Nonprofits Missing Out on Billions in Online Gifts, Says New Report

By Raymond Flandez

Eighty-four percent of nonprofits, a study shows, are missing out on billions of dollars by not making their online-giving experience as easy and dynamic as in-person giving.

Industry Expertise

While most organizations studied were nonprofits, eight were political organizations or campaigns. The groups with the best online-giving practices were those that help animals and protect the environment, but political campaigns were standouts compared with most other charities. Groups that scored the lowest were Jewish organizations, Christian ministries, performing-arts groups, and libraries.

Investing in online fundraising is key, the researchers say. They found that the 10 organizations that gave donors the best online-giving experience raised about 25 percent more money online, on average, than others. The top 10 were Ducks Unlimited, Environmental Defense Fund, Feeding America, Food for the Poor, Heritage Foundation, Livestrong, Orphan America, Special Olympics, United Way, and the public radio station WNYC.

The Environmental Defense Fund boosted its online fundraising from $200,000 in 2005 to $3.2 million today, out of the $131 million it raised from individual donors. It partially credits that growth to its fundraisers who used to work in online marketing for big companies.

A Mobile Overhaul

Ducks Unlimited says its emphasis on donors’ good experience on mobile devices has been a boon for its online giving. After it overhauled its site to make it mobile-friendly in July, it saw a sharp increase in people who used their smartphones or tablets to make gifts. In the last five months, half of all the gifts came from mobile devices, says Anthony Jones, web director.

Feeding America reports that online revenue has more than doubled in the past five years, with online giving representing nearly 20 percent of what it raises from all forms of direct marketing, says Elizabeth Niehaus, vice president for digital engagement. She says that one reason for the growth in online giving is the constant testing her group does to see how any changes affect donations.

In reviewing the emails the nonprofits sent to donors, Mr. Davis, the consultant, said the biggest flaw in the emails is that they are not personalized. Instead, they are general and impersonal, he says. The group recommends personalizing the emails, making them more dynamic and engaging.

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ers to sign up for their emails, and the emails don’t give enough direction. They don’t say what action the recipients should take, such as donating or signing a petition.

The groups are too keen to ask for money, and they make it too hard to give online.

As a result, according to the researchers, those nonprofits may be missing out on billions of dollars in online gifts.

Among the other findings:

Eighty-six percent of the organizations sent no emails to donors within 30 days after they signed up to receive them.

Fifty-six percent of the organizations did not ask for donations within 30 days of people signing up.

Seventy-six percent did not personalize email appeals with a supporter’s first or last name.

Sixty-five percent of their websites required visitors to click through three pages or more to give.

Researchers reviewed the websites of the organizations, signed up to receive emails, and gave each group an initial gift of $20. It then monitored how each group communicated and built relationships with them online and through emails.

‘Room for Improvement’

While online giving still represents less than 10 percent of all charitable gifts, according to previous studies, the share is growing fast, but for that slice of the pie to grow bigger, charities need to try harder, according to the researchers.

What we found is that there’s massive room for improvement,” says Brad Davis, project director of the study and vice president for digital services for Dunham and Company. “It is easy to assume nonprofits are missing out on several billion dollars by not making their online-giving experience as easy and dynamic as possible.

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85% are executives involved in fundraising at their organization

78% are interested in using technology to raise money

60% plan to purchase software in the coming months

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