

How you can BREATHE NEW LIFE into lapsed donors and DOUBLE your results!



This DMW Direct LAPSED Case Study is presented by **Erica Waasdorp**, Senior Consultant at DMW Direct. For more information, contact her at ewaasdorp@dmwdirect.com or 508.202.4011.

An organization with whom we've been working for over 5 years

(who wishes to remain anonymous) was in the enviable position of having a very large active donor base.

However, this organization's *lapsed* donor population made up almost 60% of its total donor base. While the organization had long focused significant efforts on making the most of those lapsed donors through their messaging and direct mail strategies, they were looking for a new approach to reactivate them in the most cost-effective and responsive way.

Original Approach to Lapsed Donor Reactivation

The organization had successfully mailed its 13-18 month donors with a proven house file appeal (such as a rosary offer or membership card). They also successfully utilized bi-annual telemarketing campaigns to reactivate approximately 15% of their 19+ month donors who had given more than once before lapsing. The telemarketing campaigns were outsourced to the same agency handling their monthly giving program so they were very familiar with the organization's programs.

The organization used to include its 19+ month donors in its prospecting appeals. Response results were similar to prospecting, at an average 3% response rate and \$12.50 average gift.

About a month after the initial prospecting appeal, this same group then would receive an inexpensive ply pack as a follow-up, generating an additional 3% response rate.

Because of their large numbers, lapsed donors have the ability to make a significant impact on the annual budget. However mailing to all of them was costly and inefficient. The organization was looking for ways to reactivate more donors than ever before and cut costs. The challenge, therefore, was to identify those lapsed donors with the highest propensity to renew their giving—thereby reducing mail quantity (and cost) and increasing response rates.

The Test

In conjunction with DMW Direct's Media group and our data processing partner, we designed a merge/purge process that would identify lapsed donors who matched against one or more outside lists. The goal was to isolate previous donors who were still current donors to other organizations. The comparison against other lists accomplished two things: a. we knew the donor's address was still current and b. we knew that they were still giving to one or more similar organizations.

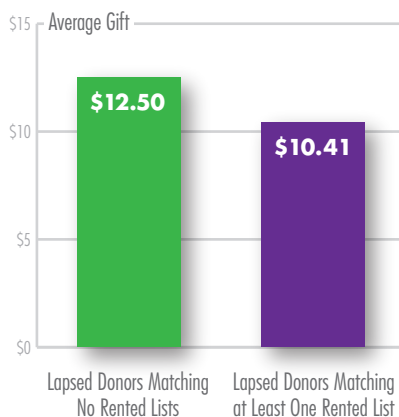
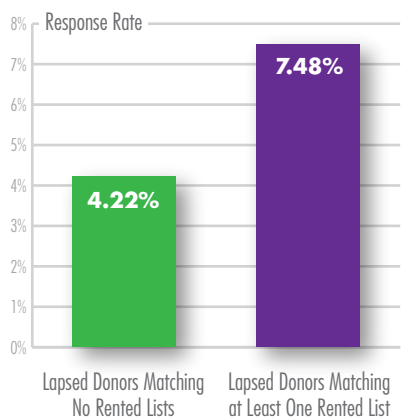
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The lapsed donors were split into recency groups of 13-24 months, 25-36 months, 37-48 months, 49-60 months and 60+ months. Each was then split in two groups: those who hit against outside lists (we called them lapsed multis) and those who only were on one or more other organizations' list (lapsed single buyers). Creative testing was limited to ask amount. All groups received the same creative package, based upon the lapsed control package and offer.

The Results Were Astounding...

As we suspected, the response rate of the lapsed multis was significantly higher than that of the lapsed single buyers—7.48% vs. 4.22%.

The chart below left shows the response rates for the lapsed donors who are on the organization's file only versus those who hit against at least one other prospect list.

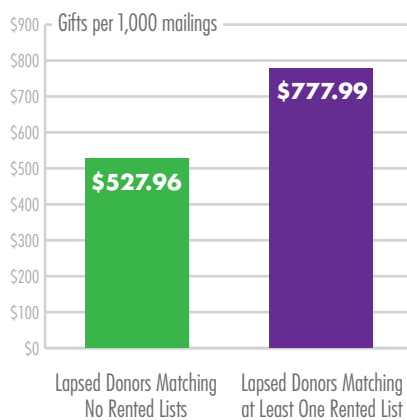


Because these givers are still giving to multiple organizations, their average gift (chart above right) was markedly lower—\$10.41 vs. \$12.50. This slightly lower average gift is more than offset by the increased response rate.

Overall the results for the lapsed donor multis generated an additional \$250 per 1,000 mailed making it a very worthwhile test (see chart below).

A Bonus Group!

We also mailed to one additional group: their do not mail list. They were carrying a large number of people who at some point indicated that they did not wish to receive mail. The organization had since revised its focus a bit and we were hopeful that the reason for not wishing to receive mail might have subsided. We therefore conducted the same match process with this no-mail file as we did for lapsed donors. Only the cell that matched was mailed the control prospecting package and the results were truly astounding, 14% responded with a donation.



Additional Cost Minimal

The incremental cost of the test was minimal. The findings occur naturally in a standard merge/purge process. The only additional costs were for preparing the additional mail files for the multiple test groups.

Next Steps

Overall retention rate for the lapsed donor has now improved 11% compared to last year. The organization currently includes the lapsed reactivation approach with outside list comparison twice a year, in spring and fall. In addition, a telemarketing campaign is scheduled for those lapsed multi donors who have not yet responded to see if they can reactivate them.

The organization is tracking these reactivated donors separately. Initial results indicate that they respond very similarly to or better than brand new donors in that they respond to house file mailings AND they convert to monthly giving. ▶

Erica Waasdorp, Senior Consultant, is responsible for management of donor, membership and monthly giving programs for a diverse group of nonprofit organizations, locally, regionally, nationally and internationally.

Erica has more than 25 years of direct marketing experience in fundraising and publishing, including seven years as fundraising manager at the International Fund for Animal Welfare, responsible for its monthly giving programs. She has worked for DMW for more than 10 years, helping her clients raise millions of dollars. Her most recent accomplishment was to help her client double their active donor base to more than 130,000 donors and help them convert 20% of its base to monthly givers.

Erica is very active in the professional community. She is a past board member of the Direct Marketing Fundraisers Association, past co-chair of the DMA Nonprofit Conference in Washington DC, active member of the planning committee for the AFP/DMAW Bridge Conference, member of the Association of Fundraising Professionals (AFP), regular industry conference speaker, and columnist for numerous trade publications, including *Marketing Adverts* (DMAW), *Journal of the DMA Nonprofit Federation*, and *Successful Fundraising*. In addition, because Erica is Dutch originally, she writes for the Dutch magazine *Vakblad Fondsenwerving*.

Erica speaks five languages, lives on Cape Cod, is married with two children and a cat. She is an avid reader, plays golf and likes to go flying with her husband Pat.