Sage Nonprofit Solutions

Five Myths of Online Fundraising

Today's challenging economic times mean a lot of nonprofits are looking for new ways to raise money. Many organizations realize the Internet presents a huge opportunity, but most have achieved limited success. If your organization, like many others, has yet to experience strong results raising funds online, the coming year provides an ideal window to experiment with new approaches. A good first step, however, is debunking some myths about online fundraising that might stand in the way of your success.

Myth #1: Online fundraising isn't as effective as offline techniques.

In the 2007 Philanthropic Giving Index report published by the Center on Philanthropy at Indiana University, only 34 percent of nonprofits surveyed reported success with online fundraising, and participants ranked online giving as the least successful fundraising technique in the survey.

The reason for these lackluster results is that organizations have not applied the same focus to their online efforts as they have in other areas. Most donors expect professionally printed mailings that include good stories and related giving options. But too often when they go online, they find gray, generic giving forms with no associated content. It's not surprising, then, that donors give so little online, and fundraisers conclude that online giving doesn't work. Organizations end up setting lower expectations and focus even less on their online efforts—which leads to more bad results, and the cycle repeats.

The truth is, online fundraising can and should be far more effective than other "offline" fundraising techniques, in terms of response rates, dollars raised, cost per dollar raised, and, importantly, connections with new and younger donors.

Set high expectations and focus on achieving better results. Start by evaluating whether you are committing a comparable amount of resources—people, time, and planning—to your online initiatives. Keep in mind that since online fundraising is almost always more cost effective, your financial investment won't need to be as high as other efforts.

Myth #2: People won't give online.

Americans gave an estimated $300 billion in individual gifts to nonprofit organizations in 2008. About four percent of this amount—$12 billion—came online. That means that people give billions upon billions of dollars a year over the phone, in the mail, or by other means. The important question is, what is holding people back from giving more online?

One widely held belief is that donors choose to give offline because of security and privacy concerns. Some nonprofits even believe that their donors prefer to transact offline. But this is countered by evidence from the broader marketplace. A 2008 Nielsen Company survey showed that 94 percent of Internet users in the U.S. have shopped online. In 2007, according to the U.S. Census Bureau, Americans spent more than $136 billion buying merchandise over the Internet.

Clearly, there is little reluctance within the general population to make purchases online. So, what is holding people back from giving online? The answer has a lot to do with the options donors are given. If online giving software is complex, cumbersome, and unrewarding for a nonprofit, it is almost certainly complex, cumbersome, and unrewarding for a donor, too. A donation is an extremely important social interaction, but once someone is committed to a gift, it is simply another transaction; and the more steps a donor is asked to take, the less likely he or she is to complete that transaction. Creating multiple giving opportunities for each of your programs and streamlining the donation process are simple changes that can increase online giving and strengthen donor satisfaction.

Myth #3: Online fundraising means raising money through my organization's website.

The standard model of online fundraising is to divert people from wherever they are on the Internet to a central donation form on an organization's website. But the massive, untapped potential for your organization to raise more money isn't on your website—it is on all the other websites that your donors and supporters frequently visit.

If we look at the places individuals visit online everyday, their favorite charity is probably not among them. However, they do visit their employers' websites and they might take action for a nonprofit their company supports. They likely edit their personal pages or blogs everyday, and they'll even

publish about a cause that inspires them. They also visit their friends' blogs and personal pages, and may post, email, chat, or tweet about their favorite charity.

The individuals engaged in these conversations include some of your strongest, most vocal advocates, and each of them is willing to evangelize your organization's mission. They have established bonds of trust with their personal networks. Why, then, would you ask them to leave a site they trust and go donate on yours? If they are willing to evangelize for you, they also might be willing to host a donation form for you. So, why not take the donation form to where the conversation is already happening?

Airline ticket sales provide a helpful reference for this point. It is possible to buy tickets on an airline's website, but it is more common to buy them from one of many "portals," such as Expedia.com. Millions of people buy their tickets on travel sites because they have an existing affinity for those specific sites. Airlines don't care where people buy their tickets, so long as they're being sold.

Similarly, you can reach out to your network of supporting organizations, partners, or even the personal sites of individual advocates and turn them into donation engines for your organization. This is an opportune time to look beyond your website and consider how you can more effectively leverage the broader web to build new relationships and increase online giving.

Myth #4: Technology is not the problem.

Most online fundraising tools have a few things in common: they're expensive, they're difficult to deploy, it's hard to change anything once deployed, and they only work on a single website. Because of this, many nonprofits have extremely limited online efforts. As discussed earlier, organizations then mistakenly "blame" poor results on their marketing programs, or even on the donors themselves.

The truth is that online giving is often limited by online fundraising technology. Cost and complexity have led many nonprofits to focus on only a few, or even just one, online fundraising program.

The good news is that a new generation of online fundraising solutions are available today that don't have the limitations of prevalent software of the past. Such next-generation tools are significantly less expensive and much easier to deploy and modify. One major benefit is that the flexibility of these tools allows experimentation with different strategies and tactics for online fundraising. This means it will be easier for you to create an online program for every marketing effort, and give donors more opportunities to support your organization.

Myth #5: Raising 10 percent of all gifts online is a great goal.

In January 2008, the Barack Obama campaign raised $28 million online—88 percent of the total funds raised. In fact, on one day that same month, the campaign raised $525,000 online in one hour. Many political campaigns, like most fundraising organizations, consider raising five to 10 percent of all funds online to be a success. But the incredible results of the Obama campaign should force many fundraisers to rethink those expectations.

Granted, most organizations don't have the marketing power of a presidential candidate, or the deep financial and staff resources. But, there are two things the Obama campaign does that any organization can do: first, any organization can commit to making the Internet a major point of engagement with supporters; and second, any organization can commit to offering a variety of messages and giving options.

As a final thought, consider this year as an opportunity. The vast social shift happening online will create winners and losers. Organizations that set high goals and truly commit to online fundraising will reach and retain more donors in the coming years. Be one of the winners.

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