

WISE GIVING™

GUIDE

BBB WISE GIVING ALLIANCE : WINTER/HOLIDAY 2018

Give.org DONOR TRUST REPORT: Highlights





A Publication of the
BBB Wise Giving Alliance

The *Wise Giving Guide* is published three times a year to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to guide@give.org or write to us at the address below.

WINTER/HOLIDAY ISSUE 2018

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2018

has been a busy year for BBB Wise Giving Alliance.

We made improvements to the platform we use to produce charity reports, completed additional work on our Advancing Collaboration project and also released new research about donor trust perceptions. While the full 80-page *Give.org Donor Trust Report* is available on our website at Give.org/donortrust, we thought it would be helpful to highlight some of the key findings for our cover story.

I would like to give special thanks to three people who produced this study: Elvia Castro, Manager of Regional Charity Reporting at BBB WGA, Ezra Vázquez-D'Amico, BBB WGA Research Analyst, and Dr. Rubens Pessanha, former Senior Director of Market Research, Insight and Strategy at the Council of Better Business Bureaus. Without their hard work and insight, this special report on donor trust would not have happened.

The good news is that charities are among the most trusted institutions in the U.S., scoring higher than organized religion, businesses, the media, and government. The bad news, however, is that although charities are more trusted than others, the actual level of public trust in charities is still relatively low. Hopefully our research sheds light on what factors can help cultivate trust in the charitable sector.

While there's room for improvement and evidence that public attitudes can change, it is incumbent upon charities, donors and charity monitors to identify and work towards fostering increased donor confidence.



H. Art Taylor, *President & CEO*



Give.org DONOR TRUST REPORT: Highlights

Americans have a long and rich tradition of generosity and have built a charitable sector that enriches lives, communities and society as a whole. The ability of the sector to build upon this collective generosity depends on public trust and on the charitable sector's alignment with the way people want to be engaged in advancing a greater good.

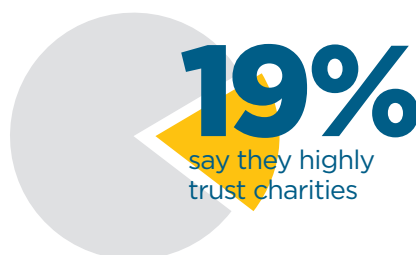
The *Give.org Donor Trust Report* produced by BBB Wise Giving Alliance measures donor beliefs, feelings, and behavioral intentions related to charitable trust and giving. While donor beliefs are not always sound measures of fact or even perfect predictors of future behavior, understanding donor attitudes toward the charitable sector can help identify areas of public misinformation and reveal better ways for charities to reach donors, ultimately furthering trust in the sector.

To produce the report, we conducted secondary research on charitable donations, considered donor expectation data gathered in previous studies commissioned by BBB WGA, and conducted an electronic survey of a panel of more than 2,100 adults (ages 18 and above) across the United States in December 2017. The full 80-page report is accessible at Give.org/donortrust.

The following provides some highlights about the state of public trust in the charitable sector and later identifies some public assumptions and misconceptions that may lead to faulty giving decisions.

State of trust in the charitable sector

Our survey shows that the charitable sector is the most trusted institution in the United States. However, given the current state of public distrust for all institutions, we also found that trust in the sector is very low. In fact, the majority of respondents (73 percent) say it is very important to trust a charity before giving, but only a small portion of respondents (19 percent) say they highly trust charities and an even smaller portion (10 percent) are optimistic about the sector becoming more trustworthy over time.



In measuring perceived trust for different types of charities, we found the highest levels of public trust for not-for-profit hospitals, veterans organizations, social service charities, and religious organizations. Not-for-profit hospitals and health organizations experienced the most significant upward shift in public trust perception between 2001 and 2017. On the other hand, educational organizations and police and firefighter organizations have fallen in relative perceived public trust.

We should note that survey responses reflect donor perceptions and are not necessarily an objective measure of a charity's trustworthiness. As shown in our previous *Wise Giving Guide* cover story, *Military and Veterans Charities*, donors need to be vigilant in identifying red flags about such groups as some have been the subject of recent state government actions alleging misleading appeals and abuse of funds. While many veterans organizations do great work and meet all 20 *BBB Standards for Charity Accountability*, the trust elicited by the cause can be abused by bad actors.

The study also found that perceived trust by charity types varies across age groups. The portion of young respondents who highly trust religious organizations is meaningfully lower than older generations. In turn, younger respondents highly trust international organizations, environmental organizations, and educational organizations more than older generations.

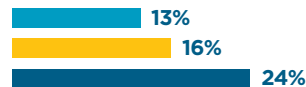
2001 PERCEIVED TRUST RANKING		2017 PERCEIVED TRUST RANKING
Religious Organizations	1	Not-for-profit Hospitals
Police and Firefighter Organizations	2	Veterans Organizations
Veterans Organizations	3	Social Service Charities
Animal Welfare Organizations	4	Religious Organizations
Social Service Charities	5	Health Organizations
Educational Organizations	6	Police and Firefighter Organizations
Youth Development Organizations	7	Animal Welfare Organizations
International Relief Organizations	8	Youth Development Organizations
Arts and Culture Charities	9	International Relief Organizations
Health Organizations	10	Arts and Culture Charities
Not-for-profit Hospitals	11	Educational Organizations
Environmental Organizations	12	Environmental Organizations
Civil Rights and Community Action	13	Civil Rights and Community Action

GENERATIONAL DIFFERENCES IN HIGHLY TRUSTED CHARITIES

MATURES (ages 72-89)



BABY BOOMERS (ages 53-71)



GENERATION X (ages 37-52)



MILLENNIALS (ages 20-36)



GENERATION Z (ages 18-19)*



* For Generation Z age range, survey only included adults 18 and above.

Public assumptions and misconceptions about trust

Public beliefs about what makes a charity trustworthy can lead to misguided assumptions in the giving process, making some donors vulnerable. BBB WGA cautions donors about four common pitfalls:

1. Don't assume that size and regional scope signal trustworthiness

We found that respondents tend to perceive local and smaller charities as more likely to be trustworthy than national and larger charities. Specifically, 67 percent of participants said they trust local charities more than national charities, and 62 percent of participants say they trust small charities more than large ones.

In BBB WGA's experience, charities of all sizes and scope can demonstrate both good and bad accountability practices. If the public assumes that all local and smaller organizations are more trustworthy, they may be disappointed in some of these organizations' practices.

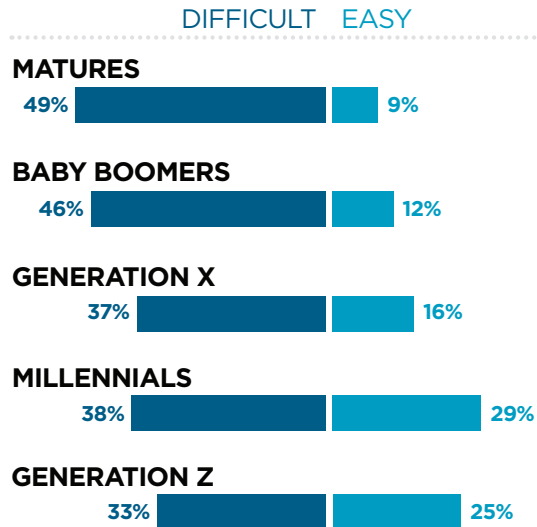
67%
TRUST LOCAL
MORE THAN NATIONAL

62%
TRUST SMALL
MORE THAN LARGE

2. Don't assume verifying trust is easy

The survey shows that more Millennials (ages 20-36) and Generation Z (ages 18-19) believe that verifying trust is easy, as compared to Matures (ages 72-89) who are more cautious. In fact, 35% of Generation Z and 29% of Millennials said verifying trust is easy as opposed to only 9% of Matures.

Information on charities is increasingly available online and younger generations are likely to be comfortable finding information on the web. On the flip side, younger cohorts are more likely to say they can verify trustworthiness by examining the charity's appeal alone. Possible explanations for the disparity across age groups include different levels of comfort with online sources, higher optimism bias among younger cohorts, and different assumptions about on what makes a charity trustworthy. Separate BBB research (*Cracking the Invulnerability Illusion*, BBB Institute for Marketplace Trust, 2016) showed that individuals that tend to be victimized in business scams are often younger and better educated than those who are more skeptical about offers.



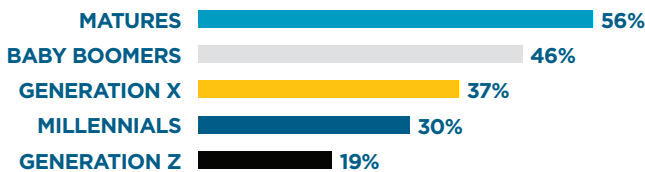
3. Don't rely on stories and passion alone in assessing trust

Triggers of trust vary meaningfully across demographic lines. Survey findings showed that older generations tend to attribute significantly more importance to a charity's trustworthiness before giving and tend to be less trusting of charities. Younger generations perceive verifying trust in a charity as easier and tend to attribute more value to apparent passion and sincerity in the appeal.

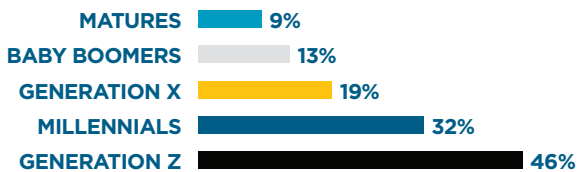
Matures and Baby Boomers were more reliant on third-party evaluations of charities to help them verify charity trustworthiness.

TRIGGERS OF TRUST VARY ACROSS DEMOGRAPHIC LINES

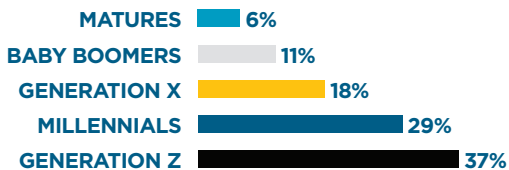
THIRD-PARTY EVALUATION



PASSION/SINCERITY OF APPEAL



APPEALING STORIES



4. Don't focus excessively on financial ratios

While financial ratios are an important part of a charity's picture, excessive focus on low overhead spending can be misguided and arguably harmful to a charity's capacity for service and impact. While BBB WGA along with other reporting organizations previously raised this caution in a special outreach to donors (see OverheadMyth.com), when we asked people to tell us what most makes them distrust a charity, the most popular answer centered around greed and high overhead. Some respondents tell us they want charities to spend 100% of donations in their program service activities. In fact, BBB WGA advises donors to be wary of appeals claiming 100% of donations are spent on programs because the claim is often inaccurate or misleading. Even if a charity intends to restrict donations for program service use, this approach can lead donors to mistakenly believe that a charity does not have overhead expenses.

On the other hand, when we asked people to identify what they perceived as top signals of trust, we were pleased to see a more well-rounded picture, where charity accomplishments and third party evaluations received a larger overall average score compared to the other triggers of trust.

PUBLIC PERCEPTIONS OF TRUST

The top three perceived signals of trust in a charity are:



The *Give.org Donor Trust Report* aims to identify opportunities to strengthen the bond between charities and donors. The way donors think about trust and giving is fluid and malleable. On one hand, to be successful, charities must adapt to the way people want to be engaged and understand how to responsibly elicit trust. On the other hand, charities play a role in shaping the way donors feel toward the sector and can gain from building trust as a collective asset. ■