

Is direct mail dying or dead? Hogwash!

By Mal Warwick

My, my. Isn't it curious how people who are young and enthusiastic about online communications are so firmly convinced that direct mail is dead or dying – while professional fundraisers, that is, the people who are responsible for bringing in the bucks, think the young critics are living on another planet?

For starters, I'm addressing this question on the basis of 30 years in direct mail fundraising and 15 years in fundraising online. You read that right: 15 years in online fundraising. That was when my colleague Nick Allen and I launched what later became Donordigital (and is now a part of my company, Mal Warwick Associates, (www.malwarwick.com)). So I do know whereof I write. We have raised funds for many hundreds of nonprofits by mail, and dozens online – a total exceeding half a billion dollars, largely in the form of small gifts.

Here are a few of the basic facts to keep in mind when you think about this question:

- (1) Fundraising online, even according to its most outspoken boosters, accounted for little more than two percent of total funds raised by U.S. nonprofits in 2008. That's \$7 billion out of \$306 billion. Even if the long-quoted annual growth rate of 35-40% continues indefinitely, it will be the middle of the next decade before online revenue accounts for even 10% of all funds raised here. And the most recent numbers suggest that that growth rate dropped precipitously during the last year.
- (2) No one knows with any degree of precision how much money is raised each year via direct mail. However, there is little disagreement that direct mail is the greatest source of new donors and directly accounts for a substantial proportion of all philanthropic gifts. Estimates go as high as half, though I believe the true number is lower.
- (3) The direct-mail-is-dead crowd repeatedly asserts that only old people give by mail and that young people only give online. This claim bears close examination. First, any demographic study of the nation's donors makes clear that the overwhelming proportion of philanthropic giving comes from people who are middle-aged or older. For whatever reason—because they lack the money, because they're distracted by personal matters, or simply because they don't relate strongly to nonprofit organizations—young people rarely give money, and when they do, it's usually not very much. In other words, the “young donor” is largely a myth. Philanthropy has always been primarily a concern of older people. Always.
- (4) Response rates to new-donor acquisition efforts by mail have been in gradual decline for some time. The current recession quickened that trend, but these are unusual circumstances. However, direct mail is still the fundraising mainstay for many thousands of American nonprofits—and I can assure you it will continue to be for a long time to come. What is known as “direct mail” to most Americans is, in fact,

acquisition mail and is often characterized as “junk mail.” But the lifeblood of the nonprofit sector runs through the much more selective and, usually, custom-tailored, mailings to existing members or donors rather than to prospects. Other than in the recession, response rates in those resolicitation mailings to members or donors have *not* been in decline. And, up until the recession, the average contribution in those mailings was steadily trending upward long-term.

- (5) The furor about “junk mail” is mild compared to that about spam—as it should be, because online communications is prey to all sorts of fraud. And as Forest Ethics found when researching the anti-junk-mail campaign cited in your post, the real culprit in the minds of the American public emerged as the #^\$&#% banks and other financial institutions that send endless waves of credit card offers. *That’s* junk mail, and, yes, it should be eliminated for economic as well as environmental reasons.
- (6) Social networking is fun – no doubt about it. I love my 800 friends on Facebook. I tweet from time to time. But I don’t labor under the illusion that my clients are going to raise money through these or other social networking sites. To the best of my knowledge, not a single nonprofit organization has yet raised more than \$200,000 through social networking – cumulatively. And that was for an organization with a budget in the hundreds of millions of dollars. Will social networking evolve? Yes. Will it someday play a useful role in engaging nonprofit members or donors in the work of the causes they support? I hope so. But as a fundraising tool that will replace direct mail? Don’t hold your breath.

Shortly after I first became involved full-time in raising money by mail, the fundraising field was engaged in a similar debate. “Your donors are dying,” the claim went – and younger people would never take their place. The argument was that those for whom the Depression and World War II and its aftermath were formative experiences were the backbone of direct mail fundraising, and that they were dying off, never to be matched by their juniors. That was nearly 30 years ago.

Isn’t it curious that that didn’t happen? That the total funds raised by U.S. nonprofits have kept pace with population growth as well as inflation? That so many thousands of nonprofit organizations have raised billions of dollars, year after year – by direct mail – from untold millions of new donors?

Think about it.