

The Digital Revolution: How The Democratic Party has Leveraged Email and Online

Fundraising to Target Grassroots Donors

By Rachel McCoy

Today, getting emails from politicians asking for money is as ubiquitous as getting sales fliers for Macy's in the mail. But what might feel like just another random email cluttering your inbox is actually the product of over a decade of development, testing, and strategy adjustments. The art of the perfect fundraising email is today as much science as it is art. There is strategy behind every decision from the subject line to the formatting to the sender. Even the time of day it is sent can be a strategic decision. And it's all in the pursuit of bringing in more money.

In this paper, I will begin with a brief history of the Democratic Party's use of email and online fundraising, as well as address several of the strategies used for email fundraising. This research was conducted through hands on experience on political campaigns, interviews with campaign professionals, and the reading of academic and news sources related to email and online fundraising. My goal with the project was to understand how the Democratic Party's email program has been successful in targeting grassroots donors in the past and present and how it could continue that success in the future.

Part 1: The History and Evolution of Political Online Fundraising in the Democratic Party

While the internet had been a part of political campaigns for a few cycles before 2004, it was Howard Dean's campaign for the Democratic Party's nomination for the presidency that

brought to light the organizational and fundraising potential of the internet for campaign. During a casual lunch with EMILY's List interns in 2013, Stephanie Schriock- the president of EMILY's List and Howard Dean's National Finance Director in 2004- told of how during their first online fundraising campaign, they decided to use a live thermometer on the website to track how close they were to the goal. Around a day before the deadline, she got a call from Governor Dean telling her that the website was broken because there was no way they had already exceeded their goal. Stephanie said she went into their account and checked, and it turned out that they had in fact beaten the goal. It was in that moment that they realized the potential of using the internet to fundraise.

This fundraiser is described in the 2004 section of Jennifer Stromer-Galley's book Presidential Campaigning in the Internet Age. For the end of the second fundraising quarter "he had his web staff create an art logo of a red baseball bat that was featured prominently on the website. Dean supporters were urged to "hit a grand slam for Dean."" This was the live thermometer that Schriock described. The end of the second quarter coincided with the lead up to the All-Star Break in baseball, so the campaign decided to capitalize on this timing. "His personal and emphatic appeal paid off, sharing with the world the campaign's internal fundraising goals, though it was viewed as risky by some in the campaign because it was not information campaigns share typically. The red bat and fundraising goal spurred more than \$700,000, giving the campaign slightly more than \$7 million for the second quarter" (Stromer-Galley 76). Today those numbers might seem paltry compared to Bernie Sanders \$6,000,000 raised primarily online in one day, but at the time, raising \$700,000 online through one fundraising push was revolutionary.

In 2004, using the internet to organize was novel, but it was also the perfect timing. The internet had become a part of the majority of Americans lives and Americans were increasingly conducting business online:

By 2004, just over 60% of American adults were using the Internet. Of those with Internet access, almost 60% reported looking for news and information about presidential campaigns online, which was more than double the number of 2000, according to surveys from the Pew Internet & American Life Project. As well, 40% of Internet users were sending instant messages, nearly 70% were buying products online, and just under half were conducting online banking (Stromer-Galley 73).

The Dean campaign had tapped into something that campaigns quickly realized would be a great advantage to diversifying the way they raised money. The people who usually give through emails are grassroots donors, people who give \$200 or less. They are likely to keep giving, and can keep giving because they have not hit federal limits, unlike the traditional large donors that Presidential campaigns targeted. By the time Dean's campaign ended, 61% of the \$51 million he raised came from small donors (Stromer-Galley 76). Other campaigns followed suit. In fact, while Dean's campaign is remembered for having been the first to the scene that cycle, it was actually John Kerry's campaign that walked away with the online fundraising record for most raised in one day, at that point in time. Shortly after it was clear he was going to receive the nomination, Kerry raised \$2.6 million in a 24-hour period (Stromer-Galley 77). Dean also continued to use the internet to fundraise after he endorsed John Kerry, even using the same red baseball bat that he used to great success on his own campaign on the page of his newly created organization Democracy for America, and sent out an email to his extensive list that generated \$500,000 for Kerry in one day (Stromer-Galley 77). After Dean left the race, the Kerry

campaign continued developing the practice, even using A/B testing, something the 2012 Obama campaign became known for using extensively (Stromer-Galley 77).

A small irony of Howard Dean's campaign was that some attribute his downfall in Iowa to campaign manager Joe Trippi focusing too much on internet strategies rather than building out a more traditional ground game earlier in Iowa (Stromer-Galley 99). It just showed that even with the advances in technology changing the way fundraising and even voter mobilization is done, the traditional aspects of a campaign can still make or break it. Dean's campaign wasn't the first to use the internet, but they were the first to discover the goldmine it could be for fundraising and getting the grassroots involved and excited about a campaign. He also laid the groundwork for how future insurgency campaigns would run, like then Senator Obama's 2008 presidential campaign and Bernie Sander's 2016 run.

Between 2004 and 2008, there was a shift in the way people used the internet and technology. Internet usage went up 10%, with 73% of American adults now having the internet in their homes. Apple released the iPhone in 2007, putting the internet in more peoples' hands than previous smartphones had. And by the 2008 election cycle, Facebook, Twitter, and other social media had entered the scene (Stromer-Galley 106-107). Web 2.0 had arrived and it provided with it ample opportunity to fundraise and organize, especially for a young insurgency candidate named Barack Obama.

The New Media team that the Obama campaign put together "created the organizational processes and technical infrastructure that helped translate the extraordinary interest around Obama's candidacy into the staple electoral resources enshrined in the ubiquitous phrase that

staffers used to refer to their goals: “money, message, and mobilization” (Kreiss 122). Quickly, the Obama campaign realized if they were going to beat Hillary Clinton and John Edwards, both of whom were better known than the 46-year old Illinois Junior Senator, they would have to expand the electorate by targeting groups that historically have low rates of turn out: African-Americans and youth (Kreiss 123). Howard Dean’s 2004 run showed the power that the internet could have for an insurgency candidate both from an organizing and fundraising perspective. With a crowded primary field and better known candidates, including a Clinton, the Obama staff would also have to get creative with fundraising as many of the big donors were backing other candidates. Mobilizing the grassroots to not only vote, but send in small contributions of \$5, \$10, \$25 at a time was going to be crucial for ensuring that the campaign would have the resources necessary to compete. Another move copied from the Dean playbook was that the Obama campaign turned down federal matching, which now gave them the freedom to raise as much money as their operation could manage and freed them from the restrictions that could prevent innovation because of budget constraints (Stromer-Galley 104). The Obama campaign took their internet strategy seriously, giving Joe Rospars, a veteran from Howard Dean’s 2004 team, his own New Media division and making him equal on the organizational chart to other division heads including Communications, Field, and Finance (Kreiss 123). This move might not seem that important, but it signaled to the rest of the campaign and to onlookers that this was a campaign that was taking the possibilities and opportunities presented by new media seriously.

The other benefit of having new media as its own autonomous division was that it wouldn’t face the same problems that the teams in 2004 did with communications. Email and online messaging is a different beast than direct mail and traditional media. While with direct

mail, you can have a longer more formal piece, emails should be shorter and more informal to mimic the way people email. In 2004, internet strategists ran into problems with their more old school communications and finance teams wanting to treat email and the internet the same way they treated direct mail and traditional media (Stromer-Galley). By making the New Media division of the Obama campaign autonomous, it meant that they could say no to Communications if they disagreed, rather than having to acquiesce. Former deputy director of New Media and Chief Technology Officer described the benefits of having Rospars as senior staff:

We could say no to communications and that was a huge, incredibly important thing because it meant that when we would try to make a case for something it wasn't getting filtered to Plouffe. Joe would walk directly into Plouffe's office and said this is why this is important (Kreiss 123).

Obama's New Media team used a variety of mediums to communicate with voters, but the primary way, and the focus of this paper, was email. By having the New Media division autonomous, they had complete control of the over 13 million person list the campaign acquired (Kreiss 131). This allowed them to keep the message clear, consistent, and become part of a narrative. Rospars explained:

Everything fits together and if you go look at the very first e-mail that we sent out from the Obama campaign which launched February 10th all the way up to the thank you on election night that says 'I am going down to Grant Park right now' tells the story of the campaign. You understand everything, you understand the relationship with people, you understand the big moments, you understand all of this stuff and they sound the same. It is the same story.... It can't be "Here finance you take the e-mail list for this week and on this day and then communications you are going to send out your press release to the e-mail list this other day and then well we have all this field stuff going out so let's send all CAPS e-mails about these events that are happening in Portland." It has to fit together (Kreiss 132).

The strategy of the building and role of the New Media division and their clear vision for the email program paid off financially. In the second quarter of 2007, the campaign raised \$32 million with \$10 million of that coming from online sources (Kreiss 133).

Today, getting emails written to seem like they are coming from various staffers, the wife or children of the candidate, celebrity surrogates, and the candidate themselves is typical. But in the 2008 cycle, the Obama campaign had just started experimenting with that. The idea behind sending campaign updates from senior staff was that it would create supporter buy-in by making them feel like they had access to the inner circle and to be able to speak directly to supporters about the campaign's interpretation of events (Kreiss 134). The campaign was able to determine which of these emails were successful and what resonated with supporters by creating and measuring sets of data. And from the data they had about a person and from the analytics of emails, they were also able to begin tailoring emails to specific audiences—though that practice would get more sophisticated in 2012 and beyond.

The Obama campaign in 2008 not only revolutionized how campaigns used new media, but also how the division should be treated in the organizational hierarchy. Where Dean's downfall may have been too much focus on the internet at the expense of other areas, the Obama campaign focused heavily on the internet to enhance other areas such as fields and finance. The advances made in 2008 would be continued by the re-election campaign in 2012, that got even more data driven, and also saw the practices from the presidential campaign make their way to down ballot races.

While 2004 and 2008 brought big new strategies and tools to the political campaign world, the 2012 cycle saw those strategies refined. The Obama campaign was able to continue

and build on the techniques and strategies from 2008 and refine to raise even more money. One of the biggest takeaways from the 2012 cycle was how data driven the digital program became. The experimentation phase of digital was over, now it was about refinement.

Data analytics was a large part of the Obama campaign during the 2012 cycle, so large in fact that there was actually a team dedicated to just digital analytics. While A/B testing had been a part of previous iterations of presidential digital teams, it became a much larger part of the 2012 cycle. Using testing, the campaign was able to treat the email program the same way a scientist does a research question—they used a scientific method of sorts. Amelia Showalter, who served as the Director of Digital Analytics for the campaign, described in a TED talk about how the Obama campaign improved their donation page. Using code to run an A/B test, people who reached the donation page were split into two groups. The A group saw the old donation page where you filled in everything at once. The B group saw the new page, where you went through step by step. You filled out all of the same information, but just in smaller chunks. Of course neither had a 100% completion rate, but they found that the B group had 5% more people complete the donation process. While 5% might seem like a small number, when you consider their digital program was raising hundreds of millions of dollars, that was real money (Showalter). The Obama campaign tested everything from online ads, to emails, to various parts of their website. They knew that you aren't going to get everything right the first time, but instead should be looking to continuously improve what you've built in order to raise the most money and organize and spread information as effectively as possible.

Another development between 2008 and 2012 was that down ballot races began using email extensively. According to Emily Mellencamp-Smith— former Finance Director for Kuster

for Congress and Franken for Senate '14 and current Finance Director for Maggie for New Hampshire— most digital programs were run in-house in 2012, especially on smaller races. A large Senate race might have a digital consultant, but it wasn't until 2014 that most House and Gubernatorial candidates started hiring consultants (Mellencamp-Smith). One pattern that often occurs with campaign strategy and technology is that innovations will be made on the presidential level where they have the resources to build their own tools and then these tools and strategies start making their way to down ballot races the next cycle in the forms of different service providers. All campaigns now participate in some form of targeting with their emails, whether it be by geographic location or information that they have collected on donors from research or even past emails. When a donor signs a petition saying that they stand with Planned Parenthood, now a campaign knows that they will respond and interact with messages targeted around women's health. And Facebook ads can be targeted to certain audiences, based on age, location, gender, and even interests. What may have once been only done at the Presidential or Senate level is now accessible and practiced by local races as well.

The advent of the internet age has rapidly changed how Democrats have been able to reach out to voters and fundraise. The 2004 and 2008 campaigns provided the bulk of the experimentation, whereas the 2012 and 2014 have seen more focus on refining practices. With the 2016 cycle still going on, it is still unknown what the biggest takeaways will be for the advancement of digital fundraising—however we do know so far that the internet and email fundraising is still proving to be one of the greatest assets an insurgency campaign can have, as demonstrated by Bernie Sanders outraising Hillary Clinton primarily through small online

donations. In the next section, I will briefly describe some of the strategies and practices that are utilized in online fundraising and why email can be such an effective tool for campaigns.

Part 2: The Strategy of Email

As Part 1 demonstrated, email has become a crucial part of any campaign's fundraising strategy. There are now three primary ways in which campaigns raise funds: in person through fundraisers or call time, email, and direct mail. While direct mail is still utilized, and is still quite effective, email has opened up an incredibly cost-effective way to reach out to donors and activists in real time without taking candidate time, like fundraisers and call time do. With email, a news story can break and a fundraising email can be in people's inboxes within minutes. While some emails will only bring in a small amount, relative to the size of the campaign's email program, a good email could bring in millions-- as the Democratic Congressional Campaign Committee and Bernie Sanders' campaign have proved in their email programs. Of course, millions in one day is unrealistic for the majority of campaigns. Campaign committees, large PACs, presidential candidates, and some Senate candidates can have email lists of hundreds of thousands to millions of people, which means that their low raising emails might raise more than the highest raising email for a small statewide election or congressional campaign. But what matters just as much as the actual dollar amount an email raises is the percentage of people who open the email, who interact with it, who click the link. In order to raise money, you must have a subject line and sender that will catch a donor's eye in their inbox and make them want to open it. You need people to not exit out of the email before they click the link to

donate. Someone running for mayor could send out an email that raises \$2,000 but had a high click-through rate and had many of the recipients donate. For a Senate candidate with a substantial list, \$2,000 is the sign of a poorly performing email. But for that mayoral race, the email would be a great success. While it raised the same amount, the mayoral campaign would have had a greater percentage of people open the email and buy-in to the campaign enough to donate.

What also matters is the return on investment on email address acquisitions. If the ratio on how much you spent to acquire the email addresses compared to how much you actually made, you are either spending too much on acquiring emails or your email program needs work. The metrics behind these fundraising emails is similar to any logic that goes behind what is ultimately a business decision, but the strategy behind the content itself and what works best is less straight forward and still evolving.

Unlike direct mail, the act of sending an email does not cost any money. There are of course costs associated with large-scale email programs, but email fundraising is a medium that is accessible to anyone. But even for the large-scale programs that engage in list-buying, have staff and consultants, and pay for software platforms to store donor information and send emails from, the cost of sending an email is minor compared to other forms of mass communication. Because of the low cost and the ability to quickly respond to current events, email has become a numbers game. This is why your inbox gets flooded with campaigns asking for money. Of course, people will always unsubscribe, but typically a well-crafted email program will be gaining more emails than it is losing, and making enough money from the emails to make up for the unsubscribes.

But how is a successful email campaign created? Testing is a key aspect of email campaigns, particularly campaigns that have a large list. Testing could be as simple as sending out the same message with a different subject line to 50 percent of the list, email A to 25 percent and email B to the other 25 percent, and whichever one performs better will go out to the rest of the list. However, that is a simple test. As described in Part 1, the Obama campaign was notorious for testing everything. In one case, they had six drafts of an email for an upcoming fundraising deadline. Each draft would get three subject lines, making eighteen total versions of the email. Each version would go out to about 1 percent of the list before the winner would go out to the rest. This testing could result in millions of extra dollars raised than if they had not tested. Through this they found that in 2012, donors responded better to ugly emails, those with lines highlighted in bright colors and minimal graphics, to those with fancy graphics (Showalter).

But even extensive testing can't trump good content. Sometimes good content is just a well-crafted email. And sometimes, good content comes from current events that motivate the base to donate. The DCCC, in 2014, was able to raise 4.8 million dollars off of Republican impeachment threats (Joseph). Bernie Sanders has been able to raise over 6 million in under 24 hours because his team has been able to tap into the anti-establishment sentiment and the revolutionary feeling of his campaign (Vogel). In 2012, the Obama campaign had whole teams dedicated to writing emails and then a separate team to analyze their performance. On large campaigns, email fundraising is as much a science as it is an art, with data driving every decision. But all of the testing in the world can't make bad content good.

Digital advertising is another important component of online fundraising and building a

large and robust email list. The ads you see on Google and Facebook are as much about email acquisition as they are about getting the word out about the campaign. The ads are targeted at specific audiences, just like product marketing. An ad about equal pay for equal work might be targeted at women who have liked democratic pages or women's organizations. Often these ads will have some sort of ask. For people who have given to the campaign, which can be determined on Facebook by matching a campaign's voter file with Facebook metadata, the ask might be to give money. Whereas someone who has never given might be asked to volunteer or sign a petition. Facebook is one of the more popular medias to place digital political advertisements, but Pandora and other platforms are working to create a market for political advertisers. Like Facebook ads, Pandora ads contain an ask. But they have also leveraged the fact that many people listen on their phone and therefore can include a button to call a specific number if the ask is to call your Senator (AAPC).

But for campaigns looking to build out an email list, the best form of digital advertising can come in the form of a petition that allows them to get new emails but also learn about what interests this person and further target communication with them. The measure of a successful ad is the number of conversions it produces. It's great to get an email, but do they engage? Do they sign up to volunteer? Do they donate? That is the ultimate goal of any online advertising strategy is to ultimately convert them to a donor and have them be committed to the success of the campaign.

While Republican campaign committees, like the Republican National Committee, typically have stronger fundraising operations than their Democratic counterparts, Democrats have led the way in email fundraising and data-driven campaigns in general. While this project

was not a comparison of the two parties' use of emails, the history of the adoption of email on campaigns shows why Democrats have been able to build out a stronger operation. In essence, Democrats were early adopters, with the Howard Dean campaign in 2004 realizing the potential of the internet for grassroots fundraising. President Obama's 2008 campaign built upon what Dean's campaign started and was able to develop and create new tools and methods to engage voters and donors online. And the 2012 campaign revolutionized using data to make email fundraising even more successful. But the success also ties in with the data-driven method of campaigning in general. Democrats have built out an extensive voter file that and that information is powerful in targeting voters and donors and is accessible through the party to candidates to utilize. It's not uncommon for larger campaigns to have a data team within the Fields operation to analyze the data to find the best way to use resources and target voters.

Because of this head start, Democrats have created a juggernaut in fundraising. Bernie Sanders is able to raise tens of millions every month, primarily from donors giving \$5 to \$10 at a time. In addition, the Obama campaign found that donors who gave \$5 were more likely to donate again at higher levels. Ultimately the people who give \$5 to \$10 at a time might actually end up giving over \$100 in a cycle, which with thousands of people donating adds up. The party has built out tools accessible now to candidates up and down the ballot and has put an emphasis on refining and innovating within digital fundraising and data-driven campaigns. The internet has provided ways for insurgency candidates to raise their profile and raise funds from small donors whose enthusiasm can lead them to actually outraise their frontrunner opponent. Email can make a candidate competitive, but still, at the end of the day, a campaign is won or lost by the strengths and weaknesses of all of its components. While email offers many

possibilities for growth, it is only one aspect of a campaign. There is still a lot of room for email and digital programs to continue growing and innovating as technology advances, and the possibility of engaging in even more detailed targeting than what is practiced now could be one place it goes, but it should always complement the rest of the campaign.

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