



QUARTERLY MAIL PROCESSING REPORT

Q1 2021 | January 1-March 31, 2021



A NOTE FROM AMY

Vice President, Strategy

The nonprofit industry ended 2020 on a high note, and for many sectors, that high continued into the first quarter of 2021. January was “slow” in some sectors but fundraising quickly ramped up in February.

Though we have been living this “new normal” for some time, we all continue to adapt and adjust each day. I am anxious to see how giving trends take shape this year, how nonprofits handle the new donors acquired last year, and how they react to changes in donor behavior. I think 2021 has a lot in store for us, and I am excited to learn and tackle whatever that may be!

Happy Fundraising!

REPORT METHODOLOGY

The organizations included in this report are a subset of Merkle Response Management’s (Merkle RMG) total business to provide the most accurate year-over-year comparison. The nonprofit organizations included in this report are those that were fully onboarded, and mail processed for the full previous calendar year.

This report details mail processing transactions from January 1 through March 31, 2021. Political entities, like party committees, candidate campaigns, and PACs, are not included in this report.

This report shares processed transactions and does not account for changes to business rules, mail dates, mail volumes, or fundraising strategies. The trends reported are directional and not intended to serve as the sole source of information. Any opinions shared are our own and not the views of the organizations included in this report.

REPORT TERMINOLOGY

For this report: **donations** are the number of mail pieces processed with a gift enclosed. **Revenue** refers to the amount of donations processed.



IMPORTANT Q1 2020/2021 EVENTS

The events listed below are major events that likely impacted direct mail fundraising in 2020 and 2021.

- January 2020
Australian Bushfires
- February 2020
President Impeached
- March 2020
COVID-19 Shutdowns + Quarantines
CARES Act Passage

- January 2021
U.S. Capitol Riots
President Impeached for a Second Time
Joe Biden Inauguration
- February 2021
Winter Storm Uri
- March 2021
Worldwide COVID-19 Vaccinations Exceed 500 Million

NONPROFIT PERFORMANCE

RESPONSE VOLUME

RESPONSES

19.2%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

DONATIONS

22.5%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

NON-DONATIONS

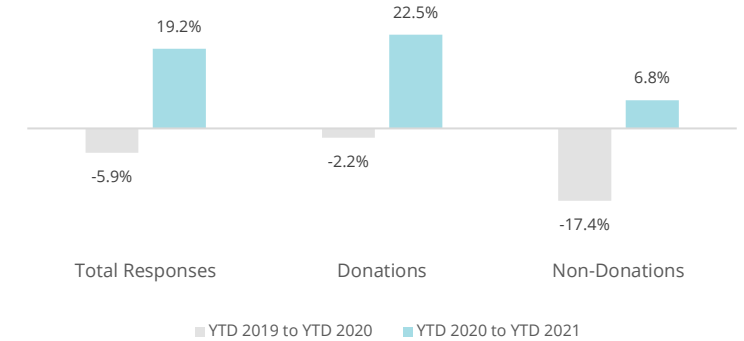
6.7%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

- Year-over-year total response volume climbed throughout Q1. This growth can be primarily attributed to the health (18.8%) and human services (41.6%) sectors.
- The animal welfare (31.1%) and human services (49.9%) sectors had the greatest year-over-year growth in donations during this period.
- Non-Donation volume increased 6.8% from 2020 to 2021; it is still -11.9% less than the volume received in 2019.

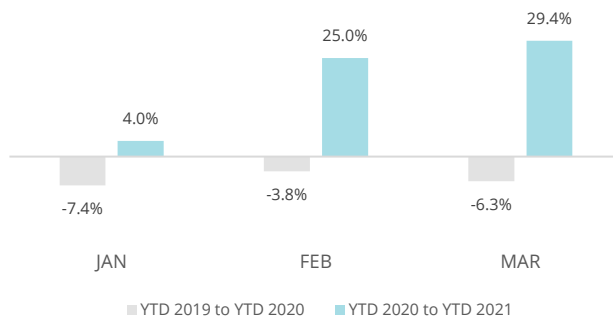
RESPONSE VOLUME | YTD Year-Over-Year Comparison

Compares the year-over-year variance year-to-date



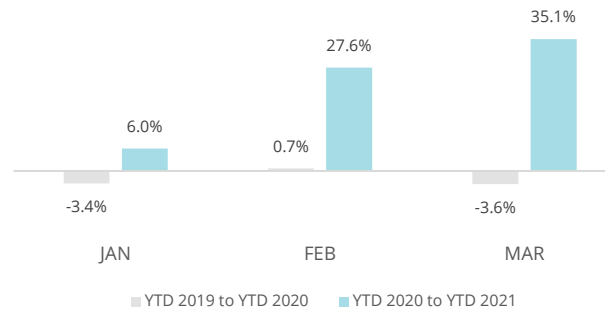
TOTAL RESPONSES | Year-Over-Year Comparison

Compares the year-over-year variance by month



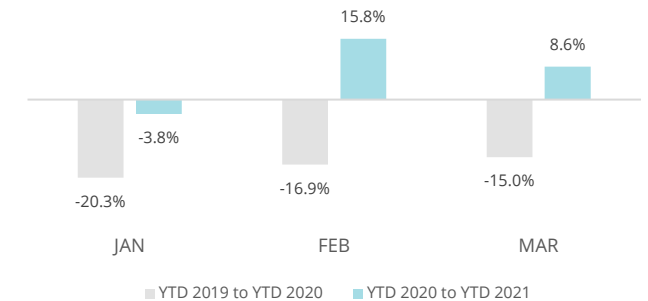
DONATIONS | Year-Over-Year Comparison

Compares the year-over-year variance by month



NON-DONATIONS | Year-Over-Year Comparison

Compares the year-over-year variance by month



DONATION VOLUME

CHECKS

23.5%
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

CREDIT CARD

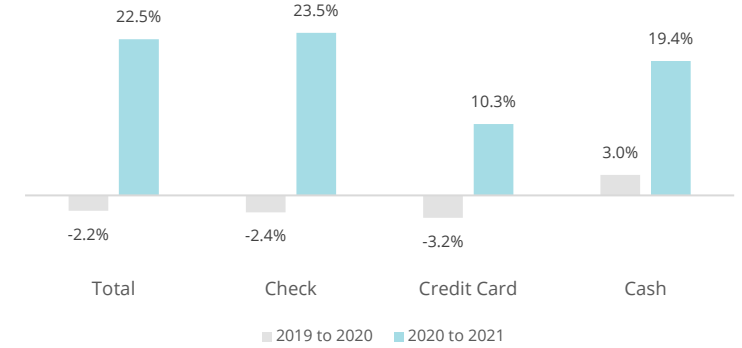
10.3%
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

CASH

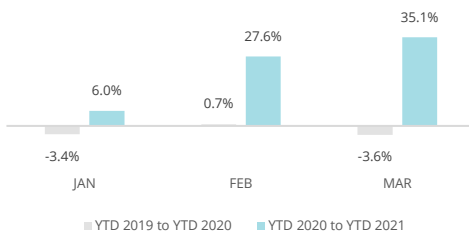
19.4%
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

- Donation volume steadily climbed throughout the quarter. The increase is primarily attributed to check donations. Not as a surprise, check donations account for roughly 90% of the number of donations processed.
- The year-over-year increase in credit card donations was driven by increases in the animal welfare (23.9%) and societal benefit (59.8%) sectors. Unfortunately, demographic information was not available to determine if a “younger” audience segment drove this increase.

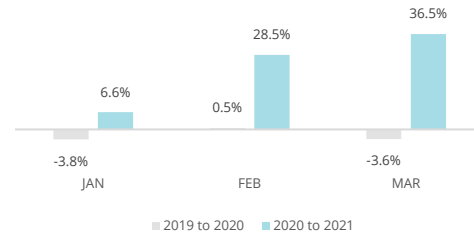
DONATION VOLUME | YTD Year-Over-Year Comparison
Compares the year-over-year variance year-to-date



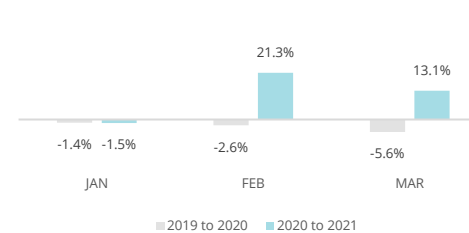
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



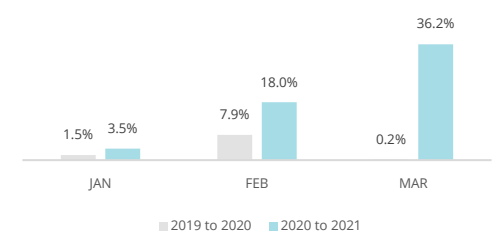
CHECK DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



CREDIT CARD DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



CASH DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE

TOTAL
25.1%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

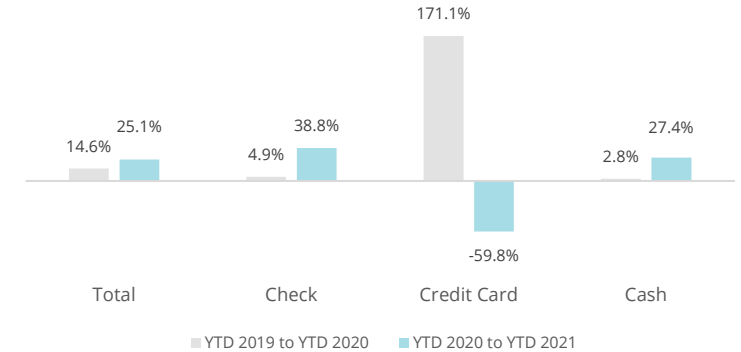
CHECK
38.8%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

CREDIT CARD
-59.9%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

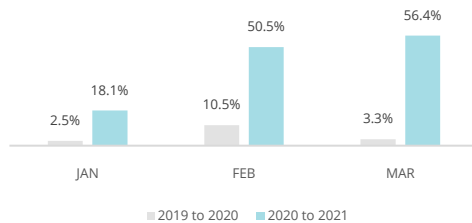
CASH
27.4%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

- Like donations, year-over-year revenue increased in each consecutive month.
- As detailed later in this report, the spike in 2019 to 2020 year-over-year credit card revenue was caused by the international relief sector. Comparing this year to 2019, credit card revenue is 12.0% higher.
- Across all segments, year-over-year revenue is higher in 2021 than the previous year for the period.

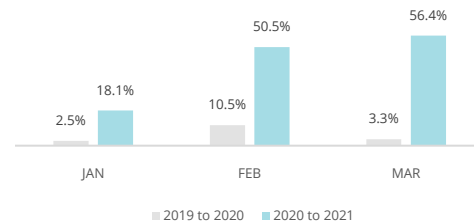
TOTAL REVENUE | YTD Year-Over-Year Comparison
 Compares the year-over-year variance year-to-date



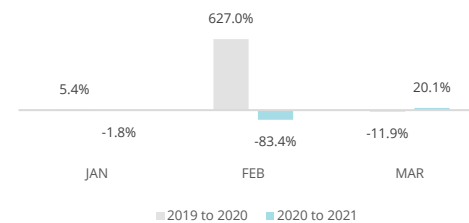
TOTAL REVENUE | Year-Over-Year Comparison
 Compares the year-over-year variance by month



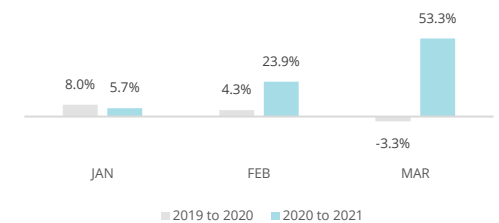
CHECK REVENUE | Year-Over-Year Comparison
 Compares the year-over-year variance by month



CREDIT CARD REVENUE | Year-Over-Year Comparison
 Compares the year-over-year variance by month



CASH REVENUE | Year-Over-Year Comparison
 Compares the year-over-year variance by month



AVERAGE GIFT

TOTAL
2.1%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

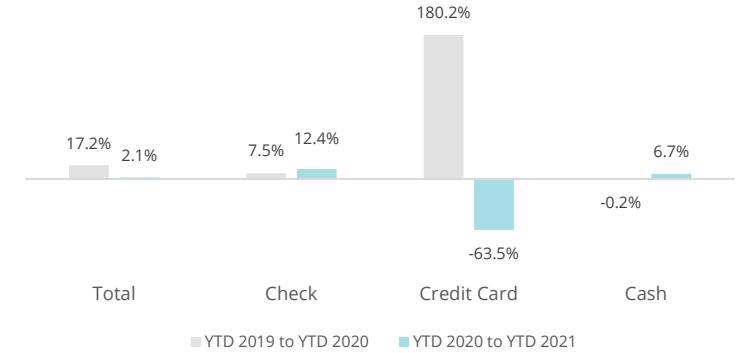
CHECK
12.4%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

CREDIT CARD
-63.5%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

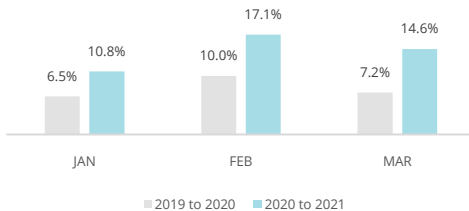
CASH
6.7%
 YEAR-OVER-YEAR INCREASE
 YTD 2020 TO 2021

- The 2019 to 2020 year-over-year jump in the credit card average gift is driven by the international relief sector. This sector experienced incredible growth at the beginning of the pandemic in 2020.
- The 2.1% year-over-year variance is misleading for the reason stated above. If credit cards are removed from the average gift calculation, the average gift increased 12.5% from 2020 to 2021. This year-over-year increase aligns with the average check gift, which it should as check donations comprise 90% of all donations.

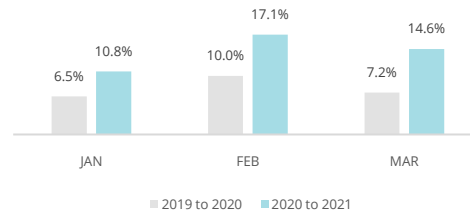
AVERAGE GIFT | YTD Year-Over-Year Comparison
 Compares the year-over-year variance year-to-date



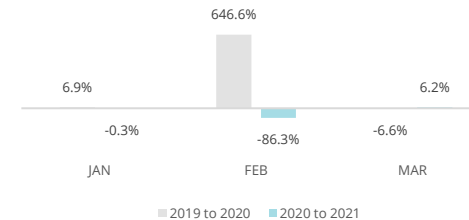
AVERAGE GIFT | Year-Over-Year Comparison
 Compares the year-over-year variance by month



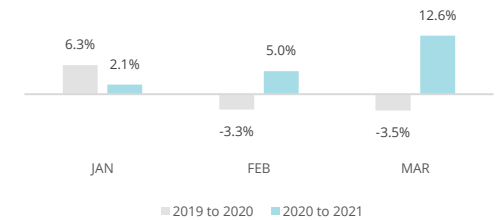
CHECK AVG. GIFT | Year-Over-Year Comparison
 Compares the year-over-year variance by month



CREDIT CARD AVG. GIFT | Year-Over-Year Comparison
 Compares the year-over-year variance by month



CASH AVG. GIFT | Year-Over-Year Comparison
 Compares the year-over-year variance by month



SECTOR PERFORMANCE

ANIMAL WELFARE

DONATIONS

31.1%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

REVENUE

29.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

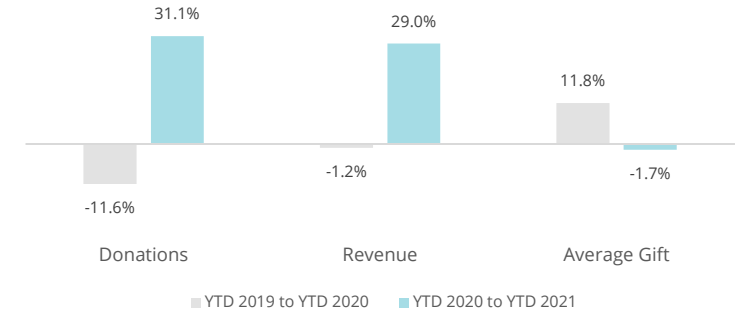
AVG. GIFT

-1.7%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

SECTOR METRICS | YTD Year-Over-Year Comparison

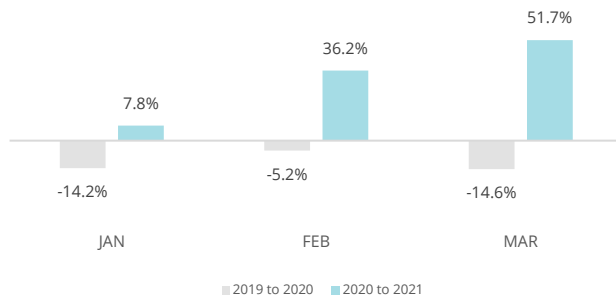
Compares the year-over-year variance year-to-date



- The 29.0% year-over-year increase in revenue was volume-driven, as the sector's average gift dropped nearly 2% in 2021 from 2020.
- It appears that the driver for higher year-over-year revenue changed from the average gift (2019 to 2020) to donations (2020 to 2021).

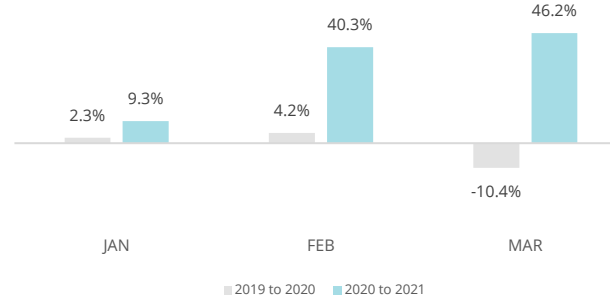
DONATIONS | Year-Over-Year Comparison

Compares the year-over-year variance by month



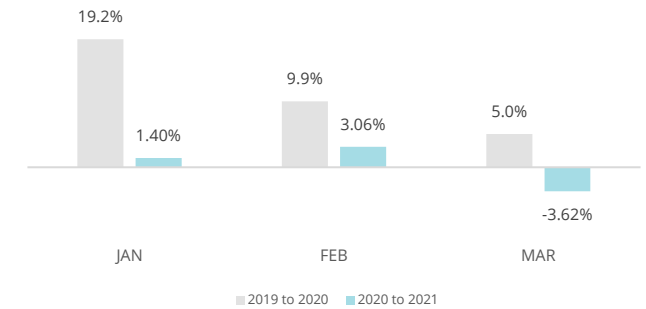
REVENUE | Year-Over-Year Comparison

Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison

Compares the year-over-year variance by month



ARTS + CULTURE

DONATIONS
14.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

REVENUE
25.4%

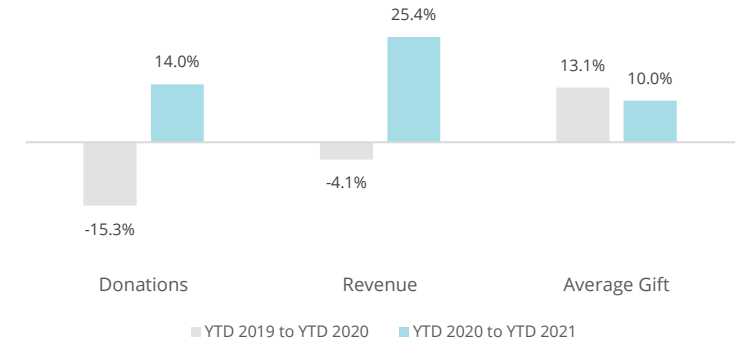
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

AVG. GIFT
10.0%

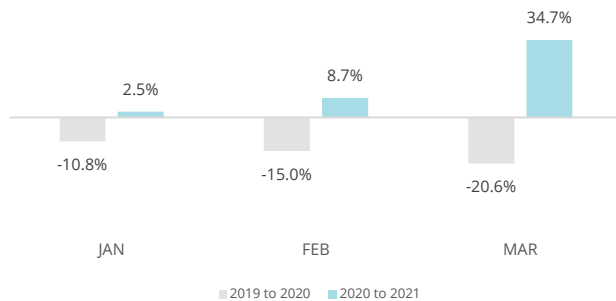
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

- This sector has turned around nicely; donations rebounded this year with a year-over-year increase of 14.0% compared to a decline of -15.3%, which was the case in 2020.
- The combination of the higher average gift in February and more donations in March caused the 25.4% year-over-year increase in revenue.

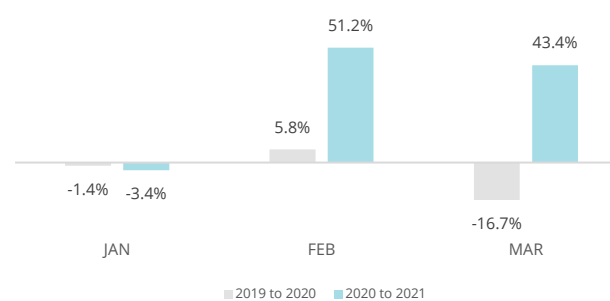
SECTOR METRICS | YTD Year-Over-Year Comparison
Compares the year-over-year variance year-to-date



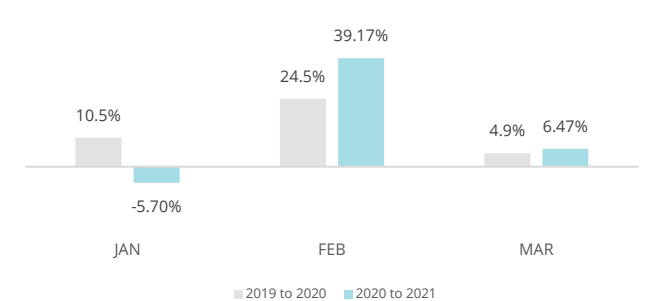
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE | Year-Over-Year Comparison
Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison
Compares the year-over-year variance by month



ENVIRONMENTAL

DONATIONS 18.6%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

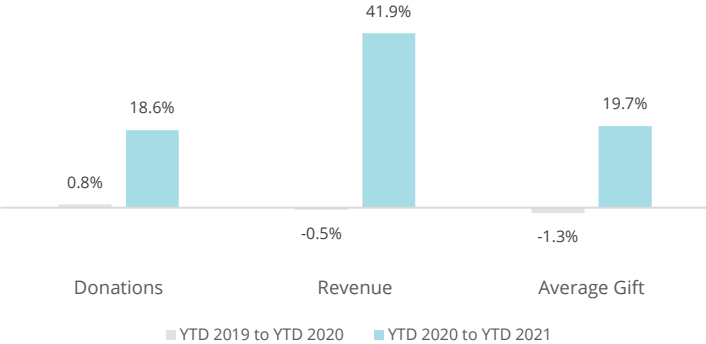
REVENUE 41.9%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

AVG. GIFT 19.7%

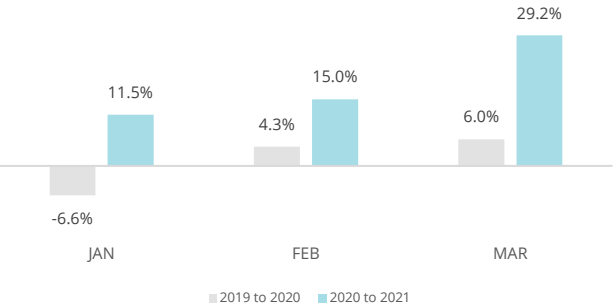
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

SECTOR METRICS | YTD Year-Over-Year Comparison
Compares the year-over-year variance year-to-date

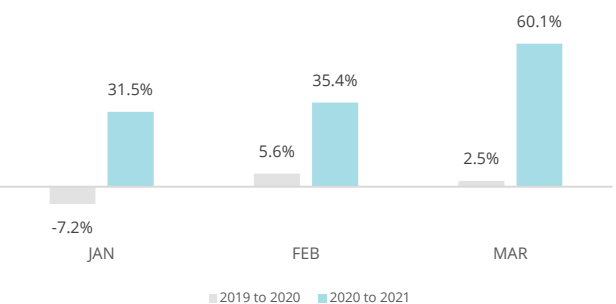


- The environmental sector experienced incredible year-over-year gains across all metrics. The increase is likely due to the new White House administration, as opposed to recovery from the pandemic.
- Across the quarter, the year-over-year revenue increases were driven somewhat evenly by both donations and the average gift. While the year-over-year increase in March revenue was larger than the other months, the increases in donations and the average were proportional.

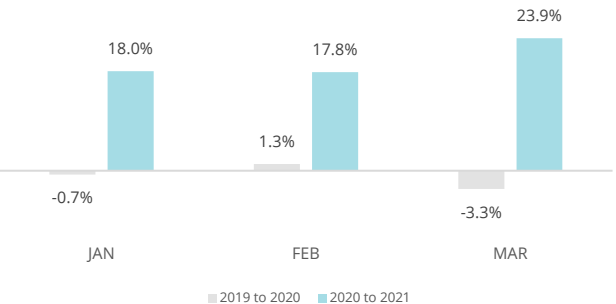
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE | Year-Over-Year Comparison
Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison
Compares the year-over-year variance by month



HEALTH

DONATIONS 20.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

REVENUE 17.3%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

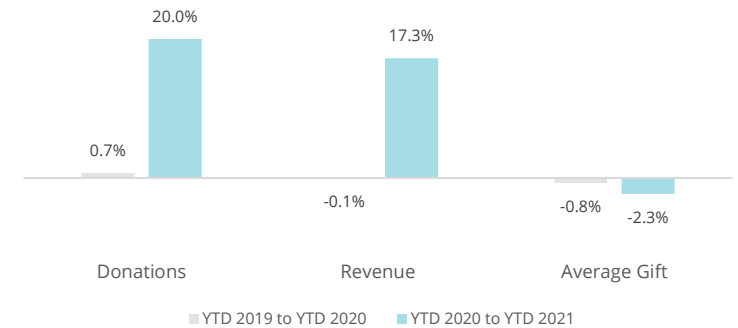
AVG. GIFT -2.3%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

- The increase in donations is the force behind the 17.3% increase in revenue. The average gift for the quarter was down -2.3% year-over-year. This is a year-over-year drop than 2020.
- Despite a small year-over-year increase in donations, January revenue was down -3.2% due to a -4.6% decline in the average gift. Performance rebounded in February and continued to improve into March.

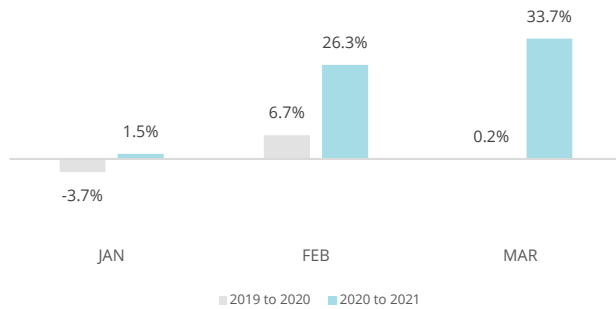
SECTOR METRICS | YTD Year-Over-Year Comparison

Compares the year-over-year variance year-to-date



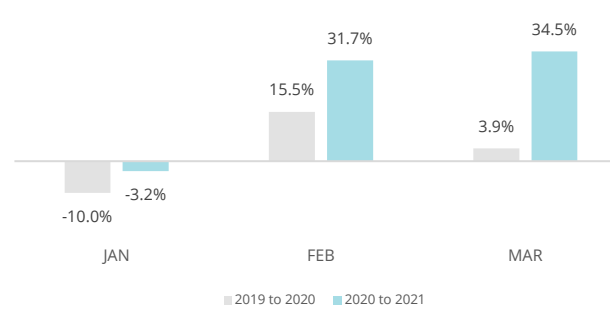
DONATIONS | Year-Over-Year Comparison

Compares the year-over-year variance by month



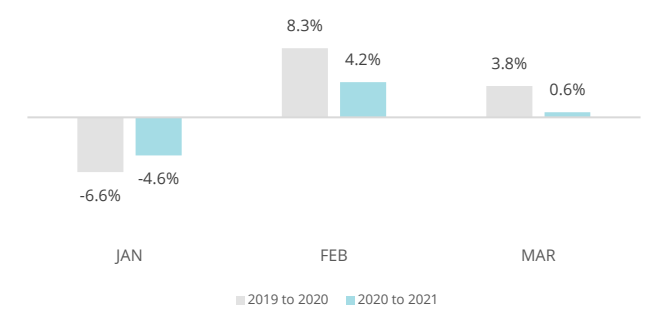
REVENUE | Year-Over-Year Comparison

Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison

Compares the year-over-year variance by month



HUMAN SERVICES

DONATIONS
49.9%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

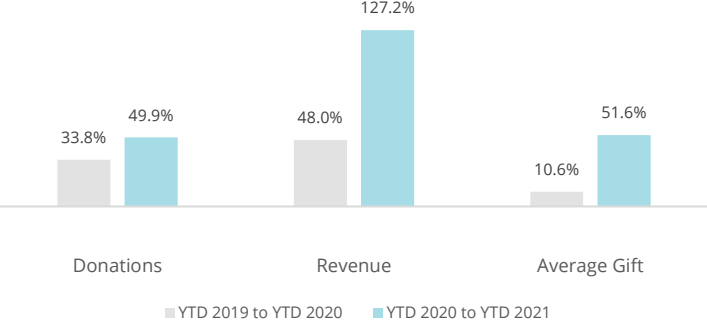
REVENUE
127.2%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

AVG. GIFT
51.6%

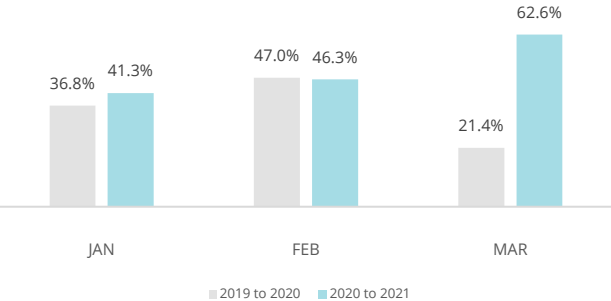
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

SECTOR METRICS | YTD Year-Over-Year Comparison
Compares the year-over-year variance year-to-date

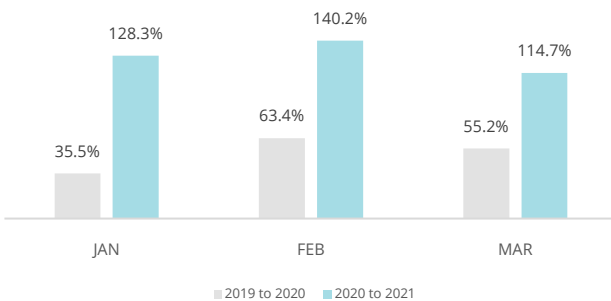


- In 2020, the year-over-year increase in revenue was 48.0% and was even more impressive this year, with an increase of 127.2% over 2020. Despite being a year into the pandemic, the need this sector serves remains a priority for donors.
- Both donations and the average gift contribute to the year-over-year revenue growth. Throughout the quarter, these metrics exceeded the year-over-year improvement from 2019 to 2020.

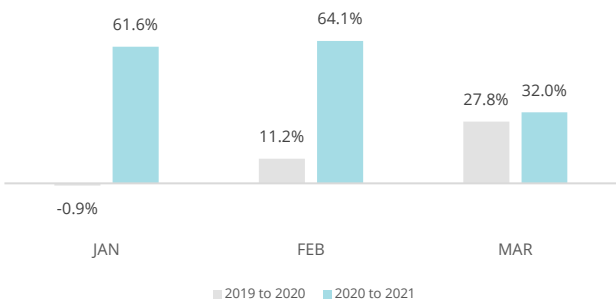
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE | Year-Over-Year Comparison
Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison
Compares the year-over-year variance by month



INTERNATIONAL RELIEF

DONATIONS

9.5%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

REVENUE

3.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

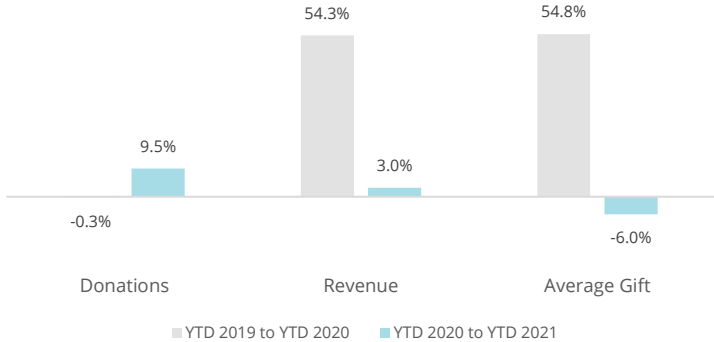
AVG. GIFT

-6.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

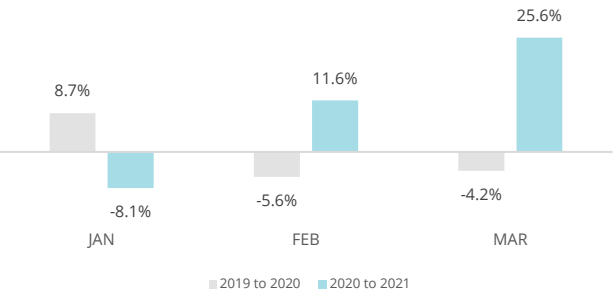
SECTOR METRICS | YTD Year-Over-Year Comparison

Compares the year-over-year variance year-to-date

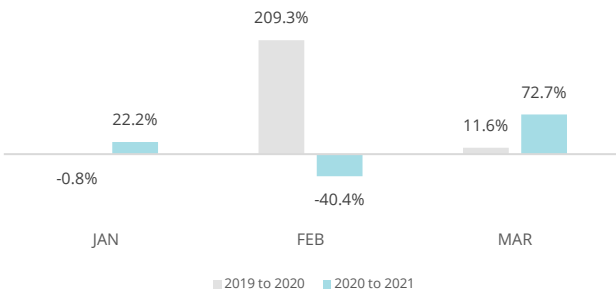


- Q1 is an interesting quarter for this sector. In 2020, at the onset of the pandemic, there was a huge spike in credit cards in February. That event is the reason for the large year-over-year increases in revenue and the average gift from 2019 to 2020. It also skews the year-over-year comparison to 2020 for those metrics in that month.
- If credit cards are removed, from 2019 to 2020, donations were flat, revenue increased by 7.4% and the average gift increased by 8.1%. The year-over-year variance in 2021 was 10.1% in donations, 49.9% in revenue, primarily driven by a 36.2% increase in the average gift.

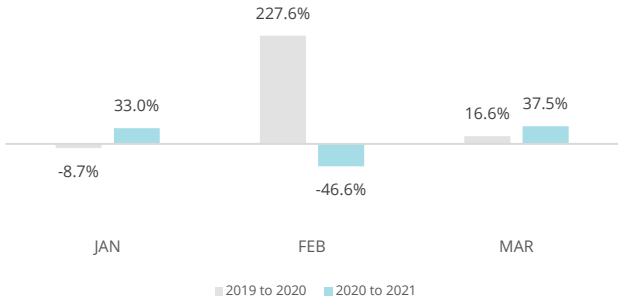
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE | Year-Over-Year Comparison
Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison
Compares the year-over-year variance by month



SOCIETAL BENEFIT

DONATIONS
19.0%

YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

REVENUE
25.2%

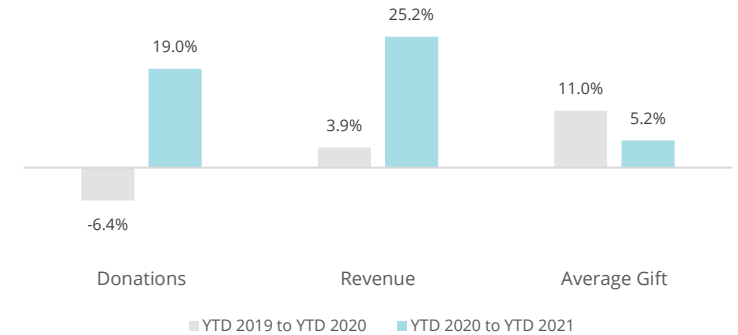
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

AVG. GIFT
5.2%

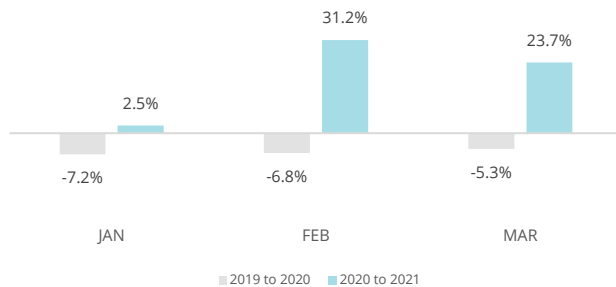
YEAR-OVER-YEAR INCREASE
YTD 2020 TO 2021

- This sector had a strong Q1 with growth across all metrics. The increase in donations was the reason for the 25.2% jump in revenue.
- Year-over-year revenue growth was modest in January but took in February and March, and donations increased by 31.2% and 23.7%, respectively. March also had a 14.2% increase in the average gif, which contributed to the 41.3% year-over-year increase in revenue that month.

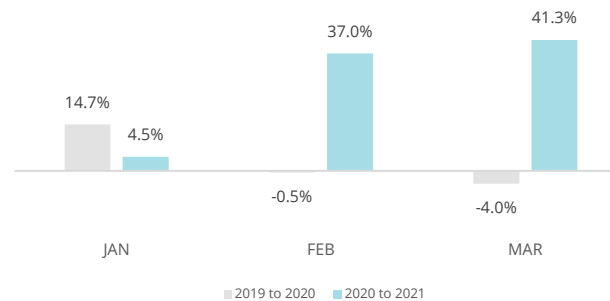
SECTOR METRICS | YTD Year-Over-Year Comparison
Compares the year-over-year variance year-to-date



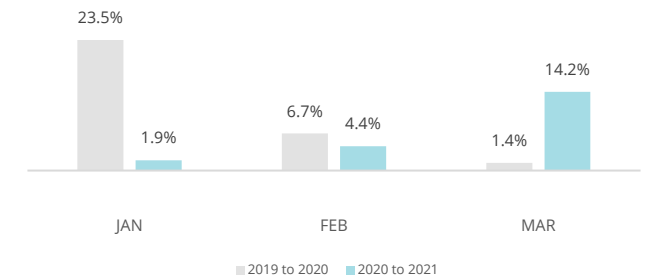
DONATIONS | Year-Over-Year Comparison
Compares the year-over-year variance by month



REVENUE | Year-Over-Year Comparison
Compares the year-over-year variance by month



AVERAGE GIFT | Year-Over-Year Comparison
Compares the year-over-year variance by month



ABOUT MERKLE RESPONSE MANAGEMENT GROUP

www.merkleresponse.com

Merkle Response Management Group (Merkle RMG) is a processing, data, and technology-driven company. By combining best-in-class direct response processing, customer care, and fulfillment solutions with actionable data insights, Merkle RMG drives one-to-one relationships for an improved donor and customer experience that increases retention and revenue.



THANK YOU.

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