

Direct Forum is a free e-mail newsletter containing useful direct marketing tips, news updates and how-to information. It's convenient, informative and I am not trying to sell you anything.

1. **Why businesses use loss leaders to draw customers and how charities can learn from them.**
2. **To turn new donors into loyal donors you need to send them more than a thank you and a tax receipt.**
3. **Coming up with a big idea.**

Why businesses use loss leaders to draw customers and how charities can learn from them.

Loss leaders are a huge calculated draw in the business world.

Bars hand out free peanuts because it makes their patrons thirsty and that in turn makes them drink more beer.

Newspapers sell their papers at a loss to new subscribers so that they can increase circulation numbers and justify charging more for advertising space.

So there is method in their madness.

Loss leaders are products offered at a loss, in order to lead people to purchase more profitable products.

It is a well thought out and clever marketing ploy. Loss leaders influence your buying decisions without you being aware of it.

The Amazon Kindle is a loss leader. The Kindle Paper White 3G sells for \$199 but reportedly costs Amazon approximately \$156 to manufacture.

The magazine *SmartMoney* recently reported that Kindle owners spend an average of \$136 per



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month on Amazon. The more Kindles that are in circulation, the more music, movies and e-books their owners will buy.

This is how Jeff Bezos, CEO of Amazon, explained to the BBC why he uses the Kindle as a loss leader. ***“I wants to make money when people use their devices, not when people buy their devices.”***

The closest charities come to using this form of marketing is when they send out premiums to their donors.

But most of the items they send are “trinkets and trash”—items like address labels, note-pads, greeting cards, etc. They send these cheap items with little regard for using loss leaders tactically. Often they send things that have no relevance to the charity and make even less marketing sense. **A loss leader should ensure a strategic payoff.**

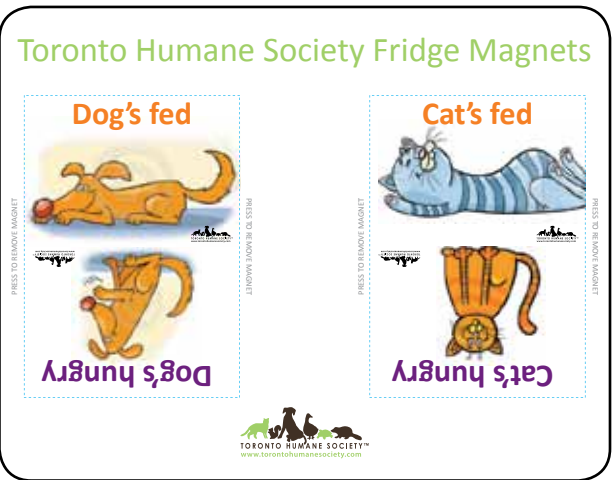
I have sat through dozens of focus group sessions where donors have repeatedly said, ***“Please don’t send me any more damn address labels; I have drawers full of them!”*** only to be frustrated and inundated with more address labels from their own charity and from other charities too. Organizations hope their prospective donors will feel guilty for receiving something free and will respond with a gift.

It seems charities are hard pressed to come up with original ideas. Doing something just because everyone else does is never a sound strategy.

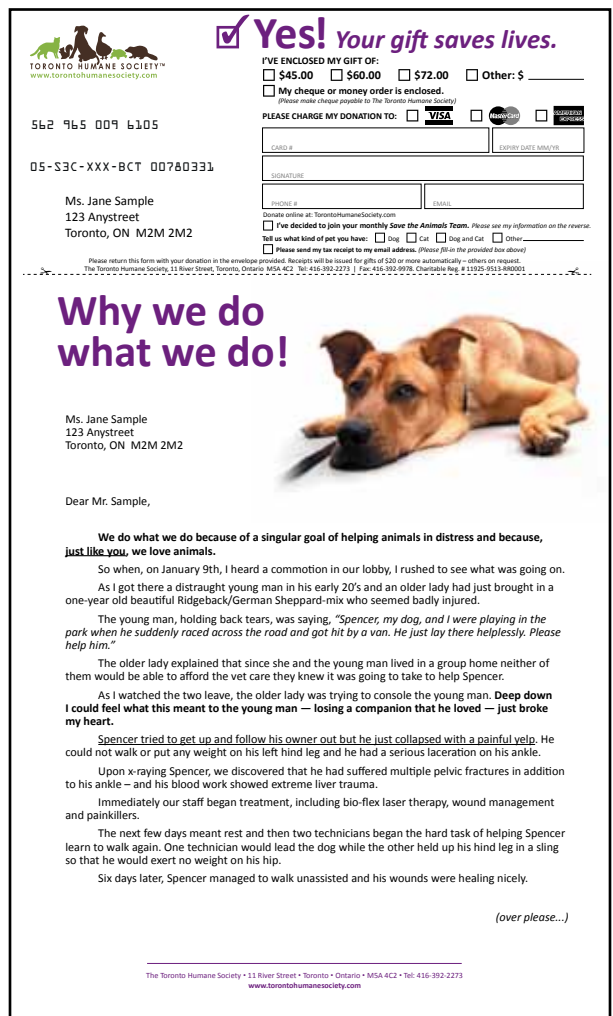
Is any charity out there really listing?

Alongside is an example of a recent mailing I worked on for TCP for their client Toronto Humane Society. It used a relevant premium—a magnet that advised cat and dog owners to keep track of feeding their pets regularly.

Kudos to Allison Taylor of TCP for a sending a premium that fits well with the charity’s objectives. Incidentally, the punched out piece could also frame pictures of their loved ones on the fridge.



The Premium: A fridge magnet



Front of letter above

To turn new donors into loyal donors

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you need to send them more than a thank you and a tax receipt.

Most in-house donor lists are like the old Harry Belafonte song: *There's a hole in the bucket.*

Most often charities are losing more donors each month than they are retaining. That's because a majority of the charities do nothing more than fire back a quick receipt and a thank you note for a gift.

Retaining your donors requires relationship building and a quick thank-you note and a tax receipt are hardly the best way to do that. How about showing them a little more gratitude. Donors are a charity's most precious commodity and should be treated with respect and sensitivity.

People give to a charity because it is a way of sharing their good fortune with others, a way to help those less well-off. A philanthropic deed is an emotional connection due to a personal experience, a family tradition or purely an altruistic wish to give back to society.

This emotional connection is delicate and should be nurtured. A donor's feelings can be easily hurt if they don't hear back quickly or if the response is in the form of a lackluster standardized note that says: ***On behalf of (Charity ABC) we wish to sincerely thank you for your recent donation of \$XX***

This is neither sincere nor personal and yet many charities continue to compose such mass-marketed thank-you notes. Worse still, many even have the gall to ask for an additional gift with their initial thank-you notes.

Here is my suggestion:

Send a welcome kit.

Here's why:

- It's a great way to welcome a new donor.
- It gives you the opportunity to give them additional information about your organization and updates them about the status of the project or promotion for which the gift was requested.
- It allows you to **start a two-way**

Please join the Save the Animals Team today!

\$18 per month (60¢ per day) \$30 per month (\$1 per day)
 \$60 per month (\$2 per day) \$ per month

PAYMENT:

My voided cheque is enclosed.
 Please start deducting on the 1st or 15th of each month.

Please charge my credit card.

VISA MasterCard Discover Express

Deductions to start 15th or 27th of each month.

CARD # EXPIRE DATE MM/YY

SIGNATURE: _____ DATE: _____
 PHONE: _____ E-MAIL: _____
 I hereby authorize The Toronto Humane Society to arrange automatic withdrawals from my bank account or credit card on an ongoing monthly basis. I understand that I may change or cancel my contributions at any time with five-day notice.

THANK YOU SO MUCH!

Occasionally we make our donor list available to reputable charitable organizations whose mission may be of interest to you. It is also a very cost effective way to attract new donors to support The Toronto Humane Society. If you would not wish us to make your name available, please check here

DETACH AND RETURN - 2 - DETACH AND RETURN

We put him in foster care while we monitored his progress so he could heal in a happy and stress-free environment.

The bigger tragedy is that each year we get anywhere from 25 to 30 cases of pets being hit by cars. And most owners abandon their pets because of the high cost of treatment. This type of tragedy can cost anywhere from \$1,500 to \$5,000 per case... and that's just the hard costs of immediate treatment alone.

This cost does not include the ongoing medical tests, rehab or our housing costs (like cleaning and feeding) and the staff time associated with administering the on-going treatments that we provide to all our sheltered animals.

So I'm asking for your help because, without your support, The Toronto Humane Society simply wouldn't have the facilities, expertise, knowledgeable vets, caring technicians, sympathetic caregivers and the right support staff to help animals like Spencer.

Many injured and abandoned animals depend entirely on us — just as we depend on you. We receive no outside funding... and count solely on the support and generosity of donors like you... people who also believe that every life is precious.

The other tragedy is that Spencer, a Ridgeback, is a strong, noble breed of dog that makes him an excellent watchdog and companion. His alert demeanor makes him a loving and gentle pet, which the young man to whom he once belonged will never experience again.

A SPECIAL GIFT FOR YOU & YOUR PET

If you're like me, your life is busy enough so it's sometimes hard to remember who fed the animals last.

Enclosed is a special fridge magnet that's an excellent feeding reminder. Just pop out the dog and cat so the last family member can rotate them up or down after feeding your pets — and, the rest of the shell acts an excellent frame for family and/or pet pictures. We hope you enjoy it!

We also hope you have it in your heart to help us. Only with your assistance now, can we continue to provide more injured and abandoned animals like Spencer the shelter, care, comfort and the best medical attention.

I also urge you to consider supporting the THS as a monthly donor. Joining the *Save the Animals Team* is easy and won't cost any more than your regular donation.

With sincere gratitude,
Sincerely,

Karen Ward

Dr. Karen Ward, DVM
Toronto Humane Society Senior Veterinarian



P.S. Your support today can help us continue to do what we love and do best — help and heal animals like Spencer that are in distress and pain.

The Toronto Humane Society • 11 River Street • Toronto • Ontario • M5A 4C2 • Tel: 416-392-2273
www.torontohumanesociety.com

Back of letter above

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communication. One of the best ways to do this is with a survey and return envelope.

- You can add a name, telephone number and email address of a staff person they could contact for more information or insight.

That helps four ways.

1. It lets you learn more about the donor.
2. It makes it easy for donors to interact with the charity.
3. It gives them a chance to ask questions and drive the relationship.
4. It gives them options as to how often they would like to be contacted in the future.

Here's how:

- Thank you letters work best when they come from the heart, the first line is key to conveying your gratitude. It should be a casual one-to-one communication and not business-like. Don't use 'corporate-speak' or 'committee-speak'. Avoid words like 'We' and 'Our', 'On behalf of', etc.
- If the new donor was solicited by a board member then have that board member sign the thank-you letter.

Alongside is an example of a **Welcome Package** I created for Centraide (United Way of Montreal). One version went out to new donors and another to lapsed donors who returned.



Here is a donor comment I received when we sent a survey on behalf of another charity: ***“Thank you for this questionnaire. Wouldn't it be great if all worthwhile charities did the same? It would save time, money & waste.”***

Coming up with a big idea

True creative is coming up with a solution that solves the client's problem and/or makes the reader respond. There is no magic formula for coming up with the big idea, though it helps to seek the assistance of someone who has training, experience and knowledge of what works best.

David Ogilvy said: ***“The difference between a good surgeon and a great surgeon has nothing to do with their hands. A great surgeon simply knows more.”***

Often the challenge is how to bring order to the chaotic wilderness of ideas you may have. The one thing I know for sure is that innovation must be at the core of creativity.

Whenever I am asked to beat a control package, like Pavlov's dog I begin to salivate. It's one of my favourite things to do. My biggest thrill is when one of my new packages beats one of my old control package.

I've put an example alongside. Here's how I go about it:

- 1. Consumer insight.** Knowing your consumer or donor is key and you should start there. Think "method marketing". Imagine the kind of person you are writing to, what would appeal to them and how you should talk to them.
- 2. The message:** Creative must engage customers/donors emotionally, especially when competing against thousands of sales messages a day. Being too logical is dull and dull doesn't grab people. Don't forget the saying: "Before you get a response you first need a reaction."
- 3. Involvement and tactility:** Finding a way to involve people helps response. Simple things like inserts help tell a story.

I hope that helps.

OPT IN, OPT OUT, OPTIONS:

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designersinc@sympatico.ca

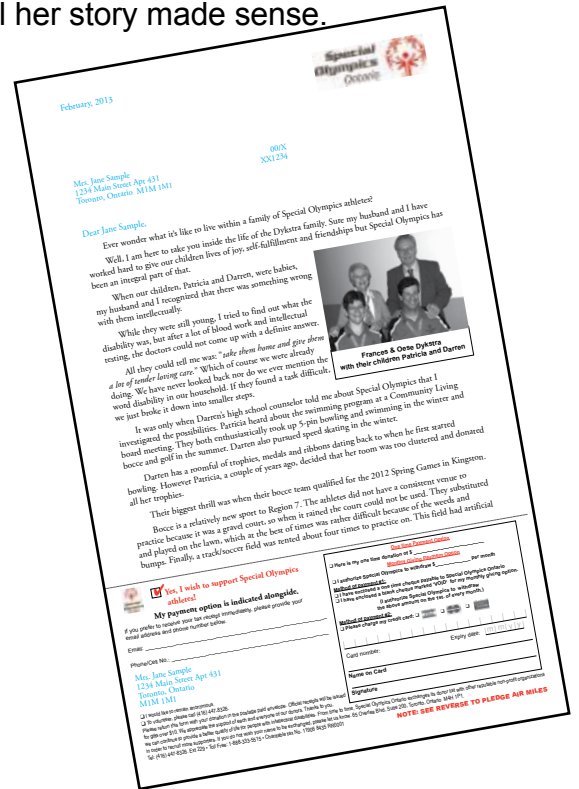
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To unsubscribe, send me an e-mail simply saying, "Please, remove".

To participate, send me an email with your suggestions.

To post a comment, please include your name, email address and your thoughts.

Consumer insight: Dykstra mailing below: A large segment of Special Olympics is the parents of the athletes, so having one mother tell her story made sense.



The message: This Good Neighbours' Club mailing where the prospective donors were asked to sign the card and send it back so it could be given to homeless people on Christmas Day. The mailing got a big response because it touched people.



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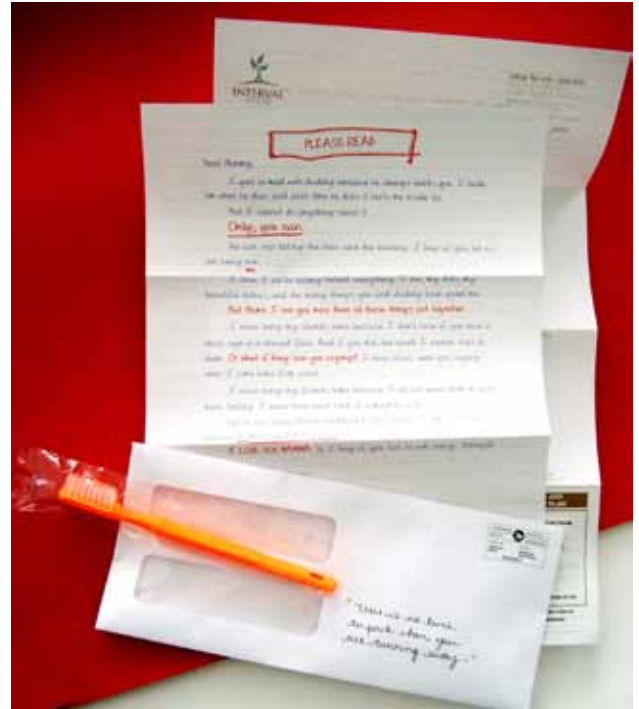
Let me remind you again that your name and/or e-mail address will never be shared, sold, circulated, or passed along to anyone else.

Designers Inc.

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Involvement and tactility: This Interval House toothbrush mailing where the toothbrush insert allowed me to talk about how women who are fleeing from domestic violence have to leave everything behind including simple basic necessities.



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