Fundraising on the Internet

Using E-mail and the Web to acquire and cultivate donors

By Nick Allen

While even the organizations most successful at raising money online 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. 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.

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, greatergood.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 solicitation to donors who joined via direct mail but have given you their e-mails addresses too.
7. Sell something, preferably something related to your mission.

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, World Vision, Save the Children, and other brand-name crisis-relief organizations have had similar success with appeals relating to high visibility disasters.

Most successful organizations put attractive membership offers on their Web home pages and throughout their Web site and include a Donate or Join link on every page.

Fund appeals included in e-mail can also be effective, especially if the recipients are donors, or the appeal is urgent, or both. An organization that works on a variety of causes e-mailed a segment of its donors 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 (hiway.com, interland.com, or verio.com), typically for an additional $10-$30 a month plus transaction fees. 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-olds (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 e-tailers, and about five percent of the income from those sales will go directly 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 - 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.

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 organizations 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.

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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, 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.

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 addresses – telling them to watch the mail, or wait for the call. 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.

Customer Service
Internet buyers are getting used to great customer service from a few top venders, 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 acknowledgement 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 of the people users might want so they can send your organizations an e-mail in the middle of the night if that’s when they’re visiting your site.

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 you 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 can cost plenty.

Five Things to Do Next
1. Get e-mail 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 your e-mail and Web site with mail and phone to connect potential donors to your mission 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 – you’ll be able to reach donors and constituents more effectively in the years to come.

Nick Allen is president of donordigital.com, a company that helps nonprofits use the Internet for fundraising, marketing, and advocacy. This article, taken from Grassroots Fundraising Journal, June 2000/Volume 19/No.3, is reprinted with the author’s permission. If you want to learn more about internet fundraising please see their web site: www.donordigital.com.