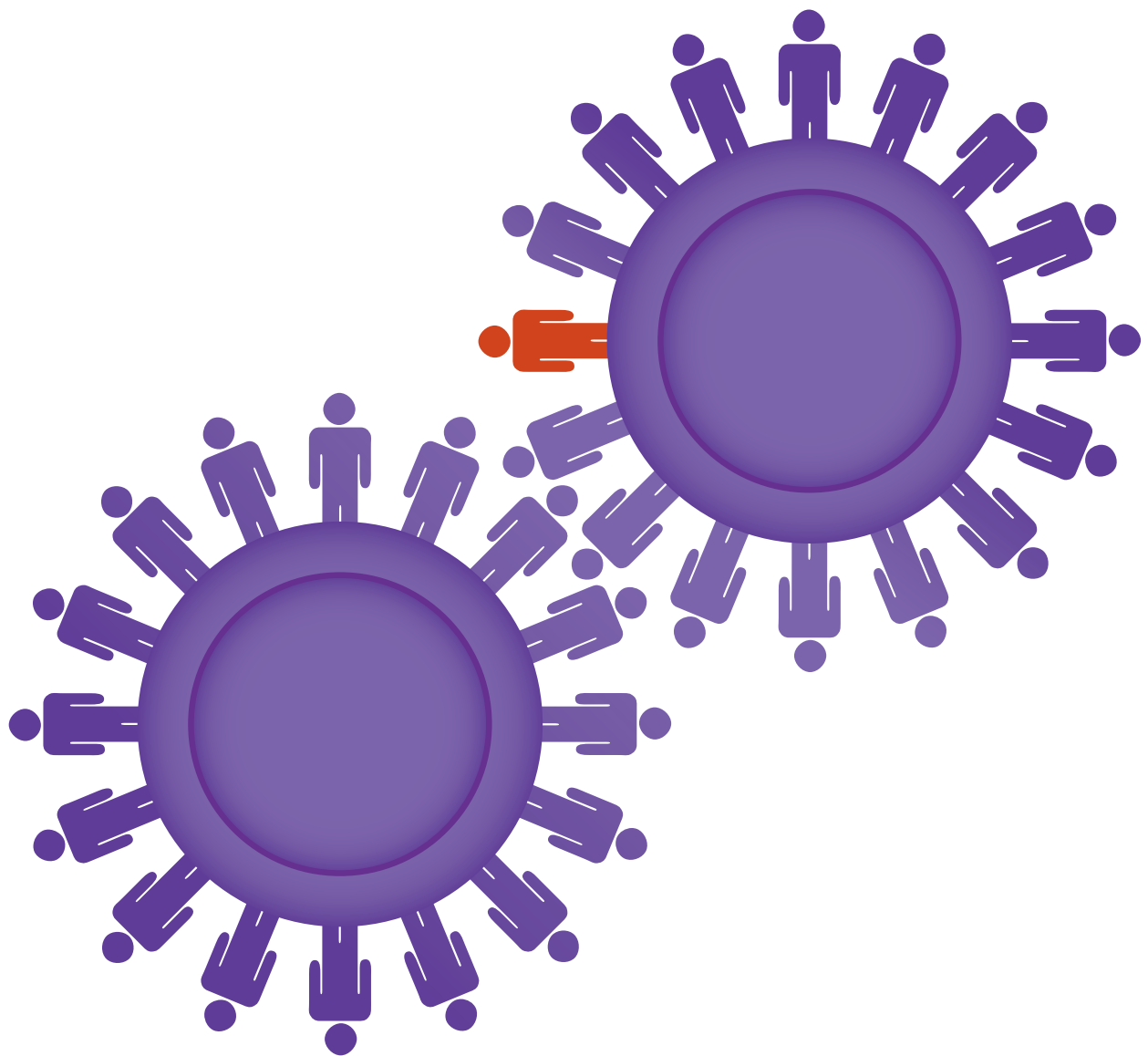


How to connect with donors

essential messages for charities



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Author:

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Foreword

The UK has an increasingly sophisticated donor base. Individuals now seek to make more informed choices about the type of charity or project they support, taking time to research a cause before they donate, in order to make as great an impact with their money as possible.

At a time of recession, many charities have to operate under reduced financial means, whilst at the same time encouraging the public to keep making donations. Fortunately, in the UK we have a generous society and history has demonstrated that donations tend to hold up reasonably well in downturns. Donors tend to give what they can rather than stepping away from helping others and charities find the energy to re-double their efforts to raise funds.

The current recession has been deep, and while recovery may begin soon, its effects will continue to impact upon charities for a considerable time. This paper reports on the findings of a survey run in Spring 2009 which, for the first time, asked the general public to give their views on how charities should operate during the recession. The respondents had some very clear messages for charities regarding changes to their communications, income generation, spending, and other ways of working. We see these as important suggestions that can be carried forward into more settled times.

We hope that the messages presented will offer fundraising charities some new insight into the thinking and aspirations of their donors and guidance on what steps they could take to change perceptions of their operations, encourage donations and increase income at this difficult time.

Dr John Low

A handwritten signature in black ink that reads "John Low". The signature is written in a cursive style with a large initial 'J' and 'L'.

Chief Executive

Charities Aid Foundation

1 Background and methodology

1.1 Background

Preliminary figures released by the Office for National Statistics show that in the last three months of 2009 the economy grew by 0.1%, taking the UK out of recession. However, the economy and charitable donations remain below pre-recession levels; and at a time when more people than ever need the help of charities, the capacity for charities to operate is being limited as they themselves are feeling the recession bite. Charities have to operate with decreased investment income, lost deposits and a decrease in charitable donations from companies and the general public, all at a time when there is an increase in demand for services from many charities. CAF's research with charities found that 51% of charities delivering services that help people during the recession saw an increase in demand for their services at the beginning of 2009¹.

Recent research from CAF and NCVO has provided the evidence that the proportion of the general public making charitable donations in an average month since the recession began, has dropped from 56% to 54% and the total amount of donations made has also dropped by £1.3bn in real-terms².

Fundraising charities are faced with the challenge of having to encourage donations from a pool of donors that has, at least temporarily, plateaued. The most successful charities over the long-term have always been those able to adapt by being innovative in their fundraising and this is true now more than ever.

During 2008 and 2009 CAF and other organisations surveyed charities about their experiences of the recession in order to air to the sector and the wider public what support charities need from government and the public.

CAF recognised during this time however, that with the exception of a few headline grabbing surveys asking the public simplistic questions around their likelihood to keep giving, there had been no robust research with more experienced individual donors to explore what they think charities should do to cope with the economic downturn.

In this paper, we present four clear messages to charities from donors. The messages combine the surprising with the obvious, and none of them is easy to achieve. We hope however, that for any charity, the messages should be an interesting and useful read.

1. February 2009, <http://www.cafonline.org/Default.aspx?page=17055>
2. 'UK Giving 2009', CAF and NCVO, www.cafonline.org/giving

1.2 Methodology

CAF surveyed 203 members of the public and asked for their views on how they think the recession will affect charities and what they think charities should do differently during the recession.

An online survey was placed on the CAF website, in a location accessible to CAF's individual customers and any other member of the public. The survey could be completed by any individual reaching this page and also by any customer following a web link from their CAF News e-newsletter³. 90% of the respondents were CAF customers and 10% were not.

The assumption is that all of the respondents were either donors or interested in donating and so had a higher than average awareness of how charities operate and the issues they may be facing during the recession. Indeed, 79% of respondents said that they had made a donation of money in the past four weeks (85% of males and 74% of females had donated); far higher than the 54% rate seen among the general public. 31% were involved in the running of a charity, for instance by being a trustee (39% of males and 22% of females) which bears out the assumption that a great deal of the respondents will have first-hand knowledge of how charities operate. In addition, since the survey was conducted online, it is likely that the results reflect most closely the views of donors comfortable with online activity. The survey was open between 5 March and 23 June 2009.

Please note that the conclusions in this report are based upon several questions in the survey and where multiple questions are used to draw a conclusion, this is indicated underneath the chart.

2. Executive Summary

The results can be seen as conveying four key findings, described below. Together, these four findings point to a central conclusion that sophisticated donors are urging charities to demonstrate how they are efficient and effective, and adopting cutting edge practices.

It is important to note that while respondents have made suggestions for how charities could operate differently, this does not mean that respondents thought that charities are not already doing these things to some extent. In addition, it is important to remember that the suggestions made by donors will have been made based on the perceptions that they hold of charities and as such, the results suggest that charities should consider working to change the perception that the public holds of them and in some instances also change how they operate, and then communicate this. Reviewing charity communications is therefore a powerful tool in connecting with donors both now and in the future.

3. March 2009 edition of CAF News <http://www.cafonline.org/Default.aspx?page=17304>

Respondents told us that they feel charities should:

2.1 Show responsiveness to changing times

Charities need to change how they operate during the recession. In a series of questions about general working and more specific operational issues, respondents indicated clearly that charities should change how they:

- communicate (77%)
- generate income (74%)
- spend their money (70%)

2.2 Demonstrate sharpened processes

There was definitely a sense that respondents believe that if charities sharpen their processes and demonstrate this to donors, then they are more likely to attract donations. A particularly high proportion of donors said that charities should focus on:

- being efficient to weather the recession (94%)
- showing the impact of their work (92%)
- reviewing finances to reduce costs (86%)
- being transparent (85%)
- consider partnering with other charities (85%)

2.3 Use electronic communication to reach donors

A key recommendation for charities is to embrace new media techniques to communicate with donors. When respondents were shown a list of communication tools and asked which tools charities should use more of during the recession, the electronic media were chosen most frequently:

- social networking (70%)
- email (65%)

2.4 Ensure diversification of resources

The fourth key recommendation for charities is to find additional ways to bring in money and this can include finding new resources. They are all common-sense suggestions, although can be considered to be partly driven by a lack of knowledge of the issues that affect charities during the recession and how these make it more difficult to achieve the things that respondents have suggested. The top four ideas given were:

- use volunteers (82%)
- apply for more grants (75%)
- ask for donations of goods (69%)
- dedicate more resource to fundraising (53%)

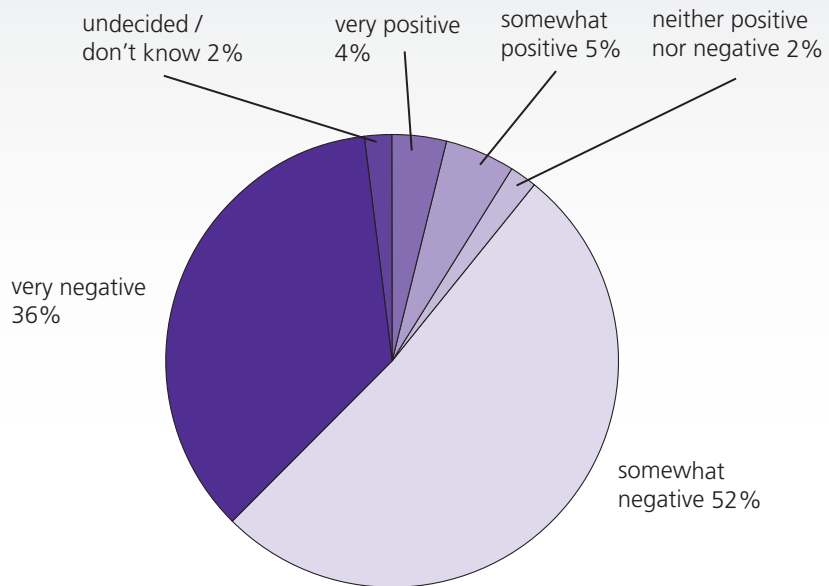
3. Essential messages

3.1. Charities should show responsiveness to changing times

The survey evidence

An early over-arching question asked in the survey was around respondents' views on the impact of the recession on charities. As shown in Figure 1, over half (52%) of all those interviewed said that they expect that the recession will have a 'somewhat negative' impact on charities financially over the next 12 months and in total 88% said that there would be a 'somewhat' or 'very' negative impact. Only 9% thought that there would be a positive impact. Clearly then, donors anticipate that the economic climate will have a profound impact on charities.

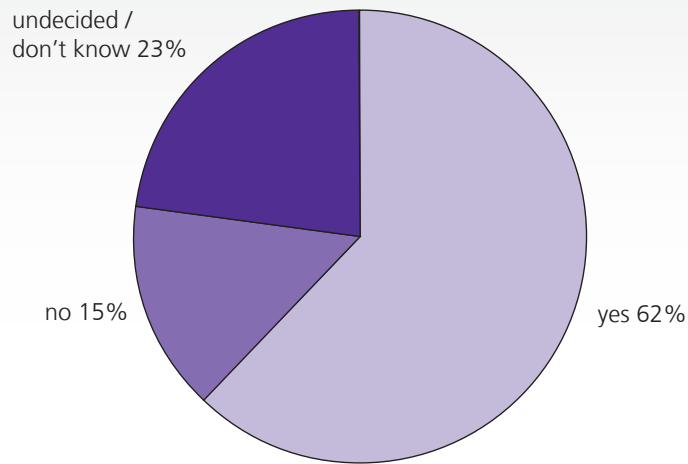
Figure 1: Donor perceptions of the impact of recession on charities over the next year



A key message to charities from donors is that charities do need to change how they operate during the recession. Respondents were asked this question directly and the numbers below in Figures 2 and 3 clearly point to change being a genuine expectation.

Base = 202
 This chart is compiled
 from Q1.
 Due to rounding errors,
 this chart totals more
 than 100%

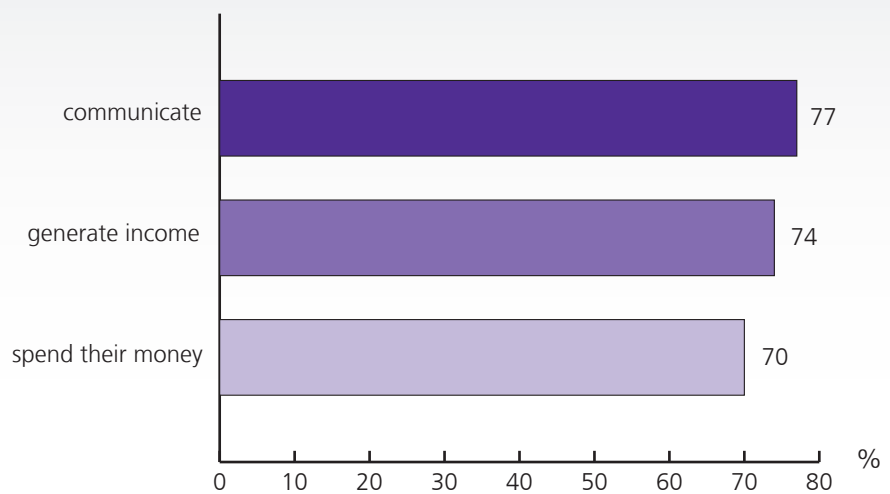
Figure 2: Donor perception of whether charities need to change how they work during recession



Base = 203
This chart is compiled from Q2

Respondents were asked which facets of their operations they should change. Figure 3 below shows that donors are most keen that charities adapt how they communicate (77%), a score only marginally higher than those seen for how they generate income (74%) and how they spend their money (70%).

Figure 3: Specific aspects that donors feel charities need to change



Base = Q3=162, Q6=160, Q9=155
This chart is compiled from three similar questions in the survey (3, 6 and 9).
Due to the inclusion of three questions in this chart, it totals more than 100%

Wider context and implications

It is clear that the survey respondents have a firm grasp of the difficult situation facing charities in their struggle to continue fundraising during and following a recession and that refining communication with donors is key to engaging them in their cause. The respondents are also aware that charities will need to consider carefully how they spend their money during the recession and going forward.

Above all, it is clear that the respondents showed an appetite for change in the sector during hard times. It may be that this is fuelled by a genuine and well reasoned desire for change. It may equally be that these high numbers were fuelled by the emotion that comes with recession, or even the appeal of the word 'change', especially as this was the 'call to arms' of the Obama campaign which was running at the same time as the fieldwork. Another alternative explanation for this high degree of appetite for change is that this is peculiar to the sample of which the majority were CAF customers. It is possible that this group of donors are particularly well informed about charities, fundraising and giving, and can therefore make educated suggestions about changes to make.

Charities may even want to question the validity of these views. However, 'perception is reality' and CAF believes that the need exists therefore for charities to review how far they are going in evidencing change at this crucial time.

3.2 Charities should demonstrate sharpened processes

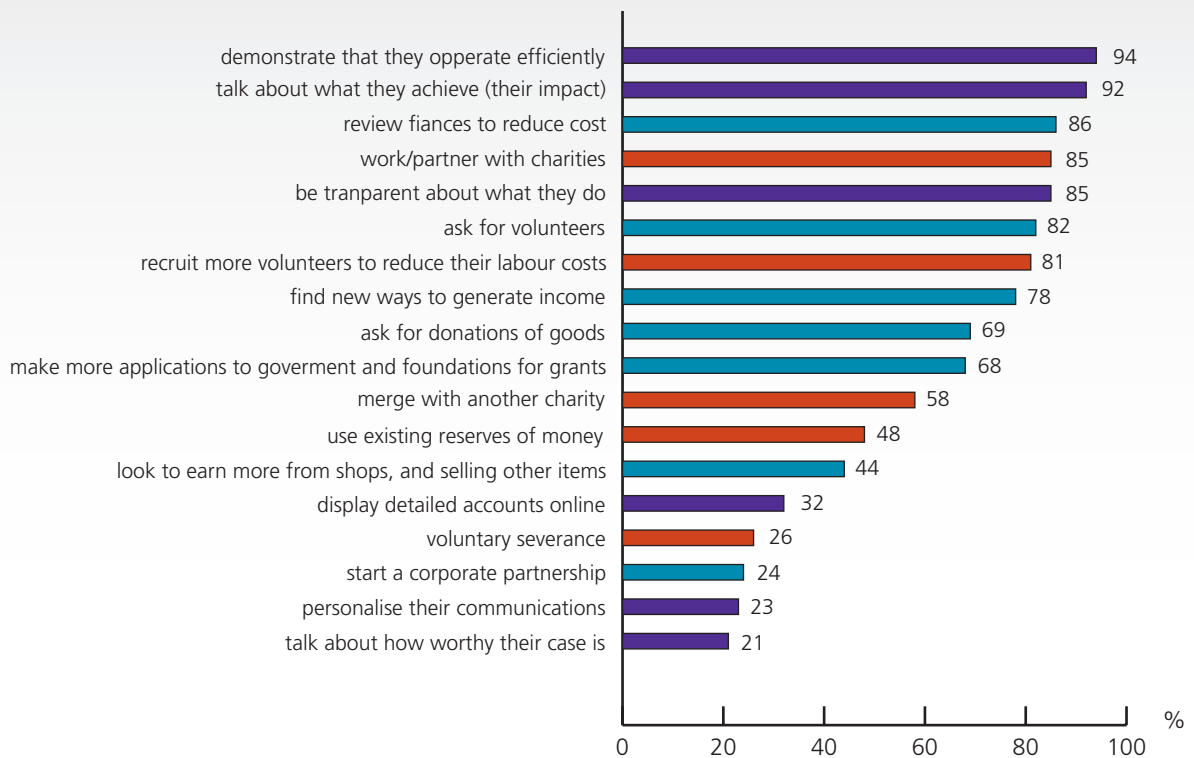
The survey evidence

The results in this section mirror the sense among larger donors that during the recession, it will be the leaner and more open organisations which will be more likely to weather the storm. Figure 4 shows that respondents indicated that they think the two most important things that charities can do at this time are to demonstrate that they have an efficient operation and that they talk about the impact they have on the ground.

What is clear is that donors are less interested in conventional communication that is either in nature dry (displaying accounts online 32%) or pleading (how worthy the cause is 21%). In other words, this graph indicates a need for charities not to talk about what they could do, or what they have spent, but to 'bring to life' for the donor that the charity has efficiently achieved its objectives.

In the following section, efficiency, impact, transparency and partnering with other charities are explored in more detail.

Figure 4: Donor views on key aspects for charities to focus on during recession



Base = Q5=160, Q8=156, Q11=180

This chart is compiled from three similar questions (Q5, 8, 11), and percentages below 20% are not shown.

Blue bars indicate Q5, turquoise bars indicate Q8 and red bars indicate Q11.

Due to the inclusion of three questions in this chart, it totals more than 100%

“Keep calm; it will pass; try and weather the storm by using extra volunteers if practicable and... where possible merge with a similar charity”

“My heart goes out to all those having to make these decisions”

A selection of verbatim comments offered by respondents when asked what charities should focus on during the recession, including for generating income (from Qs 5, 8 and 11)

"I don't think charities should be competing with each other. Maybe more joint projects would be beneficial"

"Target their audience more efficiently"

"Keep their own costs (admin) down"

"Operate more like a business/operate efficiently..."

"Maximize Gift Aid donations"

"Publicise the needs they seek to meet"

"Reduce the nonstop barrage of demands – I support lots of charities and often get extra demands days after I've contributed"

"Talk about how the recession is affecting their clients, not just them and their donors!"

Wider context and implications

Demonstrating efficiency

Donors naturally want to ensure that the best use is made of their donation. In recent years, a keen interest in impact had been a focus mainly for larger donors and increasingly, the general public is now becoming sensitive to the efficiency of their donation. Many donors take time to research a charity before donating, to ensure that their money has the greatest possible impact on the charity and ultimately the beneficiary. Impact means different things to different donors: for some donors, achieving this impact resembles 'micro-finance' – it means locating the least cash rich charity; for others, a tangible measure is what they need – perhaps a charity with lower administration costs; for others only an intimate personal involvement can confirm the most efficient charity to donate to.

"Charities need to work with integrity in and out of recession"

It could be argued that an increased understanding among the public around the need for administration and other overhead expenditure could lead to more trust in charities and fewer negative, sensationalist headlines⁴. The Association of Chief Executives of Voluntary Organisations (ACEVO) is now considering organising a campaign with other sector bodies to raise awareness of the third sector among the public⁵.

Various initiatives are sprouting up to help charities to convey how efficient they are. For example, the Charity Commission has announced that any charity that achieves level two or three of the Practical Quality Assurance System for Small Organisations (PQASSO) will be allowed to display a stamp of their approval⁶. The system was created by Charity Evaluation Services and is designed to help small organisations run more effectively and efficiently⁷. However, for some smaller charities, the costs associated with implementing and running such a system may outweigh the benefits, at least in the short-term.

Demonstrating impact

For donors, demonstrating impact is closely linked to demonstrating efficiency, because donors, regardless of their affluence, want to know how their donation has helped. Organisations like New Philanthropy Capital exist to help donors identify which charities to give to based upon the efficiency and impact of their work. High net worth donors are particularly keen to see measurable results from their donation, in the same way that they would expect to see impact in the private sector. This is also something that charities are expected to provide to grant funders more frequently.

Impact reporting is now being considered by more charities and anecdotally charities have been reporting that they are increasingly being asked by donors (particularly those giving quite substantial donations) to demonstrate their impact⁸. Yet it is not only the third sector which is looking keenly at impact reporting. Corporations are beginning to consider this more carefully with regard to their own work and organisations such as Corporate Citizenship and the Boston Consulting Group are carrying out pioneering Social Return On Investment (SROI) programmes with other larger corporations. There is every possibility that the greater autonomy found in the private sector may mean that ground-breaking work emerges here which the third sector will benefit from or form part of in years to come⁹.

4. <http://www.thirdsector.co.uk/channels/Finance/Article/855430/Public-believes-40-charity-income-goes-admin-costs/>

5. <http://www.charityfinance.co.uk/home/content.php?id=3061&pg=15&cat=58>

6. <http://www.thirdsector.co.uk/News/DailyBulletin/922856/Charity-Commission-endorses-PQASSO-mark/3DE43714803497003A8B73BA29603EC1/?DCMP=EMC-DailyBulletin>

7. <http://www.ces-vol.org.uk/index.cfm?pg=42>

8. <http://www.professionalfundraising.co.uk/home/content.php?id=1864&pg=11&cat=16>

9. http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/081120_sroi.aspx

Being transparent

Not long before the survey closed, discussions about the concept of transparency dominated the headlines, as a result of the MPs' expenses scandal. Third sector Chief Executives released to the press how much they have claimed in expenses in order to make this expenditure transparent and open. Transparency had however already been firmly on the charity agenda, with several organisations active in this area. For instance, the ImpACT Coalition operates to promote a better public understanding of how charities work and the benefits they bring to society, by improving accountability, clarity and transparency. Their own survey earlier this year showed that charities scored themselves at 56% for their performance against thinking around accountability and transparency policies¹⁰.

More recently, ACEVO has announced that it is going to launch a 'transparency manifesto', which would explain to charities how best to explain their activities to the public¹¹. This should help charities to address any misperceptions that the public may have of charities and how they operate. In addition, New Philanthropy Capital has agreed to take over Intelligent Giving to continue their work on accountability and transparency.

Partnering with other charities

There are three key ways in which charities can work together: mergers, partnerships, and collaborations. These three options include: within collaborations, ideas like sharing resources; within partnerships, ideas such as combining fundraising efforts; and within mergers, two charities combining to become one entity. Organisations such as CAF and the National Council for Voluntary Organisations (NCVO) offer information and advice on exploring all of these options. NCVO has a dedicated Collaborative Working team and an array of online tools to help charities to work together in mutually beneficial ways¹².

Mergers are a strategic part of the business world. A strong company will move to merge or acquire a smaller or struggling company and perhaps this is what the respondents had in mind. However, it is more often the case with charities that in difficult times, a struggling charity will approach another charity because they want to seek shelter with them¹³, share costs and streamline service provision.

10. 'The ImpACT Coalition Toolkit: Interim Report', February 2009, <http://www.impactcoalition.org.uk/uploads/Toolkit%20Interim%20Results%20Report%20Final.pdf>

11. <http://www.thirdsector.co.uk/news/Article/927697/Stephen-Bubb-need-national-campaign-sell-charity/>

12. <http://www.ncvo-vol.org.uk/advice-support/collaborative-working>

13. http://www.philanthropycapital.org/downloads/pdf/GI_summer09_mergers.pdf?dm_i=59B,1E47,KFKZL,455W,1

Thinking of new ways to approach mergers, the Royal National Institute for the Blind (RNIB) is backing a new governance model for charities, which they say is “*somewhere between collaboration and merger or takeover*”, where smaller charities become associate members of large national charities¹⁴.

Partnering with other charities is something that the government is actively trying to facilitate through the ‘Third Sector action plan Real Help for Communities: Volunteers, Charities and Social Enterprises’, which has a strand to create a £16.5 million Modernisation Fund to help with the cost of mergers, partnerships and moves to more efficient sharing of back office functions, for at least 3,000 third sector organisations¹⁵. This is the largest component of the action plan. In addition, Futurebuilders has launched a matching service for charities interested in merging and had 12 charities listed in January 2010¹⁶. There is now also a ‘Find a Partner’ section on the NCVO run government Funding Central website, where charities can search for other organisations who are looking for partners or charities interested in joint working or finance opportunities. The Charity Commission has also launched a new guide for trustees called ‘The Big Board Talk’, which offers advice and includes mergers as an option for consideration¹⁷.

However, with all this support towards merger and collaboration on offer, it does not seem to be being actively considered by many charities. The Charity Commission’s ‘Economic Survey of Charities’ found that just 9% of charities have considered collaborating or merging with another charity (up 3% from March)¹⁸. Yet a comparison of the Charity Commission’s list of mergers in 2008 and 2009 reveals that for the same periods (1 January to 30 September), there was a growth of 88% in the number of mergers listed, from 171 to 321 in 2009¹⁹. A recent New Philanthropy Capital report ‘What place for mergers between charities’²⁰ considers whether mergers would result in a more effective charity sector and looks at the barriers to mergers, and why mergers happen; which adds to the knowledge of why there are not more mergers in the sector.

“...it’s still a powerful message for those of us who are committed to charitable giving that we need to maintain our donations if at all possible”

14. <http://www.thirdsector.co.uk/News/DailyBulletin/916447/RNIB-backs-new-charity-collaboration-model/6B41F9884220243DDB1D4F2A147E1A78/?DCMP=EMC-DailyBulletin>

15. <http://www.modernisationfund.org.uk/>

16. <http://www.futurebuilders-england.org.uk/what-we-offer/services/merge-maker/>

17. <http://www.charity-commission.gov.uk/news/prbigb.asp>

18. ‘Economic Survey of Charities’, Charity Commission, September 2009, <http://www.charitycommission.gov.uk/Library/enhancingcharities/pdfs/charecon.pdf>

19. <http://www.charitycommission.gov.uk/enhancingcharities/rom.asp>

20. New Philanthropy Capital, June 2009, ‘What place for mergers between charities’, http://www.philanthropycapital.org/research/research_reports/improving_charity_sector/mergers.aspx

In the popular press, there are intermittently articles or letters from people who feel that there are just too many charities. Indeed, in this survey, when respondents were able to say in their own words how they think charities should work in the recession, many suggested that there are too many similar charities, and that mergers would be the best solution. Perhaps though, concerns like this are more related to a lack of understanding of why charities are started-up, rather than a fear of duplication of effort.

3.3 Charities should use electronic communication to reach donors

The survey evidence

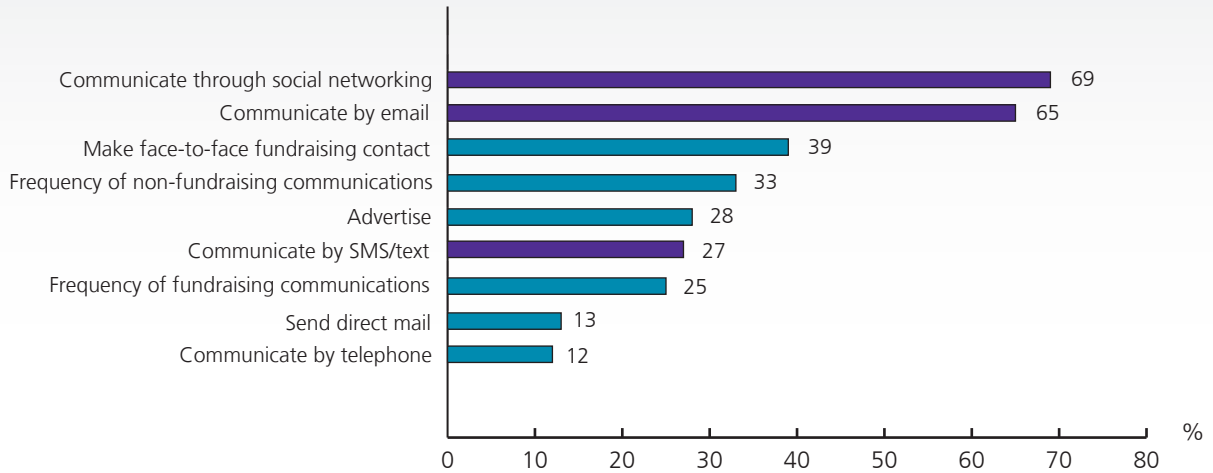
A key recommendation for charities is to embrace new media techniques to communicate with donors. When respondents were shown a list of communication tools and asked which of these charities should use more during the recession, interestingly only 'social networking' and 'communication by email' were chosen by the majority of respondents. These electronic communication methods have been available for several years and are now increasingly being used by charities to good effect. In 2007, CAF's 'New Media Fundraising: 21st century innovations' paper²¹ tracked the development of charities' use of social networking sites and recommended that charities continue to keep up-to-date with new developments in ways to communicate and to capitalise on these innovations in order to connect with donors.

Figure 5 shows that social networking was the activity most often selected by respondents for charities to undertake more of during the recession, at 69%. Very close behind this was making more use of email at 65%. Beyond these, no other activities were selected by the majority of respondents to do more of. The others came out as being the same (amount of activities), other than communicate by telephone and send direct mail, where the largest group of respondents said that they should do less of this during the recession.

“Focus on outcomes now, not keeping the charity afloat forever”

21. 'New Media Fundraising: 21st century innovations' (2007), CAF, www.cafonline.org/newmedia

Figure 5: Donor view on what activities charities should undertake 'more' of during recession



Base = 162

This chart is compiled from Q4. Blue bars indicate New Media activities.

Respondents were able to give multiple answers to this question, and so this chart totals more than 100%

A selection of comments offered by respondents when asked what charities should focus on during the recession (from Q5)

"Waste much less funds on glossy reports and expensive 'magazines'"

"Stop the endless mailouts, especially those with gifts"

"Bring in e-mail only communications for regular supporters – will reduce costs"

"Show consideration for planet and poorest countries not just during recession minimising waste of paper, focus on essentials etc"

"Reduce physical mailings to reduce costs – more electronic mail"

"Sell goods on ebay rather than shops"

"I really do want to emphasise e-mail with weblink rather than post as a method of communication. It is more environmentally friendly and would have just as great an impact on me"

"Must reduce the amount of unsolicited mail they send out. It must cost a fortune and is often of a very high quality. Make more of electronic mailings and social networking sites"

Wider context and implications

Using social networking

Many charities are already innovating and capitalising on social networking for communication with donors, but in this fast-moving area, charities cannot afford to be left behind.

Twitter is the latest fashionable site to be seen on and new ways for charities to use it for their communications and fundraising are being developed all the time. This started with the 'Charity Tuesday' initiative²² in May 2009 and was followed in August by TwitCause, a new viral tool, through which users select a charity to promote every Thursday where donations can be made via PayPal²³. In addition, the site's currency of Twollars can be donated to any charity that signs up to the scheme²⁴. Fundraising events can also be organised through Twitter as part of the Twestival campaign, which allows communities to vote for the charity that they want to receive the funds²⁵.

With regard to Facebook, Amnesty International is leading the way with the latest Facebook development 'Facebook Connect', where people involved in their Protect the Humans web campaign can link to their Facebook profile, to share news and their campaign actions with their friends²⁶. Also on its way is Facebook's Charity Gift scheme, which is being trialled in America and will enable users to send virtual charity gifts to friends²⁷. This shows just how quickly a new medium can launch and continually adapt to the needs of users (individuals and organisations). Keeping up with these developments and being able to apply them in charity campaigning and fundraising requires charities to be as agile and responsive in their communications and fundraising as possible.

As part of this, it is important for charities' fundraising strategists to understand which donors they can reach through the different social networking sites. Ofcom released a report in August 2009 which looks at the use of social networking sites in the UK by different age groups. It reports that among the over-16s, the likelihood of setting up a profile is highest among 16-24 year olds (54%) and it then decreases by age; and that half of all adult users access their profiles at least every other day; and Facebook is the most popular site for adults, with 62% of adults using it.

22. <http://www.guardian.co.uk/society/joepublic/2009/jun/16/charitytuesday-twitter-lovebox>

23. <http://www.twitter.com/twitcause> and www.experienceproject.com/twitcause

24. <http://twollars.com/twollars-for-charities/>

25. <http://www.twestival.com>

26. <http://www.protectthehuman.com/fb-connect>

27. 'Charity gifts come to Facebook' <http://www.professionalfundraising.co.uk/home/content.php?id=1926&pg=2&cat=2>

Interestingly, a socio-economic analysis of the data reveals that ABC 1s are more likely to use Facebook, while C2DEs are more likely to use MySpace²⁸.

The nfpSynergy 'Youth Engagement Monitor' survey agreed that among 11-25 year olds, Facebook is the most popular social networking site (79% used it), followed by Bebo (28%), MySpace (25%) and Twitter (12%). The survey also found that young people are more likely to use Facebook if they are already involved with charities through giving or volunteering (by 79% to 69% for non-volunteers)²⁹.

Using email

Making more use of email certainly makes good business sense, being more cost-effective than postal direct mail. Indeed, increasing the usage of email as an effective communication tool is certainly evidenced by the recent reports of the success achieved through, for example the Obama presidential campaign. There has been increased chatter in the sector press about capitalising on these experiences and nfpSynergy have released a presentation giving examples from the Obama campaign that charities can implement themselves³⁰. The person behind the Obama online campaign has warned though that email newsletters do not get read and that short personalised emails work far better³¹ for supporters or potential supporters.

Indeed, there are a few simple rules that charities can follow to make newsletters effective communication tools and as useful to supporters as possible. The first task is of course to reach as many supporters as possible. Email addresses should therefore be collected whenever possible, with a clear statement about how this address will be used, possibly also with an opt in or opt out option. All organisations have a duty of care to ensure that their customer databases are accurate, but when a database of email addresses is relied upon for communication, it is particularly important to maintain and ensure that emails are not sent out to addresses that have 'bounced' before, because ISPs will flag the emails as spam to other recipients too.

“They have to project a higher and more serious image of their organisation”

28. 'Social Networking: a quantitative and qualitative research report into attitudes, behaviour and use' (2009) http://www.ofcom.org.uk/advice/media_literacy/medlitpub/medlitpubrss/socialnetworking/summary/

29. 'Young charity supporters 'are enthusiastic Facebook users' <http://www.thirdsector.co.uk/News/DailyBulletin/936250/Young-charity-supporters-are-enthusiastic-Facebook-users/786E7A767BC2A20970C462AAC2BF0ABF?DCMP=EMC-DailyBulletin>

30. http://www.nfpsynergy.net/includes/documents/cm_docs/2009/w/1_what_charities_can_learn_from_the_obama_campaign.pdf

31. <http://www.thirdsector.co.uk/channels/Communications/Article/882962/Charity-email-newsletters-a-waste-time-says-Obama-strategist/>

The second task is to make the newsletter enticing enough to open and read. Careful consideration should be given to the email subject, as this can not only affect whether the email is delivered into the inbox of the recipient, or the spam box, but also has a major influence on whether a supporter chooses to open it. In addition, what is displayed at the top of your email should be considered, because if the recipient has the preview pane switched on and they cannot see the key message of the email, then an early opportunity to engage with them has been missed.

The third task, once a newsletter has been opened, is to customise or personalise the communication by demographic, level of engagement with organisation, or even geography (telling someone about an event in Scotland is not helpful if they do not live in Scotland). This personalisation has the added benefit of making the supporter feel valued and probably more likely to read future emails.

3.4 Charities should ensure diversification of resources

The survey evidence

The fourth key message that we draw from the data is that donors are pushing charities to find additional ways to bring in money through volunteering, grant-funding and receiving donated goods. Fundraising, which might in other times be the first thing to spring to mind from the public viewpoint for raising money, actually falls outside of the 'top three' suggestions. Charities may feel that these are all commonsense suggestions, but will feel equally that it is not a quick or simple task to implement these.

Charities may also feel that some of these ideas are partly driven by a lack of knowledge of the issues that affect charities during the recession and how these make it more difficult to achieve the things suggested. Indeed, a recent survey carried out on behalf of ACEVO found that the public have very inaccurate perceptions of the third sector³². Given the speed with which the sector has evolved in recent years, perhaps leaving public perception trailing, these findings may not be surprising, yet it must be borne in mind that perception is reality as far as the general public are concerned.

“Stop pestering us in the street”

32. <http://www.thirdsector.co.uk/channels/Communications/Article/926027/Public-doesnt-understand-charities-YouGov-survey-confirms/>

Figure 6 highlights that respondents see applying for grants as the main strategy that charities should dedicate more resource to (75%), followed by fundraising (53%), launching new trading activities (45%) and providing public services on behalf of local authorities (42%). In fact, all of these strategies were selected by the majority of respondents as being activities that charities should dedicate more resource to, rather than the same amount or less.

Figure 6: Donor view on what revenue generation strategies charities should consider dedicating more resource to



Base = 167

This chart is based on findings from Q7.

Respondents were able to give multiple answers to this question, and so this chart totals more than 100%

“They need to become leaner and meaner as well as more focused in what they do”

Figure 7 reveals that the most popular tactic to generate income that respondents said that charities should focus on is reviewing finances to reduce costs (86%). Finding ways to generate income also scored well at 78%, but it is the very specific suggestions that are particularly interesting: asking for volunteers (82%), asking for donations of goods (69%), making more applications to government and foundations for grants (68%), looking to earn more from shops and selling other items (44%) and starting a corporate partnership (24%). Interestingly, it is the 'chuggers' (fundraising in the street and public places) that was placed at the bottom, with just 17% saying that it is important for charities to focus on this. Calling for volunteers, applying for grants, calling for donations of goods and fundraising are all explored in more detail below.

Figure 7: Donor view on what tactics are most important for charities to focus on



Base = 156
This chart compiled from Q8.
Red bars indicate specific ways for charities to diversify their income.
Respondents were able to give multiple answers to this question, and so this chart totals more than 100%

“...In the long-term, more donors are needed, which can only happen by changing what society regards as normal”

A selection of verbatim comments offered by respondents when asked what tactics to generate income charities should focus on during the recession (from Q8)

"Lobby for free appeals on the media"

"Offer Gift Aid on donations on goods (some are beginning to do it). Sponsor activities which help people rather than walks/silences, e.g. a bit like the old bob a job week, get people to dig gardens for the elderly or vulnerable plant their gardens with produce etc"

"...Giving people the opportunity to offer gifts of time or items that may be sold may be one way forward. Charity shops also help people whose disposable income has dropped"

"Target fundraising at large companies with over 100+ employees"

"Review all costs – identify areas of waste that can creep in during 'good' times; reduce overheads; work smart – joint ventures with other charities/share resources"

"They shouldn't compromise on their standards – which is a risk when seeking local government contracts at this time. They should also be aware that more people will be reluctant to enter on regular giving and may prefer one-offs"

"Try to maximise income by holding more smaller events and continually review their fundraising and spending plans to meet the current situation and look for ways to increase their income"

"Charities should be doing more research, to make sure they understand how best to spend their marketing budgets: which audiences are best to target, how best to communicate with these audiences, what the main motivations and barriers are to giving, explore communication ideas to develop the most effective strategies etc"

"Charities need to be coordinated in their approach and where possible larger 'joined-up' campaigns should be run by charities working in similar fields rather than many un-coordinated approaches"

Wider context and implications

Calling for volunteers

Volunteering is entered into by people for all sorts of good reasons, from wanting to help others in a more practical sense than by giving money (either because they prefer to or cannot afford to give money), being encouraged to take part by an employer, or many other reasons. The 2007 'Helping Out' report found that the top three reasons given by volunteers for volunteering were: to improve things or help people (53%), because the cause was important (41%), and because they had spare time (41%)³³.

Recently, volunteering has grown in popularity, with Volunteering England reporting in September 2009 that 86% of its centres had experienced a growth in enquiries since March and placements were up too³⁴. The Voluntary Service Organisation (VSO) has also reported that volunteering enquiries have doubled in the last six months³⁵. This increase in interest is likely to be due in a large part to the recession and widespread redundancies, which have allowed more people to consider volunteering. Clearly there is solid commercial sense in calling for volunteers as it is essentially a free resource and the increase in the numbers of people enquiring about volunteering opportunities as a result of redundancy³⁶ can be capitalised upon by charities. With more professional people willing to volunteer, charities must take the opportunity to work with these people, but using their professional skills rather than taking part in the less skilled end of the spectrum. CAF's 'Helping Companies: Helping Charities' report found that the sort of help that charities want from professional people (via corporate partnerships) involves making use of their business/work skills, rather than manual tasks³⁷.

The Government's 'Third Sector action plan: Real Help for Communities: Volunteers, Charities and Social Enterprises' has a strand whereby up to £10 million investment in a volunteer brokerage scheme by the Department for Work and Pensions for unemployed people has been pledged, to create over 40,000 opportunities for people to learn new skills and give back to communities through volunteering by 2011³⁸. For those charities that already have a volunteering scheme in operation, they could be able to expand their volunteer numbers. However, respondents are unlikely to realise that setting up a scheme from scratch

33. 'Helping Out', The Cabinet Office (2007) http://www.volunteering.org.uk/NR/rdonlyres/BFC9C41E-7636-48FB-843C-A89D2E93F277/0/OTS_Helping_Out.pdf

34. <http://www.volunteering.org.uk/News/mediacentre/2009+Press+Releases/Interest+in+volunteering+continues+as+recession+deepens.htm>

35. <http://www.vso.org.uk/news/press-release/23786/uk-workforce-%E2%80%9Cstagnating%E2%80%9D-says-international-charity-vso>

36. <http://www.thirdsector.co.uk/Channels/Volunteering/Article/880499/Sharp-rise-volunteering-applications/> and <http://www.thirdsector.co.uk/Channels/Volunteering/Article/906458/Volunteer-centres-struggle-tidal-wave-demand/>

37. 'Helping Companies: Helping Charities', CAF (2009) <http://www.cafonline.org/Default.aspx?page=17418>

38. <http://www.cabinetoffice.gov.uk/media/197912/action%20plan%20acc.pdf>

is a huge task and so those charities not already taking volunteers are unlikely to start a volunteering programme when their staff resources have dwindled. However, websites such as www.doit.org are not only making volunteering easier, they are offering white label services that allow employers to interface with their services and eliminate the wasted effort of establishing their own volunteering supply chain³⁹.

Applying for grants

Respondents have suggested that charities should apply for more grants during the recession. However, some grantmaking trusts and foundations are experiencing a drop in their investment income and donated income and often have a diminished amount of money to make grants with. At the same time, more fundraising charities are chasing this smaller amount of grant money, because they too are experiencing a drop in income. This is not an issue that the public is believed to have a detailed knowledge of and so it would be natural for them to think that applying for grants would be a relatively simple way to raise money.

There are conflicting research findings around the experiences of grantmakers during the recession. A 2009 survey by the Association of Charitable Foundations among its grantmaking trust and foundation members has found that 51% expected their grantmaking to fall in the next year and only 10% said that they expected it to increase⁴⁰. This is evidence of the difficulties that many grantmakers find themselves in at the moment. However, a recent Charity Commission survey conducted in April 2009, does offer some hope, as overall the large grantmakers interviewed indicated that they are sustaining their grantmaking during the recession. These different findings can be considered to demonstrate just how diverse a group, in terms of their own funding and funding of other organisations, grantmaking trusts and foundations are⁴¹.

The Government has provided a lifeline in the shape of the 'Third Sector action plan: Real Help for Communities: Volunteers, Charities and Social Enterprises' which details a Targeted Support Fund of £15m of grants to help third sector organisations with revenue costs, if they have seen the demand for their services increase during the recession. Charities working in one of the 50 most deprived local authorities in England who provide advice, employment support or health and wellbeing services, and have an income of between £30k-£250k, are eligible to apply.

39. <http://www.do-it.org>

40. <http://www.acf.org.uk/news/?id=2096&eid=2096>

41. 'Firm Foundations', Charity Commission (2009), <http://www.charitycommission.gov.uk/publications/foundation.asp>

In addition, the Government launched in June 2009 the Funding Central⁴² website (run by NCVO) which is designed to allow grant seekers to easily locate grant programmes, contracts and loans that they are eligible to apply for. 3,000 charities were registered for the service after only one month⁴³, and 7,700 after three months⁴⁴.

Call for donation of goods

As with the grant issue, telling charities to call for more donated goods seems a sensible idea on paper, however, not all charities have a trading arm or re-sell donated goods to the public and so this message is not entirely relevant to all charities. Of course, some gifts in kind could be raffled or used to support a fundraising event, or sold online as a one-off.

To put the scale of donation of goods in context, buying goods from charity shops and other charitable avenues accounts for just 12% of the total amount given to charity⁴⁵. For charities that do have charity shops, it is important to look at the trends reported in the last two Charity Shop surveys. The 2008 survey covers the period before the recession and records profits up 7.4% on the previous year, which is more than double the previous year's 3.6% increase⁴⁶. Charity shops have been reporting in 2009 that they are experiencing higher customer numbers but significantly decreased donations and the Charity Shops Survey 2009⁴⁷ indicates that during the recession, profits have increased again, but by 4.1% on the previous year (a lower growth rate than before the recession). However, it is very important to understand that income was actually down 3.1% to £526.1m and that the growth was only possible because costs have decreased by 4.9%.

“Avoid duplication – of letters and work.
Only contact when necessary or donor
fatigue sets in...”

“Charities should be doing more research, to make sure they
understand how best to spend their marketing budgets”

42. <http://www.fundingcentral.org.uk>

43. <http://www.thirdsector.co.uk/Channels/Finance/Article/918127/Funding-Central-signs-3000/>

44. 'Searching for the right partner? The NCVO can help' <http://www.thirdsector.co.uk/News/DailyBulletin/940721/Searching-right-partner-NCVO-help/1DABDB6B8BB27D95FA2EBD9BB49AB448/?DCMP=EMC-DailyBulletin>

45. 'UK Giving 2009', CAF and NCVO, www.cafonline.org/ukgiving

46. 'Charity Shops Survey 2008', Plaza Publishing, <http://www.charityfinance.co.uk/home/category.php?pg=18&cat=36>

47. 'Charity Shops Survey 2009', Plaza Publishing, <http://www.charityfinance.co.uk/home/content.php?id=3148&pg=15&cat=58>

While charity shops have noted a decrease in donations, 'UK Giving 2009' reports that the total amount of money generated by buying goods from charity was static in 2006/07 and 2007/08 and 2008/09⁴⁸. Partly to combat this drop in donations, the Association of Charity Shops' campaign called 'D-Day: Donate don't dump'⁴⁹ was featured in the BBC series 'Queen of Charity Shops' featuring Mary Portas⁵⁰. The aim of the campaign was to encourage companies to host a donations drive for staff to bring in to work one good quality item they no longer want, which will be given to a charity representative. The aim is to replenish dwindling charity shop stock with higher quality stock.

The 'Queen of Charity Shops' programme set out to show that a charity shop could be transformed from the stereotypical shop containing tired cast-offs, to a trendy boutique experience where high quality items are available. It seems that Mary Portas did achieve this, as the shop is still going strong with high customer numbers and takings⁵¹ and another boutique shop in Edinburgh has just been unveiled, under Mary's name, for Save the Children and opened to a queue of 100 shoppers⁵². More are planned for 2010⁵³.

"...An explicit recognition that times are hard for donors and that therefore any charitable giving is that much more valuable..."

"They must be seen to be concentrating on the area that really matters. If this means reducing work on [the] less important, so be it"

"Some of the requests for donations I receive arrive immediately after I have made a donation. I am not prepared to give more money at that time and they upset me so I may decide not to send a donation again!"

48. 'UK Giving 2009', CAF and NCVO, www.cafonline.org/ukgiving

49. <http://www.ddaydonate.charityshops.org.uk/>

50. <http://www.bbc.co.uk/programmes/b0011tft>

51. <http://www.professionalfundraising.co.uk/home/content.php?id=1863&pg=4&cat=101>

52. http://www.civilsociety.co.uk/fundraising/news/content/5593/boutique_charity_shop_opened_by_mary_portas

53. <http://www.thirdsector.co.uk/Channels/Fundraising/Article/948632/Mary-Portas-puts-name-Save-Children-shop/>

4. Recommendations

The public have given some clear messages to charities on actions that they think could be taken to weather the recession.

Charities are busy trying to navigate their way to the calmer seas of economic stability and it is hoped that this report offers useful direction to fundraising charities on the actions that they should take. Naturally, each charity is different and it will be up to individual charities to assess which messages are most relevant or appropriate for them and which they are able to implement at this difficult time. The findings and recommendations in this report are all appropriate to be taken forward in the future and are not ideas that should be put aside when the recession ends.

Broadly, the recommendations from this report are:

1. Think about the perception that the public may have of your charity and ensure that your charity is communicating successes, activities and ways of working effectively to donors. It may be the case that their thoughts on how charities are operating during the recession and how they could alter their behaviour during a recession, have been clouded by a misperception of current work.
2. Make sure that your charity demonstrates sharpened processes to donors. In particular, be transparent – donors are keen to know that a charity can operate efficiently and would like charities to communicate this and other sharpened processes by displaying to donors and potential donors how intelligently they spend voluntary income.
3. Communicate electronically and in particular make use of social networking – there are so many ways to communicate with donors, but using electronic media offers charities a less expensive option, at a time when increasing numbers of potential donors are communicating by email and social networking. The respondents to this survey have suggested that charities should make more use of these communication avenues.
4. Find new ways to ensure that your charity has as many income streams as possible by diversifying resources. While charities understand that it is better to have several income streams rather than relying upon one, during a recession this becomes even more important. Yet sometimes tapping into a new source of income is a resource intensive process, so not all those suggested by respondents can be considered by all charities.

Charities are operating in a complex recession environment, but there are a range of innovative solutions and concepts that they can take advantage of. In this environment, it is more vital than ever that charities stay informed about expressed donor preferences and be ready to adapt to capitalise on them as quickly and efficiently as possible. The key in the recession is for charity fundraisers and marketers to continue to tap into new trends and preferences to ensure that they are in tune with shifting donor behaviours.

5. CAF resources on charitable giving in the recession

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'Charity donations fall as demand for their services grows', (September 2008), survey of 43 ACEVO members,
<http://www.cafonline.org/Default.aspx?page=16118>

'Public backs charities building up reserves to see them through difficult economic times' (October 2009), survey of 127 CAF Bank charity customers,
<http://www.cafonline.org/Default.aspx?page=18222>

'Recession is increasing demand for charity services as Government announces £40m package for the sector' (February 2009), survey of 322 CAF Bank charity customers,
<http://www.cafonline.org/Default.aspx?page=17055>

'Recession prompts charities to shake up their finances and move their business from high street banks', (June 2009), survey of 280 CAF Bank charity customers,
<http://www.cafonline.org/Default.aspx?page=17707>

'The CAF Disaster Monitor' (November 2009), survey of 999 individuals with a comparison to two previous survey years,
<http://www.cafonline.org/disastermonitor>

'The State of Donation: Household Gifts to Charity 1974 to 1996' (1997), Institute for Fiscal Studies,
<http://www.cafonline.org/default.aspx?page=16778>

'UK Giving 2009' (2009), CAF and NCVO, survey of 3,000 individuals with a comparison to previous years,
<http://www.cafonline.org/ukgiving>

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