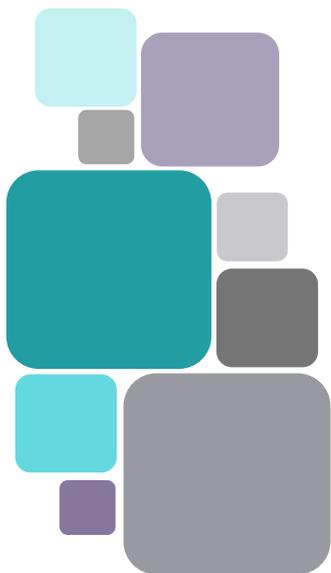


2014



# The Burk Donor Survey

Where Philanthropy is Headed in 2014

Penelope Burk

October, 2014

Canadian Results



CHICAGO | TORONTO | YORK, UK  
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## The First Time I Gave

*Elementary school and I just didn't get along. I attended a strict parochial school, with dour teachers who were not content to simply educate me; they were determined to adjust my attitude as well. I was a free spirit who stared out the window a lot, longing for summer vacation and the release that it granted both my physical self and my unbridled imagination.*

*One day, we were all called into the gymnasium for a special message from the principal. He spoke with much authority about a small community somewhere in Africa which needed our school's help. He described the terrible conditions in which children "over there" lived and how he wanted us to raise money over the next two months to help them have a better life.*

*I was excited, that is until he said that we would be raising money to build a school. "What? How horrible," I thought, and vowed then and there that I would not be a party to destroying the freedom and happiness of any other child. As we filed out of the gym, we were each handed a small box which the principal instructed us to keep on our desks and contribute to as often as possible. The boxes would be collected two months hence.*

*While my classmates eagerly went about doing chores and activities to raise money, dutifully depositing their nickels and dimes in their boxes every day, I pretended to be taking part without contributing one red cent.*

*One day the principal announced over the loud speaker that it was time to collect up the money we had raised. As my classmates brought their boxes up to the front, each one jangled with change as it landed on the teacher's desk with a thud. When it was my turn, I carefully cradled my box in both my hands, implying that it was so full that I feared the bottom would collapse. My teacher gave me a very big smile as I tried to hide it amongst the other boxes. She smiled again and patted my hand because not only had I apparently raised more money than anyone else, I was making my contribution with a true sense of humility. I held my breath, hoping that the boxes would not be opened in the classroom. Luck was on my side; my subterfuge was never exposed.*

*A couple of months later, the United Way announced its annual campaign. A vibrant young woman from our local animal shelter (which was a United Way agency), came to our school to talk about how she and her team rescued and rehabilitated abandoned and abused cats and dogs. I was spellbound.*

*I ran straight home after school and emptied my piggy bank. I tore the cushions off every sofa and chair, plunging my little arms as far as they could descend into the upholstery, bringing a veritable treasure trove of coins to the surface. I did chores; I looked for coins on the street; I sold plums and peaches door-to-door. (I got in trouble for that later for taking them from the fridge without asking.) I was undeterred, determined that no little animal that needed help would be denied what this wonderful shelter had to offer.*

*Two weeks and a very heavy bag of coins later, I brought the money to school to give to the United Way. In the bag was a note that said, "This money is for the lady at the animal shelter who helps little animals be happy and free."*

*That was the first time I gave and I will never forget it.*

- One of twelve thousand stories from donors in *The 2014 Burk Donor Survey* about what inspired them to start giving.

***The Burk Donor Survey...Where Philanthropy is Headed in 2014***

Penelope Burk

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# The Burk Donor Survey

... where philanthropy is headed in 2014

## EXECUTIVE SUMMARY

*The 2014 Burk Donor Survey* is the fifth annual research project studying Canadians' philanthropy and, specifically, how fundraising practices and beliefs affect the financial wellbeing of charitable organizations. The study is designed by author, researcher and fundraising expert, Penelope Burk, and published by her Hamilton-based company, Cygnus Applied Research, Inc. *The Burk Donor Survey* charts changes in giving year-to-year as well as how donors intend to give in the coming twelve-month period. Most important, each edition of the Survey features an investigation of donors' opinions about certain fundraising themes and issues that impact philanthropy so that Development professionals and non-profit decision-makers can adjust their practices to meet donors' changing needs and preferences.

*The 2014 Burk Donor Survey* expanded on three topics explored in the 2013 study – acknowledgement, communication and recognition and their impact on donor retention and generosity. Additionally, this year's Study investigated some issues that are challenging for both donors and fundraisers, including:

- What donors feel is an appropriate cost of fundraising
- How donors define "administrative overheads"
- The reasons why donors stop giving to causes they once supported
- Whether donors appreciate or dislike having dollar amounts or ranges suggested in appeals
- Whether donors give generously or hold their philanthropy back when they give initially to a cause they have not supported before
- The relative influence of designed/undesignated appeals on giving

A simultaneous survey was conducted on the same topics with American donors and is published separately. The full *2014 Burk Donor Survey Report* is available at [www.cygresearch.com](http://www.cygresearch.com).

### *Survey Methodology*

Approximately 233,000 active Canadian donors (known to have made at least one charitable gift in 2013 and/or 2012) were invited to participate anonymously in an online survey consisting of 63 questions. The survey was deployed between May 5 and June 30, 2014.

The survey questionnaire was pretested with 655 respondents from Cygnus' internal file of active donors. The response rate for the survey (respondents completing some or all questions) was 3%, representing 7,021 donors. The completion rate (the number of respondents answering all questions) was 81% or 5,659 donors. The margin of error for this Study is +/- 1.3%, nineteen times out of twenty.

Cygnus enjoys a robust participation in its national and international research studies thanks to the kind assistance of prominent charities whose leaders reach out to their

*The first time I was asked to give was in a total stranger's living room. It was a small fundraising event and someone delivered an emotional and compelling story about something that had affected her personally. That did it for me. I wrote a check before I left that event.*

active donors on Cygnus’ behalf. This year, 87 non-profit organizations in Canada and the United States partnered with Cygnus Applied Research on this project.

### Respondents’ Characteristics

Canadian respondents in *The Burk Donor Survey* were 60% female; 7% were under the age of 35, 49% between 35 and 64, and 40% 65 or older. Among all characteristics, age was the most revealing when respondents’ opinions, preferences and philanthropic behaviour were studied.

Religious conviction is also a strong motivator for giving to all types of charitable organizations, not just to religious causes. While a minority of Canadian respondents (27%) classified themselves as actively religious, their philanthropic and volunteer activity distinguishes them from non-religious and spiritual respondents. Since 2010, each *Burk Donor Survey* (including the 2014 edition) has noted that age is a differentiating factor, with young donors being less likely to refer to themselves as actively religious (18% this year) compared with 24% of respondents age 35-64 and 33% of those 65 years or older. If this difference in religious conviction continues, it is possible that philanthropy may be negatively affected as religious organizations exert their influence over fewer donors. However, it is also possible that something else may emerge to replace the positive (yet diminishing) influence that religion has on philanthropic giving.



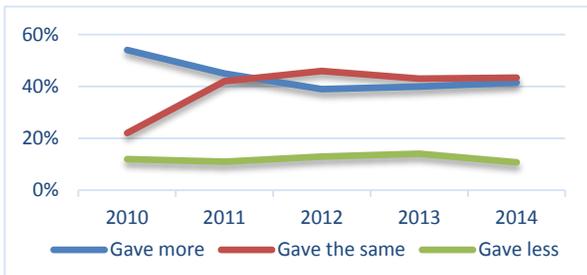
58% of respondents currently volunteer or have done so within the past two years. As all respondents are active donors, this statistic speaks to the strong connection between giving and volunteering. By comparison, 47% of Canadians over the age of 15 volunteer.<sup>1</sup>

### How Donors Gave in 2013

62% of respondents supported the same number of causes in 2013 as in 2012. However, among those who gave to more or fewer causes, respondents were more likely to have increased (19%) than decreased (10%) the number of charities they supported in 2013. The youngest donors in the study (under 35 years of age) were most likely to report having contributed to more causes last year (33%) than were middle-age or senior donors (18%). That said, the long term trend continues to move towards giving to fewer causes, with 41% of the survey’s oldest donors supporting eleven or more charities versus only 15% of middle-age donors.

*I began giving as a young child to Unicef when I was in elementary school. I saved my pennies for months to contribute to my sister’s tin can, as I was too young to have one of my own.*

<sup>1</sup> Volunteering in Canada, Statistics Canada, Catalogue #11-008, April, 2012 (represents 2011 statistics)



42% of respondents said they gave more money to charitable causes in 2013 than in 2012 (up slightly from 40% in last year's study.) Again, the survey's youngest donors were more likely to have increased their giving last year (56%) compared

with either middle-age donors (42%) or donors over the age of 64 (39%), though the trend is positive regardless of age.

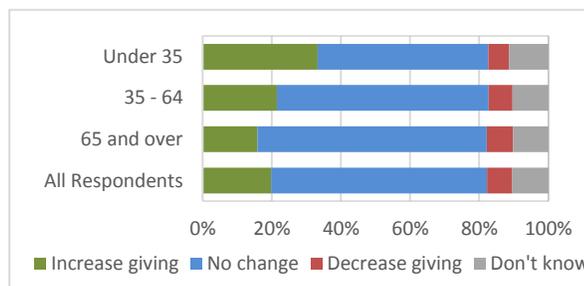
Only 11% of respondents gave less money last year than the year before (a 3% improvement overall) while 43% gave approximately the same in 2013 as in 2012.

Among donors who gave more in 2013 than in 2012, 50% attributed their increased generosity to financial stability and, consequently, their ability to give more; 35% said that they were impressed with the efforts made by charitable organizations that they supported; 33% responded to a special request, such as a reunion year celebration, a capital campaign or an in memoriam request; and 31% gave in response to one or more emergency appeals. (Respondents to this question could choose multiple answers.)

Change in their personal financial picture was the leading cause among donors who gave less in 2013 than in 2012 (56%). The economy was still a factor but only for 22%.

### Donors' Giving Intentions for 2014

While the majority of respondents (63%) expect to give about the same in 2014 as in 2013, the ratio is 3:1 for donors who plan to give more than less, quite a positive outlook and a slight improvement over donors' giving intentions in *The 2013 Burk Donor Survey*. Only 11% of respondents were unsure about their giving intentions for this year. Respondents' personal financial ability to give more is the main driver of their positive intentions this year (60%). 30% of those planning to give more said that they include an annual increase in giving when setting their personal budgets.



Young donors are particularly optimistic with 33% planning to give more versus 21% of middle-age and 16% of older donors.

Donors who plan to give approximately the same this year are more likely to be among the oldest group in the survey (66%) as opposed to middle-age (61%) or under the age of 35 (49%). When asked what could inspire them to increase their giving this year, only 26% said that nothing could influence them to do so. This is good news for fundraisers who meet donors' fundamental requirements for staying loyal and giving more generously.

*When I got my first real job after college, I was paid \$8,990/year. I told myself that in addition to volunteering, I would start giving when my salary reached \$25,000. The day that it did, I took the first \$100 of my first paycheck and gave it to my company's United Way workplace campaign.*

## Donors Are Changing the Ways in Which They Give

### Gift Transaction:

How donors transact their gifts once they decide to contribute is in flux. Sponsoring participants in athletic-type fundraising events like walk-a-thons or run-a-thons as well as other non-athletic events is increasing in popularity. Also on the rise are online giving, monthly (recurring) giving and social media (especially with younger respondents where almost one in five donors under the age of 35 made at least one gift through social media last year.)

On a year-to-year basis, direct mail remains the most popular form of gift transaction by number of respondents participating, though longer-term trends show direct mail to be decreasing in popularity across all age levels. Only 6% of respondents gave more through Direct Mail last year than the year before while 15% gave less.

Some fundraising programs are declining in popularity, especially phone appeals through which only 11% of respondents gave last year. Door-to-door appeals were somewhat better at 18%. However, just because a particular kind of fundraising program is less popular as a means of transacting gifts, does not mean it should be eliminated. Fundraising programs always play another equally important role in building awareness and influencing the decision to give. How donors transact their gifts is shifting due to technological innovations and personal preference, but a healthy variety of giving options speaks to donors' desire for choice.

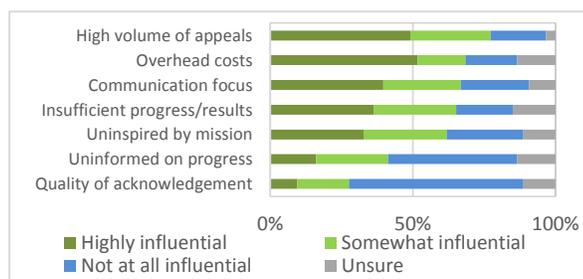
### Changes in How Donors Manage their Philanthropy

52% of respondents said they spend more time today than they did five years ago researching charities before they give for the first time or before they renew their support. Their main source of information by far is charities' websites, a distinct advantage to those fundraisers who are in control of website content, including how frequently it is refreshed.

68% of respondents said they are more likely today than five years ago to favour organizations that provide measurable results on what is being achieved with donors' gifts.

Preference for email over print communication continues to grow, especially among younger donors, 65% of whom prefer to receive information from charities in electronic form.

Irritation with over-solicitation continues to rise. 71% of respondents said they now stop giving or give less to charities that over-solicit (up from 41% when Cygnus first began asking the question over a decade ago).



Cost-per-dollar raised (which is linked to over-solicitation, especially in direct mail) has risen significantly in the last five years as a negative issue for donors. 78% of respondents said they are now more likely today than they were five years ago to stop giving or reduce support to organizations whose cost of fundraising is too high.

*I guess I had the natural gift of giving. When I made my first will, I left money to a few causes before I even knew what planned giving was.*

However, almost half of respondents (44%) surveyed were unable to define a fair or acceptable cost-per-dollar raised.

Similarly, 83% of respondents said they stop giving or reduce support to charities that spend excessively on administrative overheads. However, the specific budget items that donors define as administrative expenditures are actually costs essential to delivering programs and services. Responsibility for this confusion or misunderstanding lies with charities that fail to use a cost-centred approach when allocating expenses and send the wrong message by insisting on the need for undesignated gifts to cover these costs.

### *Fundraising Appeals*

Suggesting gift amounts or ranges is a common tactic in fundraising appeals, but only 10% of respondents found this information to be a helpful guide in determining how much to give; 44% said it did not influence the amount they decided to contribute and 44% expressed particularly negative views. Donors under the age of 35 were more positively inclined, however, with 26% saying they found suggested gift values or ranges to be helpful.

Only 12% of respondents said the acquisition appeal alone inspired their first gift. The majority took several factors into account and/or considered the organization for some time before making a first gift. Attracting new donors in today's fundraising environment where acquisition is more challenging and expensive requires simultaneous and sustained efforts in marketing and communications as well as in direct fundraising acquisition.

Influence is uniquely important in convincing donors to give for the first time but some people exert more influence than others. Leadership volunteers (board members) are influential with all donors as are peers, though the latter have special sway with younger donors. Celebrities or other high profile individuals who are not core volunteers are not particularly influential.

32% of respondents said that their first gifts are "generous within their own means". 38% give less than they could deliberately when making a first gift and they have specific reasons for doing so. Common fundraising practice ties quality of acknowledgement and communication to gift value, meaning that many donors with immediate capacity to give more do not receive the kind of response to their initial gift that would inspire them to give again. This report makes specific recommendations to fundraisers about correcting this error in order to improve first-gift-to-second-ask retention as this is when donor attrition is highest.

Asking for undesignated gifts (or indirectly doing so by not selling a specific, limited case to donors) holds giving back. 44% of respondents who made an undesignated gift recently would have definitely, probably or possibly given more if they had been asked to support a specific program or initiative.

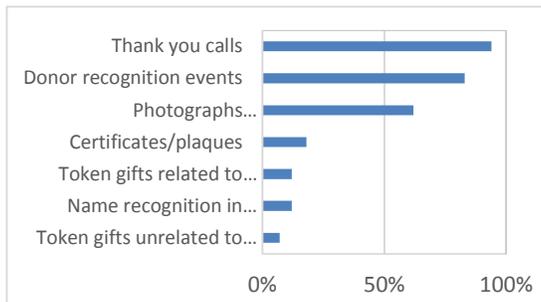
*My first philanthropic gift was to my local public radio station while I was in college. I used to listen while I studied and wanted to support them.*

## Improving Retention and Gift Value

While mission influences generosity more than anything else, it is rarely the *only* thing. Only 7% of respondents referenced mission alone for their decision to make their single most generous gift last year. 42% of respondents said that what distinguished the charity that earned their most generous support was confidence that the organization would achieve good results with donors' gifts. This speaks to both designated giving and evidence-based communication.

The 2014 Burk Donor Survey returned to the key question that, over a decade ago, gave rise to the definition of "Donor-Centred Fundraising", the fundraising strategy articulated by donors that extends their loyalty and inspires them to give more generously sooner. Donors were asked whether they would give again and give more generously the next time to a charity that acknowledged their first gift promptly and in a meaningful way, and reported their progress in measurable terms before asking for another gift. 58% said they would definitely or probably renew, 43% would make a larger gift and 61% would continue to give indefinitely assuming they received these considerations each time they gave. Industry statistics on current renewal of first-time donors and gift increase among those who do renew are significantly lower, confirming yet again that a Donor-Centred approach to fundraising raises much more money.

## Meaningful versus Counter-Productive Recognition



70% of individual donors who receive plaques or certificates in recognition of their giving either throw them away or store them where they are not seen; only 23% display them. These commodities are examples of tangible gifts that are generally less popular with donors. (Token gifts such as address labels and name

recognition also fall into this category.) Tangible commodities are often counter-productive because they focus donors' attention on cost and cause them to question whether the organizations that offer these kinds of recognition actually need donors' contributions.

Experiential recognition is substantially more popular with donors. This category includes thank you letters, personal calls, donor recognition events and other things that involve person-to-person interaction.

## Is There More Money Out There?

Canadian donors (individuals) gave over \$8.4 Billion to charitable causes in 2011<sup>2</sup>, yet 34% of Burk Donor Survey respondents said they still could have given more last year (41% for donors under the age of 35). Even the most generous donors in the Survey (those giving \$10,000 or more last year) said there was room for growth in their philanthropy; 33% said they could have given more in 2013.

<sup>2</sup> The most recent year for which Canadian giving statistics are available from Statistics Canada

*I first gave through the Mennonite Central Committee. I was won over as a child when we collected mittens to send to children in North Korea. My parents helped us make Christmas bundles; my mother sewed layettes for newborns.*

For donors, a *Donor-Centred* approach to fundraising is what would unleash their giving at a higher level. This requires prioritizing high quality, timely acknowledgement, and designated giving options in order to make measurable reporting on gifts at work possible. *Donor-Centred Fundraising* zeroes in on the core strategies and tactics that influence donor behaviour, making the work of Development Directors, CEOs and frontline fundraisers more focused and productive and making fundraising more successful.

### *Observations and Recommendations*

*The 2014 Burk Donor Survey* includes 55 observations and recommendations on how charities can improve fundraising performance by acting on the findings discussed in this report. In addition, 51 graphs and tables illustrate the Survey's most important statistical findings.

*My daughter suffered from mental illness for years. Eventually, she committed suicide. That's why I started giving.*