

# EXECUTIVE SUMMARY

## An Examination of the Impact of Paratextual Variables on Response and ROI In Direct Mail Fund-Raising Campaigns:



*If Your Envelope Doesn't Get Opened, Then It Really Doesn't Matter What You Put Inside!*

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## Executive Summary

In speech, two classes of factors are considered *paralinguistic* (from the Greek *para* “alongside” + the Latin *lingual* “of the tongue”). These factors come alongside and add impact beyond that which can be derived from word meanings alone. One class of paralinguistic factors includes *physical* characteristics like gestures and facial expressions. Other paralinguistic factors are *prosodic*, a word rooted in the Greek tradition epitomized in the Homeric odes that put stories of the Trojan wars to music (Lord, 1960; Parry, 1971). The Greek roots of *prosody* (*pros* “to” + *oide* “song”) refer to the rhythms, stress points, pitch, and tone of the speech. Physical and prosodic factors create most of the impact of spoken discourse.

In writing, certain factors are considered to be *paratextual* (*alongside* the written text). Like paralinguistic devices, these factors add impact beyond the printed words that comprise a text. Common paratextual factors include the use of underlining, **bold**, and *italicized* type.

The Latin legal phrase, *conditio sine qua non*, translates into English as *a condition without which not*. It aptly positions the all-important first task of getting a direct mail envelope opened. Stated in unvarnished English, ***if your envelope doesn't get opened, then it really doesn't matter what you put inside!***

To identify correlations between response and paratextual factors, I review published literature describing the results nonprofits have achieved as a result of adjusting non-lingual (physical) aspects of direct mail to get more envelopes opened. In addition, I describe outcomes achieved by organizations participating in my own tests of paratextual variation. Sherry Minton and Renee Warner with the American Heart Association (AHA) and Ray Morrissey with Franciscan Friars of the Atonement (FFA) provided valuable data for my dissertation. My thanks for their generous permission to report their organizations' results.

One campaign produced by AHA compared variation between two segments of a mailing sent to 50,000 households. One 25,000-piece segment (the control group) received a note card package that had been hand addressed and featured a salutation and P.S. note personalized in real human handwriting. A parallel segment (the test group) received the same package with the only difference being the handwriting method used. The test segment had been addressed and personalized with a computer-simulated handwriting style, called Computer HandScript™, that had been created from samples of my own penmanship. ***The test segment using my Computer HandScript™ out-performed the control segment that used real handwriting on four indices: response, average gift, gross income, and net income.***

Another campaign produced by AHA compared variation in response attributable to differing postage treatments. In one test, a control segment used full-rate first class postage stamps that had been cancelled as usual by the USPS. The test segment used presort first class stamps that had been cancelled by the mail shop in order to disguise the fact that they were not full-rate stamps. Presort first class stamps are not usually cancelled. But if special permission is obtained from the Post Office, such stamps may be postmarked. This special accommodation is necessary, given that the DMM [Domestic Mail Manual] actually prohibits canceling first class presort, standard, and nonprofit stamps. Thus, a special exemption from this prohibition is necessary if such discount-rate stamps are to be to legally postmarked.

The variation in response between the full-rate first class and presort first class segments was statistically *insignificant*. This suggests that canceling discount-rate stamps with a postmark, makes such mail look like it was sent at the full first class rate, causes it to look more personal, gets more envelopes opened, and can ultimately achieve a better ROI.

A second test by FFA measured variation in response attributable to the presence or absence of a postmark on nonprofit stamps. Two equal segments of a 20,000-piece note card mailing like that produced for AHA were compared. Stamps in the control segment of 10,000 pieces had been mailed naked (with no cancellation postmark). Stamps in the test segment of 10,000 pieces had been canceled with a mailer's postmark called PostCode™. The only difference between segments was the presence or the absence of a postmark. Response to the canceled stamp segment was 27.27 percent greater than response to the naked-stamp segment. ***What a difference a mark makes!***

This second test, comparing naked and cancelled nonprofit stamps, has important implications for future research because it ***suggests a way nonprofits might achieve savings up to 70 percent on mailings they normally send at the full first class rate.*** For example, in the presort first class/full-rate first class test described above for AHA, most of the 1,077,067 pieces had been sent at the full first class rate. Assuming that the entire mailing had been sent, instead, using nonprofit postage (with stamps canceled in order to make them look like first class mail), a total of \$301,578.76 would have been saved in postage costs alone. This assumes that the response rate to the nonprofit mail would have been the same as that of the first class presort and full-rate first class segments. Further testing is needed.

Though the evidence is anecdotal, my own company, High Touch Direct Mail, often receives address corrections to letters we mail at the standard rate. Moreover, clients for whom we produce campaigns using cancelled nonprofit stamps often get address corrections as well. This occurs despite the fact that DMM regulations state that undeliverable standard and nonprofit letters are to be discarded rather than returned to the sender. ***Postal workers are obviously mistaking such pieces for ordinary full-rate first class mail.*** As a result, occasionally (though not always) clients' mail receives address correction service instead of being thrown away.

With first class postage rates constantly rising, for mid- and major-donor mailings (those that often use first class postage), future tests of PostCoded™ mail are certainly warranted. In fact, had AHA's 1,077,067-piece mailing used cancelled nonprofit stamps instead of first class stamps, ***the postage savings alone would have been \$301,578.76—an amount equal to 36 percent of the \$828,726.87 net income the AHA campaign raised!***

In summary, ***variation of paratextual features does affect response and ROI.*** While the cost of computer-simulated handwriting did increase the unit price of AHA's mailing (which test, by the way, was not produced by High Touch Direct Mail but by an independent third party), the higher cost over conventional mail was more than justified by the increase in net income. And AHA's use of PostCode™-cancelled first class presort stamps significantly mitigated costs. But the FFA results suggest that using cancelled nonprofit stamps could achieve even greater savings—as high as 70 percent on mail normally sent at the first class rate. Assuming a nonprofit rate of 13¢, the 31¢ savings over a 44¢ stamp is 70.4 percent!

AHA conducted additional tests comparing Computer HandScripted™ mail packages to conventional formats. Though not summarized here, my article fully documents these results too.