

The Challenges of Direct Mail for Non-Profit Organizations

Presentation by Marcia Feldman to
Houston Postal Customer Council Conference
April 14, 2005

New and Continuing Challenges

- Donor database management
- Rising costs
- Postal regulations
- HIPAA requirements
- Prospect list availability
- Online donations
- Increasing number of nonprofits

Competition: Rising Number of Non-Profit Organizations in the US

Growth of the Non-Profit Sector in Houston

- Currently there are 13,586 non-profit organizations – 2,182 formed between 1999 and 2003 – 19% increase!
- In Texas new non-profits are
 - 23% are religious
 - 15% are educational
 - 13% human service

Source: Sterling Associates

\$240.72 Billion in 2003

Percentage by Organization Type

Online Donations: Some Stats

- Total retail e-commerce sales in the US for 2004 is an estimated \$21.4 billion, a 23.5% increase over 2003 online sales
- Estimated 30 million American households pay bills online
- Chronicle of Philanthropy reports an increase of online donations by 48% at 148 charities in 2004, with a total of \$100 million in online gifts for these organizations
- 46% of respondents of the annual 2003 AFP survey used internet giving and 61% of those respondents reported an increase in online donations
- 8.3% of online gifts for more than 3,000 fundraising campaigns were more than a \$1,000 in a 2004 Kintera survey

Online Donations: Making Sense of the Stats

- An increasingly large number of people are comfortable using their credit card over the internet
- Trends indicate that many individuals will use the internet as a preferred or even sole method of payment
- Larger charities are taking advantage of these trends
- Organizations that implement online fundraising strategies or methods can expect their online donations to increase from year to year
- Non-profits can receive substantial gifts over the internet

SPAM and Online Appeals

“Almost 80% of donors on the Federal DNC (Do Not Call) registry would sign up for a Federal Do Not E-mail list, if it becomes available to the public. Most respondents considered SPAM to be a “real problem” with seven out of ten respondents, currently not on the DNC registry, expressing a desire to be included on a list banning unsolicited e-mail”

Source: Chip Grizzard

Email v. Direct Mail Appeals

- **Accessibility:** Spam controls affect the ability to send mass appeals over email
- **Lists:** People change email addresses much more often than home addresses and are more reluctant to give out their email addresses

More About Email v. Direct Mail Appeals

- **Presentation:** Websites lack the “tactile” nature of direct mail
- **Duration:** Direct mail often has a longer “shelf –life”
- **Privacy:** Some donors still do not want to give their credit card online

Direct Mail Appeals, Online Donations

- List website giving as an alternative option
- Capture email addresses
- Cross promote branding and marketing messages

Enclosure Promoting Website Values of Direct Mail in an Internet-Enabled World

- Continues to be a highly effective communication and prospect tool
- Offers an opportunity to capture email addresses
- Reminds donors that your organization offers online giving
- Presents many fundraising alternatives in a single response device

Prospect List Availability

- **Quantity:** While some new lists do become available every year, they have fewer names
- **Quality:** List usage demonstrates that too many non-profits use the larger lists
- **Alternatives:** Expanding through Zip + 4 and new homeowner lists can add names but these lists often require testing

HIPAA

HIPAA is the Health Insurance Portability and Accountability Act of 1996

- Affects all fundraising and communication materials for any entity that has medical history information
- Must give donors and prospects, even non-patients, the opportunity to “opt out” on all mailings

HIPAA Compliance

- **Reply Slip:** add opt out language on back
- **Rented Lists:** do not add this option to rented lists, as you cannot remove names from these lists
- **Purge lists:** keep track of those who request removal
- **Confidentiality:** never refer to a former patient’s specific illness

HIPAA on a Reply Slip

Postal Regulations Compliance

- Effective June 1, 2005, USPS will more closely enforce rules on personalization for Standard (bulk) Mail
- Get post office approval if personal donor information other than names and addresses

Using Donor Personal Information in Bulk Mail

3 conditions of using personal donor information:

- The mail piece contains an explicit solicitation for a donation
- All personal information is directly related to the solicitation
- The exclusive reason for inclusion of all personal information is to support the solicitation in the mail piece

Source: Customer Support Ruling PS-262 (E610.3.1)

More About Using Donor Personal Information

- “Member or “supporter since”
- Specific fields relating to volunteering, church committees, special events
- Alumni info – such as year of graduation, type of degree, etc.

Source: 2005 Non-Profit Times

Coping with Rising Costs

- Re-design a direct mail package if the “cause” can communicate *more* with less
- Send only to the most productive part of your donor file except at holiday time
- Segment the donor file because often event donors, honor gift recipients, etc do not make good direct mail donors

Using a New Design to Reduce Costs

Target Audience of Large Lists

- Studies show that the upper middle class (\$200,000 to 1 Million and middle rich (1 Million to 10 Million) give ½ percent of their income
- The “super rich” give 1% of their wealth to charity
- Less affluent people give 21% more of the total giving or \$3.26 billion

Source: New Tithing Group

Addressing Poor List Response

- If a response list gives a poor return after several years of good performance – give it a rest!
- Use more recent names on the list or those who donate more than

\$10

- Test a new direct mail piece

Improve Response with a New Look and Message

Getting Donors to Open the Envelope

USE:

- Provocative teaser copy
- If no teaser copy, then a closed face envelope with barcode under the name
- Compelling photo
- Anything but white paper
- Live stamp not an indicia

Teasers with Impact Personalized Letters Without Personalization

- Indent the paragraphs instead of using block style
- Use only one signature – no one sends a personal letter with two signatures
- Don't use an inside address – it wastes space and looks like a business letter
- Use a comma not a colon on the salutation.
- Use a font with serifs – like Bookman Old Style or Palatino Linotype

Optimizing Donor Data for Direct Mail

- No more than 50 characters in a line
- No more than 4 address lines if using a window envelope
- Format prefix, suffix, first name, last name in separate fields for personalized letters
- Data in either upper or lower case is best

Donor Base Problems

- **Dupes:** avoid duplication when possible
- **New Prospects:** keep a separate prospect file for individuals who have never made a gift
- **Salutations:** inappropriate particularly for donors you know well

- **Errors:** do not use giving totals or other forms of personalization with potentially faulty data

Conclusion

With proper design, careful planning, donor segmentation and good donor cultivation, direct mail can produce fruitful financial results. Direct mail must be a team effort between staff from the organization, the consultant if one is used, the mail house and the USPS.