

Online Fundraising Strategies for *Small Budgets*

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In the past ten years, more and more groups have developed an online presence; they have a website, they may be on MySpace or Facebook, and some even have an office in the virtual world of Second Life. In fact, for most people, going online for information about everything from nearby restaurants to nonprofits is second nature. As the Association of Fundraising Professionals notes in its report, *State of Fundraising, 2006*, online fundraising is growing each year, both in the possibilities for online giving and in revenues generated. Some large nonprofits have sophisticated online fundraising campaigns to raise funds for microenterprise projects in developing countries, environmental causes, child welfare, and more. But organizations with smaller budgets can also be successful soliciting funds online.

There are many reasons not to overlook the Internet as a rich resource for connecting people to the work you do and for encouraging them to make a donation:

- **Online donors give more.** In the 2006 donorCentric Internet Giving Benchmarking Analysis (2007), Flannery and Harris found that participants' median online gift was \$37, compared to a median offline gift of \$33; for most participating groups it was more than double.

- **Online donors have a higher long-term value.** The same study found that over a three-year span, online donors' higher giving levels more than compensate for renewing at somewhat lower rates than offline donors.

- **The Internet is a great way to reach new donors.** Acquisitions represent the majority of online donations for many organizations, according to the study.

- **Organizations that are soliciting online are seeing a higher percentage of their annual fundraising budget raised this way each year,** as reported in the Association of Fundraising Professionals' *State of Fundraising 2006* (www.aftp.org).

- **Online donors are younger on average than direct mail donors,** according to the donorCentric report. At a time when many organizations are worrying about the greying of their donor base, seeking new supporters online can be an important source of generational renewal.

Even for small campaigns, the Internet provides a relatively inexpensive way to find new supporters, especially compared to the up-front investment required to acquire new donors by direct mail. Nonetheless, there are costs to set up and maintain online fundraising, something we discuss under Tip Two.

This article is meant to give small-budget organizations a few options for raising money and acquiring new donors online. People who know about your organization but are not yet financial supporters may be convinced to give if you offer them an easy, accessible, and even fun online giving opportunity. Online giving is not only a great way to get new donors — it's also an effective way to encourage existing donors to give more.

SIX TIPS FOR RAISING FUNDS ONLINE WITH A SMALL BUDGET

Tip One: Make it easy for people to donate when they are visiting your website

It is crucial to have a "donate now" button on your website — not just on the home page, but on all pages of the site. The button should take the visitor directly to a page where they can make a donation. The more clicks on the way to make a gift, the less likely a person will be to follow through with their intention to give. A direct link from your home page makes giving easy. If your site has a navigation menu (a list of options, usually near the top or along the left side of the page), adding a "donate now" button will ensure that supporters are only one click away from making a gift at any time, no matter what page of your site they are visiting.

Tip Two: Drive traffic to your website, and give visitors good reasons to go there

As you begin to drive traffic to your website, you will want to make sure it is kept interesting, accurate, and most important, current — this will add to the enticement for a visitor to give, not just once, but perhaps whenever they visit the site. The tips that follow offer some initial

ideas, but driving people to your site requires constant creativity. As well, it requires knowing your public. Your offline work in getting to know your current and potential supporters can help you decide what website content would be useful or interesting to them.

Each update to your site requires deciding what will be posted, drafting (and possibly translating) text, and finding the right images or pictures. While determining and maintaining the content of even a basic website does take time, volunteers or students in a college or university programming course are often willing to offer some help. Weekly updates to your website will require a part-time staff person or very dedicated volunteer, whereas monthly updates may take a day or two's work, depending on how much new content is included. If your organization would like to add or remove content frequently, consider investing in a content management system (CMS), which allows non-programmers to upload text and images into a pre-designed page template. That way, staff or volunteers have the flexibility to post time-sensitive material like press releases or news items without having to ask a programmer for frequent and fast turnarounds. If you have a good relationship with an affordable or free programmer, and you update your site less frequently, you may decide that this investment is not worthwhile.

The cost of maintaining a website can vary considerably depending on what route you've taken: whether a staff member is producing content and programming the site, whether you've hired a consultant to manage the programming and/or content, whether you've used a CMS or not, or whether a reliable volunteer is involved. Retrofitting a site with a CMS can cost thousands of dollars up front, depending on the complexity of your site, but save money in the long term on programming fees.

Consider the various roles a website plays in your organization's life when deciding what resources it will need. If you don't have those resources already, there are some out there. TechFoundation (www.techfoundation.org) offers grants to help nonprofits use technology and matches nonprofits with businesses that can donate materials and services. If you're just getting started, check out TechSoup, a great technology resource for nonprofits (www.techsoup.org) that lists service providers who offer website design. To find out which are free or discounted, use TechFinder's advanced search page, under "Find Services." If you are deciding whether you need a CMS, keep in mind that it is much easier, and thus less expensive, to install one when a site is first designed than retrofitting down the road.

Tip Three: Send electronic updates and make an ask

An electronic newsletter or e-mail updates are a great way to update donors on your work on a regular basis.

Electronic bulletins and e-newsletters can also generate donations, but you should consider e-appeals and e-newsletters as separate strategies. When asking people to donate via an e-appeal, include a link to your giving page (ideally one link at the top and another at the bottom of the message). You can expect 1-2% of people who have never contributed to you before to respond with a gift, and a greater response from people who are already donors.

This strategy only works, of course, if you have people's e-mail addresses! Start collecting them from people who have expressed interest in your organization. Include people you have met at events and even direct mail donors who have provided you with an e-mail address. Be sure to gain their permission to send them e-mail first: send a group message to current supporters asking them to sign up to receive your e-newsletter, and invite new supporters to join up when they make their first gift. At events, make it clear that when people provide you with their contact information, they are signing up for your e-list. Then, be sure to include a way for them to opt out, or unsubscribe, on each email you send, so they don't feel they're being spammed.

Your e-mail list will require maintenance and management of e-mails that have bounced back, but it should pay off in the long term as an inexpensive way to communicate quickly with a large group of people who are interested in what you do. There are also e-mail marketing services that can help you manage your e-list and develop and evaluate e-mail campaigns: TechSoup and The Nonprofit Matrix list many services, including some with sliding-scale fees based on volume. For example, the e-newsletter producer Constant Contact (www.constantcontact.com) is free for e-lists with fewer than 100 addresses.

Tip Four: Go where your supporters are engaging online

Social networking sites such as Facebook, MySpace, and Friendster are popular not just among the 18- to 30-year-old set, but increasingly among older people as well. As of July 2008, Facebook reported being the sixth-most trafficked site in the country, with 80 million users; its fastest-growing demographic is aged 25+. ComScore reports that MySpace continues to be the largest social networking site, with more than 110 million users around the world; more than half of its members are over 35. Social networking sites have also sprung up that are aimed at specific racial or ethnic groups, such as BlackPlanet (www.blackplanet.com), MiGente (www.migente.com), MyBatanga (<http://my.batanga.com/>), and AsianAve (www.asianave.com), as well as religious lines, such as Faithbase (www.faithbase.com) and MuslimSocial (www.muslimsocial.com). Just as in "real life," social networking sites offer a way to reach and form groups of people based on common interests. Our experience in raising money through social networking sites is primarily with

Facebook, which seems to be the most well-adapted to being used as a fundraising tool.

Organizations with 501(c)(3) status can raise money using Facebook with a special application from the site called "Causes." By registering your organization under "Start a cause," you can provide an interactive page where your supporters can donate, recruit their friends, and raise money by placing a fundraising "widget" on their profile. The "Hall of Fame" (top recruiters/donors/fundraisers), discussion board, and box showing your friends who share this cause, encourage participants to feel part of a community of people who care about the same issue.

Organizations without 501(c)(3) status (or without a fiscal sponsor with this status) can set up something similar with a new service called ChipIn (www.chipin.com). Any group or individual with a PayPal account can create a ChipIn page and a widget. The ChipIn widget asks for and accepts funds, which are then transferred into a group's PayPal account. ChipIn is also a Facebook application which, like Causes, allows users to place a fundraising widget on their profile page. Unlike Causes, ChipIn can also be used on MySpace, blogs, or any other Web page.

If you have invested in an online campaign based on an interactive website, such as a fundraising marathon where participants set up their own fundraising page, or a holiday card campaign where donors donate and send cards, you will want to drive traffic to your site rather than encouraging people to donate right in Facebook through Causes or ChipIn. Groups can still use Facebook to publicize these and other campaigns by setting up a Facebook "page." Pages allow you to profile your cause, post photos, videos, links, and upcoming events. Since supporters can't give directly to you while on Facebook, you'll have to provide a link to your organization or campaign's Web site where they can donate. (Remember to include a link to a giving page, whether on your own site or on another site — see Tip One). Once people have signed up as "fans," a message goes out to their friends about it, and you can send campaign messages to all of your page's fans. To create a page, go to www.facebook.com/pages/create.php. (The "nonprofit" listing is under "brand or product.") To publicize a page, you can "share" with your personal contacts or spread the word to groups you think would be interested by writing on their "wall" to tell them about your page. You might also want to consider buying paid "social ads" on Facebook, which are inexpensive compared to display ads on other commercial sites and can be targeted geographically, by age range, gender, or other factors.

As those who use social networking sites know, it is easy to become inundated with information. People who were eager to find out about your group eventually could tune out so set a deadline for each fundraising campaign, for instance a holiday or event, and create a new page for each

activity. Then invite fans and friends of previous campaigns to subscribe to the new page.

There are other ways to use social networking sites to create online community — setting up a "group" for your organization, publicizing events, sharing photos and videos, and more. These ways of creating affinity (and thus cultivating and stewarding donors) are now just as effective for many people as offline strategies.

Tip Five: Use free resources to facilitate online giving

It can be challenging for organizations to set up the capacity to offer their own online receipts or personalized giving pages (for weddings or birthdays, for instance) on a shoestring budget. Donation portals such as Network for Good (www.networkforgood.org) and JustGive (www.justgive.org) in the US, or CanadaHelps (www.canadahelps.org) in Canada, allow donors to donate to one or more charitable organization and receive an instant electronic receipt. Increasingly popular as a place for "one-stop" giving, these sites offer a range of options for donors: they can donate to their favorite charities, schedule giving ahead of time, make gifts of stock (in the case of CanadaHelps), create a personalized giving page, tell their friends, and offer and redeem charitable gift cards. These sites also make it possible for people to make anonymous gifts and receive a charitable receipt. These are donors who may not have sent you a check by mail or who may not have given as much money by mail as they will with an online gift.

All you need to do is register your charity (for free) with these sites, keep your profile up-to-date, and direct online traffic to your page. Donation portals usually offer a graphical "donate now" button that can be placed on your organization's website, which will take visitors directly to your page on the portal's site. These sites are a gem for charities with small budgets.

Charitable organizations that are looking to turn in-kind donations into cash online may be interested in MissionFish (www.missionfish.org), which allows nonprofits to sell items on eBay for no selling fees. As this would be reselling items that have already been donated, no charitable receipt is issued, however.

If your group does not have charitable status, PayPal (www.paypal.com) offers an easy way to accept online donations, paying only transaction fees. As PayPal has become a popular service for making online transactions from bank accounts or credit cards (largely through its use by eBay, which owns it), its reputation may allay concerns of people who have not donated online. PayPal also offers a graphical "donate" button that can be placed on your site that links directly to your account on the PayPal site.

Organizations with a bit more money to spend may be interested in upgrading from a free, standardized donation page to a more personalized giving page that will

blend seamlessly into your own website. There is now a wide variety of online fundraising services and e-commerce providers, many of which are quite affordable or who have sliding rates based on the size of your database. Places to start looking are TechSoup or The Nonprofit Matrix (www.nonprofitmatrix.com), whose site includes listings of service providers for the nonprofit sector.

Tip Six: Make it viral

When do you decide to forward something to your friends? Chances are when the email contained something funny, unusual, time-sensitive, a call to action, or a warning. Chain letters and jokes are classic examples of viral marketing, where each person voluntarily passes an item or message to several other people, who in turn do the same. When you cannot afford online and offline ads for your organization or campaign, viral marketing is all the more important.

For nonprofit or advocacy organizations, one of the most famous viral examples is a 4-minute campaign film called *The Matrix* (www.thematrix.com), which called attention to industrial farming practices. The video's cleverness — mapping a well-known film plot onto an important contemporary issue — combined with its humor caught so much interest that within three months of its release, *The Matrix* reports that 4.2 million people had watched it.

While most of us would be hard-pressed to copy *The Matrix*'s success, it illustrates well elements to include in viral marketing strategies. What strategy would fit well with your organization's culture? Maybe your e-newsletter can include stories so touching that recipients will forward them to others. Perhaps your community center can post photos from its annual block party on Facebook and "tag" (label) the attendees you know — a message will go out to each of their friends about the photo and the party. "Tagged" people usually tag other people in a photo who have not been labeled. This is a way not only to spread the word even farther, but also to put missing names to faces and create a sense of community. If the kids' performance in your talent show was priceless, post the video to your website or to YouTube (www.youtube.com), and spread the word by e-mail or by a social networking site — YouTube allows "sharing" or embedding videos into personal pages on Facebook, MySpace and more. With any luck, recipients will pass on the video link to others who will be just as charmed as they were. Be sure to include a link back to your website, so that new people can find out more about your work.

Think about how to best incorporate a fundraising element into your viral marketing. In the talent show example, the link to the video could be within an e-mail update to your members about how well the show went, its importance as

a community event, and your need for funds to keep it going. Be sure to include a link to a giving page. Set measurable goals that match your tactic, such as increasing your website traffic, raising your e-newsletter open rate, or multiplying the number of websites that link to yours.

The key is to create something that will interest people enough that they will want to pass it along on your behalf. To learn more about the principles behind viral marketing, download Seth Godin's free e-book, *Unleashing the Idea Virus* (www.idntra.com). To get ideas for social media marketing and other ways of using the Internet for your cause, visit the Nonprofit Technology Network's site at nten.org.

CAUTIONS AND TIPS TO MAKE IT WORK

It is common fundraising knowledge that about 35% of donors acquired by direct mail will make a second gift. Do not expect such a high renewal rate from your online donors. However, there are a few things you can do to encourage repeat giving:

- **View online relationships with donors as an extension of your offline relationship.** Ensure that your donation form asks for a phone number so that you can call new online donors to thank them.

- **Encourage supporters to relate to you in different ways.** Multi-channel donors give more than single-channel donors, according to the donorCentric report. When you call new donors, ask if they want to receive updates by e-mail or by mail (some online donors do migrate to direct mail).

- **Call online donors again a few months after their first gift to ask them to convert to monthly giving.** In their 2007 book chapter, "How the telephone and the Internet are beautiful partners for people-to-people fundraising," Johnston and Malach show how Web-to-phone conversions have reached 8.85%, whereas sending an e-mail request to convert will only get you 0.2%.

- **Try it again!** If you have not succeeded in securing that second gift to your organization, perhaps the person will be compelled to give to your next creative online campaign.

Remember that online campaigns work best when they have a clear end date or event. Your challenge is to find ways of sparking their curiosity again and again so your supporters come back to see each new campaign. It can be a fair bit of work, but it's also exhilarating — especially when donations follow! ☑

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