

wood
for trees

State of the Sector Report

2022

Introduction

Welcome to the second edition of our annual report on the state of the charity sector.

In this report, we will look at some of the key trends across 2021 and show how these compared to 2020, but also take a look back at the previous years to understand how the last two years has impacted the ways supporters are engaging with, and donating to, charities. In 2020, at the onset of the pandemic, we saw a lot of dramatic changes as lockdowns and restrictions forced charities and supporters to adapt many of their 'normal' behaviours. As things have eased through 2021 it will be interesting to see what has remained, what has come back and how the current picture compares to the fundraising environment of the pre-pandemic years.

The report covers top level trends in income streams, recruitment and supporters as well as taking a deeper dive into engagement metrics such as lifetime value, cross-sell and regular giving attrition.

All the information in this report has been collected from our InsightHub benchmarking reports, which collate raw CRM data from a range of charities across the sector. The data is transformed and standardised to allow us to aggregate fundraising KPIs up to a sector level to show the overall health and status within charities. Understanding these trends will enable you to see how your own results compare and evaluate the success of your programme through 2022.

We hope these benchmarks will help you:

- **Contextualise and understand your own fundraising performance and lead to better informed and intelligent decision-making**
- **See how your products and channels compare against real market data**
- **Spot trends in the industry that you previously may have been completely unaware of**
- **Quantify your results against the rest of the sector**

The report provides a snapshot of some of the most interesting data and trends we saw in 2021. The full set of benchmarks are available to any customer using our InsightHub reporting portal.

Executive Summary

Overall income in 2021 was **9% higher** than in 2020 and was **above the levels** of the **three previous years**.

Most **products performed similarly** to 2020, thus continuing the shifts that we started to see in that year. **Regular Giving** was **stable** but **down on previous years** and with increases in other forms of giving the **dependency has fallen** with % of income received from regular gifts **down from 64%** in 2017 to **54% last year**.

In terms of channel of donation we have seen the continued rise of **Digital** and re-emergence of **Direct Mail**.

2021 also saw the continuing upward trend in the number of donors **actively giving** with an **increase of 24%**. As in 2020 this was largely driven by more people engaging in **one-off donations** and **Community Fundraising**. This is partly down to **more people being recruited** but also due to lower attrition levels.

The **rise in donor recruitment** has also been driven by **Digital** and **Direct Mail**. **Direct Dialogue** recruitment was also higher than in 2020 but still sits much **lower than pre-pandemic levels**.

The profile of these new supporters is changing (as noted in July last year) with a small but discernible shift towards a **younger** and **less affluent** demographic. However, charitable givers remain more likely to be older and wealthier.

Interestingly there is evidence that the **amounts people are giving at are increasing**, certainly in the early years. **Average lifetime value** after three years is **up from around £100 to nearer £120**. Time will tell if this is sustained but early results of cross sell and attrition look promising. The exception here is **Community Fundraising** where lifetime values are **lower**. This is probably due to more people getting involved with **lighter touch digital events**.

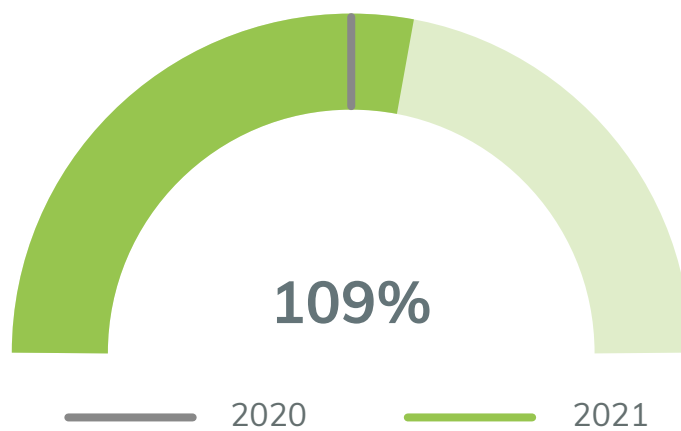
Consent rates remain low across the sector and have even fallen slightly.

Overall the results from the review show the **resilience of the sector** and the **continued generosity of the UK population**. They do show some shifts in the way that people are giving with more people giving in **ad hoc ways** rather than commitment of regular giving which had become standard in recent years. It is likely that this is partly down to the effects of the pandemic but also perhaps an underlying social trend. The next few years will be interesting to see if these trends continue.

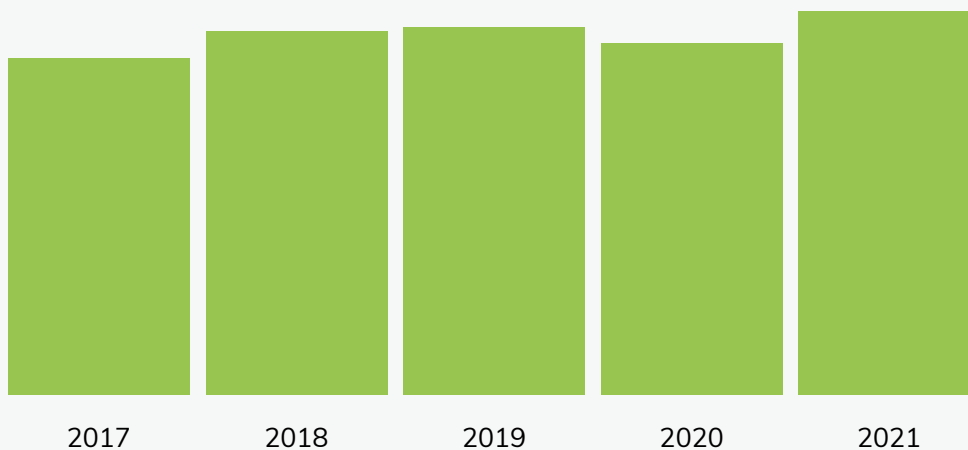
Part 1: Income

Fundraising income in 2021 was up 9% on the previous year and rose to its highest level in the last five years, exceeding the pre-pandemic amounts.

1.1: Income comparison including Legacies



1.2: Income last five years



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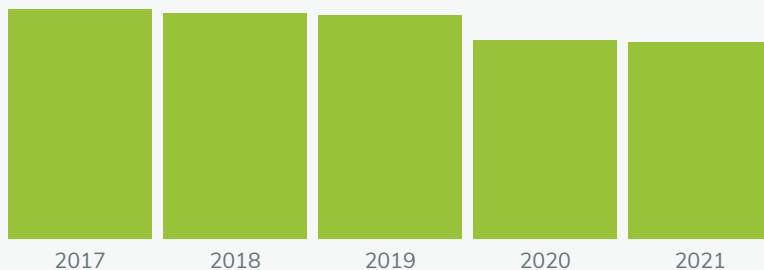
By Product

1.3: 2021 to 2022 % change by product

Product	Income vs. last year
High Value Giving	107%
Community Fundraising	103%
Gaming	102%
Regular Giving	100%
Trading	97%
One-off Donation	96%

Breaking it down by some of the key products shows a fairly even performance across different income streams. High value giving and community fundraising were up slightly, regular giving has stabilised after a decline last year and one-off donations showed a small decline from the high levels of 2020.

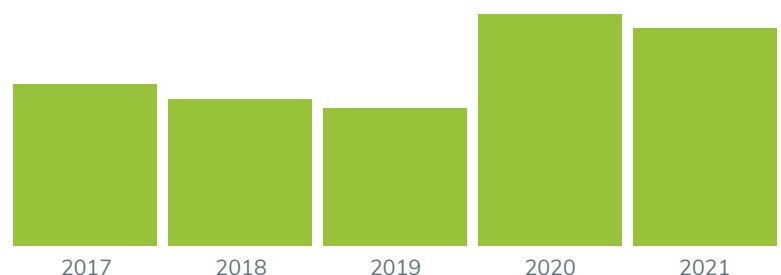
1.4: Income last five years (Regular Giving)



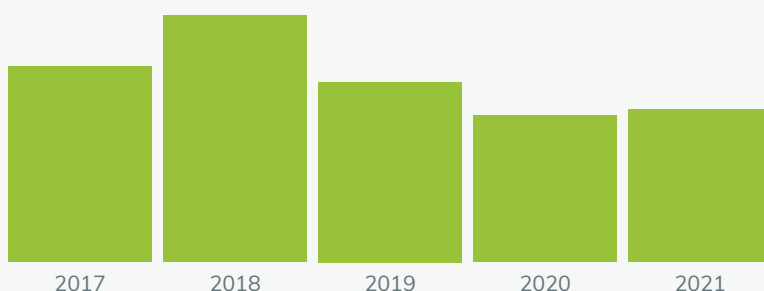
Regular Giving remains at similar levels to 2020 and is yet to show signs of recovery from the dip at the start of the pandemic.

1.5: Income last five years (One-off Donations)

One-off Donations, on the other hand, fell just below the levels of 2020 thus remaining almost 50% higher than the previous three years.



1.6: Income last five years (Community Fundraising)

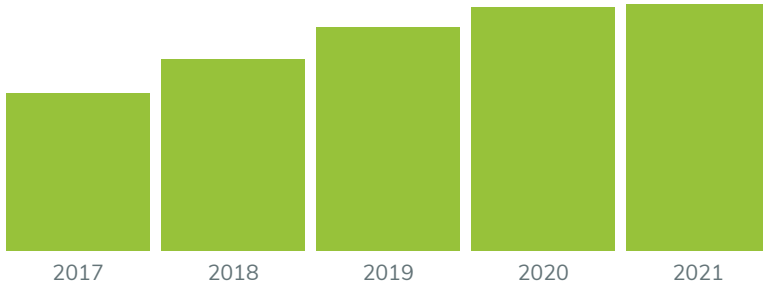


Community Fundraising did improve slightly on 2020 but is still well below the levels before that.

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By Product (continued)

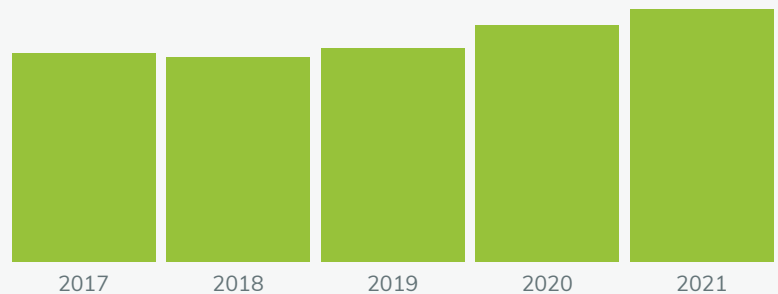
1.7: Income last five years (Gaming)



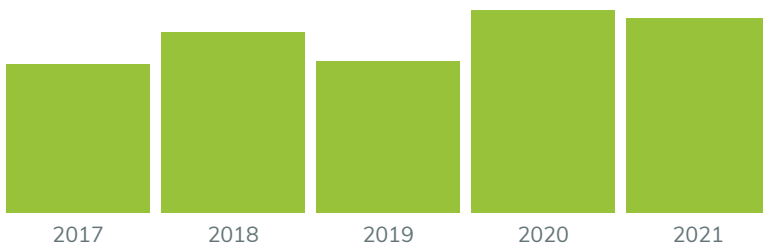
Gaming was also up in 2021 and has shown continued growth since 2017, albeit slightly slower in the last two years.

1.8: Income last five years (High-value Giving)

High-value Giving showed the highest growth in 2021 continuing the growth that started in 2020.



1.9: Income last five years (Trading)

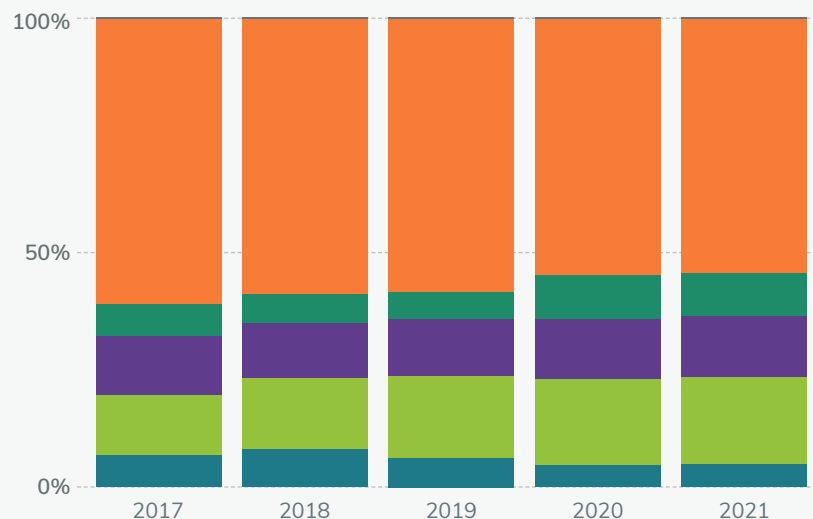


And finally, Trading showed a minor fall in 2021 but was still up on the previous three years.

1.10: Income last five years – breakdown by product

Overall, the growth in other income streams and the drop in regular giving has seen the dependence of regular gifts fall as the percentage contribution has reduced from 64% to 54%.

- Trading ●
- One-off Donation ●
- Gaming ●
- Regular Giving ●
- High-value Giving ●
- Community Fundraising ●



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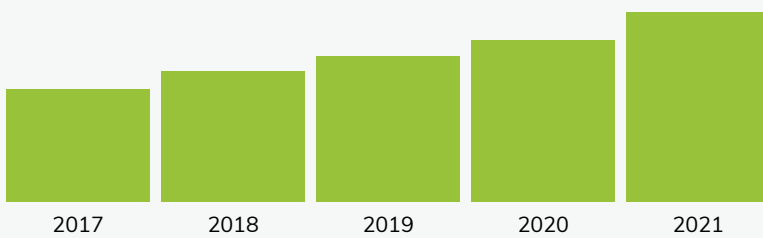
By Channel

1.11: 2020 to 2021 % change by channel

Channel	Income vs. last year
Direct Dialogue	97%
DRTV	108%
Direct Mail	115%
Digital	118%

Looking at income by the key channels shows increased income coming through Digital, Direct Mail and DRTV. Direct Dialogue has shown a continued decline on last year.

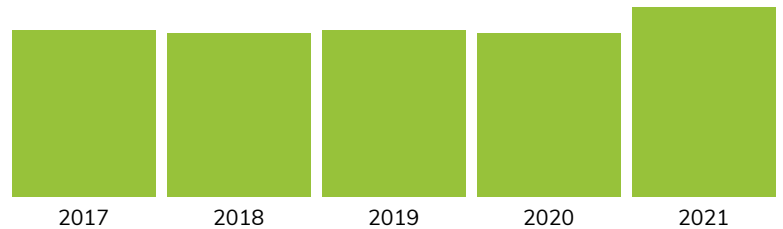
1.12: Income last five years (Digital)



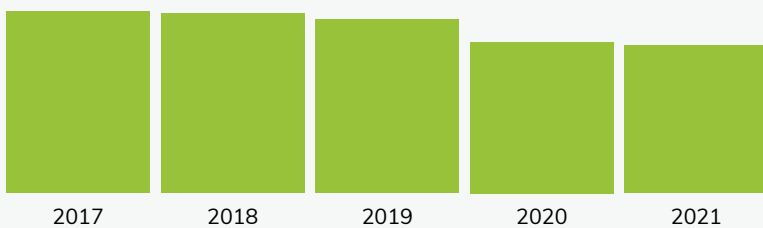
The increase in Digital income in 2021 is a continuation (albeit slightly accelerated) of the trend seen in the last five years and 2021 income is now two-thirds higher than in 2017.

1.13: Income last five years (Direct Mail)

Direct Mail income has built on the signs of recovery shown towards the end of 2020 and is now at its highest level in the last five years.



1.14: Income last five years (Direct Dialogue)



Income from Direct Dialogue has continued to fall from the drop seen in 2020.

1.15: Income last five years (DRTV)

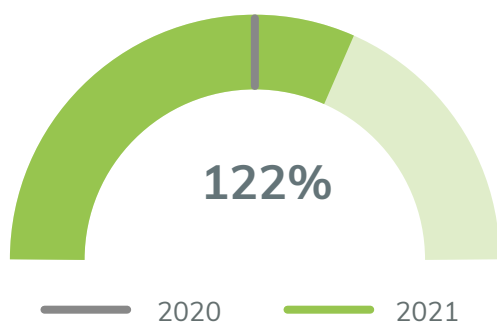
DRTV income has seen a steady increase over the last five years. Drilling down further shows this increase is largely coming from one-off giving, with regular giving fairly static.



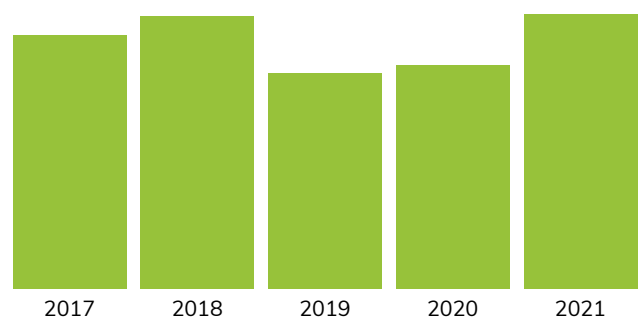
Part 2: Supporters

Supporter recruitment was also up in 2021 with an increase of 22% on the previous year. This represented a significant improvement on the last two years and indeed was higher than levels seen in 2018 and before.

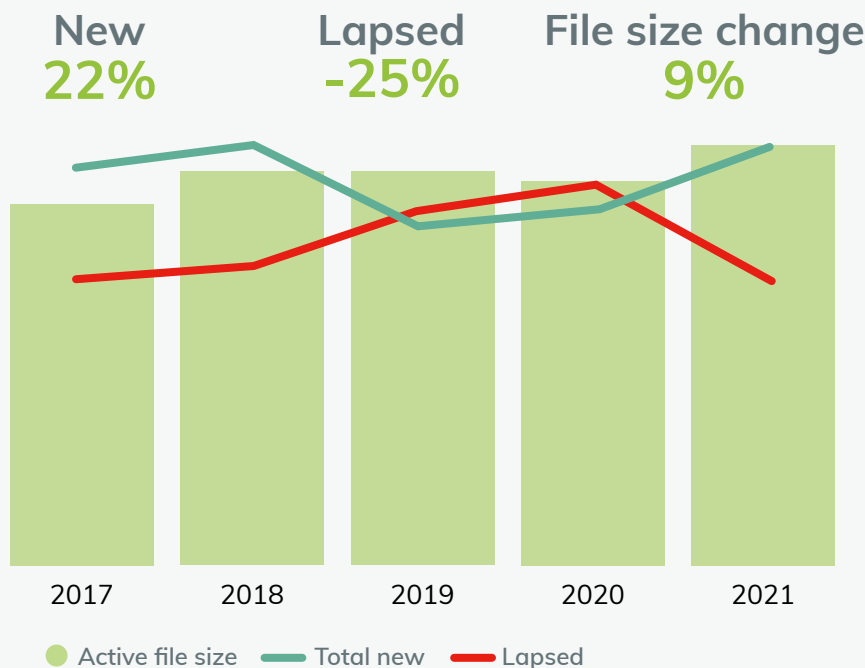
2.1: Recruitment comparison



2.2: Recruitment last five years



2.3: Active file size change last five years



The number of supporters lapsing also fell, meaning overall there were 9% more active supporters in 2021 than in 2020.

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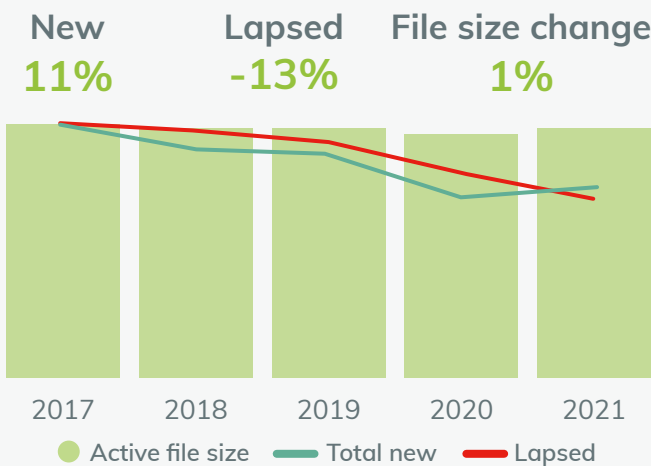
By Product

2.4: 2020 to 2021 % change by product

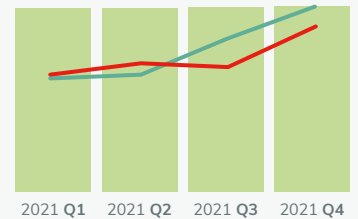
Product	Recruits vs. last year
Community Fundraising	150%
One-off Donation	131%
Regular Giving	111%
Gaming	90%
Trading	81%
High-value Giving	79%

Breaking it down by some of the key products shows where recruitment has been largely focused (Community Fundraising, One-off Donors and Regular Giving). Conversely, there has been less success in attracting new donors to Gaming, Trading and High-value Giving.

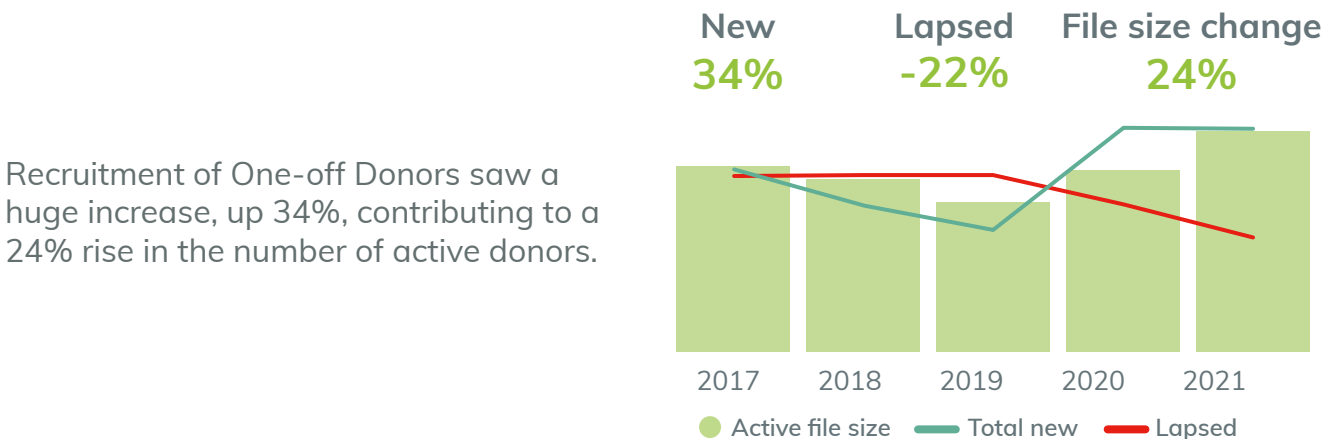
2.5: Active file size change (Regular Giving)



Regular Giving recruitment was up 11% in 2021. Combined with a reduction in the number of supporters lapsing, this has meant overall file sizes have grown very slightly (up 1%). Much of this change happened in the latter half of the year, showing promising signs for the future.



2.6: Active file size change (One-off Donations)



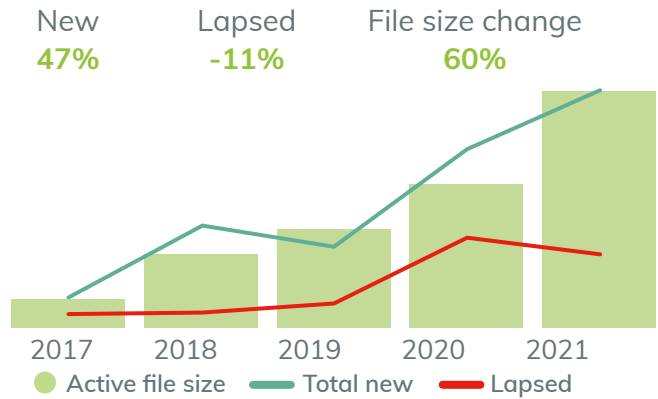
Recruitment of One-off Donors saw a huge increase, up 34%, contributing to a 24% rise in the number of active donors.

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By Product (continued)

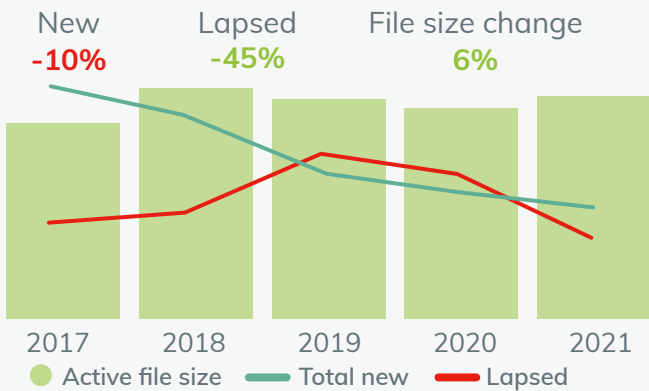
2.7: Active file size change (Community Fundraising)

Community Fundraising has seen a rapid rise in participants over the last five years and this trend continued through 2021.



2.8: Active file size change (Gaming)

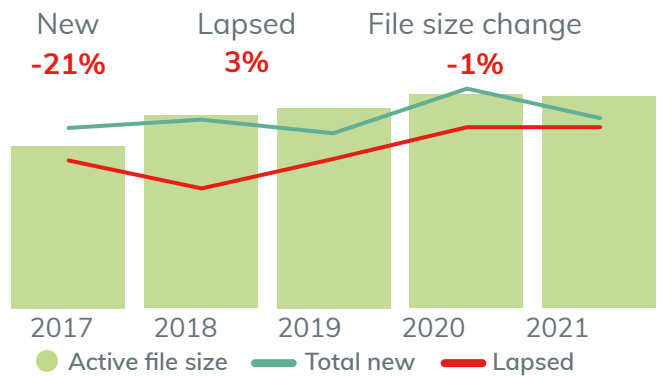
Gaming has seen a decline in recruitment in recent years but 2021 saw a fall in attrition, which has meant the active file size has grown slightly.



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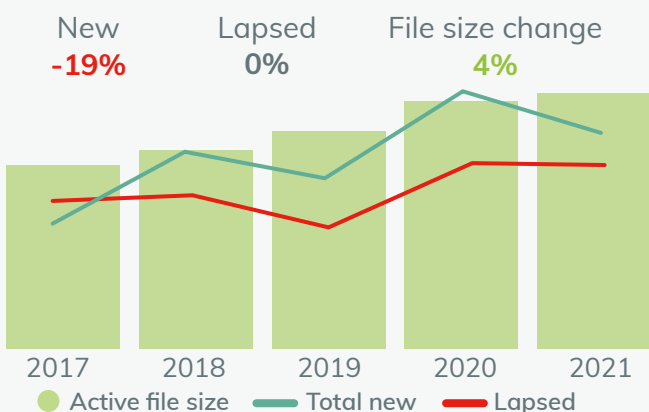
2.9: Active file size change (High-value Giving)

Recruitment of High-value Givers did drop in 2021 but remains at the level of lapsing, so file size was static.



2.10: Active file size change (Trading)

Trading also saw a fall in recruitment in 2021 but, again, levels stayed above the numbers lapsing and so file size increased.

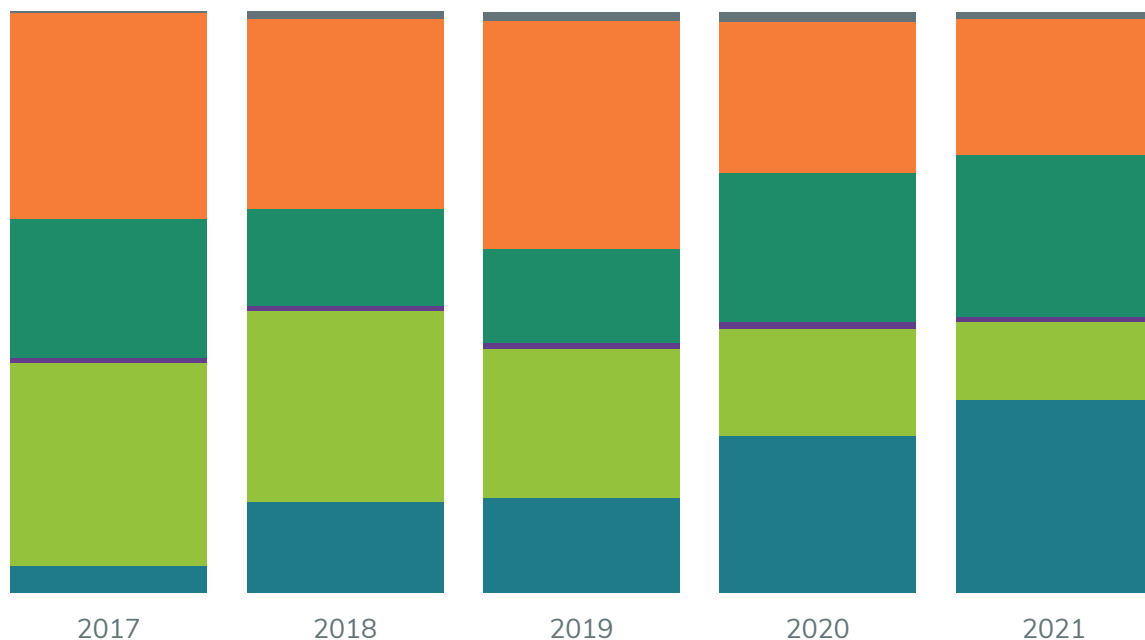


Trading also saw a fall in recruitment in 2021 but, again, levels stayed above the numbers lapsing and so file size increased.

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By Product (continued)

2.11: Recruitment last five years – breakdown by product



- Trading ●
- Regular Giving ●
- One-off Donation ●
- High-value Giving ●
- Gaming ●
- Community Fundraising ●

Overall, the balance of recruitment has shifted towards One-off Donors and Community Fundraisers, and away from Regular Givers and Gamers.

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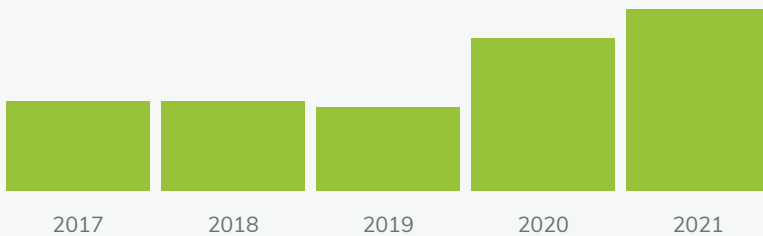
By Channel

2.12: 2020 to 2021 % change by channel

Channel	Recruits vs. last year
Direct Dialogue	126%
Digital	117%
Direct Mail	117%
DRTV	57%

Looking at recruitment by the key channels shows increases from Digital, Direct Mail and Direct Dialogue. However, DRTV recruitment is considerably down on last year.

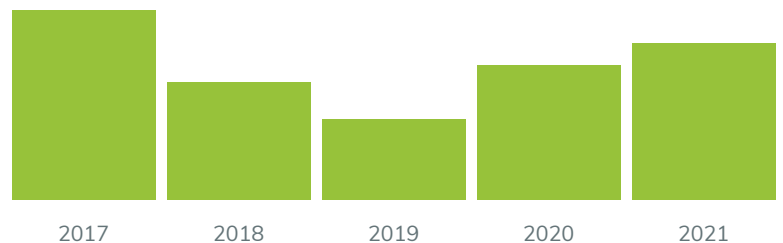
2.13: Recruitment last five years (Digital)



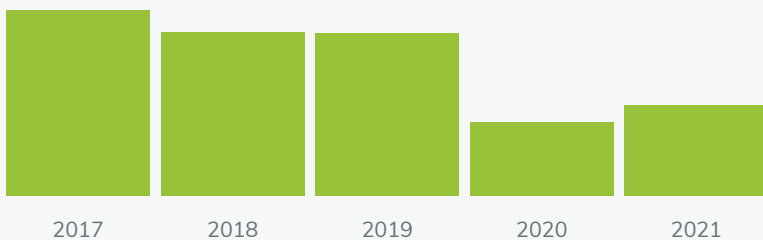
Digital recruitment saw a big jump in 2020 and this has been built on and increased further in 2021.

2.14: Recruitment last five years (Direct Mail)

Direct Mail recruitment has continued to boom and 2021 saw another rise from the lows of 2019.



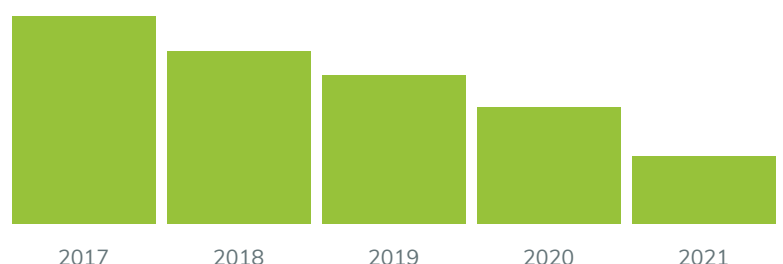
2.15: Recruitment last five years (Direct Dialogue)



Unsurprisingly, Direct Dialogue recruitment dipped dramatically in 2020. 2021 has seen some improvement, although there is still a long way to go to reach pre-pandemic levels.

2.16: Recruitment last five years (DRTV)

DRTV recruitment has fallen continuously over the last five years and saw another large decrease in 2021.

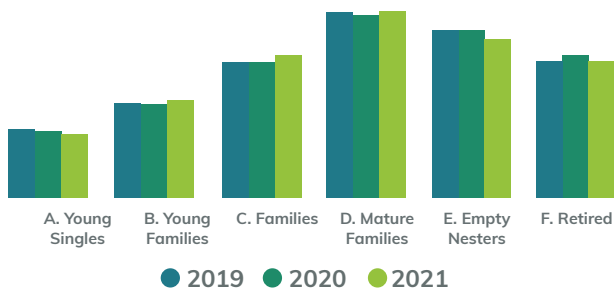


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Profiles

The typical profile of supporters recruited in 2021 continues to lean towards the older and more affluent populations as in previous years (2.17 and 2.18). However, we have continued to see the trend noted earlier this year with a rise in the proportion of families and less well off donors who gave last year.

2.17: Supporter Life Stage by recruitment year

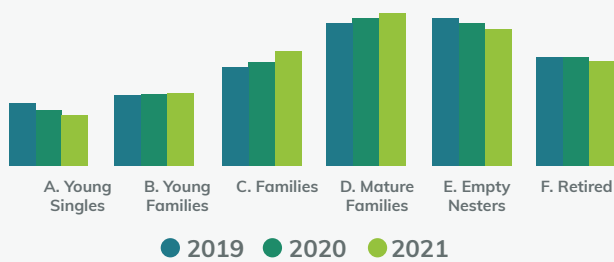


2.18: Supporter Affluence by recruitment year



As before, this is largely due to these audiences becoming engaged in Community Fundraising but it is also reflected across those giving via One-off Donations (2.19 and 2.20) and, to a lesser extent, Regular Givers.

2.19: Supporter Life Stage by recruitment year (Community Fundraising recruits)

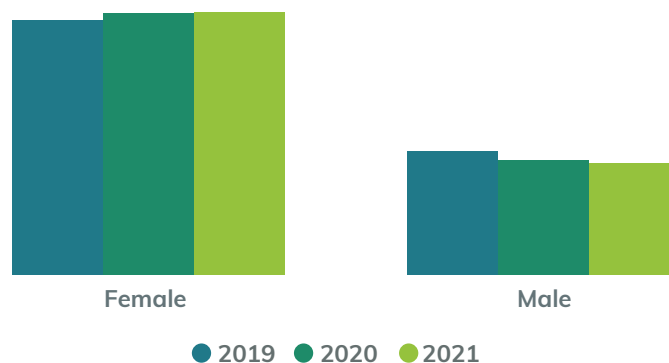


2.20: Supporter Affluence by recruitment year (Community Fundraising recruits)



2.21: Gender by recruitment year

Looking at gender, we see a further shift towards more females giving. This is mirrored across all the different products.

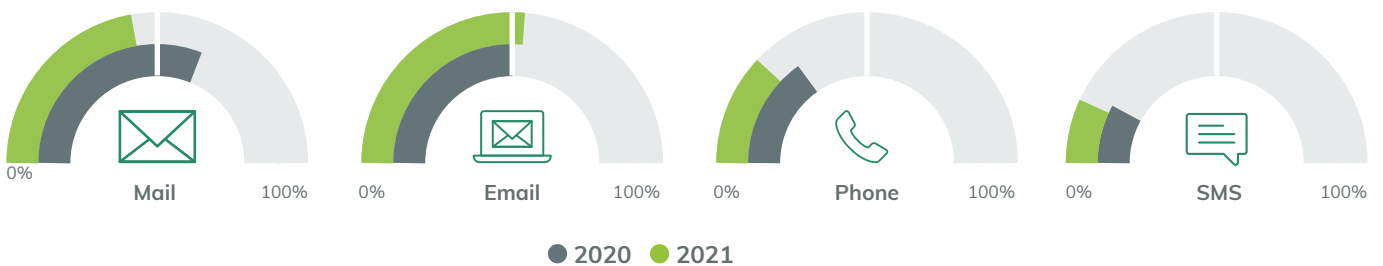


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Contactability

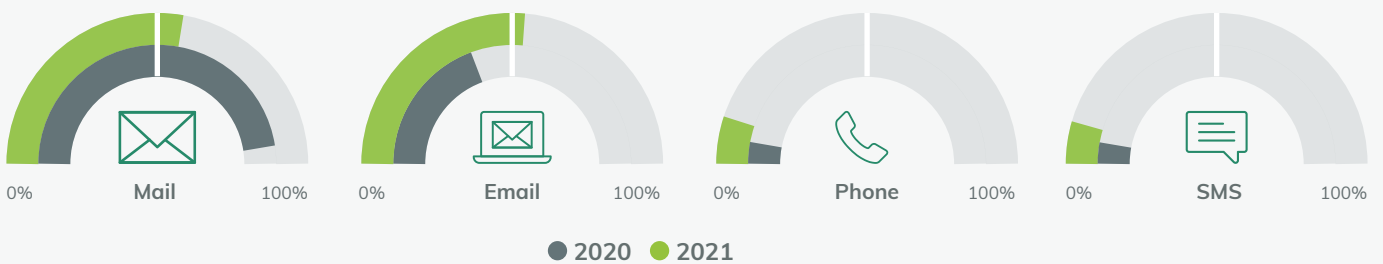
Contactability rates across different channels continue to shift and are also down slightly on 2020. Interestingly, given the growth in Direct Mail, Mail contactability has fallen quite significantly. Phone and SMS have also fallen. Conversely, there has been a small rise in Email contactability rates but they remain at about 50%.

2.22: Contactability rates by channel

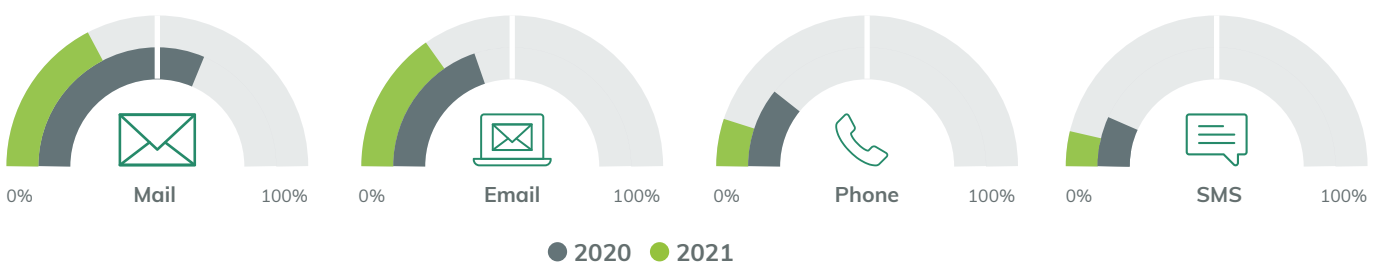


The drop in Mail contactability has been most significantly seen for community fundraisers (2.23) dropping from nearly 100% to just over 50%. However, Email contactability has increased, probably indicating a shift in the ways these supporters are engaging initially. Perhaps more worrying is the changes for One-off Donors (2.24) as contactability rates have dropped across all channels.

2.23: Contactability rates by channel (Community Fundraising)



2.24: Contactability rates by channel (One-off Donations)

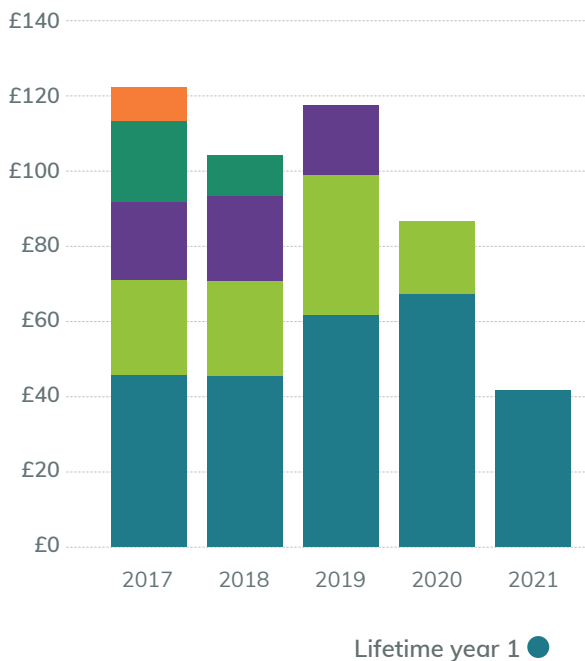


Part three: Engagement

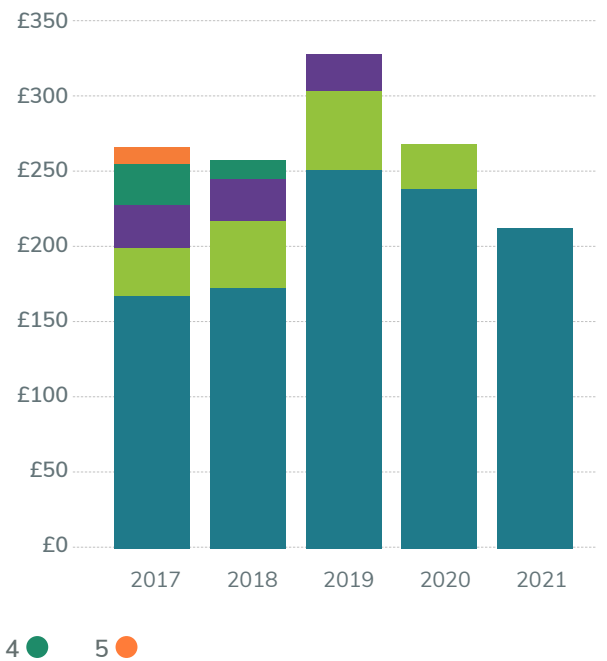
In this section, we look at three key engagement figures to show how new supporters from the last five years have engaged with charities over the longer term. We measure lifetime value, cross-sell and regular givers' attrition rates to benchmark how charities perform against these measures, look at how they vary for different types of supporters plus some of the trends over time to give an indication on the direction of travel.

Lifetime value

3.1: Lifetime value by year (ALL)
(excluding High-value Donations and Legacies)



3.2: Lifetime value by year (ALL)
(including High-value Donations and Legacies)



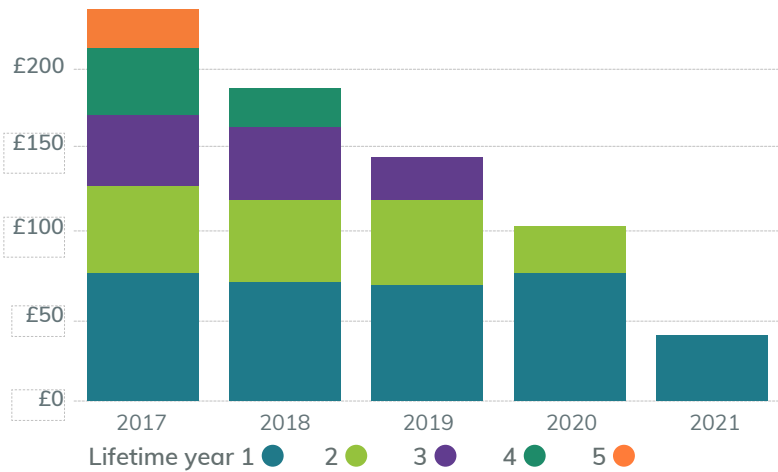
Looking at 2017 and 2018 recruits shows that overall lifetime value reaches almost £100 after three years. For 2018 recruits this is nearer £120 (with year three still not complete) and, for the last two years, early signs suggest this could be higher indicating an increase in overall value given by supporters (3.1).

Including High-value Donations (over £1,000) and Legacies lifts lifetime value to around £220 for the 2017/2018 recruits and over £300 for newer ones (3.2).

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By Product (continued)

3.3: Lifetime value by year (Regular Giving) (excluding High-value Donations and Legacies)

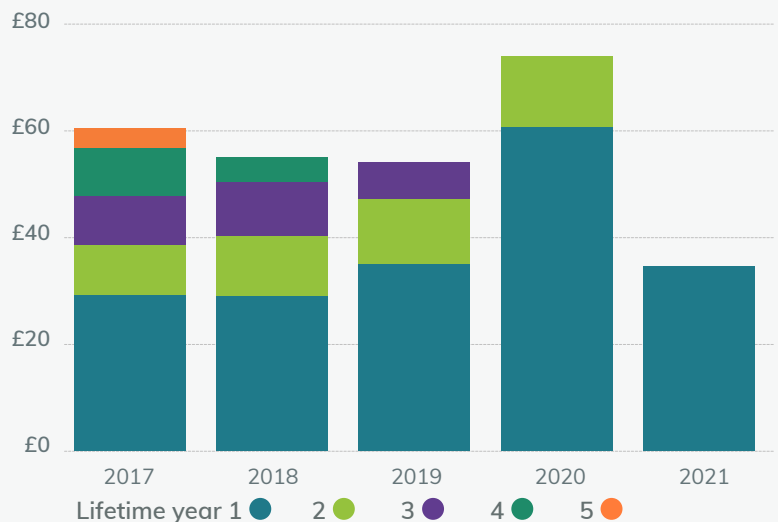


Lifetime value for Regular Giving recruits is of higher value than average, with a three year value of around £170. This is largely because value beyond the first year is much higher.

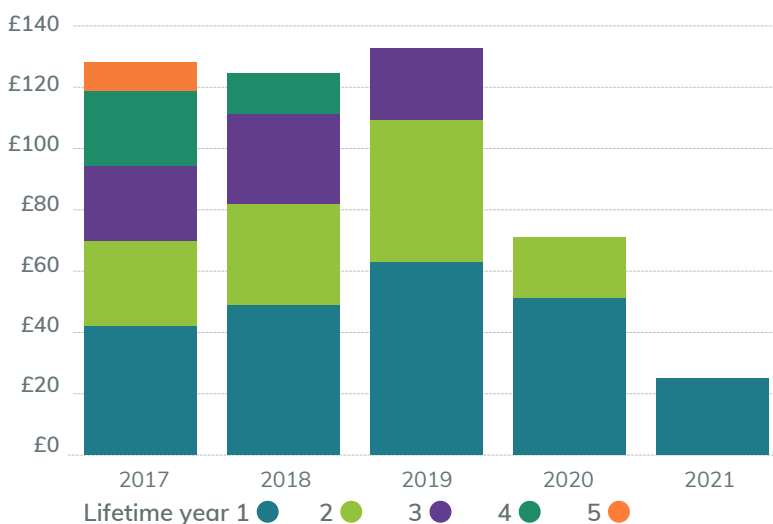
Adding in High-value Donations and Legacies makes little difference in the early years.

3.4: Lifetime value by year (One-off Donations) (excluding High-value Donations and Legacies)

For One-off Donors the three year value is around £50 (£60 if High-value Donations and Legacies are included). However, there are real signs that this is increasing quite dramatically, as year one value for 2020 recruits is over £80.



3.5: Lifetime value by year (Gaming) (excluding High-value Donations and Legacies)



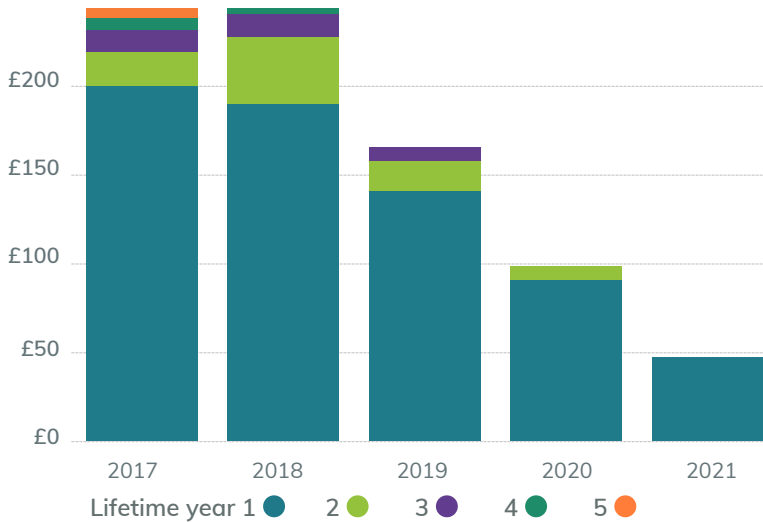
Gaming recruits show a similar pattern to One-off Donors, although their value is higher with a three year value between £80-£100.

However, initial signs indicate this could be dropping in 2020 and 2021.

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By Product (continued)

3.6: Lifetime value by year (Community Fundraising) (excluding High-value Donations and Legacies)

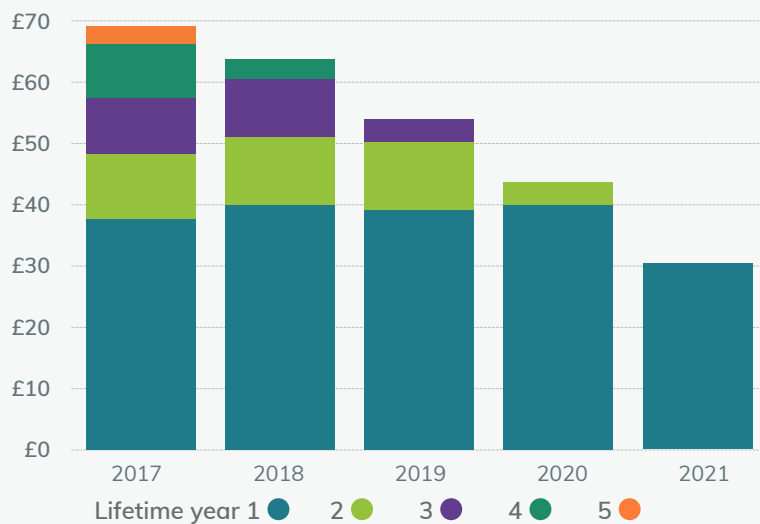


Community Fundraising drives all value in the first year with very little subsequent giving in comparison. This is around £200 but in recent years this has been dipping to nearer £100.

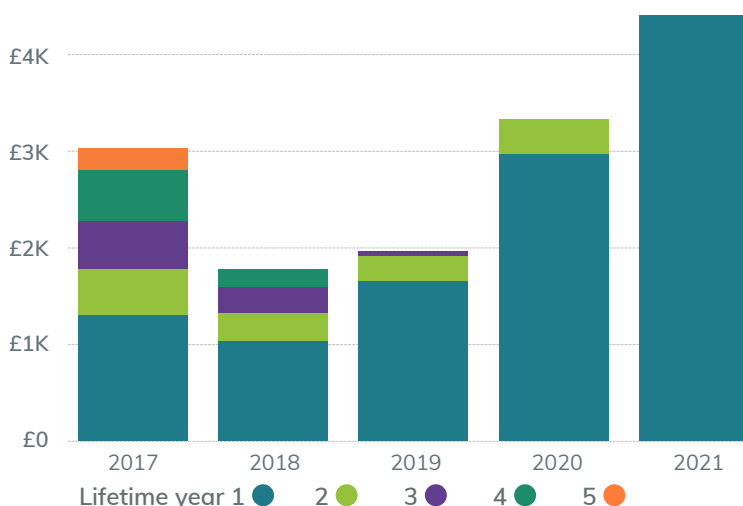
3.7: Lifetime value by year (Trading) (excluding High-value Donations and Legacies)

Trading has lower lifetime values, starting at around £40 in year one. There is some sign of ongoing engagement though, as this increases to £60 after year three.

The trend over time looks to be largely static.



3.8: Lifetime value by year (High-value Giving)



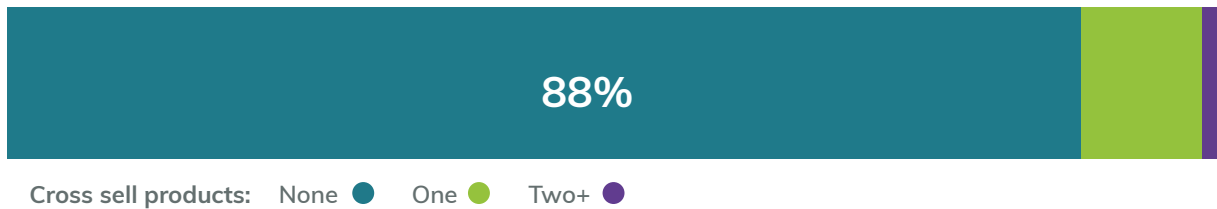
Finally, the lifetime value of High-value Giving donors is unsurprisingly higher. Their average value after three years reached about £2,000 but 2020 and 2021 have seen first year values of over £3,000 already, showing clear evidence of an increase in donation value from Higher-value Donors.

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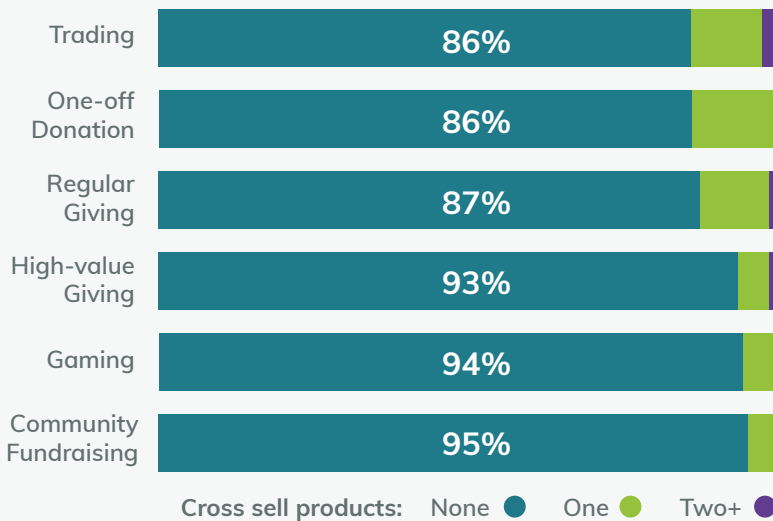
Cross-sell

88% of supporters only engage with one product. So, only 12% cross-sell onto other ways of giving, with most of these only engaging in one other way.

3.9: Cross sell percentages (all supporters)

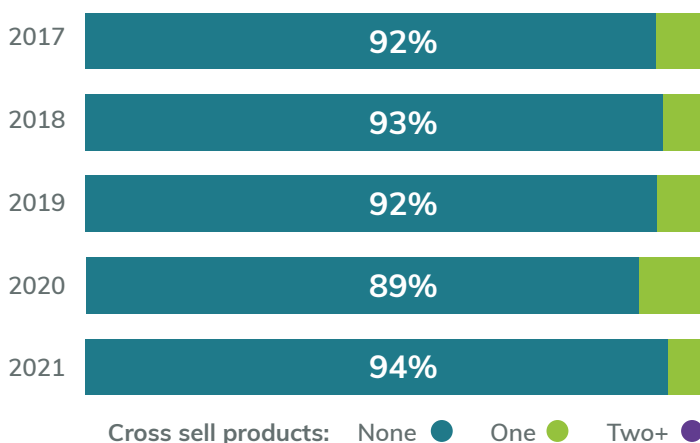


3.10: Cross sell percentages (by product)



There is some variation depending on how they were recruited, with Trading, One-off donation and Regular Giving recruits most likely to engage in other ways.

3.11: Cross sell percentages in first 12 months (by recruitment year)



Most of this cross-sell happens in the first year with on average 8% having already engaged in their first 12 months.

This looks to be improving as 11% of 2020 recruits did so after 12 months and in 2021 the figure is already at 6%, with many of these supporters having only had a few months to do so.

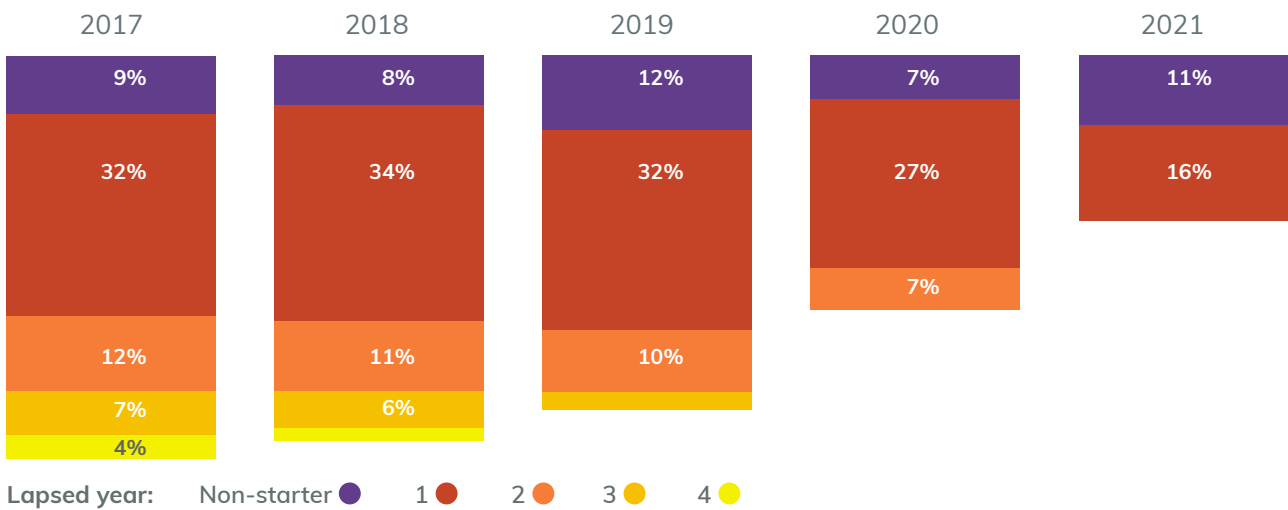
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Regular Giving attrition

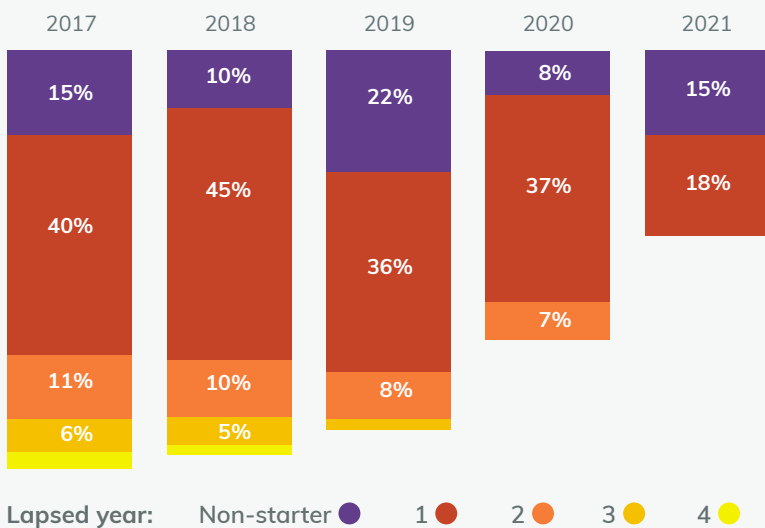
On average, around 40% of Regular Givers have lapsed within 12 months, either by not giving at all (10%) or by cancelling or lapsing during that period (30%).

This improved in 2020 to 35% but there are early signs that it will be back up again for 2021. The 2020 results are likely skewed by the lack of Direct Dialogue recruitment (3.12).

3.12: Regular Giving attrition (all supporters)



3.13: Regular Giving attrition (Direct Dialogue)



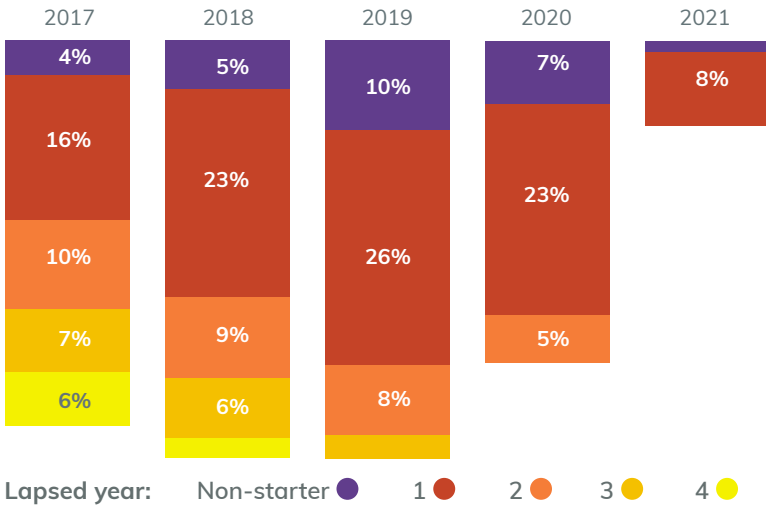
Direct Dialogue recruits notoriously have the highest attrition rates. On average, around 55% lapse in the first 12 months.

Again, this did improve in 2020 (volumes would have been much reduced) but is increasing again in 2021.

State of the Sector Report

Regular giving attrition (continued)

3.14: Regular Giving attrition (Direct Mail)

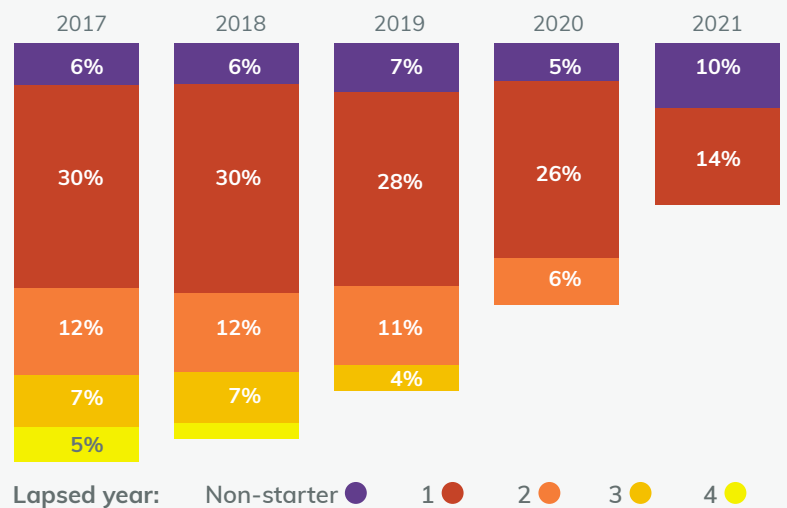


In 2017 attrition rates for Direct Mail recruits were very low with just 20% lapsing in year one.

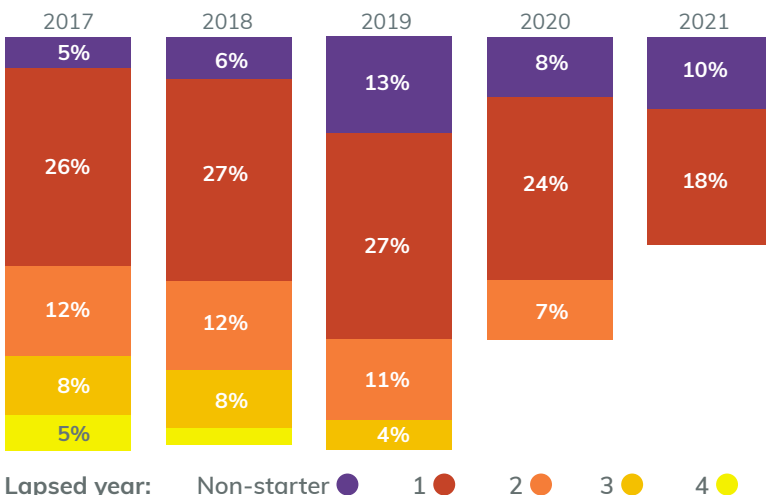
These rates have increased over time, although there are some initial signs they could be improving again.

3.15: Regular Giving attrition (DRTV)

Attrition rates for DRTV have been fairly static over the last five years, with around 30-35% lost in the first year.



3.16: Regular Giving attrition (Digital)



Digital recruits perform similarly to DRTV recruits with year one attrition between 30-35%.

However, 2019 saw this increase to 40% and there are initial signs this could be an indication of an upward trend.

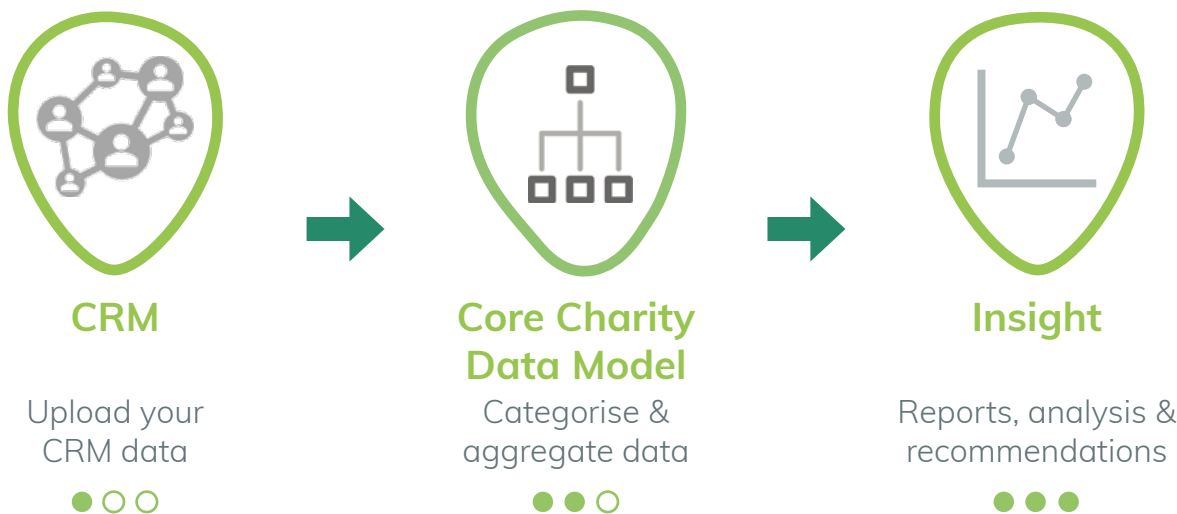
Methodology

InsightHub for Charities

All findings in this report were taken directly from our InsightHub for charities (IHUB) reporting platform, utilising a blend of charitable organisations' data, representing a variety of causes and approaches to fundraising.

IHUB is a live portal containing a suite of insightful fundraising reports enabling users to constantly monitor and track performance across a range of measures and KPIs.

Data is sourced direct from the charity CRM and automatically run through the Wood for Trees Core Charity Data Model (CCDM) where it is processed and transformed to render accurate, repeatable and comparable insights through IHUB. This process is repeated regularly giving up-to-date-reporting direct to your desktop.



As part of this process, we also anonymise and aggregate key metrics into our benchmarking datasets. All users are then able to compare the own performance against that of the industry as a whole. These benchmarks are updated monthly enabling us to provide a regular monthly snapshot of the latest state of the sector, in addition to this annual report.

InsightHub reports are available by bundle and currently include:

Overview Bundle

- **Overview:** A high level view of supporter demographics and fundraising activity
- **Supporter Trends:** Track the size and health of your supporter base across different cohorts
- **Income Trends:** Measure income performance by stream compared to budget and previous performance

Supporter Engagement Bundle

- **Lifetime Value:** Measure and compare the lifetime value of cohorts across your supporter base
- **Regular Giving:** Monitor the monthly attrition and retention trends of your regular giving file
- **Cross-Sell:** Understand how your supporters donate across your fundraising estate
- **Acquisition:** Track and explore the size and cost of your acquisition programmes

Value Bundle

- **Supporter Value:** Explore how your supporters move across value bands versus the previous period
- **Mid/High Value:** Quickly assess the giving habits and potential of your most valuable supporters

Campaign Bundle

- **Campaign:** Review and assess the performance of your marketing campaign activities
- **Email:** Review and assess the performance of your email campaign activities

Legacy Bundle

- **Legacy:** Understand the behaviours and status of your legacy supporters
- **Legacy Journey:** Track how legacy supporters have progressed through specific milestones

State of the Sector Report



Clearer Insight, Better Decisions

On top of sector aggregation, the InsightHub benchmarking portal allows you to see your own KPIs and make direct comparisons of your performance against the whole sector.

If you would like to be involved, or for more information on how we collect, transform, store and render your data, as well as our benchmarking aggregations, please get in touch.

About Wood for Trees

Wood for Trees is an award-winning analysis and systems agency with expertise in helping charities gain more from their data assets. We help make things happen through data analytics, insight and systems. We collaborate with some of the world's best-known charities and not-for-profit organisations to improve fundraising efficiency and performance.

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