

UNDERSTANDING THE TRUE FINANCIAL POTENTIAL OF PEER-TO-PEER FUNDRAISING



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Executive Summary

Peer-to-peer fundraising is a multi-tiered approach to fundraising that has the power to exponentially increase your nonprofit's reach, funds, and overall return on investment. Our Classy platform data shows that success with this campaign type is directly influenced by a few key factors, such as the ability to tap into the personal connections between your fundraisers and their networks.

A key behavioral insight is that people are often motivated to give to other people or a cause, not necessarily to the nonprofit. Therefore, peer-to-peer fundraising enables your organization to drive cohorts of new donors to your nonprofit, evangelize your mission and brand to the public, and drive higher overall fundraising revenue.

Let's dig in and examine the different angles that prove the return you stand to gain by adopting peer-to-peer for your organization.

A Bird's Eye View of Peer-to-Peer

On the Classy platform, the typical peer-to-peer fundraising campaign raises more than other campaign types, and drives higher conversion rates than crowdfunding campaigns and donation pages:

- **Checkout page conversion rate on peer-to-peer campaigns: 41% to 56%**
- Checkout page conversion rate on crowdfunding campaigns: 23% to 37%
- Checkout page conversion rate on donation pages: 10% to 20%

The high conversion rates and general power of peer-to-peer fundraising come from your ability to leverage the existing personal connections that fundraisers have with their networks. When they evangelize your mission and solicit donations from their circles, their friends and family are more likely to donate, even if these third-party donors have no direct connection to your nonprofit.

Key reasons for this are that individual fundraisers:

- Can **raise more via their extended networks than they can give out of pocket** for a one-time donation
- Have a **personal stake in their fundraising efforts** that drives them to succeed
- More effectively leverage the ever-increasing rise of mobile to share and attract donations to their personal fundraising pages, as evidenced by the fact that transaction volume from **mobile devices contribute to Classy peer-to-peer fundraising pages almost twice as much as they do to donation pages (38% versus 21%)**

- Attract more motivated donors, as seen by the fact that **76% of all donations made to a peer-to-peer fundraising campaign on Classy are made directly to an individual's personal fundraising page**, not the nonprofit's main landing page for the campaign

In fact, 46% of survey respondents in our special report *Why America Gives* say they choose to donate to a cause if a family member or friend asks them to. In addition, 50% state that a friend or family member being personally affected by a cause would motivate them to give.

“We all get so many emails and direct mail solicitations from nonprofits that it’s easy to tune it out,” says Jeff Kula, the associate chair of the Cleveland Clinic Philanthropy Institute. “But when somebody you care about makes a personal plea to donate, it’s a lot harder to ignore.” He goes on to say that “if people care about you, they’re often willing to support the things you care about.”

Peer-to-peer fundraising allows you to leverage these existing emotional connections people share with one another—a main factor that drives someone to donate.

This raises a very serious question: if you aren’t using peer-to-peer fundraising, just how much money are you leaving on the table, and how many prospective supporters are you missing out on?

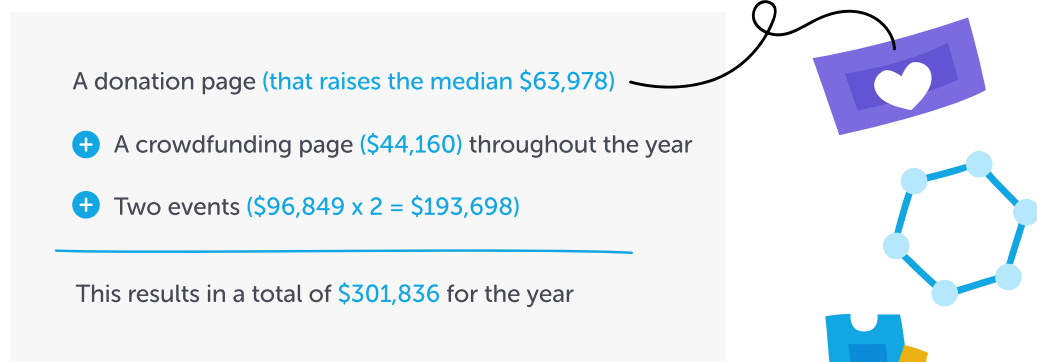


Grow Revenue

Peer-to-peer fundraising campaigns on Classy can yield impressive results to help elevate any fundraising strategy. To showcase the breadth of what's possible on the Classy platform, we're looking at numbers for the top 10% across each fundraising type:

- **Median and average raised through a peer-to-peer campaign: \$57,700 and \$95,400**
- Median and average raised through a crowdfunding campaign: \$44,160 and \$126,709
- Median and average raised through a donation page: \$63,978 and \$167,166
- Median and average raised through a Classy Events page, specifically a Registration with Fundraising (RwF) event: \$96,849 and \$151,307

For the sake of argument, let's say your nonprofit runs:



A donation page (that raises the median \$63,978)

- + A crowdfunding page (\$44,160) throughout the year
- + Two events ($\$96,849 \times 2 = \$193,698$)

This results in a total of **\$301,836** for the year

Peer-to-peer campaigns tend to be launched in the spring and fall, times when more traditional campaign types (donation pages and crowdfunding) get less activity.

Imagine that you run two peer-to-peer campaigns at these points in the year.

Typical peer-to-peer campaigns in the top 10% will bring in an **extra \$115,400 per year (\$57,700 x 2)**. These two new campaigns (in theory, conducted during your "off-seasons") just raised roughly **31% of your annual revenue**. Imagine what your annual success would look like if you operated per usual *and* leveraged peer-to-peer fundraising.

Manage Your Resources and Augment Your Fundraising Team

Most appealingly, your organization can get this revenue at a negligible variable cost. Kula, from the Cleveland Clinic Philanthropy Institute, recommends running this return analysis against other channels like direct mail. Where peer-to-peer fundraising can exponentially increase your overall fundraising revenue, direct mail doesn't offer much room to grow.

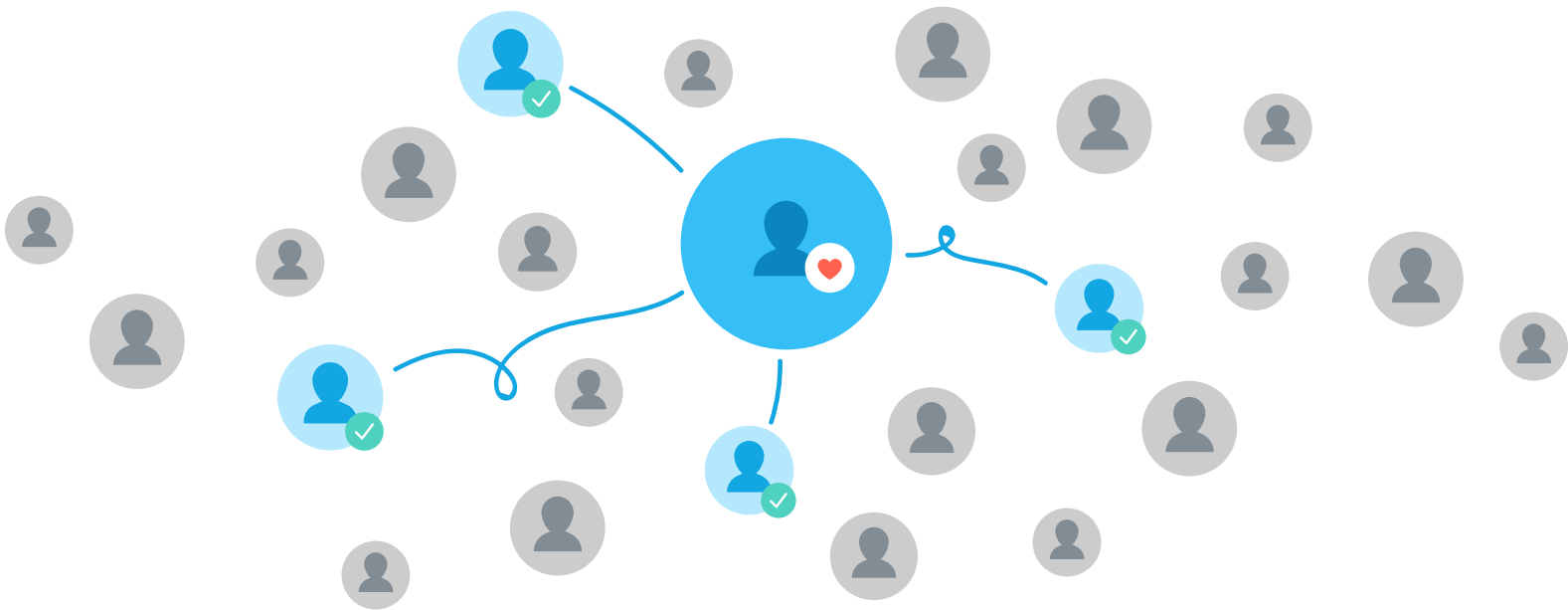
“For every \$100,000 you spend on direct mail, you might get \$120,000 back,” says Kula. “No matter how much you change your messaging, or improve the quality of your mailing list, there [are] only incremental improvements you can make. With peer-to-peer, your return on investment is boundless.”

Peer-to-peer also significantly increases your top line while sharing that work with your supporters. There is only so much a nonprofit can manage on its own. Peer-to-peer fundraising allows you to have your supporters do some of the heavy lifting.

“We can only afford to have so many fundraisers on staff,” says Amy Hutchinson, the national director of development at National Alliance for Mental Illness (NAMI). “There's a real multiplier effect that comes with galvanizing supporters to raise funds for you. In 2018 we saw **close to \$1 million raised with peer-to-peer fundraising**. The amount of people we're able to help with that extra money, the work it allows us to do, is priceless.”

Additionally, there are only so many times you can go back to your own well of donors before you start seeing diminishing returns and disengagement. Peer-to-peer fundraising allows you to tap new sources for more funds.

“If peer-to-peer fundraisers are willing to reach out into their networks and make the case for supporting your organization, that helps you reach much broader audiences and ultimately raise more money,” continues Hutchinson.



Realize Higher Per-Fundraiser Financial Returns

In addition to higher fundraising totals on a campaign level, the individual performance of peer-to-peer fundraisers is also higher. On Classy, a typical peer-to-peer fundraiser raises a **median of \$105 (\$443 average) on their personal fundraising page**, whereas the median one-time, non-recurring donation is \$50 (\$149 average). That individual contribution through peer-to-peer is 2.1 times higher when comparing medians, and nearly 3 times higher when comparing averages.

Your return is boundless because peer-to-peer fundraising not only increases the amount an individual supporter can contribute, but also how many other donors and fundraisers they can activate, in turn.

“Most of our Community Team Program participants can’t write a \$30,000 check to fund the cost of an entire school. However, they can band together as a group of 15 and each raise \$2,000 to build the school,” explains Marc Friedman, the chief revenue officer at buildOn.

This strategy powered the success of buildOn’s Community Team Program. In 2018, groups of high school and college students fully funded 35 schools at \$30,000 each through peer-to-peer fundraising. **That’s \$1,050,000 in peer-to-peer revenue.**

Grow Brand Awareness and Cause Evangelization

Peer-to-peer fundraising is an inherently social vehicle and, as such, serves as a way for supporters to market your nonprofit while raising money on your behalf.

“NAMI has 600 state and local affiliates, and thousands of volunteers who contribute to our work. However, in our 40-year history we haven’t always been able to reach large audiences without major investments in advertising and marketing campaigns,” says Hutchinson. “Peer-to-peer fundraising helps get your cause, brand, and work out beyond your existing community. It’s putting NAMI’s name out there in circles that we might not be reaching otherwise.”

For Friedman and buildOn, peer-to-peer fundraising helped them attract corporate partners as more and more companies commit to corporate social responsibility and aim to engage their employees. In this way, buildOn was able to use the reach of these companies to market their nonprofit, their mission, and ultimately fund the cost of multiple new schools.

“General Electric (GE) did peer-to-peer with us in 2018 and funded 10 schools at \$30,000 each. These GE employees shared fundraising pages with senior executives at their office, colleagues, friends, and family members. LinkedIn did the same thing, raising enough to build four schools. Now, PricewaterhouseCoopers (PWC) is doing it as well,” says Friedman.

In many ways, peer-to-peer fundraising serves as a form of low-cost marketing for your nonprofit, and it allows you to cast a net that exponentially increases in size with each new person it touches. Like Kula says, it provides a “boundless” return for your nonprofit, in more ways than one.

Sources cited include:

Why America Gives: How Current Events, Technology, and Seasonality Impact Donor Plans, The State of Modern Philanthropy 2018 and 2019

Conclusion

Once you've built a pool of peer-to-peer fundraisers, you should work hard to retain them. Our data shows that return fundraisers bring in over twice as much as a first-time fundraiser does.

If you're interested in more data that we see on the Classy platform, or to explore the value of return fundraisers more, download our reports, *The State of Modern Philanthropy* and *Why America Gives*. And if you want to learn how Classy can help kick-start your peer-to-peer fundraising engine today, [reach out to our team to talk more](#).



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