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Charitable Crowdfunding:

Who Gives, to What, and Why?



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Contents

- Introduction 02
- Key Findings 02
- Background 05
 - What is Crowdfunding? 05
 - Crowdfunding and the Philanthropic Landscape 06
- Study Methods 07
- Findings 08
 - Finding 1 08
 - Finding 2 10
 - Finding 3 11
 - Finding 4 12
 - Finding 5 13
 - Giving to Social Justice Causes 14
 - Finding 6 14
 - Crowdfunding and U.S. Charitable Responses to Disasters .. 15
- Discussion 17
- Appendices 18
 - A. Methodology 18
 - B. Measurement of Charitable Giving 18
 - C. Full Data on Crowdfunding and Social Media Platforms.. 19
- References 20

Introduction

The digital transformation has disrupted every aspect of society, no more so than in recent months as the world grapples with a global pandemic. COVID-19 dramatically shifted economic and social activity online from school and work to grocery shopping, socializing, and enjoying entertainment. Internet usage increased by 25% in the United States during mid-March 2020 as shelter-at-home orders were issued.¹ Online retail sales during the third quarter of 2020 jumped to 14.3% of total sales, up from 11.1% during the same quarter the previous year.²

Charitable crowdfunding, a digital giving vehicle, seems like an ideal tool for this environment. In recent decades as a result of the digital transformation, the philanthropic landscape has expanded to include a variety of new ways to give, especially online. The growth of #GivingTuesday, an annual day of giving celebrated the first Tuesday after Black Friday and Cyber Monday, attests to the willingness of donors to give online. Online giving on this day alone grew from \$10.1 million in 2012 to \$380 million in 2018³ and \$808 million in 2020.⁴ On May 5, 2020, the special #GivingTuesdayNow campaign, orchestrated during the global pandemic, raised more than \$503 million online.

The distinction between crowdfunding and social media fundraising campaigns is cloudy. Crowdfunding is generally initiated by an individual on a specific platform designed

for the activity. Social media fundraising campaigns are often created by nonprofit organizations which use social media on a variety of platforms to promote and market their case; and to engage, cultivate, and ask for contributions. #GivingTuesday is a prime example of such a campaign. Also occurring within the social media landscape are individual-initiated Peer-to-Peer (P2P) and DIY (do-it-yourself) fundraising. Originators of these fundraising campaigns rely on social media to spread their message virally; the 2017 #GivingTuesday tagline was a “global day of giving fueled by the power of social media.” As this report will show, crowdfunding donor behavior vis-à-vis use of social media differs from that of both nonprofits and individuals active with social media campaigns.

The growth of online giving signals a promising future for crowdfunding and offers donors another avenue for their generosity. This report provides details about how crowdfunding fits within the philanthropic landscape, who crowdfunding donors are, their motivations for using this giving vehicle, how they differ from typical charitable donors, the kinds of causes they support, and both donor and non-donor perceptions of this giving vehicle. Additionally, results from survey questions about charitable behavior during the COVID-19 pandemic and national reckoning on social and racial justice enhance the report.

Key Findings

- 1 / People are generally aware of crowdfunding (91.5%), but less than one-third (31.7%) typically contribute to crowdfunding projects.
- 2 / Crowdfunding donors tend to be younger, less religious, and more likely to be single, compared to traditional charitable giving donors.
- 3 / Four out of five crowdfunding/social media donors are primarily motivated to give because they believe in the organization’s mission or they believe their gift can make a difference.
- 4 / 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%).
- 5 / Both crowdfunding donors and those who do not donate via a crowdfunding platform have positive perceptions of this giving vehicle.
- 6 / Nearly 20% of donors typically give to social justice causes. A higher percentage of those who give through crowdfunding (27.7%) or social media (28.6%) support social justice causes, compared to traditional charitable donors.





Background

WHAT IS CROWDFUNDING?

The commonly accepted definition of crowdfunding is the “raising of capital from a large and diverse pool of donors via online platforms.”⁵ Although the word “crowdfunding” was coined in 2006, the concept of raising money from a large pool of donors has a long history. Early examples include the Irish Loan Fund created by author Jonathan Swift at the beginning of the 18th century to provide loans to the poor; composer Wolfgang Amadeus Mozart raising money to perform his concerto at a Viennese concert hall in 1783; Joseph Pulitzer’s campaign to raise \$100,000 for the pedestal of the Statue of Liberty in 1885; Prime Minister of India Jawaharlal Nehru’s efforts to support the Indian National Defense Fund in 1962; and Muhammed Yunus’ establishment of the Grameen Bank Project in 1976.⁶ Prior to the 1990s when people connected the power of the internet to crowdfunding, more traditional approaches to attract donors included letter writing campaigns and newspaper articles.

In 1997, fans of the British rock group Marillion raised \$60,000 from an online campaign for the band’s tour in the U.S., demonstrating the possibilities of this giving vehicle in the online space.⁷ The digital era and its potential for scale, speed, and low cost fundraising efforts heralded a new chapter for crowdfunding in the 21st century. Today, with about 2,000 platforms globally, crowdfunding is multi-faceted and complex. It is used in for-profit and nonprofit campaigns with funds raised for individuals, organizations, microlending, and distinct projects. Third-party platforms and cause-specific platforms dot the landscape. Despite this growth, it is difficult to measure the scale of this market; numbers vary and one has to pay careful attention to what is being measured—global vs. regional activity, dollars raised, market value, etc.

The plethora of platforms and lack of an oversight or coordinating body exacerbates the challenge of gathering complete and accurate data. In 2011, online crowdfunding platforms accounted for nearly \$1.5 billion in funding globally.⁸ By 2020, these platforms raised \$34.4 billion globally.⁹ Statista reported that same market was valued at \$13.9 billion and is expected to triple by 2026.¹⁰ North America and Asia are the largest crowdfunding markets with North America raising \$17.2 billion and Asia raising \$10.54 billion in 2020.¹¹ Consistent across this range of market size and value is the

challenge of disaggregating the volume of nonprofit from for-profit crowdfunding activity.

With this amount of money at stake, government leaders, policymakers, and lawyers are looking more closely at crowdfunding with an eye to oversight and accountability. One report found that “several countries and the European Commission want to regulate crowdfunding to improve access to and supervision” of the platforms.¹² In the U.S., the Securities Exchange Commission currently regulates crowdfunding for businesses and entrepreneurial concerns. Most of the regulatory concern revolves around for-profit crowdfunding; however, given the interstate nature of some charitable platforms and their ability to reach donors everywhere, nonprofits should be mindful of their state’s charitable solicitation and tax laws, and register their charitable efforts in all relevant jurisdictions. State attorneys general are also alert to the potential for fraud or misrepresentation in crowdfunding.¹³ In 2018, the California Association of Nonprofits introduced Principles for Responsible Crowdfunding as a guide for legislators.¹⁴

A trifecta of challenges in the U.S. during 2020–2021—the COVID-19 pandemic, calls for social and racial justice, and a recession—has accelerated the use of crowdfunding to help individuals cover financial and health hardships well as to boost sagging nonprofit organization budgets. The CDC Foundation, the charitable arm of the Center for Disease Control and Prevention, a governmental agency, launched Crush COVID-19, a crowdfunding campaign to invest in health equity, support for frontline workers, and a marketing strategy to promote health protection. Since inception, the campaign has raised more than \$50 million, making it one of the largest crowdfunding campaigns in 2020–2021.¹⁵

Over time, individuals across the U.S. have used crowdfunding to meet medical and health-related expenses; the prevalent explanation for this usage is the increasing disparity in access to quality healthcare in this country. On one platform where half the campaigns are related to healthcare, individuals raised more than \$900 million from 2011–2018.¹⁶ Investigating concerns around social inequities in healthcare, researchers found race, gender, and age disparities in medical crowdfunding usage and outcomes.¹⁷ The results affirm that technology may provoke health inequities and that crowdfunding may be creating an unequal platform to access healthcare.

At the start of the pandemic, more than 1,500 crowdfunding campaigns were created globally on another platform during the first three weeks of March 2020 to address its ravages on individuals' lives.¹⁸ In the U.S., individuals' campaigns raised funds for economic concerns such as living expenses, wages, and food (88% of campaigns); in Italy, emphasis was on hospitals and healthcare workers (54.6%) and medical supplies (26.9%), reflecting that country's healthcare crisis at the pandemic's onset.¹⁹

COVID-19 has disproportionately affected the arts, especially dance and theatre which rely heavily on earned income. According to one platform, during the pandemic the number of for-profit and nonprofit arts crowdfunding campaigns is down but there is record pledge volume, especially for projects in excess of \$100,000.²⁰ One explanation for this pattern is that people who have not been as adversely affected by COVID-19 and who have more disposable income are spending more time and more money online.²¹

The nonprofit sector is being called upon to respond to these challenges quickly and creatively. Philanthropy is ever evolving to meet the needs; in the coming years "demographic and socioeconomic factors will reshape philanthropy; nonprofits will need to expand tool kits and strategies; and technological innovation will accelerate in the philanthropic sector."²² *Charitable Crowdfunding* is an example of how the sector is changing and adapting.

CROWDFUNDING AND THE PHILANTHROPIC LANDSCAPE

In the nonprofit sector, the proliferation of online fundraising over the past 20 years has created a complex infrastructure including online fundraising directly by nonprofits via their websites, fundraising via social media, and fundraising via crowdfunding. Estimates suggest that about 10% of *all* nonprofit fundraising is generated by online efforts and those contributions have increased about 10% in a three-year period.²³

Donors in the U.S. and globally are attracted to crowdfunding. A Pew Research Center report found in 2016 that 22% of Americans had made contributions through a crowdfunding platform.²⁴ For the year 2020, a Nonprofit Tech for Good report found that 34% of donors in Canada and the U.S. gave through crowdfunding and about 45% globally donated via crowdfunding platforms.²⁵

Prior research on charitable crowdfunding has focused primarily on the giving vehicle's dynamics. Studies have

examined influences that affect giving online; the role of incentives and influencers to encourage giving; and how best to structure a campaign for success. For example, donors want to contribute to campaigns they think will be successful;²⁶ thus, milestones and encouraging messages such as "75% to goal" punctuate many platforms. The Muslim crowdfunding platform LaunchGood achieved success on #GivingTuesday 2018 by distributing additional funding to the campaigns that had the most donors. This appeared to be a productive approach; LaunchGood tracked progress on a dashboard and raised \$784,000 in contributions on that day alone.²⁷ In assessing whether online campaigns crowd out other giving, one study did not find evidence of crowding out, although the researcher notes that the same size was small.²⁸ A report specifically addressing the #GivingTuesday movement found that large and small nonprofits benefit from campaigns. For this umbrella platform, the education and human service sectors seem to receive more support than other sectors.²⁹

Crowdfunding research has focused to a lesser extent on donor behavior. One study on donor decision-making found that donors with multiple choices of organizations at the same time (such as seeing many appeals online on #GivingTuesday) gave to fewer organizations, and were more likely to compare organizations with one another, compared to donors who see one appeal at a time (such as receiving direct mail from organizations).³⁰ In *#GivingTuesday: What We Know Now*, the authors concluded from an extensive literature review that the personal ask is the most effective way for individuals to raise funds via social media.³¹ The #GivingTuesday report also highlighted challenges for crowdfunding including the possibilities of technological glitches on the actual day of giving and some platforms not sharing donor data with nonprofits. Other issues include data security and concerns about whether larger nonprofits with more resources are crowding out smaller nonprofits.³²

Charitable Crowdfunding enriches the crowdfunding knowledge base by focusing on donors to crowdfunding campaigns and characteristics that distinguish them from typical charitable donors. This study addresses primarily donors to crowdfunding campaigns and not individuals who initiate them, although some overlap may occur. A first glimpse at the types of donors who support social justice causes via social media/crowdfunding is included. Also addressed is an overview of donors' charitable responses in the early months of the COVID-19 pandemic.

The current study investigates these research questions:

- 1 / How does crowdfunding fit within the landscape of an individual's generous activities?
 - 2 / Who donates through crowdfunding platforms? How do these donors compare to more traditional donors?
 - 3 / What motivates people to give to crowdfunding campaigns?
 - 4 / How much do crowdfunding donors contribute and to what activities?
 - 5 / How do people think about crowdfunding and how does that compare to other types of generosity?
-

Study Methods



This report uses data from a survey of U.S. households conducted in September 2020. The survey was developed by the Lilly Family School of Philanthropy and fielded using the AmeriSpeak panel by NORC. The sample for this study is 1,535 adults; the sample was weighted to ensure the final sample and statistics in this report are representative of the general U.S. population.

Generally, this report presents descriptive statistics. Any mention of statistical significance refers to weighted regression models, which use a variety of demographic controls, including income, wealth, religiosity, age, gender, marital status, race/ethnicity, LGBT status, geographic region, and education. Refer to Appendix A: Methodology for more detail and summary statistics for the sample.

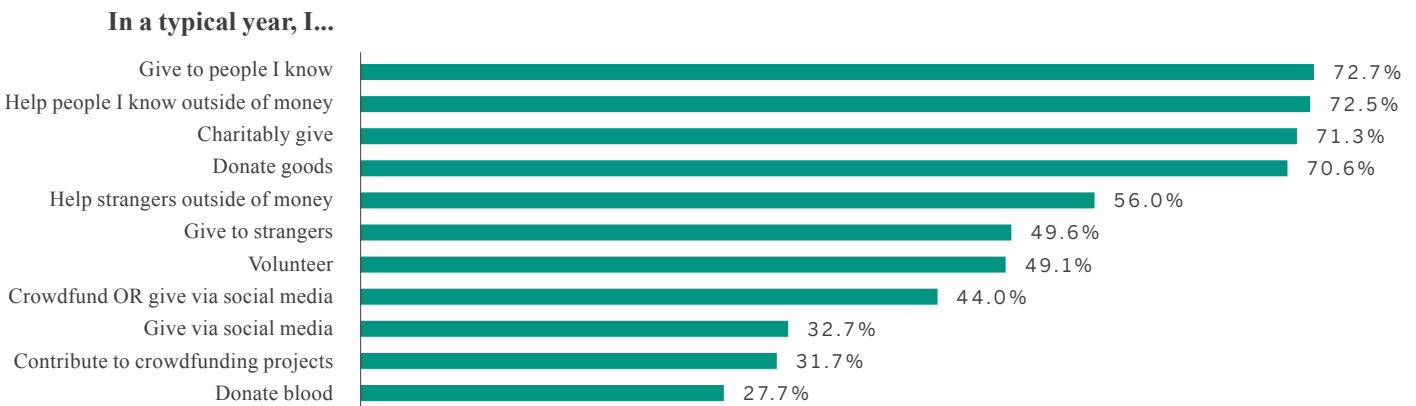
Findings

The first set of findings provides an overview of charitable activities people do in a typical year and their awareness and use of crowdfunding and social media. The overview is based on descriptive data only and does not account for demographic factors such as income, wealth, and education that influence giving.

FINDING 1

People are generally aware of crowdfunding (91.5%), but less than one-third (31.7%) typically contribute to crowdfunding projects.

FIGURE 1A. INDIVIDUALS' CHARITABLE ACTIVITIES IN A TYPICAL YEAR



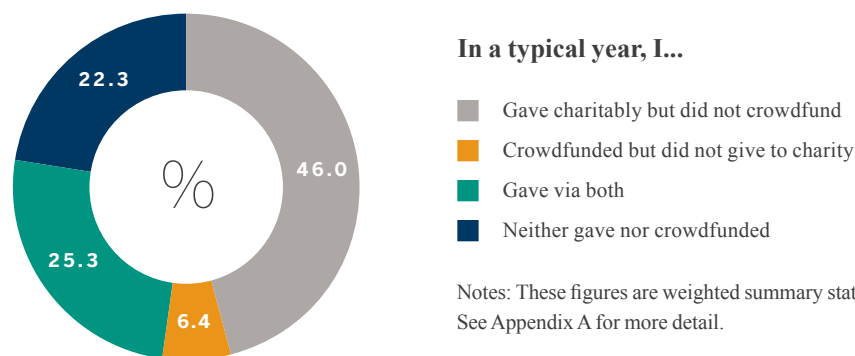
Notes: Crowdfund or give via social media includes all respondents who said they contributed to crowdfunding campaigns, plus all respondents who said they donated to charity using social media. Because some respondents checked both options, the combination is not the same as adding 31.7% and 32.7%. These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

Figure 1A indicates the acts of generosity people undertake in a typical year. Nearly three out of four respondents give to charity (71.3%). A smaller percentage give via crowdfunding (31.7%) or give via social media (32.7%), although 44.0% do report

giving by at least one of these two methods.

Figure 1B shows the results when the question was narrowed to ask specifically about charitable giving and crowdfunding.

FIGURE 1B. INDIVIDUALS' ACTIVITY RELATED TO CHARITABLE GIVING AND CROWDFUNDING IN A TYPICAL YEAR



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

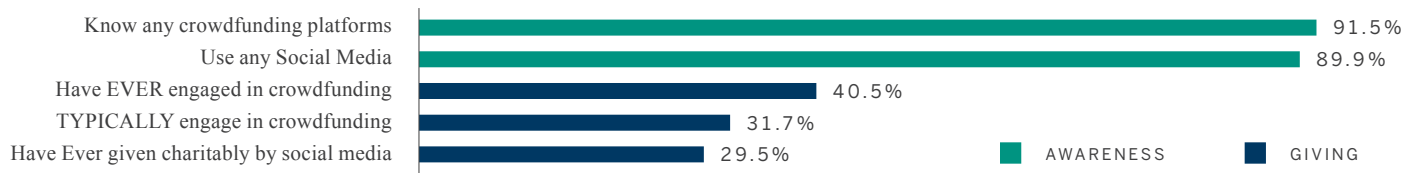
When asked specifically about crowdfunding and charitable giving, 46.0% of respondents gave charitably but did not crowdfund; 6.4% crowdfunded but did not give charitably; and 25.3% gave via both. This data suggests that crowdfunding does not replace typical charitable giving but complements it.

The survey inquired about general crowdfunding and social media behavior. Nine out of ten respondents have heard of a crowdfunding platform and 40.5% have participated in a crowdfunding campaign at some point. The platforms most

familiar to respondents were GoFundMe (86.7%), Kickstarter (48.8%), and Patreon (26.1%)ⁱ. Although nearly as many respondents generally use social media (89.9%), fewer *have ever* given charitably via social media (29.5%) than *have ever* participated in crowdfunding (40.5%).ⁱⁱ

Momentum around crowdfunding is growing as 89.8% of crowdfunding donors indicated they plan to increase or maintain their charitable crowdfunding over the next three years. The remaining 10.2% indicated they planned to decrease it.

FIGURE 1C. INDIVIDUALS' GENERAL AWARENESS AND USE OF CROWDFUNDING AND SOCIAL MEDIA



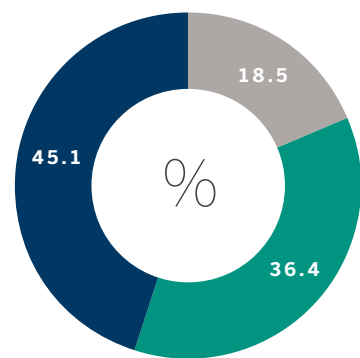
Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.

Figure 1C demonstrates that survey respondents are also social media users (89.9%) with YouTube (82.5%), Facebook (78.4%), and Instagram (48.6%) the most frequently used.ⁱⁱⁱ Yet, crowdfunding donors do not appear to optimize social media to advocate for the causes they support through this giving vehicle. Figure 1D shows crowdfunding donor behavior in asking for

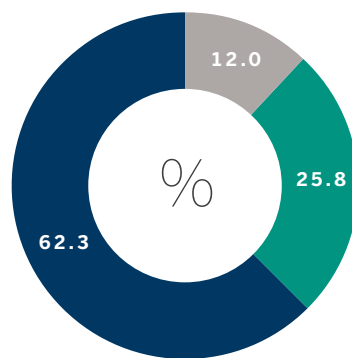
contributions via social media. Crowdfunding donors may be willing to share crowdfunding activity, but rarely, if ever, ask friends and family members to contribute. These findings are consistent with previous research that found donors see a high cost to making personal asks via social media; this reluctance may be due to social or peer pressure.³³

FIGURE 1D. PERCENTAGE OF CROWDFUNDING DONORS WHO SHARE ON SOCIAL MEDIA AND ASK FOR CONTRIBUTIONS IN THE PAST YEAR

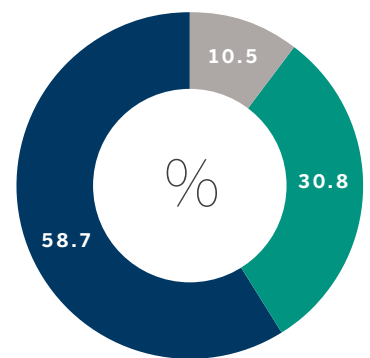
Share crowdfunding on social media but do not ask for contributions



Ask friends or family members directly via social media to contribute



Ask friends or family members directly outside of social media to contribute



NEVER 1-2 TIMES 3 OR MORE TIMES

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

ⁱ The survey asked about the familiarity with and use of a number of crowdfunding platforms. For the full list, see Appendix C.

ⁱⁱ The 29.5% of respondents who have *ever* given charitably via social media is slightly different from the 32.7% who say they *typically* give via social media. This minimal difference may be due to respondent recall issues as well as slight wording differences between the two questions.

ⁱⁱⁱ The survey asked about use of a number of social media sites and platforms. For the full list and results, see Appendix C.

The next section examines the similarities and differences between the crowdfunding donor and the typical charitable donor.

A sizeable body of research has found that education, income, and religiosity are key predictors of traditional charitable giving.³⁴ Those predictors are consistent in this study; for traditional charitable giving, donors tend to be (1) older, (2) religious, (3) wealthy, and (4) married/partnered. However, these predictors have less influence on donors of newer philanthropic vehicles such as crowdfunding; this new understanding of characteristics that influence donors to crowdfunding campaigns is one of the current study’s contributions to the field.

FINDING 2

Crowdfunding donors tend to be younger, less religious, and more likely to be single, compared to traditional charitable giving donors.

TABLE 1. SUMMARY STATISTICS OF TRADITIONAL CHARITABLE GIVING DONORS AND CROWDFUNDING DONORS

	<i>Traditional Charitable Giving Donors</i>	<i>Donors to Crowdfunding Campaigns</i>
AVERAGE TOTAL CONTRIBUTIONS IN 2019	\$1,859	\$1,539
AGE	49.9	44.2
ATTEND RELIGIOUS SERVICE AT LEAST ONCE A MONTH	43.2%	32.3%
WEALTH	\$248,974	\$241,427
MARRIED/PARTNERED	61.2%	54.5%
RACE/ETHNICITY:		
ASIAN	1.2%	2.0%
BLACK	10.9%	12.0%
HISPANIC	15.7%	17.0%
WHITE/NON-HISPANIC	65.5%	60.5%
ANOTHER RACE	6.7%	8.5%

Notes: Italicized variables were found to be related in significantly different ways to traditional charitable giving and crowdfunding. Wealth variable is based on ranges. See Appendix A for more details.

When factors that affect giving are considered, race and gender matter less than age and marital status for crowdfunding donors. A more diverse donor pool appears in crowdfunding; while not statistically significant, it is noticeable. The younger age of crowdfunding donors may be related to the U.S. population becoming more racially and ethnically diverse.

With the recent increased national attention on social justice issues, the survey also asked about giving to social justice; 14.8% of respondents gave in this area in 2020. Moreover, race has stronger effects in giving for social justice. More African American households give to social justice causes, compared to Hispanic and White households. In general, people are drawn to support causes they are close to, that affect them or people they know, and to engage in their community.

FINDING 3

Four out of five crowdfunding/social media donors are primarily motivated to give because they believe in the organization’s mission or they believe their gift can make a difference.

FIGURE 3A. MOTIVATIONS FOR GIVING VIA CROWDFUNDING OR SOCIAL MEDIA PLATFORMS



Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for details.

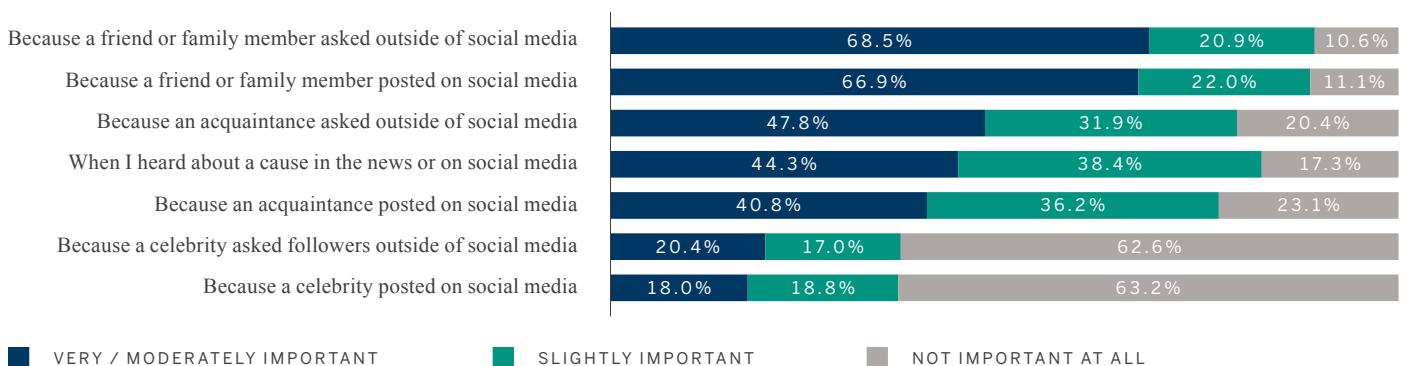
In general, crowdfunding/social media donors are motivated by factors similar to typical charitable donors. For crowdfunding/social media donors, the top four motivations are belief in the mission of the organization (85.6%), belief that gift can make a difference (81.6%), to remedy issues that are close to you (74.7%), and in order to give back to your community (72.7%).

A study of high net worth/wealthy donors found comparable results. Donors were sometimes or always motivated to give by belief in the mission of the organization (94.0%), belief that the gift can make a difference (93.0%), to give back to the community (87.0%), and to remedy issues that are close to you (77.0%).³⁵

Social media and celebrity influencers are motivators but rank lower in importance than the four motivations previously mentioned. This finding is surprising considering the outsized presence of celebrities on social media. For example, Rihanna has 100 million followers and Lady Gaga has 83 million followers on Twitter. As Figure 3B shows, fewer than one in five crowdfunding/social media donors (18.0%) are motivated to give because a celebrity posted on social media.

A notable exception to this pattern was the Houston Texans’ defensive end J.J. Watt who raised more than \$41 million on a crowdfunding platform for people affected by Hurricane Harvey in 2017.³⁶

FIGURE 3B. CROWDFUNDING/SOCIAL MEDIA MOTIVATIONS



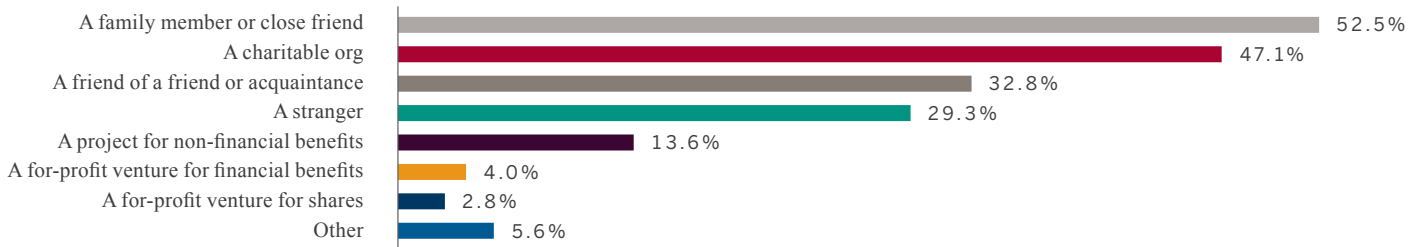
Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for details.

The next section explores the amount donors contributed to crowdfunding campaigns and the types of activities that crowdfunding donors supported in 2019.

FINDING 4

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%).

FIGURE 4A. ACTIVITIES CROWDFUNDING DONORS CONTRIBUTED TO IN 2019 (BY PERCENTAGE OF CROWDFUNDING DONOR USAGE)



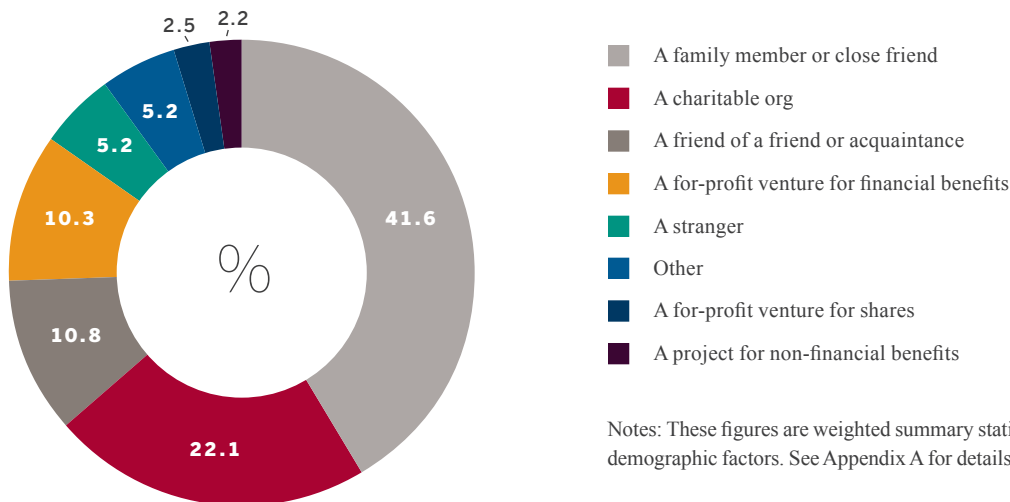
Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for more detail.

Figure 4A describes the types of activities donors to crowdfunding campaigns contributed to in 2019. Nearly half of crowdfunding donors contributed to charitable organizations. More than half contributed to individuals—either to close family members or close friends and/or to strangers. This data presents evidence that donors to crowdfunding campaigns support individuals using these platforms.

The majority of crowdfunding gifts are small; one platform reports \$99 as the average crowdfunding donation and \$66 as the average contribution to a nonprofit campaign.³⁷

Figure 4B shows the distribution of charitable giving via crowdfunding as a percentage of total crowdfunding efforts. In this study, the total average of \$189 contributed in 2019 is split primarily in the following ways: \$79 (41.6%) to a family member or close friend, \$42 (22.1%) to charitable organizations, \$20 (10.8%) to acquaintances, and \$10 (5.2%) to strangers.

FIGURE 4B. PERCENT OF DOLLARS GIVEN VIA CROWDFUNDING/SOCIAL MEDIA BY DESTINATION IN 2019



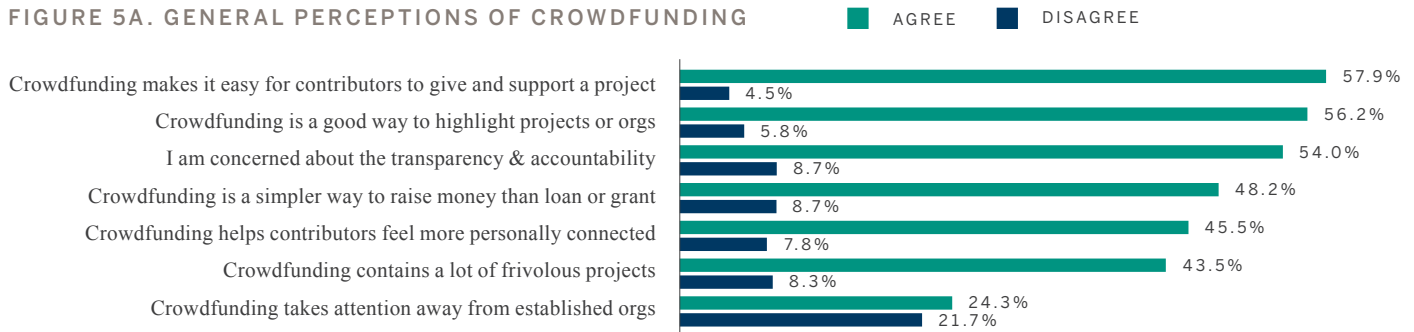
Notes: These figures are weighted summary statistics and do not control for other demographic factors. See Appendix A for details.

FINDING 5

Both crowdfunding donors and those who do not donate via a crowdfunding platform have positive perceptions of this giving vehicle.

Generally, survey respondents find the crowdfunding giving vehicle easy to use and support a project; they also think crowdfunding is a good way to highlight projects or organizations that might not get much attention otherwise as Figure 5A illustrates.

FIGURE 5A. GENERAL PERCEPTIONS OF CROWDFUNDING



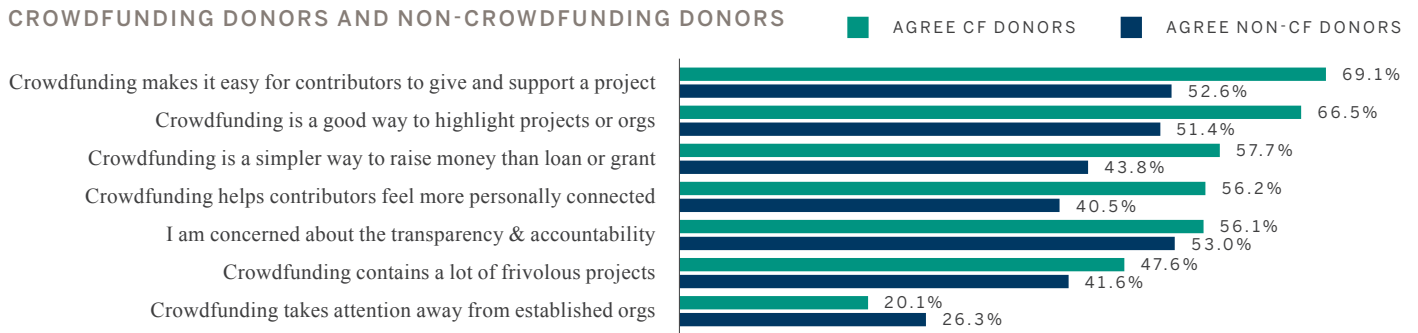
Note: Percentages represent households reporting that they agree or disagree with certain statements. “Agree” is a combination of responses “strongly agree” and “somewhat agree.” “Disagree” is a combination of responses “somewhat disagree” and “strongly disagree.” Responses of “neither agree nor disagree” 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.

Although crowdfunding donors report the platform is an easy way to highlight projects and to give, they also expressed concern (54.0%) about accountability and transparency issues. Similar concerns around transparency also appeared in a 2020 study on donor-advised funds, another relatively new philanthropic giving vehicle. Nonprofits were asked for their perceptions of transparency. More nonprofits (41.8%) were neutral on the issue

of transparency, yet 31.9% indicated some concerns in contrast to 26.5% who felt more positive about donor-advised fund transparency. That report concluded that transparency may not be as much of an issue for donor-advised funds as public conversation would suggest.³⁸

Figure 5A refers to all survey respondents. How do perceptions of crowdfunding compare between crowdfunding donors and non-donors?

FIGURE 5B. DIFFERENCES IN PERCEPTIONS OF CROWDFUNDING BETWEEN CROWDFUNDING DONORS AND NON-CROWDFUNDING DONORS



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.

A majority of crowdfunding donors and non-crowdfunding donors believe crowdfunding makes it easy for contributors to give and support a project as Figure 5B indicates. They also feel that crowdfunding is a good way to highlight projects or organizations

that might not get much attention otherwise. Crowdfunding donors and non-donors are aligned on concerns about transparency and accountability with 56.1% of crowdfunding donors and 53.0% of non-crowdfunding donors expressing concern in this area.

The next section highlights giving to social justice causes by three types of donors.

GIVING TO SOCIAL JUSTICE CAUSES

In light of the fraught political, cultural, social, and economic environment across the U.S. during 2020, this study delved more deeply into the characteristics and behavior of donors who supported social justice causes in 2020. Did the rise in social justice activism concomitant with substantial attention it received across all types of media outlets unleash more giving to these causes? And, if so, does the way the

donor contribute make a difference? For the survey, social justice or racial justice causes were described as nonprofits or grassroots organizations with social or racial justice missions, community bail funds, individuals and their families directly impacted by social injustice, support for marginalized groups.

FINDING 6

Nearly 20% of donors typically give to social justice causes. A higher percentage of those who give through crowdfunding (27.7%) or social media (28.6%) support social justice causes, compared to traditional charitable donors.

FIGURE 6A. PERCENTAGE OF DONORS WHO GAVE TO SOCIAL JUSTICE CAUSES



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

In general, 71.3% of survey respondents give charitably. Figure 6A compares the giving patterns of three types of donors who gave to social justice causes in 2020: the typical charitable donor, the donor who contributes via crowdfunding,

and the donor who contributes via social media. Among these three types of donors, the percentage of those who give to social justice is higher for crowdfunding and social media donors than for those who typically donate to charity.

Crowdfunding and U.S. Charitable Responses to Disasters

The Indiana University Lilly Family School of Philanthropy has tracked charitable giving in response to disasters in the U.S. and globally since 2001. Here, this report presents findings from the current study on crowdfunding and a study on giving for disaster relief in 2017 and 2018 to ascertain evidence of donor patterns in giving for disasters.³⁹

The COVID-19 pandemic has been called a public health crisis, a health emergency, and a disaster among other descriptions. People have responded to the pandemic similarly to the way they respond to disasters such as hurricanes, forest fires, and earthquakes. They want to help. The fielding of the current survey in September 2020, seven months into the COVID-19 pandemic in the U.S., provided an unparalleled opportunity to investigate individuals' charitable responses to this crisis. More than eight out of ten Americans performed some sort of generosity^{iv} in the wake of the pandemic; 48.3% said they donated to charity and 45.2% donated goods.

Other charitable responses to COVID-19 included giving to people they knew (52.8%), giving money to strangers (35.4%), volunteering (24.3%), continuing to pay for services no longer being delivered (21.8%), donating blood (13.3%), and joining a local group (8.9%).

U.S. Household Disaster Giving in 2017 and 2018 examined why and how individuals gave in the wake of the 30 natural disasters that occurred in that two-year period.⁴⁰ The study also provided an early glimpse about the use of crowdfunding to move contributions quickly to affected areas and individuals. The results, related to crowdfunding and social media, are shared here to provide a longitudinal view of this giving vehicle.

Note that the disaster report refers to household giving and the crowdfunding report refers to individual giving. The distinction between household and individual giving online is difficult to measure. The smaller donations made through crowdfunding are the types of choices not normally made by a household.

In both studies, donors engaged in multiple activities from charitable giving to non-financial contributions. Donors helped family members or close friends in need. In the disaster giving study, 37% of donors gave to people they knew; in the current report, during the COVID-19 pandemic, 52.8% gave to people they knew. The disaster giving report did not address giving to strangers; however, *Charitable Crowdfunding* found that during the pandemic, 35.4% of all donors gave to strangers, and 47.2% of donors who typically contribute to crowdfunding gave to strangers. One donor, in describing why she found giving via crowdfunding appealing, said: "The money you give is going straight to the person who needs it."⁴¹ More research is needed to better understand these dynamics of donor behavior—how and why individuals give on crowdfunding platforms to help strangers.

The donors in both studies shared positive views about crowdfunding as a quick, effective way to support causes. At the same time, the percentage of disaster aid donors and crowdfunding donors who shared concerns about transparency and accountability was 54%. In the intervening years, this concern has remained constant.

^{iv} Respondents were asked whether they had engaged in any of the following behaviors since the COVID-19 outbreak: volunteering time to organization(s); donating money to charity; donating blood and/or plasma; continuing to pay people or businesses for services they were unable to deliver due to restrictions; donating products to a food bank or similar organization; giving money to people in need they know personally; giving money to strangers in need; and joining or setting up a local group to help with the crisis.



Discussion

This study contributes to a deeper understanding of crowdfunding donors and how those donors differ from typical charitable donors. Crowdfunding has the potential to extend opportunities for generosity to a wider audience because of its digital presence, the apparent ease of using such platforms, and the ability to connect donors to both causes and individuals they wish to support. It is another tool in a donor's toolkit; it seems to complement their giving rather than replace it. Moreover, as a majority of donors to crowdfunding platforms in 2019 contributed to help a family member, close friend, or a stranger, crowdfunding amplifies traditional charitable giving beyond institutions to include individuals. Still unknown is whether crowdfunding is a niche market that appeals to digitally savvy individuals or one that attracts contributions from a wider audience.

Characteristics of crowdfunding donors differ from those of typical charitable donors. They tend to be younger, less religious, and are more likely to be single. For traditional charitable giving, donors tend to be older, religious, wealthy, and married/partnered. Although race and gender are not statistically significant factors that influence who are crowdfunding donors, race influences giving more generally to social justice causes. The social justice movement in 2020 was very much an online phenomenon versus more traditional media. African American donors were more likely to give to social justice causes via crowdfunding platforms in 2020, compared to Hispanic or White households.

Crowdfunding donors use crowdfunding platforms differently than nonprofit organizations. Unlike nonprofit organizations which build networks of supporters and leverage them on social media to raise funds, individual crowdfunding donors have yet to fully harness the power of social media to advocate for their projects. They seldom, if ever, ask friends, family, and acquaintances via social media to contribute to the causes they are supporting on crowdfunding platforms. This behavior seems different from fundraising on social media platforms where networks are paramount to successful fundraising campaigns. More research is needed to better understand the reluctance of crowdfunding donors to fully engage their friends and acquaintances in this type of fundraising.

Both crowdfunding and non-crowdfunding donors have positive attitudes about crowdfunding platforms, although almost an equal percentage are concerned about issues of transparency and accountability.

This study finds that while a majority of crowdfunding/social media donors contribute to a family member or close friend (52.5%), nearly one-third (29.3%) contribute to a stranger. However, the dollar amounts given differ; the average total donation to a family member or friend is \$79, compared to a \$10 average total donation to a stranger. These findings affirm that individuals are generous whether they know the recipient or not. As such, they are reflective of the values expressed in Maimonides' Ladder of *Tzedakah* (charity) in which the highest rung is to help people become self-reliant.

The issue around tax-deductibility and crowdfunding raises interesting questions about donor motivations for giving on these platforms. A contribution to a charitable organization with 501(c)(3) status can be deducted on taxes according to the tax laws. As this study finds, many crowdfunding donors give to individuals or to a community campaign which is not tax-deductible. Crowdfunding donors may be less motivated by tax-deductibility than typical charitable donors; moreover, although wealthier people are slightly more likely to give via crowdfunding platforms, the difference is not statistically significant as compared to typical charitable donors.

As individuals gravitate more to online giving and researchers continue to study this growth, creating clearer distinctions between charitable fundraising via crowdfunding and via social media will allow for better understanding not only of how the giving vehicles differ but also how donors using each vehicle are similar or different.

Appendices

APPENDIX A: METHODOLOGY

This report uses data from an online and phone survey of U.S. households conducted in September 2020 by NORC, using their AmeriSpeak Panel. The survey, developed by the Indiana University Lilly Family School of Philanthropy, contained questions on crowdfunding and social media donations, as well as household charitable donations. The response rate was 31.8 percent. A total of 1,535 households in the U.S. completed the survey. Survey weights were constructed based on age, gender, race/ethnicity, and education.

Weights were applied in the analysis to ensure that the final sample of the research brief was representative of the general U.S. households.

While descriptive statistics are shown in the report, any mention of significance refers to weighted regression models, which use a variety of demographic controls: income (log), wealth (log), religiosity, age, gender/marital status, race/ethnicity, LGBT status, geographic region, and education. These regression results are available upon request.

TABLE A1. SUMMARY STATISTICS FOR THE FULL SURVEY SAMPLE

IMPUTED INCOME	\$70,709
IMPUTED WEALTH	\$204,522
AGE	47.6
GENDER:	
MALE	48.3%
FEMALE	51.7%
MARRIED/PARTNERED	58.9%
RACE:	
ASIAN	1.8%
BLACK	11.9%
HISPANIC	16.7%
WHITE/NON-HISPANIC	62.8%
ANOTHER RACE	6.8%

REGION:	
NORTHEAST	17.5%
MIDWEST	20.7%
SOUTH	38.0%
WEST	23.8%
EDUCATION:	
LESS THAN HIGH SCHOOL	9.8%
HIGH SCHOOL	28.3%
SOME COLLEGE	27.7%
BACHELORS	18.4%
POST-GRAD	15.9%
ATTEND RELIGIOUS SERVICE ONCE A MONTH+	34.7%
LGBT	7.0%
N =	1,535

APPENDIX B: MEASUREMENT OF CHARITABLE GIVING

Respondents were asked about their charitable giving. Giving to charitable and nonprofit organizations was measured as gifts of money, assets, and property/goods to organizations whose primary purposes are:

- to a religious purpose or spiritual development; for example, to a church, synagogue, mosque, TV or radio ministry
- to help people in need of food, shelter, or other basic necessities
- to provide health care or conduct medical research (e.g., hospitals, cancer charities, telethons)
- to deliver education (e.g., schools, colleges, PTAs, libraries)
- to provide youth and family services (e.g., scouting, boys' and girls' clubs, sports leagues, Big Brothers or Sisters, foster care, family counseling)

- to promote arts and culture (e.g., museums, theatre, public broadcasting)
- to improve neighborhoods and communities or to promote social justice (e.g., community associations, service clubs)
- to preserve the environment (e.g., conservation, animal protection, parks)
- to provide international aid (e.g., international children's funds, disaster relief, human rights)
- a combination of these purposes, like the United Way
- to another cause or purpose not listed above.

These 11 categories are the same as those included in the Philanthropy Panel Study (PPS). All the top charitable causes have aligned definitions and can be directly compared.

APPENDIX C: FULL DATA ON CROWDFUNDING AND SOCIAL MEDIA PLATFORMS

Respondents were asked whether they had heard of and used the following crowdfunding platforms.

TABLE C1. DATA ON AWARENESS OF AND USE OF CROWDFUNDING PLATFORMS

<i>For the following crowdfunding platform...</i>	<i>Know about</i>	<i>Have used</i>
ANY	91.5%	40.5%
GOFUNDME	86.7%	26.7%
KICKSTARTER	48.8%	11.4%
PATREON	26.1%	6.8%
CROWDFUNDER	19.2%	1.1%
INDIEGOGO	19.0%	3.9%
LENDINGCLUB	17.2%	0.5%
ANGELLIST	14.3%	0.5%
DONORSCHOOSE	9.6%	2.3%
GLOBAL GIVING	8.6%	0.6%
ROCKETHUB	7.1%	0.2%
FUNDABLE	6.7%	0.5%
INKIND	6.5%	0.4%
KIVA	5.5%	1.5%
FUNDLY	5.1%	0.8%
CROWDRISE	5.1%	0.4%
FUNDINGCIRCLE	4.6%	0.4%
MIGHTY CAUSE	3.4%	0.3%
RAZOO	2.7%	0.7%
OTHER	0.9%	0.5%

Respondents were also asked whether they use any of the following social media platforms.

TABLE C2. SOCIAL MEDIA PLATFORM USAGE

<i>Social Media Usage</i>	<i>Have used</i>
ANY	89.9%
YOUTUBE	82.5%
FACEBOOK	78.4%
INSTAGRAM	48.6%
PINTEREST	41.5%
LINKEDIN	34.1%
SNAPCHAT	31.3%
TWITTER	30.8%
WHATSAPP	22.3%
TIKTOK	20.1%
REDDIT	18.8%
TUMBLR	6.5%
MEDIUM	2.8%
OTHER	2.2%

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