NOT-FOR-PROFIT BANKING

A CHANGED LANDSCAPE FOR GIVING:
The new rules of engagement
The donor landscape for not-for-profit organizations has altered dramatically in recent years as waves of economic, demographic, cultural and technological changes continue to impact donor and volunteer behavior. Keeping pace with these changes requires not-for-profits to adjust to what has become their new reality—a reality that requires new rules of engagement for reaching and retaining donors, and for compelling them to take meaningful civic actions.
Introduction: The New Reality

Recognizing the shift in donor behavior

The tipping point regarding the shift in donor mindsets and behaviors was arguably the financial crisis of 2008-2009. Among the immediate aftereffects were reductions in charitable contribution levels and the number of organizations supported by each donor.

While the multiyear recovery in the economy and the securities and real estate markets has helped return the level of giving by individuals to near prerecession amounts, the rebound has been uneven across the not-for-profit universe, which may be indicative of other trends that are underway.

The financial crisis also ushered in a new culture of accountability. Donors and volunteers, like investors in public companies, have become more attentive to operating and financial details as they attempt to understand and quantify the impact their support has in carrying out the organization’s mission. Current donors are also starting to pay more attention to development plans. Many are concerned whether or not the organizations they support are taking sufficient action to cultivate future levels of sustained commitment among younger donors.

This concern may be well-founded given the most recent trend for the giving landscape—the emergence of the newest generation of potential supporters, Millennials.

The good news for not-for-profits is that these young adults—80 million strong and in line to inherit some $30 trillion in coming decades—tend to be well-educated and fundamentally cause-driven. As a generation, they also appear ready and willing to give their time and money to the causes they support. And studies indicate that Millennials often share the values of older generations when it comes to philanthropy. But, engaging and retaining young supporters could be challenging.

Millennials are also known to show a lack of affinity for the organizations behind the causes they choose to support. And as the first generation reared with their fingers on a keyboard, Millennials’ technology use and communication preferences—preferences that are spreading across generations—are not currently integrated into outreach tactics and donor cultivation activities at many organizations. Engagement and continued involvement will depend on addressing these preferences, not just for Millennials, but across generations as communications technology continues to alter the mindsets and behaviors of the general population.

All of these trends—economic, demographic, cultural and technological—have converged and continue to alter the giving landscape. This creates opportunities for those organizations willing to rethink and update outreach strategies by improving the way social media and other digital solutions are incorporated into their approaches.
In Search of Better Outcomes

J.P. Morgan Not-For-Profit Banking recently convened a panel of experts to discuss what not-for-profits can do to improve the effectiveness of their engagement and fundraising efforts. The panel consisted of:

Jason Kunesh, CEO, and Dan Ratner, executive chairman of Public Good Software, Inc. (itself, a benefit corporation), both of whom previously served as technology leadership for the Obama for America 2012 presidential campaign. Kunesh directed product, while Ratner co-directed engineering.

Sean Johnson, a professor of marketing at Northwestern University’s Kellogg School of Management and a partner at Digital Intent, a Chicago-based business consulting firm that conceives, builds and helps new digital startups grow their businesses. The firm’s clients have included Groupon, Follett and HarperCollins.

This paper presents the panelists’ suggestions for adjusting to the new giving landscape by leveraging highly cost-effective and easily implemented social media and digital solutions to address the new rules for engagement. The goal is to realize better and more sustainable outcomes for not-for-profits of all sizes and missions.

Rule #1: Be Supporter-Centric

The panelists encourage organizations to first work on ensuring their mindset aligns with the mindsets of supporters by looking to the corporate world for best practices and applied research. While corporate resources far exceed those of most not-for-profits, a user-centric mindset and the strategies that support it can be relatively easy to incorporate by any organization, regardless of its size.

A company frequently associated with a user-centric mindset is Apple Inc. Nearly 40 years removed from its start-up days, Apple still thinks like an innovator to maintain and enhance revenues and customer loyalty. Like other user-centric companies, Apple is known to obsessively review every interaction consumers, employees and partners have with the company—at every possible touch point. The goal for Apple, as with other leading companies, is to identify new ways to remove bottlenecks, tweak users’ product experiences and make the process of buying the company’s merchandise compelling.

Incorporating this mindset into communications with supporters could greatly benefit most not-for-profits.

Traditionally, the emphasis at most not-for-profits has been placed on the process of understanding and cultivating potential donors by guiding them through stages of engagement, involvement and financial commitment based on predetermined criteria. It’s as if these organizations are moving potential donors through a funnel, culling and grooming supporters along the way. Each step has its own separate messaging to encourage specific actions. While the funnel is an established marketing approach that has been reinforced by internal processes and organizational charts, it is not always aligned with today’s giving environment.
Optimizing the funnel

The panelists suggest that along with a more supporter-centric mindset, not-for-profits may make better use of the funnel approach by adapting it for the way today's donors choose to interact and communicate with the causes they support—online and through social media.

Not-for-profits are encouraged to do a better job of integrating their brick-and-mortar presence with online activities, to be where potential and current supporters are and not to expect these individuals to come find them.

Most organizations have concentrated their efforts on the acquisition of donors and on generating revenue—at the top and bottom portions of the funnel. The panelists suggest that organizations can do a better job of matching their own needs with those of the individuals they seek to attract by redistributing engagement and retention efforts throughout the funnel. It's an adjustment that recognizes the likelihood that today's supporters, volunteers and donors tend to prefer to follow their own paths within the funnel rather than move as directed by the organization from Point A to Point B.

Specifically, the panelists suggest the real opportunity to establish sustainable relationships can actually be found toward the middle of the funnel. This is where an organization has the best opportunity to foster connections and provide reasons for ongoing involvement through meaningful content, targeted messaging and opportunities to interact. These are also the activities that can be well-served by a strong online presence.

THE NEW REALITY OF DONOR ENGAGEMENT

In contrast to traditional thoughts regarding how individuals progress through levels of involvement, today's supporters first become involved at different—and multiple—entry points throughout the funnel:

- 40% Donating money
- 40% Talking to others about the cause
- 37% Learning about a cause and its impact
- 30% Donating clothing or other items
- 27% Signing a petition
- 19% Volunteering
- 18% Social media networking

Source: Dynamics of Cause Engagement, Center for Social Impact Communications, Georgetown University, released Nov. 22, 2011.
Rule #2: Treat the Website as the Public Face of the Organization

Websites can accomplish far more for organizations than just serving as secondary gateways into the funnel, which has traditionally been a website’s most common use. This requires a website’s design to accommodate a user’s needs and expectations, rather than be a reflection of a not-for-profit’s organizational chart. Younger users in particular expect interfaces that respect their time—an attitude spreading across generations.

In practice, a website should function more like a development office that is always open and that can accommodate visitors regardless of when they are ready to interact. When a website is well-integrated with an organization’s partners, supporters, social media platforms and advocacy efforts, it enables the organization to be where its users are, when those users are ready to engage.

Another best use for a not-for-profit’s website is providing the emotional hook that makes a visitor feel they have arrived in the right place and are connected to a group that thinks about and cares about the same things in which the visitor is interested. This is becoming more of a factor in fostering continued support, especially from Millennials.

The panel recommends adjusting Web copy to provide that empathetic hook and inspire visitors to immediately want to get involved. Millennials are especially drawn to uplifting stories about the difference their involvement can make and are less likely to be swayed by accounts of historical origins or a proud history.

Enthusiasm is contagious

Even though the experience is virtual, an online presence still conveys a personality, which is why a website’s goal should be to engage through demonstrations of enthusiasm about the organization’s mission and the positive impact its supporters make. Research has actually found that people treat media and computers as though they are real entities with personalities. This is why an online presence needs to be designed to be more than an electronic brochure.

Dollars and/or time = impact

Another tactic for clearly communicating and engaging quickly, according to the panelists, is to create an instant and quantifiable understanding between taking immediate action and the impact it will have. For example, a recent campaign for UNICEF’s Tap Project offered a simple cause-and-effect statement upfront:

“Just $5 can provide 200 days of clean water.”

Being able to build that concise connection between an affordable, immediate action and its expected impact makes the action more meaningful, doable and, ultimately, sharable through a social media platform. And if action is taken, it creates a connection that may be nurtured into the future and lead to potentially larger acts of involvement and donations.

Rethinking a website and its content may sound like a new initiative involving campaigns and fundraising, but the panelists urge organizations to think smaller. They suggest thinking of the site as a collection of microsites in order to make it easier to manage, update and adjust a little bit at a time.

Remember to collect the data

Regardless of what is ultimately revamped, the one thing a website should strive to accomplish by the end of each visit is the collection of at least an email address. Email addresses are very valuable—even more valuable than social media connections—when fundraising. Creating a database of addresses helps organizations cultivate and expand their own social media footprint—a footprint that is becoming more essential to building a strong and growing base of young supporters.

WHAT NOT-FOR-PROFITS NEED TO KNOW ABOUT MILLENNIALS:

• Prefer to connect via technology
• Interact in immediate and impulsive ways
• Actions are peer-influenced and peer-facilitated
• Are willing to volunteer
• Give to have an impact

Rule #3: Remember, 
User Experience Is the Key

Contact with an organization, whether online, by phone or in person, needs to be easy and should create opportunities for impulsivity—for taking unplanned actions like registering, signing up to volunteer, following through on social media and, of course, donating. An opportunity to participate in some way should be on every page and should be part of every contact.

Companies like Amazon.com and Zappos.com, for example, consistently adjust to improve user experience and bottom-line results. These companies know their customers, from what they previously bought to what each might want to purchase next. Both companies are masters at creating a functionality that is conducive to a user’s positive experience and at catching that user in the moment. This familiarity, which is gained by continuously collecting and mining customer data, is what enables the companies to convert a surfing interest into a transaction.

Another thing organizations may want to keep in mind is that because users no longer flow through the funnel in a linear fashion, their experience with the organization should be uniform throughout the funnel, even when that experience is virtual. An online presence still conveys a personality, which is why the goal should be to engage through demonstrations of enthusiasm about the organization’s mission, the impact its supporters make and attentiveness to the relationship.

Organizations are urged to experiment with what they ask visitors to do. For instance, the 2013 Millennial Impact Report found that many Millennials prefer automated giving to one-time contributions. Organizations, regardless of size, might want to test this by adding a giving level of $10 a month to their options. Engaging today’s small, consistent donors can lead to substantial lifetime giving.

QUICK STUDY I: MAKE INTERACTION EASY

A popular cultural institution grew alarmed as membership renewals dropped. The problem: Members could only renew by mail. From bad addresses and finding postage for envelopes to security concerns over sending personal financial information through the postal service, more and more members were taking a pass on renewal. The solution: The institution began offering an online renewal option and reversed the decline.

For instance, responses to inquiries should occur within 24 hours, if not sooner, regardless of the type of supporter that is inquiring. Any longer sends a message of indifference toward the supporter’s involvement.

The panelists also suggest retaining supporter interest and involvement by providing a next step after each action that is taken. For example, after volunteering, perhaps an organization may want to suggest that the supporter post three positive things that he or she received from the experience on a social media platform. Or, after a donation, perhaps the contributor should be asked to “like” or “tweet” about how helping made them feel on social media. This not only helps sustain and deepen relationships, but also allows the supporter to lend the organization access to their personal spheres of influence.
Rule #4: Get the Message Right by Using What You Know

In today’s environment, the familiarity that comes from data mining is very effective in fine-tuning communications to connect with and appeal to a broader donor base.

A wealth of understanding can be gained by adding a simple follow-up question to every act of registration, volunteering or donating to gain greater insight into supporters’ motivations and also into what connects them to each other. That question is: Why are you here? The answer can lead to a more precise articulation of why others will want to join in to support the cause.

Another no- or low-cost way of fine-tuning communications to better understand what resonates with supporters or potential supporters is to experiment with testing—sending out two different versions of a message. Using testing is a simple way of getting better at delivering messages by determining what results in more click-throughs or which subject line leads to better open rates—even which version of a letter solicits higher donations. The technology and software needed to analyze donor data and determine what connects donors and drives the actions they take are readily available and affordable, according to the panelists.

Rule #5: Use Social Media for More Than Collecting Facebook “Likes”

There is a tendency to dismiss social media as a shallow means of communicating. But even if it is just a “like” or a “share,” the action involves a conscious decision to support and put one’s personal reputation on the line. Social media can establish and maintain real-time conversations between supporters and organizations.

These conversations can move supporters into the funnel and retain them—regardless of where they’ve entered—by catching potential or already-converted supporters in the moment. This is the best use of pages created and maintained on Facebook, LinkedIn, Twitter, Pinterest, Instagram and other social media sites.

Social media also allows organizations to be proactive. As mentioned earlier, one of the casualties of the 2008–2009 financial crisis was public trust in institutions—both for-profit and not-for-profit.

From Internet security concerns to anxiety pertaining to an organization’s highly prolific donor’s publicly aired troubles, being proactive is the best practice for keeping supporters within the funnel.

Being proactive can also create an opportunity for educating donors about safer ways of contributing to organizations. Some individuals may still view online interaction with suspicion, not realizing that paper forms and checks or credit card information sent through the mail or provided verbally over the phone can open them up to a greater risk of personal identification theft than does a direct electronic transfer of funds. It’s the reason banks, and the government, have urged the use of electronic fund transfers for years.

Quick Study II: Make it Personal

In the 2012 presidential election campaign, a simple question was added to the website. It asked visitors what drew them to the website in the first place or, if they donated or volunteered, what led to the action being taken. Those responses were mined to identify common connections among supporters. This led to a call-to-action that resonated with existing supporters and rallied new supporters, dramatically increasing financial support: “Help us finish what we started.” This type of approach has implications not just for political campaigns, but also for capital campaigns.
Conclusion: Think Evolution, Not Revolution

Regardless of the economic, demographic, cultural and technological changes that have impacted giving levels over recent years, what has not changed is the willingness of individuals of all generations and economic backgrounds to make a positive impact. But, ensuring that today’s not-for-profits remain connected to that willingness and passion to preserve and advance the social good requires modernizing traditional approaches.

Regardless of generational affiliation, new rules of engaging supporters and converting them into volunteers and donors require leveraging rapidly evolving communications technology and other digital solutions.

Social media, in particular, is a tactic that is often dismissed by many organizations. But, online communication through social media is increasingly being adopted by members of not-for-profits’ current and potential donor bases. It is the way these individuals increasingly choose to connect with their families, friends and even the corporations with which they transact.

The need to develop, cultivate and evolve an online persona is not a passing fad but a real necessity if an organization is to remain connected in order to grow and sustain its support base.

For more insights into the evolving landscape of not-for-profit giving and strategies for adapting to it, contact your local J.P. Morgan Not-For-Profit Banking representative or visit jpmorgan.com/cb/notforprofit.

NEXT STEPS

Incorporating social media into the organizational mindset and adjusting how it and a multi-faceted online presence are maintained do not necessarily require massive initiatives. While technological and software solutions can enhance the effectiveness of that presence, incremental change can work just as effectively, according to the panelists.

The process of this change consists of zeroing in on what works by eliminating what doesn’t via a “culture of testing.” In an environment characterized by a rapid pace of change, it is a more flexible approach that accommodates ongoing evolution, and helps keep organizations more closely aligned to the evolving mindset of the supporters, volunteers and donors upon whom they rely.

When thinking about the funnel and what elements to test—whether it is a test of an e-blast or a three-question follow-up to be sent to volunteers to better understand their motivation—an organization should still be able to answer the following questions before proceeding:

• What is the goal?
• Where is the value?
• Who will the change impact?
• Why would this boost donations?
• How can it be implemented in a cost-effective manner?

Armed with these answers, elements can be prioritized, more effective tests can be developed and the metrics for evaluating results can be determined.

4 The Millennial Impact Report is published annually by Achieve Guidance in conjunction with The Case Foundation and is available at www.themillennialimpact.com.
5 See above.
7 The Millennial Impact Report is published annually by Achieve Guidance in conjunction with The Case Foundation and is available at www.themillennialimpact.com.