



Challenge Events

Holiday, charity or both?

By David Rush

Challenge events have become a feature of charity fundraising for around the last ten years. From Patagonia to the Potala Palace, 'Trek' to 'Cycle', UK charities have asked members of the general public to raise thousands of pounds each in exchange for the trip of a lifetime.

It seems like the perfect deal. The individual gets to visit a dream destination, and experience the karmic satisfaction of charitable giving at the same time. The charity penetrates markets otherwise inaccessible to them, and extends a small cabal of evangelical givers year on year.

Charity tourism, it would appear, offers the best of, and to, both worlds.

A Difficult Time?

It is a potentially difficult time for charities. Society is wealthier, disposable income is up, but social participation is markedly depressed, as most prominently evidenced by the increasing political apathy of the electorate.

Unsurprisingly, older age groups, women and ABs are the more likely to donate to charity. The inexorable rise of the middle-classes, and the increasing 'grey' market would seem to suggest positive times. The reality is, however, a little more concerning for the charities.

Today's young adults (18-25) are less likely to donate than the current middle-aged market were when the same age. They are also the most disaffected with traditional methods of fundraising, and the most concerned to know exactly where their money is going, and what it is being spent on¹.

And the number of worthy causes is rising too. More charities mean greater competition in the marketplace, and more confused messages to the giver, which is unlikely to alleviate the trend towards apathy.

The challenges facing any charitable institution, are how to access, excite and rouse the younger sections of society, how to maintain profile in an increasingly crowded marketplace, and how to ensure transparency and tangible results.

Donation Fatigue

Traditional fundraising techniques are increasingly greeted with cynicism and scepticism. Direct mail and telesales campaigns are unpopular, whilst street fundraisers are greeted with growing annoyance.

33% of givers say that they object to receiving phonecalls soliciting donations, with 26% objecting to direct mail. 19% also object to face-to-face selling on the street².

Givers want transparency; to know exactly where their money is going. A strong concern amongst donors is that too

much money is spent on administration and not enough on the charitable causes. Direct mail and telesales are clearly tainted by association with their less moral junk-mail cousins, and they offer little in the way of a tangible result to the giver.

Direct mail and telesales are also high cost activities, and charities often do not break-even on an initial campaign. However, the aim is to build up loyalty, and retain donors.

If attrition rates are kept low then this can be an effective method of securing an income stream with minimal outlay after the initial year.

But, the increasing level of dissatisfaction with these methods means that increasing care needs to be taken with database management and marketing, making attracting new donors through these methods a continuing challenge.

Face-to-face fundraising is an equally costly affair, with charities looking to break even on the initial campaign, and then working hard to keep donors after the initial year. The aim of these campaigns is always long-term income and support.

The younger market responds particularly well to this face-to-face selling, and particularly badly to direct mail and telesales campaigns. The most notable way of attracting new younger donors, however has proved to be the recent phenomenon of cause-related marketing, and challenge events.

The Challenge Event

Put simply, a Challenge Event is an old-style sponsored event, with the added twist of difficulty and inaccessibility - they offer a heady mix of impressive feats in exotic locations.

These events have certain advantages, and disadvantages over the traditional fund-raising methods.

Their typical cost to income ratio is 1:2, rising to 1:4³ from a particularly effective fundraising group. This is a relatively high cost compared to, for example, 'give as you earn' donations, but the main purpose of these events is to reach an audience who are not already regular donors by offering an incentive to give. The aim is to reach that audience in a way that encourages them to develop a relationship with their chosen charity.

Sense International

Perhaps the best way to examine the phenomenon of charity tourism and the challenge event is to examine one charity and event in particular.

Sense International is the only charity based in the UK dedicated to working with deaf-blind people throughout the world. Their key areas of activity include Latin and South America, Eastern Europe and India, and they perform roles from supporting services for deaf-blind people to lobbying for new legislation.

They undertake a range of challenge events, from the London Marathon and skydiving to golfing tournaments.

They also operate an annual 'Trek Peru' challenge, which offers people the chance to hike the Inca Trail from Cuzco to Macchu Picchu.

In 2004, participants pay an initial £199 to register for the trip, and are then required to raise £2600 worth of funds in order to take part. This fundraising entitles them to a 10 day trip to Peru, taking in Lima, Cuzco, the Andes, and of course, the ancient Inca city of Macchu Picchu.

Over the last 5 years, the trip has grossed between £60,000 and £100,000 per annum.

Around 7-10% of Sense International's income is generated through these challenge events. More importantly however, the experience of the trip creates a relationship with, and loyalty to, the charity that other means of fundraising could never hope to achieve.

Gimmick or Gift?

An obvious concern levelled at both the charity and the fundraiser for these events would be that they are a gimmick - a costly con that allows the individual a cheap break without significant enough benefits for charity.





All images courtesy of Neil Tugwell Photography

Despite having higher one-off benefits to charities than other forms of fund-raising, these events remain just that – one-offs that require high start-up costs every year. Face-to-face fundraising and direct mail have high initial expenses, but once established they offer high income with very little expenditure.

However, as discussed above, the aim of these events is to form a relationship with the donor, even if that relationship is not clearly defined. The amount of work required to raise the money involved, and the support offered by the charities during this fundraising period make the donor-charity relationship far more dynamic than usual.

This seems to be reflected in public perception, with only 8% believing that these challenge events are a gimmick, and 74% believing that they represent a useful addition to a charity's portfolio.⁴

'Challenge events offer the chance to attract supporters for the long term,' says Amanda Wilkinson of Sense International, 'and many challenge trips are planned around their geographical area of work so that international charities are able to demonstrate how the money will be spent and therefore increase donor loyalty.'

This year's 'Trek Peru', for example, will include a visit to the Helen Keller Project in Lima, which Sense International believes offers a powerful conclusion to the trip. There is no more potent way of showing participants where the funds they have raised will go than by showing them what sort of projects, and what sort of people, their money will be helping.



The benefits of these events are not constrained to simply the trip itself, and the initial injection of funds.

The combination of the effort of fundraising, the experience of the trip, and the first-hand taste of projects combines to create an evangelically loyal body of donors, many of whom continue to work with the charity, either through future trips, or regular donations.

Most importantly, these events are not the prime means of fundraising for these charities, but rather one part of a portfolio. 'Charity events are usually one string on the bow,' says Amanda Wilkinson - they are part of a diversification of fundraising techniques which allows the charity to spread risk.

'The most important thing about these events is that the money from them is largely unrestricted so that we can be flexible in how the money is spent', allowing the flexibility to fund both the attractive and unattractive projects that the charities run.

Who wins?

For the charity, the nature of challenge events allows them to reach an audience otherwise inaccessible to them. 'Adventure' holidays and travel represent a burgeoning market in the UK, particularly amongst the young, and tapping into this explorer's spirit allows the charity to forge a relationship with the fundraiser that goes beyond the simple appeal for cash.

The participant in turn is offered a three-fold destination – the location itself, the physical challenge, and the difficulties inherent in mustering a huge number of donations. This supplies a mixture of trial and reward, carrot and stick that offers the participant an experience, and not simply the uni-directional act of giving.

The donors are offered a glimpse into, and part of, this relationship. Friends, family, and any potential sponsor become engaged in the challenge undertaken by the individual, and are offered not only the traditional reward of feeling that they have aided a worthy cause, but also feel part of a dream realised and a challenge overcome.

Conclusion

Despite all the conflicting challenges facing charities today, the bottom line is that donations to charity are steadily increasing. Despite a 5% decrease in the actual number of donations, total annual income in the UK reached £29.5 billion in 2002, up 50% in current terms on 1998⁶.

Challenge events, or 'charity tourism', are a small, but important part of this success. The key message, and change in approach that they reflect is that charities need to diversify in order to continue to attract new funds, and new fundraisers.

By offering an incentive to donate, challenge events allow charities to penetrate markets that are not only not receptive to traditional techniques, but are actively repelled by them. The profile of these events helps both the charities and the destinations, with the destinations' appeal giving the event an excellent profile in the market place and vice versa.

The popularity of these events peaked a few years ago, and they remain popular despite numbers being hit by a proliferation of events on offer. The image of Macchu Picchu, for example, grows ever more iconic, and more travellers than ever from this country are visiting it, and its country Peru.

With plans for a cable car to the summit, and numbers on the Inca Trail ever growing, there is of course concern that this popularity could start to have a negative impact. Sense International have this year changed their route to Macchu

Picchu, as the previous path has 'become more like being on the motorway than in the mountains'.

But despite this worry, the message seems clear. Challenge events offer the determined fundraiser a dream holiday, and offer the charity that determined fundraiser. So grab your boots and get going...

Sense International Income 2003		(£)
Voluntary Sources (Trusts, companies, individuals, Sense)		621,564
Statutory sources (UK government, European grants)		232,949
Other income		2,144
Total		856,657
Sense International Expenditure 2003		
Overseas Programmes		732,535
Fundraising		111,508
Administration		40,353
Total		884,396

Source: PriceWaterhouseCoopers

1 *Mintel.*

2 *CAF/Mintel.*

3 *Sense International.*

4 *NOP/Mintel.*

5 *'Adventure Travel' (Mintel, August 2001).*

6 *'Charities – UK' (Mintel, August 2003).*

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