

Improving Overall Giving Through a Multichannel Approach:

A Companion to the 2011 donorCentrics Internet and Multichannel Giving Benchmark Report

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The 2011 donorCentrics™ Internet and Multichannel Giving Benchmark Report is the third edition of the ongoing Target Analytics Internet Giving Benchmarking study, which has been analyzing giving data from major North American nonprofits since 2006. This year's analysis covers 15.6 million donors and more than \$1.16 billion dollars in revenue.

In previous years, the focus of published analysis has been on Internet giving. Five years in, it is clear that direct mail giving is still the overwhelming majority of fundraising revenue, and organizations must find ways to optimize multichannel giving versus hyper-focusing on Internet giving alone. This edition of the report encourages nonprofits to pay special attention to how online and offline work as complimentary fundraising channels, not as competing initiatives.

Several themes in the analysis have emerged that suggest possible strategies or areas for improvement. This paper seeks to explore how nonprofits can improve overall giving through a multichannel approach.

We must make it simple and fulfilling for new donors to give online.

New donor acquisition via online giving has nearly doubled in the last five years, but the actual number of newly acquired donors overall has decreased 3.6% per year over the same time period.¹ This decline may represent a mix of factors, including the economy, a changing generational profile in the United States, changing attitudes of donors about giving, and a change in focus by fundraisers toward higher-dollar donors. It may also be a reflection of the majority of donor acquisition occurring via direct mail.

Meanwhile, the average age of donors for many organizations is increasing. Figuring out how to attract a new generation of donors has become a critical initiative for many nonprofits. Online donors may help in both areas to reverse these trends. The research reveals that new online donors are younger, have higher incomes, and give much larger gifts than mail-acquired donors. It stands to reason that making online giving available, simple, and fulfilling is a great way to attract a new generation of donors, while helping increase acquisitions, lower the average age of donors, and increase overall revenue. But acquiring new donors is only the first step in maximizing their overall giving potential.

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Provide multiple channels for giving to ensure highest value and retention.

Donors acquired online are less loyal than those acquired through direct mail. But donors who convert to offline giving after making an initial gift online tend to maintain higher than average giving levels with similar retention rates as those for traditional direct mail donors. Over a period of four years, donors who come in online and convert to direct mail can be worth 50% more to an organization than exclusively direct mail donors. While the overall revenue impact remains small today, when the average age and wealth of these donors is considered, lifetime giving potential for online donors can be much larger.

Don't confuse communication channel with giving channel.

Even though this study included organizations with more than average sophisticated online giving programs, only 10% of their gifts actually come in online. Analysis involving a wider range of nonprofits shows only 7.6% of revenue is given online.ⁱⁱ Yet, 69% of donors of all ages prefer electronic over print communication from nonprofits.ⁱⁱⁱ It is clear that online communication cannot be confused with online giving. What is interesting to understand, however, is why online communication does not always translate into online giving. Many organizations use online communication to supplement direct mail appeals, both to alert that a direct mail piece is pending or to remind that a direct mail piece was sent. One possibility is that these donors are being trained to respond offline. It is reasonable that coordinated online communication can make direct mail more effective. Additional research should be done to understand the perfect package for combining email with direct mail and for email to drive online giving. While direct mail is still worth the far larger investment it receives, donors' preference for online communication should be honored and leveraged.

There is still tremendous opportunity to improve online retention and offline gift amounts.

Giving remained flat between 2009 and 2010 after substantial drops during the 2008-2009 recession.^{iv} While it is likely that revenue will continue to rebound somewhat, to achieve pre-recession growth of approximately 4% per year, organizations will have to find creative ways to optimize areas of strength. As online acquisition continues to become more common and online gifts continue to be more lucrative, organizations must find ways to encourage and retain these donors. Meanwhile, nonprofits must figure out why donors are becoming harder to acquire via direct mail and why gifts are smaller through that channel.

Don't mistake the number of multichannel donors for their importance.

Multichannel donors are a small subset of all donors, and as such, it may be tempting to wonder why cultivating them is so critical. The answer is that multichannel donors exhibit characteristics and behavior we want from all our donors. As stated in the report, "Online-acquired donors are significantly younger, have higher household incomes, and tend to give much larger gifts than mail-acquired donors. But it takes the existence of a robust direct mail program to drive up the retention and long-term value of new donors acquired online. Without the ability to become multichannel givers by renewing their support via direct mail, this group

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of donors would be worth far less.” Developing a strategy that enables your organization to acquire new donors online and subsequently incorporate them into your direct mail program may be the key to future fundraising success.

Special thanks to the generous participants of the donorCentrics Internet Benchmarking Group. A list of these innovative and collaborative organizations is available in the Appendix of the [report](#). The groundbreaking research in this report is made possible by their willingness to contribute data and time to this study. Through their participation, we have an opportunity to learn more about the impact of the Internet on giving, and to build and test theories that can improve fundraising performance for all nonprofits.

Appendix

- i Flannery, H., Harris, R., & Rhine, C. (2011). *Target Analytics donorCentrics™ Index of National Fundraising Performance*. Cambridge: Blackbaud. http://www.blackbaud.com/files/resources/downloads/WhitePaper_MultiChannelGivingAnalysis.pdf
- ii MacLaughlin, S., O'Shaughnessy, J., Van Diest, A., & Clark, C. (2011). *2010 Online Giving Report*. Charleston: Blackbaud. http://www.blackbaud.com/files/resources/downloads/WhitePaper_2010OnlineGivingReport.pdf
- iii Burk, P. (2011). *The Cygnus Donor Survey — Where Philanthropy is Headed in 2011*. Cygnus Applied Research.
- iv Flannery, H., Harris, R., & Rhine, C. (2011). *Target Analytics donorCentrics™ Index of National Fundraising Performance*. Cambridge: Blackbaud.