



## The counterintuitive effects of thank-you gifts on charitable giving

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### ABSTRACT

Six experiments examined the effects of thank-you gifts on charitable giving. Results indicate that although people expect that the offer of thank-you gifts will increase donations, such offers actually reduce charitable donations. This effect was obtained across a wide variety of charities and gifts types, regardless of whether the donations were hypothetical or real, the gift was desirable or undesirable, the charity was familiar or unfamiliar, or the gift was more or less valuable. Moreover, such patterns cannot solely be explained in terms of inferences about the charity's quality (e.g., either their efficacy or current wealth), the undesirability of the gift itself, or simple anchoring effects. These results are discussed within a broader theoretical framework concerning the effects of extrinsic incentives on altruistic behavior.

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## 1. Introduction

Donations are one of the largest sources of revenue for most nonprofits and charities (Giving USA 2010). As a result, a great deal of research in psychology, economics, sociology, and marketing has explored what factors encourage giving (see Bekkers & Wiepking, 2007 for a review). For example, the amount of money that people donate can be dramatically influenced by how those in need are described (e.g., Kogut & Ritov, 2005; Loewenstein & Small, 2007; Small, Loewenstein, & Slovic, 2007), the anonymity of the donor (Alpizar, Carlsson, & Johansson-Stenman, 2008a; List, Berrens, Bohara, & Kerkvliet, 2004), information on how much others donate (Alpizar et al., 2008a; List & Lucking-Reiley, 2002; Shang & Croson, 2006), the presence of reference points, such as suggested donations (e.g., Alpizar, Carlsson, & Johansson-Stenman, 2008b; Briers, Pandelaere, & Warlop, 2006), additional requests, such as the donation of time (Liu & Aaker, 2008) and even the attractiveness of the donation solicitor (Landry, Lange, List, Price, & Rupp, 2006).

In this paper we focus on the effectiveness of offering small thank-you gifts, such as a pen, coffee mug, or tote bag, as means of soliciting charitable donations. We define “thank-you” gifts as low-value, non-monetary gifts that are offered to individuals conditional upon them donating to the charity. While there are many types of gifts that could be offered to increase donations (e.g., unconditional gifts, high-value forms, and those that arrive before donations), we focus on thank-you gifts because they are perhaps the most common type of gift offered in real-world charitable promotions, and investigation

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of their effectiveness affords both theoretical as well as practical insights. Indeed, given the ubiquity of these kinds of requests (e.g., National Public Radio fund-drives) and the real-world consequences of their effectiveness (or ineffectiveness), it is critically important to directly investigate this issue. Yet, despite decades of research on the relationship between external incentives and altruistic behavior (e.g., Deci, 1975; Deci, Koestner, & Ryan, 1999), whether the offer of thank-you gifts does in fact increase charitable donations is unclear.

On the one hand, it seems reasonable to assume that offering thank-you gifts should increase donations. For instance, the offer of something small in exchange for a donation may encourage feelings of reciprocity (e.g., Bartlett & DeSteno, 2006; Cialdini, 1984; Falk, 2007). Moreover, the belief that self-interest is normative (Holmes, Miller, & Lerner, 2002; Miller & Ratner, 1996, 1998), suggests that people may be motivated to donate more when receiving *something* in return versus nothing at all. On the other hand, an extensive literature on ‘crowding out’ effects (e.g., Lepper, Greene, & Nisbett, 1973; Titmuss, 1970; see Frey & Jegen, 2001 for a review) suggests that external incentives, such as money or gifts, may actually have the counterintuitive effect of decreasing behaviors that are intrinsically motivated.

In the remainder of this paper we first review the relevant literature on incentives and charitable giving. We then present the results of several empirical studies which directly test the effects of thank-you gifts on charitable donations as well as the underlying mechanisms.

## 2. Incentives that increase donations

An extensive literature within psychology, economics, and marketing has examined charitable giving and more importantly, the factors that are likely to either increase or decrease donation levels. Here we restrict our review first to monetary donations, rather than other types of charitable acts, such as the donation of blood (Mellström & Johannesson, 2008; Titmuss, 1970) or the donation of time (e.g., Liu & Aaker, 2008). Second, we focus primarily on studies which have looked at the effects of external incentives (such as gifts) on “first-time” donations. Some research has examined the long-term consequences of building a relationship with a charity or nonprofit through various types of incentives, such as exclusive dinners (Baade & Sundberg, 1996a, 1996b; Buraschi & Cornelli, 2002; Harrison, Mitchell, & Peterson, 1995), as well as the social signaling value of various types of gifts (e.g., the Lance Armstrong LIVESTRONG bracelets). While these factors are quite interesting and are certainly relevant to the domain of charitable giving and gifts, in this paper we are most concerned with direct implications of offering thank-you gifts as part of the initial donation request. In other words, when people are considering whether or not to make a charitable donation, does the offer of a thank-you gift, such as a pen or a tote bag, alter the amount of money that they are willing to donate? Therefore, we only examine the effects of thank-you gift offers as part of the initial donation request, while the potential long-term effects of thank-you gifts are discussed in Section 8.

Past research has examined the effects of providing people with unconditional gifts that arrive before people donate. This work has found that receiving a small gift, such as a postcard or a refrigerator magnet, as part of the donation request may increase the overall frequency of donations. For example, Falk (2007) found that of 10,000 donation requests, the relative frequency of donations rose by 17% when a small gift (a postcard and envelope) was included, and by 75% when a large gift (four postcards and four envelopes) was included compared to no-gift control. Analogously, research by Alpizar et al. (2008a, 2008b) found that providing a small gift prior to the donation request increased the proportion of donations by approximately 5%. These effects are typically explained in terms of reciprocity and the obligation that individuals may feel to respond in kind to such requests (e.g., Bartlett & DeSteno, 2006; Cialdini, 1984; Falk, 2007). However, it is important to note that in these studies, the gifts were given to every participant regardless of whether or not they donated (i.e., the gifts were unconditional), and thus did not assess the effects of ‘thank-you’ gifts, which are typically offered as conditional upon one donating.

Other research has examined the effects of framing donations as “exchange” purchases. For example, Holmes et al. (2002) found that college students donated significantly more when they purchased a scented candle for a fixed amount with the proceeds going to the charity compared to when they were asked merely to donate. This result is consistent with the notion that people overestimate the degree to which human behavior is driven by self-interest (Miller & Ratner, 1996, 1998) and therefore, may seek “excuses” (such as external incentives) that conceal their prosocial motivations.

Similar patterns were obtained by Briers et al. (2006), although this pattern was not consistent across studies and may have been driven by conditions in which the price of the gift was artificially high (a paperclip worth €3.00). Moreover, the results of both sets of studies may be difficult to interpret, since the amount that people could donate was often fixed in the “exchange” (gift) conditions but not in the donation conditions in which no product was offered. In fact, when this factor was equated (Briers et al., 2006, Study 3) the proportion of participants agreeing to donate was actually *less* when a product was offered compared to when no product was offered.

Finally, Shang and Croson (2006) report data from a radio station fundraising drive. They observed that the distribution of donations was “spiky” and tended to coincide with gifts that were offered at different donation levels (e.g., CDs, mugs, t-shirts). While these data could imply that people are motivated to receive gifts, it is unclear whether the gifts in fact, anchored “lower” donations upward, or potentially, “higher” donations downward.

Thus, previous research has examined the effects of unconditional gifts (Alpizar et al., 2008a, 2008b; Falk, 2007) as well as the framing of gifts as exchange purchases (Briers et al., 2006; Holmes et al., 2002). One conclusion from this research is that unconditional gifts may increase donations because they engender feelings of reciprocity (e.g., Alpizar et al., 2008a, 2008b; Falk, 2007) and participants may be drawn to charitable “purchases” because they are consistent with beliefs about social

norms (Miller & Ratner, 1998; Miller, 1999). However, on the basis of this research, it is difficult to conclude that gifts unilaterally increase donations. For example, it may be that offering conditional gifts (i.e., thank-you gifts) has a very different effect on donations because conditional offers may create ambiguity about one's reasons for donating. Specifically, a conditional gift makes salient that an individual may be donating simply *in order to* receive the gift, rather than help the charitable cause. In turn, this may open the door for "crowding out" effects, whereby the presence of the extrinsic motivation may potentially undermine people's intrinsic motivations for giving. The following section examines this possibility in greater detail.

### 3. Incentives that decrease donations

An extensive literature within psychology and economics on the "overjustification" or "crowding out" effect suggests that external incentives (such as gifts) may often decrease behaviors that are intrinsically motivated (Bowles, 2008; Deci et al., 1999; Frey & Jegen, 2001; Gneezy & Rustichini, 2000b; Lepper & Greene, 1980). For example, Titmuss (1970) famously suggested that people are less likely to donate blood if they are offered monetary incentive for doing so (also see Mellström & Johannesson, 2008). Similarly, parents may be less likely to pick up their children on time if they are fined for being late (Gneezy & Rustichini, 2000a), and compensation may make people less likely to host a nuclear waste facility in their community (Frey & Oberholzer-Gee, 1997). Indeed, the most recent meta-analysis analysis of 128 experiments found that external rewards have a significant negative effect on intrinsically motivated tasks (Deci et al., 1999; but see Cameron & Pierce, 1994).

Multiple versions of the crowding out hypothesis have been proposed. One explanation is that extrinsic incentives directly impact an individual's intrinsic motivation to undertake a task (e.g., Deci, 1975). A second proposal is that external incentives may cause a shift in an individual's mindset from a socially-minded altruistic perspective to a more economically-minded, "monetary" perspective (e.g., Gneezy & Rustichini, 2000b; Heyman & Ariely, 2004). This interpretation is supported by experiments in which participants are less likely to engage in an altruistic task in exchange for money compared to a non-monetary incentive, such as candy (Heyman & Ariely, 2004). Finally, external incentives may also have a strong social signaling component in potentially communicating to others that one's altruistic motivations are less than pure. In other words, extrinsic incentives may be perceived to dilute the social benefits of prosocial behavior (e.g., Ariely, Bracha, & Meier, 2009; Benabou & Tirole, 2006).

A recent paper by Ariely et al. (2009) tested these different explanations in the context of charitable donations. Participants completed a computerized "Click for Charity" task in which their effort (sequentially clicking two keys) resulted in donations to a charity. In one case, participants also earned money for themselves by clicking the keys, while in the other case they did not. The authors also manipulated whether the game was public (their level of effort was disclosed to others) or private (their effort was not disclosed). Ariely et al. (2009) found that while external incentives increased effort and donation levels in a private context, such effects were attenuated when the rewards were made public. Thus, there is support for a crowding out hypothesis in the domain of charitable donations, as well as the notion that these effects may be strongly tied to the social signaling value of external incentives. At the same time, this particular study design may be less relevant to questions about thank-you gifts per se, since thank-you gifts are typically non-monetary and are presented as "one-shot" offers, rather than as external incentives over time.

### 4. Motivation for the current studies

Taken together, previous research appears to make contrasting predictions regarding the effects of thank-you gifts on charitable giving, with some studies predicting a positive effect (e.g. Falk, 2007; Holmes et al., 2002) and others predicting a negative effect (e.g., Ariely et al., 2009). Notably, the effectiveness of thank-you gifts per se (i.e., small non-monetary gifts that are offered in exchange for donating) has, to our knowledge, been untested. Therefore, beyond the broad applied appeal of this question, information regarding the effectiveness (or ineffectiveness) of thank-you gifts may help to reconcile the contrasting results of previous studies. Specifically, while unconditional gifts that are received before donating may increase donations because they engender feelings of reciprocity (e.g., Falk, 2007; Alpizar et al., 2008a, 2008b), conditional "thank-you" gifts could have a contrasting effect because they create ambiguity about an individual's motivations—i.e., they may signal that one is giving only in order to receive a thank-you gift. In turn, the presence of a salient external motivation may undermine or "crowd out" people's intrinsic motivation to donate.

Alternatively, it may be that in other studies (Ariely et al., 2009), the offer of monetary gifts reduced donations because people may apply different norms to receiving cash (Ariely, 2008; Heyman & Ariely, 2004). Therefore, the offer of non-monetary thank-you gifts may actually increase donations, which would be consistent with work showing that people may seek may seek external "excuses" that conceal their prosocial motivations (Holmes et al., 2002; Miller & Ratner, 1996, 1998).

The present studies help to reconcile between these alternatives by examining situations in which a non-monetary gift (with no reference price), is conditionally offered. In total, we conducted six experiments including data from over 1300 participants. For clarity, the results of these experiments are presented in two main sections. In the first section we document the basic pattern of results. Specifically, Experiment 1 examined people's lay beliefs about the impact of thank-you gifts on charitable donations, while the remaining two studies examined their effects on donations across a range of potential

charities and gift-types. In Section 2 (Experiments 4–6), we systematically test several potential explanations for the effects of thank-you gifts on charitable donations, such as the desirability (or undesirability) of the gift, simple anchoring effects and the crowding out hypothesis.

## 5. Section 1: the effects of thank-you gifts

### 5.1. Experiment 1: test of lay beliefs

#### 5.1.1. Method

A total of 100 participants ( $M_{age} = 31.2$ , 69% female) were recruited through an online national database maintained by an East Coast university. Participants considered two hypothetical groups of people who were asked to donate money to support public broadcasting (PBS). Participants read the following:

*Two separate groups of people were asked how much they would be willing to donate to public broadcasting.*

*Group A was asked to donate to public broadcasting, and in return for donating, they were offered a small thank you gift (the pen pictured).*

*Group B was also asked to donate to public broadcasting, but was not offered a thank you gift in return for donating.*

In all studies, a picture of the gift accompanied the donation request. We asked participants to predict which group of people they thought would donate more money (Group A, Group B, or no difference). The order in which the groups were described (i.e., which was Group A and which was Group B) was counterbalanced across participants. However, order did not affect the results ( $p > .23$ ) and was dropped from further analyses. Participants also reported how much they thought the average person from each group would donate as well as how much they thought the pen was worth.

#### 5.1.2. Results and discussion

Results indicated that people have a strong belief that thank you gifts will encourage *greater* donation amounts. Out of 100 participants, 68 thought that the pen would encourage people to donate more money on average,  $p < .001$ , via a binomial test. In contrast, only 10 thought that the pen would reduce donation amount, and 22 thought that the gift would make no difference. Analogously, participants predicted that the group who was offered the pen as a thank-you gift would donate significantly more ( $M = \$30.89$ ,  $SE = 4.13$ ) than the group who was not offered the gift ( $M = \$22.26$ ,  $SE = 2.31$ ),  $t(92) = 2.60$ ,  $p = .01$ . The magnitude of this predicted difference (\$8.63), however, did not merely reflect the estimated cost of the pen ( $M = \$2.79$ ).

### 5.2. Experiment 2: the effects of thank-you gifts

Results from Experiment 1 indicated that people have a lay belief that thank-you gifts will encourage greater donation amounts. However, given that people's lay theories tend to overemphasize self-interest (Miller & Ratner, 1996, 1998), the purpose of Experiment 2 was to test the effects of presenting donation offers (thank-you gift vs. no-gift control) in a between-participants design. Comparison of the within-subjects effect (Experiment 1) and the between-subjects effect (Experiment 2) has parallels to a literature on joint versus separate evaluation (e.g., Hsee, 1996). While this literature does not make ex-ante predictions about the effects of thank-you gifts per se, such a framework does provide a basis interpreting the comparative results of Experiments 1 (within-subjects comparison) and 2 (between-subjects comparison).

#### 5.2.1. Method

We recruited a new group of 181 adults ( $M_{age} = 34.5$ , 64% female) using the same database as Experiment 1. For all studies reported here, participation in a previous study eliminated eligibility for participation in future studies. We used the identical organization (PBS) and gift (pen) as in Experiment 1. However, unlike the previous study, the donation request that offered a thank-you gift (gift condition) and the donation request without a thank-you gift (no-gift control) were presented between-subjects. Furthermore, participants were asked how much money they would be willing to donate instead of how much they thought others would donate. Participants read the following (the text in parentheses was only presented to participants in the gift condition):

*Imagine that you are interested in making a donation to a charity. Please consider the following information about public broadcasting and then respond to the question below:*

*Individual donations represent the single largest source of support for public television and radio stations around the country. Your support also helps public stations provide a variety of education and outreach services tailored to your community. With your support, these programs and education services have the power enrich the lives of all Americans.*

*How much money would you be willing to give to support public broadcasting? (You will receive a commemorative pen (pictured) in return for your generosity.)*

**Table 1**  
Descriptive statistics from Experiments 2–6.

|         | Condition      | N   | % Donating | Mean  | Mean (donors) | Median | Sum  | $M_{Gift}$ |
|---------|----------------|-----|------------|-------|---------------|--------|------|------------|
| Exp. 2  | No gift        | 90  | 87         | 28.60 | 33.12         | 20.00  | 2517 |            |
|         | Pen            | 91  | 93         | 19.18 | 20.56         | 15.00  | 1727 | 2.56       |
| Exp. 3  | No gift        | 110 | 74         | 23.81 | 31.94         | 17.50  | 2619 | 8.32       |
|         | Tote bag       | 124 | 68         | 18.25 | 26.63         | 6.00   | 2263 | 5.06       |
| Exp. 4  | No gift        | 90  | 90         | 41.31 | 46.20         | 25.00  | 3511 |            |
|         | Ugly tie       | 100 | 83         | 26.00 | 31.34         | 20.00  | 2601 | 17.80      |
|         | Chocolates     | 104 | 96         | 26.82 | 27.89         | 20.00  | 2789 | 17.87      |
| Exp. 5  | No gift        | 83  | 86         | 29.18 | 34.19         | 15.00  | 2393 |            |
|         | Expensive pen  | 84  | 88         | 18.44 | 20.93         | 10.00  | 1549 | 4.73       |
|         | Cheap pen      | 82  | 82         | 19.27 | 23.72         | 10.00  | 1542 | 0.75       |
| Exp. 6a | No gift        | 52  | 96         | 26.20 | 27.29         | 15.00  | 1310 |            |
|         | Benefit-self   | 48  | 85         | 9.69  | 11.34         | 10.00  | 465  |            |
|         | Benefit-others | 54  | 91         | 13.80 | 15.20         | 10.00  | 745  |            |
| Exp. 6b | No gift        | 72  | 83         | 27.13 | 32.74         | 20.00  | 1899 |            |
|         | Benefit-self   | 63  | 76         | 13.63 | 17.90         | 10.00  | 859  | 5.70       |
|         | Benefit-others | 63  | 87         | 21.65 | 24.85         | 20.00  | 1342 | 8.05       |

Note: When calculating all descriptive statistics, we omitted a total of 16 participants who provided donation amounts that were 3SD above the group mean. Of those, 12 were from the no-gift condition: two from Experiment 2 (\$300, \$500), five from Experiment 4 (three \$500s and two \$1000s), one from Experiment 5 (\$1000), two from Experiment 6a (two \$1000) and two from experiment 6b (\$500, \$1000). Of the remaining four, one was from Experiment 2 (\$250), two were from the cheap-gift condition in Experiment 5 (two \$1000) and one was from the benefit-to-others condition in Experiment 6b (\$500).

On a separate page following the donation request, we examined whether the offer of a thank-you gift changed participants' view of the nonprofit organization. We asked, "In your opinion, how important is the cause that you were asked to donate to?" (1 = not at all important, 9 = extremely important). Finally, participants in the gift condition were additionally asked to estimate the value of the pen, as well as to specify the degree to which the pen impacted the total amount that they decided to donate (1 = not at all, 9 = a large amount).

**5.2.1.1. Data analysis.** Because we were primarily interested in how the offer of thank-you gifts impacted willing donors, our primary analysis examined group differences among participants who were willing to donate some amount of money (e.g., see Briers et al., 2006 for use of the same method). However, we also analyzed and report the results of comparisons using the entire data set. Table 1 contains a full reporting of all descriptive statistics, including the percentage of participants who were willing to donate a nonzero amount (in this study,  $N = 163$ ). To normalize the distribution, our primary statistical comparisons of monetary amounts were performed using log-transformed values. Because simple t-test comparisons are more sensitive to the presence of outlying values, these comparisons were performed with statistical outliers omitted (values over 3 SD from the group mean). Across all studies, the majority of outliers were observed in the no-gift condition (75%) and a full reporting of all of omitted values is included in the note for Table 1.

### 5.2.2. Results and discussion

In contrast to Experiment 1, the results of this experiment indicate that among participants who were willing to donate, those in the no-gift condition donated significantly more ( $M = \$33.12$ ,  $SE = 3.76$ ) than participants who were offered a pen as a thank-you gift ( $M = \$20.56$ ,  $SE = 2.19$ ),  $t(161) = 3.40$ ,  $p = .001$ . Moreover, the total amount of money donated was higher in the no-gift condition (\$2517) than in the gift condition (\$1727).<sup>1</sup> Examination of the entire data set (including the zero values) revealed that the median donation amount was greater in the no-gift condition (\$20) than in the gift condition (\$15), and that the average donation was significantly greater in no-gift condition ( $M = \$28.60$ ,  $SE = 3.47$ ) than in the gift condition ( $M = \$19.18$ ,  $SE = 2.12$ ),  $t(176) = 2.33$ ,  $p = .02$ . Nonparametric comparisons further confirmed this difference via a Mann-Whitney  $U$  ( $p = .035$ ) and Mood's median test ( $p = .008$ ).

Ratings of the importance of the nonprofit organization (PBS), however, did not differ between conditions ( $M_s = 6.19$  and  $6.48$ , respectively;  $p = .37$ ). The estimated value of the pen was nearly identical to Experiment 1 ( $M = \$2.56$ ), and participants in the gift condition reported that the pen had little impact on the amount they were willing to donate ( $M = 2.92$ ,  $SE = .24$ ), which was significantly lower than the midpoint of "5" on the scale,  $t(84) = 8.86$ ,  $p < .001$ .

Results from Experiment 2 suggest that despite people's lay beliefs, the offer of a thank-you gift actually appears to decrease the amount that people say they are willing to donate. Moreover, such counterintuitive patterns do not appear to be linked to changes in beliefs about the importance of the charitable cause or to explicit beliefs about the influence of thank-you gifts on donations.

<sup>1</sup> We report the total amount donated to illustrate that donation levels in the no-gift condition were not bimodal. A higher frequency of \$0 donations could, in theory, increase the mean donation in the no-gift condition, while not changing the overall amount donated. This, however, was not the case (as seen in Table 1).

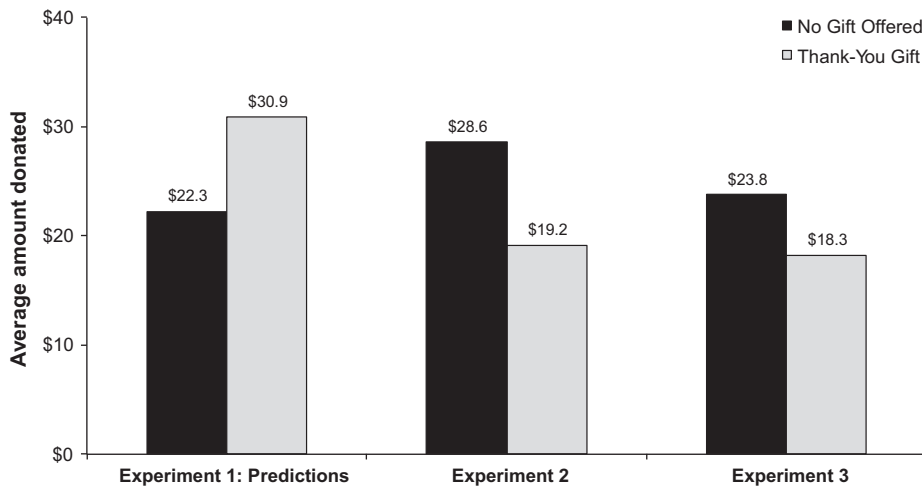


Fig. 1. The predicted donations of others in response to thank-you gifts (Exp. 1) compared to actual donations.

### 5.3. Experiment 3: non-hypothetical donations

The goal of Experiment 3 was to examine whether these patterns would replicate using actual donations, rather than hypothetical ones.

#### 5.3.1. Method

We recruited a new group of 234 adults ( $M_{age} = 36.1$ , 65% female) using the same online panel. In this study, participants were asked to donate to the Save-the-Children foundation. In exchange for participating in the study, participants were entered into a lottery for a \$95 gift certificate to an online retailer. They were asked how much of those winnings they would be willing to donate to the charity. At the end of the study, lottery winners were randomly selected and the \$95 was divided between the participant and the charity, as specified by the participant. Between-subjects we manipulated whether the donation request was accompanied by the offer of a thank-you gift (a tote bag bearing the Save-the-Children logo) or not (no-gift control). In cases where winning participants were assigned to the gift condition, they were provided with the tote bag along with the remaining value of the gift certificate. Following the donation, participants in both conditions were asked to rate the charity in terms of *effectiveness* (1 = not at all effective, 9 = very effective) and how *wealthy* (1 = not at all wealthy, 9 = very wealthy) they perceived the charity to be.

#### 5.3.2. Results and discussion

Results were identical to those of Experiment 2. Participants who were simply asked for a donation, donated significantly more ( $M = \$31.94$ ,  $SE = 3.01$ ) than participants who were offered the tote bag as a thank-you gift ( $M = \$26.63$ ,  $SE = 3.11$ ),  $t(165) = 2.07$ ,  $p = .04$ . Looking at the entire data set (including the zero values) revealed that the median donation amount was greater in the no-gift condition (\$17.5) than in the gift condition (\$6), and that the average donation was directionally greater in no-gift condition ( $M = \$23.81$ ,  $SE = 2.61$ ) than in the gift condition ( $M = \$18.25$ ,  $SE = 2.40$ ),  $t(232) = 1.57$ ,  $p = .12$ . Non-parametric comparisons further confirmed this difference via a Mann–Whitney  $U$  ( $p = .04$ ) and Mood's median test ( $p = .01$ ).

Ratings of the charity's efficacy did not differ across conditions ( $M_s = 6.29$  and  $6.13$ , respectively;  $p = .53$ ), nor did perceptions of the charity's wealth ( $M_s = 5.61$  and  $5.92$ , respectively;  $p = .22$ ).<sup>2</sup> Unsurprisingly, the percentage of participants who donated was less for the real donations (71.4%) than for the hypothetical donations (90.1% in Experiment 2). This pattern is consistent with findings in the literature that the psychological factors which influence donations often do so across both real and hypothetical donations, but the frequency and overall levels of contribution tend to be less when the donations are real (see Alpizar et al., 2008b).

## 6. Section 1: summary

Looking across Experiments 1–3 we observe that despite people's predictions that the offer of thank-you gifts should increase donations, they appear to actually reduce donations. This effect was documented across a number of different charities, using a variety of gifts (see Fig. 1).

<sup>2</sup> In a follow-up study participants were asked to estimate "what percentage of donations does this charity devote to overhead costs?" This was included to test whether participants may have inferred that the part of the donation was used to pay for the thank-you gifts themselves. Participants responded on a nine-point scale that increased in increments of 10%, from 0% to "80% or more." Results from this measure indicated that inclusion of the thank-you gift did not appear to change participants' estimations about the amount of money devoted to overhead costs ( $M_s = 38.69\%$  and  $36.67\%$ , respectively;  $p = .49$ ).

Moreover, we are able to rule out at least two potential explanations for the effect. First, this effect does not appear to result from people's explicit beliefs that they should give less. This interpretation is supported by the 'intuitions' results of Experiment 1 (that gifts should increase donations) as well as the measures from Experiment 2 in which participants explicitly report that the gift did not influence their donation. Second, we observe that this effect does not appear to result from inferences about the quality of the charity or their efficiency as a nonprofit organization. Specifically, participants rated the gift and no-gift charities as equivalent in terms of their effectiveness, their importance, their wealth, their efficiency, and the percentage of their proceeds that go toward overhead costs. In the remainder of this paper we examine multiple reasons why gifts may lead individuals to donate less money overall.

## 7. Section 2: potential mechanisms

In the previous studies, the presence of a thank-you gift lowered donation amounts relative to a no-gift control. One plausible explanation may be that participants inferred that the bag was inferior because it was offered as a free gift. In turn, this inference could have led participants to donate less because it lowered the desirability of the charity (Kamins, Folkes, & Fedorikhin, 2009; Simonson, Carmon & O'Curry, 1994). A second explanation may be that the gift served as an anchor. For example, in estimating the value of the gift, participants may have generated a relatively low value that subsequently anchored donation amounts (e.g., Epley & Gilovich, 2006; Tversky & Kahneman, 1974). Finally, consistent with the overjustification hypothesis (e.g., Bénabou & Tirole, 2006; Deci, 1975; Frey & Jegen, 2001; Lepper & Greene, 1980), it may be that the offer of a thank-you gift reduces donations because it undermines or "crowds out" participants' altruistic motivations. We independently tested each of these mechanisms in Experiments 4–6.

### 7.1. Experiment 4: gift desirability

One explanation for the negative effect of thank-you gifts may be that participants inferred that the gift was undesirable because it was free. In turn, this dislike for the gift may have translated into a dislike for the prospect of donating and lower donation amounts overall. For example, previous research has found that offering unwanted "freebies" may actually reduce people's desire to purchase a product (Kamins et al., 2009; Simonson, Carmon, & O'Curry, 1994). To test this possibility, Experiment 4 included a desirable thank-you gift (a box of chocolate) and an undesirable thank-you gift (an ugly tie), as well as a no-gift control. Our logic was that if the mere presence of an unwanted gift is responsible for the gift versus no-gift difference, then offering a desirable gift should increase donations relative to a less desirable gift and potentially attenuate the effect.

A new group of 294 adults ( $M_{age} = 36.6$ , 68% female) were randomly assigned to one of three conditions: desirable-gift, undesirable-gift and no-gift (control). The desirable gift was a box of chocolates, while the undesirable gift was an unattractive tie. We purposely selected two gifts that were equivalent in monetary value in order to isolate the effects of gift desirability. To control for any familiarity effects with particular organizations we used a fictitious charity, the World Education Fund, which was described as an organization promoting children's education. As in the previous study, we asked participants how much they would personally be willing to donate to the charity, as well as how desirable they found the gift (1 = not at all desirable, 9 = very desirable).

#### 7.1.1. Results and discussion

As expected, participants rated the chocolates ( $M = 5.31$ ,  $SE = .22$ ) as significantly more desirable than the tie ( $M = 3.37$ ,  $SE = .26$ ),  $t(179) = 5.75$ ,  $p < .001$ , but the two gifts were estimated to be equally valuable ( $M_s = \$17.87$  and  $\$17.80$ , respectively;  $p = .98$ ). However, despite this difference in gift desirability, among those who were willing to donate, participants in the no-gift control condition donated significantly more ( $M = \$46.20$ ,  $SE = 5.01$ ) than participants in either the desirable-gift condition ( $M = \$27.89$ ,  $SE = 2.49$ ),  $t(179) = 3.38$ ,  $p = .001$ , or participants in the undesirable-gift condition ( $M = \$31.34$ ,  $SE = 3.71$ ),  $t(162) = 3.04$ ,  $p = .003$ . Donation amounts in the two gift conditions were not statistically different,  $t(181) = .05$ ,  $p = .96$ .

Examination of the entire data set (including the zero values) revealed that the median donation amount was greater in the no-gift condition (\$25) than in the either the desirable or undesirable gift conditions (both \$20). Specific comparisons indicated that the average donation was significantly greater in no-gift condition ( $M = \$41.31$ ,  $SE = 4.74$ ) than in the desirable gift condition ( $M = \$26.82$ ,  $SE = 2.45$ ),  $t(187) = 2.86$ ,  $p = .005$ ; Mann–Whitney  $U$ ,  $p = .07$ ; Mood's median test,  $p = .16$ ), or the undesirable gift condition ( $M = \$26.01$ ,  $SE = 3.29$ ),  $t(183) = 2.71$ ,  $p = .007$ ; Mann–Whitney  $U$ ,  $p = .003$ ; Mood's median test,  $p = .016$ . The two gift conditions were not significantly different from each other,  $t(202) = .20$ ,  $p = .84$ ; Mann–Whitney  $U$ ,  $p = .09$ ; Mood's median test,  $p = .29$ .

In this study, we did observe a difference in the frequency of donations. More participants were willing to donate to receive the desirable gift (96%) than the undesirable gift (83%),  $p = .002$  via a chi-squared test. One explanation for this difference may be that the better gift encouraged some participants who would not normally donate to make a donation (in order to receive a desirable gift), but because these individuals were reluctant to donate in the first place, the amount they were willing to donate was (on average) rather modest. Though speculative, such a result suggests that increases in gift desirability may increase the overall frequency of donations, but that additional mechanisms (e.g.,

crowding out) may still undermine the effectiveness of the gift in raising donations compared to offering nothing at all (cf. no gift control).

In sum, results from this study suggest that the negative effect of thank-you gifts on donation amounts is not due to the undesirability of the gift offered. Even when participants were offered a more desirable gift (chocolates), they donated significantly less relative to a no-gift control. Moreover, in this study we actually observed no difference in donation amounts between the two gift types, suggesting that the mere offer of a gift (desirable or otherwise) may lower donation amounts.

## 7.2. Experiment 5: gift cost

A second explanation is that in assessing the value of the gift participants may have generated a relatively low value, and consistent with a large literature on anchoring effects (e.g., Epley & Gilovich, 2006; Frederick & Mochon, 2012; Strack & Mussweiler, 1997; Tversky & Kahneman, 1974), this low value could have anchored the subsequent amount participants were willing to donate. Typically, anchoring effects are observed when participants are explicitly provided with a numerical value as point of comparison (e.g., Is it more or less than X?), or are subliminally exposed a numerical value (e.g., Critcher & Gilovich, 2008). In our studies, however, participants were never provided with a numerical value for the gift (either explicitly or subliminally) and did not estimate the value of this gift until after they had decided how much they were willing to donate. Therefore, an “anchoring effect” that could explain these pattern of results would have to be somewhat different from what has been established in the literature. Nonetheless, we attempted to test this explanation by offering participants either an expensive gift or an inexpensive gift. We predicted that if some sort of implicit anchoring effect is responsible for the negative effects of thank-you gifts, then offering a more expensive gift should increase donations relative to the less expensive gift.

### 7.2.1. Method

A new group of 249 adults ( $M_{age} = 35.7$ , 65% female) were randomly assigned to one of three conditions: expensive-gift, cheap-gift and no-gift (control). The procedure was identical to the previous studies except that we designated a new hypothetical charity, Action Against Poverty. Participants were offered either a cheap plastic pen or a more-expensive metal pen, both bearing the identical charity logo. Participants in the no-gift control were simply presented with the charity’s information and a donation request.

### 7.2.2. Results and discussion

As expected, participants estimated that the “expensive” pen was worth significantly more ( $M = \$4.73$ ,  $SE = .70$ ) than the “cheap” pen ( $M = \$0.75$ ,  $SE = .17$ ),  $t(134) = 9.39$ ,  $p < .001$ . However, despite this difference in gift value, among those who donated, participants in the no-gift condition were willing to donate significantly more ( $M = \$34.19$ ,  $SE = 4.50$ ) than participants in either the expensive-gift condition ( $M = \$20.93$ ,  $SE = 2.57$ ),  $t(142) = 2.07$ ,  $p = .04$ , or participants in the cheap-gift condition ( $M = \$23.72$ ,  $SE = 4.58$ ),  $t(133) = 1.83$ ,  $p = .019$ . Donation amounts in the two gift conditions were not statistically different,  $t(137) = .54$ ,  $p = .59$ .

Examination of the entire data set (including the zero values) revealed that the median donation amount was greater in the no-gift condition (\$15) than in the either the desirable or undesirable gift conditions (both \$10). Specific comparisons indicated that the average donation was significantly greater in no-gift condition ( $M = \$29.18$ ,  $SE = 4.06$ ) than in the expensive gift condition ( $M = \$18.44$ ,  $SE = 2.37$ ),  $t(164) = 2.30$ ,  $p = .023$ , and marginally greater than average donations in the cheap gift condition ( $M = \$19.28$ ,  $SE = 3.86$ ),  $t(160) = 1.77$ ,  $p = .08$ . The two gift conditions were not significantly different from each other,  $t(162) = .19$ ,  $p = .85$ ; While these patterns replicated looking at both donors (greater than zero) as well as the entire data set, they did not fully replicate in non-parametric comparisons. Donations in the no-gift condition were not significantly different than donations in the expensive gift condition (Mann–Whitney  $U$ ,  $p = .29$ ; Mood’s median test,  $p = .49$ ), and were marginally greater than in the inexpensive gift condition, (Mann–Whitney  $U$ ,  $p = .07$ ; Mood’s median test,  $p = .09$ ).

Results from this study suggested that the negative effect of thank-you gifts on donation amounts also does not appear to be due to anchoring effects. Direct manipulation of the gift value within the same experiment did not alter donation amounts and in fact, we observed slightly higher donation amounts in exchange for a *less* (rather than more) expensive gift.

A limitation of this study, however, is that since all of the gift values were below the average donation (\$10–\$15), it may be that neither gift served as a plausible anchor. At the same time, inspection of the descriptive statistics for this study indicates that the difference in median donation levels between the gift and no-gift conditions (\$5) was roughly equivalent to the estimated difference in value between the cheap and expensive gift (also about \$5). Therefore it seems plausible that if people were solely using the estimated value of the gift to inform their donation decisions, then minimally, a very inexpensive item (a pen worth less than \$1) should have some negative impact on subsequent donations relative to a more expensive one, which it did not. It may be that offering a thank-you gift that is worth much more than the average donation (e.g., an iPod) would increase donations relative to offering nothing at all. However, our goal was to make these studies as ecologically-valid as possible, and given this constraint, the results from Experiment 5 suggest that the negative effect of thank-you gifts is not solely due to presence or absence of potential anchors.



### 7.3. Experiments 6a and 6b: reframing the purpose of the gift

In the final studies we directly tested the hypothesis that the offer of a thank-you gift reduces donations because it undermines or “crowds out” participants’ altruistic motivations (e.g., Deci, 1975; Lepper & Greene, 1980). To test this explanation we devised a series of experiments in which the presence of a thank-you gift was held constant, but the *purpose* of the gift was framed as either something which could be used in a personally beneficial way (inconsistent with altruistic motivation) or in a manner that benefited others (consistent with altruistic motivation). We predicted that if in the previous studies the thank-you gift was crowding out altruistic motivations and in turn, the amount donated, then reframing the gift as beneficial to others should increase donation levels relative to a condition in which the gift is framed as only beneficial to oneself. If, however, the reduction in donations results from the presence of any gift at all (anchoring effects), then the reduced donation effects observed in the previous studies should persist regardless of how the gift is framed. To ensure that the effects were robust, we replicated this study using two different scenarios.

#### 7.3.1. Method

We recruited 152 participants ( $M_{age} = 37.8$ , 66% female) for Experiment 6a, and 198 adults ( $M_{age} = 32.7$ , 62% female) for Experiment 6b. In Experiment 6a we asked participants to consider donating to a charity that assisted people displaced by natural disasters. The thank-you gift was a pair of reusable cloth shopping bags (bearing the charity logo), which were framed as either a benefit-to-self (i.e., *to be used for your everyday needs such as grocery shopping or day trips*) or as a benefit-to-others (i.e., *to be used for bringing old clothes and extra canned foods to a donation drive*).

In Experiment 6b we elicited donations to a children’s hospital and again offered a tote bag bearing the charity’s logo. In the benefit-to-self condition, participants read that the bag “*can be used in place of paper or plastic shopping bags when you’re purchasing groceries*,” whereas in the benefit-to-other condition participants read that the bag “*has our charity’s logo printed on the side, and when other people see the logo, it will raise awareness for our cause*.”

#### 7.3.2. Results and discussion

**7.3.2.1. Experiment 6a.** Participants in the no-gift condition were willing to donate significantly more ( $M = \$27.29$ ,  $SE = 4.21$ ) than participants in the benefit-to-self condition ( $M = \$11.34$ ,  $SE = 1.22$ ),  $t(87) = 2.97$ ,  $p = .004$ . However, participants in the benefit-to-others condition ( $M = \$15.20$ ,  $SE = 2.13$ ) also donated significantly more than participants in the benefit-to-self condition,  $t(88) = 2.04$ ,  $p = .045$ . The average donation amounts in the no-gift condition were marginally greater than in benefit-to-others condition,  $t(95) = 1.65$ ,  $p = .10$ . Similar patterns were observed for the entire data set (including the zero values). Participants donated significantly more in the no-gift condition ( $M = \$26.20$ ,  $SE = 4.11$ ) than in the benefit-to-self condition ( $M = \$9.69$ ,  $SE = 1.19$ ),  $t(96) = 3.79$ ,  $p < .001$ ; Mann–Whitney  $U$ ,  $p = .001$ ; Mood’s median test,  $p = .003$ . Donations in benefit-to-others condition ( $M = \$13.80$ ,  $SE = 2.03$ ), were marginally greater than in the benefit-to-self condition,  $t(100) = 1.69$ ,  $p = .09$ ; Mann–Whitney  $U$ ,  $p = .07$ ; Mood’s median test,  $p = .12$ . Donations in the no-gift condition were significantly greater than in the benefit-to-others condition,  $t(102) = 2.77$ ,  $p < .01$ ; Mann–Whitney  $U$ ,  $p = .05$ ; Mood’s median test,  $p = .13$ . Thus, the overall pattern of results for this study was that reframing the purpose of the gift as pro-social seemed to attenuate the negative effect of the gift on donation amounts. However, donations in the benefit-to-others condition were still less than in the no-gift condition.

**7.3.2.2. Experiment 6b.** Participants in the no-gift condition were willing to donate significantly more ( $M = \$32.74$ ,  $SE = 5.08$ ) than participants in the benefit-to-self condition ( $M = \$17.90$ ,  $SE = 3.00$ ),  $t(106) = 2.28$ ,  $p = .02$ . Participants in the benefit-to-others condition ( $M = \$24.85$ ,  $SE = 2.91$ ) also donated significantly more than participants in the benefit-to-self condition,  $t(101) = 2.26$ ,  $p = .03$ . Donation amounts in the no-gift condition and the benefit-to-others condition were not statistically different,  $t(113) = .34$ ,  $p = .73$ . Similar patterns were observed for the entire data set (including the zero values). Participants in the no-gift condition were willing to donate significantly more ( $M = \$27.13$ ,  $SE = 4.46$ ) than participants in the benefit-to-self condition ( $M = \$13.63$ ,  $SE = 2.48$ ),  $t(131) = 2.57$ ,  $p = .01$ ; Mann–Whitney  $U$ ,  $p = .02$ ; Mood’s median test,  $p = .11$ . Participants in the benefit-to-others condition ( $M = \$21.65$ ,  $SE = 2.75$ ) also donated significantly more than participants in the benefit-to-self condition,  $t(123) = 2.17$ ,  $p = .03$ ; Mann–Whitney  $U$ ,  $p = .004$ ; Mood’s median test,  $p = .02$ . Donation amounts in the no-gift condition and the benefit-to-others conditions were not statistically different,  $t(130) = 1.02$ ,  $p = .31$ ; Mann–Whitney  $U$ ,  $p = .80$ ; Mood’s median test,  $p = .43$ .

Thus, data from this study (Experiment 6b) more strongly favored the crowding out hypothesis. In this case, reframing the purpose of the gift as pro-social attenuated the negative effect of the thank-you gift, such that donations in the benefit-to-others condition were significantly greater than donations in the benefit-to-self condition. Interestingly, however, reframing the thank-you gift as consistent with pro-social goals only eliminated the negative effect of the gift and did not, for instance, lead participants to donate more than when no gift was offered.

## 8. General discussion

Despite the predictions that thank-you gifts should increase donations (Experiment 1), across five additional studies including data from 1300 participants we find that the offer of thank-you gifts actually reduced donation amounts. We

observed this pattern across a wide array of different charities and types of gifts, regardless of whether the donations were hypothetical or real, the gift was desirable or undesirable, the charity was familiar or unfamiliar, or the gift was more or less valuable. Moreover, we were able to rule out alternative explanations for this effect such as inferences about the charity's quality (e.g., either their efficacy or current wealth), the undesirability of the gift, or simple anchoring effects.

Instead, we find theoretical support for the crowding out hypothesis that external incentives may undermine or “crowd out” altruistic motivations (e.g., Deci, 1975; Lepper & Green, 1980). Specifically, in Experiments 6a and 6b, we observed that when a thank-you was subtly reframed as having an altruistic purpose (e.g., as a means of raising awareness for the cause), donation amounts significantly increased and were equivalent to the no-gift control.

With respect to previous research on incentives and charitable giving, it appears that making the gift conditional (rather than unconditional) appears to reverse any positive effects of gifts on charitable giving. Rather than increasing feelings of reciprocity (e.g., Falk, 2007), a thank-you gift creates ambiguity about whether one is donating to support the charity, or instead to receive the item. In turn, our data suggest that such external motivations seem to undermine or crowd out people's intrinsic motivation to donate, resulting in lower donation amounts overall.

Additionally, we observed that removing a reference price for the gift (e.g., Briers et al., 2006) reverses any positive effects of non-monetary gifts on donation amounts. And finally, while we *did* find that non-monetary gifts reduced donations similar to cash (Ariely et al., 2009), we did not find direct support for the hypothesis that external incentives reduce donations because they have a negative social signaling value to others. In the present studies we observed a negative effect of thank-you gifts on donations even in a private donation context. However, a failure to find such effects may be due to several differences in experimental paradigms. The present studies employed a single donation request while, for example, Ariely et al. (2009) employed a task in which donations were determined by the amount of effort over time.

## 9. Implications for charitable giving

Previous research indicates that the vast majority of all donations—perhaps as much as 85%—occur in response to some type of solicitation (see Bryant, Jeon-Slaughter, Kang, & Tax, 2003). It has also been estimated that in total, fundraisers may spend as much \$2 billion per year on various fundraising strategies (Kelly, 1997; List & Rondeau, 2003). Therefore, our findings may have implications for many charities and nonprofits that currently employ thank-you gifts to encourage donations. At the same time, there are a number of additional factors that we did not examine here, which may impact the overall effectiveness of thank-you gifts.

One critical factor may be the degree to which a potential donor is already “invested” in the charitable organization. For example, a regular listener of public radio who has contributed in the past may respond very differently (and perhaps more positively) to a thank-you gift than someone who has never contributed. At the same time, a recent study of regular blood donors in Italy found that most rejected the idea of receiving incentives (both monetary and non-monetary) for their donations (Lacetera & Macis, 2010), suggesting that even among regular contributors, external incentives may have an overall negative effect.

Second, gifts that are given regardless of whether or not someone donates (e.g., Falk, 2007), or perhaps “unexpected” gifts that arrive after one has already donated may be evaluated very differently than gifts which are offered as contingent upon one donating. In other words, it is quite reasonable to expect that the information which is communicated by a charitable organization through the offer of a thank-you gift may change as a function of how that gift is framed, either with respect to its purpose (cf. Experiments 6a and 6b) or when it is received.

Finally, previous research has found that offering gifts that convey some unique membership status such as an exclusive dinner or attendance at a special lecture may have a positive effect on future contributions (Baade & Sundberg, 1996a, 1996b; Buraschi & Cornelli, 2002; Harrison et al., 1995). As noted above, this issue may be importantly tied to an individuals' prior involvement with the charity or nonprofit as well as any positive (or perhaps even potentially negative) social signals that may result from a charity granting “elite” membership to some individuals.

In sum, the overall spirit of this paper is by no means to suggest that thank-you gifts are universally bad. Rather, it is our aim to robustly demonstrate what we feel (and our data suggest) is a counterintuitive finding. In the current studies we chose to focus on one very specific context, which we feel is perhaps the most prevalent and direct way in which thank-you gifts are employed. This paper has systematically ruled out potential alternatives, while also providing support for a crowding out hypothesis. However, our hope is that, overall, these results may find their greatest value in generating further empirical interest into when gifts may or may not be useful, as the current studies suggest that charities may not always benefit from employing them.

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