The Nonprofit Sector Today

CATCHING UP WITH TRANSFORMING DONOR EXPECTATIONS

Introduction

Developments in technology have already transformed nearly every aspect of daily life. That certainly includes the ways in which nonprofit organizations interact with existing and potential donors.

Today's donor is empowered to research, select and support the organizations they choose quickly and easily, from any device. Throughout the process, organizations must keep them engaged and active, without overwhelming them with communications.

A new level of public awareness of and engagement with giving has enabled nonprofits to scale rapidly. The rise of social media has brought with it potentially beneficial viral opportunities, such as the Ice Bucket Challenge, as well as seasonal events, like Giving Tuesday. To make the most of this potential and keep pace with quickly evolving expectations, nonprofit marketers are seeking to offer the digital experiences donors want, on the platforms they prefer.

It's a huge demand. And the ability to offer what today's donors expect will be key to success.

NONPROFIT SECTOR TRENDS

Advances in technology and changes in expectations have upsides for nonprofit organizations going forward. But along the way, those developments will also surface plenty of hefty challenges.

Reorganization in the financial sector is impacting donor activity.

Transformations in the way investment firms serve their clients, including the rise of donor-advised funds, "impact investing" and other socially conscious vehicles, have given donors new ways to allocate their money in accordance with their values. At the same time, online giving portals such as JustGive and Network for Good provide alternative funding vehicles that operate between the donor and the organization, potentially eroding the one-on-one relationship that can be so vital to long-term support.

Organizations are compelled to be less reliant on government grants.

According to a 2018 study from M+R Benchmarks, online revenue for nonprofits grew a mere 1% in 2018, after registering 23% growth just one year earlier. This downturn follows many years of steadily increasing online revenue. To add to the difficulty, the nonprofit sector is also finding that support in the form of government grants is continuously shrinking. A survey by The NonProfit Times titled "The Dynamics and Challenges of Growth" found that between 2017 and 2018, the share of nonprofit organizations that relies on government grants declined from 30% to 24%.

Grants that are available can be limiting and commonly contain restrictions on how the funding may be spent. Specifications can include the percentage that must be spent directly on program expenses, as well as a cap on staff compensation. Allowances for spending on infrastructure, innovation and program development are often scant or non-existent.

30%

24%

Retention among first-time donors decreased by **13%↓** in 2018.

BUT

The share of nonprofit organizations that relies on government grants declined.

2017   2018
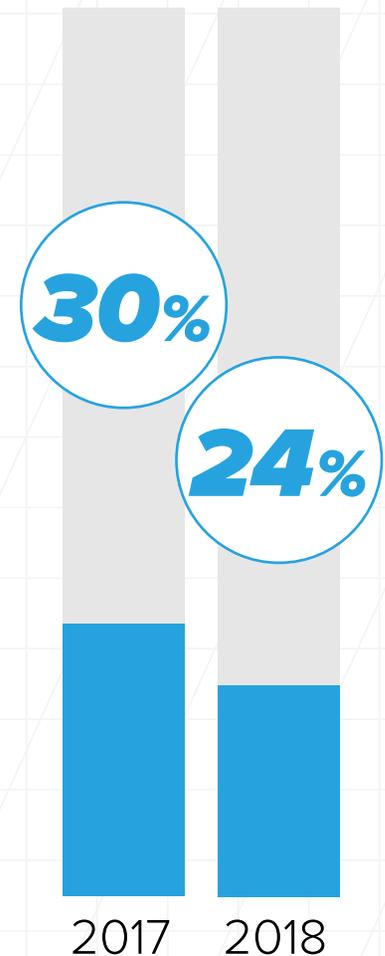
TREND 3

As organizations grow, funders expect increased transparency.

Nonprofits generally anticipate positive growth. According to The NonProfit Times survey referenced previously, approximately four of five organizations (79%) expect to grow very much (16%) or somewhat (63%) in the next 12 to 18 months. However, that growth will likely be accompanied by increased demands and raised expectations. The larger an organization becomes, the greater the need for transparency in spending and other areas. The NonProfit Times report also found that 61% of organizations surveyed feel they have to become more transparent with funders; 44% believe they must change the way they report to funders; and 28% feel they have to report to funders more frequently.

TREND 4

### Technology is evolving and cloud platforms are proliferating.

Sustaining a successful nonprofit organization today requires an integrated system that supports complex analysis. According to an analysis from GuideStar Publications titled "21st Century Tools for 21st Century Community Foundations," implementing the technology to support this approach requires selecting systems that are:

- Platform-based: Investing in platforms can enable an organization to accommodate many business processes in one shared infrastructure.

- Easily integrated, with powerful APIs: Application programming interfaces (APIs) provide a bridge that can connect systems. If an app or product does not have an accessible API, it's unlikely to be a smooth integration.

- Built in the cloud: Most modern cloud systems are designed to have easily accessible APIs.

- Widely used in the nonprofit sector: If the technology is common in the nonprofit sector, it's more likely that connections have already been built between it and other tools used commonly in the social sector.
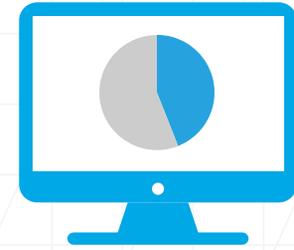
Desktop traffic
to nonprofit sites
44%
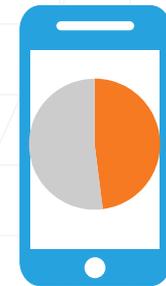
Mobile traffic
to nonprofit sites
48%

But mobile sites take
.31 seconds longer to load.

CHALLENGES FACING THE NONPROFIT SECTOR

While advances in technology and changes in consumer behavior undoubtedly present significant opportunities to nonprofit organizations, those opportunities aren't without their unique challenges.

Balancing donor-driven spending with ROI and mission impact

While successful organizations clearly understand the importance of investing in donor outreach, determining the spending levels that will generate needed funding and lead to desired outcomes can be complex. Generating and maintaining that insight requires detailed analysis of every financial outlay. Developing a clear understanding of which expenditures are most worthwhile and which may be less effective is essential to making the most of every dollar. In a time of nearly endless avenues for marketing spending, reliable data has never been more essential.

Managing differing legacy systems and databases

Out-of-date technology, often rapidly implemented without thought to future integration, leads to disrupted online experiences, difficulties in incorporating advancements and other complications. Larger, more established organizations can quickly lose ground to newer, more agile entrants free from legacy technology.

At the same time, many organizations find themselves managing multiple databases, often initiated at different times, by different departments or divisions and on different platforms. The resulting collection of siloed, disconnected information can make it extremely difficult to construct a consistently accurate and comprehensive view of each donor's giving activity, communication history, activity involvement, and other vital data points.

Nonprofits must make giving easy and compelling for donors, regardless of the device or platform. According to the M+R Benchmarks study, the average homepage on a nonprofit website takes .31 seconds longer to load on a mobile device than on a desktop —long enough for a potential donor to become distracted and possibly abandon their efforts.

Collecting and utilizing data to support decision-making

Using all data resources available to an organization, including insights into online behaviors—what makes a visitor "click"—can help create a truly comprehensive portrait of donors. That portrait can, in turn, inform the development of a personalized online experience that suits unique user preferences and interests, potentially leading to a mutually satisfying long-term relationship.

Additionally, traditional data collection methods such as surveys, focus groups and market research can provide invaluable insights on why donors gave, why they stopped, how and when they'd like to communicate with an organization, and more, all in the donors' own words. This information can and should be used to help organizations prioritize their communication efforts.

"Together, digital communications inspire 74% of donors to give. Organizations must invest in technology to stay relevant."

2018 Global NGO Technology Report

TO GROW AND THRIVE, NONPROFIT MARKETERS MUST PRIORITIZE:

1 Reaching new donors, retaining existing donors and increasing operational efficiency.

The quality of an organization's digital experience is directly related to its donor retention capabilities. A study conducted by Bloomerang and cited in The NonProfit Times found that 46% of lapsed donors ceased giving because the organization didn't offer them a meaningful experience. Today, donors expect to feel recognized and valued. They also expect the same types of personalized digital experiences they receive from for-profit brands every day.

Creating immersive, customized digital experiences based on a deep understanding of a donor's preferences and behaviors can be key to triggering engagement and cementing beneficial relationships.

Meeting donors where they spend their time is key, as well. In this case, that increasingly means mobile. The M+R Benchmarks study found that, in 2018, users on mobile devices accounted for 48% of all traffic to nonprofit websites, compared to just 44% for desktop. This marks a tipping point. Mobile traffic continues to grow relative to desktop traffic and looks unlikely to revert back.

2 Communicating the connections among financials, fundraising and mission impact.

Today's donors, along with board members and the community an organization serves, all place a heightened importance on ensuring fundraising efforts and expenses are having a proportional impact on a positive outcome. Implementing a CRM system that connects the organization directly to donors, improves operational efficiencies and increases staff productivity can ease consistent communication of spending impact, and positively and effectively amplify mission impact.

TO GROW AND THRIVE, NONPROFIT IT TEAMS MUST PRIORITIZE:

1 Utilizing the right tools and infrastructure.

With the proper resources in place, organizations can increase efficiency and uptime, while also supporting scalability needs. At many nonprofits, the IT team is understaffed or otherwise unprepared to simultaneously support day-to-day operations, shifting business priorities and new initiatives. That lack of bandwidth can lead to compatibility issues, security risks, delays and other negative impacts. A cloud platform approach can help eliminate these issues and enable IT teams to automate common processes, create connected workflows and focus on core competencies.

2 Bringing innovation to the organization.

Keeping pace with innovations in technology while working within budget constraints is a major nonprofit IT challenge. But failing to do so can handicap the organization in fundraising and other areas. The move to messaging apps is a clear example of the need to transform. According to the 2018 Global NGO Technology Report, which studied 5,342 NGOs in 164 countries on six continents, messaging apps and messaging payments are the next frontiers in mobile communications and fundraising. As of now, 18% of NGOs use messaging apps to communicate with donors and supporters.

The importance of capitalizing on technological innovation extends beyond fundraising. The report also found that today, 45% of NGOs use a CRM software to track donations and manage communications with donors and supporters. Of those, 64% use a cloud-based CRM software. And, 41% of NGOs use encryption technology to protect their data and communications.

FINDING THE WAY: HOW ACQUIA CAN HELP

Savvy nonprofit organizations aren't asking whether or not they need to transform their donor experience. They're figuring out what level of investment they need to put into digital marketing platforms, personalization tools and better methods of engaging with existing and potential donors.

Moving ahead, nonprofit marketers must offer a more intuitive, personalized digital experience, while gaining better control of their brand's digital assets and effectively using analytics and insight to drive the most efficient journey for donors. Digging for data and insights to understand the true effectiveness of each effort is key. Knowing what's working, what's not and where the gaps lie are all vitally important.

Acquia is the pioneering partner that can help build those experiences and relationships—on an organization's own terms.

"Nearly three-quarters (73 percent) of philanthropic giving comes from individuals and donor pyramids continue to grow steeper to the point that, today, as much as 95 percent of dollars into organizations via individual giving are given by 5 percent of supporters. Even if you aren't a math expert, it's clear that keeping supporters engaged is as important as ever."

The NonProfit Times, September 19, 2017

Our web content management and customer journey orchestration have empowered leading brands to create the world's greatest digital experiences.

We help organizations establish the more intuitive, personalized digital experiences today's donors expect—all using open-source technology with the required security.

We help nonprofits gain control of their digital assets, deliver the right content at the right time and tap into the data and insights they need to understand what works, what doesn't and why.

With Acquia, organizations can meet prospective and current donors with what they need at every step of the journey.

For more information about how we're transforming the digital experience in the nonprofit sector, visit https://www.acquia.com/solutions/nonprofits

CONTACT ACQUIA

To learn about how Acquia can help you deliver a donor-first experience, please contact us at sales@acquia.com.

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