CRACKING THE CODE ON WHY WE GIVE TO CHARITIES

behavioral
science
lab

Problem

The decision to give to a charity is personal, often making the donor's specific motivations difficult to obtain. Donors, themselves, may not understand the specific reasons, or may be motivated to present a socially acceptable but far from candid rationale. Regardless of which answers donors provide, the true picture is cloudy. The Behavioral Science Lab was approached by the local arm of a national charity to help solve this problem.

Goal

The objective of the study was to better understand the decision processes used by donors in making charitable donations, so that prospective donors could be effectively engaged and persuaded to give to our client.

Result

Seven elements, representing different cognitive, social, psychological and economic factors, play a role in individual donor decision processes. These elements are used in different ways to form six different donation decision processes, allowing the donor population to be divided into six segments, based on which decision process is used.

Understanding the decision process used by each segment gave our client a more sound and effective basis for the development of strategy. One of the segments accounted for a disproportionately large share of dollar gifting. Donors within this segment were primarily driven by a personal connection to a cause and the desire to see the effect of their donation. Using a donor-simulation model, our client was able to tailor and fine tune their marketing program to better meet the needs of prospective donors and stimulate giving.

BACKGROUND

Understanding the motivations and triggers for charitable giving among individual donors has long been a research challenge from several vantage points. For some, giving to charity or not is personal and not something to discuss with anyone else. Others are concerned with how little or infrequently they give and modify their responses accordingly. For many donors, however, the biggest challenge is to conceptualize and articulate the emotional basis of why they give.

RESEARCH ENVIRONMENT TODAY

The researcher's task is different than fielding an awareness, attitude and usage study about a consumer packaged-goods product. Recognizing the challenges above, the researcher uses a wide range of techniques to get at the motivators of giving, usually starting with one or more focus groups. A set of motivations, or drivers, will be obtained and then subsequently rated on importance to giving in a survey, along with how well multiple charitable organizations perform on these motivations. Segments will be formed based on a combination of driver importance, charity ratings, demographics and the size of the donation. This forms the basis of a segmentation scheme from which a communication strategy for the client NGO is developed.

PROBLEMS WITH STANDARD RESEARCH TECHNIQUES

The current research approach suffers in four ways: 1) Initial drivers found may be the result of what respondents thought the researcher wanted to hear, what the loudest member of the group thought, or what the researcher believed was the gist of the group's content; 2) Rating drivers on importance assumes that each has value in the giving decision, when in reality they may have no value other than allowing the researcher to run a regression analysis in order to model the way humans make decisions; 3) Grouping donors together on the basis of drivers importance and demographics assumes that these characteristics give rise to the same motivations for charitable giving; 4) No information about why the respondent gave "X" dollars to "Y" charity was ever obtained, other than asking how much was given to whom. In other words, little is known about the actual decision process – the very information the charity needs to efficiently increase donations.

CLIENT OBJECTIVES

Most local charitable organizations rely on larger regional or national studies to uncover the most effective strategy on which to build a communication program. Most, if not all, are unwilling to change their solicitation programs when it is not clear why a donor gives to a competitor and not them. For this reason, the local arm of a national charity approached the Behavioral Science Lab (BSL) and asked for guidance. Their goal was to increase the number of individual donors to their charity by first understanding the giving landscape, defined by who gives how much to a charity (not school or church), and why gifting occurred, using the MINDGUIDE^{SM} tool.

MINDGUIDE DESIGN

The study consisted of two parts – one qualitative and one quantitative.

(1) The qualitative part included two 3-hour MINDGUIDE sessions, one with the client's donors from the previous 12 months, and one with donors to our client's competitors. Each session was composed of 12–14 respondents. These sessions provided the decision elements and how donors used them to make donation decisions about charities.

(2) The quantitative part involved conducting 643 online interviews with those who had given at least $25 to nonchurch, nonschool charitable organizations in the previous 12 months; lived within five Central Texas counties; were 25 years of age or older; had graduated from high school; and reported an annual household income of at least $35,000. The sample of donors was representative of the demographics and population size of the counties within the five-county geography-of-interest. No weights were applied to the completed interviews. The study included an inventory of charitable recipient organizations and donation amounts

MINDGUIDE

MINDGUIDE is a proprietary behavioral-economics research tool that decodes donors' true motivations and triggers, some of which are only available to the donor through MINDGUIDE. This tool (1) clearly defines what cognitive, psychological, social, physical and economic elements play a role in the donation decision process; (2) maps how donors use these elements to make decisions; and (3) creates segments on the basis of grouping donors with similar decision maps, not using demographics, values, purchase patterns and/or other descriptive variables. For this particular study, we also used the proprietary IMPACT KEY^{SM} to model future donation habits.

DECISION DRIVERS

What elements
drive decision

DECISION SEGMENTS

What segments
utilize which
decision drivers

DECISION MAPS

How each
segment thinks
differently

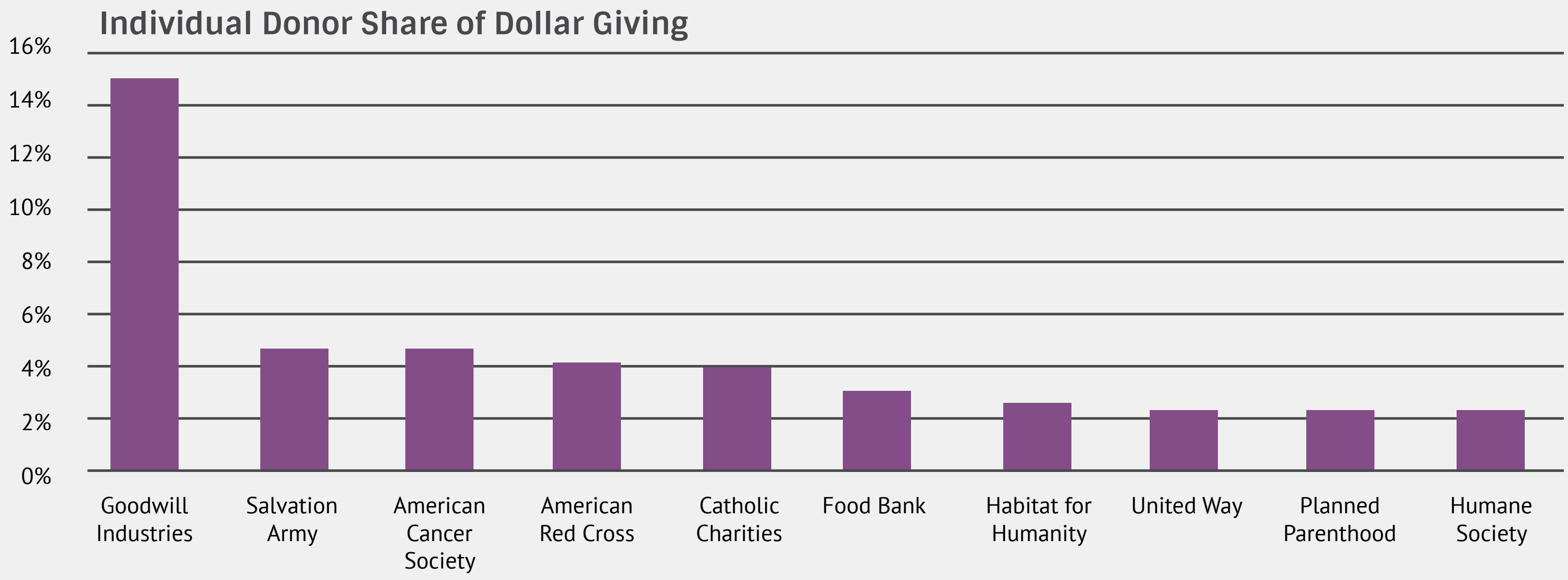
IMPACT KEY^{SM}

Which strategy
will yield the
highest impact

FINDINGS

Giving Landscape — Revenue Share of Overall Giving

The share of total individual donations for each of 117 charitable organizations was obtained, ranging from a high of 14.9% to a low of 0.10%. Shares for the top 10 organizations, representing 44.5% of total individual donations, are shown below.



DECISION ELEMENTS

Seven types of cognitive, social, physical, psychological and economic factors play a role in individual donor decision-making. They are displayed below with the same names and explanations obtained from respondents during the qualitative MINDGUIDE sessions.

PERSONAL CONNECTION TO A CAUSE

Ability to relate personally to the work of a charity

REPUTATION OF CHARITY

Effective, cost efficient and ethical operation of a charity

GIVING FOR A SPECIFIC OUTCOME

Donating to accomplish something specific

WHAT I GET FROM GIVING

Emotional and/or financial consequences of giving

INFLUENCE OF OTHERS

Effect others have on my charitable giving

VALUE OF CHARITABLE GIVING

Belief that it is a worthy cause to give to charities

HOW MUCH MONEY I GIVE

How much you actually donate compared to what you can afford to give

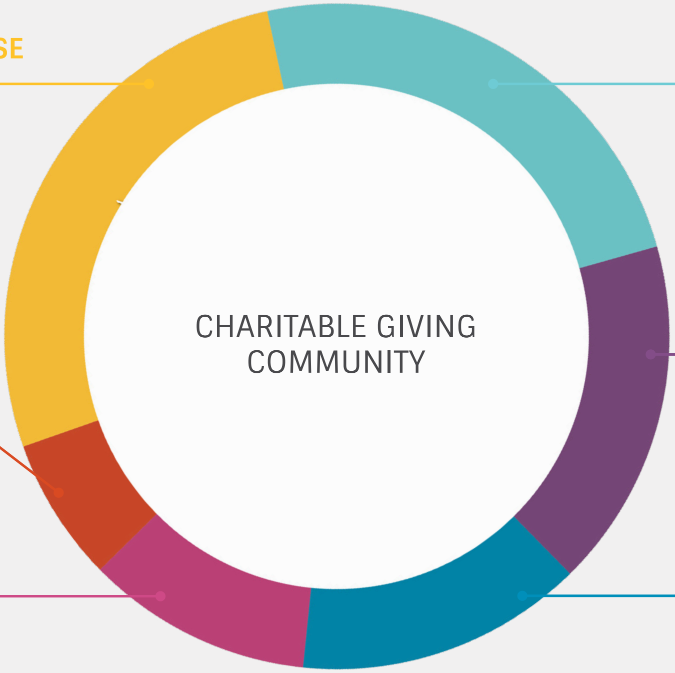
Please note, some elements have to do with the charity (gold), others with the result of donating (blue), and others with motivations “outside” the giver (purple).

DECISION SEGMENTS

Six segments based on the decision elements shown above were obtained.

The primary decision element differentiates each segment, as shown in the graphic below. Please note, Personal Connection to a Cause segment accounted for the largest share of individual dollar giving (27%); followed by Reputation of the Charity (24%); Value of Charitable Giving (17%); Giving for a Specific Outcome (14%); Influence of Others (11%); and What I Get from Giving (7%). The donation index based on the average annual individual gifting sum was lowest (79) for the largest segment, Personal Connection to a Cause. The What I Get from Giving segment's average annual household income at $91K is the only one that was significantly lower than the other five segments.

Overall Revenue Share of Giving by Segment



27% PERSONAL CONNECTION TO A CAUSE

36%	Share of Donors
$842	Average Donation
79	Donation Index
$122K	Average HH Income

7% WHAT I GET FROM GIVING

5%	Share of Donors
$1,445	Average Donation
136	Donation Index
$91K	Average HH Income

11% INFLUENCE OF OTHERS

5%	Share of Donors
$2,315	Average Donation
218	Donation Index
$124K	Average HH Income

REPUTATION OF THE CHARITY 24%

Share of Donors	25%
Average Donation	$1,004
Donation Index	95
Average HH Income	$118K

VALUE OF CHARITABLE GIVING 17%

Share of Donors	17%
Average Donation	$1,122
Donation Index	106
Average HH Income	$113K

GIVING FOR A SPECIFIC OUTCOME 14%

Share of Donors	14%
Average Donation	$1,048
Donation Index	99
Average HH Income	$119K

Looking at the decision segments in greater detail reveals differences in gender, education and religion.

Donors in the Personal Connection to a Cause segment are more likely to either have no religious affiliation or belong to a non-Christian church.

Those driven by Reputation of the Charity are more likely to be female.

Individuals in the Value of Charitable Giving segment are more likely to be Roman Catholic, Episcopal or a member of an Other Christian Religion, including Greek Orthodox.

Giving for a Specific Outcome donors are more likely to be Lutheran or Other Christian.

Individuals in the Influence of Others segment are more likely to have a post baccalaureate degree and either espouse no religion, the Episcopal faith or a nondenominational Christian religion.

Finally, donors in the What I Get from Giving segment are more likely to be female, have less than a BA degree, and report membership in the Church of Christ, Baptist or a non-Christian faith.

DECISION SEGMENT DONATION PATTERNS

Donors in each of the six decision segments gave to different charities as the table at right indicates. (Please note, our client charity is one of the 20-largest organizations shown in the table at right.)

Those within the Personal Connection to a Cause segment are more likely to give to the Cancer Society, United Way, Planned Parenthood or the Humane Society.

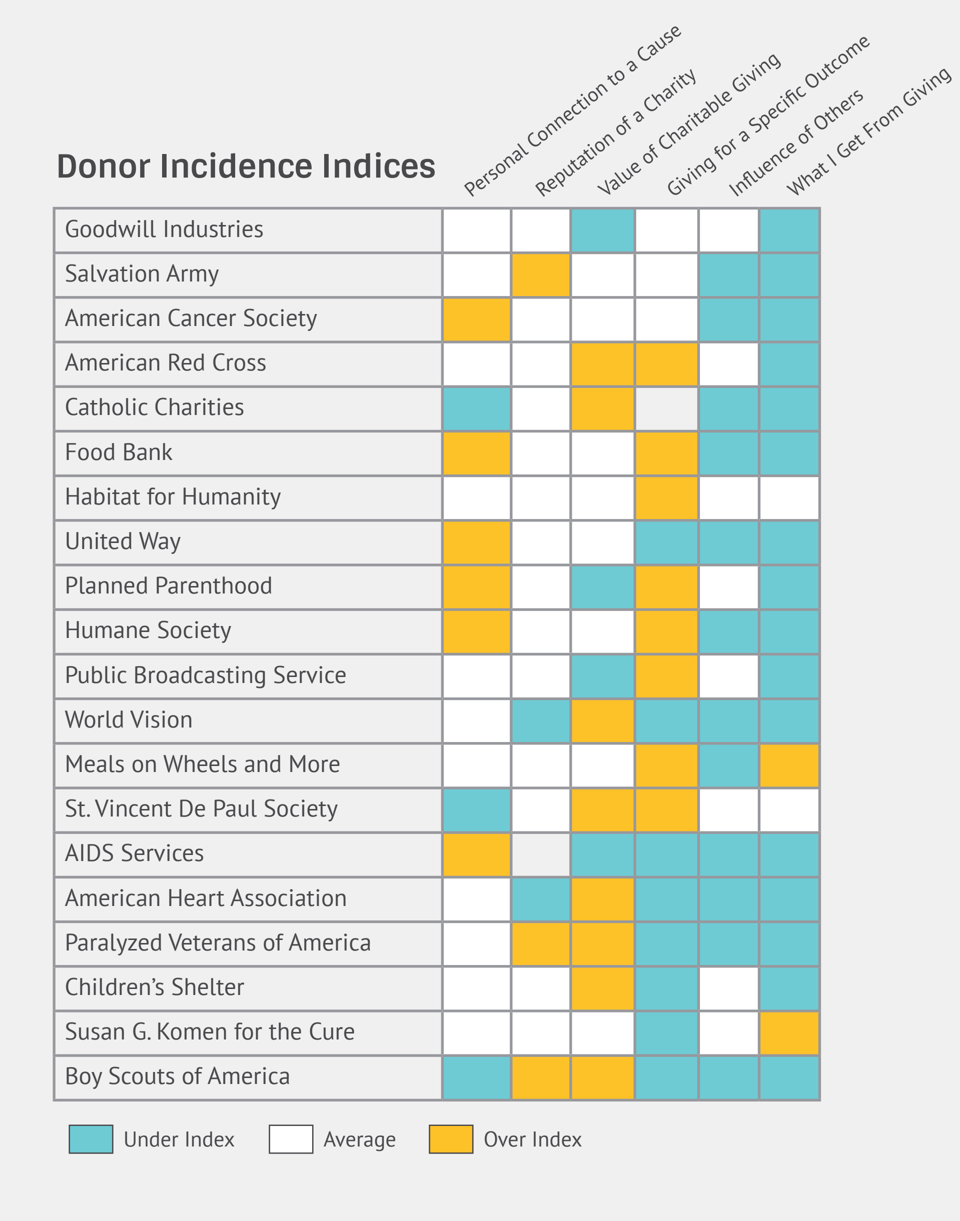
Individuals in the Reputation of a Charity segment donated primarily to the Salvation Army, Paralyzed Veterans of America and the Boy Scouts.

The Value of Charitable Giving segment gave donations to Catholic Charities, World Vision, the Heart Association, St. Vincent De Paul, Paralyzed Veterans of America, Boy Scouts, Children's Shelter or the Red Cross.

People within the Giving for a Specific Outcome segment were more likely to give to Planned Parenthood, the Humane Society, Food Bank, Meals on Wheels, Red Cross or St. Vincent De Paul.

Members within the Influence of Others segment are less likely to give to most of the larger charities and are skewed to smaller organizations, such as Alzheimer Association, the Heifer Project, YMCA and Big Brothers and Big Sisters, not shown in the table at right.

Donors within the What I Get from Giving segment are more attracted to Meals on Wheels, Susan G. Komen and other smaller organizations, such as the SPCA, St. Jude's, March of Dimes, Manos De Cristo and Smile Train, too small to appear in the table.



Donor Incidence Indices

Donor Incidence Indices	Personal Connection to a Cause	Reputation of a Charity	Value of Charitable Giving	Giving for a Specific Outcome	Influence of Others	What I Get From Giving
Goodwill Industries	⬜	⬜	🟦	⬜	⬜	🟦
Salvation Army	⬜	🟨	⬜	⬜	🟦	🟦
American Cancer Society	🟨	⬜	⬜	⬜	🟦	🟦
American Red Cross	⬜	⬜	🟨	🟨	⬜	🟦
Catholic Charities	🟦	⬜	🟨		🟦	🟦
Food Bank	🟨	⬜	⬜	🟨	🟦	🟦
Habitat for Humanity	⬜	⬜	⬜	🟨	⬜	⬜
United Way	🟨	⬜	⬜	🟦	🟦	🟦
Planned Parenthood	🟨	⬜	🟦	🟨	⬜	🟦
Humane Society	🟨	⬜	⬜	🟨	🟦	🟦
Public Broadcasting Service	⬜	⬜	🟦	🟨	⬜	🟦
World Vision	⬜	🟦	🟨	🟦	🟦	🟦
Meals on Wheels and More	⬜	⬜	⬜	🟨	🟦	🟨
St. Vincent De Paul Society	🟦	⬜	🟨	🟨	⬜	⬜
AIDS Services	🟨		🟦	🟦	🟦	🟦
American Heart Association	⬜	🟦	🟨	🟦	🟦	🟦
Paralyzed Veterans of America	⬜	🟨	🟨	🟦	🟦	🟦
Children's Shelter	⬜	⬜	🟨	🟦	⬜	🟦
Susan G. Komen for the Cure	⬜	⬜	⬜	🟦	⬜	🟨
Boy Scouts of America	🟦	🟨	🟨	🟦	🟦	🟦

🟦 Under Index ⬜ Average 🟨 Over Index

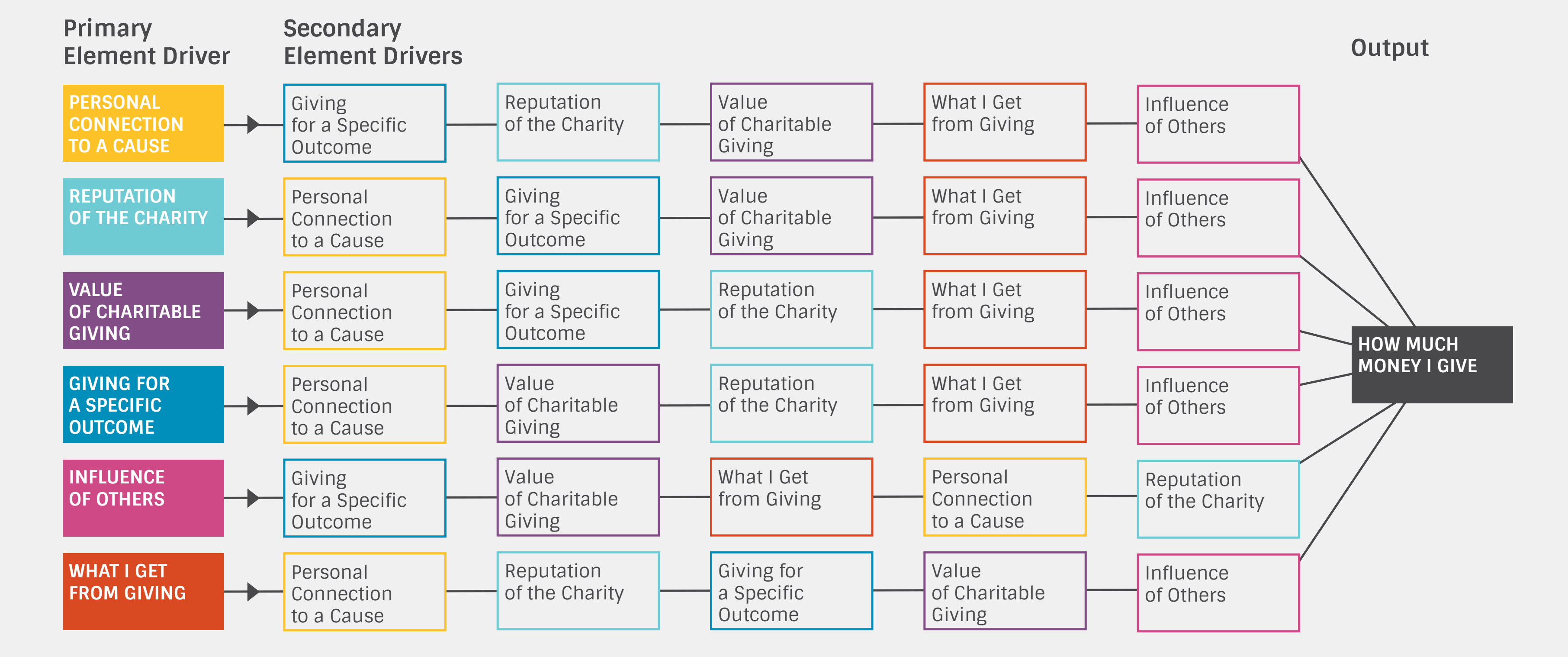
DECISION SYSTEMS BY SEGMENT

A graphic description of the elements composing each Decision System used by the six segments is shown below. Each segment makes decisions about donating to a charity differently, hence the six very distinct decision systems. When evaluating whether to give to a specific charity, donors start with multiple charities in mind and then reduce them down by evaluating each charity against every element in their decision system.

For example, donors in the Personal Connection to a Cause segment use this element in a far different way than those in the Reputation of the Charity segment, in which Personal Connection to a Cause is the second driver.

In fact, donors in the segment using the first system below will evaluate potential charitable organizations with far more scrutiny, in terms of Personal Connection to a Cause, than will donors using the second system, those starting with Reputation of the Charity.

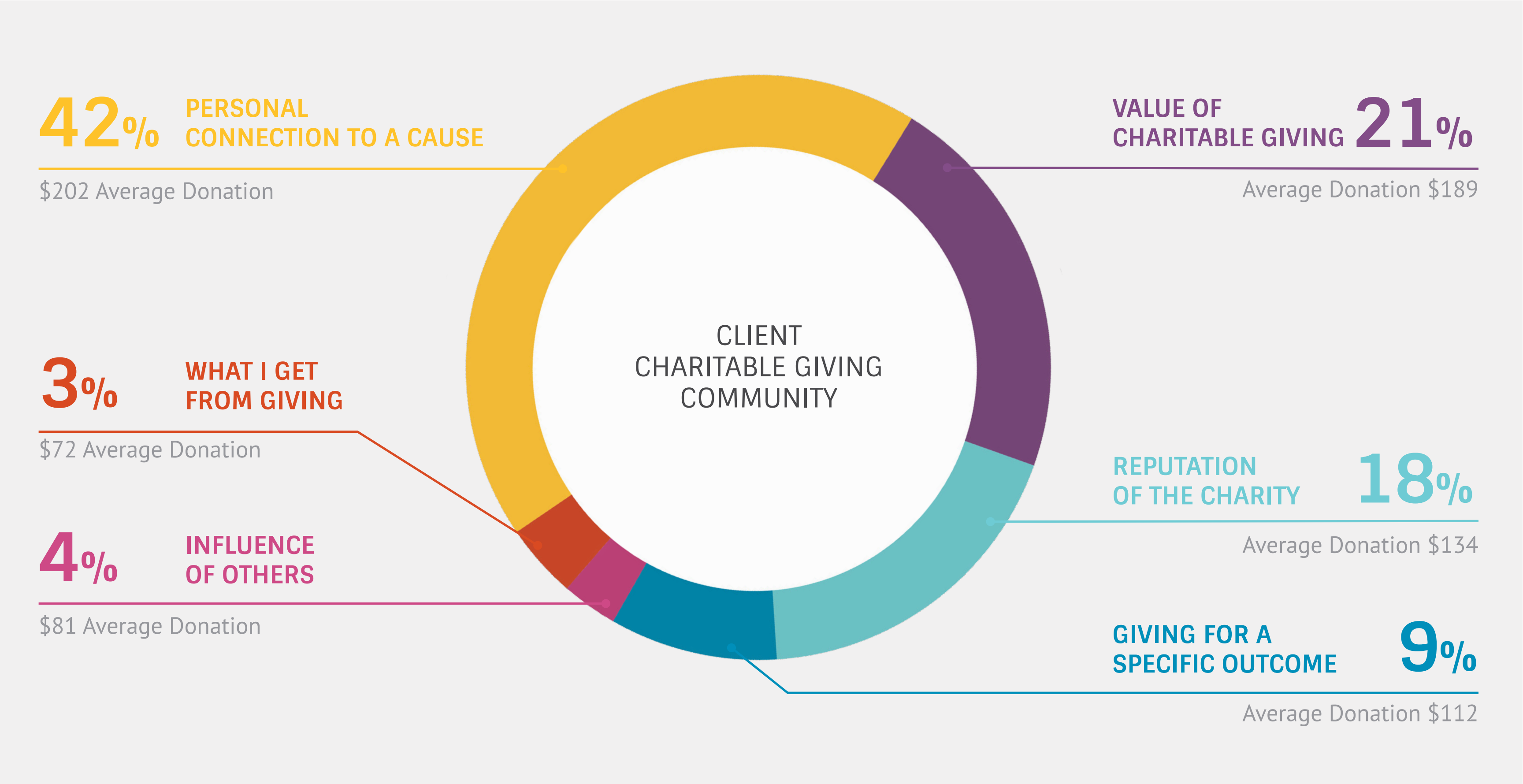
It is important to note that there is a pattern to the role of some elements. Personal Connection to a Cause is the primary or secondary element in five of the six systems, whereas Influence of Others is the primary driver in only one, and the sixth driver in the others. This suggests that if all segments were of equal value to our client, there is more "leverage" to address the Personal Connection to a Cause element since it plays a stronger role in more Decision Segments. All decision systems (and segments) end with the How Much Money I Give element, considered the output of each decision system.



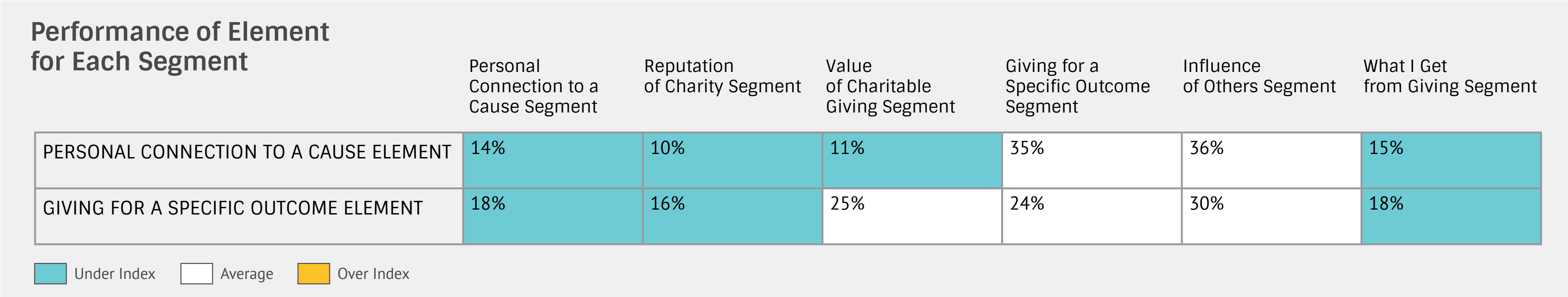
Primary Element Driver	Secondary Element Drivers					Output
PERSONAL CONNECTION TO A CAUSE	Giving for a Specific Outcome	Reputation of the Charity	Value of Charitable Giving	What I Get from Giving	Influence of Others	**HOW MUCH MONEY I GIVE**
REPUTATION OF THE CHARITY	Personal Connection to a Cause	Giving for a Specific Outcome	Value of Charitable Giving	What I Get from Giving	Influence of Others	
VALUE OF CHARITABLE GIVING	Personal Connection to a Cause	Giving for a Specific Outcome	Reputation of the Charity	What I Get from Giving	Influence of Others	
GIVING FOR A SPECIFIC OUTCOME	Personal Connection to a Cause	Value of Charitable Giving	Reputation of the Charity	What I Get from Giving	Influence of Others	
INFLUENCE OF OTHERS	Giving for a Specific Outcome	Value of Charitable Giving	What I Get from Giving	Personal Connection to a Cause	Reputation of the Charity	
WHAT I GET FROM GIVING	Personal Connection to a Cause	Reputation of the Charity	Giving for a Specific Outcome	Value of Charitable Giving	Influence of Others	

CLIENT ORGANIZATION PERFORMANCE

The results were unexpected. The Personal Connection to a Cause segment accounted for the largest share of our client's individual donor contributions (42%), followed by the Value of Charitable Giving (21%), and the Reputation of the Charity (18%) segments. These three segments account for 82% of our client's total individual donor contributions, have the highest average annual donation amounts, and give a higher proportion of their total charitable donation dollars to our client than any other segment.



When evaluating our client's performance on each element in each Decision System, we found that our client performed at a below-average level on Personal Connection to a Cause and Giving for a Specific Outcome in several decision segments. These results are shown in blue.



Performance of Element for Each Segment

	Personal Connection to a Cause Segment	Reputation of Charity Segment	Value of Charitable Giving Segment	Giving for a Specific Outcome Segment	Influence of Others Segment	What I Get from Giving Segment
PERSONAL CONNECTION TO A CAUSE ELEMENT	🟦 14%	🟦 10%	🟦 11%	35%	36%	🟦 15%
GIVING FOR A SPECIFIC OUTCOME ELEMENT	🟦 18%	🟦 16%	25%	24%	30%	🟦 18%

🟦 Under Index ⬜ Average 🟨 Over Index

This was quite unexpected, as Personal Connection to a Cause and Giving for a Specific Outcome are the primary and secondary elements of the most important segment for our client, Personal Connection to a Cause. Through further analysis, we found that donors to our client perceived these elements as above average, whereas nondonors, below average. Since nondonors composed the majority of this segment, our client's overall performance was poor.

However, a direct hypothesis to improve our client's performance became clear. If our client's performance in the Personal Connection to a Cause and Giving for a Specific Outcome decision elements could be improved, nondonors in the Personal Connection to a Cause segment would have the same perception of our client as donors in this segment, and donors in other segments would be positively impacted because these were the only two elements in which our client performed below average.

To test the expected effect, we ran our IMPACT KEY assuming that our client's performance had improved 10 points on Personal Connection to a Cause and Giving for a Specific Outcome in each decision segment. The table below describes the assumptions.

Brand Performance for Each Element	Personal Connection to a Cause Segment	Reputation of Charity Segment	Value of Charitable Giving Segment	Giving for a Specific Outcome Segment	Influence of Others Segment	What I Get from Giving Segment
PERSONAL CONNECTION TO A CAUSE ELEMENT	24%	20%	21%	45%	46%	25%
GIVING FOR A SPECIFIC OUTCOME ELEMENT	28%	26%	35%	34%	40%	28%

🟦 Under Index ⬜ Average 🟨 Over Index

The model suggested that reaching the values in the table and converting all below-average cells to average and average to above average, would improve gross individual donor contributions by 29% and donor incidence by more than 20%.

Our client charity immediately began the process of achieving this improved performance by evaluating options for connecting in a more personal way with the potential donor, and keeping track of and communicating to each donor the outcome of the gifting.

A second survey of charitable donors, identical to the first, is planned to assess whether the target improvement in our client's perception and improved performance was obtained.

FOR MORE DETAILS ABOUT THE STUDY, CONTACT

Ron Mundy ron@behavioralsciencelab.com
Tim Gohmann tim@behavioralsciencelab.com

behavioral
science
lab

behavioralsciencelab.com

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