

The Science of Philanthropy Initiative

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The Big Picture...

“There is an extraordinary amount of money available.
The lack is of good ideas on how to get the basket
under the apple tree”

Mark Kneer

The Economist

July 31, 2004

The Big Picture....

- Fundamental changes in the charitable marketplace
 - Aging population
 - Devolutionary trends in government support for non-profits
 - Tax codes
- How will these changes impact the industry?
 - Approximately 90 percent of Americans contribute to at least one charity
 - Giving by individuals exceeds 2 percent of GDP

The Big Picture...

- Reliance upon rules of thumb and anecdotal evidence rather than hard scientific evidence

“Obviously a 1:1 match is more appealing than a 1:2 challenge...and a richer challenge (2:1) greatly adds to the match’s attractiveness....”

The Big Picture....

- Underlying motivations for why individuals engage in philanthropic acts are largely speculative
- Get basket under the tree and help people raise more money....
- Unravel the basics of philanthropy and giving

Our Approach

- Moving from anecdotes and heuristics to facts
- Use the scientific method as a driving force to change the sector
- Maximize feedback through natural experimentation
 - Try new strategies
 - Compare relative effectiveness of various strategies

Challenging Conventional Wisdom

“Obviously a 1:1 match is more appealing than a 1:2 challenge...and a richer challenge (2:1) greatly adds to the match’s attractiveness....”

- Mail campaign with more than 50K potential donors offered randomly varied match rate
 - \$3:1; \$2:1; \$1:1; No Match

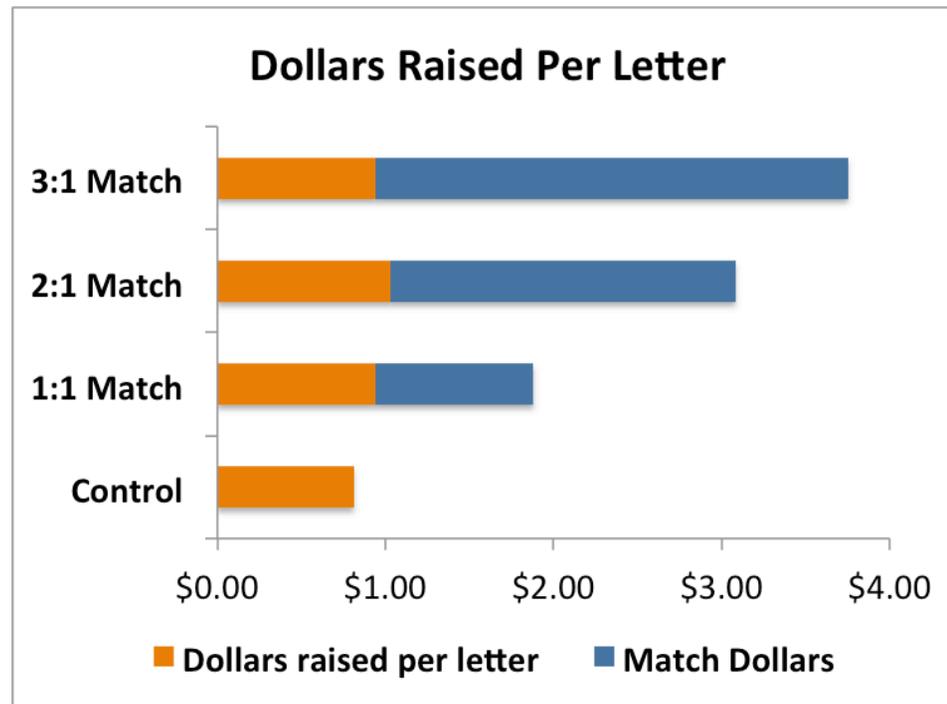
Challenging Conventional Wisdom

19% more money raised per letter in the matching treatments

- Effects accrue through higher rates of giving
- But....

Challenging Conventional Wisdom

- Larger match rates had no impact on propensity to give or amount given



A New Idea – Once and Done...

“Give Now and We Will Never Bother You Again”

- Mail campaign with Smile Train targeting more than 800,000 potential donors
- Augment solicitation letter to allow donor to opt-out of future interactions
 - “Make one gift now and we’ll never ask for another donation if you check this box....”

People Checked the Box, But...

- Raised more money – \$60K versus \$20.6K
- Increased both the propensity to give and average gift size
- Stream of future donations are unaffected

Steps to Feedback Maximize...

- Always have a control group and randomize
- Make informed decisions on number of treatments and sample size requirements
- Understand how to analyze the data
- Have a plan for building on past experimental results

Our Aim

- Inject science into the practice of philanthropy
- Partner with non-profits and foundations to identify what works and why
- Create forum to share ideas and lessons learned

Thank You