Identity in Charitable Giving in the United States

Researchers:

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Sector(s): Finance

Location: United States of America

Sample: 17,061 prospective donors in the "Identity as a Previous Donor" evaluation; 41,104 prospective donors in the "Identity as a Community Member" evaluation

Intervention type: Behavioral economics

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Research Papers: Identity in Charitable Giving

Partner organization(s): University of Pennsylvania Wharton Customer Analytics Initiative (WCAI) , American Red Cross

Identity can play an important role in a range of decisions, including decisions to donate to charity. A large charitable organization in the United States conducted a series of direct mail appeals for donations using different identity primes in 2009-2010. Researchers found that priming a potential donor's identity as either a previous donor to charity or as a member of their local community generated more donations.

Policy issue

Many charities rely on donations as an important source of funding for their philanthropic work. There is ongoing debate about what motivates people to donate to charities and make other voluntary contributions to public goods. While an individual's sense of selfishness or altruism plays a role, identity can also influence these decisions. People may adjust their behavior to more closely mirror the norms associated with their identity, especially when reminded of their identity through cues or "primes." Can identity primes influence an individual's decision to donate to charity?

Context of the evaluation

In 2011, approximately 90 percent of individuals made charitable donations, with charitable giving totaling US$242.2 billion. Many charities use a variety of fundraising strategies to solicit donations, which provide a large portion of these organizations' funding.

In 2009 and 2010, a large national charity conducted a series of direct mail appeals for donations. This national charity was founded in 1881 and is one of the most recognizable humanitarian charitable organizations in the world. The organization's mission is to support those in need through the help of volunteers and altruism.

Details of the intervention

The charity conducted a series of randomized direct mail appeals, allowing researchers to measure the impact of priming an individual's identity as either (i) a previous donor to charity or (ii) a member of a local community on the decision to donate and

donation amount. The evaluations included different populations and occurred on different dates.

(i) *Identity as a Previous Donor*: The charity sent mailings soliciting donations in January 2010 to 17,061 "lapsed donors" who had donated previously but not within the last 24 months. These recipients were randomly assigned to either a control group (8,528 recipients) or a donor identity group (8,532 recipients). The mailings were identical except that the donor identity mailing listed the date of a donor's most recent gift to the national charity at the top of the letter.

(ii) *Identity as a Community Member*: The charity sent one of four mailings in November 2009 to 41,104 prospective donors. All letters solicited donations to the charity's general activities and were identical except for the randomly assigned drive title:

- "Annual Fund Drive" (10,355 recipients)
- "Winter 2009 Drive" (10,373 recipients)
- "Winter 2009 *State* State Drive" (where the state of the recipient's mailing address replaced *State*, 10,269 recipients)
- "Winter 2009 *City* Community Drive"(where the city of the recipient's mailing address replaced *City*, 10,404 recipients)

Results and policy lessons

Priming mailing recipients both as previous donors to the charity or as members of a local community increased the likelihood of a donation.

Identity as a previous donor: Priming a prospective donor's identity as a previous donor to the national charity increased the probability of a donation from 6.33 percent in the control group to 7.59 percent in the donor identity group (a 20 percent increase). The average donation amount collected per solicitation also increased from US$3.41 in the control group to US$3.38 in the donor identity group. Furthermore, the prime was more effective for individuals who had made more gifts to the charity in the past.

Identity as a community member: Priming a potential donor's identity as part of a city community generated a higher donation rate of 5.51 percent compared to 4.12 percent for the state drive, 4.01 percent for the annual drive, and 3.82 percent for the winter drive. Furthermore, priming identity as a local community member was more effective for people in smaller communities, where community may play a larger role in individuals' identities. However, the average donation among those who donated in the city community drive was US$44.79 compared to US$53.04 in the other drives (a 13 percent decrease), indicating that the extra donations collected were relatively small.

Kessler, Judd B. and Katherine L. Milkman. "Identity in Charitable Giving." Working Paper. United States. November, 2014.