#GivingTuesday:

What We Know Now
Indiana University Lilly Family School of Philanthropy

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INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY PROJECT TEAM

WRITTEN BY

Anna Pruitt, PhD
Managing Editor of Giving USA

Rebecca TeKolste, MA
Visiting Research Associate

PRINCIPAL INVESTIGATOR

Una Osili, PhD
Associate Dean for Research and International Programs,
Professor of Economics and Philanthropic Studies

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Danielle Vance McMullen, PhD
Provided a review of this report

Sasha Zarins, MS
Provided fact checking for this report

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Introduction

In recent years, the question of who owns the future of philanthropy has loomed large in the nonprofit sector. In 2018, several prominent critiques of big philanthropy focused on the outsized role that a small number of extremely wealthy individuals play in the philanthropic sphere (Giridharadas, 2018; Reich, 2018; Villanueva, 2018). For some stakeholders, these critiques have fit within a wider narrative of inclusion and highlighted the importance of making the philanthropic sphere more inclusive to a wider range of individuals (IU Philanthropy, 2019; Chiu, 2019; Vaid & Maxton, 2017; Koenig & Sandoval, 2017).

In addition, these critiques highlight the potential of online giving and more specifically, crowdfunding. Crowdfunding has existed as a concept for close to a decade, but the question remains: has crowdfunding made philanthropic giving more inclusive? In 2019, this question is more pertinent than ever.

This report seeks to investigate existing research about crowdfunding for nonprofit organizations using the lens of #GivingTuesday as a way to focus on the questions, concerns, and potential for this relatively new tool for giving to nonprofit organizations.

Crowdfunding is broadly defined as “the raising of capital from a large and diverse pool of donors via online platforms” (Davies, 2014). While many forms of crowdfunding exist, including funding of for-profit projects, businesses, and peer-to-peer giving, this report focuses on crowdfunding for nonprofit organizations exclusively.

#GivingTuesday, founded in 2012 by the 92nd Street YMCA in New York City, is a movement that seeks to inspire individuals to give to nonprofits, talk about giving, volunteer, and grow the “massive wave of generosity” by using social media specifically (Giving Tuesday, 2019a). Much of the focus of #GivingTuesday is to increase involvement through volunteering or giving to nonprofits specifically (Giving Tuesday, 2019b). In other words, the practice of crowdfunding for nonprofits—raising charitable dollars from a large number of people using the Internet—is at the core of the #GivingTuesday movement, which takes place each year on the first Tuesday after Thanksgiving. These aspects make #GivingTuesday an ideal endeavor to target a study of the potential of crowdfunding.

This report, the first of two, assesses the extent to which scholars have already answered questions about crowdfunding, and specifically, about #GivingTuesday. Questions include:

WHO IS GIVING ON #GIVINGTUESDAY, AND THROUGH WHICH CROWDFUNDING CAMPAIGNS?
How can #GivingTuesday donors inform our understanding of how the movement is reaching its goal of making philanthropy accessible to all, and in what circumstances is there work left to do?

WHAT DOES RESEARCH TELL US ABOUT EFFECTIVE CROWDFUNDING?
Because crowdfunding relies on a nonprofit’s online community to spread the word about a campaign, there are a series of new questions about the most effective ways to engage in crowdfunding for charitable purposes. We outline the existing literature on crowdfunding and explain what we know, gaps in the research, and potential future research.

WHAT INCENTIVIZES DONORS—OR DAMPENS THE INCENTIVES—TO GIVE TO A CROWDFUNDING CAMPAIGN?
Some existing research focuses on how traditional incentives can be deployed for the greatest impact. We explore this research, as well as research on how the set-up of a crowdfunded campaign determines its likelihood of success. Does a framework of competitive charitable giving incentivize positive outcomes or does a more collaborative one elicit larger contributions?

The report follows up on these areas of research by identifying challenges in the crowdfunding space and pitfalls of traditional philanthropy, such as the overshadowing of smaller organizations by larger nonprofits. Next, the report highlights case studies featuring nonprofit organizations that have worked to achieve the #GivingTuesday goal of increasing generosity.

Finally, this report concludes with a focus on the knowledge gaps in the research, featuring a new research agenda to explore the impact of crowdfunding on:

1/ Equity and inclusion in the donor base
2/ Visibility of small organizations
3/ The overall philanthropic landscape
CROWDFUNDING
“The raising of capital from a large number of individuals donating or investing relatively small amounts of money using Internet-based platforms in an environment of high mutual visibility among participants” (Davies, 2014).

#GIVINGTUESDAY
A national day of giving on the Tuesday following Thanksgiving, Black Friday, and Cyber Monday in the United States. The phenomenon has spread to more countries since its inception in 2012.

PEER-TO-PEER DONATIONS
Can be thought of as “a method of fundraising that leverages your supporters to fundraise on your behalf” (Causevox, 2019). Typically, peer-to-peer fundraising events contribute to an existing campaign for the overall organization or to a particular goal set by the individual supporter.

THE CROWDING-OUT EFFECT
The idea that spending in one area reduces spending in another area. In traditional economics, the crowding-out effect can be thought of as more public spending leading to a decrease in private sector spending (Investopedia, 2019). In philanthropy, the crowding-out effect would occur when giving in one area or to a particular cause reduces giving in a different fundraising endeavor (List, 2011).

DONOR RETENTION
Refers to an individual donor giving to the same nonprofit more than one time. The #GivingTuesday donor retention rate expresses what percentage of donors who gave on #GivingTuesday have given another gift at a later date.

DONOR EQUITY
For our purposes means the equal ability of individuals to contribute charitably, regardless of socioeconomic, racial, or other differences.

ORGANIZATIONAL EQUITY
In this context specifically refers to the ability of nonprofit organizations, regardless of size, target issue, age, or asset makeup, to equally access charitable giving platforms.

SOCIAL INFORMATION
Explained by Van Teunenbroek and Bekkers (2017) as information shared with potential donors about other donors’ behavior. Social information is hypothesized to contribute to peer effects.

PEER EFFECTS
Changes in behavior as a result of the behavior of peers (Smith, Windmeijer, and Wright, 2013).
History of Charitable Donations Received on #GivingTuesday

CHARITABLE DONATIONS RECEIVED ON #GIVINGTUESDAY THROUGH ONLINE PLATFORMS (in millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Blackbaud</th>
<th>Facebook</th>
<th>Paypal</th>
<th>Other Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$13</td>
<td>$10</td>
<td></td>
<td></td>
<td>$3</td>
</tr>
<tr>
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<tr>
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<td>$7</td>
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<td>$400</td>
<td>$63</td>
<td>$125</td>
<td>$98</td>
<td>$114</td>
</tr>
</tbody>
</table>

Data: Ostendorff, (2013); Giving USA Spotlight (2014, December); MacLaughlin (2015); Milliken, S. (2016, December 1); Tepper, F. (2017, November 28); Sandoval, T. (2017, November 30); Blackbaud Institute (2017); Osili, (2017); Paasche (2018, November 27); Joslyn, Heather (2018b, November 28); Giving Tuesday (2019a); Blackbaud Institute (2019); The NonProfit Times (2018, November 29)

Since 2012, #GivingTuesday has grown exponentially. By 2017, 473,000 people participated on Facebook, raising $45 million for more than 46,000 organizations (Facebook Social Good & Bill & Melinda Gates Foundation, 2018). That year, $301 million was raised overall on #GivingTuesday. In 2018, more than 50 countries participated, and donors in the U.S. alone gave a total of over $400 million (#GivingTuesday, 2019a). For many organizations, the charitable giving day marks the beginning of the year-end charitable giving season (Osili et al., 2017).

The table above outlines some of the larger giving platforms for which there are reliable data for multiple years, such as Blackbaud, Facebook, and Paypal. However, there are many other, smaller online giving platforms that process payments on #GivingTuesday; a recent report from DataKind (2017) listed a number of these platforms, including Classy, Network for Good, GiveGab, and DonorPerfect. These giving platforms, which often specialize in the nonprofit digital giving space, play a significant role in processing #GivingTuesday donations. Even in recent years, with the addition of Facebook, it is fair to estimate using the table above that these smaller donation platforms have processed at least 25% of charitable donations each #GivingTuesday. Future #GivingTuesday events will reveal whether this trend continues, or whether the larger payment processing platforms will begin to dominate this space.

Since introducing its charitable giving platform three years ago, Facebook has rapidly grown in popularity. In 2016, Facebook processed 4% of all charitable dollars on #GivingTuesday, growing to 15% in 2017 (Facebook Social Good & The Bill & Melinda Gates Foundation, 2018). In 2018, Facebook processed approximately $125 million in donations on #GivingTuesday, nearly a three-fold increase from the year prior, and approximately one-third of #GivingTuesday donations (The Nonprofit Times, 2018b).

Unlike the other platforms for giving, Facebook’s giving platform is integrated into the social network site itself, which allows individuals to make an online payment to a nonprofit, ask for donations, and post a status indicating they have made a donation, all within the same platform. While Facebook has made the giving platform available year-round, #GivingTuesday is still the most well-known day of giving for the platform. For context, in 2017, Facebook estimated that fundraisers throughout the rest of the year generated $45 million, approximately the same as on #GivingTuesday alone that year (Facebook Social Good & The Bill & Melinda Gates Foundation, 2018). The large scale of the #GivingTuesday Facebook collaboration means that what Facebook does on #GivingTuesday may have implications for the overall success of the #GivingTuesday goals.
SECTION 1

Who Is Donating on #GivingTuesday?

DOES #GIVINGTUESDAY ATTRACT NEW DONORS, AND DO THOSE DONORS RETURN?

The #GivingTuesday strategy may incorporate new individuals to online donation platforms; 75% of #GivingTuesday donors in 2017 were first-time Facebook donors (Facebook SocialGood & The Bill & Melinda Gates Foundation, 2018). Another analysis by Classy found that #GivingTuesday brought a wealth of new donors to their site. These donors may be new to giving through the Facebook or Classy platforms, new to online donation more broadly, or first-time donors on any platform. Because there is not typically data sharing of donor information on #GivingTuesday, current analysis does not distinguish between these three types of new donors (2019).

A report by DataKind used ten years of data from a number of online payment processing platforms including Paypal, Blackbaud, Classy, DonorPerfect, Razoo, and others to examine whether #GivingTuesday is bringing new donors and/or contributing to an increase in overall charitable amount (2017). According to the report, 63% of donors in their sample only gave on one or more #GivingTuesday but not at any other time, supporting the evidence that #GivingTuesday is becoming a channeling mechanism for donations. The finding also suggests that while #GivingTuesday has taken hold as an important day of giving, more research may be needed to understand how to encourage additional giving from these donors.

Some studies have found that donating to #GivingTuesday can be the start of a new giving habit. The Classy study found that the majority of donors return to donate within a year after their first donation to an organization (2019). In their study, approximately 19% of donors returned within the first 90 days after their first gift. Additionally, #GivingTuesday donors were more likely to donate again compared with donors from other one-day fundraisers (Cipollini, 2017).

HOW LARGE IS THE AVERAGE GIFT ON #GIVINGTUESDAY?

In the last four years, the mean online gift on #GivingTuesday has hovered around $107, with the exception of 2017, in which the mean online gift reached $120 (Giving Tuesday, 2019a). According to a study by Blackbaud, this average gift size does differ by subsector. Faith-based organizations and K–12 education saw the highest average donation in both 2013 and 2014 at over $250 for each sector in each of those years (MacLaughlin, 2015). Environment and animals had the lowest average gift in each of those years, with $56 in 2013 and $64 in 2014 (MacLaughlin, 2015).

DOES #GIVINGTUESDAY PARTICIPATION DIFFER BY GEOGRAPHIC REGION?

Donations in the DataKind sample were concentrated on the coasts, even when including large cities in the center of the country. Additionally, donors on the coasts, particularly in the Northeast, were most likely to create stories for the #MyGivingStory campaign, especially women. By contrast, the story reactions were more geographically diverse and included more participants from the middle of the country (DataKind, 2017). The implication of this finding is that the coastal geographies are contributing more to the creation of #GivingTuesday culture through the #MyGivingStory strategy, whereas central geographies are responding to the strategy.

There may also be some geographic differences in terms of social media mentions. There were over 980,000 mentions of #GivingTuesday in 2018 in the U.S. alone (Perez, 2018). The greatest number of mentions was from California, but the highest density was from Washington, DC. These findings reiterate the idea that #GivingTuesday is more common on the coasts of the country.

WHAT ARE THE DEMOGRAPHIC TRENDS FOR #GIVINGTUESDAY DONORS?

More women give on #GivingTuesday than men. Men and women give approximately equal amounts per person, but since more women give, overall contributions are greater for women on #GivingTuesday (Osili et al., 2017). The reasons that more women give may include that women might be asked more often. Women more often use social media, and women, in general, more often participate in collaborative giving, so they might be more inclined to participate in #GivingTuesday. Plus, women generally spread their donations over a larger number of organizations, so the crowdfunding nature of #GivingTuesday might appeal more to their traditional giving style (Osili et al., 2017). The same study also found that different messaging appeals to the genders differently.
Men may be more easily engaged as first-time donors on #GivingTuesday, while women may respond better to storytelling as a motivation to give (Osili et al., 2017).

Another report highlighted some differences in engagement across gender, suggesting that women showed the highest participation in the issue area of environment and animals. Men were most engaged through competitions and giveaways. These gender trends might have implications for engaging donors in the future (Perez, 2018). Men, by contrast, had the greatest share of posts about religiously affiliated charities. Yet, in general, there is no significant difference between men and women regarding the type of organization they support (Osili et al., 2017).

The current research about identity and giving on #GivingTuesday has focused primarily on differences by gender. More research is needed to assess inclusion on multiple different identity factors for #GivingTuesday.

**WHO RECEIVES DONATIONS ON #GIVINGTUESDAY?**

**How Do Organizations of Different Sizes Fare on #GivingTuesday?**

In the first few years of #GivingTuesday, reports indicate that larger organizations received the vast majority of donations. A Blackbaud report of more than 4,300 organizations and $55.6 million of #GivingTuesday fundraising between 2012 and 2014 found that the vast majority of donations were given to large organizations (10 million dollars or more in annual fundraising) (MacLaughlin, 2015). In 2012, these large organizations received 80% of #GivingTuesday online donations; in 2013, they received 84%; and in 2014, they received 74% (MacLaughlin, 2015).

Yet, this statistic about the bulk of donations going to large organizations may be changing. Facebook and the Bill & Melinda Gates Foundation reported that organizations with fewer than 500 likes on Facebook to organizations with more than 100,000 likes received support through #GivingTuesday donations (2018). They indicate that the amount raised by smaller organizations was “very comparable” to the amount raised by organizations of larger size (Facebook & Bill & Melinda Gates Foundation, 2018, 11). More research may be needed to specify these results.

**Which Sectors Receive the Largest Amount of Support?**

In terms of the sectors of organizations receiving support, #GivingTuesday donations supported different sectors in each of the first three years. In 2012, Blackbaud identified that the bulk (almost 70%) of donations went to medical research, human services, and international affairs organizations. In 2013, faith-based organizations alone raised 40% of overall #GivingTuesday donations, due in at least some part to well-publicized #GivingTuesday campaigns for several large faith-based organizations (MacLaughlin, 2015). In 2014, the largest share of donations still went to faith-based groups on #GivingTuesday (21% of the total), but the sectors saw a more even spread of online donations on that day.

In recent years, education has emerged as one of the causes that receives the most donations. According to new Blackbaud Institute data, higher education received more charitable dollars than any other type of organization in 2018, with 32% of the total (2019). That amount has steadily grown in recent years, with higher education receiving 20% of all #GivingTuesday dollars in 2017 and 17% in 2016 (Blackbaud Institute, 2019). A study from DataKind (2017) echoed this finding: in their study, almost 40% of donations on #GivingTuesday went to education.

According to the Blackbaud Institute data (2019), human services is another consistently popular cause, receiving 18% or more of the total for the last three years. Otherwise, the breakdown of #GivingTuesday dollars has continued to shift from year to year, with categories earning 10% or more of the total in one year only to return to below 10% in the next year. These results indicate that giving patterns for #GivingTuesday are still developing.

**Practitioner Advice for Nonprofits Participating in #GivingTuesday**

While #GivingTuesday is primarily an online movement, nonprofits can consider reaching out to donors through a variety of channels. One study, which focused on how nine different organizations sought to engage millennial donors on #GivingTuesday, found that the most effective outreach combined online asks with peer-to-peer engagement, personal challenges, and in-person events (Feldmann et al., 2015).
What Research Tells Us About Effective Crowdfunding: Factors That Influence Charitable Crowdfunding Participation and Donation Choices

The first section of the report focuses solely on findings from #GivingTuesday. In this section, we identify research studies that analyze factors that influence an individual to give to an online campaign. Though we focus on peer-to-peer online fundraising for charitable purposes, we include some other literature on charitable donations where relevant.

**Does an Individual Ask or a Public, Generalized Ask Encourage More Giving?**

Castillo, Petrie, and Wardell (2017) found that an individual making an ask that targeted a friend was more effective at getting a friend to make a donation than an individual making a generalized post, but that donors perceive a high cost to making this type of ask. According to the study, this finding may be due to the social pressure of the individual being asked in front of an online audience of others.

In addition, the study showed that an organization can increase the likelihood that an individual will make an ask of their friends by providing a small incentive (Castillo, Petrie, and Wardell, 2014). When individuals were provided with a $1 add-on incentive or a $5 add-on incentive, they were more likely to ask a friend to donate. People were more likely to make the ask for donations through a wall post than a private message targeting an individual friend, regardless of the incentive amount. The overall analysis shows that organizations could still lose money by pursuing an add-on donation strategy. Assuming the organization gave one hundred $1 add-on donations for each individual post soliciting new donations, the organization would likely generate around $92.61 in new donations, a loss of $7.39 for the fundraising campaign. By asking donors to post but not offering an incentive, the donors would post at a lower rate, but at no cost to the organization. This strategy would likely produce around $35.19 in additional donations.

Another study confirms that, in general, a personalized ask in online fundraising generates higher donations. However, these effects are smaller when the donations are anonymous. The authors hypothesize this is the case because the peer pressure is smaller. (Liang et al., 2019).

Overall, research in this area suggests that donors need to be asked individually for the highest rate of success in campaigns. These findings hold true for #GivingTuesday, where over half of the dollars raised by an individual who started a fundraiser for the first time came from that individual’s friends and other people they know in real life (Facebook Social Good & The Bill and Melinda Gates Foundation, 2018).

However, that same report showed that a larger percentage of dollars raised came from unconnected individuals (i.e., individuals who were not friends with the fundraiser) on #GivingTuesday than on other days. This finding implies that #GivingTuesday may be developing a special set of giving patterns as compared with other days.

**Practitioners Can Use and Grow Their Real-Life Networks for Successful Crowdfunding Campaigns (Heller, 2019)**

According to Roy Morejon, a prominent crowdfunding consulting executive, most campaigns that eventually reach their goal start with a third or more of funding from the people the individual who initiated the fundraiser knows in real life (Heller, 2019). After that one-third fundraising seed money is generated, about 80 percent of crowdfunding campaigns reach their goal, according to Morejon.
WHAT PATTERNS OF CONTRIBUTIONS ARE ASSOCIATED WITH THE MOST SUCCESSFUL CROWDFUNDING CAMPAIGNS?

The way donors respond to public donations by other people in their peer group is known as “peer effects,” and this research is at the heart of a number of studies on crowdfunding. A new literature review of peer effects presents a theoretical framework that suggests that social information can increase donations through:

1. Causing the potential donor to perceive a social norm and therefore give a certain amount
2. Raising awareness about need
3. Signaling an expectation of quality

The study also suggests that social information can have negative effects if a donor perceives that their individual donation will have less impact (Van Teunenbroek, Bekkers & Beersma, 2019).

Studies from around the field can help contextualize this framework. For instance, one study of donations to more than 1,000 charities across two giving platforms found that peer effects were generalizable across organization types (Smith et al., 2013). The study revealed that past donations suggest to potential future donors the amount that is socially appropriate to give. The study also indicated that, in addition to peer effects, there might be a “crowd-in” effect, where large donations make it more likely that new donors will give until a fundraiser reaches its goal (Smith et al., 2013). Once the goal is reached, the crowd-in effect dissipates.

One study found that successful crowdfunding campaigns were linked to outcome-based factors like the likelihood of a campaign in succeeding in its goal (Gleasue & Feller, 2016). Their analysis suggested that the likelihood of meeting the target, among other outcomes factors, could influence an individual’s likelihood to give. Facebook has implemented this finding in its best practices, encouraging its fundraisers to create and reveal milestones of success (Facebook Social Good, 2019).

HOW DOES THE LIFETIME OF A CAMPAIGN, AND SPECIFICALLY THE FINAL PHASES OF A CAMPAIGN, IMPACT DONOR BEHAVIOR?

Donors have a preference for completing campaigns, according to a recent study of the Benevolent and JustGiving platforms by Argo, Klinowski, Krishnamurti, and Smith (2016). Other research in this area supports this finding, and presents other findings about the role that early donations might play in the overall success of a campaign.

A study by List and Lucking-Reiley looked at the effect of early seed money in increasing donations (2002). They found that by having a seed donation of 67% of the campaign goal (compared with 10%), the university in their study was able to increase overall contributions by nearly six times. Another study by Bracha, Menietti and Vesterlund emphasized that seed funding is more important when the fixed costs of the project being funded are high (2011). For example, if it costs a great deal of capital to build a school, a large seed capital investment will help secure that the building will be funded, and fixed costs will be covered. Then, subsequent donations will ensure that good is being provided to the beneficiaries. In their study, they found that higher fixed costs (i.e., a more expensive school) made the seed capital more important. They did not find support for the idea that seed funding increased donations when those high fixed costs were not present.
Evidence suggests in most cases that early money is important to the success of campaigns. Mixed evidence indicates that prior donations may influence the intention to give and the amount given in a future donation for some. More research is needed to confirm these peer effect theories.

**LESS OFTEN SUCCESSFUL**

More, smaller donations on the first day

**MORE OFTEN SUCCESSFUL**

Fewer, large donations on the first day

Source: Robertson and Wooster, 2015

**IN WHAT CIRCUMSTANCES CAN ONE GIFT CROWD OUT ANOTHER?**

Given the sheer number of campaigns that are active online, and especially on #GivingTuesday, there is a concern that some campaigns may be crowding out others. One study of the crowding-out effect found that when an organization itself asks a donor who would have donated without being solicited, the donor may give less money (Liang et al., 2019). Organization crowding-outs should consider this finding when making outreach plans for #GivingTuesday.

By contrast, data from donorschoose.org reveals the effect of matching grants given to one charity on giving to other charities (Meer, 2017). He finds that matching grants increase the overall amount fundraised for a given organization, but he does not find evidence that the existence of a matching grant to one organization will crowd out competing organizations.

We also take a look in the next section at how the sequencing of nonprofit solicitations may impact whether one gift crowds out a future gift.

Learn More About Altruism and Giving Decisions Beyond Crowdfunding

*For a deeper look at how people balance their time, attention, and monetary resources, “The Altruism Budget” by L. Gee and J. Meer may be a good resource (2019). They summarize a variety of studies that look at impacts of one gift on another, expanding beyond crowdfunding. They include resources on the expanding effect of celebrity donation, the possibility that giving now may reduce giving later, and crowding out in disaster giving.*
IS IT MORE EFFECTIVE FOR NONPROFITS TO ASK ALL AT ONCE OR ONE AFTER ANOTHER?

Vance-McMullen (2018) examines the impact of giving days such as #GivingTuesday, finding that the inclusion of a new ask in the simultaneous style of #GivingTuesday increased overall giving, and that the new ask did not crowd out later giving. Vance-McMullen conducted a four-phase survey experiment with a total of 431 respondents that simulated giving conditions surrounding #GivingTuesday and other year-end charitable solicitations. While overall giving did increase, the study also noted that the positive effects of the new ask were concentrated among a small number of organizations, which the respondents rated as familiar, impressive, and impactful.

In a similar study, Vance-McMullen (2019) found that when multiple organizations ask for donations simultaneously (versus one following the other), individuals donate to a smaller number of organizations. The study finds that less preferred and less well-known organizations received smaller donations (on average) when donors were asked simultaneously to donate to several organizations, compared with the same organizations when donors were asked to give individually to each organization. Importantly for nonprofits, donors preferred different organizations in different types of solicitation (Vance-McMullen, 2019). When all options were presented simultaneously, the degree to which the donor was familiar with an organization became a more important factor.

Another study found that an approach in which nonprofits collaborated to present all options at once generated more total donations than an independent approach in which nonprofits made solicitations sequentially (Eckel et al., 2019). The study found that the collaborative approach generated more total donations, except when the researchers gave participants complete information of forthcoming solicitation. When donors were asked for donations sequentially but knew complete information about the forthcoming solicitations, the collaborative and independent fundraising approaches generated similar results.

The study also found that the order of a request (i.e., which organization is listed or asks first) only matters in an independent approach when donors are not provided with the total number of solicitations they will receive (Eckel et al., 2019). When donors did not know how many requests they would receive, they typically donated more to earlier requests. Researchers also found that offering donors an opportunity to revise donations after they’ve seen all options generated an increase in dollars donated, especially when donors were asked for donations sequentially. Despite this increase being larger with sequential fundraising strategies, overall results from the sequential strategy were still lower than the simultaneous strategy, even when donors were offered the option to revise their donations.

The implications of these studies may be important for organizational equity. If individuals prefer the organizations they know the best when presented options simultaneously, a #GivingTuesday approach may lead donors to increasingly select bigger, better-known nonprofits. Crowdfunding platforms should weigh this potential equity consideration of a #GivingTuesday approach.

Sometimes a Surprise Donation Request Has Value

A study of around 6,000 participants found that alerting the participants to the upcoming ask for a donation decreased click-through rates (Exley and Petrie, 2018). The implication of their research is that a surprise donation ask on a page is likely to result in an increase in donations.
DO CONTESTS AMONG NONPROFITS GROW THE OVERALL PHILANTHROPIC SECTOR?

An experimental study examined several different strategies to increase donations through contests (Deck and Murphy, 2019). Though not in the online giving sector, the results of this study may have implications for how donors behave online, as well.

In one option, they used a winner-takes-all approach, where the organization receiving the most donations received a fixed bonus. In another approach, they used a raffle to determine the recipient of the bonus. In the third option, they used a one-to-one matching program. All options were compared to a baseline condition where no bonuses were offered. They found that organizations eligible for these types of promotions receive donation increases, regardless of the type of promotion offered. They offer the caveat that the evidence suggests these increases in donations for eligible organizations are predominantly diverted donations from other, ineligible organizations, rather than new generosity created by the bonuses offered. This crowding-out effect means that organizations are competing with each other for funds, and charities that do not participate in promotions of this type are likely to lose out, according to Deck and Murphy (2019). They note that these results might conflict with some studies but not with others, because donor decisions might be driven differently by different topics. For example, people might not give in the same way to animal rights as they do to fighting hunger.

CHALLENGES FOR CROWDFUNDING

Crowdfunding and online giving have rapidly become an important part of the charitable giving sector. As this area of giving grows, it’s important to take into account some of its potential challenges and to think about how to plan to mitigate their potential effects.

Increased Reliance on Giving Platforms Can Cause Complications for Charities

On Giving Tuesday 2018, some nonprofits reported that Blackbaud's Online Express product was non-operational for portions of the day, and voiced concerns that they may have lost donation dollars as a result (Joslyn, 2018a, 2018b). These reports followed similar reports in 2017, and other major “days of giving” have experienced outages, as well. It is difficult for many platforms to prepare for such intense periods of traffic, and these issues are largely beyond the control of nonprofits. However, when there is so much emphasis on one day of online giving, any potential technological glitches can be frustrating for nonprofits and may cost them both donations and even new donors who are turned off by the difficulty in making a donation.

As giving platforms become an increasingly popular way for nonprofits to receive charitable donations, nonprofits’ relationships to their donors may change. Organizations that receive donations from crowdfunding sites will only receive the information that donors feel comfortable sharing (NonProfit Times, 2018a). This information gap created by sites that host crowdfunding has implications.

Crowdfunding for Disaster Philanthropy Keeps Growing

Crowdfunding is a growing area for disaster philanthropy; about 10 percent of households who gave to disasters gave through crowdfunding platforms in either 2017 or 2018 (Bergdoll et al., 2019). Among those households, the majority (52 percent) gave to fund basic needs, and 37 percent gave informally to family or friends.

What’s more, other research has found that donation solicitation following natural disasters generates new funding for international aid (Smith, Ottoni-Wilhelm, and Scharf, 2017). This research indicates that a push for disaster giving throughout the year may not impede #GivingTuesday efforts.
for organizations’ ability to track donations, compare crowdfunding donors with their existing donor base, and follow up with new donors to ensure retention.

**Concerns About Data Security**

Some users have reported attempts to gain access to the administration of accounts and manipulate those pages for personal gain (Matsakis, 2018). In one such example, an unknown user gained access to administer a nonprofit’s page and created a false fundraiser, which raised $1,500 before being removed. Facebook’s fraud detection team was able to remove the false administrator from the account and return the donations to the unsuspecting donors, but the article did not mention how the unknown user gained access to the account in the first place (Matsakis, 2018).

These concerns about Internet security may affect donors’ intention to donate, according to a study by Sura, Ahn, and Lee (2017). The study is based on 258 survey responses from individuals in Malaysia and South Korea and found that donors were concerned about online security and that general attitudes toward online donation and security had implications for whether individuals donated. They suggest that platforms especially take online security and perception of online security into account as they design donation pages.

**Fraud**

Fraud does occasionally happen in the peer-to-peer context of crowdfunding sites (Lake, 2019). Crowdfunding sites may not be equipped to validate an individual’s claim at the time of posting and may rely on whistleblowers to report fraud to the company or to appropriate governmental officials directly (Gofundme, 2019). This aspect of crowdfunding may lead to tension for crowdfunding fundraisers between verification and privacy. This presents a potential ethical paradox for crowdfunding sites.

**“Rich Get Richer” Problem**

Inclusiveness in philanthropy could refer to whether organizations have equal access to the market for contributions, regardless of size, geographic location, or other attributes. Tan, Lu, and Tan (2016) explain that in some cases, attention-getting causes can receive more funding than less flashy ones. According to their analysis, crowdfunding and social media can make the problem of attracting funding to flashier causes at the expense of more subtle ones even more acute.

#GivingTuesday was designed to include nonprofit organizations regardless of size, but some evidence suggests smaller nonprofits may not benefit as substantially as larger or better-known ones (MacLaughlin, 2015; Stiffman, 2015; Vance-McMullen, 2019). More research is needed in this area of inclusion.

While other, smaller online giving platforms still represent a significant percentage of all donations processed on #GivingTuesday, there is a possibility that larger platforms may become more dominant. According to crowdfunding expert Roy Morejon, nonprofits see the greatest return for advertising is with larger companies, especially Facebook and Instagram (Heller, 2019). This means that the bigger crowdfunding platforms have a distinct advantage in terms of drawing the most advertising revenue.

These potential blind spots for crowdfunding do not preclude it from being a useful tool for nonprofits in their overall fundraising campaigns. Yet, as the sector grows, it is essential for both crowdfunding platforms and nonprofits to consider these potential downsides proactively to give rise to solutions.
Case Studies

CASE STUDY #1

The American Red Cross Seeks to Increase Generosity and Involvement Through #GivingTuesday Campaign

The American Red Cross, one of the original participants of #GivingTuesday in 2012, serves as a prime example of a #GivingTuesday campaign that goes beyond fundraising dollar amounts to include volunteerism and other forms of action (American Red Cross, 2013a, 2013b).

Starting in 2013, the Red Cross’s #GivingTuesday campaigns have shared some common themes. Each campaign for the past six years offered constituents the opportunity to give in one of the following ways:

- Make a monetary donation that will purchase a gift for an individual or family in need
- Make an appointment to give blood
- Sign up as a volunteer
- Participate in an event (such as attending an event or sending mail through the Holiday Mail for Heroes program; American Red Cross, 2013a, 2013b)

By looking at the Red Cross’s #GivingTuesday campaigns for the past seven years, we can identify some best practices for nonprofits seeking to increase generosity and engagement, as well as fundraising dollars.

#GIVINGTUESDAY AS AN EXTENSION OF AN EXISTING END-OF-YEAR CAMPAIGN

In 2012, #GivingTuesday kicked off the Red Cross’s annual “Give Something that Means Something” holiday campaign (American Red Cross, 2013a, November 26). #GivingTuesday campaigns for the Red Cross use the same “Give Something that Means Something” messaging that has appeared in some form in Red Cross’s holiday campaign since 2011 (American Red Cross, 2012).

CAMPAIGNS ARE ADAPTABLE

The options-based method used by the Red Cross in 2013 is ideal since it allows local nonprofits to customize the “take action” call in a number of different ways, depending on the needs of the community in a given year. For instance, in 2013, two different Red Cross branches suggested attending a Red Cross event in the area as a form of participating (American Red Cross, 2013b, 2013c). However, the press release for the national branch of the Red Cross replaced attending events with the Holiday Mail for Heroes program, a broad program that all branches of the Red Cross participate in. In 2017, the calls to action focused on ongoing recovery from the unprecedented natural disasters that took place around the country, including Hurricane Harvey and the wildfires in California (American Red Cross, 2017).

IDENTIFYING THE IMPACT OF ALL TYPES OF GIVING

In addition to highlighting the impact of charitable dollars, the Red Cross also identified the impact of giving in other ways. For instance, in 2015, the Red Cross posted a video in which parents of a child whose rare blood disorder requires blood transfusions thanked blood donors of the Red Cross and showed the child doing activities with her family that were only possible due to blood transfusions. At the time of publication, the video on Facebook received 324 reactions, 299 shares, and over 16,000 views (American Red Cross, 2015).

USING TRADITIONAL FUNDRAISING TOOLS SUCH AS MATCHING GIFTS AND CORPORATE SPONSORSHIPS

For the first year of #GivingTuesday in 2012, the Red Cross focused on corporate sponsorships and matching gifts. The Red Cross introduced a text number to give 10 dollars. (American Red Cross, 2012). Corporate sponsorships and matching gifts have played a key role in certain Red Cross #GivingTuesday campaigns, such as in 2018, when $100,000 matching gifts from Lowe’s helped triple the dollar amount raised in 2018 over 2017 (Joslyn, 2018b).
Black Swamp Conservancy found success by launching a multi-phase social media campaign that began in early November and continued through #GivingTuesday (Black Swamp Conservancy, 2018a).

In the first phase, the Black Swamp Conservancy social media team introduced a statue of a heron that would serve as the new “intern” and mascot for the organization, and asked for suggestions in coming up with a name, and then allowed constituents to vote for one of the top four favorite options through a SurveyMonkey link (Black Swamp Conservancy, 2018a, 2018b). Less than one week later, the name was revealed on social media, and posts featuring the heron intern were included at least once per week leading up to #GivingTuesday (Black Swamp Conservancy, 2018c).

The second phase of the social media campaign focused on #GivingTuesday specifically. Black Swamp Conservancy posted a new photo on social media each hour for 12 hours, with each photo showing the newly named heron statue at natural areas that the land trust had helped to conserve (Lindsay, 2018). Each post had a fact about the natural area and a link to the Black Swamp Conservancy donation page. The online community engaged with each post, with reactions to the Facebook posts receiving between three and 39 reactions, with an average of 13.3 reactions and 1.4 shares per post (see Table 1). The social media posts also gave Black Swamp Conservancy an opportunity to engage with constituents by responding to comments and answering various questions that appeared on the posts.

Black Swamp Conservancy got involved through #GivingTuesday Northwest Ohio (identified by the hashtag #GivingTuesdayNWO), an initiative by the Toledo Community Foundation that offers preparation and training material for local nonprofits for #GivingTuesday (Lindsay, 2018; Olnhausen, 2019). Participating organizations use the hashtag #GivingTuesdayNWO so they can be entered into a drawing to win a grant from the Toledo Community Foundation (Olnhausen, 2019). There are separate categories for small and large organizations.

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Retrieved from: https://www.facebook.com/pg/BlackSwampConservancy/posts/?ref=page_internal
What We Still Don’t Know About Crowdfunding and A New Research Agenda

Crowdfunding, and events like #GivingTuesday, seem to have the ability to face some of philanthropy’s most entrenched challenges. Using a time series analysis and data from 36 data partners, a study by DataKind found that both the average amount donated and the frequency of giving increased after #GivingTuesday was created in 2012 (DataKind, 2017). This finding, and others outlined in this report, indicate that #GivingTuesday has helped to increase philanthropic involvement. Still, many questions remain.

**DOES CROWDFUNDING HAVE THE POTENTIAL TO REACH NEW DONORS?**

Though research on philanthropy has asked questions about equity and inclusion in the donor base, these findings have not been examined in the crowdfunding context.

One study found that while African Americans may focus on church, Arab-American donors focus first on family (Vaid and Maxton, 2017). Latino donors, by contrast, may focus on both family and church, as well as children’s causes, among others. This study focused on high-net-worth donors of color but emphasized that the current fundraising strategies used by most nonprofits to reach all donors of color fail to address their critical experiences, talent, and resources. Their work did not focus on crowdfunding or #GivingTuesday, so more research is needed to determine whether lessons from this research might apply to the online context.

According to a Blackbaud study from 2015, Latinx and African American communities were the least likely to be asked directly for donations of all groups surveyed. They are also relatively less represented among donors. The Blackbaud study also found that Asian donors are comparatively strong supporters of crowdfunding. For instance, nearly half of Asian donors surveyed reported making a donation to support a friend or family member’s request, and Asian donors are nearly twice as likely as other donors to have given via crowdfunding (Blackbaud Institute, 2015).

Another study found that giving days see an overrepresentation of white, English-speaking donors (Knight Foundation, 2016). This overrepresentation on giving days is also observed for women, people over 40, and those with higher education.

More research is needed to better understand these trends in inclusive crowdfunding. The Blackbaud report (2015) specifically mentions that though the trends indicate that more White Americans donate online than Americans of color, they also illustrate that it’s not clear why these donors don’t participate online with more frequency. They propose that either preference or simply not being asked may contribute to their lack of contributions. Our future research will examine this trend in more detail.

**CAN CROWDFUNDING HELP DIVERSIFY THE PHILANTHROPIC LANDSCAPE MORE GENERALLY?**

On the entrepreneurial side of crowdfunding, one study using data from Kickstarter found that 44 percent of investors in these campaigns were women (Marom, Robb, & Sade, 2016). While fewer women were participating in crowdfunding campaigns than men, the rates of participation for women were still far higher than other types of investment opportunities in the overall market, where women comprise only 20 percent of angel investors and 6 percent of venture capital firm partners. The study also found slightly higher rates of project leaders were women compared with the overall market (Marom, Robb, & Sade, 2016). If these same results apply to charitable fundraising online as they do to business fundraising online, it could mean crowdfunding is contributing a new mechanism for gender inclusion in defining charitable priorities.

**CROSS BORDER PHILANTHROPY?**

Flanigan (2017) describes both diaspora philanthropy and crowdfunding as growing areas that are fueled by family and friends. She reviewed literature that suggests how using crowdfunding as a tool to engage diaspora philanthropists may solve some existing problems. Using a crowdfunding platform may streamline finding an intermediary. A crowdfunding strategy might also help determine priorities for a group by allocating dollars according to interest, rather than basing programming decisions solely on the interests of a large foundation or high-dollar donation.
IMPLICATIONS AND NEXT STEPS

Previous studies have looked at motivations for first-time donors and for different communities to donate in general, but we still don’t know how any of these results apply to crowdfunding.

The next report in this series will examine precisely this question: to what extent do findings on differing giving patterns according to race and economic class apply to crowdfunding, and to what extent do crowdfunding endeavors like #GivingTuesday promote engagement of first-time donors? Crowdfunding, in part, is meant to encourage donations from people of all identities, from all socioeconomic statuses, and with all priorities to give generously. The field has now developed enough to examine whether there is evidence to support that hypothesis.

The field of philanthropy, in general, is becoming more top-heavy. A smaller number of wealthy donors are forming an increasing share of available donations (Clark et al., 2019). Crowdfunding offers a potential counterbalance to that general trend. If crowdfunding can truly open an opportunity for untapped potential in a donor base, then the philanthropic field may reflect more inclusive priorities in the future. The same observation we have just made about the donor base could be stated about the recipients of philanthropy too. The overall field is dominated by a small number of extremely large nonprofit organizations. If crowdfunding reaches untapped donors, perhaps strategies can be unleashed to ensure that smaller organizations have a seat at the fundraising table. More research is needed to understand what strategies might enable more donors to become involved through crowdfunding and more organizations to find success through a crowdfunding approach.

To That End, We Propose a Research Agenda Based on Three Key Priorities:

1/ Equity and Inclusion in the Donor Base

Given that the philanthropic sector overall is dominated by a relatively small number of individuals, how does crowdfunding encourage more inclusion? More broadly, does crowdfunding encourage more people to donate voluntarily and generously to charitable causes? If so, how? And how can crowdfunding be used most effectively to this end?

2/ Visibility of Smaller Organizations

As the philanthropic landscape increasingly favors larger organizations, to what extent does crowdfunding offer a more level playing field for these small organizations?

3/ The Overall Philanthropic Picture

Can the energy and momentum of crowdfunding donations be harnessed and increased to direct the overall philanthropic field in new ways—to new organizations and priorities?

Conclusion

As the crowdfunding field develops, we must invest more in understanding how it relates to the overall philanthropic landscape. As of now, #GivingTuesday makes up only a small portion of the overall giving picture—around $380 million for #GivingTuesday versus around $292 billion of overall individual giving in the U.S. in 2018 (The NonProfit Times, 2018b; Giving USA Foundation, 2019). Still, as the movement grows, more information is needed about what #GivingTuesday and crowdfunding are contributing to the charitable sector.

In this report, we have laid out findings from existing research on crowdfunding for charitable purposes, and we have proposed research priorities for future studies. Because crowdfunding through social media offers a unique opportunity to reach more potential donors, a hypothesis has emerged that more donors and more organizations may participate in charitable generosity through crowdfunding in the future. This theory, if true, offers important structural implications for the field of philanthropy. We propose that future research address these considerations.
Reference List


#GIVINGTUESDAY: WHAT WE KNOW NOW