



Fundraising on the Internet

Using E-mail and the Web to Acquire and Cultivate Donors

by Nick Allen



Fundraising on the Internet is Coming of Age

While even the organizations most successful at raising money online — mainly groups like the Red Cross or CARE that work on disasters such as Kosovo or Hurricane Mitch — still raise 30 times more offline than online, a wide range of groups are beginning to use e-mail and the Web to find new donors and cultivate the ones they have.

With more than 50 million Americans using the Internet every week — and many of them using their credit cards there too — the audience is there. For Americans increasingly on the go and expecting access to everything all the time, the Web is open when your office is not — 24/7 across time zones and international boundaries.

Computer use is growing across class and race lines, and more and more people have access to computers through public libraries and schools, if not in their homes. High-speed DSL and cable modem access are being rolled out across the country, and nearly half of computer users already have at least a 56k modem.

How to Raise Money Online

A Web site and an e-mail newsletter program provide opportunities for education, advocacy, information distribution, as well as marketing and fundraising. In fact, to be effective at fundraising, the site has to have content and involvement that also educate. Few people will come to your

Web site just to make a donation or become a member. They'll come, or come back, because you involve them in your cause, give them information they want or need, provide them with some useful or interesting activity, engage them as an activist to send a fax or sign a petition or register for an event, or to sign up for a free e-newsletter subscription.

There are at least seven ways to raise money online:

1. Make effective appeals on your Web site (and get people there to read them).
2. Make appeals in your e-mail newsletters (and get subscribers).
3. Get commissions from sales of books, CDs, clothes, etc., via one of the online shopping malls that share their affiliate commissions with nonprofits (*iGive.com*, *greater-good.com*, *shopforchange.com*, etc.).
4. Benefit from online auctions or other co-promotions sponsored by major online players such as Amazon, E-Bay, and Yahoo.
5. Get sponsors who donate to your organization in exchange for sponsoring content areas (*seniornet.org*) or advertising on your site or in your e-mail.
6. Use e-mail for some solicitations to donors who joined via direct mail but have given you their e-mail addresses too.
7. Sell something, preferably something related to your mission.

Each of these is discussed in more detail below.

What's Working?

Direct fundraising has been the most successful so far, and probably will continue to be. Direct fundraising online includes getting people to join your organization through its Web site or asking for money through e-mail.

As you may have read, the American Red Cross raised more than \$1.3 million around the Kosovo crisis through their Web site, plus another \$28 million via conventional means. CARE raised \$500,000 online in 1999, about \$300,000 of it in response to the events in Kosovo. CARE raised about \$55,000 in response to the flooding in Mozambique early this year. World Vision, Save the Children, and other brand-name crisis-relief organizations have had similar success with appeals relating to high-visibility disasters. Sen. John McCain's multi-million-dollar online fundraising success in the days following his New Hampshire primary victory underscored the Internet's ability to let donors respond by finding organizations and making instant gifts. When people got excited about McCain's victory, they could go to Yahoo and find his Web site and make an instant credit card contribution. Before the Web, they would have had to call directory assistance around the country in hopes of finding McCain's campaign, then mailed a check.

A wide variety of smaller national organizations that don't depend on crises are already beginning to raise money online. Rainforest Action Network, with a \$2.7 million annual budget, raised \$5,800 in December 1999 online, several times more than its monthly online average. Web visits have continued to increase and so should income.

Most successful organizations put attractive membership offers on their Web home pages and throughout their Web sites and include a Donate or Join link on every page. The Internet is littered with contests and freebies and many big organizations use the same premiums online as off — T-shirts or tote bags. Of course, premiums are expensive, and sometimes donors who come in on premiums expect them every time they give. The ideal premium would be downloadable, so that it could be fulfilled instantly and at little marginal cost, but most people now have all the screensavers they can handle.

Fund appeals included in e-mail can also be effective, especially if the recipients are donors, or the appeal is really urgent, or both. An organization that works on a variety of causes e-mailed a segment of its donor file asking them to help with the Mozambique flooding disaster; they got an eight percent response rate, with an average gift of nearly \$100. While they might have gotten a similar response by mail, with e-mail they were able to contact donors when the issue was hottest and get most of the donations within 24 hours of the e-mail. And, of course, they saved the costs of

mailing the appeal.

In order to accept donations directly online, you can use a secure server at a Web-hosting company, typically for an additional \$10–\$30 a month plus transaction fees. Some Web-hosting companies are *hiway.com*, *interland.com*, or *verio.com*. Or you can put a Donate button on your site from a service provider like *entango.com*, *localvoice.com*, or *remit.net*. These providers run secure servers, do all the transaction processing for you, and post the donor information in a password-protected database that you can download into your donor-tracking program. They typically charge five to ten percent of each transaction.

Indirect fundraising is another avenue for raising funds online by joining up with dot-coms (nearly 100 of them already operating) that are seeking to help nonprofits raise money online — and make profits for themselves, too. Online charity shopping malls such as *greatergood.com*, *iGive.com*, *4charity.com*, and Working Assets' *shopforchange.com* invite nonprofits to encourage their supporters to shop online at Amazon, *pets.com*, J.Crew, or hundreds of other e-tailers, and about five percent of the income from those sales will go to the charity. While most of these dot-coms won't release their results, iGive, the oldest, says it has distributed more than \$750,000 to 8,000 nonprofits. That works out to an average of \$93 a group, though iGive reports that a few have raised as much as \$15,000. To sign up, organizations just go to the sites and follow the directions.

Organizations that can drive thousands of people to shop online might be able to raise serious money some time, but for most groups this is unlikely to be an important revenue stream. In addition, when people visit your Web site you want to engage them in your work, not send them off shopping (even if you've got nothing against shopping). Questions to ask before you sign up for a dot-com offer: How much could we make? Does it fit our mission? How will our donors/members feel about it? Will we get donor/shopper names, and who controls the data?

Another indirect avenue for fundraising online is donation portals. These sites — such as *4charity.com*, *allcharities.com*, *giveforchange.com*, *givenation.com*, and AOL's nonprofit *helping.org* — allow visitors to search for a charity and make a donation online. Most of these dot-coms then charge about ten percent for their handling (*helping.org* and *4charity.com* charge no fee). In addition, organizations must pay the usual credit card fees of about 2.5 percent. If lots of donors find your organization through a charity portal, that's gravy for you. You get on a list by registering at the site, though at some of them any user can give to any nonprofit.

But you probably don't want to direct your giving through another site; you want to keep people on your site.

Traffic

Traffic is critical in Internet fundraising, just as volume can be in direct mail. If you can't get enough people to see your message — in a banner ad, in your e-mail, on your Web site — it's hard to convince the less than one percent who will give. Alliances with higher traffic sites — as well as aggressive off-line advertising and PR — are very useful. Major Internet sites will sometimes donate banner PSAs for nonprofits, and large local sites run by newspapers and TV stations, as well as corporate intranets, will sometimes do the same. Both World Wildlife Fund and Rainforest Action Network have partnered with ClickRewards, the online incentive program, to invite ClickRewards' millions of members, and their own, to get airline miles. A donor gets a certain number of reward miles depending on the size of her donation; the organization usually gets some of the miles free from ClickRewards and pays around two cents per mile for the rest. It's the same kind of deal you get when you sign up with MCI and get miles on United or other airlines. For RAN, this has brought in nearly 1,000 new members with an average gift of more than \$45.

Integrating Internet, Mail, and Phone

Integration will be the watchword of fundraising this decade. In the same way that we might make a call telling donors to expect an important letter, you can e-mail your file — if you've aggressively gathered donors' e-mail addresses — telling them to watch the mail, or wait for the call. (It better be good!) The first renewal effort might be conducted by e-mail, followed by the usual multi-letter series, and eventually a phone call.

When a donor joins online, or even by phone or mail, you might consider e-mailing a welcome package instantly. It might contain the same information you normally mail, but some of it would be in the text of the e-mail, the rest on Web pages linked from the e-mail. Sophisticated e-mail messaging systems create customized Web pages on the fly, filling in the donor's information.

To see a crude implementation of customized customer service, call 1-800-BERMUDA and ask for a "Webley." They'll ask some questions about when you plan to visit the island, what you want to do there, etc. Then they'll send you an e-mail that clicks through to a Web site featuring the information you requested, the name of a local travel agent, and so forth. Ten days later you get a digital color brochure with similar customization. Imagine how the Humane Society or the National Organization for Women could use this technology!

Customer Service

Internet buyers are getting used to great customer service from a few top vendors — *amazon.com*, *buy.com*, and travel sites like *expedia.com* — and these sites are going to set the standard for online customer services for businesses and nonprofits alike. Following their model, you need to provide instant e-mail acknowledgment for gifts or any other online transactions. If you offer a premium, get it into the mail in a day or two, and notify the recipient by e-mail. If you invite Web visitors to e-mail you, get back to them right away. And put up the e-mail addresses and phone numbers of the people users might want so they can send your organization an e-mail in middle of the night if that's when they're visiting your site — don't make them wait to call until Monday morning at 9!

Costs

Costs vary enormously, depending on what you are trying to do and how you want to do it. Building or rebuilding a Web site can cost from a few thousand dollars to \$100,000. Setting up your site to accept credit card contributions costs only a few hundred if you use *entango.com* or others. E-mail newsletter services range from free ones like *topica.com* and *egroups.com* to sophisticated messaging systems hosted by Exactis or Digital Impact. Getting access to the database that you develop through your e-mail and Web sites and integrating those names with your existing database can cost plenty.

Five Things to Do Next

1. Get e-mail addresses and use them. E-mail remains the Internet's "killer app," so get addresses aggressively from your current donors and supporters and from everyone else you're in contact with. Then send out one or more e-mail newsletters about once a month; you can edit one for members, another for everyone else.
2. Invite visitors to your Web site's home page to subscribe to a free e-newsletter, or to enter a contest and get free e-mail updates. Then e-mail them.
3. Ask for memberships or donations on your home page and on content pages. Tie your asks to the page's content — remember that Web visitors choose the pages they look at.
4. Integrate e-mail and Web with mail, phone, and events.
5. Invest in the Internet. Now's the time to abandon your least productive programs and projects and use the money to invest in the Internet — where you'll be able to reach donors and constituents more effectively in the years to come. **GFJ**

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