

NON-PROFIT Know-How

6 new answers on fundraising offers

All hands agree that – after an on-target mailing list – successful direct-mail fundraising hinges on making an effective offer. But few people have zeroed in on exactly what makes an offer effective. Now “behavioral economists” have begun to supply that vital information.

Research by John List of the University of Chicago, Dean Karlan of Yale, and other academics attempts to define precisely what drives U.S. donations of \$295 billion a year to philanthropic causes. Their studies indicate that:

■ Matching-gift offers work.

However, two-for-one and four-for-one match offers seem not to do better than a one-for-one proposition.

■ Seed-money appeals often pull better than matching-funds offers.

Two test mailings asked for donations so a university could buy computer equipment.

One stated that the school had raised \$2,700 of the \$3,000 cost and needed the remaining \$300. The other said that the university had raised only \$300 and still needed \$2,700 to make the purchase.

Overwhelmingly, the test showed that the more money the university claimed to have on hand already, the more additional money it raised.

■ Adding competition to your ask improves returns.

According to the List and Karlan studies, when potential donors were told that another person had made a \$300 gift, they gave 12% more than usual on average.

However, when informed that another donor had contributed \$1,000, the average prospect gave less than he typically did.

■ Guilt motivates some contributors.

One economist, Jonathan Gruber of the Massachusetts Institute of Technology, noticed a “pay or pray” phenomenon among donors to churches and synagogues: the more dollars they gave, the less often they attended religious services.

His study results may help explain why Roman Catholics – whose religion strictly requires regular assistance at Mass – traditionally donate less to religious causes than Protestants or Jews.

■ Sweepstakes and lotteries pull both short- and long-term.

People studied by List and Karlan gave more money when a mailing first told them that a contribution would make them eligible to win a prize.

Even more to the point, they also gave more dollars the next time they were asked to donate.

■ Liberal political donors in “Blue” or “Red” states differed sharply in their donation behaviors.

A matching-gift appeal to liberals in “Blue” states (those that voted for John Kerry for U.S. President in 2004) increased giving by 5%. However, a matching-gift appeal to liberals in “Red” states (which went for George W. Bush in 2004) increased donations by 60%.

List and Karlan theorize that those numbers reflect that political donations depend less on supporting a candidate or party than on “participating in a fight.”

For more complete information, go to the Internet or your public library and read the article “What Makes People Give” in The New York Times Magazine of March 9, 2008. Or ask The Castle Press to send you a complimentary copy.



In 2007, secular U.S. nonprofits invested \$689.3 million in fundraising mail.

— Direct Marketing Association

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