



Is Donation Technology Right For Your Business?

Test Scenarios and Maximizing Success

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Test For Success

The intent of this paper is to assist ISO's and VARs in determining how technology fundraising at the POS may fit into your business model. It may not be for everyone. Guidance is provided on the types of retailers and their consumers you may want to start with, as well as the type of Non-Profit Organization you may want to choose. If you have your own favorite charities, then the guidance can be used on which target markets might generate the highest donation levels for you. This information is based on extensive charitable donation research and actual deployment with retailers on the east coast of the U.S. by Cynergy Data, LLC.

The Magnitude of Charity Checkout Success

"\$358 million was raised in 2012 by an elite group of 63, million---dollar---plus charity checkout campaigns identified by Cause Marketing Forum. In aggregate, these large point of sale donation programs have raised over \$2.3 billion over three decades." (1)

Imagine earning a small fee on each donation transaction.

Enabling charitable donations at the point of sale is good business. Technology that enables the collection of small micro-donations during purchases benefits all parties. The charity raises money without having to allocate volunteer hours to the effort, or spend marketing dollars on a fundraising campaign. The merchant engages in their community and builds a positive brand perception, while being able to choose a local charity. Consumers, with a growing buy local/support local mindset can feel good about contributing even small dollar amounts to help a local cause in their neighborhood.

And while fundraising dollars are being maximized, at the same time there is transaction revenue allocated to the technology processors and software enabling the effort.

Is this Right for Your Market?

Just as with any new product, market testing is valuable. Since donation technology at the point of sale may not be right for all of your markets, here are a couple of approaches you may want to test to extrapolate the potential. This information has been learned by Cynergy Data in rolling out point of sale terminals with donation fundraising technology to retailers. Please be advised these observations are not statistically significant, but are based on the portfolio.

The Ideal Scenario

If you test the best ideal scenario you can imagine, it may quickly prove or disprove the product in your marketplace. For instance, in point of sale giving, the hypothetical ideal is the alignment of 3 stakeholders – the Merchant's Business, the Not for Profit Cause (NPO) and the Consumer's value set. If when the consumer is completing the purchase, the charity easily aligns with their value system and that of the merchant – there is no hesitation – and the donation is made.

1) America's Charity Checkout Champions, 2012 Cause Marketing Forum

For example, the Merchant is an outdoor gear store, the customers are people who love the outdoors, and the NPO represents saving wild animals or saving the environment. There is a natural alignment with no suspicion around the fundraising purpose. This alignment is especially important when the checkout employee does not ask for a donation and the consumer is left to make their own choice on a signature pad during the transaction.

A disconnect would occur when the Merchant is an automotive dealer, customers are do-it-yourself repair people, and the NPO represents adopting homeless pets. Even though most people care about helpless animals, there is enough of a disconnect between the merchant business and NPO cause that donations could be lower. Please keep in mind donations still exist, they just are not maximized. In Cynergy's experience, the average conversion with VISA and MasterCard holders is 20%. When the alignment is not strong, donations may drop down to the 11% range.

The Emotional Connection

- Numerous studies suggest that both women and men give equally, or women give more.
- Children and animals create high emotional engagement. Charities representing these bases are natural draws at the point of sale.
- There is a growing movement for supporting local, buying local. National charities have immediate brand awareness, but local NPO's hit much closer to home sentiment.

In addition to the ideal scenario mentioned above, maximizing giving at the point of sale could include enrolling retailers with dominant bases of female consumers, and aligning highly charged emotional charities with this consumer base. An example would be a women's hair salon with a Make A Wish child who wishes a makeover to look pretty for one special day.

Acceptors of Visa, MasterCard AND Amex

To maximize testing on what donation potential can be, you want to ensure you include all three card types. In limited testing by Greenwise Bankcard, the creator of DonateWiseNow, including American Express cards notably lifted the conversion level of transactions from 20% of payments with donations to 28% of payments with donations.

Generational Segment

Below you will find two charts created by Edge Research, in a case study commissioned by Convio entitled "The Next Generation of American Giving". The study is a result of 1,526 self-reported donors who participated in an online survey that was in the field between January 20 and 28, 2010, and three focus groups held in December 2009.

Again, if you want to maximize donations, utilizing the extrapolated data below will assist in identifying your merchant retail customers likely to succeed based on attracting the generation of consumers most likely to give.

In figure #1, the highlighted blue numbers indicate statistically significant guidance on the channels used by generational segments. Note that checkout donations are most prominent with Gen X and Boomers.

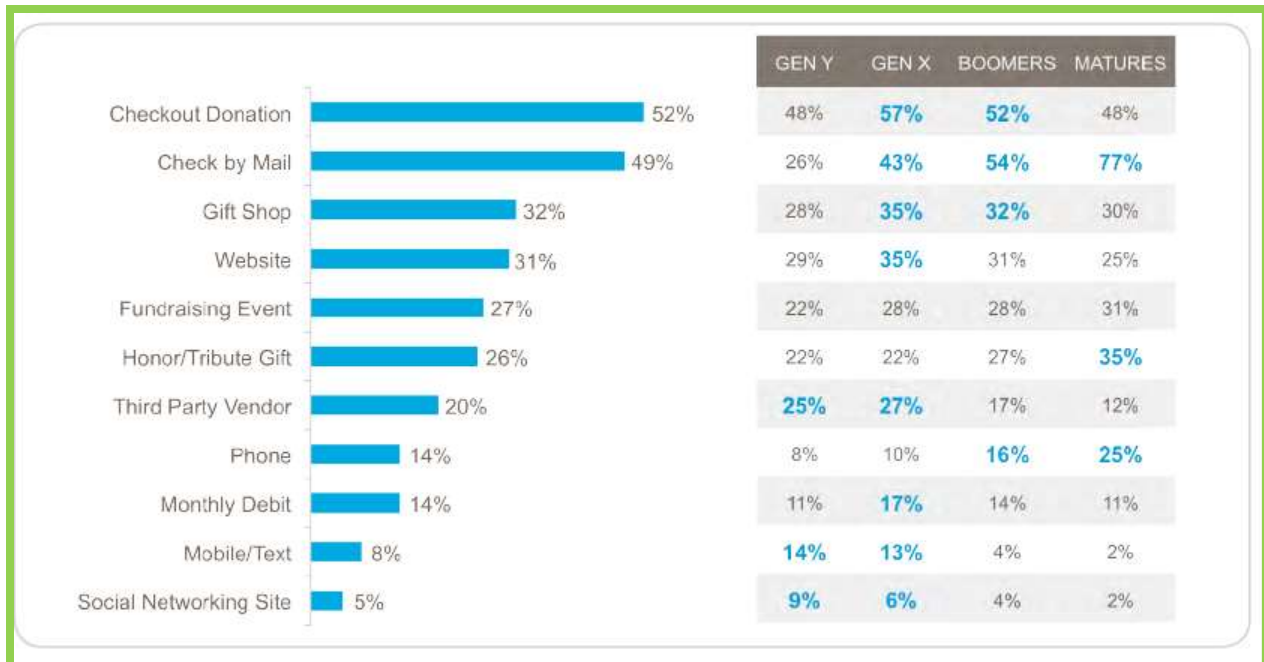


Figure #1, Edge Research Study, The Next Generation of American Giving, commissioned by Convio.

In Figure #2 below, the percentage of giving and dollars typically given in one year by the research base have been extrapolated across the broader US population. There is significant potential to raise funds for charities at the point of sale and generate significant donation transaction volume in particular with Gen X and Boomers.

	Estimated Population	Estimated % Giving	Estimated Number of Donors	Average Contributions/Year \$	Estimated Annual Contributions
Matures	39.0M	79%	30.81M	\$1066	\$32.7B
Boomers	78.0M	67%	52.26M	\$901	\$47.1B
Gen X	62.0M	58%	35.96M	\$796	\$28.6B
Gen Y (ages 18-29)	51.0M	56%	28.56M	\$341	\$9.7B
	230.0M	64%	147.59M		\$118.2B

Figure #2, Edge Research Study, The Next Generation of American Giving, commissioned by Convio.

Other variables, such as point of sale signage and how engaged consumers are with their merchant even before charitable giving campaigns begin, can affect the success of point of sale giving. These variables are a more localized level and may be difficult to manage at the VAR or ISO level. The intent of this paper is to highlight the initial target market thought process to assist you in analyzing your portfolio of retailers, and generate a solid level of success.

For Further Discussion on DonateWiseNow Technology, please contact

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