

Direct Marketing Saves Sight!

Sight Savers International's Direct Marketing Based Growth Strategy

Synopsis

In 1997, Sight Savers International adopted a strategy to grow the charity through a major expansion of its individual supporter base. The strategy proved a great success, with all targets substantially exceeded.

In two years, between 1997 and 1999, direct marketing income increased by **64%**.

The number of active individual donors increased by **52%**. The number of donors giving through regular means such as bankers orders, Deeds of Covenant or direct debits ("committed givers"), grew by no less than **175%**.

Direct marketing income, which was already a substantial proportion (41%) of the charity's income prior to the approval of the growth strategy, grew to over 50% of income and the expansion of direct marketing was the primary factor in the growth of Sight Savers' overall income from £9.2 million to £12.2 million in this period.

This income growth was achieved, moreover, alongside an improved return on investment. In 1997, Sight Savers spent net £7.46 recruiting each new individual supporter. By 1999, the charity was making a *profit* of £5.70 per new supporter, of whom 40,000 were recruited against 15,000 in 1997.

A charity, however, does not measure its effectiveness in financial terms. The additional income raised has allowed Sight Savers to double the number of cataract operations it performs. Over 100,000 additional people each year have had their sight restored as a direct result of the growth of direct marketing income.

There was no one single factor which accounted for the success of the growth strategy. It was the result of a combination of changes made by Sight Savers' Direct Marketing department during this period, including:

- a. Clear and measurable targets
- b. Faster and more accurate campaign analysis
- c. Investment in recruitment based on lifetime value analysis
- d. Focus on committed giving
- e. Development of new methods of donor recruitment
- f. Development of new creative executions
- g. Achievement of production efficiencies
- h. Donation processing enhancements

1. **Background**

Sight Savers International is the major UK charity fighting blindness in the developing world. 80% of global blindness is either preventable or curable, in most cases at very low cost. In 50 years, Sight Savers has restored the sight of over 4 million people and treated over 45 million people at risk of going blind.

Sight Savers grew rapidly in the late 1980s and early 1990s, partly on the back of two appeals by the BBC children's programme "Blue Peter". However, the mid 1990s were a time of stagnation and real terms decline. Income, which had reached £8 million in 1990, was still at that level in 1996.

Sight Savers' income was dominated by donations from individuals and by legacies. Most individual income (£3.4 million in 1996, 42% of the charity's total income) was generated by direct marketing techniques, predominantly direct mail. Sight Savers had been an early pioneer of charity direct mail and press advertising in the early 1970s and had established a sizeable database of 76,000 active donors by 1996.

The reliance on direct marketing had been seen by the charity in the mid 1990s as representing a source of potential weakness. There was increasing competition for donations with the larger, household name charities investing heavily in direct mail and advertising. A number of attempts had been made to expand the organisation's fundraising base. These included; establishing a network of voluntary groups, developing fundraising from companies and developing trading opportunities. None

proved successful. However, modest investment in donor recruitment activity in 1996 and 1997 through direct mail, door drops and radio and press advertising did show promising results. As a consequence, in 1997, Sight Savers' Trustees decided that the growth of the organisation in the next Three Year Plan (1998-2000) would be based on investment in the development of the individual supporter base.

2. **Targets**

The plan set by Sight Savers' Trustees was based on ambitious, indeed unprecedented, growth in direct marketing. The following targets were set for direct marketing income and supporter base growth for achievement by the end of 1999.

Income

1997 Actual	1998 Plan	1999 Plan
£3.7M	£4.5M	£5.7M
<i>% Increase</i>	22%	27%

Active individual donors

End 1997 Actual	End 1998 Plan	End 1999 Plan
82,041	96,000	110,000
<i>% Increase</i>	<i>17%</i>	<i>15%</i>

Active committed supporters (supporters giving through regular giving methods)

End 1997 Actual	End 1998 Plan	End 1999 Plan
14,500	18,000	21,000
<i>% Increase</i>	<i>24%</i>	<i>17%</i>

To achieve these growth targets an increase in direct marketing expenditure was agreed from £1.5 million in 1997 to £2.0 million in 1998. This would be spent on new donor recruitment.

The recruitment of new donors is an expensive activity for any charity and it commonly operates at a loss in the first year. In 1997, a net loss of £7.46 had been made on each new recruit during that year, which was considered acceptable. This was established as the target to be maintained during the following three years.

There was considerable debate about the levels of growth involved in these plans. In 1997 direct marketing income and the active supporter base had increased but at relatively modest levels:

Income increase	Donor base increase	Live commitments increase
8%	8%	-4%

3. Direct Marketing activities 1997

Sight Savers' direct marketing activities were divided into two main areas;

Recruitment of new donors

Development of existing donors

3.1 Donor recruitment

In 1997, Sight Savers recruited 15,000 new supporters using the following methods:

Cold direct mail (rented lists)

Cold direct mail (reciprocal lists)

Press advertising

Radio advertising

TV advertising

Press inserts

Door drops

The range of methods used was wider than that employed by most fundraising charities. This was a deliberate strategy, aiming to avoid dependence on any one

recruitment source. A range of creative executions was deployed. The most successful creative was “Blinking Hell:”, a press advert which had also been developed into a press insert and door drop.

Sight Savers had a very clear proposition (one of the strongest in the charity sector), that a gift of a small sum would prevent and cure the blindness of an individual. All recruitment methods thus asked for a one off gift, most commonly of 15, which would save or restore sight.

3.2 Donor development

Donor development consisted both of encouraging donors to give again through subsequent direct mail appeals and to convert to committed giving. Wherever possible donors were encouraged to make their gifts tax effective. In 1997, telemarketing had been successfully introduced to encourage cash donors to take out committed gifts.

4. **Improvements Identified**

An analysis was undertaken of Sight Savers' direct marketing fundraising activities at the start of 1998. It was clear from this that a sound basis for development existed.

There was a very clear, attractive proposition. There were a range of effective creative executions in a number of media for donor recruitment. There was a well established warm donor direct mail programme and recently commenced telemarketing activities looked promising.

Comparing the performance and efficiency of different charities is notoriously difficult. However, the best information available demonstrated that Sight Savers' direct marketing activities were at least comparable with the performance of the industry leaders. This was reflected by the charity's good performance in winning awards such as those of Professional Fundraising and the Direct Marketing Association in 1996.

A number of areas were identified which offered scope for improvement or development:

- a. Faster and more accurate campaign analysis
- b. Investment in recruitment based on lifetime value analysis
- c. Focus on committed giving
- d. Development of new methods of donor recruitment

- e. Development of new creative executions
- f. Achievement of production efficiencies
- g. Donation processing enhancements

Action was taken in all these areas to improve overall direct marketing efficiency.

4.1 **Faster and more accurate campaign analysis**

Before 1998, there had been no in house analytical capacity. A direct marketing agency (Smith Bundy Carlson) was responsible for all campaign analysis and indeed for setting direct marketing strategy and, to a great extent, tactics. This arrangement had the enormous drawback of being *slow*, often a campaign was not analysed in detail until two or three months after it had happened. This meant that decisions about choice of creative executions and targeting were being made on information which could be seriously out of date.

From 1998, Sight Savers bought campaign analysis in house. Changes were made to information systems to make campaign data available more quickly and to make it more accurate.

4.2 Investment in recruitment based on lifetime value analysis

A detailed donor lifetime value model was developed by Sight Savers to inform decisions about investment in new donor recruitment¹. The model demonstrated that the value of a committed donor over 5 years was likely to be over 5 times that of a cash donor.

The model was used to develop a method of judging donor recruitment sources by the lifetime value of the donors produced. This resulted in fundamental changes being made to donor recruitment methods. The majority of donor recruitment methods were converted from a one-off gift ask to a committed gift ask. Those methods which were most effective at producing committed givers, and hence which produced the highest lifetime value, received a corresponding increase in emphasis.

4.3 Focus on committed giving

At the same time as donor recruitment activities were switched towards emphasising the obtaining of committed gifts, the promotion of this form of giving to existing supporters was greatly expanded. A committed gift ask was incorporated into all mailings to existing donors. The major change, however, was to greatly increase the level of outbound telemarketing activity. This was conducted on Sight Savers' behalf by the Personal Fundraising Partnership.

¹ This is described in the spring 2000 edition of "The Journal of Non-profit and Voluntary Sector Marketing".

All telemarketing campaigns focused primarily on obtaining committed gifts and making these tax-effective where possible.. Specific campaigns were developed to welcome new donors, to convert existing cash donors, to upgrade committed givers and to revive lapsed donors. It proved possible to widen the scope of telemarketing to the majority of the existing donor base without significantly impacting the performance of direct mail appeals and telemarketing also proved surprisingly successful at reactivating lapsed donors.

4.4 **New recruitment sources**

Sight Savers continued the policy of widening the donor recruitment mix wherever possible and, with improved campaign analysis capabilities, were able to switch resources dynamically between recruitment methods.

Switching the existing DRTV creative from a one-off ask to a committed ask and improved media buying transformed the economics of TV advertising. A specialist TV media planning and buying agency, Upward Brown Media, was employed to buy TV time. From being nearly the worst recruitment methods in initial return on investment, DRTV became the second best overall on a 5 year basis.

New donor recruitment methods which focused exclusively on obtaining committed givers were introduced, face to face and door to door fundraising. As lifetime value analysis demonstrated the long term return on these activities was likely to exceed even DRTV, investment levels in these methods were increased substantially.

Internet fundraising was also developed with a new fundraising focused website launched in April 1999. By the end of 1999, the internet was beginning to generate significant numbers of new donors with around 1% of new donors were coming from this source. This had grown from zero in 8 months.

4.5 New creative executions

While changing existing creative executions to committed gifts asks significantly improved the return on investment being achieved, the development of new creative executions was also important. A new press advert, insert and door drop creative, “Tweezers” was developed by Smith Bundy Carlson. This easily beat all previous creatives in these media. A new DRTV creative, “the first time” was produced which also beat the strongly performing “nightmare” control.

4.6 Production efficiencies

Much more attention was paid to the mechanics of the production process. Better order planning, better buying and more attention to producing the most economical formats had a surprisingly large impact. Production costs per unit of insert and door drop leaflets were halved, greatly helping the achievement of improved ROI.

4.7 Improved donation processing

The “back end” of the direct marketing process is often somewhat neglected. Much work was put into establishing the most effective organisation of this function in Sight Savers (which was found to be fully integrated with the direct marketing function) and to developing the most efficient workflow. By focusing attention on developing systems for tax effective giving, particularly to cope with the Millennium Gift Aid scheme, introduced in August 1998, the amount of money reclaimed from the Inland Revenue increased by nearly 50%, nearly £200,000 per year in additional, net, income.

5. Results

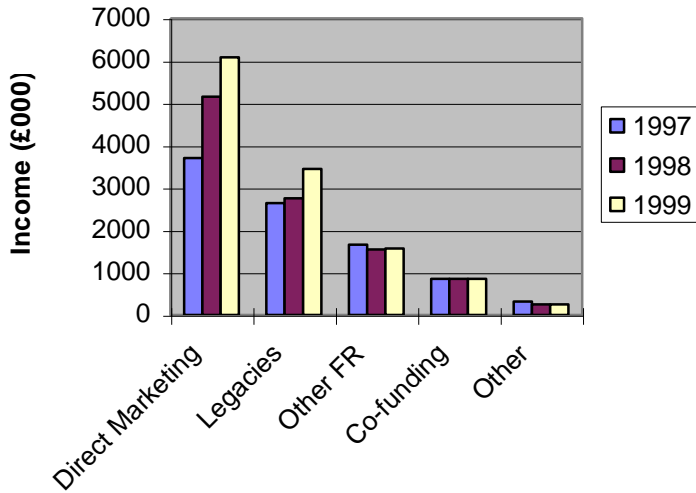
All targets set in the Sight Savers three year plan were substantially exceeded by the end of 1999.

	Actual 1997	Plan to end 1999	Actual to end 1999
DM income	£3.7 M	£5.7 M	£6.08M
<i>Growth over 1997</i>		<i>54%</i>	<i>64%</i>
Live donor base	82,000	110,000	125,000
<i>Growth over 1997</i>		<i>34%</i>	<i>52%</i>
Live commitment base	14,500	21,000	40,000
<i>Growth over 1997</i>		<i>45%</i>	<i>175%</i>

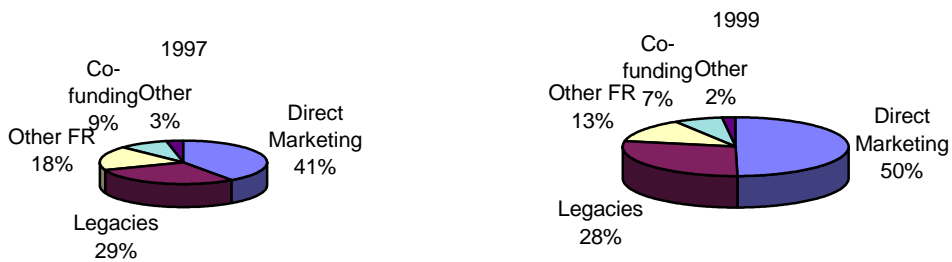
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Sight Savers' Income growth 1997-1999



Direct Marketing share of overall Sight Savers' Income



This income growth was achieved, moreover, alongside an improved return on investment. In 1997, Sight Savers spent net £7.46 recruiting each new individual supporter. By 1999, the charity was making a *profit* of £5.70 per new supporter, of whom 40,000 were recruited against 15,000 in 1997.

All methods of donor recruitment produced an improved return on investment compared to 1997. Some of the improvements were dramatic with the performance of DRTV and press advertising and press inserts being particularly striking.

Of greater long term significance was the development of committed giving. The enormous expansion of this form of giving has major benefits for the charity. Its committed income base, £1.2 million in 1997, had increased to £2.6 million by 1999 and was forecast to reach £4 million by the end of 2000. Thus while committed giving provided only 12% of the organisation's income in 1997, by 2000 this will have reached over 30% in 2000. This secured income allows the charity to plan ahead much more confidently and insulates it against sudden changes in the charity giving environment.

A charity, however, does not measure its effectiveness in financial terms. The additional income raised has allowed Sight Savers to double the number of cataract operations it performs. Over 100,000 additional people each year have had their sight restored as a direct result of the growth in direct marketing income.

6. Conclusions and lessons

The Sight Savers' experience shows how an established charity with an existing and comparatively effective direct marketing fundraising operation can nevertheless make major improvements in its performance through the systematic application of the complete portfolio of direct marketing skills and techniques.

Nothing the charity did was itself revolutionary. However, by conforming to best practice in the full range of its activities, Sight Savers managed to produce industry leading performance.

The case also demonstrates how a perceived weakness, Sight Savers' dependence on direct marketing can be turned into a strength. The charity is now more dependent on direct marketing income than ever before but the shift of focus towards committed giving has made that income base more secure than ever before, allowing Sight Savers to plan confidently for the future.

Notes

1. The following agencies were employed by Sight Savers International

Smith Bundy Carlson (creative development and print media buying)

Upward Brown Media (TV media planning and buying)

Personal Fundraising Partnership (Outbound telemarketing and Face to Face fundraising)

Appendix A

Comparison of Donor Recruitment Results 1997-1999

Based on first year return on investment

	1997	1998	1999
Cold direct mail	0.44	0.53	0.62
Door drops	0.68	0.94	0.92
DRTV	0.55	1.16	1.04
DTD	*	*	1.56
FTF	*	*	1.25
Inserts	0.96	0.87	1.61
Press ads	0.58	1.20	1.21
Radio ads	0.56	0.69	*
Reciprocal Direct mail	1.61	1.71	1.59
TOTAL	0.74	1.00	1.16

Notes

1. Return on investment is based on immediate income (including the 12 month value of committed gifts) divided by all direct costs.
2. Key:
DTD = door to door recruitment
FTF = face to face recruitment
DRTV = Direct Response Television
3. Where there is no figure given, that form of activity did not take place that year

Appendix B

Samples of Direct Marketing Materials

1. Press Insert and Door drop Creative “Tweezers”
2. DRTV advert “The First Time”.
3. Cold and reciprocal mailing pack “Loaves and Fishes”.