Charitable Crowdfunding: Who Gives, to What, and Why?
June 7, 2021
This research was completed with funding from Facebook. The findings and conclusions contained within are those of the authors and do not necessarily reflect official positions or policies of Facebook.
What is crowdfunding and why does it matter?

“raising of capital from a large and diverse pool of donors via online platforms”
The concept of crowdfunding is not new
Crowdfunding for iconic item
The digital transformation and COVID 19

Image from CDC Digital Library
Impact of the COVID-19 pandemic on crowdfunding
Study methodology

• Survey of 1,535 households in the U.S.

• Fielded in September 2020 using the AmeriSpeak panel by NORC

• Results are primarily descriptive statistics with some reference to regression models
KEY FINDING 1

People are generally aware of crowdfunding (91.5%), but less than one-third (31.7%) typically contribute to crowdfunding campaigns.
**INDIVIDUALS’ CHARITABLE ACTIVITIES IN A TYPICAL YEAR**

In a typical year, I...

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give to people I know</td>
<td>72.7%</td>
</tr>
<tr>
<td>Help people I know outside of money</td>
<td>72.5%</td>
</tr>
<tr>
<td>Charitably give</td>
<td>71.3%</td>
</tr>
<tr>
<td>Donate goods</td>
<td>70.6%</td>
</tr>
<tr>
<td>Help strangers outside of money</td>
<td>56.0%</td>
</tr>
<tr>
<td>Give to strangers</td>
<td>49.6%</td>
</tr>
<tr>
<td>Volunteer</td>
<td>49.1%</td>
</tr>
<tr>
<td>Crowdfund OR give via social media</td>
<td>44.0%</td>
</tr>
<tr>
<td>Give via social media</td>
<td>32.7%</td>
</tr>
<tr>
<td>Contribute to crowdfunding projects</td>
<td>31.7%</td>
</tr>
<tr>
<td>Donate blood</td>
<td>27.7%</td>
</tr>
</tbody>
</table>

Notes: Crowdfund or give via social media includes all respondents who said they contributed to crowdfunding campaigns, plus all respondents who said they donated to charity using social media. Because some respondents checked both options, the combination is not the same as adding 31.7% and 32.7%. These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.
Charitable giving and crowdfunding in a typical year

In a typical year, I...

- Gave charitably but did not crowdfund
- Crowdfunded but did not give to charity
- Gave via both
- Neither gave nor crowdfunded
Crowdfunding and social media engagement

- Know any crowdfunding platforms: 91.5%
- Use any Social Media: 89.9%
- Have EVER engaged in crowdfunding: 40.5%
- TYPICALLY engage in crowdfunding: 31.7%
- Have Ever given charitably by social media: 29.5%
Gap in use of social media to promote fundraising effort

**Figure 1D. Percentage of Crowdfunding Donors Who Share on Social Media and Ask for Contributions in the Past Year**

- **Share crowdfunding on social media but do not ask for contributions**
  - Never: 45.1%
  - 1-2 times: 36.4%
  - 3 or more times: 18.5%

- **Ask friends or family members directly via social media to contribute**
  - Never: 62.3%
  - 1-2 times: 25.8%
  - 3 or more times: 12.0%

- **Ask friends or family members directly outside of social media to contribute**
  - Never: 58.7%
  - 1-2 times: 30.8%
  - 3 or more times: 10.5%

Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.
Who are crowdfunding donors?

Traditional charitable donors tend to be older, religious, wealthy, and married/partnered.

Crowdfunding donors tend to be younger, more diverse, less religious, and more likely to be single, compared to traditional charitable giving donors.
Four out of five crowdfunding/social media donors are primarily motivated to give because they believe in the mission or that their gift can make a difference.

**Motivations for Giving via Crowdfunding or Social Media Platforms**

- Because you believe in the mission of the org: 85.6%
- When you believe your gift can make a difference: 81.6%
- To remedy issues that are close to you: 74.7%
- In order to give back to your community: 72.7%
- Spontaneously in response to a need: 61.5%
- For personal satisfaction: 57.0%
- Because of your political or philosophical beliefs: 56.5%
- In order to help address global issues: 55.8%
- Because of your religious beliefs: 49.1%
- When asked by a charitable org directly: 46.9%

Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for details.
Donors to crowdfunding campaigns gave an average of $189 in 2019, and most often contributed to a family member or close friend (52.5%) and to support charitable organizations (47.1%).

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A family member or close friend</td>
<td>52.5%</td>
</tr>
<tr>
<td>A charitable org</td>
<td>47.1%</td>
</tr>
<tr>
<td>A friend of a friend or acquaintance</td>
<td>32.8%</td>
</tr>
<tr>
<td>A stranger</td>
<td>29.3%</td>
</tr>
<tr>
<td>A project for non-financial benefits</td>
<td>13.6%</td>
</tr>
<tr>
<td>A for-profit venture for financial benefits</td>
<td>4.0%</td>
</tr>
<tr>
<td>A for-profit venture for shares</td>
<td>2.8%</td>
</tr>
<tr>
<td>Other</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.
Percent of dollars given via crowdfunding/social media in 2019

- 41.6%: A family member or close friend
- 22.1%: A charitable org
- 10.8%: A friend of a friend or acquaintance
- 10.3%: A for-profit venture for financial benefits
- 5.2%: A stranger
- 5.2%: Other
- 2.5%: A for-profit venture for shares
- 2.2%: A project for non-financial benefits

Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for details.
Perceptions: Crowdfunding donors and non-crowdfunding donors

Crowdfunding makes it easy for contributors to give and support a project
Crowdfunding is a good way to highlight projects or orgs
Crowdfunding is a simpler way to raise money than loan or grant
Crowdfunding helps contributors feel more personally connected
I am concerned about the transparency & accountability
Crowdfunding contains a lot of frivolous projects
Crowdfunding takes attention away from established orgs

Note: Percentages represent households reporting that they agree or disagree with certain statements. “Agree” is a combination of responses “strongly agree” and “somewhat agree.” “Disagree” is a combination of responses “somewhat disagree” and “strongly disagree.” Responses of “neither agree nor disagree” are not included in the figure. These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.
Crowdfunding: the next frontier

• **Opportunities**
  - Expands donors to a younger, more diverse audience
  - Complements traditional charitable activity rather than replace it
  - Amplifies traditional charitable giving to include individuals

• **Barriers**
  - Need to link crowdfunding more closely to asks on social media

• **Challenges**
  - Transparency and accountability
THANK YOU!

Report
Link:  http://hdl.handle.net/1805/25515

Direct PDF link:
https://scholarworks.iupui.edu/bitstream/handle/1805/25515/crowdfunding210331.pdf