

Harnessing the Internet to Raise Funds

How much do you really know about fundraising on the Web? Check your Web IQ with this quiz.

By Mal Warwick

Get out your pencil and notebook now. It's time for a pop quiz. Question: Which of the following statements are true, and which are false?

- ___T___F **The most important thing for raising money online is the capacity to accept donations on your Web site.**
- ___T___F **E-mail costs so much less than direct mail that it's rapidly replacing it as a fundraising medium of choice.**
- ___T___F **Nonprofit organizations in the United States are raising more than 10% of their revenue online, and that proportion is expected to rise to 50% by next year.**
- ___T___F **The way to raise money online is to take your direct mail letters and send them out by e-mail to all your donors.**
- ___T___F **Almost everyone in the United States is now online, so it's only a matter of time before nonprofits can expect their donor lists to grow exponentially through an influx of younger donors who will join online.**

Did you figure out that not one of these answers is true? If so, go to the head of the class! But if you're unsure about whether these statements reflect current reality, listen up.

The Truth of the Matter

Fundraising online is a highly promising field, but it's a world in itself, with its own rules, quirks, and culture. If you plunge in blindly, heedless of the idiosyncrasies and challenges of communications online, you may find that fundraising via e-mail and the Internet is anything but cheap or easy. For starters, here are a few of the things you can (and can't) expect from online fundraising:

- **E-mail, not the Web, is the key to raising money online.** A strong Web site is absolutely necessary, but it's far from sufficient. If you build it and just let it sit there, they won't come.
- **Online fundraising revenue is growing at an astounding rate — an estimated 35-40% annually — but it's building on a very small base.** Even if we assume straight-line growth at the rate of 37% per year (which is not a safe assumption), we'll have to wait a few more years before online fundraising accounts for even 10% of philanthropic giving.

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- **Online fundraising techniques don't work equally well for all nonprofit organizations.** Those engaged in emergency humanitarian relief are the biggest beneficiaries — and those organizations with well-known brands, such as the Red Cross, the Salvation Army, and UNICEF, are the biggest of all. Prominent advocacy organizations such as Amnesty International and the Human Rights Campaign have also gained in major ways from the Internet, largely because they deal in hot-button issues that dominate the headlines. (The issues that have attracted the most attention are personal and civil liberties, environmental protection, and human rights.) Although organizations in other fields have sometimes managed to build significant online donor files, they're not the rule. Not yet, anyway.
- **Despite the hype about the Internet's big fundraising success stories, relatively few donors have given online.** Those who do, however, give much more money on average than direct mail donors — frequently twice as much. Online gifts of \$100 or more are common.
- **The Internet's competitive advantage against all other media is speed.** In your direct mail fundraising program, you may allow months to elapse between conception and the mailbox. That would lead to utter failure online. It's no accident that the most successful online fundraisers are disaster relief agencies, advocacy organizations, and political campaigns — because all of them rise or fall with breaking news. To make the Internet work for you as a fundraising tool, you'll need to find some way to introduce a strong sense of urgency into your appeals.
- **The demographics of Web users reflect a lower median age than that of direct mail respondents.** After all, the median direct mail donor for most nonprofits tends to be 55 or older, and for some organizations the median age can reach into the seventies. But the fact that teenagers and twenty-somethings have grown up with the Internet and can often be found in cyberspace at any hour of the day or night doesn't mean that they're now rushing into philanthropy. Yes, online donors tend to be younger than direct mail donors, typically in their forties and fifties rather than their sixties or seventies. But online communications reach older folks as well as youngsters — and it's the older ones who disproportionately respond to appeals for money.


What We Know and What We Don't

Decades of research into the habits and expectations of direct mail donors have given us considerable insight into what's

“Find some way to introduce a strong sense of urgency into your appeals.”

likely to work in the mail, and what isn't. (Even so, our best guesses are wrong far too often!) Research into the minds of online donors is, by comparison, in its infancy. Fundraising online on any meaningful scale dates only to the late 1990s. Bluntly put, there's a whole lot more that we don't know than that we do know about raising money online.

One thing we know for certain, though: Many of the techniques that work in the mail most assuredly don't work online. There are profound differences in style, format, and approach between the two media. If your Web site features brochures and direct mail appeals transposed intact, you've probably already discovered how ineffective they can be.

Oh, one last point: The technical demands of raising money online can be daunting. Chances are, unless you or a member of your staff is a dyed-in-the-wool geek with a broad knowledge of what works online, you'll find your organization's performance on the Internet to be limited if you try going it alone. For starters, you'll need to sign up with an online service provider, such as Convio or one of its less expensive competitors, to manage the technical aspects of maintaining your list, sending out e-mail messages and e-newsletters, and hosting your Web site. You'll also likely find it advisable to hire one of the growing number of online fundraising consultants. Let the consultant keep up with the proliferation of online opportunities on your behalf, while you stick to raising money. 

Mal Warwick is chairman of Mal Warwick Associates (malwarwick.com). This article is excerpted from his book How to Write Successful Fundraising Letters, Second Edition (Jossey-Bass, josseybass.com).

Fast-Track Fundraising

For more on Internet fundraising, take a look at these articles (NonprofitWorld.org/members):

How to Measure Online Fundraising Success (Vol. 26, No. 1)

Beyond the Single E-Mail Message: Running Effective E-Mail Campaigns (Vol. 23, No. 3)

Reach New Supporters with Multichannel Tools (Vol. 29, No. 2)

Hearing Donors' Third Voice (Vol. 29, No. 3)

Using E-Mail & the Web to Acquire & Cultivate Donors (Vol. 21, No. 1)

E-Mail Deliverability: Increase Your Chances of Getting Through (Vol. 23, No. 2)

Online Fundraising Success Factors (Vol. 26, No. 2)

The Purposeful Techie: Nonprofit IT with Intention (Vol. 30, No. 5)

The Peer-to-Peer Fundraising Evolution (Vol. 30, No. 6)

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