

GIVECENTRAL
SURVEY REPORT

2015

Predictions for Nonprofit Giving



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Welcome to the GiveCentral Survey Report: 2015 Predictions for Nonprofit Giving

Over the past months, we surveyed 80 nonprofit senior executives—from senior religious leaders, to Chief Executives, Chief Financial Officers and development managers, across a wide range of nonprofit organizations—to identify the best donor management practices and understand the biggest giving-related challenges that nonprofits face in 2015.

What we found was encouraging. Senior executives of nonprofits recognize there are challenges ahead, from the increasing level of competition for donors to the pressure of technological change, and they are preparing for the future. Even smaller organizations do not appear to fear change.

However, obstacles still exist and nonprofit senior executives need to do more to communicate and engage with donors in an effective way. Too many nonprofits lack a structured communication plan, increasing the potential of harming their donor relations through a lack of engagement.

Further education is needed to reassure individuals both inside and outside your organization that donations can be managed securely and efficiently with online platforms. Smaller organizations, especially, need to be able to see the cost benefit of technology innovation.

The results presented in this report come directly from your peers in the nonprofit sector. Their collective experience can be your guide as your organization prepares for technological change and the future of giving.

I hope you find the nonprofit giving information in this report valuable. If you have any questions, please don't hesitate to contact me or one of GiveCentral's electronic giving experts.



PATRICK COLEMAN
CEO and President, GiveCentral



Executive Summary

Nonprofit senior executives are currently leading their organizations through a period of great change. Donor demographics are evolving

and competition for donations is increasing, placing more importance on marketing and communication. Meanwhile, technology is increasing the speed of change, forcing nonprofits to constantly evaluate the effectiveness of their donor management processes. A number of key trends emerge from the GiveCentral Survey: 2015 Predictions for Nonprofit Giving.

- 1 The importance of being earnest:** by their own reckoning, more than eight in ten (84 percent) nonprofit senior executives believe their organizations embrace technology change and the benefits that it can bring. However, there is a degree of incongruity when this result is compared to others in the survey report, including the ongoing reliance on paper check donations (by 58 percent of nonprofits) and the lack of frequency with which email communication is used: only 10 percent send weekly donor emails compared to 26 percent who still deliver weekly printed newsletters.
- 2 The link between effective communication and donor engagement is being missed:** nonprofit senior executives state that marketing and communication has never been a higher priority. However, more than a quarter of nonprofits (27 percent) have no structured email schedule, whilst a massive 89 percent of nonprofits have no organized text messaging communication program, missing a significant opportunity to facilitate regular donor engagement. These results indicate that nonprofits are not taking full advantage of the ability to measure the impact of online donor communication and improve the level of engagement with their donors. Only two percent of nonprofits send frequent emails and text messages to donors (more than once per week). More engage donors on a monthly basis, 22 percent send emails monthly, but only three percent send monthly text messages.
- 3 Improvements are being made to prepare nonprofits for a technology-centric future:** the future is NOW and technology is already playing an ever-more important role in all our lives. Two-thirds (66 percent) of nonprofit senior executives see payment security as a top benefit of electronic giving. However, only nine percent are focused on securely managing their online administrator accounts, a worryingly low proportion of nonprofits that needs to be addressed with more and more personal data being stored online. Almost two-thirds of nonprofits (64 percent) would embrace real-time donor transactions, and 50 percent track metrics of online donations. A quarter of nonprofit organizations (23 percent) are able to measure mobile payment processing, despite only six percent of nonprofits saying their donors give via mobile channels.
- 4 Donors are proving slower than nonprofits at overcoming a fear of technology:** although a slight majority of nonprofit senior executives (52 percent) believe their donors still have concerns about electronic giving, they also report that more and more donors are becoming comfortable with digital channels. Online and mobile solutions are becoming more accessible and secure. This trend will not reverse. Eighty-four percent of nonprofit senior executives have recognized the importance of catering to a new generation of donor and embrace technology change. All ages of the donor community will naturally become more tech-savvy in the years ahead, therefore nonprofit senior executives are right to focus on accommodating a wide range of electronic giving. Through effective communication programs, nonprofits can speed up the process by which their donor audience is reassured that digital donating is secure, easy to understand, convenient and can provide an engaging giving experience.

SURVEY POPULATION

- **36 percent** have job title CEO or CFO
- **24 percent** are religious leadership
- **29 percent** have donation revenue in excess of \$1M per year
- **71 percent** have donation revenue of less than \$1M per year

DONATION PROCESSING

- **39 percent** do not measure costs
- Of those who do measure: **50 percent** track online donations
- **54 percent** track payments by payment card
- **23 percent** measure mobile donations

DONOR PREFERENCES

- **NOW**
 1. paper checks
 2. church collection
 3. in-person
- **FUTURE**
 1. online
 2. mobile
 3. merchandise sales

COMMUNICATION

- **26 percent** communicate WEEKLY via printed newsletter
- **22 percent** communicate MONTHLY via email campaign
- **39 percent** communicate ON SPECIAL OCCASIONS via handwritten note
- **20 percent** communicate ANNUALLY via direct mail
- Personal meetings (**59 percent**) and handwritten notes (**54 percent**) twice as valuable as email (**19 percent**) or phone (**17 percent**) for generation donations
- But **54 percent** use email communication to drive online donation campaigns
 - **43 percent** use email for mobile donation campaigns
 - **33 percent** use email for one-off fundraising campaigns
 - **30 percent** use email for membership campaigns

ELECTRONIC GIVING

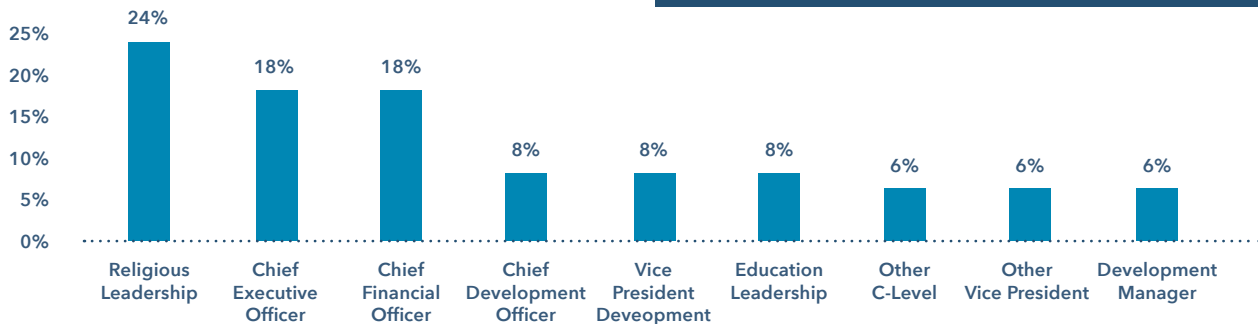
- **49 percent** believe their donors don't understand online giving
- But **90 percent** have some form of automated donation capability
- **84 percent** believe their staff generally embrace technology change

1 The Survey Population

The GiveCentral survey audience is dominated by nonprofit senior industry leaders who are able to

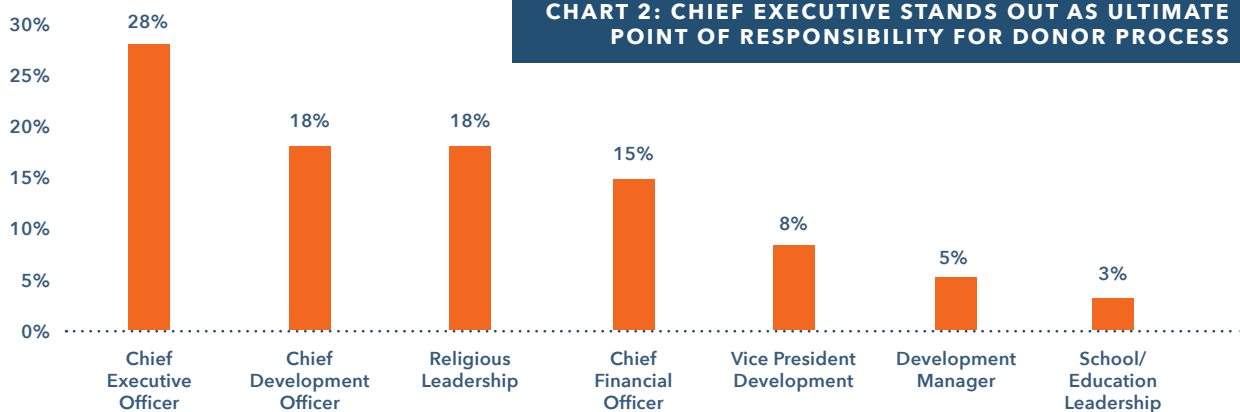
provide insight based on many years' experience in managing a range of nonprofit organizations. One in four respondents (24 percent) occupy a Religious Leadership role, and more than one-third (36 percent) are either the Chief Executive or Chief Financial Officer of their organization. The Development function—often the operational team responsible for donor giving programs—is strongly represented in the survey population. Almost one in ten respondents (eight percent) are Chief Development Officers, while another eight percent are VP Development, and six percent are active managers in the Development function.

CHART 1: SURVEY AUDIENCE IS DOMINATED BY NONPROFIT SENIOR LEADERS



The seniority of the survey population closely maps nonprofit senior executives who are ultimately responsible for managing the process of donor giving. While the Chief Executive is 10 percent more likely than any other role to be responsible for donor giving, the Chief Development Officer is the primary decision maker for one in five (18 percent) organizations.

CHART 2: CHIEF EXECUTIVE STANDS OUT AS ULTIMATE POINT OF RESPONSIBILITY FOR DONOR PROCESS



More than half of the respondents (52 percent) to the GiveCentral survey work for religious, church-based groups, yet there is a wide range of other nonprofit organizations that contributed. Almost one in five respondents (16 percent) provide nonprofit human services, 17 percent were education providers (both religious and non-religious). Legal Services, Arts and Health providers were all represented, as well as Tribal Government groups (one percent of the respondent population).

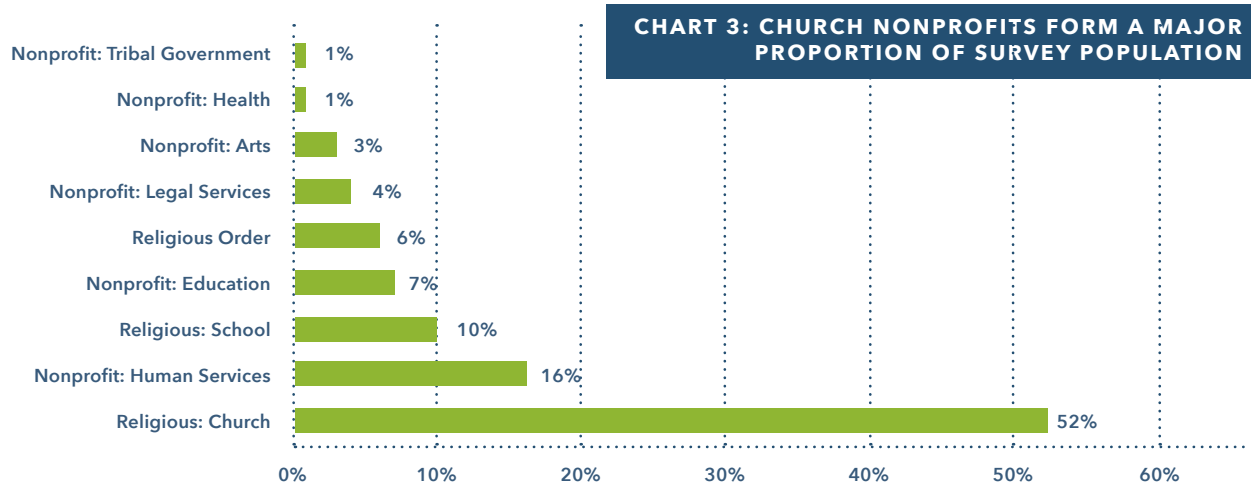
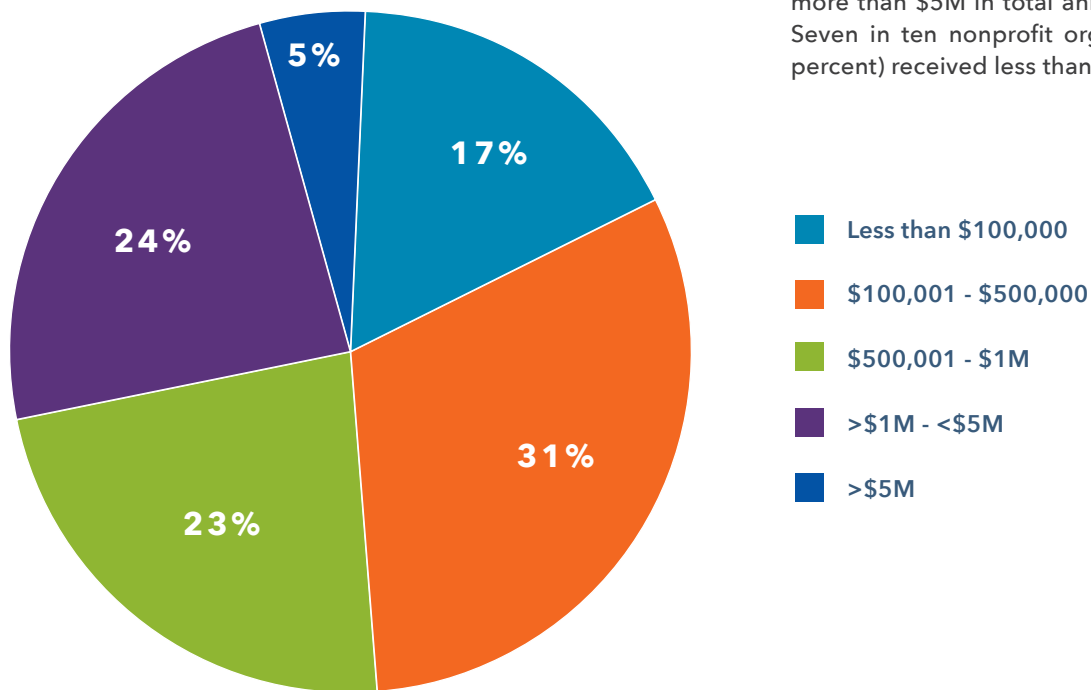


CHART 4: SMALLER NONPROFIT ORGANIZATIONS CONSTITUTE MAJORITY OF SURVEY POPULATION

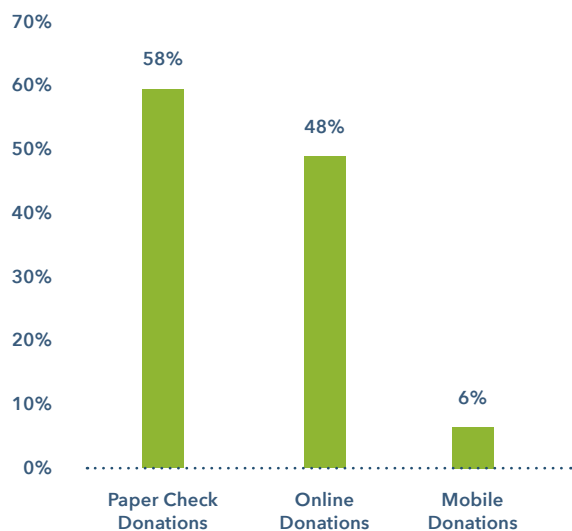


The organizational size of the survey population trends smaller. Only five percent of respondents were nonprofit senior executives at organizations with more than \$5M in total annual donations. Seven in ten nonprofit organizations (71 percent) received less than \$1M per year.

2 Donor Giving Trends

Paper checks (58 percent) are still the most commonly used form of receiving donations across all nonprofit organizations. However, just under half (48 percent) currently receive online donations and—as will become apparent in later results—the online giving channel is rapidly growing in popularity.

CHART 5: PAPER CHECKS AND ONLINE DONATIONS WIDELY USED DONATION TOOLS, MOBILE LAGS

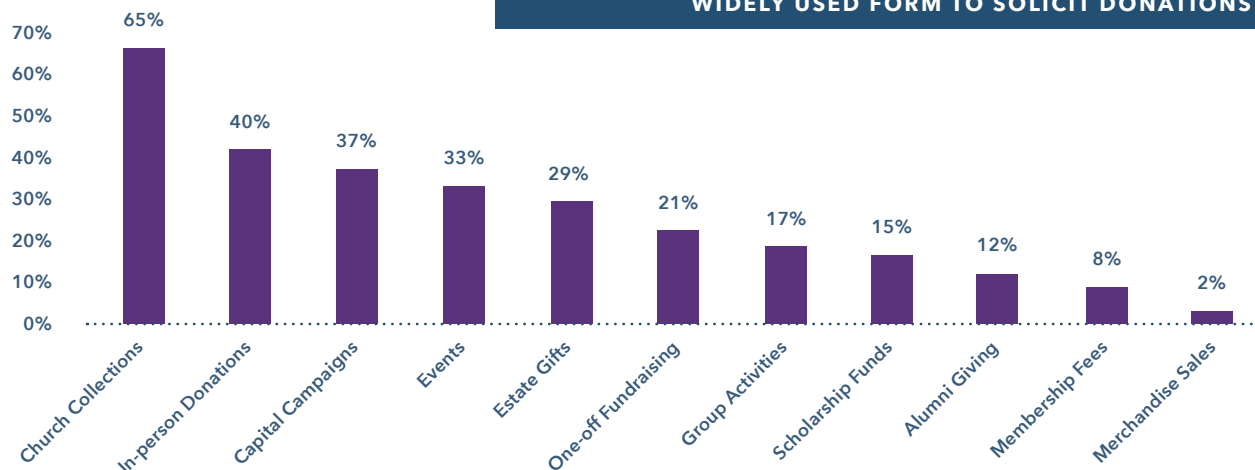


Given that religious organizations represent the largest proportion of the survey audience, it is understandable that church collections are the most popular method for attracting donors (65 percent).

When asked to rate their organization’s ability to manage different forms of donations, respondents scored themselves most suited to processing paper check donations—at 3.57 out of a possible 4.0, followed by in-person donations (3.37). Church collections and capital campaigns are also rated easier to manage than online donations (which scored 2.98 out of 4.0). However, online gifts rated easier to manage than one-off gifts, estate gifts, events, merchandise sales and mobile (which was rated 2.11 out of 4.0). Lowest rated was membership fees at 1.96.

Nonprofit organizations understandably prefer to manage donations in the form they are most capable of processing, but with technology playing a greater role in everyday life, the need to develop more electronic donation capabilities is only expected to become more important.

CHART 6: IN-CHURCH AND IN-PERSON DONATIONS MOST WIDELY USED FORM TO SOLICIT DONATIONS



3 Donor Preferences: Now and Future

When asked to list the ways their donors preferred to give 10 years ago, a majority of nonprofit senior executives reported on the enduring popularity of paper checks and in-person collections. This explains why senior executives have developed their organizations to focus on processes that can most effectively manage these forms of giving.

Managing the change in donor preferences will fall to the senior executives who have responded to the GiveCentral Survey. Respondents express a range of concerns with the challenge of managing this change. When asked openly: *what do you think your organization's single biggest challenge is regarding the management of donor giving?* The concern of senior leaders would appear to be categorized into three broad areas:

- A lack of trained personnel to manage donations
- A concern about the robustness of existing processes for electronic donation administration, which is linked to transparency and efficiency concerns
- A worry that their donors do not yet 'trust' the security of technology to give online or via mobile

However, senior executive respondents also recognize that the next 10 years will lead to a shift in donor preferences based on technology developments. By 2025 a majority of donors will prefer online and mobile giving channels, requiring nonprofit organizations to update their processes.

NOW

Paper Checks
Church Collection
In-Person

FUTURE

Online Donations
Mobile Donations
Merchandise Sales

4 Donation Processing

Four in ten nonprofit organizations (39 percent) do not measure donor-processing costs and therefore do not know if they are operating efficiently. Of the 61 percent who do measure donor-processing costs, online donations (50 percent) and those made by payment card (54 percent) appear to lend themselves most easily to being measured.

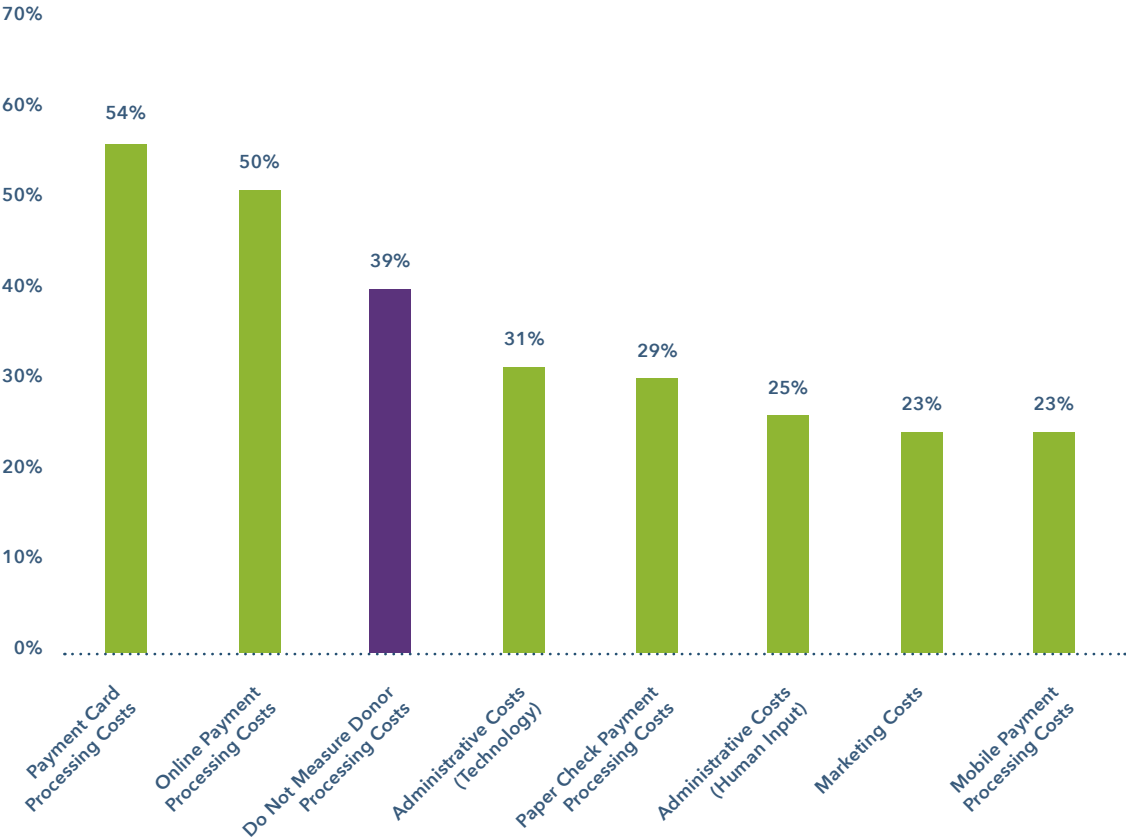
...nonprofit organizations are already preparing for technology change and an expected rise in demand for mobile giving from their donors

Interestingly, 23 percent of nonprofits say they have the ability to measure mobile payment processing costs, but previously only six percent reported receiving donations via mobile payment. As outlined in the previous section, this suggests that nonprofit organizations are already preparing for technology change and an expected rise in demand for mobile giving from their donors.

Also of note, despite many tools already existing in the marketplace, less than one-third of respondents (31 percent) measure administrative costs. Less than one quarter (23%) measure related marketing costs,

suggesting there is much room for improvement in the effective management of donor processing. Of the approximately six in ten nonprofit senior executives (61 percent) who do measure some form of donation cost, estimates of the administrative cost burden are low. A large majority believe less than five percent of the total donation will be consumed by administrative costs—which includes human input, technology costs and data management. Direct costs, including marketing, are seen as contributing slightly more to the overall cost of securing donations, but these are still estimated to be less than 10 percent of the overall cost.

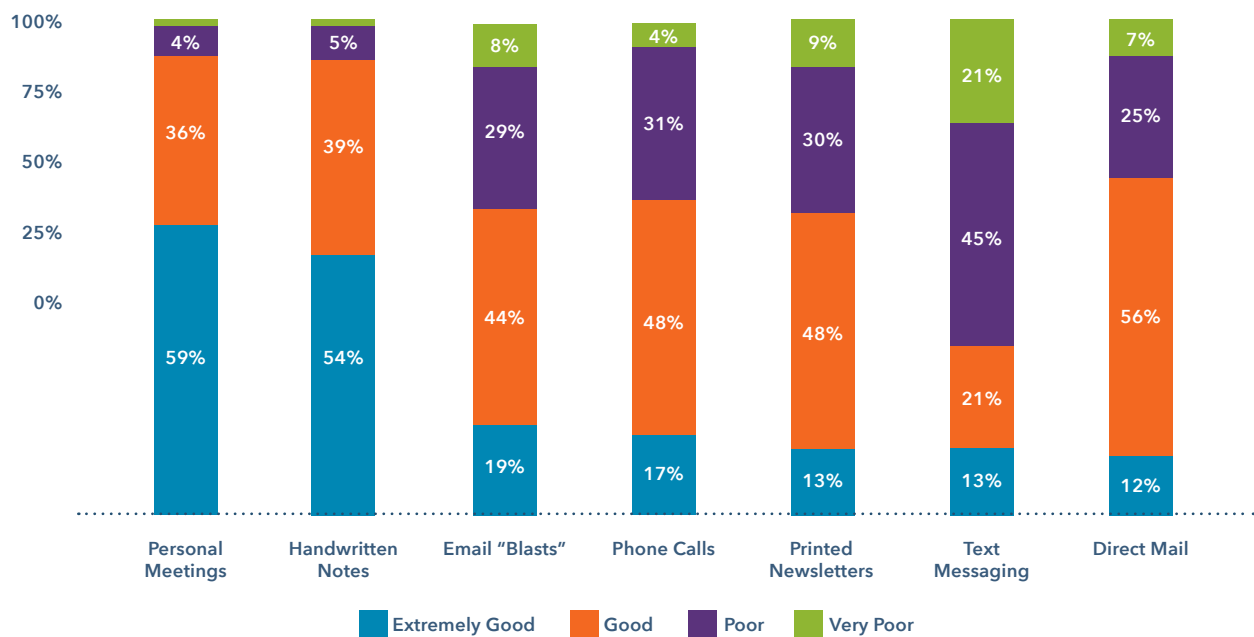
CHART 7: MORE THAN ONE-THIRD OF NONPROFITS FAIL TO MEASURE DONOR PROCESSING COSTS



5 Donor Communication

The extent to which nonprofit senior executives manage their communication channels appears to be linked to how popular the channel is perceived to be within the target donor audience. Personal meetings (59 percent) and handwritten notes (54 percent) are believed to be the most effective forms of donor communication due to their personal nature. These are seen to be twice as valuable as email (19 percent) or phone (17 percent) in soliciting donations. Yet, as seen in Chart 9 (next page), in-person communication channels are among the least managed and hardest to measure.

CHART 8: PERSONAL COMMUNICATION SEEN AS TWICE AS VALUABLE AS ELECTRONIC CHANNELS



Email campaigns drive the most online donations, and twice as many nonprofits use email over text message to drive mobile giving. Direct mail is favored to generate paper check donations, and personal meetings are preferred for church collections and in-person collections.

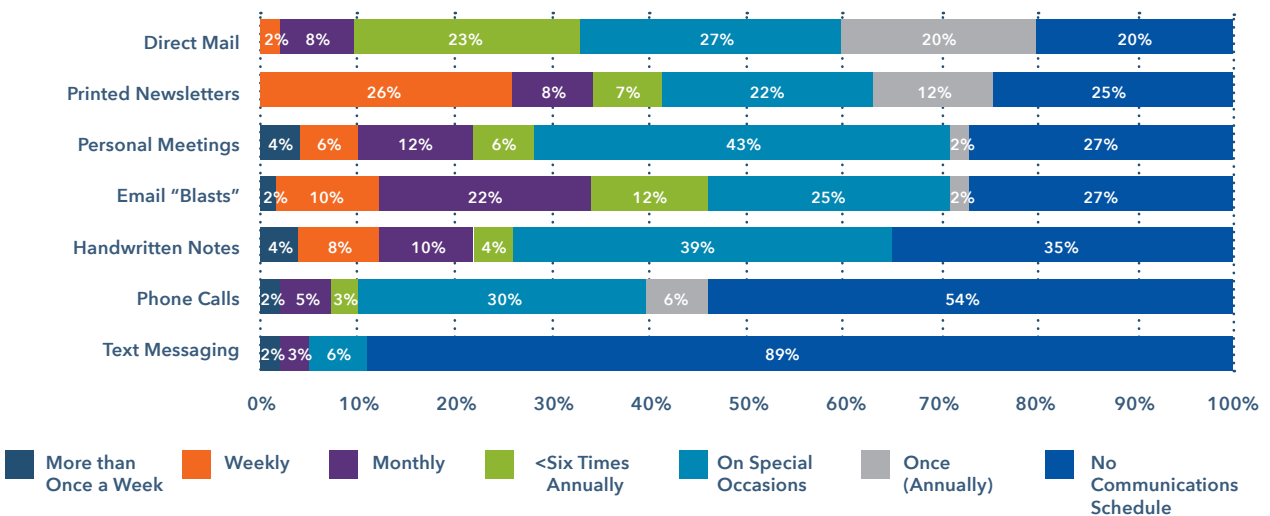
TABLE 1: MOST POPULAR COMMUNICATION CHANNELS FOR DONATION TYPE

	Printed Newsletters	Phone Calls	Email "Blasts"	Handwritten Notes	Text Messaging	Direct Mail	Personal Meetings
In-person Donations	6%	9%	3%	6%	1%	9%	66%
Online Donations	20%	0%	57%	0%	3%	17%	3%
Paper Checks	19%	6%	3%	3%	1%	55%	13%
Mobile Donations	14%	0%	43%	0%	22%	7%	14%
Alumni Giving	19%	14%	19%	1%	0%	38%	9%
Group Activities	29%	8%	25%	1%	0%	8%	29%
Capital Campaigns	19%	7%	5%	6%	0%	24%	39%
Church Collections	40%	0%	7%	0%	0%	30%	23%
Estate Gifts	24%	0%	0%	12%	0%	8%	56%
Events (Attendance)	29%	6%	17%	0%	0%	37%	11%
Membership Fees	20%	10%	30%	0%	0%	20%	20%
One-off Fundraising	23%	2%	33%	5%	0%	28%	9%
Merchandise Sales	36%	0%	27%	0%	1%	18%	18%
Scholarship Funds	23%	9%	5%	4%	0%	32%	27%

A significant proportion of nonprofit senior executives have no structured communication schedule across offline and online communication. One in five nonprofits (20 percent) have no direct mail communication schedule, 27 percent have no calendar for email communication, 54 percent lack a timetable for phone calls, while 89 percent have no structured text messaging program.

Ten percent of nonprofits will use email communication weekly, yet 26 percent of nonprofits will print newsletters weekly, despite both the extra cost of print literature and the inability to effectively track offline donor engagement.

CHART 9: DESPITE IMPORTANCE OF STRUCTURED DONOR COMMUNICATION MANY NONPROFITS LACK SCHEDULE



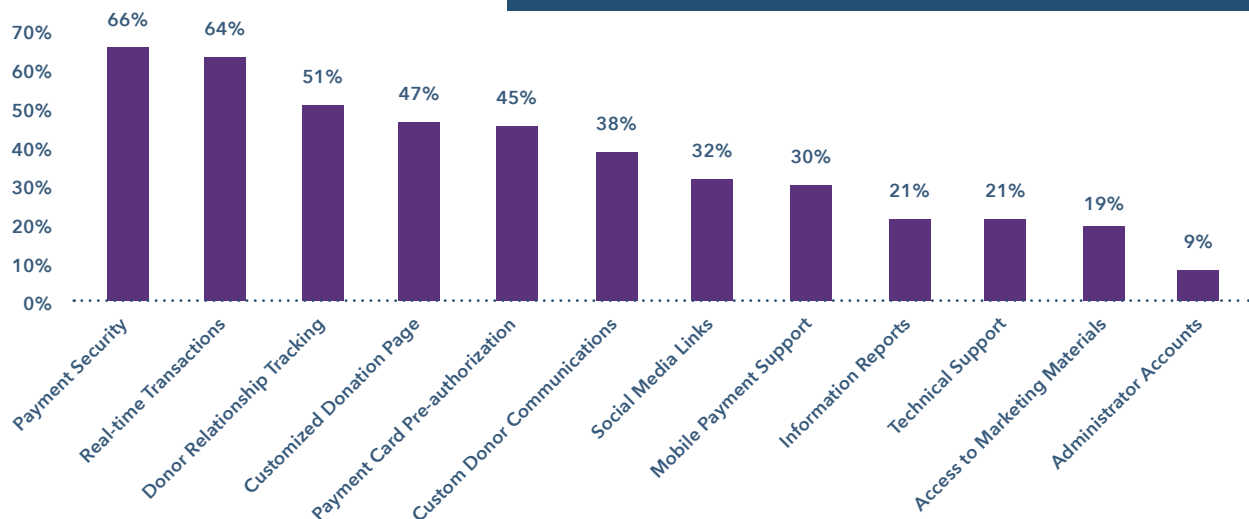
Email communication is the most frequently used 'monthly' communication tool, but this only represents 22 percent of nonprofits; 78 percent are therefore operating a less regular and less organized communication program with the potential to harm donor relations through a lack of engagement.

6 Electronic Giving

Two-thirds (66 percent) of nonprofit senior executives see payment security as the top benefit of using electronic giving. However, they also report that donors are, at least currently, still wary of the robustness of electronic giving security (see next section Fear of Technology Change). Therefore, to take advantage of the benefits gained from electronic giving, more needs to be done to educate donors about online security. In addition, more nonprofits (currently only nine percent) need to focus on securely managing their online administrator accounts.

Nonprofits aiming to stay ahead of the emerging donor preference for electronic giving are embracing real-time transactions (64 percent) and donor relationship tracking (51 percent) of online platforms.

CHART 10: PAYMENT SECURITY AND REAL-TIME DONOR TRACKING CITED AS MOST VALUABLE BENEFITS



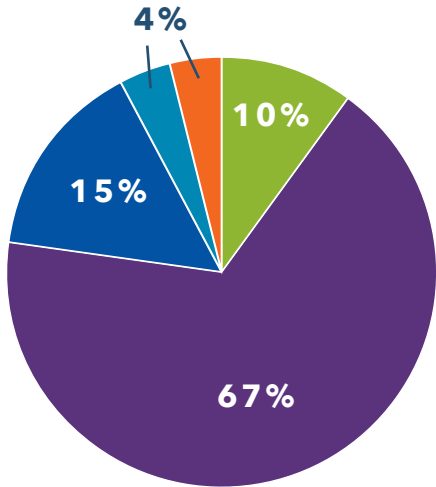
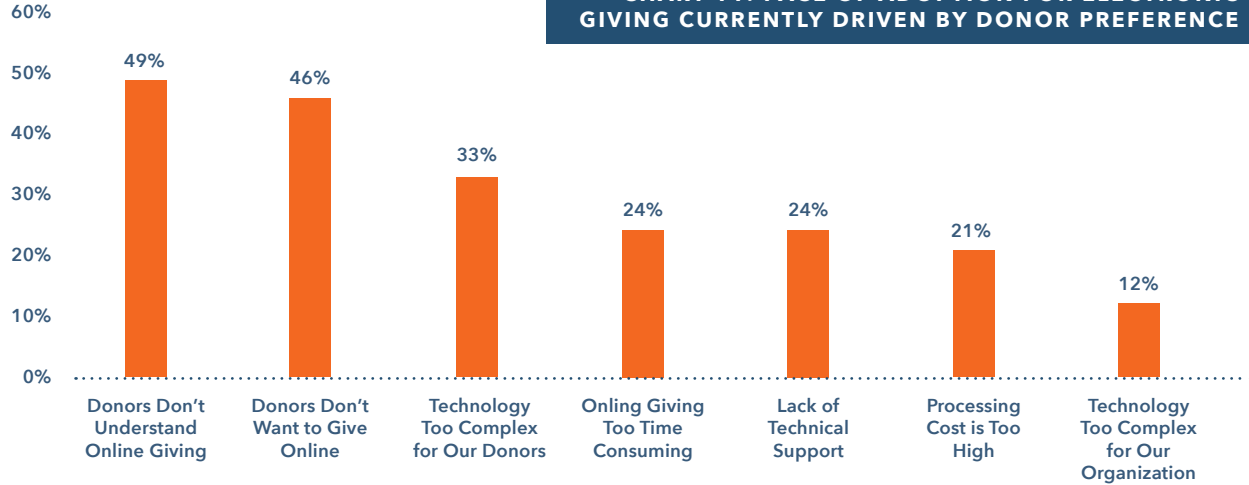
Administrative improvements in the giving process are seen as a major advantage of electronic giving tools, including real-time transactions (64 percent), donor relationship tracking (51 percent), and payment card pre-authorization (45 percent). The increasing role of social media (32 percent) and mobile (30 percent) are seen as growing evidence to the value of electronic donor administrative tools. One in five respondents sees technical support (21 percent) and marketing (19 percent) to be of value.

There appears to be some contradictions from the nonprofit senior executive audience when it comes to comparing the value of electronic giving tools with the value of electronic communication to donors.

The challenges that nonprofit senior executives associate with using electronic donation management tools are based around donor giving preferences, not organizational preparedness.

Almost half of nonprofit senior executives (49 percent) believe their donors do not understand online giving, while 46 percent said their donors may understand online giving, but just do not want to give online.

CHART 11: PACE OF ADOPTION FOR ELECTRONIC GIVING CURRENTLY DRIVEN BY DONOR PREFERENCE



- <25% Automated
- >25%-50% Automated
- >50%-75% Automated
- >75%-100% Automated
- All Donations Processed Manually

CHART 12: PACE OF ADOPTION FOR ELECTRONIC GIVING CURRENTLY DRIVEN BY DONOR PREFERENCE

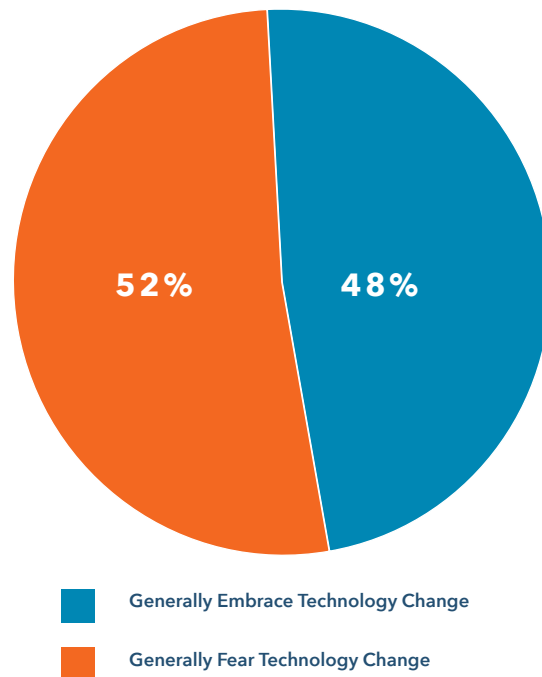
However, because nonprofit senior executives foresee a dramatic shift in donor preference in the next 10 years, only 12 percent believe online giving technology is too complex for their organization to begin adopting now. Therefore, they are in the process of training their teams and preparing their development function for a greater demand for electronic giving and automated donation processing.

66% of nonprofit senior executives see payment security as the top benefit of using electronic giving.

7 Fear of Technology Change

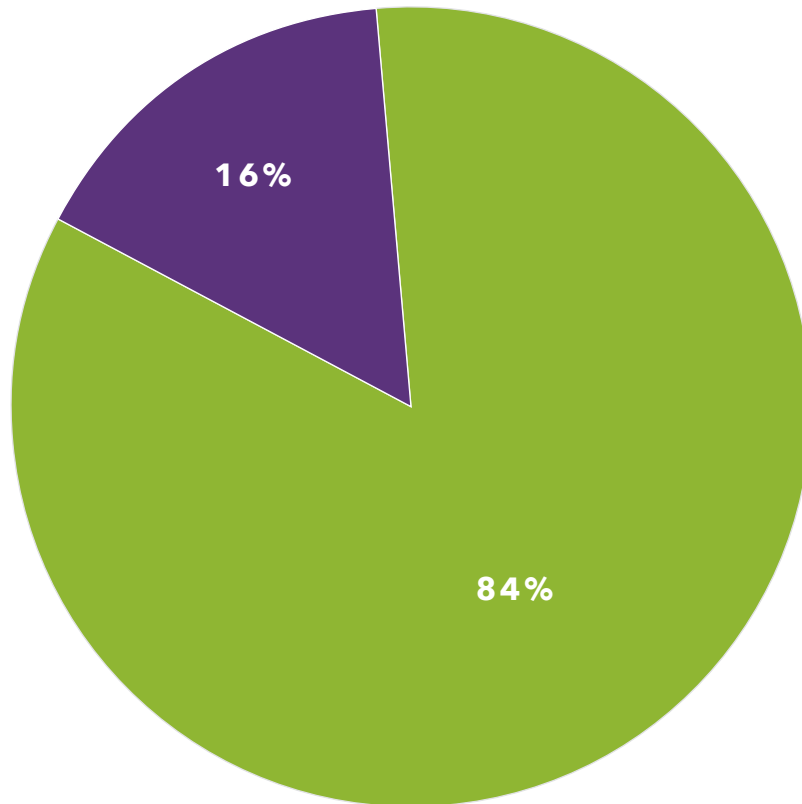
Nonprofit senior executives believe that a slight majority of their current donors (52 percent) generally fear technology change. Respondents cite donor age as a significant influence in technology adoption: “we have an older group of people that may fear technology” and “the younger they are, the more ready they are [for electronic giving].” Therefore, while the tide of donation preference certainly appears to be shifting towards online giving, change may not be instant. However, the process is certainly underway with “more and more people requesting it” all the time.



**CHART 13:
SLIGHTLY MORE
THAN HALF OF
RESPONDENTS
BELIEVE DONORS
FEAR TECHNOLOGY
CHANGE**



More good news for giving innovators, a vast majority of nonprofit senior executives (84 percent) believe their organization and their staff “generally embrace technological change.” However, despite this positive trend, it is unclear how rapidly this community is embracing technological change.

CHART 14: OVERWHELMING MAJORITY OF NONPROFITS BELIEVE THEY EMBRACE TECHNOLOGY CHANGE



-  Generally Embrace Technology Change
-  Generally Fear Technology Change

ABOUT GIVECENTRAL

GiveCentral is a web-based donation platform designed to help nonprofit organizations raise more money. By consolidating all collection, fundraising and communication activities in one place, GiveCentral makes it easier for donors to give, for nonprofits to communicate and for administrators to manage their finances and donor records. Through its customizable, cost-effective and versatile platform, GiveCentral enhances the fundraising experience for all those involved.

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