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Managing Returned Mail to Drive Non-Profit Donations

CANADIAN WILDLIFE FEDERATION
FÉDÉRATION CANADIENNE DE LA FAUNE

Non-profit organizations of all kinds have always faced the dual challenges of fundraising and building their memberships. These challenges have become even more complex and daunting in recent years, driven by a number of factors:¹

- **Increased competition:** According to the Canadian Revenue Agency (CRA), there are 82,000 charities² competing to attract donations.
- **Donors are more demanding:** 22 million Canadians (85% of the population age 15 and over) made a financial donation in 2004. They gave an estimated \$8.9 billion and the average donation was \$400. To maintain the donation base, non-profits need to communicate a clear value proposition that resonates. Donors want to know that their contributions are going to support the intended purpose and will not be used to support wasteful administrative costs.
- **A challenging economy:** Non-profits are frequently hurt by low consumer confidence. In today's difficult economy, the non-profit must communicate with the right level of frequency to its loyal base about the value it is delivering. This is essential to maintaining a steady stream of donations.
- **A changing donor base combined with new communications technologies:** The need for non-profit organizations to reach out and engage new audiences is more important and challenging than ever. Non-profits need to adapt new technologies and understand the extent to which donors want to use different communications options.

The Canadian Wildlife Federation

These challenges are not new to the Canadian Wildlife Federation, a charitable organization that works with Canadians to make a difference to the kind of legacy left behind. It strives to create a better legacy for wildlife as well as children.

CWF represents 330,000 members and supporters that work from coast to coast to maintain something very important—a bright future for Canada's wildlife. CWF spreads the word about wildlife by producing all kinds of materials, including beautifully designed free resources such as classroom-linked curricula; top-quality posters; magazines; calendars; newsletters; and Web sites with online encyclopedias, fun interactive learning opportunities, and regular online exclusives. Since its inception in 1962, their goal has been to inform Canadians about how precious wildlife resources are. CWF has become a household name because of its leadership in conservation education, awareness, and outreach. The message of "being able to pass on an Earth that you're proud of" resonates with Canadians.

¹ Canada Survey on Giving, Volunteering and Participating (CSGVP), 2004

² Decima's Secondary Research Document

The organization depends on \$11 million in annual donations to fund the education and advocacy programs it delivers. According to Daniel Vallée, “In today’s market, the most effective way to solicit donations from past donors as well as acquire new members is the mail.” Daniel manages over 6 million pieces of direct mail. 2 million are directed toward the acquisition of new customers and over 4 million pieces are solicitations to past donors driven from the CWF “house list.” A typical “house list” mailing includes a solicitation letter along with a premium. Premiums vary with the campaign, but include items like calendars, Christmas cards, and note cards. CWF sends an average of 10 mailings a year to donors.

Good Data—The Bedrock of Any Marketing Campaign

According to Vallée, “Clean accurate data is the bedrock of any marketing program.” It also remains a perennial challenge for not-for-profit organizations. The best marketing strategy combined with poor data quality is fatal to attracting new donors and obtaining repeat donations from past donors. Vallée went on to say, “Inaccurate data in our house lists has a substantial cost to CWF.”

“Clean accurate data is the bedrock of any marketing program.”

Donors may move, pass away, or reject our mailings. The original costs for CWF included \$1.55 for the returned piece; \$.75 to get the premium out of the package for reuse, and another \$.67 to input updated address information for a total of almost \$3.00 per return. In addition, because we do mailings 10 times a year, the next incorrect mailer might already be in the mail before the address update takes place. This is a significant addition to the overall cost of a bad address.” Vallée realized that every time he was sending to a wrong address, he was wasting money that could be used to enhance CWF educational and advocacy programs.



Donor acquisition mailing

SmartFlow Recover from Canada Post

Canada Post met with Vallée to review its *SmartFlow* Recover services. The service is designed to quickly scan mail and report undeliverable mail with the reason for return, giving the user the opportunity to correct the customer's contact information or remove them from future mailing lists. *SmartFlow* Recover operates as follows:

1. It intercepts the undeliverable mail with return postage
2. Address information and reason for return is scanned electronically
3. Scanned returns are given an identification code and collected as data within a list along with an attachment outlining the reason for return
4. The information is used to update the database

The Benefits

SmartFlow Recover services could deliver to the CWF and implemented the solution. Thus far, Vallée hasn't been disappointed. The benefits CWF has experienced to date include:

- **Reduced costs on future mailings:** Collecting returned mail and identifying past donors that had moved, were deceased, or who should be removed saved money in terms of production and operational expenses. After paying for the *SmartFlow* Recover services, CWF has logged about \$110,000 in savings.
- **Reduction in returned mail:** By rapidly updating the mailing lists, there was a reduction in undeliverable mail. According to Vallée, "In calendar year 2006, we had 120,000 pieces of undeliverable mail. In 2007, we budgeted for 110,000 returned pieces and the actual number was 90,000."
- **Improved donation levels per campaign:** CWF data accuracy has improved from 95% to 97%. That is attributable to work that CWF is doing to cleanse data as well as the *SmartFlow* Recover services. While specific dollar amounts are not available, Vallée stated, "The overall dollar donation per campaign has improved. We are getting the right mailing to the right person at the right address."
- **Better customer communication:** Non-profits depend on effective communications with customers to survive. Vallée cited several examples where *SmartFlow* Recover capability has improved communications. In one instance, he said, "We had a high-end donor that moved four years ago and we lost touch with him. We got his name from a trading list and got a \$5,000 donation. The *SmartFlow* system would have flagged this immediately." One of the premiums that CWF sends out twice a year is address labels. *SmartFlow* helps the Federation ensure that the premium address labels are correct. According to Vallée, "The reaction to the labels with the updated address is extremely positive. Donors say how great it is that they get new labels reflecting their current address right away. It provides the right motivation to encourage a donation."
- **Fast turnaround time:** For returned items, Canada Post will append the new address to the file. Vallée stated, "We import the file and update our member lists. A process that used to take weeks is now completed in six to seven days."



Friends of Canadian Wildlife
Federation mailing

The Bottom Line

For companies and non-profits that maintain street addresses, keeping accurate, up-to-date address data for contacts has always been a concern. With the importance of direct mail for customer communications as well as the costs associated with mailings, it is becoming more and more important for organizations to reduce returned mailings and improve the effectiveness of their mailing lists.

“SmartFlow Recover Services freed up more than \$100,000 for programs, education, and communications for our members and the kids in Canada.”

The Canada Post’s *SmartFlow* Recover Services have delivered immediate results for the Canadian Wildlife Federation by improving communication with customers and reducing returned mail costs. Vallée summed it up best when he concluded, “*SmartFlow* Recover Services freed up more than \$100,000 for programs, education, and communications for our members and the kids in Canada.”



Supporter retention mailing

About Canada Post

Canada Post is a world-leading provider of physical and electronic delivery systems, creating value for customers, employees and all Canadians. Canada Post's *SmartFlow* Document Management Services is an advanced suite of services that helps you effectively manage your business processes and your customer communications more efficiently – improving document workflow, delivery, returned mail management, customer response time and transaction cycle time. Ultimately, they take the worry out of complexity, lower your cost of ownership and risk, and help you optimize resources so you can focus on your core competencies – building your business and delighting your customers.

Choose from a range of services that can be tailored to your diverse business needs.



SmartFlow Document Management Services: Through automated workflow technologies, we provide enterprise content management solutions providing efficient ways to minimize paper handling and significantly reduce long-term costs associated with capturing, managing, storing, distributing, retrieving and securing files.



SmartFlow Send: Manages and delivers your company's communications through the channel of your customers' choice – via physical mail, courier, *epost™*, email or fax.



SmartFlow Recover: Collects, scans and digitally reports your undeliverable mail, so that your company can identify incorrect address information for future mailings. And it delivers improved cash flow when applied to undelivered bills and invoices.



SmartFlow Respond: Manages customer response information, fulfills orders and responds to requests quickly.