The Young and The Generous
A Study of $100 Million in Online Giving to 23,000 Charities

Introduction

As the Internet's largest nonprofit giving portal, Network for Good has a unique vantage point on the growing trend of online charitable giving. Since its inception in November 2001, Network for Good has processed $100 million in online donations to more than 23,000 charities.

This study by Network for Good in partnership with GuideStar, the leading database of nonprofit organizations, examines this $100 million in giving to provide insights on:

- Who is giving money online
- What times of year, week and day donors give online
- How online givers spend their charitable dollars
- Why online givers choose to give through Internet portals

Methodology

Network for Good analyzed all donations from November 19, 2001, when Network for Good began operations, through September 3, 2006, when Network for Good processed its 100 millionth charitable dollar. This $100 million in donations includes:

- All giving through Network for Good's web site, www.networkforgood.org, which includes detailed listings of more than one million U.S. charities in the GuideStar database
- Giving through the 6,000 nonprofit web sites that use Network for Good's donation processing system
- Donations made through www.directhelp.org, which Network for Good acquired in 2004
- Donations since January 1, 2006 to nonprofits using the Network for Good Powered by Groundspring donation processing system; Groundspring merged with Network for Good in late 2005

Network for Good partnered with GuideStar to analyze the programmatic focus and size of nonprofit organizations that donors supported, for those charities for which information was available from the GuideStar database. The GuideStar database draws on IRS Forms 990 and the IRS Business Master File as well as information that individual nonprofits voluntarily provide to GuideStar. Information on the programmatic focus was available for 62% of the charities that Network for Good donors supported, and information on the organizational size was available for 80% of the charities that donors supported.

In addition, the first section of this study draws on donor-provided profile data from 2003-2006 on age, gender and charitable giving habits. Approximately 2% of Network for Good's donors have voluntarily provided this information.

Finally, to gain insights into why donors choose to give online, Network for Good conducted an online survey of 12,000 donors in March and April 2006. Over 10% responded. The last section of this study, "Why Donors Give," is based on the results of that survey.

Context: How Important Is Online Giving?

Online giving is growing exponentially each year, from $250 million in 2000 to more than $4.5 billion in 2005 (source: ePhilanthropy Foundation).
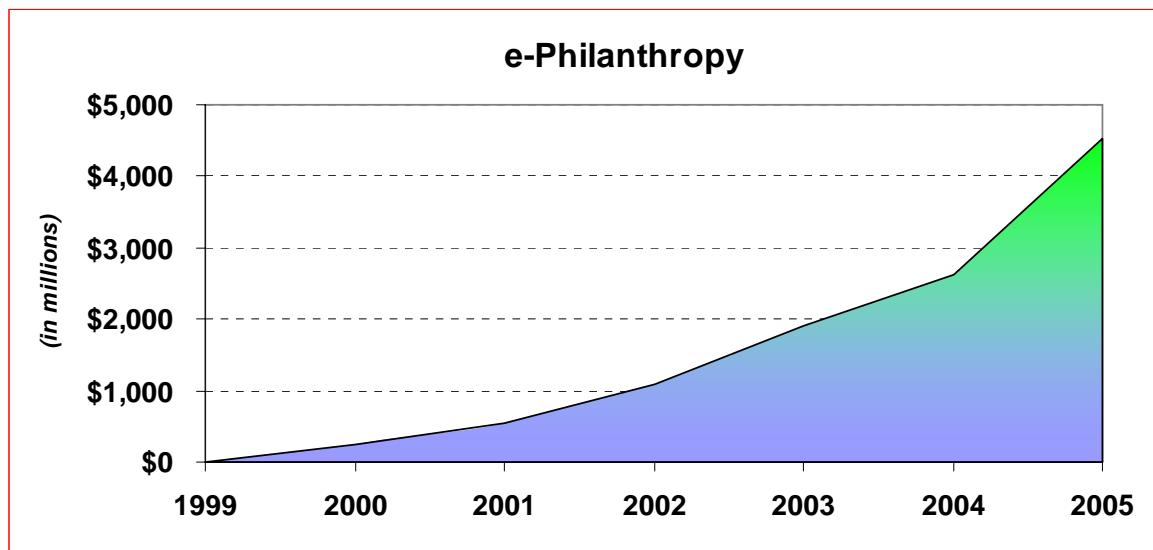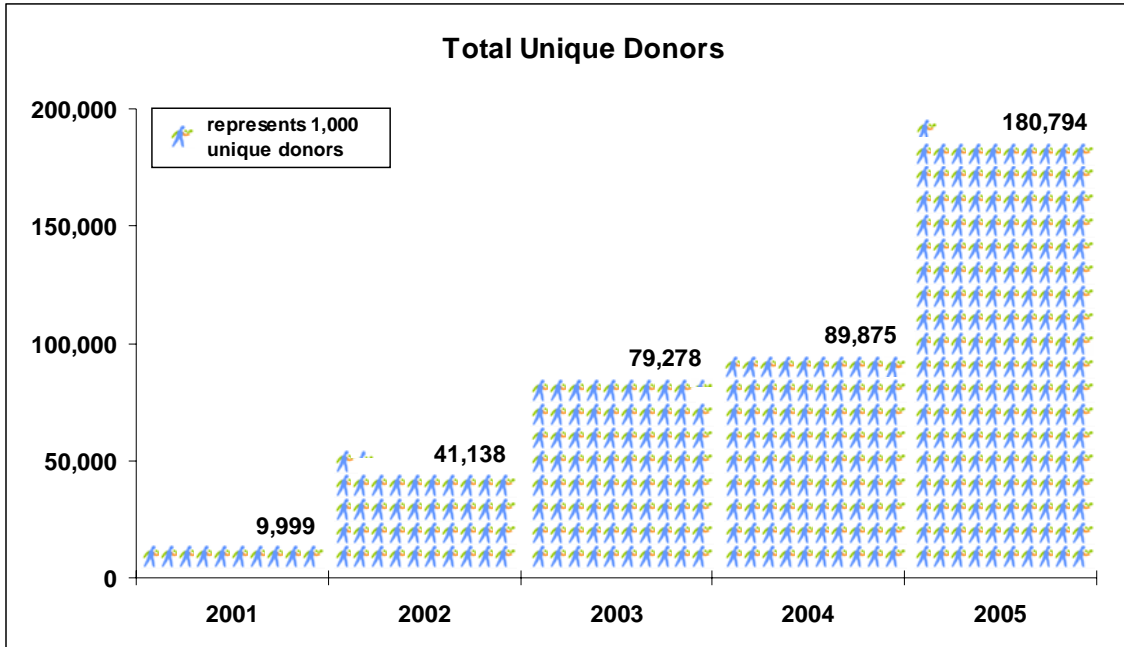

While it is growing rapidly, online giving still represents only 2-3% of the $200 billion in *individual* charitable giving in the United States. Still, it is assuming increasing importance in the charitable sector for several reasons:

- Online giving is expected to **track to the trends of online shopping and online banking**, which, while representing a small proportion of overall banking and shopping when initially introduced, now play a significant role in those sectors. Consumers value the convenience and speed of online transactions. In a sign that this is increasingly true of online giving, charities that were quick to adopt online fundraising report 10-15% of their donations are via the Internet, according to the *Chronicle of Philanthropy*.

- Online giving is becoming **donors' charitable avenue of choice at times of disaster**. The *Chronicle of Philanthropy* has noted that Internet donations for the 2004 South Asian tsunami relief accounted for more than one-third of the total raised – more than twice the proportion of online gifts in the aftermath of the September 11, 2001, terrorist attacks. After Hurricane Katrina, half of relief giving was online, representing the largest outpouring of donations online in history.

- Online giving is particularly **cost-effective for charities**. While it can cost $1.25 to raise a dollar from a new donor through direct mail and more than

$.63 through telemarketing, the costs per dollar of raising money online can be as little as five cents. (Sources: Fund-Raising Cost Effectiveness/James Greenfield, Cost-Effectiveness of Nonprofit Telemarketing Campaigns/Keating, Parsons & Roberts, and Network for Good.)

Reflecting overall trends, Network for Good has seen a steady increase in online giving over the past five years. Donations have risen from $17.1 million in 2002, the first full year Network for Good processed donations, to $32.3 million in 2005, and the increase in the number of donors has been similarly striking:

Total Unique Donors

represents 1,000 unique donors

Year	Total Unique Donors
2001	9,999
2002	41,138
2003	79,278
2004	89,875
2005	180,794

Findings

Part I: Who Gives Online?

Finding #1: Online givers are young, with men and women giving in equal numbers.

The median age of donors at Network for Good is 38, with the average between 39 and 40. This is significantly younger than offline donors, who tend to be 60+ according to most studies (Source: Craver, Mathews, Smith & Company). In terms of gender, 52% of donors at Network for Good are female. By way of comparison, a number of surveys of overall giving find a slightly higher percentage of women report giving to charity than men.

> Finding #2: Donors are not new to giving, but they tend to be new to giving online.

Nearly all – 96% – of online donors reported having donated to charity before, including via church collection boxes, memberships to nonprofit organizations such as museums, and any other tax-deductible gifts.

A significantly lower percentage – 62% – report having given to charity online before, at Network for Good or any other web site. That number has fluctuated: in 2003 and 2006, it was 72%; in 2004 and 2005, it was 62% and 57% respectively. This was most likely because 2004 and 2005 were the years of the Asian tsunamis, Hurricane Katrina and the Pakistan earthquake, which prompted many first-time donors to give money online.

The number of people who return to Network for Good to give online again after making their initial gift is increasing. In 2006, nearly 20% of Network for Good's donors (not including donors who make automatic monthly gifts on their credit cards) have given through our site in the past year.

> Finding #3: New York and California were the most generous states when total charitable dollars donated were considered, and North Dakota was the least generous by that standard. When the data was evaluated according to population size, the District of Columbia and New York were the most generous and Mississippi the least. Average donation was also analyzed; New York was the most generous by that standard.

Network for Good tallied giving by state to determine the most and least generous states. We analyzed the total donations, total donations per capita, and average gift size. By these categories, the top five were:

Rank	By Total $	By Per Capita	By Ave Donation
1	New York	District of Columbia	New York
2	California	New York	Connecticut
3	Texas	Connecticut	Colorado
4	Virginia	Maryland	South Dakota
5	Massachusetts	Massachusetts	Texas

The full listings are as follows.

Rank by Dollars and Average Donation

Rank by Total $$	State	Average Donation
1	New York	$280
2	California	$152
3	Texas	$185
4	Virginia	$162
5	Massachusetts	$153
6	New Jersey	$151
7	Maryland	$163
8	Florida	$119
9	Illinois	$129
10	Connecticut	$270
11	Washington	$153
12	Colorado	$196
13	Pennsylvania	$121
14	North Carolina	$151
15	Michigan	$130
16	District of Columbia	$178
17	Arizona	$157
18	Georgia	$131
19	Ohio	$124
20	Minnesota	$129
21	Oregon	$113
22	Wisconsin	$140
23	Indiana	$116
24	Tennessee	$121
25	Missouri	$116
26	South Carolina	$131
27	New Mexico	$141
28	Alabama	$143
29	Nevada	$110
30	Utah	$122
31	Kentucky	$129
32	New Hampshire	$102
33	Oklahoma	$122
34	Louisiana	$117
35	Maine	$131
36	Kansas	$109
37	Hawaii	$127
38	Iowa	$119
39	Vermont	$110
40	Rhode Island	$109
41	Alaska	$148
42	Arkansas	$136
43	Nebraska	$107
44	Delaware	$94
45	Idaho	$97

Rank by Total $$ (continued)	State	Average Donation
46	West Virginia	$120
47	South Dakota	$195
48	Mississippi	$92
49	Montana	$110
50	Wyoming	$146
51	North Dakota	$99

Rank Per Capita	State
1	District of Columbia
2	New York
3	Connecticut
4	Maryland
5	Massachusetts
6	Virginia
7	Colorado
8	Washington
9	New Jersey
10	California
11	Vermont
12	Arizona
13	North Carolina
14	Alaska
15	New Mexico
16	Minnesota
17	Oregon
18	Texas
19	Illinois
20	New Hampshire
21	Maine
22	Florida
23	Hawaii
24	Pennsylvania
25	Michigan
26	Rhode Island
27	Georgia
28	Delaware
29	Nevada
30	Wisconsin
31	Utah
32	Ohio
33	South Carolina
34	South Dakota
35	Missouri
36	Tennessee
37	Indiana
38	Wyoming
39	Idaho

Rank Per Capita (continued)	State
40	Montana
41	Alabama
42	Kansas
43	Nebraska
44	Kentucky
45	Oklahoma
46	Iowa
47	West Virginia
48	Louisiana
49	Arkansas
50	North Dakota
51	Mississippi

Part II: How Do Donors Give Online?

Finding #4: Online donors are generous. Whether due to income levels, the impulsive nature of online giving or the credit card effect, online donors give significantly more than offline donors.

Network for Good's average gift size over the past five years is $163. In recent years, the average donation excluding gifts at or over $5,000 is about $124. Taking into account all gift sizes, the average is higher but dropping as lower-dollar giving (gifts of less than $250) has represented an increasing proportion of Network for Good's volume.
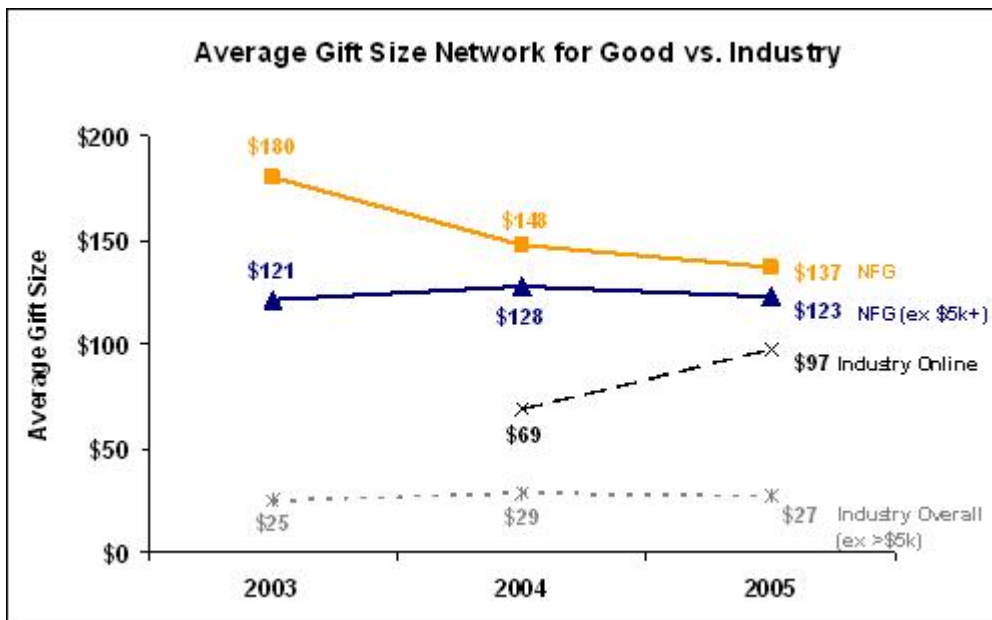
Sources: Target Analysis Group, eNonprofit Benchmarks Study from the Advocacy Institute and Network for Good. Industry Online figures for 2004 and 2005 are based on September-to-September reporting periods.

These average online gifts are far higher than offline gifts. Possible explanations are the impulsive nature of online giving, consumers' tendency to spend more on credit cards than by check, or a wealthier demographic choosing to give online.

Finding #5: Giving follows a classic long-tailed distribution, with a few well-known organizations receiving half of donations but thousands of smaller or lesser-known organizations combining to account for an equal amount of giving.

The "long tail" phenomenon – a term devised by Wired Editor Chris Anderson to describe how the Internet creates and serves long-tailed distribution markets – is evident at Network for Good when numbers of donations are charted by organization. At Network for Good, 50% the donations go to 1% of charities (excluding crisis giving). The rest is spread out along the long tail. Just as Amazon and Google have enabled consumers to access products and information that meets their particular needs and interests by providing one-stop access to many, diverse choices, Network for Good has enabled donors to contribute to many, diverse nonprofits by putting a fragmented nonprofit "market" in one place.

Network for Good's Marketplace
(Chart: Number of Donations vs. Organizations)
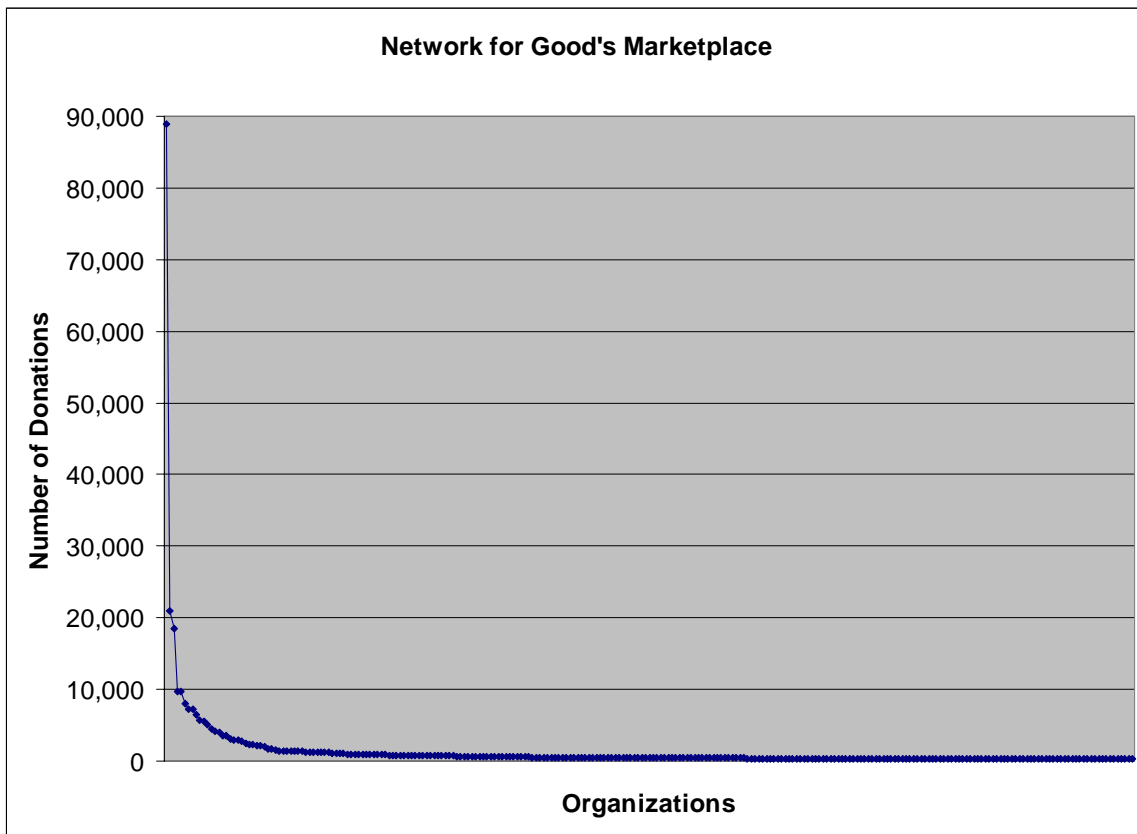
Finding #6: Disaster relief is the leading category of giving and ranks among top searches; other leading giving categories are international causes, animal-related causes, human services and education.

Network for Good analyzed giving by sector for organizations that have reported their sector type to the IRS and/or GuideStar. In analyzing that data, high volumes of disaster relief giving, such as the $24.5 million in combined giving for the 2004 tsunamis, Hurricane Katrina and the Pakistan Earthquake, pushed the categories of disaster relief and international organizations to the top of the list of types of charities supported by Network for Good donors. Animal-related charities were third, primarily because of the large number of donations in the wake of Hurricane Katrina, which left many animals stranded.

Human services organizations were fourth in number of donations, followed by education, health and "public, society," which includes advocacy and technical assistance organizations, professional societies and research institutions.

Religion was a distant tenth and environment fourteenth.

It is interesting to compare this data with total U.S. giving. According to *Giving USA*, in 2005, disaster giving represented only 3% of overall gifts. Leading philanthropic sectors overall are religion (36%), education (15%), human services (10%), health (9%), arts/culture (5%), public/society (5%) and environment (3%).

In comparing this to online giving via Network for Good, far less religious giving and far more disaster giving occurs online. Part of the reason for less reported religious giving online is that religious organizations are generally not required to report detailed data to the IRS. Since organizations without IRS or GuideStar data were omitted from the analysis, this likely resulted in an undercounting of religious giving. In addition, many analysts believe that giving to churches and religious organizations remains a largely offline act. As for the high amount of disaster giving online, this is a reflection of the fact that for a growing number of donors, the Internet is becoming the charitable avenue of choice at times of crisis (Source: Impulse Online study by Network for Good, available at www.getonlinetoday.org)

When organizations that describe themselves as relief organizations are omitted, the leading sectors are animals, health, education and disease. It should be noted, however, that many animal and health organizations provided disaster relief, especially during Hurricane Katrina, which likely accounts for a significant amount of donation volume to those sectors.

With disaster giving omitted, environmental causes and arts organizations represent a larger portion of giving.

BY CATEGORY			
WITH DISASTER		**WITHOUT DISASTER**	
Public Safety, Disaster Preparedness and Relief	18.23%	Animal related	16.33%
International, Foreign Affairs, and National Security	16.74%	Health—General & Rehabilitative	14.85%
Animal related	8.59%	Educational Institutions	11.33%
Human Services	7.90%	Disease, Disorders, Medical Disciplines	7.78%
Educational Institutions	5.41%	Environmental Quality Protection, Beautification	7.63%
Health—General & Rehabilitative	5.03%	Arts, Culture, and Humanities	7.44%
Public, Society Benefit	4.65%	Human Services	5.48%
Agriculture, Food, Nutrition	4.47%	Housing, Shelter	5.43%
Arts, Culture, and Humanities	3.73%	Agriculture, Food, Nutrition	4.35%
Religion, Spiritual Development	3.51%	Crime, Legal Related	2.08%
Philanthropy, Volunteerism, and Grantmaking	3.22%	Medical Research	1.94%
Disease, Disorders, Medical Disciplines	3.06%	Mental Health, Crisis Intervention	1.46%
Housing, Shelter	3.01%	Civil Rights, Social Action, Advocacy	1.40%
Environmental Quality Protection, Beautification	2.70%	Recreation, Sports, Leisure, Athletics	1.38%
Civil Rights, Social Action, Advocacy	2.15%	International, Foreign Affairs, and National Security	1.04%
Other	7.60%	Other	5.00%

Network for Good also analyzed search terms. The top ten search terms reflect the high amount of crisis-related traffic, including "Katrina," "Tsunami," "Red Cross" and "Salvation Army." The American Red Cross and Salvation Army were leading recipients of disaster funds. The "Volunteer," "Clothes" and "Clothing" categories are a reflection of the fact that many donors are interested in volunteering and making in-kind gifts in addition to giving money. "Cancer" and "Homeless" were also leading areas of interest.

Top search terms:

1. Children
2. Katrina
3. Clothing
4. Tsunami
5. Red Cross
6. Salvation Army
7. Cancer
8. Volunteer
9. Homeless
10. Clothes

> Finding #7: Total online donations are fairly evenly divided by size of organization, with half of donations going to small- to medium-sized organizations and half to medium-large organizations. When disaster organizations are removed from the analysis, the proportions shift significantly, with small-medium organizations – many of which use Network for Good to process all of their donations - accounting for about 70% of giving.

At times of disaster, donors tend to give to large, familiar organizations such as the American Red Cross and Salvation Army. But when humanitarian crises are removed from the equation, it is clear that smaller organizations play a big role in online giving. This is not the case offline. In the nonprofit sector, a small number of large organizations (in terms of annual revenue) account for 1% of the organizations in the nonprofit sector but the lion's share of charitable giving. But at a giving portal such as Network for Good, where donors can choose from more than one million

charitable organizations, smaller organizations benefit. Similar to the long tail phenomenon at Amazon, where bestsellers may sell many copies but not as many as the sum total of niche titles, Network for Good found that most giving goes to smaller, "niche organizations" rather than big-name organizations. By serving as a charitable marketplace, Network for Good seems to have leveled the fundraising playing field among big and small players, with small to medium-sized players accounting for 70% of giving.

BY SIZE			
WITH DISASTER			
Size Category	% by # Donation	% by $ Donation	% in US
LARGE >$20M Total	36%	34%	1%
MEDIUM-LARGE $5M – $20M Total	12%	13%	1%
SMALL-MEDIUM $250K-$5M Total	36%	39%	10%
SMALL <$250,000 Total	16%	14%	87%
Grand Total			
WITHOUT DISASTER			
Size	% by Donation Ct	% by Donation Tot	% in US
LARGE >$20M Total	13%	14%	1%
MEDIUM-LARGE $5M – $20M Total	15%	17%	1%
SMALL-MEDIUM $250K-$5M Total	54%	54%	10%
SMALL <$250,000 Total	18%	15%	87%
Grand Total			

The top ten organizations supported by dollar amount were all large organizations.

1. American National Red Cross
2. Oprah's Angel Network
3. Salvation Army National Corp.
4. United States Fund for UNICEF
5. AmeriCares
6. Save the Children
7. Doctors Without Borders USA
8. CARE
9. Catholic Relief Services
10. The Fistula Foundation

It is important to note that until 2004, The Fistula Foundation and Oprah's Angel Network used Network for Good to process all of their online donations, which accounts for their high places on this list.

The top ten organizations supported by number of donations were:

1. American National Red Cross
2. USO of Metropolitan Washington
3. Oprah's Angel Network
4. United States Fund for UNICEF
5. Salvation Army National Corp.
6. AmeriCares
7. Sankara Eye Foundation
8. Save the Children
9. The Fistula Foundation
10. Doctors Without Borders USA

The USO, Oprah's Angel Network (until 2004), Sankara Eye Foundation and the Fistula Foundation (until 2004), also use Network for Good to process all of their online donations.

Part III: When Do Donors Give Online?

> Finding #8: Donors turn to the Internet at times of disaster and for year-end giving.

About 40% of giving through Network for Good was in December, when, just as offline, donors do most of their giving because of the holidays and the end of the tax year.

About 30% of giving was in response to disasters. The Internet is ideally matched to charitable giving at times of disaster, when technology can turn the impulse to help into a donation within seconds. For example:

- Tsunami: web traffic 10 times normal volume, donations six times normal volume
- Katrina: web traffic 75 times normal volume, donations 20 times normal volume
- Earthquake: web traffic double normal volume, donations double normal volume

Disaster giving spiked for the two- to six-day period after each of these crises before returning to normal levels within days or weeks.

> Finding #9: People seem to be at their most generous on weekdays, not weekends.

Weekdays are when most donors make their contributions. By dollar amounts, Monday, Tuesday and Wednesday are the days donors are most generous. (All analysis of daily giving omitted end-of-year and crisis giving, which would have skewed results.)

Donation $$s by Day of Week (Donor Local Time)
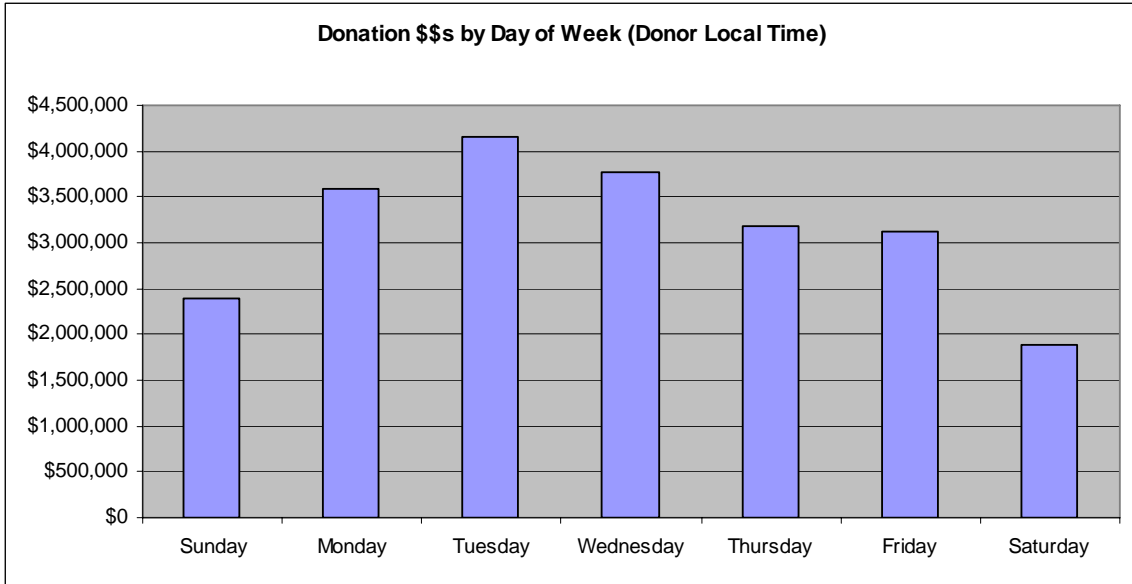
By number of donations, Tuesdays, Thursdays and Fridays are top days.

Donation Count by Day of Week (Donor Local Time)
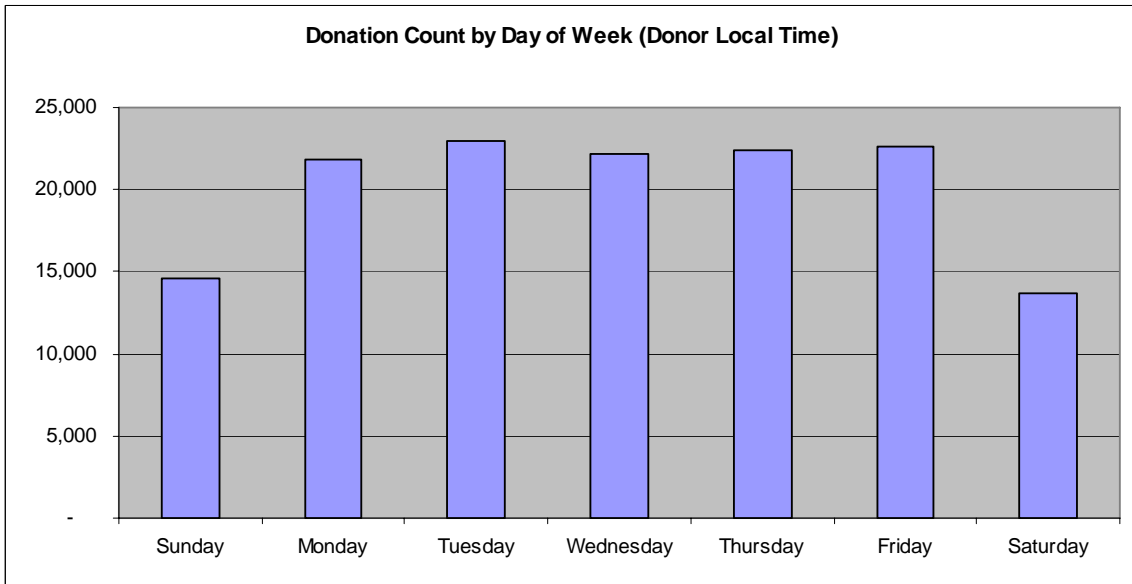
Finding #10: Most donations are made during normal business hours.

Donation Count by Hour (Donor Local Time)
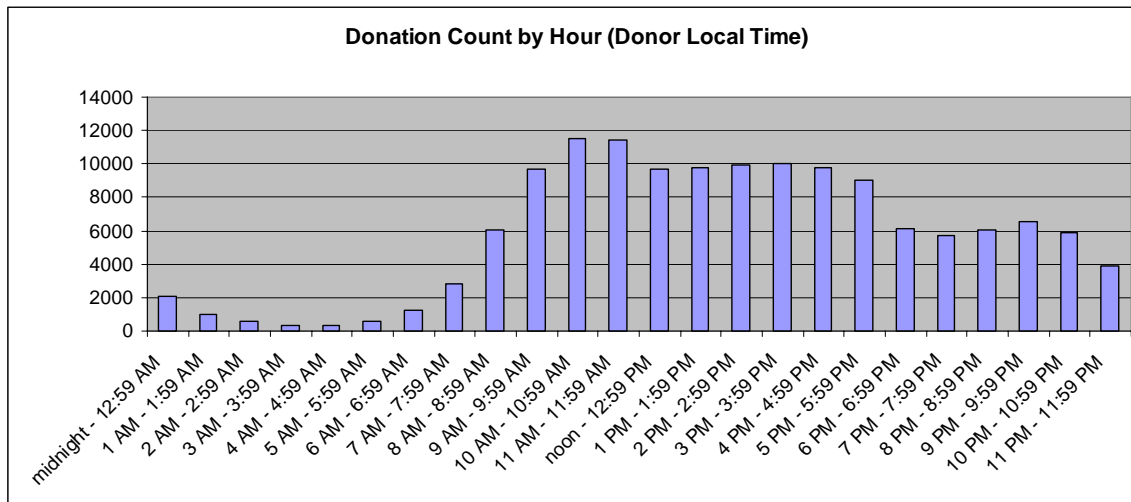
Donors are most likely to give during the late morning, 10 am to 12 pm. There is a dip in giving at lunch hour, and then giving ticks up slightly in the late afternoon and early evening.

Part IV: Why Donors Give

Finding #11: The number one reason donors say they give online is convenience: it is easier than writing a check.

Donors surveyed by Network for Good say they chose to donate online because it is fast and easy. The number two reason was they could give quickly at times of crisis.

The other reasons they provide for giving online are unique to giving portals such as Network for Good: donors value the ability to give to many different charities in a single transaction, the convenience of storing all their giving records in one place, and the privacy of being able to make donations anonymously.

About Network for Good
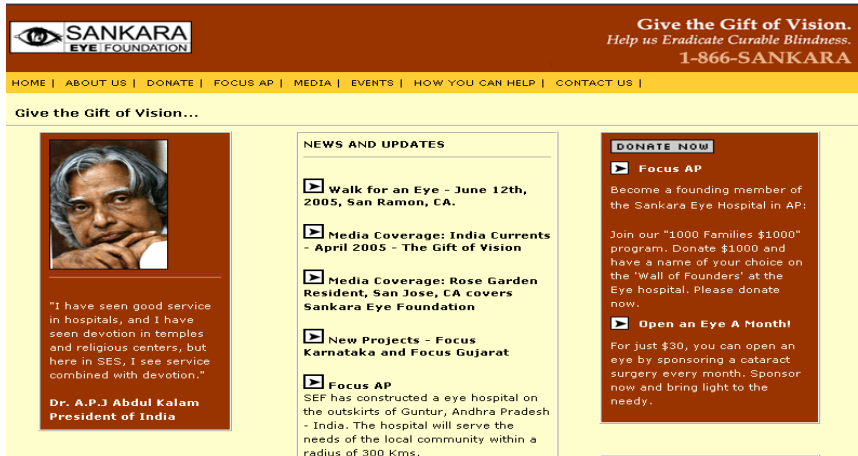
Network for Good (www.networkforgood.org) is the Internet's leading charitable resource, an easy-to-use, secure website that includes detailed listings of more than one million U.S. charities through GuideStar and a searchable VolunteerMatch database of more than 38,000 volunteer opportunities. Network for Good also works directly with nonprofits to help them leverage the Internet as a tool for fundraising and volunteer recruitment. Founded in 2001 by AOL, Cisco Systems and Yahoo!, Network for Good is an independent, 501(c)(3) nonprofit organization.

APPENDIX

This report discusses examples of organizations that use Network for Good for all of their donation processing; following are two examples of that service.

Sankara Eye Foundation
Working towards the goal of 20/20 vision for the people of India by 2020
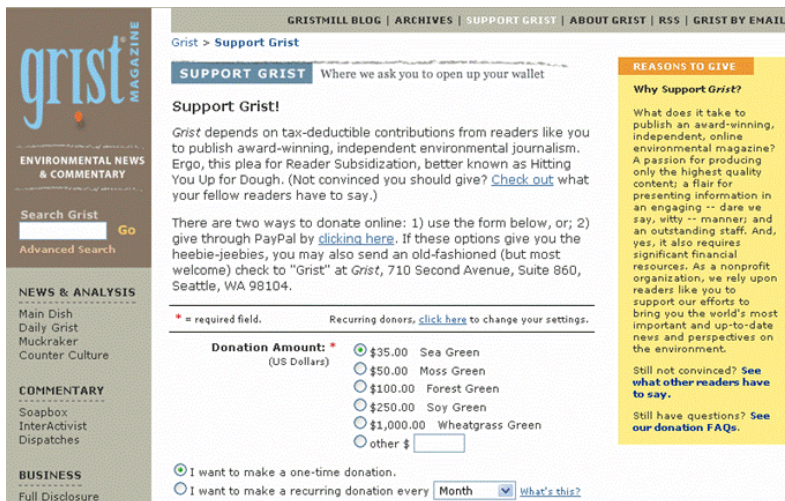

Sankara Eye Foundation works to eradicate curable blindness in India by establishing new hospitals and making them self-supporting. In 2005, Sankara Eye Foundation received 1,686 donations totaling $154,997 through Network for Good; a 52% increase in the amount of online donations from the previous year.

Grist Magazine
An online environmental magazine and project of Earth Day Network

Grist Magazine used Network for Good powered by Groundspring's Custom DonateNow service to raise more than $65,000 in three weeks with a highly creative and innovative online fundraising campaign. Grist sent several personal, humorous, and compelling appeals to its subscribers using a combination of HTML and straight text.