THE NEXT GENERATION OF CANADIAN GIVING

A study on the multichannel preferences and charitable habits of Generation Y, Generation X, Baby Boomers and Civics.

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Next Gen Introduction

Canadian donors have spoken.

In August 2010 we launched an inter-generational survey of 1,500 Canadian donors and asked them more than 50 questions on the ways they interact with charities and other non profit organizations. We explored giving patterns, behaviours and preferences. This report summarizes their responses.

It’s no secret that the fundraising landscape is rapidly changing. Donor acquisition rates have fallen, there are fewer available acquisition lists, and donor expectations with regard to fundraising efficiencies has put pressure on fundraisers to do more with less. Clearly, the art and science of fundraising has to adapt. But how?

One of our biggest challenges is getting to know our donors and responding to their needs. Canadian fundraisers have long had to rely on American studies to understand their own donors and their own market. No longer. This report is a contribution to understanding the Canadian fundraising market. It offers strategic and tactical recommendations to start addressing the radical changes we are facing head-on.

Many charities have mail programs designed specifically for the Civic generation (those born prior to 1945). While it’s true that a greater proportion of Civics give to non profit causes than any other age group, their numbers are now in decline.

Baby boomers already represent the largest segment of the Canadian population and, by extension, the largest source of revenue for charities and non profits. Over the next decade, we will need to rely more heavily on the “in-between” generations — both Boomers and Generation X — to expand their giving and become the connecting bridge in the charity revenue gap.

Responses from donors illustrate it is critical that we develop strategies to address each generation — from our most loyal Civics to Generation Y who are just starting to get involved with your cause — so that we can attract and retain new donors, without compromising current revenue from our existing base of support.

To try and address this challenge, we focused on getting to know donors better. How are donors first attracted to a charity or non profit? How do they actually interact with that organization now? How do they want the organization to continue to interact with them?

As we reviewed the results of the study, we found that while some long-held beliefs were confirmed, some results turn conventional wisdom on its head. Lastly, we were impressed by the one key message that kept resurfacing: Multi-channel engagement of donors is not the way of the future — it is very much the reality now.

Read on and see what Canadian donors had to say — some of it may surprise you.
Generational Donor Profiles

**Gen Y** (b. 1981-1991) 55% give | $325 average annual contribution

They see their giving as more random or ad-hoc. Have less money to give, but like to volunteer, read about your cause on your website, support by participating in and sponsoring friends for events. They like promotions and giveaways, and are very responsive to the idea of an online rewards program. Gen Y donors prefer mobile phones over home phones and prefer to use phone over mail to interact with charities. They use social media extensively and are happy to interact with charities using a broad range of media types.

**Gen X** (b. 1965-1980) 61% give | $549 average annual contribution

They do not have lots of time, but do like to participate in social events and are very likely to support friends who are raising money. They are the most likely donor group to give a donation at point of sale, e.g. when buying groceries. They are fairly comfortable with giving email addresses, and with using social media — but may be more likely to use social media in a supplemental way to enhance their current relationships or to save time. For example, Gen X donors frequently share links with friends and research issues online.

**Boomers** (b. 1946-1964) 66% give | $725 average annual contribution

Their giving is more deliberate than younger generations. They show a strong preference toward interacting with non profit organizations through mail. They also show a willingness to give by phone. They may not give their email addresses because they are concerned with being spammed. They are markedly less comfortable than Gen X with social networking activity, but are quite comfortable with signing petitions for a cause and reading newsletters online.

**Civics** (b. 1945 or earlier) 73% give | $833 average annual contribution

Like Boomers, they use the mail channel most extensively. Tribute giving is very popular with them. They do not often give online, and they do not like to give their email addresses. They are especially concerned about organizational efficiencies and overhead costs. They may never tweet, but many are signing online petitions, forwarding links from charities, and doing other online activities that most closely resemble what they are already doing through other channels.

*Figure 1: Generational Donor Profiles*
How much are donors contributing?

Many of us wonder what value lies beyond the traditional Civic and Boomer markets we have been targeting for years. In Figure 2, we extrapolated the results from our survey to the general population. We only included donations to non-profits and charitable organisations and asked donors not to include contributions to their children's school, their union and their place of worship.

We found that Boomers and Gen X represent significantly higher donor pools than Civics. Total contributions of Gen X are on par with the Civics. And Boomers give significantly more than any other generation. The conclusion is clear — Boomers and Gen X are extremely valuable population segments.

We also asked donors whether they expected to increase, decrease, or keep their contributions at the same level as last year. Gen X and Gen Y both had a higher propensity to say they would increase their contributions. This suggests that as these generations mature they will continue to give more and therefore hold even more value.

Estimated Donors and Contributions by Age Segment

<table>
<thead>
<tr>
<th>Estimated Population</th>
<th>Estimated % Giving</th>
<th>Estimated Number of Donors</th>
<th>Average Annual Contributions $</th>
<th>Estimated Annual Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civics</td>
<td>4.3 Mil</td>
<td>73%</td>
<td>3.2 Mil</td>
<td>$ 833</td>
</tr>
<tr>
<td>Boomers</td>
<td>8.7 Mil</td>
<td>66%</td>
<td>5.7 Mil</td>
<td>$ 725</td>
</tr>
<tr>
<td>Gen X</td>
<td>6.8 Mil</td>
<td>61%</td>
<td>4.2 Mil</td>
<td>$ 549</td>
</tr>
<tr>
<td>Gen Y</td>
<td>5.0 Mil</td>
<td>55%</td>
<td>2.7 Mil</td>
<td>$ 325</td>
</tr>
<tr>
<td>Totals</td>
<td>24.7 Mil</td>
<td>64%</td>
<td>15.8 Mil</td>
<td>$ 9.9B</td>
</tr>
</tbody>
</table>

Figure 2: Estimated Donors and Contributions by Age Segment
How are donors giving?

Before we consider expanding what the next generation of giving might look like in the future, we need to first understand how donors are currently giving. Figure 3 summarizes multi-channel giving behaviour.

While traditional direct mail is still a primary channel for Boomers and Civics, it is not the only giving channel for any generation of donor. The majority of donors still respond to personal forms of giving — for example, when asked to give to a fundraising event or make a gift in tribute to someone they know. For younger donors, giving in lieu of a traditional gift (often referred to as alternative gift giving, or symbolic gift giving) is more common than tribute giving. Regardless, it is a personal connection that leads to the most gifts.

Online giving is also very common. This is primarily because of its dominance amongst younger donor segments. Monthly giving is common too across all generations.

Donation Channels Overall and by Generation

Note: Numbers in red on the right represent results significantly below the average. Numbers in blue represent results significantly above the average. All other numbers show no statistically significant variance from the average.
How do donors first engage?

Making that first connection with a potential supporter is critical for charities. We need to understand how donors come to know about the causes they support.

We asked donors how they first learned about a charity they currently support. Figure 4 shows that across all generations, mainstream media (newspaper, radio, television) is key. While not all charities can afford comprehensive promotional campaigns using mainstream media, this finding shows the importance of investing in traditional media in order to recruit new supporters — whether from advertising or earned media. One area of hope for cash-strapped charities is that peer-to-peer (word of mouth) appears to be just as essential. Investing in technology and programs that makes peer-to-peer solicitation easier for donors is something that most charities can afford.

**Canada-U.S. Comparison**

25% of Canadian donors give as part of a monthly giving program, versus 14% of American donors. Among other factors, this is in part because our financial institutions facilitate monthly debits through chequing accounts.

### How Donors First Learned About the Cause

<table>
<thead>
<tr>
<th>Generation</th>
<th>Mainstream Media</th>
<th>Word of Mouth</th>
<th>Peer-to-peer event</th>
<th>School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Y</td>
<td>28%</td>
<td>20%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Gen X</td>
<td>27%</td>
<td>17%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Boomers</td>
<td>26%</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Civics</td>
<td>27%</td>
<td>22%</td>
<td>17%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Figure 4: How Donors First Learned About the Cause**

First interaction

*Once the donor learned about the cause, how did they first interact with the organization?* Figure 5 shows the type of first interaction donors took with their top charity. Older generations are most likely to jump straight in with a gift — though all generations seem quite willing to do this. All generations also look for more information about a charity, illustrating the importance of providing easily accessible information about your organization.
Most Common First Interactions With Charity or Non Profit

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Monetary Donation</th>
<th>Visited Website</th>
<th>Got information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Y</td>
<td>40%</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Gen X</td>
<td>47%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>Boomers</td>
<td>51%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Civics</td>
<td>62%</td>
<td>20%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Figure 5: Most Common First Interaction With Charity or Non Profit

How are they currently involved?

We wanted to know how donors remain involved with an organization once they have given financial support. Do they keep giving? Do they keep up-to-date with the organization? Do they participate in events?

Civics are more likely than other age groups to continue donating money — which speaks to higher donor loyalty. Gen Y donors are less likely to support the organization by donating money or donating goods, but are more likely to participate in a walk/run or other event, and to visit the organization’s website.

On the whole, donors report the most common ways they stay involved are by receiving mail, email (messages and online newsletters) and visiting the organization’s website.

The popularity of email involvement is consistent within all generations. However, as we would expect, receiving mail information increases with age, with a significant gap between Gen Y and Gen X vs. Boomers and Civics.

Advocacy also plays an important role in engagement. For Gen Y, Gen X and Boomers, about 4 out of 10 think that participating in advocacy actions is important.

We also asked donors a series of questions on how they feel about receiving ongoing communications from the organizations they support. On the whole, donors don’t mind receiving email, mail, phone calls, updates on social networks, or going on your website, so long as it speaks to their needs.

Myth-Buster

Who says younger donors are not interested in mail? While more than 4 out of 10 Gen Y and Gen X donors believe mail is important, less than 3 out of 10 say they receive it! We may be overlooking engaging them by mail. This also supports the need to follow up via multiple channels — we need to be gathering contact information with every interaction.

Canada-U.S. Comparison

The Power of Peer-to-Peer in Canada

On the whole, it is about twice as common for Canadian donors than American donors to say they support friends who are raising money for a group through an event.
The next generation of Canadian giving

For example:

- Younger generations are the most willing to give their email addresses to you — but a third of older donors would give you their email addresses in order to receive updates on your work OR to receive a tax receipt in return.

- Across all generations, about a quarter of all of donors would be willing to receive a phone call after they had given or taken an advocacy action if they also received an update on the impact of their gift.

- Gen Y and Gen X place the most value on website and email updates. The majority of Civics and Boomers also think visiting an organization’s website and receiving emails are important, however they are more concerned about spam and are skeptical about receiving social media updates.

- The majority of donors from all generations think that mobile text message (SMS) updates are not an important interaction with their charity.

Appropriateness of prospecting channels

Some of our most lucrative sources of finding new donors in the past may be reaching the point of being tapped out. We must find new sources that work.

In our effort to learn more about Canadian donors’ receptivity to different acquisition channels, we asked them a series of questions about the appropriateness of a range of channels that might be used to recruit them.

Here, donors are clear about what they believe are appropriate and inappropriate ways to ask for a gift, and we would be wise to pay attention to those prompts. As per Figure 6, most frequently reported as appropriate are: a friend asking for support, a direct mail letter or message, and a radio or television program.

On the whole, Canadian donors are still skeptical about getting asked to make a donation via their mobile phones (whether a call or text) or via social media. On the other hand, email ranks highly as a popular channel across generations, as long as the donor is familiar with the cause. In fact, more than half of all Gen Y, Gen X and Boomer donors say an email ask is appropriate in this case.

We can also see that Gen Y donors offer a great testing ground for new channels. They show a very wide range of what they consider to be appropriate solicitation channels, approaches, and types of interactions — including receiving text messages, email, mail and phone calls.

Canada-U.S. Comparison

U.S. donors are more likely to be giving with their mobile phones (8% of US donors vs. 3% of Canadian donors). U.S. mobile carriers have surpassed our Canadian companies in enabling mobile giving, and this is reflected in the numbers.
Appropriateness of Prospecting Channels

<table>
<thead>
<tr>
<th>Gen Y</th>
<th>Gen X</th>
<th>Boomers</th>
<th>Civics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation request from friend (87%)</td>
<td>Donation request from friend (90%)</td>
<td>Donation request from friend (79%)</td>
<td>Donation request from friend (77%)</td>
</tr>
<tr>
<td>Media (79%)</td>
<td>Media (78%)</td>
<td>Mail from a known charity (75%)</td>
<td>Mail from known charity (64%)</td>
</tr>
<tr>
<td>Mail from a known charity (71%)</td>
<td>Mail from a known charity (71%)</td>
<td>Media (67%)</td>
<td>Media (54%)</td>
</tr>
<tr>
<td>Email from a known charity (67%)</td>
<td>Email from a known charity (60%)</td>
<td>Email from a known charity (52%)</td>
<td>Email from a known charity (40%)</td>
</tr>
</tbody>
</table>

Figure 6: Appropriateness of Prospecting Channels

Key takeaways

- **Multi-channel fundraising is not the future, it’s the reality now.** What does this mean? It means that the solicitation channel and the transaction channel may be different — for instance, a donor may get a direct mail piece and choose to give online. It also means that donors who are acquired via one channel may prefer to continue giving via another channel and may use yet another channel for staying in touch with the cause they support. Offering diverse opportunities through mail, phone and online for your donors to give and become engaged is critical — donors don’t operate in silos and neither should we. Most donors move between channels and give in a number of ways regardless of their generation or how they were recruited. It is essential that every point of contact with donors provides them with a consistent message.

- **Boomers and Civics do have a lot in common — and that’s great news for your direct mail program.** However, when it comes to acquisition, peer-to-peer and more personal methods such as tribute giving or event giving are also key to bridging the generation gap. While Boomers and Civics are nowhere near the social media usage of the younger donor segments, they do participate in online activities such as reading newsletters, emails and taking online actions. Using combined-channel strategies such as online advocacy with phone acquisition is an example of a strategy that can help bridge the generation gap. If you don’t have a robust fundraising program that allows donors to support you in these ways, you need to start developing them. They are the key to replacing the donors who may drop off your file.

- **Invest some resources in traditional media — newspapers, television and radio — and don’t overlook earned media.** Most non profits can’t afford to advertise and ROI can be difficult to calculate but you don’t need a huge advertising budget to see the benefits from earned media such as public relations and social media. Charities can get great coverage without spending on advertising just by making themselves part of the public conversation.

- **Social media and mobile tools currently represent a small portion of giving for Canadian donors... but this will continue to grow.** Comparison with the U.S. market suggests that as these technologies become easier for fundraisers to manipulate, they will become a bigger piece of the fundraising pie in Canada. Therefore, it’s important to keep an eye on social media. Younger donors do take an active part of your social media channels to stay updated — so it’s important to employ these tools in order to keep them engaged.
• **Make more effort to connect personally with your supporters.** We know that people want to connect in a personal way to causes. What are you doing about it? You should ensure you are facilitating tribute giving for Civics, and alternative gift giving for younger generations — both can provide a very personal connection to your cause. Fundraising events like walks/runs will also continue to be critical in this regard — and don’t overlook friend-get-friend campaigns and channels like the telephone that can put you directly in touch with supporters.

### Actions you can take today

Here are a few simple action items you can start implementing right away.

• **Get everyone on the team to sit down at the same table.** Whether this is multiple departments and/or multiple agencies, everyone who comes into contact with your supporters needs to play a role in forging an integrated plan to engage and cultivate them. Donors expect the charities they support to see every single action they take, and if our causes are to succeed, we will need to live up to this expectation. A truly donor-centred program means implementing an integrated marketing calendar that utilises the most effective channels for the particular tasks at hand. Your plan should include consistent key message points to use across all channels, holistic campaign reporting and variable communication plans depending on the age and type of donor you are targeting.

• **Ask for contact information such as email addresses and phone numbers, and offer something in return.** Adjust your direct mail reply coupon to have a brief line explaining why you want their email address and phone number. For example: “Please give us your email address so we can update you on the impact of your gift.” Likewise, if you are calling your donors, ask for their email address and offer them an electronic tax receipt, if possible. Offer opportunities to register for an event or to be entered into a draw. Make sure your website offers online sign up forms where supporters can sign up to receive a free newsletter or other downloadable content.

• **Collect age data for your donors** through welcome surveys and other ongoing communications, at events, and through donor research.

• **Choose constituent relationship management (CRM) and database technologies that help you to track and manage relationships** with next generation donors across channels, and across activities including advocacy and volunteering.

• **Work with agencies that not only advocate but understand how to practice multi-channel marketing.**
Conclusion

Our role as fundraisers is to respond to the needs of our donors. Canadian donors have spoken and our success will depend on how well we listen and respond to what they have said. First and foremost, we need to understand that donors of different ages represent a wide range of motivations, values, interests and lifestyles. Our relationships with them need to reflect this.

What is essential then is that the fundraising programs we create for our donors speak to their needs as much as possible. The best campaigns out there — the ones we all refer to and admire — are managing to speak to different types of donors through conditional content, multiple channels, and targeted appeals.

With this study, Canadian donors have provided us with some very useful insights to guide us as we move toward a new generation of giving. We just need to listen, and respond.
About the study

Methods

This survey was conducted by Strategic Communications Inc. (Stratcom), and was fielded online using a proprietary panel from August 25th to September 3rd, 2010. The national sample frame consists of 1,514 interviews, which was reached with preset quotas on each of the four target age groups in order to have adequate subsamples for detailed analysis. The topline results are weighted to accurately represent the proportion of the target age groups within the national population of donors, which was determined through a separate incidence check prior to fielding the survey. The data was analyzed using SPSS 12.0.

Contributors

**hjc**

*hjc* specializes in integrated fundraising, brand building, and campaigning. Since 1992, we have expertly worked with non profits to bring online and other channels together for successful acquisition, retention, reinstatement, and advocacy campaigning. *hjc*’s strategic consulting team brings together some of the most innovative thinkers in the non profit sector. Our in-house production team of designers, programmers and copywriters can do it all — delivering complete programs to engage your organization’s core constituencies and advance your mission and mandate. For more information, please visit [www.hjcnewmedia.com](http://www.hjcnewmedia.com). If you would like *hjc* to help apply the learnings from this study to your organization, email us at info@hjcnewmedia.com.

**Stratcom**

Stratcom is an award-winning consulting firm that creates integrated fundraising and campaign strategies for non profit organizations. Stratcom has extensive experience in designing, implementing and analyzing opinion and donor research. We also offer a full range of non profit fundraising services including direct mail, telephone campaigns, and online advocacy. Over the past 20 years, Stratcom has helped hundreds of mission-driven organizations find, engage and retain supporters who can help them achieve their goals. For more information, please visit [www.stratcom.ca](http://www.stratcom.ca) or send us an email at info@stratcom.ca.

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