

MEMORANDUM

TO: INTERESTED PARTIES
FROM: RAGNAR RESEARCH
SUBJECT: IMPACT OF CORONAVIRUS ON FUNDRAISING
DATE: APRIL 21, 2020

The Impact of Coronavirus on Fundraising: Key Takeaways

Ragnar Research has analyzed historic data surrounding the 2008 financial crisis to better understand the impact that events like the coronavirus pandemic have on non-profit organizations.

- Declines in revenue, especially fundraising, due to the financial crisis were serious and took years to recover from.
- Economic indicators, like the unemployment rate, show that this pandemic could be even more damaging, particularly for organizations that rely on donations.
- This will be a difficult time. But the right communication strategy and tone can help get your organization through this crisis. Donors and members need to feel connected. Remind them why your organization's purpose matters.

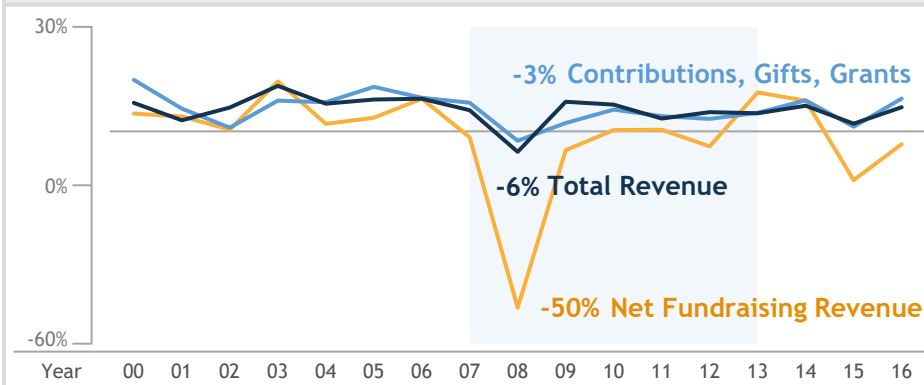
The Impact on Revenue

Based on IRS data, the **2008 financial crisis had an immediate impact on revenue, particularly fundraising, that took years to recover from.** ¹

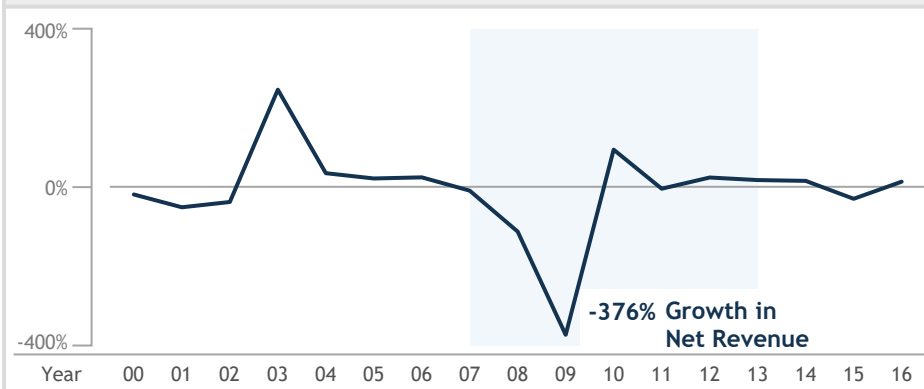
Prior to the financial crisis, organizations experienced a sustained period of growth in revenue, including contributions and fundraising. But in 2008, organizations experienced negative growth in total revenue (-6%). **Net fundraising revenue was hit particularly hard (-50%)** and, as of 2016, had still not recovered entirely.

The impact on net revenue was severe. Organizations reported net revenue over \$125 million in 2007. They sustained losses of over \$20 million in 2008. Growth in net revenue was not consistently positive until 2012 and the amount of **net revenue did not recover to pre-financial crisis levels until 2013.**

Total Revenue, Contributions, & Fundraising (2000 - 2016) ¹



% Growth in Net Revenue after Expenses (2000 - 2016) ¹

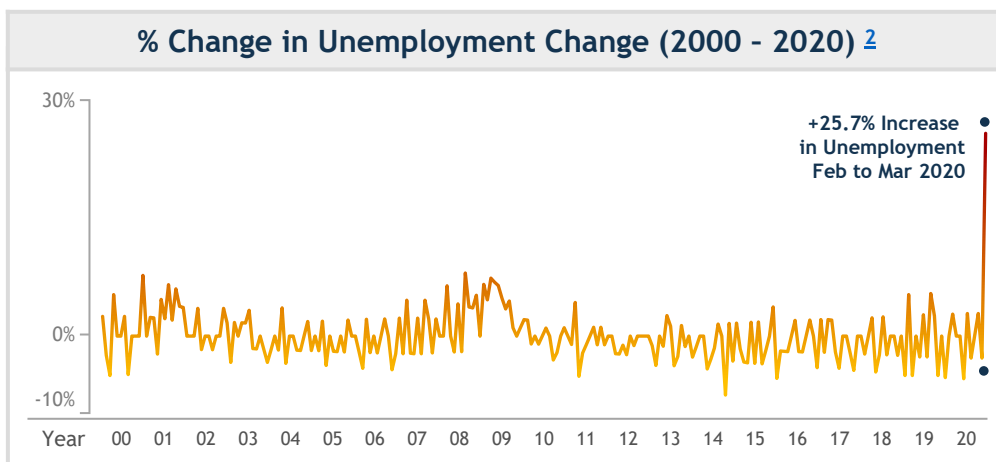


Impact on Individuals

The impact of the financial crisis on non-profits is rooted in the terrible impact the crisis had on individuals. From 2000 to 2007, the unemployment rate was relatively stable. It was 5.0% on average, reaching a maximum of 6.3% in June 2003. During this period, the largest percent increase in the unemployment rate was +7.7%

From 2008 to 2014, the unemployment rate was on average 7.9%, peaking in October 2009 at 10.0%. This 10.0% rate is the highest it has been in the last 20 years. Still during this period, the percent change in the unemployment rate was relatively stable. The largest increase was +8.0% in May of 2008. It took over seven years for the unemployment rate to fall back to pre-financial crisis levels. This roughly aligns with how long it took non-profit organizations to see consistent growth in revenue.

The unemployment rate in February 2020 was the lowest it's been in 20 years (3.5%). However, **between February and March the percent change in the unemployment rate was +25.7%**. This is the largest percent change in the last 20 years. And recent reports suggest it is already much higher.



How to Be Proactive

What can you do as an organization to get ahead of this?

- **Emotional Engagement.** According to public polling a plurality of U.S. adults are experiencing boredom and psychological distress related to the coronavirus.^{3,4} With people feeling more out of synch with their lives than ever before, now is the perfect time to give donors and members an outlet to make a difference. Remind them why your organization's mission matters to the world. The instinct is to turtle up: DON'T.
- **Targeted Messaging.** Do you know why each donor gives to you? Do your appeals have specific emotional drivers? Are you telling compelling stories or are you throwing information at people and hoping something sticks? If you don't know the answers to these questions, please reach out to us.
- **Focus On Behavior.** When we design surveys to help donor and member-based organizations, we focus on behavior. Do you have pathways to turn non-donors into first time donors, and single gifts into multi-gifts? Don't forget to ask for time. While dollars may be short, that luncheon volunteer or friend who forwarded your Facebook article today may be a donor tomorrow. While you may need to get creative, encourage participation in a way that makes sense for your organization (volunteering, social media presence, etc.) and make sure you reward it.

Above all, remember that your organization isn't alone and will get through this. Ragnar Research has time-tested solutions for identifying how and why to communicate value with donors and members. This is a critical time to maintain communication with your donors and members, and we can help you with that.

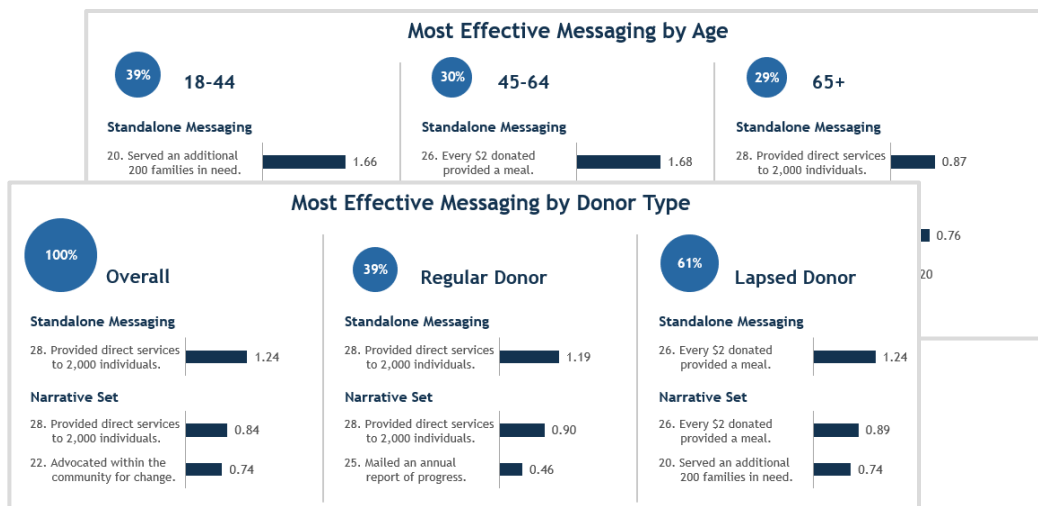
Messaging Research Is a Science

Ragnar Research's SMART analysis identifies not only what the best message is overall, but which sets of messages work together to spur action. The Ragnar Research SMART messaging analysis targets the unstated motivations of human behavior.

The messaging portion of a survey acts as a stimulus to our respondents, allowing us to identify what messages decisively affect their actions.

Ragnar Research uses a non-traditional question setup that allows us to get a clear read on the way messaging information is interpreted by respondents. Rather than asking respondents to guess at their reaction to information, we measure which messages changed behavior.

SMART - Scientific Method And Regression Testing



This messaging analysis helps ensure you're saying the right thing to the right person, so that every messaging effort has a greater chance of success. If you would like more information on our donor and member research practices, please let us know.

About Ragnar Research

With over 40 years of combined experience in public opinion research, the partners at Ragnar Research have a track record of getting the numbers right on behalf of candidates, colleges and universities, and Fortune 500 companies. The principals at Ragnar have conducted public opinion research in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Data Sources

¹ Statistics Of Income Tax Stats - Charities & Other Tax-Exempt Organizations Statistics (Note: Data for organizations with \$1M or more in assets); <https://www.irs.gov/statistics/soi-tax-stats-charities-and-other-tax-exempt-organizations-statistics>

² % Change In Unemployment Rate 2000-2020; <https://www.bls.gov/data/>

³ U.S. Emotions Mixed After A Tense Month Of COVID-19 Response; <https://news.gallup.com/poll/306026/emotions-mixed-tense-month-covid-response.aspx>

⁴ People Financially Affected By COVID-19 Outbreak Are Experiencing More Psychological Distress Than Others; <https://pewrsr.ch/2UKJ577>