

# Acquisition Advisor

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REPORTING ON 2021

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NAMES IN THE NEWS | 2550 9TH STREET, SUITE 114, BERKELEY, CA 94710

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## **Names in the News Acquisition Advisor Bulletin**

This year we are augmenting our report with economic indicator charts to offer context to our latest observations. In addition, we are including a timeline of key societal and economic events that is available on page 12. We think this timeline is an important reference for you to see how these events may have impacted your own fundraising efforts over time.

We believe that nimble reporting and historical context **continues to be critical** as we navigate ever-shifting political, societal, economical, and pandemic challenges unprecedented in our country. A Mid-Term election this year will only add more uncertainty to the mix. We need to assess mailings and overall trends as quickly as possible because we want to give you the information you need so that if you are able to, you can shift gears by adding or refining mailings depending upon what we are seeing.

We hope you find this bulletin helpful and are happy to answer any questions you might have. Also, if your organization is not currently in our data set and you'd like to be, we only require topline outside list campaign results to include you in our database. Please contact Denise Hubbard, VP/Director of Analytics ([dhubbard@nincal.com](mailto:dhubbard@nincal.com)) if you're interested in participating or have further questions.

## **Background**

Donald Trump's election spurred the "Trump Bump" which drove increases in acquisition response from our mailer markets which are middle of the aisle to progressive. We are uncertain of the impact to those in conservative markets, although we do know that fundraising under the Trump banner has helped increase his longevity in the Republican fundraising sphere. This Trump Bump was seen through Q1 of 2018. From that point forward we saw notable drops in almost all mailer markets. Although performance for many progressive/advocacy mailers declined, they **continued to remain well above pre-Trump levels during 2018**. We bring this up as we are seeing this phenomenon of dropping response happening as we exit the harshest restrictions post pandemic. It seems clear that we are still not out of the woods as new variants test our resolve and if there will be further variants that could bring us back to a more restricted environment. It remains unlikely that we will need to go back to Shelter in Place, mainly because we are equipped in terms of our scientific knowledge regarding treatment and protection. Of special concern is the unpredictability and uncertainty of world events that are wearing on the global psyche, and the disillusionment of an exhausted populace coupled with economic uncertainty.

The outbreak of COVID-19 in March 2020 and the subsequent Shelter in Place order, allowed many at-home Americans to become educated and aware of societal issues that had been overlooked in the past – such as racial inequities, homelessness, and health care for at risk populations. The national dialog to aid others was at an all-time high and there was a willing and captive audience ready to respond. All mailers found improved performance in 2020 regardless of market type. Even with a Presidential election which was more contentious and consequential than all prior elections (both Presidential and Mid-Term), giving did not miss a beat during third and fourth quarters of 2020. The needs were just too great, and the donors who were able to, stepped up to work to fill those needs. Isolated at home, people were looking for a sense of community and ability to make a difference in any way they could. Some even risked their own health and safety to participate in peaceful protests.

Calendar 2021 as noted came with its own set of new challenges. All markets saw declines in gross revenue per thousand names mailed as compared to 2020. This is similar to what happened as the "Trump Bump" results began to wane back in Q1 2018. For some new political leadership allowed for an

exhaling breath and break from the news cycle, with less of an impetus to give at that very moment in time. For others, new work opportunities, revisiting with family and friends, moving to new areas, or even seeing their children return to school allowed for a feeling of the beginnings of “return to normal” and larger community life post isolationism.

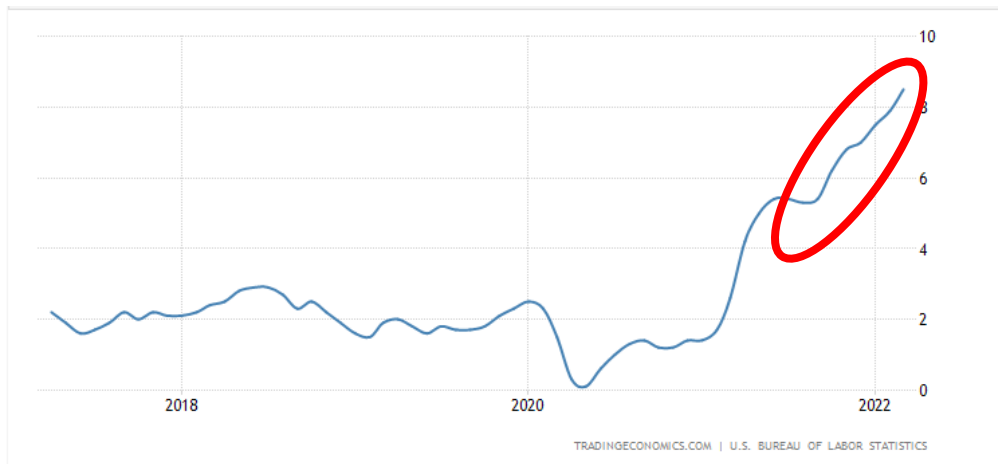
The good news is that 2021, although softer than 2020, ***is showing increases as compared to pre-pandemic 2019. And this is seen across all markets.*** On average, gross revenue per thousand names mailed is ***up 20% over 2019.*** In the fourth quarter of 2021 organizations struggled with mail delivery issues, caging delays, and short staffing which made getting a read on year end giving a bit harder than in years past. Delays varied by organization and location and the mailing tail for this period has been longer than in past years.

Now in 2022 we struggle with costs as paper / labor and envelope shortages are causing both supply issues and rising costs. Many organizations have had to change or even give up on longstanding control packages due to the ability to secure particular premiums or because a package format is no longer cost effective. Some organizations are seeking premiums that can be made locally or in new countries that are able to quickly produce them. For those seeking new creative, messaging on formats, solid continuation lists are providing the control factor needed to develop new approaches. Many organizations are asking us for list plans well in advance of their typical project schedules with various scenarios to address shifting conditions. Moving forward into the second half of the year, we know that postage will increase July 10, 2022, further challenging our clients in terms of mailing costs. It's more important than ever to bring your entire team together to make sure that all are informed of any shifting metrics or priorities.

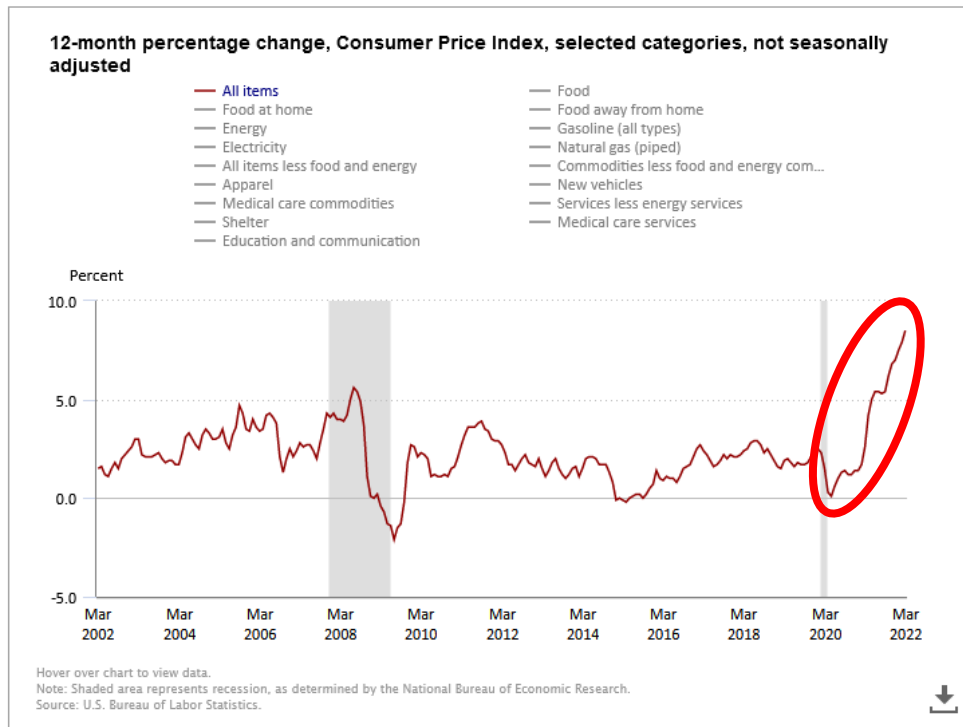
We can anticipate that the ongoing Russian invasion of Ukraine and subsequent world outrage and concern will continue to inspire donors to step up to aid the Ukrainian people. International offers will be highlighted as donors are seeing the importance of organizations who answer the call when needed. Domestically, voter and women's rights issues are gearing up for a fight based on legislation from 2021. Certainly, those societal and economic issues will be front and center as we hit the crucial Mid-Terms this year as politicians and pundits will no doubt resurface and arbitrate the needs of the American people.

Other pressing economic issues are taking centerstage – U.S. inflation rates hit a 40 year high of 7.9% in February 2022. (*Rockeman, Bloomberg.com, March 10, 2022*)<sup>1</sup>

The chart below shows the U.S. inflation rates for the last 5 years and how steeply it is increasing. Chart obtained on Trading Economics.com. (*U.S. Bureau of Labor Statistics*)<sup>2</sup>



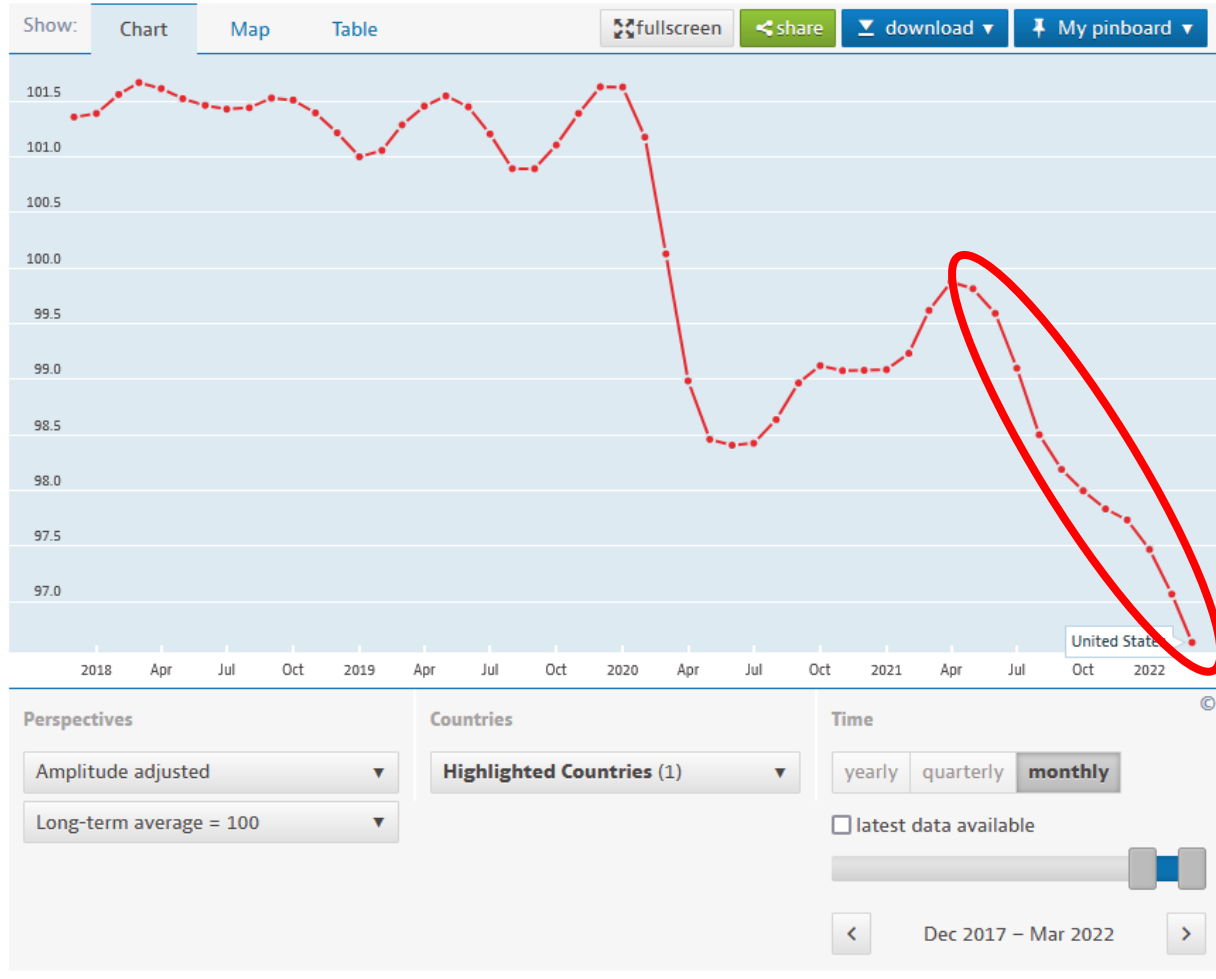
Inflation has a direct impact to the Consumer Price Index 12 Month percentage change, illustrates prices climbing steeply in 2022 thus far. This will most likely impact giving as donors will have less discretionary income as they pay more for goods. The days of “cheap money” to borrow that allowed for individuals to remodel, invest in new property, move to less expensive areas of the country or to purchase new luxury items is passing as interest rates are climbing. Although the unemployment rate is at an all time low, the cost of living and wage disparities are influencing disposable income. This chart related to the latest ‘Consumer Price Index’ obtained from the U.S. Bureau of Labor Statistics illustrates that steep increase. (U.S. Bureau of Labor Statistics)<sup>3</sup>



With inflation and consumer prices increasing, consumer confidence is falling. This will likely impact how potential donors think about giving and if they have the disposable income to do so. It will be important to monitor this as the year progresses towards the third and fourth quarters to see the potential impact on year end giving (particularly in those markets that see year-end lifts.) The below chart illustrates current consumer confidence. Data obtained from OECD (2022), Consumer confidence index (CCI) (indicator). doi: 10.1787/46434d78-en (Accessed on 14 April 2022).<sup>4</sup>

## Consumer confidence index (CCI) Amplitude adjusted, Long-term average = 100, Dec 2017 – Mar 2022

Source: Business tendency and consumer opinion surveys



While on the topic of general indicators, it is important to share some learnings from Blackbaud Institute's *Charitable Giving Report* dated February 20, 2022 (Page 11)<sup>5</sup>. They reported that "charitable giving in the United States grew by 9% based on a careful analysis of \$46.4 billion in donations by the Blackbaud Institute. Additionally, an analysis of \$2.9 billion in online donations tells us that online giving grew by 9% compared to 2021." Growth of online giving cannot be viewed in a vacuum or silo. We are finding that performing web match backs to direct mail acquisitions aids organizations with a more global view of their new donors and entire fundraising program.

One channel informs and spurs the other. While we are not advocating for complex attribution formulas, seeing the impact across all channels is enlightening and can tell a very different story in terms of acquisition expenses. We know that some of the lift in online giving can be directly attributable to those direct mail offers opened and received during the pandemic isolation period as people were eager to connect to others.

Web giving and its impact becomes more important at year end. While the tax law changed forcing more of us to use a standard deduction, we continue to see increases in web giving at year end.

Individuals likely become introspective of what they have and feel more philanthropic to help others during this time of giving. Regardless of “the why”, web match backs can change the overall picture of your acquisition efforts and allow for understanding on those lists that drive more web giving than others. The end result allows for a stronger overall program. Your team at NIN can incorporate those lifts into your mail plans to aid in proper list selections and position those lists at the most effective time of year.

## Challenges on Several Fronts

Sometimes it's easy to tell what's driving trends in direct mail response. More often there are a variety of circumstances impacting results, creating certain synergies that nudge or clearly impel metrics in one direction or another. Since the beginning of 2020, several key events which on their own could have impacted shifts in response but together had a significant impact on our society and subsequently on donor engagement. 2021 continued with political discord, pandemic variant outbreaks, return to in person work, unemployed going back to work, laws being forwarded that will impede voters' and women's rights, shortages of goods, paper, and staff all taking hold later in the year. The biggest civil rights call to action and public response started in 2020, continues as organizations seek to become more inclusive of all individuals.

2022 will most probably continue much in the same way 2021 ended with the addition of a Russian war and Mid-Term election to really layer in complexities. The last election was contentious and likely this Mid-Term will prove to be no different. To quote Heraclitus, "*The only constant in life is change*", we've been paying attention to lessons learned from the past to help navigate the future which will be included here.

At the start of the pandemic in early 2020, mailers considered canceling or moving mail dates to when they anticipated the pandemic would pass. Quickly we discovered that the pandemic was something we were going to have to contend with ongoing, particularly as new variants stymied our ability to "get back to normal". As we learned from past historical data, those organizations who stay in the mail almost always came out ahead of other mailers who were forced or who chose to "rest their donors" or hold from spending acquisition dollars. We were pleased that most of our clients followed that advice, and we are happy to report that data supports this decision.

2022 arrived with cost increases and results returning to pre-pandemic levels has organizations considering the future. Can they afford the higher cost structures for packages and postage? Will clients be focused on getting as many bodies as possible in the door, ripe for cultivation and upgrading or will acquiring fewer high value donors be the strategy? At any rate as tempting as it may be to cut acquisition volume, we want to remind organizations of the very serious implications of future revenue growth associated with that decision.

Recently the article discussing American Cancer Society's results of what happened when they stopped direct mail acquisitions has re-circulated. Everyone knows American Cancer Society and before deciding to cut or not do direct mail acquisitions, we should heed these outcomes. As reported by Jeff Brooks on [\*Future Fundraising Now\*](#) on August 24, 2015<sup>6</sup>:

*American Cancer Society stopped direct mail acquisition in January 2013 and restarted June 2014. Some of the outcomes:*

- *New donors dropped by 11%*
- *New donor revenue dropped by \$11.3 million in the first year*
- *The five-year impact on income: \$29.5 million*
- *The ACS Relay for Life raised \$25 million less than the previous year*

*That's not all. The ACS gets more than \$51 million in planned gifts from direct-mail donors. It will take years for the future loss of planned gifts to run its course.*

If a brand as well known as American Cancer Society saw such losses, it only makes sense to learn from their experiment. This is a cautionary tale with the message, stay the course as there will be less ground to make up later.

Having said that, each individual organization is different and has the closest touchpoints to their own history, data, and budgetary requirements. Each organization has its own unique challenges and objectives and too often we have heard fundraising pundits give sweeping assessments that don't always ring true for each individual nonprofit. As of late, industry articles point to the success and need for direct mail. Those organizations who have a story to tell and a mission that offers a solution to the current societal and economic woes are rewarded.

Our goal here is to show you the data that we have seen over time and across mailers; and to convey 2021 results with thoughts to the future. Of course, all of this should be reviewed in context with your own acquisition results and offer. If your current donors are showing that they are attentive and stepping up in big ways now, it should be the right time for your offer to go out to new prospects or to reactivate lapsed donors. Organizations should be looking at their acquisition investment now during this unique opportunity and at the very least be having critical discussions with consultants and broker partners to make sure they are gathering as many new donors as they can while attention to their offer is at the forefront of the public consciousness. If your organization cannot make that correlation right now or if your current base isn't responding to ongoing appeals, then prudence, is of course recommended.



## Key Charts

The chart below shows gross revenue per thousand names mailed split out by market and compares calendar years 2018 through 2021. As you can see, most mailers are experiencing declines in 2021 as compared to 2020 which had extraordinary gains. Comparing 2021 to 2019 pre-pandemic performance, we find all markets are posting increases except for the Political market which makes sense. The Political mailer market shows more marked ebbs and flows based on election year (which is why we separate out that market for this analysis.)

### Market Comparison by Calendar Year

Mailer Market	Gross Revenue per Thousand Mailed				19 ÷ 18	20 ÷ 19	21 ÷ 20	21 ÷ 19
	2018	2019	2020	2021				
<b>By NIN Mailer Market</b>								
Animal Welfare	\$151	\$131	\$160	\$162	-14%	22%	2%	24%
Charitable	\$238	\$231	\$426	\$252	-3%	85%	-41%	9%
Cultural	\$212	\$205	\$265	\$236	-3%	29%	-11%	15%
Environ/Wildlife	\$227	\$233	\$293	\$257	3%	26%	-13%	10%
International	\$163	\$156	\$243	\$246	-5%	56%	1%	58%
Progressive	\$195	\$136	\$233	\$190	-30%	71%	-18%	39%
Non-Political Total	\$199	\$181	\$266	\$218	-9%	47%	-18%	20%
Political	\$685	\$600	\$936	\$505	-12%	56%	-46%	-16%
<b>By NIN Mail Volume Group</b>								
<500k	\$206	\$212	\$337	\$255	3%	59%	-24%	20%
500k-2mm	\$210	\$201	\$293	\$235	-4%	46%	-20%	17%
2-5mm	\$178	\$162	\$230	\$202	-9%	41%	-12%	24%
5-10mm	\$204	\$158	\$232	\$198	-23%	47%	-15%	26%

#### Notes:

Results shown are based on use of outside lists only.

Years shown represent results by calendar year. Calendar year 2021 results are year to date amounts.

Calendar package results are not included in this analysis; all other premium packages are included.

Green highlights represent greater than 5% increase over prior year in that market.

Red bold font represents greater than 5% decrease over prior year in that market.

Political market has been set apart as it overly influences overall totals.

Reviewing gross revenue per thousand trends by calendar quarter we can see the growth at the start of the pandemic as well as the point when performance begins to wane. Green represents gross revenue per thousand greater than the pre-pandemic average during 2018 – Q1 of 2020. The chart shows:

Market	2018				2019				Q1	2020			2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Animal Welfare	\$164	\$136	\$144	\$151	\$148	\$126	\$123	\$118	\$142	\$182	\$185	\$154	\$172	\$168	\$173	\$133
Charitable	\$159	\$168	\$170	\$217	\$166	\$181	\$155	\$202	\$179	\$695	\$362	\$555	\$206	\$211	\$188	\$240
Cultural	\$211	\$170	\$177	\$174	\$177	\$186	\$193	\$202	\$200	\$266	\$215	\$277	\$264	\$255	\$209	\$195
Environ/Wildlife	\$247	\$200	\$229	\$220	\$223	\$241	\$240	\$230	\$265	\$327	\$303	\$282	\$280	\$279	\$229	\$233
International	\$145	\$112	\$166	\$192	\$157	\$141	\$162	\$158	\$187	\$251	\$258	\$274	\$248	\$235	\$282	\$227
Progressive	\$189	\$167	\$216	\$198	\$146	\$120	\$152	\$129	\$160	\$310	\$257	\$279	\$283	\$187	\$153	\$161
Grand Total	\$200	\$166	\$200	\$191	\$170	\$164	\$178	\$172	\$187	\$303	\$270	\$301	\$244	\$216	\$190	\$195
Political	\$929	\$702	\$878	\$447	\$525	\$681	\$694	\$531	\$802	\$1,008	\$1,032	\$1,287	\$741	\$817	\$547	\$604

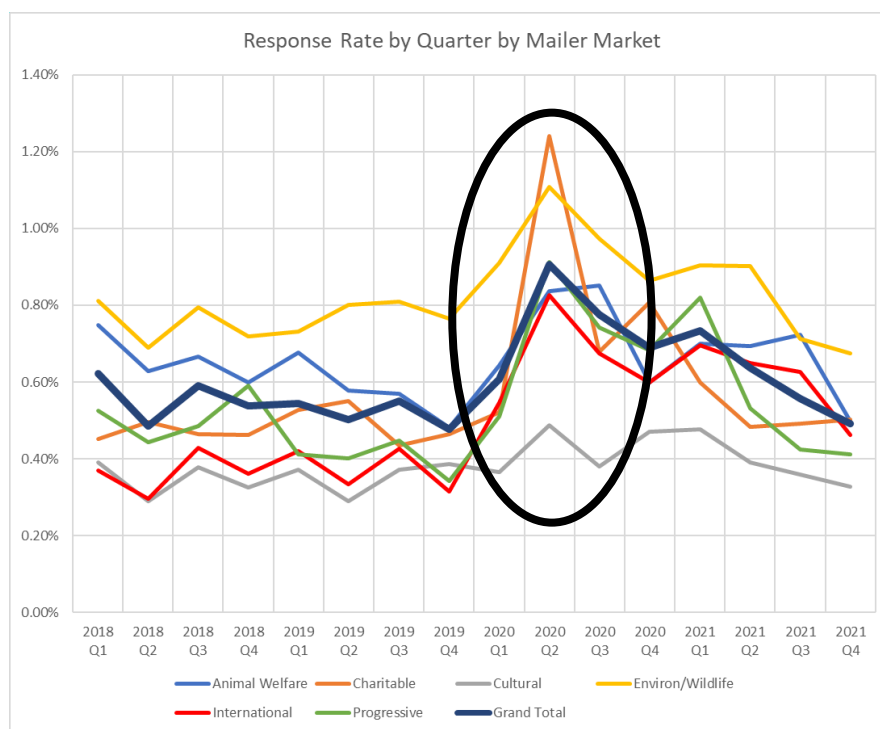
## Observations

- 2019 continued to see a softness in revenue continuing from 2018 declines across nearly all markets and mail volume group.
- 2020 brought marked increase across the board resulting from Shelter-in-Place starting mid-March and continuing throughout the year.
- 2020 also brought with it topical discussion of social injustice along with a Presidential election.
- 2021 while trending below 2020 remains ahead of 2019 performance.
- 2021 Q3 and Q4, we see performance start to wane as results begin to return to pre-pandemic levels.

### RESPONSE RATES BY CALENDAR YEAR

While we thought 2020 was unlike anything we have ever seen, current events continue to create questions about the future, making it even more difficult to project into the future. Consider this chart of response rates. **All markets saw a lift in response rates during Q2 and Q3 2020.** While several markets saw improvements since then, the spike was not as large. We are seeing decline in response rates since then with further drop off during Q3-Q4 2021. The dark blue thick line represents the average across all markets. In early 2021 we hypothesized that response rates would end somewhere between 2019 and 2020 response rate levels. It appears that was not far off the mark with performance returning to pre-pandemic levels.

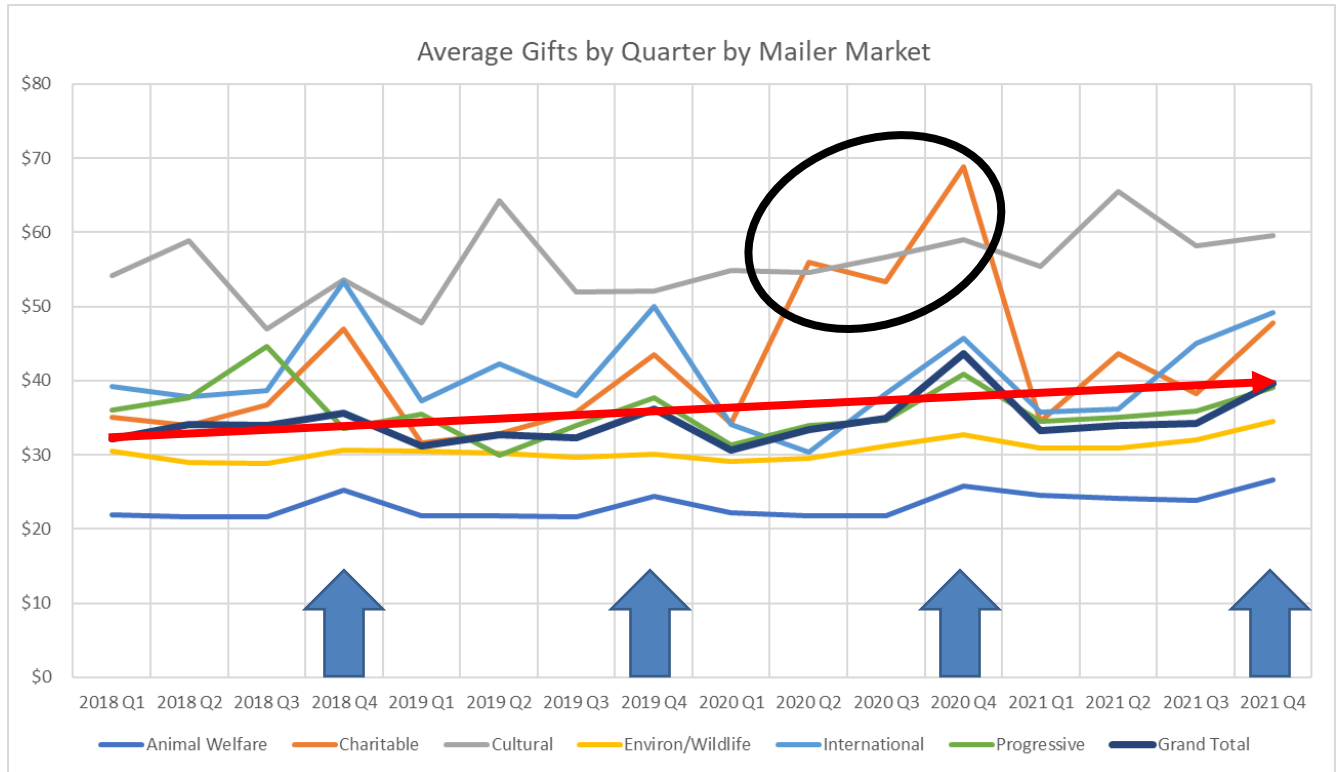
### RESPONSE RATES BY QUARTER



In Q2 of 2020 we saw marked increases in response rates across most markets with the largest growth coming from the Charitable mailer group. Given this illustration, it becomes important to carefully review the prior year(s) results to aid in projecting for the future as we have seen emergency giving (aka Trump Bump Donors) fall off as times become more “normal”. This creates new opportunities to engage with those new donors to keep them engaged for the long haul.

## **AVERAGE GIFT BY QUARTER**

Response rates told the story of individuals stepping up in mass to help those in need or issues in need of addressing. Average gifts continue to see the normal bump in Q4, year-end, with some deviation during the year due to various market drivers. Notice however the large spike during 2020 Q4 seen by the Charitable Market which contains humanitarian and medical organizations.



The bold blue line illustrates the relative consistency we are seeing in terms of average gifts during the last four years. 2020 Q4 is ahead of 2018 Q1 average gifts. The red arrow shows a steady increasing trend.

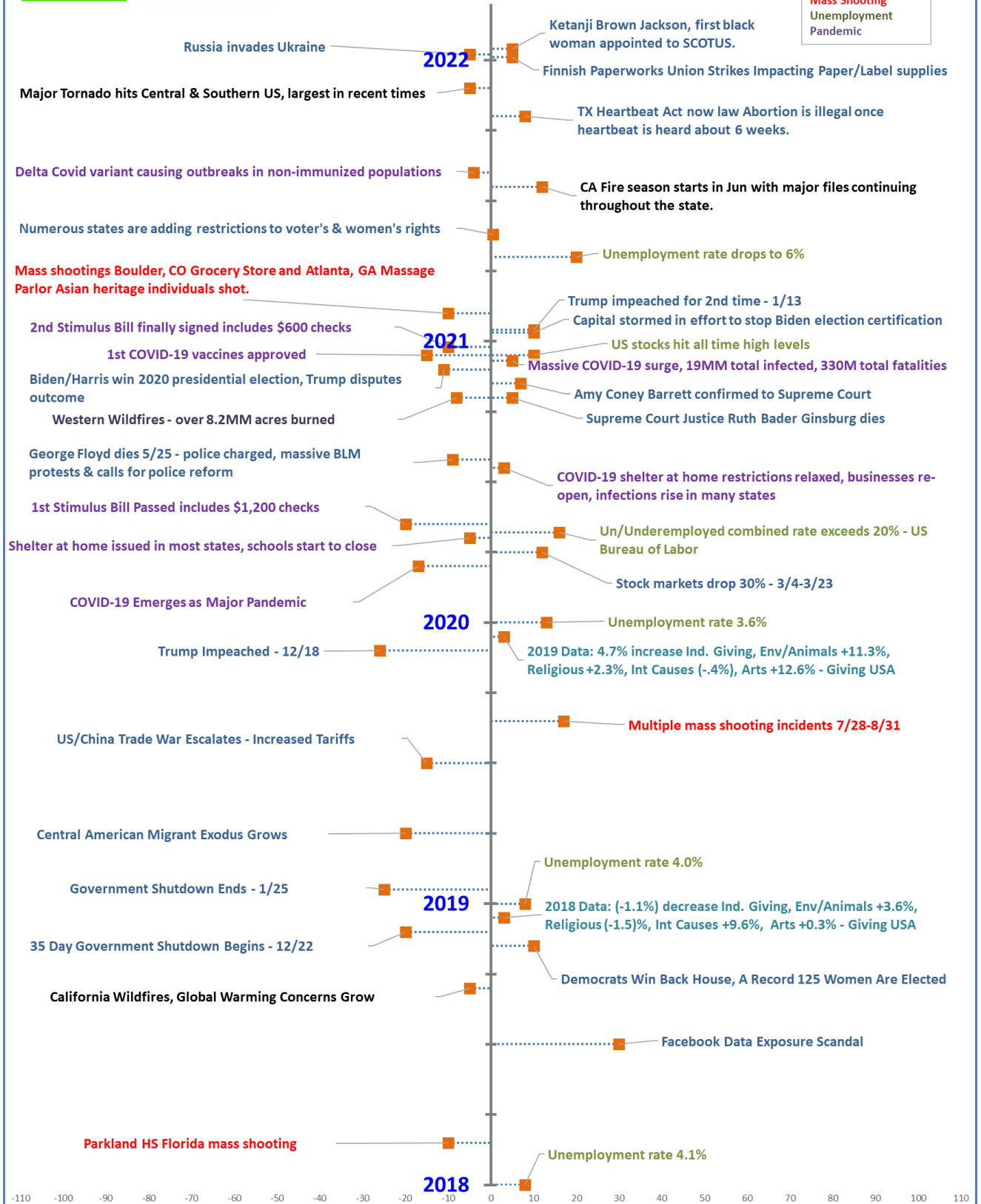
## **POTENTIAL IMPACTS TO FUNDRAISING**

Introduced in 2021, we created a great new tool to use as a reference for when we are reviewing response data. We think a calendar showing economic, major societal and political events will be helpful to use side by side with your results. We know this is a great resource for you and are eager to hear feedback on helpful indicators and if you'd like to have us consider adding other aspects that might be instructive. You may even want to create your own timeline using some of the factors we indicated here along with other key events that influence your own organization.

(To further aid our clients, we also include benchmark reporting, comparing your organizations to our markets, in every mail plan we present. We believe this information is helpful in terms of qualifying your projections or to see how you compare with others in your market and across other markets.)

# 2018-2022 Potential Impacts on Fundraising Results

**Legend:**  
 Environmental  
 Mass Shooting  
 Unemployment  
 Pandemic



## MID-TERM ELECTION IMPACT

Reviewing historical results in terms of gross revenue per thousand names mailed during Q3 as compared to Q4 of a Mid-Term election year, we find that Q3 has a slightest of edge over Q4. We see organizations' gross revenue per thousand names mailed in Q3 index at 1.01 versus 0.99 for Q4 during Mid-Terms. Consider these trends within the chart to the right. We can see the impact that the pandemic and social needs had on 2020 results during Q3 and Q4.

What we do not know this year is the impact of Mid-Term Election and which party will take / maintain majority of the House and Senate. The outcome has the potential to forward or stall initiatives President Biden would like to see come to fruition. It will also build momentum towards the next Presidential election as donors on both sides begin to feel more urgently a call to action. Because many feel our very democracy is at stake, emotions and public discourse should drive donors to rally for various societal causes – the impact of the economy on the average American, voter rights and women's right to choose as well as the future of our democracy are some potential issues on a domestic level that could highly influence giving.

Gross Revenue per Thousand Mailed		
Years	3rd Qtr \$/M vs. CY Total	4th Qtr \$/M vs. CY Total
All Years	1.00	1.00
Non-Election Years	1.00	0.95
Election Years	<b>1.01</b>	<b>1.06</b>
Mid-Term Years	<b>1.01</b>	<b>0.99</b>
Presidential Years	<b>1.01</b>	<b>1.12</b>
2002 Mid-Term	0.95	1.00
2004 Presidential	<b>1.04</b>	<b>1.03</b>
2006 Mid-Term	<b>1.10</b>	<b>1.11</b>
2008 Presidential	0.87	<b>1.03</b>
2010 Mid-Term	0.92	0.95
2012 Presidential	0.99	<b>1.04</b>
2014 Mid-Term	0.98	<b>1.03</b>
2016 Presidential	0.99	<b>1.28</b>
2018 Mid-Term	<b>1.08</b>	0.96
2020 Presidential	<b>1.16</b>	<b>1.07</b>

***If your organization is impacted by political party shifts now would be a good time to have discussions related to how you could easily ramp up or refine down your acquisition volume. There are many ways to use cooperative models or other techniques to respond quickly to a turn of events related to the election, and your broker can certainly help you with some proactive ideas prior to that turn of events.***

## Recommendations

Given historic performance and current events we are seeing thus far here's some thoughts on what to do now.

- **International aid mailers are top of mind and are leading the charge for support of the Ukrainian people.** Russia's invasion of Ukraine sparked world outrage. Organizations working to support displaced individuals are very much in the news. These groups would do well to be in the mail at this critical time as donors are looking for actionable ways to help.
- **Health and Human Service organizations should be assessing if it is the time to invest more in their acquisition annual plans.** While COVID-19 variants begin to spike anew in several new states with some areas reinstating mask mandates, inflation and the rising cost of goods will likely put individuals at risk. Health and Human Service organizations will maintain their perceived need throughout this year. Charities that provide food, shelter or medical assistance will continue to be in demand. Considering the bump that typically happens at year-end for these types of organizations, getting out in the mail now would be highly beneficial, to make sure you are acquiring new donors who can then be targeted in your year-end appeals. If you are seeing a bump now you may want to consider increasing your acquisition volume for the second half of the year presuming the typical lift of seasonality for this type of offer. Also remember to keep an eye on consumer confidence as that could potentially influence the strength of year end giving.
- **Organizations whose mission is to further civil/human rights absolutely should be active in their quest for new donors now.** With those new laws that will impact voters' rights or women's right to choose, these topics are front of mind in media and social media outlets. Those Americans that are enraged and engaged look for ways to support this type of critical work. There is a rare confluence of issue, societal recognition, need and publicity that is setting all the ripe conditions for mailing success.
- **Progressive mailers seeking social change and social justice remain highly relevant and these types of organizations should be reviewing potential scenarios of increased investment.** With the coming Mid-Term election, those organizations seeking to turn the tide of policy decisions made since 2017 need supporters to further those missions. In this market category we would put government or corporate watchdogs, those who have issues related to preserving our democracy and rights. Again, many of our citizens are looking for ways to make change and if your organization has heightened relevance now you may be missing a critical opportunity if you're not out in the mail or mailing your full universe potential.
- **Relevance drives response more than any other factor and this remains true.** This is a key opportunity for many organizational market groups who are highly relevant now. Don't get stuck in the same patterns of mailing the same time and volume as every other year. There is a unique opportunity here that could very well impact your traditional seasonality.
- **Organizations need to be nimble and be prepared to move quickly as the dynamics of everyday life change.** We have learned early in 2022 that supply chain disruptions are driving the need to plan ahead as far as possible while being able to adjust as new data comes to light. Please do not rely on old mail patterns that were established in a very different mailing climate. History has shown that those organizations that are able to engage with prospects during challenging times are rewarded with new donors and more subsequent revenue to support their causes. Those new donors will help to sustain the organization down the road.
- **Stay steady.** As the cautionary tale of American Cancer Society's real-life experiment shows, the need to continue to stay the course in terms of donor acquisition is critical. The pandemic drove home the point to tie your organizations work to current events. Even if your results remain

relatively flat you need to stay in the mail in order to fight attrition and to keep your house file numbers strong. It's very difficult for consultants and brokers to project increased revenue year to year when your pool of donors diminishes and while costs are more likely to rise. Budget costs related to future investment (i.e., acquisition, telemarketing, etc.) need to be reviewed as separate line items with very long term but vital payback. If you are considering cutting back on acquisition this year, you may want to have your organization do a five-year scenario study to see how that cutback and attrition could impact your organization over time.

### CONSIDERATIONS FOR BUDGETING INTO FY 2023

As we look to budgeting for the coming year, we know that we will have even more unknowns than normal. Here are some of the *questions we're pondering*:

- How long will the paper/ label shortage last? Will there be any relief in costs now that the strike is over? How will the availability of paper/ labels impact production timelines which have been lengthened to accommodate these shortages? Will the now set schedule for postage increases become rote versus jarring increases every time?
- Will the House and / or Senate flip and change the power balance with the Mid-Term elections? Will that change help or hinder the administration's desired changes to be enacted? Will the American people continue to be actively engaged?
- What will be the fallout on a personal level of donors from the rampant inflation we see now? Will inflation create a new set of needs for the constituency for whom so many organizations care? Will there be a new focus on wealth inequality by President Biden?
- How will the stock market react to political change and domestic/ world unrest? Will those changes negatively impact older donors with higher discretionary income?

Not knowing the outcome, there are *some learnings* we can look to aid us as we budget for 2023.

- **Be prepared to be flexible.** When you create your fiscal year budget have a **below the line "opportunity fund"** should events dictate an acquisition mailing during a more pivotal time. Those organizations caught flat-footed or falling into a fundraising rut this year may pay the price for years via a lack of donors to convert in coming months/years. You may want to use this line item in the case where you initially thought you might reduce your number of acquisition mailings. (A side cautionary note: Although cutting acquisition helps the bottom line of your annual plan in the short term, the second year after cutting acquisition is particularly challenging. In year two you will need to offset increasing costs by creating a scenario where you are raising more revenue from fewer donors. Having a below the line "opportunity fund" ensures that you can get back on track quickly should there be an atmosphere for fundraising improvement.)
- **Consider a new mindset towards acquisition fundraising.** This may be a radical concept, but we wonder if perhaps our community needs to view acquisition in a new way as serving a dual purpose, as both a means to generate new donors and revenue, and as a general communication platform to inform and cultivate prospects as well as broaden your reach. Getting potential donors familiar with your brand and why you are so important during this critical time in history is paramount. We've seen some big nonprofit progressive "brands" from the 70's- 90's come back in a big way in recent years as the need for their solutions became more apparent to new generations. It's been said that the current younger generation is not



going to do as well as the generation before them, which hasn't happened in decades. This generation is becoming more politically active and looking for collaborations and resources to help them make change, even if they don't yet have the disposable income to support in a monetary way. In a nutshell we're wondering if looking at acquisition with more of a long-term view around exposure may be something to consider.

- **Fully engage your List Broker.** It's surprising to us that few organizations and consultants **engage their broker in annual plan strategy meetings**, and we believe it is a missed opportunity. Your broker can help you create your budget based on actual list performance and universe/volume potential, brainstorm on ways to think outside the box, determine how the acquisition cycle best fits in with your annual calendar, explore new technologies and methods to acquire donors, and come up with an "emergency or urgent mailing" scenario to take advantage of hot button issues that directly relate to your organization. More importantly your list broker ***works with many (in our case hundreds)*** of nonprofits and can see patterns and mail creative across a variety of mailers and offers over time. This **free and invaluable strategic help** is an important tool in your toolkit that you should be accessing, particularly during this unusual fundraising climate. Having a broad group of clients allows us to see what lists, co-op products and new concepts are working for a variety of clients. By working with organizations that range in size and in acquisition volume we can easily scale up and down with a more predictable outcome.

## THE ROAD AHEAD

It's clear from the above charts that we continue to face some challenges and opportunities right now in direct mail fundraising, and given the various factors we laid out, we don't know yet if performance will return fully to pre-pandemic rates of 2018-2019. Get ready for an even bumpier and curvier road in the months ahead! But always know you have our support and our diligence in finding new ways to provide you more information so you can make the critical ***and nimble*** decisions to move forward. And don't forget some of our ongoing recommendations to do web match backs (particularly critical now) and try to develop co-controls if you haven't already done so. This will help with list and package rotation and to get the best out of your list universe.

By acting proactively and collaborating creatively with agencies, brokers, and merge houses, we can weather this challenging period and find innovative paths to increase response and organizational success. And please remember to include us as your broker in your annual plan development or as your plans shift. We're here to help you in any way we can to accomplish the very important work that you are doing, and as always are proud to do so.

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