



Donor Engagement Study

Aligning Nonprofit Strategy
with Donor Preferences

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Why Care About this Study?

Recent industry data show organizations lose 57 percent¹ of donors each year, that more than \$25 billion² in donations is at stake, and 74 percent³ of nonprofits admit they can't or don't use donor data to make program decisions. That's significant churn and tremendous missed opportunity. But why?

The answer most often points to engagement. Everyone's talking about it. And there have been a number of insightful studies published about donor engagement from the donor's perspective. What makes donors tick? What channels do donors like best? How differently do donors behave depending upon their generation? There is plenty of data out there to help give us these perspectives.

So, we wanted to explore the topic of engagement differently. We believe, for the first time, we've looked at the subject through a new lens that compares how donors actually engage with organizations and how nonprofits think donors engage with their organizations. This pioneering approach compares the attitudes, values, and practices of donors and the nonprofit community to discover where they align, and where differences emerge and gaps exist.

We set out to answer four essential questions:

- 1) What matters most to donors as they make their philanthropic decisions?
- 2) How can nonprofit professionals be better communicators?
- 3) What makes donors feel involved and engaged?
- 4) Is donor engagement driven by industry practices or true donor preference?

We explored questions with 1,263 donors in the United States ranging across all age segments – Millennials, Generation Xers, Boomers, and Matures. We also posed questions to 206 nonprofit professionals who work at organizations with annual revenue of \$1-\$49 million. The nonprofit professionals surveyed are involved in decisions around donor communications and engagement. The online surveys took place between February 2 and February 17, 2015.

Here is what we learned.

Enjoy. Ask questions. Dig deeper. Engage.

Key Findings

Fundamentals are key for nonprofit organizations:

If the fundamentals are not being executed upon by organizations, no amount of strategy will make a difference. Fundamentals include: show donors money is being used wisely, show donors your organization is reputable, show donors your mission is sound, and show donors their contributions make a difference.

Donors and organizations are misaligned on communication frequency:

Most nonprofits think more frequent communication is better. Most donors disagree. Communication and communication frequency are major misalignments between donors and organizations. Most nonprofit professionals are 10 times more likely than donors to feel they're not communicating enough.

Critical content is more important than frequency or channel:

Content is king. Rich content, tuned to the interests of the donor, is essential for organizations to keep donors engaged. Hearing personal stories, getting updates on accomplishments, and being thanked make donors feel far more involved than the channel used to engage makes them feel.

Giving (or the act of giving) makes donors feel the most engaged:

The act of giving money talks. The way donors feel MOST engaged with an organization is through financial contributions. Volunteering is a close second. One caveat to this data is that Millennials are the one cohort that feels more engaged through volunteering, with giving a close second.

Age/generational engagement is a missed opportunity:

Very few nonprofit respondents surveyed are actually targeting appeals or communications to their donors with any consistency, particularly by age. Yet we see in this study (and others) that there are big differences in preferences by generation.

Organizations are missing opportunities by not using data to drive strategy and tactics:

Organizations tend to plan and execute communication based on one or few data points, missing the opportunity to engage the donor around his or her passion for the nonprofit and preferences for engagement.

Closer Look: Generational Hits and Misses

	Millennials 1981-1997	Gen Xers 1965 -1980	Boomers 1946 -1964	Matures 1945 or earlier
# Nonprofits supported (average)	2.93	2.95	3.14	3.21
Total \$ to nonprofits/year (average)	\$644.92	\$1033.28	\$1248.80	\$1435.31
Ways feel most involved (top 3)				
Organizations support (top 3)				

- Volunteering
- Making \$ Contribution
- Personal Stories
- Updates Accomplishments
- Social Services
- Children/Youth Development
- Animal Welfare
- Place of Worship
- Health/Disease

This probably comes as no surprise, but we behave and engage with the world differently than our parents do. As a matter of fact, different generations, as a whole, behave differently.

While this study/report does not provide an exhaustive look at generational behavior when it comes to engaging with nonprofit organizations (there are some great studies out there that focus specifically on this topic), it does provide some key insights. It spotlights generational behavior across the donor pool at a high level, and areas where nonprofit organizations may not be leveraging those insights to their fullest potential.

With that said, we can't talk about engagement without discussing the different generations – Millennials, Generation Xers, Boomers, and Matures – because there are some significant differences by generation.

We know from other studies that Millennials believe in the power of collective action. This is the only generation where volunteering gets a slightly higher engagement score than giving.

Millennials and (to some extent) Generation Xers feel more involved through participation, like advocacy and peer-to-peer fitness events.

Boomers and Matures feel more involved in passive ways, like getting updates and information through the mail.

Most nonprofit organizations target donors based on donation amount (about 80 percent); only 34 percent target based on age/birth year, which is a BIG missed opportunity for many organizations.

While Millennials receive most of the attention from press and studies/reports, we know that Boomers and Matures (and Generation Xers more and more) are the ones who donate the most money on an individual basis. Larger percentages of Boomers and Matures give \$500 or more to nonprofits each year.

Section 1: Donor Behavior

What matters most to donors as they make their philanthropic decisions?

Donors care about money. More specifically, they feel most engaged through the act of giving money, and they care about how their money is used. Figure 1 shows that the top four priorities for donors are: 1) Their money is used wisely; 2) The organization has a good reputation; 3) A strong belief in the mission/cause; and 4) The donor's support makes a difference.

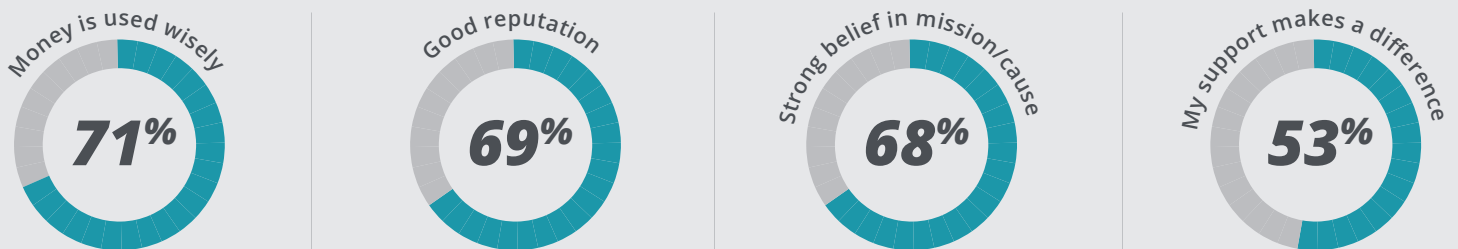


Figure 1

There are differences by generation, however, in terms of how donors evaluate organizations. Figure 2 shows that older generations give the top charities they support higher marks on the top four priorities, but Millennials tend to be more critical.

Figure 2: How well does each of the following describe the ONE charitable organization that you donate to regularly/is the most important to you?

	Millennials	Gen Xers	Boomers	Matures
Believe in mission / cause	50%	57%	59%	59%
Good reputation	48%	53%	59%	62%
Use their money wisely	40%	48%	48%	46%
My support makes a difference	39%	43%	43%	43%

Significant differences represented in bold

Section 2: Donor Communication

How can nonprofit professionals be better communicators?

More is not necessarily better. This is one area of major misalignment between donors and the organizations they support. For the most part, organizations believe they are not communicating enough with donors, while donors believe the top organizations they support are communicating adequately. Figure 3 shows there is a big discrepancy between what nonprofit professionals and donors think in terms of communication frequency – nonprofit professionals are 10 times more likely to think they are not communicating enough.

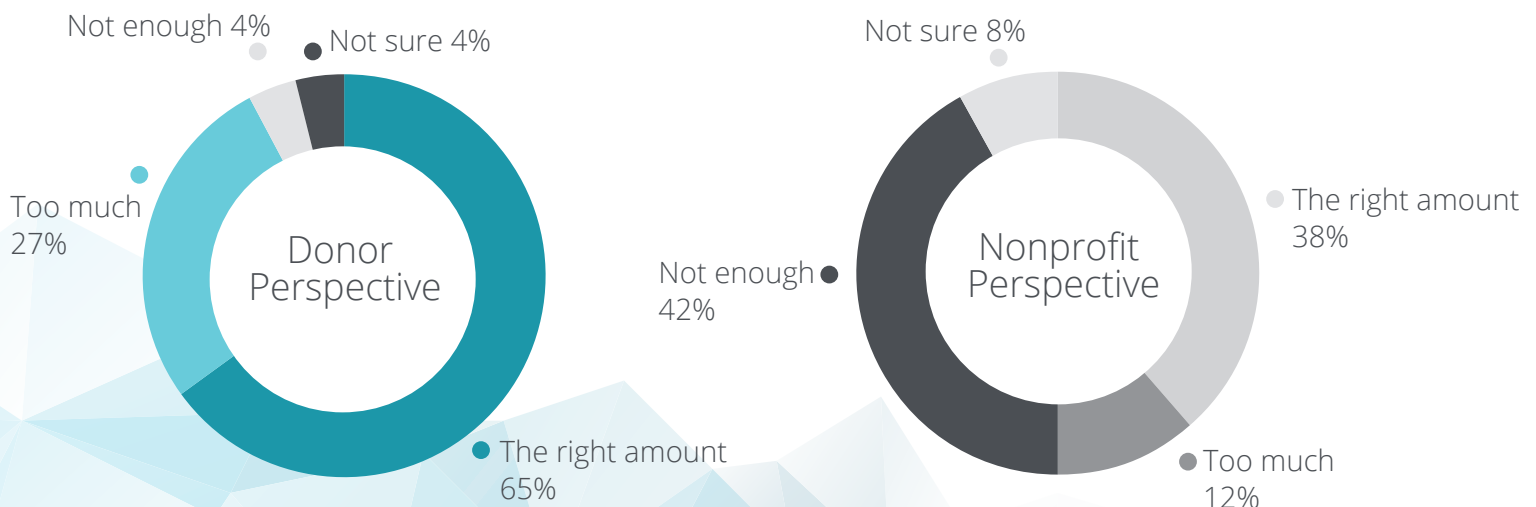


Figure 3

Figure 4 shows that some communication channels are less desirable for donors.



Figure 5 shows the most accepted channels by donors are: radio or TV ads, direct mail, peer-to-peer fundraising, thank you notes/phone calls, newsletters, and email.

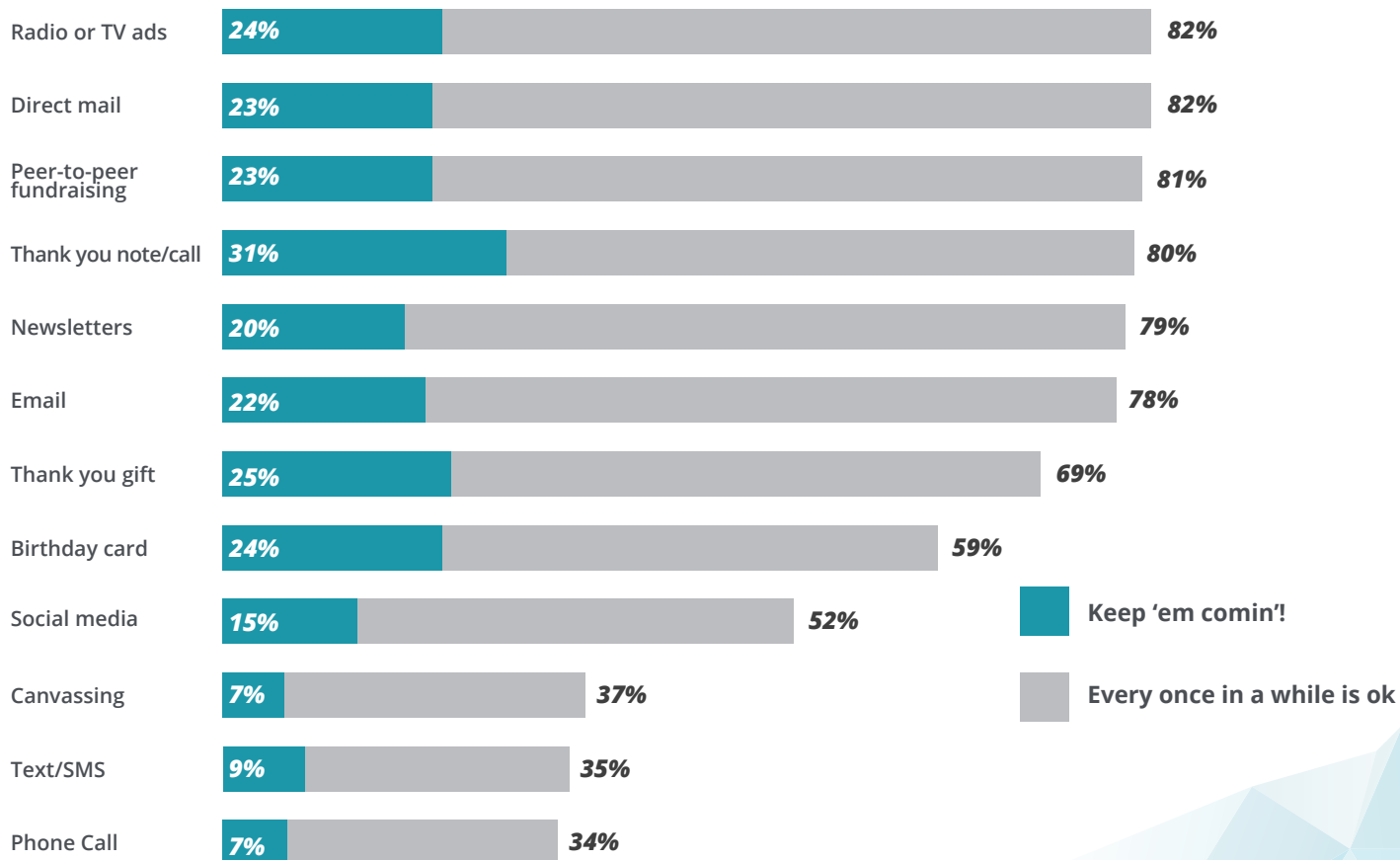


Figure 5

Figure 6 shows that there are generational differences, as well, when it comes to different channels of engagement. Younger generations are much more open to multiple engagement channels. Older generations are much more specific about what works.

Figure 6: Combined “Keep ‘em comin’!” + “Every once in a while is ok”

	Millennials	Gen Xers	Boomers	Matures
Radio or TV Ads	85%	87%	79%	74%
Direct mail	84%	84%	80%	79%
Peer-to-peer fundraising	87%	87%	77%	63%
Thank you note/call	81%	84%	77%	70%
Newsletters	77%	82%	80%	75%
Email	84%	82%	74%	69%
Thank you gift	78%	75%	63%	48%
Birthday card	76%	67%	49%	36%
Social media	72%	66%	38%	21%
Canvassing	52%	42%	30%	20%
Text/SMS	55%	42%	24%	9%
Phone call	44%	37%	29%	22%

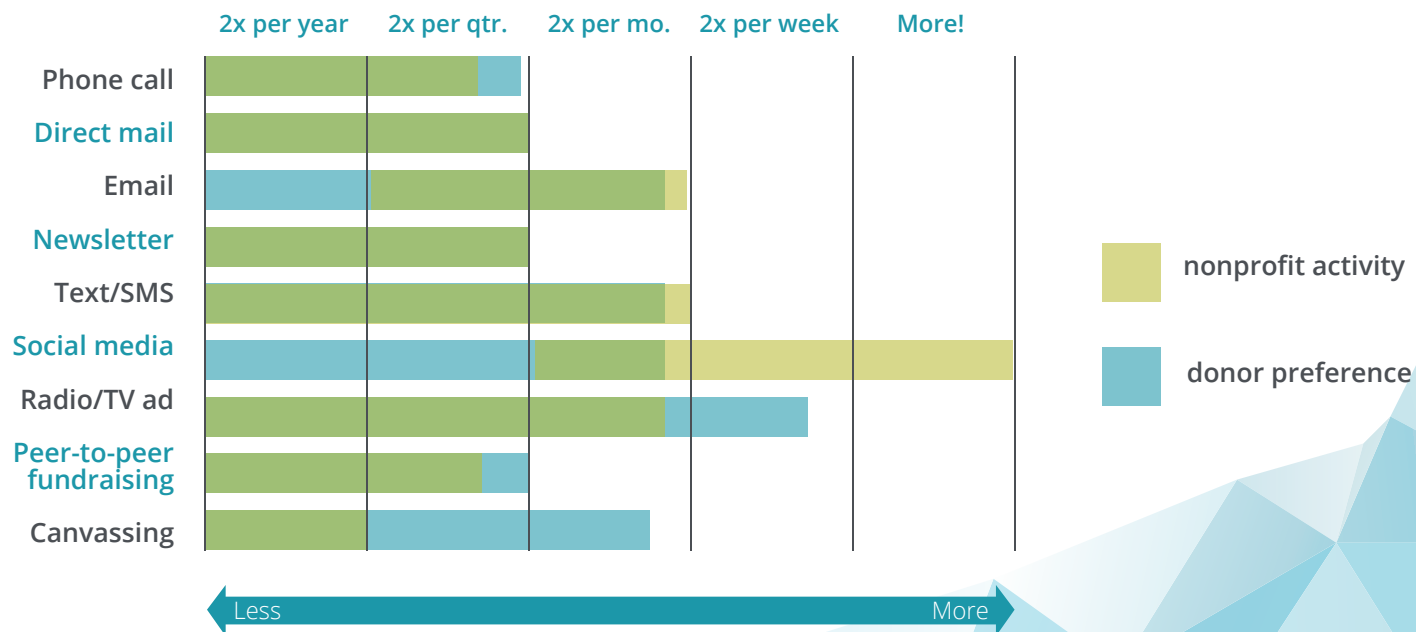
Major donors (defined here as giving more than \$500 total in a year) are also pretty specific about what works and what doesn't. This group is most sensitive to being over-communicated with via phone, while most are open to newsletters and emails. Figure 7 shows communication preferences among the higher-dollar givers. In this world of multichannel communications, donors are fine being contacted "some of the time" through many channels.

	Keep 'em comin'!	Every once in a while	Make it stop!	Not for me
Direct mail	20%	64%	8%	8%
Email	22%	61%	12%	6%
Newsletter	19%	65%	8%	8%
Thank you note/call	28%	50%	6%	15%
Phone	6%	27%	40%	27%
Birthday card	17%	33%	15%	35%
Thank you gift	18%	42%	14%	26%

Figure 7

However, by and large, donors prefer to be communicated to only a couple of times per year or a couple of times per quarter, regardless of channel. Anything more starts to be too much for donors. The major areas of misalignment between donors and nonprofits emerge around email, social media, radio/TV, and canvassing. Figure 8 shows the discrepancy between donors and nonprofits by channel.

Figure 8: Overlap of what donors see as "right amount" and what nonprofits do



Section 3: Feeling Engaged

What makes donors feel involved and engaged?

Money. Money makes the world go 'round. Or, in this case, it's the act of donating that makes a donor feel the most engaged and involved with an organization. But it's not the only type of action that makes a donor feel engaged. On a sliding scale, donors feel most involved when they provide financial/volunteer support, while channels don't make much of a difference in terms of feeling engaged.

This is not to say that communication doesn't matter and that when and how organizations communicate with donors doesn't matter. The scale simply puts in perspective what behavior most makes a donor feel involved with an organization.

Donors can feel engaged with an organization in multiple ways:

- **Financial/Volunteer Support**
 - Giving money/making a donation
 - Volunteering
- **Information/Recognition**
 - Hearing personal stories
 - Getting updates about accomplishments
 - Thank you notes/gifts
- **Participation**
 - Advocating for an important issue
 - Participating in fun runs and other events
 - Wearing shirts/caps/logo wear

Surprisingly (or perhaps not so), donors feel less engaged around certain activities and channels:

- **Participation**
 - Social functions
 - Networking events
- **Channels**
 - Direct mail
 - Email
 - Website
 - Social media
 - Text/SMS

One missed opportunity for many nonprofits is the way donors like to be engaged. By and large, organizations offer a variety of ways for donors to engage, from sending a check in the mail to monthly giving to advocacy actions. However, many organizations don't offer donors the option to donate goods and services, show support by buying products, or add a donation at checkout.

Figure 9 shows the scale indicating how donors feel most engaged.

Figure 9

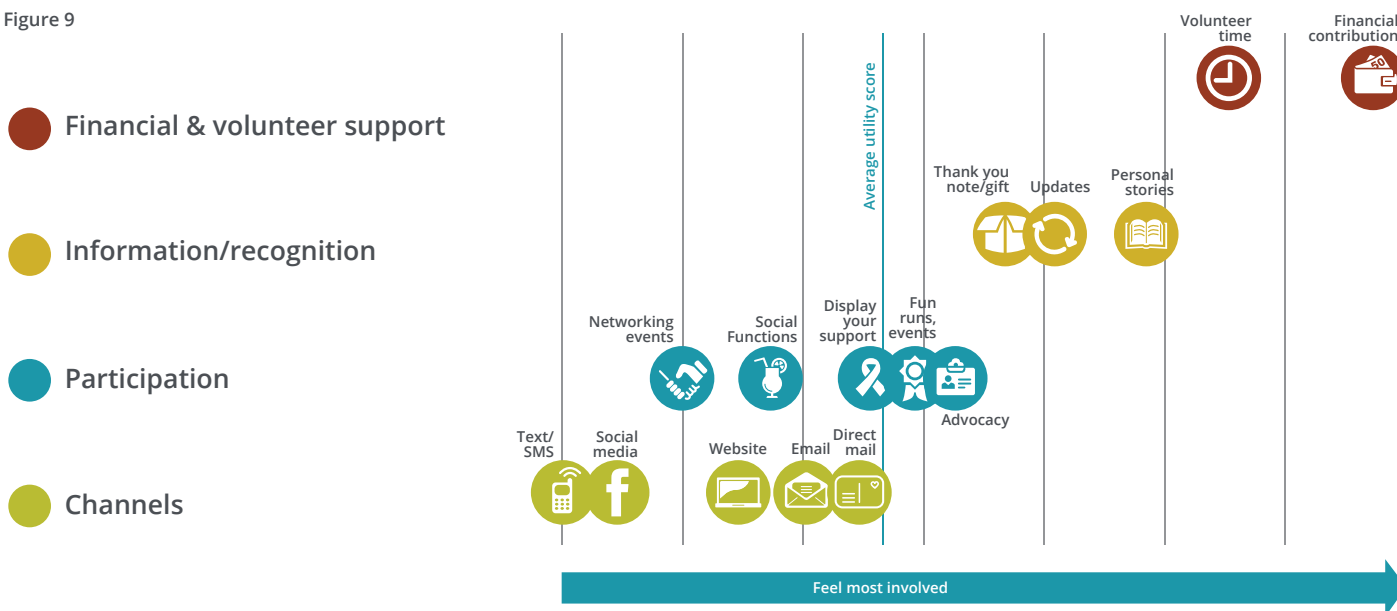


Figure 10 shows an overlay of how donors have engaged in the last month and what engagement options organizations offer.

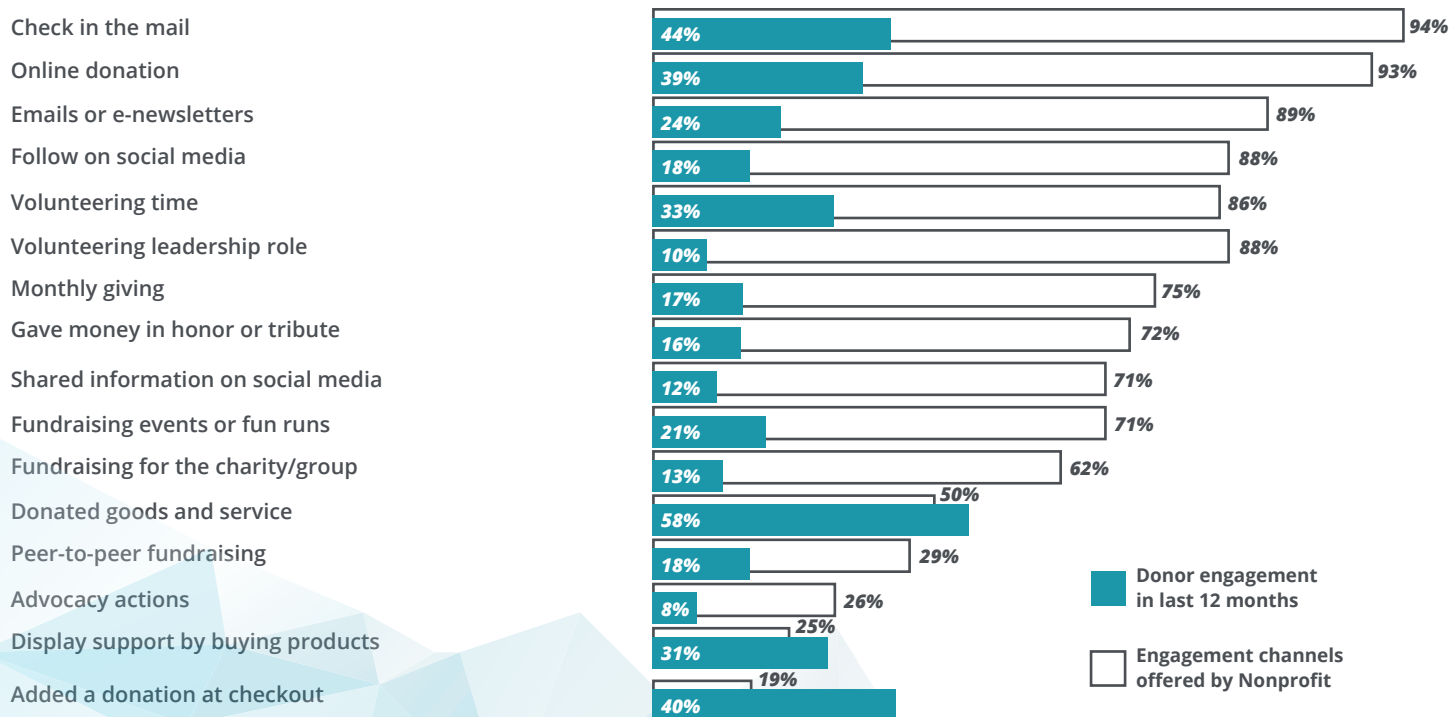


Figure 10

Section 4: Drivers of Donor Engagement

Is donor engagement driven by industry practices or true donor preference?

To extend the “missed opportunity” line of thought at the end of Section 3 (above), the data also show that only 52 percent of donors felt that the organizations they support take their preferences into account when communicating or appealing for donations. Interestingly, only 52 percent of nonprofit professionals believe they’re taking donor preference into account when developing strategy and implementing fundraising campaigns.

As showcased in Figure 11, there are multiple ways to target donors – many of which are not being leveraged by nonprofits. Especially age/birth year.

Figure 11: Do you target the information you send to donors in any of the following ways?

Target information by...	Always	Sometimes	Total
Donation amount	33%	47%	80%
Content/interest	9%	54%	63%
Demographics	11%	43%	54%
Channel preference	13%	40%	52%
Acquisition source	11%	38%	49%
Other preferences	12%	36%	48%
Age/birth year	3%	31%	34%

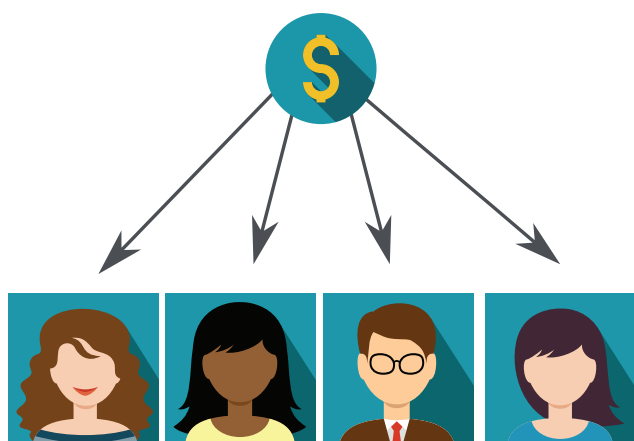
One Data Point vs. Many Data Points

Based on the data shown in Figure 11, 80 percent of nonprofits use the amount a donor gives as the primary – and oftentimes the only – data point around which to plan and execute donor communication and fundraising campaigns.

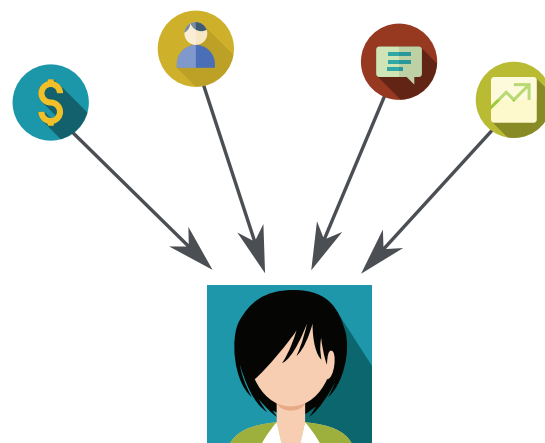
Using one data point to target many donors widens the gap between the donors' expectations and the organization, and creates an environment where organizations rely on the volume of communication to drive conversion and donation rates, rather than targeted communication that can generate a higher return.

Donors are telling organizations their preferences of channel, their interests and content preferences, and even the time of year and type of campaign they prefer to support. Using those multiple data points to target the individual donor will improve the donor experience, increase engagement and retention, and accelerate and increase giving – matching the experience they have with other entities in their daily lives.

One data point



Many data points



Section 5: So, Where Do We Go From Here?

The data show that alignment does exist between donors and nonprofits on a number of fronts, but there are some particular gaps/misalignments that exist between donors and the organizations they support.

First and foremost, organizations need to ensure they are executing well on the basics. Oftentimes, new and interesting ways to engage donors emerge, but if the basics aren't in place there is no solid foundation upon which to build. Additionally, really understanding donor preferences and personalizing the experience for each donor – especially across age groups – is key. Finally, building and delivering the right content at the right time can't be overstated and should be an area where organizations look to invest time and energy.

Below are some specific actions nonprofit professionals and the organizations they support can take to get the most out of the data in this report.

- **Do the basics right:** These are pretty simple and straightforward, but not always easy to implement. The key is to show value to your donors by using money wisely and showing donors how their contributions are making a difference. Invest in a donor management system that will allow you to track donors and extract relevant data in a simple, consumable way that works for you and your organization.
- **Don't get distracted by the shiny new objects:** How many times have we heard that direct mail is dead? Or that online giving will save the sector? Or that social media is the panacea we've all been waiting for? While many new tools, channels, ideas, etc. can help bolster a nonprofit organization's efforts to engage with their donors, they can also prove to be a distraction if the fundamentals are not in place.
- **Understand your donors:** Really understand your donors beyond just how much money they have given. Understand differences by generation and tailor outreach and engagement campaigns based on these differences. Look at alternate ways to target donors, including demographics, acquisition source, channel preference, and age.
- **Spend time, energy, and resources on rich content:** Content is more important than channel. If you can't deliver your narrative/story/vision to your donors in a way they can consume it, your channel strategy doesn't matter. People want to know what your organization is doing, how it's doing, how it's making a difference in the world, how THEY are making a difference in the world, etc.
- **Understand the channel:** The more personal the channel (text, email, phone call, etc.) the higher the donor's expectation. Be specific when communicating through personal channels, and more generic when communicating through broader channels (TV ads, radio ads, etc.).

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