

Heart of the donor

Executive Summary

August 2010

Overview

There exists a large body of research related to giving. The Heart of the Donor study does not seek to replicate that work, but to add to it and (in some cases) to build on it.

This study was conducted across the United States, in both English and Spanish, via telephone and through a demographically representative online research panel. The sample size was 2,005 adults 18 or older, which has an extremely low margin of error.

This Executive Summary highlights several areas of exploration, while the full study includes a wide variety of topics, such as:

- Who gives to nonprofits and who does not?
- What channels are donors using to make their gifts in today's world?
- How do donors learn about and investigate a new organization?
- What are donors looking for?
- What do some organizations do to secure a second gift from first-time givers?
- What helps a nonprofit become a favorite for some donors?
- What do donors want and expect from the organizations they support?
- How did the attitudes and actions of their parents related to giving and volunteering impact today's adults?
- How do volunteering and giving interact (or do they)?
- How did the 2010 Haiti earthquake impact giving?
- How do events such as walk-a-thons or donor dinners impact how donors think about the sponsoring organization?



- Who are the people who do *not* give? Why don't they support nonprofits?
- How do *potential* donors differ from *current* donors?
- How connected are people to nonprofits through social media?

A few notes regarding terms used in this report. First, the word “church” will be used for brevity throughout this report; however, the term *includes* synagogues, mosques, temples, home churches, and any other place of worship people attend.

Second, it is critical to remember that research reporting looks at *groups of people* rather than at *individuals*. For example, this means that as a group, Protestants tend to give a higher proportion of their incomes to nonprofit organizations than do Catholics.

Finally, for this study, we have defined a “donor” as someone who, in the past 12 months, has financially contributed to a nonprofit organization or ministry, *not including* a place of worship such as a church or temple.

Who gives to non-profits and who does not

Overall, 39% of American adults are donors (meaning they have given in the past 12 months). This translates to 90 million Americans. But who gives and who doesn't? Here are a few of the findings:

- Men and women are equally likely to be donors.
- The older the individual, the more likely he or she is to be a donor.
- Being a donor is not something that varies much with geography.
- Suburbia does provide a disproportionately large group of donors, largely because suburban residents tend to have higher incomes.
- Income is highly correlated with donor behavior.
- The proportion of donors increases as education level increases.
- People who regularly attend religious worship services are slightly more likely to be donors than are those who don't attend, but people who financially support a place of worship are far more likely to be donors to nonprofits than are those who don't give



money to a place of worship.

- Church donors are also far more generous to nonprofits than are people who don't give to a place of worship.
- From both a religious and political perspective, we found it is more important *whether* you have a position than *what* position you have.
- Republicans are only slightly more likely to give than are Democrats or independents.
- Apathy in religion and/or politics tends to be connected with apathy in supporting a cause.

Donors' giving and generosity levels

The simple act of giving is one thing, but there are many other measures that separate the most desirable donors, how much they give, how generous they are, how frequently they give, etc. One measure is total giving. The range of giving was impressive, from 9% who did not even reach \$50 in their giving last year, to 10% who gave \$2,000 or more to nonprofits. Average giving varied quite a bit among different subgroups, such as race/ethnicity, age, and location. In addition, people who financially support a place of worship are not only more likely to give than are those who don't, but they give more. And the more frequently someone gives to nonprofits, the more they give overall.

Higher-income people do, on average, give more. But is someone with a high income who gives \$1,600 actually more *generous* than someone with a low income who gives \$250? Total giving of \$1,000 is great from a person earning \$150,000 annually, but it's far more impressive from a person earning \$45,000 annually.

We compared total giving to nonprofits for each individual respondent to that respondent's household income, and divided everyone into four segments according to their distance from the norm, from least generous to most generous. And while there is a strong correlation between generosity and total giving, giving larger amounts of money doesn't automatically place a person into a more generous segment. So who really is most generous?

- Men tend to be more generous than women.
- In general, the younger the individual donor, the less generous he or she is.

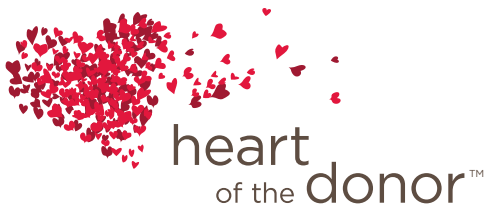


- Small town and rural residents are more generous overall, than are suburban and urban residents.
- Lower-income people tend to be more generous than higher income individuals.
- Wealthier people do tend to give more, but they tend to give a lower proportion of their income than do lower income individuals.
- Conservatives and Republicans tend to be significantly more generous than do liberals and Democrats.
- Generally, people who identify with the Christian faith also are more generous donors than are those who identify with other faiths or with no faith at all.
- Not only are the people who donate to a church or place of worship more likely to be donors, but they are more likely to be particularly generous.
- The biggest givers to places of worship are also the most generous to nonprofit organizations outside of the church realm.
- The most generous donors are more likely to give by mail, and less likely than average to give online.
- More generous donors are more intentional about planning their support.

Overall giving behavior

In addition to the 39% of Americans who gave money to a nonprofit in the last 12 months, 66% say they gave goods, such as used clothing, canned goods, or furniture, to a nonprofit other than a place of worship. Then there are 44% who gave money to a church or other place of worship. In addition are the 29% who volunteered their time with a nonprofit, along with an equal proportion who regularly volunteer their time with a place of worship.

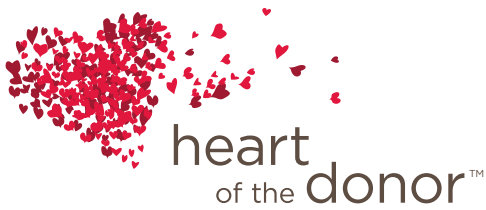
Donor activity does not take place in a vacuum. For instance, 42% of donors also volunteered with a nonprofit in the last 12 months, compared to 20% of non-donors. Sixty-one percent of donors also financially supported a place of worship in the last year, versus 34% of non-donors who did so. Eighty-two percent of people who gave money to a nonprofit also gave goods to a nonprofit, compared to 55% of those who gave no money. And 33% of donors also regularly volunteer their time at a place of worship, compared to 26% among non-donors.



Six out of ten donors have no set budget for their giving. Donors are split over whether they plan in advance which organizations to support or whether their giving tends to be more spur-of-the-moment. Only 28% of all donors are highly intentional about their giving.

The average donor supported five separate organizations in the last year. More generous donors also tend to support more organizations. Many organizations do more than one thing—rather than ask about the *types of organizations* people support, we asked them about the *types of causes* they supported:

- Disaster relief 61%
- Domestic hunger or poverty relief 57%
- Health care or medical research 53%
- People with disabilities 53%
- Veterans 50%
- Animal welfare 38%
- Wildlife or environmental 35%
- International relief and development 33%
- Child development 28%
- Religious 28%
- Childhood education 25%
- Human rights 25%
- Higher education 23%
- Cultural 23%
- Influencing public policy 16%



The influence of parents on today's adults

In this study, we looked at the influence parental behavior had on today's adults in a variety of ways. We compared ten different behaviors parents exhibited with the behaviors of those children as today's adults.

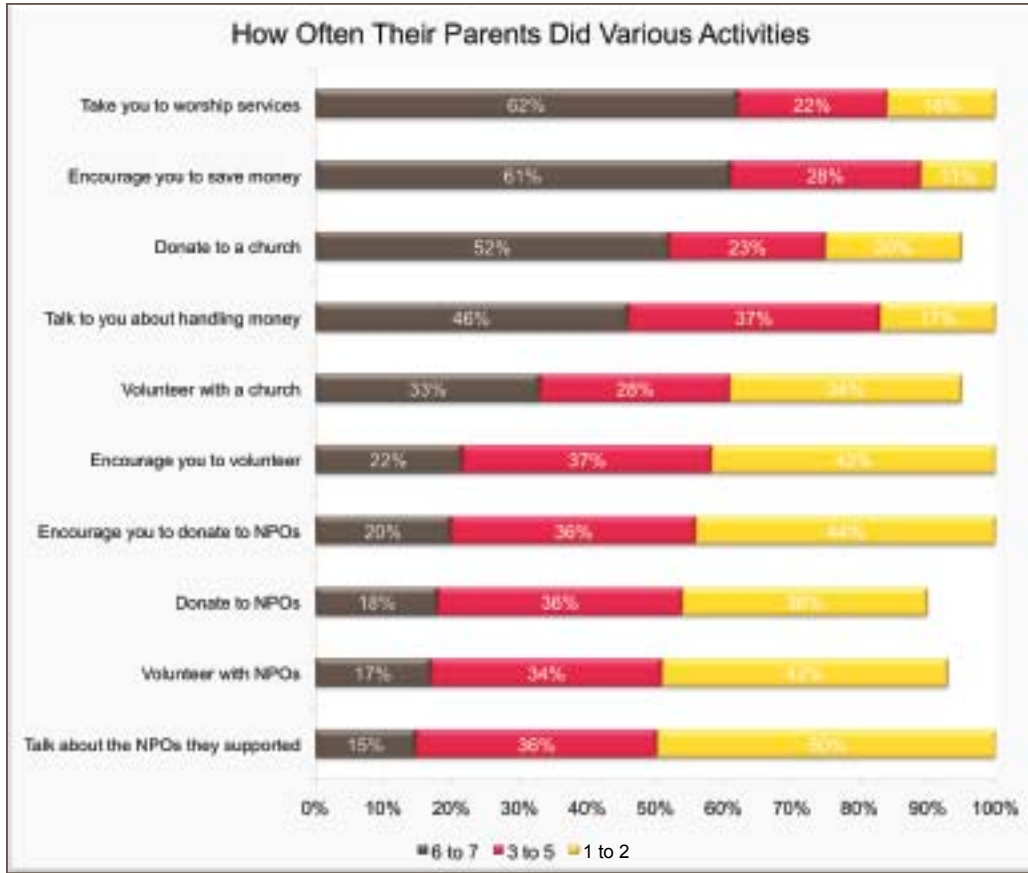
Parents who modeled specific behaviors led to children who now engage in those behaviors. For example, 55% who came from parents who frequently gave to a place of worship themselves now support a place of worship, compared to 24% of those who rarely or never saw their parents giving money to a place of worship. Similarly, 52% of the adults who watched their parents frequently support nonprofits are today active donors, compared to 26% of those who rarely or never saw their parents give.

It's the same with volunteering—49% who saw their parents frequently volunteering today are volunteers, compared to 20% among those who rarely or never saw this behavior modeled. In conducting a factor and then a regression analysis on the data, six parental behaviors surfaced that are connected with how their children grow up to behave:

- Gave money to a church or other place of worship.
- Gave money to nonprofit organizations other than a place of worship.
- Talked to you about the nonprofit organizations they supported and why.
- Took you to church or another place of worship.
- Volunteered their time to help nonprofit organizations other than a place of worship.
- Encouraged you, even as a child, to volunteer your time to help nonprofit organizations.



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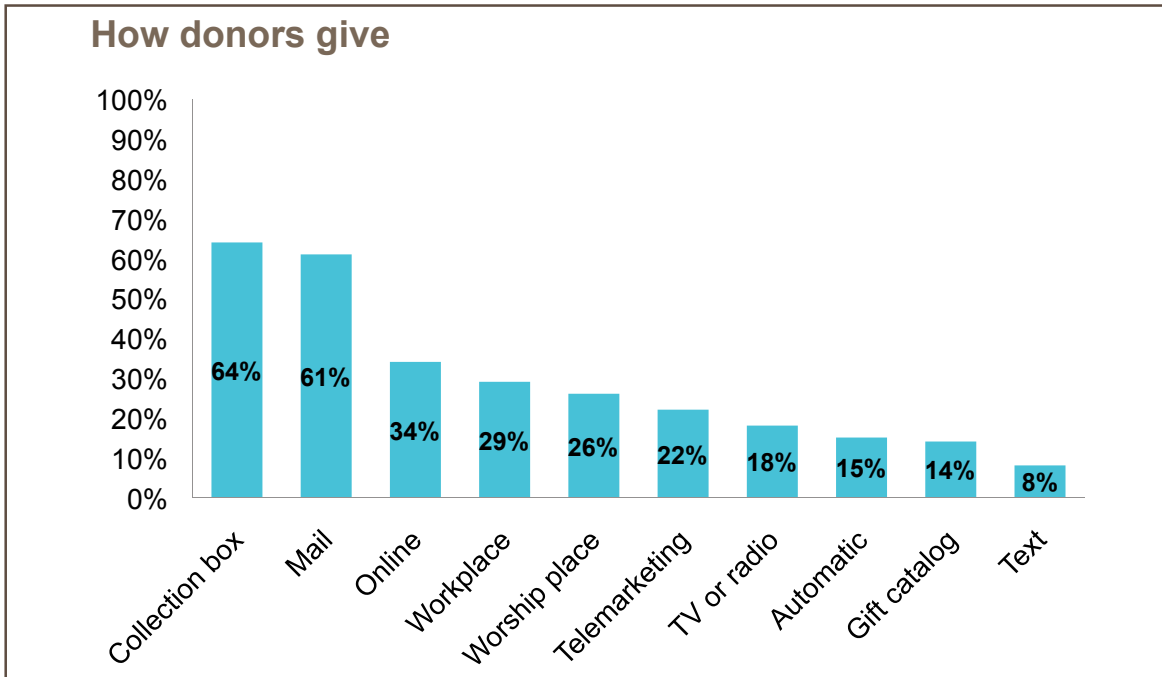


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Parents with little to no participation in those six behaviors have about a 25% chance of raising a child who ends up as a donor; while those with frequent participation in many of the above behaviors have a greater than 80% chance of raising a child who turns out to be a donor. *Parental involvement is stronger than other predictive factors:* ethnicity, education, household income, age, and even whether respondents are volunteers. Not only does parental involvement account for much of the factor of whether people give, it also helps predict how generously they give.

How donors are giving

Two giving channels clearly stand out from all the rest—point-of-purchase collection boxes (where donors drop change or a few bucks into a box or bucket marked for a charitable organization), and direct mail. These are the only two giving channels that a majority of all donors have used in the past 12 months.

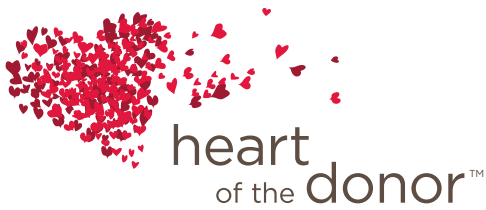


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This certainly doesn't mean these are the only two giving channels of importance—far from it. A third of all donors have given online in some form. Three out of ten have given through work. Twenty-six percent have given through some type of presentation at their place of worship; among people who regularly attend worship services, this rises to 43%. Almost one out of four donors has given through receiving a phone call from an organization, and 18% have given through a television or radio advertisement or program. Fifteen percent are using automatic withdrawal, 14% have given through a gift catalog, and 8% have given through a text message.

The average donor used 2.9 of these ten channels over the past 12 months. Overall, the more involved people are with charitable endeavors (e.g. giving more generously, volunteering, giving more frequently to nonprofits), the more likely they tend to be to use multiple giving channels. The exceptions to this—giving channels that did not generally show greater likelihood of use among more involved donors—are online giving (in fact, it is actually more popular among the least generous donors) and text messaging.

Certainly, the giving environment is shifting. Online and text giving are both far more popular



than average among the youngest donors. But 53% of donors who gave through a text message also gave through the mail, and 29% also gave through outbound telemarketing. Similarly, 55% of online donors also gave through the mail, and 20% also gave through outbound telemarketing. When we explore what giving channels donors rely on most, mail is still clearly the primary giving channel for many individuals, mail is followed by online, collection boxes, and donations at work (8%).

What helps bring a first gift?

One-third of all Americans—over 75.9 million adults—in the past 12 months considered or looked into supporting an organization they had never given to before. The younger the respondent, the more likely he or she is to have considered giving someplace new, from a low of 18% among people 70 or older, to a high of 46% among people 18 to 24 years old.

The people who had considered supporting a new (to them) organization were asked how they conducted their exploration and what they were looking for. This is where the Internet really comes into play—although only a minority of donors is using it to give money, a majority of the people who are seeking information about a nonprofit organization will go there to search and learn.

Sixty-two percent visited the organization's website, and 56% searched the Internet for news about the organization, making these the top two exploratory activities in which people engage. Notice that it is almost as common for potential donors to see what others are saying about an organization as it is for them to see what the organization is saying about itself. People did other things, as well:

- Talked to someone who supports the NPO.
- Checked how much is spent on overhead.
- Checked with a watchdog organization.
- Talked with an employee.
- Read their annual report.
- Visited the organization in person.
- Went to their social media site.

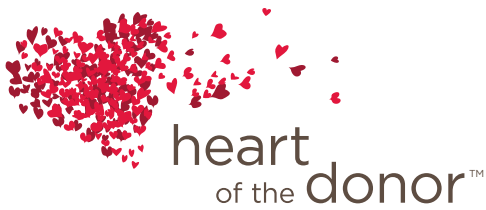


In short, it appears that the oldest donors weren't actually doing a lot of exploration when they were considering a new organization to support. People age 40 to 69 (especially those 40 to 54) were looking for information, while the youngest adults were doing things that will more easily lead to *impressions* than *information*—what do my friends think, what were my impressions of the organization when I visited, what did the employee say, etc.

What helps bring a second gift?

Donors were asked to think about the difference between organizations they've given to only once, and organizations they have given to multiple times. What have some organizations done after the donor gave the first time that encouraged them to support the organization again?

- Explained the specific mission of the organization to me (76%)



- Made me feel that my gift really made a difference (72%)
- Gave me information about exactly what my gift helped accomplish (71%)

Out of seven factors we tested, three rise to the top in importance. The most important factor, by a slim margin, is explaining to the donor the specific mission of the organization. Closely following this were making the donor feel that their gift really made a difference, and giving the donor information about exactly what their gift helped accomplish.

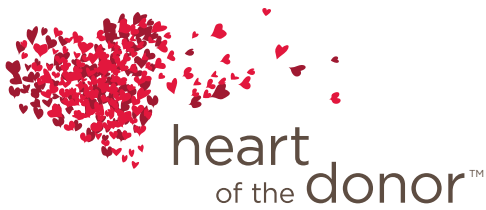
Two of the least important things in encouraging a second gift are related to speed—thanking the donor soon after the gift is made, and sending them a receipt soon after the gift is made.

What makes some organizations “favorites”?

We asked donors to think about their “favorite” organization—the one that is most important to them in terms of receiving their support. What makes it their favorite? No matter how it’s measured, two factors stand above everything else: *cause and integrity*. The number one factor for what makes an organization their favorite is the trustworthiness of the organization. Number two is that the type of work they do is a priority for the donor—everything else pales before these two factors. Other factors include:

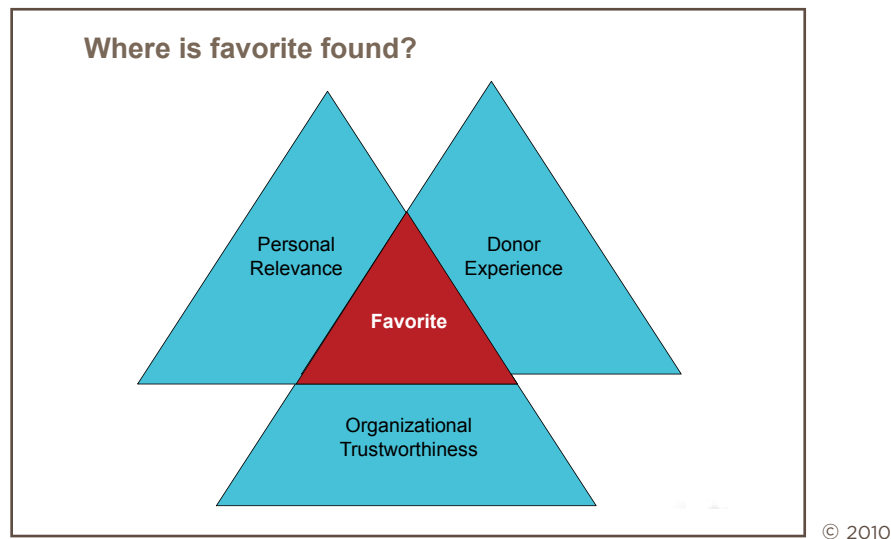
- The organization’s financial efficiency.
- Seeing the work or the results firsthand.
- The type of people the organization focuses on is a priority to the donor.
- Communicates effectively to the donor.
- The organization’s work impacts the donor or someone the donor knows.

One thing we noted in this set of questions was the continuation of what was a theme throughout the study—higher income people put special emphasis on the financial efficiency of an organization as a measure of trustworthiness. For other groups, “trustworthy” is more of an overall factor encompassing a variety of issues, but for higher income people, the emphasis really is more on the organization’s financial efficiency.



What donors want

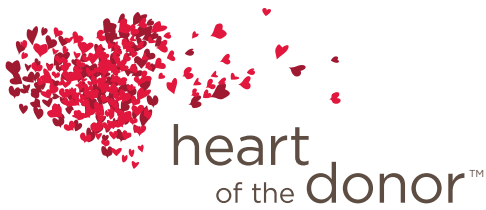
We gave donors and potential donors a series of 13 different “would you rather” questions, asking them their preferences about nonprofit organizations. They were given a series of choices, rather than a grab bag of desirable options from which they could select the “perfect situation.”



People are very split over the idea of relief versus development. Development is more likely to be favored by more generous donors, higher income people, and those who are better educated. Fifty-one percent of donors would prefer to help on a more regular basis, while 28% would rather help when there is a crisis. Twenty-one percent have no preference. The higher the generosity level among donors, the more likely the donor is to prefer helping on a regular basis.

Fifty-one percent prefer to know exactly what is being done with their donation, while 36% want to trust the organization to use it where it's most needed. Thirteen percent have no preference on this choice. Younger donors are particularly likely to want to know exactly what's done with the money. However, the most generous donors are actually more likely to want to trust the organization to use the money where it is most needed.

While people are split over concentrating their money or spreading it around in a variety of ways, Americans do tend to have a clear preference for helping “here at home.” Sixty-five



percent would rather their money stay local/domestic, while just 13% prefer to help overseas, where the needs are often greater.

Many surveys and donor comments portray people as wanting organizations to spend less money on fundraising (if they spend anything at all). However, when the tradeoff is clear, people are almost twice as likely to be on the side of spending a lot to bring in a lot as to suggest spending little to bring in little. Largely, what people are looking for is *value*—if you spend a lot, that’s fine, as long as there is substantial return on that investment. What organizations don’t always do a good job of is making sure donors understand the value of what they are doing, rather than just perceiving the expense.

Connecting through social media

Fifty-seven percent of all donors use social media in at least one of four forms: MySpace, Facebook, Twitter, or reading online blogs. Use of social media varies dramatically by age, from a high of 96% among the youngest donors to a low of 20% among the oldest donors. There is also substantial variation by education level.

In total, 18% of all Americans have been impacted by social media related to nonprofits, but just 6% have actually given through or directly because of social media. Social media is impacting a significant number of people related to nonprofits (although still not quite reaching one out of five Americans), but it still is having relatively limited impact on actual fundraising. While it stands to reason that social media will become more pervasive in the future, it’s essential to align current investments with projected returns.

The impact of Haiti

Fifty-two percent of active donors claim to have given to help after the massive Haiti earthquake. What was far more surprising is that 28% of non-donors—meaning people who said they had not made any donations in the last year—also claimed to have given. In some of the telephone interviews, non-donors who said they had given to help in Haiti clarified their position. They said they felt they had not given to a nonprofit organization, but to a country. This is why they told us they had not supported any nonprofits even though they had made a gift to Haiti.



While researchers and marketers might find these to be conflicting answers, the respondents themselves did not see any conflict at all with their answers. This is a crucial reminder that in communication, what you say and what the other person reads, sees, or hears may be totally different. In any case, we're left with four groups of Americans:

- Active donors who did help in Haiti - 20%
- Active donors who gave elsewhere, but did not specifically help in Haiti - 18%
- People who helped in Haiti but did not give to any other nonprofits (outside of a church) - 17%
- People who did not help in Haiti and did not give to any other nonprofits - 43%

Interestingly, the likelihood of having helped in Haiti did not vary according to each donor's overall level of generosity. Fifty-two percent of Haiti donors made just one Haiti-related gift, while 30% made two or three gifts, and 18% reported making four or more gifts to this cause. Among those who did give more than once, 46% said all of their donations went to the same organization, while 53% spread their gifts around to two or more organizations. Thirty-nine percent of Haiti donors feel that had they not given anything to the needs in Haiti, the money they gave would have gone to some other cause or organization. Most donors (58%) believed that what they gave to Haiti was unique, that it was over and above what they normally would have given.

The study confirms that emergencies deliver a markedly different audience composition, generates significant one-time gifts, and the immediacy of the crisis lends itself to "fast" channels rather than larger, slow-build campaigns. Although 7% of all Americans claim to have given to Haiti through a text message, the long-term impact of this is still being debated. It may be the first time text messaging was used to any great extent to raise money for a certain cause, but it still represented a small minority of all Americans who gave in this manner. Also, 59% of the text givers did not give to any other nonprofit organization in the last year, while every other method of Haiti giving attracted a majority of people who were already giving to other causes.

Conclusion

The goal of this study is to better equip today's nonprofits in solving the world's most pressing problems. While this brief summary just scratches the surface of the wealth of



information found in the Heart of the Donor study, a more expanded report, along with additional topical drill downs, and practical applications of the findings will be published in the coming months.

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