

Transposing Direct Marketing Principles from North to South: What Works and What Doesn't

By Mal Warwick

My maiden lecture in Buenos Aires yielded little but blank stares at first. The Argentine Fundraisers Association had organized the conference for me to share my experience in direct marketing, but my presentation on direct mail was falling flat.

After two decades raising money by mail in the United States—a total approaching half a billion dollars—I had set out to explain the techniques I'd found most effective over the years. However, it soon became clear to me that what had worked for me in North America was out of synch with prevailing circumstances and attitudes in South America. For example:

- Responses to my fundraising appeals in the U.S. almost invariably come by mail, usually in postage-paid “Business Reply Envelopes.” In Argentina, as in many other countries around the world, distrust of the postal service is widely shared. Responses were much more likely to come by telephone or by fax. Increasingly, too, donors there are responding online, by clicking onto charities' Web sites.
- In the United States, the overwhelming majority of donations are made using bank checks. In Argentina, as elsewhere, personal checking accounts are rare. Contributions are typically made either via credit card or by bank transfer. And charitable gifts are commonly paid on a monthly basis rather than as lump-sum single gifts. In the U.S., monthly sustainer programs are still the exception rather than the rule—despite steady growth in recent years.

Despite these differences in technique, there are many highly successful direct mail fundraising programs in Argentina. Millions of dollars are raised by skillful direct mail fundraising specialists; it's just that those specialists are still few in number, and knowledge about direct mail isn't widespread there. By contrast, fundraisers in neighboring Brazil have put direct mail to work with great sophistication and tremendous success—and there most gifts are, in fact, returned by mail rather than phone or fax. So the attitudes and circumstances prevailing in Argentina are not typical of Latin America generally.

Since that first lecture in Buenos Aires, I've had the opportunity to speak about direct marketing to fundraisers from around the world on several occasions. I learned my lesson quickly enough—that I shouldn't focus on *techniques*, which are so closely tied to local circumstances. What's transferable, I've found, are instead the *principles* of direct response.

In most fundamental respects, I believe, human beings respond in largely similar ways to similar stimuli. Direct response fundraising efforts will therefore work in any literate and reasonably prosperous market so long as they're based on these first principles:

- (1) Direct response is a *process*, not an event. Direct response fundraising is about building relationships with donors.
- (2) In direct response, the big rewards come only with time. If acquiring new donors is expensive (as is so often the case), that expense can be justified because of the high *Long-Term Value* that comes from repeated gifts by those donors.
- (3) The *cost* of direct response efforts is far less important than their *cost-effectiveness*. It costs money to raise money.
- (4) The single most important factor in any direct response effort is the *list* of people to which it's directed. Even a mediocre appeal will succeed with a strong list, while the very best creative work will come to naught if the list is poor.
- (5) Next in importance to the list is the *offer*. In fundraising terms, this means how much money you're requesting, what you propose to do with it, and what benefits—intangible as well as tangible—the donor will receive in return.
- (6) The key to cost-effectiveness is *segmentation*—determining which donors or prospects will be included in a particular solicitation, and which ones will be excluded. The principal criteria on which segmentation is based are the date of the most recent gift, the number of gifts previously received from that donor over a given period of time, and the monetary value of those gifts.
- (7) In direct response fundraising, the most broadly applicable technique is the concept of *annual giving*—whether structured as a membership program, an annual fund or annual campaign, or simply as a recurring annual appeal at year-end or some other fixed time of the year.
- (8) The hallmark of direct response is that its results are measurable—and this, in turn, permits *testing*, which enables us to determine over time the optimum mix of lists, offer, and creative approaches.
- (9) Direct response fundraising is at heart a form of advertising. Its long-term effectiveness lies in its repeated and consistent use of *logos, themes, and slogans*.
- (10) Accurate *record-keeping* is essential for effective direct response. Without it, results cannot be measured, and testing is impossible.

These principles hold true, I believe, anywhere in the world. So long as the techniques we use are consistent with them—and respect local attitudes and circumstances—it's hard to go wrong!

Mal Warwick is Founder & Chairman, Mal Warwick Associates (Berkeley, California) and is the author of The Five Strategies for Fundraising Success and How to Write Successful Fundraising Letters, both published by Jossey-Bass. To contact him, go to www.malwarwick.com, or e-mail him at mal@malwarwick.com.