
Applying Best Practices to Paid Search Fundraising:

American Jewish World Service Case Study



Donordigital

Online Fundraising · Advocacy · Advertising

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Introduction

Most nonprofit organizations get the majority of their website visitors from unpaid sources such as search engines, email campaigns, type-ins, and referrals from other websites. Organizations that have experimented with paid sources of website visitors have typically found high minimum costs and low rates of return.

Of the different types of paid traffic, pay-per-click search engine marketing (“paid search”) shows the most promise for generating positive rates of return. Paid search marketing has very low minimum spend requirements. It also offers precision control and quantitative feedback, so organizations can quickly emphasize what is working and stop what is not. For qualified nonprofits, Google even offers a grant program that provides up to \$10,000 per month in advertising credit.

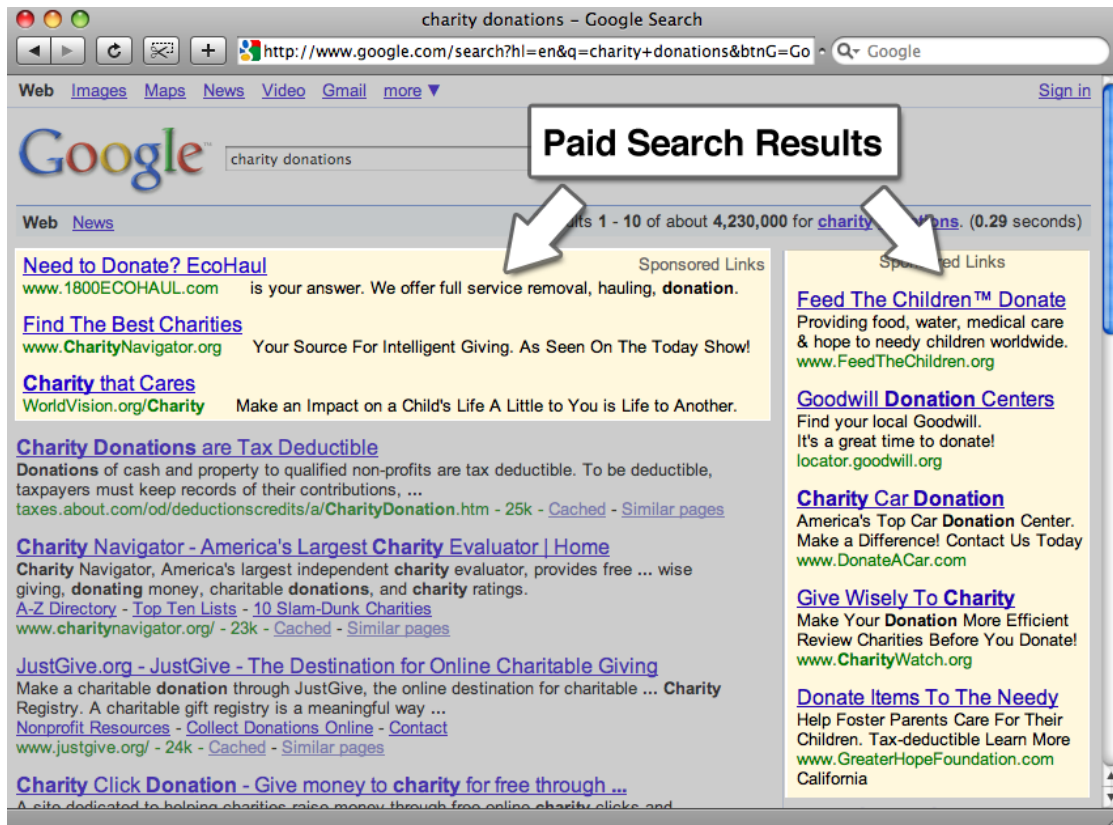
Paid search, though, is not without risks. The minimums may be low, but overall costs can rapidly escalate without adequate oversight. Often paid search managers setup conversion tracking poorly, so they cannot adequately gauge campaign effectiveness. Without reliable conversion tracking, it is impossible to tell which ads and keywords are working and which need to be halted.

At Donordigital, we have had varying degrees of fundraising success with paid search campaigns for our nonprofit clients. We closely monitor campaigns to make sure costs do not spiral out of control, and on occasion, we achieve quite remarkable results. For one big-brand client that we manage paid search for on an ongoing basis, we typically see about four dollars raised for every dollar spent. During the end-of-year giving season these numbers can even reach as high as twelve to one.

This case study reviews lessons learned from a fairly successful paid search campaign we conducted at the end of 2008 for American Jewish World Service (AJWS). It shows that through the application of best practices, a fairly typical paid search campaign can achieve acceptable returns with low risk.

What is Paid Search?

Paid search allows advertisers to display short text ads on Internet search engines such as Google and Yahoo alongside their regular search results. Since the ads are shown at the exact moment that the visitor is searching for related information, paid search can be an extremely effective marketing channel for businesses and nonprofits. The search engines typically show two to three paid text ads at the top of the search results and up to eight along the right-hand side.



Paid search managers have control over almost all aspects of their campaigns. They choose which keyword searches ("charity donations" in the above example) trigger their ads. Well-developed campaigns frequently have thousands, or even tens or hundreds of thousands, of different keywords. The manager controls which ads show for different keywords, but they have to stick within strict limits – only 25 characters for the headline, and 35 characters for each of two description lines. One of the major aspects of campaign management entails improving click-through rate (CTR) by writing ads that are both compelling and meet the searcher's expectations.

The campaign manager also selects a landing page for each keyword/ad combination. Similar to choosing a special purpose landing page for an email campaign, paid search campaigns often can increase conversion rate by carefully crafting the first web page that the visitor sees. With paid search, though, there are a few extra considerations. First, an email has more opportunity to set visitor expectations than a short text ad. The sender has a lot more space to work with, and the e-mail is normally going to someone already familiar with the organization. Consequently, best practices for paid search landing pages encourage more explanatory material and contextual information.

Paid search landing pages also differ from their email counterparts in the varying amount of effort devoted to creating them. For a quick response or short-term paid search campaign, keywords can be selected and ad copy written much faster than creating new landing pages. In these situations, it may be best to select an existing web page as landing page in order not to delay the campaign. For longer term paid search campaigns, far more effort can be devoted to landing page optimization. For ongoing campaigns, it might make sense to continually create new landing pages, so keywords and landing pages can be more tightly correlated. Also with longer term campaigns, best practices dictate testing various pages and page elements to improve conversion rates.

The AJWS Paid Search Campaign

AJWS describes itself as “an international development organization motivated by Judaism’s imperative to pursue justice. AJWS is dedicated to alleviating poverty, hunger and disease among the people of the developing world regardless of race, religion or nationality.”

AJWS has fairly strong brand equity – its president, Ruth Messinger, is a revered figure within the Jewish community. While not quite as well-known as the organizations in the *Nonprofit Times Top 100*, AJWS has a strong professional staff that delivers well-regarded programs and manages a compelling website. It has obtained four-stars from Charity Navigator for seven years, and an “A” rating from the *American Institute of Philanthropy*.

In developing a paid search campaign for AJWS for the 2008 year-end giving season, Donordigital started by reviewing a similar campaign run in 2006. The 2006 campaign managed by Donordigital with a specialist consultant was far from successful – while it generated 3,250 website visitors, only 8 of them converted to donors (0.25%). Ad costs were outstripping donations, and AJWS terminated the campaign on December 15, 2006, before the peak-giving last week of the year. For the 2008 campaign to be successful, Donordigital had to make changes from 2006.

The first change for 2008 was to increase conversion rate by focusing more on the types of keywords strongly associated with AJWS. The 2008 campaign did test some keyword groups on topics such as AIDS and Darfur; however, these were quickly shown to have high costs (lots of competitive bids from other organizations) and low conversions. These groups of keywords were paused, and we focused our attention on two main topic areas: brand terms and Jewish charity terms.

AJWS staff was concerned about bidding on brand search terms (e.g. “AJWS,” “ajws.org,” and “Jewish world service”). Would they merely be paying for visitors they would have gotten anyway? While there is some truth to this possibility, branded search terms are relatively inexpensive, and they serve several important purposes. Most significantly, branded search terms offer the ability to insert a donation call-to-action in front of searchers at the peak moment of their interest. Just because someone is planning to visit your website does not mean they are planning to donate on this particular visit. If prompting converts just a fraction of a percent of information seekers into donors, it can easily pay for all the branded keywords.

Another important role for branded keywords is to improve the usability for intended donors. Organic (unpaid) search results for branded keywords will usually bring a site visitor to the website’s homepage. Paid search ads make it apparent that the person can go directly to an online donation form. Easing the donation process this way is similar to including a return envelope with a direct mail solicitation. The improvement in user experience can be even more significant for international organizations, or ones with regional websites. For example, if you search for “Amnesty International,” you may be directed to the international site (amnesty.org), not the U.S. site (amnestyusa.org). Geo-targeted paid search ads can disentangle the competing official websites, so the donor knows which to select without hesitation.

Finally, it is important to have brand terms in a paid search campaign to improve the overall quality of the campaign. Search engines, particularly Google, reward with lower costs what they determine to be better quality keywords. The most important factor in their quality determination is the correspondence between a particular keyword with its ad text and landing page. However, the search engines do place some importance on the quality of the overall account as measured by aggregate click-through rate (CTR). Since brand terms tend to have much higher CTRs than non-brand ones, they can pay for themselves by lowering the costs on the more expensive non-brand keywords.

The next major change we made from the 2006 campaign was to ensure that it continued through the end of the year. With other clients, Donordigital has seen that the bulk of year-end giving occurs on the very last two days of the year (December 30th and 31st). In fact, in one study we recently did for a client, we saw that the donations on just the 31st were more than the first 17 days of December combined. Since we knew that donations were likely to be back-loaded, we started keyword bids low and ramped them up overtime. This tactic ensured that we would have best placement at the time the donation message was resonating the most.

Other minor changes we made from the earlier campaign were to include what we consider better copywriting. For the ad text, we tried several versions and let the search engines optimize by showing the best performing ones more often. We made sure that each ad had a clear message of need and a call-to-action. Keywords were organized into several groups so we could ensure that each ad was relevant to the specific keywords in the user’s search query. The limited timeframe of this campaign did not afford the opportunity to create and test multiple landing pages. However, we did write one special purpose page using best practices gleaned from testing donation landing pages in general.

Campaign Results

The AJWS 2008 year-end paid search campaign was conducted on Google and Yahoo (including search partners). AJWS did not have a Google Grant, so they had to pay for all media costs. The table below shows the results:

Table 1: Results of AJWS 2008 Year-End Paid Search Campaign by Search Engine

	Revenue	Media Costs	Net	Donations	CPA	Avg. Donation	Avg. Net
Google	\$22,658	\$2,362	\$20,296	51	\$46.31	\$444	\$398
Yahoo	\$2,992	\$261	\$2,731	19	\$13.75	\$157	\$144
TOTAL	\$25,650	\$2,623	\$23,027	70	\$37.47	\$366	\$329

Overall, AJWS raised \$25,650 from 70 donors for an average donation of \$366. Google generated about three-quarters (73%) of the donations, but it accounted for about ten times the revenue and costs. These numbers, though, are a bit skewed because there was a single donation for \$10,000 that significantly brought up the Google and overall amounts. While we do not count on them, we do regularly see large donations from paid search for nonprofits with strong brand equity. Even omitting the \$10,000 donation, this campaign generated an ROI of about 4:1 (not including the modest Donordigital fees for managing the campaign).

The question, though, remains – did we merely pay for donors who would have given anyway? Table 2 breaks out the donations by brand and non-brand keyword groups.

Table 2: Results of AJWS 2008 Year-End Paid Search Campaign by Brand and Non-brand Keywords

	Revenue	Media Costs	Net	Donations	CPA	Avg. Donation	Avg. Net
Brand	\$12,209	\$63	\$12,146	50	\$1.26	\$244	\$244
Non-Brand	\$13,441	\$2,560	\$10,881	20	\$128.00	\$672	\$672
TOTAL	\$25,650	\$2,623	\$23,027	70	\$37.47	\$366	\$329

Fifty out of the seventy donations (71%) did come from brand keywords. However, the cost-per-acquisition (CPA), for these donors was extremely low at only \$1.26. With an average donation of \$244 for brand terms and a total cost of only \$63, this campaign would easily have paid for itself if we converted just one information seeker to a donor or saved a single donor from dropping out for usability reasons. While the search engines do not divulge numbers, we also saved money on the fees for the non-brand keywords from having an overall better campaign.

The non-brand terms brought in only 20 donors, including the one for \$10,000. Without the large gift, these keywords still had positive returns with an average gift of \$172 and average acquisition cost of \$128. While these are not huge amounts of money or donors, these keywords were highly successful considering they were generic terms such as “donate to Jewish Charities,” and “Jewish nonprofits.” The \$10,000 donor searched on one of these generic phrases, looking for a “Jewish Charity” to make his year-end donation. When we investigated this donor’s record, we found that he was a lapsed donor who had last made a contribution to AJWS several years before. So while he was probably responding to the brand terms in the ad text, paying for non-brand keywords likely prevented him from donating to a competing Jewish charity.

Lessons Learned

A large part of the success of the 2008 year-end campaign came from leveraging AJWS’s brand equity. Smaller, less well-known organizations may have more difficulty fundraising with paid search unless they work in a compelling topic area. At the same time, nonprofit organizations with significant brand equity may not find the overall number of donors or amounts to be that interesting. The key lesson for both of those concerns, though, is the managed risks. AJWS was able to raise money and attract new donors with very little staff involvement or financial risk. Since we closely monitored new keyword topics and ramped-up bids over time, AJWS never spent much unproductive marketing money.

The next major lesson learned was on meeting visitor expectations through improving the correspondence of keyword, ad text and landing page. As compared to the shorter 2006 campaign, we paid for far fewer visitors in 2008 – only 1,554. Seventy conversions, though, translates into a conversion rate of 4.5% – fully eighteen times what we saw in 2006. Even the non-brand terms converted at a rate of 1.5% (20 out of 1,334).

While meeting visitor expectations had a lot to do with the vastly improved conversion rates, a better optimized landing page was also a likely contributor. In fact, there is probably even more room for improvement. We used a single landing page for both the brand and non-brand keywords. If we had had time, a special purpose landing page for the non-brand keywords would probably have performed better. Brand and non-brand terms should weigh on different sides of the tradeoff between convincing

someone to donate and not distracting someone already intent on donating.

The landing page we wrote for the paid search campaign had more information than one normally used for an email campaign. However, it was geared more toward the brand keywords; the assumption was the visitor already had some familiarity with AJWS. For visitors coming from non-brand keywords, this assumption may or may not be true. Someone clicking an ad after searching for “donate to Jewish charity” should receive more information about AJWS’s mission, past successes, and how they will use the new money.

A dedicated landing page for non-brand terms could realistically raise the conversion rate from 1.5% to around 2%. That translates into another six or seven donors from the same ad spend. At an average donation of \$172 (non-brand average excluding the large donation), AJWS might have been able to raise an additional \$1,204.

Conclusion

Donordigital succeeded in 2008 where we were not very successful in 2006 for a variety of reasons. Some of these reasons, such as extending the campaign through the end of the year, likely had large effects. However, most of the changes we made were very small – some not even consciously acknowledged. The application of *best practices*, the total effect of hundreds of minor actions, created the conditions for success. Experience provides the means to see what generally works and what does not.

Should nonprofits organizations that currently do not have a paid search program start one? Donordigital thinks that with only a few minor qualifications the answer to this question is a resounding “yes.” If the organization qualifies, they should apply for a Google Grant that underwrites the costs of the ad. Grantees who manage in-house have no downside risk whatsoever, and those who choose professional managers should see additional revenue exceed small fees.

Even organizations without Google Grants should consider a paid search program. As long as they have the ability to track conversions and monitor costs, there is little downside risk. The search engines provide tools to set a daily budget, so costs can be contained. Starting small with maybe just a brand campaign and slowly expanding out to topic areas should prove profitable to most nonprofit organizations.