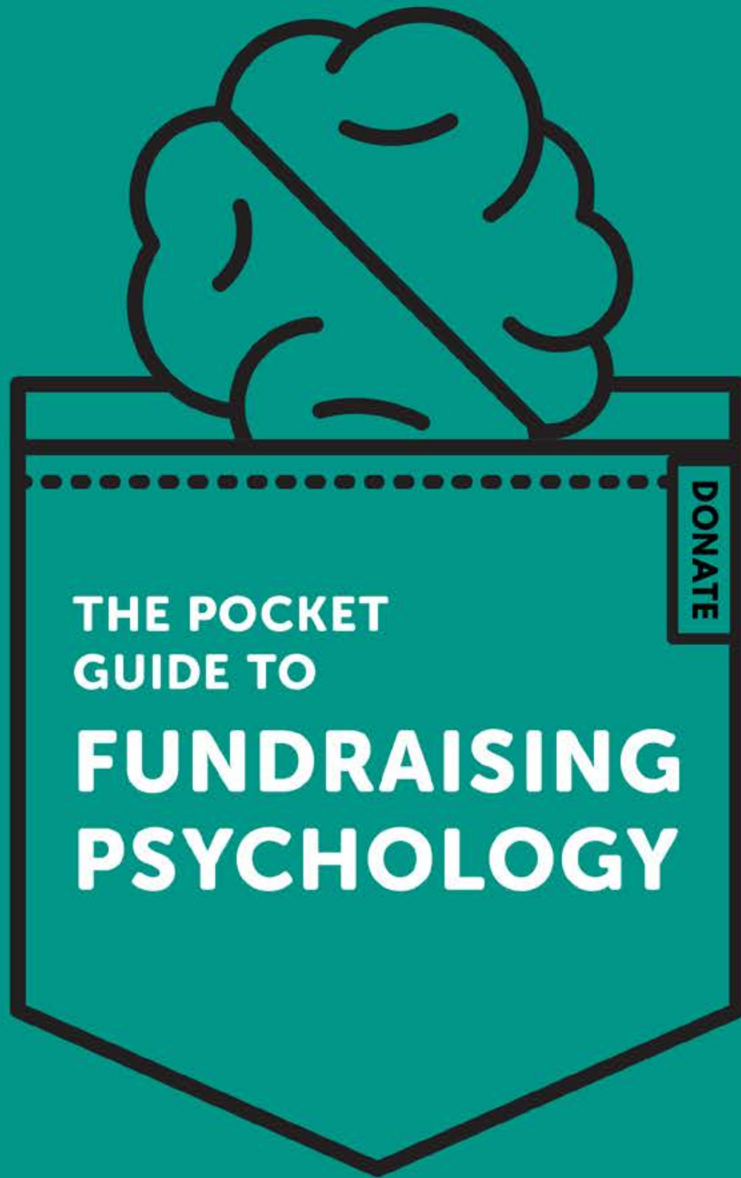


THE POCKET GUIDE TO FUNDRAISING PSYCHOLOGY

Table of Contents

Introduction

Nonprofit organizations are becoming more data-driven than ever, managing their fundraising with donor metrics and strategic marketing. But when it comes to the giving, we inevitably run into questions that can’t be answered by our client relationship management system (CRM).

- **Why does highlighting a single individual's plight often provoke a greater response than the suffering of a large group?**
- **Why are people more compelled to donate to a cause when it’s nearly met its goal?**
- **Why don't people always donate to the programs that will do the most good?**
- **How do we understand the human aspect of humanitarianism?**

Fortunately for the nonprofit community, altruism and charity are intriguing subjects to psychologists. They want to know what thought processes lead people to give away their limited resources. In the last few decades, a great deal of research has worked to uncover what conditions encourage and discourage giving. This knowledge can be a valuable asset to organizations looking to maximize their fundraising results.

1 | Creating a Giving Mindset

No one can donate to every nonprofit organization every time they're asked, except for maybe Bill Gates.

So what makes a person willing to donate one day but not the next?

It could be any number of things really. Maybe they're running late and don't have time. Maybe they received a parking ticket and now they're worried about the fine they have to pay. Maybe they had an argument with their partner and they're just in a bad mood. There are hundreds of factors that contribute to a potential donor's state of mind.

While you can't control most of these factors, researchers have found that the way you ask has an impact on whether a donor will say "yes" or "no."

The Time-Ask Effect

Studies indicate that people behave differently when they are thinking about money as opposed to time.[1] To explore these behavioral differences, psychologists have used **priming** to induce a money-focused or time-focused mindset in study participants.

PRIMING:
When psychologists apply a certain stimulus to a subject, it plants the idea in their mind and the subject often returns to it in future activities. For example, if your coworker tells you about an amazing new pizza place, when lunchtime comes, you may find you're really craving pizza.

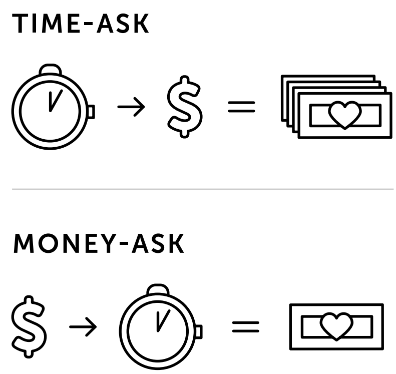
[1] Journal of Consumer Research, "The Happiness of Giving: The Time-Ask Effect." http://faculty-gsb.stanford.edu/aaker/pages/documents/Happinessofgiving.pdf

In one study, participants were asked the following questions but in differing orders:

"How interested are you in volunteering for HopeLab?"

"How interested are you in making a donation to HopeLab?" [2]

Subjects were then given the opportunity to donate some or all of the $10 compensation they received for participating. Those who were first asked about volunteering their time (Time-Ask) donated more of their money to HopeLab. The group that was first asked about making a donation (Money-Ask) actually donated less than the control group that was not primed with either question.



It turns out that when people are primed to think about money, they are more focused on achieving their own ends with the resources they have. They think more analytically and give more conservatively. But the way people think about time is fundamentally different from the way they think about money. Because people measure time in the experiences they have and those experiences induce emotions, the Time-Ask puts people in a more emotional mindset and they tend to give more generously.

Takeaway: Even if you're just starting a conversation with a potential supporter, be conscious of your word choice. Ask if you can have a few minutes of their time to explain what you do. Additionally, developing a robust volunteer program can be an important element of donor cultivation. Asking supporters for their time first may lead to larger gifts down the line.

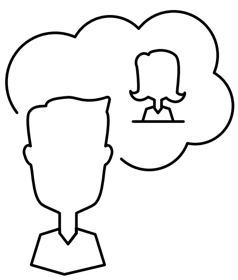
[2] Ibid.

Whose Feelings to Focus On

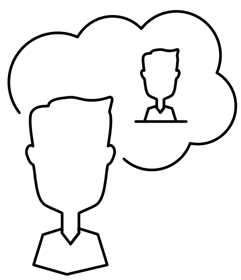
Since an emotional mindset proves to be more generous than an analytical mindset, it makes sense that fundraisers should use the emotions involved in their cause to connect with their audience. One way to have an emotional impact is to ask the potential donor to take the perspective of the person in need of aid.[3]

This perspective-taking can happen in two ways:

1. Imagining the feelings *of the victim*



2. Imagining one's own feelings *if you were in the victim's place*



Both of these methods create sympathy, but they differ in the subject of the donor's focus. When the donor considers the victim's feelings, they are focused on the welfare of the other person and are motivated to lessen their suffering. But when a donor is asked to imagine themselves in the victim's position, it creates personal distress, which motivates the donor to alleviate their own discomfort. In the latter case, the donor is thinking about their own interests and may be less willing to give away their resources.

[3] Small, Deborah A. (2011). "Sympathy Biases and Sympathy Appeals: Reducing Social Distance to Boost Charitable Donations. In Daniel M. Oppenheimer and Christopher Y. Olivola (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 149-160). New York, NY: Psychology Press.

Consider the difference between these two messages from a food bank…

Imagine how *it would feel* to send your kids to bed hungry…

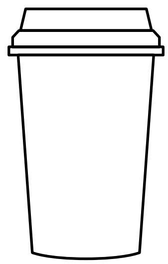
Imagine how *Joanne feels* sending her kids to bed hungry…

The first message encourages the audience to think of themselves and their children. Supporters are then subtly focused on alleviating their own personal distress. The second leads the audience to sympathize with Joanne's position. Because they are not personally threatened, they can focus on their ability to help Joanne.

Takeaway: It's a subtle difference, but when asking a donor to consider the plight of your constituents, it is better to ask them to imagine the victim's feelings than to imagine themselves in the victim's situation. Keep this in mind the next time you are writing an e-mail or direct mail appeal that tries to draw the reader into a scene you are describing.

2 | Portraying Your Mission

What is the difference between this... ...and this?



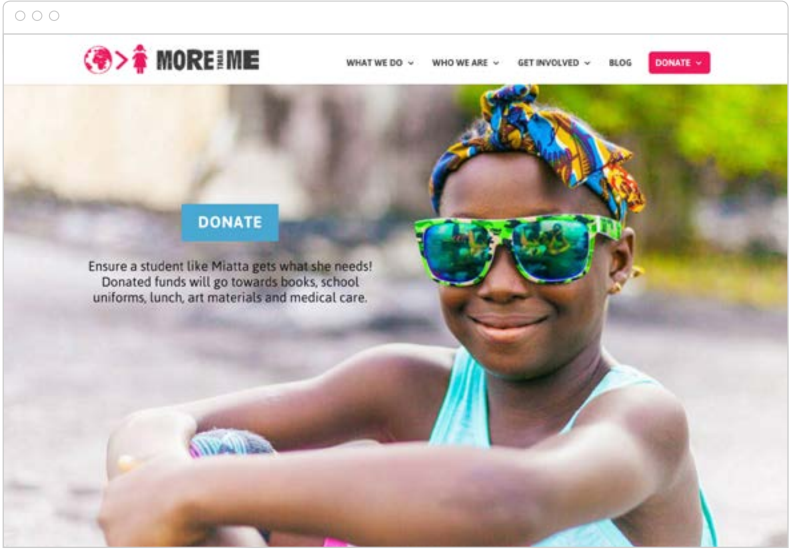
They are both just cups of coffee. So why does one of them look so much more appealing?

Presentation.

A huge part of attracting donors is presenting your cause in a compelling light. But what compels people to take action isn't always intuitive. A number of studies have asked what makes a person most likely to help someone in need. Their findings can help you determine what information to include in your appeals in order to put your best foot forward and induce giving.

The Identifiable Victim Effect

This is the home page for More Than Me, an organization using education to propel social change for the most vulnerable girls in Liberia. Their More Than Me Academy provides a comprehensive education for over 170 girls[4] and they are also working with the Liberian government to improve the nation's education system. Their programs positively impact many young women, along with their families and communities. So why show just one person on this webpage?



Because people are more likely to donate when you feature an individual.

Evidence shows that people are more generous to individuals than to groups.[5] The reason behind this is that single victims tend to evoke a stronger emotional response than encountering a group of victims. Researchers suspect that being emotionally effected by an appeal is an important factor in the decision to donate.[6] Focusing on the plight of an individual appears to have a greater emotional impact, and emotional impact is a key part of motivating donors.

4 More Than Me, " Financials." https://morethanme.org/financials/

5 Kogut, T. & Ritov, I. (2011). The Identifiable Victim Effect: Causes and Boundary Conditions. In Daniel M. Oppenheimer and Christopher Y. Olivola (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 133-145). New York, NY: Psychology Press.

6 Ibid.

The reason it's called the identifiable victim effect is that the victim is more compelling when his or her identity is revealed. Oftentimes, to increase the power of highlighting an individual constituent, an organization will actually introduce you to the person you are seeing. They will tell you his or her name and provide details about their life. This can be as simple as providing a picture, a name, and a brief story (with the subject's consent).

Takeaway: No matter how many people your organization helps, don't forget to find ways to feature individual stories. Use your website or appeals to highlight individual narratives to help donors connect with your cause on an emotional level.

Similarity

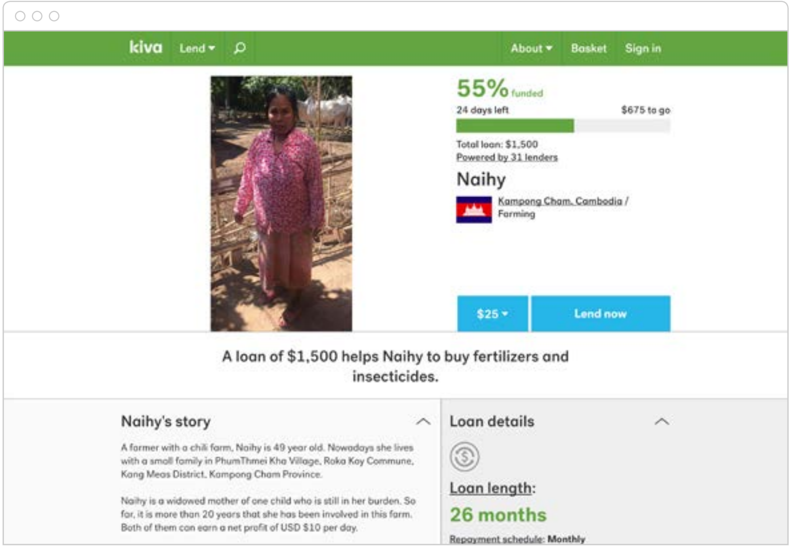
Another factor that increases someone's willingness to help is similarity. The Minimal Group Paradigm is a method used in social psychology that demonstrates just how little differentiation it takes for people to show favoritism to their own in-group.[7] Even when people have been split into groups randomly, they still feel connection and loyalty to their **in-group**. While this tendency toward group identification can lead to negative social outcomes such as discrimination and exclusion, it can also be used to motivate people to help others. So how do you make donors feel like your constituents are part of their in-group?

IN-GROUP:
People are more generous and helpful when they perceive the individual as a part of their group, be it ethnic, gender, etc.

There are all sorts of groups that people identify with. People can feel connected by nationality, gender, religion, or even their age.

[7] Simply Psychology, "Social Identity Theory." http://www.simplypsychology.org/social-identity-theory.html

For example, when someone makes a microloan through Kiva.org, they can see the name and picture of the person they are helping, and the webpage tells them about that person's life and what they hope to achieve with a loan. This woman, for example, is a farmer with a child. A mother or farmer who finds her story may identify with her and feel motivated to help her. Because people are more generous to others they consider to be in their in-group, details like these can help donors forge a connection to people in need.



Takeaway: Donors will identify and sympathize more with constituents they perceive to be similar to themselves. Provide a few details that show common ground to increase someone's motivation to help. If you have already developed donor personas, it may be worthwhile to create specific appeals for each persona featuring a constituent that the group can easily relate to.

Advocating with a Personal Connection

Which of these appeals would more likely result in a "yes" response?

APPEAL A

You hear a knock at your door and open it to find a young woman with a clipboard. She says, *"Good afternoon, I'm volunteering with The Multiple Sclerosis Foundation. I'd like to tell you about the work we are doing to find a cure. Do you have a few minutes to talk?"*

APPEAL B

You hear a knock at your door and open it to find a young woman with a clipboard. She says, *"Good afternoon, I'm volunteering with The Multiple Sclerosis Foundation. My mom was diagnosed with MS five years ago. I'd like to tell you about the work we are doing to find a cure. Do you have a few minutes to talk?"*

If you're like most people, you're more swayed by Appeal B. But why?

The only difference between the two appeals is that B explains the advocate's personal connection to the cause, while A does not. This can be the difference between someone continuing the conversation (or even donating) and someone saying, "I'm not interested," and closing the door.

To put it simply, explaining the advocate's connection makes the appeal more personal. Psychologists have theorized that people find it much harder to say "no" to an advocate with a personal story because they don't want to come across as disrespectful or uncaring to this person's experience.[8]

[8] Ratner, Rebecca K., Zhao, Min, & Clarke, Jennifer A. (2011) The Norm of Self-Interest: Implications for Charitable Giving. In Daniel M. Oppenheimer and Christopher Y. Olivola (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 113-131). New York, NY: Psychology Press.

Interestingly, an advocate's personal connection doesn't necessarily make the appeal more convincing. In a study comparing two appeals, one with a personal connection and one without, participants' attitudes from each group were not significantly different, but their behavior was. People were not more convinced of the cause's merit but they were more motivated to take action to help when the advocate demonstrated a personal connection. Even if that action was simply listening to the advocate talk about the problem.[9]

Research also shows that saying "yes" to a small commitment makes someone more likely to agree when they are asked for a related commitment later.[10] Psychologists call it **consistency**. So if someone takes the small step to listen to the advocate or sign a petition, they are more likely to make a donation when they are asked later.

CONSISTENCY:

People desire to act in ways that are consistent with their previous behaviors. For example, a person who agreed to sign a petition to support an environmental policy may, when asked, feel compelled to donate to the cause.

Takeaway: Many people volunteer or align themselves with a cause because they have a personal connection to it. When advocates make that connection known, others are more motivated to take action for the cause. Have your fundraisers and advocates explain their own connection to the cause to increase the number of people willing to engage and donate. Peer-to-peer fundraising pages, for example, are a great way to allow fundraisers to tell their story and show donors why this cause matters to them.

9 Ibid.

10 Conversion XL, "How to Use Cialdini's 6 Principles of Persuasion to Boost Conversions." http://conversionxl.com/how-to-use-cialdinis-6-principles-of-persuasion-to-boost-conversions/

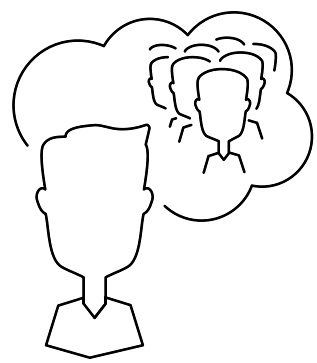
3 | The Numbers Game

Up to this point, we've discussed a lot of ways that emotions and sympathy encourage people to donate, but eventually the donor has to choose an amount to give. Sooner or later, numbers come into play. In this chapter, we will cover when and how to use statistics and numbers in your fundraising campaigns.

Psychic Numbing

Psychic Numbing is just as sad as it sounds. When people are asked to think of people suffering in large numbers they actually become less reactive to the situation.[11]

In a way, psychic numbing is the opposite of the identifiable victim effect. Most people can connect with a single person, remember his name, and sympathize with his plight. But people can't feel the same empathy for a crowd of 10,000 people. They can't know all 10,000 names, all 10,000 stories, and so the donor does not feel the same emotional motivation to help that they might feel for a single person.



This is why appealing to donors by focusing on large numbers is not as effective. Much like when primed to think about money, objective measurements of a cause's scope can create an analytical mindset, which generally leads to smaller donations.

[11] Huber, M., Van Boven, L., & McGraw, A.P. (2011). Donate Different: External and Internal Influences on Emotion-Based Donation Decisions. In Olivola C., & Oppenheimer D. (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 179-197). New York, NY: Psychology Press.

Takeaway: The decision to donate is linked to a person's emotional reaction. An emphasis on statistics and large groups can wind up fostering a less emotional, more analytical mindset among prospective donors. While it is important to educate the public on the scope of your cause, it may be a good idea to leave large-scale numbers and statistical analysis out of your fundraising appeals. Statistics that show the scale of the issue could be a good addition to communications focused on education, but they aren't as ideal for fundraising appeals.

Suggested Giving Levels

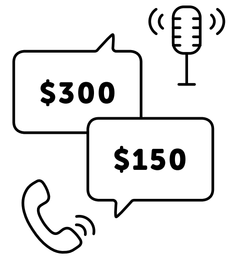
All donations are not equal. Of course, it's always a win when someone chooses to donate to your organization, but once someone has decided to donate, how does your appeal affect the size of the gift? This is a difficult question for development officers because they don't want to alienate a donor with a large suggested gift and they don't want to leave money on the table by asking for too little.

Psychologists already know that people rely on cues from others to make decisions, and recent studies have revealed that social information can lead to higher donations. A 2009 study used a radio station phone drive to find out how mentioning a previous donation affected a caller's gift size.[12]

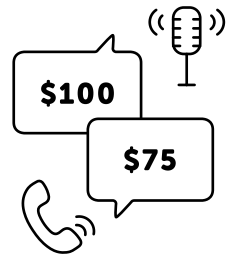
[12] Experimental Economics, "The impact of downward social information on contribution decisions." http://link.springer.com/article/10.1007%2Fs10683-007-9191-z#/page-1

The control group was not given any information about previous donations while the experimental group was told how much another donor had given. They found that citing another donation at or above the median donation size resulted in larger donations. Donation size was biggest when the caller was primed by being told that another caller had given $300 (95th percentile gift size). The researchers correctly theorized that mentioning a donation in the 90th to 95th percentile would be the most effective fundraising strategy.

ABOVE MEDIAN:



BELOW MEDIAN:



In a study of people who donated to an organization in the past, researchers found that quoting a donor with a gift smaller than their previous donation caused people to give significantly less.[13] These phone call-based studies suggest that it is better to ask for more than your average donation size, rather than less.

Takeaway: Evidence favors larger suggested giving levels. While you certainly want to welcome donations of any size, suggesting a gift in the 90th-95th percentile can lead to larger donations. When choosing online suggested giving levels, give an option near your average donation size but be sure to present more generous suggestions as well.

[13] Croson, R. & Shang, J. (2011). Social Influences in Giving Field Experiments in Public Radio. In Olivola C., & Oppenheimer D. (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 65-80). New York, NY: Psychology Press.

Measuring Success

If you've ever participated in a fundraiser or made a donation through Classy, then you may have noticed that our fundraising pages feature a progress bar, also known as a fundraising thermometer.

This is a great way to show your fundraising campaign's progress, but it also helps you motivate people to give, if you know how to use it effectively. The good news is that the closer you get to your goal, the more willing people will be to give.[14] This is because people feel a greater sense of accomplishment when they contribute at the end of a winning effort than when they contribute early on. After all, people give more credit to the game-winning goal than the first goal. This tendency means that your campaign will likely gain momentum as you approach your goal.

The bad news is you have to work really hard to gain that momentum. At the beginning of a campaign, reach out to the supporters you know will donate and be strong advocates of your cause. Build a base of donations from devoted advocates to start filling up your fundraising thermometer, which will then motivate more hesitant donors to give.

Takeaway: You, as the fundraiser, know the value of measuring your campaign's success, but this can also be a valuable tool for motivating donors. People seek a sense of accomplishment and the closer you are to your goal, the more people will want to jump on board with you.

[14] Cryder, C. & Loewenstein, G. (2011). The Critical Link Between Tangibility and Generosity. In Olivola C., & Oppenheimer D. (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 237-251). New York, NY: Psychology Press.

4 | Feeling Good vs. Doing the Most Good

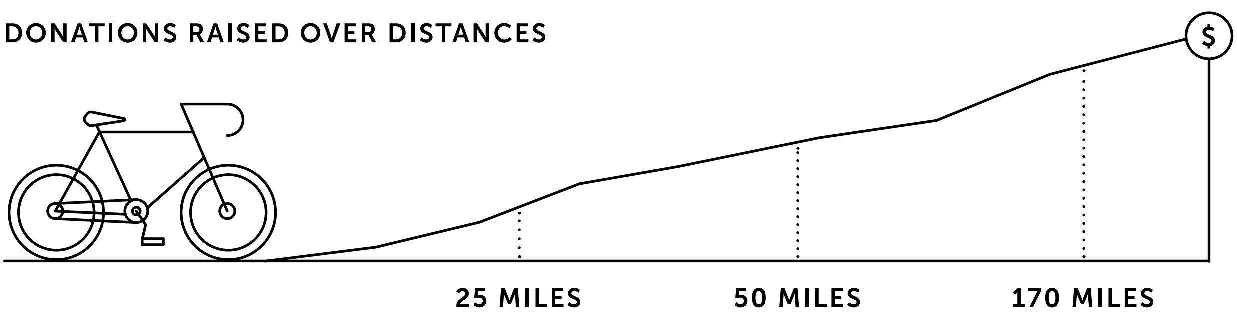
You probably don't need a psychologist to tell you people sometimes act irrationally. But researchers have studied why people don't give to charity in the most effective or efficient way. Either through emotional bias or logical fallacy, donors often make decisions that do not maximize the good done with their funds.

The Martyrdom Effect

Remember the phrase "Give till it hurts"?

To some scientists, it seems illogical that so many people choose to engage in fundraising events that require physical exertion. Psychologists have theorized that people derive more satisfaction from hard work than effortless tasks. This helps to explain the popularity of effortful and even “painful” fundraising events, such as athletic competitions. Studies have shown that among charity endurance events, participants who commit to longer distances tend to raise more money.[15] Essentially, people give more to a fundraising event when a it requires exertion and effort. Researchers even found that when comparing fundraising results from cycling events of different distances (25, 50, or 170 miles), participants consistently raised more money when they committed to the longer events.

DONATIONS RAISED OVER DISTANCES



[15] Olivola, Christopher Y. (2011). When Noble Means Hinder Noble Ends: The Benefits and Costs of a Preference for Martyrdom in Altruism. In Daniel M. Oppenheimer and Christopher Y. Olivola (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 49-62). New York, NY: Psychology Press.

While endurance fundraising events can result in welcome publicity and engagement, they are not always the most cost-effective route. With equipment, venues, insurance, training, and promotion, these events can be extremely expensive to both the organization and the participants. Wouldn't it do more good to take all that time and effort and money and simply apply it to the cause? Unfortunately, because the increased donations are dependent on the effortful nature of the event, it is unlikely that a simple fundraising campaign would motivate people to the same extent.

Athletic events aren't the only way to take advantage of the martyrdom effect. This supporter of Many Hopes challenged himself to give up drinking and donate the money he saved to the nonprofit. He then challenges others to give up another habit or luxury and donate. Making some kind of effort or sacrifice taps into the Martyrdom Effect.

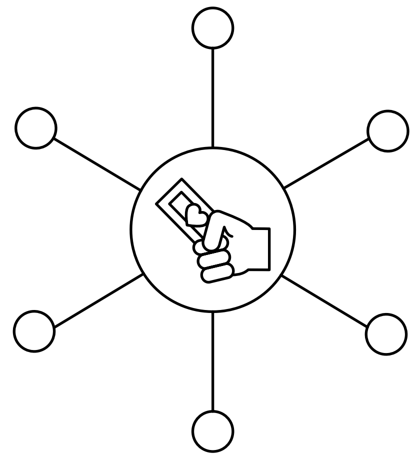
Takeaway: Fundraising events that require effort, endurance, and even pain tend to raise more money, but the costs of the event can mitigate the boost to donations. This makes planning and budgeting vital for nonprofits planning a charity athletic event. Even when you plan an online fundraiser, you should consider how you might be able to make the experience challenging and fun for your participants. You can even ask peer-to-peer fundraisers to come up with their own challenges. For example, someone might appeal to their friends and family by pledging to do a push-up for every dollar donated. When prospective donors see that the fundraiser is "doing something" in exchange for asking for donations, they will be more likely to give.

Diversifying or Diluting

Diversifying your investments is solid advice when it comes to savings and planning your retirement, but it's not necessarily the best donation strategy. It seems, though, that donors like to diversify their giving too. Because they've learned not to put all their eggs in one basket in other decisions, people tend to want to spread their altruistic resources among several charities.[16] Unfortunately, this **cognitive bias** can ultimately lead to a less efficient allocation of funds.

> **COGNITIVE BIAS:**
> A thought process that can hinder judgment. It often occurs when a person uses a decision-making principle to a situation in which it does not apply.

Let's say a donor has $100 they plan to give to charity and that they're presented with Charity A, which can feed a person for one dollar, and Charity B, which feeds one person for every two dollars. The desire to diversify would lead the donor to give a portion of that $100 to both charities. But giving all $100 to Charity A would actually feed the most people.



People tend to want to spread their altruistic resources among several charities.

[16] Baron, J. & Szymanska, E. (2011). Heuristics and Biases in Charity. In Olivola C., & Oppenheimer D. (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 215-235). New York, NY: Psychology Press.

One way to mitigate the inefficiency of diversified giving would be to present donors with only the most efficient charity, but unless you are the only nonprofit in town, this is not a practical strategy. You can, however, take advantage of the **immediacy bias**.

IMMEDIACY BIAS:

People tend to perceive more recent emotions as stronger than previous.

When study participants were presented with two films portraying two different crises (with the two presented in opposite order to different subjects), they were asked afterwards which situation seemed more deserving of aid.

Participants found the second crisis to be more deserving and tended to allocate more of a hypothetical donation to it. Because they had heard about the second crisis more recently, the emotions it provoked were more readily available.[17] So, if your organization is being presented alongside others, it may be beneficial to be the last organizations described before people are asked to give. You will be fresh in their minds and they will have easy access to the emotions your cause evokes.

Because the immediacy bias means emotions (in response to a nonprofit's impact story, for example) will dissipate in strength over time, it's important to give an immediate opportunity to help after you present an emotional story to your community. This can be as simple as including a CTA at the end of a blog post or video.

Takeaway: To maximize the amount a donor is willing to give to your organization, it may help to make an ask immediately after you have come to their mind (whether though a video, event, or otherwise).

[17] Huber, M., Van Boven, L., & McGraw, A.P. (2011). Donate Different: External and Internal Influences on Emotion-Based Donation Decisions. In Olivola C., & Oppenheimer D. (Eds.), The Science of Giving: Experimental Approaches to the Study of Charity (pp. 179-197). New York, NY: Psychology Press.

How Do Donors Evaluate a Cause?

There are more than one million nonprofit organizations in the United States alone. And with the proliferation of online giving, donors can give to nearly any of them. Many people support causes which they have a personal connection with, but even then, they often have a large pool of nonprofits to choose from. So how do donors decide? The answer is both simple and problematic: they decide any way they can.

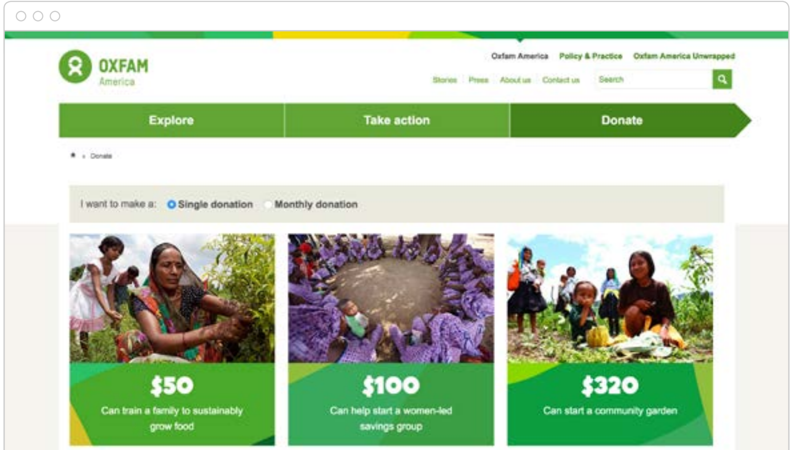
People make decisions based on the information they have and understand. This works just fine when people are making decisions regarding topics they are familiar with and informed about. But mistakes can easily be made when people don't have the information that would help them determine the best option.

The problem is that most donors aren't experts on how nonprofits operate and create change. And many organizations' impact cannot be easily quantified and measured. So donors have to make their decisions based on the information available to them.

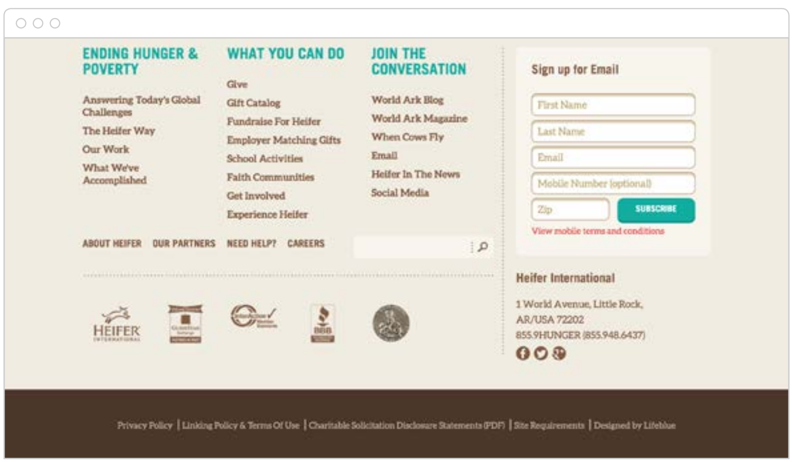
One statistic that nearly every charity research article emphasizes is the percentage of an organization's budget that goes to operating and fundraising expenses, often called "overhead." The articles warn against supporting nonprofits who spend more than 25-40% on overhead. Although Guidestar.org, Charitynavigator.org, and the BBB Wise Giving Alliance have recently reversed their longstanding positions and disputed[18] this measurement as a performance indicator, it keeps popping up in advice articles for donors.

But if statistics create an analytical mindset that is not conducive to generosity and overhead does little to convey impact, how do you present your results? Well, one way to help donors evaluate your nonprofit is to explain your impact in terms they can understand.

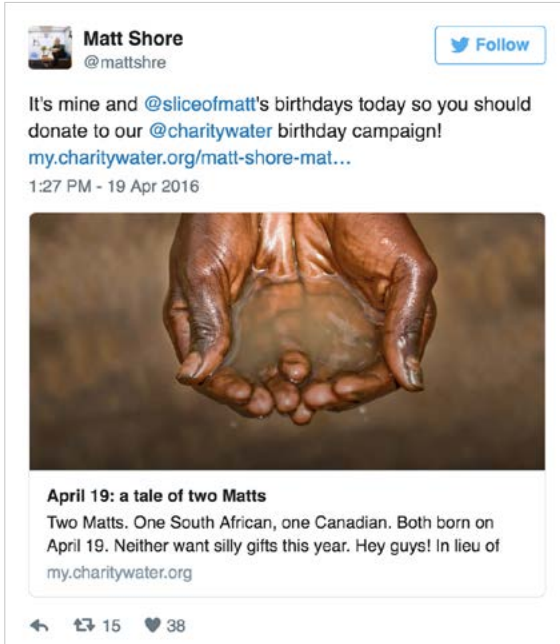
[18] The Overhead Myth, "Letter to the Donors of America." http://overheadmyth.com/letter-to-the-donors-of-america/



The image above is taken from the Oxfam America website. Through a simple donation page, the organization shows the donor exactly what a donation of three different amounts can do. They take an abstract number like $50 and make it real by defining it through its impact. Better yet, they add a related picture to remind donors of the people their gift helps.



Including recognizable trust seals on your website or campaign page is another solid strategy to help increase conversions. Heifer International's website includes the seals of several watchdog organizations to show donors they are a vetted nonprofit.



You can even use social proof to encourage supporters to donate or get involved. For example, some nonprofits feature comments from donors and fundraisers about what giving back meant to them. It's a reminder to the audience that other people have already taken action and that they can too.

What's nice about seals or third party recommendations is that they act as quick displays of credibility. An organization doesn't have to delve deeply into statistics, which, as we've mentioned, can have the counterproductive effect of inhibiting a generous mindset.

Takeaway: It can be difficult to convey to your audience the kind of impact your organization has, especially when statistics tend to bring people into a less emotional mindset. Get creative to show your donors what a donation actually achieves and try making the giving process more tangible. Consider how you might also incorporate social proof via badges, seals, or quotations to quickly impart a sense of trust and credibility to prospective donors.

Conclusion

Philanthropy is an intersection of the mind and the heart. How and why people give is affected by the information available to them, their emotional state, and the way they are asked to help. By studying the psychological principles that impact giving, you can gain insight into how to motivate your audience to donate or advocate for your cause.

As interesting and informative as this psychological research is though, it's important to always temper these broader findings with your own data. The ever-expanding research in the field of charitable giving can help you create new approaches to test out with your audience, but you will want to be methodical about measuring the effects of any changes you make. By taking this dual approach, you can leverage the best that research has to offer while also being sensitive to the fact that your organization and its supporters will always be, to some extent, unique.


Donation Page
Thank you for your gift.