

Cause-related eCommerce: leveraging the power of the Web for nonprofit and charity

Pamela Hyder
Global eCommerce Services, LLC
<http://www.ecominfocenter.com>

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Abstract

Cause-related eCommerce is a new term we created for this issue. It is an umbrella term that encapsulates the use of the Web in fund raising and nonprofit. Cause-related eCommerce will likely continue to flourish under possible innovative forms offered by the Web.

From local to national to global, using one of the Web mechanisms to collect donations allows **nonprofit organizations** the ability to choose just **how far** they are willing to go to collect those funds for their organizations. On the other side of the spectrum, **donors** now, more than ever before, have the ability **to pick and choose** to what organization they are willing to give to as well as **how they are going to do it**. If a natural disaster hits one part of the country and funding is needed to buy food and blankets, donors now have the ability to go online and donate directly to an organization in that region, help gets there faster, when it is needed, and the donor feels more involved in the aftermath side of the disaster. Its a win/win situation.

The internet has allowed philanthropy to succeed in so many new ways than it ever has historically: now there are a lot of free goods and services available, all new and different mechanisms available to collect donations, legal and government agencies on stand by 24 hours a day. There are also few sites out there which will provide information for both free and fee on all the non profits that are out there so you can donate wisely to charities.

It is necessary for nonprofit organizations to find their own place in the cyberspace. With the ingenuity of the market, nonprofit can also attach themselves to the eCommerce companies already out there for a huge return on Investment. With eCommerce

growing exponentially now, it is the right time for Nonprofit to position themselves and fully utilize this growth and capture greater donations than ever before. By understanding the new environment of doing business in the online market and being prepared for the obstacles as well as capturing all the benefits your nonprofit should be able to tap into this potential revenue stream which the for profits are already capturing.

Why nonprofit should go Online?

1. **Demographics:** you want to go local, national or global? Having your presence on line allows your nonprofit to continue on a local basis using existing resources and also reaching donors in remote or international areas.
2. **Operating Costs:** having your presence on the web also gives you access to an array of free or very reasonably priced goods and services from office supplies to software to manage your database.
3. **Competition:** If you don't match the competition you lose to the competition. The major players are already out there and donors are more ready to donate online now more than ever before.
4. **Technology:** can do for nonprofit philanthropies what it has done for so many for profit businesses. There is an untapped market out there that everyone is just now finding out about.
5. **Economies of scale:** are still working on the Web as well as they always have in the corporate world. Why not take advantage of all the Management & Marketing tools that exist for non profits. There are also Forums and major networking services out there to support your efforts.
6. **Performance improvement:** Donors are entitled to accurate information about the charitable organizations that seek their support. Well informed givers will ask questions and make judgments that will lead to an improved level of performance by charitable organizations.

Some of the Challenges that are out there

1. You will need to create a new business plan. Even though you may have one now that works, it will not work well on the Web.

2. Finding successful links to partners and other charities is the key role to bringing donors to your site.
3. Marketing- with the web being such a volatile system, to be a successful organization online, you must utilize “Best practices”. There are several proven marketing tools available and with proper research / software / funding, your organization will need to find what works ”Best” for you.
4. The web gives organizations access to global potential donors. However, market access does not automatically mean donations. Advertising is still critical to gain broad exposure.
5. Technology is going to be a very critical driver in the future.

Steps for setting up a nonprofit online: Planning-Developing-Implementing

Planning includes the following:

1. **Strategic direction:** where do you want to go and how do you want to get there?
2. **Reinvention of the business process:** Stuffing mass mailers will be a thing of the past. Also, are you going to accept credit cards or pledges?
3. **New organizational roles and responsibilities:** One common mistake to avoid is adding the online segment of the business to a long list of responsibilities that someone already has. Be aware that they will be making decisions that will impact the future of your businesses much as any one else.
4. **Human performance improvement:** Many services are available online which have the expertise needed to deal with the online legal, accounting, management, mass mailers, etc.
5. **Looking beyond traditional boundaries:** Collecting cash is not the only way donors can get involved.
6. **A change of culture:** Things are never going to be the same once you establish your presence on the web.

7. **Legal issues:** Reviewing with legal team any and all regulatory implications with collecting funds online.

Developing includes the following:

1. Obtaining **Internet access** for all employees who will need to be directly accessing the sites.
2. Obtaining a **domain name**. This alone can be a critical marketing tool.
3. **Web hosting:** this can be done through several different services. Some are free.
4. **Web design** plays an important role in defining who your organization is.
5. **Merchant accounts** will need to be set up if you choose to accept donations via credit card.
6. **Payment gateway** means “No more ‘swiping’ for you! A payment gateway will automate this repetitive task...”
7. **Legal, Consulting and marketing** play an integral role in the development process and you need to be sure that the legal side is in place before going live with your site.

Implementing your site: This will become the most important step in the entire process. If this step fails, the ones preceding it also fails.

1. **Soliciting Pledges:** If you are not wanting to use a merchant account and credit card transaction process the familiar pledge cards can still be used online. Your service provider should have the tools available for this. Some software requires minimal input from donors and no financial information is required.
2. **Collecting credit card information** for processing at a later date or fully automating the collection process are options which must be determined. The process which falls between the two is called a store front. This is maintained for smaller organizations who want to process online but do not want to have the expense of maintaining a merchant account. The provider who will host your site should have this available to you and charges a certain fee for this option.

3. **Charging the donation to the long distance telephone statement** is a final option for collecting payments. This tends to be a better option for the fundraiser due to lower fees, however, this option is not known to a lot of people and this may cause potential donors to be wary of the transaction.
4. **Selling advertising space** can have a potential income, however, most advertisers require a heavily trafficked site. If you choose to have advertising you will want to determine which type of rates you will charge, the following are most common: flat-rate charge, pay-per-view charge (based on hits on your site), pay per click charge (fee based on click-through the add).
5. **Links:** Trading links to third party sites can generate bring traffic, however, caution not to have donors link to sites so similar that their donation goes to the other site and not yours.
6. **Auctions** are becoming a very popular mechanism to raise funds these days. Donors can donate items and your organization can set up the auction online without the need for warehouse or office space expense. There are free “Event” listings available to let you know when the auction is going to be and there are third party service providers that can actually do the auction. (make sure you are listed as a charitable auction). Your organization will need to get the message out to obtain the donated goods and to let the world know what it is you are going to auction off. Keep in mind that you are global and not local so shipping and electronic compatibility needs to be factored in when setting the perimeters of the auction. (jewelry can ship just about anywhere, however, electronics can only be used to certain parts of the world).
7. **Setting up a Thrift Store** can generate traffic, however, be certain that sales tax are set up properly and according to the state laws. Because this a very volatile aspect of the internet, a constant legal team will need to be monitoring the tax laws as it is changing and pertaining to your organization.
8. **Shopping Villages** are by far the hottest project of the 90’s and the new millennium. It seems to be one of the easier ways to set up with no cost to the nonprofit and it gives the donor the ability to shop while supporting a good cause. There are several “Malls” already out there for an organization to link up to. Non profits can earn anywhere from 2.5% to 12.5%. Now, donors can support your causes simply by shopping online.

9. **Using E-Mails & Mailing lists** are still the old standby as they are in the real world. only with the internet there is no postage and a lot of it can be automated.
10. **Donations by clicks:** Think of all the time you spend clicking aimlessly or fruitlessly around the Web. At the Hunger Site, **one click actually accomplishes something:** It sends a serving of food to a starving person, at no cost to you. Corporate sponsors provide the food in exchange for free advertisement and links. This site may be the most ingenious site for collecting donations.

Conclusion:

We are aware that some points in this paper are belabored but we deliberately preferred to write a paper with a reasonable size. The subject of **Cause-related eCommerce** is so broad that we created a new section dedicated to **eCom: nonprofit** in eCommerce info Center. We invite you to visit this new section and other sections of our Web site : eCommerce Info Center **<http://www.ecominfocenter.com>** as it is now increasingly recognized in the eCommerce community as a major information resource and it is being frequently updated.

We hope you enjoyed the sixth issue of “**The eCommerce Analyst**”. Thank you for your time. Hopefully, We’ll be back in one month. In the meantime, please feel free to send us your feedback, comments, and suggestions at the following address: pamela@ecominfocenter.com

Pamela Hyder
Global eCommerce Services, LLC.
<http://www.ecominfocenter.com>