Capital fundraising campaigns and behavioural science

The first capital fundraising campaign, as we would define it, was implemented by Frank L. Pierce and Charles Sumner Ward in 1905. Since then, thousands of capital fundraising campaigns have been run worldwide, and a bank of capital campaign 'wisdom' has been built up about what seems to work and what does not. Behavioural Science has a similar vintage, being first studied in the early 1900s.

Behavioural science is a multidisciplinary field that includes the study of human behaviour, thoughts, feelings, and perceptions in individual and social contexts. It involves a range of disciplines, such as psychology, sociology, neuroscience, economics, and anthropology, among others. The body of knowledge created by behavioural scientists includes applying the scientific method to identify consistent patterns or 'biases' in human behaviour to different cues. Biases are mental shortcuts that allow us to make quick decisions without necessarily being conscious of all the factors and consequences. These biases can often significantly impact our judgement and decision-making abilities.

Capital campaign wisdom does not rely on the scientific method and has mainly been built up using trial and error and shared by professional fundraisers. Much of this wisdom is counter-intuitive and runs against the accepted approach adopted by people outside of fundraising. A classic example is the received wisdom that it is best to only broadly promote a capital campaign once the bulk of the fundraising target has been achieved, something that marketing and communications professionals often find challenging to accept because their tendency is to believe broad promotion to achieve high awareness about a campaign is a more logical strategy.

This article seeks to answer whether there are recognised biases identified in Behavioural Science that affirm or contradict accepted capital campaign wisdom.

The "Halo Effect"

The halo effect can be described as the tendency to overgeneralise an impression of a person or entity based on a single trait or characteristic. This can be observed when people make assumptions about someone's overall abilities, character, or potential based on just one positive observation.

In the world of capital fundraising campaigns, the halo effect can manifest in various forms.
For example, the use of "social proof" - the practice of showcasing the support of influential people or collaborators - can be seen as a manifestation of the halo effect. When potential donors see that prominent people or organisations have supported a particular cause or campaign, they may be more likely to contribute, assuming that they, too, should support the cause because others see it as worth supporting.

The organisational structure for capital campaigns generally involves recruiting patrons, ambassadors, chairs and members of gift-seeking committees. Capital campaign professionals know that a capital campaign is more likely to succeed with the right people involved, highly respected people with influence and inviting power.

The Social Proof Bias

The Social Proof bias is the belief that people tend to do what others do. Fundraisers can leverage this bias by displaying social proof, such as the number of donors or the total amount raised. This can help to establish social norms and encourage potential donors to follow suit. Even more compelling is proving to a potential donor that people just like them have made generous donations, another well-known technique understood by capital campaign professionals.

The Anchoring Bias

Anchoring is a cognitive bias that explains how people tend to rely heavily on the first piece of information they receive. For capital campaigns, this means that fundraisers should lead with a high donation amount or goal to anchor donors to the idea of giving generously. By doing so, donors may be more likely to give more than they would have otherwise. In capital campaigns, a 'gift range chart', which details the number and value of gifts to achieve a fundraising target, is a tool that is often used to anchor a donor's expectations.

Capital campaign professionals well understand the existence of the anchoring bias. It partly explains why the early stage of a capital campaign is not broadcast publicly and is called 'the quiet phase'. This is because, in this period, major donors are approached for contributions to secure large and impressive donations to act as a benchmark for future giving. It's not always easy to secure exceptional contributions at the outset, so keeping a campaign out of the public eye until some 'lead gifts' have been guaranteed allows the narrative to be controlled.

The Middle Option Bias

The middle option bias explains how people tend to select the option in the middle of a range of options. Fundraisers can leverage this bias by presenting three different donation options. The middle option should be the default option and the amount the fundraiser wants donors to give. For example, if the fundraiser wants a major donor to pledge $100,000, they can present three donation options: $50,000, $100,000 and $150,000 - where $100,000 is the middle option. This is another well-known strategy employed by capital campaign professionals and another bias supported by behavioural science.

The Scarcity Bias

The Scarcity bias suggests that individuals tend to place greater value on things that are scarce or limited in availability. Capital campaign specialists know how to employ this bias. For example, matching donations are often made available for up to a certain amount or a defined period. Likewise, recognition and naming opportunities are promoted as having limited availability.

Reciprocity Bias

This bias is based on the idea that people feel a sense of obligation to repay others when they receive something valuable from them. In capital campaigns, this is another well-understood bias. For example, offering a potential major donor a volunteer leadership position such as 'Campaign Chair' is a way of conferring recognition and respect and is often viewed by the recipient as valuable and encourages more significant donations.

In the quiet phase of a capital campaign, usually, only a small number of potential donors are given inside information about a capital campaign's proposed fundraising target and goals. Privileged information and invitations to exclusive events are shared with this select group, another strategy that confers social status that can be valued. Many other examples of capital campaign strategy take advantage of the reciprocity bias.

Framing Bias

This bias refers to the way that information is presented to an individual and how that presentation can affect their perception of the information. For example, if a capital campaign's narrative explains that there is an urgent need to meet a fundraising target within a specified timeframe, it can encourage potential donors to give more as they perceive the project as being in more need. Alternatively, framing the campaign as a success story with a small shortfall can be used to build momentum and encourage more donations. This is another reason why traditional capital campaign wisdom says not to go public with the campaign until over 50% (some prefer 60%-70%) of the capital campaign has been achieved.

Emotional Bias

This bias refers to the impact that emotions can have on an individual's decision-making. Capital fundraising campaigns often leverage this by sharing stories and anecdotes that appeal to potential donors' sense of empathy or compassion. For example, a capital campaign for a new children's hospital can use stories of individual children to make an appeal to donors' emotions. The old fundraising adage that fundraising campaigns need to appeal to people's "hearts, minds and wallets" exemplifies how this understanding is incorporated into fundraising wisdom.

Loss aversion bias

This is the tendency for people to excessively weigh the potential risks of loss over the potential benefits of gain. For example, capital fundraising campaigns often use loss aversion bias by emphasising the adverse effects of not donating, such as losing funding for a project, withholding support for people in urgent need, or reducing the impact of a charitable organisation.

The above list of biases identified by behavioural science is incomplete, and I am sure others are relevant to capital campaign fundraising. Capital fundraising campaigns are critical for non-profit organisations to fund long-term operations and new initiatives. The examples above illustrate how many biases identified by behavioural science are already accepted in traditional capital campaign wisdom. Incorporating these principles, and learning from the continuing advances in behavioural science, can foster stronger connections with donors, improve engagement and enhance fundraising success.