

## Case Study



### **Lapsed Donor Reactivation Modeling helps Moody Bible Institute Focus on Most Valuable Donors**

*StrategicOne's lapsed donor model increases reactivation rate, average gift and revenue per piece*

#### **Situation**

Like most non-profits, Moody Bible Institute (MBI) has a database packed with lapsed donors, or those individuals that are no longer giving to the organization. Although it is less expensive to reactivate a lapsed donor than to acquire a new donor, it can also be very costly to solicit the entire lapsed donor file without knowing which donors are most likely to give. In addition, the lapsed donor file continues to grow from year to year making it difficult to cost-effectively solicit to this prospective pool of donors.

In order to combat these challenges, MBI turned to StrategicOne for a creation of a statistical model. StrategicOne was asked to develop a model for MBI that identifies those lapsed donors most likely to reactivate and those most valuable to the organization. The model chooses the donors for solicitation based upon the highest probability of response and value; rather than, mailing all donors based upon lapsed status. This results in a net savings and higher response.

#### **Strategy**

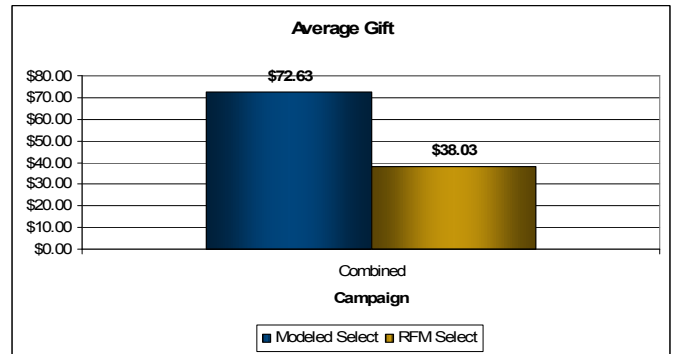
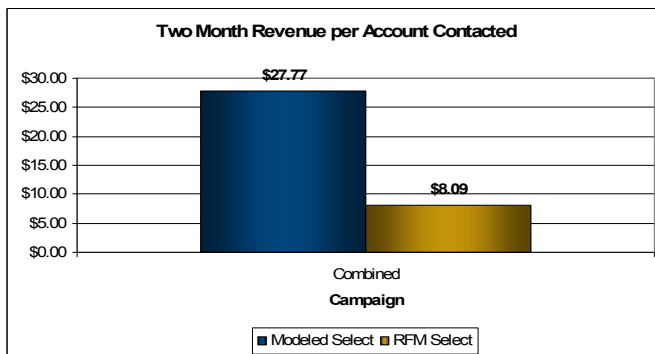
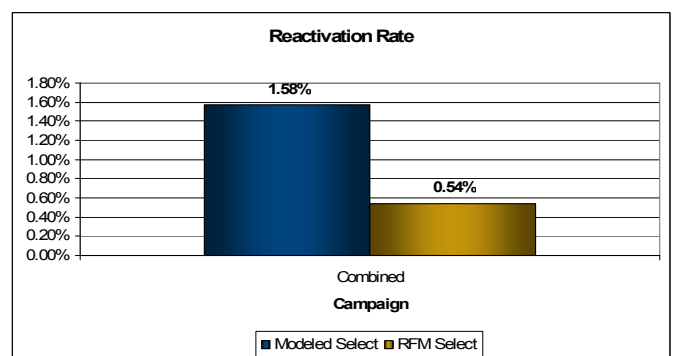
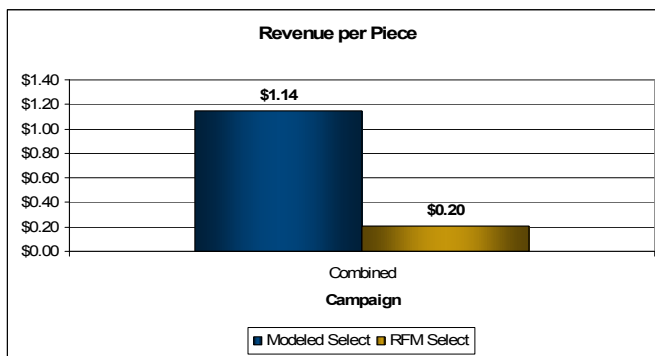
StrategicOne evaluated all donors who had not given a gift in over twelve months, but whose last gift was less than five years ago -- a universe of over 86,000 individuals. The model used donors' giving history and demographic data for evaluation purposes. From that evaluation, ten donor history variables and four census variables were selected to create a logistic regression equation. Some of the highly predictive variables included total lifetime giving, average gift amount, average number of months between gifts, proportion of people aged 50-54 within a geographical block area and proportion never married.

In order to test the model, the lapsed donor file was randomly split between the model ranking and the more traditional RFM segmentation. Three key metrics were used to evaluate the success of the campaign: revenue per piece, reactivation rate and average gift size.

## The Results

The revenue per piece, reactivation rate and the average gift were all higher with the modeled ranking versus the traditional RFM selection method. Therefore, those donors selected by the StrategicOne reactivation model were significantly more valuable than those selected by traditional RFM segmentation. Revenue per piece from the model sample was \$1.14, while the RFM sample returned \$0.20 per piece producing a 470 % increase. The model's reactivation rate was 1.58% compared to .54% with the RFM segments (a 192% increase), and the average gift was \$72.63 from the modeled sample and \$38.03 from the RFM sample (a 91% increase).

**Two months after the mail drop, revenue per account was \$27.77 in the model segment versus \$8.09 in the RFM segment, a 243 % increase in revenue.**



MBI has now instituted the reactivation model over the RFM selection strategy for all lapsed donor mailings. For the most recent lapsed donor mailing, the model combed through the database of over 86,000 lapsed donors and selected around 4,600 donors that were most valuable to the organization.

StrategicOne creates not only lapsed donor models, but also major gifts, pre-churn, acquisition and renewal/upgrade models for a variety of industries. If you are interested in more information about StrategicOne's modeling programs, please call 913-342-9100.