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Looking Ahead:
Find Your Next Big Online Fundraising Opportunity

While the COVID-19 pandemic is like previous disasters in many ways, it is also very different. There is no end in sight. And there may never be a return to pre-pandemic times.

For nonprofit fundraisers and marketers, online fundraising experienced dramatic changes—which leaves the question: Was 2020 a blip or will these trends continue?

2020's channel disruption brought fundraising roadblocks and opportunities. While we may never see these same results again, there are lessons learned to help nonprofits respond to future emergencies, channel disruption, and giving opportunities—and accelerate an undeniable momentum in online fundraising.

In the coming pages, Blackbaud experts identify five trends from the Blackbaud Luminate Online® Benchmark Report 2020 that are likely to continue. They've also outlined strategies and tactics that your organization can implement to make the most of your online fundraising.

Without a doubt, the data shows us that organizations who have the people, processes, strategy, and technology in place are most likely to experience success. So, don't wait for another disaster. Use this valuable information to prepare your organization for future fundraising success.

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2020 showed us the fragility of fundraising channels that depend on face-to-face interactions like canvassing and events. We saw that things can change in an instant and a fundraising channel could go away tomorrow.

Could it happen again? What if privacy issues disrupt social or digital ads? What if email inbox placement is suddenly severely reduced for commercial and nonprofit emails?

With contingency plans and a solid omnichannel strategy in place, even if one channel is disrupted, the constituent journey can continue – along with your revenue stream. As we saw in 2020, organizations who were nimble, decisive, and reacted quickly saw the most success. The more planning you do now, the better you are positioned to quickly adjust fundraising strategies and budgets in the event of a disruption.

1 in 286 people who receive a fundraising email donate (0.35%)

⬆ **42.4%** **increase** in fundraising email revenue

OPPORTUNITIES TO IMPLEMENT AN OMNICHANNEL EXPERIENCE

Be Intentional
Think about your omnichannel strategy as an intentional journey that deepens a constituent's commitment to your mission. Remove some of the legwork by taking advantage of software automation.

➤ **Reach the right people.**
Segmentation is easy with built-in RFM (recency, frequency, monetary value) analysis tools that automatically score constituent records to determine your best prospects. Using software with built-in segmentation, it is easy to coordinate targets for both online and offline donors to personalize segments.

➤ **Integrate and track channels.**
Along with direct mail, email, and social, expand the constituent journey by including other channels like texting, digital ads, DRTV, or canvassing in your campaigns. Lighten your lift by scheduling emails or digital ads.

Level-Up the Constituent Experience

This is your opportunity to break out of the campaign mold and implement behavior and attribute-driven marketing. Instead of sending the same message to everyone, deliver a message based on their actions.

Do you know your conversion rate, retention rate, and lifetime value of online donors acquired through each email? If not, now's the time to prioritize reliable channel tracking and reporting.

› **Trigger email messages.**
Using interactions stored in your database - like registration for an event, response to a petition, or engaging with an email – you can continue the constituent's engagement with your organization by serving up relevant content or a giving opportunity.

› **Offer personalization throughout the journey.**
Extend your personalization beyond "Dear First Name." Make sure your emails AND online donation forms include personalization like giving history, targeted donation amounts, sustainer status, and contact preferences.

Use Blackbaud Luminate Online to grow your omnichannel strategy.

› Built-in RFM segmentation

Advanced personalization

Email automation based on actions

Reliable tracking and reporting

Learn more

Focusing on Email Engagement

02

OVERVIEW

There's no doubt that the email industry changes, sometimes rapidly and without warning. To be successful, you have to change with it.

Organizations have always known that tracking open rates alone wasn't an accurate measure of true email engagement. It was useful, sure. But how many times have you "opened" an email in light speed only to ignore its content, moving immediately on to the next message? New privacy changes implemented by Apple are likely only the start of a new focus on authentic engagement by clicking or acting.

Organizations with access to accurate clickthrough and conversion reporting will be a step ahead. Without this insight, you will be flying blind – unable to identify the messages that are resonating. Once you have the data you need, you can make sure you deliver the right message at the right time.

⬆ 29%   **increase** in total clickthroughs year-over-year

⬆ 17.9%   **increase** in email conversion rate

⬇ 9.8%   **decrease** in unsubscribe rate year-over-year

OPPORTUNITIES FOR FOCUSING YOUR EMAIL ENGAGEMENT

Measure Email Engagement
Current engagement tracking tends to rely very heavily on opens as confirmation the message was enjoyed and appreciated, but that's not really an accurate tracking mechanism. What is more accurate is a click or, even better, a conversion (donation, event registration) or action (survey submission). When someone actually reads and feels compelled to click an email, you know you've made genuine impact.

➤ **Extend engagement tracking.**
As you focus on tracking clicks and conversions, you may find that constituents engage in other manners – attending webinars, volunteering, visiting your website, etc. Use these additional avenues of engagement for your email segmentation.

➤ **Test and track constituent profiles.**
Expand your use of email testing and click tracking to better understand your engaged constituents and determine what interests your audience enough to take action in an email.

Encourage Email Clickthroughs

There are a lot of tactics to keep your email programs relevant and competitive, most of which are just plain ol' good email marketing strategies. When constituents are interested in your organization's content, they will show you by clicking a link or taking an action. It's up to you to generate that interest!

› **Update your welcome series.**
Your onboarding strategy should include the type of copy and messages that your recipients can expect from you. In addition to links and video, consider including quizzes, surveys, and pledges to get readers accustomed to clicking.

› **Keep it short.**
Short teaser content with a link to "read more" is all you need! Shorten content and include links. Using video is another way to entice recipients to click.
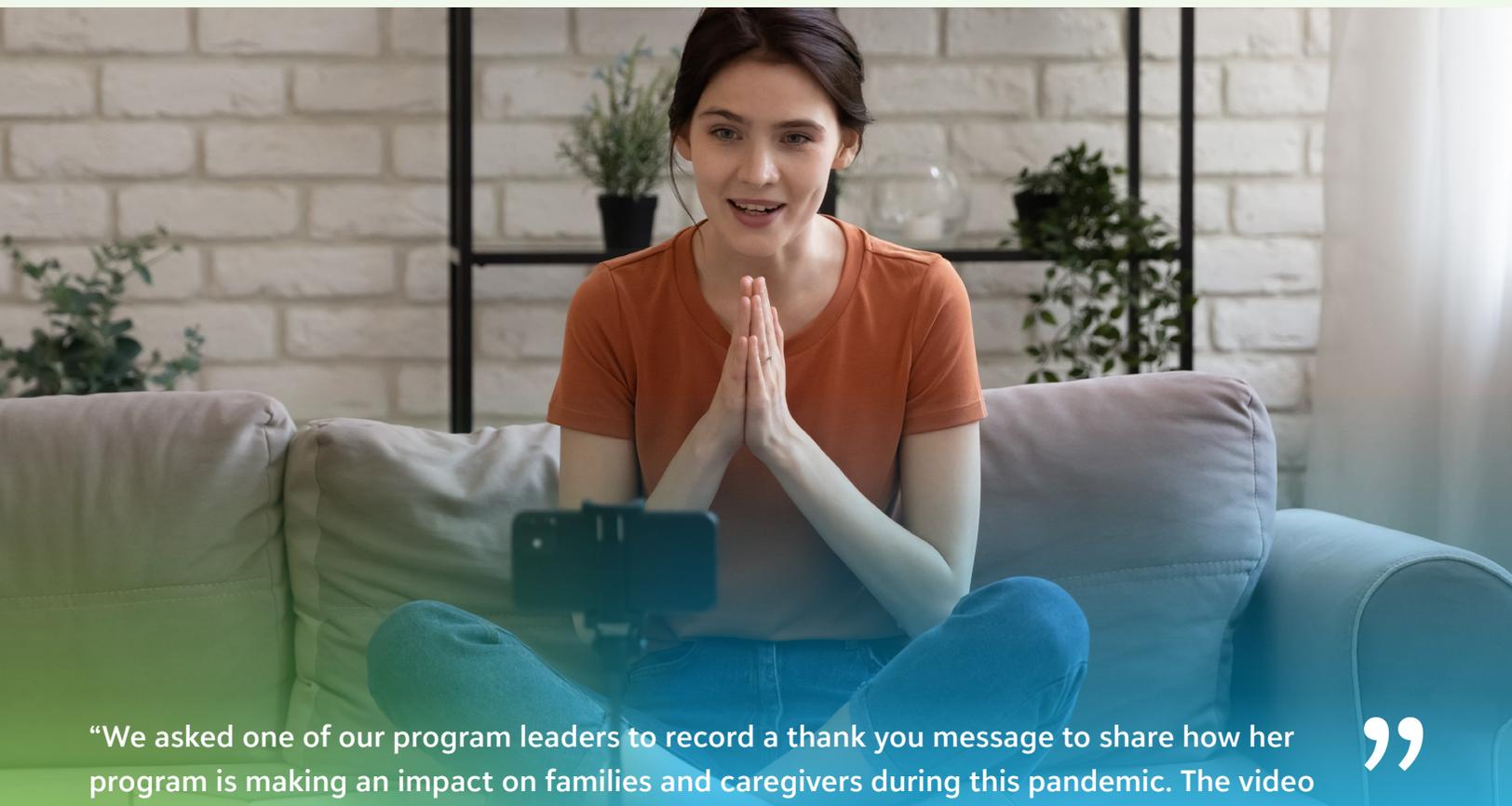
"We asked one of our program leaders to record a thank you message to share how her program is making an impact on families and caregivers during this pandemic. The video was recorded on her phone – at no cost! In addition to her video, we created a simple slideshow of images that showed her program at work. We emailed this video message to supporters of her program and received a 57.5% open rate. Zero unsubscribes. And many responses of thanks and how great it was to see how they are helping so many people."

– Keri Kallaway, Children's Hospital of Colorado | Read the article.

Elevated Reliance on Email

03

OVERVIEW

With the quick pivot online in 2020, email regained strength as a communication channel. Revenue from fundraising emails spiked 103% combined in March, April and May 2020 and evened out to a 42.4% increase for the year. This comes after fundraising email revenue decreased 13 of the previous 14 months.

Moving forward, with a continued reliance on hybrid events and activities, email dependence will likely drop from its pandemic high, but will remain stronger than it was pre-pandemic. Event fundraising isn't coming back immediately, which means event-based organizations are again going to need to rely on revenue from email.

With this reliance on email, it will be vital to focus on the quality of your emails. In 2020, food banks demonstrated urgency, real need, and an understanding of their constituents. So, even though they sent more fundraising emails in 2020 (42.3% more), their revenue from fundraising emails far outpaced that increase at a 253% growth year over year.

⬆ **17.9%** **increase** in fundraising email conversion rate

⬆ **13.9%** **more** emails sent in 2020 than in 2019

OPPORTUNITIES TO LEAN ON EMAILS

Increase Sender Reputation

Many organizations have made a valiant effort over the last few years to remove disengaged constituents and poor-quality data to improve their sender reputation, inbox placement, and email performance. This continues to be a source of great opportunity!

› **Be a selective sender.**
Only send to constituents who have exhibited a clear interest in your emails and set up reactivation campaigns to bring disengaged constituents back into the group.

› **Improve data hygiene.**
Be sure to regularly deduplicate constituents and remove invalid emails on your list. Warning signs that your list needs cleaning include poor email performance and low inbox placement.

Optimize Fundraising Revenue from Email

Many organizations will be using email to make up lost revenue sources. Since you won't have the emergency giving umbrella of 2020, you'll need to rely on urgency and authenticity.

Present a new urgent problem or issue that your donors can solve. But don't create urgency where there is none – donors can see through that tired strategy. Use stories and be real – that will carry you through the campaign.

➤ **Create a sense of impactability for donors.**
Use a thermometer or tracker to show proximity to smaller goals so that donors have a sense of urgency and can see how their gift – which could be any size – will make a difference.

➤ **Advance segmentation strategies.**
Segment your audiences using interests or actions. Send more emails to people who are clicking and taking action. Target your emails based on the constituent's interest – for example, in a hospital foundation, segment based on service line and customize the message with a patient story from that service line.

"The tools of Blackbaud Raiser's Edge NXT and Blackbaud Luminate Online have been incredibly valuable for us during normal times, but because we've seen such a huge increase in the amount of donations we're receiving, the amount of inquiries we're getting, these tools have helped us communicate effectively, capture donations, and convert volunteers to donors more than ever before. In 2020, our online donations are up more than $20 million."

– Roger Castle, Chief Development Officer, Los Angeles Regional Food Bank | Read the story.

Converting One-Time Donors into Ongoing Supporters

04

OVERVIEW

One-time donors continue to dominate online giving, and in 2020 a lot of these were also first-time online donors responding to the pandemic. People saw the daily media coverage and wanted to help. Channels like digital advertising and others made it possible to reach new constituents. But these are not the organizations' traditional donors and it can be a challenge to retain emergency donors long term. They may not be familiar with the organization and new donors might opt out of email sooner.

There is incredible value in cultivating these donors to make another gift, preferably as a recurring donor, or sustainer. Retention rates skyrocket for single-gift multi-year donors (57%) and recurring monthly donors (85%), according to Blackbaud Target Analytics donorCentrics Sustainer Summit. Using communication strategies to convert one-time donors into recurring donors can significantly increase the lifetime value of a donor.

⬆ 15.8%   **increase** in one-time donors from 2019 to 2020

91%   of online revenue is one-time gifts

$556   median long-term value of recurring donor

OPPORTUNITIES TO CONVERT ONE-TIME DONORS

Increase Retention Rates

Given that the retention rate and lifetime value of recurring donors is three times higher than one-time donors from 2017 to 2020 (source: Blackbaud Target Analytics donorCentrics Sustainer Summit), it is clear a sustainer acquisition strategy will pay off. For those emergency donors, you don't have time to waste – new donor conversion strategies that are most effective begin in the 30 days after the first single gift. Conversion efforts should continue throughout their first year.

> **Use automation for quick acknowledgment.** Create a welcome series with personalization to provide timely, individualized follow-up to all donors. Your engagement begins here – make gratitude and impact a centerpiece.

> **Implement multiple touch points.** Start with a conversion ask in your welcome series, but don't stop there! Design a separate recurring donor acquisition campaign for new donors with multiple emails and/or digital ads that show the impact of their continued, regular support.

Focus on Engagement

One-time gifts make up 91% of online revenue, leaving an incredible opportunity to build recurring monthly donors. Engaging donors in your mission starts with a focus on the donor. Instead of talking about *your accomplishments*, report back on the *outcomes of the donor's gift and how the donor helped.*

65% of organizations increased the number of first-time sustaining donors by converting a one-time donor in 2020 using digital channels as the primary source.

‣ Share the impact of donations.
Use technology that allows you to report on the impact of donations for *each campaign* so you can share outcomes with donors before asking for a second gift. Donors feel needed when you are sending campaign-specific follow-ups and are more likely to make another gift.

‣ Set up constituent journeys based on acquisition campaigns.
Segmenting donors based on their acquisition provides the opportunity to say, "you supported us during this crisis, and this is the impact you made."

Use Blackbaud Luminate Online to grow your monthly giving.

‣

- Credit card updater
- Email automation
- Advanced reporting
- Lightboxes and pop-up menus
- Google AdWords integration

Learn more

Growth of Recurring Monthly Giving

05

OVERVIEW

Growth in monthly giving has outpaced one-time giving for the past nine years. The growth-per-month remains fairly consistent. Even a pandemic didn't make a dent. Needless to say, there is little chance this trend will change and data suggests that successful organizations include monthly recurring giving as a key strategic component for donor file health.

Blackbaud data shows that digital channels and direct acquisition of non-donors to sustainers are most effective in growing programs. Before you implement these strategies, make sure your organization is ready. Do you have auto-responders correctly configured to notify donors whose credit cards are about to expire? Or donors whose cards decline? Do you have the ability to automatically update credit cards that have expired? Do you have the ability for donors to use an online system to update their own payment information, contact information, gift frequency and amount, etc.?

1 in 40 online donors is a recurring monthly donor

⬆ 17.9% revenue growth in sustainers year-over-year vs. 15.8% yoy growth in one-time donations

OPPORTUNITIES TO GROW YOUR RECURRING MONTHLY GIVING

Increase Direct Sustainer Acquisition

Acquiring non-donors as recurring monthly givers is a more effective way to accelerate the growth of your monthly giving program than trying to convert one-time donors to monthly donors.

> **Make it the primary ask.**
> In digital ads and email solicitations, lead with an ask for a recurring monthly donation, then fall back on a one-time gift. For digital acquisition, Facebook remains the primary driver for monthly giving among social media platforms.

> **Ask at checkout.**
> Make sure the recurring monthly donor option is the preselected choice on all digital donation forms. Use lightboxes or pop-ups on online forms that ask donors making single gifts to consider a recurring gift during the donation process.

Use Digital Channels to Acquire Sustainers

Digital channels, like email and display ads, were the largest source in 2020 for converting one-time donors to sustainers (source: donorCentrics Sustainer Summit). Telemarketing and direct mail were less effective in 2020.

A solid core of extremely loyal sustaining donors can help nonprofits weather the challenges and embrace the opportunities that an emergency can bring. Take a deep dive into donor retention with this toolkit from the Blackbaud Institute.

‣ **Identify donors that are most likely to become sustainers.**
Use analytics to identify these donors and target asks. When using paid ads, this is far more cost-effective than a blanketing technique, as all single gift donors receive frequent conversion requests.

‣ **Set up integration with Google AdWords.**
When your online donation form is integrated with Google AdWords, you can track transaction-specific conversions to better analyze your marketing efforts and donor acquisition.

Use Direct Marketing Analytics to grow your online presence.

Receive scores for constituents based on:

✓ Likelihood to be a sustainer

✓ Likelihood to be philanthropic

✓ Preferred communication channel

✓ Donor persona

✓ Gift size

Learn more

Contributors

Mike Snusz

Mike Snusz brings 18 years of fundraising experience to his role as a Senior Team Lead on Blackbaud's Professional Services team. He leads a team of digital consultants and works with nonprofits to improve their digital fundraising, monthly giving, email marketing and peer-to-peer fundraising programs. Prior to Blackbaud, Mike managed the turnaround of the Ride For Roswell from 2003 to 2005 in his hometown of Buffalo, NY. When he's not contemplating fundraising, Mike enjoys hide and seek, tag, and dance parties with his two kids.

Deb Ashmore

Deb Ashmore joined Blackbaud in 2014 and has an extensive background in fundraising and philanthropy having worked in the field since 1995. In her current role, Deb uses Target Analytics reports and interactive products to help clients across a variety of non-profit sectors understand their trends and inform strategies for long term file health and growth. Prior to her current position, she was the Vice President of Communications for McPherson Associates, a consulting firm where she led the Public Television Online Fundraising Co-op and served as the Director of Individual Giving for WXPN, public radio from the University of Pennsylvania. She is a popular speaker at professional conferences and has led training groups including teaching a class on fundraising at New York University. She has co-authored several fundraising studies and coordinated group projects aimed at advancing fundraising techniques, particularly with regard to using new media applications. She is a graduate of Temple University with a BA in English.

Rachael Ahrens

As a Principal Strategy Consultant at Blackbaud, Rachael's specialty is deliverability issues. She works with clients on tracking and dramatically improving inbox placement and sender reputation by boosting house file engagement and getting creative with list segmentation. Rachael is currently the lead consultant on the Blackbaud Target Analytics™ Email Optimization service. Rachael worked at several nonprofits prior to joining Blackbaud, including as manager of Online Community and Membership at Conservation International, and she considers herself a nonprofit-for-lifer. Rachael is also an author, aerial performer, and avid volunteer at local community events in Austin, Texas.