The Status of ANZ Fundraising

2023 Benchmark Report

Contents

FOREWORD

With the economy seen as the biggest challenge facing the sector, it is heartening that more organisations saw growth in their income than a decline this year. Yet there will continue to be both 'winners' and 'losers' across our social impact community. As this latest *Status of ANZ Fundraising Report* demonstrates, those most likely to thrive share several key traits.

The first is a deliberate and intentional strategy to diversify fundraising income, for example, by expanding their individual and community giving programmes to grow major donors, grants, trusts and foundations, legacies, and corporate giving. Income from individual channels may rise or decline over time, and greater diversification enables higher sustained growth.

The second is a focus on the benefits of using technology innovation and fundraising CRM to strengthen relationships with supporters, boost decision-making, help employees work more effectively, and improve the way they operate. These organisations see the importance of more large gifts in the future and invest in valued donor cultivation and stewardship activities. Automated recurring gift journeys are providing them with durable growth, too.

It is these digitally mature social good organisations – driven by technological efficiency – that demonstrate a better ability to increase their income. The research shows they come in all sizes, and it starts with knowing how and why income changed in the last year, whilst others remain stuck in not clearly measuring fundraising performance.

Small or big, too few organisations are prioritising fundraising technology, with most yet to get the most out of the tech they use. It is telling that those who are investing in fundraising-first approaches are significantly more satisfied with their CRM, as the right software frees them to focus on what matters most: delivering impact. It is the foundational infrastructure that expands what is possible for everyone.

Recent years have taught us that change is the new constant. All social good organisations can take agency over how they approach innovation to boost growth and build a collaborative, cross-functional culture. This year's research highlights how being more intentional about trying new fundraising activities or approaches can lead to success – with integration, staff turnover, internal alignment, and communicating the cause in relevant ways all challenges that can be overcome with focus.

Purpose-driven work comes with unique challenges and expectations. With the right tools and expertise built in, insights become actionable, decisions speed up, and ambitions become real. Whilst many fundraisers are positive about retaining supporters, reaching new audiences, and meeting targets, fewer are confident they will *thrive*. As AI adds yet new possibilities and risks, we should find better ways to thrive together. All of us working to effect change – from individuals to institutions to corporations – can partner so we unleash potential and fuel social impact.

Kevin Sher
President & General Manager,
Blackbaud Pacific

INTRODUCTION

Now in its second year, we are excited to bring back the annual Status of ANZ Fundraising Report. It gives a comprehensive view of the social good community in 2023 and shares unique insights for nonprofit organisations who are looking to understand the charitable giving sector or benchmark their performance.

This year's survey opened for four weeks in June and early July. 260 nonprofit professionals from diverse backgrounds participated in the survey.

The survey focused on identifying performance and income trends within the Australian and New Zealand nonprofit sector. We asked about organisations' attitudes towards technology, the usage of their current solutions and their digital maturity. Lastly, the research focused on understanding social good organisations' future outlook, including attitudes, challenges, and opportunities.

We would like to give a sincere thanks to the industry experts who contributed their insights:

- Charlotte Weatherley, Growing Giving Policy and Partnerships Manager, Chartered Institute of Fundraising
- Kevin Sher, President & General Manager, Blackbaud Pacific
- Kelly Flanigan, Senior Solutions Engineer, Blackbaud

We want to extend our special thanks to Susie Mullen, a freelance data analyst and market researcher, who helped to bring this report to life with her expertise and superb guidance.

Who Did We Speak To?

48%

are fundraisers

32%

are experienced non-managers

39%

are managers

11%

are directors

32%

have an income of less than $1M

34%

have an income between $1M-$10M

22%

have an income of over $10M

30%

work in healthcare

23%

work in education

21%

work with children and young people

Key Findings:

Income stream diversification helps to drive growth

More organisations say that their income increased than declined, and over a half met their fundraising targets. Growth is driven by exceptional gifts, more donors and new kinds of activity, whereas income decline was mainly attributed to a challenging economic climate.

Those seeing a decline are more reliant on grants and place a bigger focus on events fundraising than growing organisations that have a more balanced portfolio of income streams.

Digitally mature organisations are more likely to see income growth

Organisations that understand and get the most out of their fundraising technology are more digitally mature than organisations that do not.

The data suggests there is evidence that digital maturity is linked to income growth, where digitally mature organisations are more likely to see income increase. This was not evident in the other two surveyed regions: the UK and Canada.

Organisations understand tech but fail to get the most out of it

Respondents see clear benefits to using technology, and most have a fundraising CRM in place at their organisation. However, only a small minority say they make the most out of their solution.

The research highlights that the software provider has an impact on how satisfied organisations are with their solution and how effectively they use their CRM to see better results and income increase.

Economic downturn continues to challenge the sector

When considering the main fundraising challenges the sector will face over the next three years, organisations' top concerns relate to economic challenges due to rising costs of fundraising and fewer donations.

Despite this, organisations remain optimistic they can retain supporters and reach new audiences, and they are willing to innovate, adapt to change and understand their supporters.

SECTION

#1

Income

SECTION #1

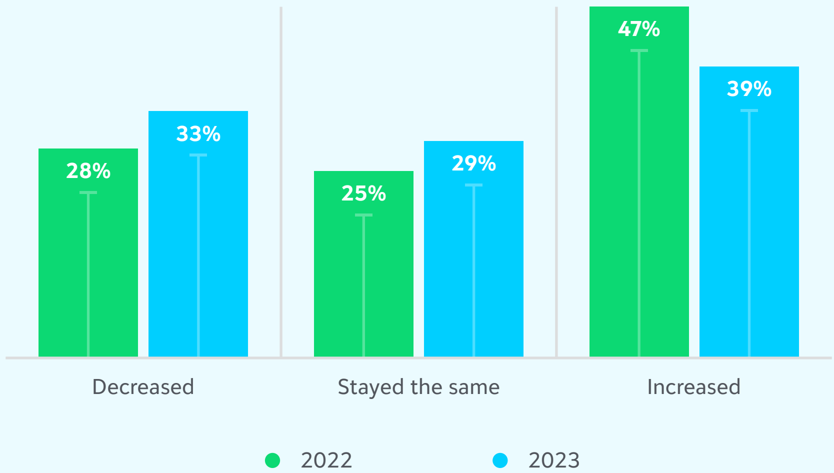
Income

To identify the nonprofit sector's income trends, we asked respondents to share how their organisation's voluntary income changed in the last full financial year.

More organisations (**39%**) say that their income increased than declined (**33%**). A further **29%** say their income remained the same.

While more organisations say their income declined in comparison to last year, these differences are not statistically significant. The makeup of the data is more robust than in 2022, with a **93%** increase in sample size. This variation means these changes are not suited for accurate year-over-year comparisons.

Thinking about the last full financial year, how did your organisation's voluntary income change, compared with the year before?



Looking at organisations according to their financial performance in 2023, the research tells that size and the use of technology are key differentiators.

Organisations who struggled to grow their income are more likely to:

- have an income of under $1M
- place a greater emphasis on grants for their income
- be concerned about the rising costs of fundraising
- not have a fundraising CRM in place

In contrast, the **39%** of organisations whose income increased are more likely to:

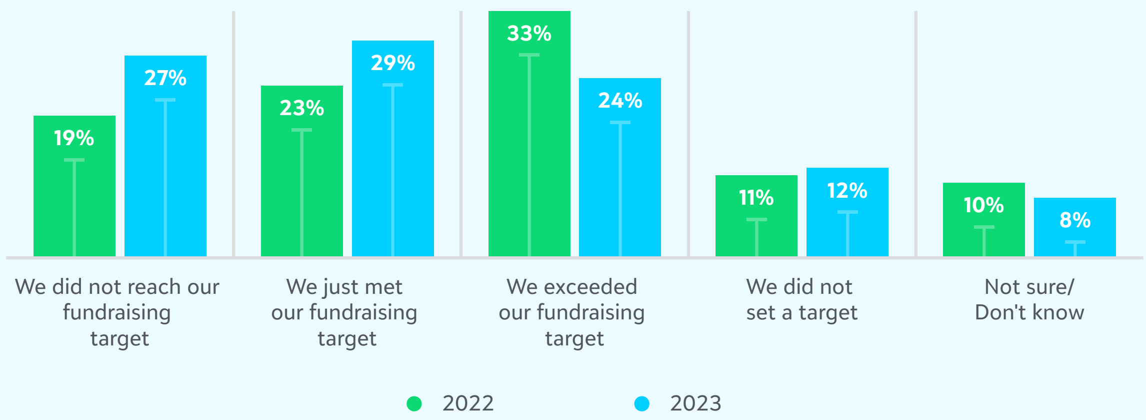
- have an income of $10M+
- be optimistic they will meet their fundraising targets and thrive
- be a Blackbaud customer

Meeting Fundraising Targets

When moving our focus to fundraising targets, we can determine that over half of respondents say their organisation achieved their fundraising targets in the last full financial year. **29%** say their organisation just met their goals, and a further **24%** exceeded their internal targets.

However, **27%** did not reach their fundraising targets, and **12%** failed to set a target in the first place.

Which best describes your organisation's fundraising performance over the last full financial year?



Drivers Behind Income Growth and Decline

Organisations that experienced income growth evaluate that exceptional gifts (**49%**) and increased donor numbers (**32%**) are the key drivers behind their financial growth. New or different activity also rank high as a driver for boosting income growth (**30%**).

While exceptional gifts are often very large one-off or non-repeatable gifts, they are driven by deliberate and intentional fundraising strategies where organisations place focus on cultivating major donor relationships, expanding their work with corporations or building legacies programs.

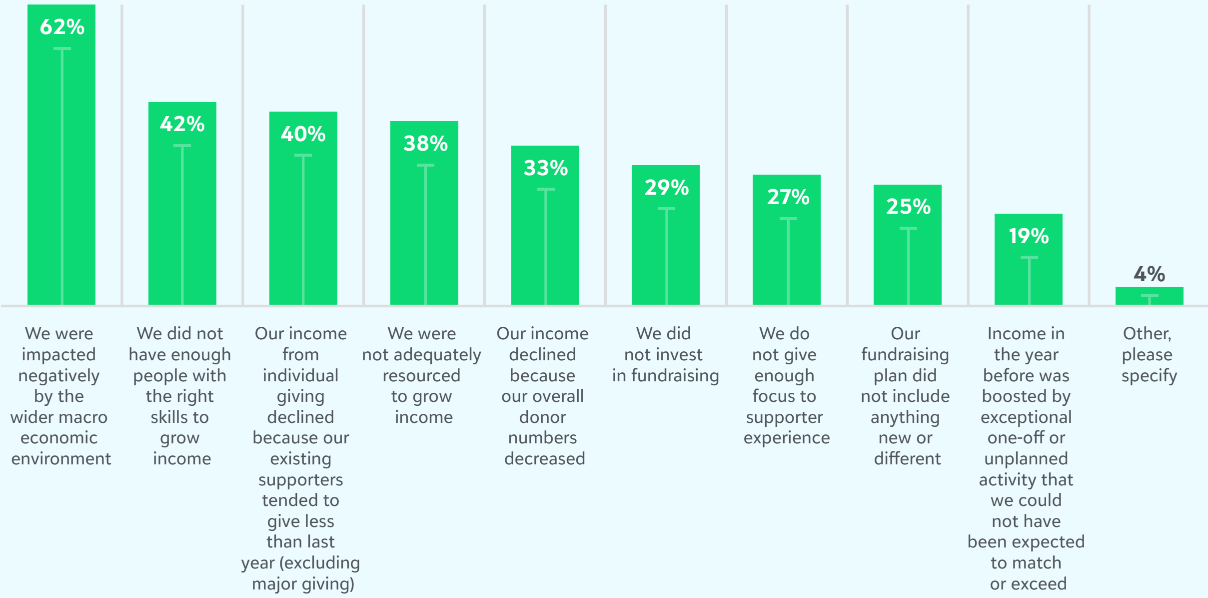
This follows a similar trend to 2022, when organisations named exceptional gifts (**39%**), new and different activity (**27%**) and the right level of investment in fundraising (**27%**) as their biggest income drivers.

You said that your organisation's voluntary income last year increased.
What do you think were the main drivers of your organisation's income growth?

In contrast, most organisations whose income declined (**62%**) say that the current economic environment is the main reason for their limited financial growth. This was followed by a lack of resources (**42%**) and existing supporters giving less than in the year before (**40%**).

Last year, social good organisations were still greatly affected by the COVID-19 pandemic, and it was rated as the number one reason behind decreasing income. This comes to show that external difficulties are one of the main challenges for the nonprofit sector in Australia and New Zealand.

You said that your organisation's voluntary income last year decreased.
What do you think were the main drivers of your organisation's income decline?

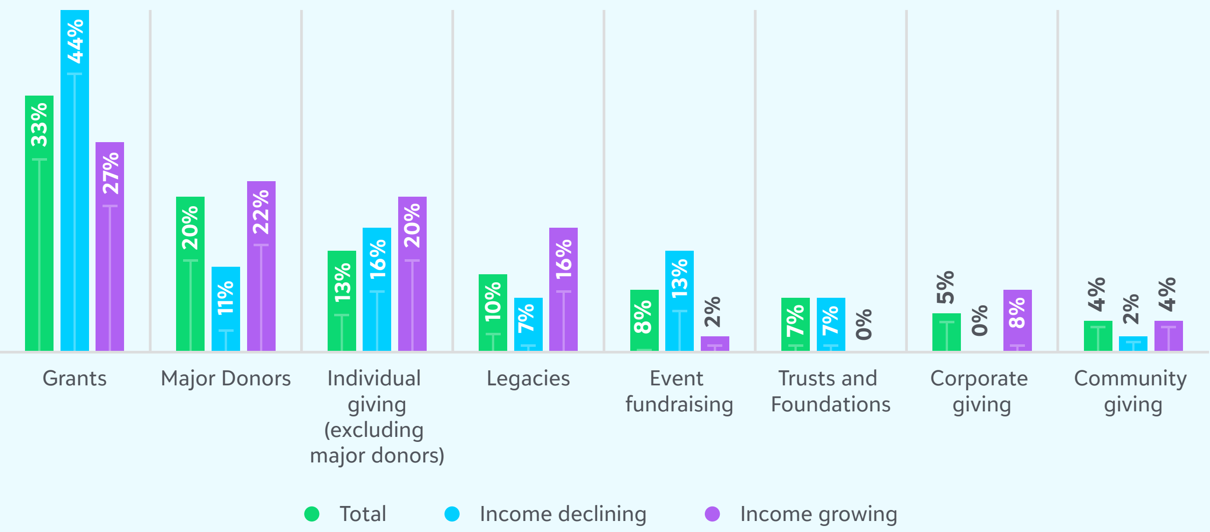


Income Streams

We asked organisations to rank their income streams in order of income contribution, and the data reveals that grants (**33%**), major donors (**20%**) and individual giving (**13%**) contribute the most.

Interestingly, this is vastly different to last year's results, where individual giving was rated highest, followed by grants, trusts and foundations, and legacies.

Rank these income streams in order of income contribution from highest to lowest



The research also reveals some interesting differences according to organisations' recent financial performance.

Organisations whose income grew have more evenly spread income sources when compared to those whose income declined, with grants, major donors, and individual giving contributing **27%**, **22%** and **20%** respectively.

On the other hand, those whose income declined in the last full financial year rely on grants and event fundraising significantly more than organisations with increased income. They also rank major donors and legacies much lower.

This more evenly spread income stream portfolio of growing organisations suggests that social good organisations of all sizes can seek to take agency over their performance by focusing on income diversification and building relationships to secure more major gifts in the future.

Organisations whose income grew have more evenly spread income sources when compared to those whose income declined.

When asked how the contribution of these income streams has changed over the last three years, over a third of respondents say that trusts and foundations, grants, major donors and individual giving now contribute more to their income streams.

In fact, 'events' is the only income stream where more organisations say it contributes less in 2023 than it did three years ago. This is likely due to the Covid-19 pandemic, which had a big influence on the events industry.

Changes in income stream contribution

Ranking	Total	Contributes less than 3 years ago	Contributes more than 3 years ago
1st	Grants	18%	35%
2nd	Major Donors	16%	34%
3rd	Individual giving	20%	34%
4th	Legacies	8%	28%
5th	Events	24%	20%
6th	Trusts & Foundations	16%	36%
7th	Corporate Giving	15%	27%
8th	Community	15%	28%

Income Roundup

Most organisations experienced growth in the last full financial year, with **39%**, and a further **29%** say their income stayed the same. Similarly, over half of respondents say they met or exceeded their fundraising targets.

By looking into the drivers behind income growth, we could identify that income increase is driven by exceptional gifts, increased donor numbers and new and different activity, whereas income decline is attributed to the current economic challenges.

When comparing income streams according to organisations' recent financial performance, the data reveals some interesting differences.

Growing organisations have more evenly spread income portfolios. In comparison, organisations whose income declined are more reliant on grants and event fundraising, and major donors contribute much less than for organisations whose income increased.

This shows that organisations can benefit greatly from income diversification and relationship building to enhance the contribution of individual and major giving by securing more gifts.

SECTION

#2

Digital Maturity

SECTION #2

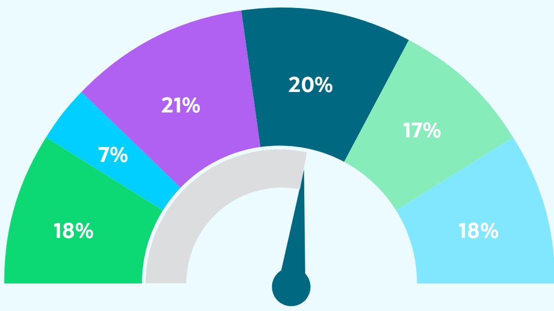
Digital Maturity

A digitally mature organisation is one in which digital is integrated across all areas of the organisation, including fundraising, service delivery, supporter experience, internal processes and more.

We asked participants to place their organisation on a digital maturity spectrum, going from one to ten. Based on the data, we can identify an average digital maturity score of 5.6. This is slightly lower than in 2022 when the average digital maturity was set at 5.9.

As can be seen from the below graphic, equal proportions of organisations ranked themselves as either 1-3 (**18%**) or 8-10 (**18%**). However, most organisations score either 5 (**21%**) or 6 (**20%**).

Where would you say your organisation is on the digital maturity spectrum?

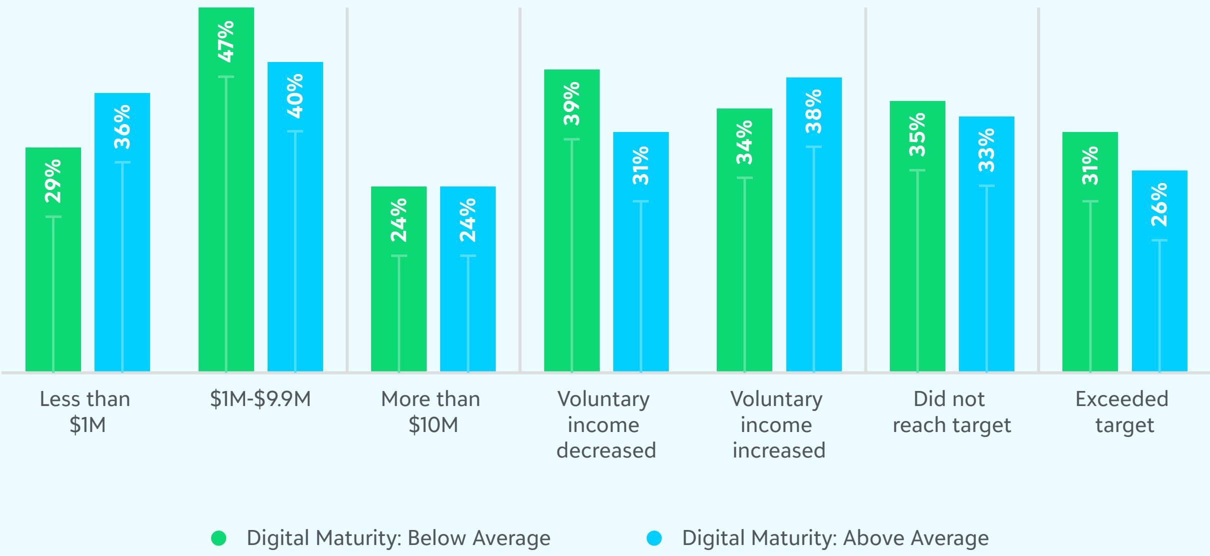


Average score 5.6 (out of maximum 10)

1-3 · 4 · 5 · 6 · 7 · 8-10

When looking at the changes from last year, the data suggests that more organisations rated their digital maturity lower this year, with just **14%** scoring 1-3 in 2022. Similarly, fewer organisations now rank themselves high in contrast to last year. In 2022, **21%** of respondents said their digital maturity score was 8-10.

Digital maturity and performance



While larger organisations are often in a better place to invest in digital tools or integrate technology across departments, the research highlights there is no link between digital maturity and the organisations' size. In fact, more smaller organisations, with an income of less than $1M, have an above-average digital maturity score.

In addition, the research reveals an interesting link between digital maturity and financial performance. It suggests that it is possible that digital maturity influences an organisation's income growth in Australia and New Zealand.

While these differences are not significant, ANZ is the only region where we have seen this trend. When conducting this research in the UK and Canada, we could not identify a link between income and digital maturity. However, the data revealed that those with high digital maturity are more likely to exceed their fundraising targets in both the UK and Canada.

It is possible that digital maturity influences an organisation's income growth in Australia and New Zealand.

Digitally Mature Organisations Vs Others

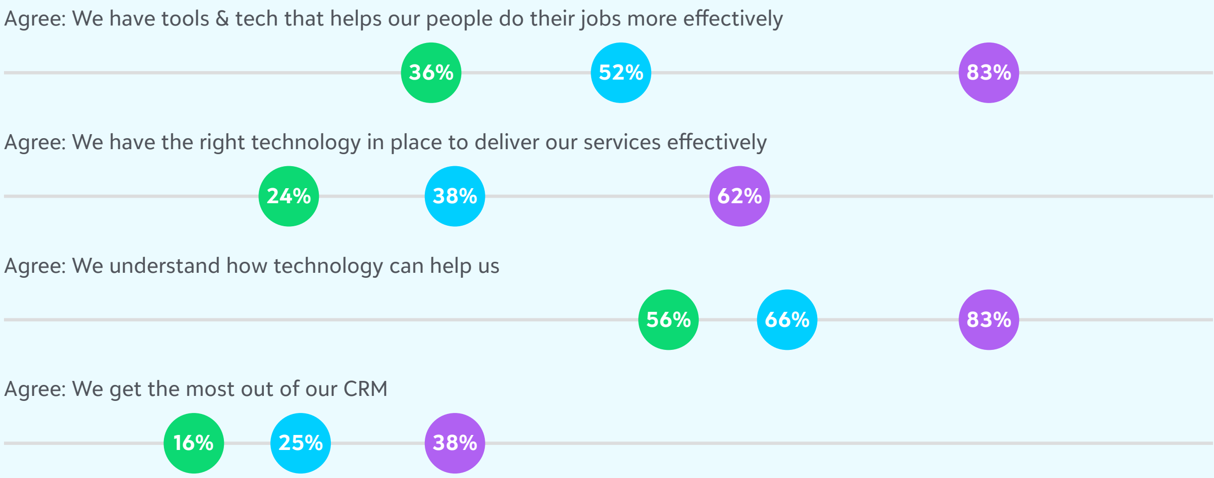
To understand these findings better, we explored the attitudes organisations with an above-average digital maturity score have towards technology. They are more likely to agree that they:

- have tools and technology that help their people do their jobs more effectively
- have the right technology in place to deliver their services effectively
- understand how technology can help them
- get the most out of their technology and fundraising CRM

Digitally mature organisations are also significantly more likely to agree that they use technology to improve how they operate (**83%**), in comparison to organisations with a low digital maturity score (**60%**).

They are more likely to invest in technology as a priority (**55%**) and use tech to improve relationships with supporters (**77%**) than organisations that did not rank highly on their digital maturity.

To what extent do you agree or disagree



Total vs below **(5 or less)** vs above **(6 or more)** average digital maturity

“Digital maturity isn’t just about using technology - it’s about having the right technology in place. As organisations grow and their operations evolve, requirements change - digitally mature organisations are constantly evaluating and optimising their tech stack. This allows them to spend more time cultivating relationships with their supporters and developing new fundraising streams.”

Kelly Flanigan,
Senior Solutions Engineer, Blackbaud

Digital Maturity Roundup

Social good organisations in ANZ are more likely to rate themselves slightly above average when it comes to their digital maturity, setting an average score of 5.6. However, equal amounts of organisations rated themselves 1-3 and 9-10, with **18%**.

While these results greatly follow global trends and there are no significant changes to last year, the data reveals some interesting findings when looking into the organisations' performance according to their digital maturity scores.

Unlike in the other two surveyed regions, the UK and Canada, we could identify a link between organisations' digital maturity score and their financial performance, with digitally mature organisations experiencing an income increase. In turn, digital maturity does not appear to have an impact on organisations meeting their fundraising targets even though we identified this as true in the other two regions.

The opposite results in ANZ pose an interesting opportunity for further research as the findings suggest that by seeking to improve their digital maturity and maximising their technology, organisations of all sizes can grow their income.

SECTION #3

Technology

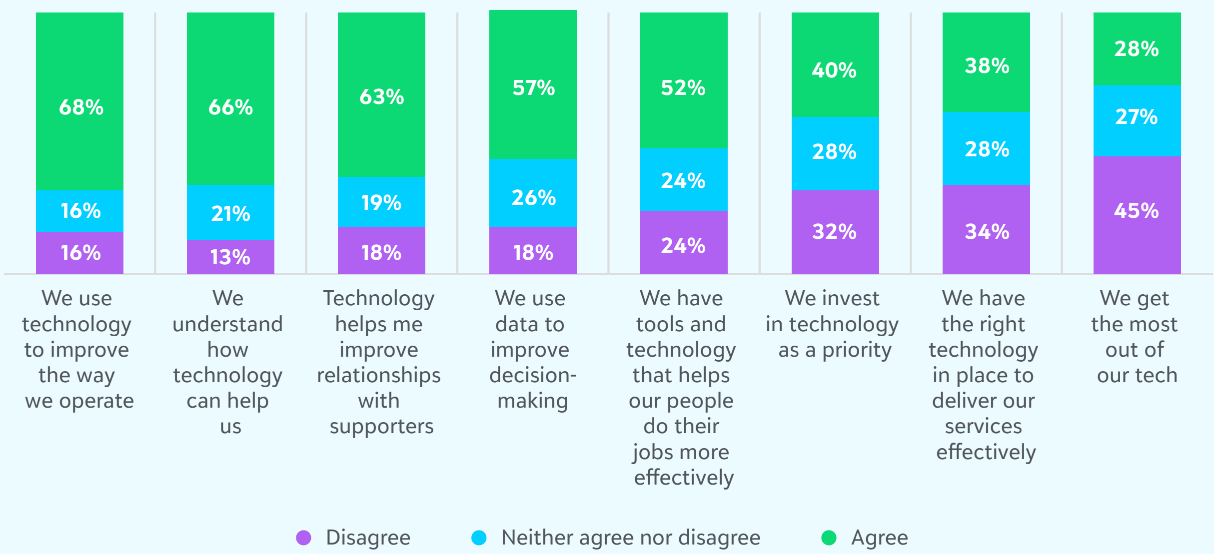
SECTION #3
Technology

Organisations generally see the benefits of technology and fundraising CRMS. Most agree that they:

- use technology to improve how they operate (**68%**)
- understand how technology can help their organisation (**66%**)
- think technology helps them to improve relationships with supporters (**63%**)

However, only **38%** of organisations agree they have the right technology in place to deliver their services effectively. Similarly, just **28%** of respondents agree that they get the most out of their technology solutions, decreasing from **38%** in the previous year.

To what extent do you agree or disagree with following statements?



Taking a closer look at the **28%** of organisations who state they get the most out of technology, we can identify that they are more likely to:

- agree that they are willing to change
- have a high digital maturity score
- have high levels of satisfaction with their CRM

CRM

76% of organisations have a fundraising CRM in place. Of these organisations, **47%** are Blackbaud customers, and Blackbaud Raiser's Edge NXT was rated as the most used CRM (**34%**).

When only looking at the remaining **24%** of organisations that do not use a fundraising CRM, we can identify that they are more likely to be an organisation whose income declined in the last full financial year.

The data reveals that the biggest barriers to CRM implementation are securing a budget to invest in a fundraising CRM (**67%**) and the lack of dedicated in-house IT specialists who could support the software project (**50%**).

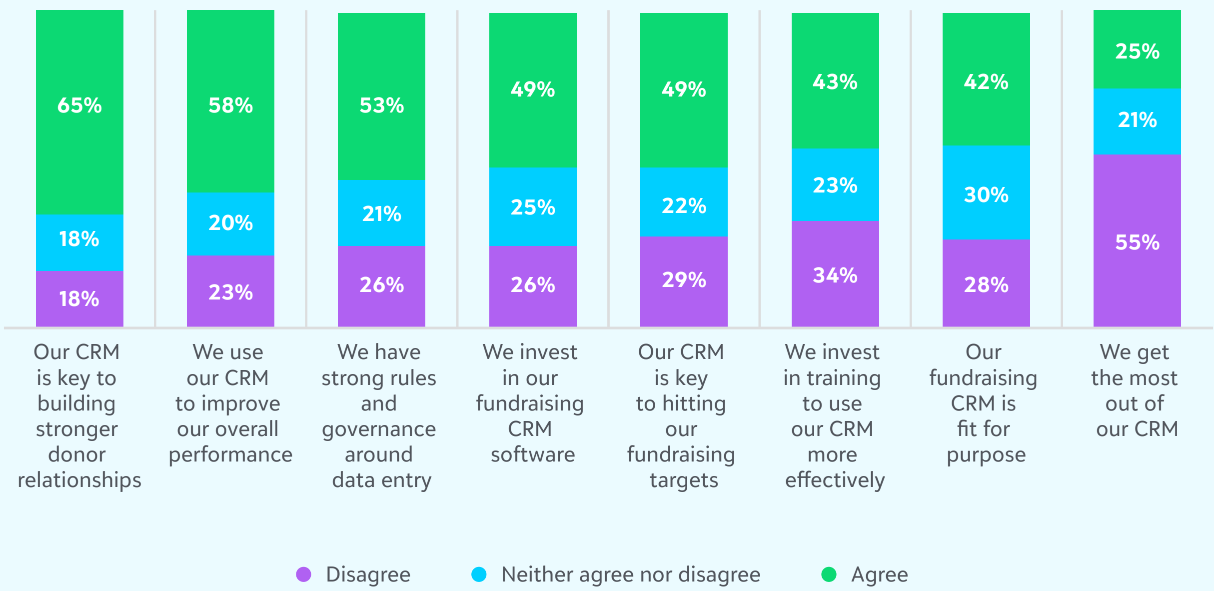
These barriers are followed by:

- building a business case to demonstrate ROI and getting buy-in from the leadership team (**33%**)
- achieving internal alignment between departments (**31%**)
- software not seen as a priority (**22%**)

Many of these organisations could identify benefits they could achieve with a CRM, including reduced administrative burden (**72%**), improved campaign and appeal performance (**69%**) and stronger donor relationships (**58%**).

> *Just 28% of respondents agree that they get the most out of their technology solutions.*

To what extent do you agree or disagree with following statements?



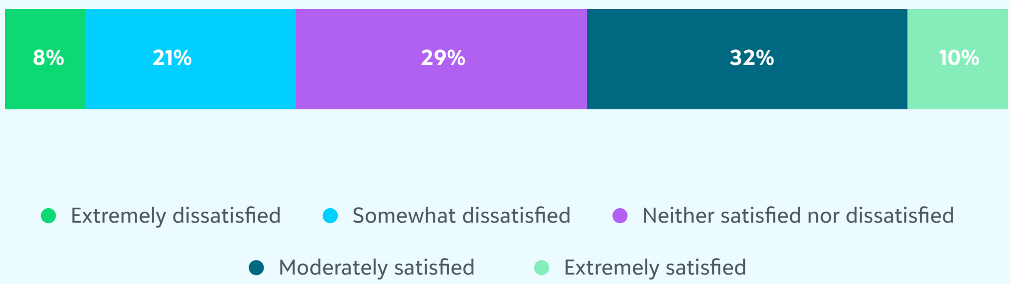
Organisations that have a CRM in place agree that their software is key to building stronger donor relationships, and they use their CRM to improve overall performance and to hit their fundraising targets. Most also have strong rules and governance around data.

However, significantly more organisations disagree (**55%**) than agree (**25%**) when it comes to getting the most out of their CRM.

CRM Satisfaction

While only a quarter of respondents say they get the most out of their fundraising CRM, **42%** are satisfied with their solution, and a further **29%** are neither satisfied nor dissatisfied.

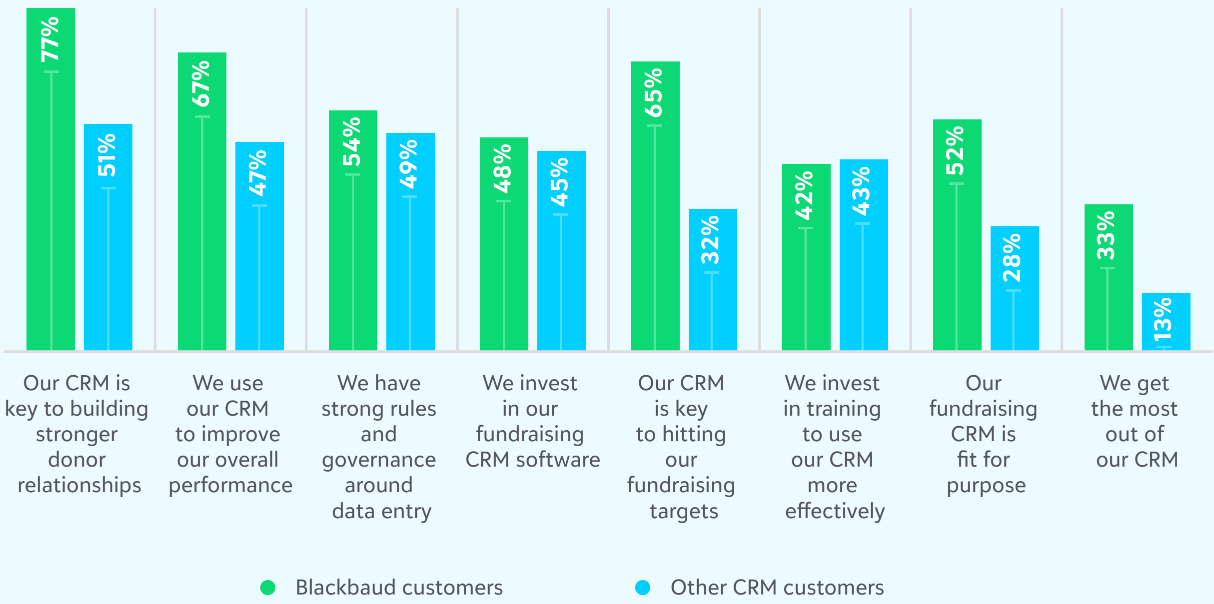
How satisfied are you with your organisation's CRM?



The data also reveals some differences between organisations that are Blackbaud customers and those that are not. We could identify that Blackbaud customers are more likely to say they are satisfied with their CRM (**50%**) than organisations that use other fundraising solutions (**34%**).

In turn, these non-Blackbaud customers are more likely to say they are neither satisfied nor dissatisfied with their CRM (**40%**) in comparison to Blackbaud customers (**17%**).

To what extent do you agree or disagree with following statements?



The research also reveals that Blackbaud customers are more likely to use their CRM more effectively.

77% of them agree that their solution is key to building stronger donor relationships, **67%** agree that they use their CRM to improve performance, and **65%** that it is key to hitting their targets.

Similarly, Blackbaud customers see that their CRM is fit for purpose, and they are more likely to agree that they get the most out of their fundraising software.

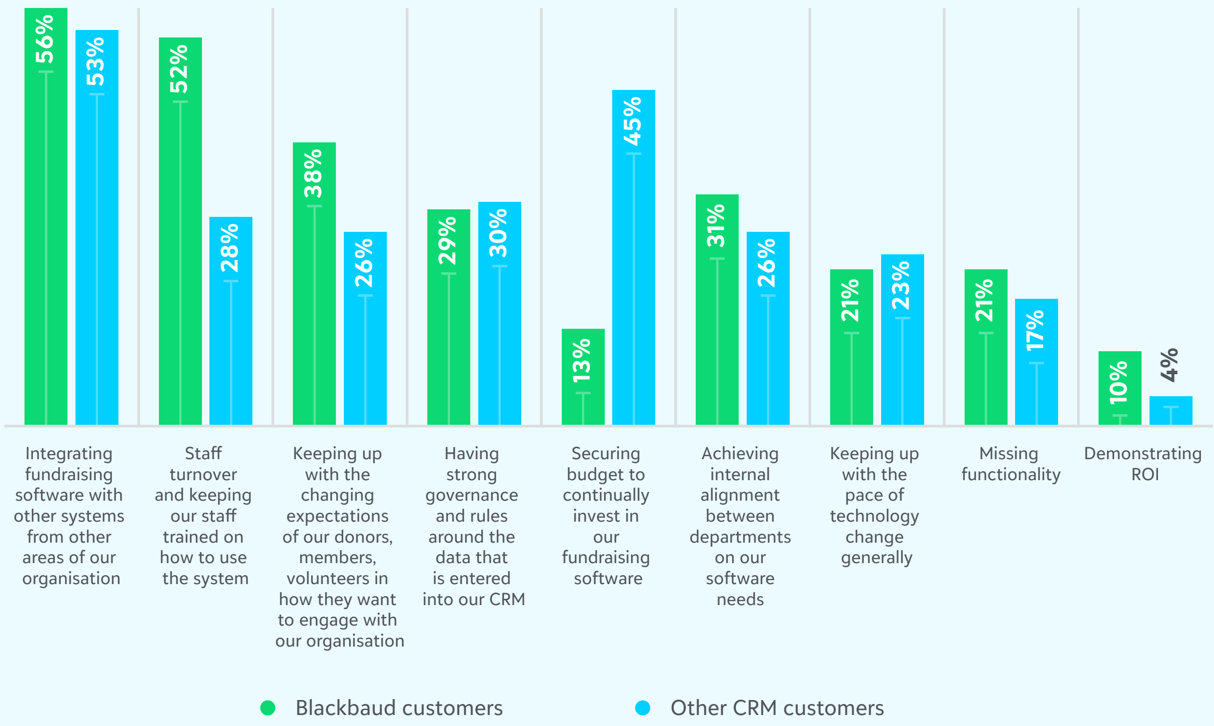
Barriers to Full Technology Utilisation

While organisations understand the benefits of using a CRM, the previously explored low figures show that they face some challenges when it comes to making the most out of the solution.

Regardless of the software provider, organisations consider integrating the fundraising software with other systems as the biggest challenge. This is followed by staff turnover and keeping them trained on how to use the technology.

The data also shows some differences between Blackbaud customers and organisations who do not use one of Blackbaud's solutions. Blackbaud customers are more challenged by staff turnover but significantly less challenged by securing a budget for continuous investment than non-Blackbaud customers.

The biggest challenge(s) we face when it comes to making the most out of our CRM is...



Technology Roundup

Most social good organisations have a fundraising CRM in place, and they see extensive benefits to using technology, whether it is for improving supporter relationships, decision-making or the ways they operate. However, significantly fewer organisations invest in technology as a priority, and most disagree that they get the most out of their fundraising CRM.

When exploring CRM satisfaction in closer detail, the data reveals some big differences between organisations that are Blackbaud customers and those that are not. Blackbaud customers are more likely to say they are satisfied, while most organisations that do not use a Blackbaud solution fall in the middle and say they are neither satisfied nor dissatisfied.

Organisations that have a CRM in place agree that the tool is key to building stronger relationships and hitting their targets. In fact, most organisations agree they use the CRM solution to improve overall performance. This helps to explain why organisations who use a fundraising CRM are more likely to say their income increased in the last full financial year.

“Small or big, too few organisations are prioritising fundraising technology, with most yet to get the most out of the tech they use. It is telling that those who are investing in fundraising-first approaches are significantly more satisfied with their CRM, as the right software frees them to focus on what matters most: delivering impact. It is the foundational infrastructure that expands what is possible for everyone.”

Kevin Sher,
President & General Manager,
Blackbaud Pacific

SECTION #4

Future Outlook

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Future Outlook

After exploring the performance and technological efficiency of the nonprofit sector in Australia and New Zealand, we focused on organisations' future outlook, their attitudes, and the prevailing challenges.

Challenges

The main concern for the ANZ nonprofit sector is the current economic situation leading to fewer donations. In fact, the top two concerns relate to financial performance, with the rising cost of fundraising taking second place this year.

ANZ concerns differ slightly when compared to the UK and Canada. While the current economic situation took the number one spot in all three regions as the main challenge, organisations in ANZ consider staff retention and recruitment as a lesser concern. In turn, it is the only region where the rising cost of fundraising ranks as the second-highest challenge.

2022		2023	
1st	Economic situation leading to fewer donations	1st	Economic situation leading to fewer donations
2nd	Retaining and recruiting fundraising talent	2nd	Rising cost of fundraising
3rd	Communicating the cause in relevant ways	3rd	Communicating the cause in relevant ways
4th	Rising cost of fundraising	4th	Retaining and recruiting fundraising talent
5th	Keeping up with the pace of technology change	5th	Nonprofits having the right tools and systems for fundraising

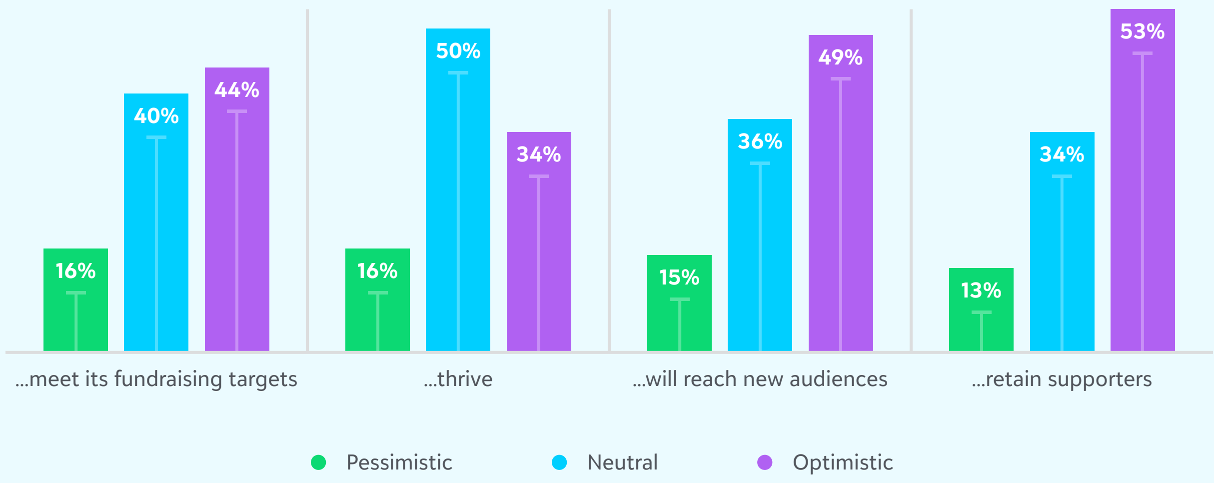
Attitudes

Optimism levels across the sector are lower than last year, but organisations are still generally more optimistic than pessimistic when it comes to their performance in the next 12-18 months.

In 2022, organisations were very positive about their upcoming performance, with **61%** being optimistic they will reach new audiences, retain supporters, and meet their fundraising targets. In addition, **53%** of respondents were optimistic that they would thrive in the next year and a half.

When moving our focus to 2023, the research reveals that organisations are more likely to feel more neutral or pessimistic than last year. This is especially true when it comes to the organisation thriving, with just **34%** feeling positive. In fact, half of the respondents say they feel neutral and **16%** are pessimistic.

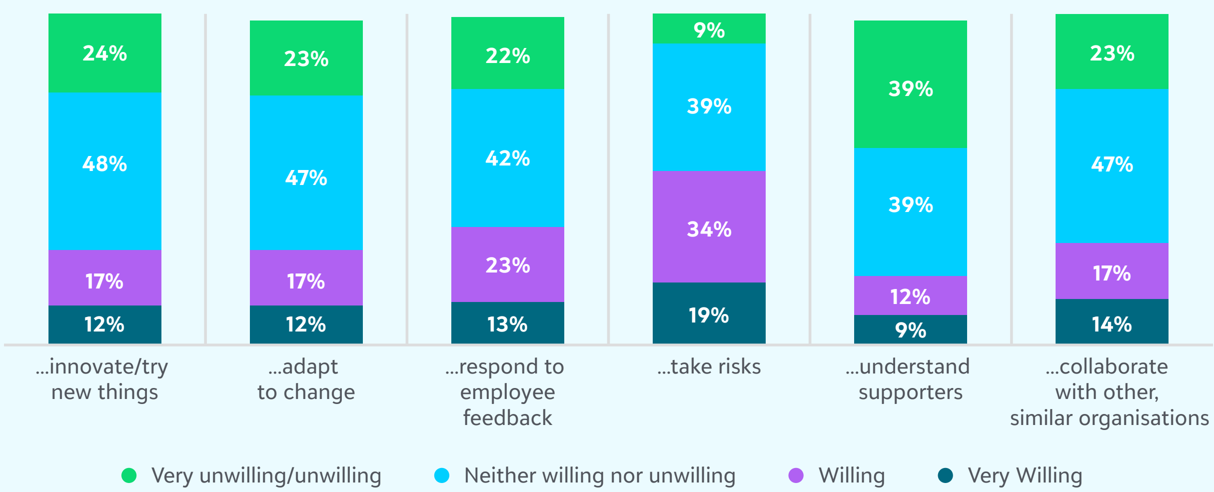
Thinking about the next 12-18 months, how optimistic are you that your organisation will...



Generally, most organisations say they are either willing or very willing to understand their supporters, collaborate, innovate, adapt to change, and respond to employee feedback.

However, just under half of organisations say they are willing to take risks, with **19%** stating they are unwilling and **34%** stating they are neither willing nor unwilling to take risks. This is slightly lower than in 2022 when **60%** said they are willing to take risks.

How willing is your organisation to...



Future Outlook Roundup

Organisations are increasingly challenged by the economic situations and rising costs, which contribute to one-fourth of organisations experiencing income decline.

Despite this, organisations generally remain optimistic that they will retain their supporters and reach new audiences in the next 12-18 months. These findings are in line with data findings about organisations' 'willingness'.

In fact, organisations are showing a strong willingness to innovate, try new things and adapt to change, on top of wanting to understand their supporters, respond to feedback and collaborate.

This can help organisations seek to grow their income because we identified that new and different activity was rated as one of the main drivers for income growth. Similarly, innovating, adapting to change and taking risks can help organisations identify and trial new income sources to diversify their income portfolio - another aspect we found to be linked to income growth.

“This report highlights that when innovation is embedded into a fundraising strategy, social good organisations have a much better chance of achieving their objectives. Of course, this is not an easy thing to do. Not only does it require commitment from fundraisers, but the wider organisation needs to be on board and play their part in supporting new initiatives. With technology and donor preferences evolving faster than ever, we hope to see that social good organisations continue to try new things and embrace a culture of innovation.”

Charlotte Weatherley,
Growing Giving Policy and Partnerships Manager,
Chartered Institute of Fundraising

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