

Donations from individuals are crucial for charities' survival. They allow charities the flexibility to innovate and find new ways to solve social problems. But what do donors think about when deciding where and how much to give? And what would inspire them to give more? *Money for Good UK* explores the habits, attitudes and motivations of the UK's donors.

Nearly half of UK voluntary organisations receive the majority of their funding from individuals; last year donors gave £9.3bn. Thinking about who is donating, why, and what would make them donate more, is important for the future of the charity sector, and those it helps. *Money for Good UK* highlights the lack of a culture of giving in the UK, and shows that donors find it hard to understand where their money goes, and whether the charities they support really make a difference.

DONOR BEHAVIOUR IN THE UK

Less than half of donors think people should donate to charity if they have the means. This figure is based on a sample of those who gave over £50 in the last year, which is only around four in ten people in the total population. The sense of duty to donate may be even weaker in those who donate at a lower level or not at all. When pushed to indicate a proportion of income they feel people should give, only 15% of donors are willing to name a figure. Mainstream donors suggest giving 6.5% of income, high-income donors suggest 4.7%.

47% of UK donors believe people should donate to charity if they have the means.

Donors do not feel a stronger sense of duty to give as income increases. **High-income donors give four times more per year than mainstream donors.** Average annual donation increases with household income, from £228 given by donors with an income under £20,000, to £3,322 given by donors with an income of £1m and over.

MONEY FOR GOOD UK IN £

£665m
potential additional donations if charities did a better job in areas donors care about.

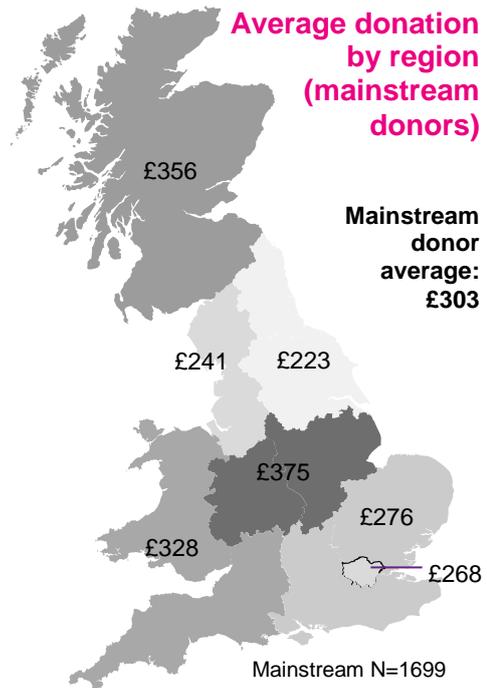
£1.7bn
potential switchable donations if charities did a better job in areas donors care about.

£1,282
average annual donation of those earning over £150k, who make up 1% of the UK population.

£228
average annual donation of those with a household income under £20,000.

£3,322
average annual donation of those with a household income over £1m.

Giving level increases with age for mainstream donors, but among high-income donors the young (18-35) have the highest average donation. This suggests lower levels of giving among young people in general may be due to lower disposable income, rather than a lack of charitable conviction. Mainstream donors give most in Scotland, the Midlands, the South West and Wales. High-income donors in London and the North give most—with annual averages of £1,491 and £1,560 respectively.



75% of high-income donors have sponsored someone in the past year.

Ad hoc methods of giving are most commonly used, but donors' preferred method is direct debit.

High-income donors show a greater preference for ad-hoc giving—one-off donations, sponsoring someone or fundraising events. They often give in an ad-hoc way *alongside* their committed giving, not instead of it,

suggesting an opportunity to attract further donations.

Donors are loyal in their key charity relationships. 70% of mainstream donors have given for the last three years to the organisation where they made their largest donation, and 90% intend to give to the same organisation next year.

INFLUENCING GIVING

Donors respond to personalised communications from charities that they already have a relationship with, and to asks or prompts from family, friends or colleagues. Personal ties are particularly important for high-income donors: 37% had donated after receiving information through a family member, friend or colleague.

Younger mainstream donors are more likely to respond to online prompts, such as an organisation's website (23% against an average of 17%) and social media campaigns (11% against an average of 5%). These areas are important for charities looking to build a future donor base.

VOLUNTEERING

Nearly half of all donors also volunteer.

High-income donors are more likely to engage in skilled volunteering than mainstream donors—39% of high-income volunteers offered their professional skills, compared to 18% of mainstream donors. Donors who give both time and money to a charity give on average a higher donation than those just giving money. Donors most often give money and then start giving time, although for 16% of volunteers, giving time leads to a financial donation.

WHAT DO DONORS CARE ABOUT?

Donors care about impact: three in five pay close or extremely close attention to how their donation will be used. 58% of mainstream and 61% of high-income donors pay close or extremely close attention to evidence an organisation is having an impact. Donors say they pay little attention to being thanked for their donation (15% mainstream and 10% high-income). Donors do care how easy it is for them to donate: 43% of mainstream and 40% high-income pay close attention to this.

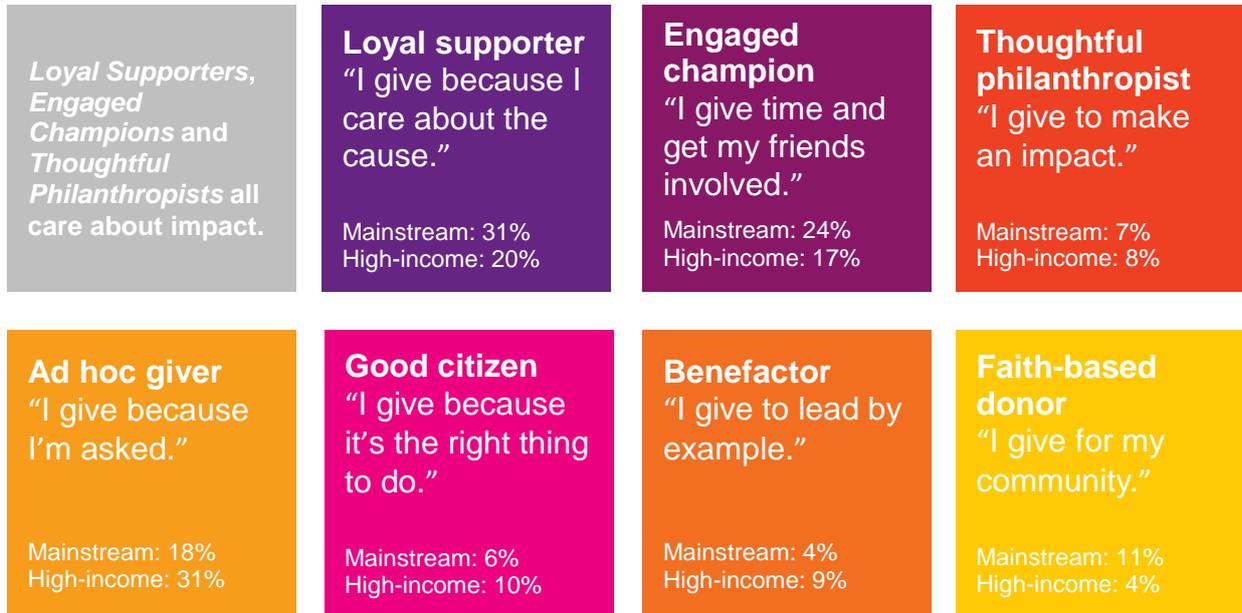
63% of donors pay close attention to what their donation will achieve.

38% of donors do research before making a significant donation. Most use it to help them to decide whether to donate, but almost a fifth (18%) of those who research look for information to help them decide between multiple charities.

DONOR SEGMENTATION

We identified seven donor segments based on donor motivation and attitudes. For some, belief in the cause is a strong motivating factor; for others, personal relationships exert a strong pull. Position or status in society influences some segments, and they are more likely to give in public ways.

Impact is of particular interest to three segments: driven variously by concern for the cause, personal involvement in the organisation, and concerns about how a charity could reflect on the donor.



THERE IS AN OPPORTUNITY TO INCREASE DONATIONS

Charities currently underperform in the areas donors care most about: explaining how donations are used and providing evidence of impact. High-income donors are less satisfied in these areas than mainstream donors. If charities met their needs better, 37% of mainstream and 54% of high-income donors say they would change their giving behaviour. Donors are generally satisfied with the ease of donation—the third area they care most about—which suggests increasing giving is a matter of

communication rather than investing in giving mechanisms.

34% of high-income donors would increase their giving if charities did a better job in areas they care about.

WHY DON'T PEOPLE DONATE?

61% of the UK population gave less than £50 to charity last year. This includes 6% of those with a personal income over £150,000 per year. Financial reasons and distrust of charities were cited as the biggest reasons for non-donation. 25% of high-income donors cited distrust of charities, including concerns about wastage, administration costs and lack of transparency. 62% of non-donors said they would give if they felt their donation would make a difference. Understanding more about why people don't donate is a valuable area for further research.

Of those who would increase their giving, mainstream donors would give an average £155 more, and high-income £603 more per year. This equates to an additional £665m per year—an increase in total giving of about 11%. On top of that, donors giving over £1.7bn might be willing to switch their donations to charities that did a better job in the areas they care about. This suggests there is considerable potential for charities that can show they perform well in these areas—although they do have to contend with high levels of donor loyalty.

ATTRACTING HIGH-INCOME DONORS

- High-income donors make up 1% of the population and are disproportionately important to charities in terms of the amount they give. On average they donate £1282 per year, compared to £303 for mainstream.
- Amongst high-income donors the 18-35 age group gives the most, followed by 55+. Amongst mainstream donors, giving level increases with age.
- High-income donors are more likely to use ad hoc methods of giving—they like to sponsor or give via social events.
- High-income donors care more about impact, and are not satisfied with charities' current performance. Charities could attract more donations from them if they improve in this area.

WHY MONEY FOR GOOD UK MATTERS

Money for Good UK aims to increase the quantity and quality of giving in the UK by enhancing our understanding of giving behaviour, what donors want and what drives them. It does this by:

- **Increasing understanding of high-income donors.** Those with an annual income over £150,000 are an important group for charities to engage. Most existing research focuses on mainstream donors.
- **Finding out what donors do before making a donation, and what they think about impact.** What drives decisions? What do they look for? These answers can help charities communicate effectively with donors.
- **Understanding donors' underlying motivations and creating a segmentation of donor behaviour** to explore the factors that underlie giving behaviour and assess potential to change it.

We want to use the results of our research to help charities engage better with their donors, and to help donors think about where their giving can have the most impact. The findings of this report are a starting point for further research, discussion and practical work.

WHAT NEXT?

For **charities**, there is a considerable opportunity to increase donations if they tackle the areas of underperformance donors identified. Combining giving and volunteering, and thinking about how to incorporate talking about impact into fundraising, could also be considered.

For **sector bodies** and **policymakers**, the finding that 61% of the population do not give, or do so at a very low level, is concerning, and highlights the need to promote a culture of giving in the UK.

Funders could make the information they collect on their grantees available to the donor community at large to inform giving decisions.

In the next phase of *Money for Good UK*, NPC will work with the fundraising community and the sector more widely. We plan to put our research into action, exploring ways the donor segmentation can be tested in practice by fundraisers. We intend to develop practical guidance to help charities get the most from these findings. Finally, we encourage further research and analysis—*Money for Good UK* is a rich data source for others to explore. Please email moneyforgoodUK@thinkNPC.org if you are interested in using the data, or want to find out more.

METHODOLOGY

NPC worked with Ipsos MORI to survey 3,000 people across the UK, including both high-income (earning over £150k a year) and mainstream donors. We also carried out focus groups and in-depth interviews. Find out more about our methodology, and how we worked out our segmentation, in the full report.

Money for Good UK is a **New Philanthropy Capital (NPC)** research project. The project was led by NPC in partnership with Hope Consulting in the US, and Ipsos MORI in the UK; and was funded by the Gates Foundation, NESTA, the Oak Foundation, and the Pears Foundation.