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# 20 for '23:

The 20 questions fundraisers are asking, and the answers that will shape the future of philanthropy in 2023 and beyond

November 2022

**Blakely**

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# The BIG questions for 2023

Sustaining growth is the biggest concern on our minds right now. After the years of increase in prosocial behaviour seen during the pandemic, what is going to be next?

Where will the growth come from, and what will drive growth and stability in our fundraising programs?

These are challenging questions.

What we do know is we'll need to keep doing what's been working over the past two-and-a-half years since the pandemic hit. But we'll have to do more than keep up. We'll need to get ahead of what comes next. We must adapt, focus and carefully consider where to allocate resources, staffing time and investment dollars.

We're thinking about this in two main ways:

- Will the economic downturn affect our ability to raise money?
- What can we do to optimize acquisition, retention and migration strategies?

This paper aims to explore these themes through 20 important questions — because it's only when we ask the right questions that we find the answers to prioritize and build strategy that delivers on our goals.



# Contents

04 Where the answers lie

---

05 **Q1** How are donors feeling about the charitable sector?

---

07 **Q2** Is the pandemic still important in determining how people give?

---

12 **Q3** How are donors feeling about their financial situation?

---

14 **Q4** How is this impacting retention and renewal?

---

16 **Q5** What's driving Digital Growth?

---

18 **Q6** Are online donors different to offline?

---

20 **Q7** Where are the opportunities to increase engagement in legacy giving?

---

22 **Q8** Where does age have the biggest impact?

---

24 **Q9** Are we informing donors effectively about what we do?

---

27 **Q10** Which donor needs are the most important for lifetime value?

---

28 **Q11** How are values increasing in importance?

---

30 **Q12** Is there a difference between impact and donation achievement?

---

32 **Q13** How connected is local identity to a donor's motivation to give?

---

34 **Q14** How can we harness emotions to increase lifetime value?

---

36 **Q15** Are we articulating the problem as well as the solution?

---

38 **Q16** What's causing people to choose an organization as their favourite charity?

---

40 **Q17** How do we maximize mid-level giving?

---

42 **Q18** How important are monthly programs (and will they grow)?

---

44 **Q19** How do we best re-engage lapsed donors?

---

46 **Q20** Are there any other hidden opportunities in our database for growth?

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# Where the answers lie

The insights in this report draw from data analytics compiled from aggregated results, commonalities we've seen in our donor affinity surveys and attitudes research surveying thousands of Canadians and Americans who donated to charity in the past two years. From these insights we offer key takeaways that will empower you to better understand your donors and emerge stronger in the months and years to come.

This paper is the culmination of many trends we have been experiencing for years, realities that emerged during the pandemic, and curiosity about the future, post pandemic era.

## Aggregated Results

These are results we have anonymized and amalgamated from 16 organizations across the non-profit sector. The historical trends are based on results from 2018, 2019, 2020, 2021 and 2022 (partial year). When we reference this insight, we're talking about actual results across a broad spectrum of organizations.

## Donor Affinity Research

Insight has been pulled from trends emerging from our affinity surveys from 24 organizations in 2019, 2020, 2021 and 2022. Affinity surveys are a deep dive into motivation, donor needs and connection. When we reference this insight, it's anonymized and based on trends and observations we have seen across multiple surveys.

## Donor Attitudes Research

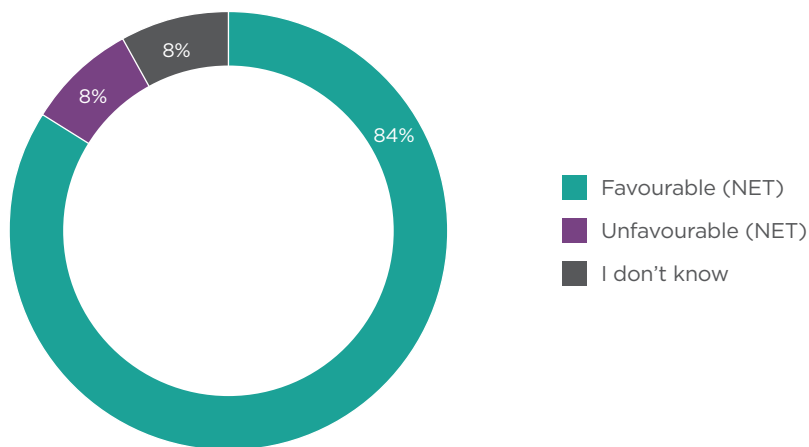
Along with three rounds of Google survey research in 2020 and into 2021, we worked with Leger Research to conduct a wide scale and in-depth panel survey of both Canadian & American donors for a second year. Leger is a leading Canadian research and analytics company with an online panel of about 400,000 members and a retention rate of 90%. In our latest research conducted from August 3-20, 2022 Leger facilitated an online survey of 1,003 Canadians and 1,007 Americans who had donated in the previous 12 months. When we reference these insights, it's based on the full donor panel spanning a wide range of demographics.

## Q1

# How are donors feeling about the charitable sector?

We asked this question recently in our donor attitudes research and were encouraged by the results. The vast majority of Canadians (as well as 82% of Americans) have a favourable view of the charitable sector in their country.

**The vast majority of Canadians have a favourable view of the charitable sector in their country, as do 82% of Americans.**



Canadians 55+ are more likely than younger donors to view the sector quite favourably, while donors who gave \$300 or more in the past year are significantly more likely to have a favourable view than those who gave less, in both the US and in Canada.

This is great news overall — people are feeling positive about charity! It seems that trust in the sector has survived negative press and overall, donors are happy with not-for-profit organizations.

## Canadians trust the sector more than last year — and more than Americans do

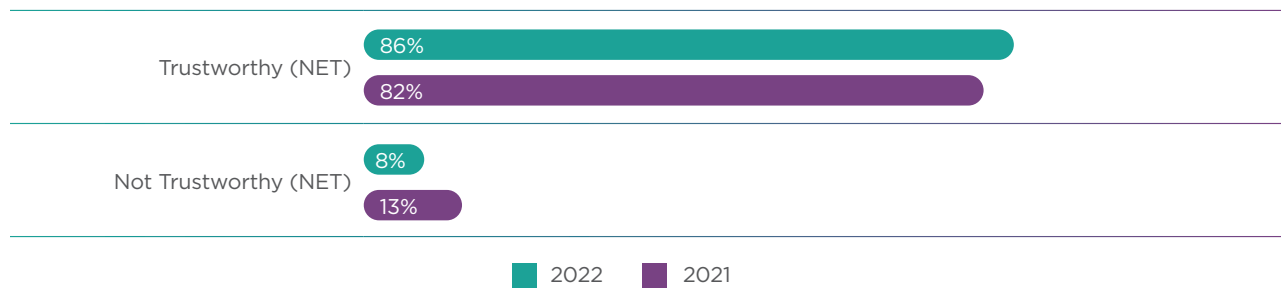
We all know that bad behaviour can damage us all. Even when a single charity is to blame for a scandal, for example, we often start to see a dip in trust across the entire sector.

The good news is that trust in the Canadian charitable sector has increased significantly since 2021, with a commensurate decrease in those who say it's not trustworthy.



Donors trust the charitable sector significantly more than they did last year.

Last year, 13% of people felt the sector was not trustworthy. This percentage decreased to 8% in 2022.



Although 86% of Canadians find the charitable sector in their country trustworthy (vs. 82% last year), just 82% of Americans say the same. Older Canadians (55+), those who donated \$300 or more last year, and those with a favourable view of the sector are significantly more likely to trust it. In fact, mid-value donors who give more are also trusting more, and there are no significant differences between men and women.

## A few words about trust

In trying to gauge how donors feel about the charitable sector, we validated that trust isn't everything. *It's the only thing.*

In our donor affinity research, we found trustworthiness to be one of the key indicators of continued and higher-value giving. Simply put, people who trust a charitable organization are more likely to give more.

But what contributes to trust? There are a few elements here, but a great start is demonstrating impact and transparency. *It's about creating shortcuts for the brain.*

If a donor trusts an organization, that decision to donate is easy. But when trust is in question, even if the proposition is strong and inspiring, the brain starts to work harder as it now starts to assess if the donation is going to a trustworthy organization.

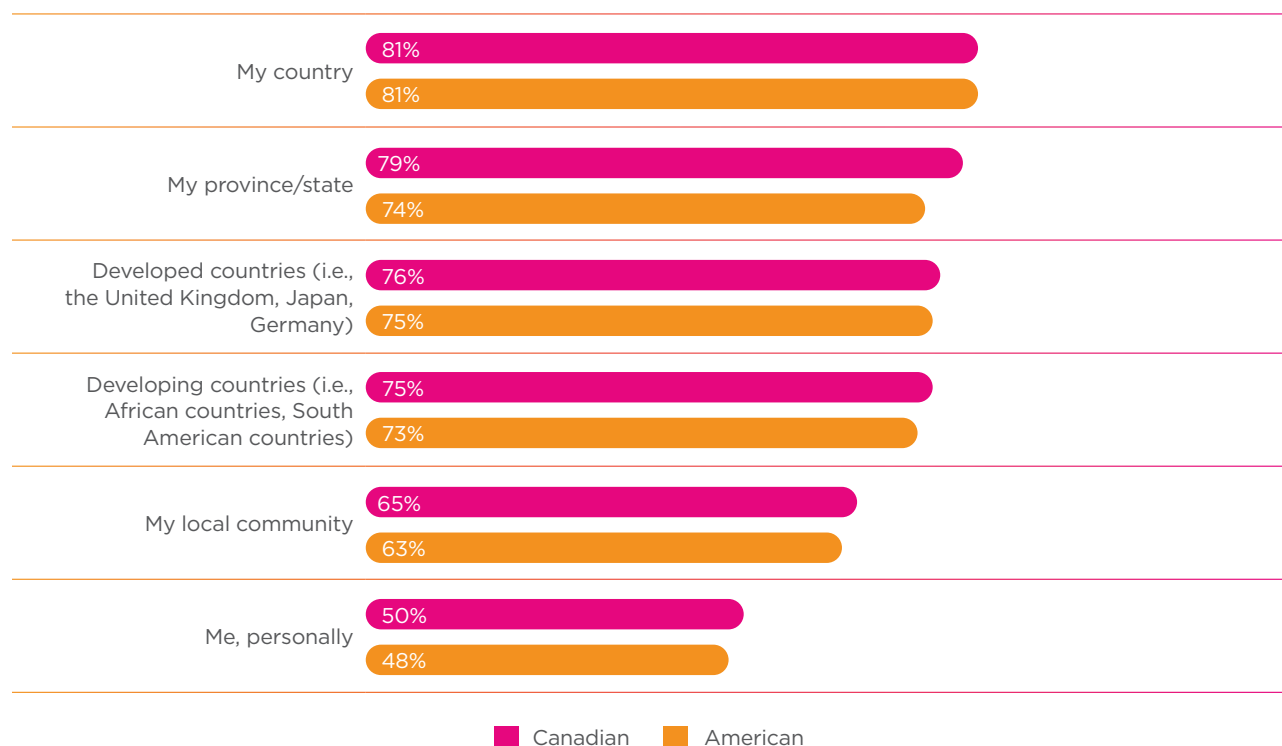
We also found in our donor affinity research, that often **new donors have high levels of trust at the beginning of a relationship** — so are starting off with a level of assumed trust— **and this can either increase or decrease depending on the experience they receive.** Living up to the new donor expectation is crucial to maintain and grow that initial trust level.

## Q2

# Is the pandemic still important in determining how people give?

What dominates in our research is the perception that COVID-19 still has a big impact on the big picture: on people's country, province or state, and on the global community. What's different is that the perceived impact on people's local community and on them personally isn't as high.

### Donors are still feeling the impact of the pandemic



We're definitely seeing that older donors tend to be more bothered by what's going on around them, whereas young people are more inwardly focused — and more bothered about how the pandemic is still affecting them personally.

This makes sense, as it's the under-55s who are generally more mobile in terms of children going to school and being of working age, so perhaps the pandemic is affecting them more personally because of the life stage they're at.

We're also finding that people who made a charitable donation to a pandemic-related initiative in the past year are significantly more likely to be:

- Donors whose gift choices align with the values of their family, friends and peers
- Donors who believe charities are important in solving pandemic-related problems
- Donors who give \$300 or more

## Should charities avoid the pandemic as a reason to give?

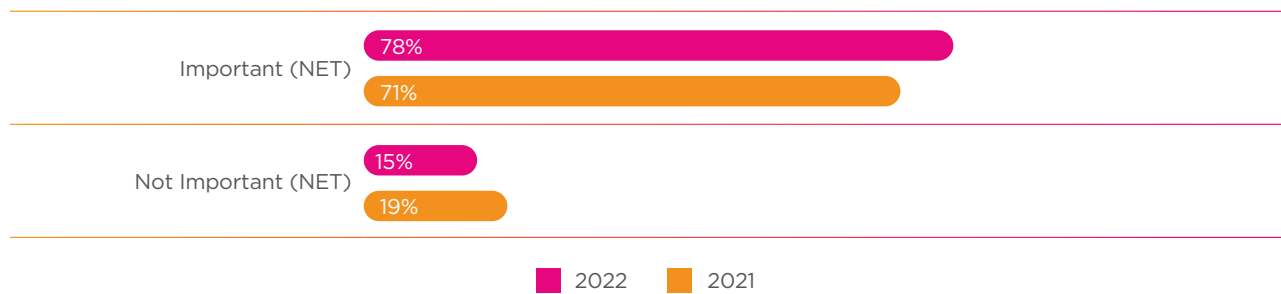
Certainly we've entered the post-pandemic era, but COVID-19 has been such a seismic event that it will affect philanthropy for years to come.

There is a distinct group of people who are extremely focused on the bridge process we're in right now. They've donated to charity during the pandemic and they're wondering: "What's next?"

In terms of what this means for donors, it's critical to think very carefully about our offers and propositions.

Many charities are questioning how to incorporate pandemic messaging in their communications, if at all. Our research tells us it's **OK to include COVID-19 in part of the messaging if the problems being solved have been exacerbated — or created by — the pandemic**. In fact, people are feeling that charities are more important than they did last year.

## Eight in 10 donors (78%) feel charities will be important in solving some problems arising from the pandemic over the next few years.



In terms of donor impact, age continues to suggest some interesting differences in attitudes and feelings. People under 34 — and even those up to 55 — see charity as a vital solution to post-pandemic issues.

And donors aged 18-34 are incredibly hopeful about the role charities will have in solving pandemic-related problems.

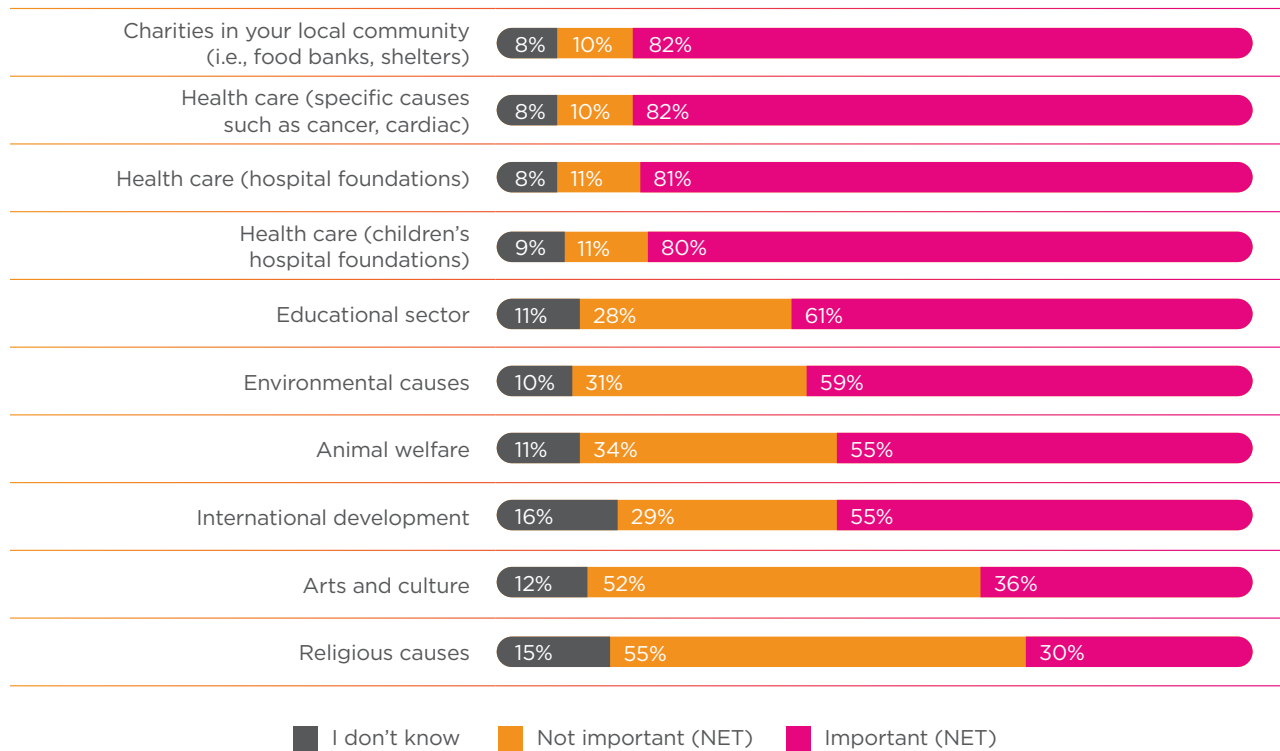
We also see a tremendous focus from younger donors on education, environmental and international development — much more than the 55 plus demographic which is a big opportunity for these organizations to attract a new generation of donors now.



## Health is still on people’s minds, perhaps now more than ever

Our research shows that people understand the fragility and importance of health — **and health is a major theme in terms of attitudes and motivations.**

**Eight in 10 donors feel charities at the local level and in health care will be important in dealing with post-pandemic issues over the next 12 months.**

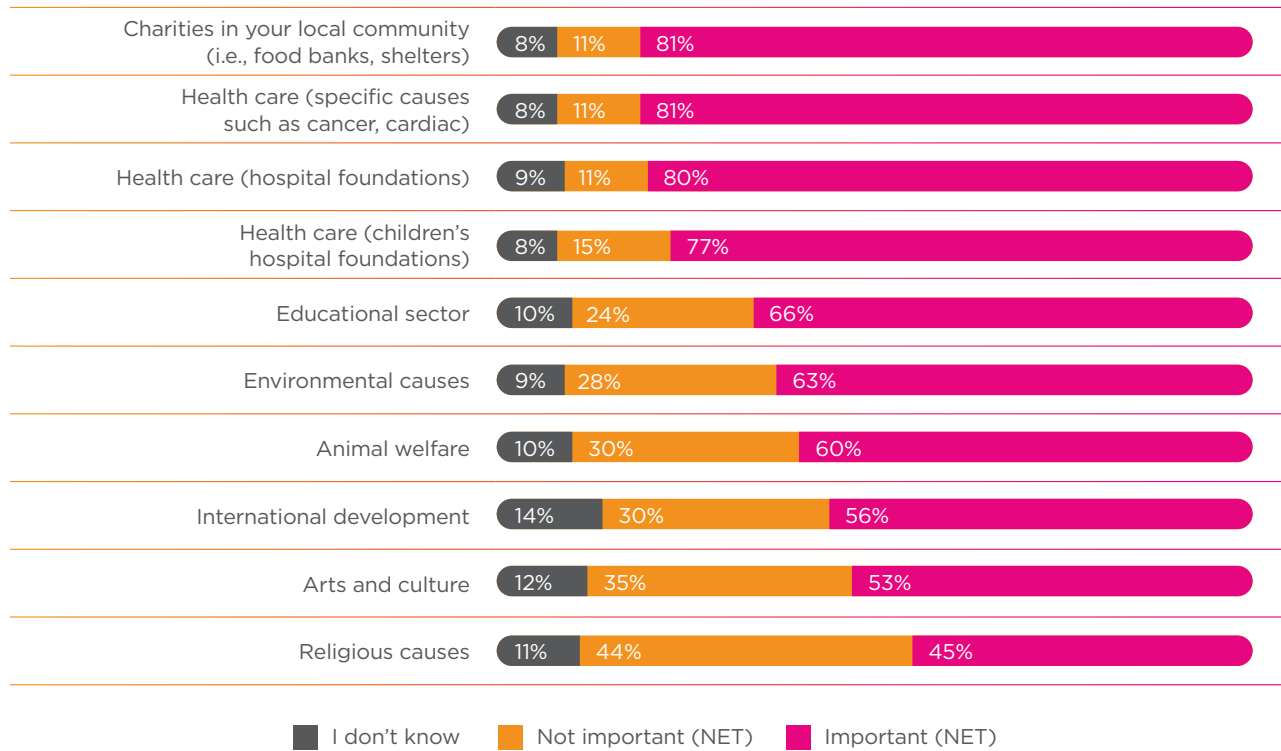


### Saying vs doing

Our research reveals an interesting disconnect between the perceived importance of an issue and the actual likelihood that someone will donate.

**The perceived importance of almost all sectors for dealing with post-pandemic issues is higher than the likelihood of giving in the next 12 months.**

**American donors say their local community and health care-specific causes will be important in dealing with post-pandemic issues. And feel that arts and culture and religious causes are more important than Canadians do.**



Urgent local needs, including mental health, dominate the focus now and will do so over the next 12 months. Which is no surprise.

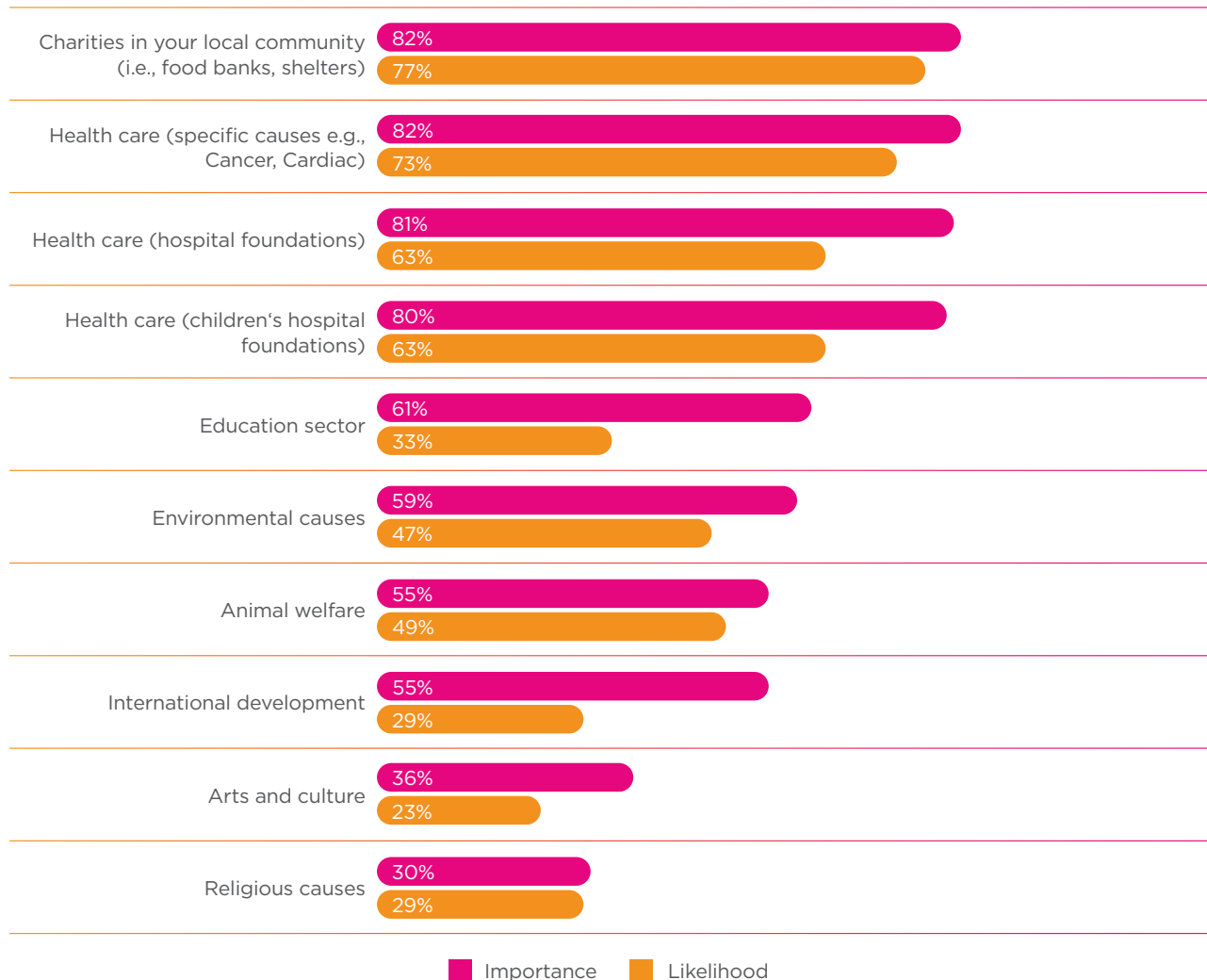
As people get to a certain age and start developing health problems, they tend to become very aware of their own mortality. Boomers in particular are very focused on health – both their own and their families'. This reflects in the importance of health related charities among those 55 plus.

But the pandemic has really shone a light on our health infrastructure, the reality of further pandemics and the impact that they have – both in the moment, and after the fact. COVID-19 has really made many of us realize how fragile health is.

For those sectors who are not focused on health, we may still be able to tap into this focus area by recognizing that lining back to health and wellbeing is part of almost everything we do – be it in a religious, environmental, cultural or educational way.

All charitable organizations need to be asking “how can we be talking about health and local impact in a different way?” It’s about thinking differently and understanding what people are looking for that connects with our cause.

### Importance of charitable sectors for dealing with post-pandemic issues over next 12 months vs. Likelihood of giving:



This disconnect is most obvious in education, with 61% of donors saying education is important but only 33% being likely to give. Religious organizations demonstrate the closest correlation between importance and willingness to give (only a difference of 1%), but they rate quite low in terms of overall priority.

Local charities including food banks and shelters are No. 1 in both importance and willingness to make a gift.

International development has a strong rating of 55% but a lower percentage of people who are willing to give (29%), which leaves a large gap of 26%. Essentially, donors recognize that international development is important in our world, but are not always willing to prioritize it over local-impact charities.

Even hospital foundations have work to do. People think they’re important but they aren’t as willing to give: a gap of 18%. Some sectors will need to work harder to inspire donors by being clearer on their why, developing strong propositions with need and urgency.

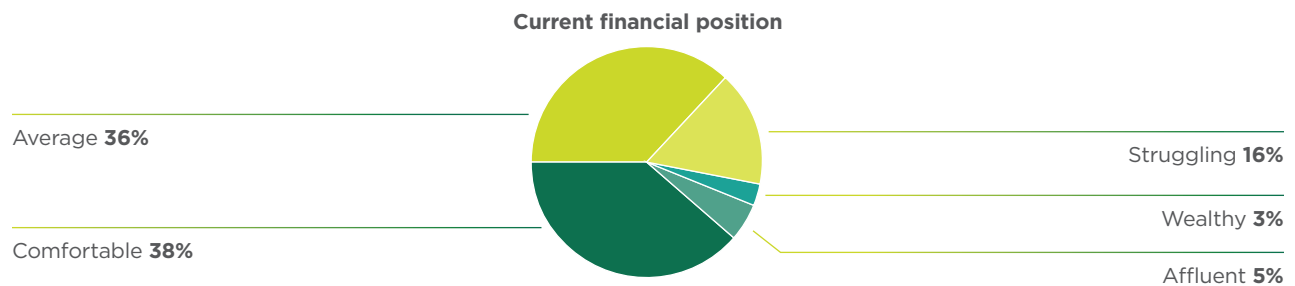
## Q3

# How are donors feeling about their financial situation?

We're entering a situation in which cash-rich people who've been stuck at home — not spending money on restaurants, entertainment or travel — are starting to do things again in droves.

At the same time, we're experiencing increased inflation and a post-pandemic economic downturn. We were expecting this to be the case when we look at the comparison to the 1918 global flu pandemic, when a major financial depression followed. So what impact does this have about how people are feeling about their financial situations?

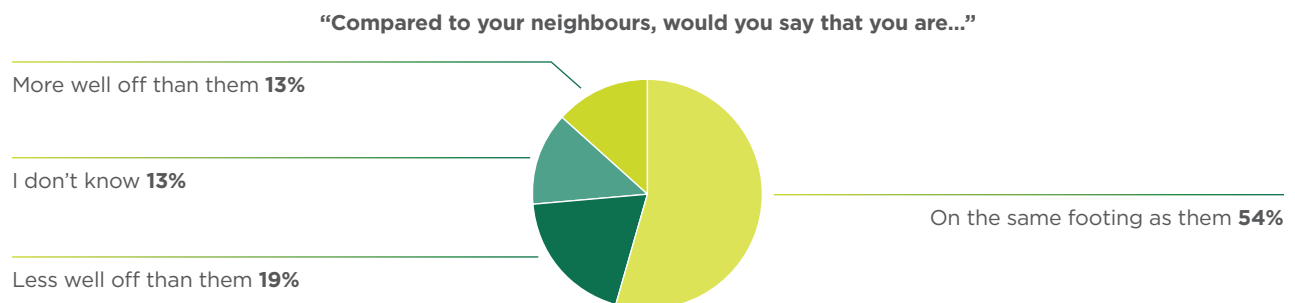
### Most donors report that their current financial position is average or comfortable.



It's really encouraging that people are still thinking, "We're average, we're comfortable." But as the cost-of-living increases, are salaries keeping up? To note - research was conducted in August 2022 when inflation was 7%.

Overall, the fact that we only have 16% of donors say they're struggling is a positive result. **We know people often donate, whatever their financial position is**, so right now, **the news is positive**, but we need to be careful as we don't know what may happen in the future so we can't sit back and do nothing. **The message is don't panic, but let's not be complacent.**

### Half of donors feel they are on the same footing as their neighbours.



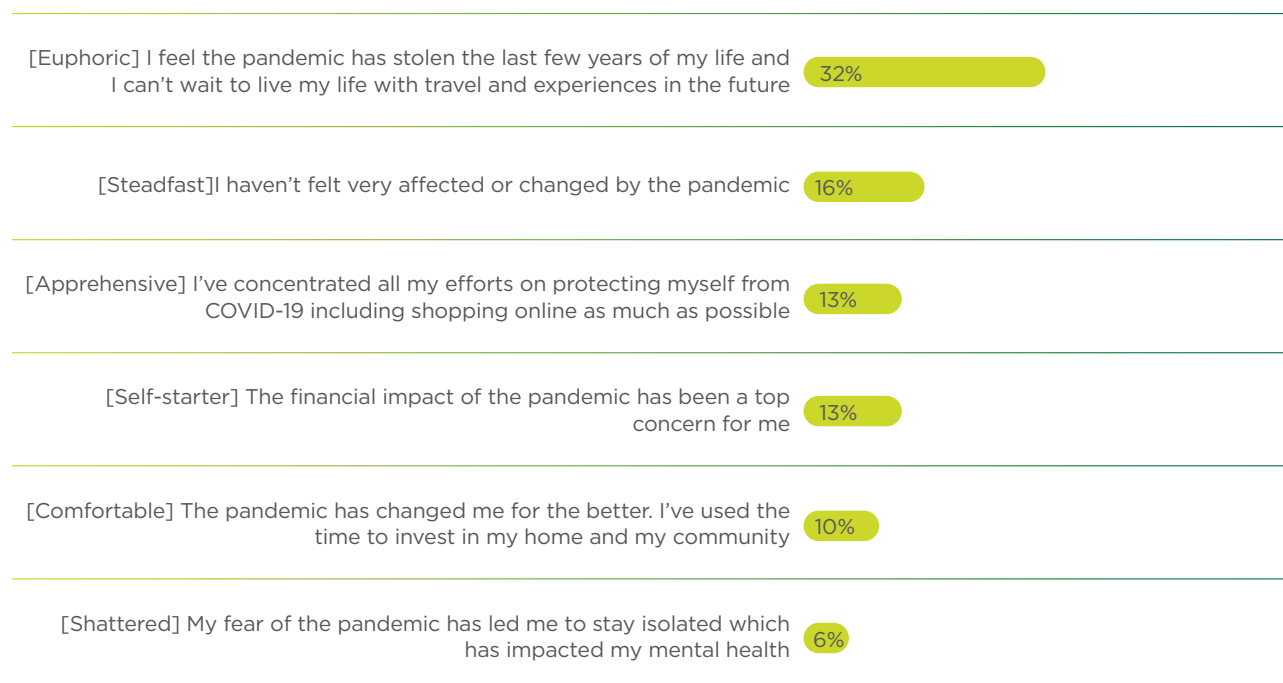
We also have 54% of people saying they're on the same footing as their neighbours. This was about 50% in early 2022. We know from our previous research in mid-value giving that people's perceptions of their comfort level and wealth are far more important than actual household income when it comes to giving to charity.

## How will post-pandemic attitudes affect financial decision-making going forward?

We've been following Leger's 6 core COVID-19 personas over the past few years to understand how people are feeling about how the pandemic is affecting them.

### Most donors identify with the "euphoric" COVID-19 persona, meaning they want to get back to living life and having new experiences.

#### Best description for self based on COVID-19 response



The "euphoric" persona is the most interesting. This group wants to get back what they've lost and move on. It's really grown in the process. Just over a year ago it was at 9%. Now it's at 32%. So travel, entertainment and making up for lost time is at the top of their agenda.

The "shattered" persona — the group at the bottom that was really impacted by the pandemic — was at 10% and is now at 6%. "Comfortable" was at 21%, and now it's only at 10%. "Apprehensive" is down to 13% from 24%, while "self starter" has gone from 23% to 13% and "steadfast" is, well, steadfast — having moved from 13% to 16%.

Clearly there's a shift happening mentally in this post-pandemic era whereby more people just want to leave the doom and gloom behind and get on with life.

# Q4

## How is this impacting retention and renewal?

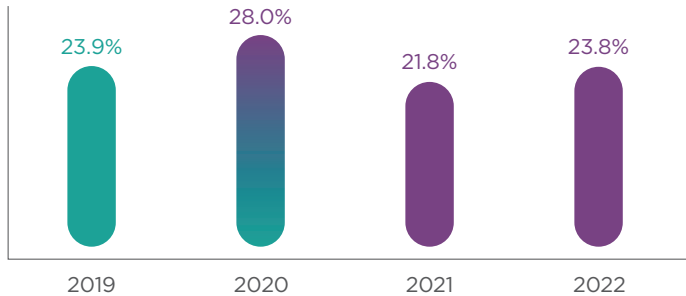
### How is retention holding up compared to pre-Covid donors?

2020's numbers are all over the map. We saw massive growth in many areas but we've also seen concerns around new donor engagement and renewal. What's interesting about new donor renewals is this: If we look at everything after March 2020 as our COVID-19 numbers, then the renewal rate is only at 14.13%. But we're actually doing slightly better than we were doing pre-pandemic.

**The good news is that donors who came on in 2021 are doing a very solid job of renewing. They're engaged.** They're thoughtful about what they're supporting, and they are re-engaging with the charities they have chosen to give to. **We have some hope around these new donors — if we do our jobs right.**

### Overall year to date renewal rates holding steady

#### Has the economic issues in 2022 had any impact on Retention Rates for OT donors?



One of the primary effects of the pandemic was an increase in retention rates for one-time gift donors, but we saw a drop off in 2021 as the pandemic lingered.

Year to date 2022, we have seen these rebound back to pre-Covid metrics, but still not as strong as 2020.

When we look at some of the very strong renewal rates of 2020 and how we've engaged people, it's not shocking to see the variances. We are stable coming into year end based on 2019 performance but with all of the new donors in the mix and the challenges in the economy, we are recommending increased focus on retention to ensure this stability remains.



## Optimism may outweigh the specter of inflation

The frequency of giving as of May 2022 is pretty consistent, although average gift levels are down slightly from the five-year average.

But what if we were to apply inflation? \$100 today is not what \$100 was in 2019.

On one hand, downgrades are up a bit. But upgrades are surprisingly strong this year. We don't have a crystal ball, of course, but if things continue trending this way, we are very optimistic as we approach year end.



Overall, average gift levels have seen relatively modest movement on a week-by-week basis since April 2020, sitting at around \$100 per one-time donation. Prior to that, we saw a surge in March 2020, with an increase of almost \$20 from the pre-COVID average one-time donation of \$80.

There's a distinct spike in giving that tends to correspond with the last couple of weeks in each calendar year. This is expected as we know higher-value donors tend to delay giving until the last few days of the year. The drop-off we saw in January 2022 is very typical for that time of year. We do tend to see a surge in giving in March, and this year has been no exception followed by a softer April and May.

All this suggests the economic impact is not yet being reflected in average gifts, with trends following traditional season patterns.

We're watching this intently because as we come into 2023, average gift is going to be a good indicator of the overall financial health of our donors.

## Q5

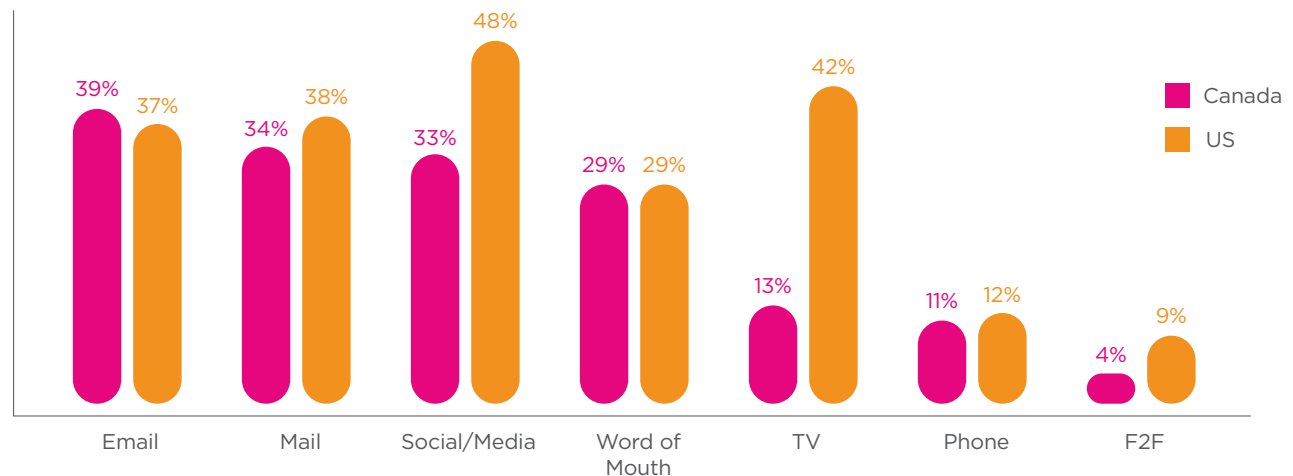
# What's driving Digital Growth?

2020 was a pivotal year that saw a 70% increase in the proportion of donations transacted online. This rate declined slightly in 2021 (although not back to where it was in 2019) and it has recovered in 2022 due in part to the Ukraine emergency. Both major growth phases are in direct correlation with an urgent event.

In 2022, across all the clients with online transacting flags in the data, food banks have the highest proportion of donors giving via an online form: almost 67%. International organizations are next at 65%, and social welfare organizations are a distant third at 40%. All other organization types are struggling to reach 20%.

One of the things we've been exploring in our research is integration. So in our attitudes research we asked donors the question: What's driving you to make an online gift?

### What is driving the online gift?



### It's a mix of channels driving online giving, not just digital channels.

Email giving drove more at 39% of online gifts which is not surprising. 34% of Canadians and 38% of Americans surveyed who gave digitally said their gift was driven by the direct mail they received. Phone, TV, word of mouth from family and friends and face-to-face all played an influential role in digital giving.

Not surprisingly, social media/ digital media is showing big numbers, with 33% of giving driven by social media/digital in Canada and 48% in the US, especially for donors under 55, where it tops at 50%.

We've seen integrated programs deliver 10%-plus better renewal rates than pure digital campaigns overall. Mail is important, and it's a big influencer, particularly if a file is older demographically. What these numbers show overall is that the more channels an organization is on and the more integrated it is, the better.

## Should we be dropping or pulling back on our direct mail program?

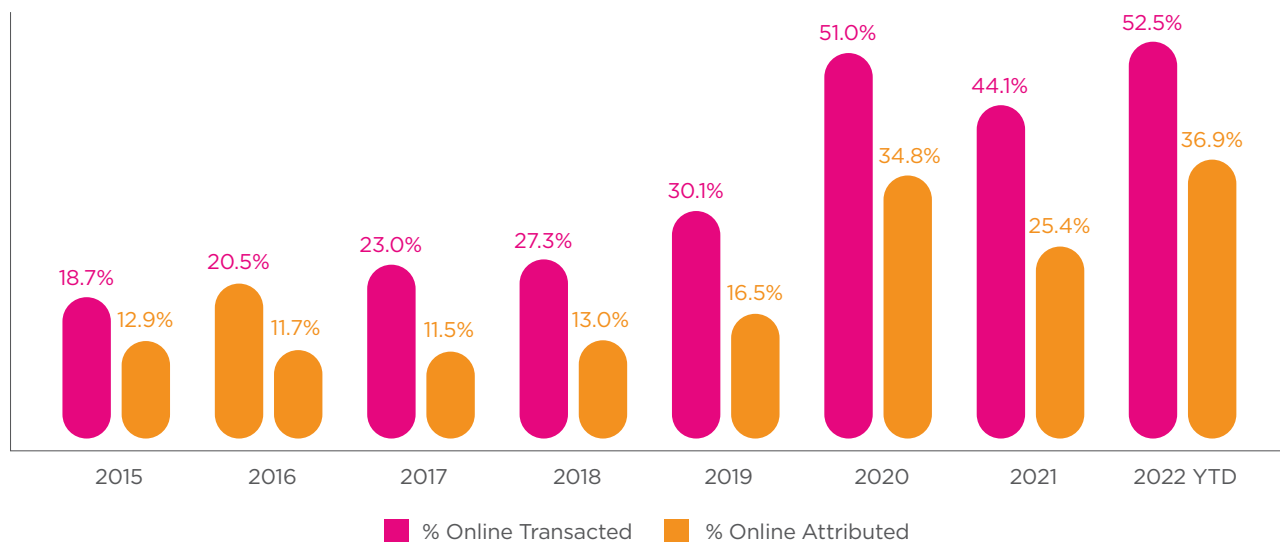
This question comes up frequently, and the answer is always the same. No. It lies in the fact that integration is equally important to digital giving. The old school marketing rules were that a customer needs to see your brand on average 7 times before they will purchase – social media enables this to happen quicker. Add email into the mix and we can broaden our message, and with direct mail even more so.

This may change over time, but for now, the mix of email, social media advertising and direct mail is king. Which leads us to another question...

## Online transacting vs online attribution

Digital isn't a single channel, it's made up of multiple channels and it's ever changing and evolving. The one thing we can be certain of is that digital will never stay still. But we do know that it's growing – often in spite of ourselves.

But in order to know where to invest, we have to know where income is being driven from, so we wanted to look at **the difference between online transacted (online transactions via the website) and online attributed (online transactions driven by online activity).**



Online attribution has seen much more variance, although as a trend it is moving upward as organizations get better at recognizing the impact of digital activities. There is also increased investment in outbound digital fundraising (more emails and more spending on digital ads, for example).

**In order to measure where our investment dollars go, it's essential that we invest in creating the right infrastructure, business rules and reporting mechanisms.** In fact this is essential.

Harnessing digital will be crucial in the future, particularly where there's urgency involved as we saw in the pandemic, and over time will only get more essential. If an organization is lagging behind now on digital engagement, user experience, content, activity and reporting, the delta is going to get bigger and bigger.

As we often say at Blakely, "It's too late to be early." Ignore digital at your peril!

# Q6

## Are online donors different to offline?

The first question we have to answer is what we mean by online donors. What we're seeing is that digital donors, more and more now, are a mix of people who either respond to online content and marketing or are transacting there following another channel engagement like mail or phone.

The definition and, therefore, segmentation are critical when we are building out strategy.

But the answer to what they are motivated by is the same. A lot of charities undertaking our affinity surveys will split out their online vs offline donors and expect them to be different.

What we're seeing contradicts this.

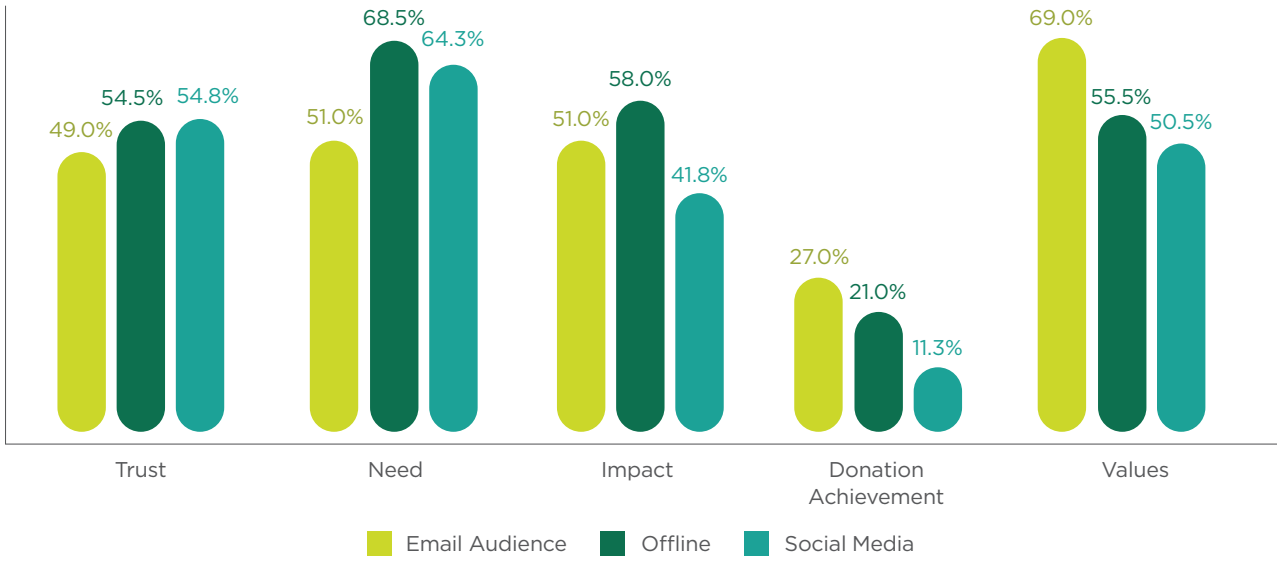
The first thing to note is that **the motivations of online- vs offline-acquired donors is virtually identical.** They're the **same people supporting us for the same reason.** They're just finding us online rather than any other method.

They want the same content, although those who are acquired online lean more toward digital content such as virtual tours, and those who are acquired offline lean more toward traditional types of content such as newsletters.

The journey needs are the same — but for some donors the format is different.

### Content consistency is crucial

While our donor affinity research didn't see any difference in donor motivation – we did see some differences in donor experience.



We found on and offline donors very much the same in terms of the content that they want and need from the donor experience. Yet journeys for online donors vs offline donors often appear to be different at many charities, especially with welcome journeys, which we found to impact the engagement of on and offline donors.

For example, we found that donors being brought in through social media channels don't tend to feel the impact or achievement of their donation as much. Email audiences were by far the clearest about what their donations are achieving (which could be because of the frequency of email communications vs mail). The other interesting element was need – which is essential for ongoing donations. We found that email audiences were 17% less likely to feel needed than mail audiences.

**New donors all need the same consistent experience regardless of channel.**

## But what about age? Are online donors younger?

The pandemic has accelerated the online habits of the older generation. They're much more comfortable transacting online. They're doing their banking online. They're shopping online.

Two years ago, digital donors were younger. Now, when we look at the age of donors acquired online, it's a much more even split, and in our most recent affinity project which was undertaken both off and online, the demographics were virtually identical.

In one of our surveys, the age of people responding to Facebook ads skewed highest in the 55-74 age group. Facebook started out being a place for young people, but they've gone elsewhere – because who wants to hang out in the same place as their parents and even their grandparents?

	15-24	25-34	35-44	45-54	55-64	65-74	75+
<b>Digital Media - FB</b>	3%	10%	15%	10%	21%	27%	12%
<b>Digital Media - Non FB</b>	3%	6%	10%	10%	16%	36%	15%

Older donors are more attracted by mail, DRTV and email, but the thinking that online-acquired donors are young doesn't seem to be holding true anymore. What's clear is that younger donors are most attracted by online acquisition than any other.

**Q7**

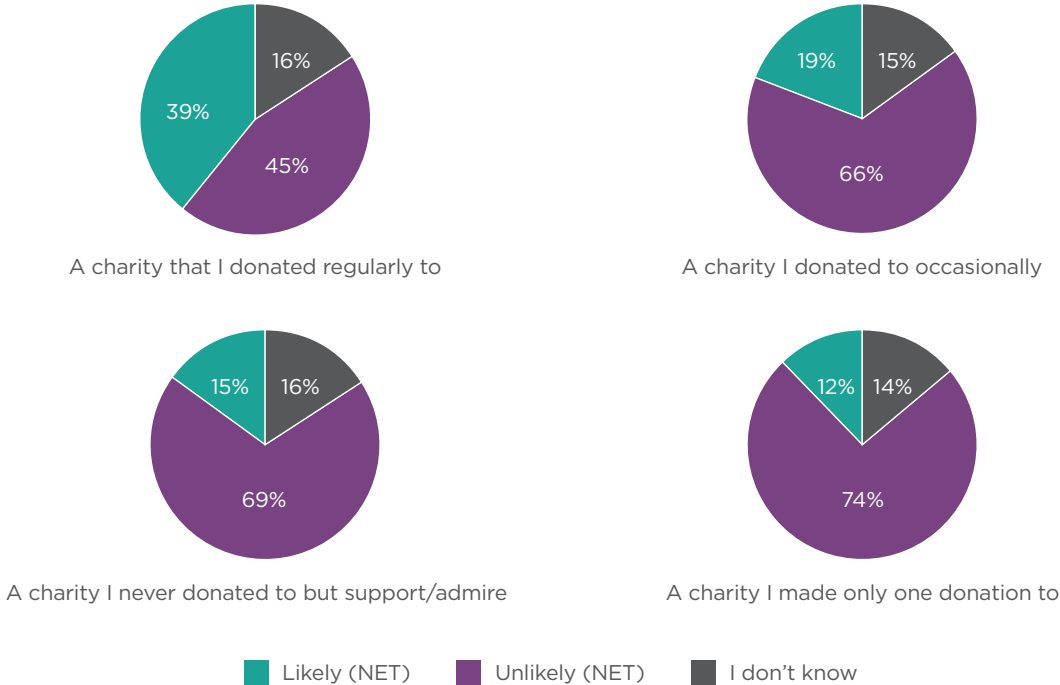
# Where are the opportunities to increase engagement in legacy giving?

One thing we found very interesting is that we're not seeing major investments in the development of fully integrated legacy giving programs. Organizations aren't investing enough in this profitable long-term strategy, and that means they're still missing big opportunities for long-term success.

It can be hard to measure the immediate impact of investment into legacy giving, and fundraisers find this a major challenge. But legacy engagement are key metrics for building a successful long-term strategy with revenues, and the good news is that **two in five people say they are willing to leave a legacy donation** in their will if effectively engaged!

**Two in five donors are likely to leave a legacy donation in their will for a charity they regularly support.**

LIKELIHOOD OF LEAVING A LEGACY DONATION







\$300 + donors say they are 50% likely to leave a legacy donation to a charity they regularly donated



more men than women showed an interest in legacy giving

Younger people are more interested in legacy than we initially thought. We've also seen clues that make donors with certain motivations more likely to consider legacy giving. For example, we often find that with international development there's a difference between donors who want to support long-term sustainable work vs emergency work.

There's more potential in legacy for those who prefer to support the long-term work. It's key that we have both short- and long-term goals and strategies, so there is room to inspire both.

Our research has proven, committing to a long-term legacy gift increases annual giving so both goals can be met by investing in legacy engagement.



So what does all this mean? It means we've got to dig in. We've got to know our files to get the clues on where to focus a legacy ask. It's not just as simple as monthly donors or long-to-file – there are more opportunities with new audiences that are waiting to be engaged.

**And it's not just older people we should be targeting.** There may be pockets of people who are more inclined to consider giving this way based on their initial motivation.

We're excited to see continued improvement on openness and knowledge about legacy giving. It has nowhere to go but up.

## Q8

# Where does age have the biggest impact?

Over the past two years we're seeing age as one of the biggest differences in donor needs and experience. Currently, it seems that 55 is an important line to draw. Under-55s and over-55s have the most difference, but we expect this to change over time.

This is important because **while traditional donors have been 65+, we're now seeing significantly more and more 35-55s donating.** Especially in the wake of the pandemic, the biggest growth was in donors of this age group – potentially donating for the very first time and giving at a time when they were more likely to be cash rich because of the pandemic, with reduced expenditures on socializing, commuting and travelling.

The latest research suggests older donors are feeling more comfortable and more trusting of charity. While younger donors have higher expectations in digital than over-55s, they're less likely to feel financially comfortable or wealthy. They're harder hit by the economic downturn and may be feeling uneasy.

So what do these under-55 donors want?

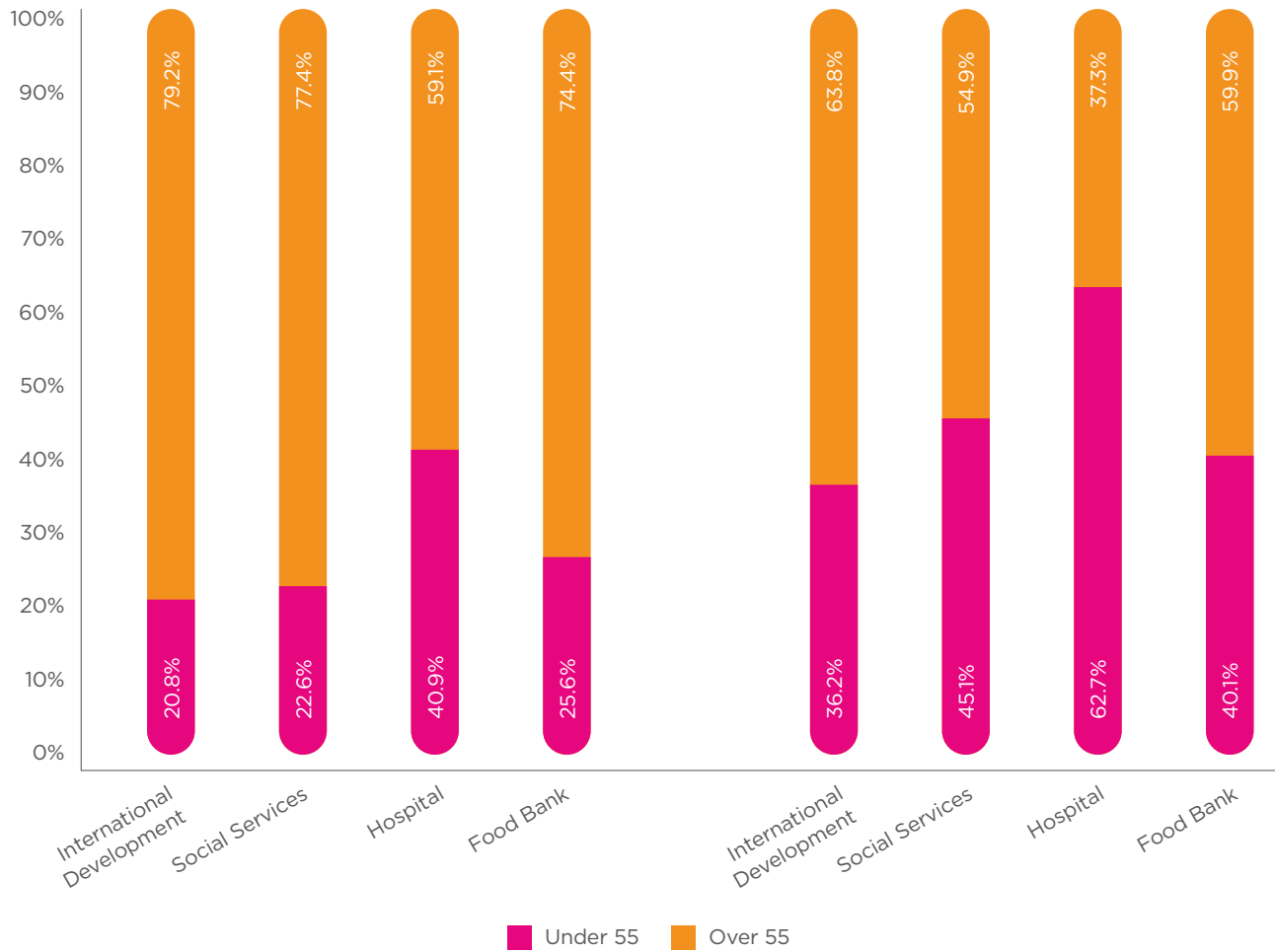
We've observed some interesting trends with younger donors who tend to:

- Be giving for the first time
- Have a bigger appetite for content
- Place more importance on values and diversity
- Be happier to get digital vs mail communications
- Be far more likely to give their charities "favourite charity" status
- Have a higher interest in legacy and monthly giving

We've also seen that under-35s are more diverse in their gender identity and are more likely to support environmental causes and align with fighting inequities.

So what does this mean for 2023?

Apart from the different needs, **we need to consider that this younger age group will be more affected by cost-of-living increases and inflation.** According to a report by Wells Fargo, every generation younger than the Boomers and the Silent Generation (65+) will be more affected by cost-of-living increases. This creates a challenge for charities, where new files are younger.



In some charities, we've seen up to 62% of new donor files younger than 55. In others, it's a more modest 25%. But in all charities we've worked with, the ratio has increased since 2019. We have identified this through our affinity work and continue to build data collection on age into multiple touchpoints with organizations in order to work at this important demographic information over time.

The biggest red flag is this: Yes, **it can be a challenge to identify age groups in your donor base, but the investment is worth it and gives you the power to deliver a more tailored journey that inspires people to act.** It allows you to deliver content and experience that meets people's needs and builds connection, so it's key to future giving.

# Q9

## Are we informing donors effectively about what we do?

Over the past year, we have been tracking how informed donors feel and what correlation this has to giving. The results of the research are clear: feeling informed is a key indicator of donor loyalty. **Those who feel more informed about the charity's work have a greater lifetime value.**

### How informed do you feel about X Charity?

	Lapsed	Active	Loyal
<b>Charity 1</b>			
A lot	3%	4%	4%
A reasonable amount	41%	42%	48%
<b>Total</b>	<b>44%</b>	<b>46%</b>	<b>52%</b>
<b>Charity 2</b>			
A lot	2%	5%	1%
A reasonable amount	30%	41%	53%
<b>Total</b>	<b>32%</b>	<b>46%</b>	<b>54%</b>
<b>Charity 3</b>			
A lot	3%	4%	4%
A reasonable amount	43%	43%	47%
<b>Total</b>	<b>46%</b>	<b>47%</b>	<b>51%</b>

There are some interesting observations to be made when we look at age. Older donors are clear that the effective use of their gifts, the impact of their generosity and having a clear sense of what the charity does drive their charitable decisions.

## How informed do you feel about X Charity?

	45-54	55-64	65-74	75+
<b>Charity 1</b>				
<b>A lot</b>	4%	3%	4%	5%
<b>A reasonable amount</b>	36%	40%	43%	45%
<b>Total</b>	40%	43%	47%	50%
<b>Charity 2</b>				
<b>A lot</b>	0%	3%	4%	6%
<b>A reasonable amount</b>	44%	42%	40%	43%
<b>Total</b>	44%	45%	44%	49%
<b>Charity 3</b>				
<b>A lot</b>	4%	4%	4%	5%
<b>A reasonable amount</b>	29%	35%	43%	46%
<b>Total</b>	33%	39%	47%	51%

Our research consistently shows that younger donors feel less informed. But when we look a bit closer, the issue is more to do with one-time gifts than monthly or mid-level donors — donor groups that generally feel more informed.

	Mid Value Donors	Monthly	COVID Donors	OTG Donors	Lapsed
<b>I felt welcome</b>	30%	26%	27%	20%	19%
<b>I felt noticed as a new donor</b>	25%	19%	17%	11%	14%
<b>I felt informed about what the food bank does</b>	45%	52%	38%	35%	37%

We've often seen in our affinity work that **it's not just connection that drives retention. It's a combination of connection and experience.** Making sure that we're informing donors in the best way, can be a driver to improving retention. But let's not start throwing information at donors. We need to be clear, concise and focused. Too much information and our brain shuts off. It has to be the right information delivered in the right way.

Over half of donors surveyed felt they receive the right amount of content. This increased in our donor affinity research, although we did find there's room to increase email communication and more tolerance for digital communication vs direct mail. We also found younger donors have a much bigger appetite for communications overall.

It comes to relevance. If it's easy to consume and relevant, donors are good with it. When they're happy with the frequency, they tend to be happy with the content. That's why the frequency discussion is so key.

**20%**

hear from them too much

**53%**

hear from them enough

**10%**

do not hear from them enough

Notably, younger respondents (<35) are two times more likely to mention that they don't hear enough from the charities they support (19% vs. 8% among those 35+). The same is true for those who've made charitable donations totaling <\$300 this year (13% vs. 7% among those who've donated more than that this year).

Interestingly, however, a third of donors either don't hear from charities or don't enjoy what they're getting.

**62%**

Hear from charities and enjoy content

**30%**

Do not hear from/do not enjoy content

**HOW information is delivered is as important as WHAT information is communicated**, so really thinking about how donors are onboarded and informed will be a critical piece of the puzzle going into 2023 and beyond.

## Busy people want us to say more with less

On average, **55% of all donors surveyed in the past two years prefer quick bits of information**. This has been the top answer in 100% of all surveys — sometimes accounting for 70% of overall answers.



**This trend cuts across age groups, value groups and tenure groups**, and we continue to see these results rising, so developing content that's to-the-point, with short bursts that take 10 seconds or less to consume, is going to become increasingly important.

People are busy, and there's a lot of competition for attention, which reinforces our understanding that it's truly about the content, not the volume!

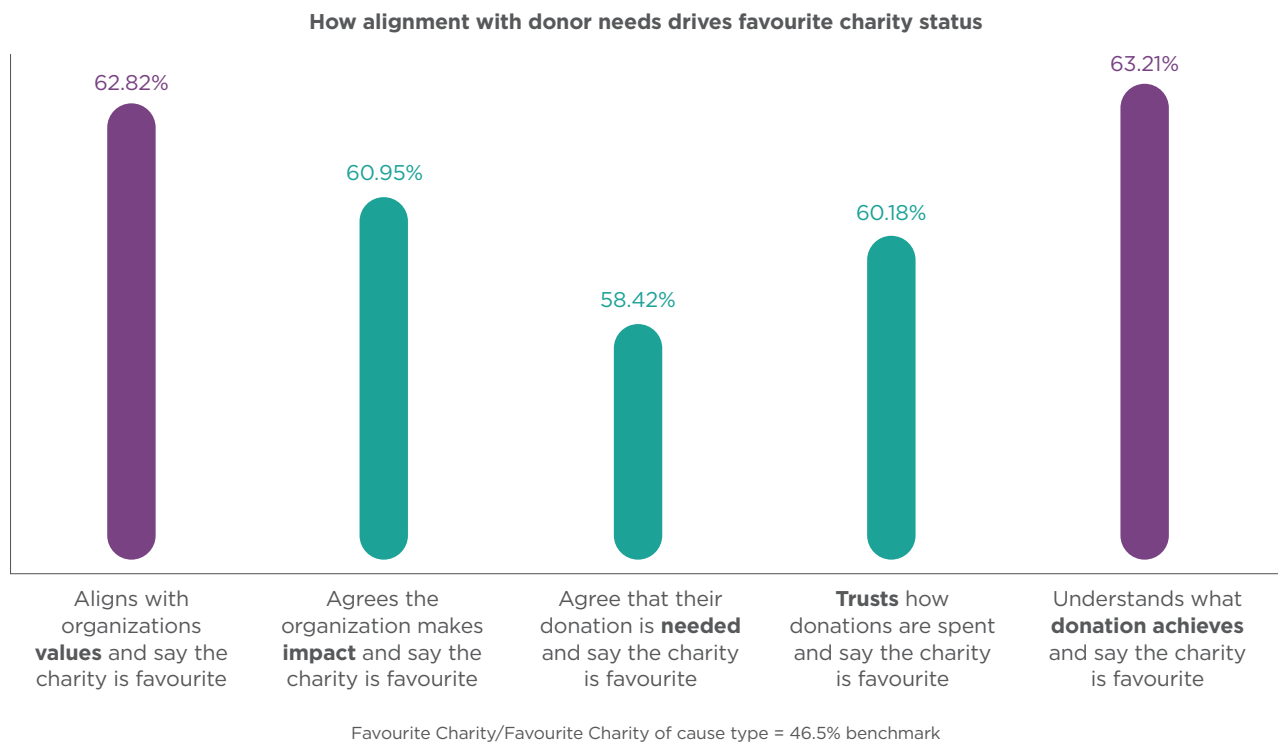


**Q10**

# Which donor needs are the most important for lifetime value?

We tracked donor needs across some of our biggest surveys this year, and what's emerging is there are two donor needs that keep rising to the top when we look at lifetime value indicators such as favourite charity.

These are **aligned values** and **donation achievement**.



Interestingly, **there's a significant difference between impact and donation achievement, and the charities that concentrate on both these things are the ones scoring highest in terms of donor experience.**

Over the next two questions we're going to look into these two needs in a bit more detail.

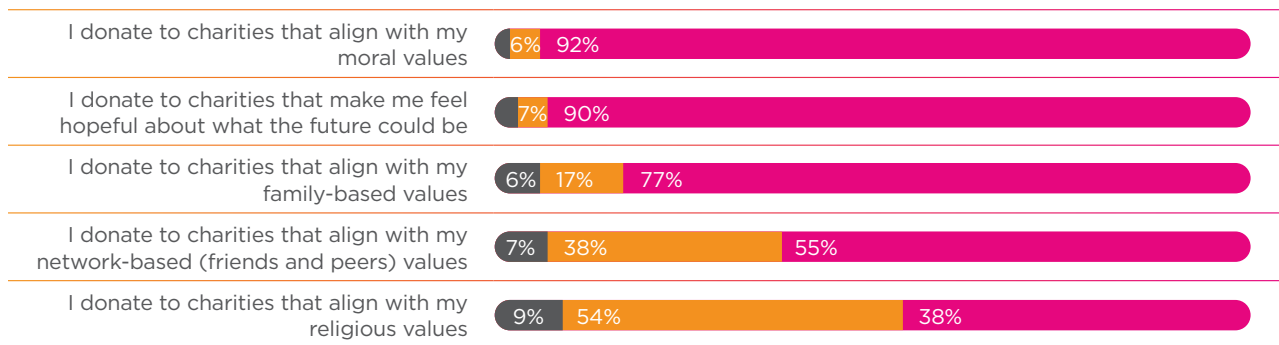
**Q11**

# How are values increasing in importance?

The reality is that shared values wins the day. Finding people who connect is key to building or rebuilding a program. It's what needs to be crystal clear in building fundraising propositions and offers.

Being clear about, and articulating our values and what we stand for will make it easier to connect with audiences that share those same values and could be loyal, lifetime supporters.

But are all values the same when it comes to the link with donating?

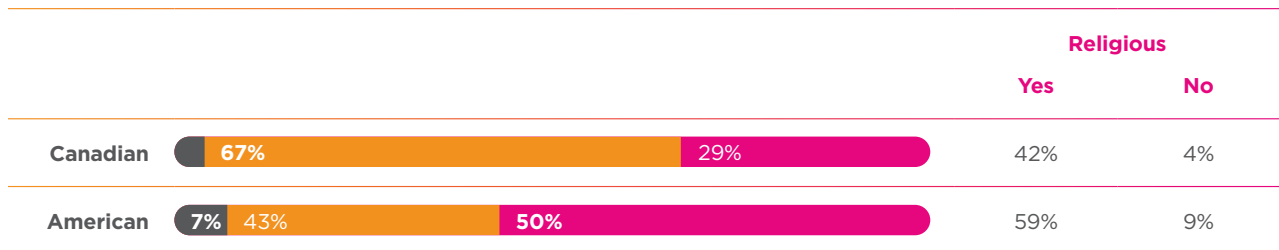


■ I don't know ■ Disagree (NET) ■ Agree (NET)

\$300 plus are much higher religious values, under 44 is much higher on religion and friend/peer values, and females on hopeful and passionate

In our attitudes research, we've seen that moral values are far more important than family-based and network-based values, for example.

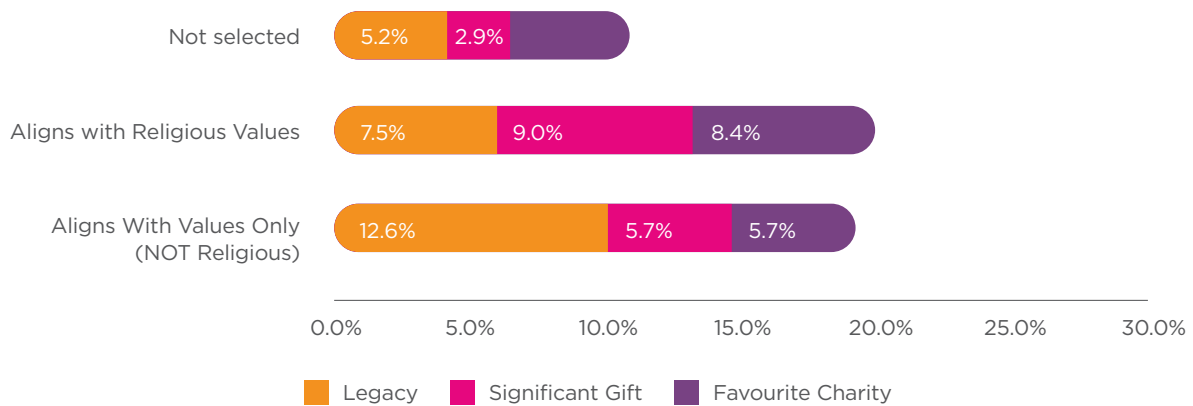
Interestingly, American donors are more likely to support a charity that's aligned with their religious values. This would suggest that shared religious values are more important for high-value Americans — and where religious values are important, this knowledge can be used to help solicit a higher-value gift.



■ I don't know ■ Disagree (NET) ■ Agree (NET)



In our donor affinity research, shared religious values increase the likelihood of a significant gift and favourite charity status, but when it comes to legacy giving, **those that align with personal values are a better prospect.**



One thing is clear – **giving that’s aligned with both personal values and religious values increase potential lifetime value significantly.**

## Q12

# Is there a difference between impact and donation achievement?

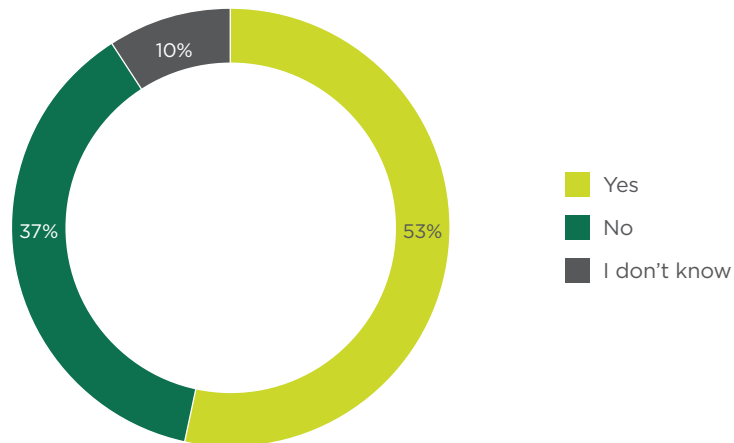
We know from previous research that impact and donation achievement are critical. The latest research shows this hasn't changed.

Over the past 12 months we've been exploring the difference between the impact of the charity vs the impact of the donation – and we've concluded they are two different things that should be measured differently.

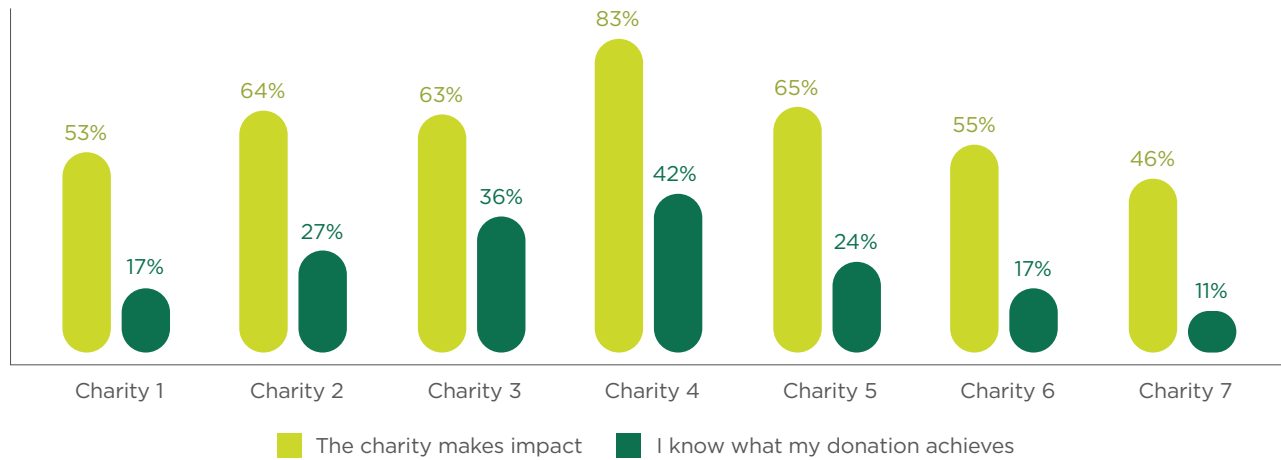
- The **impact of the charity** is a measure of the overall impact the charity has on solving a problem
- The **impact of the donation** is a measure of how the donor's gifts help the charity do the work

There is a subtle difference. We've seen that donors who understand how their gift is being put to work and what it achieves are ultimately more valuable in the long run.

Our Leger research suggests that just over half of donors have been told what their donations achieved since the pandemic.



On the other hand, our donor affinity research suggests that when this question is asked alongside an option asking if they feel the charity makes an impact, the results are less encouraging.



More donors will say that impact is shown, but not as many feel they know what their donation *actually achieved*.

Those donors who traditionally receive more communications from the charities they support feel their gift has more impact. And across all charities, the perception of higher impact and achievement correlates with those who said the charity was their favourite and who had left – or were considering leaving – a legacy gift.

We also noticed a link between impact and achievement and those who feel informed overall about the charity.

These donors tend to index higher in knowing what their donations achieve, so we can assume that informing donors more broadly plays a role in understanding about what donations are doing. This may contribute to assumptions about what the donation is achieving.

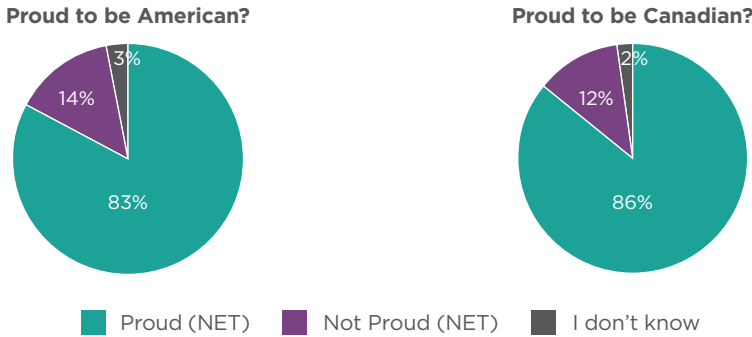
# Q13

## How connected is local identity to a donor's motivation to give?

We've had a lot of questions from clients over the past few years about using Nationalism in fundraising. Many seem to be leaning away from it in Canada. But do donors really feel less Canadian or are the charities themselves being overly sensitive?

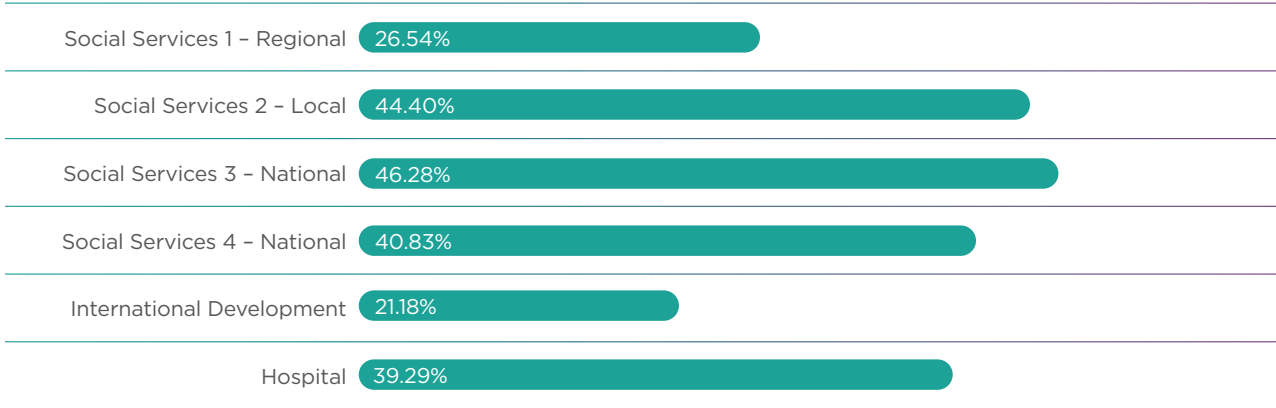
We set out to explore people's feelings of patriotism and pride to determine if charities should downplay or highlight these things, and we found that geographic identity was an interesting indicator.

The first finding in our attitudes research was that people are generally proud of their nationalism - Canadians slightly more so than Americans.



In our donor affinity research, most community-focused organizations — social services, hospitals etc — have high numbers of people who link their Canadian identity with their support.

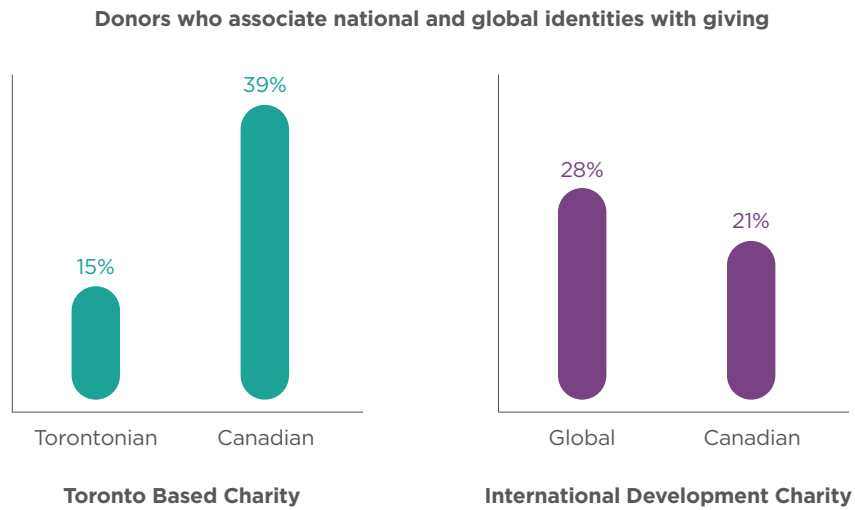
### Donors who associate their giving with their Canadian Identity



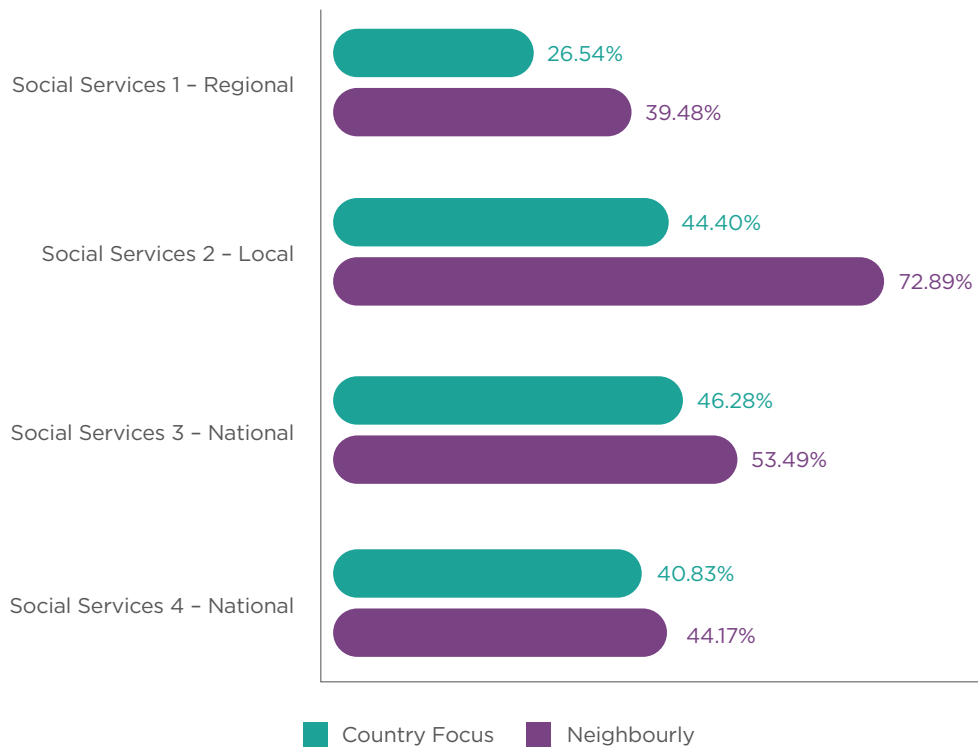


So there are certain charities who shouldn't shy away from Canadianism or Americanism because these things really play into people's sense of identity.

But we also found some other interesting insights.



We found that where a charity has a localized geographic base, there is more alignment with the national identity. On the other hand, for supporters of international development charities where the work is around the world, global identity is more compelling than the national identity.



“Neighbourly” as a descriptor also seems to resonate with people. So causes that can authentically talk about being neighbourly should consider the power of this.

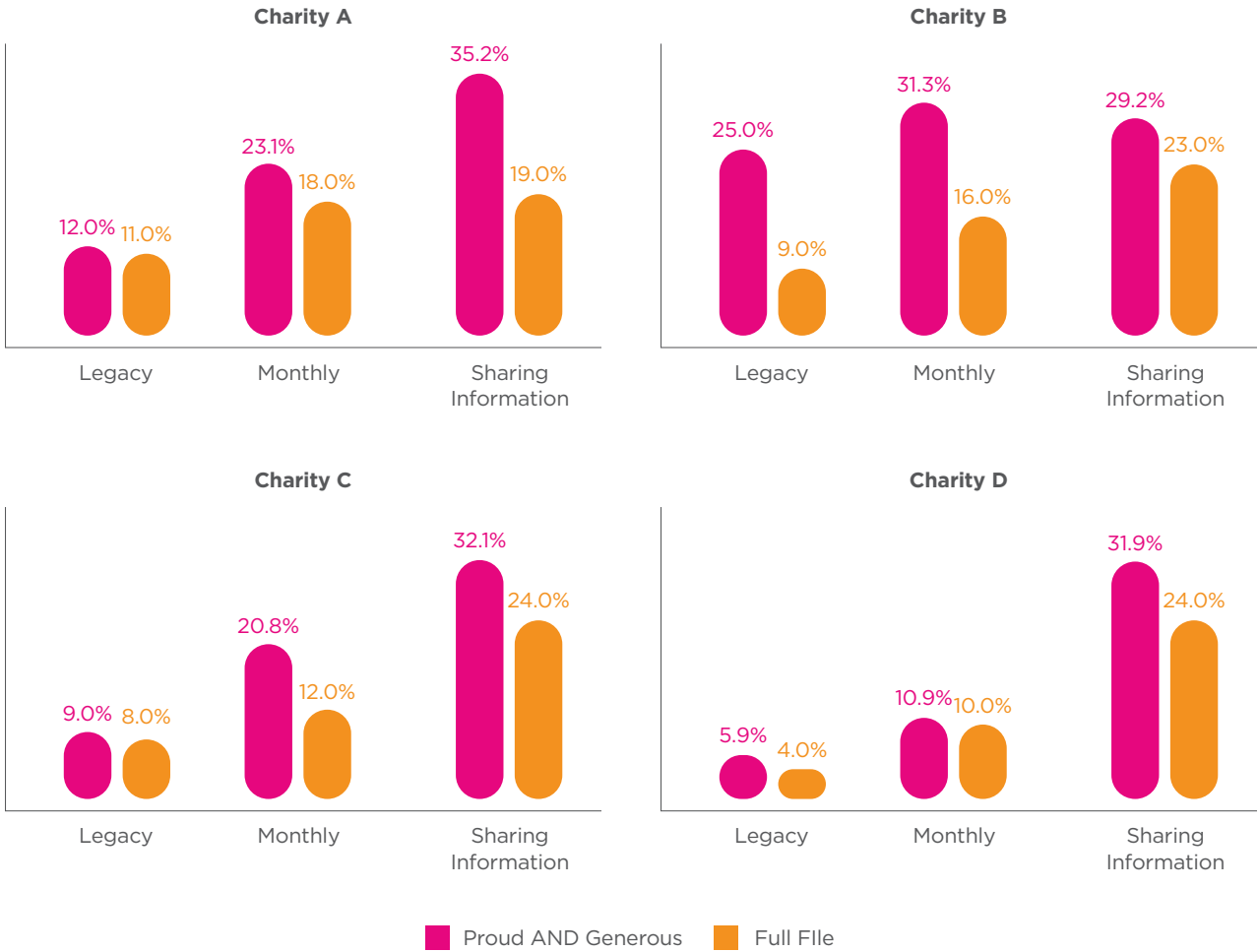
**Q14**

# How can we harness emotions to increase lifetime value?

We always ask how giving makes people feel, and we have been exploring the impact of this on lifetime giving to identify the feelings we need to focus on in donor journeys.

This year we have discovered a powerful combination of feelings. We had identified last year that feeling proud about supporting an organization was a powerful emotion, but we have now validated that the combination of feeling proud and generous can create the perfect blend for lifetime value.

**Donors who felt both proud and generous were more likely than the rest of the base to be interested in giving in different ways**



**Donors who feel both proud and generous about their giving index significantly higher when asked if they're interested in other ways to give or if the charity is their favourite.** So finding ways to infuse these two emotions into the donor journey can increase future generosity and encourage word-of-mouth activity – by far the most cost-effective form of acquisition!

Although different charities had different results of donors feeling proud (we have seen up to 53%) and generous (we have seen up to 37%), the challenge is that we are only seeing an average of just 6% of donors who feel both proud AND generous.

**But when this powerful combination is at play, the legacy potential almost doubles!**

	Full File	Pride (158 Donors)	Generous (143 Donors)	Pride & Generous (65 Donors)
Consider a will	6%	8%	10%	11%
Left gift in will	2%	1%	1%	2%

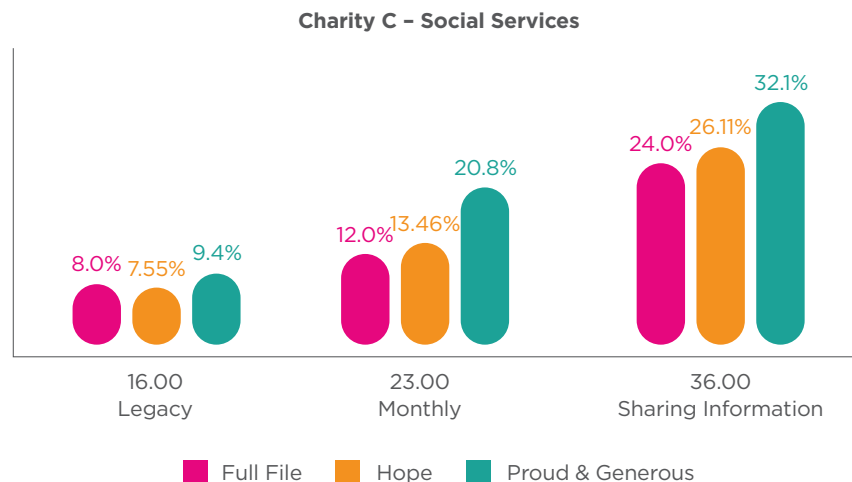
Interestingly, although we would have expected generosity levels to increase with value of giving, we have often seen mid- and high-value files with lower generosity scores than standard value. We can only assume that these people are giving at a higher level but don't feel generous because they have potential to give at an even higher level! This might also be a clue to finding people who have the ability to give more.

**What we're also finding is that hope is emerging as an attractive emotion for donors.**

The number of people who feel both proud and generous in files was surprisingly low, yet many more people are feeling hopeful about their support – on average more than half the file.

In exploring whether hopefulness is also an indicator of increased lifetime value, there could be the potential to push the envelope on this emotion, especially with acquisition propositions.

Those who associate the feeling of hope with their support tend to be more open to monthly giving and sharing information, but not as much as donors who feel proud and generous.



Given the prevalence of hope, it would seem a powerful motivator to donate – one we'll be exploring along with pride and generosity into 2023.

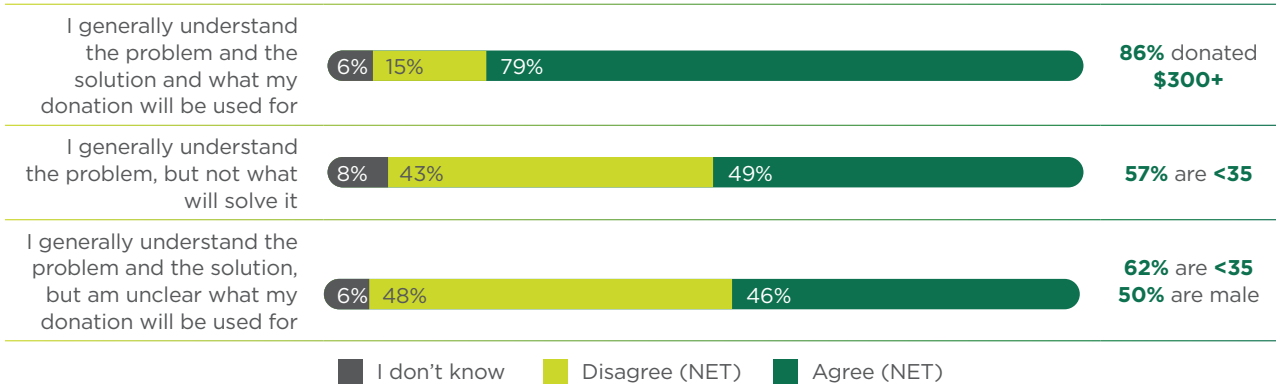
# Q15

## Are we articulating the problem as well as the solution?

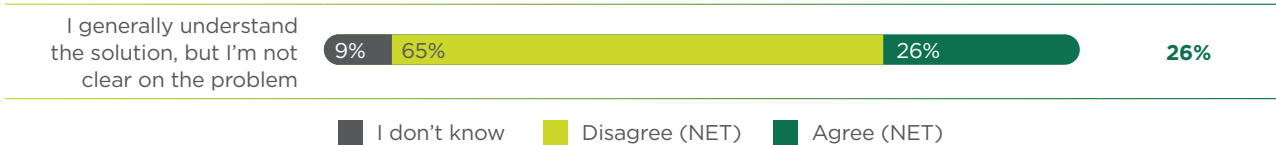
The good news is that the charitable sector has improved on last year in articulating the problem, outlining the solutions and explaining what donations are being used for.

**When charities communicate with them, more donors than last year believe they're able to figure out what needs to be done.**

**Agreement with the following statements:**



**Yet 26% of donors still don't understand the problem, and this percentage rises to 31% of under-55s.**



When we are communicating with donors, it's critical to be clear about what the problems are, what the solutions are and how the work impacts that.

We know people only ever give to solve a problem. Without that, why would they donate at all? But we also know people want hope and to feel their donation will make a difference. Striking that balance is critical, and being clear about the impact their support will make is as important as explaining the problem itself.

## There's an opportunity for clarity in the "why"

Charities with a fundraising proposition that clearly articulates the BIG problem they exist to solve (their 'why') seemed to have fewer donors who are interested in being able to choose where their donation is directed.

These donors are clear on what they are donating toward and have a higher level of trust overall. They're also happy for the charity to use their donation where the need is greatest to solve the problem.

These donors were more likely to be seen in files of charities who were much clearer about their WHY than their HOW.

Where the fundraising proposition isn't ultimately clear, confused or trying to do too much, donors seem more interested in supporting specific areas of work or specific projects.

This can cause issues when delivering relevant experiences. For example, a donor might ask: "If I am donating to a heart unit in a hospital rather than the hospital overall, I will want to have communications about that heart unit at some point in my journey."

The simpler and clearer the overarching fundraising proposition, the more aligned all donors will be on the ultimate goal, and the easier the journey design!



**Q16**

# What’s causing people to choose an organization as their favourite charity?

Last year we explored the impact of favourite charity status, and concluded that donors who say a charity is their favourite are key “super supporters” with a clearly increased lifetime value potential.



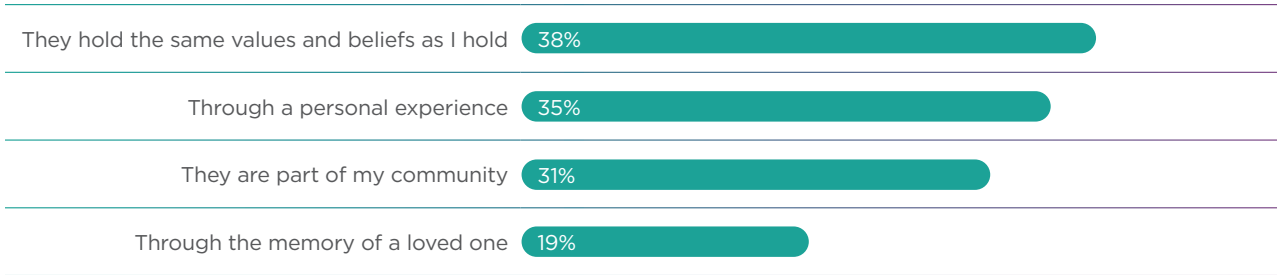
Donors with **favourite charity status** were more than five times more likely than other donors to consider a legacy gift.

Monthly donors were more likely to say an organization was their favourite, but we have not seen the same correlation with higher-value donors, **which has led us to question what really contributes to this status.**

This year, we’re asking: **How do we get them there?** Is there something specific we can do to get people to say we’re their favourite?

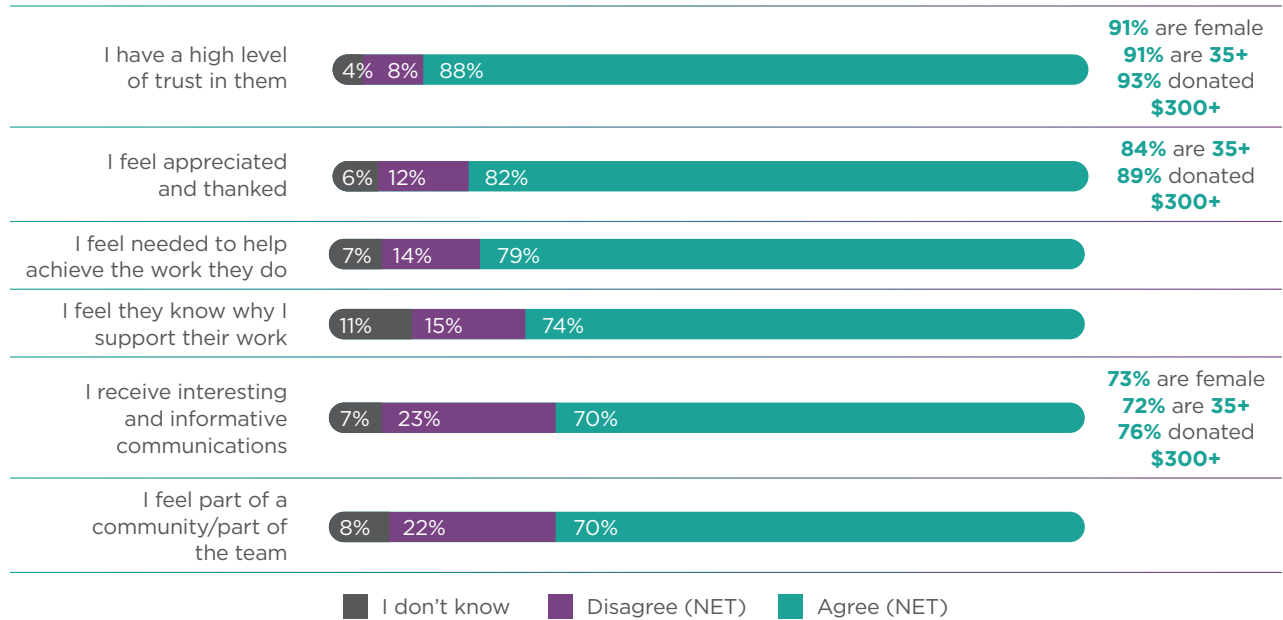
We know favourite charity status translates to loyalty and increased lifetime value, so we wanted to explore what elements contribute to an experience that moves donors toward that status. When we asked donors in the Leger research, the top answer was once again focused on values and beliefs — even more so than personal connection.

### Personal connection to a favourite charity



**Trust is the No. 1 indicator for favourite charity.**

**Agreement with the following statements as it pertains to favourite charity:**



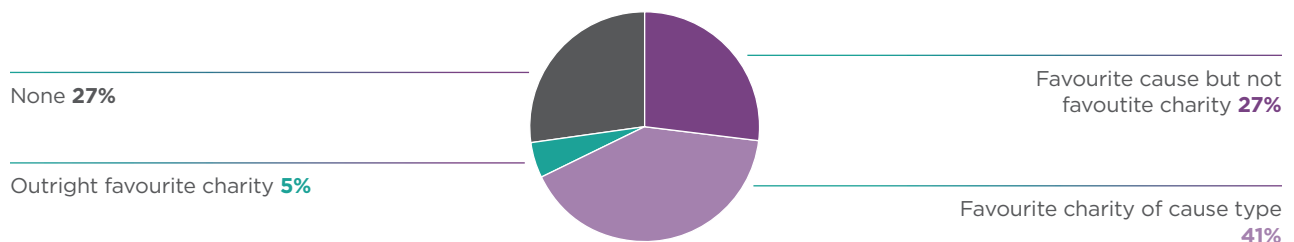
Thanks and need were also both in the top three. Feeling appreciated, feeling needed, feeling the charity knows why donors support their work ... it's all these things, but trust really comes out on top, and it's especially important for older donors.

We know impact also plays a big part in favourite charity status, but we wanted to explore if there was a difference between impact and donation achievement.

What we found was a very high level of people knowing what their donation achieved in connection with their favourite charity. In fact, **53% of donors with favourite charity status said they had been told what their donations achieved.** We can see this as a potential quick win to elevate favourite charity status.

**This was especially prevalent among high-value and older donors.**

**Are some donors more likely to move into this favourite charity status?**



When we looked at our donor affinity research, we found that on average, 27% of donors said the cause was their favourite, but that the charity in question was not.

We know favourite charity is partly to do with connection and partly to do with experience. So we can assume that for donors who favour another charity of the same cause type, an elevated experience could move them to favour the charity in question.

# Q17

## How do we maximize mid-level giving?

We know a lot about mid-level donors from our 2022 research.

Mid-level programs have grown substantially during COVID-19 and these mid-level donors have been absolutely pivotal in the last two-and-a-half years so it's critical to keep looking for ways to engage them in an organized and inspiring fashion that drives higher levels of giving.

### Are pools of ML donors growing?

	2019	2020	2021	2022
<b>YOY Variance</b>	3.0%	4.9%	92.5	-4.0%

Overall across all performance metrics, we've seen a dramatic (278%) increase in the proportion of revenue being driven by mid-level (\$1,000+) donors. This significant increase has been driven by food banks, so when they are removed from the mix, there is strong increase of 34% in 2020, which has remained and in fact grown to some degree in 2021 and in 2022 to date.

This growth is pretty much consistent across all types of charities examined in this analysis, with growth rates ranging from 13% to 57%.

### What is driving this growth

The mid-level pools are growing, and this trend is largely due to two factors.

- The first is the steady conversion rates we're seeing for new donors migrating to mid-level, combined with the influx of new donors.
- The second is that the donors who drove mid-level growth in 2020 haven't faded away or downgraded their gifts in large numbers.

### How are the maintenance and renewal rates looking for COVID ML donors?

	2018	2019	2020	2021	2022
<b>Renewed Rate YTD</b>	41.42%	42.93%	50.79%	39.27%	44.86%
<b>Maintenance Rate YTD</b>	11.52%	12.17%	18.95%	12.45%	13.97%



Overall, both renewal and maintenance rates saw a surge in 2020 due to the pandemic, with increases of 25-50%. 2021 saw these rates decline to more typical pre-COVID levels, but given the massive influx of new mid-level donors, this is actually quite a positive trend with more than double the maintenance of mid-level donors year over year compared to 2018 and 2019. We are also seeing average gifts holding in 2022.

Interesting to note: There's been an uptick in conversion to mid-level (both \$500-999 and \$1,000+) for donors acquired from 2020 onward. This trend has not yet declined to pre-2020 levels despite the economic challenges starting to affect society.

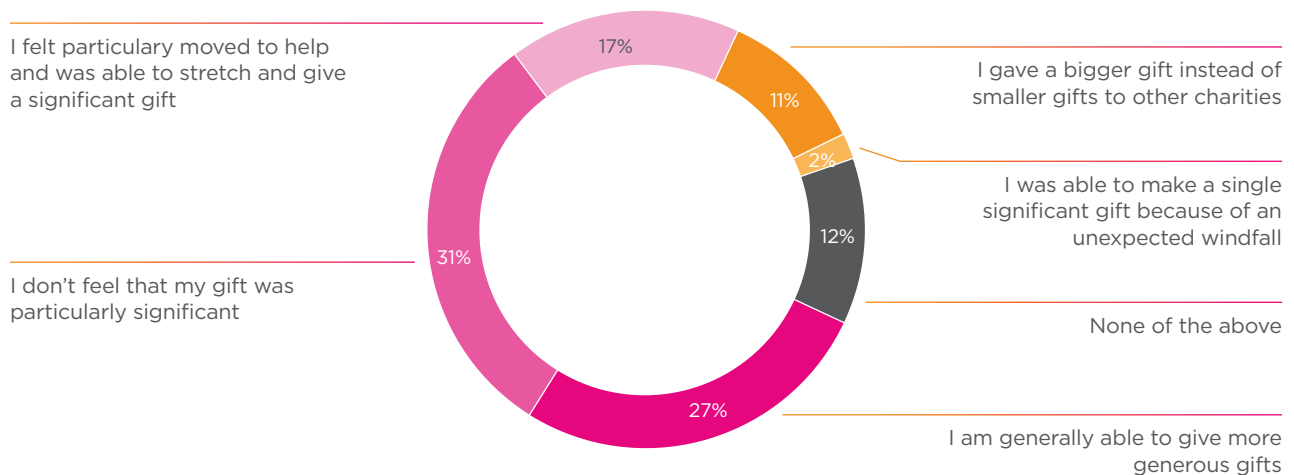
## So how do we maximize this opportunity?

The first thing that we need to recognize is that mid level donors are not the same. There is a big difference between a gift of \$1000 and a \$10,000 gift, and so the idea that one program for mid-level donors will suffice isn't ideal.

The second thing that will be crucial as we move into 2023 is to identify the donors who are giving at a comfortable level, a stretch level or a level that to them, doesn't feel particularly generous.

We explored the concept of perceived generosity in our mid level paper earlier in 2022, and this is the key to identification of those mid level donors who will retain and upgrade giving levels.

In our donor affinity research, we found that 31% of mid-level donors didn't feel their gift was particularly significant. That's a third of the mid-level file who could have given more!



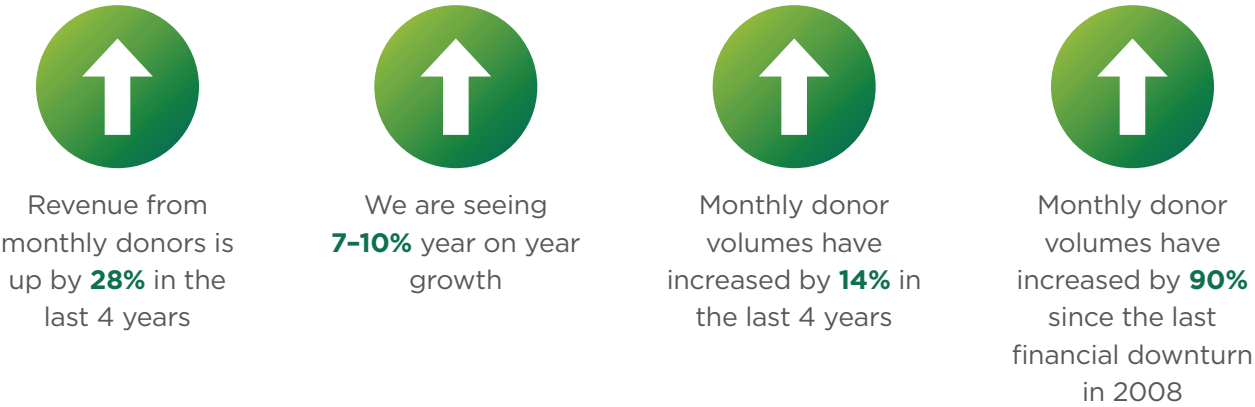
If we can **identify those mid-level donors who really don't feel their gift is that significant and deliver a journey optimized to migrate them to higher value**, this is a great opportunity for growth and future engagement.

**Q18**

# How important are monthly programs (and will they grow)?

Monthly programs are seeing a year-on-year increase of 7-10%. Since the last financial downturn in 2008, monthly donors have increased by 90%, making them a bigger contributor to overall income.

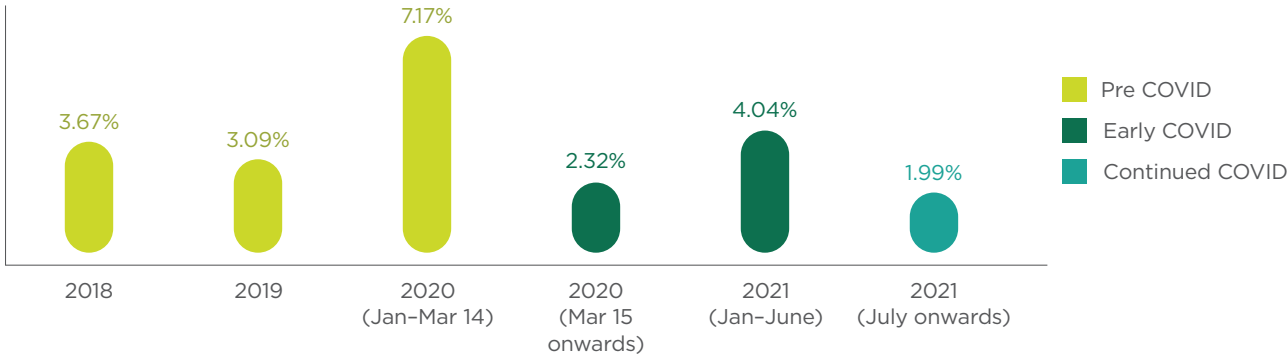
**Monthly programs are a bigger part of the pie**



So where will we see these important programs move to in 2023? And is the increased proportion of income coming from monthly giving a risk as more focus is put on our own personal budgets?

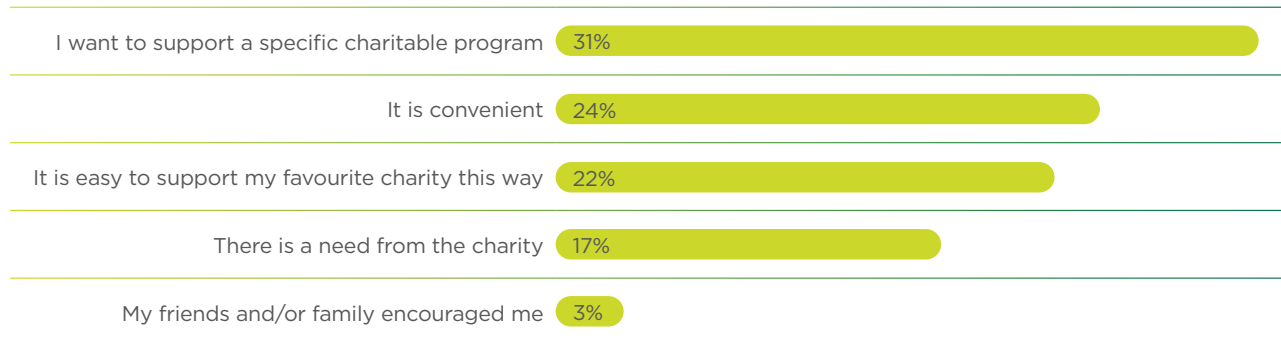
Monthly conversion rates saw a peak with donors acquired just immediately leading up to March 2020. For those donors acquired during the COVID-19 period, we're seeing conversion rates somewhat softer than prior years but still quite strong. Early indications for those acquired in the latter half of 2021 are trending toward where they were pre-pandemic.

**Are they converting to monthly at similar rates as pre-COVID donors?**



## A third signed up for monthly contributions to support a specific charitable program.

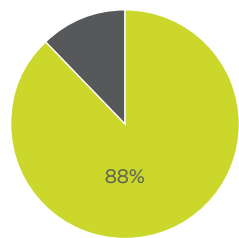
### Main motivation for donating monthly



People have really stepped into monthly giving, and our research indicates they're going to stay. Belief in the charity is the No. 1 reason these donors are renewing.

## Almost a third who plan to renew their monthly giving will do so because they believe in the cause.

### Reasons for renewing monthly contribution plan



Likely to renew monthly contribution



As we move through 2022, we're not likely to see big gains in monthly because organizations are not investing or prioritizing monthly donor engagement. But it will be more and more important to sustain monthly donors into 2023, and this represents an opportunity to invest in the monthly giving proposition and product in order to build the program. **The opportunity to better integrate email and digital into the journey for monthly donors will be important in building connection and engagement moving forward.**

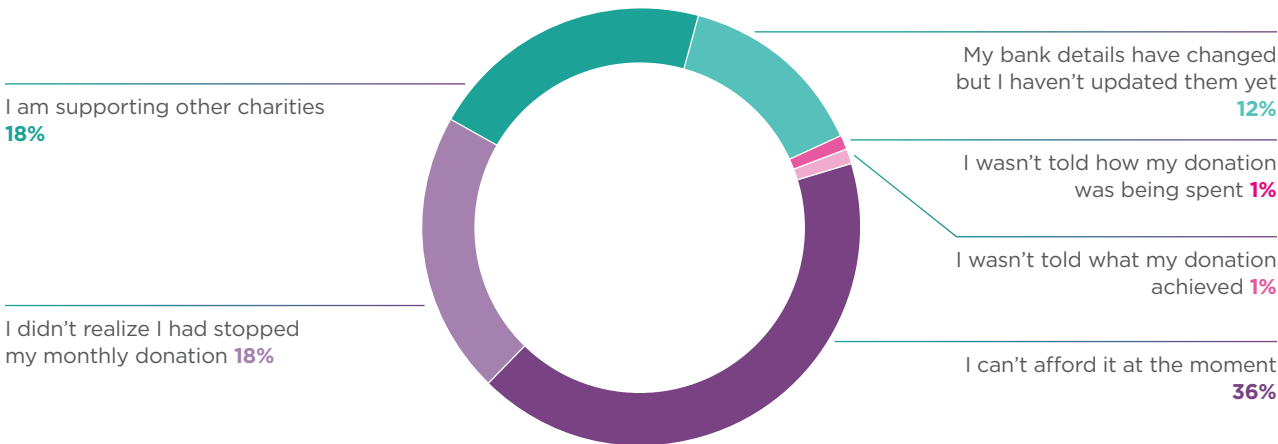
Monthly donors are some of the most loyal, supportive people who want to give more over time. They need our support. And the combination of monthly and mid-level deserves particular attention because of the potential for long-term value.

# Q19

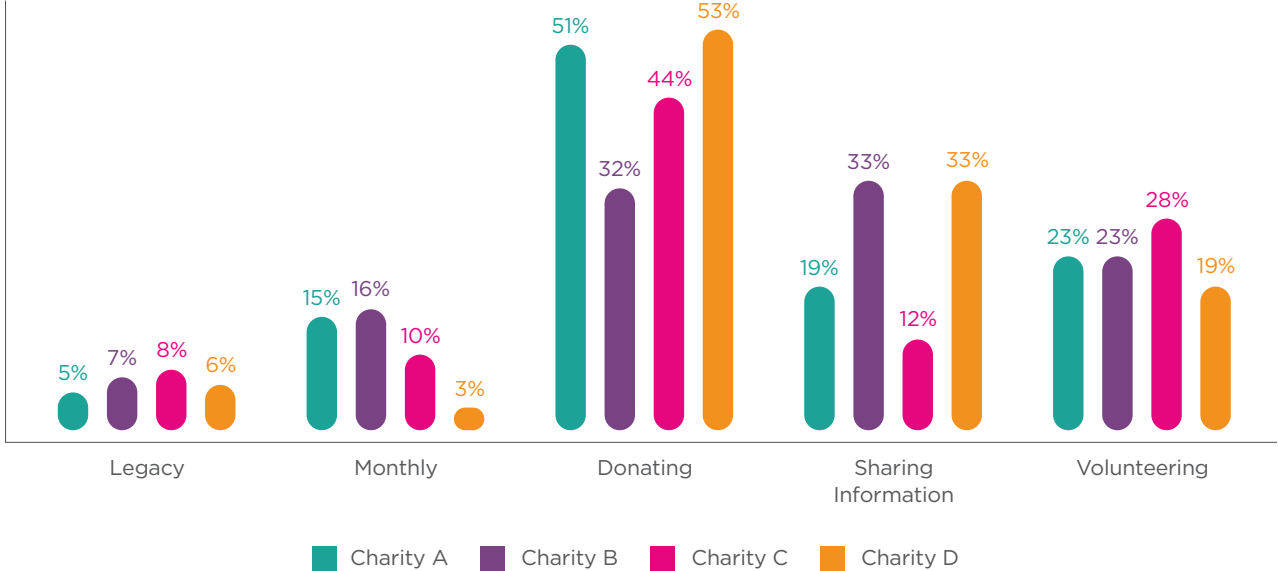
## How do we best re-engage lapsed donors?

The pandemic really demonstrated the willingness of people to give again if the ask is right. Looking at special opportunities to give and specially targeting these to lapsed donors is a smart way to engage. But why are people lapsing in the first place?

**Often the reason donors give for lapsing is as simple as they haven't been asked or they don't remember being asked** — which means they're either not receiving solicitations or the engagement they have received has not cut-through.



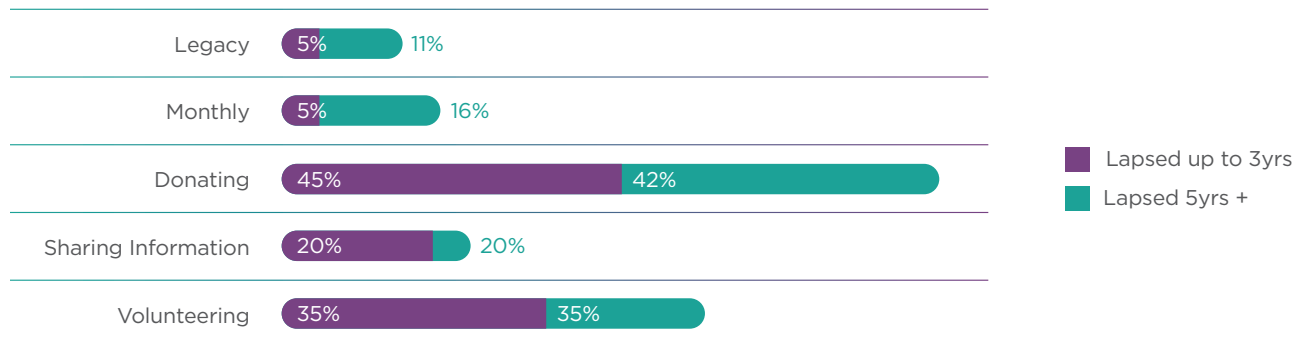
And does that donor even see themselves as lapsed? If someone hasn't given in two years they might actually still see themselves as a supporter of that charity. We see this consistently on our affinity surveys: really engaged lapsed donors who behave like current donors. They are passionate about the cause but just have not given in the timeframe that we deem to be active. So how do we re-engage?



Even something as simple as a response to a survey is a good indication the donor still has some affinity. We are seeing lapsed response rates vary from less than 5% to over 10% — and where higher response rates are seen, the donors are almost as engaged as active donors.

In terms of re-engagement tactics, financial asks appear to be as effective as non-financial asks to reactivate. Matched funds and merchandise are also popular ways to re-engage lapsed donors, as are lottery asks.

In our affinity work, we’re finding that “longer” lapsed donors are less inclined to respond to non-financial asks and more inclined to donate monthly or consider a legacy gift than shorter lapsed donors. This may be due to a change in financial circumstances or personal experience that deepens connection.



One thing that is certain: donors who have not given should not be discounted. They are a viable source of revenue, but we have to recognize them. It’s as damaging to talk to them as if they gave recently as it is to put them into a cold acquisition campaign as if they never gave at all! The real key to engaging lapsed donors is to recognize them and make future communications relevant to them.

## Q20

# Are there any other hidden opportunities in our database for growth?

We know there are, and we've talked about these throughout this paper:

- Lapsed donors
- Younger audiences
- People with close connections to a charity
- People with a favourite charity

But there is one pocket of donors that for some reason seem to be far lower down on priorities, yet with the right attention and investment, they could be a hidden pot of opportunity.

## The mystery of the in memory donor

Sometimes we're seeing up to a third of donor files (with in-memory donors removed), self-select as having first given in memory or in tribute of someone. In some instances, lapsed files are up to 10% more likely to have given in memory.

	FULL FILE
Because I believe it's the right thing to do	33%
Because I may need them in the future	15%
In memory of a loved one	32%
In thanks or gratitude	16%

We know in-memory donors have great potential when treated the right way, so identifying these donors as soon as possible and delivering a retention-optimized journey represents great opportunity.

When we look at the potential of these donors, they're more likely to be interested in legacy giving than other donors, but they feel less aligned with values than other donors and feel less need.

In order to better engage them, we need to first recognize that they are within our regular donor base, and then design ways to identify them and provide them with a more relevant journey.

In-memory donors have a low renewal rate. But if we don't know they're in-memory, how do we communicate with them the right way? Identify them as soon as possible so we can switch to a more optimized journey. Once we get in-memory donors to give again, they're worth more, and more likely to give legacy donations and go on to be extremely strong lifetime value donors in our programs.

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# Key Learning From Our 20 Questions

As with all insights endeavours, we often end up with more questions when we delve into different areas of focus for charities – but we feel we have identified some really strategically important insights that can help us as we plan for 2023 and beyond, including:

- Donors are positive about the sector, the role they play in it and their ability to donate in the next year. They trust us more than ever so it's important we maintain that trust.
- The pandemic is a stepping off point to engage people in giving – particularly with a link to solving problems related to health. Problem and solution is key – people need to understand both to give long-term.
- Age continues to be key to understanding audience needs – the over 55 donors are different in motivation and needs to the under 55, so we need to get a handle on age in donor groups in order to better engage and deliver relevant journeys.
- Online donors are the same as regular donors in their motivations and needs – they just gift online so integration is key – and will deliver more revenue.
- Short content in the mix is vital to engaging people – the right content at the right time for each audience drives renewal and upgrading.
- Aligned values is a key motivator for donors – make sure you have clearly communicated values and are using these to connect. Hope, pride and generosity are all playing a role in giving and can be leveraged in your journeys to do more.
- And last, the specialty audiences in your program: mid value, monthly, tribute, lapsed & legacy all need attention and focus. Prioritize them based on your overall objectives but ensure you are asking the key questions that allow you to really see their full potential now. They are key to the future of a diversified revenue base and long-term revenue.

## ASKING THE RIGHT QUESTIONS

Where do we start in our own programs? We start with being curious – asking a lot of questions – some which you may not have answers to right now but which can form areas of focus for data collection, research and engagement with donor groups in the future.

These key questions will help you to better understand your own opportunities and challenges, and help you shape your strategies. 2023 is a key time in our philanthropy programs as donors change who they are giving to and how they are choosing to support – so ensuring your charity is meeting donors where they are on the journey is vital to success.

2023 is going to be a pivotal year bridging back from the pandemic to our core causes and engaging new audiences in our missions. We can't wait to see the questions you ask and the answers that await.

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# Questions and contact

If you have more questions than answers, don't hesitate to reach out. We are always happy to have a conversation about your more challenging areas and sometimes by asking the right question and expanding the group of people who are unpicking the insights, new solutions and innovative approaches emerge.

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