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## On-line Monthly Giving - A Review of Nonprofit Programs

**January 2008**

Monthly giving (also known as a recurring donors or sustainers program) has come a long way from the early days of child sponsorship.

Now a centerpiece of many direct-marketing programs, monthly giving provides a reliable, low-cost stream of revenue that sustains ongoing programs. It also increases the annual value (and loyalty!) of low-dollar donors. And now that it is possible to handle both sign-ups and payments on-line, one-time donors are becoming recurring donors at a faster pace, boosting retention rates and helping organizations cut down on billing costs.

This is all great news for nonprofits. But what *else* do we know (or need to know) about on-line monthly giving? How should you manage your program? How can you measure success? What are your peers doing?

Should you consider yourself lucky to get \$10/month from your recurring donors, or are you in urgent need of an upgrade strategy?

We surveyed nearly 70 organizations and analyzed the on-line donor data of 8 large nonprofits to get some answers.

### Summary of Key Findings

#### Acquisition

- Some organizations send their first solicitation within eight weeks of a new registration. Others focus their timing on the date of a donor's first gift, and others run annual or quarterly recruitment campaigns.
- With an average monthly growth rate of 11 percent, the monthly donor programs we reviewed grew by 132 percent each year.

## Retention

- The groups we surveyed retained 70 percent of their on-line monthly donors in their first year, but retention rate dropped to 52 percent the second year.
- On average, 12 percent of on-line monthly donors missed at least one monthly payment in two years.

## Value

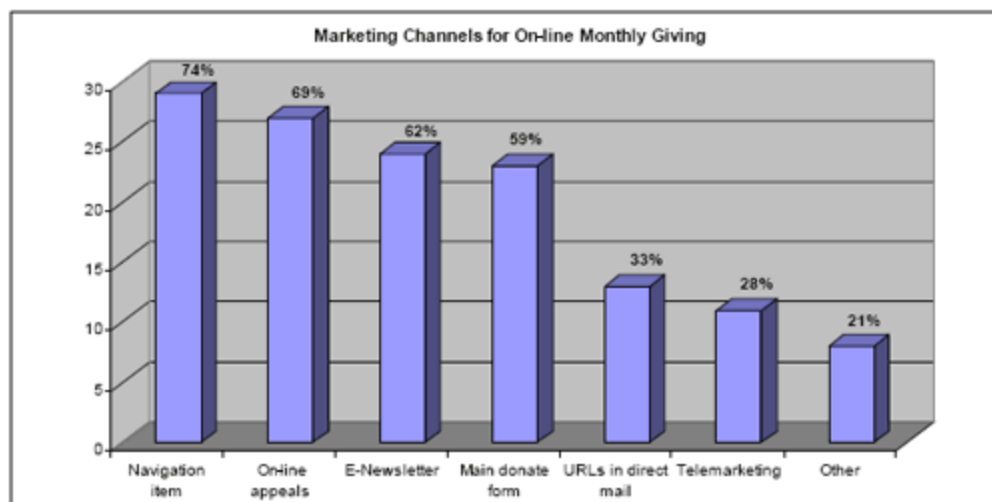
- The average on-line monthly gift (for all groups except international aid organizations) was \$16. The average monthly gift for international aid organizations was significantly higher at \$28.
- On average, 42 percent of on-line monthly donors had given a one-time on-line gift before becoming monthly donors. Almost 20 percent gave a one-time on-line gift within a year *after* they signed up.

## Surveying the Landscape: What Are Other Groups Doing?

The competitive landscape for monthly giving is all over the map; it is difficult to pinpoint a baseline or prevailing strategy.

Our survey revealed interesting trends in monthly donor management, but the main conclusion is that there is not, as of yet, a standard practice for promoting and managing monthly giving programs.

**Promoting the Program.** Navigation items promoting monthly giving on Web page(s) were our survey respondents' marketing method of choice, followed by e-mail appeals and e-newsletter features. More than half of the groups featured monthly giving on their main donation pages. See the chart below for a breakdown of the popularity of various marketing channels.



**Verdict Still Out on Timing.** It's tough to say who wins in the end, the tortoise or the hare, but there are plenty of each. Of the organizations that send on-line monthly giving appeals, 41 percent strike quickly, sending an appeal within eight weeks of an on-line subscriber's registration date—some as early as the day of the registrant's confirmation e-mail.

Yet roughly 60 percent of the groups we surveyed operate on a schedule that is not based on registration date. Some organizations pay closer attention to the date of the donor's first contribution; about 30 percent attempt to acquire monthly donors within six weeks of a one-time donor's first gift.

But when it comes to the frequency of on-line monthly giving appeals and campaigns, most organizations put on the brakes. More than half of our respondents conduct their monthly giving campaigns infrequently (30 percent) or not at all (21 percent). Quarterly (16 percent) and annual (16 percent) campaigns were the most popular, followed by monthly (14 percent) and weekly (2 percent).

**Handle with Kid Gloves.** The prevailing opinion is that it is wise to treat on-line monthly donors a bit more gently than other donors. Fifty-three percent of our respondents send their monthly donors fewer solicitations (43 percent) or no solicitations at all (10 percent). In the other camp, 43 percent send them the same amount of solicitations as the rest of their donors, and 5 percent send them even more!

Although almost a third of the groups surveyed either never send giving statements (24 percent) or send only a one-time acknowledgment (8 percent), the clear majority of our respondents send regular statements on an annual (32 percent) or monthly (also 32 percent) basis.

Of those who send statements, barely one-third included cultivation copy, and only 8 percent include an appeal for another gift.

## **Benchmarks for On-Line Monthly Giving**

Since the survey results described above are mostly anecdotal in nature, we also reviewed the transactional data of eight large nonprofits in order to set more concrete benchmarks for on-line monthly giving.

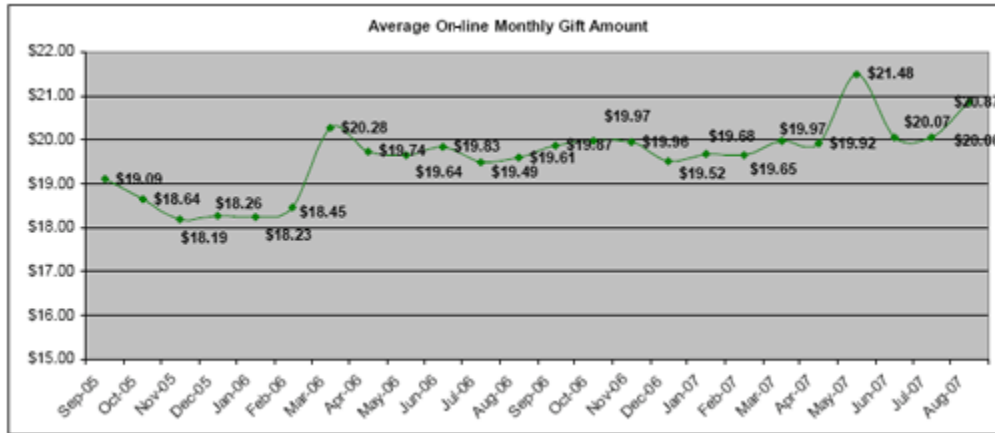
We did not have enough information to calculate the return on investment (ROI) on these organizations' on-line monthly giving programs, but the growth and retention rates speak for themselves: If you build it, they will come (and stay for a while).

**Say Hello!** The annual growth rate for on-line monthly donors averaged 132 percent, or 11 percent each month. We saw occasional spikes in growth rates when an organization did more active recruitment.

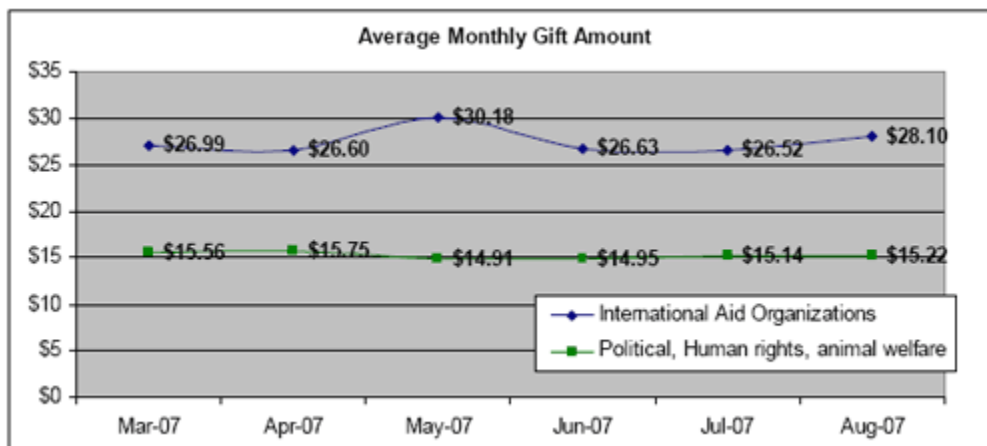
**And Goodbye.** The organizations in our study lost, on average, about 30 percent of their

on-line monthly donors during their first year; still, that's an annual retention rate of 70 percent. The retention rate dropped to 52 percent in donors' second year, however.

**What Is a Monthly Donor Worth?** With an average monthly gift of about \$20, a monthly donor is worth about \$240 per year, assuming no skipped months. Although this is an increase of roughly \$1 over the past two years, after adjusting for inflation and taking into account sample size variability, this means the on-line monthly gift size has essentially remained the same—see below.



The international aid groups in our study saw higher on-line monthly gift averages than other organizations (see chart below). Over the past half year, their monthly gifts averaged \$28, whereas the other nonprofits saw an average of about \$16. This is consistent with our findings in the [eNonprofit Benchmarks Study](#) that on-line donors to international aid organizations are more generous, with one-time gifts averaging \$121 versus the nonprofit average of \$97.



**Lifespans May Be Limited.** The average lifespan (how long the donor gives monthly gifts, regardless of missed months) of on-line monthly donors whose first gift was given about two years ago (between October 2005 and December 2005) was about 18 months.

Because the data we analyzed started in September 2005, we're not sure what the "actual" lifespan is for monthly donors who gave their first gift more than two years ago. On average, we saw 12 percent of on-line monthly donors lapse at some point in their monthly giving cycle.

**Giving Goes Beyond Monthly.** On-line monthly donors don't like to be pigeonholed as such. On average, 42 percent of on-line monthly donors gave a one-time on-line gift within the two years before becoming a monthly donor. And about 20 percent of on-line monthly donors gave a one-time on-line gift within a year *after* signing up to become a monthly donor. The average amount of this gift was \$56, a nice boost to the existing monthly revenue from that donor.

## **Conclusion**

There's still much to learn about on-line monthly giving, but to quote some of the most successful marketers of our time: Just Do It.

Although we're still figuring out exactly *how* to do it, we have already figured out *why* to do it. There's good money there, and you don't want leave it on the table!

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