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**Summary:** With no clear economic recovery in sight, the first half of 2010 continued to challenge donors and nonprofits alike. An optimistic interpretation of our 1H 2010 stats shows a slight leveling off of the negative trends seen in 2009. But there have been no positive rebounds yet. Promotion activity was down 14% for the first half of 2010, an improvement of sorts over the 20% decline reported for 2009. Some nonprofit groups clearly continue to strategically pull back select campaigns, moving forward watchfully into the “new now” of lowered expectations. The 2Q 2010 universe of 62.9 million donor names is off just 1% from the previous year, a smaller decrease than we’ve seen in the past few quarters. The continued decline in promotion activity, however, does not point to positive universe growth for the near future. Elsewhere, more predictable marketing elements remain: seasonal promotion patterns are relatively unchanged, the ratio of incentivized vs. non-incentivized promotions is holding and the majority of ask arrays start under the \$20 mark. As always, individual successes remain. Organizations continue to be creative in the face of economic adversity, with continued package experimentation, bold messaging and attention-getting premiums.

## Highlights

**Direct Mail Universe Size:** In 2Q 2010, the total active universe for all **Nonprofits** was 62.9MM mailable names, down 508M names (-1%) in the past year. The average change in overall housefile size for the Nonprofit category was -1% year-over-year.

**Average List Costs:** The average base list cost per thousand (CPM) for the **Nonprofit** category grew modestly in the past year; it was up \$.51 to reach \$92.91/M in 2Q 2010.

**Promotion Activity:** **Nonprofit** promotion activity in 2010 YTD was down -14% compared to the year before, with the biggest declines in January and February.

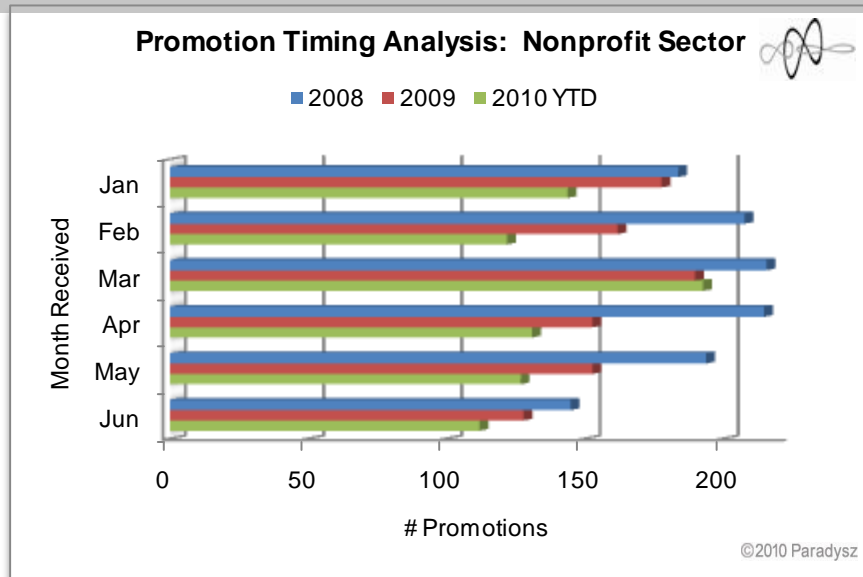
**Ask Ladder Arrays:** Most ask ladders are 4-steps or fewer; \$10-\$14.99 is the most popular intro ask range.

**Incentive Use:** Heavy incentive use continues as groups appeal to hesitant consumers with gifts ranging from address labels to tote bags, t-shirts and special reports.

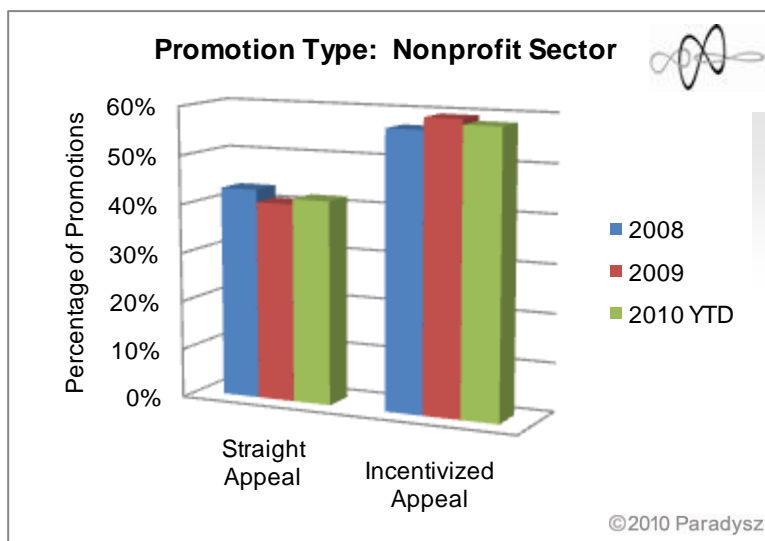
**Mailing Lists:** While many housefile universes are down year-over-year, several organizations like PVA, Doctors without Borders, and Wounded Warrior Project saw growth in their direct mail lists.

## Promotion Activity – Monthly Mail Dates

New donor direct mail campaigns for the **Nonprofit** sector decreased in 1H 2010 compared to previous years. Promotion activity was down 14% in 2010 from the same period in 2009 (829 promotions vs. 964); January, February and May saw the biggest declines.



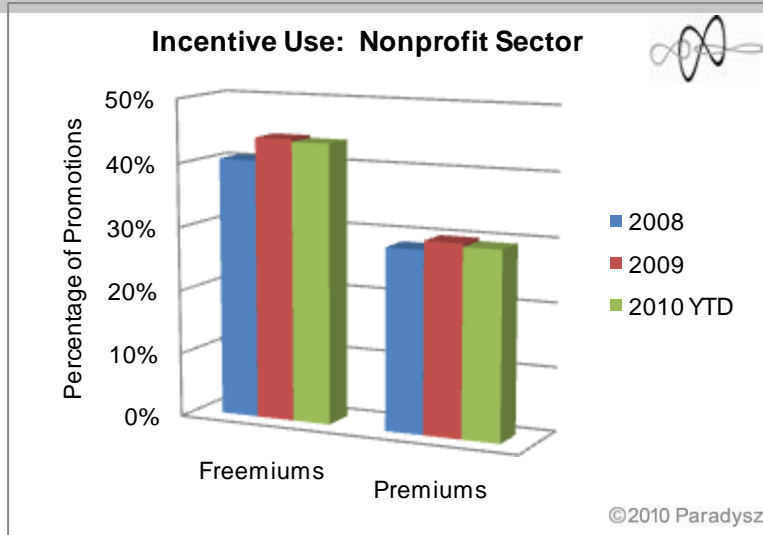
## Promotion Activity – Mission-Based vs. Incentivized Appeals



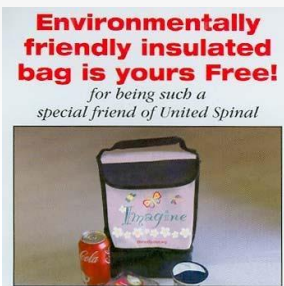
More **Nonprofit** promotions feature some kind of incentive. In 2010 YTD, the split was 58% incentivized vs. 42% straight appeals.

## Incentive Use – Premiums & Freemiums

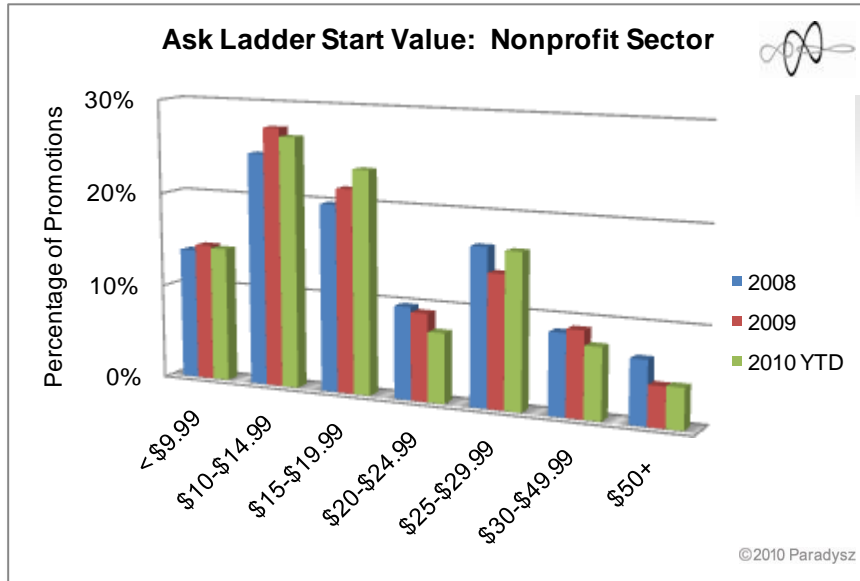
So far this year, incentive use within the **Nonprofit** sector is on par with 2009. 44% of all promotions included freemiums; 29% offered backend premiums.



In 1H 2010, mailers with notable premiums included: United Spinal Association (lunch bag), Ronald Reagan Presidential Foundation (model of Air Force One and key ring), Humane Society Wildlife Land Trust (choice of two t-shirts and/or tote bags), USO (canvas tote bag), and The National World War II Museum (admission discounts, newsletter, replica World War II dog tags.)

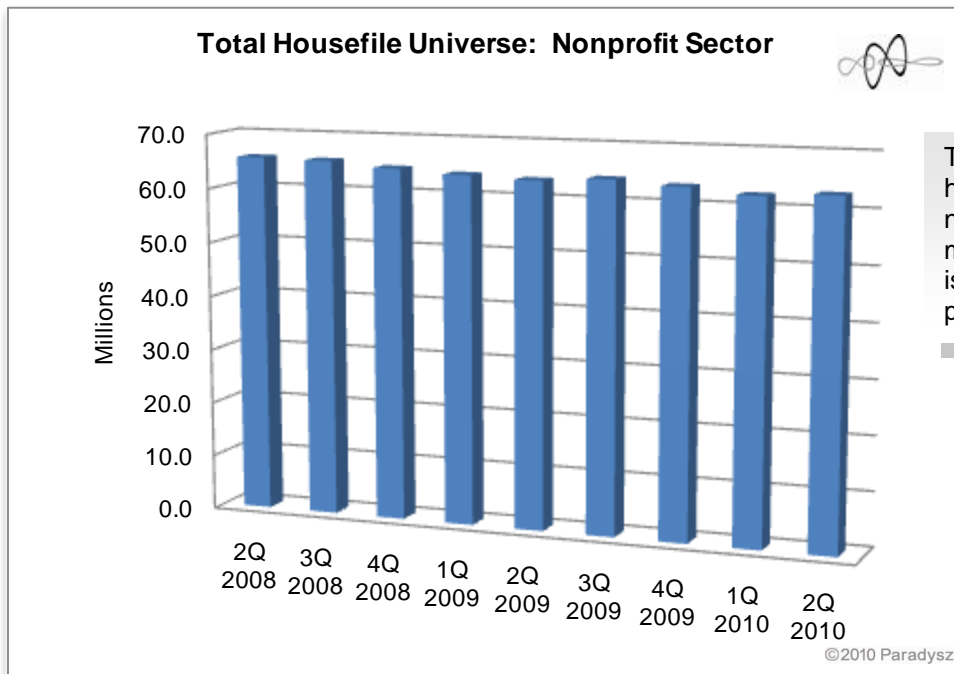


### Ask Ladder Analysis – Start Value of Array



Most **Nonprofit** ask arrays begin in the \$10 to \$19.99 range.

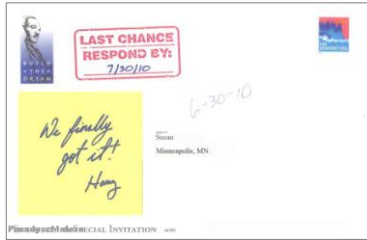
### Direct Mail Universe Study – Total Nonprofit Housefiles



The 2Q 2010 total housefile universe for all nonprofits was 62.9 million names. This total is down 508,012 from the previous year (-1%).

## Select Promotions of Interest

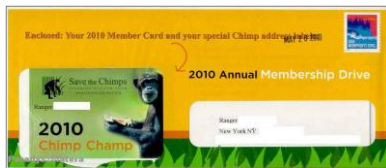
### Washington DC Martin Luther King Jr.



The Martin Luther King Jr. National Memorial Project Foundation updated its "Last Chance" invitation with a post-it reading "We Finally Got It!" on the package exterior. Signed, Harry (the organization's president), the note refers to the recently granted building permit from the Department of Interior. The organization notes that the chance to be a Founding Sponsor will close as soon as construction fully commences. (Construction is expected to be complete by late summer 2011.) The promotion offers its familiar premiums, including a lapel pin, the Build the Dream newsletter, wristband (with \$25+ donations), and a limited edition Dr. King photograph (with \$150+ donations).

**Vitals: direct mail, delivered 6/30/10, 6" x 9" package, ask array = \$25/\$50/\$150/\$250/\$500/\$1,000/\$2,500/Other**

### Save the Chimps



Save the Chimps' mission is to provide a permanent lifelong sanctuary in Florida for chimpanzees rescued from research laboratories, the pet trade or used in entertainment. The 2010 Annual Member Drive mailing was full of incentives. Address labels were enclosed in the package, along with a Chimp Champ member card. Benefits step up along the ask ladder. \$15+ Associates receive a biannual newsletter, and email updates. \$25+ Members also get the Lil' Elway chimp plush. \$50+ Enthusiasts get the Save the Chimps magnet.

\$100+ Supporters are also entitled to a signed copy of A Chimpanzee Tale children's book and tote bag. \$250+ Defenders get the Save the Chimps tote bag. \$500+ Guardians receive a DVD of PBS documentary Chimpanzees: An Unnatural History. \$1,000+ Sanctuary Society of Friends receive a Chimpanzee Adoption Package and art print done by one of the sanctuary animals, with photo and bio.

**Vitals: direct mail, delivered 6/1/10. #10 package, ask array = \$15/\$25/\$50/\$100/\$250/\$500/\$1,000/other**

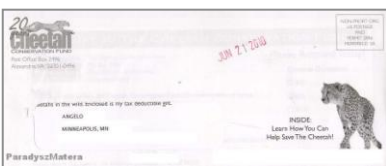
### George W. Bush Presidential Center



The George W. Bush Presidential Center recently mailed a donation package asking recipients to accept their nomination to the Freedom Registry, which will be displayed at the yet-to-be-built library, museum and policy institute. The center, to be built on campus at Southern Methodist University in Dallas, Texas, will be overseen by the National Archives and Records Administration to preserve the record of the Bush presidency. The 6" x 9" package contained a "Registry Confirmation" attached to an official looking certificate, signed by both President and Mrs. Bush. Charter members who donate \$50+ are eligible for inclusion on the Freedom Registry.

**Vitals: direct mail, delivered 6/28/10, 6" x 9" package, ask array = \$50/\$100/\$250/other.**

### Cheetah Conservation Fund



The 20-year old Cheetah Conservation Fund mailed a #10 package with a teaser stating "Inside: Learn How You Can Save a Cheetah!" The letter inside details a serious problem that is affecting the wild cheetah population throughout its range — farmers are killing them in order to protect their livestock. The organization's mission is to educate farmers on alternative ways to protect livestock, including training livestock guard dogs, animal husbandry, and farm management. A few donation levels are equated with

specific actions (e.g. \$25 feeds a litter of livestock guarding dog puppies for 1 week or \$100 covers the cost of one subsistence farmer to attend CCF's 5-day course on non-lethal predator control of livestock.)

**Vitals: direct mail, delivered 6/21/10, #10 package, ask array = \$15/\$25/\$50/\$100/other**

### Veterans of the Vietnam War



The Veterans of the Vietnam War and the Veterans Coalition Inc. mailed a promotion seeking funds to finish construction on two United Veterans Beacon Houses for homeless vets in rural South Dakota. According to the enclosed letter, titled "2010 Status Report for Veterans," the federal government awarded the group a special matching grant for the project, and a grand opening for one facility is scheduled for late August. There are currently 20 United Veterans Beacon Houses that assist homeless vets with transitional housing and support. The package also encloses address labels and stickers.

**Vitals: direct mail, delivered 6/1/10, monarch package, ask array = \$25/\$50/\$75/\$100/other**

## About Market Trends

Market Trends 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 activity relative to their specific marketplace and to aid in strategic planning.

The Market Trends **Nonprofit Sector** set is comprised of a wide range of fundraising organizations. There are 900+ unique organizations that promote via direct mail and 850+ primary 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. Nonprofit statistics are drawn from 2,526 new donor efforts tracked in 2008, 2,018 in 2009, and 802 in 2010 YTD.

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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