



How Big a Gift Should You Ask For?

This case history in direct-mail fundraising research offers some startling results. Keep them in mind next time you write a fundraising letter.

BY MAL WARWICK

How much money should you ask for when writing a fundraising letter? That's one of the most significant decisions you face in direct-mail fundraising—and one of the trickiest.

Ask too little, and you may generate too little revenue—despite a high percentage response. Ask too much, and the percentage response may be unacceptably low.



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The Test

In hopes of boosting the revenue from one client's ongoing direct-mail member acquisition program, we decided to test different suggested gift levels. In theory, by *lowering* the suggested minimum gift, we could *increase* the percentage response—without significantly lowering the average contribution.

To test this theory, we selected approximately 68,000 households—part of the target audience in one membership acquisition mailing—and split them into three equal groups of 22,653 each. The three groups of names and addresses were drawn from statistically identical sources.

The letters mailed to each group were identical in every respect except one: the suggested minimum gift. One group of letters—the so-called "control" group—suggested minimum membership

gifts of \$25 or more. Other options offered in these 22,653 letters were \$35, \$50, \$100, \$500, and \$1,000.

The second group of 22,653 letters suggested \$20 or more, while the third asked for \$15 or more. The additional gift options were identical for all three groups. (To avoid distortions caused by statistically random large gifts, contributions of \$100 or more were ignored for all three groups).

The outcome was startling. The three groups produced dramatically different results.

The Results

The control group, which asked for \$25 gifts, yielded a response rate of 0.98 percent with a \$22 average gift. This corresponded to \$0.216 per letter mailed, or *\$216 per thousand* letters mailed.

The letters seeking gifts of \$15 or higher produced significantly better results: a response rate of 1.11 percent with a \$21.56 average. This was \$0.239 per letter mailed, or *\$239 per thousand*.

However, the appeals for contributions of \$20 or more produced the best results by far: \$0.27 per letter mailed, or *\$270 per thousand*.

In other words, asking for \$20 gifts produced 25 percent more revenue than asking for \$25 gifts! The response to the

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CREATIVE FUNDRAISING IDEAS

Write Long Letters.

Tests show that four-page-long fundraising letters generate more donations than shorter ones. Successful appeal letters usually include five essentials: (1) They create a *link* between the person who sends and the person who receives the letter. (2) They offer an opportunity to *participate* in the organization. (3) They make a compelling *case* for the offer. (4) They establish *urgency*. (5) They ask for a *specific* sum of money.

Know the Direct Mail Keys.

When putting together a direct-mail fundraising letter, keep in mind the ingredients that will determine its success. In order of importance, these ingredients are as follows (the percentages tell how much each factor contributes to the letter's success: your organization's record, message, and leadership (50%); list selection (25%); the actual wording of the letter (10%); the offer—how you structure the “pitch” or marketing concept (5%); the format—the size, shape, and color of the letter and envelope (5%); the design (5%).

Remember the 5 Ws.

Be sure each of your mailings is based on a unique marketing concept and fits into an overall marketing strategy. For every mailing, make clear *whom* you're writing, *what* you want from them, *why* you need money, *when* you need it, and *what* you're offering in return. For details on these and other direct-mail strategies, see *Raising Money by Mail* (see page 23).

appeals for \$20 minimum gifts was 1.11 percent, 13 percent higher than the control group's.

But here's what was really surprising (and significant) about this test: The appeals for \$20 gifts actually yielded an 11 percent *higher* average gift—\$24.35—than those that suggested \$25 minimum gifts!

The Moral

Test results aren't often as dramatic as these. And a similar test of giving lev-

els, conducted for another charity, might produce opposite results. But there's a moral to this case history that's valid for any direct-mail fundraising program: A *little* change in how much you ask for can sometimes make a very *big* difference. ■

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