

COVID-19 Sector Benchmark

Insight Report 2: June 2020

Real-time intelligence on the impact of COVID-19

Individual Donations - Is New Philanthropic Income Replacing Lost Ticket Income?

Executive Summary – Key Findings

- Data from 105 CRM systems suggest there has been no aggregate growth in donations to performing arts organizations in 2020 in either the United Kingdom or North America.
- Aggregate totals mask strong growth by some organizations, particularly those with a lower initial level of contributed income.
- Even in an unparalleled crisis, organizations that invest in building relationships with loyal audiences are best placed to weather the storm. In 2020, as in 2019, the most loyal ticket purchasers also contributed the most in donations with further growth in the proportion of contributed revenue from 'Super Active' customers, particularly in the U.K.

North America

- After a strong start to the year compared to 2019, North American aggregate individual donations dropped in March before recovering in April, falling significantly in May and then performing well in June.
- In the first six months of 2020:
 - Overall donations have fallen by just 2% from the same period in 2019.
 - 33% of North American organizations reported increased donations, and 11% reported growth of over 100%.
 - Overall giving has been sustained thanks to an increase in the value of very large gifts (\$100K+).
 - Gifts of over \$100K accounted for 46% of all contributed revenue, up from 36% for the same period in 2019.

U.K.

- In the first six months of 2020:
 - The value of aggregate gifts in the U.K. has decreased by 12% compared to the same period in 2019.
 - Gifts of over £80K accounted for 69% of all contributed revenue, up slightly from 68% during the first six months of 2019.
 - 50% of U.K. organizations reported increased donations, 29% reported growth of over 100%, and 11% reported growth of over 400%.

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, refunds and donations which is anonymized and aggregated for the national benchmark.

TRG Arts and Purple Seven intend to share 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.

This second study examines trends in individual giving in the first half of 2020. While ticket sales have fallen dramatically, have levels of giving proved more resilient—or even grown—thanks to the conversion of refunded ticket income to gifts?

The Two Cohorts

We have analyzed data from 105 organizations (66 in North America and 39 in the U.K.) that actively seek contributions from individuals.¹

In 2019, these 66 North American organizations collectively sold 8,353,529 tickets, generated over \$362 million in box office revenue and attracted \$429 million in contributed income from individuals. Geographically, participating organizations come from all over the U.S. and there are six 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.

U.K.-based organizations in the sample collectively sold 4,592,424 tickets, generated just under £95 million in box office revenue and attracted £8.8 million in contributed income from individuals in 2019. Geographically, participating organizations come from all over the U.K. and there are multiple organizations from every nation and region. No West End or regional commercial venues are included. The majority of the sample are theaters, but there is also a good representation of concert halls and arts centers. The size and scale of organizations is diverse with a higher proportion of small organizations.

¹ It should be noted that this study does not include every organization contributing to the benchmark. Purple Seven can only read donations data recorded on certain CRM/ticketing systems and some organizations (particularly commercial organizations) do not seek donations.

Scope of the Study and Assumptions

This study aims to examine 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 is 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., not to ascertain overall levels of giving. 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. 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.

Instead, we have segmented gifts by size, comparing trends for very large individual gifts (\$100K+ / £80K+) with all other gifts.

2019 Baseline – Two Very Different Business Models

To look at the impact of COVID-19 on giving, we need first to understand what was “normal” in both the U.K. and North America. Analysis of aggregate data for 2019 (Table 1) reveals major differences in the reliance on different revenue types across the Atlantic.

Table 1 – Baseline Giving Levels for North America and the U.K.:

2019				
Cohort	Venues	Gifts	Amount	Average Gift size
North America	66	242,923	\$429,254,801	\$1,767
United Kingdom	39	113,196	£8,762,245	£77

The average gift size in North America was almost \$1,800; in the U.K. it was less than \$100 (see Table 2).

Table 2 – Large Gift Baseline Giving Levels for North America and the U.K.:

2019						
Cohort	Gifts over £80K / \$100K	Gifts over £80K / \$100K value	Gifts over £80K / \$100K average size	Proportion of gifts	Proportion of value	Gifts per organization
North America	409	\$211,342,287	\$516,729	0.17%	49%	6.2
United Kingdom	15	£6,127,988	£408,533	0.01%	70%	0.4

In both samples, large gifts were a very small proportion of overall gifts but made up a substantial proportion of the aggregate revenue. Less than 0.2% of gifts in North America account for almost half of donations from individuals (see Table 2). In the U.K., one ten-thousandth of all gifts represented 70% of contributed income from individuals. The average size of these major gifts is very similar, but on average North American organizations receive more than six of these major gifts every year while U.K. organizations on average just receive one every 2.5 years (see Table 3).

Table 3 – Smaller Gift Baseline Giving Levels for North America and the U.K.:

2019						
Cohort	Gifts under £80K / \$100K	Gifts under £80K / \$100K value	Gifts under £80K / \$100K average size	Proportion of gifts	Proportion of value	Gifts per organization
North America	242,514	\$217,912,514	\$898.56	99.83%	51%	3,674
United Kingdom	113,181	£2,634,257	£23.27	99.99%	30%	2,902

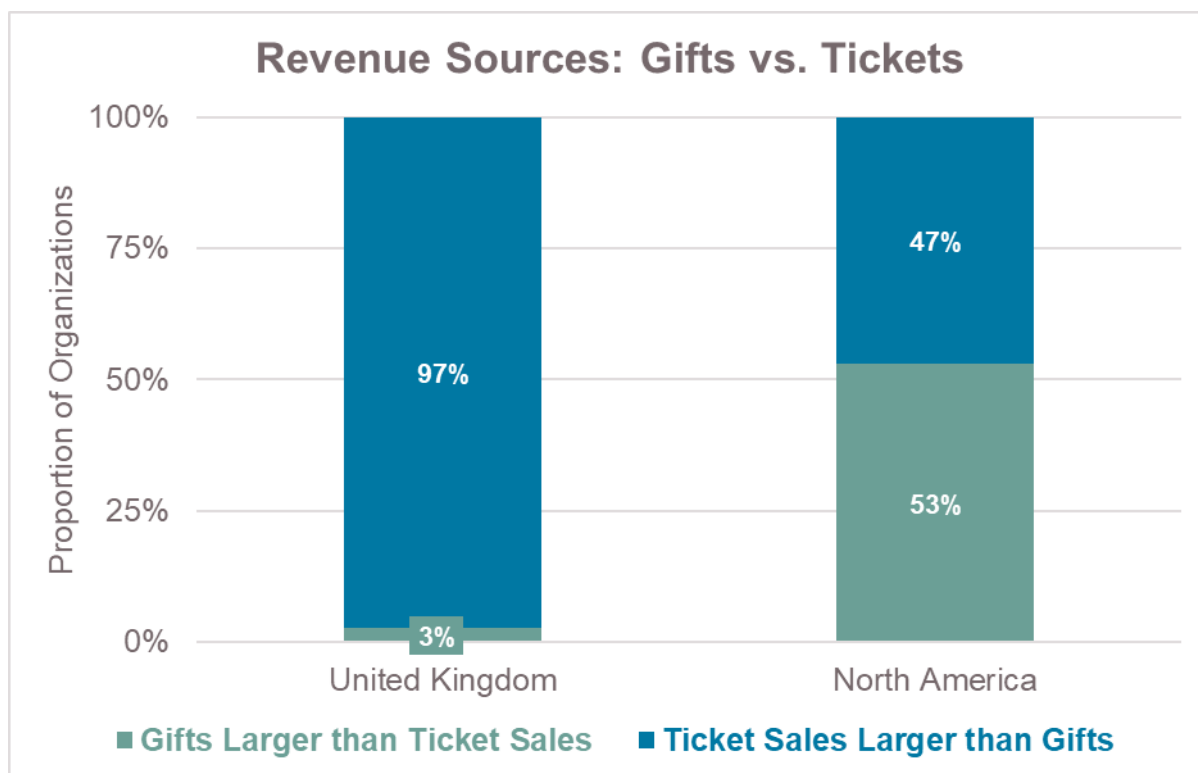
In North America, while the number of smaller donations received per organization is 25% higher than the U.K., the average gift size is more than 30 times larger (see Table 3).

Table 4 – Baseline Comparison of Giving compared to Ticket Sales for North America and the U.K.:

2019								
Cohort	Ticket sales	Ticket Revenue	Tickets vs. gifts	Ticket revenue vs. gifts	Average tickets sold per venue	Average ticket revenue per venue	Average gifts per venue	Average Ticket Price
North America	8,353,529	\$361,682,184	3%	119%	126,569	\$ 5,480,033	\$ 6,503,861	\$ 43.30
United Kingdom	4,592,424	£ 94,451,348	2%	9%	117,754	£ 2,421,829	£ 224,673	£ 20.57

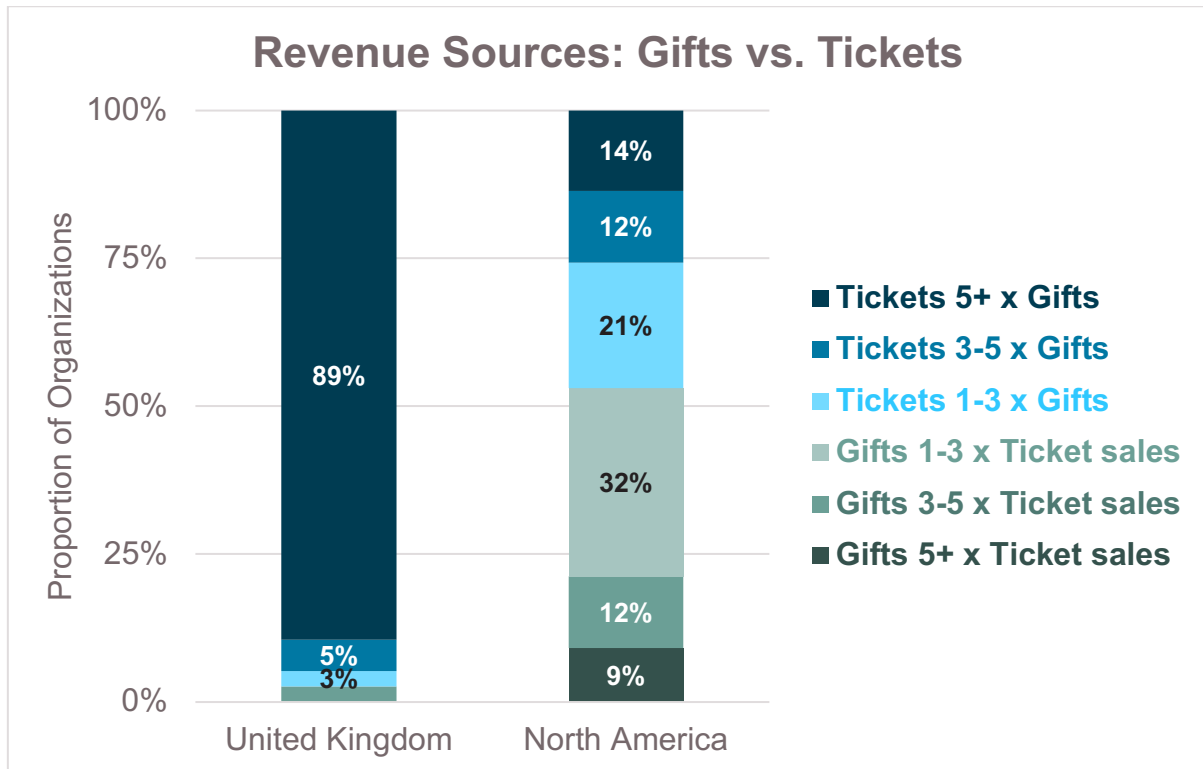
Across the two cohorts, the numbers of tickets sold per year per venue is similar, but average price paid per ticket in North America is around 70% higher. In the U.K., a gift was made for every 41 tickets sold and in North America for every 34 tickets sold (see Table 4, 'Tickets vs. gifts'). In the U.K., the aggregate value of donations was just 9% of ticketing income in 2019. In North America, gift revenue exceeded box office by 19% (see Table 4, 'Tickets revenue vs. gifts').

Chart 1 – Baseline relative reliance on Giving compared to Ticket Sales for North America and the U.K.:



Just over half of the organizations in the North American cohort generated more income from gifts than ticket sales in 2019. Just one U.K. organization was more reliant on giving than box office income.

Chart 2 – Ratio of gift income to box office income for North America and the U.K.:

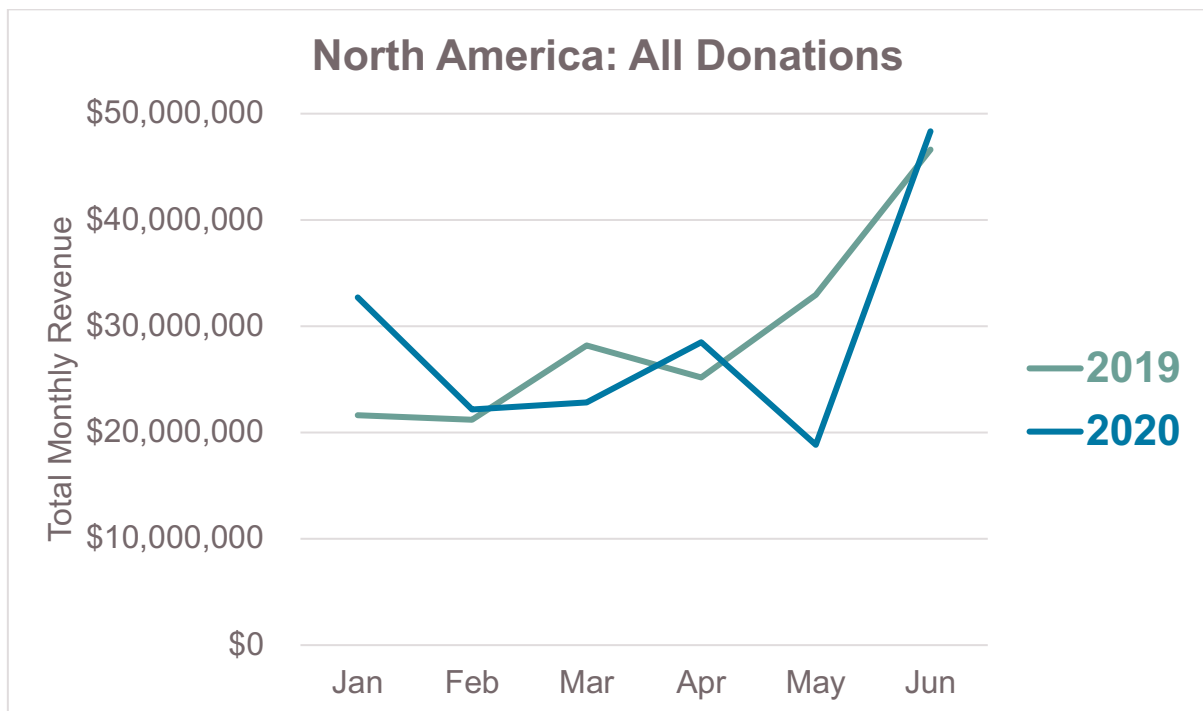


Aggregate figures obscure the diversity in the North American cohort. In 2019, 9% of organizations recorded total gifts worth more than 500% of their ticket revenue, while 14% reported gifts to be worth less than 20% of ticketing revenues (see Chart 2).

The U.K. cohort is dominated by organizations for whom recorded donations were worth less than 10% of ticketing revenue.

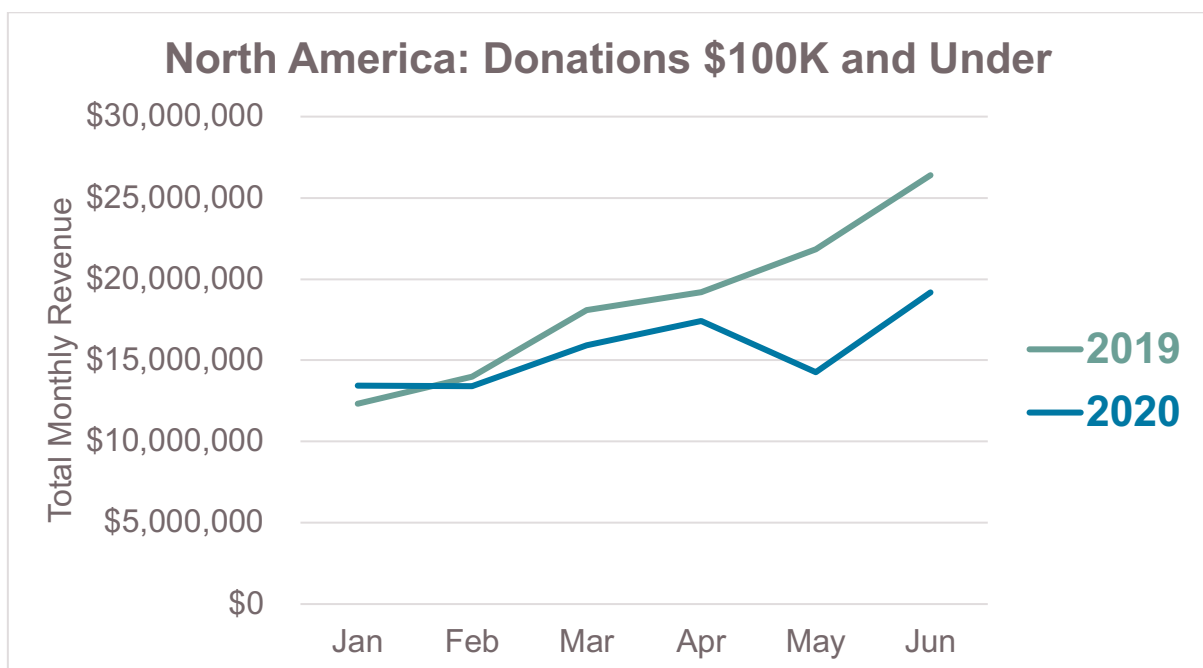
2020: The Year to Date – North America

Chart 3 – Year-on-year monthly comparison of giving revenue for North America – all gifts:



After a strong start to the year compared to 2019, North American aggregate donations dropped in March before recovering in April, falling significantly in May and then performing well in June (see Chart 3). Overall donations have fallen by just 2% for the first six months of the year.

Chart 4 – Year-on-year monthly comparison of giving revenue for North America – gifts under \$100K:



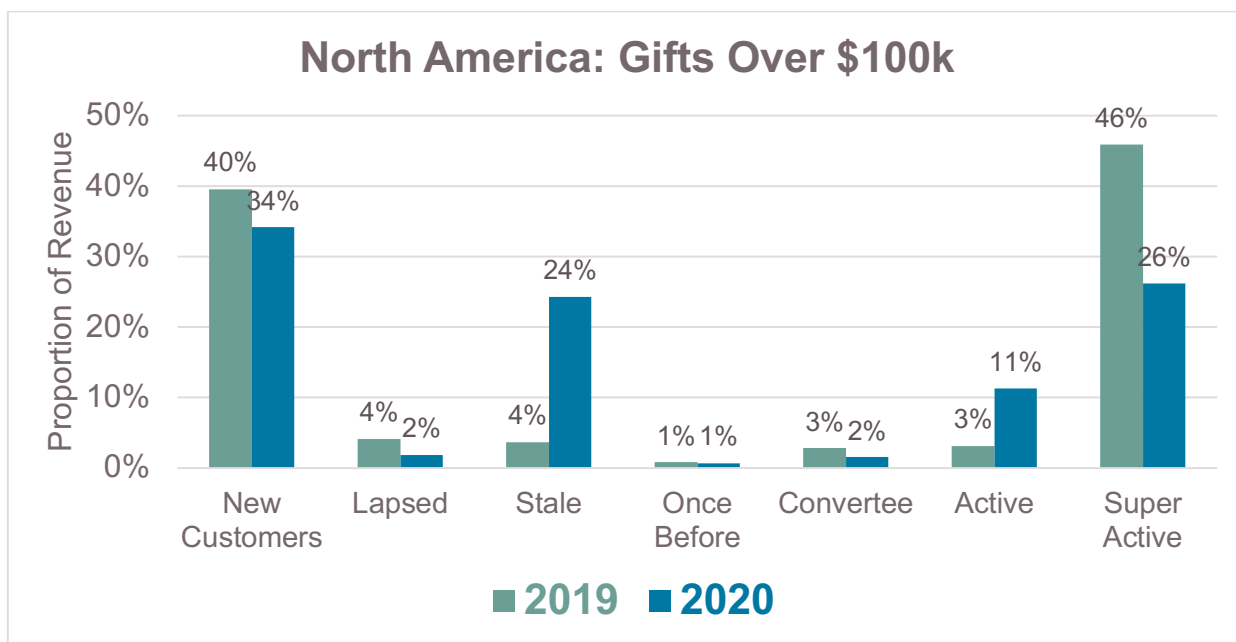
As previously described, a very small number of donations of over \$100K have a major impact on the overall aggregate totals for giving (see Chart 4). With these removed, the figures become more concerning. Overall giving is down 16% with May down 35% and June down 27%.

In the first six months of 2019, gifts of over \$100K accounted for 36% of all contributed revenue. In 2020 this rose to 46%.

Purple Seven uses a simple but powerful behavioral segmentation model to categorize ticket bookers based on their loyalty:

1. New Customers – attending first event at this venue
2. Lapsed – last attended more than 36 months ago
3. Stale – last attended between 18 and 36 months ago
4. Once Before - attending second event at this venue
5. Converttee - attending third event at this venue
6. Active – has attended between 3 and 10 events in the past, including at least once in the last 18 months
7. Super Active – has attended more than 10 events in the past, including at least once in the last 18 months

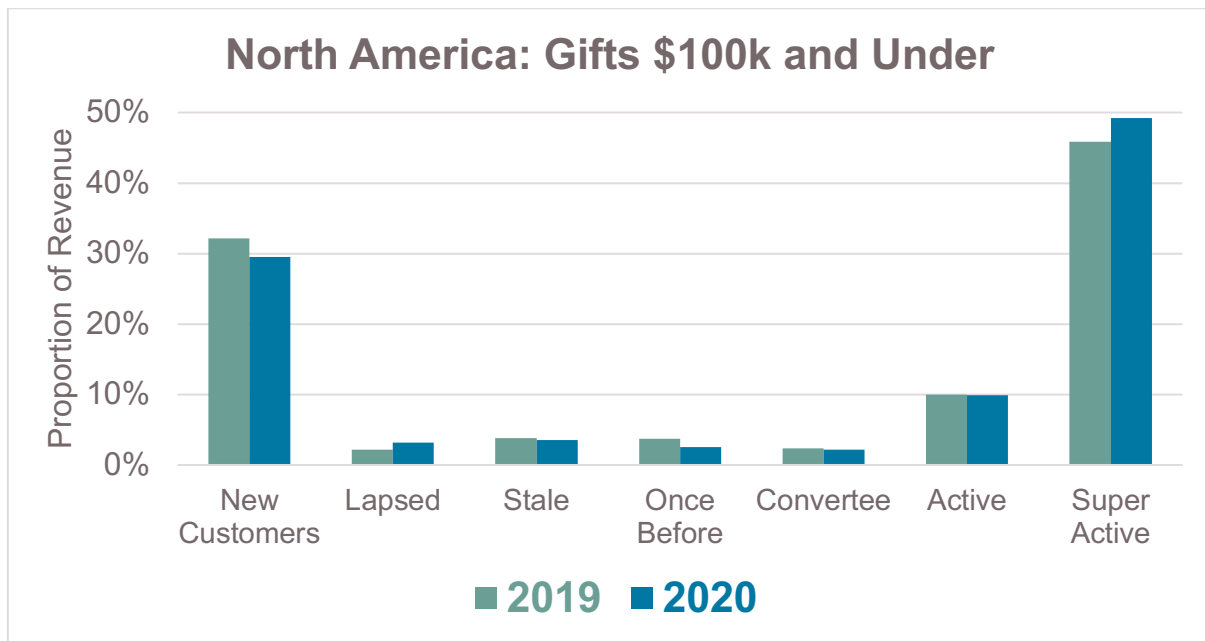
Chart 5 – Giving revenue by segment for North America – gifts over \$100K:



The major growth in large gifts has been fuelled largely by larger gifts from a smaller number of givers. 167 gifts of over \$100K were received between January and June 2020, compared to 198 in 2019. While the number of gifts fell by 16%, the average size of major gifts grew by 55%.

The number of 'Stale' major donors only grew by one, but that donation was for over \$15 million. There were falls in the number of 'Super Active' major gifts (down 19%) and the average size of gifts from 'Super Active' donors (down 12%). We do not see a similar drop for those giving gifts of \$100K or less.

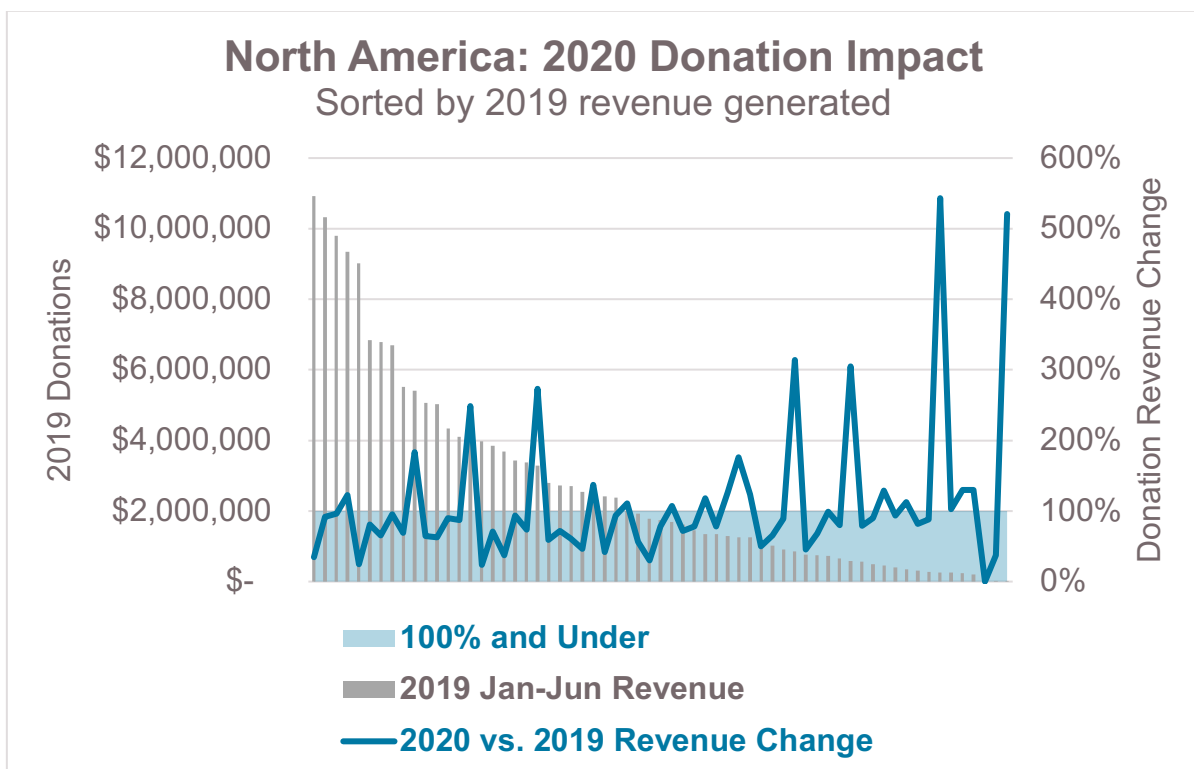
Chart 6 – Giving revenue by segment for North America – gifts under \$100K:



Super Active remains the largest segment, now accounting for almost half of all revenue for gifts of \$100K or less (see Chart 6). New Customers and Once Before fall slightly, while there is a small increase in gifts from those who have been inactive for 18-36 months.

Chart 7 orders each participating organization from North America by the revenue achieved through donations for the first six months of 2019 (gray bars, left axis) and then charts how they performed in January – June 2020 as a percentage of the previous year’s revenue (blue line, right axis).

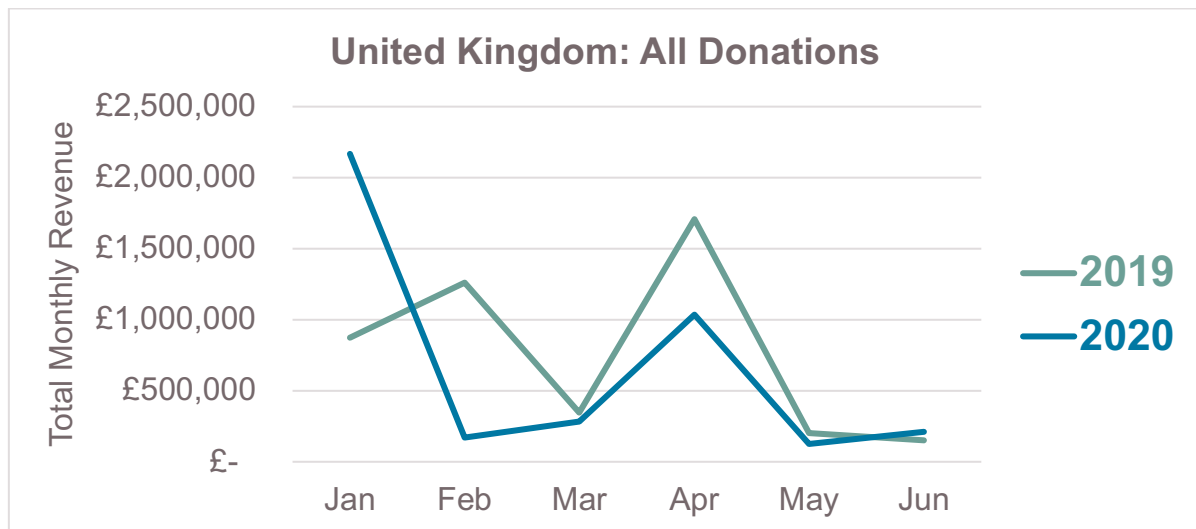
Chart 7 – Revenue change ordered by gift revenue generated in 2019 for North America:



67% of organizations have failed to match what they achieved for the first six months of 2020. The organizations with a lower base of philanthropic income were more likely to have exceeded their 2019 results. The 10 organizations with the lowest recorded figures for gifts in 2019 saw an average increase of 75% in 2020.

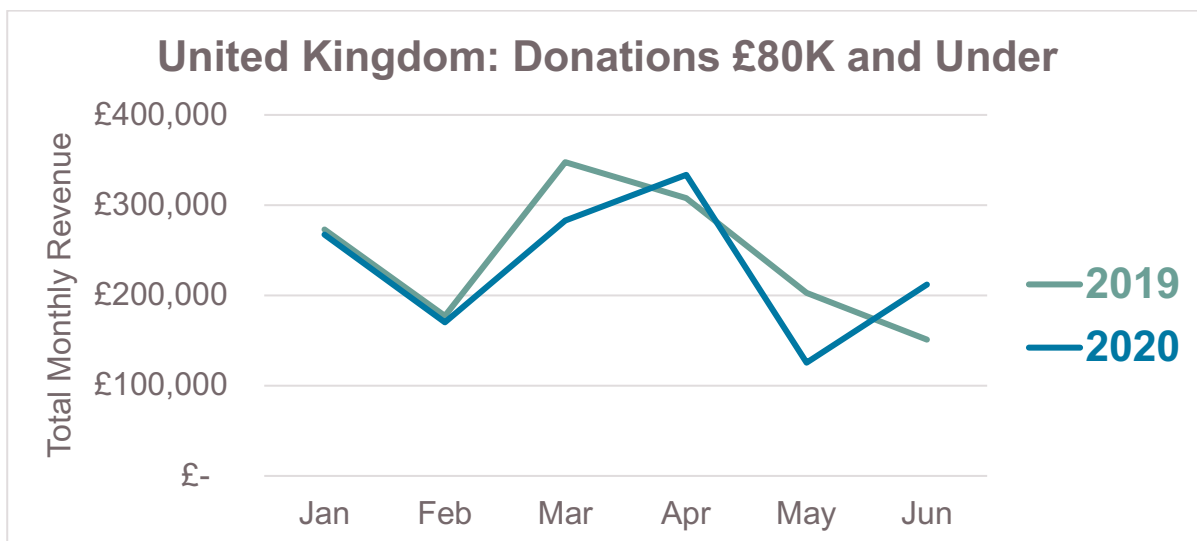
2020: The Year to Date – United Kingdom

Chart 8 – Year-on-year monthly comparison of giving revenue for United Kingdom – all gifts:



In the U.K., the lower levels of philanthropic revenues and the higher reliance on a small number of major gifts leads to a chart with major variations between months and across years. Overall, the decline in the first six months is 12% (see Chart 8).

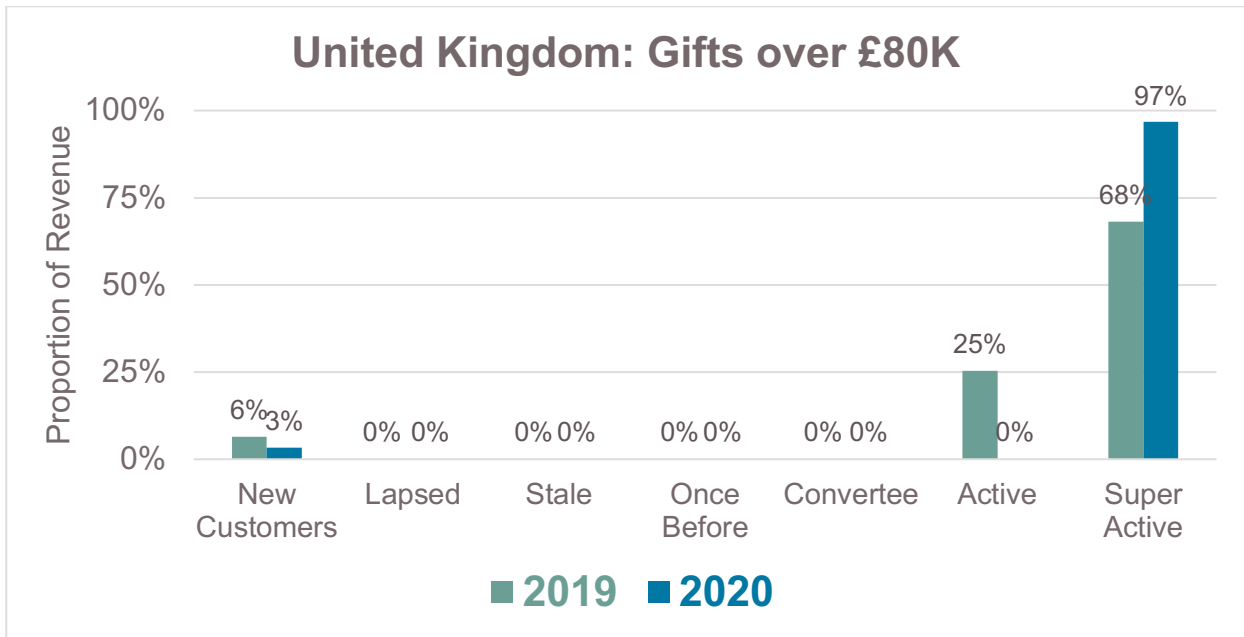
Chart 9 – Year-on-year monthly comparison of giving revenue for United Kingdom – gifts under £80K:



When gifts of over £80K are removed, the comparative figures across years become more similar (see Chart 9). A dip in March is partially reversed by a recovery in April, and similarly a drop in May is followed by a stronger June. For gifts of £80K or less, 2020 revenues are just 5% below the equivalent period last year.

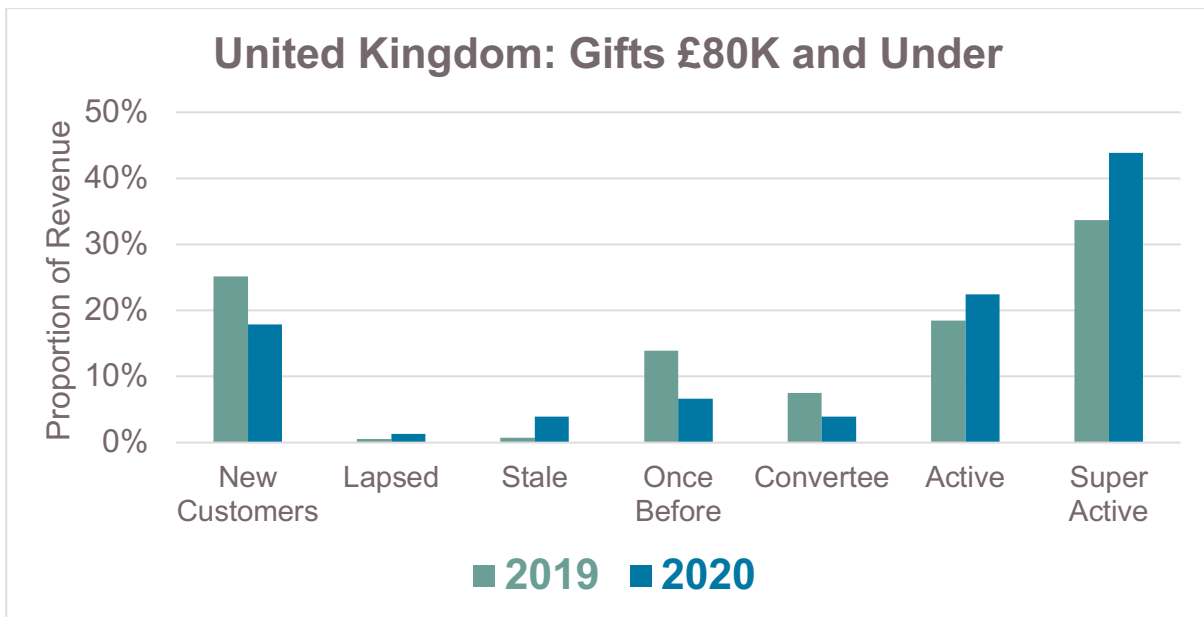
In the first six months of 2019, gifts of over £80K accounted for 68% of all contributed revenue. In 2020 this rose slightly to 69%.

Chart 10 – Giving revenue by segment for United Kingdom – gifts over £80k:



In the U.K., income from major gifts continues to come from individuals most loyal to the organization (see Chart 10).

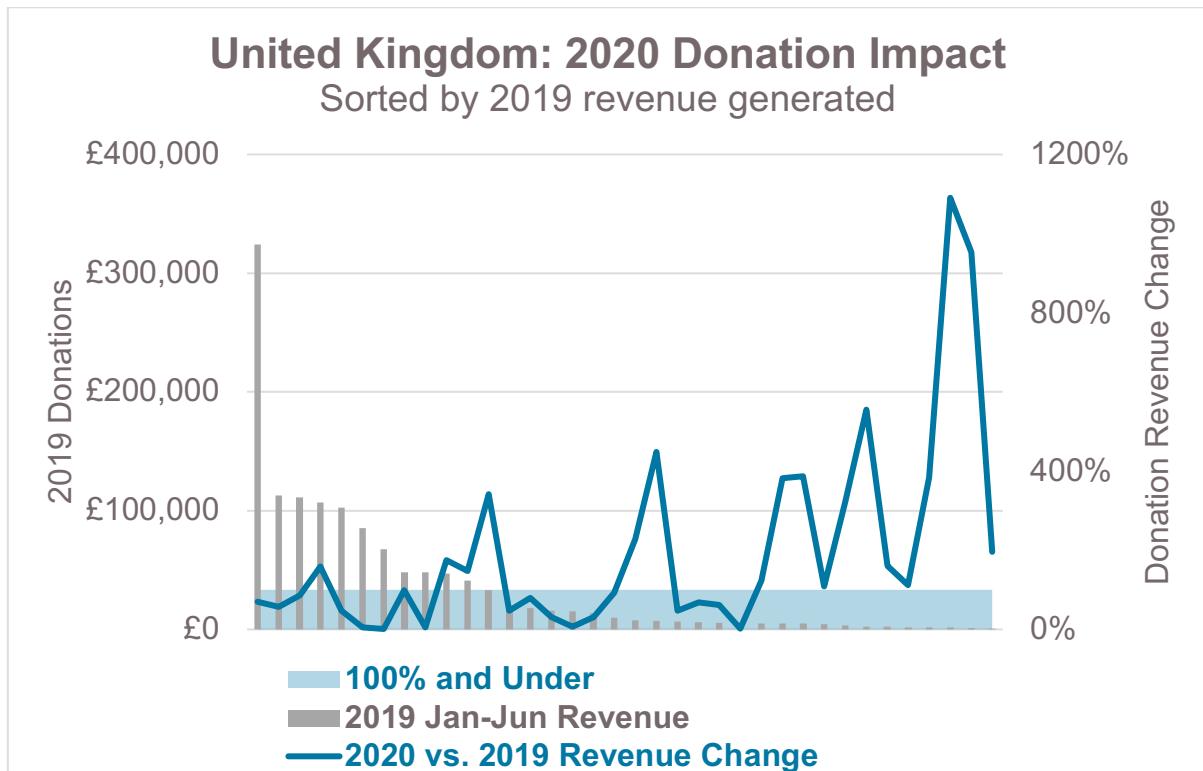
Chart 11 – Giving revenue by segment for United Kingdom – gifts under £80K:



Two-thirds of revenue from gifts of £80K and below came from Active and Super Active customers (see Chart 11). This is up from just over half the year before. Like North America there is also an increase in engagement and revenue from customers who haven't transacted with the organization for between 18 and 36 months.

Chart 12 orders each participating organization from the U.K. by the revenue achieved through donations for the first six months of 2019 (blue bars, left x-axis) and then charts how they performed in January – June 2020 as a percentage of the previous year’s revenue (orange line, right y-axis).

Chart 12 – Revenue change ordered by gift revenue generated in 2019 for United Kingdom:



50% of organizations have failed to match what they achieved for the first six months of 2020. The trendline shows that organizations with a lower base of philanthropic income were substantially more likely to have exceeded their 2019 results, and generally by a significant margin. The 10 organizations with the lowest recorded figures for gifts in 2019 saw an average increase of 445% in 2020.

Conclusions

This analysis was undertaken to answer the question, “Is new philanthropic income from individuals replacing lost ticket income?” There are two answers to this. On a macro level, no. Aggregate data across both the U.K. and North America show income from individual donations falling in the first six months of 2020 compared to 2019.

Aggregate totals and averages obscure diverse performance across different organizations. The examination of the 2019 baseline highlighted how far behind North America most U.K. organizations are in generating philanthropic income. From this very low base, 50% of the U.K. cohort increased revenue from gifts in 2020, 29% reported growth of over 100% and 11% reported growth of over 400%. In North America, it was also the organizations that started from the lowest base that were more likely to report growth in 2020.

In North America, the comparative picture for 2020 would be far worse without significant growth in donations of over \$100K. For both cohorts, revenues in the year to date for smaller gifts have come largely from ‘Super Active’ customers, demonstrating that even in an unparalleled crisis, organizations that invest in building relationships with loyal audiences are best placed to weather the storm.

While it is technically impossible to track the conversion of refunded tickets to gifts, it seems likely that a proportion of the growth in gifts from ‘Super Active’ customers is from converted box office income. Without these loyal customers, it is likely that levels of giving would have been even lower.

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>

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Published version. 28 July 2020.

This project is supported in part by the National Endowment for the Arts through our partnership with SMU DataArts.

