

## Guide to understanding your 'no-shows' to minimise unnecessary loss of income and donor attrition

We've created this guide to help you benchmark your 'no-show' Direct Debit cancellations; an exercise that can identify unnecessary donor attrition and generate additional income that would otherwise be written off.

### Identifying 'no-show' failed payments

The first step to reducing attrition is working out why a payment collection failed in the first place. By identifying the cause of the failed payment, updating the supporter's record to identify whether it was in fact a genuine cancellation, and adding no-show payments to attrition models, charities can begin to take them into account and take action to reduce them.

Merely separating failed payment collections into cancellations and no-shows is not enough however. Understanding the reason behind a no-show is key to implementing an appropriate course of action.

A failed payment due to insufficient funds could prompt that payment to be re-presented at a later date, at which time it may be successful. A processing error can easily be corrected, and a change of heart on the behalf of the donor that prompted a cancellation could spark the opening of a new dialogue that may rekindle and deepen that relationship.

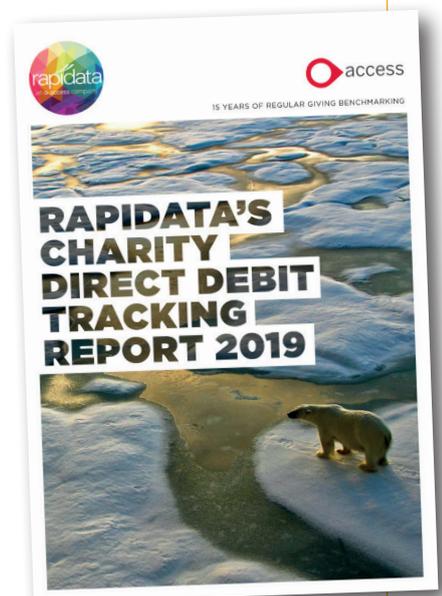
Benchmarking can be an important tool in helping charities address the issue. While no-show rates will differ from charity to charity, depending on the campaign, and on the channel used, a benchmark provides charities with an idea of the average rate in the sector and what therefore they can aim for.

Rapidata has monitored no-show rates since 2010, providing its charity clients with detailed feedback on their own no-shows.

Its research determined the average rate over this time and on this basis, in its 2019 Charity Direct Debit Tracking Report, Rapidata introduced an 11.5% benchmark as a sector standard. It recommends that charities compare their own records to this with the aim of keeping within it.

Taking affirmative action can have striking results. When an animal welfare charity outsourced its Direct Debit processing to Rapidata, it gained £112,000 in a year as a result of Rapidata analysing its unpaid Direct Debit donations and identifying that 50% were worth re-presenting for payment.

This generated significant funds that would otherwise have been lost revenue due to the previously unpaid donations being written off as simply cancellations.



## Monitor

The first step is separating no-shows from active cancellations to identify where they are occurring. Monitor them by campaign and channel to identify levels with each one. Charities should also bear in mind that some channels typically lead to higher no-show rates than others.

One to one channels for example typically provide higher sign ups but also higher levels of new donors dropping off before their first donation

## Understand

Investigate the reasons no-shows occur. Work with a payments provider that breaks them down into their different types for you so that you can build an understanding of what causes them, such as insufficient funds or processing errors.

## Explore

Explore approaches and how to initiate better communication and engagement with supporters from the outset.

Test different communication strategies, and focus on your donor experience and long-term stewardship, looking at how and when you welcome and thank new supporters for example.

## Respond

Develop a strategy for responding to no-shows - re-presenting if it was an insufficient funds issue for example, or if it was in fact a cancellation, moving to a reactivation programme with an initial communication to find out why they cancelled to open up the dialogue once more.

## Control

74% of people questioned for the 'Changing Face of Payments Report'<sup>1</sup> last year thought they should be able to fully control their Direct Debit payments each month, and no-shows can sometimes be reduced by putting more power into the donor's hands.

Monthly payroll dates can vary dramatically, so a collection date at the beginning of the month for example will not suit everyone. By letting the donor control when their money goes out of their bank account, the issue of rejected payments due to insufficient funds can be minimised.

Take this a step further, by providing flexibility on gift values whereby supporters can choose to reduce their giving amount during difficult times and increase their donation when they are ready, after a pay rise perhaps, can all add to a sense of a trusted, mutual relationship.

## In Conclusion

While in recent years regular giving cancellation levels have been generally low, it is evident that no-shows account for a significant proportion of failed Direct Debit payments. Yet for charities, and particularly during economic uncertainty and increasing demand on services, every penny counts.

By monitoring no-show rates and breaking them down into their different types, charities can begin to understand and address the issue. Taking affirmative responsive action based on the reason behind each one can and does help to reduce unnecessary supporter attrition and loss of income, as well as build longer-term, stronger relationships that benefit both sides.



### FIND OUT MORE

Explore how you can reduce cancellations and boost your Direct Debit regular giving, [get in touch today](#).

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