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## Fine-Tuning Online Appeals

*Charities rethink solicitations amid slower gains in Internet giving, Chronicle survey finds* PAGE 7

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Online fund raising continues to rake in ever-larger amounts of donations, according to *The Chronicle's* new survey:

Eight charities raised \$25-million or more in online contributions in 2007. Two brought in more than \$100-million — Fidelity Charitable Gift Fund (\$314.0-million) and United Way of America (\$257.4-million).

While online donations still make up a very small portion of most organizations' overall fund raising — less than 1 percent of overall giving in 2007 for 111 groups in the survey — for some charities they are becoming increasingly important.

Internet gifts accounted for more than 5 percent of overall fund raising at 15 organizations. Of those, five groups raised more than 10 percent of their donations online — Heifer International (28 percent), Leukemia & Lymphoma Society (27 percent), Fidelity Charitable Gift Fund (21 percent), National Multiple Sclerosis Society (15 percent), and Make-a-Wish Foundation (10 percent).

### **Economic Jitters**

Yet despite the growth, it is an unsettled time for online fund raising. While Internet giving at many charities has continued to climb, the rate of growth has begun to taper off, and the increases haven't been enough to offset declines in direct mail. Fund raisers are anxious about the current economic downturn's effect on all giving.

The Natural Resources Defense Council's 2008 fiscal year comes to a close at the end of this month, and the New York environmental organization is on track to match, if not slightly exceed, the \$2.6-million it raised in 2007.

However, Linda Lopez, the group's director of membership, worries that the money is coming from larger gifts made by a smaller number of donors and that fewer contributions are from first-time contributors.

In December 2007, for example, the organization received 9,133 online gifts totaling \$1.4-million. The group raised about the same amount over the Internet in December 2006 but from a pool of 11,638 donors.

"You can't upgrade people forever," says Ms. Lopez. "Even people who like you, they die, they lose their jobs. If you're not growing, eventually you're going to bring in less money."

At Doctors Without Borders USA, Jennifer C. Tierney, the New York group's director of marketing, says that the turbulent economy means charities will have even more trouble than usual forecasting what steps they will need to take to make online gifts grow.

In 2007, the international-aid organization collected \$12.5-million online, a little more than 8 percent of the \$153.9-million the group raised altogether.

She says a large portion of the Internet gifts the charity receives cannot be traced directly to the appeals the organization sends — unlike direct mail or telemarketing, in which organizations can usually accurately determine how many appeals it needs to send or calls it needs to make to reach a certain goal.

"Budgeting at the beginning of the year for that \$11-million to \$13-million line item is a challenge, no doubt about it, especially in an economy like this where people probably aren't as apt to spontaneously give," says Ms. Tierney.

Last month, the charity received more than \$1.2-million in Internet gifts, prompted in large part by the group's work in Myanmar after this spring's cyclone. But during the first four months of this year, online donations totaled \$960,000, down from \$1.4-million during the same period in 2007.

Despite the challenges caused by the economy and other factors, many charities expect to do well online this year:

- The Indiana University Foundation, in Bloomington, is set to raise \$900,000 in its 2008 fiscal year, which ends this month, an increase of more than 150 percent over the \$356,079 it raised in 2007.
- Eleven months into its 2008 fiscal year, Internet contributions at Prison Fellowship, in Lansdowne, Va., are up 33 percent over the same period last year.
- As of April 30, 10 months into its 2008 fiscal year, the Metropolitan Museum of Art, in New York, had brought in \$1.8-million online, up from \$1.5-million during the same period the previous year, an increase of 20 percent.

WNET/Educational Broadcasting Corporation, the public-television station in New York, is particularly optimistic about its prospects for online fund raising.

With the organization's 2008 fiscal year about to end, Internet contributions grew by about 36 percent over 2007. The group has set an ambitious goal for its 2009 fiscal year: to bring in 10 percent of all donations of less than \$1,500 online, up from roughly 7 percent this year.

Now the organization is trying to focus more on using e-mail and its Web site to build stronger ties with donors. To help accomplish that, the organization has moved online fund raising from its pledge department to membership.

"What we wanted to do was make it less transaction-based and make it more integrated with overall fund raising," says Barbara Bantivoglio, WNET's vice president for institutional advancement. Before, she says, the emphasis was on premiums: Make a gift to the station and get a DVD or a book.

The approach will grow more important, she says, as more people watch public-television programs online instead of over the airways. Says Ms. Bantivoglio, "You need to reach them on their terms."

## **Big Gifts**

And more nonprofit groups are getting serious about raising major and midsize gifts (those of \$500 or more) via the Internet. Their efforts have been prompted, in large part, by the realization of how many substantial donations are already coming in online.

The largest gift the Heritage Foundation, in Washington, has ever received online is \$25,000, but Carsten E. Walter, director of membership programs and development operations, thinks it's just a matter of time before even bigger gifts come in.

"Nothing surprises me anymore," he says. "Although one day we'll probably get a \$100,000 gift over the Web, and it'll cause me to pass out."

Fund raisers in the conservative think tank's membership office receive automated notifications whenever someone donates \$250 or more through the organization's Web site. When the gift is \$1,000 or more, fund raisers in the major-gift office receive the alerts as well.

While Mr. Walter thinks the Internet will become increasingly important in major-gift fund raising, he also notes that the Web, like direct mail, makes it easy for people to make "joke gifts or false gifts." He says the alerts that the Heritage Foundation has set up also help the group ferret out suspicious donations.

### **A Sense of Urgency**

Despite the best efforts of fund raisers, nothing spurs donors to make contributions over the Internet more than a crisis.

At the beginning of April, Food for the Poor, an international aid organization in Coconut Creek, Fla., sent its donors an e-mail appeal about the food crisis in Haiti, just as the news media were starting to report on food riots in the troubled country and the effects that rising food prices were having around the world. Embedded in the e-mail message was a short video shot by an employee that shows the kind of conditions that people in Haiti face, as well as the organization's work there.

So far, the appeal, which Food for the Poor sent to its donors twice, has brought in \$105,000, more than any of the charity's previous e-mail solicitations. At least \$50,000, if not more, can be attributed to people who watched the video and then made a gift.

"We deal with real, extreme poverty, and I don't think that people can conceptualize this poverty unless they actually see it," says Jenifer Vogt, director of Web marketing at Food for the Poor. It's one thing, she says, to send a supporter a photograph and a well-written letter: "But when you see it on video, it really does give you more of a sense of being there."

The overall donation totals in *The Chronicle's* survey show just how important disaster contributions still are to Internet fund raising as a whole.

Online giving came back down to earth in 2007, the year after donors gave tens of millions of dollars over the Internet for Hurricane Katrina relief efforts.

Electronic gifts to the 197 charities that provided figures for 2006 and 2007 dropped by 20 percent, from \$1.4-billion to \$1.1-billion last year.

In the wake of a disaster, the immediacy of the Internet makes donors feel like their gift will get to the people who need help faster, says Mark Rovner, president of Sea Change Strategies, a fund-raising consulting company in Takoma Park, Md.

"Donors will tell you they have a strategy of giving in an urgent situation online, and then they give offline other times," he says.

Five charities in the survey involved in Gulf Coast relief and rebuilding efforts — American Red Cross, Habitat for Humanity, Mercy Corps, America's Second Harvest, and Unicef — together raised \$562.3-million online in 2006, largely in response to the crisis.

In 2007, the groups' online fund-raising totals plummeted to \$37.6-million. (Although Hurricane Katrina struck in August 2005, many of the organizations that responded to the storm had already started their 2006 fiscal years.)

But when the five organizations are removed from survey analysis, the numbers tell a different story. The remaining 192 organizations raised \$1.1-billion online in 2007, up from \$807.4-million in 2006, an increase of 31 percent.

Donations to the individual groups grew by a median of 42 percent last year — meaning that half of the organizations had larger increases and half had smaller increases or declines.

### **Matching Gifts**

The Columbus Foundation, in Ohio, was able to harness the power of a different type of urgency — a matching-gift challenge — to jump-start its new local-giving portal.

The foundation used the approach to call attention to its new Web site, PowerPhilanthropy, which provides detailed profiles of more than 340 central Ohio nonprofit groups. Anyone can make an online gift to the charities through the site, and people who have a donor-advised fund at the foundation can use the Web site to allocate grants from their fund.

On March 6, starting at 3 p.m., the foundation offered \$250,000 in matching dollars for donations made through the site. Allocations from donor-advised funds were matched dollar for dollar, and the foundation added 50 cents to every dollar donated through PowerPhilanthropy.

The matching dollars were exhausted in 44 minutes.

"There were so many people online trying to make a grant that day that many of them couldn't even get through," says Lisa Courtice, a vice president at the foundation.

In addition to raising awareness about PowerPhilanthropy, the event — which raised a total of \$815,000 for 245 charities — also helped participating charities bolster, or in some cases start, their own online fund-raising efforts.

"Some of the small grass-roots organizations that are in PowerPhilanthropy don't even have a credit-card function of their own, so they want to be driving their donors and potential donors to the site," says Ms. Courtice.

### **E-Mail Appeals**

E-mail messages continue to be the focus of most online fund-raising efforts, say nonprofit officials.

The key is to reach out to donors when they are most likely to give, says Betsey Fortlouis, senior director for member communications at the American Society for the Prevention of Cruelty to Animals, in New York.

She says that the best time to encourage people to make their first online gift is shortly after they have given an organization their e-mail address by signing up for an e-mail newsletter, advocacy alerts, or other information.

Two years ago, the charity formalized its efforts to encourage people who give the organization their e-mail addresses to become donors with a series of four e-mail messages over 56 days.

The first message thanks supporters for signing up and lets them know about other ways they can help animals through the Web site, including making a gift — while the next three messages are more explicit requests for donations.

In 2007, 5 percent of the people who received the e-mail messages made an online gift to the organization, compared with the roughly 0.4 percent that the charity had been able to persuade to make a gift online before starting the message series. Online contributions to the group totaled \$5.9-million in 2007, up from \$2.6-million the previous year.

Hoping to build on its success, the organization has started another series designed to persuade donors to set up a monthly gift. The messages will be sent soon after someone makes his or her first online donation.

Campus Crusade for Christ, in Orlando, Fla., has also succeeded by making the most of e-mail.

It sends appeals to rented e-mail lists, mostly from Christian publications, an approach that helped triple its online fund raising from 2006 to 2007.

Online gifts to the group totaled \$33-million in 2007, up from \$10-million in 2006.

Appeals that touch on events that are getting attention from the public — such as the organization's program that sends Bibles and devotional materials to members of the military and its response to natural disasters — raise more money than solicitations that do not, says Elvin L. Ridder, the group's U.S. ministry coordinator.

But for the last year, the group has been keeping track of those donors, and so far, people who gave in response to an appeal that highlighted work unrelated to current events have given more to the organization after making their first gift, suggesting that they might be more valuable donors over time.

"It's that age-old issue" that charities face in direct mail, says Mr. Ridder: Does an organization have enough money to send out recruitment appeals that lose money initially, but garner donors who will give a lot over the long haul?

Campus Crusade, he says, is thinking about moving in that direction, something it can contemplate because it has a big budget. Smaller organizations, says Mr. Ridder, may not have that luxury.

## **No 'Silver Bullet'**

As Internet contributions increase, the fund raisers charged with overseeing online giving often find themselves fighting two very different battles, says Allen Thornburgh, vice president of direct marketing at Prison Fellowship.

He says that he and his boss are leading the charge to get fellow employees and the organization's leadership to believe in the potential of online fund raising, a task that has gotten easier as the amount raised has increased.

"But on the other hand," says Mr. Thornburgh, "we also play this kind of defense in which we try to prevent other folks from thinking it's some sort of silver bullet that you hardly have to invest anything into and you'll get tons of revenue in return."

The truth of the matter, he says, is much simpler: "It's just another channel."

*Noelle Barton, Maria Di Mento, and Candie Jones contributed to this article.*