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THE STATUS OF UK FUNDRAISING 2018 BENCHMARK REPORT





Foreword

I'm delighted to introduce this edition of the Status of UK Fundraising 2018 Benchmark Report. It's really important for the charity sector and fundraising community to be able to have up-to-date information from organisations across the sector to compare their experience, benchmark, and get a sense of the current challenges and opportunities that are out there.

At the Institute of Fundraising we believe in excellent fundraising for a better world. We know that through training fundraisers, helping individuals develop their skills and providing guidance and information that charities are able to raise more money, continue to develop great relationships with supporters, and enable them to do the most they can for causes at home and abroad.

The vital role of fundraisers in charities is illustrated in the findings from the survey – across the board the charities that say they have dedicated fundraisers are more likely to have seen a growth in their income, and to be doing a wider range of fundraising activity. Investment in fundraising works – and while some charities will have more resource than others, putting dedicated resource into growing fundraising will reap benefits for organisations in the future.

I'd like to thank Blackbaud for carrying out this work and producing the report which I hope will help charities and fundraisers reflect, plan, and put in place strategies and actions to succeed for the future.

Peter Lewis

CEO, Institute of Fundraising

Introduction

The Status of UK Fundraising 2018 Benchmark Report was carried out by Blackbaud together with the Institute of Fundraising. The data was collected in May 2018 and consisted of an online survey of 52 questions. There were over 800 respondents from a wide range of charity types and sizes.

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SECTION 1

KEY FINDINGS



Celebrating Fundraisers

- The presence of fundraising staff directly impacts all aspects of the charity
- Fundraising is ranked first as the most important source of income, with government grants in second
- Fundraisers are vital to growth across all channels, irrespective of the size of charity

Making an impact

- 89% of charities feel that more than ever, they need to demonstrate the impact made towards their mission. Charities and Higher Education Institutes do not expect to see significant drops in donor retention and fundraising however they are aware of growing pressure to demonstrate impact
- Across the board, charities do not believe that recent negative stories in the media have affected them

The digital landscape

- Charities understand that content is king; regular updates to online content equates to more successful social media – and social is believed to be an important channel
- Although almost all charities have a website, 17% of charities don't have the ability to donate through their website
- Contrary to all the media headlines, the majority of charities believe they are informed about GDPR. 61% of charities say they are ready for GDPR!

Gift Aid

- Surprisingly, a significant proportion of fundraisers and managers don't know how important Gift Aid is to their non-profit
- A third of the charities surveyed did not know what percentage of their donations had Gift Aid claims



SECTION 2

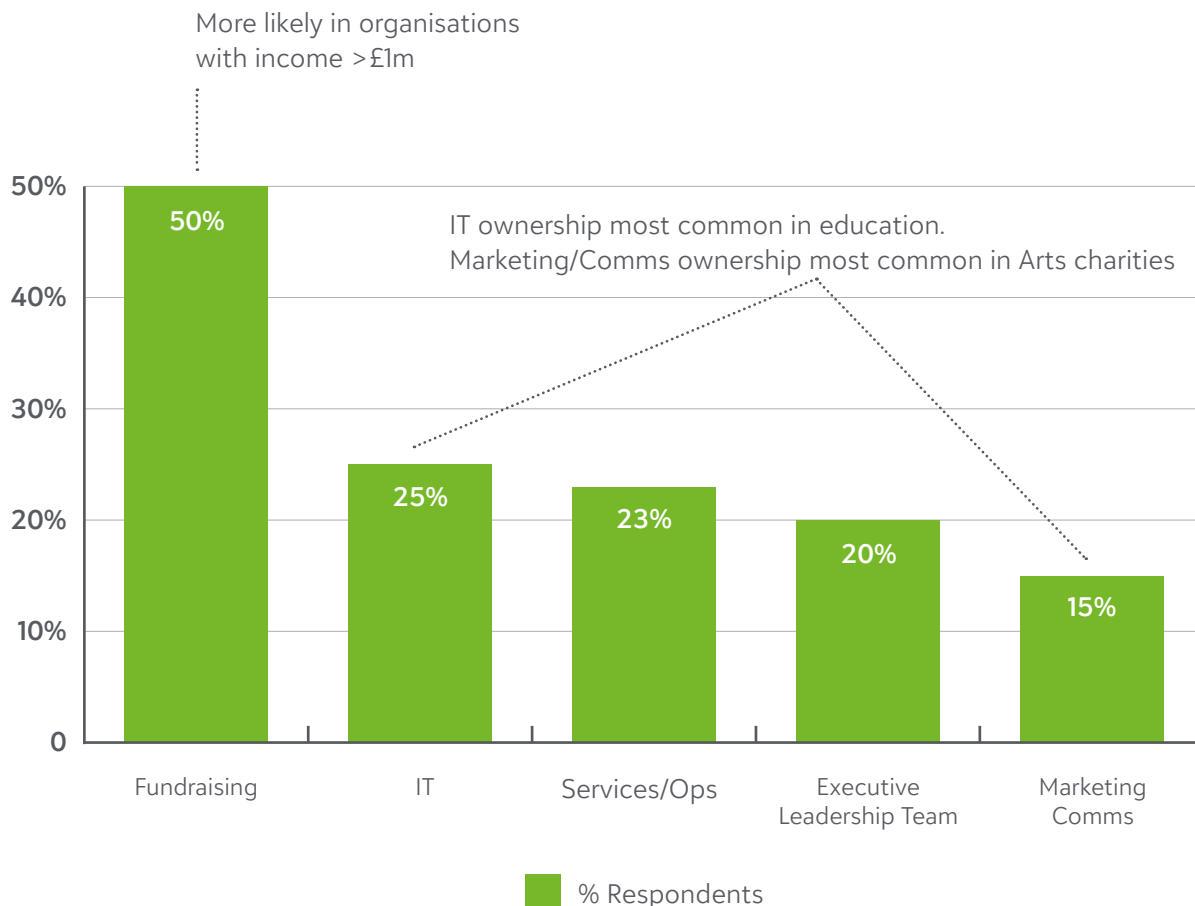
CRM AND DATA



The report shows, unsurprisingly, that the use of CRMs in the non-profit sector is directly linked to income. Where charities are not using a CRM, they are more likely to only have an income of less than £500k per year. In contrast, the larger and more sophisticated charities using multiple CRMs, for example donor management systems as well as a volunteer management system, can often bring in an annual income of over £5m.

Who owns CRM?

Who 'owns' CRM in your organisation?



The report found that in half of all non-profits surveyed, CRM is owned by the fundraising department. This is most common in organisations with an income greater than £1m.

In Higher Education, the IT department tends to own CRM, while in the Arts it is more likely to be the responsibility of the marketing team.

It's all about the data!

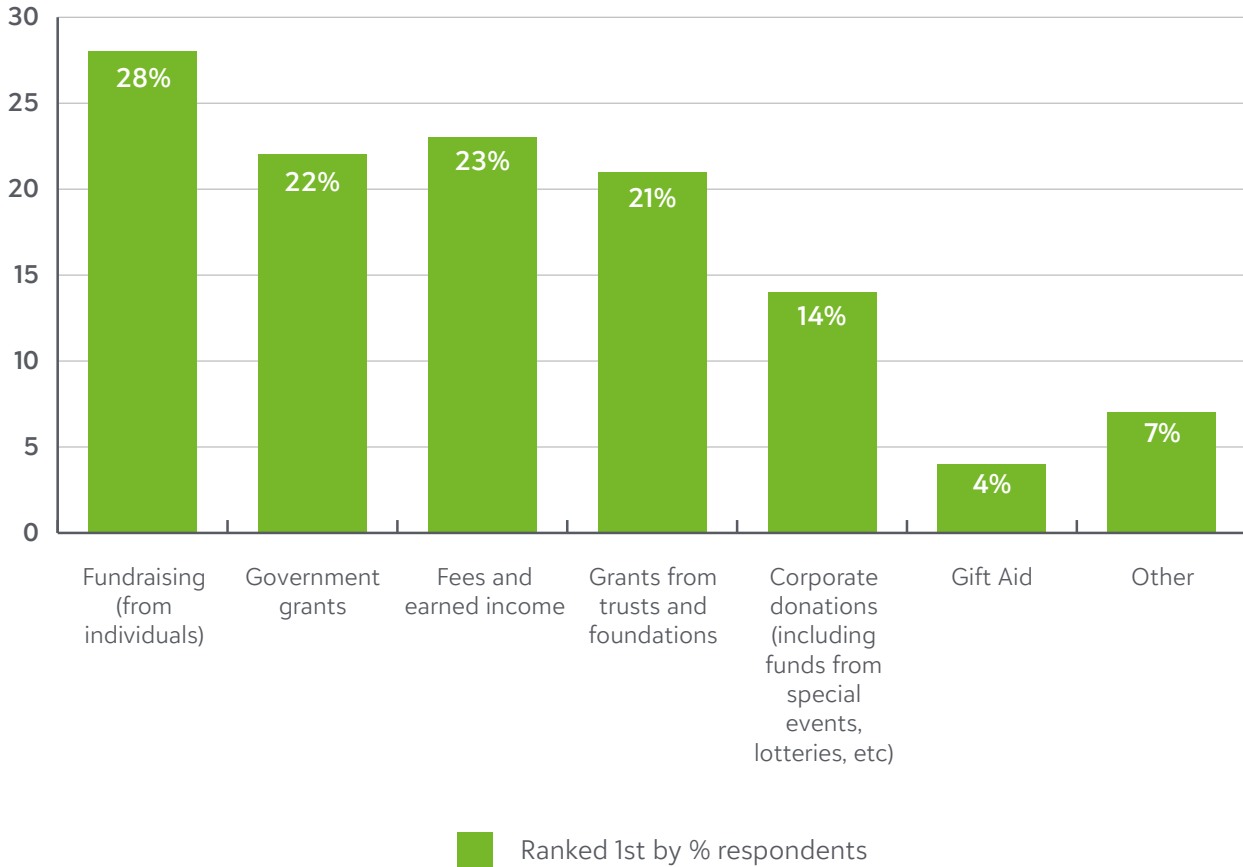
48% of charities surveyed have dedicated data teams. This portion of respondents were also more likely to have an income of over £1m and say that they were ready for GDPR! #DataRocks

SECTION 3

FUNDRAISING



Please rank these sources of income for your organisation from highest to lowest, for the last financial year?

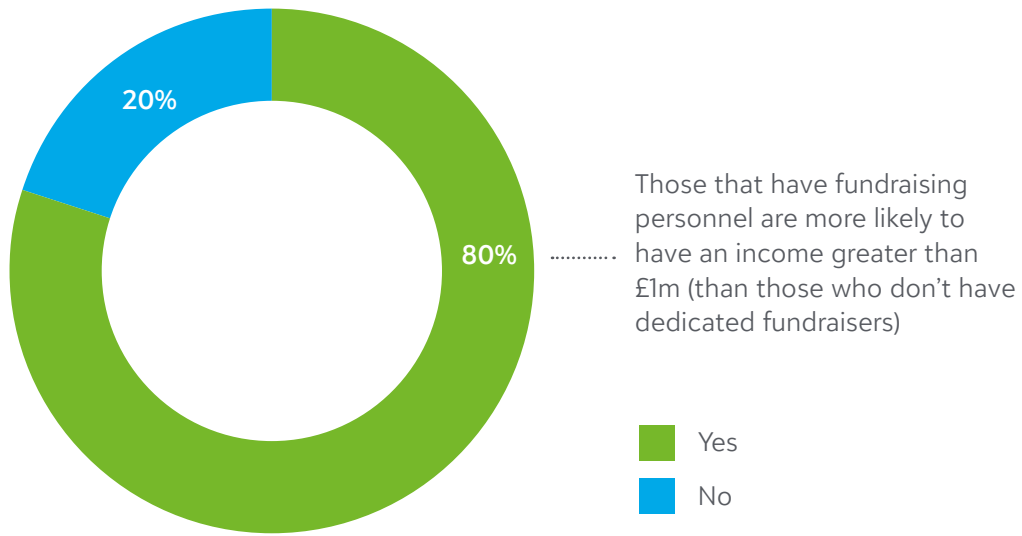


The most important source of income for all charities surveyed is individual fundraising, something not at all unexpected and once again proving just how important the role of fundraiser is to the sector.

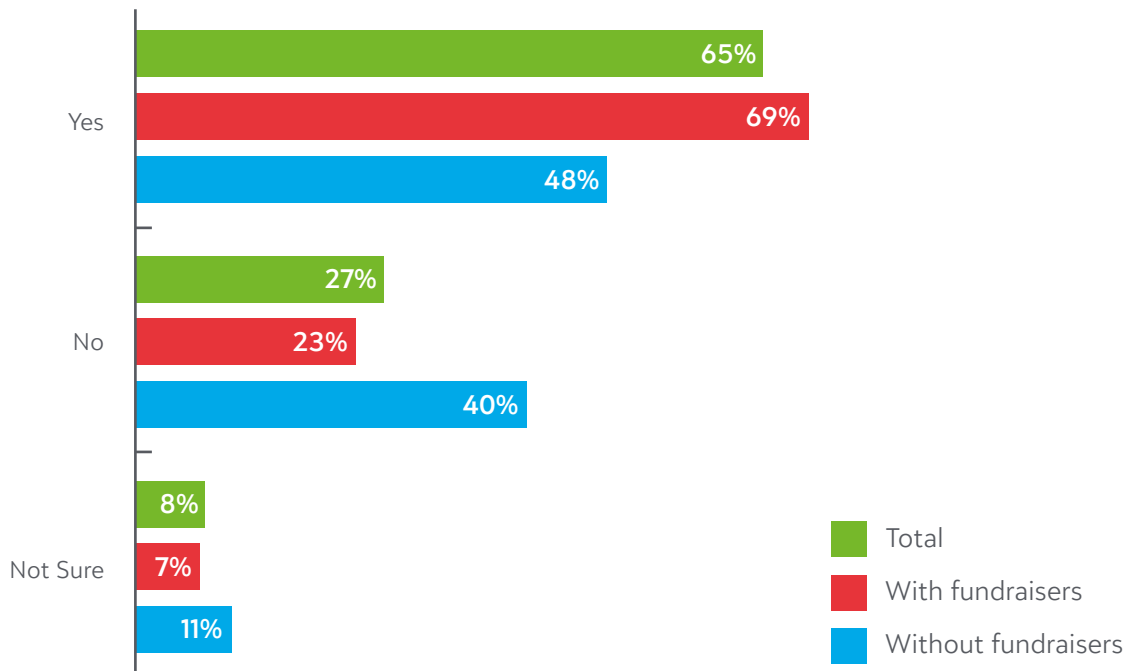
The majority of Higher Education Institutes responded to say that they rank fees as their highest source of income, whereas in the Arts and Social Care, government grants are the most vital source of income.



Does your non-profit have dedicated fundraising personnel?



Did your organisation's overall income increase last financial year vs. year before?



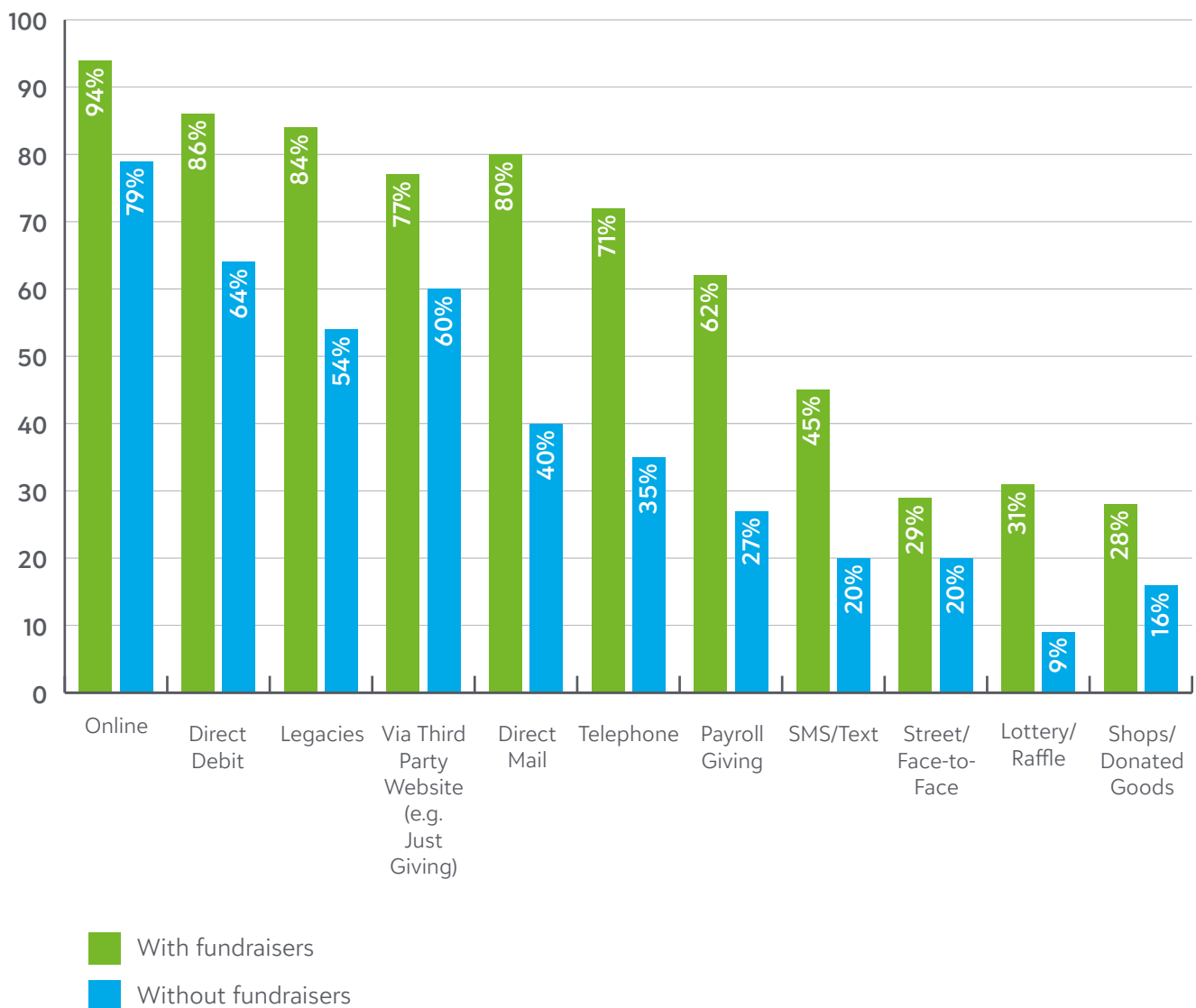
Invest in Fundraising

Organisations without dedicated fundraising personnel are far more likely to say their overall income has decreased year on year

A huge proportion of charities surveyed – a massive 80% – said they do have dedicated fundraising personnel, and it is these charities that continue to see positive results throughout our survey.

For example, organisations with a fundraising department are more likely to have an income of over £1m. In addition to this, fundraising teams have demonstrated positive fiscal growth within charities, with 69% seeing their income increase year-on-year. This is in contrast to those without fundraisers, where less than half reported any growth at all.

In which of the following ways can supporters make donations to your organisation?



The data indicates that charities without dedicated fundraisers use significantly fewer methods of fundraising – and consequently have lower incomes.

Only 27% of charities actively promote Payroll Giving as a way to engage new donors. This is a relatively cheap and simple fundraising method and is potentially a realistic option for small charities to take advantage of in the near future.

“Payroll giving has been successful for many smaller charities and it’s certainly something small charities should consider in their fundraising mix. Our advice is to look for what best suits your charity and to test out different types of fundraising and if one works for you adopt it and then test out more until you have a blend of voluntary income opportunities, as well as making sure you are still considering income from both statutory and other mission based enterprise options.”

–Pauline Broomhead CBE, founding CEO of the FSI

“While fundraising is an activity that often involves many different teams and individuals, from trustees and the CEO through to volunteers, the importance of having dedicated fundraisers in place is underlined throughout this survey. Organisations with a dedicated fundraiser or multiple fundraisers are more likely to have increased their income over their last financial year. Charities without that dedicated function are more likely to say that fundraised income has decreased (40% compared to 23% with dedicated fundraisers). Not surprisingly, having fundraisers in place also allows organisations to use a wider range of communication channels and fundraising activities. Smaller organisations are less likely to have dedicated fundraisers, highlighting the need for them to invest in fundraising skills and resources where possible.

The insight given by respondents shows that fundraising is an area which really does flourish when given the time, skills, and resources. Charities that succeed over the long term will be the ones that invest in their fundraising – and not solely in financial terms – this could be investment in skills, people, systems, or activity. Of course, that investment needs to be proportionate, but even for smaller organisations, finding the resource to give fundraising a boost should pay dividends in the future.”

– Daniel Fluskey, Head of Policy and External Affairs, Institute of Fundraising



SECTION 4

ONLINE, DIGITAL AND MARKETING



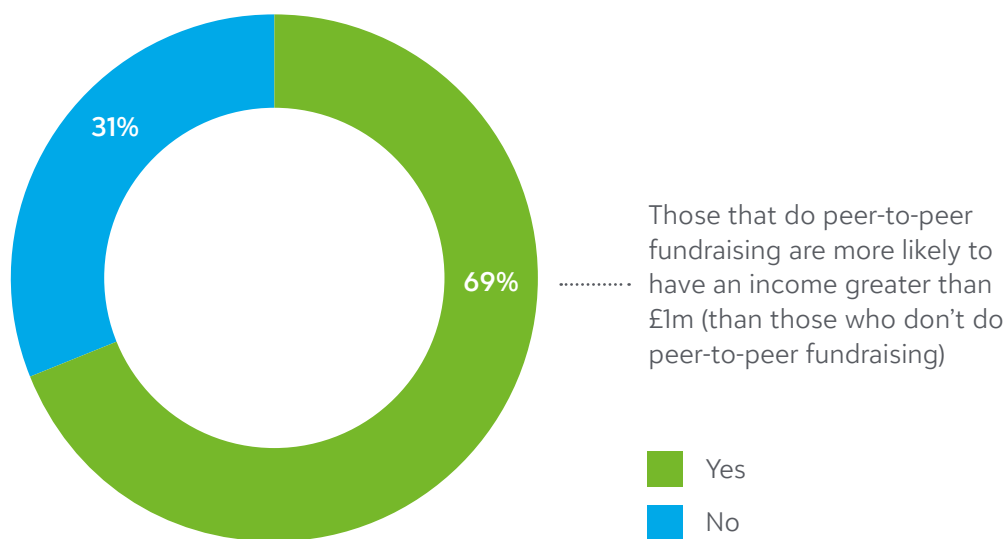
In charities without fundraising teams, social media is the most used tool of communication to drive donations. As a low-cost, low-effort tool, social media is a great way for small charities to get in touch with their current and prospective donors.

Only 34% of small charities say they have used 'face-to-face' fundraising over the past 12 months. Even lower still, less than 1% of small non-profits have used telemarketing services in the last year.

“The digital world is moving at such a pace and adopting technology within fundraising is still very new for many smaller charities. Nonetheless it is of growing importance and so all small charities and community groups should consider becoming more active on social media that in turn can encourage more donations through digital technologies.”

—Pauline Broomhead CBE, founding CEO of the FSI

Did your organisation receive donations from peer-to-peer fundraising activities in the last financial year?



69% of all charities surveyed carry out peer-to-peer activity in some capacity. These charities are significantly more likely to have an annual income of over £1m than charities who neglect this form of fundraising.

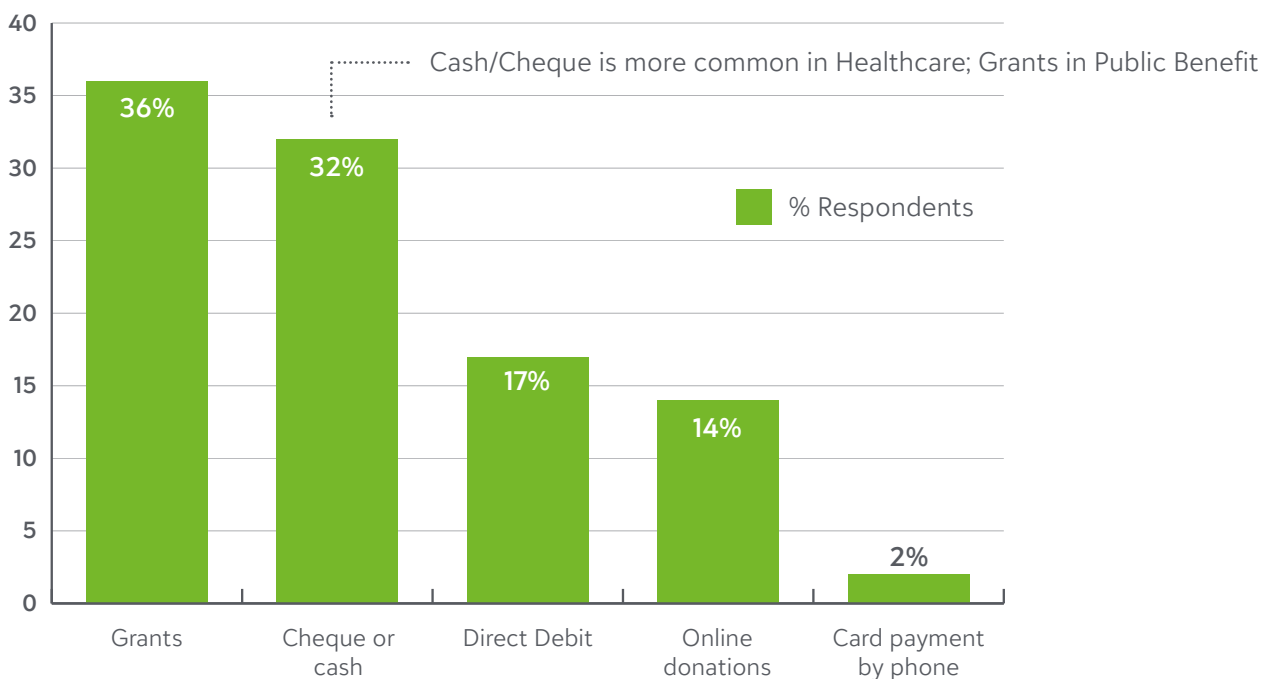
Camilla Gledhill, Customer Success Lead at JustGiving, said: “Peer-to-peer fundraising is a key income stream for charities as it enables them to reach a new set of donors – their existing supporters’ personal networks. With P2P fundraising the donation ask comes from the supporter which can be more personal and powerful than when it comes directly from the charity. As P2P allows a charity to leverage their existing supporters’ personal networks, it also provides a low-cost way for charities to grow their supporter network.”

“Peer-to-peer is innately social and is a powerful way to bring together a community of engaged fundraisers and donors.”

—Camilla Gledhill, JustGiving

Is cash still king?

How is the largest proportion of your income received?



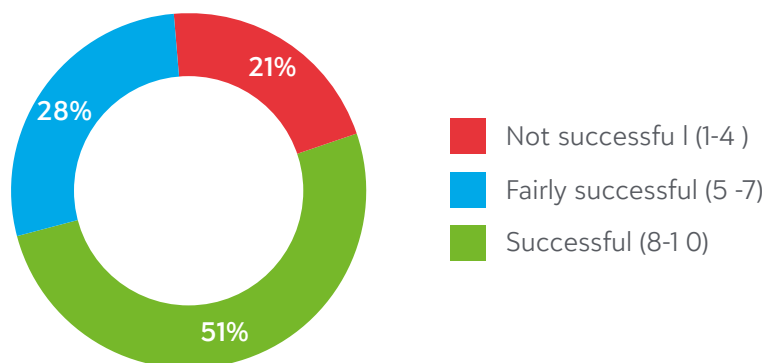
32% of charities report that they receive the largest proportion of their income through cheque or cash, online donations are only the most important income for 14% of charities – this is in contrast to what people may assume.

Steve MacLaughlin, VP of Data and Analytics at Blackbaud, said: “We know that offline giving is still larger than online donations, but there is a clear shift happening. Charities should be careful not to confuse channel of engagement with the channel of transaction. The most valuable and loyal donors are engaged through multiple channels and give both online and offline. Charities need to be responsive to donor channel preferences.”

Daniel Fluskey, Head of Policy and External Affairs at the Institute of Fundraising, echoed Steve in saying: “Cash is still the main way in which people give to charities, which tallies with other sector-wide research. However, we do expect online donations to rise slowly but surely over time as charities grow this area and develop their social media reach and online communications further. Insight from our members is that they see the move to increased contactless and digital payments as more of an opportunity than a threat.”

Social Success?

On a scale of 1 to 10, how successful have your social media efforts been over the past year?



Only 28% of charities claimed to have seen social media as a success over the past 12 months. This figure is somewhat surprising, as 79% of charities said they have used social as a marketing tool to drive donations over the last year. So why is there such a gap between the success seen and the importance placed on social channels?

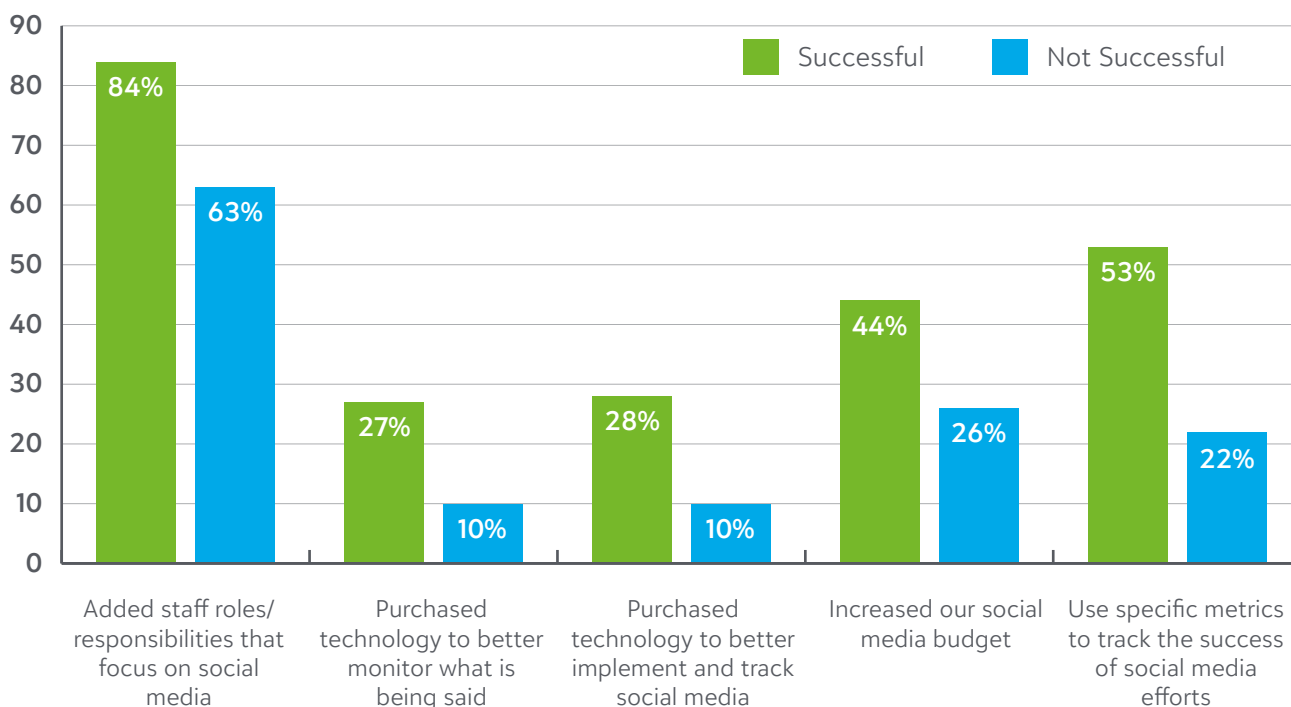
Those who consider their social media efforts successful have also acted to improve the impact of their charity’s social activity.

“Social media is all about great storytelling. We love seeing charities use their social channels to inspire and engage their community with great content about real people. This kind of approach can lead to huge success, turning their fans and followers into long term advocates who feel invested in the charity’s mission.



As well as telling great stories, to increase success, organisations need to make sure they’re paying close attention to their insights and analytics. Knowing exactly who your audience are and what they are engaging with is absolutely key. Organisations who don’t do this run the risk of posting content that doesn’t engage, and that can really spell bad news for their algorithms, impacting the performance of future posts.”

– Helen Osbourne, Social Media Manager at JustGiving



As the chart above shows, employing more staff with a view to improve social media does not always work. However, over half of the charities surveyed did find it successful when they sought to use specific metrics to track their efforts. This shows that the answer to success is not always to spend more money does, but instead creating a measured and well-planned strategy can be the key.

SECTION 5

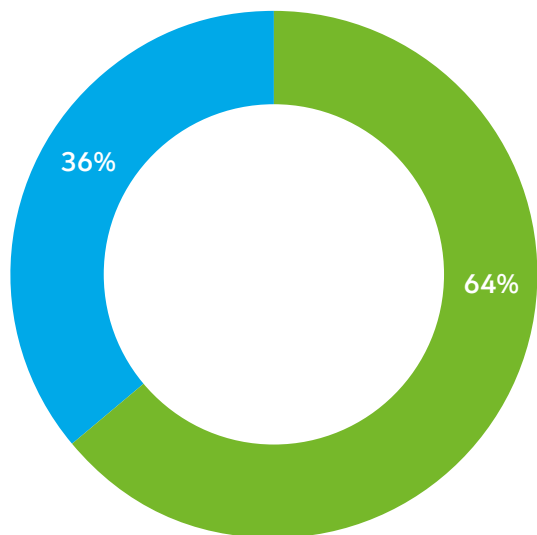


MAJOR GIVING



Just 36% of organisations surveyed have Major Donor upgrade activities. Not surprisingly, those that are not upgrading their activities report a significantly smaller proportion of income from Major Donors. Almost half of all organisations surveyed that do run Major Donor upgrade programmes see over 25% of their income from this source, proving that investment into this type of activity could be beneficial to the 64% of non-profits who currently do so.

Does your organisation run upgrade-focused activities in order to develop supporters into major donors?



Those that do upgrade activities fundraising personnel are more likely to have an income greater than £1m (than those who don't do upgrade activity)

- Yes
- No



SECTION 6

POSITIVE HIGHLIGHTS



Charities in the media

For this report respondents were asked whether, in general, they considered that the recent press coverage some larger organisations have received would negatively impact their non-profit. The outcome is largely positive news, with a huge 72% of charities stating that they expect to see no impact on their supporter opt-out rates and only 8% claiming they think they will be affected.

Daniel Fluskey said: “When stories about charities hit the front pages, we of course want to understand if and how they might impact on the views of supporters or their likelihood to donate or not in the future. The first half of 2018 saw the charity sector firmly in the spotlight – first with the Presidents Club scandal, quickly followed by an intense focus on the international aid sector and safeguarding.

There was lots of speculation how the media coverage would impact on donors and donations, but the results of this survey suggest overall that there wasn't a significant negative impact either on overall fundraising income, opt out rates, or in attracting new supporters.

The financial indications that we've seen in the first half of the year support the findings of this survey, with charity supporters remaining loyal to the causes they give to. Of course, organisations will never be complacent, but by the same token the commitment of people who give to charities should not be underestimated.”

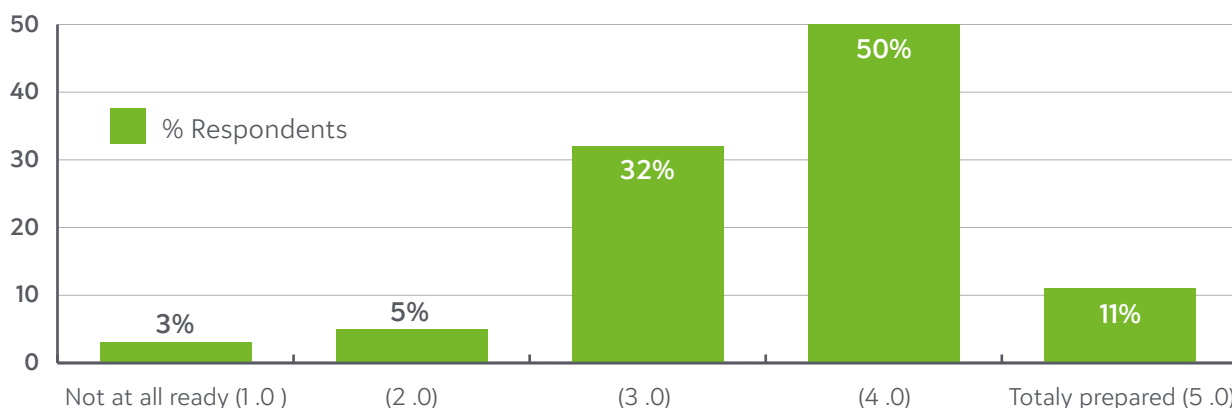
Looking to the future

One key piece of advice that came out of the report was on the impact that charities make. Almost all of the non-profits surveyed, 93% of respondents, said now is the time to really demonstrate their impact to donors. This is a higher figure than in any previous year, and while it may mean that more work has to be put in to do so, it's a significant takeaway that cannot be ignored.

Matt Stevenson-Dodd, Chief Executive of Street League, the UK's leading sport for employment charity, said: “Measuring and being transparent about the impact we make as charities is essential, particularly as our trust ratings are now the lowest they've been for years. We should no longer measure the effectiveness of charities by the size of their turnover or by vague numbers of people 'reached' or 'helped' which don't actually tell us anything. We need hard facts about whether we are making a difference to back up the stories we tell about our beneficiaries. It's great to see that the vast majority of respondents in this survey see the need to be clearer about impact going forward. That can only help in re-building trust again.”

GDPR

On a scale of 1-5, how ready is your organisation for GDPR?



One area in which most charities agree, is their positivity surrounding GDPR. The survey found that most charities feel they have a very good grip on GDPR, with only 7% of respondents showing signs of nervousness in understanding the regulation. Interestingly results did not change when looking at respondents by charity income size, which shows that as a sector we are well prepared!

“GDPR was at the top of the to-do list for fundraisers and charities all through the last year as the implementation date of 25th May grew ever closer. While there has been concern and uncertainty across the sector about the new regulation, it’s reassuring to see that respondents are saying that they know about GDPR. Not all fundraisers need to be experts on every aspect of data protection, but they do need to know the key areas and principles to ensure that their fundraising is compliant with the new legislation so that they give supporters the right information about the use of their data and respect their choices. While the vast majority of organisations feel ready to at least some extent for GDPR, there is some concern about the impact it will have on fundraising with over a third (35%) feeling concerned or very concerned. We hope that this will not lead to a fall in fundraising income – although there may be some change in how charities use personal data as they consider how and when they can contact donors through different communication channels.”

– Daniel Fluskey, Head of Policy and External Affairs,
Institute of Fundraising

CONCLUSION

“This report is really positive reading for the sector. After a long period of uncertainty following the announcement of GDPR, it’s great to hear non-profits feel so comfortable with their ability to manage the updated requirements – testament to their hard work in preparation.”

The stand-out takeaway from this report is the positivity surrounding fundraisers, confirming their ability to directly impact causes and their undeniable value to the non-profits they serve. Fundraisers are vital to the sector and will continue to play a significant role in its future. They are the superstars who keep the industry thriving, raising millions for non-profits every year. We believe fundraisers should be celebrated, and the findings of our report are undeniable proof of this.”

–Liane McGrory, Managing Director,
Blackbaud Europe