

STUDY

Validating the Power of AI in House File Segmentation



How Donor IQ® House Boosted Net Donations Across Eight Nonprofits

A study of approximately 90,000 mailings showed significant increase in net donations.

Artificial Intelligence is transforming nonprofit fundraising. Yet one question remains central: can AI deliver measurable gains over traditional segmentation methods?

To answer this, Equity Decision Systems (EQDS), in partnership with Fund Raising Strategies, conducted a head-to-head test of its Donor IQ® House AI tool across eight nonprofits. The results showed consistent, significant improvements in net revenue per mailing—making the case for AI in house file targeting unmistakable.

The Donor IQ House Approach

Traditional nonprofit fundraising utilizes a mix of outreach methods, including traditional mailings. There is a large focus on the creative content for mailings, while traditional methods are used for choosing segments which are not model driven. While effective, these methods can be improved upon. Equity Decision Systems' new AI fundraising tool, Donor IQ House, works to improve the efficiency of the mailing campaign's dollars by optimizing mailings conversion into donation dollars by selecting untapped segments and eliminating segments that underperform.

Donor IQ House extends traditional segmentation approaches by using artificial intelligence methods to

improve net donations and lifetime value. It is part of the Donor IQ set of products which optimize the lifecycle of a donor.

The Challenge with Traditional Segmentation

Once a donor gifts to a nonprofit, they are included on the house list for future donation solicitation. Nonprofits then must decide who on their house list is likely to donate again, what kind of prompt is likely to cause that donor to initiate a new donation, and how frequently to solicit that donor without negatively impacting the relationship. Often this is done by identifying prior donors by recency, frequency, and monetary value (RFM).

Mailed media can be a huge boost to fundraising campaigns but can be expensive. Donors having a physical reminder of an intended donation makes them less likely to forget to follow-through on an intention than digital reminders like emails, texts, or phone calls. Optimizing who receives these comparatively expensive but effective mailings boosts donation campaign performance. Currently, nonprofits will segment their house list by RFM, identifying for example all the donors who donated at least \$50-\$99 (monetary value), at least twice (frequency), within the past three to six months (recency).

8

NON-PROFITS
ORGANIZATIONS

90K

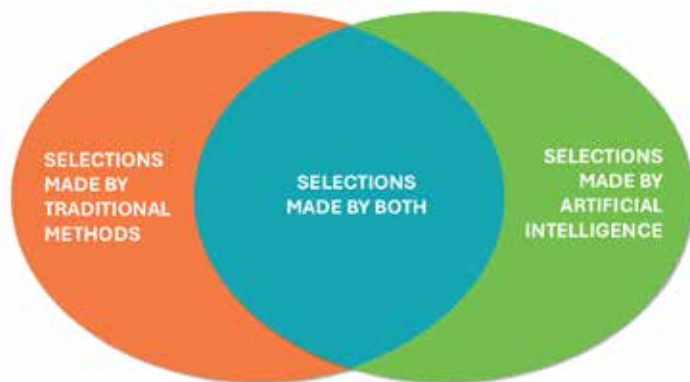
MAIL
RECORDS

4%

NET REVENUE
INCREASE

The Methodology

Donor IQ House was designed to go beyond traditional RFM segmentation by using advanced AI to predict not only which donors are likely to give again—but also how much they’re likely to contribute. Trained on millions of donor and non-donor interactions, the Donor IQ algorithm identifies high-performing segments with precision, enabling nonprofits to focus their mailings on the individuals most likely to deliver strong returns.



EQDS tested Donor IQ House across approximately 90,000 mail records from eight nonprofit organizations. For each client, three selection methods were tested:

- **Selections Made by Traditional Methods** – People to mail are selected using traditional RFM segmentation methods
- **Selections Made by Both** – People to mail that are selected by both Donor IQ House’s AI Algorithm and traditional RFM methods
- **Selections Made by Artificial Intelligence (AI)** - People to mail are selected using only Donor IQ House’s AI Algorithm

Net donation performance was tracked for each segment over the course of the campaign.

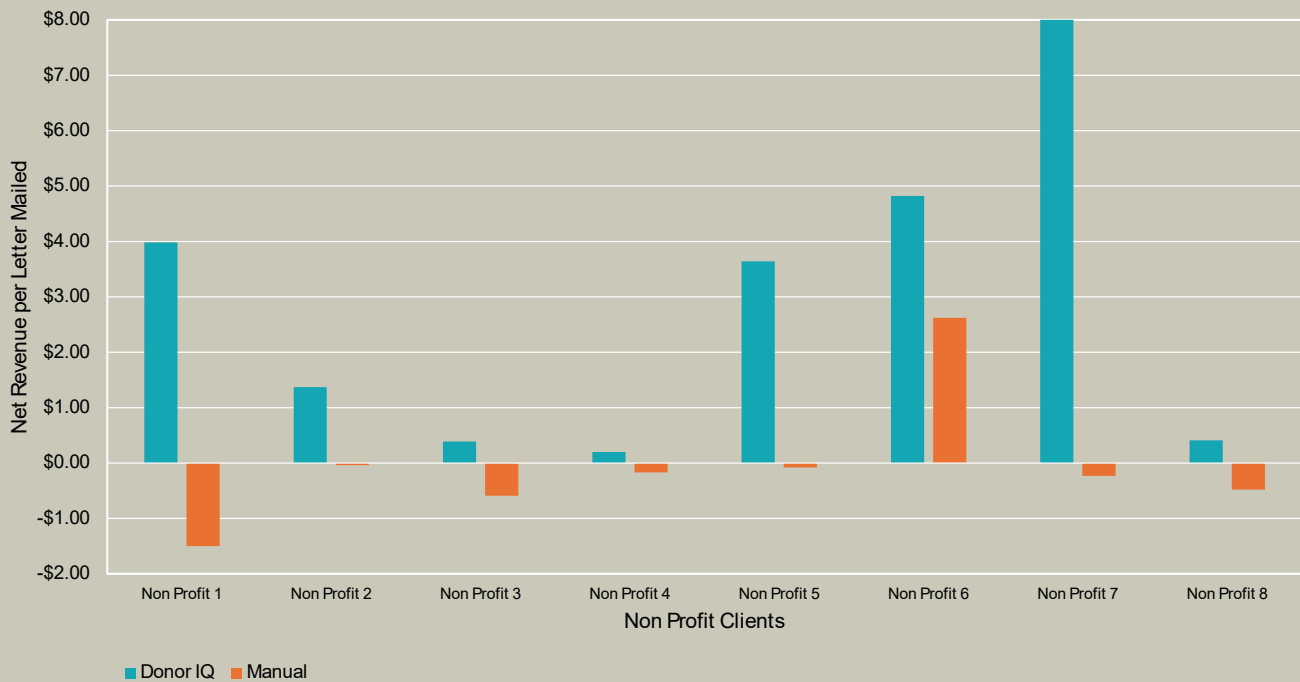
Results: Consistent Lift in Net Donations

LISTID	Category	Annual Giving	Net Donation \$ Per Mailed		Average Gift Size	
			Selections Made by Traditional Method	Selections Made by AI	Selections Made by Traditional Method	Selections Made by AI
Non Profit 1	Historic Groups	\$250K- \$500K	-\$1.50	\$3.98	\$25.00	\$57.49
Non Profit 2	Equine Sanctuaries and Advocacy	\$1M- \$1.25M	-\$0.04	\$1.37	\$32.76	\$115.55
Non Profit 3	Religious Groups	\$750K- \$1M	-\$0.59	\$0.39	\$20.99	\$61.80
Non Profit 4	Historic Groups	\$1.25M-\$1.5M	-\$0.17	\$0.20	\$42.13	\$66.16
Non Profit 5	Animal Sanctuaries and Advocacy	\$500K-\$750K	-\$0.08	\$3.64	\$22.11	\$65.67
Non Profit 6	Animal Sanctuaries and Advocacy	\$1.75M- \$2M	\$2.62	\$4.82	\$46.42	\$57.26
Non Profit 7	Exotic Animal Sanctuaries and Advocacy	\$2M-\$2.25M	-\$0.23	\$8.83	\$32.74	\$203.28
Non Profit 8	Animal Sanctuaries and Advocacy	\$750K- \$1M	-\$0.48	\$0.41	\$28.03	\$44.88

AI outperformed traditional methods by removing the poor responders, finding higher quality donors and uncovering donors who contribute larger amounts

The results of this test were that the Donor IQ segments performed significantly better than the status quo selection methodology on all eight non-profits, with an average increase of 4% across the group. 4% can mean millions of dollars a year for a large non-profit. The net revenue per letter mailed performed significantly better in the Donor IQ test groups than the manually chosen groups, with all eight clients seeing a net positive revenue with Donor IQ compared to only one of the manually chosen groups.

Donor IQ vs. Manual Mailings



Implications for Fundraisers

These results reinforce a growing truth: smart segmentation is as vital as creative in campaign success. AI offers a reliable way to extract more value from existing donor files and reduce campaign waste. Innovating not only on donation campaign content but on the demographic receiving the ask can drive huge boosts to campaign effectiveness. For nonprofits focused on maximizing every dollar spent—and every dollar raised—Donor IQ House provides an intelligent, tested solution.

AI-powered Insights for Smarter Decisions

Equity Decision Systems (EQDS) is a leader in behavior-based artificial intelligence and machine learning solutions. Our innovative AI-driven platforms optimize donor engagement, enhance fundraising efficiency, and improve direct marketing effectiveness, helping nonprofits and businesses maximize impact while minimizing waste.

Learn more at equitydecisions.com