

Contactless Technology: Worth the investment?

An anonymous analysis of charities
and trial partners using contactless



Authored by Goodbox Labs, supported
by the Institute of Fundraising





Foreword by IoF



With cash predicted to fall further in its share of total payments in the UK and with contactless quickly replacing it as a preferred payment method of consumers, charities need to keep up with current trends to ensure future success.

In 2018, HM Treasury called for evidence on cash and digital payments and with contactless giving such an important growth opportunity for charities, there still remains a lack of available data on its effectiveness as a fundraising platform. This paper provides an insightful overview. While it supplies a nuanced view of the results, the story is resoundingly positive. In particular, that it has yielded a 340% return on investment for purchased products.

Not all clients in this report have seen the same success, indicating that fundraisers need to take a considered approach. It is great to see that GoodBox have been proactive in making suggestions on this front, and to see they have been forthcoming in their data supporting the sector with trials and sharing examples of what works and what doesn't.

I was delighted to see that the museum sector and places of worship are also yielding huge success through contactless. One museum has raised over £1 million to date through contactless, which is a landmark moment for the technology and inspiration for all those working in fundraising.

On behalf of the IoF, I'd like to extend my gratitude to GoodBox and their clients featured in this paper. It marks an important first step in carving out a more open approach to sharing insight and learnings. I have no doubt that this paper will help to clear some of the confusion around contactless; helping fundraisers make more effective decisions and enabling them to address the rapidly evolving contactless landscape with greater confidence.

Adam Bryan, Director of Partnerships & Innovation

The Institute of Fundraising

About GoodBox



GoodBox is a tech company for good, founded on the insight that a cashless society was having a negative impact on the charity sector. It is our aim to democratise technology, ensuring that even the smallest charities have access to cutting edge contactless solutions. Since our inception, we've built a platform which ensures that when it comes to technology, charities never have to settle. We work with hundreds of charities across the UK, providing cost-effective tools and a hassle free, end-to-end payment service.

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In this report, we examine and compare the upfront cost of contactless donation devices; both purchase and rental, with the donations collected through the use of those devices by charities. As such, contactless donation devices should be viewed as an investment providing a return, not an expense. The purpose of this paper is to provide a use case for contactless fundraising and consider its cost effectiveness from a charity perspective. The next paper will examine the approaches taken by those most successful in their use of contactless devices, distilling the replicable techniques for maximising fundraising. This will all be achieved while maintaining the anonymity of our clients.

Introduction to Contactless Fundraising

With contactless technology having outstripped cash payments in 2017, we're now tapping our way through coffee shops, pubs and train stations. As identified by the IoF in 2018, the direction of travel is clear; with 70% of charities reporting a decrease in the percentage of donations given in cash, and 72% expecting to use contactless payment systems in the near future (Institute of Fundraising, 2018).

However, while contactless is budding everywhere in the commercial sector, uptake of the technology in the charity world has been slow by comparison. One key reason for this is the lack of data. With very little information on the success of trials it is difficult for charities to know whether or not the upfront investment is worth it. In fact, 56% of charities said they have not adopted the tech because of the cost required to buy the equipment (Institute of Fundraising, 2018). With a single device costing hundreds of pounds, and no clear evidence of the expected returns; it is not surprising that fundraisers are cautious when it comes to taking the plunge in trialling cashless.

As a leading UK contactless technology provider, we are uniquely positioned to provide some data driven insight into the cost effectiveness of contactless fundraising. By anonymising our data and making it more publicly available, we hope to help fundraisers navigate the landscape more clearly; so that they are able to make more informed, evidence-based decisions for their own fundraising strategies.

We would also like to open up the conversation and encourage other organisations to share their findings and experiences. The charity sector lags behind by up to 5 years compared to any other sector. Adoption has been slow due to a number of reasons; namely the lack of proven use cases, increasing the risk of the decision to invest in trying something new. By collaborating and helping one another through sharing our experiences; we are able to speed up innovation in our sector as a whole, moving forward as one to engage donors with fundraising strategies that are fit for the digital age.

Why is Contactless Technology Different For Charities?

You most likely interact with multiple contactless devices every day, even taxis allow you to pay by tapping. This begs the question; given the number of contactless payment devices across the UK, and how readily available they are, why is it so difficult and expensive for charities to adopt them?

The truth is that charities and corporates are two different sides of the same coin. Ultimately, the difference is that companies require devices that receive payments, while charities need to inspire giving.

The key differentiators are:

Open-field technology



For spontaneous contactless donations – an easy “tap and go” fundraising system, a perpetually open field is needed, unlike that provided with a commercial device.

Gift-Aid



Charities can boost their income by 25% if donors choose to Gift-Aid their donation. This optionality isn't available with commercial devices, thereby ensuring this extra 25% is lost.

Messaging



An emotional connection with the donor needs to be established to communicate an effective ‘Ask’. This can be difficult to achieve with traditional contactless devices, designed specifically for commercial transactions.

An Analysis of Return on Investment of Contactless Hardware

1. Our Approach

We serve hundreds of charity clients; providing rentals for events, selling contactless hardware, and delivering purpose-built solutions for spaces with heavy footfall such as museums, art galleries, places of worship and hospitals. This analysis has therefore been segmented into categories; purchased units, rented units and purpose-built hardware for use in visitor centres; including places of worship and museums. For more details on the methodology such as the sampling method apply, please visit appendix 1.

While the analysis given provides an indication of the performance of our current clients, it is by no means representative. The results vary hugely, and this is because the greatest

indicators of success are the factors beyond the technology; e.g. how the donor is asked, how attention grabbing the campaign is and where the units are placed.

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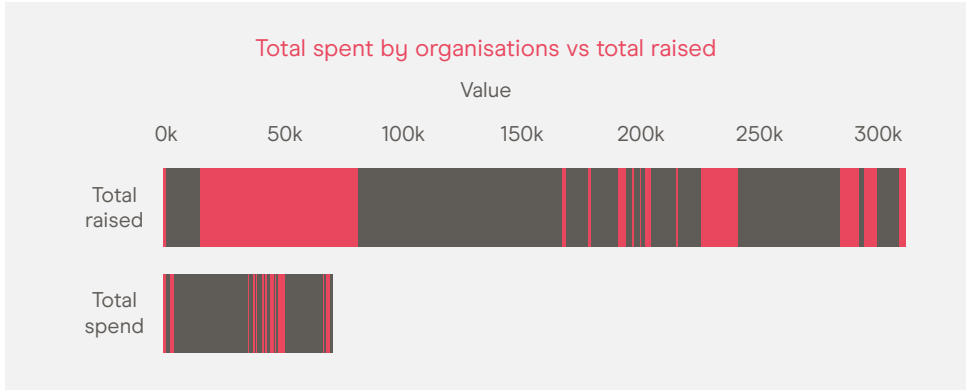


Chart 1: Total raised by whole sample vs total spent

2. Purchased Devices

GoodBox provides the opportunity for charities to both rent devices and purchase them outright. This approach was taken to make contactless technology as available as possible to even the smallest charities, or for charities to trial the devices before committing to a purchase. Depending on the intended use and style of fundraising, either approach can be more cost effective. Purchases are generally more cost effective for longer term fundraising campaigns, whereas rentals are generally more cost effective for shorter stints, corporate events for example. The graph above details the total amount spent by clients through outright purchases of GoodBox devices and compares it to the total amount raised through the same.

This chart demonstrates, as a whole, the huge return on investment (ROI) that the 25 included organisations have achieved through contactless fundraising in less than a year. In total, the organisations spent £69,035 on the upfront cost of contactless technology and that technology has yielded £303,967 in returns so far, meaning purchased devices have provided a return on investment of 340%.

“Purchased devices have provided a return on investment of 340%”

Contactless Technology: Worth the Investment?

But how long does it really take to pay off your device through the donations it collects? Of the 25 organisations who had purchased hardware, 21 (84%) have seen a full return on investment within 12 months. With over a third achieving a full return in just 6 months. It is not all positive news, with four of the 25 (16%) organisations yet to recoup the full cost through donations. However, two of the sample made back the cost of their hardware in just one month. This indicates that it really varies depending on your use case for the units. For example, one of those who has not yet achieved ROI has bought over 30 units.

They intend to use contactless for event fundraising only, rather than as a regular income stream. This less frequent usage will mean a slower return on investment.

“84% organisations who had purchased hardware have seen a full return on investment within 12 months”

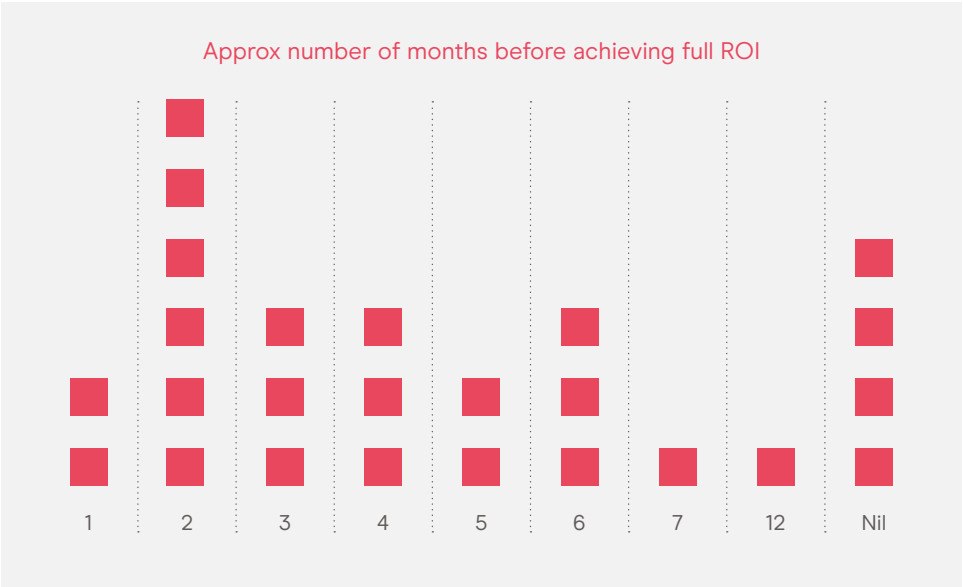


Chart 2: Number of months for return on investment to be achieved

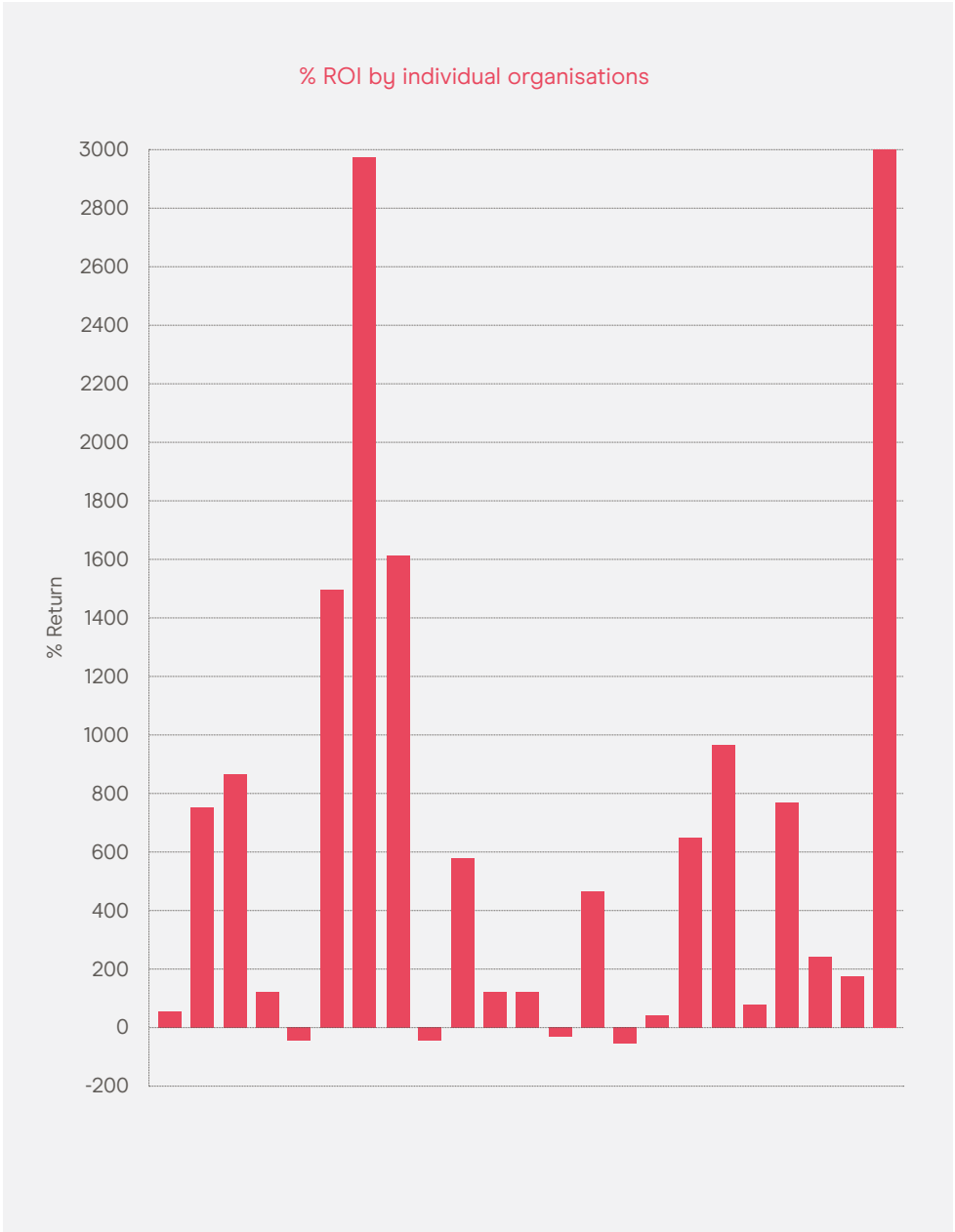


Chart 3: % ROI on hardware achieved by organisations that had purchased contactless hardware

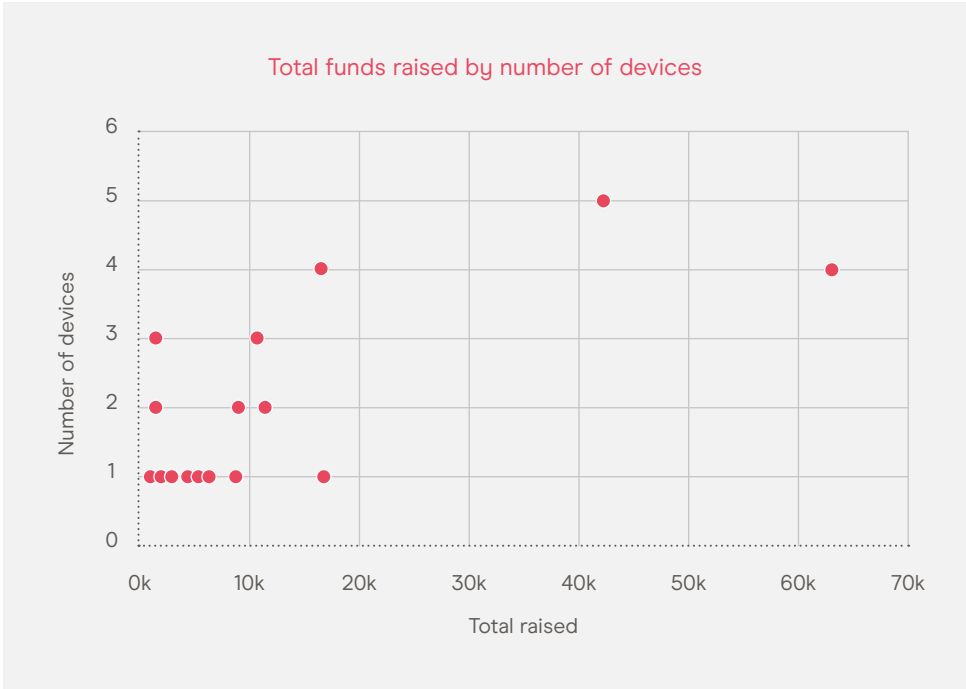


Chart 4: Total raised by number of devices (varying time periods)

Does having a higher number of devices tend to raise higher funds? The chart above shows that currently organisations are not raising significantly more with 3 devices compared to just 1. However, the two organisations with four or more devices have raised significantly more (over £40k, and £60k respectively). A lack of any real insight here supports the importance of the context and use of the hardware. This is likely to have a greater effect on funds raised than the number of devices*.

“The context and use of hardware is likely to have a greater affect on funds raised than the number of devices”

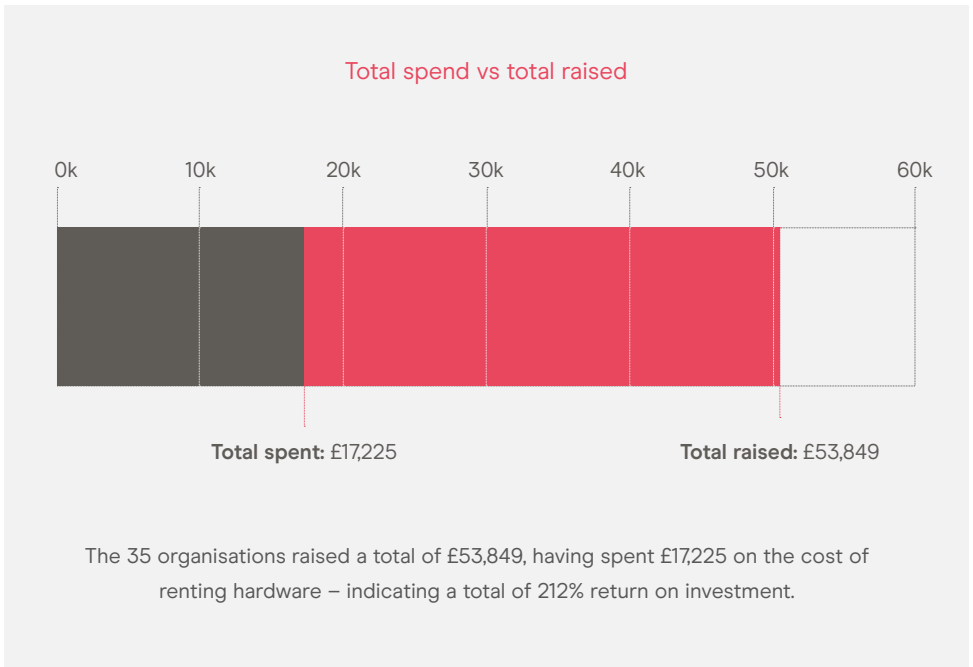
**Please note, the two organisations fundraising with 30 devices or more were removed for this particular chart for ease of reading*

3. Rented Devices

Renting a device gives charities of all sizes the flexibility to use contactless fundraising at minimum cost. It also provides the opportunity to test drive the devices and examine how they fit into current fundraising campaigns. This approach has been one facet of our drive to democratise technology across the charity sector. A number of our clients have previously trialled devices for one-off fundraising events and have later gone on to purchase them outright. Seasonal renting is also a popular option

with some organisations electing to rent devices over the Christmas period, for example. This tends to provide significant return on investment as fundraising drives are engaging already primed donors.

The following figures are compiled from a randomised sample of 35 organisations that have used our rental services, ranging in sizes from small, medium, large, very large, and ranging from rentals of 1 to 12 devices, for between 1 and 34 weeks.



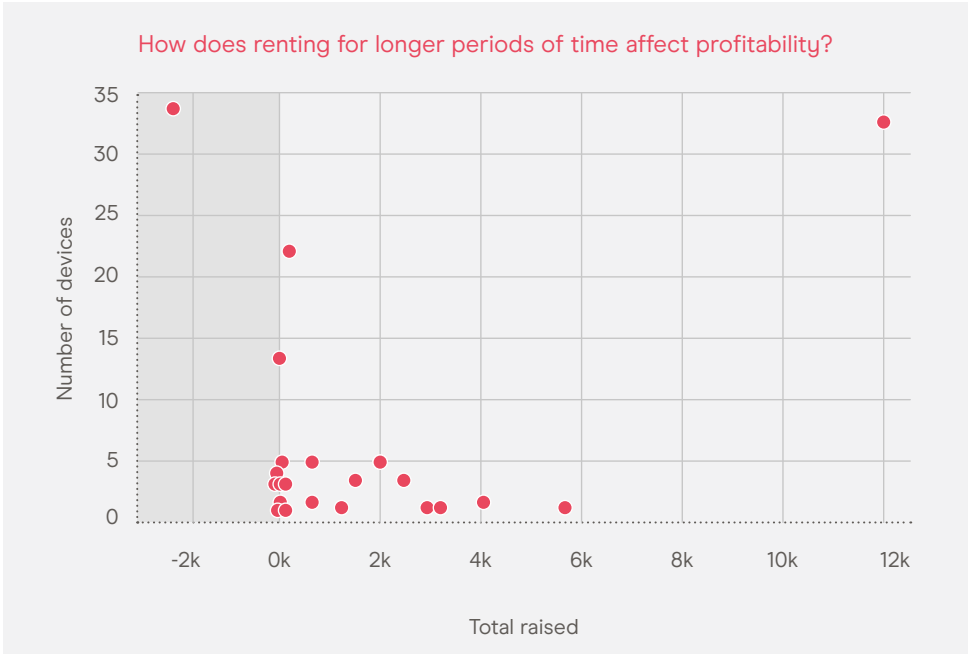


Chart 5: Weeks fundraising vs return on hardware (figures presented are minus the upfront cost)

The chart above shows number of weeks fundraising, and the profitability of that rental (total raised – cost of equipment). As you can see, higher levels of profitability are seen for devices rented over a shorter period of time. This is due to the devices being used for targeted events. Longer rentals struggle to yield the same return on the cost of the actual rental week by week.

Renting for a week is roughly one tenth the price of buying a device outright. If your organisation needs contactless for just a couple of occasions per year, it

is likely that the more profitable option is to rent. Whereas if your strategy is to continuously fundraise over multiple weeks then investing in hardware upfront is likely to be the more cost-effective option.

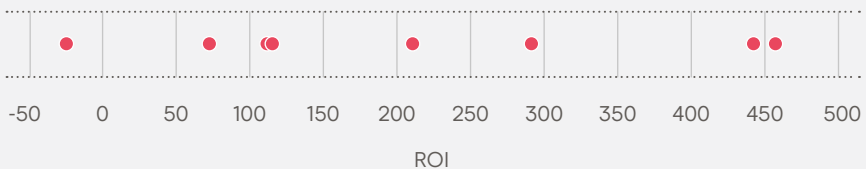
“Renting for a week is roughly one tenth the price of buying a device outright.”

4. Purpose Built Hardware for Museums and Places of Worship

GoodBox devices are generally built to suit all fundraising environments, from unattended counter-top collecting to fundraising drives on the street. But some of our devices are purpose built to suit particular situations. Our stand-alone, sentinel units are designed for larger open spaces with heavy foot fall, like churches, cathedrals, museums and visitor centres. These devices are much larger with much longer battery life, allowing them to permanently fill the space and be seen in bigger areas. This section will analyse the return on investment for these devices in places of worship and museums.

“1 organisation had not yet seen a return on investment, whereas the other 7 had an ROI of 60% or more, with two organisations seeing a return of over 400%”

Places of worship - return on investment



Of the 8 places of worship in our sample that had been fundraising for 6 months or more, just one had not yet paid off the cost of their hardware. Aside from one organisation, all in the sample had seen a return on investment of 60% or more, with two organisations seeing a return of over 400%

Chart 6: Return on investment (as a %) for places of worship that have purchased purpose built devices

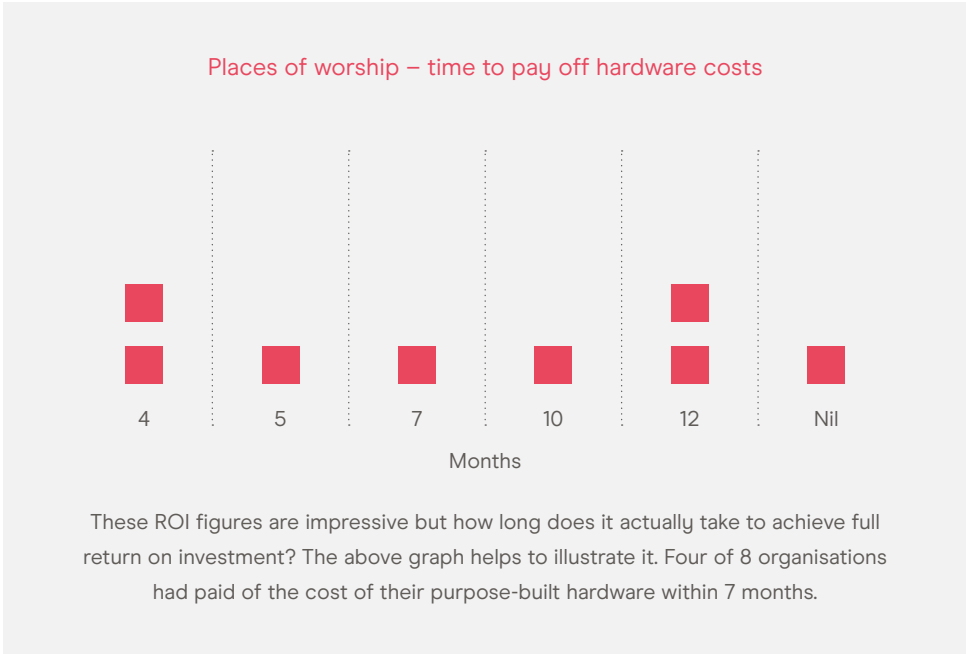


Chart 7: Graphic depiction of time to pay off hardware costs by months

The museum sector has performed particularly well in relation to contactless fundraising. Devices are usually attended and placed near the entrance. Their success can be attributed to a mix of multiple factors including a clear and engaging ‘ask’, crowd control and A/B testing to name just a few. Six museums have been included in this section and their return on investment figures are detailed in the following graphs.

Museums – return on investment

Museum 1	286%
Museum 2	314%
Museum 3	5,582%
Museum 4	-26%
Museum 5	51%
Museum 6	427%

Chart 8: Table showing ROI by % per museum

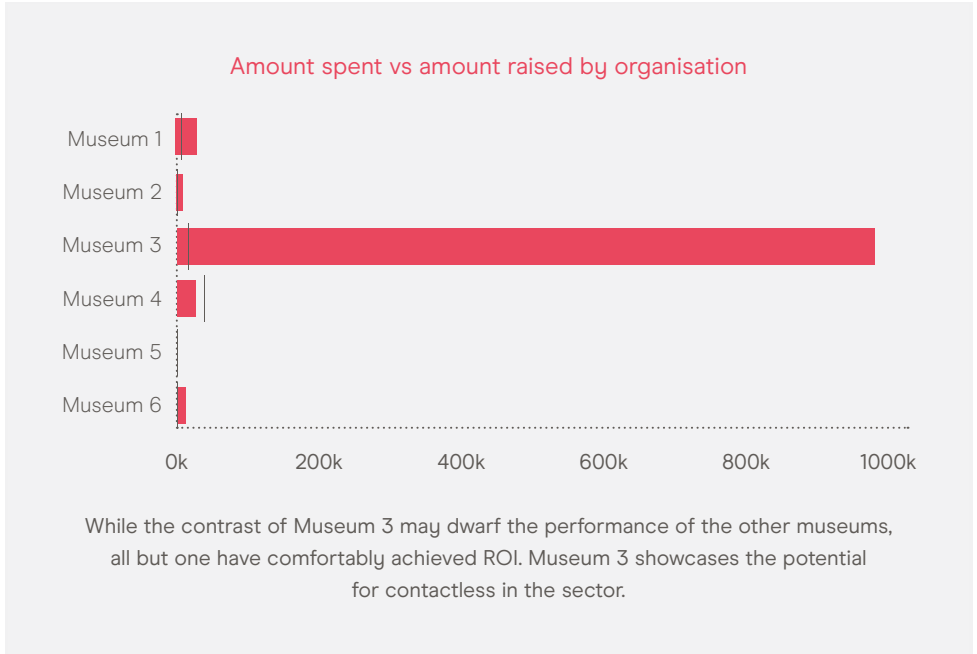
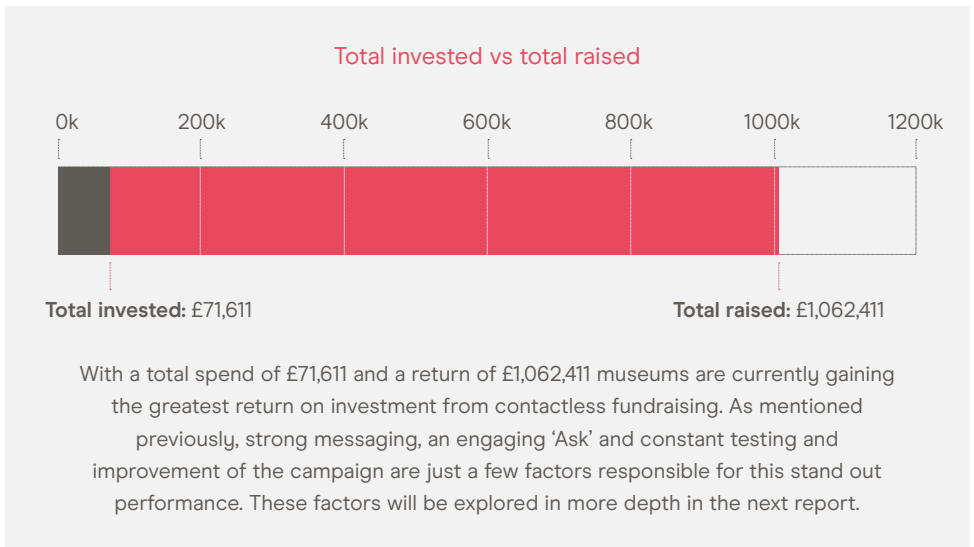


Chart 9: Amount spent vs amount raised by organisation



Conclusions & Closing Remarks

We have analysed client performance under several different metrics; including purchased, rented and purpose-built devices. Purchased devices produced an overall ROI of 340%, rentals produced an overall ROI of 212%, and purpose-built devices proved the best overall ROI at 1,384%. When comparing rentals and purchases, it was clear that short term rentals proved to be the more profitable option from a charity's perspective, whereas purchasing devices tends to be more cost effective for long term campaigns.

On the whole, we can see that the majority of our clients have made a huge return on investment within a small space of time. Considering that the anticipated lifespan of the products is approximately 5 years, the value for money is clear.

The clients featured in this analysis had been fundraising for 18 months or less. Our predictions show that after 5 years (the average lifespan of our devices), they will have made an ROI of approximately 2,485%. And

their initial hardware will make up a fraction of funds raised over 5 years - approximately 3.86%. While these figures are predictions and we do not claim that they will ring true for all contactless fundraisers, we are consistently working to making this a reality for all our clients with varying needs. For example, we have seen that being able to accept offline transactions is essential to churches and museums who often suffer with poor connectivity, so we have ensured that this a feature on all our devices.

Understanding what drives people to donate is at the heart of what we do, we pride ourselves on developing a deep understanding of what drives people to donate. This will be one of the central themes of our next report, providing insights into how to maximise your contactless fundraising campaigns. We will provide case studies across multiple styles of fundraising along with actionable insights and key take aways.

If you'd like to register your interest in receiving this paper, send us an email at **outreach@goodbox.com**

Methodology

We made every effort to ensure that we presented this report in the most objective light possible, and that our methodology was unbiased. Please find some more information on our method of sampling approach below.

Purchased Devices

The sample included organisations that have owned the device for over 6 months. Two outliers were removed due to inactivity despite owning the devices. This created a sample of 25 organisations. The sample includes small (£500k or less), medium (£500k - £5 million), large (£5 million - £20 million), very large charities (£20 million +). They range from purchase of 1 unit to 90 units, although the majority had purchased between 1 and 5.

Rented Devices

The sample was a random selection of 35 clients who had rented devices in the past year. Between 1 and 10 devices were rented, with the majority renting 1 to 3 devices. The longest rental was 34 weeks, whereas the majority rented for between 1 and 5 weeks.

Purpose Built Hardware

This was a small sample of museums (6) and places of worship (8) that had used the units for over 6 months. Some clients have received discounts for joining us during our trial period. We have therefore applied our current RRP of the hardware that they purchased as their measure of spend, rather than the actual amount paid.

Sources

Institute of Fundraising. (2018). *HM Treasury Call for Evidence on cash and digital payments in the new economy*. Institute of Fundraising.

All graphs and statistics relating to GoodBox clients were calculated from GoodBox owned data.



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