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## The economy may be down, but online giving is up.\*

**\*So far!**

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The economy has been sluggish for over a year, but the financial crisis on September 15, 2008, shook consumer confidence and set off another round of corporate layoffs. Recent numbers show that unemployment is at its highest since 1994. Many of our clients have been asking, “What does this mean for our online fundraising program?”

It’s a great question—and one that we couldn’t find a good answer to, so we decided to do our own analysis. We looked at online giving for five nonprofit clients during September and October, including Easter Seals, Habitat for Humanity International, National Multiple Sclerosis Society, Oxfam America, and The Wilderness Society. To control for external factors such as online fundraising campaigns, we compared online ‘white mail’ – unsolicited gifts via the organization’s main donate page. We looked September and October of 2008, and compared those results to the same two months in 2007. The data below represents the average changes in giving, year over year, for the five organizations.

<b>2007-2008 Comparison in Online White Mail</b>	<b>Change in No. of Gifts</b>	<b>Change in Average Gift Size</b>	<b>Change in Amount Raised</b>
<b>Sep 07 vs. Sep 08</b>	18%	15%	37%
<b>Oct 07 vs. Oct 08</b>	19%	-4%	6%
<b>Sep/Oct 07 vs. Sep/Oct 08</b>	<b>16%</b>	<b>4%</b>	<b>20%</b>

Our analysis showed:

- The amount raised during this period was 37% greater in September of 2008 than in September of 2007. But when comparing October of 2007 to October of 2008, the amount raised increased by only 6%.
- The number of gifts went up by more than 15% in both September and October of 2008, as compared to September and October of 2007. Despite the economy and the possible

<sup>1</sup> This study was updated on February 4, 2009 in order to correct a slight error in the way in which the statistics were calculated. However, this in no way affected the actual findings of the study.

distraction of the election, a significantly larger number of donors gave in these two months in 2008 than they did in 2007.

- However, the average gift size appeared to drop off in October of 2008 as compared to October of 2007. This may be a sign of the weakening economy, as many donors continue to give online but in smaller amounts.
- Overall, the news is good; despite both the financial crisis and the elections, nonprofit online fundraising grew in both of these months as compared to the previous year.

Why has online fundraising continued to grow while many other forms of fundraising have declined in the current economic climate?

Nonprofit direct marketing was on the decline even before September 2008. Many nonprofits saw lower-than-average growth rates starting in 2006, with a more severe slowdown occurring in Q2 of 2007, according to the Target Analytics Index of National Fundraising Performance.<sup>2</sup> Nonetheless, online fundraising has continued to grow for most nonprofits, as seen in the most recent e-Nonprofit Benchmarks Study published by M+R and N-TEN, which found that online fundraising grew by 19% from 2006 to 2007.<sup>3</sup>

Online donors tend to be younger and more affluent than direct mail donors, as found in the 2006 donorCentrics Internet Giving Benchmarks Analysis.<sup>4</sup> This may account for the steadier online returns, as younger donors – with more disposable income, less significant savings invested in retirement portfolios, and so on – may feel less vulnerable to the volatile market and thus may not be adjusting their giving to reflect the downturn.

Despite the relatively good news for online donations, we have to warn nonprofits not to get complacent about online fundraising. Many economic analysts predict the current economic crisis will continue to worsen before it gets better. And the fact that growth was slower in October of 2008 may be a sign of things to come.

**What are other nonprofits doing to stay the course?** One M+R client recently tested two versions of a special appeal: One simply stated the need for funds for many reasons, but did not make mention of global financial crisis. The other appeal led with a brief sentence stating that the current global financial crisis has made the need even greater. Both email messages had identical open rates, but the email with the mention of the financial crisis received 20% fewer click-throughs, and a 12% lower response rate than the email that did not. The lesson learned? Reminding your constituents of the current economic crisis, even when it is topical and strengthens your case for giving, does not make donors more likely to give, and may actually turn them away from giving.

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<sup>2</sup> <http://www.blackbaud.com/files/resources/downloads/cam/TargetIndexResultsSummaryQ22008.pdf>

<sup>3</sup> [www.e-benchmarksstudy.com](http://www.e-benchmarksstudy.com)

<sup>4</sup> [http://www.donordigital.com/projects/target-donordigital\\_internet\\_giving\\_summary.pdf](http://www.donordigital.com/projects/target-donordigital_internet_giving_summary.pdf)

For this reason, in order to maximize your online fundraising results in a time of economic uncertainty, we recommend keeping your message focused on your mission and on the compelling reasons to give to *your* nonprofit. We've found that focusing on the basics continues to yield the best results. Using urgency, making a compelling case for giving, and even throwing a premium into the mix can all help boost returns.

Nonetheless, nonprofits may want to lower their expectations for end of year fundraising. This is a time of year when donors traditionally make larger gifts, but given the decline in average gifts across the past two months, it is possible that many donors will continue to make their gifts online but will scale back the dollar amounts.

We'd like to thank the five nonprofits who generously shared their data for this study: Easter Seals, Habitat for Humanity International, National MS Society, Oxfam America, and The Wilderness Society.

## **QUESTIONS, COMMENTS?**

If you have questions about our data or conclusions, or if you would like to discuss your organization's online fundraising strategy, please don't hesitate to get in touch with us.

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