

# Improve Your Direct-Mail Outcomes With Advanced Analytics

Mail is still the king of fundraising. Advanced analytics can boost your results even more.

By Gary Robinson

**W**hen it comes to fundraising, direct mail is a hard marketing channel to beat. With a response rate of 5.1%, direct mail far outperforms e-mail (.6%), paid search (.6%), online display (.2%), and social media (.4%), according to the Data and Marketing Association (DMA).

What's more, direct mail generally delivers between 60 and 80% of nonprofits' total revenue, while e-mail yields only 5-15%, according to a Direct Marketing Association report (thedma.org). And Pursuant (pursuant.com) has found that people who donate in multiple channels, including direct mail, provide over 100% more total revenue than single-channel givers.

When you consider that donations from individual donors account for \$264.5 billion – more than double the amount of foundations, charitable bequests, and corporations combined – direct mail makes even more sense. Individual donors need to be directly targeted, and mail, especially oversized mail, has a big impact because of the more personal, tangible experience it provides. And personalization boosts direct-mail response rates even further. Compumail.com offers these statistics:

- Adding a person's name and full color can increase response by 135%.
- Adding a person's name, full color, and more sophisticated database information can increase the response rate by up to 500%.
- Targeting customers on a 1:1 level increases response rates up to 50% or more.

Nonprofits dedicate a large portion of their budgets to direct mail. But all that paper, printing, and postage adds up, making it one of the most expensive marketing channels. And because it can take up to 20 touchpoints to reach potential donors, nonprofits have to invest in digital channels such as their website, paid search ads, and social media, which increases the amount of employee hours and

“Your donor information is your most powerful asset.”

marketing budget expenses. Thankfully, advanced analytics can help you offset these costs.

## Streamline Costs with Better Targeting & Segmentation

While direct mail is a highly effective channel, all direct mail isn't created equal. The secret to results? Segmentation, or splitting your subscriber list into groups, so you can target your messaging more effectively. After all, you need to get the right message in front of the right audience for maximum results.

With advanced analytics, you can use models to segment your list quickly and easily. Some of these approaches are better than others. Your organization may be using in-house manual methods, which can be inaccurate and time-consuming. Or, you might be using an outsourced company that takes months to build models (and by the time they're built, they're irrelevant). The advanced analytics approaches that work best are those that work to solve your organization's specific needs quickly and flexibly.

For example, Lityx, an advanced analytics software company (lityx.com), was recently asked to speed up marketing time and reduce modeling costs for a nonprofit's direct-mail program. This nonprofit executes marketing campaigns to approximately 5,000,000 individuals about 24 times a year. Random mailings across the database performed at a 1.25% response rate with an average value of about \$13.50 per responder and a mailing cost of \$0.40 per piece.

The Lityx team automated the nonprofit's modeling process to speed up the time it took to deploy the campaigns and make them more effective. Previously, the nonprofit spent 40 hours on each of the 25 predictive models used for the direct-mail campaigns. Now the organization spends just 2.5 hours on each model. The nonprofit also achieved 90% savings in development costs for its predictive models and improved model lift in less than 10% of the time, with a projected incremental increase of 76,000 responses.

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## For More Effective Segmentation, Ask These Questions

The marketing firm Hubspot ([hubspot.com](https://www.hubspot.com)) recommends asking these questions when creating your segmentation strategy:

- **How often** does the donor want to receive communications from you?
- **What methods** does the donor want you to use to communicate?
- **What types of communication** does the donor like to receive from you?
- **Which areas of your mission** is the donor most interested in?
- **What generation demographic** does the donor fall into?
- **How is this donor affiliated with your organization?**
- **How much does this donor give** to your organization on an annual basis?
- **What is the year-over-year giving status** of the donor?
- **Through which channel** does the donor prefer to give to your organization?

## How Should You Begin?

Now, it's a matter of looking at your donor data to see how your organization can leverage demographic and behavior information to improve your direct-mail outcomes. Your donor information is your most powerful asset as a nonprofit.

Using donor personalization, strategic segmentation, and advanced analytics can put that information to its best use. 

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## More on Analytics & Direct Mail ([NonprofitWorld.org](https://www.nonprofitworld.org))

[55 Direct-Mail Secrets](#) (Vol. 25, No. 1)

[Being a Force for Good with Advanced Analytics](#)  
(Vol. 36, No. 2)

[Making the Mail Work \(Better\) for You](#) (Vol. 21, No. 2)

[Two Simple but Important Metrics Your Nonprofit Needs to Measure](#) (Vol. 37, No. 4)

[How to Write a Fundraising Letter](#) (Vol. 29, No. 5)

[Choosing the Right Typeface Means Cash for Your Cause](#) (Vol. 15, No. 6)

[How Can You Boost Donors' Trust in Your Organization?](#)  
(Vol. 36, No. 4)

[Top Five Tips to Improve Direct-Mail Fundraising and Cement Your Future](#) (Vol. 29, No. 2)