

Do we live in a winner-take-all economy ?

In France, 1 300 000 of Non Governmental Associations are estimated and the total budget of these associations is 85 billions of euros which is the equivalent of 3.2% of the GDP. From an economic perspective, if all the NGO together were a country, they would be the fifth's largest economic power. Although those numbers can seem substantial, only 5% of those organisations have a budget superior to 150 000€ per annum. Non Governmental Associations (NGO) and Non Profit Associations (NPA) have been particularly present in our society since the end of World War 2, they came out as independent entities with no lucrative purpose and with a social vocation. The Main difference between NGO and NPO relies mainly on their size, NGO tends to be bigger and have more important missions on an international scale and so, are expected to have a more reliable structure and to deliver transparent financial reports. Even though these organisations are non-profitable, some of them can administer budgets of millions, even up to billions of euros. Consequently, because around 50% of their budget, depending on the entities, comes from private donors such as individuals or companies, they found themselves in a situation of rivalry to get the most donations. Almost one out of 3 people in the world give donations to Non Governmental Organisations. But, to whom are they giving it to ? Now the answer is probably one of the very few numerous largest organisations such as la Croix-rouge, Médecins Sans frontières, or Amnesty international. This idea that a very large number of organisations in a sector get most of the funds is intertwined with the theory of winner-take-all economy. This theory implies that the most competent organisations in a field of activity get most of the gains available and very little is left for the competitors. Bearing this in mind, it is interesting to try to understand what really determines the success of humanitarian associations in terms of private donations, and how can this example illustrate the theory of winner-take-all economy ? To epitomize this theory we will first clarify the way those organisations get donations and what are their strategies. Then we will observe how the systemic effect induced by these strategies is closely linked to the winner-take-all theory. And finally we will discuss the limits of this theory in the specific case of the humanitarian organisations.

Humanitarian associations acting for the common good often find themselves as rivals when it comes to the donations. In France, the generosity of private individuals represents a market of 8.5 billions of euros. Marketing, strategy, profitability, are now well embedded terms in this sector. Indeed, non-profit organisations are now developing their strategies of communication. Everything is good to attract new donors with the eternal aim of raising funds to develop their missions along with ensuring their survival and keeping their employees. Funds are essential to stay independent from public aids which can vary considerably over the time. As it is for Médecins San Frontières which was financed by 85% by private funds. With this worry of pushing people to give donations, social media have been an essential tool to their development. It is now all the more important for these associations to develop their digital marketing as studies showed that 72% of millennials are more willing to give donations through social media. Nowadays, 87% of NGOs have a Twitter account and 40% an Instagram account according to the Global NGO Online

Technology Report. Furthermore one of the main keys of success of those organisations that determines their prosperity is their capacity of having a good visibility. This is why it is crucial for them to develop a good image. This visibility can be acquired still through social media, the biggest organisation having on average 10.500 followers. Another strategy to get visibility is to distinguish yourself from the competitors. It is fundamental for them to show their particularities, what makes them different from the other NGOs or NPOs, and how their impact is more far-reaching. It is an example of a very popular NGO today that defends the environment. Sea Shepherd is known to have a more radical approach and appeals to donors who found that Greenpeace or WWF actions are not aggressive enough. Not only does communication aim for new incomes, but it is also a way to attract new human resources. People offer to help as a volunteer because they share the same values as the organization and want to contribute. Volunteers represent 26% of the total human capital of the associations which is a significant contribution to their human resources. In this endless quest of searching for new donors, the image of the NGO is everything. In these specific contexts, it is a no-brainer to admit that people give money because they know already and they trust the association. This is referred to as “capital-trust”. And this capital is induced with marketing, meaning all the methods which allow the associations to get in touch with potential donors to present them their causes. The more a person knows an organisation the more this person is going to trust it. Thereupon those collected funds will cover the costs of their infrastructures, organisational costs, missions, or will be invested in their next fundraising.

20 NGOs out of the 1 300 000 present on the territory get more than 60% of the public donations to NGOs. This study from the Commission Coopération Développement of 2003 also showed that 50 of the biggest NGOs gathered more than 93% of the donations. Médecins sans frontières alone gathered 12.5 % of this money. Those data show that very few associations get the most donations. This is due among other things to the fact that having good marketing done on your organisation is not always available for smaller entities. This can result from a lack of money. Some of those actions can be very costly or/and can require some experience. On the other hand, the biggest organisations have the bigger budgets allocated to their communication, which gives them more visibility and therefore makes them look more truthful to the eyes of the donor, which encourages the public to give them donations, which then give them more budget. This vicious circle is the scheme of a systemic effect occurring in the process of gathering funds of the organisation. Now let's take the very specific example of the Association française contre les myopathies (AFM). The AFM is a non-profitable association that aims for medical research and more specifically the research in the field of neuromuscular genetic disorders. It is the association in France that receives the most donations annually. It is all the more surprising that the name isn't very known to the public. But the marketing strategy of this association to attract donors relies entirely on one specific event that they organize every year and which is widely known : the Téléthon. The Téléthon is considered to be one of the most important fundraising events in the world. It has existed since 1987 and takes place the first weekend of December. It consists of a 30 hours long marathon of Television with a vast variety of content mostly linked with the causes defended by AFM. This event is followed by approximately 10 million people every year so it has now a certain experience in the eyes of the public. And it being relayed on TV is a significant way to establish their credibility. In a way it shows that the project has been studied, examined, and has had a long and difficult process in order to be

approved by such big media. Also, they had the idea of inviting a specific celebrity each year to sponsor the event and participate in the show on TV. The event collects pledges over the telephone or through their website and via their different partners. This led to a fundraising record of 107 millions of euros in 2006. It has been estimated that the telethon collects around 3% of the annual total donations in France (including NGOs but also NPOs such as the Catholic Church). This event successfully managed to keep regular donors over the years. The originality of the project associated with the big visibility that it has makes it difficult for any other associations devoted to medical research to win a share of the donations that the public is willing to give. In this extent, the example of the AFM shows that the sector of humanitarian associations confirms the winner-take-all theory.

However one cannot disregard the fact that some humanitarian organisations largely depend on governmental funding. Additionally some social criterias have to be implemented in this repartition of donation. First, the generosity of people is consistently influenced following striking events such as a natural disaster or the emergence of an armed conflict. Moreover, the total amount of donations is likely to suffer a diminution during crisis. Another point to underline is the momentousness of the religion in the apportionment of the donations. In fact, the Catholic Church in France receives one-tenth of the total donations in the form of legacy. Besides, it is estimated that the total of donations raised up to 630 million of euros in 2015. Thus, the success of an association will greatly depend on the social political environment.

Ultimately, this unfortunate rivalry between humanitarian associations results from the fact that, as any other sectors, they can not escape mercantile logic subject by commercial imperatives enforced by a logic of self preservation and therefore the necessity of finding funds through private donors. The big humanitarian organisations go to any lengths to expend their visibility and develop their image with the aim of increasing the number of donors that contribute to their cause. But with very specific marketing strategies allowed by consequent financial resources some of these organisations managed to collect substantial shares of the donations. In this extent the example of humanitarian organisations falls in line with the winner-take-all economy's theory. However, as a result of the humanitarian organisation not being actual companies, they are more impacted by their social and political environment.

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