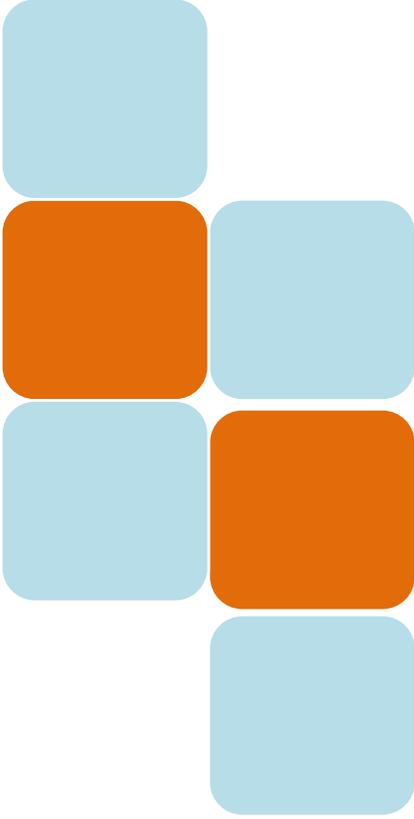


2011

INCLUDES THE 2011
SUPPLEMENTARY
SURVEY



The Cygnus Donor Survey

Where philanthropy is headed in 2011

CANADIAN RESULTS

Penelope Burk

OCTOBER 2011



TORONTO | CHICAGO | YORK, UK
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My reasons for giving have to do with a personal commitment to the notion of community, to my belief in supporting worthy causes, and to my philosophy of service. Though my salary has never been substantial, I recognize that I have been extraordinarily lucky. Much of that luck has little or nothing to do with me personally – my parents made sure I got a good education, and I was fortunate to be born with basic intelligence and a fair bit of ambition. There have been obstacles, of course, but overall I feel I am indebted to society which has been so good to me. Not everyone has had the advantages that I have had, and if I can share some of mine with my community, it is a small step towards a better world.

- 2011 Cygnus Donor Survey respondent

The Cygnus Donor Survey...Where Philanthropy is Headed in 2011

Penelope Burk

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Survey Methodology and Data Analysis: Haihong Wang, PhD

Project Coordinator: Amanda Diletti

Research Assistant: Joy Uson

Research Assistant: Lauren Stephens

Report Design: Amanda Diletti

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To order *The Cygnus Donor Survey...Where Philanthropy Is Headed in 2011* directly from the publisher, please go to: www.cygresearch.com or email cyginfo@cygresearch.com or call Theresa Horak at (800) 263-0267.

For media inquiries, please contact:

Theresa Horak

t: (800) 263-0267

e: t.horak@cygresearch.com



Cygnus Applied Research, Inc.
69 John Street South, Suite 410
Hamilton, ON L8N 2B9
www.cygresearch.com
cygnus@cygresearch.com
(800) 263-0267

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The Cygnus Donor Survey

... where philanthropy is headed in 2011

EXECUTIVE SUMMARY

This is the third annual survey of North American donors by Cygnus Applied Research, Inc. and the second that includes Canadian donors. This survey is intended to chart the recent giving histories and plans for giving this year of people who contribute to charitable causes. The first Cygnus Donor Survey was conducted in February, 2009, to gauge the giving intentions of donors who were contending with a severe economic recession. The findings were so important to not-for-profit organizations in shaping fundraising strategy, and so intriguing to donors themselves, that the project has continued as an annual snapshot of philanthropy and a forum for donors to express their views.

Survey Methodology and Respondents' Characteristics

The 2011 Cygnus Donor Survey was conducted between February 7th and March 6th. Approximately 552,000 donors who made one or more gifts in 2010 and/or 2009 were invited to complete an online questionnaire. Over 22,000 donors responded from all over North America, including 5,012 from Canada. 4,262 Canadian donors who started the survey answered all questions, for a completion rate of 85%. The margin of error in this study is +/- 1.48%, nineteen times out of twenty.

Cygnus reached such a large number of known donors by partnering with forty not-for-profit organizations from Canada and the United States. The makeup of our partner group, the methods they use to raise money, and their donors' giving patterns all influenced the overall profile of respondents. However, a key aspect of this study that makes its findings of universal interest is that donors' giving to the survey partners is not a focus of this research. Rather, The Cygnus Donor Survey investigates donors' philanthropy in general, including how it has evolved over several years and what will motivate donors' giving choices in the near future.

The 2011 Cygnus Donor Survey posed 94 questions, including several directed to donors with current or recent experience as members of Boards of Directors of one or more not-for-profit organizations. 767 respondents (18% of the full respondent contingent) qualified for this part of the survey.

Besides answering set questions, respondents had several opportunities to provide their views through open-ended comments. Cygnus received over 12,000 unrestricted comments from donors on philanthropy and fundraising.

The statistical findings and opinions of Canadian donors are reflected in this report. American donors' responses have been summarized in a separate publication.

Giving is very important to me and I have chosen to keep working beyond 65 so that I can continue to give to the organizations whose work I am strongly committed to supporting. Many people talk about maximizing returns on their investments. I like to think of investing in the lives of those less fortunate than I as the ideal investment -- the returns in health, education, sustainable livelihoods, simple joy in living, and other benefits, are incalculable.

Respondents' Characteristics

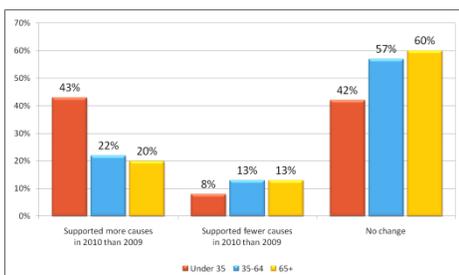
The Canadian respondent group displayed the following characteristics: 56% female; 14% were under the age of 35, 62% between 35 and 64, and 25% were age 65 or older; respondents were more likely to be "professionals" (31%) or retired (32%), and highly educated, with 69% having at least an undergraduate degree. On religious conviction, the largest proportion of respondents classified themselves as neither actively religious nor not at all religious, but "somewhere in between" or spiritual (49%).

Demographic and gift history information made it possible for Cygnus to measure data in many ways. Some of the most interesting and useful data for fundraisers resulted from analyzing questions by these key criteria:

- Age (under 35; 35-64; 65+)
- Religious conviction (actively religious, not at all religious, spiritual or "somewhere in between")
- Generosity in 2010 (6% of respondents gave over \$10,000 last year)

How Donors Gave in 2010

More than half of survey respondents supported the same number of causes in 2010 as they did in 2009, but 24% supported more causes while only 12% supported fewer. Younger donors were much more likely to have added to the number of causes they supported than were donors over 35 years of age. Despite the upward trend, it is important to also look at the difference in number of causes supported between the oldest group of donors (over 65) and those of middle age (35-64). It is significant, with 25% of the survey's oldest donors supporting 20 causes or more last year, versus 6% of donors between 35 and 64 who did so. This has important implications for not-for-profits who rely heavily on volume-based fundraising programs such as direct mail. Participation in these programs is declining for a number of reasons, but the philosophical decision to support fewer causes is a major contributor.



Comparison of Number of Causes Supported by Age

The number of causes supported is not necessarily related to the amount of money given but, in fact, giving also increased in 2010, and the difference was substantial. 45% of survey respondents gave more money to charity in 2010 than in 2009 while 42% gave approximately the same. Only 11% gave less. The trend towards giving more was especially evident among younger donors, those earning the highest incomes

(over \$200,000) and those who gave most generously (over \$10,000 in 2010).

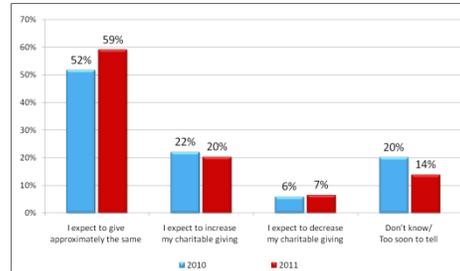
31% gave more in response to one or more emergencies; while 26% of those who gave more last year than the year before attributed their ability to do so to stable or improved financial circumstances. Older donors were more likely to give more out of a sense of altruism, whereas younger donors referenced the impact that economic

I give what I can, but I am a full time student and have been for the past 5 years. I don't give large amounts right now, but I faithfully support a few organizations that I really believe in. It is my plan that this small giving (even though it will cost me double when paying back student loans) is good practice and will lead to continuing my support with more money once I am earning a real salary.

factors had on them personally. Among those whose giving declined, personal reasons such as change in marital status or supporting children at university were more likely to be the reasons for giving less in 2010 than in 2009.

Donors' Plans for Giving in 2011

There is considerable optimism among Canadian respondents in this year's study. 79% expect to give the same or more to charitable causes this year, while only 7% will give less. Once again, donors under the age of 35 were most likely to say they would increase their giving. The news is also good for donors whose philanthropy is substantial. 18% of the study's most generous donors (giving \$10,000 or more last year) plan to give more in 2011 while only 11% expect to give less.



How Donors Intend to Give in 2011

While the youngest donors in the study are most likely to give more this year, they are also currently giving less than their older counterparts. Of course, this is to be expected, but fundraising gears its energy and budget towards donors already demonstrating higher gift value while paying only minimal attention to those at the other end of the giving spectrum. These younger donors, currently giving less but very willing to give more, are more likely to be overlooked than stewarded.

Why Donors Give Loyal Over Time or Stop Giving Prematurely

Charities can only spend the *profit* derived from fundraising, and profit is increased by improving the retention of existing donors and influencing higher level gifts, not by increasing volume of donors. So learning what causes donors to stay loyal indefinitely to certain causes and give more generously helps fundraisers influence that behaviour in others.

82% of respondents said they have continuously supported at least one cause for five years or longer and that reputation and trustworthiness are primary factors in persuading them to remain loyal. But, 48% also said that "achieving and communicating measurable results" is a prominent feature of not-for-profit organizations that engender long term support.

Over-solicitation was the primary reason why donors stop giving, an issue that was also prominent in unsolicited comments by study donors.

"My priorities shifted to other causes" was the second most-reported reason cited by 37% of respondents who have stopped giving to one or more not-for-profits in the last two years. This waning enthusiasm is, to some degree, within the power of fundraisers to turn around. When communications to donors prioritize measurable results and are written in a compelling fashion, donor retention and gift value tend to rise.

The charities I support have evolving stories that showcase their flexibility in responding to real-life situations rather than trying to force reality to conform to their worldview. This ability to be aware, nimble and results-driven is what inspires me to give.

One of the great challenges is finding the right cause, and making sure that I'm not giving my money away to less than worthy organizations. Being personally involved helps me know where the money goes.

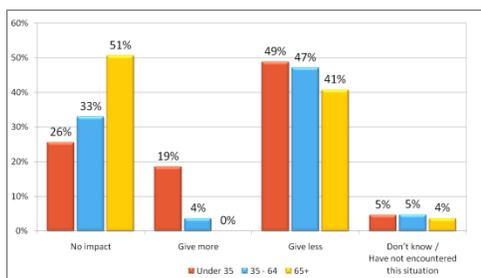
Some organizations have ways of being welcoming and gracious to those who give in larger amounts; some have tin ears. Who do you think gets more of my money?

Where Gift Transaction Is Headed

44% of respondents made at least one gift last year in response to a direct mail appeal. Not surprising, the older the donor, the more likely he/she was to respond positively to this form of fundraising solicitation. However, while two out of three donors who responded to direct mail appeals gave by transacting their gifts through the mail, 34% went online to the charity's website in order to contribute. This supports something that Cygnus has been seeing for several years – that there is a growing tendency among donors to take advantage of the various ways in which they can make a gift regardless of how they are solicited. This has significant implications for fundraising managers, especially regarding the performance evaluation of fundraising personnel, and the expectations for profit in “feeder” programs such as direct mail.

Overall, the Cygnus Survey has noted a continuing decline in donors' desire to transact their gifts through the mail; 23% of those who gave through the mail last year said they plan to give less this way in 2011 (less often, less money or both). Only 2% said they plan to give more through direct mail this year. The most common reasons for giving less or not at all through the mail were over-solicitation (73%) and excessive cost (48%). Cygnus has found donors to be increasingly sensitive about these issues, especially since the start of the recession.

While direct mail seems to be declining in popularity, online giving is on the rise – though it is important to remember that direct mail is often the impetus for giving online. 59% of survey respondents plan to make at least one gift online on a charity's website this year. Age is an important factor here, not only because (as expected) most young donors (69%) will give this way, but also because the majority of donors between 35 and 64 will give online (63%) as will 50% of the survey's oldest donors (65+), making 2011 our first survey year in which the majority of donors in every age category will give online.



Impact on Giving by Donors Solicited through Multiple Types of Fundraising Appeals

through any other mass marketing program. 36% of donors who prioritize giving online over other methods said that multiple forms of solicitation will not cause them to give more often or more generously, and an additional 36% said that soliciting them in ways other than online will actually persuade them to give less or stop giving altogether. Cost-effectiveness is a major reason why online donors prefer this way of giving, so it is understandable that drawing their attention to the higher cost associated with more traditional forms of fundraising will not produce the hoped-for response.

There are two profiles of online donors, though – those who give online as just one of several ways in which they transact their gifts (34%), and those who give online as a decided preference (64%). Among the latter, larger group, it appears to be counter-productive to solicit them

We have moved to ongoing monthly donations to charities that we feel are deserving. This saves them fundraising costs, reduces the requests to us, and gives the charity a more stable, predictable revenue source. This is our preferred method for supporting our top charities.

The best way I could sum it up is that if the organization is doing right by its donors, or really just doing good work in any area of societal needs, then all they have to do is make information about their work readily accessible (via internet/radio/etc.) and I think people will contribute in any way they can.

Token Gifts (Premiums)

At the request of donors in last year's study, Cygnus pursued a line of questions on token gifts in the 2011 survey. 72% of respondents have recent experience (within the last two years) receiving token gifts, or premiums as they are called in the industry. The overwhelming response was negative to questions concerning whether donors appreciated premiums, whether related or not to the work of the charity that sends them. As well, 73% said they do not want to receive token gifts of any kind so that as much of their gift as possible goes to the purpose for which they gave; only 13% commented favourably.

Fundraisers might well say that if token gifts can influence 13% of donors in a positive direction, then they are worth the negative comments from other donors. But it's not as simple as that. While it is difficult to pin down the specific thing that causes someone to stop giving, the high cost of fundraising is a major consideration for donors and a reason contributing to donor attrition, which now exceeds 90%. Assessing the long-term rather than the single campaign impact of any action is important in order to fulfill the objective of all fundraising, which is to hold onto donors indefinitely.

Social Media and its Impact on Giving

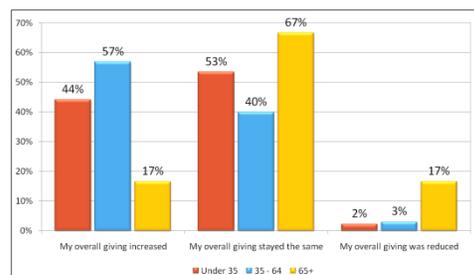
60% of Canadian Survey respondents have one or more social media accounts, but the majority of account holders (72%) does not follow any charities, even though all account holders in this study are active donors. However, among those who do follow one or more charities, 66% say they do so because the not-for-profit organization posts relevant updates on its work and 57% because the charity is an expert in its field.

While still nascent, a small percentage of followers (19%) said they were more likely to take an interest in following a not-for-profit organization if it appears on a friend's following list. Also still small in number but showing promise for the future, 21% of social media account holders have made a first-time gift after following a charity and 20% have been influenced to give again to one they already support through following.

It seems that giving through social media is not jeopardizing donors' other contributions. 50% said their overall giving increased as a result of following, while 46% said it remained the same. However, there is a moderating influence. Social media users who follow charities gave 18% less to charity overall last year than did social media account holders who do not

follow any charities.

The value of social media for fundraising is minimal today but is likely to be much more important soon when donors under 35



The Impact on Giving by Donors who follow a Not-for-Profit Organization's Social Media Site

Show us the work you have achieved. Do not send cards, pens, and other little gifts as incentives to give, or send multitudes of mail - these definitely annoy me.

I never realized before, until after giving to a well-run fundraising organization, how much of a difference it made to me to be acknowledged for my donation.

Show respect and spell the person's name correctly. There should be a particular step in the process of 'donor control' that guards against the misspelling of donors' names.

(86% of whom have Facebook accounts), develop a greater capacity for giving. In fact, having at least one social media account is increasingly the norm for donors over 35, too, so it is important for charities to be ready by being visible and active on social media and to market their presence.

Donor Communication

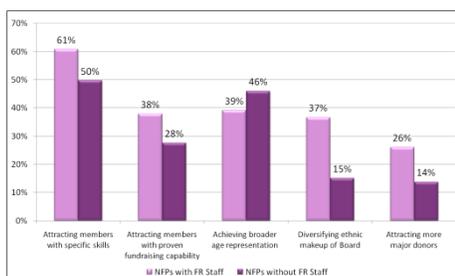
Communications technology preferences continue to shift among donors of all ages with 66% now preferring electronic over print communication. Even among the oldest donors in the study, there is more interest in receiving information electronically, particularly among donors 65 to 74.

Separating communication from gift transaction is key in capitalizing on donors' changing preferences. Communication is essential to establishing the desire to give, but any gift transaction method will do once donors have made the decision to contribute. There are barriers to giving online with some donors, especially when it comes to providing credit card information. This is not a consideration for online communication, however. It is the job of fundraisers to make the case for how electronic communication provides superior benefits *to donors*. This includes access to more, more up-to-date and more timely information, but especially better return on investment on every gift. The benefits to fundraisers are more cost-effective communications with built-in analytics on readership, popularity, and click through rates to other information.

Board Members and Fundraising

Donors say that "being asked to give by a leadership volunteer" influences them more than anything else to give and give generously. Last year's *2010 Cygnus Donor Survey* found that Board members were not confident about their effectiveness as fundraisers and unsure of their responsibilities.

The 2011 Survey expanded on this subject. 767 survey donors were also current or recent Board Members and, among them, 73% had direct or indirect responsibility for fundraising in their role as leadership volunteers. The group divided fairly evenly between board members serving organizations that employed professional fundraising staff and those that did not, and the findings of these two groups differed fairly substantially.



Membership Issues that Concern Boards

that giving was a requirement. Further, only one in three Board members surveyed

Some of the difficulties Boards experience can be traced back to Nominations Committees that do not function year-round and have loose or vague requirements of candidates regarding fundraising. On the issue of giving to one's own organization, only 30% of board members serving organizations *with* fundraising staff and 8% of volunteers on boards that have no fundraisers on staff, said

I want to be informed about how a donation is being used and not left to wonder if the gift is really making a difference.

What inspires me to give are stories of success: hearing about interventions that really save lives, improve lives, and make a sustainable difference.

Giving is a philosophy that must be handed down to our children. The younger generation is more a "me" generation and is losing the sense of giving. Youth must be involved in a meaningful way - not just because schools require community service hours. They must be stakeholders in the future of those less fortunate.

said there was a requirement that all members of the Board participate in fundraising in some way.

Only 13% of Boards represented in this survey evaluate their performance in fundraising, which contributes to the lack of clarity concerning their responsibilities and lack of commitment to raising money.

55% of volunteers said they received a Board package or manual when they came onto the Board, and the majority felt it was helpful. However, only 38% took part in any kind of orientation program for Board members, usually because no such program existed. Training “on the job” was also rare with only 27% having experienced any kind of fundraising training. Only 6% of respondents said there was an assigned budget for Board member training, though 48% said the funds would likely be found if the training were compelling and convenient enough.

Are Fundraisers Leaving Money on the Table?

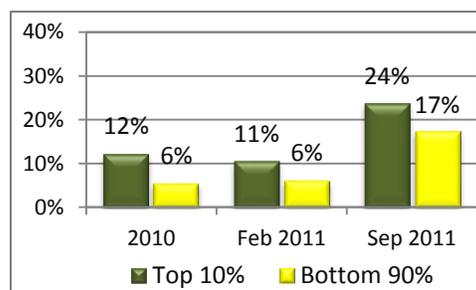
49% of survey respondents said that they could have given more to charitable causes last year and that they were holding their philanthropy back. This includes 54% of donors under the age of 35, 51% of donors 35 to 64 and 40% of those 65 years and older. There seemed to be opportunity to raise more money from every category of donors surveyed including the most generous givers in 2010, of which 44% said they held their philanthropy back last year.

Capturing that elusive next level of philanthropy is the issue, of course. This and previous years’ Cygnus Donor Surveys have been designed to bring the opinions and advice of Development’s “silent partners” – donors – into the discussion. It is their money, after all, and it appears that they are willing to give even more under the right circumstances.

Supplementary Survey, September, 2011

This Study, conducted in February, found more optimism among donors about both the economy and their giving intentions. By mid-August, however, the economic climate had shifted negatively once again. Cygnus conducted a supplementary study with almost 2,000 donors to find out whether they remained optimistic about their philanthropy amidst fears of a renewed recession. We found that the floundering economy had eroded donors' confidence and that their growing pessimism was statistically tied to their intentions for year-end giving.

The number of donors who plan to give the same or more in 2011 as they did in 2010 only dropped by 1% between February and September. However, the number planning to give less increased significantly from 7% to 18%. This is due to a large number of



A real dilemma for board members is knowing how to ask in a small community and not become the person that everyone runs from.

We've spent years collecting from the same group of people, who are also constantly asked to donate to other charities. We need to learn how to appeal to donors out of our normal sphere of influence.

I would like to have more training focused on developing a relationship with a potential donor, especially when it is well known that you are developing the relationship with the intention of making a financial ask.

"undecided" donors in February who, by September, were more decisive about their giving plans. Particularly significant is that 24% of the survey's most generous donors (top 10% by total giving in 2010), plan to give less now whereas only 11% of this group had expected to reduce their giving when surveyed in February.

Several recommendations appear at the end of the Supplementary Survey Report on how not-for-profits can fundraise most effectively in an unstable economy.