

DONOR *loyalty* STUDY

A Deep Dive into Donor Behaviors and Attitudes



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abila™

Overview: Why Care?

Donors matter. They support the missions, causes, and people who help make our world a better place. In 2014, individual donors gave nearly \$260 billion (that's more than Ireland's Gross Domestic Product!) to charity, and accounted for nearly three-quarters of all dollars donated, according to *Giving USA*. So, certainly, donors matter.

Last year, our experts at Abila took a decidedly different approach to understanding donor engagement with the [Donor Engagement Study](#), in which we looked at the whole subject of donor engagement through a different lens. We compared how donors actually engage with organizations to how nonprofit professionals *think* donors engage with their organizations to showcase both alignments and gaps.

Not surprisingly, there were disconnects that existed between donors and the organizations they support – mainly around communication frequency, content, how donors feel most engaged, and how many data points are optimal to engage donors (in other words, how important is customized, personalized engagement).

For this current study, we decided to dig even deeper into donor behavior, to go beyond *just* engagement, and see what drives donor loyalty, what types of content donors *really* like to consume, what actions by an organization *annoy* donors, what role events and volunteering play, and how donors *really* feel when it comes to an organization spending money on overhead.

We also explore topics generationally to understand the attitudes and values across different age groups (Millennials, Generation Xers, Boomers, and Matures). In particular, we look more closely at Millennials and their emergence as a donor force. Furthermore, we have a special section that explores more deeply the behaviors and preferences of high-wealth donors (those who earn more than \$200,000 annually).

So, why care about this study? We believe this study, in conjunction with last year's *Donor Engagement Study*, provides a much deeper picture into how donors behave and why, what content resonates with donors, and how nonprofit organizations can adjust their strategies, accordingly, to better nurture donors by giving them what they want, when they want it, and how they want it.

We explored questions with a representative sample of 1,136 donors in the United States across all age segments who made at least one donation to a nonprofit organization in the past 12 months. The surveys were conducted by Finn Partners between February 3 and February 16, 2016.



HERE'S
WHAT WE
LEARNED

Key Findings

- **It's all about "me."**

The three main reasons people donate to nonprofit organizations are very personal in nature – they have a deep passion for the cause, they believe the organization depends on their donation, or they know someone affected by the nonprofit's mission.

- **Donors spread the wealth.**

Nearly 80 percent of all survey respondents report donating to multiple organizations per year. More than 60 percent of high-wealth donors support at least four organizations.

- **Volunteering and events are "gateway drugs."**

Nearly 75 percent of those who volunteered say they are more likely to donate. This is especially true for Millennials (52 percent), who are most likely to donate after volunteering.

- **Content is NOT just king ... it's money.**

Nearly 75 percent of respondents say they might stop donating to an organization based on poor content, including vague content, dull content, irrelevant content, and inconvenient formatting.

- **Quality, length, and frequency matter.**

Most donors prefer short, self-contained content. More than half of all donors want at least monthly communication (except Millennials, who want to receive content at least twice monthly).

- **Personalization matters.**

Approximately 71 percent of donors feel more engaged with a nonprofit when they receive content that's personalized. Personalization done wrong – with misspelled names, irrelevant information, or age-inappropriate material, for example – rubs donors the wrong way.

- **Donors trust nonprofits to spend money wisely.**

By and large, donors trust the nonprofits they support to spend their money wisely (93 percent), and are pretty evenly divided in giving to both restricted and unrestricted funds.

Generational Overview

It's nearly impossible to look at any sort of donor engagement/loyalty study without considering behaviors across generations, especially with the ongoing emergence of Millennials, both in the workforce and society.

According to [Pew Research](#), Millennials now comprise the largest generation in the workforce (more than one in three workers in the U.S. is a Millennial). AND, they make up the largest percentage of the population, according to the U.S. Census Bureau, surpassing Gen Xers and Boomers.





While much has been discussed about Millennials (some would say ad nauseam), what can't be denied is the fact they're moving into their prime earning and spending years, and their behaviors and attitudes will reshape the economy, reshape how companies do business, and reshape how organizations attract and engage them.

However, Gen Xers, Boomers, and Matures still play a key role for nonprofits. As you might guess, as donors age they tend to give more money. And, they also tend to support more organizations.

Understanding generations and how they like to engage is essential for any organization, as is acknowledging that an emerging generation will change the rules of engagement down the road and planning now for that sea change.

The chart below shines a spotlight on areas where the generations converge and diverge. Additionally, we dig deeper into the generational divide throughout the different sections of the study.

GENERATIONAL BREAKDOWN

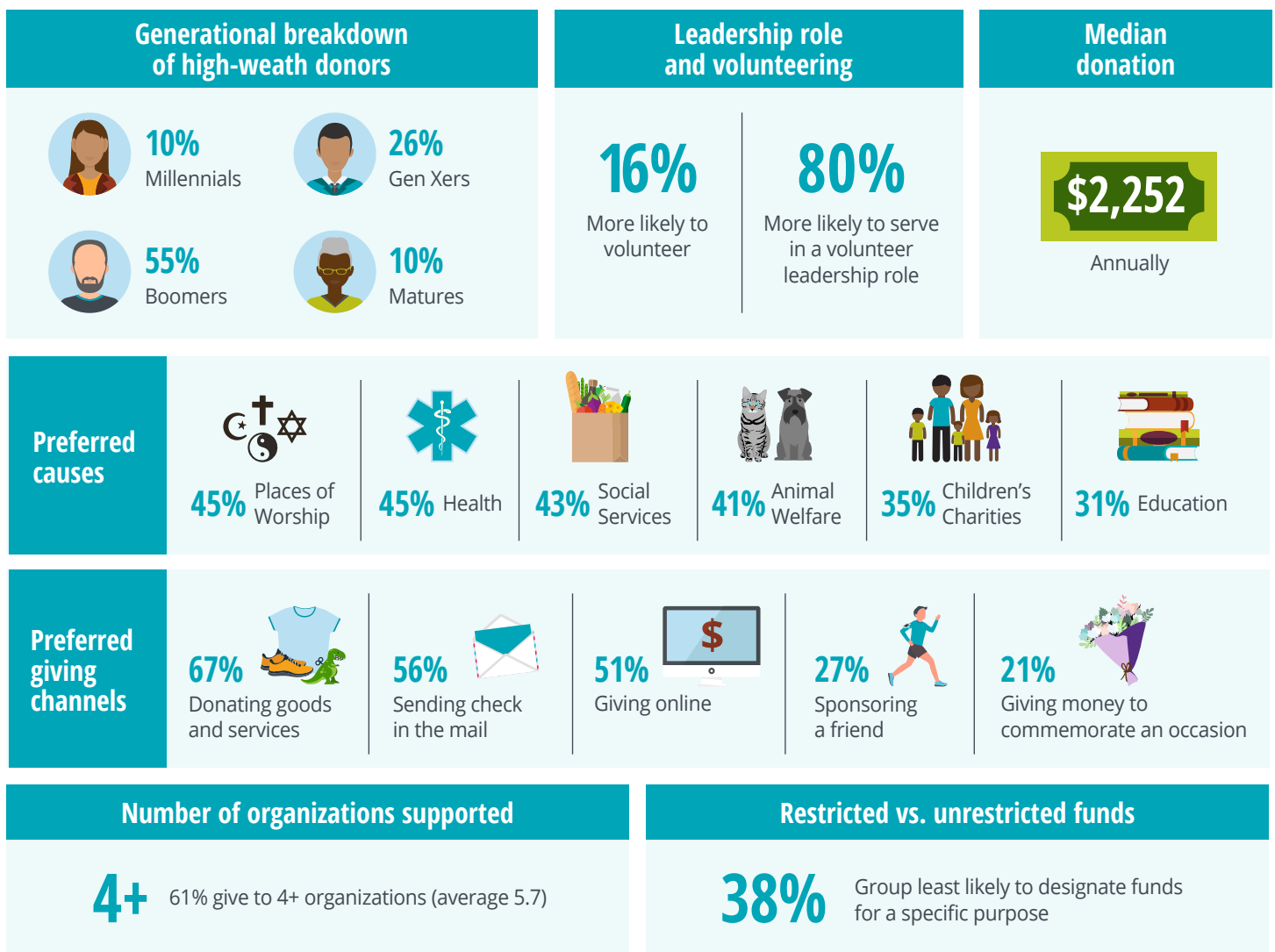
	Average # of nonprofits supported	Median donation (annually)	Be motivated by passion for a cause	Be motivated that org relies on donations	Preferred donation method	Prefer short emails or letters	Preferred frequency of communication
 MILLENNIALS 1981-1997	3.7	\$238	63%		39% ONLINE 31% - Check	✓	2x per month or more
 GEN Xers 1965-1980	3.4	\$465	62%		41% ONLINE 38% - Check	✓	Monthly or more
 BOOMERS 1946-1964	4.1	\$478		51%	52% CHECK 41% - Online	✓	Quarterly or more
 MATURES 1945 or earlier	5.5	\$683		65%	65% CHECK 31% - Online	✓	Quarterly or less

Special Section: High-Wealth Donors

No matter how you slice it, money is a key driver for most organizations to stay relevant (and in business) – whether for-profit or nonprofit. That’s the reality of the world in which we live.

High-wealth donors (\$200,000+ in annual household income) with disposable income are an essential part of any nonprofit organization’s mix. Approaching wealthy donors in the right way can pay dividends. Missteps with high-wealth donors can cause irreparable damage.

To that end, we’ve dedicated a special section of this study solely to high-wealth donors and how their behaviors and attitudes differ from general donors. Here are some key findings:



Section 1: Donor Behaviors

In this section, we explore more in-depth three areas related to donor behavior. Specifically, what causes donors prefer, how donors prefer to engage (in other words, what drives donor loyalty), and what role events and volunteering play in the life of a donor.

What causes do donors prefer?

Figure 1 shows the type of causes donors like to support, with Social Service organizations, Health/Disease charities, and Children/Youth Development leading the charge.

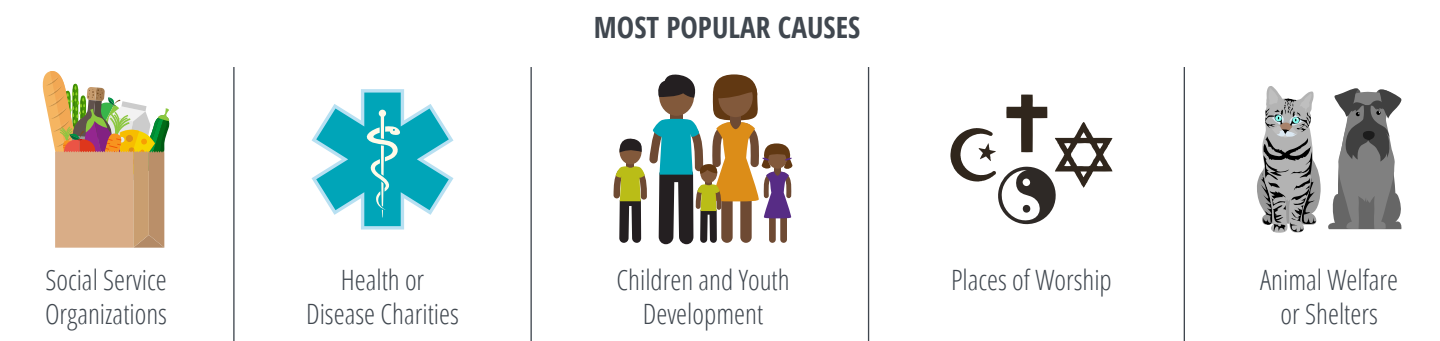


Figure 1: Preferred causes

Figure 2 shows preferred causes by generation. Younger donors (Millennials and Gen Xers) tend to support Children and Youth Development organizations, while older donors (Boomers and Matures) lean heavily toward Places of Worship.

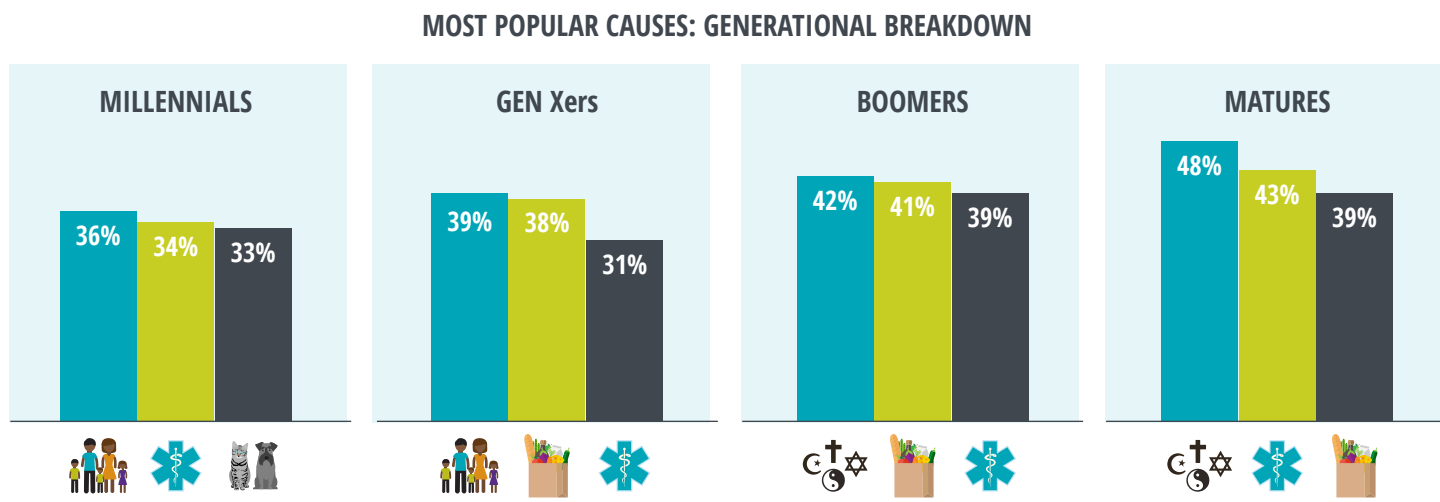


Figure 2: Top three organization types supported by generation

Data Insight: Millennials and the Religion Shift

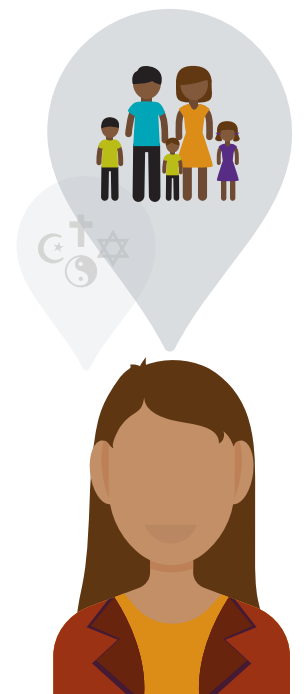
While it's difficult to draw exact conclusions from the data in Figure 2 (*Top three organization types supported by generation*), it's certainly worth noting where correlations exist.

Recently, [Pew Research](#) released a study on Millennials and religion, showing that "Millennials are much less likely than older Americans to pray or attend church regularly or to consider religion an important part of their lives." The donor habits of Millennials, and to some degree Gen Xers, support this notion, as more secular-focused, family/children-focused organizations replace faith-based religious institutions as recipients of donations from these generations.

Michael Hout, a professor of sociology at New York University, characterized the shift away from religion in this way:

Most age differences at any given time are the legacy of the times people grew up in. Many Millennials have parents who are Baby Boomers, and Boomers expressed to their children that it's important to think for themselves – that they find their own moral compass. Also, they rejected the idea that a good kid is an obedient kid. That's at odds with organizations, like churches, that have a long tradition of official teaching and obedience. And, more than any other group, Millennials have been and are still being formed in this cultural context. As a result, they are more likely to have a "do-it-yourself" attitude toward religion.

Based on *Giving USA's* data, religious organizations account for the bulk of individual giving (hitting a peak of \$114 billion in 2014). What does this mean for nonprofit organizations? Considering giving remains a pretty constant 2 percent of GDP, Gen Xers and Millennials will continue to grow in spending power and will flex their financial muscle – and, it likely won't be to religious organizations. The question remains: If and how will these two generations redistribute nearly \$100 billion in giving revenue as they grow in financial influence and stature?



How do donors like to engage?

Consistent with earlier findings in our [Donor Engagement Study](#), donors like to engage with nonprofit organizations in three different ways: **Giving** (money, donating goods and services, buying products, etc.); **Doing** (volunteering, attending events, serving in a leadership role, etc.); **Communicating** (spreading the word, advocacy, following on social media, staying informed).

Giving

Giving is very personal. Figure 3 looks at the three main reasons donors give to an organization in order of importance. The top three drivers are very much about the individual experience of the donor, rather than a grander purpose or vision.

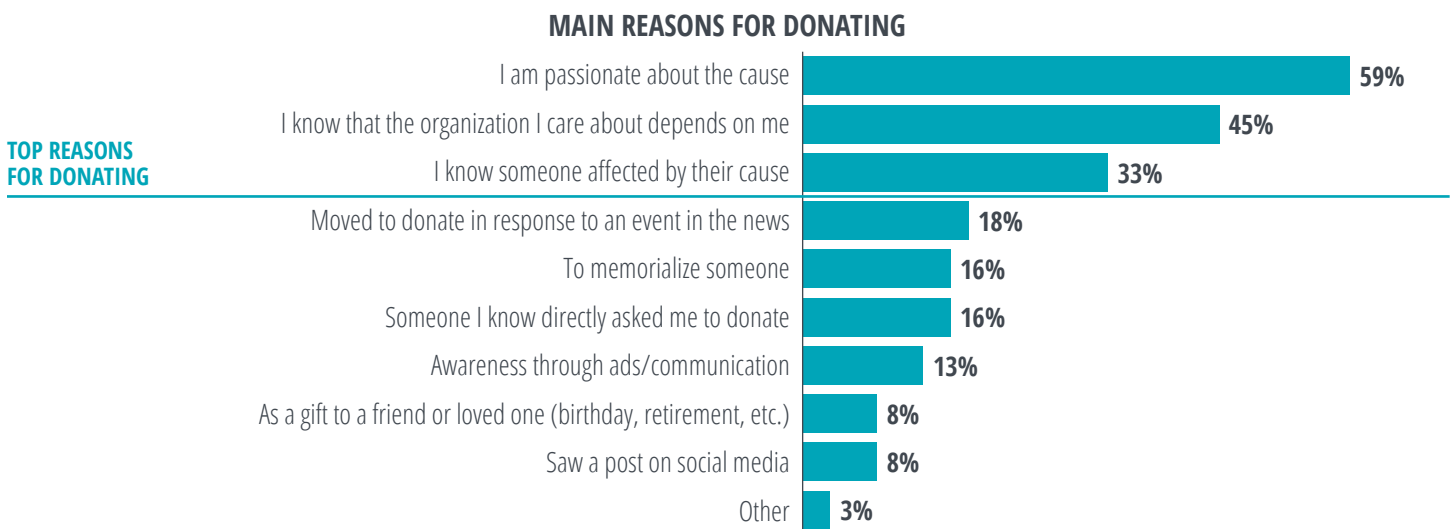


Figure 3: Reasons for donating (respondents were able to select all that apply)

Now that we have a clearer sense of what compels a donor to give, Figure 4 looks specifically at what donors prefer to give. Money given online or via check and goods/services rate the highest.

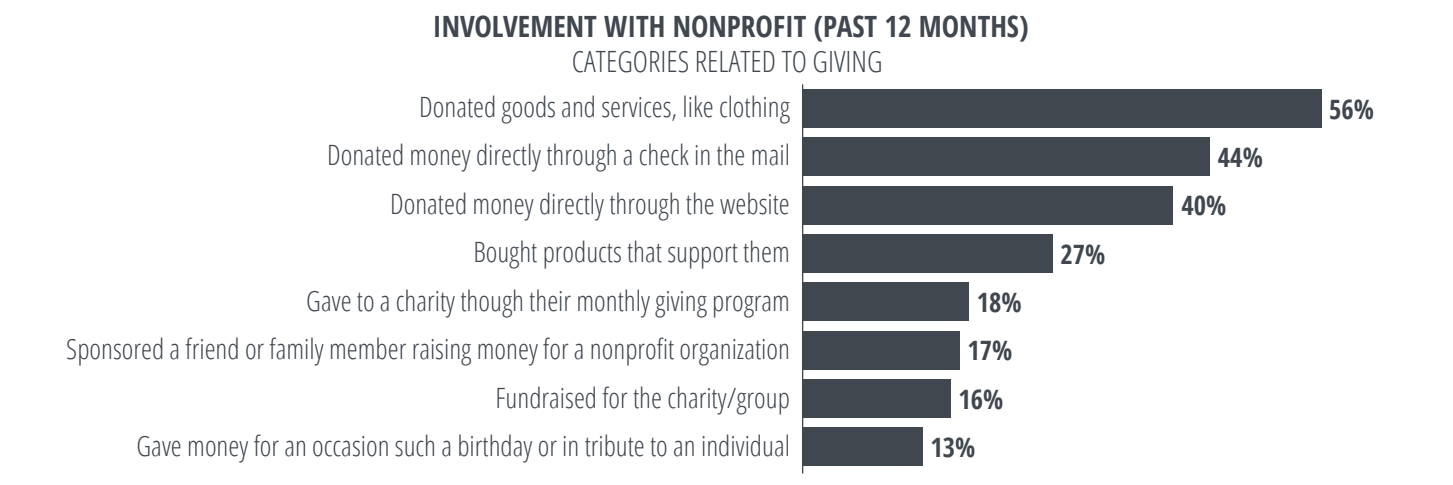


Figure 4: Categories related to Giving (respondents were able to select all that apply)

Doing

While giving is certainly the most important activity for a donor, doing plays an essential role, as well. Doing opportunities give donors a much more hands-on experience with an organization and can help drive loyalty. Forty-seven percent of donors do something with an organization: volunteer, attend events, or play a leadership role. Figure 5 looks specifically at how donors prefer to interact with a nonprofit organization. Bottom line, people like to volunteer. More than one-third of donors have volunteered time in the last 12 months.

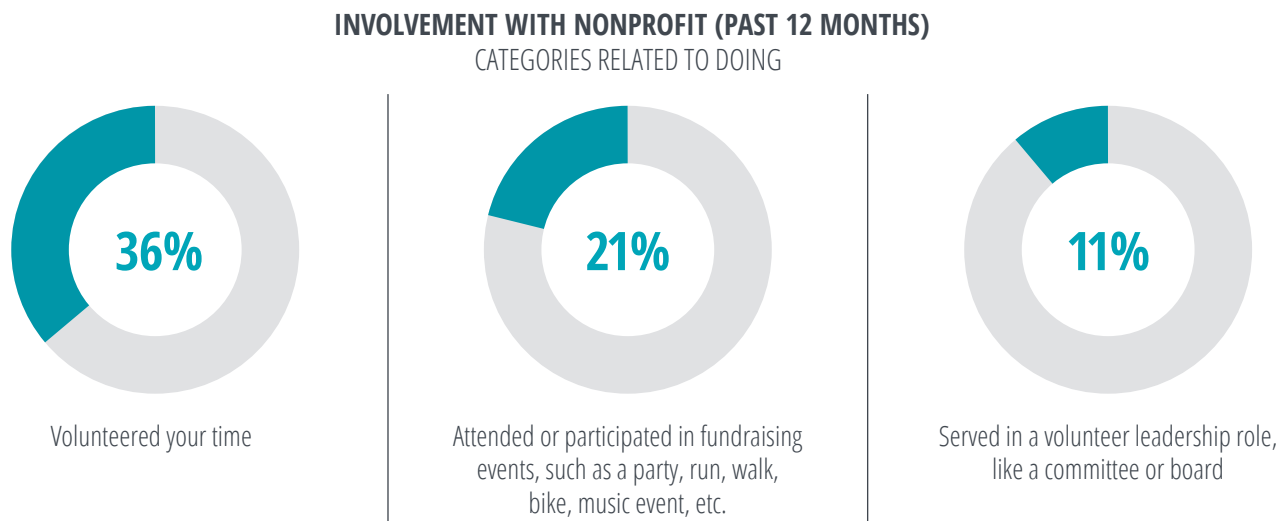


Figure 5: Categories related to Doing (respondents were able to select all that apply)

Volunteering – and events, in particular – factor into the donor loyalty equation. While we live in an increasingly digitally connected world, in-person events and the ability to get involved through volunteerism correlate closely with increased giving and engagement. Figures 6 and 7 show how events and volunteering affect donation decisions.

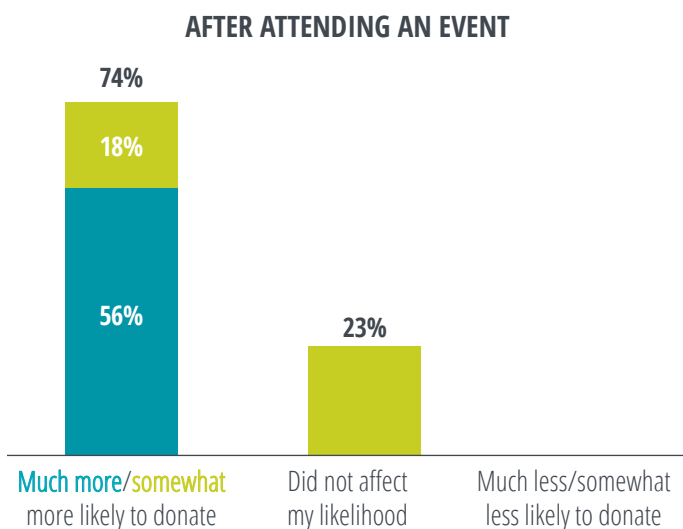


Figure 6: Effect attending an event has on decision to financially support the nonprofit (among those who attended an event)

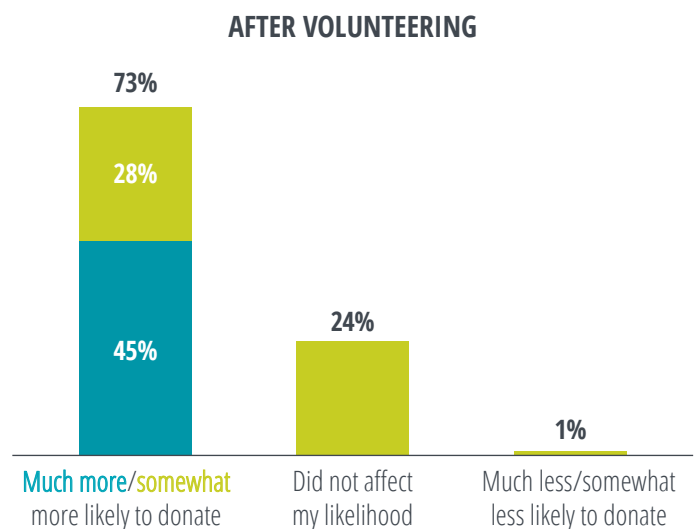


Figure 7: Effect volunteering has on decision to financially support the nonprofit (among those who had volunteered)

Figure 8 shows the breakdown of types of donors who generally volunteer and attend events.

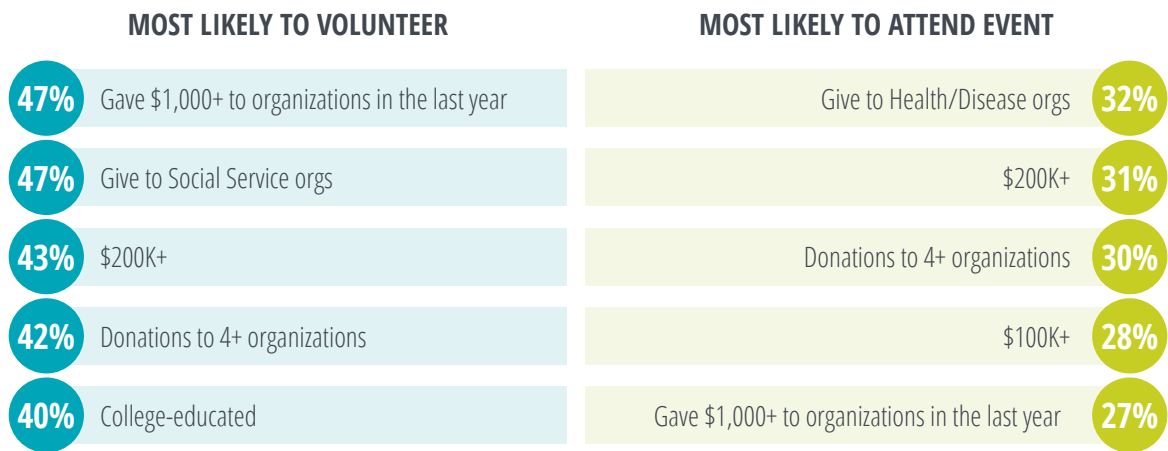


Figure 8: How events and volunteerism play into giving and engagement

Primarily, donors are looking for events to make a difference with the cause they support and educate them about how the organization operates. Figure 9 shows, in rank order, what matters most and least to donors, respectively, when it comes to events.

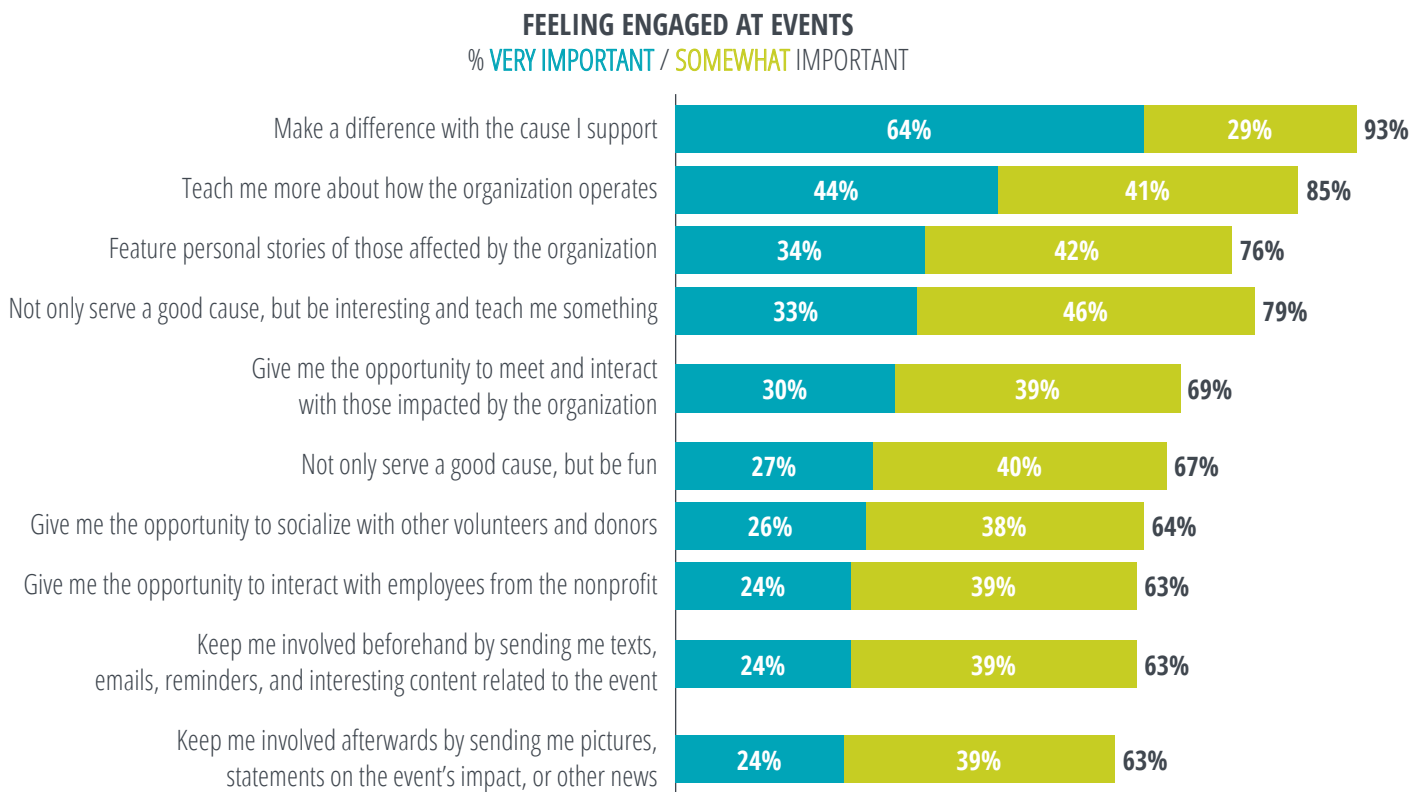


Figure 9: What matters most and least to donors when thinking about events

For volunteer opportunities, donors are looking for something that has a positive impact on other people’s lives, and events that are well organized. Figure 10 shows a rank order of what matters most and least to donors when it comes to volunteer opportunities.

FEELING ENGAGED WHILE VOLUNTEERING

% **VERY IMPORTANT** / **SOMEWHAT IMPORTANT**

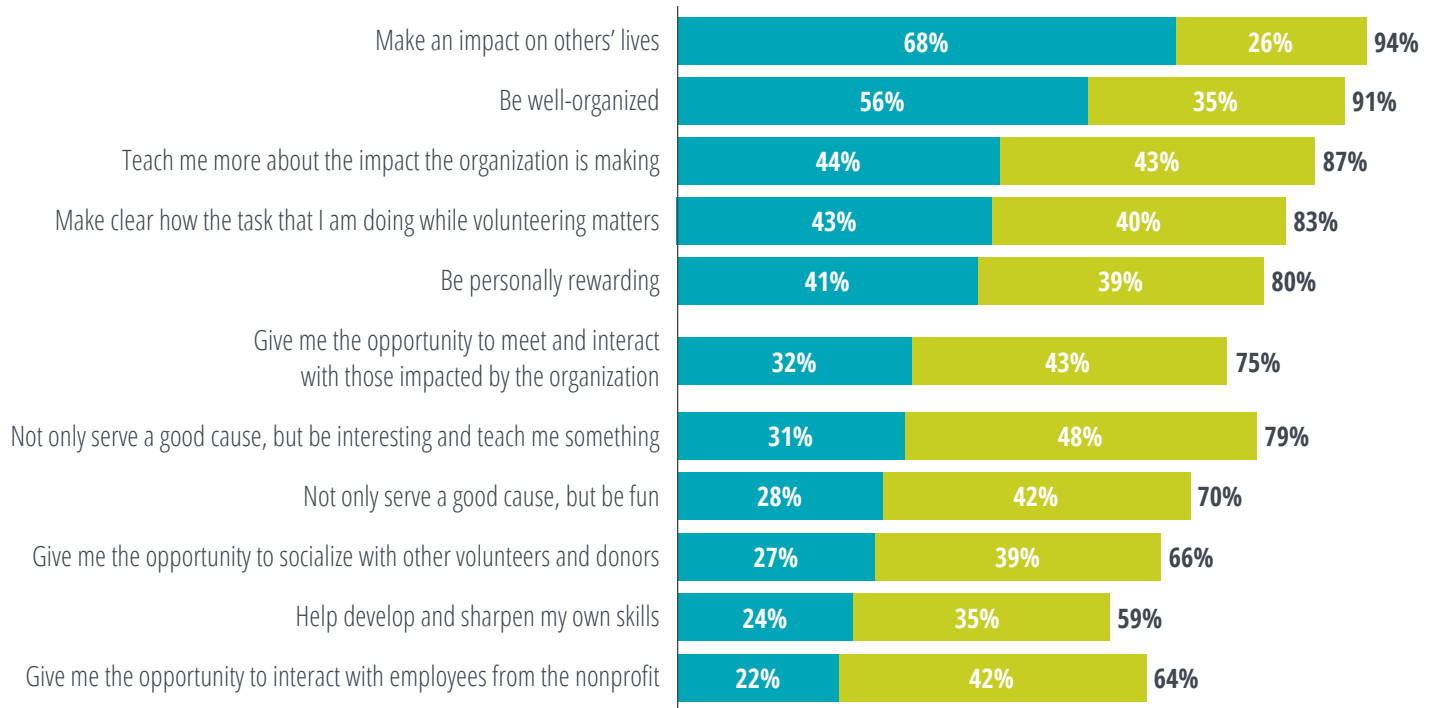


Figure 10: What matters most to donors when thinking about volunteer opportunities

Communicating

Communication is a two-way interaction; meaning, donors can actively listen to communication from a nonprofit, and they also might spread the word on an organization’s behalf. Communicating can also play a vital role in both giving and doing. Figure 11 looks at how donors actively engage with communication. Note that involvement on social media is fairly low, consistent with our findings in last year’s [Donor Engagement Study](#).

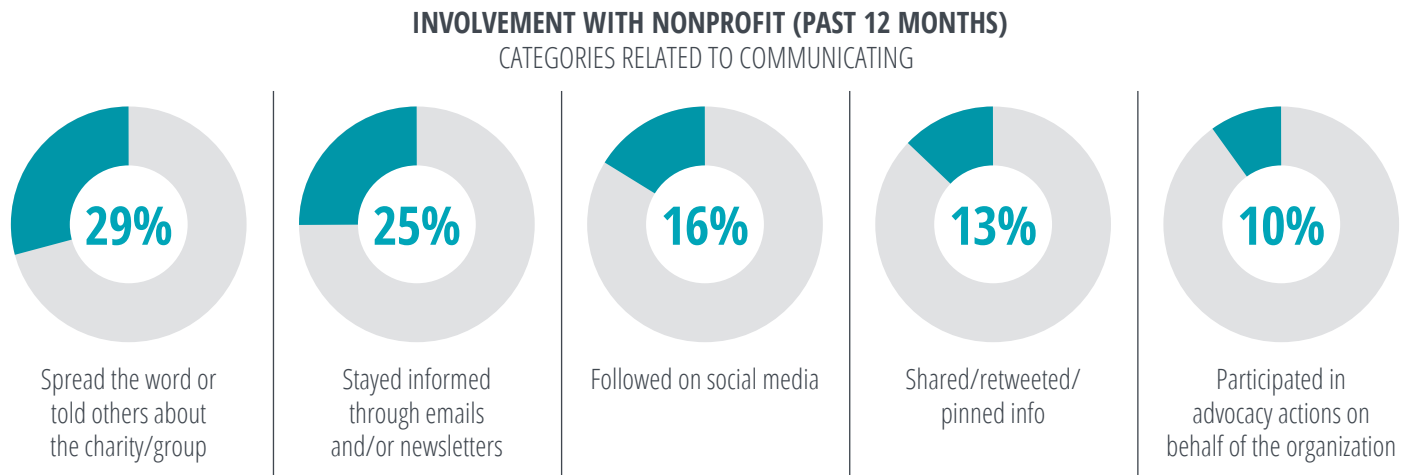


Figure 11: Categories related to Communicating (respondents were able to select all that apply)

Section 2: Content

Content is not just king, it's money. While 28 percent of respondents say poor content would have no effect on whether they continue to donate or not, 72 percent of respondents say it would. Figure 12 highlights the transgressions that would cause a donor to stop donating based on content.

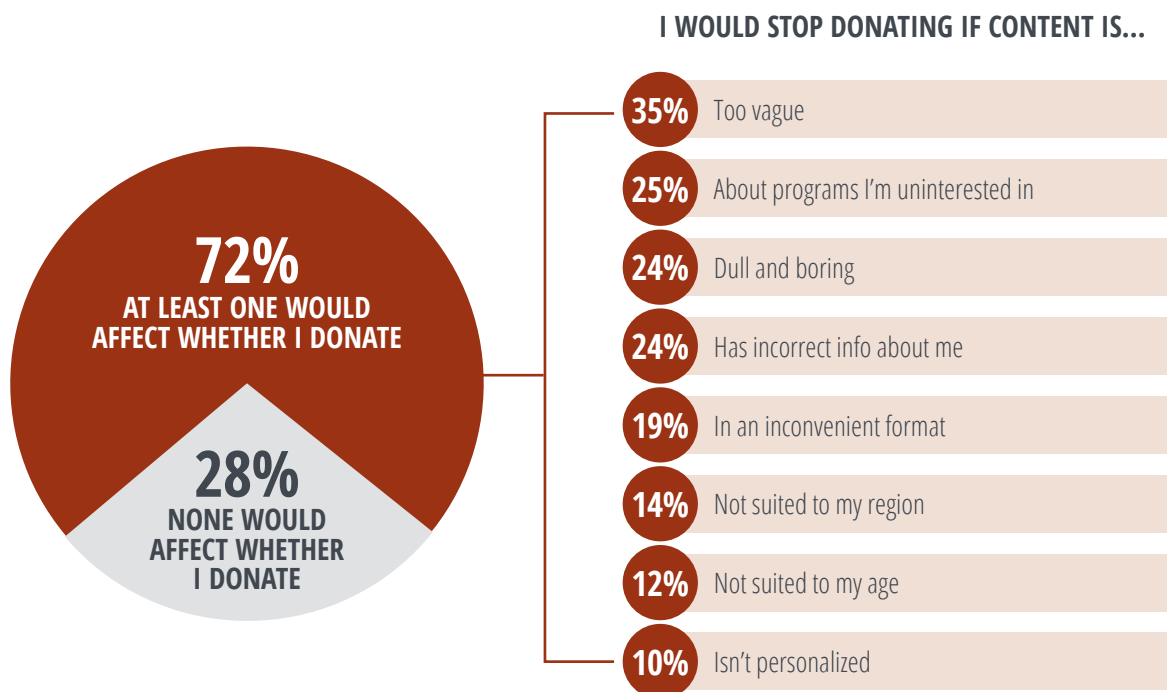


Figure 12: What content stumbles would cause a donor to stop donating (note: respondents could select multiple choices)

It's important to note that many of these transgressions are related to personalization. Not the typical, "Hello, {first name}," but real personalization – content that's about their interests, and when and how they want it delivered.

Quality content that's quickly consumable is far preferable to long-form content that can cause the reader to lose interest and even become agitated and annoyed. Figure 13 shows the type of content donors like, from most preferable to least preferable.

PREFERABLE CONTENT TYPES

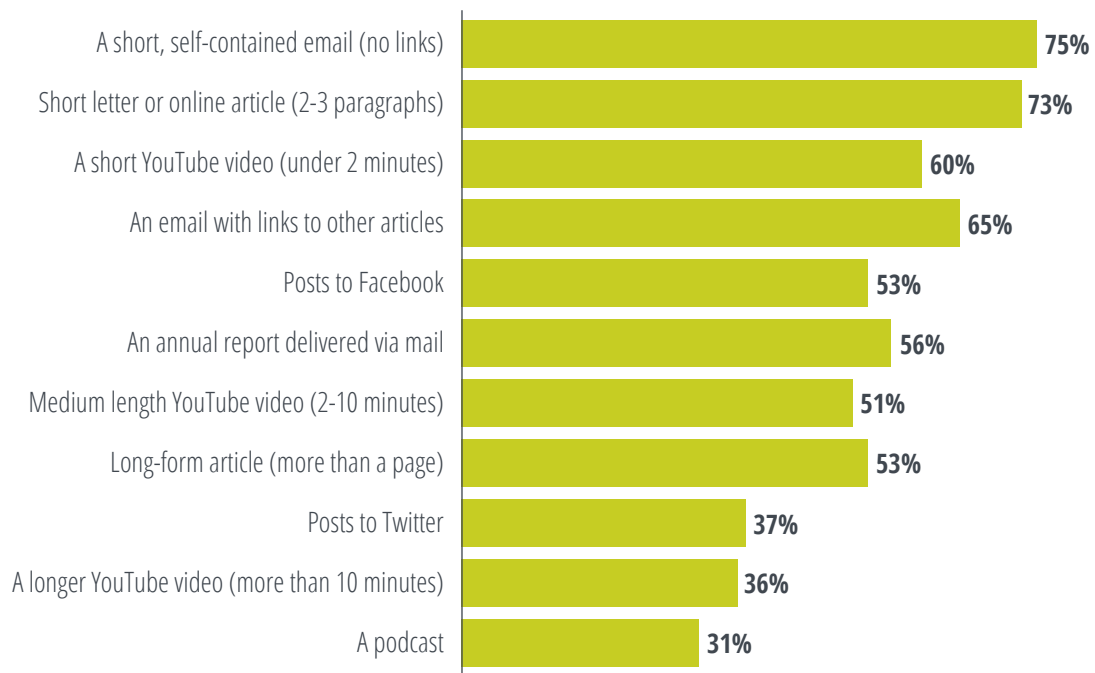


Figure 13: Content donors like, from most to least preferable

Figures 14 and 15 show when donors start to become annoyed with the length of a video (in minutes) and the length of written content (in paragraphs).

VIDEO PREFERENCES

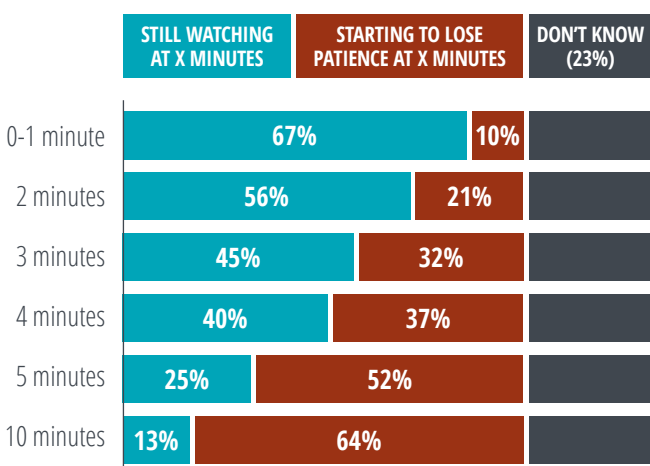


Figure 14: Video length preferences

WRITTEN CONTENT PREFERENCES

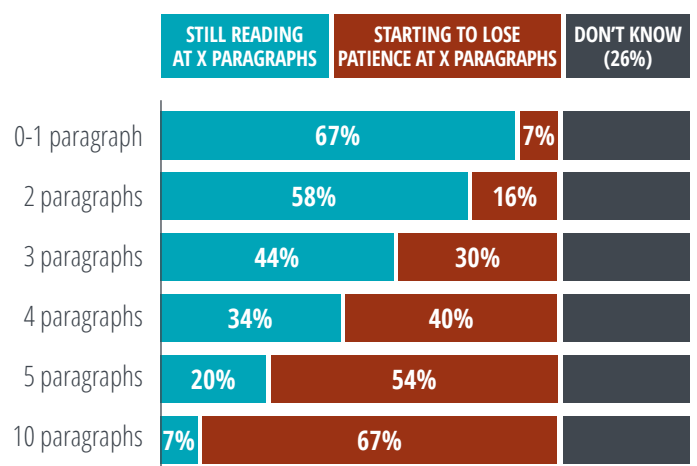


Figure 15: Written length preferences

And, there are some content errors that are both frequent AND frustrating. The chart in Figure 16 showcases the content “Danger Zone” for donors.

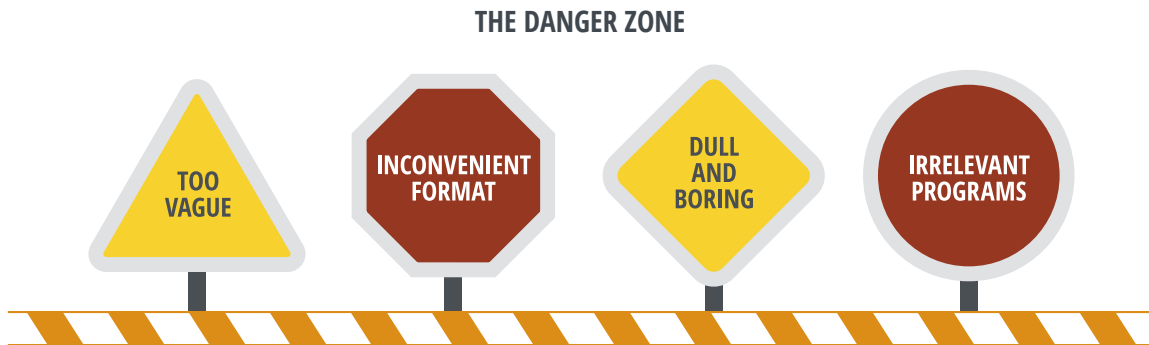


Figure 16: The content Danger Zone

Donor age can also play a key role in the type of content used to communicate and the frequency of content communicated.



Content and specific scenarios

While content is king, context is queen. Different content plays better in certain situations. Sometimes a short video is best, but other times a Facebook post makes the most sense. Donors indicate what type of content works best in five different scenarios from inspiring donors to action, to telling a story, to keeping a donor engaged.

Inspiring Me To Action	Easiest to Consume and Understand	Most Effective in Communicating Information to Me	Most Powerful for Telling The Organization's Story	Likeliest to Keep Me Engaged with The Organization
 Short YouTube video under 2 minutes	 Short YouTube video under 2 minutes	 Short letter or online article 2-3 paragraphs	 Short YouTube video under 2 minutes	 Short letter or online article 2-3 paragraphs
 Short letter or online article 2-3 paragraphs	 Short letter or online article 2-3 paragraphs	 A short, self- contained email	 Medium-Length YouTube video 2-10 minutes	 Post on Facebook
 Post on Facebook	 A short, self- contained email	 Short YouTube video under 2 minutes	 Long-form article more than a page	 A short, self- contained email

Finding the balance between too much and too little communication with donors can be frustrating and difficult. For the most part, donors like communication from the organizations they support on a monthly or quarterly basis (52 percent), although Millennials are more comfortable with (and more accustomed to) more frequent communication.

Figure 17 shows the preferred communication frequency for donors, while Figure 18 highlights communication frequency preferences by generation.

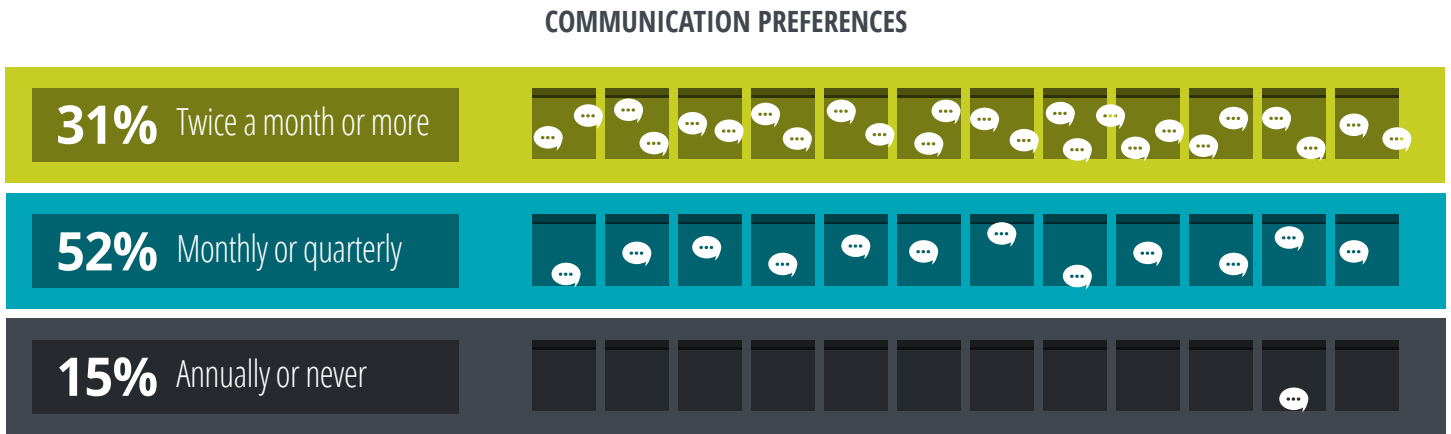


Figure 17: Preferred communication frequency

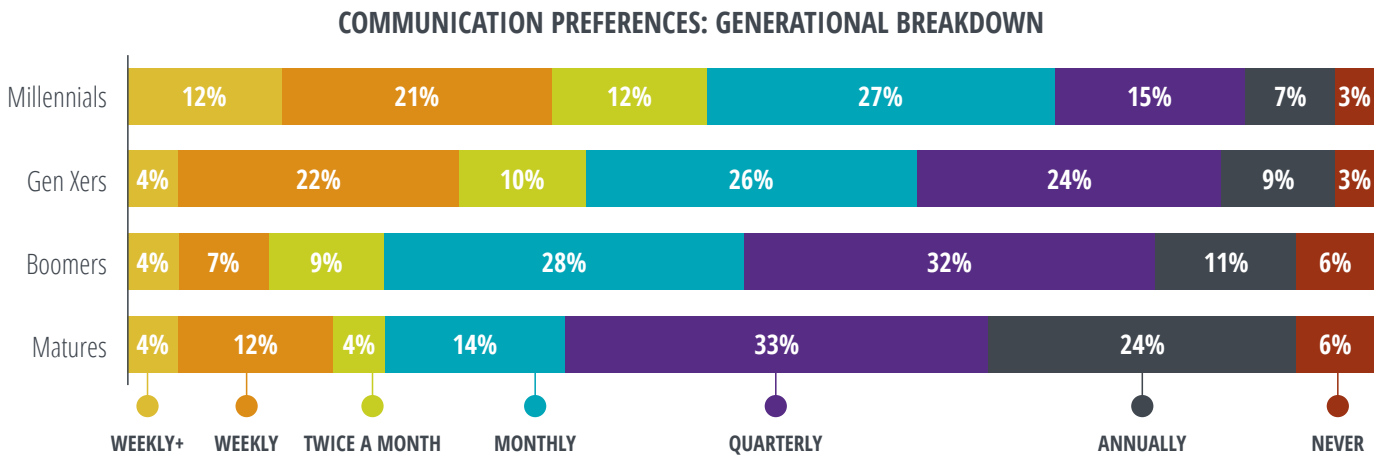


Figure 18: Preferred communication frequency by generation

Section 3: Recognition and Personalization

For the most part, donors want to be thanked and acknowledged (though not necessarily publicly) for making a contribution to an organization. There are many channels to thank donors, most of which are acceptable.

However, some channels and methods are more preferred than others. Figure 19 shows recognition efforts that produce a positive or neutral reaction from donors.

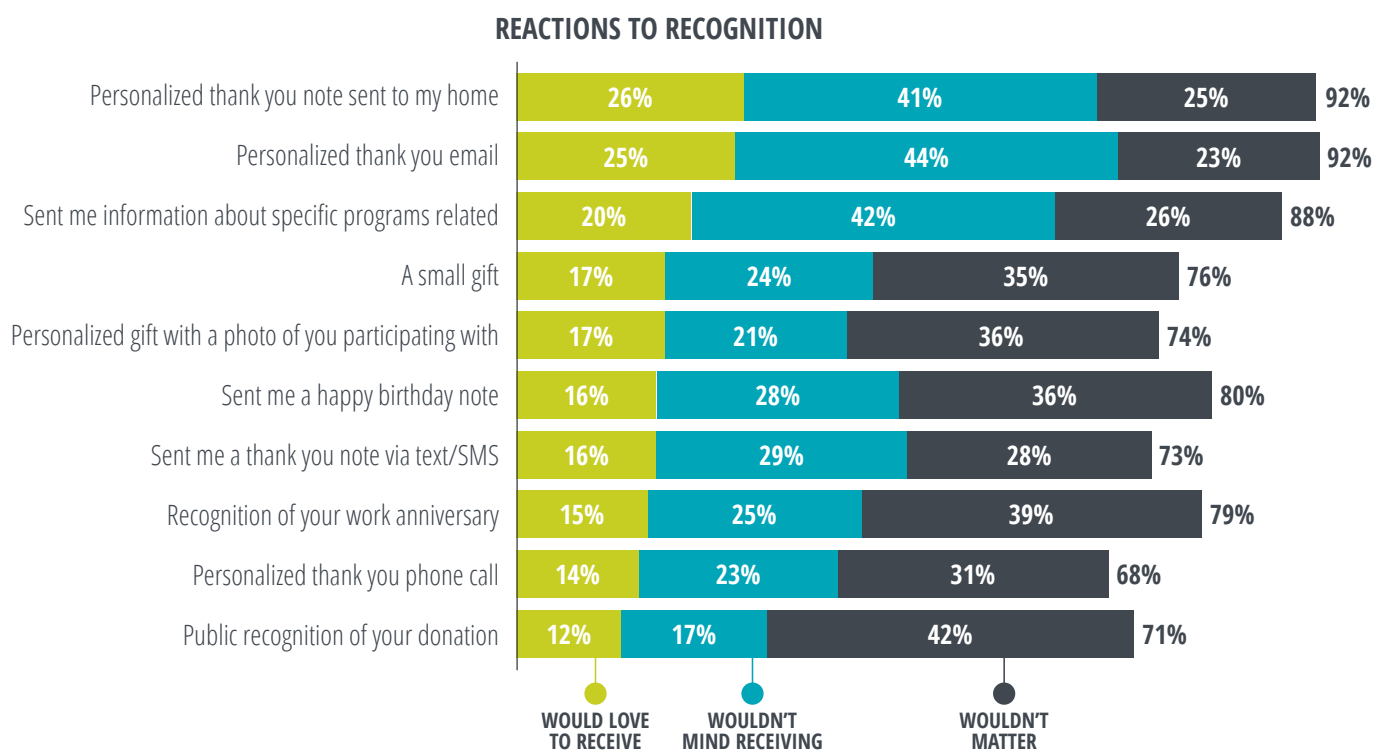


Figure 19: How donors typically react to different types of recognition

For the most part, the generations are aligned on what’s appreciated and what isn’t when it comes to recognition, but a few actions resonate more with Millennials and Gen Xers (Figure 20) than with Boomers and Matures, like birthday notes and small gifts.

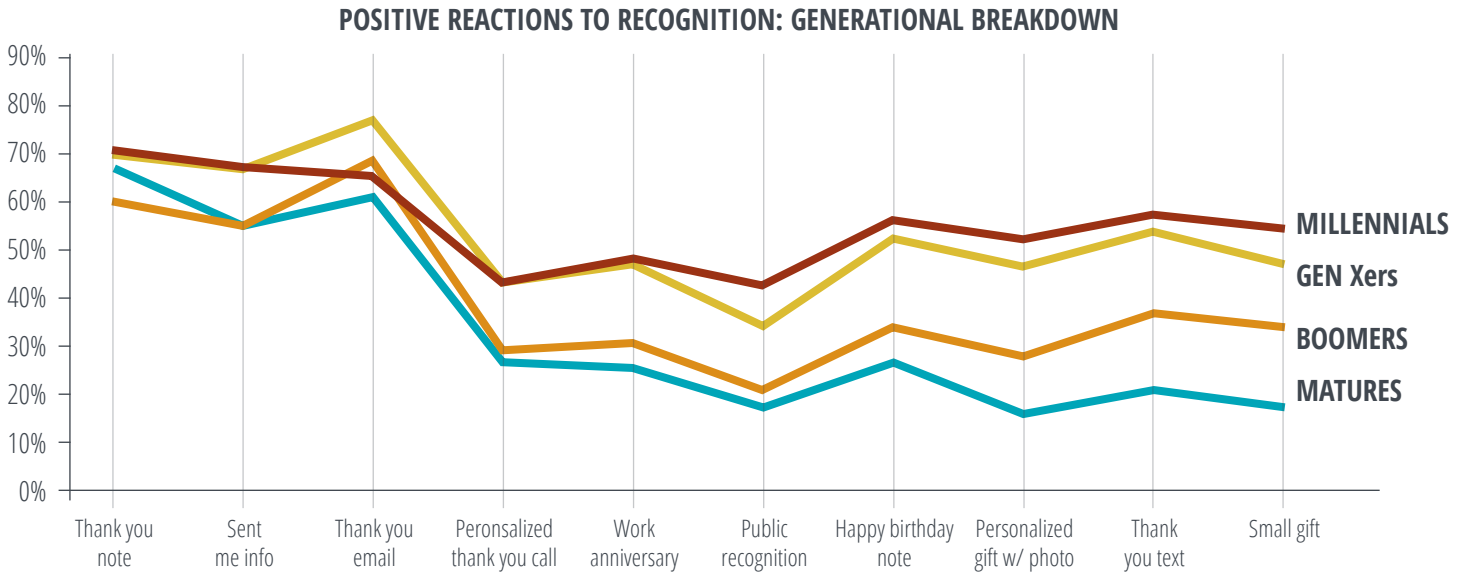


Figure 20: Generational breakdown of recognition efforts

Personalization matters, as well. Donors live in a world where very tailored, customized experiences, a la Netflix and Amazon, are not only appreciated but expected. Donors feel five times more engaged when they receive a personalized note from the organization (Figure 21).

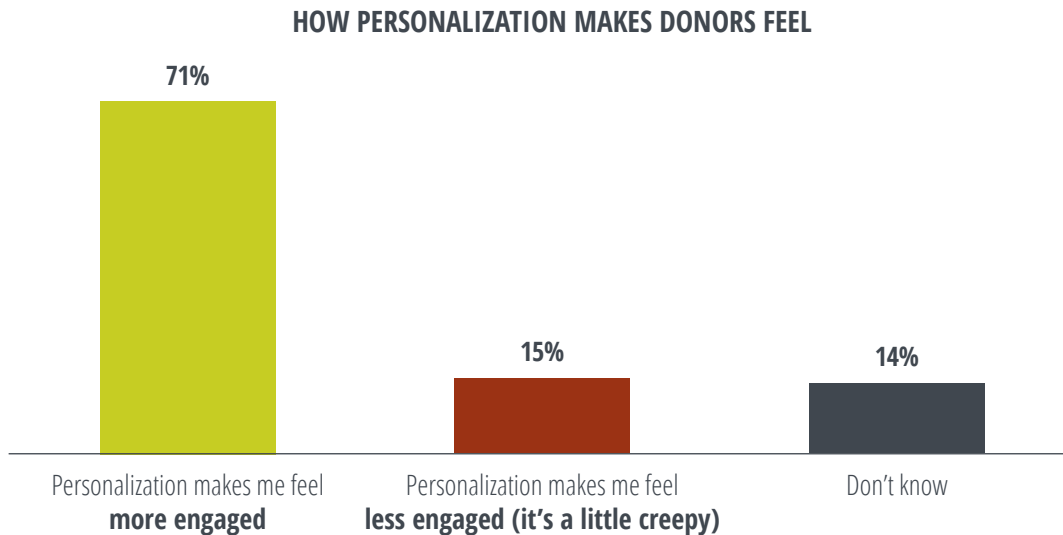


Figure 21: How donors feel about personalization

Section 4: Money and How It's Used

In this section, we look more closely at money. Specifically, we examine donor behaviors and attitudes toward how money is given (restricted and unrestricted funds) and how it's used (what areas of investment within an organization do and don't ruffle feathers).

Before we dig in, it's worth noting that most donors (93 percent) are confident the organizations they support are spending money wisely, most donors feel informed about how money is being spent (86 percent), and 52 percent of donors trust the organization to use money where it is most needed.

Attitudes toward restricted versus unrestricted funds are pretty evenly divided, with donors giving to each fairly equally (Figure 22).

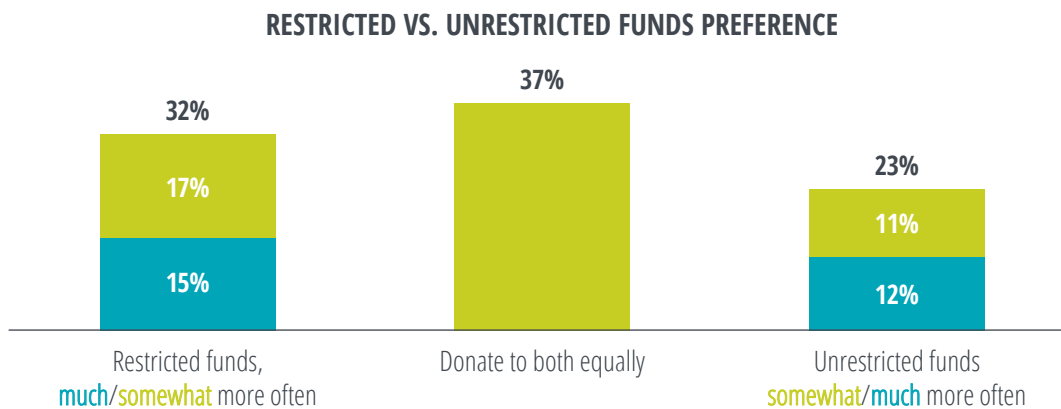


Figure 22: Donor preferences – restricted vs. unrestricted funds

Interestingly, high-wealth donors are the most comfortable with donating to unrestricted funds (Figure 23).

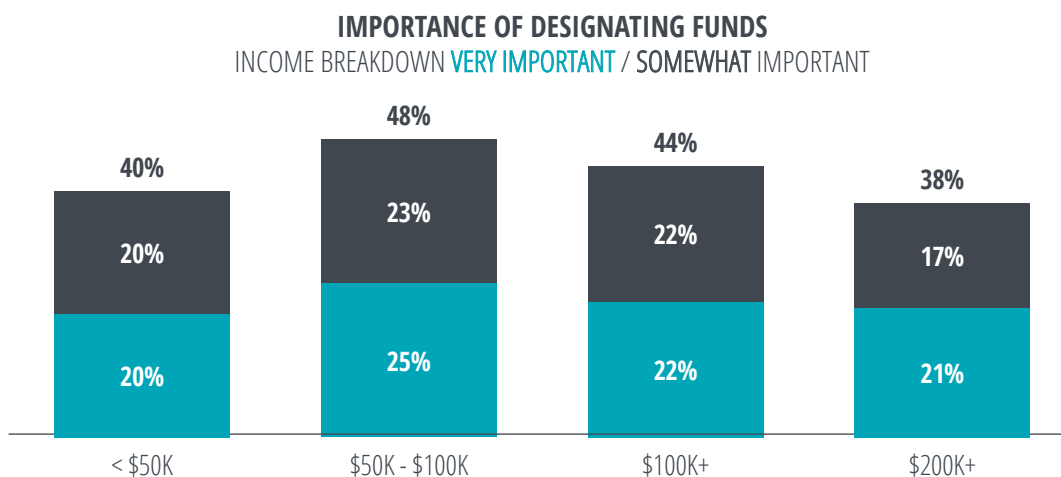


Figure 23: Attitudes toward restricted funds by income level

As stated earlier, donors are pretty confident the organizations they support are spending money wisely (93 percent). However, there are some areas where organizations spend money that cause more disappointment than others, but it all needs to be viewed in context.

Why? Because, even those areas with the strongest negative reaction don't exceed 44 percent. For example, "lobbying efforts" received the most negative reaction by donors as an area where money might be spent, with 44 percent of donors saying they'd be either disappointed or angry; however, 51 percent of donors are fine or happy with money being spent on "lobbying efforts." See Figure 24.

REACTIONS TO HOW DONATIONS ARE USED

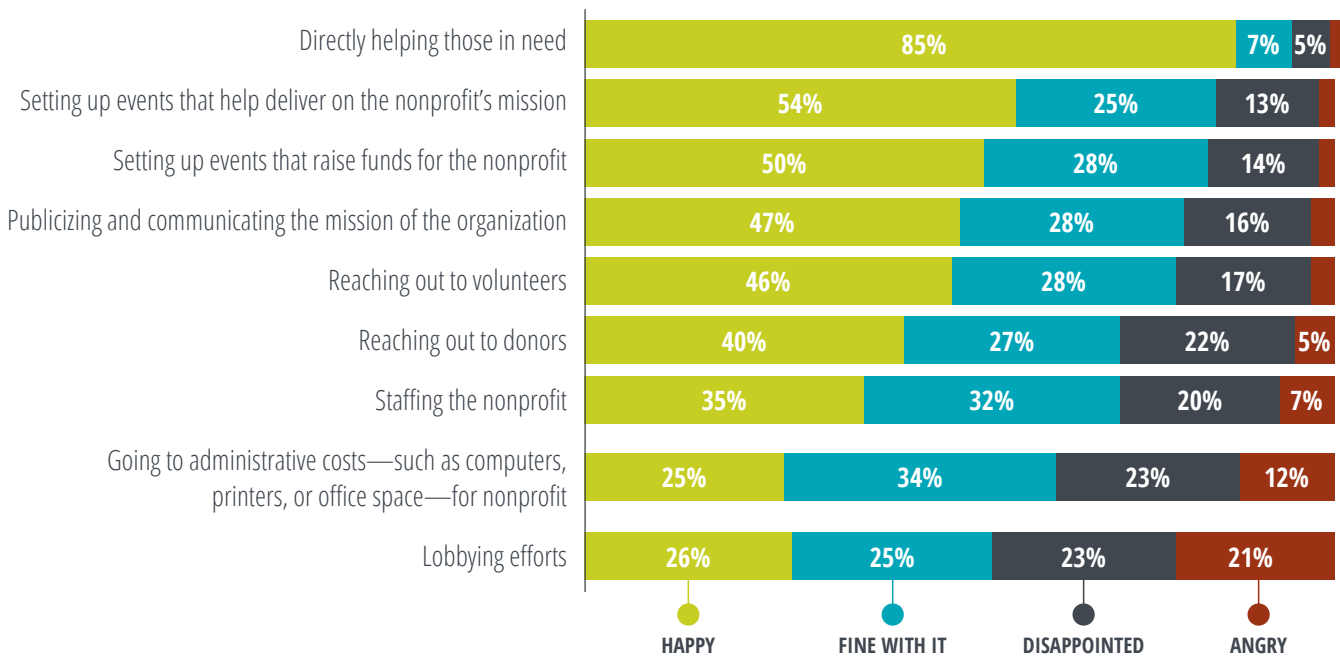


Figure 24: What makes donors most and least happy when it comes to the nonprofit they support spending money (note: respondents had option to pick none of these)

Section 5: Conclusion and Prescriptive Advice

This study shows it's important to have the right information on your donors to keep them engaged and loyal. We stated in our previous study that, too often, organizations use one data point to engage many different donors versus using many different data points to engage one target. This is still true. Now, more than ever.

Donors across age groups and income brackets engage and behave differently, whether it comes to giving money, engaging through content, participating in events, or volunteering.

This study can help highlight areas where organizations might want to think differently about their approach to content and content strategy, the rising force of Millennials, and even the role of social media.

We hope you take something valuable from this study, and use it to move your organization forward.

Below are some tips and suggestions on how to get the most out of this data.

- **Spend time on content and your content strategy:**

Donors are turned off by poor content, which may cause them to stop giving to your organization. Perform an audit of your existing content, and look at what you currently have in the queue. Does it align with your donor personas? Is it short and consumable? Is it personal? Are you using the channels that align with the way your donors want to engage?

- **Show impact:**

Donors trust you are spending their money wisely, but they want to know their dollars and time are making an impact. It's important to weave impact into everything you do.

- **Integrate and collaborate:**

Whether with your volunteer services team, your finance team, or another department, collaborate with other departments to create the best donor experience possible. With 91 percent of donors saying well-organized events are important, you can't afford to have volunteer or fundraising events go off the rails.

- **Ditch the newsletter:**

Donors want short, consumable, personalized content instead of generic, one-size-fits-all newsletters. Look at other areas where communication channels and vehicles can be retired for new, more customized interactions.

- **Get personal:**

The reasons donors engage and give are very personal, and there is a very high tolerance for personal communication from the organization to the donor – it's the new normal in our current highly-connected culture. Look at all the data points (age, amount donated, what drove them to donate, events attended, etc.) you can find to provide a much more complete picture of each of your donors, and use that data to make highly-informed decisions around campaigns and engagements with your donors.

- **Survey your donors:**

And, if you don't know where to start, ask your donors. Give them the opportunity to tell you where you may be missing the mark and what they would like to see.

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