Seven Things Every Nonprofit Professional Should Know Now About Online Fundraising and Marketing

an educational paper for nonprofit professionals

No matter what your organization's size or mission, you simply no longer can consider the Internet as optional to your marketing and fundraising strategy. More and more of the people you rely on to support your organization are online, and the Internet is one of the most effective ways to reach out to them.

This paper not only gives you some quick insight into the vast opportunity for your organization to use the Internet, but also gives you key tips that any nonprofit professional — from the online novice to the Internet expert — should know about online marketing and fundraising.

The Online Opportunity for Nonprofits

Did you know that many nonprofit organizations' supporters are online, yet less than five percent of total funds are currently raised online, and email files represent a small fraction of a nonprofit's direct mail files? And consider this: your Web site is the first place that most of your constituents will go to find out more about your organization.

What does this tell you? The online opportunity — not only for fundraising but also for reaching out to and engaging supporters online — is tremendous, and every nonprofit professional should be evaluating this opportunity for his or her organization.

Here are just a few important reasons why you should consider the Internet as part of your marketing and fundraising strategy:

- Fundraisers report that the Internet is growing in effectiveness compared with other solicitation techniques[1];
- Experts forecast 30 percent of all funds donated to nonprofits will be raised online by 2010[2];
- Demographics related to the Internet are shifting, with older people representing the fastest growing segment in the online community. No longer is the Internet strictly for the young and tech-savvy, although this segment is still the largest online;
- The online medium allows you to do much more than raise funds. By expanding your online presence, your organization can further its mission, distribute information, educate individuals more efficiently and cost effectively, and engage your constituents on a regular basis. You can also expand your market to include demographics that previously eluded your reach.

Online and Offline — They Really Are Different

If yours is like many organizations, it still relies heavily on offline (direct mail, telemarketing, etc.) techniques for fundraising and marketing. There are times when offline channels are preferable, but there are many circumstances when the online channel is more effective. Here are a few aspects of online marketing that you should consider when creating your fundraising and marketing communications plan:

- Many constituents online are younger and are often new to philanthropy;
- Because of its cost-effectiveness, online marketing is sometimes preferable for basic communication with constituents. You can get your supporters involved and engaged without necessarily soliciting them for a donation every time you reach out to them;
- The online medium is interactive and results are immediate. You can receive instant feedback, and quickly understand how your campaigns are performing in real-time. You can

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[1] Source: Indiana University Center on Philanthropy, *Philanthropic Giving Index*, 2006

[2] Source: Harvard Initiative on Social Enterprise

monitor traffic to your Web site to identify which emails are driving people back to which Web pages. Additionally, by working online, you can test, modify and tweak various parameters (e.g., content, format and layout) on the fly to optimize your campaign results;

- With online tools, you can easily personalize newsletters and other communications for each recipient. When the content you present is relevant to your constituent, it becomes more valuable and delivers a better experience that will likely encourage further interaction and ongoing engagement;
- The viral component of the Internet enables individuals to share emails, links, fundraising campaigns, petitions (among other things), and do so quickly and easily;
- It's easy to explore new and creative ways to drive fundraising in the online medium because of the lower costs to execute campaigns to either small or large groups.

Seven Things Every Nonprofit Professional Should Know Now About Online Fundraising and Marketing
Here's some great news for nonprofit professionals everywhere: Even though the nonprofit sector is still learning how to maximize its use of the Internet for marketing and fundraising, many forward-thinking nonprofits and software/service providers for nonprofits have done some of the hard work for you. They have been using the Internet long enough to have learned what works, and what doesn't.

These are seven of the top things they've learned that will help make you an online success:

1. Planning: Plan the Work, Then Work the Plan
The most critical step in the planning process is defining your organizational strategy. What is your organization trying to achieve? Do you want to extend your reach? Expand your mission? Cut costs? Regardless of your goals, your online plan will be stronger if it is in support of your organization's key goals, rather than a plan to, for example, "revamp the Web site" with no specific goals attached to that project.

After you have defined your organizational strategy and the related tactics, you can map your Internet plan accordingly. In order to properly execute your plan, ensure that you have the correct resources, technology and staff in place. Divide the plan into discrete tasks, and distribute the workload so that everyone involved understands who is responsible for which pieces of the plan before execution begins. Define milestones that you can track and measure as you move forward.

Don't forget to monitor results through a feedback loop. Here's a plus: through the online medium, you can do this in real-time. For example, you can send out a test email to a small group to see how it performs. Based on the results, you can modify the email (content, format, layout, links, etc.) and send out a modified version to a larger audience. This testing can be done within hours, rather than within

weeks when executing a direct mail campaign. Regularly monitor and evaluate your online results and adjust your Internet plan as needed to achieve your goals.

As you develop your plan, ensure that you're staffed for success. There isn't a magic formula you can use to determine the amount and type of resources you need to staff your Internet plan because it will
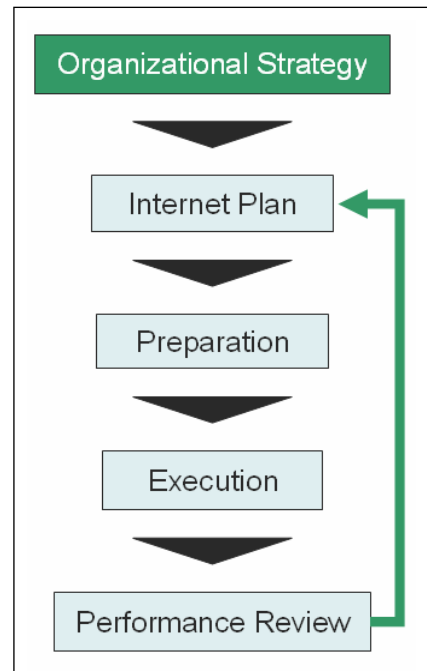
Your online plan should support your organizational strategy. Monitor and evaluate your online results, and adjust your Internet plan as needed to achieve your goals.

depend on your organizational strategy. Regardless of the numbers, you should evaluate your objectives and determine who you have on your staff that can help execute your plan.

Make an effort to distribute workload by identifying who can assist with content creation. Perhaps there are synergies with other initiatives that will allow you to leverage work already being done elsewhere within your organization. If you are committed to meeting your goals, then don't treat your Internet plan as an after-thought by underestimating the amount of resources you need to dedicate to its execution. Rather, you need to support your plan so that it is structured for success.

Finally, get buy-in from your organization's executives by creating steering committees and other groups that can support your online initiatives. You need to demonstrate how these initiatives map to your other efforts and your overall organizational strategy. By securing buy-in from various departments and levels, you increase the likelihood of driving collaboration across functions.

2. Collecting Email Addresses: Be Creative! (and Make it Worth Their While)
You might not have enough email addresses to drive a large fundraising campaign, but you likely have enough to start building your email address file. If you have a large email file already, your objective is similar — you want to build a *larger* house file.

Regardless of your situation, you need a systematic approach for collecting email addresses — they're the foundation for email communications. And remember that most organizations experience a 2 percent per month attrition rate for their email lists (resulting from people moving, email address changes, opt-outs, etc.), so having an email list building process in place is essential.

This is where the fun comes in. You're limited only by your imagination. For example, you might require Web site visitors to provide their email address when they send an ecard, register for an email newsletter, or request a free bumper sticker. Offer multiple engagement options for people to give you their email address in order to grow your email file quickly and efficiently. The key is to offer constituents something valuable in exchange for their email address, and let them know how you will be using it — to send them regular updates, to let them know when you need funds for a project that's important to them, etc.

Another approach: Gather email addresses through your offline initiatives. Use every touch point. For example, your print material should reference your Web site, and your solicitation materials should drive people to a Web page to encourage them to donate online. Don't hesitate to point out to your constituents that by donating online, their gift can be processed faster, less expensively, and save the organization time and money. When you execute phone campaigns, ask for the individual's email address.

For more ideas, you can always examine the practices of similar nonprofits to find out what is working for them. And, watch how for-profit companies collect email addresses for approaches you can adapt for your organization.

To maximize the number of email addresses you collect online, the registration process must be simple and quick; keep the barriers low. Don't ask too many questions or require too much information because this will deter people and likely result in them abandoning mid-process. Instead, ask only for a name and an email address. Once you have this information, then you can send a follow-up message to gather additional information about the individual so you can build a profile over time.

Viral marketing is also a very effective way to add email addresses to your file. By explicitly asking an individual to forward a campaign or email to a specific number of friends and family, you increase the likelihood that they will do just that. By tracking their actions, or lack thereof, you can send follow-up emails in the future. For example, if you note that an individual made a donation, but didn't forward the email to their friends and family, you can send a follow-up

message that thanks them for their donation and asks them again to forward the link to help
spread the word about the campaign.

3. Segmenting: Not Everyone Wants to Hear Everything
When you're ready to communicate with your target audience online, don't underestimate the
importance of segmenting your constituents. The bottom line is that not everyone wants to hear
everything. Your message should be tailored to the recipient, and this goal is best achieved by
developing a segmentation strategy that will enable you to communicate effectively with your
various groups of supporters.

As you evaluate different ways to segment your audience, you may discover that you aren't
collecting the correct information about your constituents. In order to segment effectively, you
should consider numerous factors, which may include donor status (donated before versus never
donated), geographical location, member status, age and interests. The level of detail required by
your organization may differ from the type of information another organization wants to collect.

This may seem overwhelming at first, so start small. For example, ask yourself what are the three
key things that you would need to know about your constituents to communicate more effectively
with them. Then, start collecting that information.

There are many ways in which you can obtain information — from online surveys to monitoring
constituent behavior by tracking links on your Web site. To optimize results, try to integrate
various mechanisms to collect constituent information across different channels. This systematic
approach will maximize the information within each constituent's profile, which, in turn, will enable
you to tailor future online messages and marketing campaigns so the message resonates with
the target audience.

The ASPCA, for example, takes a strategic and effective approach to collecting constituent
information. On the organization's Web site, the content presented to visitors after they have
logged in is customized to their profile. Based on their past interactions with the organization, the
visitor is able to see campaigns that will likely interest them, causes they support, and details of
their donation history. This level of Web site personalization engages visitors most effectively
because it acknowledges their relationship with the organization and customizes their user
experience accordingly. By segmenting its audience, understanding its interest categories, and
presenting relevant information, the ASPCA increases the likelihood that an individual will take
some sort of action while visiting the organization's Web site.

The ASPCA extends its personalization and segmentation efforts beyond its Web site to also
include online communications. In a fundraising campaign launched in 2006, the organization
sent two types of email messages soliciting donations, each of which contained customized
images and content based on whether the individual was a "dog person" or a "cat person".
Recipients responded positively to this level of personalization as demonstrated by the
campaign's results with open rates at 26 percent greater than previous campaigns, and giving
rates at more than twice the average.

Information other than interests can be used to segment your list and maximize both response
rates and donations. For example, customizing giving levels based on giving history,
personalizing a donation page based on a member's information, or presenting specific
information about a campaign that will likely interest the recipient also can have a dramatic effect
on fundraising results. By implementing a combination of these strategies online over a two year
period, Chicago Public Radio grew its list of email addresses from 18,000 to 35,000, and
increased online donations by more than 150 percent from one year to the next. The organization
also saw a 15 percent increase in retention rate for members who received email newsletters
versus those who did not. This example not only illustrates the importance of segmentation, but
also the power of online communication within an organization's overall marketing strategy.

4. Innovating: It's Never Too Late to Teach an Old Dog New Tricks
Innovation is essential in the world of fundraising. To keep constituents engaged and build your base of supporters, you need to explore new and creative approaches to fundraising including micro-campaigns, targeted follow-up communications, customized donation forms, and cross-marketing opportunities. Here are a few ideas:

Constituent Empowerment
Look for ways to empower your constituents by providing them with a variety of online tools that they can use independently. By identifying your core supporters and empowering them to solicit donations on your organization's behalf, you will reach an entirely new group of potential supporters.

Micro-campaigns
Micro-campaigns are a great example of how to take an innovative and creative approach to online fundraising. By creating a configurable donation form for a micro-campaign, you customize the donor's experience and streamline the donation process. You can add campaign-specific branding, customized text and images that are tailored to the micro-campaign itself.

Options for Payments and Recurring Gifts
People have different preferences for payment options and gift frequency. Some constituents want to use their credit card to make a donation online, while others prefer to have the money debited directly from their bank account. Similarly, some constituents are eager to participate in monthly giving to demonstrate their ongoing support for an organization, while others prefer to make donations at their convenience. The more online donation options you present to donors, the more likely they are to donate. Offer various payment options and make it easy and simple for individuals to give monthly, if they desire.

Follow-Up Communications
As part of a fundraising campaign, consider a multi-email approach. After sending your initial message to a group, you can further segment your list by sending a follow-up message *only* to those who didn't make a donation after the initial email. A third email could be sent later to individuals who didn't respond to the first two email requests. A word of caution: carefully monitor opt-out rates at each stage of a multi-email campaign to ensure that your strategy is having the desired effect on donations, not a negative impact on your list size through increased unsubscribes.

Provide Opportunities for Self-Identification
Give your supporters an opportunity to self-identify with your organization's causes and provide them with the online capability to create content, add photos, raise funds and enhance their own Web sites with information about their fundraising progress. Explore the use of tribute sites (Web sites in honor of or in memory of someone) so that constituents can raise funds on behalf of your organization in a very personal way. Leverage widgets that enable people to post a link to your organization on one of their personal pages in a social networking Web site, such as MySpace. Your constituents will appreciate the opportunity to customize their own Web pages in a flexible way that enables them to support your cause. It's a personalized approach to fundraising that will increase the likelihood that constituents become actively engaged with your organization.

Traditional eCommerce and Virtual eCommerce
Traditional eCommerce, both in the form of selling branded items online or holding virtual auctions, can boost your organization's online revenue and become the first of many touch points with a future supporter. Armed with additional information about purchasers, you can

begin to build their profiles and communicate with them in meaningful ways based on the information you collect.

Virtual eCommerce, such as virtual adoptions of an animal or piece of land, enables constituents to indicate a specific cause that they want to help fund. The challenge is to find something that your organization can sell; this is a great time to get creative!

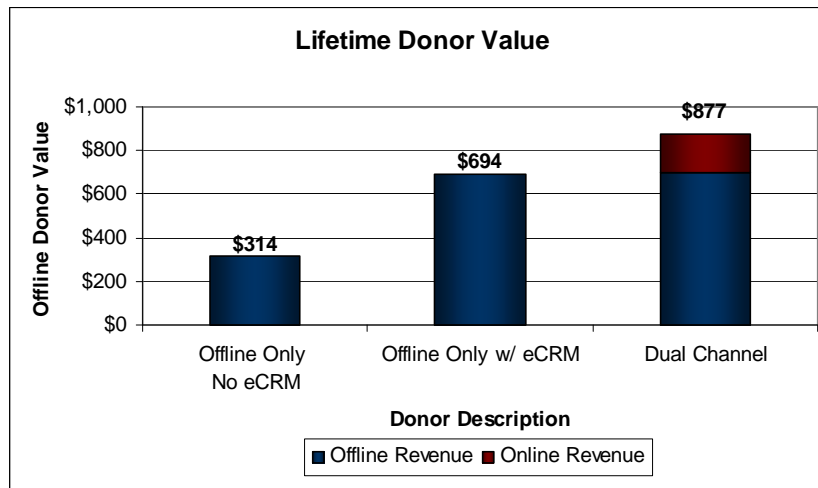### Cross-Marketing Between Departments
Leverage the relationships that your organization has already built and try to expand those through cross-marketing. By having your advocacy and fundraising departments work more closely together, you can explore opportunities to cross-market to your respective lists of supporters. Although in the past, many organizations have refrained from having these two groups work closely together, those that have cross-marketed have found it to be tremendously successful from both a fundraising and an advocacy perspective.

5. Experimenting: Test, Test, and Test Again
One of the major benefits of the online medium is that it is conducive to extensive testing. Unlike offline campaigns where it is slow and costly to perform tests, the Internet offers the speed and flexibility to test various parameters such as email formats, copy, images, Web pages and donation amounts. Test your campaign with a small group, evaluate the results, and then tweak the campaign based on the outcome of your test message before you send the revised version to a broader audience.

6. Integrating: Bringing Offline and Online Campaigns Together
It's important to reach out to donors both online and offline because the combination of these channels correlates with donor value. When calculating the lifetime value of the donor, Convio found that by leveraging online *and* offline communications, organizations were able to increase the average gift, the frequency of donation, as well as the renewal rate. Furthermore, online donations did not cannibalize the offline donations; in fact, those who received a combination of both online and offline communications often gave through both channels. This integrated approach to constituent communication tends to build significantly higher value for each donor.

Lifetime Donor Value

Donor Description	Value
Offline Only No eCRM	$314
Offline Only w/ eCRM	$694
Dual Channel	$877

Legend: ■ Offline Revenue ■ Online Revenue

Convio has found that combining online and offline communication channels correlates with lifetime donor value

To leverage both offline and online channels, develop an integrated appeals calendar that examines various constituent touch points (e.g. direct mail campaign, email newsletter online advocacy campaign, etc.) over a specific timeframe (e.g., one calendar year). The result is a picture of potential gaps in communications that can help identify additional opportunities to reach out to constituents. Based on the calendar you develop, consider sending an email to your list to let them know about an upcoming direct mail campaign, or updating your constituents on a specific initiative via email — one that doesn't include an ask. The goal is to create and maintain top-of-mind awareness throughout the year to drive list growth, dollars raised and actions taken.

7. Keeping the Bigger Picture in Mind: Never Lose Sight of Your Vision and Goals
With so many options for marketing and fundraising, it's easy to lose sight of the bigger picture by getting caught up in the details. Stay focused on your vision and goals, and then execute campaigns that will help achieve those results. Take a systematic approach to reaching your goals and leverage the online medium and related technology as part of your efforts.

And, whether you start big or small — most importantly, get started today!

About Convio
Convio is an Internet software and services company that provides online Constituent Relationship Management (eCRM) solutions for nonprofit organizations. As a trusted Internet partner for more than 1,200 organizations, we offer the software and services our clients need to connect with their constituents online.

For more information, call us at **1-888-528-9501**, visit our Web site at **www.convio.com** or email us at **info@convio.com**.