

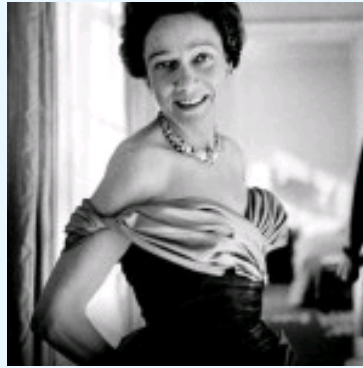
The effect of social information on charitable giving
Evidence from the (running) field

Sarah Smith, Frank Windmeijer and Edmund Wright

University of Bristol

Two alternative views on social influence

- “When therefore you do your charity giving, you should not blast a trumpet before you like the pretenders in the synagogues and in the streets”. (Matthew: ch 6, v2)
- “The size of your gift can persuade your peer to make a contribution as significant as yours.”
 - *How to succeed in fundraising by really trying*



“When [Brooke Astor] gave one donation to the New York Library, three major gifts from Bill Blass, Dorothy and Lewis Cullman and Sandra and Fred Rose all followed, with her generosity cited as the inspiration.” (New York Times)





Modern equivalent

How important are each of the following in deciding how much to give?

Sample Size: 17,989	Very important	Somewhat important	Not very important	Not at all important	Not applicable
A sense that my money will be used efficiently/ effectively	56.1%	35.0%	6.9%	1.6%	0.6%
The charity's cause or mission	45.1%	44.1%	8.4%	1.9%	0.6%
My income and what I can afford	45.3%	42.3%	9.0%	2.5%	0.8%
A personal connection to the fundraiser	41.5%	43.4%	10.6%	3.5%	1.1%
The fundraiser's reason for fundraising	38.0%	48.0%	10.1%	3.0%	1.0%
The reputation of the charity	32.7%	47.5%	15.3%	3.4%	1.0%
Tax relief (e.g. Gift Aid)	21.7%	34.8%	23.5%	14.3%	5.8%
Type of fundraising event	14.4%	45.8%	29.8%	8.6%	1.5%
The name of the charity	14.1%	39.4%	32.5%	12.1%	1.9%
The total amount the fundraiser is seeking to raise	3.3%	28.0%	38.9%	24.9%	5.1%
How much other people have given to the fundraiser	2.7%	21.6%	39.0%	33.1%	3.7%
An individual amount suggested by the fundraiser	1.4%	15.9%	39.6%	29.9%	13.2%

This paper

- How does the amount that people give respond to information on how much other people have given?
- Higher donations could lead to people giving less...
 - Free-riding
- ... Or to giving more
 - Higher donations make it more likely that a threshold level will be met
 - Higher donations provide a signal about the quality of the charity
 - Higher donations mean people need to give more to signal generosity/wealth, or to conform
- We find evidence of strong effects (positive and negative)
- Social mechanisms are the most likely explanation

This paper

- Exploit online fundraising:
 - Justgiving
 - Virgin Money Giving
- Donations on behalf of people running in the 2010 London marathon
- Donations are made online to individual fundraising pages; donors see all previous donations to the page when they go to make a donation

James Nicholson's Fundraising Page

Virgin London Marathon 2010 on 25/04/2010



My not-so-heroic sprint finish!!!

Photos (1)

Raising money for Phab Limited

Charity Registration No. 283931



Phab is a national charity dedicated to promoting and encouraging the coming together, on equal terms, of disabled and non-disabled people to achieve an integrated and inclusive society.

Get a page like this

30 Remind me to donate later

Page owner

Target: £1,500.00 Raised so far: £1,564.00



Donate now

My story

Tough Guy.....Conquered. Grim Challenge.....Destroyed. London Duathlon.....All over it. Now for the big one!

I've finally decided to stop being a big jessie and making excuses like "my knees can't take it," "I'm not built for long distance running," "my brother's girlfriend keeps beating me," and just suck it up. I'm running, and I use that term loosely, the 2010 London Marathon. I'm raising money for Phabkids, a charity promotes and encourages disabled and non-disabled children and adults to take part in sports and social activities with the aim of achieving social inclusion. I'm sure you agree that this is a worthwhile cause.

I would be grateful if you could spare a small amount to help me get to my £1500 target for Phabkids, and feel free to come and laugh at me going through hell next April. Thanks very much for looking.

James

finally remembered!!! Good luck tomorrow it'll be a fantastic achievement! +£25.00 + £7.05 Gift Aid

Donation by Rebecca Waterman 24/04/10

Good Luck mate, however being sat in that suit !!! for so long and pub lunches swinging that lamp , with all those lids cheering you. The pressure!! +£10.00 + £2.82 Gift Aid

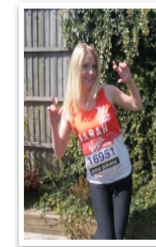
Donation by Dan Hutton 21/04/10

Go for it Jimbo...just remember 'pain don't hurt!' But when in doubt...'tast arms' is the answer - Good Luck! +£10.00 + £2.82 Gift Aid

Donation by Harty and Em x 14/04/10

Praying my card refuses this transaction so I get everyone seeing I've donated money to charity, without actually having to pay anything. Good Jim-Nic! +£20.00 + £5.64 Gift Aid

Donation by Jamie Bartlett 13/04/10



Charity



Event details

2010 Virgin London Marathon

25 April 2010

The Virgin London Marathon is one of the great British sporting events, combining elite athletics, mass participation and record-breaking fundraising in one race. The course is a gruelling 26 miles 385 yards long, passing through the streets of London from Blackheath to the famous finish line at The Mall. Since the first race in 1981, 746,635 runners have passed the finish line and raised more than £400 million for charities and good causes. Last year alone a staggering £47.2 million was raised, making the event a Guinness World Record holder as the largest annual fundraising event on the planet.



Sarah runs 26.2 miles for Action For Children

Fundraiser: Sarah Bickerton My page: http://uk.virginmoneygiving.com/AFC

Hello Friends.....

I am proud to be running the Virgin London Marathon 2010 to raise money for Action for Children. 26.2 miles is a long way and every penny you can sponsor me will help a great deal.

Through Virgin Money Giving, you can sponsor me and donations will be quickly processed and passed directly to my chosen charity, Action For Children. Virgin Money Giving is a not for profit organisation and will claim gift aid on a charity's behalf where the donor is eligible for this. I really appreciate all your support and thank you for any donations.

Donate now >>

Recent donors

Showing results 1 - 20 of 20

Kim Silver £10.00 (+ £2.82 giftaid)

29.04.10 Well done, Sarah! You have done fantastically well. Looking forward to your next achievement - the Access Diploma!

Lauren Purvis £5.00 (+ £1.41 giftaid)

26.04.10 Well done hon, what a huge achievement - I'm just sorry I can't donate a little bit more as you deserve it!!

Anonymous £5.00 (+ £1.41 giftaid)

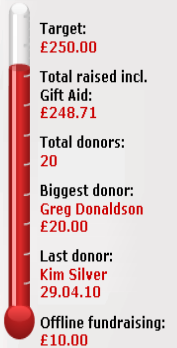
25.04.10 how'd you do?

Roz £10.00 (+ £2.82 giftaid)

25.04.10 Good luck xxx

Running total

£205.00



Target: £250.00

Total raised incl. Gift Aid: £248.71

Total donors: 20

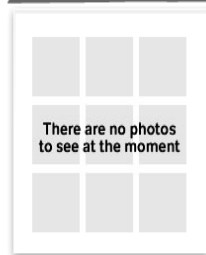
Biggest donor: Greg Donaldson £20.00

Last donor: Kim Silver 29.04.10

Offline fundraising: £10.00

Donate now >>

Photos



Other fundraising

Each runs 26.2 miles for Action

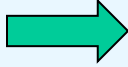
Donors can scroll down to see earlier donations

Overview

- Potential issues with using the marathon data
- Donations to a (fundraising) page likely to be correlated
 - Donors share characteristics (income, age etc)
 - Same charity and fundraiser
- We exploit within-page variation to identify the effect of past donations

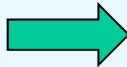
- Advantages of using the marathon data
- Scale of fundraising activity: >300,000 donations to >10,000 fundraisers running on behalf of 1,000+ charities
- Situation where donors have full information on past donations

Match information from
Charity Commission Register



1,000+
Charities

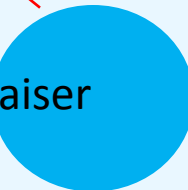
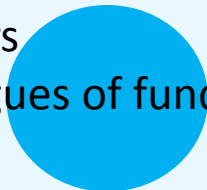
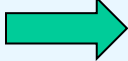
Match information
from Marathon results
database



Fundraisers
10,000+ people running in the
marathon who set up a
fundraising page



Assign gender
Based on name



300,000+ donors
often friends, family and colleagues of fundraiser

Sample summary statistics

	Mean	St. dev.	Min.	1 st pctile	Med.	99 th pctile	Max.
Number of donations per page	34.5	25.4	1	1	29	114	370
Total raised online per page	£1,093	£1,401	£1	£20	£778	£5,710	£40,326
Total raised offline per page	£335	£1,115	£0	£0	£0	£3,077	£53,000
Online donations – all	£30.31	£66.02	£1	£5	£20	£200	£10,000
Online donations – made by men	£35.38	£78.36	£1	£5	£20	£250	£10,000
Online donations – made by women	£24.96	£49.22	£1	£5	£20	£150	£6,550
Proportion of pages with target	.803						
Prop. of pages with target achieved	.395						
Target amounts	£99,985	£9.9 m	£0.01	£200	£1,500	£7,000	£1 bn

Regression sample:

Include only pages with 10 – 100 donations, exclude first five donations to each page

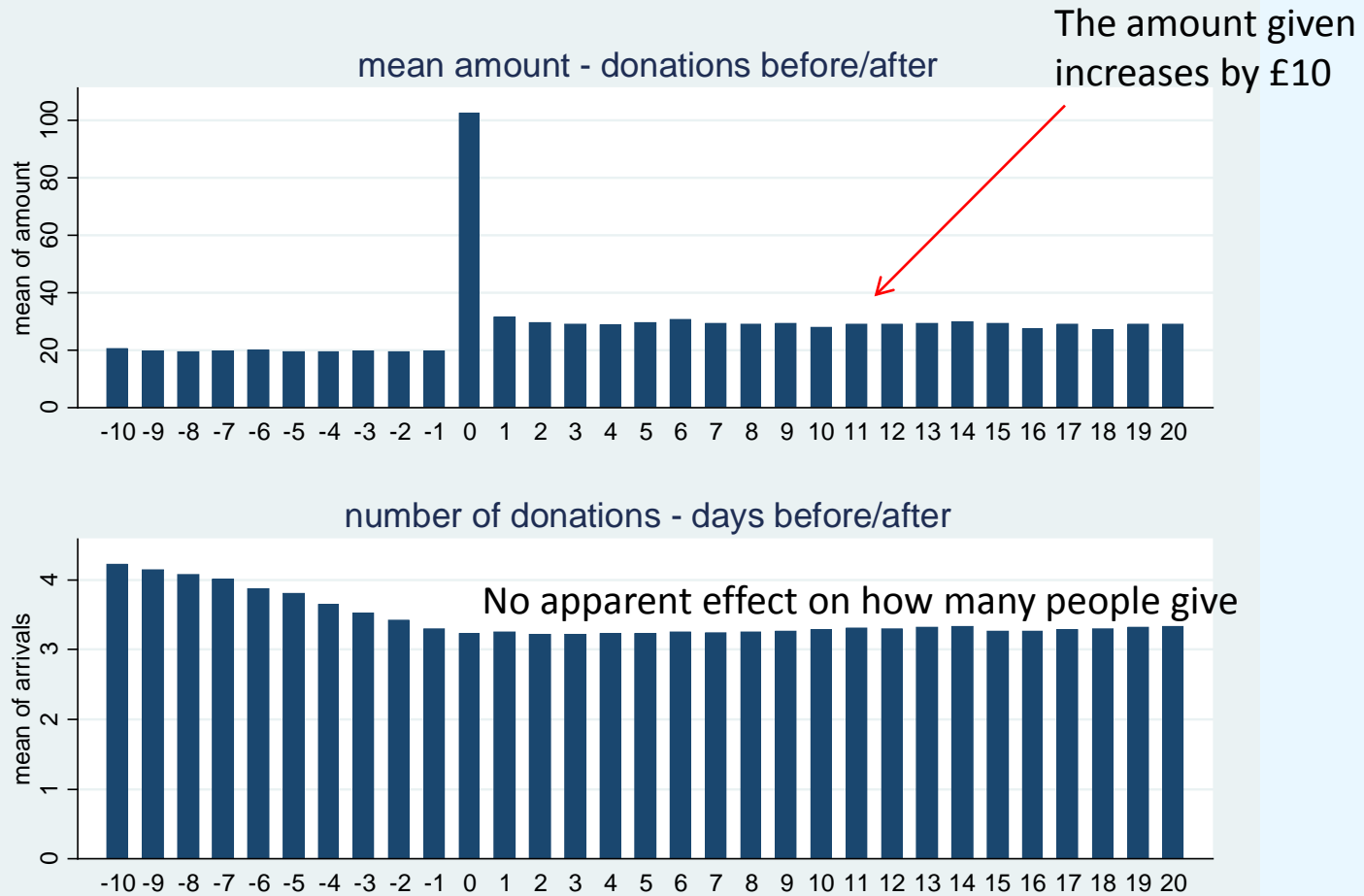
Exclude pages with donations > £1,000

Focus on targets between £200 and £7,000 (and no offline donations)

Large and small donations as a “natural experiment”

- We exploit within-page variation to identify the effect of how much other people have given
- Natural experiment: What happens if I arrive at a page just after a “large” or “small” donation? Will this affect how much I give?
- Compare amounts given just before/after the large (small) donation
- Idea that exact timing of donations is random
- “Large” donation = twice page mean, $>£50$. Mean = £102.
- “Small” donation = half the page mean. Mean = £8.61.
- Focus on first large/ small donation, ignoring those within the first five donations to a page.

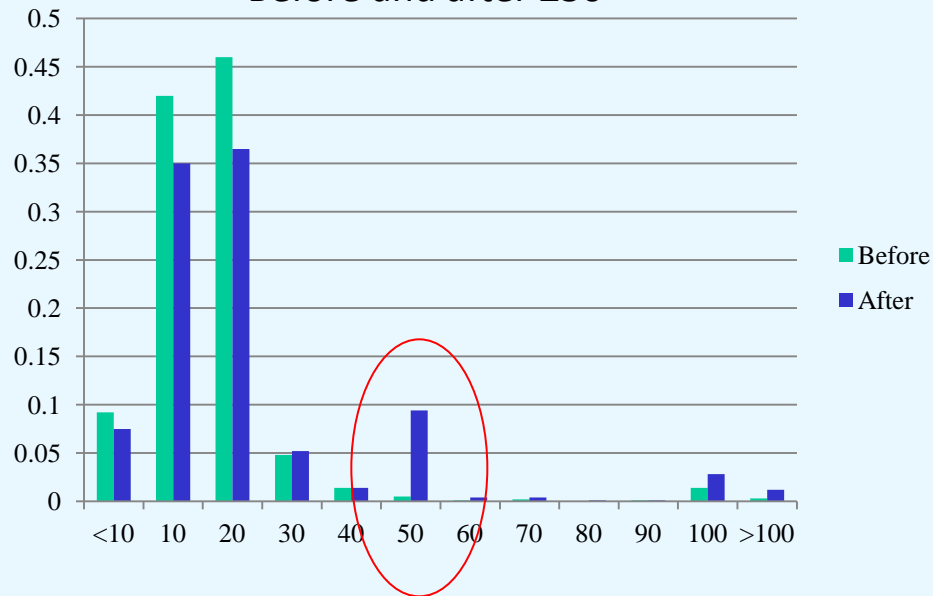
Arriving after a “large” donation has a positive effect on the amount that people give



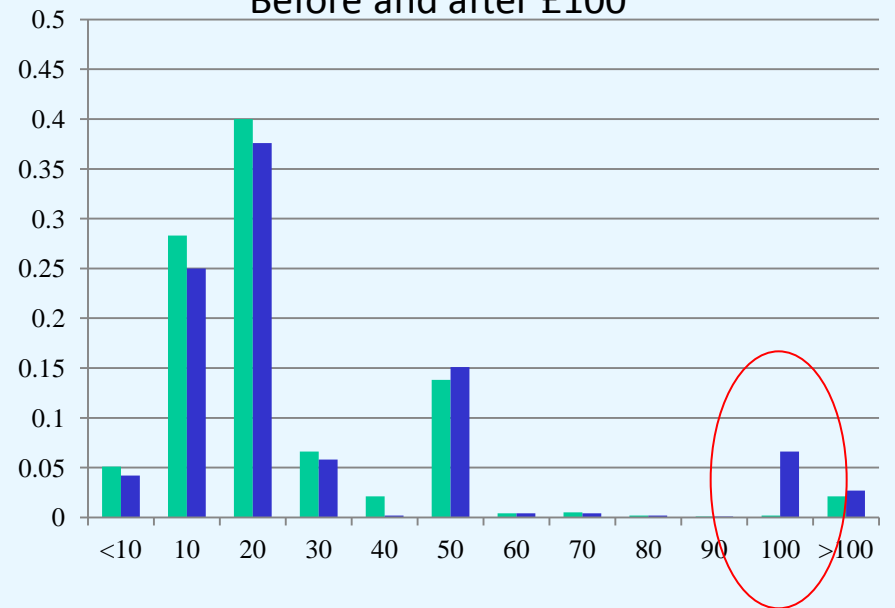
Distributions of amounts donated

One donation before and one donation after a large donation

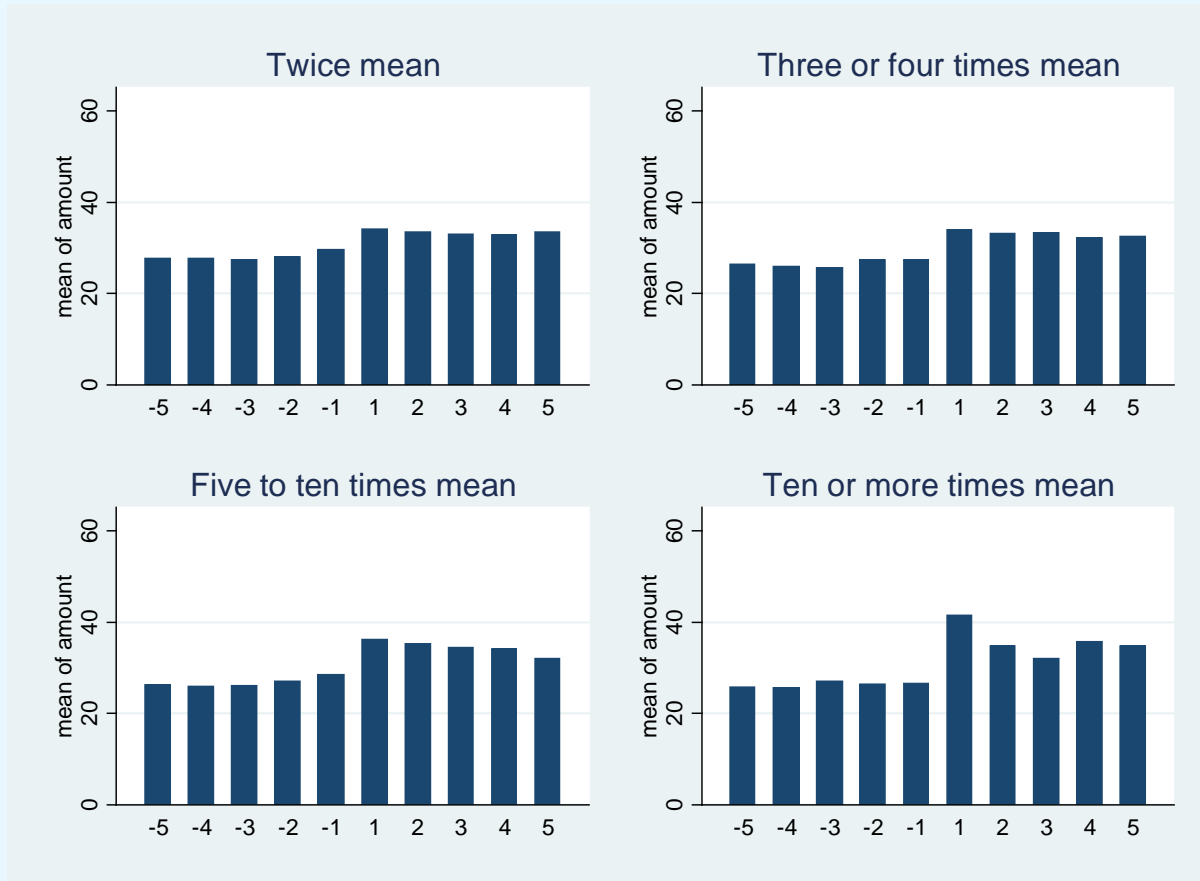
Before and after £50



Before and after £100

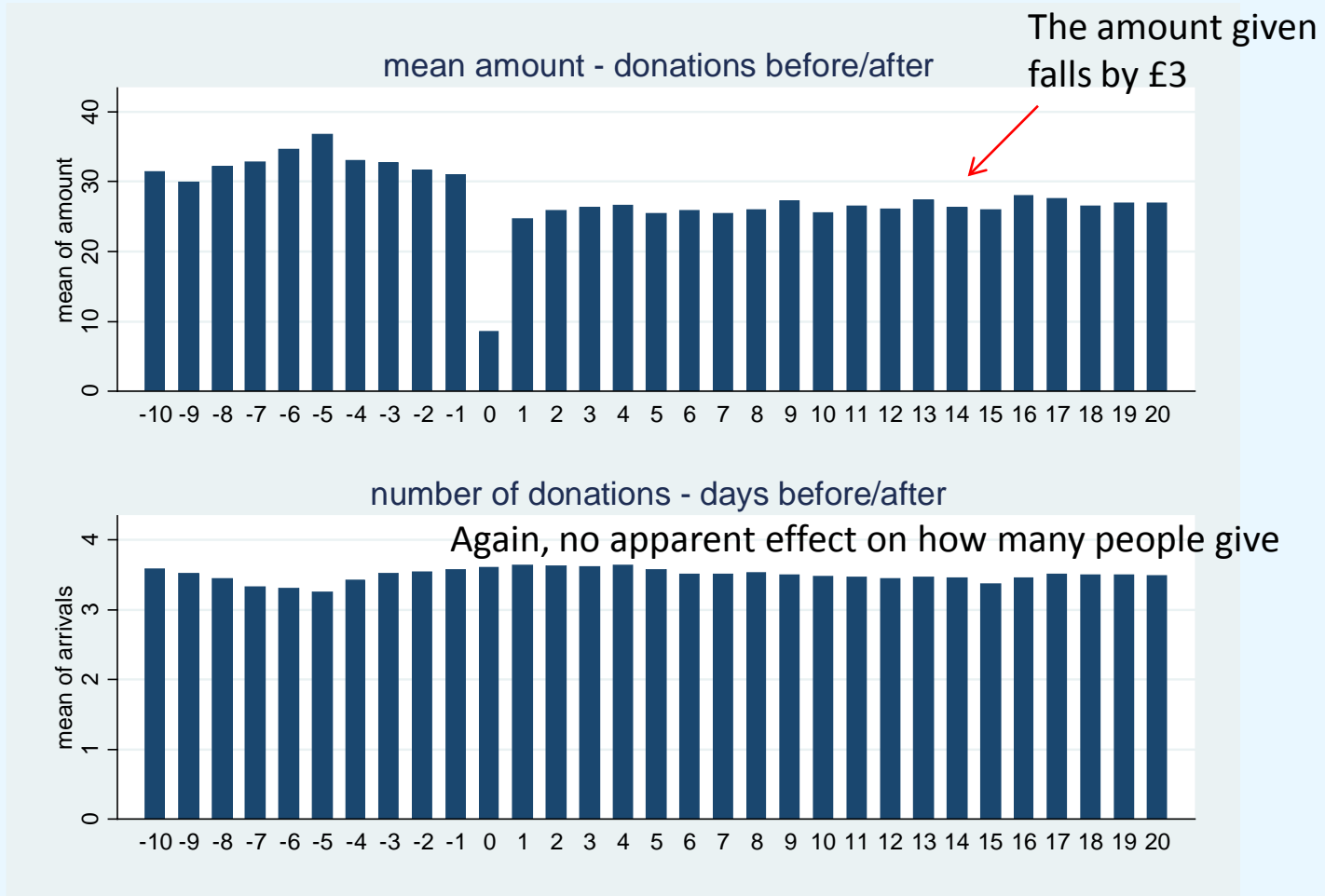


The size of the large donation matters:



NB: Graphs exclude the large donation itself and focus on the five donations before/after

Arriving after a “small” donation has a negative effect on the amount that people give



Large and small donations as a natural experiment

- Do large donations on one page crowd out donations to other pages?
- In our JG sample there are 1,626 donors who make at least three donations to different pages
- Do they give more/less if they follow a large donation on one page?
- Own page effect = 7.250, SE = 4.138
- Do they give more/less when they subsequently go to another page?
- Spillover effect = 2.588, SE = 1.804

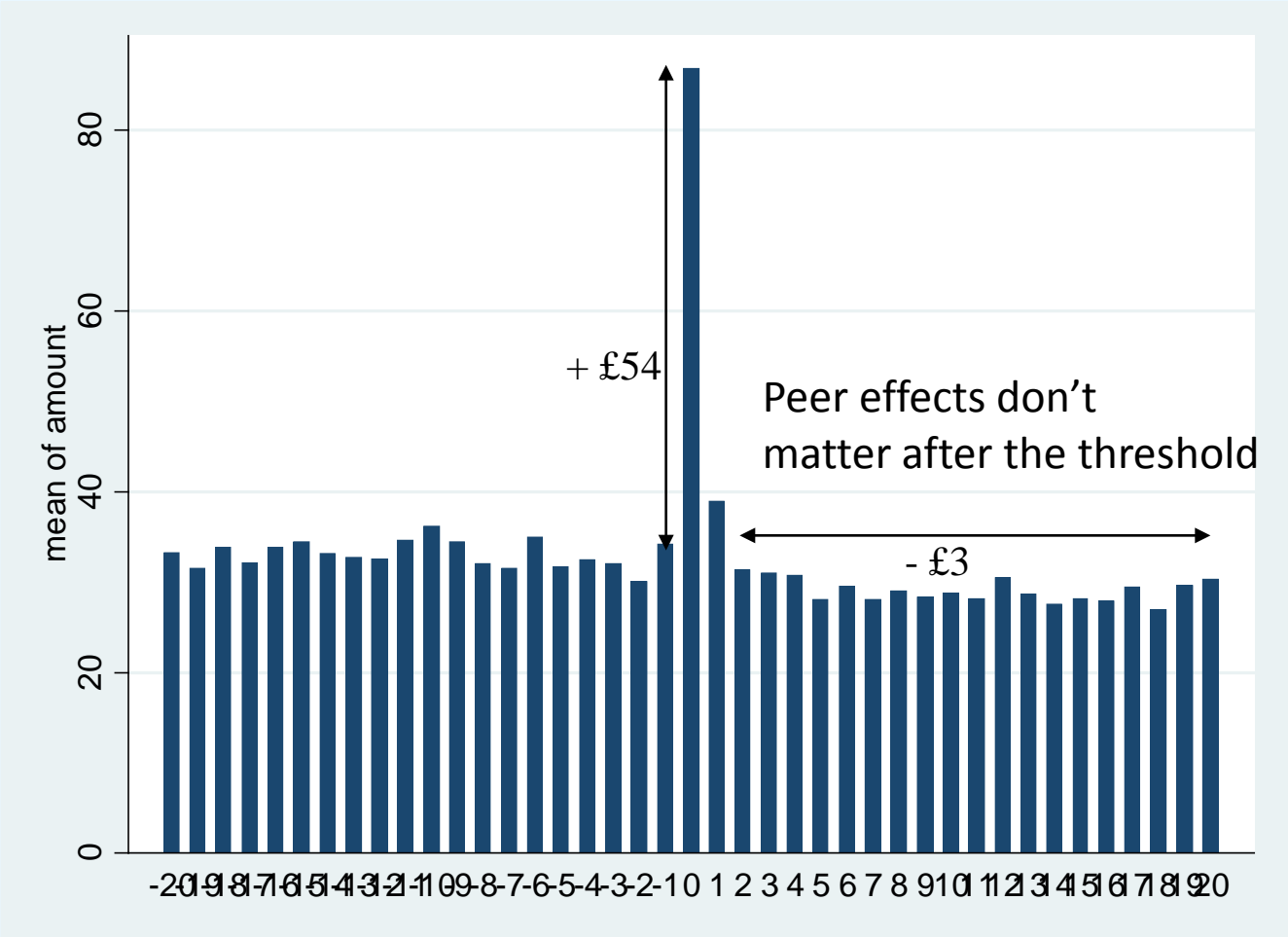
Regression analysis

- Regression analysis confirms the positive influence of past donations: a £10 increase in the mean of past donations raises the amount given by £3.50
- Regression analysis shows that this effect is not smaller for
 - Pages without targets, compared to those with targets
 - Bigger charities, compared to smaller charities
 - Older charities, compared to younger charities
 - Domestic charities, compared to overseas charities
 - Older donors (40+), compared to younger
- It is bigger for male donors than for female

Behaviour around the target

- 80% of pages have a target amount (median = £1,500)
- Half of these achieve the target amount
- How do donations behave around the target amount?
- Again, relying on random variation in exact timing of when donors arrive at the page
- Caveat – fundraisers can change their target; we don't know how extensive this is in practice

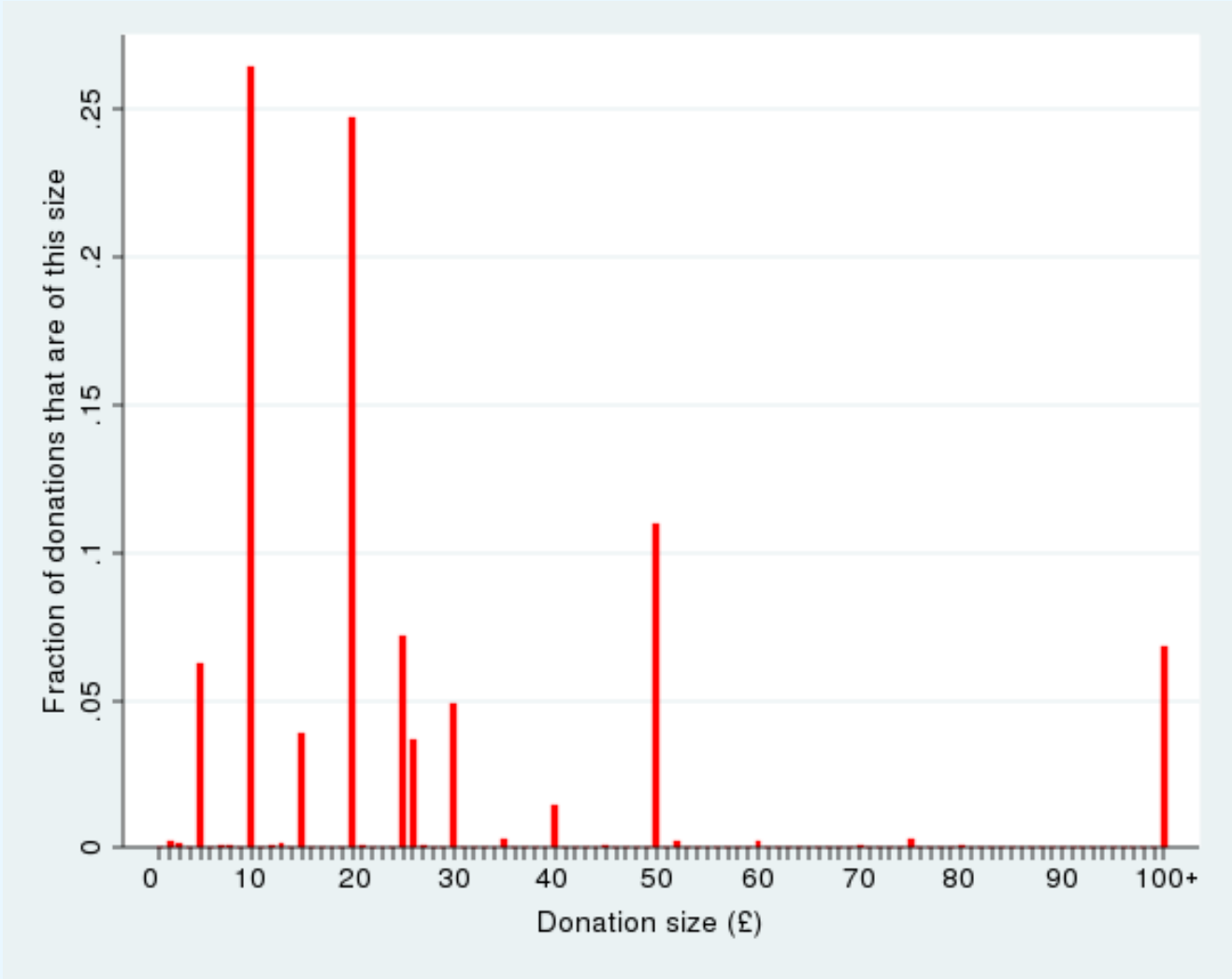
Profile of donations around the target



0 = first donation to take total over target

Conclusions and points for discussion

- This paper provides robust evidence of sizeable peer effects in giving
 - Large, early donations can increase total fundraising
 - £100 donation will repay itself in ten donations' time
- But, peer effects can be negative as well as positive
- The paper also sheds some light on why other donations matter
- Not (just) threshold effects; not a quality-signalling story
- Specific context of online fundraising among friends, family etc
- What type of peers have effects?
- What about other sources of information on how much other people have given?



Effect of large/ small donation – fixed effects regression results: Amount given (£)

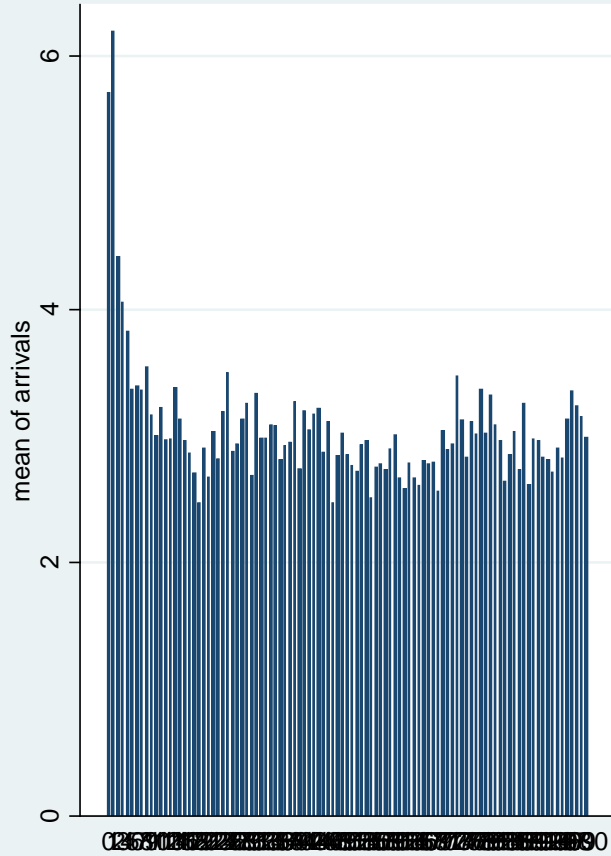
First large donation				
	Three before/ Three after	Five before/ Five after	Five before/ Ten after	Five before/ Twenty after
After	12.622** (1.034)	11.171** (0.746)	10.517** (0.562)	9.797** (0.391)
<i>N</i>	17,213	16,720	8,024	2,938
Different sized large donations (five before/after)				
	Twice mean	Three times mean	Five times mean	Ten times mean
After	9.394** (1.133)	10.304** (1.166)	15.184** (1.957)	15.203** (3.329)
<i>N</i>	17213	16720	8024	2938
First small donation				
	Three before/ Three after	Five before/ Five after	Five before/ Ten after	Five before/ Twenty after
After	-5.567** (0.764)	-5.591** (0.565)	-3.589** (0.488)	-2.987** (0.451)
<i>N</i>	35,051	59,187	109,118	298,872

Notes to table: Regressions include additional controls for place within page (linear trend), indicators for days since page was set up (capped at 100) and indicator variables for two days and one day before the marathon, the day of the marathon and (any) days after the marathon

	Fixed effects	Difference GMM	Difference GMM
Target donation	54.255** (3.881)	47.471** (0.059)	50.323** (1.476)
Reached target	-2.892** (0.544)	-2.838 (1.489)	7.365** (1.772)
Past_mean (£)		0.338** (0.059)	0.327** (0.039)
Past_mean * Reachedtarget			-0.303** (0.046)
<i>Number of obs = NI</i>	139,732	127,522	127,522
<i>Number of pages = I</i>	4,221	3,839	3,839

Crowd in effect appears to go away once the target has been reached

Number of donations



Amount donated

