

04
Segmentation

05
Channel

06
Prompt

07
Messaging / Content

08
Implementation

09
Final thoughts

OPTIMISING RESPONSE

A lot of our work at Sequoia is focussed around supporting our clients to define their selections for specific campaigns to ensure they are talking to the right audience and maximising their outcomes. In this whitepaper, we will reveal some of our key insights and suggest strategies that we believe are key to optimising your communications.

Firstly it is worth noting that when we are talking about outcomes these can vary and should stem from your main business objectives. Broadly these will fall into two categories:

- Increasing number of responders to build your audience
- Increasing short term net income to drive revenue targets

Deciding which is your main strategy will determine the outcomes you are seeking from your communications and will help to select the appropriate measures you use to evaluate your success. These are highlighted in the table below.

Objective	KPI	Notes
Increase number of responders to engage more supporters	Total Number of Responses	Focussing on and trying to increase the number of responses will build your file for the future and ensure you are keeping people engaged.
Increasing short term net income to drive profitability	Total Income (Net)	Driving net income will come from focussing on ROI to ensure that all of your communication is profitable.

OPTIMISING RESPONSE

Unfortunately it is difficult (or impossible) to drive both objectives at the same time. Increasing the number of responders and growing you file will come at a cost to your short term profitability as you accept lower response rates for reactivation or conversion. However, focussing on short term net income will come at the expense of growing your database and generally leads to a shrinking file.

We use data to work with our clients to help them set their objectives and then to plan out the strategies they will need. Broadly this work falls into four key categories:



Audience - who to select and communicate with



Channel - how and where to communicate



Prompt - what is the specific fundraising ask



Messaging / Content - how to frame the ask to stimulate response

Whilst these are obviously all interconnected we will look at each in turn and discuss the good, and the bad, ways to approach tackling these questions.

Finally we will look at some best practice ideas on how to manage the process effectively and efficiently and top tips on implementing your desired strategies.

DETERMINING YOUR OBJECTIVES

As already noted the first step in optimising your campaign response is to understand what you are trying to achieve. These break down into the two objectives highlighted above – increasing your supporter volumes or increasing your income. In the long run, the two go hand in hand and increasing supporter volumes will ultimately lead to increasing income but on limited budgets it is not easy to do both at the same time.

But below this there may also be specific strategies or tactics for individual campaigns such as increasing your reach of communication, or reactivating a certain group of supporters.

It is also possible that different campaigns may have different objectives, and even that a single campaign may have different aims for different audiences. It is vital that you are clear on your objectives so that you can then determine the right strategies and tactics to employ. And this will also determine the right metrics to use to understand and evaluate your success.

The table on the next page shows some of the most important metrics you should be looking at when evaluating your campaigns and the objectives they help you measure, along with what they show you and why they might be important.

Whichever framework or measures you are using it is important to evaluate your campaign metrics for specific parts of your audience so that you can breakdown your top level performance and understand what is working or not. This can often reveal nuances in behaviours that are much more insightful than the overall performance.

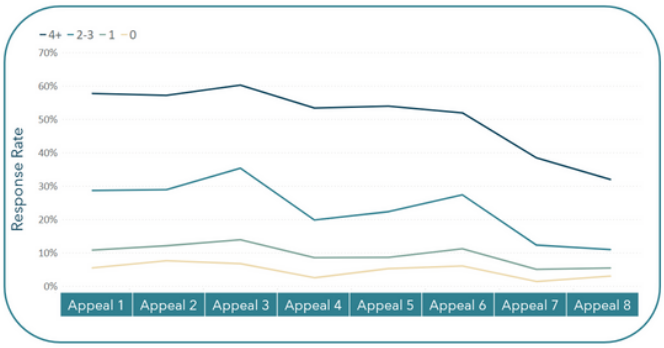
DETERMINING YOUR OBJECTIVES

Measure	Insight	Objective	Notes
Total Number in Campaign	What does the profile of your selection look like	Increasing responders	This will help you understand who you are communicating with
Total Number of Responses	Where the responders in your campaign are coming from	Increasing responders	This will tell you which cohorts are contributing most to the volume of responses
Response Rate	What proportion of supporters are responding	Increasing net income	Different cohorts will have different expectations and so breaking down responserates will help you evaluate the performance of each group
Total Response Amount	Where the income in your campaign is coming from	Increasing net income	This will tell you which cohorts are contributing most to the overall income generated by the campaign so you can focus and priortise these groups
Average Response Amount	What is the average level that responders are giving at	Increasing net income	Average response amount can be quite misleading and ideally you should look at the distribution of individual response amounts. This should also be viewed against the amount that they were prompted
Return on Investment (ROI)	The profitability of each donor or cohort	Increasing net income	As with response rate, different cohorts will have different expectations and you should ensure you are clear what return you are requiring
Income per Communication (IPC)	The income received for each piece of communication sent	Both	This is our top measure as it combines all of the above so you can see the value of including each group of supporters. It can also be helpful to determine how much you can, or may want to, spend on your communications

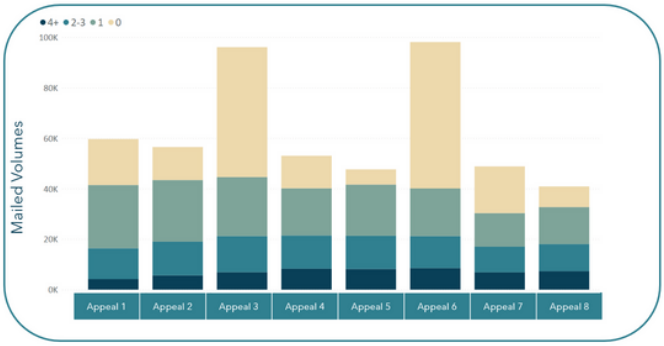
DETERMINING YOUR OBJECTIVES

CASE STUDIES

Client A was seeing a fall in response rate. Deeper analysis revealed that the drop was most pronounced within their longer term, more frequent supporters. This indicated a deeper problem with engagement of their longer term loyal supporters and led to reviewing brand messaging and external communications.

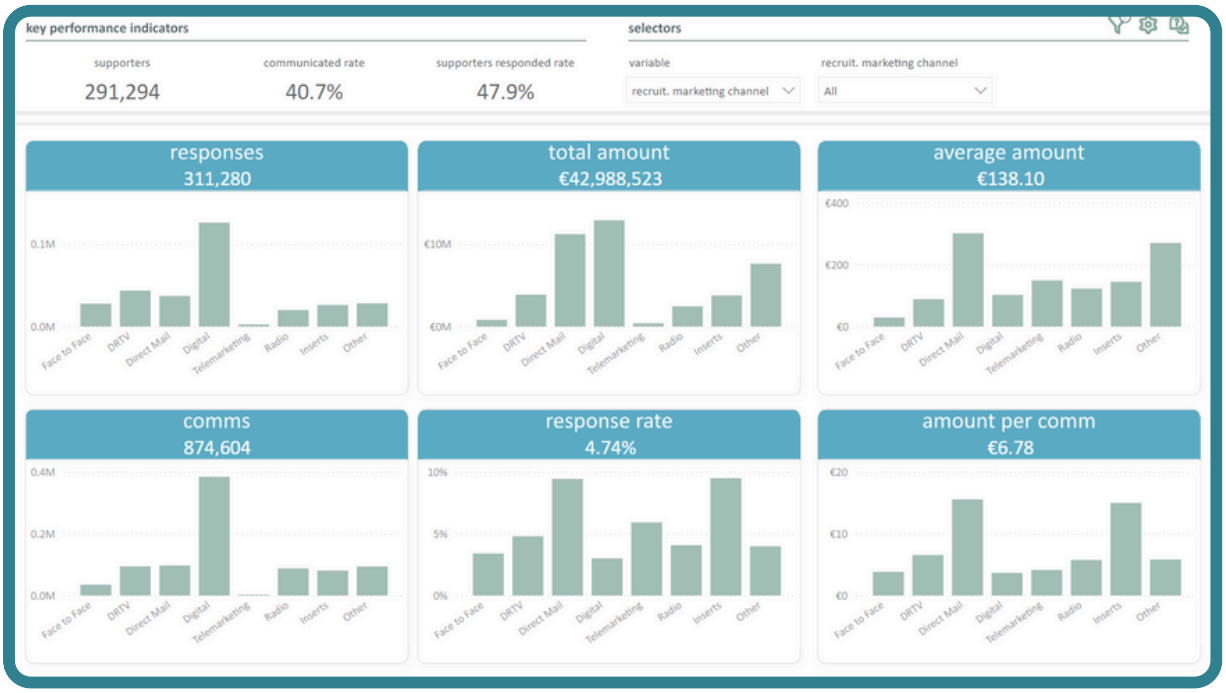


Client B was seeing a fall in selection volumes. A recent focus on ROI had meant that lower performing segments had been culled from their mailings to increase profitability.However, this meant that supporters were being left to lapse quicker and not being given opportunities to reactivate. Combined with low recruitment activity this meant that new activity was not enough to top up the natural loss from core supporter groups.

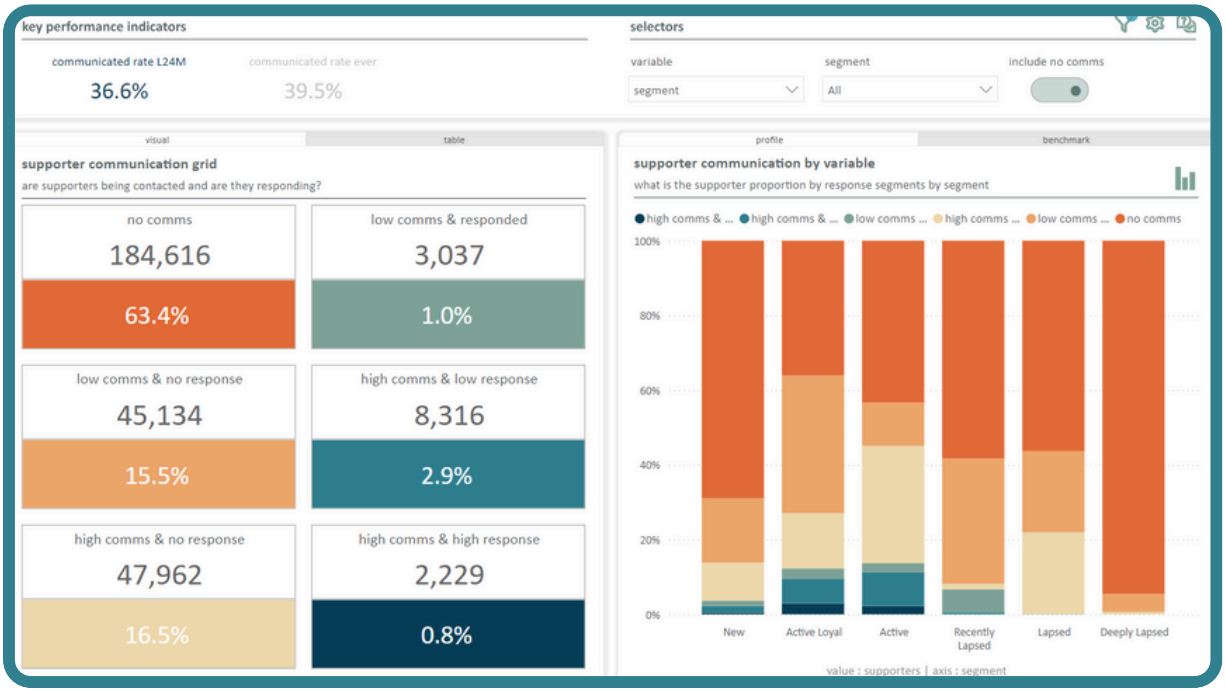


DETERMINING YOUR OBJECTIVES

Our Campaign Dashboard shows all these key metrics in one report and allows you to drill in and compare all your campaigns against each other:



The Communication Overview looks at who you are communicating with including how many times they receive something and how often they respond:



AUDIENCE

Once you have decided on your objectives probably the next most important part of the puzzle is making sure you are talking to the right audience. There are many ways to choose your audience ranging from basic segmentation, to RFV (Recency, Frequency, Value) all the way through to more sophisticated machine learning (ML) led modelling techniques. All of these can play an important part in your decisions but it is important to note that you should not expect these tools to make your decisions for you and you will still need to align their use with your objectives. They will give you the necessary information to ensure whatever decision you make is optimal.

We like to look at them as a framework within which to track and measure your objectives rather than the objectives themselves.

RFV vs ML Models

There is a lot of discussion about AI and machine learning these days and we are big advocates of ML driven propensity models. We certainly believe that there are huge benefits for almost any charity in being able to apply these to their selections. But even without these, some basic RFV scores or segments can be a great aid to helping you decide who to select, and who not to select. Basically they are both tools which will rank your supporters and predict how likely they are to respond to any given communication so that you can determine the benefit (or not) of selecting them.

RFV (or RFM) is a well known, tried and tested method for segmenting donors based on their Recency of Last Gift (R), Frequency of Giving (F) and Monetary Value (V or M). These are then banded to group people together and then combined to create an overall RFV score

AUDIENCE

To a large degree both methods will provide you with the same core audience but a Machine Learning (ML) model does provide a number of extra benefits. ML models generally use advanced statistical algorithms to assess thousands of different variables (or characteristics of your donors) to assess which are the most predictive of response. This goes way beyond structured RFV models and can include things like when they were last communicated to, what is the time gap between donations or how they were recruited.

The final algorithm combines all these variables into an easily interpretable score or ranking which provides a much more granular breakdown of your file in terms of their propensity to respond to a particular ask. This then makes it easier decide who to include in specific campaigns and easier to compare and track results across multiple campaigns.

They can also be updated and refreshed on a regular basis, learning from the latest results and data, which means you can be sure they remain valid to your current audiences.

Finally by using a wider range of variables they are better at unearthing potential new donors and segments from across the charity who might typically sit outside of a standard RFV breakdown.

We could liken the difference between ML and RFV to using your satnav or using a map. Both will help you get from A to B but you still need to decide where you want to go, and your key objective as to whether you want to use the fastest route, the simplest route, or the most scenic route, etc. The satnav will provide you with extra information when making this decision and can be more flexible and quicker to use.

Benefits of using a Machine Learning propensity model

- More targeted audience
- More granular breakdowns
- More standardised comparisons
- Quicker to find new audiences
- Ongoing learning and optimisation
- Quicker decision making

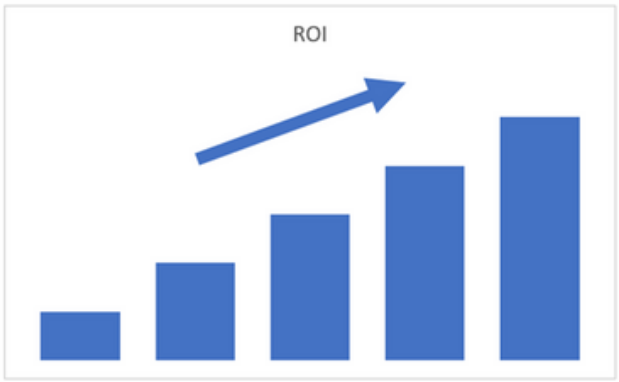
AUDIENCE

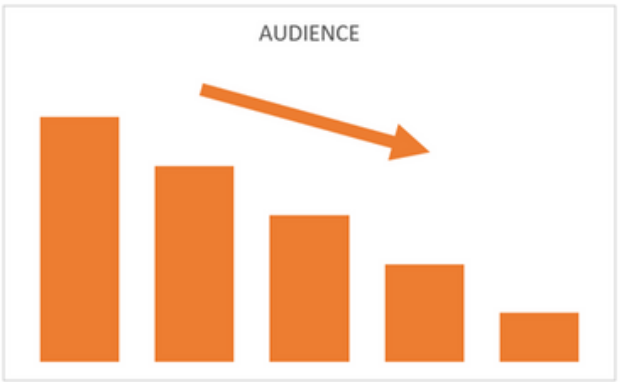
WARNING: BEWARE THE ROI VORTEX

As already mentioned in this paper, focussing on increasing ROI will usually mean reducing your mailing volumes as lower responding segments are culled due to lower ROIs. This will lead to lower response volumes which in turn will lead to less supporters to select next time. Whilst thismight often be necessary in the short term, if pursued as a long term objective it will almost inevitably lead to a shrinking audience.

Whenever we have been called in to help charities understand why the mailing volumes are dropping it is usually own to this short term strategy

Campaigns should be planned in with some elements of reactivation and cross sell allowed for in order to keep refreshing your audience and this will mean evaluating these objectives separately and allowing for lower ROIs. It is cheaper to keep your existing donors giving than to find new ones and so better to accept an ROI of 1 or below rather than having to recruit at an even lower return





SEGMENTATION

Whichever methodology you decide to use, one added approach that we would strongly advocate is creating a top level overarching segmentation which you can overlay on the details to aid that strategic level decision making.

We have often found working with our clients that there is a focus on the nitty gritty detail and on in-depth analysis of granular levels of results while the bigger picture is missed. At Sequoia we have created a top level segmentation which focuses on the current engagement level of the supporter. This helps set overall objectives for each group as well as expectations for the measures discussed above.

It can also provide a common language or currency when comparing across products and campaigns which have different specific criteria for determining selections and for conducting post campaign analysis.

Whilst our Case Study below could be used by any charity it can be helpful to create your own version nuanced to any specific activities or focus of your programme. If doing this we would suggest no more than 8-10 segments, and it is important to ensure that each segment is well understood and of a significant size for focus.

Benefits of an overarching segmentation

- Set top level objectives for each segment
- Set expectation for key measures such as response rate or IPC
- Understand the broad make up of your file
- Common measure for campaigns which use different models or selection groups

SEGMENTATION

Example segmentation with associated strategies

This simple example below shows 7 core segments with the core focus for each group. By deliberately not making these product focussed, the emphasis automatically shifts to the supporter and what they are most likely to respond to.

Segment		Strategy
New	One Gift	Elicit 2nd Gift
	Non-Financial	Elicit Financial Gift
Active	One Product only	Retain & Cross Sell
	Multiple Products	Retain & Engage
Lapsing	Lapsing (1 action)	Re-engage - try other offers
	Lapsing (2+ actions)	Direct re-engagement
Lapsed	All	Softer engagement

CHANNEL

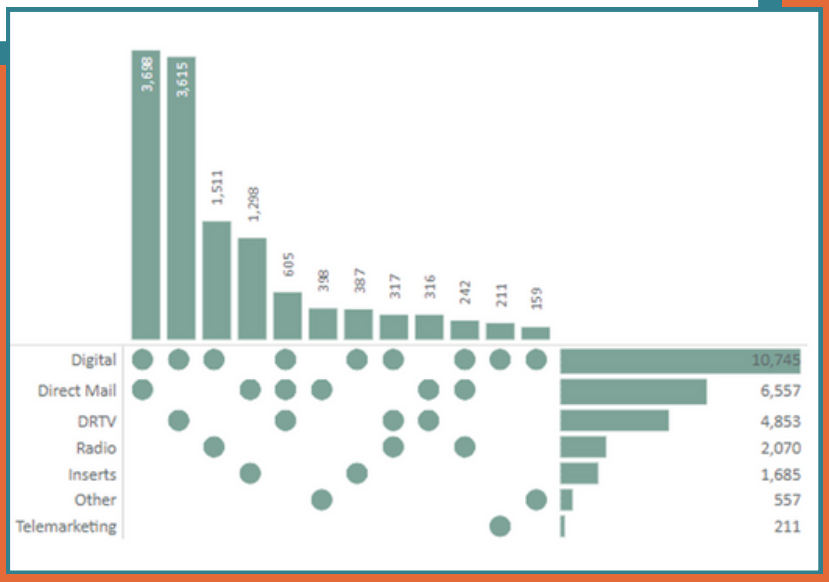
Segmentation and modelling can also help you determine which channel to communicate through.

At a segmentation level you can group donors by channels they have responded to in the past, or by the consent you have with which to contact them. Using models you can determine which channel they are most likely to respond to (and the potential returns from each channel).

But remember that sometimes it takes a multi-channel approach to yield the best results and only communicating through the best or preferred channel may not be optimal. And cheapest is not always best and more expensive channels may prove more effective.

Using a mix of channels across your programme will ensure that you are reaching all your donors wherever they are, and giving your best donors multiple opportunities to respond and engage (see case study below).

CASE STUDY: A recent project revealed large quantities of donors giving across multiple channels – including responding to broadcast channels such as DRTV or Social Media. It also showed that donors using 3 or more channels could be up to three times more valuable



PROMPT

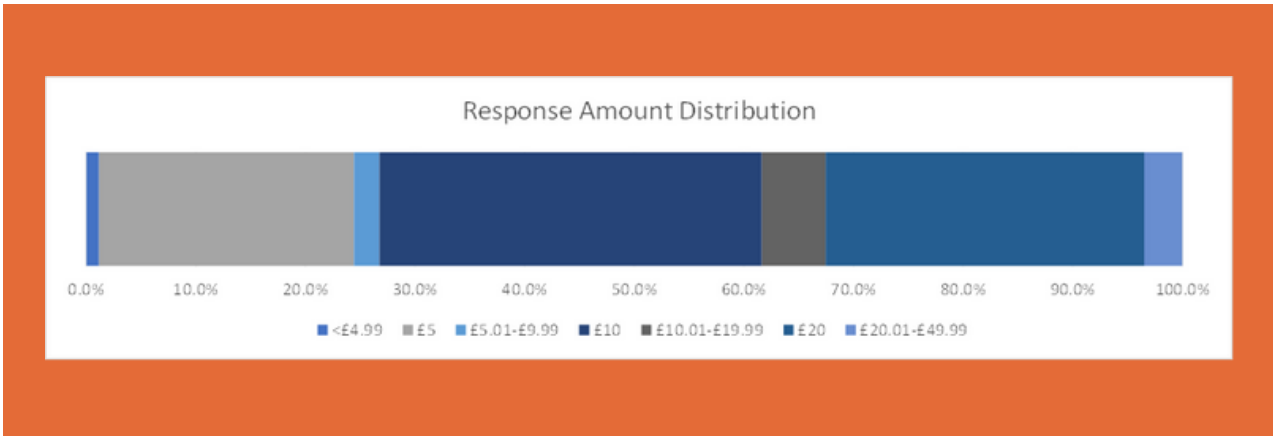
After deciding who to select for your campaign the next step will be to decide what you are going to ask them to give. Whether on a piece of direct mail or a website donation form most charities use some kind of prompt mechanism to give the supporter suggestions on what they should give. (See Case Study). For a cash appeal it would be the suggested donation or an upgrade ask might come with the suggested increased amount. With raffle appeals this is even more specific as it will drive the number of books actually sent.

Determining the level of these prompt suggestions can be instrumental in optimising the outcomes of your campaign. So how do you determine what they should be. This could be a fixed prompt across all donors but better results will be seen if they can be personalised to the individual donor. This usually involves looking back at giving history and using average gift, maximum gift or last gift, or some combination of the three.

Our tests have always shown the last gift tends to yield the best results. We also tend to see better results where the prompt is aligned to (or even lower than) this previous gift level.

Also looking at the distribution of donation amounts can be a lot more revealing than overall averages. These can be very revealing in understanding how your supporters are responding. Ask yourself questions such as:

- Are people responding at the amounts we are prompting at?
- Do they always give at round numbers - £10, £20, etc?
- Are most people giving £5 with a few high value donations pushing the average up?



PROMPT

Taking all of the above into account we suggest starting with a fairly simple ask structure along the one outlined below. Supporters are banded into a small number of groups based on their last gift and then prompts are built up starting from the lower point of their giving whilst giving them opportunities to give more.

Suggested prompt structure

	Prompt 1	Prompt 2	Prompt 3
Last gift £1 - £4.99	£5	£10	£15
Last gift £5 - £9.99	£5	£10	£20
Last gift £10 - £24.99	£10	£20	£30
Last gift £25 - £49.99	£25	£50	£75
Last gift £50 - £99.99	£50	£75	£100
Last gift £100+	£100	£200	OPEN

PROMPT

WARNING: CHASING AVERAGE GIFT - DON'T PUSH YOUR SUPPORTERS OFF THE ASK LADDER

Trying to increase average gift can have a detrimental effect on overall performance by suppressing responses. It is useful in understanding how donor are responding (especially when evaluating tests) but should not be used as a KPI in itself. If you ask people for too high a donation they may stop giving and whilst your average gift may increase for those who continue to give, your overall income may actually fall.

The example below shows by increasing the prompt from £10 to £15 resulted in a £1.57 increase in the average gift, but the resultant drop in response rate meant less income overall.

On top of this, the lower response rates would lead to a reducing file size

	Prompt	
	£10	£15
Average Gift	£10.95	£12.52
Response Rate	12.5%	10.5%
Income per Mailed	£1.37	£1.31

MESSAGING / CONTENT

Finally, but by no means least, let's take a look at the messaging or content that drives your campaign or appeal and how data can help. Beyond understanding the level of gift to ask for, understanding your supporters through existing data can also help you target the right message or tone of voice for the communication.

We are not talking here about using Large Language Models (LLMs) such as ChatGPT to help write and create content but more about how you can use the data to decide what that content should be – or to put it another way, determine the prompts that you might give to ChatGPT. For Case Study do you want a positive or negative feel to your ask, or do you want to focus on one particular area of your work.

We will break these down into 3 areas:

- Topics
- Motivation
- Engagement Level

A note of caution: In many projects looking to identify topics of interest we have often struggled to spot clear patterns in what supporters respond to. Even in the most polarising of topics such as they cat and dog case study above! However, some patterns do emerge and where they don't it is a positive indicator that the supporter is engaging with the charity and their work overall and trust the organisation to identify where the greatest need is.

MESSAGING / CONTENT

Topics

Perhaps the most obvious way to use your data in this respect is to look at the topics that supporters have responded to before. This could be quite clear-cut divisions such as cats vs dogs for an animal charity, or emergency vs development for an international aid organisation. But it could also be more nuanced than that for specific types of work that you charity is involved in. Or even into real detail such as the location of the work you do – again for an international charity this might be a specific country, or for a medical charity it could be connected to a specific centre or hospital.

If you can categorise the topics of your appeals you can then use the supporter response data to spot patterns in the topics supporters are interested in. So for Case Study if you want to convert a cash supporter to regular giving and know that person is only responding to your emergency appeals then you are going to have better success if you frame the conversion ask in this arena.

Motivation

This is more difficult to extract from typical charity databases as that level of data would tend to come from research or surveys which are not often tagged to supporter records, and even where they are would not cover all supporters.

However you can use some of the behavioural data you have in your CRM to give you clues on their motivations. Looking at the way they signed up and their subsequent journey will give some indication as to their connection to your cause. Age, gender and other demographics can also be used to some extent as a proxy where you have no other sources of information. But do be careful not to use these indicators as total truths. All young people will not have the same motivations, nor will all those who sign up to run a marathon for you.

Where research or survey data does exist, we have had some success in using a combination of all the ‘known’ data points to build models mapping donors to motivational segmentations from the research.

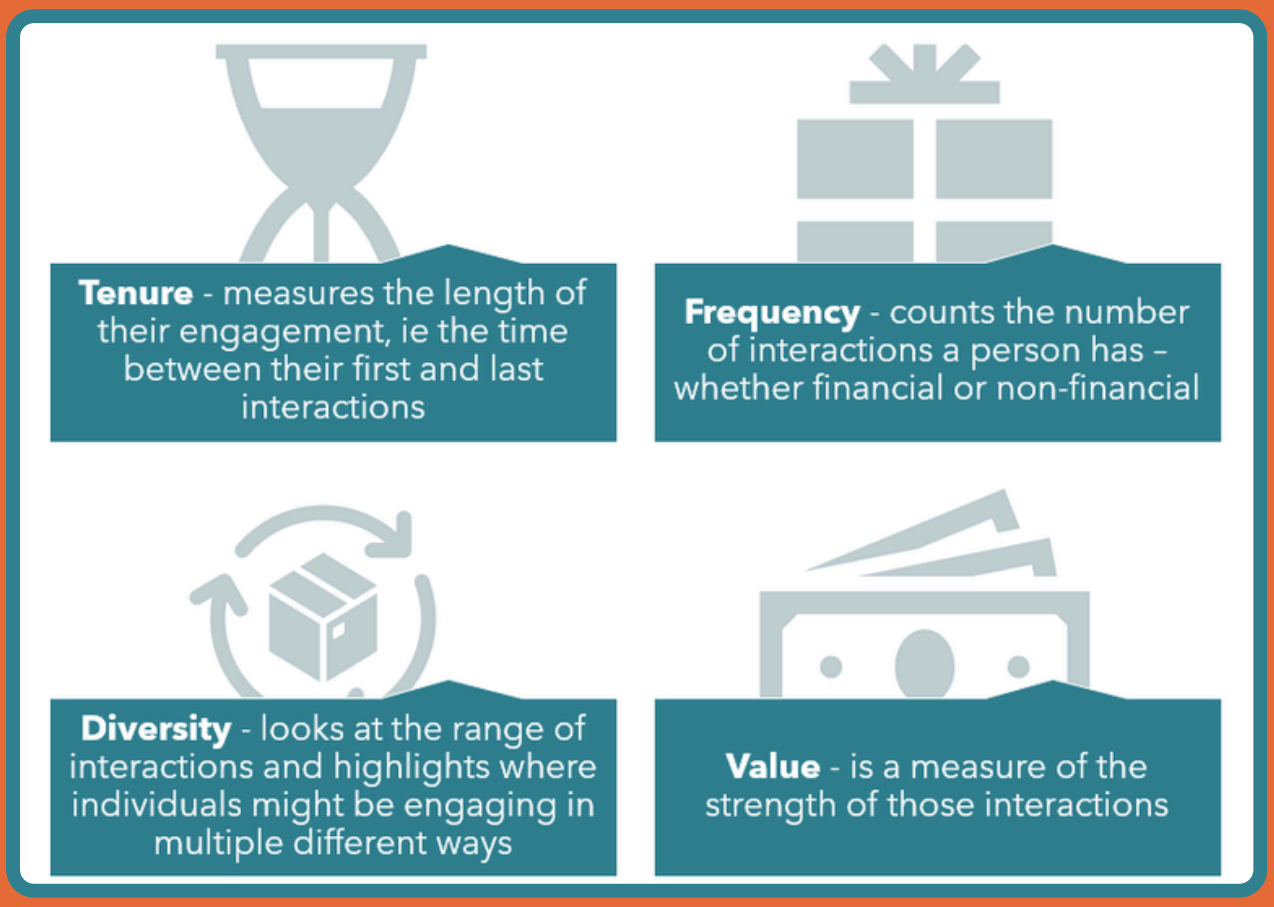
Whichever way you come to applying motivational characteristics to your donors they should be used with caution but can again help you align the type of content you deliver to your audiences and so boost responses across your campaigns.

MESSAGING / CONTENT

Engagement Level

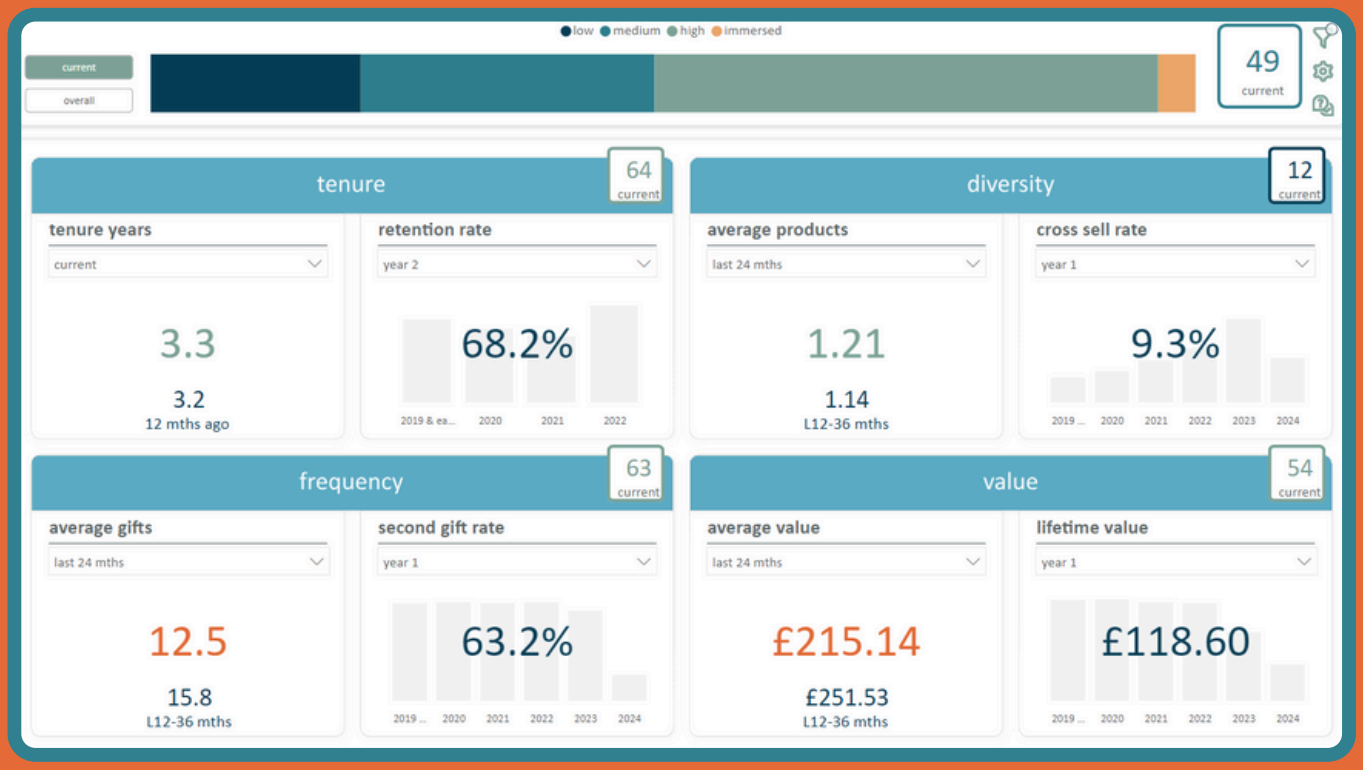
Looking at a supporter's current engagement level, or even just their current status (e.g. active vs lapsed), can often be overlooked in determining the tone of voice of the fundraising ask. A new supporter who has only given one gift might require a different approach to an active supporter with a high engagement score. The former will still be at the early stages of the journey with the charity and therefore their understanding of your work and cause might need greater clarification.

Engagement scoring can be a complex minefield full of subjective opinions of what constitutes engagement and why one type of supporter is more engaged than another. We have boiled it down to four key dimensions: tenure, frequency, diversity and value. Scoring or segmenting your supporters by one or more of these dimensions can be a useful way to think about the tone and content of the messages you deliver.



MESSAGING / CONTENT

Engagement Scorecard from Canopy, the Charity Intelligence Party



IMPLEMENTATION

In the previous sections we have talked about how to use your data to understand supporters and develop strategies and tactics to optimise your communications and drive better responses.
Once you know what you want to do there is still the need to make sure you execute it effectively. No strategy should be fixed in stone and will need tweaking along the way so having a robust process for selecting your desired audience but also a structured testing cycle to ensure you analyse results and implement insights will be required.

And to really reap the benefit of some of the insights discussed above you will likely need a way of operationalising the strategies to allow for identification, personalisation and automation of supporter journeys.

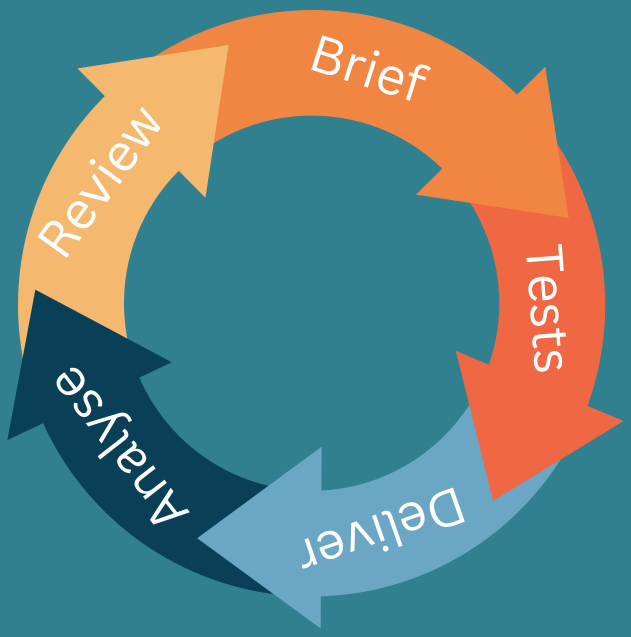
Process and Testing

Too often we still see organisations using the same selection brief year on year without reference to past results to see what is working or what is not. Results are reviewed at a top level but not broken down to inform future selections, or where they are the insights are not being fed into the next selection. Even worse we sometimes see tests being set up and run but then not being fully analysed and no changes being made.

On top of this definitions used across campaigns are not always consistent and are not widely understood or agreed on. This can lead to confusion and different interpretations of key terms or audiences. Having a clear set of standard and reusable definitions are used by all stakeholders can aid clarity and improve accuracy and efficiency in your campaign selections.

IMPLEMENTATION

A very quick win for a lot of charities would be to review their process to ensure that they are covering all the important steps – see diagram below – and they are allowing sufficient time for each.



Operationalising

A good process should also include the technical elements such as getting counts, selecting files, and delivering campaigns to ensure that ambition is not held up by technology. Speeding up the selection process will make things simpler all round but most also be done whilst ensuring accuracy and compliance.

Much of this can be achieved through standard processes such as those described above which can reduce back and forth but you must also ensure you have the technical ability to deliver on things such as personalisation and journeys.

IMPLEMENTATION

This does not always mean new and shiny software and might be more about reviewing how you are using your current tools, fully understanding their capabilities, or training staff to use them to the full extent. It is therefore important to start from the point of what you are trying to do, rather than what you think can be done, and see whether this is achievable with what you currently have.

If not then look at what other options are out there. We are big advocates of the Apteco Marketing Suite which is tried and tested across a range of charities and can be really helpful in delivering a lot of what has been described in this paper.

Apteco Marketing Software is a marketing automation tool which is used widely across the charity sector. It provides a fast and simple user interface to analyse, select and communicate to your supporters enabling you to nurture and grow your base, enhance supporter engagement, and reduce manual intervention in your planned activities

FINAL THOUGHTS

Optimising your campaign response is about more than just making sure you have the right creative and a powerful message – although these undoubtedly help! By understanding your audience you will be able to optimised their engagement which in turn will lead to better results, both in the short term and in the longer term.

And good data is the key to this. Making sure you are recording information about what you are sending to your supporters (ask, product, channel, etc) and how they are responding (value, channel, etc) will give you the fuel you need to benefit from the power of data and the modern advances in technology that are making the approaches that we have described above even more accessible. By recording these actions and, more importantly, reviewing the results, you will be able to segment your supporters to deepen your understanding of them, use models and algorithms to know what to send them, and build automated supporter journeys to deliver your messages in a timely and personalised way.

By aligning this knowledge and understanding to you overall strategies and objectives you can be more assured that you are optimising your communications to drive the results that you need, whilst also being more relevant and engaging to your supporters.

We hope you have found some of the tips and insights in this whitepaper useful. Please do not hesitate to contact us if you would like to find out more or discuss any of the above.

