Dataro Fundraising Benchmark Report

2023 INTERIM REPORT

An analysis of fundraising performance so far in 2023.

About this report

Welcome to the Dataro 2023 Interim Fundraising Benchmark Report.

The aim of Dataro's 2023 Interim Fundraising Benchmark Report is to provide nonprofit fundraising professionals with meaningful data and insights to understand their nonprofit's performance within the wider fundraising landscape for the first half of 2023.

The report analyzes the fundraising data of 151 global nonprofits, covering 143.9 million donations, 13.2 million donors and 3.9 million monthly donors.

The goal is to highlight emerging fundraising trends in 2023 and provide an overview of fundraising performance so far.

We hope this report gives nonprofit teams an early understanding of the broader fundraising landscape in 2023 and can serve as a tool to gauge how their fundraising efforts and results are stacking up against the 'norm' while providing insights that can guide fundraising strategy to ensure the rest of 2023 is a success.

We trust you find the insights and analysis helpful in understanding how your nonprofit is performing so far in 2023.

dataro

Dataro is a global technology company providing state-of-the-art fundraising analytics and AI donor predictions to help nonprofits raise more for their cause. Our software solutions are used by more than 200 nonprofits globally to improve fundraising performance across appeals, recurring giving, mid-major giving, donor retention, upgrades, reactivations, legacies and more.

The Dataro team are passionate about helping nonprofits, both small and large, to harness the power of their data so they can do more good in the world.

A word from the CEO

Working with +200 diverse nonprofits globally, I've seen how AI can turn a nonprofits' data into powerful insights that transform fundraising strategies, improve operational efficiency and help them raise more funds to advance their mission.

Good fundraising should begin with data.
In the same way that data underpins AI, reports like this also have the potential to provide valuable insights about nonprofit fundraising data and performance to help guide strategic fundraising decisions and improve fundraising outcomes.

The objective of this report is to shed light on fundraising performance so far in 2023 and give fundraisers and data teams the answers they need to make sense of their own data and fundraising performance within the wider context of the macro fundraising environment.

In doing so, fundraisers can make better decisions about where to invest their time, efforts and fundraising dollars to drive greater impact for their cause.

At first glance, 2023 appears to be a fundraising year marked by declining performance. In reality, for the 151 organizations included in this analysis, 2023 is revealing itself to be a fundraising year characterized by a return to 'normalcy'.

Taking a more encompassing view of the data reveals a positive trajectory of income growth since 2018, punctuated by two periods of exceptional generosity in 2020 at the beginning of the COVID-19 pandemic and again in 2022 in response to the ongoing war in Ukraine.

In a way, 2023 is serving as a timely reminder that fundraising outcomes tend to balance out over time, and exceptional results are likely to return to more typical levels in subsequent years. This highlights the importance of maintaining a steady and strategic fundraising approach that considers both short-term successes and long-term sustainability.

But beneath the seeming return to more customary levels of support, the dynamics of income generation are gradually shifting, with digital channels steadily gaining on more traditional channels like direct mail. Direct mail is certainly not dead, but 2023 appears to be the transition point where digital has surpassed direct mail income once and for all.

At the same time, we've observed more nonprofits globally leaning into new technologies, not only to improve fundraising outcomes but also to improve their efficiency and effectiveness overall. This trend can only be good for the causes we all support.

As we approach the end of 2023, I'm thrilled to witness that AI is transitioning from being a trend or a 'choice' to the new standard in fundraising.

Tim Paris,
Dataro CEO / Co-Founder

About the data

151

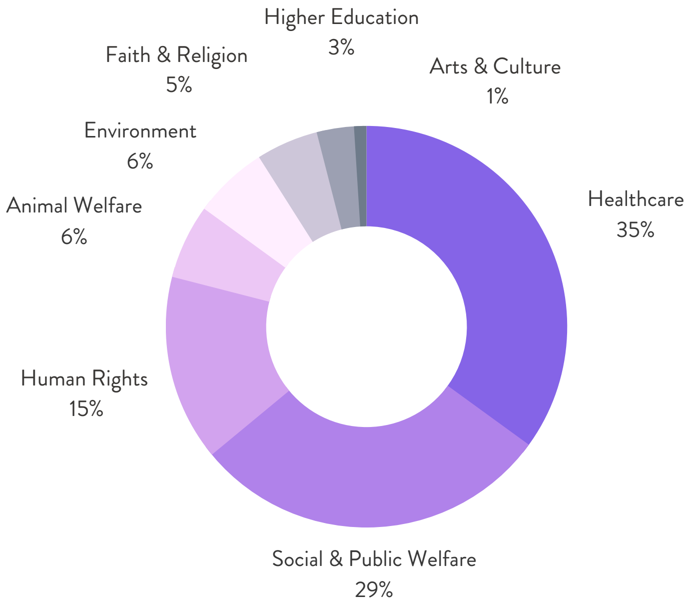
organizations*

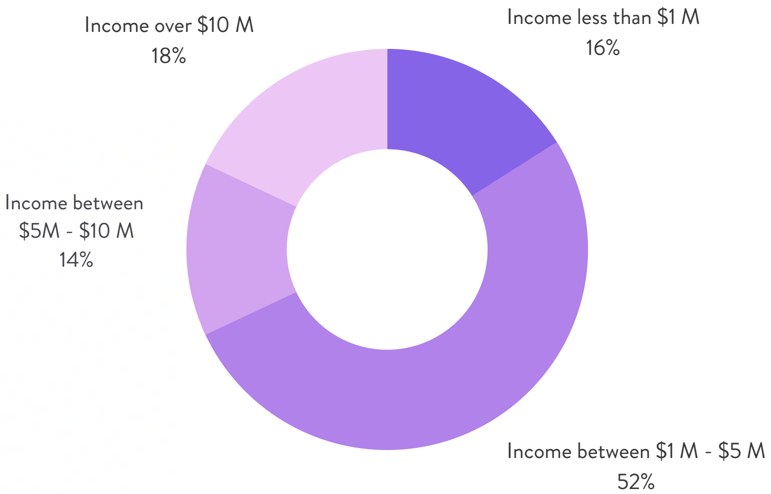
**the data used for this study is based on a representative sample of 151 organizations from the Dataro Data Pool of +200 organizations*

143.95

million donations

(2018 - 2023)





13.2

million donors

(2018 - 2023)

3.9

million monthly donors

(2018 - 2023)

Section 1. Income

Fundraising in 2023-24 is looking like a 'normal' year

Overall giving trends

For the 151 organizations in this analysis, 2023 is emerging as a fundraising year characterized by a return to relative ‘normalcy’ after a period of unprecedented disruption.

The sector’s overall income in 2023 has declined by -11.4% year-on-year for the same period (January to June). Despite this, most organizations (55.6%) are experiencing year-on-year income growth in the first half of 2023.

A closer inspection of the data reveals that the decline in sector income is concentrated in humanitarian and international aid organizations and relates to significant decreases in digital and direct mail donations, reflecting a normalization in support for these causes after the exceptional outpouring of generosity in relation to the Ukraine conflict in 2022. The median organization's revenue is up by 5.7% compared to the first half of 2022

Taking a broader perspective of the data reveals fundraising income is on an upward trend over the long term, up 31.4% on the same period in 2018 and up 9.5% on the same period in 2021.

So, in the first half of 2023, we are seeing a return to more typical levels of support and the continuation of a long-term trend of overall growth in fundraising income.

In the first half of 2023, 55.6% of nonprofits in the analysis are receiving fewer gifts compared to the same period in 2022. Coincidentally, 55.6% of nonprofits are also seeing fewer unique donors giving in 2023 compared to 2022. The median organization is seeing 2.1% fewer unique donors and 2.1% fewer gifts in the first half of 2023 (compared to the same period in 2022).

Despite the majority of nonprofits experiencing declining donations and a shrinking supporter base, 55.5% of organizations saw their average gift size increase. The median organization saw a 2.2% increase in their average gift.

While overall giving is down -11.4% compared to last year*, most organizations are experiencing year-on-year income growth.

*January - June 2023 v January - June 2022

56%

of organizations are experiencing **income growth**

+6%

income growth for median organization

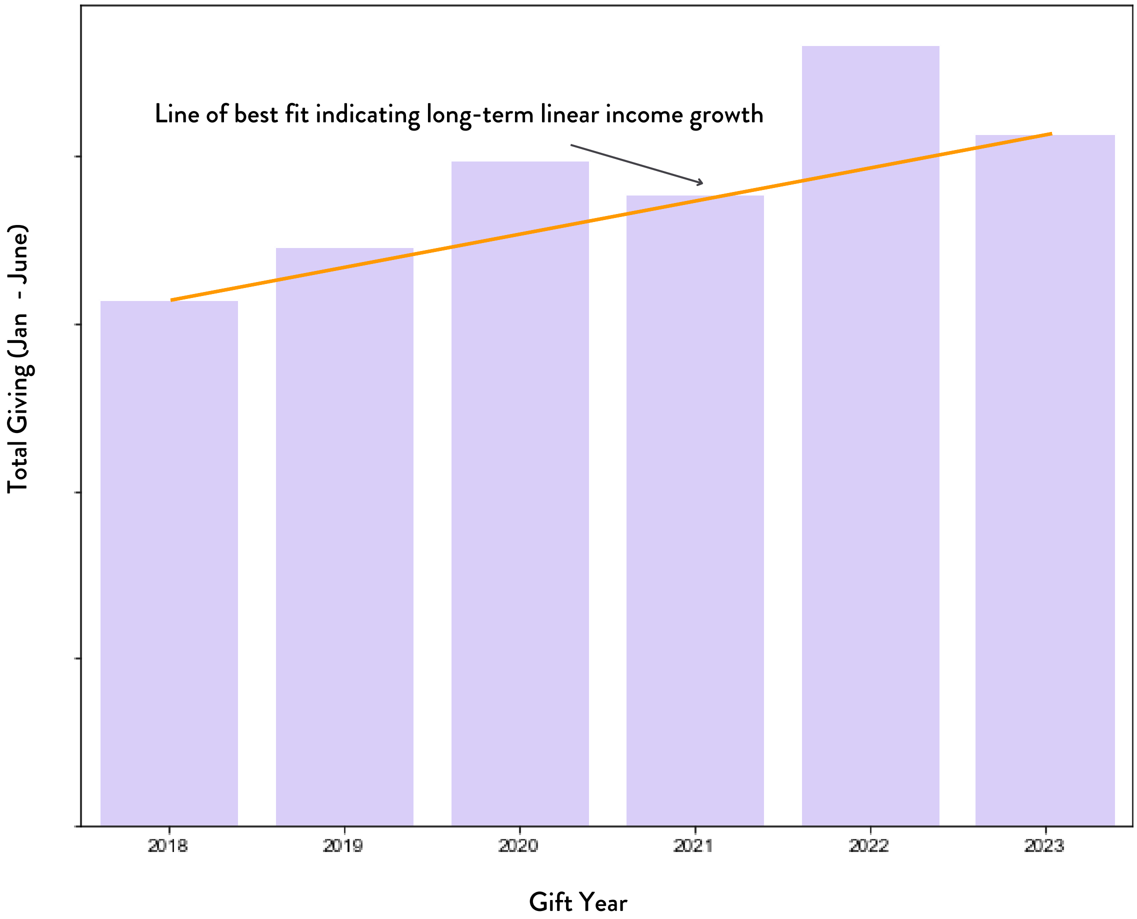
56%

of organizations with **fewer gifts**

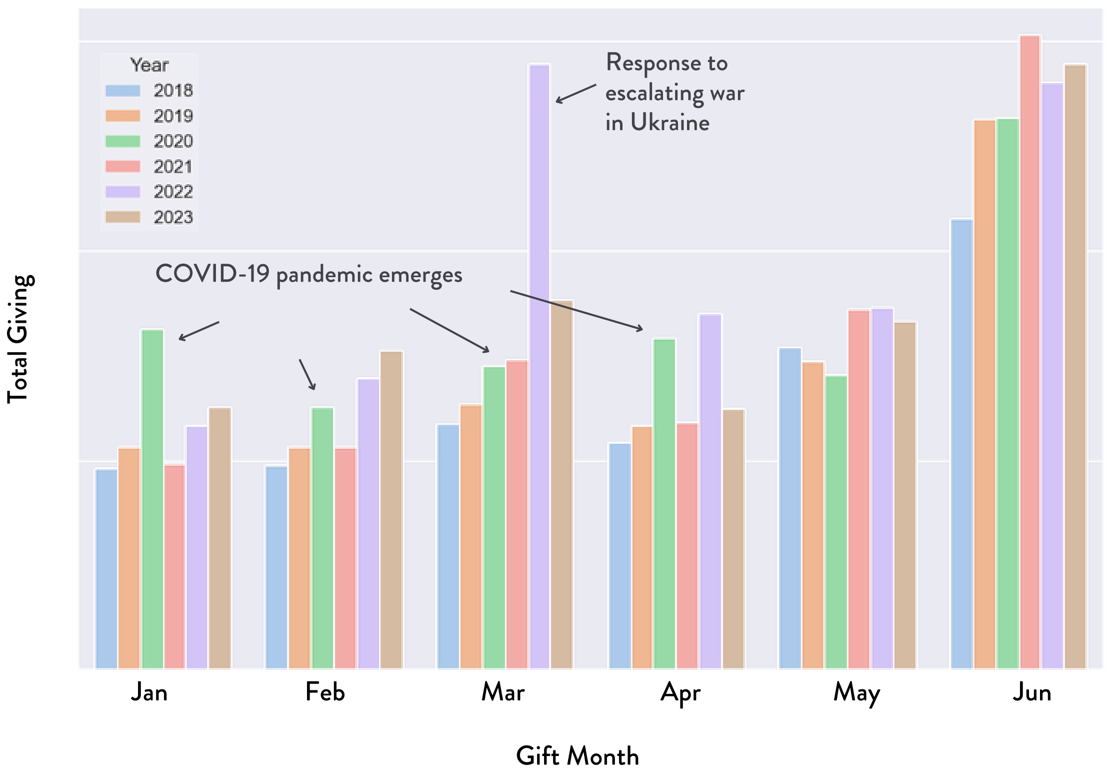
56%

of organizations with **fewer active donors**

In the first half of 2023, average gift increased by 2% for the median organanization.



Line of best fit indicating long-term linear income growth
Total Giving (Jan - June)
2018
2019
2020
2021
2022
2023
Gift Year



Year
2018
2019
2020
2021
2022
2023
Response to escalating war in Ukraine
COVID-19 pandemic emerges
Total Giving
Jan
Feb
Mar
Apr
May
Jun
Gift Month

Overall giving trends by cause

Each organization in Dataro's datapool is categorized into one of 8 causes or nonprofit subsectors. These include Healthcare & Hospices (35.1%)*, Social & Public Welfare (28.5%), Human Rights (15.2%), Environment (6.1%), Animal Welfare (6.0%), Faith & Religion (5.2%), Higher Education (3.3%), Arts & Culture (0.6%).

**% of contribution to total fundraising income analyzed.*

Social & Public Welfare organizations have seen the biggest decline in fundraising income (-35.93%) and number of active donors (-31.32%) so far in 2023. The decline represents a normalization in support for International Aid organizations after a record year of support in 2022 in response to their work for the ongoing war in Ukraine.

In the first half of 2023, Animal Welfare and Higher Education organizations are achieving income growth (+11.48% and +50.20%, respectively), despite both experiencing a shrinking supporter base. Healthcare & Hospices continue to grow income (+8.86%) and the number of active donors (+8.20%).

Income and supporter numbers are declining year on year for Faith & Religion (-13.45% income decline) and Human Rights (-19.50% income decline).

2023 overall giving trends by cause Subsector	YOY % Change Income	YOY % Change Donors
Animal Welfare	11.48%	-8.68%
Arts & Culture	7.74%	-2.93%
Environment	2.85%	-5.39%
Faith & Religion	-13.45%	-7.71%
Healthcare	8.86%	8.20%
Higher Education	50.20%	-21.10%
Human Rights	-19.50%	-24.39%
Social & Public Welfare	-35.93%	-31.32%

NOTE: There is a large variation in the amount of fundraising revenue represented by each sector in Dataro's data pool. This is broken down in detail in the chart on page 3 of this report Generally speaking, smaller pools of revenue represent fewer organisations and are more subject to the performance of individual organisations. For example Higher Education is a small subsector in this analysis and the impact of a few major gifts may produce dramatic swings in income (i.e. 50% increase). On the other hand, larger pools of revenue represent many more organisations and variations there may be more indicative of trends in fundraising generally.

Section 2. Income Streams

A return to "normal" giving patterns

Overall giving trends

In fundraising, exceptional income results due to one-time or black swan events (like the Ukraine crisis in 2022 and COVID-19 in 2020) are likely to return to more typical levels in subsequent years. This results in periods of subsequent decline or slower growth as fundraising performance returns to more typical levels and should be seen as a correction toward more sustainable levels.

In the first half of 2023, income streams that spiked in 2022 are now showing a year-on-year decline. The income streams in decline are digital giving (-44.7%), mid-value giving (-21.2%) and direct mail appeals (-20.7%). The decline in digital giving is exaggerated as one-off world events triggered an outpouring of support from new and existing donors in 2022.

Major giving income is also tracking down by -8.3% YOY for the organizations in this analysis.

In contrast, community giving (including P2P & events) and recurring giving income are experiencing growth, tracking up +27.3% and +2.1%, respectively on the same period in 2022.

Taking a broader perspective of the data (January - June 2019 v 2023) shows growth for all income areas but a substantial slowing of growth for direct mail appeals (+3.1% since 2019). Digital giving has seen the largest growth since 2019, up 86.5%. Other areas of significant income growth are community giving (+33.2%), mid-value giving (+24.4%), major giving (+20.8%) and recurring giving (+16.5%).

2023 income trends by stream Fundraising income stream	YOY % Income Change 2022 v 2023*	YOY % Income Change 2019 v 2023*
Community Giving	27.3%	33.2%
Digital Giving	-44.7%	86.5%
Mail Appeal (single giving)	-20.7%	3.1%
Major Gifts	-8.3%	20.8%
Mid-Value Giving	-21.2%	24.4%
Recurring Giving	2.1%	16.5%

** January to June*

Looking at the median organization's performance so far in 2023, the most significant declines have been in digital giving (-10.6% YOY) and direct mail appeals (-9.8%). Most likely, these saw a more significant increase last year due to the Ukraine conflict. Only 38.9% of organizations achieved growth in digital giving, and 36.8% have grown direct mail appeal income.

63.2% of organizations have grown community giving in the first half of 2023.

Similarly, 59.4% have grown in recurring giving income, highlighting the importance of community and recurring giving in "normal" fundraising years.

More than half of the organizations analyzed in this report also grew mid-value and major gift income in the first half of 2023 compared to the same period in 2022.

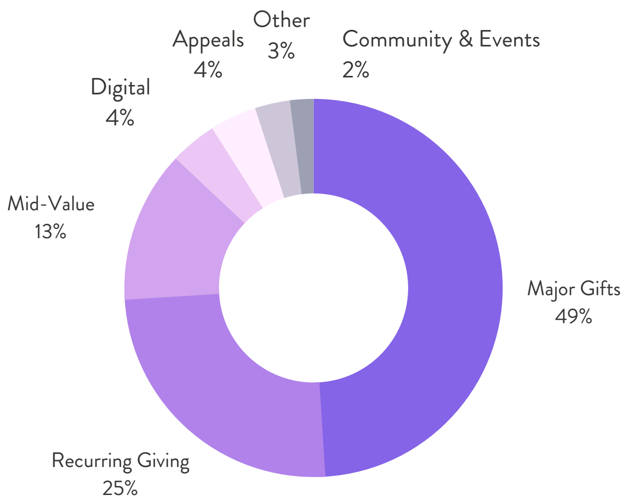
MID-VALUE GIVING	DIGITAL GIVING	MAJOR GIVING	MAIL APPEAL	RECURRING GIVING	COMMUNITY & EVENTS
60% of organizations grew income	**39%** of organizations grew income	**58%** of organizations grew income	**37%** of organizations grew income	**60%** of organizations grew income	**63%** of organizations grew income
+5% increase*	-11% decrease*	+11% increase*	-10% decrease*	+3% increase*	+15% increase*

Detailed analysis

There have been minor changes to the fundraising income mix in the first half of 2023 compared to 2022.

Major gift* income remains the most significant source of income for nonprofits, accounting for 49% of total income in the first half of 2023 (47% in 2022), despite major gift income being down -8.4% compared to the same period last year.

**This analysis defines a major gift as any single gift over $5k*



*increases and decreases are for the median organization

Detailed analysis

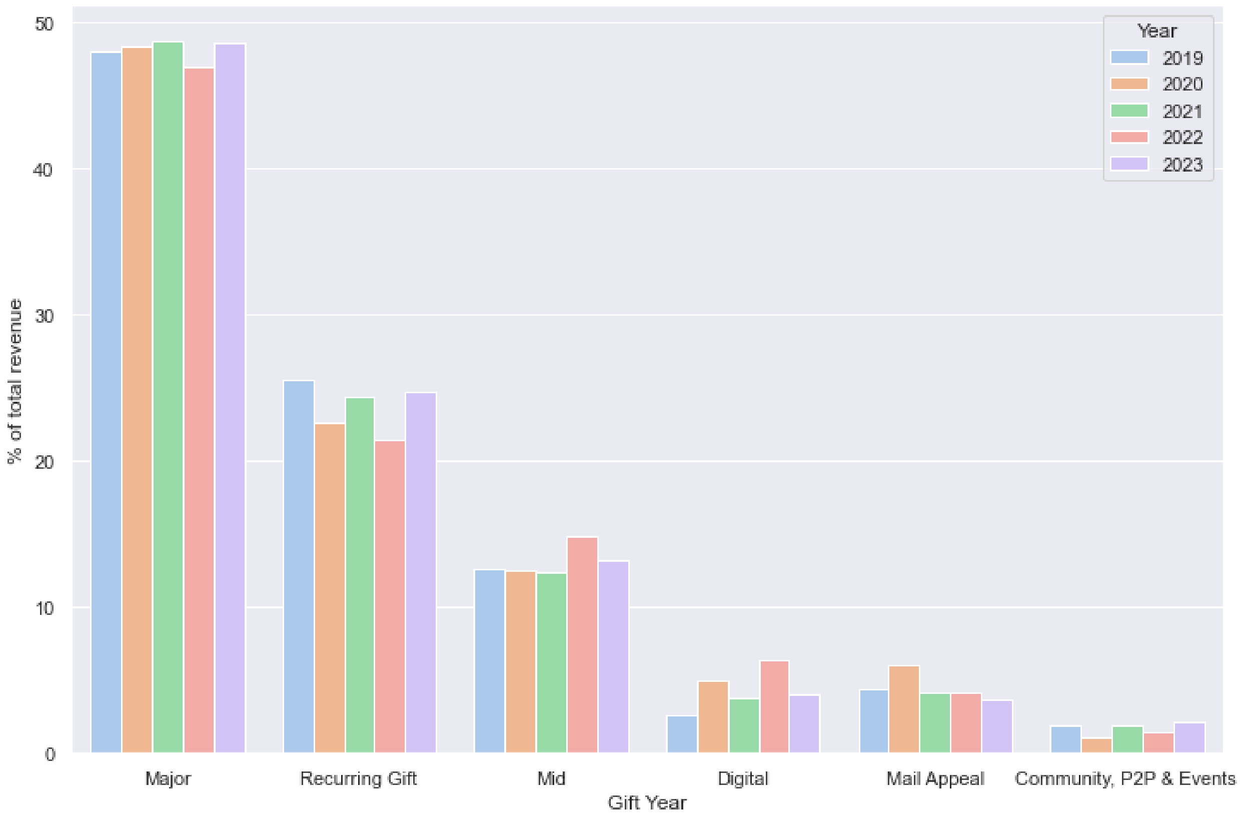
Recurring giving and mid-value giving continue to be important income streams in the first half of 2023, representing 25% and 13% of total fundraising income, respectively. Recurring giving as a proportion of total income has increased from 21% in the first half of 2022 to 25% in 2023. However, the relative contribution of monthly donations is actually lower than it was in 2018, when it represented 27% of total fundraising income.

Digital giving has been on an upward trajectory for years and surpassed direct mail income for the first time in 2022 in terms of relative contribution to income (driven by the response to the Ukraine crisis).

Despite digital income being down by -44.7% in the first half of 2023 (compared to 2022), digital giving and direct mail income now represent 4% of total income each, with digital giving slightly ahead.

Community giving income is up 27.1% YOY in the first half of 2023, though the contribution of community giving to the overall income mix remains low at 2%.

Recurring giving and community contributions tend to play a more substantial role in contributing to overall fundraising income during "normal" fundraising years. These sources often provide a steady and dependable stream of funding, reflecting the sustained commitment of loyal donors and the strong engagement of local communities.



Section 3. Giving Behaviour

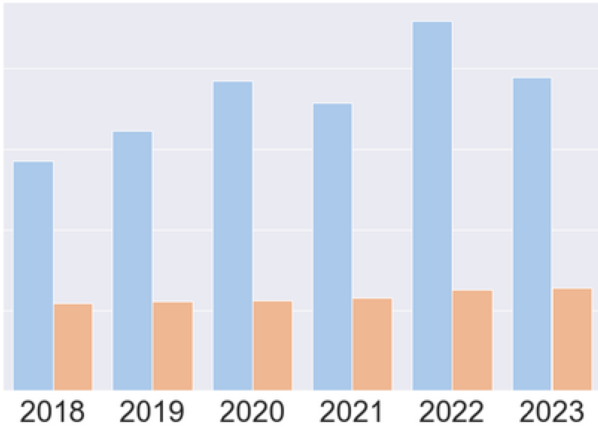
The impact of world events on single versus recurring giving

Single giving down on prior high

Extraordinary one-off events (like COVID-19 and the Ukraine crisis) prompt an outpouring of support from both existing and new donors, leading to an increase in one-time donations, emergency appeals and larger-scale philanthropic gifts. During these periods, single giving, digital giving and major giving typically come to the forefront of fundraising.

Plotting the growth of single giving versus recurring giving together reveals the changing nature of giving during unprecedented times. While recurring giving has demonstrated steady growth for the organizations in this analysis over the past six years, single giving exhibits an even steeper upward trend, with notable spikes in income in 2020 (COVID-19 pandemic) and 2022 (War in Ukraine).

In the first half of 2023, single giving income is down -15.6% YOY, reflecting a "normalization" in giving behavior. Yet the majority of organizations have seen growth.



51.3% of the organizations in this analysis have increased single giving income so far in 2023 (compared to the same period last year).
The median organization has increased single gift income by 1.3%. Declines in single giving are concentrated in organizations that saw a significant spike in 2022 and over the long-term, single giving remains up +35.7% on 2018 (Jan - June).

Recurring giving continues to grow steadily, albeit slower over the long term. In 2023 (Jan - June), recurring giving income is up by +2.1% on the same period in 2022, with 59.4% of organizations seeing growth in this area. The median organization is experiencing recurring giving income growth of 2.6%. Recurring giving income is up 16.5% on the same period in 2018.

51%

of organizations are experiencing **income growth in single giving**

+1%

increase in single giving income for median organization

59%

of organizations are achieving **income growth in recurring giving**

+3%

increase in recurring giving income for median organization

Section 4. Recurring Giving

Decelerated growth and worsening donor churn

Emerging trends

Recurring giving or 'sustainer' programs were a bright spot in the fundraising landscape in 2022, with 66% of organizations experiencing income growth in this area (refer to Dataro's 2023 Benchmarking Report). The median organization in our analysis grew recurring giving income by 5% last year.

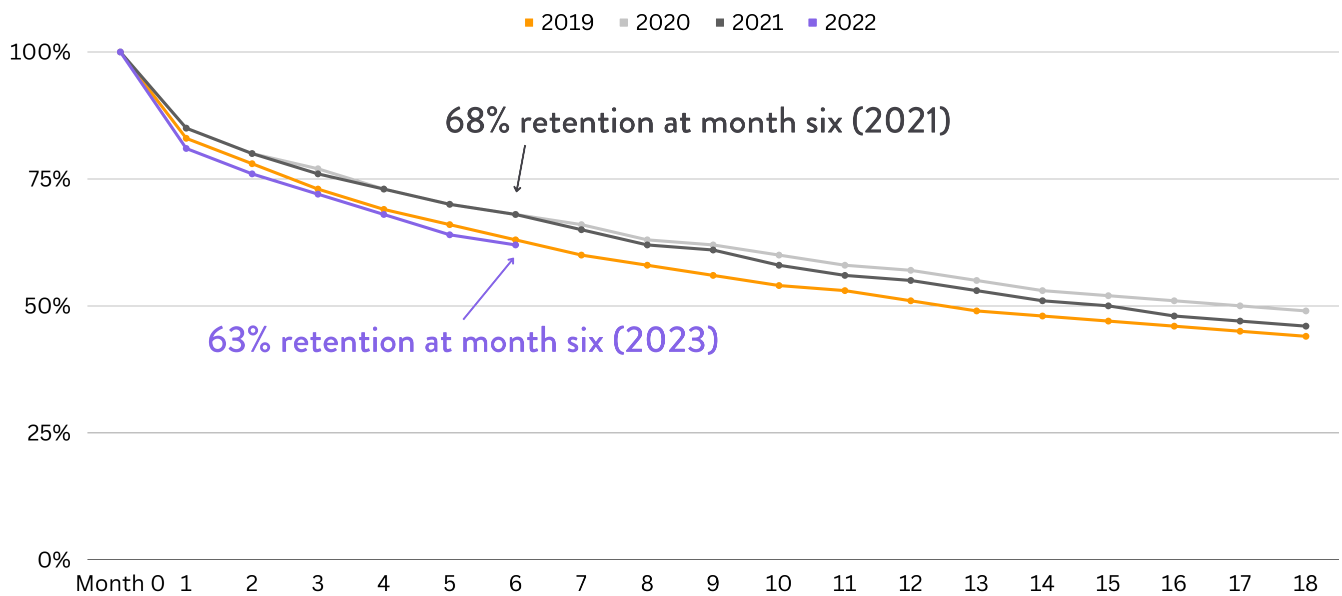
While 59.4% of organizations have grown recurring giving income in the first half of 2023, there is a deceleration in growth, with the median organization growing income by 2.6% YOY as at 30 June 2023.

A worrying trend is emerging in monthly donor retention. The retention curve below shows the percentage of donors acquired each year who continue giving beyond the initial acquisition point. A steeper curve indicates a more significant amount of churn happening in the early stages of acquisition (i.e. poorer donor retention).

Plotting the retention curves of donors acquired any time in 2022 versus 2021, 2020 and 2019, we see that donors acquired in 2022 are churning at the same increased rate as donors acquired in 2019. Note that this graph includes the 200+ organizations in Dataro's datapool.

For the median organization in Dataro's data pool, only 61.7% of monthly donors acquired at any point in 2022 are still actively giving six months later. In comparison, 67.2% of newly acquired monthly donors were still giving after six months in 2021 and 67.9% were still giving after six months in 2020.

The benchmark in 2023 so far is similar to the attrition rates of donors acquired in 2019 who were impacted the following year by the COVID-19 pandemic. This situation highlights a developing challenge in donor retention.



GREENPEACE

GREENPEACE Retain More Monthly Donors Using AI

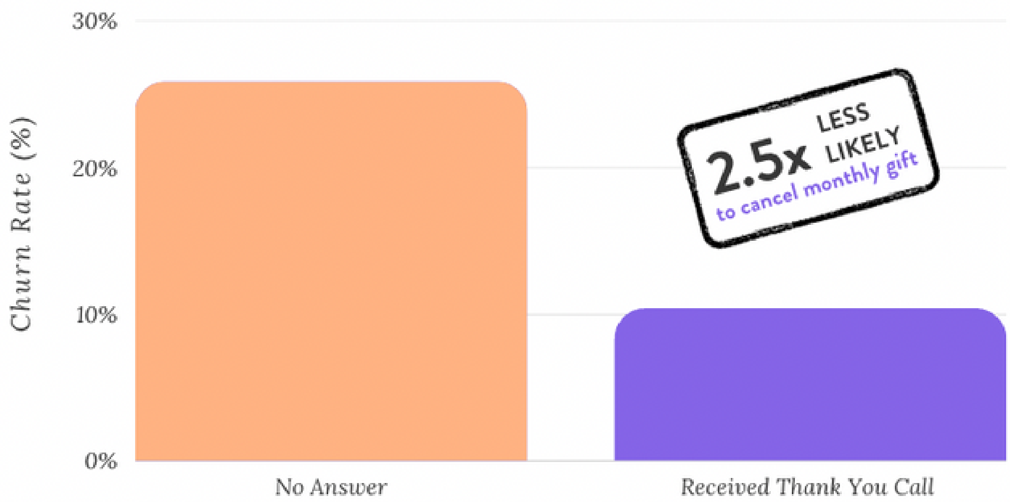
Greenpeace Australia Pacific has used Dataro since 2019 to help grow their recurring giving program and improve their donor engagement and retention. In 2023 the charity used Dataro's AI-driven donor prediction software to identify which donors were most 'at risk' of cancelling their monthly gift and then proactively engaged them with a stewardship 'thank you' phone call.

Using Dataro's AI-driven targeting approach, the charity saved 531 donors from churning over nine months of calling and raised an estimated $235k in extra monthly gifts over 18 months.

At-risk supporters who did not receive a thank you call were 2.5 times more likely to cancel their monthly gifts than donors who were engaged with a stewardship call.

"Our thank you calling program has proven to be a tremendously effective way for us to identify supporters who are at risk of leaving our regular giving program. After identifying these supporters, one of our trusted agency partners has given them a simple thank you call. We have found that supporters are around 2.5 times more likely to cancel their recurring gifts if they do not receive a thank you call. Without Dataro, we wouldn't have been able to identify, call and save these supporters. Our thank you calling program is now well established and its success has led to us trialing an expansion of the program so that we can thank and save more supporters in a really cost-effective way."

Abigail Ricica
Donor Development Manager Greenpeace Australia Paficifc



Want to compare these results to your organization?

datarо

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