Fundraising for Culture – Insights from Research

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My presentation today

• Academic research in fundraising and marketing is mostly *applied research* – relevant, purposeful and impactful for non-profits and arts organisations
• And practitioners contribute to the content!
• Trends in philanthropy: disintermediation, crowdfunding and new mediators in the growing markets for causes: *challenges or opportunities for the arts fundraiser?*
• Donor journeys (old and new)
• Trusting (the old and new players)
• Donors’ sense of agency and control
• what’s next for relationship fundraising
• Tips for moving forward....
A change in title reflects a slight reposition of the aims and scope of this journal. The marketing of philanthropy is no longer the preserve of the non-profit and voluntary sectors and isn’t exclusively practiced at ‘sector’ level. Philanthropy in its broadest sense (encapsulating ideals of giving, benevolence, welfare, altruism, prosocial behaviour and ‘doing good’) is playing a leading role in the marketing practice of a spectrum of organisations including multinational corporations and social enterprises (via some of their corporate social responsibility missions and marketing initiatives) as well as the social marketing conducted by governments and a vast variety of other institutions (e.g. education and healthcare).
Relevant, purposeful, impactful, applied research

Fundraising for Culture – Insights from Research

Die Referentin

Dr Rita Kottasz is Associate Professor of Marketing within the Department of Strategy, Marketing and Innovation at Kingston University, London. She is Editor-in-Chief of the Journal of Philanthropy and Marketing (previously, International Journal of Nonprofit and Voluntary Sector Marketing, Wiley). In this capacity, she works closely with the Chartered Institute of Fundraising (UK), Rogare, a Fundraising Think Tank, and other Wiley journals to ensure that academic research in philanthropy and fundraising is critical, evidence-based, impactful, and relevant to today’s practitioners. Rita’s main research interests lie in the areas of arts and non-profit marketing, notably issues to do with fundraising, donor behaviour and cultural consumption. Her recent works have been published in the Journal of Marketing Management, Journal of Nonprofit & Public Sector Marketing, Transportation Research Part A: Policy and Practice, Arts and the Market, Museum Management and Curatorship and the European Management Review.
Call for Practice Papers, Call for Practitioner Contributions

Do you have valuable lessons to impart on marketing and philanthropy (in its broadest sense: giving, benevolence, welfare, altruism, prosocial behaviour and ‘doing good’)?

To provide coverage of the most pertinent issues facing non-profit and philanthropic organisations, we have already recruited a Shadow Practitioner Editorial Board who will advise on the latest thinking primarily concerning marketing within the charitable sectors.

In order to further strengthen the practical impact of the Journal of Philanthropy and Marketing, we are actively seeking the submission of Practice Papers. A Practice Paper is shorter (approximately 2500-3500 words) and less formal than a full academic research paper and aims to reflect and offer managerial implications that are relevant and valuable to organisations working within the remits of philanthropy and marketing. A Practice Paper may deal with a failure or a problem. These papers must clearly document the professional experience and highlight lessons learnt. Papers dealing with success stories may also be considered, provided that the experience presented offers the readership something new, innovative, and creative.
Charitable Giving and the Disintermediation of the Non-Profit and Voluntary Sectors

Co-Editors of this Special Issue:
Rita Kотова, Kingston University, UK
Walter Wymer, University of Lethbridge, Canada
Meredith Niles, Plan International, UK

Journal of Philanthropy and Marketing is sponsoring a special issue containing cutting edge research around the opportunities and threats of disintermediation within the non-profit and voluntary sectors.
BAD NEWS:
Much of the non-profit sector and fundraising activities are currently in trouble
- non-profit income and fundraising activity
- charity events
- direct debit sign ups
- recruitment of new donors via door to door and street fundraising activities
- campaigning efforts of non profits currently lost on the media (focus on Covid-19)....

GOOD NEWS:
- increased demand for services (food banks, poverty charities AND arts and culture)!
- forecast: increase in donor markets in the new “feeling economy” - socio-demographic changes on a global scale mean that the size of the middle classes is growing rapidly (from 1.8 billion in 2009 to 4.9 billion in 2030), with the spending power to match (this is set to increase by 161% over the same period).
- plus younger generations are reported to be more empathetic, more socially aware, increasingly inclined to support causes, and to buy into brands that are pro-social, socially responsible and ethical
- a sense of urgency to ‘save the world’...
Challenges and opportunities for (arts & cultural) philanthropy

The ‘market for causes’ is growing:

(1) via disintermediation and crowdfunding: “personal fundraising”

(2) via the entrance of new players, new mediators of giving: B Corps, Unicorns, private foundations, fintech companies, etc.
Crowdfunding sites tend to raise money for ‘individual projects/causes’..... Key: proximity / perception of impact

Example: TapSimple mediates the relationship between Lidl and NSPCC

These intermediaries TEND to work with established charities/corporates rather than OTHER PERSONAL causes as above
Fact: Nobody has an overview, breakdown on how much money is donated via different types of channels (disintermediated, platforms, charity sites etc).
(nfpSynergy, 2021)
Private foundations, B Corps and the like

Certified B Corps are a new kind of business that balances purpose and profit. They are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. This is a community of leaders, driving a global movement of people using businesses as a force for good.

A mix of ‘lack of trust’, ‘control’, ‘sense of urgency’ and (tax) advantage...
Crowdfunding trends
Leading ten most funded projects on the crowdfunding platform Kickstarter in the United Kingdom (UK) as of July 2021, by amount pledged (in GBP)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Category</th>
<th>Amount Pledged (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dark Souls - The Board Game</td>
<td>Board games</td>
<td>3,771,474</td>
</tr>
<tr>
<td>Monster Hunter World - The Board Game</td>
<td>Board games</td>
<td>3,448,262</td>
</tr>
<tr>
<td>Zano - Autonomous, Intelligent, Swarming, Nano Drone</td>
<td>Technology</td>
<td>2,335,119</td>
</tr>
<tr>
<td>Yooka-Laylee - A 3D Platformer Rave-vival</td>
<td>Videogames</td>
<td>2,090,104</td>
</tr>
<tr>
<td>Kokoon: The ultimate sleep sanctuary</td>
<td>Design</td>
<td>1,936,825</td>
</tr>
<tr>
<td>ZX Spectrum Next - Issue 2</td>
<td>Hardware</td>
<td>1,847,106</td>
</tr>
<tr>
<td>Kuroi Hana Knife Collection - Japanese Steel</td>
<td>Design</td>
<td>1,698,619</td>
</tr>
<tr>
<td>Subverse (Videogames)</td>
<td></td>
<td>1,668,626</td>
</tr>
<tr>
<td>LUMI: The smarter way to learn and play music</td>
<td>Hardware</td>
<td>1,629,014</td>
</tr>
<tr>
<td>BLOCKS - The World’s First Modular Smartwatch</td>
<td>Wearables</td>
<td>1,613,874</td>
</tr>
</tbody>
</table>

Details: United Kingdom; July 6, 2021

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**Number of crowdfunding campaigns completed worldwide in 2016, by sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of campaigns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art</td>
<td>7,386</td>
</tr>
<tr>
<td>Small business</td>
<td>6,600</td>
</tr>
<tr>
<td>Gaming</td>
<td>6,384</td>
</tr>
<tr>
<td>Food</td>
<td>6,385</td>
</tr>
<tr>
<td>Film</td>
<td>11,014</td>
</tr>
<tr>
<td>Technology</td>
<td>14,757</td>
</tr>
<tr>
<td>Music</td>
<td>8,582</td>
</tr>
<tr>
<td>Design</td>
<td>5,362</td>
</tr>
<tr>
<td>Community</td>
<td>7,483</td>
</tr>
<tr>
<td>Publishing</td>
<td>7,340</td>
</tr>
</tbody>
</table>

**Source**
The Crowdfunding Center

**Survey by**
The Crowdfunding Center

**Published by**
The Crowdfunding Center

**Source link**
thecrowdfundingcenter.com

**Release date**
August 2017

**Details:** Worldwide, The Crowdfunding Center; 2016

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**Market size of crowdfunding worldwide in 2020 with a forecast for 2027**

*in billion U.S. dollars*

- **2020**: 12.27 billion dollars
- **2027**: 21.9 billion dollars

**Source**
MarketWatch

**Survey by**
MarketWatch

**Published by**
MarketWatch

**Source link**
marketwatch.com

**Release date**
July 2021

**Details:** Worldwide, MarketWatch; 2020
Percentage of successfully funded Kickstarter projects as of July 2021

- 38.92% for successful projects
- 61.08% for unsuccessful projects

Details: Worldwide; Kickstarter; July 6, 2021

© Statista 2021
The donor journey, the donor perspective
From a donor perspective...(not so long ago, life was much more simple)...

DONOR (individual and corporate)

ROYAL OPERA HOUSE

KUNSTHAUS ZÜRICH

MoMA
For-profit, key player, includes advice and resources for charities

Main competitor to Just Giving, non-profit, includes advice and resources for charities

For joined up services (branded donation pages, Gift Aid reclaim, DD etc.)

Offers rewards based crowdfunding projects that can allegedly raise more than straight donations.

Best for accessing a large supporter community ‘social fundraising platform’

Connects funders (trusts, foundations, philanthropists) with charities and those wanting to raise money for causes

For small and medium sized charities “the forgotten 95%, focus on community and local causes (for charities who are strong on social media)

For small and local charities. Crowdfunding as well as fundraising campaigns and competitions.

Any non-profit can join GlobalGiving, subject to approval.

New, own domain, control, built on the premise of ‘trust’.
Disintermediation (personal crowdfunding) in action
Disintermediation in action

What are you raising money for?

- **A charity**
  - Donations go directly to the charity
  - Find out more

- **My own cause**
  - Donations go directly to your bank account
  - Find out more

JustGiving

Raise money for charity

Donate to charity

Raise money for your own cause
Crowdfunding for the arts
Medea at the Rose Theatre Kingston... and beyond
Join us in staging a stunning new version of Medea at Rose Theatre Kingston in November 2013 and across the UK in 2014

£410
pledged of £15,000 goal

6
backers

Funding Unsuccessful
The project’s funding goal was not reached on Fri, November 1 2013 12:00 PM UTC +00:00

Last updated November 1, 2013
Noel Coward's 1932 "Words And Music" at Sadler's Wells

Noel Coward's 'lost' 1932 satirical revue "Words And Music" at Sadler's Wells

£460
pledged of £5,000 goal

10
backers

Funding Unsuccessful
The project's funding goal was not reached on Wed, July 3 2013 6:00 PM BST

Last updated July 3, 2013
We’re raising £5,000 to help put up our 2nd production
Sponsor a Seat and Help The Festival

Friends of the International Gilbert and Sullivan Festival

£9,853 raised of £10,000 target by 144 supporters

Give Now

Share

Be a fundraiser

Create your own fundraising page and help support this cause.
People around the world are raising money for what they are passionate about.

Start a GoFundMe

Fundraising categories

- Medical
- Funeral
- Emergency
- Charity
- Financial Emergency
- Animals
Fundly Helps

- Clubs & Community
- Creative Projects
- Disaster Relief
- Fraternities & Sororities
- Fun & Special Events
- Kids & Family
- LGBT
- Medical & Health
- Memorials & Funerals
- Military
- NonProfit/Charity
- Pets & Animals
- Politics & Public Office
- Religious Organizations
- Run/Walk/Rides
- Schools & Education
- Sports & Teams
- Trips & Adventure
Help fund this loan

$25

Brad

A loan of $8,500 helps to establish our co-living community housing at DUTCH Creatives’ Collaborative - We house artists!

ROCHESTER, NY, UNITED STATES

arts

Brad's story

DUTCH Creatives' Collaborative is my magnum opus, and as a business, it perfectly fuses my passion for music and the local community of performing artists with the professional skills I have amassed over the last decade as a real estate operator. I have been a musician for 23 years and have lived participating in Rochester's music community. I have attended countless shows in house, clubs,
So, from a donor perspective…(today)...

DONOR
(individual and corporate)

I want to support the “ARTS”

Donations made to “ARTS & CULTURE”

I want to support a “SPECIFIC ARTS ORGANISATION”
Choice can be confusing...so there is a place for inter(mediation)...but even the intermediaries are growing in number....whoever mediates ‘best’ will reap the benefits.

- Digital consumers have more options than ever before
- Consumers have become accustomed to increased choice
- Companies must embrace new ways of conducting business
- Meeting consumers where they are will become the norm
Donor behavior and motivation ...
Key aspect of donor behaviour
familiar brand name, convenience, choice, perception of impact
(on par with Amazon ‘e-tailer’)
Key aspect of donor behaviour
proximity and perception of direct impact
“support a relative/friend”
“support a niche cause close to the heart/close to home”
Key aspect of donor behaviour the ‘feel good’ minimal altruist?

Thousands of retailers will donate for free

There’s over 5,680 retailers to choose from and so far we’ve raised over £35 million for thousands of community groups, sports clubs, schools & PTA’s and small & large charities across the UK!
The new trends are partly attributable to an issue of ‘trust’... or lack of it...

Some reasons:

• Trust in authority is in decline

• Where is my money?
  - popular public perception is that a charity spends only about 4/10th of their money on the cause, and the rest on marketing and fundraising (in fact this is closer to 8/10th of the money)
  - lack of demonstration and communication about impact

• Big pay cheques for CEOs
Regulated space

NON-PROFITS

DONOR (individual and corporate)

CAUSE/BENEFICIARY

Platforms such as Virgin Money are 100% linked to the nonprofit sector...

But, will we trust a space that is unregulated (personal crowdfunding space)? Fraud, mismanagement of money, untrained fundraisers...?
But can the new players be trusted?

- **Trust:** the erosion of trust in authority/charities has played a part in the rise of disintermediated giving, **and** a rise in alternate philanthropic activity and fundraising platforms.

- **Unaccountable/Unregulated space:** Much of direct giving via crowdfunding platforms **is not** regulated! Leading to untrained unknowledgeable fundraisers? Mismanagement of money? Fraud? Private foundations: benefit from tax advantages, many operating at a global level, without an standardised approach to accountability/ code of conduct

- **A competitive stance:** Some of the new intermediaries are starting to position themselves as the ‘best alternate’ approach to raising funds for a cause, differentiating themselves as more ethical, less intrusive than other forms of fundraising...

... but will this competitive approach backfire in a sector that is fundamentally built on values of benevolence and giving?
More than $34 MILLION in donations made to comedian Celeste Barber's fundraiser could take MONTHS to get to those in need - so where will all the money go?

- Australian comedian Celeste Barber has raised $34 million to help fire affected
- She began her fundraiser through Facebook on Friday and it instantly went viral
- Ms Barber, 37, told her 6.5 million Instagram followers she would share the funds
- It can take up to 90 days for money donated through Facebook to be distributed

Police probe into 'missing' Bristol Black Lives Matter fundraising money

A woman has been arrested after the youth group did not receive £32,000 raised following the toppling of the statue of Edward Colston
Adyen launches Score with GoFundMe -- a machine learning tool to easily identify malicious platform users

AMSTERDAM, Aug. 31, 2021 /PRNewswire/ -- Adyen (AMS: ADYEN), the global payments platform of choice for many of the world's leading companies, today launched Score. The company is first-to-market with a machine learning driven solution on a single platform for signaling irregular activity and monitoring platform compliance. By leveraging data insights analyzing the platform merchant's data and flagging unusual platform user behavior, Score helps Adyen's merchants prevent misuse of the platform. As Score provides insights via a broad set of risk signals, the feature is of significant support for platform merchants' compliance procedures. By improving effectiveness and reducing time spent on platform user security reviews, Score increases operational scalability for platforms.

Score is the newest addition to the company's offering for platforms. GoFundMe, the global online fundraising platform, is one of Adyen's first merchants to implement Score during the past six months.

"Score has helped us to provide the best service we can to help as many people as possible - while also ensuring our customers trust that GoFundMe is keeping them safe and protected," said Matthew Murray, Director of Risk & Compliance at GoFundMe. "We are constantly adopting the best tools to ensure we have a full and accurate picture of our risk profile, so we were pleased to be the first to try this new Score solution."

"This is where tech and compliance meet - we're very excited about the launch of Score, as we are now able to support our platform merchants in platform user fraud and integrity monitoring. Reducing risk is a top priority for platform businesses", said Mariëtte Swart, CLCO of Adyen. "The feature puts our merchants in full control by offering a solution that never stops learning."
Among the challenges to determining where private foundations spend their money, the researchers noted that the foundations’ reporting on qualified donees didn’t follow a specific format or include the Business Number of the qualified donee, which meant there was no unique identifier for the charity receiving funds. Some recipient names were abbreviated, some missing key words, some used only an acronym, many did not include a town, province or even country. And these irregularities all existed within one return. Not infrequently, this made the job of pinpointing the exact charity receiving funds challenging, and a significant amount of manual labour was required to find the correct information. Apparent typos worth tens of millions of dollars were found.

“For organizations representing a collective $32 billion in assets, we were surprised,” says Picco. “And one can’t say they don’t have the resources needed to accurately fill in these forms. It could give the impression these foundations don’t take their reporting requirements as seriously as they might. And, of course, it makes information harder to get, because very few people would do what we did to get to the bottom of this information, and I salute our researchers for that.”

The biggest conclusion the report suggests is that, even if the disbursement quota was raised, based on where private foundations spend their money right now, as indicated by the Top 20 foundations in Canada, very little of those funds would reach the people who needed it most.
In my opinion, this is the type of organisation to ‘watch’... plays to the tune of trust and accountability.

Get involved in this space, in a ‘trusted’ manner...

DONOR (individual and corporate)
- Adyen
- TapSimple
- RoundUps
- Pennies
- Amazon Smile
- Global Giving

CHARITY
- Kiva
- Kickstarter
- Facebook Fundraiser
- GoFundMe
- DonorsChoose

CAUSE/BENEFICIARY

And this space...
About Us

We make it safe, easy, and fun for anyone to give to vetted nonprofits anywhere in the world. Want to raise money for your favorite cause? We’ve got you covered there too.

What does it mean that organizations are vetted by GlobalGiving?

How does GlobalGiving ensure your donations are made securely, sent to the right place, and used for the intended purpose?
Has a lack of trust, a sense of urgency & a sense of entitlement led to ‘donor dominance’?

- Relationship fundraising is often ‘donor-led’ or ‘donor-controlled’. When that control becomes excessive, it is known as ‘donor-dominance’

- Examples:
  - directing the charity’s mission
  - demanding benefits
  - demand to take control of ‘fundraiser’

- ‘Community-centric fundraising’ (CCF) challenges the existing privileged power structures in both philanthropy and fundraising. CCF proposes to have hard conversations with donors about their power and privilege, rather than pander to their agency to support meaningful causes

- CCF therefore argues that donors should have less choice and agency, not more. Hence, the relationships that fundraisers ought to build with donors are markedly different to the types of relationship they currently aim to achieve.
So what’s next for relationship fundraising?

• Currently, donor-centred relationship fundraising (in theory):
  - provides excellent donor care (thank you)
  - communicates ‘impact’
  - provides donor choice (re type of relationship sought, frequency of communications etc)

• However, by placing the donor at the heart of all we do, is there a danger that the donor becomes too dominant...?
Much of today’s philanthropy is based on: **trust and a sense of agency**

- Ethically motivated 21st century consumers and corporations trends in individuals coming together (rather than charities). Today, the Internet is part of the enabling process which has energised millions of individuals to be [fundraisers](#) in addition to being [contributors](#).

- **Urgency**: climate crisis, inequality, poverty, etc. [Lack of trust in authority](#) to take rapid action, has led to:
  - individuals feeling that they have to take action/ control
  - organisations feeling ‘pressured’ to take control (B Corps and CSR growth)/ marketing opportunity also....

- **Changing donor behaviour**: proactive, sense of agency, entitlement to ‘do it my way’....

The pandemic has only accelerated this process.
So, what to do?

Essential features:

(1) **Trust**
   - **competence**: demonstrate, measure and communicate impact
   - **integrity**: regulated space, code of conduct, privacy ‘matters’
   - **proximity**: builds a perception of trust and impact
   - **collaboration**: (with trusted partners): builds fundraising income and a perception of trust

(2) **Donors’ sense of agency/ control:**
   - how to manage this?

(3) **Digital**
   - invest, replace processes which are inefficient, complex, costly, or boring, take advantage of ‘24/7’ in this space (e.g. online shops don’t close, etc.)
Concluding statement

- Markets for causes are growing and maturing
- Too much donor choices (be where the donors are and position smartly)
- **But in all these places and channels, focus on:**
  - trust and accountability
  - collaboration (rather than competition) with trusted partners
  - demonstration and communication of impact
  - a sense of agency and control
  - and all this (mostly) in a digital space.....