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Behavioural Economics: small changes can yield big results for workplace giving

Charities are constantly searching for innovative, low cost ways to maximise their fundraising revenues. Insights from behavioural economics may offer some solutions. Small, seemingly trivial changes such as including a picture of a colleague on marketing material, asking donors to opt-out rather than opt-in to annual donation increases and giving sweets to potential donors have all proved to be successful methods to encourage workplace giving and to increase donor sign up.

These findings, featured in the latest edition of *Research in Public Policy Research*, are from five randomised control trials devised to test the efficacy of different interventions based on behavioural economics science. The trials were conducted in partnership with the Cabinet Office Behavioural Insights Team (BIT), the Centre for Market and Public Organisation (CMPO) and the Charities Aid Foundation. They were led by Michael Sanders, an ESRC funded PhD student the University of Bristol and former BIT Research Fellow. The trials demonstrate how behavioural economics can be successfully applied to encourage giving:

- **People take the easy option:** When new donors at Home Retail Group were enrolled in automatic escalation – to automatically increase their giving annually by a small amount - and were asked to actively opt-out by ticking a box (rather than ticking to opt-in to an increase) the proportion enrolling in annual three per cent increases rose from six to 48 percentage points.
- **People are less loss averse with future income:** A similar trial working with Zurich Community Trust, in which people were offered the opportunity to sign up to annual, rather than one-off, increases in their giving found that encouraging people to increase their future donations is a highly effective way of increasing the overall value of support for a charity, by potentially more than £1,000 over the course of the donor's lifetime.
- **People are influenced by their peers:** A scheme to encourage more HMRC employees to sign up for payroll giving found that employees that received a card from a current donor explaining their decision to give *and* which also included a picture of the current donor were more than twice as likely to begin signing up to donate.

- **Donors appreciate a personal approach:** A personalised email from the CEO of Deutsche Bank asking employees to donate a day's pay to charity achieved a 6.9 percentage point increase in donations compared to the group that received an email addressed to "Dear Colleague". This positive response to a personal approach is observed throughout the organisation from analysts at the bottom to managing directors at the top.
- **Small gifts encourage reciprocity:** Deutsche Bank also experimented with different techniques at different locations to encourage employees to sign up to the donation campaign: some offices featured posters only, others had volunteers handing out fliers and some volunteers handing out fliers with a gift of a small packet of sweets. Surprisingly, the face-to-face interaction with volunteers had no effect at all on giving, but the gift of a small packet of sweets increased the proportion donating by a further 6.3 percentage points. However, unlike the email personalisation the effect of the sweets was less effective at more senior management levels.
- **Timing matters:** Working with the Co-Operative Legal Services and Remember a Charity, all will-writing customers were asked whether or not they would like to leave a legacy gift to charity. Interestingly, priming people by asking at the start of the process – during the first phone call - if they wished to leave a gift to charity had no effect on giving. However, asking them during the will-writing process if they wished to donate doubled the proportion of individuals making a donation (up from five percent to 10 percent).
- **The way you ask is important:** During the same trial asking people a more emotive question, such as "*are there any causes you are passionate about?*", tripled the percent of customers leaving a legacy gift to 15 per cent while at the same time increasing average donation size from £4000 to £6000. Surprisingly, these effects do not seem to significantly decline with an estate's value – meaning that the effect of an emotive prompt on the likelihood of donating for a millionaire appears to be the same as for everyone else

Commenting on the report Michael Sanders said: "The results from these trials show how small – and very cheap - changes can help charities and givers to support good causes. We know that giving both time and money has large benefits for the wellbeing of the giver as well as the receiver. Encouraging giving in the work place has indirect benefits to the employee and to the business overall. "

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A copy of the full report can be downloaded from:

www.bristol.ac.uk/cmipo/publications/bulletin/autumn2013

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