



BEHAVIOR AND CHARITABLE GIVING

2019 Update

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Introduction

In 2017, charitable giving in the U.S. exceeded \$400 billion for the first time, setting a new record at \$410.02 billion. Of this, individual American donors gave \$286.65 billion, accounting for 70% of all philanthropic dollars in the country (Giving USA, 2018). While the scale of this generosity is significant, research suggests that individuals may be giving in ways that don't align with their true preferences or intentions.

In one study, for instance, 85% of people surveyed cited non-profit performance as an important criterion for their donations, yet only 3% actually used relative performance data to choose which charity to support (Camber Collective 2010). In a similar vein, the most important societal problems donors name when prompted are often unrelated to the causes they actively support (Chicago Community Trust 2015).

Why might people give in ways that seem contrary to their interests? A close look at the specific situations in which people make charitable decisions reveals a number of factors that can bias, hinder, or encourage outcomes. For example, donations may actually signal loyalty to friends or neighbors, rather than support for social causes. In some cases, people who want to engage may end up not giving to charity because they aren't sure how to choose between organizations, or because they simply forget to follow through. Insights from behavioral science can help explain how people currently make charitable decisions and inform new ways to reduce biases or remove barriers to action. Charitable dollars could then be better allocated, with critical resources directed toward the most urgent issues and effective solutions. Further, aligning individual preferences and donations could increase the total level of giving.

With support from the Bill and Melinda Gates Foundation, ideas42 has spent the last few years exploring new ways to apply a behavioral lens to charitable giving. This work builds on a growing body of research on charitable giving, which we first summarized in our 2016 version of this literature review. We have updated that publication here, again highlighting experimental evidence, theoretical frameworks, and empirical data on what drives decisions to give, who gives, and at what levels. Section one covers experimental studies, with each subsection highlighting one factor that impacts individual giving behavior. Summaries of relevant studies are tagged with the method(s) of donor outreach employed (e.g., direct mail or phone solicitation) and the outcome(s) impacted by the experimental manipulation (e.g., participation rate or amount). Further reading is suggested for those interested in specific topics.







Most studies in section one explore decisions to support particular organizations chosen in advance by researchers and presented to donors in isolation. Indeed, charitable solicitations often come directly from individual non-profits and do not prompt donors to consider alternatives or change their general giving patterns. We did not find many field-based, experimental studies on the factors that encourage people to choose thoughtfully among charities or to plan ahead to give. However, section two highlights important theoretical and lab research on how donors may approach these wider giving topics. Papers

are grouped into five subsections: broad overviews, research on the relationship between emotion and giving, studies on information and choice in giving, financial security and giving, and emerging research. ideas42's current work seeks to add to this body of knowledge by designing and field-testing interventions that encourage deliberate choice and advance planning for charitable behavior.

The third and final section of this review catalogues major surveys and reports on charitable giving. These data paint the clearest picture of national trends in giving, in addition to providing detailed information about particular demographic groups and vehicles for giving.

» I. Experimental Studies on Donor Behavior

Recent research sheds light on multiple factors that can facilitate or discourage charitable giving, many of them surprising or counterintuitive. In the following pages, we highlight factors that have been experimentally tested in the field or lab and describe their observed effects on giving behavior. To assist readers with specific goals or interests, each study is tagged with the outreach methods and affected outcomes below.

Outreach Methods		Outcomes Affected	
	Direct Mail		Participation Rate
	Phone Solicitation		Donation Amount
	In-person		
	Online		

1.1 Social Norms

Humans rely on a wide range of external cues when deciding how to act in any given situation. Because we are social creatures, one of the most powerful cues is the perceived social norm: people tend to observe what others are doing and do the same—especially if they identify with the larger group.

Letting prospective donors know that people like them are contributing to charitable causes can boost participation, and providing a benchmark for how much others have given can influence donation amounts.

Communicating norms increases participation. Clients at a legal services organization (n = 3,000) were asked one of two questions during the preparation of their wills: 1) “Would you like to leave any money to charity in your will?” or 2) “Many of our customers like to leave money to charity in their will. Are there any causes you are passionate about?” Clients in the second group were 43% more likely to participate in legacy giving and gave more than double (114% more) than those who received the plain ask. Results from this study illustrate that sharing even a small amount of information about others’ actions has a significant impact on decisions to give (UK Behavioural Insights Team 2013).

 **In-person**  **Participation Rate**

Visible indicators of participation influence giving decisions. Researchers put a transparent donation box in a free art gallery and varied the contents of the box. In different trials, the box was filled with

\$100 in coins, small bills, large bills, a mix of currencies, or no money at all. Researchers then tracked contributions by visitors to the gallery (n = 21,259) and found that donation amounts tend to reflect the original contents of the box. Presenting many coins results in a large number of small contributions, and presenting a few larger bills results in a smaller number of contributions at higher amounts. Researchers conclude that people estimate whether and how much most others have given when making their own giving decisions (Martin and Randal 2008.)

 **In-person**  **Participation Rate**  **Donation Amount**

For more on the role of visual cues in giving decisions, see:

- ▶ Soetevent, “Anonymity in giving in a natural context—a field experiment in 30 churches” (2005)

Mentioning another donor’s contribution level can increase donation amounts. In a field experiment at a public radio station (n = 538), some donors were given information about how much others had contributed. Fundraisers used the script, “We had another member; they contributed \$300. How much would you like to pledge today?” Researchers found that sharing this information, compared to simply asking for a pledge amount, increased average donation amounts by 12% (Shang and Croson 2009).

 **Phone Solicitation**  **Donation Amount**

Revealing similarities between current and prospective donors increases average donations. During a phone-based fundraising drive for a public radio station (n = 547), one group of callers was told, “We had another donor; he/she gave \$300,” with the donor’s gender matched to the caller. A second group of donors was given similar information, but with a previous donor whose gender was different than the caller’s: “We had another donor; he/she gave \$300.” Sharing benchmarks from similar (same-gender) peers resulted in a 34% increase in donations, compared to the opposite benchmark (Croson and Shang 2011).

 **Phone Solicitation**  **Donation Amount**

For more on the way personal identity interacts with social norms to affect participation in social causes, see:

- ▶ Ratner and Miller, “The norm of self-interest and its effects on social action” (2001)

Donation amounts are higher when choices are made in groups. In an online experiment, participants (n=1,109) were informed about climate change and the option to purchase carbon offsets. They were then randomly assigned to one of three different decision mechanisms: 1) They made an individual choice about the quantity of offsets to buy (individual); 2) Within a group of 9, each member voted on their preferred quantity and the median was bought (majority); 3) Within a group of 9, each member voted on their preferred quantity, but one vote was picked at random for the decision (dictator). Those

in the majority and dictator groups made significantly greater contributions than those in the individual group (12% and 17% more respectively). Comparing contributions to beliefs, participants in the individual group contributed significantly less than they believed others would contribute, while participants in the majority group contributed what they believed others would contribute, and participants in the dictator group contributed significantly more than they believed others would contribute. (Ponitzsch 2017)

 **In-person** \$ **Donation Amount**

1.2 Signaling and Matching

In charitable giving, the behavior of lead actors can communicate information about organizational quality. Signals about who else has already given, and how much, can influence decisions to give. These cues are especially powerful when people are uncertain about whether an organization merits their support, since potential donors who lack information are much more likely to do nothing than to conduct their own research.

Sharing information about major supporters validates your organization. In one large-scale natural field experiment, researchers sent direct mail solicitations to new donors who were unfamiliar with the fundraising charity (n = 61,483). One group of donors was told that contributions would be matched by the Bill & Melinda Gates Foundation (BMGF), and a second group was informed of an anonymous match. Those who were informed that BMGF was the source of match funding were 39% more likely to donate and donated on average 44% more than those who did not know the identity of the match donor. This experiment suggests that the public match campaign, which implied that a major institution viewed the charity favorably, provided a credible quality signal for new donors (Karlan and List 2018).

 **Direct Mail** % **Participation Rate** \$ **Donation Amount**

Seed money increases donations. In one experiment, researchers mailed letters asking for funds to support a capital campaign at the University of Central Florida (n = 3,000). All solicitations described an initial seed donation, through which a lead donor had already covered a portion of the costs. Increasing the size of the seed donation from 10% to 67% of program costs generated a six-fold increase in contributions and more than doubled the likelihood of donating. This finding suggests that potential donors viewed the size of the seed donation as a reliable signal of the cause's worthiness (List and Lucking-Reiley 2002).

 **Direct Mail** % **Participation Rate** \$ **Donation Amount**

Lead gifts encourage participation and higher donation amounts. Researchers ran a direct mail fundraising campaign for the Sierra Club ($n = 3,000$) in which some letters described a match offer, with every dollar in donations later matched by a dollar from a lead donor. In other letters, researchers referenced a “challenge gift” already contributed by a lead donor. Mentioning a challenge gift increased participation rates by 23% and total contributions by 18%, compared to a plain ask. The challenge gift also outperformed the total amount raised under the match offer by 31%, although this difference was not statistically significant. (Rondeau and List 2008).

 **Direct Mail**  **Participation Rate**  **Donation Amount**

Offering time-limited matches prior to Giving Tuesday can increase overall giving. In a field experiment ($n = 39,931$), researchers sent email solicitations a few weeks prior to Giving Tuesday that offered special match offers with a 3-day deadline. Compared to the control group, individuals who received the early match offer were 50% more likely to donate and gave more than double the control group (\$3.71 vs. \$1.34). Across treatment and control groups, the number of donors who gave on Giving Tuesday was similar, suggesting that the early time-limited matches created new, additional donations rather than only substituting those who would have given on Giving Tuesday (Castillo et al. 2018).

 **Online**  **Participation Rate**  **Donation Amount**

For more on the varying effectiveness of match rates, see:

- ▶ Karlan, List, and Shafir, “Small Matches and Charitable Giving: Evidence from a Natural Field Experiment” (2011)
- ▶ Karlan and List, “Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field experiment” (2006)

For a comparison of a lead gift, conventional matching scheme, and alternative matching scheme:

- ▶ Adena and Huck, “Matching donations without crowding out? Some theoretical considerations, a field, and a lab experiment” (2017)

For more on match incentives and social norms, see:

- ▶ Anik, Norton, and Ariely, “Contingent Match Incentives Increase Donations” (2014)

For an economic model of leadership gifts, see in section two:

- ▶ Andreoni, “Toward a Theory of Charitable Fund-Raising” (1998)

1.3 Image and Identity

Each of us has a multi-faceted identity: we are parents, friends, consumers, investors, advocates, artists, and much more. Most of the time, we seek to act in accordance with the way we see ourselves or hope to be seen by others. Encouraging people to identify as charitable donors, or reminding them that their actions influence the way they are perceived by others, can increase contributions.

Reaffirming donors' identities as charitable, generous people increases donations. As part of a widely publicized local fundraising campaign, canvassers visited households and asked for contributions ($n = 153$). Some donors were told, "You are a generous person. I wish more of the people I met were as charitable as you," while other donors were given no feedback about their personality. In a later fundraiser for a related cause, those who had been called out as charitable gave on average 71% more than those who had not been labeled (Kraut 1973).

 **In-person** \$ **Donation Amount**

Reminding people of their past behavior as "donors" increases contributions. In a large-scale field experiment conducted with the American Red Cross (ARC), researchers sent direct mail solicitations to individuals who had previously donated to the ARC but had not contributed in the last 24 months ($n = 17,061$). All letters used the greeting, "Dear Friend and Supporter," but one set of letters also included the note, "Previous Gift: [date]" below the postal address. Researchers found that including this extra line reminded donors of their identity as supporters of the ARC and increased the probability of a donation by 20%. Average donation amounts also increased by about 4.1% (Kessler and Milkman 2014).

 **Direct Mail** % **Participation Rate** \$ **Donation Amount**

Offering public recognition increases donations. In a field experiment, members of a service club at Yale University contacted alumni and asked them for donations that would go to support various student groups on campus ($n = 4,168$). Some people were told that donors contributing above a certain threshold would be listed in the service club's newsletter. Compared to those who received only a plain ask for donations, those offered recognition were 2.7 percentage points more likely to give and gave on average 14 percentage points higher amounts (Karlan and McConnell 2013).

 **Phone Solicitation** % **Participation Rate** \$ **Donation Amount**

Selective recognition increases donations. In one lab study ($n = 205$), individuals were given \$10 each and split into small groups. Study participants chose to make a \$0-10 donation to the Red Cross using the money they had been given, with the following information about what would happen next.

- Group 1: All individual donation amounts would be seen by group members
- Group 2: All individual donation amounts *and names* would be seen by group members
- Group 3: The two *lowest* donation amounts and names would be seen by group members
- Group 4: The two *highest* donation amounts and names would be seen by group members

Compared to the first group, which contributed an average of \$5.26, public recognition boosted donations in the second group by 14%. The comparative increase in the third group was 20%, demonstrating that individuals act to avoid the shame associated with being a low contributor. In the fourth group, average contributions rose by 32%, showing that the public prestige of being a generous donor can be a powerful motivator (Samek and Sheremeta 2015).

 **In-person** \$ **Donation Amount**

For more on how prestige influences donor behavior, see:

- ▶ Harbaugh, “What do Donations Buy? A Model of Philanthropy Based on Prestige and Warm Glow” (1997)

Donors react differently to information on charity efficiency depending on the social-signaling value of the decision. In a lab experiment using real money and charities, participants (n = 297) were first given an endowment to split between themselves and a charity from a large list. Subjects then received new information about the charities' financial efficiency and were allowed to modify their initial decisions. Some were told they had to stand up at the end of the experiment and announce both the amount and efficiency information they received. This public condition generated a mixed reaction from donors, resulting in no overall effect on giving amount. Researchers find that a third of donors decreased donation amount in response to good news because they could deliver the same social image signal for a lower price. In contrast, for the group where donation decisions remained private, receiving positive information about the expense efficiency of a charity increased average donation amount. (Butera and Horn 2017).

 **In-person** \$ **Donation Amount**

1.4 Emotions

People often make decisions based on their positive or negative feelings toward a subject, rather than on objective analysis. Different kinds of information evoke varying degrees of emotion, and strong positive emotions seem to encourage prosocial behavior.

People tend to like—and support—people who are similar to themselves. Researchers asked female undergraduate students to donate to the Cystic Fibrosis Foundation (n = 82). Some students were approached by a solicitor whose nametag matched the prospective donor's first name. On average, these people donated more than twice as much as those in a comparison group with no name matching.

Researchers conclude that the incidental similarity evokes a fleeting sense of liking the solicitor and encourages positive responses (Burger et al. 2004).

 **In-person** \$ **Donation Amount**

Photographs that elicit emotion increase donations. In one lab experiment (n = 11), subjects were given \$15 dollars each and told it was theirs to keep but that any portion they chose could be donated to an orphanage in Sudan. During the experiment, subjects were shown both photographs and silhouettes of individual beneficiaries. Subjects were more than twice as likely to donate when viewing photographs, compared to silhouettes. Neural imaging and follow-up surveys (n = 22) indicated that photographs elicit stronger positive emotions, leading to more generosity (Genevsky, Vastfjall, Slovic, and Knutson 2013).

 **In-person** % **Participation Rate**

Sharing information about an “identifiable victim” heightens emotions. In one lab experiment, researchers asked participants to donate to sick children in need of an expensive medicine (n = 153). Different groups were shown an identified individual (i.e. name, age, picture), an unidentified individual, a group of identified individuals, or a group of unidentified individuals. The identified individual elicited the most donations, which researchers suggest is due to an intensified emotional response from participants. (Kogut and Ritov 2005).

 **In-person** % **Participation Rate**

For more on the effect of perceived closeness of beneficiaries on donations, see:

- ▶ Small and Loewenstein, “Helping *a* Victim or Helping *the* Victim: Altruism and Identifiability” (2003)

Considering a volunteer experience activates an emotional mindset and increases generosity. Researchers provided study participants with information about a charitable organization (n = 199). One group of participants was asked how much time they would give to the charity, while the other was not prompted to consider volunteering. Both groups were then asked how much money they would donate to the charity. Those who had first considered volunteering offered 49% more money than those who were only asked to donate. Follow-up studies measured actual donation activity with similar findings (n = 193). Researchers conclude that thinking about volunteering triggers an emotional mindset and prompts people to seek meaning and satisfaction, with positive effects on monetary donations. In contrast, thinking primarily about financial contributions triggers a value-maximization mindset and suppresses donations (Liu and Aaker 2008).

 **Online**  **In-person** \$ **Donation Amount**

For more on differing responses to “helping opportunities” (donations of time or effort) and “giving opportunities” (donations of money or other resources), see:

- ▶ Yang, Hsee, and Urminsky, “Eager to Help yet Reluctant to Give: Pro-Social Effort and Pro-Social Choices Diverge” (2014)

Deliberative thought suppresses emotion-based giving. Researchers gave study participants the opportunity to donate \$0-5 to famine relief efforts at Save the Children (n = 159). One group received letters that included a picture and brief description of a little girl. A second group received letters describing factual information about food security, and a third group received letters with both the little girl’s profile and factual information. The photo and description prompted an emotion-based response, raising more than twice as much money as the factual solicitation. Including factual information with the girl’s profile reduced this effect, with no significant difference in giving between those who received both pieces and those who received factual information only (Small, Loewenstein, and Slovic 2007).

 **In-person**  **Direct Mail**  **Donation Amount**

For more on the effects of factual information on giving patterns, see:

- ▶ Karlan and Wood, “The Effect of Effectiveness: Donor Response to Aid Effectiveness in a Direct Mail Fundraising Experiment” (2015)

For more on the varying effectiveness of emotional appeals by personality type:

- ▶ Fielding, Knowles and Robertson, “Materialists and altruists in a charitable donation experiment” (2019)

1.5 Avoidance

It’s often hard for people to say no, including when they’re asked to give to charitable organizations. Direct, personal solicitations can therefore increase donations, but resulting gifts may not reflect true support for particular causes. Further, some people may preemptively avoid requests to donate.

Avoiding emotional stories and requests to donate helps people justify decisions not to give. In a large field experiment (n = 5,976), researchers set up an online voting contest for different animal groups. After selecting an organization, each voter was asked to click through to the following step to register his vote. Some voters were told they would also have the opportunity to donate to their chosen animal group. The click-through rate for voters who expected—and could thus avoid—a solicitation was 22% lower than the click-through rate for those who were simply asked to register. Displaying a pet adoption story before the registration request countered this effect. Researchers find that avoiding both compelling information about a charity and direct requests to donate gives people more “wiggle room” to justify not participating in prosocial behavior (Exley and Petrie 2018).

 **Online**  **Participation Rate**

Avoiding direct, verbal requests to donate defends against impulse-giving. In a randomized natural field experiment (n = 8,831), Salvation Army solicitors were stationed sometimes at one and sometimes at both of two main entrances to a supermarket. This gave some shoppers an easy way to avoid requests to donate. Solicitors were either silent and simply rang a bell as shoppers passed or made eye contact and asked shoppers to “please give today”. Researchers found that verbally asking people to give dramatically raised participation rates and increased the total amount donated by more than 50%. However, the direct ask also led a third of shoppers to avoid solicitors altogether by using other entrances. Evidence suggests that “avoiders” are shielding themselves from emotion-based impulses to give and the guilt associated with not giving, revealing a sophisticated understanding of empathy and altruism rather than callousness or selfishness (Andreoni, Rao, and Trachtman 2017).

 **In-person**  **Participation Rate**  **Donation Amount**

People may give to avoid saying no. During a door-to-door fundraising campaign (n = 7,668), researchers tested the effects of 1) providing advance notice for solicitation visits and 2) allowing people to easily opt out of them altogether. Compared to neighbors who received basic, unannounced solicitations, people who received advance notice were 9% less likely to answer their doors. Similarly, those who could opt out were 24% less likely to answer their door and 31% less likely to give if they did open the door. Finally, total contributions were significantly lower among those who could choose to opt out. This drop was driven by the loss of small-dollar donations, showing that many people give simply to avoid saying no (DellaVigna, List, and Malmendier 2012).

 **In-person**  **Participation Rate**  **Donation Amount**

For more on gender differences in avoidance behavior, see:

- ▶ DellaVigna et al., "The importance of being marginal: gender differences in generosity" (2013)

Leaving a donation decision to chance may allow people to avoid saying no. In two lab experiments, researchers gave some participants the option to be randomly assigned a donation amount rather than to make the donation decision themselves. In the first study (n=322), one group of participants could choose whether or not to donate a portion of their \$2 bonus to charity, while the second group also could choose random assignment to an amount (\$0 to \$2). In the second study (n=299), one group had the choice of donating \$1, \$2, \$3 or not at all, while the second group also had the option to be randomly assigned an amount (\$1, \$2, \$3). In both studies, the random option significantly reduced the rate of refusal by 28% in the first study, and by 14% percentage points in the second. Researchers found that only those who would have refused the prosocial request were drawn to the random option in this context (Lin and Reich 2018).

 **In-person**  **Participation Rate**  **Donation Amount**

For more on leveraging avoidance to increase efficiencies in giving, see:

- ▶ Kamdar et al., “Once and Done: Leveraging Behavioral Economics to Increase Charitable Contributions” (2015)

For more on the effect of personal solicitations on donations, see:

- ▶ Meer and Rosen, “The ABCs of Charitable Solicitation” (2009)

1.6 Time-Inconsistency

Preferences change over time, especially when it comes to money. People tend to be present-biased, valuing today’s money more than they value tomorrow’s. This means that losses in the present are more painful than losses at some future point. Asking donors to commit today to donating funds later can boost total contributions.

Asking donors to “Give More Tomorrow” encourages generosity. In one field experiment with a large and well-known Swedish charity, fundraisers called monthly contributors and asked them to increase their recurring donation amounts (n = 1,134). One group was simply asked to give more if possible, implying an immediate increase. A separate group was asked to give more if possible “beginning in January,” providing a two-month delay. Donors exhibited present-biased behavior: average increases in giving were 32% higher for those offered a delayed start, compared to those who were asked to give more immediately. This was driven both by greater participation and larger increases (Breman 2006).

 **Phone Solicitation** \$ **Donation Amount** % **Participation Rate**

Asking to donate future income at a later date increases participation. In a lab experiment (n=352), participants were asked to donate \$5 of their participation fee for that day's session to charity. Another group was asked to donate \$5 out of their participation fee from the next week's session. The one week delay in charitable gift transaction increased participation from 31% to 45%—a 50% increase in giving. The researchers propose a model of social signaling in which donors receive social utility from deciding to give now in addition to the warm glow of actual giving at a later time (Andreoni and SerraGarcia 2018).

 **In-person** % **Participation Rate**

Asking people to donate a potential windfall before it is certain encourages generosity. In 5 lab and field experiments (n=1,363), charitable donations were solicited from small lottery winnings, varying in whether the outcome of the lottery was known at the time. Pooled together, participants were 23% more likely to donate from the winning income and give 25% more when asked to donate *before* the lottery's outcome is determined, compared to those who were asked to donate *after* learning they had won (Kellner et al. 2019).

 **In-person** % **Participation Rate** \$ **Donation Amount**

1.7 Hassle Factors and Procrastination

“Hassle factors” are small roadblocks that must be dealt with in order to complete an action. Despite being small in scope, hassle factors can lead to out-sized consequences if not resolved (e.g., needing to find a stamp could result in a late or missed rent payment). These seemingly minor inconveniences are at play in charitable giving as well, and can lead people to procrastinate, then forget about following through, or decide not to give after all.

Making it easier to donate encourages participation. In field experiments conducted with a direct-mail fundraising campaign in Germany, researchers tested two tactics designed to help people follow through on their intentions to give. In the first study (n = 5,000), researchers sent follow-up letters reminding people about the campaign. The reminders generated responses and increased response rates by 46%. In another experiment (n = 25,000), researchers added pre-filled bank transfer forms to some solicitation letters and gave people the option to donate with a credit card over the phone. People who received these additional tools were 26% more likely to respond, compared to those who received only a solicitation letter (Rasul and Huck 2010).

 **Direct Mail**  **Participation Rate**

For more on the circumstances in which making it *harder* to donate can promote giving behaviors, see:

- ▶ Olivola and Shafir, “The martyrdom effect: When pain and effort increase prosocial contributions” (2013)

Reminders encourage participation. In a field experiment, researchers sent out emails soliciting donations for a large Danish charity (n = 29,057). One group of people received an email reminder in addition to the original message. This increased both the likelihood of giving (by 50%, or 0.2 percentage points) and the total amount raised (Damgaard and Gravert 2014).

 **Online**  **Participation Rate**  **Donation Amount**

For more on the effect of reminders on charitable giving, see:

- ▶ Sonntag and Zizzo, “On Reminder Effects and Dominance: Evidence from an Online Experiment on Charitable Giving” (2015)

Even minor inconveniences can depress giving. In a door-to-door fundraising campaign (n = 1,536), volunteers asked households to support a local charity that provides blankets to families in need. Solicitors explained that holiday cards would accompany the blankets funded by donors. They told the control group that cards had been pre-written, but gave the treatment group the option of writing messages. Contrary to the researchers’ hypothesis, households in the treatment group were 20% less likely to donate. They conclude that the opportunity to write a card may drive up the cost of giving in multiple ways: 1) more social pressure to accompany the personal gesture with a larger gift amount,

2) increased time to complete a transaction, and/or 3) additional need to make two decisions—whether to give, and whether to write a card—rather than one (Chuan and Samak 2014).

 **In-person** % **Participation Rate**

Not specifying a deadline may be best for reducing procrastination and increasing participation.

Individuals (n=3,199) randomly selected from the New Zealand voter roll were invited to take part in a 5-minute online survey on charitable giving. If they completed the survey, the researchers would donate \$10 to the individual's choice between two charities. Letters either did not specify a deadline to complete the survey or set a deadline one week or one month from when letters were delivered. The response rate was highest (8.3%) when no deadline was specified and lowest with the one-month deadline (5.5%). Researchers conclude that a longer deadline may send a signal that there is no urgency to act, and so people procrastinate and may forget (Knowles et al. 2017).

 **Direct Mail** % **Participation Rate**

1.8 Small Incentives

When thoughtfully designed, incentives can attract attention and inspire action. For example, providing small, nonmonetary gifts when making requests can sometimes trigger desires to reciprocate. However, the danger of incentivizing prosocial behaviors is that the external reward will “crowd out” the intrinsic desire to contribute by turning a donation into a transaction.

Lottery prizes increase the likelihood of giving. Researchers studied the effects of lotteries on donations in a door-to-door fundraising campaign for a local institution (n = 2,149). One group of households was informed that each dollar contributed would secure a lottery ticket for a \$1,000 pre-paid credit card. 45.5% of these lottery-offer households participated, compared to only 25.3% of households who were simply asked to donate. Similarly, the average donation per contact was 87% greater in the lottery treatment compared to the group with the standard ask. (Landry, Lange, List, et. al 2005).

 **In-person** % **Participation Rate** \$ **Donation Amount**

Non-monetary upfront gifts encourage donations. In this experiment, researchers conducted a direct-mail solicitation campaign (n = 9,846). Each household was randomly assigned to receive a letter alone, a small gift (a postcard and envelope) along with the letter, or a large gift (four postcards and envelopes) along with the letter. Recipients of the small gift donated at a 17% higher rate than recipients in the no-gift condition, and recipients of the large gift donated at a 75% higher rate than those in the no-gift condition. The researchers conclude that this “gift-exchange” activates desires to reciprocate the charity's generosity (Falk 2007).

 **Direct Mail** % **Participation Rate**

Conditional thank-you gifts can distract from and demotivate charitable giving. In a field experiment (n=3,641), researchers tested the effect of thank-you gifts during a non-profit's direct mail fundraising campaign to previous donors. The gift group received a standard solicitation letter with a glossy insert advertising one of two thank-you gifts for a donation above a certain threshold—either a "swag" gift or 60 meals for a local food bank. Including the gift offer decreased donation rates by over 2 percentage points on average, compared to the control group that received no offer. The glossy gift insert may have been highly salient to donors and likely diverted attention away from the solicitation letter and the intrinsic motivation it mentions (Chao 2017).

 **Direct Mail** % **Participation Rate**

1.9 Framing the Ask

Often times, *how* you ask matters more than what you are asking. People tend to behave and make decisions based on the framework and semantics presented to them, which can emphasize different aspects of the same decision. In the realm of charitable giving, small differences in the wording of donation solicitations (e.g. whether the cause is framed concretely or abstractly) can significantly impact donors' responses even without changing any substantive aspects of the choice being presented.

Framing a donation decision as 'how much to give' rather than 'whether to give' increases the likelihood of engagement. In 9 studies (n = 5,417), researchers found that choice framings which induced a continuous mindset (how much to donate) increased donation rates compared to discrete choices (whether to donate or not). Participants who were first asked to choose a donation amount were 22.3% more likely to donate than those who were asked to pick a charity first. In addition, those given 8 donation amount options (including \$0) were 41.4% more likely to make a donation than those given a binary yes/no choice (Moon and VanEpps 2017).

 **In-person** % **Participation Rate**

For more on the influence of framing the suggested donation amounts (donation appeals scale):

- ▶ Desmet and Feinberg, "Ask and ye shall receive: The effect of the appeals scale on consumers' donation behavior" (2003)

Feeling resource-abundant may influence generosity for abstractly framed causes. In a lab study (n = 147), subjects first viewed an image of a ladder and were asked to either compare themselves in terms of their access to resources to people at the bottom of the ladder (relative abundance) or to people at the top of the ladder (relative nonabundance). Subjects then viewed a charitable appeal that had a concrete ("serve a meal") or more abstract ("address hunger") solicitation. Those that were primed with relative nonabundance donated significantly more when presented with the concrete appeal. The

opposite effect was observed for the abundance condition, with participants donating more to the abstract appeal (Macdonnell et al. 2015).

 **In-person** \$ **Donation Amount**

Framing a donation solicitation as one in a series decreases donation amounts. In a field experiment (n = 35,705), an opera house sent solicitation letters to its customers to donate to a separate charity. Letter A asked for donations in a standard way, letter B made the expectation of future solicitations more salient and framed the ask as the first in an annual series. An additional treatment letter C added the possibility of opting out of future mailings. While all three letters had the same response rate, the control letter A resulted in significantly higher donations and a higher return per letter (Adena and Huck 2018).

 **Direct Mail** % **Participation Rate** \$ **Donation Amount**

A unit-asking strategy can overcome scope insensitivity. When people are asked to decide their willingness to donate for a certain number of needy persons, respondents largely ignore the number in their decision-making. As a field experiment, researchers created two versions of a website that employees (n=320) were directed to during a company fundraiser for 40 students affected by earthquakes. The control version asked how much they were willing to donate to all the children, while the unit-asking version first asked employees to think about one child and how much they would hypothetically donate to help that one child, before being asked how much they were willing to donate to all the children. While the participation rates were not significantly different, the average donation was 65% higher (about \$21 more) in the unit-asking group than in the control group. (Hsee et al. 2013)

 **Online** \$ **Donation Amount** % **Participation Rate**

1.10 Agency

As decision-makers and actors, we often like to exert our agency on situations that are presented to us. In general, people would rather have (or at least think they would rather have) more avenues to express and act on individual preferences. In giving decisions, while agency may not be a central consideration for all donors, restricting or expanding the donor's choice set can impact generosity.

Giving individuals agency to direct their donations increases generosity, even when the option is not taken. In a field experiment (n=10,605), two groups were created from a list of donors who had given to a university's Association of Former Students' Annual Fund during the previous year. One group was sent a solicitation email asking for a donation to the unrestricted fund; the second group was sent the same email but also given the option to direct some or all of their gift specifically to support

programs at their academic college. While there was no difference in donation rate between groups, the average gift of donors was \$82.33 larger in the choice group. Furthermore, very few donors actually chose the option to direct their gifts, suggesting that allowing for choice increases donations without limiting charities' flexibility in allocating donations (Eckel et al. 2017).



Online \$ Donation Amount

Imposing a minimum donation reduces average giving amount. In two lab experiments (n = 62, n = 96), researchers found that constraining donors to a required minimum amount reduced the average donation amounts, as well as the probability of giving at all. Further analysis suggests that the imposed minimum had the effect of excluding potential donors who would have given an amount below the minimum, but had no impact on the charitable donations of high givers (Cartwright and Mirza 2018).



In-person % Participation Rate \$ Donation Amount

For more on how competing preferences for agency and effective giving can affect donation behavior:

- ▶ Butera and Houser, “Delegating Altruism: Toward an Understanding of Agency in Charitable Giving” (2018)

For more on the role of suggested defaults, see:

- ▶ Goswami and Urminsky, “When Should the Ask be a Nudge? The Effect of Default Amounts on Charitable Donations” (2016)

1.11 Mental Accounting

Although we might agree in theory that money is fungible, and that a dollar is a dollar regardless of where it came from, many studies have shown that people treat and value money differently depending on subjective factors such as the source of the money and the intended use. Using these subjective criteria, people create separate mental accounts for their money and make decisions for these accounts separately, which can lead to inconsistent and suboptimal financial decisions. Getting donors to feel they are donating from a ‘windfall/bonus’ mental account, or from money directly earned for charity, rather than from out of their own pocket can increase generosity.

Individuals are more generous if they feel they are earning directly for charity rather than donating income they have already earned. In a lab experiment (n = 246), participants selected a charity and performed a 75-minute effort task, which earned them money. Some participants could only donate from their earnings at the end of the experiment (with and without a reminder of their charity choice), some were able to donate earnings at any time and were reminded of their charity choice, and some were able to switch where their earnings were going to, themselves or their charity choice, at any time.

The final condition, in which subjects could choose to direct their efforts directly to the charity, resulted in higher donation rates and amounts than all other conditions (Brown et al. 2013).

 **In-person**  **Participation Rate**  **Donation Amount**

For more on how prosocial incentives affect work performance, see:

- ▶ Imas 2014 "Working for 'warm glow': on the benefits and limits of prosocial incentives"

Donors are more generous with windfall money than with earned income. In a lab experiment (n=188), students were asked to give to a disaster relief charity with windfall money or with money earned from a real task. They were given two different randomized tasks: in one, participants were granted a windfall before donating, and in the other they earned a variable amount of money based on their performance in a counting task before donating. Participants were more likely to give, and gave 29% more when they received the windfall money (Li et al. 2018).

 **In-person**  **Participation Rate**  **Donation Amount**

➤➤ II. Theoretical Frameworks & Models of Charitable Giving

This section highlights papers that synthesize research on charitable giving and provide theoretical frameworks that help explain giving behaviors and variability between individuals.

2.1 Broad Overviews and Literature Reviews

The papers below orient readers interested in the state of research on charitable giving and philanthropy. What questions have been asked? Which remain unanswered? How strong is the evidence underlying a given conclusion? These works summarize broad themes and provide direction for further reading.

- ▶ Andreoni, “Philanthropy” (2006)
- ▶ Andreoni, “Economics of Charity and Philanthropy” (2015)
- ▶ Bekkers and Wiepking, “Generosity and Philanthropy: A Literature Review” (2007)
- ▶ Bekkers and Wiepking, “Who gives? A literature review of predictors of charitable giving. Part One: Religion, education, age and socialization.” (2011)
- ▶ Hill, “The Relationship between Volunteering and Charitable Giving: Review of Evidence” (2012)
- ▶ Mesch, Osili, Ackerman, and Dale, “How and why women give: Current and future directions for research on women’s philanthropy” (2015)

2.2 Emotion and Giving

Papers in this section explore the relationship between giving behaviors and happiness, well-being, and mood. Researchers have explored both directions of causality (i.e., the hypotheses that giving causes happiness and that happy people are more likely to give) from several angles. Taken together, the evidence suggests that both may be true: giving can engender a “warm glow”, or positive emotional boost, and happier people donate more.

- ▶ Aknin et al., “Making a difference matters: Impact unlocks the emotional benefits of prosocial spending” (2013)
- ▶ Anik, Aknin, Norton, and Dunn, “Feeling good about giving: The benefits (and costs) of self-interested charitable behavior” (2009)
- ▶ Andreoni, “Impure altruism and donations to public goods: A theory of warm-glow giving” (1990)
- ▶ Bock, Eastman and Eastman, “Encouraging consumer charitable behavior: The impact of charitable motivations, gratitude, and materialism” (2018)
- ▶ Hill and Howell, “Moderators and mediators of pro-social spending and well-being: The influences of values and psychological need satisfaction” (2014)

- ▶ Kopelman, “The effect of mood on social value orientation: Positive mood induces prosocial behavior while negative mood induces individualistic and competitive behavior” (1998)
- ▶ Mayo and Tinsley, “Warm glow and charitable giving: Why the wealthy do not give more to charity” (2008)
- ▶ Null, “Warm glow, information, and inefficient charitable giving” (2011)
- ▶ Okten, Osili, and Ozer, “Life satisfaction and charitable giving: New evidence from the PSID”
- ▶ “People are slow to adapt to the warm glow of giving” (O’Brien and Kassirer 2018)
- ▶ “Does social connection turn good deeds into good feelings?” (Aknin et al. 2013)

2.3 Information and Choice in Giving

No individual can give to every cause or charity that might benefit from her generosity. All donors must choose how best to allocate their limited funds. However, it can be difficult to access and evaluate information about organizations, programs, and/or beneficiaries. The papers in this section describe how people request, avoid, and/or interpret different types of information when making decisions about how much to give, and to whom.

- ▶ Andreoni, “Toward a theory of charitable fund-raising, (1998)
- ▶ Andreoni, Koessler, and Serra-Garcia, “Who gives? The roles of empathy and impulsiveness” (2018)
- ▶ Baron and Szymanska, “Heuristics and biases in charity” (2010)
- ▶ Berman, Barasch, Levine, and Small, “Impediments to effective altruism: The role of subjective preferences in charitable giving’ (2018)
- ▶ Brown, Meer, and Williams, “Social distance and quality ratings in charity choice” (2017)
- ▶ Cain, Dana, and Newman, “Giving versus giving in” (2014)
- ▶ Fisman, Kariv, and Markovits, “Individual preferences for giving” (2007)
- ▶ Fong and Oberholzer-Gee, “Truth in giving: Experimental evidence on the welfare effects of informed giving to the poor” (2009)
- ▶ Huber, Leaf, and McGraw, “Donate different: External and internal influences on emotion-based donation decisions” (2010)
- ▶ Krasteva and Yildirim, “(Un)Informed charitable giving” (2013)
- ▶ Niehaus, “A Theory of Good Intentions” (2014)
- ▶ Vesterlund, “The informational value of sequential fundraising” (2001)

2.4 Financial Security and Giving

The questions of whether to give and how much to give involve financial decision-making which is strongly influenced by an individual's perceptions of financial security and life satisfaction. The papers below describe the financial and psychological factors that influence these often subjective feelings, such as the perceived relationship between expected income and expense, as well as the perceived costs of giving.

- ▶ Havens, O'Herlihy, and Schervish, "Charitable giving: How much, by whom, to what, and how?" (2002)
- ▶ Howell, Kurai, and Tam, "Money buys financial security and psychological need satisfaction: Testing need theory in affluence" (2012)
- ▶ Meer, Miller, and Wulfsberg, "The Great Recession and charitable giving" (2017)
- ▶ Murphy, "Financial and psychological determinants of donors' capacity to give" (2000)
- ▶ Wiepking and Breeze, "Feeling poor, acting stingy: the effect of money perceptions on charitable giving" (2012)

2.5 Emerging Research

Most of the studies in this literature review draw on the fields of psychology, applied economics, and behavioral science. However, emerging research in the related fields of neuroscience, machine learning, and analysis of big data offer valuable and unique approaches to the domain. The papers below exemplify how these emerging fields are being applied to research charitable giving and donor behavior.

Neuroscience gives clues on how manipulating perceptions can encourage pro-social behavior. The following papers highlight some of the research being done to better understand the neural basis of prosocial intentions, altruism, and empathy:

- ▶ Gaesser and Schacter, "Episodic simulation and episodic memory can increase intentions to help others" (2013)
- ▶ Morelli, Rameson, and Lieberman, "The neural components of empathy: Predicting daily prosocial behavior" (2012)
- ▶ Tankersley, Stowe, and Huettel, "Altruism is associated with an increased neural response to agency" (2007)
- ▶ Wheatley et al., "From Mind Perception to Mental Connection: Synchronicity as a Mechanism for Social Understanding" (2012)

Machine learning techniques and 'big data' approaches are being applied to the charitable giving sector to predict and model charitable donations in different contexts.

- ▶ Farrokhvar, Ansari, and Kamali, “Predictive models for charitable giving using machine learning techniques” (2018)
- ▶ Korolov et al. “Predicting charitable donations using social media” (2016)
- ▶ Yarkoni, Ashar, and Wager, “Interactions between donor agreeableness and recipient characteristics in predicting charitable donation and positive social evaluation” (2015)

» III. Trends in Charitable Giving

This final section outlines mostly survey-based reports in which readers can find key statistics, as well as overviews of trends and attitudes in giving.

3.1 National Trends in Philanthropy

The two publications below regularly track and report on national statistics related to giving and philanthropy.

Giving USA: The Annual Report on Philanthropy. Published annually since 1956 by the Giving USA Foundation, with research support from the Indiana University Lilly Family School of Philanthropy, this report includes key data on total giving as well as breakouts by sources and uses.

Philanthropy Panel Study. The Philanthropy Panel Study (PPS) tracks the philanthropic behaviors of the same set of 8,000 families throughout their lives. Formerly known as the Center on Philanthropy Panel Study (COPPS), this longitudinal study is now a module of the University of Michigan Institute for Social Research Panel Study of Income Dynamics.

3.2 Giving Patterns by Demographics and Channel

The reports below summarize trends in giving within specific income brackets, age ranges, and channels.

Study of High Net Worth Philanthropy. Released biannually since 2006, this publication reports on the philanthropic behaviors of America's wealthiest households. The research series is a collaboration between Bank of America and the Lilly Family School of Philanthropy.

A Decade of Million-Dollar Gifts. This report analyzes gifts of \$1 million or more between 2000 and 2011. It categorizes gifts by donor and recipient type, among other factors.

Money for Good. This report produced by the Camber Collective focuses on "the donor's voice", outlining key motivations and preferences underlying donor behavior and translating these into recommendations for fundraising organizations. It is the third in a series of reports that draw on surveys and focus groups of Americans with \$80,000 or more in household income.

Charitable Giving and the Millennial Generation. This Giving USA publication outlines generational differences in giving behaviors, highlighting key tactics for non-profits to engage younger donors and cultivate future bases of support.

Millennial Impact Report. The Case Foundation, with research support from Achieve, has published five annual reports on millennial giving behavior. Recent reports have focused on specific topics, including workplace-related giving (2014), and cause-engagement and political ideologies (2016).

National Philanthropic Trust Annual Donor-Advised Fund Report. Since 2007, this annual report has tracked the size and scope of donor-advised funds across the U.S. In addition to highlighting overall growth, the report breaks contributions down by sponsor type and projects future trends in this sector.

Giving in Numbers. CECP's annual report focuses on a wide range of corporate giving programs. The most recent edition (2015) is based on data from 271 companies and includes analyses of the overall growth in corporate giving, changes in the allocation of resources, and the degree to which companies are actively seeking and/or measuring a return on investment (ROI).

3.3 Longitudinal Studies on Giving Behavior

The following studies analyze donation data (either real donations or survey data) over a period of time to investigate the longitudinal aspects of donation decisions.

Workplace Giving. This study focuses on individual-level factors and employee giving behavior at a large public university in two annual workplace campaigns across an 8-year time period (Agypt, Christensen, and Nesbit 2011).

Marriage and Generosity. This study examined how marriage affects volunteering and charitable giving, using longitudinal data from the 2001 to 2009 waves of the Panel Study of Income Dynamics (Einolf and Philbrick 2014).

Longitudinal Dynamics. This study investigated the dynamics in charitable giving decisions with a large data set from a Dutch panel research organization in which more than 20,000 individuals made nearly 300,000 donation decisions over a 10-month period (Leliveld and Risselada 2017).

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We also teach others, ultimately striving to generate lasting social impact and create a future where the universal application of behavioral science powers a world with optimal health, equitable wealth, and environments and systems that are sustainable and just for all.

For more than a decade, we've been at the forefront of applying behavioral science in the real world. And as we've developed our expertise, we've helped to define an entire field. Our efforts have so far extended to 40 countries as we've partnered with governments, foundations, NGOs, private enterprises, and a wide array of public institutions--in short, anyone who wants to make a positive difference in peoples' lives.

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