

Seasonal Patterns in Household Giving in the UK

CGAP Briefing Note

Charities require a regular income throughout the year to fund their programmes. But do levels of giving remain constant, or are they affected by seasonal factors? An analysis of data on patterns of giving by season from the national Expenditure and Food Survey reveals that:

- the average weekly value of donations follows a slightly U-shaped trend across the year, varying considerably by quarter;
- lowest levels of giving are found in the summer months, when average weekly donating is down by 11% compared to the autumn and winter quarters;
- the higher amounts observed in the earlier part of the year are due mainly to gifts from wealthier households, and may be related to the end of the tax year in March/April;
- low-income households are particularly generous towards the end of the year and Christmas.

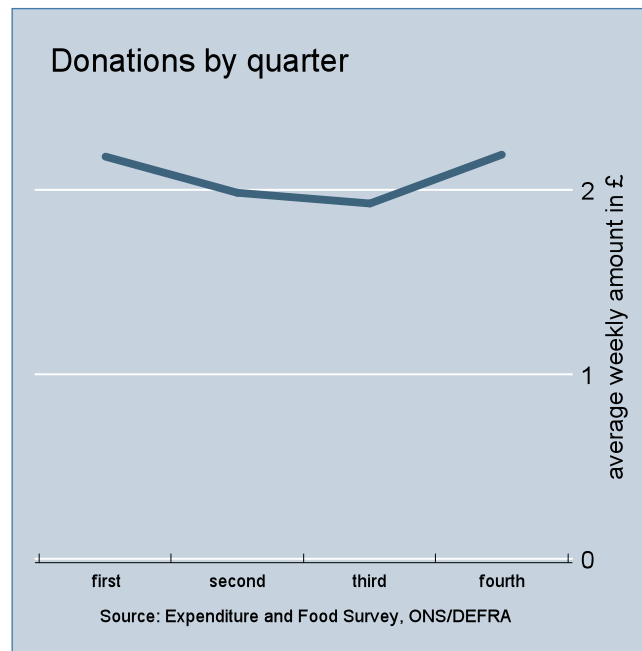
Patterns of giving by quarter

This briefing note presents results from an analysis of seasonal patterns in giving to charities. Different types of consumer spending are highly affected by seasonal trends, but how far is this true of charitable giving? Charities often need such information for predicting and planning their budgets and expenditure, and it is also useful for informing fundraising strategy.

Examining data from the national Expenditure and Food Survey (EFS)¹, the paper looks at two questions:

- are there quarterly and monthly patterns of in giving by households in the UK?
- are patterns the same for different types of households?

Results from the analysis are set out in the chart below, which does indeed show a quarterly 'shape' to donating, with considerable variation by season. The average weekly² value of donations follows a U-shaped trend across the calendar year, showing a high point in the first quarter of the calendar year, then falling between the first and second quarters, and rising in the fourth quarter. The average amount given in the spring and summer is 11% lower than in the autumn and winter.



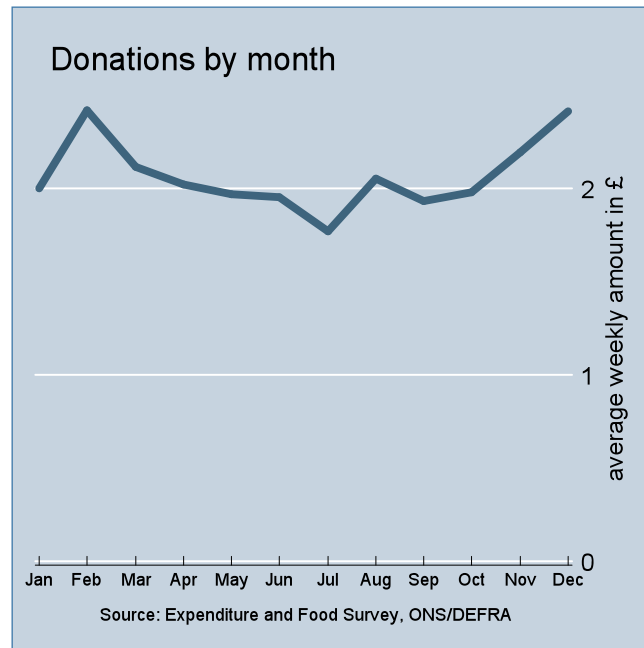
The data show two peaks in giving, one in the first quarter, and another in the final quarter. The peak towards the end of the year is likely due to charities' fundraising appeals in the run-up to Christmas. It may also be due to people's incomes rising at that time through factors such as increases in temporary employment and end-of-year bonuses, as there is a strong link between amounts given to charity and level of income.

In the next chart we consider the same data by month and this shows that there is a continuous increase in giving throughout the final quarter.

The peak in first-quarter giving

One important reason why donations are high in the first quarter relative to the second and third quarters may be the end of the tax year in early April. This could prompt some people to increase their donations at that time in order to make use of available tax reliefs. Some charities run specific campaigns to remind donors about the value of making their gifts before the end of the tax year, and financial advisors will also be encouraging clients to make use of tax relief options as they complete their tax returns.

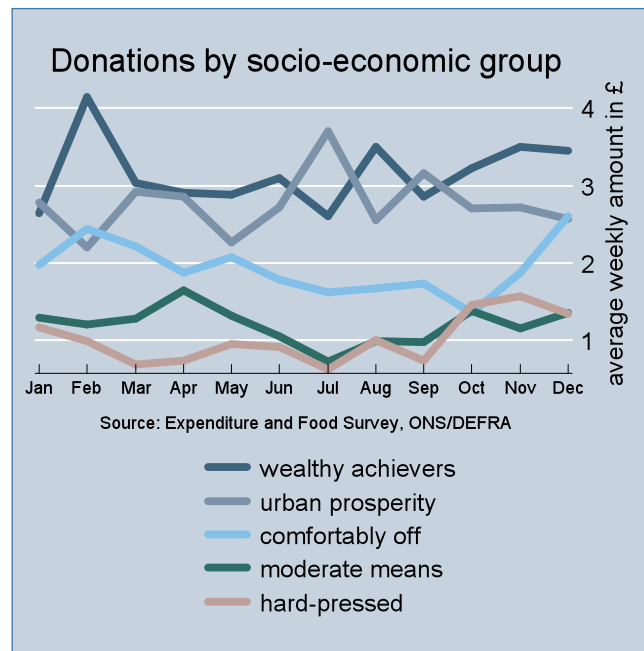
It should be noted that particularly high donations were observed in February 2007. This may be due to the high level of growth generally reached in the economy in 2007, just before the signs of the impending credit crunch began to emerge.



Seasonal giving patterns by socio-economic group

More detailed comparison of monthly trends by socio-economic group supports this idea too as the data show that wealthier households, which are best positioned to take advantage of tax reliefs, give more in February and March. The following chart compares trend-lines for average giving across the year amongst five different household types, as defined by the 'Acorn' classification used in much social and market research. In descending order of affluence, the groups are 'wealthy achievers', 'urban prosperity', 'comfortably off', 'moderate means' and 'hard-pressed'.

The most affluent 'wealthy achievers' group shows a distinctive high peak in giving in the early part of the year, higher than their giving at Christmas. A similar peak in giving is also shown amongst the 'comfortably off' households.³



Interestingly, households on lower incomes appear to be particularly charitable towards the end of the year. The only socio-economic group where donations are significantly higher in the fourth quarter than the rest of the year is the 'hard-pressed' group. At £1.46 the average weekly donations from this group remain considerably lower than the average £2.38 for other groups in the last quarter, but nonetheless they are up by 71% compared to the rest of the year.

The last chart shows trends in the net amount of tax (tax minus benefits) paid by the high-income "wealthy achiever" households across the year. The average rises towards the end of the tax year, suggesting that this is a particularly good time to remind such donors of the advantages of tax reliefs.



Implications of the results

This briefing note has looked at the sensitivity of charitable giving to seasonal effects, and provides hard evidence that there might be value for fundraisers in taking seasonal patterns into account when planning income generation initiatives, in order to increase the effectiveness of their targeting.

Less well-off people, a group which includes younger donors, appear extremely amenable to persuasion about giving at Christmas.

However, this may not be the best time for trying to persuade donors on high incomes to give, or to give more; early spring, when thoughts turn to tax, may be a more effective point for this group and their financial advisors. It may be one of the most timely opportunities for charities to do more to encourage wealthier donors to make their giving more efficient through using the available tax reliefs.

As charities and policy-makers are currently debating the future of rebates to higher-rate tax-paying donors, and whether there are more effective alternatives, it might be particularly valuable to focus on tax-effective giving this year.

Cathy Pharoah and Tom McKenzie
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Notes

¹ Covering the years 2001 to 2007 gave a total sample of 46099 households.

² All the comparisons reported in this briefing note relate to the average weekly giving amount based on a spending diary covering two weeks and the amounts have been converted to November 2009 pounds.

³ Numbers in the 'urban prosperity' group were rather small, and results for this group should not be given too much significance.