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To: Interested Parties

Subject: The Right's Response to ActBlue

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INTRODUCTION

During the 2017-2018 election cycle, ActBlue, the Left's online fundraising platform, accounted for more than \$1.6 billion raised of the \$2.5 billion Democrats spent during the midterms.¹

Candidates, strategists, and donors on the Right are asking, "Where's our ActBlue?" To address this question, we must first understand the differences between Democrat and Republican approaches to technology and the real source of ActBlue's success.²

We cannot lose sight, however, that the solution is not merely technological. There's a cultural change that must start at the top: If Republicans want to raise significant money online, they have to commit resources as early as possible in an election cycle to building email lists. In fact, President Trump shows candidates the way forward in this regard. His re-election campaign is one of the top spenders on major online platforms and they are focused on building his email and SMS lists.

BACKGROUND

Republican tech and Democrat tech are like Darwin's finches. They evolved on separate islands and adapted to different challenges. In broad strokes, the Left is largely collectivist in its technology decisions: they create one

IN BRIEF

- **Republicans' small dollar donor challenge cannot be addressed with technology alone.**
- **If Republicans want to raise significant money online, they have to commit resources as early as possible in an election cycle to building email lists.**
- **President Trump's re-election campaign shows the way forward. They are the top spenders on major online platforms and they are focused on building his email and SMS lists.**
- **Simply adopting the Left's strategy and creating a clone of the ActBlue payment processor fails to recognize the practicalities of the Republican technology landscape and will not solve the broader issues.**
- **Campaign committees should implement listbuilding benchmarks for campaigns.**
- **No technology can replace the hard work required to build a successful online donor program.**

platform and all agree to use it. On the Right, technology decisions are more market driven: we create a number of competing platforms and usage is relationship-driven.

This is clearest when it comes to the online donation platform market. The Democrats and their allies, of course, have ActBlue. ActBlue is a technology company, organized as a PAC, that Democrat campaigns and organizations use to process online donations. Donors give to the ActBlue PAC as a pass through contribution to the candidate or organization. It's important to dispel the notion that ActBlue is some sort of entity that generates funds. It is merely the conduit by which campaigns direct their online marketing efforts.

Their key technical advantage is scale: once a user donates to one candidate or cause, their information is securely stored and may be used with a single click on thousands of other donation pages. ActBlue pages all look the same and this also yields advantages in user behavior. Democrat small dollar donors know how to donate on any Democrat's page.³

Another key factor in ActBlue's benefit to the Left's political ecosystem is the ability to hold donations in "escrow" for a particular candidate whom the grassroots wishes to be drafted or against a candidate whom they wish to oppose. There is presently no analogous mechanism on the Right.

On the Right, Republican candidates can choose from dozens of donation platforms, with Targeted Victory's Victory Passport, Revv, Anedot, Transaxt, and Donation Report all enjoying significant usage.⁴ The platforms are mostly equal on price and therefore compete on features. The Right's key technical advantage is innovation. The right-of-center donation platforms regularly launch (and adopt) new features like upsells, slates, text to donate, and more. The decision to use a given platform, however, is generally not made based on features, but typically depends on the team of consultants a campaign or organization uses.

Unfortunately, because of this competition, there's no interoperability between systems. A small dollar donor giving to multiple campaigns would have to re-enter their information and details on each page they visit. And each page looks different so it's a new process each time. The longer the process is, the lower the conversion rate will be.⁵

SOLUTIONS

Simply adopting the Left's strategy and creating a clone of the ActBlue payment processor fails to recognize the practicalities of the Republican technology landscape and will not solve the broader issues.

Interoperability

No single provider has been successful in uniting the market behind a single platform. The platform used by our presidential nominee rises to prominence every four years, but does not eliminate other platforms. It's time we accepted the reality that, barring a significant shift in the landscape or alliance between players, the Right isn't going to adopt a single donation platform. In fact, adding another one to the mix (a so-called "ActBlue on the Right") and driving adoption by fiat would be counterproductive.

Given this reality, the right solution is to create a neutral, third-party entity that provides technical standards for interoperability and warehouses the user data needed to facilitate a one-click donation process across major platforms. Similar structures exist throughout the internet, including HTML, email, and domain naming.

Each donation platform that works with Republican candidates would be eligible to participate and all would pool users' anonymized data to facilitate quick donations. The data would not be used for any other purpose. Only platforms that adhere to strict data security standards and funnel user data into the consortium would have access to the pool.

This entity could also recommend design standards to unify the layout of donation pages across the Republican ecosystem to provide donors a consistent workflow from platform to platform.

Scale

The Left's secret sauce isn't in its technology, but rather its commitment to list building and list sharing. Active small dollar donors are willing and able to give to multiple candidates and organizations during a cycle. However, Republican campaigns and committees carefully guard their own lists and if they offer an exchange at all it would typically only take effect after an election.

The secret to online fundraising is simple: the bigger the list the more money it will raise. If Republicans begin working on a framework similar to the Democrats (who form multi-candidate joint fundraising committees across numerous clients), we can share leads across numerous entities. For example, if candidate A and candidate B agree to pool opt-ins, they can each promote their own version of the same petition and each email the opt-ins to drive donations.

Roughly 30% of an email list will turn over annually – they'll unsubscribe, go inactive, or hard bounce. There's a near-term incentive to get as much money out of that donor rather than work them cycle after cycle because it's likely you'll have to get them to opt-in again after two years.

The free-rider problem would be solved by ensuring that no candidate receives more valid emails than they put in.

Implementation would exist at the consortium - collecting the data from participants and sharing them with designated campaigns.

Escrow

Showing a top candidate recruit an already funded campaign account and a small donor base in place is an appealing inducement ActBlue provides for Democrats. We need a similar mechanism on the Right to responsibly “draft” candidates – donors could designate either a refund if the candidate doesn’t run or grant the funds to someone who does run. And we also need a repository for donors to fund the eventual nominee against a Democrat incumbent.

Best Practices, Training & Education

The party committees are uniquely positioned to shift the mindsets of candidates to building online fundraising infrastructure early. Campaigns need a clear set of best practices and resources to begin executing their online donor program. In addition to major donor fundraising and political benchmarks, campaigns seeking support from the committees ought to be able to demonstrate a commitment to list building and online fundraising.

Far too often, campaigns are focused on a low “burn rate” and don’t invest in building a list that will yield positive ROI closer to Election Day. If GOP leadership requires campaigns – with candidate buy-in – to reach certain list building benchmarks early in the cycle, Republican candidates will be better positioned to close the online fundraising gap.

A PROPOSAL

A structure or entity that addresses one or any of these issues will help the Right make significant progress in closing the online fundraising gap. For the purposes of discussion and consideration, I propose the creation of a consortium to implement these solutions.

The consortium would be a private corporation with an associated PAC. Each donation platform would have a seat on the governing board, provided they participate in the consortium. There would be additional members representing key constituencies like candidates, committees, and agencies.

Each participant would pay annual dues to fund baseline operations. The consortium would fund ongoing development and operations by charging a transaction fee on all transactions using the pool. To avoid a free-rider problem (i.e. a smaller donation platform benefiting unfairly from a larger platform’s broad user base) the originating platform could receive a transaction fee per record used.

For campaigns wishing to participate in the list exchange program, the organization would charge an initial setup fee and a monthly subscription. This will cover costs to set up the connections from their petition platform into the data cooperative.

The consortium's PAC would create accounts for future nominees against Democrat incumbents. This would enable the grassroots to constructively channel their enthusiasm against Democrats early, before a candidate has been recruited, thereby significantly expanding the playing field early.

Finally, the consortium, in collaboration with the party campaign committees, will convene practitioners to fulfill the education and training of candidates and their staff with respect to online fundraising.

CONCLUSION

The Republican response to ActBlue has been an ongoing topic of discussion amongst strategists for years. Now that there is member and donor level interest in addressing the issue, we have a real opportunity to make a change. It's critical we understand the real challenges facing our party and candidates when it comes to online fundraising. No technology can replace the hard work required to build a successful online donor program.

ABOUT THE AUTHOR

Eric Wilson is a digital-first political strategist based in Washington, DC. He's a veteran of numerous campaigns, having led Marco Rubio's digital team during his 2016 campaign for president, served as digital director of Ed Gillespie's campaign for Virginia Governor in 2017 and US Senate in 2014, and advised on digital strategy for the National Republican Senatorial Committee in 2016 and the Liberal Party of Australia in 2016.

NOTES

1. "I Don't Regret A Thing': Democrats Aim To Keep Small-Donor Boom Going in 2020," Politico Magazine, November 7, 2018
2. Though I will not address it in this memo, we cannot discount the demographic differences between Republican and Democrat small dollar donors. A significant number of donations come to Republicans via legacy channels like direct mail and phones.
3. "Centered Logos Hurt Website Navigation," Nielsen Norman Group
<https://www.nngroup.com/articles/centered-logos/>
4. This is by no means an exhaustive list and there are a number of smaller regional payment processors and non-political options like PayPal available.
5. "5 Studies on How Form Length Impacts Conversion Rates," VentureHarbour.com
<https://www.ventureharbour.com/how-form-length-impacts-conversion-rates/>