

Individual Giving

Private investment in culture

In 2007/08 individual giving reached a record total of £382 million in the UK. This is a staggering £236 million increase over just eight years. Individual giving (donations, friends schemes, give as you earn, gift of shares and legacies) is the largest single source of private investment in the UK today. However, much of this is concentrated in London. Taking into consideration only the English regions, the picture of individual giving is rather different.

A total of £39 million is generated from individuals in the English regions, which is 28% of all their private investment income – there is clearly huge potential for growth and development. But many regional and local arts and cultural organisations cannot expect to receive or compete for large philanthropic donations. What they need is sustained, regular low- and mid-level giving. These types of donations can, and do, make a big difference to their respective organisations as well as engage audiences and develop a pool of advocates for an organisations' work.

The study

Arts & Business commissioned City University London to conduct research into the motivations of low- and mid-level donors.

Through a combination of surveys with arts and cultural organisations and interviews with art and cultural donors, from across England and artforms, the study has been able to provide important indicators about what low- and mid-level giving in England looks like, what motivates donors and mobilises them to give, whether admission/ticket prices affect giving, whether Friends schemes enhance or inhibit giving, and how important and well understood tax breaks such as Gift Aid are.

This intelligence provides organisations with essential information on how to target low- and mid-level donors, how to generate individual donations and how to maximise the potential of their audience.

Understanding donors

What is low- and mid-level giving?

- Low-level giving is up to £100 but normally between £5-£10;
- Mid-level giving is up to £1,000, but normally it is below £500;
- Around 90% of donations received by cultural organisations are low- and mid-level donations (most frequently low-level);

- These donations tend to happen at the point of sale when attendees decide to round up a ticket price;
- Larger organisations do seem to receive a greater number of donations but organisational size is not necessarily a condition of capacity. There are a smaller organisations running very successful individual giving programmes; these types of donations to small and micro-sized organisations can make a visible difference and provide a regular and sustained source of income;
- Donors who give several times throughout a year tend to give a larger overall financial donation than those who give once – the message is to get people to keep giving small amounts regularly.

Who are these donors?

- 90% of donors come from the most committed art attendees – having attended the venue/organisation three or more times in the past two years;
- Three-quarters of donors were engaged with the organisation in some manner from members/visitors, a friend, patron, on a mailing list, volunteers through to trustees. Low-level givers tended to be involved through things like volunteering, while mid-level donors tended to be trustees and ambassadors;
- There is huge potential for motivating audience members to increase their support for the organisation from direct involvement in their work e.g. volunteering, through to giving. Cultural organisations enjoy the natural conditions for the successful cultivation of low-level giving.

What motivates them to give to the arts?

- The three main motivating factors found were:
 - Artistic/cultural – factors such preservation, quality and development of the artform;
 - Institutional – a special connection with the organisation and a desire for its sustainability;
 - Philanthropic – a feeling of social and civic responsibility.
- Reasons around local pride and a personal connection were the most commonly cited reasons for giving to a particular organisation;
- There was very little evidence that donors had been exposed to giving during their upbringing i.e. they were not coming from a culture of giving;
- So what motivated their first ever donation? The answer is simple – being asked! Direct approaches activated 40% of first-ever donations. Also, being asked to give to something specific activated giving.

What is the impact of membership and Friend schemes on donations?

- Many of the donors interviewed were part of the organisation's Friends scheme, of them 47% said being Friend encouraged them to give and 43% said it made no difference;
- The majority of the organisations' surveyed felt Friends schemes encouraged giving behaviour because it enabled them to build relationships with and loyalty from donors.

Will the recession have an impact?

- It seems that art and cultural donors are fairly resilient to the recession and that individual giving will still continue;
- 72% did not feel their donations would be affected, the other 28% felt they might be more prudent about the amount they gave but would certainly not stop giving to arts and culture.

What is the impact of Gift Aid?

- Donors knew about Gift Aid and there was some evidence that donors also understood the amount they might have yielded to the organisation;
- Around 68% of the organisations surveyed claim Gift Aid but only a quarter of organisations reported being asked by their donors about tax incentives and benefits.

New trends in individual giving

Individual giving is relatively new territory for many organisations, especially as an integrated part of the fundraising portfolio. The donors who kindly took part in our research provided valuable insight into how to engage, maximise and build relationships with donors. But already, with the growth in the use of technology, there are future behavioural patterns emerging in the charities sector - namely the use of the internet and mobile phones - which need further exploration.

New websites have been established as portals to allow individuals to donate online – Just Giving being perhaps the largest of them all. Just Giving claims that without their site, 30% of the donations they have co-orientated would not have been made. A Charities Aid Foundation report *Charity Internet Supporters Survey* found that there is a distinct group of e-donors: they are younger (25-34 yrs old), lower to middle income earners (£10,000 - £30,000 pa), equally likely to be male or female and heavy internet users. The impact of this is starting to take affect already. Comic Relief raised a record £80 million this year, and the Head of Fundraising said that the internet and mobile phone donations played a major role in this achievement. Text donations generated £1 million alone for Comic Relief.

It has been estimated that within five years, text donations will be bigger than payroll giving, generating something in the order of £100 million.¹ Any organisation which has their supporters' mobile phone numbers has the potential to tap into this income stream.

There is evidently huge potential for growth in individual giving in the arts and cultural sector and a better understanding and insight into current trends are necessary for tapping into and maximising the potential of audiences. But we must also consider future behavioural trends and demands from across the charity sector. Although arts and culture form a distinct sub-sector with the nature and motivations of giving different to other charities, further work is needed to see how these emerging trends are or will affect arts and cultural donors.

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¹ Quoted by Celina Ribeiro, 'SMS donations will be bigger than payroll giving', *Professional Fundraiser*, 3 June 2009