

| How Should You React to the Current Climate?

Fundraisers can expect lower response to most appeals that are out right now, but steady online response today may counter that conventional wisdom. How long any of this will last is impossible to say; it might be reversed by the time a mail campaign you're planning today actually reaches consumers.

Based on experience from the market drop in 1987, the dot-com bubble burst, September 11 and the big recession of 2008-9, making radical changes or skipping campaigns in times of uncertainty is usually a poor choice for several reasons.

If you skip a donor appeal, you will almost certainly never regain the revenue it would have generated, even if that revenue is reduced by a dicey financial climate. Acquisition appeals is the area most organizations consider cutting in tough times but consider the implications. In any year, about 60% to 65% of your 0-12 donors renew and stay in that active category. So, every year, 35-40% must be replaced through lapsed reactivation and acquisition. Acquisition performance declines are always a risk, but it's still necessary to keep the overall program as healthy as possible. Making up later for acquisition you skip now is very challenging as you either need to add campaign dates, which might hurt campaigns around them, or you need to increase volume and go deeper into the prospect universe, meaning you are reaching less qualified prospects who will perform less well.



Even if you could be 100% confident that returning to business as usual in acquisition the very next year would yield the same response results as before, the nature of a donor file is such that it would take much longer to reach the same overall file size you maintained before the cut.

Figure 1 is a visual representation of this phenomenon. Segments can be more finely articulated in this model, but the overall impact of cutting acquisition remains the same.

Figure 1: Impact of Cutting Acquisition

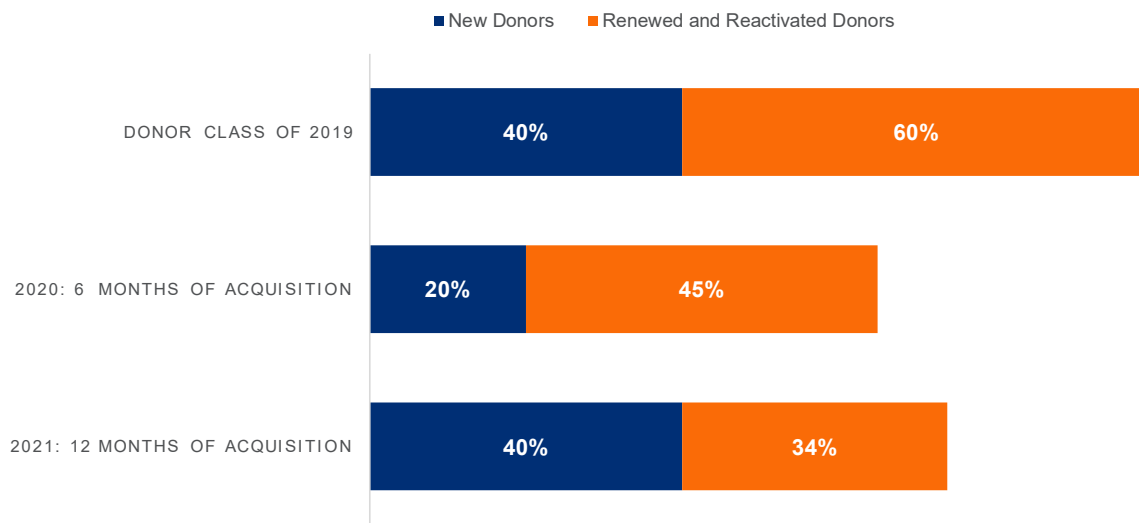


Fig. 1 shows how quickly the number of donors in your 0-12-month segment shrinks by forgoing acquisition campaigns, and how slowly it builds back up due to 25% annual attrition from donors who have been on the file 2+ years by 2020.

In direct mail, where the planning kick-off to the mail-date runs several months, it's impossible to know if a mailing you cancel today would be overshadowed by the news of the day OR possibly be a welcome call-to-action in its wake.

So, what to do? Focus on the most successful things you have available.

Keep your investment focused in:

- Proven winning creative that has been reviewed and is still acceptable in today's environment
- Tried and true techniques for motivating a higher gift
- Your most responsive audiences, even if you contact them more

Maybe avoid expensive direct mail tests and plan for a higher fundraising cost than budgeted due to soft response. Most importantly, keep messaging to those most likely to support your mission. If you need to hone in on who those people are, we are here to help.