

Can cold mailings be profitable for small or medium size Christian charities?

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If you thought the answer is No than think again – or at least read on to find out how a different kind of direct mail maths can help you calculate the true value of cold mailings for expanding your charity's support base.

Often small or medium size Christian charities shy away from using cold mailings as a way of getting new supporters. The main reason for this lack of trying is that the Fundraising Director, the Finance Director or, the CEO think that cold mailings are always likely to yield disappointing results so why try?!

My argument is that if you are a small or medium size charity looking to increase your support base then you should try cold mailings. Why? - **Because direct mail fundraising is about far more than acquiring 'instant cash'**.

Everyday direct mail maths doesn't work for small charities

Most fundraisers who have acquired new donors through cold mailings will tell you that these days the average response rate for an untested direct mail package sent to an untried mailing list is around 1-2%.

So, if a large charity sends a mail shoot to say 500,000 people even at 0.5% they are likely to get 2,500 new donors or 5,000 donors with 1% response. This is very good news indeed and everyday direct mail maths works for them.

But, what about a small charity that is mailing out only say, 5,000 direct mail pieces and acquiring 30 new donors. If the average gift from these donors totalled £45, the activity is likely to generate say £1,350. In most cases this kind of return does not even cover the cost of the postage.

So, as a fundraiser how can you possibly justify this kind of spending to your boss or your charity's accounts department when the fundraising budget is really tight? - The answer is you can. You just need a different kind of maths!

One + five + ten = making valuable friends for your cause. Most small or medium size Christian charities are not in the 'churn and burn' direct mail

business. That is when charities mail tens of thousands of supporters who give because they like direct mail but they never have a real relationship with the charity they support.

Typical 'churn and burn' direct mail is the sort you get when you can take the name of the charity out and replace it with any other in that field and you will not notice any difference in the copy.

Small and medium size Christian charities are in the business of adding some new friends to their database each time they do a mailing, gathering around them a group of supporters who genuinely care for the ministry and are helping to fuel their passion for the cause.

Case study

I was deeply moved by one small Christian charity we helped recently with their fundraising plan. This charity started from a zero based budget and has grown tremendously in just four years as a result of the dedication and commitment of two volunteers who run it. They have some 400 people in their database, most of whom are donors and they have been adding 50 -70 new donors to the database each year through cold mailings and other activities.

They know the sort of maths I am talking about always adding a few more donors to their cause and keeping them engaged over time.

Pay attention to the percentages of new donors, not the initial financial returns. Direct mail for most Christian charities is as much about 'friend-raising' as it is about fundraising.

Case study

Another client recently did their first new donor acquisition campaign sending out over 30,000 pieces of direct mail using a variety of Christian media channels like magazine inserts, Christian TV adverts and mailings.

This campaign, over 3 months time generated about £5,600 from 95 donors and the average gift was £23 (*after taking out a few large gifts that would have skewed the average amount considerably*). What was the net income after expenses you might ask? Well, it was lower than zero!

The question is: Was this campaign a failure or a success? If you counted just the cash coming in that this campaign would be doomed a failure.

But, wait a minute, let's take a second look. This charity had never done a focused new donor acquisition before. Their supporter database had some 560 names of which only 180 had given in the last 12 months. So, adding another 95 new donors to the database was a huge improvement.

So, looking at this campaign in another way this was a great success!

Why is that? Because, a small charity like the one mentioned here, is seeking to build their support base. They are on the lookout for those people who believe in their mission and want to see this charity grow and expand its programmes. So, acquiring new donors and keeping them involved means that they can in turn invest in this charity's future growth.

Think about lifetime value of new donors (LTV) – Direct mail acquisition activities can help you not only to add new donors to your mailing list but to give these donors an opportunity to support your charity over a period of time.

This means that although it might have cost you, say £20 to acquire each new donor, in three or five years time they might be worth £200 or more to your charity.

To get a better perspective on this you might want to track the amounts given annually from a random group of your charity's donors over a period of time. This will give you an idea of the value of the donors to your charity.

Check the **One Question** section of this e-briefing (June 2009) for identifying the right questions to ask to your database.

If the new donor acquisition package works, mail it again and again! The painful truth is (at least painful to us fundraisers and copywriters) is that most people will ignore our direct mail packages most of the time.

You and I do it often. All people do. Think of the times you have thrown attractive mailing packages into the recycling box without feeling a shred of guilt!

Those who are new to direct mail fundraising tend to get anxious about the 99% or 98% of people who do not respond to their direct mail. In fact, because they don't like to respond they tend to do less and less direct mail for their charities.

Well, my advice is don't let your personal views cloud your judgment. Don't think: Why do these people don't care? Don't they like us? – The truth is most people who receive your cold mailings neither like you nor don't dislike you. For whatever reason they simply decided to ignore the mailing they received on that particular day.

The truth is that if you keep mailing a good direct mail package to the same potential donors that fit your chosen criteria you will continue to receive new donors from those groups.

Case study

I saw this when managing a new donor acquisition campaign aiming to recruit new standing order donors for a client. We developed an attractive package for them and mailed it three times to the same group of potential donors – each time we made sure that we had excluded the donors who had responded to previous mailings.

The first time we did the mailing to 2,000 people (*they had donated before to the charity but not regularly*) we got a 3% response, the second time we got a 2% response and the third time we also got a 2% response. And we are planning to use the same package this year with two other potential donor segments.

Note here that in total we got a 7% response from a 2,000 list and if we had stopped the first time we would have only got a 3% response. So, we would have missed the gifts of more than half of the donors who responded to the other two mailings.

Donor retention, not simply acquisition, is what good fundraising is all about. Everyone knows that acquiring new donors is an expensive business. So, why do we let new donors disappear off our mailing lists soon after they have made that first gift?

If your charity has invested or is about to invest a great deal of money on new donor acquisition what strategy and resources are you allocating to future donor retention?

- Do you have sound donor reactivation packages in place to ensure that your donors keep giving?
- How are you going to promote donor loyalty?
- How will you welcome new donors into your network/ tribe/ community?
- How are you using your newsletter to keep your donors involved and interested in your work?

Look out for answers to these questions in next month's e-briefing (July 2009) and make sure you sign up to our training events this coming autumn.

(Download our training brochure at: www.mcconkey-johnston.co.uk/events)