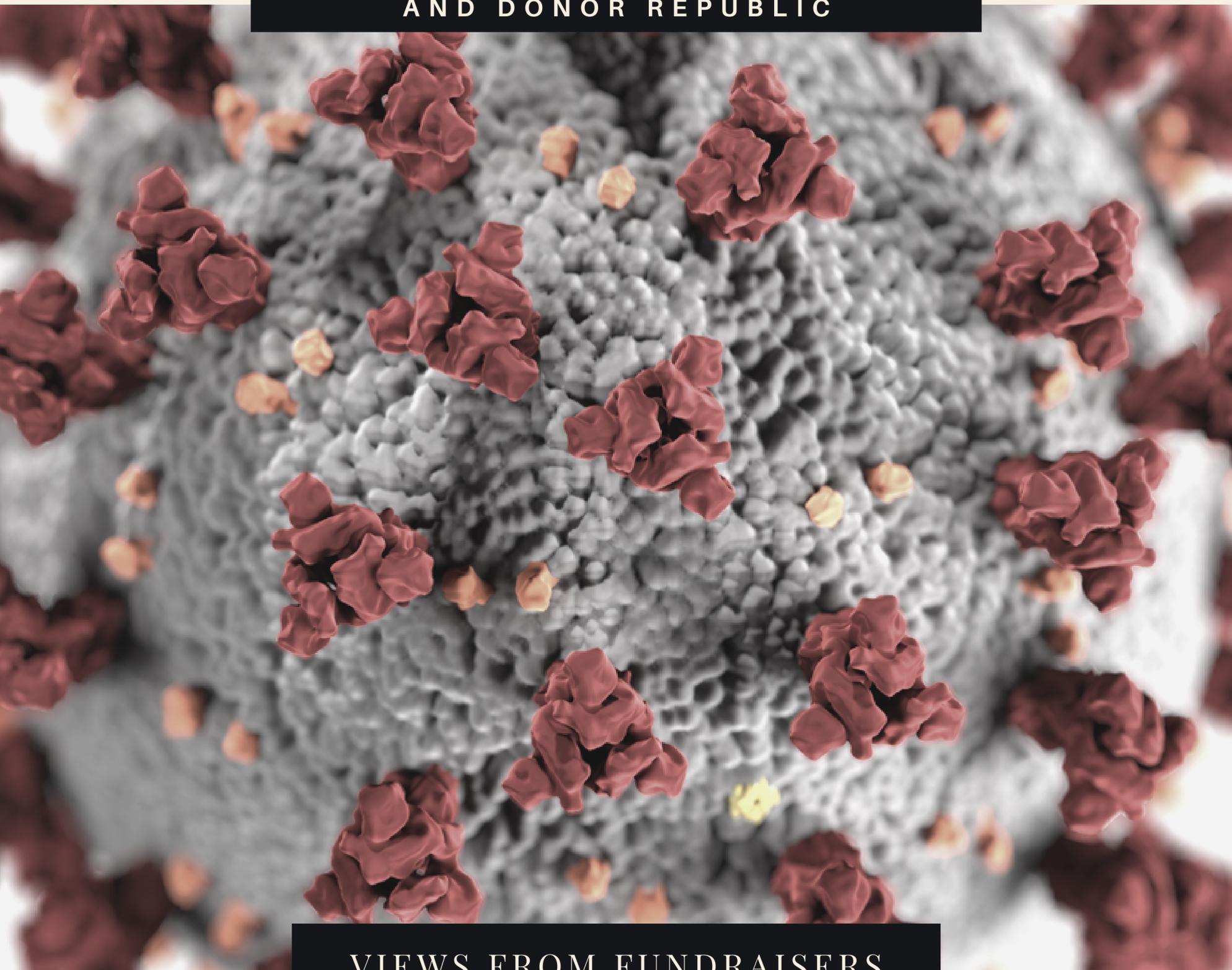


MARCH 2020

IMPACT OF COVID-19 ON FUNDRAISING

BY MORE STRATEGIC
AND DONOR REPUBLIC



VIEWS FROM FUNDRAISERS

Survey 17th - 19th March 2020



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INTRODUCTION

We would like to express our gratitude to the people who took part in our study and generously shared their views with the sector.

During a period of unprecedented challenges we anticipate that there will be the need for us to work together to continue to tackle the pressing societal and environmental challenges impacting our world. We look forward to tackling these challenges with you.

423 people responded to this survey representing 196 organisations.

A webinar on the findings is also available for viewing here: <https://bit.ly/Covid-19Research>

Thank you also to Fundraising Institute Australia who support and facilitate sector collaboration and problem solving to enhance our individual efforts to sustain a passionate and vibrant fundraising sector.



Join FIA's Covid-19 LinkedIn Group:
<https://www.linkedin.com/groups/13842397/>

Should you wish to stay in touch for the next 6-18 months we have set up a WhatsApp group which you may join here: <https://chat.whatsapp.com/Im6OXTh1KMZ2Vo9i6bnoGX>

ABOUT THE AUTHORS



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Donor Republic is an innovative full-service fundraising and marketing agency dedicated to the not for profit sector.

Servicing all of Australia, our team can support you with strategic direction right through to execution of your campaign. Our team has market leading success and experience in all areas of fundraising and marketing, producing many record breaking results in recent years. Led by industry experts Marcus Blease and Andrew Sabatino and a team of some of the most passionate fundraisers, designers and copy writers. It is easy to see why Donor Republic is the fastest growing agency of its kind in Australia.

More Strategic are fundraising and marketing consultants to NFPs, specialising in insight driven strategies to raise more money, improve experiences and increase brand strength.

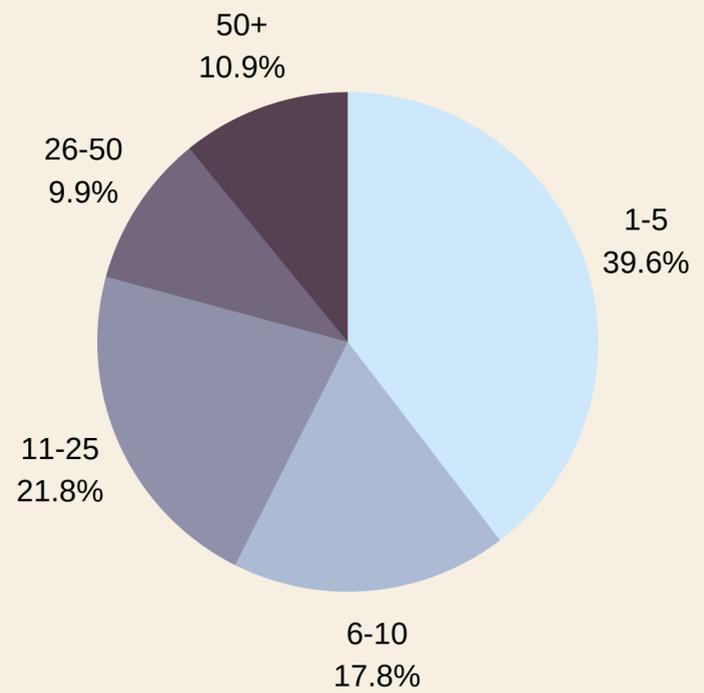
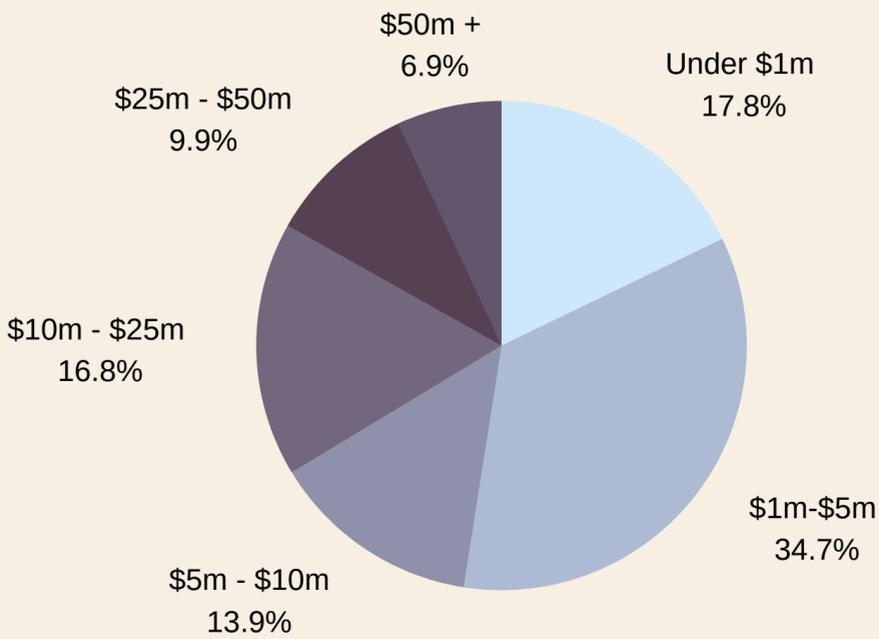
More Strategic has experience across all fundraising disciplines with a focus on understanding who your audiences are, what they are looking for and why they should choose you. Standing out from the crowd demands effective marketing and the ability to communicate in a way that resonates with each and every supporter. We can help you gain clarity about what you stand for and what makes you different. What makes you the better choice. We've developed more than 100 strategies, conducted over 90 research studies and run hundreds of workshops to help charities do more good.

PARTICIPANTS

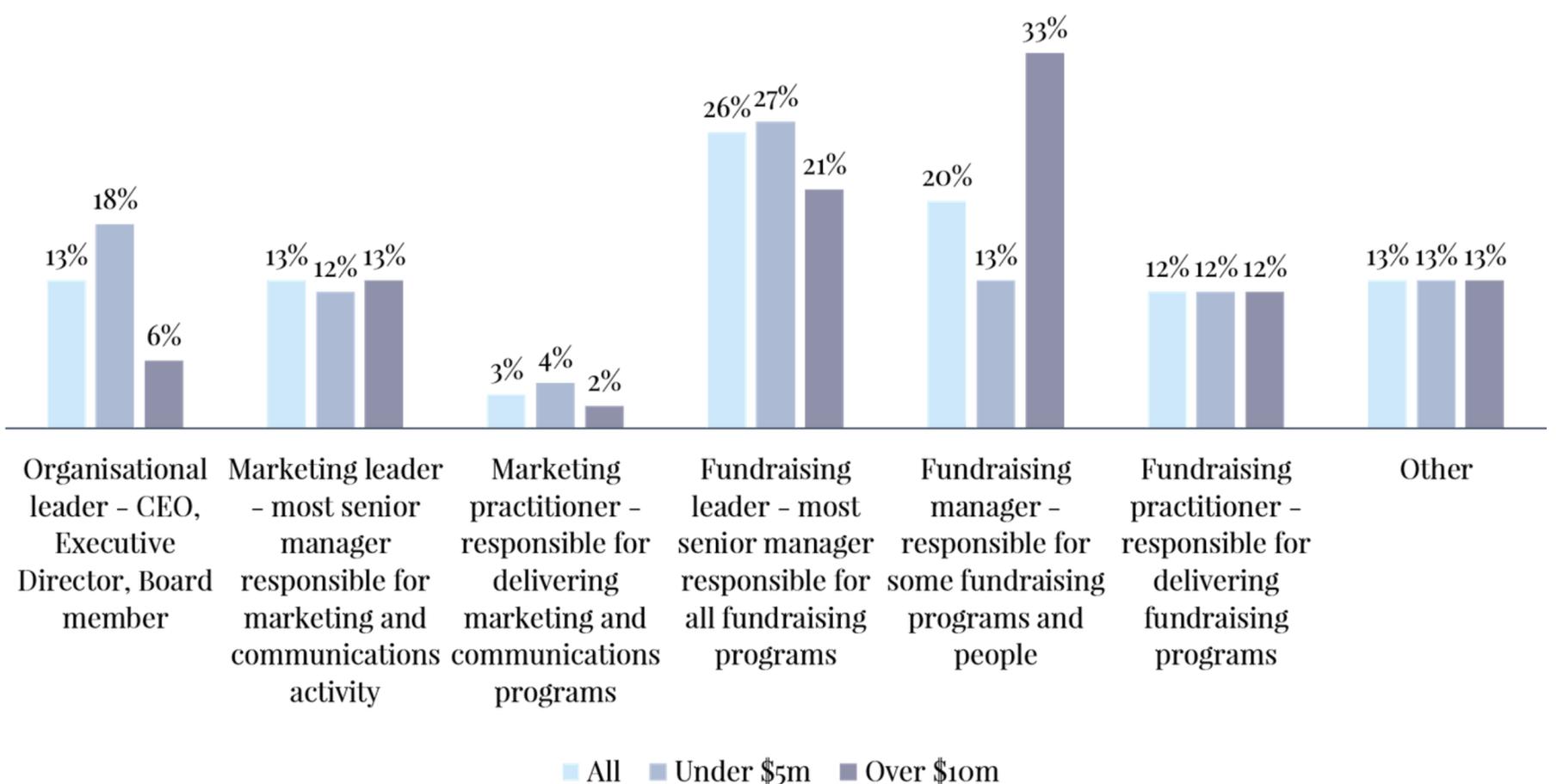
SAMPLE

Organisation size by revenue

Organisation size by number of fundraisers



Q4.2 - Which of the following best describes your job?



1

Practical

Limited access to meet and gather with people, impacting events and all relationship based fundraising as well as team effectiveness.

2

Economic

Serious concerns about the impact of the decline in the stock market on donations, grants, future bequest income and corporate support. Impact of job losses and leave without pay on discretionary income. Reduced global buying power. Uncertainty over the future of government funding

3

Confidence

Fear of reduced income, lower super savings, decreased investment earnings and the poor economic outlook impacting giving.

4

Psychological

Fear and uncertainty driving a focus on self-preservation more than giving to others. Overwhelmed and distracted. Sensitivity around media perceptions of fundraising. Sense of vulnerability.

5

Consequences

Ability to deliver essential services in the face of increased demand (as a result of economic downturn). Competition with Covid-19 relevant causes. Saturation when everything is back to “normal”.

6

Leadership

Managing internal expectations around having answers, impacts on bottom line, sustaining teams and investing in fundraising.

how we are feeling

EMOTIONS



Australia has been through a unique set of circumstances this year. Firstly with the bushfires in many states ravishing our environment and raising over half a billion in fundraising.

Now faced with a pandemic, Covid-19, the impact is likely to be far reaching and will affect many organisations across health and community services domestically and abroad. The scale of need will create tremendous pressure on finances.

Most people feel concerned for the future of their organisation with a few at the extreme end feeling it may threaten the existence of their organisation.

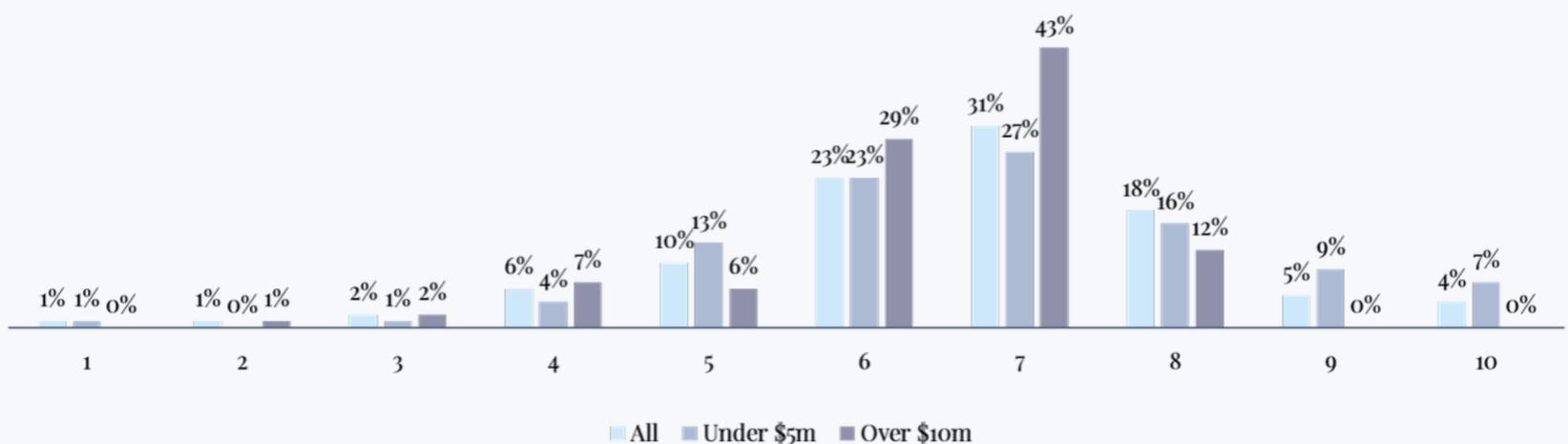
Culture and leadership will be important for organisations as they look to weather the storm.

Q1.2 - How are you feeling?



Q1.3 - Overall how concerned is your organisation about the impact of Covid-19?

Please rate on a score of 1-10, where 1 means it could be beneficial and 10 means it could threaten the existence of your organisation.



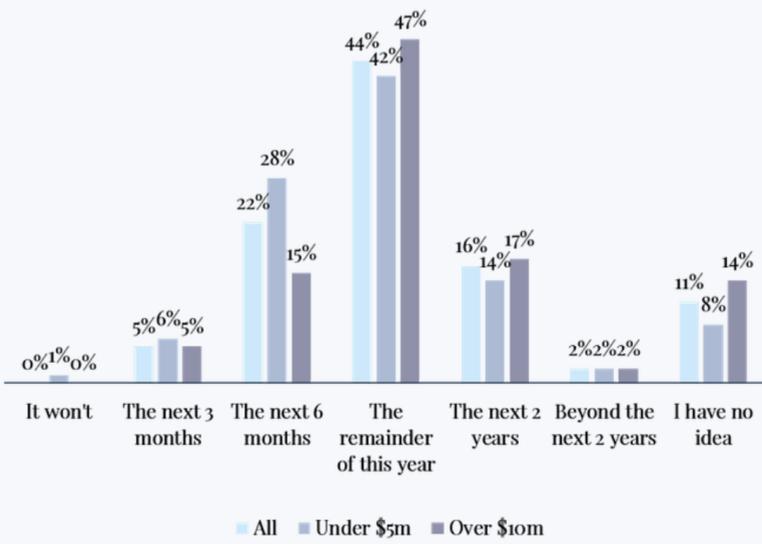
“We suffered a significant drop in revenue from our EOY direct mail appeal as a consequence of bushfires...if Covid starts impacting performance again, it will be very difficult to weather another big drop in performance for several months in a row”

our views on the future

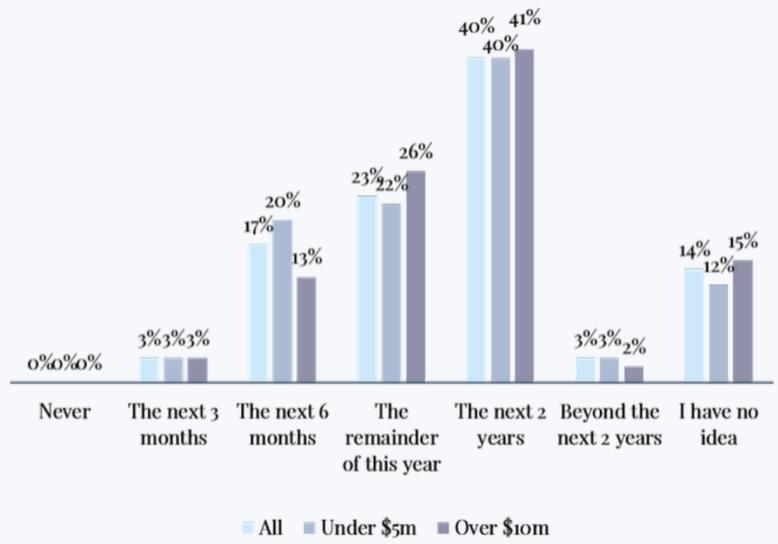
EXPECTATIONS

There is a strong view that Covid-19 will impact fundraising across the next two financial years. It may take some time to determine the impact from shifting consumer sentiment & economics. In the immediate future the greatest impact will be on the fundraising activities charities can no longer deliver.

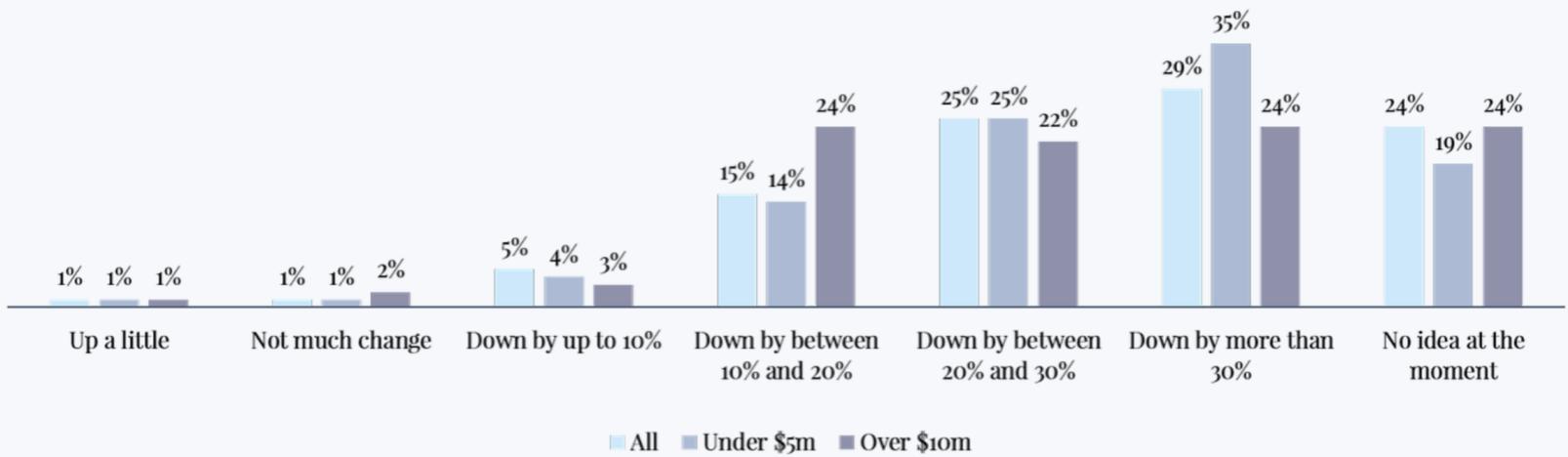
Q2.6 - How long do you think the Covid-19 pandemic will impact fundraising?



Q2.7 - When do you expect we will see signs of recovery for fundraising?



Q1.5 - What do you think the impact of Covid-19 will be on your fundraising for the remainder of this calendar year?



40%
expect signs of recovery within two years

50%
Declines of more than 20%+ this year

“General donations will be down as the public has less disposable income to give to the causes they care about, leading to decreased fundraising successes”

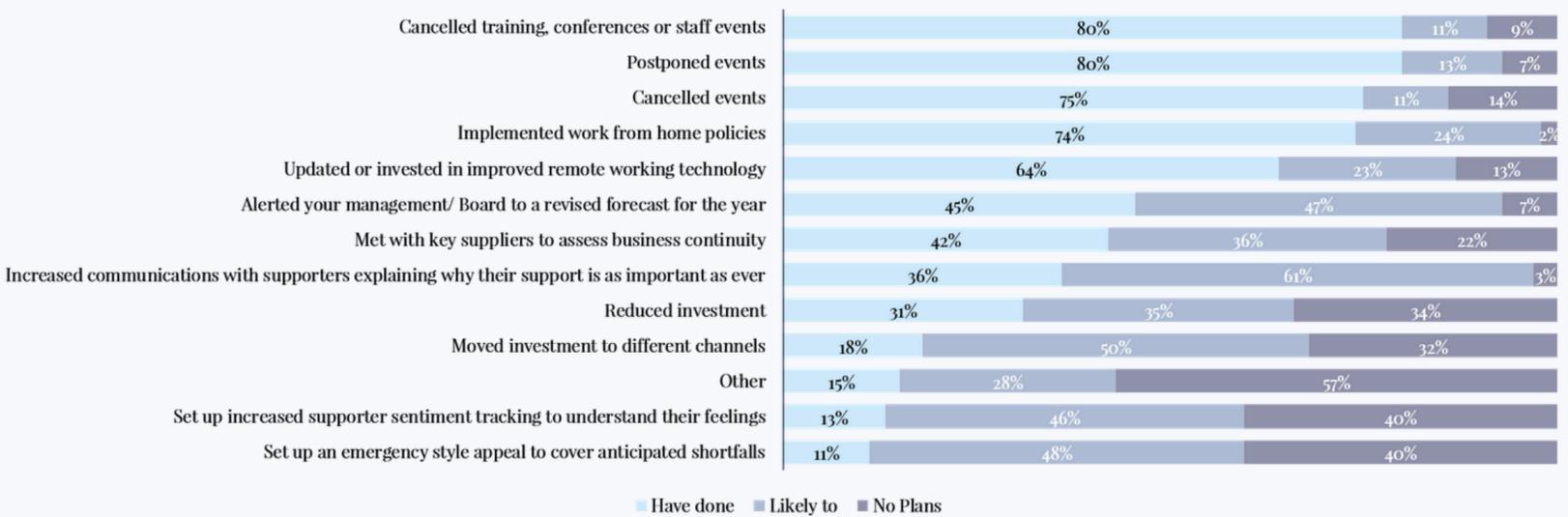
what's happening

ON THE GROUND

Most charities are currently working hard on the immediate issues at hand to move employees to work from home and to address any immediate events impacted by the social distancing measures.

Recommendation - Commence supporter engagement as soon as possible focusing on supporter retention

Q2.3 - Have you already changed your fundraising in any of the following ways:



75%+

postponing & cancelling supporter and staff events

MAJORITY

investing time in work from home practices and technology

36%

have communicated to supporters on value of continued support

13%

Tracking supporter sentiment

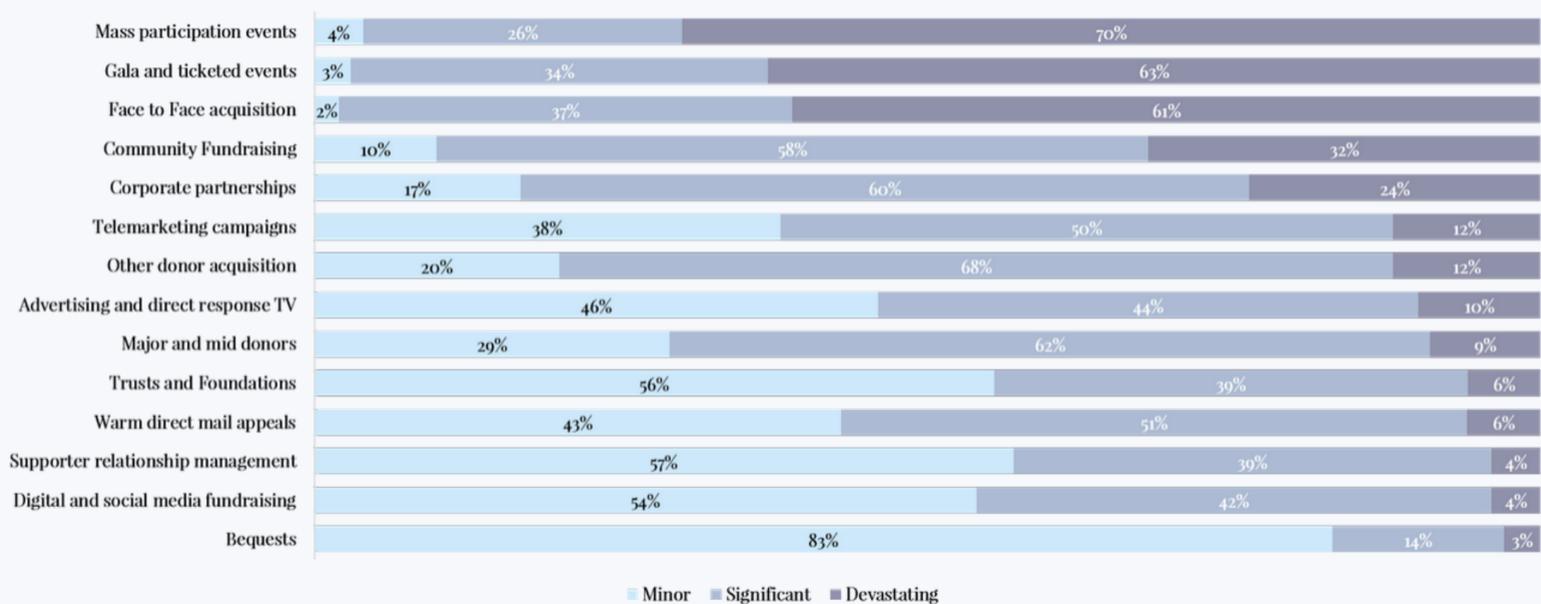
“We have had to cancel a major gala dinner which brings in \$130k profit and pulled out mass ... participation fundraisers”

impact will vary by channel

FUNDRAISING PORTFOLIO

Most people in the sector believe there will be significant to devastating effect on mass participation events, galas and face to face fundraising.

Q2.1 - How great do you feel the impact of Covid-19 will be on each of the following fundraising activities for your organisation over the next 9 months?



1

Practical

Activities identified as the most impacted are those practically impacted by the social distancing measures currently in place and likely to intensify.

Recommendation = Delay or repurpose/divert supporter giving

2

Economic

The next wave of those reducing their giving is likely to be corporates and major/mid level donors as perceived surpluses or discretionary income dries up. This is also likely to impact donor acquisition as 'new' spending/donating reduces.

Recommendation - Protect and strengthen engagement especially with loyal supporters

Fundraisers are seeking to share insights on successes and failures to help focus time and resources

“Understanding of best practice activities to get through the crisis. What fundraising activities or channels should we be focusing on for the best impact and which are there no point spending time on?”

EVENTS



EVENTS

Impact

- 27% of respondents entered a comment about impact on events
- More significant impact on smaller (under \$5million) charities
- Significant number of organisations have cancelled or postponed events - Gala, Mass participation, Community Fundraising, charity treks etc
- Bigger impact on smaller organisations who are more reliant on events in their fundraising mix
- Community Fundraising hit hard with uncertainty around continuation of 3rd party events like city to surf and donors cancelling community lead initiatives
- Impact on Facebook donate fundraising which surged during bushfires already being seen by some with less registrations to hold in celebration style fundraisers
- Organisation citing loss of 30%+ of their overall income via events
- Attempts being made by few to adapt into online/virtual space to prevent loss
- Some suggestion that events held in recent weeks have seen much lower level of donations being made than in previous years.

Recommendations

- Try to postpone your event rather than cancel if physical
- Alternatively, can the event be turned into a virtual event?
- Future possible lock downs may occur making some virtual activities challenging
- Coach your participants in how to ask during this difficult time. Many will feel less confident in asking
- If you've postponed your event - keep your participants engaged during this time
- If you have to replace event income by running a replacement appeal - always talk about the loss to mission and beneficiaries not YOUR shortfall

DIRECT MARKETING



Impact

REPORTED

- 18% of respondents entered a comment about impact on direct marketing
- Focus appears to be on engaging with and retaining existing donors with acquisition budgets and channels being decreased
- A number of charities talking about changing acquisition strategy to digital but others comment on the increased costs associated with digital marketing in a cluttered marketing environment
- Some appeals being cancelled and approx. 20% talking about doing a Covid-19 specific appeal.

ANTICIPATED IMPACTS

- Tax appeal being projected down across the board and some already citing a decrease in number of gifts and average gift since Covid-19 became headline news
- Potential supply chain disruptions
- Economic uncertainty may reduce giving volumes and averages over coming months.

Recommendations

APPEALS

- Address COVID-19 in communications
- Consider emergency appeals across channels relevant to your target audience
- Opportunity to utilise digital more extensively (social and emails). Don't just replicate, work with others to ensure you achieve the correct message framing to maximise success.
- Increased use of SMS with emergency appeals
- If you have services directly related to, or beneficiaries at risk of Covid-19 – feature them
- Choose the right acquisition for your charity. This is likely to vary.

REGULAR GIVING

- Keep going but be aware of possible changes
- Monitor cancellations/declines and track Covid-19 / financial reasons
- Lock-down could hit face to face acquisition hard
- 2 step with phone may continue to work well, but seek advice on executing this well
- Look to warm audiences for acquisition
- Economic implications could affect this segment if unemployment and hardship increase dramatically
- Offer giving holidays to donors wishing to cancel – but don't fight it, otherwise you risk long term brand damage.

RELATIONSHIP FUNDRAISING



RELATIONSHIP FUNDRAISING

Impact

- Immediate impact already felt – currently through corporate event support and / or major donor event cancellations
- Reported reduced engagement from corporates
- Signs of challenges occurring due to lack of focus on charitable support
- Lots of conversations but no impact as yet outside of events
- Corporate volunteering activities cancelled
- Concern about corporate budget setting cycle occurring now when asks are time critical for FY21

Recommendations

CORPORATE, TRUSTS & FOUNDATIONS

- Try to secure meetings ASAP to seek their commitment to their partnership / funding
- We know from past economic downturns this is one of the most impacted forms of giving . Budget cycle concerns, may mean a challenging FY21 (Corporate) and share market impact (Foundations)
- Traditional volunteering likely to be impacted for duration of crisis. Be creative with virtual skilled volunteering
- Consider an emergency appeal if you have programs at risk of closure and Covid-19 specific projects.

MAJOR DONORS

- Migrate relationship development to phone / email / virtual engagement
- Focus on shoring up ongoing support for existing projects with clear articulation of need during this crisis
- Highly likely to be impacted over the coming year due to asset losses
- Mid to long term prospects still strong for this donor group so important not to de-prioritise
- Keep them as engaged as possible and ask only when/if felt appropriate based on circumstances
- Consider including in mail appeals.

OPERATIONAL



Recommendations

Donor processing – rosters for being in the office to process in very small numbers / solo or outsource to 3rd party companies

Explore how you may re-allocate resources to donor care, particularly older vulnerable or isolated donors

Reforecast regularly, every 3 months and create worst and best case scenario budgets

Advise leadership of areas of most risk

Defend against panic driven sweeping fundraising cuts – now is not the time to cut donor care or warm appeals or RG activity etc. unless returns or circumstances indicate this should occur. History does show those who cut the most are worst off at the end of the crisis.

Cut anything that is superfluous, doesn't make a profit or is more 'awareness' based

Work out how you will best work remotely as a team – regular virtual check ins.

1**Pause & reflect**

Be business ready for when the new normal returns, take time now to plan not panic and take risks doing new things. Be agile, responsive and get all those things you've been meaning to do done.

2**Engage**

Ensure Boards, Major donors and supporters know what you are doing, that you are still actively serving your mission and have a plan. Listen, involve and connect with donors more than ever before.

3**Resilience**

Keep calm and carry on fundraising.
Laugh. Stick at it. It will get better.

4**Unity**

We are all in this together, we have a great track record of helping each other, we have the technology, we have the willingness, we have the camaraderie – we are there for each other.

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