

DIGITAL FOR GOOD:

A Global Study on Emerging Ways of Giving

Brazil



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About the Global Study on Emerging Ways of Giving

The Indiana University Lilly Family School of Philanthropy (school) conducted the *Digital for Good: A Global Study on Emerging Ways of Giving* to explore the emerging vehicles of philanthropy, such as crowdfunding, online giving, mobile giving, workplace giving, online volunteering, and social impact initiatives.

Eight countries with significantly diverse cultures participated in this global study: Brazil, China, India, Kenya, Singapore, South Africa, South Korea, and the United Kingdom. In the study, the school worked closely with partner organizations and experts in these countries, from identifying relevant ways of giving and determining approaches of data collection to co-developing the tools for data collection and finalizing country reports to disseminating research findings locally as well as globally.

Findings from this global study are shared in a series of reports, including eight country reports and one global report. The reports on the emerging ways of giving in Brazil and United Kingdom are the first two reports that are published in the series.

With the *Digital for Good: A Global Study on Emerging Ways of Giving*, the school aims to promote the practice of philanthropy globally by enhancing the accessible information and public knowledge on the emerging forms of giving across the globe. These reports provide a deeper understanding of the concept and practice of new ways of philanthropic engagement in the eight participating countries and offer new insights and tools for civil society leaders, philanthropists, and the public to understand and shape the development of philanthropy in the years to come.

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INTRODUCTION

Culture of giving in Brazil: Brief scenario

It is not possible to talk about innovation and trends in giving in Brazil without first looking at the landscape of the donation culture.

According to the World Giving Index 2021, an initiative of the British organization Charities Aid Foundation (CAF) carried out since 2009, Brazil occupied the 54th position among the 114 countries covered in 2000, rising 14 positions in relation to 2018 data and 20 positions in relation to its average position in the last 10 years (Charities Aid Foundation, 2021). The index is composed of the answer to three questions made to a sample with national representation: in the last month, (1) did you help a stranger, (2) did you donate money to a social organization, or (3) did you do some kind of volunteer work? In a year of socioeconomic crisis and lockdown caused by the COVID-19 pandemic, helping out a stranger was the variable that evolved the most in Brazil, showing that empathy and solidarity are on the rise.

Another study also helps us understand how the culture of donation has been transformed in the country: Brazil Giving Research 2020, the most comprehensive survey on the practice of individual donation in the country, promoted by the Institute for the Development of Social Investment (IDIS). Its second edition, carried out by Ipsos Research Institute between January and June 2021, shows that the landscape of the donation culture has changed in the country in the past five years since the first edition of the survey in 2015 (IDIS, 2021).

Part of the change was an evolution in the positive perception of giving and of civil society organizations (CSOs), as well as an increase in their credibility. There was also a great advance in the way Brazilians understand what citizenship is and engage in solving problems, with a greater awareness that social and environmental challenges in Brazil must be addressed by civil society and not exclusively by the government.

An aspect of Brazilian culture that has an impact on the donation culture is people's resistance to publicizing or commenting on a donation made to others. Brazilians understand that saying that they donated means expecting some compensation or something in return, or promoting themselves, and this is socially disapproved. This attitude, however, is beginning to change as a result of assertive communication campaigns and concrete actions by a local movement to foster the culture of giving in Brazil. When talking about donations, influence grows, and so do donations.

Taken together, these elements are indicative of a more mature society.

In the five-year period from 2015 to 2020, donating in cash was the most popular way of giving, chosen by 53 percent of the respondents, and only 17 percent said they had made some kind of online transaction. However, there was also a great development of technological tools for donation, such as giving platforms, tax-free instant bank transfer methods (PIX), social media to promote giving with live broadcasting and giving buttons, and even a timid emergence of crypto giving. These developments resulted in advances in two directions: accountability and operational ease of donating. From the perspective of CSOs, it is easier to publicize their performance and be accountable, even though the third sector requires a general improvement to become more professional and have a more robust management structure.

From the donor's point of view, it is easier to follow what is done with the donated resources, meaning the effective destination of the money. Regarding operational ease, faster and more practical mechanisms for donation emerged with donation buttons on e-commerce and social media, PIX, and so on. Combined, these effects are beneficial to further boost donations in Brazil.

With cultural changes and technological advances, an increase in the volume of donations in the country would be expected, but it has not happened. In 2020, 66 percent of the Brazilians said they made some kind of donation, while 37 percent confirmed they actually donated money for a CSO. Together, they summed a total of BRL 10.3 billion (equivalent to a bit more than USD 2.1 billion in 2021, adjusted for inflation). In 2015, the total donations from the Brazilians reached BRL 13.7 billion (equivalent to over USD 4.7 billion in 2021, adjusted for inflation).

In these last five years, Brazilians had to deal with the effects of one of the worst socio-economic crises in their history, and then faced the worsening of this situation with the arrival of the COVID-19 pandemic. According to the World Inequality Report 2022, Brazil is one of the most unequal countries in the world: the top 10 percent captures 59 percent of the total national income while the bottom half of the population takes only around 10 percent of the national income (World Inequality Lab, 2022). The pandemic has further accentuated this scenario. The World Bank estimates that its effects drive up to 49 million people into poverty. According to the Brazilian Instituto for Geography and Statistics (IBGE), the country reached its highest unemployment rate since 2012 on April 2021, when 14.8 million people were looking for a job and the survey published by Oxfam in January 2022 presents an estimate that, between April 2020 and April 2021,



377 Brazilians lost their jobs per hour, and that more than 600,000 companies went bankrupt (Barros, 2021). The impact was felt in other areas as well. A survey carried out by the Brazilian Research Network on Food and Nutrition Sovereignty and Security pointed out that Brazil had at least 19 million people suffering from hunger in that year (Gandra, 2021). The number of Brazilians who went hungry in the new coronavirus pandemic doubles what was recorded in 2009, with a return to the level observed in 2004. Before the country starts to recover and restructure its economy, the tendency for this crisis is to worsen.

The figures show that average Brazilian in 2020 was poorer and more concerned about their future than they were in 2015 (IDIS, 2021). Therefore, it is understandable that part of their willingness to donate has been nullified by uncertainty and economic insecurity, justifying the decrease observed in 2020 in the proportion of donors of any nature, whether of money, goods, or time. Many donors have probably become grant beneficiaries. On the other hand, classes with greater purchasing power have responded, and donated more in 2020 than before. As Brazil Giving Research 2020 shows—while the national average of donors was 37 percent, 58 percent of the people who earned between 6 and 8 times of the minimum wages donated in 2020—7 points higher than in 2015 (IDIS, 2021).

In Brazil, according to a sector mapping carried out by the Institute for Applied Economic Research (IPEA), there are more than 800,000 active CSOs that respond to the most diverse of causes (IPEA, 2021). The impact they generate is increasingly communicated, contributing to the understanding that Brazilian CSOs are closely linked to problem solving. Brazilians are empathetic and supportive, and this cultural trait is receptive to the appeals of philanthropy. These are solid foundations, and when the economic situation improves, a consistent recovery in donations is expected. With knowledge and an understanding of new models for enabling donations, it will be possible to go even further.

Criteria for choosing the initiatives selected for the case studies

As giving culture matures, new donation models arise in Brazil. As shown previously, most donations are still made in cash, directly to CSOs or the beneficiaries. However, as new giving vehicles became available for donors, convenient processes, transparency and accountability among other donor preferences have been adopted by these new models.

The initiatives selected in this report seek to present different models of giving that have matured over the years, stood out and can be inspiring to others. The choice was not made because they are the only ones to apply these models, but because these initiatives contribute to an understanding of the diversity of giving mechanisms in Brazil. Unfortunately, research that maps all available giving vehicles is not yet available, so it is not possible to say how many donation platforms exist, or what are all forms of available micro-donation models.

Technological advances have certainly made it possible to create new donation models. Added to an understanding of the scenario and correct reading about opportunities, they generated innovative models. The urgency of the response to the COVID-19 pandemic has also led many organizations to create, in record time, solutions that are both practical for donors and effective in combating the crisis. In the case of the three initiatives for innovative giving mechanisms in focus here, the impact of the pandemic was significant: either positively, leveraging donations and giving great visibility; or negatively, drastically reducing revenue and forcing CSOs to think about how to make their operations viable swiftly. These answers will be further detailed later in this document, but what can be anticipated is that initiatives with models that demand physical and personal presence suffered more than initiatives with exclusively digital models.

In addition, what also guided the choice of donation initiatives focused in this document was the broader transformative potential they have: in addition to the direct effect (the financial resources themselves), they have an indirect and cumulative effect, as they end up influencing and changing the donor mindsets, therefore strengthening the giving culture in Brazil. Two of these initiatives—Arredondar and Editora MOL—do this through micro-donations, which are now incorporated into the routine of consumers. The other, BSocial, invites the donor to become a recurrent donor, therefore, to incorporate the act of donating in the household budget, in their day-to-day activities.

Arredondar's premise is to activate micro-donations by rounding the value of purchases at retail chains. It is a CSO that seeks to support the financial sustainability of other CSOs and strengthen the donation culture.

The sale of social products on large social networks at the time of purchase was the model chosen by Editora MOL, which reverts at least 30 percent of the sale price of its products to social organizations. The idea is to invite the consumer to become a donor by a symbolic value, taking home a positive product, such as a book, magazine, or educational game. The motto is “you help, and you are helped”.



The BSocial donation platform, on the other hand, makes donations practical and safe. The organizations that are part of the platform publicize the donation page, and BSocial also uses its channels to increase the public's knowledge of the work of CSOs and highlights the brands that support the initiative, encouraging donations. Engaged donors also have the opportunity to browse the site and find opportunities to contribute to causes that are dear to them on a recurring basis. The platform also offers a white label tool, which allows foundations, companies, and influencers to create customized channels with the CSOs they wish to support.

Both Editora MOL and BSocial are social businesses.¹

By bringing donations into the routine of consumers or customers, these initiatives overcome three barriers to the act of donating, illustrated by the sentences below, which express a very common mentality among those who resist donating:

- a. *I have no money:* In the case of Editora MOL, there is a clear offer of benefit in exchange for the donation—a product to take home, with a perception of value greater than the actual price charged—and which is always affordable, calculated to fit in the consumer's change (from the average transaction in that retail). At Arredondar, the possibility of donating cents, by rounding up, also encourages the donation of smaller amounts that are little needed by the consumer, in addition to being easy, and not requiring a change in routine, which can become a recurring habit.
- b. *It's not me/it's not my problem:* Low involvement in causes is cultural. The offer of products such as those from Editora MOL, the rounding up in Arredondar, and the BSocial platform bring activism into the routine with direct invitations for support, content to promote the importance of the benefited causes, and mechanics that facilitate the donation of negligible values. The popularization of these initiatives helps to show the public ways to get more involved with different causes and that each one can contribute to the transformation of society.
- c. *I don't know if my donation will be well spent:* Trust in CSOs in Brazil is still low, as 25 percent of the non-donors said that they do not donate because a lack of trust, according to the Brazil Giving Research 2020 (IDIS, 2021). Thus, the three initiatives offer transparency in their publications and demand transparency from all those involved in their programs. In addition, trust in partner retail brands (as in the case of Editora MOL and Arredondar) is transferred to the CSOs supported by the initiatives. The reasoning is "*if I trust the store chain X, I certainly believe they will select reliable CSOs to pass on my donation.*"

¹According to the definition of Social Enterprise UK, social businesses, like traditional businesses, aim to make a profit but it is what they do with their profits that sets them apart—reinvesting or donating them to create positive social change (Social Enterprise UK, 2021).

KEY FINDINGS

The three initiatives examined in this report have some aspects in common: They are committed to strengthening the Culture of Giving, which means they are dedicated to educating the Brazilian population that it is necessary to donate to support CSOs' activities, drive positive impacts, and fight inequality. Thus, they are creating opportunities for Brazilians to incorporate donor behavior in their daily lives.

Another similarity of the three initiatives are transparency and accountability. All of them put these two traits as differentials in relation to other initiatives. Although Brazilians are empathetic and supportive, there is an underlying attitude of distrust in relation to the destination of the donations. This distrust results from the general perception of Brazilians towards the country's institutions (public and private) as well as from the knowledge of scandals and deviations involving CSOs in the past. Therefore, ensuring transparency and accountability for everything that involves the performance of these initiatives, in fact, is an important factor in Brazilian philanthropy.

A final aspect in common between these case studies is the conviction that the growth potential will only be realized through the complementary adoption of digitalization.



Table 1 summarizes these perceptions regarding the new philanthropic environment in Brazil and the impact of the pandemic, coincident or exclusive aspects between the models of each initiative.

Table 1. Characteristics of the three initiatives examined in the study

	Arredondar	BSocial	EdMOL
The cause of the initiative is the Culture of donation	✓	✓	✓
Transparency and accountability are differentiators	✓	✓	✓
Adoption of digital model is a necessary condition for growth	✓	✓	✓
Pandemic was a catalyst for creating new products/donation models	✓	✓	
The initiative noticed a change in the mentality of public and companies after the pandemic: more sensitive and a greater pro-donation attitude	✓	✓	✓
Model is a “social business”² : sale of a product or service that reverts part of the income to social projects, which means: it does not keep any portion of the donation to support its own operation		✓	✓
Model is part of people’s routine : the donation behavior is naturally included in everyday life	✓		✓
Model based on micro-donations	✓		✓
Model depends on employee engagement at points of sale to be successful	✓		✓
Model transforms the partner organizations’ work as culture of giving extends to the partners’ corporate environment.	✓		✓

²The concept of Social Business here is understood as the sale of a product or service for profit to be transferred to social causes/donation. In the case of BSocial, it refers to the Powered By service, in which a customer creates an exclusive and personalized platform to promote an event with fundraising and philanthropy purposes.

CASE STUDIES

CASE STUDY 1:

Arredondar—Rounding up for Charities

BACKGROUND

Arredondar was founded in 2011 by Ari Weinfeld, a former businessman in the textile sector and a long-time philanthropist. One day, a friend gave him the book *Financing Future: Innovative Funding Models at Work*, edited by Maritta Koch-Weser and Tatiana van Lier, and that changed his life. The book describes experiments in philanthropic fundraising around the world. One of the ideas is very straightforward: when shopping, customers were invited to round up the total value of their purchase to the next whole number, and the cents collected would be donated to carefully selected civil society organizations (CSOs). For example, a purchase of USD 18.40 would be rounded to USD 19.00, and the difference of USD 0.60 cents would be donated.

Weinfeld was inspired and contacted one of the book's authors, who invited him to spend two weeks in Germany, where this experience was in practice. As he had already sold his company and decided to shift to social impact initiatives, Weinfeld began to study the concept of micro-donations with a view toward implementing the idea in Brazil. Knowing that this would require a combined effort, he invited others to collaborate in the planning process, and that was when Nina Valentini joined the project. Thus in 2011, the project that Weinfeld described as “a mixture of crowdfunding, youth, and technology” began: Arredondar Movement, which celebrated its 10th anniversary in 2021.

Their idea was simple. The model was very similar to the one he saw in Germany, and they would provide all the technological, legal, and tax support required for a retailer to implement Arredondar's solution. Retail stores would have the responsibility of offering customers the option of rounding up their purchases to the next whole figure at the time of payment, telling them their change would be donated to a charity. The total amount collected from the donations would be transferred to NGOs supported and certified by Arredondar and chosen by the retailer. In this win-win model, participating retailers would add value to their brand by promoting a socially relevant project. Furthermore, they would be able to avoid the inconvenience of lack of change on the cashiers. And finally, the retailer would be able to engage its staff by adding new meaning and motivation to their work, as they would be able to help other people and be part of the solution to social challenges.



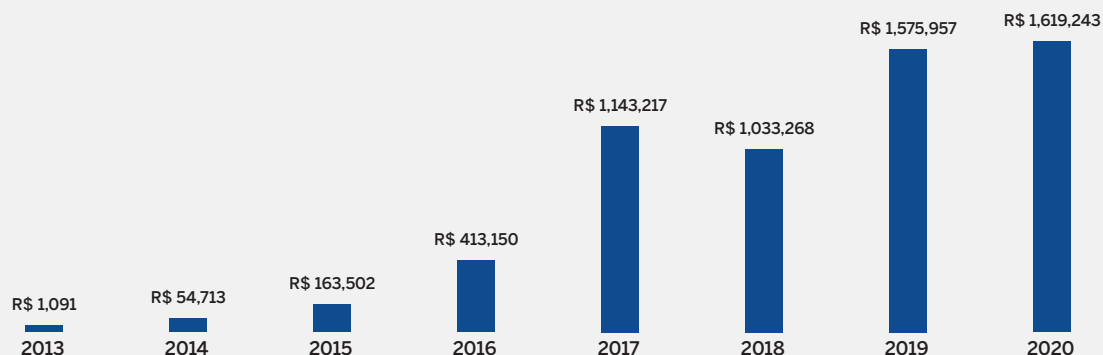
In the beginning, Arredondar faced some important challenges. One was to understand the legislative complexities of Brazil, where each state has its own tax policy on donations. Even for micro-donations, the legislation of each state provides different forms of payment/collection of taxes. This research allowed Arredondar to understand the reality of Brazilian federalism, prepare a 100-percent safe model, and transmit this security to the retail sector, enabling its implementation in several states.

Another challenge was to understand the technological complexity. This complexity consists of interweaving sales financial management systems that of the partner (retail brand), which already has software that processes payments and other functions—with donation transparency from the Arredondar model, ensuring the safety and accuracy of the operation. Without the integration between them, it is not possible to introduce the rounding up and micro-donation model in establishments. Therefore, at first, it was important to test the implementation in smaller establishments to understand how this adaptation would be operationalized and how to make it more robust, before working with larger retailers. This explains the evolution from 2013 to 2016, when the strategy was to gradually enter some retail chains (brands) and gradually calibrate the model to make it as robust as possible.

In 2016, there was a significant expansion with the entry of a large retailer, GPA. Two years later, however, there was a drop in revenue related to this same partner due to a change in the brand's internal guidelines, when stores started to offer rounding only for cash payments. On the other hand, from that same year, other important brands joined Arredondar, such as Burger King, Petz (a network of pet shops), and Gol Airlines, which explains the great leap in 2019. These changes in donations collected are reflected in Figure 1, which shows the growth in 2016 to BRL 413,150.35 (equivalent to USD 133,403 in 2021, adjusted for inflation) as well as the 2018 drop to BRL 1,033,268.06 (equivalent to USD 305,374 in 2021, adjusted for inflation) and growth to BRL 1,575,956.81 (equivalent to USD 421,534 in 2021, adjusted for inflation) with the addition of new partners in 2019.

Therefore, the potential of donations is most influenced by the amount of sales made per day, or in other words, the volume of transactions in commercial establishments where they are present, as well as the engagement of the staff, who tend to offer the rounding up option more.

Figure 1. Donations collected by year (in BRL)



Source: Arredondar Annual Report 2020 (available at www.arredondar.org.br)

Current Status, Scale, and Scope

Arredondar registered 7.8 million donations in 2020, which resulted in more than BRL 1.6 million (equivalent to USD 330,186 in 2021, adjusted for inflation) collected in 1,242 partner stores, belonging to 20 brands that embraced their own cause.

Main causes supported by the initiative

The causes supported by Arredondar follow selection criteria in line with the profile, industry, and organizational culture of the retail partner.

From the partnership with the brand, the cause it wants to support is defined in consensus, considering the one that has the greatest adherence to its image and corporate culture; it can be either a cause that the retail store already supports through other initiatives, or a new cause that the retail store wants to get involved with.



Currently, Arredondar's portfolio of CSOs includes the following causes:

- Animal protection;
- Arts and culture;
- Education;
- Environmental conservation;
- Fighting hunger, malnutrition and eating disorders;
- Gender and diversity;
- Health;
- Professional training; and
- Social inclusion and citizenship.

Of the total amount of donations collected, the proportion allocated to each cause varies according to the year and the choice of the partner brand of which CSOs to support. To illustrate an example, the composition in 2020 was the following: approximately 57 percent went to education, 14 percent to animal protection, 14 percent to social inclusion, 9 percent to professional training, 5 percent to nutrition and food safety, and 1 percent to environmental conservation.

In 2020, 33 CSOs were supported, bringing the total to 58 Brazilian CSOs supported over Arredondar's 10 years of existence. In terms of geographic coverage, CSOs receiving support are distributed across Brazil. Arredondar is in 23 Brazilian states, present in the largest cities and state capitals, and therefore has an urban profile.

Public Perception and Motivation to Use the System

In 2016, Arredondar partnered with the São Paulo School of Business Administration, Fundação Getulio Vargas (FGV EAESP) to conduct an extensive survey aimed at understanding the profile of micro-donors. The survey focused on GPA—a Brazilian retail group—because of its importance to Arredondar and revealed some relevant findings.

Some of the main conclusions from this survey were as follows:

1. The customers who donated most were those who had a good relationship with the store, meaning those who shopped more frequently in the store.
2. Customers who donated the change from their most recent purchase were more likely to donate again in their next purchase.
3. The greater the total value of the purchase, the more likely the customer would be to donate the change.

4. The smaller the value of the change, the more likely it was to be donated.
5. Payments in cash were more likely to result in donations, especially when the change was less than BRL 0.10. When the change amount was greater than BRL 0.50, the form of payment did not differentiate. In other words, payments in cash, credit, or debit cards had similar rates of conversion into donations.
6. Customers did not differentiate whether the recipient of their donated change would be an educational or environmental cause, a large CSO, or a small NGO.
7. A cluster analysis revealed three customer profiles in terms of their behavior toward micro-donations:
 - a. *Engaged donors* represented approximately 15 percent of customers and were responsible for 49 percent of the total donations. These were customers who donated on more than 70 percent of their store visits.
 - b. *Occasional donors* represented approximately 13 percent of total clients and accounted for 45 percent of total donations. These customers donated on 44 percent of their store visits on average. Occasional donors were more susceptible to the influence of situational factors. Sometimes they donated, but sometimes they did not, depending on the total value of their purchase, the amount of change, their experience of shopping in the store, and their mood.
 - c. *Rare donors and non-donors* exhibited lower levels of generosity than the other two profiles. They constituted the majority of customers (approximately 72%) and accounted for only 6 percent of total donations. This group was more skeptical about making donations. They expressed doubt about or lack of interest in donation projects.
8. The practicality of donation was key to customers' decisions to round up. In the view of engaged donors, the ease of rounding up cents was the aspect that most contributed to their donations and therefore was something that should be strengthened to boost customers' participation in the rounding up project.
9. The cashier's engagement was critical to the project's success, increasing the likelihood that store customers would donate their change.
10. The store customers who donated most were those with the strongest altruistic inclinations—meaning those who were more willing to help others and more apt to donate when an opportunity arose—and those with more favorable perceptions of the NGOs' work.



Impact of the COVID-19 Pandemic

The pandemic impacted the model of Arredondar at the beginning of 2020 because the in-person presence in retail stores decreased a lot. The effect was critical: Arredondar's revenue dropped 70 percent with the closure of some stores and/or a drop in activity. Many customers started to buy online on the stores' websites with home delivery. At the same time, the demand for resources from CSOs increased.

The obvious solution would be to implement rounding for online purchases. Arredondar expanded their strategy by investing in the development of a digital module for Magento e-commerce with Webjump, a development company that provided a pro-bono service. In 2020, Arredondar's share in e-commerce remained stable, and it was not possible to increase it significantly. Agencies that work with e-commerce were in great demand from other clients, and at the same time, many brands that would like to offer rounding up had to prioritize the implementation of improvements in their digital media instead. Nevertheless, Arredondar continues to invest in this customization for implementation on websites and other digital modalities.

Although it was a challenging time for everyone—both retailers and CSOs, there was later a gradual recovery with the reopening of stores. At the same time, Arredondar was able to establish new partnerships and develop new collection/donation models.

A new partner that took the initiative to look for Arredondar was UAU BOX, a subscription club in which, for each box sold, the brand itself donates BRL 1 (i.e. 1 box = BRL 1 in donation). Although it was a partnership for a limited time, it generated important revenue for CSOs and proved to be a new model for Arredondar.

In addition, there were other types of partnerships, such as brands that donated a percentage of sales (e.g., 1% of sales revenue for Arredondar to pass on to CSOs). This model was particularly useful for those potential partners who, due to technological obstacles, would not be able to adapt the rounding up model. Despite the challenges and against all expectations, 2020 showed a revenue growth of 3 percent, and at the end of the year, Arredondar managed to resume its operation with great strength.

In short, despite all of the challenges imposed by the COVID-19 pandemic, there was an increase in establishing partnerships with brands. Brands became more sensitive due to the pandemic and were also expected to respond more to environmental, social, and governance (ESG) factors, to look more at social and environmental impacts, reorder priorities, and open more channels (Bertão, 2022). This was certainly driven by the shock of the pandemic. Even with the retail crisis and despite the drop in revenue, there was an increase in brand engagement and corporate donations reached a peak in Brazil—especially at the time of reopening (ABCR, 2022). The levels of generosity were also high, as shown by the Brazil Giving Research 2020 (IDIS, 2021), and there were several giving vehicles ready for channeling such donations. Arredondar also opened other fundraising campaigns which the brands promptly disclosed, introducing Arredondar’s approach to partner brands. After 2020, Arredondar noticed that retailers were more aware and wanting to engage with these initiatives.

Comparison between Arredondar and Traditional Ways of Donation

Arredondar proposes a simpler way to donate. For example, it does not require any special effort, such as generating bills, registering, going to a certain location, or registering an account, among others. The proposal of Arredondar is that the donation takes place within the person’s routine, that it is not a moment of doubt, and that the person, wanting to become a donor, manages to do this in a simple way.

Another barrier that Arredondar has broken down is each person’s self-perception that they do not have the resources to donate or that they would need to have a lot of money to donate. Through this model, everyone can become a donor, and everyone’s cents can result in a large amount of funds raised, bringing about major transformations. People tend to think that they would have to donate a large amount to be able to make a difference, but Arredondar has shown that it doesn’t have to be that way: low resources but large volume is the solution.

The convenience and ease of donating can happen in daily life: the donor does not need to go to any website, because when the donor trusts the collaboration between Arredondar and the retail partner, a curation of pre-selected organizations is presented. This means that the donation is made without thinking “*where does the money go*” or “*is this organization trustworthy*.”

Another differential is transparency: the donor can track what is being done and the destination of the money raised through the website, social networks, and publications of Arredondar.



Impact of Arredondar on the Donation Environment in Brazil

The impact can be measured by the amount collected itself (it was BRL 7.5 million as of July 2021, or equivalent to nearly USD 1.4 million), but also by the volume of donation instances (36 million in total, or an average of 22 donations per minute). Consequently, there is an impact on donation culture, as it is a large volume of people who interact with this giving vehicle on a daily basis. It is an invitation that is part of their routine, but it also makes people think about organizations and believe that they can make a difference. With a very simple act, this reflection is present in every day of people's lives, which generates greater awareness.

Another very important point—which is not as evident or tangible—is the movement that Arredondar provokes within partner brands as they have to engage many people on their teams (from corporate staff from marketing, finance, and operations to people who work in the stores, such as managers, regional managers, and front desk employees). Therefore, this giving vehicle becomes part of the work routine for all these people. Because of this, many brands have expanded their actions by connecting with CSOs; for example, by bringing courses to expand diversity, increasing accessibility, and encouraging employees to volunteer with CSOs. Therefore, the partner brands have also transformed internally.

CASE STUDY 2:

BSocial—Crowdfunding for CSOs and Solidarity Events

BACKGROUND

The BSocial donation platform emerged in late 2018 along an unconventional path to become a third sector initiative.

At the end of 2017, Marcos Botelho—one of the founding partners—and a group of venture capital investors got together to build a peer-to-peer loan application. During the construction of this project, a different idea emerged: to create a social impact initiative to add to their venture capital portfolio. Later, their sole focus shifted to social impact, and BSocial was born as an idea for a platform for donating to the third sector. Botelho invited Flora Botelho, who worked in the third sector as an advisor to some CSOs, to lend her experience in the area to the initiative. Other partners (Maria Eugênia Duva and Mariana Salles) later joined, contributing knowledge and experience from other areas.

It was time to structure the platform from a technological point of view and, furthermore, outline a positioning strategy, or how BSocial should be inserted in the third sector and the growing movement to strengthen the donation culture. In other words, they considered how BSocial would act in the relationship with donors, with CSOs and with companies, in the triad: B2C, B2B2C and B2B (excluding, at that time, B2Gov).³

To define this positioning and give the platform scope before its launch, a thorough environmental scan was carried out that considered benchmarking of other platforms, what existed and what did not exist in the field, how these platforms were positioned, in what stage of advancement they were, and finally, a mapping of the third sector in what could be referred to donation platforms.

³These acronyms represent traditional business models. Business to Consumer (B2C) models are traditional transactions between a company and a customer. Business to Business to Consumer (B2B2C) models work like a marketplace, where a third-party business connects a business to the final consumer. Business to Business (B2B) models involve companies selling products to other companies. Business to Government (B2Gov) models are transactions between businesses and the government.



This environmental scan explored three areas specifically.

- 1) Which agents are relevant to summon to the platform were considered in order to gain a better understanding of the field. BSocial's objective was to invest in CSOs, strengthen the sector, and not just be a crowdfunding fundraiser for specific projects. In this sense, it was necessary to explore sources already available for this curation. The founders got to know the DOAR Certification, an initiative of the Best NGOs Award; researched information such as how people recognize and choose an organization to donate; and started to understand the universe of donors and CSOs. From there, they invited 100 CSOs to join the platform, based on criteria such as published balance sheets, the presence of donation buttons on CSO websites, among others, to understand the spectrum and bring reputational strength to the platform.
- 2) Benchmarking of existing platforms in Brazil. They found about a dozen of crowdfunding platforms, such as Catarse, Benfeitoria, and other well-placed platforms), but all with one-off projects and single donations. None of them provided services to strengthen CSOs, helped donors give to their preferred cause areas, or made recurring donations available. Thus, BSocial decided to focus on these elements.
- 3) Benchmarking of international platforms. The environmental scan, carried out with organizations in the United States and England, contributed to generating ideas about products, but the Brazilian environment differs a lot from these countries, which prevented the replication of some of the possible solutions. Aspects such as the circulation of money in the country, taxes, tax waivers, and even the perception of the collection of administrative fees are factors that needed to be considered.

The platform was launched in October 2018, offering two initial products: donation to CSOs and solidarity events, an approach through which an individual can create an account and raise donations for CSOs that they select from those available within the platform. Thus, individuals can easily create an event on their birthday, share it with their network, and receive donations as a gift to an organization that supports the cause they believe in.

The following year, the model was closely observed, putting all of its operational functions to test. During this period, the founders highlighted the importance of having consolidated CSOs in the portfolio, which brought their reputation to the platform, and then gradually included smaller and lesser-known CSOs. Another aspect was partnerships with other institutions, such as IDIS and the Phi Institute, which contributed knowledge, certification, and accountability of CSOs.

At the end of 2019, there was a corporate change. BSocial left the Superjobs portfolio and got a new partner, the Fefig Institute, a family foundation that made a new contribution to ensure financial sustainability in 2020.

Current Status, Scale, and Scope

BSocial still maintains its two initial products—donation to social organizations and solidarity events. However, in 2020, with the arrival of the pandemic and the creation of projects to respond to the social challenges that arose, BSocial included Emergency Funds in its portfolio of alternatives for donation.

The first was the Emergency Health Fund—Coronavirus Brazil (FES), which was launched in partnership with IDIS and the Bem Maior Movement. The Fund attracted more than 10,000 donors and generated visibility, featuring in more than 300 articles in the press and receiving the Social Entrepreneur Award. The successful model was then replicated to create another five funds, all related to the pandemic and its consequences.

In absolute terms, in 2020, BSocial increased from a base of 600 registered donors to 15,000. In the same period, the volume of resources handled by donations jumped from BRL 700,000 (equivalent to USD 142,740 in 2021, adjusted for inflation) to BRL 3 million (equivalent to USD 611,742 in 2021, adjusted for inflation).

Main causes and beneficiaries supported by the initiative

At first, to consolidate itself, BSocial mapped the 100 most relevant CSOs in Brazil, considering criteria such as transparency, solidity, and credibility to give security to the donor (as if to say, “here you can donate with peace of mind”) and also to ensure diversity in causes offered. BSocial invited this group of organizations to participate in the platform and the reception was high—only 2 did not join at first, but later they did. Gradually, it attracted other organizations.

The platform seeks to expand its coverage, making choices that cover all themes, as well as new causes such as LGBTQI+ rights, black women’s rights, animals, oceans/water and climate, strengthening the philanthropic environment, among others.



Currently, BSocial offers the option of donations to 10 causes:

- Animals;
- Art, culture and historic heritage;
- Children and Youth;
- Education;
- Elderly;
- Environment;
- Facing the consequences of Covid-19;
- Health;
- Human Rights; and
- Sports.

It is still a challenge to offer an extensive menu of CSOs in each of the themes because some areas traditionally have more active organizations than others (e.g. Education and Children and Youth have more organizations than do causes such as Human Rights or Elderly).

Comparison between BSocial and Traditional Ways of Donation

In Brazil, donating has become accessible for the entire society. Organizations like BSocial establish new possibilities for the relationship between donors and CSOs, and for the flow of resources without any boundaries. BSocial also gives visibility to emerging causes, such as LGBTQ+ and racial equity.

BSocial has this vision of being able to invert the donation pyramid, reinforcing the power of the collective by increasing the importance of small individual donations—“each BRL 1.00 donated is important”—as noticed by Mariana Salles, BSocial curator and business intelligence (BI) expert interviewed for this project.

Grassroot organizations and community philanthropy are evolving in Brazil and this is very transformative when compared to corporate foundations and family philanthropy. CSOs use their influence to mobilize their vast and diverse local communities to elect and sustain the changes they want to see without becoming paralyzed, dependent, or surrendering on external transformative movements. In short, the inflection point is to ensure that charitable contributions can go to causes that are outside the giving mainstream. Donors using BSocial’s platform have the autonomy to direct its resources to other problems that were previously forgotten.

Finally, the platform facilitates the process of attracting and managing individual donations.

CASE STUDY 3: **Editora MOL—Supporting Charities through Social Impact Publishing**

BACKGROUND

The founders and co-CEOs of Editora MOL—journalist Roberta Faria and business administrator Rodrigo Pipponzi—were united by values, such as the need to find more purpose at work, and by dissatisfactions, such as the lack of creative autonomy when working with big brands, the little space for innovation in traditional corporate structures, and the recurring complaint that the content published by major media companies did not serve their personal interests as readers. Then came the idea of creating a business: Editora MOL, where they would publish the content they would like to consume and could not find on the shelves, using a business model more aligned to their values.

When opening Editora MOL, Roberta and Rodrigo sought to capitalize on the favorable conditions in the publishing market at that time with editorial products for niches not covered by traditional media. Roberta felt that, on the part of the major publishers, there was a focus of the content on what supposedly sold (and what did not sell), implying the low quality of publications aimed at the most popular classes, little space to innovate in narratives, and a great focus on celebrities and consumption, instead of social issues, real stories, and more diverse representation, as such agendas were seen as “unsellable”.

The charitable model behind Editora MOL was conceptualized through a partnership with GRAACC (Support Group for Adolescents and Children with Cancer, one of the largest NGOs in Brazil dedicated to treating childhood cancer) and Droga Raia⁴ (then a network of around 100 pharmacies in Southeast Brazil, which already had a history of supporting causes through the sale of products like ecological bags). Droga Raia would display the magazine alongside other products in the drugstores and offer the magazine to customers, which allowed a privileged exposure and a reduction in logistical and commercial costs. On the last page of the magazine, there would be a story of a child treated at GRAACC, accompanied by an invitation to donate to the hospital.

⁴Droga Raia is a large chain of pharmacies present throughout Brazil.



In terms of financing, Roberta and Rodrigo turned to CSOs and retail stakeholders. Drug companies, which are also supporters of GRAACC’s cause, could advertise in the magazine. The financial model that would support the magazine was simple: the magazine would have a fixed cover price, a production cost, and a guaranteed fixed production run. The cost would be divided into annual sponsorship fees, to which the main counterpart would be the advertising space in the magazine. With this model, sponsorship covered production cost, and without operational, distribution, or sales commission costs, all post-tax income from the sale of the magazines would be donated to GRAACC. GRAACC leaders additionally convinced two pharmaceutical laboratories that were already sponsors of the hospital to sponsor the magazine instead of donating to the institution, which would double the value of resources. In the first year of the project, this meant that every BRL 1.00 of sponsorship resulted in BRL 1.92 passed on to GRAACC.

Surprised by their own success, Roberta and Rodrigo realized that the model had the potential to be replicated in other types of retail, with other products and benefiting other causes. Thus, Editora MOL was effectively born as a social business focused on socio-editorial products: publications with positive content, sold at affordable prices in partner retail chains, always with the income reverted to selected causes. Editora MOL is proud to say that it is “the largest social publisher in the world”, and it is probably the only one. The inspiration and creation of this model in which a product is a channel to donate is 100 percent Brazilian. From then on, Editora MOL started to replicate the model in other retail stores, product formats, and causes.

Figure 2. The business model of Editora MOL



Source: Editora Mol’s website (www.editoramol.com.br)

Products, models, and adaptation to the partner retailer's profile

Each publication has a specific frequency, depending on the volume of customers and the turnover of each retail chain. For example, for a magazine product, it is necessary to have a high turnover in stores (like in pharmacies and supermarkets) but at jewelry stores (Vivara chain) and toy stores (RiHappy and PBKids chains), more durable and timeless products are offered, such as books, cards, and games. The product is also adapted for the type of checkout: at jewelry stores, a card book that fits in the small bag is used to pack the jewelry; and at toy stores, a card deck that fits in the narrow space of a toy box is used.

The content is defined according to the brand's universe, the public's interest, and the relationship with the cause. All of this translates into subtle differences in the product; for example, in the Petz pet shops network, Editora MOL publishes books, calendars, and sticker albums with the theme of love for cats and dogs, and the proceeds are donated to CSOs for the protection of abandoned animals.

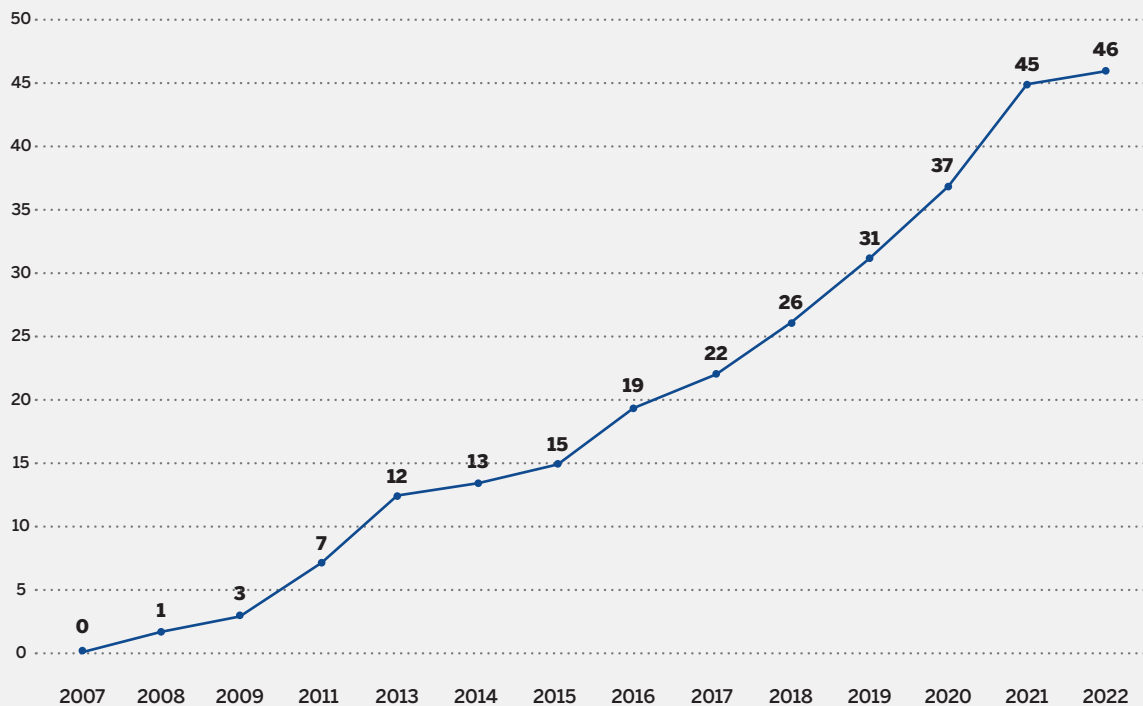
The retailer does not invest money in the project. The initial cost of production is borne by Editora MOL itself, which advances the investment and recovers it with sales. As sales take place, the retailer passes on the value until the print run is sold out or, if applicable, returns what has not been sold. Every project has a break-even point: you need to sell a minimum (generally 55% to 65% of the total print run) to cover the upfront production costs and sales-proportionate taxes. If the project does not reach the break-even point, the project does not generate donations—in this case, there is a loss, usually divided between Editora MOL and the retail partner. The total amount donated varies and will depend on the final sale—the goal is always to sell 98 percent of the print run; 2 percent are considered acceptable losses in the operation. However, since its inception, Editora MOL has published 152 products, of which only 2 have not reached the break-even point; the vast majority of projects reach the fundraising goal.



Current Status, Scale, and Scope

Editora MOL had donated more than BRL 46 million as of February 2022 (equivalent to approximately USD 9 million), accumulated since March 2008 (when the socio-editorial model debuted), as shown in the chart below.

Figure 3. Donations made by Editora MOL (in million BRL)



Source: Editora MOL website (www.editoramol.com.br)

By the end of 2021, the publisher had 13 active retail brands, 150 magazine editions, 49 published books, more than 25 million copies sold, and donations already made to 118 CSOs. In that year alone, more than BRL 8 million were donated—equivalent to about USD 1.5 million. It is a profitable and generous social business: in 2021, for every BRL 1.00 of operating profit, BRL 4.60 was donated.

Main causes and beneficiaries supported

The causes supported by Editora MOL vary according to the partner. The choice of cause is synergetic, that is, they adhere to the values of the retail company. Retailers may also include CSOs they already supported; for example, Drogasil⁶ chose *Obra do Berço*, a CSO with which it has a decades-long relationship, as one of the beneficiaries. In other cases, the choice of cause is defined based on the brand's value proposition: in the case of the Petz pet store chain, the natural choice was an animal-related cause; the supermarket retail chain St. Marché, in turn, chose food; the women's fast fashion chain Lojas Marisa supported women's rights; and the Droga Raia pharmacy chain prioritized health CSOs.

According to the expected volume of donations, more than one organization is selected as beneficiary. This also allows for more effective combinations to attract the public, such as the inclusion of a nationally renowned "anchor" CSO, along with other smaller organizations of regional interest, aligned with the retailer's networks. The retailer and Editora MOL choose CSOs within the chosen theme, and the final choice of the beneficiaries is made in common agreement between the retailer and the publisher. The selection can also be made through public notices, as in the case of Droga Raia and Drogasil pharmacies. Selected CSOs need to be certified by a partner organization⁷ that specializes in organization validation. In some segments, such as animal welfare, CSOs tend to be small and poorly structured; in these cases, Editora MOL also supports the greater professionalization of these organizations, so that they can receive and make better use of the resources.

As a rule, Editora MOL donations are unstamped or unrestricted; that is, they are not intended for specific projects and can be used for institutional development—something rare when it comes to donations in Brazil. However, it is necessary to present a plan for the use of resources and provide detailed and documented accounts of the impact of donations.

Today, Editora MOL works with causes organized in four areas, supporting more than 100 CSOs:

- Education and Citizenship (19 CSOs)
- Animal Protection (54 CSOs)
- Health and Well-being (48 CSOs)
- Sustainable Living (9 CSOs)

⁶Drogasil is another large pharmacy chain that joined the Raia chain in 2011.

⁷Certification is carried out by OSC PHOMENTA. For more information, see: www.phomenta.org.br



Figure 4. Causes supported by Editora MOL



Source: Editora MOL website (www.editoramol.com.br)

Public Perception and Motivation to donate through Editora MOL

As the Editora MOL model is a B2B2C (business to business to customer) relationship, their relationship with the final public—with the donor who buys its publications at the checkout—is still weak and happens mainly through emails or social media, always starting when the donor seeks these communication channels to comment about the product.

Knowing the profile of these people better would enable Editora MOL to improve the model, create new products, and extract subsidies to leverage sales. Therefore, it relies on outreach made by retailers. RaiaDrogasil (RD) and Petz, for example, made themselves available to reach out their networks of customers who purchased any Editora MOL product at least once in the last 12 months.

In August/September 2021, a brief survey was carried out and sent to 260,000 Raia customers and 268,000 Drogasil customers. In October, the same questionnaire was sent to 82,000 Petz customers. These clients are those who have purchased some of Editora MOL's social-editorial products, or in other words, the "donor clients".

Survey results from RD pharmacy network customers

A total of 1,170 questionnaires were returned by RD Network customers (including 587 from Raia Network and 583 from Drogasil Network).⁸

In terms of demographic profile, these donor clients who completed the survey are mostly women (59%) and are university educated (70%). In terms of age groups, the distribution is quite uniform except for the most extreme ages (lower incidence among the oldest, over 65 years old, and a little smaller among the youngest). A minority (15%) does not have a religion, although less than half (43%) of those who claimed having a religion said that they did not practice that religion. A third (33%) lived with animals, and more than half (58%) lived with children in their daily lives. The majority (90%) had already donated a few times or were monthly donors. A minority (10%) does not usually make financial donations.

About the purchase, most of the respondents:

- purchased the magazine (and not other products, such as calendars or books);
- did it once or twice in the last 12 months;
- considered the price (BRL 4.70) to be suitable; and
- were always or almost always approached by the cashier to include the magazine in their purchase.

About the motivation to buy,

- over half (55%) of the respondents did it only to make the donation, but a good portion (41%) also did it for the product and not just for the donation; and
- around three-fifths (61%) did not choose the pharmacy because of the opportunity to donate.

About using the magazine,

- half (52%) of the respondents read the stories that interest them most and about one-third (37%) read the entire magazine;
- about two-thirds (67%) shared the magazine with one or more people, although one-third shared it with no one; and
- most (77%) recommended the products (magazine, calendar, and/or books) to other people.

⁸See Appendix 4.1 for tables with survey results.



About trust and opinion about this specific way of giving,

- about half (53%) of the respondents found this form of donation quick and convenient; about a third (37%) considered it easy to understand and easy to donate;
- one-third (32%) of the respondents found it trustworthy and safe to donate in this way, and about one-fifth did not like (16%) or did not trust (6%) this way of giving;
- one-third (36%) of the respondents thought that transparency (disclosure to who and how much was donated) was excellent; and
- half (55%) did not understand the model very well but trusted the magazine.

Survey results from Petz customers

A total of 251 questionnaires returned from Petz customers (Pet Shop network).⁹

In terms of demographic profile, these donor clients who completed the survey are mostly women (76%) and are university educated (83%). In terms of age groups, the distribution is more concentrated in the group between 26 and 45 years old (60%), with much less incidence in the most extreme ages (lower incidence among people under 25 years old and over 56 years old). A quarter (26%) do not have a religion, although almost half (43%) of those who claimed having a religion said that they did not practice that religion. More than half (54%) lived with children in their daily lives. The majority (76%) had donated a few times or were monthly donors. A minority (8%) does not usually make financial donations.

About the purchase,

- Over half of the respondents bought cat and dog books (65%) and a sticker album (51%);
- most (92%) picked up the product at the checkout when paying for the purchase (not on the product shelf inside the store);
- over half (55%) did it once or twice in the last 12 months;
- a majority (85%) considered the price (BRL 8.90) to be suitable; and
- 68% were always or almost always approached by the cashier to include the product in their purchase.

⁹See Appendix 4.2 for tables with survey results.

About the motivation to buy,

- most (72%) respondents did it for both the product and the donation, and not just for the donation alone, which indicates a good appreciation (use value) of the product itself; and
- approximately a quarter (38%) gave preference or chose to go to the pet store because of the opportunity to donate.

About the use of the products,

- half (51%) of the respondents bought for their own use, one-third (32%) bought as gifts to other people, and one-fourth (24%) bought for their children; and
- most (about 80%) shared the product with one or more people, although one-fifth (20%) did not share the product with anyone.

About trust and opinion about this way of giving,

- most respondents found this form of donation quick, practical, and easy to understand;
- most respondents found it reliable and safe to donate in this way, or would recommend this way of giving to others;
- a good portion of respondents preferred to donate in this way than to donate directly to a CSO; and
- a minority thought that this way of donating interfered with their purchasing process.

Reaction to the COVID-19 Pandemic

The retail segment was directly affected by the COVID-19 pandemic. Among partner retailers that belonged to sectors that remained open, such as pharmacies, markets, and pet shops, sales in stores dropped considerably. Chains of non-essential products, such as jewelry or toys, in turn, had their doors closed for long periods, suffered much more, and still have not recovered. In this period, donations collected dropped, and the edition of a magazine was totally lost. Still, Editora MOL recorded more than BRL 5 million in donations in 2020 (equivalent to slightly over USD 1 million in 2021, adjusted for inflation).

On the other hand, the pandemic increased the awareness of Editora MOL among other retailers, who realized that they needed to do something, or do more than what they had already been doing. This boosted new projects for 2021, and three of them are already under development, in addition to the growth of existing projects, which caused donations to have grown by more than 60 percent from 2020 to 2021. Adherence also reflects the strengthening of donation culture in this period when people felt more sensitized to donate and more confident in CSOs and social projects.



Impact of Editora MOL in the Donation Environment in Brazil

Since they started, the founders of Editora MOL have noticed that the idea of “buy and donate” has become more common and better understood by companies and consumers. It is no longer necessary to explain, and the invitation generates less distrust. Today, the question “where does my money go?” has more to do with a positive curiosity about “who am I helping?” than a doubt about the destination of the money (due to fraud or theft).

Today, many causes have also emerged in addition to the traditional ones, such as health or education. More specific causes are gaining ground and visibility—it is not only about human rights, but about racial equity or employment for refugees, for instance. Social awareness, conscious consumption, and a variety of causes have increased in the last 15 years. This is positive for Editora MOL, because the more engaged people are with causes, the more chances people have of becoming committed donors. They stopped seeing this as an act of charity or generosity and started to see the donation as an act of citizenship and social conscience. According to Editora MOL’s point of view, each person needs to choose the cause that they most identify with in order to make a recurring donation. With a greater multiplicity of causes, the chance of identification with one of them is greater.

Niche CSOs have grown and are still not very professionalized, so Editora MOL has contributed to improving organizational aspects such as management, business model, fundraising, and planning.

These changes, directly or indirectly, are the effects of Editora MOL’s performance over more than 10 years.

METHODOLOGIES

In each case study, information was gathered from different sources, and appropriate methodologies were applied to each one of them. These methodologies are explained below.

- Desk research: Review and summarize published content and documents provided by the initiatives, such as annual reports, articles, blog posts, press releases, interview videos, and others.
- Qualitative phase: In-depth interviews with managers (founders or executive directors with extensive knowledge of the initiative's history and performance) lasting 1 to 2 hours, carried out remotely via Zoom.

Each interview was carried out using a guided script covering the topics of interest. These interviews sought to understand the aspects missing from the published materials (desk research), as well as the dynamics of the initiatives, expansion, and scalability strategies; and the operation and the impact of the COVID-19 pandemic.

- Quantitative phase: When feasible, an online survey with about 15 questions was sent by the initiative to its donors. This survey was *to understand the profile and perception of the donors of that initiative*. It should be noted that the option of self-reported online questionnaires has technical limitations, as sampling bias cannot be avoided: those who responded may not accurately reflect the profile of all donors. Therefore, we emphasize that this sampling process does not guarantee the representativeness of all donors, since donors who had the time or willingness tended to answer the questionnaire.¹⁰

¹⁰In the case of Arredondar, there is no registration of donors, so profile data were obtained from a survey conducted in 2017 by FGV in partnership with the partner retailer GPA. In the case of BSocial, there was not a return of questionnaires in sufficient quantity to complete a sample of acceptable size (from a base of 15,000, only 34 returned).



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APPENDIX 1: MORE ABOUT ARREDONDAR

Arredondar is a CSO that supports other CSOs, partnering with brands, to bring the possibility of donating and supporting causes to thousands of retail and e-commerce consumers. The social entrepreneurship initiative was founded in 2011 by entrepreneur and administrator Ari Weinfeld. Inspired by a book that he received as a gift from a friend, the idea came to create a solution that was in people's daily lives, democratizing the act of donating. Using technology to generate socio-environmental impact, Arredondar created a platform to donate when paying a bill, transforming change coins into support for causes.

Beneficiaries Served

Based on the chosen cause, the partner can choose organizations from a portfolio of organizations certified by Arredondar or request the certification of new ones.

To join the portfolio of CSOs (becoming a potential beneficiary), an organization must go through a certification process, which includes criteria such as being secular, non-partisan, and having existed for more than 2 years. Once the CSO is approved by the certification process, it can receive the donation from rounding.

In 2020, 33 CSOs were supported, bringing the total to 58 CSOs supported over Arredondar's 10 years of existence. In terms of geographic coverage, the supported CSOs are distributed throughout Brazil. Arredondar is in 23 Brazilian states, present in the largest cities and state capitals, and therefore has an urban profile.

After the partner brand chooses the cause and the recipient CSO, Arredondar supports the brand in building their own impact strategy through the construction of fundraising scenarios, customer conversion, and distribution of donations.

Ways to Encourage Donations

The main strategy adopted to encourage donations is investing in employee engagement at the partner brands' points of sale, as cashiers are "on the edge" and can convert a sale into a donation.

In its early years, Arredondar did a lot of face-to-face training, but little by little it migrated to online training, which allowed for greater scalability and greater frequency with no change in effectiveness or results. Another way to strengthen



engagement is to identify the partner company's culture and act synergistically with it. For example, rankings, activities, competition between stores, valuing employees that offered rounding-up more successfully, or conducting interviews where employees can share tips on how to perform well are all alternatives that can be used according to the cultural profile of the partner company.

Another way is to promote the chance for teams of brand employees to visit CSOs where they can see the work they do locally and become more involved with the cause. If it is not possible to organize face-to-face visits for employees, especially during the COVID-19 pandemic, CSOs can create and share videos of their own work. When possible, Arredondar replicates these initiatives across partner companies because it verifies that field visits and greater employee involvement increase motivation.

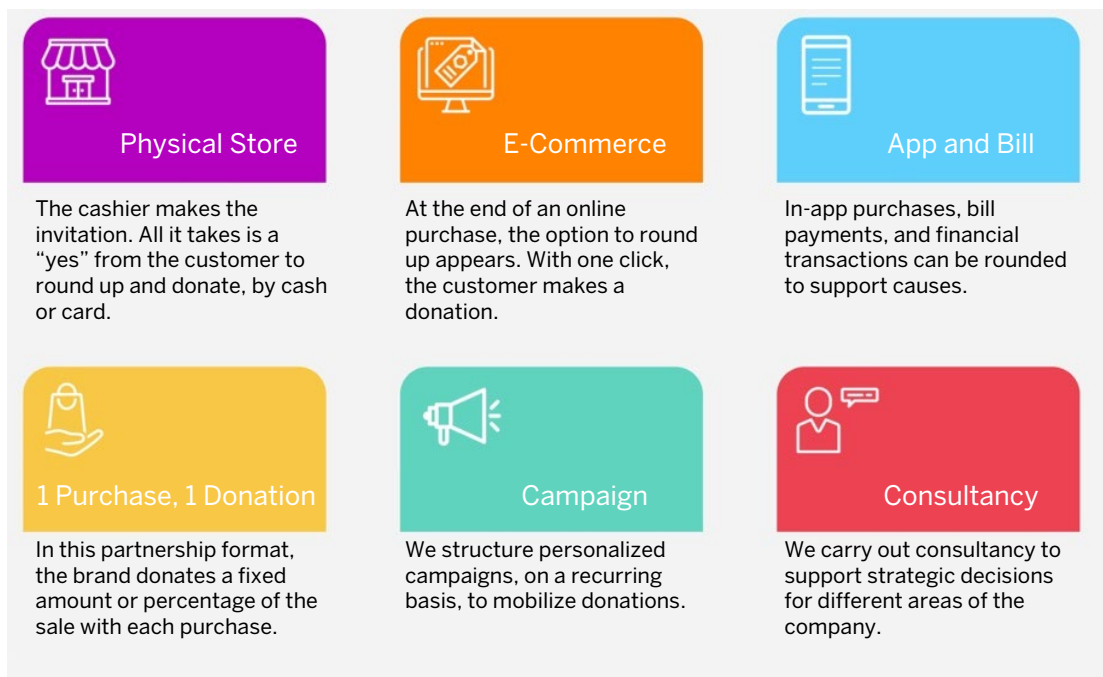
Finally, there was an investment in the creation of content for brands' digital communication on social networks and websites. This is a way to increase the visibility of the partnership and the client's connection with the impact of donations, and can influence donations in physical and digital stores as well as strengthen the bond with the supported CSOs.

Nowadays

In 2020, Arredondar registered 7.8 million donations, which resulted in more than BRL 1.6 million (equivalent to USD 326,262 in 2021, adjusted for inflation) collected in 1,242 partner stores, belonging to 20 brands that embraced their own cause.

In addition to the rounding up solution in physical stores—which continues to be its main focus—Arredondar expanded its operations, developing other donation solutions as follows.

Figure 5. Donation solutions of Arredondar



Source: Arredondar Annual Report 2020 (available at www.arredondar.org.br)

Financial Sustainability

Arredondar's financial sustainability model consists of separating a percentage of the total collected by micro-donations. Until 2018, the administrative fee was 10 percent, but it was not enough to reach the break-even point, making the operation unsustainable. Currently, this rate is 20 percent, which is still not enough for full financial sustainability. For this reason, Arredondar has developed other products, such as consultancies and other donation models (as shown in the figure above) with other partner brands, and this helps to ensure Arredondar's financial sustainability.

Critical Factors for Success

There are four essential factors for Arredondar to succeed in its goals:

- a) Number of transactions: It cannot be too small; it must be a medium or large volume. That is because what really influences this type of donation is not how much the store sells, but how many sales it makes, as each person represents an opportunity for rounding up their payment. Indeed, it doesn't matter how much a person spends, but the cents that compound the total. For example, a



sale of USD 9.99 will be rounded to USD 10, just as a sale of USD 9.09. The latter will generate a higher donation. Therefore, stores with many prices that end with (.99) would be unlikely to generate a convenient donation to Arredondar. And if, in addition to “favorable prices to rounding up,” the number of sales is high, then there will be a greater possibility of collection, justifying the greater interest in large chains (with many stores) capable of generating a large volume of sales.

- b) The conversion of sales into donations: This means how many customers accept the rounding proposal, which is related to factor C below.
- c) Engagement of employees who operate the tellers: It is essential that the cashier makes a proposal to the customer to round up the purchase. The most effective strategy has been to invest heavily in internal employee engagement. The cashier has to know what is going to happen after the donation, how the operation works, and has to be connected with the impact of the donation. This also has an impact on the donation culture, as it transforms the own culture of the partner company and the people who work there. In addition, a promotion/disclosure strategy at the checkout itself would be more costly and more difficult due to space limitations (which is very competitive to offer other types of promotions).
- d) Ease of deploying technology in potential partners: Arredondar needs to be fast and agile to bring a solution for technological and management integration (financial, accounting, tax, and information technology (IT)) between the systems (partner brand and Arredondar). If this is not offered, it becomes a barrier to the expansion because it is not a priority for potential partners to change their systems. For this reason, Arredondar now has all the tool kits necessary to solve any problem that may arise during the implementation; it has its own structure to provide human resources, training, and IT support, among others. In short, Arredondar’s model generates gains for partners: in finance (there is no need for change), marketing (connecting the brand to social impact without generating additional costs), sustainability/ESG criteria (expanding the socio-environmental impact generated by the brand), and human resources (gaining employee engagement). It is a win-win for all parties involved.

Growth Potential

Arredondar sees two main expansion fronts. The first is to expand to more large chains, which have a large number of physical stores and are able to generate a large volume of sales and funds for collection. Large chains also provide greater scalability. Therefore, the focus is to look for large chains (with many points of sale) or average chains that are easy to involve from a technological point of view (alignment of software applied). The criterion for determining whether a brand (chain) is “large” or “average” is the number of transactions made. Furthermore, Arredondar can also expand to small partners that want to round up and already have the required software, because implementation would be easy.

The other front for expansion is to expand Arredondar’s online performance, that is, to round up in e-commerce and through other digital products. Currently, Arredondar is in contact to establish partnerships with the VTEX and Magento platforms to enter more strongly into e-commerce and have greater scalability, mainly because the pandemic has made people buy more online.

Both fronts—to enter more large/average chains and expand in digital channels—demand the search for new partners. This prospecting is done actively, through direct search—using a network of contacts and indications—but also indirectly through institutional strengthening. The process of establishing a new partnership is much faster when the initiative/contact comes from the partner brand. Therefore, Arredondar is investing more in institutional communication, making the “Arredondar brand” reach more places and become better known among more known retail media and specialized retail media (e.g., S/A Varejo), to reach the decision-makers of prospective brands.



Appendix 2: More about BSocial

BSocial is a platform that collaborates with the social economy by making donations to civil society organizations possible. It is committed to generate social impact in a sustainable and recurring way.

Although this does not yet represent the achievement of financial sustainability, it was the basis for the development of yet another product: Powered by BSocial, a model that allows organizations or companies that want to provide giving options to their customers to customize their platform, creating an exclusive environment with selected initiatives based on their interest. Among the clients of this model are brands such as Grupo Iguatemi, Axion Investimentos, and Demarest Advogados. The greater demand for companies follows the movement to strengthen the donation culture in the country, with a greater interest of people in donating, an increase in the credibility of CSOs, and a growing demand from consumers for socially responsible attitudes from the brands with which they relate.

Today, the funders consider this path the right one for BSocial to reach its financial sustainability in the medium term.

Financial Sustainability

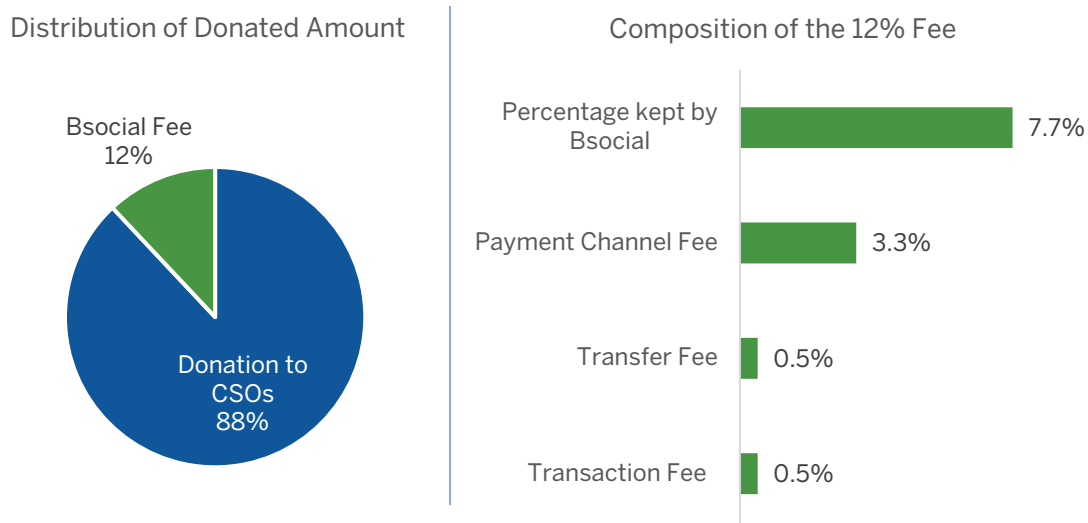
In Brazil, there are platforms that announce the full transfer of a charitable donation (100%) to the beneficiary. However, this is inaccurate information, because the costs inherent to the operation (means of payment, transfers, and the cost of maintaining the platform) are actually passed on to the beneficiary; therefore, it is the CSO that ends up paying for these costs.

BSocial rejected this model and thought of another solution in order not to penalize those who need the resources most. The idea is that if the cost of maintenance and operation is spread across numerous donors, the financial burden on the CSO will be reduced.

In the adopted model, BSocial withdraws a percentage of the donated amount for its financial sustainability and for transaction fees. This model fits into what is now called “social business”, in which the entrepreneur keeps part of the income to maintain the operation.

This percentage was defined based on the study of other business models (profit or nonprofit), in which the ‘operational fee’ ranged between 10 to 15 percent. With this, BSocial today sets aside 12 percent of the donated amount to cover its maintenance costs and payment fees, as shown in the chart below.¹

Figure 6. BSocial financial model



Source: BSocial internal document

In the case of funds, the rate is lower: 7 to 8 percent.

Since the platform’s creation, its valuation has grown. Despite the success of the funds and the donation movement caused by the pandemic in 2020, BSocial has not yet achieved its financial sustainability. To cover the costs of 2021, it relied on a contribution of resources from its partners, proportional to their participation. It also put up for sale 10 percent of its shares, seeking other investors, and has established partnerships with other businesses.

Critical Factors for Success

- Broad donor base: not all donors contribute monthly, therefore having a broad donor base increases the likelihood of engagement.
- Conversion of occasional donors into recurring donors (donors who donate monthly): regular donors are the dream of every organization, as they can

¹ Values for 2019



- better forecast the income. For the platform, as the donors become more engaged, the cost of donor retention is less than attracting new donors.
- Diversification of products: to reach financial sustainability without increasing the fees for CSOs, it is important for BSocial to have other products and services in their strategy.
 - Engagement of partners and funders: strengthening the giving culture and finding opportunities for giving is a collective effort of BSocial.

Growth Potential

Investing in donor base expansion is a path to growth. One of the strategies for this is to bring in companies as allies (B2B), because although BSocial's offer is advanced and contemporary, it is not yet consolidated. The approach to companies would be a 'convening alliance' bringing their employees and customers to the platform, which means that it would start from pre-existing links (company/employee or company/customer). This multiplier effect usually leads to one-time donations at first, but later, people can become recurrent donors.

Another path would be to identify companies with access to tax waiver mechanisms that want to implement a package of social initiatives: volunteering, donation, and strategy. For that, BSocial could become a multi-platform that would bring together other impactful services under one portfolio to make it available and more convenient for companies. Each service would offer different functions and solutions, but they would all be integrated into a single platform (BSocial).

BSocial is present on social media, but according to the partners, it is a path that has been shown to be ineffective for the conversion of donations and there is no investment intention on this front. As noted by BSocial, these channels are highly disputed and are experiencing a moment of saturation, which is why it is difficult to achieve visibility with many stimuli seeking people's attention. Thus, they have been betting on alternative paths, such as the 'Voz Social' project, which seeks to engage micro influencers (people with 200 to 500 followers on social media) who want to voluntarily highlight a cause and encourage their followers to donate to a BSocial CSO.

Appendix 3: More about Editora MOL

Editora MOL is a certified B Corp and a social impact publishing house in Brazil that develops printed materials, such as magazines, books, calendars, and guides, at below-market prices and donates parts of its revenue to CSOs in Brazil that fight for major charitable causes. Its publications have positive and engaging content, with real-life success stories and a focus on journalism for citizenship, the promotion of human rights, and quality of life. Created in 2007 in São Paulo, Editora MOL partners with large chains that sell its publications to the final consumer. Through retailer business volume and capacity, it fosters the culture of giving in Brazil. The company's co-founders, Roberta Faria and Rodrigo Pipponzi, are social entrepreneurs recognized nationally by the Folha de São Paulo Social Entrepreneur Award and internationally by the Schwab Foundation, the social arm of the World Economic Forum.

The Creation and Growth of Editora MOL

Journalist Roberta Faria and business administrator Rodrigo Pipponzi, founders, and co-CEOs of Editora MOL, met in 2006 in São Paulo through a mutual friend who recognized the same restless and entrepreneurial spirit in both of them. At the time, Rodrigo already had his own business: the design and illustration agency Estúdio MOL, which provided art and visual communication services to advertising agencies and corporate clients. Meanwhile, Roberta was a trainee at Editora Abril—one of the largest print media conglomerates in Latin America—where she underwent an extensive leadership training program that included content production, business knowledge, and publishing market operations.

Roberta and Rodrigo were united by values, such as the need to find more purpose at work, and by dissatisfactions, such as the lack of creative autonomy when working with big brands, the little space for innovation in traditional corporate structures, and the recurring complaint that the content published by major media companies did not serve their personal interests as readers. Then came the idea of creating a business: Editora MOL, where they would publish the content they would like to consume and could not find on the shelves, using a business model more aligned to their values.

To understand the impact of what Editora MOL created, it is necessary to contextualize the place of the Brazilian publishing market at the time. In 2007, the communications market in the country was experiencing its last peak before the global crisis that sank the print media sector. An average newsstand in São Paulo



offered about 3,000 different titles of publications (IVC Brasil, 2011), some of them with runs that placed them among the largest magazines on the planet in paid circulation within their niches.

However, the market was highly concentrated: only 3 titles accounted for 85 percent of the advertising destined for the segment, and the circulation of the 20 largest titles was equivalent to all the thousands of others added together. There were only two distribution companies to make the publications reach newsstands and points of sale throughout this continental country—and, not coincidentally, both belonged to the Editora Abril conglomerate. Publishers decided where the product would be sold, with what print run, at what price, and with what exposure, favoring the monopoly of the market leaders and severely limiting the strategies of other publishers.

The average magazine cover price, then BRL 8.9, was equivalent to 5 hours of work for the minimum wage at the time, making access to information extremely elite for a country where 34 percent of workers still live the entire month with minimum wage or less (Lima and Gerbelli, 2021). Partly because of the limited audience, even the most successful magazines on a standalone sale (that is, not counting sales via subscriptions) sold 30 to 40 percent of the copies placed on newsstands—and the rest was collected and turned into paper scraps, in an inefficient and unsustainable model. Payment for sales to publishers took place within 180 days after the collection of leftovers, requiring high working capital to participate in the market.

Even so, the time was good for the publishing market, as well as for the entire Brazilian economy, which was experiencing an intense cycle of growth in the period—in 2007 alone, Brazil's economy grew 6.07 percent (TCU, 2014). As a sector that rapidly shrinks and expands at the mercy of economic winds, the publishing market was experiencing a moment of euphoria, with the hyper-segmentation of categories (for example, with dozens of women's titles for each age group, social class, and lifestyle) and dozens of consumer brands launching their own custom titles (such as GPA, Audi, Havaianas, and Melissa, among others).

When opening Editora MOL, Roberta and Rodrigo also imagined participating in this positive moment, publishing editorial products for niches not covered by traditional media. Roberta felt that, on the part of the major publishers, there was a focus of the content on what supposedly sold (and what did not sell), implying the low quality of publications aimed at the most popular classes, little space to innovate in narratives, and a great focus on celebrities and consumption, instead of social issues, real

stories, and more diverse representation, as such agendas were seen as “unsellable”.

A few months after opening, a pro bono client of MOL, GRAACC—Support Group for Adolescents and Children with Cancer, one of the largest CSOs in Brazil dedicated to treating childhood cancer—brought to the table the desire to also have their own customized magazine, like big brands that were publishing at that time, to generate both awareness about the cause and income for GRAACC hospital. It seemed to be the opportunity that the founders of MOL were looking for, but knowing the way the traditional publishing market operates—so concentrated and full of barriers to small players—and knowing the limitation of interest and receptivity on the topic of cancer, Roberta and Rodrigo had to find other ways to support GRAACC on this journey.

An idea then came up: to join to another MOL customer, Droga Raia, then a network of around 100 pharmacies in Southeast Brazil. Roberta and Rodrigo knew the retailer's history of supporting causes, something they had already done with the sale of various products at the checkout counter, such as neighborhood tabloids and ecological bags, with reasonable success. “What if we sold a magazine, with the proceeds going to GRAACC?” was the proposal brought to Droga Raia. The company agreed, and if there was no cost, they offered to distribute the magazine with other products of the drugstores, provide space for display in the boxes, and utilize their sales force to offer the magazine to customers.

So, the first crucial point had been solved: instead of selling at newsstands and traditional points of sale, the magazine would be distributed and sold in pharmacies, where there would be no competition. This made a great difference, as it would allow a tremendous reduction in logistical and commercial costs, in addition to a privileged exposure that would never be possible in traditional newsstands.

The second point was missing: the product. Unlike the trend of hyper-segmentation of the market, a magazine sold at the pharmacy would need to speak to everyone; the public ranges from 18 to 98 years old, and it is well balanced in terms of gender and social class. Then came MOL's vision for the content: instead of talking about cancer, the product could talk about what we learn in extreme situations of life and in shared human experiences, through inspirational real stories of ordinary people. It would be a timeless magazine, guided by positive and citizen journalism, easy and pleasant to read, and seeking to emotionally connect with its readers. It would also avoid gender, class, race, age, or consumption biases that could alienate people. On



the last page of the magazine, there would be a story of a child treated at GRAACC, accompanied by an invitation to donate to the hospital.

After the product was defined, there was one big question: financing. Roberta and Rodrigo knew that they could not compete in the advertising market with the big players. Then, they looked to CSOs and retail stakeholders. If the magazine was sold in the pharmacy, what better advertiser could be than drug companies, which are also supporters of GRAACC's cause? The idea of the model was simple: the magazine would have a fixed cover price, a production cost, and a fixed print run (unlike in the traditional market, where these values fluctuate). The cost would be divided into annual sponsorship fees, to which the main counterpart would be the advertising space in the magazine.

With the production cost already covered by the sponsors (including the remuneration of Editora MOL), without operational costs of distribution or commission on sales, and thanks to the partnership with Droga Raia, all income from the sale of the magazines after mandatory taxes would be donated to GRAACC. As it would be sold for a value greater than its production cost, the magazine would make the sponsors' investment yield more than if they donated directly to the cause.

Convinced of this math, GRAACC leaders approached pharmaceutical laboratories that were sponsors of the hospital with a bold proposal: that, instead of donating to the institution, they started to sponsor the magazine, which would make the resources double in value if the sale was successful. That's what happened: two laboratories became part of the project, committing to finance the magazine for a year, which would be called *Sorria* (Smile). With the production cost paid with this sponsorship, the entire amount collected from sales was fully donated; in the first year, this meant that every BRL 1.00 invested in the magazine became BRL 1.92 passed on to GRAACC. In March 2008, the first edition of *Sorria* was published, with 120,000 copies that sold out in stores in less than 1 month. After only 4 editions, MOL donated BRL 1 million (equivalent to USD 695,840 in 2021, adjusted for inflation) to GRAACC.

Surprised by their own success, Roberta and Rodrigo realized that the model had the potential to be replicated in other types of retail, with other products and benefiting other causes. Thus, Editora MOL was effectively born as a social business focused on socio-editorial products: publications with positive content, sold at affordable prices in partner retail chains, always with the income reverted to selected causes. Editora MOL is proud to say that it is "the largest social publisher in the world", and it

is probably the only one. The inspiration and creation of this model in which a product is a channel to donate is 100 percent Brazilian. Years later, Roberta learned that GOOD Magazine, a Californian magazine that no longer exists, adopted a temporary model in which the buyer paid USD 5 for the publication and chose between some causes to which to donate—but this happened after the MOL model has already been created.

From then on, Editora MOL started to replicate the model in other retail stores, product formats, and causes. However, it was more difficult to reproduce the same conditions of success as at Droga Raia due to the type of point of sale and the existence of sponsors, among other elements that contributed to the success of the initial experience. On the other hand, facing these difficulties spurred the creation of other solutions and the improvement of the model.

Editora MOL made three strategic decisions that defined its trajectory:

1. Exclusive focus on social impact, abandoning the provision of services to corporate clients, which was initially an important way of financing the structure, while the socio-editorial business model was not self-sustaining.
2. Option for the social business model, making sponsorships and advertisements interesting, but not necessary, to make the projects viable. In this way, the retailer would be a partner that would give up its space, and the value of the “cover price” would be deducted from taxes and also from production and operating costs (such as distribution when the retailer does not have its own network), with the remaining balance being donated in full (which today means donating between 30% and 40% of the cover value, and no longer 100%). This change made MOL independent from the advertising market and immune to the crisis in the print publishing market due to the migration of funds to digital media; what sustains the project are the readers themselves and the sale of large print runs.
3. Preference for retailers with space to sell products at the 'checkout' and store chains with engaged teams, with a large volume of transactions and customers and a culture of training of cashiers, as they are the main spokespersons to motivate the purchase of products.



Products, Models, and Adaptation to the Partner Retailer's Profile

Each publication has a specific frequency, depending on the volume of customers and the turnover of each retail chain. For example, for a magazine product, it is necessary to have a high turnover in stores (like in pharmacies and supermarkets) but jewelry stores (Vivara chain) and toy stores (RiHappy and PBKids chains) don't work like that, so more durable and timeless products are offered, such as books, cards, and games.

In addition, the product must be adapted for the type of checkout: at Vivara, the product has to be a card book able to fit in the small bag used to pack the jewelry; at RiHappy/PBKids, it has to fit in the narrow space of the toy box, so it is a deck, and so on. In addition to the editorial product, MOL also produces displays for the cashier and in-store communication materials. Creativity in adapting the product model in the most appropriate way to the branch and profile of the retailer was developed as the challenges arose.

The content is defined according to the brand's universe, the public's interest, and the relationship with the cause. There must be resonance with the retailer in order to engage in the sale, but, at the same time, the product cannot be understood by the customer as something institutional; it is necessary to awaken the desire to consume it like any other product on the shelf. The habits, profile, and interest of the public (unveiled with the retailer) also influence the content and visual choices: whether it is a more feminine, more popular, younger product, and so on. All of this translates into subtleties: for example, at Petz pet shops network, Editora MOL publishes books, calendars, and sticker albums with the theme of love for cats and dogs, and the proceeds are donated to CSOs for the protection of abandoned animals. Petz brand appears only in the visual language, for example, in the color palette that accompanies the store's branding.

Print run and cover price definitions are determined in the construction of the business model of each product, according to the retailer. Editora MOL also carries out a broad and complex project development within the retail sector, which begins by asking for a series of information about the operation, empirical data on sales volume, stores, customer flow, and other particularities depending on the sector (toys, supermarkets, jewelry, opticians, among others). An example that illustrates the complexity of each case is, for example, that 50 percent of the volume of annual sales transactions in stores occurs in the last quarter of the year. Another challenge is that there are many people who pass by a supermarket, but they are the same: not

1 million individuals but 300,000 people may go three times a week to the same store, and there will not be 3 sales for the same customer.

With experience, Editora MOL realized that it could not just focus on product development and its business model. To obtain the desired sales success in stores, it would also be necessary to embrace retail operations and eliminate the barriers of time, cost, and staff within the partner networks. This required the development of new knowledge and areas within the Editora. Today, Editora MOL thinks about its projects in 360°, solving issues such as advancing resources for production with its own capital; tax and legal models to be adapted to each type of retailer; door-to-door printing and distribution, with stock control and replacement for the total depletion of print runs; sales monitoring via real-time BI software; development of POS materials and B2C communication; employee training and leadership engagement with content and gamification; project communication, including public relations and accountability to stakeholders; definition of causes and monitoring of the application of resources by CSOs; and audit of donations.

All this complex (“tailor made”) product modeling process is done internally at and was developed by Editora MOL. They apply a questionnaire with the necessary information, carry out interviews with all related areas in the retailer, conduct pilot tests, form working and monitoring committees, etc. It is knowledge that has been consolidated through practical learning over the years. Editora MOL has autonomy and control over this process, which is always built in partnership with the retailer.

Editora MOL values transparency; therefore, it already anticipates and discloses information that could be contested or cause doubt. For example, it warns retailers and publishes in its products that they are a social business that seeks profit, and that this profit is built into the cost of production and operation. Of what the consumer pays for the product, a part is destined for taxes (varying according to the type of product); a part is intended to cover production and operating costs (including the production of texts and images, staff, printing of products and sales materials, distribution, auditing and the publisher's profit margin of 12 to 15%); and the remaining balance is donated (which is, on average, 30 to 40% of the product's cover price).

The retailer does not invest money in the project. The initial cost of production is borne by Editora MOL itself, which advances the investment and recovers it as sales take place. Despite the social purpose, the product enters the retail market like any inventory item: a purchase and sale operation is carried out between Editora MOL



and the retailer, with invoice for the complete print run agreed in the model. As sales take place, the retailer passes on the value until the print run is exhausted or, if applicable, returning what has not been sold. This means that every project has a break-even point: you need to sell a minimum (generally 55 to 65% of the total print run) to cover the upfront production costs and sales-proportionate taxes.

That is, if the project does not reach the break-even point, the project does not generate donations—in this case, there is a loss, usually divided between Editora MOL and the retail partner. The total amount donated varies and will depend on the final sale—the goal is always to sell 98 percent of the print run for sale; 2 percent are considered acceptable losses in the operation. When the stranding (the unsold print run) is greater than expected, the donation is less. However, since its inception, Editora MOL has published 152 products, of which only 2 have not reached the break-even point; the vast majority of projects reach the fundraising goal. All this information about the model, including the break-even point and sales and donation goals, are reported by Editora MOL to retailers and in the product communication.

Financial Sustainability

Editora MOL proposes two business models: self-sustained and sponsored. Currently, most projects are self-sustaining.

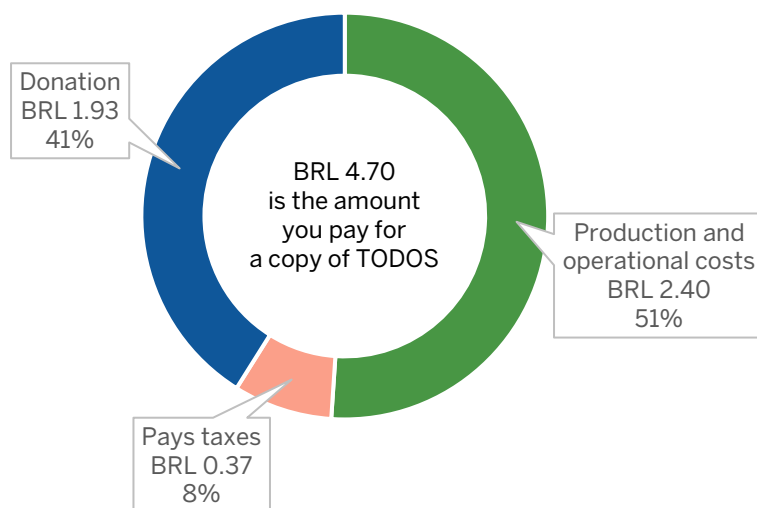
Self-sustained: the production cost is advanced by Editora MOL, and the project's support comes from the sale to the final consumer. Subsequently, the advance amount is deducted from the final total sales, up to the break-even point, and the rest is donated after payment of taxes. It is the model for most of Editora MOL's projects, and all of them for sale at retail, adapted according to the type of network (owned stores or franchises, for example). In this model, risk management is also pre-defined. That is, if sales do not reach the break-even point to recover the investment, who assumes the loss? It can be Editora MOL, the retailer, or even the beneficiary institution—and the risk can also be shared by two or more partners.

Sponsored: the cost of production is 100 percent covered by sponsorship. The sponsoring brand receives the print run exclusively, for free distribution (there is no sale to the final consumer). A fixed amount per printed copy is donated by Editora MOL (the donation is included in the sponsorship cost and is independent of the consumer). This is the model created to serve the industry and brands that wish to have socio-editorial products to carry out some communication and marketing action related to the cause, but do not have a sales channel (for example: a book on

women's sexual health, sponsored by a contraceptive brand and distributed free of charge in gynecologists' offices, with a fixed amount per printed copy donated to a women's health CSO).

Figure 7. Example of the model used by TODOS magazine (Rede Drogasil / Drogasil Network)

Where is your money going?
Check the destination of each cent you spent when buying this copy



Source: Editora MOL website (www.editoramol.com.br)

Critical Factors for Success

1. Team engagement (regional and local management and staff): Conversion potential (magazine/product purchase) depends on the product being offered at the checkout and how that offer is made; therefore, it is crucial to engage the team of collaborators and ensure that they offer the publication. The conversion rate from customers to buyers is conservatively projected as 1 to 3 percent, but there have been cases of 25 percent. Editora MOL seeks to engage retail workers using strategies such as competitions between stores, recognition of the most active employees, and frequent communication, among others.
2. Constant training in different ways: Editora MOL has developed an internal team specialized in training. They use videos, face-to-face meetings, WhatsApp, Tiktok, social networks, and any modality that is allowed and



consistent with the retailer's culture. Creating a culture of fundraising among employees and pride in participating in the project is fundamental. Without it, the sale doesn't happen. Editora MOL itself monitors sales and, if they identify a drop or more obvious problem, they contact the store and verify what the problem is (for example, lack of replacement of products at checkout or the impact of a change in team).

3. Retailer's support: logistics, promotional material, production of displays, sales controls, training, among others. Editora MOL meets any retailer's needs for the model to work, understanding that retailer does not have all the means to dedicate itself exclusively to the project—but, if autonomy and space is given to Editora MOL, it works as a permanent in-house consultancy to ensure the success of the project. The creation of committees with leaders, with frequent meetings and demonstration of results, is the best way to foresee all obstacles and seek solutions together with the retail sector.
4. Controlled points of sales: This learning came from experiences that failed after a short time of implementation and thus demonstrated the importance of this factor: in large stores (such as supermarkets), in addition to higher employee turnover, it is difficult to mobilize large teams of employees under a single manager and maintain engagement. The product is lost in stock or is offered intermittently, depending on the mood and attention of the employees who are on the shift.

Growth Potential

The strategy for expansion is to invest in smaller regional networks with local circulation, throughout Brazil; to leverage local retail stores' strength to support other CSOs that are little or not known nationally; and to boost the innovation of socio-publishing products themselves (such as a book about in the uniqueness of the Amazonas, and products to promote local authors and cultural wealth).

Another potential for growth is e-commerce, which means getting the "click" to donate/purchase editorial material, but there are still barriers to making the transition from paper to a virtual/electronic version.

Appendix 4: Editora MOL Customer Survey Results

4.1 RD Chain – Raia/Drogasil

Profile (total sample) (1,170)

Gender	Women	59%
	Men	41%
Education	University Education	70%
	High School	25%
	Elementary School	5%
Age	18-25	15%
	26-35	15%
	36-45	22%
	46-55	20%
	56-65	21%
	66 or more	7%
Religion	Have and practice	42%
	Have but do not practice	43%
	No religion	15%
Live with children on a daily basis	Yes	58%
Live with animals on a daily basis	Yes	33%
Habit of making donations	Yes, every month	37%
	Have already made some donations	53%
	Do not usually make financial donations	10%



About the purchase

What products have you already purchased?	Magazine	89%
	Calendar	17%
	Book	17%
In relation to the price (BRL 4.70, you...)	... think it's very cheap, would pay a little more	6%
	...consider it suitable	80%
	... think it's expensive, would buy more often for a lower price	14%
Have you been approached by a cashier to include the magazine in your purchase?	I was never approached	4%
	I was approached only once	17%
	They almost always offer it	49%
	Every time they offer it	30%
How many times have you purchased the magazine/products in the last 12 months?	1 or 2 times	60%
	3 or 4 times	21%
	More than 4 times	11%
	Every time you went to the pharmacy	8%

About motivation

Why did you buy the magazine?	Just to make the donation	55%
	For the product and for the donation	41%
	Because you liked the product	4%
Do you frequent Raia/Drogasil more than other pharmacies due to the fact that they sell the magazine?	It makes no difference in my choice of pharmacy to attend	61%
	I prefer pharmacies with social projects, whatever it is	33%
	Yes, I'm going to buy the magazine	6%

About using the magazine

Do you suggest or recommend the magazine's products (Sorrir/Todos) to other people?	Yes	77%
	No	33%
Do you share the magazine with others (friends, family)? How many?	With no one (0)	33%
	1	25%
	2	23%
	3	10%
	More than 3	9%
Do you read the magazine's content?	Do not even open the magazine	11%
	Read the articles that interest you most	52%
	Read the entire magazine	37%

About trust and opinion about this way of giving

Do you trust the brand's donation model (Sorrir/Todos)? Do you trust how and to whom the money will be donated?	Yes, I see it in detail and I think the transparency is excellent	36%
	I do not really understand how it works, but I trust the Magazine	55%
	No, I always suspect	9%
Opinion about donating through the purchase of magazines, books, calendars	Fast and convenient	53%
	It's easy to understand, easy to donate	37%
	I find it reliable, safe to donate	32%
	I liked it and I will recommend it to other people	15%
	I don't like it, I prefer to donate directly	16%
	Unreliable	6%
	It interferes with my purchase process	5%



4.2 Petz Chain

Profile (total sample) (251)

Gender	Women	76%
	Men	24%
Education	University Education	83%
	High School	16%
	Elementary School	1%
Age	18-25	8%
	26-35	28%
	36-45	32%
	46-55	18%
	56-65	8%
	66 or more	5%
Religion	Have and practice	31%
	Have but do not practice	43%
	No religion	26%
Live with children on a daily basis	Yes	54%
Habit of making donations	Yes, always does	32%
	Yes, does sometimes	44%
	Has already performed, but only a few times	16%
	Do not usually make financial donations	8%

About the purchase

What products have you already purchased?	Cats and dogs book	65%
	Sticker album	51%
	Activity book	34%
	Calendar	29%
In relation to the price (BRL 8.90 you...)	... think it's very cheap, the product is worth more	11%
	...considers it suitable	85%
	... think it's expensive, for what the product offers	4%
Have you been approached by a cashier to include the product in your purchase?	Do not go to the store, buy online	2%
	I was never approached	6%
	I was approached sometimes	24%
	They almost always offer me	28%
	Every time they offer me	40%
How many times have you purchased the products in the last 12 months?	1 or 2 times	55%
	3 or 4 times	28%
	More than 4 times	10%
	Every time you went to PETZ	7%
Where did you purchase the product?	At the checkout, when paying for the purchase	92%
	On the product shelf, inside the store	11%
	On the PETZ website	2%

About motivation

Why did you buy the product?	Just to make the donation	21%
	For the product and for the donation	72%
	Because you liked the product	7%
Do you frequent Petz more than other pet stores, because they sell social products from the 'Coleção Bichos' (Pet Collection)?	It makes no difference in my choice of pet shop to visit	47%
	I prefer pet shops with social projects, whether Petz or another	38%
	Yes, I'm going to buy social products	15%



About the use of products

Do you share the magazine with others (friends, family)? How many?	With no one (0)	20%
	1	21%
	2	26%
	3	18%
	More than 3	14%
Do you buy the 'Coleção Bichos' (Pet Collection) products for yourself or as a gift for someone else?	Purchase for own use	51%
	Purchase to give to other people	32%
	Purchase to give to children	24%
	Other answers	21%

About trust and opinion about this way of giving

(means on an agreement scale of 1 to 5 / midpoint = 3)

Opinion about donating through the purchase of social products (books, albums, calendars, etc.) (strongly agree - strongly disagree)	Think it quick/practical/easy to donate	4.37
	Would recommend to other people	4.30
	Think it easy to understand how donation works	4.24
	Think it reliable and safe to donate	4.19
	Prefer to donate in this way than donate directly to CSOs	3.43
	Think it interferes with your purchasing process	1.76

Researched by Institute for the Development of Social Investment (IDIS)

IDIS – Institute for Development of Social Investment is a civil society organization founded in 1999 and pioneer in technical support to social investors in Brazil. With the mission to inspire, support and promote strategic philanthropy and its impact, IDIS serves individuals, families, companies, corporate and family run institutes and foundations, as well as with civil society organizations, in actions that transform realities and contribute for the reduction of social inequality in the country. Our actions are based on the tripod of generating knowledge, offering advisory and developing social impact projects that contribute to the strengthening of the ecosystem of strategic philanthropy and of giving culture. We value partnerships and co-creating, and believe in the power of connection, of joint learning, of diversity and plurality of points of view.



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A project led by Indiana University Lilly Family School of Philanthropy

The Indiana University Lilly Family School of Philanthropy is dedicated to improving philanthropy to improve the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The school offers a comprehensive approach to philanthropy through its academic, research and international programs, and through The Fund Raising School, Lake Institute on Faith & Giving, Mays Family Institute on Diverse Philanthropy, and Women's Philanthropy Institute.



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