



DONOR CONFIDENCE FALTERS IN LIGHT OF ECONOMY AND INFLATION



Dunham+Company[®]
Cause+Effect

Research conducted in partnership with Campbell-Rinker

INTRODUCTION

In the latest Donor Confidence survey commissioned in April by Dunham+Company and conducted by Campbell Rinker, donors express more caution in their giving today than a year ago. And they express a significant degree of pessimism about their giving in the future.

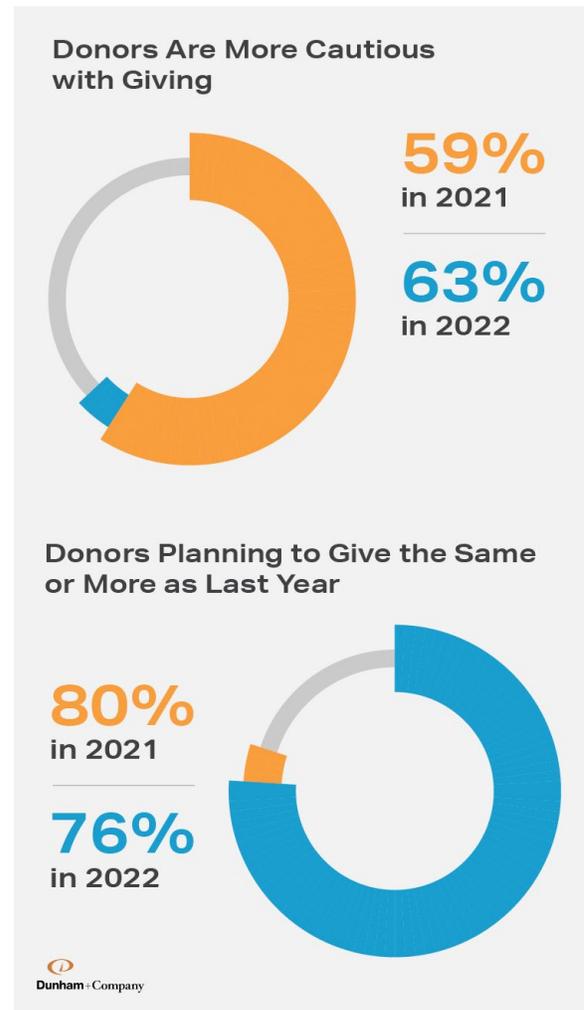
It is clear that the economy and inflation are having a greater impact than last year. There is also a deep-seated pessimism about the shape of the economy and the length it will take to recover, which could further dampen giving.

DONORS MORE CAUTIOUS

While 98 percent of donors intend to continue giving compared to a similar percentage last year (97 percent), and 28 percent intend to make giving a priority (which is the same percentage as last year), there is a stronger sense from donors that they are being cautious with their giving with 63 percent saying that compared to 59 percent in July 2021.

Of the donors who say they will continue giving, 21 percent intend to give more compared to 19 percent last year. However, fewer donors say they intend to give the same as last year (55 percent versus 61 percent in 2021). And a total 24 percent are saying they intend to either give less

or that they are unsure of their giving compared to 21 percent of donors last year.



Overall, the data indicates a slightly weaker donor sentiment this year compared to last year. The only bright spot in the data is that Boomer donors, who tend to be more generous overall, expressed significantly less caution about giving than their younger counterparts.

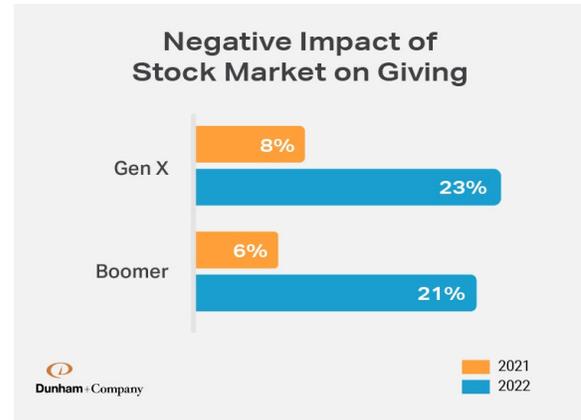
INFLATION AND DROP IN THE STOCK MARKET IMPACT GIVING

Of those who say they plan to give less, (which was the same percentage as 2021 at 17 percent), 13 percent specifically blame the economy compared to 19 percent last July. In 2021, donors could choose the shape of the economy and their personal financial situation as economic reasons for giving less. This year's survey added the impact of inflation and the increased cost of living. All told, these three economic factors accounted for 89% of the reasons for giving less in 2022, compared to 74% of the economic reasons that were cited in 2021.



According to donors, recent stock market losses also negatively impact giving. The share of donors who agreed on this point has nearly tripled since last year, from seven percent to 19 percent. This negative impact on giving is especially acute among donors age 45 and older: 23 percent of

Gen-X donors agreed with this, as did 21 percent of Boomers. This compares to just eight percent and six percent in 2021, respectively.

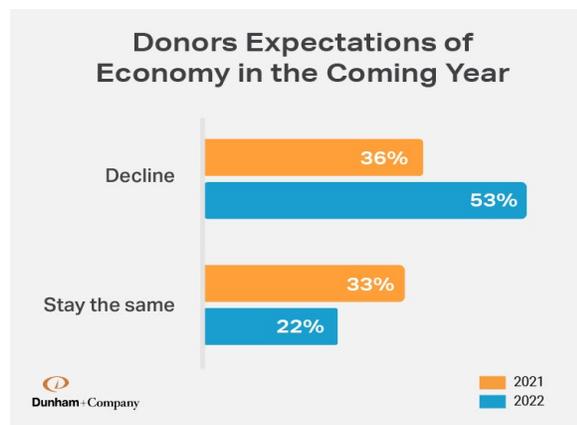


In addition, there is a marked increase in the negative impact of the performance of the stock market on giving from households making \$100,000 or more. In 2021, just 5 percent said it was having a negative impact compared to 17 percent today, a more than three-fold increase.

DONORS PESSIMISTIC ABOUT THE ECONOMY AND DIRECTION OF THE COUNTRY

Donor confidence is also weakening when it comes to donors' economic forecast. Over half of donors (53 percent) are unsure of the coming economy or they believe it will decline in the coming year, compared to 36 percent saying the same last year, reflecting a rise of 17 percent. Just 22 percent believe it will improve over the next year compared to 33 percent a year ago.

In addition, 92 percent of donors who expect a downturn believe a turnaround will take more than a year, which reflects a 20-point rise in negativity over the 72 percent of pessimistic donors who said a recovery would take a year or more last July. In addition, more than half (54 percent) think it will take two years or more to improve compared to the 40 percent share who said the economy would need more than two years to recover last year.



Beyond the inclination to give less and not feeling good about the economy and its future direction, donors outlook on the direction of the country has also taken a 15-point swing toward a negative view. When asked if they feel good about the direction of the country, just 14 percent of donors said 'Yes,' 26 percent said 'Somewhat' and a 54 percent majority said 'No.'

A year ago, 20 percent of donors felt good about the direction of the U.S., 33 percent answered somewhat, and 39 percent were negative.

Combined, donors' feelings of caution surrounding future giving, heightened inflation,

declining stock performance, and greater economic uncertainty all significantly erode the positivity typically present in the psyche of American donors.

CONCLUSION

A sober assessment of what donors are feeling and thinking leads to the reality that nonprofit organizations are heading into some rough waters. With inflation at a 40-year high and a faltering stock market, which is a leading indicator of charitable giving according to Giving USA, donors are clearly nervous.

With these conditions, it makes it imperative for organizations to be proactive in keeping donors engaged. We continue to encourage organizations to:

- 1. Stay on message.** Keep their donors connected to their cause and the outcomes the donors are making possible through their support.
- 2. Ensure a regular cadence of communication.** Donors aren't constantly thinking about the organizations they support. They think about them when they show up, so organizations must make sure they don't pull back on communicating with their donors.
- 3. Give donors a reason to continue their support.** Organizations must make sure they are sharing compelling reasons for donors to continue their support, not the least of which are stories of lives being impacted through their ongoing support.

METHODOLOGY

Campbell Rinker conducted this 15-minute online survey in April 2022 among 1,400 U.S. donors giving over \$20 to charity in the past year. The response is weighted by Generation to reflect their actual proportion in the national population per U.S. Census data. The margin of error is $\pm 2.6\%$ at the 99% confidence level.

ABOUT DUNHAM+COMPANY

Dunham+Company is a strategic, integrated fundraising, marketing, and communications consulting group solely focused on helping organizations build a sustainable and scalable fundraising program. In partnership with organizations, we create custom, integrated fundraising, communications, and constituency development programs that are designed to meet their unique needs. We don't believe in syndicated fundraising programs built on a "rinse and repeat" philosophy.

It's why we've created our carefully honed five-step Cause+Effect approach:

1. A biblical foundation to fundraising
2. Holistic thinking that builds sustainable growth in income
3. Integration that connects on multiple levels through multiple channels
4. Trusted advisor partnerships that bring the highest level of expertise
5. Proprietary data and research tools

Just like the law of cause and effect, we join forces with our client's cause to create a catalytic effect that not only transforms their organization, but also touches more lives all around the world.

Visit www.dunhamandcompany.com to keep up with our latest research, and join our mailing list to receive fundraising insights and leading industry trends.



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