donorCentrics™ Index of Direct Marketing Fundraising
2015 Third Calendar Quarter Results
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About the donorCentrics Index of Direct Marketing Fundraising

The Target Analytics donorCentrics Index of Direct Marketing Fundraising analyzes direct marketing giving for many of the largest non-profit organizations in the country. For the twelve months ending Q3 2015, Target Analytics evaluated transactions from 73 organizations, including more than 34 million donors and more than 78 million gifts totaling over $2.7 billion in revenue.

The Target Index reports on direct marketing giving only. Direct mail is the dominant revenue source for most organizations but web, telemarketing, canvassing, and other gifts considered to be direct marketing are also included. Individual payments greater than $10,000, soft credits, and matching gift payments are excluded.

Quarterly results are reported on a calendar year basis. This report includes results through September 2015.

Index findings are based on analysis of actual donor transactions, not survey responses from fundraisers. All calculated measures have been reviewed by participants for accuracy.
Q3 2015 Index Participants

**Animal Welfare**
- ASPCA
- Best Friends Animal Society
- Humane Society of the United States
- International Fund for Animal Welfare
- People for the Ethical Treatment of Animals

**Arts & Culture**
- Colonial Williamsburg Foundation
- National Law Enforcement Officers Memorial
- National Trust for Historic Preservation
- National World War II Museum
- The Smithsonian Institution

**Environment**
- Defenders of Wildlife
- Earthjustice
- Environmental Defense Fund
- Greenpeace USA
- National Audubon Society
- National Parks Conservation Association
- National Wildlife Federation
- Natural Resources Defense Council
- The Ocean Conservancy
- Sierra Club
- The Wilderness Society
- Trout Unlimited
- World Wide Fund for Nature

**Health**
- ALSAC / St. Jude Children’s Research Hospital
- Alzheimer’s Association
- American Cancer Society
- American Diabetes Association
- American Heart Association
- American Institute for Cancer Research
- American Lung Association
- Arthritis Foundation
- BrightFocus Foundation
- Cystic Fibrosis Foundation
- Easter Seals
- The Foundation for AIDS Research
- Leukemia and Lymphoma Society
- March of Dimes
- Mayo Clinic
- Special Olympics

**Human Services**
- American Indian Relief Council
- Cal Farley’s Boys Ranch
- Covenant House
- Disabled American Veterans
- Feeding America
- Make-A-Wish Foundation
- Paralyzed Veterans of America
- United States Olympic Committee

**International Relief**
- AmeriCares
- CARE USA
- Catholic Relief Services
- ChildFund International
- Doctors without Borders
- Habitat for Humanity International
- Heifer Project International
- International Rescue Committee
- Mercy Corps
- Operation Smile USA
- Oxfam America
- Project Hope
- Save the Children USA
- U.S. Fund for UNICEF

**Religion**
- Missionary Oblates of Mary Immaculate
- Sisters of St. Francis of Assisi
- Sisters of St. Francis - PET
- Society of the Divine Savior

**Societal Benefit**
- American Association of University Women
- American Civil Liberties Union
- Amnesty International USA
- Human Rights Campaign
- NAACP
- National Committee to Preserve Social Security & Medicare
- Planned Parenthood
- Public Citizen
Index Revenue Growth Steady but Slow in Third Quarter
Donors Continue to Decline at Pre-Recessionary Pace

Q3 2015 Summary

Overall revenue for the donorCentrics index grew modestly in the first three quarters of 2015, increasing a median 2.0% from the same period a year before. 58% of the organizations in the index had revenue increases and 42% had revenue declines over the year.

Index donors declined a median 2.4% from Q3 YTD 2014 to Q3 YTD 2015, continuing a trend that predates the recession. Donor populations have been shrinking for more than eight years; the index has not experienced positive year-to-year donor growth since the Gulf Coast hurricanes in the third quarter of 2005, exactly ten years ago. Only 40% of the organizations in the index had positive donor growth in the first three quarters of 2015.

Declines in overall donor numbers have been driven primarily by declines in new donor acquisition. In the first three quarters of 2015, new donor acquisition for the index as a whole declined a median 3.2% from the same period in the previous year. Only 41% of the organizations in the index had new donor population increases over the period. It is also likely that a portion of this year’s new donor acquisition—and possibly a portion of overall revenue growth as well—was the result of disaster-related fundraising following an earthquake in Nepal in April 2015.

In spite of overall donor declines, revenue has been able to increase because of increases in revenue per donor. Revenue per donor amounts increased a median 4.1% from Q3 YTD 2014 to Q3 YTD 2015, on top of a 4.2% increase in the same period the year before. These increases were widespread; 82% of the organizations in the index had positive revenue per donor growth in the first three quarters of 2015.

Revenue per donor shifts can be largely influenced by the mix of donors across different loyalty segments, since long-term donors typically contribute larger amounts than new donors. The increases in revenue per donor that we are seeing in the index may be driven by changes in organizational strategy, as organizations work to maximize net revenue by focusing efforts on higher value donors—bringing in fewer donors each year but acquiring them at higher gift amounts than in previous years.

In general, the overall pattern exhibited by the index as a whole for the past five years—increases in revenue per donor generally compensating for donor declines and resulting in flat or slightly increasing revenue—held true for most of the industry sectors in the index in the first three quarters of 2015. Four of the eight sectors in the index experienced year-over-year increases in revenue from Q3 YTD 2014 to Q3 YTD 2015 while two sectors had essentially flat revenue growth and two had revenue declines. Two of the eight sectors in the index had growth in donors over the period, while the other six sectors had flat or declining donor numbers.

- As the result of a devastating earthquake in Nepal in the second quarter, as well as other emergency giving opportunities, the relief sector experienced strong increases in almost all key measures of fundraising in the first three quarters of 2015. The animal welfare sector also experienced significant increases in revenue, donors, and new donor acquisition during this period.
- The religion and societal benefit sectors had moderate increases in revenue during the first three quarters of 2015. Both sectors followed the overall index pattern of moderate donor declines paired with compensating increases in revenue per donor.
- The environmental and human services sectors held relatively stable overall over the period, with flat revenue growth and modest donor declines. Both sectors, however, had large declines in new donor acquisition.
- The arts and culture and health sectors had the largest declines in revenue in the first three quarters of 2015. The health sector had the largest decline in donors but was able to minimize revenue declines due to continuing increases in revenue per donor. The arts and culture sector’s overall donor declines were mitigated somewhat by large increases in new donor acquisition.
Overall Index Performance

All index results are medians unless otherwise specified.

Year-to-Year Change

Overall revenue for the index grew moderately during the first three quarters of 2015, increasing a median 2.0% from the same period a year before (see Fig. 1). 58% of the organizations in the index had revenue increases and 42% had revenue declines over the year.

Index donors declined a median 2.4% from Q3 YTD 2014 to Q3 YTD 2015, continuing a trend that predates the recession. Donor populations have been shrinking for more than eight years; the index has not experienced positive year-to-year donor growth since the Gulf Coast hurricanes in the third quarter of 2005, exactly ten years ago. Only 40% of the organizations in the index had positive donor growth in the first three quarters of 2015.

Declines in overall donor numbers have been driven primarily by declines in new donor acquisition. In the first three quarters of 2015, new donor acquisition for the index as a whole declined a median 3.2% from the same period in the previous year. Only 41% of the organizations in the index had new donor population increases over the period. It is also likely that a large portion of this year’s new donor acquisition—and possibly a portion of overall revenue growth as well—was the result of disaster-related fundraising following an earthquake in Nepal in April 2015.
Under normal circumstances, **revenue per donor** amounts tend to increase, due to a combination of organizational practice and inflationary adjustments by donors. During the 2007-2009 recession, revenue per donor amounts went into an atypical decline, and then began growing again in 2014. Revenue per donor continued to grow in the current period, increasing a median 4.1% from Q3 YTD 2014 to Q3 YTD 2015 for the index as a whole. These increases were widespread, with 82% of the organizations in the index having revenue per donor growth in the first three quarters of 2015, and follow similarly-sized increases in the prior year.

Overall **donor retention rates** remained essentially flat from Q3 YTD 2014 to Q3 YTD 2015, declining a median 0.3% over the period. First-year retention rates increased a median 1.0% and multi-year retention rates remained flat at 0.0% growth during that time.

Although at this point, in the third quarter of 2015, donors have only had nine months in which to return, this may be a rough indicator of where retention rates are likely to end up at the end of the year.

**Five-Year Revenue Trends**

Rolling twelve-month revenue growth can provide longer-term context for these year-to-year trends.

A rolling analysis compares the twelve months of revenue ending in each quarter to the twelve months of revenue ending in a specified starting quarter. This helps to smooth out seasonal differences and allows us to see continuous movement from one quarter to the next, instead of simply comparing one full or partial year to the next full or partial year.

Since the end of the recession, the index has generally seen halting, inconsistent revenue growth punctuated by periodic disaster-related revenue spikes (see Fig. 2).

The end result is that overall index revenue has declined a cumulative median 0.7% from the twelve months ending Q3 2010 to the twelve months ending Q3 2015.(see Fig. 3).

Real index revenue has declined by 8.7% over the past five years, however, when revenue dollar amounts are adjusted for inflation\(^1\).
Five-Year Donor Trends

A rolling twelve-month analysis provides additional context for donor trends as well. It shows that donors have been declining at a relatively steady pace over the past five years since the end of the 2007-2009 recession.

The cumulative result is that donors declined a median 10.0% from the twelve months ending Q3 2010 to the twelve months ending Q3 2015 (see Fig. 4). This is an effective annual rate of decline of 1.9% per year (see Fig. 3).

As we will explain in more detail later in this analysis, this is a continuation of a longer-term pattern: overall donor numbers have generally been in decline since we first began conducting the index in 2001. The U.S. Gulf Coast hurricanes in Q3 2005 lifted donor numbers temporarily, and the 2007-2009 recession intensified the declines while it lasted, but at all other times donors have generally been declining at a slow but consistent pace of 2% each year.

As we have said in previous editions of the index, falling donor populations in the index may be due to a mix of factors. The recession certainly had an impact, but so also may have a changing generational profile in the United States, changing attitudes of donors about giving, changing investment in new donor acquisition strategies by organizations, and a change in focus by fundraisers toward higher-dollar donors and sustaining donors.

New Donors

Long term overall donor declines have been caused mainly by declines in new donor acquisition. Over the past five years, from the twelve months ending Q3 2010 to the twelve months ending Q3 2015, new donor numbers have fallen a cumulative median 19.0% (see Fig. 4). This is an effective annual rate of decline of 3.5% per year (see Fig. 5).

Declines in new donor acquisition were less severe in the past two years than they had been in the years immediately following the 2007-2009 recession. From the twelve months ending Q3 2013 to the twelve months ending Q3 2015, new donor numbers fell a cumulative median 2.3%, for an effective annual rate of decline of 1.2% per year—much less than the 2010-2015 five-year average. It is probable that new donor acquisition in 2014 and 2015 was buoyed somewhat from disaster relief efforts related to typhoon Haiyan and the Nepalese earthquake.
Ten-Year Revenue Trends

Exactly ten years ago this quarter, the nonprofit industry as a whole experienced significant spikes in fundraising following Hurricanes Katrina, Rita, and Wilma in August and September of 2005. Revenue grew at a relatively regular pace for the next three years, but then declined precipitously during the recession of 2007-2009.

Since the end of the recession, revenue growth has been, for the most part, sluggish and inconsistent, punctuated by occasional disaster-related fundraising spikes.

The cumulative result of all of these trends is that overall index revenue has declined a median 6.2% over the past ten years, from the twelve months ending in Q3 2005 to the twelve months ending Q3 2015 (see Fig. 6).

Revenue growth has actually declined by 21.8% over the past ten years when adjusted for inflation over that time².

Ten-Year Donor Trends

As we said earlier in this analysis, overall index donor numbers have generally been in decline since we first began tracking results in 2001. During that time, in fact, the only year in which overall donor numbers increased was 2005, the year of the U.S. Gulf Coast hurricanes Katrina, Rita, and Wilma.

This quarter, the third quarter of 2015, comes exactly ten years after the Gulf Coast hurricanes. Thus we have now, for the first time, a clear picture of the true extent of ten years of declining donor counts, unencumbered by the unprecedented anomalies of the hurricane disasters.

What we see is that donors have been declining at a slow but remarkably consistent pace since 2005. From the twelve months ending Q3 2005 to the twelve months ending Q3 2015, overall index donors declined by a median 22.3% (see Fig. 7). This is an effective average annual decline of 2.0% per year. And this steady pace appears to have been only slightly intensified by the 2007-2009 recession, which implies that its causes are more fundamental and long term.
Again, overall donor declines are primarily due to declines in new donors, which have declined just as consistently but even more precipitously over the past ten years. From the twelve months ending Q3 2005 to the twelve months ending Q3 2015, new donor acquisition has declined a median 42.6%. This is an effective average annual decline of 3.5% per year.

Changes in donor behavior and strategic fundraising shifts are likely both contributing to this decline.

Effects of the Economy on Giving

Research by the Giving USA Foundation™ tells us that charitable giving rises during periods of strong economic growth and slows during periods of relative economic weakness. The donorCentrics index has consistently supported these findings. Median index revenue growth has generally followed national economic performance and tends to grow more slowly or even to decline during periods of relative economic hardship.

Although the stock market has performed well at times in recent years, most indicators of U.S. economic health, including job growth and growth in GDP, have remained sluggish since the declared end of the 2007-2009 recession. Not surprisingly, nonprofit revenue growth in the index has been weak since then as well.

Giving USA Foundation research has told us that, in the past, once a recession is over, it has taken an average of three to four years for inflation-adjusted charitable giving to rise back up to pre-recession levels. The recession of 2007-2009 was the worst in recent memory, however, and the post-recession recovery one of the slowest; the Foundation predicted that total charitable giving in the U.S. would not recover completely until the end of 2015 or 2016. And, indeed, we have found that most organizations participating in the index have only just in the past year regained the ground they lost during the recession that started eight years ago.

Effects of Political Campaigns

With the 2016 presidential campaigns in full swing and the first primaries and caucuses coming up in February, many organizations are concerned about the effect that ongoing presidential campaigns may have on non-profit revenue.

The Giving USA Foundation, which estimates national charitable giving over a 40-year span, reports that campaign fundraising has
historically had no discernible impact on overall individual giving\textsuperscript{7}. And we, too, have seen no effect on overall index revenue growth from political campaigning in previous presidential election years.

Indeed, political campaign giving by ordinary individuals is dwarfed by their nonprofit charitable giving. In their publication \textit{Giving USA 2008}, the Giving USA Foundation reported that individuals gave a total of $229 billion to charity in 2007, which was 127 times the total raised by all of the presidential campaigns and candidates in that same year\textsuperscript{8}. And while an estimated 70\% of the U.S. population gives to charity every year, less than 1\% of the population gives reportable gifts to presidential candidates or campaigns in a given campaign cycle\textsuperscript{9}.

Past index results do indicate, however, that while the nonprofit industry as a whole appears to be unaffected by political fundraising, election year campaigning may have an effect on specific sectors or individual organizations that are working on issues highlighted during those campaigns. The effect appears to be, if anything, a positive one; it may be that the organizations involved are benefiting from the heightened awareness of their causes.
Industry Sector Performance

All sector results are medians unless otherwise specified.

Revenue and Donors

The overall pattern seen in the index as a whole for the past five years—increases in revenue per donor generally compensating for donor declines and resulting in flat or slightly increasing revenue—held true for the majority of the industry sectors in the index in the first three quarters of 2015.

Four of the eight sectors in the index experienced year-over-year increases in revenue from Q3 YTD 2014 to Q3 YTD 2015 while two sectors had essentially flat revenue growth and two had revenue declines (see Figs. 8-9).

Only two of the eight sectors in the index had growth in donors from Q3 YTD 2014 to Q3 YTD 2015—the two sectors that had the highest revenue growth over the period as well. The other six sectors had flat or declining donor numbers.

All eight sectors had increases in revenue per donor over the period.

- As the result of a devastating earthquake in Nepal in the second quarter, as well as other emergency giving opportunities, the relief sector experienced strong increases in almost all key measures of fundraising in the first three quarters of 2015. The animal welfare sector also experienced significant increases in revenue, donors, and new donor acquisition during this period.

- The religion and societal benefit sectors had moderate increases in revenue during the first three quarters of 2015. Both sectors followed the overall index pattern of moderate donor declines paired with compensating increases in revenue per donor.

- The environmental and human services sectors held relatively stable overall over the period, with flat revenue growth and modest donor declines. Both sectors, however, had large declines in new donor acquisition.

- The arts and culture and health sectors had the largest declines in revenue in the first three quarters of 2015. The health sector had the largest decline in donors but was able to minimize revenue declines due to continuing increases in revenue per donor. The arts and culture sector’s overall donor declines were mitigated somewhat by large increases in new donor acquisition.
New Donor Acquisition

For most of the past five years, declines in overall donor numbers have been driven primarily by declines in new donor acquisition, which has generally been on the decline for the index as a whole since 2005. These declines have been partially mitigated at times due to large-scale disaster events affecting the relief sector, as is the case this quarter.

Three sectors in the index had increases in new donors from Q3 YTD 2014 to Q3 YTD 2015. Five sectors had new donor declines over the period (see Fig. 10).

Five of the eight sectors experienced increases in revenue per new donor from Q3 YTD 2014 to Q3 YTD 2015, resulting in an index-wide increase in new donor value (see Fig. 11). This increase follows a similarly-sized overall increase during the same period in the prior year.

The trend of fewer new donors giving at higher average amounts is a significant one and may be due in part to intentional organizational strategy.

- The arts and culture and relief sectors had the largest increases in new donor acquisition in the first three quarters of 2015, up 14.2% and 14.5% respectively over the period. The relief sector also experienced significant growth of 18.5% in revenue per new donor; this sector’s extraordinary performance in almost all areas is likely due in large part to fundraising surrounding the Nepal earthquake in April.

- The animal welfare sector also experienced an increase in new donor acquisition from Q3 YTD 2014 to Q3 YTD 2015, up 7.8% from the same period the year before. This sector was one of two sectors that had a decline in revenue per new donor.

- The environmental, religion and societal benefit sectors all had moderate declines in new donor acquisition, declining 5.4%, 2.9%, and 4.5% respectively from Q3 YTD 2014 to Q3 YTD 2015. The environmental sector experienced increases in revenue per new donor while the religion and societal benefit sectors had flat or declining revenue per new donor.

- The health and human services sectors had the largest declines in new donor acquisition in the first three quarters of 2015, down 10.3% and 9.7% respectively over the period. The declines in both sectors follow declines during the same period in the prior year.

Individual sector results are explained in more detail on the following pages. The religion sector is not examined in detail this quarter because that group contains only four organizations.
Animal Welfare
5 organizations

The animal welfare sector has consistently been one of the strongest in the index, experiencing significant revenue and donor growth even at times when most other sectors had flat or declining performance. This quarter, the animal welfare sector had the second-highest growth in the index in both revenue and donors, well outpacing overall index medians. Over the last five years many animal welfare organizations have made strategic shifts to sustaining donor programs which may be helping to drive growth.

Animal welfare revenue increased a median 11.7% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index median revenue increase of 2.0% (see Fig. 21). Four of the five organizations in this sector had revenue growth during the period.

Donors to animal welfare organizations increased a median 3.2% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index median donor decline of 2.4%. New donor acquisition increased a median 7.8% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index median new donor decline of 3.2%.

Rolling twelve-month trends give us more long-term context for recent animal welfare sector performance. Even though the sector has experienced no apparent gains from recent emergency relief efforts as it has in the past, it has nevertheless outperformed overall index revenue and donor medians significantly over the past five years.

From the twelve months ending Q3 2003 to the twelve months ending Q3 2015, revenue growth for the animal welfare sector grew by a cumulative median 28.0%, while the index as a whole had revenue decline of 0.7% (see Fig. 22). Over the same period, sector donors grew by a median 1.6% while the overall index saw a median donor decline of 10.0% (see Fig. 23).
Arts & Culture
5 organizations

The arts and culture sector is a diverse group of organizations with quite a bit of fluctuation in performance from quarter to quarter. In spite of recent declines, the sector has generally outperformed index revenue and donor growth since the end of the 2007-2009 recession, largely because of spikes in new donor acquisition.

Arts and culture sector revenue declined a median 4.4% from Q3 YTD 2014 to Q3 YTD 2015 (see Fig. 12), compared to overall index revenue increases of 2.0%. Only two of the five organizations in the sector had revenue growth in the first three quarters of 2015.

Arts and culture sector donors declined a median 3.9% from Q3 YTD 2014 to Q3 YTD 2015, while the index as a whole had donor declines of 2.4%. As with revenue, only two of the five organizations in the sector had donor growth in the first three quarters of 2015.

New donor acquisition continued to grow at high rates, as it has throughout the year, increasing a median 14.2% from Q2 YTD 2014 to Q3 YTD 2015. Four of the five organizations in the sector had new donor growth in the first three quarters of 2015. In contrast to almost all other sectors, where donor declines are driven by declines in new donor acquisition, the arts and culture sector’s donor declines are primarily driven by declines in retention and reactivation.

Twelve-month rolling trends can provide longer-term context for recent arts and culture sector results, and allow us to see beyond recent year-to-year declines. While donor retention has been inconsistent, periodic spikes in new donor acquisition and, less occasionally, reactivation have resulted in revenue and donor trends for the sector outperforming those of the overall index over the past five years.

From the twelve months ending Q3 2010 to the twelve months ending Q3 2015, the arts and culture sector has had a cumulative median revenue increase of 5.8%, compared to an essentially flat overall index revenue decline of 0.7% (see Fig. 13). Over the same period, the sector had a cumulative median donor increase of 6.5%, compared to an overall index decline of 10.0% (see Fig. 14).
Environment
13 organizations

The environmental sector does not typically see a great deal of fluctuation in giving from quarter to quarter or from year to year, and usually closely parallels the overall index in most key metrics. For the past two years the sector has had moderate revenue growth, with flat or slightly declining donor counts being offset by increases in revenue per donor. It does not appear that current events related to environmental concerns, such as extraordinary weather events, have been having a discernible impact on sector fundraising.

Revenue for the environmental sector was flat in the first three quarters of 2015, increasing a median 0.9% from Q3 YTD 2014 to Q3 YTD 2015 (see Fig. 15). This was similar to the overall index median increase of 2.0%. 54% of the environmental organizations in the index experienced increases in revenue over the period.

Environmental donors decreased a median 1.7% from Q3 YTD 2014 to Q3 YTD 2015, similar to the overall index decline of 2.4%. Only 31% of the environmental organizations in the index had positive donor growth over the period.

As with the overall index, the environmental sector has experienced increases in overall revenue per donor that have enabled revenue growth in the face of donor declines. From Q3 YTD 2014 to Q3 YTD 2015, sector revenue per donor increased 3.2% following a large increase in the prior year. 85% of the organizations in the sector experienced increases in revenue per donor over the period.

Twelve-month rolling trends can provide longer-term context for recent sector trends. This analysis shows that environmental revenue and donor growth both followed the index relatively closely in the past, but that recent growth in new donor acquisition over the last two years has pushed the sector ahead of overall index medians. From the twelve months ending Q3 2010 to the twelve months ending Q3 2015, the environmental sector had cumulative median revenue increase of 8.5%, compared to an essentially flat overall index revenue decline of 0.7% (see Fig. 16). Similarly, from the twelve months ending Q3 2010 to the twelve months ending Q3 2015, the environmental sector had cumulative median donor declines of 1.0%, compared to an overall index decline of 10.0% (see Fig. 17).
Health
16 organizations

Health organizations have had some of the greatest fundraising challenges in the index for most of the fourteen years we have been conducting this analysis. Although the health sector has seen significant increases in revenue per donor in recent years, overall revenue and donor growth continue to lag behind overall index trends.

Sector revenue declined a median 4.0% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index revenue increase of 2.0% (see Fig. 18). Only 25% of the organizations in the health sector had positive revenue growth in the first three quarters of 2015.

Sector donors declined a median 8.7% from Q3 YTD 2014 to Q3 YTD 2015, compared to overall index donor declines of 2.4%. This was the largest donor decline of any sector in the index, and was widespread: only 13% of the health organizations had positive donor growth over the period. The health sector also had the largest new donor decline in the index this quarter, with acquisition down 10.3% from Q3 YTD 2014 to Q3 YTD 2015. Only 13% of the health organizations had positive new donor growth over the period.

Revenue has declined at a slower rate than donors over the last 2 years due to increases in revenue per donor. Health sector revenue per donor increased 4.9% from Q3 YTD 2014 to Q3 YTD 2015, following a 5.0% increase in the prior year. All of the health organizations had an increase in revenue per donor over the period.

Sector revenue and donor growth have both lagged overall index median trends significantly over the long term. From the twelve months ending Q3 2010 to the twelve months ending Q3 2015, health organizations had cumulative revenue declines of 15.1%, compared to an essentially flat revenue decline of 0.7% for the index as a whole (see Fig. 19). Over the same five-year period, health organizations had a cumulative donor decline of 33.6%, compared to a decline of 10.0% for the index as a whole (see Fig. 20).

This study considers direct marketing revenue, not event revenue. Several health charities have shifted their fundraising strategy to large-scale events over the last decade that are not included in this analysis.
Human Services
8 organizations

The human services sector has performed close to the overall index since the end of the recession, with similar increases in revenue per donor partially offsetting similar donor declines and resulting in essentially flat revenue growth. In the first three quarters of 2015, the sector continued to experience flat revenue growth with modest donor declines, but now with significantly greater declines in acquisition than the index as a whole.

Revenue for the human services sector remained essentially flat, declining by 0.4% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index revenue increase of 2.0% (see Fig. 21). Four of the eight organizations in the sector had positive revenue growth over the period.

Human services donors declined a median 1.1% from Q3 YTD 2014 to Q3 YTD 2015, compared to an overall index donor decline of 2.4%. Three of the eight organizations in this sector had positive donor growth in the first three quarters of 2015.

New human services donors declined by 9.7% from Q3 YTD 2014 to Q3 YTD 2015, compared to overall index new donor decline of 3.2%. This was the second-largest decline in new donors in the index. Three of the eight organizations in the sector had new donor growth over the period.

Rolling twelve-month trends give a longer-term context to these recent trends, and show that the human services sector has generally paralleled overall index performance quite closely over the long term. From the twelve months ending Q3 2010 to the twelve months ending Q3 2015, human services revenue increased a modest cumulative median 2.5%, while overall index revenue remained essentially flat, with a 0.7% decline (see Fig. 22). Over the same five-year period, sector donor numbers have declined a cumulative median 10.0%, identical to the overall index decline of 10.0% (see Fig. 23).
International Relief
14 organizations

The international relief sector is subject to dramatic volatility due to event-based emergency-related giving. Recent relief sector performance has been dominated by a spike in fundraising related to Typhoon Haiyan, which hit the Philippines in November 2013, and a major earthquake in Nepal in April 2015. Other ongoing relief efforts, such as those related to the Ebola outbreak in West Africa and the Syrian refugee crisis, have also likely contributed to increases in revenue and donors this year.

Revenue for the international relief sector increased a median 14.6% from Q3 YTD 2014 to Q3 YTD 2015 (see Fig. 24). This was by far the greatest increase of any sector in the index, and was much greater than overall index growth of 2.0%. 64% of the organizations in the relief sector had positive revenue growth over the period.

Relief sector donors increased a median 9.2% from Q3 YTD 2014 to Q3 YTD 2015. This, too, was the greatest increase of any sector in the index, and well outpaced overall index declines of 2.4%. Overall donor growth was driven by significant increases in both acquisition and donor retention: new donors grew by a median 14.5% and overall donor retention grew by 8.4% over the period.

Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. Since 2009, the sector has had several dramatic spikes in revenue and donors related to emergency giving events—in particular the Haitian earthquake in 2010 and Typhoon Haiyan in 2013. In years without significant emergency fundraising, sector revenue and donor growth have roughly paralleled overall index medians. This combined pattern has resulted in the sector far outperforming the index as a whole over the long term.

In this quarter we analyze a six-year trend for this sector, rather than a five-year trend, to provide a more accurate perspective on the dramatic spikes in both donors and revenue that resulted from Haitian earthquake relief efforts in 2010. Relief sector revenue increased a cumulative 43.2% from the twelve months ending Q3 2009 to the twelve months ending Q3 2015, while the index as a whole had a 3.5% increase (see Fig. 25). Donor numbers increased a cumulative 18.4% for the relief sector over the same five-year period, compared to an overall index median donor decline of 8.1% (see Fig. 26).

Fig. 27: International Relief Sector Medians
Year-to-Date Change in Key Measures

<table>
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<tr>
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<th>Q3 YTD 2013 to Q3 YTD 2014</th>
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<td>3.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>New Donors</td>
<td>7.5%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Retention</td>
<td>-3.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>First-Year Retention</td>
<td>-1.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td>Retention</td>
<td>-1.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Reactivation</td>
<td>-5.8%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Fig. 28: Six-Year Relief Revenue Trends
12-Month Quarter-End Median Change from Q3 2009

Fig. 29: Six-Year Relief Donor Trends
12-Month Quarter-End Median Change from Q3 2009
Societal Benefit
8 organizations

Societal benefit organizations experienced some of the greatest challenges of any index sector during the 2007-2009 recession. This turned around completely after the recession’s end, with most organizations in the sector experiencing robust revenue and donor growth from 2010 through the current quarter.

Societal benefit sector revenue increased a median 5.1% from Q3 YTD 2014 to Q3 YTD 2015 (see Fig. 27), while the overall index increased 2.0%. 63% of the societal benefit organizations in the index had positive revenue growth in the first three quarters of 2015.

Societal benefit donor populations increased a median 0.2% over the same period, while the index as a whole experienced donor declines of 2.4%. 63% of the societal benefit organizations in the index had positive donor growth in the first three quarters of 2015.

New donors for the sector declined by a median 4.5% from Q3 YTD 2014 to Q3 YTD 2015, similar to the overall index decline of 3.2%. This relatively modest decline follows a more significant decline during the same period in the prior year.

A rolling twelve-month revenue and donor analysis shows that, over the long run, the news is quite positive for this sector. In spite of some fluctuations due to current events, including declines following Hurricane Sandy and the 2013 U.S. government shutdown, cumulative revenue and donor growth for the societal benefit sector for the past five years are both far above overall index medians. From the twelve months ending Q3 2010 to the twelve months ending Q3 2015, societal benefit revenue rose a cumulative median 17.8%, compared to an essentially flat overall index revenue decline of 0.7% (see Fig. 28). Over the same period, societal benefit donors increased a cumulative median 11.8%, compared to an overall index decline of 10.0% (see Fig. 29).
References


Industry Sectors Used in the Index

**Animal Welfare Organizations**
Organizations that focus on the care, protection, or understanding of pets or specialty animals, other than livestock. Includes humane societies, veterinary services, aquariums, and zoos.

**Arts & Culture Organizations**
Organizations that promote enjoyment or understanding of the visual, performing, folk, or media arts or the humanities; communications organizations; and organizations that promote the appreciation or understanding of historical events, including historical societies and genealogical or heredity-based organizations.

**Environmental Organizations**
Programs that focus on the preservation and protection of the environment, including pollution control and abatement programs; conservation and development of natural resources (land, plant, water, energy); control or elimination of hazardous and toxic substances (including pesticides); solid waste management programs; botanical gardens and societies; urban beautification and open spaces programs; and environmental education. Also includes programs that focus primarily on the protection and preservation of wildlife or fisheries.

**Health Organizations**
Programs which help people achieve and maintain physical well-being through prevention, screening, evaluation and treatment; programs that promote mental health and treatment of mental illness; voluntary health organizations that are organized on a national, state or local basis and supported primarily by voluntary contributions from the public at large, which are engaged in a program of service, education and some research that is related to a particular disease, condition or disability, or group of diseases, conditions or disabilities; research institutes and other organizations whose primary purpose is to promote the advancement of knowledge about specific diseases, disorders, or medical disciplines.

**Human Services Organizations**
Organizations that promote or provide a broad range of social or human services to individuals or families; organizations that focus on protecting the public from antisocial elements; organizations that help individuals to find and sustain gainful employment; organizations that focus on the development and improvement of food resources; organizations that focus on promoting adequate housing for individuals, families and communities; organizations which aim to prevent, predict or control the effects of domestic disasters (e.g., floods, earthquakes, fires, tornadoes); organizations that work to build character and develop leadership and social skills among children and youth.

**International Relief Organizations**
Organizations that provide development and relief services to foreign countries and/or organizations that raise and distribute funds for the benefit of overseas institutions.

**Religious Organizations**
Programs operated for the purpose of worship, religious training or study, governance or administration of organized religions, or the promotion of religious activities.

**Societal Benefit Organizations**
Programs that focus on protecting and promoting the broad civil rights and civil liberties of individuals, improving relations between racial, ethnic, and cultural groups, and promoting voter education and registration; advocacy and citizen action groups that work to change public policy and opinion in a variety of areas; organizations that work to strengthen, unify, and build community spirit and increase the capacity of various community organizations to improve the quality of life for all.

Sector definitions are based on a modification of the Foundation Center’s National Taxonomy of Exempt Entities.

[http://fdncenter.org/ntee/index.html](http://fdncenter.org/ntee/index.html)
Looking Ahead

The next installment of the index, to be released in April 2016, will examine activity for the fourth quarter of 2015. Findings can be found at http://www.blackbaud.com/targetanalytics.

Index Methodology

Target Analytics applied the following rules to standardize data from each of the organizations participating in the Index of Direct Marketing Fundraising:

Individual payments greater than $10,000, soft credits, and matching gift payments are excluded. Direct mail is the dominant or only revenue source for most organizations; however, web, telemarketing, event, and other sources are included. Indicators are calculated on a cash payment basis, as opposed to a pledge basis. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Retention rates for quarterly analysis are calculated by dividing the number of donors giving in the current year-to-date quarter(s) who also gave during the previous calendar year by the total number of donors who gave in the previous calendar year. Revenue per donor refers to the cumulative giving per donor per current period.

About Medians

Unless otherwise noted, index trends are measured by using the median percent change among a group of organizations. The median is the middle value in a ranked order of numbers. Using this statistic to describe historical trending minimizes distortion caused by the wide range of organizations' file sizes or extreme changes at a few organizations.

Participation

Participation in the index is limited to organizations that meet size and geographic requirements as well as other terms and conditions. For information about index eligibility contact Amanda Williams at Amanda.williams@blackbaud.com. Please direct questions or requests to reproduce these findings to targetindex@blackbaud.com.

Online Resources

Participating organizations are granted access to an online, interactive graphical system where they can chart their own performance results against overall and sector-specific medians. Please contact your account representative for your password and for more information.

About Target Analytics

Target Analytics, a division of Blackbaud, delivers data-driven, collaborative solutions designed to help non-profit organizations maximize their fundraising potential. Target Analytics was the first company to bring forward-thinking non-profit organizations together to establish industry-standard benchmarking and openly discuss successful strategies and practices.