

# Understanding Contribution Patterns of Committed Donors: Insights from Latent Growth Modeling

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## Abstract

Many organizations rely on small donations from a group of committed donors, who return a higher lifetime value as a steady funding source. To properly manage these critical donors, nonprofit organizations need to understand their year-to-year contribution patterns. In this paper, we use latent growth modeling to study the year-to-year contribution patterns of committed donors to a leading US nonprofit organization in four consecutive years. We find that 1) Committed donors use their first-year donation as a reference point on the basis of which they increase their future donations as they renew donor relationships in the following years; 2) Committed donors depend on both their “true” commitment and donation solicitations to decide how much to give; 3) While committed donors may continue to increase their yearly contributions, alarms should be sounded when donation solicitations become less effective and the “true” commitment of donors barely grows. Our findings suggest that strategies should be devised to manage donor relationships and loyalty in order to sustain and grow annual contributions.

## Keywords:

Committed donors, longitudinal patterns, direct mail fundraising, latent growth modeling.

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