Refresh Your Direct Mail Strategy:
New Data, New Technology and New Techniques for Nonprofit Fundraising
By Bruce Hammer

"Meeting of the Minds"

I was at a "meeting of the minds" recently to brainstorm how to improve the direct mail program for a large non-profit organization. Representatives from six cooperatives were in the room, alongside all the direct mail program managers for the organization. Fifty people were huddled in one room to discuss - and hopefully solve - a challenge plaguing the organization: how do we refresh our direct mail strategy and find new donors who we aren't reaching today?

This organization certainly isn't the only one asking this question. But it seems like every article about this topic starts the same way, and it's tough to find answers. A picture is painted about the state of fundraising for non profit organizations: organizations are seeing declining gift sizes, shrinking donor universes, and rising donor acquisition costs. Direct mail results are declining and organizations are scrambling for expert tips and advice on how to find new donors.

So, what's a nonprofit to do?

The trend I see is that our focus is moving away from direct mail, and organizations are looking to maximize on-line fundraising opportunities via social media to keep up with changing donor behavior. In fact, the most popular search topic about nonprofits on google today is "online fundraising." But moving away from direct mail isn't the answer. And changing focus to digital methods isn't the answer either.

People are complicated, and so is their charitable giving behavior. The solution you're looking for isn't going to come just from Facebook, or just from a change to your direct mail campaign. Your solution will come from thinking about your nonprofit fundraising efforts in a different, more comprehensive way. And the outcome will be better donor retention, higher gift amounts, and a more cost-effective fundraising strategy.

Refresh Your Direct Mail Strategy (and Change the Way You Think About it)

I know what you're thinking...If you're being challenged to think about your fundraising strategy in a more comprehensive way, then why is this an article about direct mail?

Historically, direct mail has proven to be the most valuable channel for donor acquisition, so it's a good place to focus for better results. Here are the two questions you should ask yourself:

"Finally, a company who can combine intent data with direct mail response history! We're excited to see how this opens up previously overlooked target audiences!"

Pete Carter, Principal
Chapman, Cubine & Hussey

1. Are you getting the most value you can from your cooperative?

I hear from my nonprofit clients all the time that names are being recycled, lists are saturating, and there is a tremendous reliance on coop lists that just aren't performing as well as they used to. There's a need for innovation in the marketplace...new data, new technology, and new techniques to acquire new donors. (A new way of thinking, perhaps?)

New Direct Mailing Data

To refresh your direct mail strategy, you need to change the way you look for a donor. It makes sense that nonprofits are turning to digital solutions first. Digital fundraising is very effective because you can market to a prospect donor's "likes" in real-time, but donors from this channel often aren't as valuable, and often have a high burn rate.

The reality is that a donor's behavior is changing, so digital activity and behavior can help to create a picture of a donor, but it's only a piece. The key is to find a cooperative who can combine real-time, online behavior data with traditional transaction data for better results. New online behavior data, combined with traditional transaction data, gives you a full picture of your potential donor. In other words, a more comprehensive data set which provides the best results.
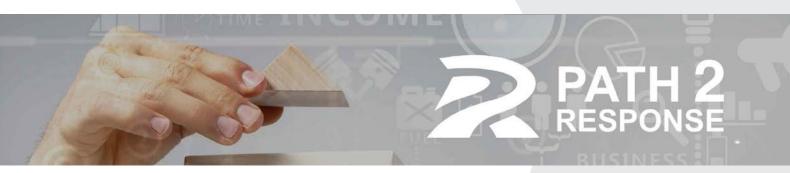
New Technology for Data Modeling

What if you could combine the reliability of cooperative data results, but also add in new digital data sources, and get real-time updates for better RFM metrics? It might seem like a dream, but building a single model strategy and using expansion and depth testing to grow the fulfillment size is not only possible, but cutting-edge organizations are already doing it.

Most cooperatives take years to get to this point and their methods are stale. A cooperative using machine learning results and logic to inform their modeling strategy is the key for acquiring higher quality donors. The best way to think about this is creating a control model (proven, consistent, high-performing names with great results) and use incremental testing to find new sources of data to feed into the control universe (or not). Let the technology work harder for your organization.

"We're getting better results... 3 times faster than I've seen in the past, and we're innovating 3 times as fast. (I'm in awe of our engineering team.) It's a breath of fresh air in the cooperative industry."

Mary Gessner, VP Data Science
Path2Response

New Techniques for Data Model Implementation

Most cooperatives have multiple models that they test against each other, which can flatten files and compromise the available universe, but new technology means new techniques for creating algorithms. This means a new, comprehensive way to create one model, which addresses all available data. The operational model is significantly better: less saturation, fewer steps, fewer switches and toggles, less guess work, and less inconsistency. This takes the guess work out of testing strategy and allows the technique to declare victory.

It's better for the bottom line benefit of your organization to challenge your cooperative to think differently and do things differently. Don't be afraid to ask them:

"Path2Response leverages state of the art technology to find new donors for your fundraising campaigns."

**Brian Rainey, CEO
Path2Response**

2. What can you do differently to see better results for my organization today?

The key to revitalizing your direct mail program isn't to architect a new strategy, but instead to breathe life into your failsafe methods that are already working for you.

At Path2Response, we actively partner with our clients to provide innovative, data-driven solutions to address the market challenges of nonprofits and create and maintain products that create more profitable relationships with their donors.

We're putting new data, new technology and new techniques into everyday practice to improve donor retention, increase gift amounts, acquire younger and more active donors, and create more cost-effective fundraising programs for organizations who use our products.

For more information about how Path2Response can help you revitalize your fundraising efforts through your direct mail program, contact me today at: bhammer@path2response.com.

Bruce Hammer has spent 28 years helping Nonprofit organizations acquire new, high value donors. With Path2Response, he assists fundraising organizations find new sources of data by leveraging new data to acquire new donors. Bruce is also a DMFA Board Member.