Point of Sale Charitable Donations: The Role of Social Norms and Anchoring

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Abstract

Three experiments were conducted to assess consumer response to requests for charitable donations at the cash register. The results generally suggest that consumers look to the social norm when determining whether or not to donate, and they look to the customer preceding them when deciding how much to donate.

Key words: cause-related marketing, cause marketing, CRM, point-of-sale, donations, social norms,

anchoring

Introduction

When was the last time you were asked to make a charitable donation at the check-out register of a retail store? Chances are, it was quite recent. This tactic has been used for decades to raise money for charities, but it is becoming increasingly popular. And, if you are like most people, you probably remember what store made the request, and felt positive about both the charity and the retailer after the request (Good Scout Group, 2015).

This research seeks to examine customer response to requests for charitable donations at the point of sale. In North America, customers are frequently asked at the cash register if they would like to make a charitable donation. This is an important issue for several reasons: first, due to its prevalence as a retail phenomenon, second due to the potential financial benefit for nonprofit organizations, and third because of the potential impact on brand equity and image for the retail establishment as a result of such efforts. Very little academic research has examined this phenomenon; the present research seeks to fill this gap.

Previous studies in psychology and behavioral economics have explored various factors that motivate people to give. Altruism, personal preferences, and strong attitudes towards donating are just some of them. Aside from these dispositional factors, situational factors also influence pro-social behavior. In the context of the check-out counter in a retail establishment, key situational variables that may impact donations include behavior of the cashier and behavior of other shoppers. This research assesses customer response to these requests, specifically considering both cashier and fellow customer behavior. The theoretical frames of social norms and anchoring are used to inform this examination.

Literature Review and Theoretical Framework

Point of Sale Charity

Over 70% of customers have given at the till, and just over half appreciate being asked, according to a major survey of American consumers (Good Scout Group, 2015). Those who do not like being asked often still donate out of a sense of guilt or compliance (Good Scout Group, 2015). Canadians estimate that about 30% of their charitable donations are made at the cash register (BMO, 2014). In the USA, 63 companies raised nearly \$360 million at the till for causes in 2012. In total it is estimate that some \$2.3 billion has been raised for causes at the cash register over the past 30 years. The top recipient appears to be children's charities, garnering nearly half of the funds (Cause Marketing Forum, 2013).

A majority of customers who donate at the till do so because they recognize the charity, or because the charity is meaningful to them. However almost 15% say they give because the cashier asked them to give (Good Scout Group, 2015). What if a simple change in wording could make that ask more effective? The differences might mean millions for worthy charities.

Perceived social norms

Norms are culturally created values and customs (Sherif, 1936) which suggest how we are expected to behave (Cialdini, 2003). When individuals are uncertain how to behave in a situation, they look to others' behavior for clues (Festinger, 1954). The more people who are doing a particular behavior, the more likely they are to follow that behavior (Thibaut and Kelly, 1959). Individuals look for the norm in a given situation to inform their own behavior. In this research we will manipulate the social norm in order to assess its effect on donation intention. Even individuals with strong and stable attitudes towards pro-social behavior are likely to be influenced by social norms to a certain extent. This, however, does not necessarily imply a self-seeking motive, but rather a way to make decisions in cases of uncertainty. Previous studies have explored the influence of perceived social norms in pro-social behavior (Croson, et al., 2009; Reyniers and Bhalla, 2013; Frey and Meier, 2004). Information from society or peers may be important when deciding on donations, especially if subjects are unaware of any standard or acceptable amount that could be given (Reyniers and Bhalla, 2013, p.13). Research also shows that individuals assess what the majority has done and attempt to behave in a manner that is fair or similar (Martin and Randall, 2008).

In a commercial setting, employees can have a strong influence on customers. They may at times indicate social norms to help guide customers. For example, in a restaurant servers often indicate popular dishes. In a retail setting, cashiers may also indicate norms at times. In this research we will manipulate perceived social norms through comments made by the cashier at a check-out counter, in a hypothetical scenario. We anticipate that customers will be more likely to donate to a cause when the cashier indicates that many others are doing so, compared to when few others are donating or when no comment is made regarding donations.

> H1: A positive relationship will exist between the proportion of previous customers said to have donated as indicated by the cashier (social norm; many vs. few), and the perceived likelihood of making a donation.

Anchoring

The influence of social information on the actions of an individual may be conscious or subconscious. Studies show that aside from people's conscious evaluation of the social norms, they could also be influenced subconsciously through anchoring and priming, especially when faced with uncertain situations wherein quick and spontaneous decisions have to be made (Tversky and Kahneman, 1974, p. 1128; Caroll et al., 2009, p. 301). Anchoring effects occur when decision makers begin to estimate an unknown quantity by anchoring from an initial value. If an initial value is offered for consideration, the decision maker often uses that initial value as a "starting point", and adjusts his or her final decision away from that initial value as he or she deems appropriate. However typically adjustments are not sufficient, so the initial value has an inordinately large impact on the final decision. The level of the final decision then is influenced by the initially considered value (Caroll et al., 2009, p. 297). Individuals have the tendency to employ heuristic principles, such as anchoring, in making uncertain and quick judgments (Tversky and Kahneman, 1974, p.1128), such as t how much to donate at the check-out counter.

Making a choice of how much to give or how to react to spontaneous solicitations may be considered uncomfortable or uncertain. That is why heuristic principles, such as anchoring could be subconsciously applied as an easier way to deal with these situations. Research has shown that these judgment biases do not happen only in layman situations, but also with experienced researchers (Tversky and Kahneman, 1974, p. 1130). Given this, we may reason that individuals who are strongly convicted in their attitude and beliefs towards pro-social acts may also be primed in their decisions, especially in uncertain situations or unexpected events. As such, the amount a participant chooses to donate should be impacted by the amount the prior customer donates, as the prior customer's donation is likely to serve as an anchor point in this uncertain situation of how much to donate.

H2: A positive relationship will exist between amount donated by the previous customer (anchoring) and the intended donation amount of participant.

Both anchoring and social norms are anticipated to impact consumer response to charitable requests at the cash register, however anchoring is expected to have the stronger impact. Generally concrete, available examples are given greater decision weight that overall averages and percentages, even though they are actually less informative (Tversky and Kahneman, 1974).

H3: Anchoring will have greater impact on customer response to cash-register donation requests than will general social norms.

Study 1

Experimental Design

This study used a 3 (anchoring) x 3 (social norms) experimental design. The three manipulated levels of anchoring were the amount donated by the previous customer: \$0, \$5, or \$50. The three levels of social norms were manipulated by the information on percentage of other customers who donate that was shared by the cashier: No information, 25%, or 75%. The study was conducted between subjects and was a fully crossed factorial design.

Study Procedure

This study was conducted on-line using hypothetical scenarios. Participants first completed informed consent. Next, they were given background information on a fictitious charity, "Help the Children." The organization that was used for the study was fictional in order to avoid the influence of pre-existing attitudes. Specifically participants read the following:

Help the Children Foundation is an organization dedicated to working with children, families, and communities to overcome poverty and injustice in different countries worldwide. It has also partnered with well-known businesses in jointly building a better future for children.

Participants were told to assume that they were lining up at the checkout counter at a retail store and witness the exchange between the cashier and the customer ahead in line regarding donations for the fictional charitable organization. This exchange varied based on the participant's random assignment to

study condition. The exchange indicated (a) a percentage of people who normally give (social norm) and (b) how much was donated by the customer immediately preceding the subject (anchoring.

The participant was then told to imagine it is his or her turn at the counter and he or she is given the same information by the cashier and asked the same donation request. The participant then decided on the amount to donate, if any. All components of the hypothetical exchange were held constant across conditions except for the experimental manipulations. Additionally participants responded to questions regarding factors that influenced their decision, manipulation check questions, their personal norm toward donations, and demographic questions.

Participants

For Study one, 174 participants were recruited through Amazon's Mechanical Turk, an online labor recruitment tool. The tool facilitated with recruiting anonymous participants in the US. Female participants comprised 43% of the sample. Participants' ages ranged from 19-67 with the mean age at 31 years (SD=10.32). Education of the participants varies from high school graduate or equivalent to doctoral degree; a majority of the participants have some college (36%) or a bachelor's degree (39%). Modal income ranges were \$10,000 USD-\$29,999 USD (31%), and between \$30,000 USD-\$59,999 USD (31%).

Results

The dependent variable "How much would you donate" was highly skewed, with 40% of respondents indicating nothing. Transformation to normality was not possible, so nonparametric tests were employed. Anchoring was found to significantly impact donation intention amount (Kruskall-Wallace sig = .006). Medians were significantly different between the zero anchoring condition and the other two conditions, whose medians did not differ from each other. Means and variances differed between the three groups (see Table 1). The highest average donation intention was for \$50 anchoring and lowest

was for \$0, as predicted, supporting hypothesis 1. Additionally, variance was greater for higher levels of anchoring vs. lower levels.

Table 1: Anchoring Statistics

DESCRIPTIVE STATISTICS				SIGNIFICANCE TESTS		
	Mean	Median	Standard	Independent	Levene's	Independent
	Donation	Donation	Deviation	Samples Median	test for	Samples
	Intention	Intention		Test	Equality	Means Test
					of	
					Variance	
\$0 anchor	.86	.63	1.3			
\$5 anchor	2.1	1.0	3.1			
\$50 anchor	3.6	1.0	5.6			
\$0 vs. \$5				P < .001	F = 19.4,	T (88) = 2.98,
					p < .001	p < .005
\$0 vs. \$50				P < .001	F = 33.2,	T (66) = 3.8, p
					p < .001	< .001
\$5 vs. \$50				NS	F = 8.5, p	T(92) = 1.9, <
					< .005	.07marg.

Due to the distribution of donation intention, nonparametric tests were used to assess social norm as well. Social norm was not a significant predictor of intended donation amount (Kruskall-Wallace sig = .66). Means were in the predicted direction (25% social norm = 1.8 vs. 75% social norm = 2.1), however statistical significance was not obtained, failing to support hypothesis 2. Interestingly, the condition with no mention of social norm fell between the other two conditions yet closer to the 75% social norm condition, suggesting with no mention people may assume the norm is relatively high (no mention of social norm = 2.06).

Discussion

Results of Study 1 demonstrated support for an anchoring effect at the cash register. Customers are likely to be influenced by the amount donated by the prior customer. Higher donation levels for the previous customer lead to higher donation levels for the target customer. Results did not demonstrate a significant impact for social norms, though means were in the anticipated direction.

Although this study failed to demonstrate an effect for social norms, the direction of the means suggested this failure may be due to the specific manipulation, rather than an actual lack of effect. As such further examination was deemed prudent. Tversky and Kahneman's (1974) work demonstrated that individuals tend to discount statistical baselines, therefore the use of percentages for this manipulation may have been a weakness. A follow up study was designed, using more realistic and conversational phrasing.

Additionally, Study 1 relied on intended donation amount as the primary dependent variable. Whereas that is reasonable in the case of an anchoring effect, as amount donated by prior customer is expected to impact amount donated by target customer, this is perhaps not the most appropriate outcome to consider for social norms. The social norms information provided indicated the proportion who gave, not the amount they gave. As such, intention to donate and attitude toward donating would be more appropriate measures of social norms impact.

Attitudes toward donation should be more positive when many others donate, compared to few, as individuals are likely to evaluate this otherwise ambiguous information in accordance with the information provided. Therefore:

H4: Attitudes toward point of sale donating will be positively related to social norms of point of sale donating

Study 2

Study 2 was conducted as a pilot to further research, in order to determine whether a large scale study was warranted. As such this study engaged a small number of student participants and served as a pilot for Study 3.

Experimental Design

The study design was a 2 (social norm) x 3 (anchoring) fully crossed between subjects design. Participants were randomly assigned to only one of these six conditions. The two levels of social norm were manipulated by informing participants either that the cashier mentioned it was a good day and almost all customers had donated, or it was a slow day and almost no one had donated. This change in manipulation was intended to reduce the statistical nature of the comment, making it more approachable. The no comment condition was omitted, as this had been shown to fall between the high and low conditions in the previous study. The three levels of anchoring were manipulated by informing participants that the person in line ahead of them donated either \$0, \$2, or \$20. These amounts were reduced from Study 1, based on comments suggesting that the top level of \$50 in the previous study seemed unrealistic. The mid-level was adjusted to \$2 down from \$5 in order to maintain the x10 differential between the mid and top levels. The bottom level remained zero in both cases.

Procedure

This study was conducted just as Study 1 was conducted, on-line using hypothetical scenarios. Participants first completed informed consent. Next, they were given background information on "Help the Children." The same method of manipulating the cashier/customer conversation was used, with the new anchoring and social norm levels. All components of the hypothetical exchange were held constant across conditions except for the experimental manipulations. Participants then responded to the dependent variable inquiring how much they intended to donate, as before, and to the new dependent variables of donation likelihood (very unlikely to very likely on a 7 point Likert scale) and attitude toward donating (three Likert type questions). Additionally participants responded to questions regarding their attitude toward donating, what factors influenced their donation decision, manipulation check questions, their personal norms toward donations, and demographic questions.

Participants

Sixty-nine undergraduate students from a mid-size university in Western North America participated in Study 1 for partial course credit. Participation was voluntary; those not wishing to participate were given the option of alternate means of earning credit. Students were not members of the researchers' classes. The study was begun by 79 participants, however ten participants were removed due to excessive incomplete information. Participants per experimental condition (cell sizes) ranged from 11 to 13. Participants were 52% female. Average age was 21.4 years old. Median income range was \$10,000 to \$30,000.

Manipulation Checks

Manipulations were assessed. The social norm condition was accurately identified 69% of participants. The anchoring level was accurately identified by 72% of participants. Both manipulations were deemed successful.

Scale Creation

A scale was created for the dependent variable, attitude toward donating. The questions "What is your attitude toward donating", "What is your attitude toward being ASKED to donate", and "What is your attitude toward this experience" comprised a reliable scale with a Cronbach's Alpha of .73. These items were averaged to create a donation attitude measure. Participants were asked five semantic differential questions to assess their general attitude toward solicitations for donations in retail outlets (positive/negative; good/bad;

favourable/unfavourable; worthless/valuable; an incentive to donate/a disincentive to donate). These comprised a reliable scale, Cronbach's Alpha = .90. Similarly they were asked attitudes toward donating in a retail outlet (positive/negative; rewarding/punishing; valuable/worthless; helpful/not helpful; like/dislike). This also comprised a reliable scale, Cronbach's Alpha = .94.

Results

Preparatory Assessments

Donation attitude (scale) and donation intention (single item) were sufficiently normally distributed. The question "How much would you donate" was not normally distributed. It had three outliers over two standard deviations from the mean. These values (\$20, \$17, \$17) were recoded to be two standard deviations above the mean (\$12). This adjustment sufficiently corrected normality for this variable.

A MANOVA was conducted with demographic variables (age, income, sex) serving as covariates and the three primary dependent variables (attitude toward donating, intended donation amount, intention to donate) serving as dependent variables. None of the demographic variables significantly predicted any of the dependent variables, therefore demographics were not further considered in analyses.

Overall, on average participants indicated a moderate likelihood to donate (4.2/7) and a mildly positive attitude toward donating (4.7/7). Intended donation amount on average was approximately \$3.20.

Hypotheses Tests

A MANOVA was conducted to assess the hypotheses. Three dependent variables were included: Intention to donate (single item on 7 point scale), attitude toward donating (three item scale described above) and intended donation amount (single item asking amount intended). The factors included were social norms condition (many others donate/few others donate) and anchoring condition (prior customer donation $0/\frac{2}{2}$. Social norms significantly predicted attitude toward donating (F(1, 68) = 11.3, p < .005). When donating was the social norm, participants had a significantly more positive attitude toward donating, supporting H4. Social norms did not significantly predict donation intention (F(1, 68) = 2.4, p = .12. Although means were in the predicted direction, participants were not significantly more likely to indicate an intention to donate when the social norm was to donate, failing to support H1. Taken together these results suggest that when social norms are communicated to the customer they do impact customer attitude but perhaps not intended response.

Hypothesis 2 predicted a positive relationship between anchoring amount and intended donation amount. The MANOVA demonstrated significance for anchoring (F(2, 68) = 6.8, p < .005). Closer examination indicated that the average donation in the \$0 priming condition was \$5.10, for the \$2 anchoring condition it was \$4.00, and for the \$20 anchoring condition in was \$6.50. The \$20 condition garnered the highest level of donation intention as predicted, with a mean of \$6.50. This was marginally larger than the \$0 condition (t(44) = 1.8, p = .08) and significantly higher than the \$2 condition (t(45) = 3.4, p < .005). The \$0 (mean = \$5.10) and \$2 condition (mean = \$4.00) average intended donations were in reverse of the expected order. T-tests indicated that donations for \$0 anchoring were significantly higher than donations for \$2 anchoring (t(43) = 2.2, p < .05). These results show mixed support for H2. In a general sense, higher levels of anchoring (\$20) garner higher levels of intended donation, however at lower levels that are quite close together this pattern does not hold. In order to assess this further, an examination was conducted of participants' open-ended responses to

questions assessing participants' reasons for giving or not giving, and how they decided the amount to donate.

Discussion

Study 2 provided moderate support for the importance of both social norms and anchoring in determining donations at the cash register. When individuals are informed that a majority of others donate, they have a more positive attitude toward donating, although their actual intent to donate is not significantly stronger. When the person in line before them donates a large amount (\$20), the intended donation amount decreases compared to lower levels of anchoring. Differences at lower levels of anchoring, however, were counter to expectations.

Study 2 was intended as a pilot, to determine whether a full scale study was warranted. Results were promising but not entirely conclusive. Several study limitations may have contributed to this. The sample size was quite small, a student sample was used, and 14% of the sample had to be removed due to incomplete data. As such a third study was deemed necessary.

One's disposition has been shown to impact ethical purchasing and charitable donations, however in Studies 1 and 2 only a single item was used to asses this concept. In Study 3 a more complete assessment of Ethical Self Image is undertaken in order to assess and control for disposition.

Study 3

A third experiment was conducted to further assess the proposed consumer response to point of sale donation requests. This study replicated Study 2, however the sample was larger and engaged a non-student sample, recruited from Mechanical Turk as in Study 1.

Experimental Design and Measures

The study design was a 2 (social norm) x 3 (anchoring) fully crossed between subjects design. Procedure and stimuli were the same as Study 2. Measures were the same as Study 2, with the addition of a measure of Ethical Self Image, which was added directly preceding demographic questions.

Participants

Participants were recruited from Amazon's Mechanical Turk, as in Study 1. A total of xxx participants took part.

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All procedures performed in studies involving human participants were 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 was obtained from all individual participants included in the study.

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