

State of the Sector Report

2022 (January-June)

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Introduction

Welcome to the half year update of our report on the state of the charity sector, following on from the second edition of our annual report in January this year.

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 as a whole. It also enables you to see how your own results compare.

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**

At this time of year we take a look back at the last six months to get an early indication of how 2022 is shaping up and whether we are seeing the trends of the last two years continue. As the restrictions from the pandemic have lessened it will be interesting to look for evidence of past behaviours returning as well as which of those innovative and disruptive ways of working are set to stay.

These up to date results will also give us some early indications of any initial impacts from the cost-of-living crisis, as well as the wider impact of other events going on across the world at the moment.

This report will provide a snapshot of some of the most interesting data and trends that we are seeing so far in 2022. We hope you enjoy it and take some valuable insights from the data.

The full set of benchmarks are available to any customer using our InsightHub reporting portal.

Executive Summary

The first half of 2022 has shown a **resilient** performance, with income **continuing to grow** even on the previous two years. There are some continued trends from the disruption of the pandemic, but also signs where behaviours (from charities and donors) have **reverted back** to tried and tested methods of old.

Overall income is up 6% on the first six months of last year which is a **strong performance** based on the highs of 2021.

However, drilling deeper does show a slightly different picture and some potentially concerning trends. Much of the income growth comes down to **spikes in community fundraising and high value giving in March at the beginning of the Ukraine war**. Outside of that we do see **falls in the value of donations**. One-off donations in particular are noticeably down – although the caveat here is that they are still above 2019 levels.

We are also starting to see very early signs of the **impact of the cost-of-living crisis**. Overall **recruitment** is up on last year but has **fallen in recent months** and with **increasing attrition**, we are starting to see **file sizes fall**. Regular giving, which had seen increases with the return of direct dialogue, has also begun to fall again as regular giving attrition rises, leading to a drop in month-on-month income.

On top of this, we are seeing **lower levels of initial lifetime value (LTV)** and **less cross-sell activity** which all points to a lowering of giving activity.

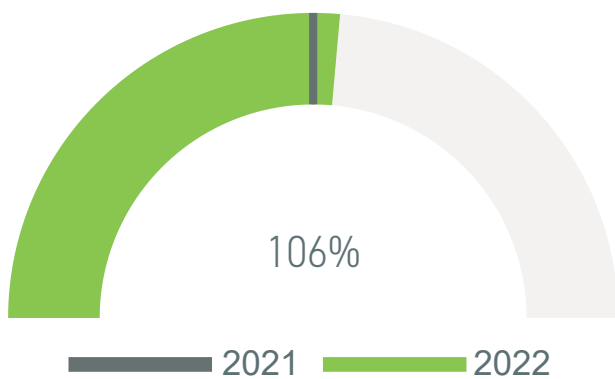
Outside of these main KPIs, we do see **climbing contactability rates** and a continuous **shift in the demographics of donors** towards a younger and more financially struggling audience. This indicates that charities continue to appeal to newer audiences and communicate with them in an appropriate manner, hence widening their base of potential donors.

So, despite a **good start to the year**, and some positive signs, things are **falling back now** as recruitment and retention are both becoming harder. However, we must put things in context; income is still holding up, **levels of giving are higher than pre-pandemic** and people are still giving where they can. If charities continue to engage with their donors in meaningful ways, keep communication channels open and look for other ways for people to get involved, then it is likely the support will continue through the crisis and pick up again when people are able to give more.

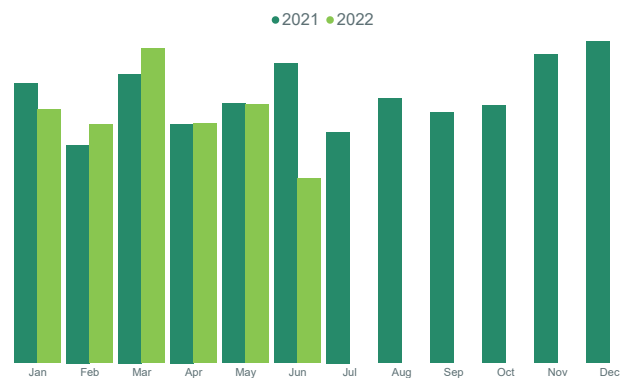
Part 1: Income

So far in 2022, we are seeing income above the levels of 2021 with an increase of 6% versus last year. March was a very strong month, but there has been some fallback since then and June income levels were lower than those of last year.

1.1: Income comparison excluding legacies



1.2: Month-on-month change



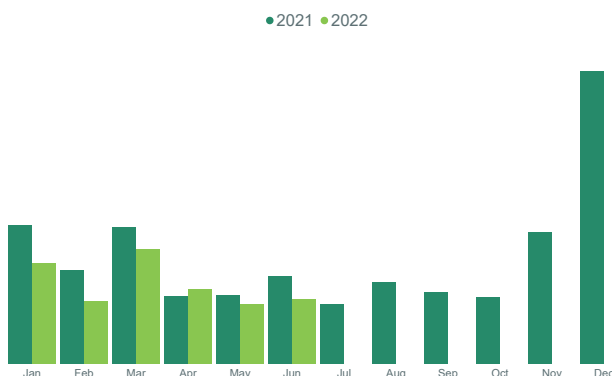
By Product

1.3: 2021 to 2022 % change by product

Product	Income vs Last Year
High Value Giving	138 %
Community Fundraising	128 %
Regular Giving	105 %
Gaming	95 %
One-off Donation	81 %

So far it is high value donations and community fundraising that are driving income. We have seen a slight fallback in one-off donations from the growth seen in previous years (Fig 1.3).

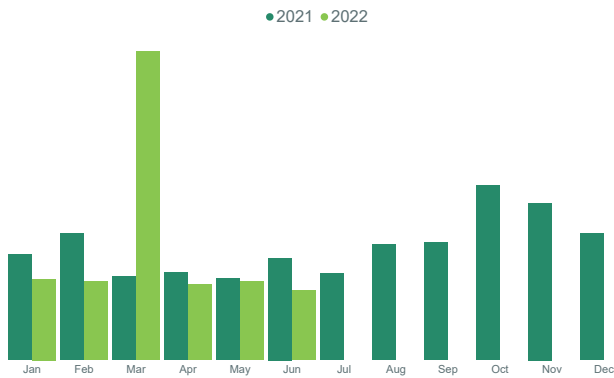
1.4: Month-on-month change (one-off donations)



Looking at the performance of one-off donations by month (Fig 1.4) we can see that the decline has been across all months of the year, with April being the only month where 2022 outperformed 2021. However overall giving is still higher than pre-pandemic.

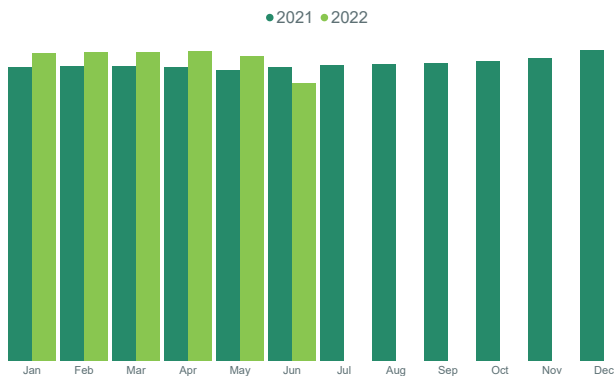
By Product (continued)

1.5: Month-on-month change (community)



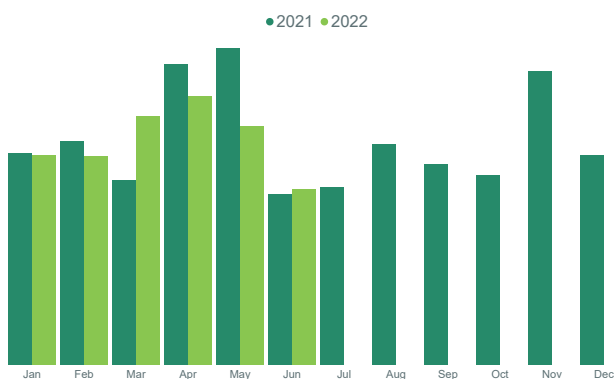
Community giving (Fig 1.5) was largely on par with last year apart from a massive rise in March (around the beginning of the Ukraine war) which has boosted overall totals.

1.6: Month-on-month change (regular giving)



Regular giving is up slightly month-on-month (Fig 1.6). However we do see signs of a fall in June as the cost-of-living crisis has started to bite.

1.7: Month-on-month change (gaming)

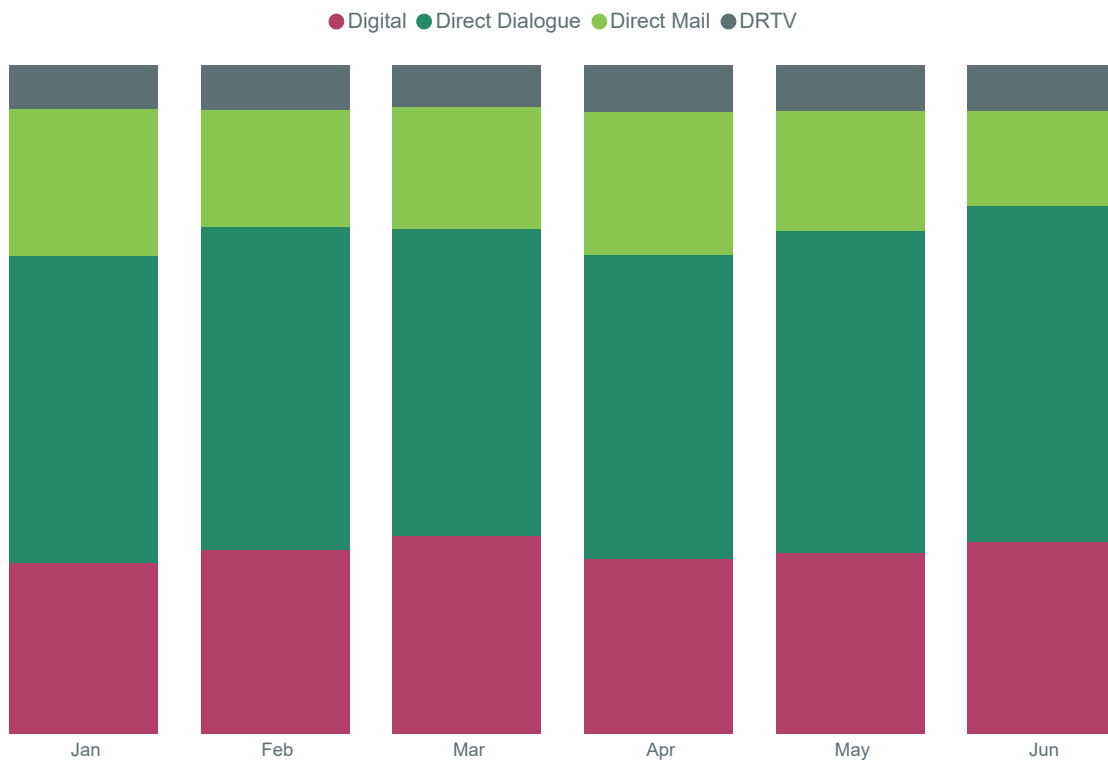


Finally, gaming is broadly on a par with last year but with some bumps month-on-month (Fig 1.7).

By Channel

1.8: Month-on-month percentage breakdown by channel

Looking at income by the key channels we see digital income continuing to climb steadily. Direct dialogue is also increasing as this channel gets back on a steadier footing, whilst we do see a small fallback in the effectiveness of direct mail (Fig 1.8).



Part 2: Supporters

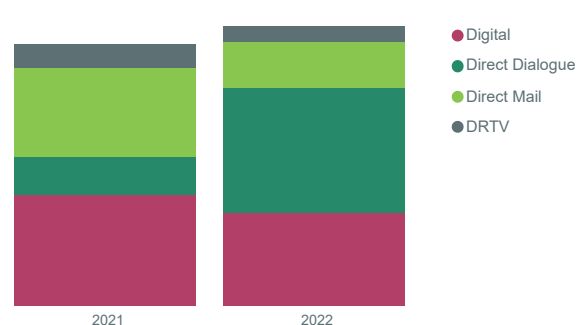
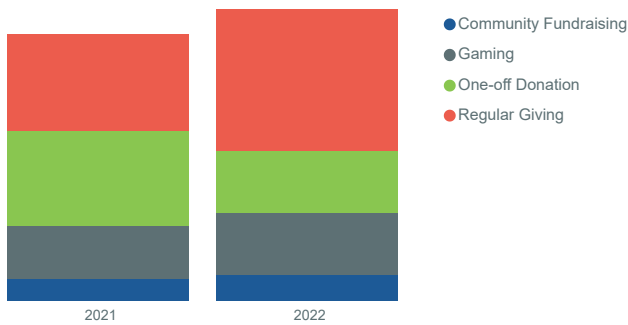
Recruitment

Recruitment so far this year is up 10% on last year. This is being largely driven by the return of direct dialogue and therefore an uplift in regular giving recruitment (Fig 2.1 and 2.2). Conversely, we see not only a drop in recruitment through direct mail and one-off donations, but also a drop in digital recruitment.

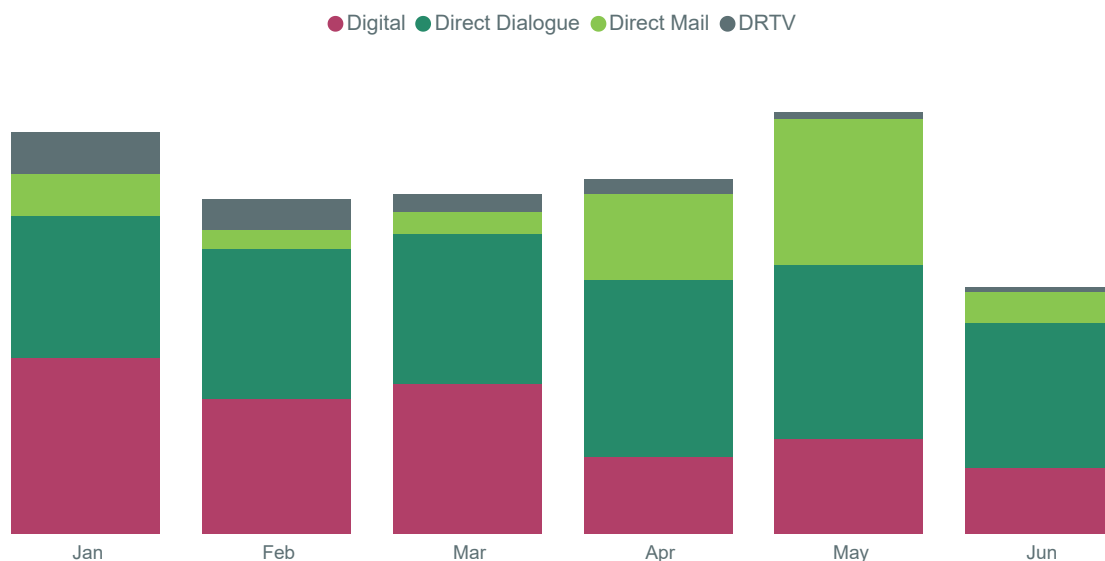
Looking month-on-month we do see a sharp drop in June as we start to see that recruitment is becoming harder (Fig 2.3).

2.1: Recruitment volumes by key products

2.2: Recruitment volumes by key channels

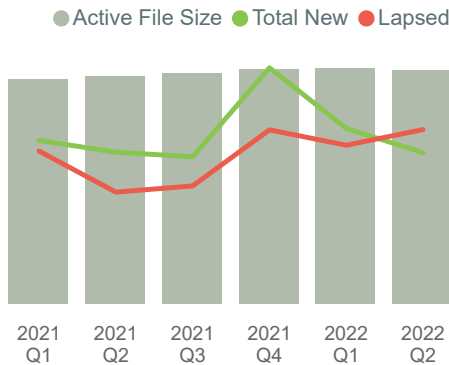


2.3: Recruitment volumes by key channels by month for 2022



Volume

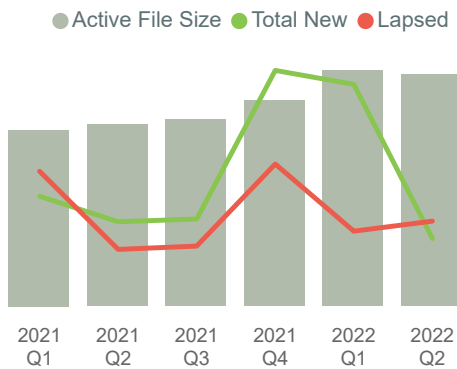
2.4: Overall active file size



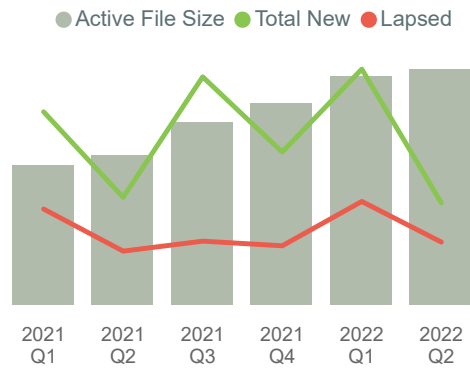
Overall, despite the fact that recruitment is up, the drop in Q2 and an increase in attrition has meant that overall file size has declined in the last quarter.

We see a similar picture when looking at individual products, with growth either slowing or starting to reverse. One-off donor file sizes have fallen slightly with a drop in recruitment, and regular giving file sizes are falling as attrition starts to spike. Community fundraising has seen a drop in recruitment but managed to maintain slight growth whilst gaming files remain pretty static.

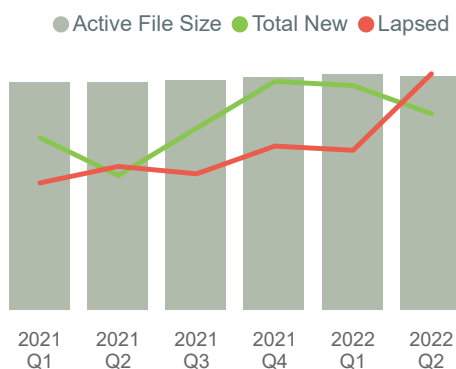
2.5: Active file size (one-off donations)



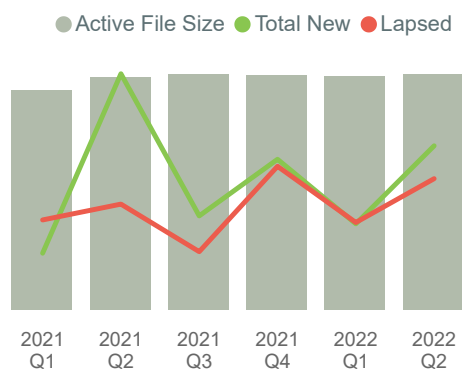
2.6: Active file size (community fundraising)



2.7: Active file size (regular giving)



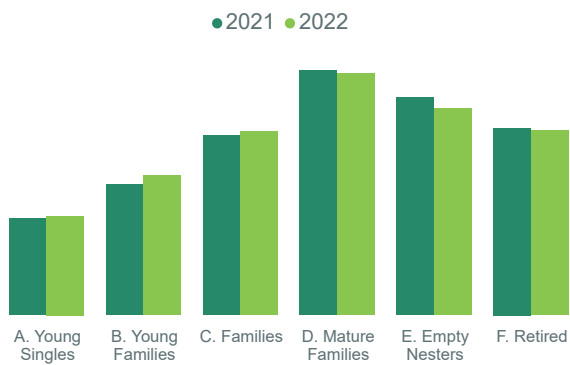
2.8: Active file size (gaming)



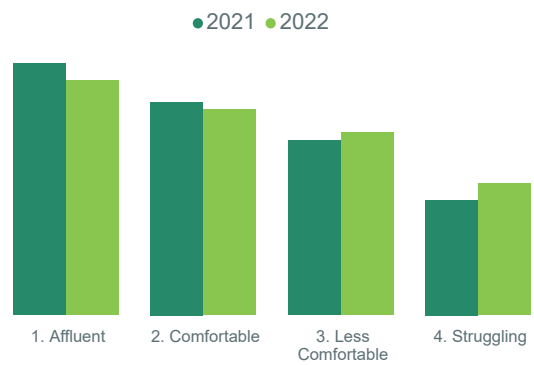
Profiles

We continue to see a significant shift in the profiles of supporters being recruited in 2022 with a higher number of younger and less affluent supporters compared to 2021 and previous years (Figs 2.9 and 2.10). The typical profile remains older and more affluent, but this does indicate a newer, different audience has been giving to charities this year.

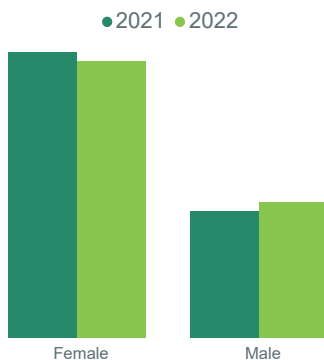
2.9: Supporter life stage by recruitment year



2.10: Supporter affluence by recruitment year



2.11: Gender by recruitment year

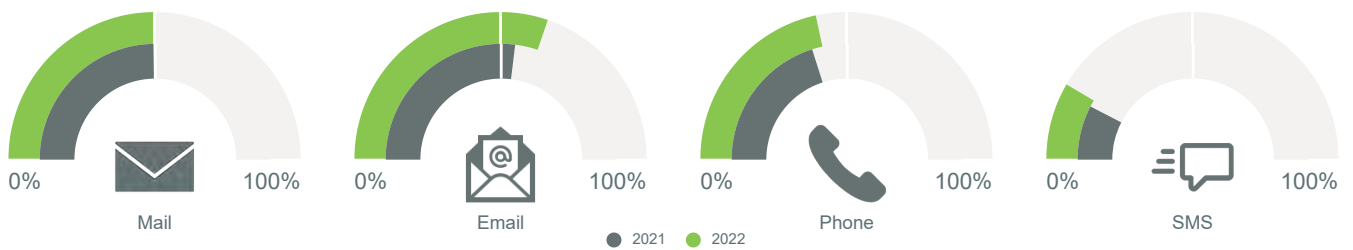


Looking at gender, we also see a further shift towards more males giving. This is mirrored across all of the different products.

Contactability

Contactability shows a real shift in the channels that supporters are asking to be contacted by (Fig 2.12). The percentage of supporters giving consent for email, phone and text communications are all up on last year, whilst mail contactability remains steady at around 50%.

2.12: Contactability rates by channel



Part 3: Engagement

In this section we look at three of the key engagement figures to see how recruits from 2021 have performed compared to those recruited on 2020, to try to get an early glimpse of any changes in the way that supporters are behaving immediately after recruitment.

We measure lifetime value, cross-sell and, for regular givers only, attrition rates for the first six months after their recruitment date. This allows us to have a comparative measurement period to evaluate performance of the two sets of recruits.

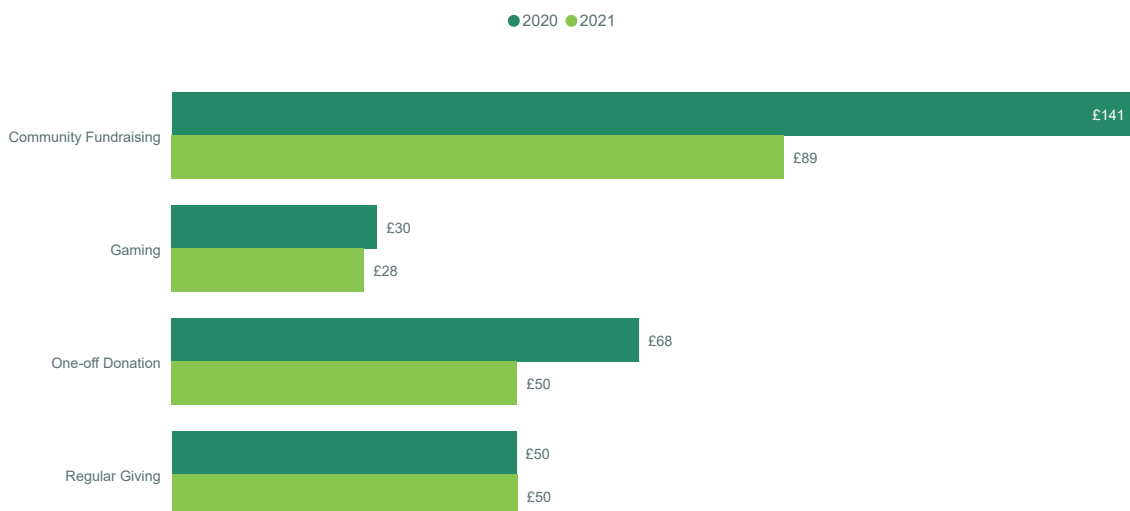
Lifetime Value (first six months)

3.1: Six-month value (all supporters)



As a whole the six-month value of the new supporters recruited in 2021 has fallen below the levels of those recruited in 2020 – dropping from £55 to £50.

3.2: Six-month value (by product)



This is mirrored across key products, but particularly obvious for community fundraising and one-off donors. For these groups we did see increased volume in 2021 so this is perhaps not overly surprising.

Cross-sell (first six months)

3.3: Six-month cross-sell (all supporters)



Cross-sell for 2021 recruits has fallen back slightly on 2020.

3.4: Six-month cross-sell (by product)



This drop appears to be across the board with all types of supporters suggesting donors are needing to be more selective in the ways they chose to donate to charities.

Regular Giving Attrition (first six months)

3.5: Regular giving attrition (all supporters)



Regular giving attrition is also up, rising from 22% in 2020 to 30% in 2021. This is more or less back to the levels of pre-2020 and is probably largely due to the increased volume of recruitment and the re-introduction of direct dialogue. However, as we saw earlier there are signs that this is spiking in the last month or so due to the economic environment.

Methodology

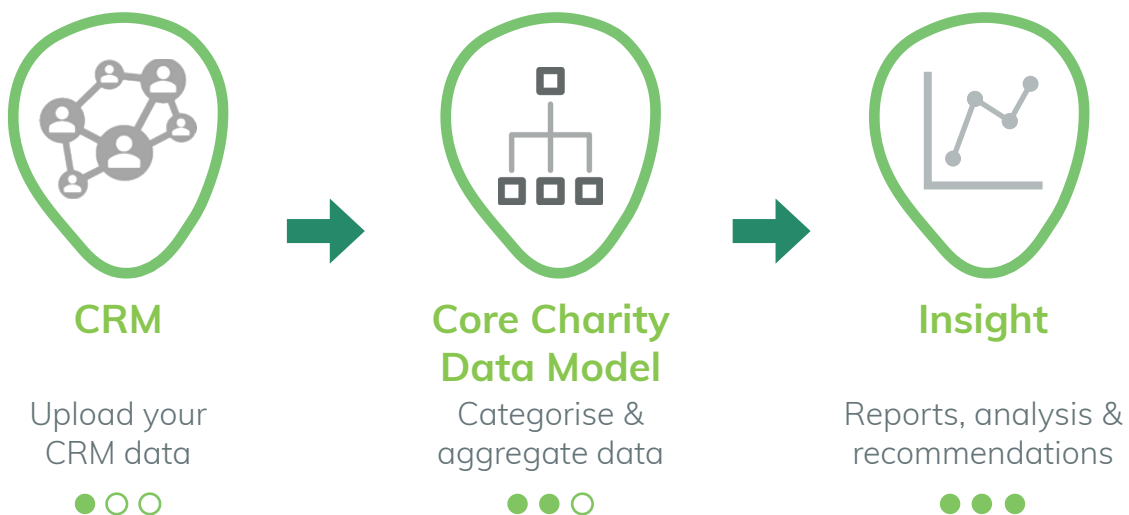
InsightHub for Charities



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

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

Data is sourced directly 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 InsightHub. 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 their 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

Audience Report

- Discover the attributes your most valuable donors share and highlight the key opportunities your fundraising efforts aren't capturing
- Get to know your donors and inspire your team's curiosity with **InsightHub's Audience Report**

InsightHub: 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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