



Segmenting your Supporter file (simply)

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tangible:
data

Segmentations

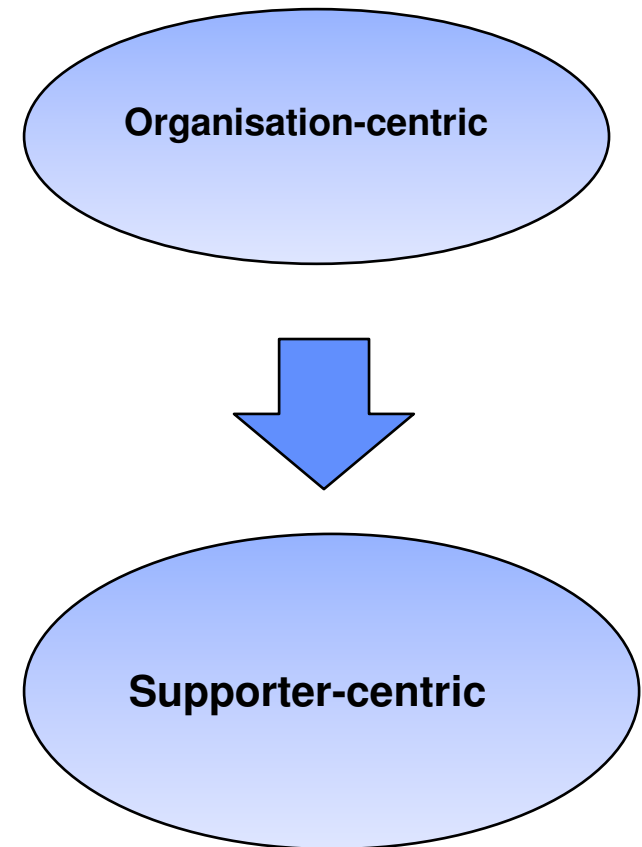
- Top level income segmentations
 - Starting with organisational definitions & analysis
- Dealing with the “cash” file – RFVs
 - RFV Variants
- Dealing with regular givers

Segmentation: what is it?

- Segmentation: a grouping of supporters by type
 - Segments must show distinct behavioural differences
 - Segments must be able to support and underpin planned strategy aimed at key supporter groups
 - Segments must provide
 - simplicity (clearly understood and defined)
 - operationability
 - Flexibility

Types of Segmentation

- Behavioural
 - Giving history
 - Responsiveness
- Demographic
 - Geography/Geodemographic
 - Gender
 - Age
- Attitudinal
 - Closeness to cause
 - Interests and beliefs
- Online
 - Interaction History



Why do we bother?

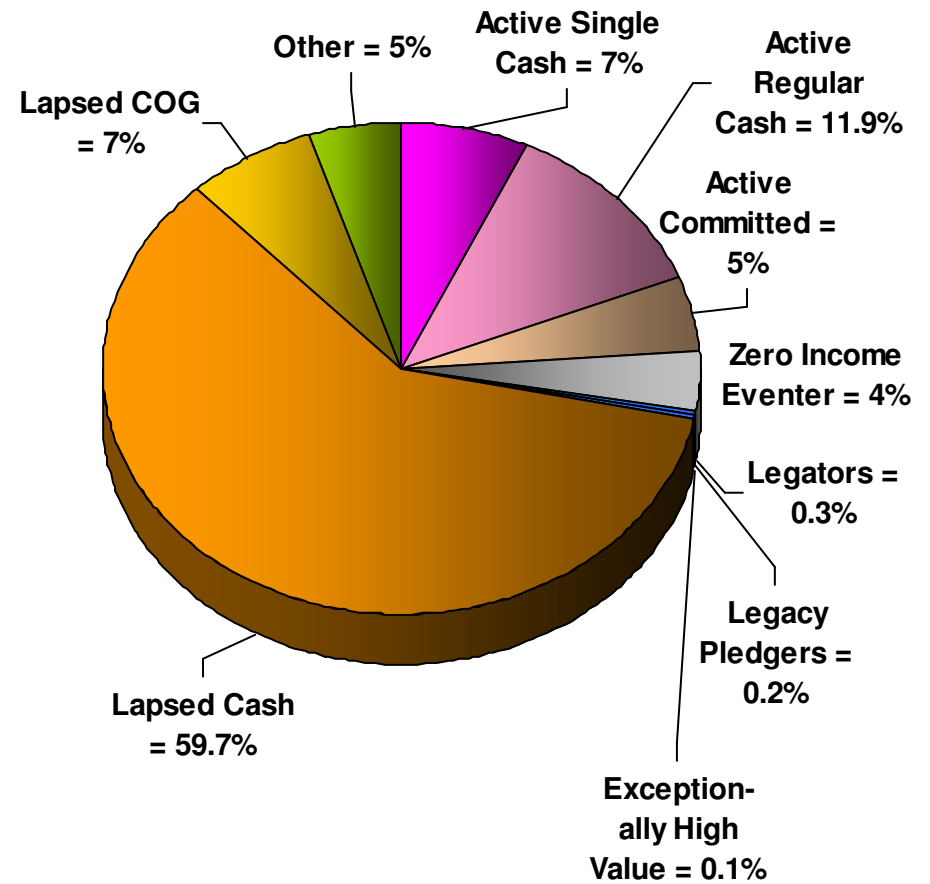
- Obtaining higher value from supporters
- Increasing retention
- Better involvement
 - More relevant messages
 - Better contact method
 - More chance of a dialogue

So it's about chasing the £

Organisational “Income” Segmentation: EXAMPLE

No	Name	Short name	Volume
1	Active Single Cash	ASC	11,494
2	Active Regular Cash	ARC	21,236
3	Active Committed	ACOG	8,170
4	Zero Income Eventer	ZIE	6,754
5	Legators	LEG	511
6	Legacy Pledger	PLEDG	378
7	Exceptionally High Value	EHV	120
8	Lapsed Cash	LAPCASH	104,063
9	Lapsed COG	LAPCOG	12,479
10	Other	OTHR	9,307
All			174,512

Active supporters (rows 1-7)
Lapsed supporters (rows 8-10)



Active Regular Cash supporters: reference data

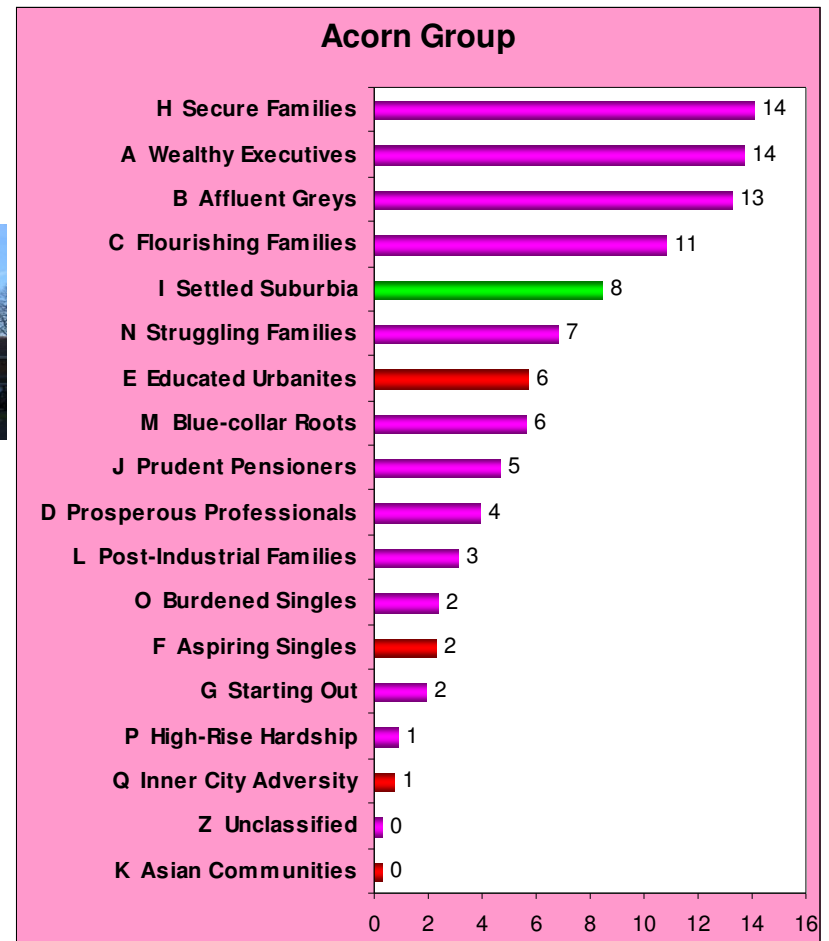
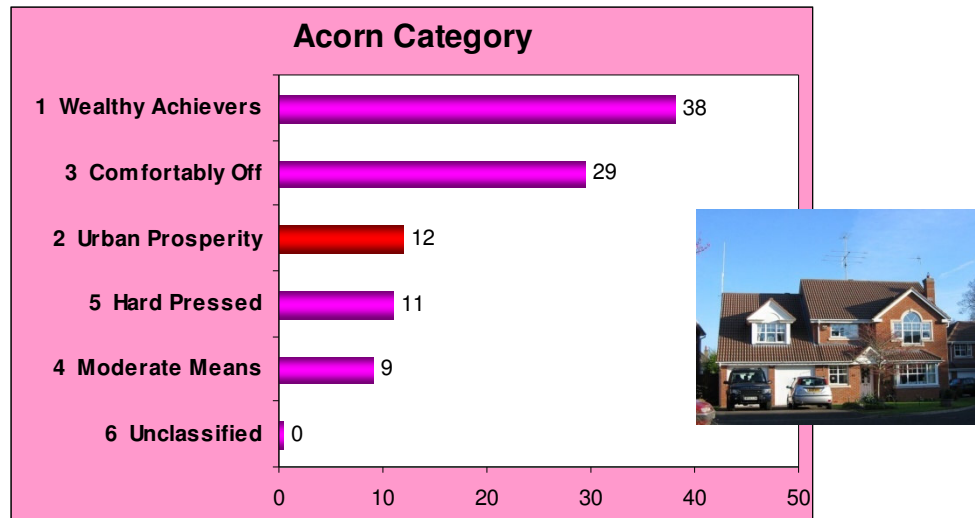
(red denotes under-representation, green denotes over-representation)

	Active regular cash		
	%	%	Index
Max donation >median	66	32	205
HVD Donated >£1K in a yr	3	2	158
HVD Given a max gift of £5K+	0	0	42
HVD Given a max gift of £1.5K+	1	1	104
Latest payment method			
Cheque	79	54	146
Direct Debit	0	3	0
Standing Order	0	11	0
Donated In Mems and others	1	0	222
Only donated In Mems	1	3	42
Eventer Flag	16	19	84
Cash or COG			
Cash	100	39	254
COG	0	6	0
Cash AND COG	0	1	0
Donor or Eventer			
Donors AND Eventers	5	2	183
Donors Only	81	69	117
Eventers Only	9	14	64
Neither	6	15	41
Only donated to Xmas mail	0	1	1
Ever donated to Xmas mail	0	1	65
Any Mailing Blocks	26	41	64
Legacy Enquirer	1	1	161
Gender			
Male	32	34	96
Female	60	57	106
Joint	3	2	113
Title			
Joint	3	2	113
Miss	7	9	79
Mr	32	34	96
Mrs	47	40	117
Ms	5	7	75
Other	0	0	92
Professional	1	1	81

Values - Means	Active regular cash		
	Mean	All	Index
Amnt donated to Xmas DMail (£)	0	0	55
No. of Xmas DMail donations	0	0	17
Yrs on file to last donation date	5	3	164
Mths since the last cash donation	7	23	30
Number of cash donations	7	4	187
Total cash donations (£)	216	230	94
Number of cog donations	2	37	5
Total cog donations	53	204	26
Total legacy donations (£)	0	0	0
First ever donation amount (£)	40	56	71
Total donated since 1/1/2002	216	235	92
Maximum donation since 1/1/2 (£)	87	115	76
Donor Income since 1/1/02 (£)	81	93	87
Event Income since 1/1/2002 (£)	81	74	110
Raffle Income since 1/1/2002 (£)	6	3	193
Legacy Income since 1/1/2002 (£)	0	0	0
Other Income since 1/1/2002 (£)	55	35	159
Mean Cash Donation (£)	39	81	48
Mean Cog Donation (£)	26	6	438

Region	Segment	All	Segment
	Percent	Percent	Index
Unknown	3	5	63
East Midlands	6	6	106
East of England	10	9	114
London	11	15	75
N Ireland	7	6	113
North East	3	3	92
North West	8	6	123
Scotland	5	7	66
South East	17	16	107
South West	14	12	113
Wales	4	4	120
West Midlands	6	6	107
Yorkshire	6	5	105

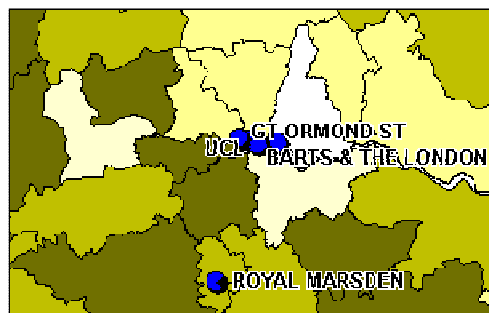
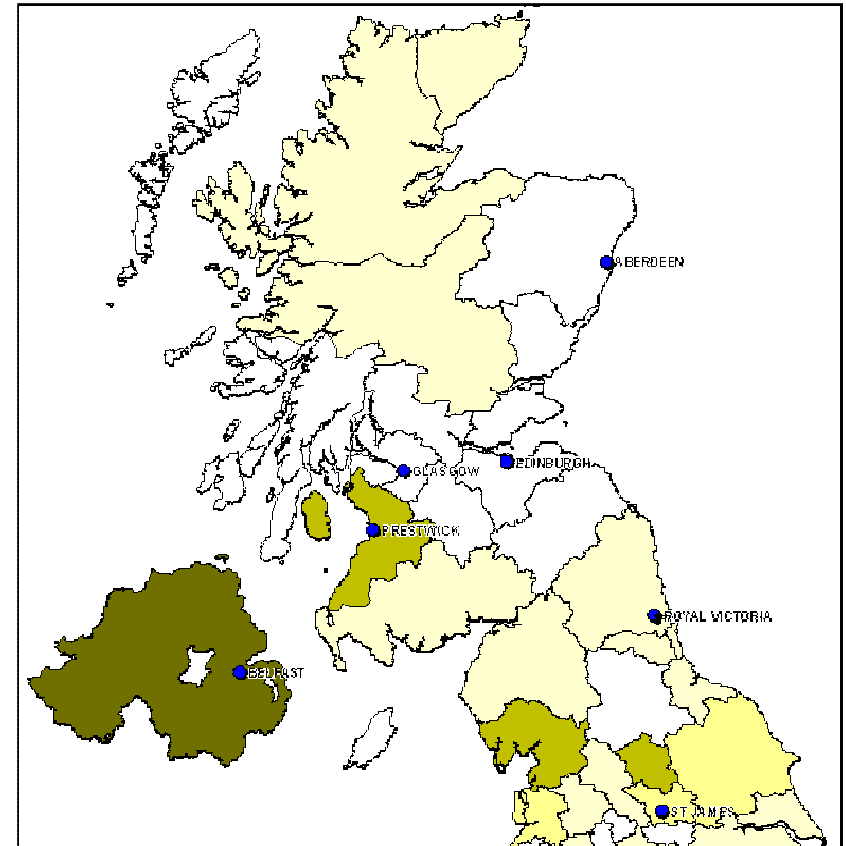
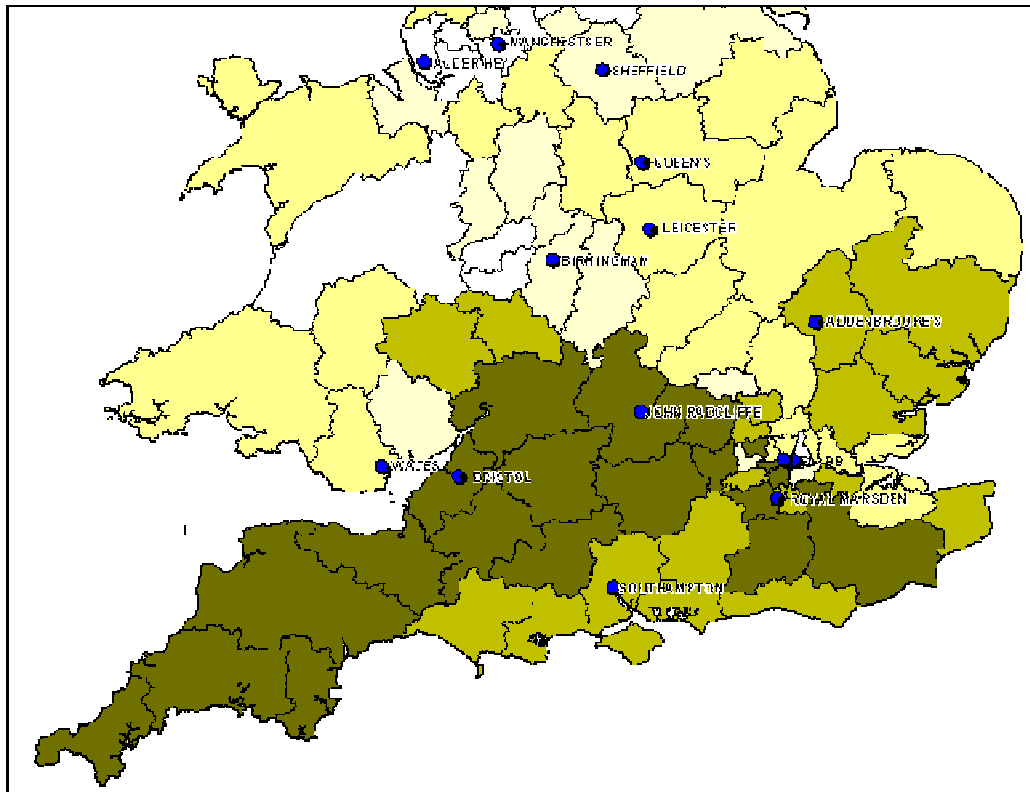
Active Regular Cash supporters: Acorn profile



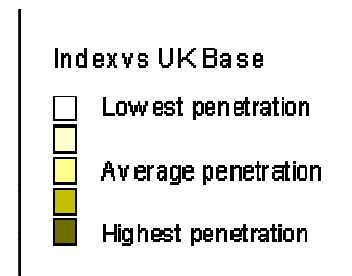
- Almost 4 in 10 are Wealthy Achievers
 - most affluent people in UK, living in high status areas in large detached houses
 - live in wealthy, high status areas. Middle-aged or older people dominate, with many empty nesters and wealthy retired. Also well-off families with school age children
 - they live in large detached houses with 4+ bedrooms. Most are owner occupiers, and half of those own outright. Very well educated, in professional or managerial occupations.
 - they are well established at the top of the social ladder and enjoy all the advantages of being healthy, wealthy and confident consumers

- Top 4 Acorn Types
 - 3. Villages with wealthy commuters
 - 11. Well off managers, detached houses
 - 33. Middle Income, older couples
 - 4. Well off managers, larger houses

Penetration of Active Regular Cash Supporters by Postal Area vs UK Base



Highest penetration is in the West/South West and London and the South East. In contrast to Active Single Cash not as well covered in Scotland.



Active Regular Cash supporters: pen-portrait



Size of Segment

107,223 donors (24% of base)
Generate £2,595,000 income

Giving Behaviour, more likely to be:

- Recruited via DM (76% vs 55%)
- Less likely to be recruited via Event (13% vs 20%)
- Max donation > median (66% vs 32%)
- High Value given >£1000 in a yr (3% vs 2%)
- Last donation paid by cheque (79% vs 54%)
- All Cash payers!!! (100% vs 39%)
- Regular!!! Cash donor (7 donations vs 4)
- First ever donation lower (£40 vs £56)
- Maximum single donation of £87
- On average, £81 donated in total (vs £74)
- Average single donation of £39 (vs £81)
- Donors AND Eventers (5% vs 2%)
- Long-standing supporters (5yrs on file vs 3yrs)
- Some Raffle income (6% vs 3%)

Where do they live?

- More likely to live in South East (17%), South West (14%) and London (11%)
- Over represented in North West (8% vs 6%)

Pen-portrait

Similar geo-demographic profile to Active Single Cash supporters, although greater incidence of Settled Suburbia and lower incidence of Educated Urbanites. Low incidence of multi-ethnic neighbourhoods.

Mainly female (typical of all supporters). Unlike Active Cash Singles, recruited primarily via DM to donation, so less Event participation. Typically pay by cheque, as expected.

Typically are giving 2 donations (within the last 18 months), although 20% have not donated within the last year.

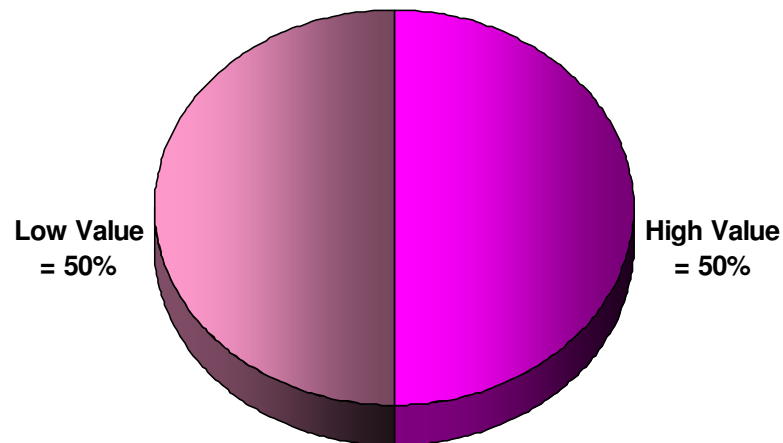
Well-off people, living in large houses, in high status areas. Wine buyers, with healthy credit card spending, and skiing holidays. Financially savvy and secure, with Unit Trusts and investments, healthcare and private pension.

May have a company car, or will have bought a higher range model. Reads Telegraph or Times (either daily or Sunday), don't read tabloids. They use the Internet to make purchases. Keen golfers and birdwatchers, likely to support emergency appeals.

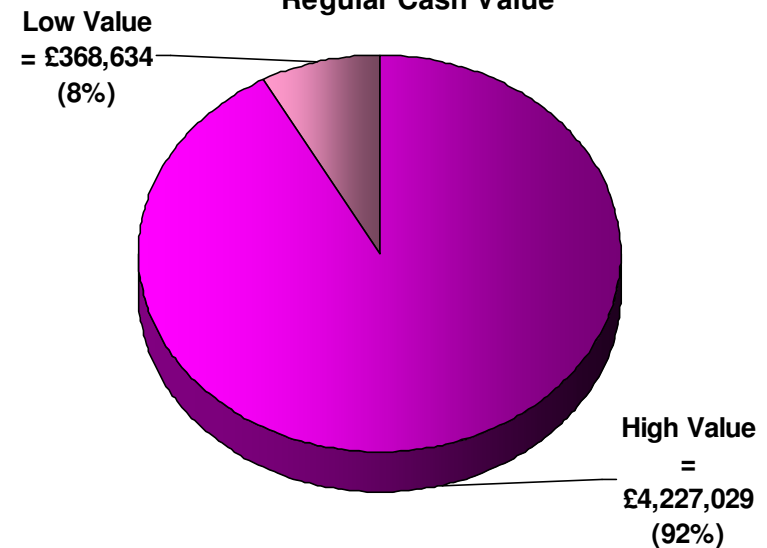
Active Regular Cash: HV and LV sub-segments

- Sub-segmentation based on LTV to-date
- High Value segment = donated >£65 since 1/1/2002
- Low Value segment = donated <=£65 since 1/1/2002
- HV Average total donations (since 1/1/2002) = £402
- LV Average total donations (since 1/1/2002) = £34

% of Active Regular Cash Supporters



Share of Active Regular Cash Value



Active Regular Cash segment: High Value vs Low Value sub-segment

HV Segment Size

- 10,719 supporters
- £4,227,029 income since 1/1/2

LV Segment Size

- 10,517 supporters
- £386,634 income since 1/1/2

High value more likely to be:

- Male (40% vs 30%)
- Eventers Only (16% vs 2%)
- Recruited in last 2yrs (26% vs 9%)

Low value more likely to be:

- Donors Only (94% vs 68%)
- Recruited over 4yrs ago (85% vs 65%)

High value more likely to be:

- Wealthy Achievers (39% vs 37%)
- Urban Prosperity (16% vs 9%)

Low value more likely to be:

- Comfortably Off (32% vs 22%)
- Moderate Means (10% vs 7%)
- Hard Pressed (12% vs 10%)
- Comfortably Off are lower affluence (although still middling), with big mortgages on semis or bungalows.
- Minimal financial protection, with no investments.

Top 3 differentiating Acorn types (HV vs LV):

1. Affluent Urban Professionals, Flats (3.0% vs 0.8%)
2. Prosperous Young Professionals, Flats (2.4% vs 0.5%)
3. Well-off Professionals, larger houses and converted flats (2.0% vs 0.9%)

		ARC LV	ARC HV
acorn_group	Acorn Group	0.5	1.4
A	Wealthy Executives	12.3	15.1
B	Affluent Greys	13.6	12.9
C	Flourishing Families	11.0	10.7
D	Prosperous Professionals	3.2	4.6
E	Educated Urbanites	3.1	8.3
F	Aspiring Singles	2.1	2.4
G	Starting Out	1.6	2.3
H	Secure Families	15.0	13.2
I	Settled Suburbia	9.8	7.1
J	Prudent Pensioners	5.2	4.1
K	Asian Communities	0.4	0.2
L	Post-Industrial Families	3.4	2.8
M	Blue-collar Roots	6.5	4.7
N	Struggling Families	7.6	6.0
O	Burdened Singles	2.7	2.1
P	High-Rise Hardship	0.8	0.9
Q	Inner City Adversity	0.7	0.7
Z	Unclassified	0.3	0.4
Total		100.0	100.0

Segmentation: Detail by segment

- Giving Behaviour
- Geography
- Demographic profile
- ACORN profile
- Segments then sub-segments defined and distinguished
- Pen Portraits

RFV

RFV

- Cash file segmentation
 - Relies on availability of transactional data
 - Widely used in sector, particularly for “cash giving”
- Traditional model, its application & limitations
- Extensions of this model
 - RFV Change Grids
 - RFV Profiling
 - RFV Models

RFV Factors

- **R**ecency Number of months since last donation
- **F**requency Number of donations in time period
- **V**alue Mean value of donations in time period
- **C**ombined Combination of above factors
- **P**roduct Product or type of service

RFV: Traditional Model

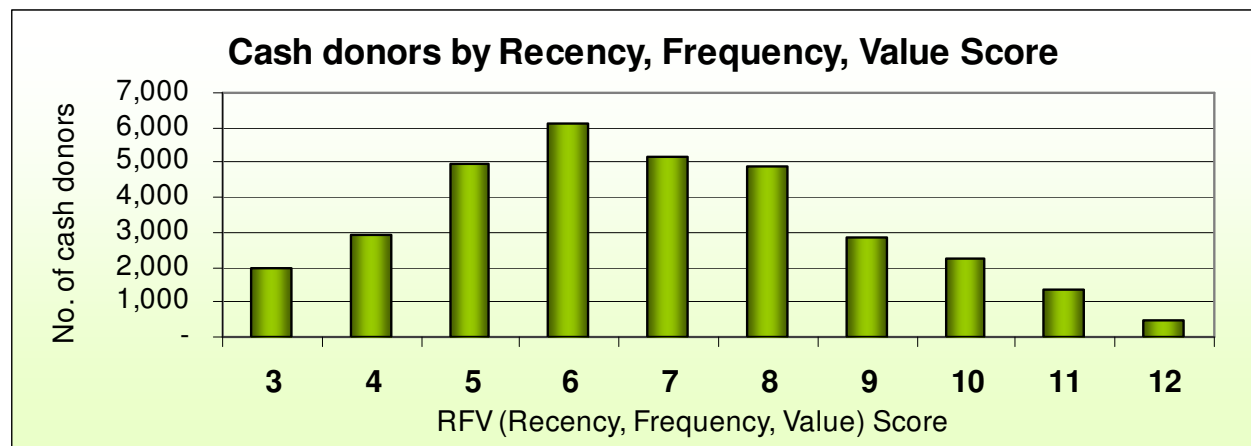
- We group cash givers by their past giving: band them into Recency, Frequency, and value bands....

R	Recency band: Last Gave	Cash donors
1	>11 years ago	8,261
2	7 to 11 years ago	8,243
3	3 to 6 years ago	9,256
4	0 to 2 years ago	7,164

F	Frequency band: No of gifts	Cash donors
1	1	17,943
2	2	5,540
3	3 to 5	5,301
4	More than 5	4,294

V	Value Band: Last Gift Value	Cash donors
1	\$0 to \$10	7,461
2	\$11 to \$25	9,808
3	\$26 to \$50	8,954
4	More than \$50	6,748

- ...Then add up each supporter's RFV Scores (R+F+V)



RFV: Traditional Model

- Case study: September 06 Appeal
 - (HIV/AIDS) Results by RFV score at the time of mailing:

Sept 06 Cash mailing by RFV	Contacted	Response Rate	Average Gift	Total income	Est. GIK
Cash <= RFV 5	1,134	1.1%	\$ 32	\$ 380	\$ 335
Cash RFV 6	1,875	1.4%	\$ 31	\$ 810	\$ 432
Cash RFV 7	2,026	2.8%	\$ 31	\$ 1,772	\$ 875
Cash RFV 8	2,474	5.0%	\$ 43	\$ 5,340	\$ 2,158
Cash RFV 9	1,645	13.4%	\$ 32	\$ 7,047	\$ 4,284
Cash RFV 10	1,405	19.7%	\$ 40	\$ 10,945	\$ 7,790
Cash RFV 11	844	19.5%	\$ 59	\$ 9,673	\$ 11,461
Cash RFV 12	269	28.3%	\$ 112	\$ 8,508	\$ 31,628
Total cash	11,672	8.2%	\$ 46	\$ 44,475	\$ 3,810

GIK = Gross Income per Thousand contacted.

If we mailed 1000 of these donors how much income would we get back?

Combines value and rate of response

- Conclusion: If we had mailed half the donors with RFV 8+ (56%) we would have got 93% of the income
 - Could use this system to cut out the worst prospects

Applications of Traditional Model

- Mailing Selections
 - (with link to other information such as marketing “stop” codes, appeals received etc.)
- Sizing & attrition
 - (crude definition of lapsed, based on R)
- Cash Income Planning
- Trading arms, Mail order, Raffle & Collections
- Prompt Point Generation
 - generally based on use of mean – due to ease of calculation

RFV Creation – Some tips!

- Deduplicate first – reduce those single givers!
- Outliers & skew – identify & investigate very low/high value donations
 - Think of using trimmed means
- Averages – should you use mean, median or mode(s)?
- Bucket codes & anomalies – strip out anonymous donations, corporates, trusts
- Missing data – e.g. dates on donations
- Negative values and Refunds – quite often will record as multiple transactions (sum on + and – values) e.g. credit card payment which is rejected

Because of above never ever use RFV features on your database!

Limitations of traditional model

■ Time

- An historical view of a whole transactional file can be a long time & will include lapsed donors
- Static model - no ability to understand movement or changes in behaviour. Needs large change for it to be noticeable.

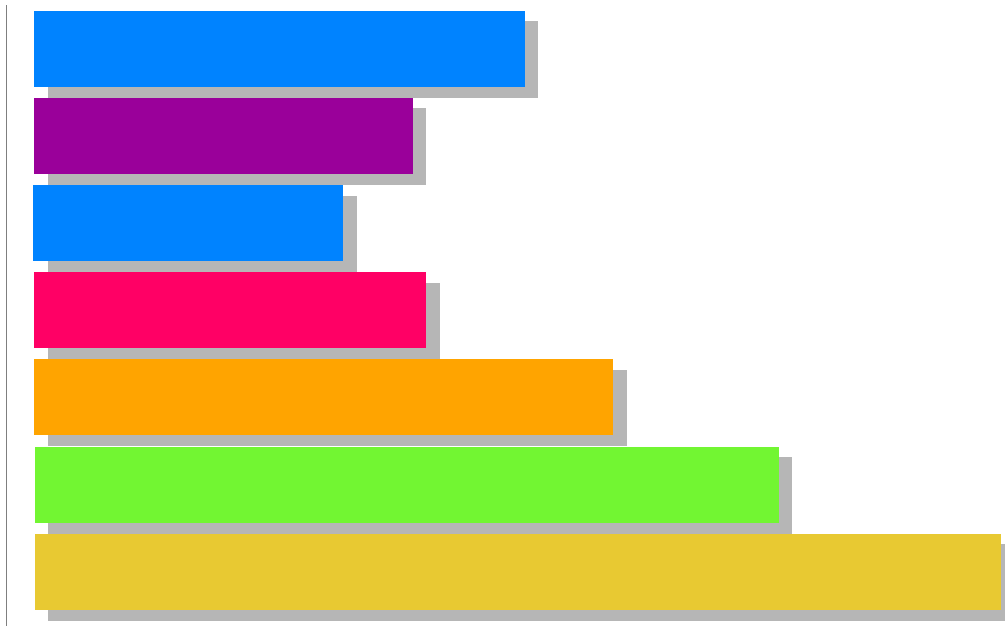
■ Factors

- Factors are weighted equally in simple model
- Value is function of “prompt” point, and is therefore less important to R or F

Overcoming RFV Shortcomings

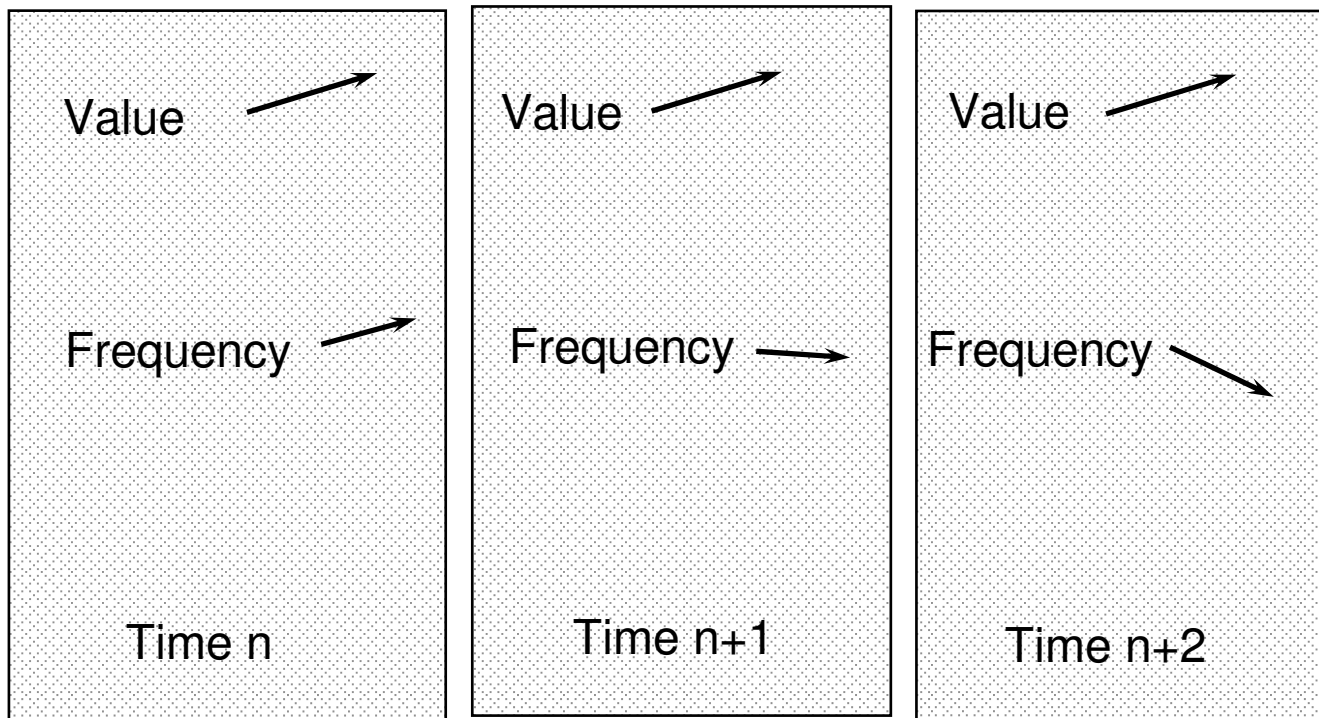
- Applications (Self fulfilling?)
 - Short term inflexibility & difficult to use dynamically - which donors are lapsing, which re-activating?
 - No predictive element - which segments will develop? are giving a positive ROI?
 - Not best selection technique for mailings as it can lead to overlooking key groups e.g. new or past high value donors
 - Not best way of generating prompt point – can be self-fulfilling
 - Can lead to over-contacting driven from recency

RFV Change Scores & Grids



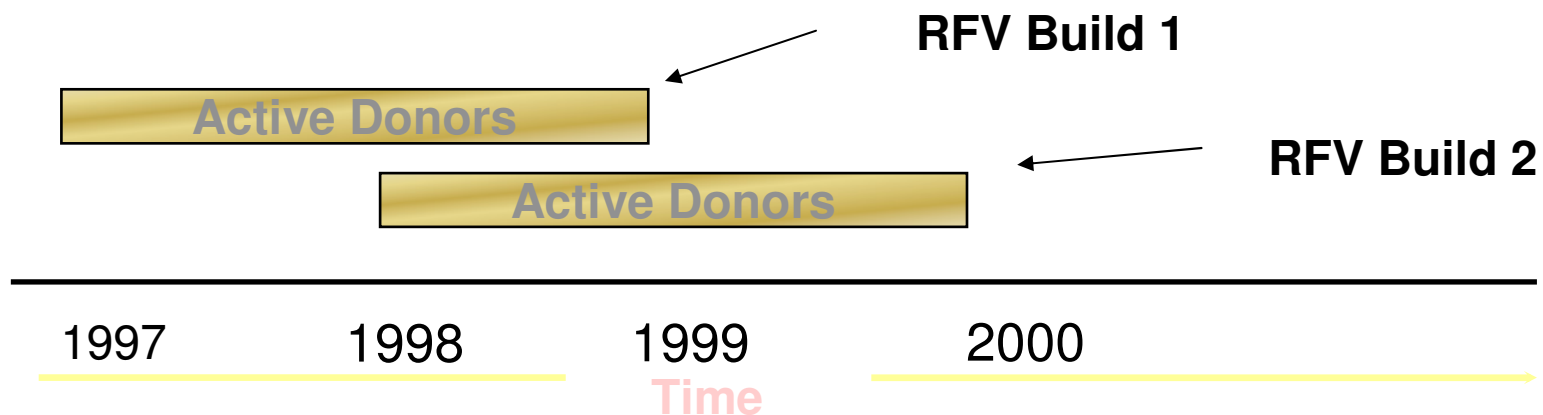
Supporter behaviour over time

“Snapshotting” databases

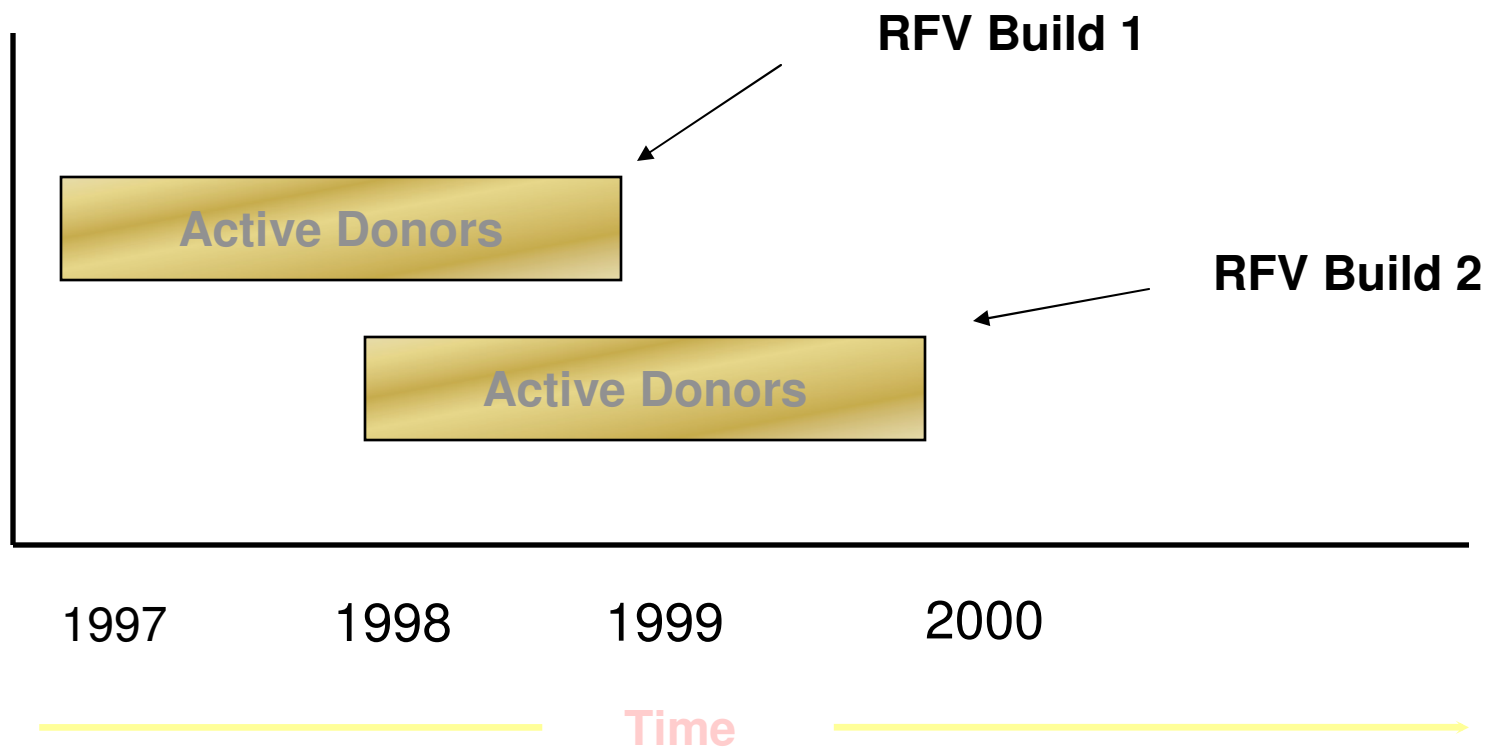


Case study

- Example of cash giving file containing around 160k “active” donors (i.e. given in last 2 years)
- Regular communication program of around 6 mailings per year, variable by segment
- Variable ask points & communications



RFV Grid Creation



Number of Donors by Value Band 98 and 99

1998 Active Donors

1999 Active Donors

	1 0-£5	2 £5-10	3 £10-15	4 £15-20	5 £20-30	6 £30-50	7 £50 +
0 No Cash	1745	1358	2179	450	382	185	61
1 0-£5	28961	2510	56	6	4	1	2
2 £5-10		51081	1212	81	21	1	2
3 £10-15		435	30499	1426	108	44	14
4 £15-20		1	600	10561	755	36	7
5 £20-30			16	327	7925	294	18
6 £30-50				1	146	2969	127
7 £50+					2	46	1631
Group Total	30706	55385	34562	12852	9343	3576	1862

1547 or 1% of donors giving in a lower value band than in 1999

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7 £50+					2	46	1631
Group Total	30706	55385	34562	12852	9343	3576	1862

13085 or 9% Donors giving in a higher value band than in 1998

RFV Change Scores - Advantages

■ Time Delimited

- Way of comparing RFV scoring at two points in time
- Confines recency element, by essentially examining active donors

■ Income & Value

- Shows impact of sequence of campaigns rather than just one-offs
- Tight view of value & income to designated time point

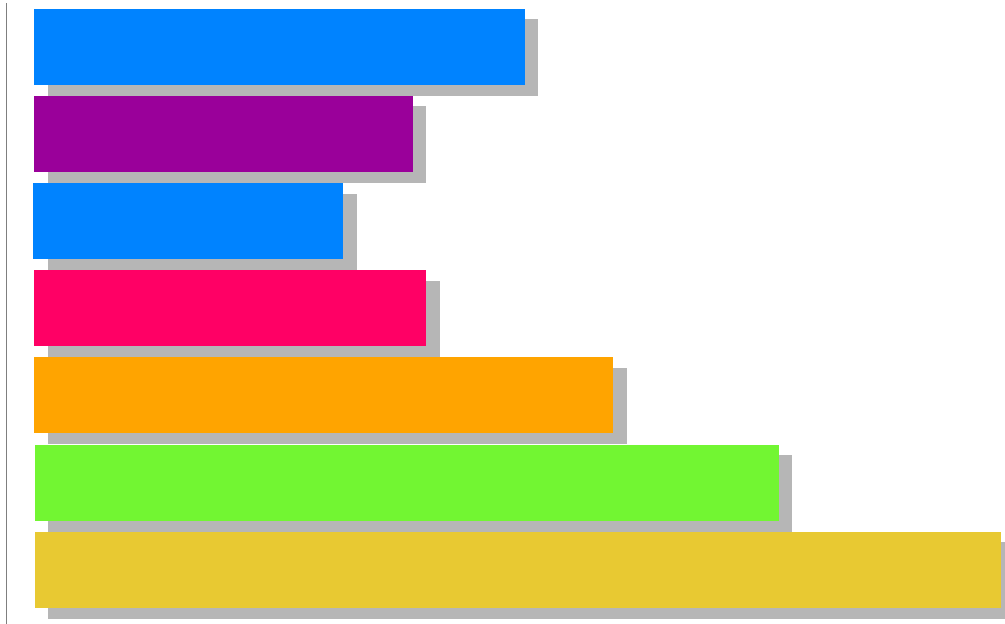
■ Change

- Possible to move within band & increase giving - so need to use other descriptive statistics e.g. median, mode
- Ability to quantify impact of change of giving

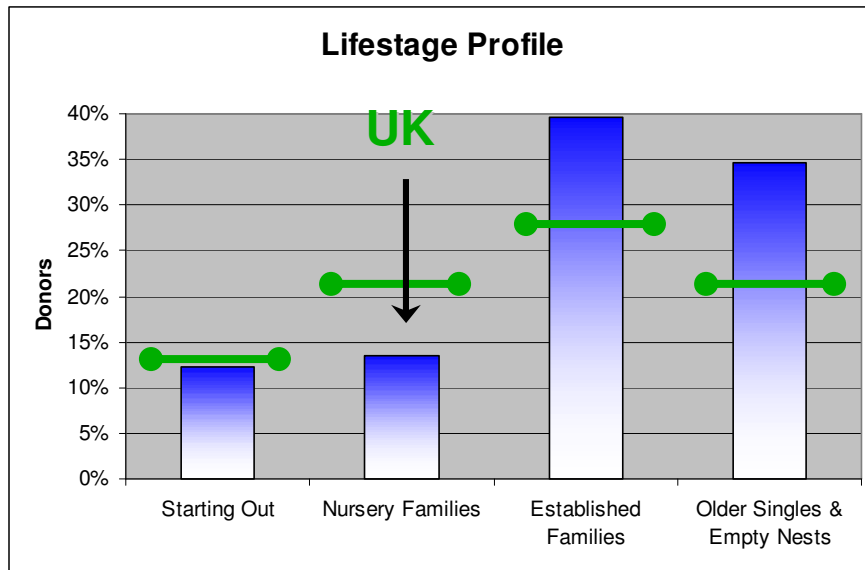
■ Applications

- Allows “what if” income planning
- Allows variations in prompt point
- Creation of benchmarks for year on year comparison

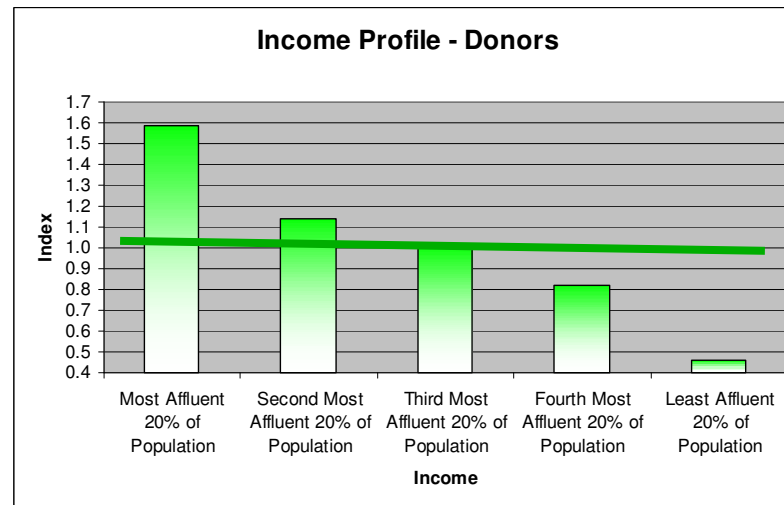
Extending Understanding Profiled RFVs



Lifestage



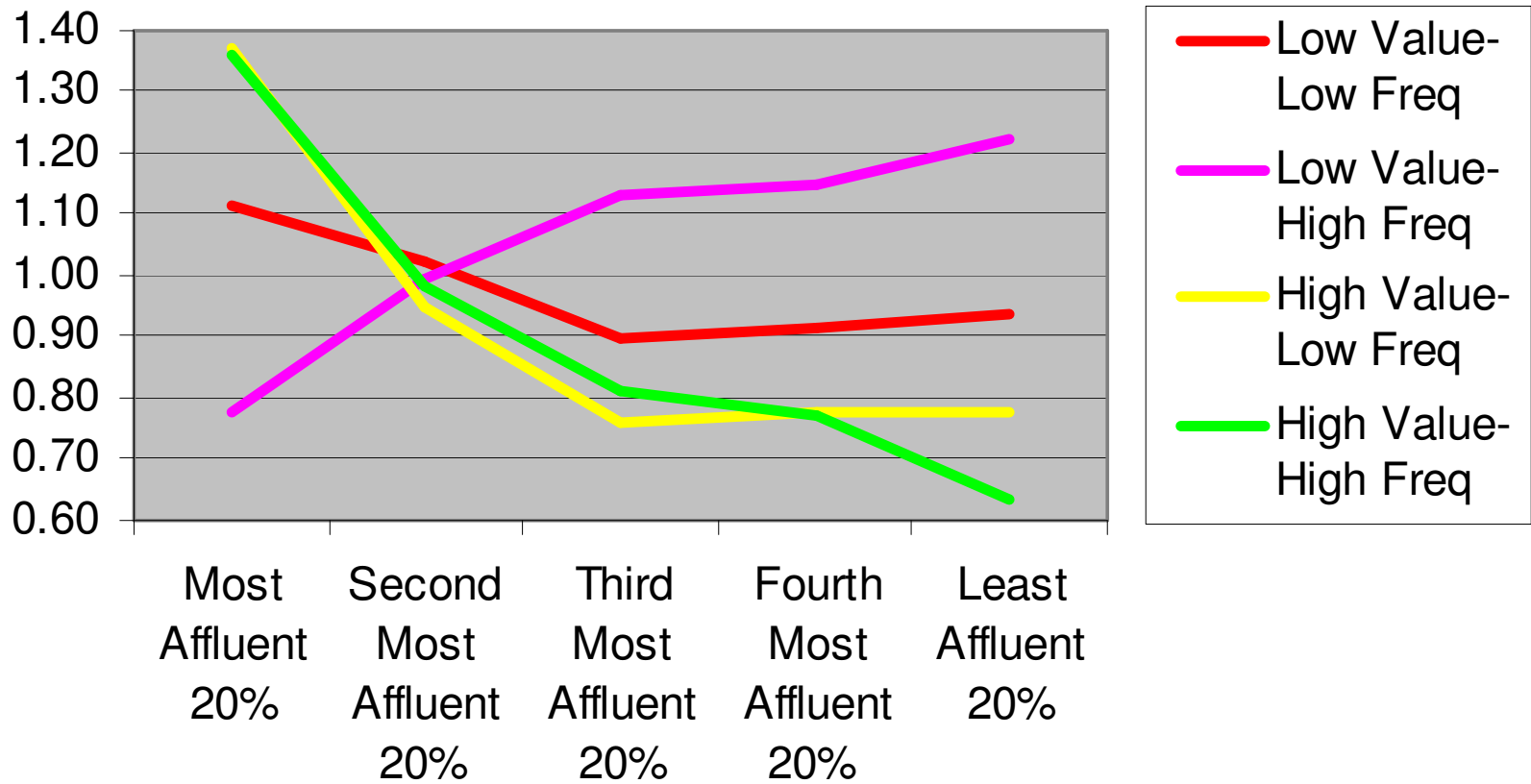
Affluence



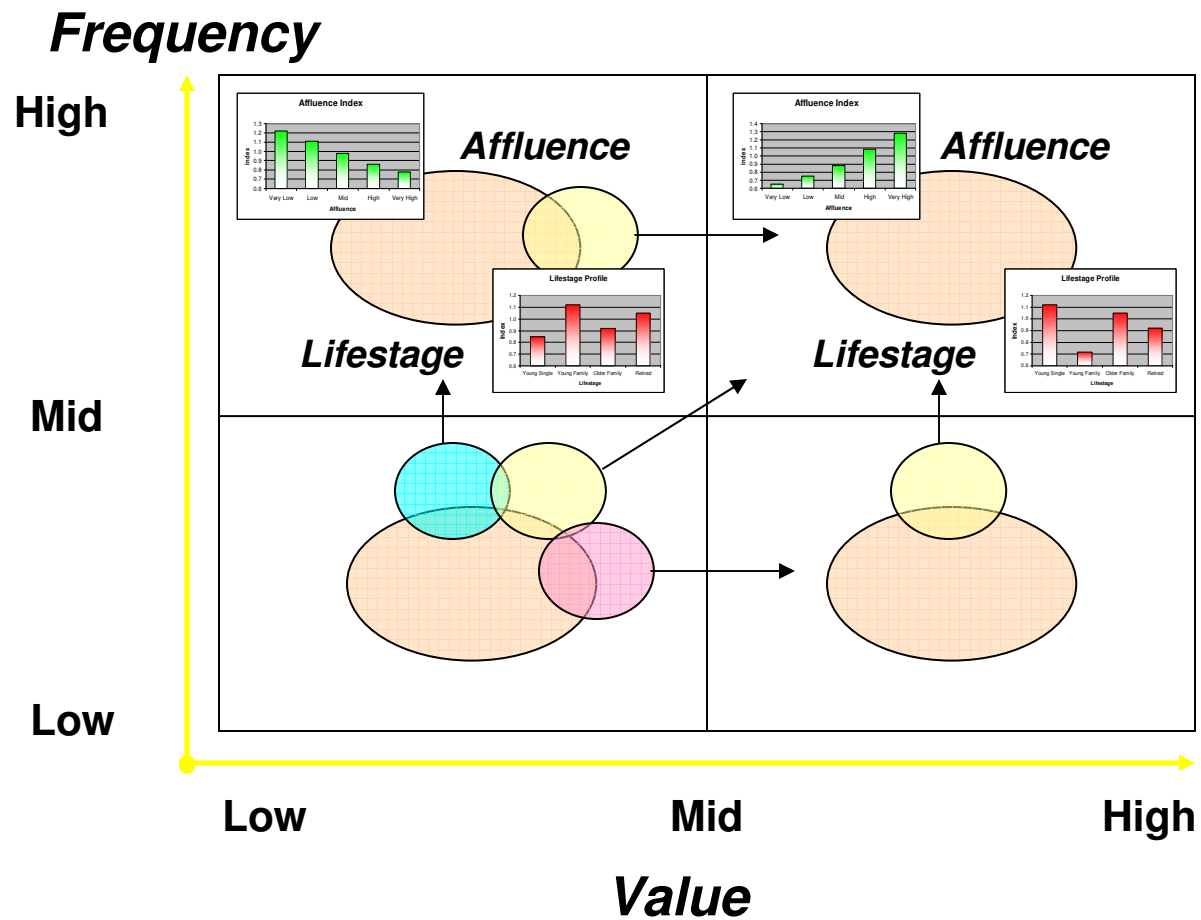
Extending RFV understanding

- Division of RFVs to understand profile of different quadrants:
 - High value/high freq
 - Low value/high freq
 - High value/low freq
 - Low value/low freq
- Comparison against base of cash givers

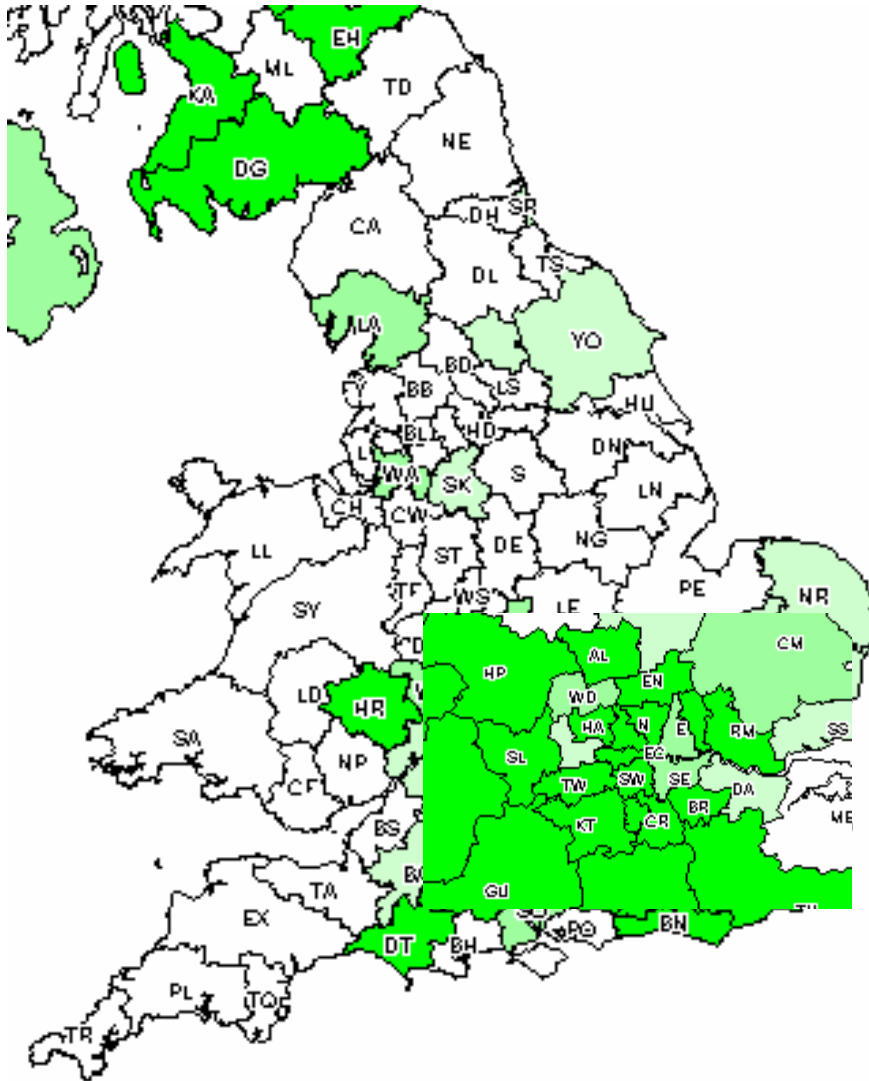
RFV Grid Analysis: Index of Affluence by Grid Position



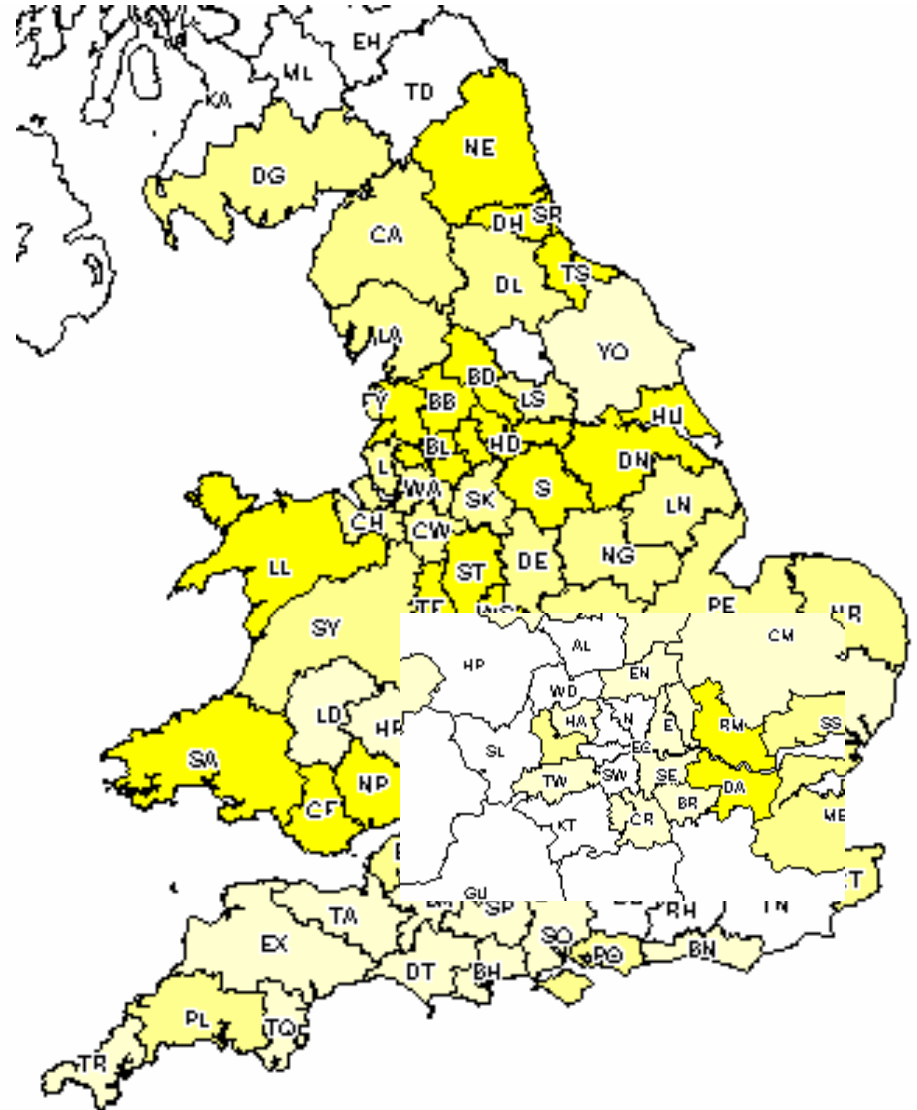
Donor Profiling: Frequency & Value



Geographic Distribution



High Value/High Frequency



Low Value/High Frequency

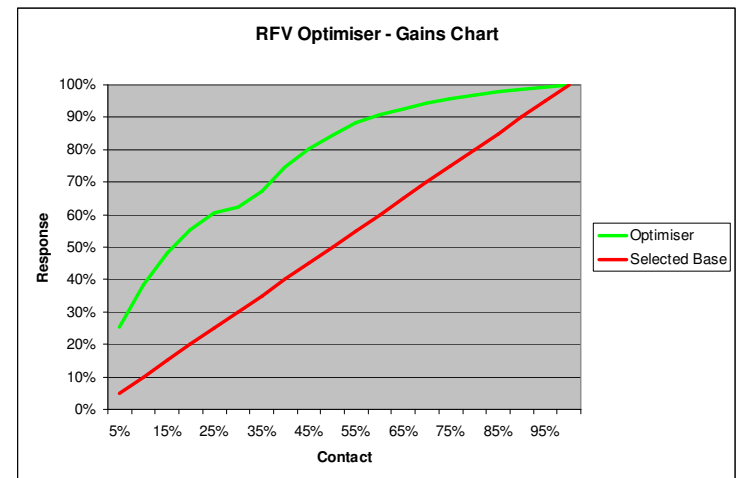
Profiled RFV Applications - Recognising Difference

- Movement can be profiled to spot differences
- Development of different offers & communications to different groups - that group is “comfortable with”
- Create differences in timings, ask points
- Likely “movers” can be identified & scored by their closeness to profile
- Develop a communication plan to encourage movement to those likely to move!
- Apply learning to cold recruitment

Modelled RFVs

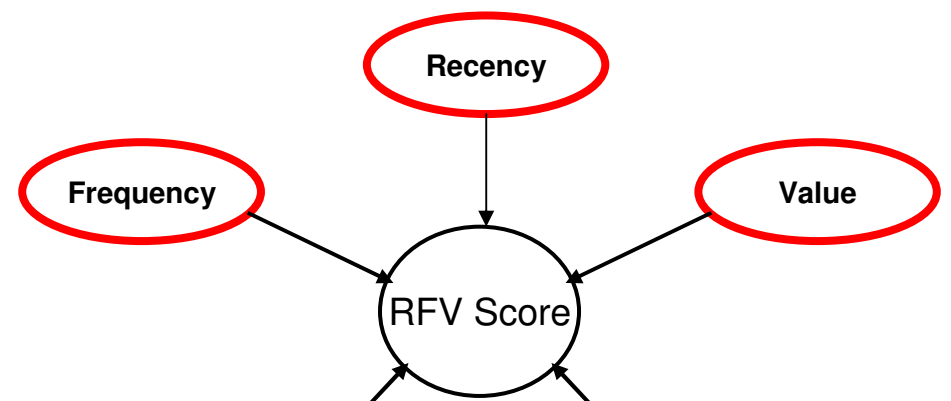
Modelled RFV – Why?

- It goes beyond the basic behavioural RFV segments
- Allows additional information to inform the segments
 - Demographics
 - Attitudinal
 - Other behavioural information
- It is better at targeting supporters with appropriate messages and contacts



Modelled RFV

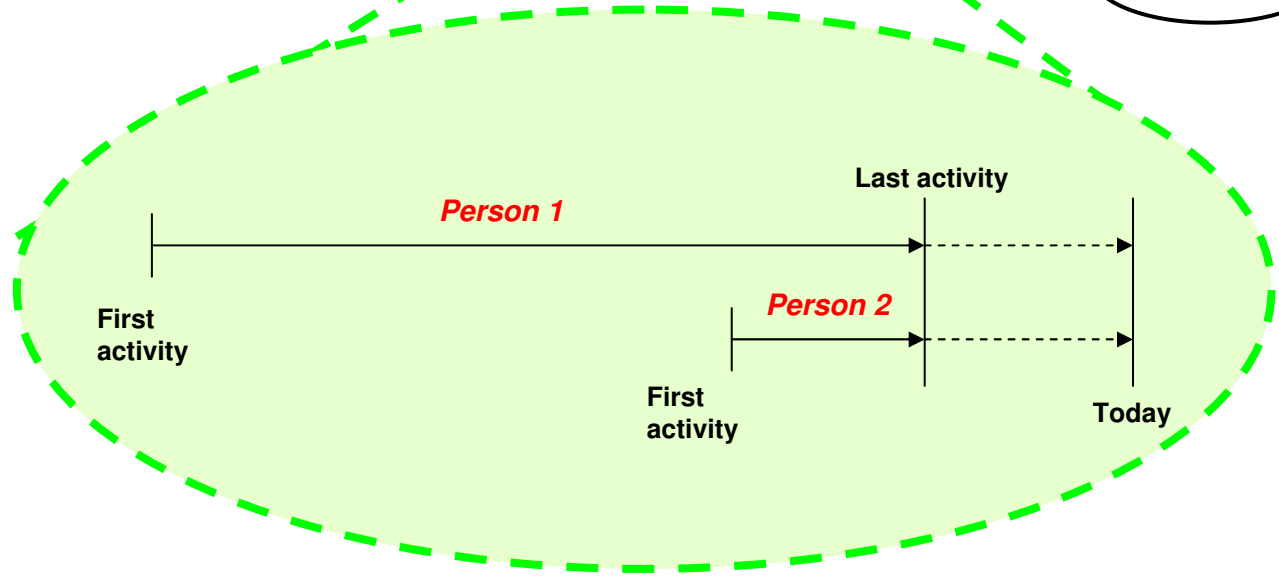
Basic RFV



Modelled



Additional Information



Modelled RFV

- All factors added in and then weighted due to responsiveness
- No complex modelling techniques required
- More effective than a basic RFV – produces more revenue

RFV Ntile	Net Income	Cum Income	Reverse	Score
1: Best	£37,391	£37,391	£199,847	1.39
2	£21,973	£59,364	£162,456	0.96
3	£18,299	£77,663	£140,483	0.82
4	£38,310	£115,973	£122,184	0.72
5	£10,127	£126,099	£83,875	0.65
6	£2,713	£128,812	£73,748	0.59
7	£11,381	£140,194	£71,035	0.54
8	£27,635	£167,828	£59,654	0.50
9	£16,211	£184,040	£32,019	0.46
10	£8,572	£192,611	£15,808	0.42
11	£8,805	£201,416	£7,236	0.38
12	£2,725	£204,141	-£1,568	0.35
13	£1,467	£205,608	-£4,294	0.31
14	£1,382	£206,990	-£5,760	0.24
15	£546	£207,536	-£7,143	0.15
16	-£737	£206,799	-£7,688	0.06
17	-£1,260	£205,539	-£6,952	-0.01
18	-£1,798	£203,740	-£5,691	-0.15
19	-£1,751	£201,990	-£3,893	-0.50
20: Worst	-£2,142	£199,847	-£2,142	-0.78

Loss of £7,688 on final quarter of mailing

Segmenting *Regular Givers*

Approaches

■ Simple

- Organisational i.e. behaviour to date
- Profiled
 - Split by descriptors e.g. age, sex

■ Complex

- Supporter “Clusters” with other descriptors
- Models for
 - Upgrade
 - Retention
 - Cash Conversion
 - Reactivation

Basic Segmentation

- More complex than cash
- Differing payment frequencies
 - Monthly
 - Quarterly
 - Annually
- This causes issues with trying to determine recency frequency and value bands
- But not insurmountable ones

Basic Segmentation

- RFV factors can be used within CG
- Value
 - Average yearly value
- Frequency
 - Length time CG held
- Recency
 - Time to last payment

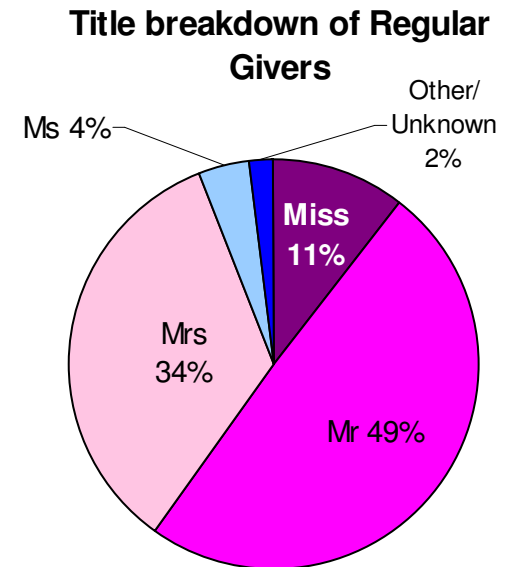
Regular Givers – information available

- Value & transaction history, including cash giving
- Other relationship flags
 - n.b. greater the number of relationships the better
- Time on file – linked to expectations around retention
- Original recruitment source e.g. F2F can behave different to Warm converts
- Demographic descriptors e.g. gender & age

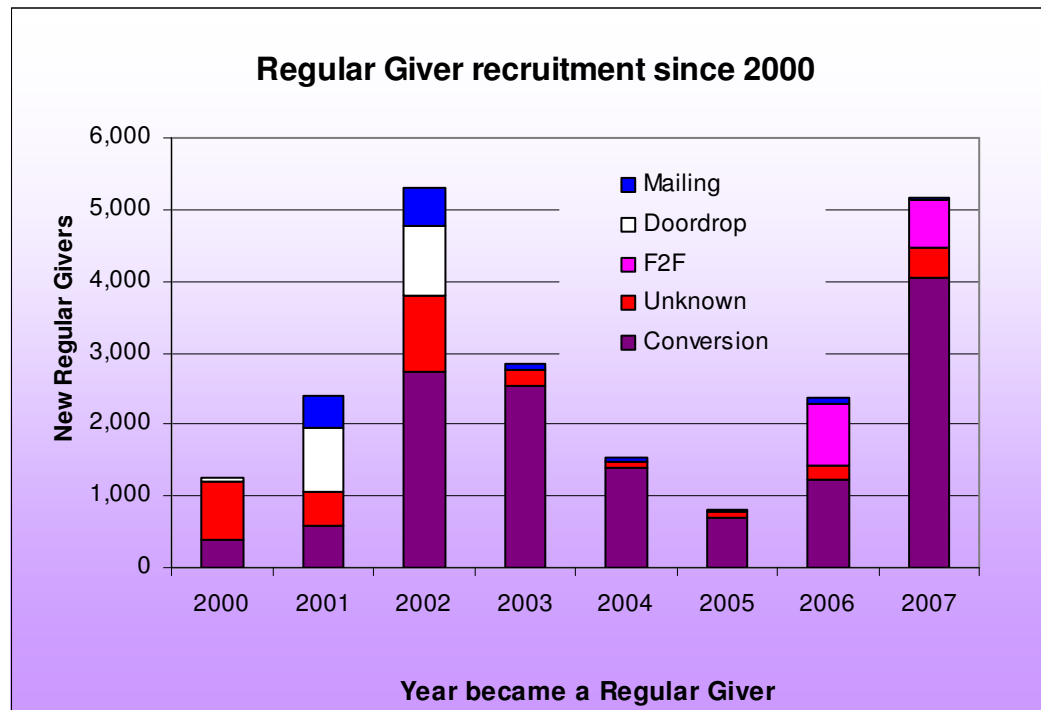
Regular Givers - Top line metrics	Avg income first 2 years	Avg non RG income 1st 2 yrs	% Lapsed 1st 2 yrs	% Gave cash 1st 2 yrs	% pur- chased lottery 1st 2 yrs	Avg years since joined	Volume on file	No. on file for a full 2 years
Regular Givers	£ 119	£ 12	20%	9%	22%	7.8	17,443	8,346

Regular Giver profile: Gender & Title

- Regular givers are more likely to be male (gender well populated)
- In general women tend to give less value than men
 - £114 vs £124 income in the first 2 years: but they are more likely to purchase a lottery ticket (24% vs 20%)
- Regular givers with 'Mrs' title tend to be more committed
 - 18% lapsed in 2 years vs 28% for 'Miss'
 - Also more likely to purchase lottery tickets (24% vs. 16% for 'Miss' – maybe sourced from lottery?)

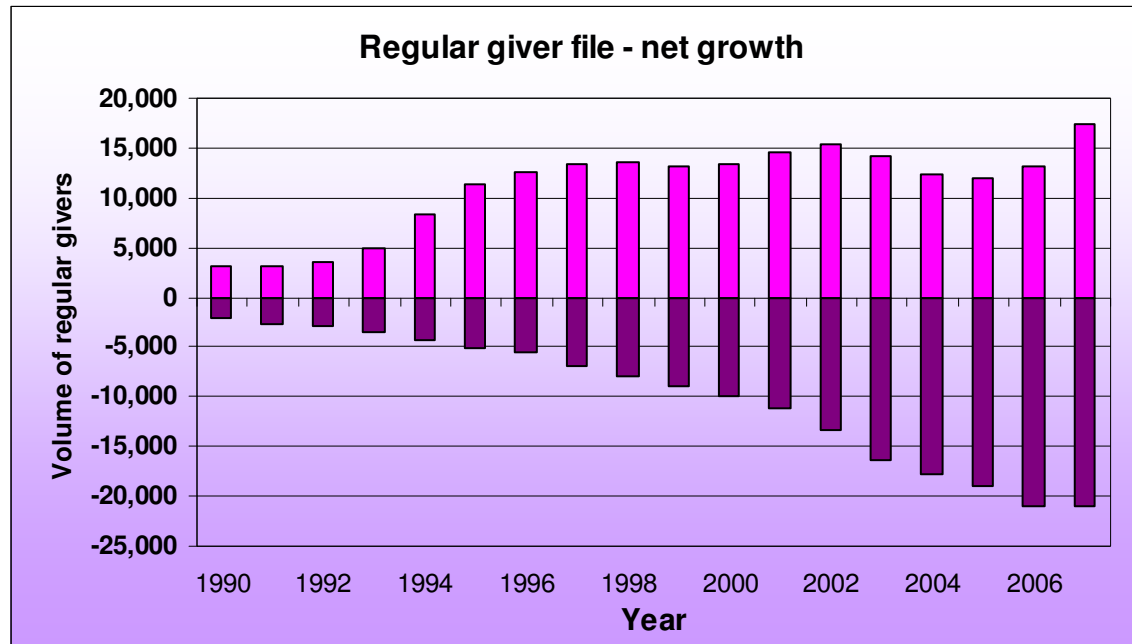


RG recruitment – channel performance



- A range of new recruitment methods have been introduced – but warm conversion is the mainstay

Regular Giver recruitment



- .. But erosion through supporter attrition causes overall net volumes to fluctuate
- Current active base is 16,088
- 40,783 RGs in total

Some thoughts in summary ...

- Segmentations (simple) tend to be organisational-centric to a delineated product or service
- Can be too simplistic, when driven purely from transactional information
- RFV – simple tool but powerful £ effects
 - Variants can overcome its shortcomings
 - Base building block for refinement e.g. into predictive scores for new donors

Segmentation - Summary

- Multi-applications
 - from income planning to campaign selections
- Power through tracking change
- Ultimately it is how you use segmentations – that drive £ value for your organisation

**Any Questions please
Ring Nigel on Tangible Data
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