

March 15, 2010

Charities Must Focus on Multiple Ways to Reach Young Donors, Generation Study Finds

By Caroline Preston

People in their 20s have been called the next “greatest generation,” the “trophy generation,” and even “narcissistic praise hounds.”

For charity fund raisers, those people might be better known as the donors who are hardest to hold onto, according to the [results of a study](#) released on Monday. Members of Generation Y, the term most often used for this group, tend to be less loyal to an organization and hold high expectations for online attempts to attract them. But they also have a strong desire to help others and to raise money and attention from friends and acquaintances for their favorite causes. Those are just a few of the findings of a new survey released by Convio and Sea Change Strategies about how members of different generations learn about charities, interact with them, and support them.

Conducted by Edge Research, the study polled more than 1,500 people who contributed to nonprofit groups in the past year.

The survey found that members of Generation Y, who were born from 1981 to 1991, and the group that preceded it—Generation X (those born from 1965 to 1980)—now make up more than half of the pool of potential donors.

But they contribute less money and support fewer charities. Donors born since 1980 gave an average of \$341 to an average of 3.6 groups, while members of Generation X gave \$796 to 4.2 organizations.

By contrast, the baby boomer—people born from 1946 to 1964—gave \$901 to 5.2 groups and those born in 1945 or earlier gave an average of \$1,066 to 6.3 charities.

No Single Way to Give

Though younger people give to fewer groups, they are willing to give in multiple ways, compared with their parents and grandparents.

Direct mail remains the dominant way through which older people give, with 77 percent of donors born in 1945 or earlier saying they had given through the mail in the past two years.

But among members of Generation X and Generation Y, no single way of giving dominated.

Forty-three percent of Generation X and 26 percent of Generation Y members in the survey said they had given through the mail in the past two years, while 35 percent of Generation X had used a charity’s Web site and 29 percent of Generation Y had used that approach.

For all of the generations, donating money at a supermarket or retail store was a primary way to give—52 percent of all those polled had given that way, a bigger share than any other technique. But that approach was especially popular with younger people. Fifty-seven percent of Generation X donated that way, and 48 percent of Generation Y did so.

Cellphone donations were far less common, with 13 percent of those in their 20s giving that way and 14 percent of Generation X doing so. Still, that was far more than the older generation: Just 4 percent of baby boomers used the technique and 2 percent of those 65 and older.

The appeal of so many giving techniques means fund raisers need to offer numerous options to attract younger donors, said Vinay Bhagat, chief strategy officer at Convio. “We are living in a multichannel world. The emphasis on focusing maniacally on mature donors from a marketing perspective has to change.”

Assessing Results

In addition to diversifying how they promote their causes and reach out to potential donors, charities need to change how they track interactions with donors, said Mr. Bhagat. He said it no

longer makes sense for charities to emphasize measuring how much money came in through direct mail, how much online, and how much through an event.

All of those approaches are important ways to raise money, he says, but they work in concert: A donor who contributed on a charity's Web site might first have learned about the group on a friend's Facebook page, then have been motivated to go back online after seeing an advertisement or receiving a mailing.

Through focus groups with donors, the survey found that younger people enjoy giving as part of social events such as parties and athletic races. They also put a priority on volunteering and tend to give just because they are asked and often without conducting much research.

By comparison, older people think in advance about their giving and are more concerned about how much money goes to administrative costs.

Members of Generation Y, in particular, are also enthusiastic about using the Internet to encourage other people to support causes. Thirty-six percent of those under 30 said they had forwarded a message about a charity to a friend in the past month, 37 percent said they would join an organization's Facebook group, and 29 percent had shared articles, photographs, or other information about a nonprofit organization on their own Facebook page.

Mr. Bhagat said that charities can encourage such activism by providing people simple ways to ask their friends to give online in honor of sporting events, birthdays, and other occasions.

Text-Message Giving

The survey also signaled that text-message giving is gaining acceptance. Seventy-seven percent of people in the survey said they had heard about the opportunity to make a donation via their cellphones after the Haiti earthquake, and 36 percent said they would be willing to contribute via text after an emergency occurs.

Thirty-one percent of all donors in the survey said they would be willing to contribute via text to help a friend raise money, and 28 percent they would be willing to do so as part of a charity fund raiser.

- Thirty-five percent of people born in 1945 or before said they had first learned about their favorite nonprofit group through the mail; 19 percent of boomers and 16 percent of members of Generation X said the same.
- Younger donors were more likely to say they would increase their giving this year than older people, the majority of whom said their giving would remain the same.
- Members of Generation Y were less likely than older people to say the economy had affected their giving, in large part because they had less money before the recession.
- People born before 1965 were most likely to keep up-to-date on charities from mailings, while younger people said Web sites were a more important source of information.