



A DIRECT MARKETING FUNDRAISING OVERVIEW

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At conferences I have always enjoyed the opportunity to speak with many development directors. They tell me of their frustration with the current environment in marketing and fundraising to their broad-base constituency of individuals. First, there's the continued increase in costs – materials, postage, lists. Then we have the explosive growth in the sheer number of non-profits that are vying for those donors. As if that's not enough, a new set of postal increases is announced and the process starts all over again.

Yet, the fact remains that direct marketing is an essential component in the overall development operating plan. No other medium has yet been found that can replace the singular place that it holds among those available to today's development officers.

Traditionally direct mail and telephone come to mind as the mainstays of direct marketing. Mail can reach the broadest possible number of people more quickly and for less money than any other means. The telephone, on the other hand, allows for a dialogue with the donor and can be tailored to meet the changing marketplace much more readily.

Add to the mix the web and email, DRTV and other media and you begin to see an emerging picture whereby today's development office has many more potential donor "touch points" than has ever been available before.

What this means is that now through a coordinated plan using a strategic balance of different media, there is a far greater opportunity to reach out to donors and prospective donors more effectively and at less cost per contact than has been possible before.

The key to all of this is, knowing your target market, carefully developing a strategic plan of integrated resources, and then following that plan in such a way that you are able to modify to take advantage of any changes in the "landscape" or unexpected occurrences.

In 2008, charities in this country raised over \$306-billion, a 3.9% increase according to Giving USA. Most of this revenue came from individual donors. Many, if not most of these donors, began their giving through direct marketing programs.

THE WELL-MANAGED PROGRAM – THE CONSISTENT BENEFIT

The greatest tangible benefit of a well-managed direct marketing program is the continuation of a long-term revenue stream that the development director can rely upon in preparing the annual operating budget. It is a predictable operating income to those who invest consistently in new donor development and nurture those new donors through ongoing cultivation programs.

A second tangible benefit is that well-managed direct marketing programs provide the largest and typically the best source of major gift and planned giving prospects, as well as volunteers and even prospective board members. Though the initial gifts received through the direct marketing programs are usually modest in size, a number of these individuals who have the means to do so will contribute at significant levels once they are satisfied that their gifts are needed and appreciated.

A less tangible benefit of the well-managed direct marketing program is that it raises the brand awareness of the organization's mission and its service programs. It becomes your primary voice to your constituency.

WHY ORGANIZATIONS INVEST

Among the greater challenges facing most development directors is the need to justify what is often perceived to be the disproportionately large investment in new donor acquisition. Even well established organizations with mature programs face this challenge.

The reality is that even the best programs need a constant infusion of new donors to replace those who are lost for any number of reasons – usually, according to donor studies, due to a perceived lack of appreciation shown by the charity to the donor.

Once these donors are brought onboard, long-term value studies show that they will provide a highly leveraged payback. They tend to give to you for many years to come and at a rate that continually, and generally predictively, grow in a fairly linear progression.

Conversely, failure to sustain an investment in a direct marketing program will, without exception result in the shrinkage of the donor giving base. If this shrinkage is allowed to fall below a critical mass, then the situation becomes one of an organizational “downward spiral” from which only massive infusion of resources can reverse the trend.

MEASURING THE RETURN ON INVESTMENT (ROI)

One of the hard realities of direct marketing is that charities with new programs always have a higher cost of fundraising than larger charities with mature programs. The reason this occurs is simple. As we've discussed in the previous section, charities are required to make an investment in order to bring on first-time donors (who will provide the basis of lower cost-increased revenue in the years to come). New programs have far fewer existing donors to offset the investment cost of bringing on the new donors. Consequently, these programs show a much lower ROI than their more mature counterparts.

The real ROI is provided to those development programs that stay the course through these early more expensive years. As these newly acquired donors are renewed, their commitment to the charity will continue to grow and the opportunities for additional revenue will become readily available through major gifts, planned gifts and capital gifts/pledges.

HOW TACKLEMARKETING CAN HELP YOU

We've often heard it said that direct marketing isn't rocket science. We disagree!

Well managed direct marketing programs rely on highly analytical tracking and planning. Knowing how to use the data available to you in order to construct and manage an integrated, multi-dimensional direct marketing program requires both science as well as art. The science is needed to help to drive the diagnostics. The art is an essential aspect of the prescriptive.

Tackle Marketing is composed of senior level experts in each of the media that comprise and help manage highly successful direct marketing programs. We have over 45 years of experience to back us up in making this claim to you.

We invite you to contact us and discuss your needs today. Call us toll free at 1.877.249.1977 or email me at brian.renda@tacklemarketing.com.