



2020 ANA VIRTUAL NONPROFIT CONFERENCE

AUGUST 5-6



#ANAnonprofit

Combining Benchmarking: The End All and Be All

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blackbaud

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AGENDA

Economic Uncertainty and COVID-19: Donor and Revenue Trends in Q1 2020

- Deb Ashmore

The Impact of COVID-19 Through a Donation Processing Lens

- Amy Bobrick

Commercial Trends: COVID-19 and Consumer Spending

-Katie Valvo



Current Events: Economic Uncertainty and COVID-19

Deb Ashmore

Principal Analytics Consultant

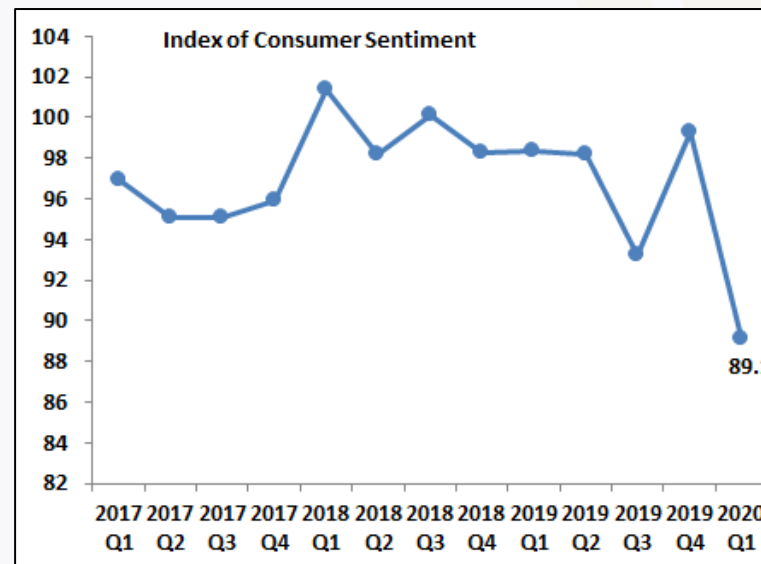
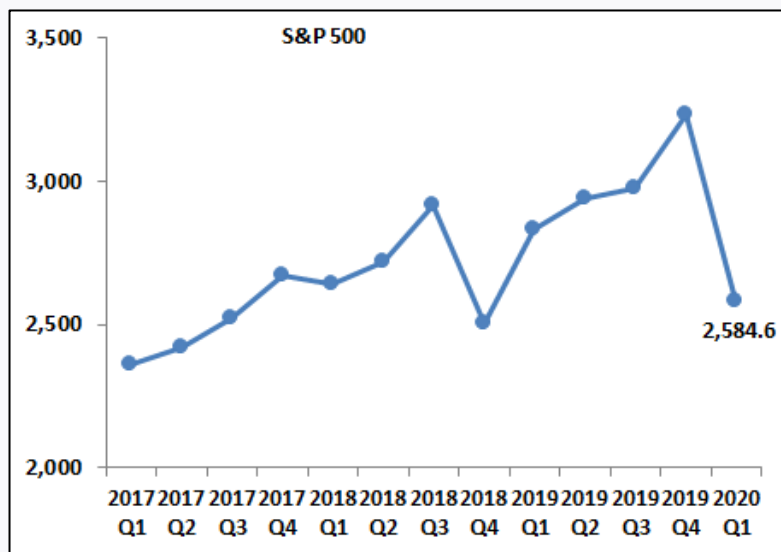
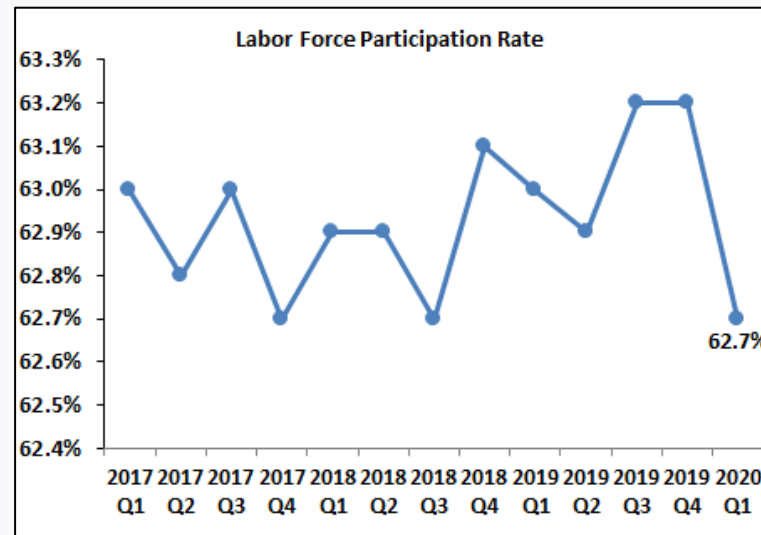
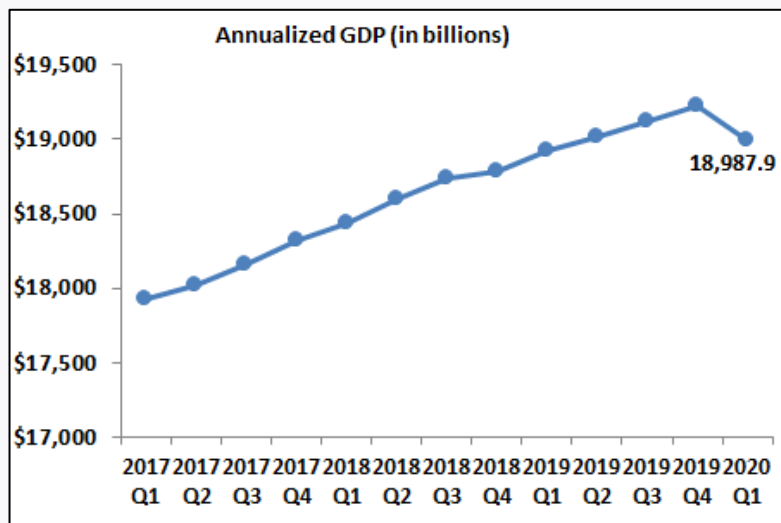
blackbaud



COVID-19 TIMELINE Q1 2020



ECONOMIC INDICATORS – Q1 2020



FUNDRAISING HEADLINES FROM Q1 2020

- **Giving Plunges 6% in First Quarter, Signaling \$25 Billion in Lost Revenue for Nonprofits**
 - Chronicle of Philanthropy & Fundraising Effectiveness Project
- **Fidelity Donor-Advised-Fund Giving Soars, Especially for Food Assistance**
 - Fidelity Charitable, Communities in Crisis: How are donors responding to COVID-19
- **Revenue per Donor Increases Continue to Drive Modest Increase in Revenue**
 - donorCentrics Index of Direct Marketing Fundraising Performance – Q1 2020

So what's the story?



**You need to dig deeper to
find the answer....**

FUNDRAISING EFFECTIVENESS PROJECT

Fundraising Effectiveness Project

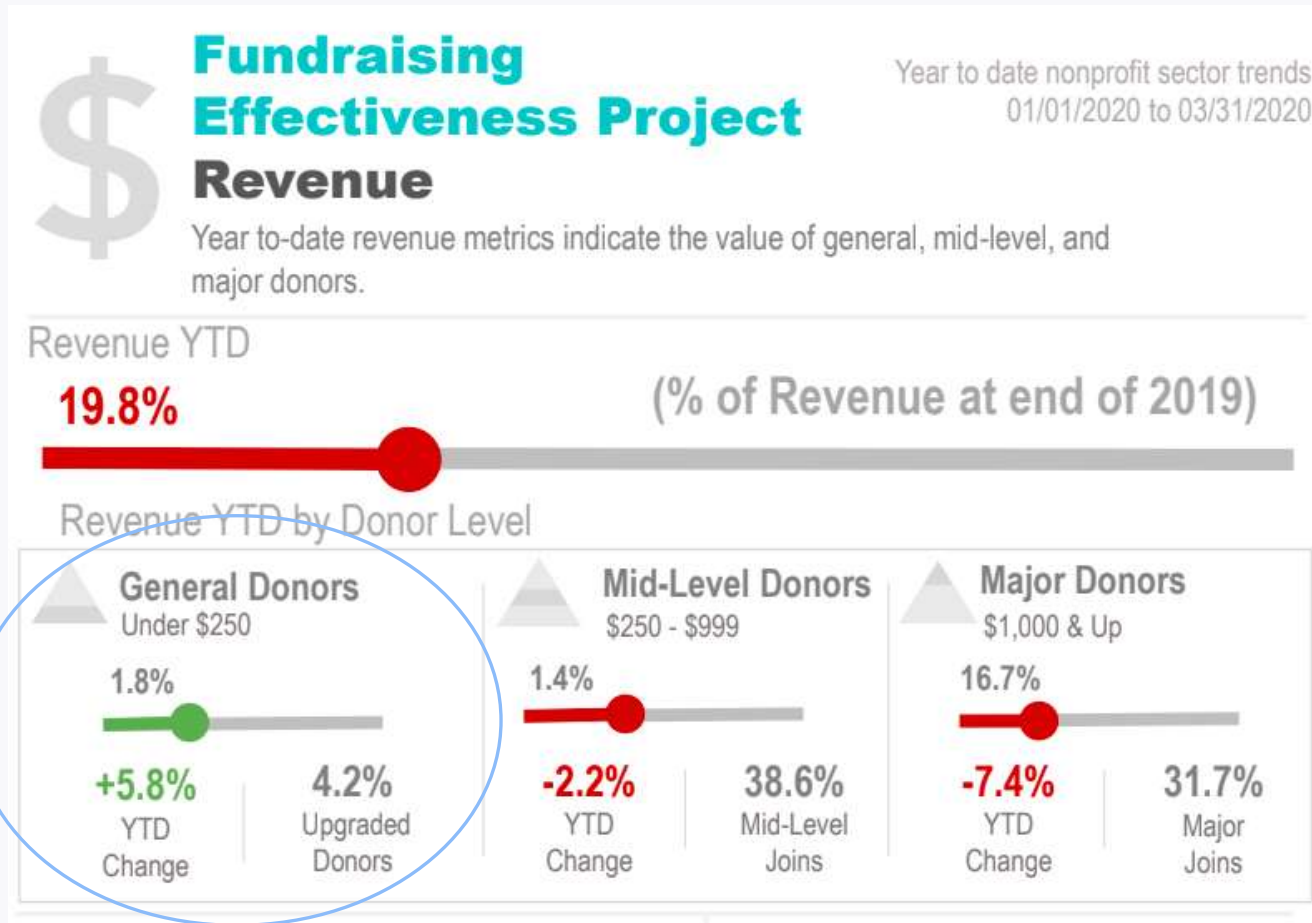
Year to date nonprofit sector trends
01/01/2020 to 03/31/2020

Quarterly Fundraising Report™

Revenue and retention metrics report on year-to-date (YTD) performance compared against the prior year total based on a panel* of organizations selected from the Growth in Giving Database of 176 million transactions from more than 20,000 organizations and \$80 billion in donations since 2005.



FUNDRAISING EFFECTIVENESS PROJECT – DEEPER DIVE



FIDELITY CHARITABLE – COMMUNITIES IN CRISIS

- **Giving to the Human Services sector skyrocketed** in the first four months of 2020.
- **Human Services was the most popular charitable sector in 21 states and Washington, D.C. in the beginning of 2020** (compare to 2019 when it was the most popular sector in only seven states).
- In the first four months of the year, **donors recommended 544,000 grants totaling \$2.4 billion—an increase of 16 percent** from the same time period in 2019.

Q1 2020 DONORCENTRICS NATIONAL INDEX OF DIRECT MARKETING SUMMARY

1.5%

Median Revenue

1.0%

Median Donor Counts

3.6%

Revenue per Donor

Source: donorCentrics National Index of Direct Marketing Fundraising

YEAR-TO-YEAR PERCENT CHANGE IN REVENUE BY SECTOR (Q1 YTD) (JANUARY – MARCH)

Sector Type	Sector	Period	Year-over-Year Percent Change		% of Orgs with Positive Change
All Index	National Index	Q1 YTD 2019		0.1%	51%
		Q1 YTD 2020		1.5%	56%
Industry Sector	Animal Welfare	Q1 YTD 2019		0.2%	67%
		Q1 YTD 2020		13.0%	100%
	Arts & Culture	Q1 YTD 2019		2.9%	50%
		Q1 YTD 2020		2.7%	50%
	Environmental	Q1 YTD 2019		0.5%	54%
		Q1 YTD 2020		6.4%	69%
	Health	Q1 YTD 2019		0.1%	54%
		Q1 YTD 2020		-0.2%	46%
	Human Services	Q1 YTD 2019	-7.4%		50%
		Q1 YTD 2020	-4.3%		25%
	International Relief	Q1 YTD 2019	-1.5%		46%
		Q1 YTD 2020		9.0%	54%
Societal Benefit	Q1 YTD 2019	-1.4%		43%	
	Q1 YTD 2020		1.5%	57%	

Source: donorCentrics National Index of Direct Marketing Fundraising

YEAR-TO-YEAR PERCENT CHANGE IN DONORS BY SECTOR (Q1 YTD) (JANUARY – MARCH)

Sector Type	Sector	Period	Year-over-Year Percent Change		% of Orgs with Positive Change
All Index	National Index	Q1 YTD 2019	-2.7%		37%
		Q1 YTD 2020	-1.0%		44%
Industry Sector	Animal Welfare	Q1 YTD 2019	-0.2%		33%
		Q1 YTD 2020	1.8%		67%
	Arts & Culture	Q1 YTD 2019	-4.0%		50%
		Q1 YTD 2020	1.9%		50%
	Environmental	Q1 YTD 2019	1.5%		69%
		Q1 YTD 2020	0.6%		54%
	Health	Q1 YTD 2019	-4.0%		15%
		Q1 YTD 2020	-3.6%		31%
	Human Services	Q1 YTD 2019	-15.6%		0%
		Q1 YTD 2020	-11.5%		25%
International Relief	Q1 YTD 2019	-3.0%		46%	
	Q1 YTD 2020	7.0%		54%	
Societal Benefit	Q1 YTD 2019	-8.3%		14%	
	Q1 YTD 2020	-4.4%		29%	

Source: donorCentrics National Index of Direct Marketing Fundraising

YEAR-TO-YEAR CHANGE IN NEW DONORS BY SECTOR (Q1 YTD) (JANUARY – MARCH)

Sector Type	Sector	Period	Year-over-Year Percent Change		% of Orgs with Positive Change
All Index	National Index	Q1 YTD 2019	-4.7%		44%
		Q1 YTD 2020		0.9%	53%
Industry Sector	Animal Welfare	Q1 YTD 2019		0.7%	67%
		Q1 YTD 2020	-4.2%		33%
	Arts & Culture	Q1 YTD 2019	-20.6%		25%
		Q1 YTD 2020		0.2%	50%
	Environmental	Q1 YTD 2019		3.1%	54%
		Q1 YTD 2020		0.9%	54%
	Health	Q1 YTD 2019		-4.7%	46%
		Q1 YTD 2020		0.9%	54%
	Human Services	Q1 YTD 2019	-40.1%		25%
		Q1 YTD 2020		19.1%	75%
	International Relief	Q1 YTD 2019		1.6%	54%
		Q1 YTD 2020		20.7%	69%
Societal Benefit	Q1 YTD 2019	-21.9%		14%	
	Q1 YTD 2020		-11.5%	14%	

Source: donorCentrics National Index of Direct Marketing Fundraising

DONORCENTRICS COLLABORATIVE BENCHMARKING Q1 2020 ACQUISITION INVESTMENT SURVEY

14%

Increased Investment
in Acquisition

67%

Kept Acquisition
Investment Moving
Forward as Planned

18%

Decreased
Investment in
Acquisition due to
COVID-19/Budget
Concerns

Source: donorCentrics Collaborative Benchmarking Survey – 50 organizations

EMBRACING THE NEW IN Q2

Adjusting to a new fundraising landscape

Organizations embraced new fundraising channels much faster than ever before

- **Virtual Events**
- **Shifting investment to digital acquisition channels**
- **Donor cultivation via Facebook Live and Zoom**
- **Testing Connected TV**
- **Expanding investment in DRTV due to lower advertising costs**

DONORCENTRICS COLLABORATIVE BENCHMARKING Q2 2020 REVENUE EXPECTATION SURVEY

29%

Q2 2020 Revenue
Higher than
Expected

39%

Q2 2020 Revenue
In line with
Expectations

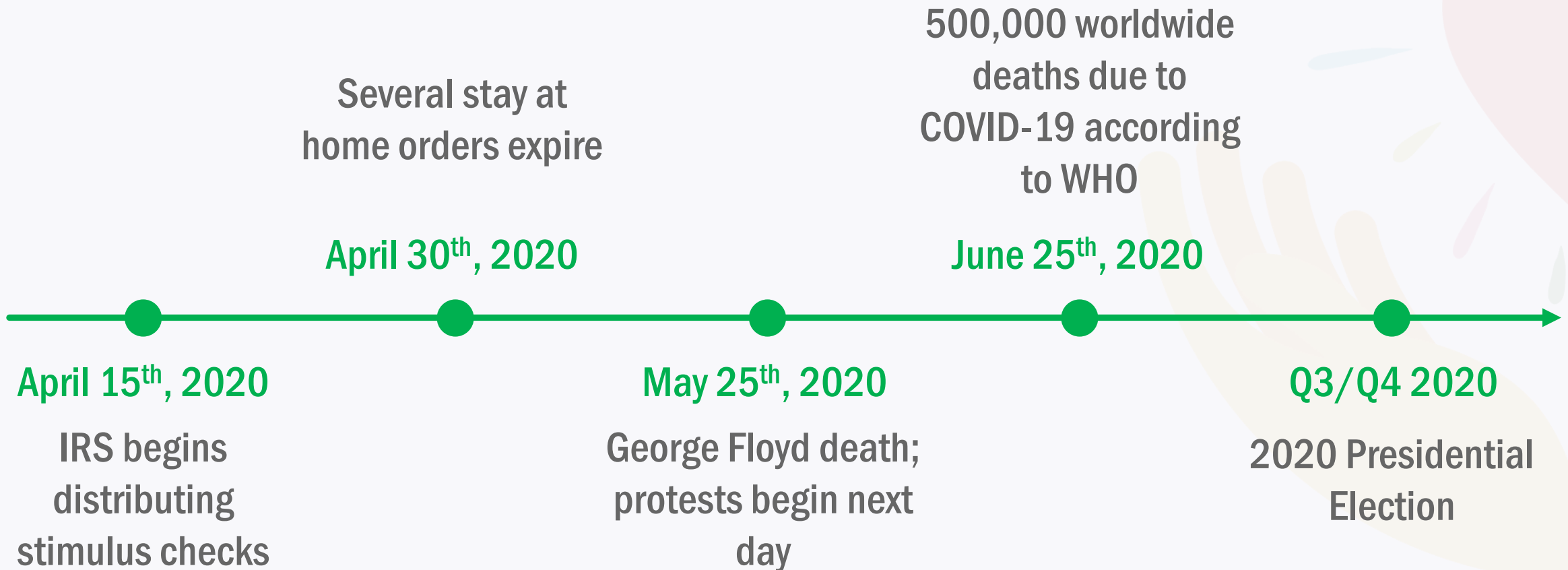
33%

Q2 2020 Revenue
Lower than
Expected

Source: donorCentrics Collaborative Benchmarking Survey – 50 organizations

Surveys completed by June 20, 2020

TIMELINE OF EVENTS IN Q2 2020 AND BEYOND



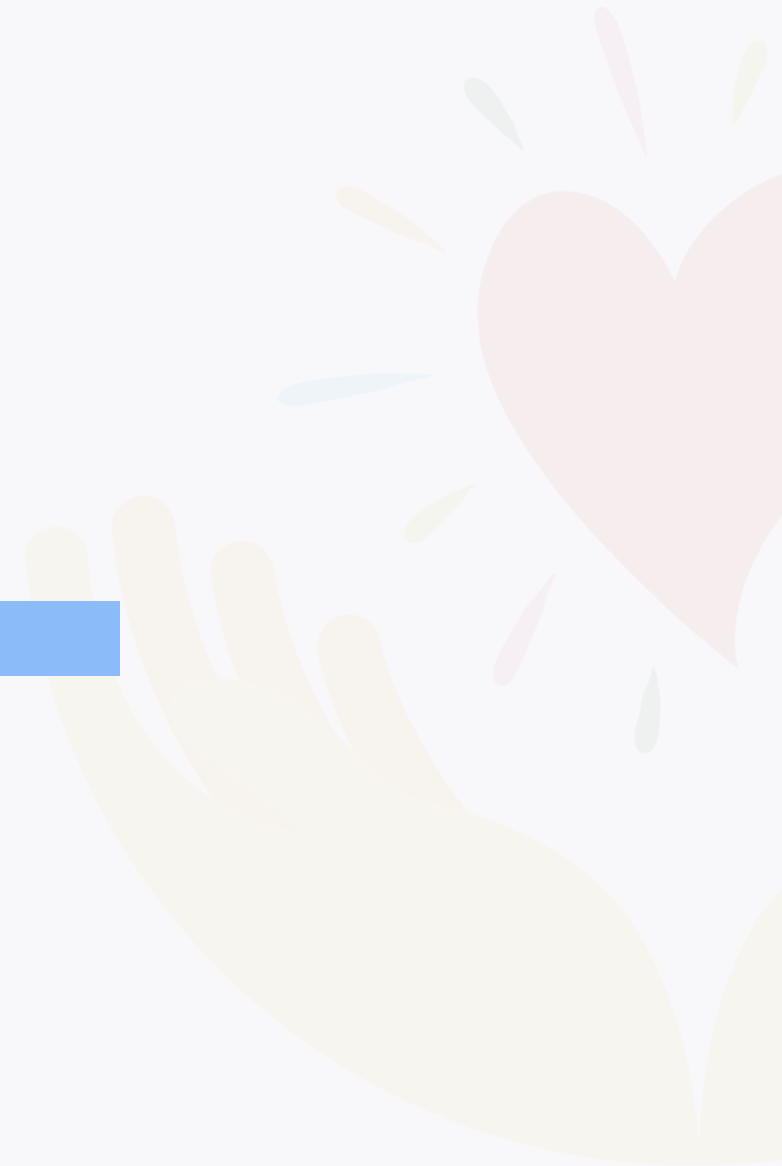
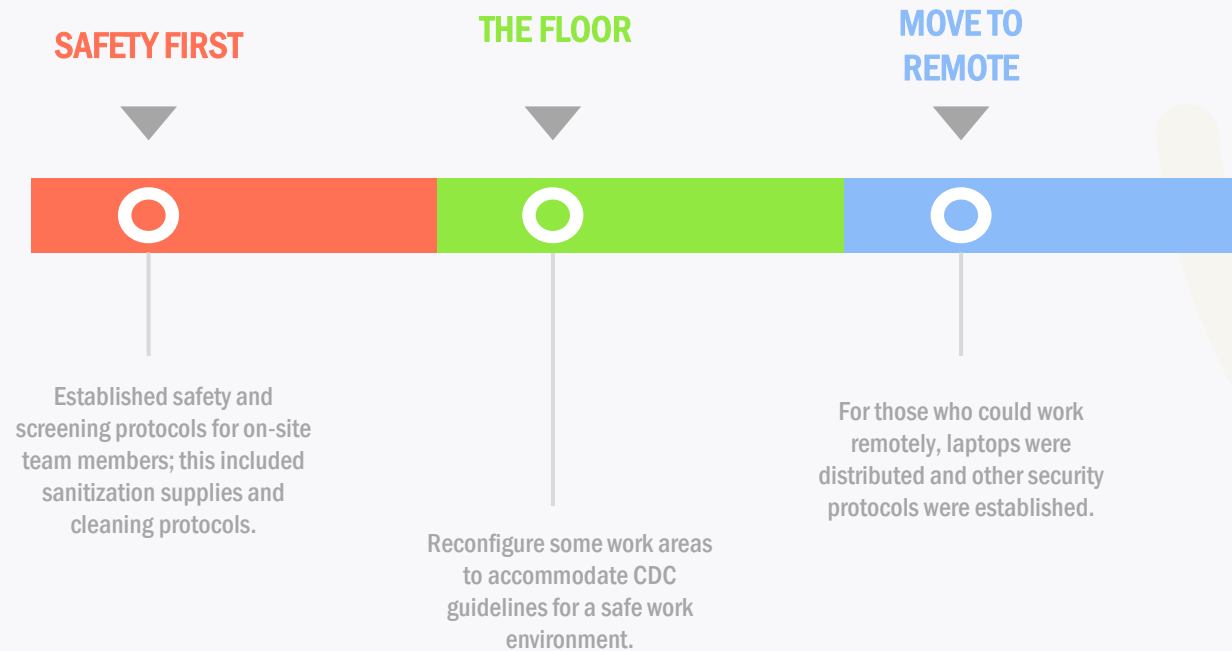
The Impact of COVID-19 through a Donation Processing Lens

Amy Bobrick
Vice President, Strategy

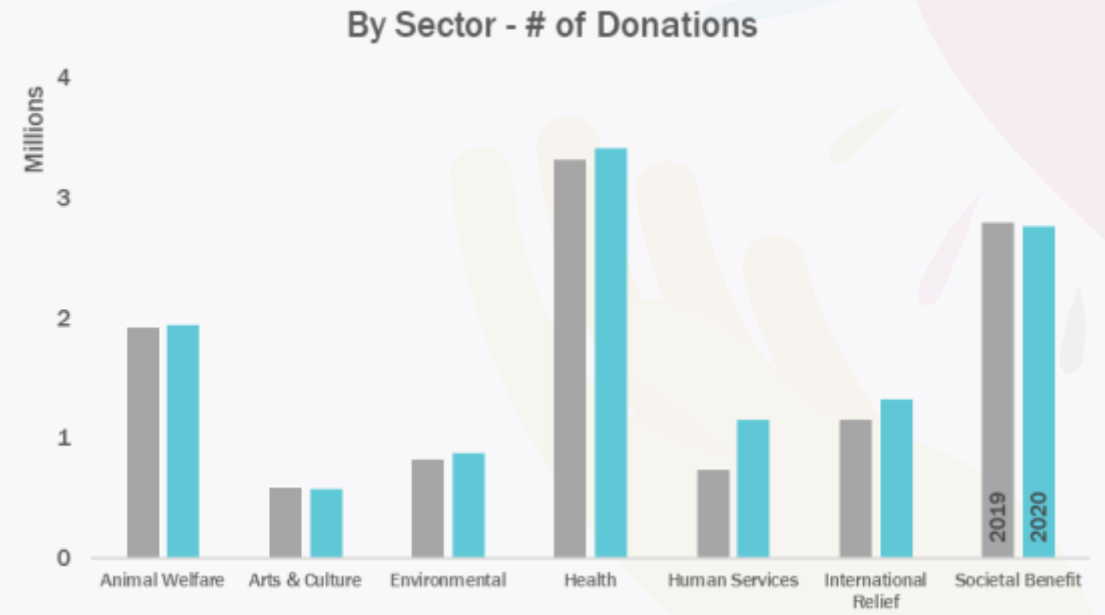
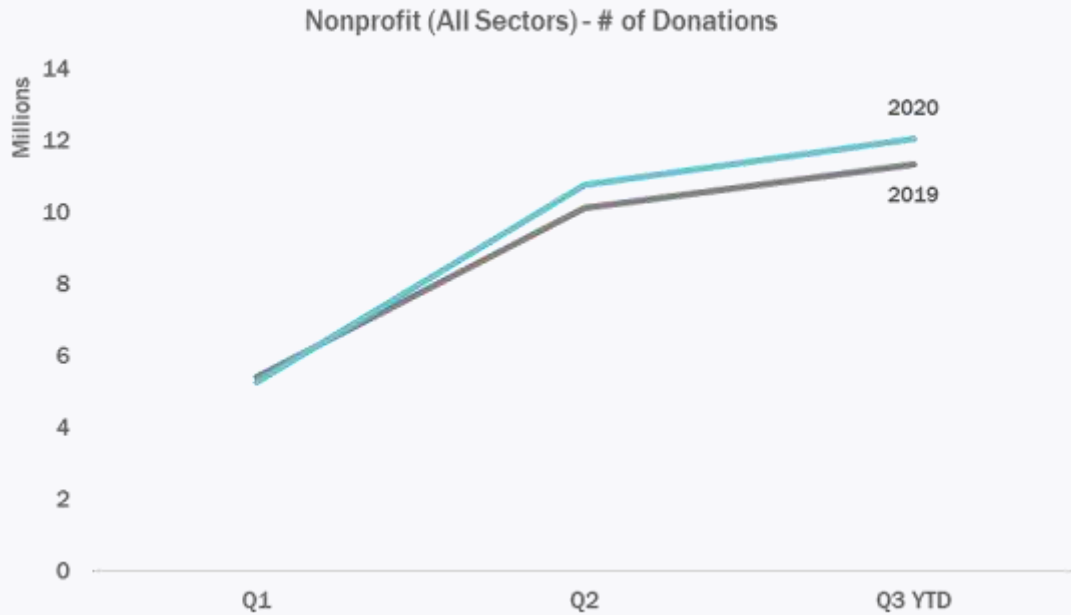
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COVID-19 IMPACT ON OPERATIONS



YEAR-OVER-YEAR COMPARISON OF DONATIONS (JANUARY 1 – JULY 24)

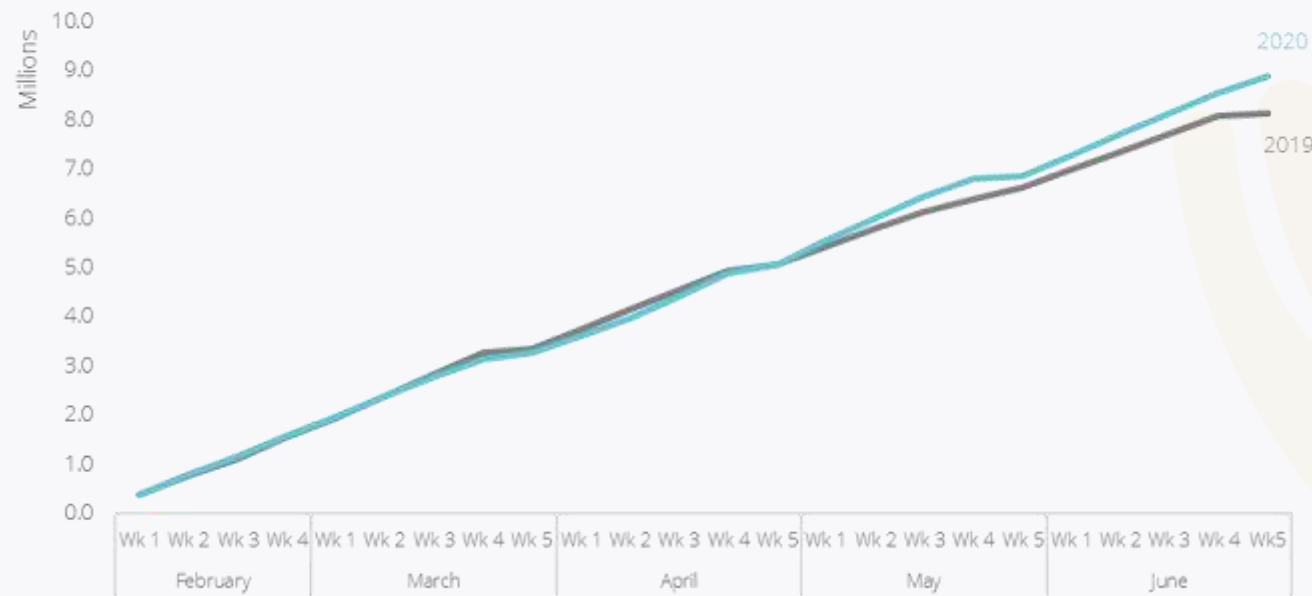


Source: Merkle Response Management Group, Processing Data

YEAR-OVER-YEAR COMPARISON OF DONATIONS

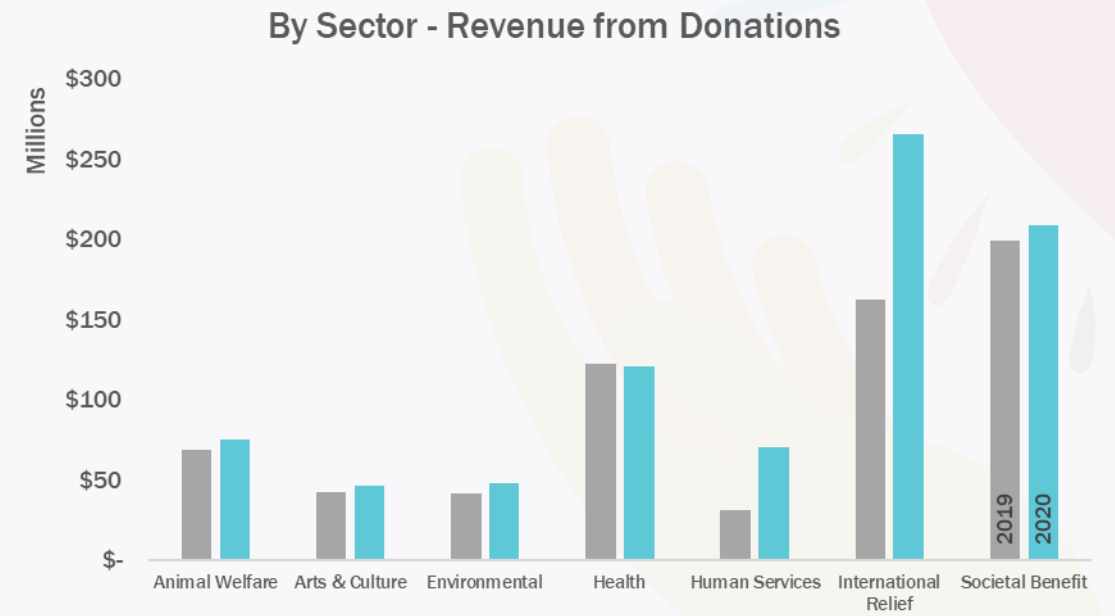
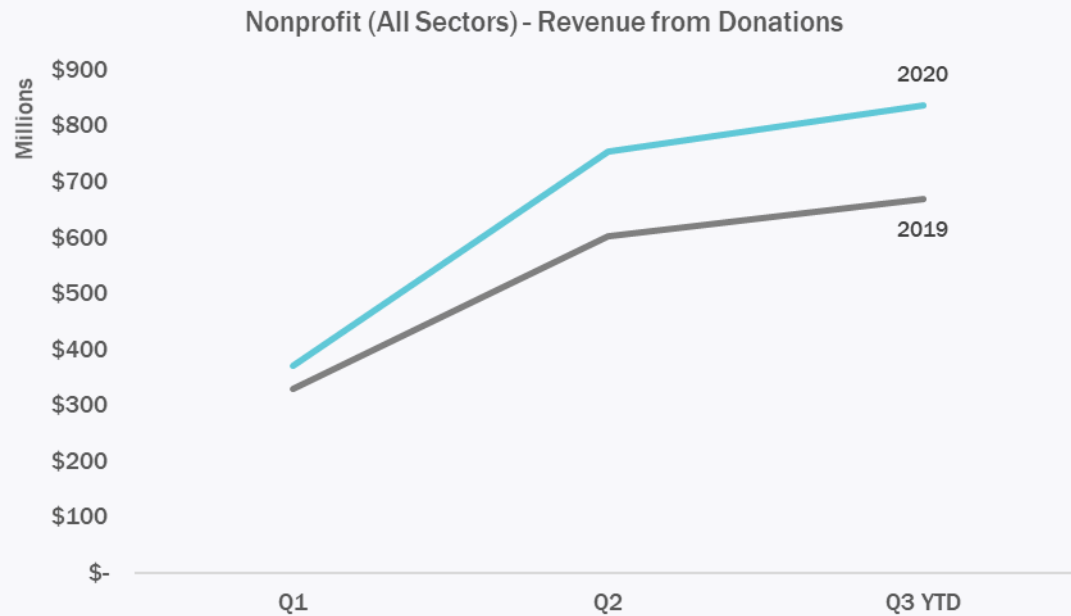
A Closer Look

TOTAL DONATIONS | Year-Over-Year Cumulative Comparison



Source: Merkle Response Management Group, Processing Data

YEAR-OVER-YEAR COMPARISON OF REVENUE (JANUARY 1 – JULY 24)

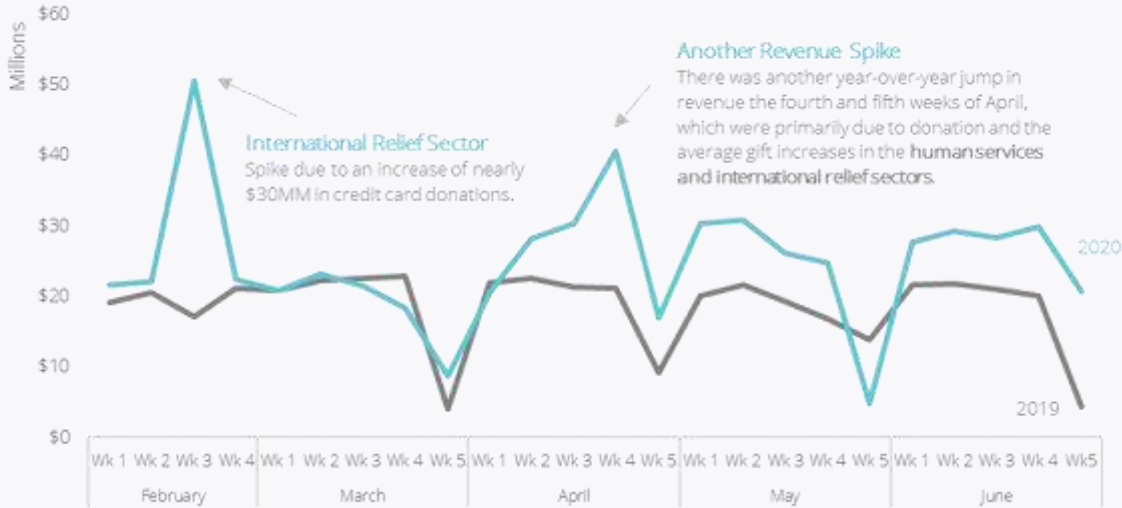


Source: Merkle Response Management Group, Processing Data

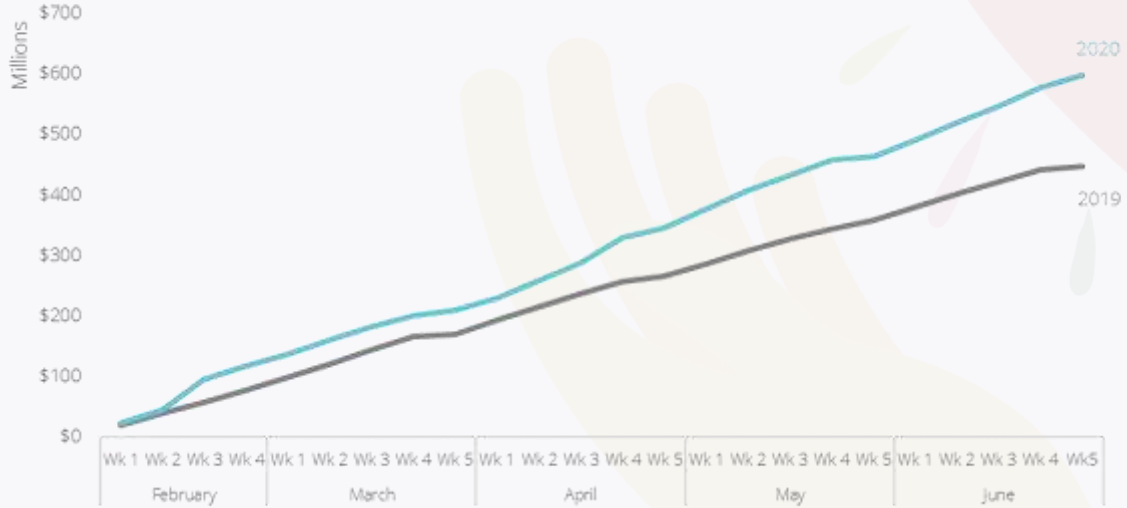
YEAR-OVER-YEAR COMPARISON OF REVENUE

A Closer Look Into the Trend

REVENUE | Weekly Year-Over-Year Comparison



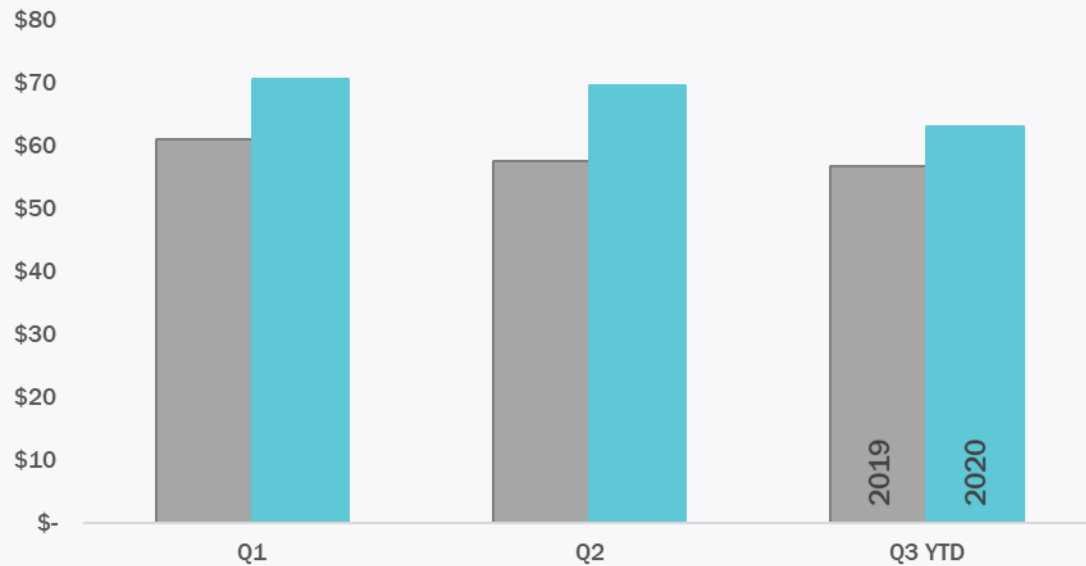
REVENUE | Year-Over-Year Cumulative Comparison



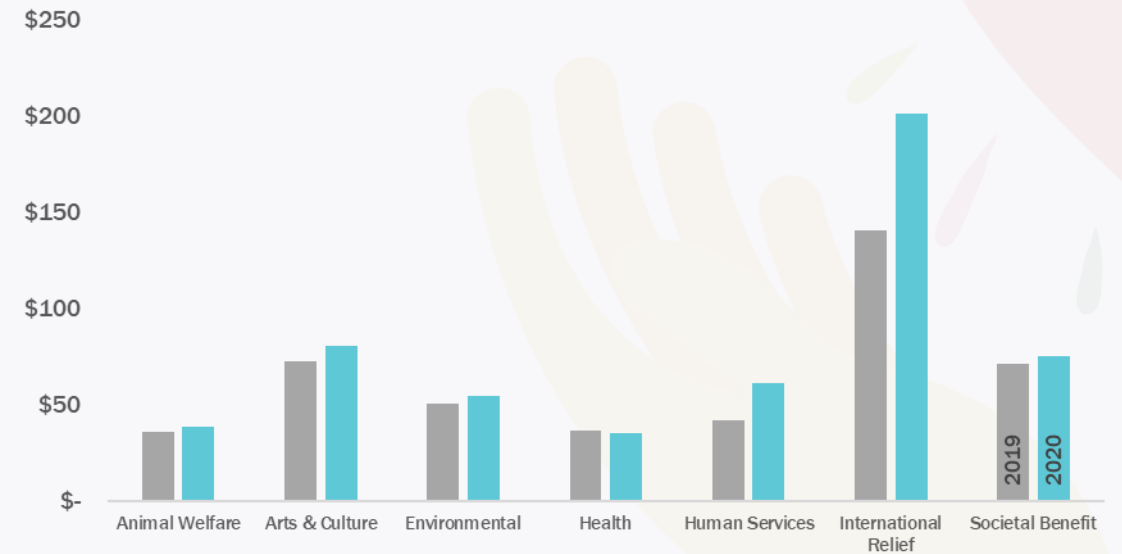
Source: Merkle Response Management Group, Processing Data

YEAR-OVER-YEAR COMPARISON OF AVERAGE GIFT (JANUARY 1 – JULY 24)

Nonprofit (All Sectors) - Average Gift



By Sector - Average Gift



Source: Merkle Response Management Group, Processing Data

THE IMPACT OF COVID-19 BY THE NUMBERS

9.1%

The year-over-year change in the number of donations processed from February 1 through June 30.

34.0%

The year-over-year increase in revenue from donations processed between February 1 and June 30.

22.8%

The year-over-year variance in average gift from February 1 to June 30.

Commercial Trends: COVID-19 and Consumer Spending

Katie Valvo
Sr. Director, Nonprofit

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CONSUMER MARKET OVERALL

Year-over-year trends: all channels

METRIC: 2020 vs. 2019	JAN	FEB	MAR	APR	YEAR-TO-DATE	MAY Preview*
Gross revenue	1% ↑	5% ↑	-23% ↓	-21% ↓	-11% ↓	-3% ↓
Number of households	-3% ↓	-2% ↓	-18% ↓	-17% ↓	-7% ↓	-12% ↓
Average order value	2% ↑	2% ↑	6% ↑	28% ↑	8% ↑	29% ↑
Spend per household	4% ↑	7% ↑	-7% ↓	-5% ↓	-4% ↓	10% ↑
Transactions per household	2% ↑	5% ↑	-12% ↓	-26% ↓	-11% ↓	-14% ↓

The consumer market was fairly stable in January and February 2020.

Everything changed in March and April when more state and/or local governments announced stay at home orders.

When looking at an early read on May, it appears that gross revenue begins to recover.



CONSUMER MARKET OVERALL

Year-over-year trends: excluding retail

METRIC: 2020 vs. 2019	JAN	FEB	MAR	APR	YEAR-TO-DATE	MAY Preview*
Gross revenue	1% ↑	5% ↑	-6% ↓	18% ↑	5% ↑	32% ↑
Number of households	-3% ↓	-2% ↓	-5% ↓	13% ↑	2% ↑	24% ↑
Average order value	5% ↑	8% ↑	0% -	5% ↑	5% ↑	5% ↑
Spend per household	4% ↑	7% ↑	-1% ↓	5% ↑	3% ↑	6% ↑
Transactions per household	0% -	-1% ↓	-1% ↓	0% -	-2% ↓	1% ↑

While retail stores shut down, that didn't stop all consumers from shopping. Online orders and call centers took the pent up demand.

Starting in April, the market overall was up by double-digits as consumers stayed at home and explored more homebound hobbies and interests for themselves and their families.



364 offers with known call center and/or online purchases were included in this research.

* May preview included 262 offers.

Data was compiled on 6/19/20.

Fitness & outdoor market: all channels

Year over year trends

January - April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/ HH	\$/ HH
Fitness & Outdoor	-17%	-26%	-20%	11%	-7%	3%
Fitness	-24%	-32%	-25%	11%	-9%	1%
Outdoor Recreation	-10%	-13%	-12%	3%	-2%	2%

Similar to most markets, the Fitness & Outdoor market contracted in 2020 when evaluating purchases made across all channels and comparing it to the same time in 2019.

Average order values were up during this time by 3%+, so the customers who were buying – either purchased more items per order or bought higher ticket items.

Fitness & outdoor market: EXCLUDING retail

Year over year trends

January – April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/ HH	\$/ HH
Fitness & Outdoor	0%	3%	4%	-2%	-1%	-4%
Fitness	-5%	0%	1%	-5%	-1%	-6%
Outdoor Recreation	6%	7%	8%	-1%	-1%	-2%

After removing retail transactions, the Fitness & Outdoor market had 4% more active buyers in 2020

Gross revenue was down for the Fitness market overall though as a drop in AOV and purchase frequency offset the gain from having more active buyers.

Fitness & outdoor market: all channels

gross revenue year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Fitness & Outdoor	-6%	13%	-34%	-39%	-11%
Fitness	-5%	-1%	-39%	-42%	
Outdoor Recreation	-7%	23%	-28%	-35%	

The Fitness & Outdoor market overall had a good month in February, driven by a steep increase in revenue from the Outdoor Recreation market. Gross revenue was down in every other month when looking at purchases made across all channels. As we know, a lot of this decline was from retail stores being closed.

An early look at May shows revenue down just 11%, which is much improved over the 34%+ losses experienced in March and April.

Fitness & outdoor market: excluding retail

gross revenue Year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Fitness & Outdoor	0%	23%	-22%	-3%	32%
Fitness	-4%	-3%	-23%	11%	
Outdoor Recreation	4%	42%	-21%	-21%	

The Fitness & Outdoor market showed less of a decline when removing the retail based transactions, but not as much as one might expect. Many companies faced inventory shortages and backorders during the pandemic. Factories were forced to close across the world and inventory became scarce.

March gross revenue was down as households were focused on meeting their basic needs. By April consumers realized they needed an outlet and they needed out of the house as their local workout facility was not going to be opening soon.

Food & gift market: all channels

year-over-year trends

January - April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/ HH	\$/ HH
Food & Gifts	6%	-8%	-3%	15%	-5%	10%
Gifts	2%	-7%	-4%	10%	-4%	6%
Gourmet Food	29%	-10%	-6%	44%	-5%	37%

The Gourmet Food market has thrived during these market conditions in the first part of 2020. The Gift market was also up, but not as drastically.

The number of active buyers overall was down (likely from retail stores being shuttered), but those who were shopping spent significantly more per order.

Food & gift market: excluding retail

year-over-year trends

January – April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/ HH	\$/ HH
Food & Gifts	8%	0%	6%	8%	-6%	2%
Gifts	3%	-4%	2%	8%	-6%	1%
Gourmet Food	37%	49%	44%	-8%	3%	-5%

When evaluating performance of only online and call center sales, gross revenue was up for the first part of 2020. The Gourmet Food and food delivery services market has boomed in recent years, with even more demand in 2020 than ever seen before!

The Gourmet Food market was the driver of this growth as more households signed up to have food delivered to their homes. AOV did dip slightly as new buyers were trying out this new approach to shopping.

Food & gift market: all channels gross revenue year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Food & Gifts	-4%	-1%	-3%	34%	33%
Gifts	-4%	-1%	-10%	24%	
Gourmet Food	-5%	-2%	38%	83%	

The Food & Gift market started 2020 off slow – with gross revenue down in the first quarter compared to the same time in 2019. The Gourmet Food market picked up in March and then both segments were booming in April.

An early preview on May 2020 shows revenue up 33% compared to May 2019.

Food & gift market: EXCLUDING retail gross revenue year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Food & Gifts	-4%	-2%	-1%	39%	38%
Gifts	-4%	-1%	-8%	27%	
Gourmet Food	-6%	-3%	51%	104%	

In 2020, the Food & Gift market trended fairly similarly with and without retail made purchases included. The retail transactions suppressed some of the growth recognized through other channels.

April looked great for Gourmet Food with 104% growth!! May looks strong as well as some consumers will stick with their new shopping method.

Home & garden market: all channels

year-over-year trends

January – April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/ HH	\$/ HH
Home & Garden	-1%	-15%	-8%	16%	-7%	8%
Bath & Kitchen	10%	-22%	-15%	41%	-9%	28%
Home Fixtures & Furniture	-6%	-8%	-2%	2%	-6%	-4%
Home Furnishings	-2%	-14%	-11%	14%	-3%	10%
Patio & Garden	14%	29%	29%	-12%	0%	-12%

Gross revenue for the Home & Garden market was down 1% across all purchase channels. This is very respectable considering retail stores were closed in most states for parts of March through May.

The Bath & Kitchen and Patio & Garden markets were two with growth in revenue over this entire time frame. AOV was up for all of the markets year to date, with the exception of Patio & Garden.

Home & garden market: excluding retail year-over-year trends

January - April 2020 vs. 2019	\$	Trans	HHs	AOV	Trans/HH	\$/HH
Home & Garden	18%	16%	13%	1%	3%	4%
Bath & Kitchen	25%	31%	29%	-4%	1%	-3%
Home Fixtures & Furniture	18%	2%	10%	15%	-6%	8%
Home Furnishings	14%	12%	8%	2%	3%	5%
Patio & Garden	29%	30%	30%	0%	0%	0%

When excluding retail based transactions from 2019 and 2020, the Home & Garden market was firing on cylinders.

Gross revenue was up 14%+ in all of the submarkets.

The growth was primarily attributed to increases in active households. In some markets AOV and purchase frequency were up, but it wasn't consistent across the board.

Home & garden market: all channels

gross revenue year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Home & Garden	5%	8%	-14%	0%	41%
Bath & Kitchen	11%	8%	-9%	30%	
Home Fixtures & Furniture	4%	9%	-16%	-20%	
Home Furnishings	4%	7%	-16%	0%	
Patio & Garden	8%	22%	1%	23%	

The Home & Garden market started 2020 off strong – with revenue growing in January and February. Things changed in March and April though, especially when including retail purchases to evaluate the market performance.

A preview on the early trends in May show gross revenue up 41%! Demonstrating that while many retail stores were closed during this time, online and call center sales were up enough to cover the losses from these store closures.

Home & garden market: excluding retail gross revenue year-over-year

GROSS REVENUE VARIANCE YEAR-OVER-YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY PREVIEW*
Home & Garden	6%	10%	5%	48%	64%
Bath & Kitchen	12%	14%	5%	74%	
Home Fixtures & Furniture	2%	7%	14%	46%	
Home Furnishings	6%	8%	-1%	42%	
Patio & Garden	5%	25%	19%	50%	

The Home & Garden market is having a record year with online and call center purchases. The year started off strong, and continued this trend into March and even more so in April.

In April alone this market grew by nearly half, at 48% overall. An early look at May shows the market up even more at 64%.

WHAT DOES IT ALL MEAN FOR NONPROFITS?

Moving Forward

- “Strike While the Iron is HOT!”
- Purchase behaviors for 2020 to-date have been unprecedented – and may never follow these same patterns again.
- The largest season for most consumer-based markets is just around the corner – along with a looming Presidential election. Companies and organizations still need to continue to connect with their customers and donors during these new, evolving economic conditions to stay top of mind.

WHAT DOES IT ALL MEAN FOR NONPROFITS?

Future Planning

- Be cautious, yet aggressive, as we head into the busiest shopping and giving season of the year. Consumers (donors) ultimately want to resume their pre-COVID-19 lives as quickly as possible.
- Understand what appeals to your buyers at this time – comfortable, helpful, convenient, affordable, interactive, time consuming, fun, problem solving, etc. Take this into consideration when planning your marketing strategy.
- Survey donors about their recent giving experience to gauge how well your existing processes and systems held up during this unprecedented time. Make updates to improve your business in these areas.
- Understand who your 2020 donors have been so far and if they can convert to long term donors.
- Continue to have an omnichannel marketing strategy. Consumers can easily be reached via online, email or direct mail campaigns.
- Leverage historical order curves when planning for 2021 – this year is likely one for the books and is not likely be recreated.

Q&A