STRATEGY GUIDE TO ONLINE GIVING
What can a small non-profit learn from the Obama Campaign?

For years, online giving has been an off-shoot of mail campaigns for non-profits. And then the Obama campaign blew the lid off it and raised hundreds of millions of dollars from the Internet.

Don't believe the hype around online giving just yet, though.

There's a lot to look at here.

The Amazing Power of the Internet

First, let's talk about Obama--and to all the McCain voters out there, this is not about politics, this is about messaging and fundraising.

Here's a quote from [the Washington Post in November 2008](#):

> In an exclusive interview with The Post, members of the vaunted Triple O, Obama's online operation, broke down the numbers: 3 million donors made a total of 6.5 million donations online adding up to more than $500 million. Of those 6.5 million donations, 6 million were in increments of $100 or less. The average online donation was $80, and the average Obama donor gave more than once.

One additional important face: the Obama campaign gathered 13 million email addresses. Getting 3 million donors from that is a 23% response rate (over 21 month campaign).

With numbers like this, it's no wonder that non-profit executives started talking about online giving.

Behind the Numbers

As I've said over and over again in *The Little Book of Gold*--you can't raise money for free. Estimates put the fundraising cost for that half-billion dollars at $25 million. It's still an incredible fundraising margin--spending five cents to raise a dollar--but it wasn't without cost.

Let's also not forget that Obama went from being a US Senator that only a percentage of the population had heard of to a media superstar, regularly appearing on television and magazine covers. This was partly true in 2007 but it was especially true in 2008 after he won the Iowa caucus.

Why is this important? Because for as much as the Obama campaign was spending to get its message out, the press covering the campaign was providing vast sums of "free air time." You can't expect to raise much money when you're doing marketing and

fundraising at the same time. The nature of a Presidential campaign, especially one that lasts for 21 months, means that the press does a significant amount of the "marketing" for candidates.

Also worth keeping in mind: the campaign sent out 7,000 different emails in that 21 month period. That's an average of 11 fundraising emails a day, each targeted based on location, previous giving, and other targeted information.

The Barriers to Successful Online Giving

The difficulty is figuring out how it applies to a small non-profit. If they could do it at the same rate as Obama did, a small non-profit with 3,000 email addresses could raise $115,000 from 690 donors in 2 years--or $57,500 a year--and that is (for now) unlikely.

Here's what makes online giving hard for most non-profits:

- **Too Few Addresses.** Many small non-profits don't have enough email addresses. Like annual giving, it's all about a percentages game. What's the highest percentage you can get to open your email? Then what's the highest percentage you can get to act from it?
- **No Tracking.** Sending emails without tracking what happens means you lose one of the best parts of email campaigns--knowing exactly how well everything works and making it better each time around. Nothing rewards tinkering so much as email campaigns.
- **Email fatigue.** Most people have a hard time managing their inbox. When you wake up to find 30 messages, it gets harder to handle each one. For all the junk mail we get through snail mail, your mailing still has a better chance of getting noticed.
- **Fear of credit card fraud.** If your current donors aren't comfortable using the Internet, they won't like giving online. The age of your donors is a good barometer of what kind of success you'll see with online giving.
- **Poor Messaging.** The Obama campaign was raising money off of current events--good, bad, and unrelated. It gave a particular message to each and every email they sent. Email campaigns can't just be cut-and-pasted solicitation letters. They have to be much more direct to overcome the barriers of online giving.

Overcoming These Barriers

First step: You need email addresses.
As many as you can through the means described in *The Little Book of Gold*. Use email primarily as a source of marketing. Don't send newsletters or overly long emails. Pay attention to your own email reading habits and try not to send anything you wouldn't read yourself. Aim for 1,000 email addresses. Then 2,000. Then 5,000.

Second step: You need software.

If you have 2,000 email addresses, you can start testing different messages. Send the same email to everyone, but send half of them one headline and one half the other. Thanks to email tracking, you can find out if one of them performs better than the other one. If every time you send an e-mail you test one feature--an image, a headline, a message, a "give now" button--your emails will start performing better and better over time. Did you know that Google once tested 42 different shades of blue on a button to see which shade made people want to click more? Track your emails and you'll know what works and what doesn't.

The most-used systems I know of are ConstantContact and iContact, but there are many out there. Do some research and look for one that fits your budget and has good reporting and testing options.

You should also find a suitable online giving package. The donor database systems I've recommended in *The Little Book of Gold*--eTapestry and Donor Perfect--have opportunities for online giving modules that sync with your database. There are others that may work for your better, but you should try to get away from relying on Google Checkout and PayPal (though it's still not a bad idea to offer these as an option).

Third Step: Craft a message.
The Obama campaign took a central message--hope and change--and then tailored it for specific audiences. You need to do this with your non-profit as well. Remember, it's not about you, it's about the need that you serve. Your mission is your message, but you need to find a hook for an email campaign to really work. Maybe it's a current news event, a pressing need, a campaign challenge, etc. Use your hook to get attention and then talk about the need and how your non-profit can address it.

Fourth Step: Craft a strategy.
During an annual mail campaign, you can use email more regularly and ask people to give online. Ideally, you can enter gifts in your database as they come in and then before each email, exclude anyone who has given already, so that you aren't annoying those people who just gave. Adding email on top of a direct mail campaign will give you repetition and get a higher percentage of giving both through mail and online.

When it's not time for a mail campaign, use your email primarily as a communications tools for marketing, interesting links and photos, thank-yous, etc. But watch for opportunities to sprinkle in fundraising opportunities as you go.

Some Alternative Ideas

If you are part of online social networks--Facebook, MySpace, Twitter, etc--that you use to communicate with your donors at the larger community, then consider an annual fundraising campaign through those. This is a place for creativity and fun, because that's what gets links and interest built. It's also one of those times it's worth spending money on some good design. Once you have a message, and idea, and a hook, start using your social networks to get the word out. If you'd done a good job preparing the

campaign, you may find inroads into new groups of donors--probably skewing younger-- that you can get starter donations of $10 and $20 from. But with the power and scale of the Internet, those could really add up.

Also I highly recommend the tool [Fundable](#) if you want to raise money online for a specific program or item. You can find more about Fundable in the specific project-based fundraising strategy guide online.

Wrap Up

Hopefully you have a good idea of the possibilities of online giving. There is immense power because of the low cost, scaling, and testing--but they require extra attention to messaging.

They also are unlikely to replace your mail campaign anytime soon. But if you cultivate an e-mail list, you will start to build the donors who use it, and will find some new younger donors you can cultivate over the years.

Just don't expect to raise money at the rate Obama did right out of the gate.

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