The Internet—It's a Relationship Management Tool

BY VINAY BHAGAT

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MOST OF THE DEVELOPMENT professionals I talk with seem to agree that the Internet will become an important part of their organization's fundraising efforts. Yet, to date, much confusion exists about how to effectively leverage this new medium. Fundraising is ultimately about building relationships, and I encourage fundraisers to view the Internet as a powerful relationship management tool.

The reality is that even the most dynamic fundraisers can humanly maintain strong relationships with only a limited number of donors and prospects. But with Internet technology, they can increase their organization's capacity to communicate more frequently, in a more personalized manner, with a broader pool of constituents. Moreover, Internet technology can save a significant amount of money and time by reducing the need for expensive print- and telephone-based communication efforts, in addition to streamlining manual processes like event ticketing and donation processing.

Here's how you can start using the Internet strategically to meet your goals:

STEP 1: GENERATE TRAFFIC

Your website can become a mechanism for attracting new supporters to your organization, but first you have to make people aware that you are there. Driving traffic to your website is not simply an online activity; visitors can be invited through a combination of traditional media outlets such as direct mail and "radiothons." For example, John McCain raised almost 30 percent of his funds online during the Republican primaries by using telemarketing to drive traffic to his website. And the Ronald McDonald House in Memphis, TN, raised 20 percent of its funds online last spring by using a radiothon to send people to the cause's website.

But perhaps the most powerful and cost-effective mechanism is email-based *viral marketing.* One of the best examples of such a campaign is the recent Planned Parenthood Federation of America President's Day Message campaign. Planned Parenthood set up an innovative memorial campaign on its website using Convio technology that allowed donors to give in honor of President George W. Bush as a

Planned Parenthood's 'viral' email marketing campaign raised $600,000 in a few weeks

way of protesting his position on reproductive rights. This campaign captured the imagination of a defined segment of the public— and Internet technology made it easy for them to act. *Los Angeles Times* columnist Patt Morrison wrote that she planned to donate to Planned Parenthood on President's Day, triggering a series of donations by others. Moreover, people started to email their friends to encourage them to contribute.

Here comes the "viral" part: Many recipients of these initial emails in turn sent the email on to their friends, encouraging them to make donations. Imagine the effect of one person sending 10 emails, then each friend forwarding 10 more, and so on. If this happens only five times, the original email will reach 100,000 people. Not surprisingly, the Planned Parenthood campaign was highly successful: It raised almost $600,000 in a matter of weeks, with close to two-thirds of all funds raised online— *mostly from people who had never given to Planned Parenthood before!*

As you drive traffic to your website, it's essential to capture the email addresses of everyone who visits. That way, people don't just remain anonymous visitors but join your prospect house file. But it's also important to have a well-written privacy policy on your website clearly stating that email addresses will be used only to communicate news of non-profit-related activities and won't

ever be shared with any other organization except under specified circumstances.

STEP 2: ENGAGE YOUR CONSTITUENTS
Once you've captured their email addresses, you can begin an interactive relationship with your online constituents using personalization technology to communicate relevant content. For instance, let's say you're a fine arts museum, and a constituent says he's interested in French Impressionism and Chinese art. You could send an email invitation to a lecture on Impressionism and modern Chinese art (see the screen capture below). Then highlight the lecture on your Web calendar of events, where the interested constituent can click through for more information.

Having useful links that return people to your website enables your organization to retain supporters—they have a reason to come

back: more useful information. The website can be a place to engage supporters electronically through online event sign-up, personalized newsletters, surveys, and petitions. You can also provide valuable services such as discussion forums and directories.

STEP 3: RETAIN SUPPORTERS
The average nonprofit donor retention rate is 50 to 60 percent. Even a small change in retention rate can have a significant impact on an organization's results. For example, in February 1999, a large public radio station said it had a 56 percent donor retention rate and that increasing the retention rate by 4 percent would increase its bottom line almost 30 percent. Why? Because the cost of acquiring members by traditional means is so high—more than a dollar per dollar raised.

Despite a sluggish economy, your loyal supporters will rally

Internet technology allows you to reduce acquisition and retention costs and, more important, increase the retention rates that have such an impact on the big picture. Here are some technology-based strategies that fundraisers should know about to increase retention rates:

- *Make renewal easy.* Facilitate one-click giving, just like one-click shopping at Amazon.com, so donors don't have to rekey contact and billing information each time they renew.
- *Provide immediate electronic receipts.* Electronic receipts—which are approved by the IRS—can save the cost of producing paper receipts and provide immediate donor acknowledgment.
- *Communicate frequently by email.* Targeted email communication about events and activities keeps donors and supporters interested.

For most fundraisers, the most effective fundraising application of the Internet will be as a relationship management tool. Take advantage of it to increase your organization's capacity to build a loyal support base. The success of the clever President's Day campaign shows that, despite a sluggish economy, supporters will rally around and donate to a cause they feel passionate about. **AP**

Vinay Bhagat is the founder and CEO of Convio, Inc., Austin, TX, which provides integrated Web solutions for nonprofits and membership organizations.
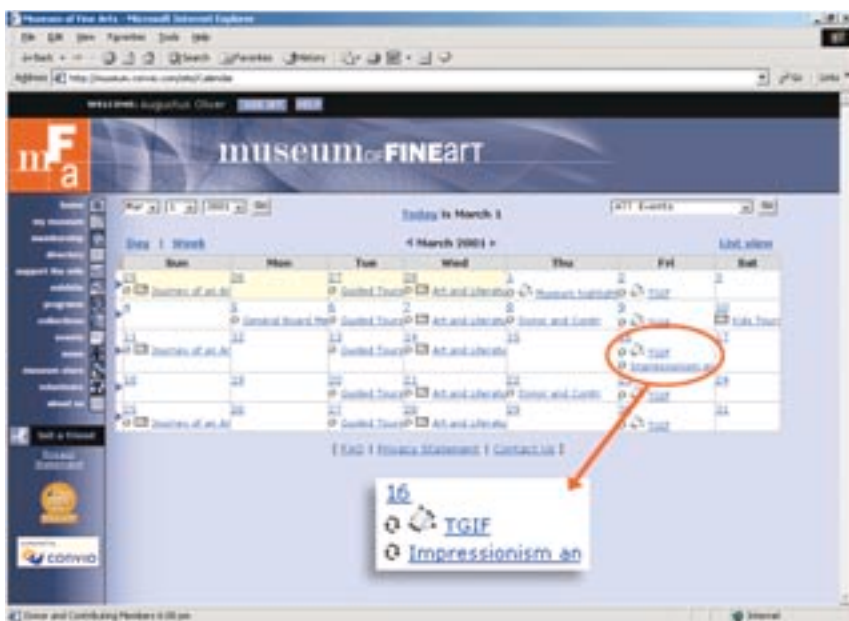
If you know that a donor has a penchant for Impressionism, you can highlight an upcoming event on a personalized Web calender.