

Data co-ops enabling better targeting of donors

When data co-operatives debuted in Australia six years ago, they provided the nonprofit sector with a new and effective way to find and develop donors. [Glenn Harrison](#) reviews the whys and wherefores of co-ops.

The data co-operative concept was first pioneered in the US over 20 years ago, and has been successfully introduced into the UK, France, and Germany, before they arrived in Australia in 2007.

Six years later and the emergence of data co-operatives have seen them become the main currency for successful new donor acquisition for many not-for-profits.

What is a co-operative database?

A co-operative database is where various organisations contribute their donors or buyer names, along with their transactional histories, to create a large pool of individuals who respond to their offers.

The depth (number of transactions) and breadth (number of data sources) of data within the database give a comprehensive view of consumers' behaviour (donating, reading, buying etc.).

Transactional data adds a new dimension to prospecting

The use of transactional data in a cold list acquisition mailing has proven to be effective because it allows you to tap directly into the postal donor pool – that group of people who support charities by direct mail. They have already bought into the concept of charity giving and have already made a commitment. These people are so much more likely to give again.

Co-operative databases go beyond recruitment

Co-ops have most often been used by not-for-profits for prospecting campaigns, but they also provide not-for-profits with numerous house file models that help maximise their donors' long-term value. House file models can significantly improve campaign performance by increasing net income; effectively reactivating lapsed donors and identifying monthly donors. Essentially, co-ops provide participants with an extensive, low-cost modeling toolbox for both prospects and donors.

How can a co-op help?

If you already participate in a co-op, but only take acquisition names as one of your vertical lists, test donor reactivation and house file modeling to improve net income, and increase donor long-

term value by identifying good prospects for other fundraising programs such as regular monthly giving. Work with your co-op representative to develop strategies that meet your goals.

Membership benefits

If you do not participate in a co-op, here are four good reasons for you to consider joining one, or at least test one.

1. Joining a cop-op is free.

The only requirements to join are that a participant provides its list of donors or buyers and their transactional histories and that the database is updated regularly.

2. Co-ops are made up of multi-transactor names

Names added to the co-op must match a name that already exists in the database, which is why all of the names in the database are multi-transactors. Names that do not match are "unique" and are not added to the co-op database.

3. Model builds are free.

Participants pay a very reasonable per-thousand rental fee for the names they receive, but they do not pay for the predictive scoring model builds. Co-ops want their participants to be successful and will build and test numerous custom scoring models for free to identify those that work best for a given participant.

4. House file models increase donors' long-term value.

Not only do house file models improve mail results through better selection, they can also be used to identify the best prospects from within the current house file for reactivation and regular monthly giving.

Common objections

You or others within your organisation may have

some concerns that have kept you from joining a co-op. Below are three common objections we hear regularly and counter-arguments to help overcome them.

Objection 1

My board or CEO does not want to participate because our names are unique and the organisation doesn't want other direct marketers mailing them.

Remember where your direct mail donor names originated? Many came from compiled list suppliers' databases or from lists of organisations that make their customer lists available for list rental. Therefore the names on your donor file are not unique to your organisation despite what some may think.

Objection 2

My names will be overused by similar organisations and become fatigued, thus diminishing results of my house file appeals.

No single list is used as a whole. The predictive scoring model does not know on which lists a name appears since a name is on multiple lists. A significant benefit of a co-op is that models are applied across the entire co-op universe to identify and rank the best prospects based on the desired characteristics for a particular participant. A selection of 200,000 prospects from a co-op database that contains 3 million-plus individuals represents less than 7% of the entire database.

Objection 3

We don't have consent from our donors to allow us to share their details with other participating organisations within a data co-op.

Your data co-op representative can help advise on an appropriate third party disclosure statement to include in your donor communications.

For more information about Alliance Data's Insight data co-op, please contact Glenn Harrison on 1300 873 849 or email: glenn@alliancedatadirect.com.au

Glenn Harrison

Glenn has been at the forefront of data marketing for over 20 years. He is one of the early pioneers in Australia in the co-operative transactional marketing concept and is responsible for creating a number of the industry data cleansing and suppression file products.

