

DIRECT FORUM

VOLUME 6. ISSUE 2

* * * * FEBRUARY 2010 * * * *

Direct Forum is a free e-mail newsletter containing useful direct marketing tips, news updates and how-to information. It's convenient, informative and I am not trying to sell you anything!

This month's topics include:

- 1. ANATOMY OF A GOOD DM PACKAGE**
- 2. HOW TO CREATE AN AD OR A DIRECT MAIL PIECE**
- 3. SEGMENTATION WITH SURPRISING RESULTS**
- 4. SHOULD YOU CONTINUE ACQUISITION MAILINGS IN THIS CURRENT ENVIRONMENT?**
- 5. KUDOS TO MY FRIENDS AT THE FLA GROUP; I LOVED THEIR BOOK ICEBERG PHILANTHROPY**

ANATOMY OF A GOOD DM PACKAGE

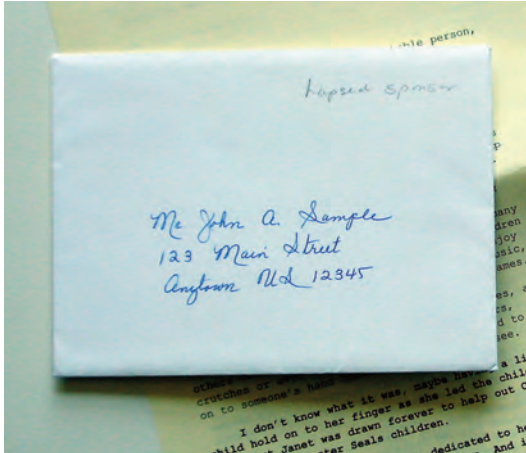


How do you ensure people will open and read your DM package?

A few hints:

- 1. Chunky mailings:** Mailings with gifts, promotions or protruding pieces are intriguing and tend to be opened because of curiosity.
- 2. Odd shapes:** Your standard business envelope with a computer-generated address is the least likely to be opened. Odd shapes work better.
- 3. Make them take action:** Direct marketing is all about 'call to action'. Get the reader to interact with you; even if they don't respond to your mailing you want them at least to go to your Web site and check you out.
- 4. Answer the "What's in it for me?"** The first question recipients ask is, "What's in it for me?" You have to answer that starting with the envelope, so offer them benefits that are relevant to them right from the start.





5. **Intriguing pieces that grab attention:** If you want your recipient's attention, you better grab them by the throat! Tell them something interesting. As **David Ogilvy** said: **"You cannot bore your audience into buying your product or service."**
6. **Tell a story:** People give to people and what better way of selling or getting people to listen then by telling a story. The most successful packages have done that in spades.
7. **Never forget to use a P.S.:** It is not only the most likely piece to get read but also your last chance to initiate a call to action. A P.S. can create a sense of urgency to respond. Use it wisely.
8. **Take personalization one step further:** If you can, hand address the envelope; you'll have a greater chance of getting your mailing opened. Yes, this may be difficult for large mailings, but it is a great method for smaller ones. Hand addressed envelopes will get opened.
9. **Mail your piece only to those who are relevant:** Is it any wonder that this business is called **Junk Mail**? We create 'Junk Mail' when we send it to people who have no relevance to our product or service.
10. **Finally, use the tactile advantage of direct mail to your advantage:** When you offer your prospects something they can touch, smell, look at, get involved with, turn over, stash away then you have their attention. Simply relying on a mass of words may not be enough.

HOW TO CREATE AN AD OR A DIRECT MAIL PIECE

Two important points to keep in mind:

1. **What you say**
2. **How you say it**

'**What you say**' is your strategy and is often provided by the client or the agency in the form of the 'Creative Brief'.

'**How you say it**' is the execution of that particular strategy or tactic - the 'promise you intend to deliver.'

Before embarking on creating an ad or a direct mail piece it is essential to understand three things:

1. The product or the service you will write about
2. The target audience you will write to
3. The market place or environment you are writing within

To write about the product or the service you should know:

- (a) How it works
- (b) What it does
- (c) How it differs from its competition

To write to your target audience you should know:

- (a) What this audience really needs
- (b) How your product or service is relevant to them
- (c) How it would benefit them
- (d) What tone of voice should be used

To write within the market place or environment you should know:

- (a) What has been attempted in the past
- (b) What worked or did not work
- (c) What major factors are currently affecting the environment

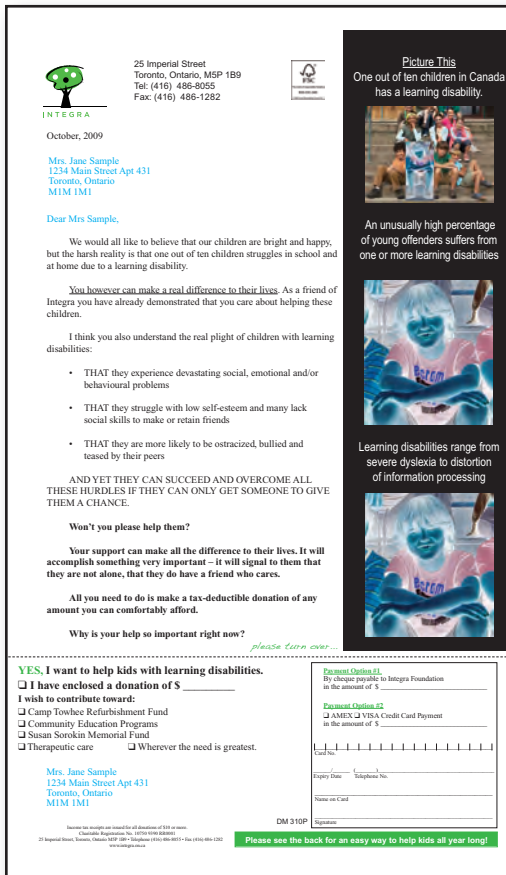
SEGMENTATION WITH SURPRISING RESULTS

I seem to have become obsessed with finding out which segment of house donors respond most favorably to annual direct mail appeals.

I have been tracking the results from three of the charities I recently worked with who were kind enough to provide me with results.

After analyzing and comparing their results I found:

1. The most recent and loyal donors from all three charities responded most generously. The highest amount — up to 16 to 18% of donations came from them.
2. Within the loyal donors, those who opted in for a newsletter, by email or snail mail, responded even more favourably — up to 22% of them responded.
3. Recently lapsed donors' response rate fell between 4% and 5.5%.



Just one of the three
Year-end mailings

4. Lapsed and very lapsed donors (3-years or more) responded 0.5% to 3%.
5. Among event supporters, 4% to 4.5% of those responding donated big amounts to the appeals.
6. 5.75% to 7% of donors who traditionally give online also gave to this appeal.
7. 2% to 7% of all donors who had originally given via United Way, Friend Get a Friend, In Memoriam or in Tribute gave again.

Even though all three mailings were for three different causes, each was an annual year-end appeal where donors were asked to make one final gift at the end of the year.

Next I will compare the results of an **annual appeal** against a **capital campaign appeal**, even though I know that a capital campaign has a higher chance of attracting a bigger response because of naming opportunities and the chance to be very specific in giving.

SHOULD YOU CONTINUE ACQUISITION MAILINGS IN THIS CURRENT ENVIRONMENT?

Before you embark on your next prospecting phase, keep these four important things in mind:

- 1) **MOST CHARITIES HAVE REPORTED A RECENT DROP IN DONATED FUNDS OF 10 to 20%:** depending on who you talk to or read about it seems that last year the average donation in the US and in Canada fell by 10 to 20% due to the challenging economic conditions.
- 2) **AVERAGE COST:** a general rule of thumb is that it will cost from \$1 to \$2.50 to mail an acquisition package depending on the size and weight of the mailing piece. A mailing of 10,000 pieces could cost at least \$10,000.
- 3) **AVERAGE RESPONSE:** there are different schools of thought when it comes to response rates. Some claim that a typical prospect response is 1%, others think it is half that, so a conservative mid-way figure of 0.75% may be more realistic.

4) **AVERAGE GIFT SIZE:** Most charities report that the average first gift amount from new prospects is generally around \$25 to \$35.

NOW YOU DO THE MATH: Even if you mailed just 10,000 packages in this environment, the best you could do is 100 new donors. If each one of these new donors gave you an average \$35 gift then the income generated would be \$3,500. However, since you spent \$10,000, you just lost \$6,500. This is obviously a losing situation.

So what should you do instead? My suggestion is to focus on your current donors and try to retain them, up-sell them or cross-sell them.

I also believe that more segmented mailings to your donors will increase their response.

KUDOS TO MY FRIENDS AT THE FLA GROUP; I LOVED THEIR NEW BOOK, *ICEBERG PHILANTHROPY*

Harvey McKinnon, President of **Harvey McKinnon & Associates** wrote the following about my book, *The Handbook of Direct Marketing for Non-Profit Organization*:

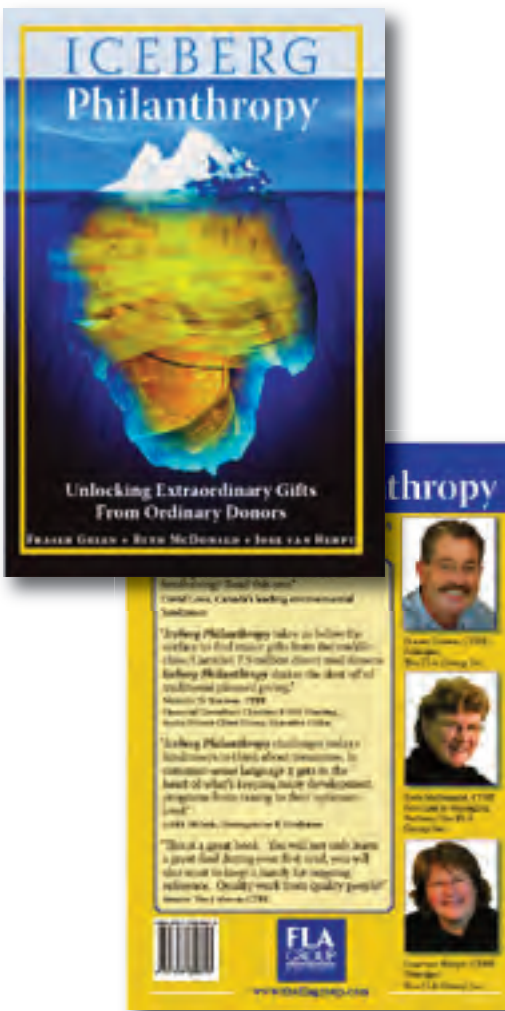
“I buy a lot of fundraising books because I know one good idea can help raise 10,000% more than the cost of the book.”

Well, that is exactly how I feel about the book *Iceberg Philanthropy* written by **Fraser Green, Beth McDonald** and **Jose van Herpt**, the three principals of the **FLA Group Inc.**

Well written and extremely practical, it outlines step-by-step how to raise even larger gifts through Planned Giving. It is a must for all charitable organizations.

I think **David Love**, a leading environmental fundraiser who endorsed this book, said it best:

“Only got time to read one book about fundraising? Read this one.”



OPT IN, OPT OUT, OPTIONS:

- To unsubscribe, send me an e-mail simply saying, "Please, remove".
- To participate, send me an e-mail with your suggestions.
- To post a comment, please include your name, e-mail address and your thoughts.

Let me remind you again that your name and/or e-mail address will never be shared, sold, circulated, or passed along to anyone else.

© **Designers Inc.**

1407-99 Harbour Square,

Toronto, ON

M5J 2H2

Tel: 416-203-9787

Fax: 416-203-3568

Email: designersinc@sympatico.ca

Web: www.designersinc.ca