



Understanding the Next Generation of Donors and How They Will Change The World



Prepared by

Changing Our World, Inc. and ONE HUNDRED

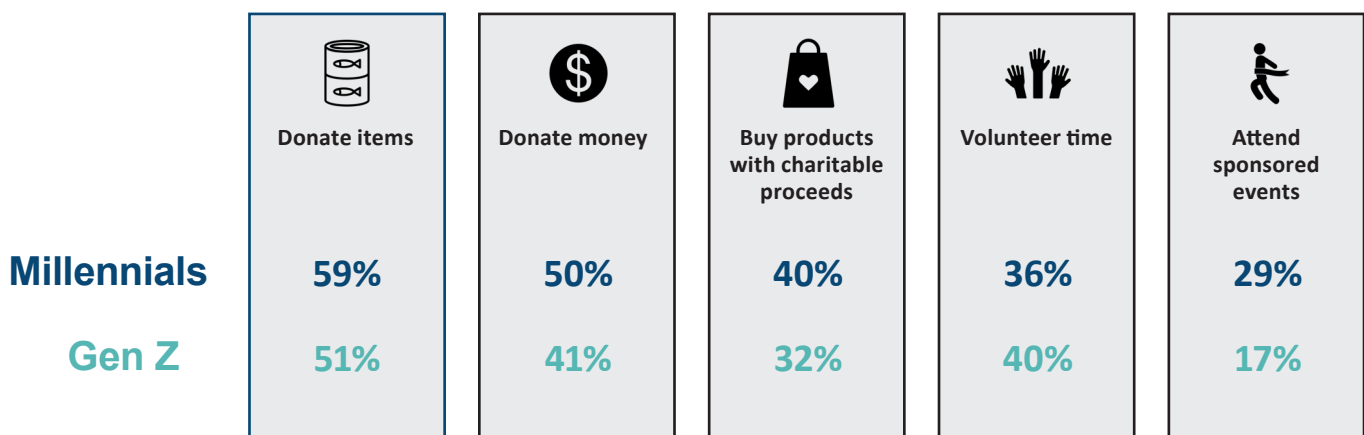
Defining Next Generation (Next Gen) Donors

Organizations have the perennial challenge of evolving fundraising strategies to appeal to the next generation of donors. As we witness purpose-driven companies and nonprofit organizations changing how they operate and what they stand for to meet the demands of this next generation, leaders are developing “next gen” strategies to increase an organization’s impact and positively influence the world. Purpose – not just mission – must be deeply embedded within the organization’s brand and the experience that is delivered to potential donors.

According to the Pew Research Center, the term “millennial” refers to those born between 1981 and 1996 (between the ages of 23-38 in 2019). Millennial’s younger counterparts, Gen Z, were born any year after 1997. These two generations are shifting public opinion on hot-button issues such as gender identity, environmental conservation and immigration reform. While nearly three-quarters of millennials volunteer, less than 40 percent reported donating \$25 or more to philanthropy annually. Highly educated yet strapped with student loan debt and surging costs of living, the next gen has high expectations of the organizations in which they ultimately decide to invest. How can nonprofits and their leaders translate this cohort’s passion and energy for civic engagement into philanthropic giving?

➤ Gen Zers and millennials support causes in a variety of ways, with most taking part in donating items

How Gen Zers and millennials Typically Give Back to Nonprofits/Charities



83% trust nonprofits/charities more than for-profit corporations

86% agree we need nonprofits to help solve the world’s biggest challenges

Why Bother?

Cracking the code of engaging younger donors is a challenge for nonprofits. We sought to understand:

- A. The general habits that Gen Zers and millennials have around giving back to nonprofits;
- B. The motivations and barriers that exist around Gen Zers and millennials giving back and donating money; and,
- C. The methods of monetary donations Gen Zers and millennials prefer.

We wanted to identify ways to encourage this cohort to donate more money to nonprofits via specific language and communications. To this end, we developed audience segments to identify those who are most likely to engage and donate with the hope that nonprofits can use these personas to tailor messaging and engagement strategies to distinct next gen audiences. These audiences, which are based on age, race, gender, income, education, attitudes and behaviors, help to ensure that messages resonate and more effectively drive donations. More importantly, nonprofits need to understand how to engage younger donors and how to build a relationship towards what we call a “lifetime donor.”

Organizations that develop a next gen-driven strategy will be rewarded with an entirely new level of engagement as this generation takes its passions and activism from the street to their wallet. These donors are already seeking a deeper connection with the issues they care about than social media will allow. It is critical that nonprofits harness this passion and demonstrate to young donors that their work reflects the ambitions and concerns of young Americans. Organizations that invest in implementing the best practices and lessons learned that we have uncovered can build deeper bonds with existing supporters and attract new donors. By leading with purpose and shared values, organizations can expand their donor base and enlist young donors to further amplify brand message and reach. In the same way that, in business, consumers want to be treated as individuals, it is more important than ever that nonprofits help younger Americans achieve their personal citizenship goals.

Summary of Findings

This report is filled with need-to-know data and insights on why organizations that develop nimble next gen donor strategies can be leaders in their respective sectors. Here are overarching insights every practitioner should consider:

1. More Gen Zers and millennials **have donated money in the past year than have volunteered time**.
2. Even though most Gen Zers and millennials have donated money, the **amount and frequency with which they donate is still relatively low**.
3. To get young Americans invested in a cause, **make a personal connection through personalized messaging related to the nonprofit's values**.
4. **Authenticity and transparency** are critical to gaining next gen support; an organization's mission, values and effectiveness must be consistent in brand messaging and donor communications.
5. As in business, **the user experience is important**; simplify online donation pages, and make sure your organization's site is mobile-friendly and on the cutting edge of **using non-credit options like PayPal or Venmo (when it becomes available to nonprofits)**.

The Next Gen Donor Journey

To maximize an organization's next gen strategy potential, there must be a dedicated focus on managing this cohort's donor journey. The decision of younger donors to make a gift, no matter the size, is informed by a series of emotional, psychological and organizational drivers established throughout the donor journey.



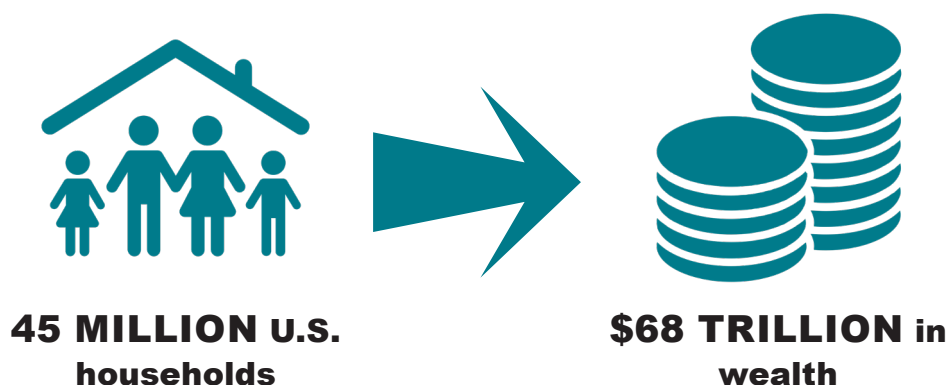
Understand Our Audiences: Segmenting Next Gen Donor “Personas”

We have observed the evolution of how organizations are thinking about younger generations. We have encountered more knowledgeable and nuanced understandings of next gen donors from leaders in the field than ever before. Thanks to the omnipresent social media analysis, the incredibly robust literature base and the near unprecedented levels of political and social activism of this cohort, destroying the myth that millennials and Gen Zers are lazy and self-involved has never been easier.

Today, the younger generations expect organizations, fundraising campaigns and their leaders to have a more nuanced, authentic and meaningful reason for asking for funds beyond media campaigns. Understanding that the next generation is the most socio-economically and culturally diverse in the country's history will be key to effective engagement. The diversity of next gen donors offers nonprofits broader prospect pools than in generations past. In other words, there are plenty of donors out there for every organization.

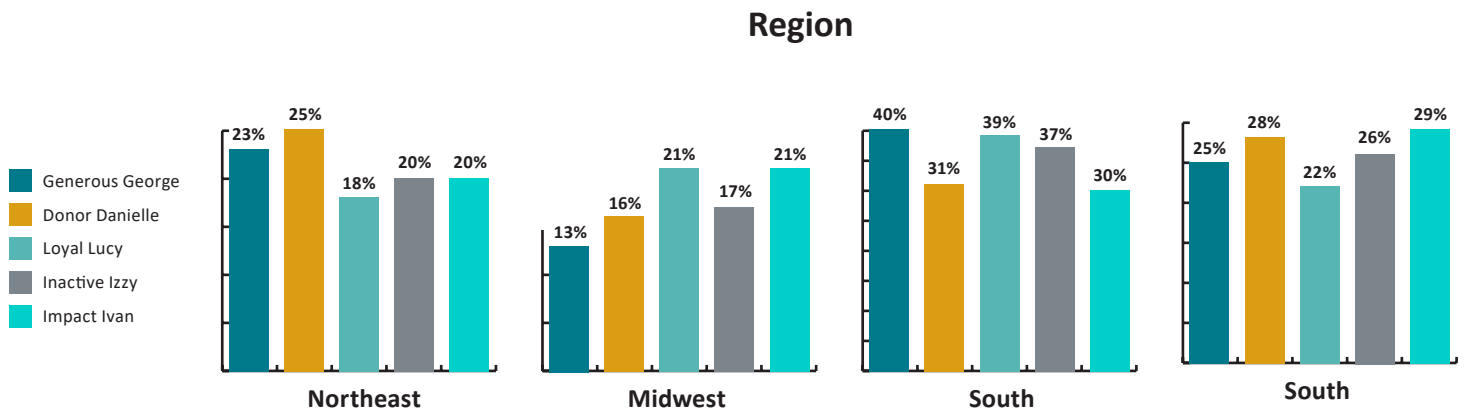
That said, this cohort needs a reason to support your organization in more ways than just likes on social media. This is particularly true given the massive wealth transfer that is reported to occur in the coming years. It's estimated that 45 million U.S. households will transfer \$68 trillion in wealth over the next 25 years, according to Asher Cheses, a research analyst and lead author of a new report from financial services research firm, Cerulli Associates.

The greatest opportunities for increasing engagement and donations lie with the personas who already donate money and can be encouraged to support more causes, more frequently.



➤ Audience profiles by demographic

Segment	Gen Z	Millennial (Younger / Older)		Gender (Female)	Average Income	Race (White / Minority)	Education (University degree+)	Parents
Generous George	25%	75%		38%	\$50-\$75K / \$75-\$99K	56% / 33%	50%	56%
		58%	17%					
Loyal Lucy	35%	64%		54%	\$50-\$75K	59% / 31%	35%	39%
		46%	18%					
Inactive Izzy	34%	66%		54%	\$25-\$50K / \$50-\$75K	62% / 30%	21%	33%
		46%	20%					
Donor Danielle	34%	66%		59%	\$50-\$75K	64% / 24%	30%	37%
		47%	19%					
Impact Ivan	50%	50%		49%	\$50-\$75K	66% / 28%	23%	34%
		43%	7%					



Segmentation was based on responses to the following: Q1 – Ways they give back. Q5 – Intent on donating money and volunteering time in the next 12 months. Q6 – Whether or not they have donated money or volunteered time in the past 12 months. Q7 – Frequency of money donations and volunteering in the past 12 months.

Donor Personas and Strategy Examples

Whether young prospects are ready to consider a gift or are simply interested in volunteering their time, engagement is the first and most important step. We have identified some of the most, and least, impactful engagement strategies for five key audience segments of this unique cohort.

Generous George (26% of audience)

Generous George is in his 30s, likely has kids, and is more multicultural, college educated and has a higher income than others in this cohort. He donates time, money and items multiple times a year, but is most likely to donate money and items specifically. He has given both time and money in the past year and he plans to do so again next year. He relies on objective information on how funds are used, the impact of his money and the history of a nonprofit when selecting causes to support.

Members of this persona have donated



money

69%



time

53%



items

72%



Corresponding Strategy

A donor like George likely comes from a family in which giving back was traditional. They will have more knowledge of and exposure to nonprofit organizations than others their age, and it will be critical to lock them in with powerful messaging and a seamless online giving interface. In order to engage this lucrative cohort and convert them to loyal donors, the format of the donate page can play a larger role than organizations might realize. Explain exactly where their money will go and how much impact various gift sizes will have.

The donate page on the Special Olympics' website is a solid example. The simplicity of the page layout, with the recurring gift option preselected and a prefilled checkbox to help cover the cost of the transaction, is supplemented by powerful imagery. The organization's mission is clear, and it explicitly lays out how your donation will be used. Another way to elevate this would be to add a preselected gift amount.

Factors that raise likelihood for money donations

- There is clear information on how the nonprofit/charity will use my donation (49%)
- The nonprofit/charity shares my values and ideals (41%)
- The donation process is easy (39%)
- I have donated money to the nonprofit/charity in the past (38%)

Top methods to collect money donations

- At an event thrown specifically for fundraising (40%)
- When a friend/family member asks me personally to donate (35%)
- Online, on family member's/friend's personal fundraising page (28%)
- When someone is collecting money in person (24%)

Best channels & messengers

- Social media (37%)
- Internet search (35%)
- Their regular news sources (23%)
- Nonprofit's/charity's website (20%)
- 3rd party reviews of the organization (20%)

Loyal Lucy (24% of audience)

Loyal Lucy is among the most highly educated of the segments and stays engaged in a bit of everything—she is equally likely to donate money, time and items. That said, she is 100% positive that she will continue to volunteer time next year, but slightly less sure she will continue to donate money. Compared to other personas, she is most likely to volunteer every month. She is more likely to rely on information directly from a nonprofit than others and tends to stick with nonprofits she's already donated to in the past.

Members of this persona have donated



money

56%



time

54%



items

66%



Corresponding Strategy

Millennials, catered to by companies providing turn-key services for commuting, cooking or ordering in, and almost any other task, have high expectations. Another defining feature, though, is their affinity for connecting with each other, networking, pooling resources and cooperating. Consider employing a seamless way for young donors to network with like-minded individuals to give through cooperatives. Go even further and capitalize on geographical concentrations of supporters to create regional cooperatives and provide a framework for them to organize giving and activities independently of your organization. Organizations have exhausted resources trying to engage millennials and Gen Zers via traditional means,

only to find increased profits through the more cost-effective method of providing these individuals with a platform to connect on their own.

A popular example of this is establishing junior boards. A growing number of organizations are instituting junior boards to outsource next gen engagement to a group of young, mission-oriented supporters with networks and influence to leverage. Habitat for Humanity is a prime example, as its Habitat Young Professionals (HYP) engage fellow millennials and Gen Zers as volunteers, advocates and donors. With local chapters throughout the country managed by Leadership Boards, HYP members gain access to special events for an annual fee and are encouraged to invite friends and family to grow the network. The result is a semi-autonomous entity of dedicated young volunteers educating and socializing with their networks on behalf of the organization.

Factors that raise likelihood for money donations

- I can donate small amounts at a time (58%)
- There is clear information on how the nonprofit/charity will use my donation (58%)
- The donation process is easy (53%)
- I have donated money to the nonprofit/charity in the past (52%)

Top methods to collect money donations

- At an event thrown specifically for fundraising (34%)
- Online, on the nonprofit's/charity's website (31%)
- While checking out at a store (27%)
- When a friend/family member asks me personally to donate (27%)

Best channels & messengers

- Nonprofit's/charity's website (34%)
- Social media (30%)
- Internet search (27%)
- Recommendations from family/friends (26%)
- Nonprofit's/charity's employees/volunteers (22%)

Inactive Izzy (23% of audience)

Inactive Izzy has a lower income than other personas and doesn't donate much—chances are she hasn't done anything at all to give back in the past 12 months, nor does she plan on donating money or time any time soon. Though she is less likely to say that anything would increase her likelihood to donate money, clear information and immediate need (i.e., natural disasters), as well as peer-to-peer fundraising, can help spur her to donate.

Members of this persona have donated



money

14%



time

10%



items

28%



Corresponding Strategy

Peer-to-peer fundraising has become a buzzword for fundraisers in recent years, pointing once again to the collaborative nature of younger supporters, making up roughly a quarter of the audience. Platforms such as Classy allow supporters to crowdsource individual fundraising campaigns on behalf of the organization via social media, a popular approach for birthdays, personal challenges like marathons and other occasions. Peer-to-peer initiatives are more broadly defined, though, and include more conventional methods like hosting an event at home or a venue. A prime example of a peer-to-peer initiative is the ALS Association's Ice Bucket Challenge. Not only did the

effort take the world by storm and accomplish its awareness-raising function, garnering the participation of 17 million people across the globe, but approximately \$115 million was raised for research and patient care. These approaches offer more flexibility to the supporter and relieve the expectation of a monetary contribution.

Factors that raise likelihood for money donations

- There is clear information on how the nonprofit/charity will use my donation (32%)
- I can donate small amounts at a time (30%)
- The donation process is easy (29%)
- There has been a recent natural disaster (e.g., a hurricane, earthquake, etc.) (27%)

Top methods to collect money donations

- When a friend/family member asks me personally to donate (28%)
- While checking out at a store (25%)
- At an event thrown specifically for fundraising (22%)
- Online, on my family member's/friend's personal fundraising page (19%)

Best channels & messengers

- Social media (30%)
- Internet search (23%)
- Nonprofit's/charity's website (18%)
- Recommendations from family/friends (18%)
- Documentary feature or TV show (15%)
- My regular news sources (15%)

Donor Danielle (19% of audience)

Donor Danielle is the most prominent female segment and much prefers donating physical things (e.g., money and items) over volunteering her time but tends to do so just once a year. That said, she's not committed, and is unsure of whether or not she'll continue donating in the next year. To keep her engaged, make sure the donation process is simple and easily accessible, especially if she only wants to donate small amounts at a time.

Members of this persona have donated



money

59%



time

17%



items

61%



Corresponding Strategy

While experimenting with innovative engagement methods can pay off, often straightforward ways of getting a donor's attention can often be cheaper and just as effective. For instance, paid search-advertising is a proven approach for effective digital outreach for certain organizations. By simply investing in paid search ads—often more affordable than hiring a digital marketer—an organization will appear at the top of specific search results.

This approach linked with easy-to-use payment methods is a slam dunk for donors like Danielle who remain uncommitted and unengaged. Venmo has rapidly become the public's payment method of choice in recent years. Particularly among millennials and Gen Zers, the app is so ubiquitous that "Venmo" now functions as a verb in common parlance. While it does not yet have an official nonprofit function, as of October 2019 Venmo's highly anticipated nonprofit account program is in private beta phase. Once released, the nonprofit sector can likely expect a surge in one-time donations; it will be up to individual organizations to a) adopt this technology and b) convert those individuals into recurring donors.

Factors that raise likelihood for money donations

- There is clear information on how the nonprofit/charity will use my donation (60%)
- The nonprofit/charity shares my values and ideals (54%)
- The donation process is easy (57%)
- I can donate small amounts at a time (53%)

Top methods to collect money donations

- While checking out at a store (37%)
- When a friend/family member asks me personally to donate (33%)
- Online, on the nonprofit's/charity's website (32%)
- At an event thrown specifically for fundraising (31%)

Best channels & messengers

- Social media (38%)
- Internet search (34%)
- Recommendations from family/friends (31%)
- Nonprofit's/charity's website (26%)

Impact Ivan (8% of audience)

Impact Ivan, the youngest segment (in his early 20s), wants to make sure what he does has a direct impact—he prioritizes donating time and items over money. That said, he’s open to donating more money in the next year to complement his volunteer work, especially if he is able to do so in a way that he knows will help his friends and family or can connect with nonprofit organizers in person. He is also much more likely to prioritize causes helping the environment than other segments. A large opportunity exists to encourage Impact Ivan to donate money by engaging him through volunteering and providing clear information on how his money will be used.

Members of this persona have donated



money

15%



time

49%



items

52%



Corresponding Strategy

Donors of all ages have become accustomed to and demand a higher degree of transparency; this is especially true of next gen donors who have come of age with a world of information at their fingertips. Scott Harrison, the CEO of charity: water, has always understood this lack of trust in nonprofits. The organization’s famous 100% Model, in which every cent of donations goes directly toward clean water projects, remains a foundational promise to satisfy the need for transparency. Over the past decade, understanding the importance of a seamless user experience, charity: water leadership has invested heavily in the usability of its online and mobile giving interface so

that donors automatically understand where their donation is being used and for what purpose. The organization’s prescient investment in data-driven outreach and a customized user experience has resulted in a more engaged donor base, allowing them to raise over \$69 million in 2018.

Factors that raise likelihood for money donations

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- I have donated money to the nonprofit/charity in the past (38%)

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Best channels & messengers

- Social media (37%)
- Internet search (35%)
- My regular news sources (23%)
- Nonprofit/charity’s website (20%)
- 3rd party reviews of the organization (20%)

Act Locally, Think Globally

Gen Zers and millennials are more likely to donate money to causes beyond their community, such as hunger and disaster relief, while they volunteer time with causes that are closer to home, such as community development.

THINK
GLOBAL**LY**
ACT
LOCAL**LY**

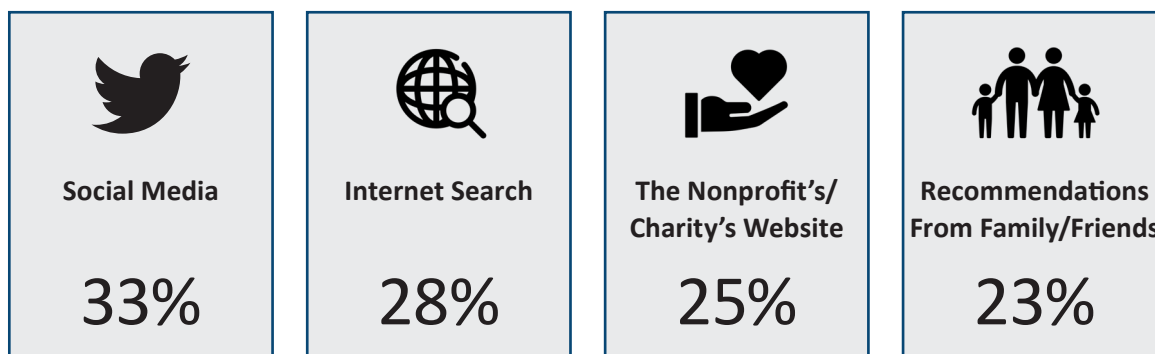
Tell a Powerful Story: Communicating with Young Donors

Our research reveals that 40% of millennials and Gen Zers conduct significant research into a nonprofit/charity before they feel comfortable donating money. More than one-third of our respondents said that they began their research on social media before moving onto the organization's website. This means that telling a powerful story is critically important, as is emphasizing ways that Gen Zers/millennials can personally identify with your cause. Communicating an accessible and easy-to-understand value proposition, as well as personalizing messages to the target persona audiences, is critical. While the majority of Gen Zers/millennials share news about nonprofits on their social media pages, contrary to popular belief, online peer-to-peer methods are not their preferred way to donate. Social media plays a key role in sparking interest and spreading information about nonprofits, but nonprofits should direct to other sources for donation.

➤ **Gen Zers/Millennials often conduct research into a nonprofit before donating, and they go to a variety of sources: social media, internet searches and the nonprofit's own website**

40% of Gen Zers and millennials need to do a lot of research into a nonprofit/charity before they feel comfortable donating money (and 91% at least somewhat agree)

Sources From Which Respondents Would Prefer to Get Information About Nonprofits

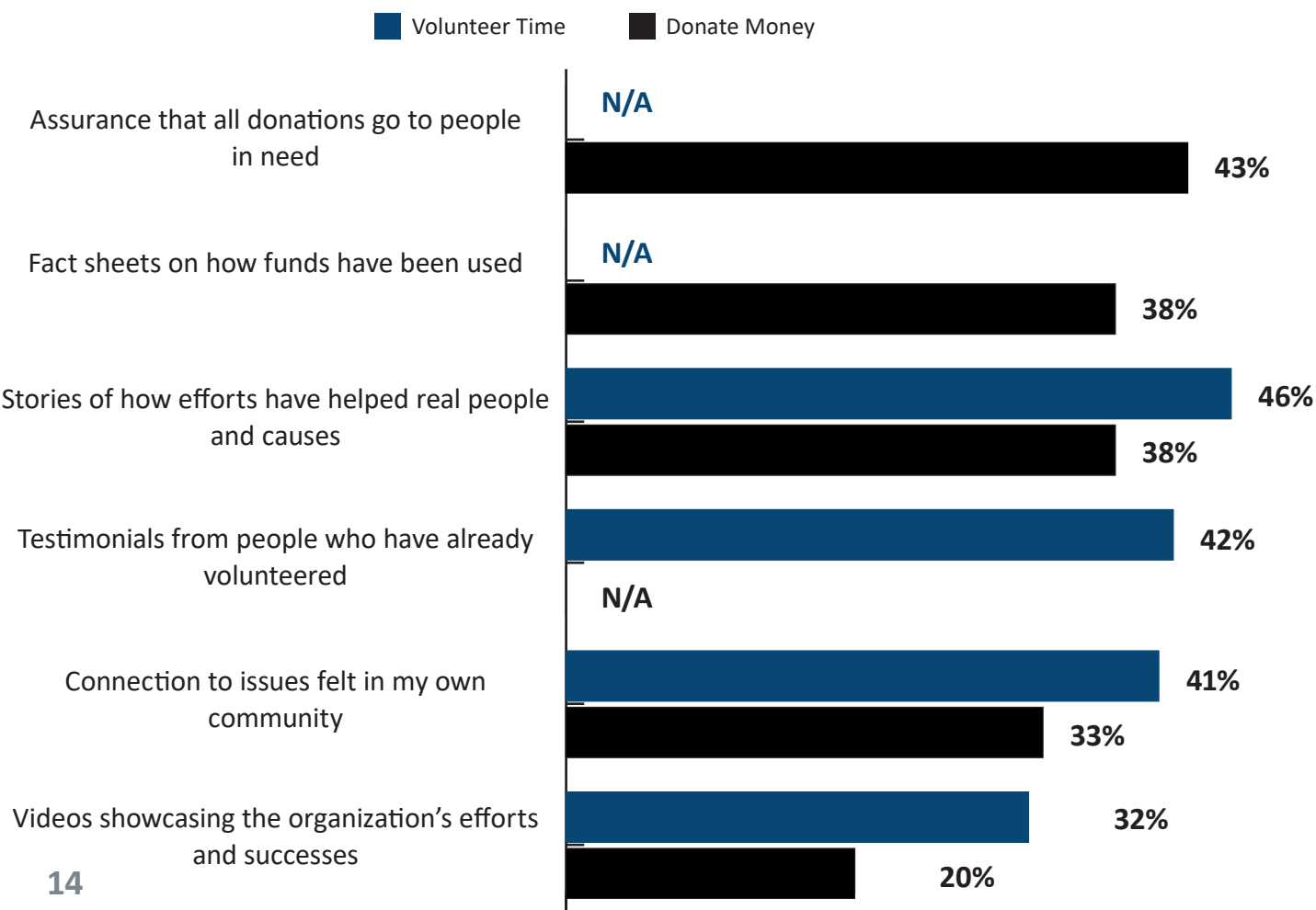


Build Trust Through Authenticity and Transparency

Organizations that develop authentic next gen strategies will gain competitive differentiation across a variety of fundraising pillars. Young Americans question how their money will be used when they donate. Our research reveals that millennials and Gen Zers want hard facts on funding before donating money, while emotional stories and videos of people in need are more effective in driving volunteer engagement. Young Americans reported that they are primarily driven to donate and volunteer because of their desire to help others and, to a lesser extent, that giving back makes them feel good about themselves. Encouraging volunteer opportunities for Gen Zers and millennials is an effective and authentic entry point for engagement as it helps to cultivate a meaningful experience and provides an opportunity to learn more about the story of the organization and its beneficiaries.

➤ Young Americans want hard facts on funding before donating money; thus, to attract donors, leverage emotional stories and videos to engage supporters.

Most Effective Factors in Encouraging Young Americans to Donate Money or Volunteer



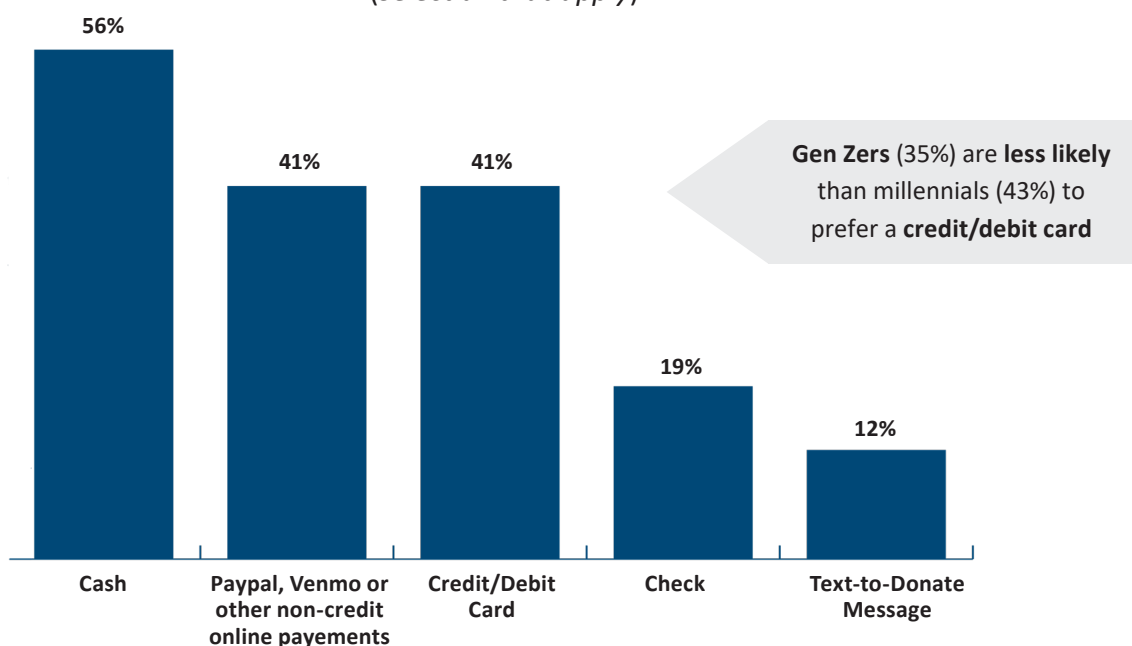
Secure Funds: Donation Methods

Though cash was ranked as the most preferred way to donate to nonprofits, 65% of respondents prefer some form of non-cash option. Multiple methods of non-cash donation should ideally be offered to this cohort, namely both credit/debit cards and online payment methods like PayPal or Venmo. It is worth noting that millennials much prefer the use of debit and credit cards to their Gen Z counterparts. Non-credit options ensure easy donation processes, and pre-scheduled donations are a viable way to increase donation frequency and develop donor loyalty. Loyalty and donor retention are key indicators of an organization's vitality. Fostering loyalty among millennials and Gen Z will prove especially important, as these cohorts are less likely than previous generations to diffuse their giving across multiple organizations.

Gen Zers and millennials value transparency and an easy donation process when donating money; yet, value familiarity and a social experience when volunteering time. It is important to many Gen Zers/millennials to conduct research on nonprofits before donating, but there is not a single source that the majority go to for information. The implication is that the information, especially around donation transparency, should be communicated and available on all forms of media. Nearly 2-in-5 said they would sign up for regularly scheduled monetary donations through non-credit options to ensure easy donation processes. The biggest barriers to donating money that respondents reported include lack of financial means and a lack of trust in the use of their money.

➤ Though cash is the single most preferred way to donate, 65% prefer some form of non-cash option; and nearly 2-in-5 would sign up for regularly scheduled monetary donations

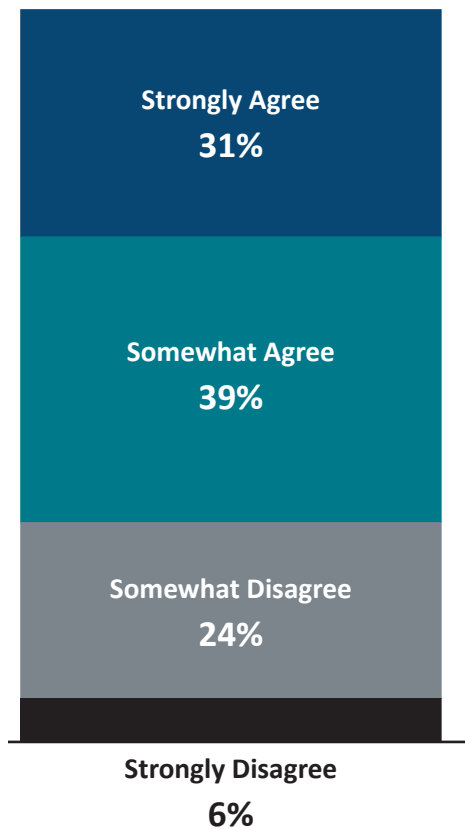
Preferred Ways to Donate to a Nonprofit/Charity
(Select all that apply)



➤ Despite about half donating money in the past year, 7-in-10 would rather donate time and many believe volunteering is more impactful than monetary donations

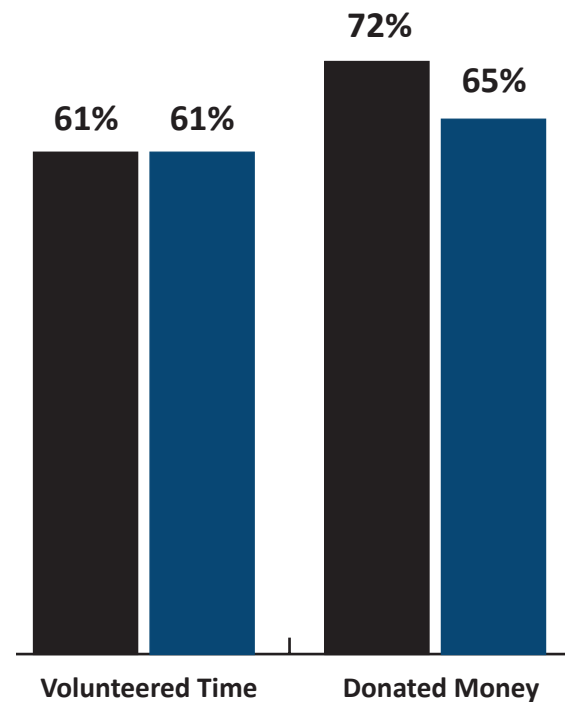
“I would rather donate my time (i.e., volunteering) than donate money.”

70%
Younger millennials
(74%) are more likely
than older millennials
(67%) to agree



Percentage who have Volunteered or Donated Money in the Last 12 Months

■ Millennial ■ Gen Z



55%
of those who haven't
donated money haven't
because they can't afford to

Shifting the Narrative: Next Gen Donors to Lifetime Donors

We consider four key factors when defining the potential lifetime value of a donor that are particularly relevant and important when considering a next gen approach: influence, advocacy, giving and engagement. For more traditional audiences (40 years and older), we understand that personal giving is the greatest driver.

If we go beyond an individual's personal philanthropy as an indicator of donor value, consider an individual's ability to:

- Open doors and/or influence other philanthropists who can deliver value to an organization;
- Serve as an advocate for an organization and increase organizational visibility; and,
- Experiment with various methods of engagement and deliver value to both the top and bottom line of an organization.

➤ **Significant opportunity exists to engage Donor Danielle, who donates money but does not commit to a single cause, and Impact Ivan, who can be convinced to donate money if it's proven to have the same impact as donating items and time**

Inactive Izzy

Rarely gives back at all and shows little intention to do so in the future. She is lower income than the other persons, so an immediate need or a peer's encouragement is needed for her to consider giving back.

Impact Ivan

Already volunteers time and donates items, and rarely donates money - but he can be convinced if he is assured that his money will be used effectively, making a direct impact the same way donating an item would.

Donor Danielle

Primarily donates money and items; however, she's not committed to a cause and is unsure if she'll continue donating. Connect on a personal level and make the donation process simple to keep her invested in a cause

Lower opportunity

Higher opportunity

Loyal Lucy

Equally likely to donate money, time and items, but tends to stick with nonprofits with which she is familiar. She volunteers each month, but doesn't donate money as frequently - an option to donate small amounts at a time can help convince her.

Generous George

Currently gives back by donating money, items and volunteering time - but is most likely to give money and items. Higher income so can be encouraged to donate money more frequently.

Crafting a next generation strategy requires merging the art and the science of fundraising, a philosophy that drives our approach to maximizing the lifetime value of a donor. We begin with a data-driven and analytical approach to identify triggers that flag when a small donor models behavior of future major gift donors. From there, strategy and collaboration are needed to develop a tailored donor journey, maximizing value across these areas. Through this research we have aimed to help organizations understand segments of next generation donors to demystify this commonly misunderstood cohort.

Throughout this report, we have created a road map to tailor approaches for organizations so that they understand more of the nuance of this cohort and can begin the process of cultivating next gen donors towards building lifetime donors. While next gen donors may not drive a lot of financial gain in the near future, developing a next gen donor journey is an investment in an organization's financial future.

Appendix/Footnote:

Together with our ONE HUNDRED partner, Ketchum Global Research & Analytics, and a third-party vendor, Lucid, we conducted a nationally representative, 15-minute segmentation study among Gen Zers and millennials. We spoke with:

- 304 Gen Z participants (ages 18-22)
- 696 millennial participants
 - 312 younger millennials (ages 23-31)
 - 384 older millennials (ages 31-38)

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