

Year-to-Date Direct Mail Performance Analysis

2008/2009

Overview

This summarizes the 2009 direct mail prospecting and house file activity for 31 of Cornerstone's Clients.

Key Findings

1. 2009 prospecting was severely curtailed. However, both response rates and per donor revenue exceeded 2008 levels. This seems to suggest that more aggressive prospecting could have been undertaken.
2. House File mailings were less constrained, which turned out to be a good thing - response rates and per donor revenue results were also higher than 2008 levels. However, less prospecting in 2009 will result in smaller House Files in 2010. This will likely negatively impact 2010 gross revenue.

Year-to-Date Campaign Results

Overall, our Clients mailed 12% fewer solicitations in 2009 than they did in 2008.

25% fewer prospects were mailed in 2009. Particularly troubling was a 30% decrease in year-over-year 4th quarter mailings – traditionally the best time to seek out new donors.

Although the decline in mailing volumes was most dramatic for prospect mailings, our Clients also mailed 3% fewer house donors. They mailed 13% fewer donors in the first quarter but by the 4th quarter they had reversed this trend, mailing 5% more donors than they did in the same time period in 2008.

Reductions in prospect and House File mailing volumes, somewhat offset by higher responses and per donor revenue, resulted in an overall 4.6% decline in donation revenue earned in 2009.

It will be interesting to monitor 2010 response rates and per donation revenue versus mail volumes. If volumes stay at 2009 levels and results are maintained are we seeing the results of better and more efficient targeting or are we seeing the results of less competition in the marketplace? If the latter, it appears that those of our Clients who maintain or even increase their mailing levels will benefit.

2009 Prospect and House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	37,136,747	1,862,076	\$ 69,526,339	5.01%	\$ 37.34	\$ 1.87
2009	32,544,573	1,726,635	\$ 66,301,518	5.31%	\$ 38.40	\$ 2.04
% Change	-12.37%	-7.27%	-4.64%	5.81%	2.84%	8.82%

Prospect - Campaign Results

Our Clients severely cut back on their new donor acquisition activity in 2009. While response rates and per donor revenue justified this decision in the 1st quarter of 2009, higher year-over-year response rate and revenue per donor results in all other quarters suggest that our Clients may have left significant money on the table in these periods, especially considering the potential new donors they forewent are now not available for House File mailings in 2010.

1st Quarter Prospect Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	4,179,412	112,575	\$ 3,022,464	2.69%	\$ 26.85	\$ 0.72
2009	3,176,233	68,653	\$ 1,816,828	2.16%	\$ 26.46	\$ 0.57
% Change	-24.00%	-39.02%	-39.89%	-19.75%	-1.43%	-20.90%

2nd Quarter Prospect Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	2,045,599	49,316	\$ 1,416,363	2.41%	\$ 28.72	\$ 0.69
2009	1,407,203	35,486	\$ 1,136,433	2.52%	\$ 32.02	\$ 0.81
% Change	-31.21%	-28.04%	-19.76%	4.60%	11.51%	16.64%

3rd Quarter Prospect Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	4,683,444	102,306	\$ 2,789,470	2.18%	\$ 27.27	\$ 0.60
2009	3,879,671	93,666	\$ 2,742,466	2.41%	\$ 29.28	\$ 0.71
% Change	-17.16%	-8.45%	-1.69%	10.52%	7.38%	18.68%

4th Quarter Prospect Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	4,953,951	107,959	\$ 2,882,530	2.18%	\$ 26.70	\$ 0.58
2009	3,443,995	100,989	\$ 2,836,325	2.93%	\$ 28.09	\$ 0.82
% Change	-30.48%	-6.46%	-1.60%	34.56%	5.19%	41.54%

2009 Prospect Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	15,862,406	372,156	\$ 10,110,827	2.35%	\$ 27.17	\$ 0.64
2009	11,907,102	298,794	\$ 8,532,052	2.51%	\$ 28.55	\$ 0.72
% Change	-24.94%	-19.71%	-15.61%	6.96%	5.10%	12.42%

House - Campaign Details

While our Clients dramatically reduced their house mailing quantities in the 1st quarter of 2009, during the rest of the year they increased their quantities such that by year end they had mailed only 3% fewer names. This was a good decision - response rates as well as revenue per donor increased over 2008 levels.

1st Quarter House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	6,638,902	528,571	\$ 20,590,292	7.96%	\$ 38.95	\$ 3.10
2009	5,782,652	440,994	\$ 17,780,377	7.63%	\$ 40.32	\$ 3.07
% Change	-12.90%	-16.57%	-13.65%	-4.21%	3.50%	-0.86%

2nd Quarter House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	4,978,464	310,440	\$ 12,263,213	6.24%	\$ 39.50	\$ 2.46
2009	4,945,888	314,150	\$ 12,282,251	6.35%	\$ 39.10	\$ 2.48
% Change	-0.65%	1.20%	0.16%	1.86%	-1.03%	0.81%

3rd Quarter House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	4,641,705	325,486	\$ 12,342,405	7.01%	\$ 37.92	\$ 2.66
2009	4,645,985	331,499	\$ 12,714,157	7.14%	\$ 38.35	\$ 2.74
% Change	0.09%	1.85%	3.01%	1.75%	1.14%	2.92%

4th Quarter House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	5,015,270	325,423	\$ 14,219,602	6.49%	\$ 43.70	\$ 2.84
2009	5,262,946	341,198	\$ 14,992,681	6.48%	\$ 43.94	\$ 2.85
% Change	4.94%	4.85%	5.44%	-0.09%	0.56%	0.47%

2009 House Mailings (Results Through January 31, 2010)						
Year	Mailed	Responders	OTG Revenue	Response Rate	Revenue per Responder	Revenue Per Mail Piece
2008	21,274,341	1,489,920	\$ 59,415,512	7.00%	\$ 39.88	\$ 2.79
2009	20,637,471	1,427,841	\$ 57,769,466	6.92%	\$ 40.46	\$ 2.80
% Change	-2.99%	-4.17%	-2.77%	-1.21%	1.46%	0.23%

Looking Forward

Our analysis does not take into account the increased costs of mailing that most of our Clients have experienced over the past few years. This may be another reason they reduced their mail volumes. However, given economies of scale enjoyed for larger mailings, these reductions only serve to increase per donation costs. This reality coupled with the fact that ordinary Canadians clearly continue to give leads us to recommend that our Clients prospect more aggressively in 2010. At the very least they will be able to replenish their House Files – one of the most lucrative sources of ongoing donation revenue available to them.

We look forward to reporting on 2010's 1st quarter mailing activity, sometime in early May.

If you are one of the Clients who participated in the study, an analysis of your individual mail program is available. To obtain your specific comparative report please contact your Account Representative.

Thank you for your continued support of Cornerstone.

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