

**Nonprofit 911 – May 26, 2009**  
**Creating an Online Fundraising and Marketing Strategy to**  
**Thrive in Tough Times**  
with Eric Rardin, Care2  
Sponsored by Network for Good

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[www.fundraising123.org](http://www.fundraising123.org) or [www.Nonprofit911.org](http://www.Nonprofit911.org)

**Rebecca Higman:** Now I'm thrilled to introduce our speaker, Eric Rardin. Eric is a director of nonprofit services at Care2, an online social network of nearly 10 million people worldwide concerned with a healthy environment and living sustainable lives. Prior to joining Care2, Eric designed and executed integrated advocacy campaigns for environmental nonprofits for more than seven years.

Most recently at the Marine Fish Conservation Network, Eric helped lead a coalition of 190 organizations to successfully reauthorize the Magnuson Stevens Fishery and Conservation Management Act, the national law governing fishing in US ocean waters. Before that at the National Environmental Trust, Eric helped design and implement several campaigns including NET's "Take a Pass on Chilean Sea Bass" and Magnuson Stevens' act reform campaign. Eric also developed and led NET's marine mammal project.

Eric has an MBA from the Carey School of Business at Johns Hopkins. A master of arts in government and international studies from the University of South Carolina and a bachelor of science in political science from the University of Wyoming.

So without further ado here is Eric.

**Eric Rardin:** Well good afternoon, everyone. It's a real pleasure to be able to present. I think the whole question of online strategy and the role that plays in guiding what people do online is a real interesting and important question. I'm now just looking at our agenda, which is slide two in the slides that have been sent out. This is basically what I want to try and go over today. First I wanted to set the stage, just talking about where we are in terms of recent developments in online fundraising and also what's been happening with traditional fundraising and how that is shaping the way people are looking at their online strategies and goals.

Then I want to talk a little bit about strategy, what it is and how people can frame their approach to reaching out to people online more effectively by creating a thoughtful strategy that will really leverage the most important and powerful tools out there, while thinking of it in an organized construct so that you're not just trying on different things and moving on, and not really measuring or seeing what's working.

So then I'm going to go through a few tactics, partially by way of illustration. We have a couple of examples of some online fundraising tactics that people have used, and how

they have measured those tactics. Then finally we have a couple of tools for measuring the effectiveness of some of the main things that people are doing to increase their online fundraising.

These calculators are available for you to use, and you can assess the effectiveness of some of your current initiatives using these calculators. I think it's just a real helpful way of deciding "OK, is this a good use of our time? Is this how we should continue to invest our time and money? Or should we try and find a new tactic, or new series of tactics?"

So that's the agenda and without further ado let's move on to setting the stage, which is slide number three. This is a pretty basic and obvious slide, but the point of it is that online fundraising returns for a traditional fundraising campaign have been declining over the last many years. This in particular is looking at direct mail. Obviously this graph only goes to 2005, and reports from last year, especially with the upset within the US economy only make this decline more stark.

So obviously one of the things that many nonprofits are struggling with is finding new ways to replace donors that are moving on and stopping giving for whatever reason. Finding new donors, and finding them in a way that is reliable and cost effective. Right now direct mail seems to be getting harder and harder as a source of new donors.

There are still a lot organizations that raise a great deal of money through direct mail, but even those organizations are saying, "What else can we be doing? We need to have more donors coming than we currently do."

With the economic upheaval that we've gone through, that's also affecting foundation giving pretty significantly and will for the next several years, because many foundations determine how much they're going to give based on a three-year average of return on their investments. Which means a lot of grants from this year were already allocated before the returns from last year were counted. So obviously this is a tough economic climate. We all know that. So the question is "What can we be doing to improve our circumstances?"

Slide four is the other side of the coin. There are new opportunities exploding online. There's a huge amount of excitement about the potential of the Internet and being able to present to hundreds of millions of people online and connect with people all over the world to get them excited and passionate about your cause.

Now, of course, sometimes enthusiasm outpaces actual returns. But that said, many organizations have seen some success with a variety of these different spaces online and trying to connect with people using any tool possible to get those people to understand your cause and be interested in supporting your cause, whether as a volunteer or a donor or what have you.

The thing that we're seeing, though, is - if you go onto slide five - there's a challenge which is, like I said, sometimes the enthusiasm outpaces the actual return from some of these tools.

Now the big challenge right now is a whole lot of organizations are experimenting, trying to figure out how to use these new tools online. Whether it's text messaging, or Twitter, or Facebook. They're trying to figure out how to have those tools connect them more effectively, more deeply, to their supporters and help them find new donors.

There's challenge here. What you have here on slide five is a graph made by Gartner Consulting last year. It's called the "Technology Hype Cycle."

These tools that we're talking about with online fundraising, they fall within the rubric of technology. If I had a pointer and we were all looking at the same slide deck, I could point this out a little more clearly. But it starts out, there's a very steep slope, and then it peaks out and then there's a steep drop, and then a more gradual rising plateau.

What you see with a lot of these tools is when they first come out there's a great deal of excitement and a lot of buzz and everybody's talking about, "This is the new thing that's going to really make a difference for us. We're going to raise millions of dollars, and it's just going to be fantastic."

What happens is that people tend to flock to these new tools and embrace them, but often without a systematic approach that allows them to think about how they're going to use this tool, and is this tool different, what makes this tool different from other ways of communicating with their supporters online, and how to really make the most of this tool.

So then what happens is the hype tails off and people see, "Wow, we've invested all this time and energy in this new technology, and it turns out that we've gotten five donors out of this, not 50,000. It means it isn't the best thing in the world."

So then you plunge into the trough of disillusionment, that deep valley in the middle of this curve. And unfortunately a lot of people then, instead of sticking with the technology as it rises and moves to the right of the graph to the plateau, will actually swing back around and jump on another new technology that's going up the slope on the technology trigger, heading back to the peak of inflated expectation.

Then it just becomes this cycle of -- my friend Mark Robner, who's a guru in this area, refers to this as the "cycle of despair." So we definitely want to avoid that.

So what I'm going to talk about moving forward is some thoughts to put into place when we're looking at new technology or new tools and tactics that we're currently seeing, and figuring out which of these are we're going to invest our time in. Then really assessing whether we're just in the trough of disillusionment, or if we stick with this tool it will reach the plateau of productivity.

So leaving that behind and moving on to slide six. Just a little bit, again one more slide about setting the stage. This comes from the Pew Internet American Life Project, looking at who's online right now, what are they doing. This study came out at the end of January this year.

Over half of the adult Internet population is between 18 and 24. The rest of them are either under the age of 18 or, and this is important for fundraisers, some number of these people, some portion of half of them are over 44 years old. They're much more into sweet spot for potential donors and supporters.

A much larger percentage of these older generations are now online than they have been in the past, and they're doing a larger variety of activities online, including online bill paying and online video, and it's much more than just email these days.

So that's important to know, that it's not just 20- and 30-year-old that are online, it's also important to know that 20-year-olds dominate the social networks. Even in networks like Facebook where the largest growing segment of Facebook is actually women over the age 35, that's the fastest growing section, but it's still a relatively small proportion of the overall population.

Generation X, people from the age of 35 to 55 today, I think it's roughly 45 is generation X. They are doing everything online that you want them to be doing. In terms of they are paying bills online, they're donating online, they're shopping, banking, comparing health options and getting health information and so forth online.

So that's where we are, we've got a lot of tools, there are a lot of people online. The question becomes how do we got about figuring out what tools to use in order to leverage these opportunities in connecting with people online to achieve whatever your goal is. Although we're assuming in this context that for most people the goal is, at some point, online fundraising.

All right, so looking at slide seven. I've participated in a lot of debates about what's a strategy, what's a goal, what's a tactic. It's depressing, the number of debates, actually.

Definitions may vary, but these are the definitions that we'll use for these purposes. A strategy is a plan of action designed to achieve a particular goal. Strategy is different from tactics. In military terms, tactics is concerned with conduct of and engagement, while strategy is concerned with how different engagements are linked. In other words how a battle is fought is a matter of tactics, whether it should be fought at all is a matter of strategy.

So how does that apply to online stuff? I tried to translate a little bit, and make this fit. Now looking at slide eight. An online strategy is a plan of action for using the Internet and other digital media to achieve a goal or set of goals. Because a strategy can have more than one goal. Ideally it has one goal, maybe with supporting goals.

So Facebook, Twitter, SMS, which is also known as texting, web advertising, search engine optimization -- these are all tactics that could be used to achieve your online goal or goals. So that's the setup.

Now before we go any further, everything I'm going to say assumes that for the most part the most effective way to raise money online is to get people to go to your website, use your donations landing page and make a donation. The reason that that's powerful is that

way you're collecting their information, you're connecting with them, and you'll be able to communicate with them in the future.

It's also easier to get people to make the donation, easier to track the donations. There are a lot of other things like peer-to-peer fundraising tools that you see for Race for the Cure, and that sort of thing, where you can have an individual donor micro site, or donor site, where I can tell all my friends to donate.

That's a little bit different. But if everybody could get their friends to go and donate to a nonprofit using the nonprofit's donation landing page, that would actually be the ideal.

So this is the center element of anybody's online fundraising strategy. So before people get too far down the road creating groups on Facebook or Fan Pages or doing any of this other stuff online, first things first.

You've got to have a website that's functional, that is really optimized so an individual can easily donate online, easily sign up to hear from you online. On your website. Because the whole point of all this other online outreach and promotion and connecting on Facebook and what not, the goal of all that is get people to come back to your website to get people to do whatever it is you want them to do. Whether it's take action, sign a petition, or make a donation. Usually it ultimately all comes down to donation.

So looking at slide number nine. Talking about having a website that is optimized to be able to receive process donations clearly. This is one of the most critical things, if you have managed to actually catch somebody in that split second in time where they're like, "Yeah, I want to click on that link in that email, go on that website, and I'm going to go make a donation." The last thing you want is to send them to a page that is going to make them question.

Either because it's weird - like with this example, I'm making a donation but it says that I'm purchasing it, it's just kind of not entirely intuitive, it's just not connecting to the charity very well.

So there's best practices -- and this is from Network for Goods' best practices. You don't want to treat your donors like shoppers and put them through a shopping cart. So you want to invest in a branded donation page.

So on slide 10, here's an example of an organization that does that. The advantage of that is when somebody clicks through from another link, or from another website, or from a link in an email, to your site they have a certain expectation in their head of where they're going. They can picture your website if they ever been there before. And even if they haven't, based on where they're clicking from they might have an idea. You want to meet that expectation, you want them to go there and say, "Yeah, this is where I thought I was going."

There's some key best practices here, you want to make sure that it's possible for people to sign up to give recurring donations, monthly donations. You also want to allow them

to do anonymous donations. You want to set it up so they're automatically getting a tax receipt.

Let me tell you, I've given a lot of donations online, a lot of small donations online, not big ones. I'm always astonished when I don't get an automatic tax receipt, and sometimes the auto reply I've gotten has been just terrible.

It's also great, it's a key thing to have a "tell a friend" opportunity. Also you can take advantage when you're having people sign up with custom questions so you can segment your list in the future based on the answers to those questions. So is this a tribute gift, is this a Mother's Day gift, that sort of thing. So you could have a better understanding of who's on your list, and how you're communicating with them.

So moving on to slide 11. We talked about a strategy being a goal and then a series of tactics you've developed to achieve that goal. This is the process in terms of defining your online strategy. First you have to figure out what your goal is, and then you want to think about some tactics that you think will help you achieve those goals. And then you want to implement those tactics in a way that you know you can measure and track them so that you can assess which of the tactics were successful.

So before you embark on any tactic, figuring out your going to measure success of that tactic is critical. Once you've implemented some tactics to test them out, then you'll want to assess them and say, "All right, we were going to assess our use of Facebook as a tactic by looking at how many people joined our cause and then by looking at how many people made a donation through the cause application versus how many people came from Facebook to our site and made a donation, " and so forth.

As you test these tactics, some will clearly not be working, and others should show potential to really be beneficial. And those are tactics are ones you're going to want to continue to leverage while you also continue to test out new tactics. You simply repeat steps 2-4 until you achieve your goals.

Although increasing online fundraising is a less quantified goal, you might want to say, "We want to get 10% of our funds from online sources. We want 10% of our revenue to come from people making donations on our website by then end of next year, " for instance. That's a nice, concrete, very measurable goal.

So what different goal do people have in terms of their online outreach? It's obvious where I'm focusing, but a lot of people do things online to - it's not just fundraising. They may have branding campaigns where they're running display ads and that sort of thing, the goal being just to raise awareness of the organization and understanding of what the organization is doing. Obviously that should lead to probably better fundraising. That would be the long-term objective.

Other times the goal might be to drive traffic to a specific page that might be engaged with advocacy or raising awareness or what have you. Other goals include - I mentioned advocacy - list growth and also influence, just influencing decisions. A lot of times when

organizations run blog ads on the intensely political blogs as a way of being part of the debate in a manner over which they have some control.

So your goals online might vary. But I would say that in most cases, people are doing influence and traffic driving and branding and advocacy and list growth - ultimately those things are very often done with an eye towards those things also helping and organization's fundraising.

We're just going to focus on online fundraising moving forward. You might be wondering, for those of you who have the slides, there's an image of Domino's Pizza logo. They had a huge moment in the online sun, or the opposite of that recently. They're using the Internet to get to their customers and to do damage control. So that's just an example of how different people might use the Internet.

Here are some tactics and how as tactics what goals they might be useful for. First you've got search engine marketing, like Google AdWords, and for nonprofits, Google Grants. The thing with search engine marketing is you want people to go to your site. The reason you want people to go to your site is that you hope that once they get there, they are going to get on your email list or make a donation.

So this is a good tactic for driving traffic for driving traffic to your site. It's also an OK tactic for branding, in that people start seeing your organization's name in a specific context. If every time I did a search for panda bears I saw World Wildlife Fund right next to that, and then a couple sentences about how they're saving pandas, that's going to make a connection in my brain.

Email list growth services are another tactic. The main purpose for growing your email list and using these services is to identify donor leads. By adding people to your email list, you're able to communicate with them and you have a little more control over the timing, and the pace of the communication. You're not trying to stand out in the middle of their news feed on Facebook or something like that, it's a one-on-one conversation.

And ideally, it's a two-way conversation. Although there are some limits for that and how email does with that. But it's great for engaging your audience, and of course it's very good for branding, because they're not only seeing your messages and your logo and your images, but they're hearing from you exactly what you're doing and what makes you stand out from everybody else.

And as an aside for those of you who don't know Care2, primarily what we do -- we're an online community now of nearly 11 million people. What we do is work with nonprofits to help them recruit donor leads or online supporters from our community. We were created specifically to grow a community of people who cared about nonprofits. So it's pretty cool service. It's a great place to land after eight years of doing ocean advocacy.

A couple more tactics here. Email marketing, this is different from email list growth. Email marketing is when people purchase a list or rent a list as a means of trying to get people to then opt into their list or to take some other action.

This is often used for driving traffic to your site where you hope to capture the people and sign them up. Also just for branding and getting messaging out. I've seen people - political campaigns do this a lot. They have huge email lists and a lot of it comes from this sort of list rental, and trading lists, and different candidates renting each other's lists and so forth.

Display advertising is another online tactic. It's good for branding, because it's the most graphic form of online outreach. You're seeing this visual message, very often it's got video embedded or it's interactive, it's got motion and that sort of thing.

So ideally it's eye-catching. It tends to be a very good tool for getting people to recognize an image, see your branding. It tends to not be as good for traffic. People don't click on display ads very much, unless it's a unique ad or uniquely connecting to people.

Social network outreach as a tactic, people typically are - many nonprofits say, "Oh, we're doing social networks to raise money." But as you talk to them, they'll say, "Well, not a lot of people have donated to us on Facebook."

Really it's about branding and it's about community and being able to connect to people where they are. That's where it's proven to have some value and some benefit. To date it has not proven that Facebook, or other social networks, have been very successful as means of getting people to go to your website and make a donation.

There are examples of groups that have over two million friends on Facebook and have raised \$40,000 from those friends. Whereas they might have an email list of a couple hundred thousand, which is considered huge, but with that email list we've been able to raise a half a million dollars.

So social networks have proven to be valuable opportunities for branding and connecting, and most people that I've heard talk about what they think of how things have done on MySpace and Facebook and elsewhere, they end up talking mostly about the community they built, the branding, and a lot less about traffic and donations. Or even donations on the social network.

So if your organization's thinking about establishing a presence on a social network, applying this a little bit, the question is, all right, what is the goal of doing that? Do we want to raise money? If we want to raise money, maybe there are other ways, more proven ways, or currently effective ways for raising that money.

So, for example, email is a proven, great way to raising money. Having an email list and asking those people to give money to you is a very effective way of raising money. So thinking about how you these tactics align with your goal is important. And it's not quite as black and white as that.

So moving on to slide 15. This is drawing out a little further on different tactics. So we're coming up with an online strategy and we've decided that our goal of our strategy is to raise money. So now we need to come up with set of tactics. But we also want to think about how we're going to measure success.

So the first tactic is just to grow our email list and as we grow our email list, we're going to do this externally, and after we grow that email list, we're going to ask people on that list for donations. We might even ask for donations offline, if we have their mailing address.

Then follow up with an email and say, "Hey, did you receive your calendar?" That kind of integrated multi-channel fundraising can be remarkably effective.

So how are we going to measure this email list growth as a tactic for raising money? We're going to look at a couple of things. First we're going to look at how much money we've raised from this tactic. So maybe we have to track this and send multiple email appeals and after six months look back and say, "All, right how many donations did we get?"

Then look again in 12 months. How many donations did we get? Compare that to how much money we invested in growing our email list. Did money comes from staff time because we had two outreach people doing a whole bunch of different things online to try and get people to sign up for our email list?

Or did we work with an organization that said, "We'll ask 5,000 of our members to sign up for your list." Or did we run a bunch of banner ads, and some banner ads got a lot of clicks, and some got none.

So what it costs for us to grow that list, and then how much did we raise. Obviously the goal would be over the course of a year, or ideally less, but over the course of a year, did we raise more money than we spent. Because whenever you're spending money, obviously you're going to start out having spent more money than you raised.

So moving on to the next tactic, would be outreach on Facebook using Causes Ask for Donations. How do we measure that? Well, we would measure staff time invested in growing the community. Because somebody has to be asking if people to become your friend, somebody has to be keeping your Fan Page up to date and communicating with these people to cultivate and engage them.

And staff time -- as any executive director, anybody that deals budgets on the call knows, is not free. And if I can go outside and retain a service that will add 10,000 people to my donor lead pool at \$2.50 a pop, or I can invest a half-time person, or half of somebody's time for six months to get the same 10,000 names, but it costs me \$40,000, that's not as cost effective. So you're also comparing these relative costs and the return from this outreach.

A third tactic we might try would be a Twitter campaign to drive traffic to a donation page. Try and grab things that are in the news. So for instance if you work for a very conservative organization, if you're on Twitter and you have a lot of followers right now, with the announcement of the new Supreme Court justice nominee you might Twitter saying, "Hey, we've got to block this woman, so come and make a donation." You might see some donations from that.

In terms of measurement, you would've had to invest some staff time growing those followers, and then tweeting on a regular basis to give your Twitter followers a reason to follow you. So that would be the cost involved. Then you would look at what donations you received and how many opportunities you have to leverage a moment in time like that to get additional donations.

So say that we implement these tactics. Now what we want to do is after some amount of time, we want to assess these tactics. We're looking at, again, how much money we raised, how many new followers we were able to connect with and ideally add to our list.

But also thinking about the branding value and different sorts of less tangible benefits of online outreach, because it is important for people to recognize your brand and to know what you're involved in even if it doesn't directly result in a donation. It's just that usually we can't rely on that being the end goal of any kind of online outreach.

Putting this a little more concretely, this next couple of slides comes from a presentation I did with a consulting firm up in Canada called HJC New Media and Humane Society International. These are just a couple of examples of what HSI has done in terms of online outreach and how they've been tracking and measuring it.

The first example is they ran some Google AdWords, so the ad itself that they ran, the image that you see that looks like a donation landing page was just that. It was actually a petition from the Human Society. Then the text of the ad itself was "Shocking Puppy Mill Raid. Puppies Rescued in Canadian puppy mill bust. Help stop puppy mills here."

So if you were searching "puppies" or "puppy mills" or what have you on Google you might have seen this ad, and you might have clicked through. They would have asked you to sign this petition and join their email list.

So the first goal was, of course, to get traffic. The second goal was to get people to listen and to ultimately donate. So these guys tested a couple of different things, but they found that they got - this ad appeared 960,000 times. They got 1,000 clicks. I don't think they paid for these clicks because it was a Google Grant, but the cost-per-click worked out to be 61 cents, because this is being charged against their grant.

So 1,000 clicks, that's pretty good. I mean, it's not a huge volume, and that's the challenge with Google AdWords and other search ads like this, using search word ads. You can have really high quality, you're really getting the right people interested in your topic, but it's typically very low volume. Most organizations need to go more quickly than this might be able to accomplish.

Anyway, the point being they were able to measure the volume. They had 1,000 clicks, a little more than 1,000 clicks. They had a click-through rate of 0.1% percent, which isn't bad for what's essentially a display ad. Average cost-per-click was 61 cents. So that's not bad. The volume is, again, relatively low. I'm sure they added a bunch of names to their list. They recommended that you have an advocacy ask here, because it's easier to capture these people's information and then go back to them for donation.

Trying to move on a little quicker. So an example of what they did with us, that they did a direct donor appeal. This is email marketing, they asked us to send emails on their behalf asking our members to go to their website and make a donation. They paid based on, in this case, on the cost per donation. We agreed in advance how many people we were going to drive to their site and make a donation.

Then an example of display advertising. These are some display ads they ran. I again apologize for those of you who don't have this slide. We are on slide 18 for those of you who have the slides.

So there's a couple of display ads that they ran, then they tested these. They had the testing in place before they ran the ads, so they were able to practice and see how they performed. So the risk is page 19, you see that this ran on a website called Canoe.com, which is apparently popular in Canada and a fit for these guys.

They ran it both on their French language site and their English language site. They found the click were pretty good, they got 3,000 clicks out of 9,700 impressions. So a .29% click through rate, so they had a higher click-through rate than they did with Google AdWords. So that probably says a lot about the visual power of these ads, over just some words with a hyperlink.

So what they're doing is they're refining this campaign. They would look at these three tactics and other tactics that they did and say, "How much traffic are we getting? Of that traffic, people coming from Canoe, did they donate? What about the people coming from the Google AdWords, are they donating?"

As they see which one's the most effective, they keep those, and they can keep refining those tactics while testing out new tactics and continually finding new, more effective ways to get people donating money. Again, this is all driving traffic to their donate landing page on their website.

So these are some different ways that people can measure success that we went through here. The number of new potential donors, the number of actions that are taken, if it's a pledge or a petition. The number of people added to your email list, the number of clicks to your site..

So that's kind of one metric. But then the comparative metric rather than just the raw number is to look at the cost. So if you take your whole budget that you invest in each of these five tactics - look at the number of emails, for instance, that you got from each of those tactics and then divide your budget by that number, it's going to tell you what the cost per email address was.

If your goal is to grow your email list and you found one source where you can get emails for \$1, or \$2, or \$3 dollars and other sources where it's \$15, obviously don't go with the latter unless these guys donate at a five times higher rate.

So just a couple more examples and then the calculators and we're moving along here.

This is a study done by a national museum here in Washington, DC, that tested a bunch of online tools for growing their email list. First you'll see banner travel, banner books, these were banner ads. So the first six or seven tests were banner ads. You'll see they added 103 free subscribers from US Today, that means email sign-ups for their newsletter. Their cost per subscriber there was \$9 dollars.

Lower down they did some shepherded emails where Budget Travel sent an email to their email subscribers promoting this museum saying, "Hey come and sign up for this newsletter." And you'll see that they got a lot more subscribers, in one case 2,500 subscribers, and the cost per subscriber was much lower, it was \$3 dollars.

Then the last thing they did was with us, where they agreed with us, "We want you to sign 4,000 people up." They agreed on a price and then we went out and did it.

So you have these four ways where they paid anywhere from -- sorry this is slide 21 - they paid anywhere from \$132 to \$2.50. So that means that for the New York Times banner ad to be a cost-effective ad, these people need to donate 500 times as much for it to be a reasonable thing to keep doing as compared to the work that they did with Care2.

So this is a great way of testing and comparing different online outreach opportunities. They were testing banner ads, email marketing, and email list building. Three different tactics, and then within those tactics they were testing different source.

So this is that same museum continued, and now they looked at how do these people who donate perform over time? You'll see that it's a little hard to compare to, because some of these addresses were only on the list for seven months, and others had been on for two years.

But you'll see at Budget Travel they got 2,500 subscribers, 70% retention rate after 24 months on file, and 60 donations. You'll see the New York Times had an 85% retention rate -- I'm sorry, no, they had a 49% retention rate, after 32 months on the list and zero donations. So that was the least successful.

Then with Care2, we were sort of somewhere in the middle. We've been on the file less, but we got 17 donations and 90% retention rate. But we've only been on the file for seven months. So the percentage of donations is not the highest it's been.

Again the reason that they were able to track and monitor and be able measure these things and compare these tactics is that they had put in place a system to do that in advance.

Moving on to slide 23, this is just one more example of how somebody just tested a whole bunch of different tactics. This was a national environmental group. And they were testing all kinds of different outreach.

Ad networks like blog ads, which is actually an ad network, or it's also noun, which is a blog ad. Niche micro-sites, so maybe that was like Mother Jones. Search like Google

AdWords or Yahoo!. A couple of different niche sites like Socially United. So that might be an AlterNet or you name it. And also tested some blogs. They tested Care2 as well.

Now what they were looking at was the number of subscribers, the number of donors, the total amount raised, the donation rate, and the cost of that campaign. So by looking at the number of donors and the number of subscribers, and the total budget, they were able to determine the cost per subscriber would range from 78 cents all the way up to \$14.25, and the cost per donor would range from \$25 to over \$600,

So obviously they are going to look at this and say there are definitely some things we're not going to do again. But they also found three tactics where they were already profitable and several others look like they are approaching that break even point. So they found some tactics that worked, and they'll continue to hopefully use those tactics and improve upon them.

I've just got a couple of quick slides left. Slide 24 is the first calculator I want to talk about. And it's a calculator that you can use to measure the return on your investment in using a social networking site. What you do is calculate the time you spend growing your list, the number of friends that you add, then the number of people who subsequently get on your email list or take an action on your behalf, or make a donation on your behalf, et cetera.

And there is a lot of fields, but there is also a lot of really valuable information here. And this is a great way for you to think about A) what does our time investment in MySpace cost us or what do we gain? Or you can also use this as a sort of predictive thing and say, "How many friends do we have to add per day and how many of those do we have to convert to new donors in order for MySpace to be a good place or us to invest our time?"

So this can be found at Care2's blog at [www.frogloop.com/social-network-calculator](http://www.frogloop.com/social-network-calculator), for those of you who don't have the site and for those of you who do have the link. So I encourage you to check that out and we'd be happy to share that with the .NETwork for Good as well.

And the other calculator I have, and this is the one I built, and it's not quite as awesome as the social networking calculator I just showed you, which was built by my colleague Justin Perkins.

What this allows you to do is to figure out the average value that you are achieving from a new email address over the lifetime of that address. All you do is you put in the total number of addresses on your list, or a subset of your list. You enter the average number of donations you get from your appeals, the average amount value of the donations, the number of appeals sent per year, and then the percentage of your list that drops off each year. And that can be anywhere from 10% to 50%, and that is called "churn."

So that gives you to the total donations and also the average annual value. But we also calculate, accounting for attrition and churn on your list, we can calculate out the average value of an email address.

So in this case with these hypothetical numbers, the average value of the address was \$7.58. So what that means is if I can add email addresses to my list for less than that amount, I can make a profit over the lifetime, over these four years. I can make a profit on those addresses.

Now you can also look at it to say, I just want to look at the average one year value, so \$2.87. In that case, if you can add an email address to your list for less than \$2.87 you will be profitable in a year based on these averages.

So that's a great way of A) figuring out your list and measuring how your email addresses are currently performing and looking at their lifetime value. And then thinking about the cost of acquiring a new email address. Which again, we really think of as the first step in acquiring a new donor. Once you have an email address you can get them to donate and you can ask them more than once. And they have already shown that they've got some interest in your work because they signed up for you list in the first place.

This is just a table that comes along with this calculator and the write up is also on Frog Loop. And on 26 there's a table that goes with it. The calculator itself - our blog doesn't support Excel spreadsheets anymore, but I can email that spreadsheet to anybody who asks me. Just send me an email and you'll see that address there on that site [ericr@care2team.com](mailto:ericr@care2team.com).

So this table just looks at the lifetime donation and value of a bunch of different verticals. So environment vertical, animal, vertical, health, public affairs, and then all of these combined. This was using the Conveo benchmark study from last year, so if you just want to take a look at how email values range from different issue areas and also make it possible for people to compare how their list is performing compared to how kind of the universe is performing.

So on slide 27, just a couple quick points to wrap up. I know that was a lot of information. I actually thought it was going to take ten minutes. This tells me I talk a lot, but fast.

So some key points. Finding donors and raising money online is more important than ever. I'm sure everybody on this call knows that. A thoughtful strategy will vastly help improve your chances of success in online outreach.

You don't have to be everywhere. Just start where your current donors are and that may mean your email list and that may mean coming to your website. You don't have to be on HighFive and Bebo and Twitter and Facebook and Friendster and Flickrster and everything else. Just find out where your people are and how to connect to them from where they are to being on your email list and donating on your website.

Finally, have a plan for measuring and evaluating each of the tactics that you implement before you start. And always, when you're calculating the cost, make sure you count staff time, because it's a cost. If your staff person wasn't doing that they might be doing something else that was adding value or raising money for your organization.

So that's what I've got. I'm going to stop now and hopefully there's some questions I can answer.

**Rebecca:** Thank you so much, Eric. So we have a question from Karen, and she is referring to slide number six. She says, "Eric said most online donors are between 18 and 24 years of age, but the slides say something about between 18 and 44 years. What's correct? Can you go back to that and clarify a little bit?"

**Eric:** Yeah, sorry. What I wish I had said is that over half the adult Internet population is between 18 and 44 years old. I probably did say 24. Most of the people online are between 18 and 44. So that means there are a lot of people over the age of 44 online, and most of the donors are over the age of 44. The data I've seen and the reports I've heard, most people when they look at the age of their donor file, they are actually over the age of 65. Some organizations, most of the donors are over the age of 75.

**Rebecca:** We have a question from Misha, and Misha says, "Regarding slide number 10, what do you mean? How do you get a copy of the automated tax receipts for records and your donor's files?"

**Eric:** And actually, Rebecca, you can feel free to expand on this. But what I'm saying is that, for instance with Network for Good, it can be set up for when somebody makes a donation on your website they can automatically receive an email with the tax receipt that they can then use when they are filing their taxes. And they don't have to call you up, you don't have to mail them a receipt. It automatically emails them a receipt that says, "Thank you for your donation of X number of dollars to this organization."

**Rebecca:** Excellent. You pretty well covered it, so that's one of the benefits like Custom DonateNow, that is an automated process that goes right to your donor. That doesn't replace following up and cultivating them outside of that, but at least that's taken care of right away, so it shows the donor that their donation went through.

**Eric:** Absolutely. And using things like PayPal and stuff, I would guess that it's a little harder to show that this is a charitable donation. Maybe not; I haven't used it myself. You're also not going to be able to generate an automatic tax receipt, so you'd have to send them a letter as tax receipt in the mail, and that just adds expense on your end.

**Rebecca:** Toward the beginning of the call when you were explaining goals, strategies, and tactics, this was just an example that you've spoken about, but you mentioned the goal of considering trying to pull in 10% of your total revenue online through different online sources, whether it be through your website or social networks. I know that was just an example, but what do you think is a reasonable goal for different organizations? Does that vary from nonprofit to nonprofit? Or for the type of nonprofit?

**Eric:** Yeah, I think it would absolutely vary, and based on the type of the nonprofit. So for instance if your constituents and donor base is primarily people who are not online, for whatever reason, say it's a low income population or a rural population where there's less penetration of Internet and computers and that sort of thing. That would probably mean that a more modest goal would make sense. So I do think it really varies. I'll give

you an example. I'm on the board of an ocean conservation group, on the board of directors. They are 99% grant-funded, but as we all know grants are tougher and tougher to glean.

They're also an organization that doesn't have a good makeup for getting individual donations very well because they're a coalition of other organizations and so forth. So they're not the ideal organization, because they're not an individual member organization for raising money online the way most organizations are doing it, by going on email lists and driving traffic for their donation page.

So their goal is actually, I think was like 2%. Their goal is to diversify their funding altogether so they're getting at least 20% of their revenue from something other than foundation grants.

So I really think it's going to vary all over the place. I think maybe another way of approaching that goal is to look at the number of online donors you currently have and say, "We want to try and double that in a year." Then you're starting out based on what you already have.

It seems like a good way to kind of anchor a goal as looking what you already have. If you have 1,000 who have donated online, to get to 2,000, that seems like a good, robust goal to me.

**Rebecca:** On slides 13 and 14, you listed five or six tactics for online fundraising. Do you think there are one or two that stand out as the most important from that list? I know in your talk you mentioned a lot about email marketing and how important it is to grab an email address. How do you feel that those example tactics rank against each other? Or work together?

**Eric:** What I was trying to do in part was to show that some of these would be tactics that might achieve different goals. For instance, I think display advertising is typically not a great tactic if your goal is to raise money, or to increase site traffic. But it can be a good tactic if your goal is simply to increase your brand, have people recognize your organization. Say that you're a brand new organization and you've just launched this year. You want people to know about you, just starting there. That's probably the best way online to that. I'm sure people on this call can probably think of a hundred better ways. But in terms of these broad categories, it's great for branding.

So what things do I think are the most effective for fundraising, what are the most effective tactics for fundraising? I would back it out.

So the goal is to get people to make a donation using your online landing page. So in order to do that, you need to get people to go to your site. So your interim goal traffic, somebody clicking through to your site from some other place. The easiest way to get somebody to click through to your site is to send them an email, and ask them to click through to your site and have them open it.

So that right there, you have the most control over the whole process. It's the shortest distance between two points, so it's a straight line, if you will.

I think that using email to drive traffic to your site to get donations is almost a self-fulfilling prophecy here, because it's a loop here. So the question is: how do you grow your email list? That's often the most critical step.

So in terms of the most proven, cost-effective ways of growing your email list -- Google AdWords, especially if you get Google Grants and you've got somebody that has time and knowledge and can do it, and you've got an issue that's good for that - it's high-quality traffic.

I think it can be very good, but I think it's low volume. But I think that is a good one.

And then I think the email list growth services are ideal because if the service is a good one, then they're able to tell you how many people you're going to add to your list before you even start. Hopefully they'll be able to say, "Yes, we can add 10,000 people to your list at this cost per subscriber in this amount of time and they'll be people who we never recruited for you again."

That's what Care2 is able to do, and there are other services that are somewhat similar. So the advantage to that is you know what you're getting in advance. So that's taking out uncertainty, and when it comes to nonprofit budgeting, uncertainty is bad. So I think those two methods are the ones to use for online fundraising tactics.

**Rebecca:** We have a couple of great questions from Courtney. Courtney says "Hi, Eric. Thanks for all your advice today. A couple questions for you. One: How much information is imperative to collect from people who visit your website? For instance name and email address, are they enough? What's your minimum pieces of information that you need to collect? Number two: How do you measure who comes from a given tactic of your site, especially if you're running another tactic? For example, how do you measure friends on Facebook who came to the site to donate?"

**Eric:** Hi, Courtney. Thank you. In terms of how you measure who came to your site, there are different tools like Google Analytics. Different kinds of tools that will track where the traffic came from. So there's things that can be put in place, and Google Analytics is free. I have never used it; I'm not on the tech end of the universe. But there are services out there and tools out there that you can use that will tell you this person clicked through from this website, that website, or Facebook, or his email link. That's how you track the traffic.

Depending on the services, or the tool in some cases, that example of Google AdWords which is slide 16, they're telling you how many clicks you're getting, what's the ratio of impressions to clicks. So a lot of tools like Google's AdWords tools tell you what traffic is being generated. The example of all these ads that were run on canoe.com, this was tracking that was put in place by HJC to see where the clicks came from, and they reported that.

To the question about what's the minimum information to capture, I'm not dogmatic on that and I'm not the guru on that question, if any question. But I've seen a lot of debate about it and where it comes down is you want to capture as few fields as necessary in order to have information that's meaningful.

So if you look at slide 16 and the petition page that HSI has set up, they have the full mailing address, but they only require email and first and last name. And I think that I would almost go so far as to say that's an industry standard. You want to have first and last name and an email address as a minimum.

Because if you that, with that information you can do data appends and get mailing addresses and phone numbers and whether - maybe even their employer and whether their employer has a matching gift and so on.

So I would not leave out name. And obviously you need the email address. I think those three, but if you wanted to go even fewer, I would just do email address, and then you would have to hope that at some point in the future that person came back and divulges more information. Or see if you could find append data to that email address.

And, Rebecca, I don't know if you guys have best practices that you speak to on this.

**Rebecca:** To be honest, I pretty much agree with everything you said, at the minimum email address and first and last names. Because the greater number of fields you have, that increases the friction and can be a turn-off for people. We've all gotten to forms that have 40 fields of required information that end up being a turn-off, so people don't complete the form at all. So I think minimum is that. And then if there is anything else that is imperative to you particular messaging, for instance if you do a lot of segmentation in terms of what county your constituents live in. Or if you work with an animal group, if it's important that you have a lot of dog messaging versus cat messaging.

Things like that. If there's anything that will help them get more relevant information later, then you might want to include some fields of data. But I think at a minimum just to start that relationship, name and email address is what we usually preach.

**Eric:** Yeah. And I think if you have that, there's opportunity also for you to build that and get more information later. Like what kind of pets do you have. Because you can use it and you can come up with a fun engagement opportunity where you say, "Hey, come take this survey about pets. The winner gets a free coupon to PetSmart, " or whatever. And when they take the survey you can ask them, "How many pets do you have?" And et cetera. "Where do you live? Are they adopted from a shelter?"

**Rebecca:** We have a question from Matthew. And he has a question about some paid tactics that you mentioned. He says, "What about paid Facebook advertisements? Do you know if those have been successful?"

**Eric:** Actually in these examples that I share from a presentation I did with HJC and HSI, they did talk about a couple other tactics. And Facebook ads was one of them. We have seen people have some success with that. What seems to be interesting, and I didn't do

the test myself, but the tests I've see, again, it looks like they can be fairly targeted. The ads can be fairly well-targeted, because they have demographic data. You can say, "I want my ad to appear on any males users that live in these areas at this age, " sort of thing.

The other thing I did see is that it's relatively low volume. Just like with Google AdWords in terms of the number clicks that are actually generated.

**Rebecca:** Great. We have a question from Alexandra, as per slide 23. "Even Care2, which is a successful campaign, is a 95%+ fundraising cost. How are organizations justifying these high rates to their donors and charity monitoring organizations?"

**Eric:** Well, actually one piece about this is that this was less than 12 months out. They were already profitable less than 12 months out. So 24 months out on this trajectory, I think you would expect much closer to 50% fundraising costs. But if you look at these costs per donors of between, say, 55% and 39%, that's a lower cost per donor than just about any other source of new donors.

It really varies from group to group in terms of how much it costs you to get a donor and what type of organization have, and whether you have an annual that can raise your whole budget or 60% of your budget or what have you.

But that's an ongoing kind of debate within philanthropy at large. Probably every three months there's a story coming out of the Chronicle of Philanthropy or the New York Times or the Wall Street Journal or somewhere about how much different organizations spend on fundraising.

If it's the cost of \$1.60 to add somebody, to connect with a supporter, and then have that person be somebody who is an online activist, ideally also a volunteer, ideally also helping you disseminate information about your cause, and then some of the are also donors? I think that's pretty reasonable.

But the challenge is to - and by implementing a powerful, thoughtful, systematic strategy, the key it to be continually refining these tactics so that the cost per donor continues to go down and the return continues to increase.

**Rebecca:** This question comes from Jill and she would like you to repeat the difference between email list growth servers and email marketing.

**Eric:** Email marketing is getting somebody to send an email on your behalf, but it's using their email list. So whether it's Care2, or in this example from the museum on slide 21. They got Budget Travel to send an email -- and Luxury Link, which is another travel publication - they got these publications to send an email to their email list or a portion of their email list on behalf of the museum urging people to sign up for the museum's list. These are also referred to as "shepherded" emails. So that's email marketing as I use it. And I may not be using the term the way everybody uses it. Email list growth is a service where an organization like Care2 is helping you grow your email list so that you can then send your own message out to your list on your own behalf. Hopefully that's clear, but if

not, you're more than welcome to email me and I'll try and give you some examples that make it more clear.

But I guess looking at slide 21 - what the Budget Travel Online September '06, what they probably did was they probably sent an email out to 250, 000 of their email list - Budget Travel did. So they sent an email to 250, 000 subscribers urging them to click through. And then 2, 500 clicked through and signed up for this museum's list.

What this museum did with Care2 is say, "We want you to go and get people from Care2 to sign up for our list." So that's what we did, we worked with them to develop outreach on Care2.com, saying, "Hey, this is a cool museum. Come take this quiz about this museum and see if you can identify these images." And after they take the quiz we would say, "Hey, you're interested in museums, do you want to sign up for this list?" And we signed 4, 000 people up.

So the end result was that they added people to their list. The difference was how it was done. In one case it was just an email blast on behalf of the organization. In the other case it was more of a recruitment campaign.

**Rebecca:** Wonderful. Thank you so much, Eric. We really appreciated having you today.

**Eric:** It was a pleasure. I hope it was helpful, and I really appreciate the opportunity.

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