Demystifying Exchanges

Oct. 18, 2005

By Dina Fanelli

A list exchange is the trading of names on a one-to-one basis, usually for the same recency and dollar value.

Is exchanging right for you? There are many questions that need to be answered before delving into the realm of exchanges. Analyze your donor file. Most organizations exchange in a range of 12 through 24 months, $5 to $24.99, $5 to $49.99, or $5 to $99.99 active donors. Some mailers might choose to also exchange their former donors, subscribers, mail-order buyers or whatever file they have at their disposal.

How large is your file? If you're only working with a few thousand names, it might not be worth exchanging your active names. Your donor file would have to be turned completely several times a year in order to pay back names owed. For each turn, 100 percent of your donor file has been exchanged with other organizations. This might fatigue your file much quicker. On the other hand, if you're working within a very tight niche, it might be worthwhile to exchange with a handful of similar type mailers to gain access to a pool of great prospects.

One aspect for you to consider if you are a large-volume mailer is your exchange partners. If you have a file of more than 100,000 names, do you want to exchange with someone who only has 5,000 names in return? After merge-purge you will probably be left with only a couple thousand records and no potential for roll out.

Who should you exchange with? The best exchanges are your competitors. It might be scary for some to exchange names from a direct rival, but they'll prove to be your best prospects. Be sure to thoroughly read through all mail pieces from organizations that are requesting to use your file. This will enable a good fit for both.

Determine how many times per month or year you're willing to turn your file. While evaluating a client's renewal rates, we found that revenue and response had significantly dropped. Upon further examination, we realized that their exchange file of 144,000 active donors had been turned over 46 times in one year. Their own donors were being barraged with so much mail from other organizations, it started to depress their own results. When starting an exchange program it's better to lean toward the conservative side and limit the number of times your file is given out. Each organization must develop a strategy that is appropriate for their internal culture.

Carefully monitoring your exchange partners, as well as limiting the number of times your file is mailed, will have negligible effects on your own donor file. A client, who had been working with us for years, finally received permission from its board to start an exchange program. We first included in a renewal campaign an opportunity for donors to opt out and not have their names exchanged. This accounted for less than 1 percent. Each record on the exchange-fulfillment file was flagged. After one year of exchanging, renewal rates were examined, and the exchange portion of the file did just as well as the non-exchange segment of the file. This report assured the board that exchanges were not having a negative impact on revenue. It did, though, reduce overall acquisition costs.

Keep in mind that exchanges are not entirely free, buthe costs associated with exchanges are significantly lower than renting. The fees involved with exchanges typically include list-management handling fees and/or processing and fulfillment charges.

Adding exchanges to your mail plan can open up a new universe of names that were previously unattainable. If a mailer is starting to saturate its market, instead of going to secondary markets it might be time to explore the possibility of exchanging. There are many lists that are only available through exchanging.

Are exchanges for everyone? Certainly not. Each organization must decide from within if it fits with its climate and mission. With careful monitoring of exchange partners, exchange balances, renewal rates and overall mail cost, exchanges can prove to be an integral part of your acquisition program.

Dina Fanelli is senior vice president of Trinity Direct. She can be reached by calling 973.283.3600 or by visiting www.trinitydirect.net.