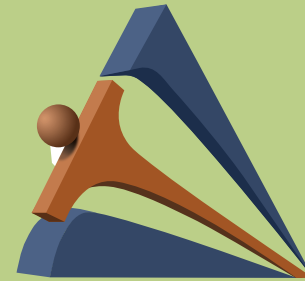


**PAFN  
EMERGING CHALLENGES & TRENDS IN  
FUNDRAISING**



EXPERTS IN PHILANTHROPY

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The Dennis Group Inc.

September 22, 2016

# OVERVIEW

Fundraising is changing. Today's donors have different expectations, they are giving differently, and they are motivated in different ways. What are those trends? What will it take to achieve your fundraising potential in this new environment? How can your organization be innovative in revising your strategies to ride the new trends and apply smart tactics to achieve success?



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**“Philanthropy & the non-profit sector in Canada is not correcting from the 2008 downturn. In fact, this is the new landscape. Therefore, charities need to adjust and adapt in order to survive.”**





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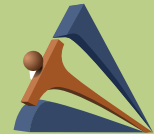
# CURRENT INDUSTRY TRENDS



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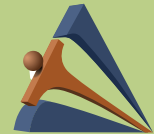
# CURRENT CANADIAN STATS – STATS CANADA

- Women slightly more likely to give than men
- Charitable giving directly linked to income and education
- Donations increase with age
- People who do volunteer work donate more
- Top donors contribute 83% of total donations
- 1/3 of Canadians give as a result of canvassing at shopping centre or on the street
- Number of donors 
- Average donation is \$924 



# CURRENT CANADIAN STATS – STATS CANADA

- Canadians are as generous as ever – 2013 - \$8.6B; matching peak of 2007 after declines in 2008-2012
- Canada is #4 in philanthropic giving of over 140 countries
- **HOWEVER, Canadian engagement in nonprofit sector is flat; 600,000 Canadians are eligible for the super credit (first time givers) but only 20,000 took advantage**
- Donor rates are down 2% ~ 500,000 lost
- Volunteer rates are down 3% ~ 1M lost



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# CURRENT CANADIAN STATS – STATS CANADA

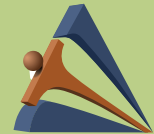
- 12% of charities receive 76% of giving
- 2% of charities receive 50% of giving
- 91% agree charities are good at helping people, however they feel most of them spend too much money on staff; there's an expectation that charities are to do more with less
- For every \$100 gained, \$96 is lost in attrition
- For every 100 donors gained, 105 are lost



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# WHAT WE ARE SEEING: CURRENT INDUSTRY TRENDS

- Donor expectations of charities & non-profits are higher than ever before
- The gap is growing between richer charities and smaller charities
- The gap between the top and lower end donors is widening; **it's tough to find the middle donors**
- Donors are frustrated with # of similar causes
- Donors are having difficulty navigating the sector and choosing a charity
- Endowments = Growth and Sustainability

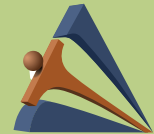


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# WHAT WE ARE SEEING: CURRENT INDUSTRY TRENDS

- Innovation Key - Looking for next big idea (ALS Bucket Challenge)
- Growing need to focus on 'mutual interest' between donor and charity – **donors want to be part of the solution**
- Concerted effort by charities & non-profits to consolidate/ collaborate to survive and thrive: donors are tired of duplication and want to see consortium.
  - Donors feel too many charities are addressing the same issue
  - Too many charities are seeking funds for the same causes
- Too much emphasis on the annual cost/\$ raised vs. viewing it over 3-5 years



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# WHAT WE ARE SEEING: CURRENT INDUSTRY TRENDS

- Donations being made with directives
- Staff turnover significant
- New frontiers for technology and data management
- Social Financing
- Definition of Philanthropy is evolving
- Currently, philanthropy in Canada is tough, competitive, fluid and uncertain



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# OTHER TRENDS

- Despite declining response rates, email fundraising revenue grew in 2015.
- Online revenue grew by 19% in 2015; previous year's 12% growth.
- Monthly giving grew at a faster rate than one-time giving for most sectors in 2015
- The growth in website traffic in 2015 meant more opportunities for supporters to donate, take action, share content, or join an email list.
- For most nonprofits, email subscribers still far outnumber social media followers; but that doesn't mean that you can afford to ignore these channels.

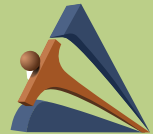


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**WHAT CANADIAN DONORS WANT  
2015 SURVEY  
FINAL REPORT  
MARCH 2016**

**PRODUCED BY:**

**IPSOS PUBLIC AFFAIRS  
AFP  
CANADA HELPS**



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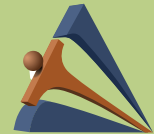
# SHIFTS IN OPINION

- Perceptions of charities being trustworthy have increased from 2013
- Fewer now think that they are approached for donations “far too much”
- Donors were less likely to feel they are “very knowledgeable” of the charitable causes they support
- More donors noted importance of receiving information on how their donation has made a difference. Knowledge = impact on future donations to the charity.



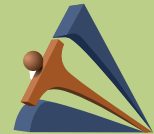
# SHIFTS IN BEHAVIOUR

- Fewer Canadians say they have been contacted for donations in the past year
- Fewer made a donation in the past 12 months
- More donors say the charities they donated to benefitted their local community – fewer benefitted Canada as a whole – donors are focusing on local impact
- Donors less likely to have donated to charities supporting a disease/medical condition
- Donors are more motivated to donate because “it is the right thing to do” than by “wanting to give back to the community”



# KEY LEARNING

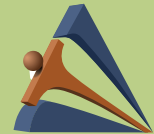
- Across Canada interest in *mail solicitation has declined*, although it is still the *most preferred* method, while preference for *email* has increased directionally and now is the *second most preferred* method.
- Interest in *telephone* has doubled – although it remains the preferred approach for *fewer than one in ten*.
- Donors increasingly say that it is important for charitable organizations to let them know how their *donation is making a difference*, and fewer require a thanks/acknowledgement of their donation.



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# KEY LEARNING

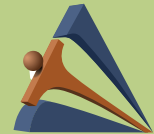
- Majority who have donated in response to an invitation/post through social media account say these requests came from someone they know personally.
- Donors want to support charities that are *efficient with their dollars and effective in their work is prevalent*.
- Many prioritize their contributions to well-known charities and those that have enough *infrastructure* to get the fundraising they need *to achieve their objectives*. Alignment with organizations set-up to achieve their goals and have the *intended impact*.
- This notion of ‘efficient and effective’ charities associated with several other motivational aspects.





# KEY LEARNING

- Public trust in charities has increased. Directionally more Canadians believe charities act responsibly with the donations they receive and believe that charities are well-managed.
- Sizeable minority of Canadians continue to believe that charities overstate the proportion of donation dollars that go directly to the cause.
- While a large minority of Canadians proactively donate on their own, more say they are approached by the charity. *Not surprisingly, asking for a donation significantly increases the chance of getting a donation.* Three-quarters of those contacted for a donation donate compared to only 53% of those who were not approached.

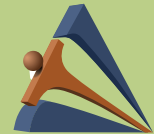


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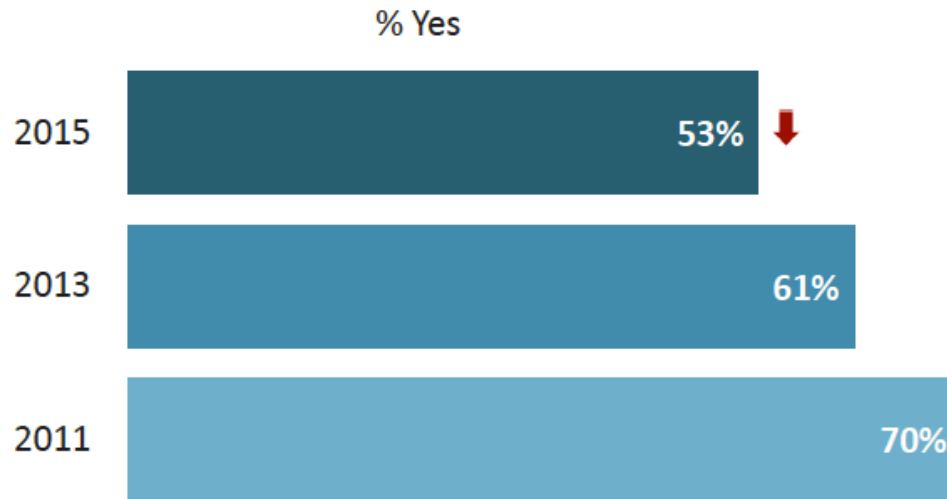
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# KEY LEARNING

- The number of Canadians who say they have been *contacted* for a charitable donation *has declined for the second year* in a row. This *coincides with a decline in* the number of Canadians who report making a *financial donation* in the past 12 months – the lowest reported since tracking began.
- The *decline in donations* has come primarily from Canadians with *middle education and lower household incomes* (under \$60,000).



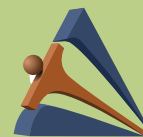
The percentage of Canadians who report being contacted for donation continues to decline.



Q15. In the past year, have you been contacted by telephone, in person or through the mail by fundraising or development staff of charities, educational institutions, or other kinds of non-profit organizations to ask you to donate money? Base: All Respondents 2015 (n=1502); 2013 (n=1003); 2011 (n=1027)

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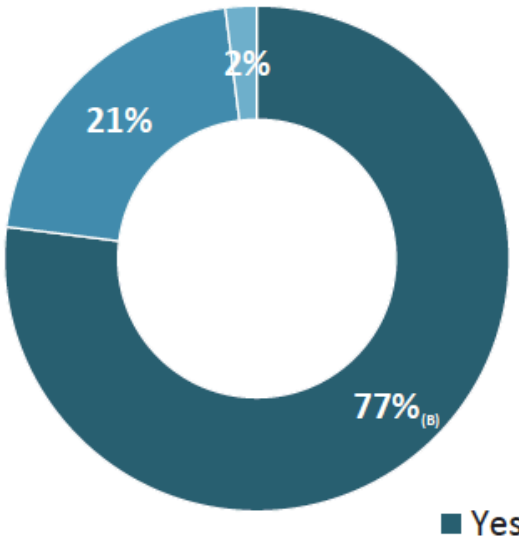
GAME CHANGERS



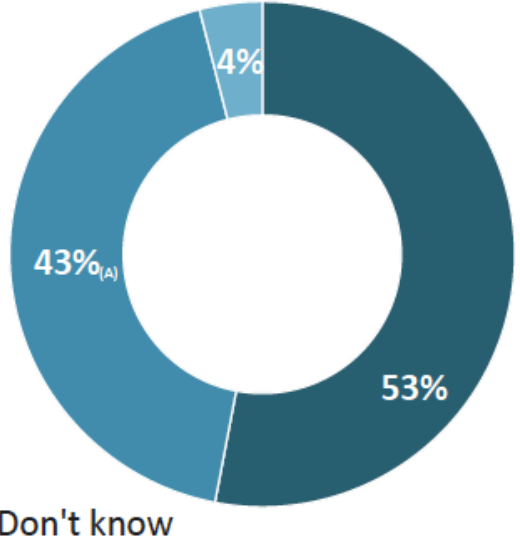
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Not surprisingly, asking for a donation significantly increases the chance of getting a donation. Three-quarters of those contacted donated whereas only 53% donated on their own.

Contacted for donations in past year (n=798\*)<sup>(A)</sup>



Not contacted for donations in past year (n=571\*)<sup>(B)</sup>



Q6. Have you made a financial donation to a charity or non-profit organization in the past 12 months? Base: All Respondents 2015 (n=1502)

\*The two subgroups do not add up to the total responses of n=1502 because n=133 did not know if they were contacted or not.

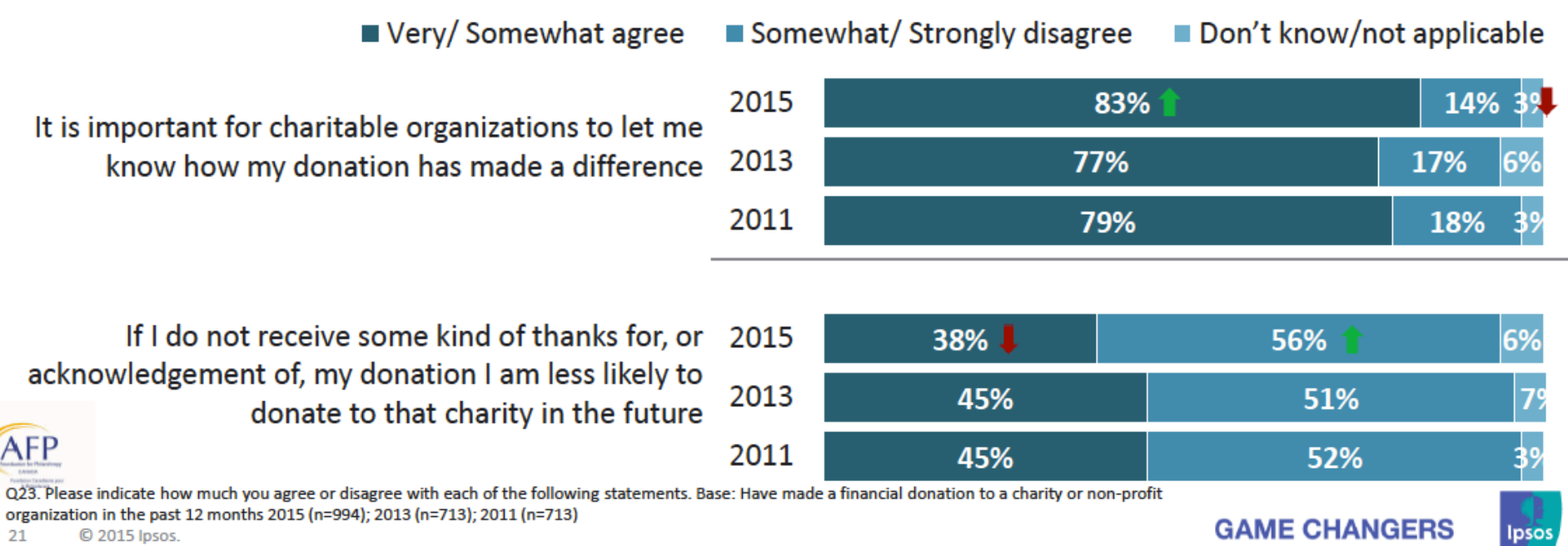
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GAME CHANGERS

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A growing number of donors say it is important that they receive information on how their donation has made a difference (up 6 points from 2013), and fewer indicate needing some kind of thanks/acknowledgement for their donation.



## PREFERRED APPROACH FOR DONATIONS

Across all Canadians interest in mail solicitation has declined, although it is the most commonly accepted method, while email has increased directionally and now is the second most commonly accepted method. Point of purchase and newsletters (hard or electronic mail) as well as in-person or street canvassing are less popular than in 2013. Interest in telephone has doubled – although it remains the preferred approach for fewer than one in ten.

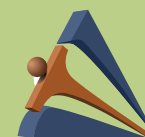
	2013	2015
A letter in the mail	38%	31% ↓
An e-mail	18%	20%
By a cashier (i.e. adding a donation to a bill at a store)	18%	14% ↓
A newsletter received by regular or electronic mail	15%	12% ↓
Through an organized employee giving campaign at your work	9%	9%
Social media	9%	8%
A phone call	3%	6% ↑
An in-person meeting at your home or another location	8%	5% ↓
Street canvassing	7%	5% ↓
Other	1%	1%
Don't know	11%	16% ↑

\*Mentions of 5% or higher are shown.

Q17. How do you prefer to be approached for charitable donations? Base: All Respondents 2015 (n=1502); 2013 (n=1003)

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GAME CHANGERS

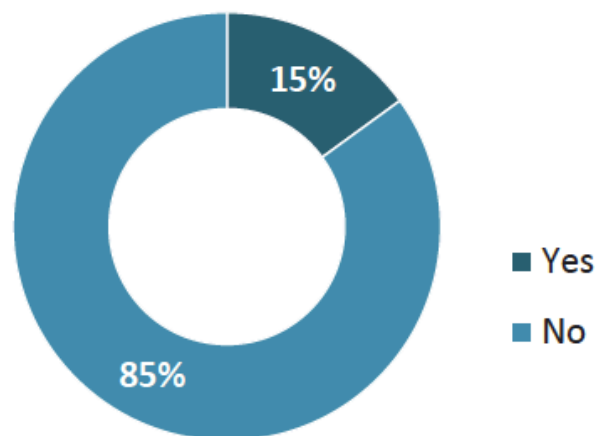


EXPERTS IN PHILANTHROPY

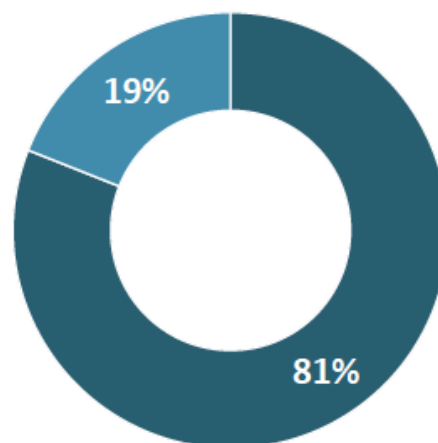
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**Fifteen percent of those on social media say they have donated in response to a request posted on social media. Eighty-one percent of the requests that are received on social media were from someone they know. More than half are open to receiving social media donation requests mostly depending upon who sends it and the charity it is for.**

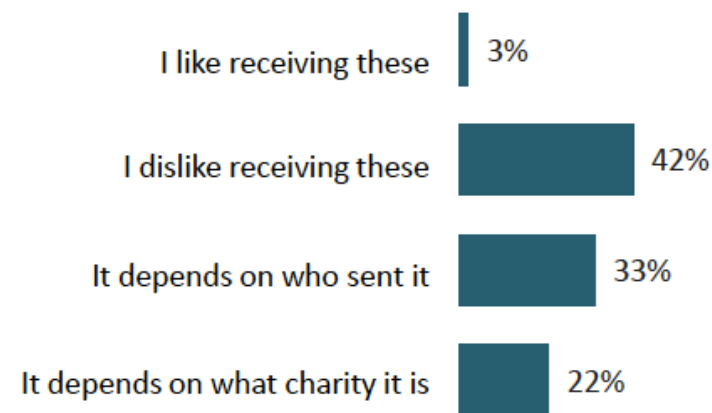
Donated to charity in response to an invitation through social media



Request came from someone you know personally or not



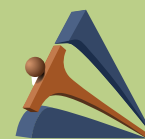
Perception of receiving request for donation on social media account



Q44a. Have you ever donated to a charity in response to an invitation or post that came to you through your social media account? Base: Respondents who have some social media account (n=1176)

Q44b. Thinking of the times that you have donated to a charity in response to a social media request or post, would you say that most often the post or request has come from someone you know personally or not? Base: Respondents who have a social media account and donated to a charity in response to an invitation or post (n=176)

Q44c. How do you feel about receiving invitations, posts or ads on your social media account requesting a donation? Base: Respondents who have a social media account (n=1176)



**While there were fewer donors in 2015, they are donating more. Donors report giving an average of \$924 dollars in 2015, marginally higher than in 2013. The percentage of donors averaging over \$1000 in yearly contributions has doubled since 2011.**

	2007	2008	2009	2011	2013	2015
\$1 - \$50	21%	22%	20%	29%	22%	23%
\$51 - \$100	17%	17%	19%	19%	17%	16%
\$101 - \$200	17%	17%	18%	17%	16%	13%
\$201 - \$500	22%	21%	22%	20%	19%	21%
\$501 - \$1000	11%	9%	9%	6%	10%	9%
Over \$1000	11%	12%	12%	10%	17%	20%
<i>Mean</i>	-	-	-	-	\$726	\$924



Q8b. Approximately how much in total did you donate to non-profit and charitable organizations in the past 12 months? Base: Have made a financial donation to a charity or non-profit organization in the past 12 months (excluding no response) 2015 (n=994); 2013 (n=713); 2011 (n=713); (2009 n=819; 2008 n=1348; 2007 n=1022)

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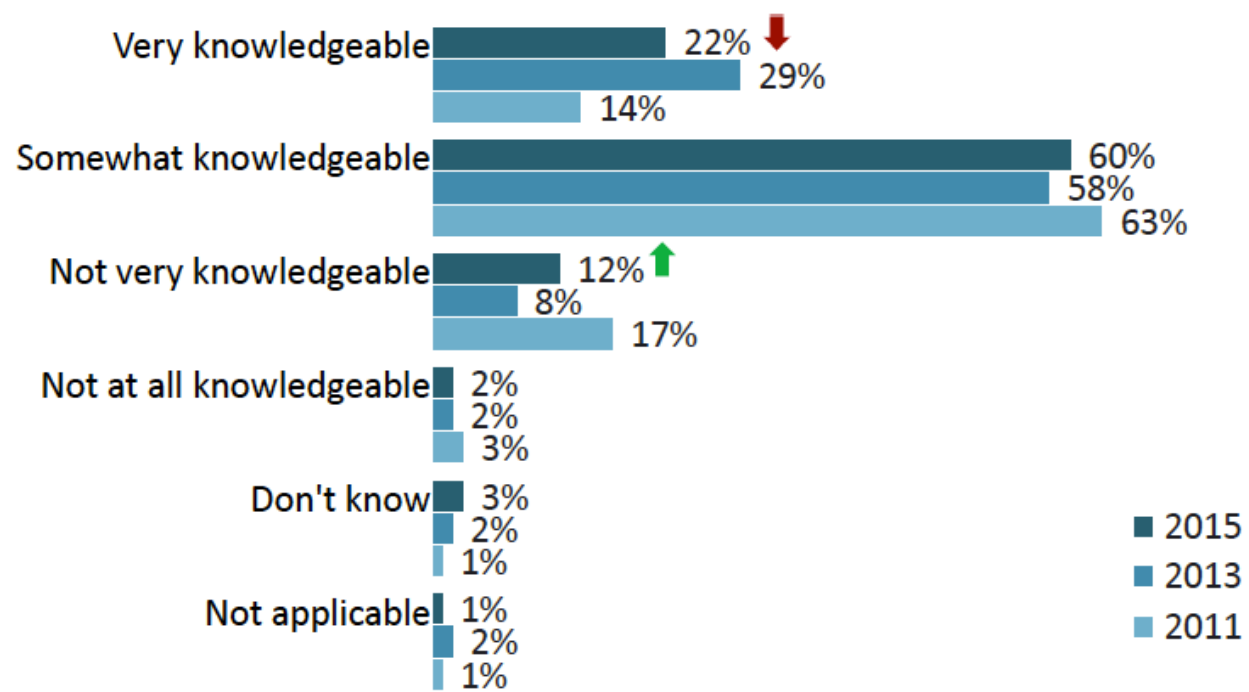
GAME CHANGERS



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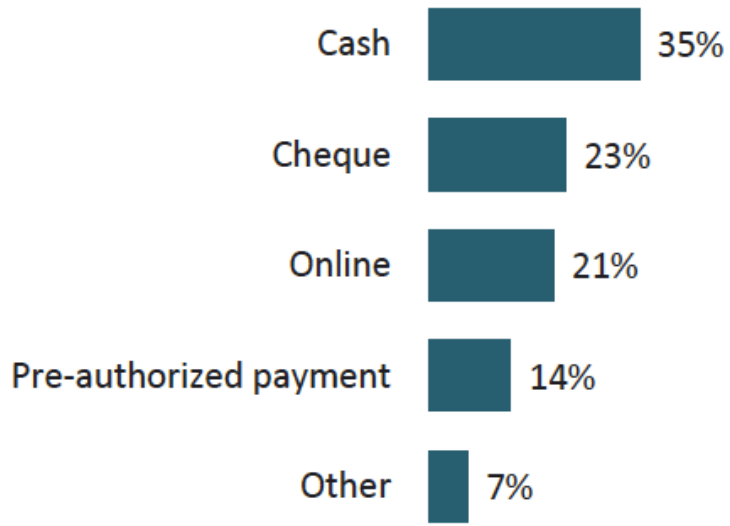
While in 2013 donors seemed to be taking more interest in the charities that they support, the level of knowledge reported in 2015 matches 2011 more closely.



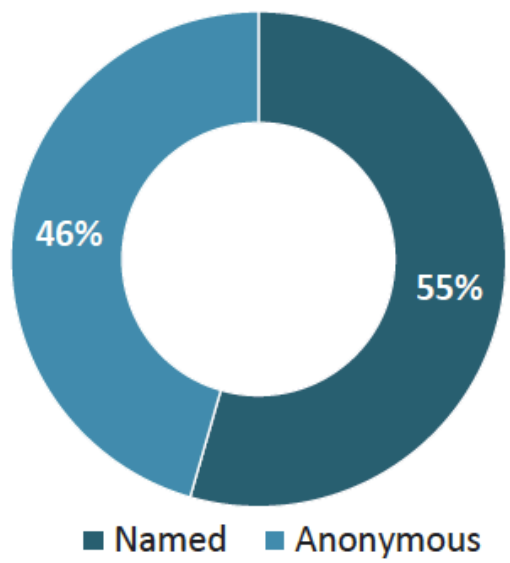
Q36. In general, how would you rate your knowledge of the charitable causes that you support? Base: Have made a financial donation to a charity or non-profit organization in the past 12 months 2015 (n=994); 2013 (n=713); 2011 (n=713)

Cash is the most common method of donation, followed by cheque and online among past 12 month donors. One in ten say they donated via pre-authorized payment. Of those who donated online, about half report making their donation anonymously.

Method of donation



Recognition for online donations



Q26a. How did you make your donation? Base: Have made a financial donation to a charity or non-profit organization in the past 12 months 2015 (n=904)  
Q26b. Were you named publicly as a donor or did you wish to remain anonymous? Base: Those who have made a financial donation to a charity or non-profit organization in the past 12 months online 2015 (n=189)

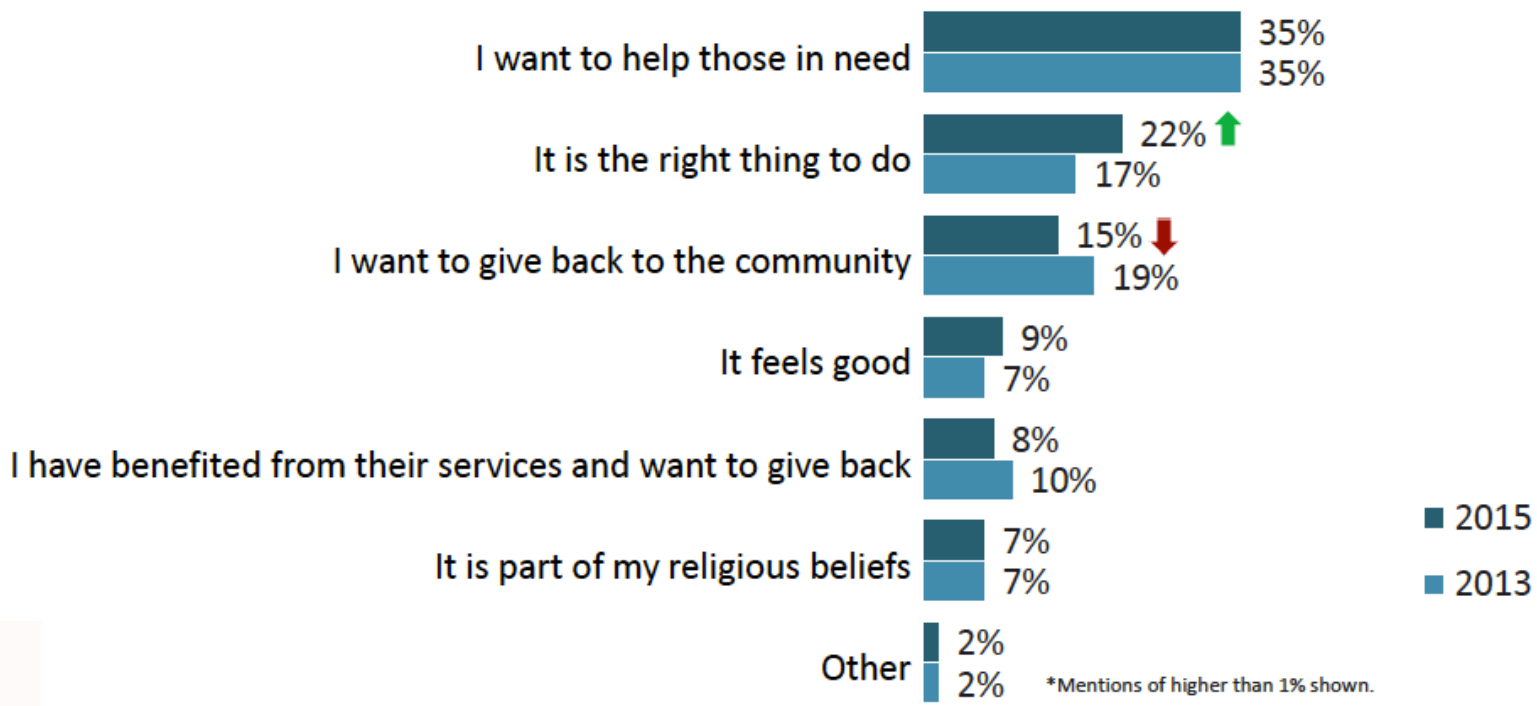


GAME CHANGERS



# MAIN REASONS FOR DONATING

Helping those in need is the most common reason to donate, but compared to 2013 more donors say in their case it was the right thing to do and fewer say they wanted to give back to the community.



Q7. Thinking of the last charity you donated to, what was the main reason you donated to this charity?  
Base: Have made a financial donation to a charity or non-profit organization in the past 12 months 2015 (n=994); 2013 (n=713)

## DONATION MOTIVATIONS – SEGMENTATION (1)

The research identified 6 segments of donors based on their motivations for donating.

**Affiliative:** Enjoy going to fundraising events and donate to charities from which they or someone they know has benefited

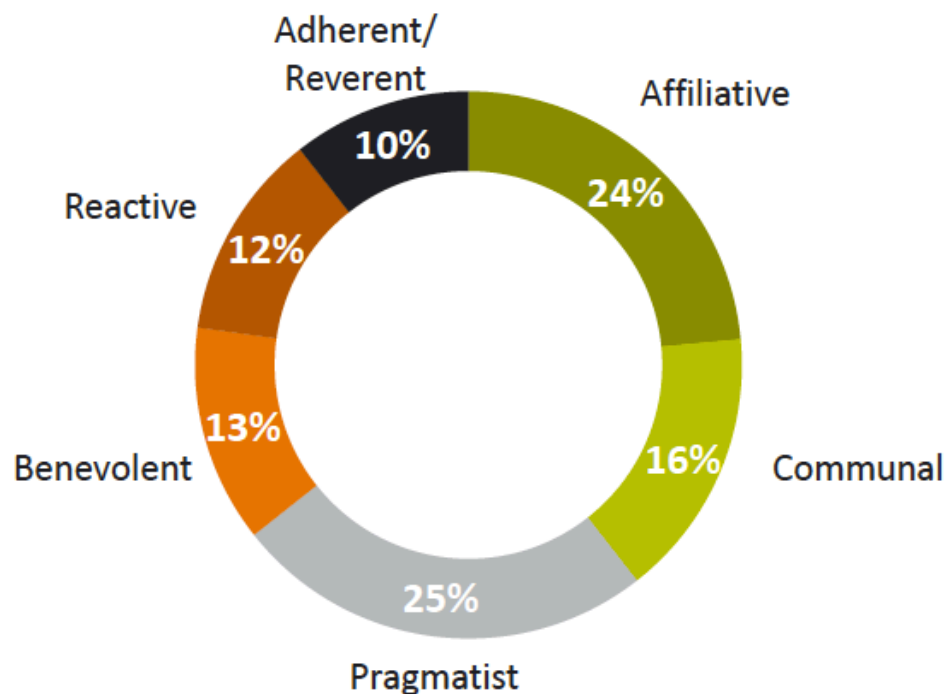
**Communal:** Donate to locally-based charities that benefit those in their community

**Pragmatist:** Family tradition of donating to a specific charity and donate to a charity where a tax credit is provided

**Benevolent:** Doing good is a moral obligation and want to help those in need

**Reactive:** Do not strongly associate with charities they donate to, and wait to be approached to donate

**Adherent/Reverent:** Donate to charities that share their beliefs or morals and motivated by their religious beliefs



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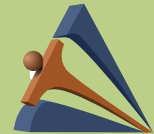
# BENCHMARK – COST OF FUNDRAISING

# Fundraising Activity/Method National Cost to Raise a Dollar

1. Capital Campaign/Major Gifts \$ .05 to \$ .10 per dollar raised.
2. Corporations and Foundations (Grant Writing) \$ .20 per dollar raised.
3. Direct Mail Renewal \$ .20 per dollar raised.
4. Planned Giving \$ .25 per dollar raised<sup>3/4</sup> and a lot of patience!
5. Benefit/Special Events \$ .50 of gross proceeds.
6. Direct Mail Acquisition \$ 1.00 to \$ 1.25 per dollar raised.
7. National Average \$ .20

James Greenfield Fund-Raising: Evaluating and Managing the Fund Development Process (1999)

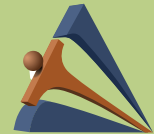
Also see Blumberg Article



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# WHAT DO CANADIAN DONORS WANT?

- ✓ Donors want to be thanked either by email or traditional mail. The number of donors who expect an email thank you (32%) rose significantly over the past few years.
- ✓ Donors more likely to support a charity in the future if the donor believes the charity “is successful at fulfilling its mandate.”
- ✓ It is essential to give donors feedback showing how their gift makes a difference; 31 percent of donors said they received no feedback from charities on how their donation made a difference. Only 25 percent were informed about impact by mail and 7 percent by email. Only 3 percent of donors said their tax receipt provided proof of charitable impact.



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# ADAPTING TO THE NEW LANDSCAPE

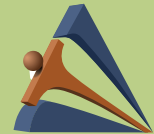
- **SHOW THE DONOR LOVE. AND THEN SOME!**
- Become a cause/issue – not an organization – something to believe in
- Create opportunities for donors to belong - help donors feel connected
- Donor driven decisions – donors want to decide for themselves
- Survey donors – ask how they want to be communicated to & frequency
- Ask donors what they want – get personal
- Boards – Invest in Board development = developing your champions
- Staff – invest in *your* talent
- ***Technology, Automation, Analytics & more technology – invest, learn***



EXPERTS IN PHILANTHROPY  
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# ADAPTING TO THE NEW LANDSCAPE

- Integrated Fund Development Program
- **DONOR CENTRIC FUNDRAISING**
- Develop a stewardship plan – retention strategy – retention is new acquisition
- Donor targeting is necessary
- Methods to engage the next generation: 18-25 years want to be part of the experience –rather than just give \$\$\$
- Media integration is your campaign manager
- Increase donor conversion with online giving
- Donors can be volunteers too

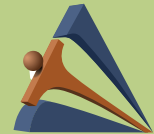


EXPERTS IN PHILANTHROPY  
The Dennis Group Inc.



# TOP 10 TAKE AWAY

1. Donor Loyalty is the new buzzword
2. Crowdfunding will become a serious fundraising tool – for the right nonprofits.
3. The end is coming for general unrestricted fundraising
4. The new communications tools will be revolutionizing how, when and where we tell our story – technology, technology, technology
5. “Fundraising” is shifting toward a broader concept of “philanthropy”
6. Fundraising will unfortunately continue to be chronically-underfunded
7. Mobile giving will continue to increase
9. Clear measures of performance and impact will be required (demanded) by donors and funders
10. Sustainer fundraising programs will be king



EXPERTS IN PHILANTHROPY

The Dennis Group Inc.

Good fundraising, **successful fundraising**, is about building relationships. Meaningful fund-development programs are not first and foremost about money. They are about:

- Acquiring and retaining donors
- Engaging those donors increasingly, and more.
- Growing/establishing donor loyalty – which only happens when you are centered on the donor, and when you understand their interests.
- And, being knowledgeable, responsive, and connected through technology



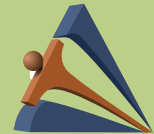
EXPERTS IN PHILANTHROPY

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# RESOURCES & SOURCES FOR THIS PRESENTATION

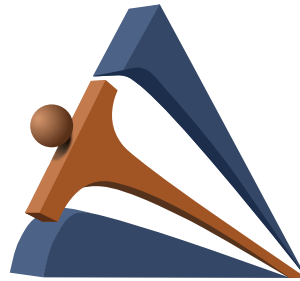
- [www.statcan.gc.ca](http://www.statcan.gc.ca)
- [www.cra.gc.ca](http://www.cra.gc.ca)
- [www.charityvillage.com](http://www.charityvillage.com)
- [www.imaginecanada.ca](http://www.imaginecanada.ca)
- [www.sectorsource.ca](http://www.sectorsource.ca)
- [www.canadiancharitylaw.ca](http://www.canadiancharitylaw.ca)
- [www.101fundraising.org](http://www.101fundraising.org)
- [www.globalphilanthropy.ca](http://www.globalphilanthropy.ca)
- [www.smartgiving.ca](http://www.smartgiving.ca)
- [www.mrbenchmarks.com](http://www.mrbenchmarks.com)
- [www.innovairre.com](http://www.innovairre.com)
- [www.supportingadvancement.com](http://www.supportingadvancement.com)
- [www.forwardthinkingKCI.com](http://www.forwardthinkingKCI.com)

**Note:** Canada's Anti-Spam Legislation (CASL) is up for review in 2017 and have a survey for non-profits/charities to complete – due September 30<sup>th</sup>.



EXPERTS IN PHILANTHROPY  
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# THANK YOU!



EXPERTS IN PHILANTHROPY  

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