Examining the Influence of Prominent Donors on Nonprofit Organizations

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Corporate sponsorship is an often-used fundraising strategy for nonprofit organizations and is considered to be a “win-win” situation for the sponsoring company as well as the nonprofit. While prior research suggests that corporate sponsorship can positively affect the sponsoring company, little research to date has investigated the impact of such sponsorships on the nonprofit, particularly when it is the nonprofit that is communicating the existence of the sponsorship. We address this question and examine the impact prominent donors such as corporations and foundations on people’s perceptions of and willingness to support nonprofit organizations. Results from one experiment suggest that revealing corporate sponsors may, under certain conditions, negatively affect a nonprofit’s effort to garner financial support from the general public.

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for a demonstrated record of environmentally responsible actions. Thus, the study had a 2 factor (ethics: poor vs. superb) design. In order to test H1, participants were given information about the ethical attributes of the toothpaste, which varied by condition, and were asked to infer its effectiveness. The two key dependent variables were how well the toothpaste was inferred to whiten teeth and how well it provided the benefits the participant looks for in a toothpaste. Participants also rated the importance of a product’s ethics in general.

Two 2 factor ANOVAs (ethicality of toothpaste x participants’ ratings of importance of a product’s ethics) were conducted with inferences about whitening ability and the benefits provided as the dependent variables, respectively. In neither case was there a main effect of ethics on inferences. However, consistent with H1, there was a significant interaction between the ethicality of the toothpaste and the importance ratings such that those participants who felt that a product’s ethics were less important rated the toothpaste with poor ethics as better able to whiten, $F(1, 203)=4.53, p<.05$, and more likely to provide the benefits they desired than the toothpaste with superb ethics, $F(1, 203)=13.73, p<.001$, while participants who rated a product’s ethics as more important showed the opposite effect: they believed that the toothpaste with superb ethics would whiten better and would be more likely to provide all the benefits they desired in a toothpaste.

A second study confirmed the interaction between the ethicality of a product and ethical issue importance ratings in a new product context. Since toothpaste ingredients may also have health consequences for the consumer, we chose a new category without this confound: laundry detergent. Consistent with our findings in Study 1, we found a significant interaction between ethicality of the detergent and ethical issue importance ratings with both dependent measures: likelihood of the product’s being recommended by Consumer Reports, $F(1, 179)=17.32$, $p<.0001$, and likelihood of providing the benefits desired in a detergent, $F(1, 179)=4.84$, $p<.05$.

While these initial studies support H1, Study 3 intends to test H2, i.e. whether subjects will believe that ethical=less effective when asked to infer what the average person would believe about the focal products (as opposed to what they personally believe). In addition, this study will use a broad, nationally representative sample to improve generalizability of the results. Finally, Study 3 will explore what effect precommitment to the intuition has on subjects’ responses. This will be accomplished by varying the order of questions such that we can determine whether the ethical importance ratings were influenced by subjects’ prior inferences. While we have no a priori hypothesis for this manipulation, our intent is to understand the degree to which the ethical importance rating is an accurate assessment of subjects’ beliefs as opposed to resulting from subjects’ desire to be consistent with their prior inference ratings.

References


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Abstract
Corporate sponsorship is an often used fundraising strategy for nonprofit organizations and is considered to be a “win-win” situation for the sponsoring company as well as the nonprofit. While prior research suggests that corporate sponsorship can positively affect the sponsoring company, little research to date has investigated the impact of such sponsorships on the nonprofit particularly when it is the nonprofit that is communicating the existence of the sponsorship. We address this question and examine the impact of corporate sponsors on people’s perceptions of and willingness to support nonprofit organizations. Results from an experiment suggest that revealing corporate sponsors may, under certain conditions, negatively affect a nonprofit’s effort to garner financial support from the general public.

“I’m Glad I Did” or “I Wish I Had:” The Comparative Effects of Satisfaction and Non-Purchase Regret on Future Purchase Intentions
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Extended Abstract
It seems counterintuitive that a consumer who does not experience your product may be just as valuable as your most satisfied customers. Even less obvious is the recommendation that marketers design promotions such that they can highlight missed opportunities to consumers who did not take advantage of the offer. In this research we examine regret for a forgone purchase opportunity and
demonstrate that non-purchasers reveal a motivation to purchase the product in the future similar to customers who experienced the product and were satisfied.

Traditionally, marketers have focused a great deal of effort on understanding customers who have tried and used the product. The issue has always been to keep these customers satisfied and to find ways to ensure that they continue to purchase the product in the future. The flip side of this equation is to ensure that consumers feel a minimal amount of dissatisfaction and regret for their purchase. The study of regret has been restricted to regret following some action, most often a purchase (Cooke et al. 2001; Tsilos and Mittal 2000). Such a focus is clearly relevant and justified given the negative effect that feelings of dissatisfaction and regret have on repeat purchase and brand loyalty, among other post-consumption outcomes.

In this research we propose that the feelings of regret following a forgone opportunity, i.e. regret for inaction, represents a potent driver of consumer behavior. Unlike regret for inaction examined in the psychology domain, regret for inaction in the consumption arena might be assuaged by the possibility of a similar opportunity arising in the future.

Prior research on inaction inertia suggests that forgone opportunities increase the likelihood of similar inaction in the future (Arkes et al. 2002). At least this seems to be the case when the current opportunity is less attractive than the forgone opportunity, although still positive in an absolute sense (Tykocinski and Pittman 1998). However, it may not be the case when the current opportunity is as attractive or more attractive than the forgone opportunity. We theorize that consumers who experience inaction regret tend to idealize the forgone opportunity (Newby-Clark and Ross 2003), construing it to be positive and satisfying and eliciting a necessity to act by the contrasting of present reality with favorable expectations (Oettingen et al. 2001). In this case, regret for inaction serves as motivation not to make the same mistake twice. Indeed, in two studies we examine the impact of inaction regret on future purchase intentions and demonstrate that regretful non-purchasers are just as likely as satisfied customers to purchase in the future, and also to pay a premium for this purchase.

Study 1 used a critical incident method to examine inaction regret arising from forgone opportunities versus the feelings of satisfaction and dissatisfaction arising from taken opportunities in a consumption context. One hundred and eighty-two undergraduates participated. Participants in the inaction regret condition were asked to think about a product that they had not bought, but wished they had. Participants in the satisfaction and dissatisfaction conditions were asked to think about a product/service about which they felt either “much more happy or satisfied than you expected you would” (satisfaction condition) or “much less happy or satisfied than you expected you would” (dissatisfaction condition). After describing the incident, participants answered questions designed to assess future purchase intent and willingness to pay more. Results revealed no significant differences in either the likelihood of future purchase (M\text{regret}=5.91 vs. M\text{satisfaction}=5.92) or the willingness to pay more for the future purchase between the inaction and satisfaction conditions (M\text{regret}=4.67 vs. M\text{satisfaction}=5.08), but significant differences in both between these conditions and the dissatisfaction condition (M\text{dissatisfaction}=2.11, F(2, 156)=63.11, p<.05 for likelihood of future purchase and M\text{dissatisfaction}=5.33, F(2, 156)=63.11, p<.05 for willingness to pay more). These results indicate that consumers who experience regret for inaction are likely to purchase the item the next time they have a chance, and that they are willing to pay a premium for it.

Study 2 was designed to evaluate key findings from study 1 in an ecologically valid environment. One hundred and twenty-five undergraduates who had just returned from spring break completed a questionnaire online. Fifty-one participants had taken a trip during spring break and fifty-eight of the remaining participants wished they had. Next, satisfaction with spring break, regret with spring break, the desire to take a vacation in the future, and the willingness to commit resources to ensure a future vacation were measured. Results revealed that participants who had taken a vacation were significantly more satisfied with spring break than those who had not done so. A median split was conducted on reports of inaction regret for participants who had not gone on vacation, dividing participants into a low regret group (31 participants) and a high regret group (27 participants). Participants who had gone on the trip and those who had high inaction regret revealed an equally strong desire to go on a trip at the next opportunity (M\text{satisfaction}=6.54 vs. M\text{high regret}=6.72), and one that was significantly stronger than those who had low inaction regret (M\text{low regret}=5.78, F(2, 103)=13.43, p<.05). Similar results were revealed for anticipated regret (M\text{low regret}=6.15, M\text{high regret}=4.37, F(2, 103)=8.21, p<.05) and for the willingness to commit resources to go on the trip at the next opportunity (M\text{satisfaction}=6.57, M\text{high regret}=7.64, M\text{low regret}=5.75). These results indicate that when consumers feel considerable inaction regret, this feeling leaves them just as motivated to seek out the forgone product at the next opportunity, just as likely to anticipate regretting forgoing the product, and just as likely to commit to purchasing at the next opportunity as are those consumers who did avail of the opportunity and enjoyed the product experience.

An important implication of these findings is that potential customers who have missed or declined opportunities to purchase may be more important than previously surmised. Past promotional efforts directed at those customers are not necessarily sunk costs, with no anticipated future value. Instead, managers may take advantage of the forgone purchase opportunities by highlighting them in retrospect, thus intentionally inducing inaction regret.

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3An analysis of the open-ended statements revealed that participants who experienced low regret for inaction had deliberately chosen to stay home for spring break for work or some other commitment. On the other hand, participants who had high regret for inaction were those who wanted to go for spring break but failed to make plans or had plans thwarted for some reason.
Food for Thought: Role of Counterfactual Thinking in the Interpretation of Health Claims and Nutrition Information
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Extended Abstract
According to the American Heart Association, obesity represents one of the two causes of death in the United States and leads to about 300,000 deaths each year (Center for Disease Control and Prevention). This trend is largely driven by an inactive lifestyle, a poor diet and inferior nutrition choices. In an effort to help consumers make more healthful food choices, government agencies have passed measures specifically aimed at strictly limiting misleading health claims used on food packages (Ford et al. 1996). The way consumers use, interpret and attend to both health claims and nutrition information has received considerable research attention due to the significance of the topic to packaged food marketers as well as public policy makers (Ford et al 1996; Kozup, Creyer and Burton 2003). In the present study, we seek to extend the literature on consumers’ interpretation and use of health claims and nutrition information by connecting it to the literature on counterfactual thinking (CFT).

Counterfactual thinking is the practice of mentally generating alternative realities. According to Page and Colby (2003), counterfactual thinking refers to the process of looking back at past events and mentally imagining how these events could have turned out differently. Krishnamurthy and Sivaraman (2003) suggest that the careful elaboration of information involved in the process counterfactual thinking influences future problem solving behavior and future attitude formation. Hence, by mentally creating alternative realities to past events, individuals may outline prescriptive actions for future encounters (Page and Colby 2003). We propose that the process counterfactual thinking may alter prior findings in regards to the relationship between health claims and nutrition information on food packages on the one hand and product nutrition attitudes and evaluations on the other.

We argue that consumers engaged in an elaborative processing of information through attempting to mentally construct alternative realities to a past negative event are more likely to carefully scrutinize subsequently encountered information. Hence, they will be more likely to distinguish between superior and inferior arguments in favor of a food package that promises better health. Accordingly, we predict that health claims will become especially salient to this group of consumers and as a result have a stronger effect on attitude formation and product evaluation. We also expect that this effect will be positively moderated by the presence of favorable nutrition information. In contrast to prior studies suggesting a limited effect of health claims on attitudes and intentions in the presence of nutrition information, we hypothesize that counterfactual thinking may intensify a positive effect of health claims on product nutrition attitudes. Furthermore, we argue that such effect is affected by the alignment of the nutrition information to the health claim.

The design of our first study was a 2(CFT vs. Control) x 2(health claim vs. no health claim) x 2(favorable nutrition information vs. unfavorable nutrition information.) The design for this study was identical to study 1 of Kozup, Creyer and Burton (2003). One hundred and fifty four undergraduate students participated in the study. The stimuli were identical to the stimuli developed by Ford et al. (1996). Subjects in the counterfactual thinking condition were instructed to indicate how this experience could have turned out differently while those in the control condition were asked to indicate how realistic this scenario was. All dependent measures were assessed using items similar to those used by Kozup, Creyer and Burton (2003). All dependent measures were assessed with seven-point scale, and on all scales higher values indicated a more positive response. Mean scores were used in the case of multi-item measures.

Multivariate effects of the health claim (Wilks’ Lambda=0.06, F=3.34, p<0.03), nutrition information (Wilks’ Lambda=0.25, F=15.92, p<0.01) were significant and interaction effect between health claim and nutrition information was not significant. There was no main effect of CFT (Wilks’ Lambda=0.03, F=1.52, p>0.22). None of the other two-way interactions were significant. The three-way interaction between health claim, CFT, and nutritional information was marginally significant (Wilks’ Lambda=0.04 , F=2.15, p<0.10). Specifically, follow-up univariate analyses revealed a marginally significant interaction effect of health claim and CFT on nutrition attitude (F=3.74, p<0.09) in the favorable nutrition information condition. Thus, when the nutrition information was favorable, exposing subjects in the control condition to health claim negatively influenced the nutrition attitude whereas exposing subjects in the CFT condition to the health claim positively influenced their nutrition attitude. The univariate analyses also indicated a main effect of favorability on all three dependent variables (Nutrition Attitude: F= 59.28, p<0.01; Attitude toward the product F= 62.93, p<0.01; Purchase Intentions F= 44.49, p<0.01).

Study 1 examined the influence of counterfactual thinking on the effect of health claim and nutrition information on health-related beliefs. Consistent with prior research, we find that the effects of health claim and nutrition information on judgments and favorability are independent. However, we find that the interaction effect of health claim and counterfactual thinking on nutrition attitude is strengthened in the presence of favorable nutrition information. This result is in contrast to prior research that has suggested that, in the case of packaged food products, the effect of health claims are independent of the effects of available nutrition information.

One of the limitations of this study is that we did not study the effect of counterfactual thinking on health claims when no nutritional information was present. Study 2 addresses these limitations and also further