

Marketing Research Group Fact Sheet: Nonprofit and Voluntary Associations

Key Insights:

- 91% of Canadians (almost 22 million) donated either financial or in-kind, to charitable organizations with 78% of donations coming from Canadians who gave in response to requests from organizations or by approaching organizations.
- As a sector recognized for its major contribution to economic activity and quality of Canadian life, focus has been placed on its two key resources: private giving and volunteer time. Branding loyalty, membership, and community building can all be facilitated through the use of Lettermail, Direct Mail, Business reply mail and targeting tools.



The research presented in this fact sheet was conducted by Canada Post except where noted.

Overview of the Nonprofit and Voluntary Sector:

A two-phase research program conducted in 2006, consisting of an analysis of secondary research as well as a quantitative survey with a national sample of individuals who have donated to charities within the last year, identified the following:

Canada has one of the largest and most vibrant nonprofit and voluntary sectors in the world.

- The sector includes "Service delivery" organizations such as health, education, social services, community development and housing as well as those performing "expressive" functions such as arts and culture, religion, sports, recreation, civic advocacy, political, environmental, and promotion of human rights¹.
- Nonprofit or voluntary entities are defined as those meeting all of the following criteria²:
 - Non-governmental (institutionally separate from governments)
 - Non-profit distributing
 - Self-governing
 - Voluntary
 - Formally incorporated or registered under specific legislation
- The Nonprofit and voluntary sector:
 - Accounts for 6.8% of the nation's gross domestic product (GDP) and when the value of volunteer work is

incorporated, contributes 8.5% of the GDP³.

- Employs 12% of Canada's economically active population engaging almost as many full-time equivalent workers as all branches of manufacturing in the country⁴.
- Philanthropy accounts for 9% of total income or 20% when the value of volunteer input is included which is less than the developed country average (28%). Government funding is also higher than in other countries⁵.
- 74% of all workers (both paid and volunteer) deliver direct services such as education, health and housing (vs. 64% internationally)⁶.
- Primary areas of activity in Canada are⁷:

Primary Activity Areas	Number of Organizations	% of all Organizations
Sports & Recreation	33,649	21
Religion	30,679	19
Social Services	19,099	12
Grant-making, fundraising and voluntarism promotion	15,935	10
Arts & Culture	13,770	9
Development & Housing	12,255	8
Business & Professional Associations and Unions	8,483	5
Education & Research	8,284	5
Health	5,324	3
Law, Advocacy & Politics	3,628	2
Organizations not elsewhere classified	3,393	2
International	1,022	1
Subtotal	155,522	~97
Environment	4,424	3
Universities & Colleges	502	<1
Hospitals	779	1
Subtotal	5,705	~4

Primary Activity Areas	Number of Organizations	% of all Organizations
Total # of Organizations	161,227	

- A small number of organizations account for the majority of total revenues:
 - 1% of associations have annual revenues of \$10M or more, accounting for 59% of total revenues.
 - 42% of organizations have annual revenues of less than \$30k making up 1% of total revenues.

Primary Activity Area	All Organizations (%)	All Revenues (%)	Total (\$ Millions)
Service Delivery			
Hospitals	1%	22%	\$24,451
Universities & Colleges	<1%	11%	\$12,381
Social Services	12%	10%	\$11,146
Health	3%	8%	\$9,174
Development & Housing	8%	6%	\$6,625
Education & Research	5%	6%	\$6,592
Expressive Functions			
Business & Professional Associations and Unions	5%	10%	\$10,770
Grant-making, fundraising and voluntarism promotion	10%	7%	\$8,253
Religion	19%	6%	\$6,805
Sports & Recreation	21%	5%	\$6,078
Arts & Culture	9%	3%	\$3,427
Law, Advocacy & Politics	2%	1%	\$1,403
International	1%	1%	\$1,255
Environment	3%	1%	\$1,131
Other			
Organizations not elsewhere classified	2%	2%	\$2,105
All organizations			\$111,596

- The government is the largest single source of revenues for associations followed by memberships and sales.

Source of Revenue	All Associations	Excluding Hospitals and Universities & Colleges
Government	49%	36%
Income from non-government sources (memberships, sale of goods and/or services)	35%	43%
Gifts and donations	13%	17%
Other	3%	4%

- Organizations can also be segmented as "charitable" or "non-charitable". Charitable organizations are exempt from a variety of

taxes and their donors are able to claim tax credits for the donations they make. Just over half (56%) of associations in Canada are charities registered by the federal government and make up 63% of all revenues. They are predominantly religion-based organizations, hospitals, health, and grant-making /voluntarism associations.

Primary area of activity	Registered Charity	Not Registered
Religion	94%	6%
Hospitals	87%	13%
Health	79%	21%
Grant-making, Fundraising & Voluntarism Promotion	79%	21%
International	75%	25%
Social Services	72%	28%
Universities & Colleges	71%	29%
Arts & Culture	54%	46%
Education & Research	55%	45%
Environment	41%	59%
Organizations not Elsewhere Classified	32%	68%
Law, Advocacy & Politics	35%	65%
Sports & Rec	27%	73%
Development & Housing	23%	77%
Business & Professional Assoc'ns and Unions	7%	93%
All Organizations	56%	44%

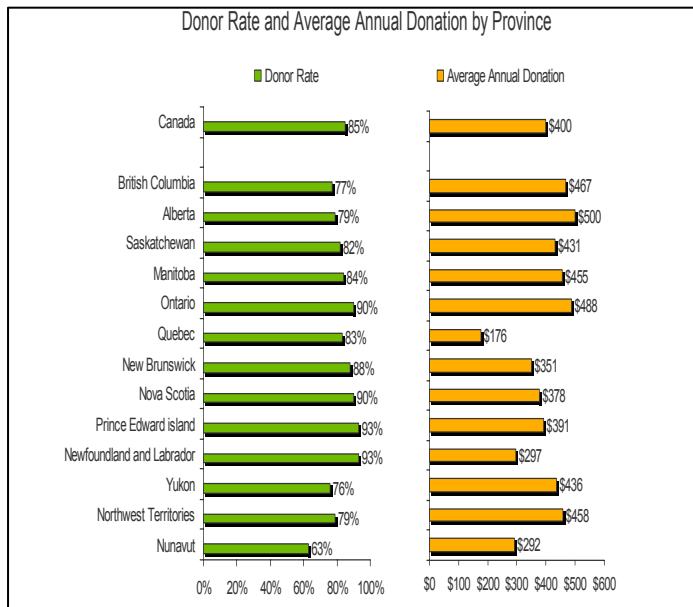
- Over three-quarters of associations have people registered as members. With a total membership of 139 million individuals in associations in Canada, clearly many Canadians belong to several different organizations. Religious (85%), sports & recreation (79%) and environmental (65%) are the top 3 organizations with people as members. Thirteen percent of organizations, or nearly 4 million, have other organizations as members The largest at 17%, are business and professional associations.

Donor Contribution Trends⁹:

- **Health related charities (65%) and hospitals (47%) are most often donated to.**
- **Half of donors report donating to the same charities each year.** A further four in ten (41%) donate to some of the same and some different. Only one in ten (11%) report donating to different charities each year
- **Four in ten donors report planning in advance which charities they will donate to (44%) and how much they will donate (40%).** Incidence of planned giving increases proportional to the size of an individual's total annual donation amount.
- Half of all donors donated less than \$250 last year, although only one in ten (10%) donated

less than \$50. **Two in ten (22%) donated more than \$500 including 14% who donated more than \$750.**

Average Donor Rate and Average Annual Donation by Province⁸:



- **“To help a cause which you personally believe in” is cited by three quarters of donors (76%)** as the main reason for donating to charities. This was followed by “To make a contribution to the community” (65%) and “Because you feel compassion towards the needy” (64%) as the second and third most common reasons.
- **One in four (24%) cited the tax deduction as their main motivator**, while 26% said it was at least somewhat important. However, six in ten (58%) claimed at least some of their donations on their income tax return. The likelihood of claiming donations increases with income and age.
- **The main reasons for not donating concerned limited resources**, the efficiency with which the money would be used by the charity and the tone or frequency of the requests themselves.
- **The majority of donors (62%) have received a request that contained a small free gift** such as a key chain or pen, however, less than one in ten said that the gift influenced their decision to donate. That being said, **those who receive gifts tend to donate higher amounts annually.**

- **Nine in ten donors (87%) expect a communication following a donation:** Majority (58%) want a tax receipt, a thank you note or a newsletter or annual report in a separate communication.
- **The majority also reports that a charity should wait at least six months to request another donation**, including 50% who think a year or more is more appropriate. Two in ten (19%) said twice or more was acceptable.
- **The most preferred method of receiving a donation request is through printed mail addressed specifically to the donor.** This method is also the most commonly used, with two thirds of donors reporting to have received this kind of solicitation in the last year.
- **Telephone solicitation was by far the most disliked method of request, followed by requests made door-to-door or by email.** However, telephone and door-to-door requests are the second and third most commonly used by charitable organizations according to reports from donors.

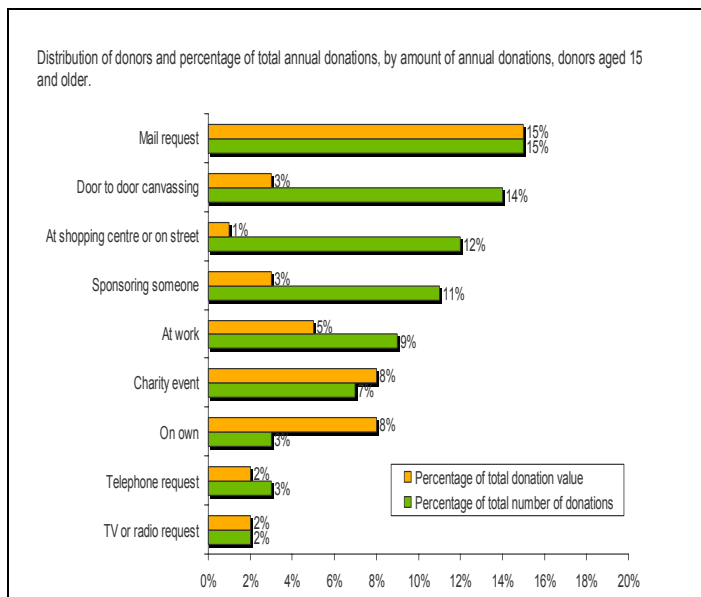
Key Findings Regarding Use of Mail¹⁰:

- **Donation requests made through either personally addressed mail or by a flyer or brochure received in the mail** are two of the three most preferred donation solicitation methods. This request type is also most popular among charities’ desired group of top donors.
 - Two thirds of those who gave over \$500 last year report feeling at least neutral toward this type of request, including four in ten (37%) who report liking them;
 - Similar findings were found for requests through flyers or brochures sent through the mail.
- **Not only is mail the preferred method for donations, this method is also popular among those who plan the charities or the amount they intend to give in advance** (ie. two thirds of both groups report liking it).
- **Although use of addressed mail is fairly widespread (with two thirds of donors reporting receiving this kind of request), requests made through flyers and brochures sent through the mail are less**

common, with less than half of donors having received a request through this method.

or older liking this method compared to less than half of those 18 to 34.

\$Donations by method of Solicitation⁸:



- **A cheque sent through the mail is by far the most often preferred method of payment**, followed by payment in cash or cheque made in person, liked by four in ten. Payroll deduction / automatic withdrawal (23%) and online payment (17%) were the least preferred overall.
- **Door-to-door requests and those made at a shopping centre or in a public place such as a sporting, arts or charity event, tend to be more often disliked** by older donors and donors that plan their giving in advance, than by those who are younger or who don't plan their charitable giving in advance. In-person methods are also viewed more negatively by those in the top donor group.
- **Most donors like paying for a donation via a cheque sent through the mail** – no other payment method is liked by more than half. The majority of donors dislike both online payment options at the charity's website and automatic withdrawal or payroll methods.
- **Older donors are also more prone to liking sending a cheque through the mail** as their payment method, with two thirds of those 55

Key Challenges:

Canada's nonprofit and voluntary sector challenges include⁸:

- Fierce competition for a limited pool of grants and donations from individuals, corporations and foundations
- Political / Regulatory (tax) changes
- Difficulties recruiting volunteers and members
- Obtaining funding from governments (who are cutting costs)
- Private philanthropy (donors giving larger gifts to fewer groups)
- Dealing with a noncommercial mind-set ie. Nonprofits tend to frown on market competitiveness and investment in the organizations themselves
- Technology ie. leveraging the Internet
- Baby boomers are getting older and living longer (concern with outliving assets, focus shifting from acquisition to loyalty, retention and renewal).

Revenue-generating Opportunities:

Ideas for consideration are as follows:

- Pursue revenue generating opportunities in the marketplace such as forming partnerships with corporations:
 - License names or ideas of nonprofits¹¹
 - Get involved with "cause-related marketing"; "When asked to recall any partnerships between a brand/company and charitable organization or cause, 37% of adults answered that they could remember at least one"¹².

¹⁻⁶ The Canadian Nonprofit and Voluntary Sector in Comparative Perspective, 2005 Imagine Canada.

⁷⁻⁸ Overview of Associations in Canada, CP#05-37, 2005 and Statistics Canada, 2004, Caring Canadians, catalogue# 71-542-XIE.

⁹⁻¹¹ Consumer Donors Drivers and Trends. CP#06-11, 2006.

¹²Universal McCann, The Power of Cause Marketing, Nov. 2006.

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