

# cause and effect

How nonprofits are coping in the new era of permission-based marketing

**BY LEIGH SILBER**

When the latest push began in 2005 to drill for oil in the virgin wilds of Alaska, The Wilderness Society was ready to make its own push.

Building off news reports about the drilling, the organization mailed a packet to prospective members with a letter outlining the benefits of being a Wilderness Society member, a “Keep Alaska Wild” bumper sticker and, of course, a contribution form.



The result: "Our Alaska Campaign Kit was so powerful, on point and right now that the response rate was double what we had previously seen," says Bruce Leathwood, membership director of The Wilderness Society. The industry response rate averages 3.95 percent, according to the Direct Marketing Association (DMA) 2005 Response Rate report.

### AT STAKE: A BILLION-DOLLAR MARKET

While advertising agencies might view it as a pro bono industry, the nonprofit category is big business. Overall giving grew 5 percent to \$248.52 billion in 2004, and individual contributions increased 4.1 percent, according to the Giving USA Foundation, which tracks charitable giving. By comparison, overall giving grew 2.8 percent in 2003, to \$240 billion — the highest growth rate since 2000. The largest share of those donations — \$187 billion — came from individuals, according to the foundation, which also reports that between 70 percent and 80 percent of all U.S. households contribute some money to charitable causes.

Direct response marketing has been a mainstay for nonprofit organizations that have found themselves increasingly challenged as they fight for consumers' attention in an increasingly competitive marketplace. They spent \$14.6 billion in 2004 to get the word out and raise funds. Nonprofits, which are exempt from the Federal Trade Commission's do-not-call rule, spent the biggest chunk (\$5.9 billion) on telephone, with direct mail a close second at \$4.7 billion — up from \$4.3 billion in 2003, according to the DMA's Economic Impact report. Spending on direct mail outpaced third-place television, which trailed at \$1 billion.

Nonprofits, however, face the double challenge of fighting "donor fatigue" — created by regulatory issues such as privacy laws and the new opt-in preferences of consumers, the strong push for relief efforts following the Indian Ocean tsunami in late 2004 and the hurricanes that devastated the Gulf Coast in 2005. More than 70 percent of those surveyed by a coalition of consultants for nonprofits said they believe disaster giving has reduced contributions to other causes. A national survey of 509 donors and members of staffs at nonprofits and foundations — by CommUlinks of Colorado, M.L. Hanson Consulting, PhilanthropyNow and Whole Brain Technologies — also found that 56.6 percent of nonprofit organizations reported decreasing results from campaigns in 2005.

One way they are making connections with consumers is to tie in their marketing efforts with newsworthy issues, such as oil drilling in the Alaskan wilderness.

### LINKING WITH THE MEDIA

Lobbying and campaigning by a nonprofit can generate news coverage. Once their cause becomes news, smart nonprofits tie their fundraising to that newsworthy issue, eliminating the need to create awareness — the media (and politicians) take care of that — and then seek membership and contributions while the issue is top of mind.

Sometimes organizations can also drive news coverage. During the past 18 months, for example, Save the Children has conducted a number of audio news conferences for U.S. reporters and editorial writers on issues such as girls' education, child marriage, ethnic violence in Sudan and the growing needs of children affected by wars and disasters. Reporters who dial into the news conferences can interview experts on these topics, including members of Congress who have introduced legislation to address these issues. Save the Children also has developed a network of more than 30,000 supporters who can be mobilized to contact the White House and Congress and tell them their views on important global issues that affect children in need worldwide, leading to additional news coverage.

### TARGET THE RIGHT AUDIENCE

"The opt-out era has changed rules for a lot of people, but we were already doing the right thing," says The Wilderness Society's Leathwood. "It was never cost-effective to kick off relationships by annoying potential donors by calling at dinner."

Instead, what has happened within the charitable world is a new approach to fundraising and member communications, one that relies on making each touch count.

"We've always practiced good principles, so this opt-out era isn't seriously impacting us," says Heather Rudinsky, director of direct response for the Make-A-Wish Foundation.

Many organizations are changing their thinking about which mailing lists they use and when they use them. Rudinsky says her organization studies which of its lists are working, rents files similar in profile and immediately suppresses names of those who have asked not to be contacted.

"We haven't even neared the saturation point with tried-and-true nonprofit mailing lists," she says.

The Wilderness Society takes a similar approach, striving to better target a receptive audience for its marketing.

"Direct mail is a huge part of our marketing program," Leathwood says. "Our members provide tremendous support for our work, so we use only qualified mailing and online lists we exchange and rent from other similar organizations."



Save the Children mailed a money box to children as part of the agency's successful outreach to kids who wanted to support tsunami relief efforts.

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Make-A-Wish is using a double opt-in system for its e-mail campaigns, asking anyone who has opted in to receive its electronic newsletter to confirm that via a follow-up e-mail.

"We have found that those given a 'two touch' chance to opt in are genuinely committed to us and more likely to remain on our list," says Zachary Stahmer, direct response manager — online, at Make-A-Wish.

Also important is what's in the packet sent to the prospective donor. Make-A-Wish, which grants wishes for children with life-threatening medical conditions, recently doubled its response rate with a new direct mail package. Among the contents was a "time to make wishes come true" letter, a personalized notepad for the prospective donor, personalized address labels and, of course, the opportunity to donate. In addition to providing a nice incentive, the notepad and labels did double duty by stimulating additional word of mouth, Rudinsky says.

"It was a premium-based package that included things donors can use," she says. "It was friendly, nice and kept us in front of them," she says.

### INTEGRATING THE WEB WITH THE MAIL

Charitable organizations are also finding new ways to integrate their mail and online campaigns. For example, Make-A-Wish is testing a direct mail program that solicits a donation but gives potential donors the option of sending a check with a reply slip or making their donation through a secure Web site while paying bills online.

Much of The Wilderness Society's message is built around driving prospective members to its Web site, where they can sign up for newsletters and e-mail alerts on public

lands issues they support — and the organization can collect information it needs to reach them more efficiently.

"One approach is to invite potential members to our Web site," says Leathwood. "We build subscriptions to online newsletters and do warm prospecting to those who have already demonstrated interest by signing up and taking action through Internet offers to help public lands."

Combining online and offline communications into an integrated stream not only helps donors stay current on causes they care about, but allows the organizations to maintain their support — while respecting opt-out requests from donors who don't want to receive marketing.

The Asian tsunami, for example, prompted an innovative fundraising approach. Save the Children sent mailings to the more than 26,000 children who contributed to tsunami relief efforts. Included in the mailing, which thanked the children for their donation, was a Save the Children Money Box, a colorful cylinder of three cardboard money boxes labeled "save," "spend" and "share" to encourage the children to continue their fundraising.

Save the Children's mail campaign, coupled with a telemarketing effort, also helped drive donors to its Web site — key to most of its fundraising activities. The agency, which raised \$12 million on its Web site for tsunami relief, minimized complaints to one in several thousand during a recent campaign by honoring donor opt-out requests. Those requests amount to fewer than 1 percent of donations made through the Web site.

And, in the end, that's a nonprofit's ultimate goal. Although many pressures have forced nonprofits to modify their fundraising methods and messages, they have adapted to connect successfully with today's ever-busy consumers — which is, of course, mission-critical for their causes. ☐