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| **GroupKarma** |
| A new way to give |
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| GroupKarma takes the incentive based approach to buying as a community and applies it to giving. |
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Table of Contents

[GroupKarma in Three Sentences 3](#_Toc279317436)

[The Need for GroupKarma 3](#_Toc279317437)

[GroupKarma Solution 4](#_Toc279317438)

[The Details 4](#_Toc279317439)

[Strategy for growth 5](#_Toc279317440)

[Example Case 6](#_Toc279317441)

[Nonprofit 6](#_Toc279317442)

[Big Donors 6](#_Toc279317443)

[Microdonor 6](#_Toc279317444)

[Target Audience 7](#_Toc279317445)

[Financials 7](#_Toc279317446)

[Team 7](#_Toc279317447)

# GroupKarma in Three Sentences

GroupKarma is an web 2.0 site focused on delivering donations to various charities in an innovative and fun manner. Using the hot concept of “group buying” along with the existing architecture of “doubling donations” GroupKarma encourages small donors (we call them microdonors) to give to a nonprofit of the week in a group fashion in order to get to their donation doubled, and have the chance to win large prizes. GroupKarma takes the incentive based approach to community buying and applies it to giving.

# The Need for GroupKarma

Donations are garnered by nonprofits today through multiple avenues. Direct solicitation of donations happens on a daily basis: the phone call, the flyer, the television ad, the Santa ringing the bell outside the grocery store. This continues to be the most effective way for nonprofits to target small donations. Nonprofits also lean heavily on corporate donations – corporations that for example match an employee’s donation and corporations that cut large checks for tax deduction purposes. These avenues for collecting donations have existed for years, and will continue to exist into the next century because they pull at the donors conscience to give. They are also successful because a donor knows his or her donation maybe doubled.

Dedicated fundraisers such as radio drives, raffles, dinners and galas, have also been a trademark of nonprofit fundraising. Many of these involve giving incentives to small donors in order for them to give a few dollars. A raffle ticket for a donation may turn into a new car. A $10 donation will get you a tote bag, but a $100 donation will get you a ticket to the gala. These forms of fundraising have been successful for years because there is an incentive for people to give.

Newer, and extremely successful, nonprofits such as Kiva, DonorsChoice and Charity: water, are able to go to the internet for their donations. The most successful online nonprofits are ones that leverage the social internet to gain donations – Facebook, Twitter, Jumo are filled with pleas for donations, “Likes” of certain charities and clever ways to follow your money. The charities that successfully market themselves as web 2.0 organizations are the ones that the internet generation donates to. Unfortunately, online donations today takes largely only one form: one can go to a website and click the donate button. There is significant room for improvement and a chance to reach a much bigger audience.

# GroupKarma Solution

GroupKarma will allow nonprofits to reach a much larger target audience, one that is internet savvy and willing to donate by appealing to all aspects of the traditional donation and combining them with an innovate social way of donating.

GroupKarma connects three parties: the nonprofit, the Microdonor, and the Big Donor through the group buying theory. Group buying typically involves a daily coupon, which a company offers to its customers, if a certain amount of people buy the deal. This has been the driving force behind Groupon, LivingSocial and an array of other, successful, ecommerce websites. GroupKarma takes this incentive based approach to buying and applies it to giving.

## The Details

Each week, a new organization is the featured nonprofit on GroupKarma. On the website, they are able to post information about themselves, including pictures, videos and other rich media. Each week, GroupKarma also features a Big Donor – a corporation, small business, or individual – who has said that they would be willing to match a donation to the nonprofit for x amount of dollars. The Big Donor also has a chance to feature their product on the website. They also supply a price, something that the Microdonors compete for. Each day, a Microdonor visits the website to make a small donation. In order for the donation of the Big Donor to be released, the collection of Microdonors have to get to a certain point. Microdonors also compete for the price of the day, which is supplied by the Big Donor. The more “Karma points” a Microdonor accumulates, the more chances he/she has to win the price.

The incentives for all parties are clear.

## Strategy for growth

All three parts of GroupKarma contribute to its potential growth as a website. The nonprofit has a network of donors who they would drive to the website in order to increase their chances of unlocking the large donation and continue to amass microdonations. The Big Donor has incentive to send people to the website in order to both market their product, as well as show the world that they are a company with a social conscience. Finally, the Microdonor drives traffic by being incentivized to share his or her donation with his friends. For every Tweet, Facebook status post, etc, the Microdonor gains Karma points, which increases the chances of winning the large price.

## Example Case

### Nonprofit

Vidya is a startup education nonprofit. It helps connect donors with underprivileged children through a web portal. Each contribution made is directly allocated to the child’s tuition, with the goal of helping to alleviate the financial struggles of his or her family.

As a relatively small nonprofit, Vidya does not garner the large public donations that a Salvation Army or UnitedWay would. However, it is the exact type of charity that an internet generation consumer would donate to – it has an online presence, it allows for direct visualization of where money is sent, and it connects donors. As a nonprofit on GroupKarma, Vidya has the chance to reach these donors, as well as secure large amounts of funding through a larger donor.

### Big Donors

Big Donor #1 example (the startup): V Bespoke is a start up clothing company. It provides custom tailored clothes via an online portal. The founders are eager to get their company name out to the right target audience, and are also socially conscious and want to do their part to help the world. As the Big Donor on GroupKarma, they agree to match a donation of up to $10,000 to Vidya. By being the Big Donor, they are able to offer various incentives to the GroupKarma users (10% off a clothing order if you donate), as well as a chance to show case their newest products right on the front page. They also offer the giveaway of a free suite, which microdonors compete for via Karma points.

Big Donor #2 example (the large corporation): AMEX already contributes large sums of money to nonprofits every year as donations. They also offer to match donations their employees make at various times of the year. As a Big Donor on GroupKarma, AMEX offers to match up to $100,000 in donations to Vidya. They are now able to feature themselves as a socially conscious company to a much larger audience and can also advertise their new credit cards to the sites users. They also offer the giveaway of a $1,000 AMEX gift card, which Microdonors compete for via Karma points.

### Microdonor

You. As a Microdonor, you visit the website and watch a short video about Vidya and the impact it is having on children’s education around the world. You are able to give a small amount, even $1, knowing that the sites users needs to reach a certain threshold before the Big Donor’s donation is released. You are also eyeing the new suit that V Bespoke is offering if you are the daily winner. You encourage your friends to visit the website too in order to help Vidya and to help release the large donation. You get the word out via your social network. As a bonus, for every friend you refer, you gain extra Karma points, increasing your chances of winning the suit. You continually visit the site in hopes that the deal has tipped and Vidya has secured the large donation for the day.

# Target Audience

The target audience for GroupKarma is anyone who uses the internet. As Groupon has proved, group buying can extend to virtually anyone who knows how to use a computer. The most important target group, however, may be the internet generation. Twenty to thirty year olds who have grown up as the internet has and are now gaining enough income to start donating to worthy causes. They are looking for innovative ways to donate which align with what they know best, the internet.

# Financials

All donations made through the GroupKarma site would be forwarded to the nonprofit itself. GroupKarma would sustain its operating expenses through a small percentage of each donation.