

# Marketing and Fundraising through Mobile Phones

## *New Strategies for Non Profit Organizations and Charities*

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Keywords: Non Profit, Fundraising, Mobile, Internet, Charity, Italy.

Abstract: This position paper highlights new scenarios for mobile communication technologies in fundraising activities of non profit organizations. Over the past two decades, ICT and the Internet have dramatically changed individuals' behaviours, including their approach to donation. New expectations arose on the possibility of "online" fundraising activities and not only computers are determining this change but also the potential of (smart) phones must be acknowledged. Mobile fundraising projects have been implemented both at global and local level to support various causes such as: natural disasters, poverty, diseases (cancer, HIV, sclerosis), wildlife, human rights. This is a positioning paper whose objectives are the following: (a) to define the mobile technological scenarios and their trends of diffusion for fundraising by identifying some best practices at an international level; (b) to assess the mobile fundraising initiatives in the Italian non profit sector.

## 1 INTRODUCTION

This position paper highlights new scenarios for mobile communication technologies in fundraising activities of non profit organizations. We strongly believe that innovative tools and services, based on mobile, are shaping new trends and opportunities for raising money for charities.

The main objectives of this paper are the following:

- 1) to define the mobile technological scenarios and their trends of diffusion for fundraising by identifying some best practices at an international level;
- 2) to assess the mobile fundraising initiatives in the Italian non profit sector.

Our framework of analysis is built on the following meaning of the term non profit: "any form of activity associated with a *restriction on what an organization may do with any surplus ("profit") it generates. The essence of this form of institution is that a non-profit organisation may not lawfully pay its profit to owners or, indeed, to anyone associated with the organisation. Along with this restriction, however, come a variety of tax, subsidy benefits and external donation opportunities that influence non*

*profit actions* (Weisbrod, 1988).

This wide definition allows us to discuss innovation opportunities without specific link to the variety of national regulatory frames and legal systems.

## 2 CONTEXT ANALYSIS

The concept of fundraising cannot be reduced to the mere collection of funds: it is an activity that must indeed be understood as a set of permanent strategic actions, and not as a simple set of techniques to be used in case of financial need.

A shared "technical" definition considers fundraising as "the set of all spurs that non profit organizations implement to raise money, collect material goods and time of volunteers". Beside this aseptic definition which considers only the operative dynamics, Hank Rosso (Rosso, 2010), one of the most important exponents of this discipline, provides an "emotional" definition describing it as "the gentle art of teaching people the joy of giving". This implies that fundraising has to do with people and not with asking them money, but rather by creating durable relationships.

We can therefore agree on the following

definition: *"fundraising is what the organization does to create relations of interest between those seeking economic, material and human resources and those who are potentially available to give them"* (Melandri, 2011).

It is important for non profit organizations to understand when it is actually worth investing in fundraising campaigns. Bradley (Bradley, Jansen et al. 2003 ) argues that charities spend at least 18% of their profits in fundraising but that most of these investments turn out to be quite inefficient.

According to the latest approaches, fundraising, rather than simply being tied to the culture of charity or philanthropy and patronage, is based on social responsibility that drives the community to invest resources to achieve common social benefits. The term "fundraising" itself includes all the theories and techniques required to ensure the sustainability of a social cause and of the organization that supports it and to promote the constant development towards a multiplicity of public and private actors.

The advent of ICT has provided new opportunities for fundraising. Not only Internet represents a great challenge but also mobile phones (becoming increasingly smart and multifunctional) are excellent tools that, if wisely used by non profit organizations as part of the fundraising mix, are able to support fundraising strategies. Cell phones can then become an exercise of brand-building for large private business and of fiduciary pursuit for non profit organizations (Dumlao 2005).

Currently it is estimated that only 14% of the charities are already using mobile phones as a communication tool while 30% say they are interested in adopting such a tool. In both cases we consider large organizations only.

In February 2010 Kaptivate (Vassallo, 2010) has worked with many partners to assess the level of adoption of mobile phone in non profit and to understand what is their attitude towards this technology. The sample was made of 162 organizations, heterogeneous as for size, category and life cycle. Results showed a general interest in the potential of mobile with 22% of respondents expressing "very strong interest", 27% "strong interest", 43% "interest" and only 8% "no interest". In addition, 36% of respondents stated that they already use the mobile or want to start using it within 12 months, while over 50% said that their organizations will adopt forms of fundraising through mobiles over the next two years.

At the same time, a kind of frustration has emerged because organizations feel they do not possess information regarding the implementation of

fundraising campaigns. There is a lack of awareness on the potential and on best practices. This means that more than 45% of the fundraising campaigns via mobile is not fully understood and therefore is not perceived as a real opportunity within the organization. This lack of information brings resistance by organizations: 40% of them considers mobile fundraising simply a cause of additional expenses to already limited resources, 34% think it is a very expensive channel and 28% think it can't be integrate with the existing system of donations. Despite this, over 30% of respondents want to explore the mobile world, but the biggest fear lies in the belief that being small precludes participation in such projects.

The study also allowed to capture those who are perceived as the main advantages of using the mobile phone to raise funds and also the main disadvantages.

On one hand, the phone for the donor is a useful tool (82%), which offers one more way to demonstrate participation (74%); on the other hand, it allows organizations to attract new donors (69%) in a way that is perfectly integrated with the activities of social media. At the same time it is difficult for a non profit to communicate its mission with a short text via mobile furthermore 32% of respondents know that normally through phone just very small amounts of money are allowed.

The three following aspects were emphasized in order to improve the experience of donors: greater participation thanks to integration with social media, a better service through easy, quick and transparent solutions and increased affordability.

It was also confirmed that better trading conditions, lower dependence on wireless devices and the availability of data on the behaviour of users would help the adoption of mobile solutions (Vassallo, 2010).

Any discussion on ICT and fundraising must explore not only the use of specific devices, but also the databases that enable organizations to build and maintain long-time relationships with their supporters. These databases provide data about the interaction between the donor and the organization itself in order to understand the power of the different systems of fundraising to develop an offer increasingly aligned with the needs and the values of donors. But unfortunately their full potential is often unexploited and the organization still finds difficult to understand the donors' motivations and behaviours and to build strong relationships by customizing specific strategies for the different targets. To this extent, two cost items have

decreased significantly: the cost of communication and the cost of customization (Gilbert 2003).

An interesting study in this regard was conducted by Milan Politecnico (Osservatorio Mobile Internet, 2012) that estimates 800 million euro as the value of the Mobile Broadband in Italy: mobile broadband connectivity from smartphones/tablets and PC account respectively 26% and 17%. The mobile world is an incredible place of digital innovation where interesting new business models are being experimented (Moroni, 2010). The new slogan is "Mobilize the Mobile", which means being a non profit organization able to develop a fundraising campaign that takes advantage of available systems, minimizing costs, but increasing revenues as much as possible.

People are now accustomed to use the phone to interact with organizations (CAF); it is therefore important that organizations understand which instruments to choose and how to integrate them together.

### 3 INTERNATIONAL BEST PRACTICES AND AVAILABLE TECHNOLOGIES

In this section a sample of innovative experiences in mobile fundraising is presented.

Our efforts are focused on countries that are considered "state of the art" in terms of mobile service diffusion. In addition to desk research activity aimed to a benchmark of best practices, an expert group in the field of fundraising was set up to highlight and quantify benefits and limitations of the different tools and to identify any obstacle in the Italian context.

Table 1: Tools to implement mobile fundraising campaigns.

Payment services through mobile phones	Other contact tools with "moving" donors
Text messages to authorize donations charged on mobile bills;	The potential of 4G Mobile networks used for the exchange of multimedia content;
Text messages to authorize donations through other kinds of charge (pay-pal, credit card, etc);	The use of GPS tools that allow location based messages and contents;
Airtime donations;	QR codes;
Use of mobile phones with Near Field Communication (NFC) technology.	Celebrities' voice messages stimulating donations
	Apps for smartphones

In this respect the main available tools are presented in the following Table 1 and then each technology will be described and enriched with examples that allow a better understanding of its potential.

#### 3.1 Payment Services through Mobile Phones

##### 3.1.1 Text Messages to Authorize Donations Charged on Mobile Bills

This is the most used instrument adopted by a wide and heterogeneous group of people for age, gender and scholarship. Furthermore, this tool is often used by donors because it does not need a stable relation with the organization and it is an anonymous way of giving money which does not necessary bring to planned and regular donations.

The most relevant experiences are connected to campaigns launched after natural disasters. The Red Cross had planned a campaign which allowed to support the Japan Earthquake and Pacific Tsunami relief efforts and later the victims of Hurricane Sandy. The way to make a donation is really simple. In the Unites States you just need to send a text message with the word "GIVE" at a specific number; you then receive a message in which you are asked to confirm the donation of 5.00 \$ to the Red Cross Disaster Relief Fund , the amount is directly charged on the mobile bill.

Remarkable is the case of ASPCA, the America Society for the Prevention of Cruelty to Animals which was able to convert standard mobile users into donors by the use of text messages. People can send a text message with the word "cat" or "dog" and will receive free authoritative tips on those two species of animals. On the end of these information it is asked to answer with the word "give" to offer 5 \$. There are also experiences where, in order to encourage fundraising activities, the use of mobile phones is combined with the use of the web. This is the case of Meir Panim, an Israeli charity that offers a range of food and social services and has launched an interactive fundraising campaign called "TEXT MESSAGES for lunch". The institutional web site with the image of a child with an empty dish invites people to donate through text message the price of one lunch. When the system received the sent message, the banner changes: the plate is now full and the child smiles.

Mobile fundraising project is also often linked to social networks (Facebook and Twitter).

The use of text messages for fundraising was

successfully first adopted in 2005 at the Live 8 UK: during a concert at Hyde Park in London a lottery was launched and every ticket had to be bought through mobile. This generated 2.1 millions of messages which brought to 3 millions of pounds donated to the Great Britain Live 8 project.

### **3.1.2 Text Messages to Authorize Donations through other Kinds of Charge (Pay-Pal, Credit Card, etc)**

This fundraising tool does not charge the donated money directly on mobile's bill but on a pay-pal or credit card account. From the organization's point of view this way of making donations has a great advantage since it allows to obtain data from the donors' accounts.

For example, Amnesty International and UNICEF have both experimented a pay-pal mobile initiative: donors simply had to send a text message with the word "AMNESTY" or "WATER" and they received a link that allowed to donate 10 \$ to the chosen organization.

An interesting initiative was promoted in Los Angeles during an event for HIV prevention in which donations were raised through text messages (the links that connected to the PayPal account were spread around the city).

### **3.1.3 "Airtime" Donations**

Donation of "airtime" is a "de facto" currency in an increasing number of countries, especially in African Countries, and therefore it is a potential source of revenue for local non profit organizations. Before leaving a country, tourists could, for example, be encouraged to donate their left airtime to a local cause.

M-Pesa, for instance, is one of the most known m-payment services which allow pre-paid mobile clients to transfer "airtime" between mobiles. Kenya was the first country in the world offering this service through a partnership with Safaricom and Vodafone.

### **3.1.4 Near Field Communication Technology – NFC**

Mobile phones equipped with NFC connectivity (RFID operating at 13.56 MHz and capable of transferring data up to 424 Kbits per second) are allowed to manage safe payment authorizations (without signature but for mere proximity to readers). Therefore, a payment/donation can be directly charged to credit cards or mobile bills.

This tool has a great diffusion in Japan, where an agreement between mobile operators, the banking system and credit card operators makes this simple and effective. Many Countries (Australia, France, Ireland, Korea, Malaysia, Norway, Philippines, Singapore, Taiwan, Turkey and United States) are ready to join this revolution.

In Italy these new mobile payment scenarios are now discussed but the situation is critical because of two major constraints:

- the first obstacle has a bureaucratic nature related with the structure of the financial system;
- the second obstacle has a behavioural nature: people are still very tied to traditional models of payment.

## **3.2 Other Contact Tools with Moving Donors**

### **3.2.1 The Potential of 4G Mobile Networks, used for the Exchange of Multimedia Content**

4G development is already fully operational in some countries and provides a huge amount of mobile broadband which allows the offering of a wide range of services.

Amnesty UK for example is experimenting a new concept of mobile websites in order to allow interaction between donors' smartphones, also through downloading of ringtones, games, screen savers and other special contents to be sent to mobiles are a useful way to sensitize people and to raise money in fundraising campaigns. Also New York Philharmonic sells mobile ring tones on its web sites; Leap Wireless International Inc. often proposes to his clients the possibility to help people involved in natural disasters by buying and downloading screen savers. Boost Mobile has offered a playlist of ringtones for UNICEF to encourage fundraising among young Americans.

The Australian Sudden Infant Death Syndrome Organization through an agreement with the Telecommunication company Telstra, offers at its clients the possibility to order a logo with "a red nose" which is sent directly to the smartphones. For each "red nose" Telstra donates at the organization micro funds for helping research.

### **3.2.2 The Use of GPS Tools that allow Location based Messages and Contents**

Location-based mobile applications also called "check-in service" are very popular today, ranging

from applications as Foursquare and Mytown, on one side, to shopping experiences as Shopkick, on the other. The evolution of these systems has also produced creative solutions for fundraising: with the increased competition between services such as Foursquare, non-profit organizations are undergoing a significant boost to innovation. The choice to exploit the power of geo-location for a social reason becomes a form of creative adaptation of cause marketing.

Despite this sudden development in multimedia applications, some analysts suggest caution to those who decide to embark on this form of innovation, in fact Forrester Research Inc. has estimated that only 4% of U.S. adults have used location-based applications and only 1% of those who use them did so more than once a week. In addition, 84% of the considered sample has said that in general these applications are considered unfamiliar. Another figure that can dampen the enthusiasm is that 70% of location-based systems' users are aged between 19 and 35 years. Despite this, a study conducted by ABI Research has calculated that in 2015, companies will be willing to spend up to 1.8 billion U.S. dollars for ads based on location based systems (ABI).

We can already find interesting location based systems used by non profit organizations. For example, Earth Justice has launched a campaign against dangerous exploitations of oil through an application. When an individual checks in, 10 \$ are donated for this cause.

"VolunteerMatch", is an app for iPhone launched in March 2010, which puts together good people with good causes. It allows to find over 60.000 fundraising opportunities close to where you live, work or study to be able to choose the perfect one. Furthermore there's the chance to read comments of other people and to share experiences with others who have the same interests.

Cause World allows users to gain "karma point" when they walk into shops and make their check-in through the mobile even without having to purchase. Karma points are like real dollars and can be donated to 9 good causes.

### 3.2.3 QR Codes

QR code were born in Japan and today represent an interesting way to be in contact and involve users through a rapid access to web contents through smartphones. WWF Germany in its campaign to protect tigers provide a QR code to allow an immediate access to the online resources.

### 3.2.4 Celebrities' Voice Messages Stimulating Donations

A voice message is often recorded and/or broadcasted in live sessions by celebrities in order to capture attention on a social cause and to eventually make promote a donation.

### 3.2.5 Apps for Smartphones

Apps are developed for improving the relationship with potential or actual donors exploiting the features of the latest smartphones.

This tool, from the non profit organization's perspective, has some limitations: developing an application embodies substantial expenses that by now have not been shown to be covered by the flow of donations. It is not predictable how many will be encouraged to make donations. It's obvious that in this way the system becomes more complex to the donor because it requires first to download the application and then to search for a specific organization, but once this is done it becomes fast and easy to give money.

The International Committee of the Red Cross, through an app, allows people to receive the latest news on its activities and to access a section of photos, videos and publications.

Mazon, an Israeli non profit organization, since 1985 has been allocating donations from the Jewish community to prevent and alleviate hunger among people of all faiths and backgrounds. In 2009 it had implemented a free apps that allowed people to donate and to find different voluntary opportunities.

CharityFinder works like a search engine which gives the chance to donate at more than 1800 non profit organizations. The application includes simple profiles of organizations which through the "support" button directs to the specific web site to make a donation.

Some apps allow a real interaction between donors and the organization. "The Extraordinaries" for example allows people to do micro-actions in favor of non profit organizations. Furthermore users can, through the use of their mobile, upload material on animals or on the environment and record messages for children who live in poverty.

## 4 THE ITALIAN CONTEXT

The Italian context of non profits and fundraising is a multifaceted reality that is characterized by three critical aspects:

1. the presence of "many small budgets": 54.9% of organizations have less than 15,000 euro per year, while 30.7% have between 15,000 and 500,000 euro per year;
2. there are few organizations that hold the largest share of resources: 9% of organizations have the 88.8% of revenues, while 91% of organizations have the 12% of revenues;
3. fundraising does not support all causes in the same way.

The world in which organizations operate is undergoing deep social changes that have a determining influence on the meaning and on the operational side of fundraising.

The main factors of change recorded in the Italian market in recent years are:

- a gap between the social, economic and organizational challenges that non-profit have to face and their capacity in terms of management, communication, marketing, design, quality control etc.
- rapid obsolescence and low margins of affordability of the systems used in recent years to collect funds (direct mail, events, sponsorships);
- increasing need for cooperation with public and private entities. Furthermore, more public actors (Department of Culture, hospitals, schools, theaters, libraries) turn to fundraising since they can no longer sustain themselves only with public finances.

This context has shown that over the past 30 years the social and cultural meaning of fundraising has profoundly changed.

Through the opinion of the group of experts we were able to identify the main elements of mobile fundraising in Italy.

The text message is simple, popular and affordable and it is still the main system used today in Italy.

There are two main reasons for this phenomenon: first, the existing legislation which is really strict on this matter and therefore discourages non profit organizations to use mobile fundraising systems, second based on local culture.

An element that must be considered when implementing a text message campaign in Italy is the limited amount of money that can be donated: maximum 2 euro.

In general, the mobile operator selects the cause to be sustained considering some main elements:

- the brand awareness: well known non profits are the favourite;

- the cause: support is given first of all to research, then childhood and developing countries;
- the communication campaign: it must be multichannel

Another key element in mobile fundraising is the way emergencies are managed. It is important to consider the impact a certain event has on media. Normally the elements which more influence people and as a consequence the amount of money collected are:

- the place of the disaster: if in our country people feel more involved;
- if some Italians are involved;
- if children are involved.

A small step forward in the Italian initiatives was made by Vodafone with its recent initiative in support of AIRC (Cancer Research Italian Association). RicaricAIRC is in fact a new and simple way to offer support through a periodic donation service: you can give small contributions continuously in time using mobile bills.

This small sum is deducted from the monthly rechargeable SIM or in the case of subscription, from the phone bill. Vodafone will donate the entire revenue at no additional cost.

This system becomes a middle way between the sending of a single text message to support a charitable cause and the possibility of creating a relationship between a donor and the non profit organization.

Two of the biggest limits linked to the use of text messages by non profits are: the absence of long-term relationships and the lack of control on the donor by the organization (because they are usually customers of the telephone company).

## 5 DISCUSSION AND CONCLUSIONS

As explained above, the adoption of the mobile device in the area of fundraising is a relatively young phenomenon which has been widely adopted just in its simplest forms (such as sending text messages), while it appears almost completely unexplored in relation to the use of wireless connectivity which would allow the donor a rich and integrated experience.

The qualitative description of the above mentioned experiences leads to conceive two different opinions on the adoption of mobile tool in fundraising:

- mobile considered as an ideal instrument because, if wisely used, it allows to collect huge sums of money. Thanks to its ability to reach a wide target it is considered a key tool with a glorious future;
- mobile considered as a tool that by itself is not capable of producing large returns. The general idea is that it is not worth using it if not in combination with other more traditional (and now widespread) fundraising instruments.

Main strengths in the use of mobile phones in fundraising are the following:

- mobiles are an “everyday tool”: on one hand, this allows non profit organizations to reach a potential donor at any time and, on the other hand, it allows an individual to become a donor wherever he is and when it is more convenient to him;
- mobiles do not have a specific target: it is used by a group of extremely heterogeneous people (for age, gender, scholarship, geographic area);
- mobile allows real time interaction and potentially may develop long-time relationships

Main weaknesses in the use of mobile phones in fundraising are the following:

- the large number of players involved in a mobile fundraising campaign;
- the limited amount of money that can be donated through text messages: for the Italian law no more than 2 euro;
- “cross-selling” and “up-selling” opportunities do not exist (Christopher, Payne et al. 1996). Loyal donors will increase their donations and will donate in different ways as buying through catalogue, working as volunteers or by endowing (Sargeant and Jay 2009). It is expected that loyal donors exchange information and opinions on organizations in person or through the internet. Loyal donors will talk with their friends about the organization, its programs, the services offered and will ask others to support a cause (Smith and Chaffey ; Palmer 1994);
- loyal donors are the best potential endowers. The bigger is trust, the bigger will be the performance in the fundraising program.
- the non profit organization has no "control" on the donor except if exploiting fourth-generation technologies: the individual does not become a donor of the non profit organization. This makes it difficult for the organization to obtain data on individuals, information that would be extremely useful to understand the target and implement

additional fundraising campaigns.

- slowness in the process: the period of time between the moment when an individual gives and the time when the non profit organization collects the money is extremely dilated, for example very often, in case of donations via text messages, even 90 days elapse between the two phases (Raley 2010).

Considering that more and more people have access to the Internet from their mobile phone, it's time for non profit organizations to clearly understand the strategies and technologies that are behind donations via a mobile phone, not only in times of disaster and emergency but even within their normal fundraising strategies which is where the real opportunity strands.

The primary limitation of this study is the exploratory objective. Since this is a positioning paper it is made to define the mobile technological scenarios and their trends of diffusion for fundraising in the Italian non profit sector. A cost-effect analysis is still missing.

Because of this main limitation two future research projects are possible. It may be interesting to determine the impact of the adopted fundraising tools on donors' expectations and behaviour.

It may also be useful to outline a decision tree to support non profit organizations in selecting the proper mobile fundraising strategy. The decision tree should include elements linked to the legal context and to the non profit organization nature.

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