PRACTICE UPDATE

From Web Site Visitor to Online Contributor: Three Internet Fundraising Techniques for Nonprofits

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According to the National Center for Charitable Statistics (NCCS), over 1 million public charity nonprofits existed in the United States in 2009, funded by $1.4 trillion in revenues from contributions, gifts, and grants (22 percent); program service revenues, including government contracts and fees (67 percent) and other sources, including dues and special event income (11 percent) (NCCS, 2010). A large number of these organizations are human services nonprofits employing social workers and providing mental health, housing, and other types of basic direct services to clients needing assistance. These nonprofit organizations are facing financial conditions that are perhaps the worst in the last three decades. Federal funding for social services is expected to stay flat or decrease (Calmes, 2010). States are experiencing revenue shortfalls that average nearly 12 percent less in 2009 than in 2008 (Pew Center on the States, 2009). Foundation funding has fallen (Foundation Center, 2009). Finally, individual giving to organizations that work with the poor has decreased (Center on Philanthropy, 2009).

The effects of these diminished funding streams are serious. Federal grants are much more competitive than before, states are delaying payments for long periods of time to nonprofits that provide services, and nonprofits are finding themselves eating up their cash reserves, leaving them vulnerable to going out of business. Only 18 percent of surveyed nonprofits expect to break even in 2010 (Nonprofit Finance Fund, 2010).

Because each of the ways that nonprofit organizations have traditionally raised funds is becoming less productive, alternative means of raising funds should be explored. This article presents three techniques derived from for-profit Internet marketing efforts that are promising additions to current efforts by nonprofits. Internet marketing is an unknown area for most nonprofits, and nonprofits have not appeared as a topic at any of the sessions of the Internet Marketing Conference since its inception in 2000 (Internet Marketing Conference, 2010). Although the techniques discussed here are used by some businesses, even in the for-profit world there is considerable ignorance about the best approaches to Internet marketing. Here, affiliate marketing, online donations and memberships, and information products are defined and discussed in turn.

AFFILIATE MARKETING

Affiliate marketing is a process by which an organization drives traffic from its Web site to another organization's Web site to promote a product or service for a percentage of the sale price (Brown, 2008). It is vital that the product be of significant benefit to the individual buying it, else the nonprofit will get a black eye for lending its name to an inferior or useless product. Affiliate marketing is different from hosting advertisements on a Web site because the nonprofit can make a very strong link between its mission and the sale. (This should keep the nonprofit on the correct side of the unrelated business income tax, but it is wise to consult an experienced lawyer to be sure.) With Internet affiliate marketing, the organization is really advertising one or a few products at a time, not an entire commercial entity.

Affiliate marketing is not the same as signing up as a member of a company's charitable donation network, as when a local grocery store chain provides an organization with a card that is scanned,

with a certain percentage of the amount purchased going to the nonprofit. Agencies should sign up for such programs and promote them. But, in this situation, there is no clear connection between the nonprofit's mission and the grocery store. It is simply a way to receive corporate donations.

A nonprofit can begin affiliate marketing in two ways: (1) by linking to a company (as in the grocery store example) and (2) by promoting specific products that are directly beneficial to the targeted audience. For example, a nonprofit organization can sign up to be an affiliate of one or more online booksellers, such as Amazon (Cohen, 2009). Amazon provides a commission up to 15 percent of the purchase price. Becoming an affiliate costs no money, and it takes approximately 15 minutes to set up the affiliate account. Once the account is set up, the only time required is the short amount needed to embed HTML code in the host Web site (perhaps five minutes per item) (Cohen, 2009). A nonprofit can benefit from this affiliation in at least two ways. If the organization has a library that is available to clients and staff, with books and magazine subscriptions that relate to its mission and programs, these can be ordered through the agency's own affiliate link. The nonprofit thus receives some of its money (up to 15 percent at Amazon) back in the form of a commission.

From a fundraising perspective, a nonprofit can bring in new money from the community through the affiliate marketing connection. For example, the organization may be bringing in a speaker who has written a book for a fundraising event. The nonprofit can encourage everyone coming to the event to purchase the speaker's book through its bookseller affiliate link, perhaps even asking the speaker to autograph all copies of the book purchased in this way. Many special fundraising events have a Web page located on the sponsoring agency's Web site: Putting a link to the book on the event Web page puts the offer in front of the people most likely to buy. Such a link to a book related to your fundraiser may not bring in a large amount of funds, but it is an extremely low-cost source of extra funds for the nonprofit.

Another way to use this affiliate marketing approach is to present a review of a book related to the organization's mission and programs on its Web site. This is appropriate if the book increases understanding of the organization or the social problems it deals with and the reviewer legitimately thinks it is an excellent book. The nonprofit can let the people on its contact list know about the book and ask interested supporters to purchase the book through its affiliate link. For example, if an agency assists people who are homeless, it could present a review of a factual book such as *At Home on the Street: People, Poverty and a Hidden Culture of Homelessness* (Wasserman & Clair, 2009), a collection of poetry such as *The Displaced of Capital* (Winters, 2004), or even a children's book on the topic such as *Mr. Stink* (Walliams, 2010). These books are a natural fit to help increase knowledge of the problem and perhaps even increase donations to the agency if people know more about the problem. Sending a short e-mail with a synopsis of the review and the book, plus a link to a longer review and a way to purchase the book so that your organization benefits from the sale (which you can explain to the e-mail recipient), could lead to additional funding for homeless clients.

ONLINE DONATIONS AND MEMBERSHIPS

A second way to move Web site visitors to becoming online contributors is through online donations. Many nonprofits currently have a way to donate directly from their Web page. The online donation-servicing provider Network for Good (2010a), for example, has indicated that it has "raised $300 million for more than 50,000 different nonprofit organizations" and reported that a total of $7 billion was contributed online in 2008 (Network for Good, 2010b). The donation process varies, but it is generally easy for the person donating. There is a catch, however: the fee that is charged by the intermediary organization. When people donate, they are asked how much they want to give, and only at the very end of the transaction are they informed of the processing fee being charged, which is either deducted from the amount donated or added to make the total higher than the donor originally expected. Network for Good, for example, charges a 3 percent fee per donation plus a monthly fee to the nonprofit (Network for Good, 2010b). This arrangement may turn off people interested in giving money right at the point where credit cards are ready to be used. It may also lead some

people to refuse to donate to that organization again, whether online or directly.

There is no reason why a nonprofit should allow donors to be treated this way. What seems a convenient way to receive funds is actually giving the agency a negative image among potential donors. But an organization can easily set up its own business PayPal account and keep nearly 100 percent of the money people want to donate. (PayPal takes a 1.9 percent to 2.9 percent fee, depending on volume, with no monthly subscription fee.) If it is explained early in the donation process that a fee will be added, the sticker shock can be avoided and donor goodwill can be maintained. Nonprofits can set up a button on their Web site that can be good for a one-time donation through PayPal (the giver does *not* have to have a PayPal account to donate). Setting up a PayPal business account to receive payment is free, and the funds are automatically placed into the organization's designated bank account. Payment information is automatically provided to the organization so that it can issue donation receipts.

An even better approach, though—particularly for agencies with a history of asking for and receiving Web site visitors' names and e-mail addresses—may be to set up a "membership" or "subscription" program whereby donors agree to being charged a certain amount per month, which can again be handled through PayPal. Such a membership model is already used by public radio and television stations during their pledge drives. This way, a donor can give a smaller amount each month that may add up to more than would be given all at once (the "installment plan"). The process is entirely automated and costs the same percentage of the donation as a one-time donation.

Just as traditional fundraising programs do, a nonprofit can set up different levels of membership giving, with different sets of incentives. At the "silver" level, a donor might get two free tickets to a benefit; the "gold" level might be worth four tickets. The "platinum" level could be worth four free tickets and a pass for all four people to a reception with the featured speaker. This "membership" approach fits in precisely with traditional fundraising practices but automates the process and makes it possible to spread the total

amount over a year. It benefits both the agency and the donor.

Another option that may appeal to donors using the Internet to give funds is to provide access to an "insider's blog" that only members of the donors club can read. According to the director of the Pew Internet Project, more than 40 percent of online adults read blogs, and 11 percent have their own blog (Rainie, 2010). A blog can be written in a diary fashion. Another option is to present the information in video form, which usually is more exciting to donors. Audio or video files can be made downloadable so that members can put them on their iPods. Updates can be done monthly to make this an attractive benefit to the potential donor. Blog posts can be short (500 words or less) and do not require much time to create and post. From personal experience, I know that videos can be created using a $150 video camera with a cable to upload and then placed as a file on a Web site in less than an hour's time from start to finish.

It is important to ask members and potential members what they would find enticing. The point of this effort is to maintain and further develop the relationship between the member in the donor's club and the organization. Some examples of possible content are

- impromptu interviews with staff, especially frontline workers;
- current information on positive evaluation results;
- updates on the agency's funding situation; and
- off-the-cuff interviews with clients (with their permission, of course).

A large percentage of individual donations come around the end of the calendar year as people are in the holiday spirit and are also considering tax benefits. Using the membership model described here can smooth out the calendar year–end donation bulge because the organization has a better idea of the amount that will be donated. In this way, potential end-of-the-fiscal-year budgeting adjustments (plus or minus) can be decreased, and a more accurate forecast of donation funds will be available for the next fiscal year.

INFORMATION PRODUCTS

Information products are things that inform and inspire. These can be in written, oral, or video formats. Previously, information products were limited to physical products, such as books, reports, tapes, and movies. Now, the easiest way to create and view information products is to place them on the Internet in digital format for download by the consumer.

A nonprofit thinking about creating an information product should put itself in the shoes of other organizations. What might they want to know that it can tell them? The market for such information products should be carefully evaluated before moving in this direction. Nonprofit organization leaders can think of information they may wish to learn themselves and investigate whether such information is currently available. If not, there may be a ready market to purchase an information product if it exists. To keep from spending time and funds developing a product that is not desired, it is possible to advertise on a precreation basis. Only if sufficient interest exists would the product actually be created.

A nonprofit may need to hire out the creation of the actual product (or get the work donated). Of course, it is important to do a good job and provide useful information. Then, the creating organization must be prepared to sell whatever is created to recoup expenses (and more). Nonprofit organizations sometimes have a tendency to give away knowledge through presentations at grantee meetings or professional association conferences. Still, it is worth the effort to sell the knowledge, knowing that it is worthwhile information that another agency may be able to purchase through grant money or funds donated for that purpose. If a product adds value to an organization with its information, there is no reason to feel shy about selling it.

It may be said that because of the competitive nature of the nonprofit world, truly useful information will never be provided by one nonprofit to another. This assertion is contradicted by the numerous manualized and copyrighted client treatment programs that are for sale as evidence-based programs approved for use by federal grantees. Nonprofits also provide information via organizing and charging for conferences. Conference sessions could be recorded in a viewable form and then presented as online continuing education credit–earning seminars.

If the products are digital (for example, PDF-formatted training manuals, videos, MP3 audio files), they can be sold online, with immediate delivery once payment is made. If desired, all digital products can be put onto compact disks or DVDs for physical delivery to buyers, for an extra fee.

A nonprofit can also combine these techniques, with one combination being a membership site for organizations that have purchased information products. In this way, a community of users, complete with access to Web 2.0 features such as interactive blogging, Facebook groups, and Twitter accounts can be created. Buyers thus become a group of users suggesting improvements, helping each other, and improving services to clients.

CONCLUSION

These are very hard times for nonprofits, particularly in the human services field. Demand for services has exploded, whereas funding has imploded. The techniques described here are designed to bring in new streams of contributions and unrestricted funds. There is no guarantee that huge amounts of donations or income will be raised. But if carefully implemented and nurtured, these ideas can be productive and worth the effort. Social workers, particularly administrators, who work for nonprofit organizations must be willing to try the new options that the Internet provides to bring in funds for their clients, particularly such low-cost alternatives as those described here. Working to provide adequate resources for client services is, of course, part of their ethical responsibilities (NASW, 2008). **SW**

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