It is a frightening thought to realize that the success of many man-hours, considerable sums of money, and a lot of thought and preparation depends on perceived value and personal convictions. Yet, for practitioners of direct-response fundraising, this is what makes their work so exciting—and challenging.
Direct-response packages that hit the right donor “hot buttons” can vary from one fundraising campaign to another, so what works this year for a particular cause will not guarantee good results next time around.

To explain the dos and don’ts of creating successful direct-response packages, Advancing Philanthropy spoke with various experts in the industry who shared their years of experience.

**Why Direct Response?**

With the advent of fax machines, email and other forms of instant messaging, why do nonprofit organizations still use direct-response appeals? “Charities continue to use these techniques for the simple reason that they continue to be effective,” explains fundraiser and lawyer Geoff Peters, executive vice president with Creative Direct Response in Crofton, Md. “Direct response fundraising is nothing other than targeted or one-to-one marketing. It always has been and remains the most effective way to build a broad supporter base for nonprofit organizations. While it should never be the only form of fundraising, direct mail and other direct response methods often form a core base upon which other types of fundraising can succeed.

“That donor base will provide not only immediate giving in terms of response to solicitations, but it will also be a source of wills and bequests and future major donor giving,” Peters explains. “The best ‘high dollar’ direct-response donors become candidates for major donor solicitation. The most frequent donors become future deferred-giving donors. And, of course, the bulk of these direct-response donors give money in response to special requests, emergencies, annual appeals and other solicitations.”

Despite the effectiveness of this technique, however, Peters warns that direct response may not be the solution for every charity. When working with an organization to determine whether direct response is a good solution, he focuses on four key areas:

1. **What is the organization’s mission?** “If the mission can be explained simply and succinctly, then direct response may be a useful tool. If it is complex and not easily understood, the organization may be better off working with foundations rather than consumers.”

2. **Do small donations—$15 or $25—make a difference to the organization?** “If the donors don’t feel their gifts will be important, it is difficult to persuade them to give.”

3. **Is there any prior history or experience with direct response?** “Regardless of the medium used, ‘This will tell us something about prior consumer responses in the marketplace to or for this particular appeal. Looking at the numbers of what has worked and what has not is an extremely valuable exercise.”

4. **Can the organization, especially if it is young and new, afford to begin a direct-response campaign?** “Direct response requires an investment in the future and sometimes that may require use of existing or new resources in order to create a new revenue stream. Sometimes this can be achieved by an initial investment in this future and ongoing stream of income by smart donors who want to see their donation act as ‘seed money’ for the future.”

**First Impressions—Size and Design**

When using direct response, what is the most effective package to use? One that produces the best results, of course. However, Peters points out, “There is no ‘one size fits all’ or one technique that fits all in direct-response fundraising. Not all of the letters you receive look the same or they would never get opened.”

—Geoff Peters, *Creative Direct Response*

“**There is no ‘one size fits all’ or one technique that fits all in direct-response fundraising. Not all of the letters you receive look the same or they would never get opened.”**

To illustrate, consider something as simple as the size of an envelope. In the late 1970s and ’80s, donors could not avoid “doormat” packages—huge mailers, some literally as big as a doormat. Then smaller pieces gave the image of a more personal communication.

In the United States, certain envelope sizes have been more popular than others in direct-response fundraising:

- **“Monarchs,”** measuring 3½ inches by 7½ inches
- **#10 envelopes, measuring 4¼ inches by 9½ inches**
- **#14 envelopes, measuring 5 inches by 11½ inches**
- **“Booklet” envelopes, measuring 6 inches by 9 inches, that have the flap on the longer side and are useful for half-folded 8½- by 11-inch sheets**
- **“Booklet” envelopes, measuring 9 inches by 12 inches, with the flap on the longer side and made for unfolded 8½- by 11-inch sheets**

Larry May, CFRE, president of May Development Services in Greenwich, Conn., works primarily with health, social service, and religious organizations. “If a package is smaller than a #10,” he says, “right now it generally doesn’t succeed.” One explanation why monarchs are less popular is because the smaller-size envelopes look like bills.

Paula Kaye is CEO of Hermosa Beach, Calif.-based New Income Sources, a small direct-response company serving charitable and advocacy organizations in the Jewish community, and social service organizations for women and children. This year she has moved almost exclusively to a #10...
envelope for her renewals because, she says, donors find the standard format of this size easier to identify. In addition, return on investment is greater: Although a 6- by 9-inch booklet boosts response, “it’s still not as cost effective as a #10,” Kaye points out.

For other fundraisers, bigger is better—and more effective. Terry Whitney, president of Whitney Associates in Portland, Ore., says that while #14 envelopes are popular with her clients, she finds that 9- by 12-inch packets work best. “We’ve been testing them against other sizes and formats for 10 years, and all of our clients except one have a 9- by 12-inch control,” she says. Whitney works mostly with such activist clients as the Simon Wiesenthal Center, the Museum of Tolerance and Carl Sagan’s Planetary Society.

In addition to size, donors are attracted to how plain or fancy the package looks. May says that putting a little more creativity into the package—color, photographs, and other design elements—tends to pay off for his clients.

How much design you use may be determined by the intended audience and whether the package is going to prospects on a rented list or to names in a house file. House files are in-house lists that generally contain the names of donors, or people who have subscribed to a newsletter or responded to an offer. The database also might include names of prospects—those who have inquired about the organization but not given. Campaigns using house files are usually more successful than those using rented lists because the people listed are already familiar with the organization. In fact, a tested house file can represent about 40 percent of the success of an average direct-response campaign.

High design works for acquisition packages (aimed at prospects) at Lewis Direct in Baltimore, Md., a direct-marketing agency that does extensive work with nonprofits and associations. For house files, however, account supervisor Dinah O’Berry is seeing clients move away from heavy graphics and color and using simpler treatments instead. She says that Lewis Direct tries to develop a unified look for the mailings “so that people who are attached to a particular organization recognize and distinguish it from other fundraising pieces.”

In some cases, extensive use of color and graphics can even backfire. “We’ve done beautiful full-color packages—mostly at the client’s request—and they never work,” Whitney explains. “In fact, they work very badly.” Why? One reason, she believes, is because the fancy exterior makes the package look too much like an advertisement.

Good Content Says It All
While the size and design of a direct-response package may attract initial attention, content determines whether donors will contribute or ignore your efforts. Mal Warwick, chairman and CEO of Mal Warwick & Associates in Berkeley, Calif., has more than 20 years’ experience working with a broad array of national and regional nonprofit organizations. He is a strong believer in sticking to the basics and working for long-term donor relationships.

Warwick is convinced that it is better to concentrate on telling donors who you are, what you do, and what they can expect as a result of their gift. Avoid following the latest fundraising fads, he cautions. “Trends are shifting sands,” he says. “I’d much rather concentrate on building relationships with my donors.”

Fundraisers can build relationships in various ways:

1 Thank donors for past contributions. New Income Source’s Kaye stresses the importance of not only thanking them for past contributions, but also telling donors how the money has been used—and how an additional contribution would be put to work. For acquisitions (prospects), she may add a chart showing what programs the money supports. “Sometimes that includes the cost of raising funds and
sometimes it doesn’t, because in a small organization that pie looks bad,” she warns.

2 Use case histories and stories. The reason a well-crafted direct-mail letter does more than simply provide facts and statistics is because a story with human interest is the best way to immediately attract the readers’ attention, Peters says. Kaye also has been successful using case histories for a children’s organization. “Personal stories are working very well. Sometimes we put them in the letter, but occasionally it goes on a separate piece.”

3 Make the appeal as personal and as local as possible. This is true even if it is a national campaign, says Les Markman, senior vice president at Creative Direct Response. “If you’re raising money for a national organization and you can use statistics that bring the prospects or donors information that relates to their area, the response rates increase.”

How many enclosures will you need to effectively state your message? Again, there is no “one” solution, but no matter what you include in your direct-response package, “you want to give people information [with] enough background and depth to make a good decision,” advises Whitney.

Kaye says that she has not found anything other than the one-page renewal” that stands out in terms of effectiveness. May has found that he does not usually need more than a one-page letter printed on two sides because most of the organizations he works with already have name/brand recognition. “You don’t need a lot of copy to tell people you’re trying to prevent heart disease or support a children’s hospital. We’re not trying to create a new place in the donors’ mind. We just have to tell them what we’re doing for the organization and create value.

Anatomy of a Successful Direct-Response Package

What constitutes an effective direct-response package? Obviously, every appeal is different depending on the audience, the goal and the nature of the message. Some experts interviewed for this story provided elements from various successful direct-response packages.

A 9- by 12-inch envelope:
- Simple but highly emotional teaser from a well-known advocate.
- Arrow pointing to the window next to the words “Sign Here to Petition President Bush” conveys a sense of personal responsibility and appeals to the donor’s ongoing commitment.

Letter:
- Understated yet powerful design (header invokes a sense of history).
- Effective salutation when personalization is not an option appeals to the donor’s commitment.
- Plenty of informative detail.
- Clear call to action on every page.
- Underlining used with discretion.
- Bold type used only for call to action.

Response:
- Three attached petitions and a contribution form customized with the donor’s name and address.
- Petitions contain clear instructions asking the donor to return them with a contribution.
- Targeted $25 contribution includes an offer of a premium (magazine subscription).
- Request for an email address is not part of main response, but is tied to an offer of an electronic “Action Alert” service.

Slip sheet:
- Reinforces the value of a larger donation by offering a premium of comparable value.
- Includes picture of the premium (videocassette).

Brochure:
- Simple but effective design.
- Photographs say more about
Lifting Response Rates with Email

Electronic messaging may not generate a lot of direct contributions yet, but it definitely helps more people take action by mail.

How? Think of email as a personal phone call—without the phone. “If you were the head of a nonprofit and you called three donors every day, those people would give more than the people you didn’t call,” says Rick Christ, president of NPAdvisors.com in Oakton, Va. “Email makes that affordable to do in large numbers.”

A 20-year direct-marketing veteran, Christ is a self-described “Internet junkie” who sees through a direct-response lens. “Email can support the direct-mail effort by building institutional trust and an enhanced relationship,” he explains. It also can be used to provide donors with ongoing information, as well as a heads up when a fundraising appeal is about to hit.

Just how much can an electronic message increase direct-mail response? Time and testing will tell, but so far Christ is seeing some very positive results. In a recent mailing to 5,000 donors, Christ sent 2,500 people an email advising them to be on the lookout for the envelope. The message explained what the envelope looked like and stressed the importance of response. “It lifted response very nicely,” he says.

Christ did a further test to see whether the e-message increased response rates among people who generally receive electronic information from the organization. He sent the message to one test group but not to the other. The results? “While sending regular emails can lift response by about 10 percent,” he says, “sending those same people a special email announcing a particular mailing can lift response to that mailing by another 10 percent.”

Email also can help organizations acquire new direct-mail prospects online, he adds. For one advocacy client, Christ emailed the house file a petition that required going to a special website to sign. Supporters, and other organizations, were asked to pass the petition along. “We added between 5,000 and 10,000 names to our database.” Some people contributed money immediately, while others just signed the petition.

However, the real power of such efforts was demonstrated when they sent a standard acquisition direct-mail package. “The response from the list collected through the petition effort was the highest of the 20 lists we used for that mailing,” Christ says.

Although it’s still uncommon, some fundraisers are using electronic options very effectively to raise money. For the American Cancer Society’s walkathon, for example, participants can go to a website, create a giving page, and email friends asking them to support the walk. Potential donors can go to the walker’s giving page and pay by credit card.

In general, however, the opt-in nature of email and Internet giving probably will continue to make them less effective as a revenue stream for organizations. Their power is in the donor connections they create and their ability to support other fundraising efforts.

Incorporating e-messaging into a fundraising campaign “isn’t easy, predictable or automatically translatable from one organization to another,” Christ admits. “But there are opportunities. These are things that all nonprofits should be trying to do.”

try doing it and make a compelling case for it.”

Do renewals—an annual request for a university, for example—require more or less copy than special or one-time appeals? “Our extensive testing has shown that renewals should be short and sweet—a one- or two-sided monarch-size letter and a reply form that looks like a bill or statement in a small envelope with ‘renewal’ teaser copy,” says Whitney. For the most part, there should be no other inserts because they tend to distract the reader and thus impede the renewal. The simple, straightforward approach—one that reminds the member or donor that this is an “annual” obligation—is the reason that early renewal efforts perform dramatically better than special appeals, she explains.

“Annual renewals often contain membership cards or decals. Sometimes they involve calendars and sometimes no premiums at all,” says Peters. “Usually the renewal has copy referring to an annual fund drive. These appeals are often an effective way to solicit donors, but one that sometimes [comes at] a cost. By engaging in an ‘annual fund drive’ or ‘annual renewal,’ are you implicitly telling the donors that you will not be re-soliciting them for another year? And do you risk alienating them if you do re-solicit them before next year?”

“Sometimes, a more effective long-term approach involves a number of special appeals—each with their own project or story—and each with the ob-
jective of renewing as many donors as possible multiple times during the year.”

**Premiums: Give to Receive**

Sometimes fundraisers find that they need more than winning copy to reach donors. Consequently, premiums are increasingly used in direct-response packages. “A lot of organizations that have been very successful simply sending out a brief message—like the American Heart Association, for example—have found that they’ve reached something of a saturation point,” notes May.

Such organizations are trying new things—and successfully—says Angela Howard, an account executive with Response Development Corp. (RDC) in Upper Marlboro, Md. For one heart association client, Howard saw premiums double the response rate for donor mailings. The 9- by 12-inch package included giftwrap or a calendar. “I don’t think the package size is what’s working in this circumstance,” she explains. Consequently, she feels that premiums are worth the extra cost because of the responses they generate. Based on these good results, RDC plans to test premiums for acquisition as well.

For May, premiums are “all about getting people to stop and think.” The most effective premiums are those that donors find useful and are related to the organization’s cause. “The greater the perceived value of the item, generally the more successful [the package] will be,” he says.

Despite their appeal, premiums aren’t for every organization—or fundraiser. “Premiums should be avoided where the cause is advocacy oriented, unless they can be very strongly tied into the appeal,” Peters advises. “Most donors to advocacy causes are driven by the copy or the story and not by the premium. Thus, mailing name labels to prospective donors along with a letter that talks about some political outrage is not as effective as a survey and longer ‘straight letter’ copy which, when read, will cause the donor to be motivated to respond and support the cause. Premiums, like any other technique, should be tested and used when they work and avoided when they do not.”

Warwick agrees, and often encourages clients to settle for a slightly lower response rate in order to generate a higher quality of donor. His goal is to develop donors who give higher gifts, have an interest in forming a philanthropic relationship with the organization “and aren’t expecting a ‘gimmee’ every time she or he opens the mail.”

The most effective premiums are those that donors find useful and are related to the organization’s cause. “The greater the perceived value of the item, generally the more successful [the package] will be.”

—Larry May, CFRE, May Development Services

**The Teaser: Enticing or Not?**

For some, many direct-response staples—from teasers to highlighting—are overused so much that they lose effectiveness. “Why do people still use teasers?” Warwick asks. “Most practitioners of direct mail are too busy copying each other and assuming something is working when in fact it might be hurting them.”

Others, however, find teaser copy to be an efficient way to attract attention. “We only have an average of seven seconds to attract the readers and get them to open the envelope,” says Peters. Whitney considers teasers “absolutely essential.” When an animal-oriented environmental group offers a plush toy premium, it needs a teaser directed toward that, she says. “Other teasers we do are related to content, but we still indicate something on the back of the envelope about a free gift.”

Another fundraiser, Carl Bloom, president of Carl Bloom Associates in
While one approach will work for some, it will not for everyone. Much depends on the organization, whether you are addressing donors or prospects, and a host of other variables.

New York, N.Y., serves clients ranging from public radio and television stations, advocacy and issues-oriented groups, museums, libraries and arts foundations, to businesses and associations. He often sends out membership cards with both acquisitions and renewals or reinstatements for lapsed members. In these cases he feels that it is important for the envelope to reference the enclosure, so such teasers as “Notice of enrollment (or reinstatement)” or “Membership card enclosed for [donor’s name]” are used.

For a children’s wish organization client, Bloom believes the teaser “Your Wish Certificate enclosed” pulled recipients into the envelope because they wanted to know what that was. The response form was a certificate featuring art by children who had requested wishes.

Test and Test Again
While one approach will work for some, it will not for everyone. Much depends on the organization, whether you are addressing donors or prospects, and a host of other variables. As Peters explains, “Those of us in direct-response fundraising are fond of saying that we never know anything unless we’ve tested it recently.”

Unlike public relations, “branding” and general advertising, he adds, “The benefit of direct response is that our niche is governed by tests, measurement of test results, and always the ability to determine very quickly the effectiveness of different methods and types of solicitation. We don’t just speculate as to what happened as a result of an investment in fundraising. We measure the actual return on that investment.”

Thus, Peters advises, the most important thing anyone involved in direct-response fundraising must do is pay attention to the numbers. “In this fundraising arena the numbers tell you what the ‘market is thinking.’ The overall performance of a direct-response fundraising program is measured by a myriad of numerical ‘yardsticks’ and each tells its own story.”

Some of these “yardsticks” include—
• Cost to raise a dollar
• Long-term value of a donor
• Percentage response or penetration
• Average gift
• Gross income per thousand contacts
• Net income per thousand contacts
• Costs per thousand attempts to contact
• Return on investment
• Overall net income
• Number of new donors
• Lapsed donor renewal rate

“Each of these numbers tells a part of the story,” says Peters. “None of them tells the whole story. Ignoring the combination of numbers is a recipe for disaster in direct response fundraising.”

So, use the information obtained and analyzed, and cultivate the long-term, high-quality donor relationships you really need. According to Peters, “The constant is not size, shape, teaser copy, lift notes, etc. The constants are the overall mission of the charity and the fact that the agency has tested various packages in order to produce successful results.”

Business writer Shelley Estersohn is a partner in the marketing communications firm Hannah & Stack, Columbia, Md. She has more than 25 years of communications experience with associations and the nonprofit community.