When Money Doesn’T Talk: Corporations Receive Less Credit For Monetary Donations

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Our studies demonstrate that people evaluate corporations more favorably when they donate goods rather than money, while the opposite pattern holds true for individual donors. These results suggest that consumers value authentic motives for corporate donations, and view donations of goods (vs. money) as fundamentally more authentically motivated.

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EXTENDED ABSTRACT
Recent literature about charitable giving and corporate social responsibility finds that donating is complex, both in terms of doing good and gaining credit (Newman and Cain 2014). Previous scholarly work has debated the best way for donors to receive charitable credit for giving. While monetary donations are arguably the most useful for nonprofits to receive, we predict that corporate donations of goods appear to be more authentic. Authentic motives are important for receiving charitable credit and might be key for corporate giving in particular due to firms’ association with profit and susceptibility to suspicion regarding prosocial behavior (Vlachos et al. 2009). Although charities typically prefer monetary donations, this research documents that corporations that donate money are judged less favorably than corporations that donate tangible goods. This “money doesn’t talk” effect hinges on consumers’ assessments of authentic prosocial motivation: corporate monetary donations are perceived as strategic and less authentically motivated than equivalent donations of goods.

We test our hypotheses across 5 studies. Study 1 documents the basic effect that corporations receive less charitable credit for donating money than for donating equivalent goods. Experimental stimuli described a fictional company, Spades Hardware store, as donating either 1) “$50” 2) “$50 worth of canned food” 3) or “a box of canned food” to their local food bank. The second and third conditions were both included to test whether merely mentioning money was sufficient to induce a “money doesn’t talk” effect for corporate donations. Participants then rated the company on seven qualities: generous, altruistic, helpful, charitable, kind, beneficial, and “the extent to which they make the world a better place”. These qualities loaded onto a single factor, which we call “charitable credit”. Consistent with the “money doesn’t talk” hypothesis, we observe a significant decrease in the amount of charitable credit that a company receives when donating money versus goods. We observe that this difference in charitable credit due to donation type persists whether or not the monetary value of a goods donation is specified.

Study 2 tested the hypothesis that authenticity mediates this preference for goods donations. We asked participants to rate Spades Hardware on how authentically motivated their donation was. We also tested two plausible alternative mediators: effort and sacrifice. While we believed that authentic motivation was mediating this effect, it was important to rule out the possibility that people were rewarding companies because they perceived goods-donations to be more effortful than, say, writing a check. As predicted, donations of goods garnered more charitable credit than donations of money and this effect was mediated by the perceived authenticity of these donations. Neither effort nor sacrifice mediated this effect.

Study 3 explored a potential moderator of this effect. We propose that low perceptions of authentic prosocial motivation may apply to corporations in particular. Corporations generally are viewed as low in warmth, and thus less likely to be viewed as having authentically good intentions (Fiske et al. 2002). Corporate donors therefore may be particularly vulnerable to the market-exchange signals that are communicated when donating money. By contrast, individuals are viewed as fundamentally social and warm (Aaker, Garbinsky, and Vohs 2012), and thus more likely to be perceived as having genuine interest in helping others regardless of donation type.

We therefore predict that individual donors will be less susceptible to image concerns when donating money, and will not be subject to the “money doesn’t talk” effect. Participants in study 2 were assigned to read a brief vignette describing either Spades Hardware or a family (the Jones) that donated $50 (a box of canned food) to a food bank. As hypothesized, firms received less charitable credit for giving money than for giving goods, whereas the opposite pattern was found for individuals. In other words, participants rated the company more favorably when they donated goods, but rated the family more favorably when they donated money.

Study 4 continued to investigate donor warmth as a moderator of this effect. In order to test this moderating factor we manipulated company warmth. For the high-warmth conditions, Spades Hardware is described as “a friendly, community-based hardware chain which focuses on serving the community and customer satisfaction.” For the low-warmth conditions, Spades Hardware is described as “a small corporate hardware chain which focuses on profit and business success.” Participants were then told that the company donated either $1,000 or canned food worth $1000 to their local food bank. Consistent with our predictions, we found a significant interaction between donation type and brand image. When the company was described as having a low-warmth image, people rated the company more favorably for donations of goods (vs. money), consistent with the “money doesn’t talk” effect. When the company was described as high in warmth there was no difference in charitable credit rating based on donation type. Purchase intentions followed the same pattern as charitable credit scores.

In Study 5, we tested warm brand image as a moderator using two real world companies: Pepsi and Bolthouse Farms. A pre-test confirmed that Pepsi is perceived as having a low-warmth image while Bolthouse Farms is viewed as high-warmth. Consistent with our previous moderator study, Pepsi, the low-warmth brand, showed the “money doesn’t talk” effect, with people rating the company as significantly more charitable when they make a donation of goods. Bolthouse Farms, however, showed no difference in charitable credit score based on donation type. Once again, purchase intentions followed the same pattern as charitable credit scores. This further demonstrates that warm brand image attenuates the preference for corporate donations of goods.

Despite the fact that monetary donations are the most frequent donation type and the donation type that charities prefer, these studies find that companies who donate money receive less credit for their charitable behavior – and benefit less in terms of purchase intent than companies who donate equivalent tangible goods. Therefore, companies aiming to maximize charitable credit may benefit from spending their philanthropic funds on thoughtful donations of goods, because at least in some cases, when it comes to corporate giving, money doesn’t talk.

REFERENCES
