

# Getting to the Heart of the Donor

BY LYRIC MURPHY

There's much debate underway regarding the effectiveness of traditional fundraising sources. We're hearing a lot about social media, the importance of websites, emerging technologies and the transitioning of direct mail to electronic media.

In response to the rising crescendo of uncertainty, the Heart of the Donor™ research took a comprehensive look at donor behavior. For the purposes of this article, we will look at how donors are giving.

It's important to acknowledge up front that while the channels donors use to give are driven by their comfort and preference, it is equally true that they are also driven by the channels made available to them

New research supports the idea that organizations must diversify their communications channels and integrate their overall fundraising strategies.



# SURVEY

by the organizations they support. Recognizing that reality, we evaluated 10 different methods of giving, asking donors whether they have used each one in the past 12 months. First, let's look at the raw numbers.

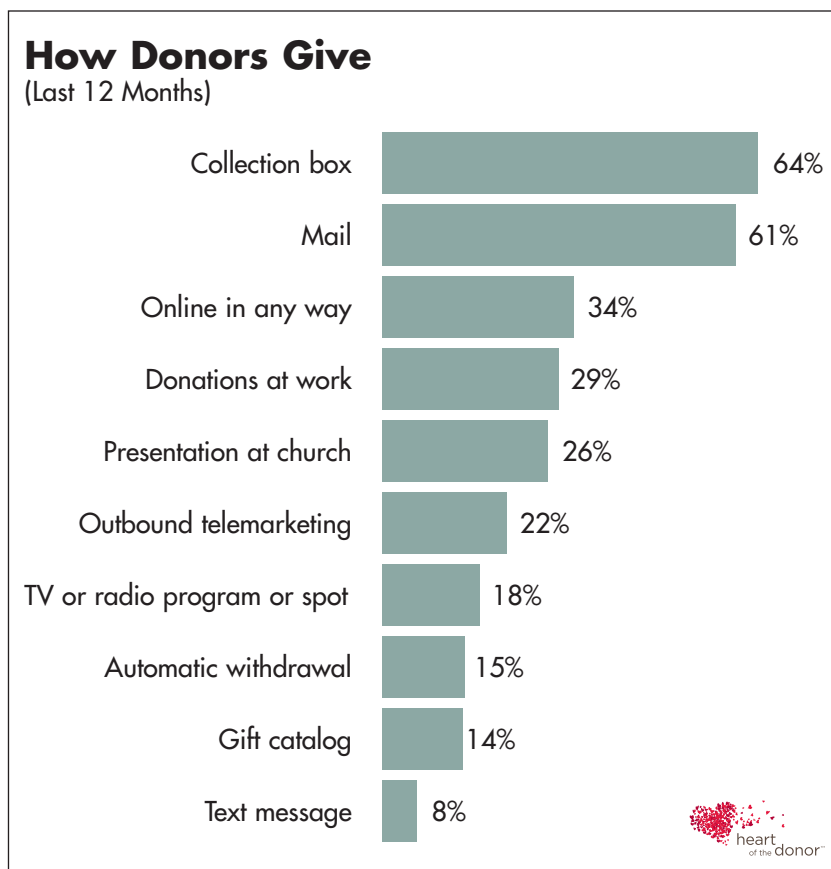
As you can see from the graph to the right, two giving channels clearly stand out from the rest: point-of-purchase collection boxes (where donors drop change into a box or bucket placed by a charitable organization) and direct mail. While these are the only two giving channels that a majority of donors have used in the past 12 months, these are certainly not the only giving channels of importance.

A third of all donors have given online in some form, including 44 percent of donors who use the Internet. Three out of 10 have given through work; 26 percent have given through presentations at their places of worship. Almost one out of four donors has given through receiving a phone call from an organization, and 18 percent have given through a television or radio advertisement or program. Fifteen percent are using automatic withdrawal, 14 percent have given through a gift catalog and 8 percent have given by text message.

Clearly, choices in channel giving are not mutually exclusive. In fact, the study confirmed that many people use more than one. The average donor used 2.9 of these channels over the past 12 months; the most generous donors used an average of 3.3 different channels.

This means that in the current environment, newer channels of giving are not simply replacing more traditional channels.

There is no denying that the giving environment is evolving. Online and text giving are both more popular than average among the youngest donors. However, 53 percent of donors who gave



through a text message also gave through the mail, and 29 percent also gave through outbound telemarketing. Similarly, 55 percent of online donors also gave through the mail, and 20 percent also gave through outbound telemarketing. Giving channels do not tend to replace each other. In fact, they actually augment each other.

This multichannel donor behavior strongly urges two actions for today's fundraisers:

**1.** We need to be very intentional when looking at the overall relationship being created with a donor. Stand-alone, silo activities do not allow for strong integration and synergy between channels, which can reduce the impact and effectiveness of the donor experience.

**2.** Most importantly, fundraisers must continue to use the strongest tools at their disposal for maximizing revenue.

In today's marketplace, channel diversification is key, and the integration of traditional and new methods of giving is essential.

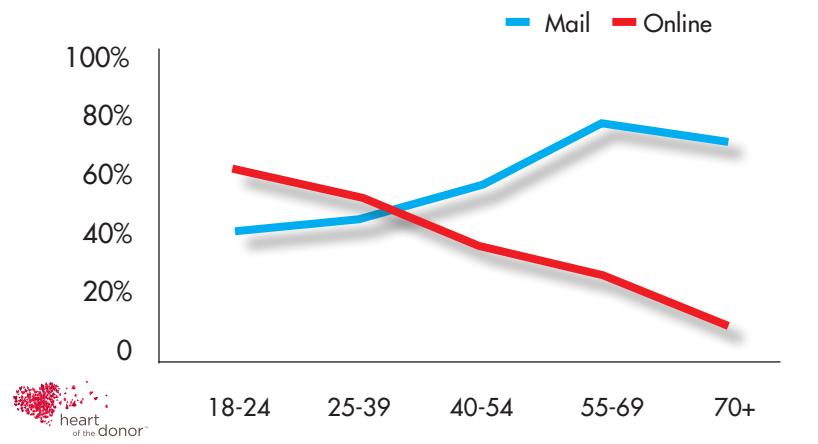
## Age-related behavior

Now, let's look at mail versus online through the lens of age.

Here's what we see in the chart on Page 50:

- In the 18–24 age group, 41 percent gave through mail, while 61 percent gave online.
- In the 25–39 age group, 44 percent gave through mail, while 54 percent gave online.
- In the 40–54 age group, 57 percent gave through mail, while 38 percent gave online.
- In the 55–69 age group, 77 percent gave through mail, while 25 percent gave online.
- In the 70+ age group, 71 percent gave through mail in the last year, while 11 percent gave online.

## Mail vs. Online (By age of user)



Several observations surface:

**1.** Mail is predominant among older donors but also well-used by younger donors. More than four in 10 donors ages 18-39 have given via mail.

**2.** Mail is most popular among older Americans who are the most generous donors, giving the largest amounts of money.

**3.** Online giving is increasing in importance and value. Comfort levels with the channel rise on a clear, clean trend line as we move from established to emerging donor groups.

**4.** Note the nexus in the 25- to 54-year-old group. The donors who will be most important to us in the next decade appear equally facile with mail and online.

### About direct mail

There is considerable discussion among fundraisers about the impact of electronic forms of giving such as texting and online donations; some consultants have even gone so far as to write an obituary on direct mail. However, Heart of the Donor™ confirms that mail as a fundraising tool is still an effective channel.

Even among the youngest donors, 41 percent had still given by mail in the last 12 months. And among people 40 to 54, 57 percent had given by mail, while just 38 percent had given online. Now, add

the annual value of these segments and here's the bottom line:

- 18- to 24-year-olds, the segment that strongly prefers online but still gives to mail: 30 million of them are donating, and they're currently worth \$362 on an annual basis.

- 55- to 69-year-olds, the segment most predisposed to give via mail: 47 million of them are donating, and they're currently giving \$805 on an annual basis.

- 70-plus-year-olds, the segment that is 71 percent responsive to mail: They give \$1,186 annually, meaning the average older donor gives more than three times as much as the average younger donor.

These findings offer a different

perspective than one we are increasingly hearing from marketers who declare, "We need to become less reliant on mail and move our fundraising online." Their motives are good; they want to be forward-thinking and responsive to what they think the market is telling them. But this viewpoint is not actually responding to the market, nor is it donor-centric, because the highest-value donors are still giving via mail and younger donors are still using both.

We acknowledge the likelihood that, over time, online usage will continue to increase. However, the smartest strategy today is one that leverages the strongest fundraising tools at your disposal.

### Breaking it down

The findings of the Heart of the Donor™ strongly support a multi-channel approach. But, just being present in multiple channels does not address the whole challenge. Yes, we need to use appropriate channels, but those channels need to be in sync with each other rather than operating independently.

As fundraisers, the call is to diversify, not diminish. To integrate, not isolate. **FS**

### About Russ Reid

At Russ Reid, we're devoted to helping nonprofit organizations grow beyond probabilities. Every day, we tenaciously pursue fundraising innovations that inspire action and commitment for the causes we serve. And together with our clients, we're helping transform millions of lives around the world. That matters as much to us as it does to you.

Our hope is that you will find the information useful and relevant as you look for ways to refine your fundraising strategies, bond donors to your cause, and invest your time, talent and budget wisely. Please visit [Heartofthedonor.com](http://Heartofthedonor.com) often as we will be releasing additional findings in the coming weeks and months.

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