

# Prospectus

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## The Demographics Of American Charitable Donors

- Results Of 35,619 In-Person Interviews
  - Households: Those Who Give; Those Who Don't
  - Correlations: Donation Amounts Based On Financial & Non-Financial Demographics
  - Separate Analyses:
    - Donations Of All Kinds
    - Donations To Educational Institutions
    - Donations To Political Groups
    - Donations To Churches/Religious Groups
    - Donations To General Charities
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### Important Information about a new SMR Research Study

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Research Corporation

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# SUMMARY OF THE STUDY

**Charitable donations are a big part of total consumer spending.** IRS records show more than \$200 billion per year of consumer donation itemized deductions, not even counting contributions by those who don't itemize.

**Yet, on individual fund-raising campaigns done by mail or phone, a majority of households decline to contribute.**

**What specific demographic factors correlate with a consumer's decision to give? What drives total dollars donated? How do the demographics of contributors vary by type of charitable cause?**

These are the main questions answered by this research study, which we believe to be the most extensive of its kind.

**SMR utilized data on 35,619 household interviews from the federal government's largest survey on consumer spending habits – the Consumer Expenditures Survey (CEX). The study tabulates results of 27,289 cash donations made by these households.**

These interviews were conducted **in-person inside consumer homes** by Census Bureau personnel. Moreover, the interviewers checked receipts and verified everything, because the CEX is one of the government's most vitally important surveys. It is used to help create the Consumer Price Index.

**CEX asks consumers what they spend on all products and services. Charitable donations comprised one series of questions. The interviews gather data on specific amounts donated in each of four categories:**

- 1. Donations to educational institutions,**
- 2. Donations to political groups,**
- 3. Donations to churches and religious groups, and**
- 4. Donations to all other general charities.**

**Our study separately examines the demographics of people who donate in each of these categories – and in all categories combined.**

We calculate a "**key ratio**" for each demographic group (for example, for each of several ranges of household income). **This ratio shows the exact degree by which a group out-performs or under-performs the norm in donation dollars.** Key ratios are immediately useful in making solicitation list selections or in predictive models.

Spanning more than 130 pages, the study yields practical data and analysis applicable to new prospect solicitation and to existing donor lists.

This Prospectus describes the contents in detail. **An Order Form is enclosed.** Thanks for your interest.

# HIGHLIGHTS

## CEX: A Goldmine Of Information

The Consumer Expenditures Survey (CEX), our source, is the U.S. government's largest regular survey about what consumers spend on all products and services. **A special module focuses on charitable donations.**

**We used 35,619 CEX household-level interviews conducted in 2005 and 2006.** Each was done in person by a Census Bureau professional, inside consumer's homes, where the interviewer did not merely ask questions but also checked receipts and otherwise verified the answers.

**CEX households are selected to represent an exact cross-section of U.S. consumers by geography, income, race, Hispanic ethnicity, and home owners versus renters.**

**Why all the fuss?** CEX is used to help set and adjust the Consumer Price Index (CPI), arguably the single most important of all federal economic statistics. Accuracy is paramount.

**CEX raw data are a challenge to use** – multiple data files with coded answers to thousands of questions. SMR has a 20-year history of working with complex government data files and spent more than a year learning this one.

## Key Ratios: A Guide To List Selection

Households headed by a married couple were 53.6% of those interviewed, but contributed 75.3% of all donation dollars. So, they gave more than their normal share. Our "key ratio" for married households is:  $75.3 / 53.6 = 1.40$ .

**Any SMR key ratio above 1.00 means a group out-performed the average in donation dollars.** Any ratio below 1.00 means sub-par donations.

**This ratio tells you precisely what value a variable has in forecasting total dollar contributions when making prospect list selections.**

**In this study, SMR calculated some 400 key ratios** – on non-financial demographics, by ranges of income, home value, and liquid assets, and more. Section V shows correlations between donations and unusual demographics, such as consumers with large life insurance policies, home equity lines of credit, and multiple vehicles.

Key ratios are useful not only on new prospect lists, but also when used on lists of existing donors who haven't been active for a while. They tell you how to maximize contributions per mail or phone solicitation.

# HIGHLIGHTS (continued)

## A Three-Month “Outcome” Period

We’re all accustomed to thinking about how much consumers donate over the course of a year. But when you solicit funds, consumers don’t respond six or nine months later. **They respond – or fail to respond – right away.**

With this in mind, we were pleased that the CEX survey doesn’t ask what consumers donated to charitable concerns over a full year. **It asks what they gave over just three months prior to the interview.**

Unlike many surveys, then, this one gets you a lot closer to matching the real world of solicitation. Interviews were spread across all months of the year.

## Four Donation Categories

The survey provides any of four codes for each charitable donation. These codes enabled us to organize the study by type of charitable group: **Donations to 1) educational institutions, 2) political groups, 3) churches and religious groups, and 4) all other general charities.**

**We ran all the demographic tables and key ratios separately for each of the four groups – and for all groups combined.**

## Donation Timing

CEX not only asks how much consumers donated, but also captures the month in which each donation was made. **Resultant tables in the study put real statistics behind “best months” in which to solicit.**

## Linking Demographics To The Real World

The problem, we think, with some donation studies is that they provide lots of numbers which you end up unable to use. **A special final section of this report links demographic data to the real world of what’s available.**

It’s great to know, for instance, that households with \$25,000 to \$50,000 of cash in the bank will donate 1.83 times the normal amount to general charities. But when you try to find names and addresses selectable by exact amounts of cash in the bank, you discover that the data just don’t exist.

**Which demographic items that really matter are also available? And which ones (like incomes) may be available, but aren’t always accurate?**

Section VI of this study provides analysis of this most-important issue. It also discusses the use of list selection items versus the use of predictive multiple regression models.

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# About SMR Research Corp.

**Founded in 1984, SMR Research Corp. is the nation's largest producer of market research reports on consumer financial subjects.**

Prior SMR consumer demographic studies have investigated households that do (and don't) obtain home equity loans and mortgage refinances, individuals who revolve credit card balances, those who obtain personal life insurance policies, those who make home improvements, and more.

SMR also is active in public policy. SMR provided supportive research to Congress for the recent revision of U.S. bankruptcy law.

A majority of the nation's largest banks, thrifts, mortgage bankers, credit unions, brokerage houses, and retailers are clients. SMR is a member of the **Association of Fundraising Professionals**. More than 4,000 executives at more than 800 companies have purchased our reports.

**SMR also offers predictive modeling services and marketing leads.** See our web site: [www.SMRresearch.com](http://www.SMRresearch.com) for more information. A new SMR predictive model generates Charitable Donations scores for some 46 million home owner households.

## Study Pricing And Copyright License

**Clients who purchase this copyrighted study are permitted to make up to five copies at no additional charge for distribution within their organizations.**

**Clients who wish to make the study available to all employees can obtain the "Intranet" version of the report.**

The Intranet version is delivered via email as a Microsoft Word file and may be placed on internal organization computer networks. It allows all employees to access the results, use the search features of Word, and print out selected portions. Under copyright law, you must restrict access only to employees.

We estimate that the CEX survey costs the federal government \$50 million to \$100 million per year to conduct and maintain.

Our study utilizes the most recent CEX raw data on charitable donations and costs **\$785** – a significant discount to the cost of conducting 35,619 consumer interviews on your own! The Intranet version costs an additional **\$250**.

CEX raw data are extraordinarily complex to use. The U.S. Bureau of Labor Statistics, which commissions the Census Bureau to conduct CEX, offers training sessions for statisticians interested in utilizing the raw data. SMR has a long history of working with complex government data files and now provides the salient results in easy-to-use form.