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CHARITY BENCHMARKS

SECTOR REPORT 2023

WHY YOU NEED TO JOIN BENCHMARKS

As fundraisers, we're living in tough times. Of course, our tough times aren't remotely like the situations facing the people and communities we serve. But the increased need for income and the growing difficulty of generating it are a challenging combination.

In past editions we've talked about the 'burning platform' of fundraising practices. We've talked about 'running to stand still' in the face of rising costs. We've talked about 'leaky donor buckets' and 'slices of shrinking pies'. And sadly, right now it feels like all of our analogies (or clichés) apply.

Looming above this year's findings is, of course, a difficult economic situation. In previous years, only modest growth was required to keep us ahead of inflation. But in late 2022 and 2023 that changed. So, while inflation has now come back down from the dizzy heights of December 2022, we've fallen behind in real terms at a time when we can ill-afford to.

Moreover, unlike manufacturers and retailers, we can't simply raise our prices in order to cover our increasing costs. We can put higher prompts on our appeals but whether our customers choose to donate more – or engage with us at all – is beyond our control.

It's not surprising, therefore, that we're leaning on tried and tested methods in order to keep the money coming in. But as we said last year, the fundraising portfolios we're running today look very much like the programmes we were so keen to diversify and innovate away from half a decade ago – before all this turbulence started.

Having said all that, things could be worse. There are definite bright spots amongst the challenges. And if we look at the situation through an optimistic lens (which it seems we fundraisers are very inclined to do!) at least we've managed to grow a little in a market that's far from friendly.

As ever, we believe that the more informed we are, the better decisions we can make. So if you're not yet part of Charity Benchmarks, please make this the year you get involved – for the sake of your charity and the wider sector.

THANK YOUS

We'd like to say a huge thank you once again to all our participants. We're particularly grateful to the people who had to collate the data and fill in the spreadsheet. We know it takes time and we really appreciate it.

CREDITS

Allan Freeman had the idea for Charity Benchmarks in the first place, brought participants together and helped inform the thinking. **Mark Foster** drove the process and helped recruit participants. **Montana Bailey** managed this huge project and kept us all on track. **Alex Srivastava** did the heavy lifting of troubleshooting, analysing and interpreting the data before writing the quantitative section. **Henry Astley** undertook the depth interviews and wrote the qualitative section. **James Briggs** added a bit of polish to the final version. **Emily Lovett** and **Greg Fagg** designed everything and made the information beautiful.

CONTENTS

METHODOLOGY & LIMITATIONS

The first and biggest point to note is that you're not looking at the full benchmarks report!

While we are happy to share a great deal of what we uncover, we have to remove a lot of the interesting detail from this free version of the report for obvious commercial reasons.

So you won't see much data relating to costs, you won't see any data relating to our participants' specific challenges and you'll only see two pages of the very extensive Individual Giving Deep Dive section.

If you'd like to see the whole report then it may be possible to benchmark your organisation for 2023. And, of course, you should get involved in Charity Benchmarks 2024! Contact details are on the last page.

QUALITATIVE DATA

We repeated our sector survey (first used last year for the 2022 edition) but also reinstated the depth interviews which we'd used since the first edition of Charity Benchmarks.

The results and transcripts were summarised using ChatGPT but were then analysed by multiple informed human beings. More detail is provided in the relevant section.

QUANTITATIVE DATA

In response to requests from participants for a more longitudinal view, we asked for data on topline metrics showing performance over five years, which has provided some interesting and timely perspectives.

The 'hard' numeric data for the project is supplied via proformas. As well as the five-year topline figures, participants supplied two calendar years of data (2022 and 2023) in a quarterly format – so all comparisons come from the same dataset and are not based on previous reports.

These figures were aggregated, checked, queried where appropriate and analysed. The results were fed into Power BI for visualisation and then the team went to work on adding the interpretation and commentary you see in this report.

DATA CHALLENGES

Gathering this much data – particularly calendar annualised data over a five-year period – is always a challenge and this has an impact on the report.

In some cases, the figures that were supplied in the quarterly view were different from the data reported in the annual view i.e. the sum of the quarters did not equal the annual figure. This means that readers with very sharp mental arithmetic and/or a calculator will notice that some numbers appear inconsistent across sections.

As is always the case, some participants were unable to supply data for particular categories or periods of time. This was almost always related to costs.

Where this was the case, the participant(s) were suppressed from the overall analysis so, again, figures will not always add up and this is noted in the report.

LIMITATIONS OF SIZE

Although we're looking at a very respectable £1bn+ of fundraised income, the number of organisations involved in Charity Benchmarks is a relatively small sample. This should be borne in mind when looking at specific fundraising channels – retail being an obvious example which we discuss in the relevant sections.

On a positive note, our cohort rose to 15 charities this year from 13 in 2022. Of those who declined to take part (we like to think reluctantly) many cited data capacity and/or CRM upgrade issues as a barrier – which as we'll see remains a widespread issue.

We believe that £1bn+ of revenue is still a decent sample and, to our knowledge, the largest available. But, as ever, we'd love to have more organisations on board and more data available in order to deliver an even better report.

BIASES & HUMAN ERROR

We say it every year. Despite this being ostensibly a presentation of 'the facts', this document is the work of individuals with their own (hopefully well-informed) perspectives. The way we have cut the data and the graphs we have chosen to show are our best attempt to hit the sweet spot between useful insight and complete overload.

Inevitably, this means biases both in terms of the selection and presentation of information.

We therefore welcome questions, challenges and thoughts you would like to share. And, of course, we would love to bring more participants on board. The more people who take part, the more useful the project becomes. So please do get in touch.

THE VOICE OF THE SECTOR

This year, and for the first time since we started Charity Benchmarks, we have two sources of data in this section – depth interviews with senior leaders from our participants and an open survey from the wider sector.

Both tell a story of a challenging fundraising environment and ongoing internal struggles to keep the money flowing to where it's needed.

ABOUT THE DATA

DEPTH INTERVIEWS

We conducted a series of lengthy interviews with sector leaders – all of whom are Directors at Charity Benchmarks participants. They were asked a consistent set of questions but encouraged to expand where appropriate and talk about issues and ideas that they felt were important. The interviews were then transcribed in full.

We used ChatGPT to help summarise key themes which proved useful in terms of organising the information and avoiding our own biases in the first instance. However, as we discovered last year, AI has yet to develop the contextual knowledge and insight necessary for a full analysis. So the humans involved still had plenty to do.

THE SURVEY

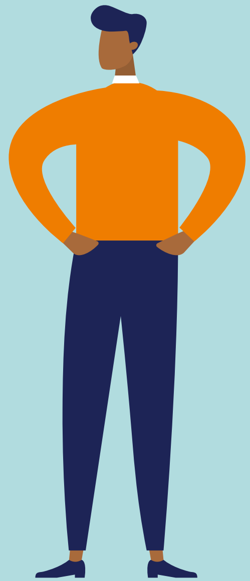
As per last year, we undertook a survey which was open to anyone working for a UK charity in a fundraising capacity. We promoted this heavily in our social channels, via email to previous responders and via friends in the sector.

Despite our best efforts, we ended up with 80 respondents – which was fewer than last year and something of a disappointment. We also struggled to change the bias towards (relatively) senior staff. 59% of respondents told us that they have been in the sector for more than a decade and senior job titles featured across the sample.

Despite this, we feel that the response was an interesting and useful element and – when viewed as part of the wider project – offers some useful insights.

Direct quotes (unless labelled otherwise) and the bulk of the interpretation in this section are from the interviews. All percentage figures quoted here are from the survey data.

“I think to some degree we have gone back to business as usual, which is quite crazy considering the world we are living in.”



A TOUGH ENVIRONMENT

IT'S THE ECONOMY, STUPID

As we noted in the introduction, the 'runaway' inflation that characterised the winter of 2022/23 fell sharply over the course of the year. But when it comes to fundraising performance, the economy is definitely the big issue.

A difficult economic environment and the cost of living crisis topped the list of external fundraising challenges for the second year in a row with 77% of survey respondents citing it as a major concern, although this figure was down from 83% last year.

Survey respondents were also clear that the cost of living crisis had impacted their results in 2023 with 61% saying that it had a 'somewhat negative' effect and 16% saying it was 'significantly negative'. More on this later…

"Ultimately, giving to charity is a consumer choice. When people are worried about their financial situation they're less likely to make that choice."

"I think the biggest challenge is working together to grow the market – particularly in a time when there's competition for people's disposable income."

BIG ISSUES MEAN BIG CHALLENGES

In 2022, the cost of living crisis and the invasion of Ukraine dominated the news – which meant great results for domestic charities working with affected communities and humanitarian organisations respectively.

Conversely, organisations without a connection to these high profile issues said that they struggled for supporter attention.

In 2023, the conflict in Gaza had a similar, additional impact. 53% of survey respondents cited relevance to big issues as a challenge (up from 37% in 2022).

This phenomenon was echoed in our interviews, with some leaders describing the challenge of competing with headline issues.

On the other hand, relevance and sudden growth also brought challenges. Some organisations experienced an ongoing surge in donations that posed a challenge for effective stewardship and retention of these supporters.

"War in Ukraine, Gaza, food banks, these are competitors. Unfortunately, and I don't like to use that word, but they are competitors to our messaging."

"We're in a unique situation – we were pretty small until the cost of living crisis and since then we've been sort of riding a wave. And that comes with the new challenge of getting our house in order and stewarding donors effectively."

WHY ISN'T THIS WORKING?

A decline in fundraising performance was our fastest growing concern between 2022 and 2023 – rising from 28% to 52%. In a tough and highly competitive market, performance definitely seems to have suffered, particularly in acquisition campaigns.

You can see more detail later in quarterly reports and the Individual Giving Deep Dive. But both our survey respondents and interviewees gave a palpable sense that methods we once relied on were starting to falter and that this could impact investment in fundraising if not corrected.

> **"As Christmas has so clearly demonstrated, many charities are achieving 50% of their expectations – that's tragic... So boards, I think, will become more cautious to invest hard-earned donors' money in further fundraising activity. I think that will be difficult."**

THE IMPACT OF AI IS YET TO BE SEEN...

When asked "Where do you think the next big opportunity or idea for the fundraising sector will come from?" AI topped the survey respondents list. But when it came to examples of how, things were less clear.

Although there are significant expectations, our sector leaders expressed concerns around generative AI's implementation, citing authenticity in storytelling and lack of guidance in ethical usage as reasons why tools like ChatGPT have yet to make it into 'active use'.

“There’s a real lack of consensus amongst the sector about appropriate usage of AI.”

THE REST IS POLITICS

Several of our interviews reflected on the fact that world events have had the effect of polarising public opinion ever-further this year but there was a general (rather than fundraising-specific) sense of optimism regarding the impending and seemingly inevitable change of government.

In terms of planning winter appeals, an election was seen as an additional element of uncertainty – particularly in the aftermath of a very difficult Q4 in 2023. But overall, people were very positive. Health in particular is predicted to be high on the agenda and some interviewees mentioned advocacy opportunities. Overall, the prospect of a Labour government was seen as a real opportunity in the longer term.

"Even if we get a new government, things change and get better – in terms of the need right now, that's not going to change overnight."

"You only have to look at history to know that the sector generally has a very different relationship with Labour governments than Conservative ones."

"The general election is going to be massive for us."

“It’s a very unfair split between who’s winning (at fundraising) and who is really, really, really struggling.”

INTERNAL CHALLENGES

THE CHALLENGE OF DATA

Among our survey respondents, the most frequently mentioned internal challenge of the past year was 'data, insight and analysis capability' at 63% – up slightly on last year.

While other areas of resource/ recruitment have become less difficult (see below) these specialist skills seem to be in short supply – perhaps because in an increasingly data-driven world they command a significant premium in the commercial world and charities find it hard to compete.

A deficit in this area will, of course, make day-to-day operations more difficult. But there's also the strategic point that it's difficult to make big decisions without the data – or to launch new initiatives without being confident that you'll be able to measure success.

"It's difficult to recruit skilled analysts at charity pay scales."

"People's giving habits and behaviours have changed, as have the channels to give. Analysis of historical data is no longer predictive of future income. We have to watch the data in real time to try and get a handle on current giving behaviour."

NOTE: This quote came from a survey respondent

WRESTLING WITH CRM

The second biggest (and related) issue – troubling 60% of respondents – is their CRM. For the first time in Charity Benchmarks, we asked respondents which system they used – with Raiser's Edge emerging as the most common, Salesforce second and Microsoft Dynamics third.

In terms of how well these systems met our respondents' needs, the average score was a rather disappointing 5 out of 10. However, there was a fairly wide spread of scores in this section and no system fared noticeably better or worse than another.

What was clear was that many respondents didn't think that the systems they had were being used effectively – with the question "How well does your organisation utilise your CRM platform?" receiving a worrying score of 5 out of 10.

This chimes with our experience – that difficulties with CRM systems tend to be based on how well they have been implemented, how the data itself has been processed/loaded and the training/retention of staff who operate the system. But there is also a key issue of evolving requirements and a struggle to get systems to facilitate and measure new activity.

One such challenge was highlighted in sector leader interviews – specifically the need to understand the full supporter journey 'in the round' and the impact of non-financial actions.

"There's a lack of tangibility and trust in measures of non-financial interactions. What we can measure we optimise. But we're missing out on the other half of that. We need to de-commoditise and build trust in non-linear measures."

THE SILOS ARE STILL STANDING

Perhaps because of a growing awareness that organisations need to integrate across fundraising activities and with other external-facing functions, siloed working was cited as even more of a problem this year than in 2022 – up from 48% to 54%.

This theme was even more prominent in our discussions with sector leaders – reflecting an understanding of the importance of integration and a responsibility to make it happen.

"There's so much information and so many opportunities but it is hard work to get people to pull in one direction."

"I think we learned again, the importance of deep connection with supporters. You can't replace loyalty with recency."

SUPPORTER RETENTION IS TOP PRIORITY

74% of our survey respondents listed supporter retention as one of their top three fundraising priorities for 2024 – making it by some way the most popular answer.

By contrast, slightly less than half (49%) of respondents listed supporter acquisition as a priority – suggesting that in a tough environment the focus is on maximising the value of existing donors rather than the increasingly difficult and expensive task of recruiting new people to our causes.

Our sector leaders also highlighted the importance of effectively retaining donors and, again, spoke about the importance of 'intangible' (or at least difficult to measure) metrics in this area.

“I think there’s a risk that leadership and people that are heads of teams haven’t always got the skill set or know all about the digital world. And that could limit what we move forward with.”

FUNDRAISING IS A PEOPLE BUSINESS…

Last year, challenges relating to skills gaps and recruitment topped the charts in terms of internal challenges – with 58% of respondents citing it as an issue. This year that figure dropped noticeably to 38% – perhaps indicating a more settled job market after years of pandemic uncertainty.

Having said that, the perennial issues of lack of time and resources remain prominent – scoring 63% and 52% respectively.

Although the numbers were marginally better than in 2022, there still seems to be something of a morale crisis in fundraising – or at least in our sample.

Just 50% of survey respondents rated their morale and wellbeing at 6 out of 10 or higher. And almost a third (31%) rated their morale at 4 or less. Unsurprisingly, a quarter of respondents were considering a move out of the sector – although this was slightly down from last year's 29%

The desire for a better salary was the most frequently cited motivation to leave, with a number of participants reporting that their salaries had declined in real terms. But respondents also alluded to a challenging working environment, with 'burnout', staff shortages and resource issues (see above) all contributing to a difficult situation.

D&I REMAINS A KEY CHALLENGE

An overwhelming 77% of respondents said that the sector should be doing more for Diversity & Inclusion – up from 70% last year. At the other end of the scale, only 5% felt that the sector is 'leading the way' in this area – down from 13% last year.

NOTE: These quotes came from survey respondents

"I can no longer afford to work in this sector. My bills are rising astronomically but my salary has barely increased since I started work in 2019."

"The fundraising profession has a near-pathological bias towards white women."

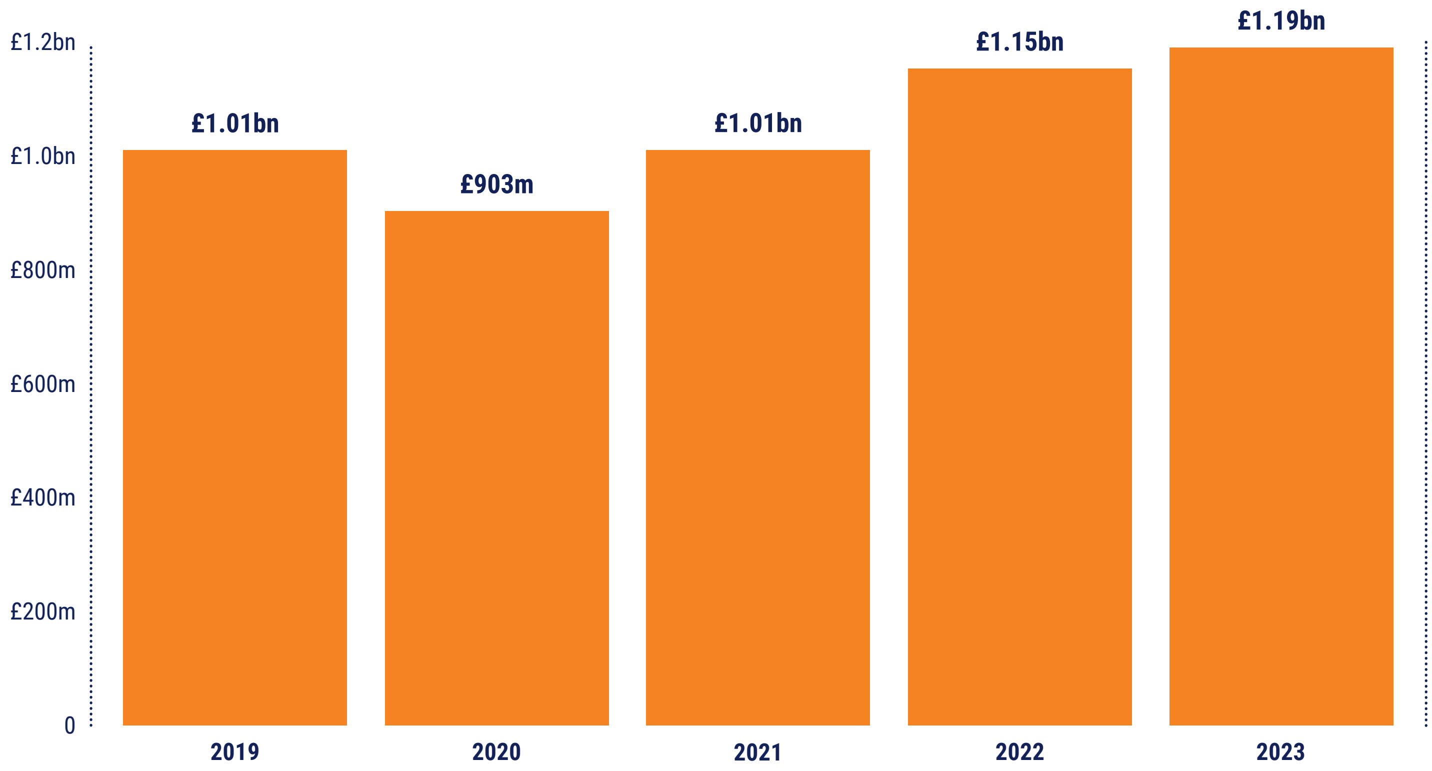
THE HARD DATA

REVENUES, COSTS & VOLUMES

As we explained in the introduction, this year we have captured more longitudinal data – covering five years rather than the 'eight quarters' of previous versions. This anchors us in the pre-Covid world and then runs all the way through to the 2023 calendar year.

In terms of gross revenue, things don't look too bad. After an understandable dip in 2020, every subsequent year has seen growth.

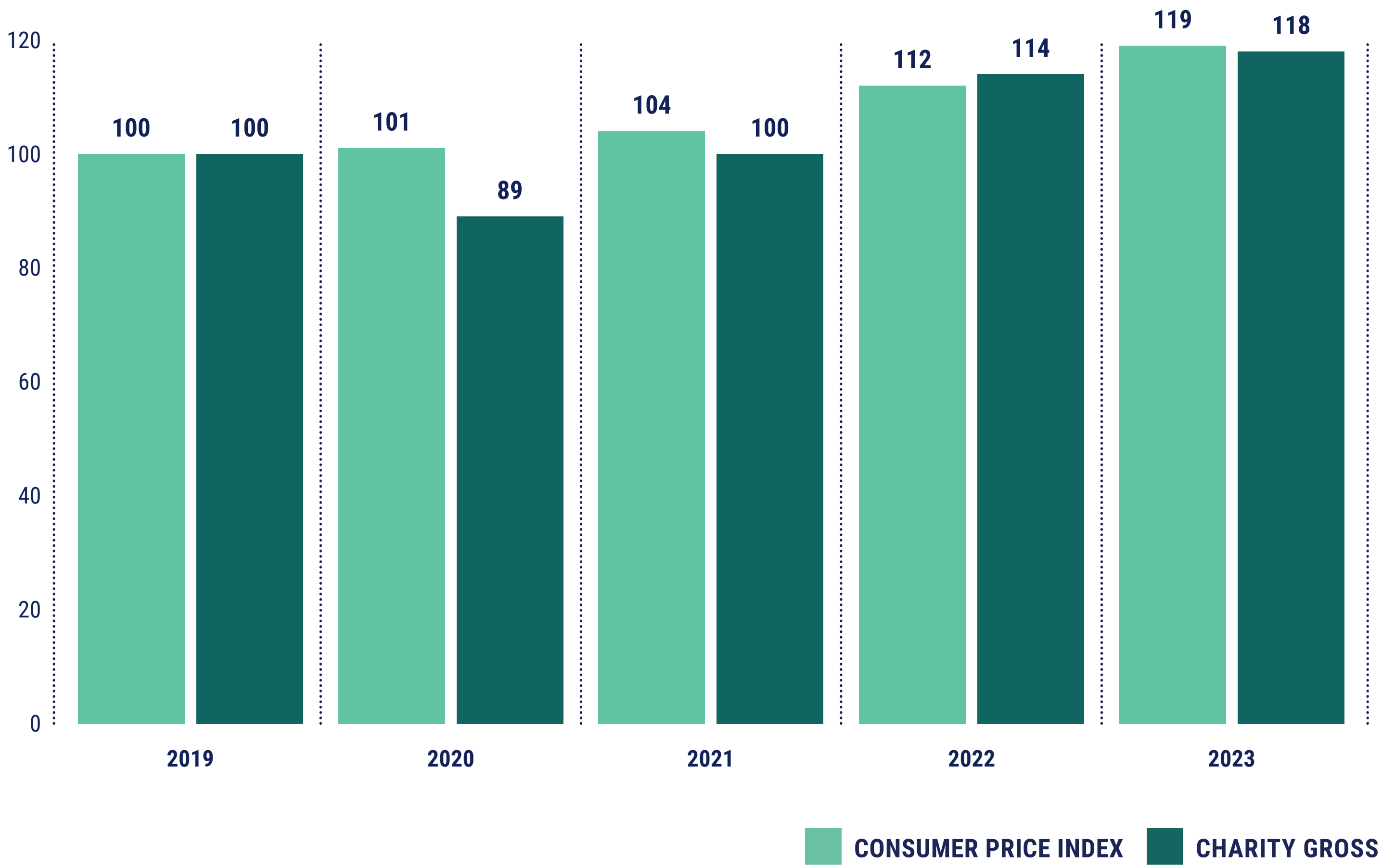
GROSS INCOME



Unfortunately, however, we don't have a clear view of the spending associated with this income because some participants were unable to provide a longer-term view of expenditure. But when we look at the data for 2023 (and the figures for 2022) it seems safe to assume that this 'growth' has come at a cost and that net revenues would not look quite so good.

And, of course, this is all set against the backdrop of unusually high inflation in 2022 and early 2023. That 18% growth of gross revenue across the five years represented above is actually less than the growth of consumer prices (CPI) – which means that income has fallen in real terms during the period.

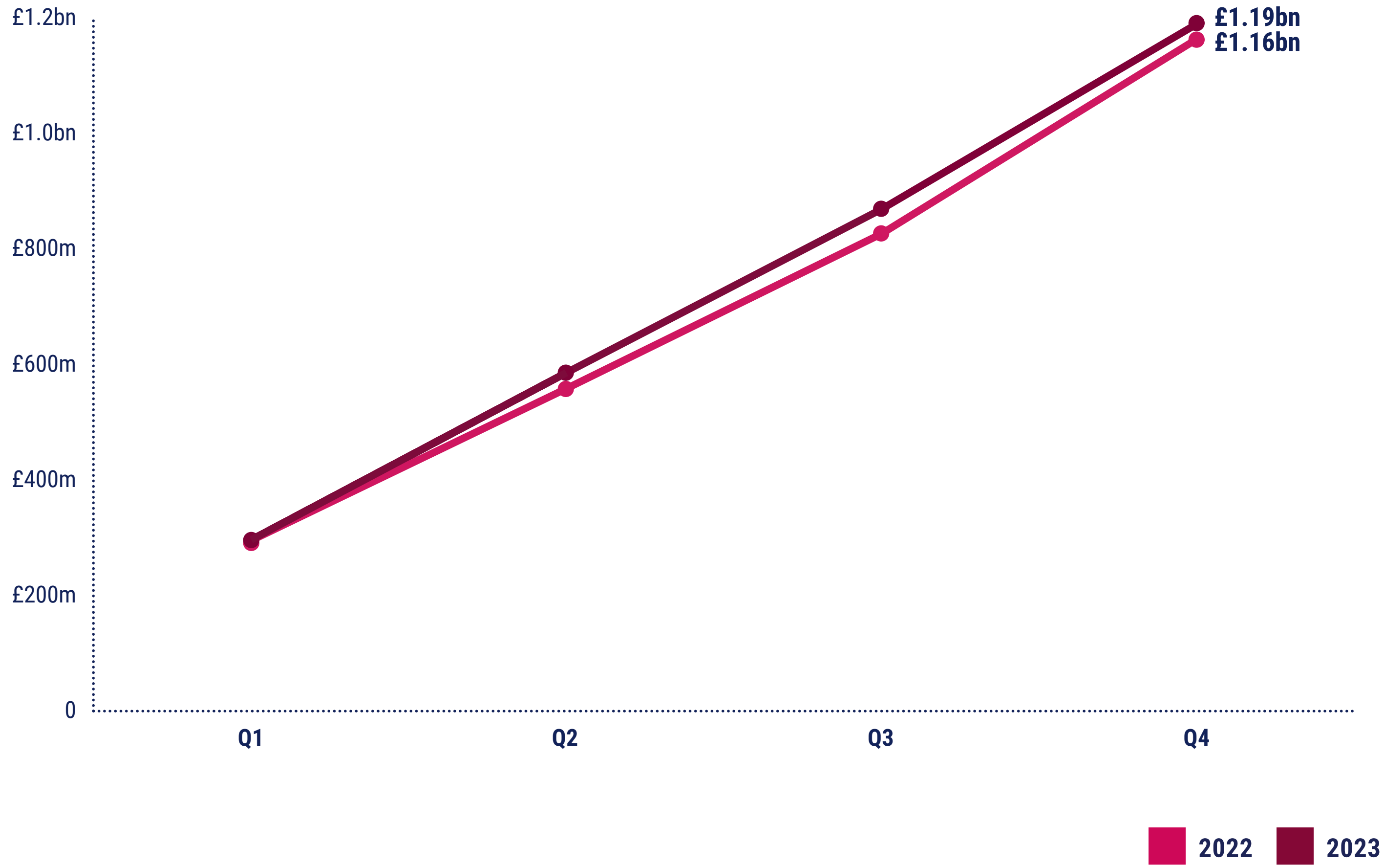
CONSUMER PRICE INDEX VS CHARITY GROSS REVENUE



Looking at the more detailed quarter-by-quarter picture, our cohort collectively raised £37 million more in 2023 than they did in 2022, a 2.3% increase.

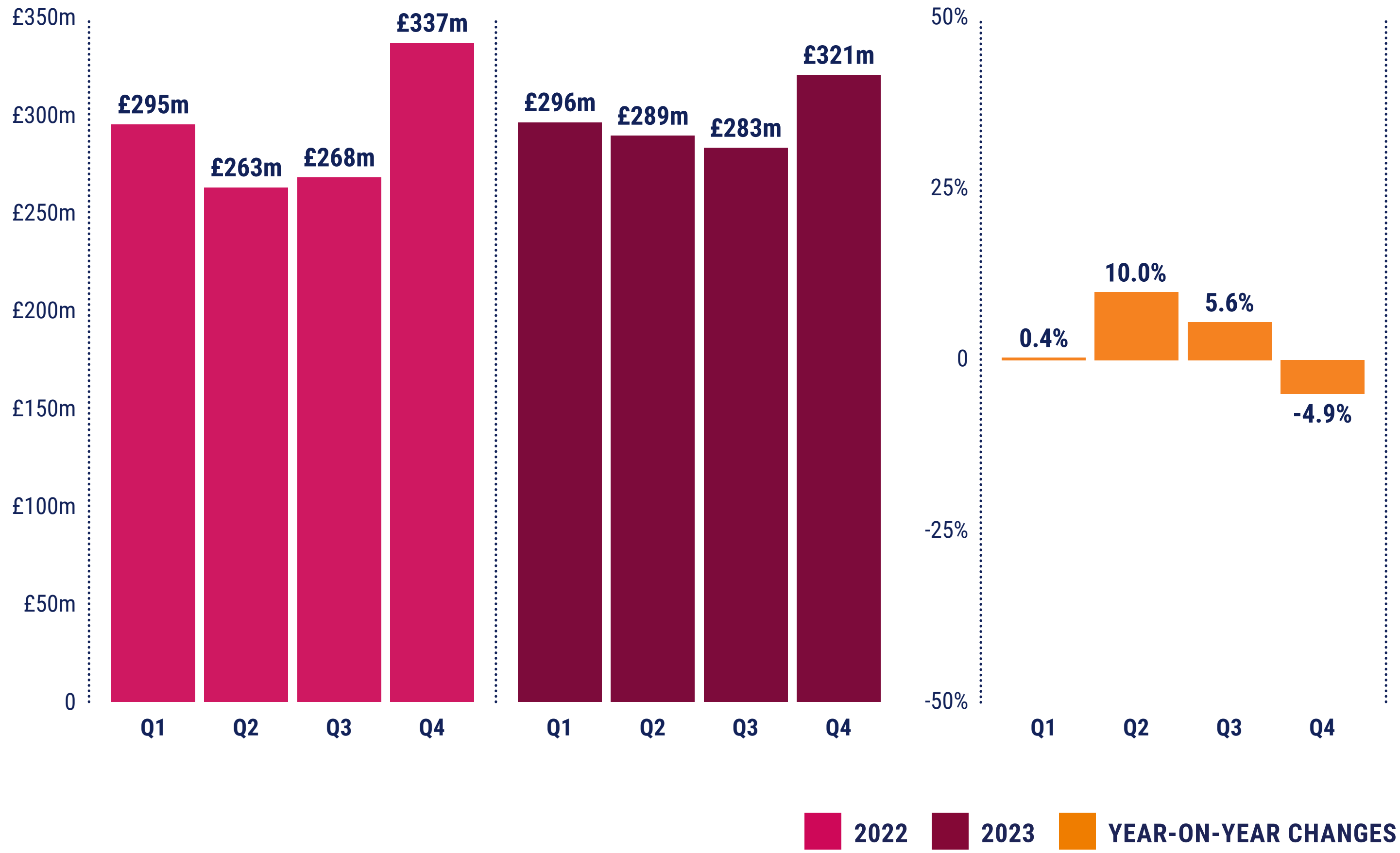
Interestingly, this growth was delivered in the usually ‘quiet’ Q2 and Q3 (remember that we are talking about calendar quarters).

CUMULATIVE INCOME



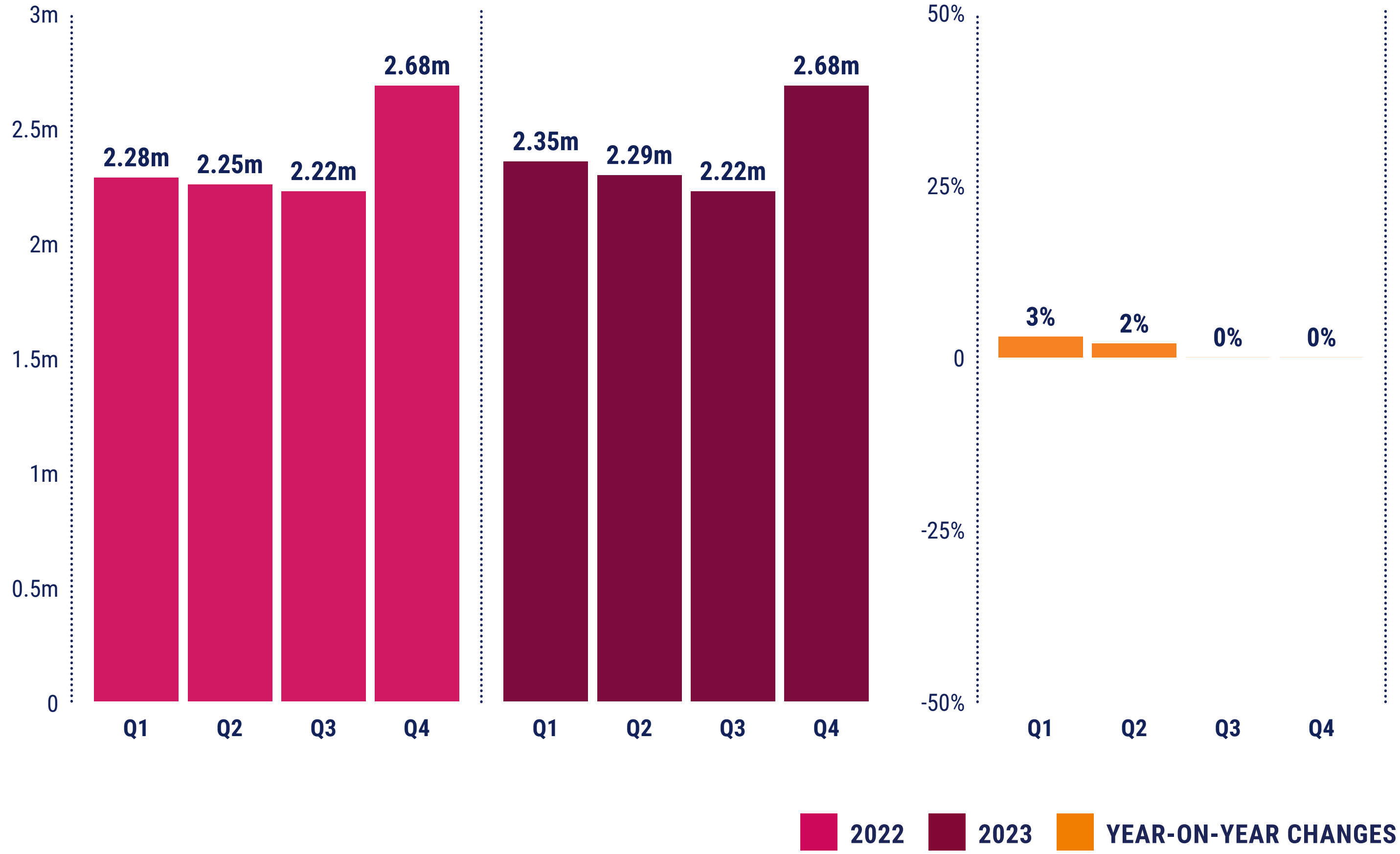
While Q1 stayed constant, Q4 saw a not insignificant decline in income year on year. This is consistent with the findings of Open's 2023 winter appeal benchmarking activity (albeit with a different and much larger participant set), which found cold fundraising in particular struggled in this period.

INCOME



Interestingly, the volume of supporters donating in the quarter held steady from Q4 to Q4, suggesting that donation values were lower in Q4 2023.

VOLUME OF SUPPORTERS ACTIVE IN QUARTER



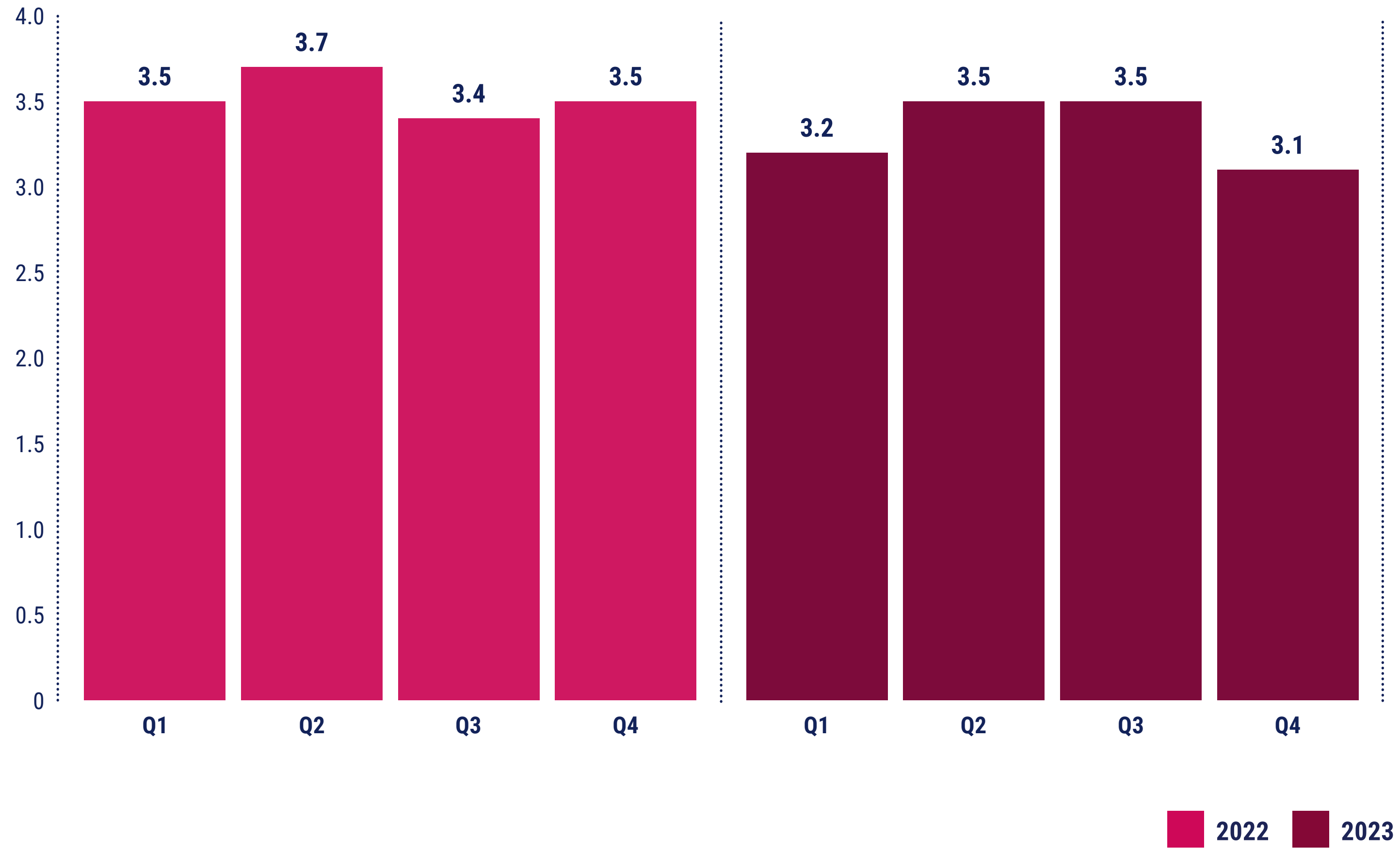
It appears that in order to maintain this volume of supporters in Q4, participants spent significantly more – further evidence that winter 2023 was an unusually tough time to be a fundraiser.

Overall, spending rose by 10.5% in 2023 (from £326.3m to £360.5m), in order to generate that 2.3% increase on gross revenue. And we should bear in mind that these are direct costs of fundraising and do not include staff costs – which we assume also rose due to higher-than-usual inflation-related pay increases.

DIRECT FUNDRAISING COST BY QUARTER

As a consequence, the ROIs achieved by our cohort fell in every quarter apart from Q3.

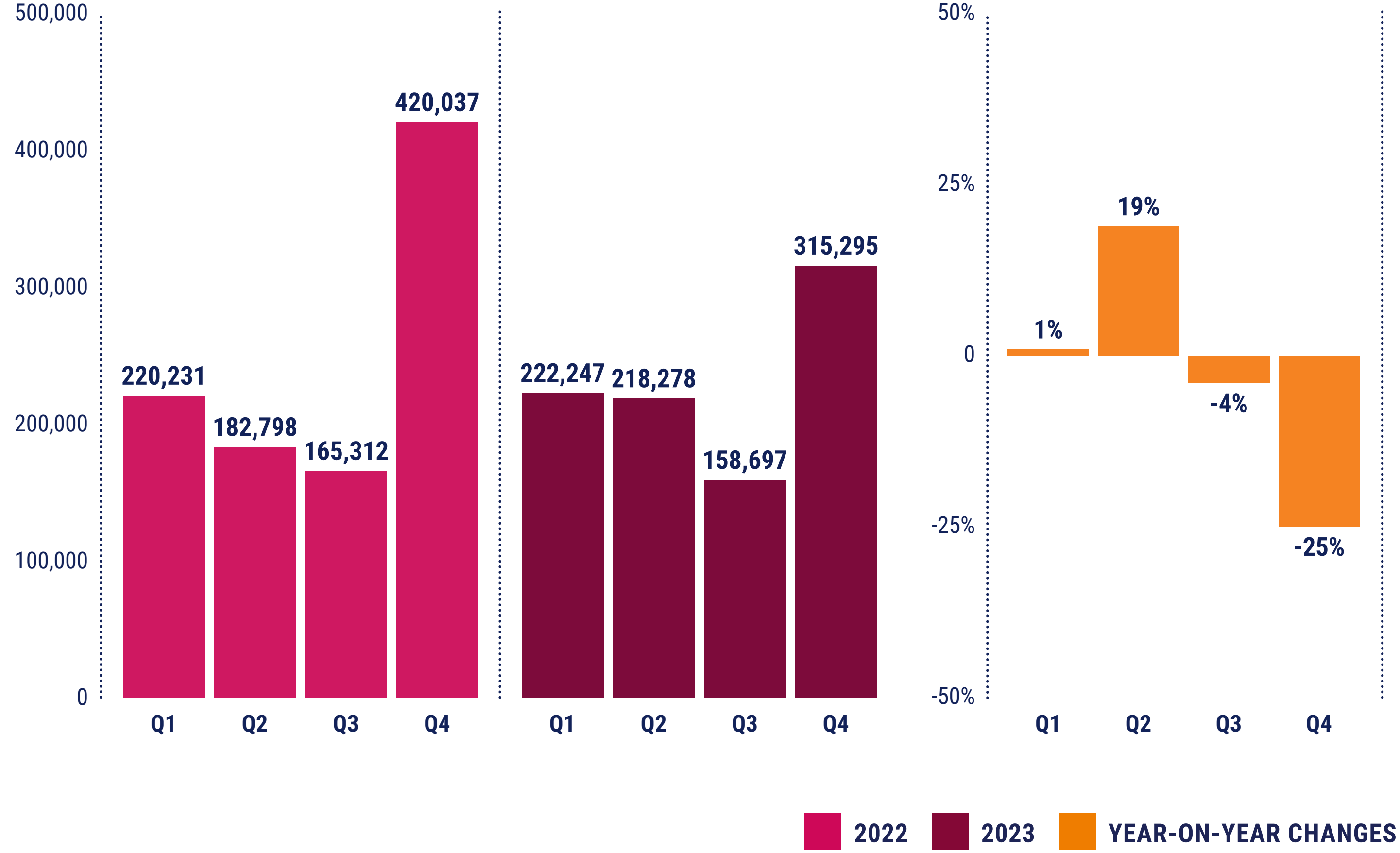
RETURN ON INVESTMENT



Worryingly, there also appears to have been a decline in recruitment volumes. Across the year, 7.5% fewer donors were recruited in 2023 compared to 2022 (915k vs 990k). And again, the picture looks particularly troubling in Q4 where, despite increased spend, 25% fewer donors were recruited (315k vs 420k).

This could be partly due to events in Gaza 'diverting' support (there are no big humanitarian organisations in our sample this year) but our hunch is that economic conditions and general uncertainty played more of a role.

VOLUME OF NEW SUPPORTERS

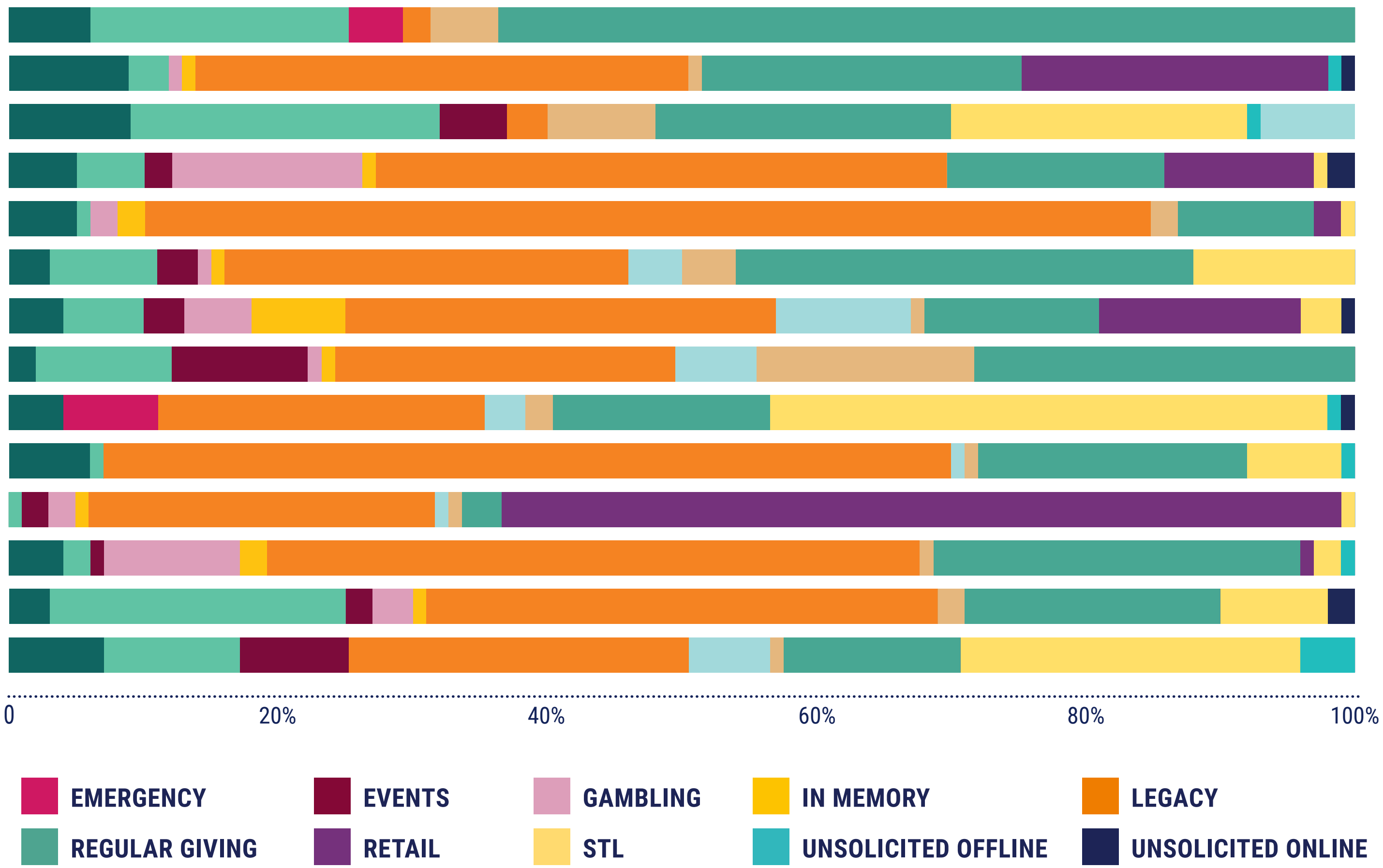


DIGGING INTO THE PORTFOLIO

Before we start looking at aggregated values, it's instructive to look at how varied the makeup of individual charity portfolios can be and remind ourselves that the commentary that follows is about the cohort average rather than the individual organisations that constitute it.

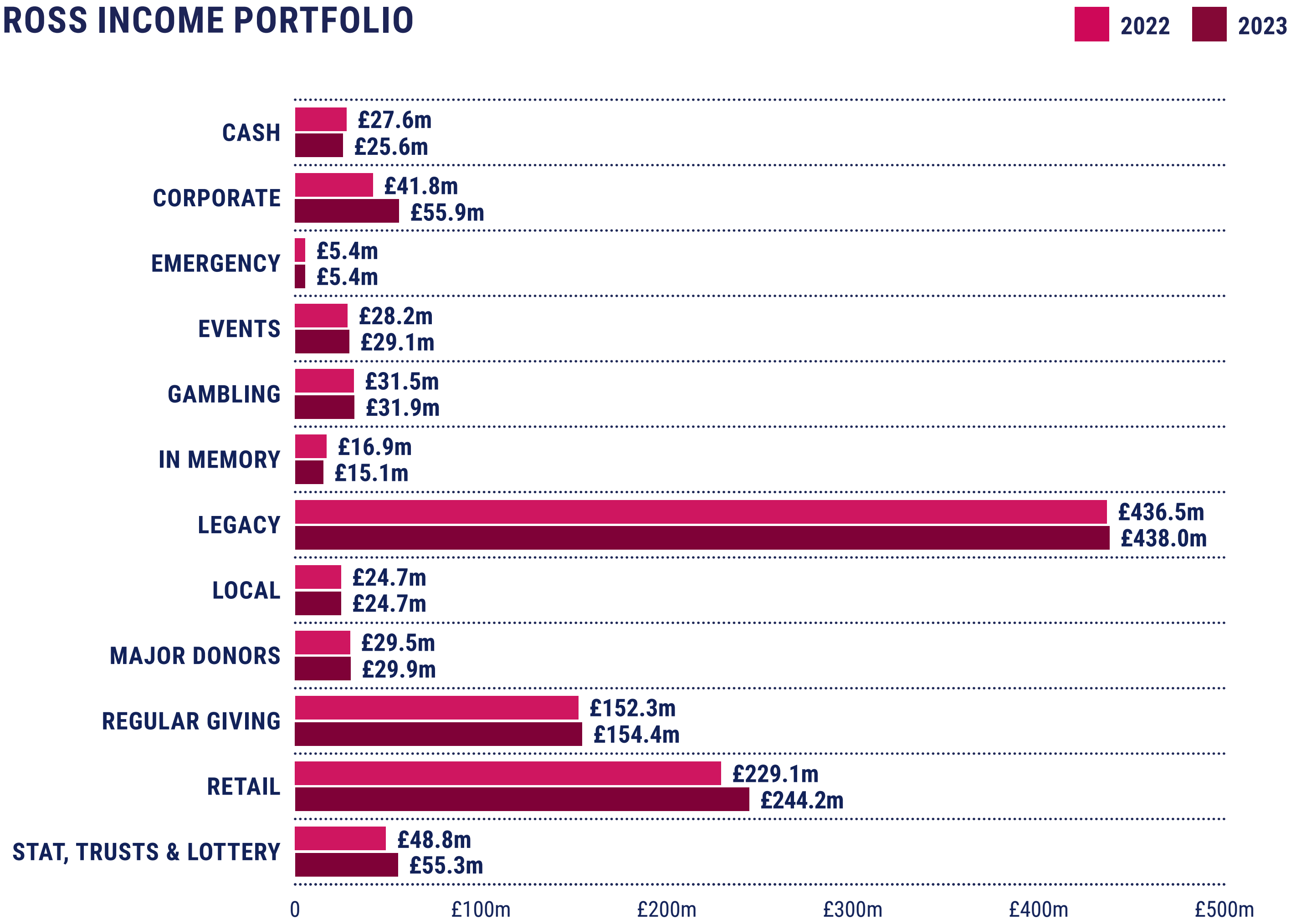
One particular 'watch out' for this year is that we had a number of participants with unusually large retail programmes, which does skew the average a little – particularly in terms of gross revenues.

INCOME PORTFOLIOS BY CHARITY



Looking at the 'average' income portfolio, we see that, as ever, a small number of income streams dominate.

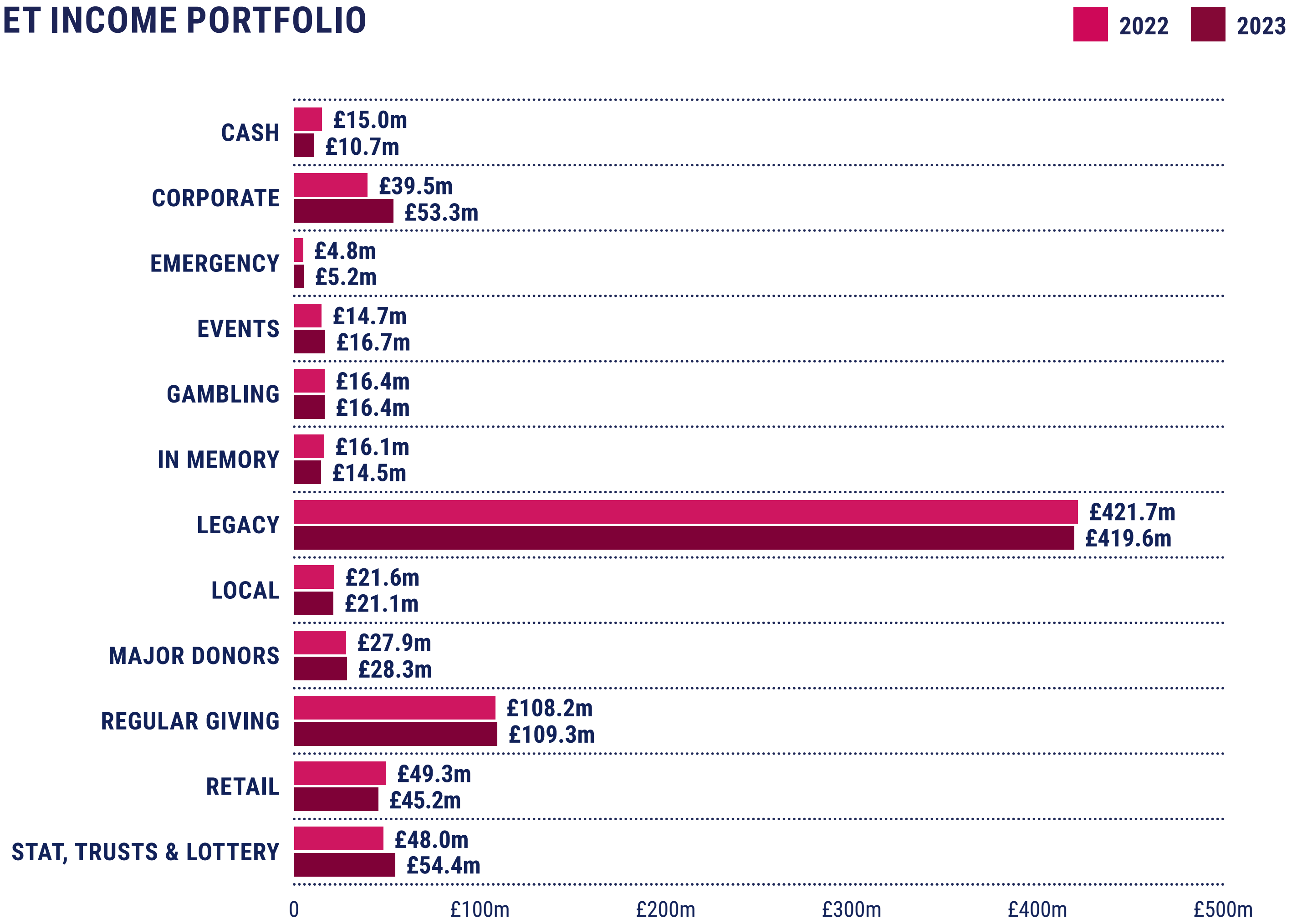
GROSS INCOME PORTFOLIO



Please note this chart excludes participants that did not provide cost data.

When we shift this view to look at net income, the high-margin money generated by legacies towers even further above the rest (despite a small year-on-year drop) and the relatively low-margin retail money falls away.

NET INCOME PORTFOLIO



Please note this chart excludes participants that did not provide cost data.

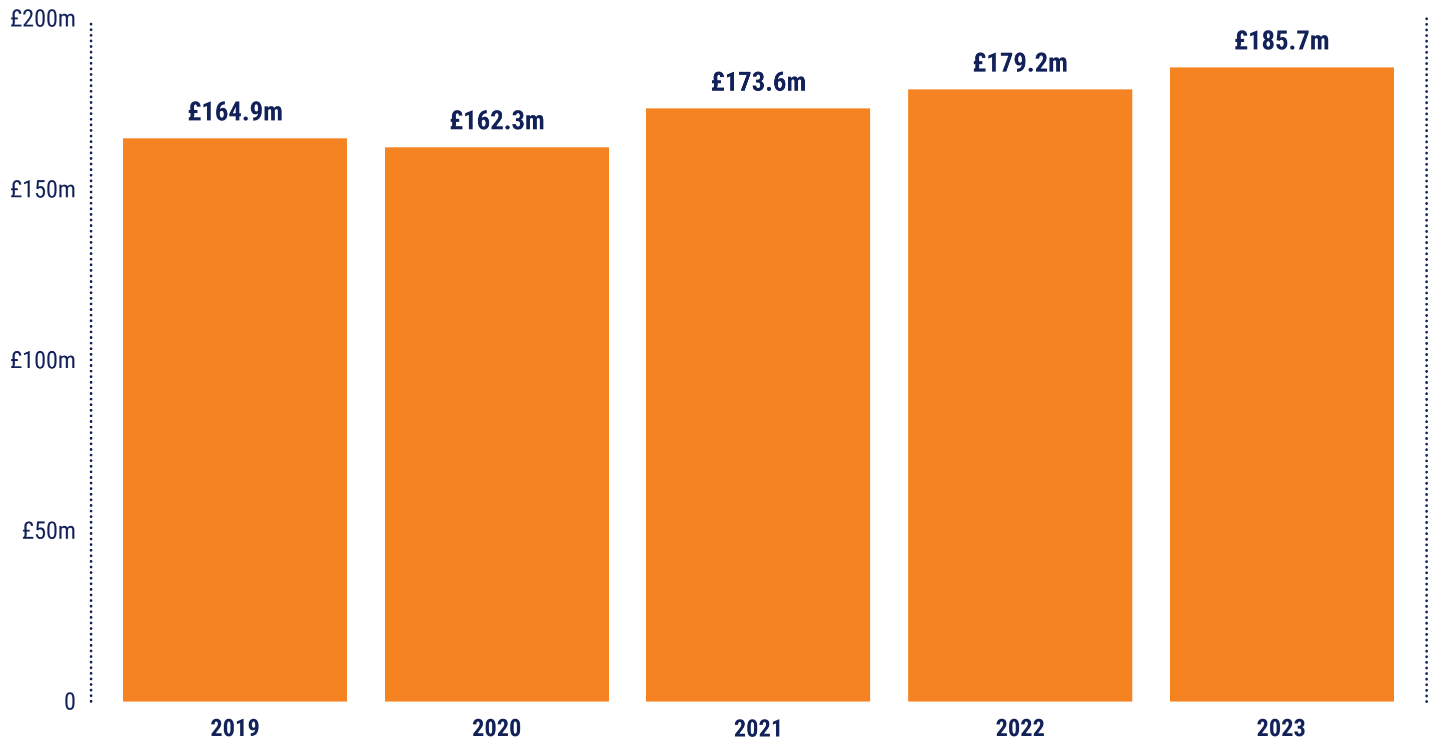
HOLDING STEADY: REGULAR GIVING & GAMBLING

REGULAR GIVING

In previous iterations of Charity Benchmarks we've often commented that despite the recruitment challenges that it presents, Regular Giving is a wonderfully dependable part of the fundraising portfolio. That remains the case.

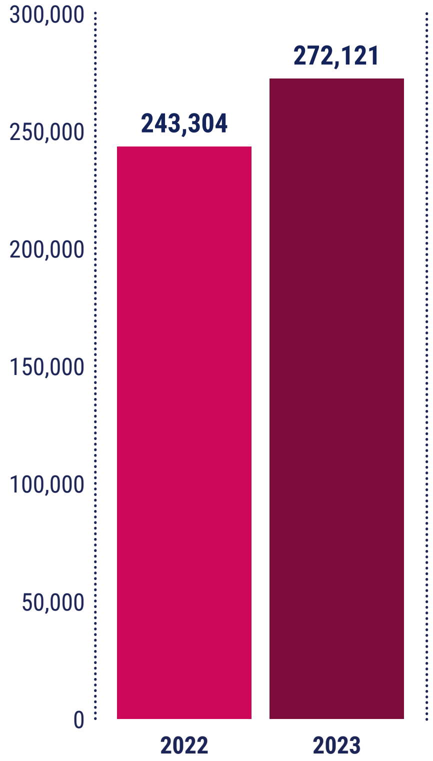
Over five years, within our cohort, Regular Giving gross income has been growing slowly but steadily – except in 2020 when Covid abruptly shut down the Direct Dialogue channels that dominate recruitment.

REGULAR GIVING INCOME



Looking at this year's figures (and back at previous Charity Benchmarks projects) we can see that this growth has been driven by increased investment in recruitment. Spend is up, donor volumes are up and CPA is holding gratifyingly steady (spend and CPA figures by product only available to participants).

REGULAR GIVING NEW SUPPORTERS

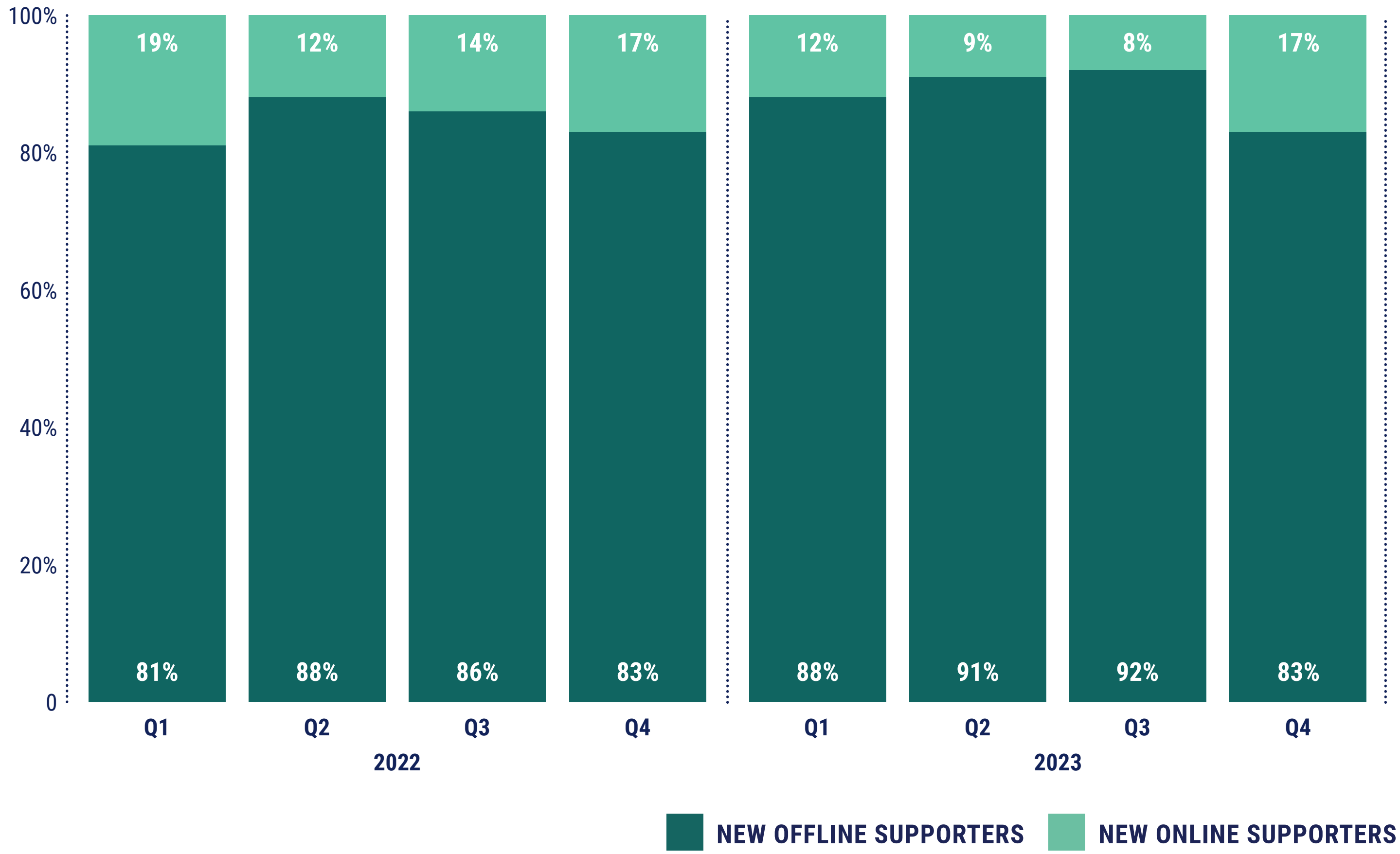


Only includes participants who supplied both new supporter and cost data.

On a less optimistic note, after a 'boom' in online recruitment driven by lockdown (and concurrent falls in media costs) this increased investment in donor recruitment is going primarily into offline channels. And, as we will see below in the Individual Giving Deep Dive section, reliance on Direct Dialogue channels is increasing.

This is in many ways predictable – Direct Dialogue offers a dependable and (relatively) low cost way to recruit new regular givers. But when we launched Charity Benchmarks back in 2019, many participants described this dependence as part of a 'burning platform' of fundraising that we needed to find our way off.

OFFLINE VERSUS ONLINE NEW REGULAR GIVING SUPPORTERS



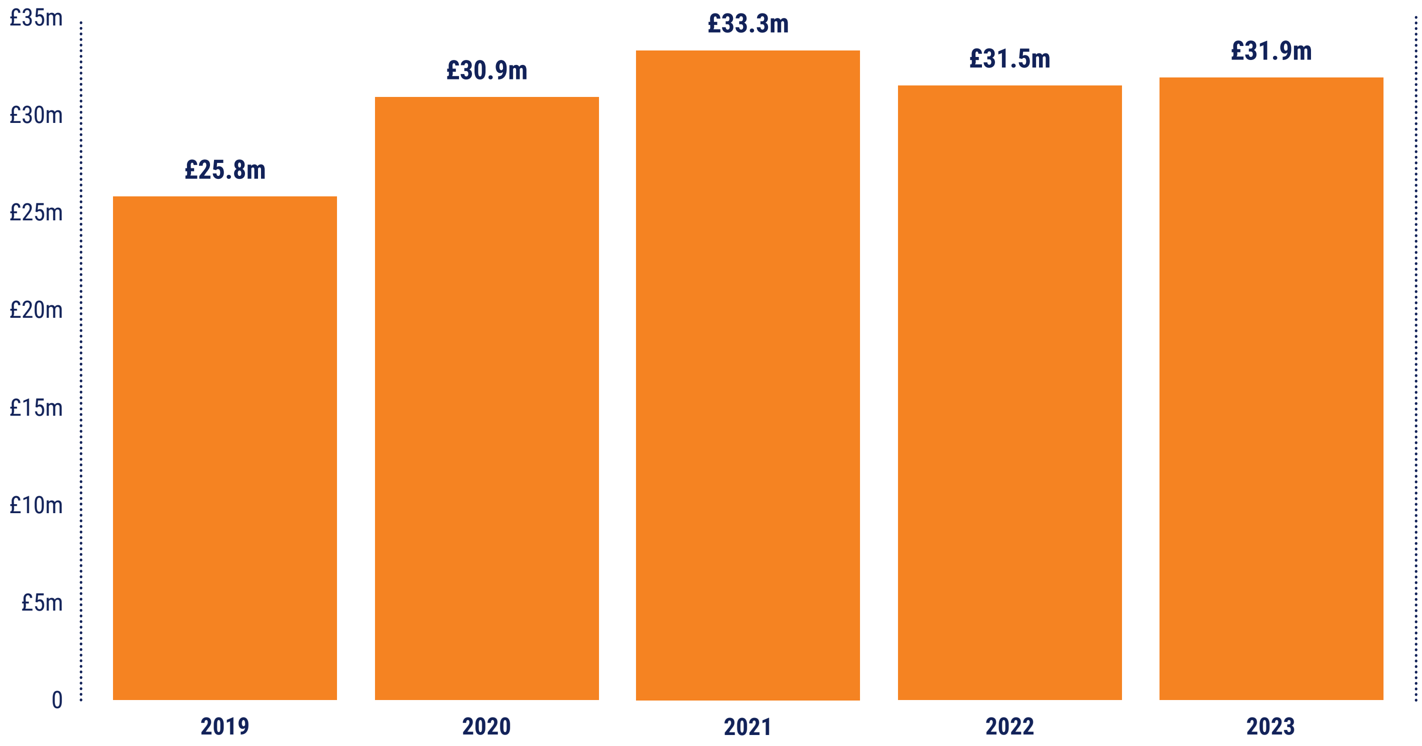
GAMBLING

Gambling, which in this study includes both raffles and regular lotteries, hasn't grown in the same way as Regular Giving but looks relatively steady.

In previous years, we've seen stronger revenue growth in this area (albeit on a different cohort of participants) which suggests that things are getting more competitive both within the existing lottery market and perhaps also in light of the increasing success of Omaze.

Costs and income both increased marginally from 2022 to 2023, leaving net income and ROI pretty much static.

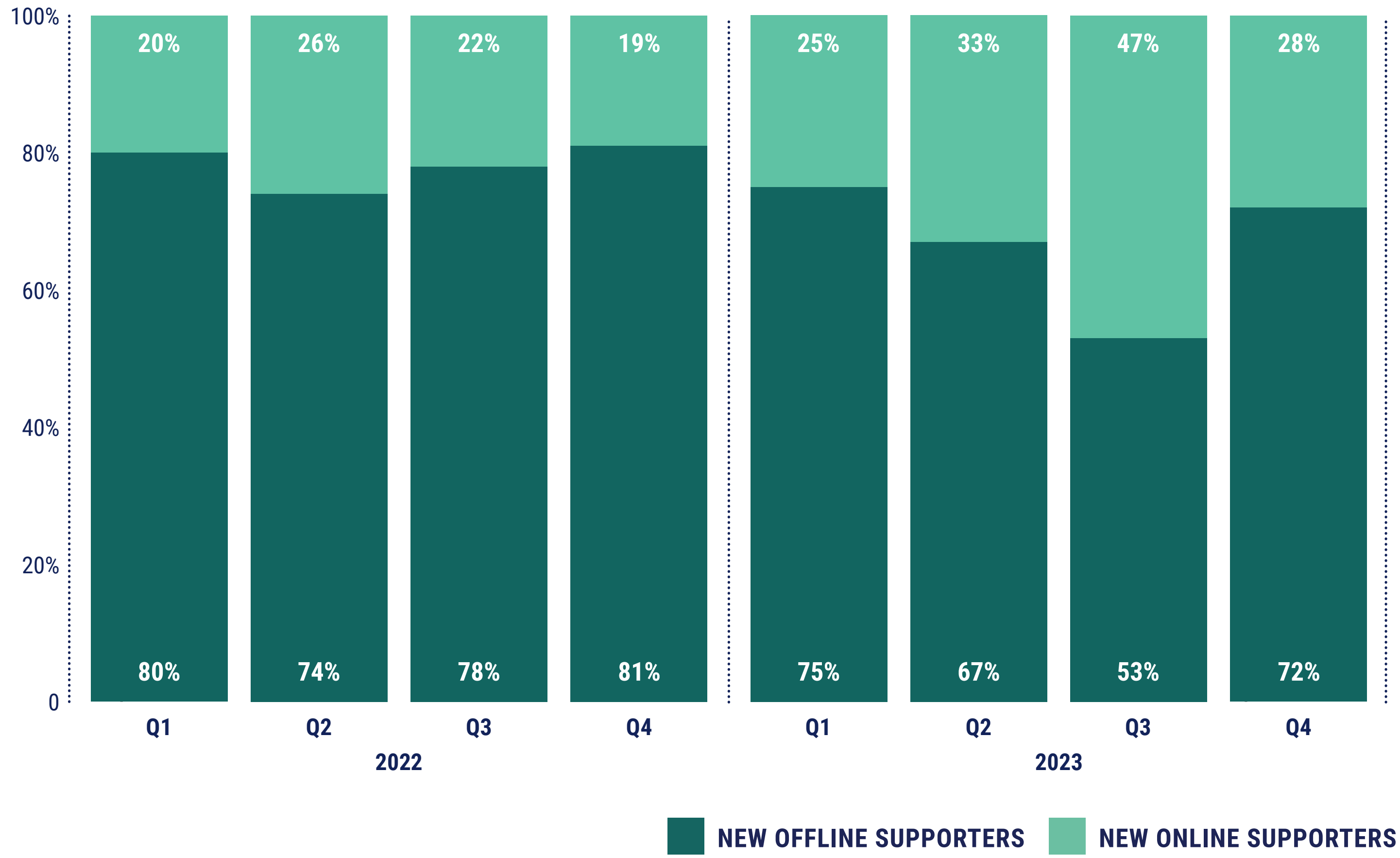
GAMBLING INCOME



On a positive note, and unlike Regular Giving, online recruitment has grown too.

We don't have the data to confirm whether or not improved online performance is driving volumes and efficiencies in this area. But our Individual Giving Deep Dive data shows that our cohort expects Gambling CPAs to be lower online than offline in 2024.

OFFLINE VERSUS ONLINE NEW GAMBLING SUPPORTERS



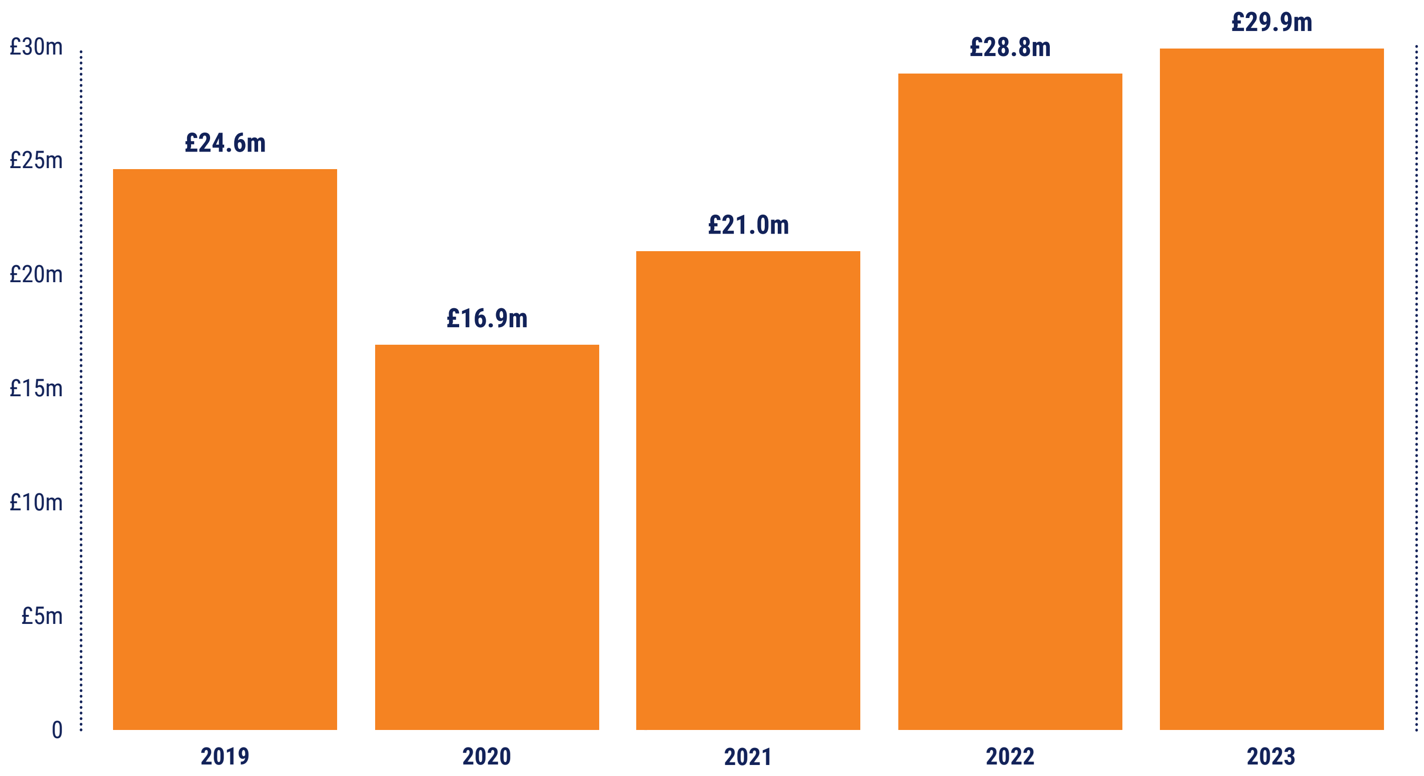
GROWING BACK: EVENTS & MAJOR DONORS

EVENTS

Events income was hit hard by the pandemic and took a couple of years to recover – only passing pre-Covid levels in 2022 and growing further in 2023.

Impressively, our cohort's event fundraisers managed to grow income in 2023 despite spending less – thus improving their return on investment.

EVENTS INCOME



This growth was underpinned by a definite shift from volume to value. The cohort recruited fewer new participants and fewer people took part overall. But those who did participate delivered a significantly higher average value.

This could well be due to a rationalisation of products, with unprofitable/marginal events being cut. Or perhaps a decline in (previously booming) Facebook Challenge products. But regardless, it appears that consolidation rather than expansion is what driving performance in this area which may well mean that future results are hard to maintain.

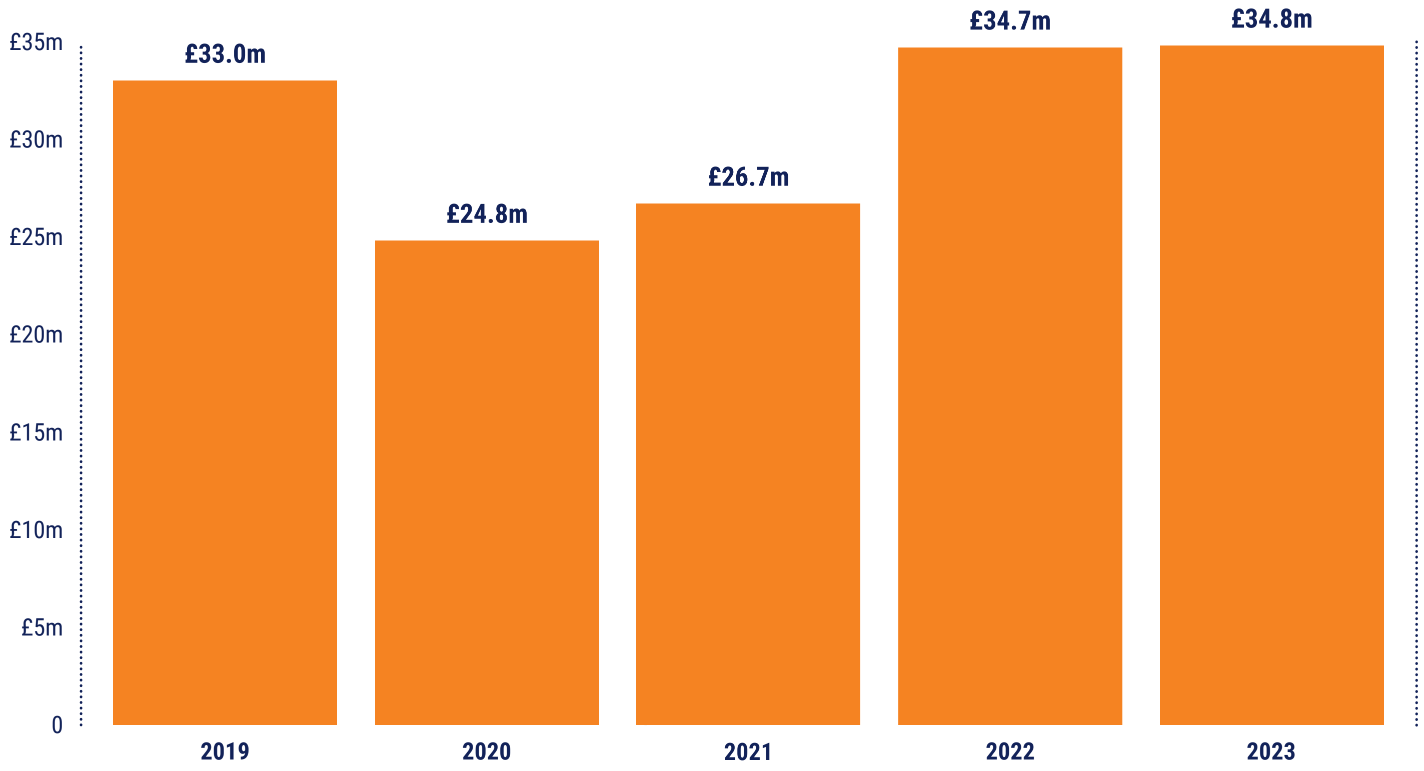
EVENTS INCOME PER SUPPORTER

MAJOR DONORS

Like events, Major Donor fundraising really felt the impact of the pandemic – perhaps because fundraisers could no longer ply their trade in person and donors were apprehensive about what the future held.

Since then, this income stream has grown back but – having finally surpassed 2019 levels it stalled somewhat in 2023.

MAJOR DONOR INCOME



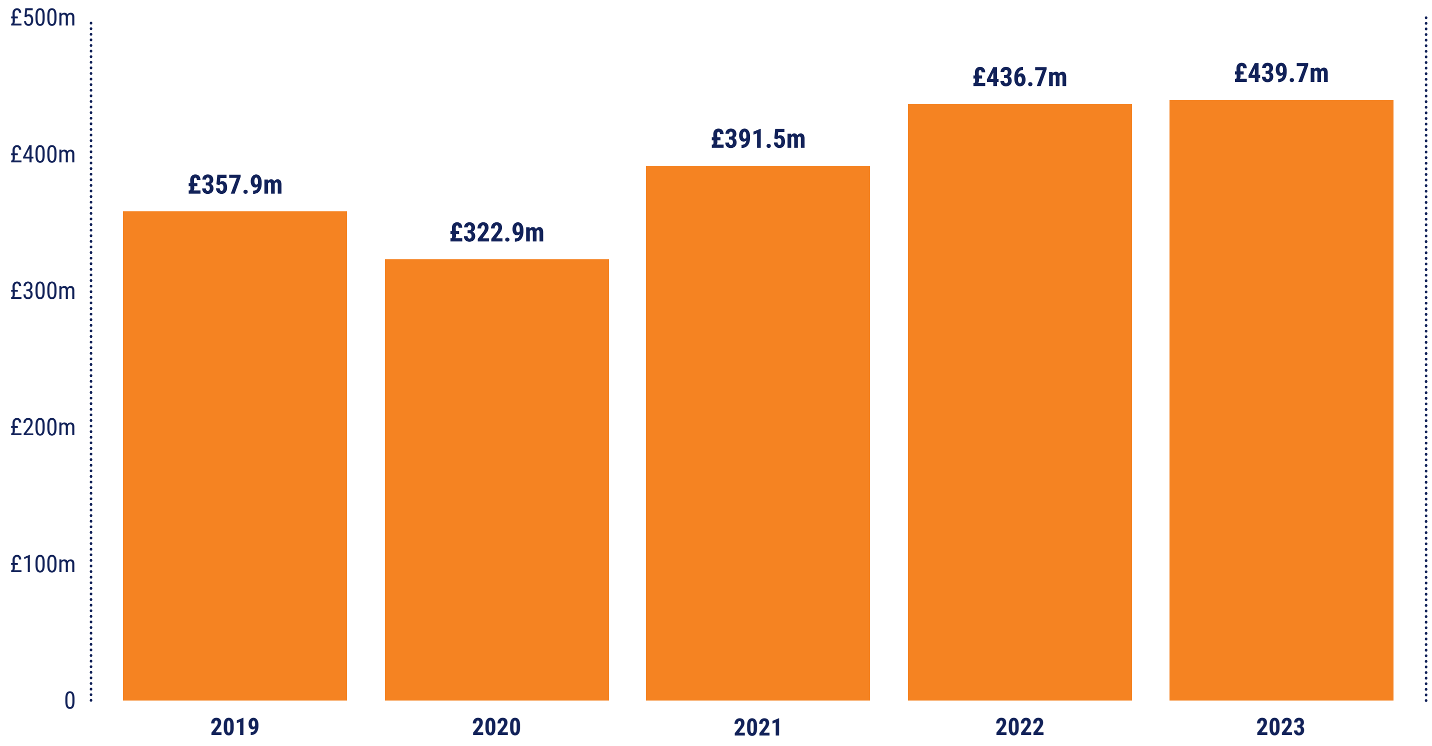
Please note there may be slight discrepancies between annual and quarterly figures due to variances in participant submissions.

THE BIG MONEY: LEGACIES

After a dip during the pandemic when money was stuck in probate for months on end, it looked as if Legacy was growing strongly in 2021 and 2022. This growth seems to have 'stalled' slightly in 2023 which saw a very modest increase of less than 1%.

Having pondered this rather surprising result, we have decided that the most likely reason for it is simply the very 'lumpy' nature of legacy income and the ongoing challenges of the probate system – which would mean, we hope, that Q1 of 2024 will look very strong.

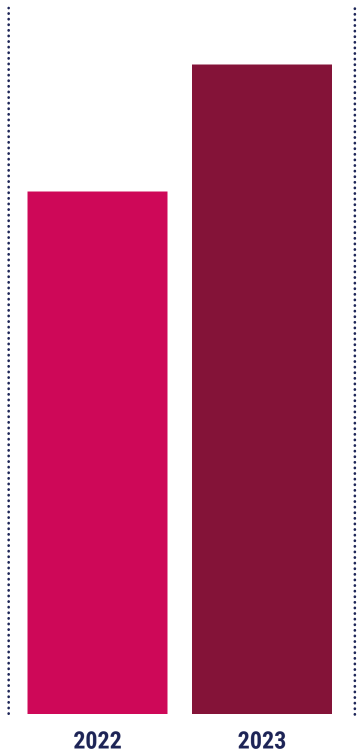
LEGACY INCOME



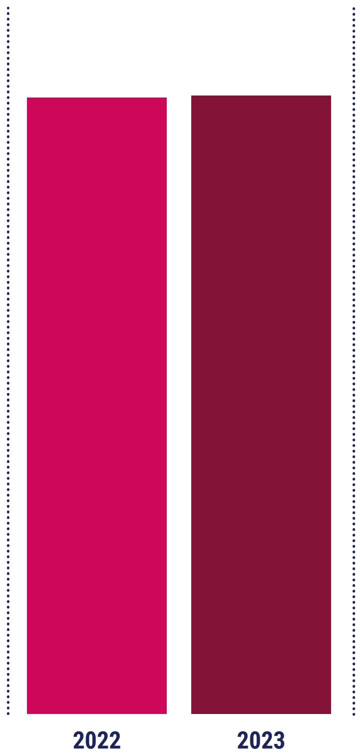
Looking behind the topline numbers, we see (for a third year running) a significantly increased spend – suggesting that charities are focusing firmly on securing 'their' share of this huge and growing revenue source.

As we've noted in the past (and as the portfolio charts in an earlier section show) this money is far from evenly distributed across causes and organisations. But it's certainly where charities should be focusing a significant amount of attention before the much-discussed transfer of wealth from the baby boomers really kicks in (60%+ of legacies are still coming from the 'silent generation').

LEGACY TOTAL COSTS



LEGACY GROSS INCOME

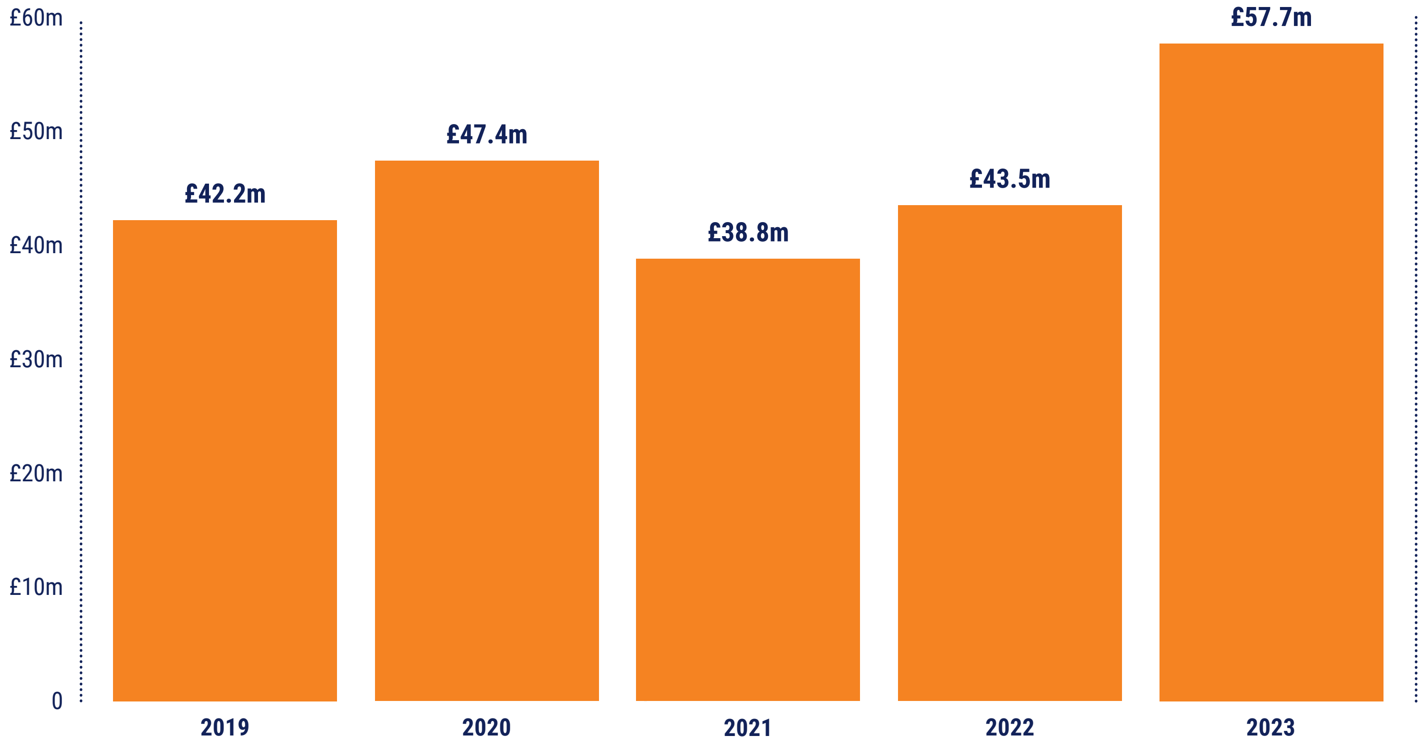


Please note, these charts only include participants who supplied both income and cost data, and therefore may not represent the full participant set. Note that these graphs are not to the same scale.

DELIVERING GROWTH: CORPORATE

When viewed over the past five years, corporate donations have been rather more volatile than other areas. A 'Covid bump' in 2020 was followed by a falling back in 2021 and slow growth into 2022. But there's no denying that our participants had a great 2023 – gross income increased by 34%, and net income increased by 35%.

CORPORATE INCOME



In fact, this surge in performance was so impressive that we immediately went back to the source data to check whether a particular participant/ partnership was distorting the numbers – and this doesn't appear to be the case. Some organisations saw significant swings both upward and downward. But there's nothing in there that would reverse the trend if it was removed.

All metrics look to be up in 2023, bar value per corporate partner. Our cohort spent more, raised more, had a greater return on investment, and received gifts from more organisations.

This jump could, of course, simply be an outlier that is best explained by the 'lumpy' and volatile nature of this kind of giving. But a more optimistic interpretation would be that the commercial sector's focus on purpose and social impact (fuelled by the events of 2020) is bearing fruit and that this is an area on which we should be focusing even more.

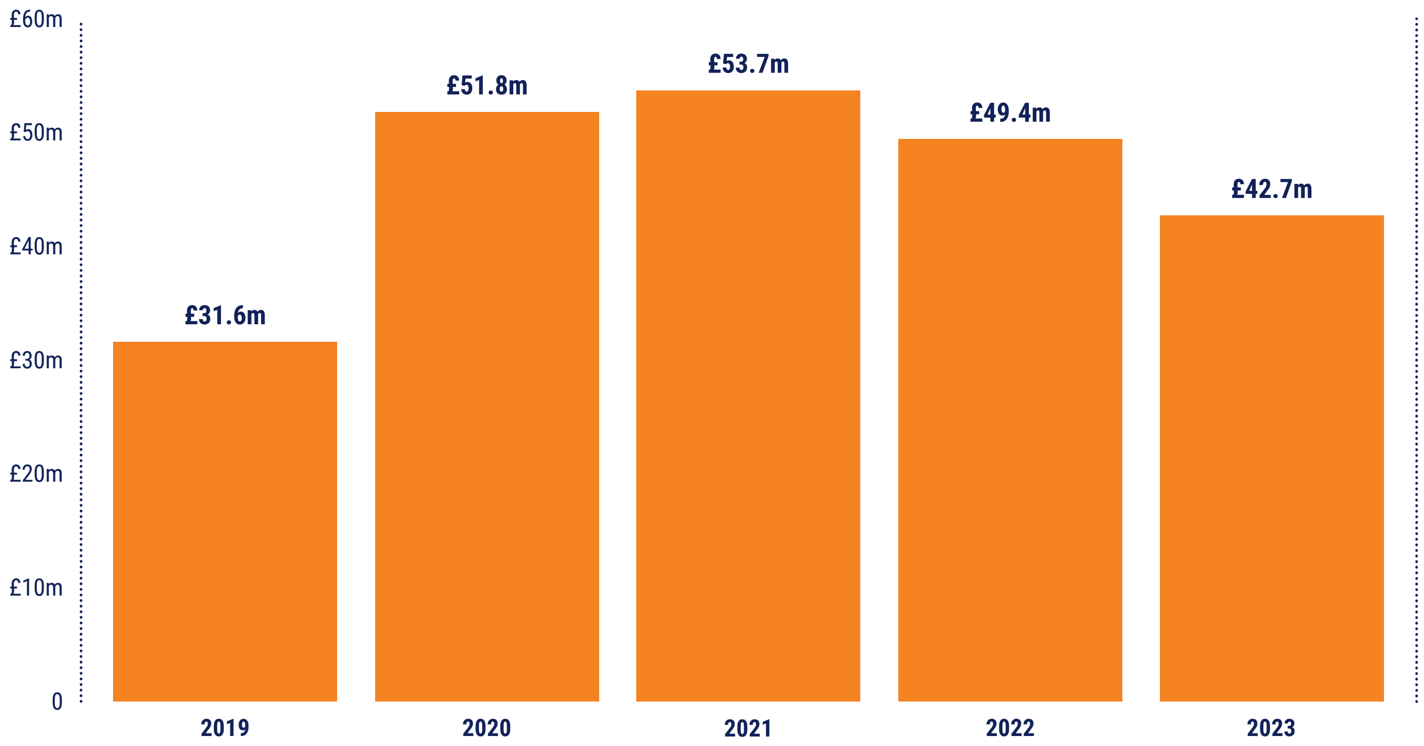
STILL STRUGGLING: CASH & LOCAL FUNDRAISING

CASH

After a significant resurgence in 2020 during the pandemic, our cohort has struggled to maintain cash income levels since – although we have not yet dropped back to 2019 levels.

Spending was up in 2023, so the problem was not lack of investment. But both gross and net income were down, creating a significant impact on ROI.

CASH INCOME

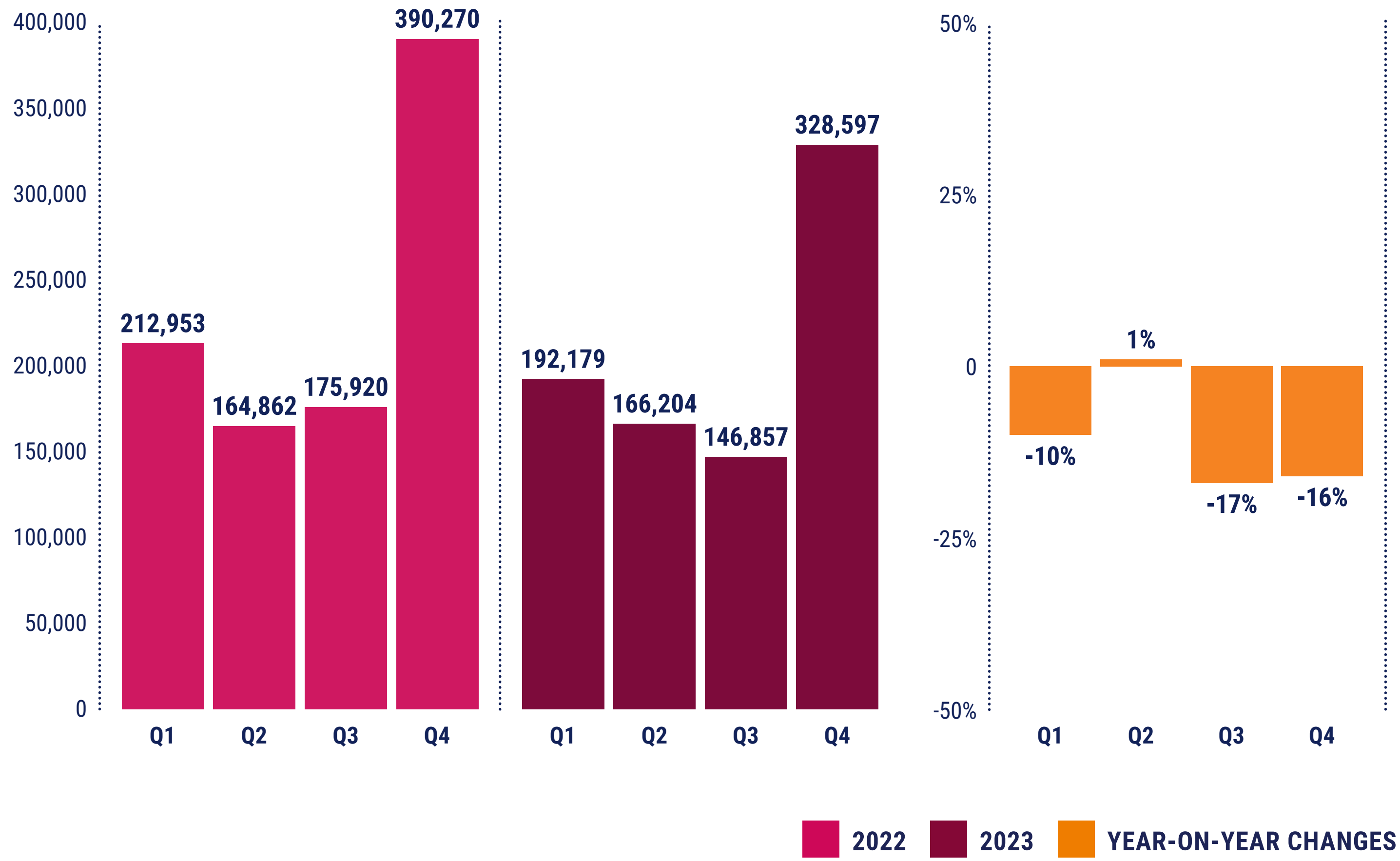


A key challenge seems to have been the acquisition of new cash supporters. A slightly increased spend failed to sustain recruitment volumes – which fell by 22% creating a 28% increase in cost per acquisition.

Meanwhile, the total volume of supporters (warm or cold) donating cash fell significantly across the two years.

All this suggests that despite an apparent resurgence of cash giving during Covid, we are struggling to maintain both the volume and value of cash donations.

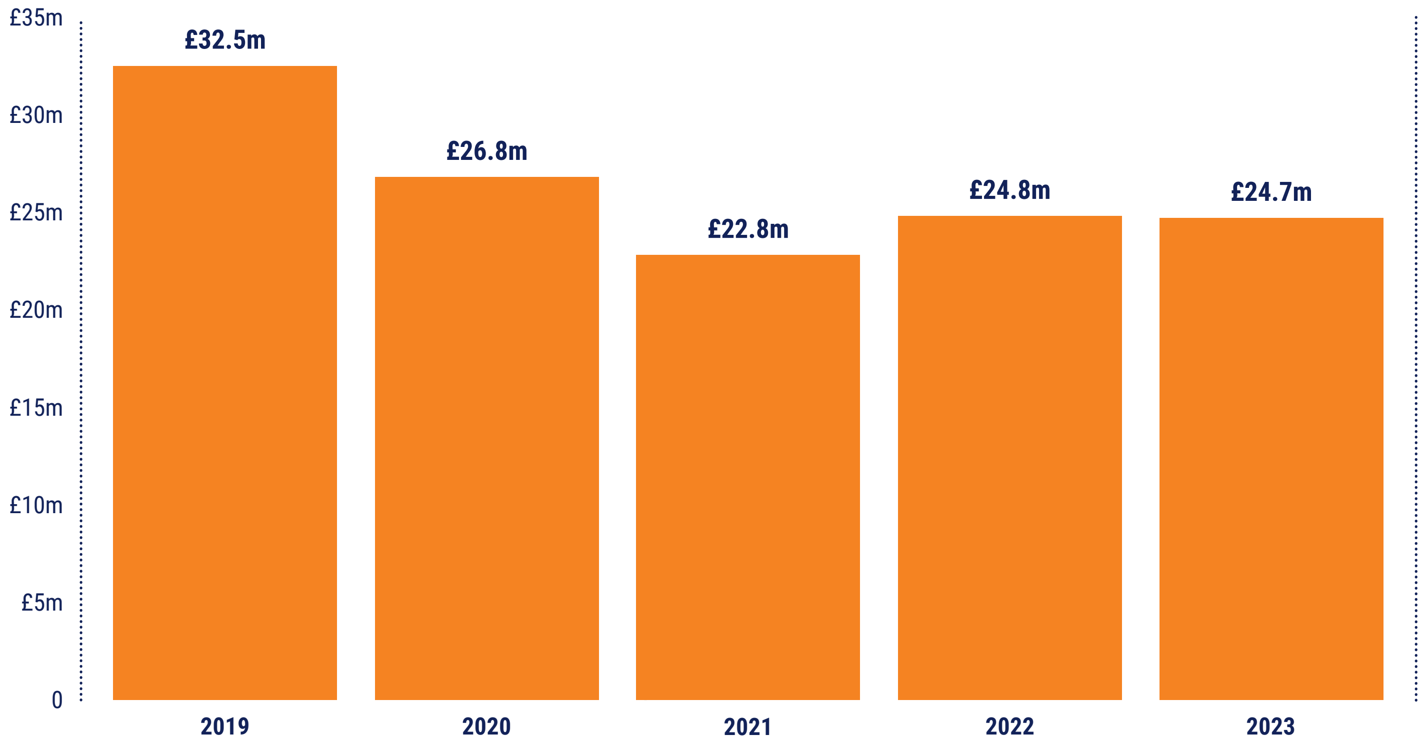
VOLUME OF ACTIVE CASH SUPPORTERS



LOCAL FUNDRAISING

Gross income from Local fundraising stood still between 2022 and 2023. And when we look at the five-year view, we see that it has still not been able to recover to pre-pandemic levels.

LOCAL INCOME

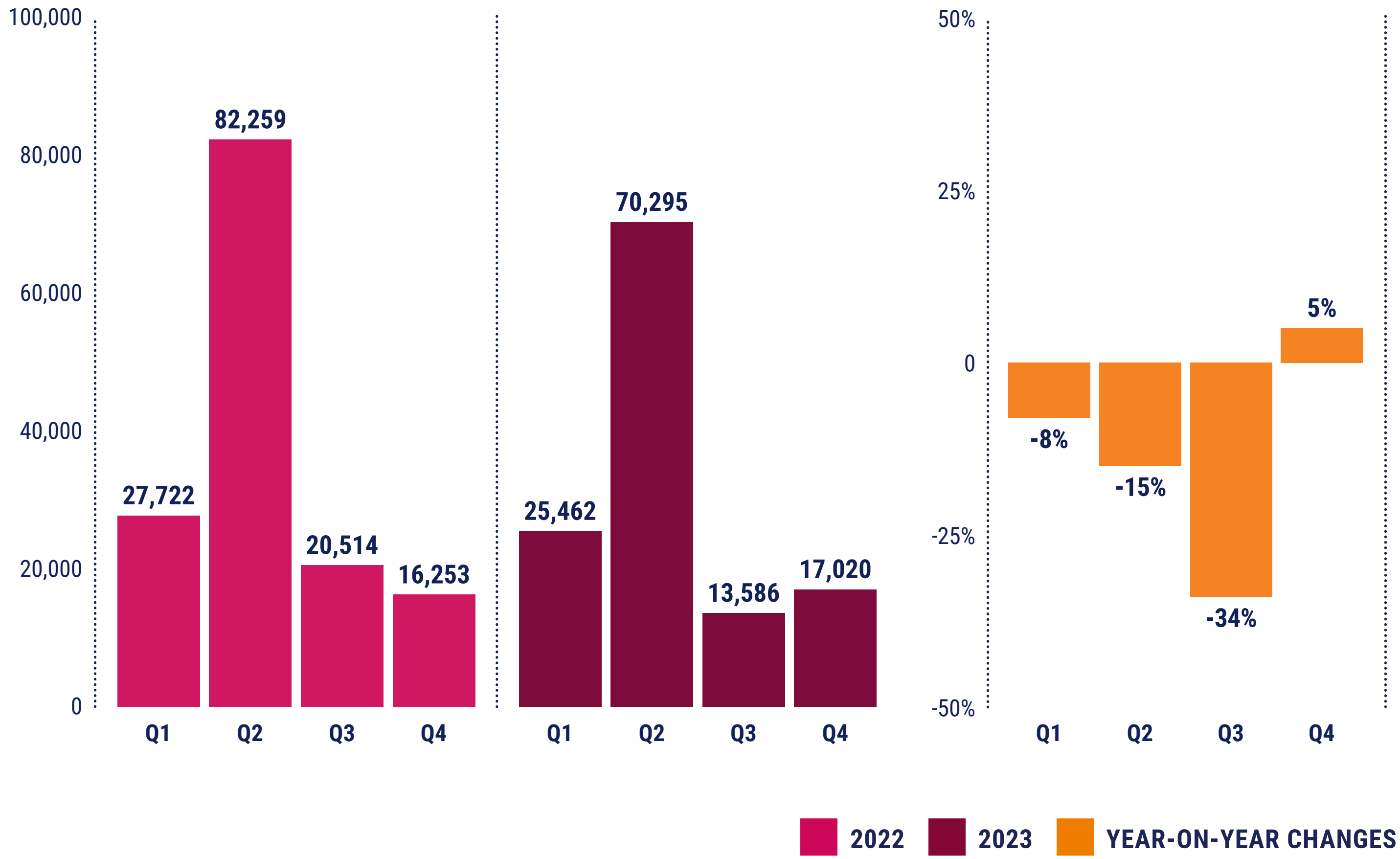


The volume of people engaged in giving/fundraising in this way fell year on year, even with a significant spending increase.

The pandemic clearly hit this area of fundraising particularly hard and it may well be that both the events and networks which constitute it are struggling to grow back.

This is unfortunate not just in terms of short-term income but also because this kind of fundraising is often a key contact point to our most loyal supporters. The people who ask for donations at their wedding or run events in their community are our best ambassadors and legacy prospects.

VOLUME OF ACTIVE LOCAL SUPPORTERS



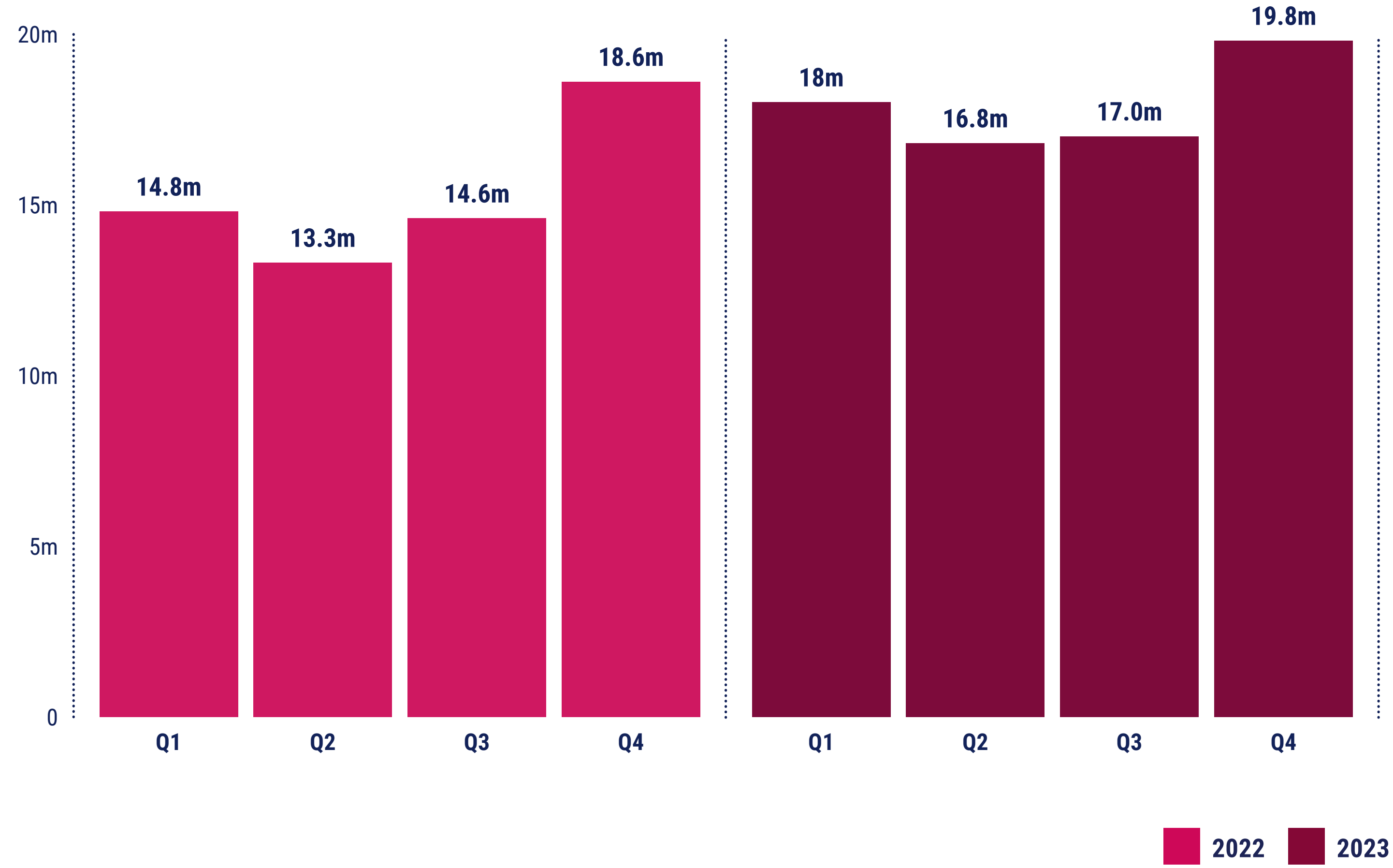
THE YEAR ONLINE

2023 was, again, a year of change in the digital world. Google Analytics 4 changed how we measured traffic. The phase-out of cookies continued to impact our measurement of advertising. And Apple's new iOS impacted the measurement of email.

This has meant not all organisations could submit all data points – which means that some data has been removed to preserve the accuracy of the benchmark.

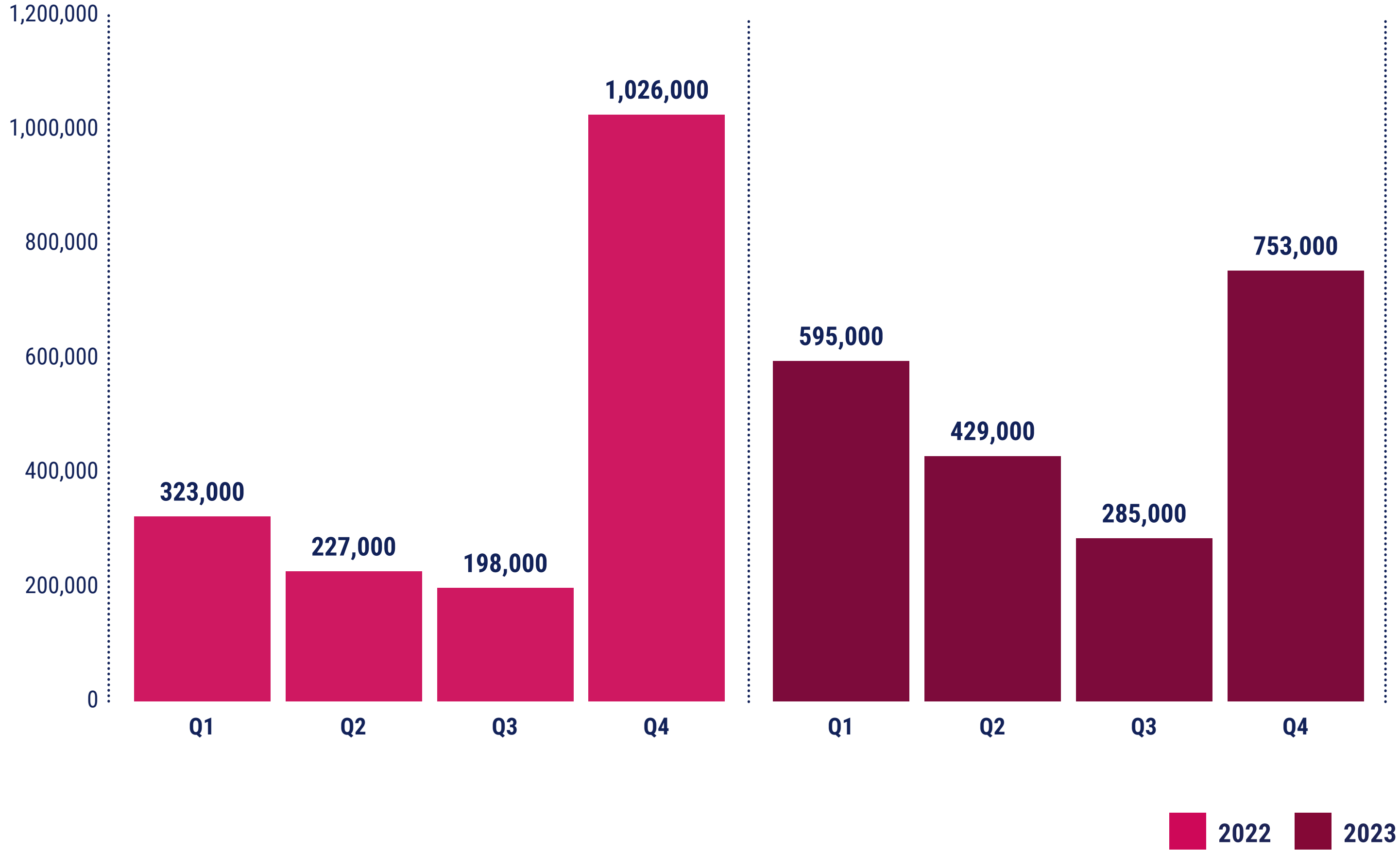
Overall, we saw a steady growth in web traffic in 2023 – which seems to contrast with the general stagnation we have seen in results.

WEB TRAFFIC



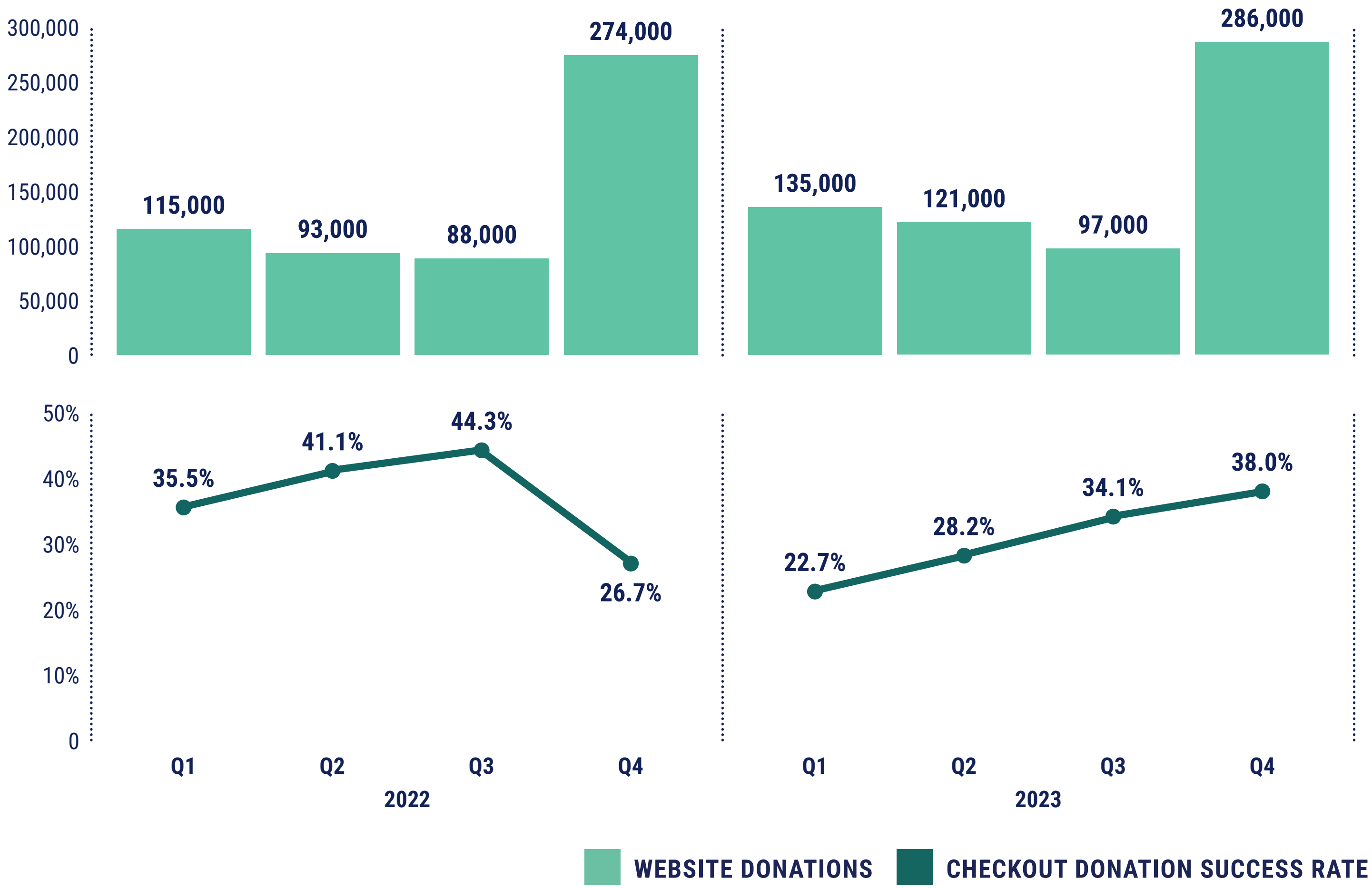
In terms of visits to donation pages specifically, they followed a similar seasonal pattern until we reached the all-important Q4 where the increase in volume was not as dramatic as before – suggesting a lower volume of acquisition activity or that activity was less effective than in the previous year.

DONATION PAGE VISITS



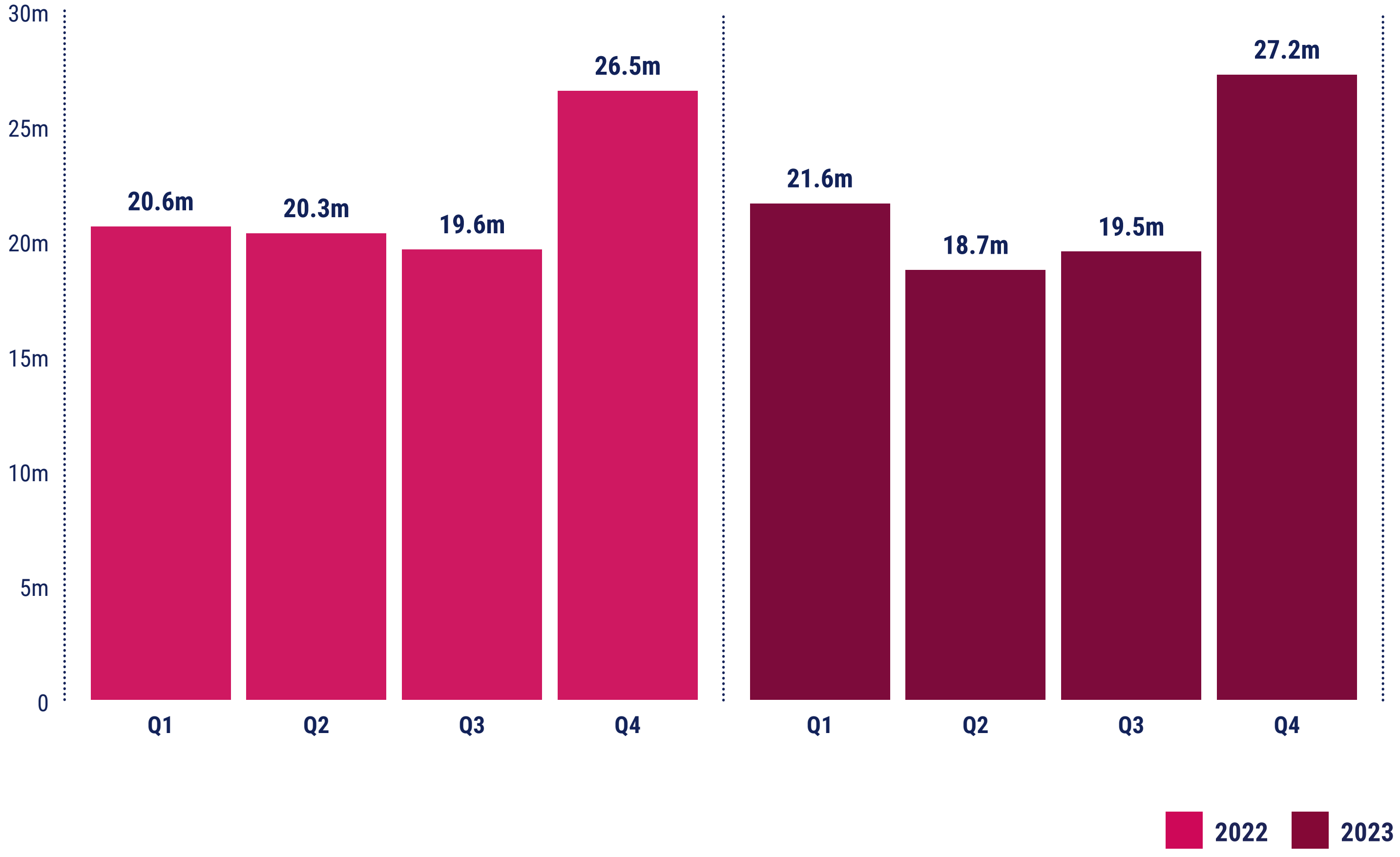
Despite this reduced volume of visits, the number of donations rose slightly thanks to/giving rise to an improved donation success rate – perhaps because fewer cold donors were being 'pushed' to donation pages.

WEBSITE DONATIONS AND CHECKOUT SUCCESS



While web traffic from acquisition seemed to decline, email volumes in Q4 increased – perhaps suggesting a greater emphasis this year on retention than acquisition.

EMAILS SENT



INDIVIDUAL GIVING CHANNELS & METHODS

As noted in the introduction, we are going to share only two charts from our IG Deep Dive because we believe they make an important strategic point.

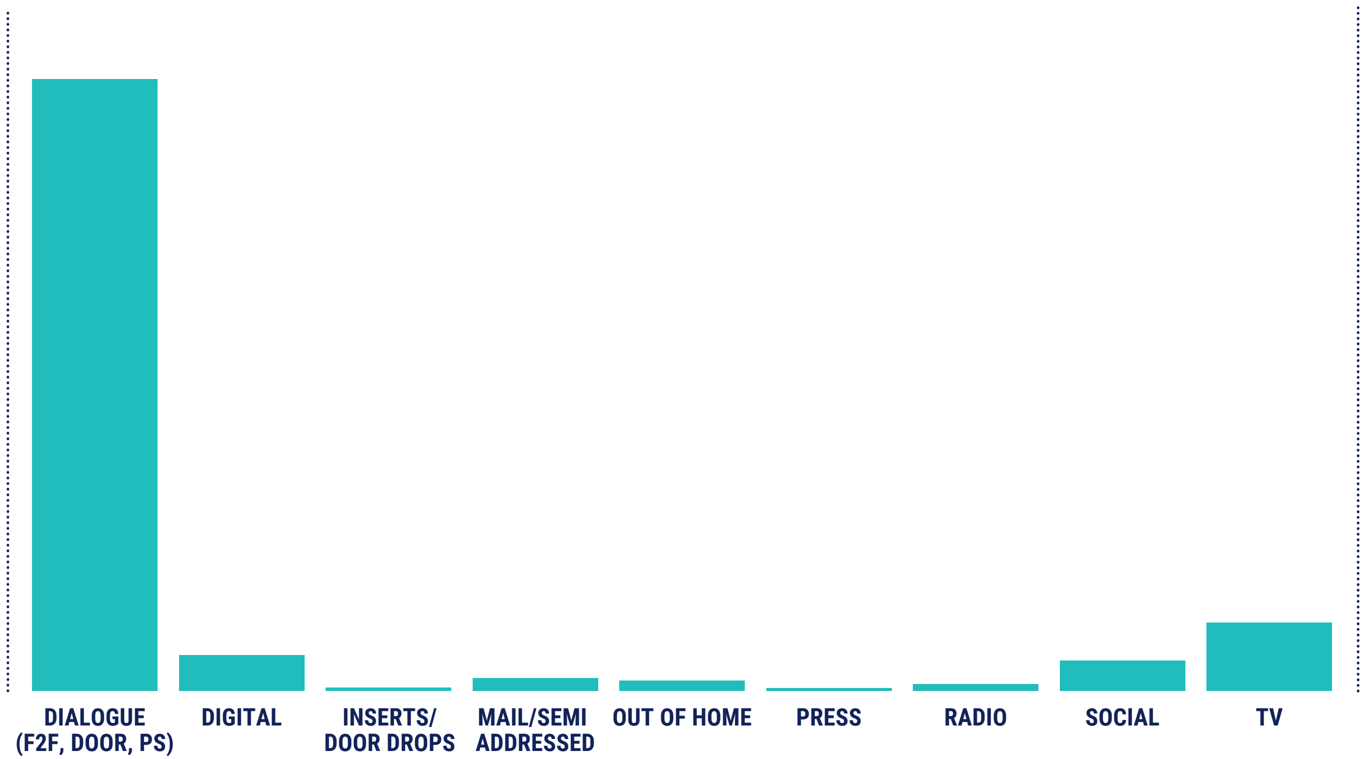
The rest of the data is only available to participants because it's commercially sensitive and extremely useful!

If you'd like to benchmark your performance and find out more then please get in touch – contact details are at the end of this document.

RG RECRUITMENT

When it comes to volume Direct Dialogue towers above everything else. It delivers almost ten times as many donors as its closest competitor DRTV and does so at a much lower CPA.

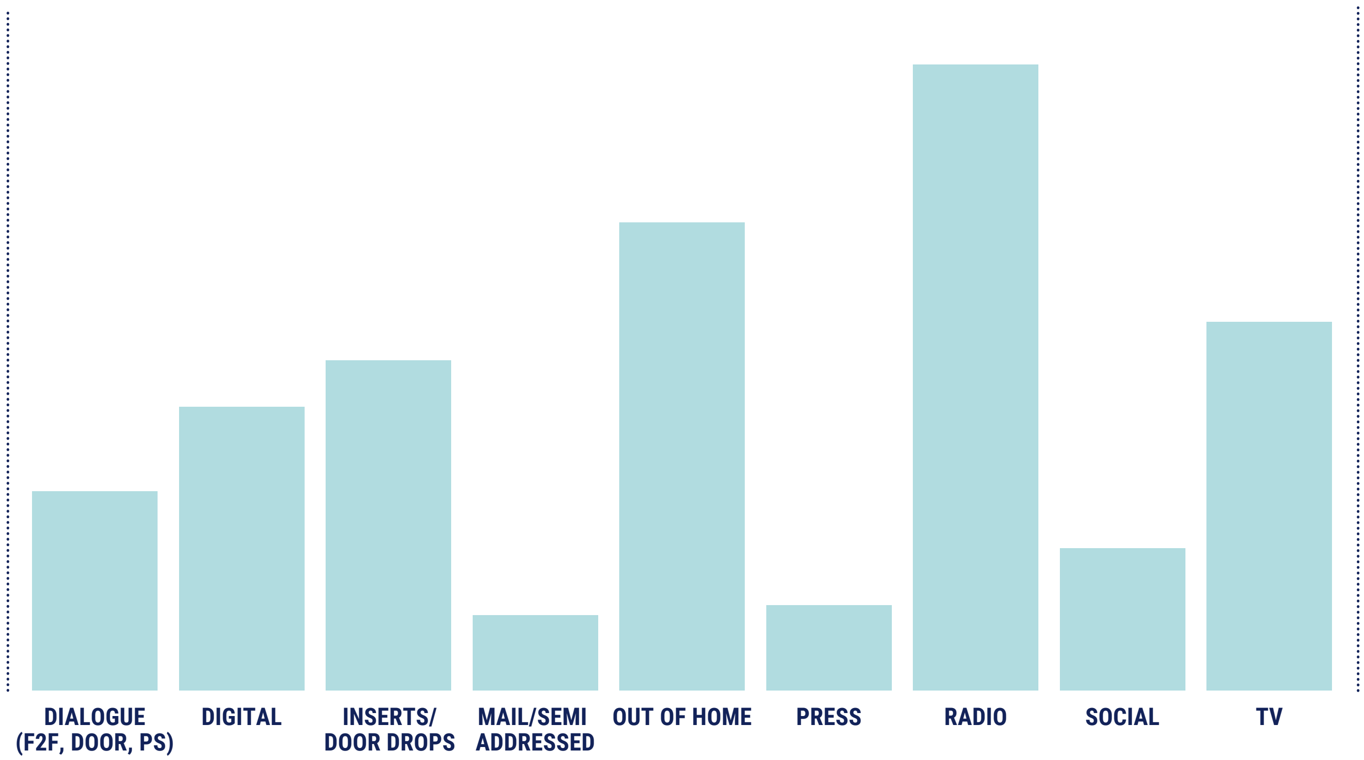
REGULAR GIVING VOLUME



The strategic implications of this are serious. First of all, it suggests that we need to be careful about how we recruit and develop donors in this channel in order to avoid repeating mistakes of the past. Creativity, technology and close management are all required to ensure that the experience delivers value to supporters as well as to the charity.

Perhaps more importantly, it suggests that instead of escaping from the 'burning platform' of 2019, we are still stuck with a recruitment portfolio that is very heavily dependent on a single channel. The surge of digital innovation that we saw in 2020 and which we hoped might reduce reliance on this channel seems to have stalled and we again find ourselves with a great many of our eggs in one basket.

REGULAR GIVING AVERAGE CPA



CONCLUSIONS

As we said in the introduction, the situation we face today is very similar to the one we faced a year previously. In fundraising, as in so many areas of life, the more things change the more they stay the same.

Inflation and the cost of living is clearly affecting fundraising performance. While much of our income comes from donors who are relatively insulated from economic problems – those with triple-locked pensions or savings to fall back on – charity giving is still a discretionary purchase. So when consumer confidence is rattled, our income will take a hit.

And while inflation has now fallen significantly, the pain isn't over. Interest rates remain high compared to recent years and it is estimated that around 1.6 million households are due to remortgage in 2024 – many of whom will be coming off rates below 2 per cent into a market where the standard variable rate is 7.5% and new fixes are hovering around 5-6%.[1]

In the face of news like this, we can draw comfort from another macroeconomic trend – the transfer of wealth from the Baby Boom generation via legacies. But as we've pointed out, this money is unevenly distributed across causes, organisations and time. And the competition for it is likely to be intense.

When it comes to operating in this challenging market, charities are doing some great work. But in an ever more data-driven world, many organisations seem to be struggling to get the right people and systems in place to deliver the supporter experiences and business information they need. Challenges with CRM systems were, once again, ubiquitous and it feels as if many fundraisers are fighting to implement their programmes with one hand tied behind their back.

However, pessimism isn't really an option in fundraising. Because the tougher things get in the world, the more important our work becomes and the more we need to dig deep and deliver.

So now that we've taken a clear-eyed look at the situation, we need to focus again on what we can do to grow the market, engage more people and deliver more impact.

We believe that Charity Benchmarks is a hugely valuable resource for medium-to-large fundraising charities and you're not too late to get your data benchmarked against our 2023 cohort.

Email liz.black@opencreates.com to find out how – or to get an early bird discount for next year.

[1]Office of Budgetary Responsibility reported in *This Is Money*.

DO YOU HAVE A PLAN TO GROW?

In times like these, it's important to have the information you need to make decisions, which is why we run benchmarks. But it's also vital to have a plan – which is why Open has launched a new initiative called **Plan to Grow**.

Plan to Grow brings together years of experience in developing fundraising strategies for a wide range of UK charities to create a 'modular' approach to optimising and growing Individual Giving programmes. It consists of four key phases which build towards a robust strategy:

- In the initial **Discover** phase we'll collate your fundraising results and compare them with the market to get a clear idea of where we're starting from.
- We'll then move on to **Optimise** – where we identify areas of over- and under-performance and come up with recommendations for how to improve results and eliminate waste.
- The next stage is **Diversify**, where we look at your audiences, offers and capabilities to identify new products, channels and ideas that you can use to drive growth.
- Finally, we'll help you **Implement** our findings with a straightforward, actionable plan that will help you deploy and measure the ideas we've developed together.

You can focus on individual sections or work through the whole process – it's up to you.

Contact liz.black@opencreates.com to find out more.

Open | PLAN TO GROW

Charity Benchmarks is brought to you by Freestyle Marketing and Open.

Freestyle Marketing is a fundraising consultancy run by Allan Freeman, who has been working with many of the UK's biggest charities for more than 25 years. Some of its recent clients include RNIB, UNHCR, UNICEF, Dogs Trust and Salvation Army.

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Open is the UK's leading specialist strategic and creative fundraising agency. Its clients include the DEC, Friends of the Earth, Great Ormond Street Hospital Charity, NSPCC, Oxfam, UNICEF, WaterAid and many others.

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