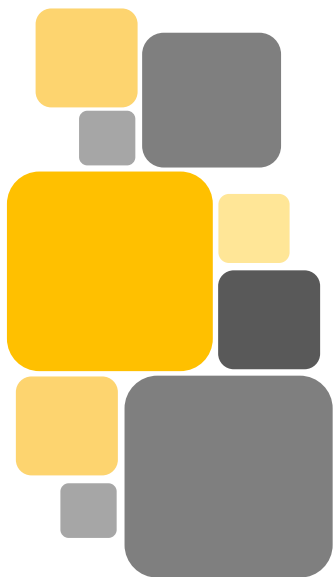


2013



The Burk Donor Survey

Where Philanthropy is Headed in 2013

CANADIAN RESULTS

Penelope Burk

September 2013



CHICAGO | TORONTO | YORK, UK
WWW.CYGRESEARCH.COM

Someone once told me that giving is the price one pays for living in a capitalist society. But I wish I lived in a “gift society” where my and other people's status were based on the good we do for others.

- One of over 31,000 Canadian and American donors who participated in the 2013
Burk Donor Survey

The Burk Donor Survey...Where Philanthropy is Headed in 2013* - Canadian Results

Penelope Burk

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The Burk Donor Survey

... where philanthropy is headed in 2013

EXECUTIVE SUMMARY

The 2013 *Burk Donor Survey* (formerly Cygnus Donor Survey) is the fourth 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, Ontario-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 select fundraising programs and procedures from donors' perspective so that Development professionals and decision-makers can adjust their practices and make more money.

This year, donors' views were sought on how charities' acknowledgement, communication and recognition practices affect their desire to continue giving and make more generous contributions over time. Specifically, the survey covered:

- thank you letters, calls and videos, including timing and quality
- print and electronic communication, both format and content
- publishing donors' names
- donor recognition events
- membership programs
- token gifts

A simultaneous survey was conducted on the same topics with American donors and is published separately. The full 2013 *Burk Donor Survey Report* is available at www.cygresearch.com.

Survey Methodology

Over 170,000 active Canadian donors (known to have made at least one charitable gift in 2012 and/or 2011) were invited to participate anonymously in an online survey consisting of 131 questions between March 18th and April 14th, 2013. All respondents answered questions on past giving, plans for the upcoming year and demographics, and were randomly streamed into one of three major sections on acknowledgement, communication and recognition.

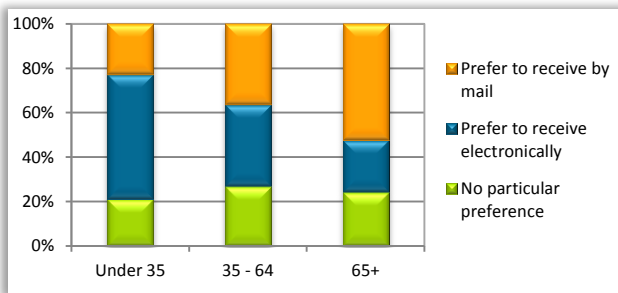
The survey questionnaire was pretested with 1,295 donors from Cygnus' internal research file of active donors. The response rate for the survey (respondents completing some or all questions) was 4.4%, representing 7,423 donors. The completion rate (the number of respondents answering all questions) was 69% or 5,132 donors. The margin of error for this Study is +/- 1.35%, nineteen times out of twenty.

As governments move to withhold funding from not-for-profits doing legitimate advocacy work, I think it becomes even more important for me to step up and support these organizations. But my financial support and volunteer time are not enough. Charities and nonprofits must organize and unite to inform citizens about the value of what they do. I worry especially about the shift towards "survival of the greediest".

Cygnus enjoys a robust participation in its national and international research studies thanks to the kind assistance of prominent charities and their fundraisers who reach out to their active donors on Cygnus' behalf. This year, 87 Canadian and American nonprofit organizations partnered with Cygnus Applied Research on this project.

Catch us while we are young with ways to engage other than just with monetary donations, so that when we have the funds, we will know your organization and be more motivated to give.

Respondents' Characteristics



Canadian respondents in *The Burk Donor Survey* were 57% female; 11% were under the age of 35, 58% between 35 and 64, and 31% 65 or older. Among all characteristics, age was the most revealing when respondents' opinions, preferences and philanthropic behavior were studied. For

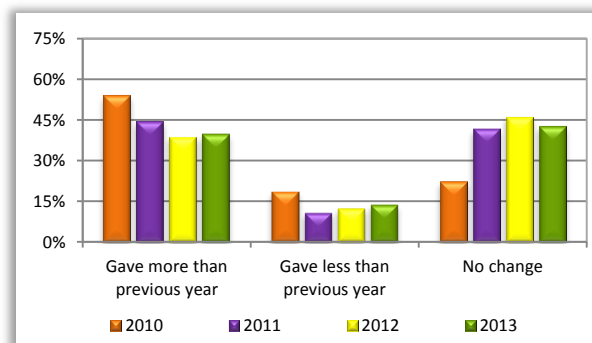
example, there was a high degree of satisfaction among the survey's youngest donors who currently receive electronic communication (80%), but for the oldest donors in the study who were receiving printed information, only 52% had a stated preference for receiving not-for-profit communications in printed form.

Religious conviction is also a strong motivator for giving to all types of charitable organizations, not just to religious causes, and this year's survey again noted a decline in religious conviction when donors' age is taken into account.

59% of respondents currently volunteer or have volunteered within the past two years. As all respondents are active donors, this statistic speaks to the strong connection between giving and volunteering. By comparison, only 47% of the adult population in Canada volunteers.

How Donors Gave in 2012

57% of respondents supported the same number of causes in 2012 as in 2011. However, among those who gave to more or fewer causes, respondents were considerably more likely to have increased than decreased the number of charities they supported in 2012. (The youngest donors in the study were largely responsible for this increase.) That said, the long term trend continues to move towards giving to fewer causes, with 45% of the survey's oldest donors supporting eleven or more charities versus only 18% of middle-age donors.



Changes in Total Value of Gifts Contributed – a Four-Year Comparison

40% of respondents said they gave more money to charity in 2012 than in 2011 and, once again, the survey's youngest donors were more likely to have increased their giving (50%) compared with either middle-age donors (39%) or donors over the age

of 64 (39%). Only 14% of respondents gave less last year than the year before while 43% gave approximately the same.

Donors attributed their increased generosity in 2012 to their own financial stability or improvement (35%). 19% said that they were impressed with the efforts made by charitable organizations. Economic uncertainty as a reason for giving less in 2012 remains a factor now for only about 11% of the survey's donors.

Donors' Giving Intentions for 2013

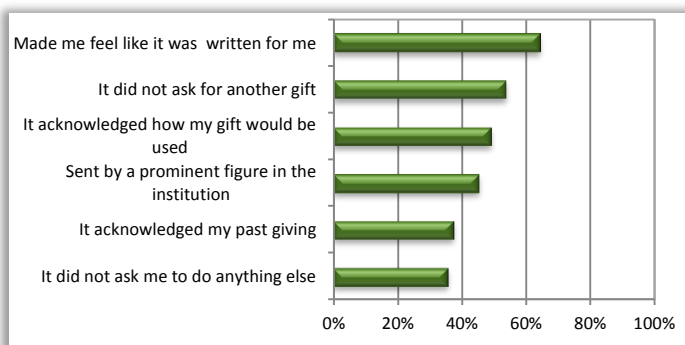
While the majority of respondents (61%) expects to give about the same in 2013 as in 2012, the ratio is 4:1 for donors who plan to give more than less. 11% of respondents were unsure. The giving expectations of the survey's most generous donors are also positive with 25% planning to give more while only 13% plan to give less. This is an improvement over what generous donors predicted for their philanthropy in last year's study, so that should bode well for charities whose major gifts programs are well developed.

The Tenth Anniversary of Donor-Centered Fundraising

The underlying causes of high donor attrition were exposed and a case for retaining donors longer and inspiring them to give more generously was articulated in *Donor-Centered Fundraising*, published in 2003. In the 2013 Burk Donor Survey, the original questions were posed once again to donors and new questions were added to take into account significant changes in communications technology. The original thesis that gift acknowledgement and communication are vitally important but that recognition is less effective in influencing loyalty and higher gift values, was reaffirmed in this year's survey.

Acknowledging Donors and Their Gifts

The survey included both respondents who usually receive printed thank you letters through the mail and those whose gifts are acknowledged electronically, though receiving mailed thank you letters is more common for all donors, regardless of how they transact their gifts. There is a high level of satisfaction among donors giving through the mail and receiving mailed thank you letters in return. Among donors giving online, the majority is satisfied with printed/mailed thank you letters or had no preference, but 27% would have preferred emailed gift acknowledgements.



Exceptional Qualities of Great Thank You Letters According to Donors

Most donors are satisfied with how quickly their gifts are acknowledged, with 86% indicating that they are thanked either very or fairly promptly, a decided improvement over findings in the 2003 Study. But, among donors concerned about late acknowledgement of their

I have begun to expect a "provable" ROI for donations. I want to provide sustainable support -- teaching to fish rather than giving fish, so to speak. If the gift does not provide long-term, sustainable benefit, then I am not inclined to make it.

--

Baby boomers are very big on acknowledgement. As we move into retirement, we may have to cut back or be more discriminating with our giving. However, I think this group can be very affected by personal thank you's. I would suggest some type of personal recognition or thanks from someone when a gift is given.

gifts, tardiness does influence their future giving decisions. Almost one in three donors said they are less likely to give again to organizations that are late in acknowledging gifts.

While timeliness is worth striving for, content is even more important in influencing donors' future giving decisions. Donors are seeking thank you letters which, in tone and composition, feel like they were written for them personally (64%). As well, asking for another gift in thank you letters lessens their quality (54%) and misses an opportunity to influence donors' future giving. 24% of respondents who have received what they would term as an "exceptional" thank you letter made a more generous gift the next time either entirely or partly because of the high quality way in which their previous gift was acknowledged.

One of the most captivating findings in *Donor-Centred Fundraising (2000)* was that 94% of Canadian donors surveyed said they would be very appreciative if, soon after giving, they received a thank you call from a member of the Board or other influential not-for-profit leader. Calling donors to say thank you gradually became a common practice in Development offices. Now the 2013 *Burk Donor Survey* has exciting evidence about how these calls influence future giving with 36% of respondents having received at least one such thank you call within the last two years. Besides confirming that there is a positive influence on their future giving when organizations call them to say thank you, donors offered information on whether the timing of the phone call mattered as well as who made the call and whether the caller spoke with the donor directly or left a voicemail message.

The 2013 Survey also includes anecdotal information on donors' opinions concerning thank you videos and whether/how they impact future giving.

Effective Donor Communication

Donors were asked questions based on whether they generally receive printed communications through the mail or electronic information via email from charities they support. On whether they are satisfied with how they receive information currently, age made a difference. The survey's oldest donors are more likely to receive information through the mail and the majority of respondents 65 or older is satisfied with a printed/mailed option, though 23% would actually prefer to receive information electronically. Middle-age donors receiving print are less satisfied, with 34% indicating a preference for electronic information. But donors under the age of 35 are the least satisfied with print, with the majority -- 56% citing a preference for electronic information. Donors who get electronic information now, however, have a high level of satisfaction across the board, regardless of age.

Asking for gifts in communications designed to inform donors about a not-for-profit's progress is not popular with donors. While 13% felt that this was acceptable or even helpful, 43% of respondents said these asks contribute to over-solicitation which, in turn, makes them less likely to give again.

Few donors (8%) read the communications that charities send them thoroughly; the majority skim them or read select articles or posts. Communicating too often (58%) is the main reason for disregarding not-for-profit newsletters or other reports, but

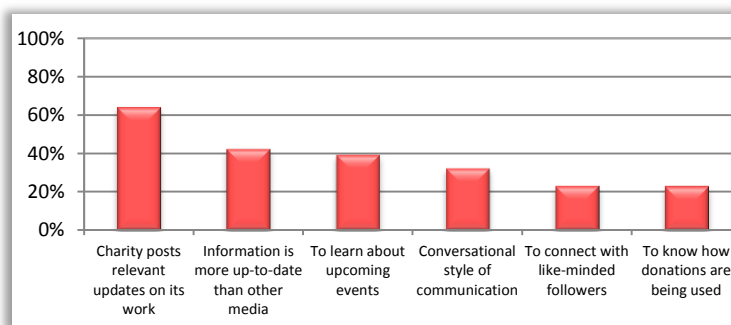
One organization sent us a hand-written thank you card that struck us as quite genuine and sincere. Now they receive a greater share of our philanthropy. We proudly displayed that card and enjoyed it when friends and/or family read it....this gave us much more satisfaction than any of the many trinkets we have received from other not-for-profits. Come to think of it, those things drive us crazy when we think of spending donors' money that way.

content and positioning are almost equally important. 49% of donors said they set charities' communications aside that appear to be uninteresting on first glance. Donors were very specific about content that does and does not motivate future giving, with "information on results achieved with their gifts" their top requirement (79%). This report includes several practical recommendations for crafting communications that improve read rates and influence giving.

Who communicates the measurable results that donors are seeking also appears to be important. On this matter, donors want to hear from the experts – those who run the programs that donors are funding or people who are helped or served by not-for-profits. Board members and non-programs staff were not seen by donors as preferred sources of information on how charities use the money that donors give and what is achieved as a result.

Social media, first studied by Cygnus in 2011, remains a modest player in donor communication, though young donors are, not surprising, more enthusiastic. 44% of social media account holders follow at least one nonprofit organization. They follow, first and foremost, to read posts on the work that charities are doing (64%). However, opinions have changed substantially (from 57% in 2011 to 19% this year) on following because a charity is expert in its field. Charities should monitor the kinds of information they are posting on social media sites to make sure that trivial posts and solicitations are not overwhelming the critical information on what they are accomplishing with donors' gifts.

Social media is somewhat successful in both donor acquisition and retention and will likely become more important as a fundraising tool over time. However, it



What Inspires Respondents to Follow Charities in Social Media

appears to be more influential currently as a means of encouraging volunteering which, in turn, leads to giving and giving more generously. Endorsements and "likes" alone from followers to their own networks have no appreciable impact on friends' giving decisions.

Donor Recognition and Its Impact on Giving

In the past two years, over 40% of Canadian respondents in *The Burk Donor Survey* have had their names published at least once after making a gift, or have been given the opportunity for this kind of recognition but chose to give anonymously.

Anonymous donors (13% of those with recent giving experience that qualified for recognition) have deep personal reasons for refusing recognition, the majority (69%) citing a firm conviction for giving selflessly. These donors, in particular, do not appreciate the pressure sometimes applied to allow their names to be made public in order to influence giving by other donors.

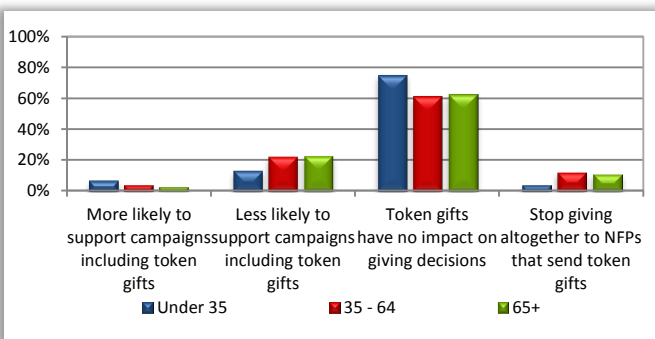
While I appreciated the personal acknowledgement and knowing that my contribution made a difference, I was not giving for the recognition or so that I could have a say in how to manage the organization. I was giving back to an organization that has greatly impacted my life so that others in the future will also have that experience.

Donors who give at all levels and have had their names recognized publicly were surveyed about the degree to which name recognition influenced the most recent gift they made. In all cases, even among donors whose gift values qualified them to name a building or room or to be included on a donor wall, the majority said they would have made the gift anyway and at the same level, whether they were recognized publicly or not. Among the largest group of donors whose gifts qualified them to be credited in a not-for-profit's newsletter or annual report, 88% (a substantial increase over the 70% reported our 2000 survey) said they would have made the gift anyway and at the same level whether this recognition was available or not. It is interesting to note that only half of these donors were even aware that their names qualified for publication before committing their gifts, which partly explains why this form of recognition has little impact on their decisions. When donors who were both aware and unaware that they qualified for name recognition were taken into account, 84% said that it had no bearing on their giving decisions. Further, when donors' names were listed by gift level, club or category (such as Platinum, Gold, Silver, etc.), 89% reported that these levels did not influence them to give more generously than they had planned.

I no longer give to large national organizations who have large budgets for overhead and fundraising. In those cases it is hard to see that the small amount I can give would make any difference at all.

--

I tend to view some of my contributions differently - I think of my public radio membership as more of a voluntary subscription for a service I use, compared to pure donations to other worthy causes that offer me less tangible benefits.



Influence of Token Gifts on Giving Decisions

Similarly, token gifts (first studied by Cygnus in 2011), received low marks from donors regarding their ability to influence loyalty and gift value. Only 4% of donors who have experienced receiving token gifts said they influence their giving in a positive way; 22% said

that token gifts make them less likely to give or cause them to stop giving altogether to the charities that send them.

Contrary to publishing donors' names and sending donors token gifts which were not seen as effective at sustaining loyalty and influencing generosity, Donor Recognition Events were singled out by respondents as highly influential. 83% of respondents with recent experience attending a Donor Recognition Event, rated it at 5, 6 or 7 on a 7-point scale for satisfaction. Most important, 54% of respondents who have been asked to give again since attending their most recent event have done so and have attributed, at least in part, their willingness to give again to the event they attended. This report includes donors' opinions on what contributes to an exceptional Recognition Event experience.

Membership and its Impact on Philanthropic Giving

The Burk Donor Survey explored whether donors distinguish between being a member and being a donor where a fee is connected with membership, and whether membership enhances or inhibits fundraising success. 27% of respondents felt that "member" is simply another word for "donor" while 42% felt that membership implies an advocacy role.

Among respondents who are both members of *and* donors to one or more charities, 72% reported that the fee they pay to be members has no influence on the value of philanthropic gifts they make. 16% felt that membership inspires them to give more generously and only 9% felt they give less generously to organizations of which they are a fee-paying member. Among those whose memberships are free, 24% are more likely to make charitable gifts because they are members while only 1% is less likely to give.

Is There More Money Out There?

Canadian donors gave approximately \$8.5 billion to charity in 2011 (the most recent year for which statistics are available). This represents an increase of 2.6% over 2010 giving levels.¹ While giving among *Burk Donor Survey* respondents was also up in 2011 over 2010 and again in 2012 over 2011, 41% of donors said they still could have given more last year. And, according to respondents, it appears that if charities become more “donor-centred”, that will, in turn, inspire donors to unleash their philanthropy at a whole new level.

Report Recommendations

The 2013 *Burk Donor Survey* includes sixty recommendations for how charities can improve fundraising performance by acknowledging donors' gifts promptly and in a more compelling fashion, by communicating with donors in ways that focus their attention and influence future giving, and by emphasizing the kinds of recognition that donors say extend their loyalty and make them proud to support their chosen causes.

Charities promising real change and not just addressing immediate problems get my more generous support. For example, while I know that feeding one child is great, helping the community solve the issues facing it that caused the child to be starving in the first place is way more important.

¹ Statistics Canada (2013), Charitable Donors 2011, February, 2013; www.statcan.gc.ca