

In Weak Economy Loyalty is Stable Currency



(July 14, 2008) Fundraising revenues and donor counts are both down for the first quarter of 2008 compared to the same time last year, reports the Target Analytics Index of National Fundraising Performance.

Donor numbers have been on the decline over the past three years, spiking only in 2005 for disaster-related giving, the report shows. Overall revenue also fell this quarter—the first time in 2½ years.

The report states that revenue per donor, or the size of the average gift to charities, has been increasing steadily and compensating for donor declines. But this quarter, revenue declined despite increasing donation amounts from those who gave.

The above trends are based on figures from 2005 to 2008. Shifts in the timing of direct marketing campaigns can affect results, the report notes. Target Analytics, who conducted the study, says the percentage changes may be exaggerated by small donor counts and revenue totals in the first quarter, making the drop from last year seem more drastic than it is.

Still, Target Analytics says the drop in fundraising numbers may be a reflection of the weakened economy.

We spoke with the executives of two large fundraising consulting firms to find out what fundraisers are to make of these first quarter numbers and what can be done to shore up fundraising efforts in a potentially troubled economy.

“First of all, this report is for only one quarter,” said Peter Fissinger, president of Campbell & Company, a full-service consulting firm headquartered

in Chicago offering counsel in advancement planning, marketing communications and executive search. “If you are a donor looking to give from appreciated securities you may be waiting to see what the stock market does and will give later in the year.”

Fissinger believes the drop in revenue this quarter is a result of the economy. “Previous research has confirmed that economic factors, specifically the stock market and personal income, have the greatest impact on the growth of philanthropy,” he said.

When asked if the decrease in donor numbers is cause for concern, he said it’s not just about the numbers, but about the quality of the relationship you have with donors. He says fundraisers should now focus on building a comprehensive development program focused on building a loyal donor base. Fundraisers should cultivate donors who have a history of giving to their organization, not be content only to run broad-based solicitations like direct mail and special events.

“Organizations that rely solely on special events and direct mail often suffer when the economy slows,” he said. “It’s the donors you have a real relationship with—those who are active and invested—who will continue to give in trying times.”

Robert Kissane, president of Community Counselling Service (CCS), comprehensive fundraising consulting and management firm headquartered in New York, agrees that loyal donors who give large gifts are the key to weathering a challenging economy.

“The natural way of thinking is that a direct mail program would be a very consistent source of revenue and that

major gifts would be more volatile,” said Kissane. “That actually hasn’t proven to be the case.”

Kissane said that major gift donors are often willing to give despite a less favorable economy. New or infrequent donors are more likely than core supporters to shy away in the face of an economic decline.

“And often the most committed supporters will donate more when they see their community is facing hard times,” said Kissane.

But both Fissinger and Kissane note the importance of having a comprehensive approach. “Remember that most major donors start out as annual donors,” said Fissinger.

ABOUT THE STUDY

The Target Analytics Index of National Fundraising Performance analyzes individual giving for many of the largest direct marketing organizations in the country. For the twelve months ending Q1 2008, Target Analytics evaluated transactions from 72 organizations, including over 36 million donors and more than 66 million gifts totaling over \$1.8 billion in revenue.

Quarterly results are reported on a calendar year basis. This report includes results through March 2008. Index findings are based on analysis of actual donor transactions, not survey responses from fundraisers. All calculated measures have been reviewed by participants for accuracy.