

My vote is for Premiums



Is your organization one of the many which only mails "mission" letters to donors and prospects and which has struggled recently with lower acquisition response rates and a shrinking donor file?

One strategy nonprofits can profitably employ to address these concerns is to combine compelling fundraising copy with premiums. Premiums get attention. They get envelopes opened. And they have perceived value.

Premiums come in all shapes and sizes, ranging from tee shirts and blankets to address labels and greeting cards. Stationary sets, pocket planners, notepads, and all sorts of other mission-related premiums are popular.

The use of premiums is hotly debated by fundraisers and is nearly as polarizing as our representatives on Capitol Hill. Most experienced fundraisers either love them or hate them (premiums that is).

Concerns about premiums include cost, "fit" with mission, impact on postal rates, and long term value of premium-acquired donors. We've all heard "I don't want to build a premium file", or "Long term donor value is lower with premium-acquired donors." The fact is, a wide variety of nonprofit organiza-

tions use front- and back-end premiums effectively in acquisition, lapsed donor reactivation and in renewal campaigns. Public broadcasting fundraising is highly dependent on premium-based pledge-drive offers. Many

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healthcare and veterans organizations mail programs that are highly weighted towards premium use. All are mission-related and all are very successful.

So why the controversy?

A recent study indicated that over 85% of net revenue from renewal campaigns came from the current 12-month donors file. Strategically, your organization should be focused on the health and growth of your 12-month file. Premiums will lift response rates for both acquisition and for lapsed reactivation programs, allowing you to minimally maintain or optimally grow your current donor file (and net revenues!)

Most successful programs use

a mix of mission appeals, some soft premiums like cards and labels, and some high-velocity (more expensive) premium-based appeals. Balancing the mix and testing are the keys to success.

So, while some fundraising executives fret about their declining response rates, many others who use premiums continue to enjoy strong net revenue growth.

I vote for premiums. How do you vote?



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