

Where to find new donors in the charity market

Bachelor thesis EDM Media



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Foreword

This research is conducted as a bachelor thesis for the University of Twente at **EDM**Media in London. In that case, I would like to thank Suzanne Lewis for offering the opportunity to do my research at **EDM**Media in London, and for her assistance and help during my research. Furthermore, I would like to thank dr. Zalewska-Kurek for her time and help during the writing of my report, and dr. Constantinides for his final notes to improve this research. Finally, I would like to thank the University of Twente for offering the opportunity to do my research in London.

This research took place in the United Kingdom within a English company, and this is the reason why this report is written in English. Therefore, there will be a summary in Dutch provided.

Table of contents

| | |
|--|-----------|
| Samenvatting | 6 |
| Summary | 8 |
| 1. Introduction | 10 |
| 1.1 Challenge | 10 |
| 1.2 Research purpose | 10 |
| 1.3 Research question | 10 |
| 1.4 Definition of terms | 11 |
| 1.4.1 Charity market..... | 11 |
| 1.4.2 Charity market..... | 11 |
| 1.4.3 Charity..... | 11 |
| 1.4.4 Types of charity..... | 12 |
| 2. Theoretical framework | 13 |
| 2.1 A model for charitable giving..... | 13 |
| 2.1.1 Input from the charity | 13 |
| 2.1.2 Perceptual reaction..... | 14 |
| 2.1.3 Processing determinants | 14 |
| 2.1.4 Moderating variables | 15 |
| 2.1.5 Output | 15 |
| 2.2 Identification of donors | 15 |
| 2.2.1 Segmentation..... | 15 |
| 2.2.2 Targeting..... | 16 |
| 3. Research methods | 18 |
| 3.1 Research design | 18 |
| 3.2 Research process | 18 |
| 3.3 Data sources | 19 |
| 3.4 Operationalisation | 19 |
| 3.4.1 Input..... | 20 |
| 3.4.2 Donors | 21 |
| 3.4.3 Output | 22 |
| 4. Results..... | 23 |
| 4.1 Input | 23 |
| 4.1.1 Channels..... | 23 |
| 4.1.2 Charities..... | 24 |
| 4.1.3 Regions..... | 25 |
| 4.2 Donors..... | 27 |
| 4.2.1 Age and gender | 28 |
| 4.2.2 Social class and income | 29 |
| 4.2.3 Region..... | 30 |
| 4.3 Output..... | 30 |

| | | |
|--|--|-----------|
| 4.4 | Analysis | 31 |
| 4.4.1 | Region..... | 31 |
| 4.4.2 | Religion | 32 |
| 4.4.3 | Choice for charities | 33 |
| 4.5 | Subconclusions | 33 |
| 4.5.1 | New donors..... | 33 |
| 5. | Possible new donors | 34 |
| 5.1 | Segmentation matrix | 34 |
| 5.1.1 | Definability or measurability..... | 35 |
| 5.1.2 | Accessibility | 35 |
| 5.1.3 | Substantiality..... | 35 |
| 5.1.4 | Congruency..... | 36 |
| 5.1.5 | Stability | 36 |
| 6. | Targeting | 38 |
| 6.1 | Media plan..... | 38 |
| 6.1.1 | Media use within the segment | 38 |
| 6.1.2 | Recommended channels and use for charities | 38 |
| 6.1.3 | Message | 39 |
| 6.2 | Retaining donors | 39 |
| 6.3 | Summary..... | 40 |
| 7. | Conclusions..... | 41 |
| 7.1 | Recommendations | 42 |
| 8. | Reflection | 43 |
| 8.1 | Limitations and scientific relevance | 43 |
| 8.2 | Personal reflection | 43 |
| 8.2.1 | Learning objectives..... | 43 |
| 8.2.2 | Preparation | 44 |
| 8.2.3 | Internship | 44 |
| 8.2.4 | Research and outcomes..... | 44 |
| References | | 46 |
| Appendices | | 50 |
| Appendix II – Operationalisation of segments | | 50 |
| Appendix II – Overall input of charities | | 51 |
| Appendix III – Input of charities, per channel..... | | 52 |
| Appendix IV – Input of charities, per charity | | 55 |
| Appendix V – The UK in regions..... | | 59 |
| Appendix VI – Donors: age and gender..... | | 60 |
| Appendix VII – Donors: social class and income | | 61 |
| Appendix VIII – Output..... | | 62 |

Appendix IX – Charity expenditure and population 63
Appendix X – Population estimates 64

Samenvatting

EDMMedia, gestationeerd in Londen in het Verenigd Koninkrijk, is gefocust op donors voor goede doelen. Het bedrijf gebruikt direct sales, data en targeting om goede doelen te helpen om hun donoren te bereiken. Door middel van deze middelen helpt het bedrijf goede doelen aan hun donaties. Op dit moment staan deze donaties onder druk, door de groeiende concurrentie, daarmee gepaarde compassie moeheid en de slechte economische situatie. Met name de eerste twee factoren spelen een belangrijke rol in het feit dat goede doelen meer moeite moeten doen om hun donoren te bereiken en hen over te halen om te donoren. Het doel van dit onderzoek was daarom een manier te vinden om nieuwe donorsegmenten te vinden en hen te bereiken. Op basis van dit doel is de volgende onderzoeksvraag geformuleerd:

Welk marktsegment kunnen nieuwe donoren worden voor goede doelen, en hoe kunnen zij bereikt worden?

Om deze vraag te kunnen beantwoorden, zijn de factoren in giftgedrag geanalyseerd. Deze factoren zijn gevonden in het model voor geefgedrag, zoals opgezet door Sargeant (1999). Dit model laat zien hoe de input van het goede doel en persoonlijke kenmerken van de mogelijke donor, leiden tot donorgedrag. Het model begint met de input van het goede doel, dat bestaat uit wervingstechnieken en gebruikte kanalen. Dit leidt tot een perceptuele reactie, waar de mogelijke donor zijn mening bepaalt over het doel. De daadwerkelijke beslissing vindt plaats in de procesfactoren. Deze factoren bestaan uit vroegere ervaringen en veroordelende criteria. Deze perceptuele reactie en de procesfactoren worden beïnvloed door zogenaamde tussenliggende variabelen. Deze variabelen bestaan uit sociaaldemografische factoren en persoonlijke waarden. Tenslotte besluit de mogelijke donor om een zogenaamde output te geven, in de vorm van tijd of geld.

Het model is ingevuld door een deskonderzoek uit te voeren. Door data van verschillende statistische bronnen te gebruiken, zoals het Engelse Centraal Bureau voor de Statistiek (Office for National Statistics) en Addynamix, kan geconcludeerd worden dat geslacht, leeftijd, inkomen, regio en religie geefgedrag beïnvloeden. Ook sommige persoonlijke waarden zoals empathie, materialisme en individualisme speelden een rol. De conclusie die op basis van deze data getrokken kon worden, was dat vrouwen tussen 45 en 64 jaar oud het vaakst en het meest geven. Ook inkomen heeft een positief effect; hoe hoger het inkomen, hoe waarschijnlijker het is dat er gedoneerd wordt, en hoe hoger het gedoneerde bedrag. Tenslotte waren regio en religie factoren in geefgedrag. In sommige regio's zijn mensen meer geneigd tot doneren, en ook bleek dat als mensen zichzelf zien als religieus, ze meer en vaker geven.

Er is een verschil tussen de verschillende sociaaldemografische segmenten en de goede doelen die ze steunen. Mensen blijken te geven naar wat dichtbij hen staat. Jonge mensen geven meer aan kinderen- en jeugddoelen, waar oudere mensen meer geven aan het bevorderen van hun gezondheid of de ontwikkeling van medicijnen. Mensen met een lager inkomen geven meer aan welzijnsdoelen, die dichtbij huis zijn. Mensen met een hoger inkomen blijken een breder perspectief te hebben, wat ertoe leidt dat ze meer om omgeving en internationale hulp geven. Religieuze mensen lijken niet meer aan religieuze doelen te geven.

Ook waren er verschillen in de redenen waarom de segmenten geven. Jongere en rijkere mensen doneren meer vanuit empathie, terwijl materialisme belangrijker is voor oudere mensen. Materialistische mensen geloven dat status en het bezitten van goederen belangrijk is. Met name status kan worden bereikt door het doneren van geld. Religieuze mensen doneren vanuit het feit dat dit binnen hun geloof valt.

Nadat de huidige donoren waren afgeleid en wat er speelt bij de andere segmenten, was het belangrijk om te analyseren welk segment een goede mogelijkheid zou bieden voor goede doelen. Hiervoor is de levenswaarde-theorie van Sargeant (2009b) gebruikt. Deze waarde is gebaseerd op de lengte van de relatie en de netto bijdrage. Deze factoren waren echter niet direct meetbaar, waardoor besloten is om twee determinanten te gebruiken. De lengte van de relatie wordt gedeeltelijk bepaald door leeftijd, waarbij de netto bijdrage wordt bepaald door inkomen. Deze twee factoren leiden tot een matrix, waar jonge mensen met een hoger inkomen de hoogste levenswaarde hebben.

Later is dit segment specifieker gedefinieerd als: 'mensen tussen de 25 en 34 jaar oud, met een inkomen in de bovenste 40%. Deze definitie is gebaseerd op de populatieverwachtingen.

De best mogelijke manier om deze mensen te bereiken is het internet, email en mobiele telefoons. Deze groep blijkt deze drie kanalen het meest te gebruiken, in vergelijking met andere segmenten, en is het meest positief over deze kanalen. Om deze groep te behouden, zal relatiemarketing geïntroduceerd moeten worden. Hierdoor kunnen de gevers persoonlijk betrokken en beloond worden bij hun donaties.

Summary

EDMMedia UK is focused on charity donors. The company uses direct sales, data and targeting to make sure that charities are able to reach their donors, and in this way, EDMMedia contributes to the donations to these charities. At this moment, these incomes are under pressure because of the competition, compassion fatigue and the economic situation. The first two factors in particular mean that charities need to do more to reach their donors and get their support. The goal of this research was therefore to find ways to reach existing types of donors and new types of donors. In that case, the next research question was formulated:

What market segment could be new donors for charities and how could they be targeted?

To answer this question, the determinants of donor behaviour are analysed. These influences are found in the model for charitable giving by Sargeant (1999). This model shows how the input of the charity and personal characteristics lead to donor behaviour. The model starts with the input from the charity, that consist of the fundraising techniques and channels. This leads to a perceptual reaction, where possible donors form their opinion about the cause and the charity. The actual decision to donate will be made within the processing determinants. This decision is based on past experiences and judgmental criteria. The perceptual reaction and the processing determinants are influenced by the moderating variables. These moderating variables are socio-demographic factors and personal values. Finally, the possible donor decides to give an output, in the form of time or money.

The model was filled in by conducting a desk research. With use of data from different statistical sources, like the Office for National Statistics and Addynamix, it could be concluded that gender, age, income, region and religion influence donor behaviour, just like some personal values like empathy, materialism and individualism. The results from these data are that women between 45 and 64 years old are most likely to donate and also donate the largest amount. Also income has a positive effect; the higher the income, the more likely it is that there will be a donation, and the higher the amount donated. Finally, region and religion are factors in donor behaviour. In some regions people are more likely to donate and donate more. When people consider themselves as religious, they are also more likely to donate and donate more.

There is a difference in the supported groups between these segments. It could be concluded that people give to what is close to them. Younger people donate to children and youth charities, whereas older people donate more to medicine and health charities. People with a lower income donate more to welfare charities that are close to home. Higher income people are meant to have a broader perspective, which leads to the fact that they give more to environment and international aid charities. Within religious people, there is no evidence that they donate more to religious charities than to non-religious charities.

The different groups donate from different reasons. This could be empathy, materialism or individualism. Younger and richer people donate more from empathy, while materialism is more important for older people. Materialist people believe that status and possession of goods is very important. This could be achieved by donating, as it could give status. Religious people donate more because of the fact that it has to be done from their belief.

After the current donors were derived from the results, it needed to be decided which segment could be a good new audience for charities. In that case, the lifetime value theory from Sargeant (2001a) was used. The donor lifetime value is based on the length of the relationship and the net contribution. Because these two factors were not measurable, two determinants were used. For the length of the relationship, age is used and for the net contribution, income is a good determinant. These two factors lead to a matrix, where young people with a higher income had the highest lifetime value.

This segment was later more specific defined as: 'people between 25 and 34, having an income in the two highest income quintiles'. This definition was based on the population projections.

The best possible ways to reach these people is through the internet including social media and email, and mobile phones. This group uses these channels the most, compared to others, and is most favourable about advertising through these channels. To retain this group, relation marketing is needed to personally involve them and to reward them for their donations, in the form of galas and other events.

1. Introduction

1.1 Challenge

EDMMedia is a marketing company and was founded in 1995 in Haarlem, The Netherlands. Right now, it has five offices in Europe. **EDM**Media is focused at companies that use direct marketing and/or database marketing in order to gain or keep customers. The company uses targeting, data and direct sales in order to help their customers in their business-to-consumer relations. The main focus of **EDM**Media in the UK is consumer marketing in the charity market.

Within the charity market, there have been several developments that put pressure on donations. These factors are competition, compassion fatigue and economy (Balabanis, Stables & Philips, 1997). At this moment, there are a lot of new charities entering the market. This means that more charities strive for the same number of donors. The public also feels that there are too many charitable demands on their budgets, so they decide not to give at all (Balabanis et al, 1997). Also the recession has an impact, by seeing an 11% decline in charitable giving, from 2009 to 2007 (CAF/NCVO, 2009).

It is therefore important to identify and target new donors, so that donations increase or at least stabilise. In that case, **EDM**Media has a future proof of their business.

1.2 Research purpose

EDMMedia is a marketing company that is specialised in direct sales, data and targeting. It focuses at the charity market and the company would like to have a future proof for their business. The purpose of this research is to identify and target new donors for charities.

The goal of this research is to identify and target new donors for charities.

1.3 Research question

In order to achieve the research purpose, the following research question will be answered:

What market segment could be new donors for charities and how could they be targeted?

To be able to answer this research question, several sub questions should be formulated. First, it is necessary to identify who the current donors are and what makes them donate. It should be found whether there are similarities between people in their giving behaviour, so that the population could be divided into segments. These first questions will be answered based on literature review, which will lead to a framework. This framework, with different segment bases, will be filled in with existing data to find out what segments actually donate and more important, which segments do not. The segments that do not donate at this moment need to be targeted via new channels. This will also be based on literature research about these new channels, and this analysis will lead to recommendations and conclusions.

This research question will therefore be divided in the following sub questions:

1. *Who are the current donors for charities?*
2. *How could new donors be identified?*
3. *What factors are important for donations and donors in the charity market?*
4. *How could new donors be targeted?*

1.4 Definition of terms

1.4.1 Charity market

1.4.1.1 Not-for-profit organisations

Not-for-profit organisations are formal, private, non-profit, self-governing, and voluntary (Anheier et al., 1994). Not for profit organizations must be formal in some kind of way, because the concept will be otherwise far too broad. This formality could be institutionalized, but also regular meetings or rules of performance show that the organisation is formal. These organisations should be apart from governments in order to be a separate organisation. As the names states, not-for-profit organisations should not strive for profit. This does not mean that making profit is forbidden, but only that these profit should not benefit their owners or directors. Together with the private criteria comes the self-governing. The organisation should perform their own governance, and not an external entity. Finally, a not-for-profit organisation should be voluntary, which means that a meaningful part of the organisation should be of voluntary participation. This volunteering is not precisely defined, but it could be said that either the income or the operations should be performed voluntary. Charities fit in this definition, because these companies are separate companies that operate apart from governments. The main goal of charities is to collect money for their goal.

Anheier et al (1994) applied this definition to the UK to see if the definition could be used in this case. Their conclusion is that most organisations that were seen as voluntary, fit in this definition. Some companies that historically were seen as not-for-profit, like cooperatives and community-based businesses, stay out of this definition, but these companies already developed to profit companies.

1.4.2 Charity market

The charity market consists of several participators: the charity organisation and their donors and beneficiaries (Balabanis, Stables & Philips, 1997). Other parties in this relationship are the government (Lewis, 1999) and other charities (Hankinson, 2000). Donors of charities consist of consumer donors, public donors and corporate donors (Balabanis et al, 1997). Charitable organisations need to ensure that all of these donors keep giving money, in order to gain revenues. Although charities are private and self-governing, the government has a lot of influence at these companies. The nature, in terms of funding, terms and conditions and the associated expectations, of this relationship changed over time (Lewis, 1999). Charities also have competition, in the form of other charities. This competition is growing because of the rapid growth of the number of charities (Hankinson, 2000).

1.4.3 Charity

A good definition of charities is given by the Charity Act from 2006. In this Act, all the definitions and regulations are described, as they are used in the United Kingdom. According to this Act, a charity is 'an institution which is established for charitable purposes only, and falls to be subject to the control of the High Court in the exercise of their jurisdiction with respect to charities' (Charity Act, 2006). In this case, a charitable purpose is 'within subsection and for public benefit only' (Charity Act, 2006).

1.4.4 Types of charity

The Charity Act 2006 also gives an indication for types of charity, by giving examples of charitable purposes:

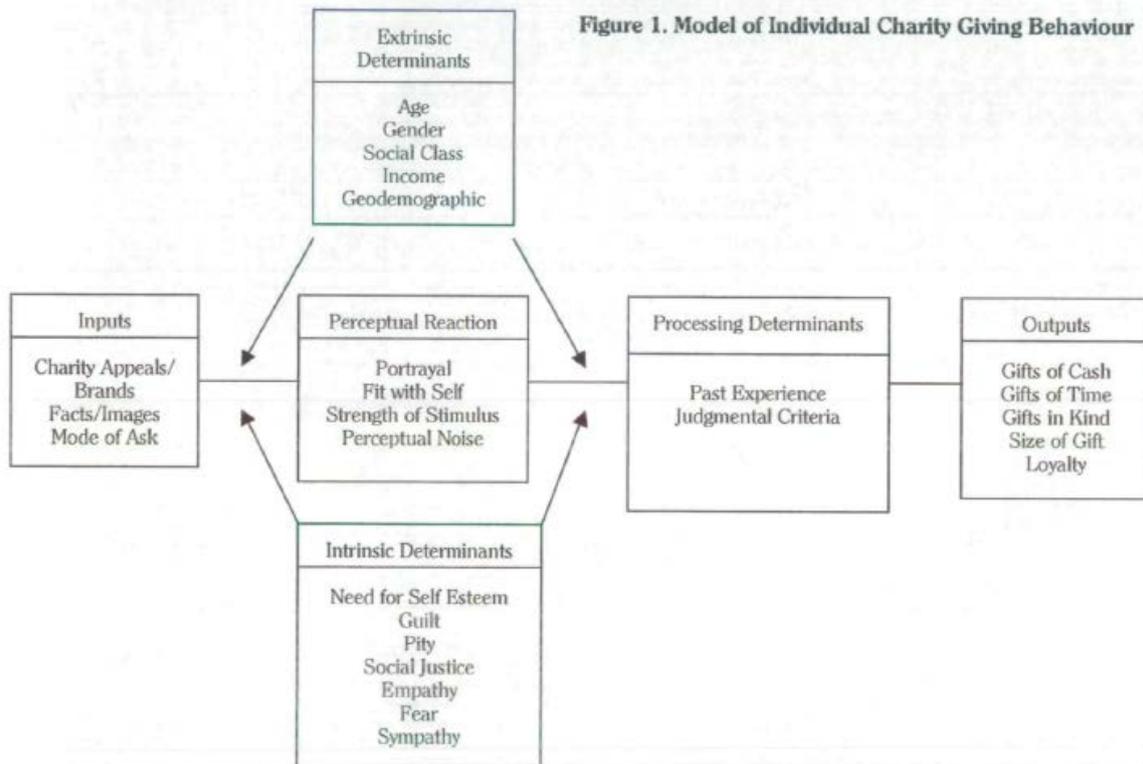
- The advancement of health or the saving of lives;
- Prevention or relief of poverty;
- Advancement of citizenship or community development;
- Relief of needs;
- Advancement of animal welfare;
- Promotion of religious harmony or equality and diversity;
- Advancement of education, arts, culture, heritage, science, or amateur sports;
- Advancement of environmental protection or improvement.

2. Theoretical framework

In order to understand the donor behaviour, several theories about charitable giving will be used. The guideline for these theories will be the model for charitable giving, as presented by Sargeant (1999). The presented theories will be used to analyse groups of donors. These groups will be defined using segmentation techniques. These different segmentations need different targeting techniques, and therefore, these techniques will be discussed.

2.1 A model for charitable giving

In this part, a model for charitable giving is presented, as it was set up by Sargeant (1999). This model tries to identify the factors that influence the individual behaviour. This model will be used as a guideline for identifying the current donors and possible new donors. It is used because it summarises the different factors in charitable giving, as they are presented by other authors. In this part, the model, as shown below, will be explained.



A model for charitable giving, Sargeant (1999).

2.1.1 Input from the charity

The model starts with the input from the charity to possible donors. This input consists of several fundraising techniques that are focusing on generating a response from the targeted people (Sargeant, 1999). This input consists of charity appeal and brand, facts and images and the modes of asking for donations. With these factors, charities try to persuade people to become donors.

Because of the increasing competition, charities started to branding themselves (Stride & Lee, 2007). Branding attracts donors, as it builds trust and helps to make a choice (Hankinson, 2000). In order to influence individuals, the facts and images shown by the charities are very important (Sargeant, 1999).

These facts and images could be brought to possible donors in different ways, the so called fundraising techniques. Following Sargeant & Kähler (2003), the next fundraising techniques could be used: direct mail, telemarketing, door-to-door distribution, direct-response press advertising, major gift fundraising, local fundraising, corporate fundraising and trust fundraising. Direct mail is used for two purposes, namely donor recruitment or donor development. Donor recruitment focuses on attracting new donors, where donor development focuses on donors who donated a while ago.

Door-to-door distribution is defined as the household distribution of solicitation material in a given locality by a third-party carrier (Sargeant et al, 2003). Direct-response press advertising tries to get an immediate donation from potential new donors by press advertising that focuses on that purpose (Sargeant et al, 2003). This could be done through cinema, television, radio, press, the internet and outdoor fundraising.

Outdoor fundraising happens at public areas like the tube and airports. The focus of major gift fundraising is to get a large onetime donation or periodical donations from individual donors, mostly by personal contact (Sargeant et al, 2003). This technique tries to develop a relationship with the donors, so that they keep giving. Local fundraising could be done in various ways, but the main resemblance is that it is done within a certain area. Finally, charities could use trust fundraising, where money is been raised to support other charities. Major gift fundraising, local fundraising, corporate fundraising and trust fundraising are not relevant in this research, and therefore, they will not be analysed.

Together, the previous factors could be defined as the marketing strategy for charities.

2.1.2 Perceptual reaction

The different targeting techniques lead to the perceptual reaction. Within this reaction, possible donors determine how they think about the charity and the cause it is asking money for. The facts and images the charity shows in the input, influence how the individual thinks about this charity, and to what degree people believe that the cause is close to them. People are more likely to donate to victims or causes they could identify with (Jenni & Loewenstein, 1997). The stronger the stimulus the charity sends, to more likely donors are to donate (Sargeant, 1999), but this stimulus gets disturbed by other charities. Because of the growing competition, more organisations will be asking for donations. Because of this, individuals could develop feelings that there are too many charitable demands on their budget, which leads to compassion fatigue (Balabanis et al, 1997).

2.1.3 Processing determinants

Processing determinants determine whether a possible donor will actually give or not. The determinants that are discussed in this model are past experiences and judgmental criteria (Sargeant, 1999). Past experiences could predict future behaviour (Ouelette & Wood, 1998), and this also goes for donations. The evaluation of these past experiences depends on the degree of relationality between the company and the customer (Garbarino & Johnson, 1999). This kind of segmentation occurs in the charity market, where there are people who donate on a regular basis and people who only donate sometimes.

The judgmental criteria are used to determine the benefit the donor receives by giving, and the choice for a certain charity is been made in this section. There are two types of benefit: public and private benefits (Vesterlund, 2006). The public benefits mostly concern the chosen charity. By the donation, their output level is increased and more could be done for its goal.

The private benefits only concern the donor itself and these benefits are unique for every person. These private benefits could be either demonstrable, emotional or familial (Sargeant, Ford & West, 2005). The demonstrable benefits are the selfish considerations for donating, like recognition from their social group and tax deductions. Tax deductions decrease the price of donations (Peloza & Steel, 2005). The donor's reaction on tax deduction, the so called price elasticity, is assumed to be

influenced by the form of donations, income level and disposable income. Donors could feel better about themselves after donating, the so called emotional benefits. These benefits arise from the personal values in the intrinsic determinants. Finally, people donate to charities if their family or friends are affected by that charity (Sargeant et al, 2005).

2.1.4 Moderating variables

As it is shown in the model, the perceptual reaction and the processing determinants are influenced by extrinsic and intrinsic factors. The extrinsic determinants are the social-demographic characteristics of people, and the intrinsic factors are the feelings within the people that determine whether they should give. These factors will most of all affect the charitable giving behaviour. According to Pharoah & Tanner (1997), income, age, education, employment status and social class, and region affect the answer to the question whether or not to give and how much people will give. Also religion determines whether people give (Brooks, 2003).

There are three major personal tendencies in donating: empathy, materialism and individualism, that affect the choice to donate and to what charity (Bennett, 2005). Empathy is sympathising with a victim, where materialism leads to consuming in order to get recognition or status (Bennett, 2005). These people donate to charities that present a good appearance to the outside world, or from social pressure (DellaVigna, List & Malmendier, 2009). Individualists are less likely to yield social pressures and are more likely to donate to charities that support personal freedom (Bennett, 2005). People search for organisations with the same values as themselves (Bennett, 2005).

2.1.5 Output

Finally, the perceptual reaction, the processing determinants, the extrinsic determinants and the intrinsic determinants lead to the output. This output finally answers the question whether people give, how much people give and in what way these gifts will be done.

According to the CAF/NCVO, there are several ways to donate to charities. People could donate in cash, direct debit, buying (of products), raffle, cheque/card, event, fees, payroll or other ways.

The type of gift could either be money, time, kind and loyalty.

2.2 Identification of donors

2.2.1 Segmentation

In order to find out whether there are different segments in charitable giving, it is necessary to find different segment bases. In that case, it could be concluded which segments donate and what segments are current non-donors. In this part, the different segmentation bases are explained.

Segmentation is the distribution of customers into relatively homogeneous groups. There are several bases for segmentation: geographic, socio-demographic, psychographic, and psychological factors and buyer behaviour (Schlegelmilch & Tynan, 1989). Donations to charities might increase by grouping individuals based on variables such as amount donated or frequency of donation and target them in an appropriate way. However, this approach is particularly applicable for the current donors, because there is only information available on these donors, instead of donors to other causes or the non-donors (Srnka, Grohs & Eckler, 2003).

Another approach could be the personal values of people or the socio-demographic determinants. Most charities use the socio-demographic determinants to segment their donors. This is because most charities do not have information about the personal values, as there is little secondary data about donors' preferences, attitudes and perceptions exists (Srnka et al, 2003). Therefore, the current charitable giving will be segmented by the socio-demographic determinants. Based on the outcomes

of these determinants, personal values in the different segments will be determined with secondary literature research. The new donors will be identified by defining which groups of people, based on the socio-demographic determinants, are not yet a donor.

A final approach to segment donors is the RFM technique. This analysis is used to determine which customers are the best ones by examining how recently a donor has donated (recency), how often they donate (frequency), and how much they donate (money).

2.2.2 Targeting

As seen in the literature, charities should focus on donors with a high lifetime value (Sargeant, 2001a). This means that charities should try to have donors that donate the most over a certain time period. Based on Masters (2000), single people have a higher lifetime value, especially when they are not in a residence for more than 2 years. The fact that these single people do not live at that address for longer than 2 years could indicate that these people are younger. Couples, married and unmarried, have the lowest lifetime value and only donate once. But people that donated once are more likely to donate again after that (Bennett & Ali-Choudhury, 2008) and turn into habitual donors. However, these donations are more likely to go to other charities than the first one (Bennett et al, 2008).

A good way to develop and retain new donors is relationship fundraising (Sargeant, 2001b), which means that charities should try to develop a relationship with their donors. This recognises each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the charities being supported (Sargeant, 2001b, p. 180). One goal of building a relationship with donors is to know them well enough to be able to match their values and interests with opportunities to give (Olsen, Keevers, Paul & Covington, 2001). These opportunities to give also relate to the channel the people are reached. The way people react could be relatively equal within certain groups (Schlegelmilch & Tynan, 1989), so called segments.

This research is focused on targeting donors through new channels in direct marketing. Therefore, it will be analysed which segments react on what kind of channel. Based on the current expenditures and the current donors, it should be clear that people react to the most used channel. It is assumed that the channel that is used most frequently at this moment, and therefore, only the new channels will be analysed. These new channels will be direct marketing through the internet, and mobile advertising.

According to Schlosser, Shavitt & Kanfer (1999), reactions and attitudes to internet advertising are connected with the use of it. People that often use the internet are more positive about internet advertising and also buy more things via the internet. Still, charities' websites should have a certain relational content to increase the fundraising effectiveness (Sargeant, West & Jay, 2007). Accessibility, accountability, education, interaction and empowerment are significantly correlated with the number of new donors a site is able to attract, where accessibility, accountability, and education also are highly correlated with the total value of online donations (Sargeant et al, 2007).

Behaviour towards mobile advertising depends on attitude and incentives (Tsang, Ho & Liang, 2004), and the attitudes towards mobile advertising changes over different demographic characteristics, like age and income (Barutçu, 2008). But, overall, people are more likely to accept text advertising than telemarketing, probably because the choice is to themselves if they react or not (Rettie, Grandcolas & Deakins, 2005).

By segmenting the donor population on socio-demographic factors, it could be found which part of the population is a donor at this moment and which part is not. These non-current donation segments could be targeted with relationship fundraising. In that case, the segment will be targeted through new channels that fit with their preferences.

In order to understand how the different donor segments behave at this moment, the different factors in the model for charitable giving should be measured. The methods used to do so will be discussed in the following chapter.

3. Research methods

3.1 Research design

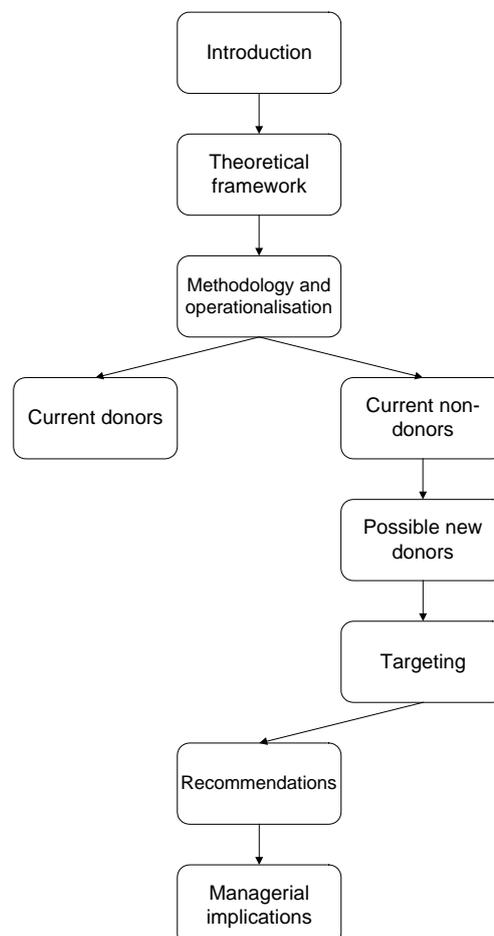
Based on the theoretical framework, it is possible to derive what drives current donors to give and where possible new donors could be found. To find out who the current donors are and what they are like, the model will be filled in from the input. It will be analysed how charities get to their possible donors, in terms of used media and fundraising techniques from different charities. Second, to describe the current donor, the market will be segmented. After this segmentation, the different factors will be analysed per segment. This will be done with use of literature. Finally, the output per segment will be measured. This will happen in terms of average amount, way of donating and type of charity.

Based on these results, it should be clear which segment of donors produces the most income for the different kinds of charity. And based on that, the segments where the donations are smaller and less likely to occur could be defined.

In order to find out whether the current donor population stays the same or changes and if so, in what way, this population will be described. This will be based on population estimates.

To find out how to target the possible new donors, the response rates to different direct mailings will be measured. Based on literature research it will be analysed as to which are the best segments to target. Also this new audience needs to be analysed in terms of size and forecast. This needs to be done, in order to be sure if this group could mean a significant contribution to charity income.

3.2 Research process



3.3 Data sources

The analysis will be based on secondary data, and in that case, the following sources are used:

- Nielsen's Addynamix: a tool that keeps records of the marketing expenditures from different kinds of companies and sectors;
- Charity Aid Foundation (CAF): researches the charity sector in terms of charitable giving and philanthropy;
- National Council for Voluntary Organisations (NCVO): researches the charity sectors to increase the understanding of the charity sector;
- Charity Insight: a magazine that provides research, analysis and opinion to charities;
- Office for National Statistics;
- Centre for Charitable Giving and Philanthropy (CCGP): research to develop knowledge about and engage with donors, charities and practitioners;
- Mail Media Centre of the Royal Mail (MMC): keeps records of the response to direct mailing in the UK.

To find out which factors were important in charitable giving, literature research was done. This led to the adoption of the model for charitable giving (Sargeant, 1999). The identification of donors in the charity market was based on segmentation on socio-demographic factors. The targeting of possible new donors was based on the use of new channels to reach them.

With use of these data, cross tabulations were made to find relationships between the different socio-demographic factors. Because all the results were found in different sources with different data sets, relationships were difficult to find. This is the main weakness of this research. However, this needed to be done, because a real-time survey would be too large, which would lead to a response that would be too small to be reliable. The used data sources often had the same outcomes, so this means that the reliability of the outcomes could be guaranteed.

3.4 Operationalisation

| Part of the model | Concept | Indicators | Sources |
|--------------------------------|---|--|--------------------------------|
| Input | Modes of ask | Expenditure to different techniques | Addynamix |
| Donors | Segmentation on socio-demographic factors | Age and gender, income and social class, region, religion | Office for National Statistics |
| Segments | Donor behaviour | Likelihood to donate, way of making donations, type of charity they donate to, feelings associated with donations | Office for National Statistics |
| Processing determinants | Benefits from donating | Recognition, better feelings about themselves, family and friends are affected | Literature |
| Intrinsic determinants | Materialism, empathy, individualism | Sympathising with a victim, donating to charities that present a good appearance to the outside world, social pressure | Literature |
| Output | Reaction to input | Amount donated, reaction to different channels | MMC, CAF/NCVO |

3.4.1 Input

The purpose of this research is to identify and target new audiences for **EDMMedia** and her customers. That is why the input of the model only will be analysed by the modes of ask. **EDMMedia** is only able to influence this part of the charity marketing strategy. In this part, **EDMMedia** plays a role for the charities and it is therefore useful to determine which way charities use it at the moment. The input will be measured by the total expenditure of the different types of charity to the different fundraising techniques.

| Fundraising technique | Definition | Measurement | Sources |
|------------------------------|--|--|---|
| Cinema | Communication within cinemas | Campaign length, costs, also broken down by region | Major cinema contractors |
| Direct mail | Addressed mail | Mail-type | Nielsen's direct mail monitor |
| Door drops | Unaddressed mail | Mail-type | Nielsen's direct mail monitor |
| Internet | Banners on sites, e-mail | Advertising impressions, industry backed cost per transaction | Media owners |
| Outdoor | Advertising at traditional sites, buses, tubes and airports | Industry supplied rates for various outdoor sizes, formats expenditure, data from sales houses | Outdoor Advertising Association and Optimad |
| Press | Advertisements in national and regional newspapers, consumer and trade magazines | Number of ads, pages and expenditure to ad size, date, publication, colour, mono, page number, position. | Nielsen |
| Radio | Commercials | Duration of ad, day part, day of week and month | Industry itself |
| TV | Commercials | Spot length, time of day, audience numbers | TV industry and Nielsen |

Based on the Charity Act from 2006 the categories as shown in the following table were derived. Nielsen Addynamix uses a different list, so this needed to be changed. This is done in the following way. Because 'other charities' is made up from welfare, religious, and arts and education charities, the complete list of charities was used to set these categories.

| Category | Definition | Nielsen Addynamix |
|----------------------------|--|---------------------------------|
| Medicine and health | Advancement of health or the saving of lives | Cancer and health |
| Welfare | Prevention or relief of poverty, advancement of citizenship or community development, relief of needs | Other |
| International aid | Prevention or relief of poverty, advancement of citizenship or community development, outside the national border | Third World |
| Animal welfare | Advancement of animal welfare | Animal |
| Religious | Promotion of religious harmony or equality and diversity | Other |
| Art and education | Advancement of education, arts, culture, heritage, science or amateur sports | Other |
| Environment | Advancement of environmental protection or improvement | Environmental and horticultural |
| Youth | Prevention or relief of poverty, advancement of citizenship or community development, advancement of health or saving of lives | Children |

The expenditures will also be listed per region, for the indication of these regions, see appendix I. This listing per region is done because of its possible relationship with charitable giving.

3.4.2 Donors

In order to find the current donors and to determine where new donors could be found, the population will be segmented on their socio-demographic determinants. This is because information about donations within these socio-demographic segments is available. These social-demographic factors contain age and gender, employment status and social class, income, region and religion. The donors will be described based on their likeliness to donate, way of making donations, type of charity they donate to and the feelings that are associated with the donations. The amount of donations will be analysed in the output. An overview of this operationalisation could be found in the table in appendix III.

For the measurement scales of these factors, the same scales will be used as the National Statistics in the UK. This is because these scales are also used in other studies (Pharoah et al, 1997). The scales that are used are based on the scales for taxable income in the Social Trends report from the National Statistics (2010).

Finally, the feelings within the donors will be measured to determine the effect on total donations. These feelings could be found in the processing determinants and the intrinsic determinants. The processing determinants answer the question if people should donate to a certain charity. This is determined by the benefit the donors will receive by giving to the charity. This could be recognition, better feeling about themselves or affected family or friends. The presence of these experienced benefits within certain segments will be determined with use of literature.

The presence of certain intrinsic determinants, like materialism, empathy and individualism, will also be determined with use of literature. People that donate from empathy, feel with the victim they donate to, where materialists donate for a good appearance or social pressure. Individualists do not yield social pressure and are more likely to donate to charities that support personal freedom.

For a complete overview of this operationalisation, see appendix I.

3.4.3 Output

The reaction of donors to the different input from charities will be analysed with use of the Mail Media Centre, a part of the Royal Mail. This organisation keeps records of different responses to direct mailing and the channels that are used in that response. The donations themselves will be analysed with use of data from the CAF/NCVO, which keeps records from the different amounts of donations and the different socio-demographic factors.

When the different factors are measured with use of the different sources, it should answer the questions about the current donors, what influences donor behaviour and possible new donors. The results of the measurements are shown in the next part.

4. Results

In this part, the different operationalisations and measurements are used to fill in the different factors. This leads to the following results, which could be used to fill in the different factors in the model for charitable giving. First, the input is measured with use of Addynamix. Second, the donors are described based on the different socio-demographic factors. Finally, the output of the model is measured with use of information about average donations and typical gifts.

The expenditures are measured in a time period of 12 months, from april 2010 until april 2011. This is done, so that the most current expenditures could be used.

4.1 Input

With use of Addynamix, the expenditures of the charities to the different channels could be listed. This different outcomes are listed below. It starts with an overview of the total expenditure from the different charity sectors. Second, the total expenditure to the different charities is listed. This part ends with a table from the different charities and their expenditure to different channels.

It is important to note that the direct mailings Addynamix measures, also contains so called 'warm' mailings. These mailings are to people that already donate. Only 10 to 15% of all direct mailings go to recruitment, the so called 'cold' mailings. This gives a distorted image. It should also be noted that television and door drop expenditure is from all charities and this means that the expenditure to this channel looks distorted. There are so many small charities that do not use television advertising, whereas the few large charities use it, but these expenditures do not show in the charts. Door drop expenditure is also distorted, because only a few very large charities use it.

It can be concluded from the data from Addynamix, that medicine and health charities spend most on fundraising (34% of the total expenditure), compared to other charities. Second are the animal welfare and youth charities (17%), followed by international aid charities (11%) and welfare charities (10%). Last are the religious (5%), arts and education (4%) and environment (1%) charities.

In the following table, an overview of the expenditure is shown.

| | Total expenditure | % |
|--------------------------------------|-------------------|--------|
| Medicine and health charities | £ 88,417,466 | 34.19% |
| Welfare charities | £ 25,401,338 | 9.82% |
| International aid charities | £ 27,957,555 | 10.81% |
| Animal welfare charities | £ 44,607,632 | 17.25% |
| Religious charities | £ 14,149,673 | 5.47% |
| Arts and Education charities | £ 9,527,424 | 3.68% |
| Environment charities | £ 5,048,293 | 1.95% |
| Youth charities | £ 43,503,280 | 16.82% |
| Total | £ 258,612,661 | 100% |

Total expenditure per type of charity, in numbers and percentages of total, Addynamix (2011).

An overview of these results in graphs could be found in appendix II.

4.1.1 Channels

As could be seen in the following table, most of this money is spent on direct mailing, followed by press, internet and door drops, radio, where TV and cinema receive almost nothing from the fundraising expenditure. In the following table is shown from which charities these expenditure come from.

| | Total expenditure | % |
|--------------------|-------------------|--------|
| Cinema | £ 303,919 | 0.12% |
| Direct mail | £ 181,748,254 | 70.28% |
| Door drops | £ 6,332,703 | 2.45% |
| Internet | £ 5,738,238 | 2.22% |
| Outdoor | £ 2,034,416 | 0.79% |
| Press | £ 23,911,070 | 9.25% |
| Radio | £ 5,621,845 | 2.17% |
| TV | £ 32,921,946 | 12.73% |
| Total | £ 258,612,391 | 100% |

Total expenditure per channel, in numbers and percentages, Addynamix (2011).

From the following table, it could be concluded that medicine and health charities spend the most in all the different channels. This could be a result from the total expenditure. Medicine and health also have the biggest proportion in the total expenditure. It could be highlighted that welfare spends the most on internet; youth charities use more TV to target their donors.

The outdoor spending, a part of the direct response press advertising, is visible at the traditional sites, buses, tubes and airports. There are many differences between charities that use this fundraising technique. The expenditure to this channel is mostly done by medicine and health charities and international aid charities. Religious and welfare charities only use little of their expenditure for outdoor fundraising.

Within the press spending, the big proportion of the youth charities stands out. Furthermore, the medicine and health charities also have here a great expenditure, followed by welfare charities, animal welfare charities and international aid charities.

In the case of radio expenditure, most of total expenditure is done by medicine and health charities. They spend four times the expenditure of the welfare charities, and five times of the expenditure of the national aid charities.

Both medicine and health and youth charities take almost a third of total expenditure at TV fundraising, followed by international aid and animal welfare. Environmental charities spend almost their entire TV budget at national broadcasting, just as religious charities, where welfare charities only spend a quarter of their budget on national TV.

An overview of the results could be found in appendix III.

| | Medicine and health | Welfare | International aid | Animal welfare | Religious | Arts and education | Environment | Youth |
|--------------------|---------------------|---------------|-------------------|----------------|-----------|--------------------|-------------|---------------|
| Cinema | 84.21% | - | 15.79% | - | - | - | - | - |
| Direct mail | 35.38% | 8.74% | 9.66% | 19.39% | 6.63% | 4.08% | 0.93% | 15.18% |
| Door drops | 42.21% | 6.29% | 10.25% | 16.28% | 2.82% | 7.80% | 0.89% | 13.46% |
| Internet | 14.52% | 30.22% | 22.42% | 13.41% | 2.63% | 0.76% | 4.78% | 11.27% |
| Outdoor | 38.43% | 8.86% | 32.45% | 1.91% | 8.58% | 0.62% | - | 9.16% |
| Press | 29.19% | 14.96% | 11.27% | 12.12% | 5.24% | 1.69% | 4.06% | 21.46% |
| Radio | 60.25% | 14.65% | 12.15% | 3.61% | 2.44% | 1.92% | 1.24% | 3.73% |
| TV | 27.96% | 8.52% | 13.30% | 13.42% | 0.62% | 3.20% | 6.02% | 26.97% |

Total expenditure per channel by type of charity in percentages, Addynamix (2011).

4.1.2 Charities

In this table, the different expenditures from the different charities are listed. The difference with the previous one is that in this table the expenditure is for charities to the different channels, whereas the previous table listed the expenditure to a channel for different charities.

Most of the charities spend most of their budget to direct mail, although most of this is 'warm' mailing. Medicine and health and welfare charities spend almost all their budget on direct mailings and door drops. Environmental charities spend an equal part on direct mailings as on television. Press is also an important fundraising technique for them. The other charities are in between of these extremes.

| | Medicine and health | Welfare | International aid | Animal welfare | Religious | Arts & education | Environment | Youth |
|--------------------|---------------------|---------|-------------------|----------------|-----------|------------------|-------------|--------|
| Cinema | 0.37% | - | 0.17% | - | - | - | - | - |
| Direct mail | 93.09% | 85.96% | 62.80% | 79.02% | 85.16% | 77.79% | 33.61% | 63.44% |
| Door drops | 3.87% | 2.16% | 2.32% | 2.31% | 1.26% | 5.18% | 1.12% | 1.96% |
| Internet | 1.21% | 9.38% | 4.60% | 1.73% | 1.07% | 0.46% | 5.43% | 1.49% |
| Outdoor | 1.13% | 0.98% | 2.36% | 0.09% | 1.23% | 0.13% | - | 0.43% |
| Press | 0.10% | 0.01% | 9.64% | 6.50% | 8.86% | 4.25% | 19.23% | 11.80% |
| Radio | 0.07% | 0.16% | 2.44% | 0.45% | 0.97% | 1.13% | 1.38% | 0.48% |
| TV | 0.16% | 1.36% | 15.67% | 9.90% | 1.44% | 11.05% | 39.23% | 20.41% |

Total expenditure of type of charity per channel, Addynamix (2011).

An overview of these results could be found in appendix IV.

4.1.3 Regions

The United Kingdom can be divided into different regions. An overview of the division used in this research, could be found in appendix V.

Most of the fundraising expenditure is national fundraising. This image is distorted, because expenditure on direct mail, door drops, and internet only are recorded on a national basis. London, the Midlands and Yorkshire are the regions that receive most of the regional expenditure.

| | Total expenditure | % | Excl. national |
|--------------------------|----------------------|-------------|---------------------|
| Central Scotland | £ 2,636,170 | 1.02% | 10.22% |
| East of England | £ 1,351,260 | 0.52% | 5.24% |
| London | £ 6,284,234 | 2.43% | 24.37% |
| Midlands | £ 3,649,819 | 1.41% | 14.18% |
| National | £ 226,910,167 | 87.74% | - |
| North East | £ 1,211,942 | 0.47% | 4.70% |
| North Ireland | £ 838,814 | 0.32% | 3.25% |
| North Scotland | £ 369,728 | 0.14% | 1.43% |
| North West | £ 1,958,483 | 0.76% | 7.60% |
| South West | £ 863,564 | 0.33% | 3.35% |
| Southern | £ 2,149,348 | 0.83% | 8.34% |
| Wales | £ 1,686,424 | 0.65% | 6.54% |
| Yorkshire | £ 2,782,854 | 1.08% | 10.79% |
| Total expenditure | £ 258,612,661 | 100% | £ 25,728,640 |

Total expenditure per region, in numbers and percentages, Addynamix (2011).

For the different charity categories, the biggest expenditure is national and that it is the reason why the following table did not consider the national expenditure.

| | Medicine and health | Welfare | International aid | Animal welfare | Religious | Arts & education | Environment | Youth |
|------------------|---------------------|---------|-------------------|----------------|-----------|------------------|-------------|--------|
| Central Scotland | 9.94% | 14.47% | 7.54% | 10.45% | 6.12% | 18.66% | 13.16% | 8.25% |
| East of England | 5.80% | 5.50% | 4.12% | 4.68% | 3.68% | 4.00% | 4.67% | 5.37% |
| London | 27.18% | 21.65% | 31.44% | 12.78% | 49.97% | 14.69% | 28.23% | 20.69% |
| Midlands | 16.24% | 15.06% | 10.87% | 12.57% | 5.91% | 16.10% | 8.39% | 13.52% |
| North East | 4.33% | 4.84% | 3.41% | 5.18% | 6.23% | 6.75% | 4.60% | 5.39% |
| North Ireland | 1.87% | 4.44% | 6.25% | 0.76% | 3.10% | 2.24% | 2.49% | 4.55% |
| North Scotland | 1.20% | 2.19% | 0.57% | 0.66% | 1.02% | 0.57% | 3.19% | 2.25% |
| North West | 7.13% | 5.86% | 8.10% | 4.03% | 4.51% | 12.21% | 7.10% | 10.41% |
| South West | 2.61% | 2.05% | 4.71% | 5.54% | 4.32% | 3.12% | 1.32% | 4.07% |
| Southern | 9.21% | 8.71% | 6.77% | 7.34% | 8.66% | 4.06% | 9.64% | 8.25% |
| Wales & West | 7.52% | 3.69% | 8.69% | 1.73% | 1.97% | 5.48% | 9.51% | 8.01% |
| Yorkshire | 6.97% | 11.53% | 7.54% | 34.28% | 4.50% | 12.13% | 7.70% | 9.24% |

Total expenditure to different regions by type of charity, Addynamix (2011).

If the expenditures to the different regions per fundraising channel are being compared, this leads to the following table.

Half of the outdoor media is exposed in London. The differences between the different focus regions in press spending are striking. Logically, most of the expenditure is in the national press, followed by

London, Central Scotland and the Midlands. Important differences from this average arise in different charities. Welfare, international aid, and arts and education charities spend more in Central Scotland, where youth charities spend more in the Midlands and North Scotland. Religious charities spend more of their press spending to the areas around London, the Midlands, North East, the North and South West and the Southern areas. The international aid charities also spend more of their money in London than the average charity.

Only a quarter of the total radio expenditure is broadcasted on national radio, and only 10% more than the London broadcasting. It should be noticed that welfare charities focus more at the Yorkshire area, where international aid charities spend much more of their radio budget in the national broadcasting, than the other charities. Religious charities focus particularly on three areas: London, national and Southern. Environmental charities have chosen to spend nothing at the east of England, national, North Scotland and the south west. Youth charities focus more at the Lancashire area and central Scotland.

As could be expected, more than half of the total expenditure is on national TV. Medicine and health, international aid, arts and education, and youth charities follow the average distribution. These charities focus more at London and the areas around it (Midlands and Southern).

| | Cinema | Outdoor | Press | Radio | TV |
|-------------------------|--------|---------|--------|--------|--------|
| Central Scotland | 4.32% | 13.23% | 16.53% | 6.69% | 9.16% |
| East of England | 7.02% | 1.90% | 2.18% | 6.33% | 6.23% |
| London | 20.21% | 47.00% | 28.42% | 23.27% | 20.28% |
| Midlands | 12.94% | 7.32% | 13.54% | 24.59% | 12.52% |
| North East | 5.69% | 3.03% | 5.89% | 6.33% | 4.23% |
| North Ireland | 5.20% | 0.24% | 4.01% | 2.36% | 3.78% |
| North Scotland | 4.74% | 0.79% | 7.47% | 0.85% | 0.16% |
| North West | 9.82% | 10.80% | 5.65% | 0.01% | 9.63% |
| South West | 4.81% | 1.28% | 2.62% | 2.35% | 4.16% |
| Southern | 10.93% | 3.47% | 6.75% | 8.09% | 9.35% |
| Wales | 6.38% | 3.78% | 3.56% | 8.09% | 7.32% |
| Yorkshire | 7.94% | 7.16% | 3.38% | 11.02% | 13.18% |

Total expenditure to different channels per region, Addynamix (2011).

4.2 Donors

In this part, the different segments, based on socio demographic factors, will be described and analysed. This analysis will focus on the likelihood of making donations, used channel to make donations, type of charities and the intrinsic determinants and the judgmental criteria within these segments.

4.2.1 Age and gender

| | Likelihood | Typical donation | Average amount |
|---------------|------------|------------------|----------------|
| Total | 56% | £12 | £31 |
| Male | 52% | | £31 |
| 16-24 | 31% | £5 | £7 |
| 25-44 | 54% | £9 | £31 |
| 45-64 | 59% | £12 | £35 |
| 65+ | 54% | £12 | £43 |
| Female | 61% | | £31 |
| 16-24 | 49% | £5 | £15 |
| 25-44 | 62% | £12 | £28 |
| 45-64 | 68% | £15 | £37 |
| 65+ | 58% | £10 | £30 |

Likelihood and donations for male and gender, NCVO/CAF (2010).

Based on data from NCVO/CAF, women are more likely to donate than men, but on average they donate the same amount of money. People between the 16 and 24 are least likely to donate and donate the smallest amount of money, and there is a big difference between males (31%) and females (49%). Men older than 65 years old donate much more than the average (£ 43 against an average of £ 31), whereas men between 16 and 24 only donate £ 7 on average. Between the two other age bands, there are only little differences between males and females.

Age also influences the way people donate to charities, based on data from Charity Insight (2011). Younger people, between the 18 and 24, usually donate through the collection bucket (31%), the one-off cash donation (14%) and buying goods from a charity shop (16%). Older people, from 60 years and older, use more direct debit (29%) and raffle tickets (23%). They also use the collection bucket (36%), one-off cash donations (14%) and buying goods from charity shops (30%). The group in between, from 25 to 60, falls in between these numbers, following a straight line.

As for donations to certain types of charities, there are also differences between age groups. More young people, between the 18 and 39 years old, donate to youth charities (33% against the average of 25%) and welfare and education. In both the latter groups, the proportion was twice as large as with the other groups. Older people, from 50 years old, donate more to health and medicine charities.

The different values within the age groups that determine their donor behaviour are also different (Charity Insight, 2010). From these data it could be derived that people between 18 and 39 are donating more from emotional benefits and empathy feelings (12 and 41 per cent, against an average of 7 and 38 per cent). No other differences could be found, as there are no measures for individualism in donating in the Charity Insight data. The graph that shows this, could be found in appendix VII.

More than half of the direct mailing from charities goes to people older than 65, but only a quarter of total donations above £ 5 came from this group (MMC, 2010). In the age groups 16 to 24 and 25 to 34, they received only 5% of the direct mailings, but also a quarter of the donations came from these groups. The direct marketing via the internet get more response from younger people. Two third of the total response from direct marketing through the internet comes from people between the 16 and 44 years old. People that are playschool parents, with children between 0-4, and fledglings, people between 15 and 34 that are unmarried and live with their parents, are the most likely to respond to internet direct mailings, whereas older families are least likely to respond.

An overview of these results could be found in appendix VI.

4.2.2 Social class and income

| | Likelihood | Average amount |
|----------------------------|------------|----------------|
| Under £ 9,999 | 70% | £14 |
| £ 10,000 - £ 14,999 | 73% | £15 |
| £ 15,000 - £ 19,999 | 77% | £16 |
| £ 20,000 - £ 29,999 | 80% | £19 |
| £ 30,000 - £ 49,999 | 83% | £23 |
| £ 50,000 and higher | 86% | £36 |

Likelihood and donations for social class and income, Citizenship Survey (2010).

Based on the table in appendix VII, with data from the Citizenship Survey, it could be concluded that people with a higher income are more likely to donate (Office for National Statistics, 2010). It should be noticed that full time students are more likely to donate (68%) than the routine occupations employees (64%). From the long-term unemployed people and those who never worked, still 60% donated to charities (Office for National Statistics, 2010).

People with higher incomes donate more through direct debit, sponsorships and collections at work, where people with a lower income buy more goods at a charity shop or from a catalogue, and through street collections and at a place of worship. People with a lower income and people with the highest incomes donate more to beggars. The use of other channels does not change over income (Office for National Statistics, 2010).

Based on the results from the research from Srnka et al (2003), there is a relation between social class and the type of charity people donate to. In this case, it is assumed that people in higher social classes will be higher educated and have a higher income. In that case, it is concluded that people in the lower social classes donate more to medicine and health charities, where people in the higher social classes donate more to environmental, animal and international aid charities (Srnka et al, 2003).

Based on data from Charity Insight (2011) it could be concluded that people with higher incomes donate due to empathetic feelings (empathy/sympathy for the cause) and emotional benefits (it made me feel good), but also the materialism within these income scales is higher. People with higher incomes donate more because they get something tangible in return. The feelings of social pressure (I was asked and felt guilty) are more present in the lower and median incomes, where the familial benefits (to support a friend) are more present in the higher incomes.

People with higher social classes got half of the direct mailings send, and they donated 61% of the total donations. The lower social classes got the other half, and logically donated the other 39%. People in these higher social classes and with higher incomes are also more likely to respond to direct mailing via the internet than people in lower social classes and lower incomes.

An overview of these results could be found in appendix VII.

4.2.3 Region

| | Likelihood | Average amount |
|-----------------|------------|----------------|
| Scotland | 29.5% | £10 |
| East of England | 30.5% | £7 |
| Lancashire | 28.5% | £7 |
| London | 28.5% | £8 |
| North East | 23.8% | £7 |
| North West | 27.4% | £7 |
| South East | 30.1% | £9 |
| South West | 33.9% | £9 |
| Midlands | 26.3% | £7 |
| North East | 25.1% | £7 |
| North Ireland | 46.2% | £12 |
| North West | 28.2% | £7 |
| Wales | 25.1% | £7 |
| Yorkshire | 27.7% | £7 |

Likelihood and donations for regions, MacKenzie & Pharoah (2010).

Based on facts from MacKenzie & Pharoah (2010), it could be derived that people in Northern Ireland are most likely to donate (46.2% of total residents has donated), almost the double proportion of the people in Wales, the West Midlands and North East England, where only 25.1% of the residents donated. The areas surrounding London, the Eastern region, the Southern and the South West donate more than the capital itself (approximately 30% against 28.5%). Within London, there is also a difference in likelihood, where the North of London is less likely to donate (an average of 25.6%) than the South (with an average of 32%). Scotland is almost as likely as the surrounding areas from London, with a proportion of 29.5% that donates to charities. The other areas, the East Midlands, North West England and Yorkshire are all around the 27-28%.

Outstanding in the average donations are Northern Ireland (£12) and Scotland (£10). The other English regions donated between the £7 and £9 on average.

4.3 Output

Based on numbers of the NCVO, the total amount of donations in 2009/10 was £ 10.6 billion, where most people donated £ 12, but because of some very high donations, the average is £ 31. Religious and arts charities got the biggest average and mean donations (averages of £ 30 and means of £ 15 and £ 10), whereas animals and homeless charities got the smallest donations (average of £ 9 and a mean of £ 5 and £ 3). Most money is collected at place of worship, which relates to the highest donations to religious charities. The spontaneous donations, in street collections, shop counter collections, collections at work, door to door collections, giving to beggars and pub collections, had an average of £ 22.

An overview of these results, and all other results considering the output could be found in the appendix VIII.

| | Average | Typical gift |
|----------------------------|---------|--------------|
| Total | £31 | £12 |
| Medicine and health | £13 | £5 |
| Welfare | £12 | £5 |
| International aid | £24 | £10 |
| Animal welfare | £11 | £5 |
| Religious | £33 | £15 |
| Art and education | £21 | £8 |
| Environment | £28 | £29 |
| Youth | £13 | £5 |

Donations to different charities, NCVO (2011).

With use of these results there will be an analysis in the next part. In that analysis, it will be tried to find relationships between the different factors.

An overview of these results could be found in appendix VIII.

4.4 Analysis

In the analysis, the results from the previous part are used to find relationships between the different factors in the model for charitable giving (Sargeant, 2001). These relationships will be used in the segmentation of the donor population in current donors and current non-donors. The relationships are found by cross tabulations.

First, the input of the charities will be related to the outcome. The input is the amount of money spent, which leads to a certain outcome in terms of donations in time or money. Possible explanations for this is the region in which people live. Second, the different socio-demographic factors are related, in order to find a specific segment of donors.

4.4.1 Region

Although most of the money charities spend goes to London, the Midlands and Yorkshire, this has no direct influence on the likeliness and amount people donate, as could be drawn from the following table. Neither is there a relation between the percentage of population in those areas and the expenditure. This could be concluded from the following SPSS correlation table. There is no significant correlation found between those variables.

| | | Expenditure | Likelihood | Population |
|-------------|---------------------|-------------|------------|------------|
| Expenditure | Pearson Correlation | 1 | -,351 | ,554 |
| | Sig. (2-tailed) | | ,289 | ,077 |
| | N | 11 | 11 | 11 |
| Likelihood | Pearson Correlation | -,351 | 1 | -,384 |
| | Sig. (2-tailed) | ,289 | | ,244 |
| | N | 11 | 11 | 11 |
| Population | Pearson Correlation | ,554 | -,384 | 1 |
| | Sig. (2-tailed) | ,077 | ,244 | |
| | N | 11 | 11 | 11 |

This could be explained with the expenditure in the surrounding areas. In these areas, like the South East, there is less expenditure than there is population. However, much of these inhabitants work in London, so that they are reached in London instead of their own area. The graph that shows this, is shown in appendix IX.

4.4.2 Religion

To show that there really is a relationship between religion, age and gender, the results from Ashworth & Farthing (2007) are used. These results show an average and whether there is a significant difference, which is indicated with an underlining (under) or a bolding (above).

| | All | 16-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75+ |
|----------------------------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|
| Regular | 15 | <u>10</u> | <u>11</u> | <u>12</u> | 15 | 18 | 25 | 26 |
| Fringe | 3 | 3 | 2 | 3 | 3 | 4 | 4 | 4 |
| Occasional | 7 | <u>3</u> | 7 | 8 | 7 | 8 | 8 | 6 |
| Open de-churched | 5 | 6 | 4 | 6 | 4 | 6 | <u>3</u> | <u>2</u> |
| Closed de-churched | 28 | <u>18</u> | <u>21</u> | <u>25</u> | 30 | 32 | 35 | 41 |
| Open non-churched | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Closed non-churched | 32 | 45 | 39 | 34 | 31 | <u>26</u> | <u>19</u> | <u>16</u> |
| Other religions | 6 | 11 | 11 | 7 | 5 | <u>4</u> | <u>3</u> | <u>3</u> |
| Unassigned | 2 | 2 | 2 | 3 | 3 | 1 | 2 | 1 |

Churchgoing behaviour for age groups, Tearfund (2007).

| | All | Male | Female |
|----------------------------|-----------|-----------|-----------|
| Regular | 15 | <u>11</u> | 19 |
| Fringe | 3 | 3 | 4 |
| Occasional | 7 | <u>6</u> | 8 |
| Open de-churched | 5 | <u>3</u> | 6 |
| Closed de-churched | 28 | 28 | <u>27</u> |
| Open non-churched | 1 | 1 | 1 |
| Closed non-churched | 32 | 38 | <u>27</u> |
| Other religions | 6 | 7 | 6 |
| Unassigned | 2 | 3 | 2 |

Churchgoing behaviour for gender, Tearfund (2007).

Based on these tables, it could be concluded that the most regular churchgoers are older than 55. This group is also more likely to have rejected the church, which is indicated as de-churched in the table. Closed de-churched means that they don't think they will become regular churchgoers again, whereas open de-churched people think they will. Younger people, beneath 35, are more non-churched. This means that they do not go to church, except for weddings and other occasions, whereas the words open and closed mean the same as for the de-churched group. Non-churched people also have more other religions than the average, but this is due to the younger age of the ethnic minorities (Ashworth et al, 2007). This age distribution reflects on the used channels for making donations. Religious people donate more regular, via cheques, direct debit and standing orders, and forty per cent of the population stated that they put a charity or church in their will (Kolaneci, 1998).

Also for age there could also be a relationship between churchgoing behaviour and the current donors. Females go to church more than males, in all the different classifications for churchgoers. For the classifications where people do not go to church, females are lower than the average.

Religious people tend to be more generous (Brooks, 2003). Religion is connected to age (Ashworth & Farthing, 2007), and therefore, this segment will not be further analysed in the output and targeting.

4.4.3 Choice for charities

As for the respondents, there could be a relationship between the expenditure of welfare charities on internet advertising, and the donations from younger people to these charities. Another reason could be that people donate to charities they could identify with (fit with self), and younger people are more likely to identify with youth and welfare charities, as they are closer to them. Older people that donate to medicine and health charities are more likely to need it in a short time than younger people. People with a higher income are more likely to look in a broader view (Srnka et al, 2003) and that could be the reason why they donate more to environmental, animal and international aid charities, whereas people with a lower income are more likely to donate to welfare and medicine and health charities.

4.5 Subconclusions

At this moment, women between 45 and 64 years old are the most likely to donate and also donate the biggest amount, with an average of £ 15. Cash donations are the most used channel to donate, but in this group, direct debit is more used than in the other groups. Higher incomes also donate more, also with use of direct debit. The main reason why these people donate is materialism, which means they want recognition from people around them for their donations, or other physical benefits (Charity Insight, 2010). The charity could only influence the physical benefits, by giving presents at donations. The recognition by other people could not be influenced, because this is formed within people and their social groups.

Apart from this, religious people also donate more. This could not be influenced, as religious people mostly donate from a religious perspective. Most of these religious people live in Northern Ireland, which is the reason why the proportion of people donating in that region is the highest in the entire United Kingdom. Because religion is so strongly connected to donating behaviour, the group of people that donates from religious belief are not considered to be donors to **EDMMedia**.

4.5.1 New donors

There are opportunities for charities to find new donors in the people that are younger than 44 and are in the two highest income quintiles. At this moment, people younger than 44 are least likely to donate, but people with higher income are more likely. These donors need to be reached through new channels, as the current channels like physical direct mailings do not appeal to them. This could be concluded from the fact they do not give at this moment. The most valuable new donors will be the more affluent young people, because this group is at this moment the least likely to donate, but has the most financial possibilities.

Currently, younger people and people within a higher social class get a smaller proportion of the direct mailing than the proportion of donations they make. This means that this could be an opportunity for charities, particularly because these groups are more likely to have a larger lifetime value, as they use more direct debits (Masters, 2000). By sending more contacting to younger and higher social classes, the donations within these groups could be increased. Therefore, new channels should be used, as these groups are more likely to respond to direct marketing through the internet (MMC, 2010) and are more open for mobile advertising (Baratçu, 2008).

5. Possible new donors

In this part, possible new donors will be tried to find. This will be done using a segmentation matrix. After the possible new donors are found, it will be researched whether this group could be a real contribution to the current donors. This is done by describing the donor population by the current size and population forecasts. These forecasts will have an impact on the donor population, in terms of the current donors and possible new donors.

5.1 Segmentation matrix

According to Sargeant (2001a), charities should focus on donors with the highest lifetime value. The segments with the highest lifetime value should be kept satisfied in order to keep them giving. The lifetime value is measured by the net contribution and the duration of the relationship with a specific charity. Although this research focuses on donor behaviour in general, this model could be used in this research, because the measures used could also be taken into general. Sargeant states in his research that it is difficult for charities to calculate this in advance. This is the reason why this research will not use these measures, but the factors that could influence these factors and that could be easily measured. For the net contribution this is income, for the duration of the relationship this is age. The choice for these measures is made because younger people could have a longer relationship with charities than older people, simply because they usually have longer to live. The income is a good indicator for the possible net contribution, because it is shown that people with a higher income donate more. The choice for these measures is made by the researcher, which could make these indicator less reliable. However, these indicators leads to a matrix with four quadrants, as is shown in the figure below. In the horizontal axe, age is shown, where the vertical axe shows income quintiles.

| | 24-44 | 45 and older |
|------------|--|---|
| Lower 60% | Possible long relationship, probably low net contribution | Probably short relationship, probably low net contribution |
| Higher 40% | Possible long relationship, probably high net contribution | Probably short relationship, probably high net contribution |

Segmentation matrix, based on lifetime value (adopted from: Sargeant, 2001a).

Based on this segmentation matrix, it could be concluded that younger people with a high income probably have the highest lifetime value. Therefore, charities should focus on this segment. Other possible donors could be the older people with a higher income, or the younger people with a lower income. However, because of the higher net contribution in the higher incomes, charities focus at the older group. The lower incomes should get some attention, but do not need to have a full focus. Finally, older people with a lower income should not get much attention at all. This group is not considered to be able to give a high net contribution, or is able to donate for a long time.

To find out whether the group with the highest lifetime value really could be a contribution to charities' income, the five criteria from Blythe (2006, p. 200-201) are used. He defines the following characteristics for a viable segment:

- It must be definable or measurable;
- It must be accessible;

- It must be substantial;
- It must be congruent;
- It must be stable.

Following, these characteristics will be analysed for the segment.

5.1.1 Definability or measurability

The segment itself is defined, namely ‘people between 25 and 44 with an income within the two higher income quintiles’. Before the segment could be used, it should be analysed whether these definition could be measured, so that the group can be identified and it could be clear how many of them there are.

In that regard, the Office for National Statistics could help. The United Kingdom keeps records of its inhabitants, in terms of numbers and characteristics like age, gender and income. These records are kept at the Office for National Statistics and therefore, it should be possible to measure the segment.

5.1.2 Accessibility

In order to target the segment, it should be possible to send information to that segment as a group. This could be done through by databases, with records about that typical segment. These databases could be used to send information to the segment. This information should appeal to them, so that the segment is really accessed.

5.1.3 Substantiality

The segment should be big enough, so that it is worth targeting. Because young people in overall could be a possible new donor segment, only this criteria is used to find out whether it is substantial. Because substantiality is related to the total population, the total population is analysed.

At this moment, approximately 62 million people live in the United Kingdom. From this population, 50.4% is female and 49.6% is male. The population could be separated in age groups, which leads to the following table. From this table, it could be concluded that the group between 25 and 44 is approximately 27% of the total population. None of the other groups is bigger, which means that the segment is substantial.

| Age | Number (million) | % of total | Male | | Female | |
|-----------------|------------------|------------|------------------|------|------------------|------|
| | | | Number (million) | % | Number (million) | % |
| 0 – 65+ | 62,6 | 100 | 30,8 | 49,2 | 31,8 | 50,7 |
| Under 16 | 11,6 | 18,5 | 5,9 | 50,9 | 5,7 | 49,1 |
| 16-24 | 7,4 | 11,8 | 3,8 | 51,4 | 3,6 | 48,6 |
| 25-44 | 17,0 | 27,1 | 8,6 | 50,6 | 8,4 | 49,4 |
| 45-64 | 16,0 | 25,5 | 7,8 | 48,8 | 8,2 | 51,2 |
| 65 + | 10,5 | 16,8 | 4,6 | 43,8 | 5,8 | 55,2 |

Note: number may not add to each other or to 100 due to rounding.

Population in the United Kingdom, Office for National Statistics (2011).

Because young people in the higher income quintiles are the best possibility for charities, it should be analysed whether the people between 25 and 44 with an income in upper two quintiles is large enough to provide a good opportunity for charities. Therefore, the percentage 25-44 in the upper two quintiles is analysed with use of the Office for National Statistics. With the average percentages, the population size was computed. On average, from 2002 up to 2008, 48% of the women between 25-34 were in the higher incomes, with 66.5% of the men.

5.1.4 Congruency

According to Blyth (2006), this means that the members must have closely similar needs. In this case, it is more about their attitude towards charities. This forms their 'need' to donate.

To determine the attitudes towards charities, the 'Study into Public Trust and Confidence in Charities' (2008) was used. In this study, there were four main segments, based on their attitudes and trust towards charities. The people between 25 and 44 years old are most likely to be 'uninformed optimists' (32%) and 'confident agreeers' (25%). The 'uninformed optimists' groups are characterised by their trust and belief in charities, but admit they do not know much about them. However, they believe that charities are unprofessional. 'Confident agreeers' are also very trustful to charities, but do not admit that they know very little about how the charities are run and managed. They believe that charities spend too much money on salaries and administration and using dubious fundraising techniques. However, this group is likely to donate to a charity they have not heard of, but they trust a well-known and a big charity more.

These numbers are confirmed by another study towards consumer attitudes conducted in 2010. 40% of the people between 25 and 44 years old trust charities, and 42% believes that these charities will handle their personal information with care.

Concluding from this information, the segment is congruent in their attitude towards charities.

5.1.5 Stability

In order to find out whether the segment could contribute over time, the population estimates are used to analyse whether this is the case. Therefore, the same data is used as was used for the substantiality of the group.

The segment 24 and 45 was divided into 25-29, 30-34, 35-39 and 40-44. This is because otherwise the target group will be too large. The population was also divided in gender, in order to find out whether there are differences between these segments in numbers of population. In overall, the percentage of people between 25 and 44 years old is declining after 2001, as the table below shows.

| | Total population | Total 25-44 | % of total | Males | | Females | |
|-------------|------------------|-------------|------------|-------------|------------|-------------|------------|
| | | | | Total 25-44 | % of total | Total 25-44 | % of total |
| 1981 | 56,357,464 | 14,783,868 | 26,23% | 7,444,419 | 13,21% | 7,339,449 | 13,02% |
| 1991 | 57,438,658 | 16,815,280 | 29,28% | 8,381,427 | 14,59% | 8,433,853 | 14,68% |
| 2001 | 59,113,497 | 17,321,368 | 29,30% | 8,596,889 | 14,54% | 8,724,479 | 14,76% |
| 2011 | 62,649,014 | 17,044,581 | 27,21% | 8,560,048 | 13,66% | 8,484,533 | 13,54% |
| 2021 | 66,957,701 | 17,962,250 | 26,83% | 9,133,645 | 13,64% | 8,828,605 | 13,19% |
| 2031 | 70,933,300 | 18,280,117 | 25,77% | 9,311,361 | 13,13% | 8,968,756 | 12,64% |
| 2041 | 74,165,074 | 18,396,398 | 24,80% | 9,365,044 | 12,63% | 9,031,354 | 12,18% |

Population estimates 1981-2041, Office for National Statistics (2011).

However, if the different age groups per gender are analysed, it could be concluded that after a declining percentage between 2021 and 2031, the males between 25 and 34 take a higher percentage than in the previous years in 2041. This is shown in the following table, and the graphs in appendix X.

| | Total population | Males | | | | | | | |
|-------------|------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | | 25-29 | % | 30-34 | % | 35-39 | % | 40-44 | % |
| 1981 | 56,357,464 | 1,931,288 | 3,43% | 2,104,188 | 3,73% | 1,807,302 | 3,21% | 1,601,641 | 2,84% |
| 1991 | 57,438,658 | 2,336,747 | 4,07% | 2,095,192 | 3,65% | 1,883,949 | 3,28% | 2,065,539 | 3,60% |
| 2001 | 59,113,497 | 1,951,971 | 3,30% | 2,263,232 | 3,83% | 2,308,288 | 3,90% | 2,073,398 | 3,51% |
| 2011 | 62,649,014 | 2,249,481 | 3,59% | 2,007,484 | 3,20% | 2,026,452 | 3,23% | 2,276,631 | 3,63% |
| 2021 | 66,957,701 | 2,321,418 | 3,47% | 2,478,653 | 3,70% | 2,318,155 | 3,46% | 2,015,419 | 3,01% |
| 2031 | 70,933,300 | 2,196,265 | 3,10% | 2,245,017 | 3,16% | 2,388,718 | 3,37% | 2,481,361 | 3,50% |
| 2041 | 74,165,074 | 2,396,397 | 3,23% | 2,449,160 | 3,30% | 2,266,578 | 3,06% | 2,252,909 | 3,04% |

Population estimates males 25-44 (1981-2041), Office for National Statistics (2011).

The females were divided into smaller groups in the same way as was done with the males. From these numbers, it could be derived that the group females between 25 and 44 shows the same trend as the males. This means that the new group of donors for charities should be within both males and females between 25 and 34. However, because women are more likely to donate, it should be concluded that this group is a better target group. An overview of these results could also be found in appendix X, and in the table below.

| | Total population | Females | | | | | | | |
|-------------|------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | | 25-29 | % | 30-34 | % | 35-39 | % | 40-44 | % |
| 1981 | 56,357,464 | 1,896,952 | 3,37% | 2,077,798 | 3,69% | 1,781,752 | 3,16% | 1,582,947 | 2,81% |
| 1991 | 57,438,658 | 2,353,506 | 4,10% | 2,112,274 | 3,68% | 1,894,400 | 3,30% | 2,073,673 | 3,61% |
| 2001 | 59,113,497 | 1,964,332 | 3,32% | 2,295,463 | 3,88% | 2,356,846 | 3,99% | 2,107,838 | 3,57% |
| 2011 | 62,649,014 | 2,149,181 | 3,43% | 1,978,827 | 3,16% | 2,043,731 | 3,26% | 2,312,794 | 3,69% |
| 2021 | 66,957,701 | 2,232,431 | 3,33% | 2,373,714 | 3,55% | 2,227,583 | 3,33% | 1,994,877 | 2,98% |
| 2031 | 70,933,300 | 2,110,088 | 2,97% | 2,162,526 | 3,05% | 2,308,879 | 3,26% | 2,387,263 | 3,37% |
| 2041 | 74,165,074 | 2,307,503 | 3,11% | 2,357,369 | 3,18% | 2,187,934 | 2,95% | 2,178,548 | 2,94% |

Population estimates females 25-44 (1981-2041), Office for National Statistics (2011).

Based on these numbers, it could be concluded that the new segment is stable enough to be targeted. Although there will be a decline, the percentages will stay around the 12%. In overall, the population between 25 and 44 will be around the 25%. Therefore, it could be stated that charities have good opportunities within the segment between 25 and 34 within the higher incomes.

6. Targeting

From the previous part, it was concluded that charities could find new donors in the 25 to 34 years old with a higher incomes, which means an income in the upper two quintiles. According to Sargeant, Ford & West (2000), this group believes that the communications that charities use at the moment are too expensive given the level of support they give at the moment. In this part, a general media plan will be presented, which could be used by charities in order to target the new segment.

First, the media use within the segment will be analysed. Based on these outcomes, an overview of channels that should be used will be discussed, and how this should happen. Third, the message that will be send by the charities will be analysed and finally, the retention of the new donors will be discussed.

6.1 Media plan

6.1.1 Media use within the segment

The main issue in targeting this group is the use of different channels. Young people, and especially males, use more internet, mobile phones and e-mail than other people (Bunz, 2010; Opera, 2008). In 2011, 65 per cent of the adults between 25 and 34 had an internet connection on their mobile phone, an increase of 18 per cent compared to 2010 (Office for National Statistics, 2011). Social networking, finding information about goods and services, and internet banking are the most done activities within this segment (Office for National Statistics, 2011). The people between 25 and 34 are watching less TV than the overall average, but are using the computer more (Ofcom, 2010).

6.1.2 Recommended channels and use for charities

Because internet is such an important part in the media use for 25 to 34 year olds, charities should use that channel to target them. However, internet advertising should be primarily used as a communication tool and only secondarily as a fundraising tool (Hart, 2002). People avoid looking at internet banners, but it increases the awareness, especially when it is repeated (Drèze & Hussherr, 2003). This means that charities should not spend too much on internet advertising, as it will not increase the donations. On the other hand, it increases the brand awareness and recognition.

Charities could use a 'donate' button in their websites, so that possible donors could easily make an actual donation. Also some social networks, like Facebook, have an donate option which could help charities.

Mobile advertising and e-mails are better channels to reach the young affluent, but only when they give permission, because of the fact that email and text inboxes are considered much more private than their home mailbox (Leppäniemi & Karjaluoto, 2005; Chittenden & Rettie, 2003). At this moment, almost all marketing managers who use e-mail to retain customers, regard it as very effective (Chittenden et al, 2003). This could also work for fundraising. E-mail is not much used to attract new donors, but it could be very useful as younger people are more favourable against direct mailing in general (Milne & Gordon, 1994). Mobile advertising offers the opportunity to send a personalised, location specific communication with the possibility of an immediate response (Leppäniemi et al, 2005). Mobile advertising will be recalled and it will be recommended to others (Leppäniemi et al, 2005). Therefore, a good mobile advertisement could be send over to others. Mobile advertising should be done through the mobile internet, as it provides the possibility to send an interactive message and has more opportunities in terms of type of message than a SMS message.

In the United Kingdom, there is a new development in SMS: Text Giving. Charities could sign up, where they get a unique code. Donors could text this code and a certain amount will be written off. For

charities, this could be an opportunity to attract younger donors, based on the use of mobile phones within this segment. Because this is a new phenomenon, it is not possible to give a good advice about this.

According to Kaplan & Haenlein (2010), social media could be a good opportunity for companies, and Mangolds & Faulds (2009) even call it a part of the promotion mix. However, companies do not have control over content, timing and frequency of the social media-based conversations between consumers and this could lead to undesirable outcomes (Mangolds et al., 2009). Constantinides, Lorenzo Romera & Gómez Boria (2008) argue that marketing with social media is about building a relationship and conversation with others, which could help charities to reach their new segment. Companies could implement social media into their marketing strategy in a passive or a active way (Constantinides et al., 2008). When companies use the passive way, they use social media to listen to their customer. In that way, companies could identify market experiences, new market needs, and hear early warnings about product problems. Within the active ways, there are different types. Within the first one, companies use social media as their PR and as a direct marketing tool. Companies use blogs, to get in contact with their customers (Constantinides et al., 2008). A step further tries to influence customers, when other customers review, discuss, comment or recommend the products. Companies could also introduce web sites, which are based on user-generated content (Constantinides et al., 2008). Customers could be involved in the advertising to increase goodwill and customer advocacy. This leads to valuable insights into consumer behaviour, reactions to new products and ideas, and the company's marketing materials (Constantinides et al., 2008). Furthermore, consumers could be made a co-producer. Companies could provide online tools that allow partial or full customisation of the company's products.

For charities, the passive way is a good way to begin. This is because they do not know the segment at this moment and this could be a good way to find out more about them, in terms of their expectations and attitudes. According to Constantinides et al. (2008), weblogs, communities and forums are good applications for this approach.

6.1.3 Message

Also the message sent by charities influences donor response. New donors look more at the appeal of the message, than the message itself. Renewal donors consider the message itself as more important (Diamond & Gooding-Williams, 2002). Because younger people donate mostly from empathy (Charity Insight, 2010), the message should empower this. This could be done by making sure it leads to an 'identifiable victim effect'. This effect leads to more donations and a higher amount of donations (Jenni & Loewenstein, 1997). This effect is been caused by vividness, certainty, proportion of reference group that can be saved and time of evaluation of the risk. In overall, a message from a charity should be short and have much colourful images (Chittenden et al, 2003). To avoid unsubscriptions, the message should contain more links. Otherwise, the unsubscription link will be easier marked. Because young affluents are more interested in planned giving schemes than others (Kottasz, 2004a), charities should offer this to them.

A follow-up mailing is a good way to persuade the donors that looked at the mailing and laid it aside (Carter, 1996), but there should also be a two-way communication about why some people do not respond. These follow-ups could lead to more irritation about direct mailings, but it has no effect on donor behaviour (van Diepen, Donkers & Franses, 2009).

6.2 Retaining donors

A huge problem in the current donor market is the lapse rates (McGrath, 1997; Merchant, Ford & Sargeant, 2010). This means that the new targeted donors also should be retained. A good way to do this is relationship marketing (Sargeant, 2001). As stated before, this recognises each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the

charities being supported, where it is the goal to know them well enough to be able to match their values and interests with opportunities to give. Based on van Diepen et al (2009), the number of donations is a better way to predict future behaviour than the amount given. However, most of the second-time donations go to another charity than the first-time donation, and most attrition is between the first and second gift (Bennett et al, 2009). People often forget they gave to a certain charity, which means that charities should put more effort in this. In this point, it is very important to keep the donors satisfied, so that they keep giving.

McGrath (1997) distinguishes two types of value a charity should deliver to keep their donors satisfied. The first one is cause value. This comes from the charity's work and is the basis for donations. If this value is absent, the donor will definitely stop giving. The service value will be delivered by the charity, by appreciation and feedback towards to the donors. The most important factors in service value are feedback and communication, appreciation, reaction at donor response, multiplying gift's value, and rewards and benefits.

Part of the feedback and communication is information about the achievement of goals (McGrath, 1997). Most of the young affluents want to be personally involved (Kottasz, 2004a), which means they want to know what happens to their money. This leads to more trust as the charity fulfils their expectations, even with a lack of control about their actions, and this keeps donors retained (Naskrent & Siebelt, 2011). Second, donors like to feel appreciated, especially when it is unexpected (McGrath, 1997). This leads to more positive emotions and donation intentions, whereas the lack of it leads to more negative emotions and intentions (Merchant et al, 2010). Furthermore, the donor response is a great opportunity to identify ways of improving donor value and retention, especially when there is a complaint (McGrath, 1997). A good handled complaint could lead to more satisfaction and trust (Naskrent et al, 2011). Another important factor in service value is the multiplying of gifts. This could be by taxes and companies. Especially tax incentives have a positive relationship with donation behaviour from younger affluent people (Kottasz, 2004a), where corporate donations in general lead to more donations (Lichtenstein, Drumwright & Braig, 2004). Although tax incentives are outside the charities' possibilities, they should make people aware of it. However, in the United Kingdom, this is not available for the donor. It is possible to donate money through GiftAid. This means that charities do not pay tax on that donation, which leads to a higher donation. Finally, rewards and benefits lead to more service value, and therefore to donor satisfaction and retention. For younger affluent males, this means that they would like to have invitations to special charity galas and events, whereas women donate to reputable charities in order to gain personal recognition (Kottasz, 2004b).

6.3 Summary

Young affluent people should be reached through the internet, mobile advertising and email. The internet will increase the awareness of charities, which leads to a higher likelihood to donate when they receive a direct mail. This direct mailing should be done through email and mobile advertising, as the young affluent males uses these devices the most of all groups and are more positive about them. The message sent should be short and colourful, but should empower the 'identifiable victim effect' and the possibility for a planned giving scheme should be provided. To decrease the lapse rates, charities should use relationship marketing to establish a profitable relationship for both parties. This means that charities should deliver a high service value, where there is a two-way communication. Where donors donate money and provide information about themselves, charities should give them information about the performance, appreciation, response to donor information, the multiplying of gifts, and rewards and benefits. These factors are different for all the segments, so this should be asked to the different segments. For young affluent males, it is most important to personally involve them, and to give them rewards and benefits.

7. Conclusions

Charities see a decline in their received donations, and in order to increase or at least stabilise these donations, it is necessary to find a new target audience. For **EDMMedia** this is also very important, because they deliver the different target groups to the charities. In order to solve this problem, the following research question was formulated:

What target audience could be new donors for charities and how could they be targeted?

In order to answer this question, it was necessary what the current donor population was like and what influences donor behaviour. Also the identification from new donors is an important part in this research and finally, to answer the last part of the research question, it was necessary to find out how the new donor audience could be targeted.

With use of the model for charitable giving (Sargeant, 1999), the factors that are important for donations and donors in the charity market could be identified. The socio-demographic factors and personal values are the most important factors, as they influence the parts that influence the output directly. These factors were also used as the identification for different segments. The population was segmented based on socio-demographic factors like gender, age and income. In these segments could be seen that women between 45 and 64 years old are more likely to donate and donate more, just as people with higher incomes.

With use of the lifetime value, a segmentation matrix was made. This led to the conclusion that there is an opportunity for charities in the people between 25 and 34 with higher incomes. This group is less likely to donate at this moment, but has the financial ability to do it and is positive about charities. Also the five criteria for a valuable segment, definition and measurability, accessibility, substantiality, congruence, and stability were met, so that this group was chosen as the best possible new segment for charities.

Because this group is not donating at this moment, it could be concluded that they are not reached at this moment. Charities need to change their used channels, in order to be able to reach their new target audience. The main opportunities are in the internet, e-mail and mobile advertising. This group is known for their extensive use of these devices, and it is therefore more likely to reach them through these channels. Internet advertising does not increase the donations, but it will increase the brand awareness and recognition. A possibility could be to introduce a 'donate' button at websites, and to use the donate option in social media like Facebook. Mobile advertising and e-mail should only be used when the users have given permission to do so. Mobile advertising offers the best opportunity for reaching the new segment, because it offers the opportunity to send a personalised, location specific communication and the user could response immediately. A mobile advertising could be send over to others, so that a bigger group is reached. Another option for charities with mobile phones, is using TextGiving. This offers an easy way for donors to send money to a charity.

To keep these people donating after their first donation, it is very important to keep this group personally involved with the charity. This should be done by sending them information about what happens with their money. Also they want to be rewarded for their donations, in the form of galas and other events.

7.1 Recommendations

The previous conclusions lead to the following recommendations towards **EDMMedia** for the targeting of the current segment and the new segment.

- **The current preferable segment should not lose attention.** The current preferable donor segment, women between 45 and 64, will remain stable in the short and long term, is giving the most and has a long relationship with charities;
- **Keep using direct mail.** The current segment is best reached by direct mail, which means that charities should keep using it. Direct mail has proven its effectiveness by high response rates and the fact that heavily mailed people tend to donate more money;
- **Start targeting a new segment.** This new segment could be found in the adults from 25 to 34, with an income in the two highest income quintiles. With targeting this segment, an increase or at least a stabilisation of the donations could be established;
- **Use new channels for targeting this segment.** Especially the internet, e-mail and mobile advertising could be opportunities to reach this segment;
 - **Internet:** do not spend too much on internet advertising, as it will not increase donations. However, it does increase the brand awareness and recognition. Charities could use a 'donate' button in their websites, and use the donate option in social networks like Facebook;
 - **E-mail:** only use it when people have given their permission, and especially for retaining donors;
 - **Mobile advertising:** offers the best opportunity for reaching the new segment, but only use it when people have given their permission. The biggest advantage of mobile advertising is that it offers a personalised, location specific communication with the possibility of an immediate response. A mobile advertising could easily be sent over to others, so that a bigger group could be reached;
 - **Social media:** look at weblogs, communities and forums in order to get to know the new segment and find out more about them, in terms of their expectations and attitudes.
 - **TextGiving:** charities should sign up for this, as it offers an easy way for donors to donate money.
- **Send a short and colourful message.** This especially counts for new donors, as they need to be attracted and get aware of the cause. Because young people donate mostly from empathy, charities need to make sure that people are able to identify themselves with the cause;
- **Keep the focus at London and the surrounding areas.** Just like the current preferable segment, the new segments live mostly in those areas.
- **Try to introduce relationship marketing to charities.** With use of relationship marketing, the new targeted donors could keep giving. Charities should keep records of their donors, especially their first-time donors, in order to persuade them to give another time. For the young affluent, this means that charities should keep them informed about their performance and spending of the donor's money and appreciate the donors for donating.

8. Reflection

In this part, the limitations and scientific relevance for this research will be discussed. After that, a personal reflection will be done, where a reflection will be given about the preparation, the internship and the research itself.

8.1 Limitations and scientific relevance

The main limitation from this research is the use of secondary data. This made it sometimes difficult to relate some outcomes to each other, because other data sets were used. However, the choice to only use secondary data was conscious made. It was not possible to do a complete survey, because it would be too difficult to send a questionnaire that would answer all the questions. When different people would be used, the danger of bias would sneak in. An internet survey could have been done, but it would be very difficult to get a complete overview of the whole population. Internet is not used within the whole population.

The conclusions that are made, could change in a short period of time. This is because of the fact that the marketing world, with the upcoming internet and mobile internet channels and possibilities, is changing very fast at this moment. Social media will definitely get even more attention when more results about the results are known. The developments within these new channels should be closely watched, in order to provide a more precise recommendation.

The scientific relevance of this research could be found in the use of the theoretical framework. In this research it has shown that the factors that are provided in the model explained in the framework, have an influence at charitable giving.

Furthermore, this research provides a grounded answer to a current problem at the charity market. It is scientific proven that there is a new segment for charities, where these people could be found and how these people should be targeted.

8.2 Personal reflection

8.2.1 Learning objectives

Before the research started, I have set up some learning objectives.

First of all, I wanted to improve my English, both spoken and written. I believe that English is very important in my later work and therefore, I should improve it. At this moment, I would consider myself as a above average reader, but my written and especially spoken English definitely needs improvement. If I would be able to do this, I could have an advantage on other students.

Another very important learning objective is the conduction of a real scientific research. During my bachelor, I had some practice in it, but always with some starting points. This would be the first time that I would do it all by myself and I believe that this is necessary for my future.

The previous learning objective is closely related to this one, which is that I would like have some practical experience. Before conducting my bachelor thesis, I only had lectures and projects within the university and I think that it is necessary to have some practical experience before I really go to work. Especially with my study, Bachelor Administration, it is of great importance to have some experience within a company. Now I am still at the university, it is not that bad if I make mistakes or choose the wrong direction for my internship company or assignment and that is why I would like to gain some experience now.

Next, I need to improve my planning. I am able to make a planning, but at this moment, I allow myself too often to deviate from that, which often means I have to rush at the end. In an assignment like this,

which is that big, it is not possible to deviate from a plan. This would mean that I could have a delay in finishing the assignment. This is something I really want to prevent.

Finally, I would like to know whether I am able to adjust to another culture. Later on in life, I might be working abroad, and therefore it is very important to know in advance whether I am able to fit in different cultures. That is why I chose to do my internship in the United Kingdom. This was mainly to improve my English, but also because of the fact that I would like to live abroad for a short period of time.

8.2.2 Preparation

My preparation for the bachelor thesis started very early, because I wanted to go abroad and I knew that it would take some time to prepare for it. I subscribed at a company that would arrange a company and a place to stay.

After I got the news that I was welcome at a company, **EDMMedia**, I almost immediately started searching for an attendant. Because I would be in London, in a whole new environment and new people, I wanted to have done as much as possible before I left. I found my attendant really quickly, but unfortunately, the company wasn't that quick to react on my questions about a possible research subject. After I got the subject, it did take a while to get more details about it. Because I didn't want to be pushy, I send a reminder after two weeks.

To me, it was very difficult to define the problem, because of the little details I got and because I didn't know what they expected from the research. Afterwards, I should have been pushier, as it would have saved time in the beginning and it would be easier to already have a start of my research as I got to London.

8.2.3 Internship

When my internship started, I didn't get much introduction about what their expectations were or what I would be doing. This didn't give me a really good feeling about how my internship would be going. It wasn't difficult to ask my attendant questions about problems I had during my research, but sometimes I believed that she was too busy to help me properly.

However, at the end, when my research was almost ready, she really took the time to discuss my research. She pointed me at some things I didn't think about and could tell me things I couldn't find during my desk research.

8.2.4 Research and outcomes

During my research, I found several difficulties. At first, the direction of the research was difficult to find, because the company did not really tell me what they wanted. This made it difficult to define the problem properly. Later, when the company told me what they expected to find from the research, it was possible to define the problem clear enough and start to develop my theoretical framework.

During the development of my theoretical framework, I found it difficult to decide what could be in it and what not. Sometimes I had to ask my company attendant if this was what they would like to see, or that it could be excluded. After my theoretical framework was finished, I had to start to really search for data. The best option was to do a survey, so that I would really have my own data and this would make it easier to relate things to each other. Now, with the secondary data, it was sometimes difficult to do so.

When I got back from London, the finishing of my assignment could start. In that part I found some difficulties with my own planning. I kept the improvement ahead of me, until it was almost too late to hand it in before the appointment. This is something I still believe that there has to be some

improvement. I still find it difficult to put myself to work at some times. This has led to the fact that I did not reach my own deadline for finishing the assignment, which was before the beginning of my master in September.

By conducting this research, I really learned how it is to do scientific research. I already knew how to interpret scientific literature, but it is difficult to conclude things from it, or from data that I found. In my opinion, this is something I have learned with this assignment, with some help from my attendants. Because I know now where the research is for, and that it is really necessary for the company to know it, I believe that my motivation for this research was better than for others. When I was in the company, I saw what was happening and what my research could mean to them, which leads to the fact that I believe that I could be a real contribution in their company.

Finally, I believe that my English has really improved. When I was in London, I got many compliments about my English. Because I had to talk English all the time for 2,5 months, it really felt like I was talking it. I didn't have to think anymore about what I should say, and this was my own objective. During the writing of my research, I sensed that my writing and reading were improving very quickly. At first, I had to think about what I was writing or reading, and after a month I wasn't translating anymore. Another objective during my stay in the United Kingdom was to find out whether I could adapt to another culture. English people are very polite, but it is very difficult to get in contact with them. I mentioned this in the first week of my internship, where it was difficult to ask people things I didn't understand. However, after a month, when I was acclimatised, I found that this got easier and that I really liked the city a lot. The differences between my home and London were so big, but I really felt at home after a while.

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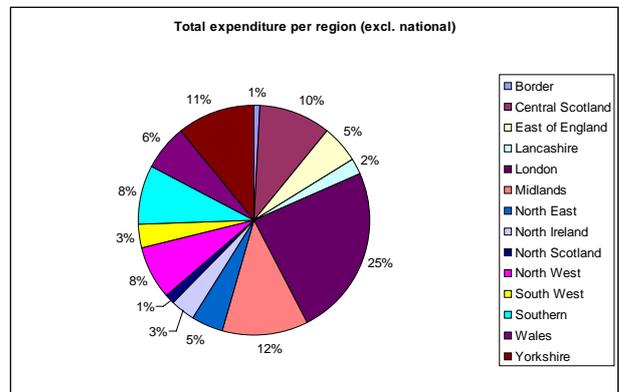
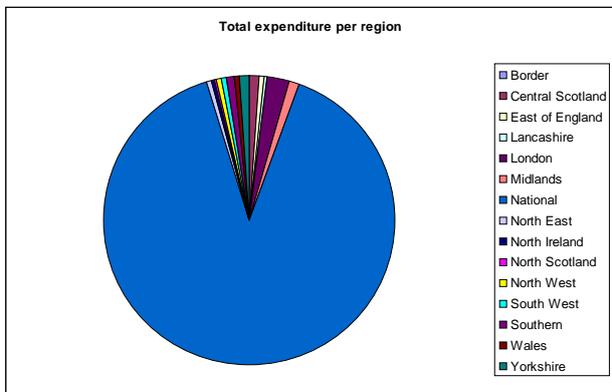
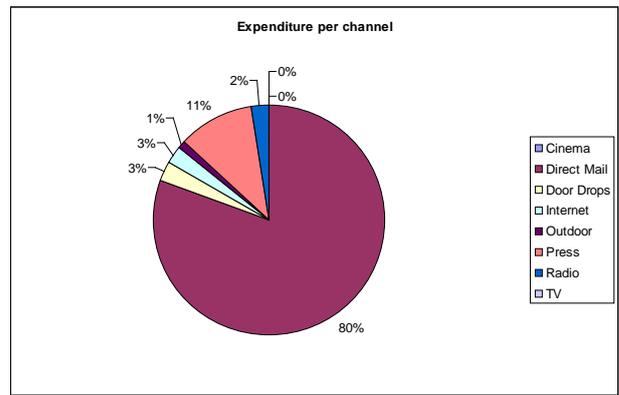
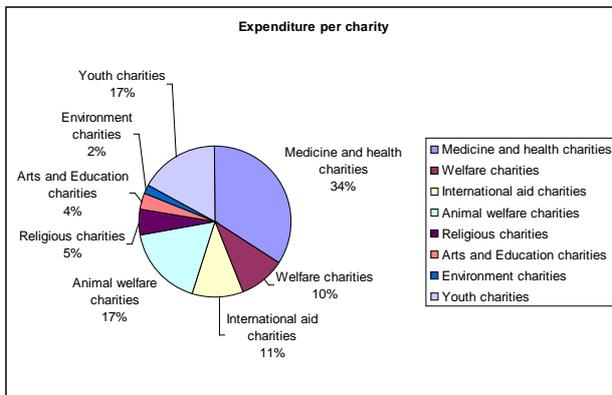
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Appendices

Appendix II – Operationalisation of segments

| Segment base | Scales | Source |
|---|---|---|
| Gender | Male/female | - |
| Age | Under 16 16-24 25-44 45-64 65 and older | Office for National Statistics |
| Employment status and social class | <ul style="list-style-type: none"> - Higher managerial, administrative and professional occupations - Intermediate occupations - Small employers and own account workers - Lower supervisory and technical occupations - Semi-routine and routine occupations - Never worked and long-term unemployed - Students | National Statistics Socio-Economic Classification |
| Region | <ul style="list-style-type: none"> - North East - North West - Yorkshire - Midlands - East of England - London - South East - South West - Northern Ireland - Scotland - Wales | Office for National Statistics |
| State of religion | <ul style="list-style-type: none"> - Regular churchgoer (at least once a month) - Fringe churchgoer (less than once a month, but at least six times a year) - Occasional churchgoer (less than six times a year, but at least once a year) - Open de-churched (do not go to church, have done in the past and are very likely to go in the future) - Closed de-churched (do not go to church, have done in the past, but are not very likely to go in the future) - Open non-churched (never been to church, except for weddings and funerals, but are likely to go in the future) - Closed non-churched (never been to church, except for weddings and funerals, and are not likely to go in the future) - Other (other than Christianity) - Unassigned (unknown prior church attendance) | Tearfund |

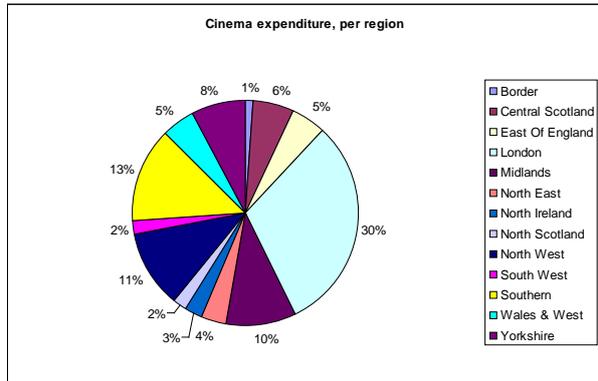
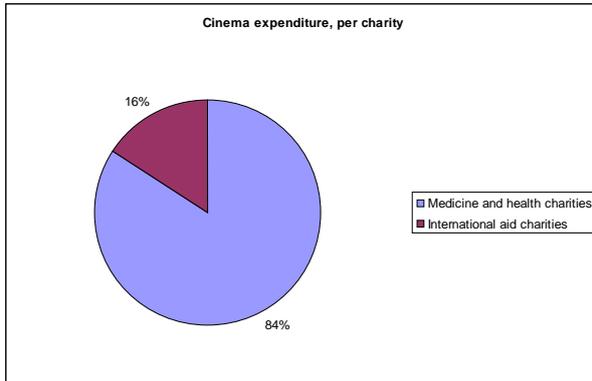
Appendix II – Overall input of charities



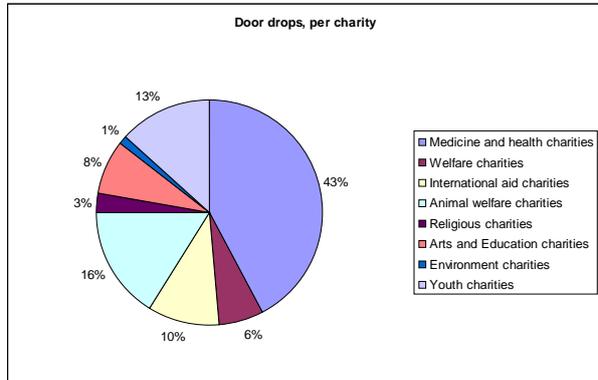
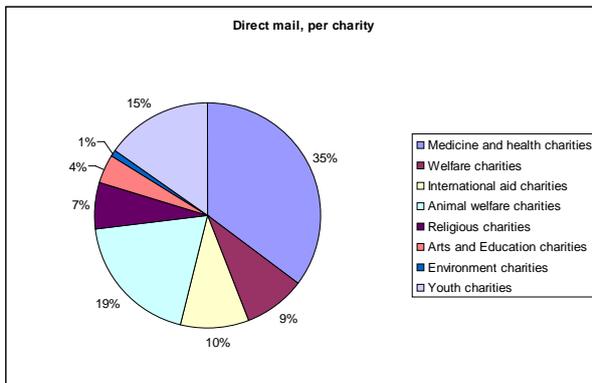
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Appendix III – Input of charities, per channel

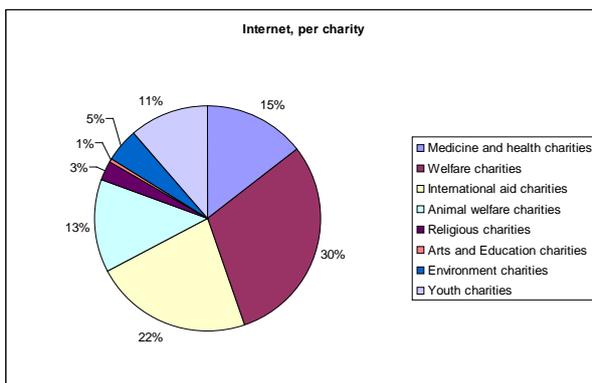
Cinema



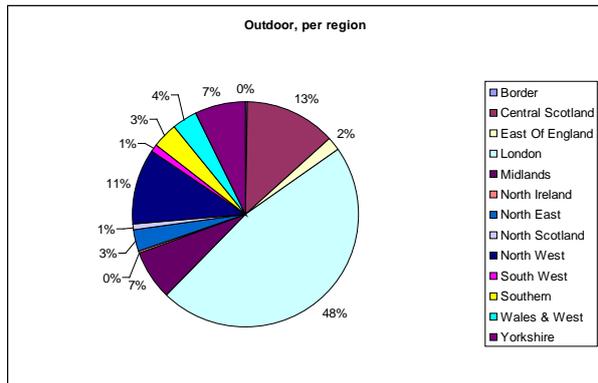
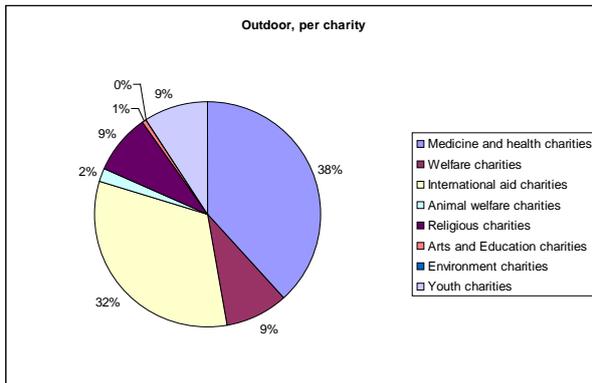
Direct mail and door drops



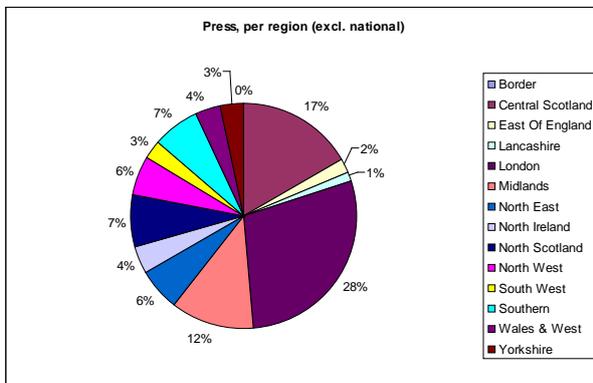
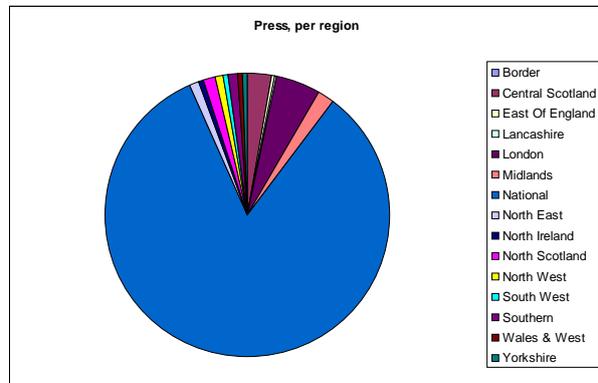
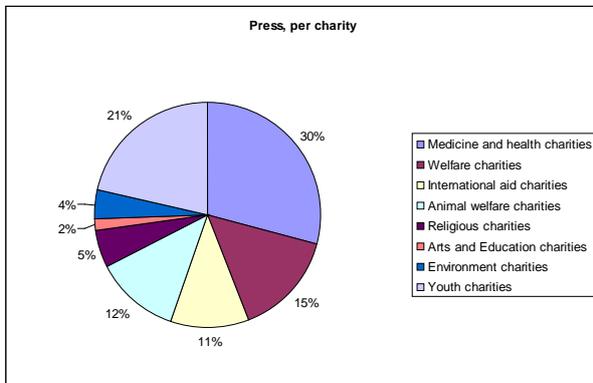
Internet



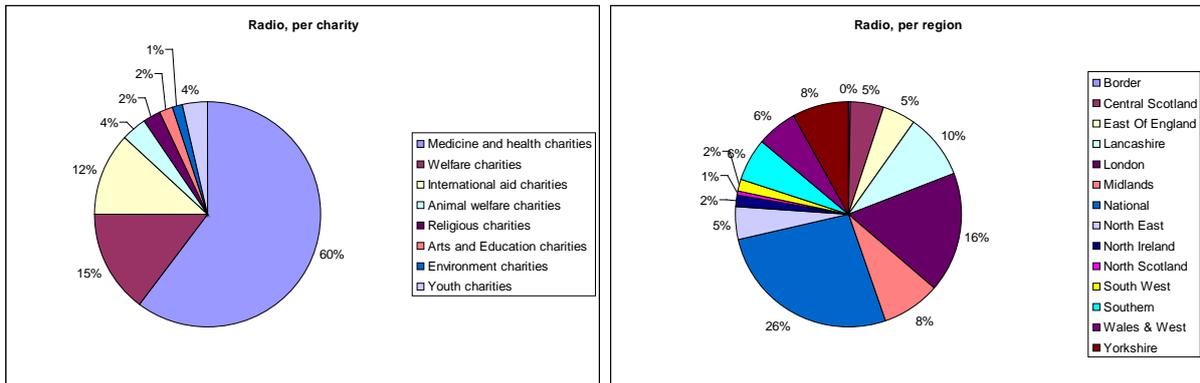
Outdoor



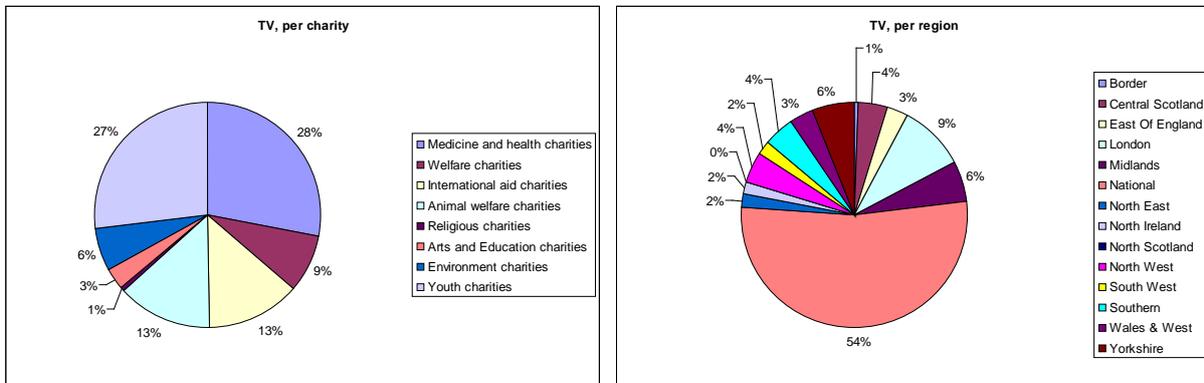
Press



Radio

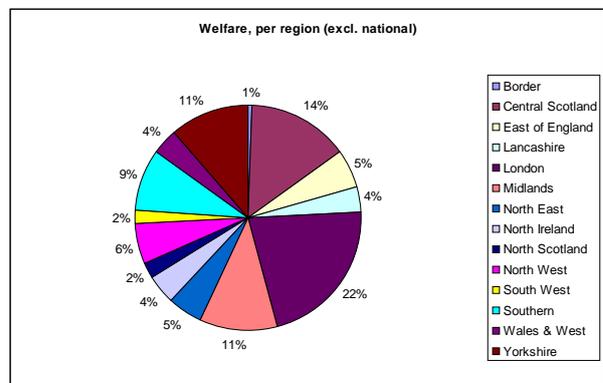
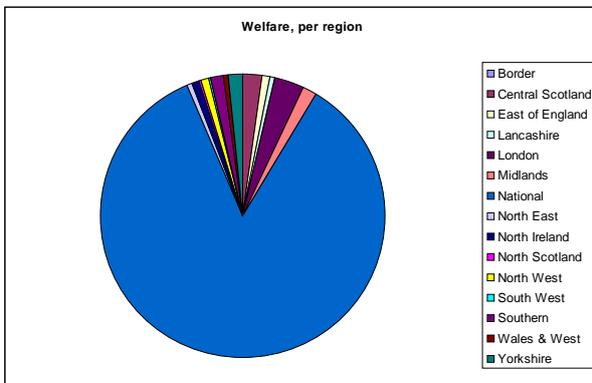
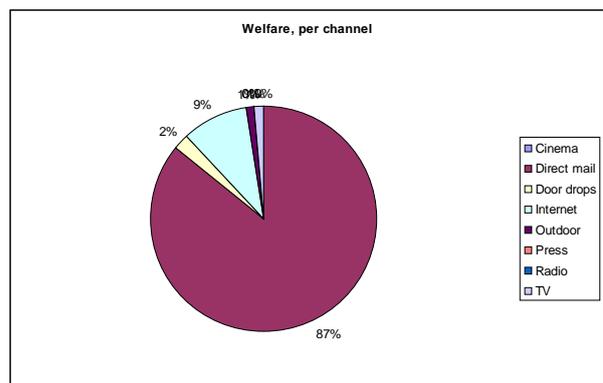
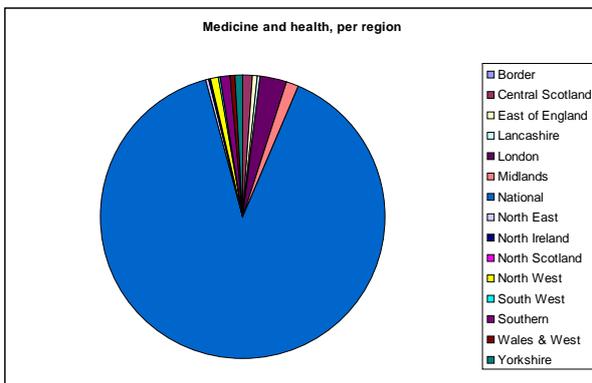
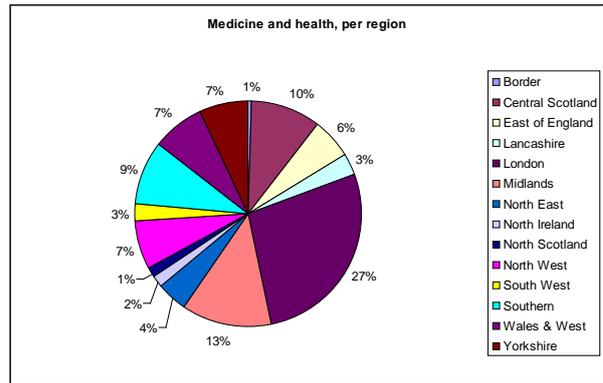
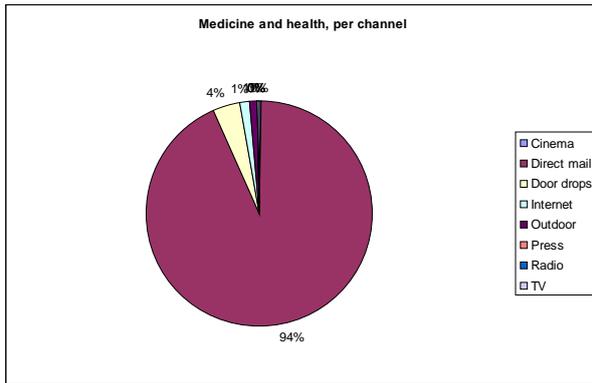


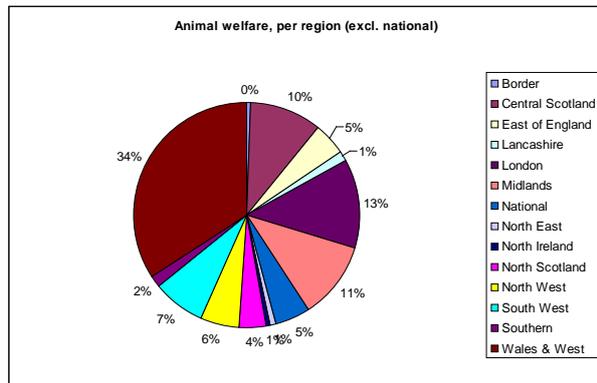
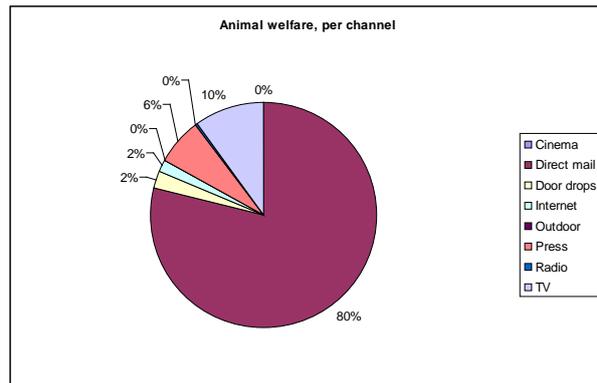
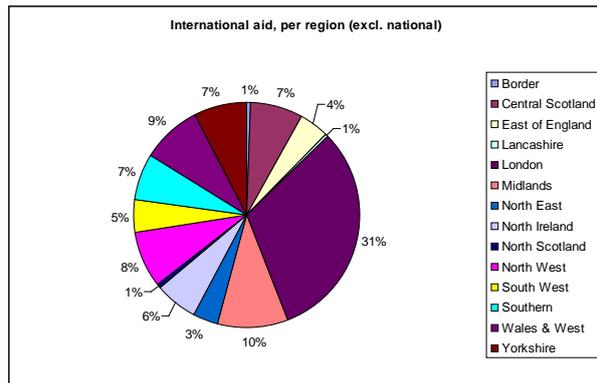
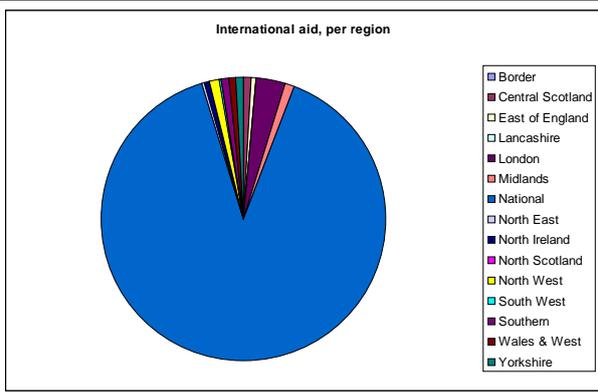
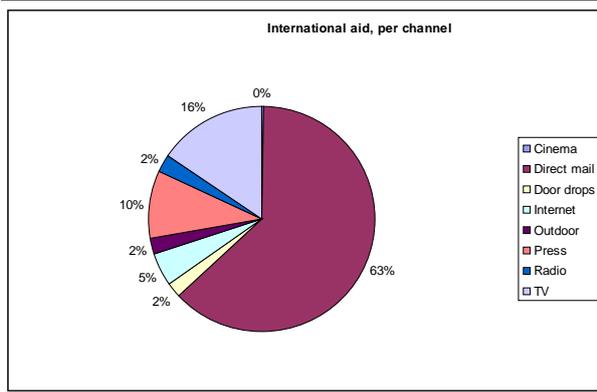
TV

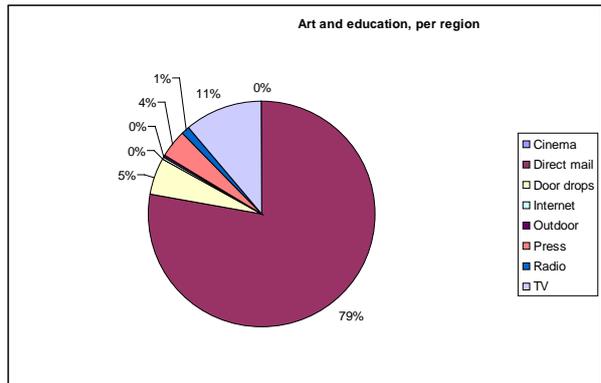
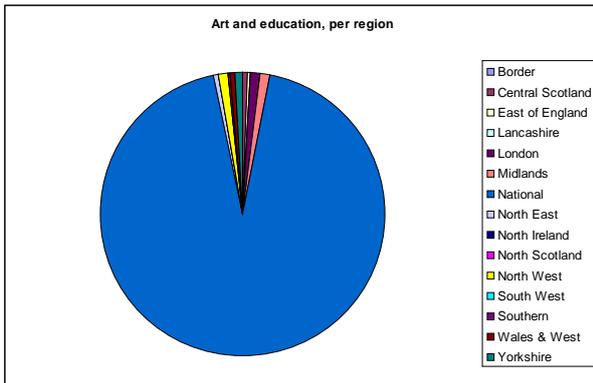
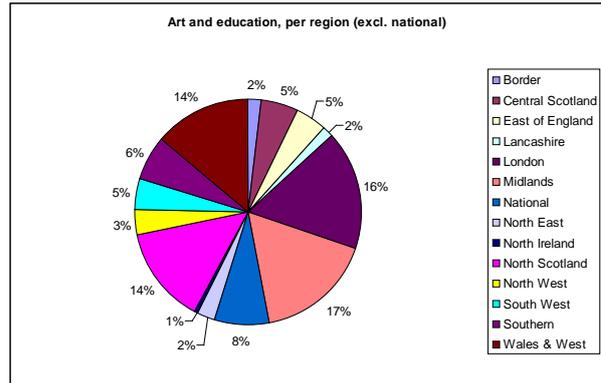
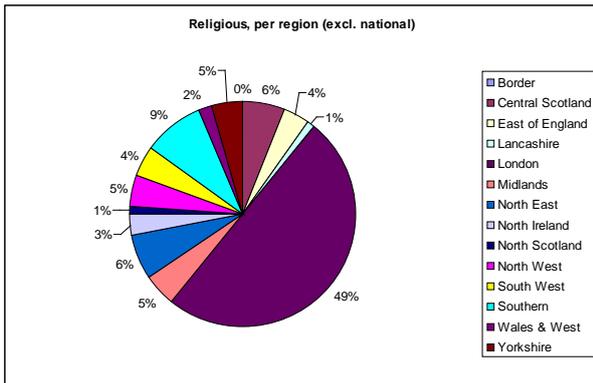
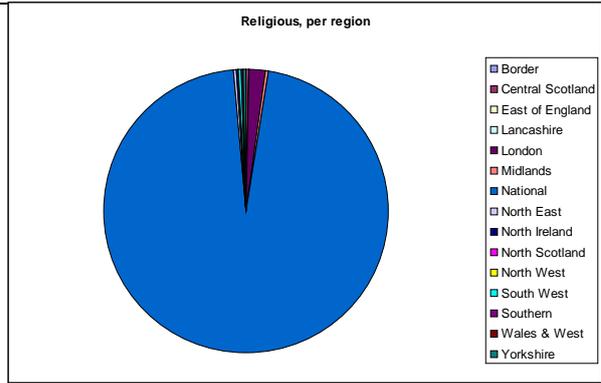
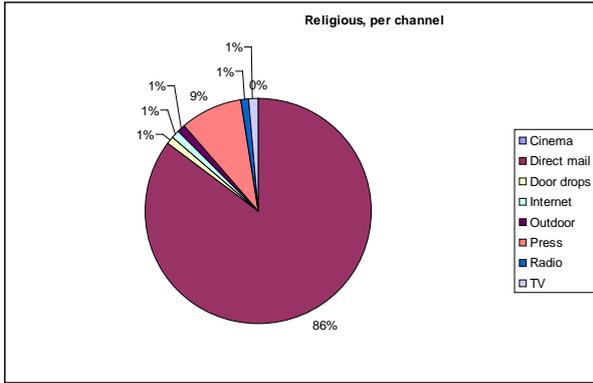


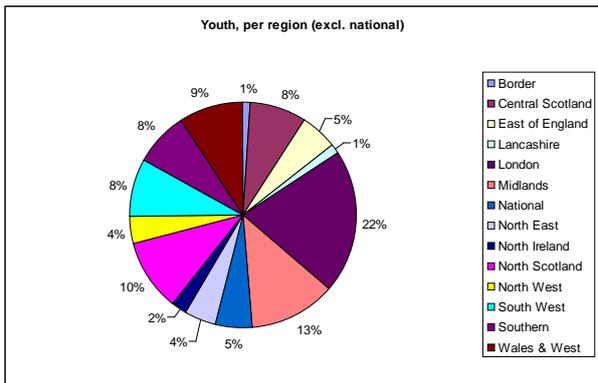
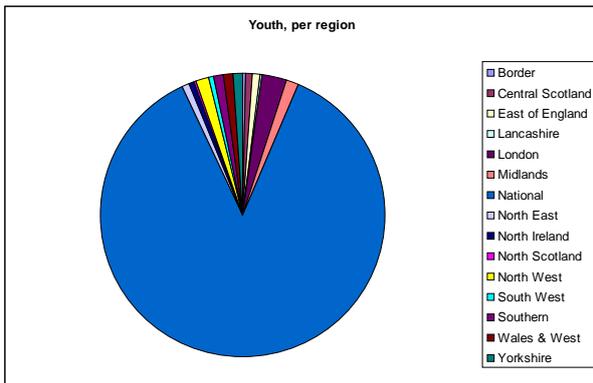
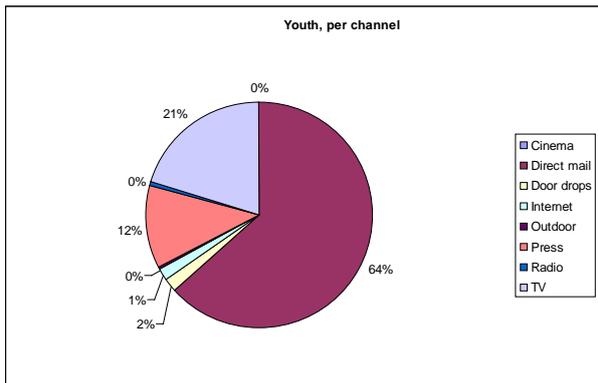
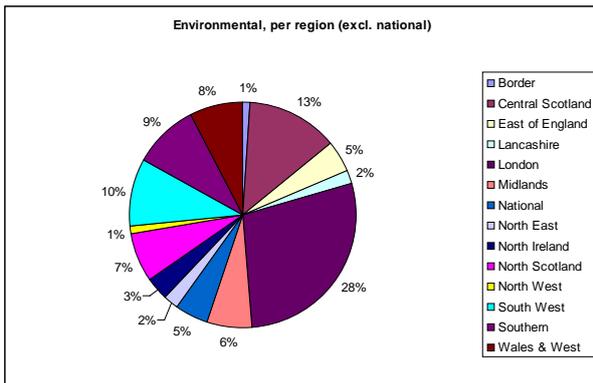
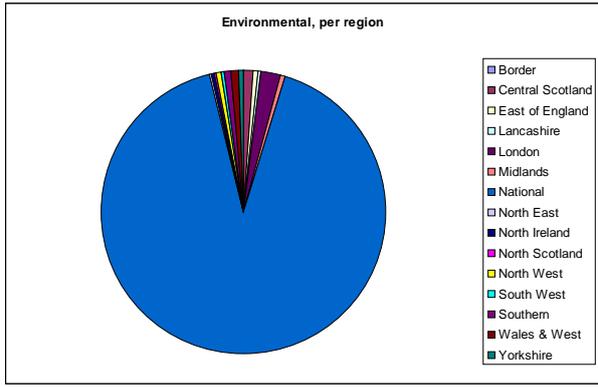
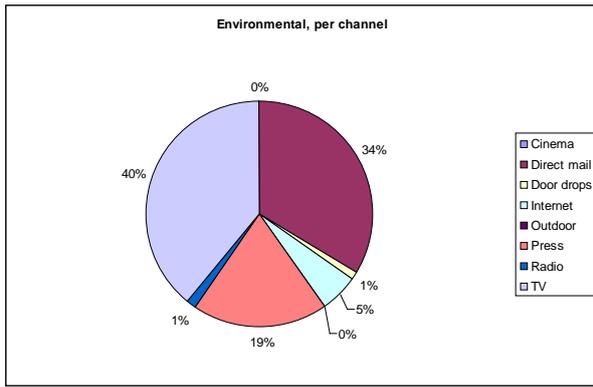
Addynamix, 2011.

Appendix IV – Input of charities, per charity









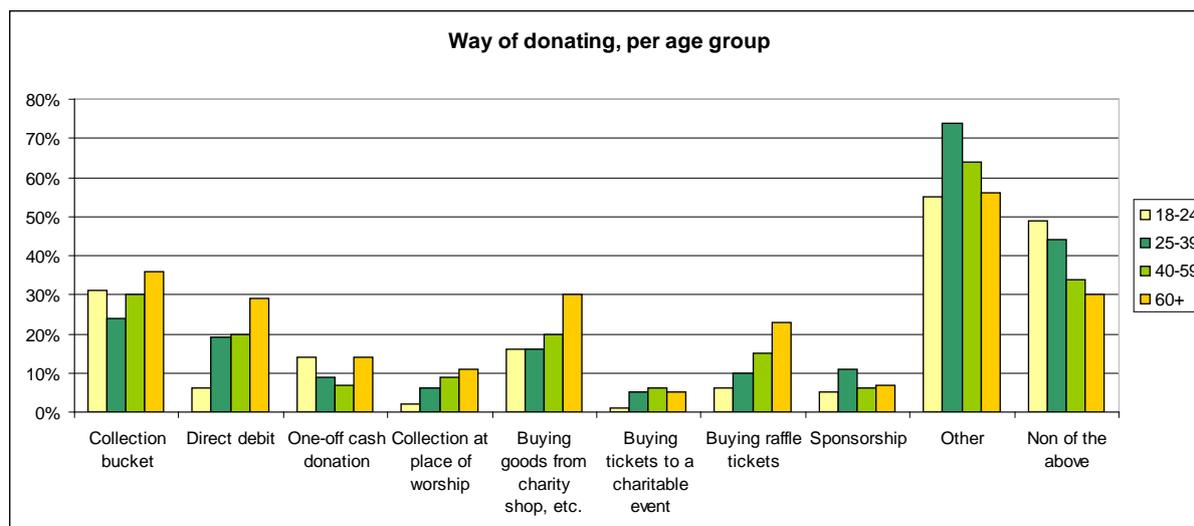
Addynamix, 2011.

Appendix V – The UK in regions



The UK in regions, based on the National Statistics

Appendix VI – Donors: age and gender



Charity Insight, 2011.

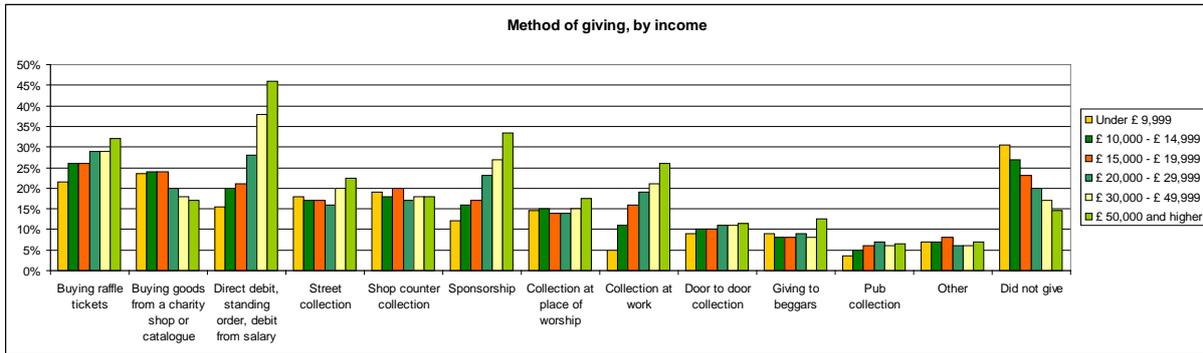
| | 18-39 | 40-45 | 50+ |
|----------------------------|-------|-------|-----|
| Medicine and health | 37% | 43% | 48% |
| Welfare | 33% | 23% | 67% |
| International aid | 16% | 14% | 19% |
| Animal welfare | 23% | 24% | 28% |
| Religious | 5% | 7% | 13% |
| Art and education | 12% | 3% | 4% |
| Environment | 9% | 6% | 6% |
| Youth | 33% | 20% | 23% |

Charity Insight, 2011.

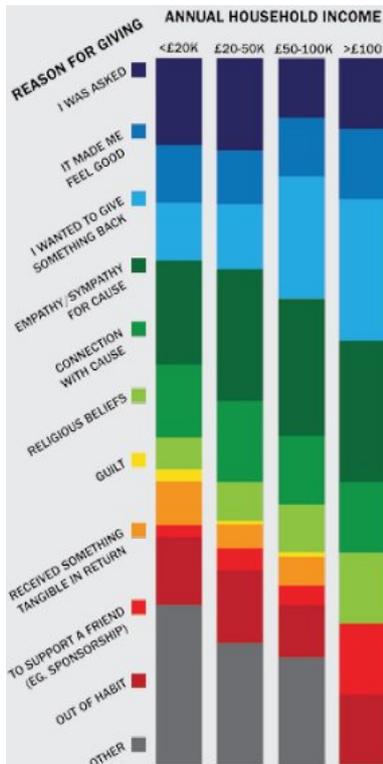
| | 18-39 | 40-49 | 50+ |
|---------------------------|-------|-------|-----|
| Empathy | 41% | 33% | 32% |
| Emotional benefits | 12% | 5% | 4% |
| Materialism | 4% | 4% | 3% |
| Religious beliefs | 3% | 5% | 6% |
| Familial benefits | 14% | 17% | 18% |

Charity Insight, 2011.

Appendix VII – Donors: social class and income



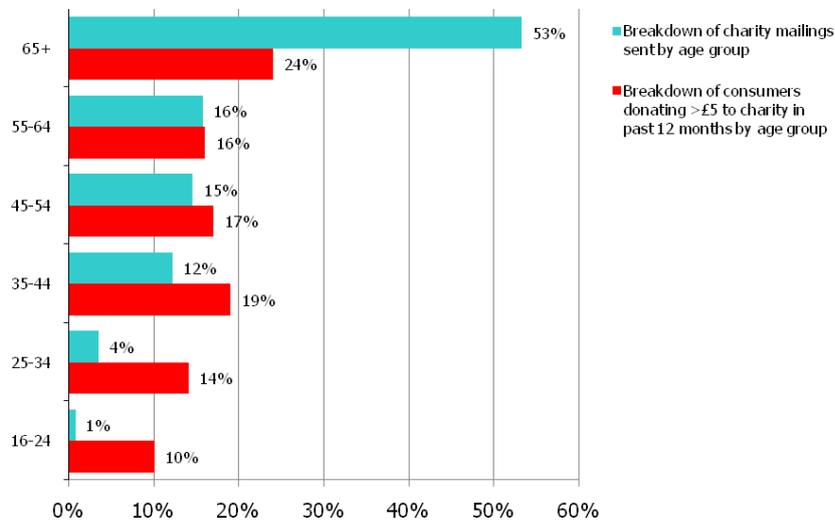
Office for National Statistics, 2010.



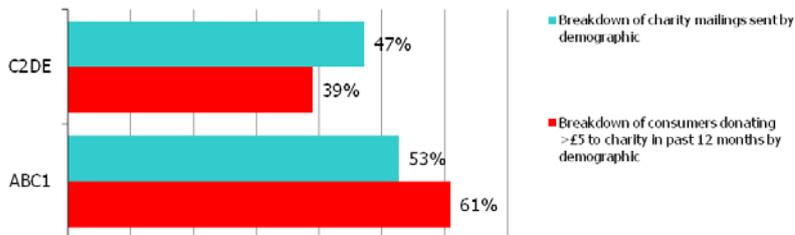
Charity Insight, 2011.

Appendix VIII – Output

Age and gender



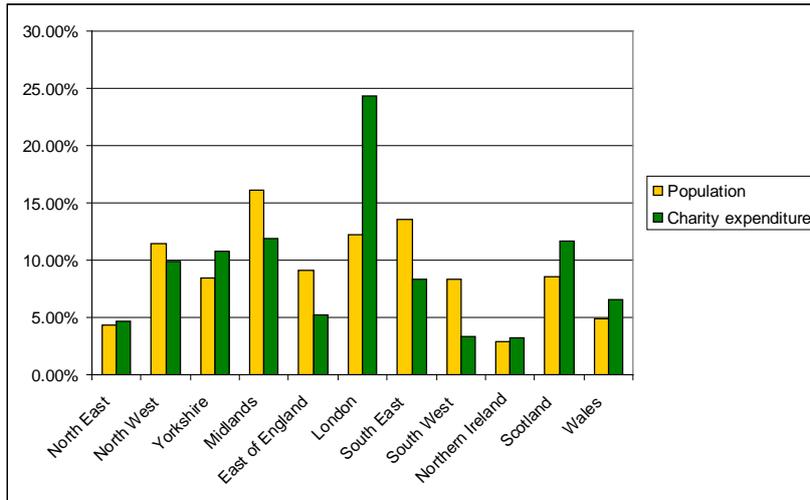
MMC, 2010.



Note: ABC1 are the higher managerial and intermediate occupations, and small employers, whereas C2DE are the lower supervisory and technical occupations and the long-term unemployed.

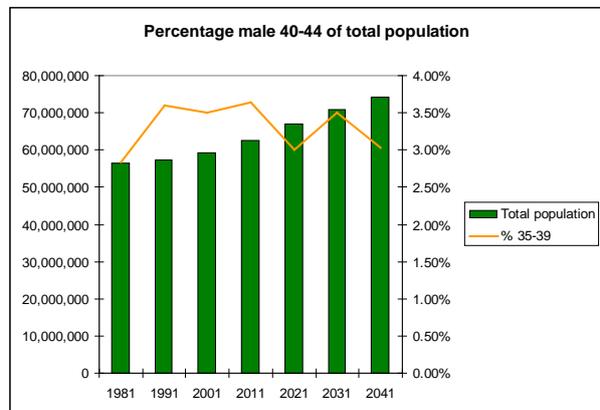
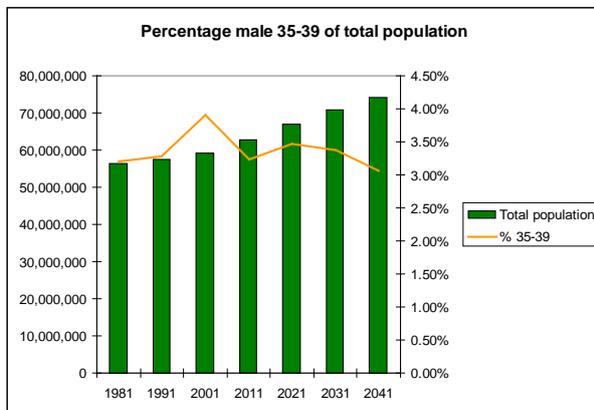
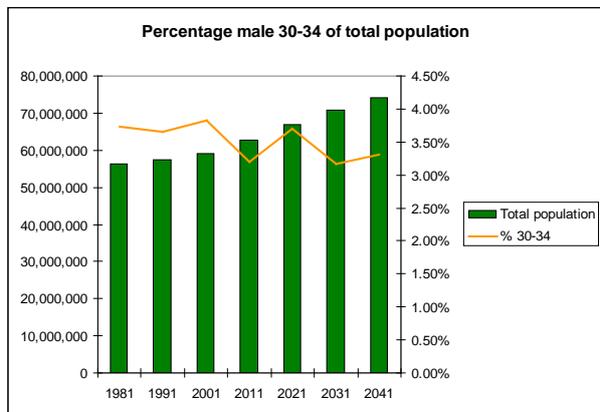
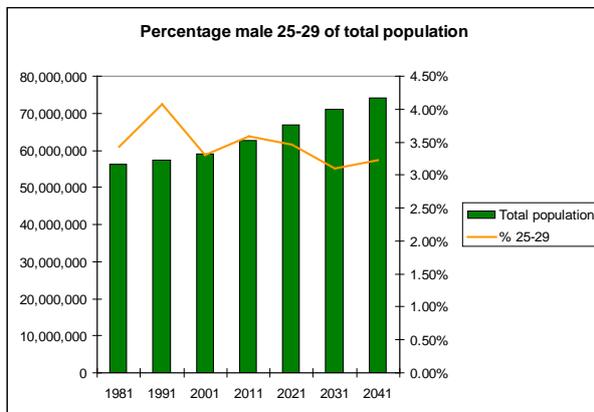
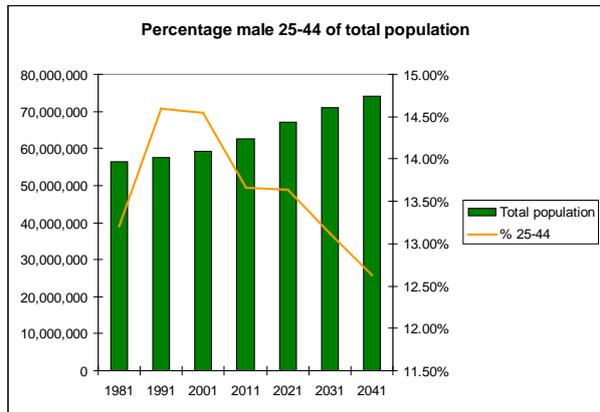
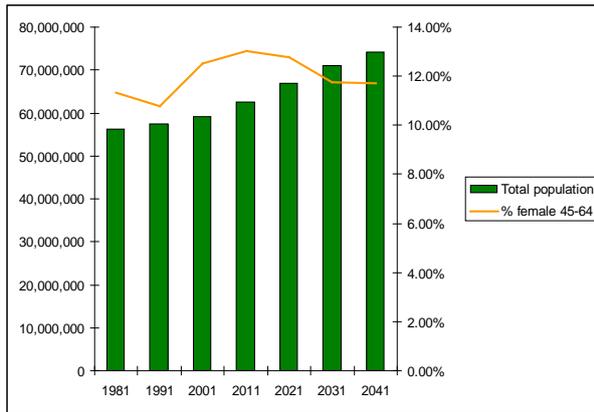
MMC, 2010.

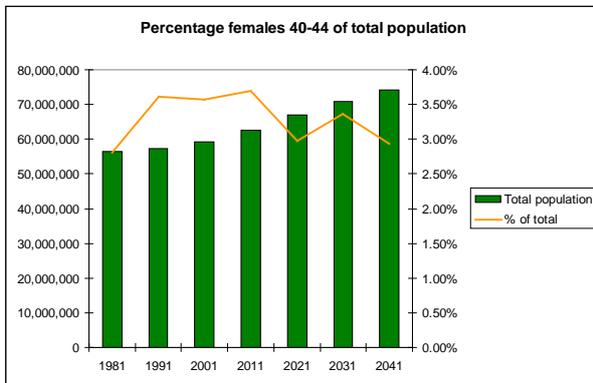
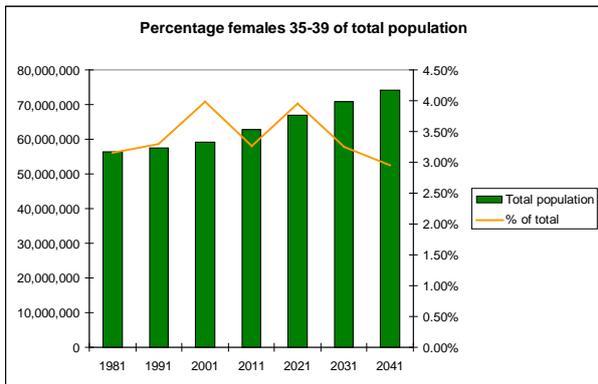
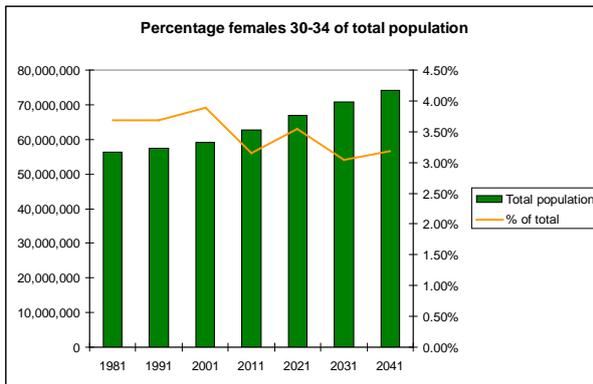
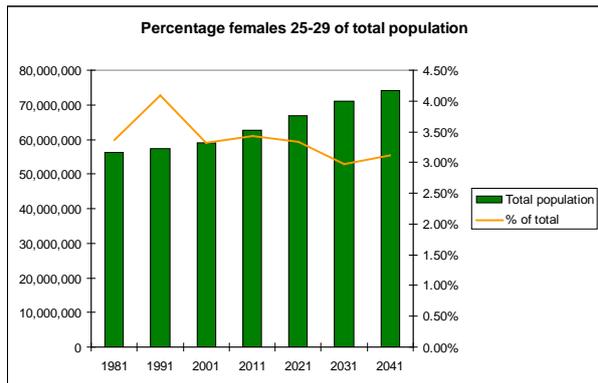
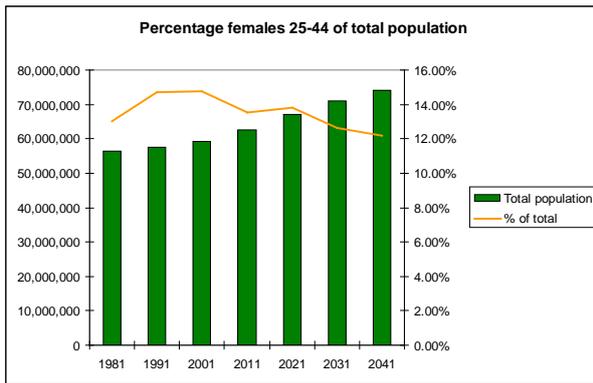
Appendix IX – Charity expenditure and population



Office for National Statistics and Addynamix, 2011.

Appendix X – Population estimates





Office for National Statistics, 2011.

