

2010

# 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

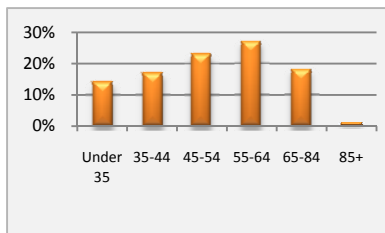
Between March 8 and April 2, 2010, Cygnus Applied Research, Inc. partnered with forty-two American and Canadian not-for-profit organizations in the second annual Cygnus Donor Survey. This ambitious research study reached out to more than 335,000 people with a known recent giving history to learn more 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, answering fifty-two questions about their recent experiences and longer term intentions, and what could influence them to be more generous 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 (termed the "select" group) as well as donors more representative of the giving community as a whole ("typical" group).

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

The Cygnus Donor Survey was conducted entirely online. The study had a 2.4% response rate and a completion rate of 84.2%, for a margin of error of +/-1.19%, nineteen times out of twenty.

## Respondents' Characteristics and Giving Patterns



The typical group of respondents displayed the following characteristics: 65% female, 31% were 44 or under, 50% were between 45 and 64 and 19% were 65 or older. Respondents were most likely to be professionals (44%) or retired (21%) and the group was highly educated, with 82% having at least an undergraduate degree. 45% of typical respondents were actively religious.

The select group's characteristics were different from the typical group in the following ways: the percentage of male respondents was higher and there were considerably more select respondents over the age of 65. Not surprising, the percentage of select respondents with household incomes of \$200,000 and above (22%) is well above the percentage of typical respondents who referenced

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

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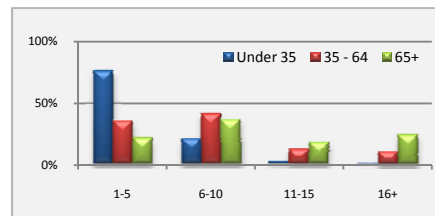
*"To me, recognition and appreciation are two separate ideas. I don't need to be recognized but a sense of individual appreciation such as a personal thank-you goes a long way!"*

household incomes at that level (16%). Select donors were more likely to be retired, and more likely to be actively religious. 96% of select respondents had university-level education, with considerably more select than typical donors indicating graduate or doctoral-level degrees.

Respondents' giving patterns in 2009 were diverse. The total average giving in 2009 among typical donors was approximately \$11,500 and high and low averages for a single gift to any charity were \$6,000 and \$81, respectively. Among select donors, total average giving was approximately \$51,000 in 2009 and high and low average gift values were approximately \$25,000 and \$135, respectively.

44% of all respondents said that the value of their gifts increased in 2009 over 2008; 29% gave less. However, select donors were more likely than typical donors to have reported a decrease in giving in 2009, which is likely to account for the downturn in fundraising which many not-for-profits experienced.

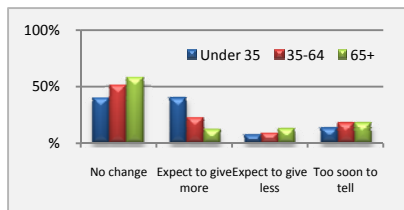
The percentage of donors over 65 who supported sixteen charities or more in 2009 is double that of donors between 35 and 64 years of age and forty times that of respondents under the age of 35. Young and middle-aged donors confirmed their growing preference for supporting fewer causes, which should be noted by not-for-profits that rely on volume of donors rather than on gift value for their profitability.



Other trends in giving were noted by respondents, all of which have significant implications for fundraisers as they reflect donors' growing irritation with certain fundraising practices. They are: a preference for giving to charities that provide donors with measurable results (69%); eliminating or reducing support to not-for-profits that over-solicit (67%); a greater tendency to take cost-per-dollar raised into account when making giving decisions (65%); shifting more support to charities working locally (43%); and supporting fewer causes (41%). Additionally, 59% 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.

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

## Findings Impacting Philanthropy in 2010



Overall, donors say that their philanthropy in 2010 will hold the line, with the majority reporting that they will support the same number of charities with gifts of the same value as they gave in 2009. The good news is that the impact of the economic recession on philanthropy appears to be moderating. Only

8% of typical donors plan to give less in 2010, which compares favorably with 17.5% who responded this way in last year's survey.

On the flip side, charities who have seen their donor numbers and fundraising revenue drop during the recession will not likely see those numbers bounce back immediately. Among select donors, 11% intend to give less in 2010, and among the top 10% of select donors (by 2009 total gift value), the percentage rises to 17%. Even a small downturn in giving among these very generous donors can have a substantial impact on overall fundraising performance.

An opportunity to build support exists across the respondent group but especially among donors under the age of 35, with 39% indicating that they plan to give more in 2010. They referenced healthy household incomes, were less likely to be supporting children or aging parents, and were more optimistic about the future. When asked, "Could you be inspired to give more generously than you had planned this year?", 81% of younger donors said yes vs 71% for older donors. Their lower gift values, however, mask young donors' 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 inspire more generous giving).

### Giving Methods and Donor Communication

Online giving continues to grow in popularity among donors, with 51% of respondents saying they plan to give this way in 2010. Moreover, when age is taken into account, 73% of donors under the age of 35 and 54% of donors between 35 and 64 plan to give online. Perhaps more surprising, 34% of donors 65 or older will make at least one gift online in the next year.

Giving through the mail remains the most common method for transacting gifts when all donors in the study are taken into account (70%) but only 42% of donors under 35 will make any gift transactions this way in 2010. For those who manage Development Departments, donors' changing preferences are important when considering budget and talent allocations in order to maximize future revenue.

73% of 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, half of all survey respondents who wanted to receive information from charities they support prefer to get that information via email (66% for donors under the age of 35).

*"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."*

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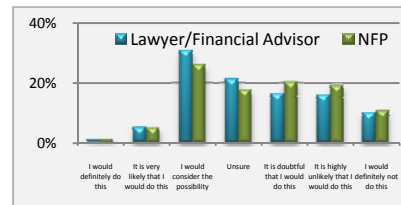
*"It would be best to communicate regularly (once a month, every other month?) with donors and potential donors by sending pertinent information about the plans and goals, achievements and defined needs in a compact format and have a website that is easy to negotiate and makes contribution online quick,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

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*"People need a reason to give. Saying, "Give me money and I will do good things", is not enough. People need to know where their money is going and how it will help."*

## Respondents' Interest in Bequest Giving

Among respondents with a will, 36% indicated that they had already assigned a bequest to one or more charitable organizations. However, only 4% of these donors said they were influenced to do so by a volunteer or staff member of a not-for-profit organization. Among respondents with a will but with no assigned bequest, 32% said they would definitely, would be very likely to, or would strongly consider the possibility of including a bequest if asked by a not-for-profit, and 37% if encouraged by their lawyer or financial advisor. 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.



*"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."*

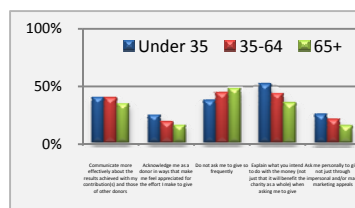
*"I often think that giving money is essentially the easy way out, but that would be because I have money. I feel extraordinarily fortunate to be able to say that and so I feel that giving money is the least I can do. I am also increasingly trying to instill this practice in my 14 and 10-year-old kids."*

## Voluntarism

In Cygnus' 2009 Donor Survey, 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 almost 2,500 Study 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 limited their responsibilities to "offering names of and information on potential donors", "attending donor recognition events to meet and socialize with donors", "evaluating fundraising performance" and "developing the fundraising plan." Taken together, the viewpoints of leadership volunteers, fundraisers and CEOs suggest confusion over fundraising roles and responsibilities. More remains to be done in terms of fostering an environment in which volunteers feel well supported and inspired to be involved more productively and directly in fundraising.

## Is There More Money Out There?

72% of 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".





## 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, donors remain firmly committed to philanthropy, even while continuing to contend with a struggling economy.

## The Cygnus Donor Survey 2011

This is the second Cygnus survey of donors in as many years. 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 the United States and Canada who took the time to complete the survey questionnaire, and to our many professional colleagues who reached out to their supporters on Cygnus' behalf.

*"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..."*