

A graphic consisting of two vertical rectangular blocks. The left block is yellow and contains the text 'A/B Testing'. The right block is dark grey and is empty.

A/B Testing

Agenda

- Getting started
- Identifying opportunities
- Implementing tests
- Analyzing results

GETTING STARTED

What is A/B testing?

- It's not just “trying” something different (last year vs. this year)
- Simple and low risk way to see how potential changes to an approach would perform before rolling them out to the entire audience or implementing them permanently
- Involves creating two groups/versions of a marketing strategy and seeing which one performs better
 - Group A (control group) the existing version of a marketing effort
 - Group B (test group) is a variation/revised version of the existing marketing effort with one element changed

Why is A/B testing important in annual giving?

- Provides a framework for constantly improving your strategy
- Helps you make big decisions (toe, foot, jump)
- Gives you data to back up your decisions
- Creates content that's compelling to your prospects
- Generates higher response rates and raises more money

Basic terminology

- Control group (A)
- Test group (B)
- Hypothesis
- Independent variable
- Dependent variable
- Sample population
- Conversion rate
- Confidence level
- P-Value
- Null vs Alternative

General guidelines for testing



- Keep it simple
- Test one thing at a time (within test groups)
- Make incremental changes over time
- Let your findings compound on one another
- Test multiple times for big decisions and when results are not clear
- Have a clear sense of purpose

IDENTIFYING OPPORTUNITIES

Establish a baseline (i.e., control)

- Typical response rates and average gift for:
 - Your overall program
 - Each channel
 - Regular marketing efforts
 - Individual segments



Consider the many variables that can be tested

Direct Mail

- Envelope
- Copy
- Layout
- Pictures
- Ask amount/array
- Signatory
- Remittance form

Email

- Sender name
- Subject line
- Copy
- Images
- Video
- Links/buttons

Phone

- Pre-call postcard
- Caller ID
- Introduction
- Rapport building
- Case points
- Ask amount/array
- Closing
- Follow-up

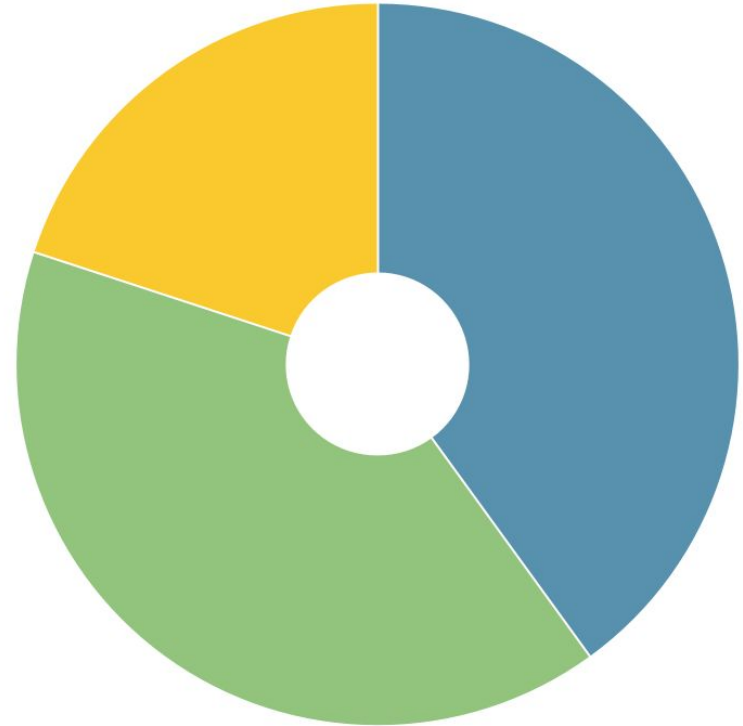
Be selective about what you test



- Identify ups/downs in your past efforts
- Learn from your peers
- Listen to your donors (e.g., focus groups)

Consider the 40-40-20 rule

- The performance of an appeal or other effort be be attributed to 3 primary factors
 - 40% from the list/audience
 - 40% from the content/message
 - 20% from the design/creative



Consider a channel's cost, time, and measurability



- Direct mail
- Email
- Social media
- Websites
- Phonathon
- Gift officers
- Volunteers

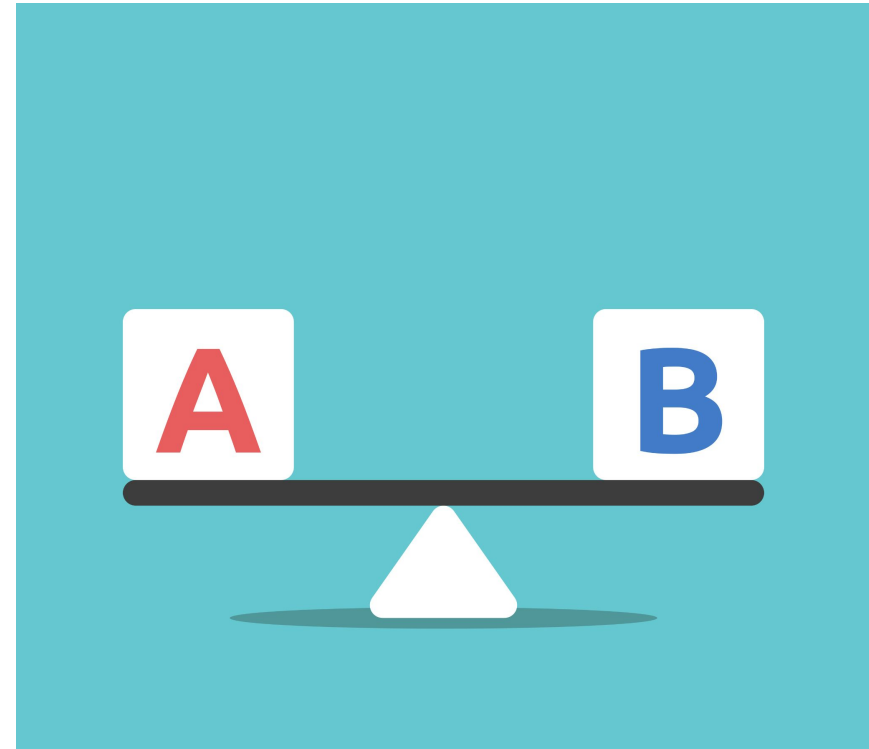
IMPLEMENTING A TEST

Develop an hypothesis

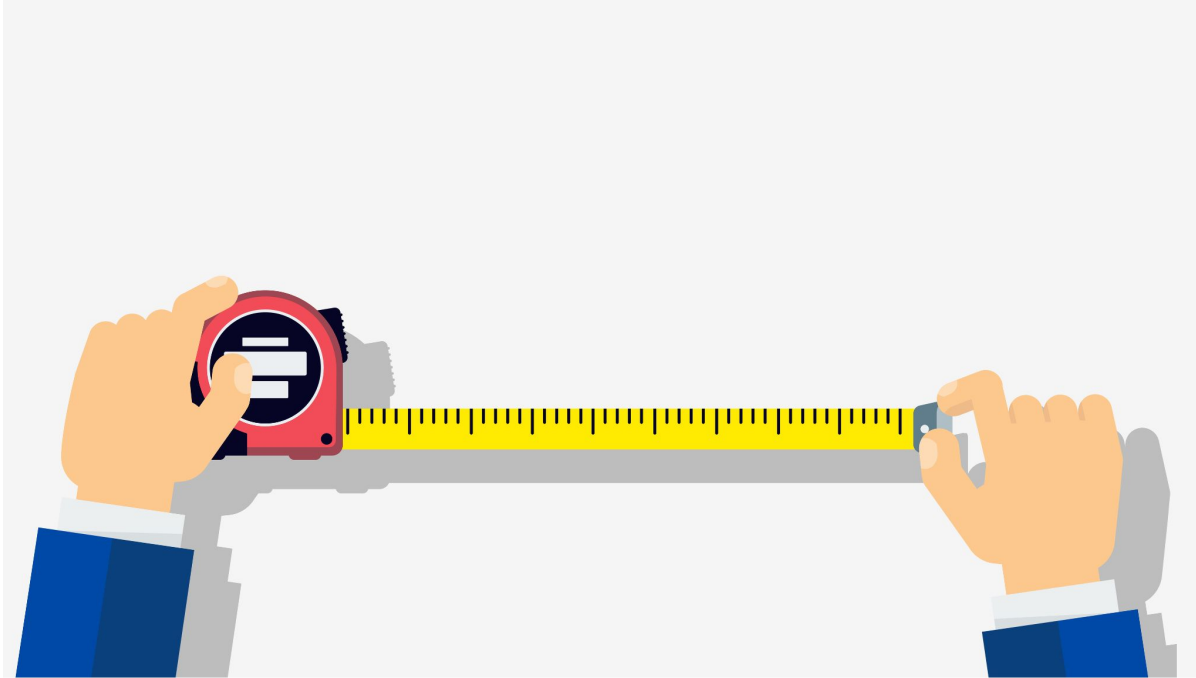
- Approach your work with healthy skepticism
- Define a problem (e.g., low email response rate)
- Describe a possible solution (e.g., make the sender name more personal)
- Determine a metric to measure results (e.g., increased response rates)
- Create a statement to describe your expectation
 - An email coming from an individual person's name will generate a higher response rate than a generic one coming from the institution
- It's ok to be wrong

Clarify what you'll test (i.e., independent variable)

- Identify what you think will drive a different/better outcome
- Test only one variable at a time
- Know why you are testing it (e.g., cost, complexity, low response, smaller gift size)
- Test “backward” by removing elements of the control



Specify what you'll measure (i.e., dependent variable)



- The outcome or “conversation rate” that will help determine if your hypothesis is true or not
 - Response rate
 - Average gift
 - Open rate
 - Click through rate
 - Contact rate
 - Satisfaction score

Select your sample population

- The larger your sample, the more reliable your results will be
- Base record count on the size of the audience segment
 - 10% (i.e. 1,000 individuals) for populations 10,000+
 - 30% (i.e., 300 individuals) for populations <1,000
 - 100% for populations <500 (or any that you can afford)
- Use larger samples for really important decisions

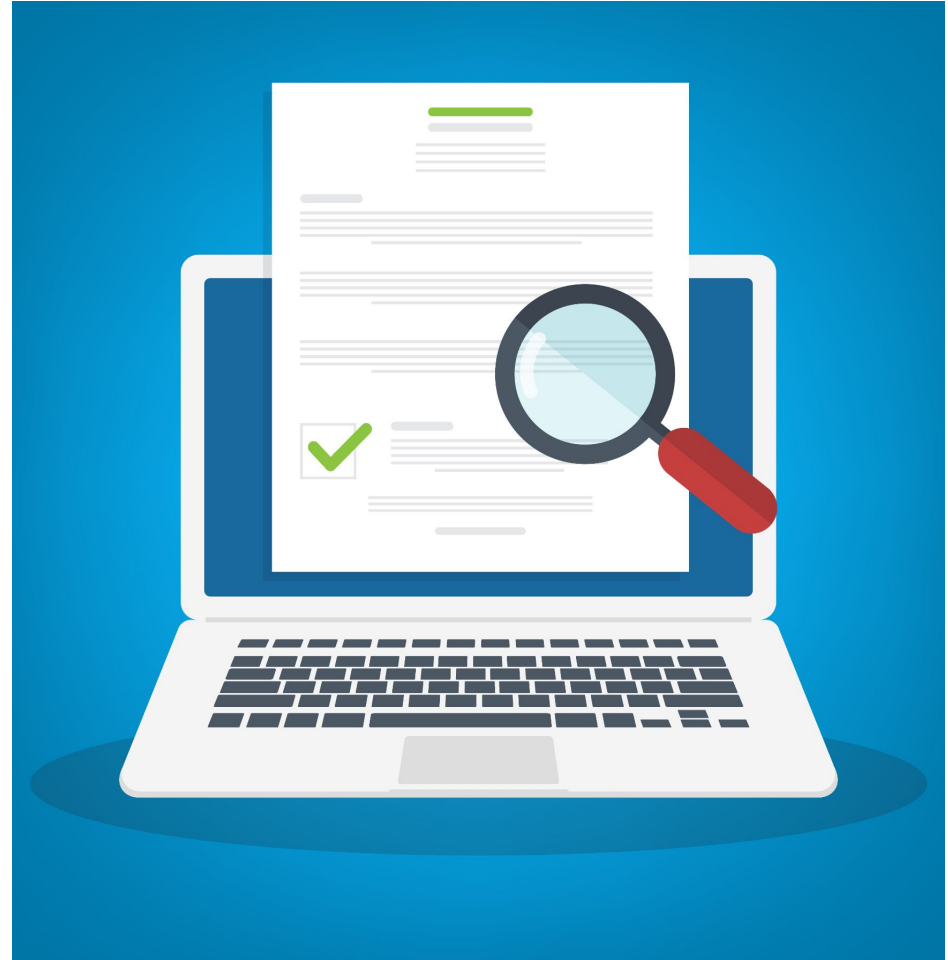
Split sample into two equal groups

- Divide evenly and randomly
 - Group A (control) with nothing changed from last time
 - Group B (test) with only one difference
- Use technologies (CRM, email tools, excel) for randomization
- Control for timing and all other variables to create a level playing field

Group	Receives	Split	Universe	Sample	Send Date
A	Control	White paper	1,000	300	Sept 15
B	Test	Blue paper	1,000	300	Sept 15

Execute your test

- How long will your test run?
- How will you track results?
- How to interpret results?



ANALYZING RESULTS

Compare conversion rates

- Examine the difference in your two groups
- Beware of outliers or disruptions to the control
- Drill down into individual segments within each group as well
- Determine your confidence level

Group	Receives	Split	Count	Gifts	Response
A	Control	White paper	300	27	9%
B	Test	Blue paper	300	36	12%

Determine your confidence level

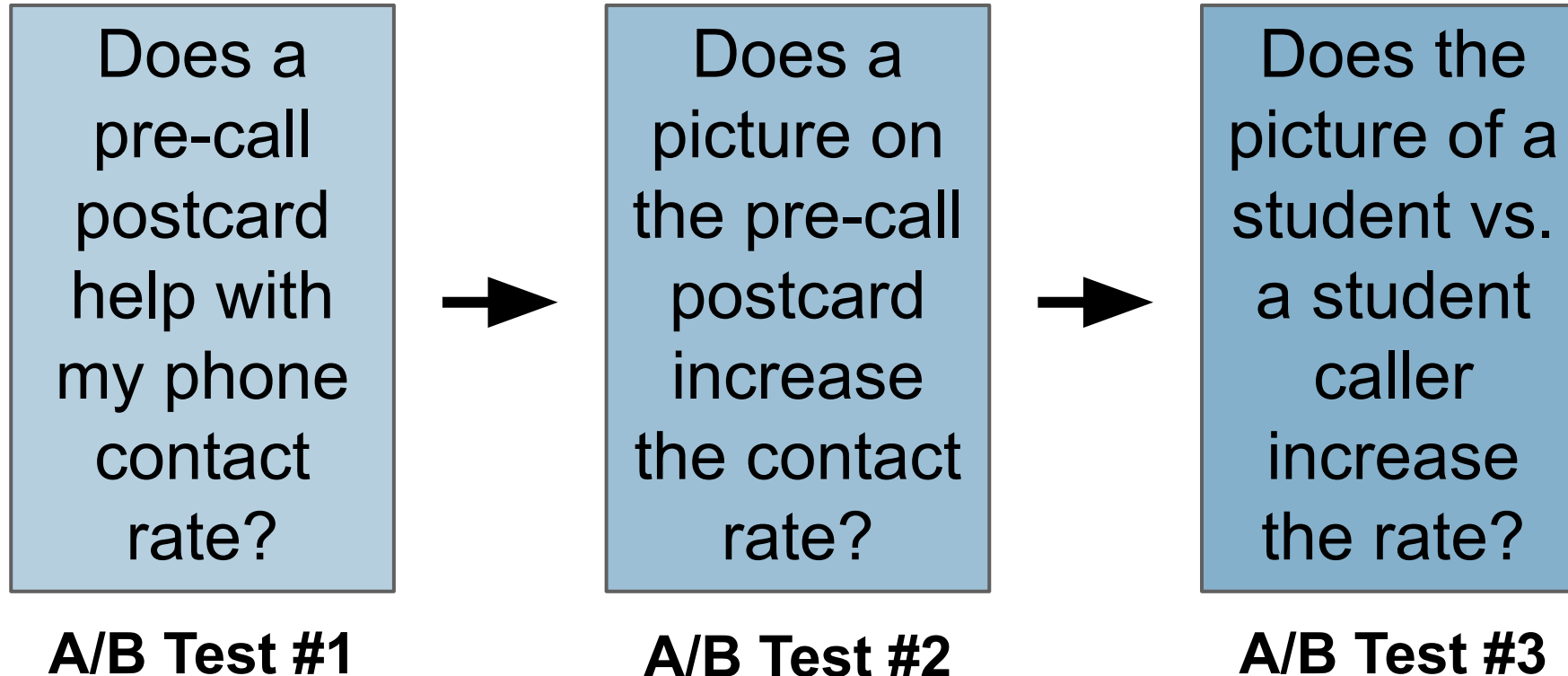


- The likelihood that a results are not caused by sample error or chance
- Levels of 95% or more are considered “statistically significant”
- “p-value” is displayed as a decimal and refers to the likelihood that the difference WAS caused by chance (e.g., **p=0.05**; 5% chance that it's luck)
- Consider the ultimate impact of your decision when determining what confidence level you’re comfortable with

Synthesize your observations

- Conclude your hypothesis
 - **Null Hypothesis:** no significant difference between the groups
 - **Alternative Hypothesis:** significant difference between the two groups
- Determine when additional tests are needed (big decisions, medium confidence)
- Don't be concerned when there's no difference
- Compliment quantitative data with qualitative data (e.g., interviews)
- Keep a log of your hypothesis and findings
- Share key findings with others

Let the control evolve and “compound” over time



Key Takeaways

- Keep it simple
- Test one thing at a time (within test groups)
- Make incremental changes over time
- Let your findings compound on one another
- Test multiple times for big decisions and when results are not clear
- Have a clear sense of purpose
- *Test don't guess*

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ANNUAL GIVING NETWORK