

Running for the money

**A report on the demand for running races and marathons
as fundraising events**

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Introduction

This research started out as research into the demand for a second marathon in London.

The Flora London Marathon is one of the largest events of its kind in the world. The 2007 Flora London Marathon¹ was the biggest ever in the 27-year history of the event, a record 36,396 people started the marathon. As many as 125,000 people originally applied to run in this year's race, the second highest number of applicants ever, and 49,963 applications were accepted.² In terms of raising money and goodwill it is also one of the most profitable for charities. This year 78% of all runners raised money for good causes. *"Last year's slog generated £41.5m (\$72.2m) for charity—five times more than the New York City Marathon (which has a couple of thousand more runners)".*³

London's charity places are popular, since they cost £300 and yield more than £2,000 in sponsorship on average. The 14,000 charitable places were sold to charities via "golden bonds" in 1993, which reserve places for five years and are renewable. This year sees a compromise: charities on the waiting list have been offered "silver bonds", which guarantee one place every five years. There is obviously a huge amount of effort and goodwill that goes into raising such a fantastic amount from the Flora London Marathon.

However as the research results came in it became clear that the interest in a second marathon in London was in fact part of a much larger picture – the demand for organised running as part of event-based fundraising strategies. We prospected for a nugget of fundraising potential and found a whole mine.

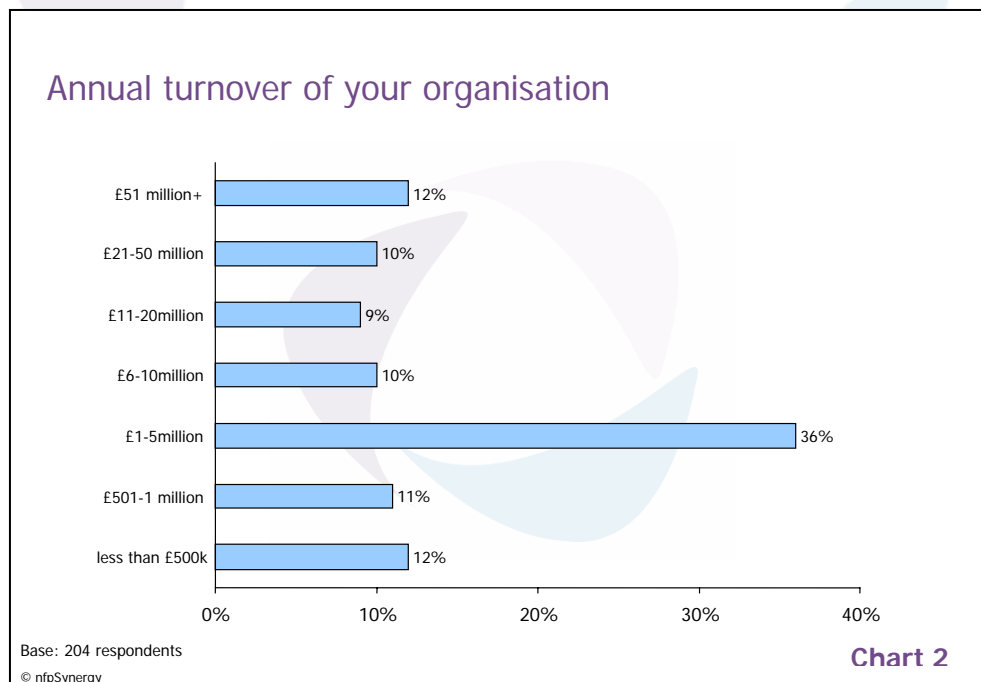
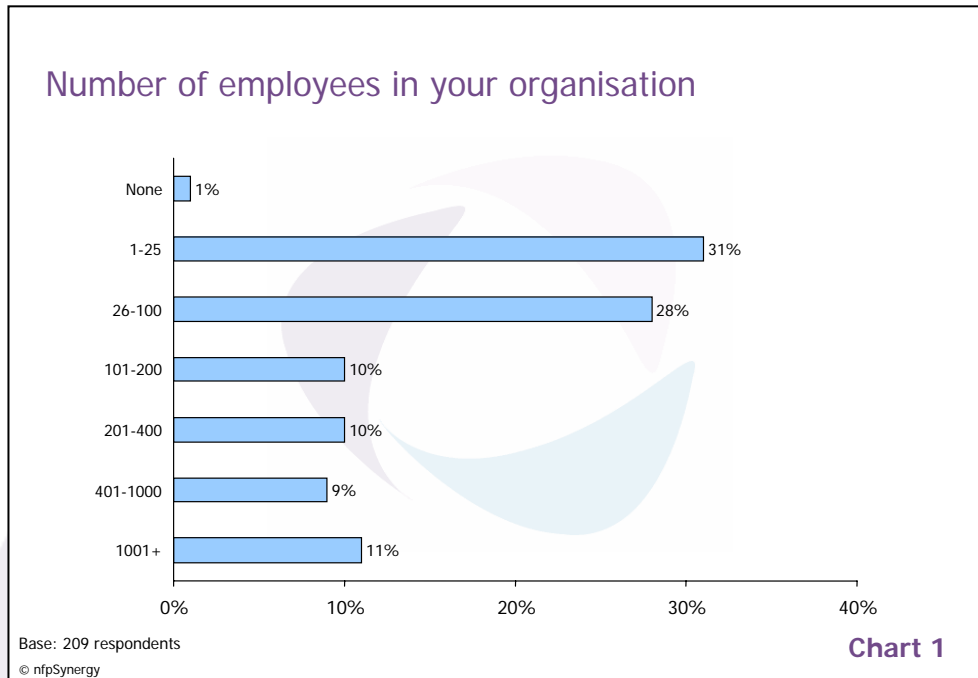
¹ London Marathon is a registered trademark. Any other marathon in London would be unable to use the term London Marathon.

² Source: London Marathon website http://www.london-marathon.co.uk/site/media_centre/index.php?page=95

³ Economist Apr 19th 2007

Sample and methodology

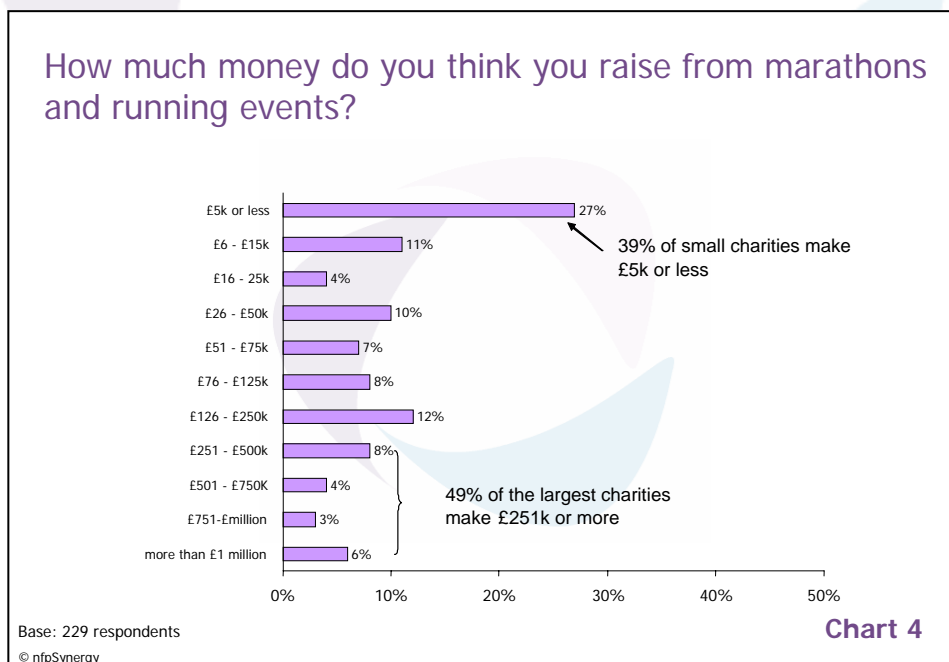
The survey was completed using an online questionnaire during April 2007. There were 230 respondents from Chief Executives to Volunteers, from a wide variety of organisations.



Running events

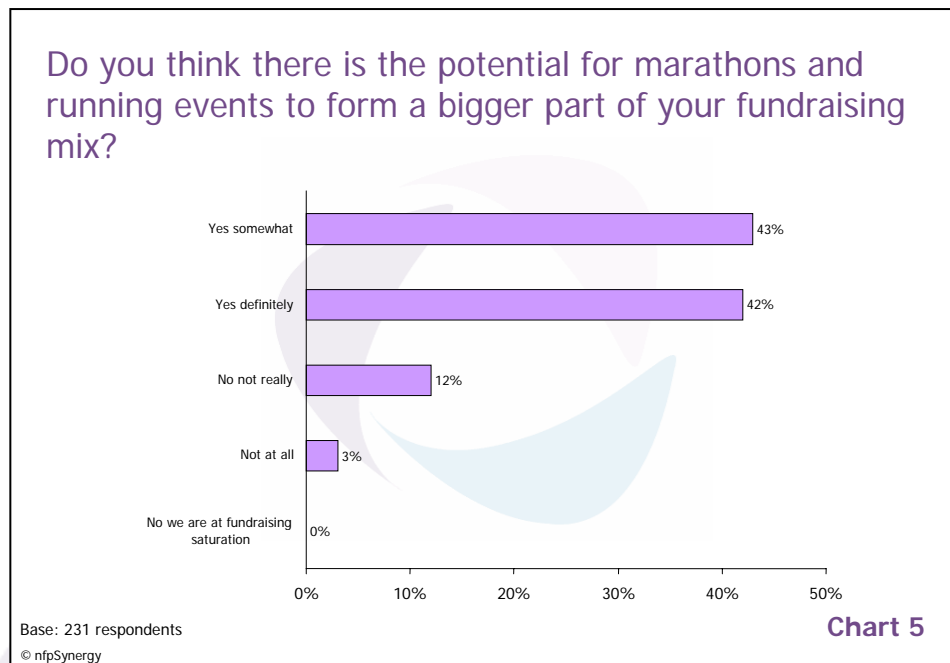


Running events are an important part of fundraising strategy for three quarters of respondents. Respondents from larger charities are more likely to state that this is the case than those from smaller charities. There may be some bias in the sample as those who take part in these events may have been more likely to complete the questionnaire than those who do not.



A quarter of respondents state that they raise £5,000 or less from these types of events, we must assume that a proportion of these raise nothing. Small

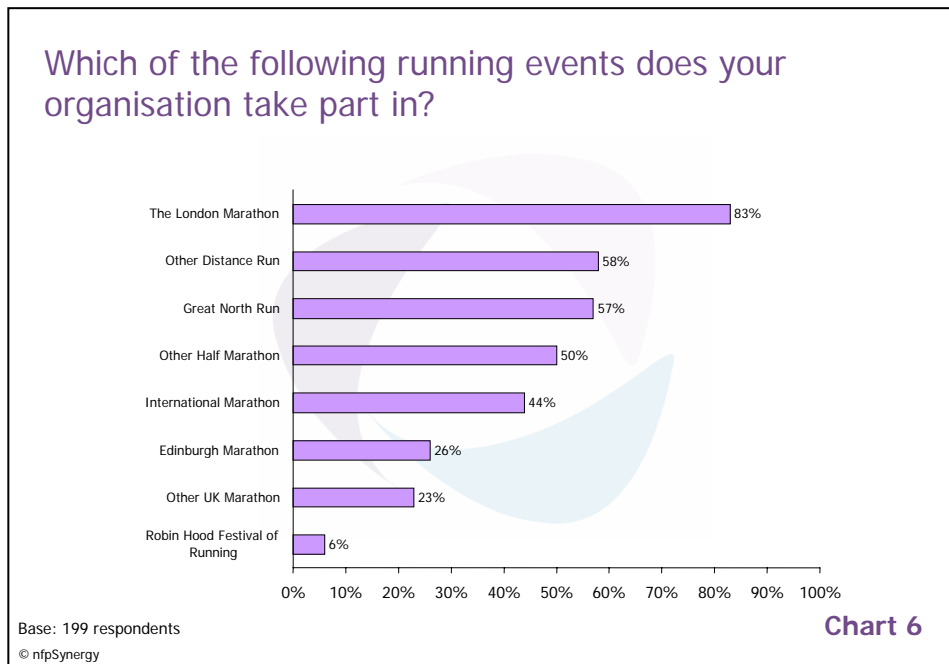
organisations make smaller amounts, larger organisations make larger amounts. (Chart 4 above)



“We have found that more and more people are contacting us about running events, it is a big area of growth.”

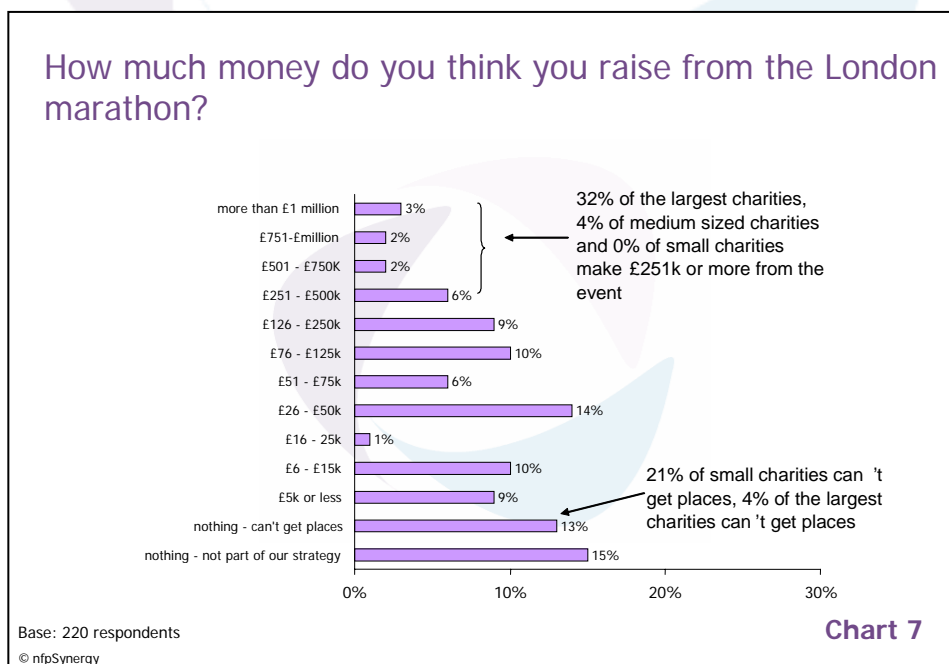
85% of respondents believe that there is potential for marathons and running events to form a bigger part of their fundraising mix. This was the case across all sizes of organisation. No respondents believed that this type of event is at saturation point. Even those who are not involved in these types of events at the moment see potential for growth in the future. However, some respondents sounded a note of caution,

“I think there is an unrealistic expectation on how much money can be raised and the amount of work involved in managing a team of runners (however, this is the same for many forms of fundraising).”



Respondents have runners who take part in a number of events. The Flora London Marathon is the most popular event with 83% of organisations having participants. The Great North Run is the next most popular named event with 57% of organisations saying they have participants. 44% of respondents have runners in international marathons which seems high when the additional cost to the individual is taken into account. Larger organisations are more likely to have runners in international events than smaller ones.

The Flora London Marathon



15% of respondents do not make money from this event as it is not part of their fundraising strategy but a further 13% do not make money because they cannot get places in it. However, other organisations make substantial amounts, nearly a third make £75,000 or more. Larger organisations tend to make more money from this event than smaller ones. It is not known how cost effective this is as a fundraising method. (Chart 7 above)



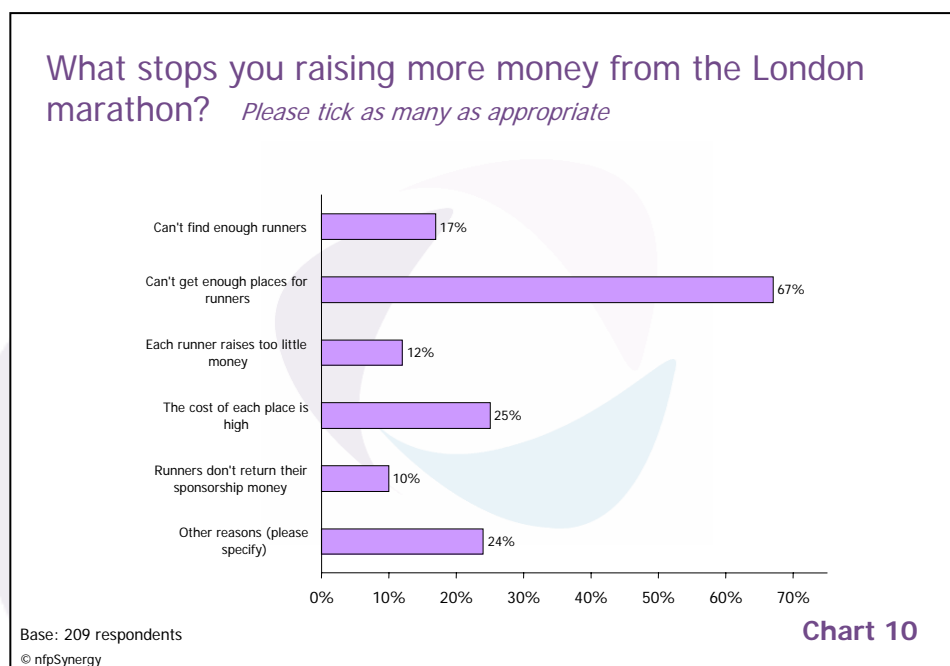
There are substantial numbers of people running in the race, 23% have 100 or more runners, 9% have 250 or more runners. Larger organisations tend to have more runners than smaller ones, which is probably why the larger organisations are raising more money. 50% of small organisations have 5 runners or less in the race. (Chart 8 above)



82% of respondents think that there is potential for their organisations to raise more money from the marathon.

“We had the opportunity of having four runners in the London Marathon but could not get places. This would have made a substantial difference to our unrestricted income.”

Nearly all sizes of organisation felt this way. It may be that those who are currently missing out feel they could have a chance to raise funds while those who are currently raising money can see the potential to raise more.



The main reason given why more money is not raised is because organisations cannot get enough places for the runners they have. This is particularly the case for medium sized charities. (*Chart 10 above*)

The cost of places was reported to be too high by 25% of respondents. Interestingly, both small and large charities stated this was the case.

“Cost of places are too high and therefore cost to income ratios overall [are] not great”

17% of respondents reported that they found it difficult to recruit own place runners this was due to a variety of reasons, sometimes cost and sometimes brand and charitable cause were felt to put people off. Access to Golden Bonds (or lack of access) was an issue for many. Even those who do hold Golden Bonds could do with some more.

“We have 13 Golden Bond places and could of (sic) filled them five times over with the number of applicants we had!”

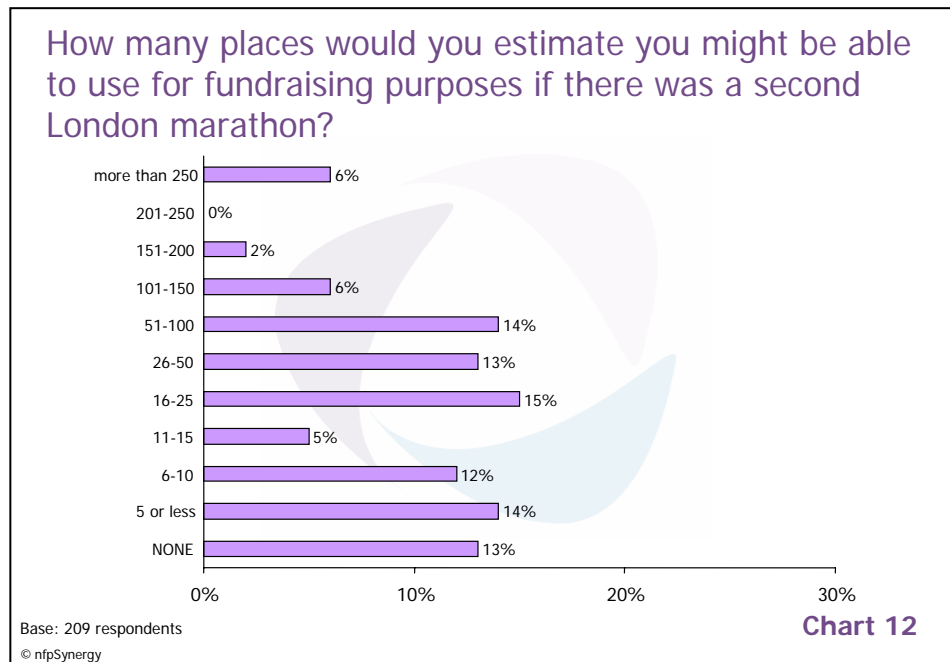
10% of organisations said that they had problems getting their runners to return their sponsorship money. Sites such as JustGiving site appear to have helped the overall income levels which may be a function of better fulfilment.

A second marathon in London



"Bring it on!"

When asked, 79% of respondents said they would be interested in using a second marathon in London as a fundraising opportunity, with 21% not interested or stating they didn't know. Medium sized charities were more interested in this idea than small or large ones. As we saw earlier they appear to be the ones struggling most for places in the race.



There are high levels of interest in a second event, however, there are many who feel ambivalent about the prospect. They can see that it would be a good thing but are concerned that the uniqueness of the Flora London Marathon would be lost.

"There is clearly a market for more places in this kind of event. My chief concern would be that a second marathon might dilute the prestige and attractiveness of the Flora Marathon, which would have an impact on its fundraising potential."

In general people feel that the current marathon is a well-organised event with a very special atmosphere. If there were to be another marathon in London it would need to be comparable in terms of media coverage, elite runners and general kudos so it was not a 'second class' event.

"It would take an awfully long time to build up the kudos that the FLM has and I'm not sure runners would want to do a less high profile marathon."

A variety of respondents feel that a new event might detract from the original event. Some also felt that the event should happen but in a different form, a cross-London events or as a regional event. This would allow smaller and more local events to benefit a wider variety of charities.

"Why does it have to be in London? Surely it would be better to build up one of the existing marathons elsewhere in the UK."

"I would rather encourage more participation in local/regional events. An alternative would be to build a similar niche event somewhere else."

Bearing in mind charities' experiences of the Flora London Marathon as it stands, a new event would need to look at how Golden Bonds, official charity status and own places are allocated.

"The current London marathon works because of the publicity and tradition surrounding it. Perhaps we should be thinking about how we can share the current availability of places more fairly."



Conclusion

Income from running events is an important part of charities' fundraising strategy. These events are a growth area for charity fundraising; a popular pastime that is healthy, coupled with a personal challenge and the ability to raise funds for a good cause make this an all-round winner. Charities are keen to become involved in these events, whatever their size. Running events have substantial benefits in fundraising terms:

They raise unrestricted income. This means that a charity can spend it on whatever they wish. This is in contrast to most grants from charitable trusts or sources as the Big Lottery Fund or local authorities.

They are relatively low cost as a fundraising method (golden bond fees aside). This is particularly true if either the number of runners or the amount raised per runner is high.

Running events can be profitable in the short term. This compares with a direct marketing strategy or a corporate strategy in which donor relationships may take years to develop and reach profitability.

This makes running events particularly powerful for small fundraising organisations which struggle to raise unrestricted income, struggle to find money to invest in fundraising and usually need money today not in three or five years time.

This makes it doubly ironic that it is small charities that are the least likely to be able to benefit from the Flora London Marathon and the Gold Bond scheme.

The Flora London Marathon is seen as a high profile prestigious event. Runners want to take part because of its unique atmosphere. Therefore competition for places and particularly the guaranteed places offered by the Golden Bonds is high. In return, runners raise substantial amounts of money for the charities that support them. Charities who took part in this research feel that they could raise more funds from the event but cannot get enough places. But the Flora London Marathon is full to bursting. In any other walk of commercial or charity life if there was a shop or a product that was sold-out many times over, another shop would be opened or another product launched. But the roots of the Flora London Marathon are in sport not fundraising.

Is there demand for another marathon in London?

Many respondents had mixed feelings about the addition of another marathon in London. While 60% of all respondents were interested in a second marathon in London, and smaller organisations even more interested, many respondents large and small are wary.

On the one hand they welcomed the opportunity to raise more funds and realise the potential that is currently going to waste. On the other there was a recognition of the unique nature of the Flora London Marathon and a fear that this could not be replicated without looking like a 'second-class' event or cannibalising the current marathon's income.

Any new marathon in London would need to create a distinct brand and ethos: autumn not spring, a different route such as the Thames or the route of the marathon planned for the Olympics in 2012, and driven more by fundraising and fitness than by sport and athletics.

In terms of fundraising there would no impact on the Flora London Marathon in the short or medium, if at all. With every place over-subscribed by somewhere between three and tenfold, the Flora London Marathon has little to fear. Indeed it is likely that if more people believed they could get a place to run in a marathon in London the total size of the marathon-running population would increase. And of course, any new marathon would take its time to grow as an event – rather than instantly reach the status and size of the Flora London Marathon.

The demand for organised running events.

If there is any area that our research has surprised it is that not one respondent told us that they thought that the running market has reached fundraising saturation. So our research has definitely shown there is a need for organised multi-charity running events. This is particularly important for all but the largest charities as they do not have the resources to set up something on their own (unlike CRUK and the Run for Life/Cancer Research 10k). There is an opportunity for a network of regional and national running events to be set up (for example, one respondent pointed out that there was no marathon in Wales) to enable charities, of all sizes, to access the power of running as a fundraising tool.

The key is in the development of the appropriate brand for these events. This could be achieved by securing a national sponsor in the first place and also, of course, TV coverage.

What next?

Our research has been attempting to find only about the importance of running events and marathons in fundraising strategies, and not about the feasibility and logistics of setting up new running events or marathons. We believe the next stage in the process is to carry out a more detailed piece of research into the feasibility of setting up running events and marathons both in London and across the UK.