



The Segmentation Solution: Make More Meaningful Connections

A Six-Step Guide for Alumni-Focused and Nonprofit Organizations

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BY  DEEP SYNC

Donor behaviors and giving habits are rapidly changing, and to remain impactful, mission leaders must be prepared to adapt. The cost is too high not to take action: **according to the Fundraising Effectiveness Project, nearly 80% of first-time donors lapse after a single gift.** Supporters aren't just indifferent to generic communications—they actively tune out and disengage if appeals fail to reflect their specific passion for the cause.

Segmentation is the solution.

Audience segmentation is crucial to achieving fundraising success and a positive overall campaign impact. By enhancing performance and boosting conversions, segmentation enables alumni-based and nonprofit organizations to maximize marketing investments while minimizing budget waste.



What is Segmentation?

In the simplest terms, segmentation is dividing a large audience or target market into smaller, more actionable groups. These groups share commonalities that enable organizations to speak to their audience members in a more relevant way than sending generic, impersonal communications.

Through segmentation, alumni-based and nonprofit organizations, as well as their marketing partners, can develop a deeper understanding of both current and prospective supporters. This understanding informs design choices, including copywriting, image selection, offer positioning, and even calls to action. In short, segmentation enables organizations to turn a one-to-many channel into a one-to-one experience.

And while this does require more effort and planning than a simple generic message to a broad audience, the benefits can be incredibly impactful.



Improve supporter experience through a deeper understanding of your audience.



Enhance engagement by crafting messaging that resonates on a more personal level.



Drive donations with communications and ask amounts that make sense for each audience segment.



Create opportunities to develop long-term supporter relationships through relevance and trust.

Goals that Drive Segmentation

Whether you are an alumni-based organization or a nonprofit, understanding the goals and desired outcomes for the application of segmentation will guide your decision-making throughout the process.

Generate Prospective Donors

Identify and target the audience members most likely to align with and support the mission of your organization.

Increase Mission Awareness

Create opportunities for current and prospective supporters to see and engage with your organization in meaningful ways.

Drive Repeat Donations

Encourage current supporters to elevate their loyalty and increase their contributions to your organization.

Encourage Major Gifts and Planned Giving

Analyze past donation behaviors and volunteer histories to identify potential candidates for major gift and planned giving programs.

Increase Supporter Satisfaction

Tailor supporter experiences to be more personalized by understanding their behaviors and preferences.

Implement Stronger Marketing Strategies

Allocate resources and create more effective campaigns by targeting the supporter segments that are the most likely to deliver results.

Types of Segmentation

The options for segmentation are virtually unlimited as the process is so customizable: from simple-to-implement demographic and geographic segmentation to more advanced implementations, including analytics-based and RFM segmentation.



Analytics-Based Segmentation: Utilize predictive analytics to score current and prospective supporter records based on their likelihood to complete a desired action, and then segment your audience accordingly. Some of the more common predictive analytics include attrition, conversion, donor propensity, and response models.



Behavioral Triggers: Generate segments based on real-time actions and engagements, including a consumer starting but not completing a donation, a first-time donor, or a volunteer form completion.



Demographic Segmentation: Utilize attributes within first- and third-party datasets to identify audience members with specific demographic characteristics, and create messaging that aligns accordingly. Thousands of demographic attributes are available, including age, education, income, marital status, presence of children, and more.



Descriptive Profiles: Move from assumptions to knowing the demographic makeup of your supporters. Many profiles include scores or buckets of demographically similar consumers that can be used to generate segments.



Generational Cohorts: Utilize generational communication preferences, technology adaptation levels, and unique values to inform creative and messaging. Segmentation can be accomplished by applying year-of-birth data to an existing supporter file or using a generational cohort attribute provided by your data partner.



Geographic Segmentation: Segment audiences by geographic identifiers to tailor messaging to specific locations. This type of segmentation has numerous applications, including geoproximity targeting that enables audience members within a particular distance from a brick-and-mortar to receive a customized message with that location's details.



Lifestage Triggers: Target specific audience members based on recent life events or lifestage changes that are known to have a significant impact, for example, graduating college or having a baby. These consumers' perspectives are shifting with their new lifestages, which may lead them to approach related mission-based organizations differently than before.



RFM Segmentation: Utilize recency, frequency, and monetary value from your transactional data to create segments that relate to a supporter's lifecycle. For example, a "Gold" donor, one with high recency, frequency, and monetary value, should receive priority messaging that reinforces their VIP donor status through exclusive events and opportunities. In contrast, a "Bronze" donor, one with low recency, frequency, and monetary value, should receive messaging that includes a strong, time-sensitive incentive to prompt a response.

The Role that Third-Party Data Plays in Segmentation

Third-party data enables targeting initiatives and adds value to first-party supporter lists. In the vast majority of cases, third-party data will have a significant role in the segmentation process, so ensuring that you or your marketing partner have a trusted data provider is essential.

Prospect Audience Creation

Query nationally compiled datasets to identify prospective donors that meet specific geographic, financial, and charitable criteria.

Data Hygiene

Apply leading hygiene and suppression services to ensure supporter data assets are accurate and action-ready.

Data Enhancement

Identify and fill gaps in coverage, or add valuable new attributes and contact data points to existing donor datasets.

Cross-Channel Fundraising

Create multi-touch fundraising campaigns that combine online and offline channels to meet current and future donors where they are.

Descriptive and Predictive Analytics

Target audiences informed by data with descriptive and predictive analytics that help to refine targeting and guide campaign strategies.

Measurement

Learn how segmentation initiatives perform by analyzing campaign metrics to determine successes and where refinement is needed.

Before You Begin, Answer These Key Questions

AlumniFinder has created a six-step process that you can apply to create and use segments as part of your organization's awareness and fundraising efforts. This process is ideal for both alumni-based and nonprofit organizations as well as their marketing partners.

Please note that while the steps we present are linear, they can be customized according to the type of segmentation being applied and the type of data being used. Remember, segmentation is always customizable to meet your specific goals!

What type of segmentation are you interested in?

- Do you know the data points that are needed to accomplish that type of segmentation?
- Are the correct data points present within your existing data, or will an append be necessary?
- Would a descriptive profile help establish a starting point?
- If licensing a third-party list, can the data points needed for segmentation be added to the layout?

What type of data do you have?

- With first-party data, data hygiene and enhancement will likely be critical to begin the segmentation process.
- With third-party data from a trusted partner provider, you may already have a clean list with the attributes needed to begin the segmentation process.

Segmentation success can start with simple changes. Even small efforts can have beneficial outcomes, but if you're early in your segmentation journey, don't let perfect be the enemy of good. Regardless of your current experience level, taking early steps will provide a solid foundation for future success.

1 STEP ONE: Apply Data Hygiene

Proper segmentation relies on a strong, sturdy foundation, and data hygiene services, including **address standardization** and **change-of-address processing**, go a long way toward establishing that foundation. This is particularly true for organizations relying on first-party supporter data as a starting point, as data coming from disparate sources, including point of sale systems, CRMs, or web inquiries, may not be formatted in a consistent manner.

We encourage you to also consider **deceased suppression** and **opt-out suppression**. These additional steps help to prevent undesirable records from being included in segmentation processes.

2 STEP TWO: Append Attributes

Segmentation is made possible through data analysis, and each type of segmentation will require a specific set of data attributes. In many cases, these **data attributes** can be **appended to a first-party supporter dataset**.

In addition to **adding value to existing records** by **providing new information**, data enhancement can help to **fill in gaps in coverage**. Thousands of attributes are available, including adult age, child age, donor activities, income ranges, home value, interests, net worth, occupation, property characteristics, and more. Not sure where to start? A **descriptive profile** can prove useful in determining what attributes apply to your current supporters.

Attribute appends don't stop there; they can also be used to add **additional contact details**, including phone numbers and email addresses, which can be valuable for cross-channel fundraising initiatives.



STEP THREE: Create Segments

With a clean foundation and the necessary data points in place, segmentation begins. There are **several methods to accomplish segmentation** and the process can be as simple as sorting columns in a spreadsheet. You or your data partner can provide additional guidance based on the level of sophistication your segmentation requires.

Utilize Spreadsheet Functionality

We'll use generational cohorts as an example. If you license a list from a data provider, they can include year-of-birth data, which can be keycoded with the corresponding generational cohort. This can also be the case with year-of-birth data appended to a file of current supporters. Identifying the Gen X cohort from the Gen Z cohort is as simple as sorting by the keycode column, determining population counts, and then moving to step four.

Utilize Pivot Tables

Pivot tables enable you to quickly summarize large amounts of data for analysis in just a few clicks. To start, ensure your data has a header applied. Once your data range is selected and your pivot table is inserted, you can easily drag and drop relevant supporter details or demographic attributes to the table's columns and rows for analysis. You can also add global filters and calculate values.

Utilize Analytic Processes

For segmentation based on analytic processes, scores applied to the dataset help to define segments. For example, a predictive model is applied to identify the consumers with the highest likelihood to donate; the resulting records are scored and coded using deciles.

The analytical process informs the best scores to target, and perhaps that includes scores one through four. It also informs where you'll stop seeing lift, which could be score six. With this information, you might choose to invest the most in scores one and two, sending this group an exclusive invitation to your annual fundraising event, while scores three and four receive an opportunity to participate in a community awareness event.

Utilize AI-Based Segmentation

LLMs (Large Language Models), or AI chatbots, can quickly ingest, analyze, and segment data along with providing persona names, segment descriptions, recommended copy points, and in some cases, even mock designs. It's absolutely fascinating how quick and flexible the process is.

A variety of sample segmentation prompts are available online for you to explore. Your LLM of choice can also be prompted to provide you with step-by-step instructions to create segments. As you are considering your options, confirm that your LLM of choice does support data analysis.

Additionally, if your organization uses an LLM for segmentation, be mindful of any implications that could impact the sharing of your current and/or prospective donor data.

STEP FOUR:

Design Creative & Write Copy

The knowledge gained up to this point leads us to step four, where the goal is to **tailor all aspects of the creative and messaging**. This is accomplished by informing **design, copy, image selection, incentive decisions, and calls to action** with the segments that have been created. Copy should speak directly to the unique aspects of the intended audience, images should feature scenarios the reader can relate or aspire to, and the offer should align with each segment's motivations. Involve your design team early to ensure that you have the resources needed for successful execution.

STEP FIVE: Implement Cross-Channel

A cross-channel approach is crucial to reach as many current and potential donors as possible. The **high engagement of direct mail, personalized touch of a phone call, speed of email, and connectivity of digital media create powerful combinations** that can drive action.

Broadening your channel selection extends and amplifies your message's reach. And perhaps most importantly, this approach lets audience members consume information and engage in the way that's most comfortable or convenient for them.

STEP SIX: Analyze & Refine

Post-campaign analysis is critical for showing business impact and securing budget for future initiatives. This begins with an understanding of how to determine success—what are the goals being measured against? Key performance indicators and campaign costs need to be well documented.

With all new strategies, there will be a period of testing and refinement. Once the campaign analysis is complete, testing and optimization begins. Ask the following questions to guide your next steps:

- Was the correct audience targeted?
- Were the right tracking mechanisms in place?
- Did the segments perform as expected?
- Could design choices and copy points be improved upon?
- Was the call-to-action strong enough; was there enough sense of urgency?
- How might additional channels have impacted reach and response?

THE ALUMNIFINDER DIFFERENCE

Don't let our name fool you! AlumniFinder drives fundraising success for educational, healthcare, and nonprofit organizations alike with a suite of modern fundraising tools and top-tier data services that improve data hygiene and quality, enhance supporter data with valuable attributes, predict fundraising outcomes, and curate custom cross-channel audiences.

A POWERFUL PARTNERSHIP: AlumniFinder and LexisNexis®

LexisNexis offers AlumniFinder clients unsurpassed identity management services. Powered by their exclusive LexID® technology, LexisNexis matches and connects disparate information about an identity and assigns a unique identifier with greater than 99% accuracy. A comprehensive selection of data resources, including information from all three credit bureaus, is used to create LexisNexis' robust collection of 301 million unique consumer entities.

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