

Acquisition Advisor

REPORTING ON 2022 AND FIRST QUARTER 2023

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Names in the News Acquisition Advisor Bulletin

We're very excited to share our current Acquisition Advisor describing our analysis on recent results and trends that may be impactful to your acquisition program moving forward.

We've condensed our report to highlight the most impactful aspects of societal, economic, and political influence as well as charts that we've pulled from our statistical database showing trends across clients and markets. We've included several years of data for you to compare, understanding that this big step back gives you the ability **to compare your most current data to timeframes that correlate to current market conditions**.

We start our report with some background data to offer you context to the result summaries that we are providing. ***If you want to quickly get to our charts/graphs regarding performance data and highlights please flip through to page 9.***

Some factors that impact your performance could be intense political cycles, shifts in the economy and consumer confidence, societal discourse regarding your organizations' offer and your perceived relevance in solving a specific problem. This is in addition to tangible factors like the rising costs associated with the physical production of direct mail and postal costs. All of these aspects, whether tangible production or emotional receptivity play a part in your success and anticipating and understanding their impact will help you make more solid decisions regarding your program. These influences are also not necessarily stable year-to-year, so each new fiscal year needs to be reviewed within its own unique set of varied circumstances. Also, that annual plan that provides a road map needs to be reassessed more frequently than once a year as the factors that influence performance are changing much more rapidly than in the past.

Our report continues to be augmented with economic indicator charts to offer context for our current observations. ***The chart on page 12 of key societal and economic events*** has been especially helpful to our clients and consultant partners. Some of our clients have also augmented our charts with their own organizational highlights so that when they are reviewing results they can see if there were other happenings that potentially could have suppressed or enhanced their results.

We believe that nimble reporting and historical context **continues to be critical** as we navigate ever-shifting political, societal, and economic challenges happening within our country. Gearing up for a Presidential election in 2024 will only add more uncertainty and competing offers to the mix. Even though we very well may have the same candidates as in 2020 we all realize that the country itself is in a very different place than in 2020. Societal themes and priorities may shift and the willingness of donors to pay attention, respond and donate is still uncertain.

Overall, our most recent and complete results from 1st quarter 2023 show that response rates are no longer declining. This is heartening and we will keep an eye out to see if the trend continues throughout the year and into 2024. The last Presidential election in 2020 brought marked increases across the board although some of that was probably due to the Shelter-in-Place, an event that most likely will not be replicated in 2024. But the public discourse around societal issues and a more intense debate on democratic principles may very well create a more robust fundraising environment for some mailers. Another metric to keep an eye on will be the economy and if it continues to improve into the new year. If donors' attention can be reinvigorated and they have more confidence in their ability to give, then we may have cause to have some hope for 2024. Whether this interest can offset rising costs and other challenges remains to be seen.

In order to assist you with the most relevant and current information we will begin to provide quarterly analytic briefs. These will be shorter updates that will have key performance metrics that you can use to evaluate your own performance according to what is happening in the marketplace. (We will also continue to have a more in-depth annual review covering a broader timeframe.)

We hope you find this report 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 contribute, we only require topline outside list campaign results to include you in our database. Please contact Denise Hubbard, EVP/Director of Analytics (dhubbard@nincal.com) if you're interested in participating or have further questions.

Background

For almost a decade we have experienced a tumultuous and fractious set of events that have distracted the general populace. Many of these events have directly impacted all citizens in one way or the other. The Presidential election of 2016 spurred unprecedented political and civil discourse which resulted in what we referred to as the "Trump Bump" that resulted in elevated response rates. The Trump Bump lasted through Q1 of 2018. The balance of 2018-2019 had fiscal challenges and efforts to counter that administration's policy changes.

In March 2020, the outbreak of COVID-19 with its Shelter in Place order, allowed many at-home Americans to pause and become more aware of societal issues that had been overlooked in the past, or that resurfaced with the Trump administration and their new policies. Racial inequities, immigrant rights, women's reproductive rights, changes in environmental protection all resurfaced with the Trump administration. Beyond that, homelessness, health care for at risk populations also were highlighted during the Pandemic. 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. Giving in the third and fourth quarters of 2020 did not miss a beat, mostly due to the highly consequential Presidential election. Discourse surrounding the election highlighted the stark difference of policy positions that could have consequences for many nonprofits whose work would be impacted by the outcome.

2021 brought an additional set of challenges. All markets saw declines in gross revenue per thousand names mailed as compared to 2020. Not unlike the "Trump Bump" course correction, 2021 experienced a further reduction in performance. For some the new political leadership allowed for much needed break from the news cycle, with less of an impetus to give at that very moment in time. As 2021 progressed, June saw consumer confidence begin to drop as inflation started to creep upward. By the end of the year mail delivery and the caging were delayed, and short staffing made getting a read on year-end giving more difficult than in years past. Delays varied by organization and location but the general mailing tail for this period was longer than in past years.

As we entered 2022, we struggled with paper / labor and envelope shortages which caused both supply issues and rising costs. In February Russia invaded the Ukraine which spurred world outrage and support for the Ukrainian people. That same month, it was reported that the U.S. inflation rate hit a 40 year high of 7.9%. (*Rockeman, Bloomberg.com, March 10, 2022*)¹. Using the U.S. Inflation Rate chart from, Trading Economics.com. (*U.S. Bureau of Labor Statistics*)² we can see that inflation continued to climb until June, ultimately hitting 9.1%.

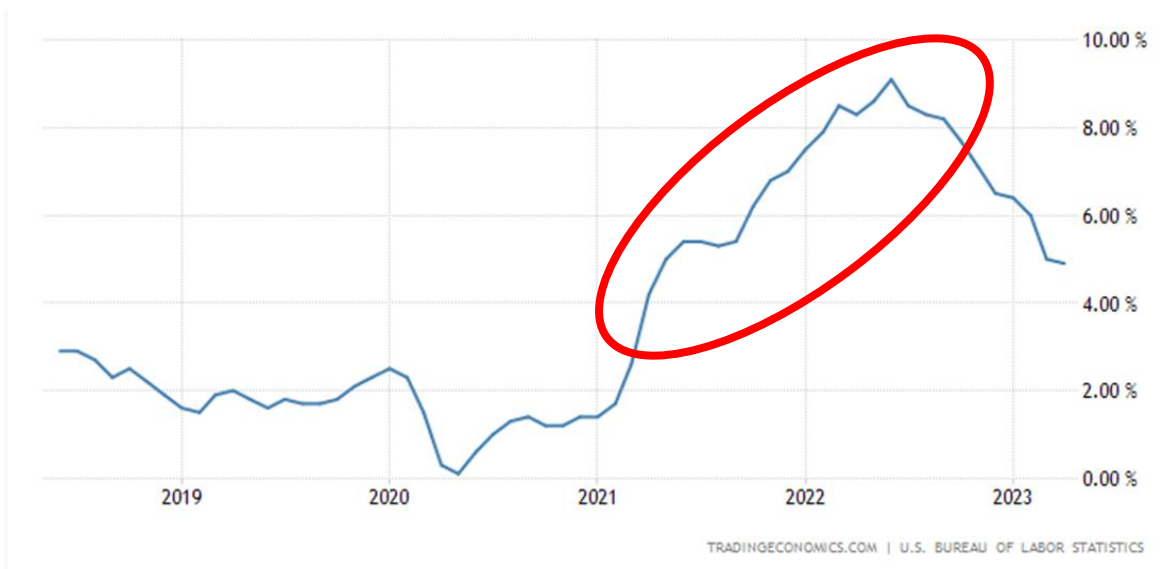


Figure 1 – US Inflation Rate

On a positive note, the above chart shows that ***inflation rates came down during the end of 2022 and continue to decline into 2023***. Inflation and supply chain shortages have a direct impact on the Consumer Price Index. Figure 2 shows prices climbing steeply in 2022 with some leveling during the middle to end of the year with increases in 2023 thus far. This has likely impacted giving as donors have less discretionary income as they pay more for consumer goods and services. 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)³

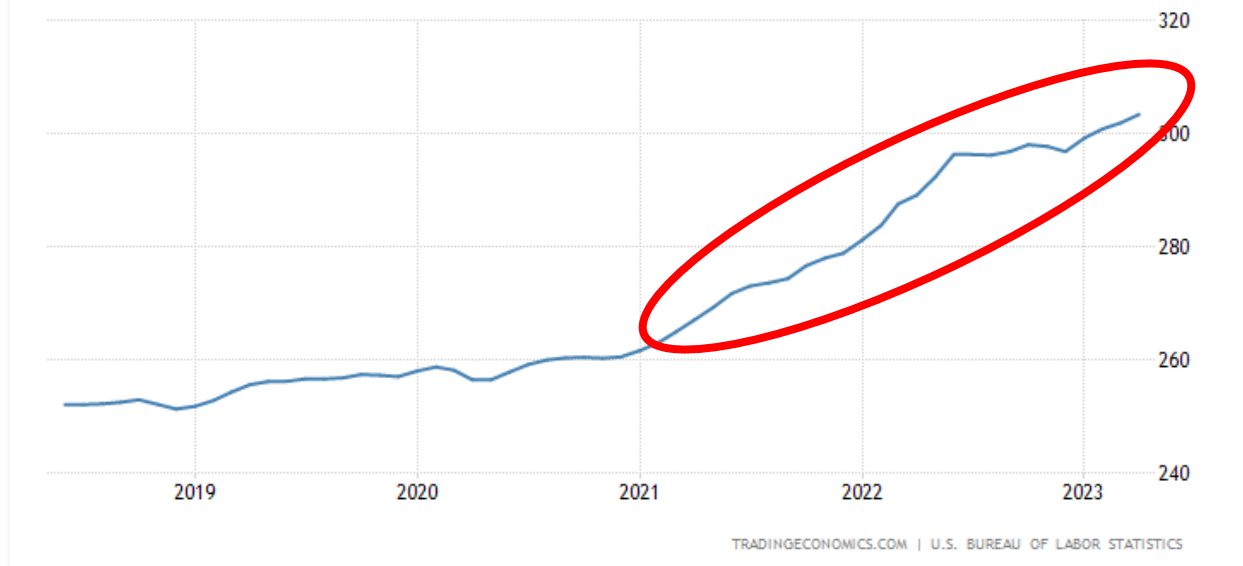


Figure 2 – Consumer Price Index

While the unemployment rate has returned to the lows seen prior to the pre-pandemic, wages remain relatively flat. Certainly they are not growing at the same rate as costs of goods are rising. Average hourly earnings growth during 2022 was not keeping pace with inflation. 2022 sees hourly earnings declining (Figure 3) as inflation continues to increase (Figure 4). Prospective donors struggled to keep pace with inflation rates as we compare figures 4 and 5. Sourced from Trading Economics.com (U.S. Bureau of Labor Statistics)^{4,5}.



Figure 3 – US Average Hourly Earnings Changes

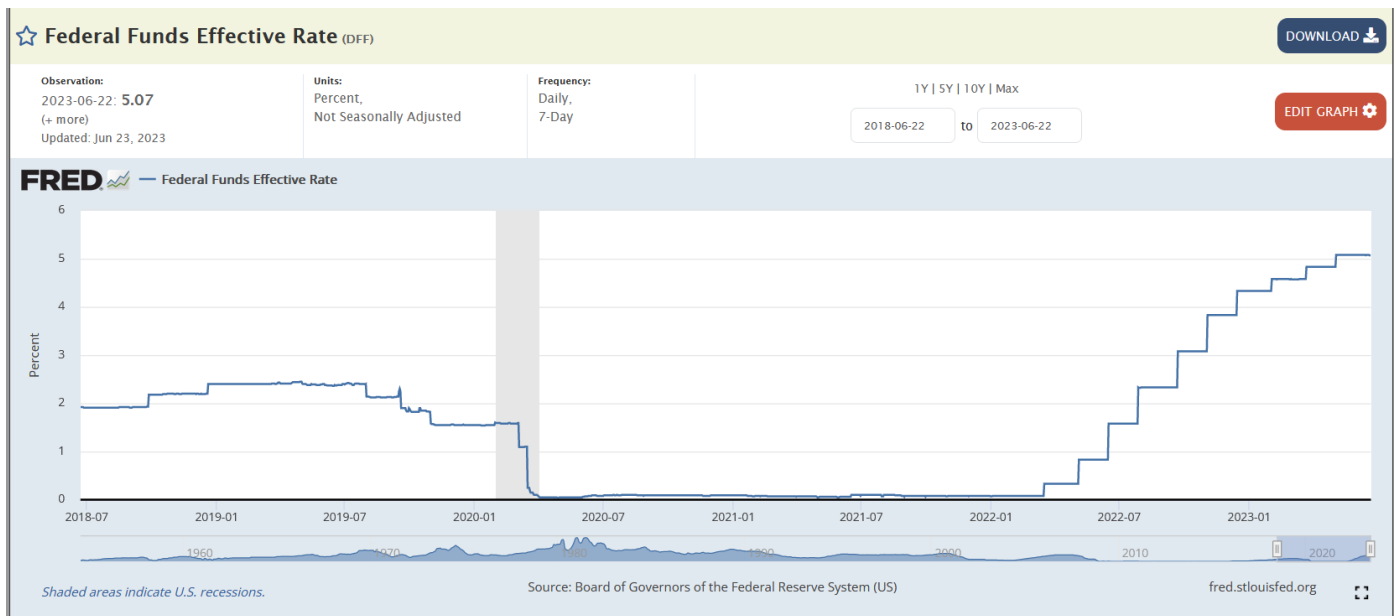


Figure 4 – Federal Interest Rates

With inflation and consumer prices increasing, consumer confidence fell. July through September 2022 saw the lowest levels since May 2020. In fact, the fall started in June of 2021 and **is in line with the start of declining response rates during Q3 and Q4 of 2021**. Figure 5 illustrates current consumer confidence. Data obtained from OECD (2023), Consumer confidence index (CCI) (indicator). doi: 10.1787/46434d78-en (Accessed on 19 May 2023).⁶



Figure 3 – Consumer Confidence Index

Fundraising Effectiveness Project Quarterly ReportTM as of December 31, 2022, found a 10% decline in new donors⁷ and a 1.7% decline in dollars⁷. They found that donors giving under \$100 saw the largest decline at 14.9%. Additionally, those that gave between \$101- \$500 also saw a material decline of 8.4%. These two categories of donors represent 83.1% of the donors within the study.⁸

This study reviewed donors based on life cycle. 38.3% of the donors are new donors. This volume is down 18.1% from the prior year and speaks to performance we see coming from acquisition results reported by our mailer partners.⁹

M+R through their Benchmark report noted declines in online revenue of 4% during 2022¹⁰. We are not accustomed to seeing declines in online revenue but keep in mind that there was a 4% increase in 2021, a 38% increase in 2020 and a 27% increase in 2019¹⁰. Having had a couple years of double digit growth, it does not come as a surprise that we might see donors take a beat in light of economic challenges. It is important to note that not all markets saw the same declines and revenue performance varies.

As we have noted in previous Acquisition Advisors, online giving should not be viewed in a vacuum. We find that performing web match backs to direct mail acquisitions aids organizations with a more

holistic view of the source of their new donors and the impact of all channels to the overall fundraising program.

It is critical to know that one channel informs and spurs the other. While we do not advocate for complex attribution formulas, seeing the impact across all channels remains an enlightening exercise 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 direct mail. And that when direct mail acquisition has been cut, that other aspects of the program who rely on acquisition as a pipeline, like major giving, sustainer giving, bequests, etc also suffer.

We continue to see increases in web giving at year end as partners share their web match back data. 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 the types of 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.

“The only constant in life is change.”

-- Heraclitus, Greek philosopher

Changes on Several Fronts

Heraclitus' quote reminds us that we are consistently faced with challenges and that change should be expected as the “new norm”. With that as our mantra, we continue to pay attention to lessons learned from the past to help navigate the future. Adaptability, resilience, and resourcefulness are key to best navigate this changing landscape.

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. 2022 saw political discord but not at the levels felt during the 2020 election. 2022 saw a variety of changes – new laws impeding voter and women's rights, shortages of goods, inflation and rising costs all converging and lingering throughout the year. Several of these outside factors continued into 2023.

2022 continued much in the same way 2021 ended, with the addition of a Russian war, Mid-Term election and a 40 year high in inflation -- layering in more complexities that needed to be navigated. 2023 starts the year with more state laws restricting a woman's right to choose as well as regional bank failures. The latter spurring more concern by consumers about the economy and safety of banks.

Direct mail historical data tells us that 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 saw many organizations that have adapted their plans due to increases in costs (postage, paper, etc.). By and large most kept close to their direct mail budgets. In fact, we have several partners that once they have determined expenses used for acquisitions across all channels, find they can mail a final campaign at the end of the fiscal year to ensure all budgeted dollars are used wisely and for the most efficient impact.

When budgeting we need to keep in mind that postage increases are likely to continue. Partners need to consider if they can afford the higher cost structures for packages and postage. Will clients be focused on getting as many new donors 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. Lest we fail to heed the article discussing American Cancer Society's results of what happened when they stopped direct mail acquisitions. We mentioned this article last year, but it bears repeating.

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, 2015¹¹:

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 an organization with as strong a brand and high impact offer as American Cancer Society saw such losses, it only makes sense to learn from their experiment. This is a cautionary tale with the message to “stay the course” particularly as there will be less ground to make up later.

Having said that, each individual organization is different and has the best perspective on their own history, data, and budgetary requirements. We have heard fundraising pundits give sweeping assessments that don't always ring true for each individual nonprofit with their own unique challenges and objectives. As always, those organizations who have an impactful story to tell and a mission that offers a solution to the current societal and economic woes are rewarded with better than average results.

Our goal here is to show you the data that we have seen over time and across mailers; and to convey 2022 and early 2023 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 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

Long Term Historical Context

Here is an interesting look at direct mail performance metrics over time. Chart 1 below illustrates overall response and average gift metrics by calendar year from 2007 – Q1 2023. It is interesting to note that during the financial crisis of 2007-2008 response rates were higher than average gifts. Moving from 2013-2014, response rates and average gifts flipped with gifts rising as response rates fell.

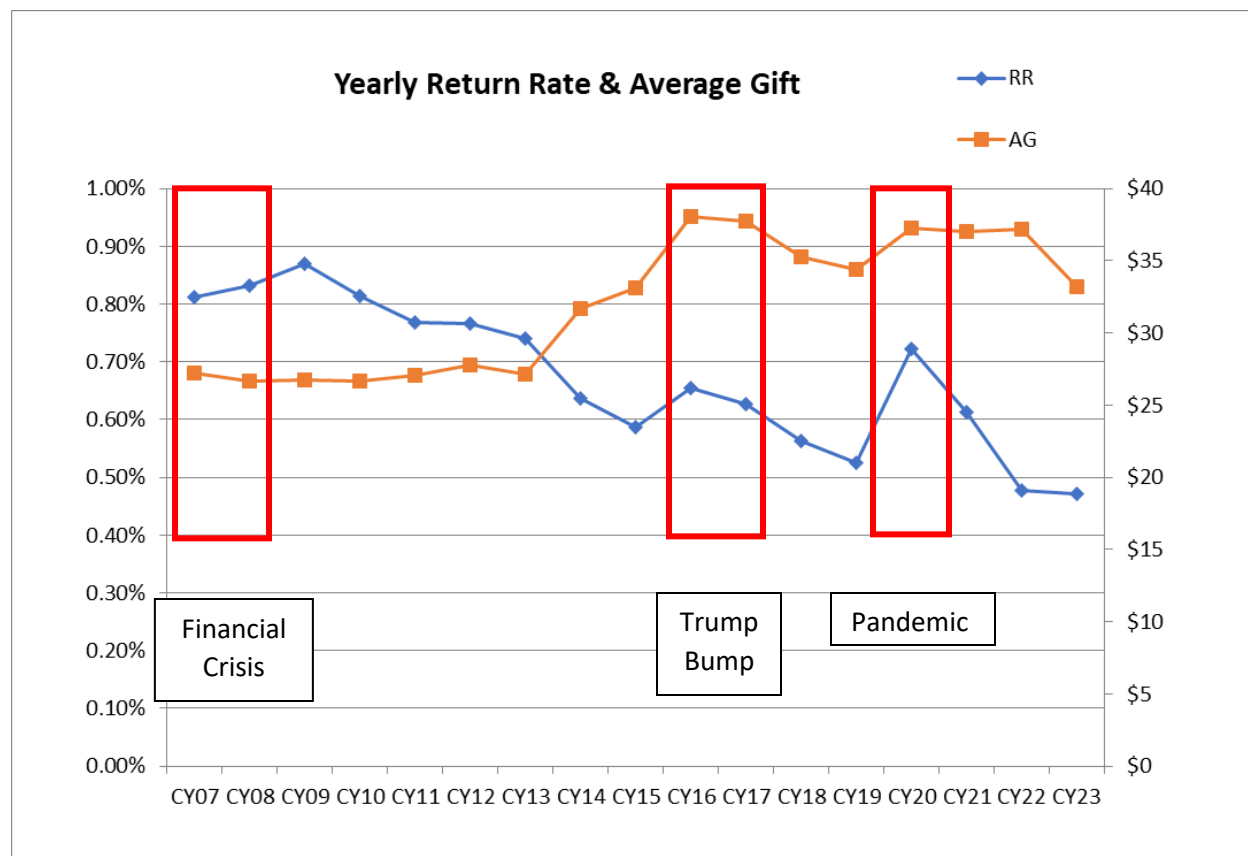


Chart 1 – Yearly Return Rates and Average Gifts

We can see average gifts have continued to trend higher since 2014 with steady growth into 2016. Average gifts continue to average above \$30. Response rates have continued to decline with a few peaks due to the Trump Bump and the Pandemic.

Q1 2023 we see a dip in average gifts while response rates appear to be flattening. While a quarter is certainly a very small window of time to review, seeing response rates level off from the prior year is welcome news and should be noted and watched.

Moving forward to take a close review of more contemporary data, Chart 2 shows gross revenue per thousand names mailed split out by market and compares calendar years 2019 through 2023 year to date. As you can see, most mailer categories are experiencing declines in 2022 as compared to 2019. Comparing 2022 to 2019 pre-pandemic performance, we find several markets are posting increases and one is near even to 2019. The Political mailer market shows more marked ebbs and flows based on election year cycle (which is why we separate out that market for this analysis.)

Market Comparison by Calendar Year

Mailer Market	Gross Revenue per Thousand Mailed					20 ÷ 19	21 ÷ 20	22 ÷ 21	23 ÷ 22	22 ÷ 19
	2019	2020	2021	2022	2023					
By NIN Mailer Market										
Animal Welfare	\$131	\$163	\$168	\$147	\$122	24%	3%	-12%	-17%	12%
Charitable	\$234	\$436	\$269	\$207	\$154	87%	-38%	-23%	-26%	-11%
Cultural	\$203	\$264	\$237	\$176	\$166	30%	-10%	-26%	-6%	-13%
Environ/Wildlife	\$233	\$294	\$262	\$191	\$183	27%	-11%	-27%	-4%	-18%
International	\$161	\$243	\$255	\$196	\$151	51%	5%	-23%	-23%	21%
Progressive	\$136	\$233	\$202	\$158	\$135	71%	-13%	-22%	-14%	16%
Non-Political Total	\$181	\$269	\$227	\$177	\$151	49%	-16%	-22%	-15%	-2%
Political	\$615	\$969	\$656	\$796	\$495	58%	-32%	21%	-38%	29%
By NIN Mail Volume Group										
<500k	\$212	\$339	\$269	\$214	\$162	60%	-21%	-21%	-24%	1%
500k-2mm	\$200	\$298	\$242	\$183	\$164	49%	-19%	-24%	-10%	-9%
2-5mm	\$163	\$230	\$207	\$167	\$160	41%	-10%	-19%	-4%	2%
5-10mm	\$158	\$234	\$203	\$162	\$141	48%	-13%	-20%	-13%	3%

Chart 2- Gross Revenue per Thousand Mailed

Notes:

Results shown are based on use of outside lists only.

Years shown represent results by calendar year. Calendar year 2023 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.

The Political market is set apart as it overly influences overall totals.

Chart 2 also shows interesting variances across mail volume groups. Comparison of 2022 to 2019, all mail volume groups show near even performance. Mailers with mail volumes of 500K-2MM are posting declines as compared to pre-pandemic performance.

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 2019 – Q1 of 2020. Chart 3 shows a few categories posting performance above pre-pandemic during Q4 of 2022.:

Market	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
Animal Welfare	\$148	\$127	\$123	\$118	\$143	\$186	\$196	\$157	\$175	\$168	\$184	\$146	\$151	\$150	\$132	\$149	\$129
Charitable	\$172	\$181	\$155	\$210	\$189	\$695	\$366	\$579	\$221	\$213	\$221	\$265	\$156	\$179	\$175	\$215	\$135
Cultural	\$171	\$186	\$194	\$198	\$197	\$266	\$216	\$277	\$261	\$252	\$204	\$212	\$215	\$182	\$151	\$155	\$161
Environ/Wildlife	\$221	\$242	\$242	\$228	\$264	\$327	\$303	\$286	\$281	\$284	\$246	\$241	\$205	\$178	\$187	\$192	\$183
International	\$150	\$145	\$176	\$169	\$187	\$252	\$258	\$275	\$246	\$243	\$288	\$251	\$215	\$186	\$190	\$186	\$147
Progressive	\$146	\$120	\$152	\$129	\$160	\$309	\$257	\$279	\$284	\$192	\$163	\$199	\$155	\$174	\$163	\$133	\$142
Grand Total	\$167	\$164	\$180	\$174	\$187	\$303	\$272	\$308	\$245	\$220	\$203	\$218	\$181	\$172	\$169	\$172	\$153
Political	\$525	\$681	\$694	\$531	\$802	\$1,008	\$1,032	\$1,287	\$751	\$824	\$556	\$622	\$694	\$853	\$848	\$747	\$489

Chart 3 - Gross Revenue Per Thousand by Quarter

Observations

- 2020 brought marked increase across the board most probably due to Shelter-in-Place starting mid-March and continuing throughout the year.
- 2020 also brought with it public discourse around social justice and societal issues as well as a contentious Presidential election.
- 2021 while trending below 2020 remained ahead of 2019 performance.
- 2021 Q3 and Q4 performance began to wane as results return to pre-pandemic levels. External economic factors also played a part in poorer performance.
- 2022 continued to be negatively impacted by economic factors and as donors had less disposable income.
- Q1 2023 is below pre-pandemic averages, however, we are beginning to see some slowing in terms of declines.

RESPONSE RATES BY CALENDAR YEAR

As noted earlier in Chart 1, 2022 as a whole saw further declines in response rates. The economy took center stage early in 2022 and did not relent. Inflation created concern for consumers and potential new donors.

The dark blue thick line in Chart 4 represents the average across all markets. The red box shows the extraordinary results seen during the pandemic / social issue conversation period. 2022 overall sees a slow downward trend. ***What we find encouraging is that thus far during Q1 2023, we see an overall uptick in response rates as compared to Q4*** which is typically the strongest quarter of the year.

RESPONSE RATES BY QUARTER

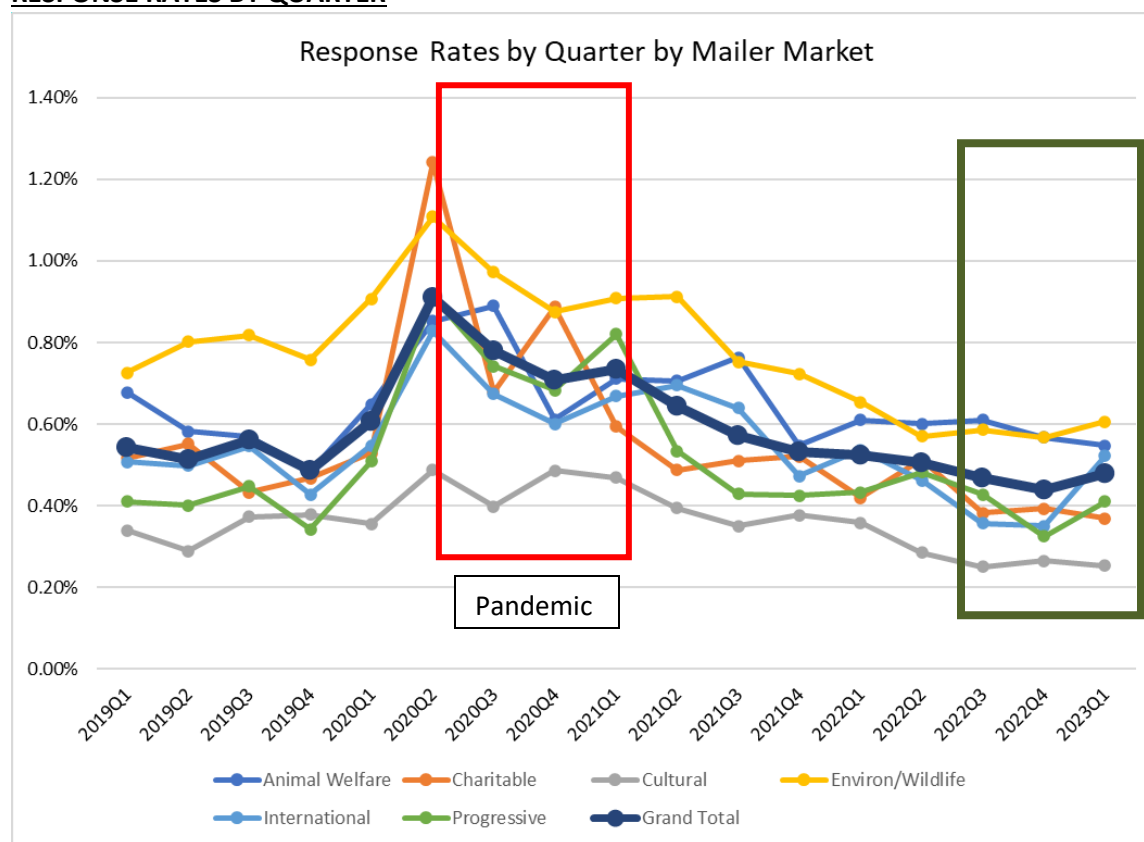


Chart 4 - Response Rates by Quarter by Mailer Market

AVERAGE GIFT BY QUARTER

Response rates demonstrate the story of individuals stepping up in mass to help those in need or issues in need of addressing – that was shown especially during the pandemic. Average gifts continue to see the normal bump in Q4, year-end, with some deviation during the year due to various market drivers.

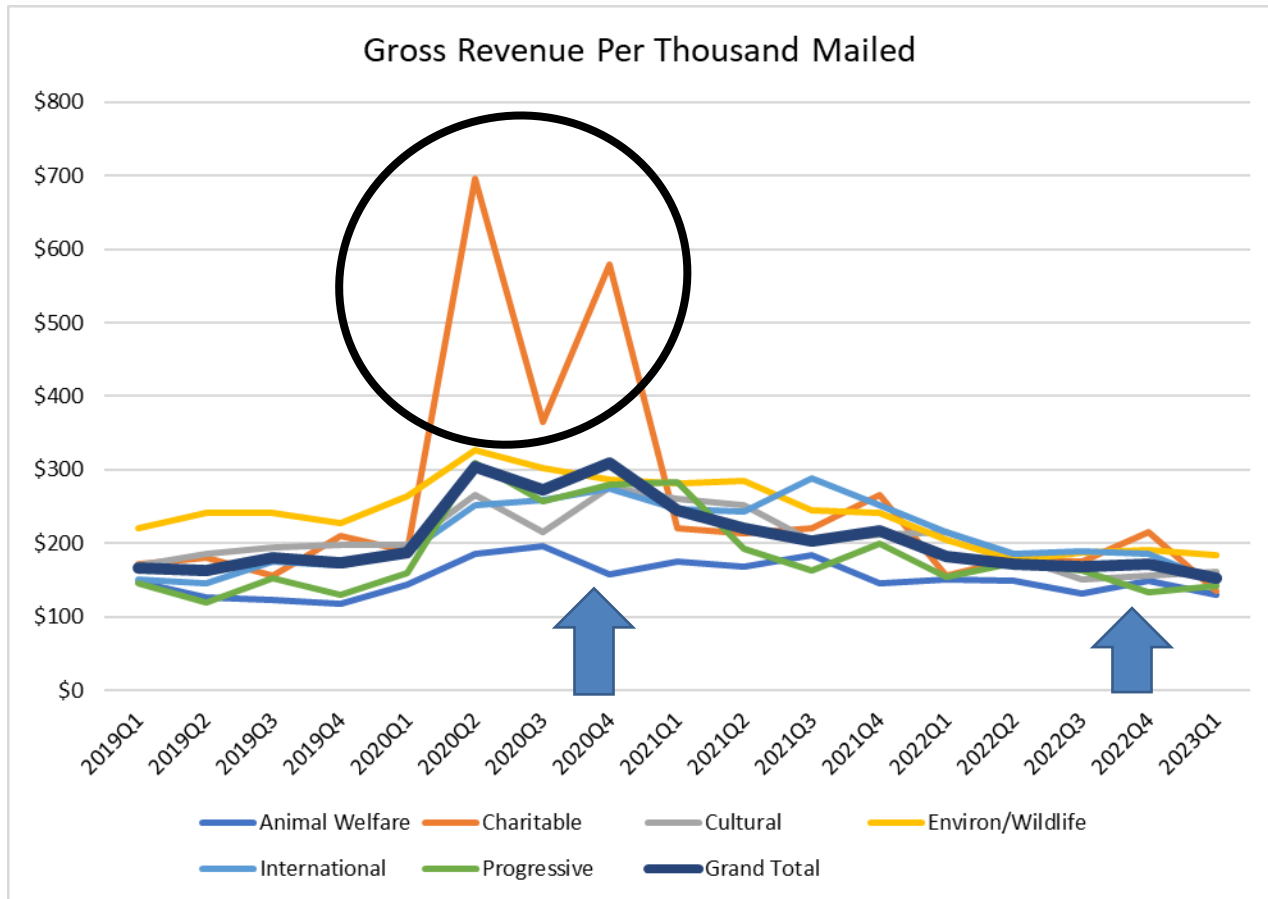


Chart 5- Gross Revenue per Thousand Mailed by Quarter

The bold blue line illustrates the relative consistency we are seeing in terms of average gifts during the last four years with the spikes during the pandemic.

The blue arrows in Chart 5 illustrate the Presidential and Midterm elections.

POTENTIAL IMPACTS TO FUNDRAISING

First 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 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.

2019-2023 Potential Impacts on Fundraising Results

Event Type Legend:
 Environmental
 Mass Shooting
 Unemployment
 Pandemic



Recommendations

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

- **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. 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 that disruptions will happen and drive 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 organization's 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 2024

As we look to budgeting for the coming year, we know that we will continue to face unknowns as it relates to various external events. Here are some of the *questions we're pondering*:

- With paper / envelope shortages seemingly shrinking and getting back on track, will there be any cost reductions in our future or are the current rates the new "norm"?
- Will the economy rebound and improve consumer confidence to allow prospective donors to begin giving again? If so, how long will it take to get there.
- It's likely the coming Presidential election will be as boisterous and contentious as it was in 2020. Will those hot topic discussions and groups that support them come to the forefront in donors' minds as in prior years? Will the American people reengage their support for issues important to them?
- While inflation seemingly has slowed, will bank failures in 2023 weigh on consumers' minds into the future causing them to be more frugal with their giving dollars? Or will we have more of a "soft landing" rather than full on recession – which current trends are now showing? Will there be a new focus on wealth inequality by President Biden?
- How will the stock market react to economic, political change and domestic/ world unrest? Will those changes negatively impact older donors with higher discretionary income?
- Will the Trump bump re-emerge or change completely depending upon the outcome of his many indictments and continued relevance? Will 2024 bring more intensity to common discourse due to concern over democratic principles and will that impact donor involvement and

giving? Will donors who have been “resting” re-awaken as the election nears and the threats are re-ignited and highlighted in the media?

Since we never know where future changes will take us, there are *some learnings* we can look to aid us as we budget into 2024.

- **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 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.** We’ve brought this up before, but it is worth repeating. 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 remains 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 emerging channels and 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 continuously changing 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 mailer markets. 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 the early flattening of response rates in Q1 2023 will continue into the year. With a Presidential election gearing up, we know there will be some bumps and curves in the road during the months ahead! But always know you have our support and our diligence in finding new ways to provide you with 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 these changes 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.

Bibliography

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