



Kerrin:

Welcome to the Untapped Philanthropy Podcast.

Tim:

We're your hosts, Fluxx's co-founder Kerrin Mitchell and Neon One's Tim Sarrantonio. We've spent our career learning how to leverage technology and data in the social sector to better connect and serve our collective causes, constituents, and communities.

Kerrin:

In this podcast series, we profile leaders, public figures, philanthropists, and industry experts to explore the fascinating intersection of funding, technology, and policy. We're here to analyze the most formative topics and trends that shape the present and future of philanthropy. Hey, hey everyone. So last month we dove deep into the nonprofit benchmarking world, analyzing emotional sediment, associated conversion rates, all the great things. And today we, we wanted to take it a step further and really add that sort of go-to-market motion for folks to consider. We're being joined by Soraya Alexander, who is the president of Classy and is the COO of GoFundMe. She's going to take us through this changing definition of the individual donor landscape and how we can start to create some of these connections within that landscape.

Tim:

What's really exciting for me on this one is I have wanted to talk to Soraya for a long time, personally. So this is, this is very, very cool. A lot of the research that we've been doing, both at Neon One and now with the Fundraising Effectiveness Project has been really inspired by the work and research that Classy has done. Soraya, thank you for joining us.

Soraya:

Well, thanks for having me. I have been looking forward to talking with you as well and what an intro. Thank you for it.

Kerrin:

Absolutely. And usually we like to sort of kick off and let you tell a little bit about yourself. What brought you to philanthropy? I'd love to hear your story.

Soraya:

Sure. I actually started in the nonprofit sector during college. I found this program that allowed me to escape college for a semester and work in DC and I started at the refugee department at Amnesty International, then stayed after college in the space. After a few years, it felt like so removed from the impact that I flipped over to for-profit, where you get that immediate feedback. I spent time in e-commerce and customer engagement and loyalty and personalization and big data. And so you can kind of see where the story's going. You feel the impact, but on the kind of immediate level, but not on the



grand prosocial level. And so I found, Classy, which is the most beautiful intersection of both. You're helping the sector bring those principles of engagement, loyalty, the best things about eCommerce and dollar capture, but for good rather than, you know, for selling whatever it is, a pair of sneakers. So, it's just been an amazing journey. I'm really lucky for it.

Tim:

So, one of the things that we love, also hearing about is a moment of generosity that you've personally experienced, either as a donor or somebody creating that experience for somebody. So Soraya, can you maybe expand on what's something that stands out to you as exemplary on a personal level?

Soraya:

The one that comes to mind that I start talking about it, and I'm not joking, I have the kind of shakes right now. About a year and a few months ago, we formally merged Classy and GoFundMe together. And I had known Classy, I had known kind of formal sector, the nonprofit sector giving at scale. I had plenty of personal interactions, but we actually came together as a newly formed joint company in person. We had this big summit where we were declaring this bold new vision, talking about the next chapter. And in the middle of our summit, the Uvalde shooting happened. And I remember everybody stopping and just being consumed by this grief and feeling of kind of overwhelmed and immediately seeing the GoFundMe team spring into action to support this community. Because that's, you know, so often where you find GoFundMe campaigns.

And what was really incredible is it was one of the first times I had seen GoFundMe in action from a crisis response lens. And at that moment, everybody is desperate to surround these families in this community with support. And we ended up seeing tens of millions of dollars raised, but over 200,000 people show up to support this family, donations from all 50 states, donations for more than 104 countries. And it really hit me that the GoFundMe platform so often is this moment of support and this ability to provide catharsis for community. And it's very, very different than what the formal sector that I've been traditionally engaged with is trying to do at scale addressing issues, of course providing immediate personal connection. But it was such a different kind of response. And that one, it hasn't left me. And it's still kind of hits me at my core when I think about those weeks and months.

Tim:

Very powerful.

Kerrin:

It's one thing that really drives home some of the conversation we're about to have today, which is around this idea of looking at these sort of macro events and what causes someone to become a donor, but also what helps them to sustain. And, and when we look at some of these things, especially at a macro view right now, the world is in a strange place. We look at trends and donations, the influence of the stock market, a million things that might inform or be a factor in someone's giving. And we're seeing the numbers go down right now. And that is truly, I feel like I intuitively know why, but I feel like you have some insights here. Tell us a little bit what's afoot.



Soraya:

Yeah, so you're referencing kind of the same research that I think all of us are consuming, you know, from the Lilly School and the Fundraising Effectiveness Project, which is saying that individual participation is going down. So dollars maybe are holding, maybe are dipping a little bit. We think we're seeing dollars dip for the first time. But the broad concentration of wealth is showing up in, in donor behavior as well. And that's really concerning. And I think so many of us spend our time trying to figure out how to respond. We also at Classy, we try to do these surveys of public sentiment to say, how does sentiment and the feelings of trust and engagement and wanting to participate, reflect in the data. And we see differences there. What we actually hear from donors who declare their intent to give is that those are holding. Donors plan to give the same or more, they stay engaged.

They feel a real sense of and civic participation that they want to maintain. And then on our own platforms, we actually see donor retention holding as well, way too low. We all know this, donor retention is low, but it's not falling. We actually see that donors come back over and over again. And I actually, one thing I will kind of dig into is we actually see really interesting trends across donation contribution amounts. So what that looks like is like if you are donating over a thousand dollars, you see almost 40% of those donors return the next year. Whereas those giving under 50 come back at like 10%. And the correlation is completely linear. And I'm really curious what your reactions are to that.

Tim:

Yeah, you know, and what I'm really excited about is Classy's participation in the Fundraising Effectiveness Project initiative because it's going to deepen and enrich what's already the largest analysis of individual giving in the sector. And it is on the individual, like first time donor retention, very similar numbers. It's around 19% this past year. It's always wavered in that, you know, 18 to 22, 23% range. But even in the data there, the deeper commitments, like seven gifts or more in a year, your retention's in the 90% range, 89.6 specifically this time around. Right. And that's like one of the things that Classy does well on recurring gifts, for instance. There's a lot of cool things when you make it accessible for people to give. But I think that the deed, the concern on the data is actually on the more major donor side.

The thing that I've heard consistently about FEP which we're trying to change, and this is where Soraya, I know you and I are going to be agreed on this, is it needs to be empowered for the individual practitioner to do something with this. It is, everything we're talking about here will not surprise somebody working at a small nonprofit in particular. They know it's hard to acquire donors. They know it's hard to keep donors. It's what do I do next? And that's, I think everybody is really kind of grasping at straws except for people who are like, no, it's about relationship building, it's about connection. We have to get back to that core point.

Soraya:

I think that's what I'm trying, like I know that the point I'm making sounds obvious on its face. And I'm trying to figure out the angle that I think that what keeps me coming back to this data, and it's that we see this concentration of donor giving. We see this concentration of, you know, wealth. It's reflected in



donor participation and philanthropic activity. And what it does is makes, you know, development officers focus more and more on major gifts. Because what's the alternative? But the, the real linearity of if you give, you'll keep giving. And if you can get stepped up in kind of this small way, you'll grow your engagement over time is actually a little bit counterintuitive. It's not that you have to have a relationship with an organization first in order to give, it's actually that the giving drives the engagement, the giving is the factor that matters the most.

And so, you know, when we talk about the allocation of time, it's really easy to say like, I've got a number to hit this year. Of course I'm going to focus on the givers who can hit that number, even if that's declining. But I think the bigger fear is if you don't manage to capture these small dollar donors now, you're never going to see them. The big dollar donor retention is really low. You actually have to get people from that kind of zero to one gift and then you can cultivate them over time. But, don't worry so much about like, where is the dollar coming from today? Having a little bit more of that long-term longitudinal view of I just need to get somebody in because then I can cultivate this relationship and that act of giving, trying to step them up will be the thing that means I can be successful for the long term for delivering impact from through my mission or not. And how do we crack that? And you're right, we spend a lot of time on recurring, like make it easy. We spend a lot of time on really kind of unsexy things around like conversion optimization and payment, like an SEO optimization. Like these are not things that somebody building deep relationships should be thinking about, but it's those two things coming together that I think can do a lot for...

Tim:

Well that's tech. That's tech's job is to make that part easy for them. And, what's really interesting is you're drawing a direct line. I actually experienced this on the generosity road show trip that I took where I literally drove from NTC in Denver to AFP ICON in New Orleans and stopped into different places and talked to people. And the very first person I talked to was a gentleman at the Enterprise rent-a-car. And he was going through and he was explaining the car and I said, can I tape you? Like, I know this is kind of weird, but can I tape you talking about the car? And then I have a question for you. And he, you know, walked through the car, but then I said, do you give to charity? And he says, I don't,

Kerrin:

Tim, you weren't just like a maniac. I love it. You're just like a <laugh>.

Tim:

I know I'm a content machine. It's great to live with me. My wife loves it, so... I, yes I did. I turned my Super Mario party where I rented at a theater into content as well for LinkedIn. Of course.

Kerrin:

Of first you did, I'm sorry, didn't interrupt. Point, point on your shenanigans, which I love.

Tim:



When I talked to Robert and I asked him, do you give to charity? And he said, no. But then I said, if you could give to a charity, a nonprofit a cause, what would you give to, because this is kind of the core thesis point that I've understood it for Classy too, is that the breaking down the walls of like, it doesn't matter if it's coming in through GoFundMe or Classy or whatever, generosity is generosity. And so what's powerful is when he said, you know, it would be really great, my wife is a programmer and it would be amazing when she was a girl, if she could have gotten support for coding and things like that. I said, how about Girls Who Code? And he said, yeah, Girls Who Code, like he implicitly understood what they did and he had an immediate identity connection to that organization.

And I said, I'm going to make a donation for you. And so I donated, I hunted down his information. It was on the referral agreement or the agreement from Enterprise too. So Robert, I sent him like, here's the email. I wrote him a postcard. Like I'm doing some of the things that a nonprofit fundraiser would do, but what was powerful insight that you gave Soroya is the dollar amount in some ways, doesn't matter. It's the motivation, it's the drive, it's the passion that really comes through. And our job as fundraisers is to take that momentum and keep it going if possible. But if we start to bucket people into the donor pyramid structure, this is where we start to lose our way.

Soraya:

Well, I'll say there's one thing on that though, which it sounds like I'm going to contradict myself and I need to tie it back, because we did say low dollar donors do not come back at very high rates. And it's completely linear in terms of the relationship with, if you're likely to come back, it's cause you're giving big dollars, but people don't start giving big dollars, right? We all know this. Like you need to engage them up the funnel. And so you have to take a lot of the people who will walk away knowing that some of those \$5 donors will become your \$10,000 donors. And so you have to engage with all of them as if they're your next big donor. You have to talk to them and you have to continue to engage. And that's where the power of scale, you can't afford to write postcards for all of these small donors.

You have to engage them, you have talk about the impact of those dollars. That's the thing that will keep people coming back and then upgrading. The thing that I think is really interesting as well is we are now able to see insights across the two platforms. And so, we've got about 150 million donors in the databases across all of these different kinds of giving, right? You've got the informal sector of GoFundMe giving, which we can talk about. It's a very different mindset and motivation. And that's actually tremendous opportunity when we think about introducing people to the sector. We can talk about that. But we've also got the Classy, formal 501(c)(3) sector. And the insights that we find across those is if you are a giver, even if you look like a five dollar casual giver to a particular nonprofit, if you are a giver, you are giving across campaigns, across causes, across types of the sectors, you know, 501(c)(3) individual giving. We see you over and over and over again across the platform. If you don't give, you don't give. And so the recognition is really high and active participants, it might be small, but this idea of like, there is a very finite giving wallet giving budget, it doesn't exist. We're not seeing it.

Kerrin:

Let's transition that. Because I love that we, we've kind of alluded to it a couple times that the technology that we can build, obviously all three of us come from different sort of, legs of a stool. And



actually to that perspective, I really like that we come from it a different angles. And so it is our job as technologists to solve human issues. And I think as we build our tech and deliver it, what are the kind of key things that are on your mind as you, as you seek to sort of solve some of these issues?

Soraya:

So I am really excited about this because of course, on the core Classy platform, we think a lot about storytelling. We think a lot about connection. We think a lot about long-term journeys and how do we build tools that are very easy one click checkout, you know, the simplest checkout but encapsulated in this ability to really break through. But what I'm really excited about is what we're trying to build with the GoFundMe side of the house. And I'll speak a little bit more to kind of how I opened up a GoFundMe campaign. When you are donating to GoFundMe, more often than not it's somebody in your immediate circle who is encountering some kind of crisis or has some kind of very specific discreet ambition and you want to support them. This is a way that you show financially but also just emotionally that you are there for them and you are kind of behind them and backing them through these key moments in their life.

This isn't a donor community, this is just your community. Once that need goes away, you go back to just being friends and family and coworkers and neighbors. But all of these people have now been touched by this thing. Let's say someone was hit by a drunk driver. Everybody is rallying around this family to pay for hospital bills or god forbid, funeral expenses or just, you know, emotional support after this incident, after they get through it. What happens to all of those people? They've now all encountered the very real impacts of drunk driving. Do you think they would be interested in learning more about Mothers Against Drunk Driving? A hundred percent they would. Can we help introduce them? What about the person who started the campaign? Do they need resources that Mothers Against Drunk Driving can provide in terms of support groups or financial assistance or you know, whatever it may be a hundred percent they can't.

Tim:

So I would love to build off of that and kind of shift into that emotional element that you're talking about there. Do you have a sense of how we can translate these types of core emotions that might even start a relationship, right? Like, I've been affected by drunk driving and so this is why I care about this cause and maybe I came in through like a peer-to-peer campaign or something like that, right? Really good acquisition numbers, we know that, but how do you translate that into long-term motion?

Soraya:

Well, so I think this is the key where we know if you look at let's say, kind of medical care that that kind of grateful patient, those grateful patient programs where you say you were affected in this moment, this nonprofit or this, you know, hospital system could step in and really support you. And now there's so many other people who keep coming who need this support. Can you be kind of a, how do you cultivate long-term relationships? Because you really got to people in these very personal moments. We see tens of thousands of those moments every day on the GoFundMe platform. People who are really deeply affected by something that we have thousands of nonprofits working to address at the root. And



so I think there's this story, this connection point of is it relevant highly, highly relevant, highly personal, and you're talking to people in these particular moments and are we able to help connect the nonprofit to these people in times of need to actually deliver programmatic impact that will develop this long-term kind of deep sense of, I know this organization was there for me in real ways, right? That is the start of a very, very powerful relationship.

Tim:

Yeah. The kind of, the way that an evolution I've come to think about this is, is like a generosity experience starts with the awareness stage, the acquisition of that person being interested in various forms. It could be volunteering, it could be, you know, participating in a program, it could be peer-to-peer, all these different things. And then that deepens and that shifts depending on it. And they could still stay in a situational gift, I'm going to give because I was asked, or it starts to shift toward that deeper identity because of the impact feedback loop, right? Ultimately a generosity experience is designed around that connection between what you're talking about, the, the marketing, the revenue, the impact. So it's a very powerful mindset shift that you're talking about.

Soraya:

I think that's right. And you know, on the Classy platform, and this is, I'm sure you kind of see similar things, but we see 80% of people who give to peer-to-peer campaigns ...

Tim:

Pretty much the same number. That's fascinating.

Soraya:

What's fascinating. And then what do? It doesn't have to be that you are going to retain all 80% and that would be amazing, but you retain, 10% of them. If you actually engage those fundraisers, those supporters more, if you can expand that pool through things like the GoFundMe platform where they're already there, they just haven't seen their direct connection to an organization because they're in these very personal moments of crisis. You help facilitate, we can help facilitate those connection points. What does that mean for future, peer-to-peer campaigns or like peer to nonprofit campaigns and how can that start building a more active fundraiser base for you? Um, that's another angle that we're really kind of spending time understanding.

Kerrin:

I think that's the thing as we're looking at this, you know, exponential age that we're living in as people are, are framing it. There is this opportunity right now to look at your technology, your approach, obviously with Classy and GoFundMe together, there's a new way to operate that's deeply rooted in the human experience and some of these things that we are talking about, just about emotion and how to sort of structure and manage that through and sort of help people find the data, the information they need. Tell me a little about, you know, look in the future, what's next for you guys?



Soraya:

So right now we've actually launched some of these pilots. Everything I've talked about actually is live with certain key customers and we're trying to learn, you know, where, what's the timeline to introduce an organization? What's the timeline to have them provide some help? What's the timeline to engage the campaign creators or the, do you know the, the donors on the GoFundMe platform? How do we build these machine learning models into our product to do dynamic donation amounts? So all of that is actively in the works. And so I think for us, the next step is always scale. You know, how do we make this big enough and robust enough that it can truly like change the face of giving <laugh> not audacious at all, but it's certainly the task at hand, to support the entire sector. So what's next is I think a lot of these products coming to market in a much more broad way. We're hoping to do that in the next few quarters and we're really excited about it.

Tim:

So as expected, this was a great conversation and, and one of the key kind of takeaways is that there's an evolution happening across the board. You know, Kerrin, I think especially, there's a lot of arguments that we can make that even in the grant side, that similar emotional elements are at play here that we've heard.

Kerrin:

Absolutely.

Tim:

Yeah, I just think it's a really interesting time and there's so many different swirling things, but Soraya, especially, I want to thank you for the amazing research and insights that you talked about and the participation in larger sector initiatives like the Fundraising Effectiveness Project in order to guide us here.