

# THE NEW MARKETING MODEL FOR NONPROFITS

*It's time for a new model. And that means embracing the Internet as a strategic tool.*

BY VINAY BHAGAT

**T**his may be the year that the nonprofit sector embraces the Internet as an indispensable tool. Organizations that rely primarily on traditional methods are finding it tougher to sustain fundraising and other forms of constituent support. Now, the data are beginning to amass on “early adopter” nonprofits that began incorporating the Internet into their operations a year or two or three ago. The numbers make a compelling case for groups to go online in a big way, especially in the current challenging environment for philanthropy.

## **SURVIVAL AND GROWTH REQUIRE MIND-SHARE**

Nonprofit groups today are struggling to do more with less. Budgets have tightened in the wake of declining endowments, reduced funding, and rising competition for donor dollars, especially as supporters reduce the number of causes they support. But the need for programs and services continues to grow.

Given these conditions, maximizing “mind-share” with your constituents, getting them involved, and increasing and sustaining your relevance is more important than ever. To achieve that, the nonprofit “marketing model” must change.

## **TIME FOR A NEW MARKETING MODEL**

The traditional nonprofit marketing model is not working. Although major and planned-giving donors and prospects receive a lot of personal attention, constituent-to-nonprofit staff ratios typically are too high for the direct interaction and human touch that produce strong relationships. Annual giving programs yield poor returns as groups churn 30-50% of supporters from year to year, use costly acquisition techniques that take 12-36

months to break even, and spend heavily on paper-based communications. Special-event fundraising suffers from low contributions per participant and weak participant retention.

Groups relying on earned revenue often under-invest in marketing, most of which is loosely targeted. Grassroots advocacy programs tend to tap a narrow constituency. Finding and retaining good volunteers also remains a challenge for many groups. Nonprofit departments operating as “silos” fail to leverage the synergies between functions such as development, volunteer recruitment, client services, advocacy, and special events to cross-market from one constituency to another and maximize involvement. Uncoordinated communications result in a lack of congruency in constituents’ eyes, or no “single version of the truth.”

## **THE eCRM MODEL: CREATING AND MANAGING CONSTITUENT RELATIONS ONLINE**

Not surprisingly, acceptance and preference of the Internet as a communications and direct response channel is growing.

Organizations using online Constituent Relationship Management (eCRM) are starting to raise meaningful dollars and achieve significant program results. They are realizing that:

- **The Internet is a strategic marketing tool**, not a cost of doing business.
- **Internet success is not just about having a Web site**, collecting online donations, or sending e-mail—it's about taking an integrated, systematic approach to managing relationships through eCRM.
- **The Internet affords the opportunity to build relationships** through regular, relevant, and value-added communication rather than just to solicit.
- **Unlike mail, online interactions are a great opportunity** to learn about constituent interests and motivations.
- **Building a large constituent e-mail file** significantly impacts fundraising success.
- **Theme-based appeals** (explaining how the donation will be used) are more effective than generic appeals and giving forms.
- **Online and offline campaigns** should be integrated—online marketing systems must connect with your donor database.
- **Volunteer-based fundraising is powerful** because it taps known loyal supporters and their like-minded personal contacts, plus today's Internet tools make it easy and efficient.

- **eCRM supports all key functions** where outreach and relationship management are required, such as marketing services, recruiting volunteers, driving advocacy, and also cultivating, acquiring, and stewarding both annual giving and major donors.
- **eCRM should be integrated** across functions sharing a single Internet platform.

## THE PROOF THAT eCRM WORKS

Nonprofits following these principles are achieving strong results. Consider these clients of Convio, an online Constituent Relationship Management (eCRM) company:

- Planned Parenthood Federation of America **raised \$1.7 million online** in just over a year. The average online gift size increased 86%.
- The American Society for the Prevention of Cruelty to Animals **raised more than \$430,000 online** between October 2001 and December 2002, and the average renewal gift was 74% higher online than via direct mail.
- Carnegie Museums of Pittsburgh **increased its e-mail house file more than 50%** in just eight months. The organization now sends four monthly newsletters to members. The average online gift is 16% higher than offline gifts. Attendance is up for events that are marketed and managed online.

## Online Communications Involve Supporters



*Shyloh and her adopted cat Polaris. Photo by Andrea Nelson.*

The American Society for the Prevention of Cruelty to Animals (ASPCA) has achieved remarkable results since it began using the Internet as a fundraising and marketing tool. Much of this success is attributable to cross-marketing between constituent groups (activists and donors).

Through online communications, the ASPCA achieved a dramatic increase in its Advocacy Brigade (online registrants who help advocate for laws to improve animals' lives). The ASPCA grew its online Advocacy Brigade membership by 247% in seven months by recruiting subscribers to its e-mail communications to become advocates.

Whenever people visit its Web site, the ASPCA encourages them to join the Advocacy Brigade. It does so through various promotional content, including a "Weekly Alert Newsletter," which spotlights past, current, and future advocacy campaigns and features "calls to action." Special, personalized e-mails also convey appreciation to activists, reinforce the fact that their support matters, keeps the organization's mission top-of-mind, sustains involvement, and strengthens relationships.

The ASPCA's Web site ([www.asPCA.org](http://www.asPCA.org)) and its online adoption partner ([www.petfinder.com](http://www.petfinder.com)) offer a plethora of services, such as the ability to search over 100,000 adoptable pets and to learn about the qualities of different breeds. Easy access to online services increases constituent loyalty.

- HoustonPBS *raised more than \$123,000 online via pledge drives* in 14 months. The organization has completed one-third of its event registrations online. It used online communications in the wake of eliminating roughly \$150,000 annually in paper-based communications. It also launched a “members only” area on its Web site, offering a wide array of services, which will help to grow loyalty.
- Citizens Against Government Waste *increased its e-mail house file from 2,000 to 11,000* in 13 months. The organization now sends nearly 8,000 e-mails per advocacy alert, with response rates that have exceeded 60%. Up to 40% of its respondents are “off the file” (they received forwarded messages) and join the file as a result of taking action.

These types of results—from organizations large and small and in different segments of the nonprofit sector—prove that the Internet *does* help nonprofits build strong constituent relationships which, in turn, optimizes fundraising, marketing, special events management, and advocacy. As more data come in, watch for more nonprofits to follow suit by assimilating the Internet into their mission-critical operations. ■

## Resources

- Andrews, Dianne et al., “Internet Savvy Nonprofits: Dot-Orging Your Way to Success,” *Nonprofit World*, Volume 20, No. 1.
- Bhagat, Vinay, “Online Advocacy—Mobilize Supporters to Take Action,” *Nonprofit World*, Vol. 21, No. 6.
- Elges, Mary, “Driving Traffic to Your Web Site,” *Nonprofit World*, Vol. 20, No. 6.
- Frenza, JP & Leslie Hoffman, “Ten Top Web Site Tips,” *Nonprofit World*, Volume 16, No. 1.
- Paley, Scott, “Cyberactivism: How a Web Site Can Make or Break Your Organization,” *Nonprofit World*, Vol. 21, No. 5.

These resources are available from the Society’s Resource Center, [www.snpo.org](http://www.snpo.org).

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*Vinay Bhagat is founder and CEO of Convio, Inc., the leading online Constituent Relationship Management (eCRM) company serving the nonprofit sector, providing Internet software and services that help organizations attract, motivate, and retain constituents for fundraising, advocacy, and other forms of support. For more information, please visit [www.convio.com](http://www.convio.com) or e-mail [info@convio.com](mailto:info@convio.com).*

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- A revolutionary fundraising opportunity
- How to prevent an information disaster
- Put the expressive dimension to work in your organization
- Where can you find a fundraising consultant?
- The value of capacity building
- How to talk to your board
- Don’t let “sick” workers undermine your organization
- The one job volunteers can’t do
- The key to stretching your funds
- When should you make the “second ask”?
- Blowing the whistle on fraud
- How to assess credibility in workplace investigations
- Top causes of stress at work
- And much, much more!