

WHY DO PEOPLE GIVE?

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Speculate: Why do THEY give?

Warren Buffett and Bill Gates on a philanthropy trip in India.

Buffett and Gates have pledged to donate the majority of their assets to charity.



Ethan Miller/Getty Images

Today we will



- Explore mechanisms that drive charitable giving
- Create a dialogue between research and practice
- Highlight practitioner tips that flow from the research
- Learn some fun new vocabulary!
- Test the mechanisms using ourselves as experimental subjects

It's mine. All mine. All for ME. MINE.

At first glance, giving makes NO SENSE.



But we do give... Why?



It's a question every practitioner answers, through **practice**. But what can those who seek donations to support our work learn from the **research on giving**?

8 mechanisms that drive charitable giving

1. Awareness of need
2. Solicitation
3. Altruism
4. Costs and benefits
5. Reputation
6. Psychological benefits
7. Efficacy
8. Values



Assumptions and Caveat

- Assumption #1: Working for the forces of good
- Assumption #2: You're seeking to inform your practice and you may sometimes need hard information to bolster your recommendations in your organizations.
- Caveat: I am a practitioner, not a researcher. Please explore the literature; it's fascinating.



Awareness of need (mechanism 1)

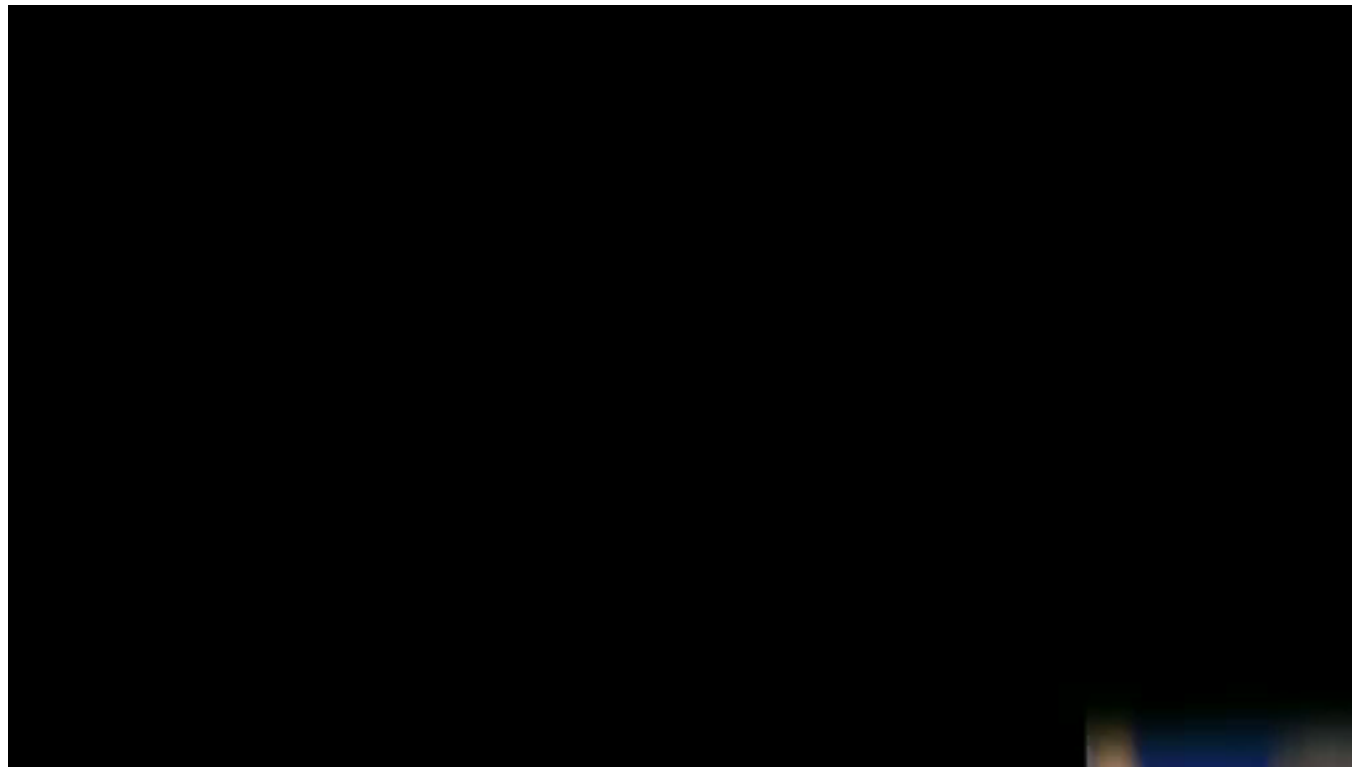


- TEST: Do you see need?
- Observation, inference, frames
- Need is the prerequisite for philanthropy. Nobody gives where there is no need. Not objective measures, but **subjective perceptions of need** are crucial.

Noticing need

Daniel
Goleman:
Perception
of need, and
compassion/
giving, start
with noticing

TED 2007



TEST: Which inspires more giving?

Help her reach her goals.



Help them reach their goals.



Identifiable Victim Effect

- Giving increases when donors are presented with a single story rather than a group or statistic.

Practitioner Tip: Portray a **specific, single beneficiary**. Research shows that offering multiple “victims” decreases response, as does providing statistics alongside an identifiable victim. **Why?** Statistics trigger an **analytical response** and dampen emotions. And a single individual is a “**psychologically coherent unit**.”



*The “identifiable victim,” as represented by “Little Lauren”

Charitable Decision \neq Math



Thinking about one person is social and engages the social part of the brain. Thinking about 10,000 people is just math.

--Russell N. James, III*

$$(x + a)^n = \sum_{k=0}^n \binom{n}{k} x^k a^{n-k}$$

*"Brain Studies and Donor Decision Making: What Do We Know?" *Advancing Philanthropy*. Winter 2014.

Participation and perception of need

- Research also confirms that we see need where we are already engaged:
 - ▣ alumni who donate see a greater need for contributions and volunteers see greater need for volunteerism
 - ▣ The **time-skip effect**: giving increases when donors are asked first to donate time

Practitioner Tip: Volunteers give more (both time and money) than non-volunteers. Up to 10 times more in one survey, and in another, organizations saw nearly 2X the gift amount from high net worth volunteers (\$78K versus \$39K). Why? Shaking the “urban trance.”
Highlight need by celebrating donor and prospect participation.

Deservingness



- **TEST:** Will you donate to this man's recovery fund?
- When beneficiaries are perceived as causes of their own misfortune, people do not give. Back to image of man holding a cup with change. Your propensity to give may relate to how **deserving** he appeared to you.
- Researchers speculate that lack of deservingness is sometimes employed as an after-the-fact reason for not giving.



**Man Shoots Self in Foot with
Gun He Allegedly Stole**

Things that backfire

CAUTION

- **Too Much:** If the need is too great, people do not give more; if the problem is seen as hopeless, they may not give at all.
- **Psychic Pain/Numbing:** Awareness of need is counterproductive if potential donors face psychological costs when confronted with need.
- **The Baby in Hat Effect:** Severity of need only results in more giving when victim is more attractive.

**Skin cancer
lesion photo**



This baby wins grants!

There is always plenty of need

Remember:

It's the subjective

perception

of need that
drives charitable
giving.



Untitled photo by Billy Plummer

Good news: You can shape perception

- Communications do impact perceptions of need.
- To drive charitable giving, shape perception of need so that potential donors:
 - ▣ **notice** it
 - ▣ can identify the **beneficiary**
 - ▣ feel they **can affect** it
 - ▣ are **emotionally engaged** but **don't suffer** too much
 - ▣ perceive beneficiaries as **deserving**

Practitioner Tip: Long practice has created a few golden rules for fundraising text* to increase perception of need. Use:

- “You” (put the reader in the picture)
- Emotions (need is compelling)
- Present tense (urgency and proximity)

*On the Art of Writing Copy, Herschell Gordon Lewis. 3rd edition. 2004.

Solicitation (mechanism 2)

Solicitation = the act of being asked to donate

Practitioner Wisdom from *Keep Your Donors*, by Ahern and Joyaux:

*The solicitor actually has to ask for the gift, whether face to face, or if the request is [by] letter or telephone or some other means. **You must actually ask**...An announcement at a board meeting—"We are kicking off our fund development and would like all board members to make their gifts before the end of the month"—is just an announcement. It is not a request.*

Research confirms practitioner wisdom

- A large majority of all donations occur in response to a solicitation (85%). Studies generally confirm practitioner wisdom that **directly asking is critical.**
- Higher number of solicitations = increased philanthropic activity **BUT**
- “Donor fatigue” (being asked over and over) can lead to lower contributions.

CAUTION



Immediacy bias: time solicitations well

- People tend to perceive current emotions as more intense than past ones (**immediacy bias**).
- The timing between experiencing emotionally engaging material and the request for funding is thus very important.



This woman is very concerned by what she's hearing right now, and may be ready to give. Right now—if the relationship is ready.

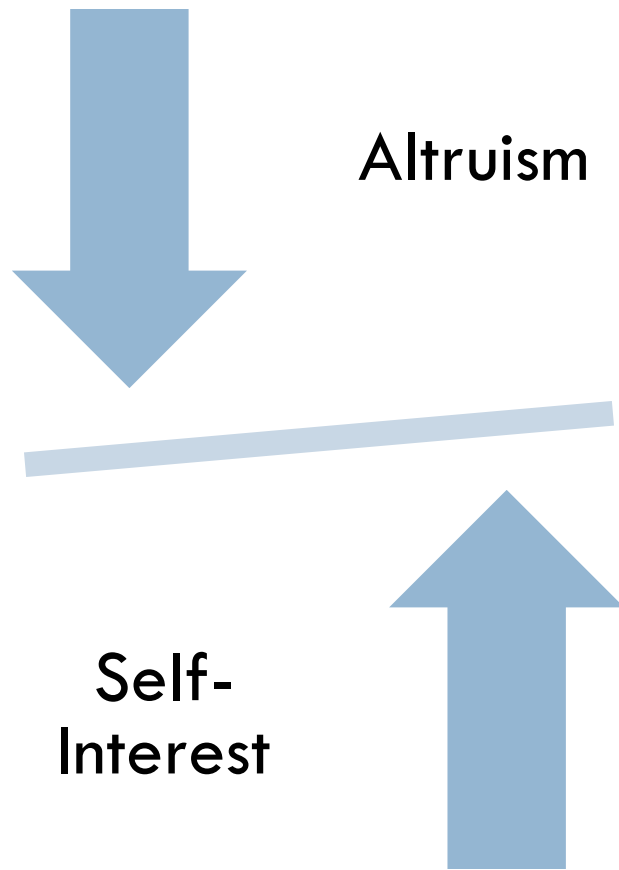
Altruism (mechanism 3)

- ❑ Explored in ethics, theology, animal behavior, social sciences, evolutionary biology, etc.
- ❑ One nice definition is “aligning your well-being with others.”



Is this altruism?

Balancing concern for me + others



- In economics, altruism (prosocial behavior) is a force that balances against the “norm of self-interest.”
- We all recognize altruism, but like many elusive human concepts, it can be hard to break down and understand.

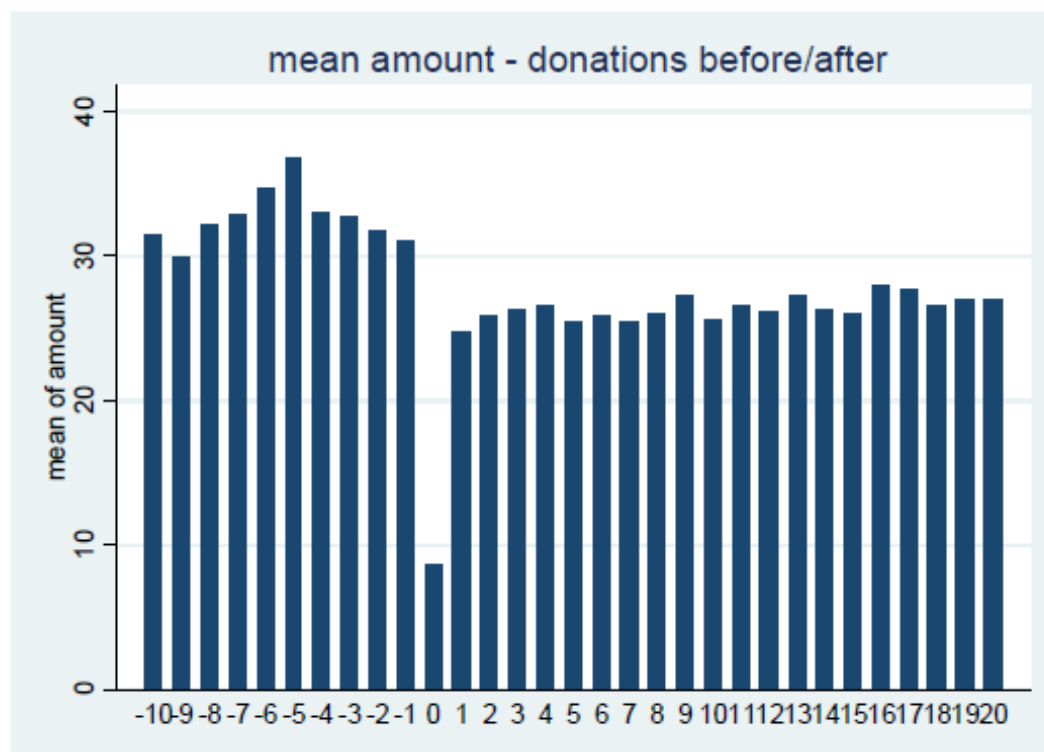
Game theory and altruism help us answer Why Do People Give?

- Subjects play carefully designed games on computers. Researchers observe behavior, then invent fancy names for principles observed:
 - ▣ *Fairness equilibria*—we help those who are kind, punish the rest (Mary is mean; my share goes to Luis!)
 - ▣ *Conditional cooperation*—we tend to give what we think others will give in a game. And in life. (Hmmm...how much do I guess Joe is going to give? I'll do the same.)

Peer effects in practice

In practice, individual altruism is influenced by social effects. Note what happens to online giving after a single, SMALL donation that other donors can see.

Before and after a small donation

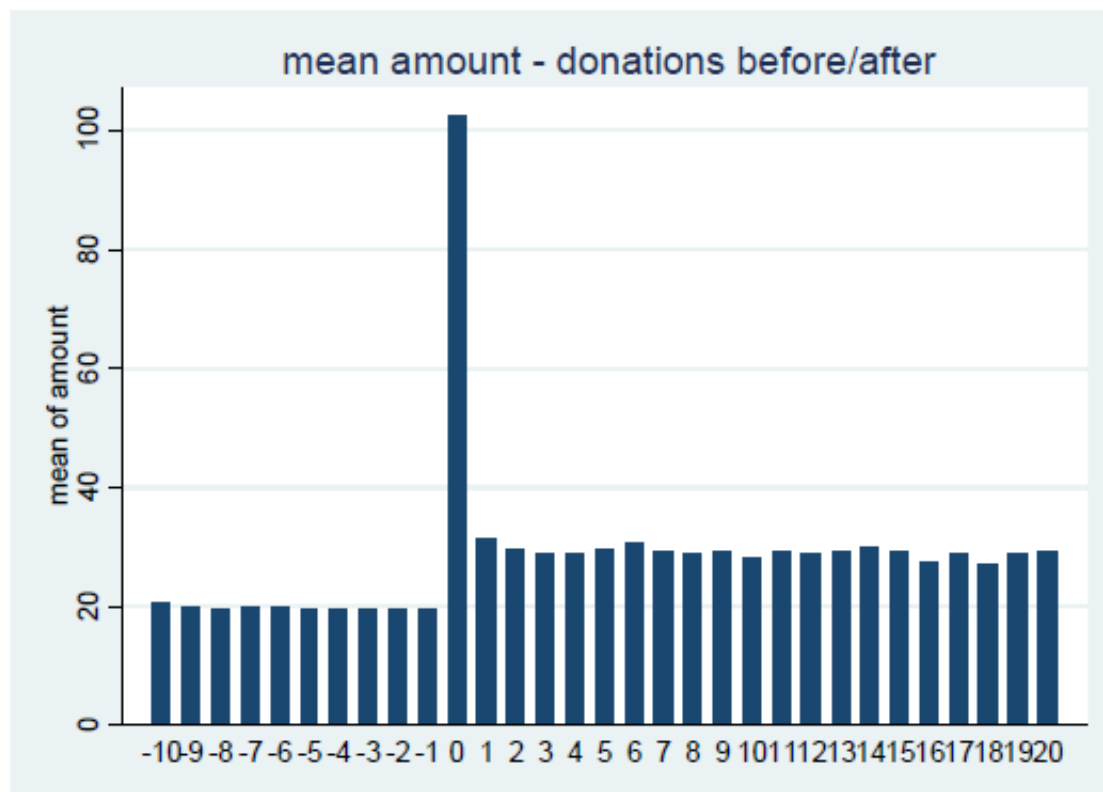


Peer effects in practice

And after a
single,
LARGE
donation.

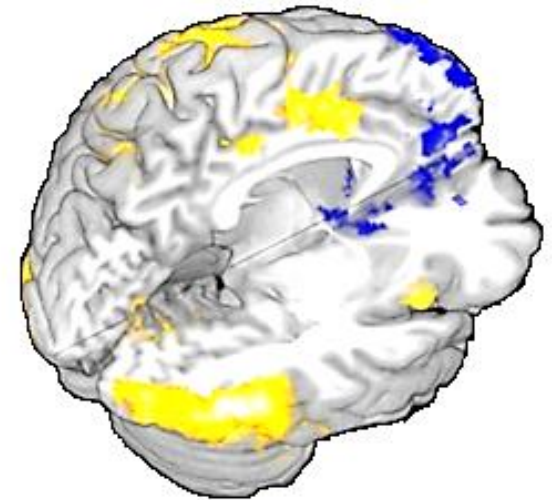
Source: *Peer effects in charitable giving: Evidence from the (running) field.*
Sarah Smith, Frank Windmeijer and Edmund Wright.
June 2012

Before and after a large donation



What happens in the moment?

A team of UA and other researchers used game theory and fMRI scans to peer into the brains of subjects in the moment of decision making: **Do I help (give) or do I keep for myself?**
The result?



Guilt aversion motivates cooperation.
It may be that we not only give to feel good, but ***so we don't feel bad.***

Yellow = minimizing guilt
Blue = maximizing rewards

Costs and benefits (mechanism 4)

- There is always a **cost**. It's cheaper not to give.
- When the perceived costs of a donation go down, giving increases.
- Donations sometimes go up if the request is higher, if the amount is perceived to be “reasonable.” (E.g., “I’ll donate \$15.” “How about \$25—that would really help.” “Okay.”)
- People who perceive few obstacles are more likely to give.

Practitioner Tip: Give clear instructions, provide options for giving, such as paying gifts over time (triggering “**take aversion**,” a reluctance to take back a gift once promised!).

This lady is your perfect prospect!

Comfort discounts
perceived cost:
People give more
when they are
physically
comfortable and
the weather is
good!



Or, oddly, this gentleman!

On the other end of the spectrum, people give more in the context of “painful effort” based on the **“martyrdom effect.”***



*"When Noble Means Hinder Noble Ends." *The Science of Giving*, by Daniel M. Oppenheimer and Christopher Y. Olivola. Psychology Press, 2011.

Benefits* for donors

- Philanthropic donations seem to depend less on direct benefits than on indirect benefits and value orientations.
- Mixed results on studies of effects of gifts to donors (mailing labels, mugs) on donations; mostly no effect or only short term increase based on reciprocity.
- Long term benefit not there in research. Why not?

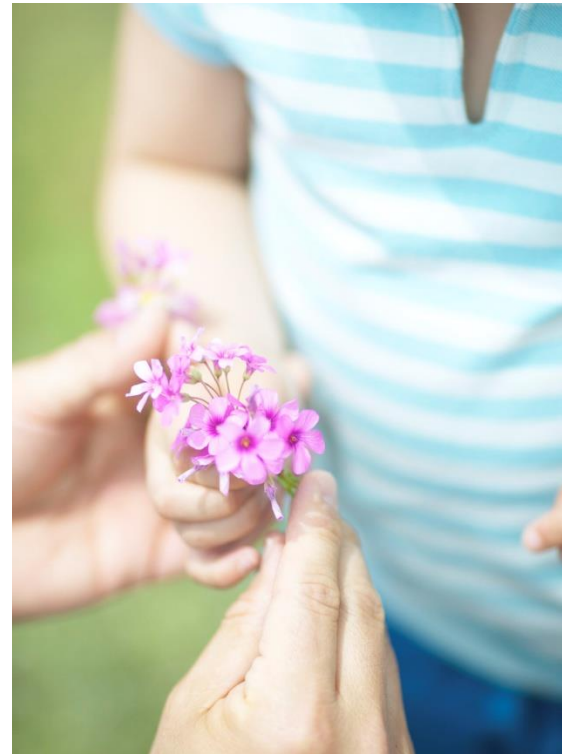
***selective incentives in exchange for a donation, such as access to concerts, tote bags, etc.**

Exchange transaction versus gift

Exchange Transaction



Gift



What thoughts are you activating?

CAUTION → “Fringe benefits change the decision into an exchange (do I get value for money?)”



He's thinking. But about what?

Thanking, not exchanging

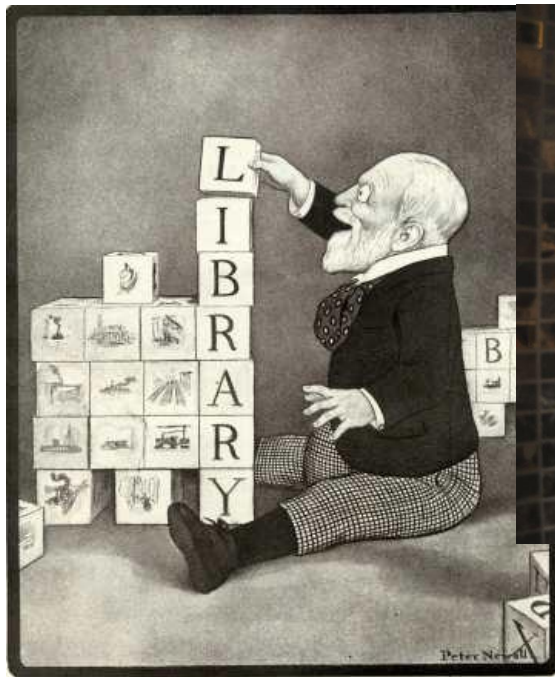
Practitioner tip: how to provide benefits to donors without triggering exchange transaction (market) norms.

- Frame gifts to donors as advancing your mission. For example, an item with your logo can be presented as a tool for raising awareness rather than a reward for a donation.
- Offer special social events as gifts (invitation to exclusive dinner with a speaker who relates to your mission).
- Give the gift before or as a surprise after the donation, but not in exchange.

* Katya's Non-Profit Marketing Blog, "Should You Thank Your Donors with a Gift?" Posted 8/9/12.
http://www.nonprofitmarketingblog.com/site/should_you_thank_your_donors_with_a_gift

Reputation (mechanism 5)

- “Reputation” = the social consequences of donations for donors



The man who dies rich dies disgraced.

**–Andrew Carnegie, Steele Magnate, Robber Baron,
Philanthropist, Guilt Aversion Specialist?**

Giving impacts reputation

- Positive: Giving is viewed as positive and givers are held in high regard by peers.
- Negative: Not giving damages reputation, especially when donations are announced in public or observable.
- “Conspicuous compassion” → people generally prefer their donations be known to others. (Option to give in an envelope rather than hand over cash in the open **lowers** donations.)



TEST: How much will you give?

\$0? \$1? \$5? \$10...?



How about now?



Eyes are on you



- Being watched has a positive effect on donations
- Even when the “eyes” are stylized eye spots!



It's not just being watched...

It's who's watching. "Strong ties":

Aunt Maggie and Aunt Joan are keeping an eye on YOU!



- Affect giving the most, e.g., when a donor is observed by someone with whom he/she has a strong social bond.
- Are especially important when the person requesting the donation is known and respected

Reputation may be the strongest driver

- Not giving in social contexts where peers value giving endangers both reputation and relationships.
- People give more to those they like (**sympathy bias**). We like people more when they are:
 - ▣ similar to us
 - ▣ familiar
 - ▣ beautiful
 - ▣ well dressed!

Practitioner Tip: Consider reputational motives when determining who makes solicitations. People are more likely to give when there are two solicitors rather than one and when the solicitor is of higher social status than the donor.

Psychological benefits (mechanism 6)

Psychological benefits are “the intangible benefits that donors bestow on themselves as a result of donating, and the intangible costs that donors avoid by donating.”



Self-image

Who is that kitty in the mirror?



TEST: Do people give more **BEFORE** confession or **AFTER**?

- Before! Giving helps with guilt: Assisting others repairs self-image after one has harmed another.
- Giving thus reduces cognitive dissonance and makes us feel more comfortable with ourselves.



Reinforcing altruistic self-image

- Those with a more altruistic self-image (“I am a soft-hearted person”) give more.
- Giving also reinforces a more altruistic self-image.
- Making a promise also motivates, reinforcing “I am a person who keeps promises.”

Practitioner Tip:
Labeling potential donors as “helpers” increases donations, as does using the word “charitable.” Both reinforce an altruistic self-image.

Self-image after giving

**What we really want to see
in the mirror:**



Joy of Giving

“Joy of Giving”

- Helping others leads to “empathic joy” or “warm glow.” It makes us feel good.
- Another explanation for altruism.



From *The Quiltmaker's Gift*

Giving and happiness

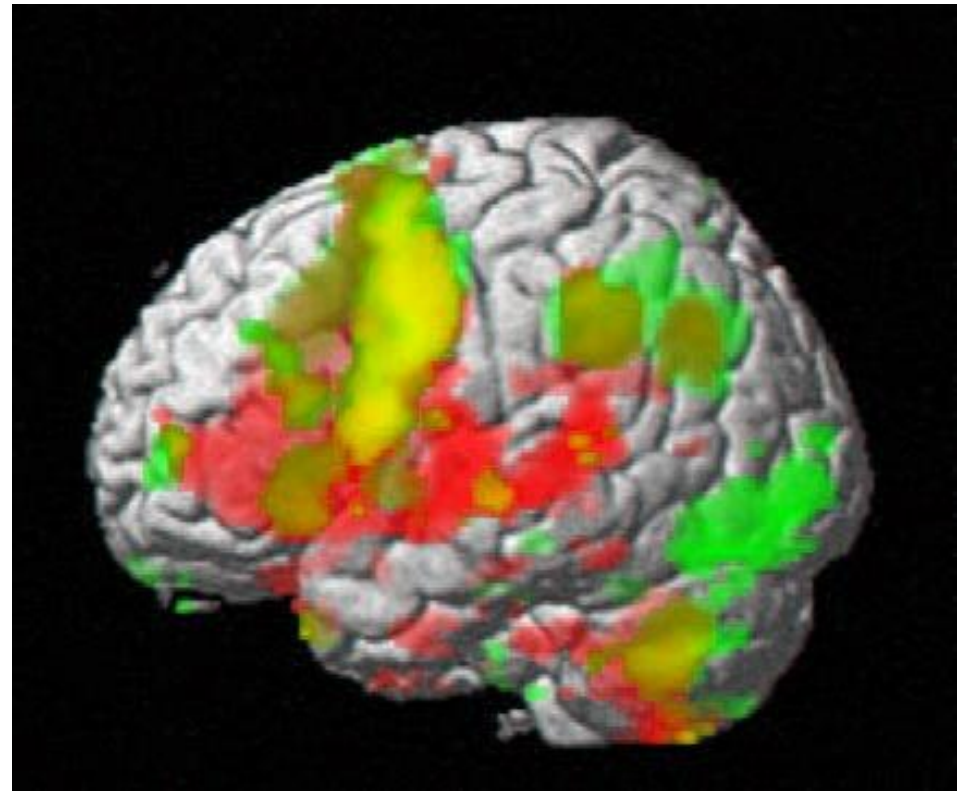
In the moment of a decision, we are at war with ourselves and we may be motivated by avoiding guilt. Afterwards, giving feels good*:

- Giving → happiness (random acts of kindness)
- Spending money on others leads to more happiness than spending money on oneself (though most people assume the opposite).

*"Feeling Good about Giving." *The Science of Giving*, by Daniel M. Oppenheimer and Christopher Y. Olivola. Psychology Press, 2011

This is your brain on philanthropy

fMRI brain imaging has also been used to show giving to charity creates activity in **pleasure and reward** centers.



*"Feeling Good about Giving." *The Science of Giving*, by Daniel M. Oppenheimer and Christopher Y. Olivola. Psychology Press, 2011

Virtuous circle

Evidence suggests a virtuous circle:
“happy people give more, and giving makes people happy.”



So how can we encourage this joy?

And not discourage it?

TEST: Rate your mood response to the images and words on the following slides. Does the slide:

- **+1 Improve your mood?**
- **0 Have no effect on your mood?**
- **-1 Make your mood worse?**

Don't overthink—quick reactions, please.

Priming

Nature

Beauty

Earth

Water

Living

Power

Awe



Priming

Poor

Sad

Abandoned

Lonely

Hopeless

Sympathy?

Guilt?



Priming

Youth

Promise

Joy

Future

Hope

Opportunity

Fun



Priming

Pain

Helpless

Coerced

Humiliated

Futile

Crushed

Loser



Priming

Blank

Void

Flat

Impersonal

**No emotion primes
us to respond
with...no emotion.**

Objective considerations of contemporary phenomena compel the conclusion that success or failure in competitive activities exhibits no tendency to be commensurate with innate capacity, but that a considerable element of the unpredictable must invariably be taken into account.*

*George Orwell, "Politics and the English Language."
http://orwell.ru/library/essays/politics/english/e_polit

Priming the Joy of Giving

- ▣ Priming is a subconscious psychological memory effect where initial information affects the response to later information.
- ▣ TEST: People are more generous after thinking about:
 - an act of forgiveness
 - things in life for which they are grateful
 - their own deaths
- ▣ Positive moods in general may motivate giving.

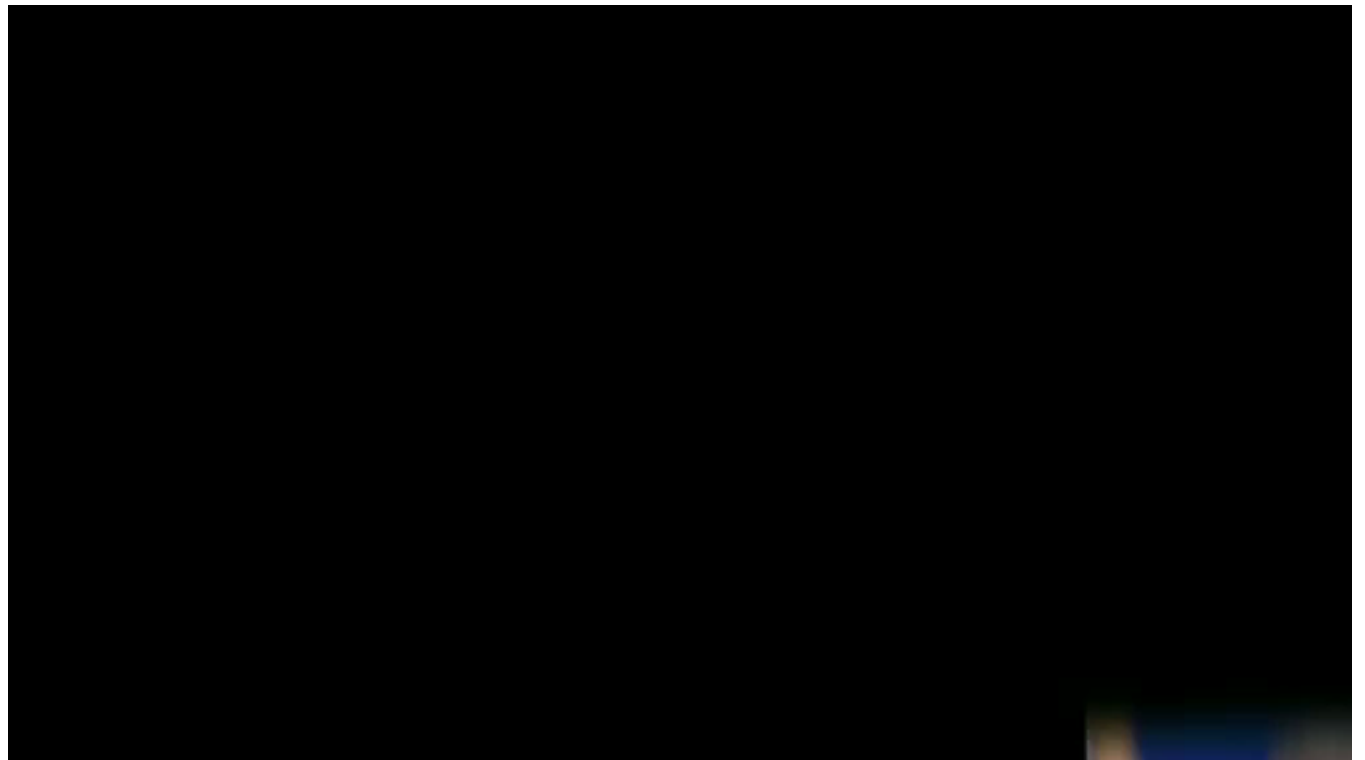
Practitioner Tip: Test fundraising materials for their mood effects. Avoid use of materials that bring about helpless negative moods, but allow for sympathy and guilt, which motivate action.

Complex motives for giving

Daniel
Goleman TED
2007

TEST: What
charitable
drivers does
he mention?

Reputation,
psychological
benefits (self-
image), and
joy of giving



Efficacy (mechanism 7)

- Efficacy = perception that your contribution makes a difference
- When people perceive their contribution will not make a difference, they are less likely to give.
- Sounds obvious, but check your materials. Do they frame support in terms of how a single contribution will make a difference?

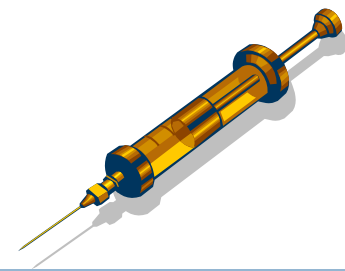
D'OH!



I forgot to show how an individual donation matters!



Pampers/UNICEF Campaign



1 Pack = 1 Vaccine

- Conjures tangible, specific baby and act of vaccination
- Impact of YOUR donation + emotional reactions
- Tangible impact descriptions (provide clean water to villagers in West Africa) = 2X donations compared to descriptions of “donations going to a broad range of needs around the globe.”*

1 Pack Will Help Eradicate Newborn Tetanus Globally

- Wordier
- “Helping eradicate” less satisfying than providing a specific vaccination
- “Globally” shows widespread impact, but can indicate single contribution is a drop in a bucket
- **Tangibility** leads to greater engagement and also greater perception of efficacy.

*“The Critical Link between Tangibility and Generosity.” *The Science of Giving*, by Daniel M. Oppenheimer and Christopher Y. Olivola. Psychology Press, 2011.

Values (mechanism 8)

- “Values are difficult if not impossible to manipulate.”
- Similarity between personal values and organizational values increases probability that a donation is made. Get to know both value sets.

Practitioner Tip: Does your organization have stated values? Do they feel authentic? Consider investing time in a values exercise for staff. Also, how aware are you of the values of donors to your cause? It can be very effective to ask the “passion question”:

What would you like to accomplish with your money that is meaningful to you?

The Seven Faces of Philanthropy*

- The Communitarian: doing good makes sense (26%)
- The Devout: doing good is God's will (21%)
- **The Investor: doing good is good business (15%)**
- The Socialite: doing good is fun (11%)
- The Repayer: doing good in return (10%)
- **The Altruist: doing good feels right (9%)**
- The Dynast: doing good is a family tradition (8%)
- Others? Social Investors, Network Givers?

*The Seven Faces of Philanthropy: A New Approach to Cultivating Major Donors. Russ Alan Prince and Karen Maru File. John Wiley and Sons, 1994.

Values and Faces: Comparison

Investors: Positive Images/Values

- ☐ Results
- ☐ Performance
- ☐ Accountability
- ☐ Efficiency

Strongest drivers?

Cost/benefit, efficacy

Altruist: Positive Images/Values

- ☐ Self-fulfillment
- ☐ Sense of purpose
- ☐ Socially responsible
- ☐ Doing good

Strongest drivers?

Awareness of need, altruism, psychological benefits

Very different. What do they have in common? VALUES.
It's our job as practitioners to seek to understand a donor's values.

Why are you here?

University
of Sidney
2011 Thank
You video:

**TEST: Why
did this
win a
CASE
award?**



Stories and Questions

Thank you to
Amy Flood,
Meg Hagyard,
Kelly Holt,
Brian Kish,
Andrea Miller,
and Emily
Walsh for
great ideas
and feedback,
and Kevin
Johnson for his
help and
wizardry of
many kinds.

