



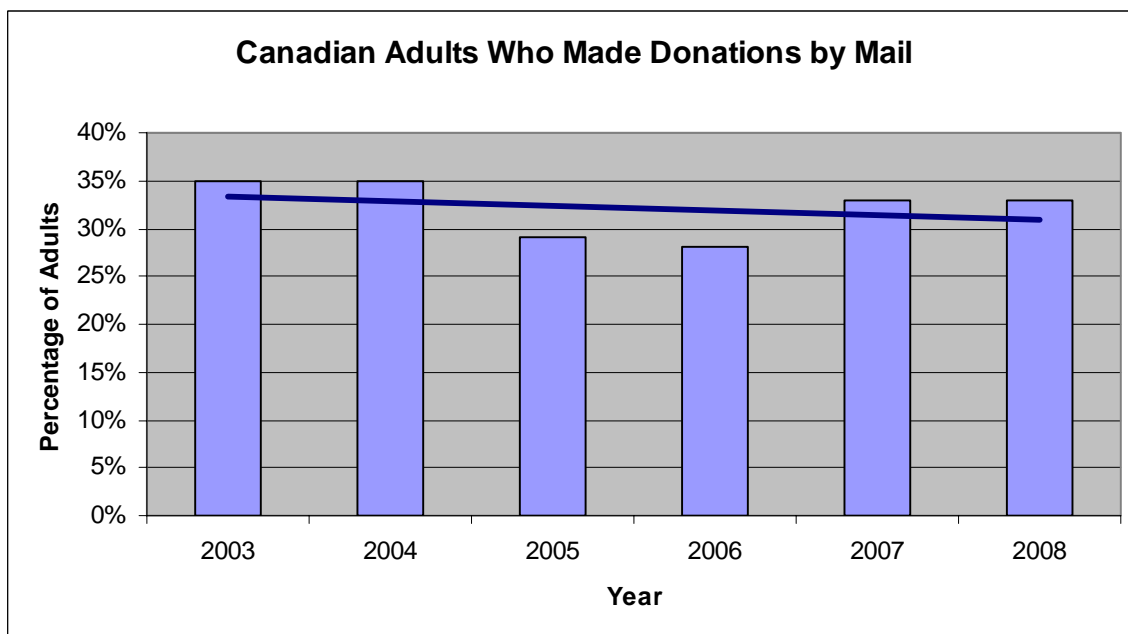
Special Update for FLA Clients From Jose van Herpt, CFRE

February 11, 2009

In December 2008, FLA Group conducted its sixth annual poll of 2,000 Canadian adults to determine their direct mail charitable giving behaviours. We'd like to share our topline findings with you now.

Highlights:

- One in three Canadian adults made contributions to charity through the mail in 2008 – this is unchanged from 2007.
- We estimate the gross value of charitable direct mail giving in Canada this year to be \$1.32 billion – that's 25% of all charitable (non-Church) giving by individuals.



- The participation rate trend of Canadian adults in direct mail giving in Canada has declined by 1.2% per year since 2003.
- While the number of Canadians giving through the mail is staying constant, the number of charities they're giving to is not.

Still Canada's Most Popular Method of Giving

For the past six years, we've asked Canadian adults if they'd made at least one charitable contribution through the mail in response to an appeal they'd received from a charity in the mail. (Note: we did not include giving to places of worship or religious organizations in our questioning.)



In 2008, exactly one-third (33%) of respondents answered yes to this question. It's worth noting that this participation rate is the same as last year – despite the fact that this survey was conducted three months after the markets began to crash in September 2008.

Of the varying demographic differentiators, age remains by far the most important. While 20% of those in the 18-34 age group reported giving in the mail, this percentage climbs steadily to 65% of those in the 75+ age category.

Donors are Concentrating Their Giving

The participation rate in direct mail giving is the first component of determining the overall value of that market. The second is giving frequency.

Our poll also asked those who reported giving to charity through the mail how often they'd given to charity through the mail in the past 12 months. Here's how they responded:

- 17% made only one charitable gift through the mail in the previous 12 months
- 23% made two gifts
- 41% made three to five gifts
- 8% made six to nine gifts
- 4% made between ten and nineteen gifts
- 3% made between twenty and twenty nine gifts, and
- 2% reported making more than 30 gifts through the mail.

It's worth noting that more than 800,000 Canadians make ten or more gifts to charity through the mail in 2008. The 41% making 3-5 gifts above is an increase from 33% last year, while the percentage of those making 6+ gifts has declined from 22% to 17%.

While the number of Canadians who give through the mail has remained constant from last year's study – the number of gifts they're making is not. There is a trend toward making fewer gifts per capita.

Donors have been telling us in focus groups for some time now that they intend to:

- narrow their list of chosen charities
- give larger gifts to the charities who 'make the cut' and
- hopefully achieve greater impact with their gifts.

Direct Mail in the Canadian Context

According to the Canadian Revenue Agency, total receipted donations to charity in Canada were \$8.5 billion in 2006. Religious giving accounted for 40% of this total – so giving to 'pure charity' as it were totaled \$5.1 billion.

Accepting \$5.1 as the baseline for total charitable giving, direct mail represents exactly one-quarter of all charitable giving in Canada over the past twelve months.

Our Recommendations:

Direct mail is far from dead. It remains the most popular method of charitable giving in Canada today. Now is NOT the time to throw the baby out with the bathwater.

Having said that, direct mail donors – and direct mail fundraising – are changing. Keeping abreast of that change and adjusting your program accordingly is critical to your success in 2009.

- Donor **loyalty** is more important than ever before. As donors short-list their giving, they'll stay with the charities they feel the most loyal to. You must go beyond the solicit-thank-solicit cycle and engage your donors. Survey them. Ask them to involve themselves in your work. Encourage people to volunteer. Ask them to talk to their family and friends about you. Tell them where their money is going – and the impact their donations are having.



- Focus relentlessly on **donor retention**. Every marketer knows that it's ten times more expensive to find a customer (donor) than it is to keep one. Adrian Sargeant (in his book Building Donor Loyalty) reports that a 10% increase in retention can double your net income.
- Leverage as many donors as possible to monthly, intermediate and legacy (bequest) giving. American demographer and fundraiser Judith Nichols has been telling us for over a decade to '**go deep more than wide**' with our donor pyramids.
- Double - or triple! - your efforts at securing that all-important **second gift** (we call this conversion). The majority of first time direct mail donors never make a second gift. Have a highly organized welcome plan that includes prompt receipting, a welcome phone call (with NO solicitation) and a welcome kit that orients the new donor to your mission, beliefs and programs/services.
- And last but not least – step up and communicate to your constituency with **passion and emotion**. Whether it's direct mail copy, web content or newsletter articles – make them feel something! You'll be glad you did.



I welcome your comments, ideas and criticisms. Please tell me what you think at jose@flagroup.ca.

Polling methodology notes: The polling referred to in this memo was conducted on behalf of FLA Group by Environics Research Group during the first two weeks of December, 2008. The sample size of 2,034 is considered to be accurate +/- 2.2%, 19 times out of 20. All interviews were conducted by telephone.