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# The Next Generation of American Giving

## The Charitable Habits of Generations Y, X, Baby Boomers, and Matures

**AUTHOR:**  
MARK PROVNER, SEARCHWAVE STRATEGIES

**RESEARCH:**  
PAUL LOEB, EDGE RESEARCH

**EDITORS:**  
DENNIS MCGARTHY, TARGET ANALYTICS, A DIVISION OF BLACKBOARD INC.  
MICHAEL JOHNSTON, IRIC

**PUBLISHED: AUGUST 2013**

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## INTRODUCTION

What's a fundraiser to do?

Just when it seemed like things could not possibly get more complicated, they did.

Not only are self-appointed heralds of the future announcing that direct mail is dead, they are also now making the same tendentious claims about email.

The advent of television didn't kill radio. Likewise, Pinterest<sup>®</sup> and Twitter<sup>®</sup> are hardly the slayers of direct mail.

But even if overstated, the changes overtaking the art and science of fundraising are tumultuous and expected to continue.

So, what's a fundraiser to do? Listen to your donors.

To help provide both strategic and practical guidance for fundraisers, we launched this study to look at the philanthropic habits of four generations of Americans: Generation Y (or "Gen Y," born between 1981 and 1995); Generation X (or "Gen X," born 1965 – 1980); Baby Boomers (or "Boomers," born 1946 – 1964); and Matures (born 1945 or earlier). Findings are based on an online survey of U.S. donors, conducted May 13-24, 2013. As is customary for research efforts like this, the data is based on self-reporting by the respondents, and should be interpreted accordingly.

We sought to answer a number of questions, including:

- What are the preferred giving channels of each generation?
- What are the preferred communications and engagement channels?
- What kinds of charities do people support?
- What are the basic dos and don'ts for fundraisers in 2013?

The study builds on a similar inquiry we carried out in 2010. Where

relevant, we spotlight trends that have emerged in recent years. For the most part, differences among the generations in their charitable behavior are becoming clearer and better defined — and the differences are real.

***What can you do with this study? Use this report to answer the following key questions about your fundraising program:***

1. *Have I underinvested in fundraising to Baby Boomers — from whom the bulk of money will come for the foreseeable future?*
2. *Have I completely ignored the up and coming younger generations, or relegated them to an un-strategic social media effort?*
3. *Does my fundraising channel mix include direct mail for younger donors and digital communications for older ones? (Hint: It should.)*
4. *Am I preparing for the future by addressing the cultural demands Generations X and Y are placing on institutions (such as transparency)?*
5. *Am I empowering my most enthusiastic supporters to fundraise and evangelize on my behalf?*

## Our Hope for This Study

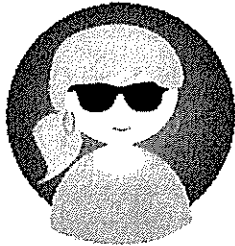
There is a wealth of data supporting this study. Our hope is that you will continue to ask questions, and that other clever people will be able to find clues in the data for some time to come. Toward that end, we plan to make all of the survey data we collected publicly available upon request.

Raising money for good causes has never been more complicated and uncertain, and it certainly has never been more important. We dedicate this report to all those who work tirelessly to fund a better future.

## SUMMARY OF KEY FINDINGS

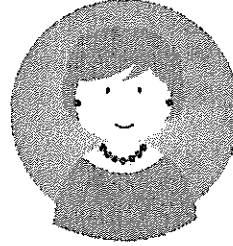
1. Most Americans give. Matures are the most generous generation. A greater percentage of Matures give and they support a greater number of causes than younger generations. On average, individual Mature donors also give more money to the causes they support.
2. Baby Boomers will exert an outsized influence on charitable giving for the foreseeable future. Representing roughly one-third of all adults who give, Boomers contribute 43 percent of all the dollars donated.
3. Most donors across all age groups do not plan to expand their giving in the coming year.
4. Multichannel is the new normal. While all generations are multi-channel in their communications habits, the ideal mix varies from generation to generation.
5. Direct mail is far from dead, but it also won't last forever. Generations Y and X are far more likely to give online, and as many Baby Boomers say they give online as via direct mail.
6. Generation Y donors have distinct priorities and preferences with regard to causes they support. Notably, they are far more likely to demand accountability and transparency than older donors.
7. The value of some channels (e.g. social media), is undervalued if measured by transaction metrics, as opposed to by engagement.
8. Among transaction channels, the future looks cloudy for telemarketing and giving via SMS/text.
9. Peer-to-peer fundraising and crowdfunding, on the other hand, appear to have promising futures as fundraising strategies.
10. Nearly half of those who give engage with causes in ways other than making donations.

## GIVING ACROSS THE GENERATIONS



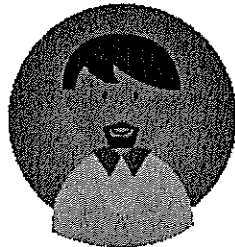
### Generation Y

- Born 1981 – 1995  
(age 18-32 as of 2013)
- Represent 11% of total giving
- 32.8 million donors in the U.S.
- 60% give
- \$481 average annual gift
- 3.3 charities supported



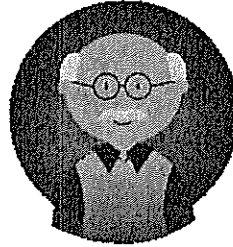
### Boomers

- Born 1946 – 1964  
(age 49-67 as of 2013)
- Represent 43% of total giving
- 51.0 million donors in the U.S.
- 72% give
- \$1,212 average annual gift
- 4.5 charities supported



### Generation X

- Born 1965 – 1980  
(age 33-48 as of 2013)
- Represent 20% of total giving
- 39.5 million donors in the U.S.
- 59% give
- \$732 average annual gift
- 3.9 charities supported



### Matures

- Born 1945 and earlier  
(age 68+ as of 2013)
- Represent 26% of total giving
- 27.1 million donors in the U.S.
- 88% give
- \$1,367 average annual gift
- 6.2 charities supported

*Generational groups, total U.S. population, and giving data (on average)*

### Most Americans Give

A strong majority of Americans say they have made some sort of donation to a cause or charity in the past year. That percentage rises with age: Roughly 60 percent of members of Generation X and Generation Y say they have given, compared with 72 percent of Baby Boomers and 88 percent of Matures.

This squares with the conventional wisdom that donors' giving in part reflects their life-stage. Younger donors are establishing careers, starting families, and arguably working harder to make ends meet. Gen Y in particular is entering adulthood at a time when job opportunities and career paths are uncertain at best.

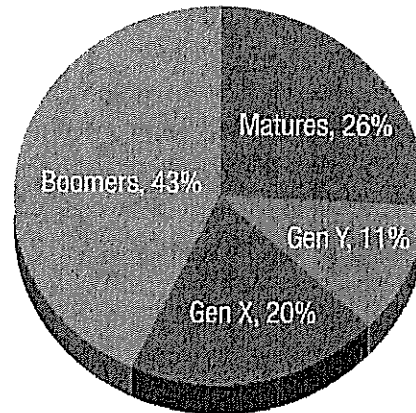
### Boomers Dominate Charitable Giving

Not only are Boomers the largest group numerically, with 51 million individuals comprising 34 percent of the donor base, they are also the largest contributors.

More than 40 percent of all money donated (as reported by study participants) comes from Americans aged 49 to 67, while more than one-fourth comes from Matures, one-fifth from Gen X, and one-tenth from Gen Y.

## Generational Giving

Of the \$143.6 billion estimated annual contributions, each generation will contribute:



*Generational contribution of total giving*

Just consider:

- Boomer donors represent 34 percent of the entire donor base.
- Boomers give an estimated total of \$61.9 billion per year (43 percent of all individual giving).
- Boomers report donating an average of \$1,212 to between four and five charities each year; that figure is far more than twice the averages for younger donors.

In every category, Boomers loom large. And as the youngest Boomers have yet to turn 50, there is every reason to expect things to remain largely as they are for the foreseeable future.

In short, the odds are strong that for the vast majority of causes, your next donor will be over age 50.

The data does suggest that Matures, who dominated the giving landscape for decades, are declining in overall philanthropic influence. Gen X and Gen Y combined represent 31 percent of all dollars donated, an aggregate total that exceeds giving by Matures. Matures, however, still give more on average than either of the younger cohorts, and to a wider array of charities.

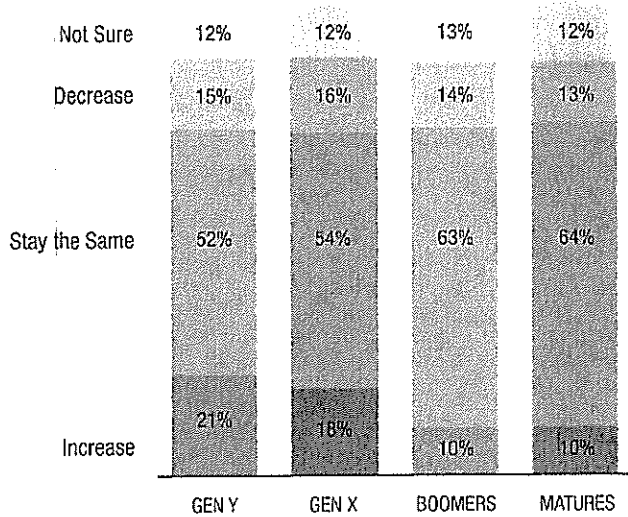
### Growth in Giving by Younger Generations: Small, Not Game-Changing

The vast majority of donors across all four generations say they do not intend to add new causes to their giving portfolios in the coming year, and a majority of donors say their overall giving is unlikely to increase. Given the economic woes in recent years, this is hardly shocking news. And it does portend increased competition for shares of a stagnant financial pie.

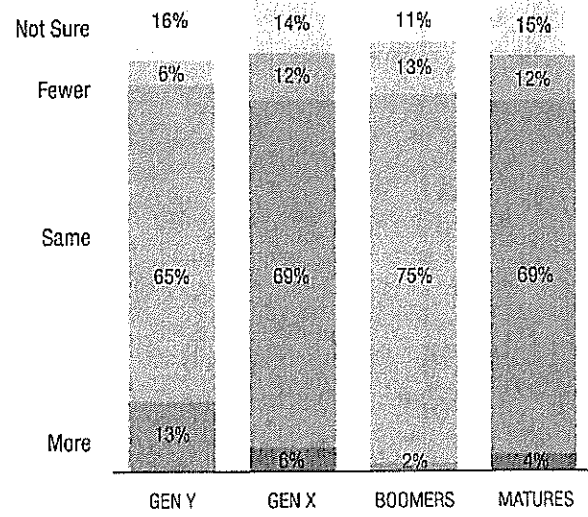


In short, the odds are strong that for the vast majority of causes, your next donor will be over age 50.

### Future Giving Giving Intent by Generation over the Next 12 Months



Overall Dollar Amount of Charitable Donations



Number of Charities Supported

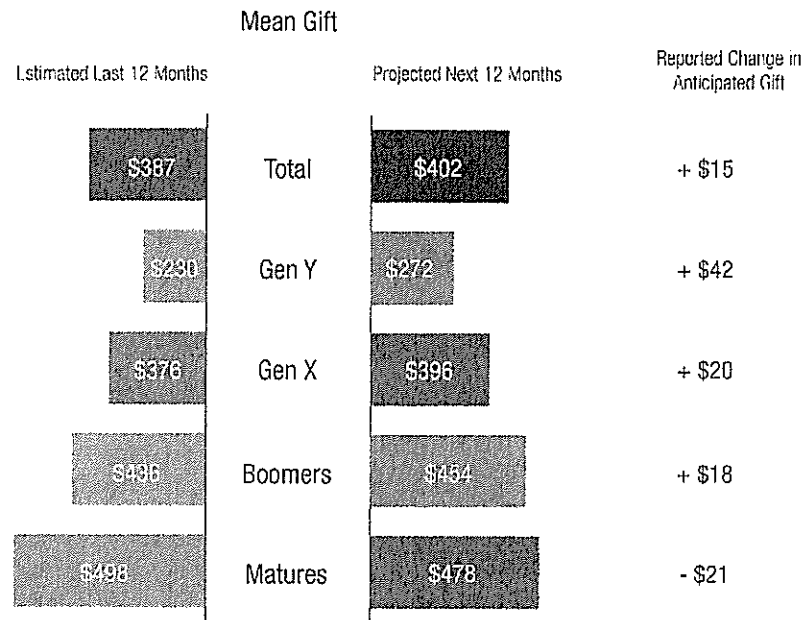
*Total percentages may not add up to 100% due to rounding.*

Younger donors are more likely to say they plan to increase their giving in the coming year: 21 percent of Gen Y donors say they will give more, compared with 10 percent of Boomers or Matures. Gen Y donors also predict personal giving to their top charity will grow by an average of 18 percent in the coming year, compared with a predicted average decline by Matures of 4 percent.

Predicted shifts in giving, however, will do little to change the complete picture (overall, Matures still plan to donate considerably more than Gen Y), nor will the bright spots compensate for a gloomy outlook. The majority, across all four generations, say their giving will remain status quo.



### Donation to Top Charity Reported Giving History and Intent by Generation



#### What About Generation Y?

Speculation abounds about the Gen Y *zeitgeist* and how that will affect fundraising. Some things we know: Generation Y is more multicultural, more internationalist in outlook, and more socially tolerant overall than older cohorts. They are growing up in a world boiling with uncertainty – economic, political, and social – and more than prior generations, they are placing greater demands on major public and private institutions for accountability, transparency, and fairness.

We believe these factors are not transitory. Much as Watergate and the Vietnam War defined worldviews among Boomers,

Generation Y is growing up in a world defined by 9/11, downward economic mobility, and globalization.

Will these propensities affect charitable habits? We believe they already do and will cast an even greater shadow over philanthropic habits in years to come.

That said, it's equally important to remember that the primacy of Gen Y in the donor marketplace is decades away. The study helps guide the way to a workable middle ground strategy, one that maximizes income from Boomers and their elders for now, but begins to build an expandable welcome mat for Generations X and Y.

## RECOMMENDATIONS

1. **Keep your eye on the bouncing red ball.** Boomers are highly likely to be the dominant source of income at least for the next decade, perhaps longer. Matures are slowly passing from the scene but will still be a presence in 2023.
2. **Multichannel marketing and fundraising is for everyone, but the optimal mix varies by cohort.** Everyone values direct mail to one extent or another. Everyone values face-to-face contact. Nearly everyone is engaged online. The trick will be to optimize the mix for Boomers, the source of most donor income today, while opening the door for younger donors.
3. **Prepare for the future today.** There are things organizations can and should do to attract younger supporters and a share of the roughly \$16 billion they give each year. Recognizing the full pay-off may take years, but peer-to-peer fundraising and crowdsourcing stand out as important opportunities, and will generate at least some income from Generation X and Boomers.
4. **It's not just about tweaking the tactics.** Many of the biggest impediments to effective multichannel fundraising are organizational and political. Internal wrestling matches over attribution of channel income are commonplace and lethal to your efforts. Moreover, to meet the expectations of Generation Y, successful fundraising organizations are going to need to be far more transparent in their finances and far more serious about demonstrating effectiveness than they have been previously.
5. **Know your donors' birthdays.** Not only can you send them a birthday card, which would be a smart move, but you can also begin to understand and track how your file is behaving generationally.
6. **Don't phase out direct mail now, but do have a "succession plan" for the mail channel.** It is declining as the dominant source of direct marketing income, and there is no indication that the trend will reverse itself. In fact, the data suggests the declining trend may accelerate, as even Boomers shift to giving online.
7. **Make donors happy.** Many of the tactics fundraisers find themselves using (such as heavy solicitation schedules) are taking a toll. Now is the time to create and track donor satisfaction metrics, and closely track retention by channel and generation. It's also time to pay more attention to inbound communications by donors. Responding to member mail is often a lowly position, and that person is rarely given a voice at the strategy table. The commercial sector has long ago learned that if they listen carefully, their customers are voicing their interests and concerns everyday. Charities should adopt similar listening strategies.

Remember, your mileage may vary. For every rule there are five exceptions. You may be the one cause in a thousand that is raising millions of dollars on Twitter. A veterans' charity probably needs to worry less about Gen Y today than a children's cause or an international relief group. Your experience with your file should guide your strategic and tactical fundraising decisions, not the broad findings from studies like this. Our goal is to get you into the best practices ballpark. The rest is up to you.