Bigger Matching Gifts Don't Produce More Donors

By Holly Hall

Persuading a wealthy donor to match smaller gifts from other people is one of the most popular techniques in fundraising. But charity officials shouldn't spend a lot of time encouraging big donors to offer two or three times as much as other donors give, a new study by economists has found — because doing so won't stimulate any more donations than a dollar-for-dollar match.

The study, by two economics professors, Dean Karlan at Yale University and John A. List of the University of Chicago, was conducted by comparing the returns from direct-mail appeals to 50,083 people who had donated to a liberal advocacy group at least once. The researchers did not disclose the identity of the organization.

The donors were divided into two groups: 33,396 donors who received a four-page letter with a matching-gift offer and 16,687 people who got a similar letter simply asking for a contribution.

Donors who received the matching-gift solicitations were divided into three groups: those who got appeals offering to match their contributions dollar for dollar, to match every dollar given with $2, or to match each dollar donated with $3. For each of those three groups, the researchers also tested whether donors' responses were affected by announcing that the match would apply solely to the first $25,000, $50,000, or $100,000 that all donors contributed.

Donors who did not receive a matching-gift solicitation were divided into groups who were asked to make a gift that was equal to their most recent gift, 25 percent higher, or 50 percent higher.

Neither the announcement of a maximum matching-gift amount, nor the amount of money requested from donors who didn't receive a matching-gift appeal, had any effect on contributions.

Among donors who received a matching-gift appeal, contributions were 19 percent higher than among those who were simply asked to make a gift. And 22 percent more of the donors who got a match offer made a contribution.

But the more generous match offers of $2 or $3 for every dollar donated did not significantly lift contributions. Donors who received the one-to-one matching offer gave a total of $10,431. Those who were told that each dollar given would be matched with $2 contributed $11,423, and those who were offered $3 for every dollar contributed donated $10,439.

"At odds with conventional wisdom," the researchers wrote "we find that larger match ratios (i.e., $3 to $1 and $2 to $1) relative to smaller match ratios ($1 to $1) have no additional impact. This result directly refutes the integrity of using larger match ratios and stands in sharp contrast to current fund-raising practices."

An article summarizing the results of the study, "Does Price Matter in Charitable Giving? Evidence From a Large-Scale Natural Field Experiment," can be found online at http://www.econ.yale.edu/ddp/2006/ddp00013.pdf.

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