



The Cygnus Donor Survey

Where Philanthropy is Headed in 2010

Penelope Burk

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The Cygnus Donor Survey...Where Philanthropy is Headed in 2010

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In the boardroom, leadership volunteers are discussing a new idea for a fundraising event. The question on the table is, “Will our donors come?” Down the hall, the CEO and Development Director are debating the latest forecast. Their question is, “Will our donors give at this level?” Downstairs, the Communications officer is poring over the fourth draft of her newsletter and wondering, “Will our donors read this?”

Somewhere out there are the donors with the answers to those questions, just waiting to be asked.

That’s where we come in.

Penelope Burk
President
Cygnus Applied Research, Inc.

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Executive Summary

Survey Methodology and Respondents' Characteristics

Between March 8 and April 2, 2010, Cygnus Applied Research, Inc. partnered with forty-two Canadian and American not-for-profit organizations in the second annual Cygnus Donor Survey. (The first survey last year included American donors and charitable organizations only.) This ambitious research study reached out to more than 335,000 people with a known recent giving history to learn more about how they were managing their philanthropy and about their expectations of the charities they support. Over 15,000 donors from across North America responded, including 7,050 Canadians who answered questions about their recent giving experiences and longer term intentions, and what could influence them to be more generous this year than they had planned. Respondents also offered thousands of comments on a broad range of issues that affect their philanthropy, some of which appear in the margins of this report.

The makeup of our partner group, the methods they use to raise money, and their donors' giving patterns all influenced the overall profile of the respondent group. At Cygnus' request, partners encouraged their leadership volunteers and major donors to participate to enhance data in two sections of the survey, in particular. As a result, the study includes a robust number of high-performing individuals in giving and volunteering as well as donors more representative of the giving community as a whole.

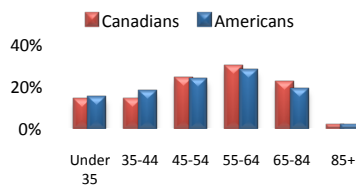
The statistical findings and opinions of Canadian donors are reflected in this report and, in many cases have been compared with findings from our companion study in the United States. This may be valuable for Canadian universities with ex-patriot alumni, for other Canadian institutions and charities that raise money outside Canada, and simply for Canadian fundraisers who may be interested in how their supporters' views compare with those of American donors.

The Cygnus Donor Survey was conducted entirely online. The Canadian study had an unusually high response rate at 5.2% (more than double the response rate of donors in the American study) and a completion rate of 81.8%, for a margin of error of +/-1.26%, nineteen times out of twenty.

"I give because I have received in the past and my parents made me aware of the needs of others."

"To me, recognition and appreciation are two separate ideas. I don't need to be recognized but a sense of individual appreciation such as a personal thank-you goes a long way!"

Respondents' Characteristics and Giving Patterns



Canadian respondents displayed the following characteristics: 55% female, 13% were under the age of 35, 65% were between 35 and 64 and 22% were 65 or older. Respondents were most likely to be professionals (35%) or retired (31%) and the group was highly educated, with 60% having at least an undergraduate degree. When asked

about religious conviction, more Canadians referred to themselves as “somewhere in between” than either “actively religious” or “not at all religious”.

The demographics of Canadian and American respondents differed in the following noticeable ways:

- The Canadian study achieved greater balance between the genders;
- Canadian respondents skewed older, and a significantly higher percentage of Canadians between 55 and 84 participated;
- Fewer Canadians than Americans reported household incomes over \$100,000;
- Significantly more Canadian respondents are retired;
- Considerably more American respondents held Graduate or Doctoral degrees;
- American respondents were more than twice as likely to identify themselves as “actively religious” (as opposed to “not at all religious” or “somewhere in between”).

Canadian respondents’ giving interests in 2009 were diverse. Among ten categories of not-for-profit organizations, the most often referenced sectors that donors supported last year were Disaster Relief, Healthcare, and Human (Social) Services. The number of causes supported in 2009 varied significantly depending upon donors’ ages, with the youngest group (under 35) far more likely to have supported 1 to 5 causes, and the oldest group (over 65) most likely to have supported 6 to 10. Even so, “supporting fewer causes” is one of the changing philanthropic trends of donors at all age levels, with 35% of Canadians identifying this as one of the top five ways in which they are managing their giving differently today.

Other trends in giving were noted by respondents which have significant implications for fundraisers as they reflect donors’ growing dissatisfaction with certain fundraising practices or lack of critical information. They are: a preference for giving to charities that provide donors with measurable results on their gifts at work (76%); a greater tendency to take cost-per-dollar raised into account when making giving decisions (72%); and a higher likelihood of eliminating or reducing support to charities that over-solicit (68%). Additionally, 61% of respondents said they now do more research prior to supporting a charity for the first time, which speaks to donors’ growing independence in managing their philanthropy.

Total average household giving in 2009 among Canadian respondents was approximately \$3,400, which was about 30% of that of American respondents. High and low averages for a single gift to any charity were \$1,463 and \$49 respectively for Canadian respondents.

“The importance of sustained giving (as opposed to one-time large sum giving) should be stressed more, especially to younger generations of new philanthropists.”

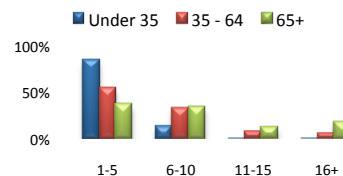
The more stable economy in Canada may account for more Canadians (54%) than Americans (47%) reporting that the value of their gifts increased in 2009 over 2008; only 12% of Canadians gave less versus 20% of Americans.

Findings Impacting Philanthropy in 2010

Overall, Canadian donors said that their philanthropy in 2010 will hold the line, with the majority reporting that they will contribute more-or-less the same this year as they did in 2009.

As well, whichever charities saw their donor numbers and/or fundraising revenue drop in 2009 will not likely see those numbers bounce back immediately. Canadians giving in the top 10% by total gift value last year were twice as likely as the other 90% of respondents to say that they plan to give less in 2010. Even a small downturn in giving among these very generous donors can have a substantial impact on overall fundraising performance.

Among the most active respondents whose giving is moving in a positive direction, are donors under the age of 35. 64% of these young philanthropists reported giving more to charity in 2009 than they did in 2008 -- a significantly higher percentage than for donors between 35 and 64 years of age (53%) and those 65 and older (51%). As well, young donors are more likely to increase their giving this year (39%) whereas only 22% of middle-aged donors and 12% of older donors intend to give more in 2010 than they contributed in 2009. While younger donors enjoy healthy household incomes (48% earn \$70,000 or more) and far fewer are supporting children or aging parents, their lower average gift values mask their real current and future potential. This is partly due to fundraising design which is more passive (waits for donors to give at above-average levels before offering meaningful stewardship), than active (offers meaningful stewardship first in order to cause more generous giving).



Giving Methods and Donor Communication

Online giving continues to grow in popularity among donors, with 72% of Canadian respondents saying they plan to give this way in 2010. This is substantially higher than in the American study where 63% of US respondents said they would make online gift(s) in 2010. Moreover, when age is taken into account, 90% of donors under the age of 35 and 73% of donors between 35 and 64 plan to give online. Perhaps more surprising, 59% of donors over the age of 65 will make at least one gift online in the next year.

Giving through the mail remains a strong second choice among Canadian donors as a means of transacting gifts, but the transition to online giving is a trend that fundraisers should note. For those who manage Development Departments, donors'

"I do see that the nonprofits I support are offering more information to donors relating to accountability and transparency. This is a good direction. Though best practices in the sector are nascent, they are emerging. Relevance and effectiveness are high on my list of things for which I seek accountability from the organizations I support financially."

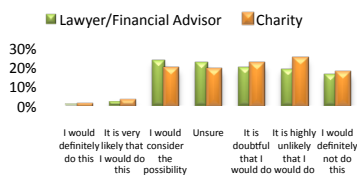
"It would be best to communicate regularly (once a month, every other month?) with donors and potential donors by sending pertinent information about the plans and goals, achievements and defined needs in a compact format and have a website that is easy to negotiate and makes contribution online quick, easy and safe."

"I often think that giving money is essentially the easy way out, but that would be because I have money. I feel extraordinarily fortunate to be able to say that and so I feel that giving money is the least I can do. I am also increasingly trying to instill this practice in my 14 and 10-year-old kids."

changing preferences are important when considering budget and talent allocations in order to maximize future revenue.

70% of Canadian respondents want to receive information from the charities they support on how their gifts are being used and the results that not-for-profits are achieving. In keeping with the statistical shift towards online giving, donors at all ages reported a decided preference for receiving that information via email.

Respondents' Interest in Bequest Giving



Among Canadian respondents with a will, 19% indicated that they had already assigned a bequest to one or more charitable organizations. This is decidedly fewer than the 33% of Americans with a will who indicated assigned bequests. In attempting to measure the influence of Canadian charities on donors' decisions to grant bequests,

only 2% of Canadian respondents reported that they were influenced to include a bequest by a not-for-profit organization. 87% of respondents said they made the decision entirely on their own.

Among respondents with a will but with no assigned bequest, about one in five Canadians (compared with one in three Americans) said they would definitely, would be very likely to, or would strongly consider the possibility of including a bequest if asked by a trusted charity. It appears that one of fundraising's basic tenets, "You won't get if you don't ask", is playing out at the top of the donor pyramid where the highest fundraising profit could be made.

Voluntarism

In Cygnus' 2009 Donor Survey, American respondents told us that even in an economically difficult period, they could be influenced to give or give more generously by a leadership volunteer from a charity they support. However, we also learned from fundraisers and CEOs that their volunteers were more reluctant to ask for fear their efforts would be unsuccessful. In this year's study, Cygnus pursued a line of questions with both American and Canadian donors who were also Board Members. Of particular interest was a question asked of board members who serve organizations that employ professional fundraising staff. We wanted to know what these leadership volunteers felt were their primary responsibilities in fundraising, distinct from those of paid fundraisers. (In a companion study, we posed the same question to professional fundraisers and to CEOs.) Board members confined their responsibilities to "attending donor recognition events to meet and socialize with donors", "determining the case for fundraising", "evaluating fundraising performance" and "developing the fundraising plan." Taken together, the viewpoints of leadership volunteers, fundraisers and CEOs suggested confusion over fundraising roles and responsibilities. More remains to be done in terms of fostering an environment in

"My father died recently and it was brought home to me how much wealth I will be inheriting (my mother is 90, and I have no siblings or children), so I am planning to increase my charitable giving, including bequests and charitable annuities -- but it will take me awhile to get there!"

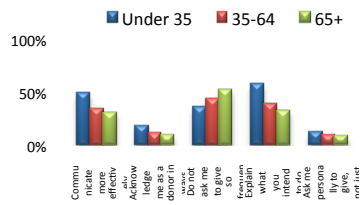
"I volunteer (for Women International) and donate to them as well. The fact that they have an outlet for me to volunteer makes me feel closer to the organization, and thus more likely to continue giving long-term."

"I often think that giving money is essentially the easy way out, but that would be because I have money. I feel extraordinarily fortunate to be able to say that and so I feel that giving money is the least I can do. I am also increasingly trying to instill this practice in my 14 and 10-year-old kids."

which volunteers feel well supported and inspired to be involved more productively and directly in fundraising.

Is There More Money Out There?

66% of Canadian respondents in the Cygnus Donor Survey said they could be inspired to give more generously *this year*. When asked how this could be achieved, the response most often given by donors over the age of 35 was "do not ask me to give so frequently". Donors under 35 said, "explain what you intend to do with the money when asking me to give."



"Keep it simple! I don't need all of the nitty gritty – it's a waste of your time on gifts at my level (under \$500 per gift). Make sure I understand the basics... \$25 will plant a tree, \$200 will provide eight soccer balls for the team, \$500 will go towards a nursing scholarship, etc..."

Donors' Unrestricted Comments

In addition to answering fifty-two questions in this survey, respondents were encouraged to offer their opinions, comments and advice on anything to do with fundraising or their philanthropy. This study is further enhanced by thousands of comments from donors, some of which are included in the margins of this report. The predominant themes that emerged from unsolicited comments are, unfortunately, negative in nature. They are concerned with unwanted token gifts (premiums) that donors receive either after they give or as incentives to contribute, lack of results or specific information on how donations have been applied or will be used, and over-solicitation. Despite their concerns, however, Canadian donors remain firmly committed to philanthropy.

The Cygnus Donor Survey 2011

This is the second Cygnus survey of donors in as many years and the first which includes Canadian donors. We intend to conduct a similar research study annually, maintaining a core set of questions that will allow us to generate a multi-year picture of how donors are managing their philanthropy and what they need in order to give even more generously. As well, we will pursue one or two specific lines of questioning on topics pertinent to today's fundraising climate and the future of philanthropy.

We are particularly grateful to the over 15,000 donors in Canada and the United States who took the time to complete the survey questionnaire, and to our many professional colleagues who reached out to their supporters on Cygnus' behalf.