

# Telemarketing Fundraising Strategy

## TOOLKIT NAME

Donor Retention

## DEVELOPED BY:



In this guide you will learn the ins and outs of telemarketing fundraising and why it should be considered for your fundraising program. You'll discover four important keys to success in this channel, and learn about compliance, selecting a vendor partner, campaign timelines, and tips for scripting. The guide also makes a case for calling cell phones and growing your database of cell phone numbers. The objective of this guide is to help you understand the phone channel and the power of incorporating it into your multi-channel fundraising efforts.

## WHY USE THE PHONE?

- **The simple answer to the question of why use the phone as a fundraising and engagement channel is because it works.** While this channel often takes a backseat to digital, it is a tried-and-true fundraising method that continues to deliver results. When calling is done effectively, donors will appreciate the human connection and personal touch of a phone call. When cell phones began to replace home phones, there was an assumption that this would interfere with telemarketing fundraising, but in fact telemarketing fundraising has grown in recent years and donors are answering their phones more than ever.
- **Second only to a face-to-face appeal, telemarketing is the most intimate contact an organization can make.** The phone offers a means to express gratitude, make connections, and promote retention. Effective callers can open a meaningful dialogue with donors and gain direct feedback.
- **It is a myth that “everyone hates telemarketing.”** The personal and human connection provided by a well-trained caller who listens and communicates warmly with your donor can be very much welcomed and appreciated.
- **The phone channel offers flexibility not available with other channels.** It provides the ability to quickly and easily test new messages. Unlike direct mail pieces which are printed far in advance, if there is an immediate message that you need to convey to your donors, you can easily update a phone script or schedule a broadcast voice message.
- **Data also shows that donors who contribute through multiple channels are the most valuable and long-term donors.** Testing has proven that the phone channel supports rather than cannibalizes other channels.\*
- **The 4 keys to successful telemarketing fundraising are:**
  - Selecting an audience likely to respond
  - Effective messaging and callers
  - Focus on fulfillment
  - Careful management and attention to metrics and quality control

*\*2018 analysis of Feeding America direct marketing channels showed multi-channel donors had highest Gifts per Donor and Revenue per Donor.*

## Telemarketing Fundraising Strategy—*continued*

### CAMPAIGN TYPES AND AUDIENCES

The personal touch of a phone call is particularly effective to deepen relationships with existing and past supporters (your house list). At this time, utilizing the phone channel for cold calling/donor acquisition is quite challenging and not often recommended although some organizations have had success with warm prospects such as people who had attended events, taken an advocacy action, or volunteered.

CAMPAIGN TYPES	TARGET AUDIENCES
<b>Sustainer Recruitment: Ask donors who have given 1x gifts to become a monthly donor</b>	<ul style="list-style-type: none"><li>• New to file donors, particularly those whose first gift was by credit card</li><li>• Recently reactivated donors</li><li>• Prior sustainers</li><li>• Donors who typically give several gifts per year</li></ul>
<b>Renewal / Lapsed Reactivation</b>	<ul style="list-style-type: none"><li>• Donors who haven't given in 13+ months – often conducted in harmony with other channels</li></ul>
<b>Cultivation / Thank you</b>	<ul style="list-style-type: none"><li>• Welcome and thank you calling (can be done with live calls or very inexpensively with automated voicemail calls)</li></ul>
<b>Year-End or Special Themed Campaigns with Matches (Thanksgiving and Summer Hunger for example)</b>	<ul style="list-style-type: none"><li>• Current and lapsed donors – Use modeling or outside data to determine who is telemarketing responsive</li></ul>
<b>Sustainer Upgrade</b>	<ul style="list-style-type: none"><li>• Targets existing monthly donors to increase their monthly amount</li></ul>
<b>Planned Giving</b>	<ul style="list-style-type: none"><li>• Survey and education calling – Requires very carefully trained callers</li></ul>
<b>Mid-Level Donor Engagement</b>	<ul style="list-style-type: none"><li>• Ambassador or Concierge calling to steward and engage donors – Requires specialized callers and additional coordination to transfer conversational data gathered into database</li></ul>

## Telemarketing Fundraising Strategy—*continued*


### FIND A PARTNER OR DO IT YOURSELF?


If you have a small volume of donors and primarily wish to focus on engagement, thank you calling, or sustainer upgrade, you may be able to utilize the phone channel without outsourcing to a vendor. Many organizations use volunteers and board members to conduct thank-a-thons. This can be a very effective means to provide meaningful engagement for both donors and volunteers. Network examples are available in the Donor Retention Toolkit on the Learning Hub.

However, if you wish to engage in larger scale campaigns focused on fundraising, you will want to select a strong partner firm to work with you. We suggest doing an RFP and carefully considering partners based on the criteria below. Before switching from one telemarketing partner to another, most organizations also consider it a best practice to conduct an A/B split test whereby your file is split in half evenly with each partner calling half of the list to determine which receives the strongest results. If you do not have a large enough file to get statistically valid results in an A/B split test, that step can be skipped.


### CONSIDERATIONS FOR SELECTING YOUR PARTNER:





 **Experience:** Choose a partner with a history of success and experience with nonprofits. Ask to see a client list. Call references. Ask for whitepapers and case studies that illustrate their success.


 **Well-Trained Callers:** Ask how they train their callers, how many years the typical caller has worked for the company, and what type of quality assurance and on-going coaching they provide for their callers. It is important to choose a firm that has a track record of fairly paying the people they hire, adequately training them and retaining them. You will also want to be sure the partner has dedicated staff supervising and coaching the callers. Lastly, you will want to confirm that they have a way for you to do call monitoring yourself. It is important to listen to calls and actively provide input on callers and messaging.

### CONSIDERATIONS FOR SELECTING YOUR PARTNER – cont.

 **Technology & Analytics:** You will want to choose a firm that stays current with the latest technological advances. You may want to ask about predictive dialing equipment, phone append capabilities, real time analytics and reporting, modeling capabilities to determine the donors most likely to respond and to fulfill their pledges, variable script on screen, variable data printing and email capabilities for pledge fulfillment and “we tried to reach you” efforts. Some telemarketing fundraising firms are also now starting to offer peer-to-peer texting where text messages are sent and responded to in real time in coordination with calling efforts.

 **Compliance:** Telemarketing fundraising involves a significant amount of legal compliance. Therefore, your organization should consult with legal counsel to ensure all regulations, registrations, and guidelines are followed. Your organization and partner firm will need to be registered to call in all states you wish to call. A good partner firm will work with you on this process. Additionally, the firm will need to stay current on federal and state compliance, disclosure, and reporting requirements. The national do not call registry does not apply to charitable organizations, however, when a donor requests to be placed on a do-not call list, the partner firm must have a means to place the donor on a list or will be in violation of the Federal Trade Commission. The firm will then retain a list of people who don’t want to be called by your charity as well as a list of people who do not want to be called by their firm for any charity. As good donor stewardship, you will also want to get the do not call requests back from your partner firm so you can code the donor as “no telemarketing” in your own database. This will ensure that even if you switch to a different partner firm down the road, you will be respecting the donor’s wishes.

 **Pricing:** A telemarketing fundraising firm will price either at a per hour rate or a per contact rate. A completed contact means they reached the person they intended to reach. Pricing varies based on type of campaign with sustainer or mid-level focused calling typically costing more and lapsed calling often costing less. Sometimes for a campaign that is strictly focused on lapsed reactivation, a partner might even offer a break even guarantee. Some firms prefer to bill per contact for some types of calling and by the hour for other types of calling. Feeding America currently is billed per contact for campaigns aimed at active and lapsed donors and by the hour for sustainer recruitment campaigns. Based on evaluating pricing in Spring 2022 at several leading telemarketing firms who work with nonprofits, the rate typically ranges from \$3 - \$5.60 per contact or \$46 - \$60 per hour. Additionally, there are fees for appending phone numbers and for printing and mailing fulfillment pieces. As you consider pricing and the investment in telemarketing fundraising, look at projected net revenue and how the cost per dollar raised (CPDR) compares to your other fundraising channels.

 **Account Service/Responsiveness:** It is crucial to find a partner you feel comfortable working with and provides you with the level of service you need. Steve Christensen at Northern Illinois Food Bank shared that when they did an RFP for a telemarketing firm recently, service and response were key decision factors. He said that while pricing and capability were similar at several they considered, only one offered the level of customizable service and quick follow-up they were seeking. He shared that one firm he reached out to, sent him to multiple people to talk to and didn’t seem genuinely interested in winning his account.

## Telemarketing Fundraising Strategy—*continued*

### WORKING WITH YOUR PARTNER & CAMPAIGN TIMELINES

Once you select your partner, you will need 6-8 weeks to gear up for your first campaign. This should help you get your campaign timeline started.

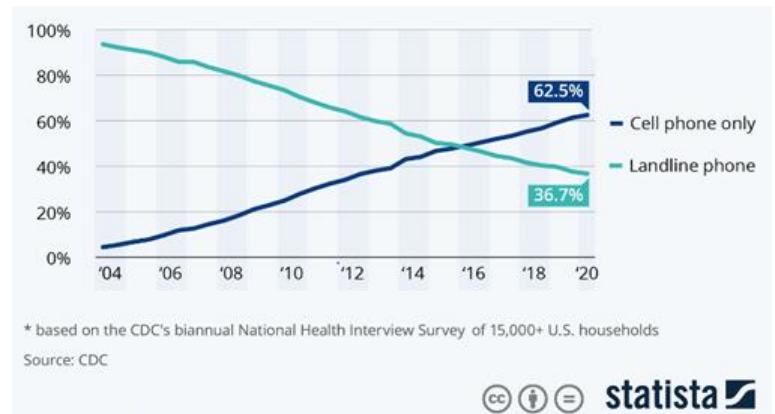
TIMEFRAME	TASKS
<b>6-8 weeks prior</b>	<ul style="list-style-type: none"> <li>• Partner provides necessary contract and registration materials to Network Member.</li> <li>• Food Bank provides information for scripting, campaign goals, and direct mail pieces that will be in home around the time of the campaign. Ensure your partner is clear on campaign objectives, audience, key goals.</li> <li>• Discuss reporting and data file transfer requirements.</li> </ul>
<b>4-6 weeks prior</b>	<ul style="list-style-type: none"> <li>• Food Bank sends signed contract and registration materials to partner. Partner submits registration materials and solicitation notices to states they will call.</li> <li>• Food Bank provides stationery samples to reproduce for pledge fulfillment letters.</li> <li>• Script development begins.</li> </ul>
<b>3-4 weeks prior</b>	<ul style="list-style-type: none"> <li>• Food Bank provides calling file to partner.</li> <li>• Partner sends file for NCOA/phone append process.</li> <li>• Scripts are finalized.</li> </ul>
<b>1-2 weeks prior</b>	<ul style="list-style-type: none"> <li>• Partner conducts testing of call center screen applications and all automated reports.</li> <li>• Testing is conducted of credit card file transfer process and return mail scanline.</li> </ul>
<b>Week of Campaign Start</b>	<ul style="list-style-type: none"> <li>• Food Bank may participate in initial caller briefing/training.</li> <li>• Partner account staff and call center supervisors closely train callers and closely monitor start of calling.</li> </ul>
<b>Throughout the campaign</b>	<ul style="list-style-type: none"> <li>• Daily credit card files are sent for processing.</li> <li>• Pledge letters are mailed daily by the partner the day after the pledge is made for those not using credit card.</li> <li>• Daily or weekly reports are sent to Food Bank.</li> <li>• Do Not Call info and caller comments are shared through regular file process with Food Bank for input into database.</li> <li>• Food Bank monitors calls and suggests tweaks to script if needed.</li> <li>• Food Bank and Partner talk regularly to discuss campaign progress and needed mid-campaign adjustments</li> </ul>
<b>Post Campaign</b>	<ul style="list-style-type: none"> <li>• Food Bank and Partner review all results and discuss what worked well and what to change for next time.</li> </ul>

## Telemarketing Fundraising Strategy—continued

### CALLING CELL PHONES

62.5% of households are now cell phone only households. This number is continuing to grow. Prior to April 1, 2021, the decline in landline use was considered a significant challenge for telephone fundraisers because firms doing the calling were prohibited from calling cell phone numbers on their predictive dialing systems unless the holder of that number had expressly consented to be called. However, on April 1, 2021, the Supreme Court issued its highly anticipated ATDS ruling in Facebook, Inc., v. Noah Duguid, et al. The Supreme Court unanimously held that “To qualify as an automatic telephone dialing system under the Telephone Consumer Protection Act, a device must have the capacity either to store a telephone number using a random or sequential number generator, or to produce a telephone number using a random or sequential number generator.” Under that definition, the predictive dialing systems used by many telemarketing partners do not qualify as an ATDS and therefore does not fall under the rules of the federal Telephone Consumer Protection Act in terms of calling cell phones. **This means, telemarketing firms may call all cell phone numbers utilizing predictive dialing equipment whether or not the donor has expressly consented to calls from the organization.**

At Feeding America, we have found that calling cell phones works. Donors do pick up their cell phones when called and are more likely than landline users to make a gift and put it on their credit card. They also give higher average gifts and are no more likely than landline users to request that their name is added to a “Do Not Call” list. Below is a breakout of landline and cell phone results.



### FY22 CELL PHONE VS LANDLINE CALLING AT FEEDING AMERICA

Group	Completed Calls	Gifts	Response Rate	Average Gift	% of gifts on credit card	% of responses requesting to be added to Do Not Call list
Cell	20,772	1,425	6.86%	\$82.50	34.32%	8.03%
Landline	150,149	6,835	4.55%	\$62.15	23.50%	8.81%

Using phone append to get accurate cell phone numbers is more difficult than getting accurate landline numbers because landline numbers have physical addresses attached to them whereas cell phone numbers may not so the potential to append a wrong cell phone number is much higher. For this reason, we recommend that rather than relying strictly on phone append, you should actively collect phone numbers from your donors whenever and wherever possible. This can include on your direct mail pieces and on your online donation forms as an optional field.

## Telemarketing Fundraising Strategy—*continued*

### SCRIPTING

- The calls should sound like natural two-way conversations. Callers need the key messaging points, ask arrays, and responses to common objections they may receive. However, you don't want the callers to sound like they are reading so a script outline and flexibility for the callers to move off of the script when needed is important.
- A big benefit of telemarketing fundraising is that testing can happen in real time. For example, if you want to know if messaging about Hunger Action Month or upcoming Thanksgiving works better, your partner can randomize the message points that appear on screen to the callers and track results. Then, after just a couple days of testing, you can roll out with the winning message.
- Callers should also be trained to effectively listen and respond appropriately. A good caller can sometimes change an angry donor who is annoyed by the call into a longtime loyal supporter. Starting the call with a thank you to the donor or with a question to build rapport can be effective. During the height of COVID, Feeding America started calls with a simple question of "Are you doing ok?" This was helpful to determine if we could dive into the message points to promote the value of being a monthly donor. If the donor responded that they had recently lost their job or were facing hardships at the moment, the caller was instructed to shift into making the call simply a thank you.
- It is important that callers are trained to enthusiastically express gratitude to the donor and to listen to the donor for clues in their voice to determine if they can proceed to a second ask upon the initial objection or if it is just time to say thank you again and end the call.
- Message points should continuously be reviewed and refined. Call supervisors should listen to the calls and ask callers for their input on which aspects of the scripting are working well and which they are struggling with.
- Toward the end of the call whether the donor donates or not, this is a great opportunity to confirm that you are calling on the number the donor prefers to be reached on and to confirm that you have an accurate email address.



## Telemarketing Fundraising Strategy—*continued*

### **TRIED TO REACH YOU LETTERS**

- In addition to calling campaigns, we recommend that you utilize "tried to reach you" letters. We have found these to have a strong return on investment and low cost per dollar raised.
- This is a simple letter and reply device that your telemarketing fundraising partner mails on your behalf to donors they were not able to reach in the campaign. The letter is from someone at your organization.
- The message begins by saying that “calls were recently made to generous donors like you but as we were unable to reach you, I am writing to share this information and request your support.” A slightly different version of this letter also goes out to those who have requested not to be phoned. This letter begins by stating “calls were recently made to generous donors like you, but as we know you prefer not to be called, I am writing to share important information and request your support.”

### **AUTOMATED VOICE MESSAGES**

- An inexpensive and easy tactic to implement is automated voicemails. You record a 60 second message and your partner firm then blasts it out to your selected audience.
- Recording the message is as easy as recording a regular voicemail. The cost for these messages is less than \$0.10 per record.
- Feeding America has been using this to remind donors that Giving Tuesday is coming up. The message directs donors to our website to learn more. We also use this tactic a couple times a year to simply say thank you and direct donors to the website to learn more about the impact of their giving. Direct asks are not permitted in these messages, so this tactic is ideal for cultivation and to drive donors to the web.

## Telemarketing Fundraising Strategy—*continued*

### MODELING, KEY METRICS, AND MEASUREMENTS

Your partner firm should have the analytics capabilities to model your data to determine which donors are most likely to respond and more importantly, to fulfill their gifts. It is important to look closely at fulfillment as there are donors who say yes on the phone but aren't comfortable with providing their credit card info by phone and then never respond through the provided URL or donation reply envelope.

You also might wish to purchase additional outside data to be used as part of this modeling. Feeding America conducts a monthly calling campaign to convert 1x donors into monthly donors. We purchase Blackbaud Target Tags which utilize a unique nonprofit cooperative database to identify donors most likely to respond to telemarketing and most likely to become monthly donors. Our telemarketing partner firm then utilizes these tags as a factor in their modeling along with additional information such as prior giving history, prior payment methods, and fulfillment history to identify the donors most likely to agree to being a monthly donor on credit card. The model separates donors into deciles so the calling focuses on the best audiences first. Throughout the campaign, they review analytics to determine which audience segments are working and accordingly open up more records in their predictive dialer to the segments that work and close off various segments that aren't working.

As with fundraising through any channel, it is important to monitor your Key Performance Indicators (KPI). What you can expect for these KPIs will vary based on the audience you are calling. Your partner firm can provide projections for these metrics specific to your audience.

### The following KPIs are frequently used for telemarketing campaigns:

<b>Response Rate</b>	Percent of those for whom you completed calls to who responded with a pledged gift
<b>Average Gift</b>	Donation revenue divided by number of gifts
<b>Cost Per Dollar Raised (CPDR)</b>	Campaign expenses divided by revenue
<b>Percent of Gifts Fulfilled</b>	Of the total number of gifts pledged on the phone, this looks at the number actually fulfilled
<b>Percent of Revenue Fulfilled</b>	Of the total revenue pledged on the phone this looks at the number actually fulfilled
<b>Completed Calls / Percent Complete</b>	Number of calls that were considered complete because the person on the file record was reached. Percent of total file for which you completed calls.
<b>Net Revenue</b>	Fulfilled Revenue – Cost = Net Revenue
<b>Dollars Per Call (DPC)</b>	Dollars raised divided by the total number of completed calls
<b>Retention for Sustainers by Channel</b>	This looks at sustainer retention by the channel through which a donor first became a sustainer. Monthly donors brought on by telemarketing tend to give lower gifts than those brought on by digital advertising campaigns, but tend to retain slightly better.

