

The 21st Century Donor

Executive conclusions

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To raise money from the 21st Century donor effectively the successful 21st Century Charity will need to...

1. Become as distinct, competitive and appealing as the best commercial brands. Charities compete with an individual's personal and leisure spending as much as with other charities.
2. Demonstrate and communicate value-for-money and impact, so that donors can see how their contribution makes a difference to clients and beneficiaries.
3. Engage donors by motivation and giving 'products', as much as on the basis of demography and wealth. Donors like and respond to opportunities to give where the price, the rewards, the package and the relationship are all clearly set out.
4. Offer a wider choice of giving products which match donors' motivation. For example, some donors want giving centred around social interaction such as challenge events and others around the impact of their donation.
5. Blur the boundaries between giving and living – create more active and rewarding lifestyle events, from fun runs to peak challenges, from dinner parties to midnight walks. The best social fundraising makes it unclear whether people are primarily fundraising or primarily having a great time.
6. Make donors stakeholders, with a real say in how they give and how their money gets spent. While this does not mean that donors have the final say in how the money gets spent (unless they are government!) it does mean that their views are really important. Therefore dialogue between donors and service deliverers becomes more important.
7. Stress what a donor can expect out of the giving experience: this might be about the emotional return of giving, the recognition process or the involvement. The more money people give, the more they want to be involved.
8. Appeal intensely to specific, defined target audiences. A lukewarm appeal to the general public is worth far less than a burning passion amongst a key demographic or attitudinal group.
9. Woo more big givers, corporate and individual, via the offer of recognition and the opportunity to change both their own lives and the lives of beneficiaries.
10. Integrate the experience of giving time, money or activism so as to retain loyal supporters able to give different things at different life stages, from nursery to nursing home. Giving and volunteering are better seen as one activity which focuses on giving time or money, depending on life-stage, circumstances and wealth.

Section 1: Introduction

Welcome to the 21st Century Donor. This report on donors was inspired by the success of the 21st Century Volunteer which we published in 2005. That report, commissioned by the Scout Association, looked at trends in volunteering and how organisations can market and develop their volunteering.

That report set us thinking. Not only do we at nfpSynergy have a lot of experience in researching giving as well as volunteering, but we could also see that there was a gap in the literature on giving and donors. So we set to work on this report. It is the culmination of several years of work by nfpSynergy researching and understanding donors in a whole variety of guises. We have been tracking the public's attitudes to giving through our Charity Awareness Monitor (CAM) since 1998 (though the research included in this report represents a mere 5% of the total). We have also been carrying out focus groups for clients and for ourselves on donors and giving.

On top of what we already had in the bank, we decided we should investigate what a range of experts in fundraising thought was going to happen to donors and giving. This was hard not only because we could have interviewed twice as many people as we did (and still not have exhausted the supply of smart, sassy fundraising and philanthropy experts), but we did not even touch the field of consultants (where again we would have been spoilt for choice).

The purpose of this report is to enable charities of all sizes to think about the future and the fundraising strategies they will need to maximise income so as to meet the challenges ahead. This is a mini version of the report, focussing on our executive conclusions. The full version of 'The 21st Century Donor' can also be downloaded from our website.

Here is the single idea we would like you to go away with. The 21st Century Donor is richer, more engaged, more discerning, and more in control than her 20th Century predecessor. Giving to a cause that they care about passionately will increasingly be as much part of many (rich) people's lifestyles as mortgages, second homes and holidays. To make this a reality fundraisers and those who ask for donations will need to understand what their donors want, their lifestyles, their worries, their wealth, and their needs. In the world of the 21st Century Donor there is no such thing as donor fatigue, only fundraising fatigue. How much can be raised is not limited by how much people will give but to what extent we can make the giving experience as rewarding as the foreign holiday, the evening out or the extra indulgence at the supermarket. We have hardly even begun to scratch the surface.

This report would have gone unwritten if it were not for our interviewees whose ideas we have used liberally. They are: Paul Amadi of RNIB, Mark Astarita of British Red Cross, Anthony Baumann of RSPCA, David Brann of RNLI, Martin Brookes of New Philanthropy Capital, Bridget Cluley of Honeysuckle Cottage, Jeremy Cooper of Plan International, Paul Farthing of Cancer Research UK, Alan Gosschalk of Shelter, Tim Hunter of NSPCC, Kerry Mosconi of Amnesty UK, James Kliffen of MSF-UK, Sal LaSpada of the Institute of Philanthropy, Iain McAndrew of Guide Dogs, Susan Mackenzie of Philanthropy UK, Gwen Pearson of Scope and Karen Rothwell of RSPB. We would also like to thank all of our colleagues at nfpSynergy who helped with various aspects of this report. The report was financed by nfpSynergy profits.

The key trends for fundraising in the 21st Century

Six cultural attitudes that impact on how people give

Culture shift 1: The growth of irrationality and the cult of the individual

The world is not as rational as we would like to believe. We do not live in a world where facts and importance set the agenda for our media consumption. We live in an irrational world where brands, fashion, celebrities, emotions, nosiness and huge choice drive our daily lives and viewing habits. We are governed by our hearts, not by our heads.

A generation ago what we consumed in news terms was limited to a handful of TV stations and a small number of newspapers. Since then we have witnessed a news explosion. In 1981 it would have taken just 24 hours to consume all the TV and radio news output for a single day. By 2001 it would have taken 2 and a half weeks.¹

Furthermore, the growth has not been in hard-edged foreign reporting or sharp political insights, but in soft news: celebrities, sport, fashion and entertainment. Witness how the tabloids feast on the instant celebrities created by 'Big Brother', 'X-Factor' or 'Britain's Got Talent'. Witness how Pete Doherty is far more famous for being a drug-addict and alcoholic than he is for his music. Alongside the conversion of tabloids to soft news come entire magazines centred on celebrity interviews, celebrity fashion and celebrity sex lives along with a smattering of real-life stories.

Even mainstream media can become intoxicated with a sportsman's broken bone (Wayne Rooney's toe in the run-up to the World Cup) or the fate of one missing child (the terrible story of Madeleine McCann).

This style of media has implications for the world of donors and fundraising. Charities tend to believe that their requests for donations must be rational, with the more people helped the greater the appeal to donors. However, this is far from the truth. In some studies facts have been shown to be a turn-off for donors – a single compelling case study is often far more powerful.² The way society produces and consumes media has a profound impact on the way that donors will consume information about charities. If charity information is too boring, too dry, too factual and too passionless many consumers are likely to be disinterested and therefore disconnect.

Worse still, in the real world of consumers and customers people increasingly indulge in 'continuous partial attention' (CPA). They are shopping while talking on their mobiles, reading their mail while scanning websites, texting while watching telly. In short, they are doing multiple things at once. First highlighted by Linda Stone of Microsoft and Apple, she describes CPA as a behaviour we have learned to help us cope with an information rich environment.

¹ Future of News-Ananova, The Future Foundation, October 2001

² The Darfur Puppy, New York Times, 9 May 2007

"In this sleep-deprived, interruption-driven, always-on world, our ability to focus is compromised. In trying to process a never-ending and ever-widening stream of incoming data, we can put off decisions indefinitely or even burn out."

This has implications for fundraisers: how do you get to donors effectively without increasing their sensory overload? One thing is clear: never make dull appeals.

Myth of decline and 'learned helplessness'

We live in a period of uniquely attractive economic and social conditions from which the majority of people are unquestionably benefiting. However, that is not how people feel. Instead, they see an increasingly violent and threatening world, where there is no time, no community and a breakdown of the family. Real incomes have quadrupled since the 1950s, low inflation has delivered an increased sense of stability to people's lives, and there are life-enhancing, drudgery-reducing durables in almost every home. Parents spend more time with their children now than in the 1970s.

Learned helplessness theory is the view that depression results from a perceived lack of control over the events in one's life, which may result from prior exposure to (actually or apparently) uncontrollable negative events. This may occur in everyday situations or environments in which people perceive (rightly or wrongly) that they have no control over what happens to them. This perceived lack of control can result in feelings of paralysis or in conceding defeat.

In addition, we now have access to more information about the world than at any point in history. News of disasters, wars and terrorist activities floods into our homes every night. These events combine to make us feel that we cannot impact the world around us, that events are too huge, too complex or too entrenched to change. We may be concerned by climate change, poverty, or child abuse but feel helpless in the face of such immense problems and question whether we are actually making any difference.

In short, while the world in many ways gets better, people have the luxury of feeling worse about it.

Culture shift 2: The rise of mass affluence, free time and the importance of feeling good

There are more and more people who are mass affluent – as defined by liquid (non-property) assets of more than £50k. Not only are the mass affluent on the increase, but so is the wealth of the population as a whole. Disposable income has doubled since the early 1980s, and the cost of housing, groceries, transport and leisure has fallen in real terms.³

Alongside this increase in wealth (and decrease in costs) is a freeing up of people's time. The amount of time spent (particularly by women) on domestic chores has fallen dramatically over the last 40 years (farewell twin tub, hello ready meals).⁴

³ A Life of Leisure, ONS/nVision

⁴ Time spent on housework by gender, British Household Panel Study/nVision

The net result of all this is a significant portion of the population has more money and more time than ever before. And much of this time and money is spent on leisure and experiences: people are enjoying more foreign holidays, taking more weekends away, buying video game consoles, computers, home cinema systems...the list goes on.⁵

This rise of mass affluence presents both challenges and opportunities. The opportunity is to persuade people with surplus money to spend it on a cause they care deeply about. The challenge is that competition between charities is negligible compared to the competition with the myriad other ways that people can spend their money. When even the richest households spend 99.5% of their wealth on anything but charities, the 0.5% for giving is a tiny portion of the whole.

But there is good news. Evidence shows that people who have extra money are increasingly interested in spending it in a way that makes them feel good about themselves and realises their dreams about who they are, and the world in which they live.

This leaves a simple challenge for fundraisers. Giving money needs to be as rewarding and satisfying as the overseas holiday, the home cinema system or the new car. Giving money to a charity needs to be as rewarding for tomorrow's generation as leaving wealth to grandchildren. Giving money needs to say something as powerful about the type of person we are or want to be, as buying a BMW or wearing a Rolex watch or a Gucci handbag. Charity brands will need to become ever more powerful and more distinctive – because the commercial brands they compete with are just that.

Culture shift 3: The expectation of choice and the need for instant gratification

Choice is increasing in every area of our lives. We are faced with a massive range of options every time we go to the supermarket, browse the internet, buy a mobile phone, pick a holiday and select a book. Indeed, there is a wealth of choice in just about every aspect of our lives. Most of us are comfortable with the level of choice we have, though older people are more likely to want a more limited selection.

We all have our own strategies for dealing with choice: we buy the brands we know and love; we shop according to price; we listen to friends' recommendations; we use advisers to help mediate our choice (Which? Magazine, best buy lists in the Sunday papers); we pick at random or according to superficial criteria like colour or style; or we stick with the choices we made before. In short, as a result of the mushrooming of choice over the last ten years we, as a society, are not just used to its presence in our lives, we expect it.

Along with choice comes the expectation of instant gratification. We expect phone lines to be open round the clock and want internet purchases dispatched within 24 hours, not the 28 days that was the norm a generation ago.⁶ There are two insidious effects of this proliferation of choice for charities.

⁵ A Life of Leisure, ONS/nVision

⁶ Ibid.

The first is that, along with the public sector, charities are not good at delivering choices. A negligible number of charities allow supporters to select what communications they receive. Charities tend to structure all they do around what they want to say as an organisation, rather than around what the supporter wants to hear or is interested in.

The irony is that while charities tend to fret about the 180,000 charities they compete with, this rarely leads to increased choice for the giving public. We survive the choice in our commercial buying because we understand how to differentiate between those choices. In the charity world, the relatively weak and undifferentiated brands of even household name charities make it difficult for the public to know how to decide who to give to. For some people, mergers between charities are the answer. We at nfpSynergy find this to be a peculiar response: nobody says 'there is too much choice at the supermarket so Tesco and Sainsbury should merge'; and we do not believe it to be the appropriate response for charities either. Better differentiation is the right response to a multitude of charities, not mergers. If the public cannot tell the difference between, for example, the big children's charities the solution is to make them more different, not more similar.

The second insidious effect that the rise of choice brings is its impact on what punters expect their money will do. Go shopping on the internet or in a supermarket and there are decisions about the best value return £20 will deliver, and whether the purchase is worth it. However, if someone is searching for a charity to donate to, not only is there a lack of the instant gratification provided by seeing a job well done, but charities will often attach many caveats to the effectiveness of their work: it takes time, it is very complicated, we will spend it in a variety of ways and so on.

Nowhere is the disparity more keenly felt than on some of the biggest issues that face the planet. If you want to tackle climate change, HIV/AIDS, trade inequalities or third world debt there are numerous agencies which would love to take your money. However, the question of whether your donation will be effective is left unanswered – the issues are so huge, so complicated, so long-term and so hard to tackle.

It is no wonder that many people feel a sense of learned helplessness when confronted with donating money to tackle these issues. £20 spent on a couple of DVDs may not stop climate change – but at least it will definitely provide a couple of evenings of entertainment.

Cultural shift 4: The rise of the baby boomer

Following years of Second World War hardship and post-war austerity, between 1947 and 1960 the birth rate increased significantly resulting in the so-called baby boomer generation. But baby boomers are not just about a spike in population numbers. They are also about a change in attitudes compared to the generation that came before them.

Baby boomers are more independent, and more liberal in their social attitudes, having come of age in the swinging sixties. They had access to health and education and opportunities in a way that were unimaginable for previous generations. Women burned their bras, went out to work and took control of their lives in ways that were inconceivable for their mothers. The 'teenager' was born and with that the beginnings of the ubiquitous youth culture that we see today.

But the baby boomers are also more demanding. Baby boomers tend not to accept authority in the way their parents did. They tend to expect the world to be the way they want it to be. They have less of a sense of duty compared to their parents.

Of course it is not a completely homogenous group. There are differences between those at the older end and the younger end, and economic variation. Richard Titmuss's view of "two nations in retirement" is even more salient today than when he first wrote about it. Those without adequate pension provision and who are in poor health are going to struggle as those with secure pensions have longer to enjoy their retirement in a better state of health and in greater comfort. There is also an ethnic minority population among this group that have grown up in this country having arrived in the UK in the 1960s and 1970s.

Some of the key trends identified in this generation include:

- Much higher home ownership than previous generations, together with the benefits from the house price rise in the UK.
- Access to secure and generous pensions
- Confident consumers, happy to complain and pay for services to make their lives easier
- Life expectancy has increased. The number of Britons aged over 65 has exceeded the number of those aged under 16 for the first time in history
- This group makes up 29% of the population in the UK
- With an annual income in excess of £160bn, over 50s spend £145bn a year, yet only 5% of marketing campaigns pay attention to this group⁷
- In research by Demos in 2004, many respondents said they feared loss of independence in old age, and some said they would like to control their own death

In general, as the baby boomers creep towards retirement they will have more disposable income (they may indeed be the last generation for a while to have full pensions), be healthier and want to engage with charities in a way that impacts their lives.

Culture shift 5: Gazinta – the cost/benefit equation that drives busy professionals

All of the cultural shifts we have examined so far point towards a more demanding, more reward driven and less dutiful generation of donors. The notion of Gazinta only adds fuel to that fire. Gazinta is a Californian concept based on the notion of how much 'goes into' every minute of every hour of every day. Busy high-affluence professionals will be used to making every minute count.

We can extend the notion of Gazinta to include the rewards that an investment of time or money brings. So whilst neither baby boomers nor the mass affluent are afraid to spend money, the key concept is what they get back compared to what they put in. An investment of time and money in a foreign holiday or a night out can be judged. A financial donation to a charity has a cost that is easy to measure – but

⁷ Weber Shandwick

delivers a benefit that is hard to quantify. This is one of the reasons we believe that communicating the tangible or not so tangible impact of a donation is so important. The next section looks at this concept further.

Culture shift 6: The important role of the internet (although it is not yet the star of the show)

The commercial world has been revolutionised by the internet. The world of contacting and finding out about charities has also been massively changed. And yet the world of fundraising and donors has not moved on. There are a few charities that benefit hugely from the internet: those who deal with disasters and emergencies overseas or those with substantial numbers of runners in events like the London Marathon.

But since the internet was created we have heard talk of a revolution in giving. We do not believe that revolution has yet come and we do not believe it ever will. There are several reasons for this.

Firstly, giving is not a rational activity. People do not decide who to give on the basis of facts and ratios. They decide who to give based on the causes they care about or the charity brands that they have heard of and trust. Indeed some people give not because of any affiliation with the cause, but because they were asked by the right person at the right time. Face to face fundraising on the street works partly because of personal chemistry and attraction. As one fundraising director told us – ‘with an all male recruitment team, the number of young women donors we have recruited has gone up’.

The corollary of this is that there are few people who go off and dig out all the financial details of a charity before deciding whether or not to donate to them. Giving is not like choosing a pension or buying a car or a washing machine. Not only is it much harder to compare the features of different charities than it is to compare different washing machines, but most people do not want to work that hard. As somebody said in one of our focus groups:

‘If they are a big name charity, they are a brand. I just trust them to do a good job’.
Of course, the opposite also holds true.

Secondly, giving is all about asking. Few people wake up in the morning and think ‘I must give today’. So they do not go and seek out the perfect charity to meet their needs. Indeed most people give because somebody asked them. That does not mean they were cajoled against their will into giving, merely that asking for a donation, like going on a first date, is a vital part of beginning a relationship – and somebody has to do the asking.

Where does this leave the internet? Well the internet cannot flirt, it rarely stops people in their tracks and it is poor on personal chemistry. But it is great at reassurance and support and it can provide plenty of useful information to doubting donors. For fundraisers the internet is a reactive support tool, not a proactive asking tool.

Life at the cutting edge – what will the best fundraisers be doing in the future?

The future has already arrived. It's just not evenly distributed yet.

William Gibson

Trend 1: Creating multiple partnerships between audience and motivation

Engagement by attitude and product as much as by demography and wealth

Charities traditionally define their audience by demography: ABC1 women over the age of 55, C1 & C2 Men aged 25-34 and so on. These demographics are easy to calibrate: a person can easily be asked their age, their profession, or their gender. However people's wealth and net income is constantly changing depending on their stage in life. The use of demography, class and gender has become a proxy for complicated changes in people's lives, changes which have resulted in people becoming more or less likely to give.

We believe that those at the cutting edge will increasingly use more sophisticated segmentation, and indeed many probably already do. These kinds of segmentations may not be proxies for life stage changes, but the real thing. We can no longer assume that a 55 year old woman married to a doctor is an empty nester, ready to take on a life of voluntary work and civic duties. We have to ask.

More importantly, segmentations may take no notice of demography but be entirely about attitude. These attitudes may be about the cause itself, the nature of society, or the price of organic eggs. Their importance is that certain attitudes demonstrate a relationship with giving, to charities in general or to a cause in particular, while cutting across gender, class and age.

In short, charities will need to have a much more fine-grained approach to audience targeting together with a more fine-grained approach to motivating them.

Creating a smorgasbord of motivation

It is almost certainly pointless to have a range of fantastically defined and targeted audiences and then ask them all to give in the same way. This means that, together with better targeting of donors, fundraising products or mechanisms will emerge that match the interests of the groups at which they are aimed. This array of motivations will include many of the current range of fundraising methods: legacies, events, direct mail, raffles and the like. But alongside them will be new products and new ways to engage (more about this in Trend 5).

All the external trends in donors' lives are pointing towards more choice and greater control. Donors are used to, and can handle choice in their everyday lives. They know how to discriminate between multiple mobile phone tariffs, holiday choices or makes of cars. We should assume that when the products and positioning are right that donors can discriminate between choices about how to give to charity: particularly when the products or ways to give are designed for particular target audiences.

Even small charities can have a single fundraising offer targeted at a particular group. Alas, too many small charities have a broad-brush approach to fundraising which gives them only a limited appeal albeit to a huge range of people.

All this matters because, as audiences get more sophisticated and fundraising more competitive, the relationship between audience and motivation will need to become more tightly bound. Too many charities blanket mail, literally and metaphorically, their target audiences with a range of one size fits all fundraising offers. The best fundraisers will carefully mix and match the right audience with the perfect product in a smorgasbord of choice and motivation

Trend 2: Intertwining giving and living

Once in a while somebody proposes that the population be encouraged to give a set percentage of their income to charity. We think this is a bad idea for a raft of reasons amongst the most important of which is that reminding people how much they give and how often they give is almost certainly counter-productive for many individuals. Those who are most likely to take notice are probably those already giving more than the suggested amount – and some may reduce their giving as a consequence.

We want people to give without realising they are doing so, so that their donations form part of their everyday life, moving unnoticed from them to the charity. And much of the evidence is that the most successful fundraising takes place when giving and living are melded seamlessly together. This section explores that trend.

Creation of social spaces, where giving becomes living

Cancer Research UK's Race For Life now has over 700,000 people taking part each year. The Flora London Marathon has 35,000 runners and is at least five times over-subscribed. The MoonWalk persuades thousands of people each year to walk through the night to raise money for breast cancer care. Twenty five people take two weeks off work to walk to Machu Picchu in Peru to raise money for a disability charity. These are but a few of the highly successful fundraising events where the difference between giving and living is wafer-thin.

Do people do these activities purely out of an altruistic desire to raise money for charities? No. They do them because they are a great social activity. Runners describe the incredible sense of camaraderie before and during a running event. People meet and make friends for life at challenge events. The best fundraising events allow people to do things which hover between giving and living. They would not do them if they were just social activities and they would not do them if they were just fundraising activities.

We believe there is great potential for growth in these kinds of fundraising activities. It is one of the reasons that nfpSynergy has been pushing for a national framework of more running and marathon events around the UK – the demand is there both from fundraisers and runners.

One group for whom social (fundraising) spaces are particularly important are young people. The evidence from our focus groups is that young people not only do not engage with traditional types of fundraising, but are particularly engaged in social activities. So any organisation which wants to engage young people in fundraising

and volunteering will need to create social activities which allow young people to give in a way that fits with their lifestyle, with all its constraints and opportunities.

The secret to the development of new giving/living events is not to be trapped by what already exists. The best fundraisers will be looking at fundraising dinner parties, fundraising mortgages, and fundraising pensions: anything and everything where the appeal of raising money can be blended with the activities of everyday, and not so everyday, life. Moreover the best fundraisers will blend volunteering and fundraising into one greater whole – a theme to which we will return later.

Making house to house collections a factory for community social capital⁸

How does society create cohesive communities? With great difficulty is one answer, particularly in urban areas or commuter-filled dormitory suburbs and towns. One of the difficulties in creating more social capital (broadly speaking the ways in which people come to interact in a locality) is that so few people need to get to know each other any more.

Fundraising volunteering has a role in creating those links because it is one of the ways in which people do get to know each other (another being the regular attendance at a place of worship). Door-to-door collections (such as those that take place in Christian Aid Week) are one of the best ways in which people can meet their neighbours – on whose doors they might otherwise have no reason to knock. One of the ironies is that many fundraisers may target those streets that are traditionally most lucrative. And those streets may be the most lucrative because they already have the highest level of social capital (try saying 'no' to an envelope collector you know as opposed to one you do not).

To get round this fundraisers could be encouraged to knock on doors in areas where the very act of fundraising volunteering helps build communities in the long-term. Fundraising volunteering brings people together and helps people get to know their neighbours and colleagues. Indeed, knocking on a neighbour's door and asking them to donate might be one of the simplest and most powerful ways to get to know them.

Trend 3: More demanding donors, but bigger gifts

The desire of demanding donors to be in control

Consumers like to be in control. Commerce is geared towards allowing consumers to have a mass personalisation of their world. We are a long way from 'any colour you like as long as it is black'. There is very little about today's world that consumers cannot choose to have in their own way: their mobile phone ring tone, their internet bank account, their iPod playlist, their TV channels – the list goes on and on.

So what does the average consumer experience when they become a donor? Not only have they entered a world which has the same level of customer service and flexibility as a 1950s seaside B&B, but unbeknownst to them they have entered into a whole set of unspoken assumptions. The consumer thinks they are making a one-off donation while the charity thinks they have entered into a life-long contract and

⁸ Some of the ideas here are taken from our report 'The 21st Century Volunteer'

will call them a lapses if they do not make another donation. And in all too many charities you get the same level of service however much you pay.

The consumer may be used to making their consumption experience their own, while the charity expects to send them what it wants, when it wants and how it wants. So the 21st Century Donor and the 20th Century Charity are heading for a clash in this battle over who is in control.

The best fundraisers already see the world through their donors' eyes. They will give them the choice in how they hear, how often they hear, what they hear about and where their money goes. The problem for unresponsive charities is that donors who want more control may not complain or make a fuss, but simply fade away. At best they will find another charity that is responsive; at worst they will spend their donation on another foreign holiday instead.

But in the larger battle between donor and charity, how many mailings a donor gets and who decides is small fry. The really big issue is the desire of donors to have a say in how their money is spent and knowing whether it makes a difference.

Demonstrating an impact and allowing donors to say how their money gets spent

Fundraisers are still uncertain about the importance of demonstrating impact to donors. There is no doubt that many big charities have fundraised very successfully with only a minimal demonstration of impact. So why change the habits of a lifetime? Many donors have trusted charities in general, and the big brand charities in particular, to do a good job, so demonstration of impact has not been necessary.

However, those charity sector interviewees who dealt with wealthier donors highlighted a trend towards greater interest in two overlapping areas: firstly how charities measure and demonstrate impact, and secondly a desire to specify how their donations are spent. These two trends are linked because a desire to specify how donations are spent is, at least in part, an indication that the donor does not entirely trust the claims of impact. (It is also of course an indication that many donors have specific areas of personal interest).

Individual donors' increased interest in impact and directing the spending of their money is really just a catch-up with the rest of the funding world. Indeed, all the major funders of the sector: central government, local government, lottery bodies and charitable trusts attach great importance both to prescribing their areas of interest and to measuring the impact of their funds. One of the ironies of this trend is that many service-delivery people are appalled at the idea of being donor-led in their response to individual donors, but are already heavily funder-led when the funders are central or local government.

So how do fundraisers respond to the desire for measuring impact?

First of all, fundraisers should respond by welcoming it. Charities need to become better at measuring impact, not just for fundraisers, but so that they know they are doing the best possible job for clients and beneficiaries. Secondly, by understanding the role that demonstration of impact plays in giving. The prime motivation for choice of charity is not impact, but cause. People give to causes they care about, whether this is for personal, family or life stage reasons. So unlike, for example,

pension choice where fund growth may be the primary driver of fund choice, for donors, the benefit of demonstrating impact is to give comfort and reassurance that their choice of cause is the right one.⁹

There has been considerable debate within the fundraising community and the wider sector about how charities should respond to the desire by donors to have a greater say in how their money is spent. Our response is simple. It is a trend that is here to stay and any charity which rejects the notion of donors having any kind of say in how their money is spent is swimming against the tide in modern philanthropy.

Fundraisers should by all means tell donors why they think the way that the charity spends money on clients and activities makes total sense. They should show donors that they have thought through the issues of impact and effectiveness, but if in the end the donor has other ideas then each organisation has to make its own choices about whether to accept or reject donations to be spent in new or different ways. Fundraisers and charities may not like this trend but they reject it and the money that comes with it at their peril.

Big donations are set to rise

Across just about all our interviewees there was agreement on one issue: big donations are on the rise. The rise of mass affluence and the growing desire for the mass affluent to scramble up Maslow's hierarchy and reach the self-actualisation summit means that 'changing the world' is now high on many rich people's agenda.

This is great news. The US is quite some way ahead of us in this respect. Not only have two of the world's richest men, Bill Gates and Warren Buffet, shown an extraordinary lead in this respect, but American fundraisers have much more experience in rewarding their major donors. In the US, it is much more acceptable to overtly reward substantial donations with public praise, with overt symbols of recognition such as the naming of buildings, projects or professorships.

In the UK many in charities, even some fundraisers, find this kind of recognition distasteful. Indeed, while reading this report, why not try to think of something that a UK charity has done to name and praise a donor for their generosity. We are sure there are more examples than the renaming of NSPCC's HQ – we just cannot think of them.

So if big donors and big donations are on the rise, fundraisers (or more likely their CEO and trustees) need to wake up and smell the coffee. If you want big donations, you need to make donors feel good about what they do. You need to indulge their desire for a lasting testament to their generosity. You need to swallow your overwhelmingly negative (and British) response to overt displays of wealth, success and generosity. Because the best fundraisers will be those that do recognise and praise generous donors – and they will reap the rewards.

Giving: dead or alive?

If giving while alive is set to increase so, almost certainly, are legacies. House prices are increasing remorselessly. Children no longer need their parents' capital to buy a home. With the only fly in the ointment being residential care fees we believe that

⁹ See our report 'Getting the Message Across' for more on the topic of communicating impact

legacies are almost certain to increase – for those organisations who market them to the right people at the right time in the right way. All the trends point towards an increase in people giving larger amounts of money through legacies. But is life really that simple?

Just imagine that giving does become ‘financially planned’ like the rest of people’s lives. If everything is taken care of and the amount that can be given to charity is carefully calculated would a donor really wait until they are dead before they hand over their donations? While alive a donor can see their donation in action, engage with the organisation, bask in fawning gratitude (though probably not from the CEO), and generally appreciate the importance of their donation. Dead, a donor cannot do any of these things. The tax benefits of giving dead or alive are little different.

So if we are right, some people who might have given a legacy will have the confidence to make their donations while still alive. This remains the great unknown for legacy giving – many of the trends we predict are good for giving, but possibly, just possibly, not quite so good for legacy managers.

Trend 4: Integrating the experience of giving time, money or activism

Take supporters from nursery to nursing home

Charities have taken the giving process and cleaved it in half like an enormous fruit. One half, the one called ‘giving time’ has been left virtually untended for the last quarter-century. The other half, the one called ‘giving money’, has been nurtured, loved, tendered and generally given all the attention.

The time has now come to re-integrate these two parts of the giving experience, for the simple reason that at most times in our 21st Century lives, people are rich in either time or money – but rarely both simultaneously. So if we want to keep supporters through all of their lives – from the nursery to the nursing home – we need to be able to respond to whatever the needs are in their lives at that point in time. As teenagers and students, people have time but not money. As 20-something couples, people have money but not time. As families with young children, people often have neither money nor time, but when the children leave home to spend money on university, the time floods back but the money goes on flowing out for a while longer.

So if charities want to keep supporters through all these socio-economic twists and turns, opportunities are needed for people to progress from one way of giving to another. To the commercial world this kind of match between product and life stage is nothing new. Just look at how certain kinds of car are geared towards certain kinds of people. Successful charities will make sure that they integrate their ‘giving’ products so that their supporters can move seamlessly from one type of engagement to another and back again.

This means that the notion of fundraising which focuses on ‘one donor’ is often progress for the organisation concerned, but merely on the nursery slopes compared to where supporters are at in their own lives. In other words supporters don’t want to be treated as a donor or a volunteer, but as an individual whose needs are seamlessly met by the organisations they support, whether that is as a giver of time, of money, of activism, all of them or none of them.

Cross-fertilising the rewards of giving and volunteering

Life stage is not the only reason to integrate the experiences of living and giving. Giving and volunteering provide different experiences. Volunteers are far more likely to use words such as 'enjoyment', 'satisfaction' and 'achievement' to describe their experience, while donors are more likely to emphasise 'commitment', 'satisfaction' and 'loyalty'.

So the greater variety of things that a supporter does with an organisation the greater the breadth of emotions and motivations that she will experience, and therefore the richer and more satisfying her experience will be, and the more loyal she will become.

The implications of this trend go beyond just the fundraising team. In order to integrate the supporter experience the whole organisation needs to take part. The volunteer and fundraising teams need to work together. The IT department needs to provide solutions to the data silos that exist in all too many organisations. The communications team needs to make sure that the organisation, in all its parts, is on brand. The CEO needs to bang heads together when the directors start to bicker. The best fundraisers will increasingly not even be in the fundraising team, but will be those who demonstrate the passion, the energy and the commitment to make supporters have a rewarding, energising, giving experience.

Trend 5: The most important idea of all: oven-ready, bite-size, fundraising niches

We all like a simple life. In a world full of choices and complexity we need simple ways to navigate our route across the tempestuous sea of change. The commercial world has identified the route map for those in the charity world: a complex world is made simpler by the creation of products and positioning.

A product takes the choices, the variability, the price and the content and bundles them together in one easy formulation. The commercial world is full of these products: the package holiday, the restaurant set-menu, the monthly mobile phone package, the McDonald's happy meal, the gym club membership and so on. Behind every great product lies an organisation which can give consumers confidence that they deliver the product. These two twin pillars, a great product and a great brand, lie behind much commercial success.

These two pillars are no less important for the 21st Century Donor, because every donor wants to know both what she is giving to and the organisation through which she is giving. The strong fundraising product helps people engage with an organisation. They know what is expected of them – the amount of their donation and what they get in return. Child sponsorship, Macmillan's World's Biggest Coffee Morning, challenge events, Christian Aid Week are a few examples of great fundraising products.

It has become fashionable to decry the £2 a month fundraising offer that so many charities now use. It works because the public know what is being asked of them, and they are offered engagement in a low-cost, easy access way. It has all the makings of a great product. It is no surprise that the National Trust and the RSPB have such large membership bases. They have a fantastic membership product and a brand that makes people believe that they can deliver.

Alongside the importance of products is the importance of a brand. For some of the biggest household name charities it is not necessary to get specific about exactly what an organisation is or does. However for all but those largest charities, an organisational pigeon hole is a key ingredient to success, at least in terms of fundraising success. In many sub-sectors of the charity world, such as overseas charities, the main players are differentiated: Oxfam does everything, WaterAid does water and sanitation, CAFOD appeals to Catholics, Red Cross responds to emergencies, UNICEF focuses on children. Most of the well-known charities have clear and distinct niches. Sadly in other sub-sectors, such as the child welfare sector, differentiation is not so clear.

Great products and a distinct niche or brand are key ingredients through which donors can engage with their favourite causes. The best fundraisers will make sure that their organisation has both.

Conclusion

Is the future looking good for charities raising money from the 21st Century Donor? We think so. Do not get us wrong, there are potentially lots of storms and squalls that might push the boat of better fundraising off course: the need to demonstrate impact; the risk of failing trust; the failure to listen and respond to donors' concerns as they arise. Nothing about raising money in the 21st Century is going to be easy, it will be hard work.

That said, the overall climate for fundraising has everything going for it. Wealth is growing and with growing wealth comes a growing wish by donors to make a difference. Charities deliver services that change people's lives and politically charities have never been more important.

Will fundraisers raise more money? Undoubtedly. The limit is not donor fatigue or public wealth, but the ability of fundraisers to understand their donors and to connect them with the causes they care about. Nurtured, understood, listened to, and cared for, the 21st Century Donor will help the 21st Century Charity flourish.



nfpSynergy is a research consultancy for the not-for-profit sector. Our goal is to provide research information and knowledge to help non profits thrive. We do tracking research, focus groups and individual projects. We measure anything from effectiveness to advertising.

We run both syndicated monitors and individual projects for dozens of different charities, using a wide variety of research techniques.

We have also published a range of reports covering a variety of issues, which you can download from our website for free, including:

The State of the Third Sector 2007

This is the first instalment of an annual survey carried out with Third Sector magazine, which will track the mood of the sector over time.

The 21st Century Volunteer

Our most downloaded report, which aims to help voluntary organisations understand the current volunteering environment and to anticipate how volunteering will change over the coming years.

Typical Young people – a study of what young people are really like today

Commissioned by the Scouts, this report is invaluable for any charities who work with young people.

Polishing the Diamond

Our popular and practical look at branding for charities. This was followed by 'Branding: the jeweller's story', which has more case studies and advice.

Mission Impossible

'Mission Impossible' brings together over 80 vision statements from a range of organisations in the charity and not for profit sector. We have added our own analysis and ideas on the way charities present their vision, mission and values.

nfpSynergy - our stakeholder syndicates

Our syndicated monitors provide lower cost, more frequent and more detailed research than any organisation could achieve by acting on its own.

The following are four of our most popular monitors:

- **Charity Awareness Monitor (CAM)** Nine times a year we ask 1000 representative members of the public about their awareness and understanding of charities. Over 45 organisations have signed up.
- **Charity Parliamentary Monitor (CPM)** MPs and peers are a key audience for many charities and pressure groups and our research helps establish how effective politicians think specific charities are.
- **Charity Media Monitor (CMM)** Journalists are gate-keepers to wider coverage of charities, so their opinions are critical to communications success. CMM provides a unique insight into the views of over 200 journalists hand-picked by subscribing charities.
- **Youth Engagement Monitor (YEM)** Young people (11-25) are a key group for many charities. YEM gives charities a cost-effective online insight into the way that charities are seen by young people.

nfpSynergy – our project portfolio

Projects arise out of the individual needs of organisations and so our response to each is different. Here are just two examples from our wide ranging project portfolio:

- **YWCA Supporter Survey.** The organisation was keen to gain a greater insight into its donor base, with particular emphasis on ascertaining what would increase the loyalty of existing donors. Particular emphasis was placed on gaining a deeper understanding of what type of work supporters felt most passionate about supporting; their comprehension of the work YWCA does and attitudes towards YWCA's communications.
- **Poverty in the UK for Save the Children.** In order to highlight publicly the issues facing families living in severe and persistent poverty and to enable Save the Children UK to make informed policy recommendations to the government, nfpSynergy was commissioned to conduct an original qualitative and quantitative research programme to strengthen its understanding of the lives of children and their parents living in poverty in the 4 UK countries.

For more information, visit our website at www.nfpsynergy.net