

Journal

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It's Not Your Daddy's Nonprofit Anymore



Bill Kaplan, CEO, FreshAddress, Inc.

When I was growing up, I remember shopping with my family each year around Christmas time and seeing volunteers outside the stores, dressed up in Santa suits and ringing bells. “Happy Holidays and Merry Christmas,” they chimed. “And don’t forget to spare some change for those in need during this holiday season.”

Back then, the Salvation Army and other charitable organizations knew that the weeks between Thanksgiving and Christmas were the time when almost everyone made their donations, whether it was spare change dropped in a cup after a holiday shopping spree, or a check in the mail as people pulled together their year-end finances in time for the end of tax season. And for the post office, this meant that the volume of mail delivered during this period ballooned as catalogers and charities all clamored to gain a greater share of each person’s wallet.

For the typical charity, marketing was a relatively easy task back in the day: spend the better part of the year preparing your materials and honing your appeal; then be sure to have your ducks in order for the critical few weeks when everything counts.

Organizations lived and died by their efforts during these crucial months.

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Nonprofit Anymore
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TIMES HAVE CHANGED

Today, the business of giving has become more complicated. Nonprofits can no longer get away with restricting their marketing efforts to two months per year, nor can they afford the steep costs associated with sending a constant stream of mail to potential donors. And people aren't getting any more generous, either.

According to the Statistics of Income Bulletin published by the IRS each year, total annual giving in the United States has been relatively flat for a number of years, only increasing from \$182 billion in 2001 to \$187 billion in 2004. Meanwhile, the number of charitable organizations and needy causes has skyrocketed due to ever-increasing terrorist activities, genocides, and natural disasters.

Consequently, for the individual looking to help out, the choice of which charities to support is nearly impossible to make. With modern technology such as the Internet, 24-hour cable news shows, and cell phones, international problems and causes people otherwise would not have been aware of are brought closer to home each day. When donors are deciding which causes to support, they are now looking far past the four walls of their local shelters, state organizations, or US-based needs.

Should I help out people whose homes were destroyed by Katrina, or help the children in "You Name It" who are dying of disease and starvation every day?

This is why there is now more

competition than ever among charitable organizations for their share of their donors' wallets. Accordingly, nonprofits need to change with the times. Nonprofits need to stay top-of-mind with their donors and prospects 365 days a year. Otherwise, when the holiday season comes along, their donors will have already exhausted their resources, having given to other worthwhile causes throughout the year.

Unfortunately, the traditional channel of communicating with one's donors and prospects is be-

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coming cost prohibitive. With the new postal rate increase, some nonprofits will find their mailing costs increasing by 25% or more. Moreover, even without the rate increase, nonprofits can't afford to send direct mail pieces on a regular basis. The ROI just isn't there. While each individual charity's Web site helps keep program information available, there needs to be more outreach and connection.

GOOD NEWS FOR HARD TIMES: EMAIL

What's the solution? Capitalize

on today's fast-paced, technology-driven world by converting your offline donors to multichannel donors through the use of a targeted email program. Email will allow you to cost-effectively reach your members on a regular basis.

Through email communications, you can:

- Provide ongoing information on your organization's successes (eg, numbers of people fed, clothed, housed, or treated)
- Articulate new programs you have begun to institute
- Thank them for their continued support
- Elicit suggestions for new undertakings
- Offer local opportunities for donating their time

...all without the expenses associated with snail mail.

Convio, Inc. and StrategicOne recently completed a study titled "Integrating Online Marketing CRM with Direct Mail Fundraising." The primary objective of this study was to quantify the influence of eCRM - "online constituent relationship management" on donor relationships.

The findings of the study are significant:

- "Donors engaged through multiple communication channels have higher long-term value, retention, and lifetime value."
- "Dual-channel donors gave as much through offline sources as offline-only donors, indicating that the online channel does not cannibalize revenue from direct mail."

- Dual-channel donors “receiving eCRM outperform those who only receive offline communication – giving twice as much or more over their lifetimes, primarily driven by a lift in giving frequency.”
- “The increased value of adding an online donation and solicitation channel for donors acquired offline is \$44.71 (a 39% increase) per donor over 12 months.”

MAKE EMAIL A TOP PRIORITY!

“I’m convinced,” you say. “But the problem is, I only have email addresses for a small percentage of my donors. How can I quickly build my email address database in an ethical and cost-effective manner?”

You can begin leveraging your email communications to boost response by taking a few crucial steps.

1. First, make building your email address database a top priority. There’s little else you can do in the next 12 months that will have as dramatic an effect on your fundraising efforts. Moreover, your return on this investment in time and energy will have significant long-term benefits, as well as equip your organization to keep pace in the 21st century.
2. Ask for an email address at every touch point with your donors and prospects. Your Web site, direct mail pieces and solicitations, and call centers should all be focused on obtaining email addresses whenever possible.
3. Understand that your members may be hesitant to hand out their email addresses. Give people

multiple reasons to do so -- donation confirmations, access to special research, updates on relevant legislation or local initiatives. Let them know that the cost-savings of email will enable your organization to use your funds to help those in need rather than spending them on postal costs.

4. Engage a reputable company to provide email appending services for you on a regular basis. When performed in a professional and conscientious manner, email appending (ie, the process of adding opt-in email addresses to your donor database) can help you jumpstart your email marketing initiatives and nearly double the size of your email database in approximately one month.

PUT THOSE SANTA SUITS AWAY!

Volunteers dressed in Santa outfits ringing bells were an effective and inexpensive marketing solution back when the Beatles were just getting started and television screens were in black and white. Unfortunately (or fortunately, depending on your music tastes), the times have changed. The world now moves at a faster pace, and more and more worthwhile causes are clamoring for donors’ wallets, which are already being squeezed by real escalations in living, health, and educational expenses.

The nonprofits that will survive and go on to thrive in this environment are those that embrace change, and leverage email marketing and technology to help them build deeper, longer-lasting relationships

with their donors. The time to do this is today -- not next quarter, not next month, not tomorrow, but TODAY! Start building your email database before the day is over -- and make your Daddy proud. ■

Bill Kaplan is CEO of FreshAddress. You can reach him at bill@freshaddress.com.



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