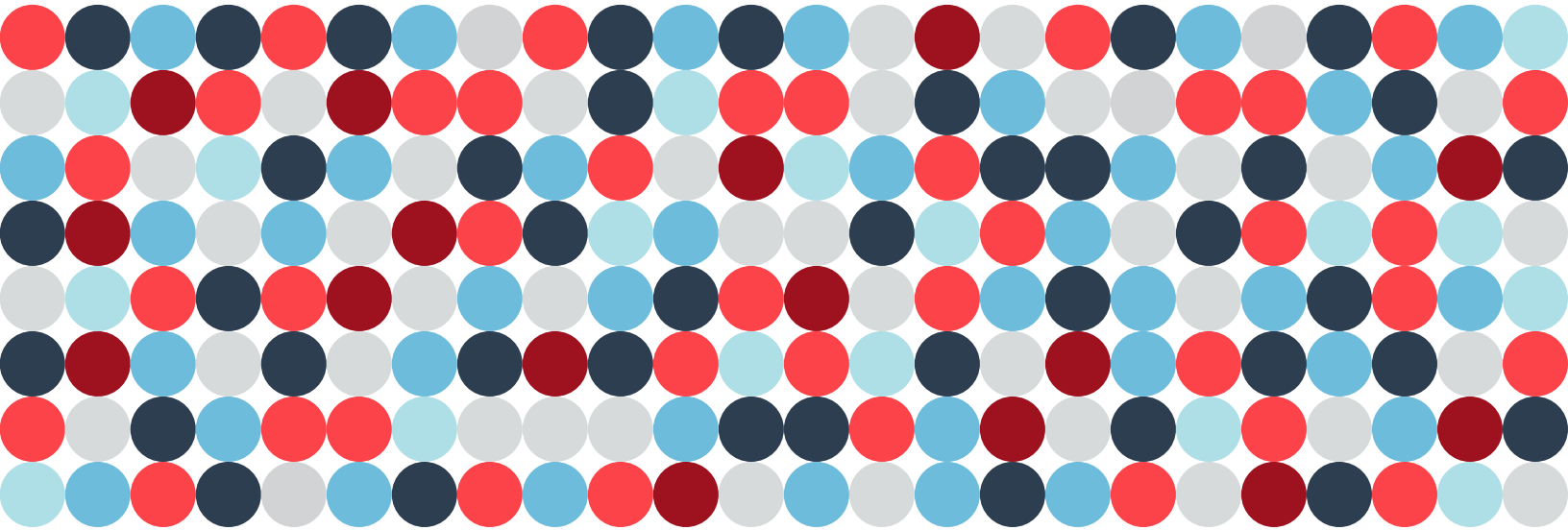


IMPACT REPORT

CORONAVIRUS:

How the COVID-19 Pandemic is Impacting Direct Mail Fundraising

As of March 20, 2020



MERKLE RMG'S

**COVID-19 IMPACT
REPORT**

OUR THOUGHTS ARE WITH ALL OF YOU IN THE NONPROFIT

community and your families during this turbulent and challenging time. Merkle Response Management Group (RMG) is committed to supporting our community during these unprecedented times. As a donation processor, we are the first to feel the impact of current events on fundraising programs — both the positive and the negative. We have put together this **Impact Report** to share, from our perspective, the impact this global health crisis has on fundraising.

For the foreseeable future, this report will be distributed every Monday, reporting on the previous week's mail volume and donation revenue. To set the stage, this first installment covers a six week period (February 3, 2020 - March 15, 2020).

- This report shares mail processing statistics based on the mail that Merkle RMG processes. The report does not account for any changes made by nonprofits to mail schedules or volumes. Any opinions shared are solely our own and not the opinions of our nonprofit partners.
- Remaining consistent with other industry reports, the industry sectors follow those used in Target Analytics' **donorCentrics® Index of Direct Marketing Fundraising**; sector definitions are modified from the Foundation Center's National Taxonomy of Exempt Entities.

ABOUT MERKLE RMG

Merkle Response Management Group (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.

www.merkleresponse.com

THE NONPROFIT INDUSTRY

GENEROSITY IN A TIME OF NEED. Many say the worst is yet to come, but since the beginning of February, Merkle RMG has seen an overall increase in donation revenue. This bump in donations revenue is due to a year-over-year increase in average gift. As expected, the **Heath** and **Human Services** sectors are the forces behind this overall increase. That said, as the COVID-19 pandemic continues to impact our country, the number of donations is beginning to wane — a trend we will monitor closely in the weeks to come.

-1.9%
VOLUME OF
DONATIONS

YEAR-OVER-YEAR CHANGE

- The overall mail volume, donation and non-donation mail pieces, is down -5.6% compared to the volumes during this period in 2019. The year-over-year decline during this time is primarily due to non-donation mail volume dropping -16.9%, as donation mail volume dropped only -1.9%.

30.5%
AMOUNT OF TOTAL
DONATIONS

YEAR-OVER-YEAR CHANGE

- This year, donation mail volume in the third week of February increased 13.7% compared to this week in 2019. This week had the greatest increase in donation mail volume compared to the weekly mail volumes reported last year. This spike in volume corresponded with the increasing number of confirmed Coronavirus cases outside of China, and as related deaths exceeded 2,000.

33.0%
AVERAGE GIFT

YEAR-OVER-YEAR CHANGE

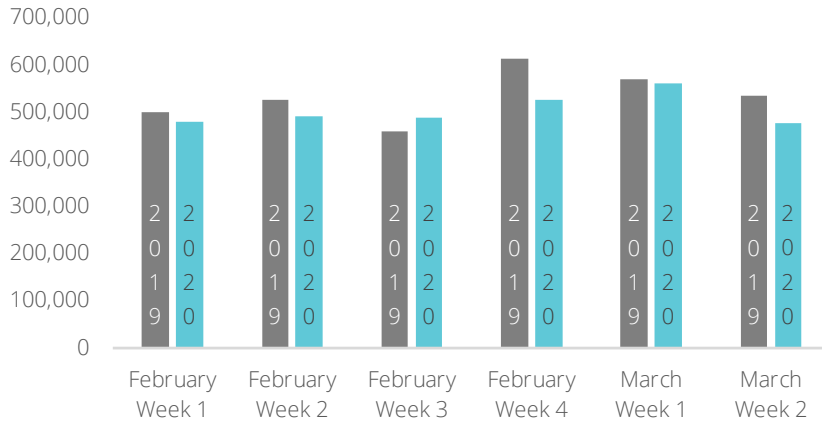
- Driven by increases in average gift across all sectors and the significant increases in donation mail volume in the **Heath** and **Human Services** sectors, the amount of donation revenue increased 30.5% during this six week period in 2020 compared to these weeks last year. This increase may be overstated, and the industry was still rebounding from a tough December 2018, which spilled into Q1 of 2019.
- In recent years, the nonprofit industry has seen incremental increases in average gift. Over the last six weeks, average gift has increased 33.0% compared to this period last year. The **International Relief** sector's average gift increased by 152.5% compared to the same timeframe in 2019.

NONPROFIT INDUSTRY

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

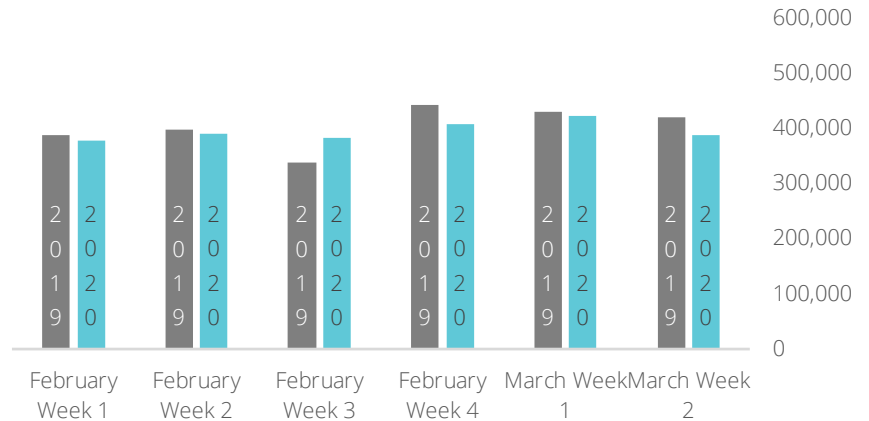


- Since the first week in February, Merkle RMG has seen total mail volume declined -5.6% compared to the volume of mail processed during this time in 2019.
- Compared to the same period in 2019, the greatest declines in 2020 were the fourth week of February, a drop of -14.3%, and the -10.7% decline in the second week of March.
- The year-over-year declines in these weeks were driven by drops in non-donation mail volume, which was down -30.3% and -23.0%, respectively.

- Over the last six weeks, there has been a -1.9% year-over-year decrease in the volume of donation mail compared to the same time last year.
- The third week of February was the only week in this period where this year's donation volume exceeded that of 2019 — a year-over-year increase of 13.7%.
- The increase in the third week of February was primarily driven by donation volume increases in the **Health and Human Services** sectors.

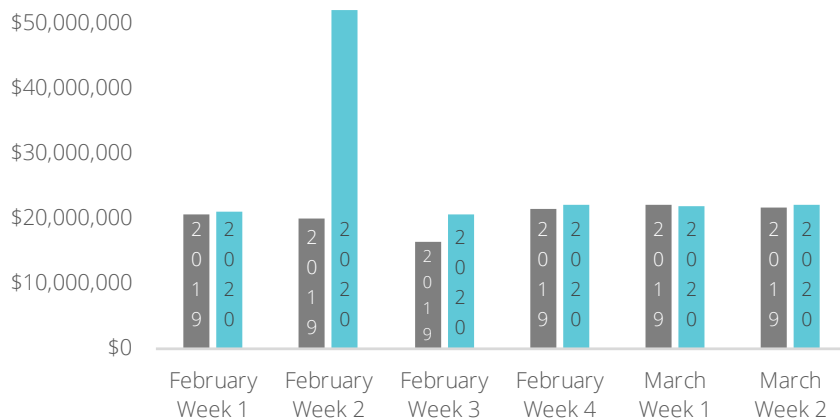
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



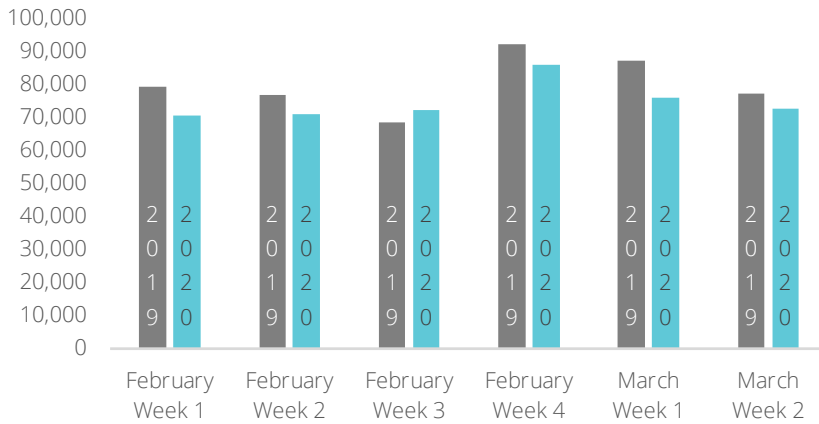
- Donation revenue increased by 30.5% over the last six weeks compared to this period in 2019. The largest year-over-year increases were in the second and third weeks of February where donation revenue increased 160.3% and 25.4%.
- The significant increase the second week of February was driven by the **International Relief** sector.
- The **Health** and the **Human Services** sectors both had significant year-over-year in the third week of February.

ANIMAL WELFARE

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

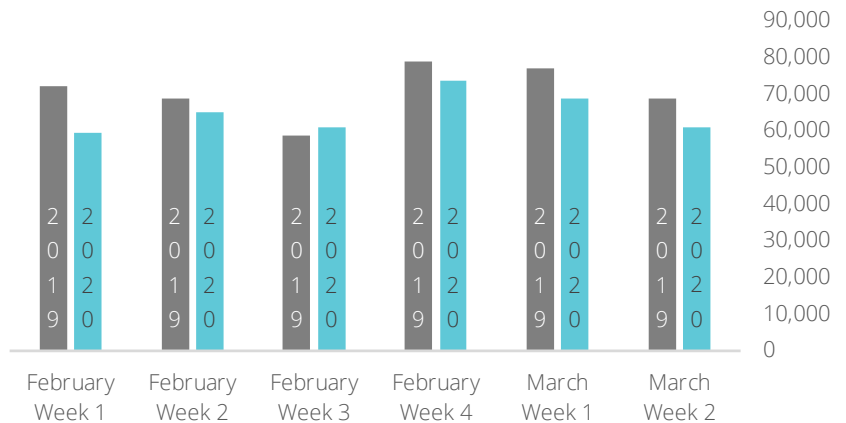


- For this reporting period, this sector experienced a decline of -6.8% in total mail volume this year compared to last.
- In the first week of March, the sector dropped -12.9% compared to this period in 2019.
- The decline in the first week of March was driven by a -10.6% drop in donation mail volume and a -30.9% decrease in the volume non-donation mail.

- The number of donations processed declined -8.3% over the last six weeks compared to this timeframe in 2019.
- There was a 4.0% increase in donation mail volume during the third week of February this year. For the other weeks during this period, declines ranged from -5.5% to -17.6% compared to the corresponding weeks in 2019.
- Beginning the last week of February, there has been a steady decline in year-over-year donation volume.

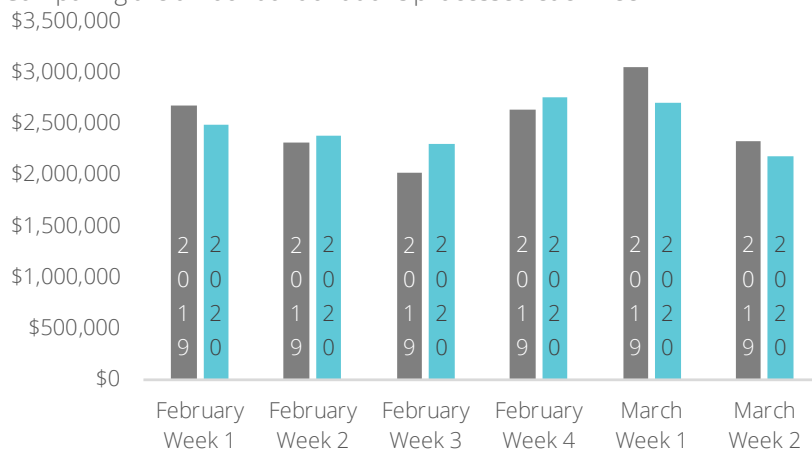
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



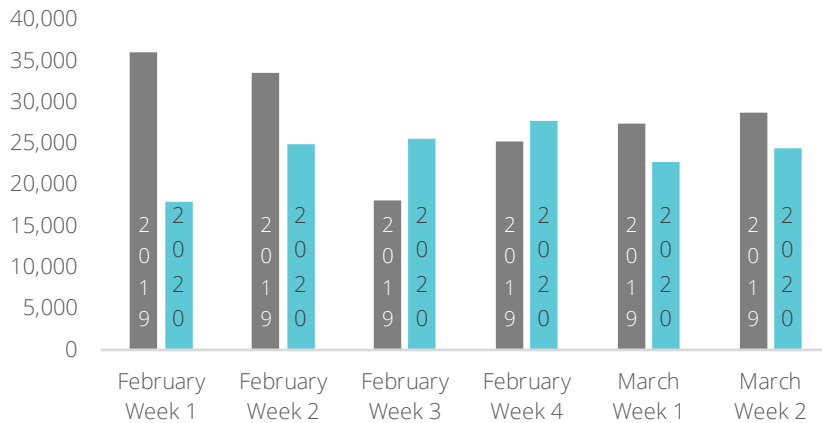
- Despite the -8.3% year-over-year decrease in donation mail volume, donation revenue was down only -1.5% compared to last year during this period. A larger decline in donation revenue was mitigated due to a 7.5% increase in average gift this year.
- Like the increase in donation mail volume, there was a 14.3% increase in donation revenue compared to this time last year.

ARTS & CULTURE

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

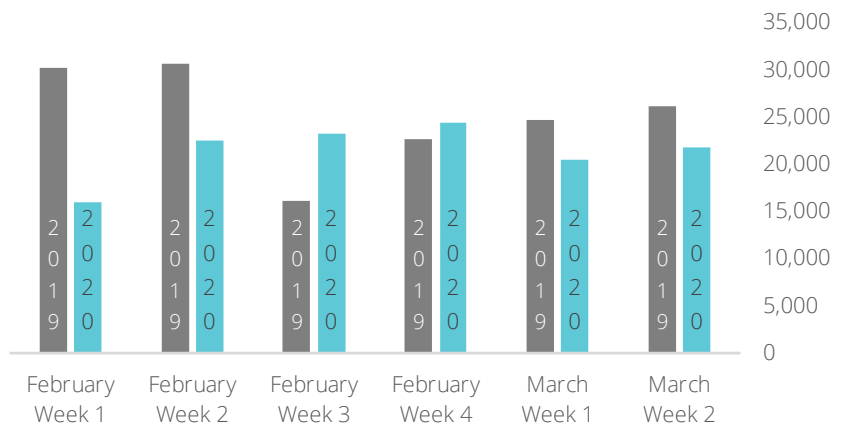


- The Arts & Culture sector experienced one of the largest year-over-year drops in total mail volume a decline of -15.3% for this date range compared to this period last year.
- Compared to 2019, the first and second weeks of February had the most dramatic year-over-year changes with declines of -50.0% and -25.6% in total mail volume.
- There was a 41.1% increase in total mail volume in the third week of January this year. It was driven by year-over-year increases in both donation and non-donation mail volume.

- Donation mail volume decreased -14.8% over the last six weeks compared to this period in 2019. The greatest year-over-year declines were the first two weeks of February and the first two March.
- In the first two weeks of February, donation mail volume decreased -47.0% the first week and -26.6% the second week when compared to the same week in 2019.
- During the first two weeks of March, donation mail volume was down -17.0% compared to that period last year.

OF DONATIONS | Year-Over-Year Comparison

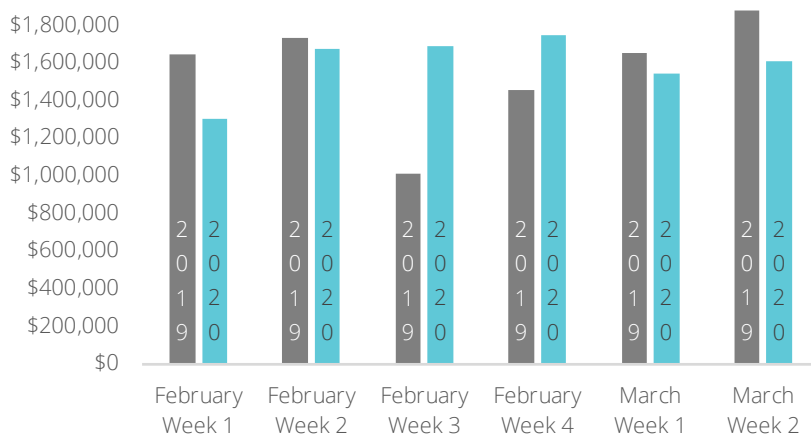
Comparing the number of donations processed each week



- Donation revenue was up 2.1% over this six week period in 2020 compared to 2019.
- There was a 19.8% year-over-year increase in average gift that helped offset the negative impact of the lower donation mail volume.
- In the third and fourth weeks of February this year, there was a surge in donation revenue — year-over-year increases of 66.5% and 20.2% when compared to the respective weeks in 2019.
- The increase in the third week of February was due to the increase in donation mail volume and a 16.1% increase in average gift.

TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week

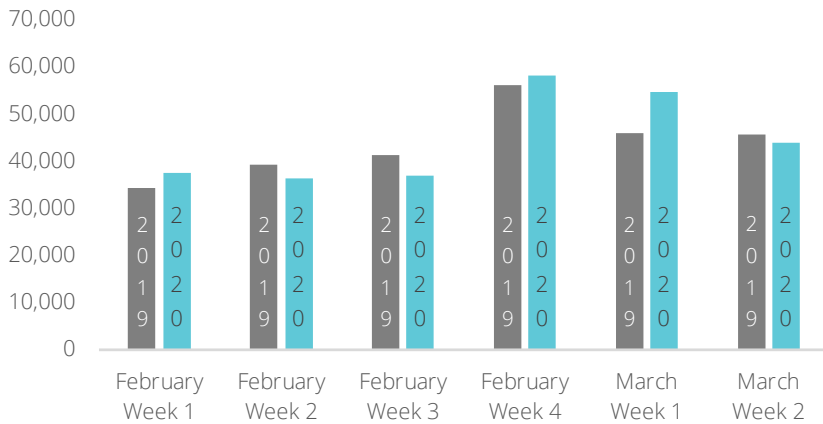


ENVIRONMENTAL

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

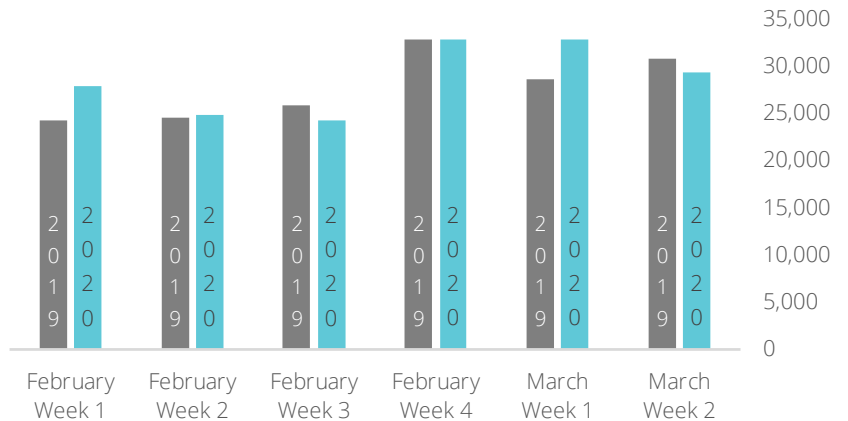


- The total number of mail pieces processed over the last six weeks was 1.9% higher than the volume processed during this period last year.
- This small bump in mail volume was due to an increase in donation volume, as non-donation volume during this time remained relatively flat year-over-year.
- The largest year-over-year change was during the first week of March; there was a 19.0% increase in total mail volume as a result of a 14.4% increase in donation mail pieces and a 26.5% increase in non-donation mail pieces.

- During this reporting period, donation volume increased by 3.1% from 2019 to 2020.
- Compared to the same weeks in 2019, donation mail volume increased 14.8% the first week in February and increased 14.4% the first week in March.
- The increases during these two weeks contributed to the rise in donation volume for this date range, as there were year-over-year declines in the third week of February and the second week of March.

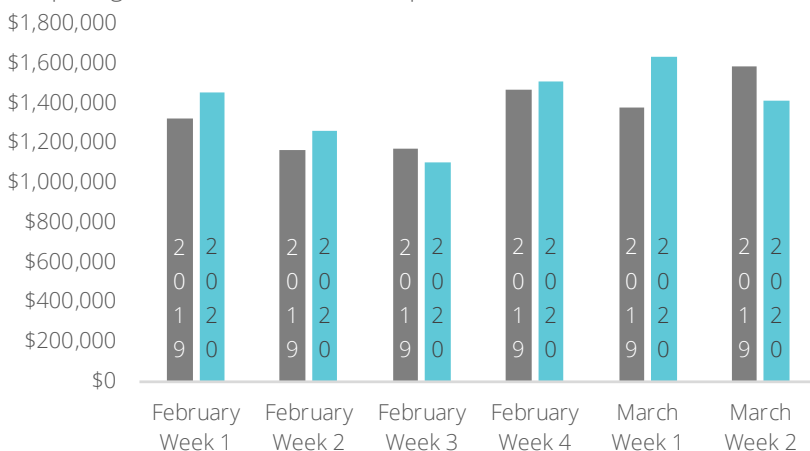
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



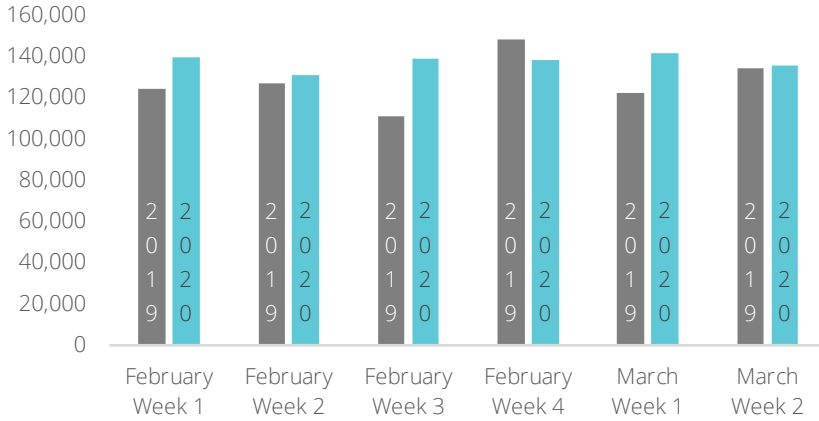
- In 2020, donation revenue was up 3.5% compared to this six week period in 2019.
- The overall increase in donation revenue was due to the increase in donation volume, as the average gift was relatively flat with a 0.4% year-over-year change.
- The 10.4% and the 18.4% year-over-year donation revenue increases in the first weeks of February and March can be attributed to 14.0% plus increases in donation volumes during these periods compared to the same times in 2019.

HEALTH

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

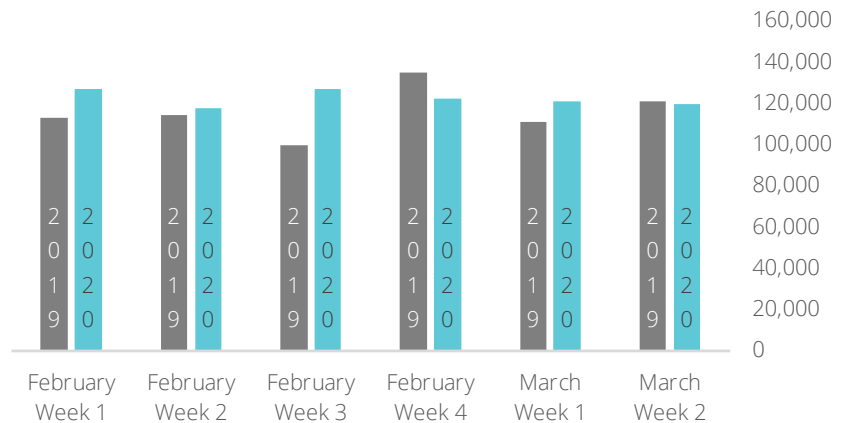


- Total mail volume increased by 7.4% in this six week period in 2020 compared to 2019.
- Non-donation volume was a primary factor in the 22.6% year-over-year total mail volume increase. Many donors are sharing comments specific to the impact of the Coronavirus (COVID-19) on their lives.
- In the first week of March, there was a 79.5% increase in the volume of non-donation mail compared to that week last year.

- During this six week period, the volume of donation mail increased 5.9% compared to this date range last year.
- This year, there was a sharp year-over-year increase in donation volume the third week of February, an increase of 27.5%. The two weeks prior, there was a year-over-year increase of 12.3% in the first week of February and a 2.9% increase the following week.
- For the second week of March, donation volume was more similar to the volume in 2019, there was a -1.1% decrease from 2019 to 2020.

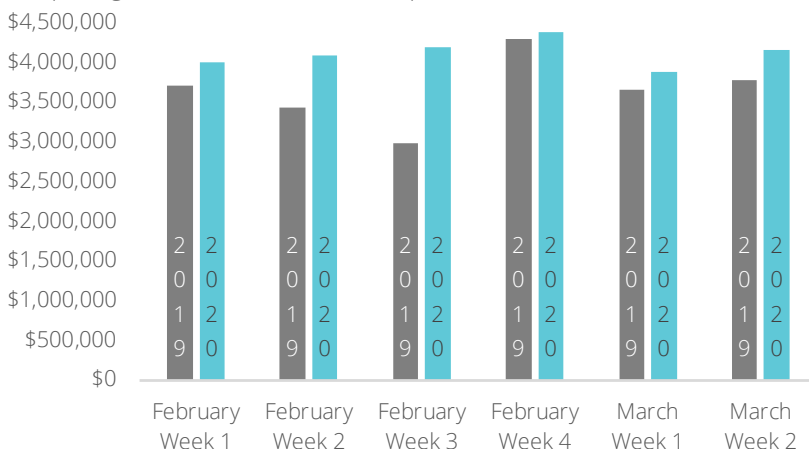
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



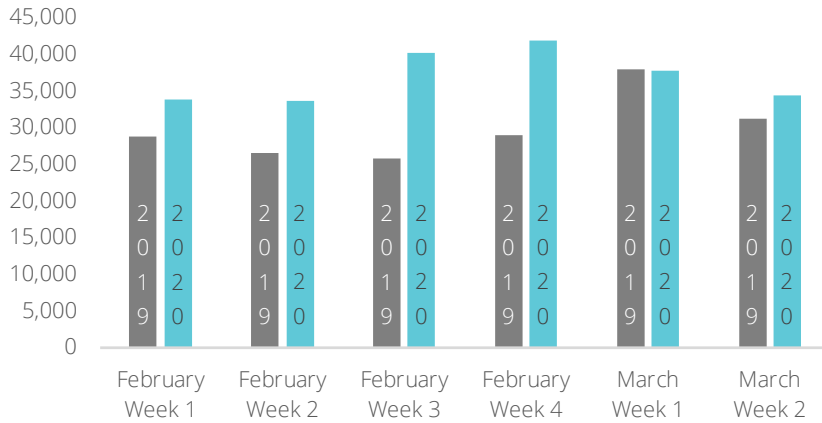
- Due to the increase in donation volume and a 6.6% increase in average gift, the donation revenue for this period increased 12.8% compared to this same period in 2019.
- Donation revenue increased by 40.4% in the third week in February compared to this week last year. This increase is tied to the year-over-year increase in donation volume, and the 10.1% increase in the average gift.
- The second week of February had the largest year-over-year increase for average gift, an increase of 15.3%. This drove the 18.6% increase in donation revenue that week compared to that week last year.

HUMAN SERVICES

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week



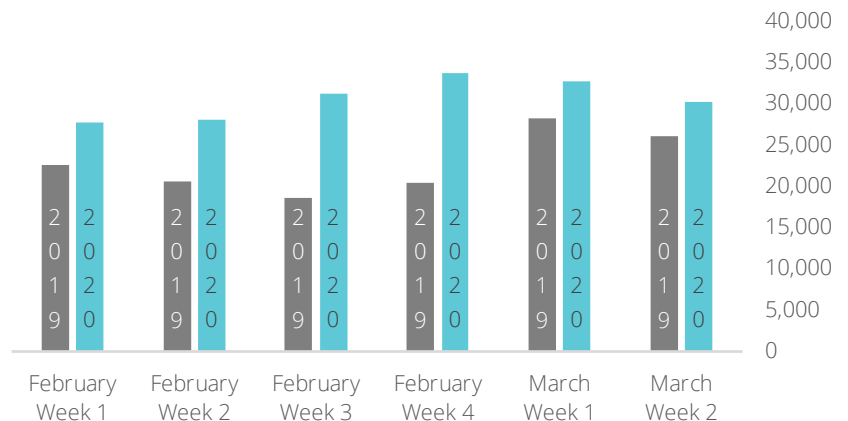
- Compared to the other sectors, the Human Services sector had the greatest increase in total mail volume, with an increase of 23.8% compared to this reporting period in 2019.
- This increase was driven by a 34.5% year-over-year change in donation volume, as the non-donation volume decreased -10.7% from last year to this year.
- Aligning with the increased number of documented Coronavirus cases outside of China, total mail volume in 2020 increased 56.3% in the third week of February, and 44.8% the fourth week of February compared to these weeks in 2019. Influxes of donation mail pieces caused these increases.

- Overall, donation volume increased by 34.5% during this reporting period compared to the same date range in 2019. There were significant increases in donation volume each week (see the table below).

	# Of Donations
February Week 1	22.8%
February Week 2	35.7%
February Week 3	67.9%
February Week 4	65.0%
March Week 1	16.2%
March Week 2	15.8%

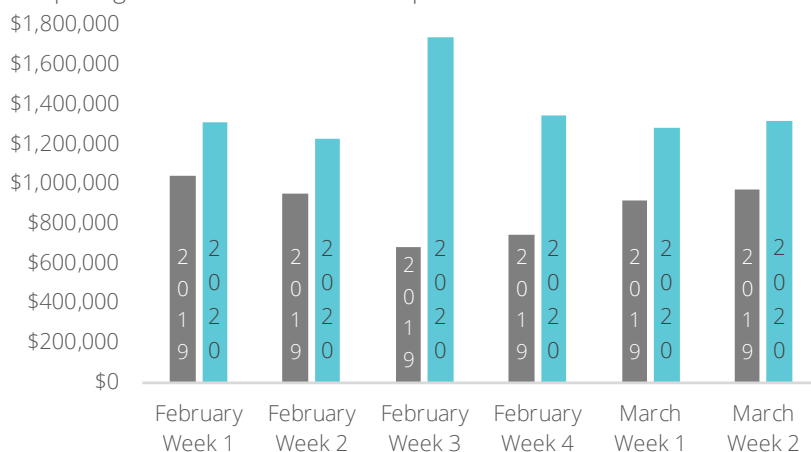
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



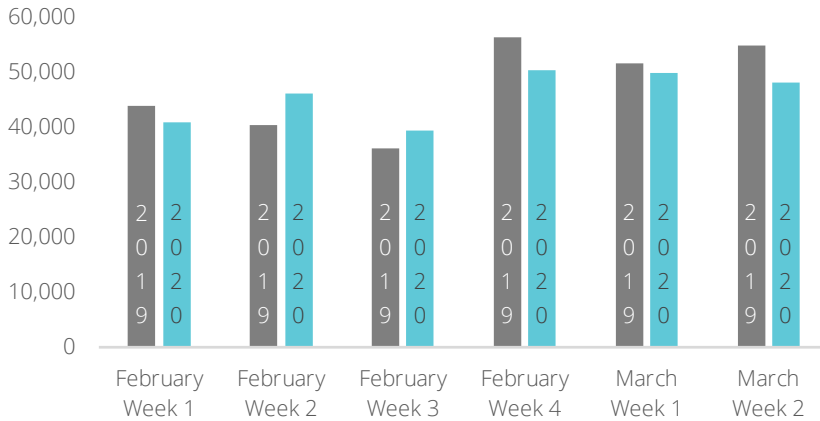
- The large year-over-year increase in donation volume coupled with the 15.3% increase in average gift is the reasons for the 55.1% increase in donation revenue during this period compared to the same time last year.
- Compared to 2019, the third week of February donation revenue increased 156.1% — there was a 67.9% increase in donation volume and a 52.5% increase in average gift.
- The increase in donation revenue this year was driven by check donations. There was a 162% increase, and the average gift for this payment method nearly doubled compared to this time in 2019.

INTERNATIONAL RELIEF

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

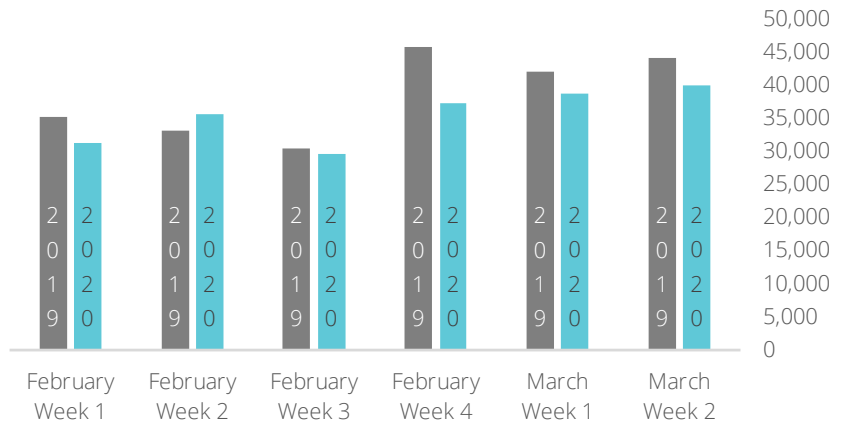


- There were some weekly year-over-year increases in total mail volume during the last six weeks Still, overall, this sector experienced declines in total mail volume during this period compared to 2019.
- During this reporting period, there was a -3.0% year-over-year decline in total mail volume compared to the same time last year.
- The largest year-over-year changes in total mail volume were the fourth week of February, a -10.6% decline; and the second week of March, a decline of -12.3%.

- The decline in total mail volume this year was driven by a -7.9% drop in donation volume compared to last year. Non-donation volume was up 19.0% during these six weeks compared to this same period in 2019.
- Since the fourth week of February, donation mail had been lower compared to the same weeks last year.
- The fourth week of February was the steepest drop with a -18.2% decline compared to this week last year. This trend has tapered as the first and second weeks of March have lesser declines of -8.1% and -9.5% compared to these weeks in 2019.

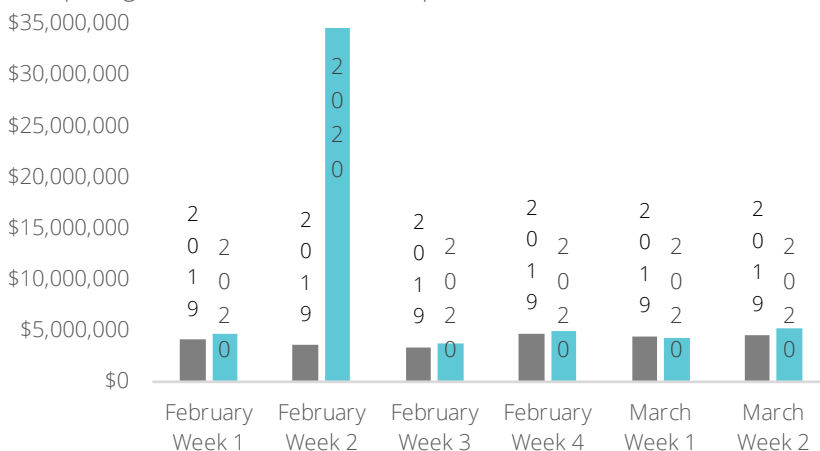
OF DONATIONS | Year-Over-Year Comparison

Comparing the number of donations processed each week



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



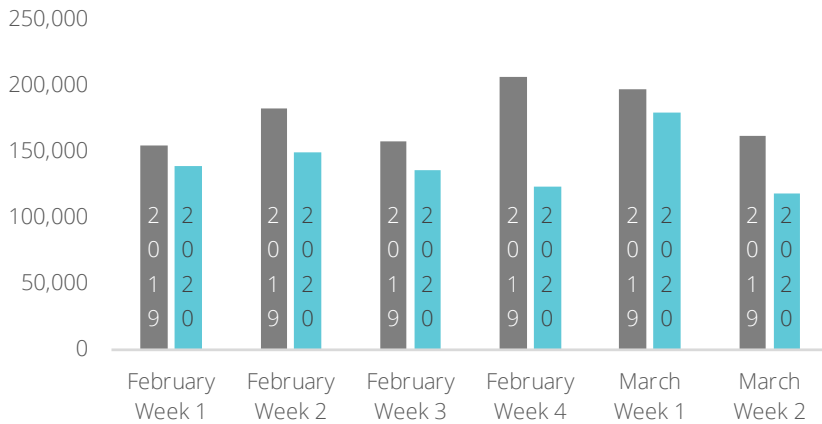
- Despite the year-over-year decline in donation mail volume during this period, donation revenue increased over 132% compared to last year. Average gift increased 152.5% from 2019 to 2020 in this period.
- During the second week of February, there was an increase in donation revenue compared to that week in 2019. This increase was driven by a surge in the number of credit card transactions, suggesting an increase of online emergency appeals during this week.

SOCIETAL BENEFIT

WEEKLY YEAR-OVER-YEAR COMPARISON

TOTAL MAIL PIECES | Year-Over-Year Comparison

Comparing the number of mail pieces processed each week

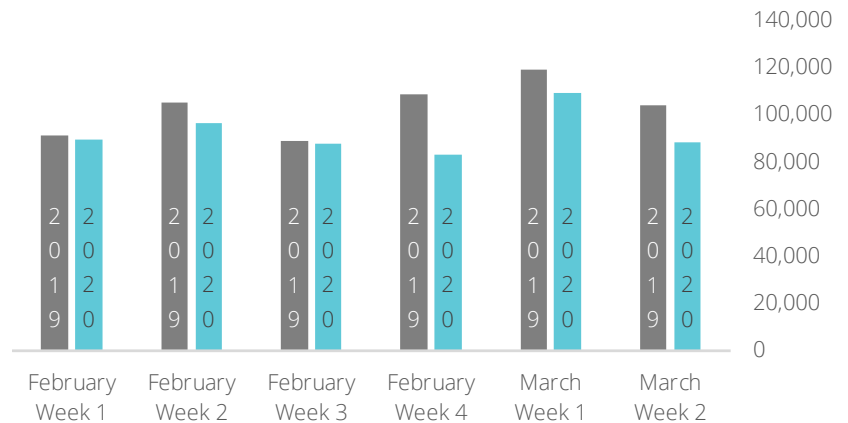


- Compared to last year, this sector has experienced a sizable decline in the total mail volume over the past six weeks. Total mail volume dropped -20.3% in 2020 compared to 2019.
- The decline is primarily due to a -34.5% year-over-year decrease in non-donation volume; donation volume dropped as well, but had a less impact in total mail volume.
- The fourth week of February had the greatest impact on total mail volume during this reporting period. Compared to this week in 2019, there was a -40.3% decline in total mail volume, a -23.4% decline in donation mail volume, and a -58.9% decline in non-donation mail.

OF DONATIONS | Year-Over-Year Comparison

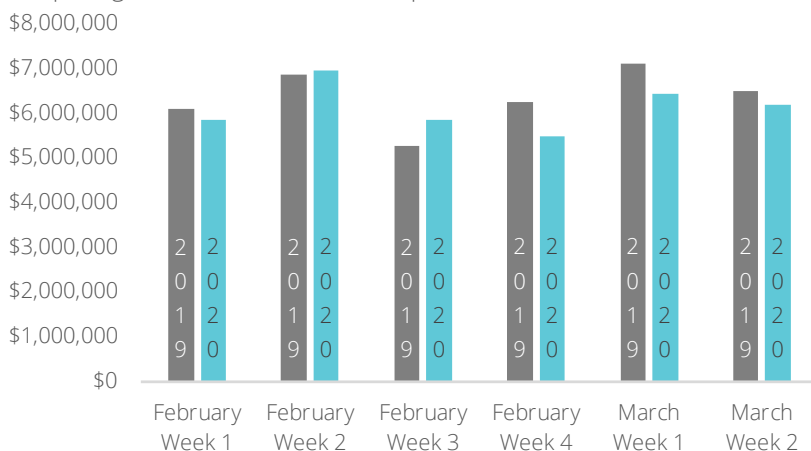
Comparing the number of donations processed each week

- The volume of donation mail during this period was down -10.1% compared to this time in 2019. There were year-over-year declines each week; the largest drop was -23.4% the fourth week in February. The second week of March also had a significant decrease of -15.5% when compared to the same week last year.



TOTAL REVENUE | Year-Over-Year Comparison

Comparing the amount of donations processed each week



- There was a 7.4% increase in average gift, which reduced the negative impact of lower donation mail volume. During this six week period, donation revenue dipped -3.5% compared to this timeframe last year.
- The average gift for check donations this year increased to nearly \$69.00, an increase of 7.6% compared to 2019. And the average gift for credit card donations increased 6.2% compared to last year, bringing it just over \$60.00.

STAY WELL

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