The Science of Philanthropy in Crowdfunding

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Philanthropic Studies

VU University Amsterdam
Number of publications per year on philanthropy in various disciplines (empirical studies on determinants of giving, 1899-2005)
Why do people give?

People give more (often) when
1. There is a clear need
2. They are being asked
3. Costs are lower, and benefits are higher
4. They care about the recipients
5. They receive social benefits
6. They receive psychological benefits
7. The cause matches their values
8. Donations are perceived to be efficient

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**AND HERE**
Giving in the Netherlands 2011

Amounts donated in € million

- Households: 1829
- Corporations: 1378
- Bequests: 498
- Lotteries: 539
- Foundations: 294
- Crowdfunding: 5

What works in crowdfunding?

• Raising funds online for specific projects shares important commonalities with offline fundraising.

• What makes people give online is similar to what makes them give offline.

• Philanthropic crowdfunding also benefits from offline work to create the buzz.
Social influence

• Knowing that others are giving...
  Creates a feeling of belonging.
  Creates a social norm: it is good to give.
  Creates trustworthiness: others trust this.

• Letting others know you are giving...
  Gives you / maintains a reputation.
  Creates an obligation – sparks reciprocity.
Who’s watching?

% donating

base

donated 0  donated 5  donated 10
The power of suggestion
Ten Trends in Philanthropy

Events
Bequests
Less loyalty
Local causes
Mega-donors
Crowding-out
Declining confidence
Corporate volunteering
Transparancy and Impact
DIY Philanthropy with crowdfunding
Giving to ‘Voor de Kunst’ projects

• We analyzed donations to projects advertised on ‘Voor de Kunst’ (Jan-June 13) per day.
• We selected 5 successful and 5 unsuccessful projects.
• Social media activity: (#tweets and #facebook updates)
• Individual donations are aggregated per day.
• Initiators were interviewed to identify the type of relationship with each donor.
• PRELIMINARY RESULTS...
## Cases

<table>
<thead>
<tr>
<th>Failed projects</th>
<th>Success rate</th>
<th>Successful projects</th>
<th>Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Een wereld vol licht</td>
<td>5%</td>
<td>Bongomatinik</td>
<td>100%</td>
</tr>
<tr>
<td>It’s not easy to be a borderliner</td>
<td>15%</td>
<td>Ctr+N</td>
<td>102%</td>
</tr>
<tr>
<td>Arthur en de strijd om Camelot</td>
<td>22%</td>
<td>Wladiwostok</td>
<td>103%</td>
</tr>
<tr>
<td>Het liep voorbij</td>
<td>80%</td>
<td>Corso Zundert</td>
<td>108%</td>
</tr>
<tr>
<td>Sean Bergin</td>
<td>81%</td>
<td>De Tostifabriek</td>
<td>125%</td>
</tr>
</tbody>
</table>
Number of donations per day
Amount donated per day
Amount donated by tie strength

- SELF: 206
- STRONG: 67
- WEAK: 59
- LATENT: 62
Tie strength per day

LATENT
WEAK
STRONG
SELF
Tie strength per day

3 day moving average
Amount donated per day by social media use

- Facebook: 58
- Project updates: 48
- Twitter: 61
Social media activity

[Graph showing social media activity over time with peaks at various points. The graph includes lines for Facebook (FB), updates, and tweets.]
Tweets and donations
Deviations from the average

![Graph showing deviations from the average with labeled axes and markers for 'Tweets', '#donations', and 'amount'.]
Deviations from the average

Tweets

amount
Open questions

- Timing
- Contents
- Reach
- Directed
Contact

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