Increasing Donor Lifetime Value
Operation Smile is an international medical charity that provides free surgeries for individuals who are born with cleft lip, cleft palate or other facial deformities. Under its previous program, the nonprofit saw an average of only 1.4 subsequent gifts per acknowledgment. It aimed to increase donor lifetime value by securing additional donations through personalized messaging and coupons on acknowledgment packages.

Our Solution
In 2007, Merkle RMG partnered with Operation Smile to support the nonprofit’s “bounce-back” acknowledgement strategy. Operation Smile makes an “ask” with every acknowledgment, which we print and mail within two days of receiving the gift. These are printed on an 8.5” x 14” form with the bottom quarter designed as a tear-off coupon for giving a subsequent gift. Each and every appeal sent to donors has unique text for the acknowledgement, which corresponds to the original appeal text. Every acknowledgement is active for a 6-month period following the release of the appeal. After that 6-month period, gifts to the appeal receive “evergreen” acknowledgement text. With different text, the gratitude is more pointed and genuine, and not repetitive for donors who give frequently to cultivation appeals.

Merkle RMG improved the tracking of reply coupons using a scan line with a unique code on each form. In this way, we’re able to track how many subsequent gifts are given in response to that ask. The coding also drives personalized thank-you letters that uniquely acknowledge these donations as additional gifts.

Results
By leveraging our capabilities for timely, customized response and automated data tracking, Operation Smile successfully increased its donor lifetime value. Since partnering with Merkle RMG, the nonprofit saw a 64 percent increase in subsequent gifts, with an average rate of 2.3 gifts per acknowledgment.

Improving Donor Retention
Another Merkle RMG client is especially committed to improving donor satisfaction to increase retention rates and the average lifetime value of its donors. An area of focus for the organization is reducing attrition rates for first-time donors. With the increasing challenges and costs of acquiring new donors, it’s more important than ever to obtain the second gift that strongly correlates to a higher retention rate.

The Campaign
To help establish a stronger connection with first-time donors, the client launched a “Welcome Series” campaign in May 2016. The campaign specifically targets donors who give between $25 and $199.99.

The client sends an initial welcome letter to simply thank the donor for their gift. One week later, the organization mails a second letter that includes an “ask” for an additional gift along with a reply coupon. A week after that, a third letter is sent with a different message and a request for another donation. The reply coupons include unique source codes that allow the client to track responses. Letters go out on a daily basis to ensure timely acknowledgment and to keep the campaign in constant rotation.

Our Solution
Merkle RMG was uniquely positioned to support our client’s new donor retention program due to our ability to program and manage the timely fulfillment of the letters in the series. Our high-tech/high touch approach allows us to quickly and efficiently print and mail the first personalized acknowledgement, then automatically trigger the printing and mailing of the second and third letters in the welcome series. Part of the personalization of the second and third mailings includes the printing of the source codes on the reply coupons to track the subsequent gifts that are made, and to measure the impact on revenue. Additionally, there are different envelopes with pre-printed teaser copy relating to the key message in each of the three packages.

Results
The campaign has been in effect for only a few months, so more time is needed for long-term insights to emerge. However, these added measures and capabilities are expected to pay significant dividends in improved retention.

Solutions for Any Acknowledgment Strategy
With Merkle RMG, clients get the flexible, personalized, high-tech capabilities they need to be effective in any acknowledgement program. We can deploy our capabilities to suit your specific acknowledgement requirements, giving you the freedom to customize your approach for staying connected to your donors.

What are examples of other unique acknowledgement strategies you’ve seen nonprofits employ to improve donor retention?
Acknowledgement & Premium Inventory Stock Testing

Dear valued client,
In an effort to ensure our clients are getting the best cost for handling of their acknowledgments and/or premium fulfillment packages, RMG performs testing on all inventory components. All inventory components that require personalization, folding or inserting via machine are tested to validate that the inventory meets the required handling specifications. The testing is performed within the first 2 weeks of communication of the project or new components, this allows for any changes of stock to be done if necessary.
RMG would like to receive 50-75 pieces of each inventory component, so that they can be fully tested in the production environment. If an inventory component has not been printed, RMG’s recommendation is to receive sample stock “size/weight” that is being considered for production to test. This allows RMG to provide feedback prior to printing the mass lot of that inventory component. If your stock components have already been printed, RMG will still need to perform testing to ensure the letters will process efficiently and to identify any issues prior to live production allowing you the opportunity to make adjustment to your inventory item(s) to keep your costs down. The testing is performed on all components, even though it might be standard size and weight, such as; letterhead, window envelopes, close face envelopes and all inserts. The testing of the components varies by type of item such as:

- Perforation indent is too deep therefore tears during printing / folding
- Membership card –Is it affixed or part of the letterhead stock
  - If have to print on membership card what is the quality of the print
- Close face envelopes, will these go through the printer / inserter without any issue
- Postcard size
- Inserts—will the machine pick up easily and insert into the mailer envelope without tearing or requiring manual insertion/folding
- Label –will this print on the high-speed printer without jamming as well as print quality.
RMG has printing and fulfillment specifications that can be shared with clients and their vendors, so they will know in advance if their components will meet specifications prior to RMG performing the testing.

If you have any questions, please feel free to contact me at kgrove@merkleinc.com.

Sincerely,
Kent

USPS News
Did you know that RMG tracks the deliverability of our USPS pick up locations by placing seeds in the mail for your organizations? Each month, my team selects clients and we mail from different drop off locations and then track the time it takes to receive the envelopes back at RMG. We not only track first class mail but BRE mail as well. We are compiling months’ worth of data on average deliverability time so we can help our clients make informed decisions about the postal facilities they should be working with. We believe as many of you do that the average length of deliverability absolutely has an effect on the donor experience. We want to get the acknowledgment in the mail as quickly as possible and having this type of data at your fingertips can allow us all to make USPS location decisions much easier and less time consuming than testing different locations. After collecting seventeen months of data, the average deliverability time from mail date to receipt date at RMG for the following USPS locations is below:

- Baltimore MD – 4.0 days
- Brentwood (DC) – 5.0 days
- Merrifield VA – 5.4 days
- Hagerstown MD – 3.31 days
- Greencastle PA – 3.1 days

Merkle RMG Holidays
- Columbus Day- Monday, October 10th
- Thanksgiving Day- Thursday, November 24th
- Christmas Day (observed)- Monday, December 26th
Service Spotlight - Telemarketing Files

While the majority of our nonprofit work arrives through the mail, another increasing stream of records are received from various telemarketing firms. We are currently processing telemarketing files from over 15 different telemarketing companies and have the ability to work with more.

Our credit card team receives files that are posted on sFTP sites by the telemarketing firms. An email is sent to the team from the firm to indicate the file name and record count, which the Merkle team will confirm. They then submit the telemarketing transactions for one time processing or reoccurring payments using the organization’s merchant account. The credit card team will reply to the original telemarketing firm’s email notification with a breakdown of each file detailing the approved and declined transactions.

Financial summary visibility is provided to the organization using our web reporting system and the transactional donor information is included in the daily data upload to the client just as the direct mail pieces are handled.

Speak to your Account Manager about incorporating telemarketing file handling to your Merkle processes.

Best Practice - Year End Processing

End-of-year processing can be a challenge for a non-profit organization and its members. There are multiple concerns to consider when making a plan for how to handle your processing for a calendar year. First, whether your organization is using a calendar year or not for your fiscal year, the calendar year end processing must be included in your business plans. Merkle RMG is looking to standardize the structure of year end processing in an effort to succeed on your behalf. The following will outline best practices surrounding some processing requirements within our organization as it impacts how we approach this busy and critical time:

**Postmarks**- Historically, many organizations have relied heavily on postmarks as a way to indicate donor intent. With these becoming far less common, we can no longer rely on these as an indicator as they are inconsistent at best. To that end, we strongly recommend using check dates to determine what the gift year intent is.

**Pull back timing**- As a rule, we see previous year postmarks for the first 2-3 business days of the month. If possible, it would help processing commitments considerably if you choose to pull back the entire day in lieu of verifying check dates.

**Credit cards** – all credit cards process in the new year will be attributed to the new year. Only credit cards actually charged in 2016 will be credited to 2016.

**Date usage** – The RMG recommendation for dating pulled back donations is 12/25. This date allows your to track year end processing over unique because it is completely unique. This date is never used as an actual cage or process date since RMG is closed, whereas 12/31 could actually be a work day. This always decreased the possibility of error, since the work is not be mixed with a regular cage or process date.

**Data Output** – The data accumulated over the CYE process generally includes several days’ worth of work. RMG suggest that there be one single output at the end of the process to lessen the possibility of duplicated or missed information. Multiple files based on a single date require processing that is outside of daily as well as best practices.

Please understand that these procedures are in place to ensure that all of the teams processing your work have adequate time to be trained and work towards a successful year-end. We thank you in advance for your understanding and cooperation.