2020 Mega Giving Trend

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Community Chest of Korea (CCK) is the largest charity in South Korea, raising more than $500M each year. It was established based on Community Chest of Korea Act in 1998, and has been a catalyst for change in the Korean society based on citizens’ voluntary participation for the past 20 years.

CCK’s mission is to create a better world united by philanthropy. CCK’s signature initiatives include youth employment, continuum of care for independently living older adults, and inclusive society by embracing migrant population and citizens with diverse backgrounds.

The Fruits of Love, a logo representing CCK, has been widely used nationwide and became a philanthropic symbol in South Korea. Every winter between November and January, CCK head office leads nationwide annual campaign with its 17 local chapters. By partnering with public sector and media, it displays a Thermometer of Love at central area of Seoul, and broadcast the updates. The campaign is endorsed by President and government leaders.
Looking back on a decade

Over the past 10 years there appeared donors’ diverse interests in social issues, differences in characteristics between generations and the development of digital media. These factors have led to changes in donors’ motives, smart choice of media or ways of donation. In addition, the transition to the aging society has driven to high interests in major gift and bequest and to segmentation of fundraising strategies in the nonprofit sector. In the meantime, corporations have evolved their own strategies for social responsibility. Before the 2010s, corporate social responsibility intended to “do good things” through simple partnerships with nonprofits. During the 2010s, most corporations have attempted to perform activities in accordance with their own marketing strategies and also work independently through their own foundations. With the rapid growth of the social economy sector, these changes serve to generalize the pursuit for social value not only in the non-profit but also in the for-profit sectors and consequently expand the concept of social investment.

One of the recent important issues is the advent and swift changes of online or mobile media based on the rapid development of digital technology. The change in digital technology and media is enabling horizontal and interactive communications between donors and nonprofit organizations. Also, combined with donation, characteristics such as difference in media uses between generations, segmentation of areas of interest, and diversification of consumption patterns have made types or ways of donation very diverse. This has made competition among non-profit organizations fiercer, fueling efforts to specialize and segment fundraising activities in order to meet donors’ needs and environmental changes.

Transparency has been a critical issue in the realm of donation and fundraising over the past decade. The legal system for donation and activities has changed in the direction that stresses the management and regulation of non-profit corporations or organizations in general. Specific regulations includes tightening requirements for nonprofit organizations, limiting excessive administrative costs including staff salary, reinforcing conditions for outside auditors, and strengthening non-profit corporations’ obligation of public release of financial reports. Also, scandals relating to transparency issues had a negative effect on the general public, that increased donation phobia being tired with fundraising appeals, etc. As tax benefits for individual donors were reduced sharply in 2014 (changes from income deduction to tax credit), this actually influenced a decrease in the total amount of gifts.

In response to the changes in donors’ behaviors, fundraising activities of nonprofit organizations remained stagnant in scale. However, with the growth of social economy and civil society, the influx of international nongovernmental organizations raising fund only for an international cause or project, not even addressing domestic issues, has made nonprofit fundraising industry of Korea more diverse and complicated. In addition, changes in technological environment, coupled with diversification of media use, donors’ interest, and consumption patterns of each generation, tend to accelerate segmentations of fundraising strategies.

Major natural and social disasters in the last decade, especially the tsunami in Indonesia in 2004 and the earthquake in Haiti in 2010, played a key role in making donation a widespread concept in Korea and resulted in the growth of donations. Also, the Sinking of the MV Sewol in 2014, political scandal in the years of 2016-2017, namely ‘Sunsil Choi scandal’ and the consequent candlelight rallies has turned donors’ attention from international relief, for instance aids for children overseas, to domestic issues. This political situation has led to streamline corporates’ social responsibility.

The past decade: evolution into complex system

Over the past decade, the growth of donation in Korea has been flattened since the exceptionally rapid growth in the early 2000s. At the same time, giving and fundraising environments have been gradually segmented and complicated due to demographic, social and technological changes.

01
Smart donors

02
Smart choices of donors via digital media

03
Change in legal system for donation and fundraisers: issue of transparency

04
Complicated donation flow

05
Social events impacting donation
Giving and fundraising issues in 2010s

<table>
<thead>
<tr>
<th>Year</th>
<th>Disaster/soc. issue</th>
<th>Change in legal system</th>
<th>Donation/Fundraising issue</th>
<th>Donation from individuals</th>
<th>Donation from businesses</th>
<th>Donation flow</th>
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</thead>
<tbody>
<tr>
<td>2004</td>
<td>Tsunami in Indonesia</td>
<td>Amendment to the Act on Collection and Use of Donations (Fundraising cost 2%-9%)</td>
<td>Launch of major gift program (CCK Honor Society)</td>
<td>Interests in participatory donation</td>
<td>Increasing interest in major gift</td>
<td>Growing donation markets, fundraising via online</td>
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<tr>
<td>2005</td>
<td>Oil spill in Taiwan, Korea</td>
<td>Amendment of Social Enterprise Promotion Act</td>
<td>Launch of major gift program</td>
<td>Increasing interest in major gift</td>
<td>Increasing number of donations</td>
<td>Online fundraising platform</td>
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<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Activated fundraising portal &amp; diversification of content</td>
</tr>
<tr>
<td>2007</td>
<td>Earthquake in Haiti</td>
<td>Amendment of Disaster Relief Act</td>
<td>International charity, Delisting of non-profit corporations (400M or over)</td>
<td></td>
<td></td>
<td>Growth of the fundraising market</td>
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<td>2008</td>
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<td>Growth of the fundraising market</td>
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<td>Amendment of Disaster Relief Act</td>
<td>International charity, Delisting of non-profit corporations (400M or over)</td>
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<td>Growth of the fundraising market</td>
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<td>Growth of the fundraising market</td>
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<td>Growth of the fundraising market</td>
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<tr>
<td>2019</td>
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<td></td>
<td></td>
<td></td>
<td>Growth of the fundraising market</td>
</tr>
</tbody>
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Reading big and deep changes

The next 10 years: Finding the way in complex system

We defined the coming decade as ‘Finding the way in complex system: back to basics.’

In complex system that is under way now, questions will continue to be raised regarding the roles of citizens’ donations and Fundraising activities of NPOs. For example, what kinds of roles they can play in the change and development of society as a whole? what kinds of activities are desirable to play such roles? Etc.

The process of finding the meaning of public donations and identity of NPOs seems to be essential for the growth of donations and also for developing adequate fundraising activities of NPOs which can achieve social values or public goods.
PART 1
Giving Trends & Change in Philanthropic Environment

01 Change in individual giving
02 Change in corporate giving
03 Change in philanthropic environment: change in legal system
01 Change in individual giving

Total Amount of Individual Giving

The number of donors increased until 2013, but has flattened at 5.3 million since 2014. In 2017, the number increased to some degree.

Total amounts of individual giving have been steadily on the rise except for 2014.

### Number of donors

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5,117,589</td>
</tr>
<tr>
<td>2012</td>
<td>5,595,960</td>
</tr>
<tr>
<td>2013</td>
<td>5,803,070</td>
</tr>
<tr>
<td>2014</td>
<td>5,308,252</td>
</tr>
<tr>
<td>2015</td>
<td>5,298,631</td>
</tr>
<tr>
<td>2016</td>
<td>5,309,111</td>
</tr>
<tr>
<td>2017</td>
<td>5,590,642</td>
</tr>
</tbody>
</table>

(Unit: person)

### Total amount of individual giving

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount (million won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7,086,670</td>
</tr>
<tr>
<td>2012</td>
<td>7,727,223</td>
</tr>
<tr>
<td>2013</td>
<td>7,831,361</td>
</tr>
<tr>
<td>2014</td>
<td>7,717,847</td>
</tr>
<tr>
<td>2015</td>
<td>7,932,828</td>
</tr>
<tr>
<td>2016</td>
<td>8,093,903</td>
</tr>
<tr>
<td>2017</td>
<td>8,266,078</td>
</tr>
</tbody>
</table>

(Unit: million won)

- Income tax deduction until 2013 and tax credit since 2014 applied.
- Limited to workers’ income, excluding cases without location info.
Donors by Age

Donors in their 40s account for the largest share. It turns out that the ratios of donors in their 20s or younger and those in their 30s are falling, while the proportions of those in their 50s and 60s or older are rising.

Donors by Region

By region, donors living in Seoul and Gyeonggi area represent a higher share than other regions. The number of donors from these two regions combined surpasses half of all donors, showing that donors are mostly from the Capital area in Korea.
02 Change in corporate giving

Corporate Giving Trends at a glance

Over the past decade, corporate giving continued to rise until 2014 but slowed down between 2015 and 2017. Since 2015, despite decreasing amounts of corporate donations, the number of corporations reporting donations have continued to grow.
PART 1 Giving Trends and Change in Philanthropic Environment

2020 Mega Giving Trend

03 Change in philanthropic environment: change in legal system

The legal environment for donations over the past decade can be summed up as ‘strengthened management, but with reduced benefits’ and ‘too much emphasis on financial transparency.’ A balanced approach is required to prevent adverse effects of financial transparency-centeredness and management and regulation-centeredness.

Strengthened management of non-profits/organizations, but reduced tax benefits for donors

In the donation-related legal system, changes related to the Income Tax Act, Corporate Tax Act, and Inheritance Tax and Gift Tax Act (ITGT Act) applicable to tax benefits and obligations of donations were made between 2010 and 2011 in the form of amendements toward increasing benefits such as extending the carry-over period for charitable contribution deductions, increasing the authorized limit on donations, and easing the requirements for sincere non-profit organizations. From 2012, requirements for organizations receiving donations became more stringent and management was tightened, including a restriction on excessive labor costs, which resulted in the mandatory external audits of non-profit organizations with assets worth $10M or over starting in 2013. In 2014, the management of organizations was reinforced, and tax benefits for donations were largely reduced. In the process of reforming the income tax, the benefit for donations from individuals changed from income tax credit to 15% tax credit. Also, organizations receiving donations were required to publish their records of donations on the National Tax Service (NTS) website, and the assets and revenues of non-profit corporations subject to public notice increased from $1M and $50M to $50M and $30M, respectively. Since then, a growing concern over the decrease in donations due to the shift of tax credit, that is, reduced tax benefit, has led to amendments that increase the benefits.

Too much emphasis on financial transparency

With the obligation of public notice on the NTS website, private sector watchdogs, such as GuideStar Korea, and the press, such as Hankook Ilbo, began to rate non-profits based on their financial data. Also, in 2018, in order to improve the accounting transparency of non-profits, accounting standards for non-profits were released. Amendments to tax laws scheduled to be enforced in 2020 increased external auditing obligation standards from organizations with $10M in assets to organizations with $5M in annual revenue and $2M or over of donations, meaning that compared with the external auditing standards of for-profit corporations with $12M in assets and $10M or over in sales, stricter accounting standards apply to non-profits.

Prospects for the future

The pan-government ‘Plan for the Improvement and Promotion of Donation Transparency,’ published in October 2018 under the premise that the 2020 amendments to the tax laws will be enforced, is showing signs of overlapping regulations and waste of administrative capacity as each ministry is taking separate measures to improve transparency. In contrast, efforts to remove absurdities in existing regulations and public administration practices are severely lacking. Thus, the following should be taken into account in order to increase social trust through transparency while not violating the autonomy of the private sector:

First, excessive regulations should be guarded against. Second, regulations should not be overlapped. Third, absurdities in regulations and the public administration should be abolished.
PART 2

2010~2019 An Analysis of Giving Issues

01 Overview of text mining analysis
02 Analysis results
01 Overview of text mining analysis

This analysis aims to examine how giving related issues developed over the past decade using text mining of news articles empirically. Extraction of keywords by period, the link structure of frequently appeared words, and modeling of topics are used.

02 Analysis results

Analysis of key words by period

The table below lists keywords by year extracted in the TF-IDF method, showing the top 15 unique words on the file with high scores of relevant indicators, compared to other periods by year. Between 2010 and 2012, keywords that ranked high on the list were political issues, mainly due to political donations causing controversies over politicians during the period. However, “Asian Medical Center” in 2011 and “Save the Children” and “school violence” in 2012, respectively, seem to have reflected donation-related issues of the year in part. Since 2013, donation-related discussions have begun to emerge as keywords in full swing; particularly in 2013, words related to corporate donations appeared. In 2014, keywords related to the “Sewol ferry” disaster having a tremendous impact on South Korea and famous “bucket challenge” were high on the list. Also, as some celebrities drew people’s attention by purchasing a specific product (watch) related to donation, there were a lot of issues centering around stars that year.

In 2015, controversies over political donations were surfaced as relevant keywords, resulting in changes to policies relative to donations such as “tax credit” becoming keywords.

In 2016, along with major global issues, Korean forced sex slaves’ problem during the Japanese rule of Korea was widely discussed. Besides, keywords such as “sanitary pad,” “animals,” and “fun” brought various social issues related to donation to our attention in that year. In 2017, the crisis of transparency related to donations at home and abroad came to the fore. Mainly in the United States and Japan, there was news about misconduct surrounding political contributions, while in Korea, much noise was raised about the so-called “Lee Yeo-hak scandal.” Also, due to a donor’s case, keywords such as “Mr. Hwang” and “Gyocharo” ignited the public’s negative sentiment about donation that donations may lead to “tax bombshells.” The year 2018 can be seen as when social changes brought about tremendous new and diverse changes regarding donation. Keywords such as “Blockchain,” “YouTube,” and “big data” seem to be associated with significant changes in technology regarding donation. Also, keywords such as “Marine Corps,” “firefighter,” “egg,” “soap,” and “fire” seem to be the words symbolizing diversification and pluralization of donors and beneficiaries.

03 Conclusion

In conclusion, donation issues have emerged as hot social issues under the influence of political and social environment, in particular, with the changing characteristics of society and global issues. With the rapid development of social media, keyword analysis through text mining may be an effective method to examine the donation-related issues and their change in trends. This analysis aims to identify donation-related issues and their development from 2010 to 2019 using text mining of news articles. The analysis here identified that donation related to the Sewol ferry disaster in 2014 and the Lee Yeo-hak scandal in 2017 were the major issues. From 2015 to 2019, keyword analysis indicated the increasing trend of donation activities related to blockchain, technology, and social media. Key issues such as “Sewol ferry,” “Lee Yeo-hak scandal,” “Ahn Cheol-soo scandal,” and “Blockchain” were the most related keywords. The topics related to donation such as “blockchain,” “technology,” “donation,” “blockchain,” and “technology” were the most related topics. In 2010 and 2019, donation-related issues were most related to the political issue, while from 2015 to 2019, donation-related issues were most related to social and cultural issues. This study suggests that text mining analysis is a useful tool to analyze donation-related issues in real-time and to provide insights into donation-related issues and their development over time.
The following mosaic chart shows changes in the share of each topic over time. Each cell’s size refers to the number of texts by time and subject, and the dotted cells are cases where measured values are smaller in terms of probability than estimates. In contrast, solid line cells refer to situations where measured values are bigger in probability than estimated ones.

### Summary of 2010s donation issues on the media

The results of the text mining of new articles for the past decade are summarized below. First, as found in the analysis of keywords, issues of trust-related donation, or crisis related to transparency have continued to surface so far in Korea. These issues are divided mainly into two types in trend. One is related to political corruption, and the other is to do with the misconduct of individual fundraisers that became a big issue in society in 2017.

Second, the speed of social changes around donation has been rapid. Recently, donation issues have been diverging, producing a new social effect quickly. In addition to traditional donation activities, firms began to expand their social investment-type contributions forging a close connection with the education sector. This suggests that it is closely linked to the reorganization of the industrial structure, represented as the advent of the knowledge information society. The donation sector is not free from this change but rather can play a new role to lead this kind of change. Furthermore, the pluralization of donors and diversification of beneficiaries (or value) is also sped up.

In addition to the changes in technology, such as the growth of SNS, platform services, one-person media, the diversification of values is the crucial context behind these changes.

Third, the expansion of the donation “market” is underway to some degree in both volume and content. Growth in content is to do with the fact that discussions about donation mainly are active, primarily led by citizens and corporations, and the way for contributions also gets diverse. It seems that there are significant changes in the content of the existing donation culture in Korea. They could be symbolized by corporate social contributions in volunteer service and cash donation at the end of the year and touching stories of donations made by famous figures such as celebrities and sports stars, and citizens responding to this. Now active citizens “investing” in social value and enjoying it are heralding an era of a new donation culture and revised strategies of businesses aiming at breaking the boundary between profit-seeking and social contribution to keep pace with the latest socio-economic environment.
Reflecting Giving and Fundraising Trends in 2010s

PART 3

2020 Mega Giving Trend

01 [Mega Trend 1] Smart donors, changing focus of fundraising strategies
02 [Mega Trend 2] Change in fundraising media: following a moving target
03 [Mega Trend 3] Change in fundraising content: finding a bow fit to the moving target
04 [Mega Trend 4] Extended concept of donation
05 [Mega Trend 5] Stagnant but complex fundraising markets
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07 [Mega Trend 7] Establishing fundraising system, confronting nonprofit identity
The past decade: an evolution to complex systems – following a moving target

The past decade can be summed up as an “evolution to complex systems – following a moving target.” From the early 2000s, non-profits started their fundraising activities in full swing and citizens’ donation experience grew. In 2010s donations and fundraising were in a stable stage rather than a rapid growth. Citizens have begun to show interest in various fields and issues. They tended to decide a donation for a somewhat emotional sympathy on the one hand, and on more reasonable ground on the other.

As a growing number of the Millennial became interested in social participation and donation, the media and content to approach donation tended to become diverse and complex among generations. Motivations or methods of donation has been varied depending on the issues that interested each generation.

In addition, non-profit organizations receiving donations tended to use marketing techniques for segmented fundraising activities. Over the past decade, not only donors but also fundraisers got diversified, and therefore the fundraising environment became highly competitive and complex at the same time.

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1) This study provided donation and fundraising trends for the past decade from the results of in-depth interviews of 16 fundraising professionals with at least 5 years’ experience in the field of fundraising as well as the findings from focus-group interviews of six persons consisting of related researchers, staffs and journalists.
PART 3 Reflecting Giving and Fundraising Trends in 2010s

Mega Trend 2
Change in fundraising media: Following a moving target

02

TV and street fundraising that never disappear

Although fundraising using TV programs continue to decline, they still exist because the middle-aged are the majority of donors. TV shows, despite their triumphs and setbacks, have not disappeared. Street fundraising have become a red ocean as new foreign and small-to-medium sized organizations entered the market.

“It’s been a long time since major fundraising organizations stopped street fundraising campaigns, but things have changed lately. Five years or so ago, fundraising services came out, and foreign organizations such as Greenpeace and other Europe-based entities began to operate in Korea, realizing that street fundraising activities worked well. Lately, the street fundraising market has become a red ocean like the online fundraising market.” (Interviewee 3)

Exploring effects of online media that is rapidly changing

One of the important changes is the emergence of online digital media. Digital media fundraising has been evolved from websites and portal-based platforms into various SNS and YouTube, a short-video platform. This changes are too quickly to define their trend hardly. Use of online media is shown in the context of social change toward deauthoritarian and horizontal relationships. The existing massive communication with donors at a time is moving toward an interactive, direct, and instant way of communication with segmented groups.

“In the past, everything was one-way in our lives. For mass media, we used to accept information unidirectionally. But now in the age of SNS, everything is about communication. If you talk, then I talk back, we interact each other this way now. In the past, we thought everything mass media covered was right, but now in this age of interactiveness, audiences often raise objections or present additional information.” (Interviewee 9)

Ads or fundraising?: improving brand reputation

The media are changing rapidly. Instead of straightforward fundraising campaigns, ads on digital media including TV commercials, internet portal sites, various SNS, and YouTube have become commonplace. However, advertising to enhance brand reputation needs a significant amount of money, so transparency can be an issue in the process.

“You can do this using ads. Today digital advertising is most common. I mean, target ads. Assuming that the target audience will respond to a specific issue that they are interested in, we continue to expose target ads to them so that they can see our news...” (Interviewee 7)

Fundraising using new digital media have produced no visible outcomes yet. Also, it is hard to predict if the trend of distributing fundraising activities across media will deepen the polarization of donation or if the use of online open source related to data analysis and marketing strategy will drive the growth of small non-profit organizations.

“Things have changed. Digital platforms do targeting automatically. Take Facebook for example. Now Facebook learns their logics and does it for them. This enables non-profits to do it without spending too much money...” (Interviewee 7)
Content that best suits targets

The targeting criteria for potential donors have become diverse depending on generation, media, and field of interest and sometimes complex with these criteria convergent. Identical fundraising content is produced in a manner that best suits the media or target group.

"Producing the content fit to the age group and channel is very important. The optimization has been complete with time by working on it continuously over the past 10 years, 11 years, and 12 years." (Interviewee 16)

This change in content has been sped up as online fundraising platforms on portal sites began to develop a variety of content ranging from charity donation to sharing of social issues and funding for Goods enabling ethical consumption.

"Many people say they don’t want to see anymore children depicted so miserably to attract people’s attention. They mean they feel uncomfortable about such fundraising method." (Interviewee 13)

Poverty porn: Tiring but still being used

Regarding the so-called poverty pornography that is most frequently seen on the fundraising scene in Korea, critical views and donors’ fatigue level of it have continued to grow, hinting at the possibility of change. But this is a still useful means to induce sympathy and make them willing to donate, so still widely used.

"As Wadiz and other crowd funding platforms based on reward are growing fast, extensive efforts are underway for merchandise development. But, they are not for regular donation, but for temporary one." (Interviewee 6)

Goods trend is expanding across all generations over time. Goods marketing for fundraising are more likely to become a success if they can deliver a story about a fundraising entity’s reputation and programs it offer.

"Every product is not a simple product. They have their own stories in it." (Interviewee 10)

Various participatory fundraising campaigns

Donors’ participation in various events increased not to mention cash donations. In particular, Icebucket Challenge that went viral rapidly via SNS in 2014 showed how effective the P2P(Person to Person) fundraising method using the content of participation and online networks of individuals can be.

Recent participatory content pursues an interactive communication between donors and non-profits, which enables donors to present their opinions actively, not one-way communication by fundraising organizations.

Evolving TV fundraising: Combination of different types of content

TV fundraising in the later 2010s tended to combine variety shows or current affairs programs with donation. This focuses on new social issues going beyond traditional charity issues. Linking influential TV shows and donation requires continued efforts to build a relationship and faithful activities of organizations.

Consumption of Goods: Strategies considering generational characteristics?

In the late 2010s, interest in donation by purchasing Goods targeting the Millennial generation increased. These are in the context of the growth of sale and consumption of public goods, especially various online crowd funding for ethical consumption.

"Making contact points with celebrities: Efforts to turn into fundraising content"

In regards to the promotion and fundraising of organizations receiving donations, the influence of celebrities like entertainers and creators operating one-person channels in various online media or influencers is increasing. When combining activities of celebrities and donations, a careful approach is needed to forge a reliable relationship between them fundraising organizations and make contact points between their activities and donations.

"Fundraisers are considering to combine donation and popular YouTubers. They are sometimes a bit vulgar but funny. If we make it, then it will be a new market." (Interviewee 4)
**Mega Trend 4**  
**Extended concept of donation**

Development of various fundraising media and content serves to extend the concept of donation in diverse forms. This extended donation activities play a role in increasing citizens’ interest in donation and provide an opportunity for them to participate in donation more easily without burden.

**Ethical consumption into donation**

Ethical consumption spreading across generations tend to be perceived as donation over time. There are a variety of ethical consumptions raging from the purchase of pro-fit products that donate part of their profits to the purchase of goods or services in the social economic sectors aimed at social value, and the consumption of goods produced in an ethical manner, which are not directly related to charitable donations.

*If you buy a product, it can be an impact investment. The product is made of recycled materials like an ecobag made of leftover pieces of cloth and fabric made of waste plastics. It’s like Patagonia. Actually, it’s not a direct donation, but if you buy these products, it means you take part in saving the earth, which is very meaningful. You consume a product, not donate, but it makes you very proud to be part of the cause.* (Interviewee 8)

**Sluggish fundraising market**

Donation has slowed down since the ‘Sinking of MV Sewol’ in 2014. This is because donors’ attention began to change due to domestic issues, but corresponding donation content was not developed. On the other hand, amid growing reasonable choice of donation and liquidity of donors, the number of loyal donors engaging in a single non-profit fundraiser dropped.

*“There are not many loyal donors anymore. Donors are now easily moving to one fundraising entity to another. They quit donating to an entity and pick another one they like anytime...”* (Interviewee 16)

**Appearance of various problem-solving methods : Blurring sector boundaries**

Growth of the social economy sector including social enterprises and cooperatives and small grassroots organizations in communities to solve problems in everyday life, increasingly blurring boundaries between for-profit and non-profit organizations, and gradual expansion of the social welfare system has weakened the awareness about the importance of non-profit fundraising organizations as the subject to solve social problems.

**Sponsorship for children in other countries replaced by domestic programs : Compassion & Sewol ferry**

After an explosive growth with sponsorship programs for overseas children, donations became sluggish following ‘Sinking of MV Sewol’ in 2014. Due to the subdued social atmosphere in the country, fundraising organizations could not stage active campaigns, and interest in children and youths in Korea was not converted to a concrete far reaching fundraising issue such as sponsorship for children overseas.

**Growing competition and polarization : Large organizations and small organizations, and the polarization between the Capital area and other regions**

Competition among large fundraising organizations in the philanthropy sector has become fiercer. Also, the polarization between large fundraising organizations with the changing media and the capacity of using technology and small ones and between the Capital area and other regions facing decreasing populations and worsening economy is every deepening.

**Diverse fundraising organizations, Emergence of another fundraising market**

As a growing number of donors show much interest in various issues from basic social welfare issues to various social and environmental issues such as air pollution with fine dust, heat wave, animal rights, and historical issues, which are hard to be included in the area of social welfare, has been a growth momentum for a new fundraising market of the civil society sector different from the traditional philanthropy sector.

*“In the past, the focus was on welfare, but now it is on something like environment, disposable products, plastics, Styrofoam, climate change, and fine dust... In fact, in the past, people thought they were not to do with welfare, people with disabilities, or poverty, but now they think it’s all about themselves.”* (Interviewee 6)

A growing number of influential INGOs (international NGOs) such as Greenpeace, Oxfam, and WWF (World Wildlife Fund) have opened their branches and offices in Korea. They tend to focus on fundraising and promotion rather than on projects.

*“Many foreign NGOs give more weight to fundraising and promotion in Korea. But globally they are doing a wide variety of activities, which have a strong impact...”* (Interviewee 6)
Long-term impact of negative events

In 2017, Molar daddy Lee Yeong Hak and New Hope Seed scandal and media coverage about internal issues of non-profit fundraising organizations resulted in negative awareness about the non-profit sector in the general public and a decrease in funds raised. But some point out that it was not these negative events themselves but the non-profit sector’s lack of effort to provide concrete and clear information about fundraising activities that brought about this negative awareness.

Attitudes of donors are changing, but the government still does not understand the non-profit sector

Due to their lack of understanding of situations of the non-profit sector, the government’s system or regulation for transparency violates the autonomy of the non-profit sector or causes situations that could pose a threat to the survival of small non-profits. In addition, controversies over transparency are likely to make donors believe without any reasonable ground that large fundraising organizations will be transparent, speeding up polarization. Nevertheless, donors are growingly expressing their interest in reasonable project performance rather than wasteful use of financial resources.

Passive and individual response

Non-profits have made diverse efforts individually to improve transparency, and this has helped change the perception of ordinary citizens about transparency. However, when a specific issue occurred in reality, fundraising organizations mostly kept a distance from it intentionally and responded somewhat passively or did nothing, and there was no joint response in the non-profit sector.

“I want to ask if non-profits worked together to explain and provide correct information whenever bad news about non-profits came out. I don’t think they did. They could explain easily, but they just covered up.” (Interviewee 7)

Mega Trend 6
Transparency: A gigantic mountain with many trails

Over the past decade, changes in the donation and fundraising environment have led to organizational changes such as systematic fundraising activities and commercialization of non-profit fundraising activities. This, in turn, has provided an opportunity for fundraising workers to think about their identity.

Mega Trend 7
Establishing fundraising system, confronting nonprofit identity

Over the past decade, changes in the donation and fundraising environment have led to organizational changes such as systematic fundraising activities and commercialization of non-profit fundraising activities. This, in turn, has provided an opportunity for fundraising workers to think about their identity.

Systematic fundraising

Making well-organized fundraising work was possible through not only the growth of the fundraising and donor management workforce but also the segmentation of duties into marketing requiring expertises, promotion, face-to-face fundraising, and digital-based campaign. In the meantime, the generalization of marketing was the most noticeable change, but was a cause of the polarization between large organizations and smaller ones, because it was costly.

“It seems that marketing has been strengthened a lot. Put simply, they spend huge money on it now. Of course, marketing existed before, too, but they use marketing now more meticulously and strategically than before. And they spend some money now. Taken together, I think all this has made marketing of each channel far better.” (Interviewee 2)

Commercialization of non-profit fundraising

Recruitment of professionals from the for-profit sector has resulted in the influx of corporate culture that stresses quantitative outcome and led to a conflict with non-profit values in some cases. Due to the emphasis on the cost-efficiency of fundraising, in particular, key fundraising tasks were quickly entrusted to outside commercial service providers. As a result, in the areas related to non-profits’ fundraising activities directly or indirectly such as fundraising consulting, face-to-face fundraising, marketing and PR, and donor management, many commercial partners began to emerge, creating a market.

Well-established fundraising activities, but with the problem of identity

Active activities of non-profits have helped generalize the concept of donation in Korea and spread positive awareness about non-profit organizations receiving donations themselves and their activities among citizens. However, the growing trend of commercialization and outsourcing trend of fundraising, essential questions have been raised regarding the identity of non-profit fundraising, such as what makes fundraising necessary and whether it is commercial or non-profit. Sometimes, there are concerns that fundraising with a focus on quantitative results may worsen social issues instead of solving them.

“Actually, I think that thoughtless fundraising may be not right. It may make things worsening. I came to think about deeply why I have to do fundraising.” (Interviewee 6)
Predicting Giving and Fundraising Trends of the Coming Decade, 2020s

PART 4

2020 Mega Giving Trend

01 [Mega Trend 1] Personal and social values that come together
02 [Mega Trend 2] Managing a horizontal relationship in a smart way
03 [Mega Trend 3] Locating the confluence over the blurry boundary between nonprofits and profits
04 [Mega Trend 4] Stabilized fundraising markets, however polarizing fundraising capabilities
05 [Mega Trend 5] Finding a social role in complex system
06 [Mega Trend 6] Going over the mountain of transparency
07 [Mega Trend 7] Cooperation of the whole sector built on individual efforts
The next 10 years: finding way in complex systems - back to the basics

The next 10 years will be an era of ‘finding way in complex systems.’ In this era, donors will think about ‘for what and how to donate’ over the course of expressing themselves in the very complex stage before them, while non-profit fundraising organizations will think about fundamental questions such as ‘for what and how to fundraise’ in order to adapt themselves to changes in donors and the environment.

**Mega Trend 1**

*Personal and social values that come together*

Choosing a media and content for donation means combining different values of individuals or diverse issues with donation, and this will be expanded all the more.

**Mega Trend 2**

*Managing a horizontal relationship in a smart way*

In deauthorised society where everyone uses digital media easily and horizontal relationships are universal, the non-profit organization’s business and fundraising activities are also difficult to guarantee its exclusive expertise. In this situation, it is likely that the importance and meaning of a ‘relationship’ between people grow bigger.

**Combining fun or taste and meaning**

The term ‘funation’, a combination of fun and donation, shows that providing an opportunity of fun participation has become the key to making people donate. Not only ‘fun’ participation, but combining donors’ ‘areas of interest’, ‘taste’ and ‘lifestyle’ with the meaning of donation will become more widespread and diverse.

**Combination of consumption and donation**

Convergence of different types of content, when combined with individuals’ acts of consumption showing social value, can become more sophisticated. Especially, as activities of social enterprises or commercial organizations pursuing public values are on the rise, this can be done more precisely.

**Adding emotion to smart media**

In the next decade when new millennials will become a major donor group, it is necessary to pay attention to trends related to using various content based on smart technologies such as a donor management program based on bigdata analytics, use of artificial intelligence like Alexa and Siri, and individualized fundraising campaigns by citizens using online networks or platforms. In addition to the use of such smart technologies, how to bring out basically good human intention or emotion will be at the core of fundraising. Also, basic principles of fundraising such as disclosure of correct information, transparent use of donations, and creation of differentiated social value will become more important than ever before.

**Mega Trend 3**

*Locating the confluence over the blurry boundary between nonprofits and profits*

As activities of non-profits and those of commercial organizations are getting similar over time, and the act of donation is being combined to consumption for donors themselves, convergence of two different sectors of for-profit and non-profit will become stronger and more comprehensive.

**Convergence of activities of non-profits and corporate management techniques**

As commercial management techniques are more widely used for fundraising than before, it is likely that the polarization of fundraising markets may deepen due to organizational capabilities. But given the trends of social and technological changes such as the development of online platforms that support one-person enterprises or small organizations, information sharing based on data analytics, and provision of affordable analytic framework, it is also likely for small-sized new organizations to find a niche and create a new model.

**Expanding the for-profit business of non-profit organizations**

Continued growth of social economy is predicted to stimulate commercial business activities of fundraising organizations with non-profit identity. For-profit business of fundraising organizations will take various forms including operating an independent social enterprise or social cooperative and sale of goods for profit. Expansion of for-profit business will result in even faster change in the concept of donation and much more efforts to turn social impact or value into the value of capital.

**For-profit organizations combining public activities with business**

It is predicted that a growing number of corporations carry out activities to create social value with enormous resources and expertise in a far more non-profit fashion than non-profits and thereby promote their brand image. As this may make people see the act of consuming products of businesses as an act of donation, making it hard to discriminate it from activities of non-profits, there will be a growing concern about how to show the difference of non-profits.
Predicting Giving and Fundraising Trends of the Coming Decade, 2020s

**PART 4**

**Mega Trend 4**

**Stabilized fundraising markets, however polarizing fundraising capabilities**

Low-growth or stabilization of fundraising markets

The low growth trend of donation and fundraising is expected to continue, but given the size of Korea’s economy and citizens’ growing interest in various social issues and social participation, fundraising markets in Korea will be still likely to grow, although not rapidly.

**Polarization on donations depending on fundraising capabilities**

Use of rapidly changing digital media and strengthened specialized strategies that can be tailored to the donors characteristic: are expected to speed up the polarization between large organizations and small organizations. Also, the absence of generations that can donate and the continuing economic downturn is expected to increase the concentration of donations in the Capital area in Korea. This may make the polarization of donation between the Capital area and other regions get worse.

Spread of donation for a new issue: Creation of a small fundraising market

With the growing desire of citizens to solve problems in their communities or their lives coupled with their areas of interest getting diversified all the more, donation and fundraising relative to new issues are likely to grow. The spread of consumption patterns based on micro-payments and the generalization of fin-tech based simple payment will boost the growth of small-scale fundraising markets focusing on small amount donation.

**Mega Trend 5**

**Finding a social role in complex system**

Back to the fundamental identity and social role

Regardless of what generation and issue a detail and specialized fundraising strategy is targeted, or what methods and technologies are utilized, there is a possibility that philosophical concerns will be made about the identity and value of the organization, which is why non-profit organizations raise donations.

Efforts to answer this question will be the solution to transparency and affect the long-term growth and survival of an organization.

**Addressing new issues in a stage of solving various problems**

As boundaries among and between the public, for-profit and non-profit sectors are getting blurred, and their respective roles are changed or integrated, it is necessary for non-profits to think about what social issue to address and to raise a new issue or combine an existing major program and a new issue instead of a traditional message stressing hardships.

Convergence of business and fundraising: Small-scale fundraising for a small issue

With the diversified business areas for fundraising, problem-solving and fundraising in these areas are getting directly linked on the basis of digital media. Against this backdrop, rather than a large-scale fundraising based on a large project, small-scale fundraising activities based on a small project related to community issues will be on the rise. As a result, fundraising activities will become segmented into small-scale fundraising for a small issue.

**Mega Trend 6**

**Going over the mountain of transparency**

Into the era of transparency and responsibility

Transparency is more than spending financial resources in a specified procedure and disclosing information. Rather it can be expanded to the issue of responsibility that shows what kind of outcomes non-profits are achieving and what kinds of social value can be realized in the process. This requires active interactions with stakeholders including donors and positive reflection on their opinions.

Protecting the ‘last bastion’ based on autonomy

In order to enhance transparency, rather than infringing the fundamental independence and autonomy of non-profits with a focus on regulation, discussions on concrete measures to realize the meaning of donation as a voluntary act of citizens and social responsibility of non-profits and ensure their autonomy will be on the rise. At the same time, discussions about the essence of non-profits as the ‘last bastion’ showing the society’s trust will be under way regardless questions about the values they are to pursue and the roles they need to play.

**Mega Trend 7**

**Cooperation of the whole sector built on individual efforts**

Amid ever-growing competition in the fundraising market, efforts will be needed all the more to promote support of large fundraising organizations such as the Community Chest of Korea (CCK) for small organizations or programs and fuel a balanced growth of donation and fundraising. Also, collective efforts such as joint fundraising by all fundraising organizations could be made. More importantly, to ensure the transparency of non-profit fundraising organizations, concerted efforts across the sector are needed to promote the meaning of transparency and desirable ways of strengthening transparency.
2020 Giving Trends

PART 5

2020 Mega Giving Trend

Reading big and deep changes

01 2019 Giving Trends Review
02 2020 Giving Trends
There are many cases that show the ethical good consumption trend of the millennial generation to ‘express myself.’ Shopen2) and MARYMOND released a collaboration product to help children of abuse with great success. To maintain the meaning of the Icebucket Challenge, the Seungil Hope Foundation released a donation branding ‘WITHICE’ since 2014 and has sold products of 18 items, generating sales of more than 1.7 million dollars.3) The success of the ‘No Dog Shopping Campaign’ conducted by Gmarket is a good example. For about three months, Gmarket fundraised about $30,000 in total consisting of part of the proceeds of participating products and 10 cent-per-hashtag donations collected during the campaign and donated to ‘Korea Animal Rights Advocates (KARA).’ Gmarket endeavored to satisfy donors’ right to know by disclosing detailed information on donations by source and spendings on its website4) Like this, increasing sale of products containing a social message indicates that ‘good consumption’ and ‘ethical consumption’ are not only a trend of ‘millennials’ but also has become and continued as a social standard for all generations.

With the growing interest in donation goods, that is so-called ‘good goods’ as a ‘culture of donation,’ nonprofit organizations make good goods with greater care adding meanings and stories to every item. However, when it comes to how Good Goods will affect donations, the prospects are not always bright. In light of the financial capability of the young generation leading the culture of donation goods, such donations are expected to be irregular small-amount donations made intermittantly, and a donation culture of ‘consuming’ goods will be created, as if consuming products. The exact effect has yet to be confirmed on the phenomenon of donors moving along with goods as if they were shopping or how much the actual donation increased through the goods. Nevertheless, interest in goods will continue to grow because people can ‘certification’ that ‘they are donors’ or ‘they are doing good things’ simply by having goods.

2) Shoes SPA brand of E-Land Retail
3) WITHICE website (http://www.withice.or.kr/)
4) http://app.gmarket.co.kr/?t?h=30077 (Theme : Shopping for dogs is donated for abandoned dogs.)
In 2019, there was so explosive interest in social values enough to call ‘the year of social values.’ This was driven by the Declaration of the realization of social value for public offices released by the Moon Jae-in administration in 2018, but the Declaration of Pursuit for Social Value of Businesses’ led by some corporations became a big issue in 2019. SK Group announced that it would increase the weight of social values(SV) in KPI(Key Performance Indicators) in 2019 and reflect it into its personnel performance evaluation. Its major affiliates established SV Promotion Bureaus and changed the name of the Social Contribution Council to ‘SV Council’ as part of restructuring organizations. Also, in order to measure and manage social impact performance, the group expanded the Center for Social Value Enhancement Studies(CSES), founded in 2018, and hosted the SOCAV 2019(Social Value Connect 2019) in May, which was a conference on social values. It seems that emphasis on social value will continue, and it is time for NPOs to think about their role deeply in the social values trend led by corporations and the public sector.

Social Contribution Council to ‘SV Council’ as part of restructuring organizations. Also, in order to measure and manage social impact performance, the group expanded the Center for Social Value Enhancement Studies(CSES), founded in 2018, and hosted the SOCAV 2019(Social Value Connect 2019) in May, which was a conference on social values. It seems that emphasis on social value will continue, and it is time for NPOs to think about their role deeply in the social values trend led by corporations and the public sector.

In the fourth trend “Two channels, two wheels: The New Classic,” it is predicted that traditional fundraising channels and new channels will be rolled like two wheels moving together. When it comes to the application of new technologies, the development of a blockchain-based donation system was an issue in the spotlight in 2019. For example, the E4Net-lambda256-ChildFund Korea consortium launched a blockchain-based donation platform ‘Cherry Hope Sharing Platform’ on November 4, 2019. As of December 22, 2019, eight fundraising campaigns were under way, providing fundraising target amounts and donation periods and donation money spending plans by campaign in detail. As no project has ended its fundraising campaign yet, there is no data available to show how the process of spending donations is disclosed via blockchain. But this platform is designed to record and disclose the entire process of collecting, delivering and spending donation money in a blockchain network in real time.

Besides, with the launch of ChainZ, a blockchain donation platform developed by SK C&C and ‘Give Square (www.givesq.org),’ a blockchain-based social contribution platform operated by KT and KT Group Hope Sharing Foundation, attempts to apply the blockchain to the donation sector are becoming a reality. In the meantime, the Salvation Army’s ‘Smart Charity Pot’ is a means to take part in donation without cash by using QR code or credit (debit) card. They are examples of accepting social changes such as ‘cashless society’ and ‘everyday use of fintech’ by combining traditional fundraising methods with new technologies in a fun way.

Source: The BCHAIN “E4NET opens ‘Cherry,’ a blockchain-based donation platform, on 16th.”

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5) Maeil Business Newspaper (2019.01.25.). “Why Choi Tae Won (SK Group Chairman) puts everything in Social Value?”
   (https://www.mk.co.kr/news/economy/view/2019/01/52823/)

6) As no project has ended its fundraising campaign yet, there is no data available to show how the process of spending donations is disclosed via blockchain.


8) Yonhapnews (2019.11.29.). “The Salvation Army starts street charity pot campaign...’Donate via your mobile phone”
   (https://www.yna.co.kr/view/AKR20191129053600005)
Trend 5
Adding for-profit elements to activities for public interest: non-profit marketing

When non-profits raise donations, attempts to incorporate shopping tools are expanding. In addition to Doctors Without Borders ‘Relief Warehouse,’ in 2019, Save the Children operated a shopping tool ‘Gift Shop to Save Children.’ Combination of donation and for-profit methods is attracting much attention as a ‘new approach, and a fresh idea.’ One of the representative example of this was the result of the 2019 (Cannes Lions International Festival of Creativity) Young Lions Competition. The Lotus Flower, a non-profit that provides support to female refugees, received an award in the category of media for its plan to activate the Love Who You Are Campaign. Winners proposed the idea of putting the MZ generation (millennial-Z generation) on the main target of the campaign and turning donations into ‘joyful shopping.’

Being awarded at a world-renowned creativity competition for a donation campaign idea to converting abstract value to ‘something that can be purchased’ means that combining donation and for-profit activities has been assessed as a ‘fresh idea.’

Trend 6
Transparency, still a minefield

The sixth trend ‘Transparency, still a minefield’ was valid and is highly likely to continue in 2020. Following the three big transparency issues in Korea taking place since 2016, that is, New Hope Seed case, Lee Yeong Hak case, and K Sports and Mir Foundations case, the pressure on transparency surrounding nonprofit organizations is on the rise. For example, tax law amendments to be enforced in 2020 set forth stricter outside audit standards for non-profits than for-profit corporations. However, there is a limit to focusing only on financial information disclosure and auditing, is likely to continue in the future. This is because the logic that financial transparency is the minimum standard is still persuasive.
**2020 Giving Trend**

**Small participation of the MZ Generation, ‘good influence’ to change the world**

The first donation trend in 2020 is focused on the MZ generation, which has become a trend setter. The MZ generation is a term encompassing the millennial generation and the Z generation, a broad range of generation from those born in the mid 1980s to those born in 2010.

In line with ‘good consumption,’ the trend that penetrates the MZ generation of this year is ‘small participation, a good influence that changes the world,’ where emphasis is placed on the initiative. Millennials are have no reluctance to participate in society. They also led and witnessed a “change of the world” through small participation through ‘candlelight’ during the candlelight rallies in 2016. In other words, they are the generation embodying a positive belief that society can change by raising a positive voice. The 2020 Giving Trend focuses on small participation of the MZ generations that are making a difference in the world.

The topic that shook Korea in 2019 in the consumer sector was the ‘boycott’ and ‘buying movement’. South Korean boycott, which began in July 2019, was very influential and is still ongoing. The boycott was reportedly a significant success fueled by the citizens’ determination to participate in the boycott, saying ‘I never fought for the nation’s independence, but I will take part in the boycott.’

On the other hand, the ‘buying movement’ is similar to the ‘boycott’ in that you do not have to pay huge money, but the impact is really great. The effect of the 2019 South Korean boycott is also confirmed by statistics, and the buying movement also had a significant influence in terms of sales and issue. The essence of this participation led by the MZ generations is ‘spontaneity’ and ‘authenticity’. In the case of the boycott, the involvement of the government or political forces (organizations) were excluded out of concern that it could damage citizens’ spontaneity. Also, the dichotomous thinking that participating is good, but not participating is evil was rejected. Also for the buying movement, nobody promoted, but netizens found good stores through SNS and voluntarily acted to cheer for the stores doing good for society and give them economic benefits. It is worth noting how small participation of the MZ generations will affect the way and content of donation.

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9) Joonang Ilbo (2019.10.05.), “[Economist] The two-month boycott campaign resulted in a decrease in the sale of cars by 57% and of UNIQLO clothing by 70%.” (https://www.joins.com/article/23595543)
This study selected ‘participatory donation’ as the second giving trend for 2020, paying attention to the fact that donors are changing from a simple Interviewee to a ‘stage setter.’ In the past, events were led by fundraising organizations aiming at donors as ‘those invited’, but now donors have become a ‘planner.’

Kim ChaeUl(26) has been fundraising money to help children with disabilities through extreme marathons (Namibia Sahara Desert Marathon and Atakama Desert Marathon, Chile) since 2017. He planned a donation project and managed the entire process from the beginning to the end on his own by promoting his extreme challenge to others, donating the money he raised to charities, and taking photos of landscape during the marathon race to make postcards and sending them to donors as a token of gratitude.

Donors who make their own way from simple Interviewees, that is, setting a ‘stage’ for their activities, these donors’ activities sometimes start at voluntary meetings. The Prume Foundation’s ‘one step of love’ is a project of donors’ walking event designed for Interviewees to donate voluntarily for the establishment and operation of children’s rehabilitation hospitals. Unlike existing meetings, it started as an idea of a donor. The fundraising organizations only help donors meet easily and comfortably.

The reason why we are interested in the role of donors as a ‘stage setter’ and participatory donations as the 2020 donation trend is because we predict that these trends will become more prominent in the future as they are related to consumer trends. ‘Fansumer’ refers to fans’ behavior of planning and making goods related to a star, by directly taking part in the star ‘making’ going beyond consuming already made products or follow a star blindly (Trend Korea 2020, p.315). ‘Fandom donation’ is often said as an example of the fansumer trend. Accepted positively as a ‘good function of idol fan culture’ and ‘a good influence’ driving participation of fans, fandom donations do not only sponsors under the names of celebrities that fans like, but also plans donation campaign on their own.

As an interesting example is ‘Baby Goat Jjin Eumae Project’ led by Save the Children and BTS fans. To celebrate BTS member Jin’s birthday, his fans took the initiative to plan this fundraiser, which attracted extensive attention as it was featured in the media. In the meantime, this voluntary fundraiser was able to draw much attention thanks to Save the Children’s participatory donation program ‘Giving Club.’ Described as a ‘passionate donors’ voluntary participatory donation program,” the Giving Club program provides necessary supplies to enable donors to carry out fundraisers they planned effectively on their own and make a commemorative badge and sticker for members who make their fundraiser successful.

For donors, it is a very attractive program as they can directly plan and take part in the program, carry out a fundraiser in the place and in the manner they like and donate the outcome. In this way, donors are becoming more and more active in giving activities. Donors are now in the process of becoming a fundraiser, and this participatory giving trend is projected to become more widespread in 2020. Donors are changing from the invited to a person who invite. How to help donors’ participation desire of this kind will become a major challenge for fundraising organizations in 2020.
The third giving trend for 2020 has to do with corporate social contribution. Corporate social responsibility (CSR) emerged as the term ‘social value’ in 2019, and discourse about social value created by companies is expected to continue into 2020. As we concern corporations’ social contribution activities like individual donors, companies are increasingly changing to sharpen ‘spontaneity,’ ‘subjectivity,’ and ‘initiative.’ The reason that companies declare they will take the lead in solving social problems is linked to the ‘good consumption, ethical consumption.’

Due to the growing interest in good consumption and ethical consumption, companies cannot ensure their sustainability by ‘creating economic profits’ alone. In the end, the pressure on which role a company will socially play is linked to the ‘good consumption, ethical consumption.’

The buzzword in 2019 was ‘social value’, especially for SK Group. The three SK companies (SK Innovation, SK Telecom, and SK Hynix) announced that the social value they created was a total of $12.33 billion in May 2019. The social value they created can be converted to 70 cents per $10 of the product price, which is very specific. As SK announced social value in monetary value, social value became more tangible, and being able to express invisible social value as a number had a great impact in itself. Of course, some may question whether social value can be converted into a monetary one.

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The United Nations Global Compact Network Korea selected nine companies such as CJ Korea Express, KB Hana Bank, KT, LG Chem, NH Investment & Securities, POSCO, SK Innovation, Yuhan Kimberly, and AMOREPACIFIC as corporations that implemented the SDGs excellently in 2019. These companies are leading a new trend in social contribution, by selecting a social problem that fits their business characteristics, establishing a promotion system to solve the problem, and linking to their management strategy.

Although companies have raised the banner of solving social problems, many argue that “collective impact” is essential to do so. This means that “various partners from diverse areas must join forces.” As such, companies will emerge as the key agents of solving social problems and endeavor to create ‘collective influence’ through collaboration. The trend of measuring and evaluating corporate social performance in the process will be the focus of corporate social contribution activities in 2020.

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In 2020, the interest in social value will become more concrete, and discussions on what the social value pursued by non-profits will become more active. Fueled by the discussions on social value led by the government, public agencies, and private companies, discussions began on what kind of social value non-profits have been pursuing and how NPOs are creating social value. What is the social value that non-profits should pursue? How can you measure the social value of non-profit social value? In 2020, there will be an active review of non-profit social value.

12) Financial News (2019.12.22.), “Firms join forces to solve social problems while keeping doing things they are good at. This draws the nation near to the welfare state” http://www.fnnews.com/news/201912221709593542
The fifth giving trend for 2020 is concerning major gifts. In the super-uncertain fundraising market, not only new donor development strategies but also other strategies to reinforce management of existing donors and prevent drain of existing donors and to increase the amount of donations are important for fundraising organizations. On the other hand, attempts are being made to find a new niche, and it is major gift and bequest donation that emerge as a niche. Some large-sized fundraising organizations have already launched a major gift program, and it seems reasonable to see it becoming popular now. But since fundraising aiming at individuals does not work well, attempts are being made to look for new breakthroughs in large fundraising programs by turning to major gifts.

Interest in bequest donations also stood out in 2019. On September 10, 2019, the “Proclamation Ceremony of Korea Bequest Donation Day” was held at the National Assembly to designate September 13th of the year as Korea Bequest Donation Day. There was also a request to pass the ‘Inheritance Tax and Gift Tax Act Partial Amendment Bill’, which aims to reduce the inheritance tax by 10% if more than 10% of the legacy is donated. At this point where more than half (54.5%) of the people are inclined to donate bequest, but actual donations account for only 6.9%, bequest donation is receiving attention from fundraising organizations as a potential donation market. But due to obstacles related to the legal system, legislative efforts to eliminate them are needed to enable it to emerge as a new fundraising market in the future.

As simple payment became popular, the simple payment system is rapidly spreading in donation and fundraising. This is because it helps donors to donate more conveniently. However, it is also pointed out that the reputation of a non-profit fundraising organization affects the introduction and utilization of FinTech-based payment methods by non-profit fundraising organizations. Since the screening process of an organization providing technology for a lesser-known small non-profit or a new non-profit is somewhat difficult, enhancing the convenience of donation using such fintech technology tends to be in proportion to an organization’s recognition. Also, the criteria by which the technology-providing organization assesses non-profits may be a barrier to the use of technology.

This study selected phil-tech as the sixth giving trend for 2020. This means that technologies used in the sector of philanthropy will become more ‘needed’ than ever before in 2020.

It is the diffusion of non-profit marketing based on open source that is expected to draw attention in 2020 in regards to phil-tech. The introduction of a marketing perspective and the recruitment of personnel for this purpose across the non-profit sector have been centered around large fundraising organizations and INGOs. The predominant prediction was that this would lead to greater polarization between large and small organizations.

But are the small organizations helpless in this trend? No, it seems unlikely. Open sources applicable to the small organizations are being introduced, and services supporting them are emerging. Using Google Analytics with free tools, they help to analyze website (mobile page) inflow path, stage-by-stage departure analysis, analysis of sponsored business and payment categories, and payment methods.

But for precise analysis and helpful analysis results, it is possible to get help from services that facilitate utilization far more cheaply than the cost spent by existing large fundraising organizations to advance their marketing.

With the advancement of open sources that can be used for marketing and the emergence of online platforms to support one-person companies or small organizations, non-profit marketing is now expected to enter the popularization stage rather than being just for large organizations.

The last giving trend for 2020 is 'transparency in a non-profit: between autonomy and control,' highlighting the need for effort to balance control for transparency and non-profit autonomy in a situation where the pressure on transparency in non-profits is growing stronger and becoming a reality.

In 2020, the 'non-profit accounting standards' announced in 2018 will be fully executed. As the auditing obligations have expanded, concerns have arisen as to whether mid-sized non-profit organizations can afford the auditing expenses. Since the Ministry of Economy and Finance has said that it is considering expanding the external auditing obligations, a debate about the appropriate cost of auditing for non-profit organizations will likely follow. The National Tax Service (NTS) has become responsible for the designation and cancellation of designated organizations receiving donations, with the requirements for cancellation of these organizations being stricter. If the revision bill under legislative notice is finalized, designated donation organizations will be able to be canceled for organizations that do not have expenditures on their own purpose projects, and it will be mandatory for the National Tax Service to submit related information at any time when the head of the National Tax Service requests related information from designated donation organizations. It is intended to filter out inactive groups as well as corrupt organizations. This means that the National Tax Service is likely to launch a full-scale audit of non-profit organizations under the pretext of managing designated donation organizations.

Previously GuideStar was the only organization that has the authority to statistically analyze data of public interest corporations disclosed to the NTS, but this authority has been expanded since 2019. This has made it possible to conduct academic research using statistics of all public interest corporations, opening a way for other organizations than GuideStar to evaluate public interest corporations under their own criteria. So it is expected that the function of watchdogs to monitor the activities or efficiency of non-profit corporations will be activated. In this situation, discussions on how to balance between control of non-profits and autonomy as their intrinsic value will likely take place in 2020.
Reading big and deep changes

2020 Mega Giving Trend

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The Research Center on Philanthropy of CCK aims to become a hub of knowledge by researching donation and fundraising, social change, and social impact to help advance Korea’s philanthropy.

We look forward to your participation as a place where social workers, staffs at non-profits, and citizens can obtain knowledge and information about philanthropy with ease and lay a foundation for sustainable growth of communities for everyone.

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This booklet is a summary of the key findings of 「The 2020 Giving Trend : the Past Decade and the Coming Decade」.
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