

**Donor segmentation**

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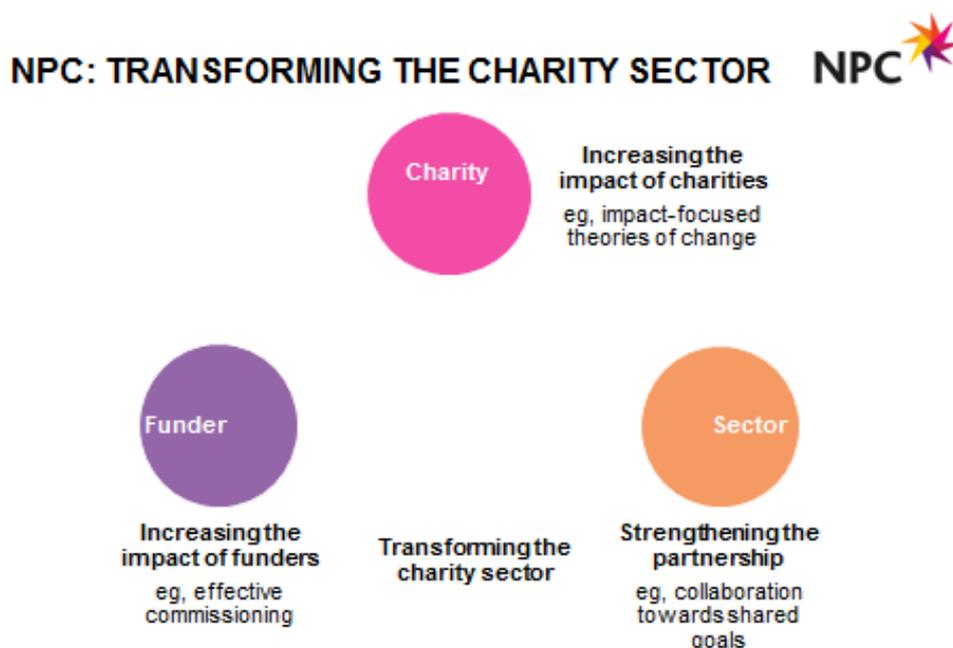
**Introduction**

NPC’s report; *Money for Good UK* explores the habits, attitudes and motivations of donors in the UK. This session explored the seven donor types outlined in *Money for Good UK* and how the arts sector can use this segmentation to think about our fundraising practice. *Money for Good UK* has been followed up by a *Know Your Donor Tool* and with a follow up report being published in June 2014. Delegates at this session had access to emerging practice in the fundraising sector.

**Presentation**

**Sally Bagwell – consultant, NPC:**

I’m going to be talking mainly about a particular piece of research that we did about a year ago now; *Money for Good UK* which is a segmentation of donors in the charity sector, rather than being arts sector-specific research. I’m conscious that not all arts organisations are charities although many of them are. NPC is a



charity-sector think tank and consultancy and we work with charities and funders on a consultancy basis around issues of measuring impacts and around strategy. And the other element of what we do is working at a sector level in a think-tank capacity looking often at the relationships between charities and voluntary-sector organisations and their funders and that’s where this research fits in

– looking at the relationship between donors and charities. We do a range of projects and one other that I will mention later is going to be on behalf of Arts Council England (ACE) about public-sector commissioning in arts and cultural organisations.

**Money for Good UK**

Money for Good UK was a major study of donor motivations and behaviour and we were looking at what motivates people to give, why they give and how we can maximise donations. We also wanted to look at the different types of donors and if you can communicate better with them on the basis of knowing more about what they care about.

- **Research partner: Ipsos MORI**
- **Survey of 3,000 people**
  - Including large sample (1,000) of high-income individuals ... which is quite unusual as you would usually survey those people through qualitative research but it was important for us to have those in there.
- **Donors: people giving over £50 in the past year**
  - High-income: household income over £150,000
  - Mainstream: household income less than £150,000

**Basic findings**

The findings that I’ll take you through are a range of how people might give and how we then used that to create the segmentation.

We found that mainstream donors (with household incomes of less than £150,000) gave £303 on average and that households with incomes over £150,000 gave an average of £1,282 and there would be a range within that.

**AVERAGE DONATION AMOUNT**



	<b>Mainstream donors</b>	<b>High-income donors</b>
	<b>£303</b>	<b>£1,282</b>
<b>Household income under £20,000</b>		<b>Household income over £1,000,000</b>
<b>Average donation</b>	<b>£228</b>	<b>Average donation</b>
		<b>£3,322</b>

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## GEOGRAPHICAL DIFFERENCES



- Scotland, the midlands, the south west and Wales give more on average
- Donations for London and south east relatively low
- For high income donors, by contrast, highest donations seen in the north

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Geographical funding is a hot topic in the arts and cultural sector and there's often a lot of discussion about the funding that goes into London. This isn't arts-specific funding but we actually found quite a different picture. We looked at how much people give on average (£303) and if you look at the map, the darker areas show the locations of people giving more than the average £303 – the Midlands, Scotland and the South West had higher average donations than other places. London and the South East had lower average donations. We were a bit cautious about relating this to levels of generosity because we don't know exactly the levels of income of the individuals answering the survey. However, what we know about the average salaries in London and the South East makes this quite a surprising finding.

### Giving to the arts

- **Among the less popular causes to give to (13<sup>th</sup> out of 14)**
  - Favourite cause of 7% of mainstream donors, and 14% of high-income donors give
  - More popular among young high-income donors (21% give)
  - More popular for high-income donors in London
- **Ranks lowest among the causes people give *time* to**
  - 3-4% of donors
  - Overall favourite cause for 3% mainstream donors, and 7% high income donors

## Types of donor segmentation

What are the characteristics of people giving to charity in the UK?

We created the segmentation by combining together lots of different types of information – how people prefer to give, methods of giving, their loyalty, their regularity of giving and also a number of attitudinal questions which were broader than their giving so it wasn't just about asking how they felt about charitable giving but also

### SEGMENT PROFILES



finding out about what their local community means to them, how important is their salary, job or identity so that we get a sense of the broader motivations. We found seven different donor types (above). The top three are the biggest segments:

#### - Loyal supporter

These people give because they care about a cause. Everyone gives because they care about a cause but for these people it's their top reason.

#### - Engaged champion

These people give time and get their friends involved. They are good as an advocate for your organisations.

#### The Ad Hoc giver

- this is a massive segment of people who give, primarily because other people ask them to.

The other four segments:

#### - The thoughtful philanthropist

We think of this as a segment that does a lot of research and really thinks about their donation before they make it. In the research, this was one of the stronger segments for giving to the arts.

#### - The good citizen

This is a duty-driven segment so more than a passion for any given cause they do it because they have a feeling that it's the right thing to do.

**- Benefactor**

The benefactor is similar to the Good Citizen but there's a stronger element of profile, of wanting to be seen to donate and to do so publicly

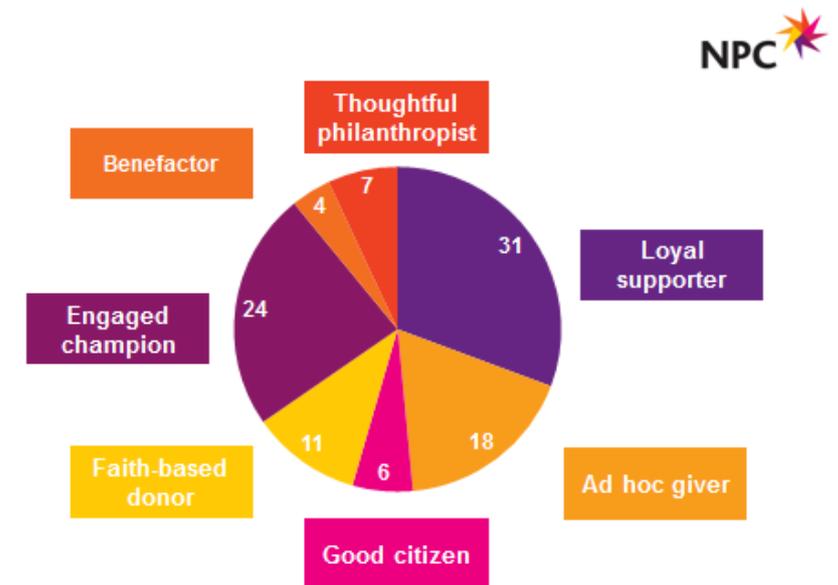
**- Faith based donor**

These people have religion but don't just give to religious projects but also from a community point of view.

**Segments – mainstream donors**

Taking a look at how many there are in each segment this is the *mainstream* donors (opposite):

There are three larger segments – Loyal Supporter 31, Ad hoc giver 18 and Engaged Champion 24.



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When we look at the high-income givers the Loyal supporter and ad hoc giver almost swap proportions resulting in the Ad Hoc Giver becoming a third of the population. You would have thought that the people giving the larger amounts would have been more motivated to develop strong allegiances but I also think that sense of being asked is very important to people with higher incomes.

**SEGMENT GIVING LEVELS**

	Segment	% population	% donations
<b>Mainstream</b>	Ad hoc giver	18%	9%
	Faith-based donor	11%	32%
	Thoughtful philanthropist	7%	7%
	Benefactor	4%	7%
<b>High-income</b>	Ad hoc giver	31%	14%
	Faith-based donor	4%	12%
	Thoughtful philanthropist	8%	17%
	Benefactor	9%	15%

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The size of the segment is not the only important thing. The amount each segment gives is also a point of difference between the segments, an important part of the picture. So, if we look at the Ad Hoc Giver you can see that although they are 18% of the mainstream population, they only give

9% of the donations – about half as much as you might expect given their numbers. That ‘half-as-much’ pattern is reflected in the high income segment. Faith based donor gives far more than you would expect given the small size of the segment – not necessarily a new or surprising finding given the cultures of tithing and so on through churches and other religious organisations. Particularly in the high income group Thoughtful Philanthropist and Benefactor are quite small segments but they give disproportionately to their size.

	<b>% of population</b>	<b>% of donations</b>
<b>Thoughtful Philanthropist</b>	8%	17%
<b>Benefactor</b>	9%	15%

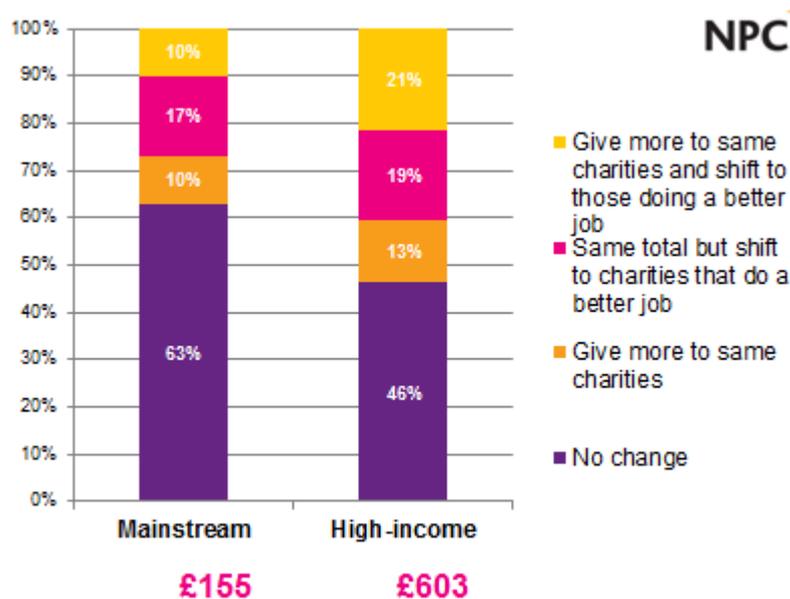
If we think practically about whom you might want to target and where the value might be, that is an important part of the picture when making decisions about what to do.

**Increased giving**

Another aspect of the research was looking at whether we could increase giving. Why is it important to know what people care about? Hopefully, if you can communicate with them better, if you can better meet their needs they can have better relationships with you they are more likely to give and more likely to give more. People often say they are going to do something but it isn't what they end up doing and we wanted to investigate this and what we found was quite interesting.

There is an opportunity to increase giving if charities better met donors' needs in areas they care about.

The purple section at the bottom of the graph (opposite) wouldn't change when asked if there was anything that could be done better. If charities communicated with you better, if charities did a better job of giving you the information you wanted, would you change your donation pattern? Over two thirds of mainstream donors



wouldn't and about half of high-income donors wouldn't. The people at the top of the graph would make a change and give more to the same charities and shift to those doing a better job. The section in pink would give the same amount but might shift to charities who do a better job and the orange section would give more to the same charities if they did a better job.

We're talking not only about growing the pie that is available for donations but also getting a bigger piece of the pie – would people swap donations? When we asked people how much more they'd be prepared to give – we took a conservative estimate of this – we asked them how much etc. and then we scaled it down and, still with caveats,

## POTENTIAL TO GIVE MORE



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we think this is still a conservative estimate. Mainstream donors said that they would give £155 more per year, and high income donors said they'd give about £600 per year – that's about half again of what they are already giving. We couldn't resist getting looking at that with regards the rest of the population and if that were true of everyone, then there's a potential for about £665million in additional donations across the sector and £1.7 billion donations which could swap between the segments. We thought that to be an interesting and motivating finding.

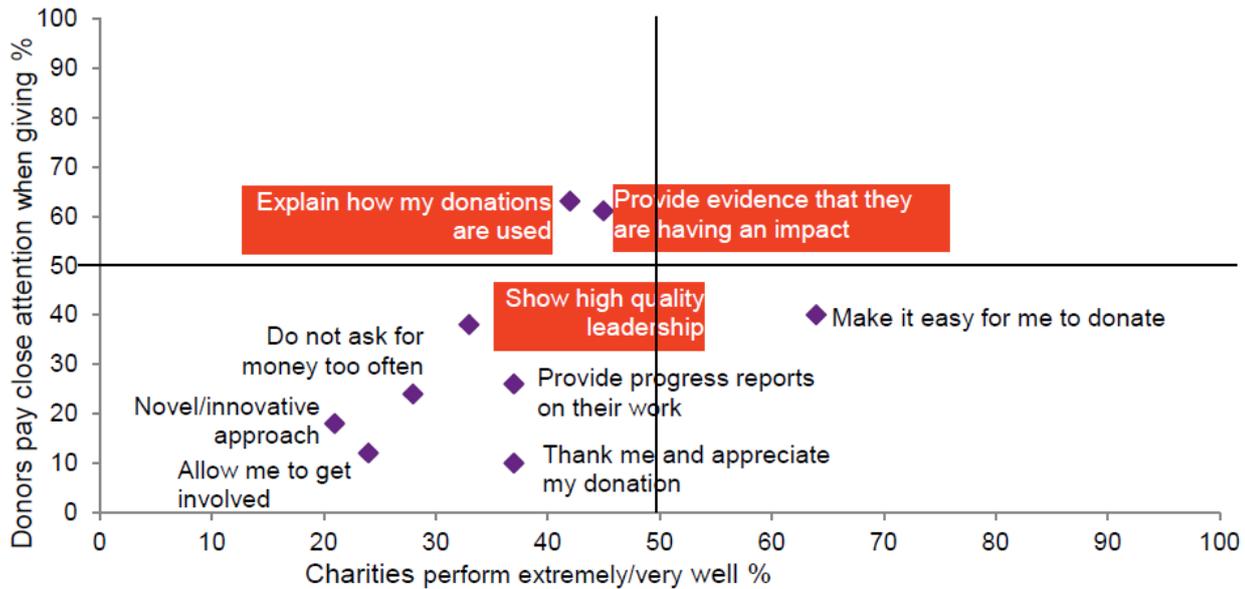
## Donors and impact

- Do donors in the UK care about the difference charities make with their donations?

The next thing, as NPC, that we wanted to look at was whether donors responded to messages about the impact of the charity. And what they cared about and what kind of messages they would respond to. To NPC that's really important as our mission is around knowing how well money is being spent and making sure that money goes where it's going to make the most different. We asked donors what they pay attention to (graph below). What do they look for when they deciding what to give to? That's shown on the left-hand side of the graph. Across the bottom, we asked how well they think the charities are doing in those areas. Shaded in red are where people have

stated that ‘they cared’ and yet the way that charities communicated this to them wasn’t matching their expectations. Those three areas are:

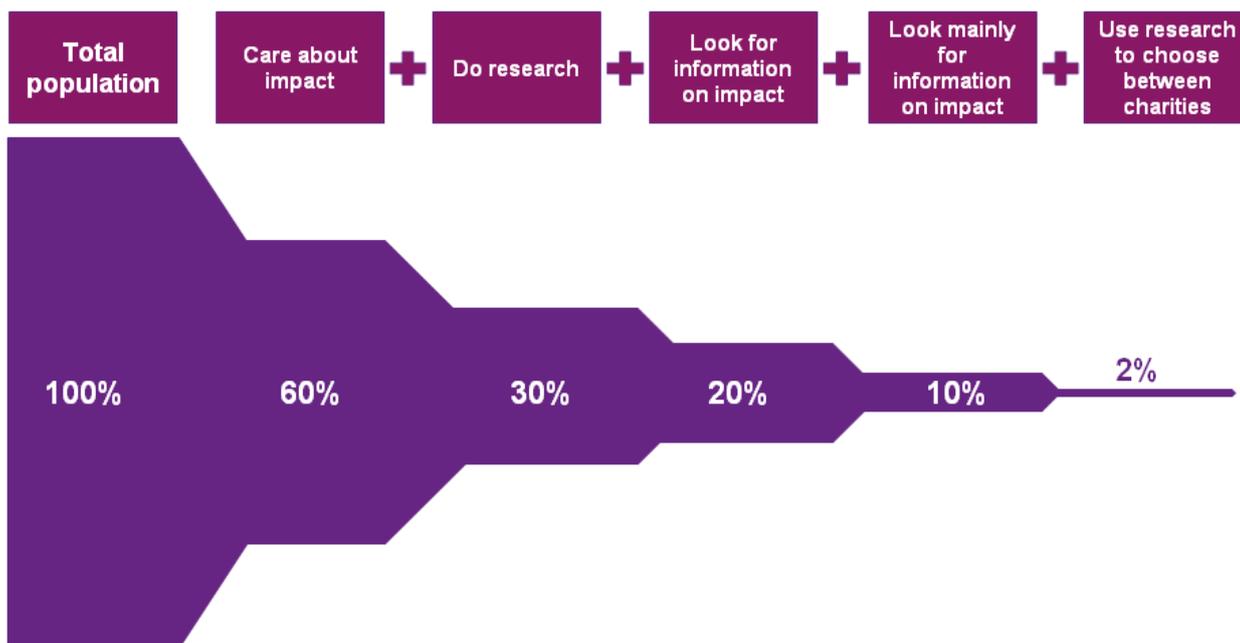
- explain how my donations are used
- provide evidence that they are having an impact
- show high-quality leadership



It seems as though there is a gap between what people expect to see and the information that they are seeing from charities. If we think back to the segmentation (opposite) – the segments that cared more about the impact of their donation were the

- **Loyal Supporter** – that’s a large segment
- **Engaged Champion** – again, quite a big segment but also a really important channel to other people and
- **Thoughtful Philanthropist** – a segment interested in the arts sector.

Lots of positive messages there but a note of caution about how this would actually play out in practice and what people might actually end up doing with their donations.

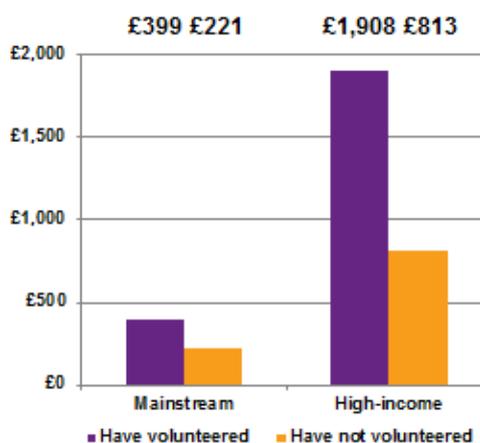


This graph shows the total population on the left-hand side then 60% are the people who say that's one of the reasons that they give. As it gets smaller, the 30% is the people who care about impact and do some research and so it goes on until that last 2% is the number of donors who do all of those steps and use that information to choose between charities. I think we've got an interest in what some of the donors care about when thinking about that impact message and really communicating what the organisation is doing and what it is achieving but in practice there's quite a low appetite to do any research after that 30%.

In summary, thinking about the *Money for Good UK* research, I think the research showed that donors do have different motivations for giving and that should influence how you choose to communicate with them. There's an opportunity to increase giving and many donors do care about impact although, with the caveat of, how much work they do researching that. There are

also some findings in the report on volunteering that I'm not going to go into in detail today.

### DONATION AND VOLUNTEERING



#### BARRIERS

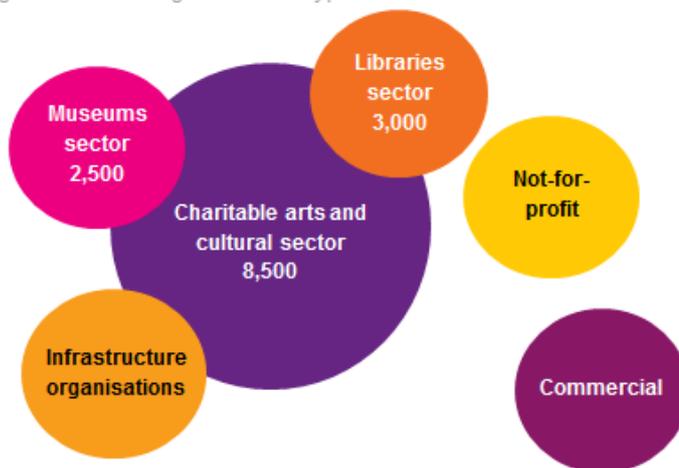
- Don't have time
- Never considered it
- Not found suitable opportunity
- Don't feel confident

### What do we know about the arts sector?

Another piece of work that NPC is engaged in is the Cultural Commissioning Programme looking at how far arts and cultural organisations get involved in public sector commissioning. So, it's not fundraising but looking at the income profile of the arts and cultural sector. I've pulled out a couple of slides from that research which put the arts and cultural sector in the context of the

#### ARTS AND CULTURAL SECTOR

Range of different organisational types



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charity sector and which I think is an interesting comparison to make. There are some similarities and some things that the sectors can learn from each other.

If we look at the income profile of that big section of 'registered charitable arts and cultural sector charities, 8,500' and how their income profile compares to the wider sector. If that 8,500 is 6% of the charity sector by number, but with a total income of £2.7bn it's actually 9% of the sector by income. So, the organisations are, on average, quite a lot bigger

#### COMPARISON TO THE CHARITY SECTOR

Do not match charity sector level of contracted income.



Number of organisations: 8,500 6% of charities by number		Total income: £2.7bn 9% of charities by income	
Charitable arts and cultural organisations..	Arts and culture	Charity	
... are bigger than charities on average (median)	£17,500/org	£9,500/org	
... receive less public funding per organisation (when we exclude Arts Council funding)	£56,700 £100,500 incl ACE	£90,300	
... receive about half the level of contracted income, ... or a third as much if we look at the proportion of overall income	£34,200/org 10% total income	£72,400/org 27% income	

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than your average charity. Looking at the public funding – which is what we were particularly focusing on in this research – if you include funding from the arts council it's about equivalent but if you exclude that arts council funding then arts and cultural organisations are getting far lower public funding at the moment than other types of charities. If you then look at how much of that income is contracted, rather than grant income, it is lower still. It is about half the level of contracted income that other charities receive. If you think about that in terms of the differential

size then it's only about 10% of income where it's about third of the income for other charities. I've added that as an interesting thought and comparison for the fundraising mix but remember that fundraising isn't the only source of income but when we look at other sources available there are challenges around matching what charities are doing.

### Putting the research into practice

Since we published the *Money for Good UK* research, we started to talk to people to find out what they thought about it and whether it was useful. What they mostly responded was 'that's fine, but what do we do about it'. We developed this tool:

KNOW YOUR DONORS: THE MONEY FOR GOOD UK DONOR SEGMENTATION TOOL	
<i>You will now see some reasons that other people have given for donating to charity. We will show them to you in pairs. For each pair of reasons please give the one which would be most important to you of the pair (even if neither are very important to you at all)</i>	
<b>Q1. Pair 1</b>	<input type="radio"/> A. The Charity deals with a cause that has had a direct impact on me or someone close to me <input type="radio"/> B. Someone in my position ought to give to charity
<b>Q2. Pair 2</b>	<input type="radio"/> A. A friend, colleague, or family member asks me to give/sponsor them <input type="radio"/> B. I can see the difference my money makes
<b>Q3. Pair 3</b>	<input type="radio"/> A. The organisation works in my local community <input type="radio"/> B. This organisation focuses on a neglected or under-funded issue
<b>Q4. Pair 4</b>	<input type="radio"/> A. My giving is driven by my religious beliefs <input type="radio"/> B. The organisation has more impact than others on the cause that I care about
<b>Q5. Pair 5</b>	<input type="radio"/> A. Tax incentives encourage me to give <input type="radio"/> B. This organisation focuses on a neglected or under-funded issue

... which is a very short version of the survey. It's thirteen questions, in Excel that allows you to tick the boxes and it gives you a diagnosis of what kind of donor an individual is. Putting it into practice, you could send it as a survey, mail it out to people, do it over the phone, ask people to self-diagnose through a web page. It's available to download for free along with the report and the research findings. [www.thinknpc.org/publications/fundraising-perspectives/](http://www.thinknpc.org/publications/fundraising-perspectives/)

## Fundraising perspectives

We recently published a perspectives document on the research which gave perspectives from different people who engaged with the research and thought about commenting on it and how they might use it. It



- Uses for *Money for Good*:
- Understand existing supporters better to communicate with them effectively
- Spot gaps in current donor acquisition techniques
- Use in conversations with major donors

includes comment from a range of fundraising experts and charities giving their responses. What we conclude from that in practical terms is that it is really difficult to do a segmentation [unclear on recording] on a database but we think it can be useful and that segmentation is a mind set to understand and think about the donors on your database already. You might do it on instinct or you might actually survey a proportion of the database to get a sense of how your support is compared to that of the population. If you know that you are really strong with Good Citizens then you might want to start introducing some different messages into your mailings. You could use it to spot gaps in what you are doing at the moment. We talked to one charity who said 'as soon as we look at that, we're not doing any event-based marketing or event-based fundraising and so we've got nothing for the Ad Hoc Donor'. There's nothing where people will ask their friends to give to us and so, even without doing any research, they could see a gap in their fundraising mix. If you are talking to major donors or philanthropists it can be a useful mental check as to what people might be interested in. You wouldn't necessarily go through the questions and answers but I spoke to one organisation who said that as soon as they'd read this and had a conversation with a major donor she thought that actually they would be an engaged champion and invited him to .?. and he accepted and that really got him into the organisation in a much more in-depth way. Without that prompt he may not have been asked. I look forward to hearing your thoughts, feedback and questions at the end of thi session.

## Presentation – Donor motivation research

### Sarah Gee – Managing Partner, Indigo-Ltd

I have, for many years, led a double life because I have been a marketer and a fundraiser and it's the weirdest thing now to be seeing lots of fundraising people at the Arts Marketing Association conference. It's also marvellous! I'm really glad that those of you who are fundraisers are here. I saw this NPC research last summer and I find it really interesting because I haven't seen anything

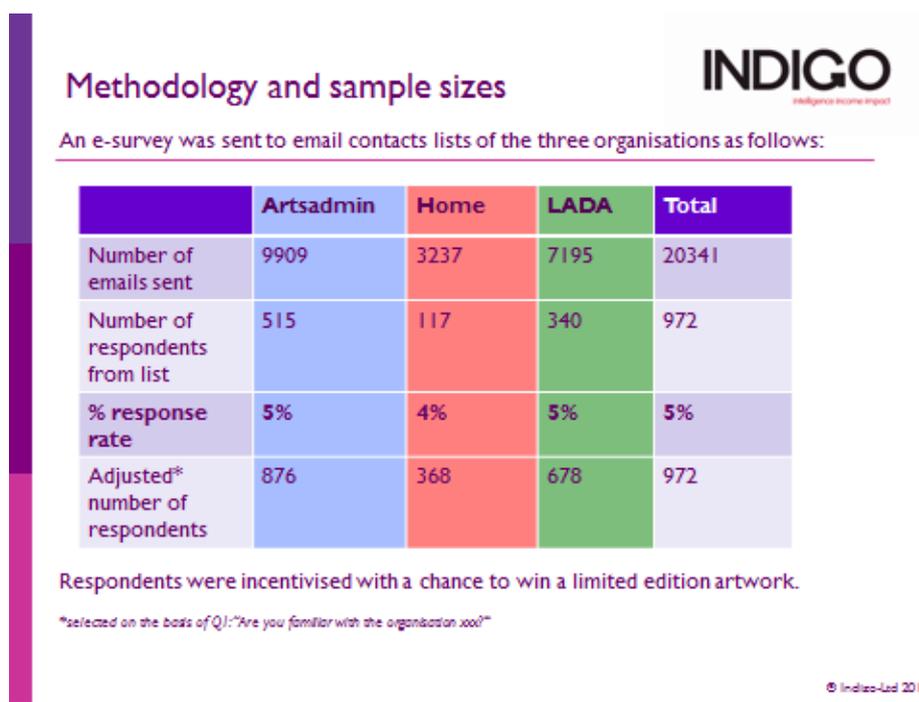
previously that really looked at the motivations of givers right across the charity sector and then pulled out something that was very specific to the arts. This made me curious. The category of Thoughtful Philanthropists was one that I recognised – I think we've probably all got a few donors who fall into this category – you know the ones that we're talking about and could probably name them. I'm dying to get my hands on the tool that Sally has talked about and find a willing victim / organisation(s) that would let me play and see if this segmentation could be applied *directly* to them or whether it's something that just didn't work in our sector.

I need to give a massive thank you to three organisations, ArtsAdmin, Home Life Arts and Live Art Development Agency who were enormously kind and let me and my colleague Katy Raines play with their data. They are an Arts Council, Catalyst-funded consortium, part of round three of the Catalyst organisations. They approached my company Indigo-Ltd to do wider research and very kindly let us apply this Donor Tool as part of the questions which were applied through Survey Monkey and emailed out to the database.

### Broad aims of the research

It was wider research and the motivation of donors was just part of it.

- To look at the similarities and differences in the databases of the three organisations
  - Artsadmin
  - Home Live Art
  - Live Art Development Agency
- To ascertain whether people on one or more contact lists would
- consider supporting the organisation(s), and if so what would motivate them to do so
- To obtain general demographic and attitudinal data on each supporter set



We sent out a lot of eSurveys to contacts at the three organisations. It had to be done by email because it was the only way we could contact members of the three organisations' audience bases. It was slightly frustrating that we didn't have postal addresses for them because it meant

that we couldn't really do any wealth screening. What we found out, and what was not that surprising, was the level of crossover between the three organisations.

These three organisations all work in the same sort of genre. They produce, present and promote cutting edge live art and also some visual art. They knew that there was a fair bit of crossover in their audience

base but hadn't realised quite how much of an overlap. There was a significant number of people who were common to at least two organisations. In the context of a Catalyst-funded consortium is actually quite important because there are people that each of the three organisations could be approaching to ask for money. If it's not done in a coordinated fashion there's a danger of exhausting your donor database quite quickly.

## Levels of crossover between organisations

**INDIGO**  
indigo income impact

The table below shows the source of the email list and then what % of people said they were familiar with each organisation

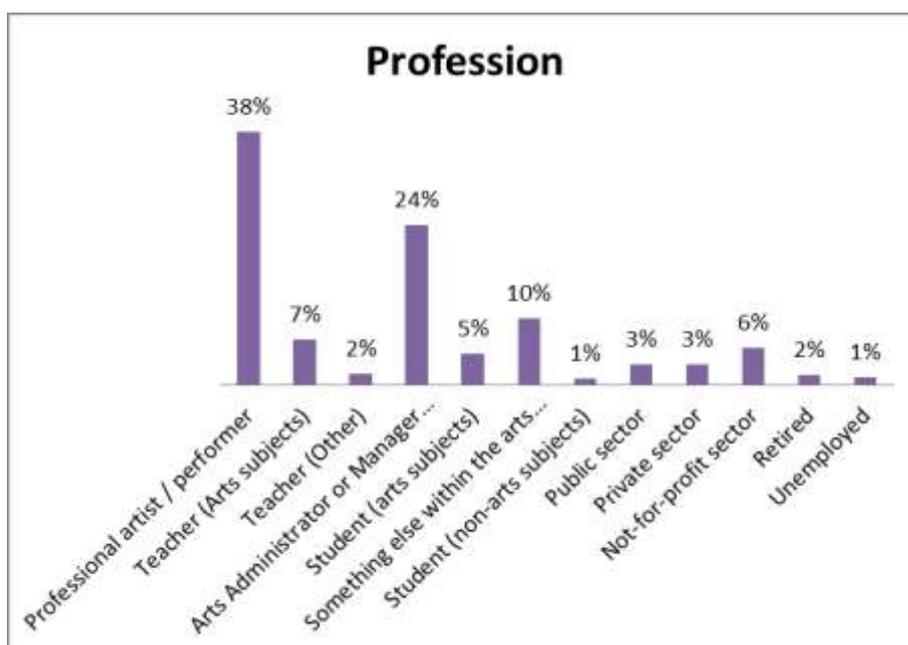
Source email list	% who are 'familiar with':		
	Artsadmin	Home	LADA
Artsadmin	96%	28%	61%
Home	73%	89%	59%
LADA	83%	37%	96%

Significant numbers of people who are common to at least 2 of the organisations

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## Demographics

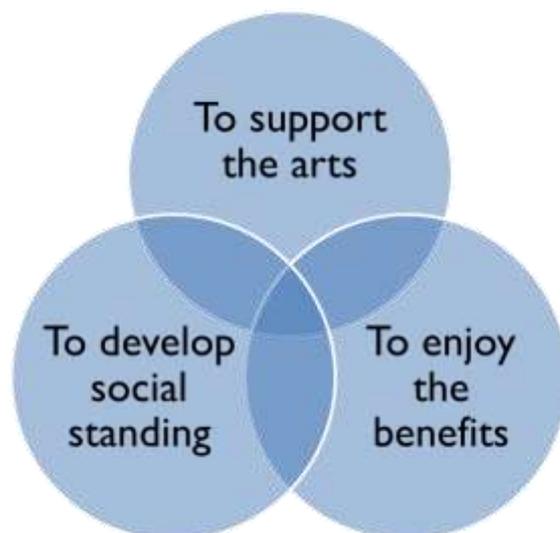
There were no significant differences between the organisations. The people surveyed are predominantly white, relatively young – between 25 year's old and 44 year's old and mainly female. Basically, they are us – a lot of the people on the databases of these three organisations are people who work in the arts sector either as managers, artists or teachers with a particular interest in the arts.



We asked them about their current relationship with each organisation and 42% of the people asked said that 'I have an active professional interest in the organisation' and 23% of people said 'I'd like to become more actively involved with the organisation' – some of them, however, said they hadn't been asked. We also asked them about membership of cultural organisations, which organisations had they signed up to support in some way – friends schemes, membership etc. It was quite high as these are people who work in the arts sector and also spend a lot of their leisure time in the arts sector. The results from the three organisations were strikingly similar and when we carefully looked at the results:

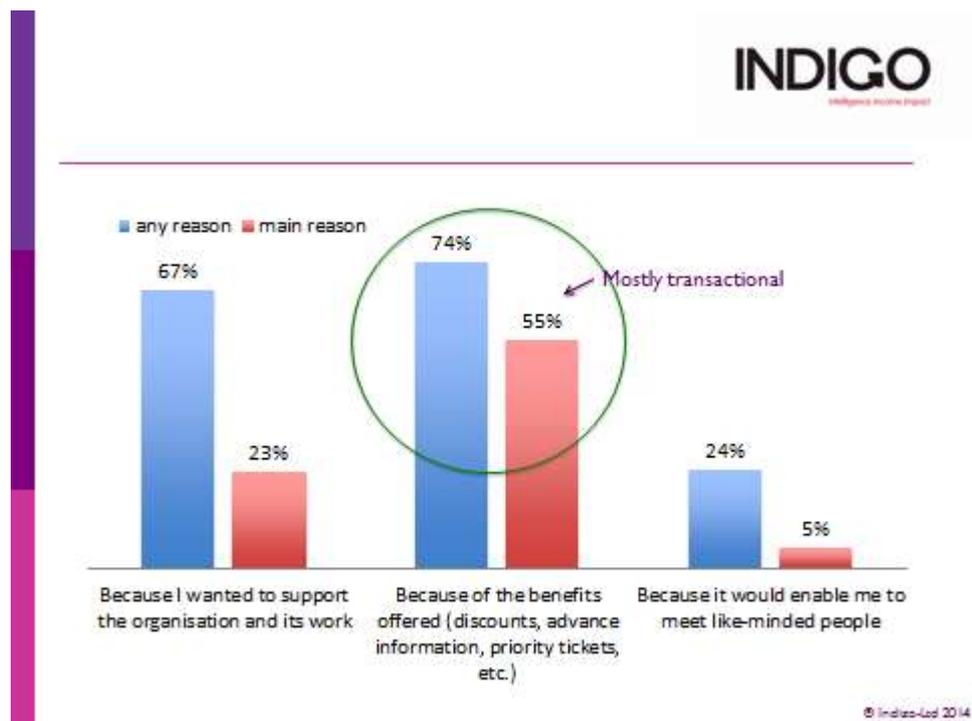
- National Trust is Number One  
... across all three organisations which is interesting as these are all people working in cutting-edge contemporary arts organisations so, even though the National Trust has repositioned itself significantly in recent years, it wasn't what we expected to be number one.
- London venues: Barbican, Southbank, BFI, LUX
- National: Tate (although suspect Tate Modern / Tate Britain are the incentive because the vast majority were London based)
- Broadly contemporary visual arts and cinema, with some contemporary dance

We then asked them about their motivations to support the arts and the questions that we used were from a piece of research that Arts and Business had done many years ago which had categorised peoples' motivations into these three segments (opposite): People who support the arts 'to enjoy the benefits' are actively saying 'I support the arts sector because I get something back from it' – tangible benefits. 'To develop social standing' is about being part of a club, getting to know people etc.



## Motivation to join membership of cultural organisations

What came through strongly was that these are people mostly motivated ‘transactionally’ – they are supporting these organisations for the benefits they get in return. Some of you may know this because there may be some of you from these organisations in the room but the arts organisations that scored highly in this are similar in terms of benefits:



### Tate

- 100,000 + members
- Benefits include free entry to all exhibitions across four sites
- Special members’ rooms at Tate Modern and Tate Britain

### Barbican

Depending on level of membership:

- Money off/free Gallery Admission
- 20% off cinema tickets
- 15% off restaurants, bars and shops
- Private View invitations
- Monthly events guide

### Southbank

- 10% off in shop and in Foyles
- 20% off at Skylon
- Private Members’ Bar
- Special events
- Free entry to Hayward Gallery

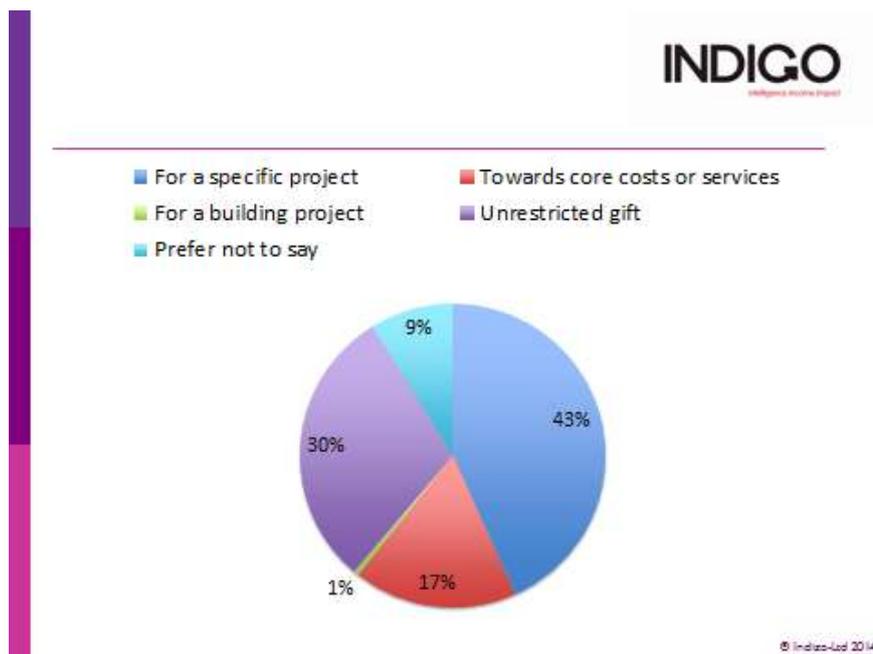
You can get privileged access, spaces that only you can access as a supporter, free entry to special events and exhibitions and other discounts along with printed information on events coming up that wasn’t being offered to others.

We are trying to build up a picture so we then asked them about memberships to non-cultural organisations. Large numbers of them were still members of non-arts organisations broadly split into three groups

- Human Rights (e.g. Amnesty)
- Environmental (e.g. Greenpeace, Friends of the Earth, WWF)
- Left-leaning political parties (e.g. Labour/Green) and other similar liberal organisations

We then asked if they make donations to charity and 77% of them said ‘yes’. So, we thought; ‘now we’re on to something, we can do something with this’. We asked them about the size of their most recent donation and over 90% of them offered donations of under £100. That didn’t surprise me because of the demographic. We also asked them how regularly they made donations and this is when, for me, it started getting really interesting and surprised me. 53% of these people said that they were one-donations – they were being prompted to giving to something that resulted in a one-off donation and weren’t necessarily to organisations that they had a long-term link with but somebody had asked them.

When asked about their reasons for giving, one thing that came through very strongly was that for these groups, crowdfunding is very popular. Large numbers of them had given to a crowdfunding project and all of them looked at that as philanthropic / charitable giving. I’m not sure that all of the projects they gave to were philanthropic or charitable but that’s how



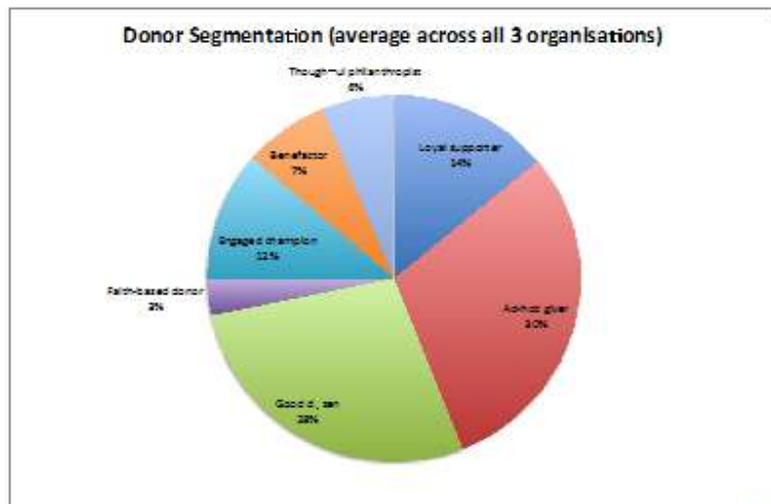
they were perceived and there’s a lesson in that for us. So that’s some of the background information. We then started to look at the donor segmentation. We started off thinking that the ‘Thoughtful Philanthropists’ are the best fit for arts organisations. There’s a caveat to say that there are large numbers of high-level donors in the NPC research which is brilliant but there were not a high level of major donors, as far as we could ascertain, in this research which may slightly affect the results.

The biggest piece of the pie (right), at 30% are the Ad Hoc Givers and the next slice at 28% (green) are the Good Citizens who 'give because it's the right thing to do'. The third largest group (mid blue) are the Loyal Supporters who 'give because they care about the cause'. This, for me is really interesting as the motivations are not what we

would have expected – not what had initially come out in Sally's research (the broader cross piece) and it has made us start thinking about are we actually asking people to give in the right way. Are we giving them the information about the impact of their money that they give that they need to make a decision to support our sector? This is only across three organisations and I'd like to research more to see if this is a blip or if it stands up elsewhere. We don't know ... we've only tried it with three organisations so far. But, it is so markedly different that I think we might be on to something here.

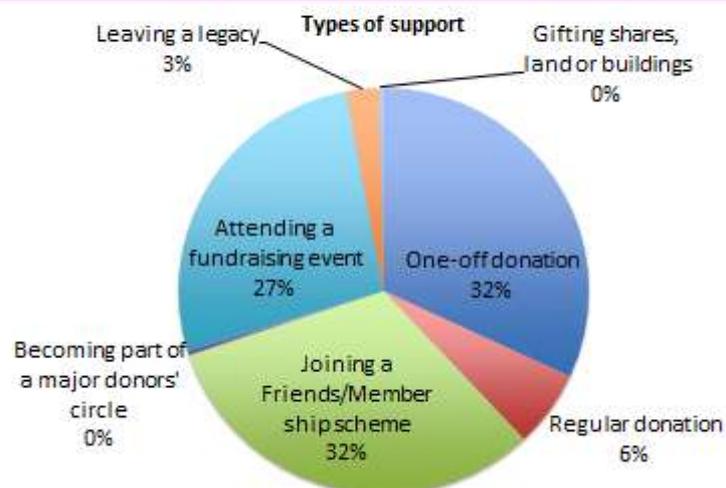
At the very least it should be a wake-up call to all of us to think about if we actually know enough about our donors and how do we ask them about what they are interested in rather than what we *think* they should be interested in? We also asked these people what they would be willing to support (right) and again, they surprised us. The two categories that

### Donor segmentation (average across all 3 organisations)



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### What they are willing to support



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came out top were 'One-off Donation' 32% and that tallies with the Ad Hoc Givers but 32% of these people also said that they'd be interested in 'Joining a Friends/Membership Scheme'. I've read many pieces of research in recent years that say 'membership is dead'. I've seen quite a lot of organisations that disprove that but I have been led to believe, that for a younger element of the population, they weren't 'joiners', they weren't people who were interested in membership organisations – this is telling us something different. The second biggest segment, 27%, was a group who wanted to 'attend events' and saw them as fundraising activities.

## Summary

- The respondents are largely female with 40% under 35 year's old
- They mostly work in the arts sector
- They define their relationship with the organisations largely in 'professional' terms
- Ad hoc giving is much higher than expected, with Thoughtful Philanthropists scoring lower than thought
- Although potential membership schemes ranked highly, evidence on current behaviour suggests benefits-led approach would be best

- **Campaign-driven approach: tangible projects = restricted funding**

The research suggests to us that for these three organisations a campaign-driven approach, with tangible projects would probably be the way forward. However, that means that it is restricted funding so, as a fundraiser or for Chief Executives and Directors, that could be a bit frustrating.

- **Motivations are not as expected**

The motivations are not as we had expected and you need to 'ask' your donors. Have conversations with them – not just the ones who are the 'usual suspects' and turn up to every private view or every concert. Ask the ones that you don't usually reach. Ask them what they would like to support.

- **Crowdfunding**

Crowdfunding is a big thing for the supporters of these three organisations although I see very little of it in the sector. I'm actually quite passionate about crowdfunding because I think it allows us enormous opportunity to create new supporters and friends for the organisation by them giving to the project and then we have the opportunity to convert them into audience members. Whereas traditionally we've always looked at the loyalty of somebody and as they got to a certain point in that loyalty ladder the alarm bells went off

and we could approach them as a potential Friend for the organisation. Once they've been a friend for a bit they might become a target for a potential legacy or high-level giving. It turns that on its head – it's a new way of giving and we have to look at it.

- **Direct Debits?**

Many people say that giving regularly, monthly, wasn't something that they did. We couldn't tell if this was cause or effect and it would be interesting for us to explore whether direct debits would be of interest to them. It's still an issue for a lot of smaller organisations because, trying to set up direct debits with the bank now, if you don't already have it, is hard. There are however third parties who will help you with that along with some ticketing systems that enable that.

- **What could you offer as privileged access, including events?**

It came through quite strongly that people wanted behind the scenes access. Could you charge for it? One of the things that we're talking about with these three organisations is that they might want to look at some sort of scheme that people could buy into as a membership and only if they were a member could the access incredibly exclusive talks with important artists. Some of the patrons of the three organisations are as big as you can possibly get – what would people pay to be one of one hundred people sitting in a room with Marina Abramovich? – probably quite a lot because of the exclusivity of that opportunity.

- **Joint fundraising**

I know, that as fundraisers, we all get very protective of our donors but actually what this research told us was that the potential donors liked all three organisations – and, it's about them, not about us. At the very least these three organisations are going to look to collaborate more when they're looking at fundraising. In an ideal world they might even fundraise together. Are there other organisations that you can do that with? In the keynote in conversation session with Ben Cameron he told us about the American city (I can't remember which one) where they decided to collaborate right across the city and cross-promote. One of the wonderful ways that they did that was for the senior managers from the different arts organisations to turn up and introduce a different type of arts performance that wasn't at their venue i.e. the Managing Director of the Symphony standing on stage at the start of a theatre performance telling the audience how wonderful it was going to be or the Artistic Director of the ballet telling the Symphony audience about the orchestra performance they were about to see and how lucky they were to have that in their city. Imagine if we could be doing that in our own towns and cities! Imagine if we could do that

with our supporter base. They'll give to whom they want to give – we can't dictate that – they'll do what they want.

### **A few final thoughts**

Marketing and fundraising – people have asked for more engagement in both the research that we've done and also in Sally's research. Arts Council England have recently been saying that we should be asking better and asking for more and I think that might be true. If we engage with people they might just give us more but the data tells us that we're not and we have to take notice of that. One of the things that came out of the research that Sally did was that volunteers gave more cash to organisations and I'm not sure we're that great with working with volunteers. Regular giving – it's not as clear cut as you might think – some people like it, some people don't. We need to make it as easy as possible. How can we demonstrate the impact of what we do? I'm still not sure if we've got that sorted. Do we tailor our messages sufficiently? I think that we probably focus too much on the level of donation that we are trying to secure from people rather than what they might be interested in supporting. Do we know enough about our donors? If not, why not?

### **QUESTIONS**

**Sarah Gee:** I'd like to ask Sally a question to get started. There were some interesting elements to the report on regional differences and giving which were slightly different to some of the ones that we've seen in the arts sector.

**Sally Bagwell:** We don't actually have that much more depth about the reasons that people are giving and we also don't have how much of the total donation goes to each of the causes that people are interested in. We don't have quite enough data to really say how much of that money is flowing to the arts and to different areas of the country. I was really struck by the fact that there is giving right across the country and it's not true that London is where all of the money is or is being generated from when we talk about what people are giving. I know that the Arts and Business survey etc. shows that's where the money seems to be flowing to and I think that probably reflects much broader trends for how London-centric the country is but I think that when we see that there are high levels of donation from across the country, much more so than in London, I think it means that there is real opportunity for strong regional and city arts organisations to make an argument to their donors that that money should come to them and that money would be well spent where that person has a personal allegiance and they can actually see it. That's one of the places where you can play into the fact that people want to see the difference their donation makes and you can give people the opportunity to see it rather than simply receive the information about it. I think it's a

challenge for the arts sector when you look at those two messages and it's an opportunity to make sure that the money that's coming from near you is going to 'near you' as well.

**Delegate:** You've talked about some really interesting research about who gives almost up to the point of giving. Could you talk a little bit about the relationship thereafter and how long, how much contact the donors would expect to have and how long the relationship might last?

**Sally:** That's not something that the research looked at directly so this is from my broader experience. I think that there is something quite interesting going on about the messages that you get in the media about people getting donor fatigue – the don't like 'chugging', the turn off if you contact them too often and I think that one of the things we're thinking about at NPC is that if you are not nuanced in the way you think about your donors then it's a race to the bottom. You keep sending out mass mailing to everyone and hoping that you get a small return on investment but it's diminishing. What's striking about both these pieces of research is that people want more information. I think it's the way that you square the tension from the fact that on one hand people say they don't want to be asked a lot and on the other hand they say that they want to feel that they are involved and feel that they know they have the information to feel confident and motivated to give again. For me, that's about *what* you are saying to people, that will turn it into a positive spiral rather than a damaging cycle. You want people to feel inspired every time you contact them.

**Sarah:** We know that it's more cost efficient to keep hold of people we've already 'got' than it is to acquire new supporters – it doesn't matter if that's in marketing or fundraising. I reckon it takes two to four years to recoup the costs of finding a new donor. It depends on the level etc. but that's the figure I'm looking at. Chuggers are something that's quite close to my heart at the moment because I live in Birmingham and the City Council is trying to take an action through the High Court at the moment to ban chuggers from the City Centre. Let's not forget that charity-muggers – chuggers – frequent our high streets and ask us for our names and addresses or our mobile numbers or emails because the charities they work for really have no other way of capturing our details. We don't have to do that. We have people who come into our buildings, who might buy tickets and interact with us already because of what we do. We've got a head start on a lot of charities and we could do so much more than they are and I think that we've got a great opportunity that we're not exploiting fully. One of the great things that I noticed in Arts Council England and their most funding agreements is that there is now a requirement for the venues to share the booking data with the organisation playing or performing the event / show. That's got implications in terms of workload, in terms of enabling organisations to form a proper relationship with existing ticket purchasers and potential donors are really profound and I really welcome that.

**Delegate:** Just a quick question about one of the stats that you gave. You said that 53% of one-off donations – is that been part of a one-off rather than direct debit?

**Sarah:** I'd need to go back and double-check the exact wording but my memory of it is that when they were asked about their most recent donation they were asked whether it was a one-off donation or part of a series of regular donations and they said it was a one-off donation. What we don't know is if they were asked specifically to make that one-off donation or whether they volunteered it themselves – but it was a one-off donation.

**Delegate:** One of the key focuses in the *Wallace and Gromit – Holistic Giving* session from this morning was to get to a position where you are able to pull a good portion of money out of people is to create an unquestionable case as to why people should give you some money. Both parts of the research that we've seen in this session don't mention that point – they offer 'this is the reason why people want to give' but, for our sector, what do you think is the compelling case – what should we be saying to those people to get them to give to us and continue to do so.

**Sally:** I think it's really difficult to be specific because it is so personal to the organisation and again, I'm talking more broadly than the research and drawing on NPC's wider work, it's really easy to broadcast messages about what you are doing. For me, what makes a compelling case is, and this is where it's difficult as I switch between my charity head and arts head, I would say that you always need to make the case for the need – why it is important, why you are doing it, why you think this is something that you want to bring to people or something that's important for the location in a capital appeal or if it's to bring a particular production that you wouldn't be able to if people weren't giving. And then, what's really important, to distinguish yourself is the impact that the project will have. You have both the need and the difference that it's going to make which wouldn't necessarily be related to that particular project but could be your track record of saying that you know what people think is important. If it's an education programme then you know that people change afterwards, they have more confidence, or if it's the fact that you're really proud of the fact that you genuinely reflect the local population in terms of who comes to your organisation. It's important to communicate whatever the information is that you think is what distinguishes you and proves that you are achieving the things that people would want to support.

**Sarah:** Everybody has to create their own case for support and it's going to be different for every organisation. Adrian Sergeant who is a professor of fundraising often talks about the four ingredients that must be present for successful fundraising and he says that *cause* has got to good, there's got to be *money* there for fundraising to happen, there's got to be *trust* between the donor and the organisation and it must flow both ways and the fourth one is that there's got to be

*knowledge*. There was something that Ben Cameron talked about this morning – three questions about ‘what is the value of the organisation to the community, what are the genuine USPs that only your organisation can do, and what would be the damage to the community if the organisation closed?’ I was having a conversation the other day with someone who had been asked that horrific question that I’m sure we have all been asked at some point which is; ‘if you had to choose between an arts organisation and a cancer ward, what would you choose?’ Of course, in any civilised society, you would have both. But, this person, a fundraiser, had been talking to an oncologist, cancer specialist and posed this question to them as they had been asked it many times in the past. The oncologist gave the most extraordinary response which was ‘the reason I get up in the morning and go to work and help save peoples’ lives is so that they can get up in the morning to have a rich and fulfilled life and part of that life is the ability to participate in the arts. So, as a cancer specialist, I say that we should have both’. Maybe that case for a ‘rich and fulfilling life helped by participation in the arts’ is what we should be putting out there.

**Sally:** As you were talking about that I was thinking about the other piece of work that I mentioned about cultural commissioning and public sector priorities and there’s a lot in there about how the arts impact on other social outcomes. So, I absolutely take the point – this isn’t to make a reductionist argument, that’s not the only reason, but thinking about within the framework of what would public sector commissioners want to pay for is there something in the arts and the answer is ‘yes’ and we found that in areas of health an awful lot, in the areas of community cohesion, place making, within health, about older people and mental health. So, if that is part of what you want to be able to articulate as part of your case then it might be worth a look at the work that we did there (on the website, free to download) – *Opportunities for Alignment* that came out mid-June.