

Window on the Future of Fundraising

By Mal Warwick, founder and chairman of Mal Warwick Associates (www.malwarwick.com) and Chair of IFC Online – the international online fundraising e-conference, co-ordinated by the global capacity-building charity, The Resource Alliance. Here, Mal summarises key learnings from this year's IFC Online conference.

The early 1990s, following the advent of the World Wide Web, abounded with extravagant predictions about the coming dominance of raising money online. Today, after nearly two decades of disappointments, the field of online fundraising is growing up. At the recent IFC Online conference, some of the leaders in the field presented an expert perspective on the principal elements of that maturation process.

(1) The behaviour of online donors is proving to be complex and counter-intuitive.

Yesterday's simplistic assumptions—'email is driving direct mail out of existence'; 'younger donors will only give online'; 'social networking will revolutionize online fundraising'—are all hogwash. Recent findings from a study conducted by the American software company Convio present a much more nuanced view of donor behaviour online. Although younger folks display a more pronounced affinity for giving online, direct mail is still the overwhelming channel of choice for older donors. Even the very youngest donors choose direct mail nearly as often as they do the Internet.

Take-away: all the while you learn the ropes of operating online, continue to invest in direct mail fundraising lest you kill your cash cow.

(2) The promise of social networking as a fundraising channel is yet to be fulfilled.

Social networks, fast emerging as the most popular gathering-places on the Internet, hold great promise for nonprofit organisations. Using Facebook or other large online venues, an NGO can build its brand, expand its constituency, promote its campaigns and events, and deepen its relationships with its supporters. However, most fundraisers have encountered one frustration after another in attempting to raise money through social networking. The few successes celebrated by the channel's boosters are outliers—exceptions that prove the rule.

Take-away: by all means, invest in social networking for its marketing and organising value, but banish those thoughts of raising buckets of money just yet.

(3) Mobile technology has great potential for campaigning and constituency-building but is currently limited as a fundraising device.

One billion dollars was donated, much of it online, for relief and reconstruction following the tragic Haiti earthquake in January 2010. In just three weeks, mobile fundraising efforts in the U.S. alone generated \$37 million of this total, and millions more were raised in the UK and the Euro zone. The result has been an outpouring of commentary about the promise of mobile fundraising. For any similar future headline-grabbing humanitarian emergency, fundraising via SMS may raise even larger sums. But the U.S. mobile effort for Haiti required sustained coverage by news media, outreach by celebrities, and the personal support of President Obama—elements that are highly unlikely to be in place for more conventional fundraising purposes.

Take-away: don't be gulled by all the hype about mobile fundraising. To raise money from individuals, stick to direct mail, telemarketing, major gifts, and your efforts online—the stuff that's proven to work.

(4) Cross-channel or 'integrated' fundraising is coming into its own.

Contrary to earlier expectations, donors are not sorting themselves into simple categories as 'online,' 'direct mail,' 'telephone,' or 'event' donors. Human beings that they are, donors are proving to be agnostic about the channels they use to give. One-time online donors are just as likely—and often more likely—to give a second gift in response to a letter or a phone call as they are to an online appeal. A growing majority of direct mail donors now look online *before giving* to learn about the organisations whose appeals they've received.

Take-away: if you're not seeking snail-mail addresses and telephone numbers from your online supporters and contacting them in some way other than just by email, you're missing what may be your greatest opportunity to persuade them to give.

(5) New models are needed for the emerging reality of 21st Century fundraising.

Many NGOs are now acquiring more new supporters online than off-line—a reality that throws into a tailspin the old conventional wisdom of dividing supporters into

fundraising prospects, one-time donors, multi-donors, major donors, and legacy donors. Today fundraisers must take into account the importance of engaging all their supporters through as many channels as possible, in the hope of building relationships that may later lead to gifts.

Take-away: toss out that old Donor Pyramid and the 80-20 Rule, and focus on maximising the contributions of all your supporters—through campaigns, volunteer programs, gifts-in-kind, and personal referrals as well as cash contributions.