DEFYING GRAVITY: OVERCOMING BARRIERS TO INTEGRATION IN YOUR FUNDRAISING PROGRAM*

BY GEOFFREY W. PETERS

INTRODUCTION

A great deal of testing and measurement confirms that multichannel fundraising is more effective than single-channel fundraising.

Multichannel fundraising:

- appeals to a wider audience, because each channel has a "sweet spot" with different demographics
  - Direct mail—an older audience
  - Internet—a younger audience
  - Telephone—a middle-aged to older audience
  - Direct-response television (DRTV) —a younger and broader audience than mail or phone;
- touches some donors via more than one channel, and those additional "touch points" reinforce the message;
- produces donors with higher lifetime value than single-channel donors;
- allows donors to choose their own favorite channel and method of response.

Common sense and some testing also show that the integration of messaging across channels improves multichannel results. If the integration of multichannel fundraising efforts is the holy grail of direct-response fundraising, then one must find solutions to the biggest challenges to achieving it.

What are the four largest obstacles to a fully integrated multichannel fundraising program?

1. Lack of a single database for all channels
2. Silos either internally or with vendor/partners that prevent integration
3. Difficulties in designing and implementing tests across multiple channels
4. Budget limitations.

Here are some ideas on how to overcome or partly overcome some of these barriers to integration.

DATABASE

Most fundraisers find that they have to measure results from each channel separately. Thus, the direct-mail channel is supported by an in-house or outsourced data services bureau that maintains the house file and the “blue book” data of statistical results such as percentage response, average gift, net income per piece or per thousand pieces mailed, etc.

The online channel is supported by an e-mail platform (and possibly a separate website hosting platform) that provides information such as hard and soft bounces; open, click-through and donation rates, etc.; or measures web traffic, page views, and abandon and donation rates for website visitors.

The telemarketing channel is supported by a call center’s own data services program, which measures percentage of telephone numbers, call ring-through rates, call connection rates, refusals, abandons, pledge rates, credit card donation rates, and later abandoned pledge rates and lapse rates.

A DRTV channel is supported by network, day part, audience/impressions, inbound calls, landing page hits, cost per lead, cost per donor, donation rates, and other media buying data. The special event channel is supported by yet another database (although it may also be the direct-mail database or the online database).

Unfortunately, each of these channels seems to have a specialized data support system of its own, with unique variables and measures and little capacity to “integrate.” Suppose Mrs. Smith receives your charity’s direct-mail letter and then visits your charity’s website and registers for your free newsletter. Suppose she also receives a telephone call on behalf of your charity the next day, sees your DRTV ad that evening, and then volunteers for your walk-a-thon the day after that. How are you going to understand her donation behavior if you don’t know when or how she was solicited?

Worse, what if Mrs. Smith responds sometimes by telephone with a credit card, sometimes via internet, and sometimes by writing a check in response to direct mail? Which channel do you “credit” with producing that response? How will you determine where to spend your limited resources to maximize your return on investment? Will you even know that the responses came from the same Mrs. Smith? When you send Mrs. Smith a year-end statement of her donations to your charity, will you be able to accumulate those gifts?

The need is clearly for an integrated database or data processing service bureau that can provide the fundraiser with a holistic view of the donor. Ideally, you don’t want five databases; you want all the information in one location.

In my experience, rarely is this solution offered by an e-mail or online platform. While such platforms all claim to have robust database capabilities, they are often very confused when you ask them how they de-duplicate names and addresses in the donor file. Although a unique email address makes that simple in the e-world, not all Mrs. Robert Smiths are the same person in the world of direct mail.

Sometimes a solution is offered by a direct-mail service bureau that has expanded its capabilities to add channels in response to client demands. There are very few truly integrated and automated database solutions, however, and they are generally expensive and often require you to work only with that vendor's channel marketing partners. For example, when you work with a "shrink wrap" major donor solution provider like Raiser's Edge, you often find that the ability to segment or process a large file or secure quick counts for purposes of ordering materials is quite hampered.

The best solutions are commonly used direct-mail databases that can be either expanded or linked using "open source" software with which you or any consultant or vendor you hire can "plug in" data from a new channel without massive fees, programming costs or database design limitations.

Recently and increasingly, the solution is a database developed by firms specializing in CRM platforms that are also willing to support your other data processing needs (e.g., merge-purge of direct-mail lists, NCOA, house file maintenance, segmentation counts, etc.).

Thus, your first and perhaps largest challenge is to find an integrated database solution to support your marketing efforts. You can overcome this barrier, but you must work hard and ask intelligent questions—and there aren't many solutions readily available.

SILOS

There is a tendency for people to do what they are comfortable with and what they have done successfully in the past. Those raised on direct mail often stay with direct mail and those who are enamored with the online world, often younger fundraisers, prefer to work online. So we see departments under the chief development officer or within an agency with titles like "direct response," "online," "special events," "communications," "PR," etc. Staffing units based on individual channels have a tendency to devolve into silos, which restrict communication and coordination—the antithesis of integration.

But donors don't compartmentalize in that same way. For them, your charity is just one organization they support, and all of your messaging—by mail, e-mail, at an event, by telephone, on television, etc.—is a part of your brand and your overall communication with them. Donor-centric fundraising is focused on communication patterns with donors in which each channel supports the others and the messages are complementary and consistent, not random or inconsistent.

Often the best way to accomplish this is to require staff with different specialty expertise in particular channels to operate, at all times, as a team. That means that your online expert has to learn from your postal mail expert, and vice versa, to create complementary and reinforcing programs using their unique expertise. Thus, abolishing departments and forming teams for a particular client or campaign for a designated period of time will force cross-fertilization of ideas and allow those multiple touch points to produce more valuable donors.

One way to break down internal barriers is to insist that instead of separate plans for direct mail, e-mail, special events and the call center, these activities be integrated into a single calendar plan. If a direct-mail piece being sent in early November will focus on the imminent arrival of Thanksgiving Day, and an e-mail campaign that's also planned to go out in early November will instead discuss how your program relates to building homes, there remains a need to coordinate messaging and have the different channels support one another.

DESIGNING TESTS

In the single-channel world of direct mail, if you are wondering if direct-mail copy A performs better than direct-mail copy B, you can simply run an "A vs. B split" test to a random sample of the universe of names being mailed and you can easily learn which copy did better according to measures like percent response, average gift, income per 1,000 letters mailed or long-term value.

But how do you conduct that same copy test when you are simultaneously engaged in: 1) telemarketing to some of those same donors, 2) running direct-response television (DRTV) ads to recruit monthly donors, and 3) e-mailing some of those same donors? If you experience an increase in the direct-mail response rate when you mail package A (compared to package B), how do you know whether the increased performance was a result of the DRTV messaging, the e-mail messaging or the telemarketing messaging?

What are some things you can do to more accurately measure test results under these circumstances?

To do multichannel testing, you must first establish methods to capture data within each channel, and you must think, in advance, of all the ways in which donors might respond to your solicitations—not just using the channel in which they are solicited, but using whatever channel the donor prefers. In this process, you must try to determine how to separate responses by source of solicitation including:

- Distinct toll-free numbers for each direct-response solicitation
- Distinct landing page URLs for each direct-response solicitation
- Coded reply devices for direct-mail solicitations
- Coded reply devices for special event solicitations
- Coded reply devices for public speaking engagements
- Business rules regarding time frames of responses and ZIP or geographic

codes of donors for:

– Public relations activities
– Local events
– DRTV
– Display advertising.

Thus, for example, if you receive internet donations from a donation landing page with a unique URL that is promoted only via DRTV, it is a safe bet that 99 percent of those donations were prompted by the DRTV ad and not by other channels. Similarly, if you promote a unique inbound phone number only on your direct mail, it is a safe bet that the calls to that number are stimulated by your direct mail and not your special events.

The key to testing and measurement in a multichannel environment is having discrete ways to separate responses by that which stimulated them. For example, suppose you wanted to test outbound e-mails sent before and after the delivery of a specific direct-mail package. The topic of the email messages would be, respectively: "Watch for our letter in your mail!" and "Did you receive and respond to our recent letter?"

First, you would split the outbound mail file into two groups: A) those who will be receiving emails, and B) those who will not be receiving any e-mails. But you need to be sure to split the part of your mail file consisting of donors for whom you have e-mail addresses, not just all donors on your mail file. (The mere presence of an e-mail address on your file is thought to be an indicator of a more dedicated donor.)

Thus, your split test is: do those with an e-mail address on record respond better when receiving only a direct-mail piece or when receiving an e-mail reminder as well? You would then further split this test based on testing e-mails sent before direct mail only, e-mails sent after direct mail only, and e-mails sent both before and after direct mail. Thus, counting the control group (no e-mail), you would have a *four-way* split test.

You then need to attribute revenues from those who receive the letter and an e-mail reminder but then donate via e-mail rather than mail. So each outbound e-mail link needs to be coded to a different donation page or otherwise tracked so you can determine that the donation was in conjunction with the e-mail reminder and direct-mail package. Here, you really don't have a "control," but you do have information that determines if a donation by internet was associated with this test and, if so, whether it was caused by the "before" or the "after" e-mail.

When doing your final analysis, you need to amalgamate the income or calculate overall response rates for each scenario (control, before, after, both) across both channels in order to measure the effect of using two channels instead of one. Whew!

Let’s assume you find, as I have found, that “after” e-mails are more potent that “before” e-mails and that those e-mails lift response and average gift. You have just discovered a way to generate more income from your existing house file with very little effort beyond the test.

Let’s look at another test. Suppose you wanted to test outbound telephone calls 24-48 hours prior to receipt of a high-dollar direct-mail letter (using the intelligent mail barcode or IMB to determine when the letter will shortly be received). The call is designed to alert the prospective donor of the imminent receipt of your “important” postal mail letter.

Just as noted above, you need to split the postal mail group into the test and control panels, but you will want to split out only those for whom you have a telephone number on record. (The presence of a telephone number may indicate a different level of involvement of that donor compared to a donor who has not provided one.)

Then you would use the IMB to track the test group and determine, within 24–48 hours, when the letter will be delivered to the prospective donor. With that known, you would telephone the test group to encourage them to read and respond to the letter, measuring who and how many could not be reached, who and how many answered but declined further communication, who and how many pledged or donated via telephone, and who was reached and then later did or did not donate via mail.

You would then compare the data on all of these “segments” with the control. Perhaps those who were reached but declined further communication performed significantly better or worse than those in the control. Does that mean a phone call improved or damaged the relationship between the charity and that donor? Or perhaps those who were reached and spoke via telephone to a charity solicitor but didn’t donate by phone responded significantly better to the direct-mail package than those who were never called.

When operating in a multichannel environment, you’ll commonly have more “white mail” or unattributed responses for the simple reason that you are touching more donors via more channels, and there is a likelihood that some will reach out to you using a response channel other than the intended one. Thus, you are likely to see trends such as increased web traffic, increased web donations, increased web registrations for e-newsletters, increased inbound calls to your published phone number, and modest increases in response rates to your direct mail.

A national PR event or announcement and accompanying news coverage can cause a temporary spike in website hits, newsletter registrations and unsolicited gifts as well. One can establish a business rule that the increase above the norm in such traffic, occurring within 6, 12, 24 or 48 hours of the event or news coverage, is attributable to that PR. Thus, you can monetize the value of that PR activity and treat it as you do any fundraising channel.

Testing in a multichannel environment is obviously not for the faint of heart.

But if you use common sense and logic, and anticipate all the ways in which donors might respond, you will be able to construct rigorous and well-designed tests that will show you how to improve your return on investment and produce more net income.

MULTI PURPOSING TO OVERCOME LIMITED BUDGETS

There are simple ways small shops and those with limited budgets can repurpose material designed for one channel and use it in a different channel. For example, does your organization produce a quarterly newsletter mailed to donors and others? Often these are four pages or more and have at least three separate articles in them. The frequency with which you communicate by e-mail is generally at least two to five times more often than the frequency with which you communicate by mail. (Testing shows that this reduces rather than increases the opt-out rate.) So take your newsletter articles, export them article by article to your e-mail deployment system, and you will have a monthly e-newsletter without writing anything additional, other than e-mail subject lines.

Are you going to be telemarketing to secure monthly donors? Why not put a lift note in your next outbound mail package indicating to the donors that they will be receiving a call, explaining the program and the benefits of being a monthly donor, and offering them the opportunity to sign up by mail before receiving the call, if they so wish?

Are you going to produce an annual membership card for your direct-mail program? Why not ask your e-donors to participate in an online vote for the art (offer three or four choices) they'd like to see on the membership card this year? What an excellent way to involve them in your program! They'll likely look forward to the arrival of the card with the winning design. Try the same thing with calendar art.

Some questions to consider

- Are you doing search engine optimization and search engine marketing (perhaps using a Google grant)?
- What advertising words are producing the highest volume of traffic that donates to your cause?
- Have you considered using those words in your direct-mail messaging and in teaser copy on envelopes?

You can see that there are all kinds of ways that one channel can support another, even when you don't have large budgets for DRTV or other sophisticated channels. Multichannel marketing allows you to be more creative and explore more ways to communicate with your donors. If you're willing to overcome a few barriers, you'll find that it is more productive and results in more valuable donors.

*The original article by this name was published by the National Catholic Development Conference in NCDC Dimensions (September-October 2011).

Geoffrey W. Peters is president and CEO of CDR Fundraising Group, which conducts integrated, multichannel fundraising programs exclusively for nonprofit organizations.