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# Shallow Review of Peer 2 Peer Fundraising

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The basic idea of peer-to-peer fundraising is to encourage your supporters to set up personal fundraising pages based on a charity event (run, walk etc) or a personal event (birthday, xmas etc) and ask their friends, family and other contacts to support them. The underlying idea is twofold. Your fundraisers get more involved in the cause and many new people hear about and donate to your charity via your fundraisers' personal pages.

## Research

Research in the area is weak. Peer 2 Peer (P2P) is a relatively new fundraising technique and, although a few charities have really mastered it (Charity Water), there is very little data analysis even compared to other fundraising research.

P2P fundraising can be used by both small and large nonprofits, but it will scale depending on the number of participants who get involved in the event. I would expect it to be best targeted for a medium or large nonprofit that has a young and social media heavy donor base. Most charities that use P2P successfully are fairly young and heavily connected in social media.

P2P fundraising has also had some success in “going super viral”, as with the Ice Bucket Challenge, but this is an exception and is uncommon. Many nonprofit experts strongly recommend against trying to aim for something viral as its chance of success is so low that the expected returns would be lower than a more typical P2P campaign. Some effective charities have attempted viral challenges with relatively limited amounts of success (do the worm deworming, hydrate to donate).

## HOW ONE WOULD RUN A MINIMUM COST EXPERIMENT IN THIS AREA

The experiment that Charity Science conducted was to run a small local P2P event based around Charity Science’s personal supporters and network. This worked fairly well, although it was very limited by being local. Our second P2P experiment was opened to a global already receptive effective charity audience and this generated significantly greater returns. Both events were very cheap to run, costing in the range of a few thousand dollars including staff time and software.



A different way to run an experiment would be to join a pre-existing campaign and see if you could sign up effective charities and spread the word about it. This was also experimented with in the past, but yielded slightly less impressive results partially because of the large fees that the more general campaign provided (while giving relatively little extra traffic).

I would expect that an organization like CS could continue to raise about \$100,000 a year with the possibility of some higher returns if the fundraiser group was larger or more top fundraisers joined (the top 1% most successful P2P fundraisers). This could likely be done with a time cost of 2 full time employee months and financial costs of under \$5000.

## ESTIMATED POTENTIAL

The historical expected value from this has been a very good 1:16+. I would expect the value to go down somewhat as staff paid closer to market wages are hired. However I would still expect the value for a minimally run yearly P2P event to be around 1:10.

## FURTHER RESEARCH TO BE DONE TO RUN THIS APPROACH

The two areas of research that would benefit charity science the most would be

1. How to scale P2P to non effective altruist groups

2. How to focus more on the top fundraisers and help other fundraisers become top fundraisers.

Both of these could scale P2P significantly if done.

We can feel somewhat confident continuing to work on scaling P2P given its historical returns. Additional research has so far not led to increased returns but additional experimentation might do so in the future.

## **SUBJECTIVE SENSE**

The biggest argument against doing P2P is that it may or may not build a long term donor base which other higher value strategies could be based on (e.g. high net worth or legacy fundraising). It could also be that large amounts of money donated to P2P campaigns would have been donated to the same charities anyway (although the above numbers do discount by around 30% to compensate for this fact).

It's overall not very surprising that the experiments in P2P have gone well, as research has suggested that it's a promising option, although overall it was not a clear choice compared to other options. This result might suggest that only minimal amounts of research should be done before running a small scale experiment.

## **References**

1. <http://www.charityscience.com/operations-details/lessons-learned-from-peer-to-peer-fundraising-p2p>
2. <http://www.charityscience.com/operations-details>
3. <http://www.institute-of-fundraising.org.uk/library/fundratios-summary-2013/>

