

Mark Collyns
Fundraising & Marketing Director
Habitat for Humanity Great Britain
46 West Bar Street
Banbury
OX16 9RZ

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Dear Mark

In the following letter and attached documents I have tried to answer the four requirements outlined in your briefing document:

- The experience your agency has in this area
- The type of clients you have worked with.
- The industry specific research and results you can use to inform the plan.
- The manner in which you would work with us, including key staff.

I have decided to start with who our clients are and then follow with how we use our industry knowledge and experience to create robust insight and data driven campaigns.

Over the last thirty years DMS has worked with a number of charities including the YMCA, The Children's Society and Arthritis Research Care but currently we are working with the following clients:

- The Association of International Cancer Research
- IFAW
- SPANA
- Cats Protection
- Wood Green, The Animals Charity
- Bread and Water for Africa UK
- Send a Cow
- Concern Worldwide
- Sightsavers
- The Wildlife Trusts
- CAFOD
- Y Care International
- Ethiopiaid
- Macmillan Cancer Support
- Home Farm Trust
- Merlin

This work ranges from strategic planning to acquisition strategy; virtual gifts and legacies. However, for thirteen of our current clients we are working on acquisition projects using a variety of media channels from online to DRTV; door drop to inserts.

For each of these projects strategic planning and channel (media) planning is the most important starting point. In our 'how we work document' I will describe our approach to strategic planning but firstly I want to focus on how we ensure we create a robust and measureable acquisition strategy for each of our clients.

Media and Channel Planning

We strongly believe in, and practice a rigorous approach to media and channel planning which incorporates 5 key facets:

1. **Profiling** to understand the audience – lifestyle, demographics, behaviours and motivations
2. **Client results analysis** to understand what has and has not worked previously, and crucially the reasons why
3. **Benchmarking** of previous results for other relevant clients at the list level
4. Working with **creative** to understand and join up with the planned approach / treatment.
5. 30+ years **experience** of media planning and buying

Profiling

We would carry out further profile analysis in order to paint a truer picture of responders and look to model these out with a supplier such as Acxiom.

Ideally, as cold recruited volumes grow a model would be built just on these so as to create an accurate reflection of cold recruited donors.

The selections available from a lifestyle supplier such as Acxiom, means we can really drill down the targeting. We can model the existing donors out and add post selections to the model such as 'age', 'multiple charity support' or certain 'regions' for example to further refine targeting.

This profiling and modelling approach can also be used for door drop targeting and will inform other channels such as inserts where profiling will help tailor media choice and geographical targeting can be used to focus inserts at the region level.

Results Analysis

By looking at previous results, we can really inform future media planning. We ensure testing is robust and results readable before drawing conclusions. We are also always mindful that statistics can be misleading.....for example.....

Using just one KPI may not provide a true picture of future forecast performance as with small volumes having been mailed previously, selecting just on response rate for example may actually bring the overall campaign performance down as a high response rate may be coupled with a lower average gift, or it may be a higher cost list for example.

For many campaigns we have the dual objectives of raising income AND cost efficient donor recruitment. However, these are measured by conflicting KPI's:

- ROI = income efficiency
- Cost per new mailable donor = recruitment efficiency

Although ROI should be the primary KPI consideration (truest measure of marketing performance), we frequently create a 'KPI index' in the following way:

ROI x Cost per New Mailable Donor per £1,000 spend

Using this KPI index, it is possible to establish the ideal roll out media to be used in the subsequent campaign.

Benchmarking Tools

As a result of our dedicated focus on fundraising, we collect and consolidate response data from all of our clients' activity. This gives us a reliable indicator of performance across the sector, and the ability to delve into detail by type of organisation, type of appeal, even by seasonality.

With clients specialising across the spectrum of overseas development, medical research, animal welfare, and disability and with campaign experience in direct mail, DRTV, inserts, press, door drop, outdoor, and digital, this gives us a broad basis from which to give robust advice on the performance of your existing campaigns. It also gives us the confidence to make predictions about the impact of changes to your programmes, and also where appropriate to propose 'risk and reward' arrangements where we can reduce the up-front risk for a client in return for some form of bonus for success.

Alongside our tool RDA Media (our preferred list buyer) manages an in-depth benchmarking tool containing client results anonymised, but updated frequently with results dating from 2007 onwards. The tool enables us to make recommendations backed up by in-depth knowledge of the list, insert and wider channel performance over time and for a range of clients and sectors but most importantly, by specific mechanic, such as cause vs. raffle for example.

The study contains data from 7 large charities (anonymous for the purposes of client confidentiality), but all engage in regular and significant volume acquisition activity. The 7 clients operate in 3 top line charity sectors and this can be further subdivided into 5 operational sectors.

Media Buying Experience

We have decades of combined media planning and data driven marketing experience. The team at RDA Media has worked at three of the top five brokerages in the UK and has client and agency side experience gained planning for predominantly charity organisations.

Planning is at the heart of everything we do. Good buying is borne out of excellent planning. We integrate ourselves with you as a seamless extension to your team team, delivering clear and concise proposals with full rationale and recommendations.

Financial projection tool

DMS has a financial projection tool that would be a huge aid to creating your Strategic Implementation Plan. I have detailed how this works below, but if you would like to talk to an existing client about this product please feel free to contact Philippa Ireland, Director of Fundraising at SPANA on 0207 831 3999. She would be very happy to discuss their use of the model and how we use it for planning purposes.

The Financial projection tool enables fundraisers to better understand the financial implications of both strategic and tactical fundraising activity.

The focus of the tool is the ability to combine financial forecasting with 'everyday' communication planning – allowing the user to quickly and easily evaluate multiple 'what if' scenarios.

It was first conceived to help our clients understand the size of their long term fundraising gap, by which we mean answering the question *'If I carry on with my existing activity how far short of my five year financial objectives will I be?'* By adding 'various functionality' we also helped answer the secondary question *'what do I need to do better to reach those objectives?'*

Built with Excel it requires no specific data knowledge, such as SPSS, allowing multiple users in the organisation to gain maximum value from it. The tool is not designed to receive live data feeds nor does it act as a CRM selection tool as it doesn't rely upon actual data records. Rather it is designed to complement data platforms such as Raiser's Edge, Care & Visual Alms.

Focused upon individual giving, the tool is designed to answer questions such as:

- *What's the long term effect of switching to recruiting on CG rather than cash?*
- *When will I see the return on extra investment in recruitment activity?*
- *What's the effect of raising the average donation value by various amounts?*
- *What's the financial benefit of reducing attrition?*
- *What happens if I reduce my warm campaign selections?*
- *Which provides more in the long term – getting higher gift aid penetration or a cash appeal?*
- *What's the effect of adding more reminders?*
- *What's the overall effect if warm appeals perform 5% better year on year?*

Many charities face the task of balancing the need for gross income with profitability (ROI). Because the tool enables users to easily define the selection criteria for each campaign over a five year period, it is ideally placed to help the client establish the optimum selection criteria to deliver the right balance.

Key inputs

The tool requires four sets of information to be added – and the more accurate the data variables inputted the more accurate the prediction. In the absence of data specific to the charity we typically use assumptions based on our specialist sector knowledge.

The four sets of information are:

1. Segment definitions

This includes defining the way in which you wish to segment the supporter file. This is a 'fixed' definition i.e. once initially coded there is minimal opportunity to re-segment without incurring cost.

2. Communication plan

This outlines any proposed communication plan for each segment. This is a flexible definition allowing unlimited opportunities to explore the optimum programme. It's been set up to enable you to align any activity in any calendar month, thereby allowing you to explore

the potential of campaign frequency. The communication offers a range of different activities to be chosen from, such as cash asks, newsletters, conversion, upgrade, raffle, reactivation etc.

3. Path migration

This describes the behaviour path a supporter will take should they respond / not respond to a communication described in the communication plan. This is a 'fixed' definition i.e. once initially coded there is minimal opportunity to redefine migration.

4. Performance variables

This sets the expected behaviour of each segment, for each communication in the communication plan. These are flexible variables meaning you can change expected performance levels by segment to gauge the financial implication. In addition to the performance of each communication we add a cost per name figure. For all of the variables there is the provision to make assumptions regarding changes over time, such as 'what if costs increase 5% per year', or 'what if attrition falls by 8% year on year'. These functions enable you to better understand which improvements offer the greatest long term benefit thereby helping you to prioritise where to allocate limited resources.

Variables

- Five year activity plan with additional five year income trial
- One central control & input sheet
- Recruitment
 - Multiple recruitment channels
 - Ability to define relevant performance levels
 - Ability to define monthly activity volumes
 - Ability to define fixed and variables costs
 - Ability to build in seasonal weighting
 - Ability to set yearly improvements
 - Ability to define 'Cash only', 'CG only' and combination of both
 - Month on month 'rolling' attrition
- Supporter development
 - Segmented by giving relationship
 - Segmented by recency and value bands (adapted to your definitions)
 - Regular giving segments include value bands and tenure bands
 - Includes 'Freshers' segment and 'active promoted' segment to maximise evaluation of 'give again' rates

- Developed to enable 'flow' rather than 'static' segment migration
- Ability to set different performance levels for various 'asks' (cash / convert / upgrade / raffle / soft ask/ etc.)
- Ability to set different quantities of financial request for different segments
- Ability to set different combinations of types of request for different segments
- Ability to move campaigns within calendar year
- Ability to include a specific percentage of any segment
- Ability to weight seasonal performance
- Ability to define five year attrition by segment
- Ability to assume performance uplift or decline over time
- Ability to assume cost increases / decreases over time

Reporting

- Sixty month report by segment
- Five year overview report
- Separate 'external cost' cost line (ideal for agency costs)
- Ability to build in external cost percentage increase year on year
- Built in function to 'publish' results (create a record of output against variables)

As previously mentioned the tool is as accurate as the information added. However we're very aware that sometimes decisions taken for the first time, however well informed, can be unreliable. The tool offers a very easy way to work through a spread of performance variables thereby enabling you to understand the minimum success rate required to allow you to reach your target.

As an example you may wish to set an acquisition response rate of 0.3% to recruit committed givers via direct mail. This figure, combined with the defined warm programme will project gross and net incomes over the five year period. However the tool can also immediately inform you of the five year effect should the CG response rate actually be 0.1% or 0.6%.

To build a model it is best if we can get under the skin of your data. The details of your donors, the campaigns they responded to, the donations they have made – are at the heart of your organisation. By understanding the data, we begin to understand your organisation, and it's potential. Using the data well will help us to grow your income, and find new donors.

There are two streams of work that we routinely consider for every client alongside benchmarking and results analysis.

Exploration and refinement

As we start to work with a new client, we deploy our rigorous approach to interrogating your data, and to maximising its value, in the following sequence:

- Segmentation

Understand the existing segmentation, how and it was derived, how it is calculated and refreshed, any constraints.

- At earliest opportunity we do an RFV.

Recency Frequency Value analysis (RFV) uses the most common differentiators of response rates to identify key donor segments. RFV may form the basis of segmentation, or work alongside segmentation as a secondary targeting method. It is usually a very effective targeting tool, and can be implemented with ease and at speed on almost any donor database.

Immediate benefits are usually:

- more efficient selection criteria for donor mailings (for example by identifying the really important dates in donor history – it may be that a donation in the last *eight* months is as valid an indication of likelihood to respond as the date being used in your existing segmentation)
- updated definition of 'lapsed' donors (how far back in the donor file can we find valuable donors who will continue to give)
- reframing our understanding of the core donor mailing audience – very often this results in a smaller mailing file generating the same amount of donations

Requirement: extract from the donor database including details of campaigns, responses and donations, for a minimum of three years, ideally five.

Timing: two weeks from supply of data

- Prompt strategy

We interrogate campaign history to understand historic approaches to prompts, and then map donor responses to prompts to establish the characteristic behaviour of your donors. We use these learnings to construct a carefully planned series of tests to use variable prompts to uplift the overall donation values: we continue the analysis to ensure that any uplift is persistent; and we flex the programme to be sensitive to the behaviours of different donor segments.

- Second gift

We want to look at the presence and effectiveness of a 'welcome' or 'second gift' programme, on the assumption that there are likely to be distinct portions of the donor base who have only given once, and that someone who has given twice is much more likely to keep giving.

- Lapsed donors and reactivation

Examine your definition of lapsed, and compare this to actual behaviours. Review reactivation programme and (re-)test in light of learning's from RFV

- Data KPIs

Institute regular reporting on key aspects of database, such as population, response rates and values of key segments, changes over time

- Use of geo-demographic or other profiles in acquisition
- Development of ROI measures

This could be at donor level, or channel, or both. Primary advantage is in the planning of acquisition (e.g. by looking at ROI by acquisition list / insert) or differentiation of supporter journey

Advanced analytics

We have worked with some of our clients for many years. We are fortunate to have learned a great deal about their donors and their behaviour, and to have had some success in using data to drive continuous improvement through these long-running programmes.

As databases grow, and as our programmes diversify and enrich to reflect the differing needs of a closely segmented base, so our need for rapid, actionable insight increases, and yet becomes more complex. In recognition of this, we have recently created a strategic alliance with one of direct marketing's leading data analytics companies, Metametrics. Together we are developing sophisticated analytical approaches that keep our programmes focused and effective, and making powerful data insight readily available and comprehensible to fundraisers. We call it creativity powered by data. And it works.

How we work and our experience in fundraising

In the two supporting documents I have outlined how we work from planning to creative execution and also I have shown some case studies primarily focused on acquisition and integration but I have also tried to show the breadth of our work both on and offline.

I really do hope that we will get the opportunity to meet with your team and explore how DMS would approach being a strategic partner and how we could reassure you that we are the agency to help you fulfil your growth objectives over the coming years.

Obviously I would say that so below I have included three testimonials from existing clients, Norman and Philippa would also be happy to do telephone calls with you.

I hope to hear from you soon.

Kind regards



Marie Newcombe
Client Partner and Financial Director

Recommendations for the provision of similar services.

Norman Barrett
Chief Executive
Association for International Cancer Research
Madras House, South Street
St Andrews. Fife, KY16 9EH
email norman.barrett@aicr.org.uk
web www.aicr.org.uk
Tel: 01334 477910

DMS have been the strategic and creative partner of AICR for over twenty seven years.

In that time they have taken our fundraising programme from it's infancy to a highly developed communication strategy that generates millions of pounds for cancer research around the world.

One of the most important factors in the successful relationship is the team's ability to quickly respond to our needs. They work closely with us and are seen as an integral part of our own fundraising department, collaboration is something that happens instinctively.

Whilst we need an agency that is able to look at the wider aspects of fundraising, the economic environment, the social factors that impact on the donors behaviour it is crucial to us to have a team that fully understand what it is that AICR stands for and are able to translate this into successful fundraising activities.

We have appreciated the focus on retention and stewardship over the last three years, ensuring we communicate with supporters in the way they want to be spoken to, from segmentation of data to the tailoring of creative we have an intelligent programme that allows us to respond to donors in a relevant manner.

Our creative has developed significantly over the last twelve months, with less of a focus on technique led direct response marketing and a much greater focus on the cause and the need to involve and engage the donor in the scientific work we fund.

I can be contacted on 01334 477910 if you would like to discuss our relationship with DMS further.

Adrian Batt
International Fund for Animal Welfare
290 Summer Street
Yarmouth Port
MA 02675-1734
USA

IFAW first started working with DMS in 1989, and has remained with them continuously since then.

Any agency that can retain a client for 22 years has to have something special to offer, and DMS has consistently demonstrated that they have the 'X Factor'!

But retention is not just built on relationships – results are all important to IFAW and DMS has always demonstrated the ability to generate the performance we take for granted, and other organizations can only envy.

Regards,

Adrian Batt | Creative Director

Direct Line: (001) 508 744 2043
Cell phone: (001) 508 648 7723

Philippa Ireland
Director of Fundraising
SPANNA
14 John Street
London
WC1N 2EB
0207 831 3999

It is so good to have an agency that as well as being extremely creative involves us in planning and listens what we and our supporters say!

They treat our supporters with respect and take every opportunity to be involved with all of us.

We are thrilled with our new identity, our new campaign and our integrated media plan which will be launched this autumn.

They are knowledgeable and professional without being stuffy which really helps when there is so much to do.