

# CHARITIES AND CORONAVIRUS: WEATHERING THE STORM



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## Introduction

With the greatest health crisis of our lifetime unfolding, the nation dealing with an extended lockdown and a global recession looming, it is safe to say that the arrival of Covid-19 has left few industries untouched.

None more so than the UK's charity sector. Estimates show that in just 12-weeks, coronavirus will result in a [£4.3bn](#) shortfall in income for UK charities, whilst they conversely experience a rise in demand for their services. In late March, St John Ambulance – the first aid charity commissioned with helping the NHS cope with coronavirus – announced

it could go bust in August without state aid, adding to the rallying cry from the sector. The Chancellor responded a month later by unveiling a £750m fund to support charities, an amount nearly 19 times larger than the £40m offered in the wake of the 2009 financial crisis.

**“Progress is easy, but change is not. Covid-19 is forcing charities to change how they engage with donors and will re-write the rulebook.”**

David White, CEO, GoodBox

Despite this cash injection – and a subsequent release of £150m in dormant assets – a huge challenge lies ahead for a sector which was spread too thinly even before coronavirus. With all upcoming events cancelled, and public fundraising activity a distant memory, charities must be bold and innovative to

survive. In this insight report, we explore what we can learn from how charities coped during previous economic crises, consider a post-coronavirus fundraising landscape, and look at how technology can aid recovery in the third sector.

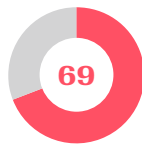
**“The majority of our staff are currently on furlough and we have had to cancel future programming. With a loss of a large portion of our annual turnover, it is safe to say we are uncertain about the future.”** Arts and culture charity



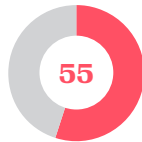
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## Where we are now

### A SECTOR SPREAD TOO THIN:



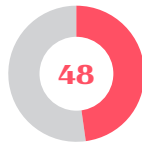
- **69%** of charities reported major changes to their operations in the past three years as a result of austerity



- **55%** of respondents will be ramping up their community services, and **52%** will deliver more services than before

- Despite this, revenue growth in the charity sector was just **2%** in the past year for which data is available [Source](#)

### THE IMPACT OF COVID-19



- Charities are reporting a projected loss of **48%** to their voluntary income, and a third wiped off from their total income

- **91%** have already or expect to have their cash flow disrupted [Source](#)

- **25%** have seen increased demand for services. [Source](#)

### GOODBOX MEMBERS' QUOTES:

“We have no staff but having lost 90% of our income due to the closure of venues and cancellation of live events, we have significant concern about our future.”

*Cancer charity*

“Our donation income has flatlined. Individual giving is down 81% this year versus last year.” *Homelessness charity*

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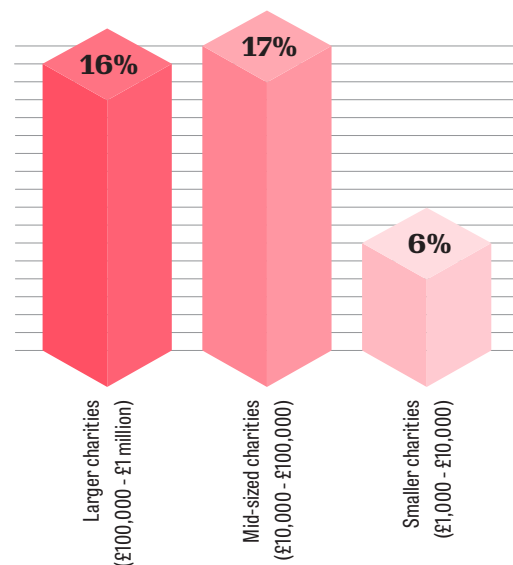
## What history can tell us

Britain's oldest registered charity dates to the 12th century, and with over 160,000 now registered in the UK, charities are intrinsically woven into our lives and society. So, as the Chancellor warns the country of a recession unlike any other seen before, what can history teach us?

### ANTICIPATE A DROP IN INCOME

UK charity income was universally impacted under austerity and recession in the years 2008-2014, so it is certainly necessary for charities to scrutinise their financials and consider their reserve policies. A [recent study](#) does shed some light on how the decline was felt differently depending on organisation size. Mid-sized charities experienced the largest declines in income at **17%**. Larger charities fared only slightly better with a drop of **16%** in income, while smaller charities were more insulated from the losses, experiencing a drop of **6%**. Compared with charities of £1 million plus, medium sized charities experienced declines in income which came sooner, were deeper and lasted longer, outlining them as the more vulnerable to recession.

Income decline (2008-2014)



### IMPACT IS FELT ON A CAUSE BY CAUSE BASIS

While recessions usually signal doom and gloom, some causes are unaffected by downturns and other societal changes. Charities focused on international development, education and hospice care have seen [consistent increases in income since 1999](#), regardless of the state of the economy. ►

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## LOOK TO YOUR COMMUNITY

Even in the stormiest of circumstances, charities have led highly successful individual giving and community campaigns. In 2009, while the UK was in the grips of the great recession, and in the year the charity celebrated its 50th anniversary, [Muscular Dystrophy UK](#) was chosen as charity of the year at retail giant Tesco. The 12-month campaign was a runaway success, and saw the charity almost double their £3 million target through community fundraising. At the end of the partnership, over £5.6 million had been raised for those suffering with muscle wasting diseases.

**IN 2010/11 THE  
RICHEST 20%  
GAVE 0.9% OF  
THEIR GROSS  
MONTHLY INCOME,  
AND THE POOREST  
20% GAVE 3.2%**

[Source](#)

## DONOR DEMOGRAPHICS MATTER

A 2009 [report](#) by the Charities Aid Foundation found that top earners significantly reduced the amount they gave to charity in the wake of the financial crisis. Despite being fewer in numbers this change created a disproportionate reduction in the overall giving figures as high earners contributed **61%** of the total amount given. A similar trend could be seen during the Great Depression, when overall [giving dropped by 22%](#) and gifts from wealthier demographics fell substantially. While donations from the wealthy continued to decline, by 1933, overall giving had recovered, doubling by 1941, indicating the rise

of the middle-class donor. Trends such as these indicate that giving by low to mid-range wage earners rebounds quicker despite the economic downturn, while high earners are more tight-fisted.

## THE STORM CAN BE WEATHERED

While **1 in 6 charities** claimed they nearly had to shut up shop as a result of the great recession, the actual closure rate for charities was far lower. [The National Center for Charitable Statistics](#) reported that between 2008 and 2012 the 'death-rate' of medium sized charities was only **0.7%** higher than the four-year period of prosperity before the crash of 2008. So, while charities are hit hard by recession, with diligent preparation and a clear strategy, there is light at the end of the tunnel.



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## Thinking on the bright side

Amid the lockdown, there are reasons for charities and non-profits to be hopeful. We have seen a swell of community action, with a 100-year-old veteran raising an astonishing £32million for NHS Charities Together, and an encouraging rise in donor and volunteer engagement.

**1** Despite the economic uncertainty, a third of donors are giving more during lockdown than usual. Plus, **15%** are volunteering more. [Source](#)

**2** Large scale disaster appeals do not cannibalise donations to the sector, they actually increase overall giving. Non-disaster charities see an increase in average donations for around six weeks after an appeal. [Source](#)

**3** Recessions tend to make people more generous. Despite a decline in overall donation income during recessions, this is mainly due to wealthier individuals giving less. As a whole, low to middle wage workers actually increase their donations to charity. [Source](#)

“On a positive note, lockdown has encouraged collaboration with other similar organisations as we share experiences and look for innovative solutions to sustaining our services.”  
*Youth charity*

“This period is difficult for all charities, especially in relation to fundraising and delivery. What it does provide, is a chance to accelerate change and innovation.” *Museum*

## The role of technology in survival and recovery

So, history tells us that despite the painful bite of recession, charities can survive the downturn and come out stronger. The current situation, however, throws us an additional curveball. We aren't just facing economic challenges, but also fundamental changes to how we live our lives. In the past, charities have been able to invest in ["recession free"](#) fundraising channels such as face-to-face, however the 'new normal' demanded by Covid-19 is characterised by physical separation.

**"Digital first is the way to be now and after lockdown. We can't go backwards, it's not an option."**

Javed Khan,  
CEO, Barnardo's

As troubling as this may be for charity executives, it is worth noting that as an industry, we have never been more prepared to face the unique obstacles coming our way. The reason? **Technology.**

Charities have been slow to embrace new technologies, with a [2019 study](#) finding that **52%** don't have a digital strategy, and [47% are concerned about keeping up with the pace of technology](#), but the restrictions placed on the sector during and after lockdown will demand innovation and adoption.

Next, we will explore digital trends and technology which will enable charities to survive social distancing, and aid recovery in the years to come. Using the latest innovations, and digital-first strategies, charity fundraisers can increase brand awareness, engage donors, and raise vital funds.

**"Any organisation that embraces new technology and thinks innovatively will by default have an advantage. Our decision to be an early adopter of contactless donations has meant that we are confident in our ability to generate donation income in the future."** Museum



## Technology to the rescue in lockdown

### 1 GET ONLINE

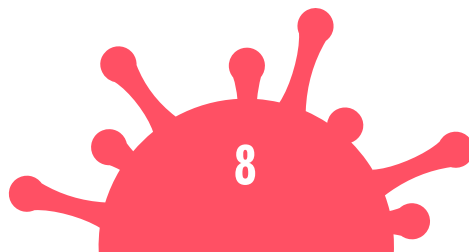
If you're not fundraising online yet, where have you been for the past five years? In 2019 there was a whopping [26% rise in](#) one-off online donations versus the previous period, so there has never been a better time to get started. Your website is your most important asset right now, so spend time optimising your user journey. Even small tweaks can make a huge difference to your donation income: Barnardo's achieved a rise of [17% in online giving](#) after re-designing its web experience. *Third Sector's* upcoming *Donating Trends* report asked people if they had ever engaged with a charity or charity cause/campaign online. Out of those respondents who said yes, visiting a charity website and giving money to a charity online were the two most popular reasons given in response to being asked had they engaged with a charity or charity cause/campaign online in the past six months.

#### TIPS:

- Be sure to include different donation options, e.g. £10, £50, £100, and track your data regularly. Trialling different donation amounts can result in impressive uplift in total income.
- Include a non-monetised call to action. Not everyone who lands on your page will be able to support financially, but they can be a valuable advocate of your cause, whether through signing up to your newsletter, or putting their name to a petition.

### 2 UPSKILL, UPSKILL, UPSKILL

Slow digital adoption in the sector has been impacted by a workforce who are not digitally confident. In [NCVO's 2020 digital maturity matrix](#), charities gave themselves an average overall capability score of **36%**. Fortunately, there has never been a better time to upskill yourself and your team online. [The Skills Toolkit](#) is a recently launched package of free online courses to help users. Courses on offer range from introductory lessons in social media, to an intensive 40-hour digital marketing course with Google, so there's something here for everyone. ▶





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## 3 ENLIST EXPERT SUPPORT

With [45% of charities](#) wishing their senior team had some experience or understanding of digital tools, there is a clear leadership gap in the sector. But help is at hand. The Media Trust has set up a [Volunteer Platform](#), matching digital communications experts with charities in need of support. Experts across the technology, creative and media industries can be accessed through this scheme, and it is not the only one. Check out the [Community PR Initiative](#), a scheme set up by comms professionals looking to support good causes and NHS trusts. In just a few weeks, they have already matched 100 organisations with support, and are on the look-out for more.

## 4 MAINTAIN A PERSONAL TOUCH, AT SCALE

Face-to-face fundraising is “recession-proof” for a reason. It creates a personal and lasting connection between a charity and a donor. Luckily, with the advances of technology, you can communicate to mass audiences with a personal touch. Use your CRM or email marketing system to identify and group supporters who think and behave in similar ways using segmentation, and you can launch tailored email fundraising appeals without having to leave your WFH set-up.

**TIP:** You should expect [an above average 25%](#) of recipients to open your email, so use segmentation to increase your open rate and conversions.

**“We have seen some contactless devices continue to bring in meaningful donations even during lockdown, notably train stations and independent cafés.”**

Homelessness charity

## 5 MAKE THE MOST OF EXISTING TECHNOLOGY

With fewer people willing to handle cash, the beep of a contactless card is the new jingle of a change bucket. If you already own devices, don't let them fall out of use. Talk to local shops, garden centres, and other newly opened sites about hosting your contactless device by the till. At GoodBox, we have seen devices placed at the till-point of partner retailers raise over £3,000 in just six weeks. ▶

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**TOP  
TIP**

## **REAFFIRM AND COMMUNICATE YOUR MISSION WITH PASSION**

We have seen that recession does not hamper people's desire to give. Lean into that sentiment and let the human stories behind your cause stand out in your communications. Save the Children's emotive 'No Child Born to Die' campaign helped the charity gain more than **100,000 new supporters** and raised over £3 million in its first year by placing its beneficiaries at the heart of its storytelling. At GoodBox, charities who fundraise with our contactless devices, the **GBx Core**, raise **65%** more donations per day, per unit than another model. The key difference between the devices? The GBx Core has an HD screen to display video and imagery which conveys a charity's cause. In honing in on your 'why', you'll also put a stop to dangerous mission-drift among your team and volunteers, reinforcing their commitment to the cause when their energy is needed most.



## Preparing for a post-coronavirus fundraising landscape

At the moment, it is unclear exactly what a post lockdown world will look like, but a further period of social distancing seems inevitable. By adopting the right technology and innovating online, you can maintain brand awareness and keep donations coming in.

### **VIRTUAL FUNDRAISING IS HERE TO STAY**

Experts believe we are living in the Age of Experience, where consumers and donors want to be immersed in storytelling and authentic experiences. The events industry has been an obvious casualty of coronavirus, but there are many innovative examples of charities proving that physical separation is no deterrent to generating income through mass participation events.

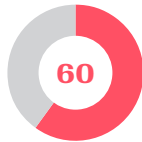
**1 Enlist famous faces.** Anthony Nolan ran an Instagram Live chat with Olivia Coleman, Comic Relief ran a celebrity-packed Dungeons & Dragons tournament, and the Williams sisters battled it out on the virtual courts at the Stay at Home Slam. If you've got a celebrity patron, enlist their support in attracting new audiences from their social networks. Live streams on Facebook and Instagram can facilitate simple donation processing through stickers, and there are no fees for non-profits.

**2 Run an online auction.** Sotheby's May Day Covid-19 event sold lots worth up to \$1million, with all money raised going to coronavirus relief causes. Lots included a virtual hangout with Hilary Clinton, a virtual cooking lesson with Heston Blumenthal, and a lockdown house party with Downton Abbey. You might have your sights set on something a little smaller, but online tech such as Givergy makes it possible for you to hold an auction of any size.

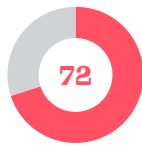
**3 Get sporty.** Britons across the UK are raising money for charity by running marathons in their back gardens, cycling in their living rooms, and doing a 5k for the NHS. If you want to make things a little more competitive, you can bring supporters together by using activity trackers like Strava and Fitbit. Note that some of these apps are beginning to integrate with online giving platforms. ▶

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## CASH IS ON THE WAY OUT



Cash withdrawals  
down 60%



72% believe  
coronavirus will affect  
how they use cash

People are using notes and coins less these days, and the current situation has only hastened the transition towards a cashless society; LINK (the UK's largest ATM network) has reported that cash withdrawals are down **60%** from this period last year, while a YouGov survey has revealed that **72%** of people believe coronavirus will affect how they use cash in the future. Among our own network of members and charity partners, we've seen a rise in charities who are now considering abandoning cash fundraising entirely, due to fears around the health and safety of their volunteers – particularly those whose volunteer base is predominantly elderly. ▶

**BY 2028 THERE ARE EXPECTED TO BE ONLY  
£3.8 BILLION CASH PAYMENTS, ACCOUNTING  
FOR JUST 9% OF ALL PAYMENTS**

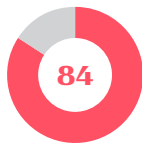
[Source](#)

**“As we prepare to open the museum again, we are considering visitor flow and safety carefully. Contactless technology is going to play an ever-more important role for us, as it allows us to take donations without physical contact. Nonetheless, we will also be taking sensible precautions – regularly sanitising our contactless devices and enforcing social distancing by spacing the devices out across the site.”** Museum

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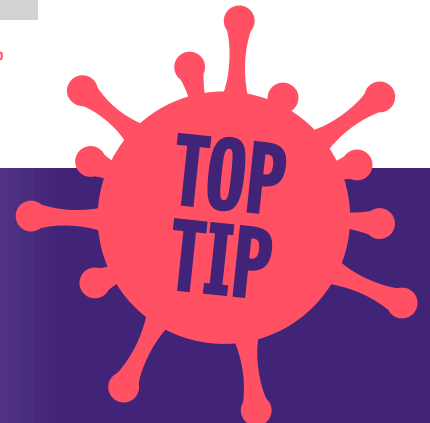
Charities should look to invest in technology that enables them to operate with minimal physical contact between volunteers and donors. Standing freely and requiring minimal input from volunteers, 'tap-to-give' contactless terminals allow charities to collect donations without requiring physical contact or the handling of cash.

While getting started with contactless does require an additional outlay, figures from our [2019 white paper](#) 'Contactless Technology: Worth the Investment?' show that charities can expect to quickly see a financial benefit in adopting this new channel.



- **84%** of organisations who had purchased hardware saw a full return on investment within 12 months, with two organisations seeing a return in just one month

- Great news for charities with larger spaces, our free-standing devices see the strongest return on investment, at **1,384%**.



For the first time ever, charities registered with HMRC will be able to accept Gift Aid on donations made through GoodBox contactless technology. We've teamed up with digital intermediary [Swiftaid](#) to support automated and seamless Gift Aid acceptance. Sign up from July 2020 to get a 25% boost on your digital donations.

# About the author

**GoodBox** is a tech-for-good company, dedicated to building fundraising technology which helps the charity sector to thrive in an increasingly cashless and digital society. Through our award-winning contactless technology, digital tools and consultancy we've processed millions of pounds for good causes, and increased charity income by up to 64%.

If contactless technology or digital adoption is on your radar, [sign up](#) to become a GoodBox member for free. Membership gives you full access to our platform, early access to insight reports, and discounts of up to 25% which will last until April 2021.



**ThirdSector**