

About Online Giving: Is fundraising's new generation of practitioners well-informed about what works—and what doesn't?

By Frank C. Dickerson, Ph.D.

Quick. What percentage of philanthropic gifts do you think was contributed online last year?

- (a) 47%
- (b) 8%
- (c) 73%
- (d) 22%
- (e) Don't know

If you're a fundraising professional who is involved in direct marketing, you'll probably get the answer right. It's about 8%. If you're not involved in the industry, you may be surprised to learn that direct mail still accounts for nearly 80% of all gifts sent by individuals in response to appeals delivered by mail, telephone, or online. Of course, there are big differences from one organization to another. But that's the reality sector wide.

According to Blackbaud's Charitable giving report, released in February 2019, online giving grew 1.2% in 2018, with large organizations decreasing 0.5%, medium-sized organizations growing 3.7%, and small nonprofits growing 0.7%. Since 2016, online giving has grown 17% and average online gift amounts have continued to increase. The average online donation in 2018 was \$147 and online giving in their sample accounted for just 8.5% of giving. Growth through any channel is encouraging. But this must not cast a shadow on the fact that 91.5% of giving came through more traditional channels.

Why, though, should anyone be surprised if the disparity between giving online versus through traditional modes like mail and other media? Probably several factors are involved. For one thing, we all tend to assume that technology has made a bigger imprint on our lives than is actually the case. And those who for one reason or another feel the need to boost online services may be going a little overboard.

Yet so many of the trade publications in the sector reinforce that mistaken impression. Online fundraising tends to receive the lion's share of attention. And the widely read annual reports from Blackbaud provide fodder for the distortion. Here, for example, are the four points that introduce the company's widely read 2017 Charitable Giving Report: How Fundraising Performed in 2017 and its most recent edition, released in February 2019:

- Overall, online, and mobile fundraising trends by sector and organization size
- How fundraising performed in 2017's changing landscape and how to prepare for the future

- Key statistics on donor characteristics and donation amounts
- UK and Canadian giving and #GivingTuesday highlights

Do you see any mention of direct mail? Major gifts? Legacy giving? Of course, the principal source of fundraising data in the sector is *Giving USA*, but that venerable source is of little help in distinguishing one channel from another. *Giving USA 2018* breaks down individual giving only between living donors and legacies.

To be fair, Blackbaud's 2018 report (<https://institute.blackbaud.com/wp-content/uploads/2018/04/2018-Next-Generation-of-Giving.pdf>) inserted a significant caveat: "Every astute fundraiser will note, at this point, that direct mail brings in eight or nine times more money than email each year. According to the 2017 Charitable Giving Report, email giving represents about 8% of all donations to nonprofits over the past year. Those who report giving through an email appeal remains small (only 14%) and has not budged from 2013." (Unfortunately, there's no explanation of how 14% became 8%. Presumably, it's because donors *think* they give more money online than they actually do.) That caveat's well and good. But you have to read the equivalent of the fine print to find it.

As Blackbaud's "2010 Charitable Giving Report" noted: "It is clear that direct mail giving is still [responsible for] the overwhelming majority of fund-raising revenue, and organizations must find ways to optimize multi-channel giving versus hyper-focusing on Internet giving alone." Faint praise for direct mail. However, the point was well taken. It's been clear for many years now to those "astute fundraisers" that integrated, multi-channel direct marketing programs tend to raise significantly more money than direct mail and online giving programs managed independently. And that's true even more today than it was eight years ago.

In 2018, two reports were released by Blackbaud and M+R about 2017 giving:

- Blackbaud sharpened downwards to 7.6%, the level of online giving that they had earlier pegged at "about 8% of all donations." Compared to the 10% level of online giving they reported in 2010, that represents a steep decline of 24%.
- M+R warned that at the prevailing 0.0006 response rate to online campaigns, a nonprofit has to "email 1,667 recipients just to generate a single donation."

Then in M+R's April 25, 2019 report, M+R documented a significant 2018 slowdown in online giving . . .

- Online revenue for nonprofits grew by just 1%.
- This marked the first time in 13 years of M+R Benchmarks Studies that they had reported average revenue growth in the single digits.
- After years and years of steadily increasing online revenue, including record-breaking 2016 and 2017 gains for many nonprofits, suddenly that trendline flattened out.

- While online revenue grew by 1% in 2018, email revenue decreased by 8% – though email still accounted for 13% of all online giving.
- Email open rates fell 2%, page completion rates fell 18%, and response rates fell 10%.

Blackbaud's February 2019 research summarizes overall giving among nonprofits in three categories:

- Fundraising by large organizations, with annual total fundraising more than \$10 million, was up by 2.3%.
- Medium-sized organizations, with annual total fundraising between \$1 million and \$10 million, had an increase of 2% on a year-over-year basis.
- Small nonprofits, with annual total fundraising less than \$1 million, experienced a 2.3% decrease in fundraising results compared to 2017.

Blackbaud's data revealed an overall decline in online giving during December of 2018, falling to 17.3% of all online giving from the prior year's 20.1%. Their data estimates that of all charitable giving in 2018, 8.5% came from online giving—an increase from 7.6% in 2017. This is based on data analysis from 3,549 organizations with \$14.1 billion in total fundraising in 2018. The takeaway is that 91.5% of a nonprofit's budget has to come from more traditional fund-raising channels.

M+R's concludes from its research, albeit based on a smaller sample size, poignantly states what Blackbaud's most recent report seems unwilling to admit about the portion of giving attributed to online solicitation: "You can glare intimidatingly at the number, and hope it will change out of fear or guilt or embarrassment. Or you can accept the data for what it is: a cold, hard fact, a true thing, but just a part of the truth. Declining retention. Lower email response rates. Reduced revenue growth overall. No matter how you look at it, nonprofit digital programs are faced with serious challenges."

To my mind the most serious challenge is to understand that funds must be allocated toward strategies that have been proven to raise more per dollar spent. These research studies suggest that while email lists and online campaigns are growing—many would say at a rapid rate—an organization that pulls back from allocating funds to direct mail strategies may jeopardize growth and perhaps even survival. It really doesn't matter that email lists are growing if response rates are falling. In times like these, a paraphrase Mark Twain's reaction to a fake 1897 report of his death in London is appropriate: "Reports of direct mail's death have been greatly exaggerated."

I think the response of the nonprofit industry to the hyper-focus (Blackbaud's term of caution) on online giving is akin to the response of the Kings' subjects in Hans Christian Anderson's tale

of “The Emperor’s New Clothes.” Everyone pretended to admire their ruler’s fine new garments (which could only be seen by those who were worthy). No one wanted to admit they couldn’t see what the emperor wore as he paraded proudly before them—naked as a jaybird. Then an innocent and honest child exclaimed, “But he hasn’t got anything on!” The fundraising industry needs to hear from one of those innocent little children.

I fear that thought leaders in the field of nonprofit communication and fundraising are failing to be similarly blunt in their assessment of online giving. Most 20- and 30-somethings have had little or no experience in the field of direct mail fundraising. Thus, they may be ignoring the medium out of ignorance. Blackbaud notes in the report cited above that many organizations have seen a dip in direct mail revenue. But, I think that dip may be attributable not so much to the lack of response to direct mail as to lack of direct mail. And that well may be rooted in the fact that a younger generation of leaders is unfamiliar with the medium. While shoppers (myself included) routinely go online to hunt for goods, seldom do donors go online to hunt for a way to give.

Yes, donors do frequently check out an organization’s website after receiving an appeal through the mail; they’re just far more likely to respond using that self-addressed reply envelope than they are online. And when a nonprofit’s approach resembles the relentless assault of supposedly custom-tailored pop-ups, Facebook ads, and emails in response to a simple inquiry online, nonprofits suffer. (Yes, many nonprofits do send too much mail!) Increasingly, consumers’ defense mechanisms (firewalls, spam-blocking, etc.) are evident in declining click-through rates, all reflected in key findings from the 2019 M+R Benchmarks Study.

In its earlier 2018 report on 2017 giving trends, M+R added this sobering own caveat to the discussion about online versus print fundraising: “So: a single fundraising email sent by a nonprofit to a single subscriber was less likely to be opened and less likely to generate a click, an advocacy action, or a donation. That 0.06% response rate means that nonprofits had to send a fundraising message to about 1,667 recipients just to generate a single donation.”

One must assume that M+R’s 2019 report, documenting an 8% fall in email revenue during 2018, would portend a response rate even less than .0006 (though no downward revision was specified in their latest report. My guess is that rate has plummeted further still. In contrast to direct mail, if a letter is sent, at least the donor has it in hand on the trip from the mailbox to the trash can. The same can’t be said for an email.

Many younger fundraisers don’t have the same informed perspective as Maya Gasuk, who led Cornell University’s annual giving efforts for ten years. In an interview with *Philanthropy Journal*’s Ret Boney Maya said of social media’s role in fundraising:

People can get easily distracted by shiny objects like Facebook and other social media tools. There’s a tendency to think the next new thing will solve all of our problems.

But at the end of the day, it’s all about a conversation with donors. We need to continue to invest in the core of the business first and foremost and not get distracted by iPhone

apps and Facebook pages. Holding that same standard of accountability in the era of the novel is really important.

The core of what we do is relationship building and asking. Someday social media will complement that. But right now, I don't think the answer to participation decreases is Facebook, for example. It's more important to look at your operations and figure out where things are disconnected.

The salient question I ask myself whenever I read very well-researched data coming from groups like M+R and Blackbaud is this: Do the data present a landscape of options available to a leader facing a task-at-hand (whether that task be to acquire new a donor, raise a second gift, or upgrade a current donor's giving)?

Perhaps my assumption that such research would comment on a wide array of giving channels is inherently unreasonable . . . especially if a researcher's stock-in-trade is online giving. After all, we wouldn't expect a Toyota dealer to talk up the virtues of a Ford, Chevy, or Nissan.

On the other hand, the role of a curator is to put such data into perspective for leaders in the sector. Such industry umpires really need to offer a holistic view of the solicitation landscape.

For millennials (ages 23 to 38 in 2019), their youthful naïveté might lead them to dump lots of precious money into an online strategy that yields 1 reply for every 1,667 email messages sent (a data point from M+R) . . . while ignoring a proven channel like direct mail. My complaint is that newcomers to the nonprofit industry don't have the prudence of perspective that an objective researcher must have.

The responsibility of gatekeepers and perspective-givers is to open the gates to divergent data sets and offer fulsome perspective. That's a serious responsibility. And that responsibility entails issuing blunt caveats where warranted, making honest and thorough comparisons in a larger context than the issue at hand, and helping readers make wise allocations of limited assets. Has Blackbaud and M+R's reportage done that?

Frank Dickerson, Ph.D., specializes in corpus linguistics, which basically tabulates and characterizes texts based on the frequency distribution of their content. The foregoing article was the result of applying that methodology to analyzing the objectivity of reports in popular fundraising trade publications. Dr. Dickerson's email is HighTouchDirect@msn.com and his academic research site is www.TheWrittenVoice.org. His writing workshop is described at www.NarrativeFundRaising.org. And his service site is www.HighTouchCommunication.com.