



The **REaD** Group plc

DATA ASSET MANAGEMENT

# CONSUMER ATTITUDES REPORT

Direct marketing from the third sector



Part of The **REaD** Group plc



## Introduction

The REaD Group's 2010 Consumer Attitudes Study reveals the way UK adults perceive charities in relation to their direct marketing activities and database management. The following report details the findings of the study and pinpoints key insights that will help charities to make efficient use of their marketing resources in a difficult economic climate.

## Research Summary:

Let's face it, direct marketing in the charity sector has come a long way in the last twenty years. Who can forget the deluge of tired mail shots landing on the doorstep replete with free biro and never changing stock images that were de rigueur in the 1980s? Facing mounting pressure from supporters, many charities updated their creative strategy in the 90s and began sending out higher quality mailings with hard-hitting messages.

Unfortunately, many of these messages never reached their destination owing to poor database management and charities found themselves in the firing line yet again for wasting money, which is still the most likely factor in stopping supporters from donating as our inaugural consumer attitudes research has indicated.

In recent years, charities have managed to shake off their image as negligent direct mailers by adhering to best practice guidelines and adopting good database management techniques, which have seen them reaping rewards such as clean data, a return on investment and continued growth. Public perceptions of charities in respect of their data management certainly seem to have improved, which was reflected in our research by high levels of consumer trust in the sector's treatment of personal data.

However, since the economic downturn, some charities have been feeling the pinch and many are struggling to strike the right balance between reducing their costs and upping their fundraising efforts. Although public sector marketing budgets have been frozen by the incumbent coalition government, it would be a huge mistake for charities and other voluntary organisations to follow suit as direct marketing is a crucial component when it comes to connecting with supporters and it can deliver excellent results if used wisely.

There are now multiple direct marketing channels available to charities and in order to extend their budgets and increase their outreach they need to execute multi channel campaigns alongside traditional direct mail, which is still consumer's preferred method of communication from charities closely followed by Email.

Despite the economic challenges ahead, there is a great deal for charities to be positive about as supporter and public perceptions are favourable. However, it's crucial that they keep up the good work when it comes to data hygiene, improving their supporter profiling and targeting the right supporters with the right message at the right time. The REaD Group's research indicates that 29% of supporters would stop supporting a charity that sent them badly targeted direct mail e.g. sending a prostate cancer campaign mailing to a young female.

## Background:

As a leading Data Asset Management company, The REaD Group plc commissioned DMA (Direct Marketing Association) endorsed research company *fast.MAP* to carry out primary research with consumers as part of their ongoing commitment to helping charities manage their database marketing and increase their supporter revenue.

### The Sample

- The sample were randomly selected from *fast.MAP* Consumer Voice panel to be representative of the UK population
- The panel was closed i.e. members of the public cannot voluntarily join and are recruited via a number of sources to demographically represent the markets based on age and gender
- Results are re-weighted by age and gender
- Sample Size = 1,363
- This gives a statistical confidence level of +/- 2.16%

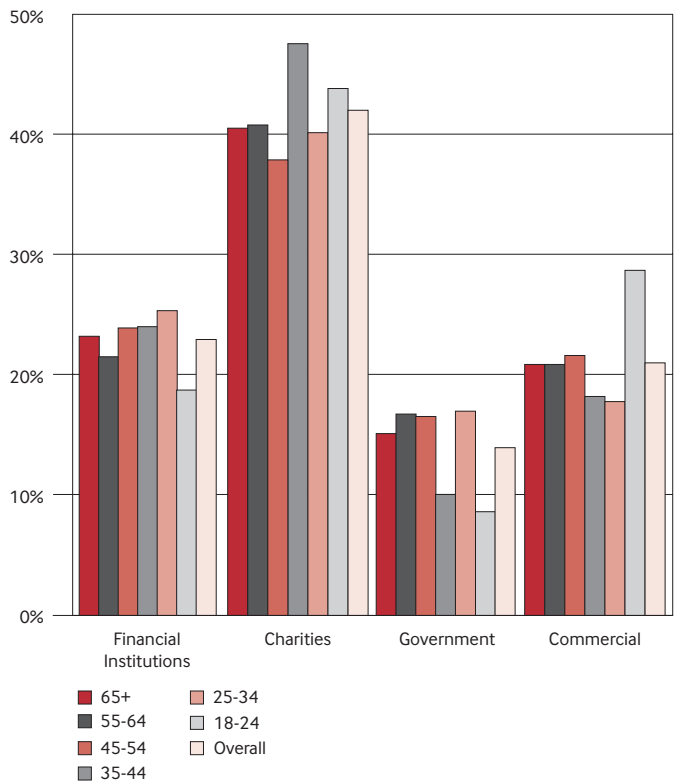
## The Survey:

Data is at the heart of all marketing practice these days. Indeed, some might say it underpins the very fabric of modern society. Regardless of whether government or financial institutions hold data; a supermarket chain via a loyalty scheme or a trusted local vendor such as a hairdresser or local garage, the simple fact of the matter is that without data, commerce would flounder.

In the past charities were at the receiving end of much criticism regarding the way they handled their supporter and prospect data. While much has changed in the last ten years, it was important that we established the level of confidence that consumers now have in charities regarding the way they treat and manage their data in comparison to other organisations.

The resulting statistics indicate that **42% of consumers place high levels of trust in the way charities handle their personal data, which is in stark contrast to Government who were least trusted by 36% of consumers.** It was interesting to see that **35-44 yr olds placed the highest trust levels in charities**, which is considered by some charities to be the optimum age to engage with supporters in order to encourage lifelong engagement (see fig. 1).

**Fig. 1 How much do you trust these institutions with your personal data?**



### Topline results

- Consumers trust charities with their personal data.
- Males and females put similar levels of trust in charities.
- 35-44 yr olds show the highest trust of charities.
- Consumers living in the North East of England are more likely to trust charities with their data.

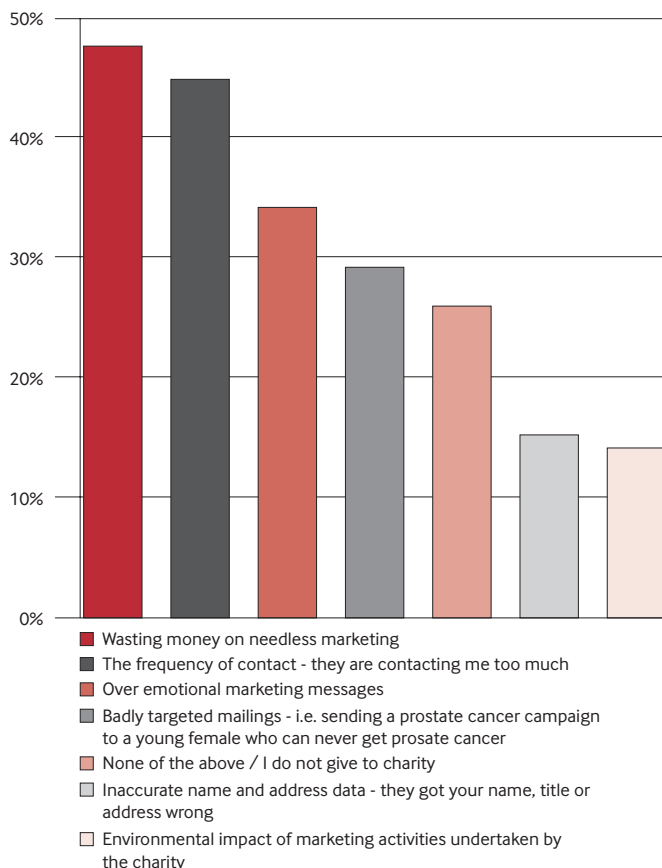
Although the press is rife with stories about catastrophic data losses or of data being used fraudulently, it's not always the big issues that cause problems. Often simple, careless errors in the way that data is captured or maintained can lead to highly distressing situations for individuals, not to mention the money that is wasted on mailing obsolete records. This might include sending marketing mailings to the deceased or other forms of badly targeted marketing messages.

One well reported example of poor targeting was seen in the lead up to the general election 2010 when Labour were lambasted in the media and by the public for targeting 250,000 woman in a tasteless direct mail campaign that criticized the Tory's policy regarding NHS cancer treatment. Unfortunately, this campaign resulted high levels of brand damage for the Labour Party at a critical period in time.

When you apply this scenario to a charity, the consequences could have serious financial implications as well as causing brand damage so we were keen to measure the mitigating factors involved in supporters ceasing their donations to a charity in our research.

**The results indicated that 29% of adults would stop supporting a charity that sent them badly targeted direct mail while 15% would stop donations to charities that used obsolete or inaccurate name and address details. In terms of the UK population, this equates to 14.8 million adults and 2.8 million adults respectively. Most strikingly, 47% of consumers said they would cease supporting a charity that they deemed to be wasting money on needless marcomms (see fig. 2).**

**Fig. 2 What would make you stop donating to charity?**



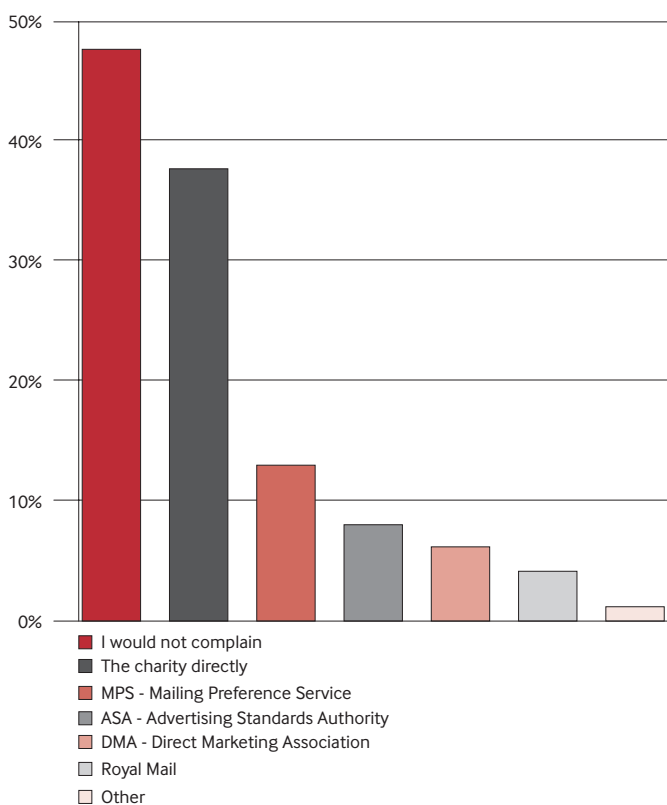
**Topline results**

Consumers of 65+ are more likely to stop giving than any other age group across each of the categories.

In terms of data management, Charities face the same issues as commercial organisations, government and NGOs with one exception: Dissatisfied supporters don't like complaining to a charity and may withdraw their support or cease making financial donations if the situation does not improve, which gives the charity little scope to rectify problems.

In order to confirm this we asked the sample which organisations they would be most likely to complain to if they were unhappy with a marketing communication they received from a charity. **47% of those surveyed said that they would not complain, which equates to over 20 million dissatisfied consumers that charities risk alienating (see fig. 3).**

**Fig. 3 If you were dissatisfied with a communication from a charity who would you be most likely to complain to?**

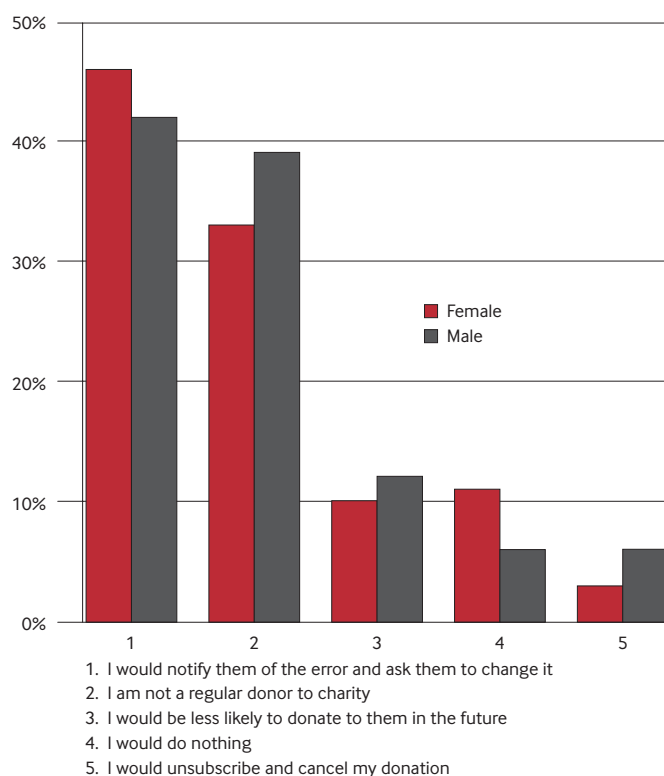


**Topline results**

As age increases, the likelihood of complaining decreases!  
 If people are going to complain, they are more likely to contact the charity directly.

Drilling down into the analysis a stage further, we asked regular donors to charities how they would react if they received something through the post and their details were incorrect. **23% of regular donors said they would be less likely to donate or would cancel their donation if their personal details were wrong and overall men were more likely to cancel or reduce their donations than women (see fig 4).**

**Fig. 4 If you are a regular donor to charity and you received something through the post and your details were incorrect, how would you react to it?**



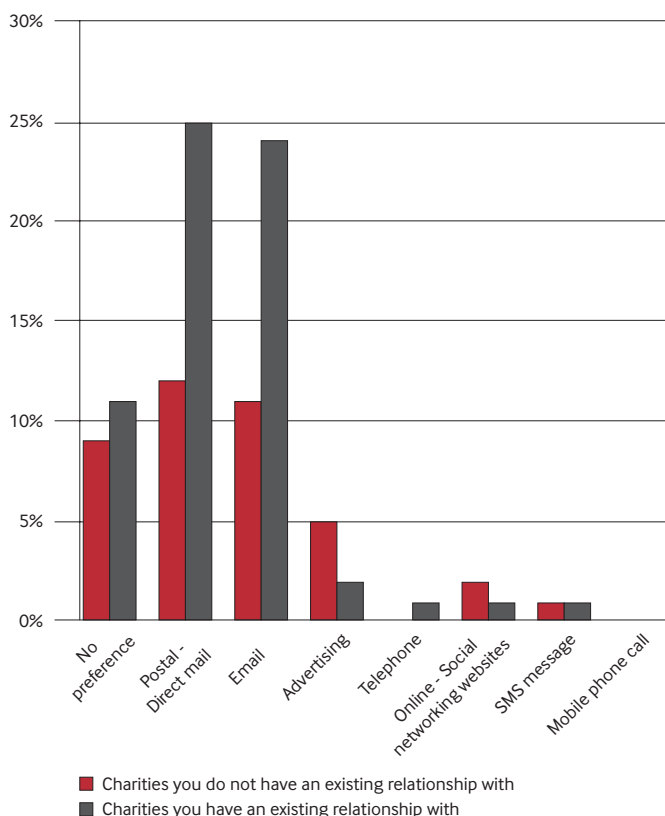
**Topline results**

20% of 18-24yr olds would be less likely to donate to a charity that sent them an inaccurate mailing.  
 Scottish people are the most vocal when it comes to communicating problems with the charities.

With all of the different channels available to marketers, it's difficult to know exactly how to allocate precious marketing budgets most effectively. For this reason, the final two questions in our survey were aimed at helping charities to gain additional insight into the specific needs and requirements of their audience. We asked consumers about their preferred method of marketing communication from charities and **Direct Mail remains the nation's favourite, which is closely followed by Email and then traditional advertising. Tailing behind were social networking, SMS, mobile phone and telephone (see fig. 5).**

It's worth noting that SMS and mobile phones are likely to experience significant growth as direct marketing channels within the charity sector. With 11 million people in the UK using smartphones to access the internet (56 million in Europe), mobile and SMS donations are increasingly providing charities with highly effective giving channel that complements their existing routes to market. SMS and mobile allow charities to benefit from impulse donations that are triggered by emotive content in TV programmes, news stories or on the web.

**Fig. 5 What is your preferred method of marketing communication from charities?**



### Topline results

60% of adults in the UK do not like being contacted by charities they do not have a direct relationship with.

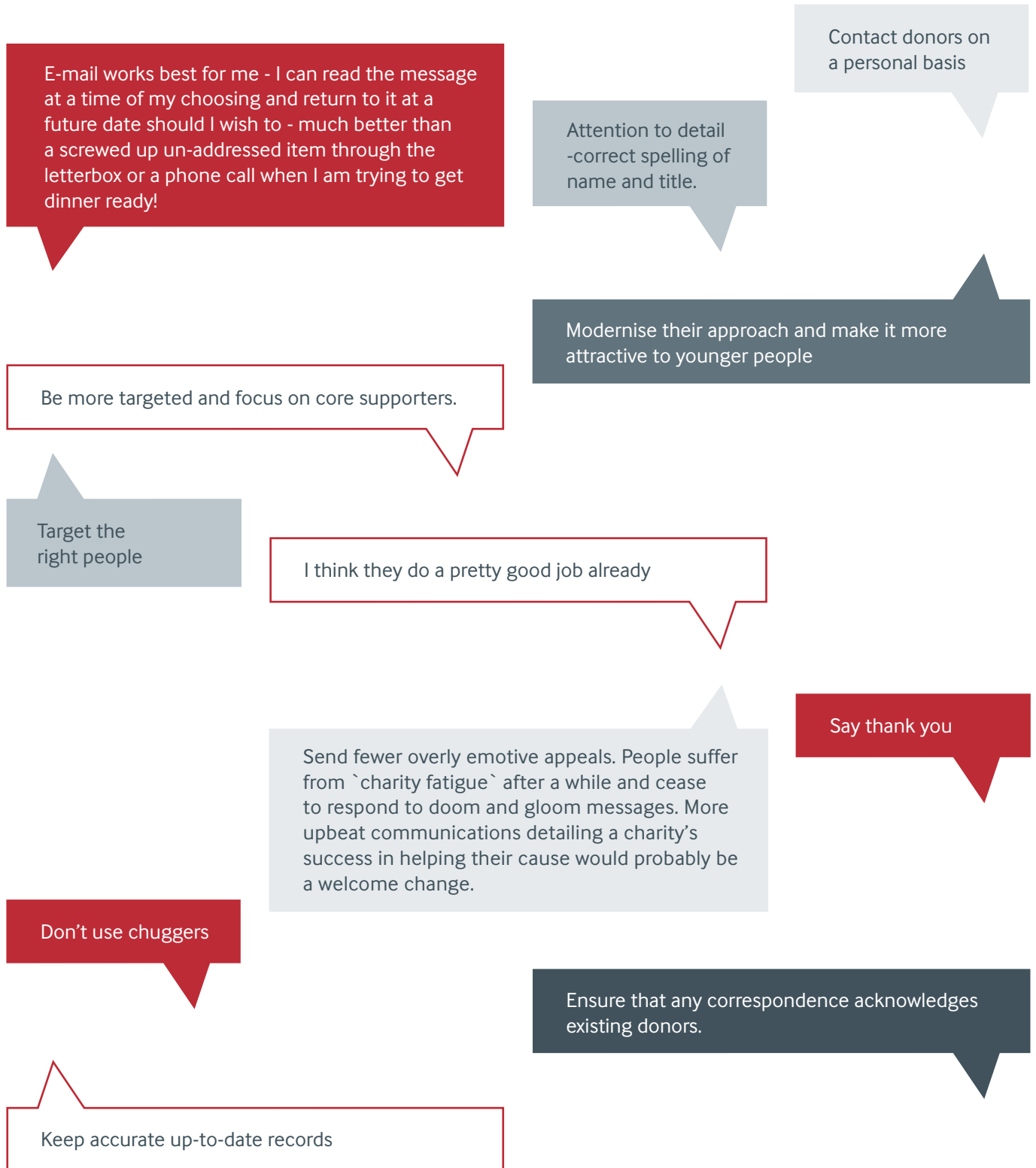
Women and people in the 55+ category would rather receive direct mail.

18-34 year olds are the most responsive to SMS.

People in Wales prefer to receive email from charities they do not have a relationship with already over other forms of communication.

To conclude the research we asked consumers to tell us in their own words of any aspects of charity marketing that they felt could be improved upon. The aim of this was to arm charities with as much additional information as possible about what consumers like and dislike (see fig 6).

**Fig. 6 What aspects of charity marketing do you think could be improved upon?**



## **Conclusion:**

At The REaD Group plc we believe that effective direct marketing is built upon strong data management principles. The fact of the matter is that good management encompasses data security; it is mindful of ID Fraud, it adheres to best practice guidelines and above all else, it is responsible. Furthermore, for consumers to have confidence in the organisations using their personal data, it needs to be treated with the respect it deserves!

We are committed to promoting Data Asset Management by providing industry with insights and knowledge that will help them to better their working practice, execute more effective marketing campaigns and increase ROI.

For practical data management tips, whitepapers and case studies please visit our dedicated charity page at : [www.readgroupplc.com/charities](http://www.readgroupplc.com/charities).