PHILANTHROPY & FUNDRAISING INTERNATIONAL

Great Fundraising & brands: Help or hindrance

Executive summary

The Executive Summary of the report commissioned by Philanthropy & Fundraising International in July 2019.

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INTRODUCTION

> *" Branding is funny. In one sense it makes all the difference in the world. In another it makes almost none" (Brooks 2014 p.57)*

There can be little doubt that in the commercial sector, brands are quite literally big business. Brands associated with some of the world's largest companies are valued at some pretty eye watering sums (Apple at $214 billion, Google at $155 billion, Coca Cola at $66 billion – Source: Interbrand 2018), and the nonprofit sector is similarly substantive (Cancer Research UK at £2.3 billion, British Heart Foundation at £1.36 billion – Source: Fundraising.co.uk 2018). But how are these estimates of value derived? The models that underpin these statistics are typically an amalgam of the history of the brand (and associated investment), brand identity and awareness, organisational income, income growth and projections of the same. Brands therefore accrue value because they are felt to ensure the future performance of an organisation. The healthier the brand, the healthier that future is likely to be.

There can be little doubt that strong brands do indeed provide important benefits. Organisations with strong brands garner higher levels of trust, providing a degree of reputational insurance (e.g. Elgot and McVeigh 2018; Shapiro 2011) that can help nonprofits bounce back from even the most egregious lapses in judgement and behaviour. Brands also educate the public about a range of important issues, drive up awareness of a cause and shape how attractive a given organisation might be to a range of potential stakeholders, including donors and beneficiaries. Brands can also lend weight and gravitas to an argument, supplying advocacy muscle that makes a charity's voice difficult to ignore. Finally, many have argued that strong brands facilitate strong fundraising, boosting income from events, community fundraising and a plethora of different direct response channels (Durham 2010; Delaney 2018).

But whilst many have "argued" an association between brand and fundraising success, in reality, studies of the dynamic between the two are rare. That one would be linked to the other certainly seems to be an assumption of many of the widely cited models of brand value. But are they really? Can we genuinely see cause and effect? And if brands do contribute to fundraising, how and through what mechanism do they make such a contribution? What is it about brands that facilitates excellence in fundraising and how do organisations manage the dynamic to ensure that their brands are indeed leveraged to deliver massive fundraising growth?

METHODOLOGY

We began by conducting interviews with branding and fundraising professionals in ten organisations that had recently experienced substantive fundraising growth. Interviews explored the relationship between the fundraising and branding functions and how this was structured and managed. Interviews also focused on perceptions of what brands could genuinely deliver and how that impact could be maximised.

We conducted interviews with fundraising and/or branding personnel in each of the focal organisations. Ultimately 16 case study organisations formed the focus of our analysis and 27 interviews were conducted in total.

We then report a small quantitative study of brands looking in detail at the financial performance of 30 leading charities over a ten-year period. We recorded fundraising and branding expenditures and related these to fundraising income and fundraising growth (both in aggregate and year-on-year).

RESULTS

The headline quantitative results show that the average (mean) year on year growth rate experienced by organisations in our sample was 24% and the median 9%.

We found three significant models capable of predicting fundraising income. Perhaps unsurprisingly the strongest predictor of fundraising income is fundraising expense which alone predicts around 87% of the variation in fundraising income. With the addition of the binary variable ‘brand personality’ we can then predict 88% of the variation in fundraising income. None of our other binary variables (‘brand as fundraising proposition’, ‘fundraising orientation’, ‘emotional brand’) were found to have significant impacts on fundraising income.

Brand expenditure was found to be an average of 70.6% of fundraising expenditure but there was substantive variation as indicated by the standard deviation of 55.13. The median was 55.30%.

When all three independent variables are included, the presence of a strong brand personality is associated with an increase in fundraising income of £15.5 million. Each additional £1 of fundraising expenditure is associated with an additional £2.60 in fundraising income. Each additional £1 of branding expenditure is associated with only £1.60 in additional fundraising income.

Our report also identifies five key observations regarding the relationship between fundraising income and branding:

1. Lack of empirical evidence

Our first observation is that the interface between fundraising and branding has been the subject of remarkably little research effort and attention. This surprised us given the significance of the issue. Many commentators have posited the difference that, for example, a strong brand can make to performance, but empirical evidence is frequently lacking. Even where studies have been conducted the evidence in favour of a link is weak explaining only a small percentage of dependent variables such as giving.

In our own quantitative study, we could find only a weak link between brand expenditure and fundraising income and no link with either average or year-on-year growth in fundraising income. If brands do indeed drive fundraising performance, then our results suggest it is not the amount of the investment in branding per se that will be the key to driving that success. Our figures are emphatic. Taken in tandem with the results of our qualitative study, we conclude that the nature of the brand strategy itself may be more indicative of any role in the stimulation of fundraising success.

2. Branding as a servant of fundraising

Notably we were struck in our great fundraising organisations at how frequently brand was positioned as the servant of fundraising. Regardless of where the team were placed in their organisation's structure, clarity over the nature of the relationship seemed to play an immensely significant role. Great fundraising brands are there to drive great fundraising growth. This clarity is also important because many organisations struggle to manage the interface between branding and fundraising. Conflict was seen by our interviewees as almost inevitable, but if brand is viewed as being there to support fundraising growth the potential for any conflict to arise is greater reduced.

3. Fundraising proposition as the brand

We also found an interesting sub-set of brands that were actively managed as a fundraising proposition. In these organisations branding and fundraising were essentially the same thing, e.g. 'No Child Born To Die' and 'Cruelty to Children Must Stop – Full Stop', are cases in point. It is easy to see how this kind of integration can take place in cultures where branding exists to aid fundraising and the triangulation of messaging can only be helpful. There are also likely to be economies of scope since all communication is tightly focused.

4. Appreciation for different professional cultures

In organisations where a good level of clarity over the purpose of the brand has not been achieved, strategies had to be actively developed for managing the resultant conflict. We found that approaches such as the setting of collective goals and thus giving one team a stake in the performance of another, could be highly successful. But so too could the creation and development of boundary spanning relationships. We were struck by the genuine warmth that was expressed towards peers in other functions, by both Directors of Communication and Directors of Fundraising. Colleagues spoke in glowing terms of their counterparts and were at pains to use the role model of their relationship to make it clear to others that conflict must be worked through and managed.

Understanding the source of potential conflict can also suggest ways in which the conflict might be minimised. There needs to be a greater understanding across the sector that different professions have different professional cultures and draw on different bodies of knowledge as they practice their craft. Brand teams think in terms of the levels of abstraction necessary to pull together the often disparate activities an organisation might engage in, to a united whole. These abstractions are inevitably more values based and less concrete in nature. Fundraisers, by contrast work to make values tangible and demonstrably relevant to specific target groups. They are also focused on the stimulation of action rather than driving of perceptions per se. Rather than attempt to force these two teams together, perhaps a better strategy would be to educate both groups about the others' context and worth; the unique perspectives they bring to the table. Celebrating difference in terms of culture would be likely more effective than enforcing merger per se.

5. Focus on purpose, proposition, personality, and passion

In respect of how to better leverage the brand to grow fundraising, we identified that strong fundraising brands were more likely to focus on purpose, proposition, personality, and passion. The inclusion of these dimensions in the development of a brand strategy would therefore seem appropriate. It is worth noting too how many of these dimensions are consistent with the stimulation of brand love. This was not a term used by our interviewees, although many did speak of the affection or liking that various groups might have. From our perspective, learning from the commercial sector how to develop that brand love could be massively significant. Our review suggests that charity brands are good candidates for the transition to love objects, and there is a weight of evidence that suggests that 'lovemarks' would be likely to attract massively more income as they are better placed to meet the higher order needs of supporters.

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