



RESEARCH INSIGHTS FOR INCREASED GIVING

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An initiative of **SECTOR** INSIGHTS

LEARNING & INSIGHTS

Half of North American donors do not plan their giving.

This means they do not have a budget for giving, nor a list of preferred charities; each of these behaviors correlates with higher giving. When both are present (21%), average giving is almost 3.5 times higher compared to when neither is present.

- The biggest factor influencing these behaviors seems to be age, with Millennials being more spontaneous, and Boomers/Seniors being planners.
- Interestingly, income does not play a big role (above income of \$50,000+).
- The relationship between intentional giving and greater philanthropy bears further examination.
- Beyond motivating more informed and intentional giving, would efforts to encourage donors to actively plan and budget result in increased philanthropy?

Soliciting is hugely important, as only about 13% of donations are made without solicitation.

- **Retention** of current donors, even those who intend to give again, is highly dependent on timely and effective solicitation.
- **Acquisition** of new donors is even more dependent on solicitation; the likelihood of receiving a donation from someone who has not been recently solicited is extremely low.

Even when strong awareness and positive feelings are combined with an intention to donate, a direct ask is necessary to trigger the donation.

Charities must break through and leverage the key drivers for donation to be successful: learn more about this in our [“Building Donor Appeal” Report \(DonorBuilder™\)](#).

LEARNING & INSIGHTS

North American donors are mostly unaware of the average giving levels among their peers (only 13% believe they know). Donation levels among this small group are significantly higher (+35%) compared to other donors. However, there does not appear to be a widely understood social norm for giving.

- The religiously observant population claims a higher awareness of giving levels, and is also significantly more giving. However, religiosity is declining, which may over time have a negative effect on giving levels.
- This indicates an opportunity to develop and communicate a social norm for giving (in part, to replace the decline in religiosity) to help promote an increase in charitable giving.

More work is required to understand how social norms impact giving and how to influence them positively.

Emotions are key to driving philanthropic behavior.

Philanthropy allows people to realize higher-level needs. Also, whether a person decides to give to any one charity (or not) is driven by the emotional response they expect to experience.

Learn more about this in our [“Building Donor Appeal” Report \(DonorBuilder™\)](#).

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ABOUT THE STUDY



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Sector 3 Insights conducted a survey in Canada and the USA, to determine the importance of donors planning their charitable giving, the importance of charities soliciting donors, and the incidence of donors knowing average giving levels for their peer group.

Our goal in sharing these insights is to help the non-profit sector to become more effective in encouraging greater giving.

If you have questions, comments or suggestions, please do not hesitate to contact us. We would love to hear from you:

john@sector3insights.com

ABOUT THE STUDY



Sector 3 Insights conducted a survey in Canada and the USA, to determine the characteristics that drive greater donor appeal for charities, for both retention of current donors, and acquisition of new donors.

- Which characteristics matter?
- How do charities score or benchmark on these specific characteristics?
- Which characteristics need to be strengthened, while others may be ignored?



ABOUT
SECTOR 3
INSIGHTS

Sector 3 Insights is a social enterprise research firm providing insights for non-profit success. We leverage state-of-the-art research tools from the corporate world to help guide non-profits in their strategies and actions. Our profits are directed to registered charities

Learn more at www.Sector3Insights.com. If you have questions, comments or suggestions, please do not hesitate to contact us. We would love to hear from you: john@sector3insights.com

ABOUT THE STUDY



METHODOLOGY

- In May, 2017, we ran a quantitative, online survey among a representative sample of 2,000 people, 1,000 in the USA and 1,000 in Canada.
- The sample was balanced for gender and age (respondents were 18-80 years of age).
- To qualify, respondents needed to have donated at least \$50 to charitable or non-profit organizations in the past 12 months, and have been residents of their respective country for the past 12 months.
- The survey averaged just under 10 minutes, and was accessible via any Internet device.



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CHARITABLE BEHAVIOR; PLANNED VS SPONTANEOUS

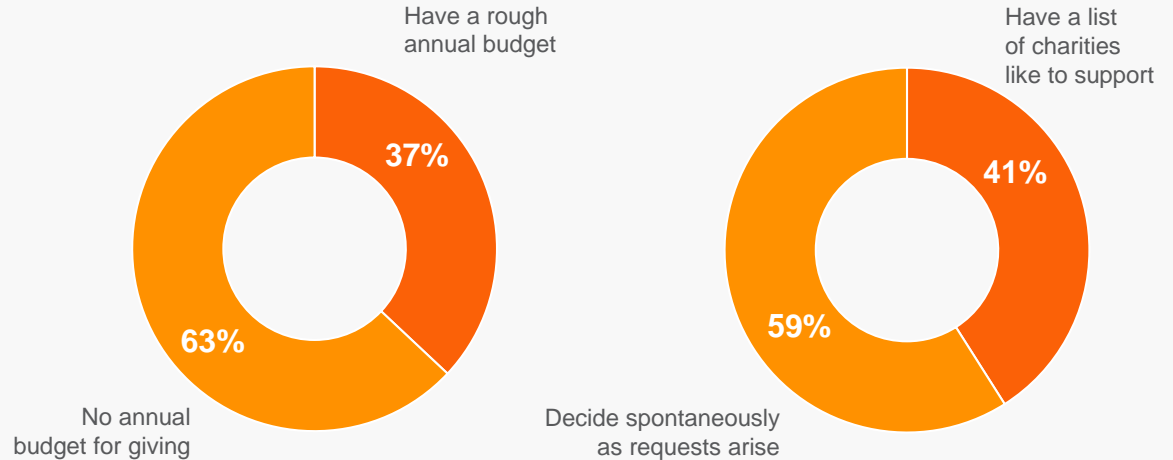


MOST DONORS ARE SPONTANEOUS

North American donors (donated at least \$50 in the past 12 months), do not tend to have a budget for giving – only 37% do.

Also, the majority (59%) do not have a fixed list of charities they like to support, but rather decide spontaneously as requests for donations come in.

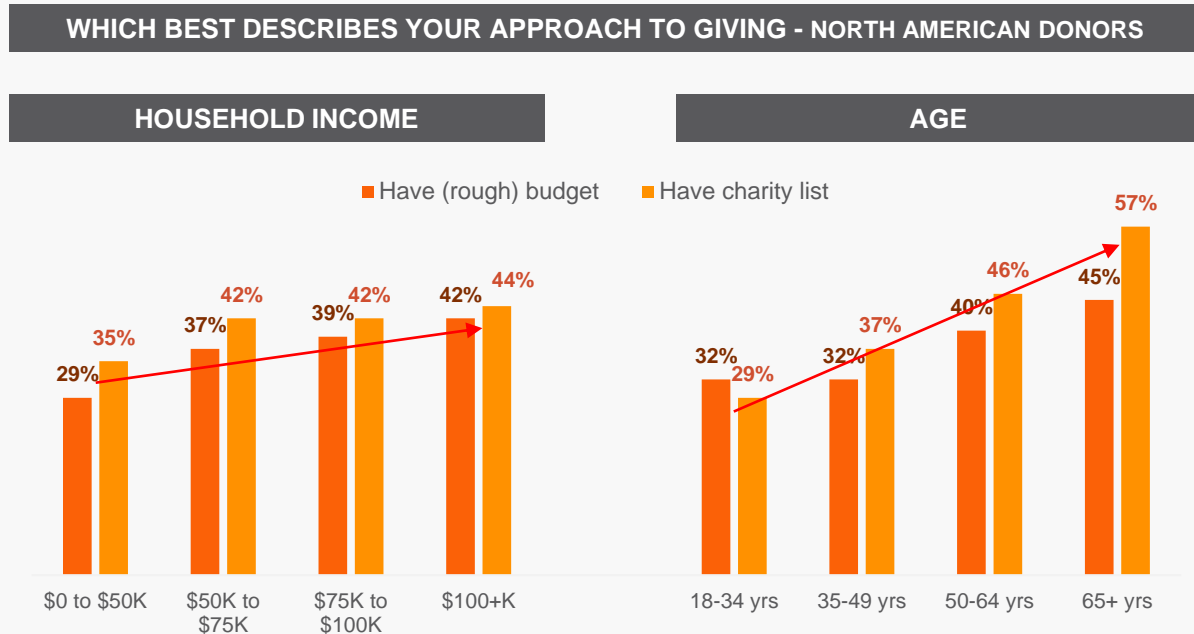
WHICH BEST DESCRIBES YOUR APPROACH TO GIVING - NORTH AMERICAN DONORS



MOST DONORS ARE SPONTANEOUS (*cont'd*)

Interestingly, we do not see big differences in the incidence of budgeting and/or having a preferred charity list by income levels (above \$50K).

Age seems to have a bigger effect. In particular, older donors (65+ years), are more likely to have a set list of charities they like to support (57%) versus Millennials (29%). This implies that targeting by age will be an important consideration.



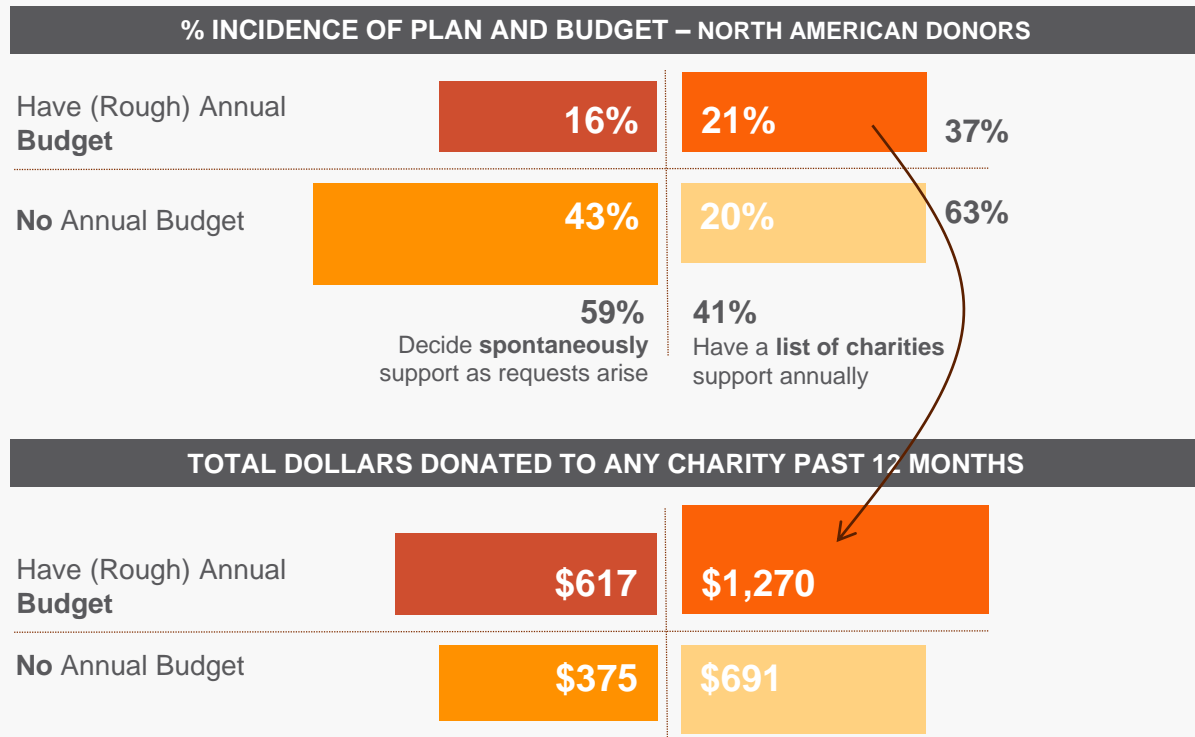
DONORS WHO HAVE A BUDGET OR A PREFERRED LIST OF CHARITIES DONATE A LOT MORE

These behaviors matter. The 21% of donors that both budget and have a preferred charity list, donate almost 3.5 times more than donors that do neither (\$1270 vs. \$375 average donations).

- Even just one of these behaviors (budgeting or having a preferred charity list), is associated with higher average donation levels (\$617 and \$691 vs. \$375 when neither is present).

More work is warranted to examine whether encouraging donors to plan their giving (by creating a budget and developing a preferred charity list), could help promote higher donation levels.

Equally, the charitable sector could benefit from a better understanding of how to tap into the opportunity to motivate a more spontaneous donor segment.

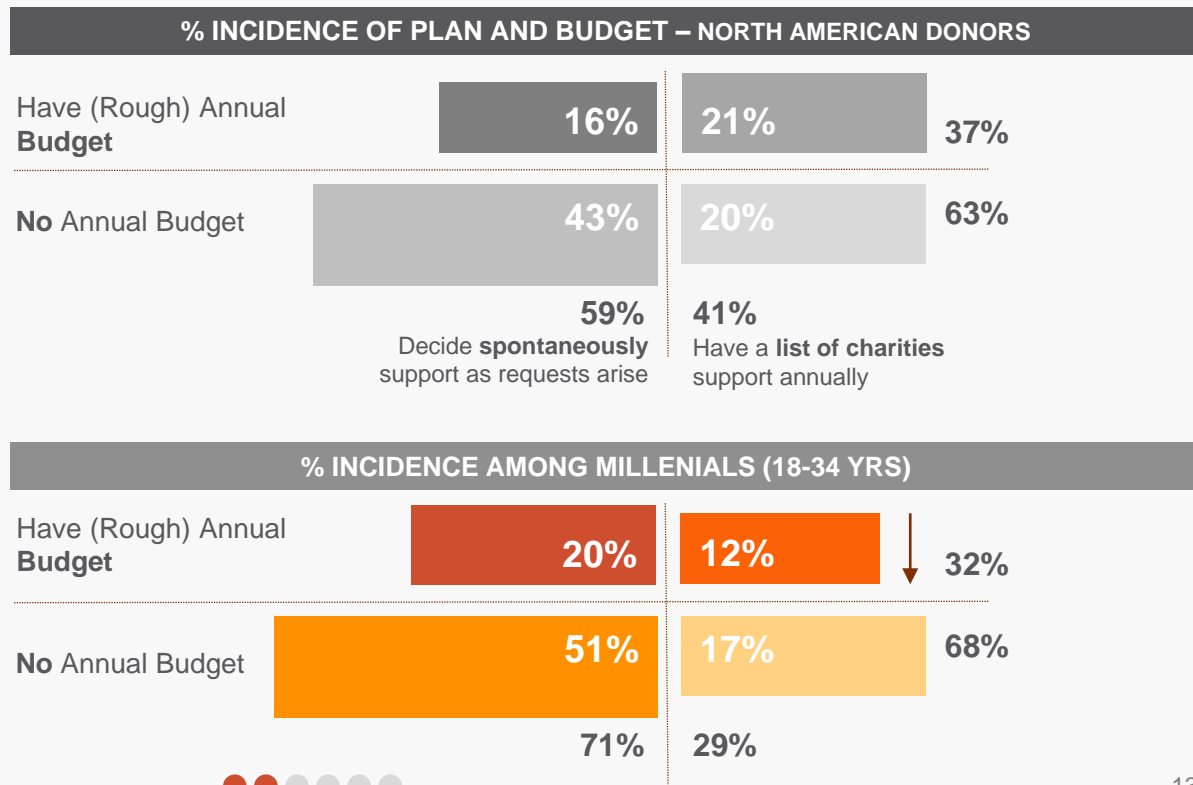


MILLENNIALS ARE EVEN LESS LIKELY TO PLAN THEIR DONATIONS

Among Millennials, we see that only 12% of them have both a giving budget, and a list of preferred charities (33% of Boomers/Seniors fall in this group).

This suggests that **new methods of engaging these donors** may be necessary and could present opportunities. Conversely, efforts to **encourage donors to plan their giving** may be a way to target Millennials who do not yet have a systematic approach to giving.

Regarding other demographics, there were no differences between US and Canada, or men and women, for how they plan their giving. As discussed earlier, income was not a differentiating factor either.





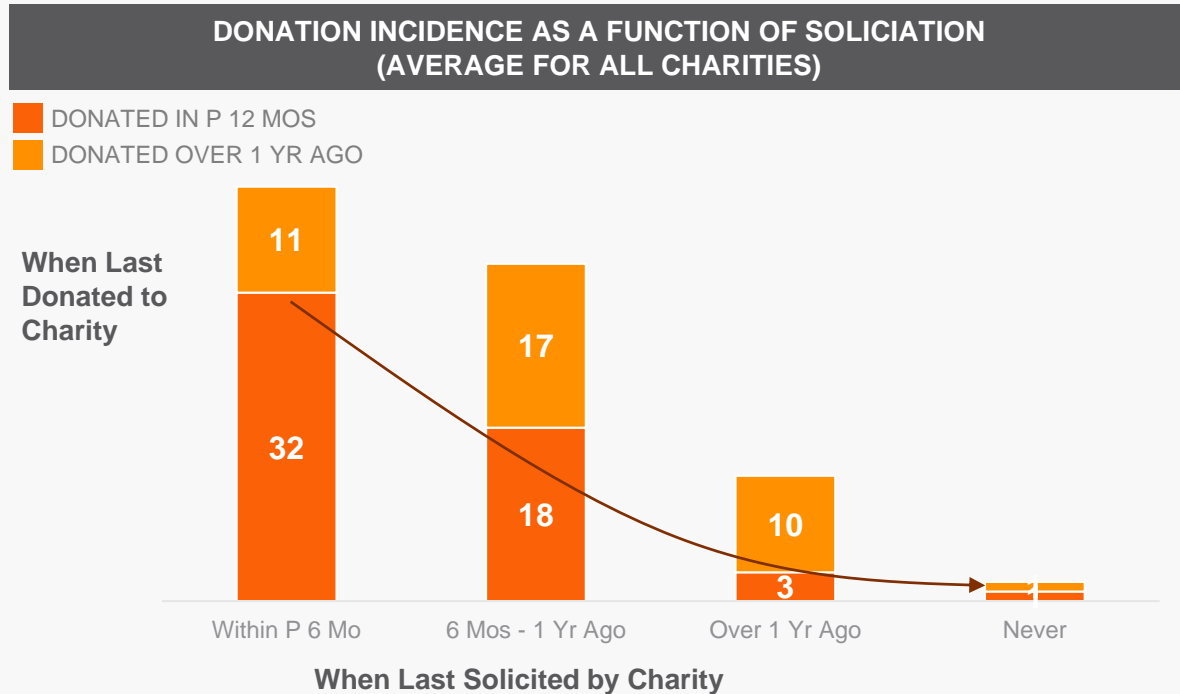
THE IMPORTANCE OF SOLICITING



THE STRONG RELATIONSHIP BETWEEN SOLICITATION AND DONATIONS

There is a direct and strong correlation between being recently solicited and making a donation to the same charity. The solicitation is the necessary step to trigger the donation.

Those who are not solicited are very unlikely to make a donation to the charity.



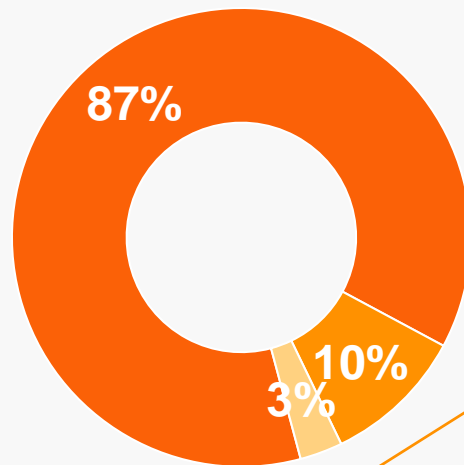
THE GREAT MAJORITY OF DONATIONS ARE SOLICITED

Among Donors (those that donated to a specific charity in the past 12 months), the vast majority were solicited by the charity.

Only about 13% of gifts (7% of donated dollars) came from those who were not solicited.

SOLICITATION INCIDENCE AMONG DONORS (AVERAGE FOR ALL CHARITIES)

- Solicited within past 12 months
- Over 1 year ago
- Never solicited



This 13% of donations represents about 7% of dollars donated.

DONATIONS TEND TO BE FRAGMENTED AND SOLICITING IS COMPETITIVE

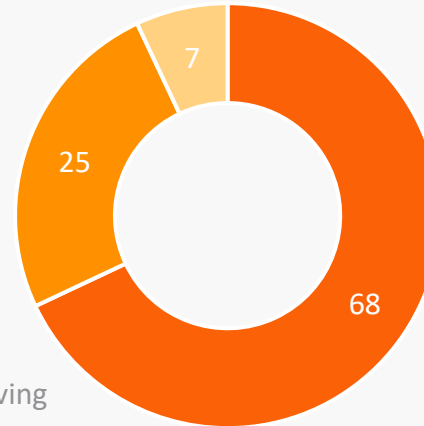
On average donors have several charities to whom they donate. As a result, each charity's share of donation wallet is small.

- 68% of donations to any one charity, on average, represent less than a third of the donor's total giving.

It is competitive out there. Not only does a charity compete to be selected, but also to receive a **higher share** of the donor's total giving, underlining the importance of effective solicitation.

It is key for charity solicitations to break through and leverage the important drivers of donor appeal as detailed in our ["Building Donor Appeal" Report \(DonorBuilder™\)](#).

DONATIONS TO ANY CHARITY AS % OF DONORS' TOTAL GIVING NORTH AMERICAN DONORS



- 0-30% share of giving
- 31-60% share of giving
- 61-100% share of giving

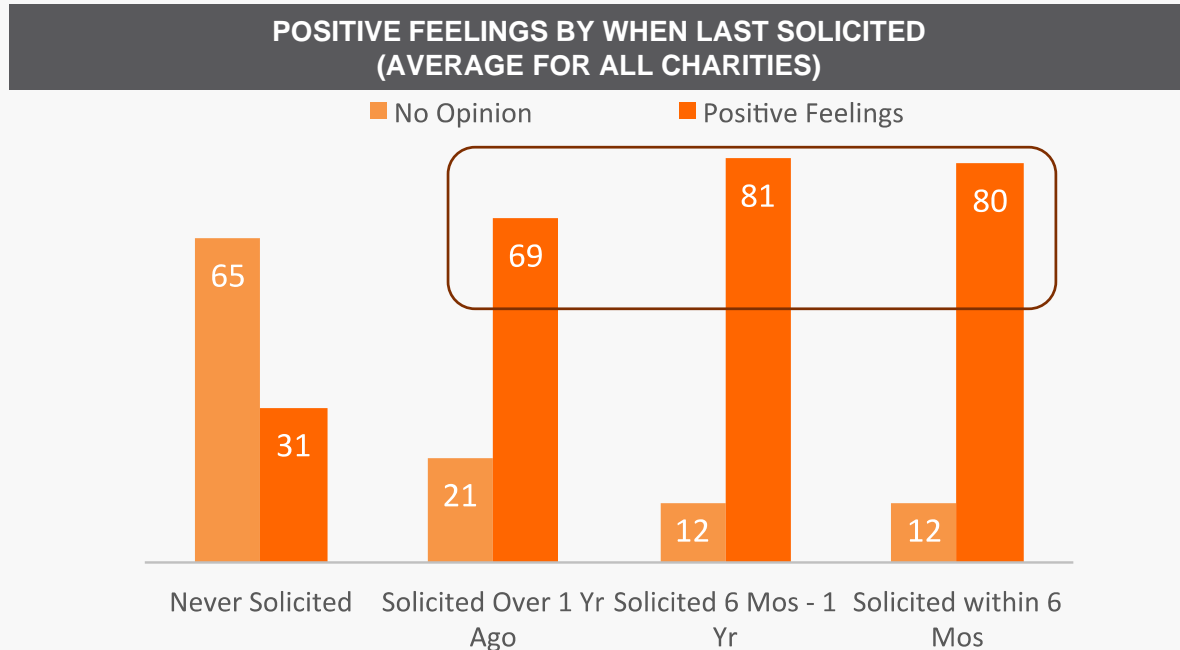
68% of donations to any one charity, on average, represent less than a third of the donor's total giving

SOLICITATIONS ALSO HELP BUILD POSITIVE FEELINGS

People who have been solicited tend to have much higher positive feelings toward that charity. Conversely, those never solicited are more likely to say they have no opinion on how they feel towards the charity.

Not only does solicitation help facilitate a donation, it also works to communicate and build positive sentiment.

These positive feelings are an important step in the process of growing a charity's donor appeal. Learn more about this in our ["Building Donor Appeal" Report \(DonorBuilder™\)](#)





A SOCIAL NORM FOR GIVING?



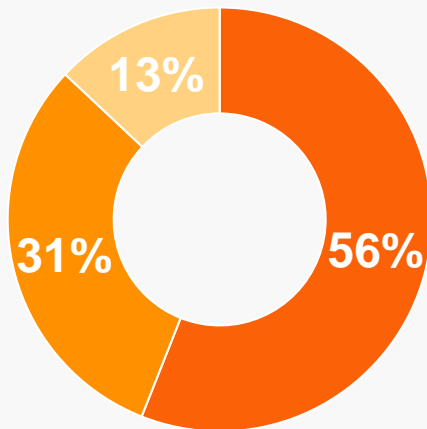
THE MAJORITY OF DONORS ARE NOT AWARE OF AVERAGE GIVING LEVELS AMONG THEIR PEERS

North American donors (donated at least \$50 in the past 12 months), are mostly unaware or vague about the average level of charitable giving for people their age, and in their financial situation.

- Only a very small group (13%) feel they have a good sense of average donation levels among their peers.
- These low levels of awareness are consistent across all groups, except for a slightly better vague sense among Millennials. Perhaps this is due to their more communicative nature on social media networks.

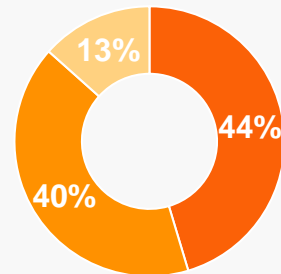
DONORS WHO BELIEVE THEY KNOW AVERAGE LEVEL OF GIVING FOR THEIR FINANCIAL SITUATION AND AGE - NORTH AMERICAN DONORS

- DO NOT KNOW
- HAVE A VAGUE SENSE
- HAVE A GOOD SENSE



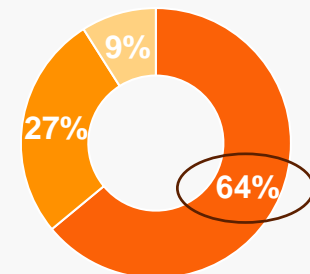
AMONG 18-34 YRS.

Total Donations in Past 12 Months: **\$408**



AMONG 65+ YRS.

Total Donations in Past 12 Months: **\$959**



CLAIMED KNOWLEDGE OF AVERAGE GIVING LEVELS IS ASSOCIATED WITH GREATER GIVING

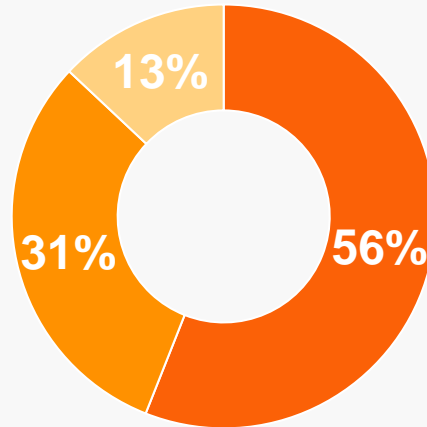
The 13% of North American donors who claim a sense of average giving levels among their peers, give more. Past 12 month donations among this small group are significantly higher (+35%) compared to other donors.

Interestingly, this is not related to household income levels, as the higher income group are not more likely to have higher awareness. As we saw earlier, income was also not a factor in how people planned their donations (once income is above \$50K).

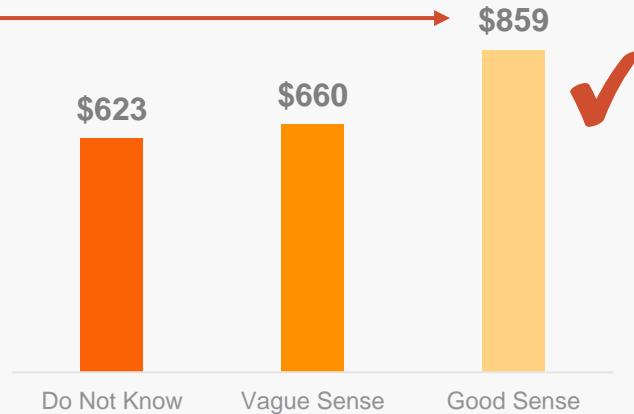
This indicates a potential opportunity to develop and communicate a social norm for giving. More research is required to assess the potential for this strategy.

DONORS WHO BELIEVE THEY KNOW AVERAGE LEVEL OF GIVING FOR THEIR FINANCIAL SITUATION AND AGE - NORTH AMERICAN DONORS

- DO NOT KNOW
- HAVE A VAGUE SENSE
- HAVE A GOOD SENSE



TOTAL DONATED TO ANY CHARITY PAST 12 MONTHS



KNOW THE AVERAGE LEVEL OF GIVING

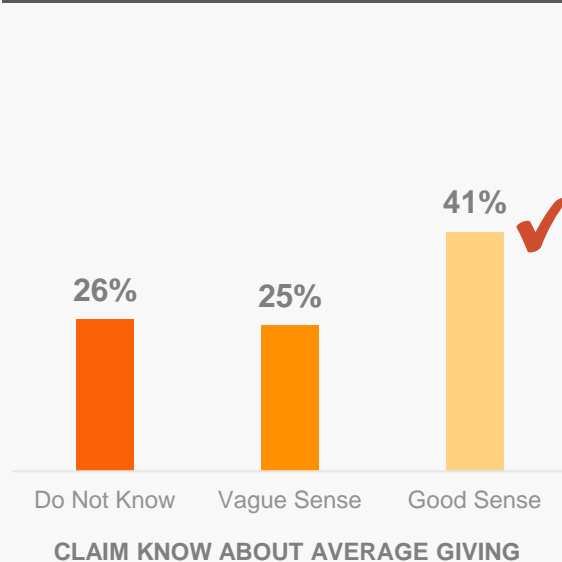
CLAIMED KNOWLEDGE OF AVERAGE GIVING LEVELS CORRELATES WITH POSITIVE ATTITUDES TOWARD THE SECTOR

Donors who feel they have a better sense of average giving levels are;

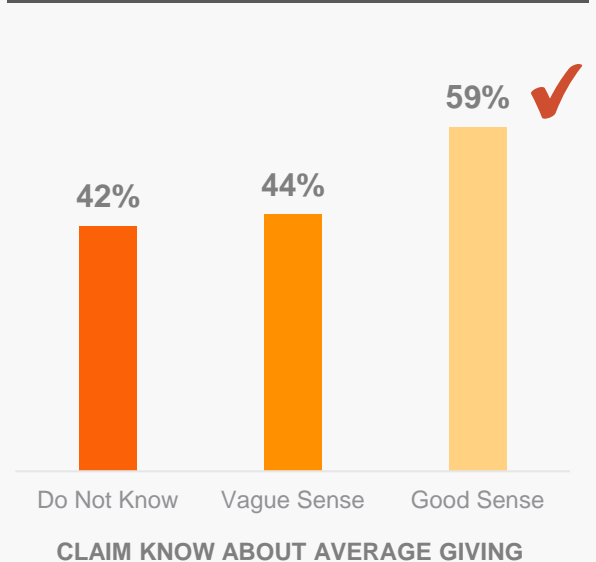
- More positive towards charities, in general
- More likely to recommend charities to family, friends, and colleagues

These positive feelings are an important step in the process of growing a charity's donor appeal. Learn more about this in our ["Building Donor Appeal" Report \(DonorBuilder™\)](#).

**"FEEL VERY POSITIVE ABOUT CHARITY(S)" -
% INCIDENCE**



**VERY LIKELY TO RECOMMEND CHARITY(S) -
% INCIDENCE**

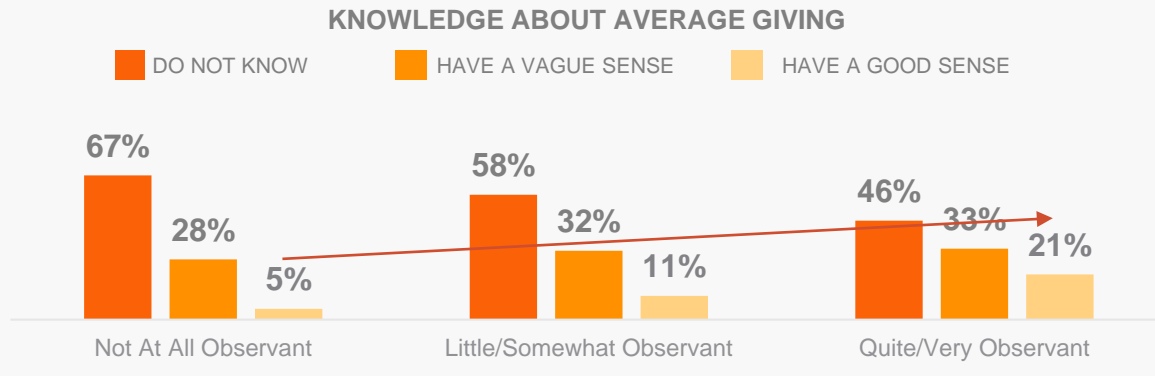


CLAIMED KNOWLEDGE OF AVERAGE GIVING LEVELS CORRELATES WITH RELIGIOSITY

Religiously observant people feel they have higher awareness of average giving levels among their peers, and also tend to give more. This is likely because many religions frequently and clearly communicate about the importance of helping others and being charitable, including the practice of setting specific donation expectations.

However, even religiously observant people are not fully aware of the average giving levels for someone their age, and in their financial situation.

CLAIMED KNOWLEDGE OF AVG GIVING BY RELIGIOUS OBSERVANCE



TOTAL DONATED TO ANY CHARITY PAST 12 MONTHS



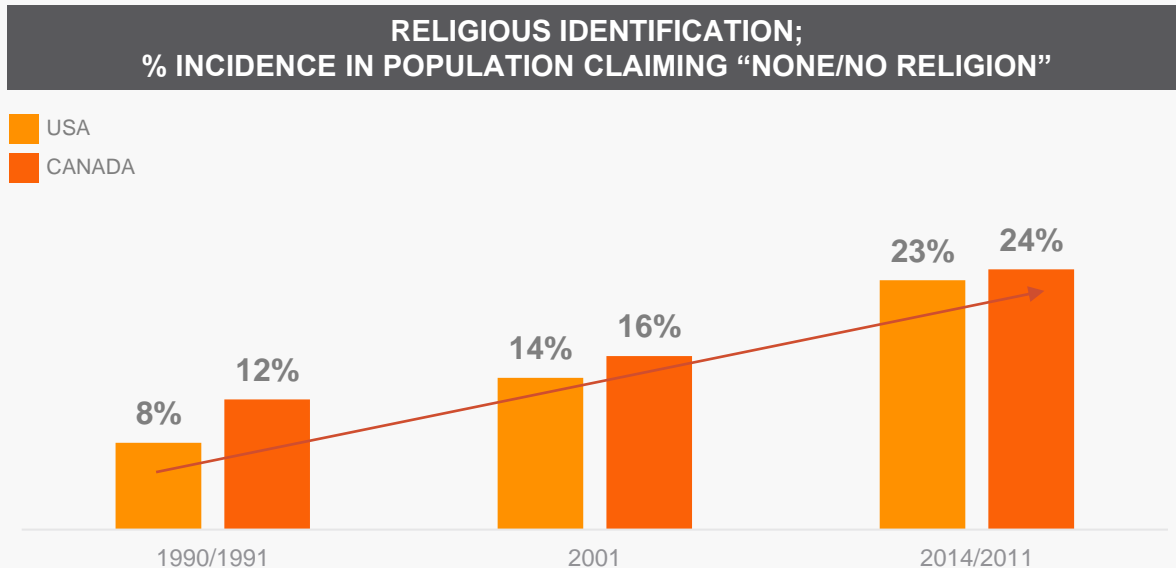
DECLINES IN RELIGIOSITY THREATEN GIVING LEVELS, BUT OFFER AN OPPORTUNITY TO DEFINE A NORM

The incidence of people claiming religious observance is in decline. With fewer religious people, we will see a lower incidence of awareness of average levels for giving, and less frequent messaging about being charitable.

Establishing norms and expectations may help reach the non-religious and to off-set the decline in religiosity.

- We have observed that among the non-religious, just 5% claim to have a good sense of giving levels.

Better defining a social norm among religiously-observant people also has very high potential since their awareness is low in absolute (at 21%, albeit higher than the irreligious at 5%).



Sources:

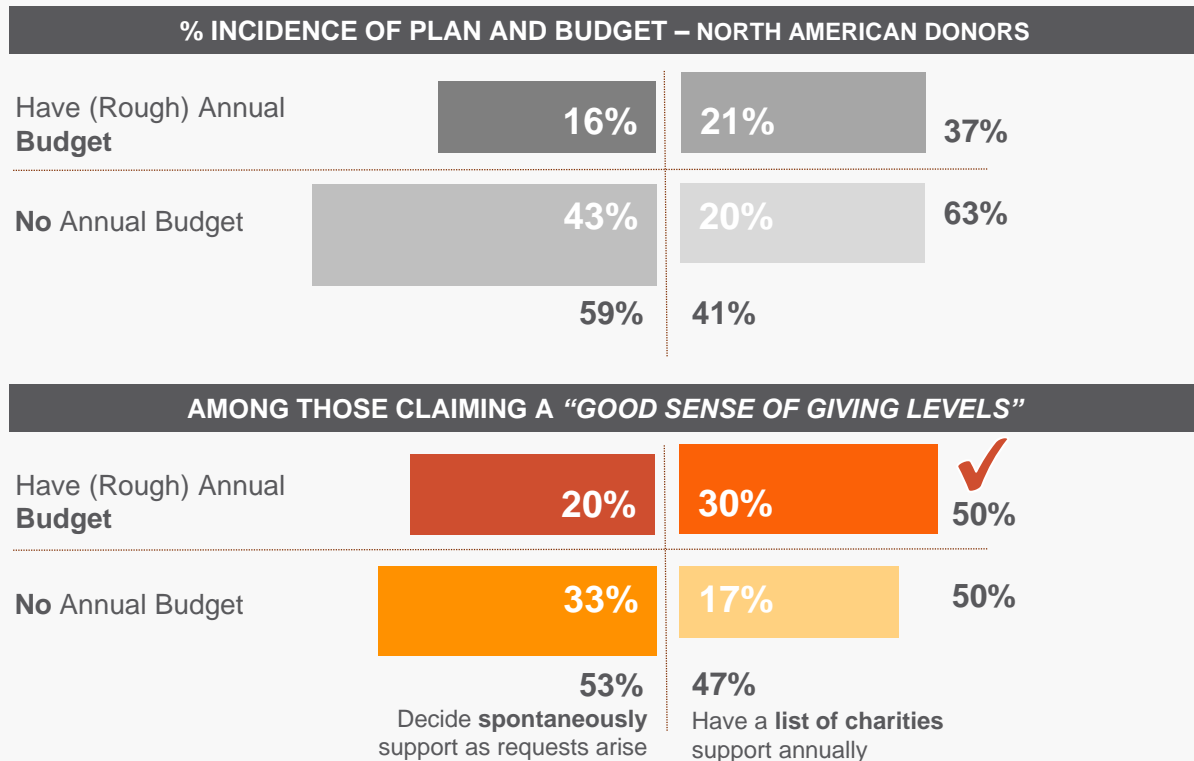
- Canada: Statistics Canada Census in respective years
- USA: “American Religious Identification Survey” (1990 + 2001) , and Pew Research for 2014

THOSE WHO CLAIM A SENSE OF AVERAGE GIVING LEVELS ARE MORE LIKELY TO PLAN THEIR GIVING

Those who are more aware of giving levels are also more likely than the average donor population to have a giving budget and a list of preferred charities – 30% have a budget and a list of charities, compared to 21% among the total sample.

Even among this group of donors with higher awareness of giving levels, most do not plan their giving.

More work is needed to determine if motivating more planning with these donors would result in greater giving.





THE ROLE OF EMOTIONS & SOCIAL NORMS



THE IMPORTANT ROLE OF EMOTIONS IN DECISION MAKING



“A revolution in the science of emotion has emerged in the last few decades, with the potential to create a paradigm shift in thinking about decision theories. The research reveals that emotions constitute powerful, pervasive, and predictable drivers of decision making.”

[-Lerner, Li, Valdesolo, & Kassam \(2014\). Emotion and Decision Making.](#)

EMOTIONS IN DECISION MAKING

The purpose of an emotional response is to create an inclination to act. Whether we do something or not, depends on the nature, intensity, and duration of the emotional response, and how we judge it (our decision-making process).

This emotional response and inclination to act (either to get away from danger, or conversely, to seek pleasure) is a survival feature. If we did not develop emotional responses to experiencing fear, our species would likely have died off in the bellies of predators on the plains of Africa.

In simple terms, our emotions (and specifically our emotional responses) allow us to react immediately to danger, and also to consider different choices as being desirable or not. That is, emotions are a part of decision-making. We could not decide between choices if we did not have positive and negative emotions associated with each option.

Thus, rational decision-making and emotions are tied together, and are not opposites as once thought. Emotions are critical to how we decide and act.



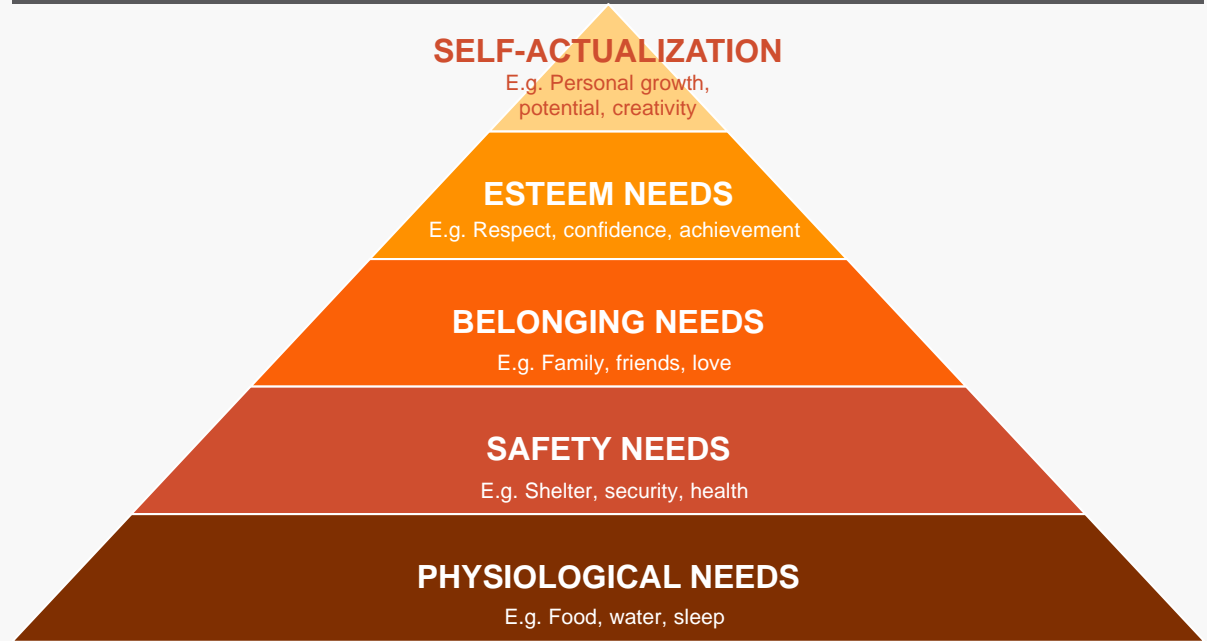
MEETING HUMAN NEEDS IS THE KEY TO CHARITABLE BEHAVIOR

Many readers are likely aware of Maslow's Hierarchy of Needs. Maslow saw humans as having layers of needs, building on top of each other. We start at the bottom and work our way through each stage up the pyramid - as we sate needs at each level we are able to move to a higher level.

Approaching the top of the pyramid the needs become less easy to sate. We might spend a lifetime searching for self-actualization.

Giving and philanthropy offer people an opportunity to fulfill some of Maslow's higher level needs such as self-esteem and self-actualization.

MASLOW'S HEIRARCHY OF NEEDS



THE ROLE OF EMOTIONS IN SOCIETY



In addition to helping with our decision making and driving us to sate our needs, emotions also work to structure our social interactions. Humans are social beings. We do not operate in isolation from others. We work in packs or prides like other social animals. Admittedly, our cities are big, with more people than we can interact, and have meaningful connections with, so we form smaller social circles.

We have developed emotional expressions for a reason. Emotions facilitate our socialization. They allow (encourage) us to mate, to stay together after mating, to help co-raise any offspring, to fit into society, and to interact and work with others for the greater good of the tribe. Emotions are kind of like the glue to co-habitation and to our social interaction as a species.

This is where the concept of social norms comes into play. Social norms define the behavior that people are expected to follow. They act as a set of rules for our behavior. Social norms provide structure and order in our communities.

BRINGING IT ALL TOGETHER: EMOTIONS ARE THE KEY TO PHILANTHROPIC BEHAVIOR

Our actions are based on: The feelings we are expecting to experience from each choice we make, the drive to satisfy our self-esteem and self-actualization from Maslow's Needs, and the importance of social norms in our society. All these combine to dictate how philanthropy works:

- Philanthropy allows us to realize our higher level needs
- Whether a person decides to give to any one charity (or not) is driven by how THEY wish to feel, and the emotional responses they expect to experience by their actions.
- Developing a social norm for giving could influence philanthropy, if combined with encouraging planning with some donor segments and leveraging spontaneity in others.



BRINGING IT ALL TOGETHER: EMOTIONS ARE THE KEY TO PHILANTHROPIC BEHAVIOR *(cont'd)*

In summary, giving is about people and their internal motivations. It is much less about the charity and what it wishes to say about itself regarding its mission, performance and efficacy.

Instead, philanthropy is about what donors wish to experience and feel. Are they realizing their higher level needs? Are they getting a positive emotional experience by giving, and conforming to a social norm?

This is what charities need to understand and deliver, in order to earn the behavior they seek. Charities need to leverage the emotional experiences (Esteem and Self-Actualization) that motivate donors.

This learning is very evident in our DonorBuilder™ study, which looks at on the importance of various drivers in improving a charity's donor appeal. Find out more from the ["Building Donor Appeal" Report \(DonorBuilder™\)](#)

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We love hearing from people with comments, suggestions or for partnership in future research to help encourage greater giving. Contact us:

john@sector3insights.com

Interested in commissioning future consumer surveys or sharing your thoughts? Please contact:

john@sector3insights.com

Find out more about the [“Building Donor Appeal” Report \(DonorBuilder™\)](#)



INTRODUCING A MODEL TO QUANTIFY DONOR APPEAL



INTRODUCING DonoruBuilder™

A MODEL TO QUANTIFY DONOR APPEAL FOR CHARITIES

A new research study provides actionable insights for non-profits:

- ✓ The key drivers of donation intent
- ✓ How charities aren't measuring up on the most important factors
- ✓ New methods for quantifying donation intent and your organization's donor appeal

What are the most important factors that inspire someone to donate to your organization?

Do you know how your organization performs against the most important drivers of giving?

The 2017 DonorBuilder™ report, based on in-depth research conducted by S3I, reveals the path to donation. It measures the current state of the non-profit sector against these critical metrics for donor acquisition and retention.

GET YOUR COPY OF THE REPORT



Key drivers

•

Path to donation

•

State of the sector

•

Real world case study

•

Measuring donor appeal