The Effect of Pre-Giving Incentives on Relationship Norms and Donation Behavior

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We examined the effects of different types of pre-giving incentives on charitable donations. Low value monetary pre-giving incentives lead to lower donation amounts compared to comparable value non-monetary pre-giving incentives and no incentives. Results are explored via reciprocation, and communal and exchange relationship norms due to pre-giving.

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EXTENDED ABSTRACT

A pre-giving incentive (hereafter, PGI) is the provision of a benefit/favor before requesting compliance (e.g., Regan 1971). In the past three years, PGIs such as coins and greeting cards, were included in approximately half of the total non-profit mail volume (Parady-sz + PM Digital Research 2016). Including PGIs to potential donors requires resources that are already scarce for many nonprofits. Do the benefits of PGIs justify the costs? Additionally, it is unclear how different types of PGIs (e.g., coins, mailing labels) influence donor psychology and behavior. Although abundance of research demonstrates the persuasive power of reciprocity (Cialdini, 1993), we show that in certain pre-giving situations, providing gifts or favors before requesting compliance might have no effect or even backfire.

Due to charities’ focus on communal obligations (McGraw et al. 2012), we propose that people use communal norms when interacting with charities, giving benefits (usually time or money) without expecting comparable (or any) benefits in return. However, the perception of charities as communally oriented can be influenced by the type of PGI (monetary vs. non-monetary) enclosed in charity request letters. Empirical research suggests that reminders of money diminish communal motivations (Vohs, Mead, and Goode 2006) and lead people to perceive themselves to be in a businesslike or exchange relationship with others (Jiang, Chen, and Wyer, 2014). This line of research suggests that enclosing low value monetary PGIs evokes exchange norms and leads the charity to be perceived as relatively less communally oriented. In addition, donors who follow exchange (vs. communal) norms may reciprocate by giving the charity an amount roughly equivalent to what they receive. Consequently, we predict that the inclusion of low value monetary PGIs will lead to lower donations than when no incentives are provided. Low value non-monetary PGIs, on the other hand, should not evoke exchange norms. Thus, donors receiving a non-monetary PGI should use communal norms as they do when they receive no incentive. However, because communal norms dictate non-contingent, need-based giving and do not necessitate immediate return of benefits (Aggarwal 2004; Clark and Mills 1993), a low value non-monetary PGI is unlikely to increase donations.

We tested our predictions in a pilot study, 3 lab experiments, and a field experiment. A pilot study (N=113) found that people perceived charities as more communally than exchange oriented (M communal = 5.45, M exchange = 3.38, F(1, 93) = 57.19, p < .001), and businesses as more exchange than communally oriented (M communal = 3.48, M exchange = 4.92, F(1, 93) = 29.18, p < .001).

Experiment 1A (N=175) and 1B (N=132) randomly assigned participants to view charity letters with a monetary PGI ($.25 in 1A, $5.50 in 1B), a non-monetary PGI (a greeting card in both studies), or no PGI. Participants reported how much they would like to donate to the charity hypothetically in experiment 1A and from their study payment ($5 in $1 bills) in experiment 1B. In both studies, people who received monetary incentives donated less than those who received non-monetary PGI or no PGI (p < .05). No differences emerged between the non-monetary PGI and no PGI conditions (p > .30).

In experiment 2 (N=129), we examined the mediating role of communal and exchange orientation on donation behavior. Results showed that monetary PGIs elicited significantly less donations compared with no PGIs (p = .02) and marginally less donations compared with non-monetary PGIs (p = .08). Monetary PGIs also led participants to perceive the charity as less communally oriented than no PGIs (p < .001) and non-monetary PGIs (p < .01). Monetary PGIs increased the perceived exchange orientation of the charity compared with no incentives (p = .02). No difference was found in all other conditions (all ps > .17). Using PROCESS (model 4; Hayes 2013) with 10,000 bootstrap samples, we showed that the relative indirect effect of monetary versus no incentives on donation amount was mediated by perceived communal orientation of the charity (bootstrap CI: 1.6144, 7.5409) but not by the perceived exchange orientation of the charity (bootstrap CI: -0.415, 3.8874).

Similarly, results demonstrated an indirect effect of monetary versus non-monetary PGIs on donation amount, also mediated by perceived communal orientation (bootstrap CI: 0.003, 5.9651) but not exchange orientation (bootstrap CI: -2.086, 2.6474). Overall, the results support our hypothesis that that lower communal orientation (but not exchange orientation) leads people to donate less.

In experiment 3 (N=9,000), we partnered with a local charity to examine the effects of monetary ($0.25), non-monetary (a greeting card), and no PGIs on donations in the field. Our response rate (0.52%) was comparable to that of other donor acquisition campaigns (Smart Annual Giving 2013). For average donation amount per new donor acquired, monetary PGIs generated less money than no PGIs (M monetary = $17.48, M non-monetary = $30.45, M control = $47.50; F (1, 45) = 10.36, p < .01). No donation difference was observed between non-monetary PGIs and no PGIs or between monetary PGIs and non-monetary PGIs (p > .1). We also found that, on average, each mailing with a monetary PGI cost the charity $.59, which is significantly more than loss per mailing with non-monetary incentives ($.49), F (1, 8998) = 11.20, p < .001 or loss per mailing with no PGIs ($.25), F (1, 8998) = 21.65, p < .001. Extrapolated, for our campaign with 9,000 individuals, including monetary PGIs (versus no incentives) resulted in an additional $.34 net loss per mailing ($1,020 in total) while including non-monetary PGIs resulted in an additional $.24 net loss per mailing ($720 in total).

The present work provides important theoretical and practical implications. We integrate research on reciprocity, relationship norms, and prosocial behavior and suggest situations where gifts may not prompt reciprocal behaviors. Specifically, we show that reciprocity after receiving a low value monetary PGI results in lower donations than comparable value non-monetary or no PGIs under exchange norms. This is because external cues such as PGIs affect perceptions of the charity and thus the use of communal versus exchange norms. Practically, our results imply that charitable organizations should not be encouraged to use PGIs in soliciting donations.

REFERENCES


