

## Case Study



### **Lutheran Hour Ministries Uses StrategicOne's Business Intelligence Tool for Campaign Selection Strategy**

*Direct marketing net revenue increases by 18% in one year with the use of InsightOne™*

#### **Situation**

Like many non-profit organizations, Lutheran Hour Ministries was using the RFM (recency, frequency and monetary) approach for campaign segmentation. Each month, the fundraising net (in the form of a direct mail appeal) was cast out to thousands of individuals including those who had not made a gift in almost four years to the organization. In addition, any donor who made a gift to the organization (even if the donor gave less than \$5.00 a year) was solicited with the same frequency as someone who made a gift of \$100.00 per year. This wide spread approach resulted in a net revenue per piece mailed of less than \$1.30 on average and an ROI of less than 2.0 during critical months.

Lutheran Hour Ministries knew there had to be a better approach to target specific donors. The organization turned to StrategicOne for business intelligence.

#### **Strategy**

StrategicOne recommended a business intelligence solution known as InsightOne™ to provide guidance to more profitably cultivate donors. Basically, this solution helps define communication strategy. The analysis evaluates giving performance 12 months prior to the campaign. Based on package cost and available universe, forecasts are calculated for response and revenue for the potential campaign. Giving performance is not only based on results from a specific campaign, it is also based on giving for multiple timeframes usually 30 days and 6 months. This method of analysis identifies segments that require continued mailings in order to be profitable as opposed to looking at each campaign separately.

The business intelligence platform graphically identifies “profitable” versus “unprofitable” segments, based on ROI. Utilizing this solution provides more lift than using traditional RFM alone.

With the use of InsightOne and the guidance of StrategicOne's direct marketing counsel, Lutheran Hour Ministries began making more profitable decisions based on business intelligence.

**The Results**

Lutheran Hour Ministries began using InsightOne in November of 2006. In the first month, the organization reduced their mail quantity by 16% and saved 4.6% in printing and postage costs. Because the donors with the greatest predicted response were solicited, there was also a 66% increase in the response rate and an increase in net revenue per piece of 92%. Overall net revenue increased by 34% in just one campaign.

Campaign Description	Response Rate	Gross ROI	Net Rev Pc
November 2005 Appeal	5.74%	2.03	\$1.42
November 2005 Major Donor Appeal	8.77%	14.96	\$11.18
November 2006 Appeal	9.09%	2.68	\$2.17
November 2006 Major Donor Appeal	10.24%	25.93	\$19.94
<b>Total:</b>	4.82%	11.63	\$9.52

Subsequent appeals continue to perform. Over the course of eleven campaigns, the intelligence gained from InsightOne reduced the mail quantities by 10%, increased gross revenue by 13% and increased net revenue by 18%. In one year, StrategicOne increased net revenue three times over its annual service cost.

This is one of the many analytical solutions within the InsightOne offering. For more information on how business intelligence can support better business decision-making for your organization, please contact Mike Rogers at 913-342-9100 ext. 102.