

Study Shows First-Time Online Donors Often Do Not Return

By STEPHANIE STROM

People who go online to donate to charity for the first time often do not return to the Internet to make later gifts, according to a new study examining the experience of 24 nonprofit groups.

The findings suggest that while the Internet can be a valuable fund-raising tool for charities, particularly in soliciting gifts after disasters like Hurricane Katrina, it is not a replacement for direct mail or other forms of fund-raising.

“Online giving is higher than offline giving, and the demographics of online givers are more attractive — better educated, higher income,” said Tobias Smith, director of online communications at CARE, which took part in the study and works on issues faced by poor women. “But how you get people to routinely give online is a nut no one has yet cracked.”

The study was done by Target Analytics, a unit of Blackbaud Inc., which provides software and services to nonprofit groups.

Of those who did make additional gifts after an initial online donation in 2006, according to 12 organizations offering data in January, 37 percent never gave another gift via the Internet, while 18 percent

gave electronically in one year and through other channels in another.

Charities have been using the Internet for fund-raising for more than a decade with mixed results.

“People are asking us all the time why we don’t reduce mailing costs and save paper with online fund-raising, but the simple fact is that people come online to give a gift once and don’t repeat,” said Jennifer Tierney, development director at Doctors Without Borders in New York, which took part in the study.

The 24 nonprofit organizations had 9.5 million donors and total revenues of \$747 million.

Charity fund-raisers offered several possible explanations for the study’s findings. Many donors using the Internet to make their first gift to an organization are responding to a disaster like the Asian tsunami or Hurricane Katrina, and those givers may not be interested in supporting a group’s continuing work.

Another issue is that nonprofit groups tend to add donors acquired online to their direct mail lists, which encourages those donors to give in more conventional ways.

“Direct mail may not be a Maserati, but it’s very effective because it is very

highly evolved,” said Lori Held, membership marketing director at Trout Unlimited. “We know how to ask for money using the mail, but most organizations are still trying to figure out how to do that online.”

Nonprofit groups face a number of challenges in trying to reach donors electronically, Ms. Held and others said.

For one thing, they must have a team dedicated to fine-tuning and improving their Web site and another team for e-mail marketing, both of which are added expenses. Nonprofit solicitation materials often get caught in systems that trap spam and other unwanted e-mail. Other systems eliminate the compelling images that are so effective in direct mail.

Still, the demographics of online donors are enticing for charities. The study found that of the donors who made at least one online gift in 2008, roughly a third had incomes greater than \$100,000, while about one-quarter of those giving in other ways fell into that category.

“I think what we’re learning is that we need to be less worried about what channels these donors use and offer them a variety of channels through which they can give,” said Mr. Smith of CARE.