

The Small Nonprofit Fundraising Benchmark Report

A new fundraising benchmark based on data from 2700+ small nonprofits

Network  for Good
Simple. Smart. Fundraising Software.

 **NextAfter Institute**
FOR ONLINE FUNDRAISING



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A Note From the Authors

Most nonprofit benchmark reports focus on large organizations. If they do give credence to small nonprofits, the results are typically rolled up into one report without actionable takeaways for an organization like yours.

This report is different.

We intentionally set out to develop a benchmark report that is directly relevant to you – a fundraiser or someone working in a fundraising role at a small nonprofit trying to find tangible ways to grow.

In this benchmark report, you'll discover key findings based on a survey of 1222 nonprofit employees and an analysis of donation data from 2832 organizations using Network for Good's fundraising software.

All the metrics and key takeaways are focused on how small nonprofits responded, with some comparison to large organizations for context.

What we hope you'll see overall is this:

Small nonprofits have a lot of opportunity for growth, even with limited resources.



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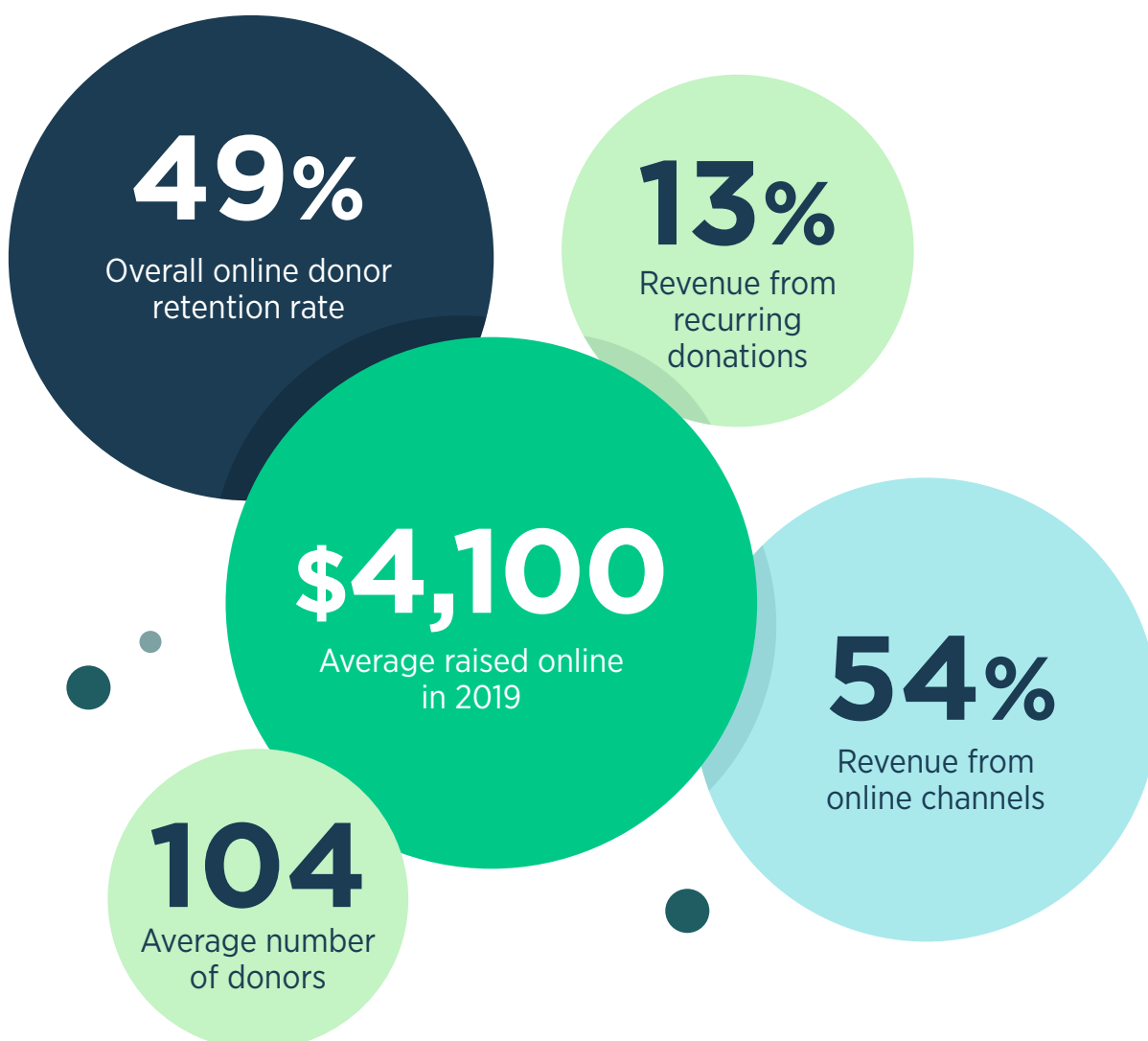
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Major Findings and Key Takeaways

Overall, we looked at 4 key metrics to create a baseline and benchmark for small nonprofits — defined as those with revenues less than \$1M — that you can use for comparing your fundraising performance.

Diving deeper into the data, we uncovered 5 major findings and developed ideas to help you improve in each area.

Small Nonprofit Fundraising Benchmarks



Major Findings and Key Takeaways

1. Small nonprofits don't generate a lot of traffic to their websites.

- Post on Facebook and send emails more frequently to increase earned traffic.
- Apply for the Google Ad Grant to get \$10k per month in free search advertising to boost traffic.

2. Small nonprofits send fewer emails to fewer people.

- Collect emails (with consent) as much as possible via your website, at events, through the mail, etc.
- Send emails more frequently. Break up long email newsletters into weekly emails featuring a blog, article, story, or video.

3. A multi-channel strategy is almost non-existent among small nonprofits.

- Send emails to your direct mail donors and other “offline” donors.
- Send direct mail communications to your online donors – even if it's just as a cultivation method.
- Try new channels: video and text messaging are easy-to-access tools that can help you connect with donors on a personal level.

4. Recurring giving is valuable for small nonprofits but is underutilized.

- Try defaulting your online giving page to a recurring donation.
- Talk about recurring giving more often, ask for them more frequently, and explain why a recurring donation is more impactful.

5. Small nonprofits are less prepared to thank donors and even less prepared to win back lapsed donors.

- Set up a welcome series for new donors to say thank you and engage them right away.
- Create volunteer positions whose job it is to thank new donors and connect with lapsed donors.

Research Summary

In this section, you'll see exactly how this small nonprofit benchmark was conducted, what kinds of organizations are represented, and how small nonprofits are feeling about their overall fundraising efforts.

How we conducted the benchmark report

This benchmark report was conducted in two phases: **survey research** and **donation analysis**.

In the first phase of this research, **we surveyed nonprofits** to get an understanding of what fundraising strategies and tactics are being used and how small nonprofits feel about their fundraising efforts.

In phase two, we analyzed anonymous online donation data from thousands of nonprofits including Network for Good fundraising software customers to see real transactional and performance data.

Here is a quick snapshot of what was included in the data for this benchmark report:



Survey Research

- 1222 people surveyed; 926 from small nonprofits.
- Survey was taken February – March 2020.
- “Small” was defined as less than \$1M in annual revenue.

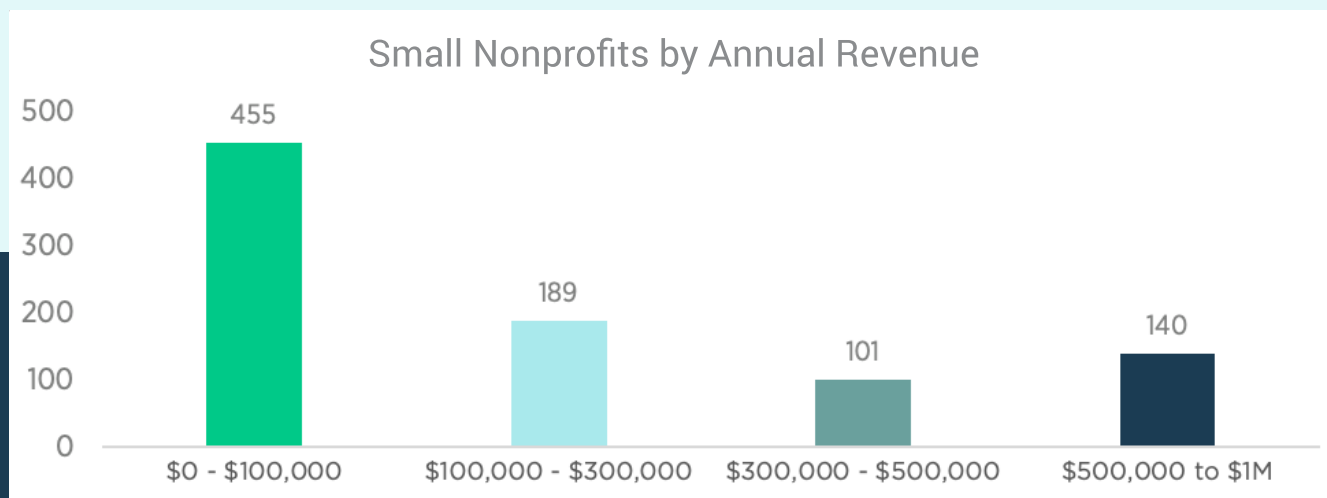


Donation Analysis

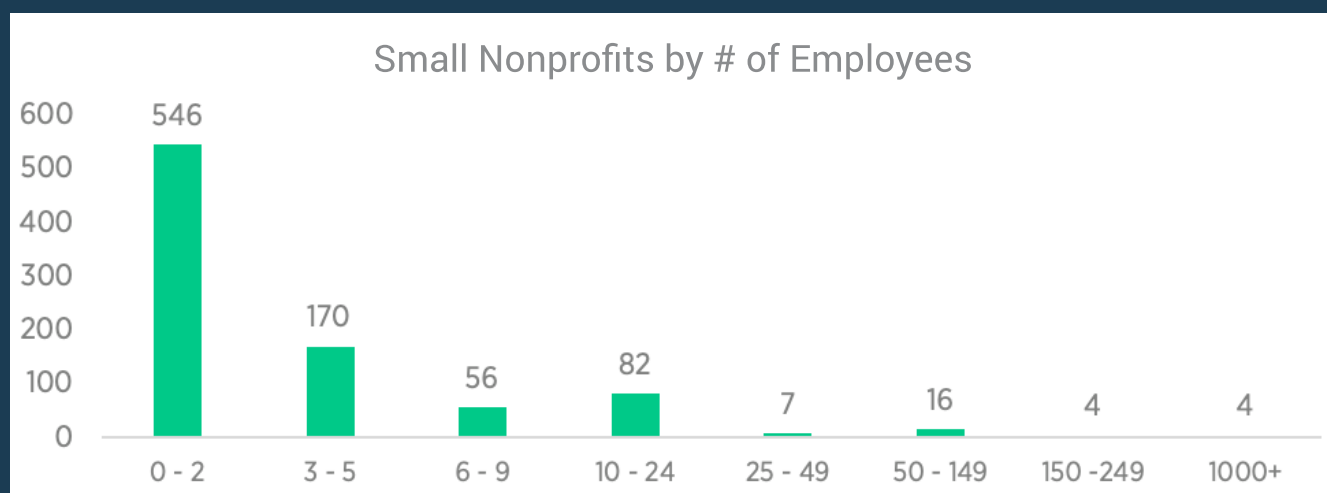
- 2832 Network for Good fundraising software customers analyzed. 1865 were small nonprofits.
- Data spans January 2017 – December 2019.
- “Small” was defined as having \$100k-\$500k in annual revenue according to IRS 990 filing data.

What organizations are included in the research

The survey research included 1222 people, with 926 of them coming from a small nonprofit. Even within the “small” category, there is a variety of sizes of organizations in terms of revenue and employees.

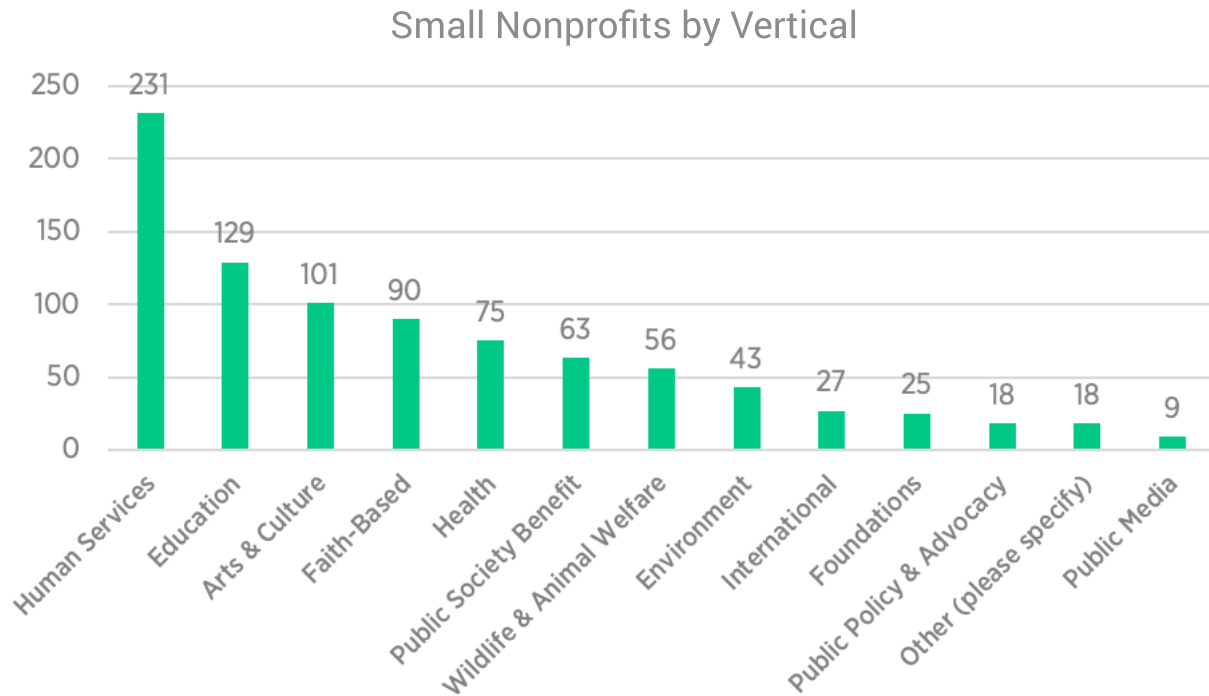


66% of survey respondents said they have an operating budget of less than \$300k.



62% of survey respondents said they have 2 or fewer full-time staff at their organization.

What organizations are included in the research



There is a strong variety of verticals in the dataset, although not represented equally.

What job roles are included in the research

Looking at the individual survey respondents, there is strong diversity in terms of individual job roles and the employees' tenure at their respective organization.

48%

Nearly half (48%) of survey respondents were executives.

64%

64% of respondents had been in their role for fewer than 5 years.

How small nonprofits feel about their fundraising

Before diving into comparing and contrasting what tactics and strategies organizations are using, or analyzing performance metrics between small and large organizations, we wanted to take the pulse of small nonprofits and see what they think of their fundraising performance.

Unfortunately, their outlook is fairly bleak. Small nonprofits don't feel they're being successful in their fundraising.

Small nonprofits don't feel like they're successful in their fundraising.



61% of small nonprofits considered their digital fundraising successful (compared to 37% of "large" nonprofits).



67% of small nonprofits did not consider their direct mail successful (compared to 36% of "large" nonprofits).



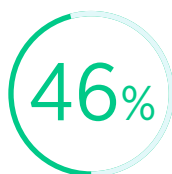
Twice as many "large" nonprofits considered their year-end campaigns successful.



51% of small nonprofits didn't even participate in Giving Tuesday during 2019.

Across the board, small nonprofits don't feel like their fundraising is successful. In contrast, **large nonprofits indicated feelings of success 80% more often.**

Small nonprofits don't just feel less successful, but they also feel less equipped with the expertise needed to be successful.



46% of small nonprofits claimed to have at least intermediate expertise (compared to 72% of large nonprofits).



27% of small nonprofits had zero budget for professional development (compared to 6% of large nonprofits).

Unfortunately, the feeling of success and level of expertise doesn't appear likely to change due to professional development constraints.

Benchmarking Key Fundraising Channels

In this section, we will explore a combination of both self-reported metrics and transactional donation data. These will set a benchmark to which you can compare your organization's fundraising efforts.

Web Traffic & Online Revenue

There are 3 key metrics that directly influence an organization's ability to grow revenue online:



Web traffic



Donation
conversion rate



Average gift size

Any adjustment to one of these key metrics will impact your revenue. We also explored how small nonprofits perform on average in these 3 key areas.

The average small nonprofit raised **\$4,100 online** in 2019.

Fast Facts on Web Traffic

2010

Website visits
per year

1.8%

Donation
conversion rate

37

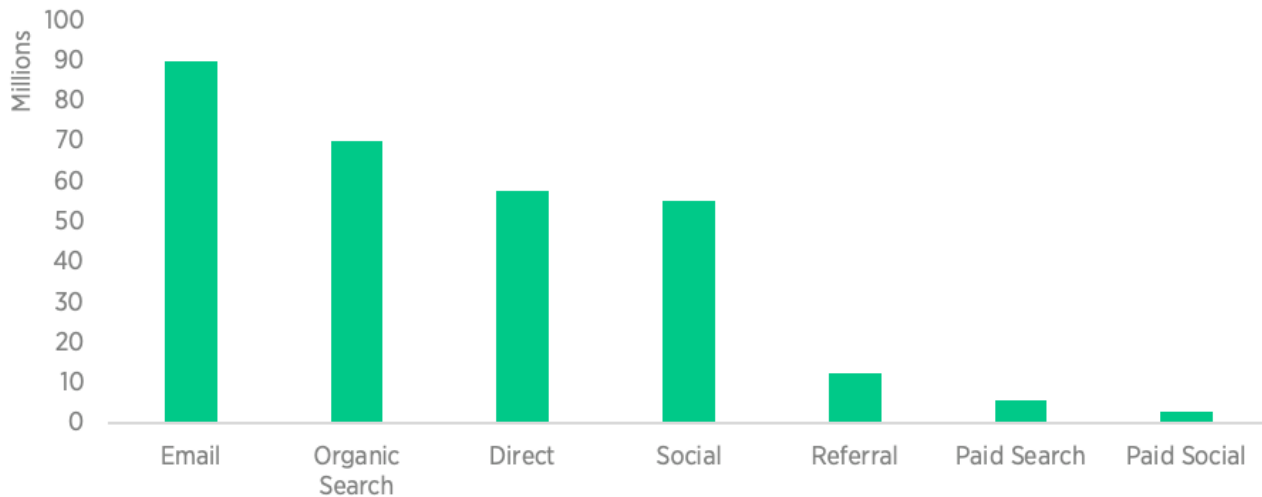
Online donations
per year

\$110

Average gift size

While there are lots of strategies to optimize conversion rates and average gift, it's difficult to significantly impact revenue if you don't have enough web traffic.

Total Web Traffic by Channel



We weren't able to capture channel specific data for small nonprofits, but when we looked at detailed Google Analytic data from larger nonprofits we found that email drove more web traffic to nonprofits (regardless of size) in 2019 than any other channel.

There are many channels that can be utilized to increase traffic to your website. But there are two main methods: you can **buy your traffic**, or you can **earn your traffic**.

Ways to Buy Traffic

- Paid search advertising
- Paid media advertising
- Paid social advertising
- Email list rentals

Ways to Earn Traffic

- Organic search engine optimization (SEO)
- Media and PR
- Email marketing
- Organic social media

How small nonprofits buy more web traffic (without breaking the bank)

The average small nonprofit spends **\$1,000 on advertising per year**. Given that most small nonprofits in this report have less than \$100k in annual revenue, buying a lot of traffic isn't typically an option.

However, the Google Ad Grant program offers qualifying nonprofit organizations **\$10k per month in free search advertising** - which makes buying traffic a bit more feasible.

Interestingly enough, only 10% of small nonprofits are utilizing the Google Ad Grant program.

Only 10% of small nonprofits are using Google Ad Grants.

See if you're eligible and enroll in the Google Ad Grant program at www.google.com/grants/

How small nonprofits earn more web traffic (via email marketing)

Email is the biggest driver of nonprofit web traffic overall, yet it's often underutilized by small nonprofits. The reason that email is underutilized is two-fold.

On the one hand, small nonprofits **have smaller email lists** due to their size. On the other hand, small nonprofits **send emails less frequently** than large nonprofits.



60% of small nonprofits have an email list of fewer than 1000 contacts.



82% of small nonprofits send fewer than one email per month.

Regardless of the size of your email list, sending one email or fewer per month is not likely to drive significant web traffic - let alone online donations.

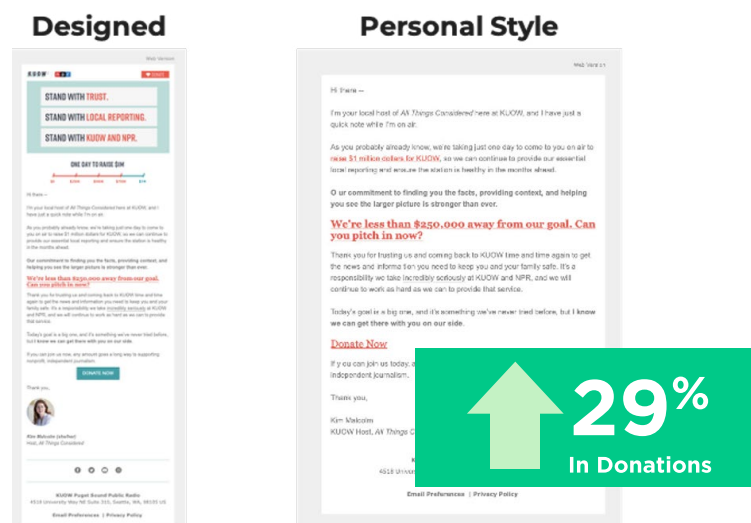
One idea to increase web traffic and conversion

One tested and proven way to increase quality web traffic – traffic likely to convert into a donation – from your emails is to **make your emails feel more personal**.

Making an email personal involves:

- Sending your emails from a person, not the name of your organization.
- Designing your email like a plain-text email
- Using a personal tone
- Calling your recipients by their name

In fact, in one experiment, reducing the design elements and formatting the email to look more personal led to a **28% increase in donations**.



Key Takeaway

As you try to increase and improve your web traffic, **test a more personal approach** to your email marketing and fundraising.

Multi-Channel Fundraising

The various channels that a donor engages with can have a significant impact on their value to you.

In fact, in the chart on the right, you can see that simply communicating with an offline donor via email can increase their value – even if they never donate online.

If you can get someone to donate both online and offline, they can be of tremendous value.



How are small nonprofits utilizing multi-channel fundraising?

In short, most small nonprofits aren't thinking about multi-channel fundraising at all. 55% of small organizations said they had no multi-channel strategy compared to just 22% of large nonprofits.

One idea to improve multi-channel fundraising

Creating a multi-channel fundraising strategy is far easier said than done. But there are some tactics that you can start implementing that are proven to lead to an increase in donations and revenue.

In one experiment, an organization **sent a personalized Thanksgiving post card** out to 50% of their active donors. It was a direct-mail cultivation piece that led people online to watch a short video wishing them a happy Thanksgiving.

At the end of the year-end season, the donors who received a direct mail post card were **206% more likely to donate** than those that did not receive a card.



Key Takeaway

Direct mail can be used for more than just fundraising appeals. **Try using direct mail as a cultivation piece** for both **online and offline donors** to prime them for a future donation ask.

Additional multi-channel ideas:

- Use video to send program updates and personal thank-yous to supporters throughout the year.
- Send text messages when an organizational milestone is achieved, as a save-the-date for an event, or when matching gift has just been announced.
- Share stories and program highlights on social media with a link back to your donation page.

In a study by Network for Good on the impact of multi-channel communications during year-end fundraising, we found that nonprofits that used two or more different types of communications (e-mail, direct mail, or text) to send year-end appeals retained more donors, raised more overall, and raised more per donation than those using only a single channel.

	Year-End Fundraising Total	Median Year-End Total
Single Channel	\$32,116.67	\$272.80
Multi-Channel	\$64,746.25	\$301.60

Median increase in donor retention when a nonprofit started using 2+ channels.

11.89%

Direct Mail

As we've just seen, multi-channel fundraising can have a major impact on the value of a donor to your organization. And direct mail fundraising is a critical part of a multi-channel strategy.

Despite direct mail fundraising being the more "traditional" fundraising approach, it appears that small nonprofits have a lot of opportunity for growth.

Small nonprofits tend to have smaller direct mail list sizes. But they also send very infrequently. 89% of small nonprofits send direct mail fewer than twice per year (or don't know how often they send).

79%

of small nonprofits have direct mail lists with fewer than 1000 contacts.

89% of small nonprofits send direct mail fewer than twice per year (or don't know how often they send).

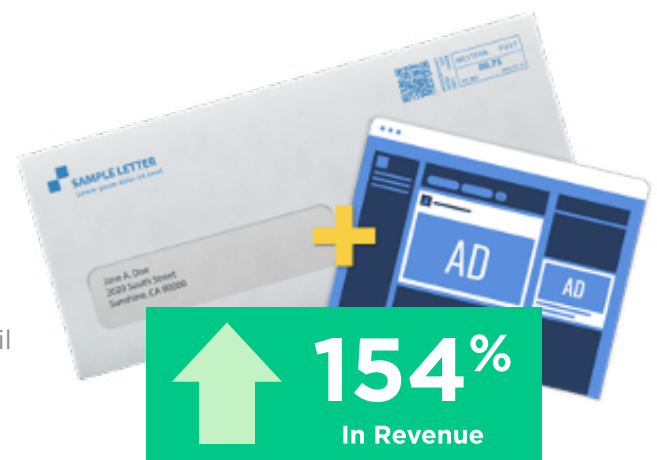
One idea to amplify direct mail fundraising results

Whether you're already actively using direct mail fundraising or you're just figuring out how to start sending more, there are some proven strategies that you can use to enhance and amplify your direct mail results.

One strategy is to use online advertising in tandem with your direct mail campaigns.

In one experiment, an organization had a consistent and robust direct mail program already. And they wondered if **running digital advertising in conjunction with the direct mail appeal** would impact donations.

By running branded Facebook ads targeting their direct mail recipients, they saw a **154% increase in direct mail revenue.**



Key Takeaway

Your **fundraising success is dependent on how all of your communication channels work together.** Try using your online marketing channels to bolster your direct mail fundraising.

Recurring Giving & Retention

One channel that is rapidly growing across all nonprofits is recurring giving.

The Network for Good donation analysis showed that **13% of all revenue came from recurring giving in 2019**. As you see in the chart on the right, recurring donors can be very valuable.

However, small nonprofit survey respondents reported that recurring donations:

- Accounted for just 4% of revenue
- Had only a 50% retention rate

When we looked at real donation data, however, we discovered that small nonprofits were way off in their estimation of their recurring donor retention rates. Recurring donors retain at significantly higher rates than 50%, meaning they are even more valuable than previously thought.

Recurring giving is valuable for small nonprofits, but it's underutilized.

The overall donor retention rate - single and recurring donations combined - for small nonprofits was 49%. This means that over half of donors who give this year will not give again next year.

Since recurring donors have a 92% retention rate, they have the potential to make a larger long-term impact on revenue.

To take advantage of this opportunity, small nonprofits should consider implementing a Subscription GivingSM program, which appeals to consumer preference for subscription services and is designed to increase retention. Network for Good created The Guide to Subscription GivingSM to help small nonprofits create this type of recurring giving programs in their organizations. Learn more here: <https://learn.networkforgood.com/the-guide-to-subscription-giving.html>

Fast Facts on Recurring Giving

13%
of revenue

\$42
average gift size

\$35
Average gift for new recurring donors

Fast Facts on Retention Rates

49%

overall retention rate

42%

one-time donor retention rate

58%

repeat donor retention rate

92%

recurring donor retention rate

Just how valuable is a recurring donor?

Recurring donors have the potential to deliver a lot more value to your organization over time compared to single gift donors.

Since recurring donors are retained at nearly double the rate of a one-time donor, their life-time value has the potential to be significantly higher.

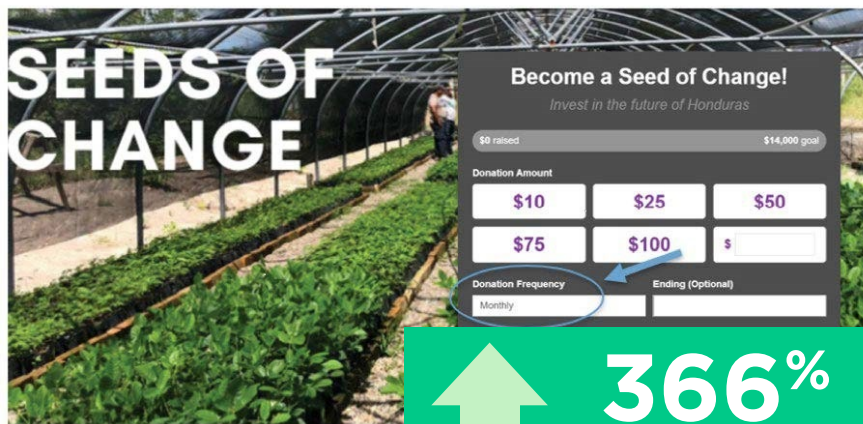
Recurring donors aren't just valuable for a large organization. They can actually be 94% more valuable for a small organization compared to a big organization.

One idea to increase recurring giving

We've seen how valuable a recurring donor can be. But how do you go about acquiring more recurring donors?

Organizations with the most successful recurring giving programs are the ones that make recurring giving a priority.

And one simple way to make it a priority is to make your monthly giving option front and center on your donation page.



 **366%**
In Recurring Donations

In one experiment, an organization tested using a new “tabbed” layout for choosing the donation type: single gift or monthly gift.

By using the tabbed layout and **defaulting to a monthly donation**, they saw a **366% increase in recurring donors** without affecting single-gift donor conversion.

Key Takeaway

In some cases, acquiring more recurring donors may be as simple as just asking. **Try crafting your donation page to lead towards a monthly recurring donation first** and emphasize the additional impact of a recurring donation.

Cultivation and Reactivation

To make sure we're on the same page, cultivation is the process of nurturing a subscriber towards becoming a donor; a donor towards becoming a repeat-donor; a repeat-donor to a multi-year donor; etc.

Cultivation is the content, messaging, and marketing that keeps someone engaged with your organization.

Reactivation is how you go about getting a lapsed donor to start giving again.

Let's look at how small nonprofits cultivate their donors and reactivate lapsed donors.

Cultivation strategies of small nonprofits

One of the simplest things you can do to cultivate donors is to say thank you after they donate, yet 31% of small nonprofits don't.

There are ample tools available today to make saying "Thank you" easy and personal.

The simplest way is to send an email after someone donates, but you can also use slightly more advanced strategies like direct-to-voicemail calling. This allows you to leave thank you messages in bulk without having to spend all day on the phone. Remember, a donation receipt is not a thank you! Don't rely on automated donation emails to cultivate your donors.

31%

31% of small nonprofits have no stewardship or thank you strategy.

77%

of small nonprofits have no reactivation strategy.

Reactivation strategies of small nonprofits

Small nonprofits are more likely to not have a reactivation strategy compared to large nonprofits.

This means that once a donor lapses – they gave in one year but did not give the next – there is no intentional effort to try and win them back.

A lack of cultivation could lead to more lapsed donors. And without reactivation plans in place, there's no reason for a donor to come back.

Putting a plan in place for both cultivation and reactivation could lead to better retention rates and, as a result, more revenue.

One way to improve donor cultivation

Introducing a cultivation strategy to your organization doesn't have to be overly complicated. It can be as simple as sending a personal email to your donors.

In one experiment, an organization had noted that 3 out of 4 subscribers hadn't opened an email in 6 months. And their donors were twice as likely as non-donors to disengage.

All in all, they were **sending twice as many donation appeals** as they were cultivation and stewardship emails.

The experiment they conducted was simple: they **started sending a personal cultivation email every Friday** to half of their email file that recommend a blog to read or a video to watch – content they already had on their website.

Each email also encouraged replies so that they could form real relationships with their donors.

After 6 months, they saw that **the weekly cultivation email led to a 52% increase in engagement** and a **41% increase in online revenue** from existing donors.



Donation Appeals

— VS —



Donation Appeals

+



Weekly Emails



In Revenue

Key Takeaway

Start sending simple, cultivating emails and videos to your donors and subscribers. Update them on new stories related to your impact, share issues related to your cause, and actively encourage replies to form a personal relationship.



Other Interesting Data & Findings

There is *a lot* more data that we analyzed to create this report. While not all of it is going to be relevant for every small nonprofit, you'll find lots of other interesting tidbits and data points in the charts that follow.

Average Gift of Single Gift Donor Types

Average gift sizes vary significantly based on the lifecycle of a donor. Here are some interesting stats we found on how valuable different types of single gift donors are:

\$155

New Donor

\$192

Donor Recaptured After Lapsing

\$209

Donor Retained from Previous Year

\$196

All Donors

Average Gift of Recurring Donor Types

Not all recurring donors are the same. Their average gift varies significantly based on how long they've been around, if it's their first donation, and more.

\$35

New Recurring Donor

\$40

Recurring Donor Recaptured After Lapsing

\$43

Recurring Donor Retained from Previous Year

\$42

All Recurring Donors

Fundraising Success Year-Over-Year

One question that comes up with fundraisers often is this: "How is fundraising and giving changing year to year?" While the benchmarks in this report are based on 2019 giving, we compared 2019 to 2018 to see how key metrics fluctuated year-over-year.

All in all, 2019 was down in giving for small nonprofits. However, online revenue was up by 21%. This could indicate that small nonprofits are placing a greater emphasis on online giving, or that donors are naturally moving online. With the upheaval of fundraising activities brought on by the pandemic, it will be interesting to see how these numbers change in 2020.

2018 vs 2019 Benchmarks

-14%

Total Revenue

-15%

Number of Donors

-15%

Number of Donations

+21%

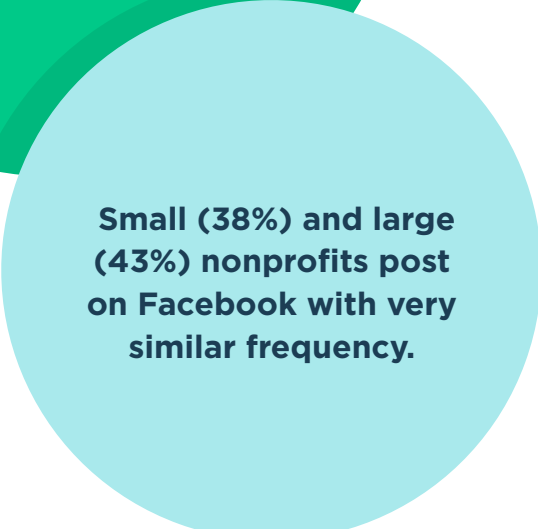
Online Revenue

Social Media Frequency

While organic social media posting is rarely a key driver of revenue, it can be an effective and useful tool for engagement. We found that social posting doesn't vary significantly between small and large nonprofits:



1x or 2x
per week



Small (38%) and large (43%) nonprofits post on Facebook with very similar frequency.



36.5%

of small nonprofit giving comes in during Q4.

How Seasonality Impacts Fundraising

As you know, fundraising can be very seasonal in terms of both your efforts and how much money is brought in. As you'll see in the chart below, small and large nonprofits have very similar fundraising trends in terms of when their fundraising revenue comes in.

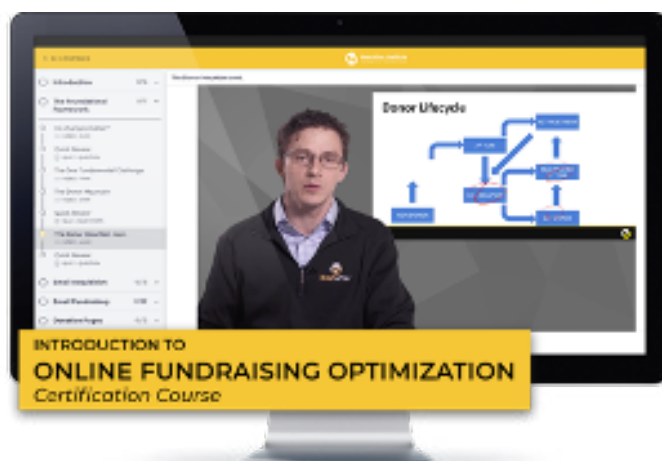
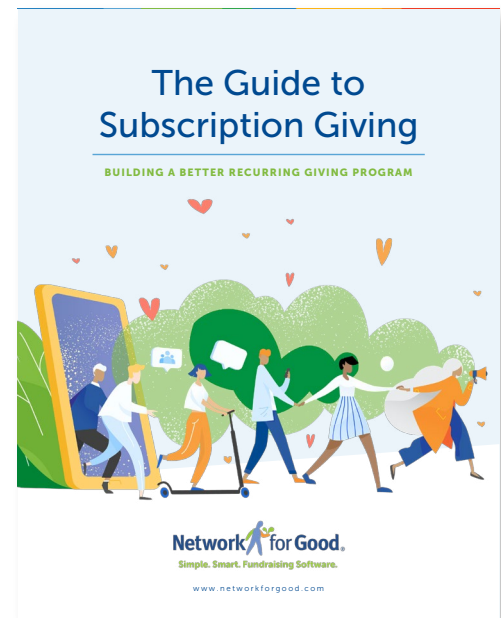
Additional Resources

The Guide to Subscription GivingSM

You're not retaining your donors, and that's bad news. Everything you do to acquire and cultivate donors is washed away each year by poor donor retention.

That's where Subscription GivingSM comes in. Backed by donor research, this guide will teach you the fundamentals of building a more effective recurring giving model in your organization of any size, and get you started on your path to better donor retention.

Get the guide at learn.networkforgood.com/the-guide-to-subscription-giving



Use the code "MIGHTY" to get 50% off any course.

Intro to Online Fundraising Optimization [Online Course]

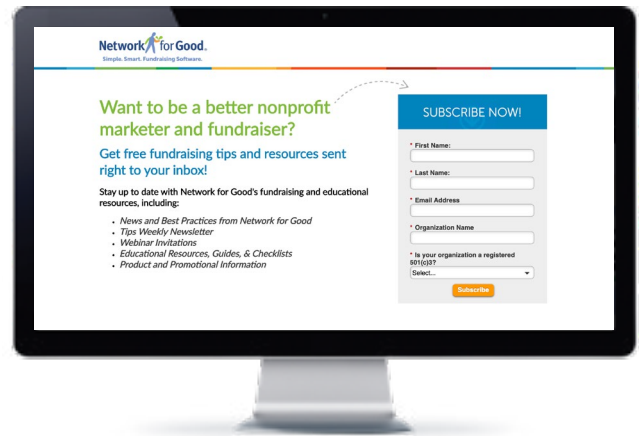
Learn the foundational principles of online fundraising optimization. These aren't just best practices – they're tested and proven methodologies that can lead to real growth in your online fundraising efforts.

Learn more about the course at courses.nextafter.com

Additional Resources

Free Resources for Fundraisers

Network for Good's weekly newsletter provides free fundraising advice to 400,000 fundraisers and nonprofit professionals. Sign up to be notified about free webinars from leading experts, the latest articles, and more - all for small and growing nonprofits.



Sign up now: learn.networkforgood.com/subscribe



Get Access to 8 Online Fundraising Courses

As a member of the NextAfter Institute, you can get unlimited access to 8 online fundraising certification courses covering a range of topics including:

- Email Fundraising
- Donation Pages
- Copywriting
- And more

Use the discount code MIGHTY to get 50% off a membership, giving you unlimited access to each certification course.

Get access and use your code at nextafter.com/membership

About Network for Good

Thousands of small nonprofits rely on Network for Good's simple and smart fundraising software to cultivate relationships with donors and raise more funds.

From easy-to-build fundraising pages and intuitive donor management to guidance from accredited fundraising coaches, Network for Good gives small nonprofits the all-in-one solution they need to fundraise confidently and grow their good faster.





About NextAfter Institute

NextAfter Institute is the training arm of NextAfter, an online fundraising research lab and consultancy focused on helping nonprofits acquire more donors and grow their revenue in order to increase impact and grow generosity.

NextAfter Institute exists to equip you – a nonprofit fundraiser and digital marketer – with original research, evidence-backed resources, and data-driven training to better understand your donors and why they give and raise more money to fund your world-changing work.

Learn more about the NextAfter Institute, see more tools and resources, attend a training event, or enroll in an online fundraising certification course at nextafter.com/institute.