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Falling for Generosity: STRATEGIES FOR

Overcoming Today's Fundraising Challenges

T. Clay Buck, CFRE
Founder, TCB Fundraising



Wednesday, August 7, 2024



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Meet Our Presenter

T. Clay Buck, CFRE, is the Founder & Principal of TCB Fundraising, an individual giving and communications consultancy that focuses on strategy, systems, and storytelling.

Clay (the “T” is silent) has been in leadership fundraising roles at nonprofits across the country and has served as a senior consultant at a prominent, international fundraising consulting firm.

He teaches fundraising and strategic planning at the University of Nevada, Las Vegas and is the co-host of the #1 ranked fundraising podcast, Fundraising Is Funny. He and his family make their home in Las Vegas, NV, with two poorly trained golden retrievers who are experts in the ask at dinner time.

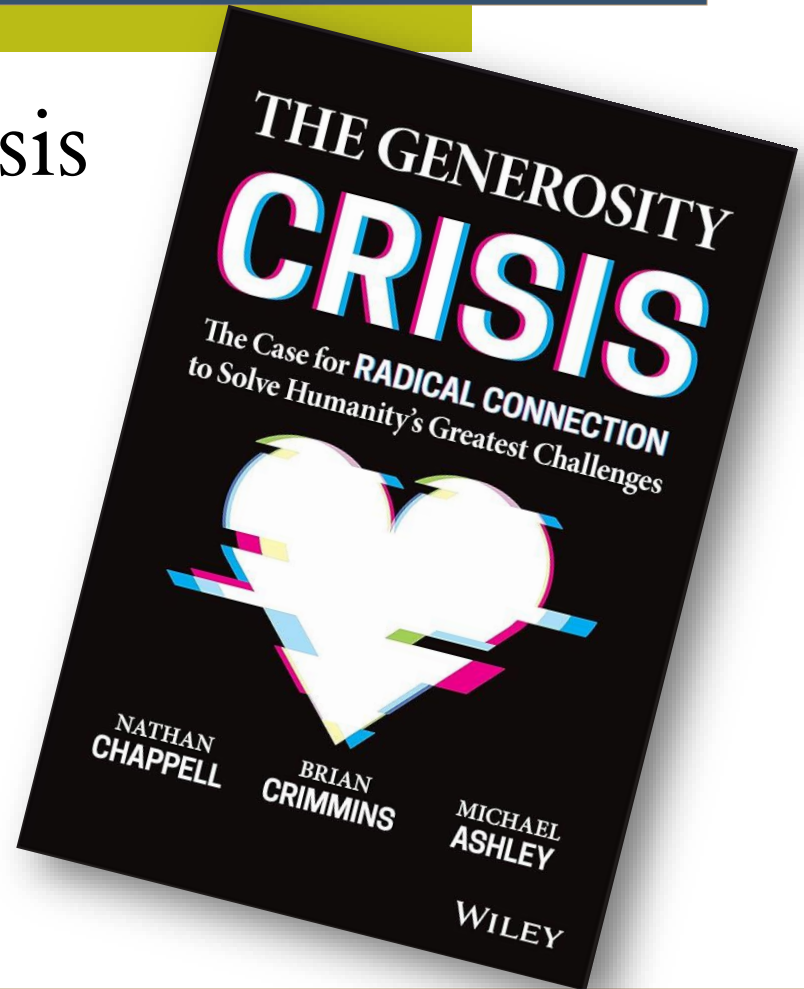


T. Clay Buck, CFRE

Founder
TCB Fundraising

The Generosity Crisis

- In 2000, 66% of American households gave to charity; in 2022 that number is less than 50%
- Less than 47% of donors who give to a charity will make another gift to that same charity
- Trust in nonprofits' ability to do what they say they'll do is lower than ever and continues to decline
- There are now ~1.9M nonprofits in the United States
- \$234B in Donor Advised Funds; \$1.3T in private foundations



Let's Address Your Questions Upfront –The TL;DR Version

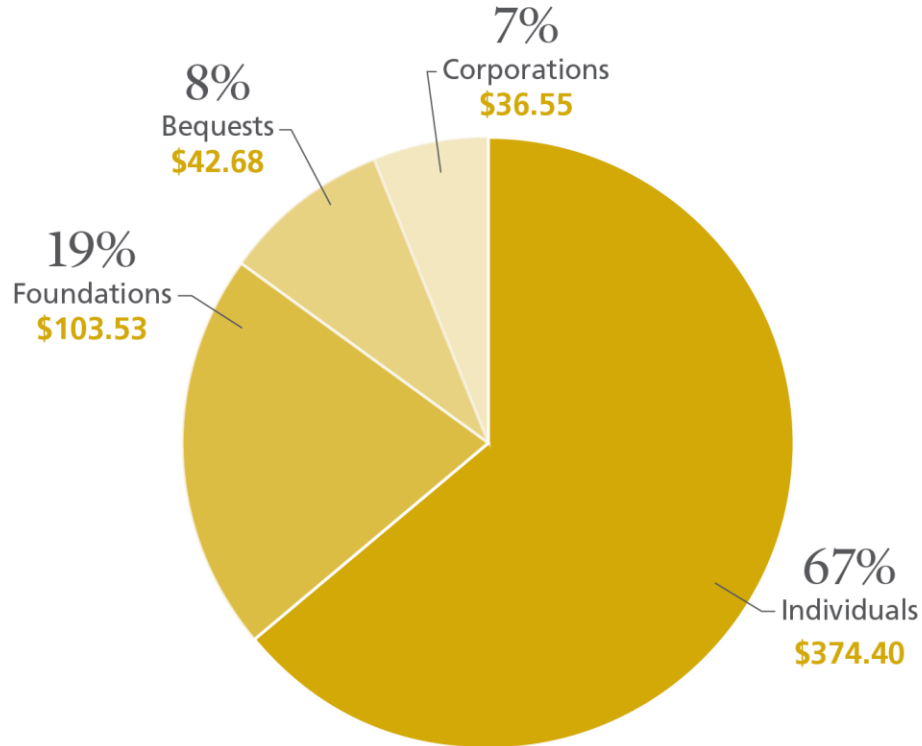
- Values and Identity are front-and-center – addressing the caring human behind the donation beats any tactic, channel, technology, trend . . .
- The "best" fundraising is following good old 80/20 Pareto – 80% of dollars from 20% of donors – engaging donors at all levels in all ways
- There is no single best channel/approach – all are working when used well
- Forget about generations – Gen Z loves mail, Gen X is set to receive the bulk of the Great Wealth Transfer, Millennials are now in their 40s Focus on values, focus on engagement, focus on meaning
- Be an internal salesperson. You have the data now. Continue to research and keep using it to make your case to Board/Leadership on what the best methodologies are
- Be cautiously optimistic of Corporate giving – dollars are up, but CSR is evolving and giving from pre-tax profits declining. Long-term relationships, engage employees, the days of pay-and-play sponsorship are ending.
- DAFs and other "non-traditional" ways of giving rule



The State of the Sector

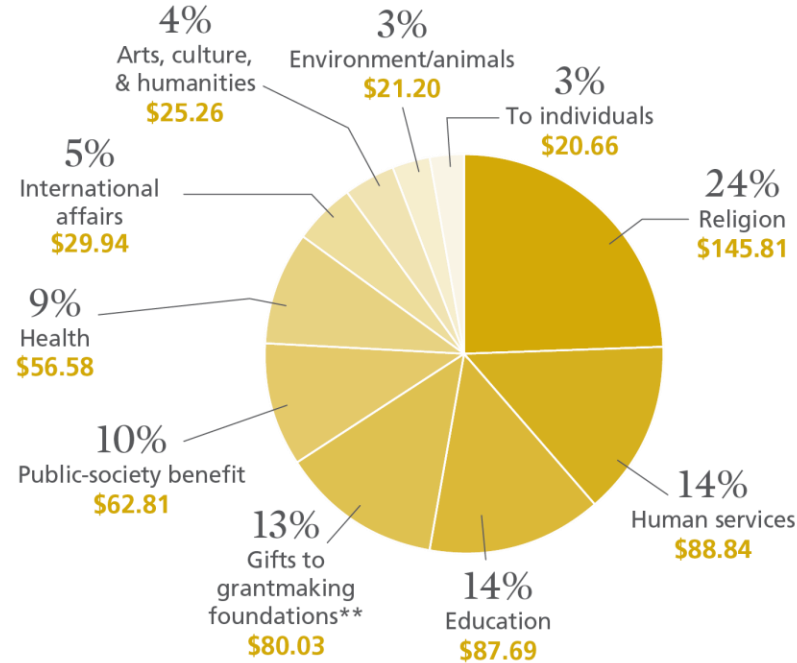
2023 contributions: \$557.16 billion by source of contributions

(in billions for dollars – all figures are rounded)



2023 contributions: \$557.16 billion by type of recipient organization*

(in billions for dollars – all figures are rounded)



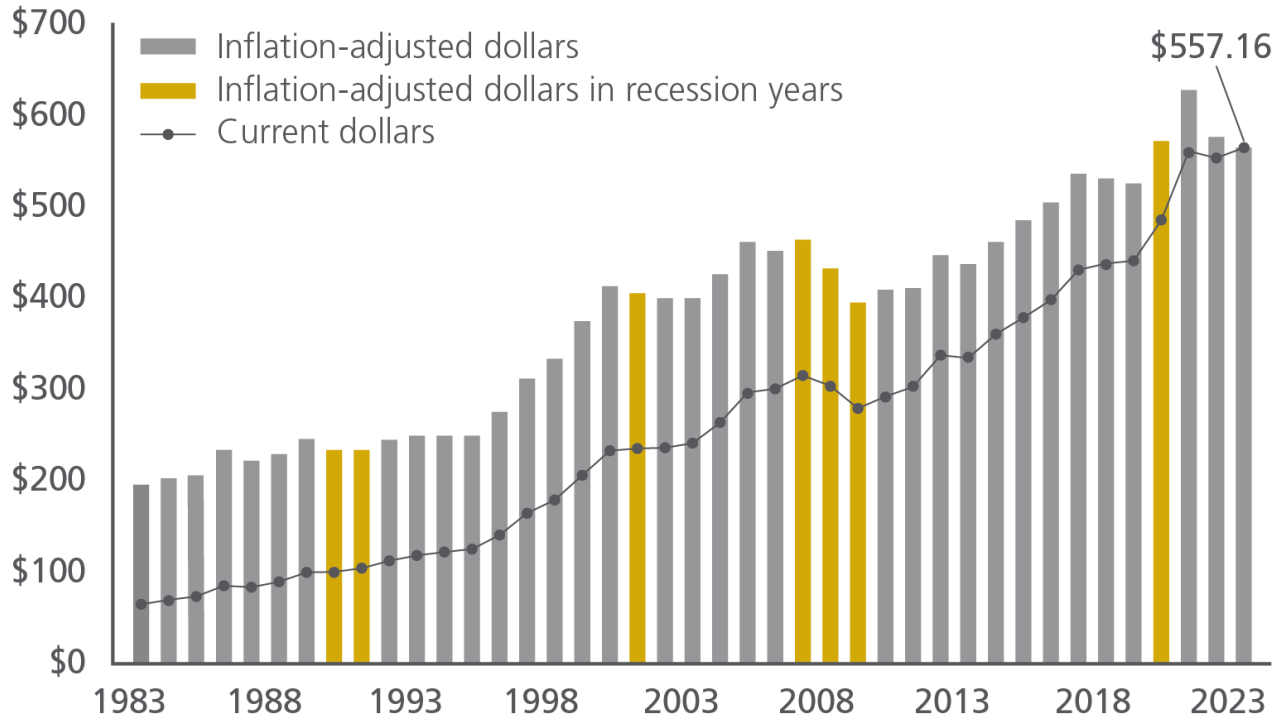
* Total includes unallocated giving, defined as the difference between giving by source and recipient categories. Unallocated giving totaled -\$61.66 billion in 2023.

** Estimates developed by Indiana University Lilly Family School of Philanthropy using data provided by Candid.



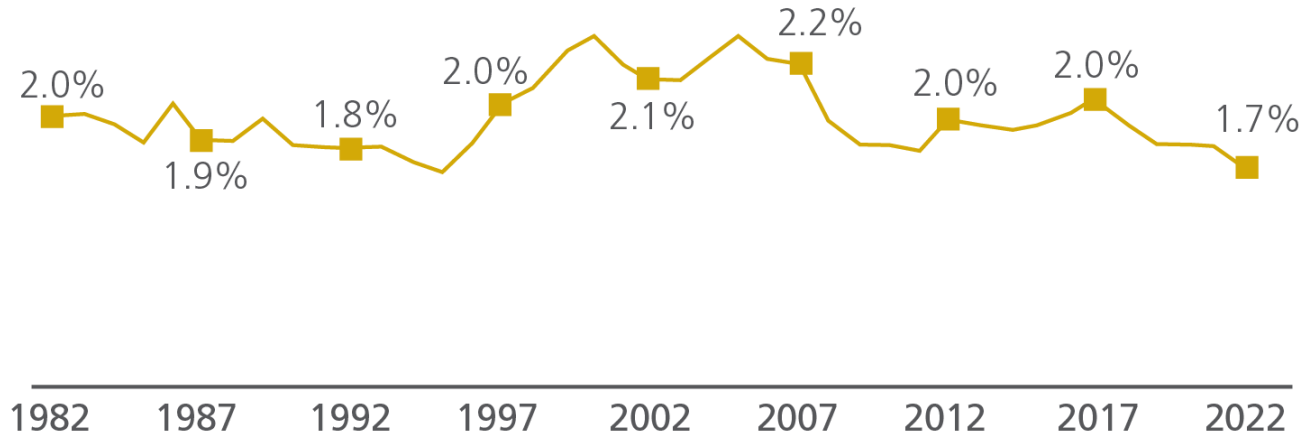
Total giving, 1983–2023

(in billions of dollars)



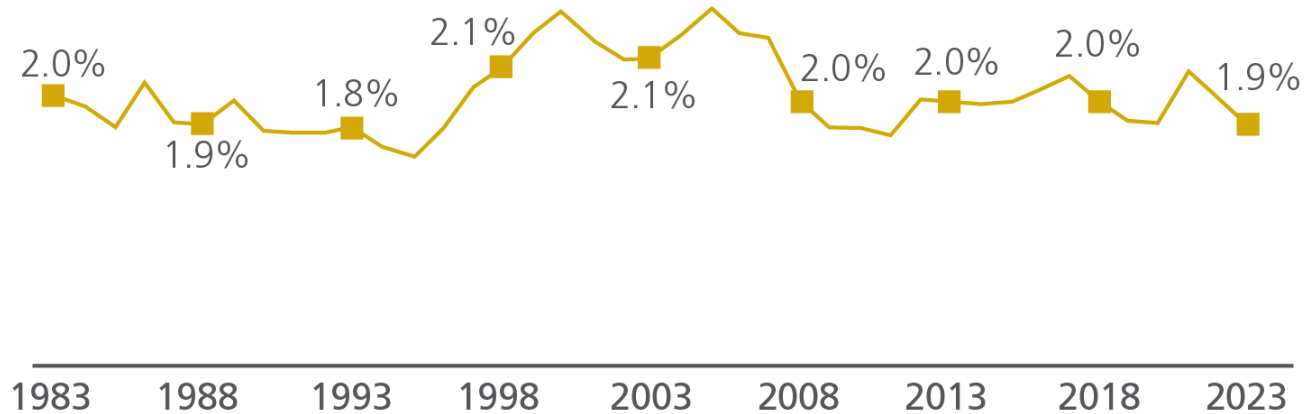
Individual giving as a share of disposable personal income, 1982-2022

(in current dollars)



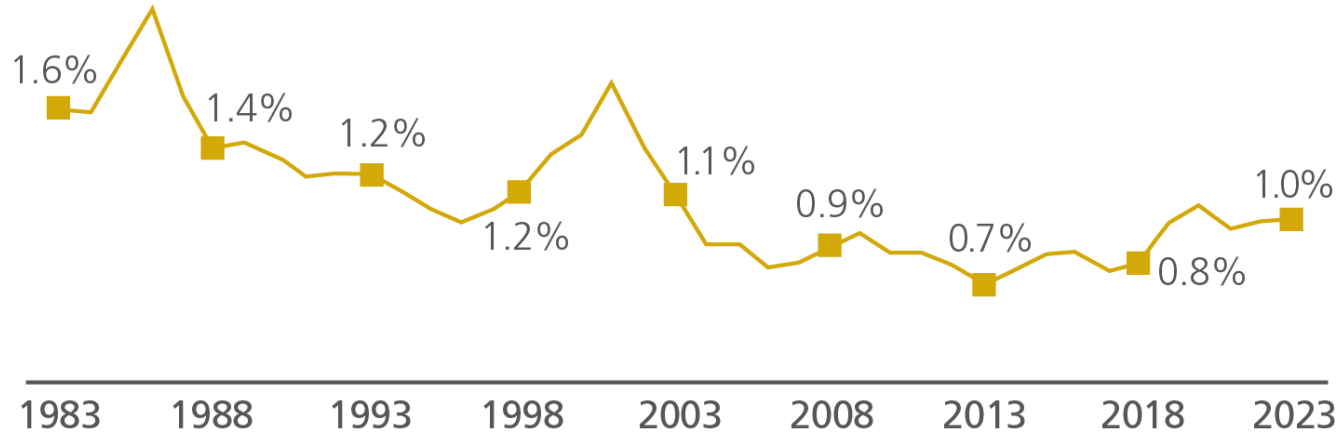
Individual giving as a share of disposable personal income, 1983–2023

(in current dollars)

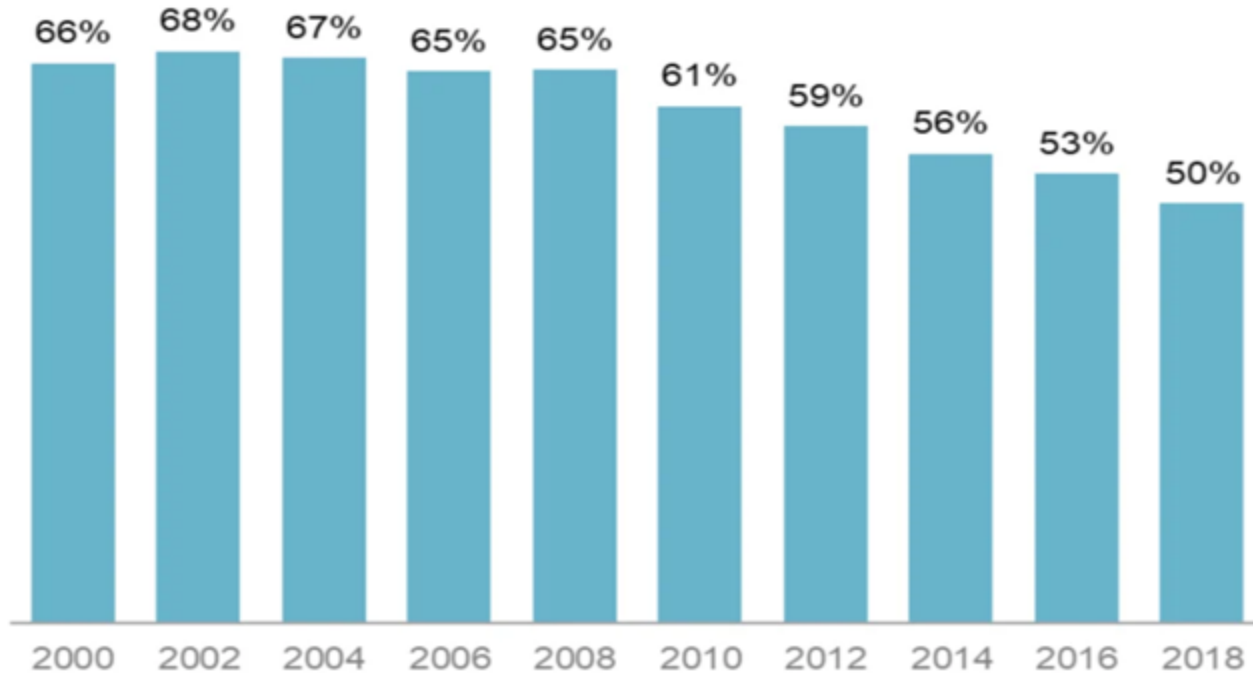


Corporate giving as a percentage of corporate pre-tax profits, 1983–2023

(in current dollars)

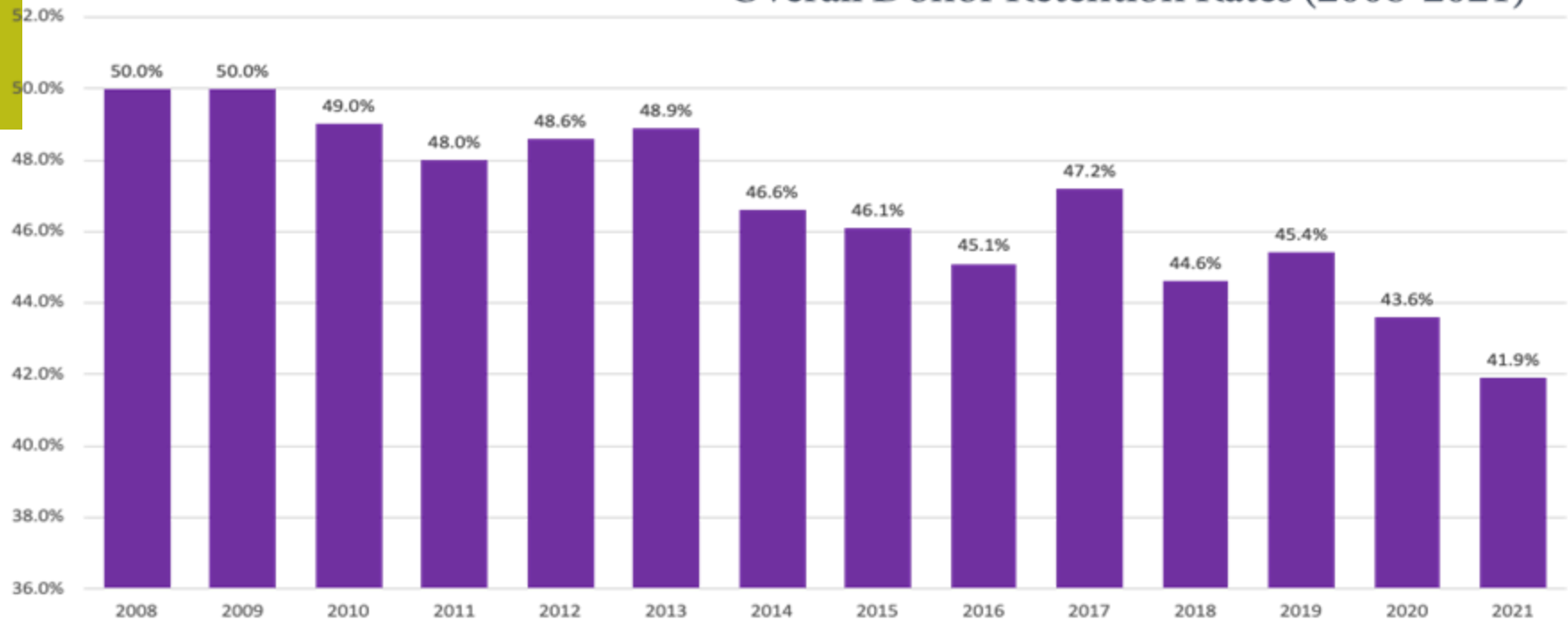


Percent of U.S. Households Giving to Charity (2000-2018)



Source: "The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving," IUPUI Lilly Family School of Philanthropy, July 2021, p. 14.

Overall Donor Retention Rates (2008-2021)





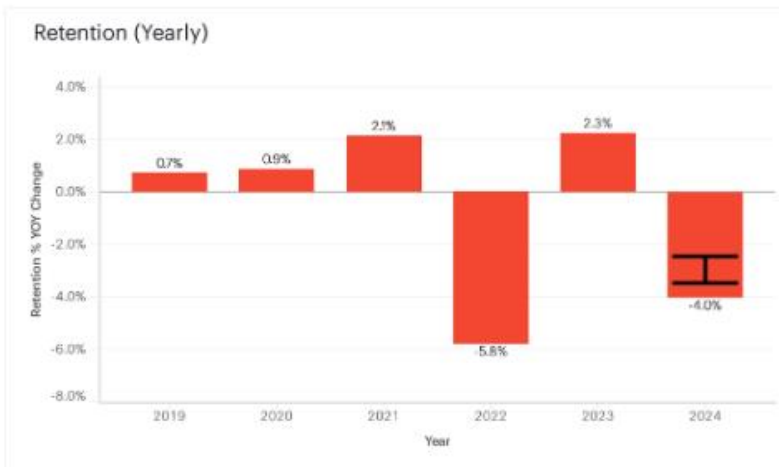
Retention Rate: Time Series

Year-to-Date Nonprofit Sector Trends

Q1 2024 (JAN 1, 2024 - MAR 31, 2024)

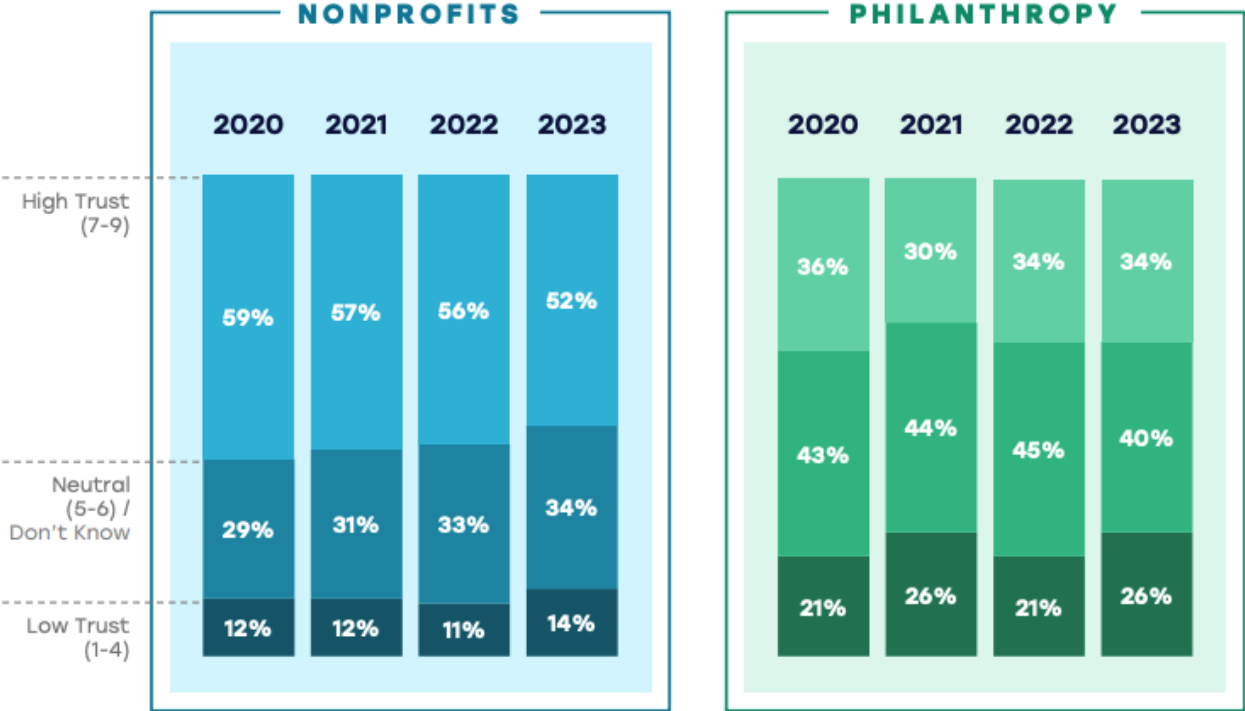
🔍 Key Insights

- Retention decreased by 4.0% in Q4, but after adjusting for late data, we estimate the fall to be 3.0% ($\pm 0.5\%$) in Q1 compared to 2023.
- Despite the 2.3% increase seen in Q1 2023, retention reverts to a downward trend in Q1 2024.



Trust in nonprofits fell 4-points in 2023 after years of small declines

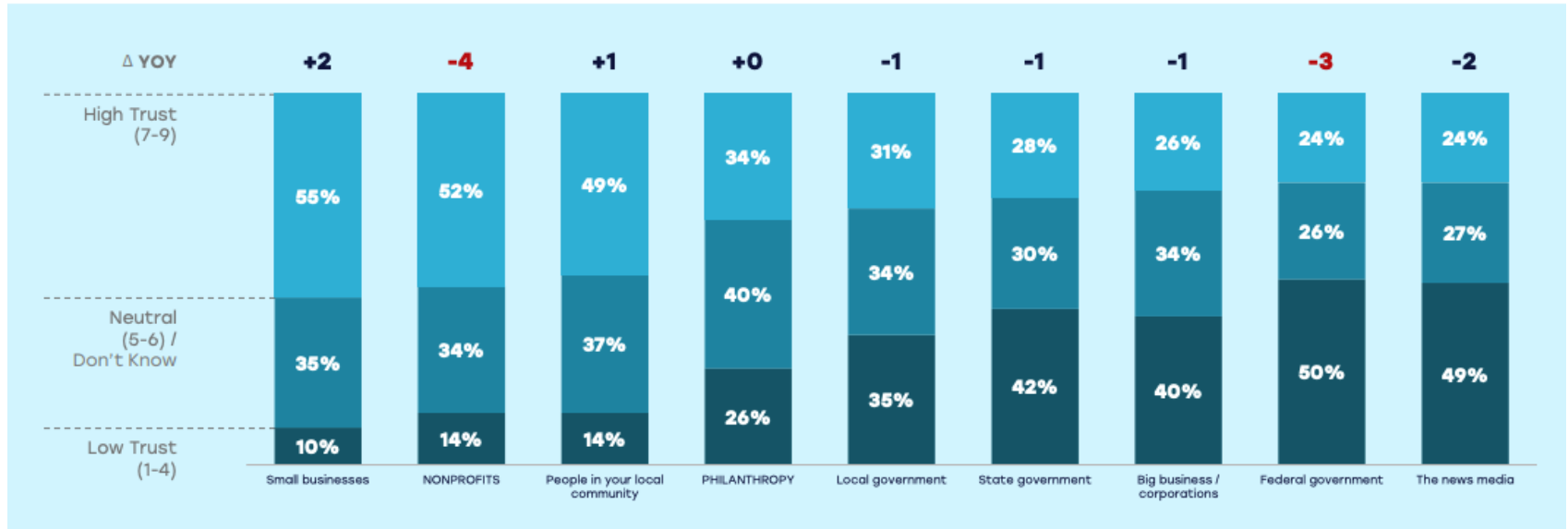
Trust in philanthropy held steady at 34% - though more than 1 in 4 Americans distrust it.



Source: *Trust in Civil Society: Understanding the factors driving trust in nonprofits and philanthropy*. Independent Sector. September 2023.

Nonprofits saw the largest trust decline of any American institution in 2023

Despite the decline, nonprofits are still trusted by a majority of the public – enjoying higher trust than any institution except for small businesses.



Source: *Trust in Civil Society: Understanding the factors driving trust in nonprofits and philanthropy*. Independent Sector. September 2023.




Fundraising Tactics: *The Data*

TL;DR – What's the Most Effective Fundraising Activity?

- All of them.
- The most effective fundraising activity is the one that best *engages the donor directly and personally* with the mission of the organization in alignment with their *personal values and identity*.
- Exponential growth in *mutual aid* and *GoFundMe-type* fundraisers is bolstered by three common values: reciprocity, shared humanity, and community-driven care and redistribution of resources.

(Values and Beliefs Underlying Mutual Aid: An Exploration of Collective Care During the Covid-19 Pandemic. Littman et al, University of Denver)



The fundamental question we must ask as fundraisers is “Do our strategies place more value on the dollars than they do on the donors, the people?”

What's happening online?

- Online giving makes up between 9% - 13% of total giving (Blackbaud Charitable Index 2021, Double the Donation, M+R Benchmarks.)
- Despite discrepancies in reporting and measurement, consistent growth year-over-year in online giving. (Multiple sources.)

Highlights

9%	42%	12%	28%
ONLINE GIVING GROWTH YOY	THREE-YEAR INCREASE IN ONLINE GIVING	PERCENT OF TOTAL FUNDRAISING FROM ONLINE SOURCES	PERCENTAGE OF ONLINE CONTRIBUTIONS FROM A MOBILE DEVICE

<https://institute.blackbaud.com/charitable-giving-report/overall-giving-trends/>

- The majority of nonprofit website traffic came from users on mobile devices (including both phones and tablets). Mobile users represented 57% of all visits, with 43% of traffic from users on desktop devices.
- Users on desktop devices made up the majority of donation transactions (63%) and revenue (75%).
- The average gift made on desktop devices was \$194; for mobile users, the average gift was \$94.
- Organic traffic (website traffic generated by unpaid search results) comprised 38% of all nonprofit website visits in 2022.
- Overall, 0.23% of organic website visitors made a donation, generating an average of \$0.77 per visitor.

- The average response rate for fundraising email was 0.09%, an 18% decrease compared to 2021.

- For every 1,000 fundraising messages sent, nonprofits raised \$90. This marks a 15% decrease from 2021.

<https://mrbenchmarks.com/#email-sms>



The average nonprofit raised
\$1.11
per email contact



The average small nonprofit raised
\$6.15
per email contact



The average large nonprofit raised
\$0.88
per email contact

The Nonprofit Email Report: Data-Backed Insights for Better Engagement | [Neonone.com](https://neonone.com)

DIRECT MAIL



70% of consumers prefer traditional mail for cold, unsolicited offers

Source: ANA/DMA Response Rate Report 2018



59% of US respondents say they enjoy getting mail from brands about new products

Source: Epsilon



Print advertising (8%) and direct mail (6%) are listed among top sources generating sales and marketing leads

Source: B2B Marketing Mix Report 2018



Consumers claim that they are 46% more likely to respond to an offer from a familiar company

Source: Tax Marketing HQ



23.4% of consumers will respond to a postcard if the offer was relevant and of interest to them

Source: ANA/DMA Response Rate Report 2018



70% of consumers say direct mail is more personal than online interactions

Source: Fundra



48% of people retain direct mail for future reference

Source: DMR



77% of people sort through their mail immediately

Source: USPS

600%



DIRECT MAIL OUTPERFORMS ALL DIGITAL CHANNELS COMBINED BY 600%

Source: DMA Response Rate Report

What about Direct Mail?

GENERATION Z (born between 1997 and 2012):

- Younger generations are the most enthusiastic about the usefulness of direct marketing — 57% of 18- to 34-year-olds said they found direct mail extremely or very useful, higher than any other age group. This figure rises to 85% for those who find it somewhat useful. [The Direct Marketing Revolution Report \(2023\)](#)
- 63% of Gen Z consumers are more excited about direct mail now than they were a year ago. [RRD \(2023\)](#)
- Direct mail particularly resonates with Gen Z because they have grown up with digital messaging, and mail presents something unique to them. [MarketReach \(2021\)](#)
- 72% said they would be disappointed to no longer receive mail and say they are excited to discover what the mail brings every day. [USPS \(2021\)](#)
- The response rate for direct mail among people ages 18-21 is 12.4% compared to a .12% response rate for digital ads. [The Data & Marketing Association \(2018\)](#)

NON-PROFIT

In the non-profit sector, sending more emails does not equal more click-through rates (CTRs) as shown in the statistics below:

- Animal welfare groups sent 16.8% more emails and had click-through rates decrease by 17.7%
- Disaster organizations sent 18% more emails and had click-through rates decrease by 20.7%
- Human and social services sent 12.8% more emails and had click-through rates decrease by 16.1%
- Public broadcasting sent 27.6% more emails and had click-through rates decrease by 18.3%

Source: DMA Statistical Factbook, 2018



At 54%, measuring content effectiveness is the top challenge for non-profit content marketers, followed closely by the ability to produce engaging content at 53%

Source: 2016 Nonprofit Content Marketing Trends - North America: Content Marketing Institute/Blackbaud.



**DIRECT MAIL
INCREASES ONLINE
DONATIONS BY
40% TO NON-PROFITS**

Source: Dunham+Company



TIP

Communication volume or list size alone will not save you. Therefore, make sure that each communication you send out is relevant to the person receiving it. For example, if you are an animal welfare organization, you likely have cat people and dog people in your database. Cat people want to hear about cat things. Information about dogs would be irrelevant, and vice versa.

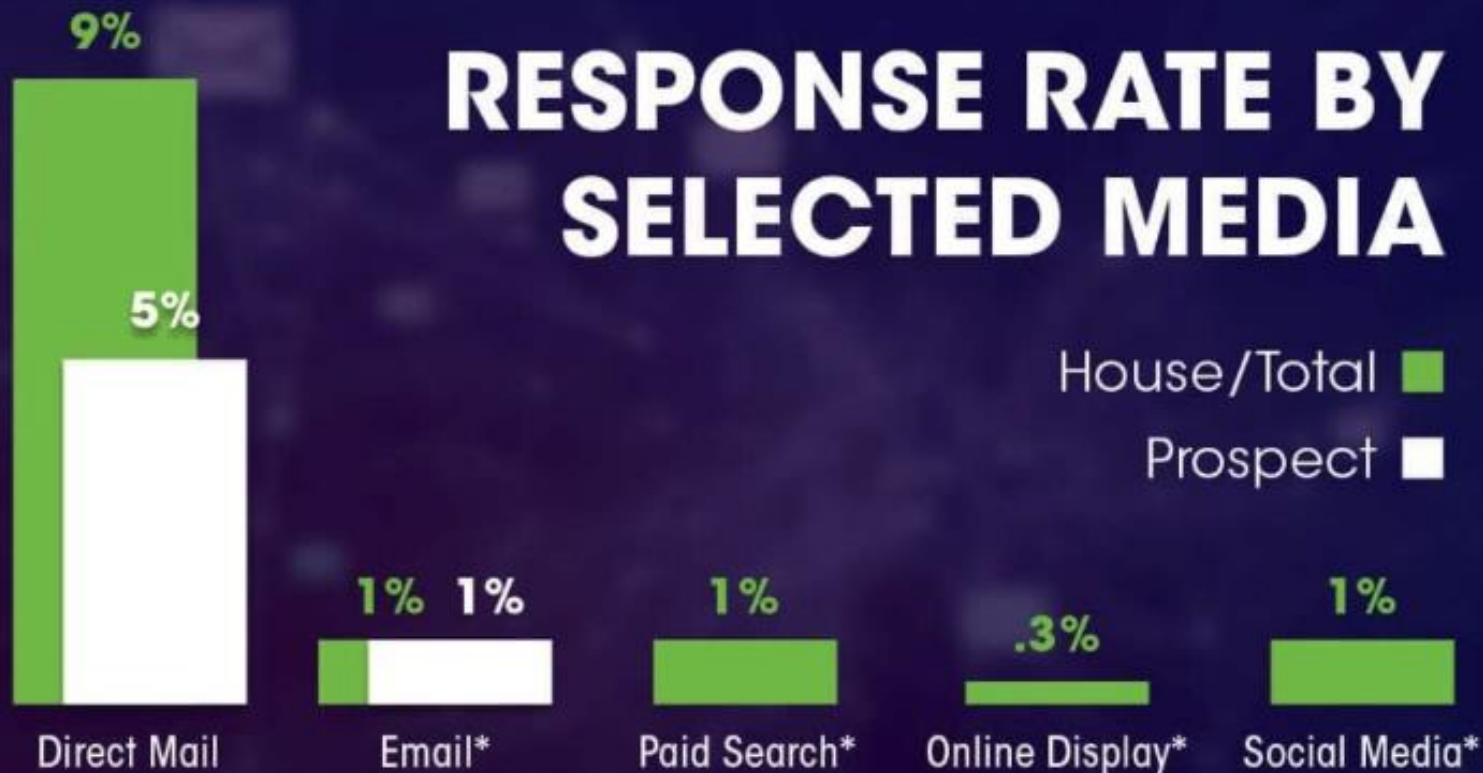
Solution: Segment your audience and build a content library that is relevant to the different sections. You can segment your audience in different tiers, for example:

TIER 1: Cat People

TIER 2: Cat People: Sustaining Donations | Cat People: Repeat Donations | Cat People: First-time Donations

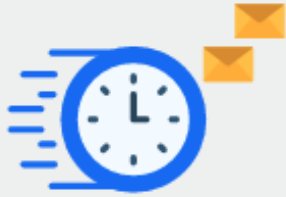
TIER 3: Cat People: Last Donated 5+ Years Ago

RESPONSE RATE BY SELECTED MEDIA



Source: 2018 ANA/DMA Response Rate Book | *CTR x Conversion Rate

SMS/Text



The average person replies to an SMS message in **90 seconds**, whereas it will take 90 minutes to get a response via email



Text messages get **12x more** response rate than phone calls and emails



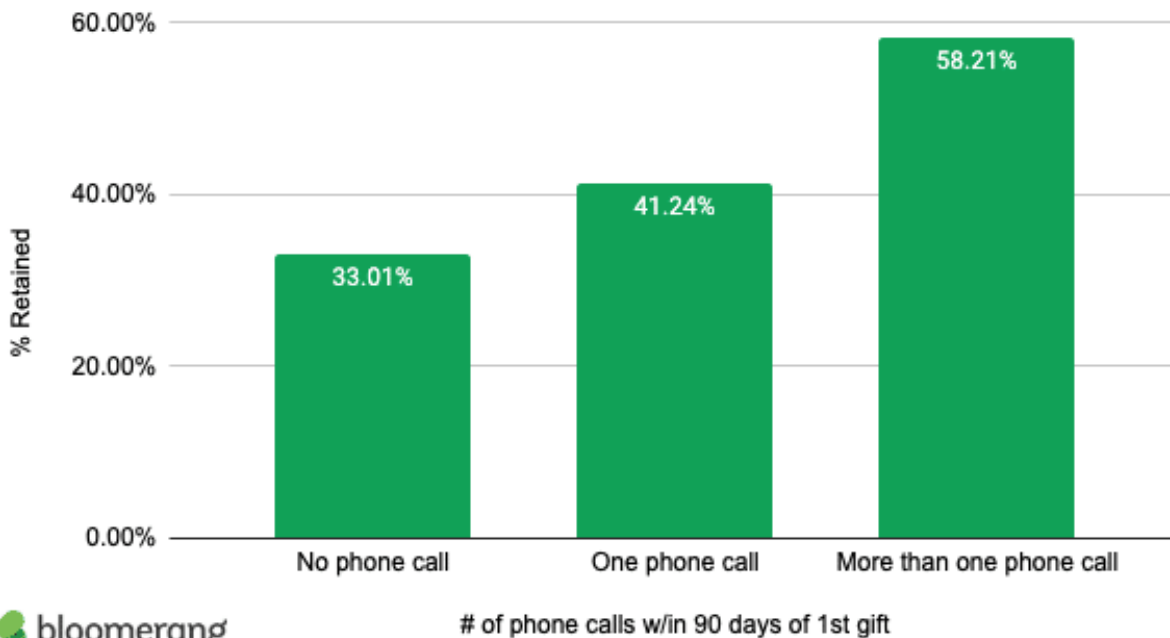
The average text donation is about **\$135 per year**, significantly higher than other channels



A thank-you call/text program generated a **56% increase** in first-year donor retention and a 72% increase in first-year retention revenue

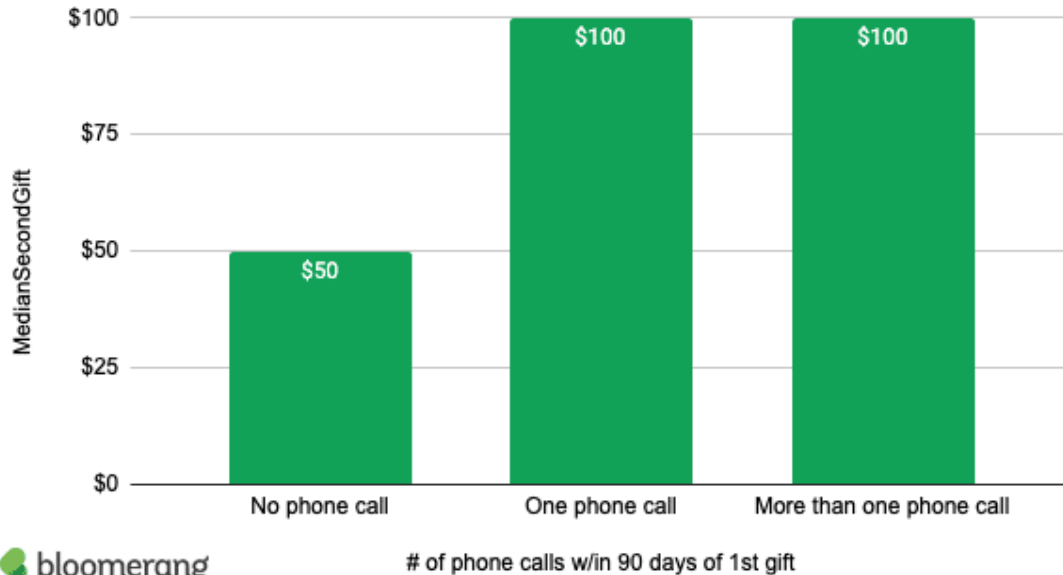
Nobody Answers the Phone, right?

Impact of phone calls on 1st-time donor retention



Nobody Answers the Phone, right?

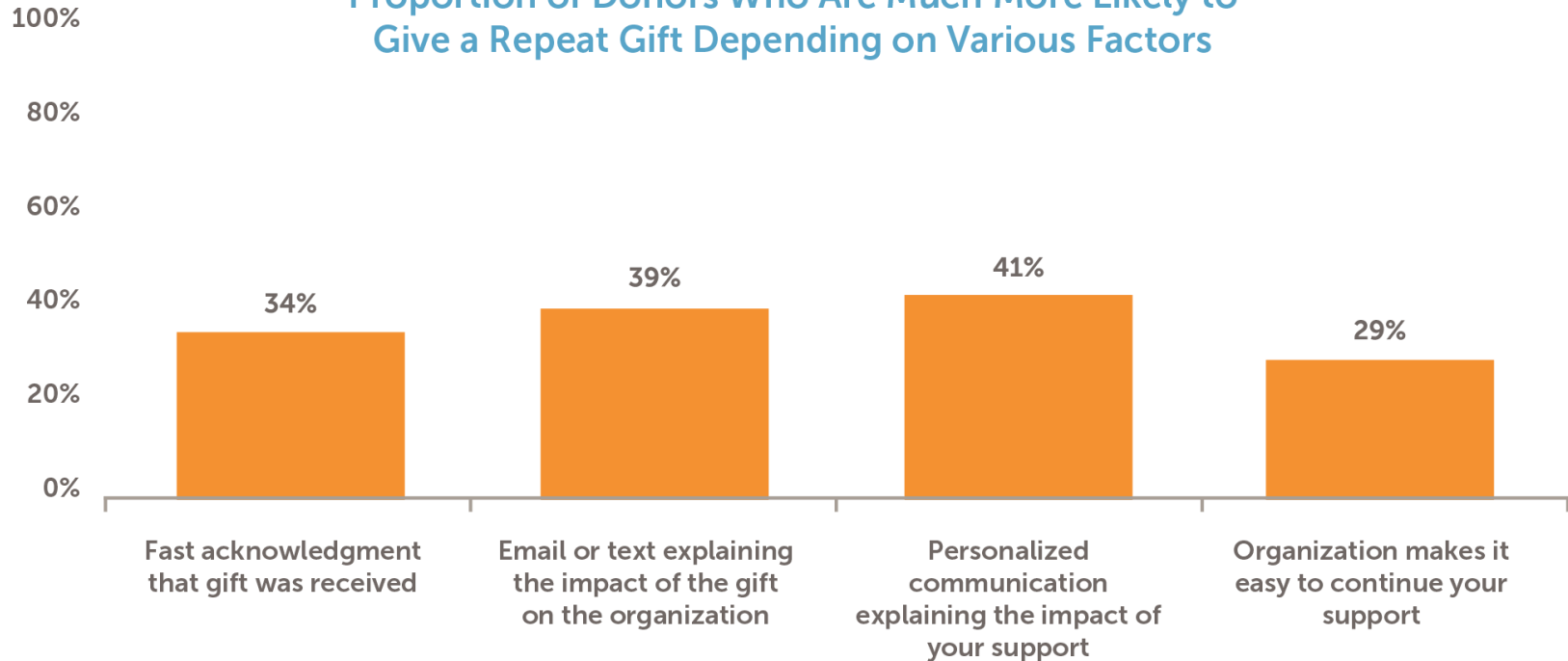
Impact of phone calls on second gift size



<https://bloomerang.co/blog/actually-calling-donors-to-thank-them-does-make-them-more-likely-to-give-again-and-give-more/>

It's Also How You Use It (Personalization)

Proportion of Donors Who Are Much More Likely to Give a Repeat Gift Depending on Various Factors

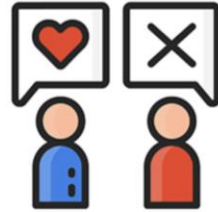


<https://learn.networkforgood.com/eguide-the-ultimate-guide-to-virtual-fundraising.html>

It's Also How You Use It (Personalization)

Understanding Your Customers Needs

What customers expect of brands



72%
of customers

say they only engage with
personalized messaging

startupbonsai

Source: SmarterHQ

And most importantly

44% would **donate more (at least 10%)** for
a personalized experience

Quick Word on DAFs

The Dramatic Rise of DAFs

Driven by several factors

DAF Market Data

Exhibit 4

	2012	2022	10yr Change
Assets (B)	\$44.9	\$228.9	5x
Grants (B)	\$8.6	\$52.2	6x
Number of Accounts	205,552	1,948,545	9x
Average Account Size	\$218,054	\$117,466	0.5x

1

Increased Accessibility

2

Improvements to Personal Philanthropy

3

Tax Code Changes

4

Strong Market Performance

5

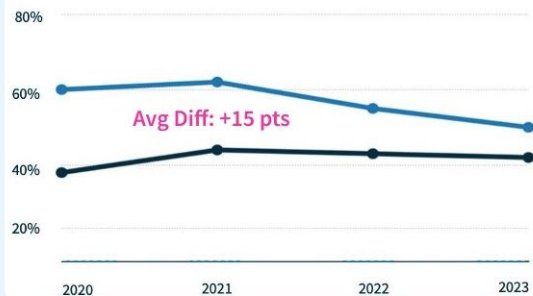
Core Element of Financial Planning

What the Data Tells us About DAF Donors

Findings from the 2024 DAF Fundraising Report | 2019 - 2023

Loyal

DAF Donor & Non-DAF Donor Annual Retention

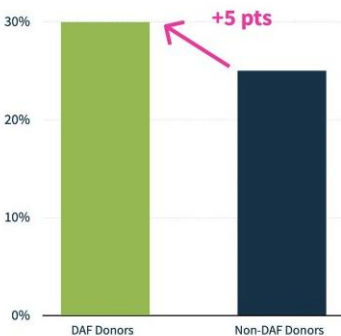


■ Overall DAF donor
■ Overall non-DAF donor

Consistent

Overall % of Donors That Make 2+ Gifts Per Year

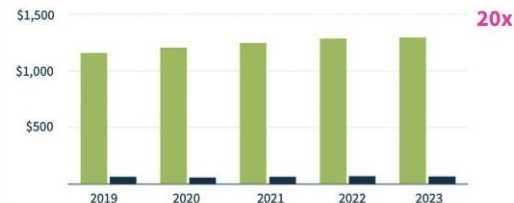
Exhibit 20



DAF Donors Non-DAF Donors

Generous

Average DAF Gift Size Compared with Non-DAF Gift Size, Over Time



■ Overall average DAF gift
■ Overall average non-DAF gift

Note: Excludes \$25k+ gifts

Through their donor-advised funds, donors offer a steady stream of support to favorite causes.



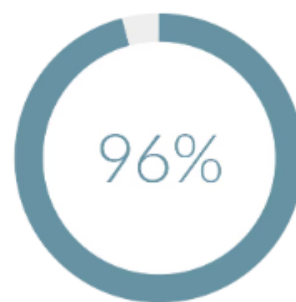
**DISTRIBUTED
WITHIN 5 YEARS**

Nearly three-quarters of contributed dollars to donor-advised funds are distributed to charities within five years.*



**CONTINUED
SUPPORT TO
FAVORITE CAUSES**

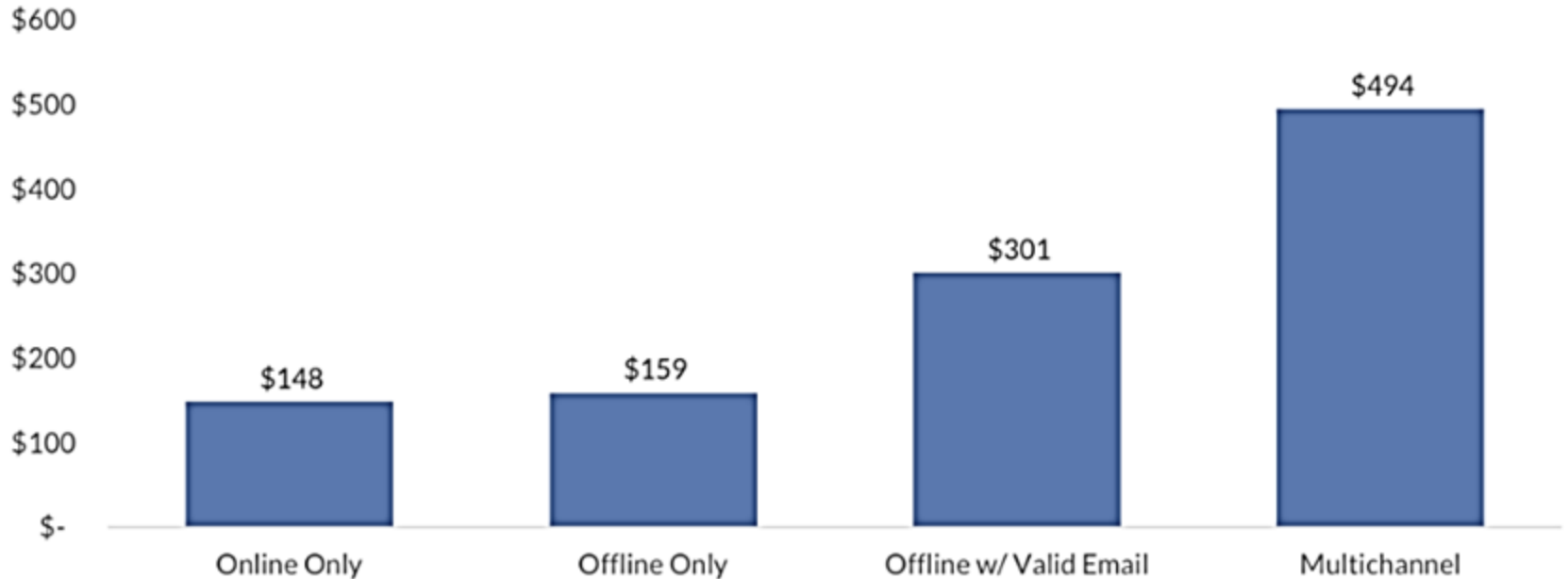
Donors continued their commitment to the charities that move them.



**INCLUDED
ACCOUNT NAMES
OR NAMES AND
ADDRESSES**

Most recommending donors showed open support for the causes they care about.

Putting It All Together



Source: Brady Josephson, www.nextafter.com/blog/advanced-guide-to-integrated-fundraising/



The Bright Spots



What Happened in Global Generosity?

TOP TAKE AWAYS

- **Almost everybody gave, and gave across all types** - 85% of people surveyed globally gave; non-monetary giving was 2x more common than monetary giving. Globally, only 5% of people who gave, gave money only.
- **Giving happened broadly across all recipient groups** - In the USA, giving to non-registered entities was over 2x more common than giving to registered entities; with most people giving to multiple types of recipients. Only 2.5% of people who gave, only gave money to nonprofits.
- **Volunteering for nonprofits has followed its own unique two-year trend** vs giving of money - increasing 7.4% in 2021 after a severe drop in 2020, remaining far below pre-COVID-19 levels in the USA.

Source: <https://www.givingtuesday.org/blog/from-scarcity-to-abundance-mapping-the-giving-ecosystem/>



Around the world, the vast majority of people gave.

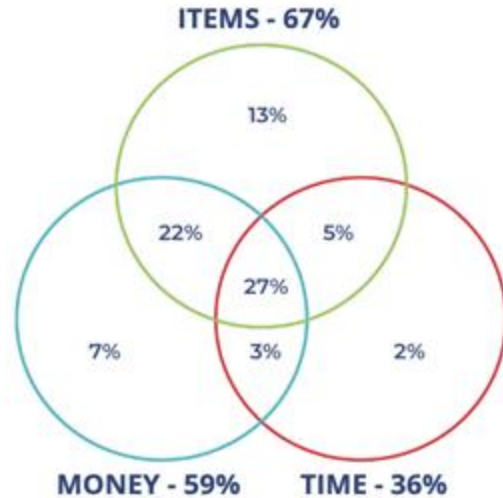
82% of surveyed Americans affirmed that they gave.

Given the almost exclusive focus on giving money in the philanthropic sector, you might assume that people give money, and only give money. This is simply not so - engaging in any type of giving is a strong predictor of giving in general. Of the 82% of Americans who gave:

- *Only 7% gave money exclusively*
- 80% engaged in 2 of our tracked types of giving (money, items, advocacy, and time).
- 27% (over 3x those who only give money) gave in either 3 or all 4 of our tracked types

Given the focus on giving to nonprofit organizations in our sector, you also might assume that people only gave to nonprofits. Again – not so. In the US:

- Only 15% gave *only* to nonprofits.
- Almost 75% gave to 2 of our 3 tracked recipient groups
- 40% (over 2.5x those who only give to nonprofits) gave to all 3 recipient groups.



% of Americans who have donated by giving type

ENGAGEMENT OPPORTUNITIES

- ENGAGE PEOPLE ACROSS ALL TYPES OF GIVING AND NON-GIVING BEHAVIORS.**
 A spirit of generosity begets giving, including giving dollars.
- ENGAGE GIVERS BASED ON CAUSE, NOT BASED ON RELATIONSHIP TO YOUR ORGANIZATION.**
 Donors give to causes through a variety of means and structures.

We Haven't Even Talked About

The huge variety of options, ideas, tools, tricks, technology, and tactics that are being used in fundraising right now. For every one example of a tool that doesn't work anymore, there are three that show that it does!

Your job as a fundraiser is to evaluate what tools support your goals that you can use and use well. There is no one thing that, in and of itself, can make your fundraising “better.”

- Face-to-Face – Still the most effective
- Recurring Giving – major strides – donors love it!
- Peer-To-Peer – Community engagement.
- Crypto – it's happening. Kinda.
- DAFs – still massive and growing
- Planned/Legacy Giving
- Artificial Intelligence
- Video!
- Social Media



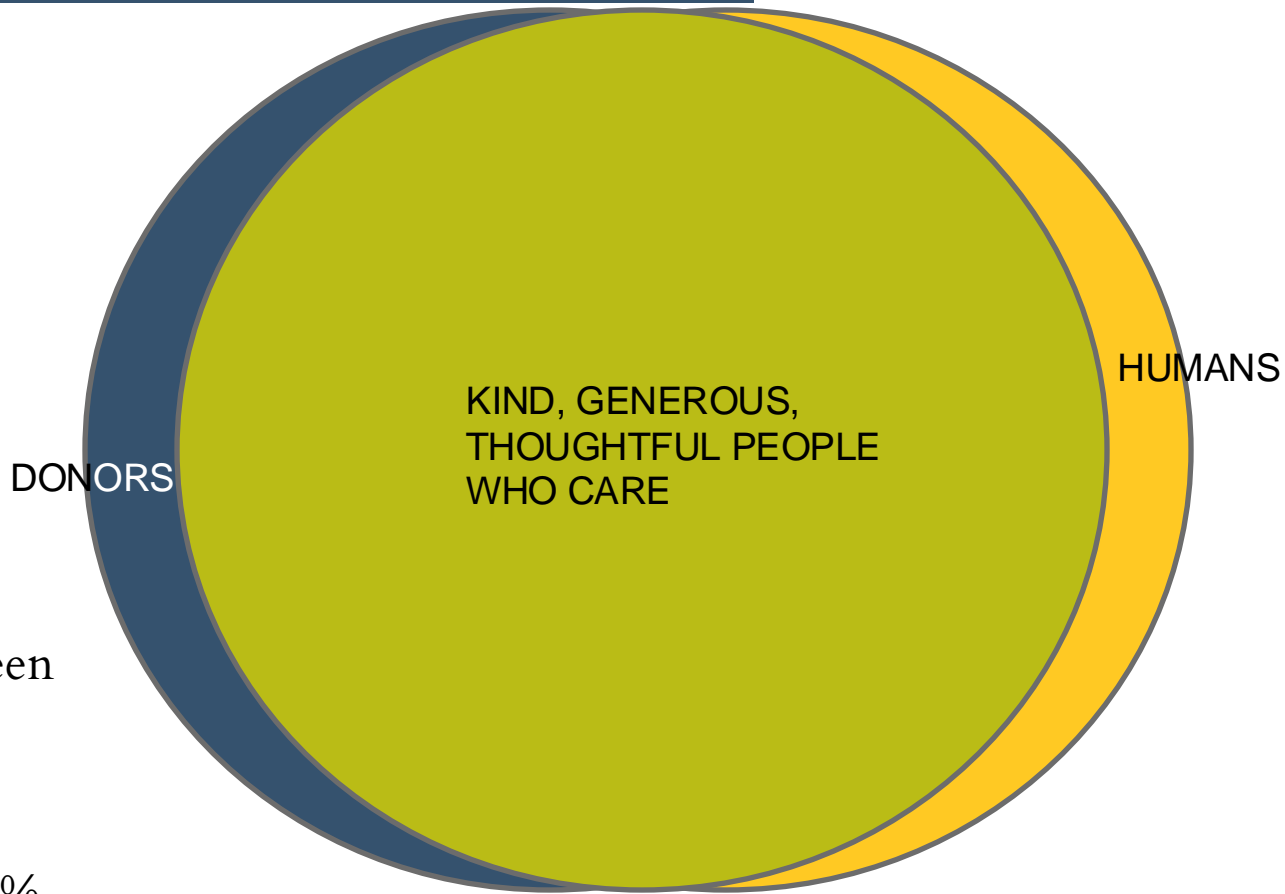
What Can We
Do About It?

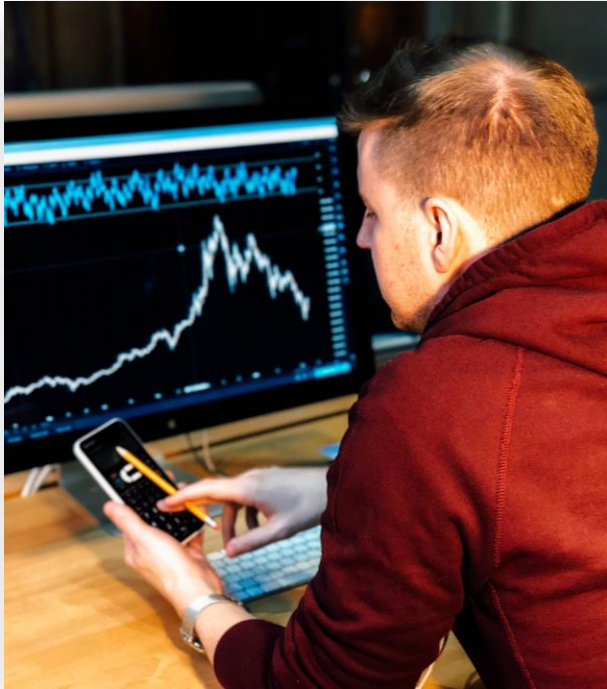
We're very good at Measuring What Donors Do . . .

But not so much good at measuring why they did it.

e.g. How many of those online gifts came in because of a mailed ask? Or an event?

In the Venn
Diagram of
overlap between
“people” (i.e.
humans) and
“donors” the
overlap is 100%





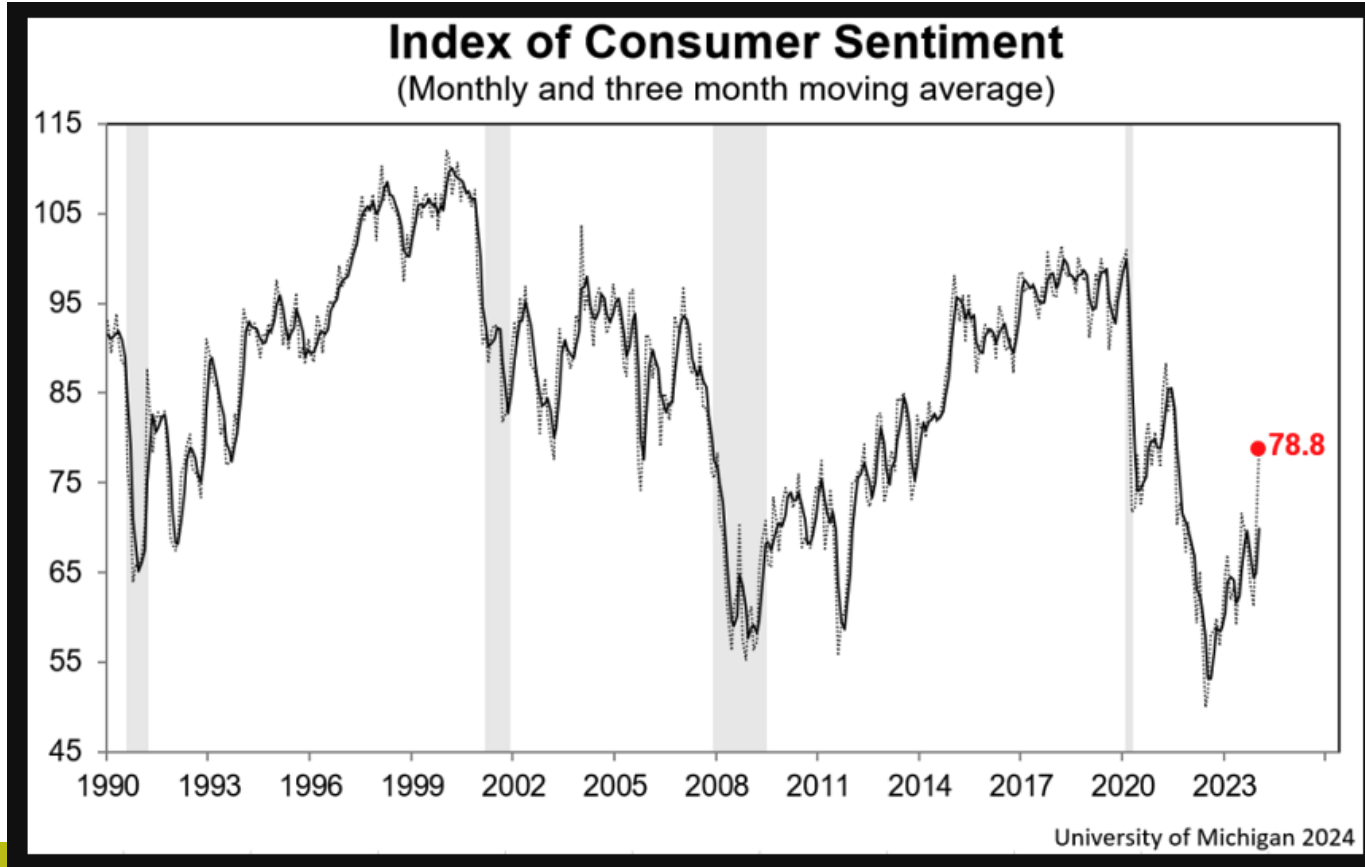
What's Coming?

2024 and BEYOND . . .

Recession?? Inflation?? Cost-of-Living
Increases?? Housing crises??

Politics for sure. Demand for services FOR
SURE.

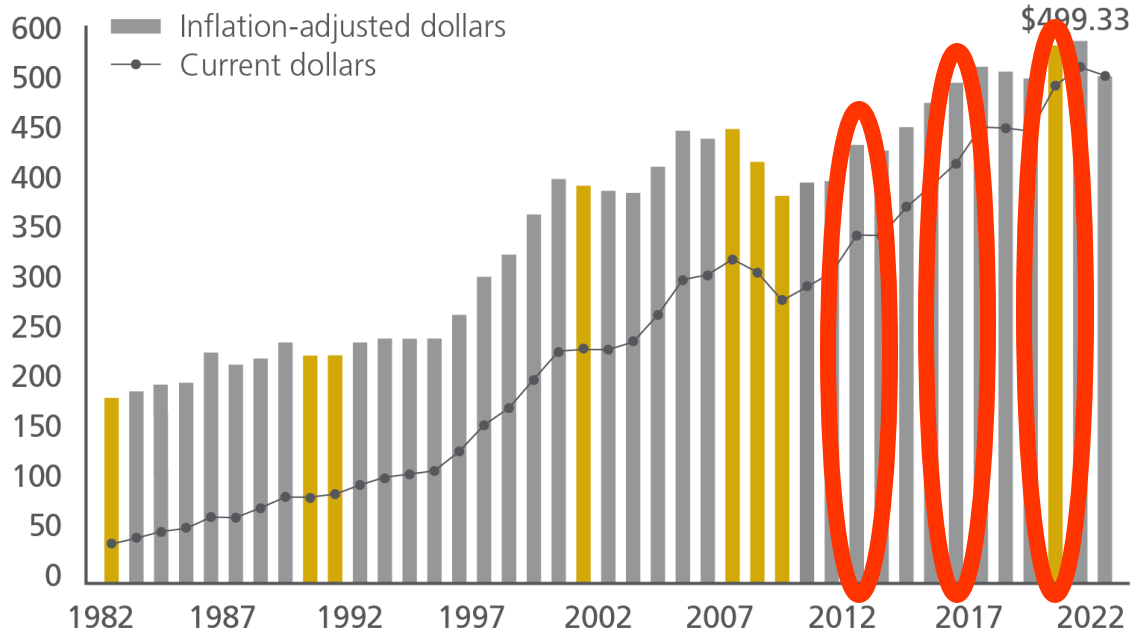
Consumer confidence is growing. Less fear of a recession.



Charitable giving *increases* during election years.

Total giving, 1982-2022

(in billions of dollars)



What do we do?

- Tell better stories – with dignity, honor, and respect for the people and communities we serve, tell the real stories of what’s happening and why help is needed
- Invest in, double down on, go all in on relationships
- Less us, more them – what does their generosity and identity do for the people and situations they want to help, not ‘our nonprofit’
- Democratize giving – is everyone welcome? All donors/all levels/all gifts? Do they know that?
- This is together work, not donors-as-ATMs-who-fund-our-mission. Invite, don’t ask.
- Fundraising IS mission – invite people to be a part of the bold vision we can achieve together
- Invest in Gratitude FIRST.

WHAT'S COMING?

STAY THE COURSE

Fundraising/Philanthropy is generally a lagging economic indicator.

Generosity NEVER lags.

Right now, pent-up demand is still outweighing price and cost increases.

It might be volatile, but not insurmountable

- Charitable Giving usually goes UP during election cycles and economic turbulence—Values are Front and Center
- HNW individuals may be impacted by stock market and postpone giving decisions until later in the year
- MOST donors will still find ways to afford the things important to them
- AND they will find ways to be generous if we stop fundraising – or curtail it – or focus it on just the wealthy

WHAT'S COMING?

Don't make decisions for your donors

“We shouldn't ask right now because . . . “

Invest in storytelling and compelling INVITATION to join an important cause (not an ask to fund a mission)

Keep momentum and cadence

Diversify – methodologies and funding

- Don't let leadership do it either – you've got the data to support you now. 😊
- Slow and steady wins the race in Q4 – watch out for knee-jerk response
- Plan, Plan, Plan – Set the Plan/Work the Plan

Your Plan

What is the goal?

Does this tactic help me reach the goal?

How will I use it exactly? Give details

Can it be effectively managed?

- The goal is more specific than “more donors giving more dollars”
- How does a methodology help you reach specific goal?
- What is your #1 Priority?

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“Thank you for sharing a ton of invaluable information today. I am writing a report to share with my team!”

“This was seriously one of the best webinars that I have attended. It was relevant, packed with great information, lots of energy, and lots of great questions from the attendees.”

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Leveraging Online Giving to
Drive Real **End-of-Year Impact**

Steve Lausch
Director, Product Marketing
OneCause

Joe Duca
VP, Product Strategy
OneCause

Wednesday, August 14, 2024

onecause® | WEBINAR

MAXIMIZING Donations
Fine-Tuning Your Year-End Giving Page

Matt Bitzegaio
Co-Founder & CEO
DonorDock

Wednesday, September 18, 2024

CFRE



Raise[®]
2024

Your Invitation to Raise

Nashville, TN

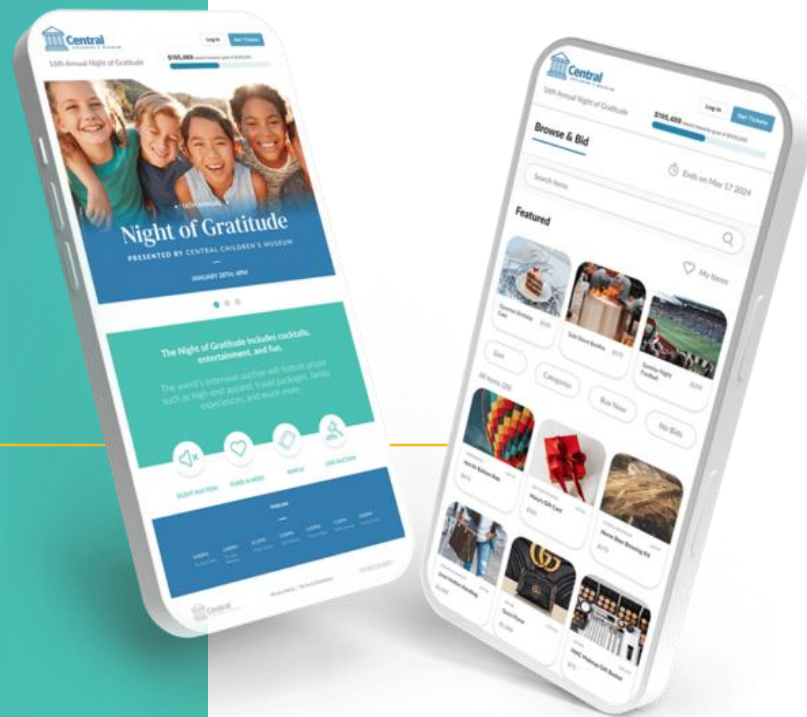
September 9 & 10, 2024

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Fundraising Software to Raise and Reach More



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Recording and presentation slides will be emailed to all webinar registrants.



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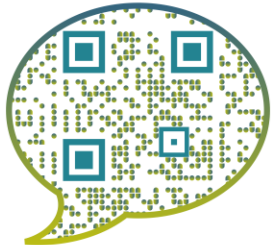
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