

## Direct Mail Cost Cutting Tips and Tricks

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President A Direct Solution



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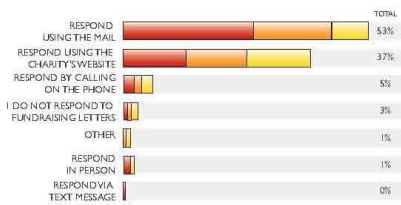
## If You Remember One Thing Today...

Direct Mail is by far one of the most cost-effective ways to raise awareness and funds for your organization. But, by using new techniques and media you can make your direct mail go even further...



AFPRI, May 20th, 2010

## DM Drives Donors to...



Source: Dunham & Company: A National Survey on Impact of Offline Communications on Online donations, 2010



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## Where does Direct Mail fit in?

According to a recent study from Target Analytics, direct mail was the top revenue channel in 2009 for non-profit organizations. Analysis determined that direct mail delivered \$8 of every \$10 donated.

2009 Fundraising Revenue by Source

Marketing Source	%
Direct mail	78
Internet	9
Telemarketing	3
All Other	10



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## Why Do People Give?

1. Someone I know asked me to give, and I want to help
2. I felt emotionally moved by someone's story
3. I want to feel I'm not powerless in the face of need and can help (this is especially true during disasters)
4. I want to feel I'm changing someone's life



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## Let's Look at Cost of Fundraising

- Special Events costs 50¢ per \$1 raised
- Planned Giving costs 25¢ per \$1 raised
- Direct Mail (Prior Donors) costs 20¢ per \$1 raised
- Foundations / Corporations costs 20¢ per \$1 raised
- Major Gifts – Face to Face costs 5-10¢ per \$1 raised

Source: James Greenfield, Fund Raising: Evaluating and Managing the Fund Development Process



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## DM And the Economy

- Organizations who stuck to their direct mail, annual fund plans did well!
- Keep asking, stay the course
  - Keep building new donors
  - Keep asking for more money from existing donors
  - Do think about starting a monthly giving program



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## Pressure is on Cost and Resources

- Postage may go up again...so clean addresses are key, focus on your database
- Personalization does not have to be more expensive but consider what you personalize
- Your own time is worth money too... If you're stuffing an envelope yourself, you're not meeting with a major donor!



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## More Ways to Cut Cost

- Find simpler ways to produce
  - Go with one color instead of two where you can
  - Print for the year...
  - Don't necessarily use your standard letterhead
- Shop around BUT do consider reliability in vendors, delivery and consistency



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## Even More Ways to Cut Cost

- Start a monthly giving program
- Follow up on an appeal with email or phone call
- Try to generate multiple gifts with one appeal
  - Example: three reply envelopes in appeal



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## A simple Package in Triplicate...



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## The Results:

Description	# mailed	# Responses	Gross Revenue	Cost	Net Revenue	Cost to raise \$
Normal pack	2,602	132	\$7,598	\$2,426	\$5,172	\$0.31
Triple Reply pack	3,783	192	\$17,042	\$3,116	\$13,926	\$0.18



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## DM 4 Major Decisions

1. Target group Target group Target group accounts for 50% - 60% of Results!!
2. Ask Amounts
3. Letter, Stories and Creative
4. Other



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## Raise more \$: 3 Simple Strategies

1. Reactivate lapsed donors
2. Get more money from existing donors
  - Upgrade gifts
  - Get money more often
3. Add new donors



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## Going Back to Previous Donors ...

Recent research indicates that most people do not realize they are lapsed... so if you don't ask, you're not going to get!

Keep asking those who gave to you in past:

- > Recency (those who just gave)
- > Frequency (those who gave more than once)
- > Monetary Value (those who gave more on the first gift)...



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## It's Cheaper to Reactivate...

- Go back to your own database
- Try to reactivate your 'lapsed donors'
  - You'd be amazed at the results
- Rule of thumb: if the lapsed reactivation group generates similar response as acquisition (or better), it's worth it!



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## Example of Lapsed Donor Test

Last gift in:	Response %	Cost to raise \$
2004	1.8%	\$0.59
2005	5.2%	\$0.37
2006	6.0%	\$0.27
2007	27.7%	\$0.04
2008	50.1%	\$0.01
Overall	15.1%	\$0.04



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## Mailing More Can Raise More \$

Year	# mailed	# donations	Gross raised	Cost	Net raised
2005	10,438	713	\$57,943	\$6,717	\$51,227
2008	23,230	1,050	\$83,743	\$16,144	\$67,590
			Increase		<b>32%</b>



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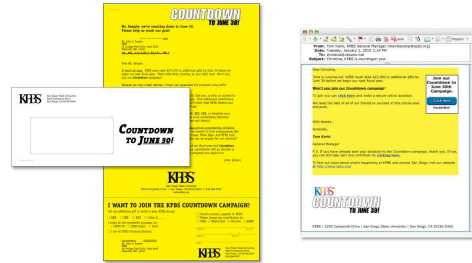
## Following up on DM

- Sending a 'copy' of a previous pack works well! Produced at the same time, cheaper!
  - Typically responds at half the first response

SEGMENT	RESPONSE RATE	AVERAGE GIFT	GROSS REVENUE	COST	NET REVENUE
INITIAL APPEAL	5.8%	\$47.20	\$383,264.	\$106,400.	\$276,864.
REMINDER FOLLOW-UP	2.7%	\$44.58	\$176,715.	\$62,370.	\$114,345.

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## Integrating DM & E-Mail



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## So, How did it work?

**Mailing = 25,000 pcs.**  
**Response = 5% (1,250 gifts)**

Average gift via mail only @ \$64.00 = \$ 80,000.

Average gift via mail AND online response  
 – Mail 80% (1,000) @ \$64.00 = \$ 64,000.  
 – Online 20% ( 250) @ \$83.20 = \$ 20,800.  
**\$ 84,800.**

**Online giving incentives can increase response even further.**

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## In Conclusion...

- DM continues to work really well:
  - Especially in combination with a web site with donation option...
  - Especially with younger donors...
  - Especially with wealthy donors...
- But, do complement DM with other media, be consistent in your message and keep asking!

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## Questions and Answers

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