



Which maximizes donations: Charitable giving as an incentive or incentives for charitable giving?

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ARTICLE INFO

Keywords:

Donation
Charity Sale
Donation-for-gift
Dual-process model
Licensing effect
Crowd-out effect

ABSTRACT

With charitable donations becoming a conventional norm, companies may choose to donate their products to improve public image and increase product visibility. Using two donation types (donation-for-gift/charity sale) and two product types (hedonic/utilitarian), this research discusses how charities should frame product-for-money activities toward enhancing compliance and re-donation intentions upon receiving product donations. Two 2 (donation types) by 2 (product types) between-subject experiments are conducted in college campus cafeterias. The first study uses an inspiring cause while the second study provides a scenario designed to evoke sympathy. Results show that donation-for-gift garners higher donation intentions compared to charity sale, as explained by the dual-process model. It is also revealed that product type moderates the influence of donation type on donation intention only when a sympathetic appeal is used. The fitting issue between product type and cause appeal, along with the licensing effect are presented to explain this finding.

1. Introduction

In recent years, prosocial activities have been gaining attention from companies alongside the growing importance of recognition as a socially responsible firm (Bhattacharya, Smith, & Vogel, 2004; Chang & Cheng, 2015; Lichtenstein, Drumwright, & Braig, 2004; Saiia, Carroll, & Buchholtz, 2003; Strahilevitz & Myers, 1998; Wymer, McDonald, & Scaife, 2013; Wymer & Samu, 2003). There are different ways for a company to make prosocial contributions. Many prefer a monetary donation, as it is simple and straightforward. Some choose to engage employees in prosocial activities such as beach cleaning. Others may choose to bundle their products with fundraisers (Strahilevitz & Myers, 1998). The act of companies donating part of their revenue from the sales of one or more of their products toward a cause is called transaction-based promotions or cause-related marketing (CRM) (Bhargave, Chakravarti, & Guha, 2015; Chang, 2008; Chang & Cheng, 2015; Lichtenstein et al., 2004; Strahilevitz, 1999; Varadarajan & Menon, 1988). Corporations participating in CRM can benefit not only from presenting favorable images of themselves to customers but also increasing product visibility and sales (Chang, 2008; Chang & Cheng, 2015; Lichtenstein et al., 2004; Saxton, 1998; Strahilevitz, 1999). Donating products to charities can be treated as a special form of CRM in that it contributes *all*, instead of a fraction, of the revenue to charities. Companies can not only benefit from CRM in image enhancement and

brand/product exposure but also avoid potential consumer doubts, such as suspicions that the campaigns are more beneficial to the company than to the charity (Webb & Mohr, 1998), or the assumption that companies are using CRM as a disguise to sell higher-priced or low-quality goods to customers (Barone, Miyazaki, & Taylor, 2000). From a charitable organization's point of view, soliciting products instead of money from companies is typically easier, and the solicited items will often hold higher in value than cash donations (Gazley & Abner, 2014). Therefore, product donations are advantageous for companies.

When a charity receives product donations, there are two options to conduct product-for-money activities: charity sale and donation-for-gift (Zlatev & Miller, 2016). A charity sale event is similar to a CRM event in that people help charities through purchasing the products. There is, however, a slight difference between the two: charity sale donates all proceeds to charities whereas CRM typically donates only part of the revenue (Dube, Luo, & Fang, 2017). Similarly, a donation-for-gift event shares several characteristics with causes that give thank-you gifts to donors (Newman & Shen, 2012). The difference between the two types of events is that gifts used in donation-for-gift events are higher in value and of more recognizable brands. While charity sale is a popular and intuitive way for product-for-money activities, donation-for-gift is also documented as an effective approach (Falk, 2007; Lange, Price, & Santore, 2017; Shang & Croson, 2006). The main purpose of the current research aims to find out which approach is more effective.

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To distinguish how people make decisions when they face these two donation types, a dual decision making process model is introduced in the current research (Chaiken & Trope, 1999; Epstein, 1994; Hsee & Rottenstreich, 2004; Sloman, 1996). The affect-based mode is used when people rely on feeling and emotion to assess a subject, whereas the rule-based mode is used when people rely on logic and rational calculation (Kim & Kim, 2016). People are most often in the rule-based mode when making purchasing (e.g., charity sale) decisions as more factors are considered, even though such behaviors can sometimes be emotional and irrational (Vonkeman, Verhagen, & van Dolen, 2017; Xiao & Nicholson, 2013). Conversely, compared to purchasing behaviors, donating behaviors are more affect-based because they are mainly driven by emotions and feelings (Batson, 1991). Altruistic motivation is believed to be the key driver in the context of conducting product-for-money activities and is more impactful when the events are framed as donation events rather than purchasing ones. The main reason is that altruistic motivations, a key determinant in people's donation intentions, is more influential in donation-for-gift (donating in nature) than in charity sale (purchasing in nature). Even though altruistic feelings can also be a strong reason for making purchase decisions in charity sales, these feelings are even more persuasive in making donation decisions in donation-for-gift events. In this sense, it is predicted that donation-for-gift is more effective than charity sale when conducting product-for-money activities in the current research.

Additionally, this research analyzes how product types and cause appeals impact the influence of donation type to people's donation intentions. The hedonic and utilitarian qualities of a product can usually influence consumer decisions (Bhargave et al., 2015; Lu, Liu, & Fang, 2016). It is revealed that hedonic purchases often lead to the feeling of guilt (Kivetz & Simonson, 2002; Lascu, 1991), while charitable purchases relieve it. This phenomenon, also called the “licensing effect” (Alpizar, Carlsson, & Johansson-Stenman, 2008b; Hibbert, Smith, Davies, & Ireland, 2007; Miller & Effron, 2010), positively influences people's intention on making charitable purchases. Offering hedonic products as gifts, on the other hand, in a donation-for-gift cause using sympathetic appeal may not be as effective as it is in a charity sale event because the joy obtained from receiving a hedonic gift may inhibit the altruistic motivation aroused by the cause. The contradiction of emotions caused by receiving a joyful gift in a sympathetic event may negatively influence the intention to participate in the cause (Das, Guha, Biswas, & Krishnan, 2016). Specifically, the joy from consuming hedonic goods may negate the compassion aroused by the sympathetic cause appeal and then reduce people's intention to participate in altruistic activities such as donating. The fit issues between product type and cause appeal will not happen when utilitarian goods are offered or when an inspiring cause appeal is used, as the contradiction between the feeling of consuming goods and the emotion aroused by the cause appeal no longer exists. Therefore, it is predicted the influence of donation type on donation intention will be alleviated when hedonic products are offered in a cause using sympathetic appeal.

The rest of this research is organized as follows: In Section 2, the hypotheses are proposed and details regarding the influences of gift-giving in charitable causes, the mentality of charitable purchases, and the impact of the type of products and cause appeals to purchase revealed and discussed along with the presentation of two experiments using different cause appeals. Finally, the empirical implications of the current research and possible future studies are offered in Section 4.

2. Literature review

2.1. The role of gifts in donation processes

For many years, using gifts as an incentive for charitable giving has drawn noticeable recognition from academics around the world (Alpizar et al., 2008b; Alpizar, Carlsson, & Johansson-Stenman, 2008a; Bartlett & DeSteno, 2006; Briers, Pandelaere, & Warlop, 2007; Eckel,

Herberich, & Meer, 2017; Falk, 2007; Holmes, Miller, & Lerner, 2002; Karlan & Wood, 2017; Newman & Shen, 2012; Shang & Croson, 2006; Simpson, Irwin, & Lawrence, 2006; Strahilevitz & Myers, 1998). Higher donation rates are reported from studies that focused on the idea of giving potential donors a small gift prior to the donation request (Alpizar et al., 2008a,b; Falk, 2007). This is explained by reciprocity, which refers to one's feeling of obligation to give back after receiving something (Cialdini, 2001). Other studies dedicated to small thank-you gift scenarios also yielded positive results (Ariely, Bracha, & Meier, 2009; Briers et al., 2007; Holmes et al., 2002; Newman & Shen, 2012; Shang & Croson, 2006). For example, it is reported that contribution and donation rates are higher when people are offered thank-you gifts even when the gifts are not very desirable (Holmes et al., 2002).

While many studies show that thank-you gifts help raise the compliance rate for donations, others report contradicting results (Chao, 2017; Newman & Shen, 2012). For example, Newman and Shen use six experiments to show that offering thank-you gifts reduce donations regardless of the cause, desirability or value of the gifts, or the familiarity of the charities (Newman & Shen, 2012). They attribute the result to the “crowd-out” effect which suggests that external incentives (e.g., gifts) may decrease intrinsic motivations (e.g., altruism). Chao also implements a direct mail field experiment and demonstrates that thank-you gifts reduce donation rates in a fundraising campaign (Chao, 2017). Other studies show the existence of the crowd-out effect (Cardenas, Stranlund, & Willis, 2000; Fehr & Rockenbach, 2003; Frey & OberholzerGee, 1997; Gneezy & Rustichini, 2000; Titmuss, 1970), which implies that the most powerful driving force for people to behave prosocially is intrinsic benevolence. Small extrinsic incentives such as gifts may not only transform people's mood of goodwill to calculation but also insult people's altruistic mentality, making people less willing to donate (Newman & Shen, 2012). Another important issue for the use of a thank-you gift is the justification of its expense (Greenlee, Fischer, Gordon, & Keating, 2007; Tremblay-Boire & Prakash, 2017). People do not want the money they donate to be used on buying gifts, even if it could garner more donations (Marion & Andras, 2003; O'Neill, 2009). The “invest for more” behavior will make charities that offer thank-you gifts to be perceived as profit-making business units rather than prosocial organizations (Tremblay-Boire & Prakash, 2017). This perception perhaps is the reason why some thank-you gifts offered by charities are hand-made by the recipients of the donations.

Donation-for-gift events are similar to charitable causes that offer thank-you gifts in that both give gifts to donors. The difference is that the thank-you gifts are typically “low-value, non-monetary gifts” (Newman & Shen, 2012) whereas the gifts used in donation-for-gift events have higher and more recognizable value. While they share similarities, the effects aroused by thank-you gifts can be different in donation-for-gift events. The feelings of reciprocity and economic gain should be stronger when people receive gifts in donation-for-gift events because the gifts are pricier. The crowd-out issue will be less severe in donation-for-gift events because the value of the gifts is well-recognized so that people do not have to spend time on evaluating the gifts. Therefore, donation-for-gift appears to be a good way to conduct product-for-money activities. Table 1 presents the differences between

Table 1
Differences between thank you gifts and gifts offered in donation-for-gift events (Newman & Shen, 2012).

Difference	Gifts	
	Thank-you gifts	Gifts offered in donation-for-gift events
Source	Bought or made by charities	Donated by companies
Value	Lower	Higher
Value recognition	Lower	Higher

thank-you gifts and gifts offered in donation-for-product events.

2.2. Cause-related marketing and charity sale

Firms that donate a percentage of their revenue to a cause/charity each time consumers make a purchase is known as cause-related marketing (CRM) (Das et al., 2016; Liston-Heyes & Liu, 2013). CRM is one of the most popular types of corporate philanthropy, drawing abundant academic interest (Chang & Cheng, 2015; Varadarajan & Menon, 1988; Webb & Mohr, 1998). However, the effect of CRM is a double-edged sword. CRM is reported to be an effective way to attract new customers (Kotler & Lee, 2005; Liu & Ko, 2011), boost revenue (Strahilevitz, 1999; Strahilevitz & Myers, 1998; Varadarajan & Menon, 1988), enhance corporate image (Berger, Cunningham, & Kozinets, 1999; Brown & Dacin, 1997; Gupta & Pirsch, 2006; Nan & Heo, 2007), and gain positive word of mouth (File & Prince, 1998; Lee Thomas, Mullen, & Fraedrich, 2011). Some studies also suggest that consumers prefer to make their acts of altruism conspicuous to others (Benabou & Tirole, 2010; Harbaugh, 1998a,b). On the other hand, it is found that customers are concerned about the purpose of CRM campaigns: whether they may just be a way for companies to advertise their products instead of actually donating to charitable organizations (Webb & Mohr, 1998), or that companies use CRM as an excuse to sell higher-priced or lower-quality goods (Barone et al., 2000). This implies that CRM could also have a negative impact on companies.

Charity sale can be treated as a special form of CRM, in that a charity sale event typically donates all of its proceedings instead of just a portion. The products sold in a charity sale varies from chocolates or candy peddled by boy scouts on streets to luxury items donated by celebrities to be auctioned. A recent example is McDonald's "McHappy Day" in Argentina in which McDonald's donated all the proceeds from Big Mac sales to help children with cancer (O'Brien, 2017). From a corporation's viewpoint, although a charity sale event loses revenue, it can avoid concern that the sales from the event benefit only the company instead of the charity/cause (Webb & Mohr, 1998). Studies discussing the relationship between charity sales and charities show mostly mutually-beneficial results (Canals-Cerda, 2014; Hagtvedt & Patrick, 2016; Strahilevitz, 1999; Strahilevitz & Myers, 1998).

In studies related to the effectiveness of using donations as an incentive to buy hedonic and utilitarian products, it is found that linking a product to a cause alleviates the guilt that comes from buying hedonic or luxurious products (Hagtvedt & Patrick, 2016; Strahilevitz, 1999; Strahilevitz & Myers, 1998). The rationale of this phenomenon is that many people feel guilty about hedonic or luxurious purchases (Kivetz & Simonson, 2002; Lascu, 1991; Strahilevitz & Myers, 1998) and altruistic behaviors offer good excuses to justify the purchases. The result from Ghosh and Shankar's study also shows that consumers prefer to donate through purchasing goods that are linked to CRM events instead of directly donating to charities because their donations are more visible through a company's charitable advertisements (Ghosh & Shankar, 2013). Therefore, charity sale can also be a good choice for charities to conduct product-for-money activities. The differences between charity sale and CRM are shown in Table 2.

2.3. Dual decision-making process model

How do people process a purchase or donation decision? Prior

research claims the existence of two distinct but parallel modes of information processing: a rational and rule-based system and an emotional and affect-based system (Chaiken & Trope, 1999; Epstein, 1994; Hsee & Rottenstreich, 2004; Sloman, 1996). The mode used depends on how people assess the subject (Hsee & Rottenstreich, 2004; Sloman, 1996). It is shown that people choose to use the affect-based mode when the assessment relies on feeling and emotion. When people are in such a mode, the valuation of the subject will be more qualitative and highly sensitive only as to whether the stimulus reaches a certain point, but insensitive to further variations of size or scope (Hsee & Rottenstreich, 2004; Kim & Kim, 2016). Therefore, this type of assessment is binary (e.g., yes or no, like or dislike, etc.) (Hsee & Rottenstreich, 2004; Sloman, 1996). On the other hand, people choose to use the rule-based mode when the assessment relies on logic and rational calculation. When people are in such a mode, the valuation of the subject will be more quantitative and constantly sensitive to changes in the stimulus (Hsee & Rottenstreich, 2004; Kim & Kim, 2016). The decision accompanying this type of assessment is thus influenced by the size and scope of the stimulating elements (Hsee & Rottenstreich, 2004; Sloman, 1996).

Altruistic behaviors such as donations are often driven by emotions and feelings (Batson, 1991), which implies that donation decisions are mostly made in the affect-based mode. This implication is also supported by several donation studies which state that donation decisions are insensitive to size or scope (Desvousges et al., 1993; Hasford, Farmer, & Waites, 2015; Kahneman & Knetsch, 1992). For example, it is found that there is virtually no difference between the willingness to donate in order to help save 2000, 20,000, or 200,000 birds (Desvousges et al., 1993). Another study also shows that people's willingness to donate is not influenced by the increases in scope (Kahneman & Knetsch, 1992). In a study that manipulates the valuation of donation decisions, it is demonstrated that consumers are less sensitive to scope when making donation decisions if the valuations are based on emotion as opposed to calculation (Hasford et al., 2015). Someone may argue that the singularity effect — which claims that people are more willing to donate to a single victim rather than a group of victims — is evidence that people are sensitive to scope when donating (Kogut & Ritov, 2005a,b; Small & Loewenstein, 2003; Small, Loewenstein, & Slovic, 2007). However, instead of the number of the victims, it is the identifiability of the victims that creates the difference in people's donation intentions (Kogut & Ritov, 2005a,b; Small & Loewenstein, 2003). More specifically, people have stronger "emotional connections" to a single identifiable victim compared to a group of identifiable (Kogut & Ritov, 2005a,b), unidentifiable or statistical (Small et al., 2007; Small & Loewenstein, 2003) victims. Such stronger "emotional connections" which lead to more generous donation decisions are evidence that people are in the affect-based mode when they make many donation decisions driven by emotions and feelings.

Though purchasing decisions are sometimes emotional or even irrational, compared to donation decisions, most purchasing decisions tend to be more rule-based in that more factors (e.g., price, quality, usefulness, etc.) are usually considered (Beatty & Ferrell, 1998; Cobb & Hoyer, 1986). A two-stage process has been proposed for customers to make purchasing decisions from a number of brands (Howard & Sheth, 1969; Haubl & Trifts, 2000; Hauser & Wernerfelt, 1990). In that process, it is suggested that customers use a heuristic approach to reduce the set of options to a smaller set, and then compare the products in the smaller

Table 2
Difference between charity sale and CRM (Das et al., 2016).

Difference	Event
	Charity sale
	Cause-related marketing (CRM)
Revenue contribution	Contribute all the revenue
	Contribute part of the revenue

set in order to settle on a purchasing decision (Hauser & Wernerfelt, 1990; Haubl & Trifts, 2000). The “stages” and “heuristic approach” are types of “rules” in the decision process, implying that such a purchasing decision is a rule-based process. Some purchasing decisions may be irrational. For example, a few studies related to impulse buying state that it is a purchasing behavior in which unanticipated stimuli of purchasing intentions are high enough to impede other rational considerations (Sharma, Sivakumaran, & Marshall, 2010; Verhagen & van Dolen, 2011; Vonkeman et al., 2017; Xiao & Nicholson, 2013). Factors such as price and urgency are often the main reasons for impulse buying (Xiao & Nicholson, 2013). Feelings and emotions can sometimes be key factors in purchasing decisions. In such a case, though, other “rational considerations” still exist — they are just overshadowed (Vonkeman et al., 2017).

In the context of conducting product-for-money activities, which donation type— donation-for-gift or charity sales— is the better strategy? Based on this dual decision making process model and effects from donation-for-gift and charitable purchasing behaviors discussed in the previous subsections, it is believed that donation-for-gift may be more effective in that the altruistic feelings — the key factor in getting people to participate in the charitable events— is more influential when a charitable event is framed as a donation-for-gift event. While altruistic feelings can be a dominant factor (among many others) considered for whether or not to purchase in a charity sale event, it is typically the main factor that influences one's decision to donate in a donation-for-gift event. A gift with recognizable value in a donation-for-gift scenario, serving as an extra incentive and a clear reference point for the amount to donate, can not only increase people's donation intentions through reciprocity (Alpizar et al., 2008a,b; Falk, 2007) but also expedite people's thought-processes on deciding how much to donate. Although giving a gift may possess the risk that feelings of altruism are “crowd [ed] out”, such an issue should be minimized when the gift has a recognizable price (so that the evaluation process for the gift is short enough not to “crowd out” the feeling of altruism) (Newman & Shen, 2012). Therefore, it is predicted that donation-for-gift is more effective than charity sale:

H1. Donation-for-gift can solicit a higher average donation amount in comparison to charity sale.

2.4. Hedonic and utilitarian product types

The nuances between an item's hedonic and utilitarian qualities and how it influences a consumer's decision has been an intriguing topic (Bartlett & DeSteno, 2006; Bhargave et al., 2015; Dhar & Wertenbroch, 2000; Kivetz & Simonson, 2002; Lu et al., 2016; Okada, 2005; Voss, Spangenberg, & Grohmann, 2003). In regards to the relationship between these two product types and charitable events, research finds that people tend to be more willing to donate instead of being recompensed cash when a promotion is bundled with hedonic products (Strahilevitz & Myers, 1998). This phenomenon can be explained by affect-based complementarity. Specifically, it is suggested that the emotional gain from charitable giving may be more complementary with sensational motivations generated by hedonic products compared to functional motivations associated with utilitarian products (Strahilevitz & Myers, 1998). Hedonic products, by definition, bring more pleasure because people “want” them. Nonetheless, since they are not considered a necessity and may sometimes even carry detrimental side effects (e.g., eating ice cream gains weight), consuming hedonic products often leads to the feeling of guilt, even though the process is pleasant (Kivetz & Simonson, 2002; Lascu, 1991; Strahilevitz & Myers, 1998). With guilty pleasures in mind, participating in charitable causes has been dubbed “the consumption of warm glow” (Andreoni, 1990) and “the purchase of moral satisfaction” (Kahneman & Knetsch, 1992) as donating money can relieve the guilt coming from consuming hedonic goods (Alpizar et al., 2008b; Hibbert et al., 2007; Strahilevitz &

Myers, 1998). As a result, people are more likely to donate when purchasing hedonic goods (Hibbert et al., 2007; Strahilevitz & Myers, 1998). It can also be called the “licensing effect”, referring to the “license” people get for doing something “guilt-worthy” (e.g., consuming hedonic goods) when they do something “good” (e.g., making donations) (Khan & Dhar, 2006; Merritt, Effron, & Monin, 2010; Miller & Effron, 2010). Other studies also draw similar conclusions (Chang, 2008; Savary, Goldsmith, & Dhar, 2015; Strahilevitz, 1999; Zemack-Rugar, Rabino, Cavanaugh, & Fitzsimons, 2016).

While hedonic products are overwhelmingly supported to be able to enhance charitable appeals, a few other studies focusing on the fitting issue between firms/products and causes raise concerns (Das et al., 2016; Lafferty, Goldsmith, & Hult, 2004; Pracejus & Olsen, 2004; Roy, 2010). In research investigating the impact of cause-brand alliances on the subsequent attitudes toward both parties, it is concluded that a good fit between a cause and the brand name is necessary for the success of a cause-brand alliance campaign (Lafferty et al., 2004). Pracejus and Olsen's study shows that the value of donating to a high-fit charity can result in five to ten times the value of donating to a low-fit charity (Pracejus & Olsen, 2004). Das et al. found that high-fit and concrete donation quantifiers result in higher donation amounts only in the context of hedonic products or a planned purchase, after examining the collective impact of a product-cause fit and a donation quantifier (a vague or concrete donation amount) (Das et al., 2016). Furthermore, in Roy's study regarding sponsor-cause congruency as an influence on consumer response, it is found that perceived sincerity and attitude toward sponsors are significantly more positive for congruent sponsor-cause linkages, with attitude toward sponsors significantly more positive for the utilitarian ones (Roy, 2010).

In the context of product-for-money activities for charities after they receive product donations from firms, it is predicted that product type moderates the influence of donation type on people's donation amount. Specifically, it is assumed that when hedonic products are used in a cause, the difference between average donation amount from two donation types is not as significant as when utilitarian products are used. The reason is that in donation-for-gift scenarios, compassion aroused by the cause might be inhibited by joy obtained from hedonic goods, which may lower the intention to donate (Das et al., 2016; Pracejus & Olsen, 2004). Furthermore, in charity sale scenarios, the licensing effect gives people an excuse to buy hedonic goods in charity sale scenarios without suffering from the guilt of self-indulgence, which can lead to higher intents to donate (Khan & Dhar, 2006; Merritt et al., 2010; Miller & Effron, 2010). With the reduction of donation intention in donation-for-gift conditions and its enhancement in charity sales conditions, the difference between the two donation types for people's intent to donate may no longer be significant when hedonic products are used. On the contrary, utilitarian products, unlike hedonic ones, will not suffer from the fit issue when used in donation-for-gift conditions (Das et al., 2016), nor will it be benefitted from the licensing effect when used in charity sale conditions (Miller & Effron, 2010). Therefore, the H1 prediction still exists in the usage of utilitarian products. Accordingly, it is hypothesized:

H2. Product type moderates the influence of donation type on donation amount.

H2a. Donation-for-gift gets higher average donation amount in comparison to charity sale when utilitarian products are used.

H2b. There are no statistical differences between the two donation types when hedonic products are used.

The conceptual framework of the current research is illustrated in Fig. 1.

3. Methodology

The current research includes two 2 (donation types) by 2 (product

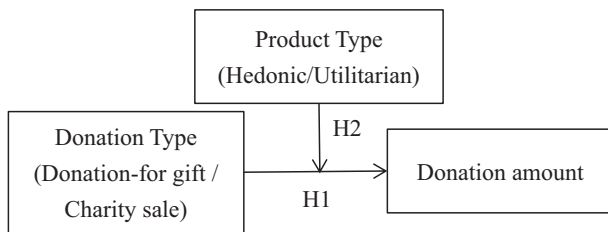


Fig. 1. The conceptual framework of the current research.

types) studies. Both studies are conducted in college cafeterias by the same group of solicitors. The main difference between the two studies is cause appeal: Study 1 uses an inspiring appeal whereas Study 2 uses a sympathetic appeal. The details of the studies are shown in the following subsections.

3.1. Study 1

3.1.1. Design and stimuli

The data collected in Study 1 is from a real charitable cause done in collaboration with a baseball team. It is a 2 by 2 (donation type: “donation-for-gift” vs. “charity sale” by product type: “hedonic products” vs. “utilitarian products”), between-subject design. The charitable appeal is in the name of fundraising for a baseball team formed mostly by rural elementary-school children from underprivileged families. The experiment offers two products: three different flavors of Meiji chocolates (in boxes) representing hedonic products/gifts and three types of Colgate toothpaste (in tubes) representing utilitarian ones. In hedonic/utilitarian related studies, chocolate-related products are often used to represent hedonism (Dhar & Wertenbroch, 2000; Hagtvedt & Patrick, 2016; Lu et al., 2016; Park, 2015; Strahilevitz, 1999; Strahilevitz & Myers, 1998), whereas toothpaste is typically used to represent utilitarianism (Park, 2015; Savary et al., 2015; Strahilevitz, 1999). In the current research, a pretest of 100 questionnaires is performed to ensure that college students' preferences for both products are neutral ($M_{chocolate} = 4.10$, $M_{toothpaste} = 4.02$) and therefore will yield no statistical difference. Aside from that, in Study 2, a similar result is observed when the participants are asked about their willingness to purchase the offered product regardless of the cause ($M_{chocolate} = 4.14$, $M_{toothpaste} = 4.08$, $F = 0.13$, $p = 0.72$, shown in Table 7). Both Meiji and Colgate are well-known brands in Taiwan. A pretest has shown that both brands obtain more than 90% brand awareness in the sample of 100 college students.

The story behind the cause is that the baseball team had won a local tournament after around 20 months of establishment, and will be the local representative for the national tournament. The team had recently received product donations from respective companies in order to fund for the expenses of the team's trip to where the national tournament is taking place. The cause appeal is given out on paper in order to minimize the possibility of inconsistencies that would happen if the fundraisers tell the story. Following the cause appeal, four different kinds of instructions guiding participants through the donation process are provided. Each instruction sheet has a combination of two different donation types randomly paired with two different types of products, all with the same charitable appeal.

The instructions for the donation-for-gift scenario describe that for every 100 New Taiwan Dollars (or NTD, around 3 USD) donated to the baseball team, the participant will receive a box of Meiji chocolate or a tube of Colgate toothpaste as a gift depending on the product type that is being used. The instructions for the charity sale scenario delineate that the total revenue earned from selling the boxes of Meiji chocolate (or the tubes of Colgate toothpaste), sold for 100 NTD, will be donated to the baseball team. Participants who are willing to join the cause pay/donate 100 NTD for each product. 100 NTD is written with the

instructions as the reference price for both the chocolate and the toothpaste. A questionnaire follows the donation instructions and contains questions regarding the participants' personal status (age, gender, education background, etc.), the manipulation checks for donation type (question: this is a donation-for-gift/charity sale event), and the product type (question: the gift/product is a hedonic/utilitarian gift/product). The questions are answered on a scale of 1–7; 1 being “totally disagree” to 7 being “totally agree”.

3.1.2. Procedure

Five college graduates are hired as fundraisers to run the experiment on 220 randomly selected singular students in university cafeterias located in Hsinchu, Taiwan. During each trial, the fundraisers will approach a participant, show him/her one of the four donation instructions, and briefly describe the purpose of the cause. After reading the handout, the participant will be asked if he or she is willing to buy (or donate for) one or more boxes of chocolate (or tubes of toothpaste). After making the donation/purchase decision, the participant will be asked to fill out the questionnaire that is aimed to help improve the donation process. As he or she fills out the questionnaire, the participant is thanked for his or her contribution and is then notified that a thank-you message will be posted on the baseball team's Facebook page.

3.1.3. Results and discussion

Participants who buy/donate for more than two units of product are treated as outliers. After removing responses that either failed the manipulation check or contain donation amounts that are considered as outliers, there remain 188 valid responses (127 or 67.55% from males, 23.3 years old in average). Out of the valid responses, 63 responses agree to either purchase (in the charity sale scenario) or donate (in the donation-for-gift scenario). The results from manipulation checks show that the differences are statistically significant between the two donation types ($F = 9.24$, $p = 0.00$; $F = 41.45$, $p = 0.00$) and the two product types ($F = 25.91$, $p = 0.00$; $F = 87.89$, $p = 0.00$). The result of the main effect is shown in Table 3 and illustrated in Fig. 2. Table 3 shows the average purchase/donation amount in each product type and donation type, the results from the F-test of the product types, donation types, and their interaction. It can be seen that the main effect of the donation type is significant ($M_{donation-for-gift} = 41.30$, $M_{charity\ sale} = 27.08$, $F = 4.05$, $p = 0.05$), supporting H1. However, the main effect of the product type is not significant ($M_{chocolate} = 35.42$, $M_{toothpaste} = 32.61$, $F = 0.16$, $p = 0.69$). The interaction between the donation type and the product type is also not significant ($F = 0.00$, $p = 0.97$). This result does not support H2. Fig. 2 presents differences in the average purchase/donation amounts for different donation types and different product types.

As H1 is supported, it is confirmed that donation-for-gift is a more effective approach compared to charity sale in a product-for-money fundraiser. However, as H2 is not supported, it means that the product type does not moderate the influence of the donation type in fundraisers. It can be explained by the better fit between the hedonic product type and the inspiring cause appeal in the donation-for-gift scenario (Das et al., 2016), and the weakened licensing effect in a low-need, charity sale scenario (Miller & Effron, 2010). By using an inspiring appeal, the negative repercussions of hedonic products in the

Table 3
The main effects and the interaction in Study 1.

	Average (Number of participants)	F	p
Chocolate vs. Toothpaste	35.42 (96) vs. 32.61 (92)	0.16	0.69
Donation-for-gift vs. Charity sale	41.30 (92) vs. 27.08 (96)	4.05	0.05
Donation type vs. Product type		0.00	0.97

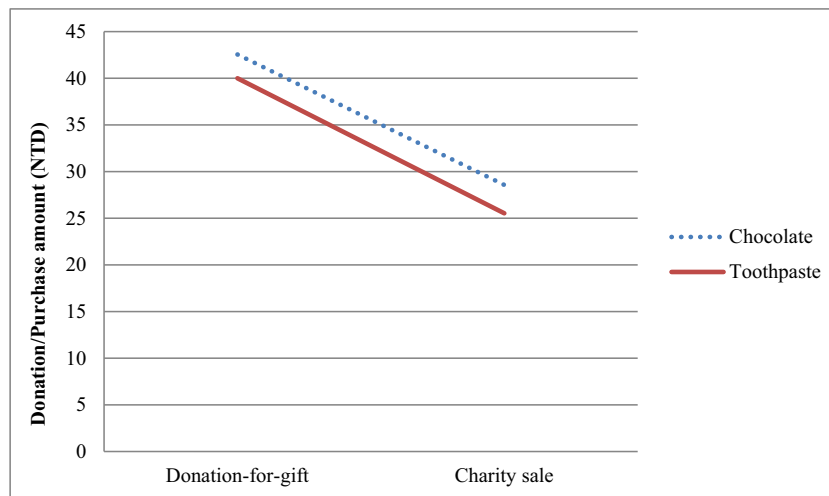


Fig. 2. Donation type vs. product type in the average donation amounts from Study 1.

Table 4
The main effects and interaction in Study 2.

	Average (Number of participants)	F	p
Chocolate vs. Toothpaste	42.77 (128) vs. 41.32 (121)	0.03	0.86
Donation-for-gift vs. Charity sale	51.00 (125) vs. 33.07 (124)	5.25	0.02
Donation type vs. Product type	Please refer to Table 5	4.52	0.03

Table 5
The average donation amount in each cell and their F-tests' results from Study 2.

	Chocolate	Toothpaste	F	P
Donation-for-gift	44.05 (63)	58.06 (62)	1.56	0.22
Charity sale	41.54 (65)	23.73 (59)	2.82	0.10
F	0.05	9.69		
p	0.82	0.00		

donation-for-gift scenario is alleviated, resulting in a higher average donation amount (Das et al., 2016). Additionally, since funding for a baseball team is not as urgent compared to causes that help people in difficult circumstances (Holmes et al., 2002), the licensing effect in purchasing hedonic products is weakened, which reduces people's willingness to purchase indulgent products in the charity sale scenario (Das et al., 2016). Thus, when hedonic products are used, the increased average donation amount in donation-for-gift, as well as the reduced average purchase amount in charity sales, results in conclusions similar

to scenarios wherein utilitarian products are used. To support this explanation, a second experiment in Study 2 is designed.

3.2. Study 2

3.2.1. Design and stimuli

An experiment employing sympathetic appeal is designed in order to verify the cause appeal as the reason for the failure of supporting H2 in Study 1. It is also a 2 (donation type: donation-for-gift vs. charity sale) by 2 (product type: hedonic vs. utilitarian), between-subject design. In order to minimize the differences between the experiments in Study 1 and 2, the sympathetic appeal also focuses on providing financial help to children: a nonexistent charitable organization dedicated to helping teenagers from needy families. The products used in this experiment are identical to those used in Study 1.

Although the charitable organization used in the experiment is fictional, participants will not be aware of this until the experiment is finished. Aside from personal information and manipulation checks, questions related to the inclination toward participating in the cause, helping the charitable organization again, and the influence of the products on the cause are included. These additional questions are used to provide more insight into participants' opinions on the experiment.

3.2.2. Procedure

The same college graduates who were hired for Study 1 were hired as fundraisers for the experiment, and 288 students are randomly selected from the same university cafeterias to participate. Excluding the cause appeal, the solicitation procedure remains unchanged. The

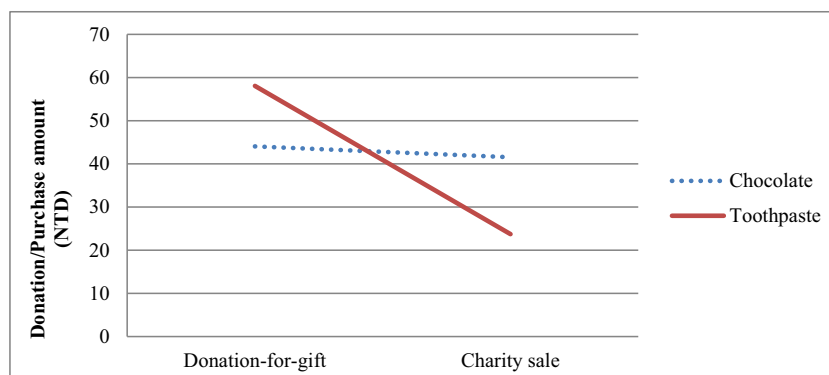


Fig. 3. Donation type vs. product type in the average donation amounts from Study 2.

Table 6
The results of F-tests from cause related questions.

Item	Comparison	Average/number of participants	F	p
1. Willingness to participate in this cause	Chocolate vs. Toothpaste	4.44 (128) vs. 4.50 (121)	0.12	0.73
	Donation-for-gift vs. Charity sale	4.66 (125) vs. 4.27 (124)	6.95	0.01
2. Willingness to help this charitable organization	Chocolate vs. Toothpaste	4.78 (128) vs. 4.89 (121)	0.58	0.45
	Donation-for-gift vs. Charity sale	4.98 (125) vs. 4.69 (124)	4.26	0.04
3. Delightfulness in participating in this cause	Chocolate vs. Toothpaste	4.68 (128) vs. 4.60 (121)	0.4	0.53
	Donation-for-gift vs. Charity sale	4.79 (125) vs. 4.49 (124)	5.4	0.02
4. Willing to participate in the causes held by this charitable organization in the future	Chocolate vs. Toothpaste	4.52 (128) vs. 4.48 (121)	0.11	0.75
	Donation-for-gift vs. Charity sale	4.68 (125) vs. 4.32 (124)	7.45	0.01

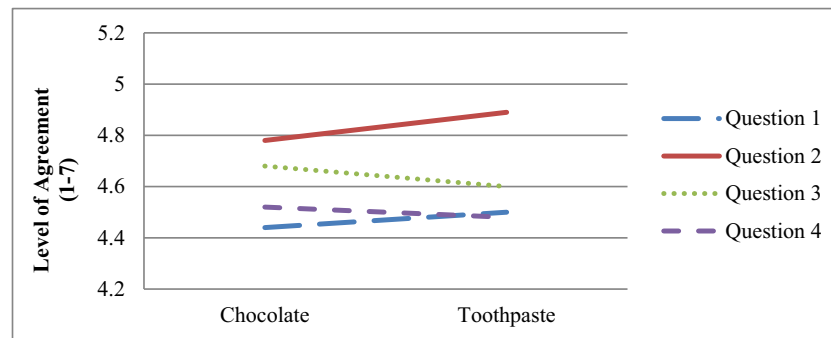


Fig. 4. Illustration of the results of product type in Table 6.

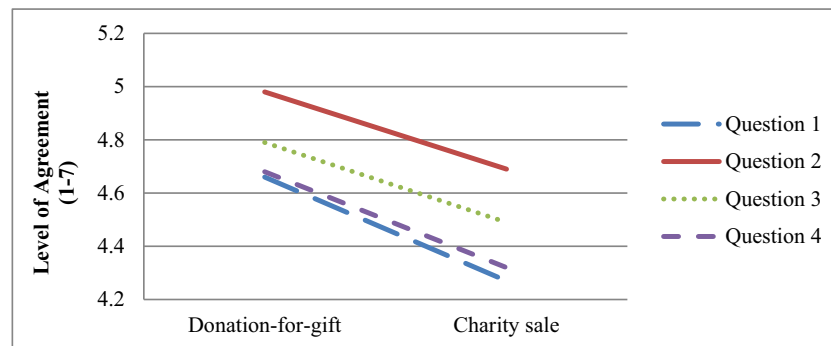


Fig. 5. Illustration of the results of donation type in Table 6.

participants are checked to ensure that they have not participated in similar fundraising events before the experiment. Each participant is made aware of the nonexistent nature of the cause at the end of the experiment and is gifted a pen as a reward.

In this experiment, a pretest is done to check the perceived fairness of the reference price and preferences for either the chocolate or the toothpaste. The result shows no statistical difference between the two types of products. Such questions are also added in the questionnaire in order to discern any prior preference for either product type. There appears to be no statistical difference on the intention to buy either product without charitable incentives in either donation-for-gift ($M_{chocolate} = 4.22$, $M_{toothpaste} = 4.15$, $F = 0.10$, $p = 0.75$) or charity sale scenarios ($M_{chocolate} = 4.06$, $M_{toothpaste} = 4.02$, $F = 0.04$, $p = 0.85$); the same result applies to the perceived fairness of the product price in either donation-for-gift ($M_{chocolate} = 4.78$, $M_{toothpaste} = 4.92$, $F = 0.57$, $p = 0.45$) or charity sale scenarios ($M_{chocolate} = 4.51$, $M_{toothpaste} = 4.64$, $F = 0.58$, $p = 0.45$).

3.2.3. Results and discussion

After removing responses that either fail the manipulation check or contain donation amounts that are considered as outliers, there remain 249 valid responses (153 or 61.45% from males, 22.8 years old in average). Out of the valid responses, 88 of them agreed to either

purchase (in the charity sale scenario) or donate (in the donation-for-gift scenario). The results of the manipulation checks show that the differences are statistically significant between the two donation types ($F = 6.56$, $p = 0.01$; $F = 21.25$, $p = 0.00$) and the two product types ($F = 64.72$, $p = 0.00$; $F = 37.14$, $p = 0.00$) in this experiment.

The result of the main effect is shown in Table 4 which presents the average donation amount in each product type and donation type, and the results from the F-test of the product types, donation types, and their interaction. From Table 4, it can be seen that the main effect of donation type (donation-for-gift vs. charity sale) is significant ($M_{donation-for-gift} = 51.00$, $M_{charity\ sale} = 33.07$, $F = 5.25$, $p = 0.02$) but the main effect of product type (hedonic vs. utilitarian) is not ($M_{chocolate} = 42.77$, $M_{toothpaste} = 41.32$, $F = 0.03$, $p = 0.86$). The interaction between donation type and product type is significant ($F = 4.52$, $p = 0.03$). The results not only support H1 and reconfirm that donation-for-gift is a more effective approach to conduct product-for-money causes than charity sale, but also support H2 and confirm that the product type moderates the influence of the donation type on the average donation amount. The possible explanation may be that the influence of the licensing effect, which garners more average donation amount when paired with hedonic products in charity sale scenarios (Miller & Effron, 2010), gets canceled out by the fit issue, a hitch that prevents hedonic products from getting a higher donation amount in donation-for-gift

Table 7
Donation type vs. product type in product related questions.

Item	Comparison	Average (number of participants)	F	p	Interaction F	Interaction P
1. Willingness to purchase the offered product even without the cause	Chocolate vs. Toothpaste	4.14 (128) vs. 4.08 (121)	0.13	0.72	0.01	0.92
	Donation-for-gift vs. Charity sale	4.18 (125) vs. 4.04 (124)	0.71	0.40		
2. Increases in willingness to participate in this cause because of the offered product	Chocolate vs. Toothpaste	4.72 (128) vs. 4.43 (121)	4.26	0.04	4.19	0.04
	Donation-for-gift vs. Charity sale	4.86 (125) vs. 4.30 (124)	15.29	0.00		
3. Fondness for the offered product	Chocolate vs. Toothpaste	4.93 (128) vs. 4.55 (121)	8.03	0.01	0.09	0.76
	Donation-for-gift vs. Charity sale	4.98 (125) vs. 4.50 (124)	12.55	0.00		
4. Perceived fairness of the reference price	Chocolate vs. Toothpaste	4.64 (128) vs. 4.79 (121)	1.14	0.29	0.00	0.98
	Donation-for-gift vs. Charity sale	4.85 (125) vs. 4.57 (124)	4.4	0.04		

scenarios (Das et al., 2016).

Table 5 presents the average donation amount of each cell in the experiment and the results of the F-tests between two product types in each donation type and between two donation types in each product type. It can be seen from the average donation amount that the difference between these two donation types is statistically significant in utilitarian products ($M_{donation-for-gift} = 58.06$, $M_{charity sale} = 23.73$, $F = 9.69$, $p = 0.00$) but not in hedonic ones ($M_{donation-for-gift} = 44.05$, $M_{charity sale} = 41.54$, $F = 0.05$, $p = 0.82$). The results support H2a and H2b and confirm that donation-for-gift gets more average donation amount in comparison to charity sale when utilitarian products are used. Fig. 3 illustrates the average donation amount from different donation types in different product types.

In the questionnaire, there are four questions related to the cause and the charitable organization: willingness to participate in this cause, willingness to help this charitable organization, delightfulness in participating in this cause, and willingness to participate in the causes held by this charitable organization in the future. The results from the four questions are shown in Table 6. It can be seen that the differences of the willingness and delightfulness in these questions are all significant in the donation type ($F = 6.95$, $p = 0.01$; $F = 4.26$, $p = 0.04$; $F = 5.40$, $p = 0.02$; $F = 7.45$, $p = 0.01$), but not the product type ($F = 0.12$, $p = 0.73$; $F = 0.58$, $p = 0.45$; $F = 0.40$, $p = 0.53$; $F = 0.11$, $p = 0.75$). The results of Table 6 further support H1. The illustrations of the results in Table 6 are shown in Figs. 4 and 5.

Additionally, there are four other questions related to the offered products: willingness to purchase the offered product without the cause, increase in willingness to participate in this cause because of the offered product, fondness for the offered product, and perceived fairness of the reference price. Table 7 presents the results from these questions. It can be seen that people's willingness to purchase the products without the cause does not differ significantly in either the product type ($F = 0.13$, $p = 0.72$) or the donation type ($F = 0.71$, $p = 0.40$). This result reinforces the impartiality of the experiment because it shows no obvious predisposed preference toward any of the offered products. From the results of question “Increases in willingness to participate in this cause because of the offered product” and “Fondness for the offered product” in Table 7, it can be seen that people's willingness to participate in the cause increase significantly when hedonic products are used as gifts as opposed to when utilitarian products are used ($F = 4.26$, $p = 0.04$; $F = 8.03$, $p = 0.01$). The same occurrence is also present in donation-for-gift scenarios compared to in charity sale scenarios ($F = 15.29$, $p = 0.00$; $F = 12.55$, $p = 0.00$). The outcomes from donation type once again support H1; the results from the product types are noteworthy — especially in comparison to the average donation amount ($F = 0.03$, $p = 0.86$ shown in Table 4). It is revealed that even though people prefer hedonic products and believe that hedonic products will significantly increase their intention to participate in the cause ($F = 4.26$, $p = 0.04$), their actual donation behaviors say otherwise. The results in Table 6 also show no statistical difference in product type for the willingness and delightfulness of participating in the cause. By making a further examination of this particular development (shown in Table 8), it is observed that while the product type shows no statistical difference in donation-for-gift situations ($F = 0.00$, $p = 0.99$; $F = 3.18$, $p = 0.08$), it does so in charity sale situations ($F = 8.29$, $p = 0.01$; $F = 4.95$, $p = 0.04$). In other words, people enjoy consuming hedonic products and believe that hedonic products can increase their intentions to participate in the cause only in charity sale scenarios. This conclusion is consistent with what prior researches have established (Hibbert et al., 2007; Strahilevitz & Myers, 1998).

In regards to the perceived fairness of the reference price from question “Perceived fairness of the reference price” in Table 7, it is discovered that people perceive the fairness of the products' reference prices discordantly in different donation types ($F = 4.40$, $p = 0.04$), but not in different product types ($F = 1.14$, $p = 0.29$). This result also

Table 8
Product types in different donation types from question 2 and 3 in Table 7.

Item	Donation type	Average (number of participants) for Chocolate	Average (number of participants) for Toothpaste	F	p
2. Increase in willingness to participating in this cause because of the offered product	Donation-for-gift	4.86 (63)	4.85 (62)	0.00	0.99
	Charity sale	4.58 (65)	3.98 (59)	8.29	0.01
3. Fondness for the offered product	Donation-for-gift	5.16 (63)	4.81 (62)	3.18	0.08
	Charity sale	4.71 (65)	4.27 (59)	4.95	0.04

adheres to what H1 proposes.

The results from Study 2 support H2 while the results from Study 1 do not, which implies that the type of cause appeal influences the moderation of the product type on the influence of the donation type in average donation amount. Specifically, product type moderates the influence of the donation type when the cause appeal is sympathetic rather than inspiring.

4. Empirical implications and future studies

Which approach is better for conducting product-for-money causes? Using charitable giving as an incentive to sell products, or using gifts as an incentive in charitable fundraisings? The results from this research suggest that when charitable organizations receive product donations, fundraising procedures should focus on stimulating feelings of altruism, which means products should be given as gifts. It is more effective than directly exchanging the products for money — which then transforms social conscience into a mere bonus from a business transaction. This finding is critical to charitable organizations, as most conduct charity sales when trying to convert product donations into a more flexible resource. The current research also concludes how product types and cause appeal types can impact how donation types would affect donations. Specifically, when an inspiring appeal is used, donation-for-gift is more effective than charity sale no matter the type of products. On the other hand, under a sympathetic appeal scenario, donation-for-gift is more effective than charity sale when utilitarian products are offered. When hedonic goods are offered, however, there is no statistical difference between the two donation types. It implies that when charitable organizations receive product donations, giving the products as gifts is more likely to solicit more money than simply selling them. Charity sale is suitable for product-for-money events only when the offered products are hedonic and the cause appeal sympathetic. For academic researchers, the current research resolves an empirical issue that has not been addressed before. The finding is surprisingly counterintuitive but can be explained by the dual-process model. Additionally, the licensing effect (which enhances people's purchase intentions) and fit issues between product type and cause appeal (which reduces people's donation intentions) are used to explain the moderation effects. The findings in the current research will provide researchers with more insights into how people make a donation as well as purchasing decisions and how product type and cause appeal type can influence these decisions.

There are a few related topics worthy of further consideration. The first one is issues related to altruistic price and bargain price. If the reference price is higher or lower than the suggested donation/purchase amount, how will people react in different donation types or cause appeals? An educated guess is that people are more sensitive to price advantage/disadvantage in charity sales than in donation-for-gift events because the price is a key decision factor in purchases. In donation-for-gift scenarios, people tend to care less about the price of the gift. If such is the case, will a big discount on the products help the charity sale approach significantly outperform the donation-for-gift approach? Will different (inspiring/sympathetic) cause appeals impact the result in any way?

The second suggested topic is paying (or donating) “what you want” with or without reference price for the product (or gift). Pay-what-you-want is an interesting business model that has been drawing a

tremendous amount of academic attention (Gneezy, Gneezy, Riener, & Nelson, 2012; Kim, Natter, & Spann, 2009; Stangl, Kastner, & Prayag, 2017), several related to charitable giving (Gneezy, Gneezy, Nelson, & Brown, 2010; Gravert, 2017; Park, Nam, & Lee, 2017). Will the power to dictate purchase/donation amounts yield varied results in different donation types or cause appeals? Will showing the reference price for each product influence the answer to the previous question?

The last suggested topic is the extension of the variables. The current research uses the dual process model and other effects to explain the results. There may be more variables serving as moderators or mediators in this context. It would be interesting to investigate if the results are still the same in different product categories (high/low price or involvement products), different age levels (elders vs. college students) or different cultures (Asia vs. Europe or America).

Funding

This research is supported by the Minister of Science and Technology, R.O.C. 106-2410-H-009-018 grant.

Ethical approval

All procedures performed in studies involving human participants are in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed consent

Informed consent was obtained from all individual participants included in the study.

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