

The Effect of Anchoring on Charitable Donations

Tianyi Zhang

Dulwich College Beijing, Beijing, China

Email: timzhang1127@outlook.com

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Abstract

This paper examines the effect of anchoring on donation intentions by individuals, aiming to verify whether the anchoring technique has a significant effect in persuading individuals to donate to charity. The study first conducts a literature review on past research aimed at encouraging charitable giving as well as papers investigating the use of anchoring as a method of intervention in changing behavior. An experiment was conducted with 80 random online participants who were randomly assigned to either the control or experimental group. Those in the control group saw a normal advertisement from a non-profit organization, while those in the experimental group saw a modified advertisement with an anchor donation amount from the same non-profit organization. Results show no significant difference between the willingness to donate between the control and experimental groups. However, a difference in participants' intended donation amount can be seen and will likely be statistically significant with a larger sample size.

Keywords

Anchoring Effect, Charity, Donations, Charitable Giving

1. Introduction

1.1. The Problem

Charitable donations, or “a gift of cash made to a nonprofit organization to help accomplish its goals,” have been in question in recent years (Team, 2023). Many people have started to question the role of philanthropy in our society today, and whether philanthropic activity leads to concrete changes for those in need. For example, experts in the field such as Stanford scholar Rob Reich said that “[philanthropy] does little to solve the root cause of the problems it is trying to solve” (*The Problems with Philanthropy*, n.d.). These doubts reflect the overall donation

statistics for the U.S. in the past years. Notably, the decline in the share of American citizens making charitable donations fell to 53% in 2016, according to a graph by Urban Institute (Schneiderman, 2020). More recently, in 2021, “only half of U.S. households donated to a charity,” which is “the first time in nearly two decades” that this has occurred according to data published by Indiana University (*Only Half of U.S. Households Donated to Charity, Worst Rate in Decades, 2021*). Last year, in 2023, charitable giving dropped further by “2.1% after inflation” (Childress, 2024). This steady decline in philanthropic behavior begs the questions: why are people donating less to charity? And how can we encourage people to donate to legitimate charities and foundations that indeed make meaningful impact in society?

1.2. Literature Review: Enhancing Charitable Giving

Many past studies have investigated methods to increase charitable donations. The meta-review published in May 2022 by Saeri et al. (2023) titled “What Works to Increase Charitable Donations? A Meta-Review with Meta-Meta-Analysis,” consolidates “1339 primary studies” from “21 systematic reviews” on interventions to increase charitable giving. The meta-review aims to provide insight into forms of effective methods of intervention to increase philanthropic behavior. Methods of intervention such as social norms, emotional appeals, and matching donations have been identified by the meta-review as being effective.

Social norms have been identified as one of the most effective interventions to promote charitable causes. The research paper “A Field Experiment in Charitable Contribution: The Impact of Social Information on the Voluntary Provision of Public Goods” by Jen Shang and Rachel Croson (2009) investigates the effect of social norms on the decision making of potential donors. They concluded that the provision of social information, which is the perceived generosity of others, makes individuals more likely to contribute to a charitable cause, which suggests that social norms are an effective fundraising strategy.

Another method of intervention identified in the meta-review by Saeri et al. is the use of emotional appeals. Emotional appeals are a strategy to persuade the audience, making them feel connected, attached, or empathetic for the situation at hand. A study by Small, Loewenstein, and Slovic (2013), titled “Sympathy and Callousness: The impact of deliberative thought on donations to identifiable and statistical victims,” investigates whether individuals will be more likely to donate when they feel a stronger emotional connection with the victims. The results of the study argue that emotional appeals do encourage charitable giving.

Furthermore, the use of matching donations is a method of intervention used in the study “Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment” by Karlan and List (2007). The results of the field experiment indicate that when potential donors are informed that their donations will be matched with an anonymous donor, their contributions towards the charity would increase significantly. This suggests that matching donations can be an effective intervention for charity organizations.

1.3. Anchoring: A Cognitive Tool for Influence

There are also many other methods of intervention to influence behavior. My study will focus on the use of anchoring as a way to change behavior. Anchoring is a cognitive bias where individuals tend to focus on the initial piece of information given to them, which may influence their future judgement.

The impact of the use of anchoring has also been explored by past researchers. For example, the study “Anchoring in Payment: Evaluating a Judgmental Heuristic in Field Experiment Settings” presented participants with different anchoring conditions to see the corresponding effect in payment amounts and decisions. The study found that the use of high anchor values significantly influenced consumer behavior, leading to increased willingness to pay across various scenarios compared to when a lower anchor value was shown or when there were no anchors at all.

Another study titled “Playing dice with criminal sentences: the influence of irrelevant anchors on experts’ judicial decision making” by [Englich, Mussweiler, and Strack \(2006\)](#) investigated the impact of irrelevant anchors on professionally trained judges. The results of the study were quite surprising, as random sentencing demands produced from rolling a dice ended up influencing the judges’ sentencing decisions, revealing the presence of the anchoring bias even in a highly professional setting.

Additionally, an earlier study titled “The Semantics of Anchoring” by [Mussweiler and Strack \(2001\)](#) investigated the mechanisms behind judgmental anchoring effects specifically whether there is a difference between semantic anchoring effects and purely numeric anchoring effects on individuals’ numeric estimates. The study concludes that semantic anchoring effects generally have a strong influence compared to purely numeric anchoring effects, suggesting that the content and context of information provided by the anchor is crucial in shaping judgement.

Moreover, a study by [Simonson and Drolet \(2004\)](#) named “Anchoring Effects on Consumers’ Willingness-to-Pay and Willingness-to-Accept” explored the anchoring effect on purchasing and selling scenarios. Simonson and Drolet’s study found that anchoring prices significantly impacted the decision-making and behavior of both buyers and sellers.

1.4. Research Focus

Consequently, my paper will develop the insights gained from past papers investigating charitable donations and anchoring by investigating the research question, “What is the effect of anchoring techniques on consumers’ willingness to donate to charitable causes?” This research question is of significance as it will provide insights for charity organizations and foundations for a potential way of encouraging charitable donations, especially at a time where the general population has low willingness to give to others.

2. Methods

An experiment was conducted to address my hypotheses. 80 participants were

recruited from Prolific. Participants were randomly assigned to one of two conditions. In both conditions, participants received an advertisement on Project Visionary, which is a non-profit organization aimed at improving financial literacy for the visually impaired. However, participants in the experimental condition were shown the same advertisement along with an anchor that indicated that “the average person donates \$40.” See Appendix A for stimuli.

After the advertisements were shown, participants were prompted with questions that tested the dependent variable for this study. Participants were asked to rank how willing they were to donate, how likely they would tell their friends and family about the charity, and to what extent they thought the charity was supporting a good cause using a 1 - 5 scale. Other than this, they were asked how much money (in US dollars) they would be willing to donate to the charity and to indicate a value between 0 and 100 dollars using a slider.

After completing the experimental portion of the study, I examined whether some participants were more accustomed to donating to charity than others by asking the following question: “Are you someone who often donates to charities?” Participants were given multiple answer choices, which included “definitely not,” “probably not,” “might” or “might not,” “probably yes,” and “definitely yes.” I also looked at factors that may restrict people from donating to charity using the question “What would make you donate to a charity,” which prompted a written response.

Finally, participants reported demographic information including their age, gender, and employment status. Participants were asked to report on their age through a multiple-choice question, which provided age ranges as answer choices. The age ranges were under 18, 18 - 24 years old, 25 - 34 years old, 35 - 44 years old, 45 - 54 years old, 55 - 64 years old, and 65+ years old. Then, participants were asked to provide their gender information, which included the answer choices of male, female, non-binary/third gender, prefer to self-describe, and prefer not to say. Lastly, the question “What best describes your employment status over the last three months?” was used to gauge their employment level.

3. Results

3.1. Demographics

47% of the participants were female, 47% were male, and 5% identified as non-binary/third gender. Participants aged varied widely with 31% aged 18 - 24, 36% aged 25 - 34, 23% aged 35 - 44, 8% aged 45 - 54, and 3% aged 55 or above. 45% reported working full-time, 19% work part-time, 10% are unemployed, 3% are homemakers/stay at home parents, 17% are students, and 6% are “other.”

3.2. Effectiveness of Anchoring

To test my hypotheses, I ran several independent t-tests, comparing the control group’s response to the experimental (anchoring) group’s response. See **Table 1** for the results. None of the comparisons were statistically significantly different.

Participants in the anchoring group did indicate they would donate almost \$2 more than the control group (on average). It is possible with a large sample size, this difference would be significant.

Table 1. Comparison of control and anchoring groups.

Dependent Variables	Statistical Measures			
	Control Group Mean	Anchoring Group Mean	T-Value	p-Value
I am willing to donate to this charity.	3.40	3.11	1.18	0.244
I would tell my friends and family about this charity.	3.25	2.95	1.12	0.265
I think this charity is supporting a good cause.	4.18	4.21	-0.197	0.844
How much money (in US dollars) would you be willing to donate to this charity?	10.20	12.54	-0.937	0.353

The data suggest that the anchoring technique had an observable although statistically non-significant effect on the amounts participants were willing to donate. The average contribution indicated by participants in the anchoring group was 12.54 compared to 10.20 of the control group.

Interestingly, when observing participants' likelihood to tell friends and family about the charity, the control group had a mean rating of 3.25, whereas the anchoring group had a slightly lower mean of 2.95. This suggests that the presence of an anchor had almost no influence on whether participants would be more likely to promote the cause.

Finally, perceptions of whether the charity was supporting a good cause were virtually identical between groups, with the control group showing a mean of 4.18 and the anchoring group with a mean of 4.21, indicating that the anchoring had little to no impact on participants' perceptions of the charity's mission and value ($p = 0.844$).

3.3. Understanding Charitable Behavior

To better understand participant charitable behavior, I asked a number of questions. The first was "Are you someone who often donates to charities?" 13% of participants said definitely not, 22% said probably not, 31% said might or might not, 26% said probably yes, and 9% said definitely yes.

My second question was a qualitative question: "What would make you donate to a charity?" The following themes emerged in the responses:

- Participants indicated they are more willing to donate when they associate the charity with themselves. For example, one participant said, "I'm more likely to donate to a charity that is in my own community."
- Participants indicated they are more willing to donate when they feel that the charity organization is reliable. For example, one participant said that they will

donate to organizations that have a “good description about the charity, resources and being trustworthy.”

- Participants indicated they are more willing to donate when they have a higher income. For example, one participant said that they will donate to charities when they have “better income” so they “can afford to” donate. Another participant simply said that they will donate to charities when they “have a bigger income.”

4. Discussion

Overall, no significant difference was found between the donation intentions of the control group and the experimental group. These results could be due to several reasons. Firstly, participants’ pre-existing donation habits could influence their willingness to donate. Some participants may have a predetermined donation amount in mind, which could make the anchor futile. Moreover, some individuals may be naturally less susceptible to external influences, causing them to follow their own mind regardless of whether an anchor is present. Lastly, it is simply possible that participants skimmed through the poster and did not notice or pay attention to the anchoring donation amount, subsequently not having any effect on them.

My study partially disagrees with past research, as it suggests that the use of anchoring may not be as effective as we thought in encouraging charitable donations. This discrepancy could be because most past studies investigated the effect of anchoring on purchasing intentions instead of charitable donations, which could have fundamental differences. For example, in the context of charitable giving, participants may be more concerned with external factors such as the reliability and authenticity of the charity organization. Moreover, participants who perceive their own income as being lower than average or insufficient for charitable giving may not be inclined to even consider helping others. Therefore, the impact of anchoring on donation intentions may be less than what we expected.

The general takeaway for non-profit organizations and marketers from my study is that the use of anchors may not result in a significant difference in charitable donations; however, it can never hurt to include an anchor on advertisements or organization websites. Although the effectiveness of an anchor is dependent on many extraneous variables, such as mood, income level, cultural factors, and donating habits, there is no evidence supporting the fact that realistic anchors may decrease willingness to donate. Hence, it is advised for non-profit organizations and marketers to experiment with realistic anchor amounts to encourage charitable giving.

5. Research Implications

One limitation of my study is that donation intentions are measured as opposed to the actual behavior of donating. This is a limitation as participants may express their willingness to donate on our survey but may not act accordingly in real life. Therefore, future research should measure real donation behavior to simulate whether participants will follow through in real life situations.

Another limitation is that the study is conducted via an online platform, meaning that participants may answer the questions relatively quickly. Hence, participants may not provide thoughtful responses, leading to lack of effort in answering the open-ended questions. Moreover, the online platform provides a sense of anonymity for participants, which may result in a tendency for participants to not answer truthfully as they do not feel personally responsible for their responses. To mitigate these problems, larger monetary incentives could be offered to participants taking the online survey to encourage genuine and thoughtful responses.

Additionally, one more aspect of my study I would like to improve upon is the visibility of the anchor amount. Since the advertisement had many images, sub-headings, and other distractions, participants in the experimental group may not have noticed the anchor as there is no clear focus on the advertisement. Thus, if this study was to be repeated, the anchor should be more obvious and prominent on screen so that it can be easily acknowledged by participants.

6. Conclusion

In conclusion, this study investigated the effect of anchoring as a form of intervention on consumers' willingness to donate to charitable causes. Although, the results showed no significant difference in donation intentions between the control and experimental groups, suggesting that the use of anchoring may not be as effective in promoting charitable giving as previously thought, it was observed that participants in the anchoring group indicated they would donate slightly more than the control group on average, hinting at a potential more significant influence of anchoring with a larger sample size. Consequently, non-profit organizations and marketers are encouraged to experiment with realistic anchoring amounts, as it may still have a positive impact on donation behavior. Future research should aim to measure actual donation behavior and consider factors such as income level, reliability of the charity, and the visibility of anchors to ensure a more reliable understanding of the complex nature of anchoring and charitable behavior.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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