

**Executive Summary**

Most nonprofit organizations run a successful major giving program, but direct marketing can be challenging for the organization. This white paper explores the following:

- ◆ How to conduct a feasibility study for an organization’s viability for a direct marketing program
- ◆ How to launch a successful direct marketing program
- ◆ How to avoid competing with the major gifts program

**How To Launch a Direct Mail Program**

*What every fundraiser should know*

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**Is Your Organization Ready for Direct Marketing?**

First, understand who your audience is and what kind of message your organization wishes to accomplish via direct marketing. Is the goal to obtain new donors (acquisition)? Is the goal to renew or upgrade existing donors or maintain relationships with current donors? Or is the goal a combination of both?

Next, determine the type of direct marketing program or channel your organization would like to launch. Is it a telemarketing program? Mail program? Email? Or a combination of all three media?

The best way for your organization to tell if it is direct marketing-ready is to conduct a feasibility study with a proven direct marketing strategist. You wouldn’t launch a capital campaign or any major change in strategy without first consulting the experts in this area; the same should be said for direct marketing.

At a minimum, the strategist should provide a written summary of the proposed direct marketing program, messaging tactics, a universe analysis with detailed mailing list recommendations (if undertaking acquisition), a recommendation on how often to mail and to whom, a profit/loss plan, and long-term projections on what the organization can expect to do in terms of database and revenue growth.

The strategy vendor should also recommend who to hire for vendors. Vendor relationships are critical to the success of a direct marketing campaign. Vendors to select from can include the following:

- ◆ Web design and email fulfillment vendor
- ◆ Creative ad agency
- ◆ Printer
- ◆ Merge/purge and data hygiene provider
- ◆ List broker
- ◆ Telemarketing vendor

- ◆ Lettershop
- ◆ Software provider
- ◆ Lockbox or caging service (if anticipated donations exceed the in-house gift processing management's capacity)

“A common pitfall that most organizations make when evaluating a direct marketing program is thinking that they will profit or break even from donor acquisition.”

A common pitfall that most organizations make when evaluating a direct marketing program is thinking that they will profit or break even from donor acquisition. Direct marketing prospecting is always at a loss. Only a successful renewal and special appeals program directed towards the acquisition donors who responded will increase the profitability of the direct marketing acquisition.

Another misguided assumption is expecting major gifts to come through direct marketing. While some will, the average gift usually ranges from \$10 – \$25, with an average response rate of .5 percent for acquisition lists and five percent for names that have already given to your organization.

Additionally, the organization should commit a minimum of three years to determine if direct marketing is the right fit since it takes time to mail and read results from each mailing. Many organizations quit after the first mailing if the results are deemed poor. This is unfortunate because many elements that may have gone wrong can be fixed in subsequent mailings. Also, studies have shown that potential constituents need to see an offer at least three times to respond with a donation.

## How Do We Keep Our Major Gifts Program Active?

One of the biggest challenges of operating a direct marketing program and a major gifts program together in the same organization is to ensure that the \$5,000 major gifts do not turn into \$25 gifts. The major giving officer can overcome this challenge easily by taking these prospects and donors out of the direct marketing pool or including them in the pool for special updates and campaigns only, usually without an ask ladder.

The major giving and direct marketing staff should work in tandem to ensure that donor relations and preferences are considered before any ask is made (direct or major).

## Test, Test, Test

Once your organization has determined if direct marketing is appropriate, the next step is to test with a campaign with the following steps:

1. Target the audience – Choose either the house list or nonprofit lists for acquisition. The list is paramount to any success in direct marketing; in fact, most studies show it accounts for up to 50% of a program's success. For acquisition, work with a list broker who knows the market and can prepare a detailed list recommendation for your organization.
2. Create a mailing piece – Once you have chosen the right audience, it is important to get the message correct. Colors and fancy designs do not matter as much as the offer and the copywriting. The most beautiful piece can have the worst performance if the offer wasn't tailored to the audience.

**Suzanne Newell** assists nonprofit customers with direct marketing campaigns for donor acquisition and renewal efforts. With more than 10 years of direct marketing experience, Ms. Newell was a list manager, list broker, and agency account executive for companies such as Brickmill Studios, The Millard Group, and Harte-Hanks Direct Marketing. Some of her clients included National Trust for Historic Preservation, Keystone College, L.L. Bean, American Girl, Time Inc., Masorti Foundation, Orvis, and Norm Thompson. In addition to her knowledge of *The Raiser's Edge*, Ms. Newell's direct marketing skills include planning and analysis, creative execution, and production management. She is involved in Girl Scouts and the YMCA in her community. Ms. Newell holds a Master of Arts in Communications from Emerson College, where she graduated magna cum laude, and a Bachelor of Science in Communications from Salem State College.

## about Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 19,000 organizations use one or more of Blackbaud products and services for fundraising, constituent relationship management, financial management, direct marketing, school administration, ticketing, business intelligence, website management, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Canada, the United Kingdom, and Australia.

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3. Source coding – Be sure to spend time putting together a source code that has meaning for your organization and covers what you wish to track. Common elements in a source code include: package, list, segment, test, date, channel, etc.
4. Fulfill the donations in a timely manner – Be sure that your gift processing staff can handle the incoming volume. Launching a new direct marketing program during the busiest time of the year may not be a good decision.
5. Analyze the results – Your results can tell your organization a lot about the success of the mailing. Even if the mailing did poorly, it is a chance to learn and make corrections. The important thing is not to abandon your efforts. Test again to determine what worked. It could be something completely out of your control that had nothing to do with your offer. This is especially true of mailings that dropped during periods of misfortune, such as a recession, tsunami, or hurricane.

## Pros and Cons of Direct Marketing

Consider the pros and cons of a direct marketing program and document them properly in a strategy plan prior to launching the program. Here are a few considerations to evaluate:

### Pros:

1. You can target the donors you want and customize the ask from the printed material right down to a donor's preferences.
2. Direct marketing is measurable. You can test segments, packages, ask ladders, timing, and lists all at the same time.
3. You can find out quickly if direct marketing is not working by analyzing the results.
4. You can never run out of prospects. You can mail lists over and over again without "tiring" it out. A good list broker can always make recommendations.
5. Direct Marketing has a proven history of working well and there are numerous industry experts from which to draw information.

### Cons:

1. Direct marketing can be expensive at the first stages.
2. Universe sizes of lists can be limiting especially if you are a regional organization.
3. Some constituents dislike solicitation via mailings or telemarketing. Your organization must respect privacy and solicitation preferences of the constituent.
4. Your organization's offer may not work through direct marketing channels. Face-to-face solicitation is better in some cases and is especially true of a capital campaign's silent phase.

## Conclusion

While direct marketing can have its challenges for your nonprofit organization, it is worthwhile to explore to solicit donations. Direct marketed donors are upgradeable to planned giving, and even to major giving if they demonstrate the capacity and commitment to the organization. That \$25 acquisition donor may turn into a \$50,000 event sponsor, so no donor should be overlooked.