An organization that is barred media essay

[Media](#)

Introduction

Hansmann (1980)[1]defines charities as: " an organization that is barred from distributing its net earnings to individuals who exercise control over it such as members, directors or trustees". Hansmann mentioned that a non-profit organization is not barred from making any profit. However the distribution of that profit is prohibited. The earnings must be spend on the services of the organization that was built to provide. Charities (non-profit organizations) rely on volunteers to achieve certain goals, because volunteers aren't on any payroll and don't make money. This can be confirmed by a paper by (Illingworth et al. 2002)[2]in which is explained that small charities have less income and are aware of what things cost and therefore attempt to use different methods and solutions in order to reduce their costs. Because of this they rely heavily on its volunteers and supporters for income. Charities need some sort of income in order to achieve its goals. Income can consist of: " gifts, donations, contributions and government subsidy"[3]. Charities use a couple of techniques to attain and retain members: Telemarketing (is a method of direct marketing in which a salesperson solicits prospective customers to buy products or services) [4]Direct mailing (is a way of advertising in which advertisers mail printed ads, letters or other solicitations to large groups of donors.)[5]Canvassing (is a means of disseminating information to or from people on a one-on-one basis. It is often done by volunteers for a cause or political campaign) [6]Panepento (2008)[7]mentions that direct mailing has suffered a lot of criticism due to its wastefulness and undesirability. He also mentions that direct mailing is dead[8]because it costs more to email and less new donors

come back from it. It's also very easy to ignore a direct mail send because you can filter it out en just delete the mail without reading it. The use of canvassing is also very wasteful because nationwide people need to travel to a lot of places which consumes a lot of gas. Shaiko (1999)[9]mentions that direct mailings have some large upfront cost such as: " purchasing envelopes, hiring professionals to develop newsletters and printed materials". Even though these techniques are very inefficient and drawbacks started to rise when the Internet age started they still are being used. An example is the canvassing method that was used in the campaign election of President Barack Obama in2008. His supporters went door-to-door to talk to potential voters in order to convince them to vote for him. Beadle (2006) [10]mentions that it won't take long until land lines and marketers become obsolete. Telemarketing is almost irrelevant in the United Kingdom. 40% of the land lines are registered at a don't-call-me register. Beadle's article mentions that the irrelevancy is caused by: users do not have to pay long distance charges while using a cell phoneusers can text message using a cell phoneusers can carry their cell phone around with themThese events cause the future of landlines to become irrelevant. In order to still achieve a sustainable customer base and achieve its goals many charities started to look for new opportunities. One of the biggest innovations called the Internet provided the charities of such an opportunity. However some of the small charities aren't using the Internet to its fullest potential. Therefore it is interesting to see what benefits the Internet has and why certain charities still aren't using the Internet as they should.

Charities and the Internet

Abstract – This chapter presents a study on the Internet as a tool and also the opportunities and barriers of the Internet. The study is based on scientific literature that has been collected using an empirical method. The study shows that the Internet breaks national and international barriers and makes it easier to reach people. The study also shows that charities should use the Internet as a marketing and communication tool to send messages about their mission and activities to its consumers and donors. There is no valid reason anymore not to use the Internet, because the costs of hardware and software to access the Internet is very low. However charities should realize the barriers of the Internet and adapt onto it. Barriers such as: " Limited access to the Internet, dissemination of false information, generation gap and personal touch" can cause problems for charities. Therefore charities should use the Internet as an extension on its traditional methods. Even though there are barriers on the Internet charities should relies that potential donors are now heavily active on the Internet. Almost 85. 5% of the Dutch population is using the Internet daily, which is an important reason why charities should use the Internet.

Introduction

The technical innovations since 1990 have had an impact on the way charities used to work. What is interesting to see is that innovations such as the Internet have an impact on the communications and fundraising methods of charities. Wallace (2001)[11]did a study on the fundraising methods of charities in America. He noticed that people turned to the Internet to make donations due to the attacks in America on 9/11. Before the

9/11 attacks on the twin towers, the annual donations to the Red Cross were $2. 7 million dollars in 1999. However after the attacks on 9/11 Americans used the Internet to make donations to the Red Cross. Nearly $110 million dollars was donated. A lot of charities turned towards the Internet to oversee these donations. Johnston and Kawashima (2005)[12]noticed that it was the period after 9/11 that made charities realized that a better way of fundraising emerged. Charities could effectively raise money through their websites and the Internet.

Philanthropy and E-philanthropy

Philanthropy means " the contributions (money, time, goods, expertise), voluntarily given to the public good, serving primarily that public good" (Schuyt et al. 2004)[13]. Philanthropy is slow and uses traditional methods for fundraising purposes. E-philanthropy in general means to use the Internet for philanthropic purposes. Philanthropy is very old and is dated from 347 B. C. The testament of Plato indicated that Plato left his nephew his farm and a set of instructions in order to use the farm to support students and faculty at the academy that he founded[14]. Philanthropy in America started around 1643[15]. History showed that America was about philanthropy before it became a nation. It was called " begging". Records from Harvard indicated that at the fund drive in 1643 nearly 500 pounds was raised. Because of the fact that charities heavily rely on donations and other fundraising efforts, charities need to brand themselves in such a way that its audience knows of its projects. Prior research on traditional methods by Panepento and Shaiko (p 19 of this thesis) indicated that the use of traditional methods is not efficient anymore and new methods should be found. The Internet is a useful

way for branding purposes. Since 2001 philanthropy began to grow. According to (Wallace et al. 2006)[16]charities raised nearly $911. 9 million dollars online in 2005. However many researchers predicted that because of the growth of online business, philanthropy will fade as e-philanthropy will replace traditional fundraising method such as: " direct mailing and telemarketing" (Hart, 2002)[17]. Harvard Business School's Social Enterprise Initiative predicted that online giving (e-philanthropy) will become a significant source of organizations fundraising efforts. Austin & Wendroff (2001)[18]predicted that:" The e-philanthropy revolution is here to stay, and it will transform charitable giving in as profound a way as technology is changing the commercial world. Charities that have dismissed e-philanthropy as a fad, or run from it in confusion, will, sooner or later, need to become reconciled to it. If they don't, they risk losing touch with donors and imperilling the vitality of their work". E-philanthropy really took off after the attacks on the twin towers in America. President Bush asked the Americans to make donations for the victims of the 9/11 attack which initiated e-philanthropy. According to Lorenzen (2003)[19]e-philanthropy means:" a technology-driven business process that leverages money, action, and information for purposes of increasing the well-being of humankind or furthering the promotion of human welfare". Since e-philanthropy started it had many different forms. Hooper and Stobart (2003)[20]mentioned that charities used third-party hosts to process online donations. It is still recommended that charities use these third-party hosts because it is cheaper than housing an online fundraising program on the charities own Internet servers[21].

Internet benefits

Friedman (2009)[22]mentions that the Internet has made the world flat. The technical revolution level' s the economic playing field and enables so many more people around the world to compete, connect, and collaborate. The Internet has changed the way we used to work. Computers and networks revolutionized communication. An email can be typed and sent and within seconds arrive at its destination. This eliminates national and international barriers. The Internet is available for anyone and should be used to its fullest potential. Hannagan (1992)[23]mentioned that charities have experienced many pressures such as: " changes in the way organizations are funded and increased competition". Because of the fact that more organizations are competing with each other for funding, competition for resources has enlarged the need for efficiency improvement. Clutterbuck and Dearlove (1996)[24]mention that in the United Kingdom the government's reduced role in providing direct services and the " fading of boundaries" between public and private organizations has increased the number of charities and private organizations bidding to provide services for the same clients. This led to an environment in which charities become driven by finances and thereby are becoming more competitive. In order to compete successfully in this environment both Breshnahan (1996)[25]and McLeish (1993) [26]mention that the Internet is a tool that must be used to increase a competitive advantage and the fact that it must be used for the survival of many charities. Many households now have an Internet connection. Continental Research 2000[27]made an estimation that 14 million people in the United Kingdom has an Internet connection. This can also be seen in the Netherlands. According to Nielsen Netratings[28]nearly 1 million people in

September 1997 were using the Internet. This has grown to 10. 80 million people in June 2004. Figure 3[29]Luck and Golder (1996)[30]noticed that charities faced many challenges and changes in branding itself on the market while also keeping their costs down. They mention that because of the Internet information has become information intensive and therefore clients of charities such as: " volunteers, supporters (donors)" expect high quality of communication and presentation. Many charities use different communication methods such as: " newsletters and mailings". Even though the Internet can be used as replacement for these techniques some charities still worry about the cost of using Internet formats. Charities still would like to take advantage of the benefits that the Internet has to offer, however they can't afford making expensive mistakes. In a study executed by Cravens (1999)[31]it is mentioned that the use and access of the Internet can be difficult for charities that have limited recourses and don't have affiliated knowledge about the hardware and software and the cost of it. This can be confirmed by looking at a study executed by Cordingley (1998)[32]. He mentions that small charities may have a misunderstanding about the need for investment in expensive equipment. It is interesting to see that this misunderstanding of some charities about the costs is also noticed by other people. Cravens and Walker[33]did a British study and mention that the misunderstanding that some charities have is not unnecessary. They mention that charities only need minimum hardware and software and the costs are around 200 pounds with on-going costs of nearly 300 pound per year. Johnson (1998)[34]found that both large and small charities could improve communications and have cost savings which consists of: " staff time and transportation" and provide innovative fundraising which as an

effect will save time and money. Other benefits of the Internet can be explained by Landesman. Landesman (1996)[35]mentions, that charities can use the Internet for: " research, publicity, recruiting volunteers, supporters and staff". The Internet cannot only be used as marketing and communication tool as many scientific writers suggest. It can also be used different. Birch (2000)[36]and Stephens & Eden (1995)[37]mention that the Internet can be used as reduction in the consumption of energy and materials. They mention that this will increase productivity as well as producing many environmental benefits.(Illingworth et al., 2002) [38]mention, that the Internet provides small and not known charities access to a larger audience and therefore also a larger area of potential donors, supporters and volunteers. The Internet also provides an opportunity to increase brand awareness without incurring further costs. The findings of the study also suggest that charities must accept the Internet as a marketing and communication tool and replace other methods such as the overused: " newsletters and mailings". Lake (1998)[39]mentions in his paper the significance of the Internet to charities. He says that the Internet has for some time exceeded the numbers of quality newspaper readers in the United Kingdom. Newspapers have been a very valuable fundraising tool for many charities. He also mentions that the Internet is significant, because it's a tool that has very low entry costs. Charities now have the ability to use a dynamic new communications medium with a PC and telephone line. He also says that the simple acquisition of email access by charities ensures that they can benefit for the opportunities that the Internet can offer. The Internet also allows charities to reuse existing data. The data can be reused to change certain information and then published and accessed in a digital

format on websites which can be made available for people like donors, supporters and consumers. The Internet can also be used for internal communications in a way that it can improve internal work of charities. People can have discussions via email and therefore don't have to travel to meetings. Greenpeace is using Greenlink (Intranet) which makes the improvement of internal work easier. One of the biggest advantage of the Internet for charities is that is offers cost savings. Publications can be made available online for a small fee. This eliminates the costs of printing documents. The cost of accessing publications is borne by the donors who access it in contrast to the traditional paper based delivery mechanism that the charities have to pay for. Lake mentions that the Internet also offers an alternative method for charities. If charities can't afford to publish its work in national newspapers, then a website offers an alternative method of publishing. Another benefit is the speed of the Internet. A traditional emergency request to donors and followers can take at least 24 hours before it reaches them. An Internet request can be created and sent and arrive within hours. Lake finally mentions that charities should use the Internet because it is novel. A request via email is still unusual for some people because they have to get used to it. Therefore charities should take advantage of it because eventually people will get used to it and the novelty of it will wear off. The author of this thesis has to mention that the last point noted by Howard isn't a factor anymore. The paper of Howard was written in 1998 and up until now many charities are heavily using the Internet and email which wore off its novelty. However the author of this thesis has to mention that there still are small charities that don't fully understand the potential of the Internet and therefore are using it wrong. Corby and Sowards

(2000)[40]mention that charities should use the Internet as a channel to communicate about their mission and needs. Charities should also use the Internet as a way to inform donors and followers about how their donations would be used. The Internet has an important role in fundraising efforts. More on this will be explained in the chapter 3.

Barriers on the Internet

Even though the Internet is a revolutionary innovation there still are some barriers to overcome so that it eventually will become 100% useful. A study executed by Miller (2011)[41]mentions some of these barriers.

Limited access to the Internet

The Internet has evolved over the years however most of the world doesn't have access to the Internet. Even in the Netherlands 11. 5% doesn't have access to the Internet[42]. Miller mentions that over-reliance on the Internet could lead to the neglect of more traditional forms of communication and fundraising which can lead to a couple of problems: " Limited interaction with the elderly, low-income people and those who live in rural areas". Many of these people visit the Internet through a local library which limited access due to opening and closing time. Communication would stop if a server went down or due to website maintenance.

Dissemination of False Information

Miller mentions that people can get easily confused by false headlines, claims and statistics due to the newness of newsletters and social networking. Anybody with access to the Internet can start a blog which makes it easier for people to disseminate these claims than at any time in

the past. Wikipedia became so popular that it became an online encyclopaedia into accepted sources of information. A problem could be that information found on the Internet could not necessarily be true. A participant in the study of Miller mentions that because of the fact that whole point of social media is participation and contribution by anyone, it doesn't give you control over what the audience is saying. Therefore the benefit of social media is also its drawback, namely that anybody can contribute and participate. Best (2001)[43]mentions in the study that if false information is repeated enough by people, that it will be accepted as being true. Because of the fact that it has become very easy for people to post information on Facebook or on their blog untrue claims may be disseminated at any moment in time.

Generation Gap

According to Miller it seems like the Internet is affected by the age of people. Safer (2007)[44]did a study where he mentions that most people born between 1980 and 1995 don't remember a time before the Internet was prevalent in daily life. Most people that were born after the Internet easily learned how to effectively use the Internet as a skill. People who are born between 1980 and 1995 may never develop the skill to use the Internet in the same way that people did after 1995. A problem that can occur here is that people that don't have the skill to use the Internet still use traditional mail as communication method for sending their contribution and receiving updates. It therefore isn't smart to seclude these people especially in this time of crisis. This can be confirmed by a study executed by Havens[45]

(2006). Havens found a positive correlation between age and the amount in charitable donations that one makes.

Personal Touch

Miller mentions that the Internet can never substitute one-on-one interaction. This can be confirmed by Qualls (2009)[46]. Qualls mentions that social media represents the middle area between direct mail communication and face-to-face communication. The potential to use the computers and the Internet is becoming very convenient and will become more familiar later in time. However it can never substitute for the relationship building that can occur from interacting with another person face-to-face.

Fundraising

Abstract – This chapter presents a study on how charities fundraise. The study shows that many charities started to think about online fundraising in 1995. A trigger to this was due to the 9/11 attacks in America that made people give online donations to the Red Cross. Online fundraising has started to grow but some charities don't know how to use this to their advantage. Some charities are struggling to find new donors and followers and to maintaining the donors they already have. The Internet gives these charities an advantage because by using the Internet effectively, it can lead to long lasting relationships with them. In a study executed by Waters[47]it was mentioned that 94% of donors made a contribution over the Internet. The Internet is not the only tool and method that charities can use to approach people and improve their fundraising. Tools like: " email, sponsoring, fundraising portals, online auctions and social media" should also be considered. Social Media provides the most benefits to charities if it is used

properly. In June 2012 nearly 9065000 people visited Facebook and spent nearly 272 minutes online[48]. By using social media effectively, charities can encourage these visitors and engage them to make a donation and even become donors. The American Red Cross uses social media as a two-way communication loop. They use Twitter and Facebook to build relationships with their donors, supporters and consumers. By having a two-way dialogue through social media, the American Red Cross reports providing faster service for the community, generating more media coverage, and receiving positive and negative feedback from stakeholders to improve the organization. The Red Cross shows the success of using social media dialogically through active responses to posts and allowing the organization to gain ideas from its various publics. This increases the overall impact of the organization and achieving strategic value. However, charities shouldn't just use social media without thinking what impact it can have on their followers. When people visit a website they make a judgment about it, but also about the charity that made it, within seconds. This means that if there are many problems with the website and other social media, these people will never return to visit again. Charities can distinguish and brand themselves by using a logo. Charities should use images and pictures on their website that represents their work and the beneficiaries of their work. Even though social media has many benefits charities should also be aware of the risks that social media can have such as: " privacy risks, security risks, intellectual property and media risks". In order to effectively fundraise, charities need to do Web based fundraising by using call-centre integration. Many charities have more experience in telephone based fundraising then in Web based fundraising therefore this necessary.

Introduction

The aim of fundraising is to develop a strong relationship with past and current and future donors, supporters and consumers. Fundraising[49]is a part of a charity's recourse procurement through which recourses such as: " cash, donations in kind, volunteer work" are obtained without any market based material return. According to Lake (1998)[50]the first indications that charities started to consider the Internet as a fundraising method didn't occur until the last quarter of 1995. This is because many charities chose to delay using the Internet because they thought that not enough people were using the Internet. Since 1995 nearly 100. 000 charities registered their domain names[51]. Information for donors, supporters, consumers and other organizations is enhanced with campaigning, fundraising and service provision activities. Many websites of charities have some sort of donation form and encourage donors and followers to donate and contact the charities. Some charities are offering services to their followers. An example is the CancerBACUP[52]which has specially created a website that describe the different forms of cancer for cancer patients. A separate section on their website is reserved for publishing information targeted at healthcare professionals. Donations over the Internet have increased over the past years. The American Red Cross is an example of how attacks on 9/11 triggered Internet donation (page 23 of this thesis). The amount of Internet donations to the Red Cross has outnumbered telephone donations. World Wide Fund For Nature (WWF) is another example. WWF offers different options for online giving. Donors and followers can register for customized email messages, surveys and action alerts about the topics of their interests and involvement. Icons such as " Act Now" engage donors to become

involved and take action. If a donor or follower takes different actions it will result in different types of stamps in the WWF passport of the donor or follower and additional status. WWF panda passport is a virtual campaigning and fundraising tool that allows the WWF to communicate with its donors and followers and thereby track their preference, interests and encourage participation and donations[53]. Kawashima and Johnston (2001)[54]have noticed that a trend of charities incorporating online giving in their online infrastructure. This is happening because of the fact that accountability has led to keeping the administrative costs of fundraising low. Charities need to decide where to host fundraising information like online donations made on their website. Hart (2002)[55]mentions, that a design has to be set up, that allows the donating process to be permanently visible on the screen when donors and followers visit the website. A good website could evoke donations on any of its pages. A donor and follower can read information about the success of a charity and might feel thankful for receiving information that he/she wants to contribute or make a donation. By creating a hyperlink on a website to an online giving section, donors and followers are more likely to give money rather than if they had to search causes where they can donate. This is contradicted however by some charities because they use temporary graphics to highlight certain causes or services for which a charity is seeking funding rather than using a hyperlink on its website[56]as suggested by Hart. Charities have been struggling to keep their donors while pursuing new ones, but the cost of the traditional methods used for these pursuits can be very high. The Internet provides opportunities to for turning traditional fundraising into comprehensive relationship management which results in

building and maintenance of long-lasting donor relationship. However there are other trends en methods that can be used.

Fundraising methods and trends

The Internet is one of the biggest tools that is being used as a fundraising method. According to a study executed by Richard (2007)[57]over 94% of donors made a financial contribution to a charity over the Internet. There are many fundraising tools and platforms available on the Internet that charities can use. These can be categorized in the following areas[58]: Fundraising portalsSponsoring: click and donate websitesOnline Events: Lotteries and auctionsCrowd fundingCause related marketingTraditional methods: Email, mail and telephone can be used to fundraiseSocial media (explained on page 30)

Fundraising portals

Portals are gateways of information on a wide range of different charities. They provide a set of tools and recourses to help charities integrate the Internet in their operations, establish their own online presence and receive donations. Portals target donors and charities and combines information and recourses into one location. NetworkforGood. org is an example of a conjunction of different charities.

Sponsoring: click and donate websites

Click and donate is a website that gives donors a possibility to click a button to generate a donation for a charity or cause. The money for the donation comes from advertisers because their banners are displayed each time a person clicks a on a button. Although people are not directly contributing,

they make a difference in a way that, had they not visited, no donation would have been given. The Hunger Site is the first click and donate website made where it uses the Internet on a specific area: " eradication of world hunger". On July 2012 nearly 2, 688, 870[59]clicks were made. The Hunger Site is special because they are using the Internet to bring partners together that otherwise not have interacted with each other.

Online Events: Lotteries and auctions

The Internet gives charities the opportunity to host online events on their website. Online events can consist of: " web based lotteries, prize games, auctions" and create additional means of fundraising for charities.

Crowd funding

Crowd funding is a trend which started in the United States in 2004 and is now popular in European countries like: " United Kingdom, Germany and The Netherlands". Crowd funding means, that you're asking people for money in order to raise money for research or projects. The money comes directly from the public or companies who find the research or project interesting. The benefit of crowd funding is that you can use social media to network and get people to notice your research or projects. A popular crowd funding website is Kickstarter[60]. Kickstarter is a website specially made for people who need crowd funding as a source of project funding. People can upload their research idea in the form of a business idea where they mention why their project or research is important and how much money they need to begin the project or research. The public and companies who are interested in the research or project can make a donation. A popular example of how crowd funding works is for example the woman that got bullied to tears by

students in a bus[61]. A student filmed the attack by the bullies and posted the video on YouTube. The video and news, which was posted heavily in newspapers, made its way to a micro website where people could post a reaction and donate money. This resulted in more people viewing the video and posting comments and donating money. Eventually the micro website raised so much money that the woman who got bullied never had to work again. Crowd funding is a method that charities seriously need to think about because it offers a way that could be more efficient than traditional fundraising methods. Instead of just asking people to donate money via newspapers or letters, charities can target a larger audience and can ask directly to donate money. Crowd funding is a method that until this day hasn't been used by charities in the Netherlands.

Cause related marketing

Cause related marketing[62]means that a company combines its name to a charity to raise money for a certain cause. An example could be a restaurant that provides a special charity menu and gives this income to a charity. An example is RED[63]which is a division of the ONE campaign. RED is campaigning for an AIDS free generation. They sell special red colour products like: iPods, iPads, Headphones and a part of the money that is raised goes to the Global Fund[64]for AIDS/HIV prevention.

Social media

Social media is a group of Internet applications that use the ideology and technology of Web 2. 0 to enable people to communicate with each other[65]. Charities can use these tools to inform their donors and followers about their mission and communicate messages to them about certain

fundraising projects. According to Tredinnick (2006)[66]social media are social networking sites driven by user participation and user generated content. (Hansen et al., 2011)[67]mention that, social media technologies have caused new ways of interacting. Harris (2009)[68]mentions that there are nearly hundreds of different social media platforms (social networking, text messaging, shared photos, podcasts, streaming videos, wikis, blogs, discussion groups) and Anderson and Wolff (2010)[69]highlight the importance of mobile devices for accessing these platforms. According to Janet Wagner[70]the time spent on Twitter, Facebook and blogs is an investment in making it easier for businesses to compete. Janet executed a survey and mentions that: The adoption of social media within businesses has doubled from 12% to 24%75% of the survey sample have a social networking site61% use social media to identify and attract new customers45% expect social media to be profitable in the next yearSocial media levels the playing field for businesses in helping them deliver customer service. Therefore the adoption of social media cannot be ignored.

Social media and fundraising and engagement

President Obama raised nearly $410 million dollars in 2008 through leveraging micro donations, online fundraising, social networks and social media. Obama understood the power of social networks and social media. There are four reasons why Obama relied on social media for fundraising: Social network users are more politically engagedSocial network users are more active users. Social network users are well connectedSocial network users raise more money

Social network users are more politically engaged

Obama used social media to engage his target group on Facebook. People were engaged because the campaign of Obama was promoted through family and friends on Facebook. People wrote messages on the timeline on other peoples Facebook page. According to the data[71]collected by npengage[72]Facebook users voted two times more that non Internet users and three times more likely to try to influence a friend or family member to vote.

Social network users are more active users

Social media cause-supporters are five times more likely to recruit their friends to join them in their efforts to make a difference in the world. People on social media often post messages, comments, photos and movies on their own Facebook and on others. Obama used this principle to benefit from it.

Social network users are well connected

Obama understood that people who use the Internet are better connected than people who don't use the Internet. The difference between people who don't use the Internet and people who do (active social media users) is very big. Npengage mentioned that people who don't use the Internet have about 506 personal connections while people who use social media like Twitter have about 838 personal connections that are probably more active in sharing their thought with friends and family online. Obama understood this and chose the right target group.

Social network users raise more money

According to Blackbaud[73]the people who used social media as a part of their fundraising outreach compared to those who didn't use social media saw an increase of 40%. This clearly demonstrates the impact that social media can has if people are active on social media networks and use their network to generate more donations. Dutch charities should understand the benefits social media has and the impact it can make. The same principles that Obama used for fundraising and votes can be transferred to Dutch charities.

How are charities using social media

To explain how charities use social media a case study executed at the Red Cross (2011)[74]will be discussed to illustrate this. The American Red Cross uses social media to build relationships with their donors. Forty participants were interviewed to explore the use of social media in communicating with donors using a qualitative research method. The results showed that social media should be used to build relationships with public. The participants discussed common strategies of developing open communication and relationships with external public. A participant from the Western region mentioned that: " you want to be part of the conversation". Another participant from the Midwest region mentioned: " Don't just issue a press release, try to have a conversation". The participants referred to a two-way communication loop. A primary reason for fostering a two-way communication loop was to find out how the public think the organization can improve. A Western region participant mentioned: " I found that most people have really positive things to say about the Red Cross that we

weren't seeing". The Red Cross uses Twitter and Facebook as social media tools to build relationships. A Southern participant mentioned: " it's actually better; we get more response from our postings on Facebook and Twitter than our traditional –even from the main website". The study allows shows that Twitter is used by participants who not only post tweets on local events but also follow local media reporters. A Midwest region participant mentioned: " I love keeping a pulse on all different technologies, Twitter makes that easy, people are sharing more". Another Midwest region participant mentioned: " Twitter is so simple, you can only make one point a time, it's easy to read and scan through, and that's where the brand has more power". Some participants in the study mention that they use Facebook more to spread awareness about the Red Cross. A participant from the Southern region mentioned: " I'm more concerned with how long they stay on the page, how many active users they have, our blood services has a national Facebook page where you can be a fan. We have over 14, 000 people, we just launched in April. But when you look at active users it's a much smaller number, and it varies from week to week. I think the active users are a little more important than unique visitors". The participants are using social media to develop and build relationships with a variety of public. Their primary public include volunteers, media, younger audience and the community. When it comes to engagement and relationship building, social media are used for basic notification. A Southern participant mentioned: " We use it with notifying our donors and with volunteers about upcoming events, volunteer opportunities". The study mentions that other regions use social media in multiple ways such as generating new volunteers and communicating vital information to disaster volunteers in a crisis. A North

Eastern region participant stated: " The numbers of reporters who are on a shift at any given time now are fewer and fewer. So this has been a good way to reach them. Twitter specifically is a nice way to reach them when they are in the field". The study concludes by mentioning that the Red Cross is using a wide variety of tools such as websites, blogs, Twitter, and Facebook to develop relationships focused on recruiting and maintaining volunteers, updating the community on disaster preparedness and response, and engaging the media. By having a two-way dialogue through social media, the American Red Cross reports providing faster service for the community, generating more media coverage, and receiving positive and negative feedback from stakeholders to improve the organization. The Red Cross shows the success of using social media dialogically through active responses to posts and allowing the organization to gain ideas from its various publics. This increases the overall impact of the organization, achieving strategic value for the Red Cross. The news media have started following the Red Cross on Facebook and Twitter and have directly contacted the organization to generate stories, instead of the traditional route of the organization distributing press releases. These social media tools seem to offer an ideal platform to facilitate communality, where the organization and its publics identify with each other and share similar values, beliefs and interests. Furthermore the preferred social media tools of the Red Cross like Facebook and Twitter also seem ideal for control mutuality where the organization directly interacts with journalists as well as volunteers and community members on a more limited basis. This case study executed at the American Red Cross clearly shows the impact of social media tools and a way how it should be used effectively.

How does social media websites affect the behaviour of its visitors

Hart (2001)[75]mentions that a website's: " Layout, Ease of navigation and Web design" has a direct impact on the impression of its visitor. Hart says that when people visit a website, they make a judgment about it but also about the charity that made it within seconds. This means that if a website loads slowly or is hard to navigate on or has references to pages that don't exist or has outdated links or more importantly if it has features that visitors don't understand they will leave and never return.

Website requirements

To influence the criteria mentioned by Hart, charities have to distinguish themselves from others. Irish (2005)[76]suggest that the use of logos on the website of charities can ensure that charities can brand themselves on the Internet. This means that visitors will be able to recognize the charity before they even read the information on the website. Therefore Irish suggest that the logos should be displayed prominently and the colours used in the homepage design should integrate well with the colours in the logo. Charities should use images and pictures on their website that represents their work and the beneficiaries of their work. Bradburry (2000)[77]mentions, that the possibility of a visitor staying on a website to read the cause of a charity can be influenced by updating the writing style. Michel and Rieunier (2012) [78]mention that the brand of a charity is also a signifier associated with content in the donors mind. Due to the fact that charities are increasing in numbers and compete for donations through its identification via a name,

logo, design, jingle, etc. the brand of a charity is becoming an important element in differentiating from each other.

Risk and benefits social media

Social media has many benefits for business that can also be used within charities. The opportunities that social media offers, is too big for charities to ignore. Social media allows charities to interact with anyone over the world. Just like the Internet it removes location barriers. Social media has changed the traditional media expectations of people. A news event spreads faster to the public by using Twitter than the traditional newspaper. Even though there are many benefits of social media, it's also very important to understand the considerable downside that exists when using social media.

Benefits social media

One of the benefits is that the use of social media tools strengthens and deepens customer relationships. Lisa Brown (2010)[79]mentioned that people feel more connected with an organization if they have direct communications on an on-going basis and if they have opportunities to express their opinions. According to (Merrill et al.,)[80]communicating with social media tools create a level of immediacy and a kind of public intimacy that is not possible with traditional marketing. Most people feel that companies are faceless. Social media can create a virtual spokesperson that can nurture person to person conversation which builds trust in the organization's authenticity and its professionalism. They also mention that social media offers the ability to monitor the perception of the public of its brand and services. This means that an organization can react very quickly

to negative perceptions of the public.(Merrill et al.,) mention that other benefits of social media for companies are:

Branded Fan pages on Social Networking Sites.

This can be used to establish a social media presence on Facebook, Twitter

Quick online response to rumours and negative perceptions.

Social media can be used to counter negative perceptions of the public very quickly.

Information disclosure- Public broadcast.

Social media is a very efficient and effective way to reach a large community. It also eliminates barriers to reach a community

Customer feedback.

Companies can create blogs to communicate product development information or information of any kind and thereby gather feedback from consumers. Social media tools like Twitter is very effective.

Promotions.

Social media can be used to encourage website visitors to engage with an organization's product of service. Charities can use this to promote fundraising events and thereby engage donors to participate.

User Generated Content.

Companies can engage consumers on social media platforms by encouraging them with incentives to write about why they like a certain product. Charities can use this to engage donors to write on a blog on the website of the charity why donors participate or made a donation to a certain project.

Risks of social media

(Merrill et al.,) mention that risks of social media for companies are:

Security risks.

Security risks can occur when malware is downloaded onto the website of the organization through the use of social media. This can occur when an employee is using an infected computer of the organization to make certain changes to the website or even when updating information.

Intellectual property and media risks

Companies have to make sure that its social media team isn't using information of others. Organizations cannot use information of others without their permission or without providing the source. If an organization doesn't do this, than it can lead to claims against the organization. Companies can be held responsible when they post information that infringe copyright, trademark or other intellectual property rights of others.

Privacy risks

Companies may need to protect the privacy of its members who join their social networking pages on third party sites, or who provide personal information through social media on the organizations website. Companies in the Netherlands must comply with the Dutch: " Wet bescherming persoonsgegevens"[81]. This means that companies need to protect private information of its members and stakeholders.

Effectively use of social media

According to Kaplan and Haenlein[82]companies should think about how to use social media and in what way. A couple of their tips can help:

Choose carefully

There are a lot of social media tools. The right social media tool depends on the targets of the organization and the message that has to be communicated to them. Social media tools attract a certain group of people and companies should be active wherever their customers are present.

Pick the tool or create one

If an organization knows their core business and the environment, the next step can be making a social media tool or buying. In some cases it's easier to join existing social media because of its popularity. However if the core business is different and there isn't an existing social media tool that can be used then one has to be created. An example is Japan's Fujifilm which created its own social network to build a community of photo enthusiasts.

Ensure activity alignment

It is possible to use different channels to communicate a certain message. By combining different social media tools and channels the largest possible area of target groups can be reached. This means that the message communicated by the use of different social media tools on different channels must be aligned with each other. For instance Chrysler Jeep connects with its customers by combining pictures posted on Flickr with groups on Facebook.

Be active

It is important to be proactive when companies want to build a relationship with their customers. Social media is about sharing and interaction, therefore it is important that information used by companies on their website or other

social media platforms is up to date and thereby engage with in discussions with customers. Companies need to be aware that involvement is more than reacting on negative feedback from customers. Social media is about engaging people in open and active conversations

Be interesting

In order to engage customers to interact, companies need to give them a reason to do so. Listening to customers is very important. Companies need to find out what customers would like to hear, what they talk about and what they find interesting and valuable. When companies know this they can create information that meets these expectations.

Gaps in fundraising

Charities have to understand that even though the Internet en social media tools give them some benefits there are also gaps in fundraising. Richard (2007)[83]mentions in his study that charities are using the Internet to provide information. According to his sample of websites created by charities, 89% collect email addresses for future communication and 88% provided feedback forms to get opinions from the website visitors, these were the only possible forms of dialogue on the websites. The sample of websites that Richard researched is using one-way communication. None of the charities is using live chat as another means of communication. Richard mentions that to maximize the Internet's ability to cultivate relationships with donors, charities need to use two-way communication. Richard also mentions that even though the Internet plays a strong role in cultivation, its potential isn't used to its fullest. Charities are mainly using the Internet to inform its donors however donors demand to know what charities are doing

with their donations. Donors are demanding that charities are held accountable for their actions and become more transparent in how donations are being used. This occurred after some scandals such as: " the united way"[84]. Hart[85]mentions that if a charity wants to let its online relationship to grow, they have to provide this information to build trust with its donors. Richard mentions that the easiest and fastest way charities can be more transparent is through using the fullest potential of the Internet. Richard mentions in his study that another gap is that of the insecure environment. Most of the sampled charities by Richard were collecting Internet donations in an environment that wasn't protected against hackers. An insecure environment makes identity theft easy on the Internet.

First-come first-serve problem

Lake (1998)[86]mentions that the Internet provides many benefits and opportunities, however new problems can occur. One of the problems is the first-come first-serve in registering a domain name is already visible. This is causing many problems for many charities. An example is the People for the Ethical Treatment of Animals that wanted to register the domain name: http://www. peta. org however when people visit the website they were getting information of People Eating Tasty Animals. This has recently changed to the People for the Ethical Treatment and People Eating Tasty Animals registered the domain name: http://www. tastyanimals. us/. This shows the risk and problems that charities are getting if they don't register their domain name fast.

Risk from start-ups towards existing charities

Another problem mentioned by Lake is the risk of many new start-up charities that know how to use the Internet effectively. Charities that exists longer but don't know how to use the Internet will have to compete with these start-ups. An example is the new start-up CancerBackUp that competes with many other longer existing charities and has become very successful. CancerBackUp is a conjunction of many big charities which share the same recourses and information. A website is not the only face of a charity however since the Internet started it has become a major influence. The development speed on the Internet and services offered by other charities will raise the level of consumer expectations. The response time to its donors can also play a major role. Pioneering activities by some charities that react fast will raise the entry level for other charities by raising consumer expectations at a higher level than they were months before.

What charities should be doing to fundraise effectively

Although many charities are looking into websites they have to realize that email is arguably the more significant medium to communicate with donors and followers. According to Lake more people have email access than Web access, therefore charities should still use this medium. Charities should test targeted messages before sending them to its donors. Lake also suggests that charities should integrate their telephone based fundraising with their Web based fundraising by using call-centre integration. By doing so, donors can click on a " call-me" button on a website and they can be called back directly by a fundraiser or by a call-centre employee on the behalf of the charity when the consumer is offline. This was also noticed by Ingenhoff

(2009)[87]who did a study in the Swiss fundraising area. Many charities have more experience in telephone based fundraising then in Web based fundraising therefore this necessary. Charities should also publish database information on its website. By showing a current balance of the fundraising appeals they can show how many donations were needed. This can encourage donors to make more donations.