Data! It may very well be the salvation for flat/no growth, increased competition for scarce supporter attention and the hamster wheel of "ask more, make more" non-answers.

By no means is this another clarion call for 'Big Data' or AI, though both are here to stay no matter how overhyped the terms.

Rather, as reflected in the TNPA *#TellUsWhatYouLove* campaign, the data that should concern every serious fundraiser is the type that often goes unrecognized or under-represented in all those Big Data/AI conversations.

This is data that is declared and willingly volunteered by the *only source* that can provide it--your supporters.

The "how and why "of collecting this data that we've dubbed, Zero-Party Data matters—and matters a lot.

That's why we've partnered with TNPA to republish a 3 part series that we ran on Agitator/DonorVoice to dive in to the topic in great detail, complete with definitions, examples and yes, case studies.

If you have specific questions about how to get into the zero-party data business for your organization, drop us a line at kschulman@thedonorvoice.com or Roger@theagitator.net .

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Part 1: The Key To Curing Your Fundraising Ailments

Roger Craver and Kevin Schulman

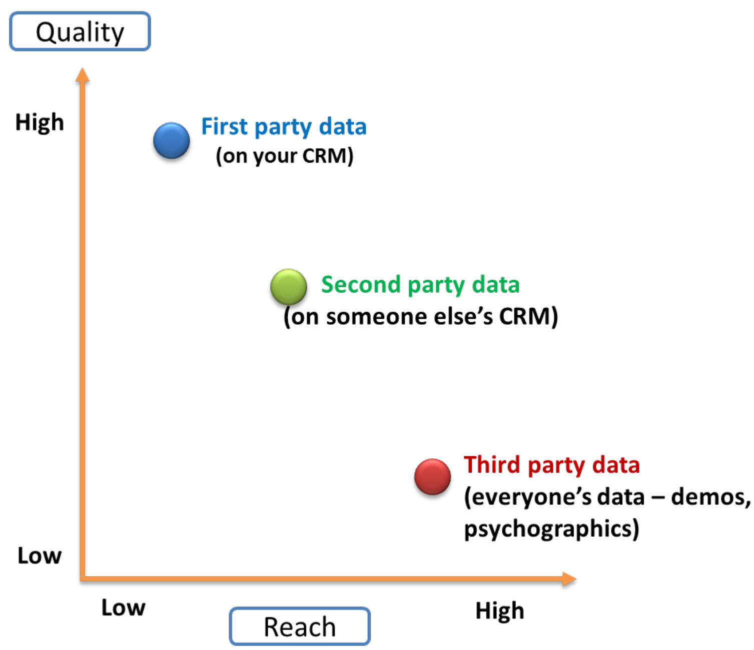
Retention concerns? Privacy concerns? Opt-out/opt-in concerns? Regulatory concerns? Making content relevant concerns?

All of these concerns can be effectively addressed—and solved whether you're in a small organization or a large one– by First Party Data and it's little known sibling Zero Party Data. Too good to be true? Nope. What we're going to cover in this series comes as close to a "magic bullet" or Swiss- Army -knife-for-Fundraisers as our *Agitator* modesty and empirical data will permit.

This is the first in a series that will introduce you to the benefits and essentials of gathering, storing and utilizing the most important information about a donor. And we'll use case examples to illustrate how First Party Data/Zero Party Data is used along with the results. This is not theoretical nor the art of the possible. The future is here, it just isn't evenly distributed.

What is First-Party data and why is it the key to all that ails you?

Let's start with a conceptual rubric of First Party Data contrasted with its cousins – Second and Third-Party Data. This graphic defines each and highlights the relative trade-offs.



Yes, you can buy 3rd party data and have it appended to your whole file, instant reach. Quality is a big problem but even if it weren't there is zero competitive advantage because anybody can get in line behind you and buy the same thing.

Second party data is what Facebook knows about their users that they rent to you. This gives you a way to filter and select audiences *but never provides the actual data to you!* After all, these data are Facebook's first party data and it is the reason they are worth a bazillion dollars. They know more about their customers than anybody else.

Sounds like first party is the winner but don't take our and Facebook's word for it. Consider that our commercial brethren are fast awakening to the fact that it's the key to Lifetime Value (long-term) and lift (short-term).

From an Econsultancy report circulated among commercial marketers, *The Promise of First-Party Data*:

- **74% marketers say 1st party provides strongest customers insights.**
- **64%, say 1st party provides highest increase in CLTV.**
- **62%, say 1st party provides highest lift among data sources.**
- **Fewer than 10% report similar benefits from third-party data.**

This idea of first-party data as fundamental to fundraising and communications strategy is paradoxically both foreign and familiar for charities.

On the one hand…the "familiar" is all the behavior data we collect and store from our supporters to use for subsequent marketing. But, even in this first-party behavior data category we struggle mightily to collect and store the non-financial behavior data in a consistent and reliable, non-siloed way.

Witness those 6,431 codes in a variable/field that are supposedly placed in the database over the years to indicate supporter interest or 'affinity'. Problem is, nobody knows what the codes mean. Chances are they've changed every time staff has changed, and there is no data in the field for most supporters.

On the other hand…The "foreign" part of first party data is what we'll call "declared" or more descriptively, "voluntarily and willingly provided" data directly from the donor.

Consider this quote from a VP of Media Optimization at Adobe Cloud:

"Brands need to rely more on clean data from their own loyal customers, who willingly give information in exchange for something they value. Most marketers intrinsically know this, but less than half use first-party data to target ads today because implementation and execution are hard."

Make no mistake. The era and hype of Big Data isn't over by any stretch. What any sensible fundraiser must acknowledge is there is an inflection point where simply aggregating more data should no longer be the principal focus. **Instead, the times and generally declining retention rates demand a move to greater quality in the marketing data being used.**

On top of the fundamental need to improve donor experience and donor value there's the issue of the public's sharper focus and concern over privacy which provides one more reason to pay attention to the importance of first party data.

In short, your organization can more than justify a move to paying more attention to first party data; either you see the light or will soon feel the regulatory heat of privacy. In our world of GDPR and consumer privacy and trust issues, nonprofits need to shift their data focus. We need to,

- Create 1:1 data relationship with supporters;
- Build first-party data of self-declared and self-offered data to;
    - Mitigate legal risk
    - Manage reputational risk
- And, equally important, uncover the "why" of donor giving and involvement in ***your*** organization.

Dig In and Discover Zero-Party Data

Let's now dig in on this declared, volunteered/ willingly provided first party data and let's dub it **zero-party data** to borrow from a term coined by Forrester to distinguish it from *passively* collected (often unknowingly by your supporters) behavior/interaction data.

Zero-party data versus old-school first party data is the difference between knowing that Jane Doe, SupporterID 350910, has Type I diabetes versus inferring it just because she visited your webpage containing Type I content. (In truth, there's likely no connection between the web behavior of this person and the main CRM where supporter 350910 lives, but indulge us).

How do we know if Jane Doe, supporter 350910, has Type I diabetes or is concerned she might or whether she is the mother of a 9-year-old girl recently diagnosed? We ask the only source that will have this information– **Jane Doe**.

And why will she give us this personal information? Because the organization doing the asking is focused on helping all three possible Jane Identities ("Has Type I", "Concerned about Type I", "Mother of child with type ") and can only do so in a way that quickly and efficiently meets Jane's goal of reducing emotional stress and anxiety by being more informed.

Are you truly serious about engagement with supporters? How about asking them about themselves with a germane, context relevant question? You know, as in a conversation.

Too difficult? Too time-consuming? This can be done at scale if you treat getting this data as business process. Meaning you embed the key questions into existing touchpoints (including online giving forms, sustainer acquisition forms, telemarketing scripts, emails, newsletters, direct mail reply forms, etc…). We have many clients doing

this as a census, meaning they get it from every new person they acquire. Every single person. If you treat this data for what it is or can be, then you'll realize it's important as the bank details.

How do we know what our key questions are for our specific organization? This is critical and simply intuiting or winging it is ill-advised. Too often the time and effort spent on intuiting will be mistaken for progress and your zero-party data initiative will wither on the vine.

Part 2 in this series will spell out three types of zero-party data along with Do's and Dont's on how to measure/collect the data.

Also, as a future reveal, Part 3 will highlight all the objections to doing this and offer up some counterpoints to these objections and we'll showcase examples of leading-edge charities who have gotten into the zero-party data game and reaped big financial rewards.

After all, and we can't stress this enough; the future is here, it just isn't evenly distributed.

Part 2: "Zero Party" Data is the Best Party Data

Roger Craver and [Kevin Schulman]

To recap Part 1, zero-party data draws a distinction between first party data (i.e. data you have based on direct interaction with your supporters) that is voluntarily, willingly shared and that which is passively and (often) unknowingly collected. **The latter requires inference and assumption, the former is knowing and understanding**.

There are three types of zero-party data we recommend starting with and each has a separate, discrete purpose, a separate way to measure it and separate application.

1. **Donor's Connection to your mission *(this provides a way to unearth motivation)***

Do Ask: Identity questions. We can't list all the detailed measures here but there is commonality within a sub-sector (e.g. health, animal welfare, environment, social, international relief).

Health is probably obvious, the others less so. And the more abstract the connection, the more likely it is you need an indirect, set of items that measure an underlying construct (i.e. a survey scale).

Here is one example for the International Relief sector that allows us to classify people as High/Low Globalists. The High Globalists get messaging that is thematically created from the measure itself.

We've done testing that shows using this messaging creates more lift/conversion than the typical 'need/solution/why you" practice that requires (or should we say, "suffers"?) knowing nothing about the individual. The only reason the High Globalist cares about your need and solution is because they've decided (subconsciously) that supporting you will help reinforce their sense of self and the values that go with being a High Globalist person.

By priming this donor's Identity with the correct messaging, we activate the donor's identity and by so doing, "show them we know them" and more explicitly (and easily for the donor) make the case for *their* "why", *not your* organizational "why".

	Strongly agree				Strongly Disagree
	5	4	3	2	1
I feel like I am "next door neighbors" with people living in other parts of the world.	❍	❍	❍	❍	❍
I feel I am related to everyone in the world as if they were my family	❍	❍	❍	❍	❍
I feel people around the world are more similar than different	❍	❍	❍	❍	❍

<u>Don't Ask: Why did you give to us?</u> It is direct and to the point and if you ask that question people answer it. Problem is that people are largely incapable of the level of self-introspection necessary to tell you their real "why"

If you asked someone who just gave to international relief why they gave they might offer up comments that hint at what is being measured above. But that is a far cry from a reliable, valid scale that you can use.

And if you make the question "closed-ended" and provide response options are you going to make one option "Because I'm a globalist" or "Because I feel people are more similar than different"?

Two problems with this type of question: First, you need all 3 to measure it and how you word it matters. Secondly, by putting the question into the context of "why they gave" it can undermine getting a reliable read as folks, in essence, over-think the question or chose an answer that seems less 'abstract' as they mentally wrestle with retrieving relevant information from their rationale self's and mapping internal judgements onto response options.

2. **Donor's Connection to your brand**

<u>Do: Commitment Measure.</u>

- I am a committed **[CHARITY]** donor
- I feel a sense of loyalty to **[CHARITY]**
- **[CHARITY]** is my favorite charitable organization

This is a DonorVoice proprietary scale (this is the short version) for measuring the strength of the supporter relationship with your organization. This was a multi-year product development effort that started in the commercial space to develop the scale (and fuller model) with standard, rigorous approaches to measurement, scale development and validation.

[It is this research, and its application that is described in the chapters on Commitment in Roger's book *Retention Fundraising*. You'll also find a fuller description of the process here on the DonorVoice website.]

Bottom line, it works because we started with a theory or point of view on how the world works and went from there. This approach has predictive, forward looking value with a myriad of applications, not least of which is changing frequency of communications tied to Commitment scores.

Loyalty or Commitment is a mindset, not a behavior. Behavior is an outcome, if your "loyalty" measure includes outcome data then it is circular and lacking any theoretical basis and any practical value other than surfacing "good" donors based on past behavior, as in the use of RFM metrics. Hardly new or insightful.

Don’ts:

- Don’t use Net Promoter. Kevin and Adrian Sargeant published a piece on why this measure sucks
- Don’t rely on a random compilation of attitudinal measures. We started our work to define and measure this thing called Relationship with well over 200 items to measure various parts of the relationship, including over 40 just to measure trust! Randomly picking amongst those, while tempting, is not the path to prosperity.
- Don’t use a random compilation of attitude + behavior. The kitchen sink approach. You can find an infinite number of measures or combination of measures that correlate with behavior – especially if you use past behavior data (input) to predict future behavior (output). That is different than saying they cause it. And being able to say they cause it (which we can with Commitment) means you can also use the measure to get to root-cause analysis.

3. **Donor’s experience with your brand** (one of the places you should collect zero-party data is post interaction –giving, joining, attending, complaining).

If donor experience matters and if you aspire to be “donor-centric” then we’d put a stake in the ground that to do so requires collecting feedback post interaction as an “always-on”, business process. Measuring and managing donor experience is a way to raise money without ever asking for it.

As an illustration, we asked for feedback about the online giving experience and then fixed the user-identified problems that would never be surfaced without this type of data. As a result, page conversion increased from 12% to 33%. Not more asking, just a better, easier process that only comes from collecting user experience data.

The donor experience measure necessarily changes based on the type of interaction (e.g. after online donation, after attending an event, after being canvassed, after receiving a TM call) as it is diagnostic and specific to the interaction.

The main takeaways:

- Take a continuous Census, not a one-time sample. This is not a one and done or project-based exercise.
- The experience feedback has value at the individual supporter level and in aggregate to diagnose systemic issues.
- It needs to be asked shortly after the interaction to maximize data quality and participation rates.
- The feedback process creates other, passive 1st party data that has predictive value – bounce back, unsubscribe, open, click.

Don’t. Don’t not do it. Apologies for the double negative, but these days it’s doubly important to take action and not rely on the same-old-same-old approach to data.

Mindset and culture don't really eat strategy for breakfast. Instead they dictate what you have for breakfast and how breakfast is prepared (tactics). **We need to get into the mindset of getting zero-party data from donors. It's accurate. It's proprietary to you. It's specific to that donor's needs and desires. It's a sustainable competitive advantage.**

Over the years we've heard most of the objections and seen the resistance to undertaking a serious first party/zero party data effort. We'll outline those objections in Part 3, give you the counterpoints to them and show you with case examples why all this is so well worth the effort.

Part 3: The Zero Party Future is Already Here – Proof.

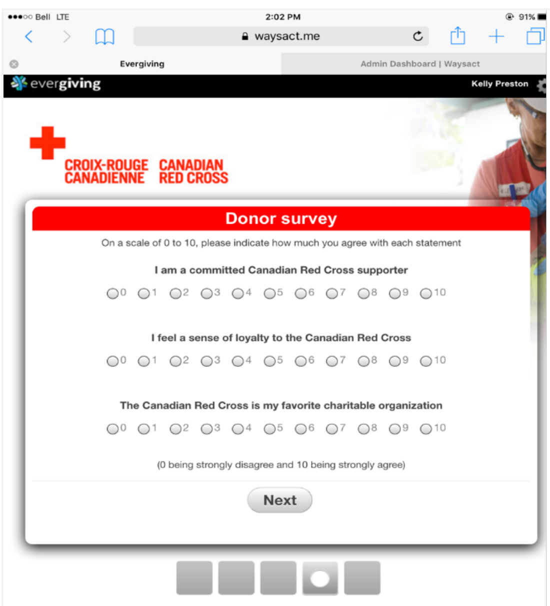
Roger Craver and *Kevin Schulman*

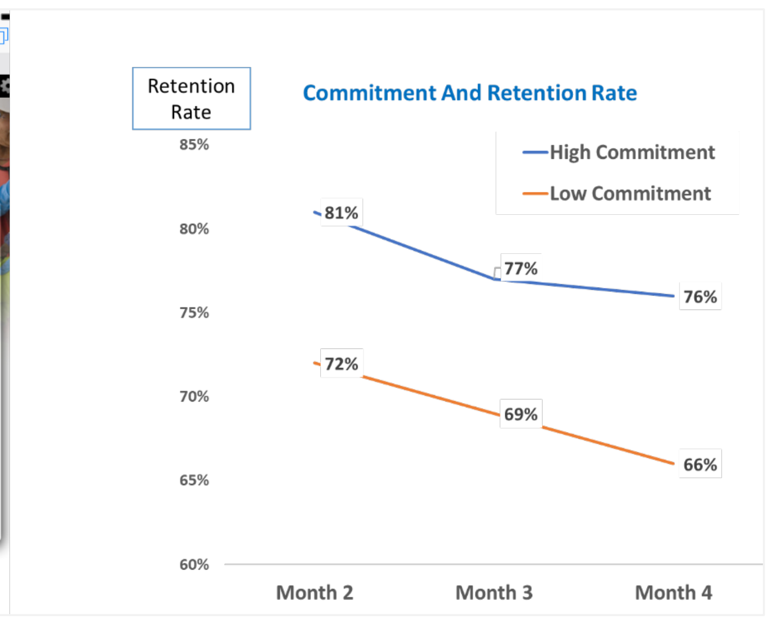
Canvassing is the number one method for acquiring sustainers (according to Target benchmarking). There is a lot of money being spent and a lot of donor loss occurring, especially in the first few months.

What to do about it? A lot of forward-thinking brands (e.g. TNC, ACLU, No Kid Hungry, Special Olympics) have been using zero-party (i.e. data willingly, knowingly provided by the donor) for months if not years to help address retention by gaining greater understanding of who these folks are.

EXAMPLES OF BENEFICIAL USE OF ZERO PARTY DATA

Canvassing: Canadian Red Cross
Here is a specific example from Canadian Red Cross and their exemplary leaders, Jay Hollister and Andrew George, who help make it possible. *[Note: the process described can be applied in the exact same way in digital and TM]*



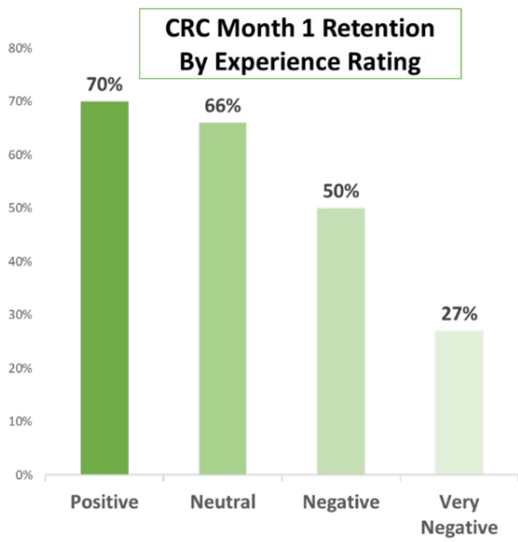


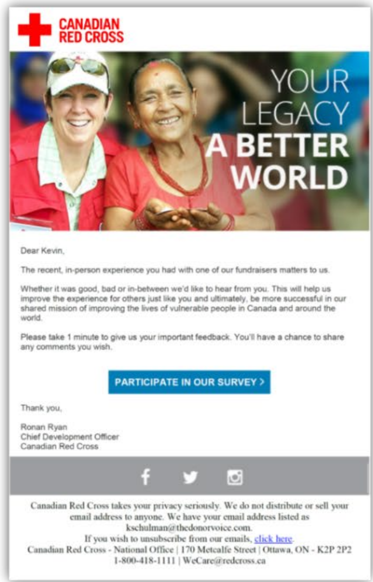
The image on the left is from the tablet software used by the canvasser showing the Commitment measure, which is collected from every person that signs up. This is an ongoing census of newly acquired donors, not a random sampling.

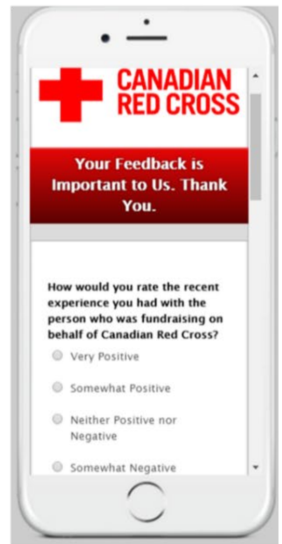
The census, zero-party data collection is baked into the user experience and sign up process. Why? Because it matters to retention as the chart on the right shows — the retention rate at Month 2-4 broken out by those with High/Low Commitment to Canadian Red Cross

Using a DonorVoice platform and process Canadian Red Cross also measures satisfaction with the canvasser interaction. They do this shortly after the interaction (and using the proper diagnostic measure for this experience) and you can see why. When the experience is bad or less than positive it leads to precipitous fall-off in retention.

It should be noted that most donors have very good experiences but when it's bad, it's bad…







None of this data capture and measurement is done merely for the sake of it and certainly not for the purpose of just producing charts and reports. Based on this data Canadian Red Cross purposely changes the supporter experience of the newly acquired donor in a meaningful way because of new insights unearthed from this zero-party data.

For starters, they send out tailored communications following the 2×2 matrix. The matrix groups supporters based on each donor's Commitment level and Satisfaction.

	Good Experience	Bad Experience
High Commitment	Ask to refer a friend	Apologize, High Touch Outreach
Low Commitment	Thank, reinforce their decision	Apologize, low touch outreach

Canadian Red Cross also use a predictive churn model from DonorVoice process and platform that combines first party (e.g. sign-up amount, location of signup, payment method) with zero-party (e.g. age, Commitment, Satisfaction) **to identify who is at-risk of quitting 90 days before it happens. The model is much more accurate when including the zero-party data. In fact, the model kind of sucks without it.**

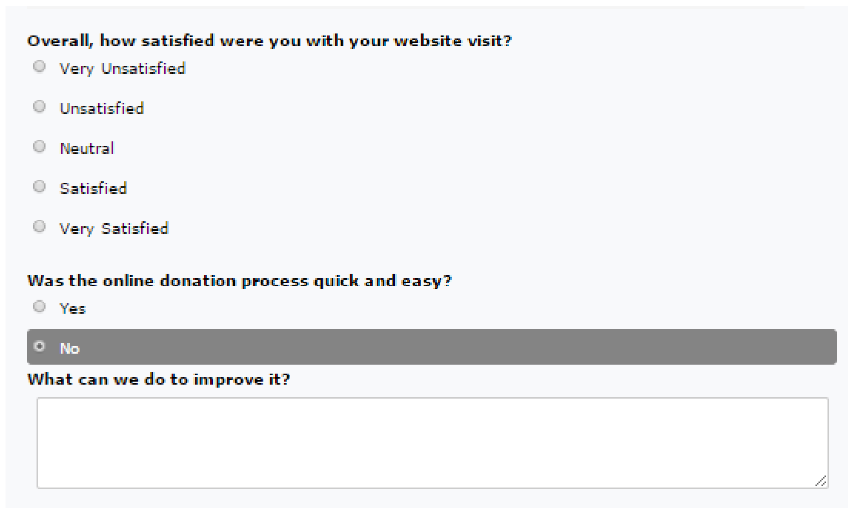
Then, using a telemarketing script that is tailored to what the organization knows about these at-risk donors **they conduct a pre-emptive "save" call that cuts 3-month attrition in half.**

The only way this attrition-reducing activity is possible is because of the organizational mindset and culture that assigns value to digging deeper and getting much more rigorous about relationship building. Serious, meaningful relationship building can only occur by learning more about who these folks are and the experiences they are having with the brand at a 1:1 level.

Digital and Online: Project Hope

Or take this example from the digital world and online giving. In our experience almost every single donation form/process, regardless of CRM or web platform, has huge user experience failures *unknowingly* built in. **Walking a mile in the donor's shoes isn't possible by some vicarious means. You must ask the donor directly.**

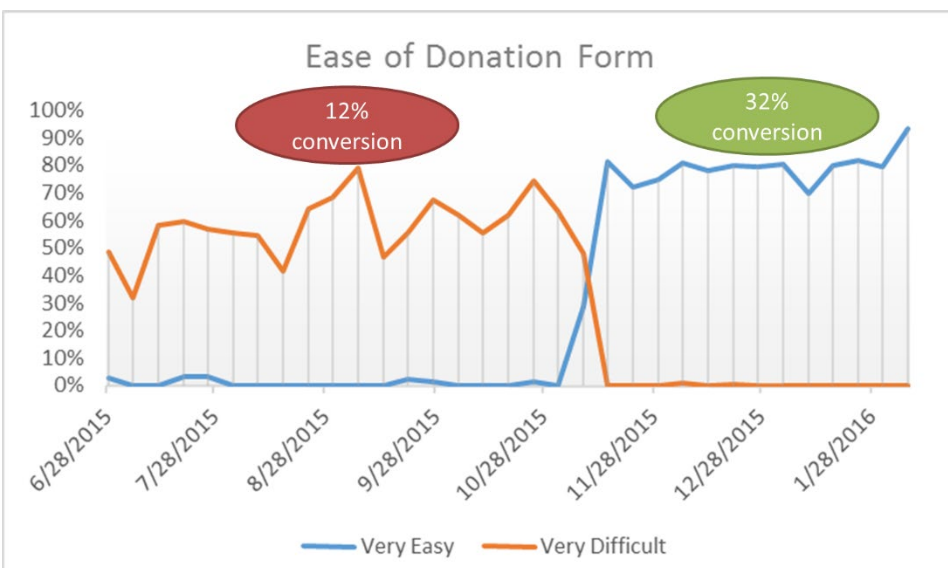
Project Hope did just that by embedding a short, purposeful, zero-party data capture post-online donation. You can see the diagnostic, experience measures that included close-coded, structured questions along with dynamic, open-end prompts to get specific details on what was "broken".


Overall, how satisfied were you with your website visit?
- Very Unsatisfied
- Unsatisfied
- Neutral
- Satisfied
- Very Satisfied

Was the online donation process quick and easy?
- Yes
- No

What can we do to improve it?

This process began in mid-2015 with a lousy donor experience (orange above blue line) and equally lousy conversion rates among those on the donate form.



By collecting detailed, specific user experience (zero-party data) data Project Hope was able to make simple, low cost changes that importantly, would never have surfaced in some internal "ideation" session designed to walk that proverbial mile in the donor's shoes.

The result? The orange and blue experience ratings flip-flopped. The result? A significant change in conversion; making more money without reverting back to the downward spiral, of the conventional, non-solution of resorting to asking more and more often.

What's stopping your organization from getting in the game on zero-party data?

We've both heard our fair share of objections to taking the time and effort to effectively capture and use zero-party data. Maybe somebody in your organization has already erected these same barriers/excuses.

If so, maybe these counterpoints to the usual "it won't work" excuses will prove useful.

- **Excuse: "People don't reply to surveys"**
    - **Counterpoint:** more people respond to surveys than to acquisition appeals and we still send those out.

    - **Counterpoint:** think census, not sample. If you build donor Identity and Commitment scores into your acquisition process and treat it for what it is – data as valuable as the bank details – you can have 100% coverage for all newly acquired donors (in many channels). But what about our existing supporters? You can get coverage there, over time but **focus on your real pain point – year one, if only because it comes before year 2,3,4…**

- **Excuse: "People don't do what they say"**
    - **Counterpoint**: They also don't do what they did as evidenced by retention rates and 2ndgift conversion.
    - Ask a lousy survey question and you get lousy answers
    - Ask a well-constructed question on something donors can reliably answer, and you get insights that you simply cannot get anywhere else – period.

- **Excuse: "Where do we store it?"**
    - **Counterpoint:** We struggle mightily with this question but it keeps coming up so it must be real. Storing this doesn't require symbology or speaking in an ancient tongue. It is letters and numbers, alpha and numeric.
    - **Counterpoint**: *Stop overcomplicating everything. Standing committees at the UN spend less time deliberating on nuclear proliferation than gets spent debating how to store information in your CRM*. It is letters and numbers and every CRM we know of has custom fields available.

- **Excuse: "How would we use it?"**

  - **Counterpoint**: if you don't know how to use the data you are collecting and storing on the CRM then stop doing it. This is not so much a regulatory comment (though that matters with GDPR and will matter increasingly in the US), as it is a comment on a massive time suck. Time is our most precious commodity. So, **save yourself a few time-wasting meetings if the question of data storage doesn't start with "how you plan to use it?**" More specific to this, if you don't know how you'd use data that segments your supporters based on their motivation (Identity) and loyalty (commitment) to your brand and report just having had a good/bad experience at your gala/walk/run/online donation process then maybe it's time to consider another line of work.

Yeah, we know this sounds pretty flippant or snarky. But the question of "how do we use data" is truly perplexing to us. But then if it seems so obvious, we are probably too close to the issue.

So, if you have genuine questions about how to use this kind of zero-party data for your specific organization by all means let us know and we'll provide a non-flippant response.

Just drop us a line at kschulman@thedonorvoice.com or Roger@theagitator.net .