



DIMENSIONS

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Multi-Channel Fundraising

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Increasingly, fundraisers are realizing that reliance on a single channel for communicating with donors and prospective donors is not only inadequate - it is risky. Why? For the same reasons that investors diversify their portfolio - to reduce reliance and risk.

For example, the recent recession had a significantly larger negative effect on organizations that were solely reliant on major-donor fundraising than on the organizations that were solely reliant on direct-mail fundraising. However, concerns about the U.S. Postal Service might cause a development director to seriously consider online fundraising as a supplement to a robust direct-mail program.

From the donor's point of view, it's all about choice and communication, regardless of channel. First, it is about choice - donors might prefer in-person or e-mail to postal mail or vice-versa. Also, donors care about communication - if you aren't communicating with them, you aren't fundraising. Remember the primary rule: "If you don't ask, they won't give." From a marketing point of view, the advantages of multiple channels are significant. Or, as marketers say in reference to

donor focused fundraising - it's all about touch points. So, why are they important?

More touch points (i.e. more channels) will:

- result in greater donor loyalty;
- result in higher-value donors;
- allow you to speak to donors through the channel they most prefer; and
- allow you to choose the "appropriate" channel for the content of the communication (e.g., you can better handle emergencies and advocacy via the Web and telephone than through the mail).

But does 2+2 really = 5?

Let's look at the first two items a little more closely. Together, they suggest that multi-channel donors have a higher long-term value than single-channel donors. This is empirically true for the vast majority of charities.

While it is true that direct mail is the most productive way to find new donors, from a strictly volume point of view, direct-mail donors who ALSO donate via other channels appear to be worth 2-6 times more in their long-term value. Donors that were acquired online and ALSO gave through direct mail appear to be worth 8 times more. Approximately 60% of donors acquired via

telephone can be converted to give via direct mail, and 10-15% can be converted to give online.

Another example of the empirical findings about using multiple channels shows that "thank-you" calls increase subsequent giving! In one test, the subsequent gift rate for donors who were called was 47% higher than those who received no thank-you call, and 22% higher than those who received a thank-you note in the mail. The thank-you call increased the average size of the subsequent gifts. The average gift for donors that were called was 8.3% higher than those who received no acknowledgment and 3.5% higher than those who received the mailed thank-you note.

E-marketing can be a very useful source of information for direct mail. Think about trying to test teaser copy on envelopes. Can you do it in less than 60 days? Now consider

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What are the emerging markets in fundraising?

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subject line testing in e-mails. This is roughly equivalent to teaser copy testing on envelopes and the results come back in 24 hours. Search engine marketing and search engine optimization online can teach you a lot about what words and phrases prospective donors are using to find out more information.

Using those words and phrases in your direct-mail copy can lift response rates. E-newsletter click-through analytics can inform direct mail copywriters what really matters to donors and what stories they like to read about. How about asking your e-donors which design they like best on this year's membership card and using that "user-generated content" to inform your direct-mail choices? These are a few examples of one channel aiding another. **MORAL:** Recruit donors through multiple channels and renew through multiple channels.

But aren't I stealing from myself?

Many worry that starting up a new channel would be similar to

robbing Peter to pay Paul. At first it seems that this is true. For example, you may conduct an e-mail append to your postal mail file and start e-mailing those donors who already give via mail.

But you will soon learn that each channel supports the other:

- E-mails sent before and after postal mailings lift response to postal mail.
- Telephone calls made before and after postal mailings lift response to postal mail.
- Direct mail is typical fulfillment channel for telemarketing
- Every time you mail a letter with toll-free telephone numbers and URLs, including encouragement to call or go to landing sites, you can see telephone and online traffic increase.
- Letters cannot carry rich media, but e-mail can (e.g., video).
- Telephone calls are truly interactive, while letters are not.
- Online donations are still an issue for some, so offline media for donations helps.
- Each channel can use premiums to boost online performance (in addition to direct-mail premiums -

how about down-loadable premiums, or "back-end" premiums?).

- Online media can give depth and breadth to mail.

Donors can't become cross-channel unless they are given the opportunity.

- Actively solicit e-mail addresses from direct-mail donors/prospects and place them in your e-mail stream ASAP.
- Send your direct-mail donors/prospects to your website where they will have the opportunity to donate, take action (e.g., sign a petition or take a survey), find info or engage with you.
- Place your new online donors/activists in your direct-mail stream ASAP—some will not continue to give online, due to concerns about credit card fraud.
- Test placing online and mail donors/activists in your telemarketing stream.
- When communicating with donors, try to personalize the conversation and talk with them about the issues that caused them to first respond to you.

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Challenges: Politics, organizational structure, databases

There are lots of challenges to multi-channel marketing, but here are some of the big ones:

- **“It’s my name.” “It’s my list.”**

Remind your staff that mission is first and good fundraising, regardless of channel, is good for the mission.

- **Online ownership, e-mails, campaigns, and expertise are often balkanized.** Communications, Membership, Government Relations, IT, Development, etc.

- **Testing is more complex** because where you used to do an “A vs. B” split test in direct mail, you now have to figure out whether those with whom you are communicating via other channels will bias your test outcomes. The more channels, the more complex the testing becomes.

- **If you want “one view” of the donor, you will need an Integrated Database.** Yet online vendors don’t understand the requirements of data to implement a mail program (yes, it is much more complex than storing a name and address). Many offline service bureaus that support direct mail don’t integrate well with online, although this is improving. In general, those that claim to have a fully integrated database solution are either not being truthful, are patching things together, or are extremely expensive.

Integration: the Holy Grail of multi-channel fundraising

In addition to any other benefits of the “integration” of multiple channels, the ability to reach out and “touch” a donor or a prospective donor through a second or third channel is critical to the cultivation and stewardship of your supporters. But you must remember that, regardless of your internal structure, the donor thinks of you as one organiza-

tion. So having the “left hand not know what the right hand is doing” is NOT acceptable.

Imagine you are the donor and you receive a very appealing story about the immediate need for food and medical supplies for refugees in some part of the world. You go online to the organization’s website to find the home page filled with a story about digging wells and malaria nets. Imagine, further, that the colors and shapes of the logos online and offline are different. It might lead you to conclude that you are dealing with two different charities.

Yes, multi-channel fundraising has challenges, but it is very much worth the energy and the effort because it also results in a more resilient, sustainable and productive fundraising program. ■ **NCDC**

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