
Shallow Review of Merchandise Sales



Merchandise sales for charity involve selling goods, with some part of the proceeds going to charity. They vary in several ways.

PHYSICAL OR DIGITAL CONDITION

Digital allows a higher portion of the proceeds to go to charities, because the marginal cost is so low. It also lowers the risk of unsold goods.

PORTION OF PROCEEDS GOING TO CHARITY

100% of Goodwill thrift stores' profits fund their charity work. Competitor Value Village is a for profit company donating a small amount to charity.

MOTIVATION OF THE BUYER

Are they buying something deliberately to support a specific charity (e.g. school bake sale), or is the focus primarily on what they are receiving, with charity being an added bonus (e.g. RED branded merchandise)? For profit companies donating a portion of the proceeds to charity is controversial, because of worries that consumers mentally count the entire purchase price as "going to good things", thus supplanting donations.

Specific Fundraisers Considered

Digital Bundles- package deals of software or digital media, sold at an enormous discount, often letting the user set their own price, with a portion going to charity. Some bundles (e.g. Humble Bundle) let users set the distribution of their purchase going to charity as well, others (e.g. Stack Social) give a set percentage.

Humble Bundle- A bundle of 5-20 video games, books, or audiobooks. Users choose their own price, and choose how to distribute it between infrastructure, developers, and charity.

Amazon Smile- If user purchases from smile.amazon.com, 0.5% of proceeds of merchandise sold directly by amazon go to charity of user's choice. Smile must be configured before purchase.

Amazon Referrals- If user starts from referral URL, ~5% of purchase price goes to owner of the referral URL. No additional action from user is necessary.

Sevenly- Merchandise store, donates proceeds (including merchandise only available that week) to a new charity each week.

Cookie Day- Melbourne EA had a cookie day, where everyone baked cookies (at their own expense) and paid ~\$8 (US) to attend.

Bundles

The Humble Bundle is an extremely successful fundraiser. While they have not released exact percentages, I calculate \$11,200 - \$1,200,000 going to charity from each sale [1]. A given charity can benefit from more than one sale, so this could be incredibly lucrative.

StackSocial- \$20,000-\$30,000 raised per bundle. They are not covered here further because they appear to only support Creative Commons.

Individual developers or publishers also sometimes run bundles (example).

Amazon

Amazon Smile donates a 0.5% of purchase price if the user shops from smile.amazon.com. Several members of Seattle Effective Altruists (EA) who work at Amazon are working to convince them to feature at highly effective charities as spotlight charities, or to incorporate GiveWell recommendations into their listings. It is unlikely Charity Science (CS) could do anything to assist with this or do anything more effective than what they are already attempting [2].



Amazon referrals for CS have generated \$1800 over the last six months (likely to be more than 50% of a year's revenue because the period included Christmas) [3]. An informal poll confirmed that many people have had trouble convincing others to use the referral

link, even when they are excited about donating to charity for free, because they don't understand what they're being asked to do or why it helps. A UK user asked for a similar program for ebay, which is often cheaper in the UK.

Physical Merchandise

Sevenly- weekly revenue for charities ranges from \$6,000 - \$23,000 [4].

Cookie Day- Raised ~\$240 (US), with attendance of ~30 [5].

Subjective Sense

The humble bundle demographic is young, male, technical, and either low income or highly frugal. This is a great demographic for Charity Science. They give very little to charity, the purchase price is low, and the marketing revolves around the value of the games, with the charity being an afterthought, so the risk of cannibalizing donations is relatively low. But among people who don't donate, they are probably unusually open to arguments about charitable effectiveness, and once aware of highly effective charities are more likely than average to continue donating. Even those that are low income have higher than average expected earning potential in the future, due to technical skill.

Being an Amazon spotlight charity would be great, but Seattle EA is working on it and cannot think of any way for CS to help. Referral links do not generate as much as I thought, but they're essentially free money, so still promising.

Sevenly sells physical merchandise and markets itself as charitable giving, rather than selling goods people buy for their own sake. This gives it a relatively high risk of cannibalization. The upside would be that it is probably cannibalizing from less effective charities. It has many fewer users, so the publicity potential is much smaller. Full disclosure: I have a gut level bias against programs like this.

Cookie day is comparatively small, and since it's targeted at existing EAs has the highest risk of displacing donations. On the other hand, "what to do at EA-organized events" is a common problem [6], and this is strictly more useful than giving the same money to restaurants.

Expected Promising-ness

Humble Bundle- if it works, minimum \$10k, and possibly much more. Unfortunately there's little that can be done to make this happen.

Amazon Referral links- WAG: I can think of six or seven people I could easily convince to use referral links if they were easy, but are unlikely to put in the effort right now. If everyone who already uses the program was able to convert five people (rounding down from my own experience to be conservative), and they used it for a year, that would raise ~\$15,000 (assuming people spend $\frac{2}{3}$ as much in the half of the year not including Christmas). Those people may themselves convert more people, however enthusiasm to evangelize probably dies off quickly.

Sevenly- \$6,000-\$23,000.

Cookie day- EA hub has 123 EA groups registered. If everyone did a cookie day twice a year and raised the same amount as Melbourne, that is ~\$60,000/year. Of course that's likely an upper bound, but a return in the thousands does not seem unreasonable.

Minimum Experiments

My understanding is that Charity Science is already in contact with Humble Bundle, and progress has been slow. If CS has any personal contacts with developers working for Humble Bundle, having them make the request might be useful.

- ❖ Market installation of the CS Amazon Referral Link plug in as part of Update Your Parents' Browser Day.
- ❖ Setup taste-of-poverty-like fundraiser, asking people to use referral link instead of or in addition to donating money.
- ❖ Start another social media campaign to use referral link, with improved explanation and easy to use plug in.
- ❖ Set up eBay referral link and publicize.
- ❖ Sevenly- already done.
- ❖ Hold cookie day at Vancouver EA.

Further Research

- ❖ Look for more digital sales with charitable beneficiaries (I could not find a comprehensive list).

- ❖ Research how to explain referrals more simply.
- ❖ Research referral programs at other online stores

References

1. ~15% of sales go to infrastructure, and there is a 2:1 ratio between money given to developers and to charity, implying charities take 28% of revenue. In 2014 individual bundles lasting more than a day for which data was available raised between 0.19 and 4.37 million dollars, daily bundles raised 0.04 - 0.16 million (https://en.wikipedia.org/wiki/Humble_Bundle)
2. Personal communication, John Salvatier
3. Personal communication, Joey Savoie
4. <http://www.entrepreneur.com/article/223517>
5. Personal communication, Helen Toner
6. <http://www.benkuhn.net/volunteering>

