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NONPROFITS: FUNDRAISING & DEVELOPMENT

Fundraising: The Year Ahead

12.31.23 | Linda J. Rosenthal, JD

> Dec. 31, 2023 3:31 pm: We're certain that our sixth email today will be the one that convinces you to donate.

For the charitable community in the United States, the December fundraising push is always hectic and exhausting. This holiday season has been no exception.

There had been worrying giving patterns all year long, continuing the 2022 downward trend in the total number of donors. Upbeat Black Friday consumer-spending results offered a small ray of hope for the upcoming #GivingTuesday 2023. But the fundraising on November 28th was not an overall success. While the total dollar amount raised matched and just slightly exceeded the 2022 results, the *number* of donors decreased.

In December 2023, the nation's organizations doubled down on the strategy to lure back lapsed donors and attract new ones. Those efforts continued right up to the last minute.

> Dec. 31, 2023 4:23 pm: If you give a donation now, we won't send another email today. ***** 4:23 pm: Just kidding. You need to know about this Triple Match opportunity.

That's where we pick up the thread from our last post: *Closing the Book on 2023 Fundraising* (December 30, 2023) and consider the implications for 2024.

Troubling Trends

The nation's fundraisers had met In the spring of 2023 to discuss the disappointing 2022 fundraising data by then available. It was not good news. "…[T]he number of donors declined 10% despite some gains in the middle of [2022]…" See *Donations Decline for the First Time Since 2012, Fundraising Effectiveness Project Data Shows* (April 17, 2023) Amanda L. Cole, *nonprofitpro.com.*

"Dating back to 2012, donor dollars had been rising – until now," Ms. Cole explained. There were uneven patterns in 2022. "Through the third quarter of 2022, giving was up 4.7%, but at year-end, there was a 1.7% decline. That drop should have been a surprise since the end of the year is usually the most lucrative time for nonprofits." But many organizations could not hold on to new donors from 2021 and also "struggled to acquire new donor dollars at year-end in 2022."

Continuing into early 2023, there were ongoing signs of sluggish charitable contributions – both in dollar amounts and the number of individual donors. The early anecdotal evidence, later confirmed by hard data, raised alarm bells. See, for instance: *Chronicle's Exclusive Survey Finds Skittish Donors and Fundraisers Searching for a New Normal* (October 31, 2023) Rasheeda Childress and Emily Haynes, *The Chronicle of Philanthropy.*

GivingTuesday

Last month's 12th annual #GivingTuesday could have been a turning point but there were "mixed results" only, as we discussed in *Closing the Book on 2023 Fundraising* (December 30, 2023). See *GivingTuesday Results Are Flat; Nonprofits Raise $3.1 Billion* (November 29, 2023) Emily Haynes and Rasheeda Childress, *The Chronicle of Philanthropy.* The total amount collected (calculated before adjusting for inflation) just slightly exceeded the 2022 level.

But the disappointing news was the continuation of the pattern of losing individual donors. Many social-service groups sharpened their messages to highlight the increased demand for their services; other nonprofits focused on better engaging small-dollar donors to offset lagging donations from the corporate world.

Among the most popular approaches was urging donors to sign up for recurring donations instead of one-time-only gifts. And almost half of these supporters donated via a digital wallet like Apple Pay or Venmo; a payment method now enjoying "massive growth."

Also seen more often is the solicitation of gifts to "benefit a program of the donor's choice rather than the general fund." It's "what donors want," according to experts. "If organizations "don't offer those opportunities for more directed or more targeted giving, many donors just aren't going to give at all."

See also *Early #GivingTuesday Results Positive But Uneven* (November 29, 2023) Paul Clolery, Richard H. Levey & Eric Obernauer, *The NonProfit Times*. According to the authors, while it will take a while to complete calculations, "numerous trends have emerged … that mirror the past year of fundraising; namely, that "fewer donors are giving more."

They also report that, in some organizations, GivingTuesday "has become more of a protracted event…. extending to the days (and weeks) before and after the actual date." It's a way for them to "… complement their other annual giving days earlier in the year, with many doing a light donation ask on GivingTuesday and engaging supporters with volunteering or celebration opportunities."

This is in line with the philosophy of the GivingTuesday organization which sees the campaign as a "year-round charitable push." There's a section on the website that asks: "What if every Tuesday was GivingTuesday?"

Newest Data

As New Year's Eve approached and the nation's 501(c)(3) organizations honed their eleventh-hour appeals, they finally had access to hard data for January through September of 2023. See *Quarterly Fundraising Report: Year-to-Date Nonprofit Sector Trends*, Q3 2023, (December 22, 2023), *Fundraising Effectiveness Project* [21 pp. PDF].

The new report's "bleak data shows a continued steep decline in donor counts…." that began in 2021 "after a large uptick in donations and donors in 2020." See *No Holiday Cheer — Donors Plummeted Yet Again* (December 22, 2023, Paul Clolery, *The NonProfit Times.*

"Organizations of all sizes — except those raising less than $100,000 — had a decrease in fundraising. When it came to donor retention, only the category of those who had given at least seven gifts showed an increase and that was just 1.9%." According to Mr. Clolery, the data makes clear "that the hardest donors to retain are first time donors, who made up 68% of all donors in the study and were down 9.5%."

And NonProfit Pro's Amanda L. Cole reports, similarly, that "nonprofits are continuing to struggle" to meet and engage donors despite having "… numerous channels to reach donors, various technology options available to streamline and digitize processes, and long lists of donors to cultivate." See *The Decline in Small-Dollar and Major Donors Across the Nonprofit Sector Worsens* (December 22, 2023).

The "biggest takeaways" for Ms. Cole from the FEP's *Quarterly Fundraising Report: Year-to-Date Nonprofit Sector Trends* are:

- Engagement with small-dollar donors wanes: ["The decline is most predominant with "micro" (give $100 or less) and "small" donors, which account for 83.6% of total donors]
- Decline in major gifts affects donation totals: [But "the small decline fell within the margin of error, which could reverse as delayed data is added"]
- Retention among larger donors drops: ["Retention rates were improved over 2022 earlier this year, but fell behind 2022's pace as of June….All retention rates are trending down, with larger and micro donors suffering the most."]
- Small nonprofits tend to perform better than larger organizations: ["With the exception of organizations raising less than $100,000, all nonprofit sizes and causes experienced decreased fundraising year over year through the third quarter. The larger the organization,

the larger the percentage of dollars decreased year over year, with nonprofits raising $5 million to $25 million having a nearly 10% decline."]

Conclusion

According to GivingTuesday's Woodrow Rosenbaum, "[p]ersistently declining donations across all donor types shows that the sector needs to focus on agility and adapting to the realities of donor behavior." That will require "broad and regular engagement with grassroots givers" in order to "… create long-term, consistent donors … into 2024."

– Linda J. Rosenthal, J.D., FPLG Information & Research Director