



**Wisconsin Foundation  
& Alumni Association**  
UNIVERSITY OF WISCONSIN-MADISON



# How to Reverse the Trend of Declining Donation

Team Giving 1

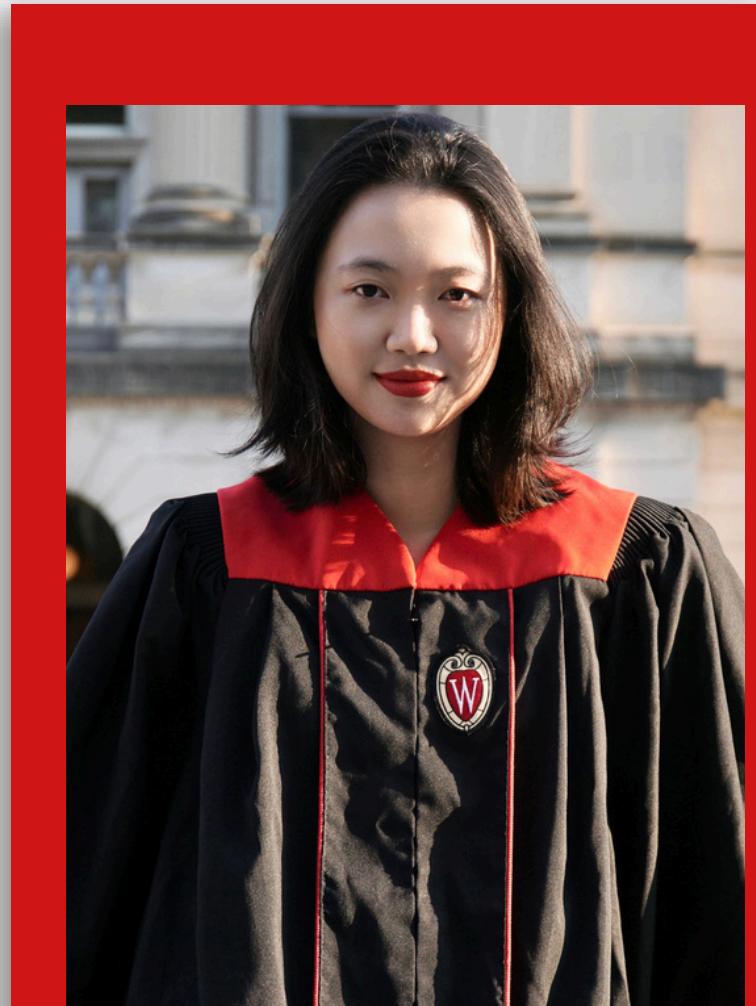
# Our Best Team



**Bryan Wang**  
Data Analyst



**Junchen Xia**  
Data Analyst



**Nianchi Xie**  
Business Analyst

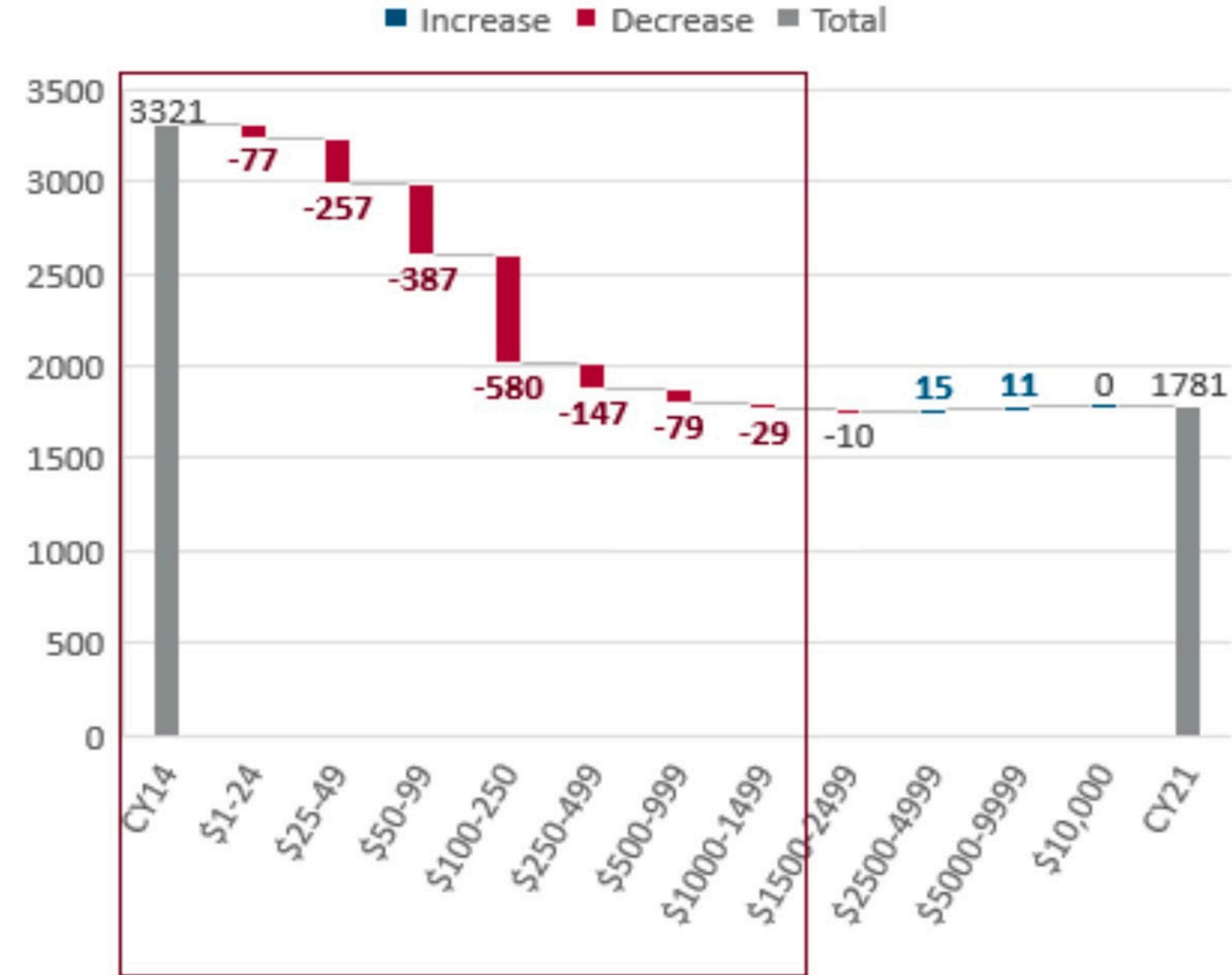


**Pinhui Wu**  
Marketing Analyst

## WSB Annual Fund – Donors, CY14-CY21

# Why we care ?

Donors have been declining since the past few years



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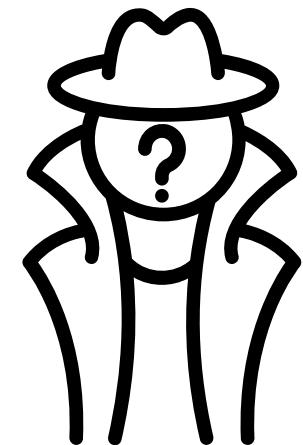
Appendix

# **BUSINESS AND TECHNICAL APPROACH**

# Manage customer portfolio is crucial in business

*Having a well understanding of customer segments can help lead future revenue and lower costs for business.*

## Strangers



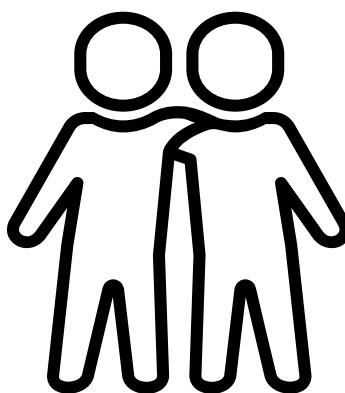
No Perceived Value

## Acquaintance



Parity Value

## Friends



Differential Value

## Partners



Customized Value

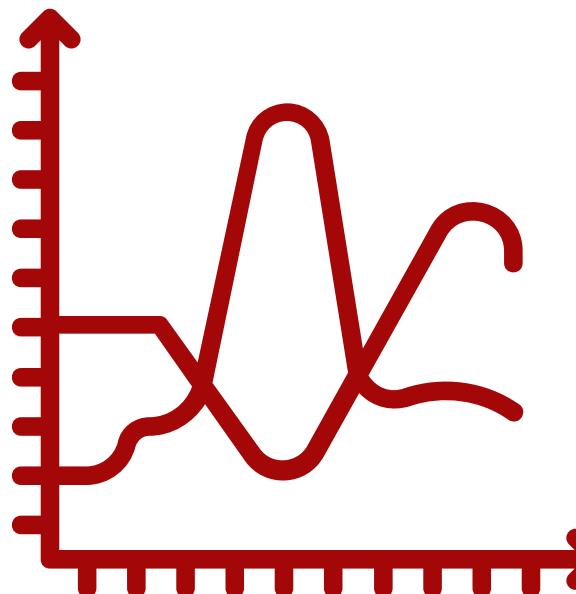
# We define segmentations using RFM model

RFM Score =



R

+



F

+



M

R stands for **recency** and **reliability**

F represents how **frequently** a donor donated

M stands for how much **money** a donor donated

# Segmentation

Scores

Relationship

6.5-12.5



Acquaintance

12.5-16.5



FRIENDS

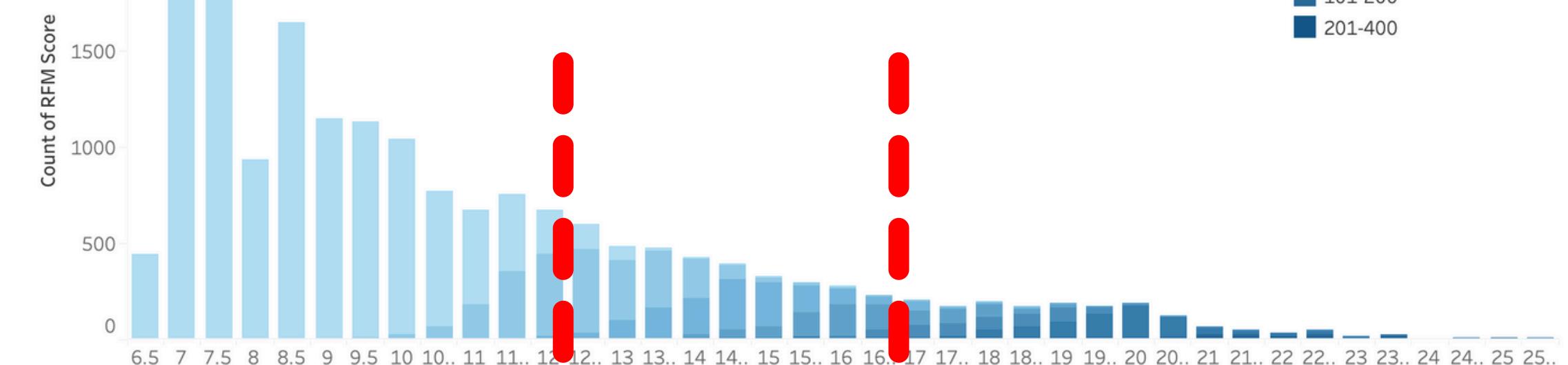
16.5+



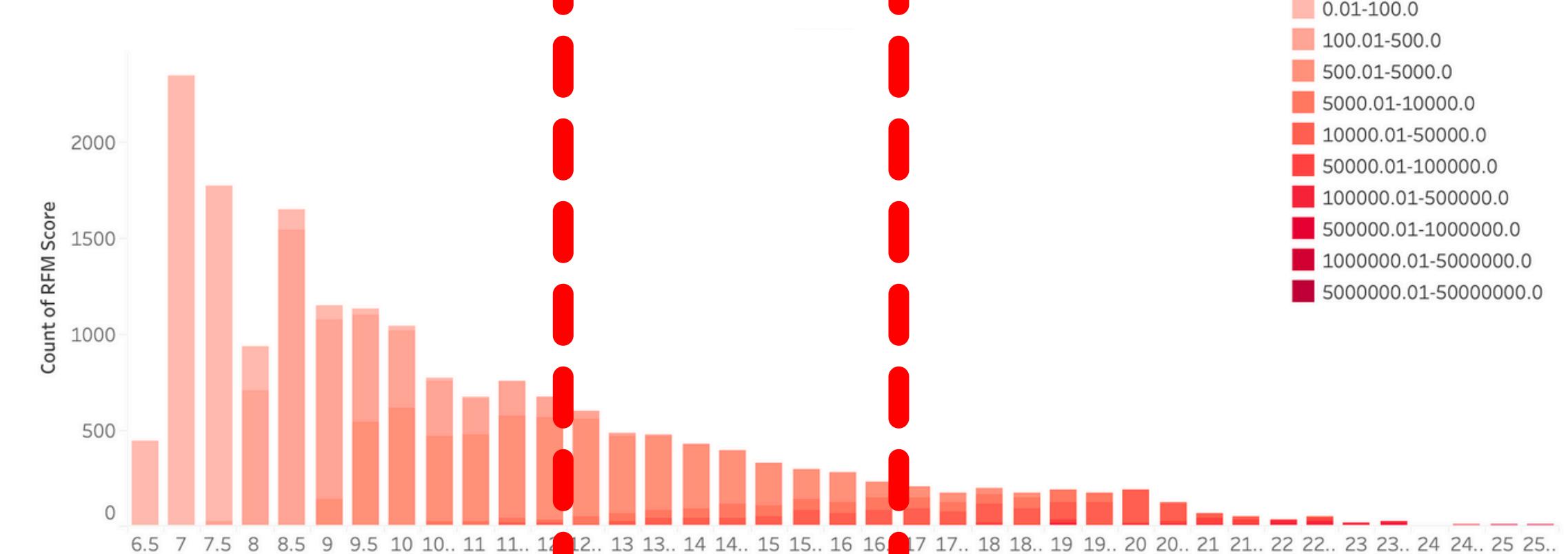
Partner

RFM Score distribution

Acquaintances FRIENDS Partners



RFM Score distribution



# Crafting relationship-building tactics

## *Overall Question*

- **How do we reduce the shrinkage of our donor pool?**
- 

## *Team Question*

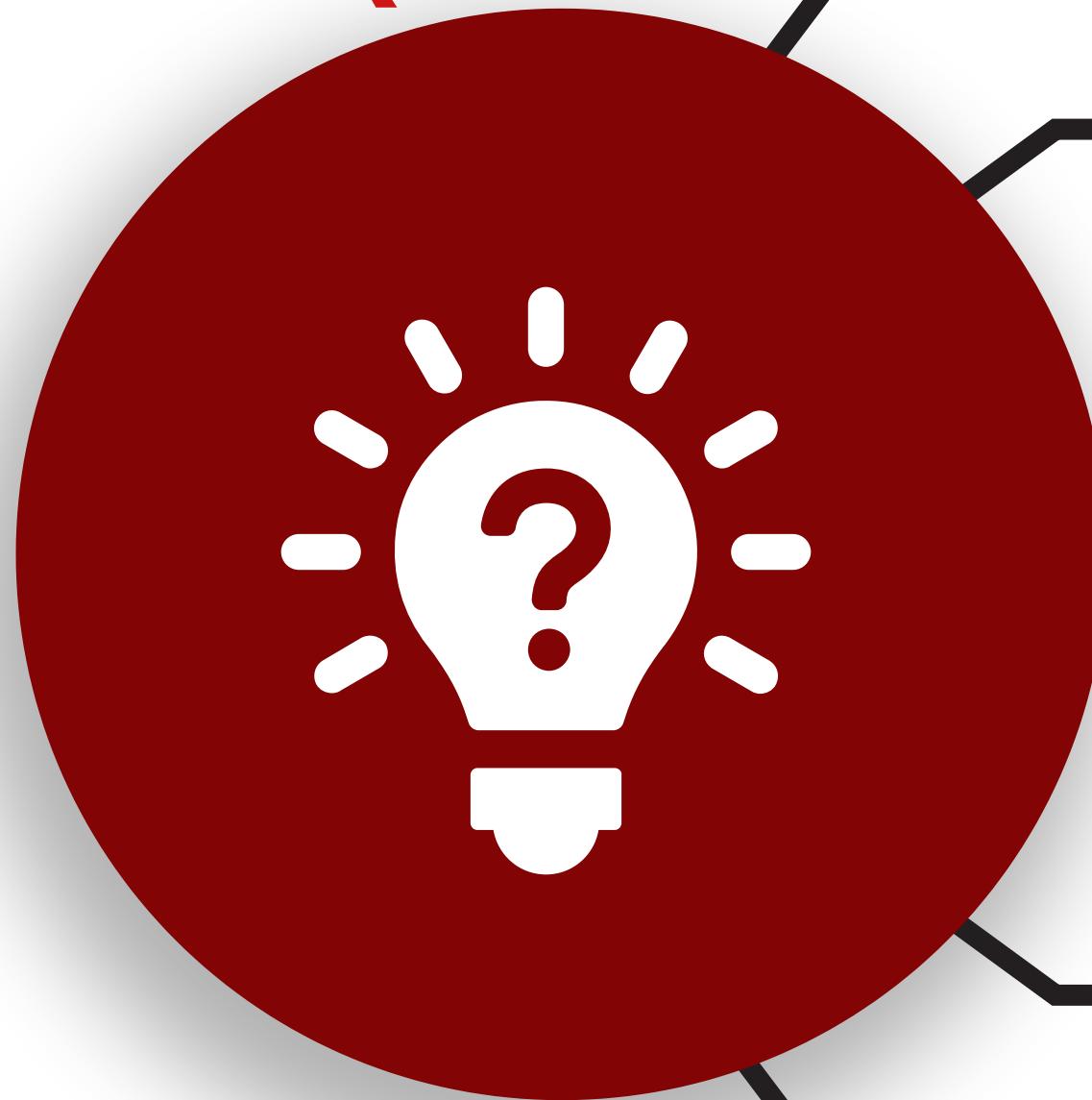
- **Team Giving 1: How do we solicit donors with strangers and acquaintances?**
- Team Giving 2: How to personalize marketing strategies to increase donation propensity of "FRIENDS" group.
- Team Giving 3: What makes partners unique and differentiates Top Partners and Bottom Partners?

# GENERAL INSIGHTS

- *ACQ Persona*
- *How we convert our ACQ to FRIENDS*
- *How we convert “Strangers” to our ACQ*

# ACQ persona

***There are 4 Major groups in our ACQ***



We divided our ACQ into four groups

Group 1 : Older individuals who are unlikely to become active again

Group 2 : Older individuals who are relative active for now

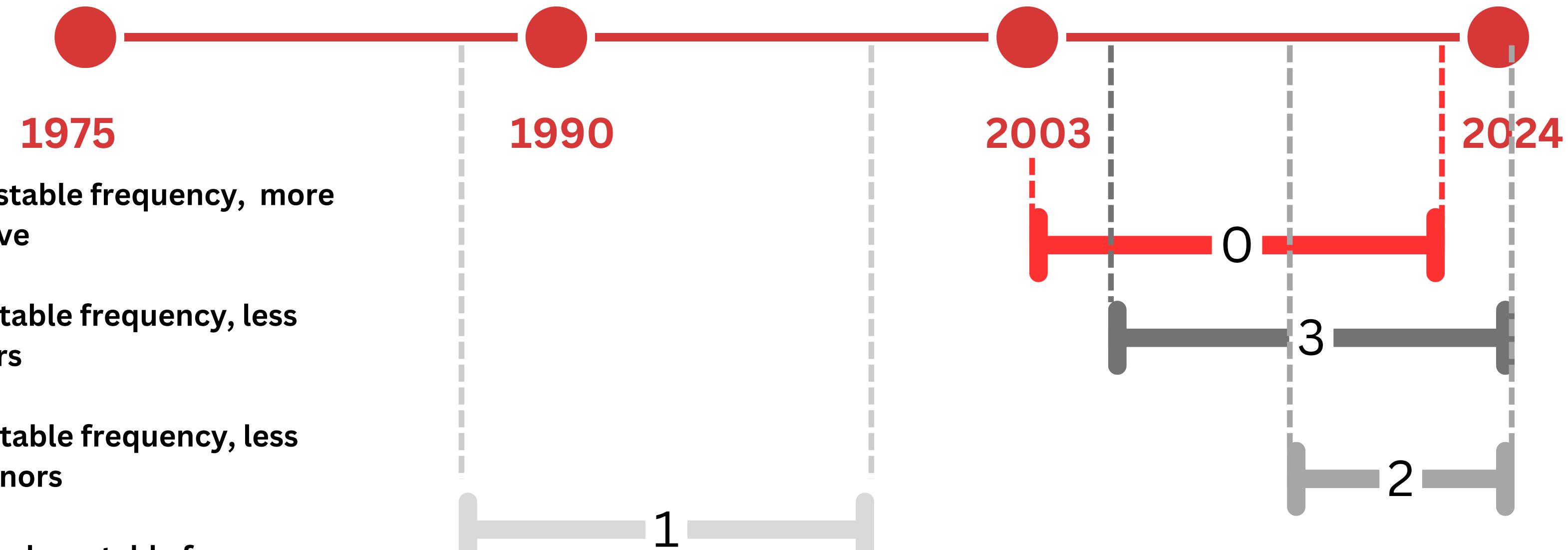
Group 3 : Middle-aged individuals who are active for now but unstable

Group 0 : younger individuals who are active for now and loyal to WSB

# We devived our ACQ into 4 groups

## Cluster Analysis

| Cluster | Recency Score | Monetary score | Frequency score | First Transaction date score | Cluster size |
|---------|---------------|----------------|-----------------|------------------------------|--------------|
| 0       | 7.428571      | 2.835807       | 2.012059        | 5.902597                     | 5533         |
| 3       | 8.331079      | 2.610143       | 1.000000        | 4.655397                     | 2898         |
| 2       | 8.515408      | 1.350260       | 1.000000        | 2.415582                     | 2078         |
| 1       | 3.812816      | 1.542675       | 1.000000        | 7.137463                     | 2783         |



# ACQ CLUSTER PERSONA

# Cluster 1

Amanda



Age: 60

Transaction amount: \$100

Recency: 1985-1998

Transaction count: 8

Household income: < \$100,000

Annual debt: < \$1500

Risk tolerance: Low

Investable asset: \$1,000,000 +

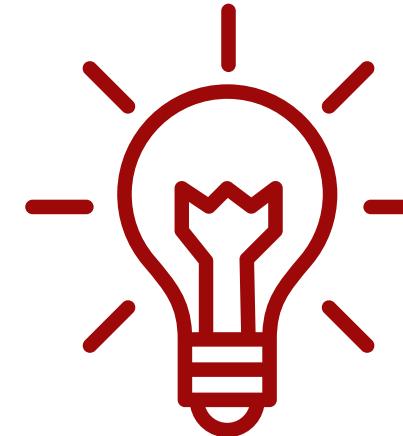
Loan to Value Ratio: 15%

Degree level: Bachelor

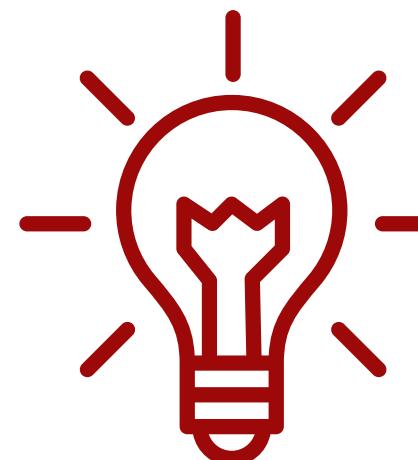
Technology usage: Low interest

- Well-educated
- Does not spend much time online
- Contact via Email & Phone
- More flexible in additional financing
- Inactive with WFAA over 30 yrs
- Conservative investor
- High investable assets
- Low disposable income

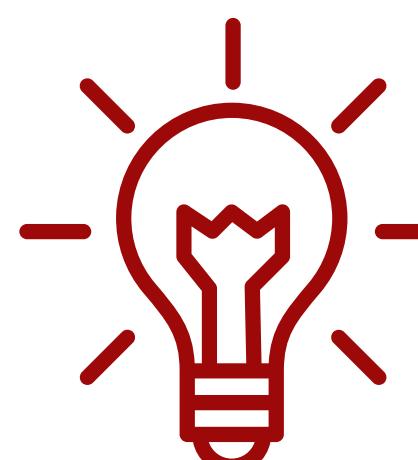
# Business Strategy targeting Amanda (Cluster 1)



**Personalized Email:** Design personalized email to recall and reflect their memories when studying at WSB, creating a sense of nostalgia.



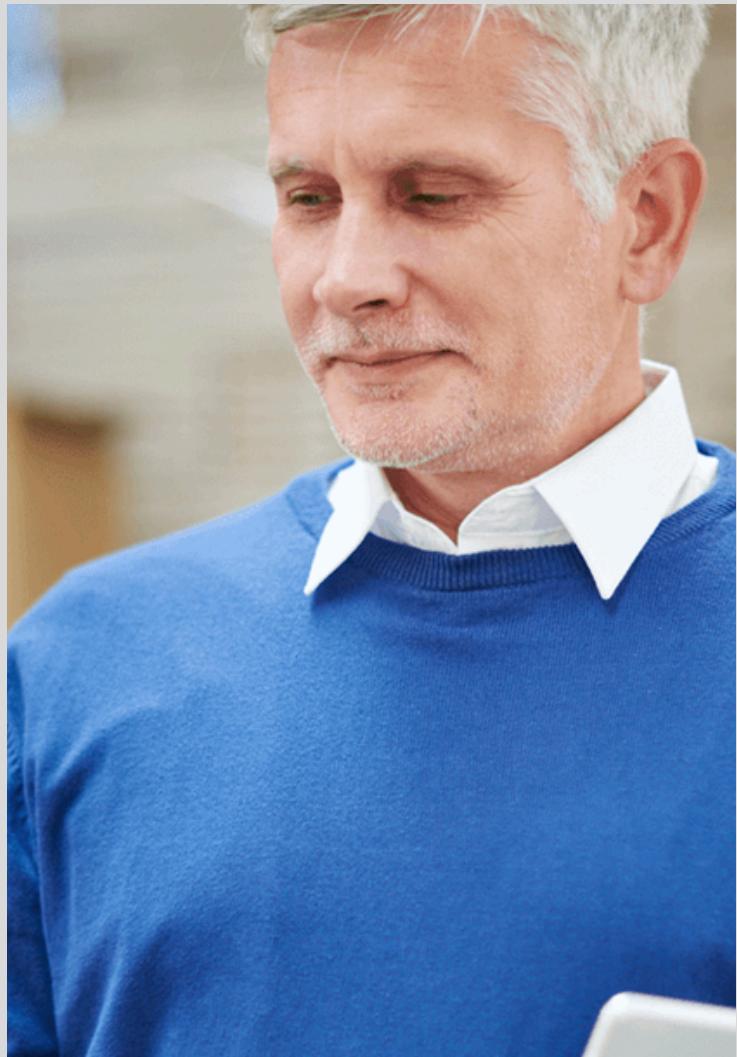
**Exclusive In-Person Event:** Organize FUN exclusive events such as alumni dinners, social engagement events such as annual Homecoming Bash that WFAA currently has.



**Financial Planning Workshop:** Inform them on lifelong learning opportunities, including tax-benefit donation approach to re-engage this group of donors.

# Cluster 2

**Michael**



Age: 60

Transaction amount: \$100

Recency: 2003-2007

Transaction count: 8

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Household income: \$ 200,000

Annual debt: < \$1500

Risk tolerance: Low

Investable asset: \$1,000,000 +

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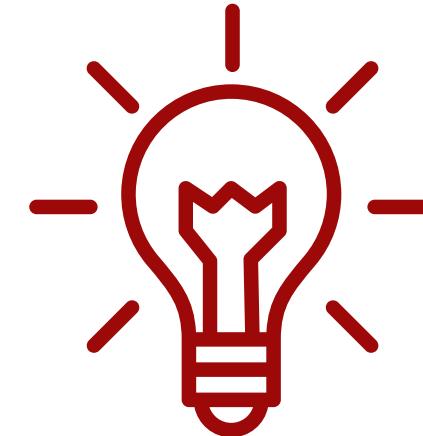
Degree level: Bachelor

Technology usage: Low interest

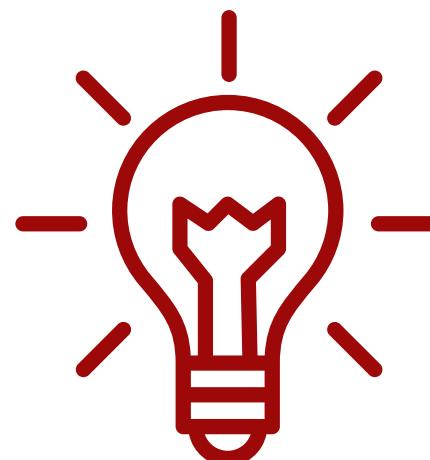
Investing behavior: Self-Channel

- Well-educated.
- Does not spend much time online
- Contact via email
- Conservative investor
- Inactive with WFAA for ~20 yrs
- Less diversified on financial and daily interests
- Moderate disposable income
- High investable assets

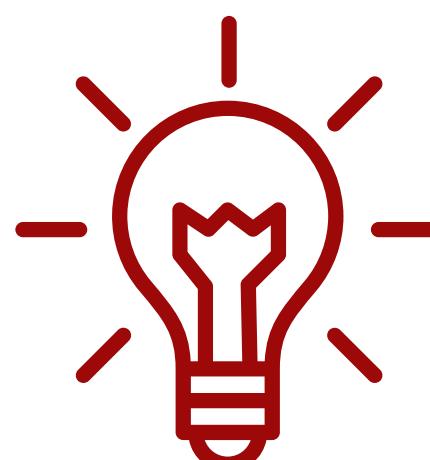
# Business Strategy targeting Michael (Cluster 2)



**Develop Easy-to-Use Donation Platforms:** Ensure that the donation process is seamless and user-friendly.



**Exclusive Email Newsletters:** Create a segmented email featuring contents that can make them feel confident their gift will be used well.



**Targeted Donation Appeals:** Craft targeted donation appeals based on their financial capacity and transaction history. **“Your past generosity has helped us achieve remarkable milestones”.**

# Cluster 3



**Katherine**

Age: 43

Transaction amount: \$100

Recency: 2007-2011

Transaction count: 8

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Household income: \$ 180,000

Annual debt: \$0

Risk tolerance: Moderate

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Investable asset: \$400,000

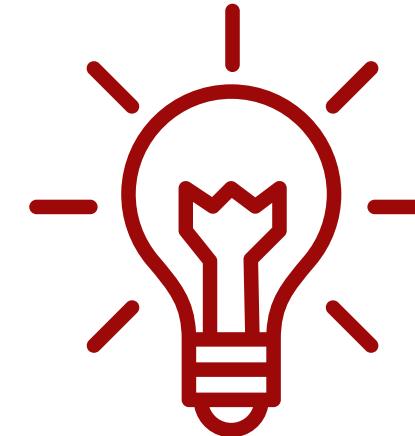
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Degree level: Bachelor

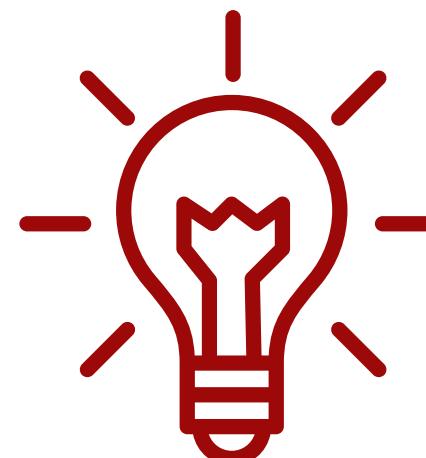
Technology usage: Moderate Interest

- Well-educated
- Focusing on career life
- Moderate disposable income
- Active online
- Contact via Email & Web
- Inactive with WFAA for 10+ yrs
- Moderate-level risk lover
- Moderate investable assets

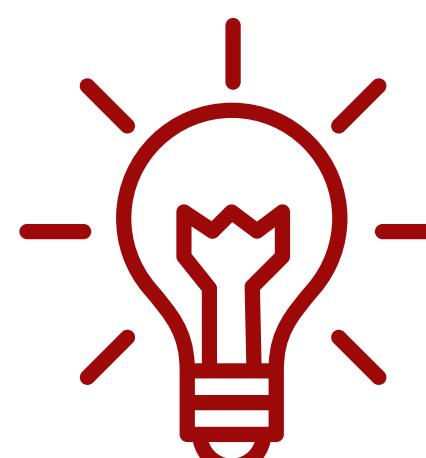
# Business Strategy targeting Katherine (Cluster 3)



**Career-Centric Giving Opportunities:** Highlighting donation opportunities related to career development or scholarships for students pursuing similar career paths.



**Virtual Fundraising Events:** Use online platforms to facilitate donations in real-time during these events since they are active online.



**Launch recurring giving program:** Based on this group's moderate risk tolerance level and the amount of investable assets they have, recurring giving program can periodically remind them of their past givings.

# Cluster 0

Age: 35

Transaction amount: \$100

Recency: 2019-2024

Transaction count: 8

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Household income: \$ 180,000

Annual debt: \$0

Risk tolerance: High

---

Investable asset: \$400,000

---

Degree level: Bachelor

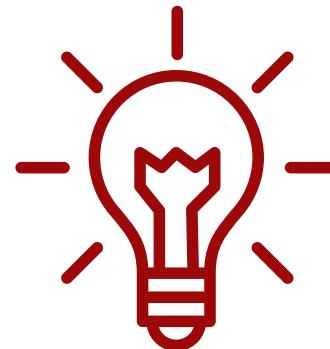
Technology usage: High Interest



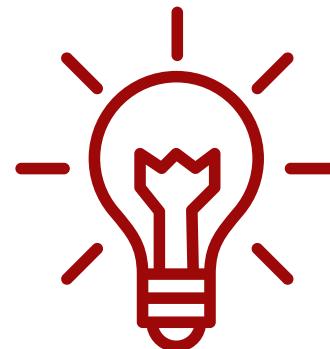
**Tyler**

- Young to middle-aged urban dweller
- Well-educated
- Most recently active with WFAA
- Tech savvy
- Contact via Web
- Moderate disposable income
- Aggressive risk lover
- Moderate investable assets

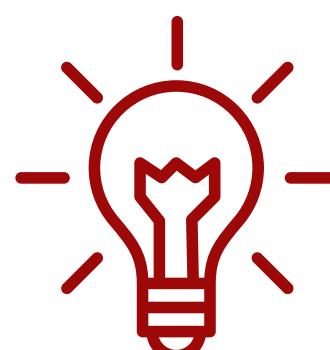
# Business Strategy targeting Tyler (Cluster 0)



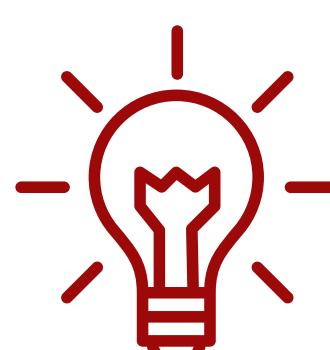
**Peer Influence:** Showcasing success stories from tech-savvy alumni who have made significant donations.



**Exclusive Online Events and Webinars:** Host exclusive online events and webinars to forge partnerships with tech companies or startups.



**Crowdfunding Initiatives:** Launch crowdfunding campaigns for specific projects or initiatives that appeal to this group's desire for innovation.



**Social Media Engagement:** Leverage social media platforms such as Instagram, Facebook, and Twitter.

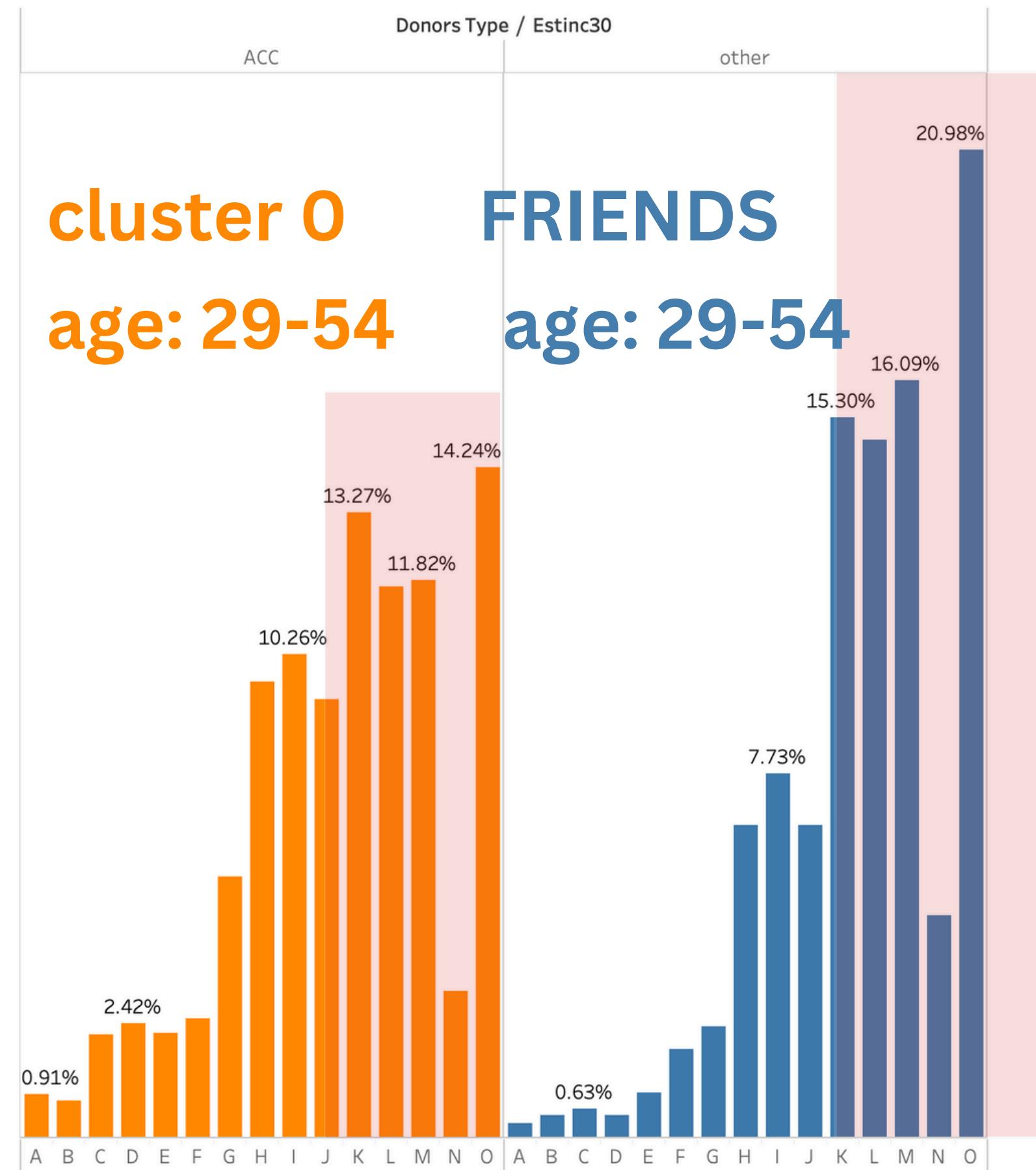
# CONVERSION STRATEGIES FROM ACQ TO FRIENDS

**Temporary and potential, maybe 5 years later.....**

- Economic Resilience Despite Minor Gaps
- Conservative Investment Tendencies
- Impact of Financial Obligations:

# Financial Resilience Despite Minor Gaps

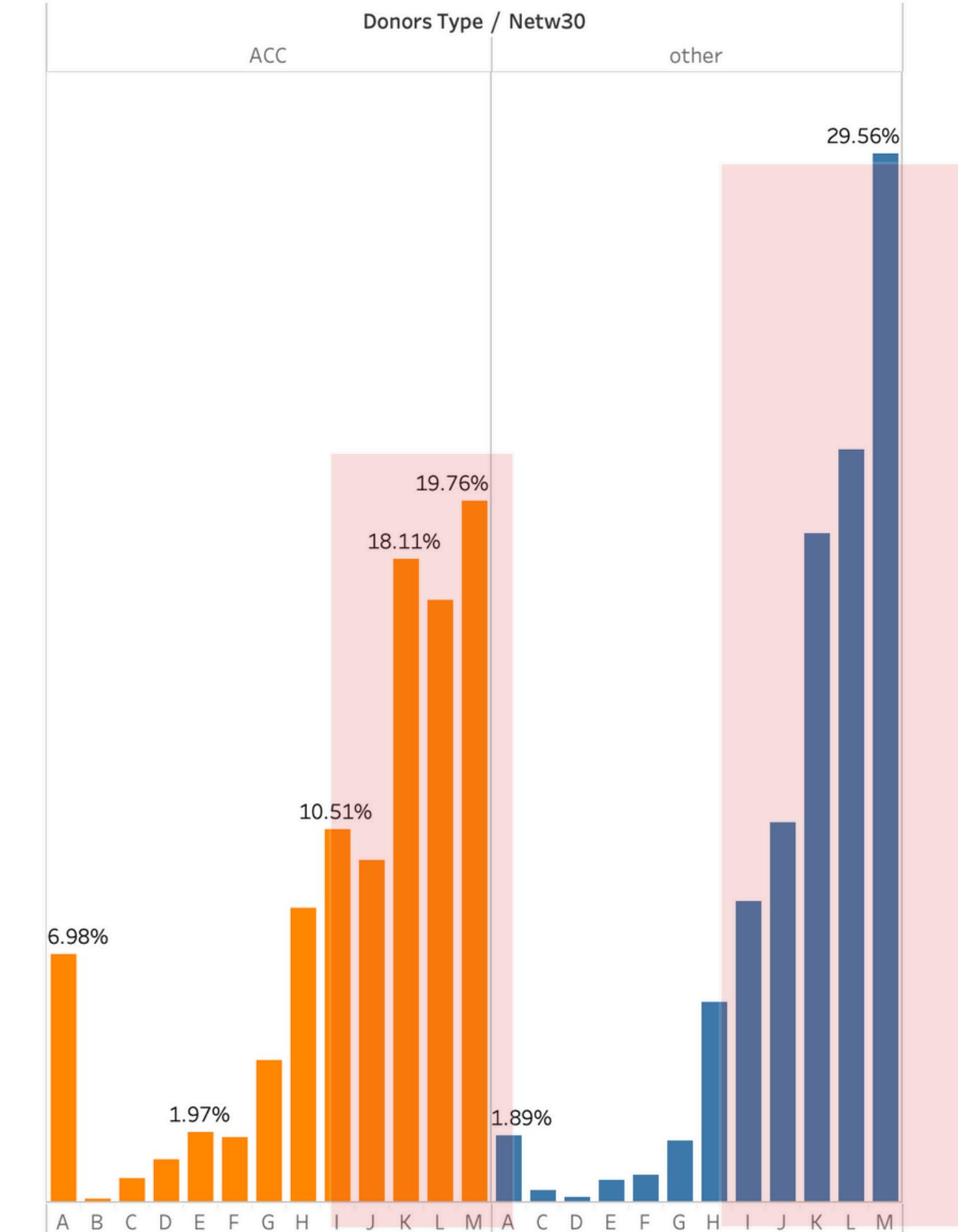
Household Income



cluster 0  
age: 29-54

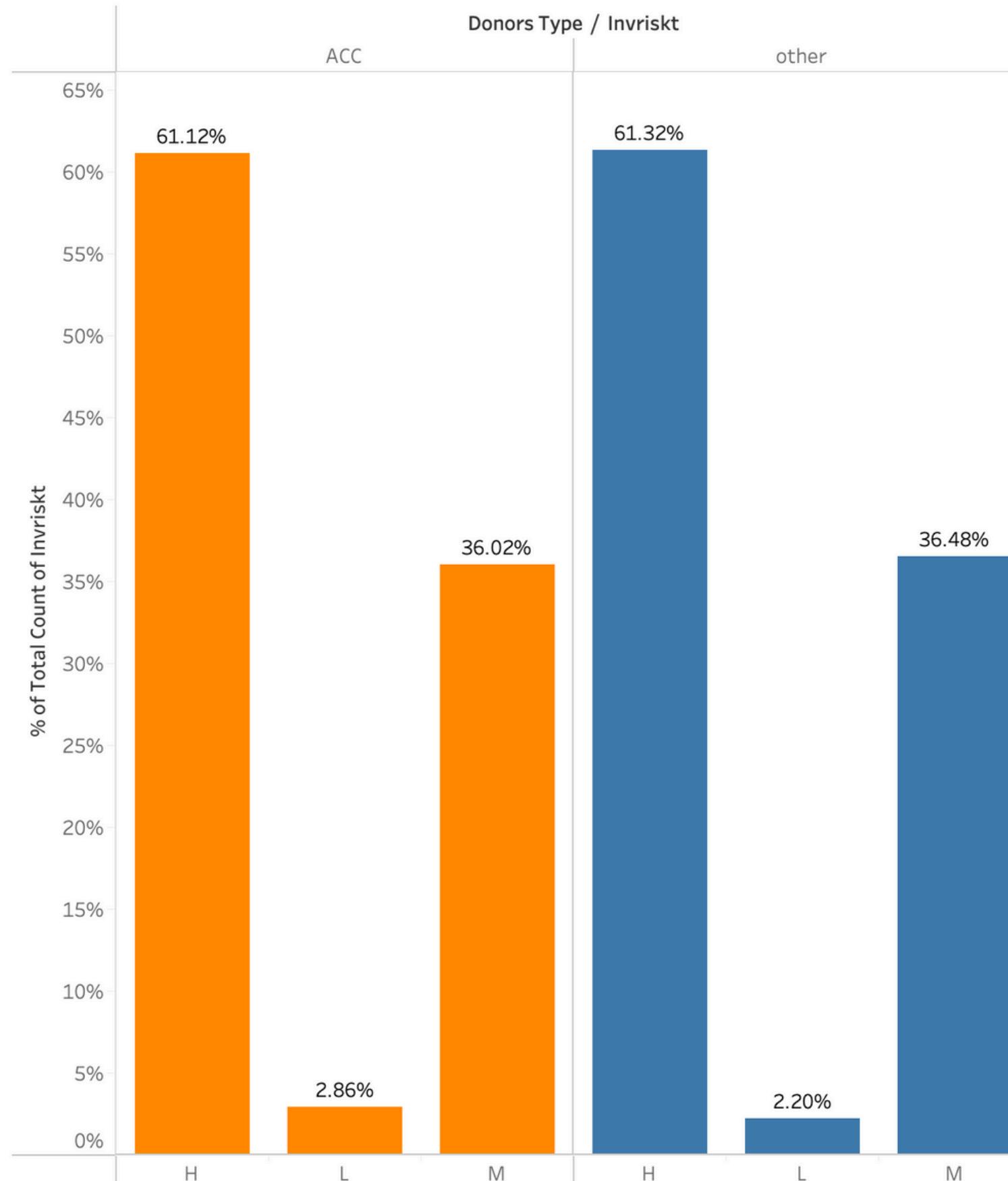
FRIENDS  
age: 29-54

Household networth

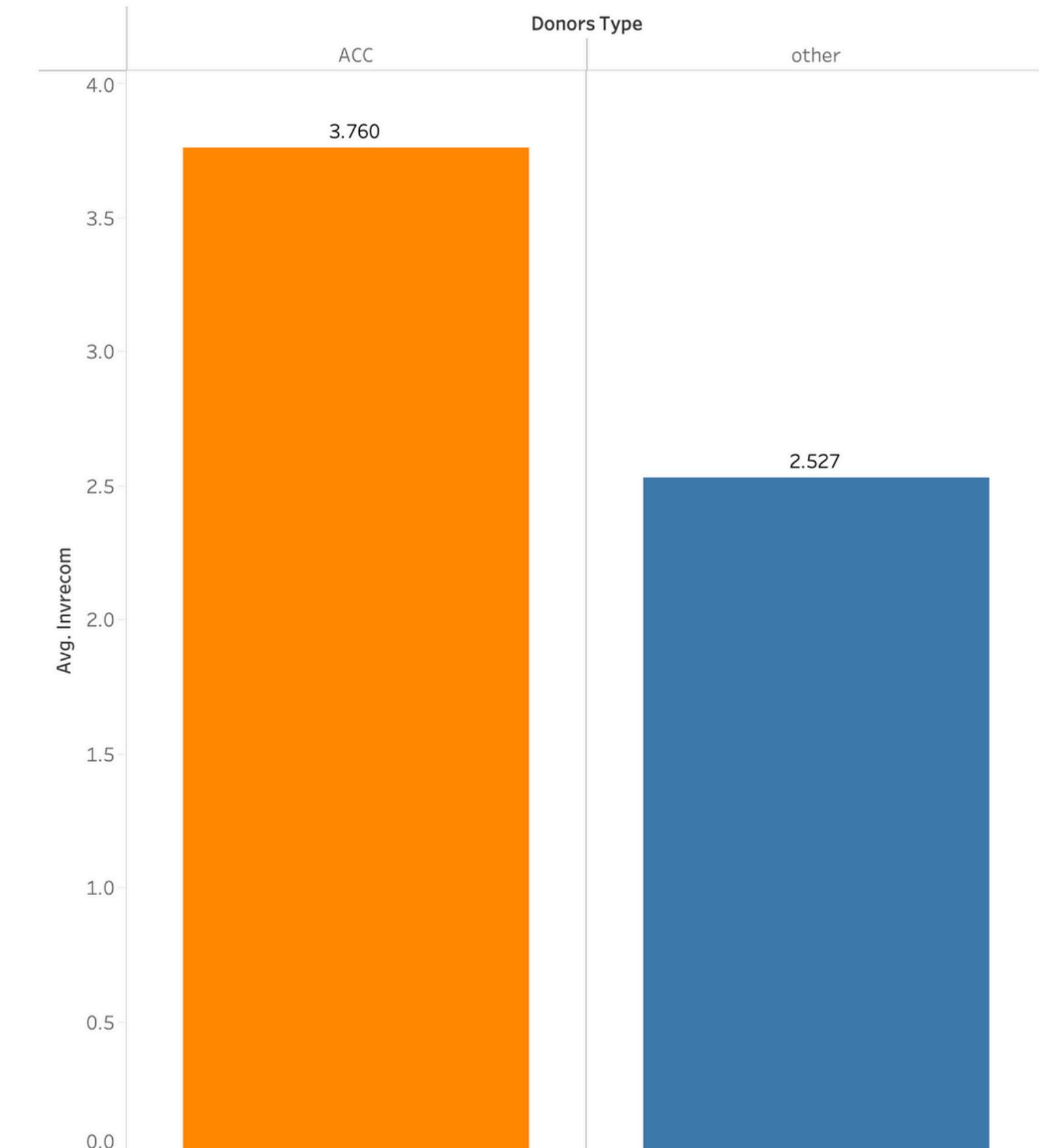


# Conservative Investment Tendencies

Predicts the likelihood an individual's risk tolerance for investments

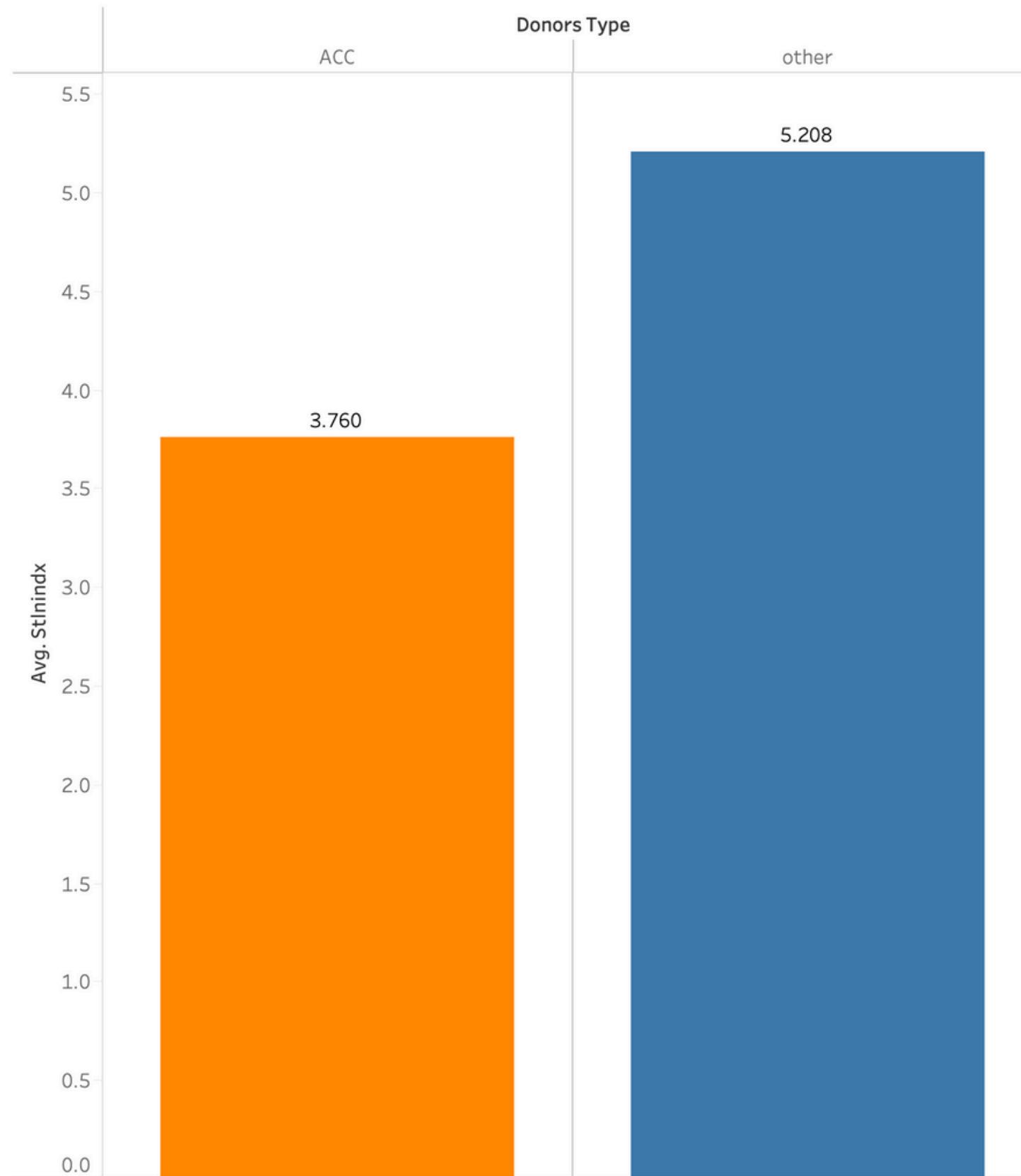


The likelihood an individual will invest in real estate, precious metals or collectibles

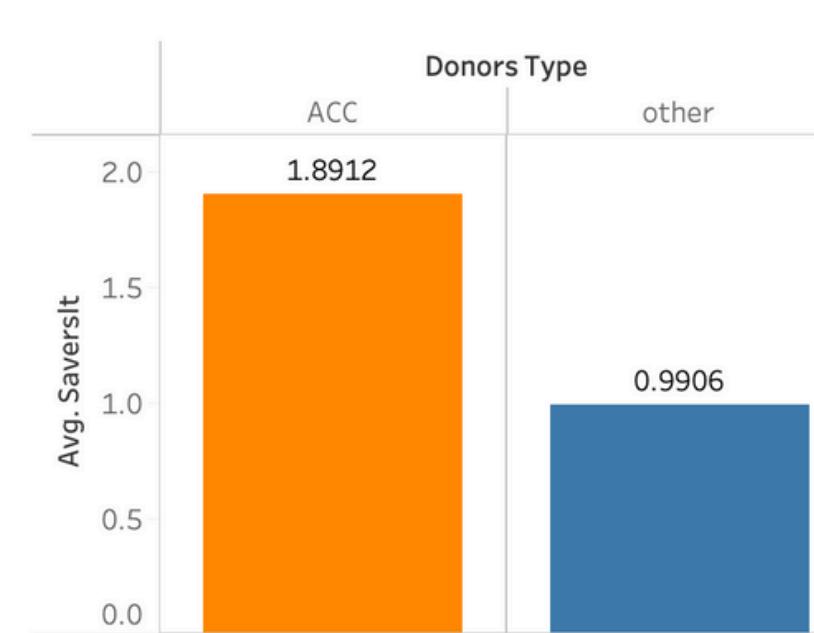


# Impact of Financial Obligations:

Individuals likely to have the student loan



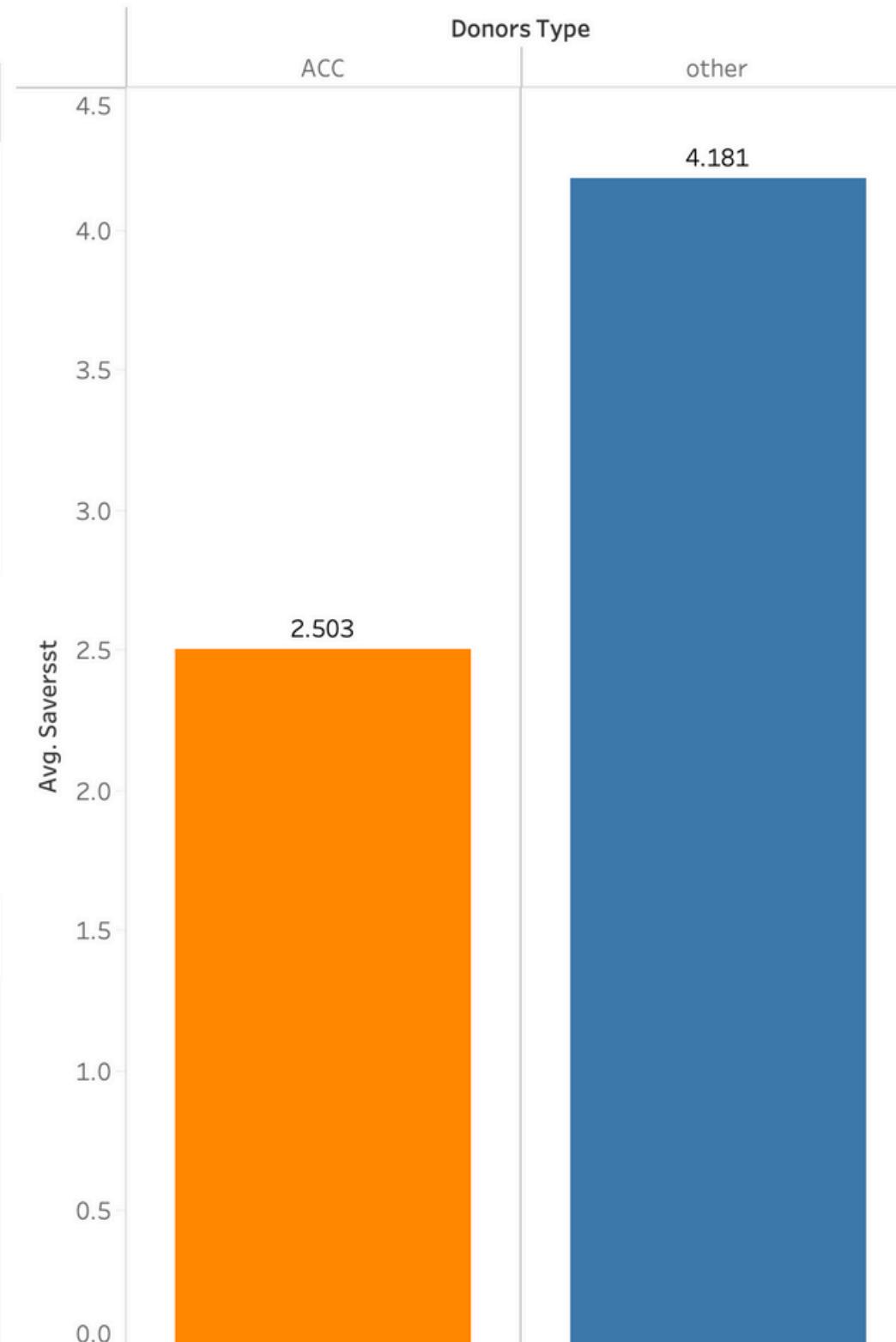
Predicts the likelihood an individual save for a time period more than 3 years



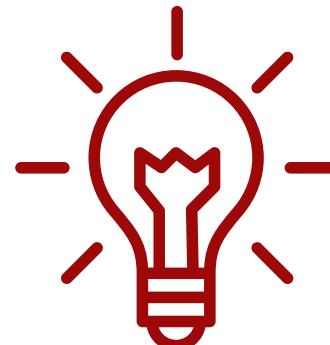
Predicts the likelihood an individual save for a time period more than 3 years(>=55 years old)



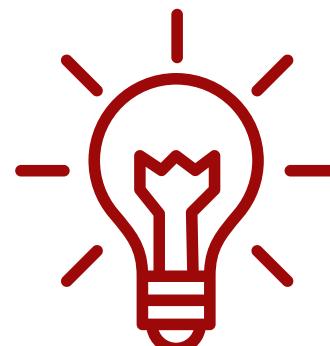
Predicts the likelihood an individual save for a time period less than 3 years



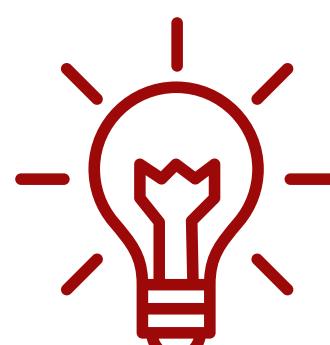
# wrap up



- To ensure our ACQs' continued donations, we should maintain strong relationships, acknowledging their contributions and hosting regular appreciation events.



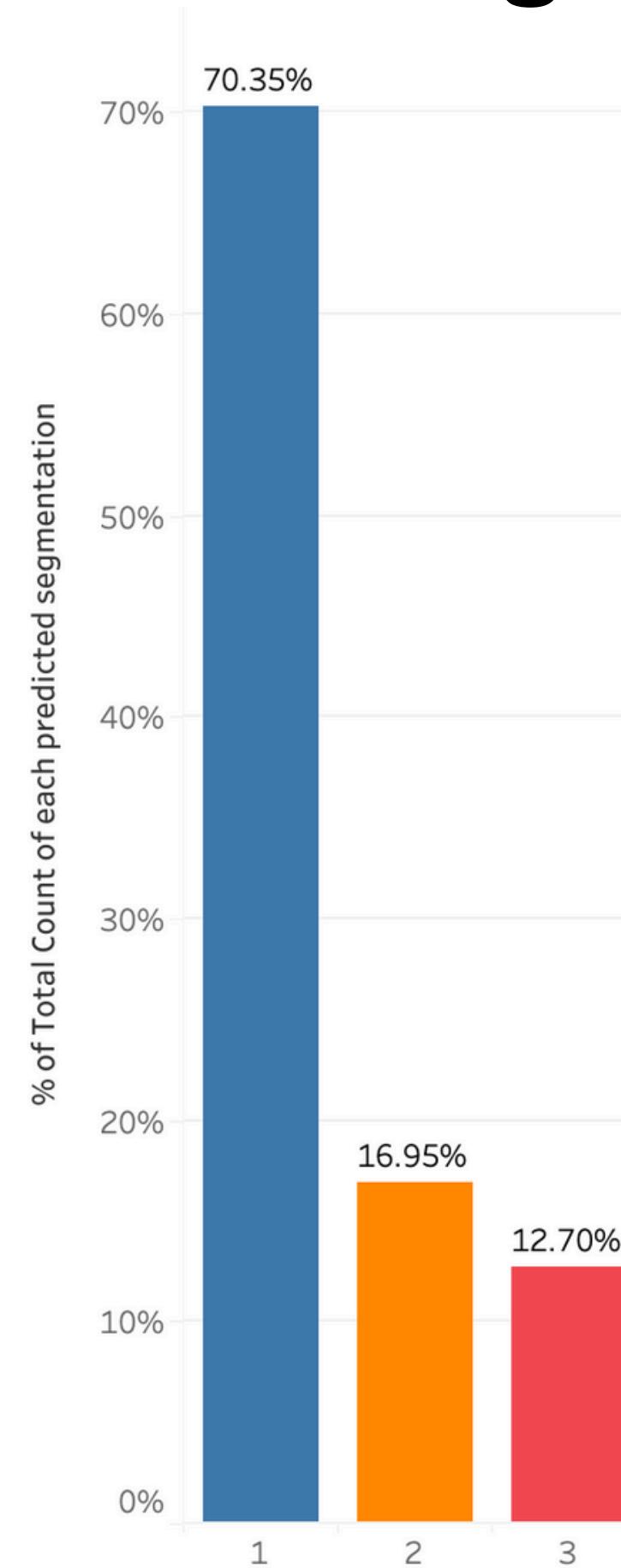
- Given their likely student debt, we could offer a micro-donation scheme allowing young ACQ donors to donate small amounts regularly.



- To appeal to their risk aversion, we could provide low-risk donation opportunities with clear benefits and low entry points.

# **“STRANGER” PERSONA WITH SPECIALIZED CONVERSION STRATEGIES**

# 70% of our strangers has the potential to be converted to ACQ



Recommend first transaction amount

50



37.5% of our acquaintance has  
first donate between \$0.01-100

# Strangers

Emily



Age: 42

Transaction amount: \$0

Recency: Never Start

Transaction count: 0

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Household income: \$ 125,000

Annual debt: \$700

Risk tolerance: Moderate to High

Investable asset: \$390,000

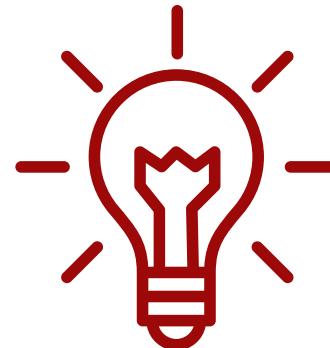
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Degree level: Bachelor

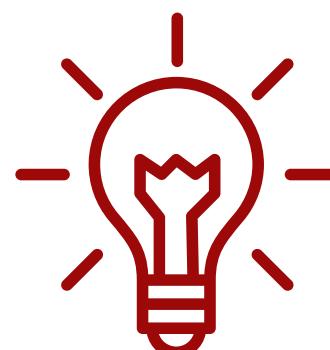
Technology usage: usage-oriented

- Solid Financial Standing
- Well-educated
- Never interact with WFAA
- Online only when necessary
- Little awareness of donation
- Moderate disposable income
- Able to tolerate risk

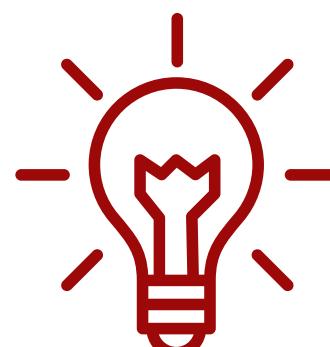
# Business Strategy targeting Emily (Stranger)



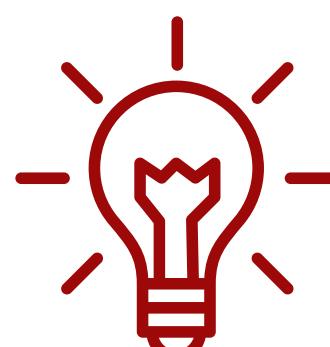
**Technology Integration:** Introducing user-friendly donation platform and applications with intuitive interfaces



**Transparent Financial Reporting:** Educating strangers by providing clear information on donations outcomes

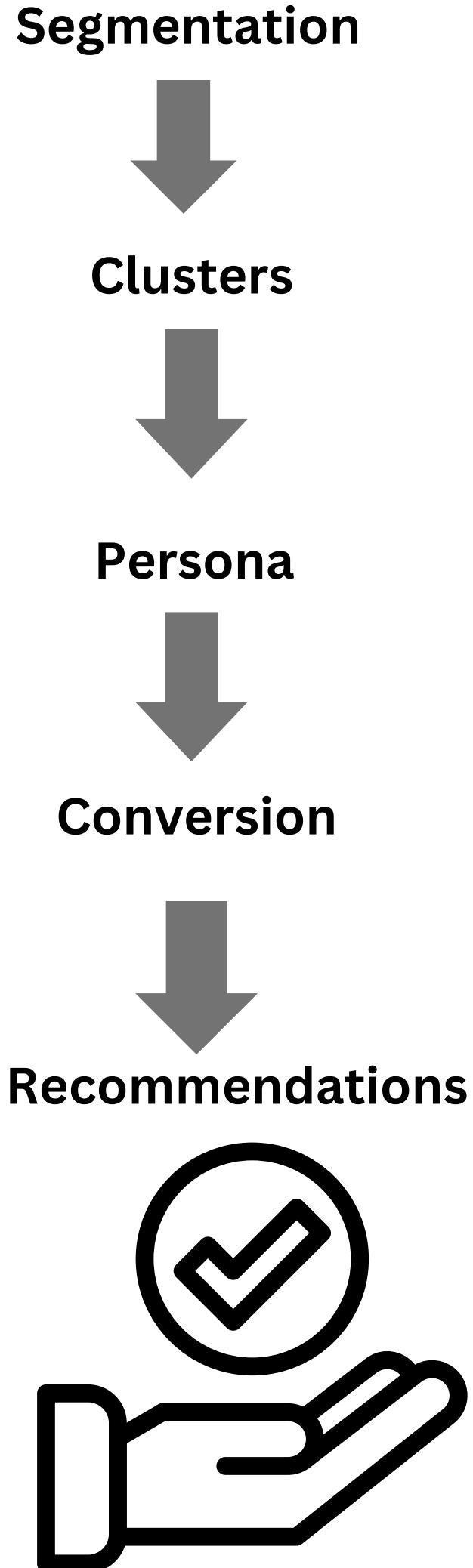


**Set a easy-to-achieve first donation amount**



**Give while receive:** Offer WFAA customized limited-edition gifts for their first donation above 100 dollars

# CONCLUSION



- ★ **Marketing segmentation:**  
**Customize marketing strategies by segmenting donors.**
  
- ★ **Discrete Persona for strangers and acquaintances**
  
- ★ **Strangers-->Acquaintances**  
Spread giving information, fostering connections, and prompting the initial donation.
  
- ★ **Acquaintances --> FRIENDS**  
Employ targeted newsletters, diverse donation appeals, and various communication channels to engage distinct clusters.

**THANK YOU!**

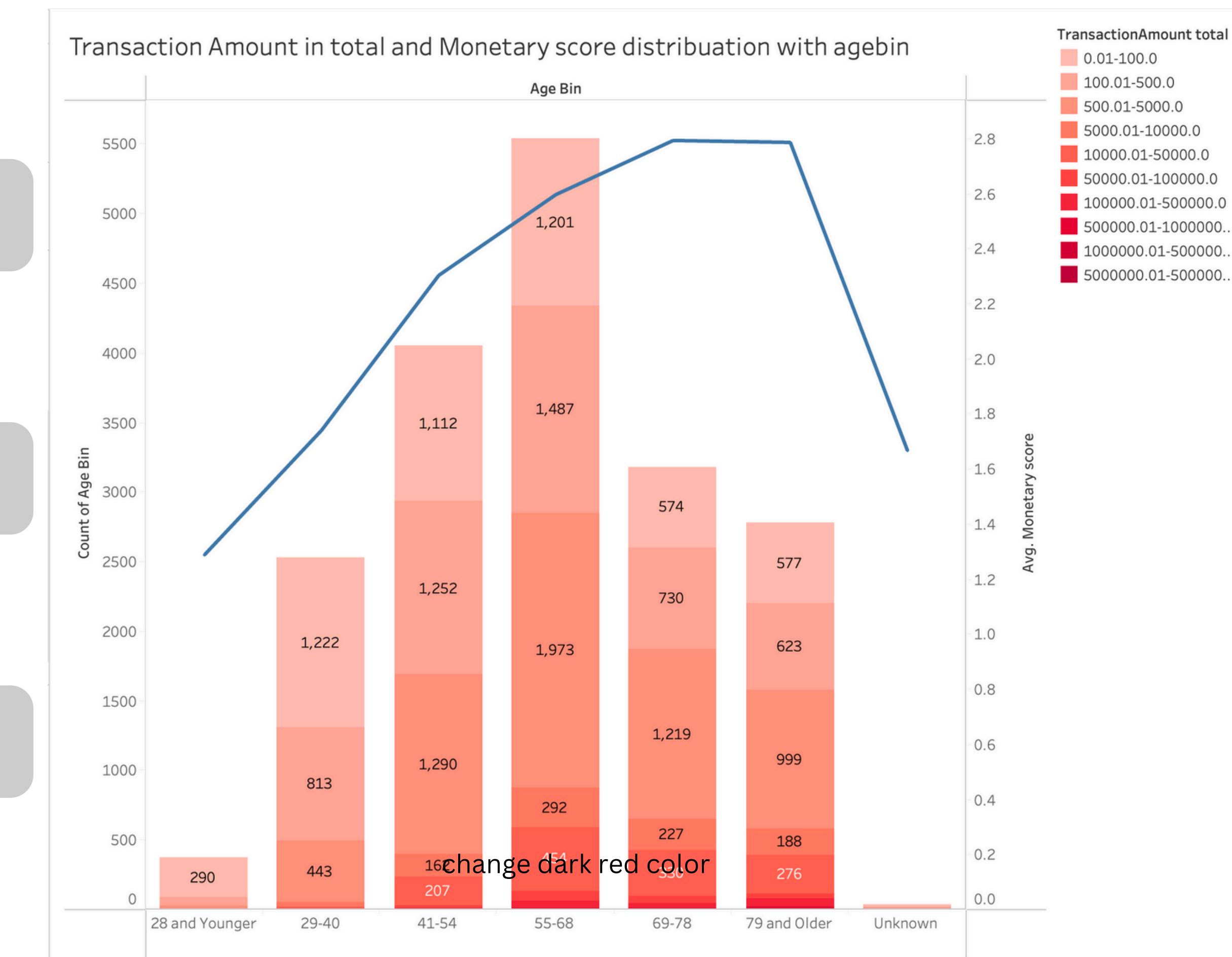
# APPENDIX

# Our Major donors are aged people

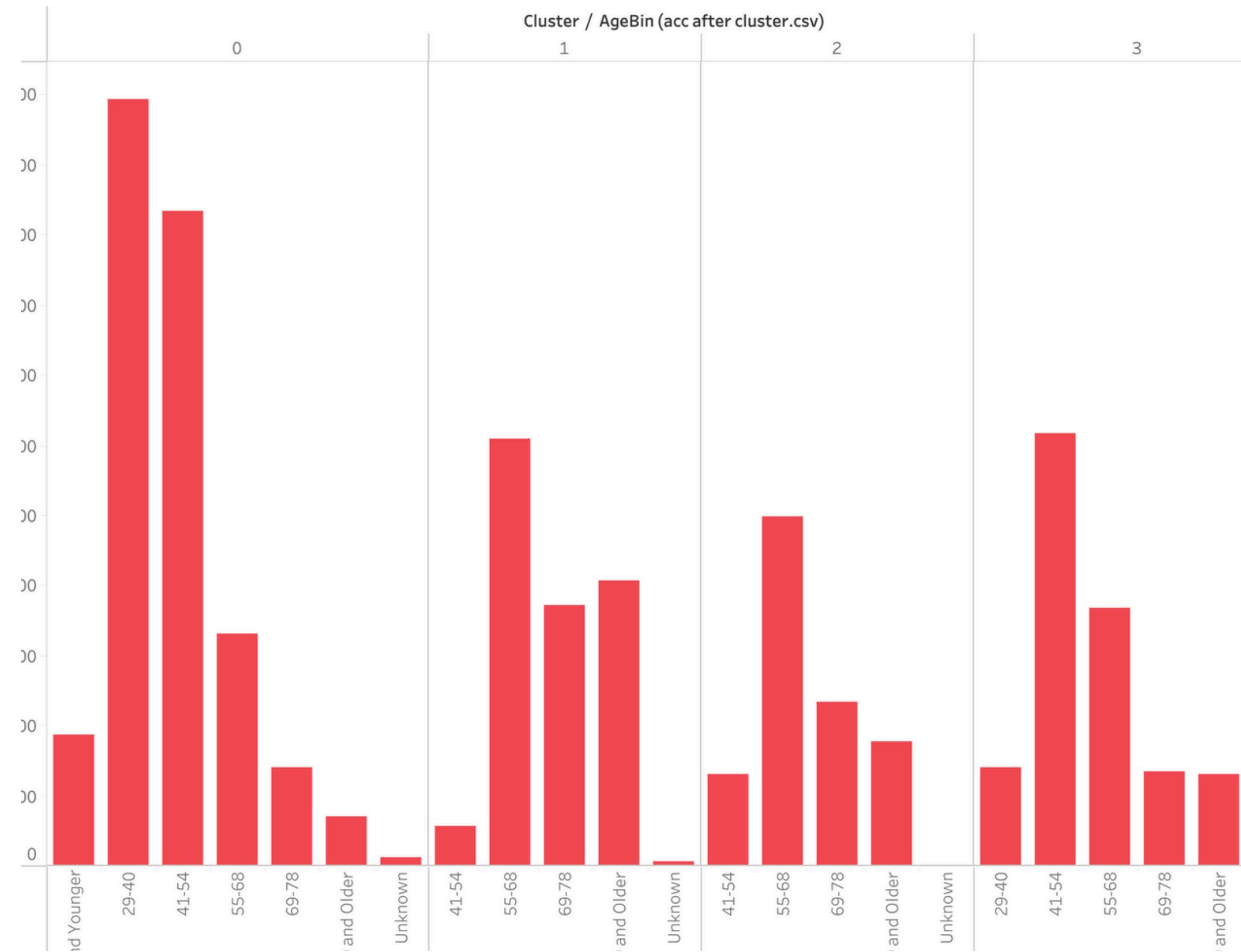
About **70%** of our total donors  
are aged from 41-78

**Older** individuals are more  
likely to donate more

We have **unstable** donor  
retention, we lost our donors.

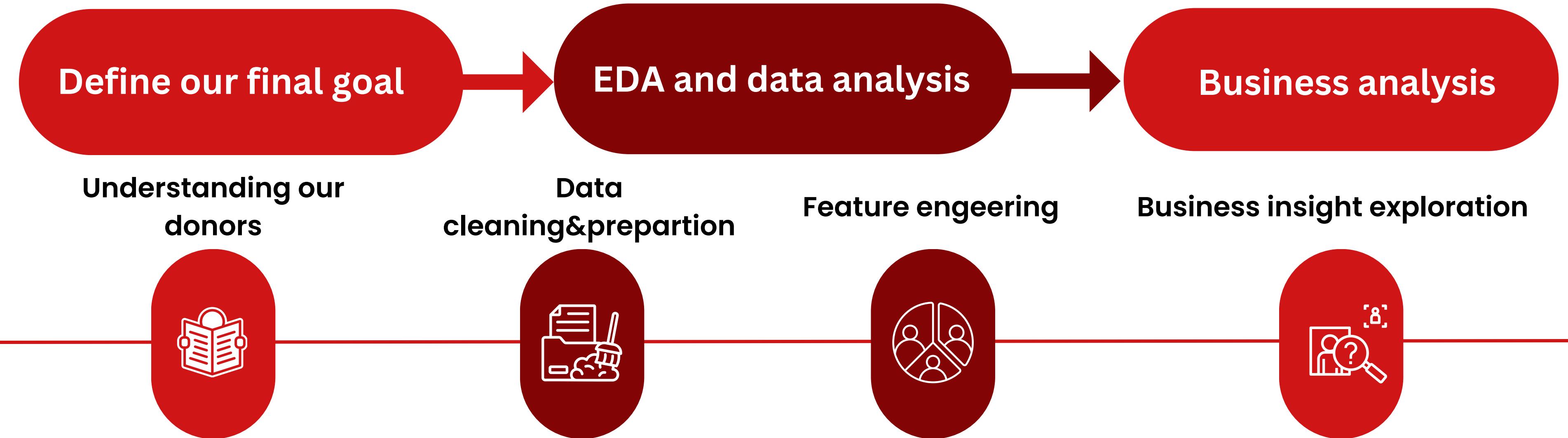


# Age Bin by Clusters



# Analysis Method

We followed a structured logical approach



- Specify our target donors
- Who they are
- How they can transfer.....

- Feature reduction
- Missing value imputation
- Data type fixed.....

- Calculate R+FM score
- Clustering based on these score
- Visualizing and work back and forth
- Demographic features selection.....

# Approach to generate cluster persona

Pivot Table

| Count of NETW30    | Column Labels | 0              | 1              | 2              | 3              | Grand Total    |
|--------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Row Labels         |               |                |                |                |                |                |
| A                  |               | 6.78%          | 2.04%          | 0.82%          | 2.98%          | 4.02%          |
| B                  |               | 0.11%          | 0.24%          | 0.10%          | 0.04%          | 0.12%          |
| C                  |               | 0.58%          | 0.41%          | 0.24%          | 0.47%          | 0.47%          |
| D                  |               | 1.14%          | 1.14%          | 0.58%          | 0.97%          | 1.02%          |
| E                  |               | 1.74%          | 1.21%          | 0.96%          | 1.40%          | 1.43%          |
| F                  |               | 1.81%          | 1.69%          | 1.01%          | 1.58%          | 1.61%          |
| G                  |               | 3.90%          | 3.83%          | 2.60%          | 3.88%          | 3.68%          |
| H                  |               | 8.53%          | 7.32%          | 7.27%          | 6.58%          | 7.66%          |
| I                  |               | 10.28%         | 11.18%         | 8.90%          | 9.02%          | 10.00%         |
| J                  |               | 9.71%          | 10.25%         | 9.62%          | 8.80%          | 9.62%          |
| K                  |               | 17.28%         | 16.53%         | 17.66%         | 17.25%         | 17.17%         |
| L                  |               | 16.57%         | 14.25%         | 16.60%         | 18.00%         | 16.37%         |
| M                  |               | 21.58%         | 29.92%         | 33.64%         | 29.03%         | 26.84%         |
| <b>Grand Total</b> |               | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

Scale Info

A = \$0 or Less

B = \$1 - \$4,999

C = \$5,000 - \$24,999

D = \$25,000 - \$49,999

E = \$50,000 - \$74,999

F = \$75,000 - \$99,999

G = \$100,000 - \$149,999

H = \$150,000 - \$249,999

I = \$250,000 - \$374,999

J = \$375,000 - \$499,999

K = \$500,000 - \$749,999

L = \$750,000 - \$999,999

M = \$1,000,000 +

# Business Context & Framing

**Manage customer portfolio is crucial in business**

**Having a well understanding of customer segments can help lead future revenue and lower costs for business.**



## When Applying to WFAA

- Targeted communications, higher conversion rates.
- Personalization, loyalty, long-term engagement.
- Strategic budgeting, effective spending.
- Market insights, targeted fundraising.
- High-potential donors, larger contributions.