THREE COMPONENTS OF THE NONPROFIT TECH STACK

Going beyond CRM to provide more personalized constituent experiences

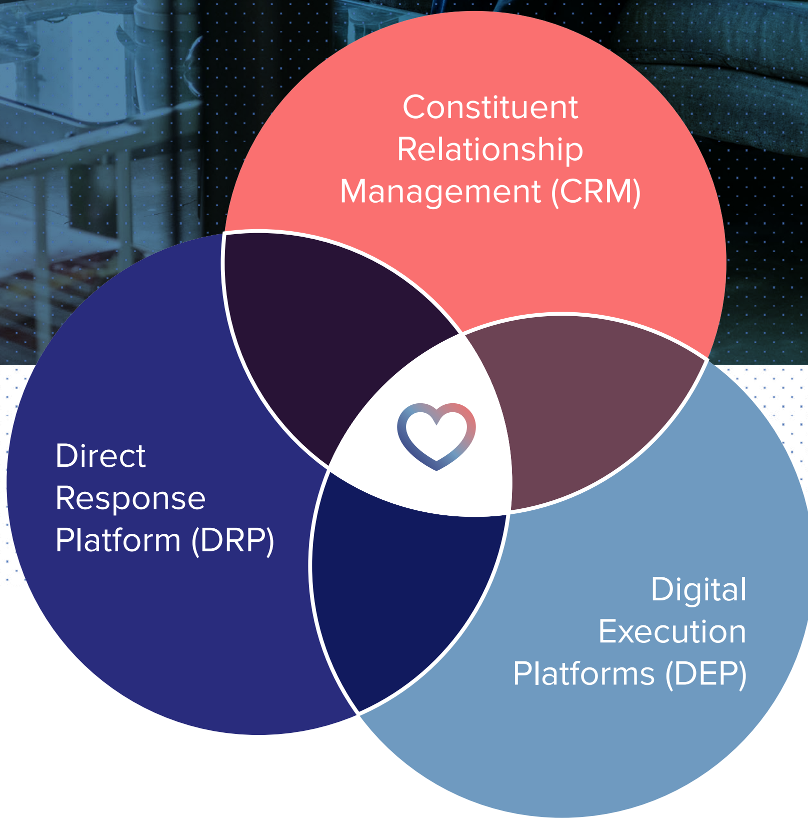
MERKLE

As a nonprofit marketer, your ability to speak to your constituents and donors in a meaningful way is essential. Your donors have entrusted you with their hard-earned money and they expect you to acknowledge them and their contributions. *If you interpreted that to be a manual process, like looking up donors to make sure you're updating the correct record, you may have the wrong technology stack.*

Today's constituents are mobile and informed – and they expect the same from you. They have become accustomed to best-in-class experiences with vendors like Apple, Amazon, and Starbucks. They expect personalized marketing efforts with their giving history in mind. Someone who has donated to your organization every year for the past 10 years should be treated differently from someone who has never given – or only gave once. You know this, but can you execute against it? If so, is it scalable? These are just some of the questions you should be asking when evaluating your nonprofit organization's technology stack.

As enterprise nonprofits are modernizing their tech stacks, we have seen a lot of confusion in the industry about what marketing and fundraising requirements are enabled by each component of the tech stack. **The reality is that a CRM is a critical component of the stack but is insufficient as a standalone solution.** Modern nonprofits that want to provide personalized experiences must have an integrated tech stack. Its components must specialize in meeting the requirements of a marketing technology solution, which enables rewarding donor experiences that result in positive outcomes for your nonprofit organization.

THE KEY COMPONENTS



CONSTITUENT RELATIONSHIP MANAGEMENT (CRM)

This platform primarily focuses on supporting non-governmental organizations (NGOs) and nonprofits in having a single view into their constituents.

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DIRECT RESPONSE PLATFORM (DRP)

This is where your historical data will be stored. Where your CRM may only contain a few years of information, your DRP can contain all the historical data.

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DIGITAL EXECUTION PLATFORMS (DEP)

These digital execution platforms are often add-ons or applications that integrate with your CRM and DRP.

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COMPONENT ONE

CONSTITUENT RELATIONSHIP MANAGEMENT (CRM)

WHAT IS A CRM?

The first component is the constituent relationship management (CRM) platform. This platform primarily focuses on supporting non-governmental organizations (NGOs) and nonprofits in having a single view into their constituents. It will allow you to see comprehensive constituent and demographic information that drives a one-on-one personal engagement through your call centers or client services teams in support of the programs and events. Many CRMs today have native engagement plans that help Major Gifts or Grant Officers within a nonprofit to identify, qualify, cultivate, solicit, and steward prospects that build an affinity to help grow their support base.

Why is a CRM necessary?

CRMs are necessary for centralizing fundraising, marketing, and business processes, resulting in decreased costs associated with user support, maintenance, and administration. The CRM saves information about constituents that allows for a one-on-one interaction between the nonprofit and the donor. When talking with donors, it's important to have a complete picture of them to build good faith and to make the right offer.

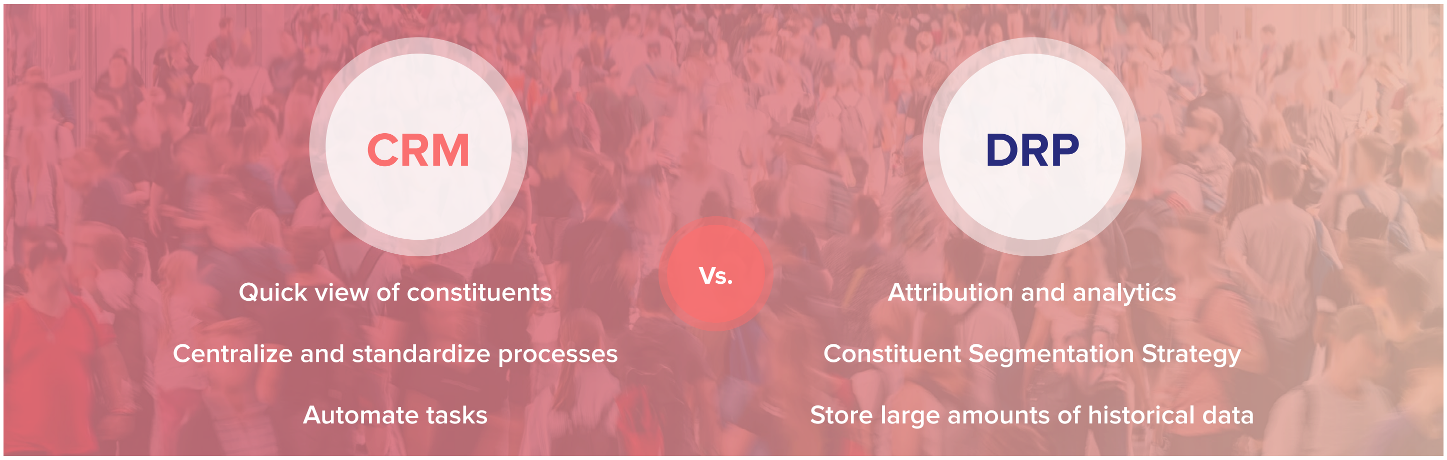
If I have a CRM, do I still need a database?

Not all nonprofits need both, as there are many overlaps between a CRM and a database. The key focus of each is the most notable difference and the reason why nonprofit organizations that employ both sales and direct marketing need both:

- The CRM will focus on the sales process and future giving. Major Gifts Officers will need to provide detailed tracking of their constituent engagements. Details that are recorded can include preferred contact information, wealth scores, key relationships, and historical giving – all of which can be used for the purpose of personalization when contacting donors.

- The database will focus on historical data to identify future segments for marketing purposes or trends in giving. This information can be used to help identify the right communication channels. An analyst can use the database to filter, mine, and categorize the data in actionable segments for direct communication.

While a CRM does a great job of storing interactions and nurturing leads, it does not do complex segmentation for outbound communications, including email and direct mail programs. Nor does it support the single view of an audience, which would support people-based marketing across digital media. You will need a marketing database (or direct response platform) to enable your outbound campaigns.



How does a CRM manage constituent interactions?

A CRM includes tools that allow nonprofits to store interactions through many different touchpoints:

- Contact forms
- Direct mail
- Email
- Social media

This interaction recording can either be through native functionality or technical integrations. Some of the latest CRMs are built on platforms as a service technology, which allows for easy integration into external applications to sync your interactions.

Can a CRM automate tasks?

Yes, many CRMs today provide the ability to automatically record phone, email, and social media interactions. Also, business functions throughout the program cycle will allow you to track leads and constituents in the process. These business functions can be as simple as running a daily report or alerting an gifts officer that a large donation was just processed.

Can a CRM flag prospects for planned or major giving opportunities?

Not only can a CRM flag prospects for planned or major giving opportunities, it can assign these opportunities to the appropriate portfolio owner based on region, opportunity amount, or program qualification.

How can a CRM help with grant management?

Grants come with many administrative responsibilities that must be completed throughout the process. Even before a grant is awarded, there are many strategic steps to design, develop, and track the process to ensure a successful proposal is awarded. A CRM system can be configured to streamline these processes to ensure that all the terms of the grant are met.

What kind of reporting and dashboards are available?

Many CRMs today offer robust out-of-the-box reporting and dashboard solutions that allow for standard or custom report generation, including

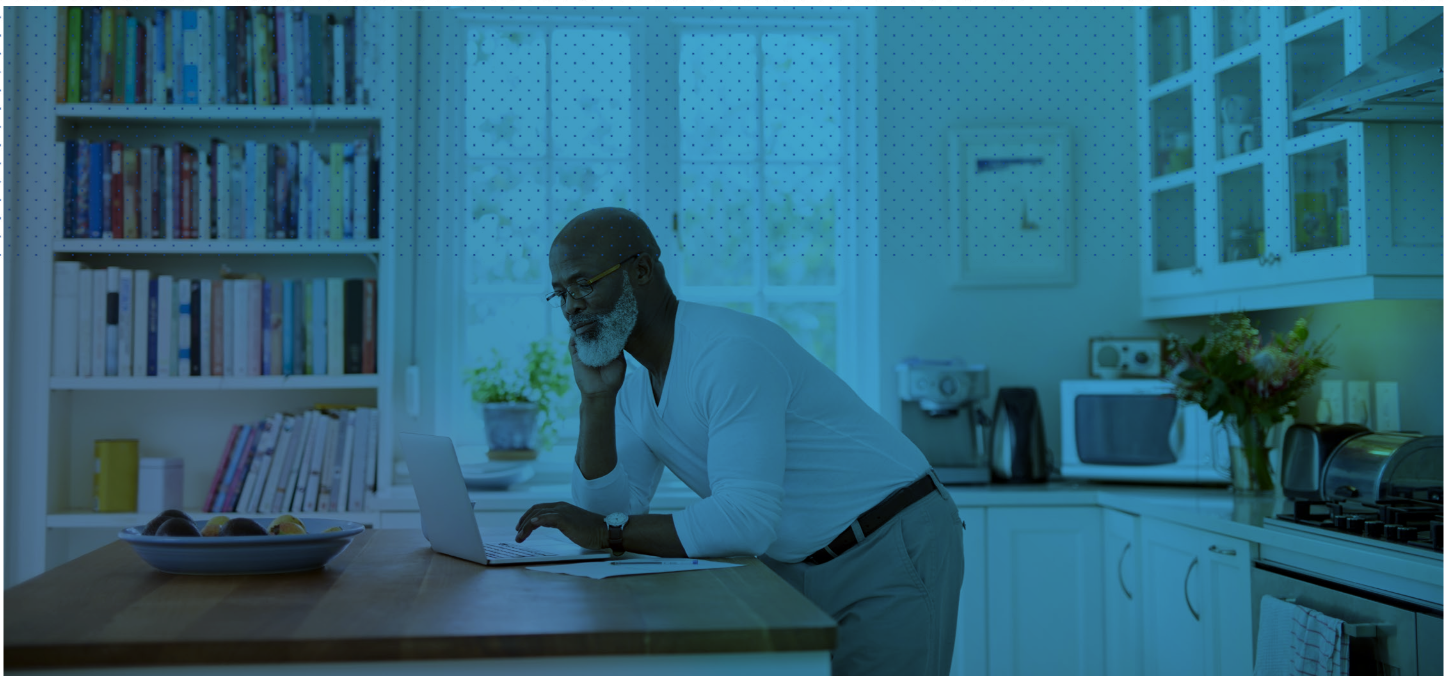
- Constituent reports
- Fundraising reports
- YOY analysis
- Development forecasting
- Gift ranges
- Campaign analysis

Is this scalable?

As nonprofits grow, they will need a solution that will grow with them. Growth can come in the number of constituents or types of programs. With many CRMs today, cloud-based solutions have become the norm, so marketers are no longer required to build in down time for adding more storage or major tech enhancements. As a result, it is not nearly as cumbersome as it was in the past to add new constituent data or new programs.

COMPONENT TWO

DIRECT RESPONSE PLATFORM (DRP)



WHAT IS A DRP?

The second component is the direct response platform, sometimes called a marketing database. This is where your historical data will be stored. While your CRM may only contain a few years of information, your DRP can contain all the historical data. The DRP is especially focused on data that can help inform the analytics that fuel predictive modeling, which in turn drive segmentation and audiences. This is extremely helpful when executing outbound communication campaigns. By having this wealth of information on your constituents' past behavior, you can be very specific in your targeting and your messaging.

Why is a DRP necessary?

For a successful donor-centric marketing program, you need to have a solid baseline understanding of a given constituent's behavior. The DRP enables very granular segmentation, down to the micro-segment level. For example, a constituent could be a $5 per month sustaining donor, but also be a team captain who raised $2,000 for a local walk event. It is up to your organization to define the strategies associated with each of these micro-segments as a part of your broader omni-channel strategy. Two common micro-segments are based on RFM (recency, frequency, and monetary) and life cycle (acquisition, renewal, lapsed donors). Micro-segmentation also plays a key role when establishing the constituent lifetime value that determines who to acquire, retain, or maximize. Predictive analytics is forward-looking. The DRP examines current and historical data to develop a probabilistic model that makes predictions about future outcomes. The DRP thrives on years of historically archived data to help grow your constituent base. Predictive analytics will allow you to see trends across time, identify testing markets, grow your segments, and enhance the donor experience by building out your constituent journeys.

The DRP is built on foundational marketing processes:

Identity resolution

As donors are interacting with your organization across many different channels and touchpoints, this data must be standardized, identified, and stored for downstream marketing uses. This funnel of marketing data resides in the DRP.

Insights

Understanding who your donors are and how they interact with your organization is paramount. Through visualization, statistical analytics, and business intelligence reporting, the marketing teams are able to better understand behaviors and preferred touchpoints of your donors.

Orchestration

Bringing together the power of predictive analytics and segmentation is where all of the data and insights become powerful. Organizations can create journey maps that are omni-channel, instead of single channel, with personalized interactions. Simply put, the DRP enables you to speak to your constituents how and where they wish for you to communicate with them.

Activation

Through the DRP, you will provide your donors with a seamless, connected journey that is built upon a personalized experience with your nonprofit.

In thinking about your current campaign channels, you probably execute direct mail, email, and digital programs. But are you sacrificing personalization and interaction-based journeys because you don't have the capability to fully support them from your CRM data alone? With a DRP as part of your technology stack, you can finally execute these personalized campaigns without spending time manually manipulating data.

How is a DRP different from a CRM?

The DRP is focused on streamlining, automating, and measuring marketing efforts, where the CRM is focused on sales process or lead nurturing.

Does the DRP span across multiple marketing channels (direct mail, email, social, ads, etc.)?

Yes. Nonprofits need to engage and connect with their constituencies across many different channels. The DRP technology was created to give marketers the ability to build out omni-channel journeys to ensure messages are reaching constituents where they are.

How do you know who you're communicating to?

Identity resolution is a key function that sets the DRP apart from the other tech stack components. It's critical to link a constituent's identities together across the following: terrestrial, device, and digital. This allows you to create a singular, unified version of the constituent. By linking these three, you can ensure that you are communicating to your constituents.

What about analytics?

The DRP maintains a massive amount of transactional and historical data that can be leveraged for analytical purposes. Once this data is consolidated in a DRP, it can be used to create value by identifying patterns that can help predict the future. Not only can you predict which program a donor is most likely to give to, you can identify which channel they are most likely to respond to. This capability is only possible in your DRP, not the CRM. By knowing how a constituent is likely to respond, nonprofits can then create the right message at the right time using the right channel to decrease redundancy and reduce costs.

How is attribution handled in a DRP?

The DRP provides multiple options when assigning value to each distinct marketing effort the donor responded to:

- **Single-touch attribution:** gives all the credit to the last interaction.
- **Multi-touch attribution:** assigns values by channel or fractional values to each effort.
- **Marketing mix model:** looks at the mix of marketing efforts and constituent engagement over time to estimate the impact of each marketing event.

How do you orchestrate your segmentation strategies?

Nonprofits are able to leverage the right data to create audience segments that enable the most effective communication strategies.

1. Build out your target audience using third-party data to allow for a more extensive view of your constituents and their behaviors.
2. Identify and coordinate audience selection and segmentation for campaigns across channels and media.
3. Plan, design, launch, support, and track fully connected, multi-channel marketing campaigns across the constituent life cycle.
4. Use technology tools to develop, store, and manage content for ongoing optimization to increase engagement and conversions.

By following these steps, you will be able to orchestrate your segmentation strategies and push your constituent experience to the next level.

How does the DRP allow for personalization?

The DRP allows for personalization by first connecting the constituent behaviors across multiple interactions (site/page visits, search behaviors, social sharing, direct mail, and email), then enhancing your data by appending third-party data (demographics, wealth indicators, life events, mortgage, lifestyle/behavioral). With these two steps, nonprofits will be able to deliver a highly personalized experience.

What kind of reporting and dashboards are available?

Within the DRP, there are generally six key reports and dashboards:

1. Program Campaign Summary: provides an “at a glance” performance view of the organization’s marketing program.
2. Campaign Detail: The campaign detail dashboard provides insight at a campaign level by assembling key metrics and dimensions to provide a detailed analysis of a campaign’s performance.
3. Marketing Campaign Comparison: provides a detailed comparison view of how campaigns are performing.
4. Marketing Media Detail Performance: provides detailed insight on how the various media are performing for a single campaign or across all campaigns.
5. Marketing Media Comparison: provides a detailed comparison view of marketing media and campaigns.
6. Constituent Summary: provides a profile view of donors and prospects by geographic and key demographic attributes, allowing marketers to better understand the “who and where” of their constituent base.

Is this scalable?

Yes, the DRP is highly scalable to meet current and future business demands.

COMPONENT THREE

DIGITAL EXECUTION PLATFORMS (DEP)

WHAT IS A DEP?

The third component of your nonprofit technology stack is actually a set of tools used to facilitate the execution of your fundraising and organizational programs. These digital execution platforms, or DEPs, are often add-ons or applications that integrate with your CRM and DRP. For nonprofit organizations, this often includes:

- Online fundraising
- Email marketing
- Lead management
- Websites and landing pages
- SEO
- Social media marketing
- Mobile marketing
- Events management
- E-commerce

As the planning and execution piece for your online marketing efforts, your DEPs could manage things as simple as deploying an email campaign, or as complex as a multi-channel campaign with coordinated efforts using email, social, mobile, and advertising.

Regardless of how simple or complex your campaigns, your DEPs must be able to accomplish your marketing initiatives in a scalable way.

Why are digital execution platforms necessary?

Simply put, DEPs are a critical component of your success, because they enable you to reach your online constituency. They underpin a multi-channel approach to speaking to your donors where they are, using the channels they prefer. As the digital execution component of your technology stack, it is extremely important that you choose applications with the capability to integrate with your CRM and DRP.

Does the DEP span across multiple marketing channels?

Many of today's DEPs are multi-channel. But what does this mean to your nonprofit organization? Basically, it means that the platform has integration or native capability to allow you to execute across multiple marketing channels. This empowers you to create a campaign flow utilizing email, social, and advertising, for example. These coordinated campaigns allow you to stay focused and organized in your marketing efforts.

EMAIL

When evaluating an email application, be sure to look for one that allows you to design, plan, target, test, and, obviously, deploy your email campaigns. Taking this a step farther, your DEPs should also enable you to use dynamic content and personalization based on what you know about the donor or prospect. Specifically, you should be able to send one block of content to one person and a completely different block of content – framed within the same email – to another person. All this should happen dynamically based on the criteria and rules you've set up.

FUNDRAISING

While the needs of your organization may vary slightly, you should generally make sure that the DEP you select for fundraising accommodates:

- One-time donations
- Recurring gifts
- Honor/memorial tributes
- Mobile responsiveness
- Fully customizable layout and branding
- Integration

This DEP is where you will manage your fundraising campaigns, track performance, and make adjustments, such as editing recurring gifts. All the marketing you do will be useless if you have no way of collecting the gift from the donor. Be sure to do a full analysis before committing to a fundraising DEP.

Within the fundraising DEP, you can get a wide array of transaction and campaign reporting. You can see how well your campaigns are performing, as well as individual donation history and performance. However, these are often limited to just transactional reports and dashboards. For the 360-degree view, you'll likely want to use your CRM to generate reports.

SOCIAL

Another great application is the social module. This module allows you to listen, analyze, publish, and engage – all from one platform. Social listening allows you to analyze social conversations from millions of different sources with social media monitoring software. This helps you understand what people are saying about your organization and opens the opportunity for you to connect with them. You can also schedule, publish, and promote social posts across multiple networks and accounts. Essentially, you create the post and decide when it goes live, as opposed to having to manually post on Facebook, Twitter, etc. By scheduling all your posts in advance, you can wrap up all of the campaign execution pieces at once – and then take that much needed vacation.

DISPLAY AND SOCIAL ADVERTISING

An advertising add-on allows you to use what you have already learned about your constituents to create personalized and targeted advertising. And of course, this should also be automated. You configure the campaign assets, spend amounts, advertising channels, and a few more settings. Then sit back and let the DEP do the work of executing your campaigns.

Does the DEP do predictive modeling?

When evaluating DEPs, look for one that has the ability to do predictive modeling. Predictive modeling is a process where the DEP scores a constituent's likelihood to open, click, or unsubscribe from an email, as well as the likelihood to make a donation or take other action. Another great benefit with predictive modeling is that you can create look-alike audiences to convert new prospects into donors. Have you ever said, "we need more donors like …?" Now you can find them!

How is it different from the DRP?

The DEP is highly focused on digital and online engagement. As a person interacts with websites or social media, the DEP listens and the predictive modeling begins scoring.

The DRP is the entire picture of the donor including online and offline engagement.

Can DEPs automate tasks?

DEPs should do the heavy lifting for you by automating recurring tasks. You should be able to set up a series of rules and conditions to guide the system through these automations. Decision splits will determine a constituent's customized path without the need for manual intervention. These automations can be based on online behavior such as website visits or interactions. Or they can be based on offline dialing like calling in to a call center. You determine how people enter the journey and configure the possible splits – then let the DEP do its work.

Can the constituent journey be automated?

Many DEPs can automate a constituent's journey, depending on the configuration and integration.

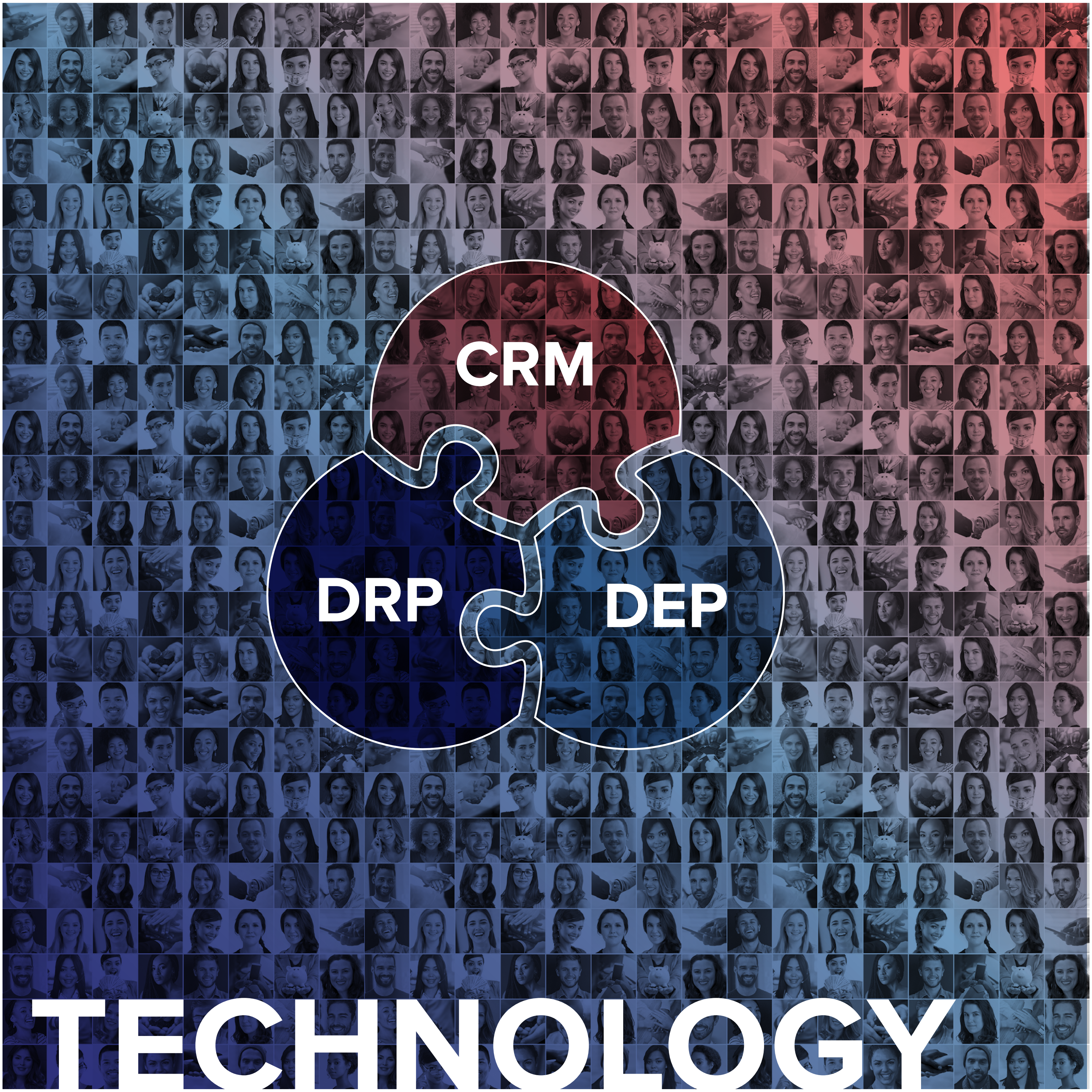
What kind of reporting and dashboards are available?

Cross-channel marketing reports and dashboards are a must. You should be able to easily turn your data into actionable reports and visual explanations. You should expect to find a variety of built-in reports, but also the ability to create your own customized reports. When selecting DEPs, be sure you can get the data you need out of the platforms. Whether this is done via exports or integrations, it is an important part of the technology.

Is this scalable?

You'll also want to make sure your DEPs are scalable. Most on the market today can easily grow with your organization, but you need to ensure this is the case.

A best practice for any DEP is to ensure you configure your campaigns in a way that makes scalability possible. Grouping things into campaigns and following standard naming conventions are two ways to help enable scalability. Without following these best practices, you'll have a mess on your hands within a couple years – if not sooner.



TECHNOLOGY INTEGRATION

It isn't enough to just have all the right pieces. Integrating these components is where the magic happens. By feeding data directly into your CRM, each of the other components can act on it in a real-time way. This means that someone calling in to a call center can immediately get a follow-up email with more information and a donation ask. If they donate, that information is immediately fed back into the CRM for up-to-date reporting. Integration also allows you to execute coordinated campaigns. You can have display ads, email campaigns, and direct mail campaigns, all with the same branding and theme. No more silos or channel-based efforts. Your campaigns will become multi-channel, automated, and personalized.

How does integration solve for a siloed approach to programs and data?

Data fuels your competitive advantage in the digital economy and gives the power to make your fundraising more addressable, make the experience more personal and relevant, and manage your constituents over time. Operational silos present problems that must be addressed for true omni-channel marketing, including:

Incomplete data sets using manual or partially automated processes

One of the worst things you can do is speak to long-time donors as if they've never donated – or have made only limited donations. But if your data is not fully integrated, this may be exactly what you are doing. Say someone has been sending in checks for years, but never donated online. She signs up for emails on your website and you send a welcome series as if she is brand new to your organization and has never donated. This could make the donor feel like you do not really know her – and do not really appreciate her. But with integrated technology, you can use identity resolution to identify that this is the same person who has been donating offline for years. You can then send her an automated welcome series that says, "Hi Sally! We've appreciated your support over the years. It looks like this was your first online donation. We hope you found it to be easier than sending a check in the mail or calling in."

Direct mail is not aligned with online or email efforts

Integration converts all your siloed, channel-focused efforts into coordinated, multi-channel marketing campaigns. This includes direct mail and email, but also includes advertising, display, call center/telemarketing, and even on-site event push notifications.

What kind of reporting becomes available with integrated systems?

When all your technology components are communicating in sync, your reporting becomes more robust, meaningful, and actionable. You can finally see the full picture of a constituent – the holistic 360-degree view.

What kind of automation is possible?

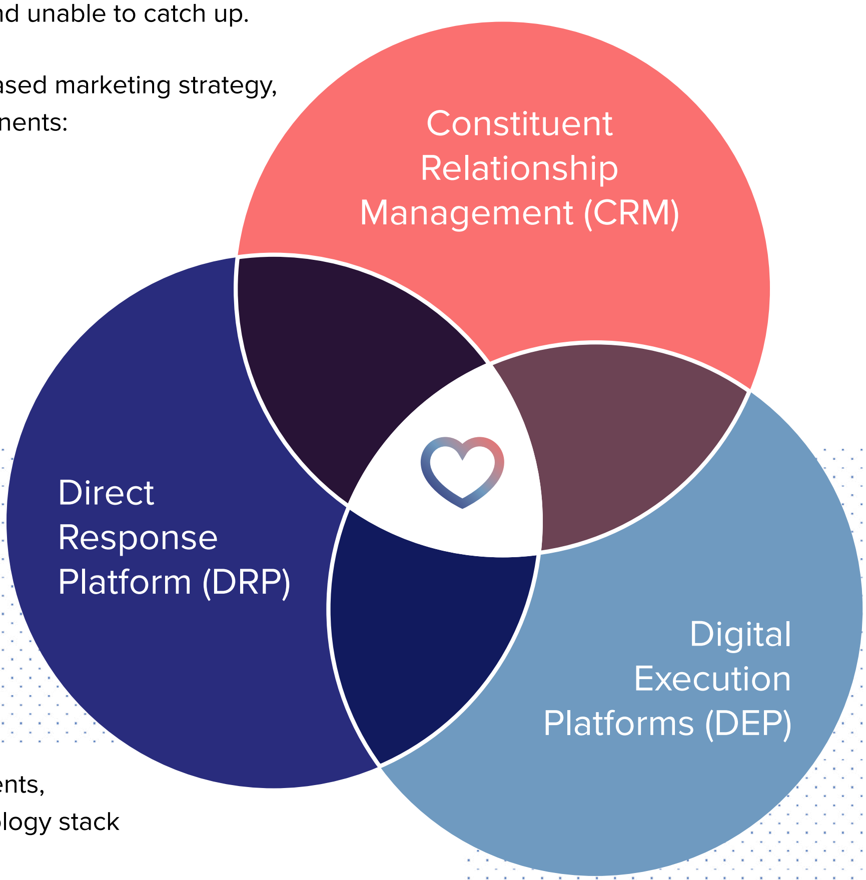
Integration can also free you from having to do the manual work of importing or scheduling for your campaigns. Once your systems are integrated, you can step aside and let the automations do the work. The data is automatically sent to the CRM – the CRM feeds the DRP – the DRP distributes to the DEPs – the DEPs send responses back to the CRM – and the cycle continues. It works similarly with direct mail, where the responses are keyed into the CRM.

In addition to the efficiencies realized by automation, another great benefit is a consistent constituent journey. Each constituent receives a personalized stream that is based on his or her own actions, but it is consistent with other individuals taking the same sequence of actions.

CONCLUSION

Today's donors live in a world where their favorite songs and closest coffee shops are at their fingertips. Their expectations of a high-tech, highly personalized experience must be met by all businesses wanting their money – especially nonprofit organizations. Nonprofits struggle to compete, but without the right technology, you'll always be overworked and unable to catch up.

To truly enable a constituent-based marketing strategy, you need the three key components:



Once you have these components, you must integrate your technology stack to get rid of the silos.

Contact us at marketing@merkleinc.com to learn more or request a meeting with one of our nonprofit technology experts.

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Chad's industry experience beyond Nonprofit includes Higher Education, Government, Business to Business (B2B), Credit Bureau, Information Technology Services, Retail Banking, Retail, and Energy.

Chad earned his Bachelor of Science degree in Business Information Systems from John Brown University and his Master of Business Administration from Webster University. He is also a retired First Sergeant who served 23 years in the United State Army as a Combat Engineer.

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Tracy Davis is the Portfolio Lead for the Nonprofit Digital Technology team with Merkle. She joined Merkle in 2013 as a Senior Developer for the same team. She currently manages a team of high performing campaign execution and implementation developers, as well as identifying and supporting technology solutions for nonprofit organizations. Prior to joining Merkle, she spent several years with Convio/Blackbaud, a software company serving nonprofits and higher education.

In addition to her professional dedication to nonprofit organizations, she has a personal commitment, as well. She has served on several nonprofit boards and was voted Volunteer of the Year for another nonprofit.

Tracy's experience both professionally and personally has given her a wealth of knowledge within the nonprofit vertical. When coupled with her technical acumen, she is a strong asset to Merkle and the nonprofit organizations she serves.

MERKLE

Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With 9,000+ employees, Merkle is headquartered in Columbia, Maryland, with 21 additional offices in the US and 29 offices in EMEA and APAC. In 2016, the agency joined the Dentsu Aegis Network.

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