

EXECUTIVE SUMMARY

How Hand-Personalized Mail Boosts Direct Mail Response:

The Impact of Paratextual Variables on Response & ROI



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

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Ph.D.

Were I asked to describe in a word, one dominant impression my doctoral study of fund-raising discourse made, I'd choose the word *connection*.

Or more accurately—the *lack* of connection.

I was shocked to learn that fund-raising discourse reads more like academic prose than the banter of friends discussing something they care about. The writing of fund raisers tends to *transfer information* rather than *connect with readers at a personal level*.

And although most would think that the typical fund-raising text probably tells a compelling story to put a human face on a cause, the data indicate just the opposite. My study found that the writing of fund raisers contains *virtually no human-interest narratives*. In fact, academic prose contains more narrative content than the typical fund-appeal. Even the genre of official documents contains more narrative.

What's more, this disconnected, impersonal feel extends beyond language to paralanguage—to *physical* aspects of direct mail—which universally looks *mass-produced*. This article reports the results of tests in which physical (*paratextual*) variables were adjusted to create a greater sense of human connection with the reader—to essentially simulate the look of personal correspondence versus the feel of an institutionally-produced advertisement.

John Naisbitt observed this tendency toward mass production and disconnectedness in his 1982 book, *Megatrends: Ten New Directions Transforming Our Lives*. He predicted that high technology would spawn counterforces that he framed with the term *high touch*. “The introduction of the high technology of word processors into our offices,” he noted, “has led to a revival of handwritten notes and letters. We couldn't handle the intrusion of this high technology into . . . our lives without creating some high touch human ballast” (1982, p. 38).

Ironically, the latest counterbalance to high technology, social media, was borne from the belly of the very technology beast that so alarmed Naisbitt 30 years ago. But social media fail to offer the content control that traditional fund-raising media do. And with email open and click-through rates plummeting, the hope of cheap, effective communication seems to be going the way of telemarketing.

Maya Gasuk, who led Cornell University's annual giving efforts for ten years, echoed this view on the role of social media in fund raising. Interviewed by *Philanthropy Journal's* Ret Boney, she commented:

People can get easily distracted by shiny objects like Facebook and other social-media tools. There's a tendency to think the next new thing will solve all of our problems.

But at the end of the day it's all about a conversation with donors. We need to continue to invest in the core of the business first and foremost and not get distracted by iPhone apps and Facebook pages. Holding that same standard of accountability in the era of the novel is really important.

The core of what we do is relationship building and asking. Someday social media will complement that. But right now, I don't think the answer to participation

decreases is Facebook, for example. It's more important to look at your operations and figure out where things are disconnected.

In a follow up to her *Philanthropy Journal* interview, I asked Gasuk what percentage of Cornell's annual giving usually comes through online and U.S. mail sources. She put those amounts at: "about \$3 million in undergraduate annual funds via mail, and about \$500K via e-mail." This ratio of 6:1 in favor of U.S. mail suggests that it remains an indispensable medium.

Far from the "shiny objects" that Gasuk discusses, the innovations I have attempted to develop try to set direct mail apart from glitzy commercial communications by taking a decidedly *retro* turn. In 1995 I began a direct mail production business called High Touch Direct Mail (acknowledging Naisbitt's tension between high tech/high touch). I developed a process to address envelopes and write personalized notes on cards and letters in computer-simulated handwriting. Not a fake-looking handwriting, but styles created from individuals' penmanship so they look absolutely authentic. The reasoning was that as body language and tone of voice contribute as much to the impact of an oral presentation as words, ***hand-personalization adds to an envelope and letter what a smile adds to a speech***. But could the impact of simulated hand-personalization be measured?

I addressed this question in my dissertation by adding to my battery of linguistic and rhetorical metrics, routines for gauging the impact of variables that are *paratextual* (e.g. physical features that work alongside texts).

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 reviewed 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 described 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 results.)

My research reported the results of a series of American Heart Association (AHA) direct mail campaigns sent to more than a million households over a period of two years. And although for the past twenty years I have owned a company that produces highly personalized direct mail projects for charities, ***arm’s-length objectivity was ensured in this study. My my firm was was not involved in planning, producing, implementing, or evaluating the AHA campaigns. Nor did my company profit in any way.***

In fact, a competitor in the industry actually produced the test packages using a computer simulated handwriting made from my penmanship (a product we have trademarked as Computer HandScript™). Several other companies produced additional versions of direct mail packages which tested specific paratextual variables. As a researcher, my involvement was limited to simply reporting the results Sherry Minton and Renee Warner sent me from AHA’s headquarters in Dallas, Texas for use in my dissertation.

The effects that manipulating paratextual variables had on a number of direct mail response campaigns are reported in my dissertation. An 84-page chapter on this subject is available for download from my research site: www.TheWrittenVoice.org. In this summary article I will review a sampling of these tests.

One campaign produced by AHA compared variation between two segments of a mailing sent to 50,000 households (middle cells in Table 1 below). 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.

Table 1 summarizes data showing the results in which ***a test segment using my Computer HandScript™ out-performed the control segment that used real handwriting on four indices: response rate, dollar income, average gift, net income per letter.***

American Heart Association March 2004 Renewal Campaigns								
Results of 2004 renewal campaign testing Computer HandScript™ simulated handwriting against three control packages					Data courtesy of Sherry Minton and Renee Warner: American Heart Association—Dallas, Texas.			
Description	Select Criteria	Households Contacted	Gift Count	Response Rate %	Gross Income	Avg Gift	Income Per Ltr	
Computer HandScript™ Note Card Test Package-1st class stamp outer envelope	0-12 mos \$15-\$49.99	25,000	2,772	11.09%	\$62,854.80	\$22.67	\$2.51	
Gift Box of Free Greeting Cards Control Package-1st class stamp outer envelope	0-12 mos \$15-\$49.99	25,000	2,005	8.02%	\$42,187.50	\$21.04	\$1.69	
Computer HandScript™ Note Card Test Package-1st class stamp outer envelope	0-12 mos \$50+	25,000	2,274	9.10%	\$196,015.50	\$86.20	\$7.84	
Real Handwritten Note Card Control Package-Nonprofit postage indicia on box	0-12 mos \$50+	25,000	2,112	8.45%	\$173,639.74	\$82.22	\$6.95	
Computer HandScript™ Note Card Test Package-1st class stamp outer envelope	13-36 mos \$15-\$49.99	25,000	1,472	5.89%	\$33,091.74	\$22.48	\$1.32	
Double Remit Window Letter Control Package-Nonprofit postage indicia on envelope	13-36 mos \$15-\$49.99	24,997	426	1.70%	\$10,007.00	\$23.49	\$0.40	
March 2004 Renewal Campaign Totals:		149,997	11,061	7.37%	\$517,796.28	\$46.81	\$3.45	

The 2004 American Heart Association renewal campaign tested a note card package personalized with a Computer HandScript™ simulated handwriting style (created from samples of my own penmanship) against three competing control packages. Ensuring arm’s length objectivity, none of the production was coordinated by High Touch Direct Mail, the author’s company. Three separate firms were responsible for each test and American Heart Association managed planning, implementation, and evaluation. The competing packages included: 1.) a control package consisting of a gift box of greeting cards (commonly called a front-end freemium), 2.) a real handwritten note card package, and 3.) a double remit form (a long-standing control package consisting of a single-sheet form mailed in a window envelope). In all three tests, the Computer HandScript™ package outperformed its competition on five measures: 1.) gift counts, 2.) response rates, 3.) total dollar income, 4.) average gifts, and 5.) income per letter. The level of statistical significance was high in all tests—in test one alpha = .01, in test two alpha = .02, and in test three alpha = .01. Statistical significance was measured as P values, which represent the level of confidence that, were the same test repeated 100 times, the results would be the same. This means, for example, that there is only a 2 percent chance that the results of test two (comparing simulated handwriting against real handwriting) were due to random occurrence. The most significant finding was that **Computer HandScript™ was so realistic that it actually beat real handwriting—underscoring its authenticity.**

Table 1: Three American Heart Association campaigns: High Touch Computer HandScript™ out-performed real handwriting, a front-end “freemium” gift box of all-occasion cards, and a simple double remit letter. Beating the latter two packages was expected. But beating real handwriting was a real surprise.

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.



Figure 1: By simply canceling nonprofit stamps, response rates increased 27.27%

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: PostCode™ Increased Response 27.27%.”

CASE SUMMARY High Touch Direct Mail has special USPS authorization to cancel nonprofit and presort stamps with PostCode™. In an A/B test of a Computer HandScript™-addressed mailing, half the mail was cancelled with PostCode™. Response to the PostCode™-canceled segment was 27.27% greater. **High Touch PostCode™ makes discounted mail look first class and increases response.**

Without PostCode™	With PostCode™	Net Increase
4.4%	5.6%	1.2% (27.27% Lift)

Bottom Line: We can't promise you'll get similar results. But we **can** guarantee more of your mail will get opened. And let's face it—if **your envelope doesn't get opened, nothing else matters. Contact us today:**

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Figure 2: The Effect of canceling nonprofit stamps: Response increased 27.27 percent.

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!

After completing my dissertation in 2009, I conducted another A/B comparison test for Union Gospel Mission in Spokane. Our HandScript™ mailing for them beat their in-house campaign on three measures: response climbed **134%**, average gift went up **26%**, and net rose **432%** . . .

Production:	Qty Mailed:	Replies:	% Rate:	Avg. Gift:	Net Income:
In-house	22,742	649	2.85%	\$42.00	\$15,734
High Touch	22,100	1,471	6.66%	\$68.00	\$83,641
Improvement:			+134%	+26%	+432%

Table 2: Test of Computer HandScript Mailing by Union Gospel Mission

AHA conducted additional tests comparing Computer HandScripted™ mail packages to conventional formats. Though not summarized here, they are described in detail in the full-length article, ***The Impact of Paratextual Variables on Response and ROI.*** Several resources are also available on my academic web site at www.TheWrittenVoice.org. If you are interested in testing High Touch Direct Mail's Computer HandScript and PostCode cancellation technologies, contact us:

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