

Donor Perspectives:

AN INVESTIGATION INTO WHAT DRIVES YOUR DONORS TO GIVE



Blackbaud launched the Donor Perspectives survey in order to get a view of the nonprofit sector from the donor perspective and, when relevant, compare findings to the results from Blackbaud's recently-released 2012 State of the Nonprofit Industry survey, which gauged levels of nonprofit optimism and explored successful management strategies.

This report provides a snapshot of donor decision-making by looking at how much donors gave in the past year and how that changed from the previous year, as well as donor motivations, preferences, and behaviors.

SURVEY METHODOLOGY

Blackbaud engaged an international market research panel to reach charitable donors in the United States, United Kingdom and Australia. The survey was open for a two week period in July and August 2012. More than 4,000 donors responded to the survey – 1,321 donors from the US, 1,436 donors from the UK, and 1,576 donors from Australia – representing a wide range of ages, income levels, and education levels. The results of this study have a +/-3 margin of error at a 95% confidence level.

OVERVIEW

THE DONOR LANDSCAPE: *Giving and How It's Changed*

- **Donors reported moderate increases in their individual donations to charity in the past year.**
 - The net percentage of donors increasing contributions was highest in Australia at 11.5%, followed by the US at 7.8% and the UK at 5.2%.
- **There were some differences by country in drivers for increased charitable contributions.**
 - US respondents tended to be more directly motivated by a change in their financial situation.
 - UK and Australian respondents were more likely to be driven by an innate desire to help.
- **In all three countries, the respondent's current fiscal situation was the main reason reported for decreased contributions.**

DONOR BEHAVIOR: *Motivations, Preferences, and Use of Mobile Technology*

- **Over 80% of respondents from each country reported making one-off donations to at least one charity in the past year.**
 - US respondents were most likely to make their last one-off donation because of a personal circumstance, while UK respondents were most likely to make their last one-off donation through sponsoring a friend or colleague in an event.
- **About two-thirds of respondents from each country reported making regular donations to charity in the past year.**
 - Australian and US respondents were most likely to become regular donors to organizations to which they currently make one-off donations if their personal financial situation improved, while UK respondents were most likely to report that nothing would compel them to become a regular donor to organizations to which they currently make one-off donations.

- *On average, as the number of charities to which donors made regular donations increased, so did the total amount of financial contributions in all three countries.*

- *There were several significant differences between countries and age groups with regard to the methods donors preferred to use making donations.*

- US donors were most likely to prefer to donate via check and preferred donating by check significantly more than either UK or Australian respondents.
- UK and Australian respondents were most likely to prefer to donate via cash.
- UK respondents were more than twice as likely as Australian respondents and more than four times as likely as US respondents to prefer to donate via direct debit from a bank checking account.

- Australian respondents were twice as likely as UK respondents to prefer to donate via credit/debit card.

- *On average, respondents from the US and UK who prefer to donate via check reported donating more in the last 12 months than those who prefer other methods of donations, while respondents from Australia who preferred to donate via credit/debit card or direct debit reported giving more than those who prefer other methods.*

- *US respondents were more likely to report using their mobile phone to read emails, view websites, and make charitable donations through an organization's website than either UK or Australian respondents.*

- *The likelihood of using a mobile device to view websites, read emails, send SMS/text donations, or make charitable contributions through an organization's website significantly decreased with age in all three countries.*



RESULTS

THE DONOR LANDSCAPE

Charitable Donations over the Past Year

The study results indicate that individual donations to charity slightly increased in the US, UK, and Australia in the past year. Approximately a one-quarter of donors from each country reported that the amount they donated to charity increased from the previous year, while less than 20% reported the amount they donated decreased.

On average, US respondents reported donating nearly three times as much to charity as UK or Australian donors.

Drivers for Change in Individual Giving

Many donors who decreased their individual contributions from the previous year reported that the decrease was due to their current

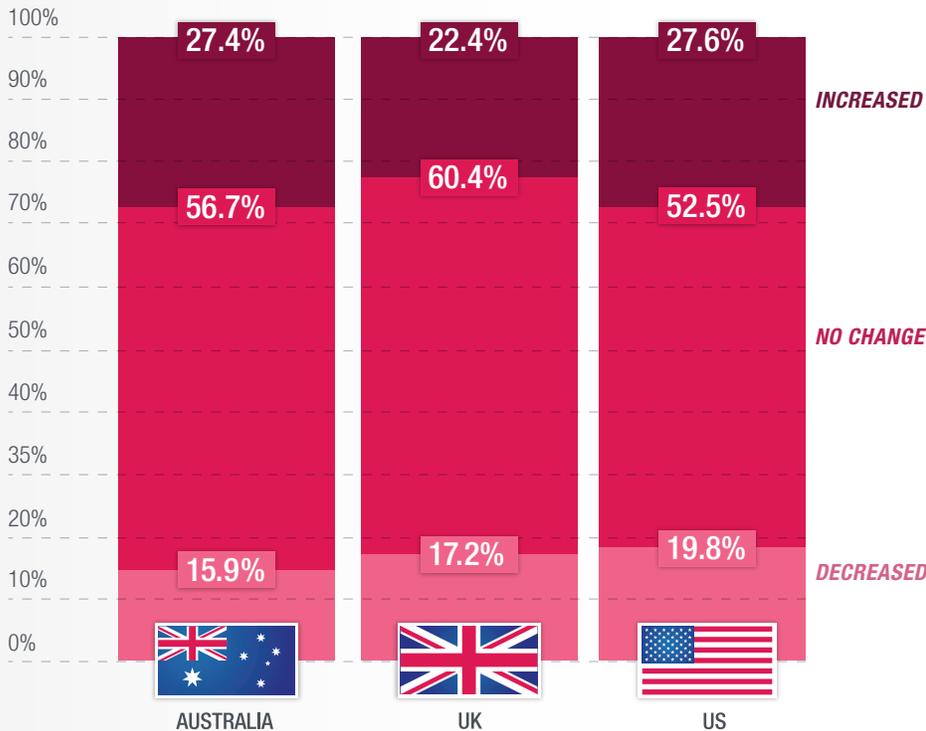
financial situation or the state of the economy.

The top reasons reported for increases in financial contributions from the previous year differed by country.

- US respondents' decisions to increase charitable contributions were most often impacted by a change in their personal financial situation.
- UK and Australian donors cited an innate desire to help as the driving factor behind the increased donations.

The average gross annual financial contribution increased as income level increased for donors in all three countries; however, this relationship was stronger for US donors than for UK or Australian donors, reinforcing that US donors' decisions regarding how much to donate to charity are more directly impacted by their financial situation than in the other two countries.

How Individual Donations to Charity Changed from the Previous Year



I recently became more involved in volunteer and charity work and thus became more aware of the costs involved in their work. I wanted to help out more.

— Australian donor, 26, female

I just thought I should start giving something back to those who need it and I realised a bit of small change can make a difference.

— UK donor, 18, male

I try to give according to percentage of income and my income increased.

— US donor, 32, female

Donations by Age

Average total donations not only varied by country, they also varied with age. In all three countries, the average amount donated to charity annually increased with age.

- On average, US donors over the age of 65 gave more than three times the amount donated by those ages 18-24 and nearly twice as much as donors ages 25-34.
- On average, UK donors ages 55-64 donated twice as much to charity than those ages 35-44 and four times as much as those ages 18-24.
- On average, Australian donors over the age of 65 gave more than twice as much as donors ages 35-44 and more than three times as much as those ages 18-24.

DONOR BEHAVIOR

To better understand donors, we asked them how frequently and why they make one-time or regular donations, what factors compel them to become regular donors, and how they use mobile technology.

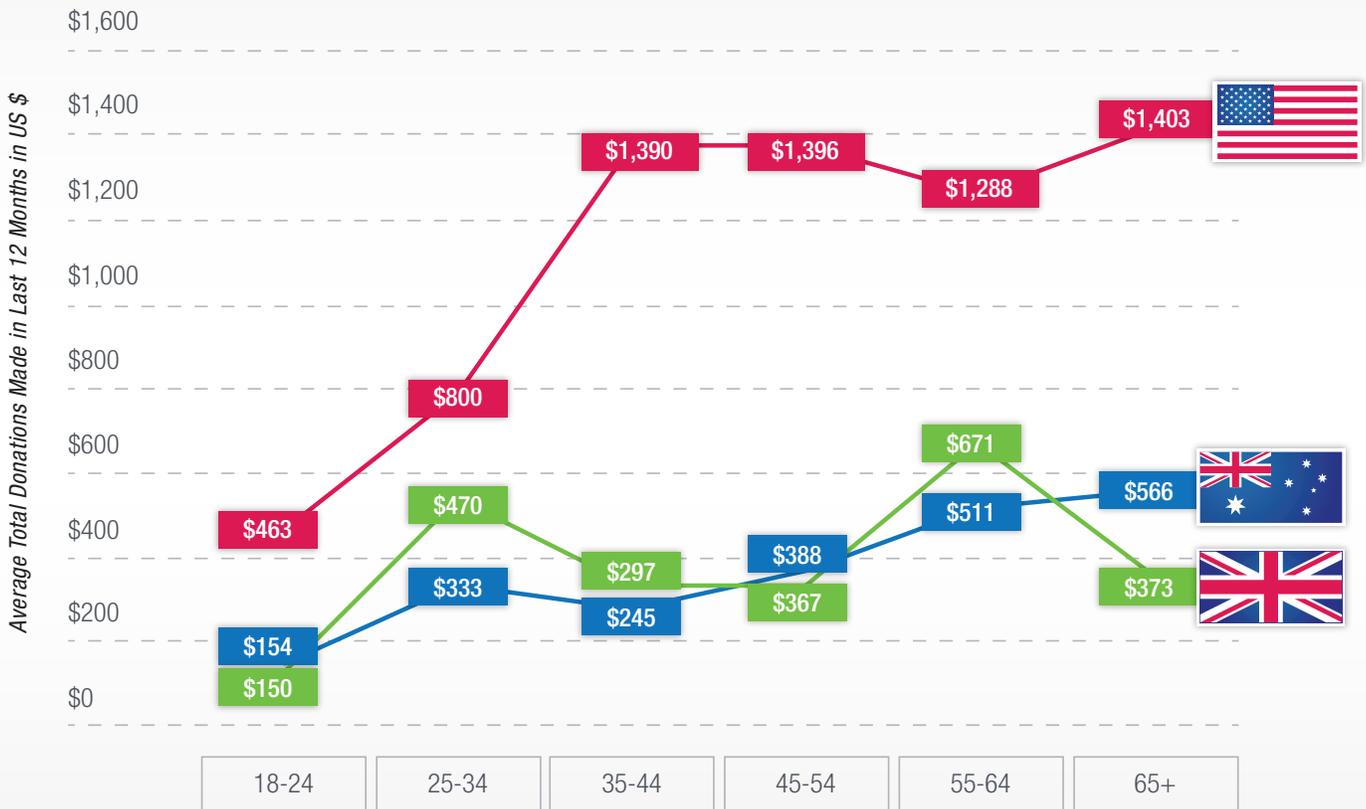
The study asked about two styles of giving:

1. **One-off donations**, which are not scheduled to repeat
2. **Regular donations**, which are typically scheduled as direct debit, recurring gifts

One-off gifts

One-off gifts, or single, non-repeating donations, are very prevalent in all countries; approximately 85% of respondents from each country

Average Total Donations by Age Group



reportedly made one-off donations to at least one organization the past year. In addition, more than half of donors from each country reported making one-off donations to more than one charity in the past year.

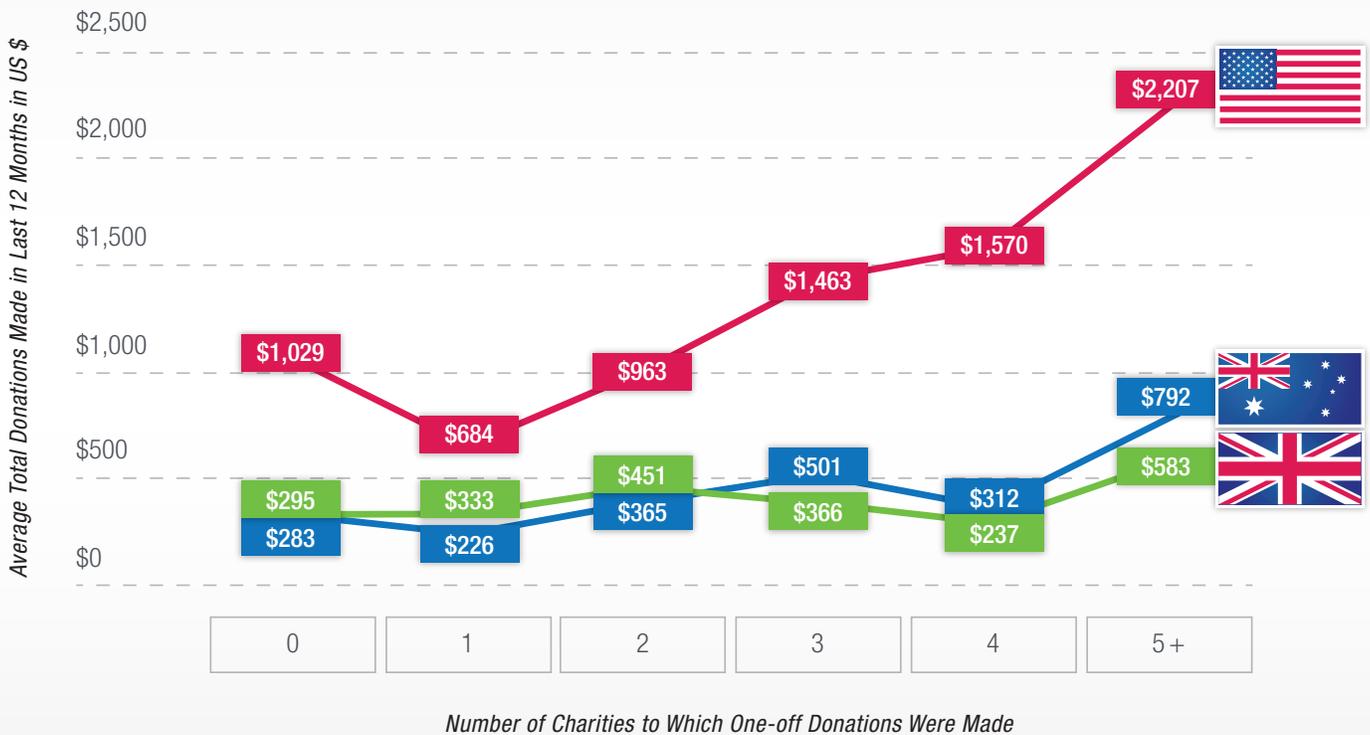
For US respondents, as the number of charities to which respondents made one-time donations increased, the average amount of financial contributions made in the last year also increased. This trend was not present for UK and Australian respondents, however; in those countries, the average total donations over the past 12 months were static as the number of charities donors made one-off donations to increased. The exception was respondents who made one-off donations to five or more charities, as demonstrated in the chart below.

Motivations for One-off Gifts

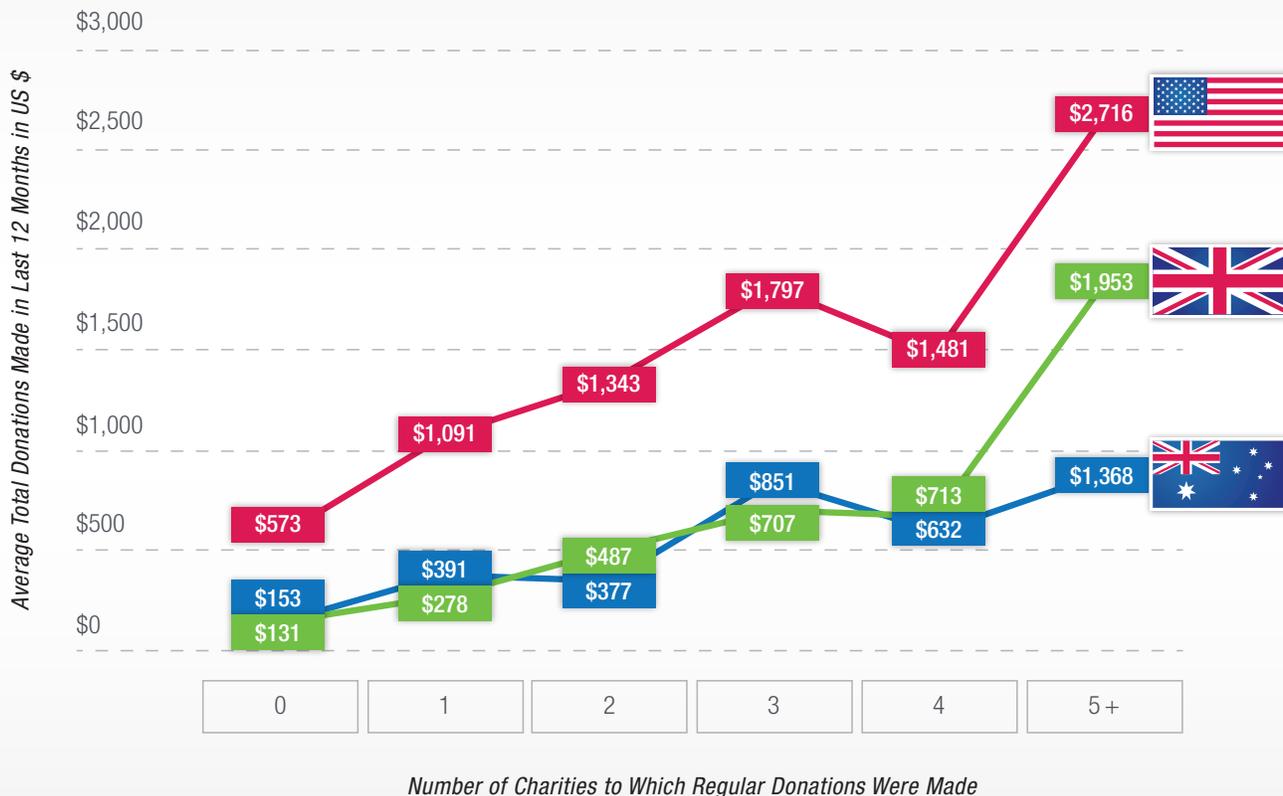
When asked what drove them to make their most recent one-off donation, US respondents were most likely to report that they were motivated by a personal circumstance with either themselves or a loved one having been affected by the cause the organization supported (21%), followed by sponsoring a friend or colleague participating in an event (16%).

UK donors were most likely to have made their last one-off donation by sponsoring a friend or colleague participating in an event (34%) and were significantly more likely than US or Australian donors to report making their last one-off donation for this reason.

Average Total Donations by Number of Charities to Which One-off Donations Were Made



Average Total Donations by Number of Charities to Which Regular Donations Were Made



Many Australian donors also reported being motivated by a personal circumstance (22%) or made their last one-off donation by sponsoring a friend or colleague participating in an event (19%). An additional 8% said they gave their last one-off donation in response to a street or door-to-door solicitation, which was not mentioned as frequently in the US or UK.

Regular Gifts

Nearly two-thirds of respondents in each country reported making regular donations, which are typically scheduled as recurring direct debit gifts, to charity in the past year. Of those, approximately 40% made regular donations to just one organization and another 30% regularly contributed to two organizations.

In all three countries, as the number of charities to which donors made regular donations increased, so did the average total donations made to charity over the past year. In addition, UK and Australian respondents reported donating more in the past 12 months when they made regular donations to one or more organizations than those who made one-off donations. In all three countries, the average total donations drastically increased once a donor reported giving regularly to five or more organizations.

Motivations for Regular Gifts

When asked what would motivate them to become regular donors to organizations to which they currently made one-off donations, donors from all three countries reported the top three factors that would

impact their decision were:

1. An improvement in their personal financial situation
2. Having passion about an organization's mission
3. Access to information that proved the impact of their contributions

32% of UK donors, 28% of Australian donors, and 19% of US donors reported that nothing would compel them to become a regular donor to charities to which they currently make one-off donations, however, showing that a portion of each population may be reluctant to give in this way.

On the flip side, of those that did make recurring donations, between 20% and 30% from each country reported they had stopped making regular donations to an organization in the past three years. More than 40% of donors from all three countries said the main reason was that their personal financial situation required a reduction in charitable

giving. The second most reported reason for stopping regular donations was a feeling that the charity was not making the best use of its financial resources.

When taken together, the results indicate that while personal finances greatly contribute to donor decisions about regular donations, charities can do more to keep these important donations. By tracking the impact of contributions and communicating that impact back to donors, nonprofits can increase the number of regular donors and ensure they are not losing the regular donors they have.

By tracking the impact of contributions and communicating that impact back to donors, **nonprofits can increase the number of regular donors** and ensure they are not losing the regular donors they have.

What would compel you to become a regular donor to an organization to which you currently make one-off donations?

...More information on what the donation is actually achieving or contributing to.
— Australian donor, 46, female

...If I could see that my money is making a real difference.
— UK donor, 19, male

...Education concerning the company's goals, effectiveness, and financial integrity.
— US donor, 18, male

Donors Who Stopped Regular Donations to a Charity, by Country



Donation Preferences for Method of Payment

The preferred method of payment also varied country to country and with age.

- US donors were most likely to prefer to donate via check, preferring this method significantly more than either UK or Australian donors.
- UK and Australian respondents were most likely to prefer to donate via cash.
- UK respondents were more than twice as likely as Australian respondents and more than four times as likely as US respondents to prefer to donate via direct debit from checking.
- Australian donors were twice as likely as UK donors to prefer to donate via credit/debit card.

The findings about donor preferences are especially interesting when compared to how nonprofits prefer to receive donations.

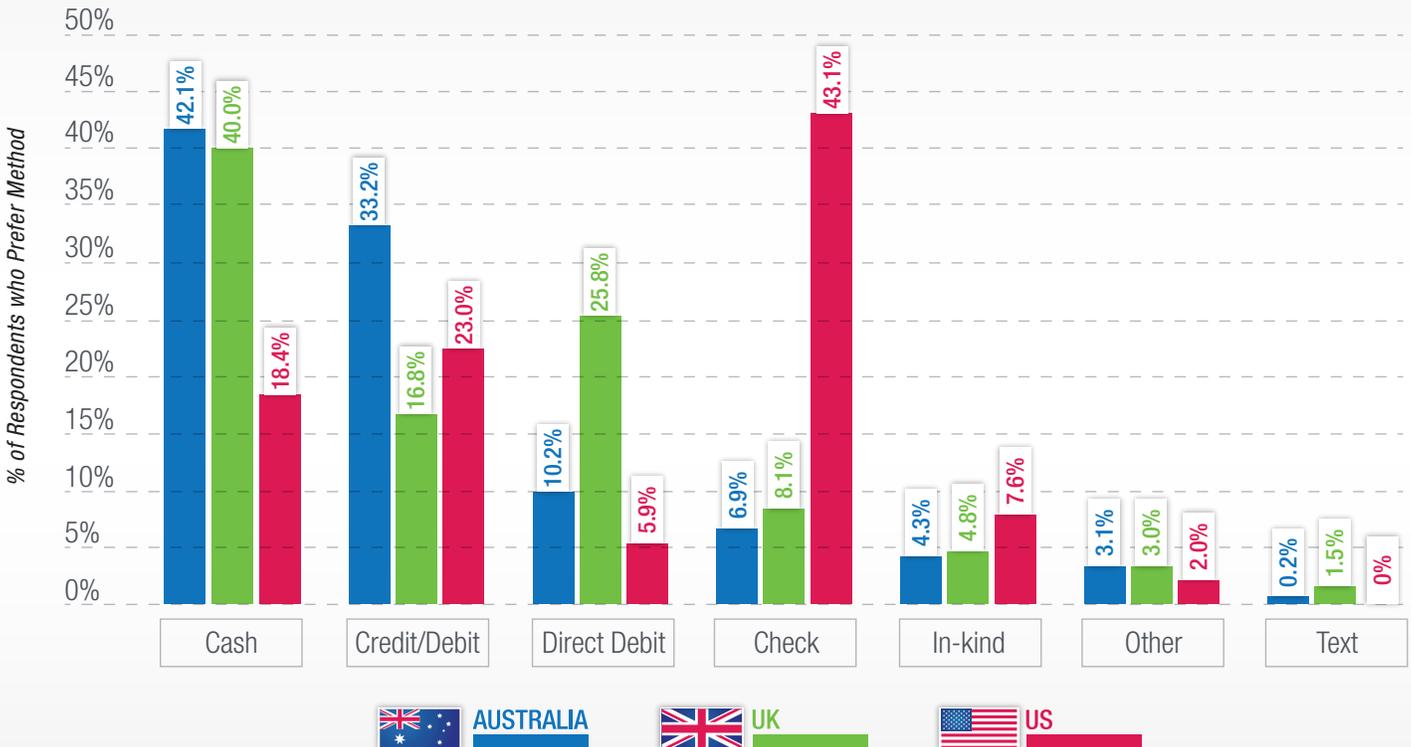
Blackbaud's 2012 State of the Nonprofit Industry report showed that only 1% of Australian and 7% of UK nonprofits preferred to receive cash donations despite this being the most preferred method of donation for donors. Organizations in the UK reported they prefer to receive donations via direct debit (47%) followed by check (27%). In Australia, nonprofits reported they prefer credit/debit card donations (44%) followed closely by direct debit (42%). The vast majority of US nonprofits reportedly preferred check donations (70%) which is more in sync with donor preferences in that country.

Donation Preferences by Age

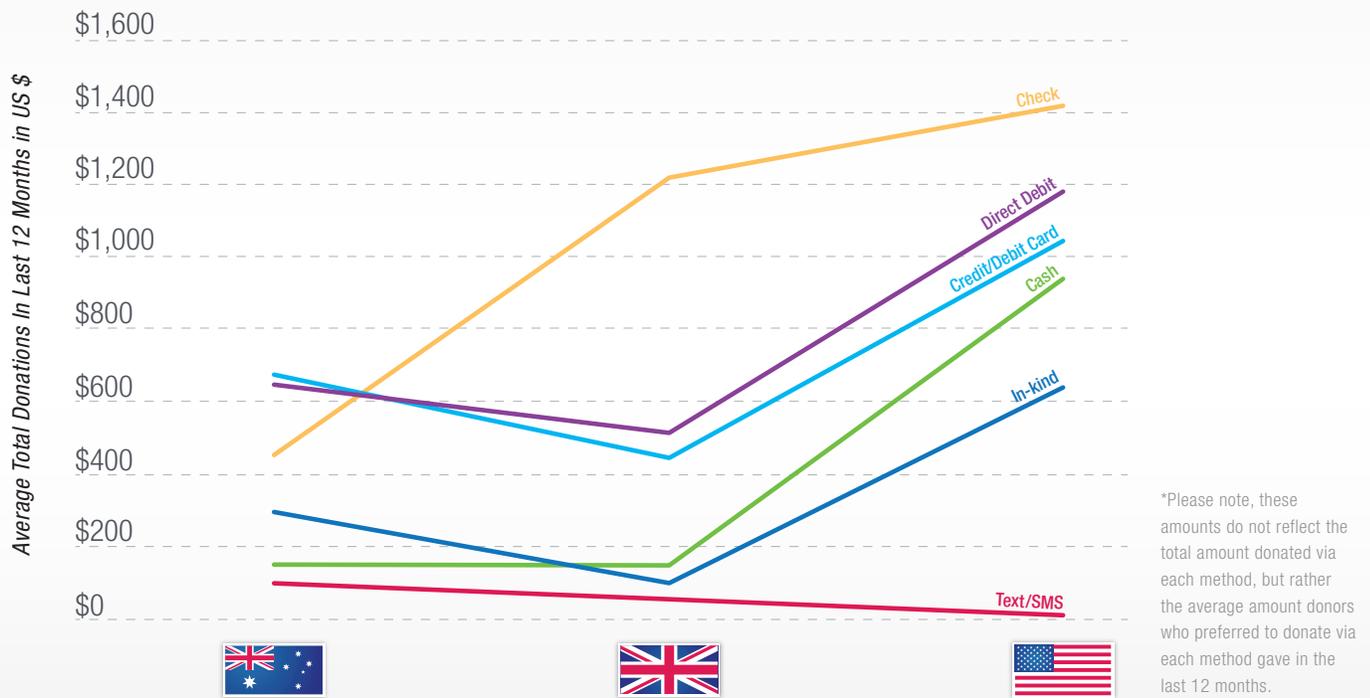
Donation preferences become more nuanced when we look at the role age plays. Specifically:

- The preference to donate via cash significantly decreased with age for donors from all countries.
- For US and Australian donors, the preference to donate via direct debit slightly decreased with age while for UK donors it

Preferred Method of Donation by Country



Average Total Annual Donations Segmented by Preferred Donation Method



significantly increased with age.

- For US and UK donors, the preference to donate via credit/debit card increased with age, but for Australian donors this preference decreased with age.
- The preference to donate via check slightly increased with age for Australian and UK donors, but dramatically increased with age for US donors.

In all three countries, there was a relationship between donation preferences and the average annual contributions donors made to charities over the past year.

- On average, respondents from the US and UK who preferred to donate via check reported donating more than those who preferred other donation methods.
- On average, Australian respondents who preferred credit/debit card or direct debit reported donating more than those who preferred other methods.

Again, looking at these results through the lens of the 2012 State of the Nonprofit Industry report brings to light some interesting conclusions. While most UK charities (47%) preferred to receive donations via direct debit, UK donors who preferred to give via check donated, on average, more than twice as much as those who preferred to donate via direct debit. This trend is likely influenced by the finding that older donors tend to donate more and are more likely to prefer to donate via check. This gap between donors and nonprofits however, leads one to conclude that nonprofits should keep donor preferences in mind and ensure donors are able to contribute in various ways, or they may miss out on significant contributions.

Nonprofits should keep donor preferences in mind and **ensure donors are able to contribute in various ways** or they may miss out on significant contributions

Donor Use of Mobile Technologies

The study also explored how mobile technology is changing the way donors interact with nonprofit organizations. In each country, approximately half of donors reported they use their mobile phone to read emails and view websites— yet less than one-quarter of donors in each country reported using their mobile device to send SMS/text donations and even fewer reported making charitable contributions through an organization’s website via their mobile.

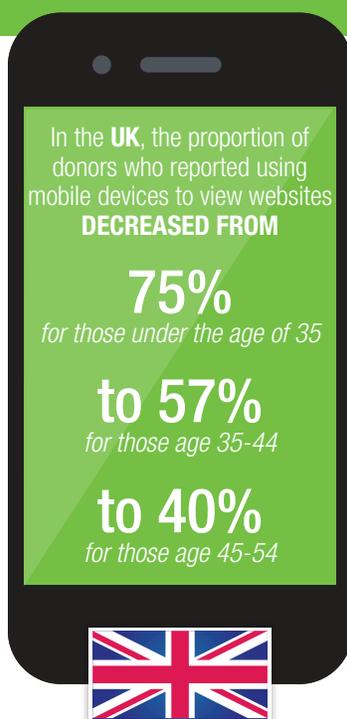
There were slight cultural differences in the proportions of donors using mobile technology to interact with charities. A slightly higher proportion of US donors reported using their mobile phone to read emails, view websites and make charitable donations than UK or Australian donors. Interestingly, according to research recently released by Google™, smart phone penetration is actually higher in Australia (52%) and the UK (50%) than in the US (44%).

Comparing the results of the 2012 State of the Nonprofit Industry study and Donor Perspectives survey also suggests

that donors have embraced mobile technologies faster than nonprofits. According to the State of the Nonprofit Industry results, approximately 30% of nonprofits in the US, UK, and Australia have already enabled their website for mobile browsing while around 50% of donors in each country reported using their mobile phones to view websites. Similarly, only 20% of UK nonprofits, 26% of Australian nonprofits, and 29% of US nonprofits have already optimized emails for mobile viewing while around half of donors in each country reported viewing emails on their mobile device. The projected growth of the use of mobile technologies in marketing efforts, however, indicates that nonprofits have recognized the need to embrace mobile strategies and have planned to do so in the next year.

Finally, mobile behaviors are significantly influenced by the age of the donor. In all three countries, the younger the respondent, the more likely they were to use mobile devices to read emails, view websites, make SMS/text donations, and make charitable contributions.

OVER 70% of donors ages 18-24 reported using their mobile device to read emails and view websites, while **LESS THAN 40% of those over the age of 55** reported doing so.



CONCLUSION

Making it easier for donors to learn about your organization, answering their questions, and providing clear vehicles for contributions is essential to successful fundraising. In this report, Donor Perspectives attempts to make connections between how nonprofits conduct outreach against donor motivations. Interestingly, the report found that nonprofits were not always meeting constituents' needs through optimized communication or giving channels.

Overall, the respondents reported giving more to charities in the past year than in the previous year. US contributors gave the most overall while older donors gave the greatest amount across all countries. Motivations to give were similar for UK and Australian donors, who expressed their innate desire to help, but US donors were primarily influenced by their financial situation. The results of this study clearly indicate that age and culture play a major role in how donors interact with nonprofits. As such, mobile technologies have become increasingly important for younger donors.

By facilitating this project, Blackbaud seeks to shed light on what drives donor behavior. In assisting nonprofits to maximize their strategies, nonprofits can increase gifts, reach new audiences and retain current donors.

About Blackbaud

Serving the nonprofit and education sectors for 30 years, Blackbaud (NASDAQ: BLKB) combines technology and expertise to help organizations achieve their missions. Blackbaud works with more than 27,000 customers in more than 60 countries that support higher education, healthcare, human services, arts and culture, faith, the environment, independent education, animal welfare, and other charitable causes. The company offers a full spectrum of cloud-based and on-premise software solutions, and related services for organizations of all sizes including: fundraising, eMarketing, social media, advocacy, constituent relationship management (CRM), analytics, financial management, and vertical-specific solutions. Using Blackbaud technology, these organizations raise more than \$100 billion each year. Recognized as a top company by *Forbes*, *InformationWeek*, and *Software Magazine* and honored by Best Places to Work, Blackbaud is headquartered in Charleston, South Carolina and has employees throughout the US, and in Australia, Canada, Mexico, the Netherlands, and the United Kingdom.

© November 2012, Blackbaud, Inc.

This white paper is for informational purposes only. Blackbaud makes no warranties, expressed or implied, in this summary. The information contained in this document represents the current view of Blackbaud, Inc., on the items discussed as of the date of this publication.

All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.