The Australian Donor Market – Demographic Differences Across Charity Types

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Background

The purpose of this research was to determine the demographic differences in donor profiles across six categories of charities in Australia. With over 700,000 charities in Australia, optimal fundraising is not only critical for the survival of these organisations but, more importantly, the welfare of their beneficiaries. Our study is particularly germane as navigating an already difficult marketing environment of intense competition (Bendapudi et al., 1996); high costs of fundraising and administration; problems of solicitation overload (Hibbert, 1995; Shelley and Polonsky, 2002), and the current global economic climate has made the task of fundraising even more arduous. There is an ongoing paucity of research about donors and as such, the primary research question for our paper was: 'Are demographics a significant predictor in differentiating between donors to six categories of charities in Australia?' Specifically we hypothesise that age, gender and income significantly differentiate between donors who give to these six charity types and the amount they donate. This collective review provides a more holistic perspective and delivers more useful and meaningful findings for academics and practitioners. It builds upon previous studies, addressing gaps in the literature by specifically addressing the Australian context, using improved categorisation of charity types and using actual donation amounts from a broad sample to produce robust findings.

Socio demographic characteristics of donors' impact on the donation decision process (Kottasz, 2004; Sargeant, 1999). Evidence from the extant literature tells us that age affects giving (Bekkers and Wiepking, 2007; Riecker and Yavas, 2008; Schlegelmilch et al., 1988), with older donors most likely to give (Giving Australia 2005; Halfpenny, 1999; Rajan, Pink and Dow, 2009). While the literature is not comprehensive in terms of what type of charity is supported by different age groups, Sargeant's UK study (1999) found that older donors are more likely to support social services, children's charities and health organisations. In terms of gender, women were found to be more generous than men who were less likely to give (Kottasz, 2004; Schlegelmilch et al., 1997). Although less frequent givers, when men did donate, gifts could be of greater dollar value (Giving Austalia 2005; Schlegelmilch, 1997). Women typically donated more to 'caring' charities such as animals and children. Conversely, men gave to charities reflecting more egoistic values such as those based in the arts or offering social rewards (Kottasz, 2004; Srnka, 2003). Income too influenced donations with the wealthy in society giving the most (Bekkers and Wiepking, 2007; Giving Australia 2005; James and Sharpe, 2007; Srnka, 2003). Wealthier donors tended to support charities focussed on long term social change and the environment (Bennett, 2003; James, 2007; Kottasz, 2004). Donors at the lower income spectrum gave to those charities that helped those in obvious need, such as welfare (Bennett, 2003). Overall the literature establishes that there are nuances associated with age, gender and income of donors and their giving behaviour and charity preference.

Method

Using quasi-snowballing sampling techniques, a total of 32 interviews were procured in the first stage of this study. The subsequent Australia wide survey (n=400) was administered online. An initial sample of 3100 resulted in 677 meeting the screening criteria of being regular donors. Of those 677 eligible respondents, 410 completed the questionnaire and a further ten were removed from analysis in the data screening stage. Established scales were adapted following the first stage of the study (e.g. Sargeant, Ford and West, 2006; Sargeant and Lee, 2002; Mathur, 1996). Respondents indicated their level of agreement/disagreement

on a seven point bipolar semantic differential scale, with the following statement for each of the six categories of charity 'I most regularly donate to X charity (Health; animal and environmental; welfare; disability; international aid; children's charities). Amount donated, age, gender and income were assessed using categorical scales. A self-reported donation dollar figure was also provided to facilitate statistical analysis.

Results and Discussion

Firstly, the results for age were examined, finding a negative relationship to donation amount across charity types (e.g. Health charities r=-0.166, p<.01), differing from that found in the Giving Australia (2005) study. Highest annual donation amounts were reported for the 25-34 age group (M=$286.60) down to the lowest amongst the 55-64yr age group (M=$143.62). Age was not found to be a significant predictor of charity supported. Donations to health charities appeared less prominent with those over 64 years while disability charities appeared least popular with the younger donor. Secondly, gender was assessed. There proved to be a significant effect for gender on both dollar amount donated and type of charity supported. Gender was significant across all charity types for amount donated (e.g. Children's charities r=-0.159, p<.01) thereby supporting the results of the Giving Australia study – results indicating that males were giving greater dollar amounts across charity categories. T-tests on donation amount also indicated that males (M=$271.97, SD=427.23) had potential to giver higher value donations than females (M=$159.08, SD=$206.71). Furthermore, MANOVA results indicated males were more likely than females to support welfare charities (f=2.54, p<.05). When subject to multiple regression results were also significant, indicating a higher level of support for health charities among female donors. Finally the effect of income on donations was analysed. On cross tabulation and chi squared tests, highest income earners, those earning $120k a year and over, represented a distinctive subgroup in terms of donation amount (M=$457.52) compared to the lower income earners (M<$260.00). Lowest donation amounts were received from those earning $40K and under (M=$127.87) and $41-$80K earners (M=$228.60). When subject to multiple regression, income was positively associated with donation amount across all charity categories (e.g. health charities r=0.15, p<.01). Interestingly, analysis of variance proved significant for income effects with regard to support for international aid charities (f=5.31, p<.01), post hoc analysis revealing that those in the $80-$120K income bracket were most likely to support international aid.

Conclusion and Implications

The results of the research illustrate the importance of demographics for the Australian donor market both in terms of who is giving and what charities they are supporting, providing some evidence of country specific donor profiles. Age effects were not significant for charity supported; results for age and donation amount differed from a number of international studies finding a positive relationship with age (Bekkers and Wiepking, 2007). The findings for gender and income were particularly salient, supporting other Australia-specific studies (Giving Australia, 2005). While giving is driven by a wide range of factors beyond the demographic, the findings provide evidence of the continuing effect of demographic characteristics on donation behaviour with implications for the applications of giving behaviour models. The findings have practical implications in terms of charity specific segmentation and targeting, with evidence presented on the demographic characteristics of donors to different charity types. Overall, these country-specific findings contribute to both theory and practice and are a valuable platform for future research.

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