

## Donor Segmentation

### Oakwood Hills Park Area in Boone County, MO

#### Introduction

Most recently, Transfer of Wealth (TOW) research is being used in support of more sophisticated donor engagement strategy. Through donor segmentation, new generation TOW research is helping foundations and communities better identify and understand where giveback potential might be the highest. Understanding where wealth is concentrated within a geography is as important as understanding the characteristics and preferences of those households with wealth. By understanding these factors, community foundations or nonprofit organizations can develop an effective campaign through which more donors are engaged within the communities.

#### Findings

Our research, after analyzing every census block group in Boone County, MO, suggests that Oakwood Hills Park Area (see map 1 on page 3) is among the wealthiest neighborhoods in Boone County, MO. Although the neighborhood contains less than 1% (or 554) of the total households in the county, it has 2.9% (or \$331.4 million) of the total wealth in the county. Thus, the neighborhood includes several households with substantial giveback opportunity. Residents of this neighborhood are different in their demographic, social, housing and economic characteristics relative to the county. More, they have unique preferences. Below are some of the highlights of those differences.

#### Household characteristics:

1. The **median age is 42.9** years compared to 29.6 years for the county. Wealth holding follows a “life-cycle” pattern, meaning people accumulate wealth as they get older.
2. More than half or 60.2% of its residents have a bachelors or **higher education** degree.
3. Although the share of **management, business and finance occupations** is only 1% lower than the county, **average household income** in the area is 36% higher than the county average.
4. Finally, **average home values** are 58% higher than the county average.

#### Household preferences:

1. They are **computer savvy**. They bank, invest, shop and plan trips online.
2. They are likely to use **financial planners** to invest in stocks, bonds, mutual funds and etc.
3. They have **retirement accounts** as well as **life insurance policies**.
4. They use **professional help to maintain their homes**.
5. They are **health conscious**; thus, exercise and have healthy diets.

6. They **like to travel**. They like going places where they can hike, golf and backpack.
7. They **enjoy concerts**.
8. They **listen to radio** and **read magazines**.
9. They **follow professional sports** and golf.

Understanding the preferences of neighborhood residents can help community foundation(s) or nonprofit organization(s) to identify ways through which they can reach out to these individuals. For example, residents of Oakwood Hills Park Area are likely to use financial planners to invest their assets. Identifying the financial advisors in the area and educating them on the community foundation and/or nonprofit(s) would be a way to reach out to these wealthy individuals.

### **What if scenario?**

Historical research suggests that giving rate has been around 2% of the Gross Domestic Product (GDP) since 1970. What if the community foundation or nonprofits in Boone County, MO did receive 2% of the incomes generated in this neighborhood in the next five years?

#### **Oakwood Hills Park Area**

Number of households: 554  
 Average household income: \$81,608  
 Total income: \$45,210,832  
**Giving rate 2% for 5 years: \$4,521,083**

The community foundation or nonprofits would realize over \$4.5 million in giveback.

More, what if the understanding of the characteristics and preferences of these households allowed community foundation or nonprofits to increase giving rate from 2% to 3%, what would that mean for these organizations and the community?

**Giving rate 3% for 5 years: \$6,781,625**

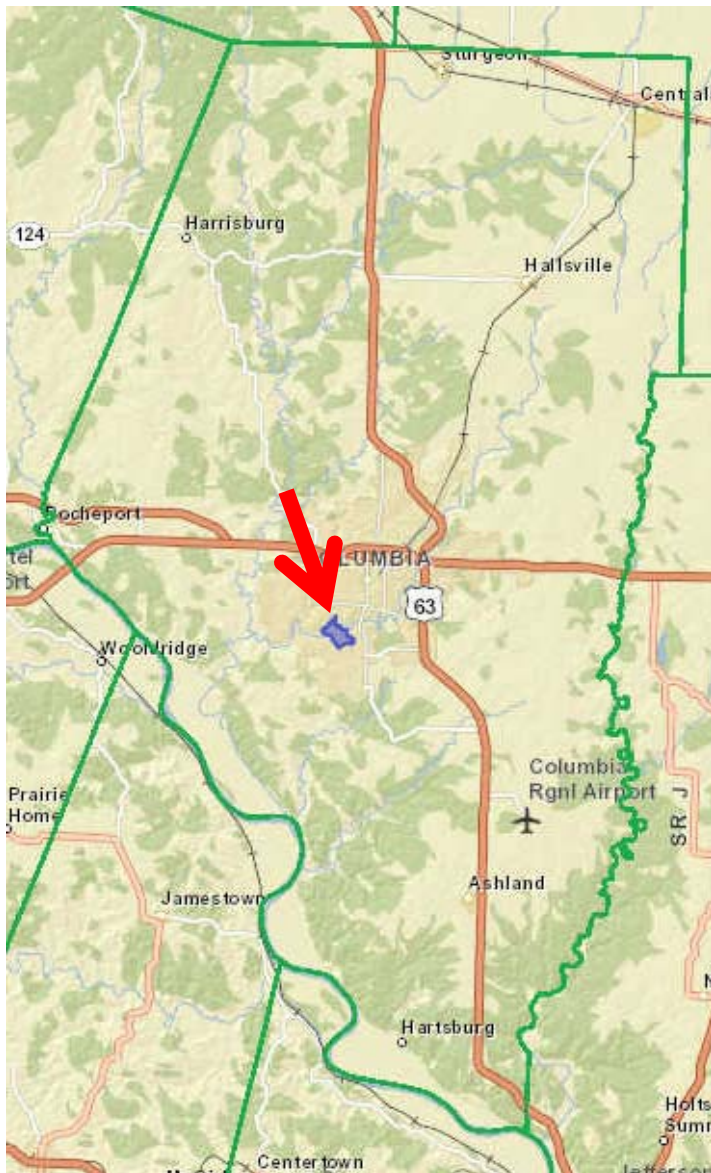
This would mean an increase of almost \$2.3 million in giveback within the same 5 year span.

This money can be used for a variety of projects within the neighborhood or county. Donor segmentation allows community foundations or nonprofits set specific goals that they can work towards. Donor segmentation allows community foundations or nonprofits to paint a more detailed picture of their communities and to tailor better giving vehicles as well as grant programs that meet the desires of communities. Finally, it enables for an innovative way of working in communities.

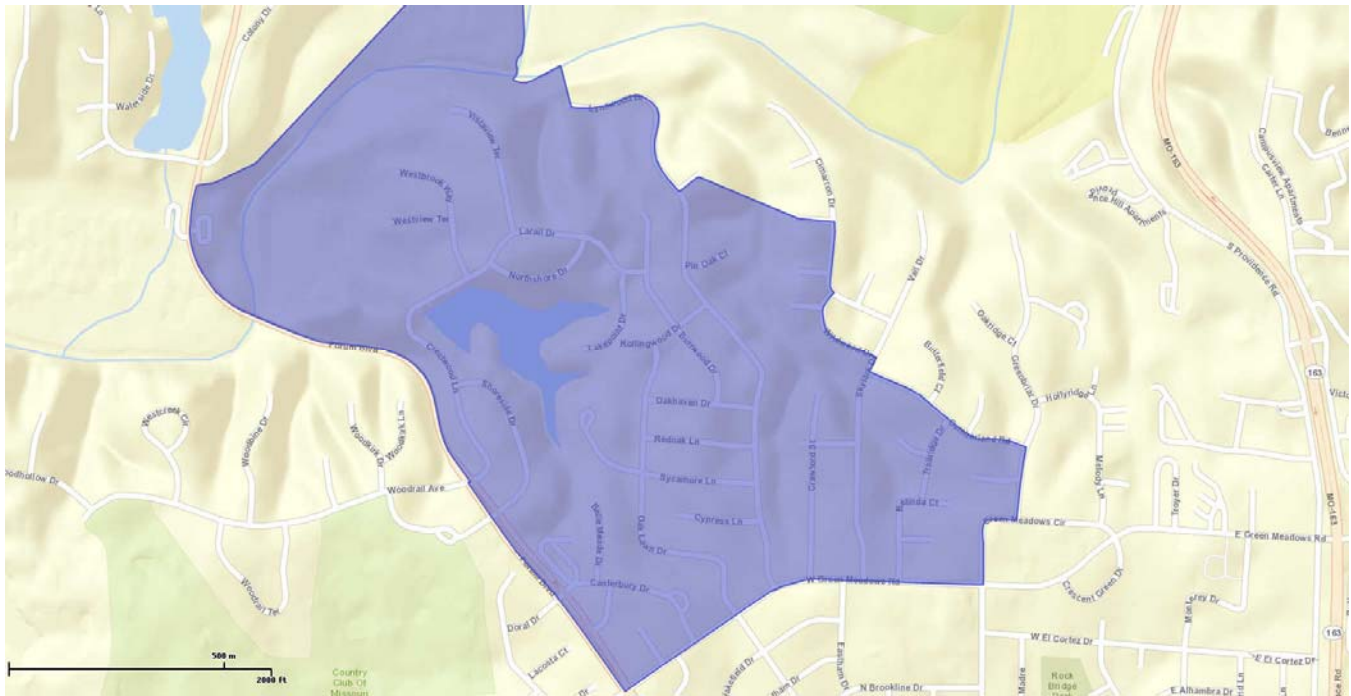
**Table 1. Comparison of Oakwood Hills Park Area to Boone County, MO**

| Indicator                                  | Oakwood Hills Park Area | Boone County |
|--|-------------------------|--------------|
| Number of Households                       | 554                     | 64,077       |
| Median Age                                 | 42.9                    | 29.6         |
| Education Attainment                       | 60.2%                   | 45.0%        |
| Management, Business & Finances Occupation | 11.2%                   | 12.2%        |
| Household Income (Average)                 | \$81,608                | \$60,096     |
| Home Value (Average)                       | \$291,089               | \$184,112    |
| Net Worth (Average)                        | \$598,200               | \$179,700    |

**Map 1. Oakwood Hills Park Area in Boone County, MO**



**Map 2. Oakwood Hills Park Area in Boone County, MO (Zoomed in)**



## References:

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## Questions & More Information

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**The Center for Rural Entrepreneurship's** vision for rural America is one of vibrant communities and regions that embrace entrepreneurship, that find new sources of competitive advantage in their inherent assets, and that invest in a new more sustainable future for both present and future generations. The Center's mission is to help our local, regional and state partners achieve this future by connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy.

These development efforts require financial resources. Most traditional sources of funding are challenged as governments, businesses and foundations struggle to meet rising community needs. A core program area for the Center is Community Development Philanthropy, where our team helps your community, region or state build a community wealth road map. Our Transfer of Wealth (TOW) research offers insight into possibly the greatest opportunity to tap new, significant and sustainable funding streams in support of growing better and stronger communities. For many communities and regions, TOW research can help jump start important conversations leading to greater community giveback.

The Center has conducted TOW studies for clients around the nation for more than 10 years, and has published a book titled, *Transfer of Wealth in Rural America: Understanding the Potential, Realizing the Opportunity, Creating Wealth for the Future*. More product offerings are planned under our Community Development Philanthropy area.

To learn more about the Center's history and program areas, go to [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org).

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