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Share Giving – sheer indifference

A research report on the use of Share Giving by charities

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Section 1: Results of Share Giving survey

Introduction and methodology

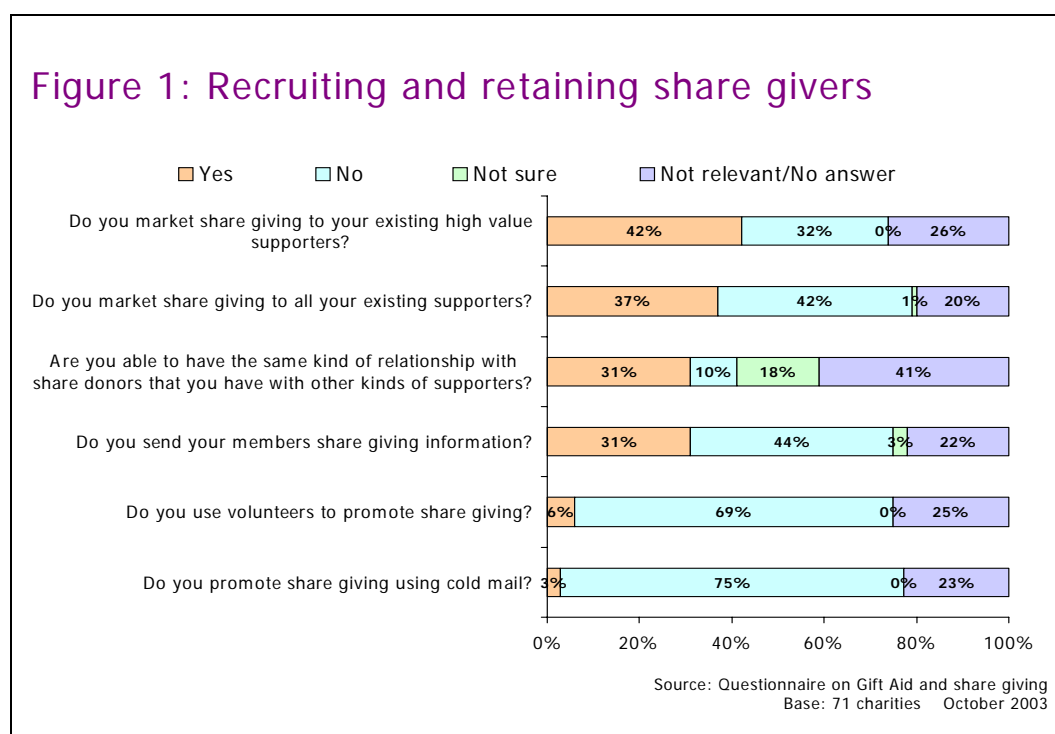
Share Giving was introduced (along with Gift Aid and the 10% payroll supplement) as one of the key policies in the government's stated intent to create a 'Giving Nation'. Introduced by the Chancellor's budget in April 2000 it has allowed individuals to give shares and offset the value of the shares sold against their income tax liability and reduce their capital gains tax liability.

It is highly tax efficient since the relief is 40% of the value of the shares, so the 'cost' to an individual of donating £10,000 of shares is only £6,000. Further details on the mechanics of Share Giving are available from the www.inlandrevenue.gov.uk or leaflet IR 178.

This report is the result of research in October 2003 into the ways that charities are using Share Giving and Gift Aid and their success in promoting it (Gift Aid is covered in a separate report – see the end section). A questionnaire was mailed to 500 charities in October 2003 and 139 charities responded. A copy of the questionnaire is available on request.

Breadth of techniques used for promoting Share Giving

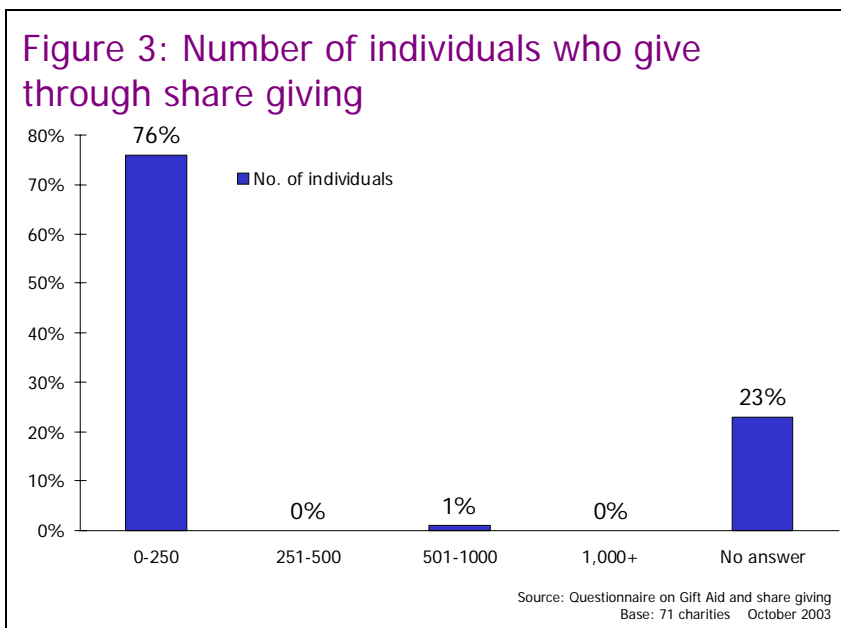
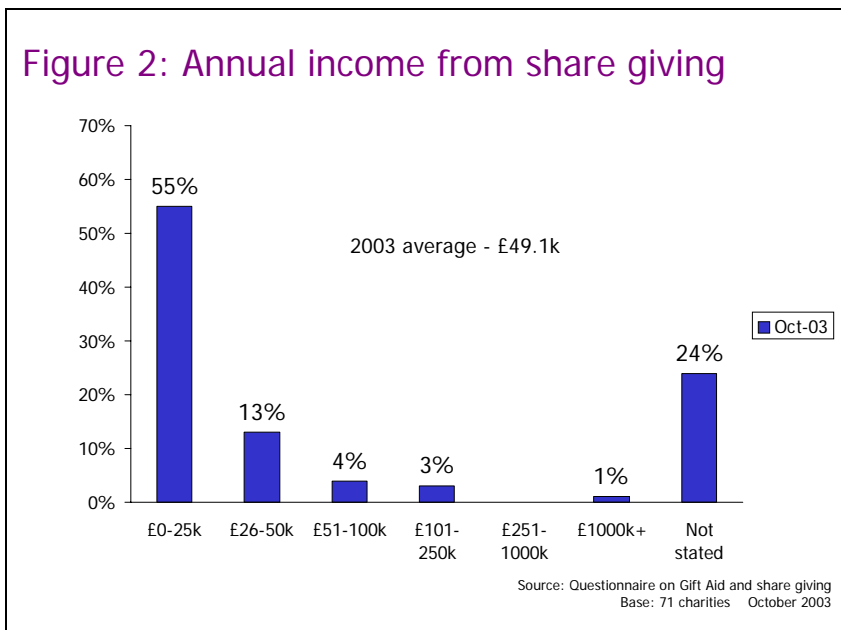
Figure 1 shows that 40% of charities aren't marketing Share Giving to all their supporters or members, and over 30% of charities (32% to be precise) aren't even marketing Share Giving to their high value supporters.



This isn't because it is harder to have the same kind of relationship with Share Givers than with other donor types. Only 10% of charities felt that they couldn't have the same kind of relationship with Share Giver as other kinds of donors (compared to 56% of charities who felt they couldn't have the same kind of relationship with payroll givers in our Payroll Giving research). Perhaps not surprisingly, given the above answers, Share Giving is hardly promoted at all through cold mail (3% of charities use Share Giving to promote cold mail). More surprisingly is the fact that volunteers aren't used more to promote Share Giving: it's

a perfect task for a professional volunteer who can explain Share Giving, answer people’s queries and address any concerns they may have.

Levels of income from Share Giving



Figures 2 and 3 show the amount of income (and the number of individuals) that the respondent charities raise from Share Giving. Just over half of respondents (55%) raised under £25k a year from Share Giving, with 3% of respondents raising between £101k and £250k and one charity raising more than a million (however, they are an intermediary agency processing donations on behalf of other charities and churches).

The number of individuals who give through Share Giving (figure 3) is no more encouraging than the amount of money given. Only one charity had more than 250 individuals giving shares to it. As section 2 shows share ownership is not a minority sport in the UK, with

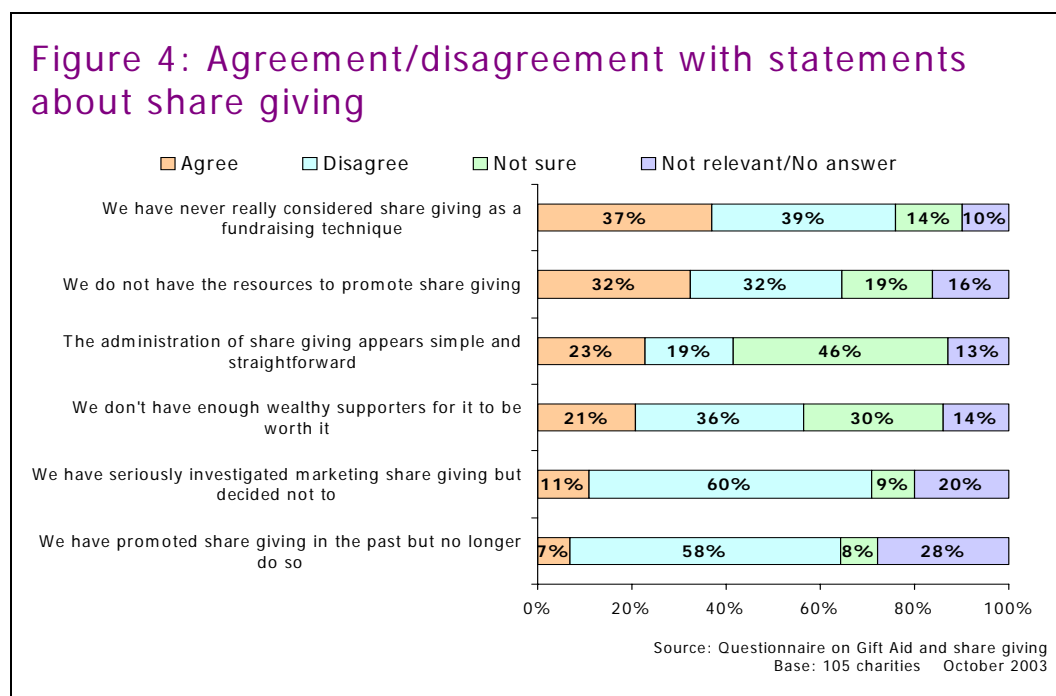
between 20-40% of the general public owning some kind of stock market linked investment (figures 6 and 7).

It is worth pointing out that nearly half of all charities (who responded) did not answer the section on Share Giving – because they felt they did too little to market it. So all the answers are based on a sample of 71 charities out of the total of 139 who responded to the whole questionnaire. That means that the responses on Share Giving probably paint a more optimistic portrait of Share Giving than for charities as a whole – how sad is that?

Status of Share Giving as a promotional technique

Anybody of a sensitive nature and an ardent supporter of Share Giving should look away now. Share Giving may have been made easier but that doesn't appear to have ensured its inclusion in the fundraising toolbox of many charities. As figure 4 shows many charities appear simply to have never considered how they can use Share Giving as a technique – 37% agree that they have never really considered Share Giving as a fundraising technique, and only 11% agree that they seriously considered marketing Share Giving but decided not to. Only 7% used to promote Share Giving but no longer do so.

If there are barriers to Share Giving then the perception of a need for resources is clearly one of them: given that 32% of respondents answered that they didn't have the resources to promote it seriously. A supposed lack of wealthy supporters is another perceived barrier for charities, with 21% agreeing that they didn't have enough supporters for it to be worthwhile.



We suspect another barrier is that Share Giving doesn't fit neatly into any single department within a charity. When asking where Share Giving sits within the charity, we find a breadth of responses: individual giving (28%), corporate relations (13%), major donors team (8%), and fundraising department (10%) being some of the mix of answers. However 18% were honest enough to admit that Share Giving had no clear home, while 15% of charities didn't answer the question.

Section 2: Levels of share and investment ownership in the UK

This section is not about how charities use Share Giving but some facts and figures about the levels of share and financial asset ownership as a whole. From many of the results shown in figures 1 to 4 and the quotes in section 3 it would be easy to perceive that only the very rich had shares. Figures 5, 6 and 7 show this is not the case. However they do demonstrate that the ownership of financial assets is unevenly distributed and is volatile over time.

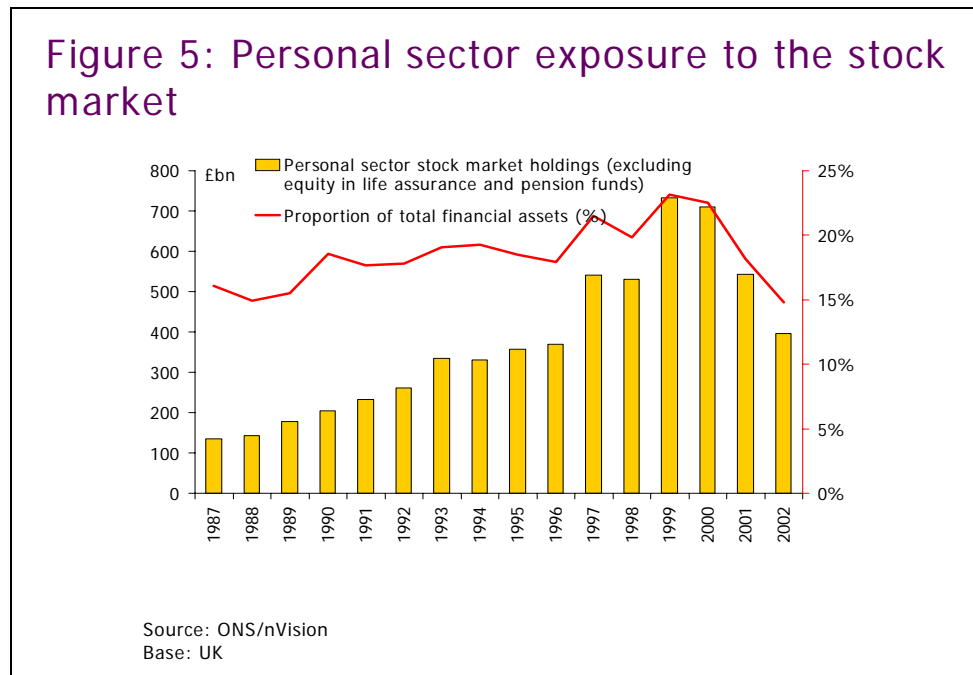
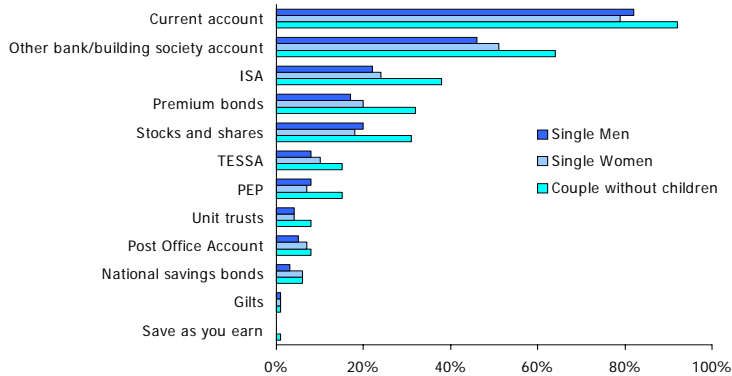


Figure 5 shows the level of financial exposure to the stock market since 1987. It is interesting to see that despite the rash of privatisations during the eighties, it is actually the introduction of the new tax-effective savings mechanisms introduced by the Labour Government since 1997 that has really increased the levels of exposure (in products such as ISAs, Unit Trusts, PEPs as well as shares directly). The key issues for charity Share Giving is how much of these financial assets are held in forms which are tax-effective enough to give to charity.

Figure 6 shows the levels of different investments products in UK households, broken down by single men, single women and couples without children. This shows that couples without children (often a key target for fundraising activities) are disproportionately likely to have PEPs, TESSAs, ISAs and stocks and shares compared to their single counterparts. Make no mistake, the levels of ownership of stocks and shares are significant. Over 30% of couples without children own shares, and over 40% ISAs. With an adult population of 48 million in the UK, 30% equates to 12 million adults – numerically large enough to satisfy all but the most voracious of fundraising departments.

Figure 6: Levels of savings and investment products levels in households

(Proportion of households in which at least one member has an account, by household composition)

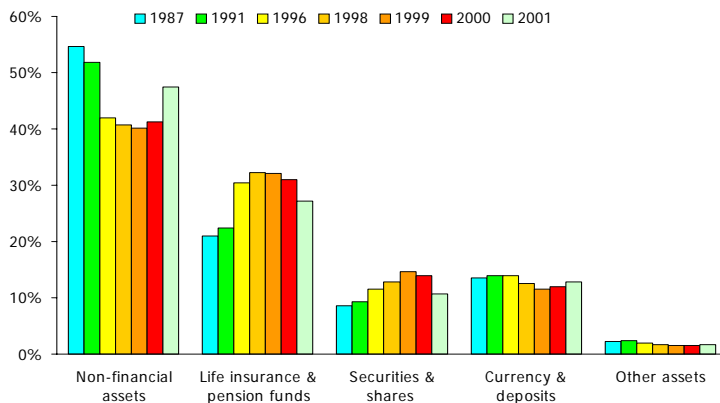


Source: Family Resources Survey, DWP/nVision
Base: GB, 2002

Figure 7 shows the counterside to the opportunities that the level of share ownership presents. Between 1987 and 2001 we have seen the rise and fall of stocks and shares as a percentage of net wealth. This is the product of rising house prices and a falling stock market – particularly in the period between 1999 and 2001. The impact on Share Giving is that if a stock price has fallen there isn't much tax benefit to be gained from giving it to charity. In other words, there are times and situations when giving shares to charities makes sense from a tax point of view and others when it doesn't. This issue will be addressed in more detail in the next section.

Figure 7: Composition of the net wealth of the household sector by type of asset

(Adjusted to 2001 prices using the expenditure deflator for the household sector)



Source: ONS/nVision

Section 3: Obstacles and opportunities relating to Share Giving

The picture is grim: more a Lowry landscape than a rosy Rembrandt. Share Giving hasn't yet penetrated the consciousness of fundraisers or entered into their 'next big thing' filofax. This final section, using quotes from respondents, tries to identify some of the obstacles and also sets out the opportunities for Share Giving.

Fundraisers don't like it

Fundraisers are scared of talking about it!

Since the collapse in the stock market impetus was dropped from donors and we prefer not to receive shares.

Not very clear for supporters. Not very clear for charities.

Can be problematic as strays into area of 'advice'.

We have the wrong kind of donors

Donors are not very keen.

Not enough of our supporter base had shares of sufficient value for marketing to be cost effective. We promote Share Giving in our magazine but do not pro-actively market it in any other way.

Precisely that we do not have (or do not know that we have) sufficient numbers of wealthy supporters.

Been there, done that but never got the T-shirt

Not the easiest way to raise funds and has not yet brought in a healthy ROI.

We have not had a lot of success in this area.

As a giving tool it seems complicated

Haven't got the personnel to follow it up or the constituency that would own large amounts of shares (or so we think).

Share Giving is perceived as more confusing than other ways of donating and is a lengthier process.

More human resources needed to promote properly.

Mañana! Mañana!

Not currently marketing but plan to do so in 2004.

Have not marketed Share Giving as yet.

Too early to say as we are still in the exploratory phase of how best to make the most of this opportunity.

We are currently improving our marketing to donors generally. Working on Gift Aid uplift first then we'll work on other opportunities such as Share Giving!

Have not investigated it.

As we are completely new team, we know about it but have to bite off work in small pieces! It is important but not yet.

It's somebody else's job to make our donors know about how to give to us

Not enough being done to promote greater public awareness.

Again maybe a flyer from the IR to go with the tax return.

Leaflets for the company to send out with annual reports to make people aware that they can give shares to charity.

Weaker awareness – much as a parallel campaign to Gift Aid.

Better marketing through brokers, banks, IFAs and others making aware their commissions should not be affected.

It seems to be over shadowed by Gift Aid and Payroll Giving. Major awareness task needs more single- minded focus.

Constructing an appropriate marketing plan is difficult

We need to develop a better donor communication plan before we go ahead with it.

Share Giving needs to be marketed in simple terms so that anybody can understand it and feel it is an easy way to give.

Might be useful to include in next newsletter.

Needs to work on two levels – using share gift for small holdings and then as tax-effective giving to higher level donors.

In a nutshell

A mix of the above reasons. No substantial wealthy donor base to target, complex admin (because we are not a limited company), stretched resources but not a closed door as we have a hankering to give it a try.

Share Giving as a fundraising tool

It is hard to disagree with some of the comments from respondents to the questionnaire about Share Giving. It doesn't have the beautiful simplicity of Gift Aid or the ubiquitous appeal of direct debits and standing orders. The tax-effectiveness of Share Giving is highly dependent at what price the shares are being sold and at what price they were bought. It is difficult to explain to donors why giving shares is better than selling the shares and then giving the money. The wealth of a donor base is also an issue, both in terms of perception (we don't want to appear as a charity who expects supporters to have shares) and reality (even if half of a charity's supporters owns shares that doesn't mean the shares can be easily given).

We do believe that Share Giving is a useful addition to any charity's fundraising toolbox - however there is a time and a place for it, which will vary from donor to donor, and charity to charity. Here are our guidelines for making Share Giving a cost-effective fundraising tool.

1. Promote it 'little and often'. People are most likely to respond to give shares as a result of changes in their own lives: windfalls from building societies demutualising, inheriting shares from relatives or families, embarrassed by existing holding of 'unethical shares'. For this reason Share Giving should be promoted as an option amongst others but always accessible when people need it. So promotions in newsletters, on the website, on the back of donation forms will give Share Giving a profile when an individual's 'time and place' comes around. Oxfam and Save the Children both have useful Share Giving information which are worth studying.

2. Promote to high value donors. High value donors are more likely to have shares on the basis that people who give more have more. This makes Share Giving more appropriate for high value supporters than the average supporter. It might mean including Share Giving in regular communications to high value donors, mentioning it at high value receptions or in face-to-face contact.

3. Promote Share Giving when there are ‘windfall’ share hand-outs in the wider public arena. The last decade has seen a rash of building society demutualisations and share hand-outs: Friends Provident, Northern Rock, British Gas shares for AA members, Cheltenham and Gloucester and the like. On each of these occasions hundreds of thousands of individuals received shares worth a few hundred pounds or even a few thousand pounds. For many charity-supporting individuals these personal windfalls could become a windfall for their favourite charity. But the promotion is needed to remind people that shares are easy to give and great to receive.

4. Decide who ‘owns’ Share Giving personally and departmentally. Given that Share Giving doesn’t clearly fit into any one fundraising discipline then without total clarity about whose responsibility it is to promote Share Giving at the departmental level, it is almost inevitable that it will fall between two stools. Share Giving should have a clear home and that team should have a clear mandate to work cross-departmentally.

From the donor’s point of view Share Giving isn’t as easy and straightforward as writing a cheque or signing a direct debit. So when an individual rings up a charity having been inspired by a piece of Share Giving promotion make sure it is clear who they should talk to and that this person has answers to all of the likely questions (try ‘please explain to me how I calculate the tax reclaim on my share gift’).

5. Ask not what Share Giving can do for you, but what you can do for your supporters.

Share Giving has two big advantages over other types of giving. Firstly share gifts by definition are likely to be several hundred pounds on average rather than a few tenners. Secondly for many people shares may be seen as a windfall (because they were a windfall) or not the same as real money so individuals may find it easier to give you shares than an equivalent amount of money. The point here is that Share Giving may be as much about offering a complete service to supporters (particularly high value ones) as it is about a new stream of fundraising income. And from many of these shares gifts may start a long-term giving relationship of which a gift of shares is but the first step.

Conclusion

Share Giving is still a toddler in the fundraiser’s school of income generating options. The danger is that in the search of the next big fundraising thing (which Share Giving is certainly not) it is overlooked as another way in which people can give charity (tax) effectively and efficiently. There is massive potential in Share Giving and the evidence is that the potential has barely begun to be realised. For those charities that can blend Share Giving into their fundraising the rewards will be substantial and certainly much bigger than they are at the moment.

Appendix 1: Share Giving results in more detail

Q7. Please tell us a little bit more about your Share Giving and fundraising activities				
Please answer the questions below	YES	NO	Not sure	Not relevant
Do you promote Share Giving using cold mail?	3%	75%	0%	13%
Do you use volunteers to promote Share Giving?	6%	69%	0%	14%
Do you market Share Giving to your existing high value supporters?	42%	32%	0%	13%
Please answer the questions below	YES	NO	Not sure	Not relevant
Do you market Share Giving to all your existing supporters?	37%	42%	1%	6%
Do you have a magazine/newsletters for supporters	70%	14%	0%	4%
Do you send your members Share Giving information	31%	44%	3%	8%
Are you able to have the same kind of relationship with share donors that you do with other kinds of supporters	31%	10%	18%	23%

Q8. How much annual income do you get from Share Giving? (please tick)	£0-25k 55%	£26-50k 13%	£51-100k 4%	£101-250k 3%	£251-1000k 0%	£1001k 1%
Q9. Approximately how many individuals give to you through Share Giving? (please tick)	0-250 76%	251-500 0%	501-1000 1%	1,000-2,000 0%	2,001-5,000 0%	5,000 0%
Q10. What percentage of your income from individuals comes from Share Giving? (please tick)	0-5% 75%	6-10% 3%	11-15% 0%	16-20% 0%	21-30% 0%	31%+ 0%

Q11. Which department or team has responsibility for Share Giving? (tick as appropriate)	
Corporate Relations	13%
Individual Giving	28%
Community/regional fundraising	8%
Doesn't have a clear home	18%

Q12. For charities that do not actively market Share Giving				
Please indicate whether you agree or disagree with the statements below	YES Agree	NO Disagree	Not sure	Not relevant
We have never really considered Share Giving as a fundraising technique	37%	39%	14%	5%
We have promoted Share Giving in the past but no longer do so	7%	58%	8%	20%
The administration of Share Giving appears simple and straightforward	23%	19%	46%	8%
We do not have the resources to promote Share Giving	32%	32%	19%	10%
We have seriously investigated marketing Share Giving but decided not to	11%	60%	9%	13%
We don't have enough wealthy supporters for it to be	21%	36%	30%	9%

worth it				
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Additional free resources from The Giving Campaign:

The Giving Campaign has produced a number of guides on Share Giving as well as a toolkit to help charities implement Share Giving. The resources can be found at www.givingcampaign.org.uk.

Additional free resources from nfpSynergy.

If you have found this report useful, informative or infuriatingly short on detail there are other free resources that we can send you to help. These are:

- The full data tables for the research which include breakdowns by size of organisation, type of organisation and income from individuals
- A copy of the full results in PowerPoint format – useful for internal presentations
- And a list of our other reports in areas such as innovation, the internet and charities, branding and Gift Aid

Any of these resources can be obtained by emailing reports@nfpsynergy.net or visit our website at www.nfpsynergy.net.