



# Coronavirus **IMPACT** on Fundraising

Report on Fundraising Income  
March to June 2020

10 August 2020

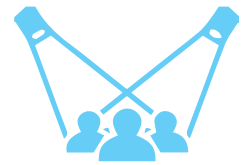


## KEY OBSERVATIONS

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### The sky did not fall in...yet...unless you rely on events!

1. Which ever way we measure it, non-bequest fundraising income was marginally higher comparing the 4 months March to June 2020 to the same period in 2019.
2. More organisations increased their non-bequest income than saw a decline (based on 20 organisations who supplied data for each of the 4 months).
3. Events were decimated with an overall decline of 72% and a median decline of 51%, amounting to a \$23m loss of revenue. Participation numbers halved though income per fundraiser actually increased. Smaller organisations, highly reliant on events were hardest hit.
4. Direct marketing held steady with the total income up 11% and a median increase of 4%. Results were bolstered by some late bushfire donations and high performance from one or two charities.
5. Regular giving acquisition volumes have dropped significantly and though digital acquisition has proven successful, it has not replaced the high volume of lost face to face acquisition. Retention has worsened slightly in June and reactivation, for the small number reporting data, was also worse, as was phone conversion. Although reported numbers were small, upgrade campaigns appeared to be faring well.
6. Appeal response rates improved in June but average gifts were more likely to be lower than last year for the majority of charities. Acquisition volumes were far lower than last year though response rates for those that reported data were actually a little higher than last year.
7. Corporate partnership income was strong with a total increase over the 4 months of 51% and a median of 33%, though this was driven by a few organisations with exceptional results. Removing the top 2 organisations still left growth of 17%.
8. Major donor income was up by 10% though the median change was a 2% decline. The pattern suggests some donors may have brought forward donations from June into May. More organisations saw major gift income increase than saw it decline.
9. Trust and Foundation income was highly influenced by a small number of high performing organisations. However, even when they are removed total income was up for each month except May.
10. Gifts in Wills income was down 5% and the median decline was 23%. However, most charities reported a significant increase in estates inquiries and an increase in notifications. There are also some indications that more people are including a charity in their Will.



## EVENTS

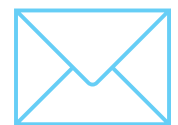
## WHAT NEXT

### NEXT 6 MONTHS

- Physical events likely non-existent until Q2 of FY2020 - 21
- Frenzy of delayed activities
- Intense competition
- Reluctant asking for P2P
- Reduced corporate sponsorship engagement
- Budget conservatively
- Carry on asking
- Invest in digital testing

### NEXT 6-18 MONTHS

- Increased desire to connect socially
- Increase in virtual / physical and experience-based events
- Timing confusion. Volunteer capacity. Reluctant asking
- Decline of low-profit activities of merchandise/ balls/ uncertain workplace participation etc.
- Prepare organisation for reduced fundraising profit
- Execute excellent supporter experiences
- Ensure capacity and capability in high value relationship management
- Create a plan B for every event



## DIRECT

## WHAT NEXT

### NEXT 6 MONTHS

- Increased experimentation in digital acquisition
- Potential consolidation of giving
- Continued shift to online, increase in contactless
- Quality focussed F2F
- Supporter experience focussed
- Commit to donor relationship management

### NEXT 6-18 MONTHS

- Reduced acquisition success outside of pandemic related areas
- Re-imagined F2F
- Core focus on retention and extension
- Continued digital experimentation
- Accelerated attrition and slow RG commitment



## PARTNERSHIPS

### WHAT NEXT

#### 6 MONTHS

- Strengthen existing partnerships
- Focus on in kind and non-cash value
- Provide content and quality staff/ customer engagement
- Capitalise on skills and unused resources (eg Lifeline Ads)
- Strong competition for corporate partners

#### NEXT 6-18 MONTHS

- Continued consolidation and expectations of broader value
- Social purpose credentials importance (authentic and sustained > opportunistic and cynical)
- Pure sponsorship (for events) will struggle
- Corporates want fewer partners, deeper impact



## MAJOR GIFTS

### WHAT NEXT

#### NEXT 6 MONTHS

- Economic conditions and financial asset values will affect some major donors' confidence and sentiment for giving
- Prepare to demonstrate needs and urgency based on your case for support. Report activity, outcomes and personal stories, whether or not a response to COVID-19 crisis
- Plan for the contingency of 2nd or 3rd wave lockdowns which prevent face to face donor meetings

#### NEXT 6-18 MONTHS

- Investment earnings will affect major donors' financial capacity, at least for those giving mainly from that source
- Fundamental principles of major gifts fundraising remain unchanged, while some practices evolve
- Pay attention to which major donors' giving ability is reduced, or not, by investment or business impacts



## WHAT NEXT

| NEXT 6 MONTHS  | NEXT 6-18 MONTHS  |
|--|---|
| <ul style="list-style-type: none"> <li>• Grant applications are being assessed as they arrive. As such, some rounds are closing early! Get in early!</li> <li>• Immediate decline in gambling related funds</li> <li>• Review projects and pipeline as your organisation changes</li> <li>• Communicate organisational plans and changes to funders</li> </ul> | <ul style="list-style-type: none"> <li>• Potentially tighter future guidelines. Project match precisely!</li> <li>• Investment earnings will decline = less funds to distribute</li> <li>• Expectations of collaboration</li> <li>• Demonstrate need and outcomes</li> <li>• Competition will be high. Plan and be strategic</li> <li>• Don't budget for an increase in grant funds!</li> </ul> |



## WHAT NEXT

### GIFTS IN WILLS

| NEXT 6 MONTHS  | NEXT 6-18 MONTHS   |
|--|--|
| <ul style="list-style-type: none"> <li>• Increased will making</li> <li>• Delayed processing</li> <li>• Delayed asset realisation</li> <li>• Lower asset values</li> <li>• Reduced death rates?</li> </ul> | <ul style="list-style-type: none"> <li>• Doubling of revenue by 2045</li> <li>• Possible short-term increase in deaths, due to delays in diagnosis/ treatment for other diseases</li> <li>• Demographic drivers</li> <li>• Increased penetration</li> <li>• Managing contestations</li> <li>• Continued nudging</li> <li>• Increased interest from younger supporters</li> </ul> |

## APPLYING THE STUDY INSIGHTS

Please see **About the Study** at the end of this report for important context explanations and some caveats.

We caution about using the trend statistics in this Study for the March-June 2020 period as valid projections for year on year future change. There is great uncertainty about the effects of the COVID-19 crises for the next 6-12 months, and longer.

The statistics in the Study will be mainly useful for comparing your organisation's performance in same period. This will give context for whether your year on year changes are significantly different to those found in the Study.

Consider whether you need a Plan B for the next 6-18 months. Don't extrapolate from this study, or allow over-optimism, to ignore the potential risks of a new, large financial/sentiment shock from a large second wave, and/or no success /qualified success on COVID-19 vaccine.

Finally, we remind all decision-makers that investment in active, effective fundraising will usually have good returns in the medium and long term. The commentary on the different fundraising programs touches on what "active and effective" will mean in the coming period. Our purpose in this Study is to encourage informed planning.

## Income Performance March to June 2020

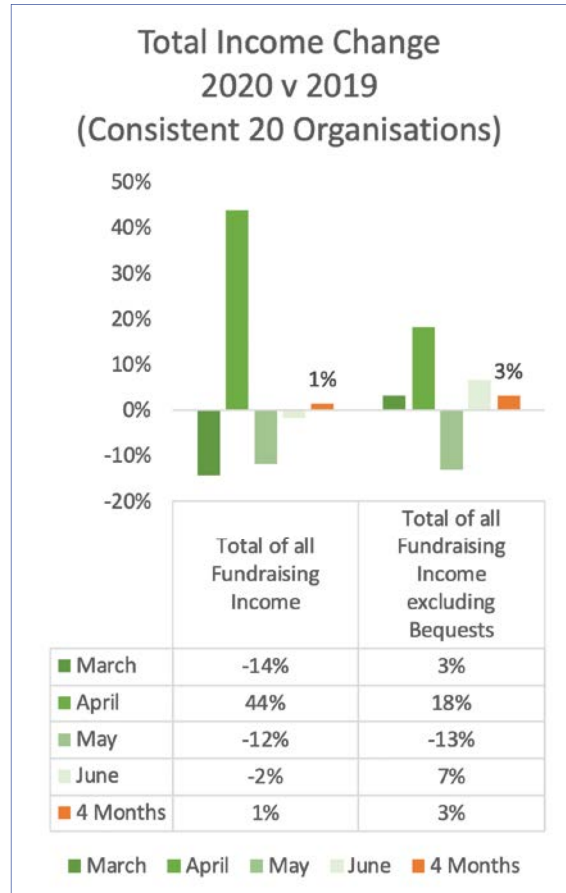
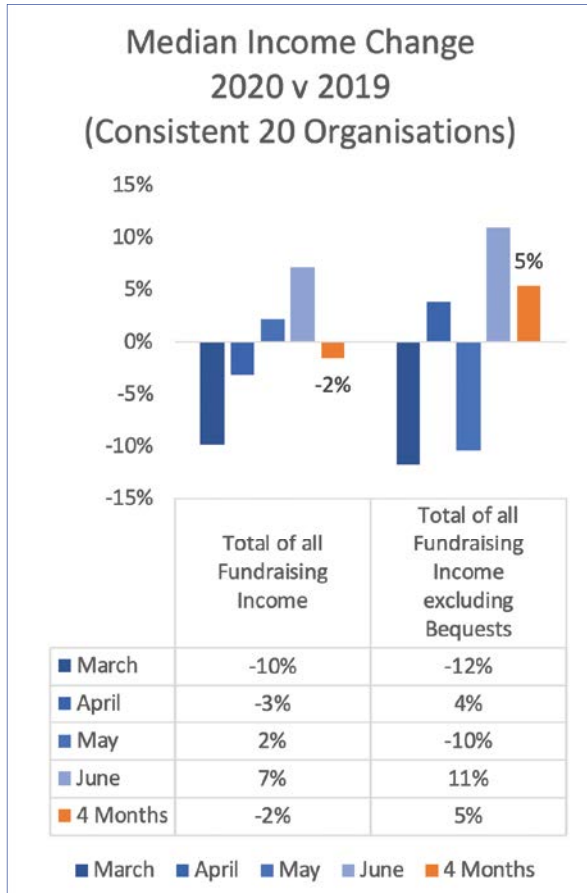
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20 Organisations provided data for each of the past 4 months with a total raised over the period of \$213m. Looking at their overall changes in revenue comparing March-June 2020 to March-June 2019 we see that:

- Total income was up 1.5% over the 4 months
- Once bequest income is removed (as it is often volatile) the total non bequest income was up 3.1%

As the total income can be unduly influenced by a single organisation it can be better to look at the median change in income, which for these 20 organisations showed that

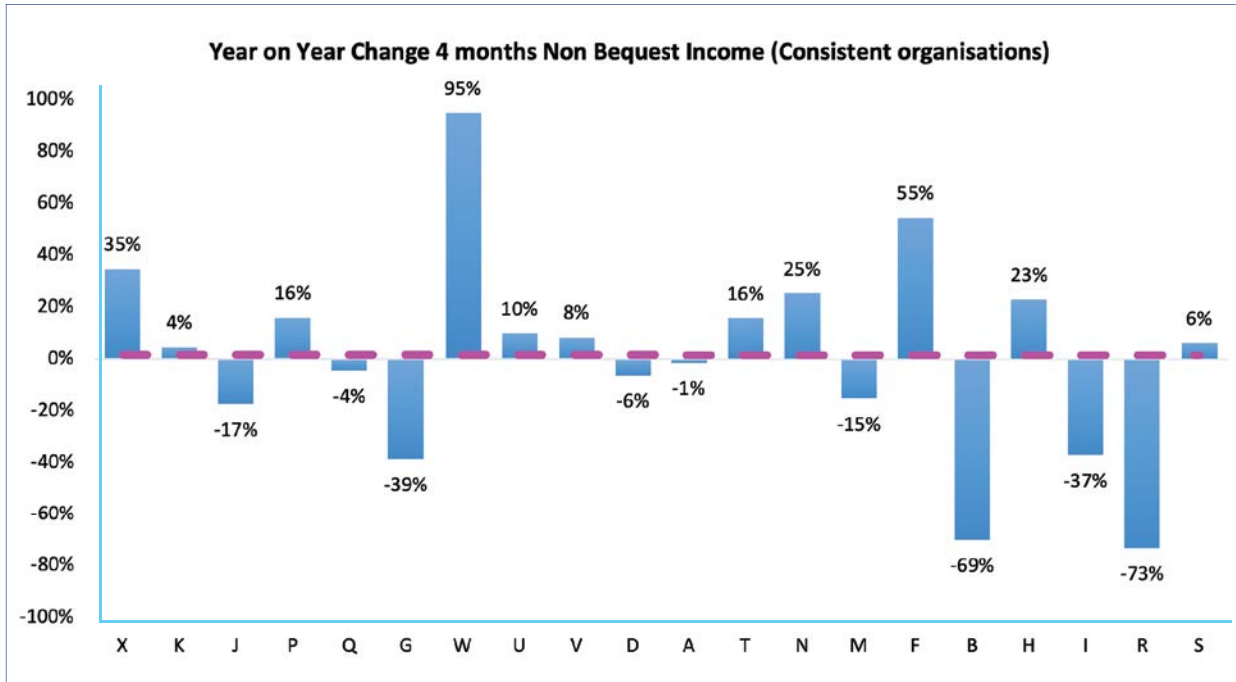
- Fundraising income was down 1.5%
- Non bequest fundraising income was however up by 5.4%.



These 20 organisations experienced mixed fortunes over the 4 month period as illustrated below for non bequest income change over the 4 months:

Performance varied from impressive year on year increases of 95% increase down to declines of 73%. The organisations with the greatest decline were more reliant on large events that were scheduled for the period. Charity W experienced strong growth largely in its direct marketing program (as a result of bushfire donations). Charity X performed well in several areas but most notably in securing relevant corporate partnerships and more than doubling their revenue. These two had the largest increases by absolute value.

In charts which show all organisations' data individually, the pink dashed line shows the mean Y/Y change for all data combined (see Total Market explanation in **About the Study**).



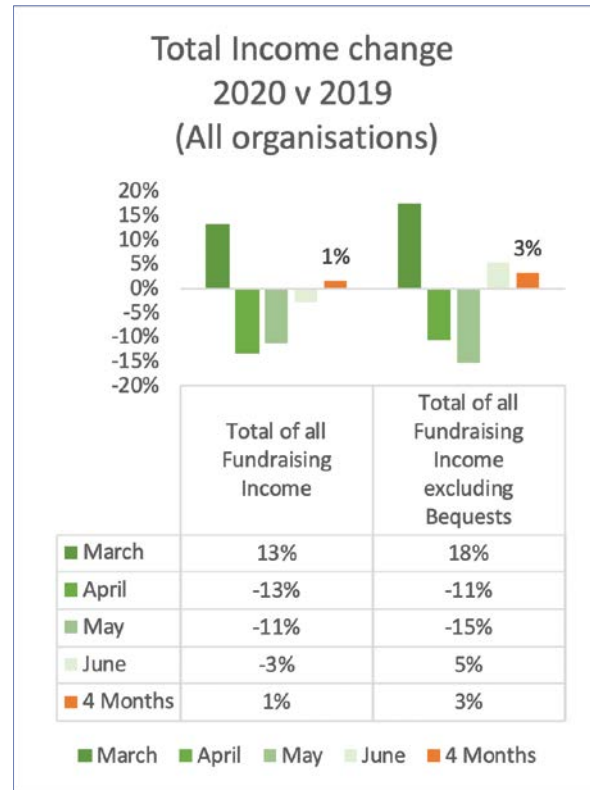
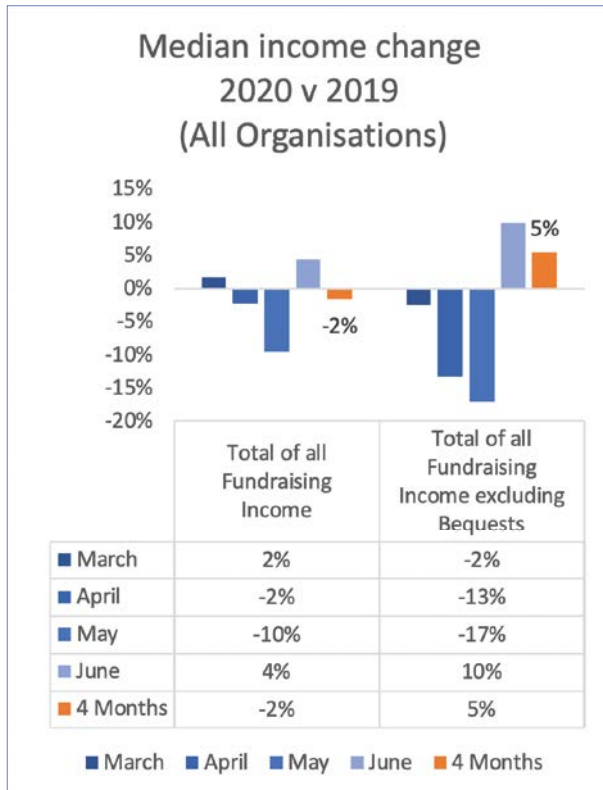
For these 20 consistently reporting charities, 9 (45%) experienced declines in revenue and 11 (55%) increased their non bequest fundraising income.

Overall the group of 20 raised \$3m more than last year, \$5.3m if we exclude bequest income which actually dropped by \$2.2m.

Looking at the wider data set of all organisations that submitted data in any one month, compared to the same period we see a similar pattern:

The 4 month summary statistics remains the same but the patterns of change by month vary with the larger data set showing a strong increase in March in total income (boosted by a few large corporate donations) with a decline in April, a similar decline in May and a recovery in June.

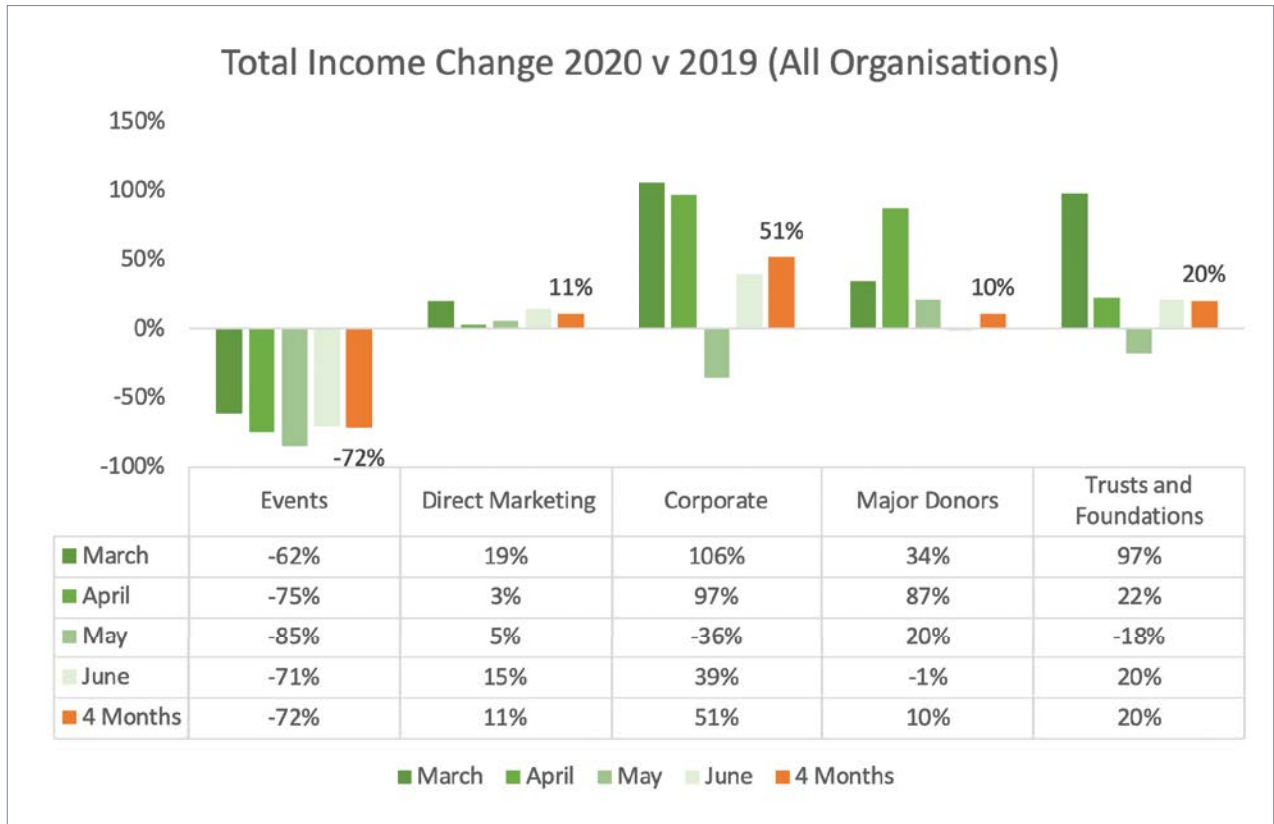




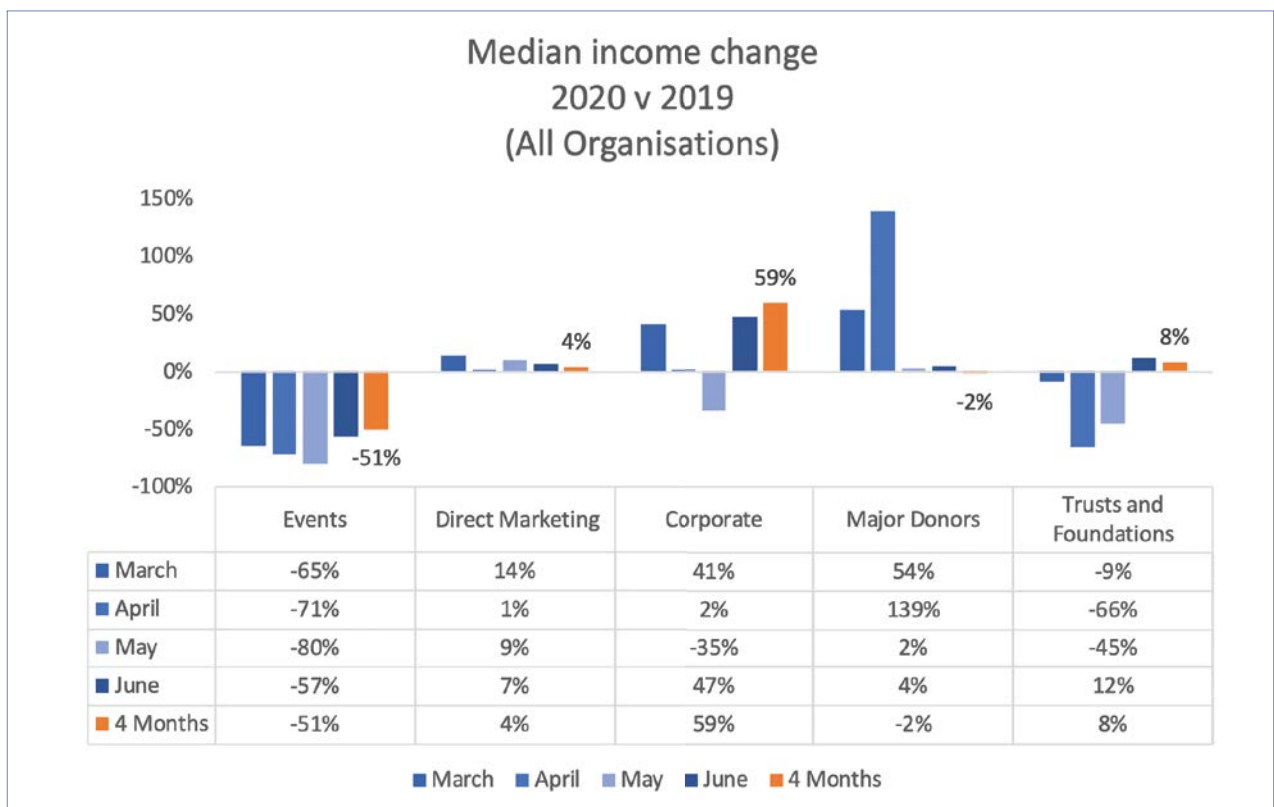
## Income by Fundraising Program

There were significant variances in performance by fundraising program over the period. Looking at the total income for all charities that submitted data in any month, we see

- ✓ A consistent decline in events income with a very mild recovery to just a 72% decline in June!
- ✓ Consistent growth in direct marketing with strong performance in June
- ✓ Strong corporate support (for a small number of organisations) but with a dip in May
- ✓ Strong Major Donor giving but a very slight dip in June (usually a strong major gift month)
- ✓ Strong Trust performance with a dip in May
- ✓ Over the 4 month period everything except events was better than last year!



As the total income can be boosted by performance of a few successful, larger organisations the median change in income can be a more useful indicator of individual charity performance.



In this case the story is very similar though the direct marketing performance is not quite as strong and the major donor income more erratic (as can be the case with relatively small numbers). Four organisations accounted for nearly all the growth in Major donors.

**For the 20 organisations that supplied data for each of the 4 months:**

- Event income was down by 72% (\$15.3m)
- Direct marketing was up 10% (\$9.8m)
- Corporate partnerships was up 51% (\$5.8m)
- Major Donor income was up 10% (\$2.4m)
- Trusts were up 19% (\$3.3m)
- Bequests were down 5% (\$2.2m)

**However, as mentioned charity X and W boosted these numbers in several programs; removing these two high performing organisations changes the numbers somewhat**

- Events are still down over 70%
- Direct marketing growth is still favourable at 2%
- Corporate partnerships remain strong but at 17%
- Major donor income declined by 0.5%
- Trust growth is a little slower at 10%
- Bequest decline is a little less at 3%.

## **Cause Relevance of COVID-19 and Fundraising Results**

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- In the final analysis for June, the cause relevance data has been simplified to the single question **“In the past month have you conducted fundraising activity specifically for the impact of COVID-19?”**
  - “yes” or “partly” was categorised as “Positive COVID Relevance”
  - “No” was categorised as “Neutral COVID Relevance”. Examples include many environmental organisations, and health or disability services with no or only incidental relevance to people with COVID-19

- This question has one important limitation: it only covers specific fundraising activity in the month. The question may thus miss effects which occur simply because donors know the cause relevance of COVID-19, even if fundraising solicitations were not “specifically for” COVID-19 response.
  - However because the final month was June (with active fundraising immediately before financial year end) we believe that most organisations with positive COVID-19 relevance had some COVID-19 messages in their fundraising.
- We examined differences in the total growth of non-bequest Y/Y income for 2020 compared to 2019. This analysis was only completed for absolute value of income. It was assumed that bequest income (i.e. from deceased estates) could not be affected by COVID-19 fundraising.

### Y/Y Change in Non-Bequest Fundraising Income – By Cause Relevance

|                           | Positive COVID Relevance (n=12) | Neutral COVID Relevance (n=8) |
|---------------------------|---------------------------------|-------------------------------|
| Fundraising 2019 Mar-June | \$121,114,776                   | \$48,102,023                  |
| Fundraising 2020 Mar-June | \$125,584,488                   | \$48,967,827                  |
| Value Change              | \$4,469,713                     | \$865,804                     |
| <b>% Change</b>           | <b>4%</b>                       | <b>2%</b>                     |

- The organisations with positive cause relevance, expressed through specific fundraising activity, experienced a larger Y/Y increase in non-bequest fundraising income for March-June, compared to organisations with neutral relevance. In percentage terms, the difference was modest.
- However we further analysed the results by removing the organisations X and W, each of which had the largest Y/Y increase in the Positive COVID Relevance and Neutral COVID Relevance groups. See references on p7 and in the discussion by Fundraising Program for some references to these organisations’ success.

**Y/Y Change in Non-Bequest Fundraising Income – By Cause Relevance**  
**Largest increase by value from Yes/Partly and No each removed**

|                           | <b>Positive COVID Relevance (n=11)</b> | <b>Neutral COVID Relevance (n=7)</b> |
|---------------------------|--|--------------------------------------|
| Fundraising 2019 Mar-June | \$89,405,260                           | \$41,333,785                         |
| Fundraising 2020 Mar-June | \$82,844,048                           | \$35,771,252                         |
| Value Change              | -\$6,561,212                           | -\$5,562,533                         |
| % Change                  | -7%                                    | -13%                                 |

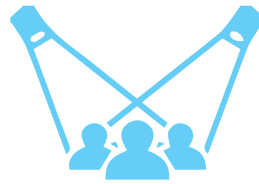
- With these two top performing organisations disregarded, **organisations with positive cause relevance, expressed through specific fundraising activity, experienced a smaller Y/Y decrease in non-bequest fundraising income** for March-June, compared to organisations with neutral relevance.
  - However these changes cannot be interpreted as causally linked to **COVID relevance** only. There are other factors; for example two organisations with neutral relevance suffered large income losses from events, which were mainly a consequence of COVID-19 public health restrictions, rather than lack of COVID cause relevance.
- This analysis suggests that a prudent guide for organisations with neutral COVID cause relevance, is that they will be likely, at least during the next year, to experience lower fundraising income growth than organisations with positive COVID cause relevance, **all other things being equal.**

## EVENTS

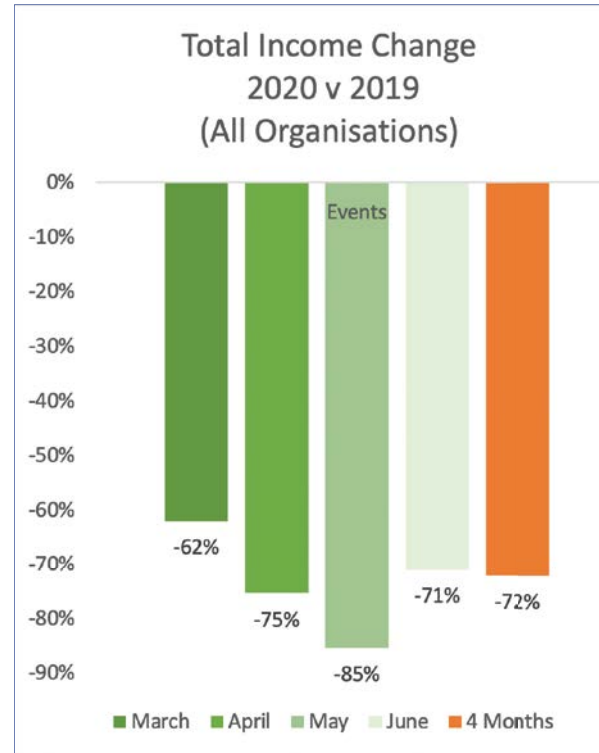
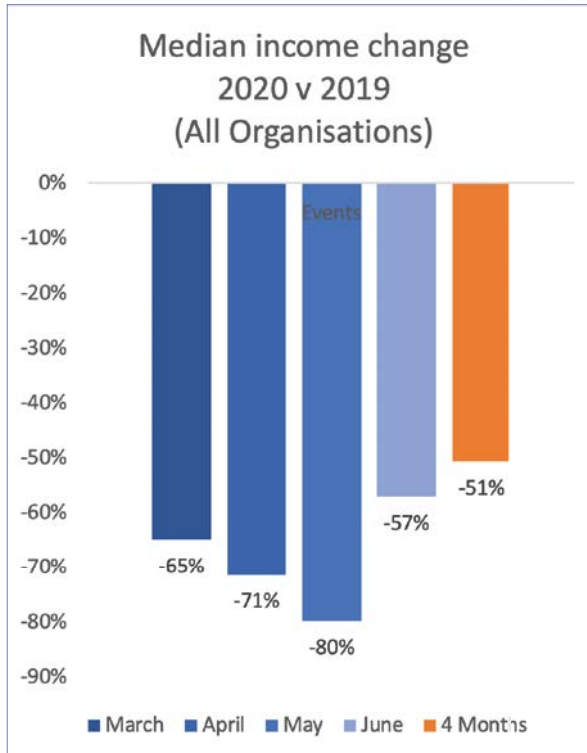
Marcus Blease, Donor Republic

### FINANCIAL TRENDS

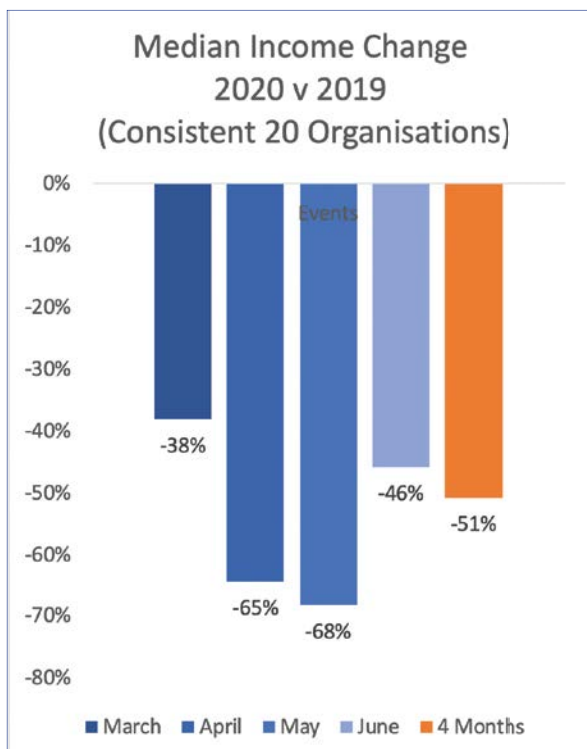
- The events sector has been the one very consistent area of giving that has been hardest hit by the pandemic – it's been negative for each of the 4 months.
  - Of the 20 organisations that have supplied benchmark data across each of the 4 months, the total revenue decline Y/Y is 72% and the median decline Y/Y is 51%.
  - Across that period there has been not one organisation that has experienced a positive revenue growth. Yes, that's correct, all 20 are between 0% variance and at worst 95% decline, likely due to cancelled events.
- A large number of participants in this benchmarking Study run events that were cancelled or difficult to migrate to a virtual environment, which has significantly affected revenues and participation numbers. Donor Republic is however aware that the data from this Study is not reflective of all events occurring across the sector.
  - Events that were physical challenge-related and already virtual have mostly seen positive growth.
  - Events that were physical challenge-related and migrated to a virtual environment have seen mixed results with some growth, some holding the line and some with declines.
  - Events that fell into another activity (non-physical challenge-related) have mostly experienced declines, some especially large where the activity centred around gatherings in workplaces.
- There is hope, as newly created virtual physical challenge events continue to perform reasonably well for charities that have launched them and executed them well.
- When reviewing every charity that entered the benchmarking Study, the total revenue lost Y/Y to this group across the 4 month period is a staggering \$23,047,352. Across the 4 months in 2019 this was a total of \$59,534,200. This had reduced to \$36,486,848 in 2020.



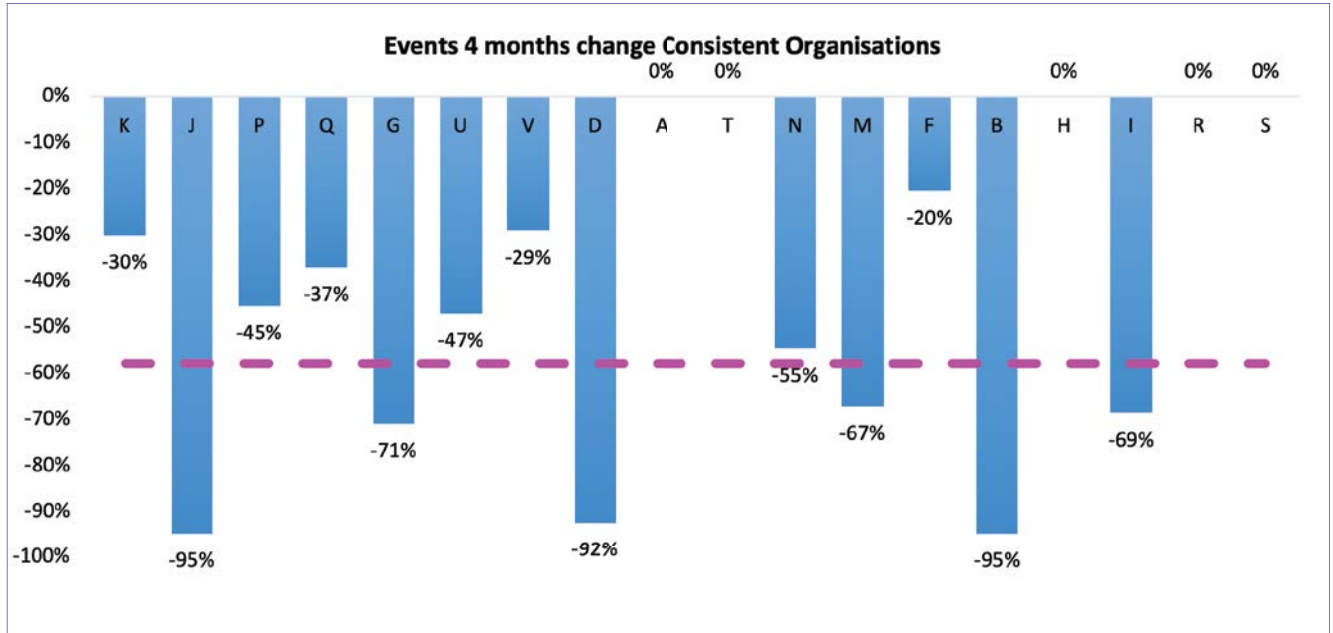
**EVENTS**



All organisational data sets



### Performance by Organisation (4 months)



### INDICATORS

- Mirroring the decline in revenue, was a Y/Y decline in participation numbers. In 2020 (counting any of the participating charities for any month) a total of 54,506 participants were registered. Over the same 4 month period the year prior this number was 112,549 in 2019. This was a 52% decline and loss of 58,043 participants.
- For those participants that did persevere, average fundraising increased slightly Y/Y in 2020 raising \$628 vs. \$529 over the same 4-month period in 2019.



## RECOMMENDED ACTIONS

- Plan on larger physically based events not proceeding until at least 2021 and explore how may they migrate to a virtual setting.
- If your current event isn't possible to replicate virtually, explore if a new event can be created that your supporters might like to register and participate in.
- Even if your physically based event is in early 2021, consider that marketing may not be as successful in the current conditions where many are not willing to commit to activities that gather people, given changing circumstances. This particularly so if there is a registration fee.
- For events that are already virtual (or a new virtual event), invest to create a great experience, utilising peer to peer best practice. Current experience shows that returns are generally performing well, with reasonable returns on investment.
- If your physically based event is later in 2021, continue with plans but have a plan B due to potentially rapidly changing circumstances as experienced recently in Victoria.
- Some success has been experienced by charities whose physical gathering events have been migrated to a virtual experience. However an alternative is a staggered event, getting together such as a common road to cycle down or walking past the charity building to pick up medals etc. at staggered times. This allows adequate distancing of participants. This has proven popular particularly in states with low transmission of Covid 19 such as WA, SA, QLD.

# DIRECT MARKETING

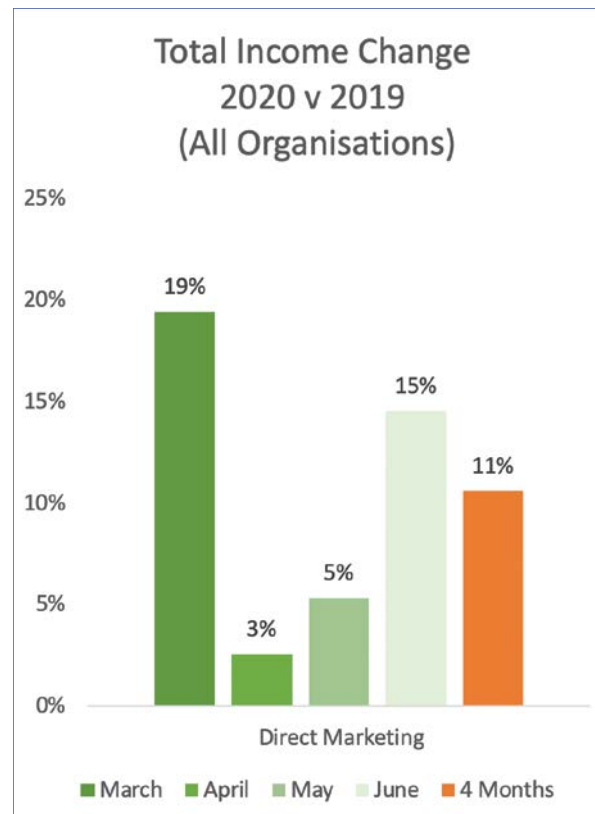
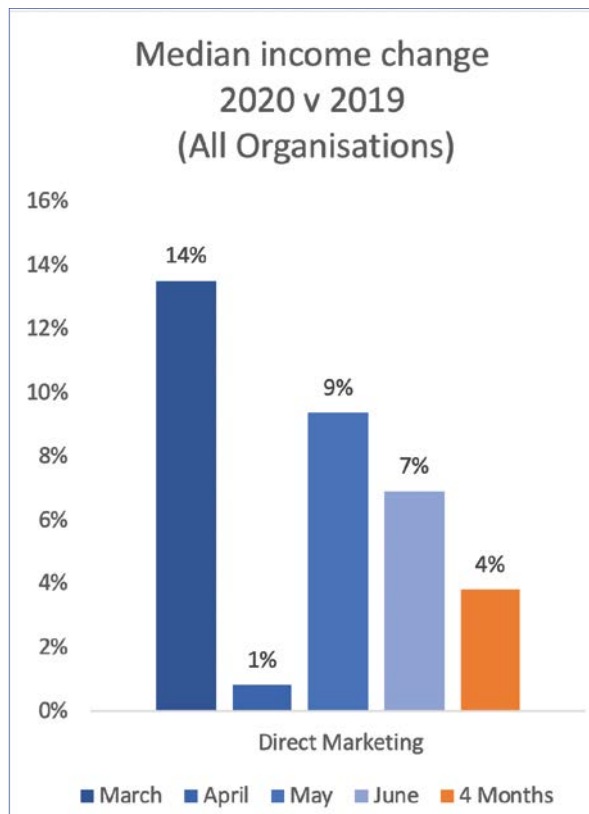
Kerren Morris, IVE

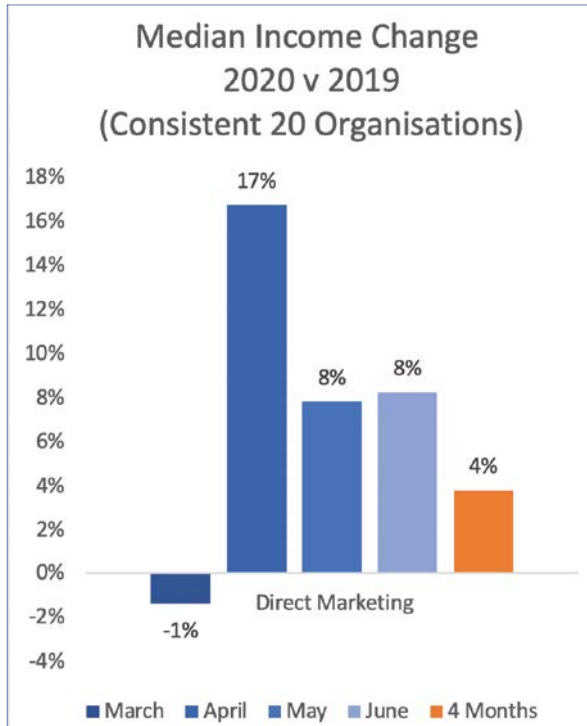
## FINANCIAL TRENDS

### Income overall

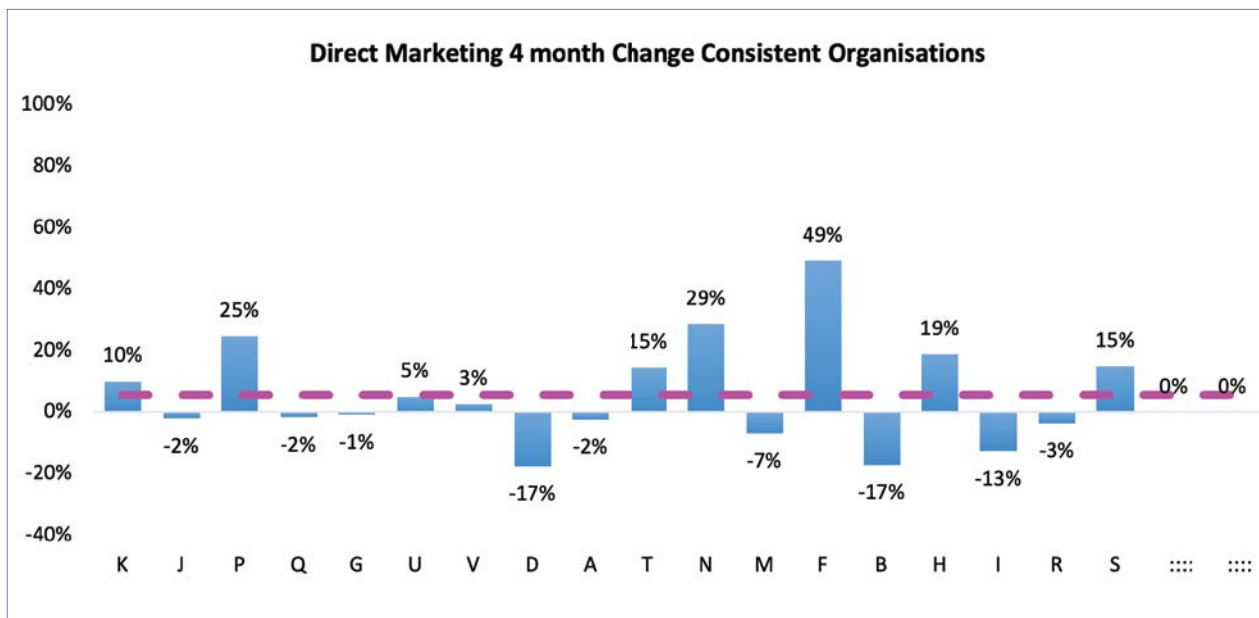
Income for direct marketing in the 4 months to June was strong – **ahead of the same period in 2019 with a total Y/Y revenue increase for the period of 11%.**

- (For consistent organisations) the 4 month change vs previous year was positive for half the participants and negative for the other half, though 4 of those with negative revenue comparisons were very minor negatives of just -1% to -2%
- For the month of June, 70% of charities reported an increase vs June 2019.





## Performance by Organisation (4 months)



## Regular Giving

- Regular giving overall has been hard hit during the period with overall acquisition volumes Y/Y for the month of June down by 38%. Only two charities reported increases in acquisition volume.
- The decrease in acquisition volumes in June was driven primarily by Face to Face with a 76% reduction.
  - However it was great to see Digital regular giving acquisition lifting significantly vs prior year by 76%, even though the overall volumes were relatively small at 35% of the volume of Face to Face.
  - Telemarketing RG recruitment volume was down by 7%.
  - DRTV RG recruitment volumes were stable overall but with mixed results at the individual charity level. One of two large DRTV recruiters saw an 11% decrease while the other saw a 29% increase.
- Reactivation rates in June were down Y/Y, with 70% of charities reporting decreases. It was noted that many charities with reactivation rates for June 2019 didn't provide reactivation rates for 2020, indicating activity had been pulled back for these organisations
- Of the four charities with Telemarketing RG conversion only one reported an increase in results vs the previous year.
- Telemarketing upgrade rates were up by 26% Y/Y with a median of 0.15% vs 0.12% the previous June, continuing the trend seen over the previous three months.
- While Regular Giving donor retention was holding up over the previous months, this has started to slip in June. There are as many charities with an increase in attrition greater than 12 months as there are with a decrease. This applies equally to Cancellations and Decline rate. These terms are defined in this Study as:
  - **Attrition:** Measured for donors with 12+ months tenure. Attrition is all cancels since previous month, expressed as a percentage of the previous month's active regular giving base.
  - **Cancellation:** Regular Gift cancelled by donor
  - **Declines:** Regular Giving debit attempted but unsuccessful due to a range of reasons that may include insufficient funds.

## Cash Appeals

- **Warm appeal** response rates in June for the Tax appeals were up by 15% Y/Y. Only 33% of charities reported a decline and the decline for two major charities was significant at 60% and 72%
- Average gift values had a downturn in June Y/Y with 66% of charities reporting a decline, and the median change in average gift being -0.25%. This could be due to supporters selecting a lower value gift option or charities having lower ask strategies.

- For the few charities that reported on **acquisition** response rates, all were positive results for Y/Y comparison. However in volume terms (new cash donors acquired) the volumes were half the previous year. This indicates that while response rates were strong, mail volumes had been heavily reduced.
  - Only three organisations reported cash acquisition via telemarketing in June 2019. With only one of these reporting a result in 2020 and that was a 25% decline in volumes.
  - Single giver acquisition via 'Other' channels was significantly up 2019, a huge 43%. These volumes and increases were significant – a total of 14,052 in June 2020 vs 9825 in June 2019.

## INDICATORS

- As above, warm and cold activity in single giving is up vs previous years, and regular giving is up in digital channels. Therefore our conclusion is that the reduction in Regular Giving recruitment volumes is driven primarily by the cessation of the Face to Face channel and not necessarily due to a reduced potential to give of the "donor market". This suggests there is potential in the market that is not being tapped by non F2F channels.
- Cold appeals, for the few who ran them, compared favourably to the previous year in response rate terms. However the reduced volumes of recruits Y/Y suggest a significantly reduced mail volume and potentially better targeting.

## RECOMMENDED ACTIONS

- Continue with your warm appeals program and if budget is tight reduce volumes by tightening the targeting strategy.
- Maintain your single giving ask strategy – we don't have evidence to suggest a lower ask strategy will improve response rates but it is worth testing.
- Where acquisition budgets allow, invest in digital and TM regular giver acquisition and test RG acquisition via direct mail. The latter donors have the highest retention rate and this is an under-used channel for RG.
- Focus on building your digital fundraising program, while accepting that volumes and ROI will be low and build slowly – but that there's never been a better time to invest in this channel and start the process of continuous optimisation and building your digital footprint.
- With active donors maintaining their support for your organisation, and regular giving upgrade programs performing well, we're reminded again of the value of the existing supporter base. Nurture, engage and thank your supporters for staying the distance with you and inform them of the impact their support has had.

## CORPORATE PARTNERSHIPS

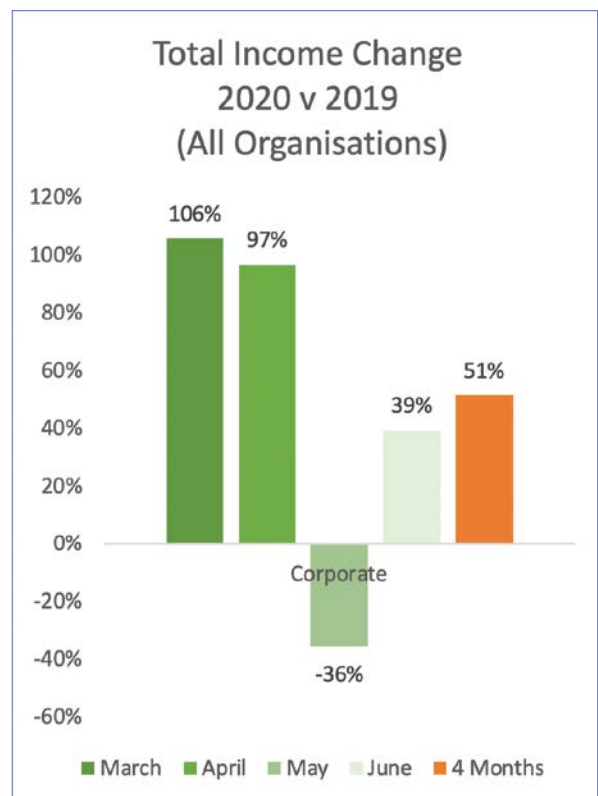
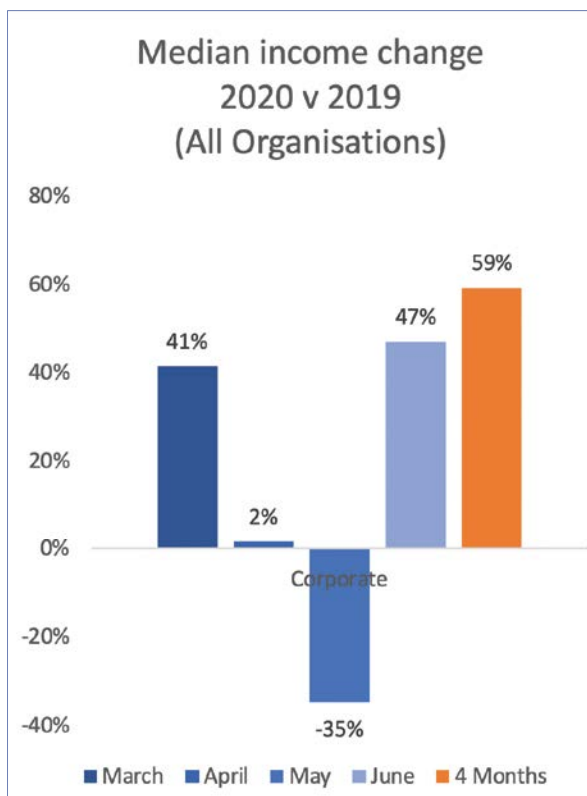
Linda Garnett, Stellar Partnerships

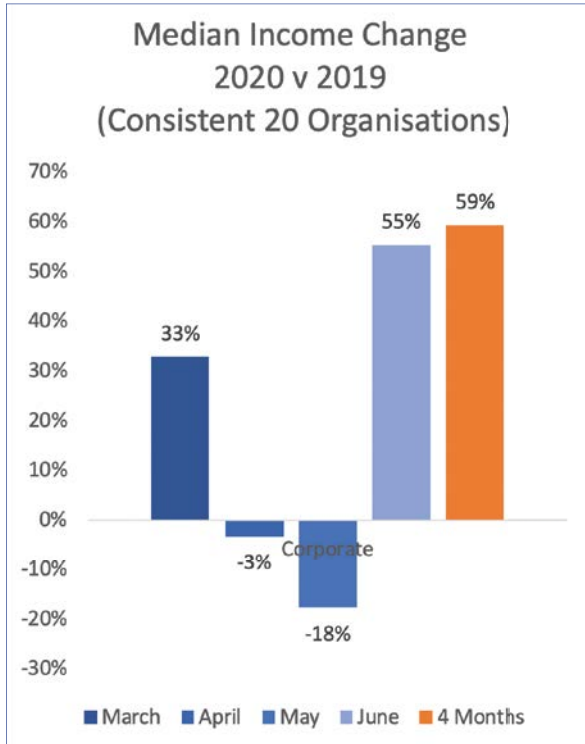
### FINANCIAL TRENDS

- Whilst monthly income for corporate partnerships is volatile over the last four months, the Y/Y income comparison shows an overall increase in income for **65%** of participants.
- Overall, the 20 organisations consistently reporting partnership income demonstrated a median **increase of 51%** (or \$5.8m) during the 4-month period.
- Charities X, Q and W were the high-performance outliers, indicating at least a doubling of their corporate partnership income in the last 4 months. The increase for these three equates to almost the whole net increase for the 20 consistently reporting organisations.
- When the two largest performers were removed from the data, partnership income among remaining organisations still performed strongly, showing a median **increase of 17%**.
- Over the 4 months of the survey corporate partnership performance has been uneven, with large increases in March followed by declines in May and a rebound in June. Corporate partners responded early, especially to COVID related needs and made significant commitments to their chosen partners.

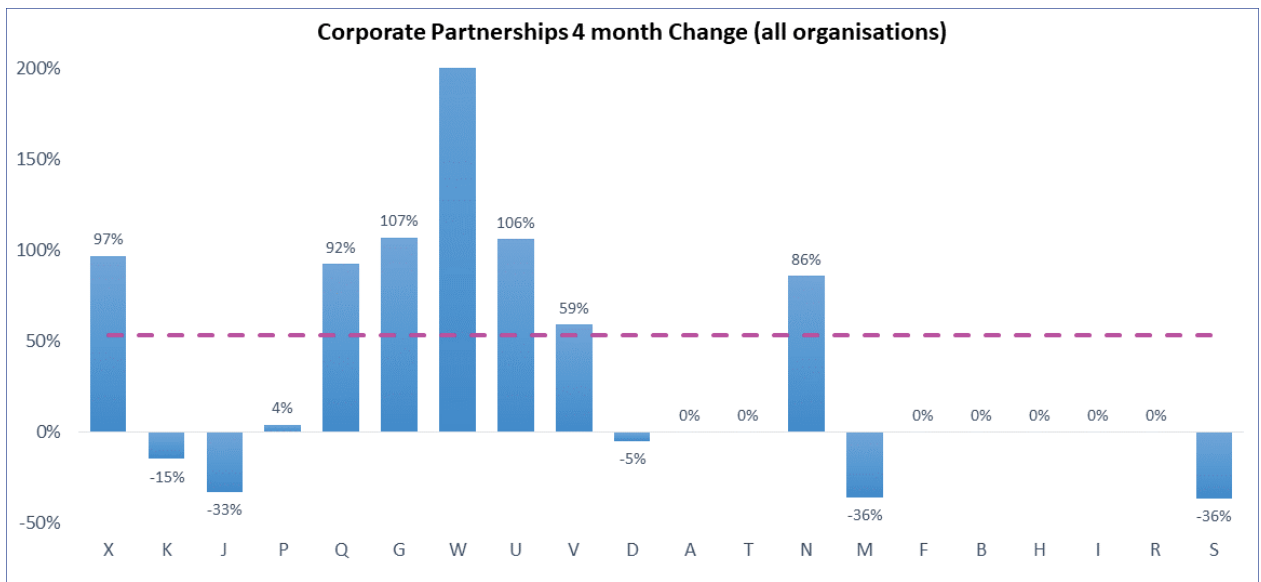


### PARTNERSHIPS





## Performance by Organisation (4 months)



## INDICATORS

- Corporate partnerships continue to perform strongly, especially where relationships are strategically aligned and nurtured over time.
- Charities responding to COVID related needs have attracted significant additional corporate support, but even unrelated charities have reported additional partnerships income. The consistent factor is mature and professional relationships with their corporate partners.
- Charities whose operations have been suspended or impacted by COVID restrictions have not lost partners, but their partnership income contributions are on hold until a restart is possible. This may be seen in a rebound in partnership income in Q3 and Q4 of the calendar year.
- Charities who relied on corporate participants and sponsorships for face to face fundraising events e.g. gala balls, cycle rides, fun runs etc have suffered significant declines. Some have been able to adapt to online delivery or alternative events to recoup some income, but still report substantially lower than expected income.
- The forward pipeline of corporate income still looks strong but will be tested with an uneven business recovery in the coming year.
- Workplace giving was not reported as a separate item in this survey but expect to see this under pressure as people leave the workforce or change employers.

## RECOMMENDED ACTIONS

- Nurture and grow existing corporate partnerships. Well established, strategically integrated partnerships will weather the storm and provide a stable base for future growth.
- Develop the non-cash value of corporate partnerships. Businesses may have less cash available in the near term, but relationships can be deepened through in-kind goods, services and resources.
- Don't stop working on new partnership opportunities. Corporate partnerships can take 6-18months to develop, so don't compromise your future pipeline by freezing activity now. Corporates are open to respectful and thoughtful partnership discussions and want to be seen to support the community in difficult times. Several significant partnerships have been announced in the last 2 months, not specifically COVID related. Keep prospecting, but just be smarter and more targeted.
- More competition and shrinking corporate budgets require a more strategic approach to corporate partnerships. Traditional corporate philanthropy and sponsorship has been declining for years. Charities need to shift immediately from a transactional exchange of value model to a strategically aligned approach that creates meaningful value and social impact.
- Provide quality content and engagement for corporate partners. That might include expertise, research, materials or support in your specialist area. Digital content, especially video or images are in high demand. Help your corporate partner make authentic connections to their staff, customers and supplier audiences.
- Use your quality content to preserve and transition workplace giving supporters.



## MAJOR DONORS

## Roewen Wishart Xponential

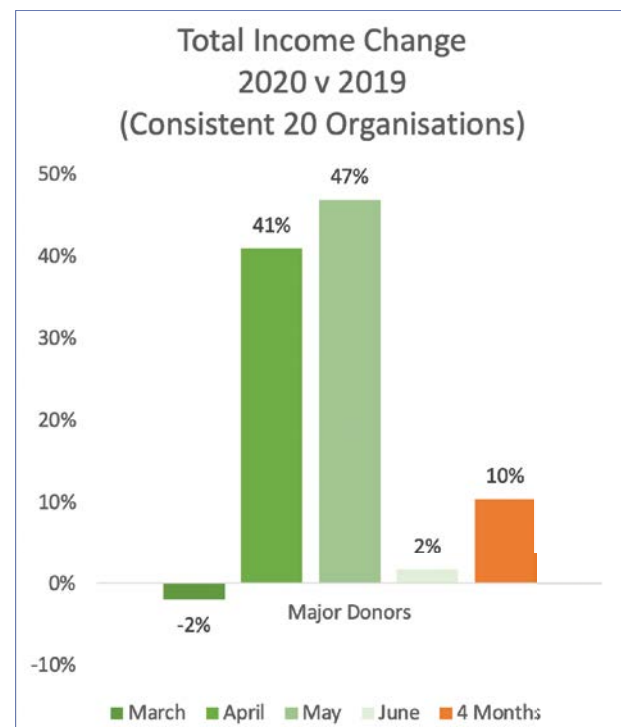
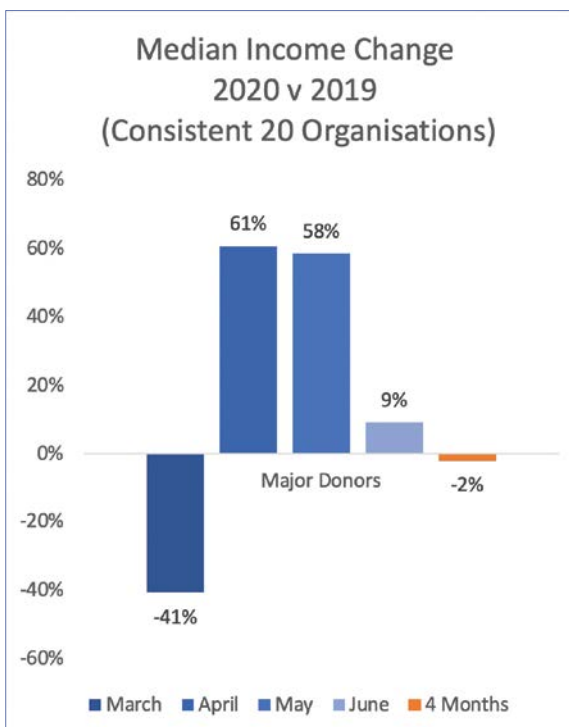
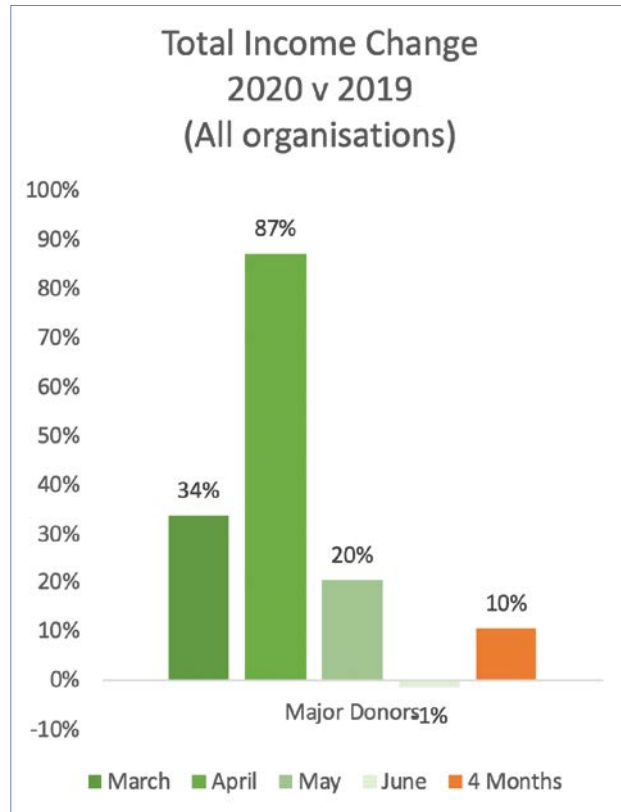
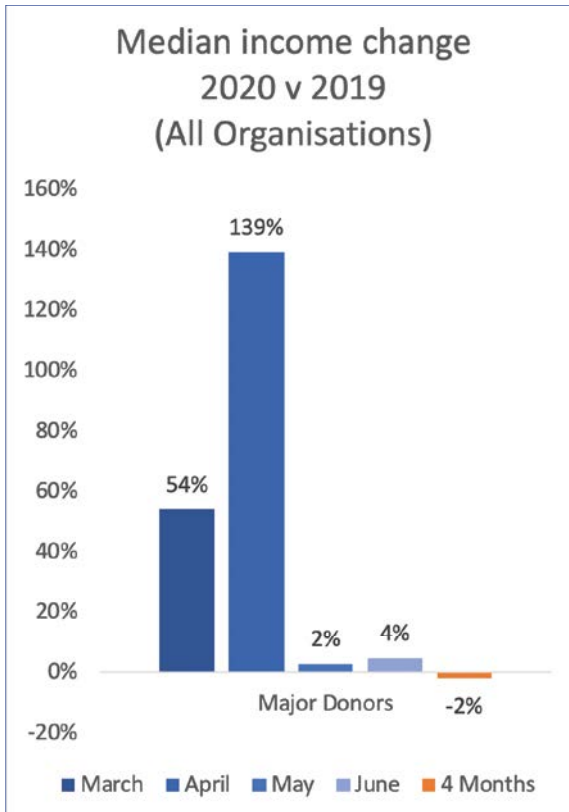
**This section covers only organisations which reported for all four months of the study (n=20), unless otherwise stated.** 18 of the 20 reported major gifts income.

### FINANCIAL TRENDS – OVER FOUR MONTHS

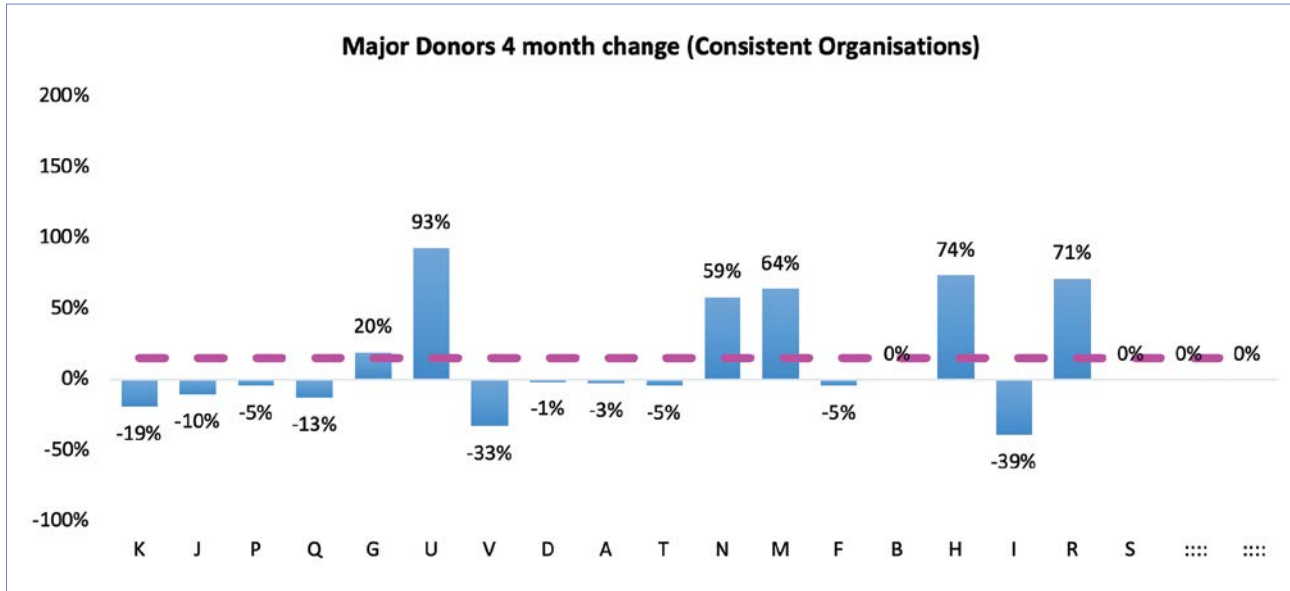
- Income Changes
  - Major Donor total market income increased Y/Y in three of the four months in 2020 of the reporting periods, compared to 2019
  - March, at the beginning of the COVID-19 direct effects on the economy and confidence in Australia, was the only month to see a fall in the monthly Major Donor income . Median income change was -41% and total income change was -2%.
  - Over the four months combined, median income change was -2% and total income change was +10%. We think that the very small Y/Y decrease in June only probably signifies some major donors bringing forward their intended donations to April or May.
- Proportions of organisations experiencing growth
  - Major donor income change Y/Y was positive for 58% of organisations [all organisations reporting for June]
  - This differed only slightly from the result in March alone (positive for 52% of organisations).



**MAJOR GIFTS**



Performance by Organisation (4 months)



INDICATORS – OVER FOUR MONTHS (all organisations reporting for June, n=23)

- The value of unsolicited major gifts for comparison Y/Y was reported, to test whether the COVID-19 crisis is eliciting more unsolicited donations. **The total change of value was +45% (\$2.1 mill total to \$3.1 mill total).** Median change of value was +61%.
  - However only 8 organisations specified unsolicited major gifts (our experience is that many organisations cannot easily report the difference between solicited and unsolicited major gifts).
  - Of the 8 organisations, 2 represent 78% of unsolicited major gifts.
  - We therefore consider this data from the study of limited value to identify any reliable trend.
- In comparison, the value of individually solicited major gifts was \$7.1 mill total.
- The number of donors newly attaining status of “major donor” was reported in the four months of 2020, compared to 2019. Only 7 of 23 organisations specified this data. Data was insufficient to draw any conclusions.

## RECOMMENDED ACTIONS

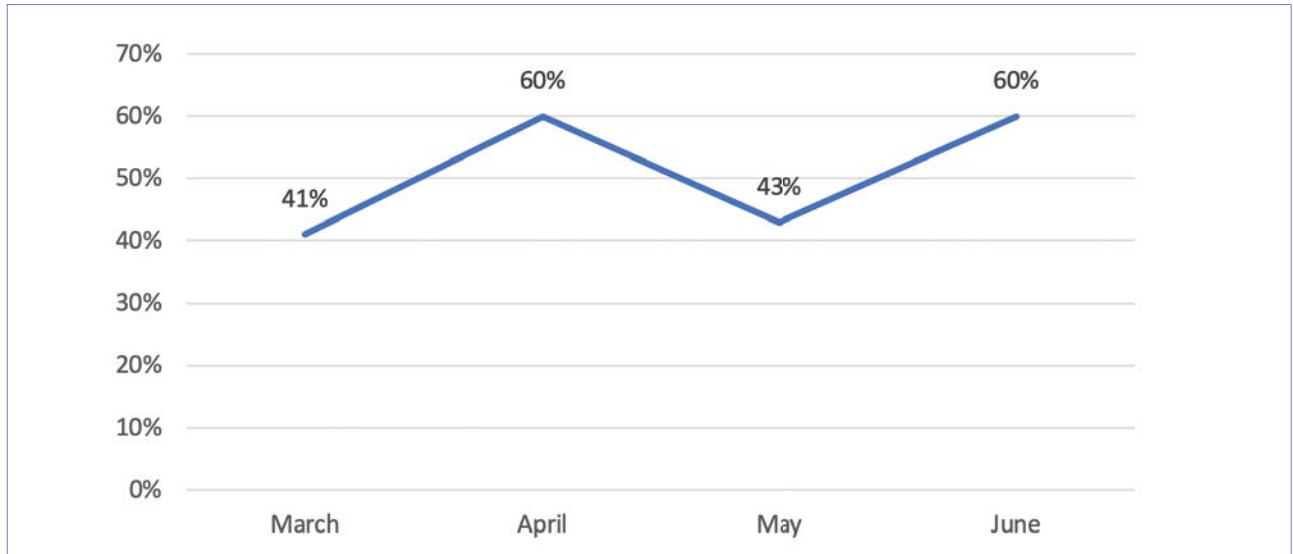
- Consider additional investment in major gifts capability (such as staff levels, prospect research, coaching in major gifts methods). Despite the increased value of unsolicited major gifts, solicited major gifts were and will be much larger.
- Re-examine your overall organisational case for support. Major donor giving behaviour is gradually shifting towards willingness to give general (“untied”) or loose thematic gifts, rather than restricted project gifts. This is evident in Xponential’s detailed annual benchmarking, although less for the health/medical research sector.
  - organisations which have positive cause relevance to COVID-19 need not confine themselves to restricted project solicitations.
  - organisations which are neutral for cause relevance to COVID-19 have a greater need for a persuasive “whole of organisation” case for support.
- Reinforce among major gifts staff the importance of “listening your way to a major gift”. In the coming year, there will be large and unpredictable change in some major donors’
  - financial capacity
  - attention for philanthropy (in the face of financial, family, business, health pressures)
  - emotional alignment to your cause
- Give fresh attention to measuring a few key major gifts income and major donor trends. Relatively few organisations were able to provide responses on the numbers of new major donors, and to separately report solicited and unsolicited major gifts. Lack of these measures is usually a combination of reporting and definitions limitations of your donor pipeline.

## TRUSTS AND FOUNDATIONS

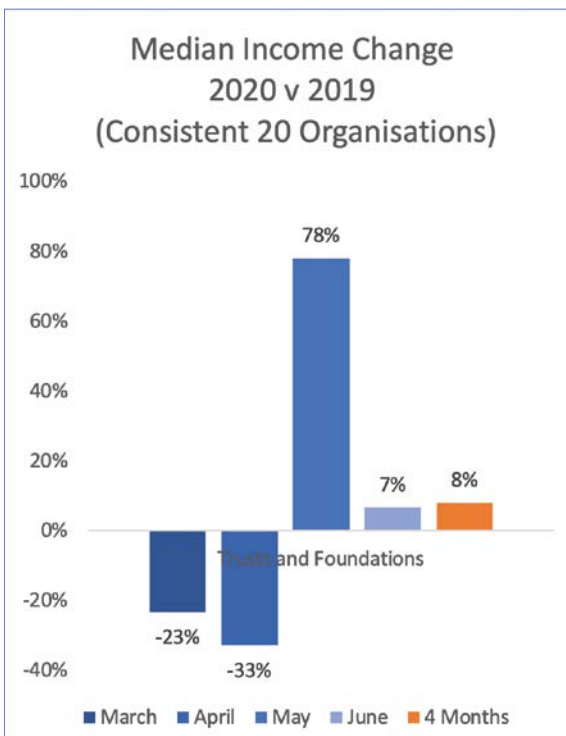
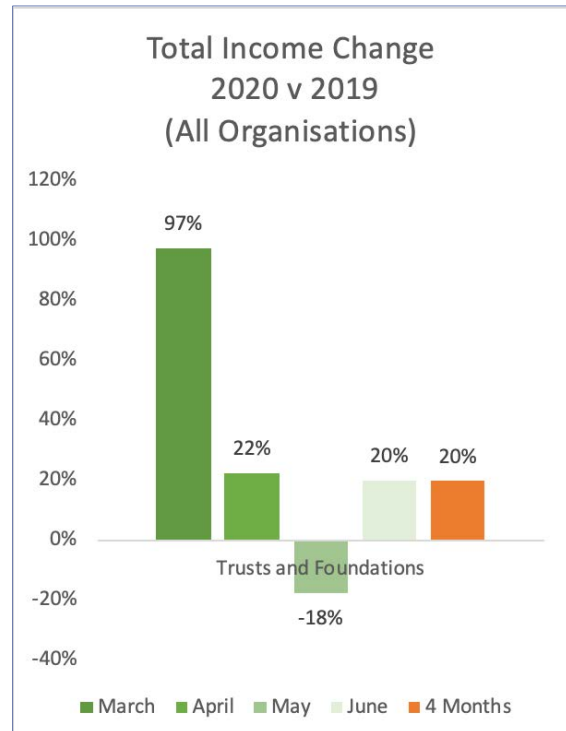
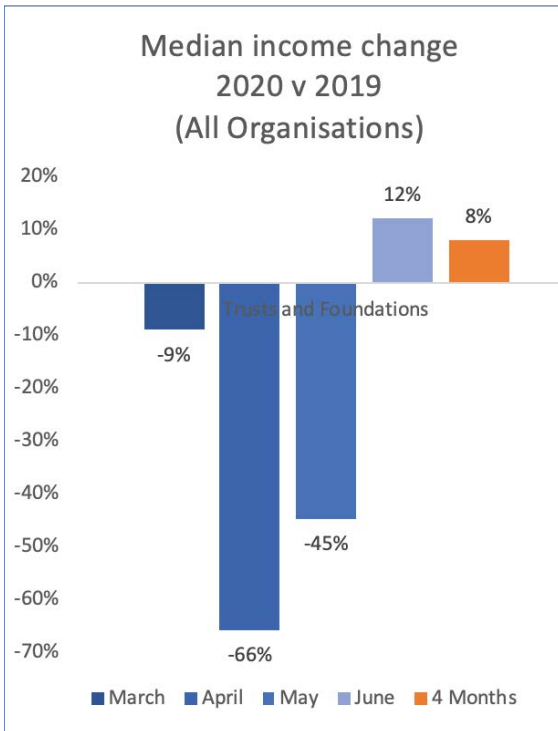
Jo Garner, Strategic Grants

- Proportions experiencing growth

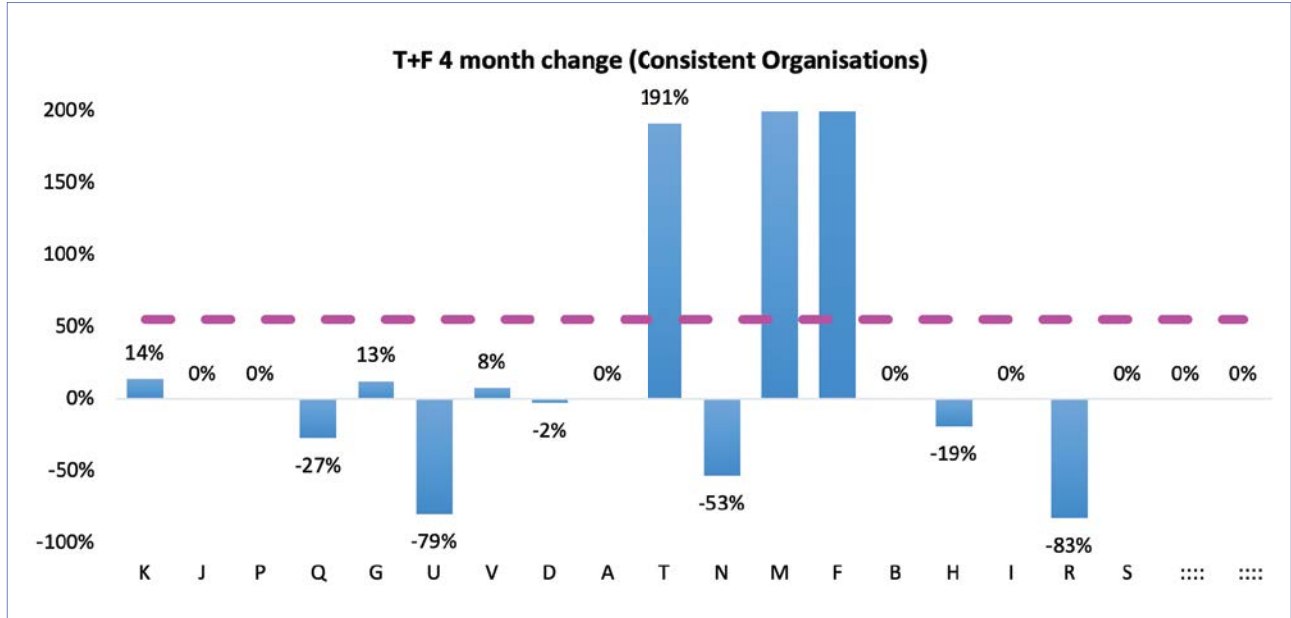
### % Organisations Experiencing T&F Income Growth in the Month - 2020 vs 2019



In each of the 4 months, the percentage of organisations experiencing growth in Trusts and Foundations (T&Fs) income received, alternated from around 40% (March 41%, May 43%) and 60% (April 60%, June 60%).



### Performance by Organisation (4 months)



### IMPACT OF REMOVING OUTLIERS

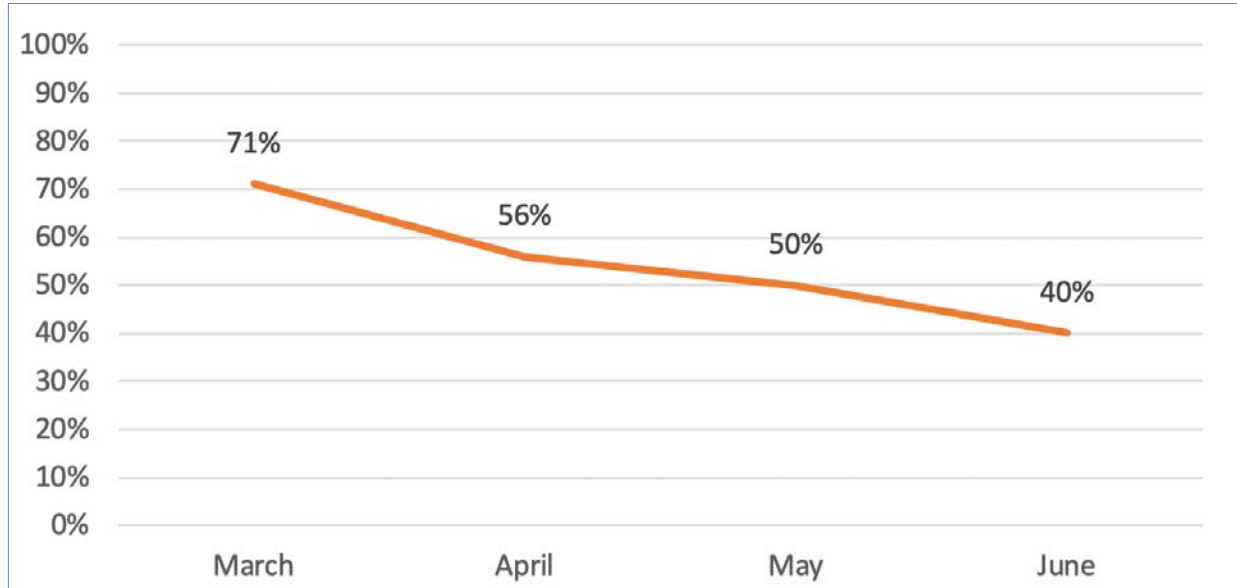
- Once any outliers were removed from the data, there are no major concerning downward trends or disparities between organisations in their results.
- What is unknown and therefore we need to be cautious with the results, is whether the organisations who took part have a consistent monthly income pattern year on year. To create a full assessment, it would be necessary to track a full 12 month period.

### Changes over the 4 months

|   | March | April | May    | June |
|---|-------|-------|--------|------|
| T&F income received Y/Y comparison for month only | 12.5% | 5.0%  | -18.0% | 199% |
| T&F income received year to date Y/Y comparison   | 22.1% | 12.0% | 3.5%   | 3.4% |

- T&F income received each month increased in three of the four months in 2020 of the reporting periods compared to 2019 – March (+12.5%), April (+5%) and June (+199%)
- May was the only month to see a fall in the monthly T&F income reported in 2020 compared to 2019, where it was down (-18%).
- T&F income received year to date 2020 when compared to 2019 was reported to be increasing. However, the percentage increase has declined from 22.1% in May down to 3.4% in June.

### % Organisations Reporting Increases in T&F Income Received to Date 2020 vs 2019



- The percentage of organisations reporting increases in T&F Income received to date in 2020 compared to 2019 has shown a downward trend over the four months.

**Note: Major outliers have been removed from the data reported here.**

### INDICATORS

- **Application Behaviour**

The number of grant rounds organisations can apply for appears to have not been affected and in all four months the majority of organisations who reported on the number of grant rounds available, saw it increase. (71% March, 86% April, 67% May, 75% June)

- The number of organisations requesting larger grant amounts has increased each month. In March, 28% of organisations reported an increase in the grant amounts they had submitted. By June, this has increased to 60% of reporting organisations.

- **Application Results**

The majority of organisations who received grants have reported increases in the value of grants secured over the four months of the reporting period. In the final month, 90% of those who received grants reported an increase for their organisation compared with the same period in 2019.

Note: The number of organisations who reported on each indicator requested under T&F's, varied greatly between indicators and by month. At least half reported on their T&F monthly income and T&F income received year to date. For some of the other indicators, it was below 20% of participating organisations.



## RECOMMENDED ACTIONS

- Review your Strategic Plan against the current world circumstances. What has to change or pivot?
- Re-prioritise your project pipeline and budget. This is a critical step! You need a current list of priority projects to be ready to respond to current and new grant rounds. This will look very different to what it did a few months ago.
- Continue to speak to all your funders! Work WITH them to alter existing project delivery models, as needed. Always call before applying and engage them in your project's success.
- Ensure you are monitoring and evaluating your programs and projects.
- Update your key messages! What is your business continuity plan through COVID-19 and beyond? What has changed? Funders want to be confident you have contingencies.

"Funders will be examining organisations' capacity to deliver projects more closely than ever. They want to see that you have considered your business continuity plan and reviewed your strategic plan. If your funding needs have changed, you need to be clear about this and how you are managing your finances to ensure continuity."

Lea-Anne Bradley, Grant-Maker, Equity Trustees.

## GIFTS IN WILLS

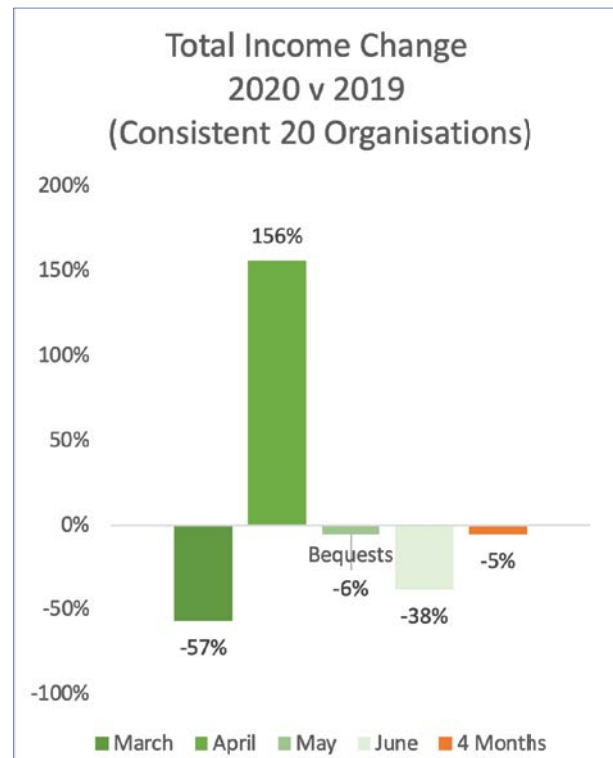
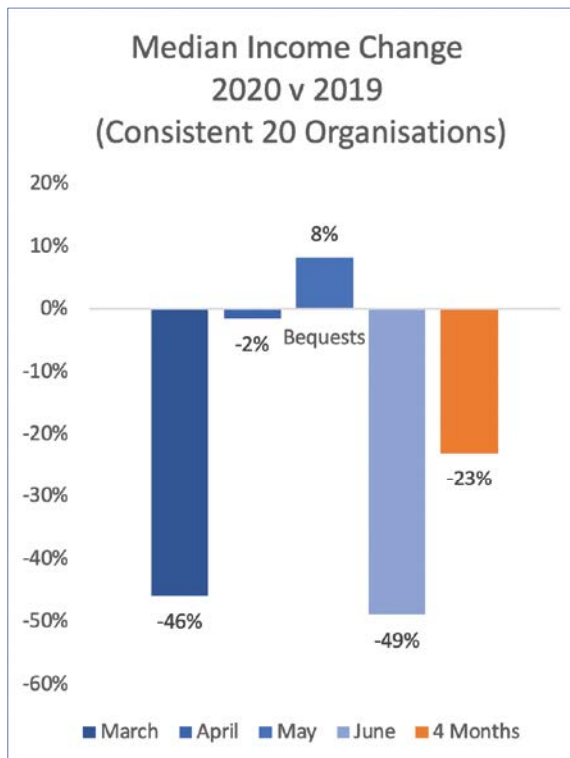
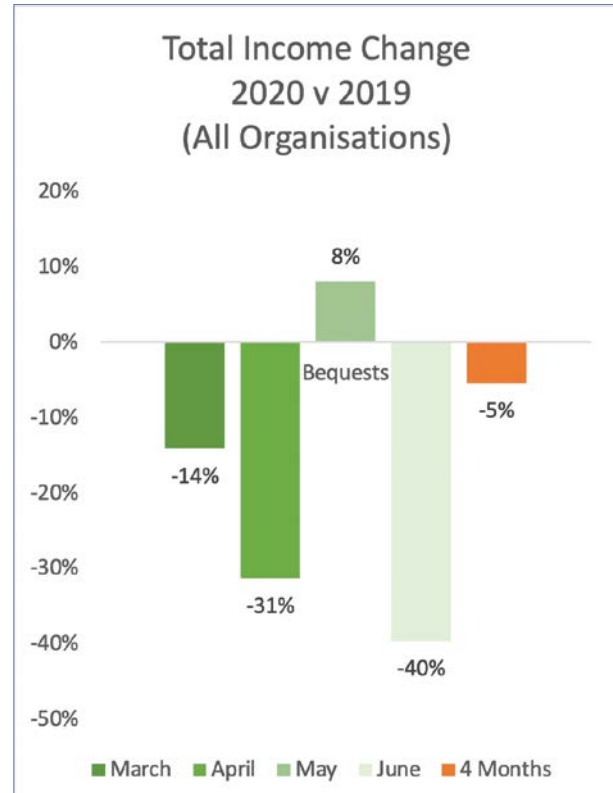
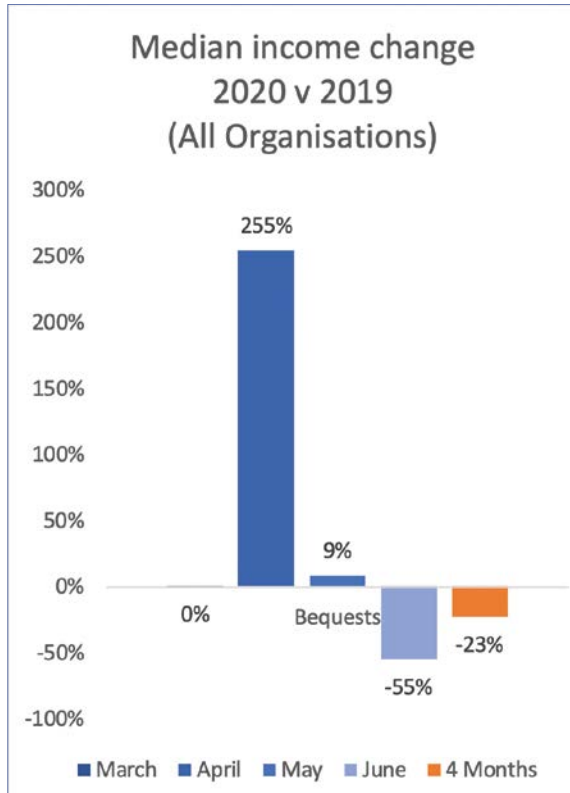
Marcus Blease

### FINANCIAL TRENDS

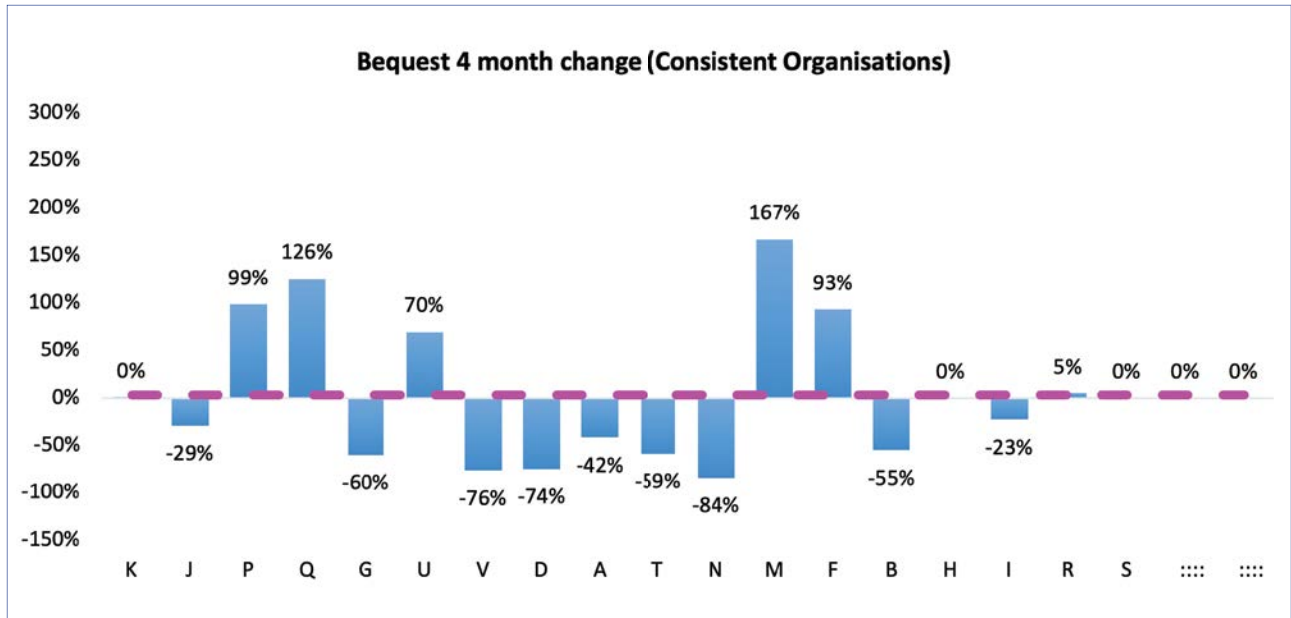
- Overall revenue results over this 4 month period was not the primary focus for the GIW data collection due to the large swings that occur naturally in this particular area of fundraising. **Tracking enquiries** was the primary goal, which are reported within the indicators section below.
- It does appear that March revenue was dramatically impacted across the sector likely due to the transition to working from home. This recovered to some degree across later months, particularly April and June however has not fully recovered, with the share of revenue across the fundraising mix declining from 22% to 19% overall and 70% of charities experiencing an overall total revenue decline Y/Y across the 4 month period – high enough to declare a trend.
- This trend of decline continued in the month of June with, coincidentally a further 70% of organisations at 0% revenue variance, or decline, in June 20 vs. June 19.
- When looking at revenue, for the 20 charities who participated within each of the 4 months, a median income decline of 23% occurred and a total revenue decline of 5% across the March to end June period.



**GIFTS IN WILLS**



### Performance by Organisation (April)



### INDICATORS

- Gifts in Wills enquiries (living donors) experienced a significant increase every single month Y/Y over the 4-month period.
  - March 116%
  - April 109%
  - May 15%
  - June the largest yet at 366%.
- Across the same 4-month period, estate notifications to charities (deceased donors) also experienced growth Y/Y
  - 30% in March
  - 13% in April
  - 4% in May
  - the largest to date at 32% in June.
- This growth is being experienced across the will writing sector, with online wills writing site Safewill who are running an Include a Charity promotion with member charities, experiencing a 300% increase in volume and an incredible 15% leaving a gift to charity. This bodes well for the future, given that most recent reliable data shows that only 7% of estates leave a gift in their will.

## RECOMMENDED ACTIONS

- The most important recommendation is to continue Gifts in Wills marketing, however be sensitive with any vulnerable individuals.
- Continue to engage with those who have confirmed a gift and those in the pipeline during what continues to be a worrying time, offering support assistance and 'being there'
- Gifts in Wills mentions and always on marketing should continue such as GIW tick boxes, Supporter Surveys with GIW questions, Funding Statements, articles on Gifts in Wills in Newsletters demonstrating impact and testimonials as well as solus mailings followed by Telemarketing. These activities, in general, appear to be performing well at this time due to higher Will writing and updating considerations.
- If undertaking any GIW marketing activities in Victoria consider alternatives to mail for response solicitation for as long as more stringent lock down measures are in place.
- Have a data collection focus on collecting more email addresses with older audiences to increase electronic communications into the future (accompanied by mail).

## ABOUT THE STUDY

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### PROCESS

Charities were invited to participate in the study through emails and LinkedIn posts via the consultants collaboration. Entry was free and results only shared in depth with those who provided data as recognition of the effort this takes. A detailed template was provided with instructions.. Data for the month ending June was supplied by 27 July 2020.

### CONTEXT

- While the main purpose of this study was to measure the impact of COVID-19 crises on fundraising, some participating charities received significant lagging "unusual" income from the summer 2019/20 bushfire response, particularly in March 2020 (the first month of this study).
- Some charities' direct marketing also benefited from large numbers of donors acquired during bushfire fundraising (noting, however, that renewal of first-time emergency donors is challenging and often has very small response rates).

## Calculations Market Totals, Market Mean (Individual) and Median

**Dealing with small data sets of volatile information can be a challenge. In the financial reporting we are using 3 key measures:**

**Market Total** – this is the trend of the sum of all income for say March 2020 compared to the sum of March 2019. This puts a greater weighting on larger organisations as they contribute a greater proportion of the income.

**Market Mean (Individual)** – we work out the percentage change for each charity and then take the average. This overweights outliers, often from smaller organisations where greater percentage change is experienced from a smaller base.

**Median** – we work out the percentage change for each charity and then identify the mid point. This provides the clearest indicator for changes across multiple charities without putting too much emphasis on large or outlying results.

- Note that a variance cap of 500% change is applied in all charts and calculated medians and means and that reporting is only included where data provided for both years. In addition, commentary on specific income activities may have additional variance caps applied.

Throughout the commentary, changes of income refer to comparisons with the same period in 2019 (e.g. for a specific month, for the four month period of the study March–June). These year on year comparisons are abbreviated as Y/Y.

## Caveats

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**Volatility:** It should be noted there is greater volatility of income in higher value fundraising programs (as the timing of a single transaction has a disproportionate impact on monthly income) and for smaller organisations (who are usually more reliant on high value programs or events).

**Comparability:** where possible we have provided instructions to aid with classification of data. However, we accept that we will not have perfectly comparable data in all cases with charities using different approaches to calculations, especially in the more detailed areas of direct marketing.

**Simplicity:** we appreciate there are many factors that will impact fundraising performance over this time and that each charity may be managing these in different ways. To retain focus we have deliberately honed in on a small number of measures and encouraged participants to share any influencing factors (investment, staffing levels etc.)

**Timeliness:** we prioritised speed over detail and quality. We decided it was more important to have some timely data than perfect data.

**Self-Selection:** the charities participating in this Study are self-selected, so it is possible that our results are “better than reality” if an over-representation of charities chose to participate because they are reporting “good news”, and/or charities in a better financial situation which can make the time to gather the data.

## Authors

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**The study is a collaborative effort between 6 of Australia's leading specialist consultancies, with each taking a role in specialist areas:**

**Martin Paul** – More Strategic : Project lead and financial benchmarking

**Marcus Blease** – Donor Republic: Events and Gifts in Wills

**Kerren Morris** – IVE: Direct Marketing

**Linda Garnett** – Stellar Partnerships: Corporate Partnerships

**Roewen Wishart** – Xponential: Major Gifts

**Jo Garner** – Strategic Grants: Trusts and Foundations