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Online Gift Donor Profile

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Introduction

The ePhilanthropy Foundation estimates that online giving in the United States has reached approximately \$2.62 billion, driven by significant increases in online giving for both small and large organizations, as well as the unprecedented use of the Internet for tsunami and hurricane relief efforts in 2004.¹

As the result of heightened interest in this area, **Blackbaud Analytics™** launched a study of online gift donors and their giving trends in 2005. The first stage consisted of gathering giving history data from nonprofit organizations of the following types: cultural, religious, healthcare, education, community services, and social services. All of the participating organizations are **Blackbaud® NetSolutions™** clients.

The research showed that, as many already suspected, online donors are younger than the average donor. Online donors were also found to have lived in their residences longer than five years. Most interestingly, the research indicated that the majority of online donors have little to no prior giving history with an organization. This can be interpreted to mean that it is easier to acquire an online donor than it is to convert a current donor into an online donor.²

The second stage of the study will involve gathering data from more nonprofit organizations, conducting online donor retention research, and conducting online donor surveys and analysis.

Methodology

Probit Regression² was applied to build several online donor likelihood models. Several assumptions were introduced, and the models were tested for robustness. Descriptive statistics were used to compare the online donor profile to statistics of those found among donors nationally.³

Findings

Application of regression techniques and descriptive statistics analysis has enabled us to draw a few conclusions and suggest several hypotheses about forces driving prospects or current donors to become online donors.

Donor Age has been significant under all assumptions.⁴ We were able to draw a conclusion that younger donors/prospects are more likely to donate online.

¹ Source: ePhilanthropygiving.org

² Powers D., Xie Yu.(1999) Statistical Methods for Categorical Data Analysis, Academic Press, FL

³ Descriptive statistics used were mean, median, mode, and standard deviation

⁴ Donor Age was significant at the 99% level in all but one environment

My research indicates that after six solicitations a year, the likelihood for long-term loyalty diminishes significantly.

Giving History, or number of consecutive years having given, shows a negative correlation with online giving. We did not find conclusive evidence that regular donors are less likely to start giving online. We did find that online donors often have little to no prior giving history with the organization, so we believe it may be easier to acquire an online donor than it is to convert a conventional (i.e. check, credit card via mail, etc.) donor into one.

Proportion of English Speakers was significant with positive coefficients under certain assumptions. We suggest that prospects living in communities with a higher English-speaking concentration are more likely to become online donors.

Length of Residence was significant with positive coefficients under certain assumptions. We suggest that prospects/donors who have lived in their residences longer may be more likely to become online donors.

We have also found several interesting variables⁵ that were marginally significant in one or more model setup. These variables help describe the donor profile but should not be considered predictive based solely on this study.

Number of Adults: More online donors come from households including two or more adults. The online donor percentage of households with two adults is 41% versus 47% for the national level.

Estimated Income: Online donors tend to be more affluent. Starting at the level of \$50,000 or more, online donors' estimated income percentages at every bracket are consistently higher than those at the national level.

Current Home Value: Online donors live in residences of higher value. Starting with \$175,000 or more, online donor percentages at every bracket are consistently higher than those at the national level.

Length of Residence: Online donors are likely to have lived in their residences longer. The percentage of online donors who have lived in their residences for five years or fewer is lower than that at the national level.

Home Owner: Sixty percent are verified homeowners and 75% are probable, likely, or verified homeowners.

Mail Order Responder: Sixty-one percent have bought goods or services via mail versus 45% nationally.

Gender: Fifty-three percent are males, versus 49% on national level.

Credit Card Users: Ninety-three percent are confirmed users and 7% are unknown.



George Rubanenko, senior statistician for Blackbaud Analytics, is responsible for creating new analytical approaches, models, and methodologies. He brings an extensive knowledge of data mining and statistical research from the for-profit world. Prior to joining Blackbaud Analytics, Mr. Rubanenko headed the Modeling and Research Group at Vartec Telecom in Dallas, TX. He holds a BS in economics from Donbass State Machinery Academy in the Ukraine and an MA in economics from Southern Methodist University in Dallas, TX.

about Blackbaud

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. More than 15,000 organizations use Blackbaud products and consulting services for fundraising, financial management, business intelligence, and school administration. Blackbaud's solutions include The Raiser's Edge®, The Financial Edge™, The Education Edge™, The Patron Edge®, Blackbaud® NetCommunity™, The Information Edge™, WealthPoint™, and ProspectPoint™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario; Glasgow, Scotland; and Sydney, Australia.

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Conclusion

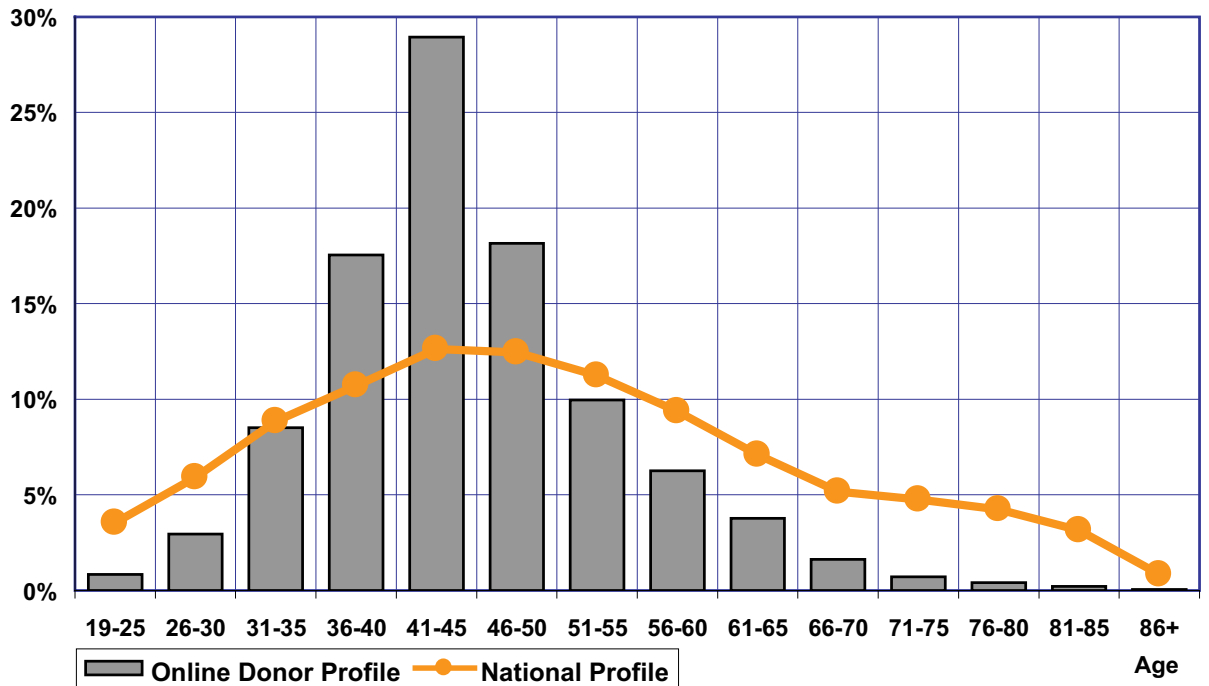
Blackbaud Analytics has launched the study of online donor behavior in order to compile a representative profile of an "online charitable gift donor" to find interesting trends in donor behavior and to help the nonprofit industry understand whom the best prospects for online giving are.

After the first stage of the project, we have been able to confirm two hypotheses that we previously suggested. First, online donors tend to be younger individuals. Additionally, we saw that online donor age is more tightly packed around its mean, which is lower than that of the average national level. Second, it is easier to acquire an online donor than to convert a current donor into one.

Prospects/donors who live in neighborhoods with a higher percentage of English-speaking people may be more likely to be online donors. Length of residence played a significant role in certain environments.

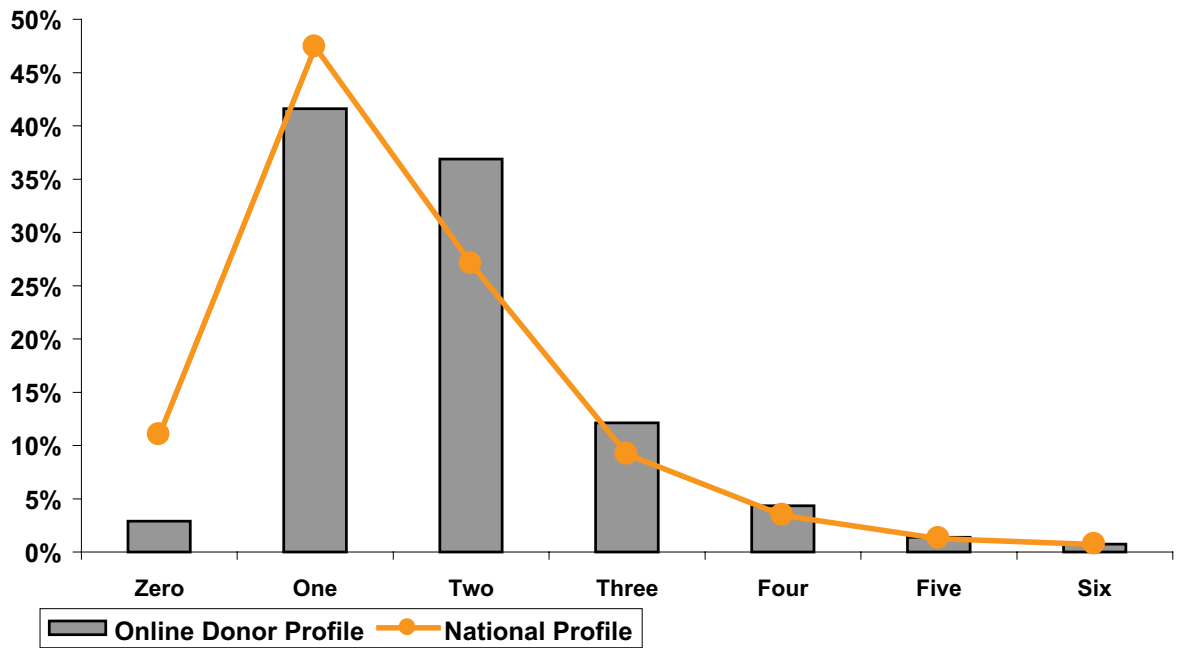
The dataset used in this study represents a cross-section of nonprofit organizations receiving online donations. However, while different assumptions and dataset combinations were used to test the robustness of the predictive model, we cannot assert that our dataset is representative of the nonprofit industry or that it could be used as the basis for prescriptive model. We can, however, build accurate, client-specific custom models for nonprofits seeking additional data on this subject.

Online Gift Donor Age



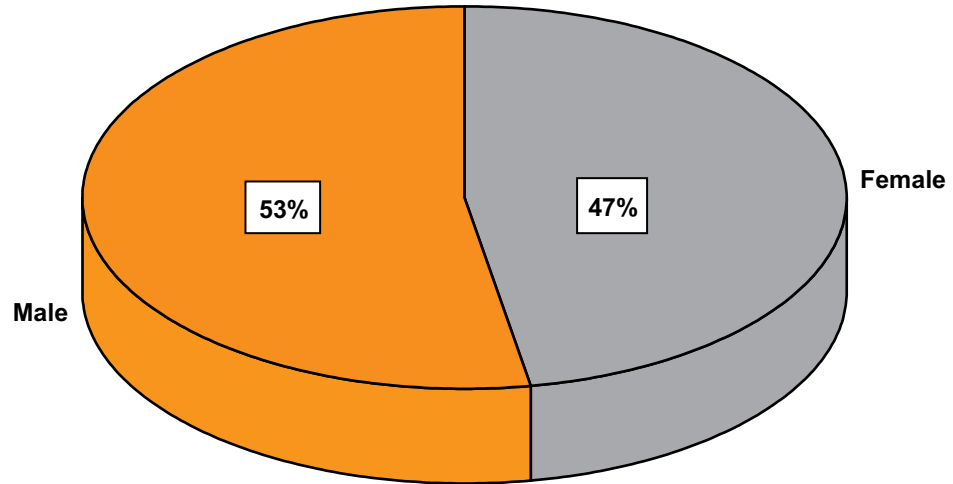
29% of online gift donors are between 41 and 45 years of age. Values are based on 95% with known values

Number of Adults



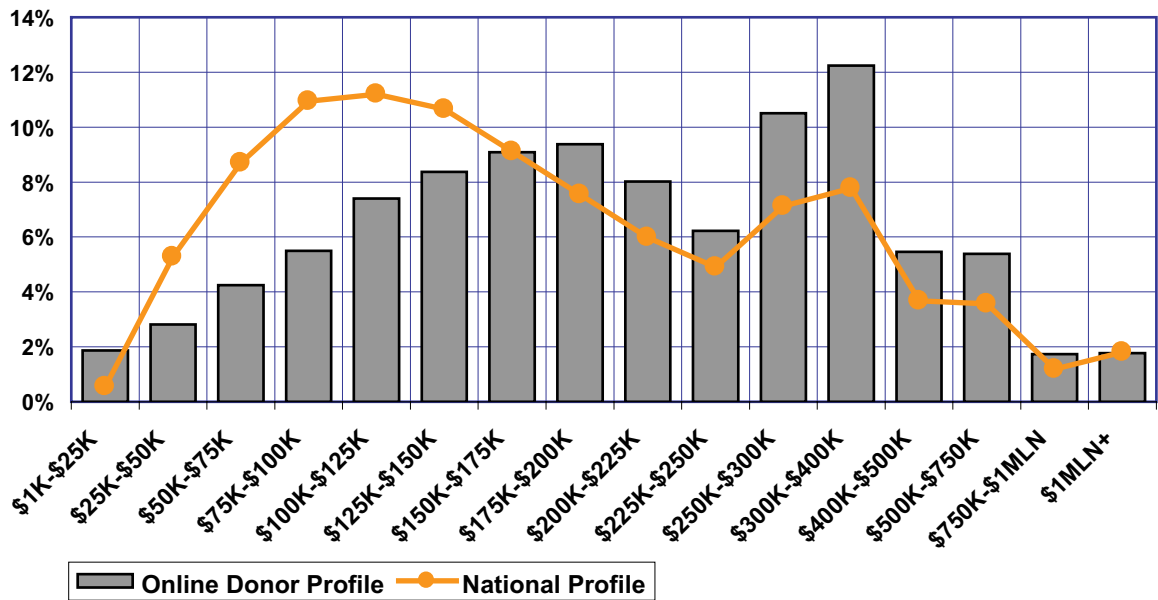
Number of Adults values are based on 95% of online donors with known values. Households with 1 or 2 adults comprize 79% of the online donors.

Gender



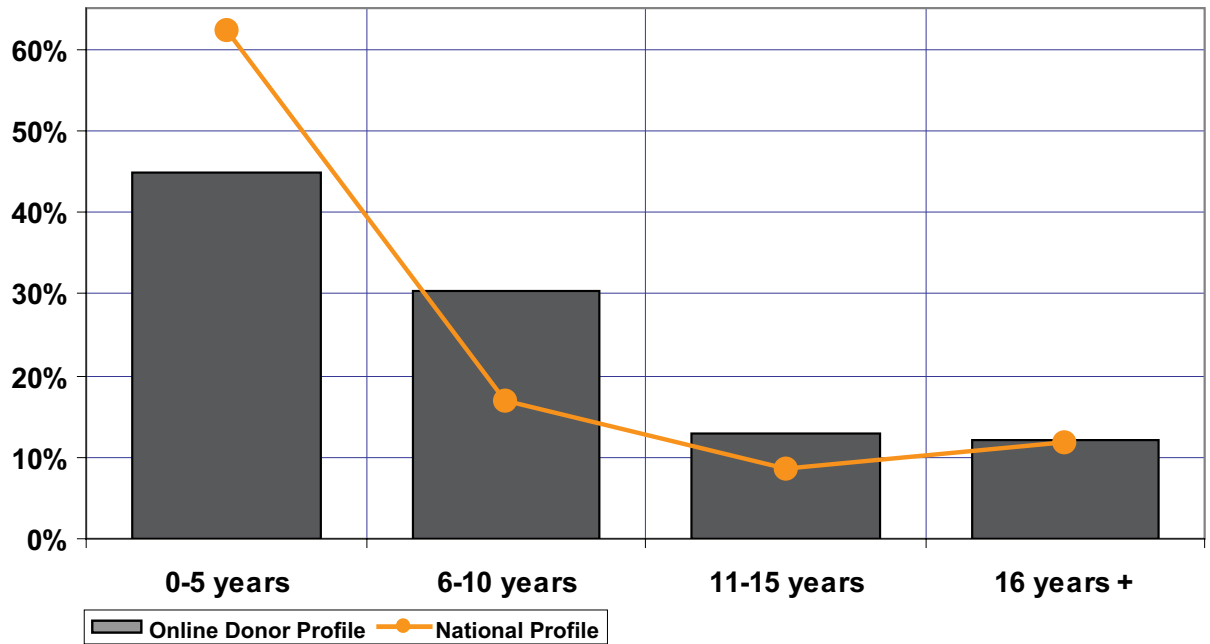
53% of online donors are males. Results are based on 93% of records with known values.

Current Home Value



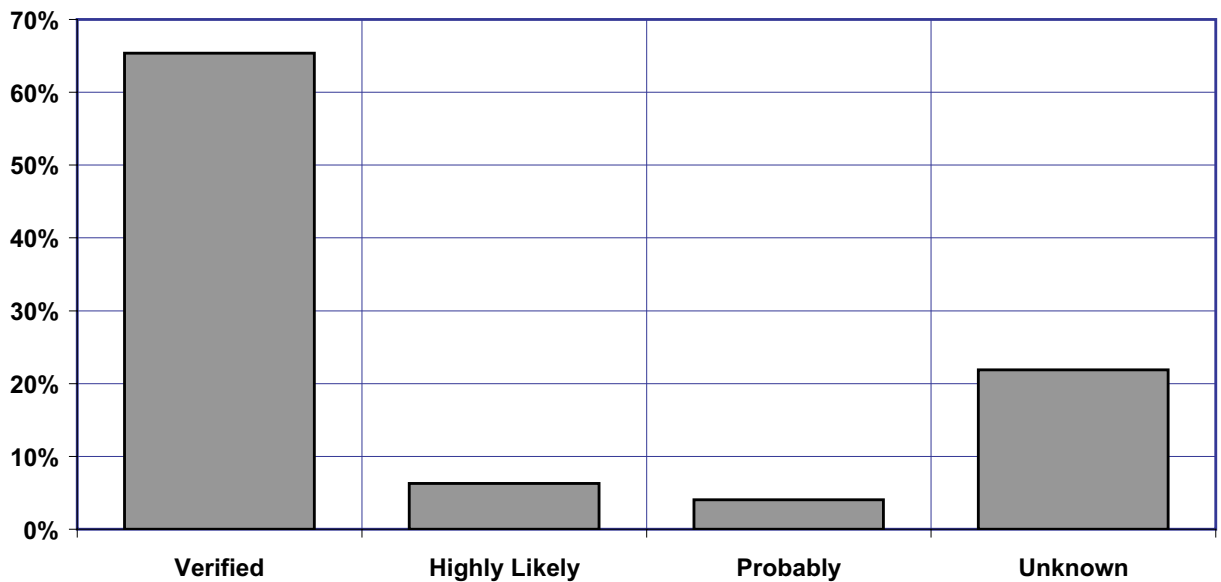
Results are based on 77% of households with known non-zero values. 37% of online gift donors have current home values of \$250,000 or more.

Length of Residence



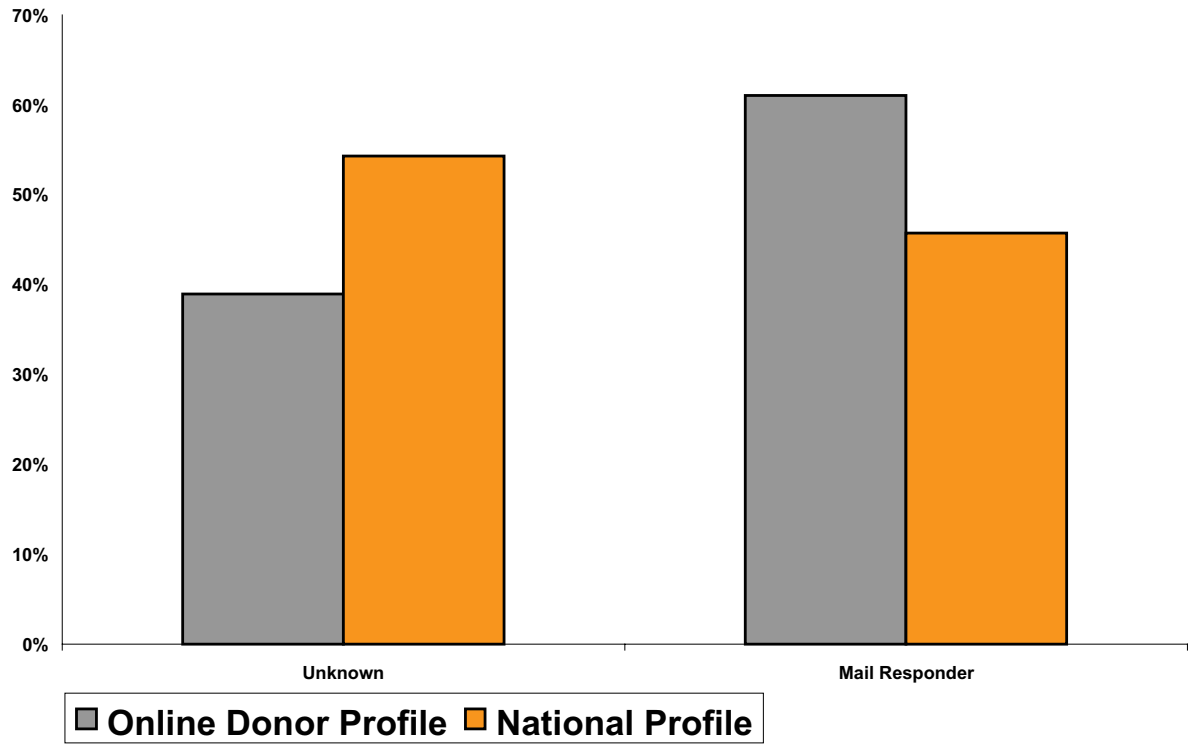
75% of online donors have length of residence less than 11 years. Values are based on 94% of donors with known values.

Home Owner



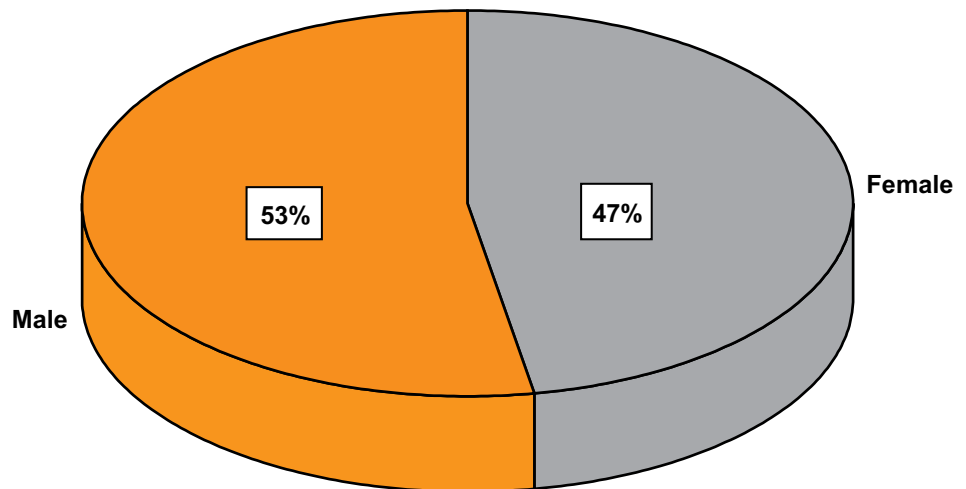
90% of online gift donors are verified home owners. Results are based on 73% of records with known non-missing values.

Mail Order Responder



61% of online gift donors have ordered via mail at least 1 time.

Gender



53% of online donors are males. Results are based on 93% of records with known values.

Profile of Participating Nonprofits

