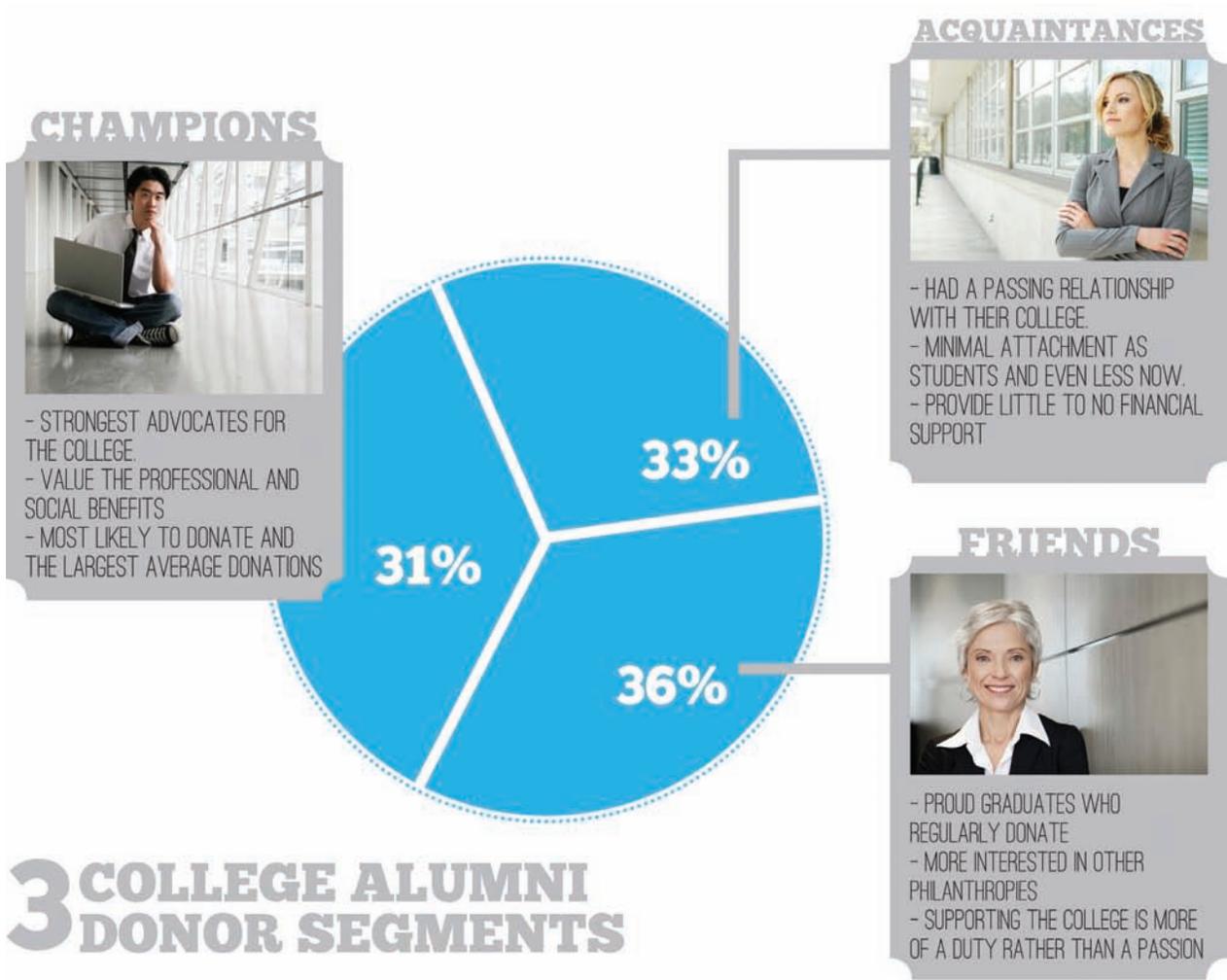


# Champions. Friends. Acquaintances. Donor Motivation Defined

A lifestyle segmentation study focused on the attitudes, motivations, and giving behaviors of alumni



## 3 COLLEGE ALUMNI DONOR SEGMENTS

### WHEN DID YOU LAST DONATE?



## Contents

Introduction.....	2
Primary Findings.....	2
Six Dimensions (segmentation measures) of Alumni Donating Behavior ....	3-4
Personas .....	5
Champions .....	6
Friends.....	7
Acquaintances.....	8
Motivation to Give.....	9
How Identifying Champions, Friends, and Acquaintances Can Help You Avoid Committing A Common Mistake – Misallocation of Time and Money.....	9
Whats Next.....	10

Donating behavior should be examined from a behavioral and motivational perspective.

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## Introduction

### ***A lifestyle segmentation research project focused on donor motivation***

Higher education fundraising is a complex phenomenon. Unfortunately, most institutions communicate with alumni regarding giving using similar methods that are rooted in traditional views of who these alumni are and what makes them tick. Attempts to segment potential donors are typically conducted in an *a priori* manner that assumes differences based on academic major, gender, year of graduation, and other categories that have traditionally been viewed as significant. *A priori* categorization in this way is like a doctor prescribing Tylenol to a woman simply because she is a woman and not because of her medical condition. Yet, donating is a **behavior** that stems from **motivations** and **attitudes**. It is not a condition. Therefore, **donating behavior should be examined from a behavioral and motivational perspective** that lets the data decide how to segment alumni (this is called *post hoc* segmentation, which is based on primary research regarding people's activities, interests, and beliefs).

**This realization sparked Converge Consulting**, a multi-channel marketing firm for fundraising professionals, to invest in a national study of over 2000 alumni to explore some key questions regarding donor behavior and motivation. The guiding questions were:

- What motivates people to give?
- What differentiates those who give from those who do not?
- Where should advancement professionals expend limited resources to maximize their efforts?

The 2,050 study participants were highly representative of the population being studied and were statistically aligned with U.S. census data in terms of gender, degree attainment, institutional type attended, marital status, employment status, ethnicity, household income, and religious orientation. The sample also provided sufficient statistical power to detect significant differences across segments reliably.

The findings of this study will help colleges and universities across the country to:

- Gain a better understanding of their alumni pool and therefore be in a position to segment their audiences more strategically and efficiently
- Communicate with alumni more effectively and via their preferred channels
- Focus their efforts on alumni who have the most potential to become strong (or stronger) supporters of their institution



## Primary Findings

While the data produced by this study is quite voluminous, this white paper discusses some key findings from the study as well as best practices that can be derived from the findings. Specifically, this paper details:

- Six dimensions (segmentation measures) that best predict alumni donating behavior
- Three personas that can be used to segment your alumni pool efficiently and elegantly
- How acquiring knowledge regarding how your alumni is categorized into these three persona groups can help you to avoid committing one of the most common and costly fundraising mistakes



## Six Dimensions of Alumni Donating Behavior (segmentation measures)

Converge began the study with a review of more than 250 research articles concerning college donating and charitable giving. This literature review provided fourteen measures that were empirically examined as potential candidates for use in the segmentation analysis. From this analysis, six measures that best predicted donor behavior were identified and subsequently used to develop the segmentation model. The six measures were:

- **Reciprocating Relationship** – This dimension is summarized in terms of a two-way relationship that examines the extent to which alumni felt that donating to their institutions:
  - Compares in importance to donating to other charities
- **Professional Opportunities** – This dimension is summarized by the extent to which graduates of their institution felt that:
  - Makes them feel like they can influence institutional policy
  - Enables them to enjoy social opportunities
  - Is a priority
  - Is related to the maintenance of relationships with faculty
  - Is related to the desire for public visibility of their contributions
  - Is one of their favorite charitable activities
- **Professional Benefits** – This dimension is summarized by the extent to which graduates of their institution felt that:
  - They had high-quality professional opportunities after graduating
  - They were pleased with their professional opportunities after graduating
  - Others were impressed by the fact that they graduated from their institution

### Six Dimensions:

- Reciprocating Relationship
- Professional Opportunities
- Professional Benefits
- Alumni Duty
- Personal Values
- Life Satisfaction

## Final Segmentation Measures

### Reciprocating Relationship

- Donating to my college is more important to me than donating to any other charity.
- I feel like I can influence policy at my college.
- I enjoy the social opportunities donating to my college provides.
- Financially supporting my college is a priority to me.
- I have maintained relationships with faculty from my college.
- I like having others know I contribute to my college.
- My college is one of my favorite charities to support.

\* $\alpha$  = .92

### Professional Opportunities

- My college provided outstanding professional opportunities upon graduation.
- I was very satisfied with my professional opportunities after college graduation.
- Being a graduate from my college impresses people.

\* $\alpha$  = .72

### Professional Benefits

- My involvement in charitable organizations may someday lead to advancement in my career.
- People I met through charitable giving have turned out to be helpful in my career.
- Making new business contacts is a strong benefit from charitable giving.
- My employer expects me to donate time and money to charities.
- Other people will think more highly of me if I donate my time and money to charities.

\* $\alpha$  = .82



# Final Segmentation Measures

## Alumni Duty

- Financial support from alumni is required to provide the type of education experience I enjoyed.
- Alumni donations are essential for maintaining the quality of my college's faculty.
- Alumni should support my college with financial donations.
- My college experience was enhanced by donations from previous alumni.

\* $\alpha$  = .86

## Personal Values

- I donate because charitable donations make the world a better place.
- Donating to charitable organizations gives me a good feeling.
- I donate to charities because everyone should donate.
- I very much want my children to donate to charities.

\* $\alpha$  = .82

## Life Satisfaction

- I am very satisfied with my life.
- My life has turned out worse than I expected. (Reversed)

*Note: This measure was retained because its predictive validity was good despite having a reliability below the traditional .70 standard. However, alpha scores in this range are commonly found in the academic literature.*

\* $\alpha$  = .65



- **Professional Benefits** – This dimension examines the extent to which graduates of their institution felt that charitable action and involvement:

- May lead to career advancement at some point
- May turn out to be helpful in terms of career growth due to the people met in the course of charitable activity
- Is beneficial in terms of making new business contacts
- Is expected by employers
- Is associated with what other people think of them

- **Alumni Duty** – This dimension examines the degree to which graduates felt that financially supporting their institutions:

- Is necessary to provide a comparable educational experience to that experienced by the respondent

- Is necessary in terms of maintaining the quality of faculty
- Should be expected of alumni
- Was something they did because their own experience was enhanced by donations from prior alumni

- **Personal Values** – This dimension looked at the extent to which graduates felt that giving to charitable donations:

- Helps to make the world better
- Makes them feel good
- Is something that everyone should do
- Is something that they hope that their children will do

- **Life Satisfaction** – This dimension examines the extent to which graduates felt:

- Satisfied with their lives
- That their lives had turned out worse than expected

## Personas

Cluster analyzing the data along these six dimensions (segmentation measures) enabled us to develop three, distinct alumni personas in terms of their attitudes, motivations, and behavior concerning giving. The validity of the segmentation model was tested by reanalyzing a random sample of 50% of the cases used in the original clustering. Strong support was found in that 88% of the respondents classified with the new cluster model were assigned to the same segment that they were assigned to in the original cluster model solution. The personas are classified as **champions, friends, and acquaintances**. Concerning these three personas, there are a few important and noteworthy comparative findings:

- The average income between these three persona groups varies by less than \$8,000 (annually)
- The persona that reported the highest amount of charitable giving is inclined not only to donate to their alma mater, but also to include donating to their institution as one line-item in their total giving budget, which is shared by multiple donation recipients
- Those who donated the most dollars to higher education also have the highest expectations in relation to what they will get back from the relationship (personally and professionally)
- The persona group that reported the highest level of life satisfaction is not the one who donates the most to higher education
- Those who were supported financially by the institution during their enrollment give at a higher level

The personas are classified as Champions, Friends, and Acquaintances.

## Three College Alumni Donor Segments

Segment Size



### Champions

- Strongest advocates for the college.
- Value the professional and social benefits.
- Most likely to donate and the largest average donations.

31%



### Friends

- Proud graduates who regularly donate to the college.
- Much more committed to other philanthropies.
- Very satisfied with their lives.

36%



### Acquaintances

- Had a passing relationship with their college.
- Minimal attachment as students and even less now.
- Provide little to no financial support.

33%



## CHAMPIONS

- Strongest advocates for the college
- Value the professional and social benefits
- Most likely to donate and the largest average donations

These are the people whom you can count on to show up (and lend a hand) at events.

## Who are Champions?



Average age = **45**

Average annual income = **\$76,052**

Working full-time = **61%**

Female = **48%**

Married = **53%**

**32%** Donated to their college in the last 12 months

**49%** Never donated to their college

**\$1,769** Total alma mater donations since 2006

**\$354** Average size of donation among donors

**\$1,603** Total donations to all charities in 2010

### John, what does your alma mater mean to you today?

*I would not be who I am without my college's influence. I met many of my closest friends while a student and its numerous social opportunities remain an important part of my life. Professionally, I got my first job from a person who was a graduate of the college. The college continues to provide useful business contacts.*

*If you know me, you know I graduated from this college. Even if you don't know me, the logo on my jacket is a pretty good clue! When possible, I try to return for reunions and other important events. I take tremendous pride in the college's accomplishments and relish my association.*

*Supporting the college financially and by volunteering is a priority for me. Giving something back also feels good! I feel obligated to help the college because of all it has done for me. Its my duty!*

### Champions – 31% of Alumni

These are an institution's most enthusiastic supporters. Season ticket holders, they adorn their cars with their institution's bumper stickers and wear clothing with the school's logo. These are the people whom you can count on to show up (and lend a hand) at events. Their loyalty to their alma mater is visible to the naked eye in terms

of outward appearance and in terms of financial support!

Champions donate an average of \$354 per year to their institutions, representing nearly one-fourth of their total charitable donations. However, 49% of them have never given to their institutions.



## Friends – 36% of Alumni

Although friends tend to donate to their institution every year, their total support is at best average. Friends don't contribute with a sense of passion, but out of a feeling of duty or obligation. While they are proud of their institution and will certainly talk about it if the conversation ebbs naturally in that direction, they are more committed to other types of philanthropic activity. Interestingly,

these individuals report giving more than Champions do, just not to higher education.

Friends donate an average of \$197 per year to their institutions. Yet, 56% of them have never given despite the fact that this group is the most philanthropic in terms of total donating behavior. Moreover, only 7% of their total donations are allocated to their institutions.

## FRIENDS

- Proud graduates who regularly donate
- More interested in other philanthropies
- Supporting the college is more of a duty rather than a passion

## Who are Friends?



Average age = **56**

Average annual income = **\$77,601**

Working full-time = **40%**

Female = **61%**

Married = **68%**

**24%** Donated to their college in the last 12 months

**56%** Never donated to their college

**\$985** Total alma mater donations since 2006

**\$197** Average size of donation among donors

**\$2,750** Total donations to all charities in 2010

### Susan, what does your alma mater mean to you today?

*I am very proud of my college! Academically, it has always been a great school and I am fortunate to have attended. I am not the type of alumnus who wears college sweatshirts or puts decals on my car, but I certainly enjoy talking about the college when somebody asks. I rarely get back to campus, so the alumni magazine is a nice way to keep in touch.*

*I am very happy with my life and grateful to the college. I have no regrets for having attended my college. It is a great school. Nonetheless, I have not been involved with the college since my graduation. I am really not sure why, except my other interests take up all my time.*

*Yes, I regularly make modest donations to the college. It just seems like the right thing to do -- more of habit than a passion. Organizations providing food and health services are in greater need of my money and time.*

Friends don't contribute with a sense of passion, but out of a feeling of duty or obligation.



## ACQUAINTANCES

- Had a passing relationship with their college
- Minimal attachment as students and even less now
- Provide little to no financial support

Acquaintances view their relationship with their institution as one that ended upon graduation.

## Who are Acquaintances?



Average age = **51**  
Average annual income = **\$69,935**  
Working full-time = **49%**  
Female = **59%**  
Married = **54%**

### Acquaintances – 33% of Alumni

The majority of your institution's **acquaintances will never give. Yet, they report being asked to give just as much as Champions and Friends.** Acquaintances view their relationship with their institution as one that ended upon graduation. They don't necessarily harbor ill will or regrets concerning their

**5%** Donated to their college in the last 12 months

**86%** Never donated to their college

**\$226** Total alma mater donations since 2006

**\$45** Average size of donation among donors

**\$1,300** Total donations to all charities in 2010

### Kate, what does your alma mater mean to you today?

*Gosh, I really haven't thought much about my college since graduating 30 years ago. I wasn't a flag waving student and certainly have not become one as an alumnus! I didn't even attend commencement for my graduation. Honestly, I don't understand why people have strong feelings toward colleges. For me, college was a place where I earned my degree – no more, no less. I paid dearly for that degree, so why am I supposed to be grateful to them?*

*Yes, the college contacts me each year requesting a donation. I just say no and wait for their call next year when I say no again. I don't even read the alumni magazine they send. My annual refusal to give them money is my only contact with the college. Why do they keep calling? They should know by now that I am not going to give them anything. Calling me is a waste of their money and my time. I don't get it.*

attendance. Instead, they express few feelings at all regarding overall attachment or sense of relationship to their institutions.

Acquaintances donate an average of \$45 per year to their institutions. But, this fact is a bit misleading because only 14% of this group has ever donated to their institutions.



## Motivation to Give

The three personas have different motivations for giving. Our research demonstrates that, while Champions are motivated by giving opportunities that allow them to have their name visibly associated with their donation, Friends would rather receive a personal “thank you” note from a Dean or faculty member than see their name in an annual donor report. Preferring to operate behind the scenes, Friends are more interested in supporting their alma mater in endeavors which they believe will help society instead of specifying dollars for the building of specific dorms or an athletic center.

Understanding these different personas and their motivations to give can help Advancement professionals customize their communication approaches more effectively and determine which alumni are even worthy of approaching.

## How Identifying Champions, Friends, and Acquaintances Can Help You Avoid Committing A Common Mistake – Misallocation of Time and Money

One of the most powerful findings emanating from this research focused on one simple question: How did your college or university contact you to make a donation?

The results below depict how institutions (nationally) employ a similar approach across all alumni. Even though the percentages vary, the trend is clear. Each alumnus who responded (regardless of their prior giving behavior) was sent postal mail (first) and then called (second).

It is particularly noteworthy that the **Acquaintance** group indicated that **86% had NEVER given** to their institution compared to the **56% of Friends and 49% of Champions** who had **never given**.

Remember: one-third of your alumni are acquaintances. So, if you have 100,000 people in your database, 33,333 will likely never give. Since these acquaintances are contacted with the same degree of frequency as champions and friends, it is clear that a lot of time and money are being spent ineffectively. Imagine if you knew who this third of your alumni pool was so that you could reallocate your advancement efforts toward those who already give and toward those who might give more if more effort was expended upon them? Two crucial questions are:

- **How can Champions, Friends, and Acquaintances be identified in your alumni database so that your advancement team knows whom to contact and to what extent?**
- **Since it has been determined that acquaintances should receive limited attention in terms of fundraising efforts, how can those previously misallocated resources be salvaged and retooled so that:**
  - A higher percentage of champions give
  - Friends decide to dedicate a higher percentage of their total charitable activity to their institutions?

In response to the first question, we identified a five-question instrument that can categorize respondents into one of the three persona groups with 80% accuracy. So, this question can now be addressed efficiently and effectively.

The second question focuses more on how to communicate with each persona via their preferred channels and with messages that resonate. This question and the answers to it will be explored further in future publications.

Champions are motivated by giving opportunities that allow them to have their name visibly associated with their donation

Friends would rather receive a personal “thank you” note from a dean or faculty member



## What's Next?

This paper provides a broad overview of the 2011 study conducted by Converge Consulting. Future publications and presentations will include:

- An overview of the major differences in giving motivations, attitudes, and behaviors by segment from a demographic perspective as well as how to communicate more effectively in terms of audience and their channel preferences.

- An exploration of the factors that affect young alumni in terms of their giving motivations, attitudes, and behaviors. This paper will also discuss ways to communicate most effectively with young alumni.

If you have any questions or if you would like to discuss this study and its implications in greater detail, please contact us at:

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