The Convio Online Marketing Nonprofit Benchmark Index™ Study

Executive Summary

Introduction

For the second year in a row, Convio — a leading provider of online constituent relationship management (eCRM) software solutions for nonprofits — has released *The Convio Online Marketing Nonprofit Benchmark Index™ Study*.

Growing from a cohort of 30 nonprofit organizations last year, this year's study uses data compiled from 419 organizations. The results are aggregated into benchmarks by which nonprofit organizations can evaluate their online performance with that of their peer group. This approach gives organizations a framework to continually refine their tactics, improve the effectiveness of their online initiatives, and allocate resources more efficiently.

Seven areas related to online marketing success were studied:

- Web site traffic
- Registration rate
- Email file size
- Online revenue: fundraising, eCommerce, growth, average gifts and value of an email address
- Email appeals: open rates, click-through rates, response rates
- Email newsletters: open and click-through rates
- Legislative advocacy

This document summarizes most of the key findings in the study. The complete results are available from Convio (see page 7).

Methodology

Convio's integrated suite of applications for online fundraising, email, Web content management and advocacy share a common underlying database called Constituent 360™. The study was conducted by analyzing the real-world data for 419 Convio clients stored in this database over the 12-month period of July 1, 2006 to June 30, 2007. Only clients that actively used Convio's software solutions during this entire time period were included in the study.

The organizations in the study varied widely in size, both in terms of the size of their constituent email address files and in their operating budgets, as shown in Figure 1.

Email File Size	# in Panel
<10,000	139
10,001–25,000	87
25,001–50,000	72
50,001–100,000	48
100,001–250,000	40
250,001+	33
Total	419

Organizational Budget	# in Panel
<$1,000,000	71
$1,000,001–$10,000,000	174
$10,000,001–$100,000,000	132
$100,000,001–$500,000,000	24
$500,000,001+	17
Total	419

Figure 1: Size Distribution of Organizations in the Study

Study participants were grouped into 11 segments (or "verticals") by their organizational mission (Figure 2).

Vertical	# in Panel	Description
Animal Welfare	21	Regional humane societies and national organizations devoted to animal welfare issues
Association & Membership	20	Organizations whose members have a common professional affiliation
Disaster & International Relief	25	Domestic and international organizations that provide disaster relief, humanitarian relief, aid and assistance around the world, often in response to a catastrophic event or disaster
Disease & Health Services	121	Organizations that provide information and patient support on particular diseases and disorders, raise money for medical research, and/or are involved in medically related public policy issues
Environment & Wildlife	13	Regional and national environmental and conservation organizations
Faith Based	38	Churches, ministries and other organizations of various religious affiliations. (Note: Jewish organizations were removed based on previous analysis suggesting that these organizations perform dramatically differently from other faith based organizations, but too few of these organizations met the criteria to support a separate cohort.)
Higher Education	20	Colleges, universities and their alumni associations
Human & Social Services	54	Local, regional and national organizations that deliver human and social services to people in need
Public Affairs	80	Organizations involved in shaping public policy and legislative advocacy at a state or federal level
Public Broadcasting Stations	13	Public radio and public television stations
Visitation, Performing Arts & Libraries	14	Organizations such as zoos, museums and aquariums that rely on members and guests visiting their facilities

Figure 2: Vertical Segment Descriptions

Key Findings

- **Nonprofits' Web site traffic continues to grow – but not for all verticals.** The organizations in the study had an average of 7,943 unique Web site visitors per month for the period of July 2006 to June 2007. For organizations with fewer than 250,000 email addresses on file, this represents an increase in Web site traffic of 11% over the previous year.

  Most verticals experienced growth in their Web site traffic. Verticals performing better than the benchmark included those with missions focused on the environment, public broadcasting and faith. However, some verticals, including Public Affairs and Higher Education, experienced flat or negative growth in Web site traffic during this period.

- **Registration rates improved slightly; remains an opportunity.** The percentage of new Web site visitors who "converted" to registered constituents – those who at least provided their email address – grew from an average of 2.8% per month in our last report to 3.0%. The registration rate by vertical varied from 1.10% to 6.45%. The nonprofit sector as a whole clearly has significant room for improvement with this key metric.

- **Email files continue to grow strongly.** On average, email files grew 32% year-over-year, with a range by vertical from 15% to 48%. This average is nearly three times the rate of growth in Web site traffic, suggesting that organizations are growing their lists with a combination of offline programs and more efficient Web site registration programs than in the past.

  The median email file size is now 20,385, but again there is enormous variability here based on vertical. Organizations with missions of broad interest and national outreach campaigns unsurprisingly have much larger email files.

- **Revenue growth performance was generally strong.** The study evaluated total contributions made online over a 12-month period. These contributions include money raised from "direct" online donations and sustaining gifts, as well as money raised online to support team-based events using Convio's TeamRaiser™ solution. The metric does not factor in gifts made offline by constituents originated or engaged online. Between July 2006 and June 2007, the study participants received three million gifts totaling $184 million, representing year-over-year growth of 23% (26% including revenue from online product sales using Convio eCommerce). The median amount raised per organization was over $100,000.

  Two verticals notably stood out: revenue growth at Association & Membership organizations jumped 99% and 83% at Visitation organizations. Only two verticals experienced negative growth. One of these, Disaster & International Relief, saw a reduction in donations after record fundraising in previous years following Hurricane Katrina and the Asian Tsunami.

  The average gift raised online during the period studied was $61, up from $56 in our last report. This is much higher than the typical average gift achieved through other direct response channels.

- **Email open rates are declining – with some exceptions.** The open rate is the percentage of recipients who open (view) a message divided by the number of messages delivered. In our last

report, the sector average open rate benchmark was 22%, though it was calculated utilizing a much smaller cohort. With average open rates now at 14%, email fatigue and the increasing use of email appends are likely the primary factors. Even so, some verticals – Higher Education, Association & Membership, Disease & Health Services, Faith Based and Animal Welfare – achieved 50% or better than the sector-wide benchmark.

- **A lucrative opportunity exists to expand cross-promotion between advocacy and fundraising.** Online advocacy allows nonprofit organizations to build a network of loyal constituents ready to support the issues most important to their organizations. In organizations engaged in online legislative advocacy, 8% of advocates have also supported the organization financially. For verticals such as Animal Welfare, the percentage is nearly twice that. Conversely, 14% of donors have advocated. From these baselines of 8% and 14%, a significant upside for cross-marketing between fundraising and advocacy remains. We believe that online advocacy, in addition to advancing an organization's mission, can be a significant feeder of prospects for fundraising, and vice versa.

Summary

In just a few short years, many nonprofit organizations have begun online marketing programs and have seen dramatic increases in their ability to reach their objectives, such as raising more money, mobilizing advocates, and increasing awareness. Online marketers must continually refine their tactics, improve the effectiveness of their fundraising initiatives, and allocate resources more effectively. To do this requires marketers to have a thorough understanding of the key drivers for online success, as well as a way to objectively compare results with those of their peer group. This study provides a starting point for that analysis.

The study's findings are complemented by taking into account best practices around online marketing. By working with over 1,200 nonprofit organizations, Convio has found that the common attributes of organizations that have had the most success online include:

- Success in driving traffic to their Web sites by optimizing search engine visibility, offering compelling content, and promoting their site via other media;

- Effective programs and mechanisms in place to convert Web traffic into registered users, who can then be cultivated into donors;

- The proven ability to build large online email files via online registration programs, list uploads and viral campaigns;

- Effective communication through compelling content, segmentation and personalization to sustain interest in their programs; and

- A high response rate for online appeals, generated by creating an effective case for supporting their organizations, segmenting and personalization of their appeals, and testing elements of each email such as the subject line, frequency and delivery timing.

The Convio Online Marketing (eCRM) Nonprofit Benchmark Index™ Study provides nonprofit organizations insights into how comparable organizations are performing in metrics relating to key online success drivers. However, every organization is different, each with its own strengths, structure, organizational challenges and goals. As such, organizations should view this study as a starting point to better understand which metrics and drivers can have the largest effect on their online marketing programs and then continue to test what works best for their own organizations.

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For More Information and Assistance

The complete 31-page report on this study contains 25 charts and tables, more detailed discussion of these metrics, and additional benchmarks not covered in this abbreviated report. To request a copy of the complete report, please contact your Convio Account Manager or Sales Executive or email us at info@convio.com.

For additional assistance in understanding how your organization is performing and what strategies and tactics can help improve any areas in which your performance is below that of your peer group, consider engaging a Convio Interactive Marketing Consultant or consulting partner in Convio's Fusion Partner Program.

About Convio

Convio is a leading provider of on-demand constituent relationship management software and services to nonprofit organizations to enable nonprofit organizations to more effectively raise funds, influence public policy and support their missions by leveraging the Internet to build strong relationships with constituents. The company's online constituent relationship management, or eCRM, solution includes a suite of on-demand software modules for fundraising, advocacy, email marketing and Web content management complemented by a portfolio of best-in-class consulting services.

For more information, please visit **www.convio.com**.

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