

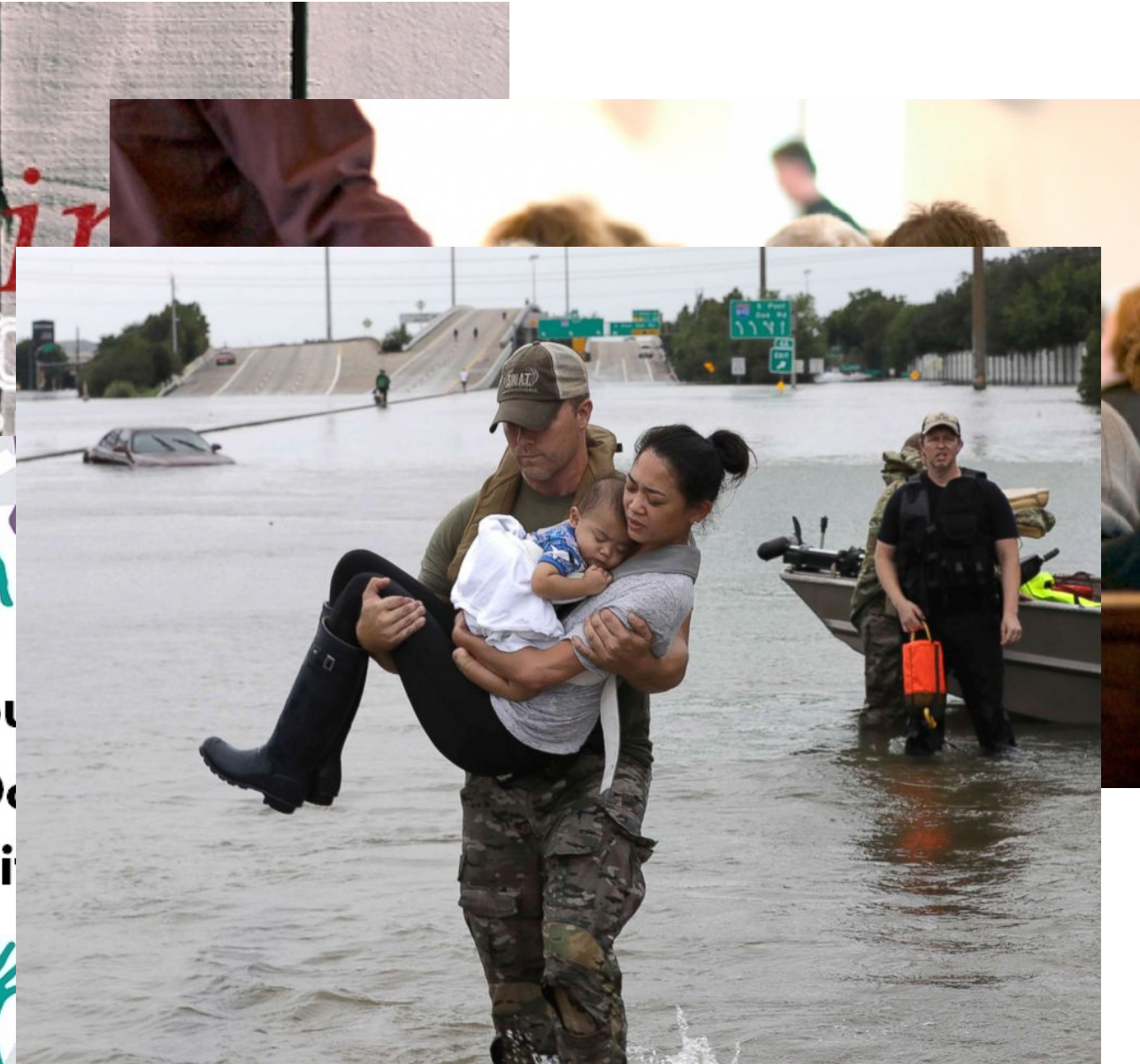
What motivates giving?

Three things we have learned from field experiments with charity and foundation partners

Professor Ragan Petrie
Melbourne Institute
Texas A&M University

Tax and Transfer Policy Institute
Australian National University

October 29, 2019



Also...

- Matches, lotteries – reduce the price of giving
- Influenced by information on the behavior of others – lead donors, seed money
- Social pressure, recognition for helping
- I was asked by someone I care about

People do not always give...

- No interest
- Reluctance – avoid an ask
- Can't find the time or money
- It is costly
 - Nuisance – search for cause to support, assess quality of charity, complete transaction
 - Complete transaction – name, billing address, credit card#, opt-out of mailing list, thank-you gift, etc

My remarks will focus on a two field experiments we conducted online to learn more about

Motives and barriers to giving

Method: Field Experiments

- Understand decisions to give in the environment in which these are made – e.g. at home, online
- Commonly used fundraising tools
 - Match incentives (e.g. Workplace Giving, Charidy)
 - Fundraising campaigns
 - Promotion on social media

- Participants do not know they are in a study
- People cannot choose a fundraising incentive or share with a friend (random assignment)
- Direct measure of impact and effectiveness

- Partner with charities, private foundations, online crowdfunding sites
- Features:
 - Studies conducted online
 - Email invitations, promotion on social media, at donation checkout
 - Online donations
 - Social media (Facebook, Twitter, Instagram)

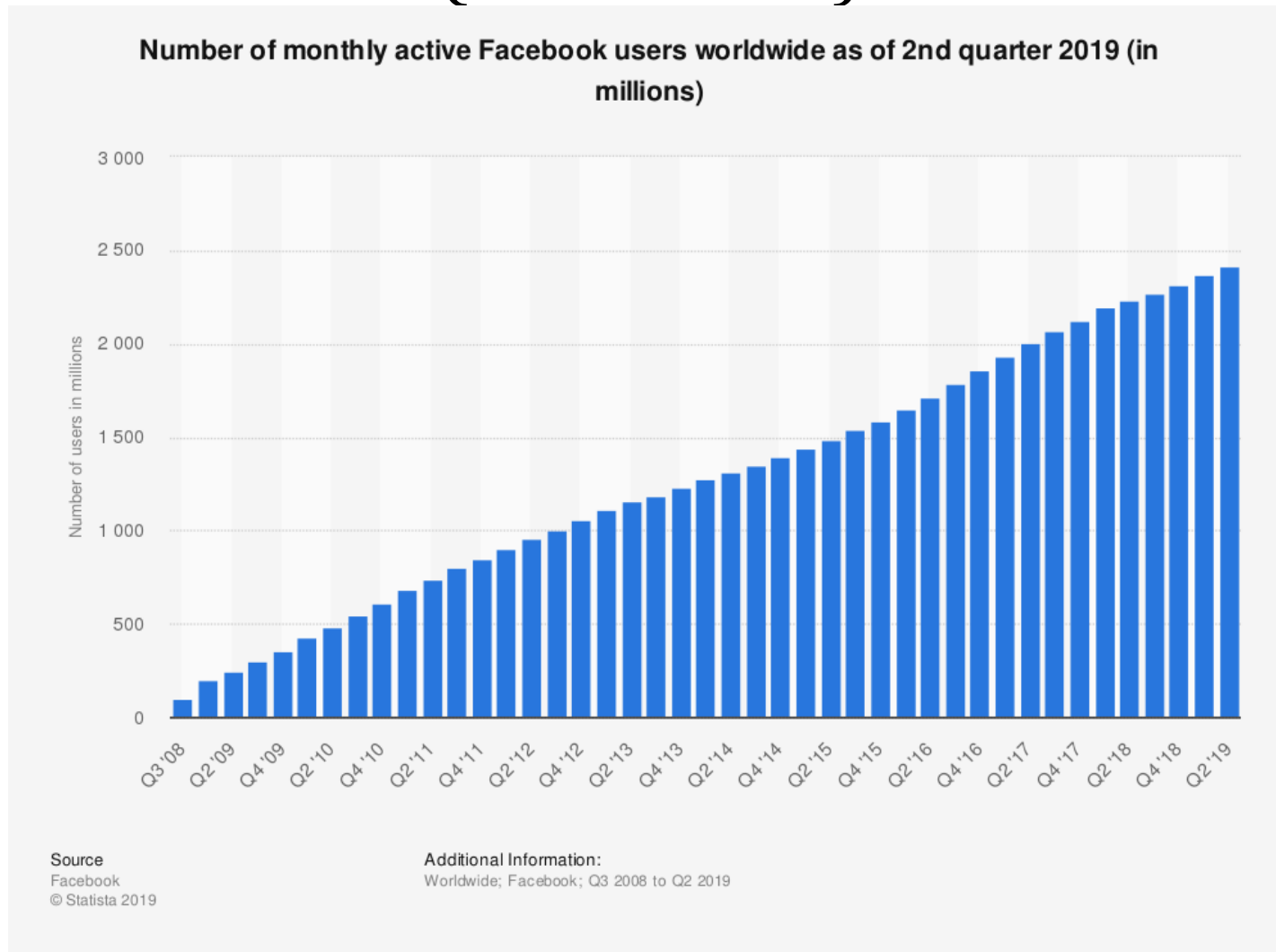
Some context on...

the online marketplace for giving

- Recent emphasis on online donations
 - First online payment in 1995
- 7.6% of all fundraising revenue from online (2017, Blackbaud)
 - Median gift \$178



Growth in Facebook use (in millions)



1/3 of world population, number of LinkedIn's active users are 10x smaller, Twitter 20x

- Most nonprofits currently have some presence on social media, and growth has been sharp in recent years
 - In 2011, almost all of the 200 largest charities used social media (Barnes, 2011)
 - Global NGO survey (2018)
 - 93% of NGO's have Facebook, 77% have Twitter, 56% have LinkedIn, 50% have Instagram
 - 71% say social media is effective for fundraising

Three things we have learned...

1. Donors will ask their friends... but, not all ways of asking are equal
2. Matches can motivate giving... but, only if they are properly designed
3. Donors don't pay attention... and, they leave money on the table

Thing 1

Being asked by someone you care about....

Donors are willing to ask friends, but not all ways of asking are equal



Donors may be better equipped to identify new donors among their friends and may be willing to ask

- Asking is costly
- Social cost, obligation to return the favor
- How costly?
- How to ask?
- Tools to help with the ask?

- Online global crowdfunding community (9,800 unique donors)
- After complete donation, ask donor to ask friend in Facebook social network to give
- Ask method: post to own wall, private message, friend's wall
- Incentive to ask: add-on donation (none, \$1, \$5)
- Add-on donation in donor's name or friend's name ("gift" for friend). Friend may/may not know of "gift."

Add-on in donor's name

Thanks for Your Donation! Here's Your Receipt

Click below to post to one friend's Facebook feed and we'll give an extra \$1 to 'Literacy and Livelihoods for 445 Women in Nepal' on your behalf.

Your donation is supporting the work of amazing individuals who are leading these projects in local communities around the world.

 Post to a friend's feed

Here's what will happen next:

1. We're sending you an [email receipt](#). Keep this email for your records or [print your receipt](#). We'll also keep a copy in [your donation history](#).
2. We'll email you [project reports from the field](#), showing the impact your gift has made and how the project is going. [Edit your email preferences](#).

Add-on in friend's name friend knows (“gift”)

Thanks for Your Donation! Here's Your Receipt

Click below to post to one friend's Facebook feed and we'll give an extra \$1 to 'Warm blankets for 500 destitute widows in India' on your friend's behalf, which we'll let your friend know came from you.

Your donation is supporting the work of amazing individuals who are leading these projects in local communities around the world.

 Post to a friend's feed

Here's what will happen next:

1. We're sending you an [email receipt](#). Keep this email for your records or [print your receipt](#). We'll also keep a copy in [your donation history](#).

Normal post

"I made a donation to [name of project] on [giving community]. Join me in donating too."

FIND A PROJECT GIVE

f Post Story to Marco Castillo's Wall

To: Marco Castillo

Write on Marco's wall...

 I made a donation to "Warm blankets for 500 destitute w..." on [giving community]. Join me in donating too.

The Indian city of Vrindavan is home to thousands of widows who are abandoned by society and lack basic necessities, nutrition and healthcare. Most of them have to beg to supplement their meager daily

Share Cancel

Home > Receipt

Thanks for Your Do

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Here's what will happen ne

1. We're sending you an [email receipt](#). Keep this email for your records or [print your receipt](#). We'll also keep a copy in [your donation history](#).
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nd the world.

“Gift” post


”I made a donation to [name of project] on [giving community], along with an additional donation in your name. Join me in donating too.”


FIND A PROJECT GIVE

Post Story to Marco Castillo's

To: Marco Castillo

Write on Marco's wall...

 I made a donation to "Warm blankets for 500 destitute w..." on [blank] along with an additional donation in your name. Join me in donating too.

 The Indian city of Vrindavan is home to thousands of widows who are abandoned by society and lack basic necessities, nutrition and healthcare. Most of them have to beg to supplement their meager daily

Share Cancel

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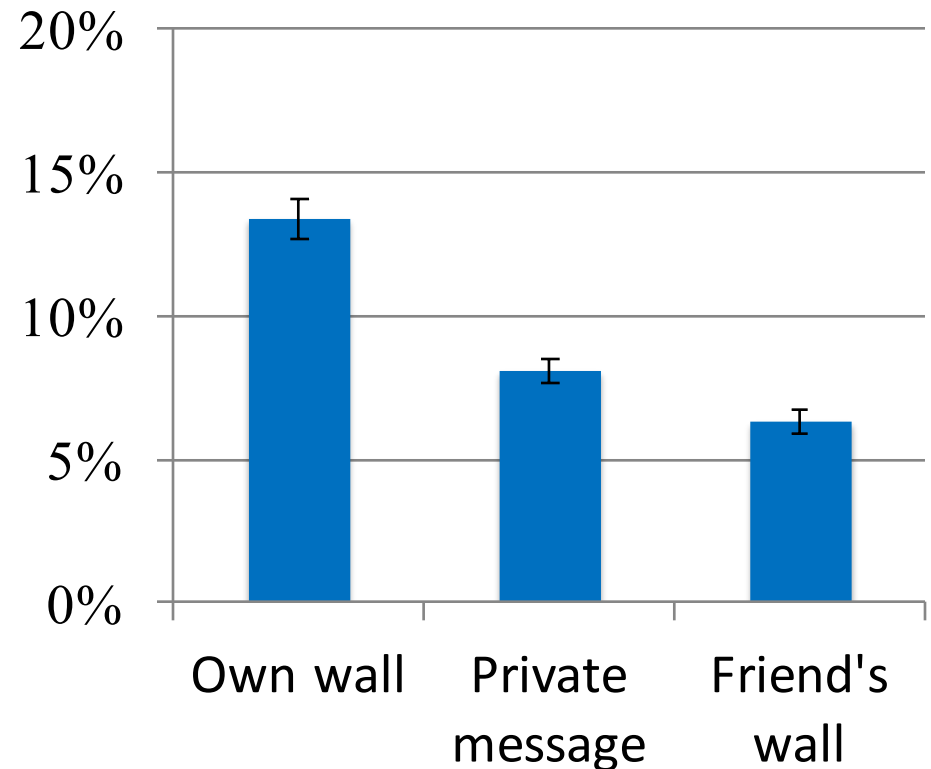
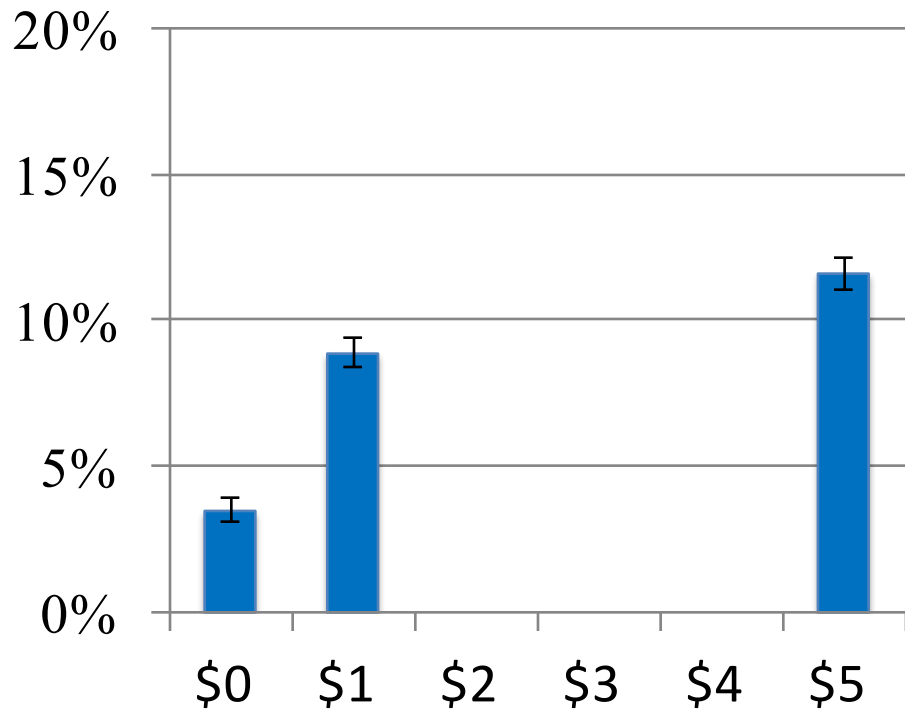
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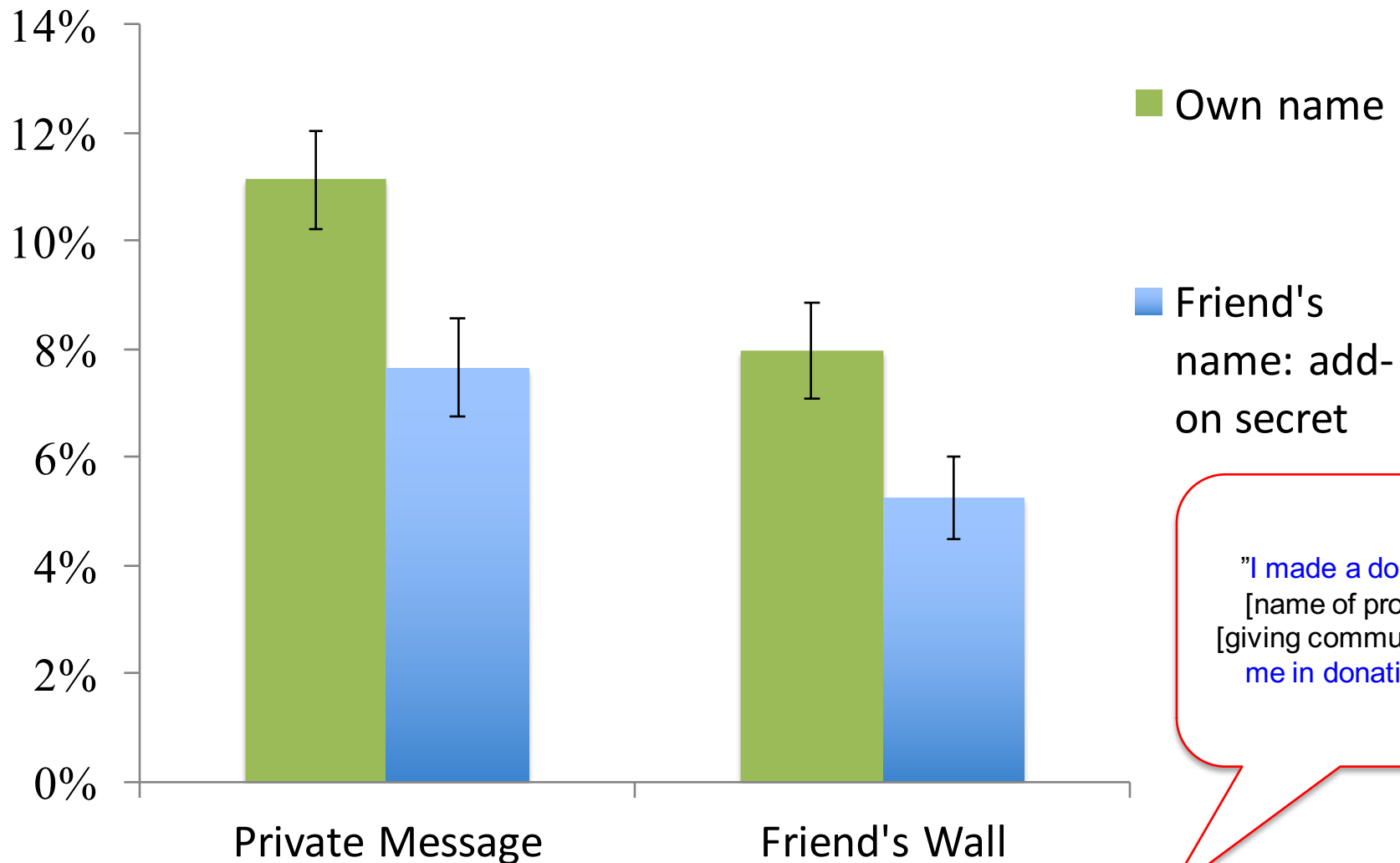
Donors respond to incentives

Least likely to ask a friend in public



Add-on in donor's name versus friend's name Facebook post and add-on identical

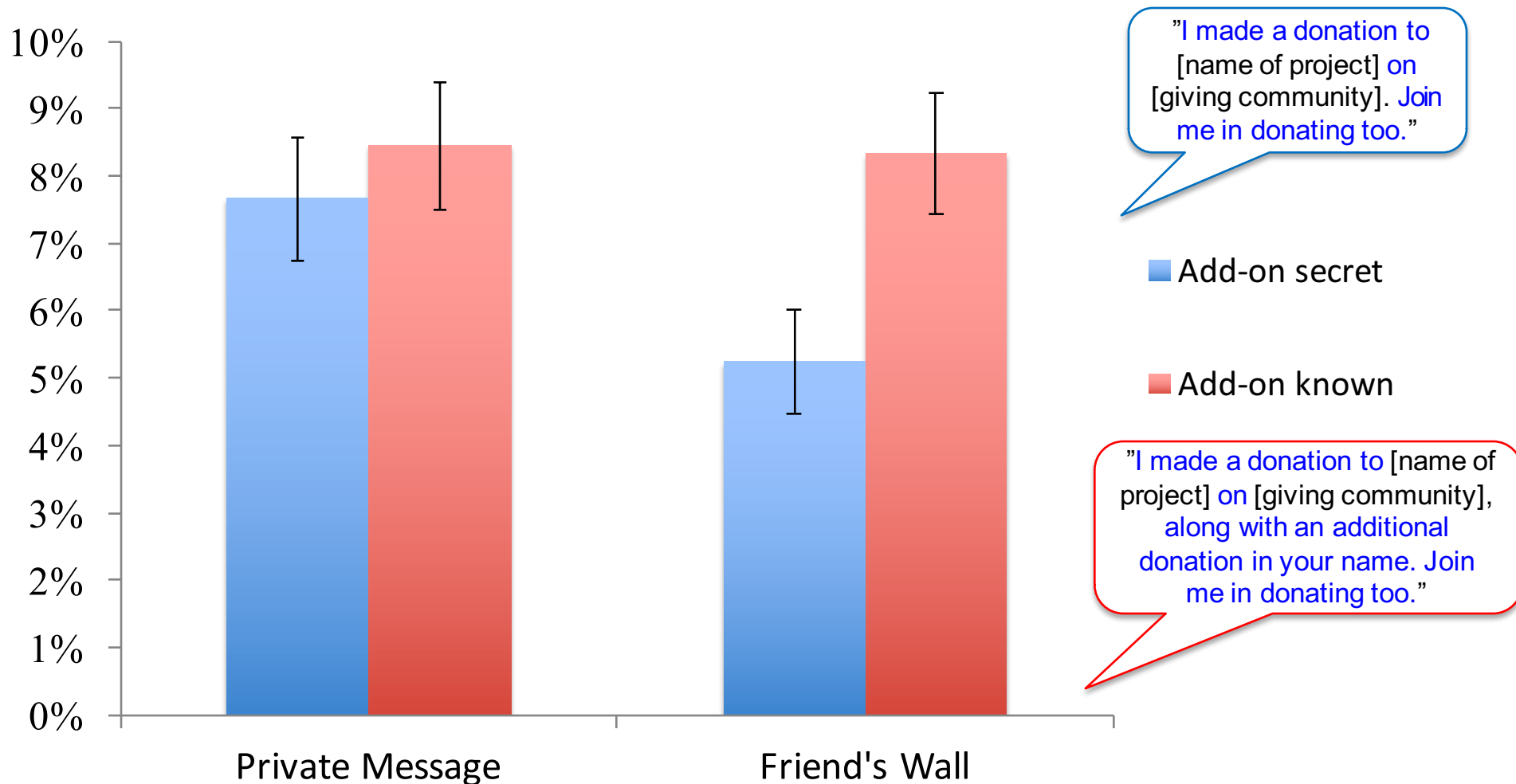
Donors prefer to get credit for add-on donation



"I made a donation to [name of project] on [giving community]. Join me in donating too."

Add-on in friend's name, secret or known

When asking a friend in front of his friends, having a "gift" to offer is important



Efficiency

- Only 9% of donors asked
- 1.7% of asks resulted in new donations from friends
- Donations came from own wall and friend's wall, not private messages
- Spending \$1 to ask donors to ask friends
 - \$1.06 from own wall
 - \$1.63 from friend's wall

Thing 2

Matches can motivate giving....

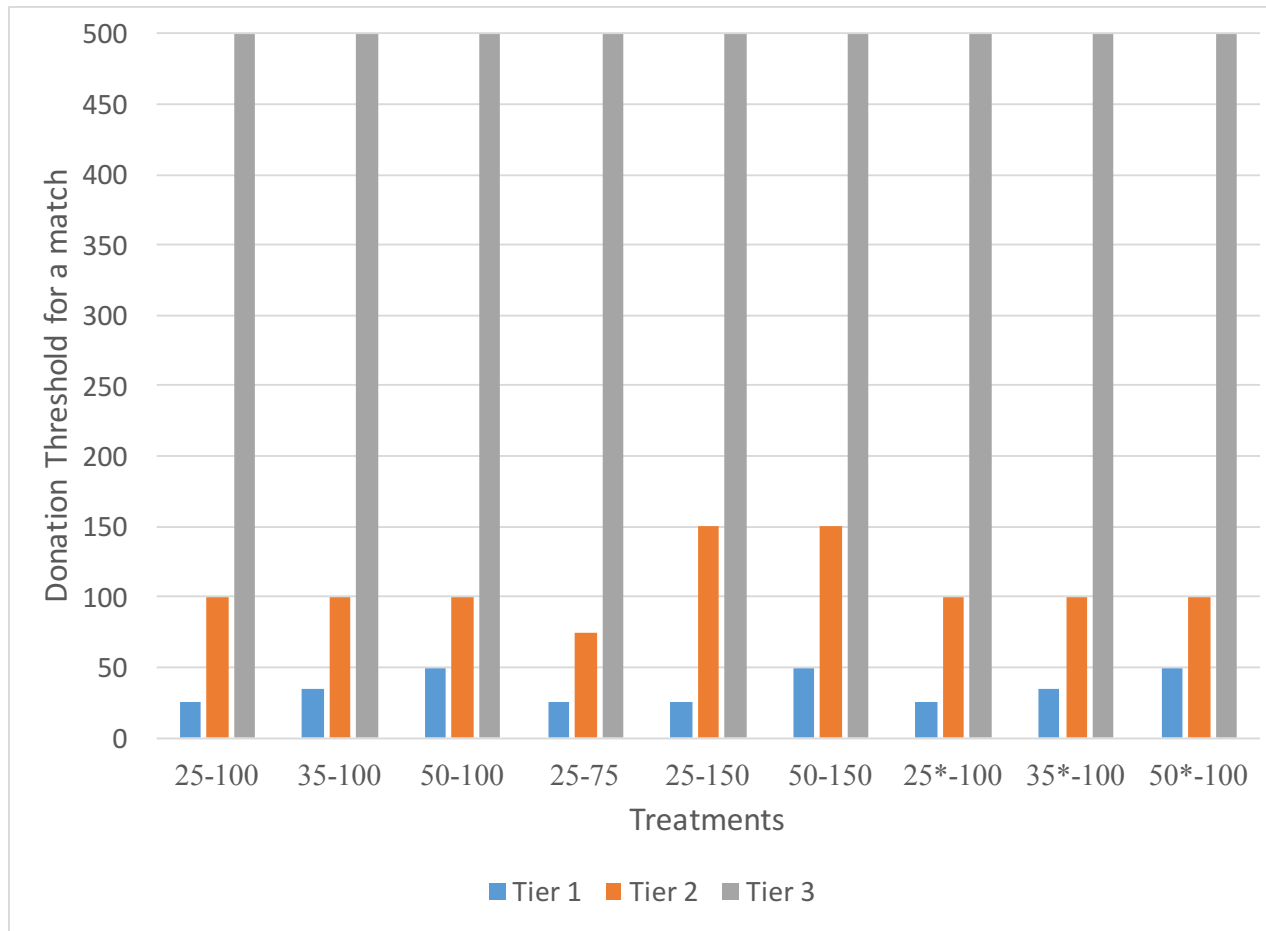
But, they are currently not
designed to maximize donations



- While ubiquitous, not clear this is most effective
- What are optimal incentives in context of charitable giving?

Threshold fixed matches

- give \$25-\$99, get \$25 match
give \$100-\$499, get \$100 match
give \$500+, get \$500 match
- See what potential donors do, simulate best matches



112,000 unique obs

26 charities

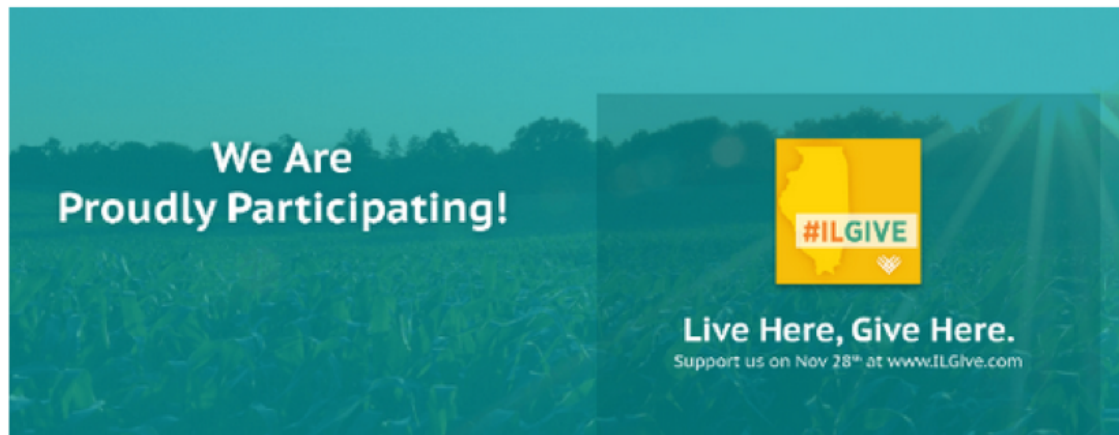
\$250,000 spent on matches

Thresholds could increase or decrease out of pocket donations.

25-100 treatment:

- Tier 1: \$25-\$99 - \$25 match
- Tier 2: \$100-\$499 - \$100 match
- Tier 3: \$500 and above - \$500 match
- Control group - no Nov 1-3 match

Not obvious where they should be set.



Your donation will be matched!

We have two great matching offers in November – one that starts today and one on Giving Tuesday (November 28).

Thanks to a generous supporter, any donation of at least \$50 between now and November 3 will be matched.* will receive a

- \$50 match if your donation is between \$50 - \$149
- \$150 match if your donation is between \$150 - \$499
- \$500 match if your donation is \$500 or above

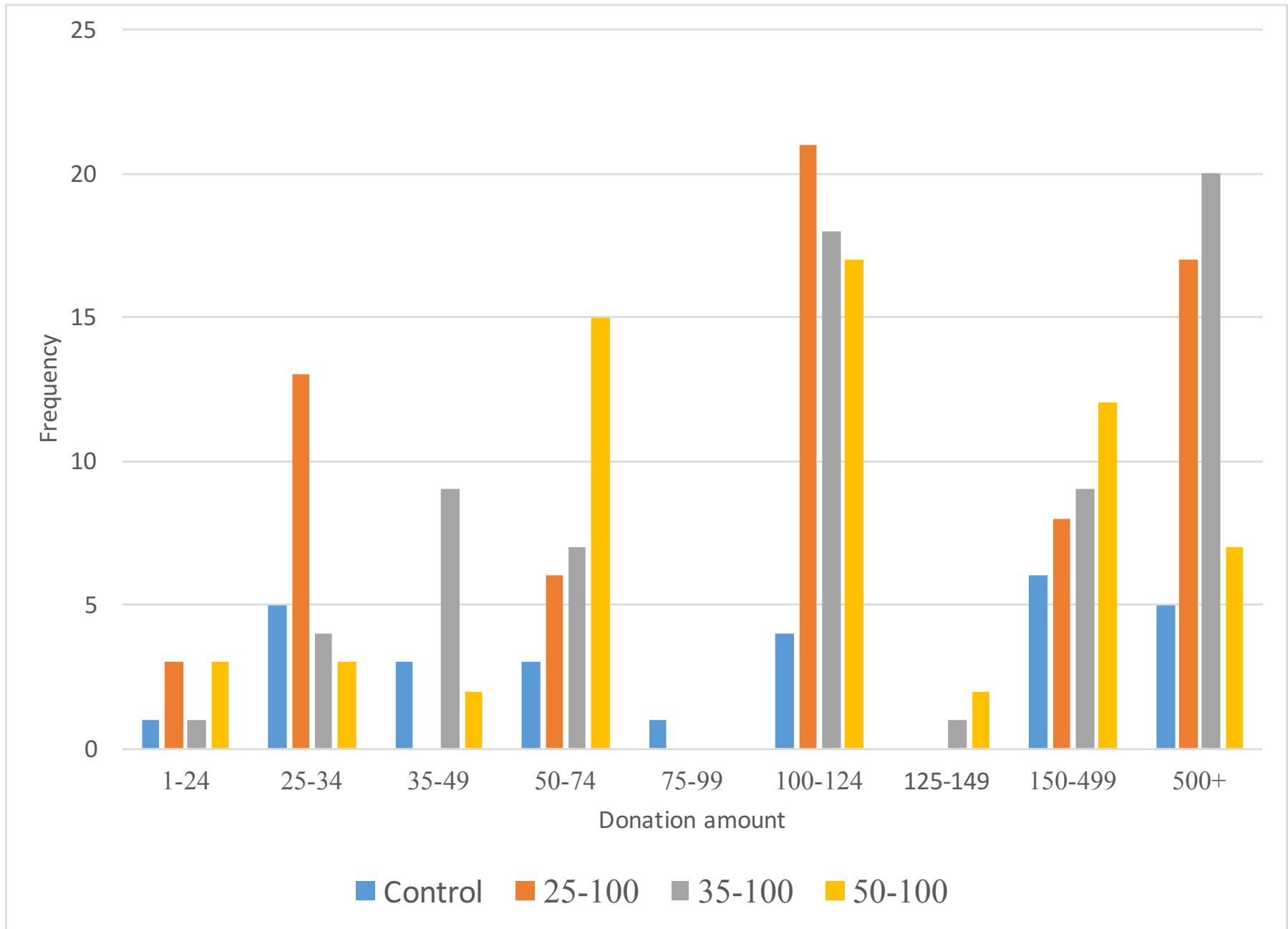
On Giving Tuesday, a donation between \$25-\$99 will receive a \$25 match, a donation between \$100-\$499 will receive a \$100 match, and a donation of \$500 or above will receive a \$500 match.

If you are able to give \$50 or more today, your gift will be matched, and any donation of \$25 or more on Giving Tuesday will still be matched.

[Donate now](#)

- 1.6% donation rate
- Over half a million dollars raised
- Average donation: \$295
- Most gave only once (Nov 1-3 OR Nov 28)

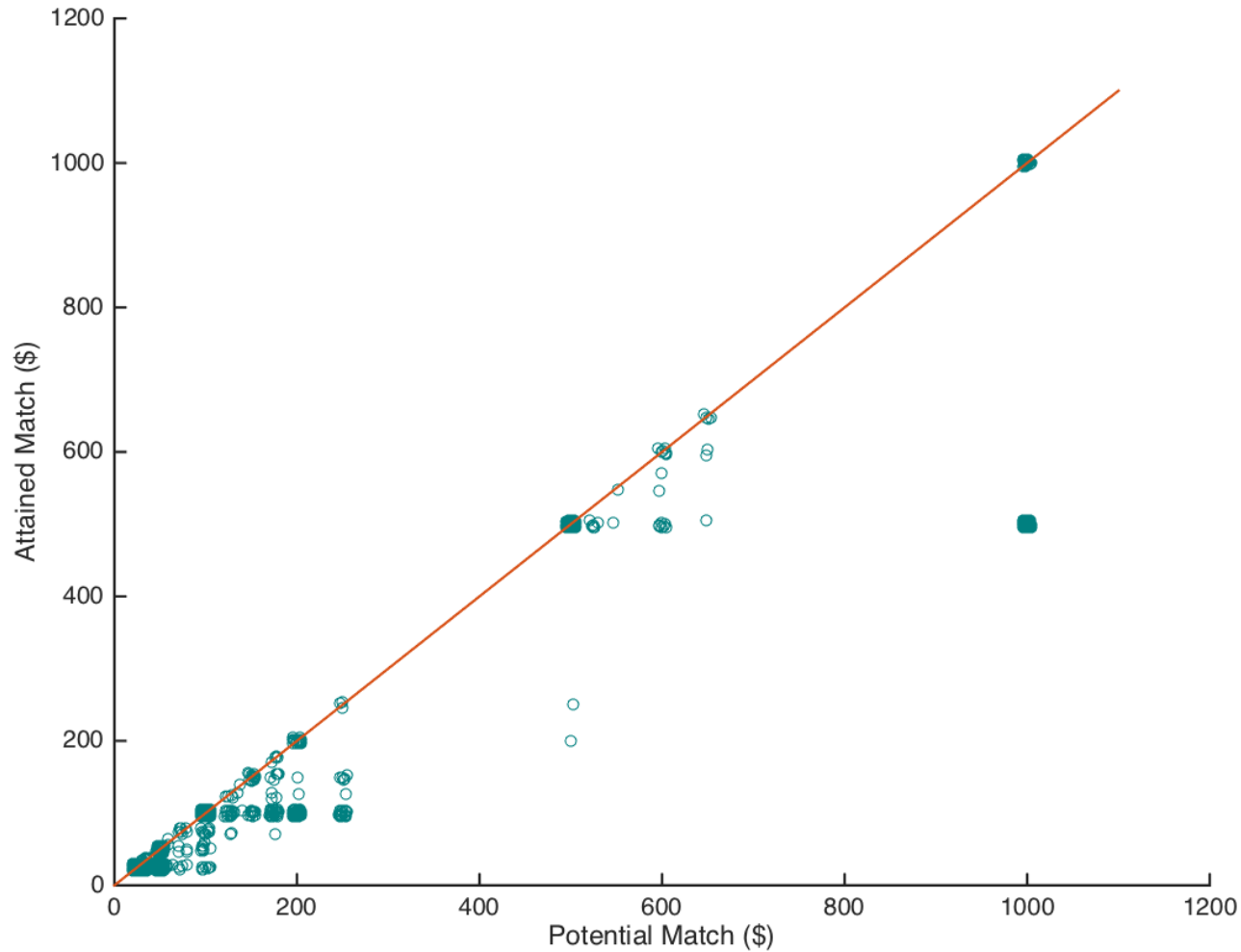
Bunching



Are donors paying attention?

- Do they make donations to maximize the money received by the charity?
- A single donation of \$200 on Nov 1-3 or Nov 28 produces a match of \$100.
- A donation of \$100 on Nov 1-3 and \$100 on Nov 28 produces a match of \$200 in total

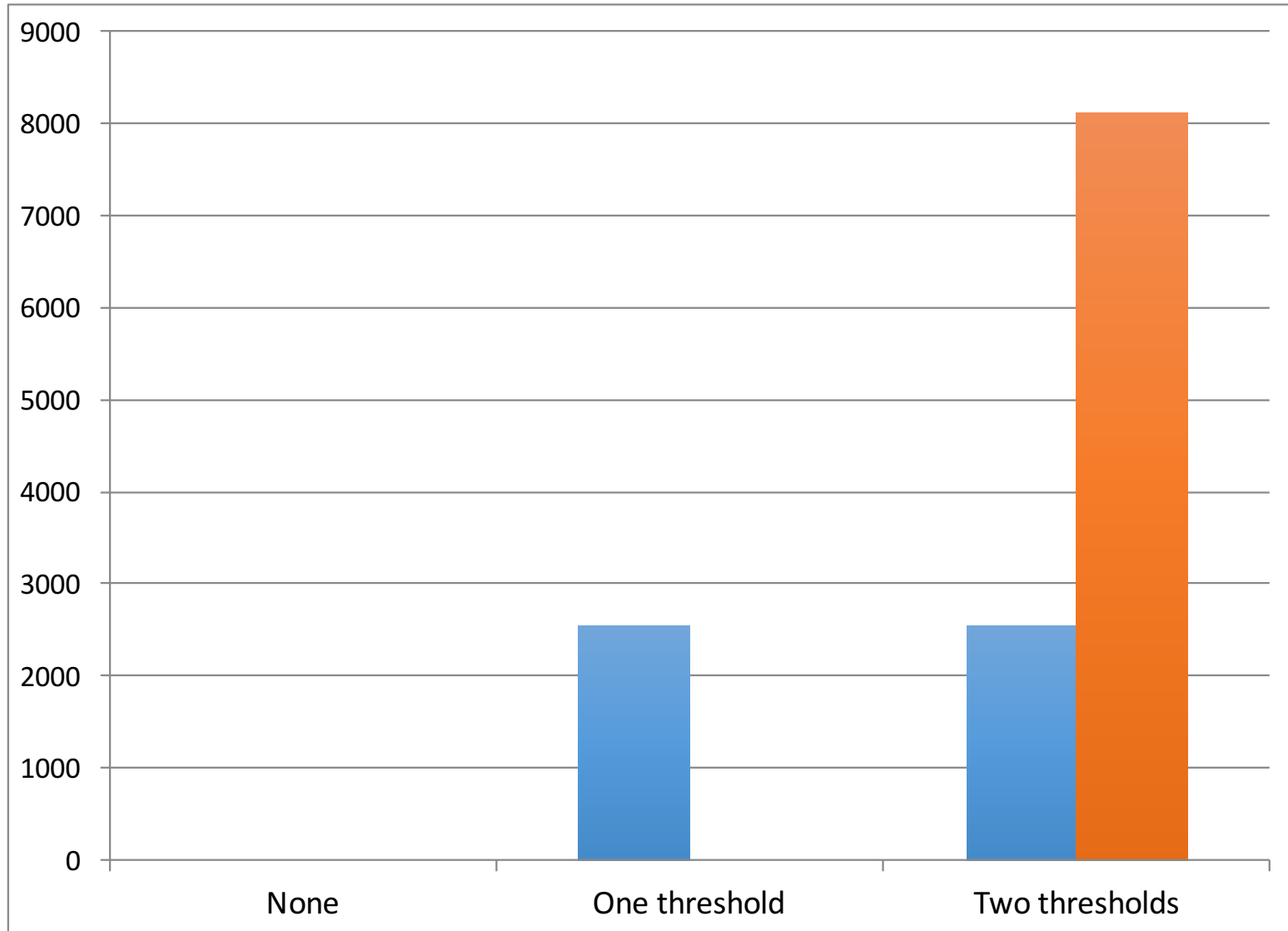
Thing 3: Donors leave money on the table



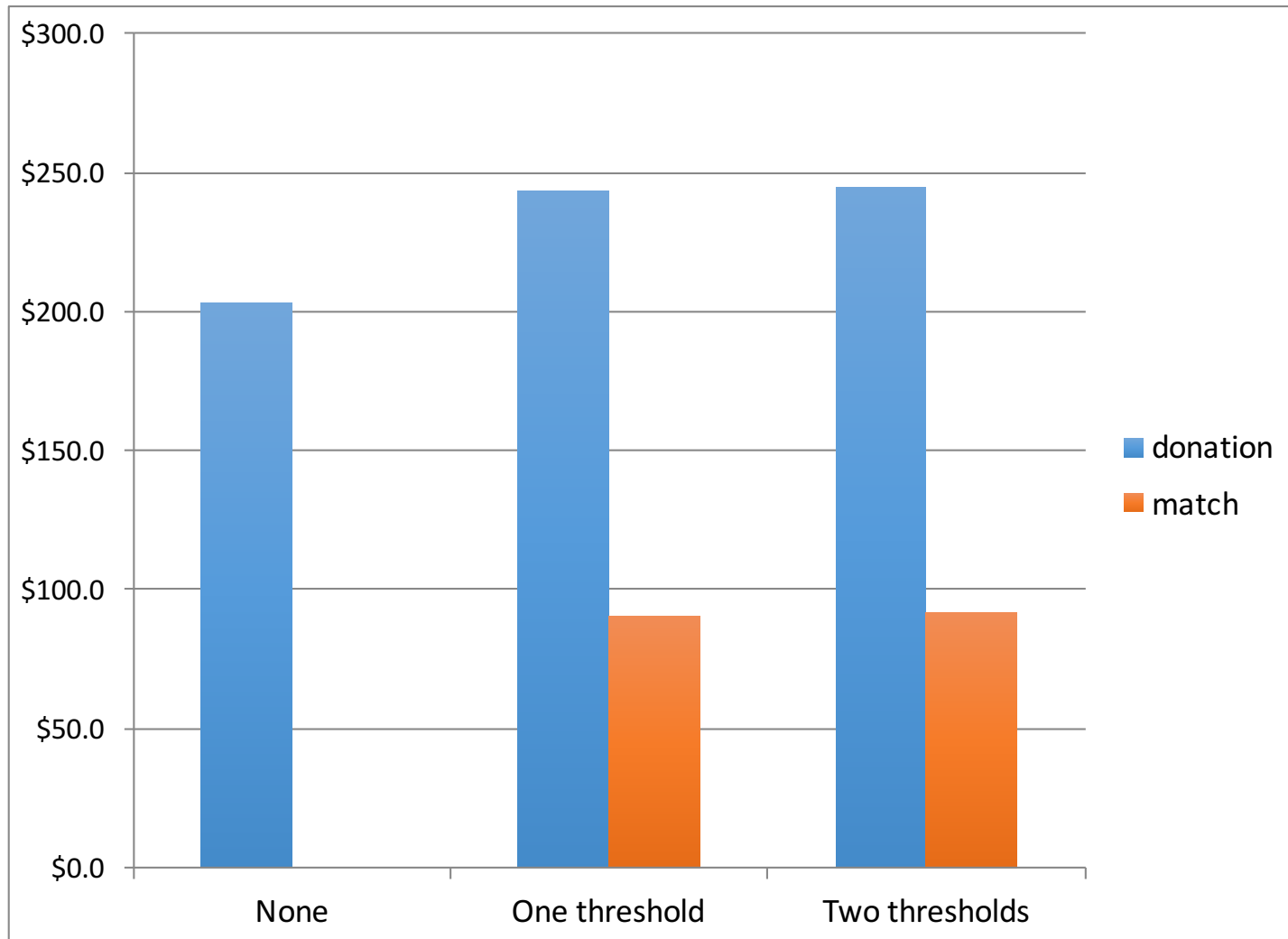
Matches 18% below max attainable, \$60,000 matches lost

Thing 2: matches currently not
designed to maximize donations

Target large, not small donors

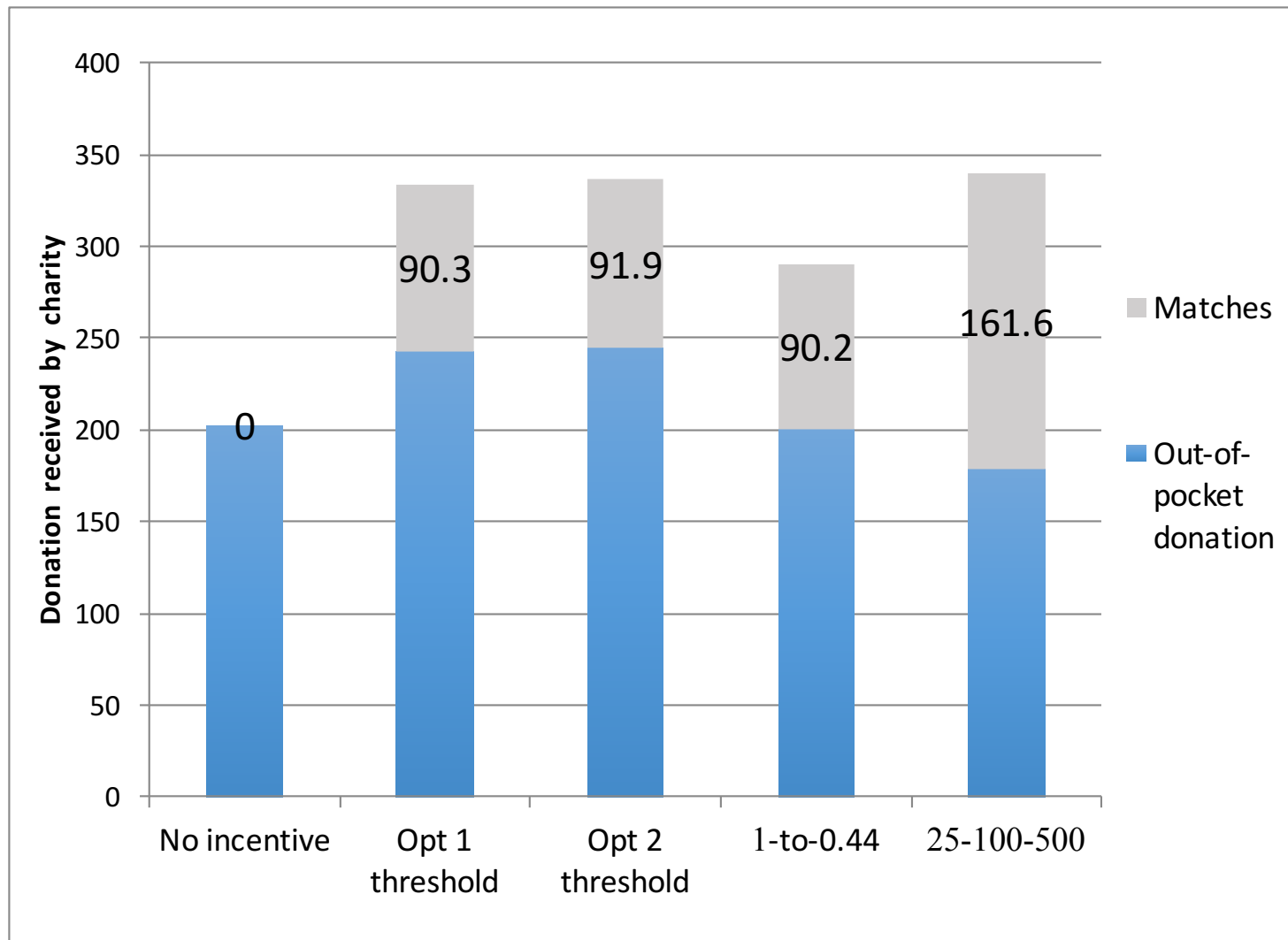


Out of pocket donations



20% increase in donations relative to no match.

Best way to spend a fundraising dollar



Post script

November 2018

- 66 charities
- Charities chose b/w two match options
 - (A) Give at least \$1,250, get \$1,250 match
 - (B) Give at least \$175, get \$175 match
- 42% chose (A)
- \$2.1M raised (most in history of program and +3.7% vs. PY)
- 6.7K donors (–30.3% vs. PY)
- \$309.11 average gift (+48.8% vs. PY)

Lessons learned

- **Thing 1**
 - Donors are willing to ask their friends
 - Not all asks equally effective
 - The “difficult” asks are easier with a “gift”
- **Thing 2**
 - 1:1 matches may not be best
- **Thing 3**
 - Donors have limited attention
 - This can be costly to charities

Moving Forward

- Giving, helping and volunteering are unique opportunities for humans to engage in something larger than themselves
- Most people want to help – especially in the face of disasters
- Researchers, practitioners and policy makers need to (continue to) collaborate to learn more about motives and impediments to giving

Thanks!

Questions?