



2. **CPC (Cost Per Click):** If the ad is paid for at \$1 CPC, it costs \$1 each time someone clicks on the ad. This measurement is most used when wanting to increase traffic to a website.
3. **CPA (Cost Per Action):** Payment is according to advertiser-specified actions, such as email sign ups, form submissions, downloads or sales. If the CPA is \$10, it costs \$10 when someone fills out contact details. This measurement is used most often when advertiser is after a specific action. CPA and CPC seem to be the most promising measurements for our purposes.

## Key question

What is the expected value of a website visitor?

## Key estimate

Industry averages for the expected value of a website visitor are \$0.20-\$1.00 [1]. However, visitors arriving through advertisements are likely to have lower donation conversion rates. ACE analytics data supports this and indicates that visitors who arrive through adwords convert (donate, sign up for newsletter, volunteer) at 33%-67% the rate of normal visitors. It seems likely that this advertising conversion rate may be even less for CS. To account for this, I have factored in a further discount of 50%. This brings the expected value of a CS website visitor arriving through online advertising (adwords, FB, ad display network) to \$0.03-\$0.34. Note this value is really important, so it's worth putting effort into this calculation.

## Two main types of Search Engine Marketing

### SEARCH ENGINE OPTIMIZATION

Use of Search Engine Optimization (SEO) techniques to make a website rank higher on the results pages. This is done by better aligning website content with the search algorithms used by the search engine. For instance, a Bing search for "Malaria Charity" places AMF 3rd and Malaria Foundation International 1st. Using SEO, AMF's position could be changed from 3rd to 1st, and the number of views to its website coming from this search could more than triple [2]. Experiments in this area seem costly, and would likely have to be outsourced. Another 10-20 hours of research is needed to estimate ROI for this technique.

### KEYWORD SEARCHES

Paying for a site to be advertised after certain keyword searches. This is done by Google Adwords and Bing Ads (Bing Ads doesn't have non-profit grants). The CPC for Bing Ads is

around 30% lower than for google Adwords [3]. Ad ranking significantly affects traffic generated; a #1 ranked ad receives double the traffic of a #2 ranked ad [4]. Ad ranking is a function of ad bid and ad quality, where ad quality is based on ad relevance, expected click through rate and landing page experience. CPC on charity related keywords can be very high. For example, 'donate' is the 7th most expensive keyword, and its CPC has been as high as \$42.02 [5]. Google non-profit grant is capped at \$2.00 CPC; therefore, it is likely unable to compete for high volume search terms. Achieving close to \$10,000 dollar spend per month may be an issue.

## Aim for Grantspro

With our current performance in Adwords, we should be working towards obtaining the Grantspro programme. This is because we are meeting all but two of the requirements to upgrade to it. With the Grantspro programme, we would be able to spend \$40,000 per month, which is 4 times our current adwords budget. In order to achieve this grant, we would need to increase the amount of clicks we are receiving by about 8% so that we spend >\$9900 per month instead of the current rate of ~\$9200 per month. This should be a very easy adjustment to make, and is achievable in 10-30 hours. The second metric we would need to improve is the click through rate on our ads. Currently, the click through rate is 0.7%, and to be eligible for the Grantspro programme, this figure would have to average 1% for the previous 6 months. I feel that improving this click through rate is going to be a very time consuming process and is likely going to take months to do. My very subjective estimate is that it will take 50-500 hours to complete this task. I estimate that by making a concerted effort now, we would be able to accelerate by 6 months-2 years, with a best guess of 1 year, the time when we would otherwise have achieved the Grantspro budget.

I think that the best way to experiment with this option would be to allocate some staff time to optimizing adwords and see if these metrics can be improved. Techniques that would be easy to try are adding new keywords and adding negative keywords. Adwords automatically notifies where some possible improvements are as well. After this, it would be useful to do AB testing on different ad descriptions to see how they affect click through rate. Another way to improve the click through rate would be to pause the worst performing ads from Monday to Thursday. This is because during this period, the budget is regularly depleted before the day ends. Using these mentioned values gives the following estimates for the fundraising ratios:

Expected Value of Obtaining Grantspro (\$40,000 per month)	Time Costs	Potential Fundraising Ratio
Low: \$2500	Low: \$1200	Low: 0.2
Mean: \$36,000	Mean: \$4900	Mean: 7.2
High: \$160,000	High: \$10,600	High: 130

## Social Media Marketing

There seem to be two main variables within Social Media Marketing: Social media platform (Facebook, Twitter, etc) and ad style (post promotion, external ad, etc). The prevailing opinion is that Facebook is the most effective social media ad platform [6]. Effectiveness of a particular ad style is heavily goal dependent. External ads, which are those that appear on right hand side of the news feed and link to an external website, seem to be a good choice [7]. Experiments may be time consuming. They would target the same population with different ads, and aim to see which picture and text combo is the most effective. In the following calculations, I have assumed that the budget for a FB ads p/w would be between \$25 and \$150. The CPC of FB ads ranges from \$0.10-\$0.50, with a mean of \$0.30 [8]. All of these figures give the following estimates for returns on FB ads:

Expected Value of FB Ads	Resources Spent Initially	Resources Spent Initially	Initial Fundraising Ratio	Potential Fundraising Ratio
	<b>Initial p/w</b>	<b>Potential p/w</b>	<b>Initial</b>	<b>Potential</b>
Low: \$2	Low: \$75	Low: \$45	Low: 0.03	Low: 0.04
Mean: \$13	Mean: \$220	Mean: \$145	Mean: 0.09	Mean: 0.14
High: \$500	High: \$390	High: \$290	High: 1.9	High: 2.6

Based on these very low fundraising returns, I don't think that we should advertise on Facebook; our resources would have a much greater impact elsewhere.

## Display Advertising

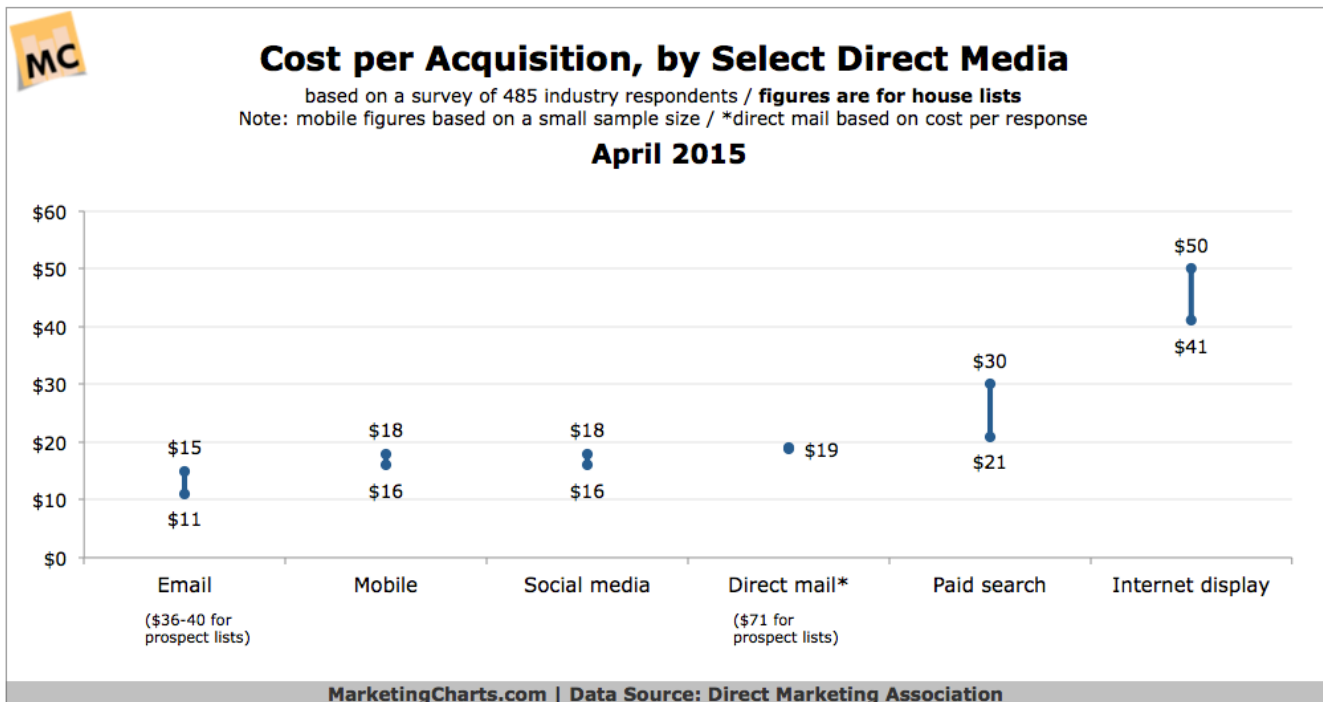
For Display Advertising, the key variables are the ad dimensions [9], ad nature (content, video, interactive, etc) and how interruptive the ad is to the viewer (pop up, side, related to content). In this area there were many views on the best methods but I didn't come across any conclusive data that supported a specific conclusion. Google's ad network provides display service, but the average CPC of \$0.75 [10] makes the predicted fundraising ratios too low to be viable. However, differing formats may have differing CPC, and if CPA can be tied to donations, then this seems to be a very promising avenue. A further 10-20 hours research is needed to explore how the CPC differs based on format and whether CPA can be tied to a donation. Display Advertising would have a similar experimentation process to Adwords. It would be low cost, but would have more variables to deal with.

Central to all of these advertising styles is a landing page. The Landing Page is the single web page that appears in response to clicking on an advertisement. Average conversion rates from a landing page range from 0-30% [11], and the average form conversion for the nonprofit

sector is 15% [12]. Donation conversion from a main web page is 0.35-2.5%, [13] while donation conversion from a donation page is 13-26% [14]. Tweaks can double conversion rates [15]. Experimenting seems easy; key things to do would be to change page layout, use of pictures and text and then observe the results.

A promising payment method is Cost Per Acquisition because if this can be tethered to donations then it will be very simple to determine if online advertising is successful. The most interesting items that brief research into this payment style are below.

### ALL FOR-PROFITS



### MEDIAN ROI

Email campaigns:	21-23%
Telephone campaigns:	19-20%
Social media ads:	15-17% (on par with direct mail campaigns)
Mobile ads:	12-14%
Paid search campaigns:	9-10%
Internet display:	6%

### NON-PROFITS

This person has one anecdote of \$250 CPA: <http://www.charityinfo.ca/articles/Is-digital-better-than-face-to-face-fundraising>

**This person had a \$65 CPA and drove it down to \$30:** <http://www.eqworks.com/portfolio-item/charitable-foundation/#toggle-id-3>

These figures suggest that the fundraising ratio for this method is acceptable. This method has potential because it could be scaled up if initial experiments are successful. These two factors make it plausible that CPA advertising is a promising form of online advertising to pursue in the future.

## Email Marketing

Email open rates are low, with the average open rate being 10-20% [16]. Donation rates in response to fundraising emails are usually low as well, at 0.03-0.12% [17]. Average fundraising messages receive 1.7 cents; therefore, a fundraising email to 1000 email addresses raises only about \$17 [18]. Still, Email Marketing accounts provide for around one third of online fundraising [19]. Annual churn, which is defined as emails lost through unsubscribing or account inactivity, is 10-20% [20]. Some important questions to ask are:

1. What are average response rates to our emails?
2. What is the expected value of an email address?

This expected value is important, so it is worth putting some effort into this calculation. However, the most important figure in this area will be the value assigned to a web visit.

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