

Overcoming Funding Cuts within the Arts

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Funding Cuts: Lack of Investment in the Arts

In April 2016, based on Arts Council England (ACE) data, the New Local Government Network stated that another two years of austerity cuts and decreased government funding can be expected, leaving development professionals across the Arts sector with the difficult challenge of raising funds from other areas. Charities within the Arts sector have been facing - and continue to face - the challenge of diversifying their income base due to ongoing austerity cuts.

According to the Institute of Fundraising (IoF), almost 80% of charities are now exploring new fundraising options, as the most important challenge facing them is fundraising cuts. Therefore, this paper will look at sustainable alternatives to limit the impact of the reduction of the culture budget.

“(80% of charities are now exploring new fundraising options.)”

Institute of Fundraising

Where Can You Seek Support?

Development professionals have been exposed to increased pressure to gain a better return on investment from other areas of fundraising. Although many institutions feel that trusts and foundations offer the solution, ACE statistics highlight that the income generated from this sector has fallen in recent years and with reduced statutory funding, the competition for this income will only increase. Corporate support is also becoming more and more difficult to attain and therefore is also not a long-term solution to statutory cuts. In contrast, 'Arts Philanthropy & Fundraising' state that income from donations has moved from £70.6m to £84.5m across the same period, thereby showing how individual giving is an attractive option.

Although the Arts continue to be supported by the aforementioned sources, they cannot be relied upon to replace the reduced funding. Therefore, an increasingly used method to become more resilient to funding cuts is to engage with the audience that already have both an interest and a relationship with the institution and encourage them to become regular donors.

“(It's well recognised that the area of corporate giving is getting harder.)”

Arts Philanthropy & Fundraising, 2016

The Options of Individual Giving

Research has shown that income from individual donations to ACE National Portfolio Organisations increased by 20% between 2012/13 and 2014/15. Regular donors have the closest relationship with their chosen charities and so are keen to ensure they survive and prosper. Individual giving is buoyant, the UK Giving Report 2016 states that 31% of the UK population give

to a charity on a monthly basis. A common tool in individual giving is through direct mailings, which are relatively cheap and resource-light. However, this method is both highly generic and has a very low response rate and therefore not a good return on investment. JustGiving and other similar crowdfunding platforms are also seen as potential options, but there is a strong reliance on the prospect making the effort to donate to the charity and often these donations are only single gifts.

The Best Method for Individual Giving

Increasingly, telephone campaigns are being used not only to help raise funds by gaining donors, but also as a stewardship tool. Engaging with supporters via telephone is the next best thing to face-to-face meetings in terms of generating regular donations, but at a significantly reduced cost.

One of the benefits of a telephone campaign include the interactive conversation that can be had with a donor, offering a greater insight into donor opinions regarding the activities of the charity. This is one reason why Buffalo's model has been such a success in the Arts, as our fundraisers aim to have conversations with prospects of between 10-15 minutes, discussing the charities current activities, and the experiences and relationship the prospect has with that charity. Therefore, the phone call becomes an engaging two-way conversation for the prospect and regardless of whether they choose to become a regular donor, the relationship is enhanced and their likelihood to donate in the future is increased. The charity also gains a significant amount of new marketing information on their supporter base.

At all times, the focus is on maintaining a high-quality call, so pre-call letters are sent out to the selection of prospects to be called, allowing them to opt-out and ensuring the call itself is expected. This Buffalo model first found success in the Education sector over ten years ago, where it is now the market leader in terms of regular giving and in the past few years it has been increasingly used within the Arts. Its aim of focusing on relationship building, as well as raising funds is key and this is why a considerable amount of time is spent deciding who should be called and developing the script to be used by our Arts fundraisers.

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UK Giving Report
2016

Benefits of a Buffalo Telephone Campaign

- *Having a one-to-one conversation with your constituents is one of the most effective ways to build engagement and warmth, thereby making them more likely to give now, or in the near future*
- *20-33% of those to whom we speak will donate to your charity*
- *Around 50% will be monthly direct debits, creating a sustainable income stream*
- *It allows you to update contact details and preferences, so you can accurately tailor your direct mail and keep your database healthy*

20%

**increase in income from
individual donations to ACE
NPO's between 2012/13 to
2014/15**

Arts Philanthropy & Fundraising, 2016

The one-to-one conversation between an Arts charity ambassador and their ticket buyer cannot be matched by direct mailing or crowdfunding; our experience within the Arts has shown that connecting with a prospect and discussing their opinions and experiences is vital to building a strong supporter base, which is only possible through a telephone campaign. A telethon can also boast both the short-term results of gaining a host of new donors, as well as the longer-term benefit of prospects being more likely to donate in the future due to the warm conversation between themselves and the charity. We've found that via a conversation with a Buffalo caller, participation rates in the Arts often range from 20-33% and around 1 in 2 gifts are monthly direct debits, thereby producing a sustainable income stream.

Summary

- The Arts sector has the significant challenge of diversifying its income base
- Funding available from trusts and foundations is falling, as the competition to secure the remaining funds increases
- Individual giving represents the best way to overcome funding cuts
- Telephone campaigns are the best way to engage with prospects and result in the highest donor acquisition
- Buffalo has significant experience within the Arts and conducting telephone campaigns to produce a sustainable, regular income stream

For more information on how Buffalo's telephone campaigns for the Arts can help improve your individual giving plans, please contact: Thom Pacey on 01179 335580 or at thompsonpacey@buffalofc.co.uk. Buffalo can facilitate both the planning and conducting of the campaigns from our Bristol-based callroom. We are more than happy to discuss our experience within the Arts sector and how we can assist with your charity's individual needs.