

(TAPE IN PROGRESS)

Nick Allen: I think there are also some really interesting stories of smaller that are beginning to use the Internet successfully for fundraising. Obviously, fundraising is only one of the many uses of the Internet, of email and the web. I don't think any organization should think of the Internet primarily for its use for fundraising.

Here are two very different groups that have been successful. Greenpeace Argentina, part of the international Greenpeace movement, is bringing in about \$200,000 a year in online contributions, which is about a third of its budget. And 40 percent of their new donors are coming online. I don't have the numbers for Internet penetration in Argentina. They're among the highest in Latin America, but they're nothing like they are in the U.S. They found, especially for the younger donors who are attracted to Greenpeace, the Internet is a fabulous medium.

Another U.S. group, again a much smaller group than the Red Cross or UNICEF or the World Wildlife Fund, is a group called Surfrider Foundation. It's Surfrider.Org. This is an organization with an annual budget of about \$800,000. They work to protect surfing and beach habitat. Obviously, they are a good match for the Internet demographic. Typical surfers, at least in California, tend to be 20-something guys. They're all online, a lot of them look at surfcams to see how the waves are running at the beaches they're going to. They're bringing in about 40 percent of their annual budget online. And online is where they're getting the largest number of new donors. It's also been the most efficient donor-acquisition channel. They've tried direct mail. The cost to acquire new donors has been substantially higher in direct mail than it has been for them online.

We're seeing an interlude in the dot-com efforts to pursue the dot-orgs. I'm sure there has been talk in the last couple of days about the number of dot-coms that were working with dot-orgs that have either closed recently or become pretty much inactive, have laid off a lot of their staffs. We're a consulting company working with about 15 organizations, and we've set up relationships with several dot-coms that have closed or laid off a lot of their staff in the last couple of months. Obviously, that's pretty widespread.

The shopping malls where if you were a nonprofit you'd put a link on your site and you would ideally sit back and reap five to fifteen percent of the purchases... generally those have not generated very much money but for a handful of organizations. Some of the people who were doing that have closed, others have cut way back.

There are charity portals where you put in your zip code and say you're interested in animal welfare and it gives you a list of 10 or 20 organizations dealing with animal welfare, either taken from a Guidestar database or another database. There haven't been perfect tests in any of these, but it appears that most U.S. donors have not been interested in going to this kind of a portal and searching for a group.

Part of that stands to reason. Most of us get plenty of opportunity to give in our daily lives, whether it's in the mail, on the telephone, in the street, from friends. Giving tends to be something where people ask you to give.

There's a woman named \*Kim Kline who does a lot of grassroots fundraising training, and she always asks people, "What is the most common reason people give money to your group?" Almost nobody comes up with the idea, "I asked them to."

That's still what raises money – asking people, whether you're asking them online or asking them face to face.

Finally there were a whole set of dot-coms... One that used to always call me up was called Carebar. The idea was that you would download a little application into your browser, and ads would run in it. Whenever your members clicked on an ad, five percent would go to your group. One of my staff members downloaded the Carebar, and her copy of Internet Explorer promptly froze.

You can imagine if you encouraged your group to download this, and then they'd be calling you for help with their browsers.

So I think there's kind of an interlude now in the dot-coms situation. I think the dot-coms are here to stay. And that for-profit Internet companies working with nonprofits is definitely a good thing. And while a lot of them promised more than they could deliver and have since failed – some good and some not-so-good ones having failed – that's going to be an important ongoing partner for a lot of nonprofits because of the kind of development and sustainability that a good company can have.

A few thoughts on opportunities and developments that I think are worth watching. Before I started doing online stuff a couple of years ago, I was doing a lot of direct mail. And one of the constant complaints of all of our direct-mail clients was, "Our donor file is quite old." And some organizations were embarrassed to say how old it was, or felt they should be embarrassed.

For some organizations, the average age in the direct-mail file is 55, even 65. Those are people in peak giving years, but they aren't people who are going to be on the file in 10 or 20 years. So getting younger donors has always been the Nirvana of fundraisers, especially in direct mail.

I think the Internet reaches not only younger donors. My folks are in their 70s. I've been trying to get them to give online so that some of my clients can show better metrics, but they still find it easier to put a check in an envelope that was already sent to them.

Almost everybody who has looked at a donor file that was built online has that it's substantially younger than their direct-mail-acquired donors.

Secondly, I think there's enormous potential for monthly giving. This is much more popular in Europe. In Germany, in the UK, in France, I think monthly giving is standard, whereas in the U.S. it's usually something that's somewhat difficult.

Monthly giving is a natural online, because people are already giving you their credit card so it's just one more step to say, "Can we charge your card every month?"

Another interesting development is microtransactions. Amazon, about two months ago, started what they call their honor system. You can put a little Amazon logo on your website, and people can make a contribution. I think the minimum is 50 cents and the maximum is 20 or 30 dollars. This little icon sits on Amazon's server, so if you're a one-click user of Amazon – meaning that you've let Amazon store your credit card information so that you can buy a book or anything else on Amazon with one click – you're basically taking advantage of this system. If you want to see it in action, go to

UseIt.Com, which is a website run by a web-usability guru named \*Jacob Neilson. He's saying, "Look, I've been sending this email newsletter to some of you for many years. I've never asked for any money. Why don't you give me five dollars with the Amazon honor system?" I think he's collected around a thousand dollars so far.

There's not experience to know how well that's going to work, and Amazon takes a hefty chunk – I think 15 cents plus 15 percent. On the other hand, they provide a service that nobody else can provide in the sense that they've got that credit card information and they make those microtransactions really easy.

As other people develop them, and there's some kind of acceptance of the microtransaction, system, it means that people could go to your site, read a piece of information, and you could say, "How about giving us 50 cents? We gave you this information; we want to get it out to other people. Just click the 50-cents token." When that's possible, it'll create a whole new income stream for nonprofits as well as for all the content-providers online.

Instant messaging and ICQ. The university students and teenagers that I know are on instant messaging all the time. I think AOL's instant messaging has 60 million users and ICQ has 75 million. AOL bought ICQ, so that's 130 million people who have downloaded the application. Not all of them use it, but an amazing number of people are online all the time.

Eventually, we're going to figure out how to get these people who are online all the time to join our organizations, donate to our organizations, take actions, get involved, volunteer, and so forth.

Another important development, although some of them certainly are closing, are application service providers or ASPs. These are systems that let you use a pretty sophisticated, expensive piece of software by the month online. There are a whole bunch of ASPs that offer donation-transaction processing, volunteering capabilities like Volunteermatch, let you post a website and use very user-friendly content-management systems.

One of our clients, United Jewish Communities, has just developed their own ASP called FedWeb which will enable the hundreds of Jewish Community Federations around the country to share a common platform where they can build a website, where they can update the site by just pasting a Word file into a password-protected page, and where they have tremendous backend functionality where they can make donations, they can have event calendars, event registration, chat, discussion groups.

I think this is a good example of a big national organization investing some millions of dollars in building a sophisticated backend that all of its member organizations can use. I was supposed to do a workshop a couple of days ago for the Girl Scouts of the U.S. They're in a similar situation where they've got hundreds of Girl Scout councils around the country, every one of them with a completely different-looking website, most of them not very functional, no branding for Girl Scouts.

Groups like that could pool their resources and build really sophisticated ASPs or buy into the ASPs that are already being developed commercially and offer their member organizations something that would really transform the way that they deal with the Internet, not just for fundraising, but for all kinds of engagement.

Advocacy. Recently we've been doing a lot of advocacy campaigns, for, among other reasons, that they're a way of bringing a lot of people into an organization very rapidly. For instance, we worked with the Million Mom March to do a "Stop Ashcroft" campaign when John Ashcroft was nominated to be U.S. attorney general by messaging the people who were on our lists, by working with a lot of other people to message lists, by buying a small number of banner ads that were strategically placed. We added about 25,000 names to the Million Moms March's list.

Since then, we've been asking those people if they'd be interested in joining a local chapter of the Million Mom March. Would they be interested in making a contribution? Would they be interested in getting regular email updates?

The cost to acquire one of those email addresses was probably \$2.50. We've been trying to figure out how much it's worth to acquire an email address on your list. I don't think anybody knows, but we're pretty sure it's worth \$2.50. In direct mail, you'd be acquiring a donor and you'd pay \$20 or \$30 or \$40. That might be a good deal. Just acquiring an email address, of course, isn't the same as a donor, but we think we can convert to donors enough of those people who come on as activists to make it one of the cost-effective ways to build membership and revenue stream for an organization.

Finally, in most discussions I go to in the nonprofit community the web gets most of the glory, and people talk about email only as an afterthought. If you go to commercial Internet gatherings like Internet World, probably a third of the workshops are about email because businesspeople realize that email is what you can really use to communicate with people and get people to take action.

Email is not so glamorous as the web. You can't have a beautiful, flashy animation; you can't have this cool backend functionality. But if you can get people's email addresses, you can communicate with them, you can get them back to your website, you can send them somewhere else, you can give them information, you can mobilize them, you can get them to give. One of the things we push with our clients is that they make sure they're investing enough money in building their email list and figuring out how to use email as a communications tool.

In terms of building the loyalty of your community, people love the fact that if you send them an email, with one click they can send you their comments. Of course, people could call your toll-free number or write you a letter, but typically that is a lot more effort for people. As you all know, it's so easy to reply to email.

On the one hand, that creates a cost on your staff to deal with those email queries. And with email, people expect to get an answer back within a few hours or a day, whereas if you sent them a letter they'd be happy if you got back to them in a couple of weeks. But when you email back and forth with donors or constituents, they feel your organization is really listening to them, this organization is really responding. Our anecdotal evidence is that they feel a lot better about the organization and they're a lot more likely to give money again.

A few thoughts to sum up. What's working in fundraising online? The number-one thing is content. Almost nobody is going to come to your site, or engage with you just to give you money. They're going to engage with you on the Internet because you've got something they want – either information, ability to take some kind of action, ability to

communicate with somebody else, ability to get something done. So if you don't have a site that serves your users and your potential users, they're never going to get there or pay enough attention to you in the first place to make a contribution.

David Eisner talked about attracting, informing, recruiting and mobilizing. That's going to be done primarily by the content on your site, not what kind of backend donor-transaction software you're using.

Big brands versus focused niches – so far the success has mostly been the big brands. But I think increasingly we're going to see sites that will never draw millions of visitors or have millions of pages every month but can serve really useful information to a small, select group. And the beauty is that if you're part of a niche community, you can find information and you can communicate with others in that community. Years ago my wife had chronic fatigue syndrome, and at this time it was a relatively new phenomenon. There were no books about it; there were only a few magazine articles. You didn't know where to turn to get information.

If the Internet was as available then as it is now, a group working on chronic fatigue would have a small but incredibly dedicated community. Those people would have given money, they would have lobbied Congress, they would have done whatever they were asked.

Everybody who's ever done marketing has talked about "one-to-one relationships." You learn more and more about your customers or your members, and you give them what you think they're interested based on transactional data, things they've done, and preferences they've expressed to you. A few sites of sophisticated nonprofits are starting to give people who register a preferences page where you can say, "Send me email once a day, once a week, once a month;" "I'm interested in program A, program B, but not program C or D;" "I'm especially interested in programs that affect women;" "I'm especially interested in programs in Latin America, but not in Africa;" et cetera.

This is possible online on a scale that's almost impossible to do any other way. Increasingly, we've got to be thinking about how we can serve our constituents by finding out what they want, following what they've done, and customizing our communication with them while continuing to let them know about other things we think they should know about, even if they haven't expressed that interest.