# A Brief Introduction to the Science of Fundraising

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# Contents

## Broad Overview

The purpose of this practitioner report is twofold. The first goal is to provide a brief overview of the emerging scientific field of philanthropy and to present three critical insights from this field that could benefit fundraising professionals. The second goal is to promote meaningful discussions between researchers and practitioners. This report can serve as the start of many productive conversations between CASE professionals and scholars regarding best practice and strategies related to fundraising.

## Executive Summary

How can the science of philanthropy inform day-to-day fundraising? This brief report explores the usefulness of looking to social science research to enhance fundraising strategies. Drawing on empirical studies from the disciplines of psychology, sociology and economics, it discusses several potential points of intersection between fundraising and scholarly research. Specifically, this paper proposes a "DIME" model to highlight three considerations when crafting fundraising campaigns: Donation Impact, Motivation and Effort. It also discusses methods to incorporate this research into ongoing fundraising strategies. Finally, this paper provides recommendations for how professionals can use research to inform fundraising practices and, more broadly, to bridge the gap between theory and practice.

## From Research to Practice: Putting Science to Work in Fundraising

Whether we think of ourselves as fundraising professionals, scholars or both, the 2014 Amyotrophic Lateral Sclerosis (ALS) Ice Bucket Challenge got our attention. This campaign, which raised money for the ALS Association, was novel, engaging and quickly spread through social networks—making an overnight *cause célèbre* out of a previously understated charitable cause. In one month, the ALS Association received $41.8 million from more than 739,000 new donors—more than doubling the $19.4 million it received during the previous year.

Although the thought of trying to replicate the success of this fundraising campaign may seem as challenging as trying to get struck by lightning twice, it is something that *can* be explained through an emerging field of scholarly research: the science of philanthropy. By attempting to distill the factors that promote success in fundraising, this field of inquiry seeks to better understand donor motivations and use these insights to inform day-to-day fundraising practices.

## Introduction to the Science of Philanthropy

The empirical study of philanthropy—that is, the controlled observation and quantitative measurement of charitable giving patterns—is a relatively new area of scholarly inquiry. Indeed, the term "philanthropic studies" was not widely recognized until the 1980s when Independent Sector—a U.S.-based coalition of nonprofit organizations, foundations and corporate giving programs—began to popularize the scientific study of fundraising. Shortly afterward, the Center on Philanthropy at Indiana University-Purdue University Indianapolis created two related scholarly organizations: the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) and the International Society for Third-Sector Research (ISTR). (For a detailed history of the science of philanthropy, see Katz, 1999.)

Today, thanks in large part to the efforts of prominent economists such as John List at the University of Chicago, Uri Gneezy at the University of California San Diego and Anya Samek at the University of Wisconsin-Madison, the scientific study of philanthropy continues to thrive. Institutes are springing up at many academic institutions across North America—including Boston College, Yale, Stanford and the University of Pennsylvania—thereby bringing together multidisciplinary scholars to investigate topics related to fundraising, charitable giving and philanthropy.

Despite the recent surge in the scientific study of philanthropy, there remains a sizeable disconnect between researchers and practitioners. Bridging this gap matters for practitioners and researchers alike. For practitioners, learning about the science of philanthropy can help guide best practice around crafting charitable appeals, recontacting donors and creating annual campaigns that produce the best return on investment. There are numerous examples in the scientific literature where low-cost and no-cost interventions have yielded significant positive returns.

In the context of donations to universities, research has revealed that simple framing—such as informing donors about seed money being contributed by the university—can increase charitable donations as much as sixfold. In one study, this information increased donations from $291 to $1,630, a fivefold increase (List and Lucking-Reiley, 2002). Thus, given tighter budgets and increased concerns about overhead, learning about and using academic insights could improve practitioners' bottom lines.

For researchers, learning about the issues faced by practitioners can help them design experiments that are relevant for solving real-world fundraising problems. By working together, it is possible to learn about factors that motivate charitable giving, as well as to implement related practices on a large scale and across the diverse settings encountered by fundraising professionals. In the process, it is therefore possible to shed light on how to create and consistently replicate successful campaigns like the Ice Bucket Challenge.

In the hope of encouraging collaboration between practitioners and researchers, this paper will introduce some of the most valuable insights from the emerging field of philanthropic studies. It will also provide suggestions for how practitioners may use these insights to shape fundraising success.

As a doctoral student who studies the psychological factors that promote charitable giving, I have often acted as an intermediary between fundraising professionals and the academic research community. The key insights I will present in this paper, described as part of the proposed "DIME" model (Donation Impact, Motivation and Effort), are my "go-to" strategies when the charities I work with ask for advice. After describing scientific research that supports the efficacy of each of these insights, I will discuss the practical implications of each insight.

This report is not meant to provide a comprehensive review of all of the exciting research in this field. Instead, it is meant to provide a springboard for further discussions—to lift the fundraising profession to new heights by standardizing professional practice and therefore ensuring generative, consistent and replicable fundraising initiatives.

## Donation Impact: Donors Like to Know They Have Made a Difference

As fundraising professionals, we care about the impact of our initiatives on the organizations that we work for and with. As researchers, we care about the impact of our research within and beyond the academic context. Unsurprisingly, donors also care about the impact of their charitable decisions.

As it turns out, one of the best ways to engage donors is to show them their actions matter. Blood donation organizations often provide donors with a text message each time they have saved a life. Fundraising offices often provide donors with emails documenting the buildings, research and people their donations have supported. Although impact-focused campaigns can sometimes take more effort than business-as-usual recognition efforts, research suggests that these costs are balanced with benefits for both charities *and* donors.

### Donation Facilitation

We all like to know that our actions matter. In fact, psychologists have long argued that feeling competent is a fundamental human need. Telling donors *how* their personal contributions have made a difference can help them feel competent and thereby encourage generosity. Put simply, telling donors about the impact they are making with their donations can increase charitable giving.

Empirical research has demonstrated that impact is often implied through subtle framing. In one study, participants were asked to read information about a charity before making a donation. That information was framed in terms of two conditions—specific impact or general impact. In the specific-impact condition, the charitable appeal explained exactly how donations to the charity were to be used (i.e., providing clean water to villagers in West Africa). In the general-impact condition, the charitable appeal explained broadly how donations to the charity were to be used (i.e., providing help to a range of needs around the world). Participants who read "specific" information about how their donation would benefit the charity felt a greater sense of impact and, in turn, donated nearly twice as much compared to participants who read the general information (Cryder, Loewenstein and Scheines, 2013).

These and other studies suggest that informing donors about the specific impact of their donations can increase generosity—in part because impact information signals to donors that their actions have made a concrete difference for the recipient (e.g., Cryder and Loewenstein, 2010; Dickert and Slovic, 2009; Dikert, Sagara and Slovic, 2011; Verkaik, 2015).

### Donor Benefits

Impact information *also benefits donors*. Spending money on others can improve people's happiness (e.g., Dunn, Aknin and Norton, 2008; Dunn, Aknin and Norton, 2014). The happiness benefits of helping others are magnified when donors are shown the impact that their donations have for the recipient (Aknin et al., 2013). For example, in one study, individuals were given $10 and shown one of two charitable appeals for UNICEF, a global poverty relief charity. One broadly scoped appeal mentioned the tens of thousands of people the organization helps around the world. The other, targeted appeal mentioned the impact donors can make with every $10 they give, through the purchase of a bed net to help protect people from malaria. Donors in the study reported experiencing the greatest happiness when the charitable appeal highlighted the specific impact of their donation (See the appendix for the text of the charitable appeals).

Importantly, when people experience greater happiness from giving, they are also more likely to give again in the future—suggesting that impact information can have benefits for both donors *and* organizations (Aknin, Dunn and Norton, 2012).

Donors also report caring about impact. In 2014, I conducted a study with nearly 300 high-net-worth donors through the University of British Columbia (UBC) Alumni Affairs Office. I asked donors, "What kind of recognition makes the most difference to how you feel about giving?" The most popular response to this question was "receiving a thank you letter from a recipient." Furthermore, impact information was rated as most important among donors who consistently gave to the university each year and among donors who gave the most (i.e., individuals who reported giving over $10,000 in the last 12 months). A greater proportion of the most generous donors wanted to receive a thank you letter or a communication about their unique contribution instead of more standard forms of recognition, such as tax incentives or a general update or communication from the charity.

### Implications for Practice

Show donors how their charitable contributions will make a *tangible* impact for the charitable cause. Revealing to donors how their money can make a noticeable difference increases donations *and* the happiness benefits of contributing. Impact information appears to be especially important for individuals who donate the most and for repeat donors who consistently contribute to an organization.

## Donors Like to Put in "Effort" and Have Choice over Their Donation Decisions

Another way of motivating donors is to foster a deeper sense of involvement in the fundraising process. In fact, people *prefer* to engage in effortful giving. Psychologists have labeled this preference the "martyrdom effect."

In one study documenting this phenomenon, people reported wanting to donate more to a charity when they were told they would have to sweat for the opportunity to give (i.e., run a race versus write a check). In another study, students in one group were asked to submerge their hands in a bucket of ice-cold water for 60 seconds (known as a "cold presser" task) if they wanted to make a donation. They gave more money than participants who were not told they would have to put themselves through pain to make a donation. Although surprising, these results occur in part because donors are able to derive the most meaning from their donation decisions when they believe them to be personally costly and effortful (Olivola and Shafir, 2013).

In another set of experiments, students worked harder to earn money for a charity than for themselves—as long as the task was only moderately difficult—providing additional evidence of this effort bias in the domain of charitable giving (Imas, 2014).

In my own survey-based studies with donors to UBC, the majority of respondents reported wanting to be involved in decisions about donation allocations. In other words, when given a choice, the majority of involved donors wanted to *play an even more active role* in the process of deciding how their charitable donations should be used. These studies suggest that providing donors with the ability to exert effort and to make choices are key considerations in day-to-day fundraising practices.

While asking all your organization's donors to run a race to raise money is impractical, it *is* possible to help donors feel like they are exerting effort in their donation decisions by offering choice over how their donations are used. Hypothetically, an organization that is raising money for three projects as part of an annual giving campaign could allow donors to choose where to allocate a certain percentage of their donations. Providing donors with choice can increase satisfaction with even the most detested form of helping—taxation (Lamberton, 2013)—thus suggesting that choice might be a potent tool for increasing donor satisfaction in the context of fundraising.

### Implications for Practice

Allow donors to make decisions—not only about how to donate, but also about how their charitable donations will be used to benefit the causes they care about. Provide donors with the opportunity to feel like they have made some effort in the decision, other than the decision to open their pocketbooks. Providing donors with control over their donation decisions may increase charitable donations and help donors gain more meaning from their donation experience.

## Motives Matter: Donors Prefer Messages That Fit Their Values

Another component of fundraising is understanding people's motivations for making a charitable donation. This idea is nothing new for fundraising professionals, who spend a great deal of time and effort building relationships with individuals to understand the best giving opportunities for each donor. Indeed, the scientific literature related to charitable giving has validated the significance of this process.

There are two primary forms of motivation to consider: whether people are donating for self-focused or self-motivated reasons (e.g., tax incentives) or whether people are donating primarily for altruistic or other-focused reasons (e.g., out of a pure desire to help the cause). Knowing donor motives is important for unlocking the efficacy of charitable campaigns.

Understanding donor motivations is critical, since people are less likely to give when a fundraising campaign differs from their personal motivations. For example, individuals donating to charity for self-focused reasons (i.e., personal recognition or tax purposes) will be more inspired to give if the charitable appeal focuses on personal benefits (Whillans and Dunn, 2015; Evans et al., 2013). In contrast, individuals donating to charity for other-focused reasons (i.e., a genuine interest in helping the charitable cause) will be more inspired to give if the charitable appeal focuses on the benefits of their charitable donations.

Although taking a "values-matching" approach to encouraging charitable donations appears relatively straightforward, this strategy comes with an important caveat: It is critical to choose only *one* of these strategies and to stick with it. Mixing self-focused and other-focused messages can negatively impact people's willingness to donate their time and money to a charitable cause. When presented with two messages at the same time—messages that involve both self-focused (personal gain) *and* other-focused (charitable gain) strategies—individuals donate less as compared to when they are presented with either a solitary self-focused or a solitary other-focused appeal (Feiler, Tost and Grant, 2012). Thus, if you are working with a diverse constituency of donors who vary in their motivations for charitable giving, the research strongly suggests choosing the message that best fits with the values of your organization or fundraising campaign and sticking with it.

Across a series of studies demonstrating this phenomenon (Feiler, Tost and Grant, 2012), donors who read information that reminded them that charitable giving had personal benefits *and* benefitted the cause reported lower donation intentions and donated less than participants who read that their donations had either personal benefits *or* benefits for the cause. These results occurred in part because donors who read both messages were more likely to feel suspicious and to experience psychological reactance.

Obtaining benefits from the advantages of specialized messaging might be easier in the context of working with elite donors, where fundraisers establish a personal rapport with donors and understand their unique perspective on the donation process. Related to this point, researchers have started to explore factors that promote giving among affluent individuals. Across several studies with over 1,600 participants, affluent individuals displayed more responsiveness to charitable messages that focused on agency (what an individual can do to make a difference). In contrast, framing the message in terms of communion (what we can all do together to help) increased charitable giving among less affluent individuals (Whillans, Caruso and Dunn, 2015).

In a separate line of inquiry, researchers discovered that men and women often respond differently to charitable appeals. One of the most widely replicated findings related to charitable giving is that, on average, men are less generous (e.g., Einolf, 2011; Mesch et al., 2011). A recent study using a nationally representative sample of Americans once again replicated this difference, while uncovering an important caveat: Although men generally reported less willingness to give money to a poverty relief charity, this effect was only evident when the appeal relied on eliciting empathy from donors (Willer, Wimer and Owens, 2015). Indeed, when poverty was framed as a problem that affects *everyone* in society, men were equally as likely as women to report willingness to donate. Thus, for men to feel more compelled to give, fundraisers may want to frame their charity's key issues in terms of a problem that affects all of society (Willer, Wimer and Owens, 2015).

### Implications for Practice

To conclude this section with complementary advice from fundraising professionals, knowing your audience and tailoring your charitable messaging accordingly can have lasting dividends. Understanding the reasons why individuals donate to a particular charitable cause is a critical component of pitching "the ask" in a way that aligns with donors' core values, goals and motivations. Understandably, it might be difficult to frame appeals to a broader set of donors. This is why it is particularly helpful to choose one motivation as a feature of your comprehensive fundraising campaign.

Empirical research suggests that appealing to one core set of motivations is a safer strategy for encouraging charitable donations than trying to appeal to multiple motivations at the same time. Furthermore, empirical research suggests using specific framing strategies for more affluent donors, as well as for donors from different demographic backgrounds (e.g., women and men).

## Conclusion

Fundraising professionals and academics are starting to work together to understand the science behind successful fundraising. The three strategies discussed in this paper (DIME: Donation Impact, Motivation and Effort) can help to fulfill this goal, while focusing on approaches to increase donations with little or no cost to the fundraiser. Moreover, the strategies outlined here are offered as points of discussion to think about when designing fundraising campaigns. For example, it is possible to work with academics to use existing data (i.e., tracking donation amounts following a specific campaign) to explore how factors (i.e., being asked to donate by a peer) can impact the likelihood of giving as well as the amount donated. (For a relevant example, see Meer, 2011.) Exploring factors that predict giving within the context of a particular fundraising campaign could be particularly useful before deciding to scale up and launch a larger campaign.

Finally, the DIME model components are offered as potential points of intersection by which academic researchers and fundraising professionals can come together to discuss best practice related to the science of philanthropy and charitable giving. The future of fundraising and philanthropic studies critically depends on increased communication and a joint effort to maintain and deepen ongoing relationships.

It is worth noting that there are limitations to the scientific study of charitable giving. For academic researchers, it can be difficult to predict how the results of a single study will translate in diverse, real-world settings. For practitioners, it can be difficult to conduct and interpret studies in the field (i.e., with donors in university settings), given that numerous uncontrollable factors can contribute to any documented empirical findings—such as the time of year or other appeals that donors simultaneously receive from other organizations.

Despite these obstacles, much meaningful research has been conducted in recent years and it is in the best of interest of practitioners and academics alike to continue collaborating on related research questions to improve understanding and practice. For example, building on the DIME framework, fundraisers could craft impact-based appeals and investigate what kind of information is most successful at eliciting donations from constituents (using the data already at their disposal, such as donation rates, donation returns and open rates to emails). Fundraising offices could also assess whether impact information matters for wealthier donors, or whether impact information matters more for reoccurring donors versus new donors to an organization.

Asking and answering questions such as "How does my appeal convey impact information?" or "How does my appeal change donor decision making?" provides useful information to generate the most effective fundraising campaigns. Collecting, reporting and disseminating this information also provides useful information for academic researchers interested in studying charitable giving, as well as for large organizations such as CASE who provide support for fundraising offices around the world.

To summarize, it has become apparent that social science research can provide concrete tips for improving the donation process. As outlined in this paper, many research findings center on understanding donor motivations and promoting greater donation impact. By working together to systematically test, document and share findings from fundraising offices and academic researchers, we can improve our bottom line as well as our basic understanding about what drives charitable giving. By capitalizing on the wealth of data available through fundraisers such as those who are members of CASE and the wealth of experience of academic researchers, together we can continue to expand the scope and reach of the scientific study of philanthropy.

CASE Research would like to know more about your reactions to this white paper. CASE staff are always monitoring information that our members need, and we are interested in your reaction to the academic research that was compiled here. If you have some feedback that you would like to share, please send us an e-mail at *research@case.org*.

# Appendix: Impact Information

*Note:* These appeals were taken from Aknin et al., 2013.

### Low Perceived Impact Condition

Before you make a decision about donating though, you should know that your donation will be given to the United Nations International Children's Emergency Fund (UNICEF), which is a charitable foundation whose work is carried out in 190 countries around the world. The heart of UNICEF's work is in the field with some 10,000 employees working international priorities such as child protection, survival and development.

### High Perceived Impact Condition

Before you make a decision about donating though, you should know that your donation will be given to Spread the Net, a cause initiated to raise awareness and help wipe out death by Malaria. Every $10 collected purchases a bed net for a child in Africa—a simple, way to make a BIG difference—saving lives, one net at a time.

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