

A large, dynamic splash of blue water with many bubbles, filling the upper half of the page.

# Passion, persistence, and partnership: the secrets of earning more online

## Fundraising online – after the hubris

Ten years ago, when the internet was shiny and new, the fundraising community became very excited about the potential of new media and the prospect of a computer on every desk and in every home. Fundraising experts spoke of a time in the future when computers would suggest making a donation to given causes based on past giving patterns: a kind of fundraising autopilot. More generally the internet was ‘the next big thing’ for raising money - cheap as chips and bringing in funds by the million.

Ten years on the story is very different. Online fundraising has not allowed charities to throw out the fundraising rulebook, but is now recognised as a focused, highly cost-effective tool for bringing in additional money and reaching new audiences for those who use it right. It has also morphed from being seen as a reactive donation platform to a proactive marketing and earning mechanism.

Perhaps the only vestige left of the original paradigm for online fundraising is the large but often ineffective ‘donate now’ button still common on so many charity home pages.

## The internet – an indispensable part of our lives

The internet now plays a central part in most people’s lives in the UK. Particularly for younger, more professional, and more affluent parts of society the internet is all but indispensable. There are very few activities which can’t take place online: people find love, buy cars, sell houses, go shopping, pay bills and pursue hobbies, all from their computers. The arrival of the mobile internet has only increased the ubiquity of the web. People can get their emails and surf the web from just about anywhere: the train, the bed or the sun-lounger.

The rise of the internet and the mobile phone has also brought with it new bad habits. Psychologists have observed the phenomenon of ‘continuous partial attention’ where nobody gives anything their complete attention. People shop and talk on their mobiles, watch telly and surf the net, and catch up on emails through their BlackBerrys while sitting in meetings.



## Internet fundraising facts

- ▶ In 2007 the “Virtual Promise” survey of 107 charities showed that online fundraising is highly cost-effective, raising an average of around £10 for every £1 spent on direct costs. This was based on an average of £1.2 million raised and £114k spent before salaries.
- ▶ However as a portion of total voluntary income, online fundraising had less impact, totalling an average of just 2%. In comparison, supporter development and retention raised 27% of total voluntary income, and major donors provided 7%.
- ▶ There are (not surprisingly) considerable differences in the use of online fundraising functions on charities’ websites, dependent on the charities’ size. So while 77% of the largest charities (defined as having an income of over £10 million) had the ability to donate on their websites, only 41% of the smallest charities (with under £1 million in income) had the same functionality. The same pattern occurs for the purchasing of goods and services and making regular donations via direct debit.
- ▶ One of the consequences of these differences in functionality is that the largest charities were much more likely to be positive about the growth in income from the internet. So 67% of the largest charities agreed that income from the internet had grown strongly over the last 12 months – but only 34% of the smaller charities agreed with the same statement. This theme is common across the Virtual Promise research – smaller charities are not seeing the same benefits from the digital world.
- ▶ Interestingly the constraints on use of the internet are common across all sizes of organisation – the lack of skilled staff, inadequate budgets, and the lack of systems and marketing integrations were all seen as major barriers to success on the internet. This was backed up by the interviews we carried out. One senior fundraiser described the process of trying to get his colleagues to talk about the web as a fundraising tool as *‘like banging his head against a brick wall.’*

## Comments from interviewees

- ▶ A key theme was that the internet works best as an engagement tool initially and fundraiser in follow-up. In other words few people go straight to a website and give. They go to a website, sign up for an email newsletter, take part in some interactive tools (like the Dogs Trust’s [www.doggysnaps.com](http://www.doggysnaps.com) where 34,000 people have left photos of their pet) and then little by little are wooed into supporting the charity, perhaps by giving directly, or by taking part in an event.
- ▶ For this reason, email communications are seen as a vital tool in developing online relationships – because they are proactive and enable charities to keep telling donors and potential donors about new content and initiatives.
- ▶ One of the major challenges for fundraisers, as highlighted in our interviews with 20 professionals, was that the rise of social networking means that charities increasingly need to reach prospective donors on sites such as Facebook or MySpace. Yet it’s much harder to maintain a strong and coherent brand in these sites, due to their emphasis on user-generated content. Fundraisers beware!



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## Five big trends in online income generation

**Trend 1 – Charities are using the power of their stories online.** The advent of blogs and blogging means one of the most powerful tools in the charity toolkit, the people that make the organisation, are now the shining stars. Stories can come from beneficiaries, front-line staff or indeed anyone who conveys their tale with passion, conviction and purpose. Putting these stories online creates great content and compelling messages for prospective and actual donors.

**Trend 2 – Charities are engaging first and fundraising second.** Many charities still have the ‘donate now’ button on their homepage even though few use it to donate. The internet is now used as a tool for engaging people first – through blogs, emails, forums, interactive games and the whole panoply of web 2.0 functions. Once people are engaged they can then be persuaded over time to become donors in ways that match their interest in the charity and their preferred way to give.

**Trend 3 – Social networking is forcing charities to make friends.** Social networking is forcing charities to move out of their websites and into the places where people socialise. This is both scary and exhilarating. Scary because charities are no longer so in control on social network sites: their brand will be diluted and their competitors may also be their next door neighbour. But it’s exhilarating because individuals are the engine of social networks – so when they start to advocate and network for a charity or a cause they are more genuine and more personal in the eyes of others who visit their sites.

**Trend 4 – Integration and internal communications are keys to success.** Nobody knows quite where to put new media. Is it a communications tool, an IT tool, a fundraising tool or a separate department? The reality is that new media is a multi-purpose tool and - wherever it sits - it is vital that all the different users work together to maximise the coherence and power of the charity’s message. The result of this should be that earning online is part of an integrated whole – linked with and complemented by other web activities. If an organisation puts its uses of the internet in silos it will dissipate the strength of its web presence.

**Trend 5 – Multiple income-generating partners are key.** The old paradigm of getting people to make credit card donations through a ‘donate now’ button is gradually giving way to a multiple-partnership model. In this approach a charity may offer multiple ways to give and generate revenue. The best of these represent the hijacking of a web user’s existing habits for a charity’s purposes. There are already ways of raising money online through search engines, auction sites (eBay for Charity being the largest and most successful of these), affinity partnerships and a host of other mechanisms. These partnership arrangements are a win/win for charities. They help reach new audiences, give supporters ways to raise money without giving, and are usually low or no cost to set up and can be easily embedded into existing websites.



## The partners behind this report



MissionFish aims to help charities get the most out of online commerce, by making it possible for any charity to benefit from any gift from any donor. To achieve that vision we're trying to make it easier to give as a part of daily life online, and working to change the way people think about philanthropy.

Our major initiative is eBay for Charity, a unique programme that helps charities raise money on eBay through donations, sales, and special auctions. We are a registered charity (No 1110538). To find out more visit [www.missionfish.org.uk](http://www.missionfish.org.uk) or [www.eBay.co.uk/charity](http://www.eBay.co.uk/charity).



The Institute of Fundraising is the professional membership body for UK fundraising. The Institute's mission is to support fundraisers, through leadership, representation, standards setting and education, to deliver excellent fundraising. The Institute represents over 4,500 fundraisers and 250 fundraising organisations, providing dedicated information and support services for Individual and Organisational members. The Institute is represented across the UK by a range of National, Regional and Special Interest Groups, offering an extensive programme of networking and training events. The Institute is a charity registered in England and Wales (No 1079573) and Scotland (No SC038971) as well as a company limited by guarantee (No 3870883). VAT registration number 547 8930 96. For more information about the work of the Institute of Fundraising visit [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).

## To get a copy of the full report

This is a summary version of the 40 page report *Passion, persistence, and partnership: the secrets of earning more online*. If you want to find out more about the key trends, the results of the extensive interviews and the results of the Virtual Promise data, you can download the full report from [www.missionfish.org.uk](http://www.missionfish.org.uk) or [www.nfpSynergy.net](http://www.nfpSynergy.net). At the nfpSynergy website you can view their full range of free reports as well as their extensive research into non-profit organisations.



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