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INTRODUCTION

From fundraising to mission delivery, organisations have endured extraordinary challenges from the financial crisis that has yet to subside. Although the first half of 2013 showed signs of improvement in the broader economy, high unemployment and stagnant wages continue to stress household budgets — leaving not-for-profits in the UK and Ireland to wonder if this year’s donation levels will recover from 2012’s decline. Each year, Blackbaud conducts a number of surveys and research projects to better understand the views of our customers and the not-for-profit community at large.

To gauge levels of optimism, help not-for-profits benchmark their own forecasts, and report on some of the key management strategies not-for-profit leaders are using, Blackbaud created the State of the Not-for-profit Industry (SONI) Survey. Conducted annually since 2004, the SONI Survey has traditionally uncovered the degree to which not-for-profits anticipate changes in their organisations from year to year. In 2012, the Survey was revised to directly address key trends. This year’s survey provides insight from UK and Irish not-for-profits on topics related to:

- Online Giving
- Direct Marketing
- Social Media
- Mobile Technology
- Peer-to-Peer Fundraising
- Gift Aid

METHODOLOGY

Invitations to participate in the SONI Survey were distributed to not-for-profits online, via industry newsletters, targeted emails, and at trade events. Responses were collected in July and August 2013 and a total of 592 completed responses were received from the UK and Ireland. This is a 97% increase from the number of UK responses received for the 2012 SONI Survey.

Because this was a convenience sample rather than a random sample of the entire not-for-profit community, results may not be statistically representative of all not-for-profits in the UK and Ireland. The results do, however, provide a useful basis for benchmarking and analysis.

Please note that comparisons are made throughout this report to the 2012 SONI Survey. These comparisons are general in nature, and do not directly compare matching sample sizes or organisations due to differing respondents from year to year.

Where financial bands are mentioned throughout the report, survey questions were asked about in British pounds and will be reported in the same way.
EXECUTIVE SUMMARY

ONLINE GIVING AND DIRECT MARKETING

Not-for-profits in this year’s survey used online giving as a key donation channel, with roughly 85% of responding organisations accepting online donations. This rose sharply from the 70% acceptance rate in 2012’s SONI Survey (UK only).

- Not-for-profits from all sizes and mission categories were highly likely to accept online donations. On average, online giving represented 15% of all individual donations.
- More than half of survey respondents reported an increase in online giving as a proportion of overall individual giving in the past 12 months.
- Social networking, special events, and email were the three most commonly used traditional marketing channels to drive individual donations, similar to 2012 results.

SOCIAL MEDIA

Social networks were widely used by this year’s respondents, with more than 80% of all organisations using some form of social media to communicate with their supporters. The 2013 SONI Survey found that:

- Facebook® and Twitter® were the most commonly used social media networks, and used in parallel with each other. Reasons given for their popularity included reaching a large audience and driving engagement.
- There was a noticeable disparity in how well not-for-profits felt they executed their social media efforts in the past year, with more than 60% of respondents rating themselves lower than 7 out of 10 on a scale of effectiveness.

MOBILE TECHNOLOGY

Use of mobile technology for both fundraising and general marketing purposes was up in almost every category compared to the 2012 SONI Survey. A significant number of respondents that are not currently using mobile technology are planning to over the next 12 months. For example, almost half of respondents plan to update their websites this year to enable mobile browsing.

PEER-TO-PERF FUNDRAISING

Peer-to-peer fundraising (in which supporters ask for individual donations on behalf of a charity) continues to flourish in the UK and Ireland. Sixty percent of this year’s not-for-profits reported receiving peer-to-peer donations in the past 12 months, and for a few of these, peer-to-peer donations now represent a substantial portion of their income.

- Not-for-profits most commonly encourage peer-to-peer donations by hosting or participating in fundraising events (races, challenges, awareness months, etc.), but also drive donations through online tools.
- Peer-to-peer fundraising was most commonly used by not-for-profits generating more than £10 million in annual income. Healthcare and international aid groups were considerably more likely to collect peer-to-peer donations than other not-for-profit sectors.

GIFT AID

Gift Aid, a UK government program that assists not-for-profits in claiming tax incentives from individual donations, represents more than £1 billion in annual income for UK not-for-profit organisations. For UK respondents in this year’s survey, questions were asked that directly addressed Gift Aid. The 2013 SONI Survey found that:

- On average, Gift Aid represented 4% of total income for not-for-profits in the UK. A significant number, 42%, did not report any income associated with Gift Aid, whilst almost all others listed amounts ranging from 0% to 25% of their total income.
- The range of donations that were submitted for Gift Aid varied widely by respondent. Almost half of not-for-profits claimed less than 50% of their individual donations for Gift Aid.
- Not-for-profits submit Gift Aid claims via a number of methods or systems. This year’s SONI respondents listed fundraising and/or donor management systems as the most common method for Gift Aid claims submission. For smaller organisations, spreadsheets were most common.
ONLINE GIVING

In today’s challenging fundraising environment, the boom in online donations has often been held as one of the largest sources of encouragement. In 2011, the Institute of Fundraising reported an 85% increase in online charitable giving over the course of the three preceding years. Given the rising importance of the Internet, fundraisers are working hard to better understand which online tools and communication strategies are most effective with their supporters.

The vast majority of respondents (86%) are currently accepting online donations, up from roughly 70% in 2012. Although acceptance of online donations was slightly lower among smaller organisations, more than 65% of not-for-profits with less than £250,000 in annual income accommodated online giving. Higher education, environmental, and healthcare organisations had the highest rates of online acceptance, while primary and secondary education organisations had the lowest.

On average, not-for-profits from the sample survey received 15% of all individual donations from online donations. This amount was significantly higher for arts and cultural not-for-profits, which generated roughly 26% of their contributory income in this manner.

The relative percentage of individual giving from online channels varied widely, with most respondents advising that online gifts represented less than 5% of their overall individual donations. This is despite online growth to date. In fact, 59% of not-for-profits reported an increase in online giving in the past 12 months, up slightly from last year’s mark of 54%.
Not-for-profits that identified government funding as their primary income source were more likely to cite an increase in online giving over those who depended more on donations or fees (65% of respondents reported an uptick in online giving). This is perhaps not surprising as, traditionally, state-dependent organisations seek to diversify their funding.

There are undoubtedly unique circumstances driving each respondent’s year-over-year change in online giving, but the techniques and technologies used by these organisations may be worth a closer look.

Respondents that Reported a Proportionate Increase in Online Giving Also…

<table>
<thead>
<tr>
<th>Activity</th>
<th>N = 168</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used &gt;1 social media website to communicate with supporters</td>
<td>92%</td>
</tr>
<tr>
<td>Used &gt;2 social media sites</td>
<td>62%</td>
</tr>
<tr>
<td>Used &gt;3 social media sites</td>
<td>33%</td>
</tr>
<tr>
<td>Reported Facebook® as the most impactful social media site</td>
<td>68%</td>
</tr>
<tr>
<td>Reported Twitter® as the most impactful social media site</td>
<td>23%</td>
</tr>
<tr>
<td>Received peer-to-peer donations in the past year</td>
<td>68%</td>
</tr>
</tbody>
</table>
Even not-for-profits that were already dependent on online giving are seeing relative increases in its importance. More than 60% of organisations, who reported online giving as representing a majority of their income from individual donations, also reported a year-over-year increase in the proportion of online gifts.

When asked what factors have been the most influential in online giving growth, responses ranged from improved awareness to increased familiarity of social media tools. The most common responses involved improvements in technology and simply a stronger focus on the channel as more constituents adopt these tools.

**DIRECT MARKETING**

With the recent focus on online giving, it’s important not to lose sight of the fact that most not-for-profit organisations still rely on traditional marketing channels for the bulk of their charitable income. A combination of traditional and ‘new world’ methods seems to be the preferred approach for the majority of this year’s respondents, with a recognition that methods like social media continue to gain traction.
Social networking, special events and email were the three most commonly used marketing channels to drive individual donations, which mirrors last year's responses. Both telemarketing and face-to-face methods were less popular overall, but were still used by organisations of a certain size or mission. For example, telemarketing was used by more than 85% of the highest-income respondents, while it was used by less than 10% of the lowest-income. Face-to-face and direct dialogue methods were used by more than 60% of environmental respondents, regardless of size. Not surprisingly, email and social networking proved to be the most commonly used amongst both large and small not-for-profits, likely because of their relative affordability. Worth noting is that special events were commonly used by smaller not-for-profits, suggesting events continue to provide some level of cost-efficient value (last year's SONI Survey respondents identified special events as the most successful way to bring in new donors). Less than half of not-for-profits with under £1 million in annual income used direct mail in the last 12 months.
SOCIAL MEDIA

Use of popular social media tools, such as Facebook® and Twitter®, is widely accepted as an important donor engagement strategy in the UK and Ireland. A recent study by the Office for National Statistics (ONS) and Eurostat states that almost half of the UK’s 33 million Internet users participate in social networks on a daily basis. While it is true that many organisations’ social media efforts largely target younger audiences, this same report reveals that 19% of social media users are aged 65 to 74, indicating that an effective social media strategy can address multiple audiences.

Social networks were extremely popular amongst this year’s respondents, with more than 80% of all organisations using some form of social media. This usage spanned across not-for-profits of all levels of income and mission type.

Not surprisingly, Facebook® and Twitter® are the most widely used social networks. More than 90% of respondents used Facebook® or Twitter® to communicate with supporters, and almost all of these respondents are active on both sites. The third most popular social media network is LinkedIn®, used by 17% of respondents (driven by 93% usage amongst higher education organisations).

More than 80% of respondents who used more than one social media site used both Facebook® and Twitter®; 15% of respondents used Facebook®, Twitter®, and LinkedIn® combined. Facebook® was listed as the most impactful social media site by 57% of respondents, with Twitter® the second most at a distant 29%.
Facebook® was the most popular social site with not-for-profits because of its ability to reach supporters. Many also found it to be one of the most robust tools for sharing complete levels of information and storytelling. Twitter® was often described as being instantaneous in nature and thus providing rapid engagement, while LinkedIn® was cited as being well suited for managing certain types of networks (for example, alumni).

Not-for-profits are taking various approaches towards improving their social media effectiveness. Many are adding staff or creating roles that focus on social media efforts. Others are using specific metrics to track performance, where almost 70% were currently using or planning to use metrics this year.
With all of this effort going into improving performance, do not-for-profits feel they are making strides towards more fruitful social media endeavors? Many do, of course, but a meaningful number of SONI respondents felt that they have underperformed against expectations in the past year. Respondents provided self-scores on the effectiveness of their social media strategies on a scale of 1 to 10. Scores were evenly distributed, with almost half of the organisations giving themselves a score lower than 6. Only 8% of respondents gave themselves a score of 9 or higher.

Respondents rating themselves with a score of 7 or higher were prevalent amongst:

- Irish not-for-profits (57% of respondents scored themselves as 7 or higher, compared to 36% in the UK)
- Large organisations with more than £10 million in annual income
- Arts and cultural, healthcare, and environmental/animal causes
- Users of multiple social media sites

Respondents did not provide details into how they judge the success of their social media programs, but given the channels’ focus on continuous engagement, a logical measure may be constituent followers and the number of page ‘likes.’ In the 2012 SONI Survey, UK respondents reported disappointing levels of new donor acquisition from social media, with more than 55% of respondents using social media for recruitment, and only 3% listing it as the most beneficial source of new donors.

MOBILE TECHNOLOGY

Like social media, focus on mobile devices has grown in recent years along with strong adoption. Since 2010, access to the Internet via mobile devices has more than doubled in the UK. A report by ONS found that:

- Six in 10 Britons used mobile devices, including smartphone and tablets in 2013
- Ninety-four percent of those users are aged 16 to 24

Last year’s SONI Survey predicted significant growth in the use of mobile technologies by not-for-profits to communicate their mission, raise more funds, and organise funds. The prediction appears to have held true in this year’s results, with organisations reporting growth in every category of mobile technology usage.

![Mobile Usage — General](image-url)
Recognisable gains in usage of both QR codes and mobile optimisation clearly highlight the sustained focus on mobile users. Current use of these technologies was more pronounced amongst larger organisations, but still highly present with all respondents. Proper design and mobilisation of websites for mobile devices is either in place or planned for a majority of respondents, indicating these features may become more of a necessity in the near future.

Discussions of mobile fundraising techniques in the UK are often centered around text giving, which has grown in popularity in recent years. More than 70% of respondents either currently use or intend to use text giving as a way to drive donations moving forward. Accessing information from a donor/alumni database trended upward slightly from the 2012 SONI Survey, while the use of mobile devices to collect funds outside the office (via face-to-face solicitation, special events, etc.) remained at 12%. This question, however, may be distorted by the respondents’ reliance on agencies as a means of conducting street, door-to-door, or event collections.

Not surprisingly, larger organisations were far more likely to be currently leveraging mobile technologies to fundraise, although organisations of all sizes commonly voiced some intent to use in the near future. Healthcare and environmental not-for-profits were more likely to use text giving; the use of mobile access of donor/alumni databases generally fell between 10% and 20% of organisations.

Although a much smaller sample size, Irish respondents were more likely to use mobile technologies for any purpose when compared to their UK counterparts, with the exception of text giving. Irish organisations were twice as likely to use mobile technologies to access their donor/alumni database and perform mobile collections, while being 10% more likely to optimise email messages for mobile viewing.
Peer-to-peer fundraising use continues to rise in the UK. Listed as one of Blackbaud’s top five technologies to impact UK not-for-profits in 2013, peer-to-peer fundraising is defined as any activity where supporters raise funds on behalf of an organisation.

Sixty percent of this year’s respondents reported receiving donations from peer-to-peer fundraising in the past 12 months. This level is a sharp increase from last year’s respondents, but comes as no surprise. The SONI 2012 Survey stated that 38% of respondents used peer-to-peer fundraising techniques to drive individual donations in 2012, but another 18% planned to use those techniques in 2013 (57% total vs. 2013’s 60% usage).

Peer-to-peer fundraising was commonly used by not-for-profits of all sizes, but highly prevalent in respondents with more than £10 million in annual income. Healthcare and international aid organisations were more than 80% likely to collect peer-to-peer donations, well surpassing all other types of not-for-profits. While arts and cultural organisations drew a significant amount of their donations from online giving, very few received peer-to-peer donations in the past fiscal year. Due to its often event-driven nature, peer-to-peer donation income can vary widely depending on the success or scale of event efforts each year. Peer-to-peer donations in this year’s sample generally correlated to the overall income of the respondent. A select few, however, raised as much as 25% or more of their total income from peer-to-peer donations.

### Ways in Which Respondents Enable Peer-to-Peer Fundraising

<table>
<thead>
<tr>
<th>Way</th>
<th>Have used within the past 12 months</th>
<th>Not using, but plan to use</th>
<th>Not using, and no plans to use</th>
</tr>
</thead>
<tbody>
<tr>
<td>We encourage those who raise funds on our behalf to thank their donors.</td>
<td>80%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>We host peer-to-peer fundraising events (e.g., races / challenges, awareness months, campaigns, etc.).</td>
<td>72%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>We offer supporters access to online peer-to-peer fundraising tools.</td>
<td>59%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td>We provide peer-to-peer fundraisers guidance on how to utilise peer-to-peer fundraising tools.</td>
<td>57%</td>
<td>24%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Total percentages may not add to 100% due to rounding.
Organisations enable supporters to raise funds on their behalf in a variety of different ways. The most commonly used peer-to-peer tactic was to encourage fundraisers to thank their donors. Not-for-profits also participate in or host events while driving donations through online tools, which is expected to grow over the following 12 months.

Respondents accepting peer-to-peer donations were the same organisations that are also leveraging social media and online giving tools. More than 85% of respondents who answered ‘yes’ to receiving peer-to-peer donations, also accept online donations. Likewise, more than 90% of those receiving peer-to-peer donations are using at least one social media tool to communicate with their supporters.

In line with other modern forms of communication, peer-to-peer activities often provide not-for-profits with a wealth of information on their supporters. Unlike other means of giving, peer-to-peer donations are generated from other supporters, and often involve the use of third-party technology providers and other intermediaries; more than 65% of respondents receive contact information and other details on individuals who donate via peer-to-peer.

Of not-for-profits receiving contact information, roughly 60% said they typically send a follow up, thank you, or some other form of acknowledgement letter. Others said they stored contact information in their database for future communication. Generally, information was used to drive future communications in hopes of acquiring the peer-to-peer donor as an ongoing supporter of the organisation. Surprisingly, 10% of respondents advised they do not use this information at all.

For not-for-profits in the UK, Gift Aid has been an important tax incentive since the early 1990s. Administered by the HM Revenue & Customs office (HMRC), Gift Aid is a government program that assists not-for-profits with claiming back the element that would have been paid in tax for a donation by a UK tax payer. Today, Gift Aid is worth nearly £1 billion per year to UK not-for-profits and their donors.

UK not-for-profits in this year’s survey took advantage of the Gift Aid program in varying ways, with a significant number (58%) reporting Gift Aid income. For those that did process Gift Aid claims, when asked what percentage of gifts received from individual donors were ‘Gift Aided,’ answers were evenly distributed representing a small fraction to a majority of individual donations.
On average, Gift Aid represented close to 4% of total income for UK respondents. Respondents reporting no income from Gift Aid equaled 42% of UK respondents, while almost all others reported between 0% and 25% of their total income as Gift Aid generated.

Given the potential for additional income from Gift Aid, processing claims was a priority for many not-for-profits. Changes were put in place by the HMRC this year to allow for easier processing of claims by launching several replacement options for the R68(i) form currently used by not-for-profits to claim the basic income tax portion of a donor’s gift. These changes now allow organisations to submit claims online or through authorised fundraising software.

Roughly half of respondents are using fundraising or donor management systems to process their Gift Aid claims today. Both accounting systems and spreadsheets are also commonly used, while some organisations are using a Gift Aid system or other means.

With the exception of respondents making less than £250,000 in annual income, who most commonly generate claims via spreadsheet packages, all other sizes of not-for-profits reported fundraising or donor management systems as their primary claims method. Many organisations reported using some combination of donor management systems and spreadsheets.

Half of those respondents using Gift Aid today are storing Gift Aid declarations in paper files, many of whom are using paper files as their sole means of storage. The second most common method of storage was via digital files stored on a local server, or some combination of this and paper claims. Less than 10% of respondents reported using a cloud service to store Gift Aid declarations.

With the new changes to online Gift Aid submission initially taking place in April 2013, the R68(i) repayment form ceased in September 2013. For many organisations, this presents a challenge for those which have been slow to adopt the Charities Online process or other means. Many SONI Survey respondents appear well prepared for the change, but nearly one-fourth of respondents were unsure which method they would use upon the R68(i) form withdrawal, and another 7% were unaware that the Gift Aid submission process was changing.

How Not-for-Profits Plan to Submit Gift Aid Upon R68(i) Form Withdrawal

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Online Submission Form from Database</td>
<td>44%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>24%</td>
</tr>
<tr>
<td>Spreadsheet Submission</td>
<td>20%</td>
</tr>
<tr>
<td>Previously Not Aware of the Change</td>
<td>7%</td>
</tr>
<tr>
<td>Handwritten Paper Submission</td>
<td>5%</td>
</tr>
</tbody>
</table>
CONCLUSION

Not-for-profits in the UK and Ireland are confronting their many challenges head-on by leveraging new technologies and best practices to improve fundraising efforts, maximising constituent engagement, and delivering programs to wider and more demanding audiences. As the global economy continues its fragile recovery, effective use of modern communication methods such as social media, mobile web technology, and online marketing may help propel not-for-profits forward despite strengthening headwinds. While these technologies gain popularity, not-for-profits must carefully consider how they will differentiate themselves in an online world.

RESPONDENT PROFILE

Fundraising/Development staff were the most frequent responders to the survey in both the UK and Ireland, with members of the Executive/Management team the second largest responding group. Offline direct marketing methods, which represented the vast majority of contributory income for respondents over the past year, will maintain importance into the near future. In addition, indirect engagement methods such as peer-to-peer fundraising will likely become more accepted, forcing not-for-profits to consider how these indirect connections may impact their marketing strategies and supporter relationships.

Future gains in technology will be accompanied by the increasing accessibility and distribution of information. This holds true in the not-for-profit sector, where available data, tools, and reports on supporter behavior have never been more prevalent.

Respondents by Functional Area

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>N = 592</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting / Finance</td>
<td>5%</td>
</tr>
<tr>
<td>Administrative Staff</td>
<td>2%</td>
</tr>
<tr>
<td>Board / Trustee</td>
<td>5%</td>
</tr>
<tr>
<td>Executive / Management</td>
<td>26%</td>
</tr>
<tr>
<td>Fundraising / Development</td>
<td>50%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>1%</td>
</tr>
<tr>
<td>Marketing / Communications / Public Relations</td>
<td>7%</td>
</tr>
<tr>
<td>Membership</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Technology</td>
<td>2%</td>
</tr>
</tbody>
</table>
The respondent population was relatively balanced in terms of mission delivery, with the largest percentage of respondents identifying themselves as ‘Other,’ which included military support, professional organisations, and more. International aid not-for-profits represented a higher proportion of Irish responses, whilst healthcare and higher education were more prevalent in the UK sample. A large number of respondents did not provide details on their mission.

### Respondents by Organisation Type

<table>
<thead>
<tr>
<th>Organisation Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (Primary and Secondary)</td>
<td>5%</td>
</tr>
<tr>
<td>Education (Higher Education)</td>
<td>5%</td>
</tr>
<tr>
<td>Arts, Cultural, and Humanities</td>
<td>7%</td>
</tr>
<tr>
<td>International Affairs / Relief</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
<tr>
<td>Religious</td>
<td>5%</td>
</tr>
<tr>
<td>Social Care and Social Services</td>
<td>14%</td>
</tr>
<tr>
<td>Trust or Foundation (Private)</td>
<td>3%</td>
</tr>
<tr>
<td>Trust or Foundation (Public)</td>
<td>0%</td>
</tr>
<tr>
<td>Not Provided</td>
<td>21%</td>
</tr>
</tbody>
</table>

*(N = 592)*
Organisational size of respondents by income was diverse in both countries. As expected, the largest number of organisations generated less than £250,000 in total income per annum. Mid-sized not-for-profits were well represented, with roughly 40% of respondents ranging between £1 million and £10 million. More than 30 respondents categorised themselves as having over £100 million in total income.
Individual and corporate donations represented the primary source of income for just over 30% of all respondents. Fees and earned income represented the second most common primary source of income, at just under 30%. Worth noting is that Irish respondents were generally more dependent on government funds than their UK counterparts.

The majority of respondents to this year’s survey were from the UK.