

MARKETING COMMISSION
Paul A. Evenson, South Dakota, Chairman
Dean Kessel, Indiana, Executive Director
Kimberly Meesters, North Carolina, Director

2022 Marketing Priorities

- Attract & Retain New Members
- Drive Revenue
- Improve Brand Perception

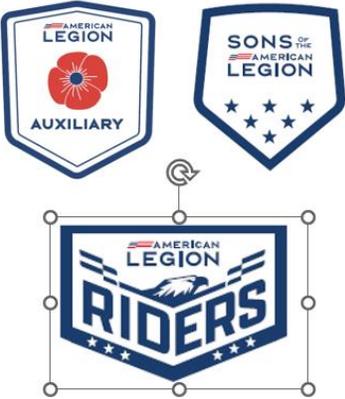


This is a building year for the Marketing Division. We are adding staff, auditing budgets, researching, and optimizing all processes and procedures. We are scrutinizing every aspect of our division to ensure we are operating efficiently and are focused on the right priorities. We need these fundamentals in place now so that we can focus on growing the organization in 2023. Despite a disproportionate amount of time spent on foundational and operational items, we have made some headway on each of our seven marketing priorities for the year and expect even more progress the second half of the year.

Year-to-Date Highlights

Rollout New Brand: New brand marks have officially launched for the Auxiliary, Sons, Riders and Baseball. We also developed a new set of brand guidelines that should clarify much of the confusion around use of Brand Marks vs. Emblems. We expect to disseminate these widely starting in September.

Reimagine Membership: In July, we began promoting auto-renew through our print and digital media channels and on all renewal notices. We are seeing an increase in members selecting to auto-renew. This is important because we spend \$1.3M a year on renewal notices. More people on auto-renew means less renewal notices in the mail. In addition to auto-renew, we began to look at the first-year member experience. We know that almost 50% of first-year members choose not to renew. We have redirected a large portion of our agency resources to building out a first-year member journey that will include a new



welcome kit, frequent communications and other offerings to help with member satisfaction. We expect this work to be completed later this year and launch in early 2023.

Launch Be The One Campaign: We started promoting BeTheOne.org in April with the goal of simply getting people's attention about the need to save one veteran. The landing page also has an option to sign up for future notifications about campaign updates. The most prominent marketing has been through our INDYCAR assets, which are explained later in this update. Additionally, at the national convention, subject matter experts will participate in a panel discussion on the topic, talking points will be distributed during several events and meetings, and merchandise will be available through Emblem Sales. The next step is to build a cross-functional working group to determine ways we can grow the initiative beyond messaging/marketing, with a focus on destigmatizing veterans asking for help and educating our membership about resources available to them at a state and local level.

Grow Corporate Alliances By \$2.5M: We have commitments for 64% of this goal and have several large companies in the pipeline. Corporate partnership discussions take many months, but we are hopeful that we can close a few of the larger opportunities before the end of the year. It is worth noting that our trial promotion with Hotel Tango far exceeded their expectations. According to Hotel Tango leaders, it was the highest-grossing promotion since they formed the company. We are waiting for the final donation total but expect it to be around \$30k, which is a positive number for a brief regional promotion. Most importantly, they would like to start conversations about a larger partnership with us in the future. We believe this will serve as a strong case study for larger brands.

Restructure Marketing Department & Agencies: Hiring marketing staff has taken much longer than anticipated. We have only successfully filled one of the five approved open head count. As such, we have not been able to scale back on our agency support as quickly as planned. We were able to reduce some of the Moore Group retainer for Q3 and Q4, but believe we can scale back even more after we have a full team in place. Most importantly, Moore Group is working on a completely new scope and contract structure to serve our needs more efficiently for next year and beyond.

Maximize & Localize INDYCAR Official Status: Our new official partnership with INDYCAR allowed for us to activate in the midway of each race without paying track fees. This season our mobile marketing truck has been on site in eight different states and open a total of 34 event days. In that time, we have gained 180 new members (avg. six per day) representing 29 different departments. We have also captured more than 1,000 email addresses from people wanting to learn more. Also, a veteran service officer is now attending each event; we will start to track how many veterans receive on-site assistance. The INDYCAR official partnership runs through the 2024 race season, and the Chip Ganassi Racing partnership is up for renewal at the end of this season. We have had many productive conversations with CGR and are close to finalizing a recommended approach for the future. At the October meetings, we plan to present this group with the detailed results of this year's activation plus the recommended plan for renewal.

The logo for 'Be The One' features the word 'BE' in large, bold, blue capital letters at the top. Below it, the word 'THE' is written in red capital letters, with horizontal lines extending from the left and right sides of the letters. At the bottom, the word 'ONE' is written in large, bold, blue capital letters, matching the style of 'BE'.

Increase Direct Mail Fundraising 4X: During the fall 2021 business meetings, leadership approved a strategic plan to invest heavily over six years (2022-2027) to primarily increase our active donor file. The goal is to grow from 400k to ~1.9M active donors by the end of year six. This larger active donor file could lead to more than \$68M in annual gross revenue vs. the 2021 number of \$16M. We are just beginning this six-year plan, but we are already noticing some headwinds, including the economic climate, postal service delays, supply chain delays/extended production timelines and postage increases. Despite less than expected gross revenue at this point, the average gift is better than expected and new donors have already exceeded all of 2021.

This is a long-term commitment to effectively grow the donor file to maximize future revenues, and we recommend we stay committed to growing our donor file. However, it is critical that we be good stewards of the investment and monitor performance frequently and course correct as needed. To maximize net revenue in the second half of the year, we will:

- Reduce acquisition mailings by AT LEAST 50% for the second part of 2022
- Shift our active donor campaigns to focus on the newest members of our active file
- Focus on higher average gift instead of higher response rate
- Test new paper and envelope sizes (packages) for cost savings
- Adjust creative and messaging to emphasize the impact their donation has on helping veterans vs. our current patriotic and community service themes.

With these adjustments, we expect year-end gross revenue of \$17M (vs. \$33M) and year-end cash (after expenses and deferrals) of \$1.7M (vs. \$4.7M).