Direct Mail Lists:
Going Beyond Your Inner Circle

BY SUZIE MCGUIRE

EDITORS NOTE: This article follows up on the article by Ellis Robinson in the last issue of the Grassroots Fundraising Journal (May/June, 2007), "Direct Mail on a Shoestring: Finding the Lists You Need for Affordable Prospecting." Going to the next step with direct mail, as described in this article, assumes both that you have some familiarity with direct mail and that it makes sense for your organization to invest significant resources in building a large donor base by mail. Though not all groups will be able to pursue direct mail on this scale, the information here is useful even if you’re doing much smaller mailings, and it’s essential if you’re considering mailing large quantities.

In my previous career as a list broker, one of the most frequently posed questions was whether an organization should delve into direct mail fundraising as a way to expand their individual donor base. This article is for organizations that have some experience soliciting individuals for support but have run out of people to ask because they’ve already gone to board members, friends, people who have attended their programs and events, and so on. If you’re ready and able to invest more resources in building a base of individual donors, you might want to consider working with a list broker, someone who helps organizations find the best lists of people to solicit. This article also describes what criteria to consider in selecting lists to send your fundraising appeal to.

Considering the cost of direct mail — including writing the letter, design, printing, postage, and mailing list rental — and a typical rate of response of less than 1 percent, you will inevitably lose money in any initial acquisition mailing. The measurement of a successful effort is if your organization can acquire donors at an acceptable investment who then give additional funds when resolicited. Success depends greatly on your ability to foster a long-term relationship with the donors you acquire. Typically, it will take 18 to 36 months to recoup your initial investment through subsequent mail appeals to these newly acquired donors.

The next question is what types of mailing lists to use. As Ellis Robinson described in the last issue of the Journal, first-time mailers often cannot afford to rent outside mailing lists and must look internally to see if there are prospects in their own data base. Your least expensive and most promising option is to review your own list of event attendees, activists, or people who wrote in seeking information about your organization. Individuals who have shown interest in your organization (but are not yet donors) are the best source for your first direct mail acquisition appeal.

If individuals on your in-house lists are responsive to your offer (meaning that at least 1 percent sent in a donation), you may then want to consider mailing to lists of donors to other, similar organizations. Most direct mail professionals will tell you that a pilot mail campaign should consist of at least 50,000 names drawn from several lists of at least 5,000 names each. There may be a few smaller lists that get pulled into the mix and are a part of your core audience, but by and large you will want lists that are big enough that the response rate you get from each list is an accurate predictor of future response rates from more names on that list. The goal is to have a good mix of lists
CHOOSING A LIST PROFESSIONAL

There are two types of professionals you might want to engage in your move into the wider world of direct mail: a direct mail consultant and a list broker.

You look to a direct mail consultant to see if direct mail is a natural fit for your organization. A direct mail consultant collaborates with you on general fundraising objectives. He or she can provide strategy, copy, creative input, and analysis for your direct mail efforts.

A good list broker — the subject of the rest of this article — can tell you how your offer may resonate with particular lists and list markets. List brokers work as the conduit between your organization and various list management companies or list owners. They send a copy of your mailing (your fundraising letter and any additional pieces you'll be sending) to the list owners, secure permission to use the list, and order the lists. The Direct Marketing Association and the Standard Rate and Data Services (SRDS) catalog are both good industry resources to find professional list brokers. Perhaps the best method is to get consultant and broker referrals from organizations you know who have large direct mail programs.

All list brokers can secure any mailing list on the open market for your organization. And they all receive similar compensation in the form of a standard commission. So, if any broker can secure any list, what criteria do you use when choosing this important partner? Here are some questions to consider:

Does the list broker have extensive experience working with organizations similar to yours? Ask for a client list along with years of service with those organizations. Brokers have access to their client's statistics and mailing patterns, and although the specifics of that information are strictly confidential, brokers certainly keep in mind what they know about lists clients have used in recommending lists that might work well for your organization. Many brokers have sophisticated systems that allow them to cross reference usage and determine which lists are working for which kinds of mail appeals. The broker is then able to give you an educated recommendation as to how the lists should perform for your acquisition mailing.

Does your broker provide a thoughtful plan and strategy or are you simply seeing “cut and paste” planning? At the very least, the plan a broker presents to you should include for each list recommended the following information: the name of the organization's list, recency (how recently the list was updated), dollar selections that are recommended (the range of gifts to ask for based on what donors on a given list have contributed through direct mail), pre- and post-merge quantities, the price of the list, exchange transaction balance (based on how many names were traded and when they were used). An overall strategy document should accompany the plan describing why particular lists or markets are being selected.

For example, if you were a local children's health organization, you would hope to see national lists of a similar nature that have enough names in your region. Examples might be as specific as lists surrounding children's health issues or more general lists like Special Olympics or Smile Train. Or your broker might suggest expanding your potential list universe by using lists of nonprofits that do some charitable work regarding children — groups such as the U.S. Committee for UNICEF, CARE International, and Children's Defense Fund would fall into that category.

Is your broker a good negotiator? You need a broker who can negotiate nonprofit rental rates, appropriate exchanges, and discounts for large-volume rental arrangements. They need systems to easily track, reference, and negotiate exchanges. Some list owners offer discounts on rental orders where there is a high duplication rate. These are called "net name arrangements," and a good broker will be able to refer to previous data to use as a bargaining point. A good negotiator will also have good relationships with other list managers who will let them know about special discounted rates or new list availability.

How much experience does the broker have working with organizations similar to yours? There are brokers who specialize in working with specific types of organizations, such as environmental, health, or civil rights list markets. And many of these brokers have extensive experience working with multiple mailers within these categories.

How involved do you want to be in the process of selecting lists? Some clients like to roll up their sleeves and help choose lists and others want a refined plan of the best lists.
My belief is that if you are spending an unusual amount of time reinventing the mail plan your broker provided, you either need to communicate your needs better or re-evaluate whether you are working with the right broker. You need to inform your broker of your goals and needs so that they can produce the best strategy possible.

**Can your broker deliver the recommended mail plan?**

A good broker follows through on the process of getting the list to the mail house and lets you know at the critical points of the process if the plan needs to be adjusted. When trying to secure multiple lists from various resources, there will often be a case where quantities may fluctuate or approval cannot be obtained. An adept broker will be able to come up with contingencies to help you through this process.

**Is the broker knowledgeable about your organization and your acquisition goals?** To secure the best mail plan you need to collaborate with your broker and educate her or him about your current donors and what motivates them to give to you. You should give them current samples of your mailing piece, let them know about new packages that you may be developing, and supply them with current performance statistics. You also need to give them enough time to provide you with the best mail plan and to secure mailing lists on your behalf. Typically, a mail plan should be in conception about two months prior to the date the mail is delivered. This allows for pre-clearance (approval of your mail appeal or direct mail package by the organizations whose lists you’re renting), count requests, and a few drafts of the plan prior to placing list orders. If your deadlines are too tight, you may not be able to secure your best lists or the best work from your broker partner.

**Is your broker connected within the direct response community?** A good broker will have industry contacts with other list management firms and can help you network with other direct marketing professionals. They should be up to date on new trends and technology. And in order to be effective, your broker should be well regarded within the industry in terms of professionalism and know-how. So be sure to check references before hiring a list broker!

**CHOOSING THE RIGHT LISTS**

There are thousands of lists available for acquisition mailings. When a list broker presents a plan, you may be faced with the quandary of choosing between two similar lists. What makes one list better than another? Typically, a list broker will send you written descriptions of each organization’s list along with its pricing and available criteria you can choose from in selecting names from a given list. On this sheet, called a “data card,” I look for several clues as to the condition of the list and if it’s the right choice for my particular plan. Here are some things to consider:

**List description.** Is the mission of the organization and list market similar to the organization I am representing? The closer the affinity, the more likely those donors will be interested in hearing about your offer. For example, if you are a local environmental organization, you might look into other local or national organizations mailing on the same general topic, or expand your search to lists of donors concerned about wildlife that are affected by environmental destruction.

**How donors were acquired.** Usually I am looking for donors who received their offer via direct mail and responded via direct mail. Event attendees, prospects, and lapsed donors on lists that aren’t your own do not tend to work as well as lists with active donors acquired through direct mail.

The more recently a donor has given to an organization, the more responsive they will be to your offer.

**Recency.** Typically, list owners offer donors who have given within the past 24 months. If the file is large enough the list manager may offer donors with gifts in the last 12 months, 6 months, or better. The more recently a donor has given to an organization, the more responsive they will be to your offer.

**Donation levels.** In most instances I’m hoping to find donors who are giving single donations of at least $10. You are looking for donors similar to yours, so if you are an organization seeking a lower ask as an entry point, you might choose lists that have lower giving levels.

**List universe.** If I am going to invest in a list, I want to make sure there are enough names that if I get a good response from that list, there are more to rent for a future mailing. Assuming the list performs well, I also want to ensure that I have enough quantity to split the list across package variations within a mailing. Another factor is how the list duplicates against other lists in the merge-purge process. When calculating costs, you need to determine how much you are paying for unique names (or net names) after all the acquired lists have been merged. For example, you may be paying $60 per thousand names for a list, but if it duplicates at 50 percent, you are really paying more than $100 per thousand names for the list. The increased cost and limited universe need to be considered in conjunction with response performance.

**Frequency of updates.** How often is the mailing list updated and are newly acquired names added into the mix?
Often when working with regional mailers we are asked to find out if other regional lists offer their list on the open market. When asked this question, my first concern is that these organizations acquire their names through direct mail and that they are regularly mailing themselves. In this way they are adding new names to their file and improving the chances that the list will continue to work in the future. When organizations mail haphazardly, their acquisition lists atrophy and performance drops.

Cost. Is the list appropriately priced? Your list broker can advise you if a list is inappropriately positioned. (Nonprofit lists range from $65 to $95 per thousand names.) Other considerations are if the list owner offers nonprofit discounts. A list that is available on exchange is particularly attractive because of the reduction in cost. Sometimes a list manager may be willing to negotiate special discounts for first-time tests. Eager list managers may also offer free tests or free selects on first-time users of their lists. For continuation usage some list managers will offer special net name arrangements if you can provide merge-purge documentation showing duplication information.

Usage. Many people like to look at usage listed on the data card — that is, who else has rented the list. In some cases this information is instructive, but you need to remember that it is often used as a selling tool by the list manager. My preference is to rely on my list broker to counsel me on which lists are performing better for others of the list.

Offer. Did the organization acquire their names with premiums or did the donors respond to a straightforward appeal? Again, choosing or not choosing these lists would depend on how you were attracting donors. If I were mailing a calendar or name-and-address labels, I would want lists of donors who were acquired similarly.

Fulfillment. How expeditiously can the list be approved and processed? There is nothing more frustrating than wanting a particular list only to find that you can't get it for your mailing.

These are just a few things to consider when approaching a list plan. When in doubt, consult with a fundraising consultant who can help you determine if your organization should be delving into acquisition and a list broker who can help you prioritize lists in conjunction with your specific fundraising goals.

SUZIE MCGUIRE IS A CONSULTANT AT MAL WARWICK ASSOCIATES. CONTACT HER AT SUZIE@MALWARWICK.COM