

# Crowdsourcing Using Traditional Direct Response Ideas

By PATRICK SULLIVAN

Sean Penn, Seth Rogen and Olivia Wilde have nothing on Shari Hume. Hume's charity, the volunteer-run Cure JM Foundation in Encinitas, Calif., claimed the top prize in the CrowdRise Holiday Challenge. It beat out some much larger charities with celebrity backers, including the Alzheimer's Association (Rogen), J/P Haitian Relief Organization (Penn) and Artists for Peace and Justice (Wilde).

The foundation raised \$263,697 to win the challenge's grand prize of \$100,000, plus another \$14,000 in bonus prizes.

"We were really excited, involved and actively fundraising," said Hume, who founded the organization in 2003 with her husband Tom. Cure JM fights the rare disease Juvenile Myositis, which affects two or three children per million per year, said Hume. The organization received approximately 2,000 donations from all 50 states, with 104 teams raising money for the challenge. The average donation was about \$100, even after Hume removed \$75,000 in donations of \$10,000-plus so the average didn't skew higher.

The CrowdRise Holiday Challenge took a matching grant -- \$200,000 from Craigslist founder Craig Newmark and



Shari Hume with her husband, Tom, and youngest son, Colm, at the 2013 Chicago Rock and Roll Half-Marathon.

other donors -- and turned it into a challenge where nonprofits compete to see

who can raise the most money. Cure JM won the \$100,000 grand prize. The sec-

ond- and third-place winners received \$40,000 and \$20,000, respectively. The remaining \$40,000 was reserved for bonus prizes throughout the eight-week challenge.

"The concept is to modernize the match," said Robert Wolfe, CEO of the Royal Oak, Mich.-based CrowdRise. "Typically with a matching campaign, \$200,000 raises another \$200,000. We were able to take that same \$200,000 and turn it into \$2.4 million (the total raised by all 721 participant organizations). The charities got enormous exposure since it's not just a one-day affair."

One trend CrowdRise and other peer-to-peer (P2P) fundraising platforms have been embracing recently is that of incentives. During the Holiday Challenge, donors had a chance to win movie tickets, and on #GivingTuesday, the organization that raised the most money won an extra \$8,000. Hume said the high average donation for Cure JM during the challenge was a direct result of the donor and team incentives. "I think it's those contests that really pushed us over," she said.

Crowdvance, based in Washington, D.C., is another platform that utilizes donor incentives. Crowdvance takes no

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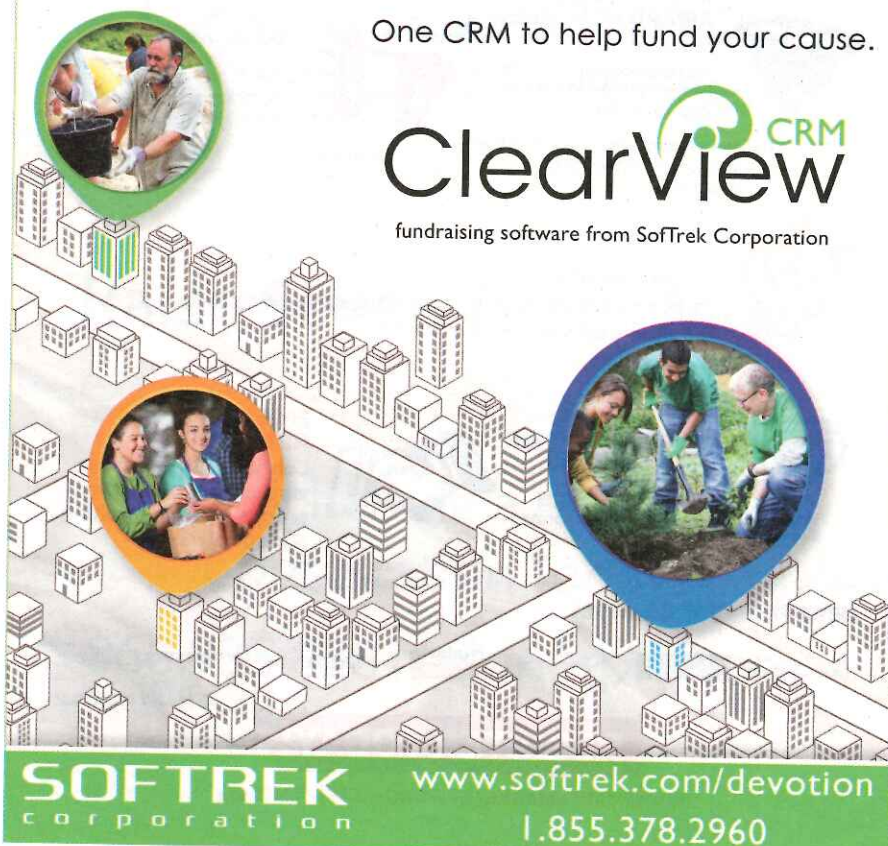
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fees from donations and instead relies upon a sponsorship model to monetize the platform. Companies sign on to CrowdVance and offer donors prizes such as gift cards and free access to services.

If a donor gives \$5, they can choose a prize. More money means more prizes, up to four. "We remove the revenue model from the nonprofit-donor relationship," said Zachary Herman, chief marketing officer of CrowdVance. For the companies, he said, "It's great brand awareness and marketing, as well as good CSR (corporate social responsibility), something brands truly value."

Because donors are incentivized to only give up to \$20, the average donation on CrowdVance is 57 percent less than other platforms, said Herman. However, the number of donors per campaign is on average 15 percent more than other platforms, he said. "It's not so much the dollars that hit the campaign but the number of faces that hit it, new individuals who are aware of the cause," said Herman. "We're not trying to make it easier to collect from existing donors. It's all about reaching the next generation of donors."

P2P fundraising has opened fundraising to not just development departments but also supporters. Ryan Haigh,



a 27-year-old graphic designer living in Jersey City, N.J. and working in Manhattan, got 35 friends together last December for the "Beards for Boobs" challenge. "My brother, my dad and I grow our beards out every year," he said. "This year we decided to get a little more purpose behind it."

Haigh and his network, which quickly went from 35 to 64, are not a nonprofit, simply a collection of concerned individuals united around a cause. "There's a gene mutation in my family, and my mother, grandmother and great-grand-

**You've got to be super engaging and focus on responding and providing answers to questions as fast as you can. Time is of the essence because these programs are time-driven.** --Naveen Jain

mother all had breast cancer," explained Haigh. "Now that we've done this, I realized so many people who I know have dealt with this directly." Haigh's fundraising efforts will benefit Breast Cancer Action (BCAction), in San Francisco, Calif.

"(Haigh) has done a phenomenal job, and it's something we will use as a model," said Sarah Harding, development director for BCAction. "His smarts and savvy around marketing and fundraising has inspired his broader network, and has grown past his personal network."

Harding said Haigh did most of the

work before he contacted BCAction. "We have provided some support in terms of educational language, making sure he's clear and the information on his website is correct," she said. Haigh's success, said Harding, stems from "finding that personal passion and getting others to join you." She was particularly impressed at Haigh's ability to motivate his network. "It's one thing to get a friend to say yes, but it's another to get them to take action," she said.

The Beards for Boobs campaign, hosted on the CauseVox platform, reached its \$10,000 goal in 10 days, according to Haigh. He revised the goal up to \$20,000. "The biggest thing I learned is really the power in numbers, especially with the Internet and social networks," said Haigh. "We have the tools at our disposal to really spread this out. Without splitting this up and having so many people involved, we wouldn't have gotten (to \$10,000) so easily."

Power in numbers is what the Oakland, Calif.-based Immunity Project is banking on. A program of Until There's A Cure Foundation, Immunity Project seeks to leverage crowdsourcing to fund a human-blood experiment of an HIV vaccine. The project debuted on the CrowdHoster platform on Jan. 19, and

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by the next day had raised \$156,000 of its \$482,000 goal.

Traditional fundraising for medical experiments is slow, often involving months or even years of filling out grant applications and cultivating individual donors. "We wanted to create momentum, raise funds quickly and enable the research team to finish the experiment by the end of March," said Naveen Jain, co-founder and chief marketing officer.

The vaccine Immunity Project is developing would train the immune system to attack weak points in the HIV

virus. Previously, animal experiments were funded by a \$1 million Microsoft grant, said Jain. The human blood experiment that Immunity Project hopes to fund would clear the way for clinical trials, with the ultimate goal of providing the vaccine for free.

Immunity Project is charting new territory, said Jain. "A campaign like this is nontraditional and there's not a lot of history funding biotech or scientific experiments (with P2P)," he said. The Immunity Project team chose Crowdfunder because of a prior relationship, and Jain said it's important to work with a platform that

believes in your campaign, especially when there's little precedent for it.

Jain said a big part of the promotion strategy for Immunity Project is engaging as quickly as possible with interested parties on social media. When people start talking about the project on Reddit, the Immunity Project team answers immediately "so people know we're real people and can respond directly," said Jain.

"A lot of them had very good questions," he said. "That's good for us because it helps us understand what people found unclear about the campaign page. You've got to be super engaging and

focus on responding and providing answers to questions as fast as you can. Time is of the essence because these programs are time-driven."

Though Immunity Project "spent a lot of time thinking about" incentives, said Jain, the gifts ultimately did not play a large role in the campaign. "We believe everyone who contributes wants their money to go to the actual work, versus expensive rewards," he said. A T-shirt is the \$250 reward, where someone donating \$25 to another campaign might get a T-shirt. "If you look at the cost to make and ship a T-shirt, we don't want that to be too significant a percentage of the donation," said Jain.

Incentivizing donors also did not figure heavily into San Francisco solar energy nonprofit RE-volv's strategy for its latest campaign. Executive Director Andreas Karelak talked about the "Four P's" of crowdfunding: passion, pride, perks and participation. He said donors to his campaign were in it for the passion and the pride, not so much the perks.

RE-volv wrapped up a \$56,000 crowdfunding campaign on the site Indiegogo to install a solar array atop Kehilla Community Synagogue in Piedmont, Calif. The solar array will cover 72 percent of the building's electrical bill. The synagogue pays RE-volv for 20 years, and at the end of the lease, the organization owns the array.

"We started this nonprofit with the mission of crowdfunding being a critical part," said Karelak. "We want to empower communities to invest directly in renewable energy. This is a way of saying you can do something that's meaningful. You don't have to break the bank, because if enough people do it we can make an impact."

RE-volv's campaign brought in funds from 300 donors in 20 states and seven countries. The campaign works on what Karelak calls a revolving model: The money that the synagogue pays RE-volv will go to fund future projects. Money paid back from RE-volv's first crowd-funded solar project, a \$15,000 array on a Berkeley, Calif. dance studio, was used in the latest campaign.

Like Immunity Project, RE-volv's campaign did not rely heavily on incentives to draw donors. "I feel like perks are less important in our case. We tried to put together good perks, but people are giving at the \$100 level because they care," said Karelak.

P2P fundraising works on many of the same tenets as other forms of fundraising. Incentives work on the principle of reciprocity; namely, donors are more likely to give a gift if they get something in return. Wolfe said the CrowdRise model is attractive in part because of "exclusivity, making things cool," the principle of scarcity. And, crowdfunding campaigns can easily gain momentum. When potential donors see that others have donated and want in on the action, that's the principle of social proof. **NPT**

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