



Market Trends Highlights Nonprofit Sector – 2H 2009



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Executive Summary

The challenges facing fundraisers in this turbulent economic environment are well documented, but still groups continued to search for creative ways to communicate their critical missions. Performance, particularly in the first half of 2009, continued to be soft across both housefile and outside prospecting efforts. This, combined with the “new normal” of increased costs and decreased donor universes, caused many groups to strategically pull back mailings. Not surprisingly, then, this year-end report found that promotional activity fell every month, and 2009 was off 20% compared to 2008. Donor universes are down as well, reaching a two-year low of 63.7MM mailable names. Rising to these various challenges, many nonprofits continued to experiment with strategic ask amounts, alternate packages and increased incentive use to engage hesitant prospects. Hard-earned lessons from the last two years have lowered expectations, but based on conversations we’ve had, many organizations are cautiously optimistic about 2010.

Highlights

Performance: Nonprofits reported that year-over-year response improved during the second half of 2009, particularly in 4Q.

Direct Mail Universe Size: In 4Q 2009, the total active universe for all **Nonprofits** was 63.7MM mailable names, down 1.6MM names (2.5%) in the past year. The average change in overall housefile size for the Nonprofit category was -2.1% between 4Q 2009 and 4Q 2008.

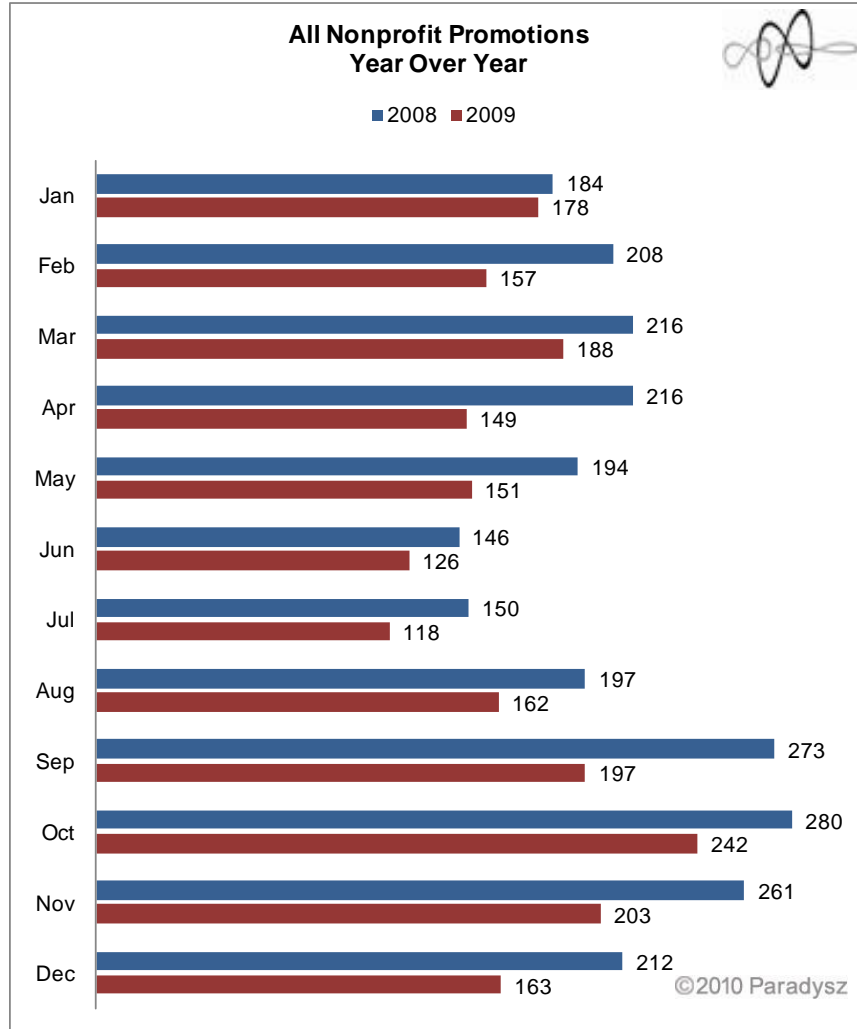
Average List Costs: The average base list cost per thousand (CPM) for the **Nonprofit** category remained stable in the past year; it was \$92.36/M in 4Q 2009.

Promotion Activity: **Nonprofit** promotion activity in 2009 was down -20% compared to the year before, with the biggest declines in April and September.

Ask Ladder Arrays: Most ask ladders are 4-steps or fewer; \$10-\$14.99 is the most popular intro ask range.

Promotion Timing Analysis

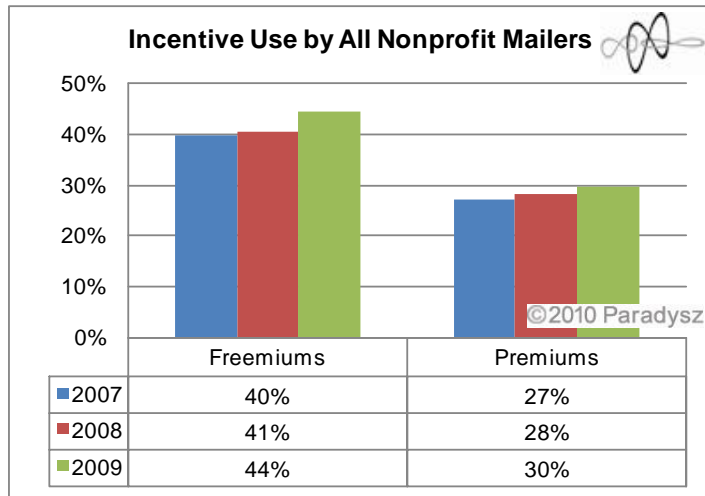
Overall promotion activity for the **Nonprofit** sector decreased considerably in 2009 compared to the prior year, down nearly 20% (2,034 promotions vs. 2,537). Categories like Humanitarian and Disease/Health were down the most in terms of promotional activity.



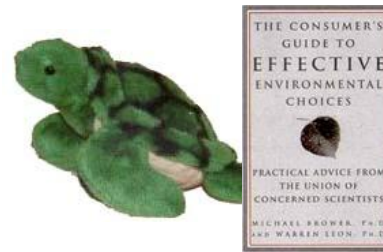
Incentive Trends

This chart details the use of freemiums and backend premiums across the overall **Nonprofit** marketplace.

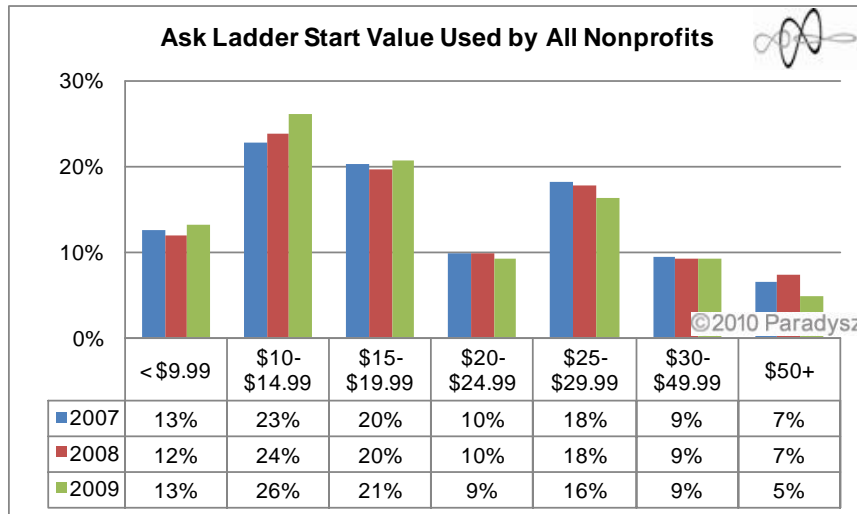
Overall incentive use within the **Nonprofit** sector is up from last year. 44% of all promotions included freemiums, up from 41% in 2008. 30% offered premiums, up from 28% the year before.



In 2009, mailers with notable premiums included: Planned Parenthood (bracelet), Earthwatch Institute (t-shirt), Union of Concerned Scientists (book/magazines), and The Ocean Conservancy (plush).



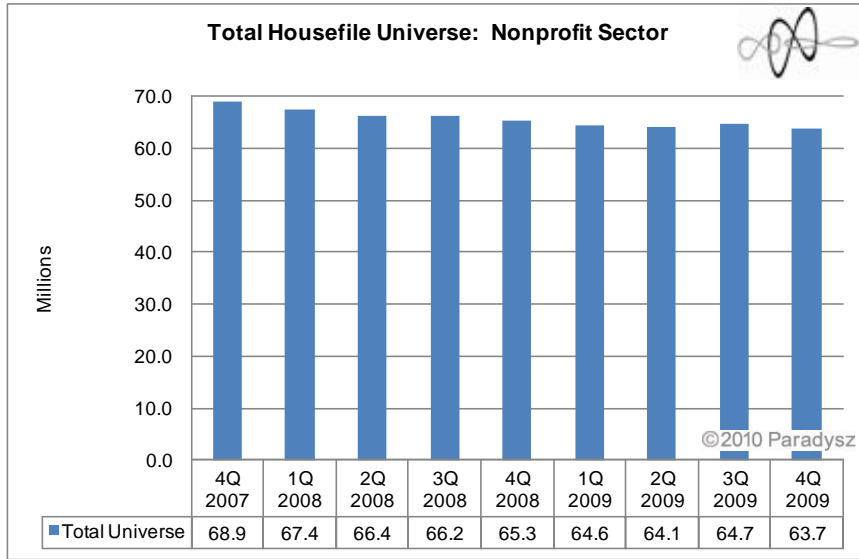
Ask Ladder Analysis



Across all nonprofits, \$10-\$14.99 was the most popular intro ask range.

High ask ladder use was down in the past year. The use of \$25+ ask ladders was down nearly 4% in 2009 compared to 2008 across all categories.

Direct Mail Universe Study



The total active mailable universe for all **Nonprofits** in 4Q 2009 was 63.7MM names, down 1.6MM names (2.5%) in the past year. The overall universe is off 5.2MM names (7.6%) over the past two years.

Promotions of Interest

ASPCA



In 2H 2009, the animal advocacy group ASPCA started to reinforce their television message in direct mail promotions. The exterior package showed singer Sarah McLachlan in a scene from her longstanding commercial, with: "Have you seen me on TV? Here's how you can help today!" The letter was updated from describing a dramatic rescue of an abused dog named Brutus to an emotional plea that references McLachlan's song "Angel" and drives home the message that members act as "guardian angels" to homeless and abused pets. The certificate-style reply form features images of rescued cats and dogs; donations along the ask ladder of \$20/\$35/\$50/\$100/other were equated with tangible services, like \$20 to feed an abandoned dog or cat for 3 weeks to \$100 to spay or neuter a dog or cat.

Planned Parenthood



Planned Parenthood Federation of America mailed a fundraising promotion that offered a unique new bracelet premium. The front of the 5" x 11½" package reads "Access = Choice," next to a picture of the gift and "Become a Guardian of Choice and we'll send you this bracelet." The entire ask ladder is \$20/\$25/\$50/\$100/other; \$25+ donors are rewarded with the jewelry. An insert further promoted the limited edition members-only bracelet and also underscored some of the key concerns of Planned

Parenthood. The letter begins "Freedom of choice is now a seriously endangered right." It laid out the group's mission, stressing the importance of member involvement. Donations can be made by mail or online.

American Indian Relief Council



A program of National Relief Charities, the American Indian Relief Council mailed a large 12" x 9" package that included a Scholarship Evaluation Form to highlight its American Indian Education Foundation (AIEF). The front read, "On Indian Reservations, college can seem like an impossible dream. But your input can make one student's dream come true." Just above the text is a window through which a picture of 18 year-old Donna S. Gachupin, a member of the Zia Pueblo in New Mexico, is visible. The photograph is part of her completed "2010 Scholarship Application," where she lists her age, grade point average, tribal affiliation, and her academic goal of becoming "a respiratory therapist and work with our Elders." Inside, the letter addressed to "Honorary Scholarship Committee Member" begins: "A positive review from you could help Donna overcome a lifetime of hardship and heartbreak." It stated that with the help of "caring Americans like you" who review Donna's application and complete an evaluation

form within 10 days, Donna may be able to attend college. The reply form or "Memorandum of Approval" mentions scholarships for two students, including Donna Gachupin, with an ask ladder of \$15/\$20/\$25/\$35/\$50/\$100/other and an option to donate online. A checkbox is provided for the donor to receive updates on the progress of scholarship recipients.

American Bird Conservancy

American Bird Conservancy's latest fundraising promotion was an eye-catching appeal that pictures the red and black Scarlet Tanager along with "Why Save Birds?..." The yellow banner running along the bottom of both sides of the 6" x 9" envelope provided some answers: "nests are protected...jobs created...trees planted...toxic pesticides removed..." Consistent with prior efforts, this promotion offered several premiums on payment incentives along the ask ladder \$20/\$40/\$100/\$250/\$500/\$1,000/other. Donors of \$20+ receive Bird Conservation magazine. \$40+ donors (the "Vireo" level) also receive the Bird Calls newsletter and a tote bag. \$100+ donors additionally receive a full-color field guide, All the Birds of North America. All donors are entitled to sign up for the BirdWire e-newsletter. The enclosed letter ties in the preservation of bird habitat with broader environmental initiatives to fight against global warming, citing "25% of the solution to global climate change is protecting existing forests and reforesting other areas." An enclosed full page insert offered easy steps homeowners can take to help keep birds from striking windows. On the opposite side, the group presents "ABC's Top Ten Tips for Bird-Friendly Living," including "Keep Your Cat Indoors" and "Join American Bird Conservancy."



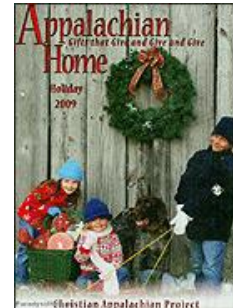
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Promotions of Interest

Some nonprofits traditionally use the holiday season and recipients' giving state of mind to underscore their missions with annual catalogs. The following are examples from Holiday 2009.

Christian Appalachian Project

Subtitled "Gifts that Give and Give and Give," the Appalachian Home from Christian Appalachian Project offered a selection of wreathes, treats, and greeting cards from the Appalachian region. Created in 2009 to combat what the group describes as an especially hard year for the families and small businesses of Appalachia, its merchandise included the Appalachian Home Wreath (\$30), Granny's Breakfast (\$42), Holiday Cards (\$18), and the book "Beyond the Windowsill" (\$25). The catalog offered a few facts about the people struggling in the region and the organization's goals, like "The average income of an Appalachian family is 18% below the national average" and "This winter we will help over 5,000 people keep their heat and lights on, and their water running."



SERRV



On the international front, the 60-year-old SERRV (Sales Exchange for Refugee Rehabilitation and Vocation) promotes sustainable development by connecting poor artisans and farmers in 35 different countries with ways to sell their goods. The cover of the catalog featured the Estrella Garland (\$9), a string of decorative paper stars made by women from Prokritee, Bangladesh. Other items made by third-world artists included a Wicker Basket (\$18) from the Philippines, Leaf Candle Holders (\$11) from India, and Silver Drop Earrings (\$26) from Peru. Several short biographies of the artists were presented throughout the book, including the profile of Manju Thapa, a woman who was able to send her children to school because of her work with a cooperative in Nepal that makes handmade paper items from natural and recycled materials.

World Vision

World Vision's annual gift catalog read "Share the true Spirit of Christmas with a child in need!" The global Christian organization offered myriad ways to help, from sponsoring children to disaster relief and furthering sustainable development. Examples in the Christmas 2009 book ranged from loans for 1, 2 or 3 women (\$100 - \$300) or 1, 2 or 4 Bibles in a child's own language (\$18 - \$72) to 2 chickens (\$25), and a goat (\$75), which was described as "Our most popular gift! Goats provide milk, yogurt and cheese -- and truly change lives." Incentives were given with \$40+ donations to the Maximum Impact Fund, including a Thai bracelet, "hand-beaded by girls and women in a project to help prevent exploitation." Donors could also sponsor a child for \$35 per month or an annual donation of \$420.



International Fellowship of Christians and Jews



The Gifts of Peace book from the International Fellowship of Christians and Jews (IFCJ) presented its Christmas & Hanukkah collection to help elderly Jews living in the former Soviet Union. Monthly or one time gifts are available; for example, \$50 per month provides one full year of food and hot meals. Alternatively, a food box with staples for a month and 3 hot meals every week for 1, 2 or 4 people ranged from \$50 to \$200. Other gifts included providing school lunches (\$28 - \$112) and building a commercial soup kitchen in Israel (\$2,000). Quotes from the Old Testament such as "I will bless those who bless you..." were found throughout the catalog to further communicate the organization's message. The cover promoted the Ahava Dead Sea Sampler premium (given with \$250 gifts). Additional step-up premiums included Silver Candlesticks (\$400), an Olivewood Ornament (\$50), and Myrrh & Frankencense Anointing Oil (\$150).



About MarketTrends

MarketTrends is a product of Paradysz Research, designed to give mailers timely and actionable competitive intelligence within their core market category. Our goal is to provide clients with targeted information and reporting on a semiannual basis to more quickly benchmark progress relative to their specific marketplace and to aid in strategic planning.

The MarketTrends **Nonprofit Sector** set is comprised of a wide range of fundraising organizations. There are 847 unique organizations that promote via direct mail and 830 mailing lists in this market set. Sample mailers include *ACLU, American Heart Association, American Lung Association, American Red Cross, America's Second Harvest, Amnesty International, Asian Relief, Big Brothers Big Sisters, Campaign for a Landmine Free World, Catholic Relief Services, CARE, Children's Aid Society, Children's Defense Fund, Children's Hunger Relief Fund, Christian Appalachian Project, Christian Relief, City Harvest, Coalition for the Homeless, Council of Indian Nations, Covenant House, Cystic Fibrosis Foundation, Defenders of Wildlife, Disabled American Veterans, Easter Seals, Feed the Children, Food for the Poor, Fresh Air Fund, Girl's and Boy's Town, Habitat for Humanity, Hale House, Humane Society of the US, Legion of Christ, March of Dimes, Marine Toys for Tots, Mothers Against Drunk Driving, Missionary Oblates of Mary Immaculate, National Wildlife Federation, Nature Conservancy, Oxfam America, Paralyzed Veterans of America, Project Bread, Rosenberg Fund for Children, Sacred Heart League, Salesian Missions, Save the Children, SEVA Foundation, Southwest Indian Foundation, Southwest Indian Relief Council, TechnoServe, United Spinal Association, US Fund for UNICEF, USA for UNHCR, USO, U.S. Olympic Committee Donors, Veterans of Foreign Wars, World Children's Fund, World Compassion Link, World Emergency Relief, World War II Veteran's Committee and World Wildlife Fund.*

Data for promotion tracking charts and statistics are drawn from MarketRelevance, Paradysz's proprietary media and promotion tracking tool. MarketRelevance tracks direct mail throughout the United States using a proprietary network of consumer and business units. Our national penetration includes 9 distinct geographic regions with diverse Nielsen county coverage (A, B, C and D) in every region. Only direct mail promotions with verifiable in-home mail dates are included in this study. Promotion and new list articles were originally published in Insight, Paradysz's client e-newsletter.

Data for mailer and marketplace universe growth are a product of the MarketRelevance proprietary universe tracking system. MarketRelevance maintains a database of historic 12 month/active counts on 96,000+ total U.S. list properties. The 43,000 active properties, combined with those properties that were active during any given study period, are used for all universe trending. Only rental or exchange files with consistently verifiable 12 month/active counts are included in this study.

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