

# COVID-19 Sector Benchmark

## Insight Report 5: October 2020

*Real-time intelligence on the impact of COVID-19*

### *COVID-19 and Philanthropy – Who is giving?*

#### *Executive Summary – Key Findings*

- Data from 117 CRMs of arts organizations show that the impact on giving from COVID-19 appears to be worsening.
- Despite strong performance at the start of the pandemic, funds raised from individual giving in the first nine months of 2020 have declined by 14% in North America and 42% in the U.K.
- The number of gifts given has risen in North America, but the average value of gifts has fallen. In the U.K. both the volume and average value of gifts has fallen.
- In both the U.K. and North America the most loyal customers of organizations continue to be the most important segment for giving revenues.

#### North America

- In the first nine months of 2020 the number of gifts received rose by 15% but the average value of those gifts fell by 24%.
- The number of gifts given per month was higher than 2019 in every month until July. In July, August and September both gift numbers and gift revenue were lower than in 2019.
- The largest growth in the number of gifts has come from the most loyal 'Super Active' patrons, but the average size of gifts from these patrons has fallen by 38%.
- North American organizations continue to be heavily reliant on gifts from individuals with no previous box office or philanthropic history, but the average size of gifts from these patrons has fallen 28% in the first nine months of 2020.

#### U.K.

- In the first nine months of 2020 the number of gifts received fell by 35% and the average value of those gifts fell by 11%.
- There was a spike in the value of gifts of less than £1 million in April at the time when many organizations in both the U.K and North America were encouraging ticket holders to make donations rather than request a refund for cancelled performances.
- 74% of all gift revenue received in the first nine months of 2020 came from the most loyal 'Super Active' patrons.

- The monthly number and cumulative value of gifts from “Super Active” patrons compared to 2019 has dropped sharply since June (down 47% and 89% respectively).

## *Introduction*

TRG Arts and Purple Seven have partnered to provide real-time intelligence and advice to the arts and cultural sector on the economic impact of COVID-19 and how best to respond to it. This partnership brings together Purple Seven’s experience integrating live sales feeds from hundreds of arts venues and TRG Arts’ consulting and data analysis expertise in achieving unsurpassed results for the arts and cultural sector.

In the United States, Canada, the United Kingdom and the Republic of Ireland, cultural organizations are invited to [sign up to a free and easy to use international COVID-19 Sector Benchmark Dashboard](#). An automated data feed between the organization’s box office and Purple Seven’s secure servers provides a daily update on ticket sales and donations which is anonymized and aggregated for the international benchmark.

TRG Arts and Purple Seven are sharing new findings from the national benchmarks on a frequent basis during the crisis. An [initial study](#) published in June 2020 focused on the comparative impact of COVID-19 on ticket sales in North America and the U.K. from January to May 2020. A [second study](#) published in July examined trends in individual giving in the first half of 2020. In August a [third study](#) examined who is buying tickets to future performances when the future is so unknown. Our [last report](#) in September 2020 examined the impact of COVID-19 on the box office and philanthropic revenues of participating venues in the six months from the closure in mid-March. It found that that the impact on ticket sales from COVID-19 had not only continued but was also worsening. Despite strong performance at the start of the pandemic, funds raised from individual giving have declined significantly after the outbreak of the pandemic in North America and by an even greater extent in the U.K. year over year.

This report digs deeper into trends in philanthropy since the start of the pandemic. Across our cohorts, the overall revenue generated through individual giving has declined. Is this decline universal across all audience types, or has the drop been more significant in certain types? Has there been an impact on average gift size?

## *Scope of the study and assumptions*

This study examines giving from individuals to cultural organizations using data from CRM/ticketing systems. It aims to exclude corporate sponsorships and grants from government or other sources.

TRG Arts has observed that most cultural organizations now understand the importance of tracking and monitoring all customer behavior across ticket sales and donations in a single (CRM) system, but this practice is still not universal. Organizations can also make different policy decisions on financial coding. For example, some organizations will treat a donation from a family trust as an individual gift, whereas others will treat it as a grant from a trust or foundation. There will therefore be some inconsistencies in the way that organizations treat the data that are used as the basis for this report.

The primary focus of this study is to compare giving in 2020 to 2019 in North America and the U.K., from individual patrons. It seems a reasonable assumption that while organizations may treat and code gifts differently, they are likely to maintain similar internal practices across the study period.

Generally, gifts are given for three purposes: a capital/building project, a specific project of some other kind, or general running costs/annual fund. Organizations can attribute donations to different campaigns, but it is not possible to analyze the aggregate data by these three broad types.

Organizations are likely to see spikes in their contributed income in years where they are mounting capital campaigns. We cannot simply exclude these from the analysis.

In this study we have included key statistics for all giving and then excluded the very biggest gifts (greater than \$1 million or £1 million) from detailed analysis.

We are aware that 2020 has introduced a new type of giving. For example, the conversion of ticket revenue from cancelled performances. Frustratingly, it is impossible to track these transactions as individual CRM systems handle refunds differently and many offer a multitude of approaches. It seems likely that some of the spikes in donations (like the U.K. in April) was largely due to conversion of ticket income to giving, but we have no robust evidence to support this. Many organizations are allowing patrons to give a donation that serves as a purchase for streamed content. This kind of donation is much more transactional than a typical donation and some organizations are coding this revenue as tickets sales and some are coding them as donations. This style of donation may be skewing the data as well.

## *The Two Cohorts*

For this study we have analyzed data from 117 organizations (70 in North America and 47 in the U.K.) that supply data on individual giving.

In 2019, these 70 N.A. organizations collectively sold 9,608,756 tickets and generated over \$416 million in box office revenue. They received 254,196 gifts to the value of over \$323 million. Geographically, participating organizations come from all over the U.S. and there are seven organizations from Canada. The majority of the sample are theaters, but there is also a representation of arts centers and orchestras. The size and scale of organizations is diverse with as many organizations with ticket sales in 2019 below \$1 million as those above \$10 million. All of the organizations in this sample are not-for-profit.

The 47 U.K.-based organizations in the sample collectively sold 6,479,826 tickets and generated just under £143 million in box office revenue in 2019. They received 112,325 gifts to the value of over £8.4 million. Geographically, participating organizations come from all over the U.K. and there are multiple organizations from every nation and region. The majority of the sample are theaters, but there is also a good representation of concert halls and arts centers. While the size and scale of these not-for-profit organizations is diverse the sample does not include West End and regional commercial theaters.

## *Overall Trends in Giving*

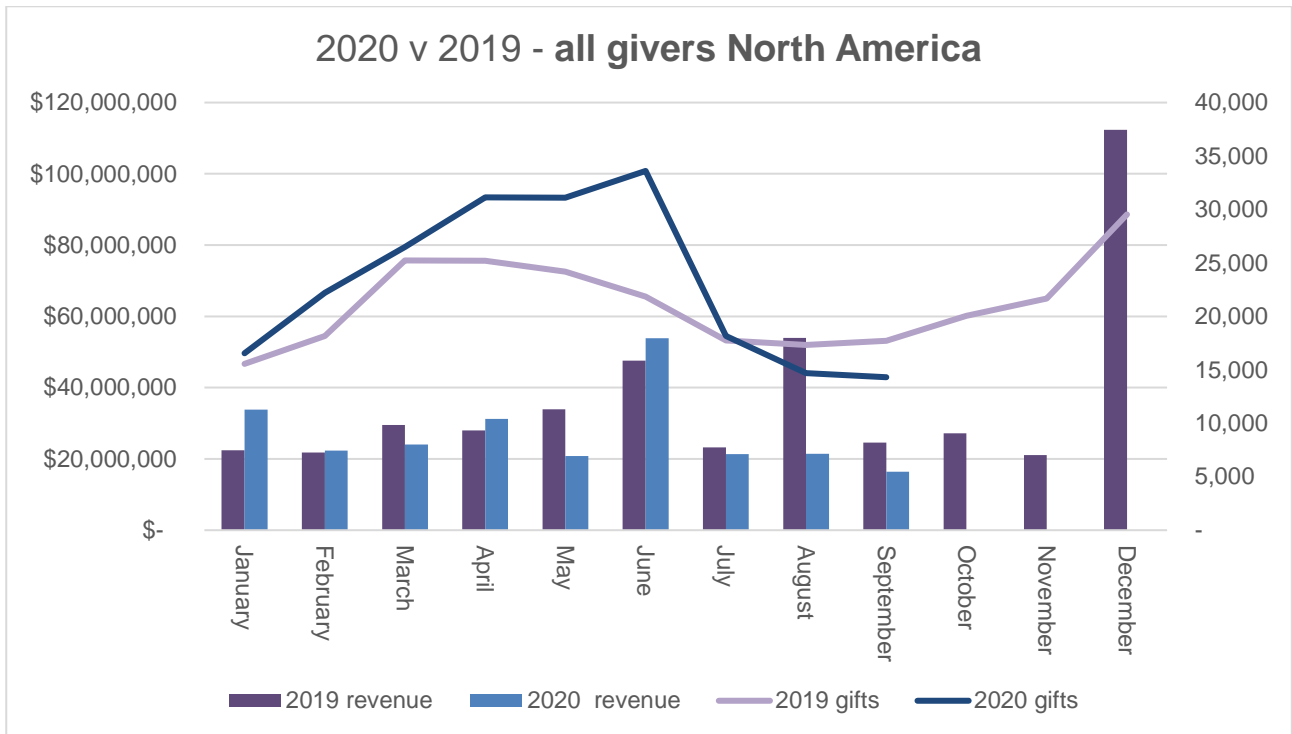
### **North America**

*Table 1 – Gifts and gift revenue January to September 2019 v 2020, North America*

|             | <b>All Gifts</b> | <b>All Gifts Value</b> | <b>Average gift size</b> | <b>Gifts less than \$1 million</b> | <b>Gifts less than \$1 million value</b> | <b>Average gift size</b> |
|-------------|------------------|------------------------|--------------------------|------------------------------------|--|--------------------------|
| <b>2019</b> | 182,976          | \$284,962,725          | \$ 1,557                 | 182,959                            | \$ 236,915,481                           | \$ 1,295                 |
| <b>2020</b> | 208,261          | \$245,310,662          | \$ 1,178                 | 208,254                            | \$ 201,488,362                           | \$ 967                   |

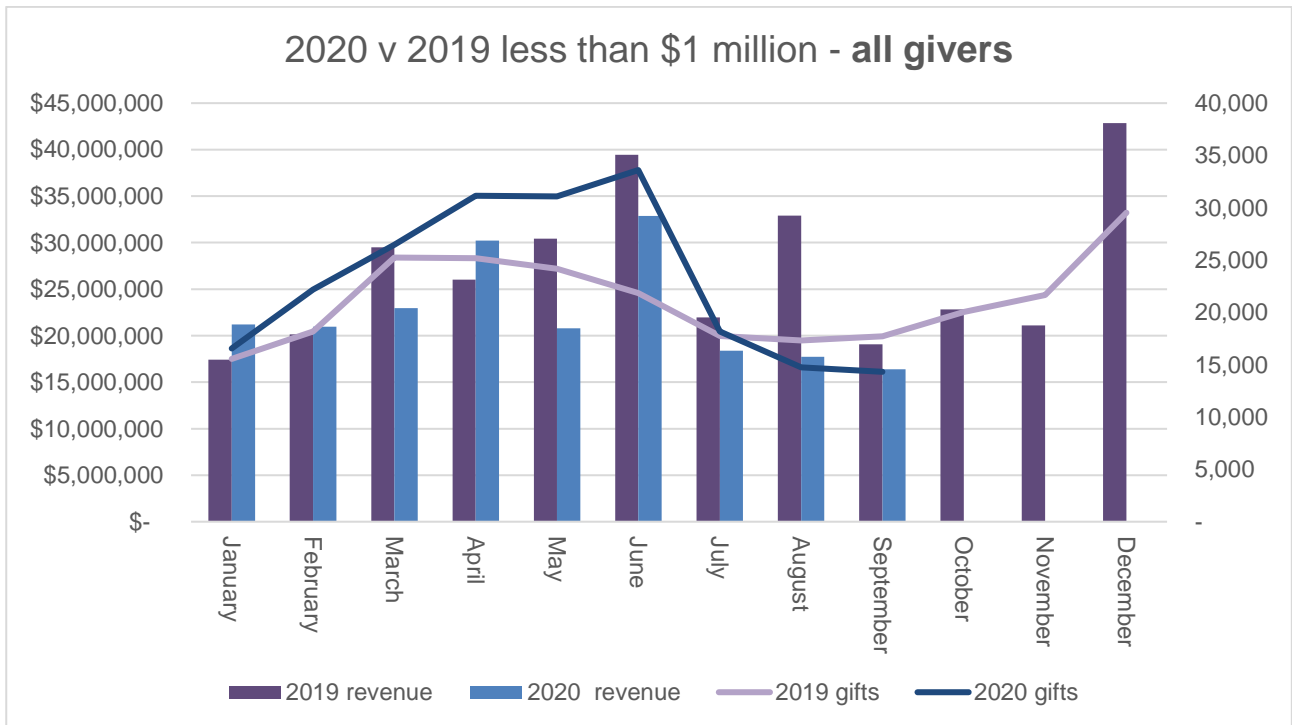
This study analyzes data gathered through the end of September 2020. Comparing the first nine months of 2020 to 2019, numbers of gifts rose by 14%, but average gift size fell by 24%. The proportion of gifts of over \$1 million was less than 0.01% of all gifts in both years, but these major donations accounted for 17% of philanthropic revenue in 2019 and 18% in 2020.

Chart 1 – Monthly gifts and gift revenue, North America



Including gifts of all sizes, 2020 outperformed 2019 for number of gifts given until July 2020. For four of the nine months gift revenue in 2020 exceeded what was achieved in 2019.

Chart 2 – Monthly gifts and gift revenue where individual gifts were less than \$1 million, North America



Excluding the very largest gifts, gives us a better understanding of pattern of the majority of giving. There is no discernible change in the number of gifts per month, but the monthly peaks and

troughs in gift revenue are less pronounced. Compared to 2019, 2020 started well for revenue, but since March only one month (April) exceeded the total achieved in 2019.

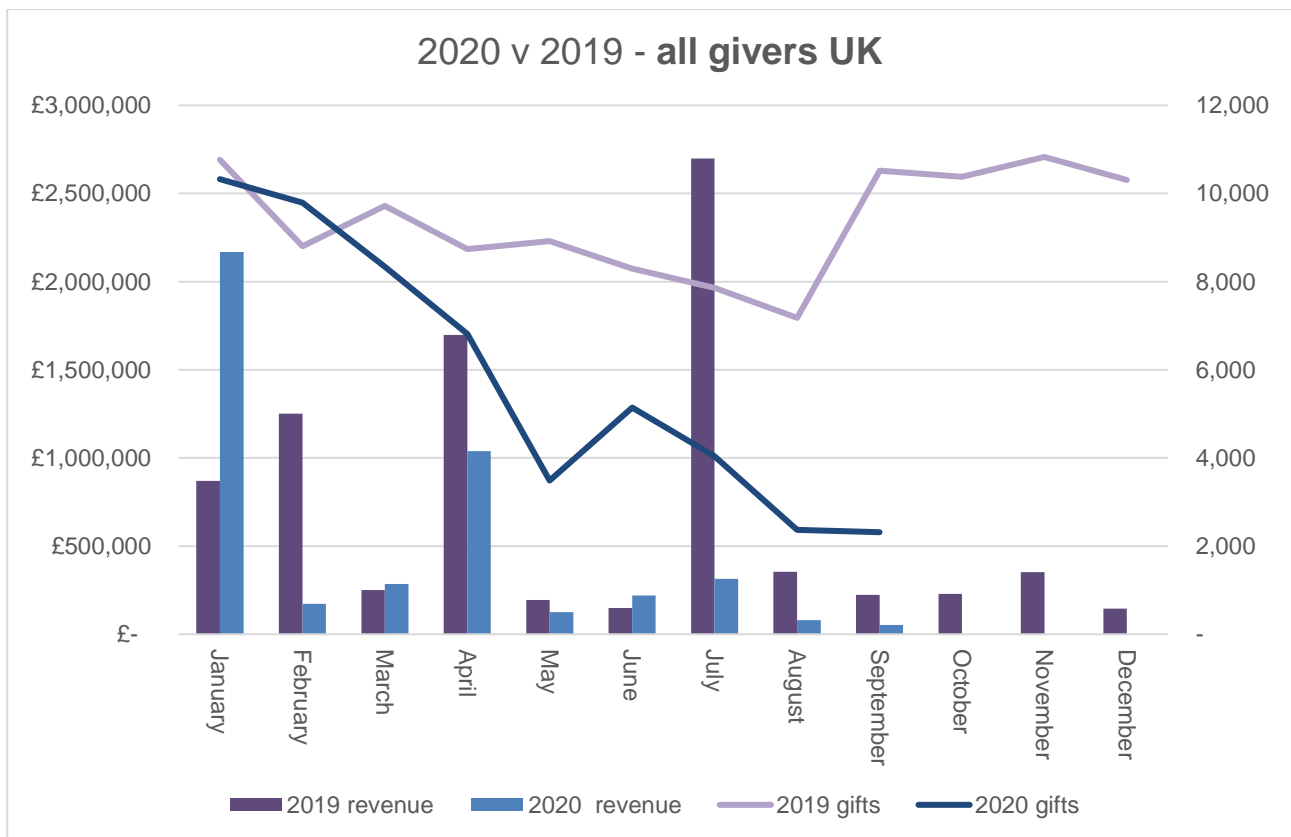
## United Kingdom

Table 2 – Gifts and gift revenue January to September 2019 v 2020, United Kingdom

|      | All Gifts | All Gifts Value | Average gift size | Gifts less than £1 million | Gifts less than £1 million value | Average gift size |
|------|-----------|-----------------|-------------------|----------------------------|----------------------------------|-------------------|
| 2019 | 80,811    | £7,693,198      | £95               | 80,810                     | £4,993,201                       | £62               |
| 2020 | 52,623    | £4,461,521      | £85               | 52,622                     | £2,561,521                       | £49               |

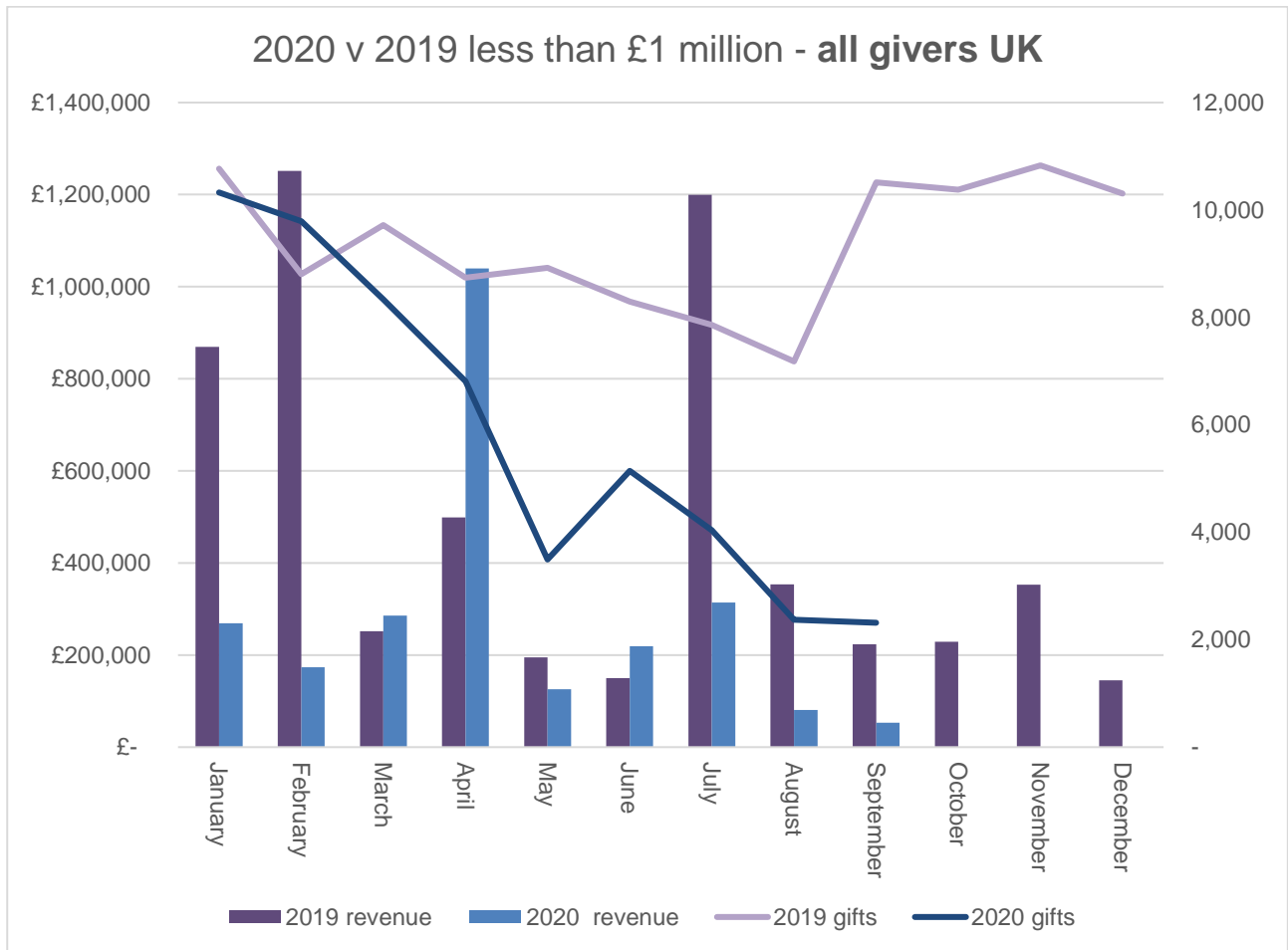
As we have explored previously, ([Insight Report 2, June 2020](#)) levels of giving to the arts in the U.K. are historically far lower than in North America. Nonetheless, the comparative figures for the first nine months of 2020 are stark: number of gifts down 35% and gift revenues down 42%. Excluding gifts of over £1 million in both years, revenue is down 49% and average gift size has dropped by 21%.

Chart 3 – Monthly gifts and gift revenue, United Kingdom



Without a long history of encouraging philanthropy in the U.K., many organizations have begun to solicit gifts as top ups when purchasing tickets. With advance ticket sales falling by around 90% since the middle of March, it is therefore not surprising to see a major reduction in the number of gifts. In September 2020, the number of gifts recorded was down 78% on the previous year.

Chart 4 – Monthly gifts and gift revenue where individual gifts were less than £1 million, United Kingdom



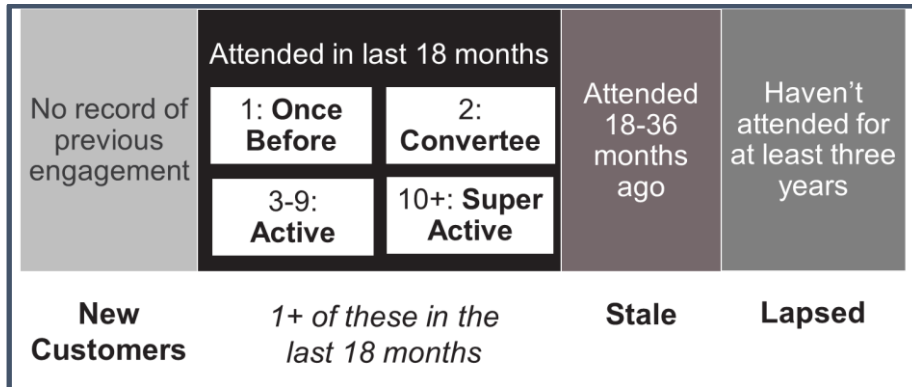
Excluding the very largest gifts, while the number of gifts received fell slightly in March, revenues matched 2019 levels. Gift numbers dropped further in April, but revenue achieved was double the previous year. We assume that much of this growth was thanks to revenue for cancelled shows being converted to gifts rather than refunds. This 'bounce' in gift revenue was not sustained. Only one of the following five months matched the revenue in 2019 (June). In September 2020, revenue was 91% down from the same month in the previous year.



## The Seven Segments

Purple Seven has created a segmentation model based on levels of customer loyalty. When a customer transacts, they are given a tag based on their previous level of engagement.

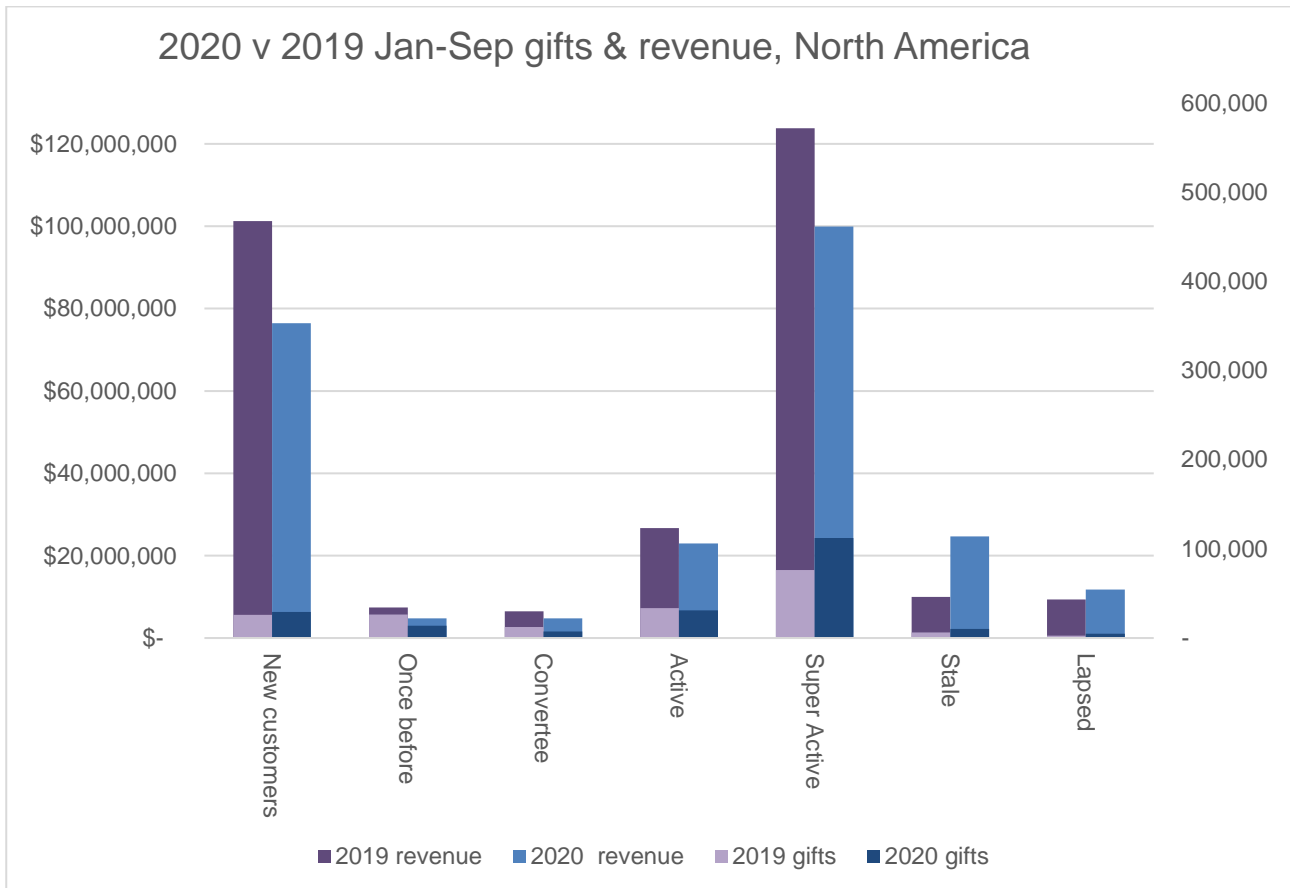
Illustration 1 – Purple Seven Segmentation model



If this is the customer's first ever transaction they are a 'New Customer.' Customers who have already attended (and/or given) in the last 18 months are split into four types: 'Once Before,' 'Converttee' (two previous engagements), 'Active' (three to nine previous engagements) and 'Super Active' (10 or more previous engagements). Customers returning after 18-36 months of inactivity are 'Stale.' Customers returning after more than three years are 'Lapsed.'

### North America

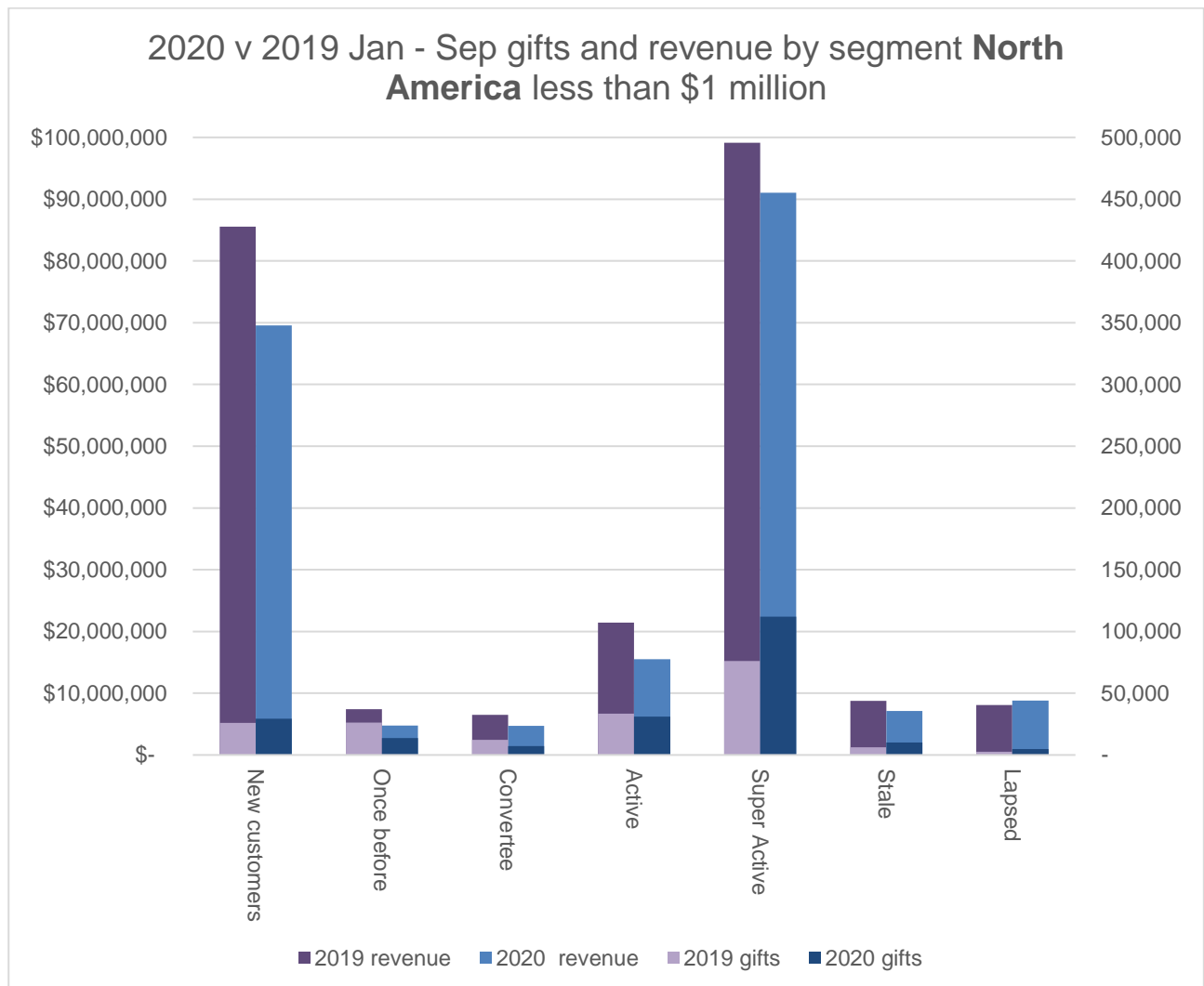
Chart 5 – Monthly gifts and gift revenue by Segment type, North America



Two segment types dominate the number of gifts and overall gift revenue: 'Super Active' and 'New Customer.' The numbers of gifts given by both segments increased in the first nine months of 2020, but the aggregate revenue generated by both segments is down ('New Customer' down 24%, 'Super Active' 19%).

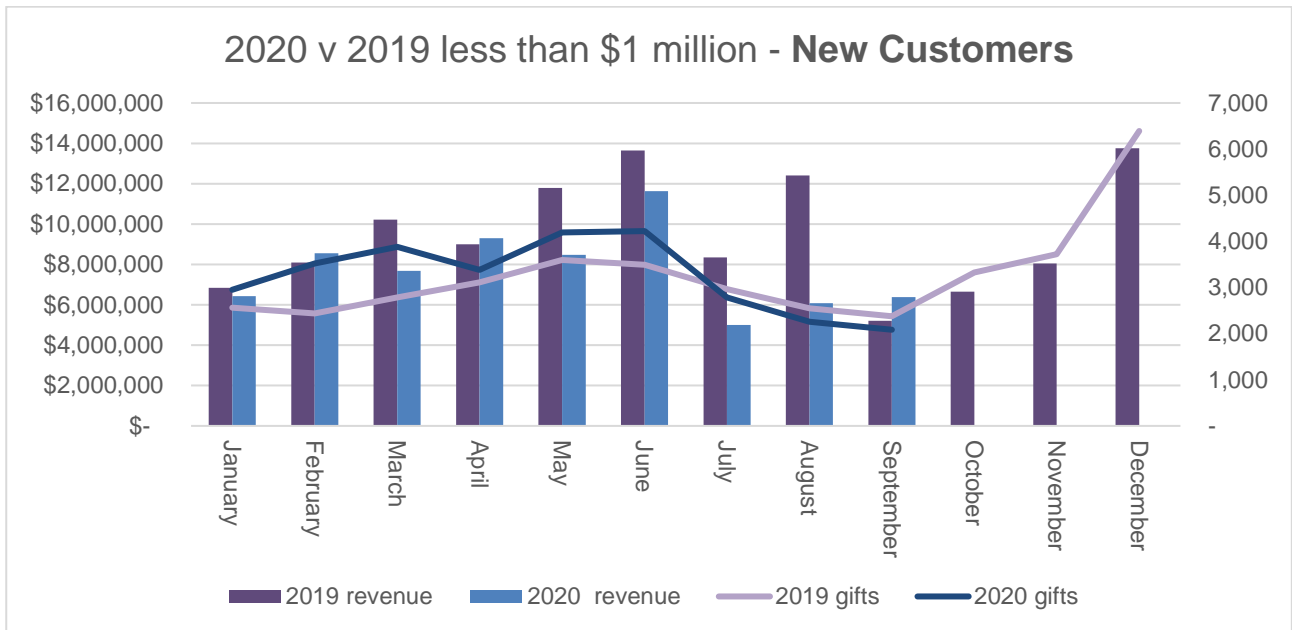
The only segments making an increased aggregate financial contribution were 'Stale' (up 147%) and 'Lapsed' (up 26%).

Chart 6 – Monthly gifts and gift revenue where individual gifts under \$1 million by Segment type, North America



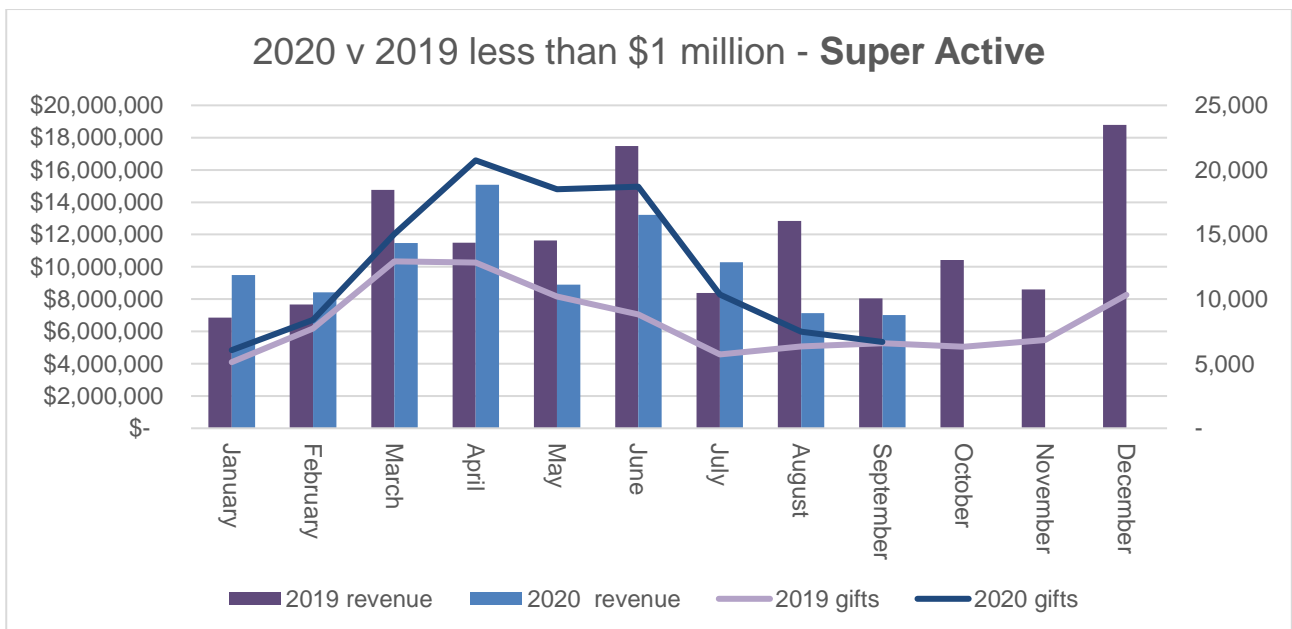
Removing the very largest gifts brings the gift revenue from 'Stale' patrons back to similar levels to 2019. 'Lapsed' is the only customer type to record an increase in aggregate revenue.

**Chart 7 – Monthly gifts and gift revenue where individual gifts under \$1 million by ‘New Customers,’ North America**



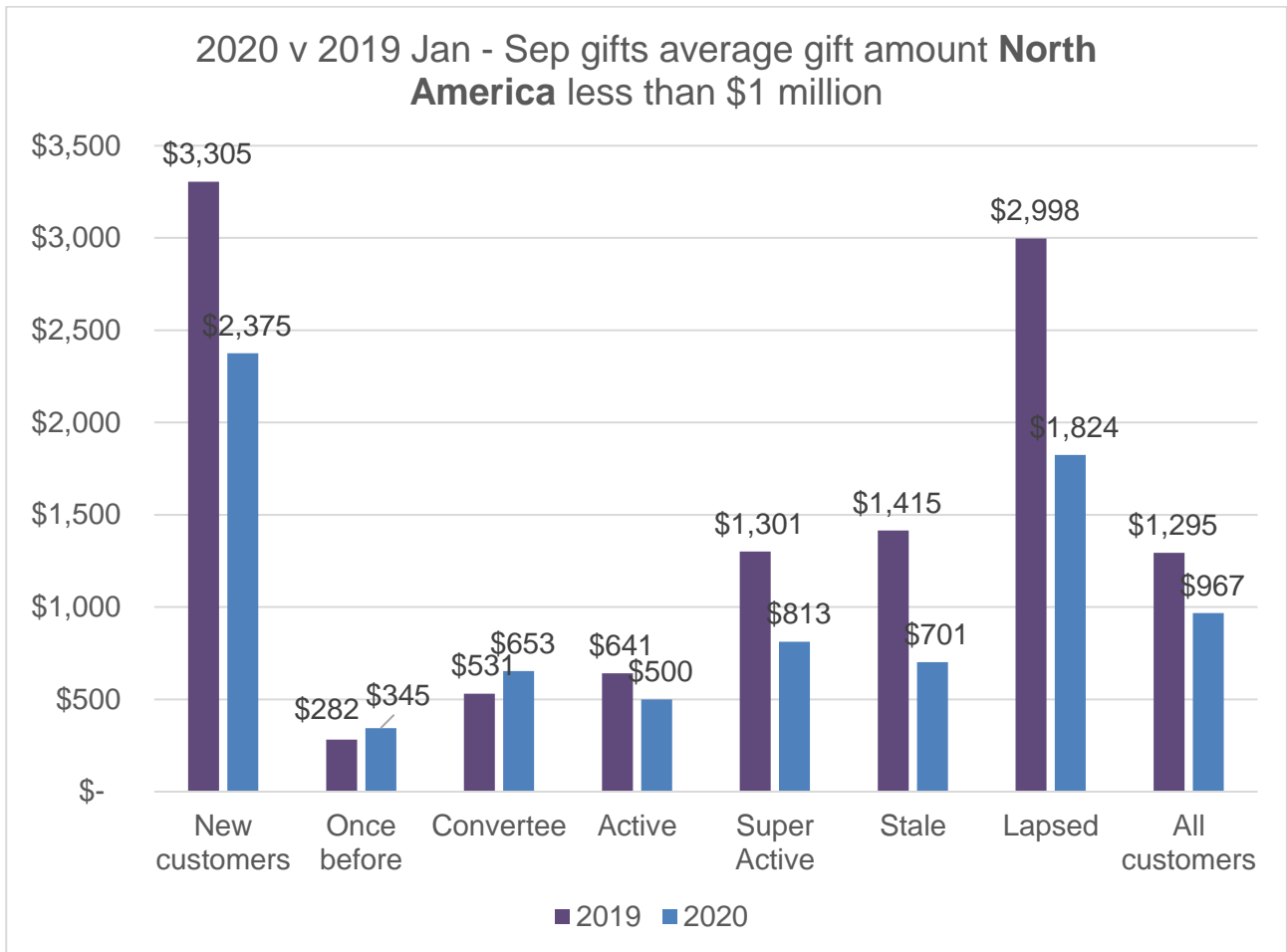
Looking specifically at the key ‘New Customer’ segment, the number of gifts given exceeded 2019 for the first six months of the year but were lower in July, August, and September. Overall the number of gifts in the first nine months of 2019 rose by 13%. Aggregate gift revenue has only exceeded what was achieved in 2019 in three months and overall revenue is down 19%.

**Chart 8 – Monthly gifts and gift revenue where individual gifts under \$1 million by ‘Super Actives,’ North America**



The number of gifts given by ‘Super Active’ customers has been higher in every month in 2020 and is 47% higher for the first nine months as a whole. Aggregate revenue exceeded 2019 in four months of 2020 but overall revenue is down 8%. In August and September, 2020 gift numbers were very similar to 2019 and aggregate gift revenues were lower than what was achieved in the previous year.

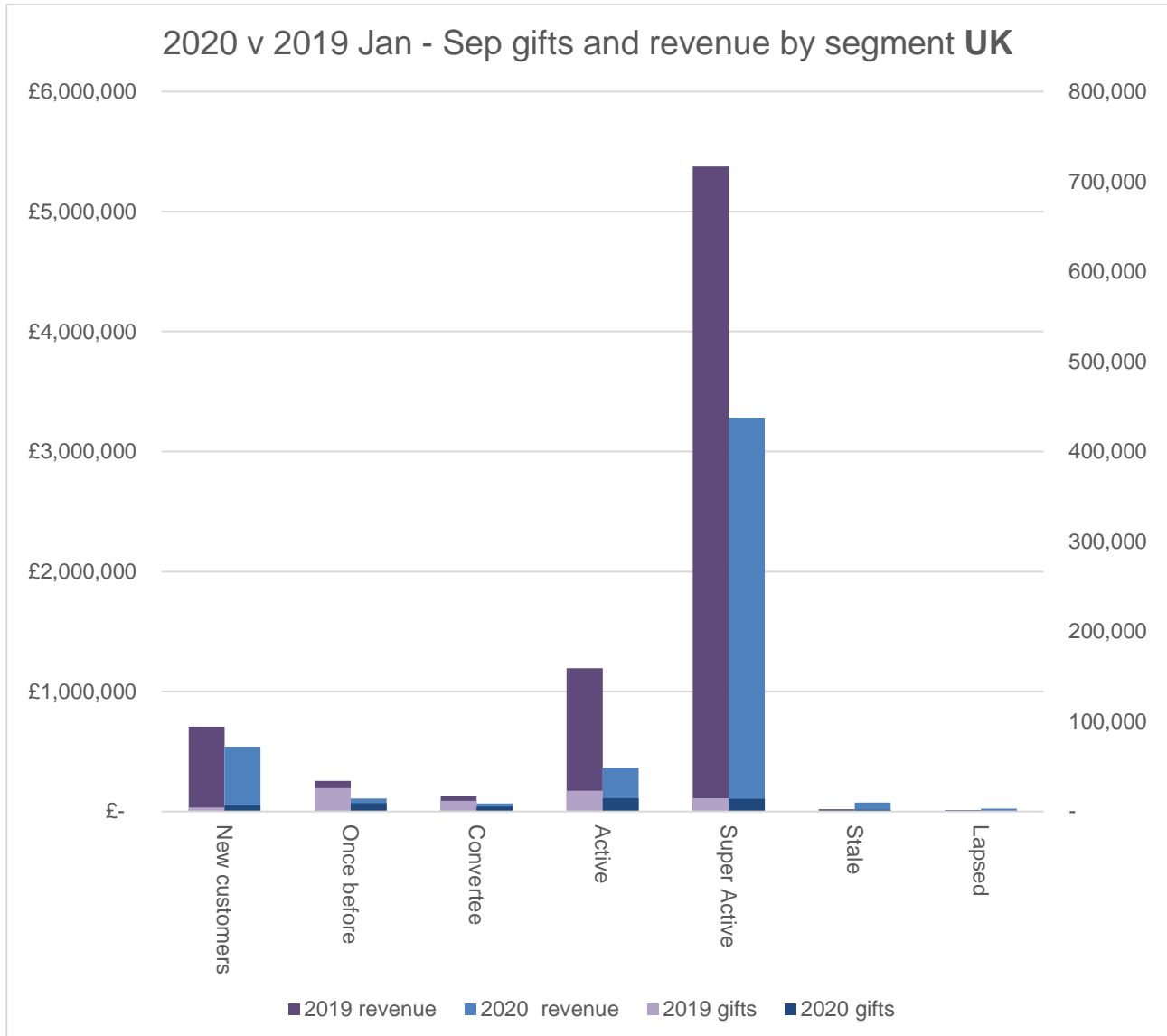
Chart 9 – Average Gift Size where individual gifts under \$1 million by Segment type January to September 2019 v 2020, North America



Excluding gifts of over \$1 million, in 2020 average gift size has fallen by 24% in the first nine months of the year. Only 'Once Before' and 'Converttees' have reported increases in average gift sizes. These are the two smallest segments, accounting for less than 5% of gift revenue in 2020. 'New Customers' and 'Lapsed' continue on average to make the biggest gifts, but these are down 28% and 38% respectively. 'Super Active' customers gift size is on average down 38% and returning 'Lapsed' gifts have been half the average achieved in 2019.

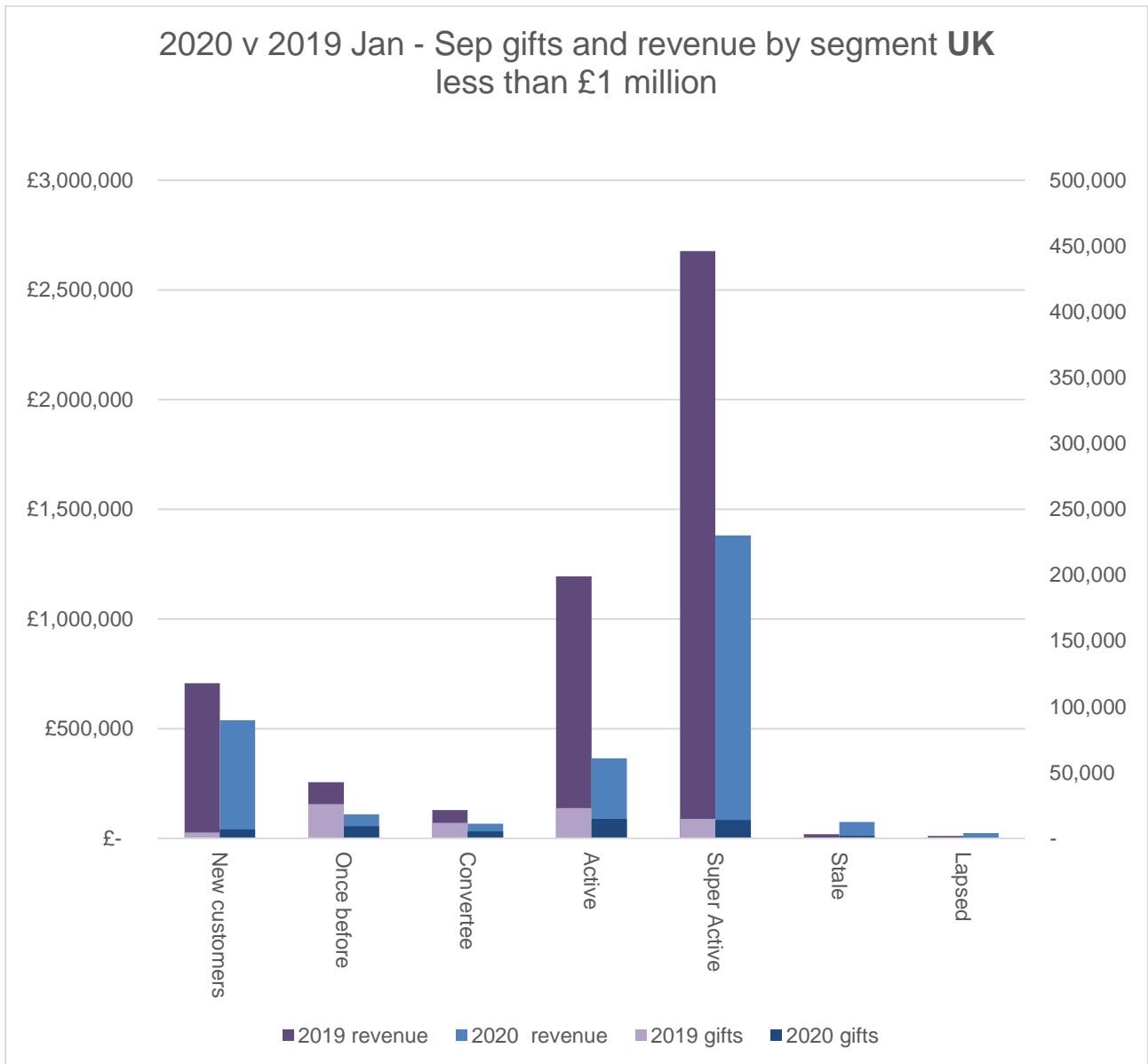
## United Kingdom

Chart 10 – Monthly gifts and gift revenue by Segment type, United Kingdom



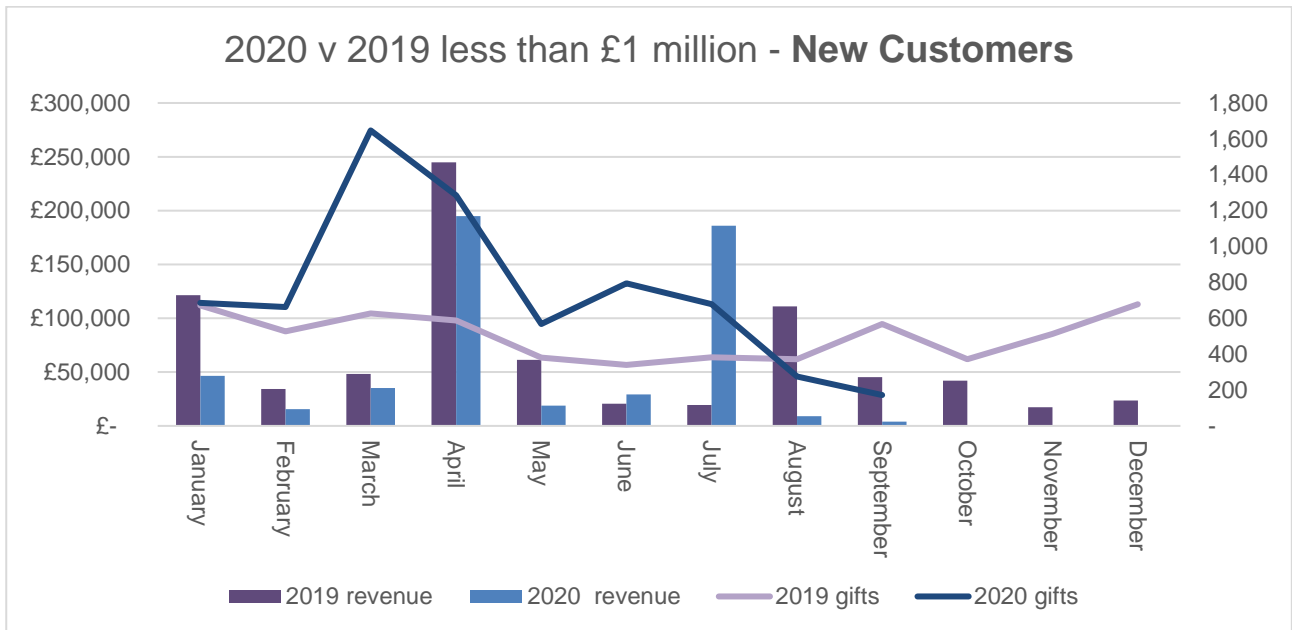
'Super Active' customers contributed 70% of all gift revenue in the first nine months of 2019. In 2020 this increased to 74%. Only 'Stale' and 'Lapsed' patrons contributed more in 2020, collectively increasing their share of overall gift revenue from 0.4% to 2.2%. Revenue from 'Active' customers fell 70% in the first nine months of the year. In the first nine months of 2020, 'New Customers' contributed 48% more than 'Active' patrons.

Chart 11 – Monthly gifts and gift revenue where individual gifts under £1 million by Segment type, United Kingdom



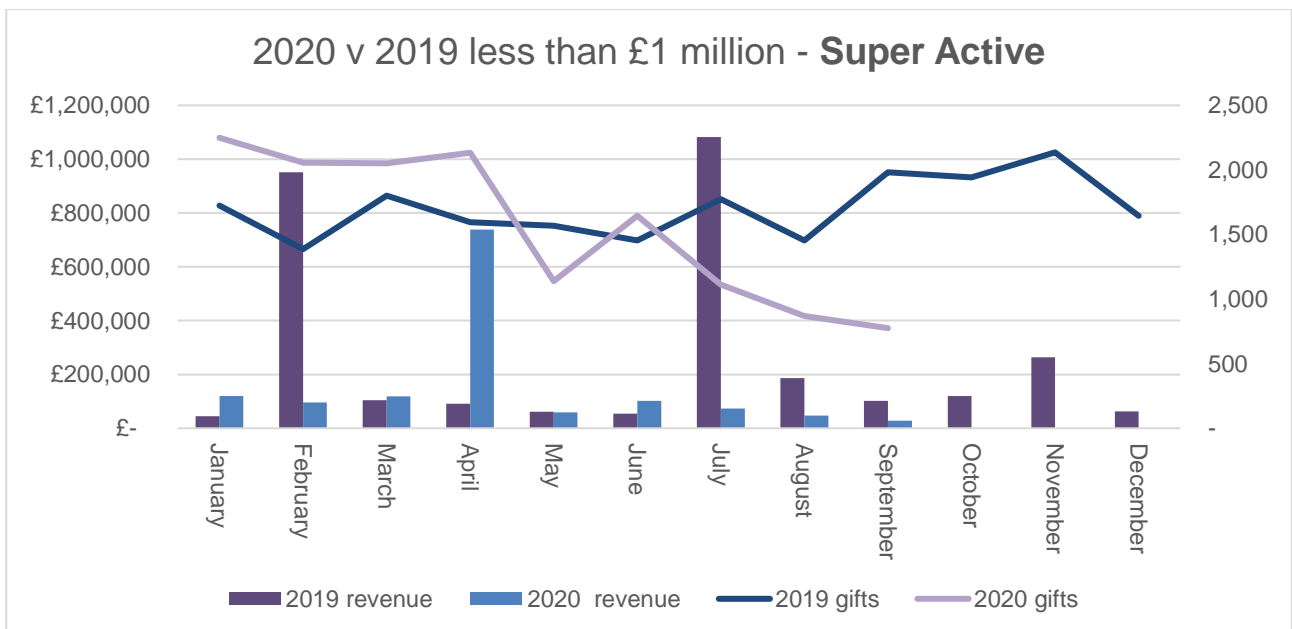
Removing the very largest gifts brings the gift revenue from ‘Super Active’ patrons down to 42% of philanthropic income in 2019 and 45% in 2020. The only gifts of over £1 million in either year were given by ‘Super Active’ customers.

Chart 12 – Monthly gifts and gift revenue where individual gifts under £1 million by ‘New Customers,’ United Kingdom



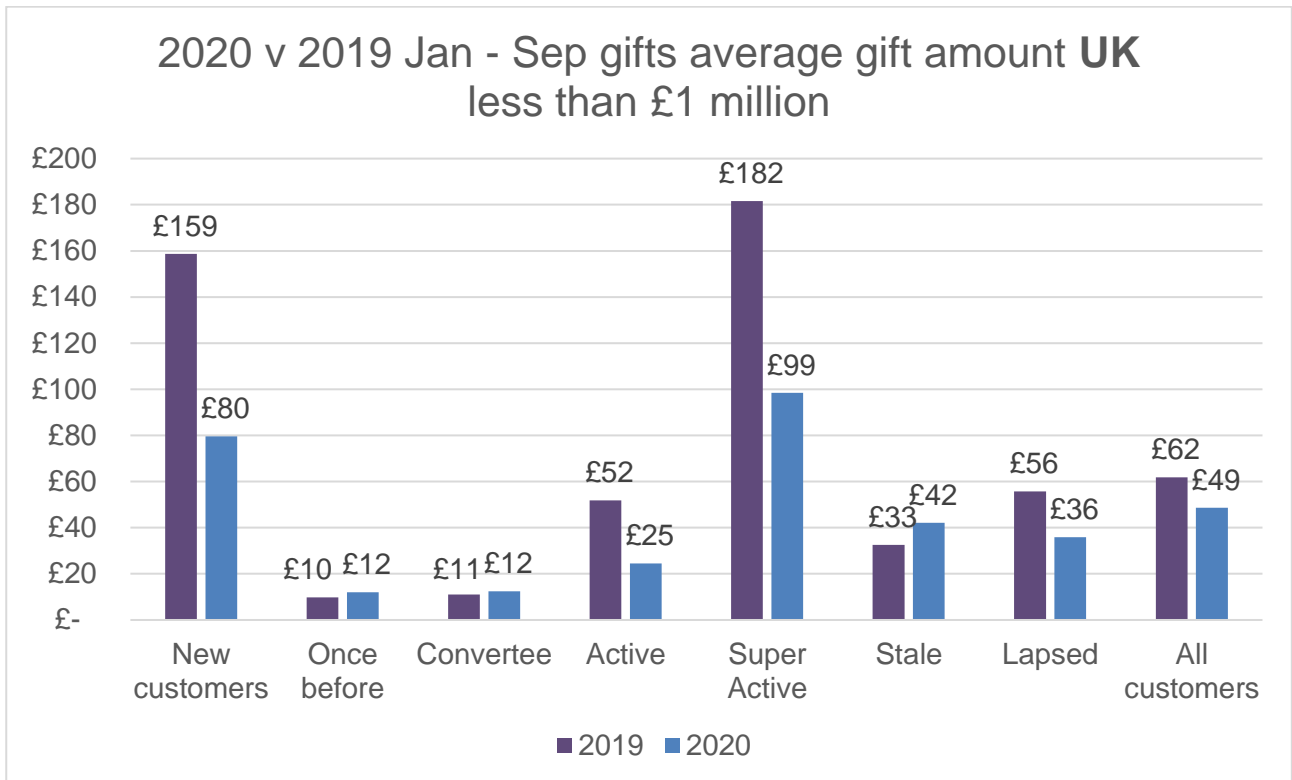
Looking specifically at the ‘New Customer’ segment, the number of gifts given exceeded 2019 for the first seven months of the year but were lower in August and September. Overall the number of gifts in the first nine months of 2019 rose by 52%. Aggregate gift revenue only exceeded what was achieved in 2019 in June and July 2020 and overall revenue is down 24%.

Chart 13 – Monthly gifts and gift revenue where individual gifts under £1 million by ‘Super Actives,’ United Kingdom



The number of gifts given by ‘Super Active’ customers has been higher in five months in 2020 and is 5% lower for the first nine months as a whole. Aggregate revenue exceeded 2019 in four months of 2020 and overall revenue is down 48%. 53% of the overall revenue for the first nine months of 2020 was given in April. Since May 2020 both the number of gifts and gift revenues have been trending downwards. Revenue in September 2020 was down 73% compared to June 2020.

Chart 14 – Average Gift Size where individual gifts under £1 million by Segment type January to September 2019 v 2020, United Kingdom



Excluding gifts of over £1 million, in 2020 average gift size has fallen by 21% in the first nine months of the year. Only ‘Once Before,’ ‘Converttees’ and ‘Stales’ have reported increases in average gift sizes. These are three of the smallest segments and collectively account for less than 6% of gift revenue in 2020. ‘New Customers’ and ‘Super Active’ patrons continue on average to make the biggest gifts, but the average size of these are down 50% and 46% respectively.



## Conclusions

This analysis was undertaken to give a better understanding of who is giving to performing arts organizations during the COVID-19 pandemic on both sides of the Atlantic.

N.A. organizations appear to have successfully appealed to existing and new supporters. Numbers of gifts given have grown, particularly from those patrons most loyal to the organization. Despite numbers of gifts being up, aggregate gift revenues are down due to a big reduction in average gift size. Factors that may be influencing that reduction are multiple appeals on the philanthropic sensibilities of N.A. donors from both within and beyond the performing arts sector and a reduction in disposable income for some donors as a result of the pandemic.

In the U.K. there has also been a fall in average gift size, but this has been coupled with a fall in the number of gifts. From a low base compared to North America to begin with, the first nine months of 2020 has seen a halving of the aggregate revenues of individual gifts of less than £1 million. The U.K. continues to be reliant on its small number of most loyal and engaged customers to provide the majority of philanthropic income.

In both markets we are witnessing concerning trends in more recent months. As the pandemic has sustained, numbers of gifts and the philanthropic revenue generated from them has not. In North America aggregate gift revenue for the three months from June to September in 2020 was down 29% on the previous year. In the U.K. it was down 75%.

As always, some individual organizations are bucking national trends and in the U.K. national governments have provided additional support via grants to mitigate the crisis in the industry. Nonetheless, the aggregate data highlights a worrying trend that could further jeopardize organizations already deprived of box office revenue. We will therefore commence publishing monthly updates on aggregate gifts and gift revenue in both the U.K. and North America.

As NA and the UK head into the final months of 2020, end of year giving campaigns typically result in large percentages of overall gift revenue for the year. Taking the above insights into account, arts organizations may want to review their cases for support in order to address reductions in gift size and acknowledge that new and former patrons are giving at substantial rates. These end of year appeals also provide an opportunity to engage donors by sharing the journey arts organizations have been on to stay resilient during COVID-19 and how important donor support is to the success of resiliency strategies.

Purple Seven and TRG Arts are still welcoming new organizations to join the free COVID-19 Sector Benchmark and would particularly like to welcome organizations in Canada and the Republic of Ireland to establish benchmarks in these nations. To sign up and receive a free dashboard to compare your organization's performance with your peers, visit <https://go.trgarts.com/benchmark>

David Brownlee & Eric Nelson for TRG Arts & Purple Seven

10 November 2020.

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