

Virtual Promise – From Rhetoric to Reality

A report on charities' use of the internet between 2000-2004

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Executive Summary

Part 1 – The Quantitative Results

- A far greater number of smaller charities answered this wave's questionnaire than answered previous waves' questionnaires.
- The two most popular ways in which charities are using the internet (other than for hosting a website) are for providing email for each staff member and for trawling the web for information and research. These were also the two top uses in 2002.
- 78% of charities now say they have a dedicated website budget, compared with 65% in the previous wave. Full-time internet staff numbers are also up.
- Information materials, links to other sites, news and regular features, downloadable files, an email inquiry service, information about job vacancies and fundraising via credit cards are all now standard features on the majority of organisations' websites.
- The percentage of charities registering their domain name(s) with search engines has jumped from 8% in 2000 to 78% in 2003.
- Only half of all organisations responding had websites conforming to the website accessibility (W3C) guidelines.
- Three in four charities outsource their website hosting, and two in three use an external agency to handle design and functionality.
- 64% of charities use content management systems – a figure that has doubled in just two years.
- The vast majority of respondents agreed that the internet has changed the way their charity works; the least wealthy charities agreed most strongly.
- While the majority of organisations indicated that they have a strategy for how the internet is used, there is still some way to go in persuading senior management and trustees to take the helm in driving this strategy forward.

Part 2 – Executive Interviews

- Set-up and maintenance costs for charities are coming down.
- Traditional barriers to the proliferation of internet use among voluntary sector organisations, such as a low usage rate among the older age groups and perceived lack of necessity, are being steadily broken down.
- Implementing an e-marketing strategy remains on the back burner for most charities, who are still principally focusing on achieving high quality websites with strong content.
- Some in the voluntary sector still feel that online fundraising is either ineffectual or at the very best 'breaking even'. The growing consensus, however, is that it is an extremely efficient means of generating revenue and is rapidly spreading throughout the sector.
- There is to some degree a need to shift thinking towards a more modern approach to embracing and exploiting technology among charities. The previous resistance to it stemmed largely from a lack of resources available to organisations.
- Experts strongly supported the inclusion of interactive features in charity web offerings, asserting that it can bring existing supporters closer to the heart of the organisation and help to attract new

ones. Trackability of site visitors using interactive features can also help charities understand and profile existing and potential donors.

- Some use of new technologies such as interactive digital TV and SMS/mobile telephony (principally the latter) is being made by charities, but prohibitive costing largely prevents organisations from exploiting these media for the time being.
- Charities have entered a second phase regarding the internet, moving from asking “should we have a website?” to “now that we have one, how can we make it better?”

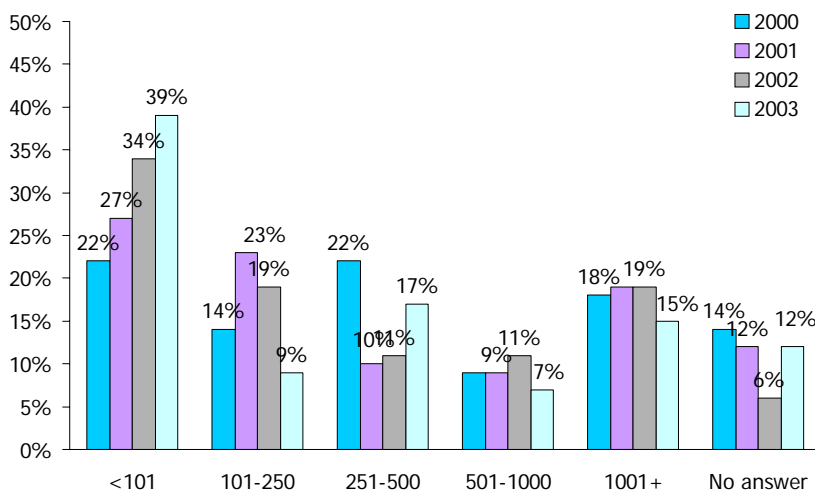
Part 1 – The Quantitative Results

Since the majority of the Virtual Promise questionnaire concentrates on charity websites (for example, “what features are on your website?”; “does your website conform to the W3C guidelines?”), the organisations responding to the questionnaire tend to be those that have a web presence and have something to say. The results have traditionally had a bias towards larger charities with more employees and greater income. This can be seen in Figure 1, where in 2000 only 22% of respondents had 100 staff or fewer, and 27% had 500 or more. Over the last few years, we have noticed that the proportion of smaller charities responding was steadily increasing: 27% with 100 employees or fewer in 2001 and 34% in 2002.

In order to be able to talk about the development of charity websites over the past four years without the distorting effects of this new wave of smaller-charity websites, the data was weighted to reflect the size.

One of the best things about the Virtual Promise research is that it has always inspired a response from a wide range of charity sectors including social welfare, health/medical, human rights, arts, child/youth welfare, disability, international aid and development, environment and countryside and animal welfare. This year, 143 organisations replied, our largest response ever. This is almost double the response rate of previous years and would again indicate that more organisations are now online.

Figure 1
Proportion with various numbers of employees



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

Box 1: Why are so many more charities getting online?

In some cases, it is because the technology has reached an age where it is more affordable and accessible for the masses. Similarly, there is now a lot more affordable help and advice for charities wanting to go online. (See the nfpSynergy report, "Touch & Go!: The internet, digital TV and mobile telephony as tools for maximising the impact of charities".) In other cases it is because key stakeholders expect the organisation to have a web presence or because the necessary funds have been made available - or both. In these cases, the quality of the website is likely to suffer, as is indicated by the following quotes:

"Most charities only create websites because they can get grants for doing so. No one really cares about doing something worthwhile."

"This survey assumes that all charities have websites. We don't, and it's a huge problem for us because it is expected by our client group and partners (community groups and regeneration agencies). The funding of websites is not seen as a high priority."

What these comments indicate is that many organisations still only see the surface value of the internet. As such, rather than using the internet as the mass communication tool it has the potential to be, they are treating their web presence much like they would an entry in the telephone directory: passively.

Why do charities need to take the internet more seriously?

There are three main reasons why providing effective internet services should be as core to a charity's work as having good services or good governance. These are:

1. *The internet has become an important point of contact and source of information for the public and therefore for voluntary organisations' key stakeholders.*

A recent nfpSynergy report, "Touch & Go!: The internet, digital TV and mobile telephony as tools for maximising the impact of charities", reported that 54% of the UK public now have access to the internet, and nearly all of these (83%) are regular users. At 70%, the access rate was even higher for those aged between 16 and 44. Given that personal communication and commercial information or communication are the two online activities that the UK public is most likely to undertake, it is not difficult to see that the internet is now just as important an information and communication channel as are telephony or face-to-face services. Furthermore, data from nfpSynergy's Charity Awareness Monitor indicates that 18% of those with internet access have visited a charity website in the last six months. Any charity that is not accessible online risks being undetected by the growing number of people for whom the internet is the first point of call for finding information or making contact.

2. *The internet allows for greater automation and thus greater efficiency and effectiveness.*

The internet has the potential to increase efficiency and reduce costs in much the same way that the personal computer did, but on a much bigger scale. In the same way that a function such as 'mail merge' automates the labour intensive process of typing out individual letters and addresses, the internet has the potential to allow organisations to do away with the tedious processes and paperwork surrounding procedures such as sign-ups for direct debit and standing order donations, job applications, grant applications, internal and external communications, publication distribution and supporter newsletters. Its efficacy in doing so is demonstrated by the quotes below.

"Investing in targeted banner advertising through our direct mail agency has paid off. Direct debit membership and adoption has increased six fold in a six-month period. We have found it to be much more cost effective than traditional methods of acquiring support."

"Putting standing orders online for regular giving has worked very well."

An example that stands out in terms of illustrating the internet's potential for increasing both efficiency and effectiveness is Justgiving's new payroll giving scheme, where a 'charity zone' is installed on an

organisation's intranet. By entering the charity zone, workers can sign up for payroll giving without any fuss. Their details are then added to the system, and the site automatically generates the spreadsheets that the payroll staff need to easily execute the payments.

The internet has two other useful advantages: 'virtual space', in which supporters and beneficiaries can network cost-effectively, and a readily accessible medium through which to disseminate staff or client training.

3. The internet allows charities to extend their impact and reach

Of course, the other great thing about the internet is that it allows people from all around the world to access whatever information and resource a charity puts online – whether this be an online community, information about the charity's work or campaigns, interactive training courses or the opportunity to donate. It also allows charities to connect easily and cost-effectively to a wide network of information and collaboration. Through the internet, charities can access support, conduct research and communicate or share documents with international, national and regional offices at the click of a button. Some of this efficacy is illustrated below:

"Our website is the only way that we can provide free resources to so many teachers (around 60,000 regular users)."

"Research is now much easier and more inclusive. Email has totally revolutionised the way we work."

"The website allows us to communicate with audiences in this country and abroad, and although they are not high numbers (about 20,000 per year), it's a good reach for us."

"We firmly believe that the internet is a valuable tool for international fundraising. As a charity that funds research all over the world, it is important that we reach potential donors wherever they live – only the internet can achieve this cost-effectively."

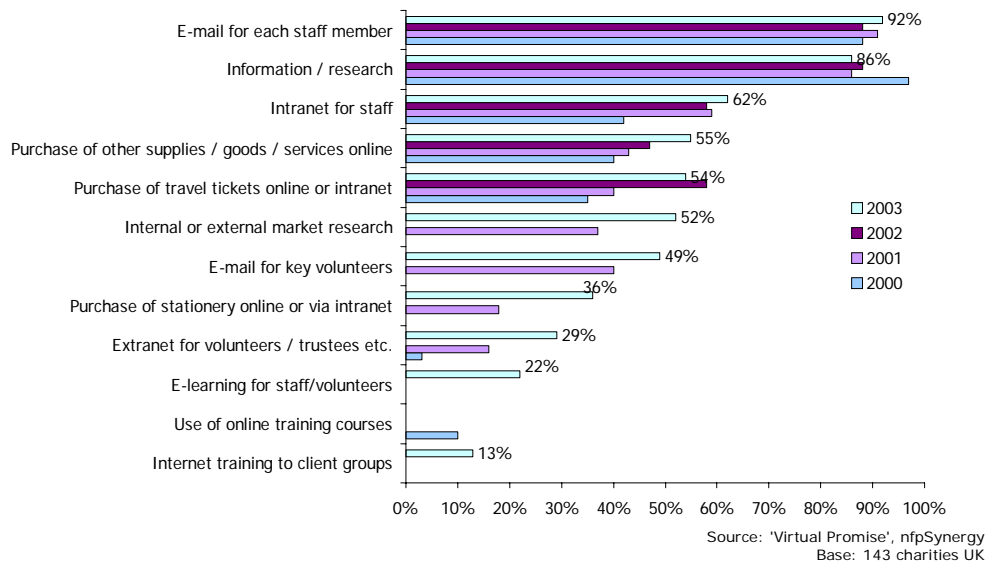
Charity websites also provide an avenue through which charities can accrue details of potential supporters with the added advantage that contacts gathered online will likely be accessible through email, which saves paper and postage.

How are charities using the internet?

Figure 2 reveals that the internet is becoming increasingly ingrained in the working lives of those charities that are knowledgeable about it. At 92% and 86% respectively, providing email for each staff member and searching for information/research are still the two most popular things for which charities use the internet (apart from hosting their own website). But use of the net for an intranet, market research, email for volunteers, online purchase of stationery and extranets for volunteers and trustees have all shown significant increases from 2001. We also asked about the use of e-learning this year and found that an impressive 22% of organisations use the internet for staff learning, while 13% use it to provide training for client groups.

Figure 2

The 5 most popular ways in which charities use the internet apart from a website

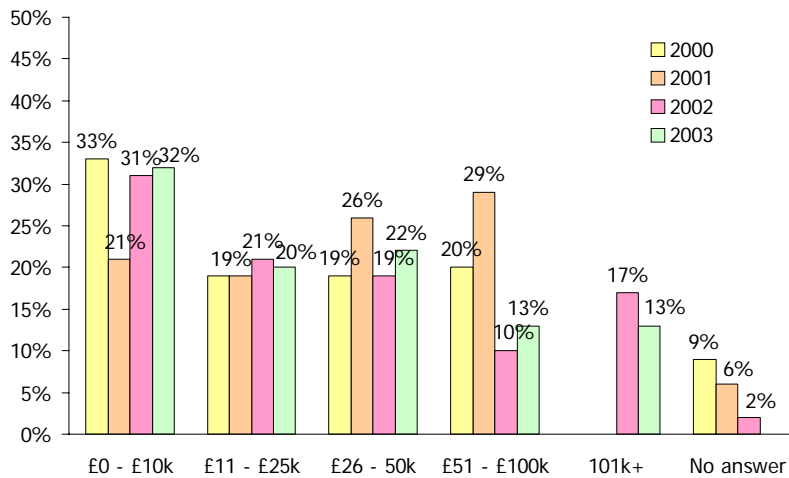


Charity Websites: Fast Facts

- 17% of charities generate online funds other than through online donations and trading.
- 22% have a profile of their website users.
- 29% have their own web server.
- Earmarked by 31% of charities, email marketing/fundraising is the highest priority development area for UK charities.
- 36% of charities now have three or more websites.
- Only 48% of charity websites conform to the web accessibility (W3C) guidelines.
- 56% have a dedicated web server.
- 56% use emails for fundraising.
- 57% use emails for campaigns.
- 61% agree that their charity is making the most of the internet.
- 62% have a person for website consistency.
- 63% agree that senior staff are driving their strategy for the internet.
- 64% use a content management system.
- 67% update their website using HTML.
- 69% feel the internet has changed the way their charity works with clients and beneficiaries.
- An impressive 75% of charities update their websites daily or even hourly.
- 76% pay for their web hosting.
- 78% of charities have a dedicated website budget.
- At 79%, unique visitors is the most popular measurement of website usage.
- 79% have a strategic plan for the use of the internet.
- 83% feel the internet has changed the way their charity works.
- 89% of charities feel the internet is helping them reach new audiences.
- At 92%, email for each staff member is the most popular way in which charities use the internet.

Figure 3

Proportion with various sizes of website budget



Source: 'Virtual Promise', nfpSynergy
 Base: All those with a dedicated website budget (58) amongst 89 charities

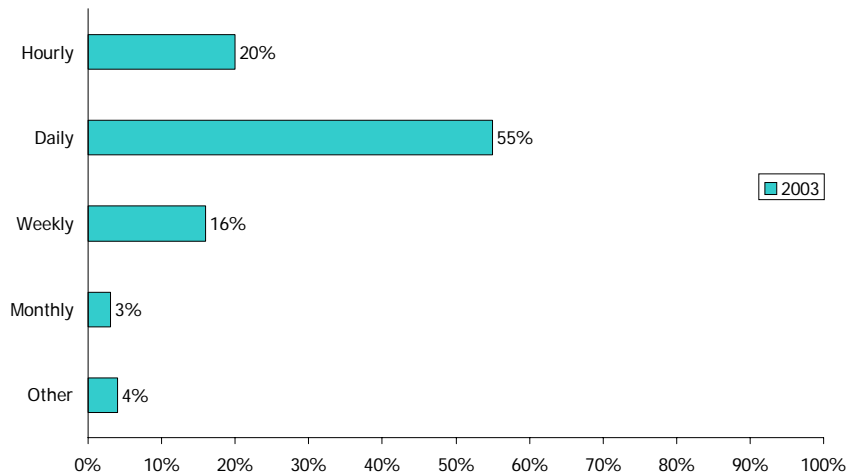
Charity website resourcing

With more charities now saying that they have dedicated website resources, the evidence from this wave of data indicates that charity website upkeep is slowly being absorbed into the greater voluntary sector infrastructure. In 2003, 78% of organisations said they had a dedicated website budget. This is a 13% increase from 2002 and an 8% increase from the first documented surge in charity website development in 2000. Figure 3 shows that the actual size of charity website budgets has remained relatively consistent: just under a third of charities report a fairly small budget of £0-£10k year after year. The exception was in 2001, where there appeared to be a surge in website investment. 26% of organisations currently have a budget of £51k or over. Not surprisingly, charities with greater annual turnover tend to have larger website budgets. Having said this, 29% of charities with a turnover of £26million+ have a website budget of only £0-£10k.

Charities also appear to be waking up to the fact that a good website does not run itself: more full-time staff now work on websites than in previous years. The number of organisations that have one or no full-time staff allocated to website working has dropped from 46% in 2001 to 31% in 2003, and over the same period, the proportion of organisations that have 3-9 web staff has increased dramatically from 16% to 41%. This increase in charity staffing is reflected in Figure 4, which shows how regularly charities update their websites. An impressive 75% update their sites at least daily, and 20% update hourly. Though 3% of respondents were dragging the chain with monthly updates, overall, the sector appears to realise that the internet is an important point of contact for key stakeholders and that website information needs to be kept fresh and up-to-date.

Figure 4

Regularity with which charities update their websites



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK, 2003

Though on the face of it, the current data paints a very encouraging picture of website resources, the fluctuation in resource allocation over the years and recent anecdotal evidence would indicate that when it comes to website development, resource allocation is variable and can be very transient. This is illustrated by the respondent comments below, which suggest that although there are those that treat their website as a core business feature, it still remains on the strategic periphery for the majority.

"Our web team is made up of a website manager, website editor, programmer, web contract editor, and an internet fundraising officer. We also have a team of 20ish content providers and up to 10 contract approvers as well as support from an IT team in Peterborough."

"We are just implementing a new content management system... We will have 1.5 dedicated staff for content control and 18 authors updating their own areas."

"...there are many more organisations that are still treating the internet as a 'bolt-on'."

"My responses imply a greater commitment than the real experience of our charity. While online communication is a strategic objective, this isn't borne out by the amount of resources given to it and development. After initial enthusiasm, this has been limited."

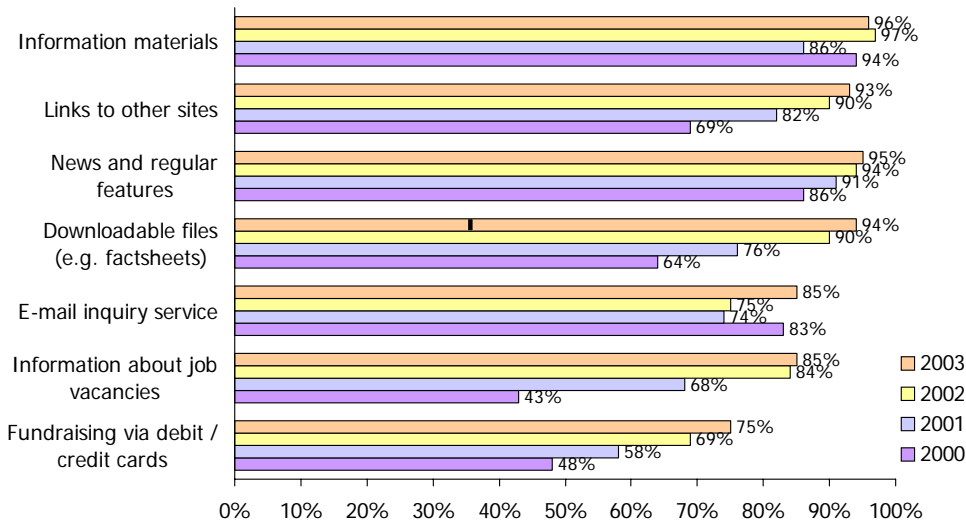
"The management and updating of our website has been squeezed into someone's existing role. We are currently applying for funding for a new role that will include a responsibility to maintain the website."

"As a small charity, we have no one whose job it is to maintain/develop the website. It has been absorbed into a post that is project funded and is due to end next year. The post holder is part-time, so time spent on the internet is very limited. We could do a lot more, given the resources."

Furthermore, though charities are clearly doing their best to keep their website updated, it would appear that, for many organisations, this activity alone is absorbing the vast majority of resource meaning that little is left over for the development of new and innovative features.

Figure 5

Proportion having selected facilities & functions on their websites



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

"We have only just established our website with the help of a volunteer. It will be all we can do to keep it updated at present – we don't have the resources for much else."

What is interesting is that attitudes to resource allocation appear to polarise charities into two camps: those that claim they do not have the time or money to develop an online service, and those that say that investment in the internet is the only way that their organisation could reach such a wide audience in such an effective and efficient manner.

Functionality of charity websites

Figure 5 shows the seven features that are now standard on all charity websites. These include information materials (96%), links to other sites (93%), news and regular features (95%), downloadable files (94%), email inquiry service (85%), information about job vacancies (85%) and fundraising via credit cards (75%). Use of the latter two functions in particular has grown in leaps and bounds since 2001, suggesting that they have the ability to become key services.

What was interesting this year was the sudden surge in uptake of more sophisticated web features. This is shown in the second part of Table 1, which summarises the growth (or lack of) in the remaining website features. For example, compared with 2002, 19% more charities now have websites that allow the purchase of goods or services via credit/debit card, and a further 17% plan to develop such a function in the next six months. It was gratifying to see that charities appear to be waking up to the fact that email is now a key communication channel: the proportion of charities with online email marketing and fundraising jumped from 21% in 2001 to 45% in 2003, and use of email newsletters doubled from 32% in 2001 to 64% in 2003. It was also encouraging to notice a significant growth in online polling and market research, campaigning and online activism, and chatgroups and online communities. It was notable that at 27% a good proportion of charities have streaming video clips and specialist interactive training courses on their websites.

What was disappointing was that though the ability to make a paperless job application has increased from 21% in 2001 to 41% in 2003, this still accounts for less than half of the 85% of charities that have information about job vacancies on their site. If charities were to invest just a little bit of extra, they could easily develop an automated online mechanism for recruiting staff and volunteers that would ultimately save time and resources. On the positive side, 24% of charities indicated that they were planning to develop such a service in the next six months. Similarly, though most charities claim to have an email inquiry service, only 25% offer online customer support. This has only risen 4% since 2001, and only 12% of organisations indicated that they were looking to develop such a service over the next six months. At a time when large numbers of people are going online to get information and support (see new technology report for more information), an email inquiry service should be a core

website feature for charities. It is also curious that although 75% of organisations have fundraising via credit/debit card available on their sites, only 40% allow users to sign up for regular donations.

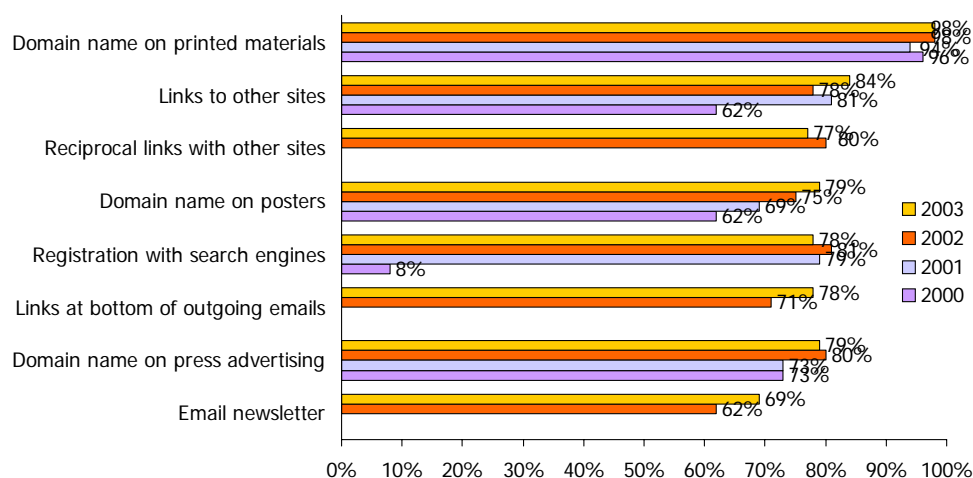
Less than a quarter of charities have a profile of their website users. This means that many organisations are missing out on a valuable opportunity to segment their supporters by target communication channels. If charities were able to build profiles of their various audiences, for example, website users, those who donate through street fundraising, those who engage in sponsorship events etc, they could better appreciate which audiences are tuning into which mediums and could tailor their message accordingly. Interestingly, it is organisations with fewer staff and a smaller annual turnover that are more likely to have such a profile.

Table 1: What facilities and functions are on charity websites?

	2001	2002	2003	% +/- 2002-2003	Planned in next 6 months	Top priorities	
Part 1: Standard features	Information materials	86%	97%	96%	-1%	5%	16%
	News and regular updates	91%	94%	95%	1%	5%	10%
	Downloadable files (factsheets, releases, etc)	76%	90%	94%	4%	5%	7%
	Links to other sites	82%	90%	93%	3%	4%	1%
	Information about job vacancies	68%	84%	85%	1%	8%	2%
	Email enquiry service	74%	75%	85%	10%	4%	2%
	Fundraising via credit cards	58%	69%	75%	6%	12%	17%
Part 2: Up-and-coming features	Purchase of goods or services via credit / debit card	36%	35%	54%	19%	17%	10%
	Searchable online database(s)	43%	49%	67%	18%	14%	13%
	Email marketing/fundraising	21%	27%	45%	18%	18%	31%
	Online polling/market research		21%	38%	17%	26%	2%
	Ability to make a paperless job application	21%	26%	41%	15%	24%	3%
	Email newsletter	32%	49%	64%	15%	20%	15%
	Campaigning and online activism	36%	40%	55%	15%	13%	15%
	Chatgroup and/or online community	21%	22%	32%	10%	29%	18%
	Specialist interactive training courses	16%	18%	27%	9%	10%	7%
	Streaming video clips	9%	19%	27%	8%	16%	3%
	Personalised content	4%	10%	14%	4%	16%	13%
	Online auctions		8%	12%	4%	1%	4%
	Purchase of publications via credit/debit card*	28%	28%	29%	1%	24%	6%
	Online picture or video library/resource	18%	19%	18%	-1%	17%	5%
	Online customer support*	21%	28%	25%	-3%	12%	7%
	Online grant application process	12%	10%	6%	-4%	10%	1%
	Sign-up for regular donations, eg debit card	26%	45%	40%	-5%	28%	17%

Figure 6

The top eight ways in which charity's are marketing their websites



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK, 2003

Website marketing

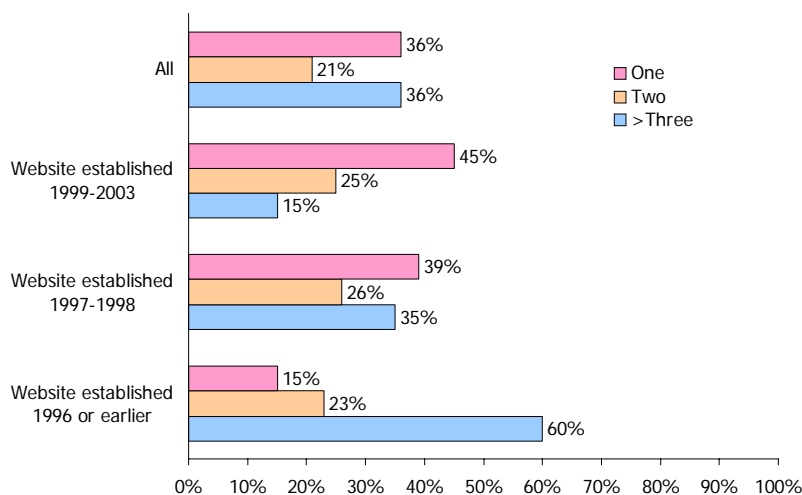
The eight most popular methods for website marketing have not changed greatly over the last 4 years, with the exception that registration with search engines leapt from 8% in 2000 to 78% in 2003. Figure 6 reveals that having links to other sites and having the domain name on posters have also grown significantly from their 2000 level of 62%. What we found with this wave of data, however, is that charities are now using a greater and more sophisticated range of techniques. For example, 53% of organisations now conduct email marketing campaigns using in-house names, while a further 16% also use bought-in names. Similarly, 35% of charities have website campaigns targeting specific audiences, 34% use banner advertising and 28% have relationship marketing using email.

Website practicalities

Website development is generally owned by the communication (33%), marketing (15%), IT (13%) or fundraising department, with more than a third of respondents now having three or more websites (up from 24% in 2002). Looking at Figure 7, it can be seen that this trend towards multiple websites is led by charities that established their website in 1996 or earlier. Of these charities, 60% have three or more websites, compared with only 15% of those established after 1999.

Figure 7

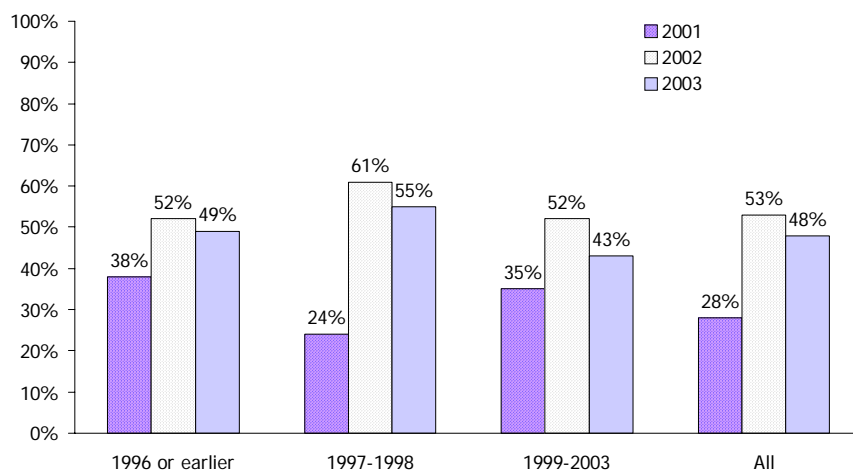
Proportion who maintain selected numbers of websites, by time of website establishment



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

Figure 8

Proportion conforming to web accessibility (W3C) guidelines, by year of website establishment



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

Compliance with website accessibility guidelines

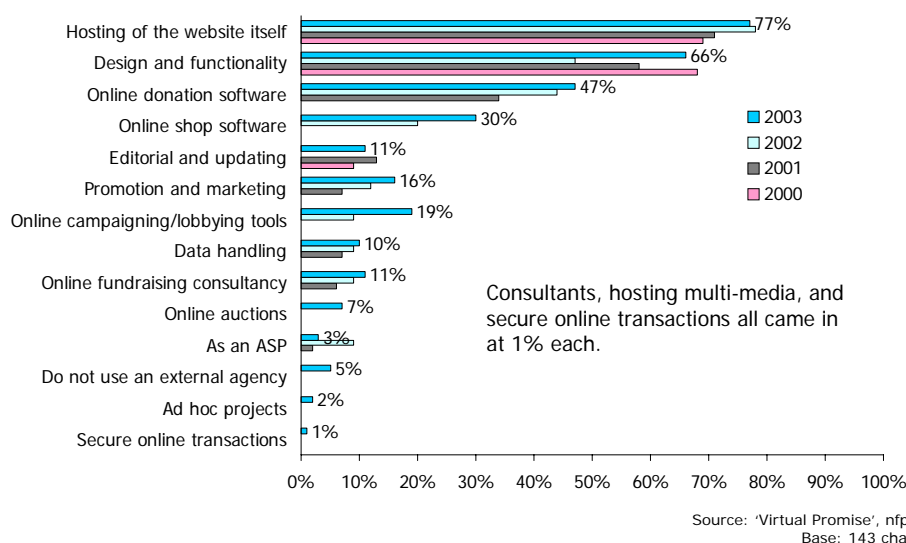
The proportion of charity websites conforming to the website accessibility (W3C) guidelines has increased from 30% in 2001 to 48% in 2003. Although only a third of organisations whose website does not currently conform to the guidelines say that this is because of a limited budget, there may be a link between greater annual turnover and website accessibility compliance. A possible explanation may be that organisations with a larger turnover are simply more aware of these guidelines because of better access to advice and support, though this is by no means certain.

Outsourcing of website resources

Figure 9 shows that use of external agencies for charity websites has grown steadily over time, with 77% of organisations outsourcing their website hosting and 66% using an agency for design and functionality. The amount that organisations pay for website hosting varies dramatically. Of those that answered the question (only 41%), 24% pay less than £75 per month; 33% pay £75-£400; 28% pay £400-£999 and 15% pay £1,000 or more. Not surprisingly, it is organisations with larger annual turnovers and web budgets that are likely to pay premium prices for website hosting. The surge in the use of agencies for design and functionality, online shop software and online campaigning/lobbying tools over the last year corresponds with what we discussed earlier about website functionality. Basically, charity websites are becoming more advanced, necessitating the more frequent use of external agencies.

Figure 9

The top nine ways in which charities use external agencies on their websites

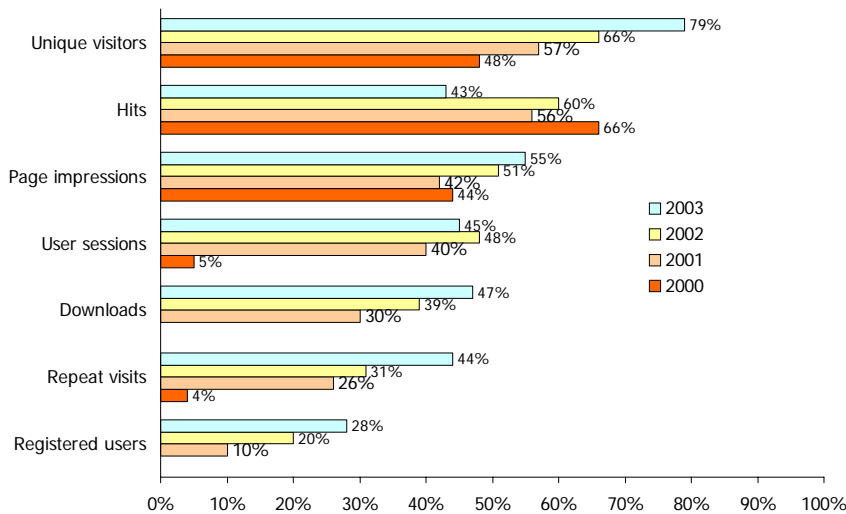


Measuring website use

Charities are also becoming more sophisticated in the way they measure usage of their website, with many charities using multiple measures. Figure 10 shows that the most popular measure is unique visitors, which was used by only 48% of organisations in 2000 but increased to 79% in 2003. Page impressions, downloads, repeat visits and registered users all showed steady increases in popularity, while the use of hits looks to be slowly declining.

Figure 10

Proportion of charities that use selected ways to measure the use of their website



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

Content management

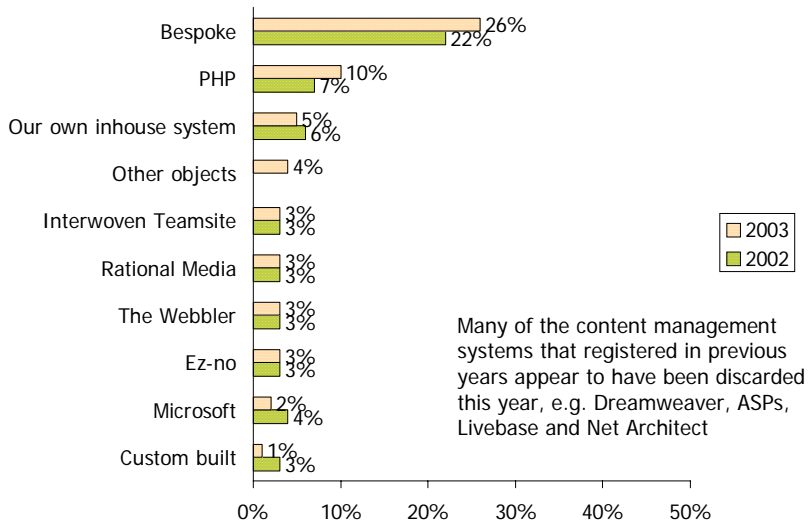
64% of charities are now using content management systems (CMSs), compared with only 30% in 2001. The longer a charity has had a website, the more likely it is to have a content management system installed, but this may simply be because larger organisations with bigger website budgets are also more likely to have a CMS. 32% of organisations use a tailored content management system (bespoke (26%); own in-house system (5%); custom built (1%)). The next most popular system, at 10%, is PHP (a web scripting language). Figure 11 reveals some of the other systems that were mentioned, such as Interwoven Teamsite and Rational Media. It was interesting to see that many of the systems that have registered in previous years, such as Dreamweaver, ASPs, Livebase and Net Architect, appear to have been discarded.

While it is understandable that not all charities have a content management system, it is worrying to see that only 62% of organisations have a person responsible for content consistency. This is a simple step that all charities should take to ensure that all web material has a consistent and therefore easily digestible format and that any person logging onto the organisation's website gets a consistent message about the charity's vision and mission.

The majority (47%) of charities allow only the web team to edit website content. However, just over a fifth (22%) allocate editing rights to 20 or more people from throughout the organisation, which may be a problem in terms of content consistency and brand management. Interestingly, it tended to be organisations with fewer staff and a smaller annual turnover that allowed more people to edit content.

Figure 11

Proportion who use selected content management systems



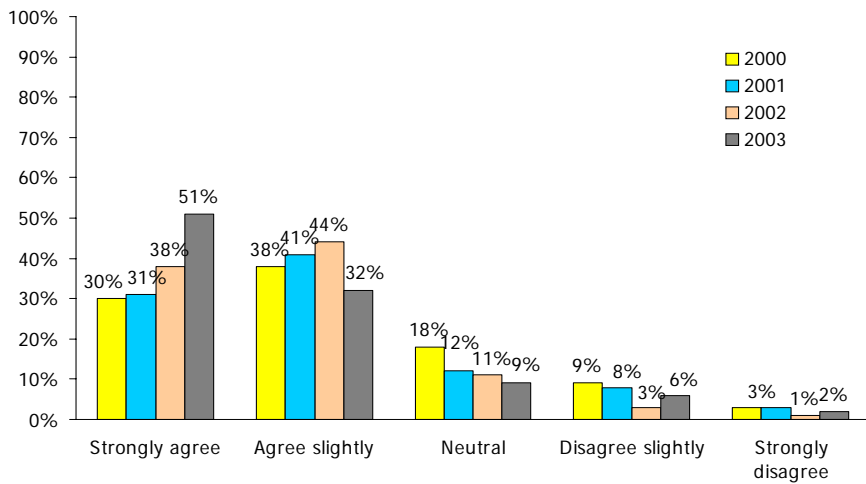
Many of the content management systems that registered in previous years appear to have been discarded this year, e.g. Dreamweaver, ASPs, Livebase and Net Architect

Source: 'Virtual Promise', nfpSynergy
Base: All those who use a content management system (68) amongst 143 charities UK, 2003

Attitudes to the internet – agreement with various statements

Figure 12

Proportion who agree/disagree that the internet has changed the way that their charity works



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

"The internet has changed the way my charity works."

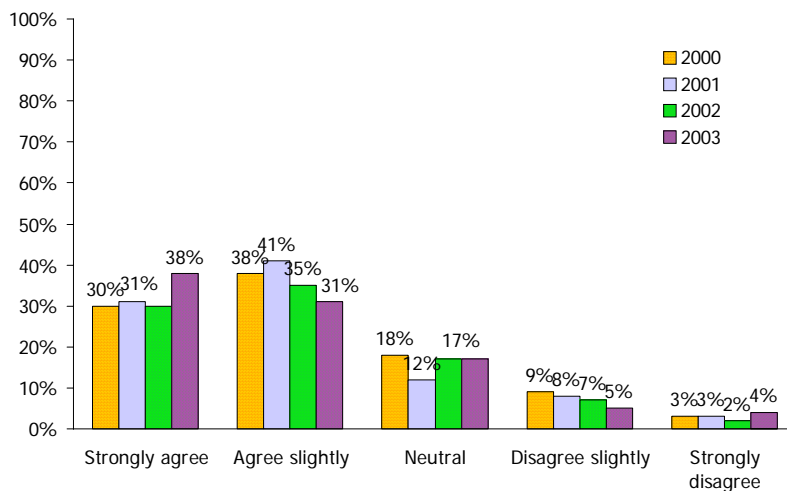
Figure 12 shows that the proportion of charities agreeing with this statement is growing. Over half of organisations now agree strongly. An encouraging 83% of organisations agreed overall with this statement and only 8% disagreed. It was interesting to note that less wealthy charities with bigger website budgets were more likely to agree strongly, as were those who update their website regularly. This would suggest that as long as the appropriate resources are put aside, the internet is a particularly effective way for charities with limited income to get their message across.

“The internet has changed the way our charity works with our clients or beneficiaries.”

It is again less wealthy charities that update their sites regularly that are likely to agree strongly with this statement. Interestingly, smaller charities with smaller website budgets and charities that were set up within the last four years were also more likely to agree strongly. (Figure 13 shows that 69% agreed with the overall statement.) Again, this suggests that the internet is a useful medium for under-resourced organisations, but it also indicates that websites set up in recent years may be more conducive to building client and beneficiary relationships. We can only assume this is because of advances in website construction, an increased understanding of user needs, or both.

Figure 13

Proportion who agree/disagree that the internet has changed the way that their charity works with clients or beneficiaries



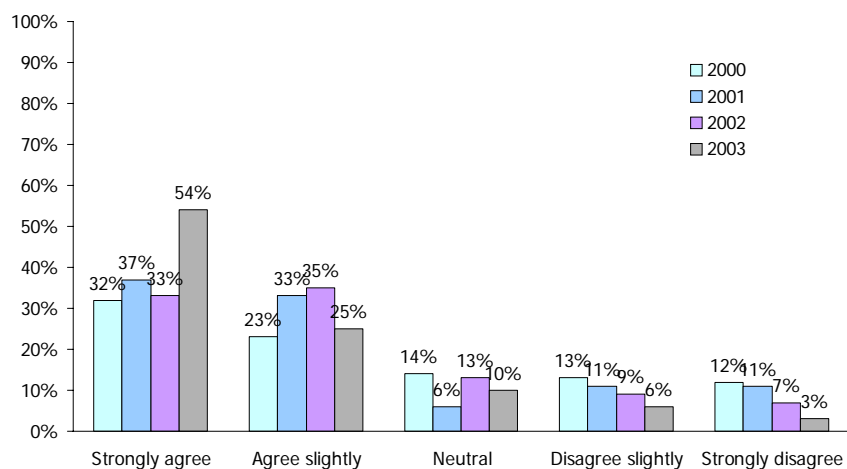
Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

“We have a strategic plan for use of the internet.”

It is pleasing to see that organisations are now more likely to strongly agree that their organisation has a strategy for its internet use (see Figure 14). It tends to be medium-sized charities with medium income and larger web budgets, as well as those that set their sites up earlier and update them more frequently, that agree strongly with this statement. As shown in Figure 14, 79% agreed overall, which though encouraging, raises concerns about what is going on with the other 21% - most of which have a website but obviously no clear plan about what to do with it. One must remember that agreement with this statement is not necessarily an indication that the internet strategy is integrated into a greater organisational strategy or that it is even an effective strategy.

Figure 14

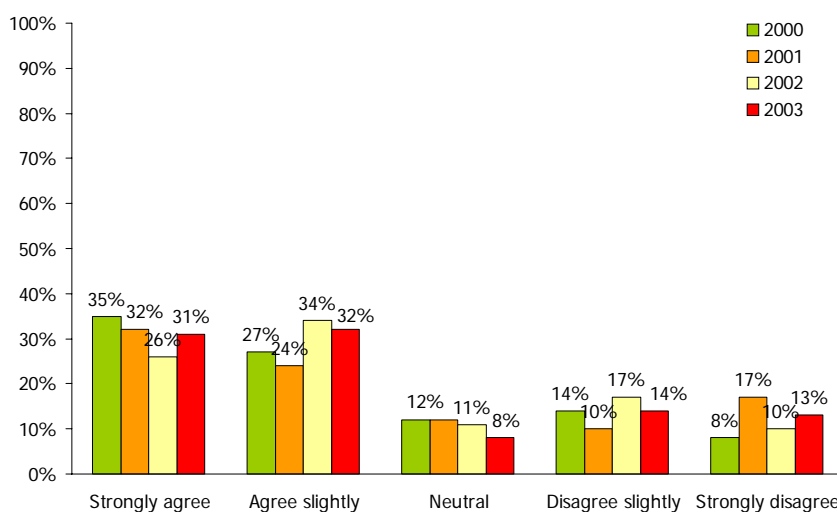
Proportion who agree/disagree that their charity has a strategy for the way the internet is used



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

Figure 15

Proportion who agree/disagree that senior staff drive their internet strategy



Source: 'Virtual Promise', nfpSynergy
Base: 143 charities UK

“Senior staff are driving our strategy for the internet.”

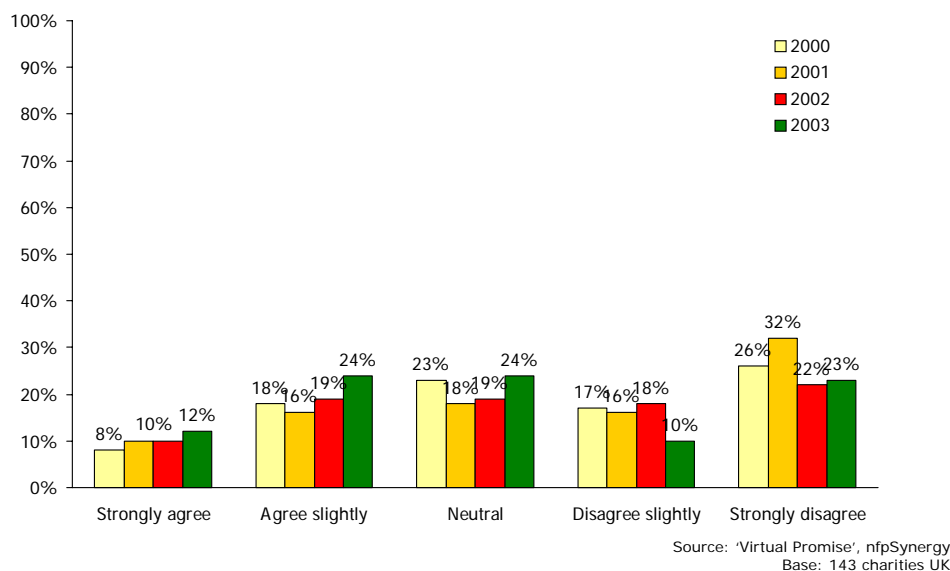
At 63%, the overall proportion of charities agreeing with the above statement has increased marginally since 2000, but there is still much work to be done. Given that the nfpSynergy report “Touch & Go: The internet, digital TV and mobile telephony as tools for maximising the impact of charities” highlighted the need for strong internet strategy leadership, it is worrying that only 31% of organisations agreed strongly that their senior staff were at the helm of their internet strategy and that over 25% disagreed (See figure 15). At 40%, those with larger website budgets were more likely to agree strongly. This suggests that internet strategies are not as closely integrated with organisations greater strategies to the extent that they should be, and that a significant proportion of charity websites may still be disconnected from the rest of the organisation’s activities.

“Our trustees are involved with our internet strategy.”

Figure 16 shows that the proportion of organisations agreeing with this statement increased significantly this year from 29% (2002) to 36%, indicating that trustees are slowly becoming aware of the importance of the internet as a communications medium.

Figure 16

Proportion who agree/disagree that their trustees are involved in their internet strategy

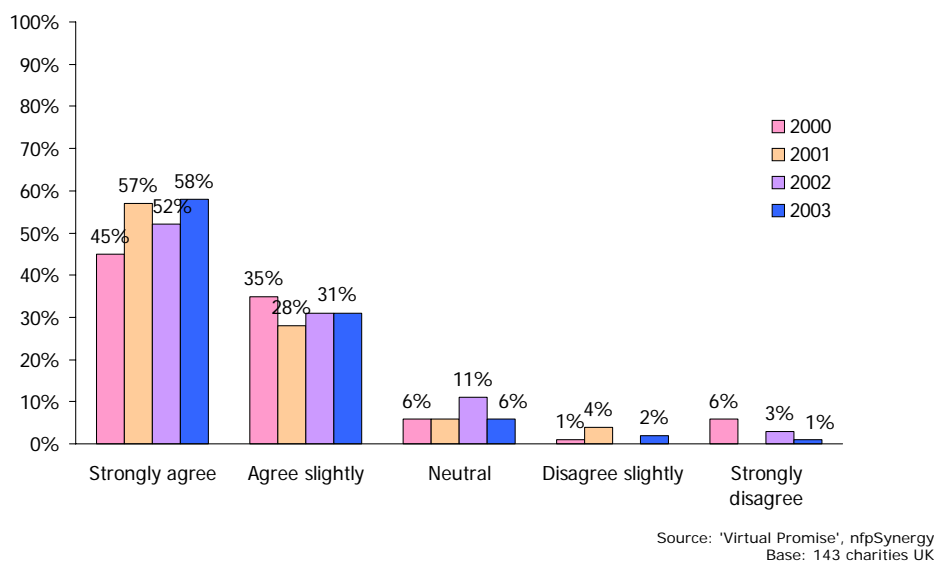


“The internet is helping us to reach new audiences.”

Figure 17 shows that 89% of organisations agreed with this statement; 58% agreed strongly. Given that only 3% disagreed, it is probably safe to say that the internet is an effective medium through which charities can extend their reach. Small organisations with a smaller annual income and those that had set their website up in the last year were more likely to agree strongly. However, these statements were less well defined than were others.

Figure 17

Proportion who agree/disagree that the internet is helping them to reach new audiences



Part 2 – Executive Interviews

Methodology

These interviews were conducted as a complement to the quantitative research of Virtual Promise. The aim was to develop a more in-depth picture of the issues facing charities and their use of the internet in the world today, by talking to those in the voluntary sector who deal with it on a daily basis.

The respondents (listed in the Appendix) can be split into two groups. One consists of the external web professionals who specialise in the UK not-for-profit sector in terms of the internet, as well as technology on a more general level. These interviewees are principally referred to in this report as 'experts'. The second group is made up of four charity web managers, who work for four separate and well-respected charities in the UK and run their internet departments.

There were nine interviews in all, conducted over the telephone between May and July 2004. nfpSynergy wishes to thank these individuals for their extremely useful contribution to this survey.

What's new? – changes since 2000

To begin with, let us look at what has changed in the online charity world during the last four years since the first Virtual Promise Report was published in 2000. From the widening sizes and budgets of the organisations responding to the quantitative questionnaire, it is clear that more and more charities are making their virtual presence felt. The traditional (at least perceived) obstacles of high cost of set-up and maintenance, as well as the taxing of valuable human resources, no longer apply, and the net has therefore been cast wider than ever before.

However, apart from these logistical considerations, what other motivations are forcing organisations, big and small, to up their game in this area? Perhaps the biggest one is the inescapable broader shift in cultural expectations: according to all the experts, a growing number of charities accept that the general public assumes an online offering is available. And indeed, for many people the first port of call when seeking to find out more about any given organisation is of course the internet. In the words of one interviewee:

"Everyone now expects to find at the very least a 'brochure' type site, especially for organisations that deal with young people."

This would imply that charities' use of the internet has been consolidated and is now ubiquitous. Why has it taken so long, one might ask? One expert commented that the online charity world was always destined to lag behind the corporate and even public sectors, especially given the latter's many 'e Gov' initiatives (it should be noted, however, that similar programmes have also been initiated by the government for the voluntary sector).

The principle reasons for this can be found in the questions of audience and desired reach. There are many very small organisations out there for which a dedicated and professional website may have been unnecessary. As one expert sums up quite succinctly:

"A full website for very small organisations, like a lunch club for Bengali elders in Brick Lane, may not be entirely appropriate."

Aside from this, many charities attract the attention of those in certain age brackets, most notably those in the 55-and-over bracket, according to a number of the experts. The consensus is that more mature members of society have been a lot slower to adopt the web as a point of reference and communications medium for everyday use. Add two and two together and you get a picture of a smaller online target audience for charities than for private companies or even the government.

However, as web use among charities and their audiences proliferates ever more, the impact of these two factors is continually declining, according to those questioned. Along with the many younger, web-initiated people who are becoming involved with charities, web use in the larger population is becoming more and more even across all age groups:

"The age issue is rapidly becoming a myth. The fastest growing group of web users in the UK is the 55+ age bracket, dubbed the 'silver surfers'."

Furthermore, even the smallest organisations are now uploading at least background and contact information onto the internet, and across the sector charities have moved far beyond merely debating whether they should have a website or not:

"There has been a definite change in mentality – charities simply no longer think it's entirely appropriate to ignore the internet as a means of communication and, more and more, as a means of fundraising."

The focus is now more along the lines of looking at developing or upgrading the overall web strategy and assessing issues such as hosting arrangements and content management systems (CMSs).

Does this perception on the part of the experts correspond with the experiences of the charity web managers also interviewed for this report? The answer, is largely yes, with just a hint of "more or less." The summary of one charity web manager's experience in the last four years perhaps reflects this observation best:

"It's gone from a relatively static, information only, stodgy site, with very archaic design that had bad navigation and a horrible colour scheme and barely did online asks, with someone doing one hour a week just shoving things on it...through to a 4,000 page, multi-part site with 10 micro sites, regional micro sites for all our events and regional micro sites for all our country programme work, with two full-time staff on a CMS with every single thing you can think of stuffed on it and behind it...so it's changed very radically!"

Indeed it has. And this manager is not alone. Another large charity's web manager affirmed that in the last four years their organisation has moved from merely uploading independent initiatives to putting all areas of the organisation's work online, including both campaigning and fundraising. Furthermore, it has bolstered communication to internal audiences through the use of intranets, extranets and the internet itself. The most significant shift, however, has been in campaigning, where the largest proportion of the charity's work in this field is now done online. A third web manager was also upbeat about their charity's virtual progress:

"Project managers are really starting to see how the internet can benefit their projects in unique ways. The internet is not just an information and communications tool, it engages with people uniquely and opens up new channels for our organisation to meet our new objectives."

Only one of the charity web people spoken to displayed any negativity when describing the history of their organisation's website to date:

"We launched our web offering in late 1999 early 2000, and at the time we won awards...but we kind of left it there. We added on different bits of nuts and bolts, and as different departments had different initiatives we tended to develop the website, which meant that we've got to the point today where it's a bit of a mishmash, and the information architecture is a little confused. The navigation isn't as easy as we'd like it to be...we're at the stage now where we see our website as not quite being as fit for its purpose as we would like it to be, and we're looking at redeveloping it to bring it up to date."

The important message here is that even though the website is not completely up to scratch, the organisation nonetheless intends to make it so. So all in all, the picture for charities online in the UK is looking bright.

Come and get it...? - the state of e-marketing in the voluntary sector

In terms of marketing, the picture is not so clear. Among the experts, the general perception is that the majority of organisations are in the same boat as the one quoted immediately above. That is to

say, a significant proportion of charities, including some of the larger ones, are not yet at the stage where they can confidently push their online offering and actively drive traffic towards it because the site itself still needs some work before they are in a position to boast of its wares:

“Many charities are still at the ‘let’s revamp our website’ stage – in the last year I would say a considerable amount of money has been spent on upgrading websites...even among some charities that you would have thought would have done this earlier...so I think e- marketing (for charities) is still in its infancy.”

And as another expert put it:

“E-marketing should never be at the expense of good content.”

This interviewee went on to say that even though the idea of website accessibility is widely recognised and widely mentioned, there are nevertheless still some sites out there that are lagging in this particular area, and these organisations should not be encouraged to actively market these relatively inaccessible web offerings.

The experiences of the charities interviewed seem to tally with what the experts are saying. One web manager stated that their organisation is only now really beginning to address these issues, and has come to realise that attracting new audiences to its site does not happen automatically; there are actions it must take. The charity is now starting to put money aside in the budget to actively engage in the online marketing of the website, rather than just relying on market awareness and projects alone to drive traffic and maintain interest.

Another charity web person suggested that the evolution of their organisation's online marketing is linked to the integration of all of the systems, data and technologies that they use. Once this is achieved, the marketing of the website will be increasingly integrated into the organisation's overall marketing strategy.

A final consideration may be that the internet still does not generate a significant level of income to justify a dedicated, separate portion of a charity's advertising budget. One web manager pointed out that although their organisation was probably one of the biggest online income earners in the voluntary sector, this method of fundraising still only generated roughly 1% of the charity's overall income.

In spite of these obstacles, how are the charities currently spreading the word? One method that seems to be working well is the use of email for marketing campaigns. There is, however, the issue of the targeting method. As one charity web manager put it, the ‘warmer’ the target list, the better:

“We do a mix of targeted and blanket email marketing, but the most successful is our more targeted email communications to our existing audiences encouraging them to return and take on new activities. We’re still learning with colder communications and more general online marketing activities.”

Other methods being employed to ensure a greater web audience include two ‘hot topics’ in the current e-marketing climate: search engine optimisation (SEO) and search engine registration (SER). One respondent from a large organisation mentioned that, although their online offering is still being revamped, the new site will be template driven, and every page will have keywords embedded in it that will place the site higher on results lists in search engines. That is to say, the site will be fully ‘optimised’.

Another manager mentioned how their organisation cottoned on very early to the phenomenon of search engine registration and ‘cost per click’ advertising. This is where organisations bid to have their web address prominently displayed on a search engine (most commonly Google – where web addresses appear in a column to the right of the results under the heading ‘Sponsored Links’) whenever a particular keyword is typed in by the user. Organisations then have to pay a mutually agreed amount every time someone clicks on their sponsored link, and can also set limits on amounts

paid per day. As a guide price, this respondent stated that their organisation never pays more than 50 pence per click for a keyword.

Finally, one web expert touched upon a useful way of marketing a website that in their opinion has largely been untapped by charities, which as a result they are really missing an opportunity. This expert's comments highlighted that most charities' e-marketing strategies are still in their infancy:

"I see very, very little co-branded marketing activity online between charities and their corporate sponsors. Charities could very easily leverage some considerable marketing budgets among their corporate sponsors, and that's absolutely absent – well, there have been some examples, but they're rare."

The buck starts here – perceptions and realities surrounding online fundraising

Perhaps the most prominent (and somewhat contested) issue that came out of these interviews was that of online fundraising. Among the web experts there were mixed feelings about the current state of play and the potential for generating paperless revenue through the internet. Most agreed that there has been a perception in the sector that overall it has not been worthwhile and justifiable, but only one strongly believed in this:

“It goes back to the dot com boom – people can have the impression that if they just develop something and stick in on the website then it’s kind of free money...my impression is that certainly for the smaller to middle sized organisations it simply isn’t worth it because they don’t generally get funds from individual donations anyway.”

Other web experts, however, have a very different view on the suitability and potential worth of online fundraising for the sector, as one highlighted:

“Consider this case study: one large charity spent something like £30,000 on a website to take registrations in a paperless fashion, and in registrations alone for their event they raised £2million...I simply cannot think of a single other medium that can achieve those economies of scale, efficiency and sheer profit...saying that online fundraising doesn’t work is like saying that the Earth is flat.”

While of course it is important to remember that charities such as the one referred to above are not representative of the voluntary sector as a whole in terms of size and recognition, this respondent went on to explain that online fundraising can work in exactly the same way and with the same level of proportionate success for all charities, whatever their size.

Although there are clear differences among those in the sector over the effectiveness of online fundraising, there is much more agreement that some cultural barriers still exist that must be overcome before the medium can really blossom into a serious fundraising platform. Some, as may well have been expected, believe that it is an external difficulty among potential supporters and the wider general population as a whole:

“People tend to be spending lots and lots of time in their working lives on computers, and when you’re actually in that frame of mind or mood for giving money, it’s more as a kind of human or personal response. I think it’s more of a cultural rather than technological barrier.”

Another respondent offered a further perspective:

“Given that we know that the majority of charitable support for the large fundraising charities come from the 55+ age group, in which there has been a much lower penetration of internet usage albeit changing quite rapidly, perhaps the charity sector was always ordained to be behind the fast-moving retail curve in terms of overall (online) transactions for charity.”

What is perhaps more surprising is the prevalence of cultural barriers *within* charitable organisations regarding the relevance and necessity of online fundraising, as is demonstrated by what one expert said:

“I think it’s genuinely difficult when people are used to running organisations with a great reliance on volunteers, low-paid staff, a lot of manual management of data – it can be difficult for them to really understand that they could reliably use the internet to drive down those fundraising costs...it’s almost a case of it seeming like it’s too good to be true.”

The difficulty therefore lies in challenging the traditional and tried-and-tested method of offline giving, as well as in attracting potential donors through offline media, which is certainly backed up by the experiences of this charity web manager:

“Many direct marketing departments don’t really understand the web, and see it as a viable alternative or addition to the (more traditional) direct marketing package...so the ones who are just

doing straight asks to individuals aren't making the most use of the web (for fundraising)...it's a combination of a lack of understanding, a lack of will and a fear of pushing donors...a lot of the work is trying to get the fundraisers to understand the functionality and the ability of the web to assist them."

Not counting chickens – overall web strategy reviewing as a precursor to online fundraising

Moving away from the specifics, there was a more general feeling that not enough emphasis is being placed on solidifying and integrating a wider internet and/or technology strategy within the voluntary sector. A number of the experts interviewed thought this begged the question: "If an organisation does not have a definitive and overarching web strategy, how can it begin to address the more focused issue of taking donations online?" The reasons for this perceived strategic deficiency could be threefold:

First, there is a shortage of skills among many managers in the sector, as one web expert highlighted:

"Often the managers in the organisations that we work with don't have the skills to manage technology in terms of thinking through a technology strategy...they aren't in a position to take advantage of the opportunities that are there to help in terms of efficiency, for example."

Secondly, a shift in thinking is needed to embrace the idea of spending more to introduce the needed technology into the organisation:

"There needs to be something of a cultural change particularly when it comes to spending. There's been a culture for a long time in the voluntary sector where a manager will spend most of their money on staff alone – I think that you have to spend money regularly on IT as well."

One advantage of this would be a smoother process of integration offline and online fundraising strategies.

Finally, there has been a general lack of necessary facilities available to organisations across the sector, as underlined by one expert:

"If you look at the highly skilled technology resources that are available to charities, I think you'll find that they're very low."

Do these experts' belief in the internal barriers to advancement of technology, and as a result fundraising, for example, correspond with the actual experiences of charity web professionals? The answer, until now, has largely been yes. As one charity web manager put it:

"I think our online fundraising isn't very successful, but we haven't really tried...it is not successful in terms of where we think it could be and where we want it to be...I think the onus is on charities to make their site as friendly, easy to use and as reassuringly secure as possible, and that's something that we'll be striving to do."

Do these considerations, however, tally with the data from this year's quantitative survey? The results show a burgeoning trend of fundraising through the internet. This year 75% of charities polled said they had a fundraising facility via credit/debit card on their website, compared with 48% in 2000. Furthermore, in 2000, only 18% of charities offered the ability to purchase goods and service via the internet, compared with 54% this year.

These obstacles that have hindered progress among charities are being broken down and, as can be seen from the data, at an exponentially increasing rate. Indeed, this is being picked up more and more both inside and outside charities, as one web expert explained:

“Among the larger and serious medium sized charities, the discussion of whether they need to use the internet for online fundraising no longer applies. People are now asking how they can make it more cost-effective and efficient.”

As a word of warning however: there still exists a lot of apathy and hesitation among the smaller charities, according to this same interviewee:

“I am amazed to still come across organisations that say ‘the internet is not for us because we are a small charity’ – it (this attitude) is still very prevalent...the fact that there are those who still wonder whether the internet is of any value to them is quite depressing.”

Goodbye “Hello world!” – the rise of website interactivity

Another area that is being exploited more and more by charities and where much potential benefit is still to be found is the inclusion of interactive features on organisations’ websites. Obviously the proliferation of web technology and access to broadband is a huge boon to this type of service, and indeed this feeling was widespread among the respondents. The advantages offered by internet interactivity can be delivered on both external (supporters and to some extent volunteers) and internal (staff and organisations as a whole) levels for charities across the sector. So what are some of these advantages, according to the experts? One that came across strongly from some of the respondents was the fact that with the introduction of interactive processes, the charity adds a new dimension of relationship development to the whole web experience. This is beneficial for the external user, who feels closer to the organisation they are supporting, as well as for the organisation, which strengthens loyalty and future support:

“Another thing that could be made more of are personalised features for websites where a volunteer could log in and see how much time they’ve given, for example. If this is logged online, then the charity can really develop the relationship with a volunteer because they could acknowledge the volunteer properly...charities really need to start thinking about websites as a tool for building relationships, not just as a way of getting some information across.”

This same idea was expressed by another web expert, who suggested a further practical and ingenious function that is already being exploited by some organisations and that may be the norm in, say, five years’ time:

“What organisations are looking to do is to offer more self-service websites that people can actually go onto and do something with...a lot of membership charities could be making much more use of getting their users to update their own records online. This would deepen the relationship and make it more immediate for the members of the organisation.”

An additional benefit is the trackability of many interactive features, which gives an extremely useful insight into the preferences and actions of existing and potential supporters:

“Something that every charity should have is a subscribable newsletter – this is starting to become standard – they can start examining what kind of person is subscribing to the newsletter; how long each person spends browsing the site before they choose to subscribe; how many of the people who subscribe go onto to make a donation (etc).”

Indeed, all the charity web managers interviewed had had tracking systems in place for some time, and were at least beginning now to exploit them fully. So what did the web managers think about the use of interactivity? Were they using it in any way, and taking advantage of the functionality it can bring? The acceptance of interactive features certainly came across from what the interviewees were saying, but there was a commendably strong element of caution, as one web manager indicated:

“There are all sorts (of interactive features). People can actually email an MP, take an action online, sign a petition, give money...for our younger audiences there are games; we use interactivity wherever we think it will enhance a relationship, but we still use it in a targeted way – we’re not doing it for the sake of it...we try and use it in the right way, in the right place, at the right time.”

Another charity web person expressed this same reservation of overdoing it with interactive features:

"We are looking at interactivity, but not in a huge gimmicky way – if we think it's a route to get people to release the pound in their pocket, then yes we'd consider it, but we wouldn't want to adopt gimmicks that would devalue the brand or the experience."

Life beyond the web? – the prospects of new technology

As an extra to the focus of charity website issues in these interviews, we asked a question that looked beyond the scope of the internet and that sought to determine what (if anything) charities were doing with mobile telephony or digital television, and what the potential benefits of using these two media might be. Sadly, there was a consensus that the take-up of these features by charities is extremely small. Furthermore, because they continue to be prohibitively expensive in the majority of cases, this situation will continue for some time, as one expert explained:

"There's been a lot of hype and interest about digital TV, but until donations can be profitably taken through that medium, it's going to be in doubt. In recent years, returns of investments on normal television have fallen...the economics of television and especially digital TV for charities are in doubt...the same to some extent is true for mobiles. Unless people can make bigger donations, and unless the operators drastically reduce their margins, it is a highly inefficient medium for fundraising."

Another expert echoed this current unfeasibility for charities, and argued that presently charities would be better off concentrating on more plausible technologies that could boost their organisation in some way:

"Do I think that, given a marginal pound of technology investment, I would be spending it on SMS (Short Message Service or 'text messaging') or digital TV related fundraising if I was outside the top 50 charities? I would say the answer is no. I would be spending it more in technologies closer to home – networking, VPNs (virtual private networks), VOIP (voice over internet protocol) or email technology."

On the whole the charity web managers were upbeat about the future of at least SMS and mobile telephony, but only in very specific areas, such as ways to target particular audiences:

"My feeling is that broadcast SMS for most charities is a long way away...the ones that will use it are those that have teenage interest, such as the eco and animal charities, as well as teenage homelessness charities and others like that...The thing that will work for charities...is SMS giving. As an opt-in feature it is unobtrusive: you can put an SMS number on a poster or leaflet or in a magazine...and I think this will be the next big thing...because if you have posters (for example) that have an SMS shortcode on it saying 'text this number to give £2', I think you're going to get lots of people doing it."

Another charity web person summed up succinctly the main obstacle to using digital television for charities, and pointed to campaigning as a further use of mobile telephony (as opposed to just fundraising) being used and explored, as well as attaching an additional caveat:

"We've not done anything on idTV yet...I would hope that when the cost is less inhibitive we would start to move in that direction...With SMS we've done some activities, usually with our younger audiences...campaigning is the area where we tend to be more advanced with our new media activities – but in this area what we are doing is testing and learning...we just want to make sure that we are doing it well, because mobile communications are so personal...that you don't want to ruin a relationship by abusing it."

Phase two – a new era for charities online

The consensus among both the experts and the charity web professionals interviewed was that the internet has at last been fully embedded into the inner machinations of the voluntary sector, but that it has been a long hard journey to get here.

It is true to say that there were some prejudices against its widespread proliferation, emanating principally from two sources: the last cries of scepticism resulting from the legacy of the collapse of the dot com era, and the ever diminishing 'old guard' of those in charge who remain unable to spot the advantages and potential of such a dynamic medium.

As time passes, however, these barriers will completely disappear – indeed for the most part they already have. Charities are now looking forward to the future, and increasingly are coming to see it being rolled out on a virtual platform. The necessity of a web presence is now taken as a given at least among middle-sized and larger charities, and the sector has moved once and for all into phase two – “Now that we have a website, how can we make it work better for us and all those we support, as well as those who support us?”

Once the road to addressing this next level issue is fully embarked upon, charities can look harder at driving more traffic to their site(s), increasing support across the ether and perhaps targeting other interactive platforms such as digital television and mobile phones (the latter more extensively than at present) to help them achieve their goals. The future is virtual and charities are on course to benefit.

Part 3 – Conclusions

The road ahead

In some ways, much has changed in terms of charities' activities online since our first full Virtual Promise report in 2000. In earlier years, having a dedicated, full-time team responsible for creation and maintenance of one or more websites, or even providing a web presence at all, was a privilege afforded to a vanguard of the wealthiest charities. Now, however, the picture is decidedly different, as can be seen from this and previous years' data and types of respondents: there has been a steady increase in response from organisations employing fewer than 101 people. So much is this the case this year that it proved necessary to weight the data in order to compare it with previous years' results. This is strong evidence of the proliferation of web presence throughout the voluntary sector, and is further supported by the responses of the web professionals interviewed in this year's executive interviews.

There appear to be various reasons for this. The falling cost of internet technology and its administration is slowly but surely coming down, but the principal driving force behind the establishment of websites among smaller and middle sized charities has undoubtedly been the wider, external cultural expectation of existing and potential charity clients and stakeholders for charities to provide professional and user-friendly internet output. As a result there has been a marked increase in charities providing a greater range of online services, such as fundraising, searchable databases, links to other sites and purchase of goods and services via the internet.

Charities should be lauded for their pronounced efforts in matching clients' 'virtual' expectations and nurturing a growing amount of information, products and services online. Praise should also be directed to some of the smaller charities, which have used the internet to reach a much larger audience than they otherwise would have been able to. In so doing they have gained a competitive advantage that has allowed them to punch well above their weight. This is contrary to the conclusions of some debates in the voluntary sector, and it shows that as a result of the internet's proliferation, the size of an organisation is becoming less important than its overall impact.

Having said this, there are still some overbearing issues in this arena that charities have so far failed to address, and there is room for improvement in terms of the necessary evolution of the virtual voluntary offering as a whole.

Our recommendations can be categorised as follows:

- **Charities must recognise more readily the potential for improved efficiency by taking advantage of the benefits provided by the internet.**
The automation of various processes via the internet, such as job applications and updating of supporter details, can free up a significant amount of time, resources and human capital that could be directed to areas of the organisation that would benefit from such assets.
- **Charities must have a clearly defined internet strategy – one that is integrated into their wider technology and corporate strategies.**
While the majority have settled on an overarching policy, there are still many organisations in the sector that have yet to broach this issue properly. It is important that board members and high-level executives agree on a strategy and ensure its integration into the inner workings of the entire organisation.
- **Charities need to exploit more fully the trackability of users the internet brings.**

The ability to profile regular users by logging and tracking their individual online activities and services used proves invaluable in capturing a snapshot of an organisation's audience as well as providing the ability to tailor web offerings to people's needs. The benefits of this are numerous, not least the provision of a cheap and efficient method of bringing supporters closer to the heart of the organisation and thus retaining future support.

- **A greater level of importance must be attached to providing accessible charity web offerings.**

Less than half of respondents' websites conform to W3C guidelines. This will inevitably lessen any positive impact an organisation's website may have.

- **Charities must register with the larger search engines.**

Search engines are increasingly becoming the first port of call for anyone wanting to find out more about an organisation. The relatively simple and cost-effective registration procedure greatly increases a charity's exposure to the outside world and potential supporters. Ralph Waldo Emerson once proclaimed: "If a man can write a better book, preach a better sermon, or make a better mousetrap than his neighbour, though he build his house in the woods, the world will make a beaten path to his door...". For the modern world, we would add: "...as long as he's registered with Google."

The third-sector advantage

Two men are being chased by a bear in the woods. In full flight, one turns to the other and says 'Why are we running? We can't hope to run faster than the bear.' The other replies 'I don't have to run faster than the bear, I only have to run faster than you.'

The experiences of the private and public sector are useful in building a solid foundation from which the charity web experience can grow. At one end of the spectrum, private companies were famously brought crashing down the earth with the well-documented collapse of the dot com era, when many institutions had their fingers burned as a result of disastrous adventures into, and heavy reliance upon, IT and technology investment. Those that were not wiped out spent a long time nursing their wounds. As a result there has been a shift in corporate attitudes towards the benefits of the internet, which, along with other areas of IT, is increasingly viewed as a necessary commodity in the grand scheme of company progress, no different in its importance to any of the other, more traditional cogs in the machine. While this is undoubtedly a sensible approach given previous, hurtful experiences, one cannot help but think that elements of the corporate sector are increasingly susceptible to paralysis in terms of exploitation of the internet and its potential.

On the opposite end of the spectrum lies the UK government. There has been and continues to be a monumental push to transfer all central and local government services to the electronic medium by 2005, costing the taxpayer billions of pounds in the process. Great importance has been attached to meeting this deadline, but in so doing many claim the government has over time lost sight of the original aim of improving the quality of services, spending unnecessarily and negating the need for human contact wherever possible to reach its arbitrary ultimatum. Furthermore, it is considered unlikely that savings made from heightened efficiency will overtake expenditure, at least in the foreseeable future.

Where does this leave charities? Organisations in the voluntary sector are well positioned to benefit from the experiences, good policies and mistakes of the other sectors. On the one hand they can recognise that while spending on internet technology is necessary, it must be within the bounds of a coherent and realistic strategy. This strategy will have assessed beforehand the expected gains in efficiency and ensured as much as possible that savings will eventually eclipse spending. Furthermore they should not lose sight of the original aim of going online. Essentially, they must not go overboard (assuming of course they are in a position to do so in the first place). On the other hand, charities must not be so overcautious with regards to spending on maximising the potential of their virtual offering that they disregard it entirely, or at the very least create a culture of scepticism within the organisation that restricts funding to a dangerously low level.

To succeed in a competitive world charities have to overcome the 'bear in the woods' fallacy. It is all too easy for charities (and people like us hear it articulated again and again) to fall into the trap of believing 'We can't keep up. We can't do it all. Technology is changing too fast'. Yet the real issue is whether any individual charity can make use of the internet and other new technology as a source of competitive advantage over its rivals (for funding, media space, public affection, etc). Charities don't need to master all that new technology has to offer. All they need to is, just like the men in the woods, use it to stay one step ahead of their competitors.

Destination future

What will be the position of charities online by, say, the end of the decade? It is difficult to predict the future with regards to technology because it has evolved and continues to evolve so rapidly – who could have envisaged 15 years ago the ability to take a picture with a mobile phone, send it from the phone in an email and upload it onto the internet for all the world to see within a matter of minutes? And yet now such technology is taken for granted.

At the very least, however, we believe that charities will have tried, tested and fully integrated internet strategies as part of their wider technology and corporate strategies. Our predictions are:

- Content Management Systems, currently being considered by many charities, will be the norm.
- The majority of organisations' supporters, particularly members, will have their own, fully updateable online profile.
- Charities will be tracking their online users, and as such will have detailed profiles leading to complex targeting and marketing strategies that will bolster future support. Fundraising and marketing departments will have forgotten how they coped without these in the first place!
- Instead of internet departments at best matching their budgets with online revenue, the latter will start to move ahead, increasing exponentially. As a result online advertising budgets for charities will grow more rapidly and establish themselves in their own right, moving out of the shadow of more traditional marketing tools.
- As costs for other technologies such as SMS messaging and interactive digital television come down, and as their popularity with and proliferation among the public grows, charities will find new and exciting ways to benefit from their interactive potential, be it for broadcasting information, facilitating service delivery, enhancing client involvement or creating new platforms for fundraising.

Ultimately, as the internet becomes a more significant part of daily life for modern society, so too will it for the voluntary sector. With the benefit of experience (both its own and of others), greater technological know-how and a professional determination to exploit the advantages technology and the internet have, charities will surge ahead in the new virtual world.

Appendix

The Executive Interview interviewees

<i>Seb Bacon</i>	Jamkit
Rachael Clay	Oxfam
Sue Fidler	WaterAid (now Charity Technology Trust)
Anne-Marie Huby	Justgiving
Stuart Lunn	Infoworks
Alison O'Neill	RNLI
Jon Parsons	Woodland Trust
Peter Sweatman	Charity Technology Trust
Colin Wilson	LASA