Revealing the voice of the donor in philanthropic giving

GuideStar Webinar | May 2016
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Revealing the voice of the donor in philanthropic giving

GuideStar Webinar | May 2016
Who’s presenting

Hope Neighbor
Partner, Camber Collective

Caryn Stein
VP, Communications and Content, Network for Good

Alison Carlman
Director of Marketing and Communications, GlobalGiving

Cody Cassady
Outreach Associate, GuideStar (Moderator)
Fundraising is hard

- For every 100 new donors gained in 2014, participating nonprofits lost 103\(^1\)
- Donors report feeling over-solicited—but frequent solicitation appears to work
- Half of chief fundraisers plan to leave their jobs in the next 2 years\(^2\)

What we’ll explore today

– Why Americans’ giving is stuck
– Key opportunities to change donor behavior
– How you can use this research---to start a new conversation with your donors and revitalize American giving
$FG 2015 Methodology

**WHO WE TARGETED**

People with household incomes (HHI) over $80K, who represent the top 30% of US HHs in income and make 75% of charitable donations from individuals.

50% of survey respondents were people with HHI over $300K, due to their disproportionate share of charitable contributions and investments.

**HOW WE RESEARCHED**

1. Literature review
2. Qualitative research: focus groups and interviews with ~50 people
3. Quantitative research: online survey of 3,000 people

**WHY $FG 2015 IS UNIQUE**

**Behavioral Focus:** The research looked into donor actions, not simply stated preferences. It also forced participants to make trade-offs to mirror real-life decision making and minimize pro-social responses.

**Breadth and Depth:** The survey is unique in the number of respondents and the amount of information covered.

**High Net Worth:** Half (1,500) of the respondents had HHI >$300k, making this one of the most robust surveys of wealthy individuals.
The Research
$FG 2015 rationale: Americans’ giving has not increased since the 1970s

There is stasis in the giving landscape, net of everything the sector has done until now. Doing more of the same will not drive meaningful change in donor behavior.

1. Giving USA, Lilly Family School of Philanthropy at Indiana University, 2014
Americans give (back) at high rates…

According to our survey:

- 71% of donors thought about how much to give in 2014
  - 19% had a budget
  - 51% had a general idea of how much they’ll give
- 69% of donors volunteered at least once every other month in 2014
- 23% of donors attended at least 3 nonprofit events in 2014

Thought about giving: 71%
Volunteered: 69%
Attended events: 65%
Raised money: 40%
Served on a Board: 21%

95.4% of American households give to charity

BFG 2015 Quantitative Survey Questions 21-24 & 26—“In 2014, I… (multiple choice response)”
...believe that it’s critical to give back…

QUALITATIVE RESEARCH FINDINGS

• For many donors, giving is a responsibility and part of the social contract.
• Giving feeds donors’ feelings of connection to their community and to others and builds their sense of self.
• Donors’ commitment to giving is rooted in values they learned in their childhood, families, communities, or religious traditions.
• Donors seek to develop values and a practice of giving in their children, and to live up to these values.
• Donors feel more responsibility to give back if they see themselves as more fortunate than others.
• Donors are very critical of those who do not choose to give, especially gifts of money, calling them “self-centered,” “selfish,” or a “scrooge.”

“Everyone has their oar to pull.”

“My parents ingrained in me to always help others. Giving is not something I take lightly.”
…and have strong norms around giving

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### Quantitative Research Findings: Donors Agree that…

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Somewhat Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is important to give back to my community and family</td>
<td>26%</td>
<td>32%</td>
<td>26%</td>
</tr>
<tr>
<td>My giving makes a difference</td>
<td>30%</td>
<td>29%</td>
<td>18%</td>
</tr>
<tr>
<td>Everyone has a responsibility to give</td>
<td>27%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>I have enough income and assets to give comfortably</td>
<td>33%</td>
<td>25%</td>
<td>12%</td>
</tr>
<tr>
<td>I have confidence in nonprofits and the work they do</td>
<td>33%</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>My parents taught me the importance of giving</td>
<td>25%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>I feel guilty for not giving enough</td>
<td>28%</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>I give to nonprofits to teach my children importance of giving</td>
<td>24%</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Giving is central to my life</td>
<td>23%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>I go out of my way to give</td>
<td>25%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>I prefer to give to well-known, “name brand” nonprofits</td>
<td>19%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>The issues nonprofits address are too big for me to help solve</td>
<td>15%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>I like to be the first to find a new cause or nonprofit</td>
<td>11%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Others are giving enough to solve the problem</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: SFG 2015 Quantitative Survey, question 29—Rate your agreement with this statement from 1-Strongly Disagree to 6-Strongly Agree.
So why haven’t giving levels changed in 40 years?

Donors...

- Have high satisfaction in giving, across all age groups
- Lack trust in nonprofits and beneficiaries
- Feel overwhelmed or ill-equipped to make good giving decisions
- Have limited insight into how their giving measures up
1. Donors are satisfied with their giving

Donors Who Were Satisfied with Their Giving Experience in 2014

- 78% for 18-24
- 75% for 25-34
- 80% for 35-44
- 76% for 45-54
- 85% for 55-64
- 83% for 65+

AVERAGE SATISFACTION = 79% OF DONORS

Source: SFG 2015 Quantitative Survey Question 27a
2. Skeptical of nonprofits and beneficiaries

<table>
<thead>
<tr>
<th>Top Donor Concerns</th>
<th>Percentage</th>
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<td>How the organization uses my $</td>
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<td>I feel hassled by the frequency of solicitations</td>
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<td>I am not sure who benefits from the work a nonprofit does</td>
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<td>Nonprofits always seem to be in crisis</td>
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<tr>
<td>I don’t have enough info to make a good decision</td>
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<td>2%</td>
</tr>
<tr>
<td>I don’t have any specific concerns</td>
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Source: SFG 2015 Quantitative Survey Question 34—“Do you have any concerns when giving to nonprofits?” & SFG 2015 Focus Groups

“If you have an extra hour, they [nonprofits] will find a way to take it.”

“There is a fine line between helping and enabling. I think about that when I think about giving to homeless people.”
3. Overwhelmed and frustrated by the giving process

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Source: SFG 2015 Quantitative Survey, question 34—“Do you have any concerns when giving to nonprofits?” and SFG 2015 focus groups

“It’s one cause after another, and you have to pick and choose and do research.”

“That’s why I try to volunteer, because it’s the easiest way to understand how the nonprofit works and if they are good.”
4. Believe they give more than they do

On average, 75% of donors feel they gave the same or more than others. In reality, the majority of donors give in line with the median of 0.4%, not the average of 3.6%.

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**Donors’ Perceptions of Their Giving Relative to Others vs. Reality**

- **Reality**: 72% give less than average.
- **Perception**: 75% think they give more than or the same as average.

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Source: SFG 2015 Survey, question “Relative to others like me, in the last year I feel…”

Note: NCCS, “Total Contributions as a % of AGI”: $75-100K: 3%; $100-200K: 2.6%; $200-250K: 2.4%; $250K-1M: 2.5%; $1-2M: 5%; $2-5M: 3.2%; $5-10M: 3.7%; $10M+: 5.9%; Total: 2.9%
As a result of these dynamics, donors keep comfortable, familiar giving habits.

High Levels of Loyalty to Primary Causes\(^1\)

Low Levels of Research\(^2\)

Prefer to Give to Well-Known Nonprofits\(^4\)

Only 13% of donors intend to give to different nonprofits next year.

- Only 13% of donors intend to give to different nonprofits next year.
- $FG 2015 Quantitative Survey, question 27a. Did you also make a gift to this organization in 2013 and plan for 2015?
- $FG 2015 Quantitative Survey, questions 13-20. Did you spend time researching this or any other organization? Please list all types of information you were looking for. What were your primary reasons for doing this research?
- $FG 2015 Quantitative Survey, question 10. Please rate your agreement with the following statement. “I prefer to give to well-known, “name brand” nonprofits”
There is an untapped opportunity to change behavior

Donors are willing to increase or shift their giving by $47B if their needs are better met.

1. Loyalty and switching determined on the basis of donors' certainty about future gifts and their historical giving patterns. Details in appendix.

Note: In 2013, individuals gave $241B to charity. An estimated 75% of individual donations came from those with HHI of $80K+ per year.
Three ways to change individual donors’ behavior

<table>
<thead>
<tr>
<th></th>
<th>REFRAME GIVING</th>
<th>TARGET DONOR SEGMENTS</th>
<th>CORRECT MISPERCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Objective</strong>: Inspire donors to re-engage in philanthropy, by acknowledging their concerns and painting a new vision of philanthropy.</td>
<td><strong>Objective</strong>: Choose donor segments that are a good match for your organization, and shape your complete donor experience to meet their needs.</td>
<td><strong>Objective</strong>: Experiment with different ways to make donors aware of how much they give and how often they intentionally change their giving.</td>
</tr>
</tbody>
</table>
### 1. Reframe American giving

| Culture of Giving |  
|-------------------|--------------------------------------------------|
| **DYNAMIC**       | Donors should intentionally change a giving behavior once a year.  
|                   | *Giving shouldn’t be a chore; it should be a tradition that we seek to refresh and renew.* |
| **CONNECTED**     | Connection is a precondition for empathy, and provides a point for attachment.  
|                   | *Creating a feeling of connection helps people and places we don’t know to feel familiar—and worthy of our giving.* |
| **SIMPLE**        | Giving should be straightforward and easy to do, not frustrating.  
|                   | *Problems may seem complicated but the act of giving should not be.* |
| **JOYFUL**        | Joy drives and reinforces why donors give.  
|                   | *Communications should inspire make donors to want to give, not make them feel that they have to.* |

**Using these elements, we can reframe giving and revitalize the American giving tradition**
But don’t ignore the elephants in the room

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>Concerns</th>
<th>Misperception</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="handbook.png" alt="Handbook icon" /> Have high satisfaction in giving, across all age groups</td>
<td><img src="lock.png" alt="Lock icon" /> Lack trust in nonprofits and beneficiaries</td>
<td><img src="books.png" alt="Books icon" /> Feel overwhelmed or ill-equipped to make good giving decisions</td>
</tr>
</tbody>
</table>
2. Target donor segments

5 segments of donors, each with discrete needs, attitudes, and behaviors around giving

- **THE CONTENTED BENEFACCTOR**
  - John
  - 20% of donors
  - “Giving has been part of my life for some time, and it makes me happy.”

- **THE BUSY IDEALIST**
  - Jill
  - 15% of donors
  - “I try to find the time and money, and I wish I could do more.”

- **THE CAUTIOUS STRIVER**
  - Jacob
  - 14% of donors
  - “I want to pay it forward, but I’m not yet in a position to do so.”

- **THE UNAWARE POTENTIAL**
  - Jennifer
  - 28% of donors
  - “Giving is just not a priority for me.”

- **THE UNENGAGED CRITIC**
  - James
  - 23% of donors
  - “I have the money but I don’t see the point in giving.”

1. Based on analysis of 2,900 donors’ needs, attitudes, and behavior around giving.
Each donor segment requires a different giving experience

<table>
<thead>
<tr>
<th>Segment</th>
<th>Attitudes</th>
<th>Behaviors</th>
<th>Largest Barrier</th>
</tr>
</thead>
</table>
| CONTENTED BENEFACTORS | **20% of donors**  
“Giving has been part of my life for some time, and it makes me happy.” | • Highly satisfied with his giving  
• Gives back more than others  
• More likely to believe he gives less than others | High satisfaction with giving |
| BUSY IDEALISTS    | **15% of donors**  
“I try to find the time and money, and I wish I could do more.” | • Giving has played an important role in her life  
• Gives and is engaged more than average  
• Researches often | Feeling overwhelmed |
| CAUTIOUS STRIVERS | **14% of donors**  
“I want to pay it forward, but I’m not yet in a position to do so.” | • Strongly believes in giving back  
• Gives back on average  
• From a modest background | Concerns about not being equipped to make a good decision or give |
| UNAWARE POTENTIALS | **28% of donors**  
“Giving is just not a priority for me.” | • Giving is not something she thinks about  
• No major concerns about giving but gives less and is less engaged than average | Not aware of how giving measures up |
| UNENGAGED CRITICS | **23% of donors**  
“I have the money but I don’t see the point in giving.” | • Giving is not important  
• Gives and engages significantly less than others  
• Skeptical about nonprofits, dissatisfied with giving | Lack of trust in nonprofits and beneficiaries |
Highest potential segments = Busy Idealists, Cautious Strivers, Unaware Potentials

<table>
<thead>
<tr>
<th>Segment</th>
<th>Potential Opportunity by Segment ($B)</th>
<th>Opportunity Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contented Benefactors</td>
<td>$3.0/6.0/9B</td>
<td>Smaller opportunity: they are satisfied with their giving behavior</td>
</tr>
<tr>
<td>Busy Idealists</td>
<td>$7.0/5.0/12B</td>
<td>High opportunity to increase/shift giving: they have good intentions and are confident in their giving</td>
</tr>
<tr>
<td>Cautious Strivers</td>
<td>$4.0/8.0/12B</td>
<td>High opportunity to increase/shift giving: they recognize their current capacity to give and give more thoughtfully</td>
</tr>
<tr>
<td>Unaware Potentials</td>
<td>$6.0/6.0/12B</td>
<td>High opportunity: lower opportunity per respondent, but large total opportunity due to size of segment</td>
</tr>
<tr>
<td>Unengaged Critics</td>
<td>$1.0/1.5B</td>
<td>Low opportunity: they do not see the value of giving</td>
</tr>
</tbody>
</table>

Source: FPG 2015 Quantitative Survey, questions 43-46
Using the segmentation---starting with the Segmentation Toolkit

Example: ‘Meet the Segment’ for Jill, the Busy Idealist

**Differentiating Demographics**

- **Female:** 64% vs 52% (Avg.)
- **Millennial:** 32% vs 25% (Avg.)
- **Religious:** 83% vs 77% (Avg.)

Giving has played an important role in Jill’s life. She was taught the importance of giving by her parents, and that sense has stayed with her. She tends to give more than average and is highly engaged with nonprofits through raising money, volunteering, or serving on a board.

Jill is also more likely to research than others. Although most of her giving remains local, Jill is the most open to giving internationally, compared with other donor segments.

Jill is more likely than other donors to say that she intends to increase her giving and is open to switching her giving to support new nonprofits or causes to support. Jill is confident in her giving, as she is most likely to feel that her giving makes a difference.

Nonetheless, Jill is more likely than other donors to feel guilty for not giving enough. She also feels overwhelmed, as she is highly stretched for time and feels financial pressure.

$FG 2015 report includes:
- Meet the Segment
- Segment by the Numbers
- Potential Offer Characteristics
- Messaging Concepts
Using the donor classification tool, available free online

Donors can also be classified qualitatively by applying available donor information in the analysis tool.

Download a copy of the Segmentation Survey and Analysis Tool at: [www.CamberCollective.com/MoneyForGood](http://www.CamberCollective.com/MoneyForGood)
3. Correct misperceptions

Donors’ Perceptions of Their Giving Relative to Others vs. Reality

- Show donors how much they give relative to average
- Show donors whether they are changing their giving (the way they give, the organizations to which they give) year over year

Source: SFG 2015 Survey, question “Relative to others like me, in the last year I feel…”
Note: NCCS, “Total Contributions as a % of AGI”: $75-100K: 3% ; $100-200K: 2.6%; $200-250K: 2.4%; $250K-1M: 2.5%; $1-2M: 5%; $2-5M: 3.2%; $5-10M: 3.7%; $10M+: 5.9%; Total: 2.9%
Using the Research
Questions for using the $FG findings

- **Reframing**
  - How can we create opportunities to talk with donors about why they give—and the ‘big myths’?
  - How can we incorporate the 4 elements of a revitalized giving culture into donor interactions?
  - Which specific pieces of planned content can we change, and how will we change them?

- **Choosing Segments**
  - Which 1 – 2 segments resonate most with our organization?
  - Do we serve these segments today?
  - If not—should we invest in ‘switching’ them? If so—how can we serve them better?

- **Donor Experience**
  - Depending on whether we serve our target segments already—should we make changes to donor acquisition, stewardship, or both?
  - What is our vision for a refreshed donor experience, based on our target segments’ needs?
  - What communications or activities should we plan for 2016/17, to meet target segments’ needs?

- **Learning**
  - In a few sentences, how would we describe the changes we are making, and why?
  - How will we capture what we learn in making these changes?
  - How will we decide when we should change our strategy or plans, based on what we’ve learned?
Donor-centric fundraising must:

- Tap into identity & reasons for giving.
- Be specific and relevant.
- Keep donors in the moment of giving.
- Make it easy to take action.
- Start the donor relationship off right.
Optimizing the Donor’s Giving Experience
Understand Your Segments

- Examine your campaign data
- Leverage giving trends and $FG findings
- Review how these segments are giving
- Create donor surveys and focus groups
- Assess your current donor’s journey
Shape Your Offer

- Map your supporters to $FG personas
- Build a donor experience for each segment
- Create targeted messages and frequent opportunities for giving
- Implement a communication calendar
- Point to relevant giving options and impacts
The Donor Experience

- Ensure consistent design and flow
- Offer no distractions
- Include images and video
- Reinforce story and motivations for giving
- Clearly illustrate the impact of a gift
- Examine how your stewardship addresses each segment’s needs
Make It Easy to Give

- Streamlined giving to match donor preferences
- Clean, clear language
- Adjust appeal calendar to encourage more frequent giving, increase annual/lifetime value
- Easy, simple journey and process
- Mobile-friendly options, responsive pages
- Illustration of how (and how much) others are giving
GlobalGiving is the first and largest global crowdfunding community for nonprofits.

### GlobalGiving Objectives

<table>
<thead>
<tr>
<th>1. BOLSTER OUR APPROACH TO REFRAME GIVING</th>
<th>2. FOCUS RESOURCES ON SPECIFIC DONOR SEGMENTS</th>
<th>3. HELP CAMBER TEST AND IMPROVE SEGMENTATION TOOL</th>
</tr>
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</table>
| • Aligned with other research we’re doing around the Narrative Project | • Donor retention for current and future donors  
• Not just demographics, but also behavioral and attitudinal attributes  
• Using trial results as a starting point for our content marketing strategy | • Help Camber test and improve the segmentation tool  
• Determine whether to recommend the resources to our own nonprofit partners |
First we surveyed our 160K opt-in newsletter subscribers using the $FG survey instrument. We used Typeform to host the survey and sent it out through MailChimp.

We ran the responses (N=1660) through the segmentation tool to assign each respondent to a segment.

With the help of the Camber team, we analyzed the respondents’ donation histories.

Now we’re looking to see if we can extrapolate learnings to the rest of our donor base.
GlobalGiving: Examples of lessons learned (1/2)

Cautious Strivers are our largest segment.

Contented Benefactors contribute the highest share of total donations.
GlobalGiving: Examples of lessons learned (2/2)

Cautious Strivers contribute a larger % of their donations to Africa than any other segment.
GlobalGiving: Next steps and lessons for other organizations

**NEXT STEPS**
- Test some of these hypotheses based on our findings
- Test out messaging recommendations with current and prospective donors
- Target different donation asks or user experiences to different segments across our entire donor base
- Camber has updated the segmentation tool, available online

**WHAT WE’RE LEARNING**
- There are many directions we can go with the findings
- This takes a team
- We have to fight the ‘important but not urgent’ nature of the work
Recap: How to change individual donors’ behavior

1. REFRAME GIVING
2. TARGET DONOR SEGMENTS
3. CORRECT Misperceptions

LEARN!
Report and resources available

LEARN MORE ONLINE

More information about $FG can be found at:

Money For Good Website

Sign up to hear about partnership opportunities and additional resources:

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