

The Next Generation of American Giving

The Charitable Habits of Generations Y, X, Baby Boomers, and Matures

AUTHOR:

MARK ROVNER, SEA CHANGE STRATEGIES

RESEARCH:

PAM LOEB, EDGE RESEARCH

EDITORS:

DENNIS MCCARTHY, TARGET ANALYTICS, A DIVISION OF BLACKBAUD INC.

MICHAEL JOHNSTON, HJC

PUBLISHED: AUGUST 2013

TABLE OF CONTENTS

INTRODUCTION	4
Our Hope for This Study	
SUMMARY OF KEY FINDINGS	5
GIVING ACROSS THE GENERATIONS	6
Most Americans Give	
Boomers Dominate Charitable Giving	
Growth in Giving by Younger Generations: Small, Not Game-Changing	
What About Generation Y?	
Who Gets the Money?	
Generation X, Boomers, and Matures Give More Frequently than Generation Y	
Does Money Matter Most?	
What Influences Giving?	
TRANSACTION AND ENGAGEMENT CHANNELS	14
TRANSACTIONS	14
Transaction Channels — Frequency of Use	
Methods of Giving	
What’s the Deal with Direct Mail?	
Sustainer Uptake Remains Low in the U.S.	
Online Giving Continues to Gain Ground	
What Inspired the Gift?	
PAYMENT OPTIONS	19
Mobile as a Transaction Channel: A Mixed Bag	
What’s Okay and What’s Not?	
Workplace Giving Skews Young	
Marketplace Philanthropy	
Peer-to-Peer Fundraising	
Crowdfunding	

MORE >

TABLE OF CONTENTS (CONTINUED)

ENGAGEMENT	25
Favored Engagement Paths	
Unpacking Online Engagement	
Evangelism	
RECOMMENDATIONS	31
ACKNOWLEDGEMENTS	32
ABOUT THIS STUDY	32
ABOUT BLACKBAUD	32
ABOUT EDGE RESEARCH.....	32
ABOUT SEA CHANGE	32
ABOUT HJC	32

INTRODUCTION

What's a fundraiser to do?

Just when it seemed like things could not possibly get more complicated, they did.

Not only are self-appointed heralds of the future announcing that direct mail is dead, they are also now making the same tendentious claims about email.

The advent of television didn't kill radio. Likewise, Pinterest® and Twitter® are hardly the slayers of direct mail.

But even if overstated, the changes overtaking the art and science of fundraising are tumultuous and expected to continue.

So, what's a fundraiser to do? Listen to your donors.

To help provide both strategic and practical guidance for fundraisers, we launched this study to look at the philanthropic habits of four generations of Americans: Generation Y (or "Gen Y," born between 1981 and 1995); Generation X (or "Gen X," born 1965 – 1980); Baby Boomers (or "Boomers," born 1946 – 1964); and Matures (born 1945 or earlier). Findings are based on an online survey of U.S. donors, conducted May 13-24, 2013. As is customary for research efforts like this, the data is based on self-reporting by the respondents, and should be interpreted accordingly.

We sought to answer a number of questions, including:

- What are the preferred giving channels of each generation?
- What are the preferred communications and engagement channels?
- What kinds of charities do people support?
- What are the basic dos and don'ts for fundraisers in 2013?

The study builds on a similar inquiry we carried out in 2010. Where

relevant, we spotlight trends that have emerged in recent years. For the most part, differences among the generations in their charitable behavior are becoming clearer and better defined — and the differences are real.

What can you do with this study? Use this report to answer the following key questions about your fundraising program:

1. *Have I underinvested in fundraising to Baby Boomers — from whom the bulk of money will come for the foreseeable future?*
2. *Have I completely ignored the up and coming younger generations, or relegated them to an un-strategic social media effort?*
3. *Does my fundraising channel mix include direct mail for younger donors and digital communications for older ones? (Hint: It should.)*
4. *Am I preparing for the future by addressing the cultural demands Generations X and Y are placing on institutions (such as transparency)?*
5. *Am I empowering my most enthusiastic supporters to fundraise and evangelize on my behalf?*

Our Hope for This Study

There is a wealth of data supporting this study. Our hope is that you will continue to ask questions, and that other clever people will be able to find clues in the data for some time to come. Toward that end, we plan to make all of the survey data we collected publicly available upon request.

SUMMARY OF KEY FINDINGS

1. Most Americans give. Matures are the most generous generation. A greater percentage of Matures give and they support a greater number of causes than younger generations. On average, individual Mature donors also give more money to the causes they support.
2. Baby Boomers will exert an outsized influence on charitable giving for the foreseeable future. Representing roughly one-third of all adults who give, Boomers contribute 43 percent of all the dollars donated.
3. Most donors across all age groups do not plan to expand their giving in the coming year.
4. Multichannel is the new normal. While all generations are multichannel in their communications habits, the ideal mix varies from generation to generation.
5. Direct mail is far from dead, but it also won't last forever. Generations Y and X are far more likely to give online, and as many Baby Boomers say they give online as via direct mail.
6. Generation Y donors have distinct priorities and preferences with regard to causes they support. Notably, they are far more likely to demand accountability and transparency than older donors.
7. The value of some channels (e.g. social media), is undervalued if measured by transaction metrics, as opposed to by engagement.
8. Among transaction channels, the future looks cloudy for telemarketing and giving via SMS/text.
9. Peer-to-peer fundraising and crowdfunding, on the other hand, appear to have promising futures as fundraising strategies.
10. Nearly half of those who give engage with causes in ways other than making donations.

Raising money for good causes has never been more complicated and uncertain, and it certainly has never been more important. We dedicate this report to all those who work tirelessly to fund a better future.

GIVING ACROSS THE GENERATIONS



Generation Y

- Born 1981 – 1995
(age 18-32 as of 2013)
- Represent 11% of total giving
- 32.8 million donors in the U.S.
- 60% give
- \$481 average annual gift
- 3.3 charities supported



Boomers

- Born 1946 – 1964
(age 49-67 as of 2013)
- Represent 43% of total giving
- 51.0 million donors in the U.S.
- 72% give
- \$1,212 average annual gift
- 4.5 charities supported



Generation X

- Born 1965 – 1980
(age 33-48 as of 2013)
- Represent 20% of total giving
- 39.5 million donors in the U.S.
- 59% give
- \$732 average annual gift
- 3.9 charities supported



Matures

- Born 1945 and earlier
(age 68+ as of 2013)
- Represent 26% of total giving
- 27.1 million donors in the U.S.
- 88% give
- \$1,367 average annual gift
- 6.2 charities supported

Generational groups, total U.S. population, and giving data (on average)

Most Americans Give

A strong majority of Americans say they have made some sort of donation to a cause or charity in the past year. That percentage rises with age: Roughly 60 percent of members of Generation X and Generation Y say they have given, compared with 72 percent of Baby Boomers and 88 percent of Matures.

This squares with the conventional wisdom that donors' giving in part reflects their life-stage. Younger donors are establishing careers, starting families, and arguably working harder to make ends meet. Gen Y in particular is entering adulthood at a time when job opportunities and career paths are uncertain at best.

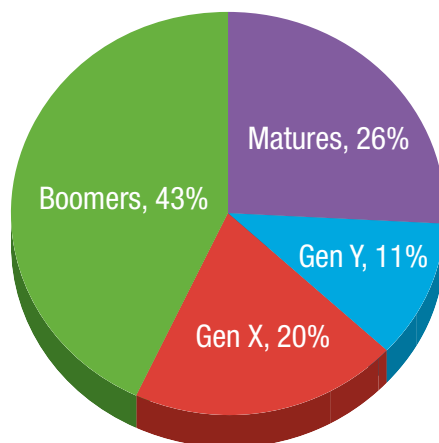
Boomers Dominate Charitable Giving

Not only are Boomers the largest group numerically, with 51 million individuals comprising 34 percent of the donor base, they are also the largest contributors.

More than 40 percent of all money donated (as reported by study participants) comes from Americans aged 49 to 67, while more than one-fourth comes from Matures, one-fifth from Gen X, and one-tenth from Gen Y.

Generational Giving

Of the \$143.6 billion estimated annual contributions, each generation will contribute:



Generational contribution of total giving

Just consider:

- Boomer donors represent 34 percent of the entire donor base.
- Boomers give an estimated total of \$61.9 billion per year (43 percent of all individual giving).
- Boomers report donating an average of \$1,212 to between four and five charities each year; that figure is far more than twice the averages for younger donors.

In every category, Boomers loom large. And as the youngest Boomers have yet to turn 50, there is every reason to expect things to remain largely as they are for the foreseeable future.

In short, the odds are strong that for the vast majority of causes, your next donor will be over age 50.

The data does suggest that Matures, who dominated the giving landscape for decades, are declining in overall philanthropic influence. Gen X and Gen Y combined represent 31 percent of all dollars donated, an aggregate total that exceeds giving by Matures. Matures, however, still give more on average than either of the younger cohorts, and to a wider array of charities.

Growth in Giving by Younger Generations: Small, Not Game-Changing

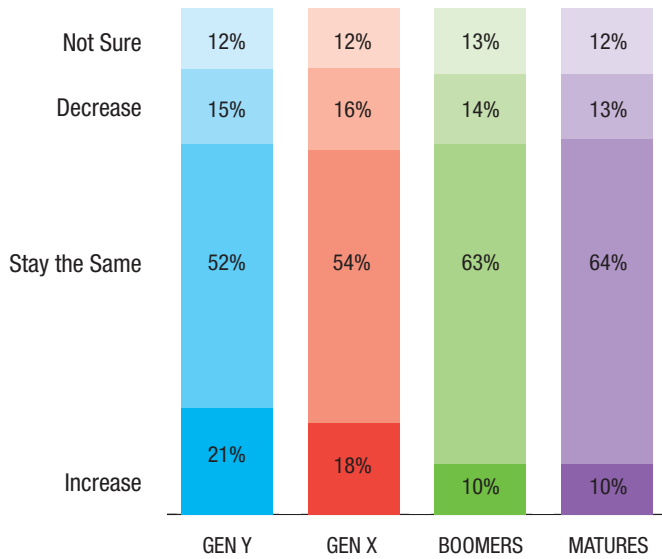
The vast majority of donors across all four generations say they do not intend to add new causes to their giving portfolios in the coming year, and a majority of donors say their overall giving is unlikely to increase. Given the economic woes in recent years, this is hardly shocking news. And it does portend increased competition for shares of a stagnant financial pie.



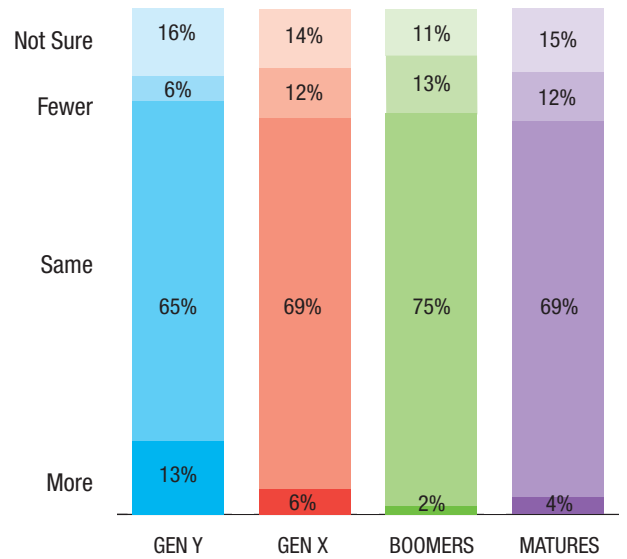
In short, the odds are strong that for the vast majority of causes, your next donor will be over age 50.

Future Giving

Giving Intent by Generation over the Next 12 Months



Overall Dollar Amount of Charitable Donations



Number of Charities Supported

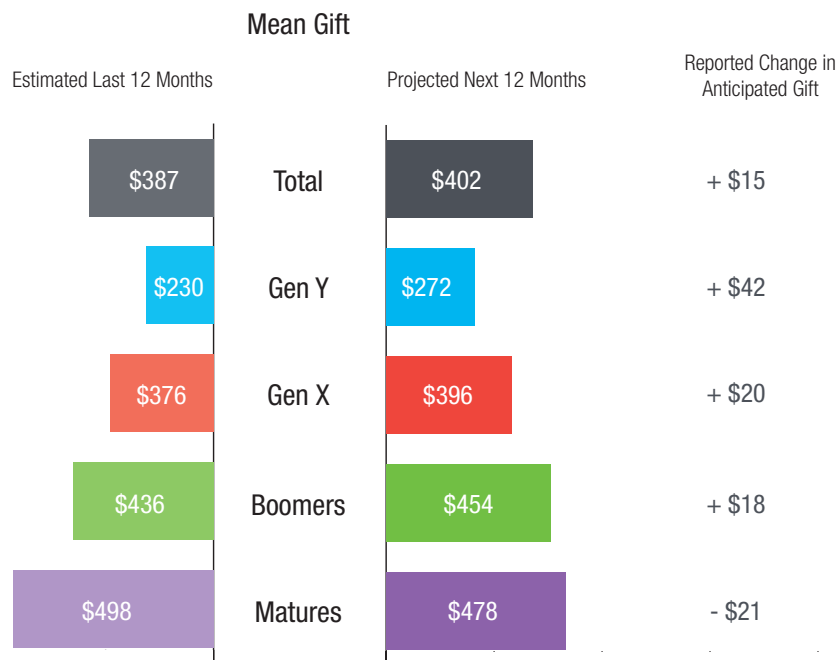
Total percentages may not add up to 100% due to rounding.

Younger donors are more likely to say they plan to increase their giving in the coming year: 21 percent of Gen Y donors say they will give more, compared with 10 percent of Boomers or Matures. Gen Y donors also predict personal giving to their top charity will grow by an average of 18 percent in the coming year, compared with a predicted average decline by Matures of 4 percent.

Predicted shifts in giving, however, will do little to change the complete picture (overall, Matures still plan to donate considerably more than Gen Y), nor will the bright spots compensate for a gloomy outlook. The majority, across all four generations, say their giving will remain status quo.

Donation to Top Charity

Reported Giving History and Intent by Generation



What About Generation Y?

Speculation abounds about the Gen Y *zeitgeist* and how that will affect fundraising. Some things we know: Generation Y is more multicultural, more internationalist in outlook, and more socially tolerant overall than older cohorts. They are growing up in a world boiling with uncertainty – economic, political, and social – and more than prior generations, they are placing greater demands on major public and private institutions for accountability, transparency, and fairness.

We believe these factors are not transitory. Much as Watergate and the Vietnam War defined worldviews among Boomers,

Generation Y is growing up in a world defined by 9/11, downward economic mobility, and globalization.

Will these propensities affect charitable habits? We believe they already do and will cast an even greater shadow over philanthropic habits in years to come.

That said, it's equally important to remember that the primacy of Gen Y in the donor marketplace is decades away. The study helps guide the way to a workable middle ground strategy, one that maximizes income from Boomers and their elders for now, but begins to build an expandable welcome mat for Generations X and Y.

Who Gets the Money?

Donors name social service charities (such as homeless shelters or soup kitchens), places of worship, and health organizations as the types of causes they are most likely to support.

Among those causes receiving the least support are trade unions, victims of crime or abuse, and human rights/international development organizations. (See Chart 5, below.)

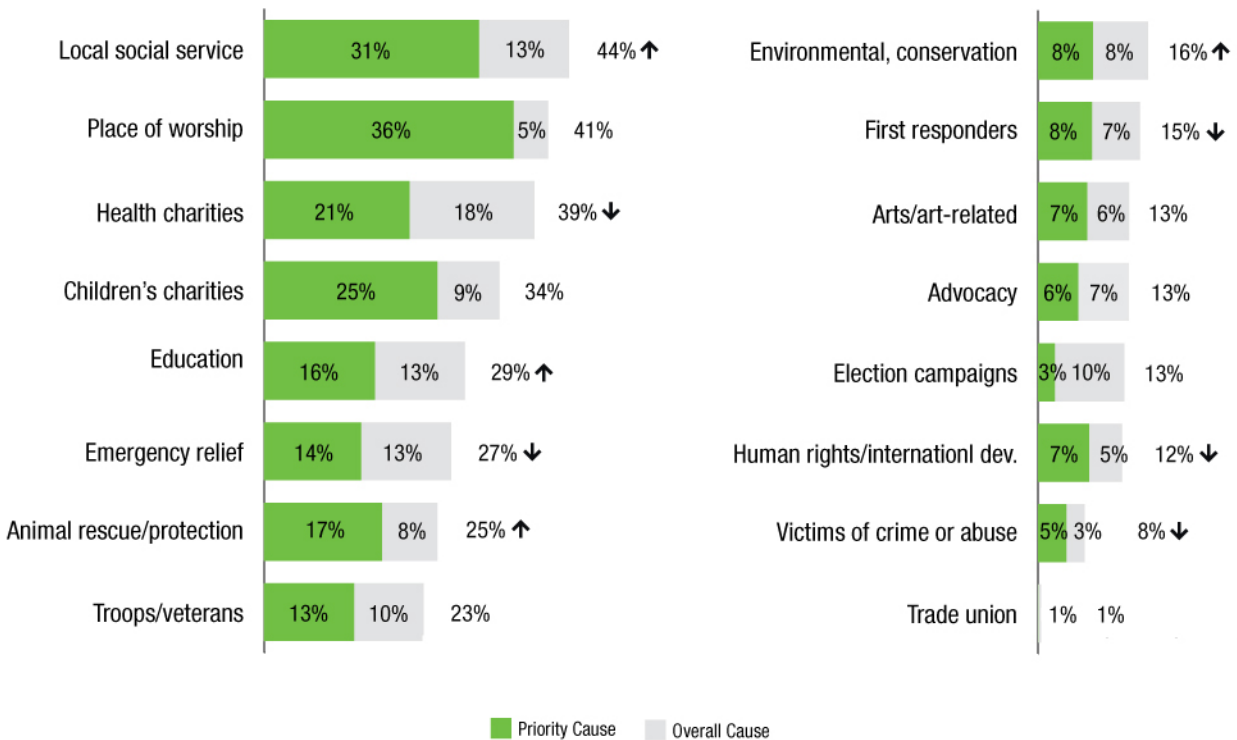
We also asked participants what causes they would support if they had to cut their overall charitable giving by half. Top choices under those circumstances were places of worship, social services, and children’s charities. Health charities fall to fourth place, suggesting many health donors are not as strongly attached to health-related causes. Related to that, reported overall giving to health charities has declined since 2010.

Some interesting generational differences emerged regarding priority giving:

- Generation Y is less likely to support local social services than Generation X, Boomers, and Matures.
- Younger donors (Generations X and Y) are more likely to say they support children’s charities.
- Older donors (Boomers and Matures) are considerably more likely to support veterans’ causes.
- Generation Y donors are markedly less likely to say they support environmental causes.
- Generations X and Y are more likely to say they support human rights and international development causes.

Causes

Percent Donating to Causes (Overall)



Arrows indicate statistical significance between 2010 and 2013.

Note that these generational differences may not translate into dramatic variations in causes' overall donor bases, as most

organizations' donor databases are still predominantly Boomers and older.

Causes

Priority Cause (by Generation)

	GEN Y	GEN X	BOOMERS	MATURES
Local social service	19%	29%	36%	37%
Place of worship	22%	36%	38%	46%
Health charities	20%	24%	19%	23%
Children's charities	29%	28%	22%	20%
Education	17%	16%	14%	20%
Emergency relief	11%	18%	11%	19%
Animal rescue/protection	16%	21%	18%	11%
Troops/veterans	6%	10%	15%	22%
Environmental, conservation	4%	10%	9%	9%
First responders	6%	8%	10%	9%
Arts/art-related	4%	7%	6%	14%
Advocacy	6%	4%	5%	10%
Election campaigns	2%	2%	2%	5%
Human rights/international dev.	12%	10%	4%	6%
Victims of crime or abuse	7%	6%	3%	4%
Trade union	-	0%	0%	0%

Bolding indicates statistical significance among audiences

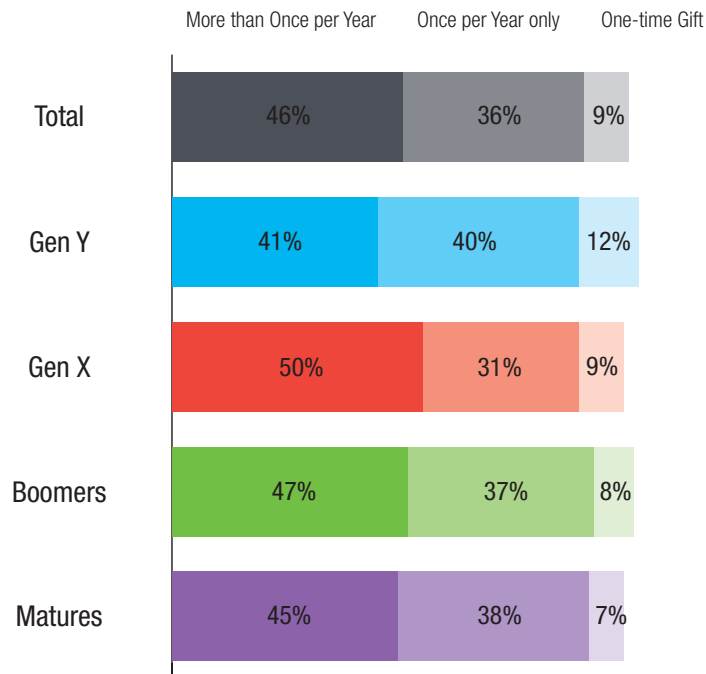
Generation X, Boomers, and Matures Give More Frequently than Generation Y

Gen Y donors are less likely than their older counterparts to say they give more than once a year. Half of Gen X donors say they give more than once a year to their favorite cause, as do 47 percent

of Boomers and 45 percent of Matures. By comparison, only 41 percent of Gen Y donors say they give to their top cause more than once a year.

Donation Frequency

Giving History and Intent by Generation over the Past and Next 12 Months



Does Money Matter Most?

We asked donors which forms of support they feel makes the biggest difference for the causes they support. Choices included monetary donations, volunteering, promoting causes by word of mouth, in-kind donations, policy advocacy, and fundraising on the causes' behalf.

According to Boomers and Matures, money matters most. Strong pluralities of Matures (48 percent) and Boomers (45 percent) say that monetary donations make the biggest difference. The focus on money declines with age: Only 36 percent of Generation X and 25 percent of Generation Y think they can make the most difference by donating money.

Conversely, Gen Y donors believe they can make the biggest difference by volunteering (30 percent) and by spreading the word to others about the charity and its work (18 percent). But while they value volunteering, Gen Y donors are actually less likely than Matures to say they have actually volunteered for a cause in the past year.

Advocacy was among the actions donors were least likely to say makes a difference. Across all generations, fewer than five percent said participating in advocacy actions would make the biggest difference.

Despite its steady growth, donors are not inclined to assign great value to fundraising on behalf of a cause or charity. Only between two percent (Matures) and seven percent (Boomers) say this makes the biggest difference. On the other hand, strong majorities of donors are highly receptive to “friends asking friends” types of pitches, and significant numbers of donors say they have raised money for one cause or another.

What Influences Giving?

“How is my money actually making a difference?”

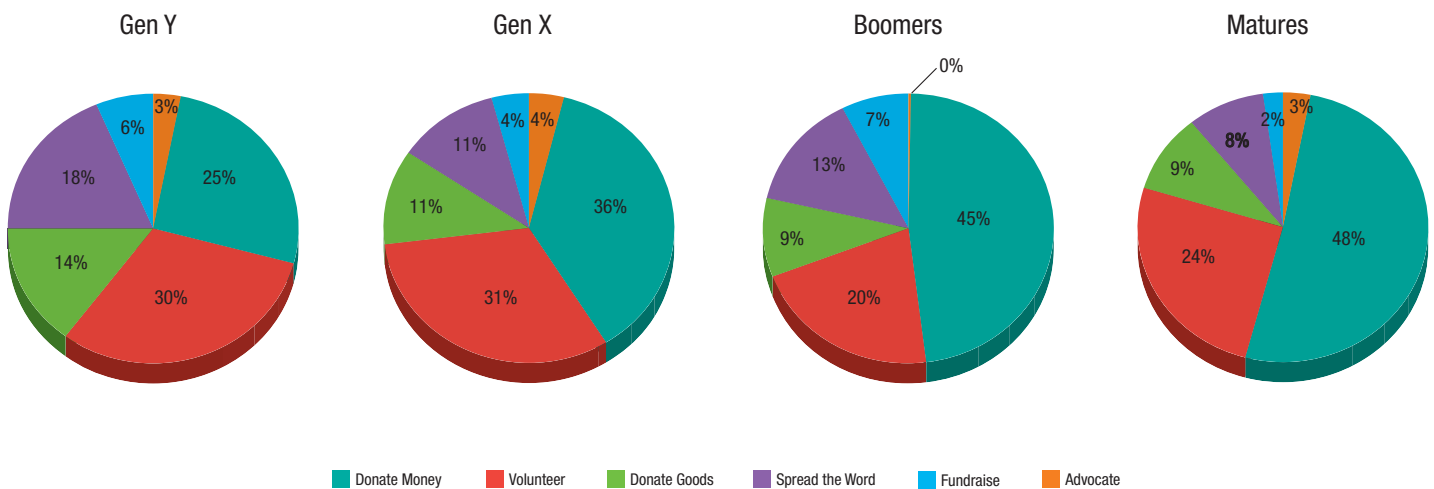
That’s a question many donors ask, and the younger they are, the more likely they are to be asking. Nearly 60 percent of Generation Y and half of Generation X agree that the ability to directly see the impact of their donation would have a significant bearing on their decision to give. Only one-third of Matures and 37 percent of Boomers say the same. Along similar lines, younger donors are more likely to say the ability to restrict their gift to a specific project might matter to them.

This has important messaging — and possibly wider — implications. To the extent that courting younger donors is a priority, charities

need to take greater pains to show where their money goes and how it makes a difference. Younger donors are more likely to ask pointed questions about return on investment (ROI) and reject superficial answers. On the other hand, marketing experts who specialize in communicating with Boomers and older audiences argue these generations are more responsive to an emotional appeal, and more concerned about the charity’s overall reputation¹.

Few donors rated thank you gifts as important factors in making a giving decision. Gen Y and Matures were nearly twice as likely to say the gift or premium might be a factor in the decision. In the case of Gen Y, this may reflect a greater appetite for blending shopping with philanthropy.

Making a Difference



¹ <http://www.mediapost.com/publications/article/190455/marketing-to-baby-boomer-and-senior-customers-pa.html#reply>

TRANSACTION AND ENGAGEMENT CHANNELS

Direct marketers had a good thing going before the Internet came along. Fundraisers could tie nearly every gift that came in to a specific direct mail piece, phone call, or street encounter. Measuring ROI was straightforward.

Fast forward to 2013 and nothing is straightforward. Donors routinely respond to direct mail pieces by making online donations. Online donors switch back and forth between the Internet and direct mail. Time-honored practices such as door-to-door canvassing and peer-to-peer fundraising are resurging. The explosion of social media, and questions about which causes are engaging there, is yet another confounding variable. And it's not just the multiplicity of channels making this confusing; it's the spider web of interdependencies, the ways communicating via one channel influences behaviors in another.

Here's what we know:

- Engagement channels may or may not be transaction channels, and vice versa, but both matter. Social media is a case in point: There is little evidence that social media is growing as a transaction channel, that is, people are not donating on social networks (i.e., Facebook®, Twitter, or Pinterest) in significant numbers. On the other hand, there is growing evidence that social media plays an important stewardship role. Studies of Facebook and Twitter users suggest a large percentage of these individuals are already highly committed to their causes,

and seeking more contact with the associated organizations.

In an era where direct mail is simply too expensive to use as a cultivation vehicle, online engagement is growing in importance.

- Channel-by-channel income attribution is nearly impossible. Donors' choice of transaction point — a website, a check in the mail, a credit card handed over to a street canvasser — may or may not be the same channel that induced the gift. This means looking at income channel-by-channel does not reflect the importance of each channel to fundraising. In the face of this uncertainty, bitter debates routinely erupt within organizations about who gets credit for which dollars. These debates typically make truly coordinated multichannel fundraising nearly impossible to execute.

For purposes of this study, we have sought to analytically separate transaction (points of donation) from engagement (the moments and places where donors connect and converse with your organization and with each other).

Obviously most channels play both roles to some extent, and the distinction between transaction and engagement can be fuzzy. But the distinction can also help fundraisers allocate both cultivation and solicitation resources wisely, and apply the appropriate metrics to the right investments.

TRANSACTIONS

Transaction Channels — Frequency of Use

We asked participants to indicate which of 18 different giving methods donors had used within the past two years. Top answers included small donations at the grocery store checkout counter, cause-related product purchases, and online donations.

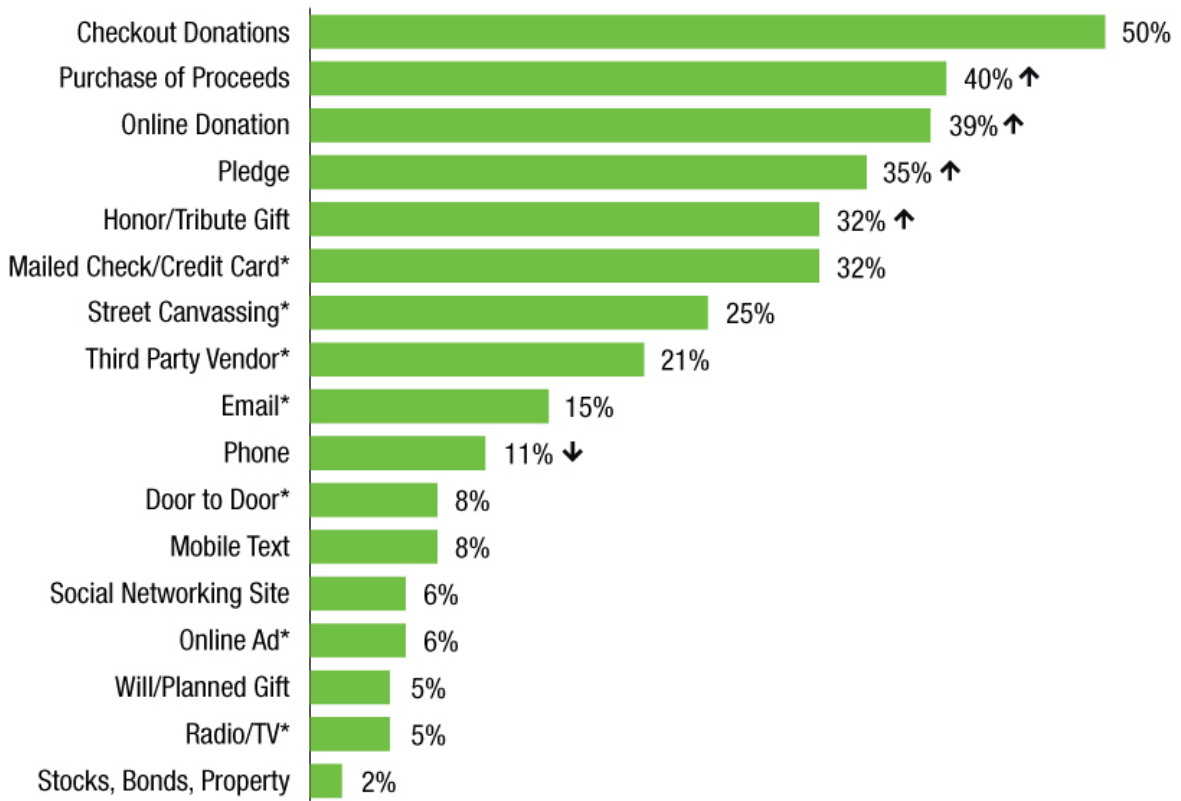
Among the notable findings:

- Among Generations X and Y, more donors report giving online than via postal mail in the past two years. As many Baby Boomers, the dominant giving cohort, say they give online (42%) as through the mail (40%). This is a change from 2010, when more Boomers were giving via direct mail.

- Roughly 40 percent of Generation X, Boomers, and Matures say they have given after making a pledge at a fundraising event. Only 22 percent of Generation Y says the same.
- Telemarketing responsiveness declines sharply with younger donors. While 19 percent of Matures say they have responded to a phone solicitation, only 6 percent of Generation Y donors and 7 percent of Generation X donors say they have done so.
- Giving via social networks is low and relatively unchanged since 2010. Six percent of donors overall have given by Facebook, Twitter, or another social medium. Younger donors are only slightly more likely to have done so — eight percent of Generation Y and ten percent of Generation X say they have done this in the past two years.

Giving Channels

Respondents Donated This Way in the Last Two Years



Arrows indicate statistical significance between 2010 and 2013.
Asterisks indicate new or changed attributes with no tracking data.

Giving Channels

	GEN Y	GEN X	BOOMERS	MATURES
Checkout Donations	52%	51%	53%	44%
Purchase of Proceeds	39% ↑	42%	41%	36%
Online Donation	47% ↑	40%	42% ↑	27%
Pledge	22%	39% ↑	39% ↑	38%
Honor/Tribute Gift	17%	24%	42% ↑	42%
Mailed Check/Credit Card*	10%	22%	40%	52%
Street Canvassing*	25%	29%	26%	19%
Third Party Vendor*	29%	27%	16%	14%
Email*	12%	12%	16%	17%
Phone	6%	7%	12%	19%
Door to Door*	6%	9%	7%	9%
Mobile Text	15%	9%	5%	2%
Social Networking Site	8%	10%	5%	1%
Online Ad*	8%	6%	4%	4%
Will/Planned Gift	4%	7%	4%	5%
Radio/TV*	4%	4%	5%	7%
Stocks, Bonds, Property	4%	0%	2%	2%

Asterisks indicate new or changed attributes with no tracking data. Bolding indicates statistical significance among audiences. Arrows indicate statistical significance between 2010 and 2013.

Methods of Giving

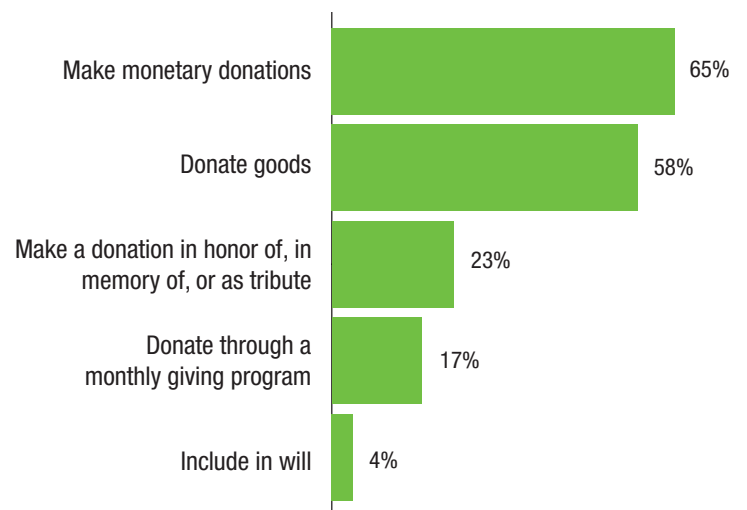
Donors give in a variety of ways, including gifts of time, talent, and treasure. As the graph to the right shows, donations of cash and goods dominate the picture here.

Participation via almost all of these avenues rises steadily with age. For instance, 53 percent of Gen Y donors say they make cash donations, while 77 percent of Matures say the same. Matures are twice as likely as Gen Y to say they receive information in the mail. And Boomers dominate among those people who say they make monthly donations to a cause or charity.

Most monthly donors cite convenience as the main reason for regular giving. Perhaps this is key to why Boomers make up the highest percentage of donations through monthly programs. Sandwiched between caring for aging parents and raising children, they may see automated monthly giving as a way to free up more time with one less thing to do.

Transaction Channels

Respondents Currently Give in This Way



Transaction Channels

	GEN Y	GEN X	BOOMERS	MATURES
Make monetary donations	53%	59%	69%	77%
Donate goods	41%	56%	63%	72%
Make a donation in honor of, in memory of, or as tribute	11%	16%	30%	34%
Donate through a monthly giving program	13%	16%	21%	15%
Include in will	0%	2%	5%	8%

Bolding indicates statistical significance among audiences.

What's the Deal with Direct Mail?

In small dollar fundraising driven by direct marketing (sometimes called database marketing), direct mail continues to be the workhorse. According to the 2012 Blackbaud Charitable Giving Report, 93 percent of individual donations still come through traditional offline channels.² That's not going to change overnight.

Longer term, direct mail partisans argue that younger donors will eventually "age into" direct mail responsiveness. There's good news and bad news on that front, but unfortunately, there's more bad than good.

On one hand, Gen X and Gen Y donors say direct mail is a perfectly acceptable medium of communication. On the other, the difference between Matures and Gen Y that have actually given as a result of a direct mail piece is dramatic. A majority (52 percent) of Matures says they have given via direct mail in the past two years, while only a fraction (10 percent) of Gen Y says the same. Among Gen X donors, 22 percent have given via direct mail and among Boomers, 40 percent say the same. Further, there is growing evidence that direct mail responsiveness, even among Boomers, has declined in recent years.

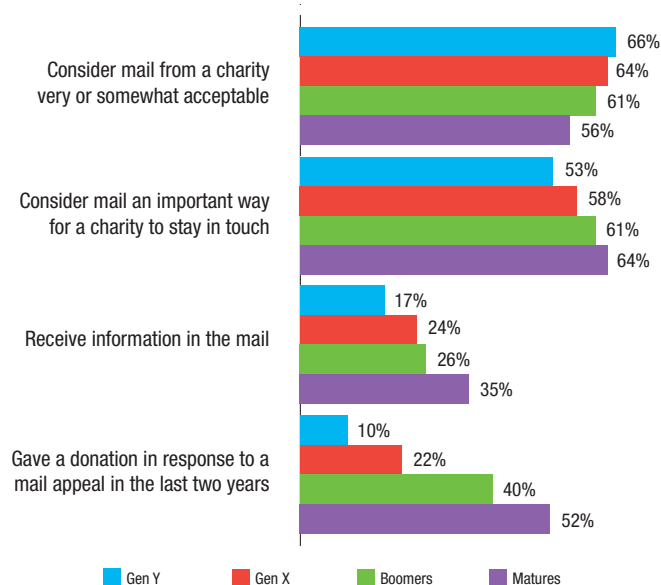
There are at least two theories why younger donors say they find direct mail acceptable, yet respond to it in extremely low numbers. The first is that direct mail is easy to ignore, and therefore Gen Y doesn't find it intrusive. The more charitable (pun intended) interpretation is that Gen Y donors do not yet receive large amounts of direct mail, or that they view mail more as an engagement vehicle, rather than a call to action.

Conceivably, they may value mail as a way of keeping in touch with a cause, but simply not as a transaction channel.

The **Target Analytics®** Index of National Fundraising Performance has documented steady erosion in direct mail new donor acquisition over the last several years.³ This study offers little reason for optimism that this trend will turn around.

Testing direct mail strategies with Generation Y, both as solicitation and as cultivation vehicles, should be high on fundraisers' priority list over the next five years.

Direct Mail



² <https://www.blackbaud.com/nonprofit-resources/charitablegiving>

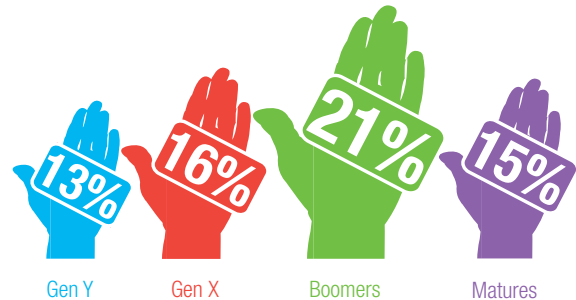
³ <https://www.blackbaud.com/national-fundraising-performance-index>

Sustainer Uptake Remains Low in the U.S.

Fundraisers prize monthly giving programs as a structural means to “lock in” a steady source of donor income. Monthly donors have higher lifetime values and lower maintenance costs, making them significantly more profitable than one-off direct response donors.

Only 17 percent of participating donors say they are part of a monthly giving program. Among the generations, the high-water mark is Boomers, 21 percent of whom say they are sustainers. The remaining generations fall in a narrow band between 13 and 16 percent.

Currently Giving in a Monthly Program



Online Giving Continues To Gain Ground

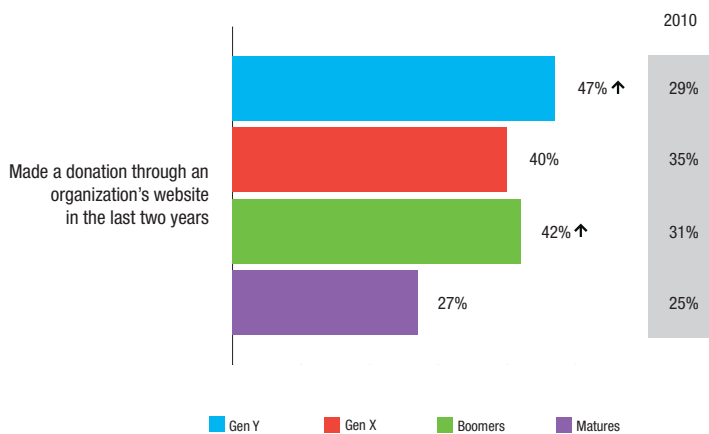
Across all four generations, donors are giving online in greater numbers than ever before. Nearly half of Gen Y and roughly 40 percent of Gen X and Boomers say they have given online in the past two years, all considerable increases from our 2010 study.

Matures lag in this regard with just 27 percent saying they have given online.

Two caveats: First, online giving appears to be more substitutational than additive. All evidence points to flat growth in overall giving for the near future at least. That means growth in online giving is probably balanced by declines via other channels, such as direct mail.

Second, donors use organizations’ websites for transactions, not so much for engagement. While 42 percent of Boomers say they have given online, only 23 percent say they have visited the website of a cause they support in order to stay connected.

Online Giving



Arrows indicate statistical significance between 2010 and 2013.

What Inspired the Gift?

Unlike direct mail, online fundraisers often struggle to tie their online income to specific outbound solicitations. In the heyday of direct mail, unattributable income was called “white mail,” and never represented more than a fraction of income. In the web world, it is common for half or more of online income to be unattributable.

Email appeals are the primary vehicle for soliciting online donations, but, according to participating donors, generate well under half of online transactions. Nearly 40 percent of all donors say they have given online, but only 15 percent say they have done so in response to an email appeal.

Younger donors are significantly less likely to say they have responded to an email appeal. While 16 percent of Boomers and 17 percent of Matures say they have given in response to an email appeal, only 12 percent of Generations X and Y say the same.

This squares with other data we have gathered. *The Blackbaud 2013 Online Marketing Benchmark Study for Nonprofits* found that email performance has changed dramatically in the last couple of years.⁴ While open rates remained steady from 2011 to 2012, click-through and response rates continued to decline. Response rates on appeals

PAYMENT OPTIONS

Online donors are overwhelmingly credit card donors. Nearly 90 percent say credit cards are their preferred payment method, but a hefty percentage (39 percent) say they would use PayPal™ if it were

Mobile as a Transaction Channel: A Mixed Bag

As the Internet continues its rapid progression from something that sits on your desktop to something that lives in your pocket, what are the implications for charitable giving? One recent study suggests that as much as 20 percent of online donations come from mobile devices, notably smartphones and tablets.⁵

Participating donors provide a glimpse of present practices.

First, giving by text appears to be going nowhere. If anything, giving by short message service (SMS) has declined since our 2010 study; however, the numbers then and now are both minuscule. The 2010 study was in the field at the height of fundraising for the Haiti earthquake. That might represent a high-water mark for SMS giving, and may or may not signal another surge in text giving in the wake of another catastrophe.

Giving via smartphone or tablet is another matter. Nearly two-thirds (62 percent) of Gen Y and nearly half (47 percent) of Gen X say they would consider giving via mobile device. Resistance to mobile giving

had an overall decline of more than 18 percent from the previous year, possibly a symptom of a saturated channel with undifferentiated messaging. In the coming decades, as Gen X becomes a more dominant force in philanthropy, email could potentially lose even more ground.

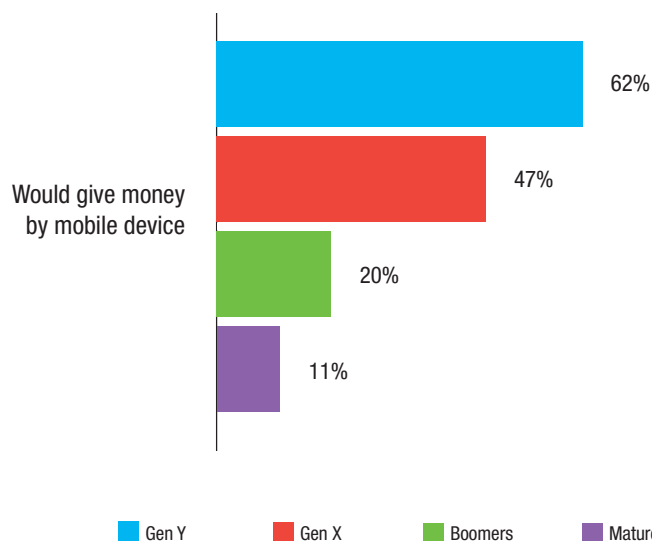
So, if email is not the source of most online gifts, what is? Deconstructing the drivers of online gifts is beyond the scope of this study, but it is an important research subject for future inquiry.

an option, while another 10 percent said they would choose Amazon Payments™ if that was available.

risers with age, however; only 20 percent of Boomers and 11 percent of Matures say they are open to this method.

In short, SMS giving may represent an evolutionary dead end as the daily reality of having constant Internet access through mobile devices continues to take shape.

Mobile Giving
Respondents Who Would Give Money by Mobile Device



⁴ <https://www.blackbaud.com/nonprofit-resources/online-marketing-study>

⁵ <http://www.thirdsector.co.uk/news/1188581/half-people-give-when-trying-donate-mobile>

What's Okay and What's Not?

Donors often complain that some kinds of charitable solicitations are unacceptably intrusive or bothersome. We presented a range of hypotheticals, and asked how acceptable each was as a solicitation approach.

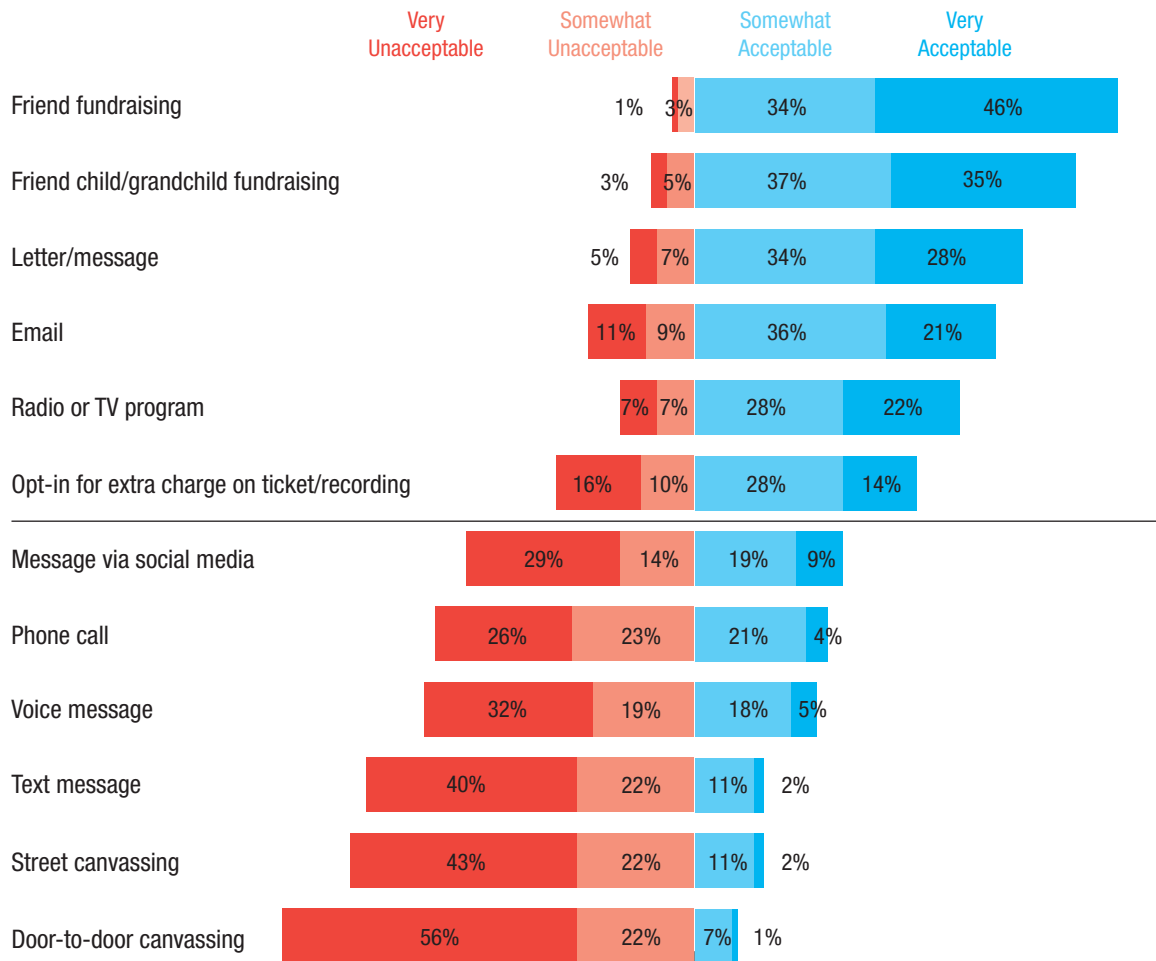
Approaches that are generally acceptable to most donors include:

- A friend approaching you on behalf of a cause or charity
- A friend's child or grandchild approaching you on behalf of a cause or charity

- A direct mail appeal from a cause you know personally
- An email appeal from a cause you know personally
- An infomercial or public service announcement on television or the radio
- A check-out option to add a donation when purchasing a concert ticket or recording

Acceptable Solicitation Channels

From Organizations with an Established Relationship



Other approaches proved problematic with some groups:

- An appeal via social media from a group you follow is somewhat acceptable to Generation X and Generation Y, but not acceptable to a majority of Boomers or Matures. Even among younger donors, roughly one-fourth say this is unacceptable.
- Direct mail and email from an unfamiliar cause is not acceptable to most donors.
- Telemarketing solicitations and robotic phone call solicitations are, on balance, unacceptable to all members of all generations.
- Text or SMS solicitations are unacceptable to a majority of all

generations, even if you have subscribed to get text updates from the cause.

- Street or door-to-door fundraising is disliked across all generations.

As every fundraiser will immediately note, many of the “unacceptable” approaches are nonetheless successful fundraising tactics, notably telemarketing and direct mail prospecting. The lesson here is not to abandon or adopt certain practices, but to recognize that some carry an invisible cost. The money may come in, but you may be degrading your relationship with other donors in ways that are difficult to measure or track. This is one of many arguments for introducing donor satisfaction metrics, such as net promoter score (NPS), among your key performance indicators.

Workplace Giving Skews Young

Younger donors are significantly more likely to say they have given in the workplace. Nearly 60 percent of Generation Y and 53 percent of Generation X say as much, compared with 46 percent of working Boomers and only 22 percent of working Matures.

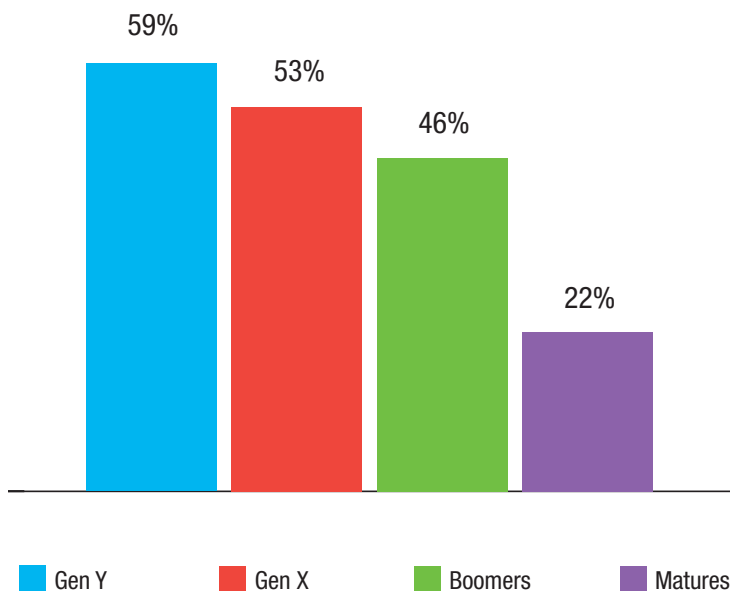
The gap is especially wide on the subject of sponsored fundraisers in the workplace, such as walkathons, fun runs, or cycling races. Gen X and Gen Y donors are four to five times more likely to say they have done this.

Boomers, on the other hand, are most likely to say they give via payroll deduction. Nearly one-quarter of Boomers say they have done so in the past 12 months, compared with 21 percent of Gen X and 15 percent of Gen Y.

Participation in match programs (where one’s employer matches one’s gift) is very low. Roughly 10 percent of Boomers, Gen X, and Gen Y have their donations matched by their employers.

Anecdotally, younger workers seem more eager to blur the lines between work life and private life. There’s been considerable conversation about Gen X and Y employees appreciating a corporate volleyball team, potluck meals, and other organized, collective activities.

Workplace Giving Have Given in the Workplace



Filtered among respondents who are employed or student.

Workplace Giving

	GEN Y	GEN X	BOOMERS	MATURES
Workplace fundraiser	20%	18%	15%	8%
Workplace walk / run / challenge	16%	15%	4%	3%
Volunteered through workplace	18%	18%	10%	3%
Made a donation through payroll deduction	15%	21%	23%	11%
Made a one-time donation through workplace	16%	16%	12%	6%
Made a donation where employer matched the gift	11%	10%	11%	0%

*Filtered among respondents who are employed or student.
 Bolding indicates statistical significance among audiences.*

Marketplace Philanthropy

Fundraising initiatives that blend shopping with doing good are especially attractive to younger donors. Roughly half of Generations X and Y say they have purchased a commercial product whose proceeds (or part of the proceeds) go to a cause or charity. (The (RED)™ campaign is a recent visible example.) By comparison, only 36 percent of Boomers and 20 percent of Matures say they have done so.

In practice, shop-to-give opportunities do not appear to give rise to long-term giving relationships. There are some clues as to why in the emerging field of behavioral economics. In his groundbreaking work “Predictably Irrational,” behavioral scientist Dan Ariely argues that people operate under two parallel value systems⁶. He describes these as “social norms” and “market norms.” Social norms operate in our everyday relationships, while market norms drive our consumer behavior. For instance, Ariely argues, one would not attend a dinner party with friends and then offer the host a cash tip.

Most charitable giving falls within the world of social norms, which are driven by ideals of being a good person and in good standing of one’s tribe. Shopping, on the other hand, is the canonical market norm activity with the goal of maximizing self-interest. Empirically, Ariely argues that where the norms mix, market norms take precedence.

That’s a very wonky, long-winded way to say that “retail philanthropy” may be inherently transactional and quite difficult to convert to a more socially-based charitable relationship.

Retail Giving



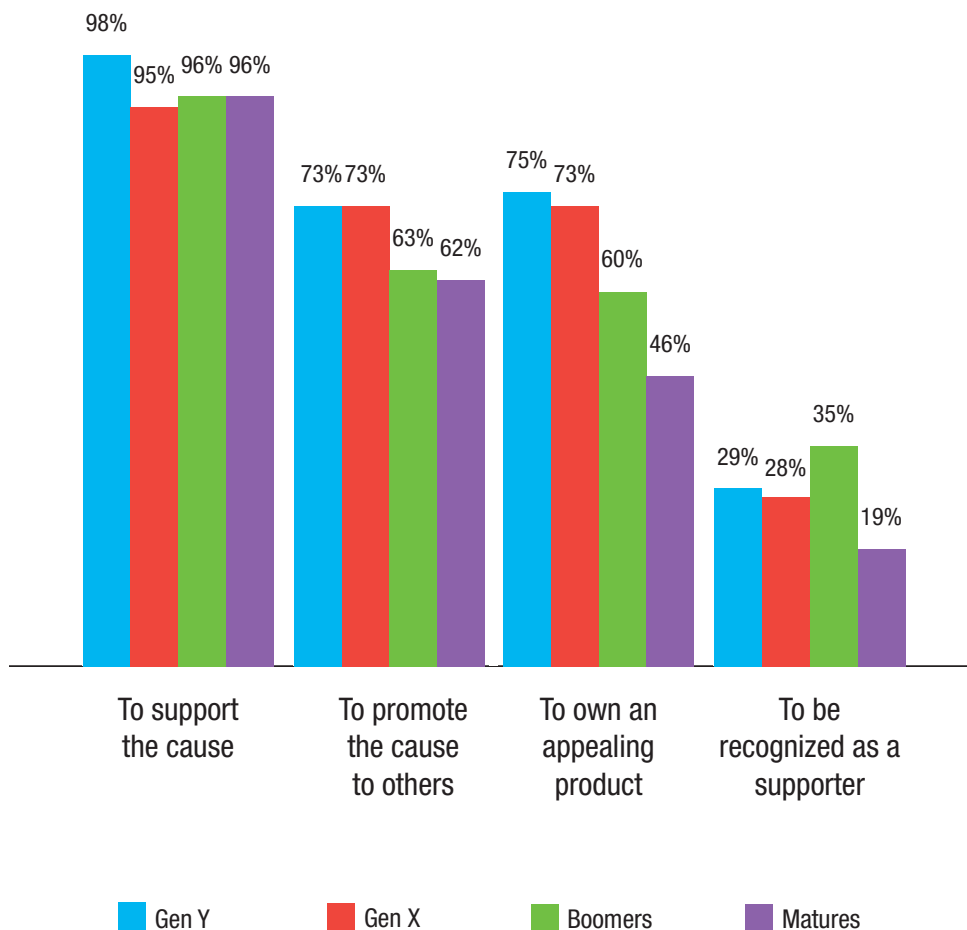
Of Those Who Have Done Retail Giving:

Gen Y:	53%
Gen X:	49%
Boomers:	36%
Matures:	20%

Bolding indicates statistical significance among audiences.

⁶ Ariely, Dan. *Predictably Irrational*, Chapter Four.

Motivators for Retail Giving



Peer-to-Peer Fundraising

As noted, the vast majority of donors say they do not mind being approached by friends (or friends’ kids) to support a charity. Younger donors are especially likely to take advantage of this receptivity with 43 percent of Generation Y and 46 percent of Generation X saying they have fundraised directly on behalf of a cause or charity in the past year. (Further, nearly 10 percent of Gen X respondents say they have done so three or more times in the past 12 months alone.)

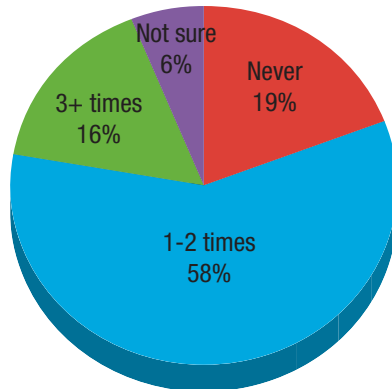
By contrast, 35 percent of Boomers and 30 percent of Matures have fundraised in the past year. Note the question was not limited to online fundraising. Presumably, many of the efforts by Matures may have been more traditional offline projects.

Across all generations, a strong majority (74 percent) of donors say they have given at least once to a friend’s cause in response to a personal ask in the past year. Furthermore, 16 percent say they have done so three or more times.

One cause of lower participation rates among older donors may be discomfort with the idea of evangelizing on behalf of a cause. Where only 16 percent of Gen Y respondents say they are uncomfortable with the idea, Matures are more than twice as likely to express some hesitation or concern.

Peer-to-Peer Fundraising

Supported Someone Else Raising Money on Behalf of a Charity



Reasons for Support

To support the individual	24%	↑
To support the charity	8%	↓
Both	61%	↑

Arrows indicate statistical significance between 2010 and 2013.

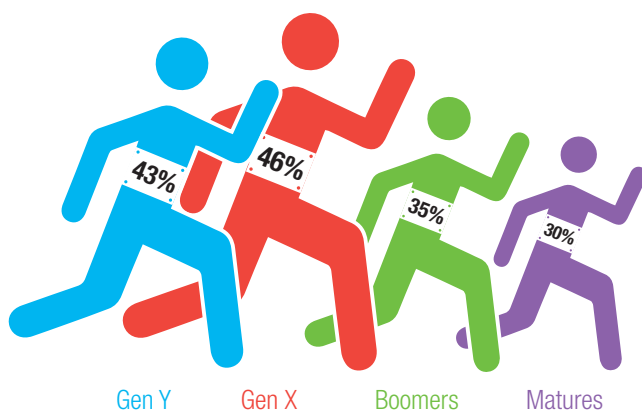
While younger donors are more likely to be willing to promote a cause or actively fundraise to friends, as noted, they also have higher expectations in terms of understanding where their money goes and how it makes a difference. Meeting donors' expectations about documenting impact should be seen as integral to any expanded peer-to-peer experts.

The flip side of a willingness to promote, especially online, is a willingness to criticize a cause or institution that betrays trust. There is plenty of anecdotal evidence that negative campaigns

attract more fervor than positive ones⁷. So, while peer-to-peer fundraising appears to have a bright and growing future, charities need to understand the underlying trust relationship with volunteer fundraisers, and the potential consequences of violating that trust.

The other yet-to-be-resolved issue surrounding peer-to-peer fundraising is the relatively low rate at which sponsors of fundraising participants go on to become direct donors to the cause. The initial donation is usually given as a favor to the participating friend; transferring those donors' loyalties to the institution remains a work in progress.

Fundraised on Behalf of an Organization or Participated in a Run or Event to Raise Money



Crowdfunding

A relative newcomer to the fundraising scene, community fundraising projects (via platforms like Kickstarter and Indiegogo) are already gaining traction, especially with younger donors.

Specifically, 17 percent of Gen Y donors say they have in the past given to a crowdfunding campaign, and 47 percent say they would consider doing so in the future. At this writing, enthusiasm for this method declines with age. Among Matures, only two percent say they have participated in the past and less than five percent say they would consider doing so in the future. Gen X appears persuadable, but Boomers may be a tough sell.

⁷ Blackshaw, Pete. *Satisfied Customers Tell Three Friends, Angry Customers Tell 3,000*, 2008.

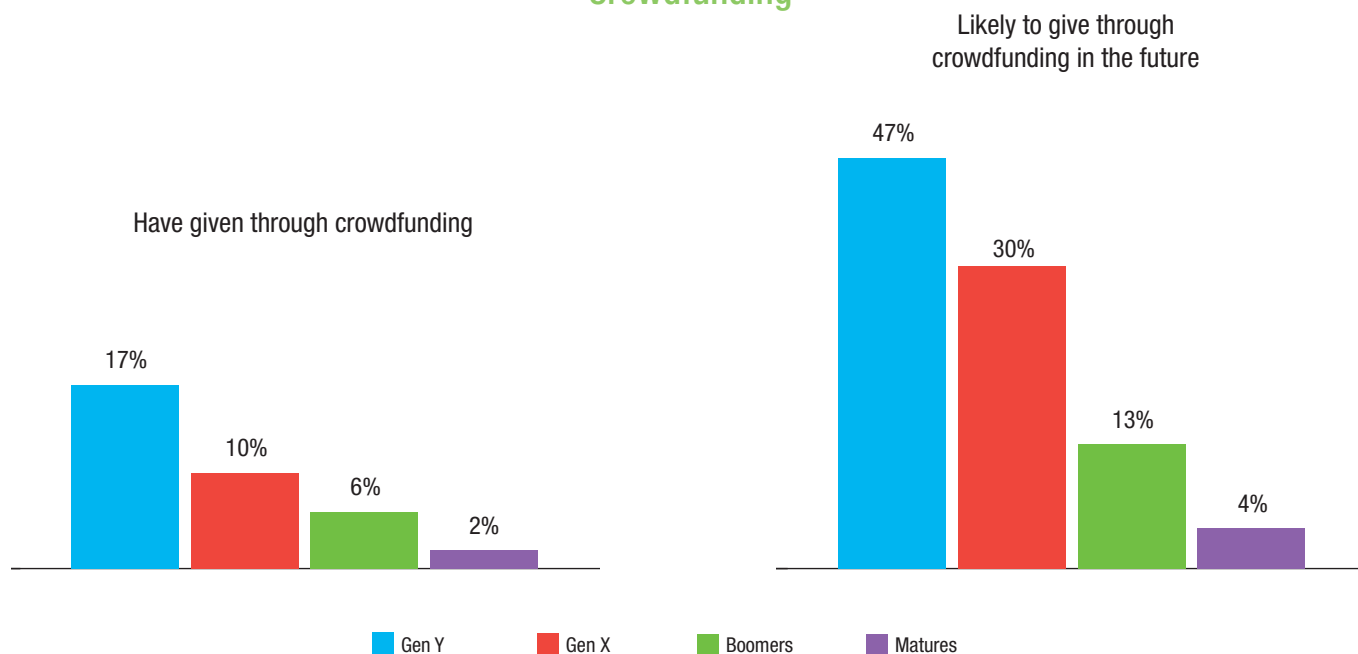
The appeal of crowdfunding appears to align well with many of the values that set Gen Y apart. It's cool, it's social, and it establishes a direct link between the givers' gift and a concrete charitable outcome. Furthermore, there is often a t-shirt or some other gift involved.

Crowdfunding does have its downsides, too. First, it has yet to catch on with Boomers, which means its potential for huge infusions of cash in the near future may be limited. It's too early to tell, however,

whether Boomers will adopt this particular tactic.

Second, it is difficult to carry out a crowdfunding campaign for unrestricted donations; we have yet to see even one example. Given younger donors' concerns about demonstrating impact, the future of unrestricted fundraising may be up for debate.

Crowdfunding



ENGAGEMENT

Direct marketers talk a good game when it comes to stewardship and donor relationship building, but the reality is often something else entirely. Most fundraisers are under constant pressure to deliver a growing pot of income, and are often operating with severe budget constraints. A growing litany of studies suggests the frustration of reconciling the demands of CEOs, boards, and donors themselves is leading to widespread job disillusionment.⁸

As a result, good intentions about stewardship give way to the short-term exigencies of making monthly or quarterly budget projection, while cultivation investments get set aside as unaffordable luxuries.

Short-term decisions have long-term consequences. Donors cite the unending ask and lack of any kind of follow-up communication as major reasons why they stop supporting a cause.⁹

Engagement has become the *mot du jour*, referring to contact with donors and prospects outside of direct solicitations. In this context, it is roughly synonymous with cultivation or stewardship. Because there is growing anecdotal evidence that many donors' engagement expectations are not being met, we devoted part of the study to that critical subject.

⁸ "Half of Fundraisers in the Top Job Would Like to Quit," *The Chronicle of Philanthropy*, January 13, 2013.

⁹ "Donors Who Stop Giving to a Charity Feel Disconnected, Survey Finds," *The Chronicle of Philanthropy*, November 27, 2008.

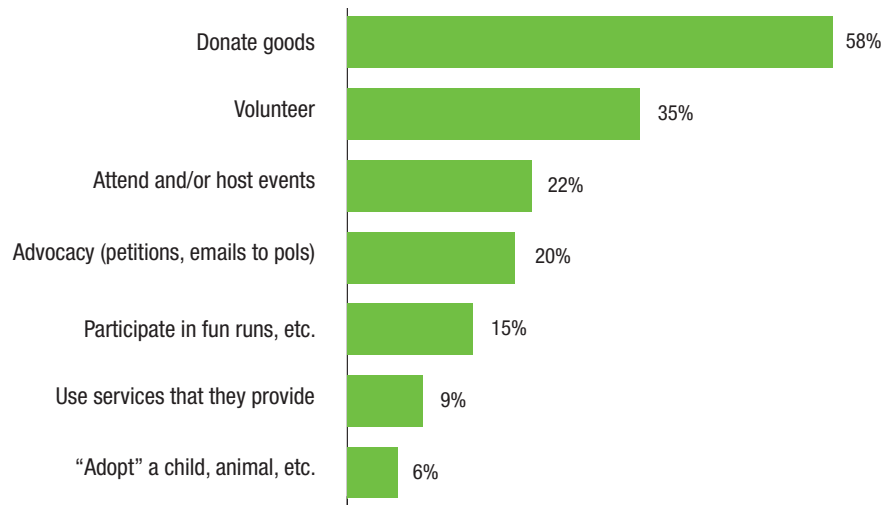
Favored Engagement Paths

Donors involve themselves in the lives of favored causes in a variety of ways. Here are some highlights:

- Nearly 60 percent of donors say they donate clothes, food, and other items to a cause they support. Donations of “stuff” increase with age. 41 percent of Gen Y donates goods, compared with 72 percent of Matures.
- More than one-third of donors give time as well as money, by volunteering for one or more causes. As noted earlier, Gen Y donors are especially likely to place a high value on contributions of time, though their elders are more likely to actually follow through. 42 percent of Mature donors say they are currently volunteering for a cause, compared with 33 percent of Gen Y.
- Approximately, one-fifth of donors, without generational variation, say they attend or host in-person events for a cause or charity. Gen Y (32 percent) is slightly more likely to value in-person events than Matures (27 percent).
- Roughly one-fifth also participate in advocacy actions, such as signing petitions and sending emails to elected officials.
- Overall, 75 percent of donors engage online with causes in one way or another. This is including using the Internet as a transaction device. The next section takes a closer look at various forms of online communication.

Engagement Channels

Responders Are Currently Involved in This way



Engagement Channels

	GEN Y	GEN X	BOOMERS	MATURES
Donate goods	41%	56%	63%	72%
Volunteer	33%	36%	32%	42%
Attend and/or host events	18%	23%	21%	25%
Advocacy (petitions, emails to pols)	20%	17%	19%	24%
Participate in fun runs, etc	20%	21%	12%	7%
Use services that they provide	6%	12%	6%	11%
“Adopt” a child, animal, etc	6%	7%	9%	2%

Bolding indicates statistical significance among audiences.

Unpacking Online Engagement

Donors give online in growing numbers, but they also turn to cyberspace more and more to stay connected with their preferred causes.

One generalization that deserves to be laid to rest is the notion that digital is for young people and offline engagement is for old people. The truth is, all generations value a mix of online and offline. The precise types of online engagement donors prefer does differ from generation to generation, especially in regards to social media and engagements requiring content creation by the donors. Nonetheless, the Internet is a critical part of the mix for Boomers and some number of Matures as well.

Here are some highlights of key findings related to web-based engagement:

Websites

Asked how important various forms of contact are to them as donors, a majority of respondents place a high value on the website. One-third say visiting the organization's website is extremely or very important. (This was the highest ranking among the choices given.) Gen Y respondents were most likely to choose this ranking; 44 percent said as much, as did 39 percent of Gen X, 28 percent of Boomers, and 18 percent of Matures.



One generalization that deserves to be laid to rest is the notion that digital is for young people and offline engagement is for old people.

Web-based Engagement

Important Ways to Stay in Touch

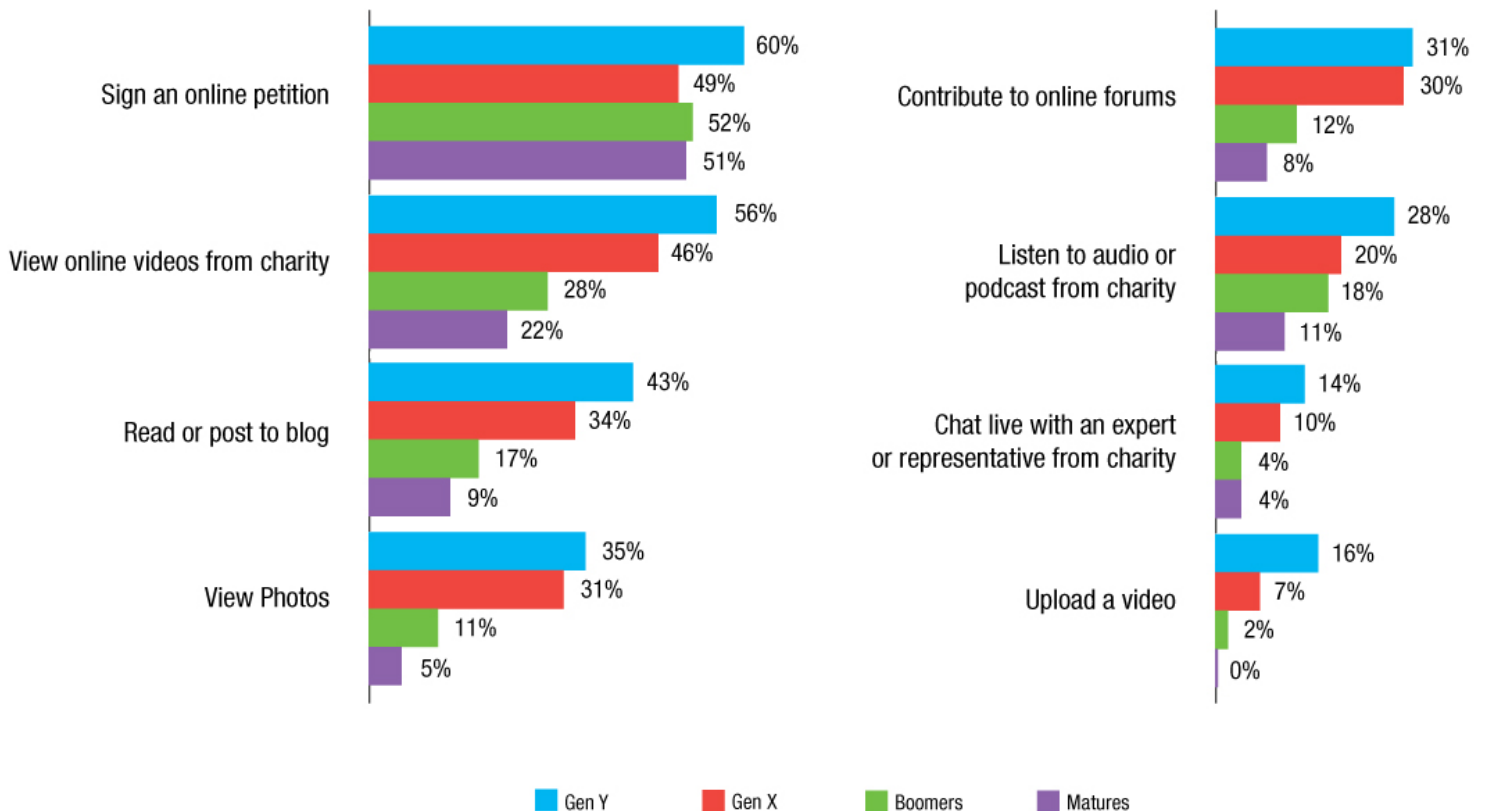
	TOTAL	GEN Y	GEN X	BOOMERS	MATURES
Visiting the organization's website	32%	44%	39%	28%	18%
Receiving emails and/or eNewsletters	28%	34%	29%	26%	26%
Attending face-to-face events	27%	32%	32%	21%	27%
Receiving information in the mail	23%	21%	21%	25%	24%
Following on social networking sites	13%	29%	19%	5%	2%
Using the organization's mobile app	3%	5%	5%	2%	0%
Receiving text messages	3%	4%	2%	1%	4%

Respondents answering "very" or "somewhat" important. *Bolding indicates statistical significance among audiences.*

Asked about a range of specific web-based opportunities, younger donors are almost across-the-board more likely than older donors to have engaged in one or multiple web-based engagements:

Online Activities

Activities Conducting Online with Organizations Today



Email

Donors say they value receiving email from causes; overall, 28 percent say getting email updates is extremely or very important. As with the Internet, Gen Y and Gen X donors are slightly more likely to value email communications than their elders.

This seems to conflict with evidence that email performance in general has declined in recent years. Those declines may be less a product of the medium itself and more a symptom of a “one size fits all” approach to email still commonly used by many charities today. Like any other content strategy, the quality and relevance of the content matters more than the delivery vehicle.

Also, the line between desktop and mobile continues to blur as a rapidly growing proportion of emails are opened and read on smartphones, tablets, and other mobile devices.¹⁰



...the quality and relevance of the content matters more than the delivery vehicle.

Social

Social media presents the starkest intergenerational variations in donor interest. Nearly one-third of Gen Y (29 percent) says social media sites are extremely or very important ways to stay in touch, compared with two percent of Matures. Similarly, nearly 20 percent of Gen X says the same, but only five percent of Boomers concur.

In that regard, social media may be more of an investment in the future than the present. Studies suggest, however, that social media, perhaps Facebook in particular, is an important gathering

place for donors who have already established a high level of interest in or commitment to your cause. So it may be that while great numbers of Boomers are not connecting with you via social, the ones who are matter a lot.

As noted earlier, while Generations X and Y place significant value on social media contact with the causes they support, that value does not extend to direct solicitation via those channels.

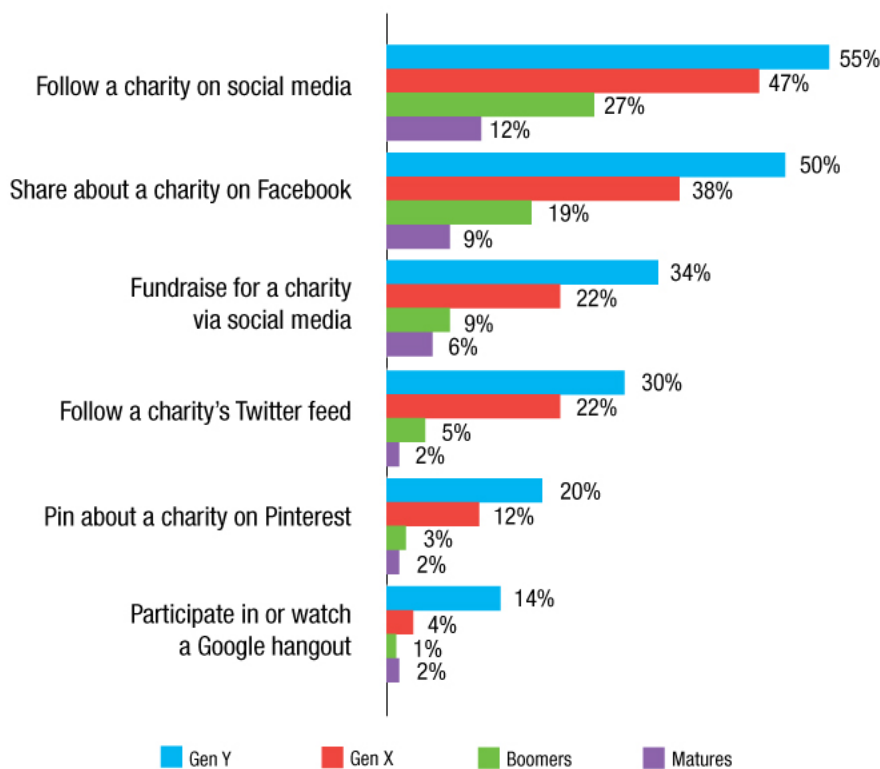
Mobile

Mobile applications received low rankings from donors as a communications priority; only three percent overall — with no discernible generational differences — rated engagement via mobile application as extremely or very important. Text messages receive comparably low scores.

It is fashionable to talk about apps in nonprofit marketing circles. Given the cost and complication of development and lack of an apparent market for them among even younger donors, any investment in

Social Media Activities

Activities Conducting via Social Media with Organizations Today



¹⁰ See e.g. <http://www.returnpath.com/wp-content/uploads/resource/email-mostly-mobile/Return-Path-Email-Mostly-Mobile1.jpg>

mobile applications should meet a high standard of usefulness and appeal. The mere fact that it is an app appears to carry little, if any,

Evangelism

Many Internet marketers treat word of mouth as a sacred tool; the words “viral video” are often uttered in hushed, reverent tones. Never mind that word of mouth is the oldest form of marketing, likely pre-dating writing.

Worshippers at the altar of word of mouth marketing may have a point: Donors *are* receptive to appeals from friends, arguably more than any other source of solicitation. Behavioral economists call this “social proof,” and believe it is a powerful motivator in marketing.

While even Gen Y looks askance at fundraising appeals from groups via Facebook or Twitter, there is broad tolerance for information shares and tweets coming from a friend or family member.

persuasive weight.

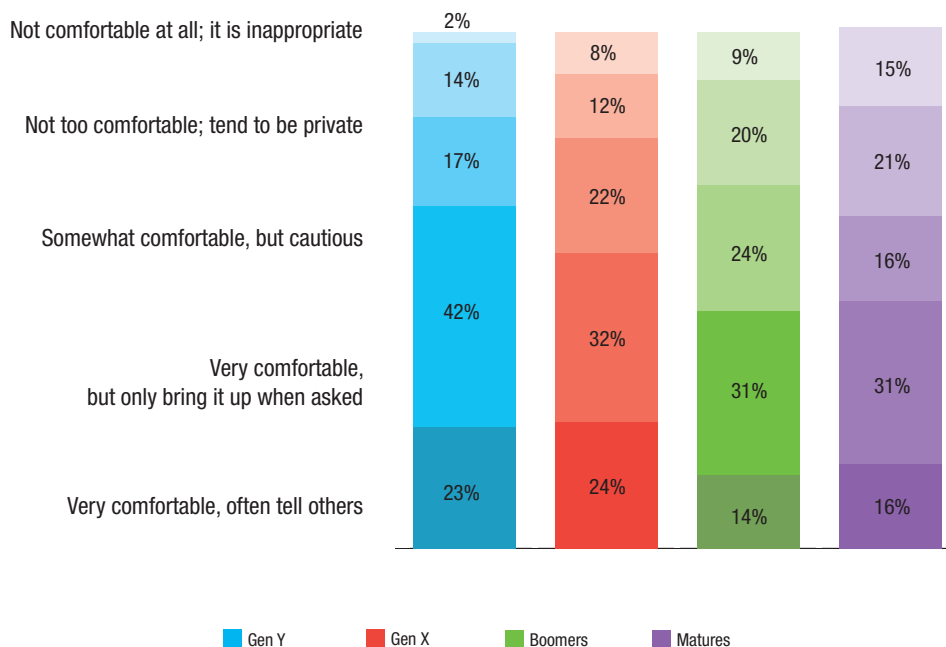
Younger donors are more likely to spread the word about a charity’s cause than their elders, either online or offline. Roughly one-fourth of Generations X and Y say they are completely comfortable sharing information about their causes, and they do it often. Only 14 percent of Boomers and 16 percent of Matures say the same.

An additional 42 percent of Gen Y says they are comfortable sharing information, but do so only if asked. Again, the proclivity to do this declines with age.

The caveat we raised earlier remains; the generation that is most likely to promote your cause also has the highest expectations in terms of transparency and impact. Addressing those expectations should be an integral part of any word of mouth strategy.

Word of Mouth

Comfort Level Sharing Information about Charities Donors Support



RECOMMENDATIONS

- 1. Keep your eye on the bouncing red ball.** Boomers are highly likely to be the dominant source of income at least for the next decade, perhaps longer. Matures are slowly passing from the scene but will still be a presence in 2023.
- 2. Multichannel marketing and fundraising is for everyone, but the optimal mix varies by cohort.** Everyone values direct mail to one extent or another. Everyone values face-to-face contact. Nearly everyone is engaged online. The trick will be to optimize the mix for Boomers, the source of most donor income today, while opening the door for younger donors.
- 3. Prepare for the future today.** There are things organizations can and should do to attract younger supporters and a share of the roughly \$16 billion they give each year. Recognizing the full pay-off may take years, but peer-to-peer fundraising and crowdsourcing stand out as important opportunities, and will generate at least some income from Generation X and Boomers.
- 4. It's not just about tweaking the tactics.** Many of the biggest impediments to effective multichannel fundraising are organizational and political. Internal wrestling matches over attribution of channel income are commonplace and lethal to your efforts. Moreover, to meet the expectations of Generation Y, successful fundraising organizations are going to need to be far more transparent in their finances and far more serious about demonstrating effectiveness than they have been previously.
- 5. Know your donors' birthdays.** Not only can you send them a birthday card, which would be a smart move, but you can

also begin to understand and track how your file is behaving generationally.

- 6. Don't phase out direct mail now, but do have a "succession plan" for the mail channel.** It is declining as the dominant source of direct marketing income, and there is no indication that the trend will reverse itself. In fact, the data suggests the declining trend may accelerate, as even Boomers shift to giving online.
- 7. Make donors happy.** Many of the tactics fundraisers find themselves using (such as heavy solicitation schedules) are taking a toll. Now is the time to create and track donor satisfaction metrics, and closely track retention by channel and generation. It's also time to pay more attention to inbound communications by donors. Responding to member mail is often a lowly position, and that person is rarely given a voice at the strategy table. The commercial sector has long ago learned that if they listen carefully, their customers are voicing their interests and concerns everyday. Charities should adopt similar listening strategies.

Remember, your mileage may vary. For every rule there are five exceptions. You may be the one cause in a thousand that is raising millions of dollars on Twitter. A veterans' charity probably needs to worry less about Gen Y today than a children's cause or an international relief group. Your experience with your file should guide your strategic and tactical fundraising decisions, not the broad findings from studies like this. Our goal is to get you into the best practices ballpark. The rest is up to you.

ACKNOWLEDGEMENTS

We are indebted to the colleagues who supported this work. In addition to Mark Rovner, Pam Loeb, Dennis McCarthy, and Michael Johnston, all of whom penned this report, we extend our sincere gratitude to the following team members. Without their support, this paper would not be what it is today.

Thank you to Gayle Vogel of Edge Research who, as our data guru, contributed her great expertise to the analysis and interpretation of the findings. Thank you to Emily Hahn of Edge Research for sharing her time and positive insights, essentially driving a multitude of the compelling points within. Finally, we'd like to extend our thanks to Ashley Thompson for being the wrangler of cats, production manager, and thought provoker.

ABOUT THIS STUDY

Commissioned by Blackbaud, Edge Research conducted an online survey of 1,014 U.S. donors. A sample of adults aged 18+ was drawn from a national survey panel of over two million households. The deployed and incoming sample was controlled to be U.S. Census representative, and qualifying participants reported that they had made a monetary donation to at least one nonprofit organization/charitable cause within the last 12 months (excluding trade union, children's school, alma mater, and place of worship). The survey was in the field May 13-24, 2013.

ABOUT BLACKBAUD

Serving the nonprofit and education sectors for 30 years, Blackbaud combines technology and expertise to help organizations achieve their missions. Blackbaud works with more than 28,000 customers that support higher education, healthcare, human services, arts and culture, faith, the environment, independent K-12 education, animal welfare, and other charitable causes in over 60 countries. The company offers a full spectrum of cloud-based and on-premise software solutions and related services for organizations of all sizes. Using Blackbaud technology, these organizations raise more than \$100 billion each year. For media inquiries, contact media@blackbaud.com.

ABOUT EDGE RESEARCH

Edge Research is a premier marketing research firm servicing nonprofits, associations, and corporations. Over the past 20 years Edge has helped dozens of nonprofits move to a donor-centric mindset. Research insights guide clients on how to communicate with their audiences more effectively, retain and grow their donor base, and make the changes needed to cultivate the next generation of supporters.

ABOUT SEA CHANGE STRATEGIES

Sea Change Strategies is a boutique consulting practice recognized for helping remarkable causes raise more money by building better donor relationships. They have been honored to serve causes including the National Audubon Society, Defenders of Wildlife, International Rescue Committee, Monterey Bay Aquarium, Southern Poverty Law Center, and Amnesty International USA.

ABOUT HJC

hjc specializes in integrated fundraising, brand building, and campaigning. Since 1992, hjc has worked with nonprofits to bring online and other channels together for successful acquisition, retention, reinstatement, and advocacy campaigning. Their strategic consulting team brings together innovative thinkers in the nonprofit sector and an in-house production team of designers, programmers, and copywriters deliver complete programs to engage constituencies.

[Download the companion piece >](#)

[View the Infographic >](#)

[Learn more about Blackbaud's fundraising solutions >](#)