

Can Supporting a Cause Decrease Donations and Happiness?:

The Cause Marketing Paradox

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Abstract

In two laboratory and one pilot field study, we demonstrate that cause marketing, whereby firms link products with a cause share proceeds with it, reduces charitable giving by consumers, even when it is costless to the consumer to buy on CM (versus not); further, instead of increasing total contribution to the cause, it can decrease it. Consumers appear to realize that participating in cause marketing is inherently more selfish than direct charitable donation, and are less happy if they substitute cause marketing for charitable giving. Our results suggest that egoistic and empathetic altruism may have different effects on happiness.

Keywords: charity, altruism, happiness, pro-social, cause-marketing

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American Express is generally credited with pioneering the concept of cause-related marketing in 1983, whereby businesses join with charities or “causes” to market a product or service for mutual benefit – American Express linked card usage with support for the Statue of Liberty renovation. This was considered a very innovative strategy at that time. However, cause-related marketing is now a strategy adopted by hundreds of firms and is used to increase sales and loyalty for thousands of products from coffee to cars. Since 1993, Avon sells unique Avon Crusade "pink ribbon" fundraising products to support cancer; Ethos Water, owned by Starbucks, gives a nickel from each bottle to providing clean water; Bono is pitching Project RED which donates to AIDS charities (Time, June 26, 2006, page 78).

There is a general belief that a cause marketing purchase is “shopping” and hence is independent of other forms of individual “giving”. Buying a cause marketing (CM) product can also be costless to the consumer, in that the consumer may have purchased the product anyway (without its link to the cause); whereas other forms of giving such as direct donations or matching donations have obvious costs. If consumers participate in these latter cases of giving, which are not costless, they could reduce subsequent donations. With a costless CM purchase, what will the effect on direct donation be? Will it still decrease? If consumers have a mental donation budget, then it should not. However, if they think of a CM purchase as a charitable, moral act, then later donation

may indeed decrease. We address this open empirical question which has important ramifications, since it can affect total monies raised for the cause.

The premise is that cause marketing will *always* increase total money raised for the cause – that is “firm contribution + individual’s direct donation” will be higher with CM (this premise has recently been questioned as discussed later). However, we show this premise is not true – first, a CM purchase decreases direct donations from individuals. *Even if a purchase on cause marketing is costless to the consumer, direct donation still decreases.* More specifically, if two consumers have equal preference for a product which is offered at the same price to both, but one of them buys this product as a CM product, her charitable giving will be lower than the other’s. Second, we show that total donation to the cause need not increase with cause marketing, but can, in fact decrease.

Lastly, we show that CM has the potential to decrease consumer happiness. CM has implicitly been grouped with charitable giving as another example of prosocial behavior. However, pro-social behavior can have components of both selfish and selfless altruism, with the magnitude of the two varying. Researchers have distinguished between acts which benefit the giver (egoistic or selfish) and those that benefit primarily the recipient (empathetic or selfless -- see Batson & Shaw, 1991 and Cialdini et al., 1987). Specifically, empathetic altruism’s ultimate goal is helping others, with self-benefit being an unintended consequence. Conversely, egoistic altruism’s ultimate goal is self-benefit, with helping being an instrumental goal. Purchasing CM products, since the consumer acquires a product in the process (e.g., a Gap RED T-shirt), has larger connotations of egoistic as opposed to empathetic altruism than charitable giving where the consumer gets no tangible benefit in return.

Our findings indicate that people appear to realize that their motives for participating in CM are more selfish than for charitable giving, reducing their subsequent happiness. Unfortunately, this doesn't prevent them from substituting it for charitable giving, which reduces overall charitable donation. These results also suggest that *egoistic and empathetic altruism may have different effects on happiness*.

Our results raise concerns about the practice of cause marketing, and suggest that consumers and policy making bodies should be more vigilant about what CM can do to “individuals' direct donations”, to total donations, and to consumer happiness. The results also have implications regarding the opaqueness of cause marketing programs where firm contribution is unclear.

PRIOR RESEARCH AND CONCEPTUAL DEVELOPMENT

We discuss work on individual charitable giving and happiness that is pertinent to our research.

Pro-Social Behavior

Some work in economics, psychology and consumer behavior has studied the effects of other-regarding preferences on individual behavior (e.g., Andreoni 1995; Rabin 1993). This prosocial behavior (called “altruism” in the economics literature) has been evidenced using ultimatum games (e.g., Henrich et. al. 2001), dictator games (e.g., Andreoni and Miller 2002; see Small, Loewenstein and Slovic 2007 for a modification) and trust games (e.g., Buchan, Croson and Dawes 2002). The game most commonly employed to study charitable giving is the dictator game and its variations, since it most

closely resembles real-life altruistic behavior. Here, the proposer is given a sum of money and offers a fraction to a recipient, but the latter has no role. h

Moderators of pro-social behavior. A series of studies (e.g., Jenni and Loewenstein 1997) demonstrate the “identifiable victim” effect whereby more money is donated when the victim is identifiable versus not. Prior literature has also considered how CM effects are moderated by the donation situation, congruency of the donations with the firm’s core business (e.g., Strahilevitz 1999), effort exerted by the firm, commitment of the firm to the cause (Ellen, Mohr and Webb 2000), perceived motive of the retailer for engaging in the cause (Barone, Norman and Miyazaki 2007) and CM framing (Olsen, Pracejus and Brown 2003). [see also work on corporate social responsibility, e.g., Sen and Bhattacharya 2001].

CM and charitable giving

Recent research supports our proposition that purchasing on cause marketing may decrease charitable giving by individuals. Mazar and Zhong (2010) show that people act less altruistically after they purchase a green product versus a conventional product, perhaps because it is an alternative route to elevating the moral self. Sachdeva, Iliiev and Medin (2009) suggest that an internal balancing of one’s moral self-worth and costly altruistic behavior dictate moral behavior. Therefore, affirming one’s moral identity through one act licenses immoral acts. Khan and Dhar (2006) show that expressing an altruistic intent can boost self-concept and can hence reduce the negative self-attributions associated with luxury items, increasing their purchase incidence

We argue that purchasing a CM product is a less costly alternative to directly donating to a cause (i.e., it is more selfish compared to charitable giving which is more

selfless), pushing the cost-benefit of hedonic calculus (Batson and Shaw 1991) in its favor. Hence, *people will choose cause marketing purchases over charitable giving, i.e., CM will substitute for (lower) direct donations*. This hypothesis is also supported by others. Eikenberry (2009) argues that CM can make virtuous actions easy, Flaherty and Diamond (1999) suggest that consumers may feel “they have fulfilled their philanthropic obligations”, and Lichtenstein, Drumwright and Braig (2004) and King (2008) argue that it may decrease direct philanthropy by consumers, and total monies raised. Websites have also sprung up which advise consumers to not buy on CM, but to donate the same money to the cause directly (see <http://buylesscrap.org/>). These arguments have not been tested, however.

CM and Happiness

Researchers have argued that pro-social behavior increases the giver’s happiness (Dunn, Aknin & Norton, 2008; Harbaugh, Mayr & Harbaugh, 2007). Harbaugh, Mayr and Burghart (2007) find that voluntary giving provides a “warm glow” to individuals and increases neural activity in the reward processing areas of the brain, i.e., voluntary giving results in donors feeling rewarded, similar to the feelings one gets when receiving money for oneself. Dunn, Aknin and Norton (2008) in a survey, a field study and a laboratory study, similarly show that spending more of one’s income on others predicts greater happiness. Liu and Aaker (2008) show that small subtleties in charitable giving can impact the giver’s happiness.

In this paper, we propose that the relationship between charitable giving and happiness has additional nuances. We argue that *in addition to happiness being a function of the amount donated, it is also a function of egoistic versus empathetic*

altruism, with higher empathetic altruism resulting in higher happiness. This means that substituting CM for direct charitable giving will result in lower happiness.

To test our hypotheses, we give participants the opportunity to engage in CM or not and contrast their subsequent charitable donations and also happiness. This is done in Studies 1 and 2 where we use two related designs employing a variation of the dictator game (e.g., Andreoni and Miller 2002). The studies are designed to be incentive compatible (i.e., subjects lose actual money or products when they donate), since it is easy to be an armchair ethicist and donate money when there are no real stakes. Both designs are shopping tasks that also gave participants the option to make a charitable gift using tokens representing cash. Subjects are compensated based on what they buy, but are given nothing based on their donations.

The two laboratory studies are preceded by a pilot field study with the opportunity to buy a CM product or not.

PILOT FIELD STUDY

The field study employed two conditions – “CM and/or donate” and donate-only. A research assistant set up a booth within the student union of a large mid-western university advertising a charity event for a fraternity that raises money throughout the year for the American Cancer Society. For two days (a Tuesday and a Wednesday from 6:15 to 8:45 pm), passersby were asked to donate any money or spare change that they had (donate-only condition). For two other days (again, a Tuesday and a Wednesday from 6:15 to 8:45 pm), the booth sold 8 oz. cans of Red Bull energy drink for \$2.50 per can with a 50-cent donation to the charity, and other donations to the charity were also welcome (CM and/or donate condition).

Results and Discussion

In total there were 92 donations made across the four days; a higher proportion ($n=72$; 79%) of these were made in the donate-only condition versus the CM and/or donate condition ($n=19$; 21%; $p<.05$). The average donation (given that a donation was made) was 71.6 cents without CM, and 55.6 cents when the CM was available. The difference in this average donation is not significant ($p>0.3$), but since the number of people donating is vastly different, the total donation is \$10.56 in the CM condition versus \$52.27 in the donate-only condition. In the CM condition, 15 cans were sold which yielded another \$7.50 for the charity, so that the CM condition raised \$18.06 and the no CM raised \$52.27.

This pilot field study shows that direct donation and also total donation are lower in the “CM and/or donate” case versus the “donate only” case. However, in this pilot study, consumers may have considered the Red Bull purchase price of \$2.50 their donation if they had no intention of buying it without the cause-marketing (i.e., the purchase was not costless). The laboratory studies which follow are systematically designed to test if direct donation decreases even when cause marketing is costless. In these studies, we also examine the relative effect of cause marketing purchases versus direct donations on happiness.

STUDY 1: A SINGLE PRODUCT IS LINKED TO THE CAUSE

The design was a one way between-subjects with four conditions – control with no cause marketing (CM), and three experimental conditions with CM. The three experimental conditions varied which item (from a list of items that subjects could purchase) was linked to CM – details below.

116 subjects who were part of a subject pool participated in the study. Besides getting course credit, subjects were also paid based on performance as elaborated on below. The participants were shown a number of products on which to spend a budget of \$100 and/or donate to a charity. Products were described by name (e.g. “trousers”), price, the utility to the participant (i.e., reflecting how much they liked the product), and the firm’s contribution to a charity (if any). Products B, or G, or E were linked to charity for the three CM conditions (see Appendix 1 for details)

Participants indicated what products they would buy and how much they would donate to charity¹, and were paid based on the utilities of the products they chose. The utility-points participants received equaled the price of the product, reflecting the fact that more expensive products generally provide greater utility. Each utility-point earned gave participants 2 cents – thus, purchasing a two dollar product earned participants 2 cents (see e.g., Carpenter, 2007). Participants could thus earn up to 2 real dollars for the 100 experimental dollars of spending. If participants donated to the charity instead of purchasing products, they essentially lost 2 cents per experimental dollar donated. In the CM condition, the firm contributed to the cause for when a product sale was made (for some of the products). The firm’s contribution was higher for higher priced products.

Study 1 was designed so that *CM purchase was costless for the subjects*. This was done in many ways. First, consumers in the CM condition got paid the same amount from buying a product linked to CM as those in the no-CM condition got paid when they bought the same product (not linked to CM). Second, subjects earned the same amount

¹ Money collected from this study was sent to the “Social Outreach Foundation”, a foundation for the education of underprivileged children. Participants were not given the name of the charity unless they asked – three did (after the study).

of money per \$ spent whether they purchased CM products or non-CM products. So, with the presence of CM, even if subjects' choice shifted from a non-CM to a CM product, it was a costless shift. Note also that products were described merely by product names (e.g., trousers; there were no description or picture) and were thus less likely to form strong preferences for products. Lastly, the CM item was rotated across products so that CM purchase is not confounded with certain items, price, utilities or firm donations.

We also asked participants their reasons for their choices. In addition, participants reported their happiness and satisfaction on 9-point scales ("After making the decisions that you did, how happy/satisfied do you feel?"), and their gender. Pretests were done to check that clothing items chosen for purchase were gender neutral and that subjects understood the study instructions.

Results and Discussion

Gender was initially included as a covariate, but was not significant ($p > 0.1$) and was dropped from further analysis. Contrast tests for the three CM pairs showed no difference in donating (M 's=\$11.13, \$8.44 and \$9.38; all p 's > 0.4) and hence the three CM conditions were collapsed for additional analyses.

CM and Donations. Mean donation was greater (\$23.13, $SD=32.36$) in the no CM condition than in the CM condition (\$9.70, $SD=22.35$; see Table 1 for cell means). A regression shows that CM condition significantly predicted donation amount ($F(1, 114)=6.28$, $\eta^2=.052$, $t=-2.507$; $\beta=-0.229$, $p < .02$). Note that higher donation does not necessarily imply lower CM expenditure since consumers can also buy items that are not linked to CM.

Insert Table 1 about here.

If we add CM expenditure in the regression, we find that CM condition has less of an effect than in the first equation ($t = -2.062$, $\beta = -0.185$, $p < .05$), and CM expenditure is significant ($t = -2.927$, $\beta = -0.262$, $p < .01$), indicating that consumers may consider their CM expenditure to be a donation. Note that this is a very conservative test since we take the sum of expenditure on products B, G and E in both the CM and no-CM conditions to be the CM expenditure, even though in the CM condition, only one of the three products was on CM and in the no CM condition, none were.

Total donation to charity. The charity gets direct donation from the individual and also obtains the firm's contribution (when the consumer buys a CM product). A regression with total donation (direct donation + firm's contribution) as the dependent variable and CM condition as the independent variable showed that CM was marginally significant ($F(1,114)=3.27$); ($t = -1.81$, $\beta = -0.17$; $p < .08$; see cell means in Table 1). Donations are lower in the CM ($M = \$13.51$) versus no CM condition ($M = \$23.13$). Thus, total donation to the charity can indeed be lower with versus without CM.

Altruism and happiness.

We first tested whether the CM condition was indeed associated with more egoistic/selfish altruism than the no-CM (direct donation only) condition. Asking subjects a direct question on whether they were acting selfishly or selflessly would create major demand effects. As such, whether the subjects' behavior was egoistic or altruistic had to be inferred. For this we used two separate measures – verbals protocols, and a third-party-rated empathetic altruism scale adapted form of Rushton, Chrisjohn and Fekken's (1981) global peer-rating of altruism scale.

Verbal protocols. We conducted a content analysis of consumer mentions of various aspects of their shopping and donating choices. We coded subjects' mentions of clothes (e.g., "I like T-shirts and socks"; "I need a jacket and my socks always get holes in them"), charity ("half to charity, half to me"), firm's contribution ("I chose items that had donations to charity that the firm made"), own utility ("most utility with a fair amount of money going to charity"), and other thoughts as 0 or 1, for whether each of these was mentioned by participants or not. Mentions of each of these items were coded by two independent coders, using a coding scheme developed up-front. The few inconsistencies in coding (< 10%) were discussed and agreed upon. As one would expect, firm donation was mentioned only in the CM condition, where the firm was contributing to charity.

Own utility has higher mentions in the CM versus no CM condition (proportion=0.23 for no CM and 0.55 for CM; $p < .05$, see Table 1 for study results), whereas *charity* does not ($p > 0.2$). Thus, it appears that the CM triggers more thoughts about self-utility, consistent with egoistic altruism (Batson and Shaw 1991) or selfish reasons (Cialdini et al., 1987).

Third-party-rated empathetic altruism scale. Two raters rated subjects' purchasing and donation decisions on the global peer-rating of empathetic altruism scale which was composed for three 7-point items (how caring/helpful/willing to make a sacrifice is this individual?). The mean for the CM condition was 3.2 whereas that for the no CM condition was 5.4 ($p < .05$; $\alpha = 0.83$) again giving support for behavior in the CM condition being less empathetic.

Happiness. Next, we examined whether higher donation result in higher contentment by combining the happiness and satisfaction scales ($\alpha = 0.93$). A regression analysis shows that donation was a significant predictor of contentment ($t = 4.1345$, $\beta = 0.388$, $p < .01$),

whereas, CM condition and CM expenditure are not ($p's > 0.6$). Thus, it appears that the CM triggers more thoughts about self-utility, consistent with egoistic altruism and that, generally, higher donations lead to higher contentment.

Study 1 findings are consistent with the proposition that CM substitutes for direct donation and that egoistic altruism is favored to empathetic altruism (CM lowers direct demand), resulting in lower happiness. However, it may be argued that the donation was lower in the CM condition because subjects thought that if they purchased CM products, then the firm would contribute to the same cause -- creating a “crowding-out” effect (Kunemund and Rein 1999), since the cause was not specified in study 1). In study 2, we test if CM results in lower direct donation even if the firm and the individual donate to different causes.

STUDY 2: WHEN THE INDIVIDUAL AND FIRM DONATE TO DIFFERENT CAUSES

This study extends the results of Study by adding a condition in which CM and charitable donation did not benefit the same cause. This study also differs from the previous one in that participants are shown pictures of 22 real products as opposed to utility information and that one participant (picked at random) was given the products s/he chose as opposed to given money – see Appendix 2.

There were three conditions in this study – match (same charity for individual and corporate level donations, as in the CM condition of Study 1a), no match (different charity for individual and corporate level donations) and no-CM (no CM by the firm as in the no-CM condition of Study 1). In the “match” condition, both the individual and the firm contributed to the same charity for children suffering from Aids in Africa; in the “no match” condition, the individual contributed to a charity for Aids, whereas the firm to a different charity for

Homeless Shelters, and in the “no-CM” condition the individual contributed to the charity for Aids.

Ninety two participants were recruited for course credit and given 100 experimental dollars to spend on purchasing and donating. In the two CM conditions, 10 of the 22 products were associated with a cause and the firm donated, for example, \$0.25 for a \$2 calendar or \$15 for \$100 Zen Headphones.

Results and Discussion

Gender was initially included as a covariate, but was not significant ($p > 0.2$) and was dropped from further analysis. Contrast tests for the two CM conditions showed no difference in donating ($M = \$17.48$ for match and $\$21.90$ in no-match, $p > 0.4$) or in happiness ($M = 6.92$ for match and 7.02 for no-match, $p > 0.3$) and hence the two CM conditions were collapsed for all further analyses.

CM and donation. A regression showed that CM condition significantly predicted donation amount ($F(1,90) = 11.34$, $\eta^2 = 0.11$; $t = 3.37$, $\beta = 0.36$, $p < .01$). When we include CM expenditure in the regression (with CM expenditure = \$0 in the no-CM condition), then CM condition is only marginally significant ($t = 1.93$, $\beta = 0.22$, $p < .1$), but CM expenditure is significant ($t = -2.02$, $\beta = -0.23$, $p < .05$), suggesting purchasing on CM reduces charitable giving².

Total donation to charity. The charity gets direct donation from the firm and the firm’s contribution when the consumer buys a CM product. A regression with total donation (direct donation + firm’s contribution) as the dependent variable and CM condition as the

² We also see that mean donation in study 2 is higher than in study 1. This is expected since everyone earned money based on their purchases in study 1 (2 cents for each dollar spent), whereas in study 2 one person selected at random got the items s/he had purchased – as such, the perceived stakes of being generous may have been lower in study 2.

independent variable showed that CM was significant ($F(1,90)=7.16$, $\eta^2=.07$, $t=2.68$, $\beta=0.28$, $p < .01$). Donations are lower in the CM ($M=\$24.98$) versus no CM condition ($M=\$43.30$). Again, we see that total donation to the charity can be lower with versus without CM.

Altruism and happiness. Verbal protocols. Again, mention of *own utility* is higher in the CM condition versus the no-CM condition (proportion=0.14 for no-CM and 0.56 for CM; $p < .05$), whereas mentions of *charity* is not ($p > 0.2$; see Table 2 for cell means). Per the third-party-rated empathetic altruism scale, the mean for the CM condition was 3.2 whereas that for the no-CM condition was 5.7 ($p < .05$; $\alpha=0.91$) indicating behavior in the CM condition being perceived as less empathetic. CM triggers more thoughts about self-utility, consistent with egoistic altruism.

Insert Table 2 about here.

Contentment. Means for contentment are 7.25 and 6.97 for the no-CM, and CM conditions (α for contentment scale = 0.82). A regression analysis shows that donation was a significant predictor of contentment ($t=2.96$, $\beta=0.32$, $p < .01$), whereas, CM condition and CM expenditure are not (p 's > 0.2 ; here CM expenditure in the no-CM condition is taken as \$0; however, this holds even if CM expenditure is taken as expenditure on items offered on CM in the CM condition). These analyses indicate that consumers who give more to charities are more content than those who donate less.

CONCLUSIONS

Results from a pilot field study and two laboratory studies show that consumers' direct charitable giving to a charity is lower if they purchase on CM *even if the cause marketing purchase is costless to the consumer (unlike other forms of charitable giving)*. This suggests that even if CM purchases are costless, consumers think of their purchase as a charitable act and decrease subsequent charitable acts. This is corroborated by the fact that in both laboratory studies, the higher the cause marketing expenditure, the lower was the individual charitable giving, indicating that people may mentally assign their CM expenditure as their charitable giving. Consumers may even think of the firm's donation as theirs since it is facilitated by their act -- in fact, this type of thinking is "rational" since it allows consumers to spend less to meet their donation goals.

The premise that cause marketing will *always* increase total money raised for the cause is shown not to hold in our studies. We find that instead of increasing total contribution to the cause, the presence of CM can decrease it. It needs to be noted, that whether total donation increases or decreases with CM depends on firm contribution. We have merely challenged the belief that total donation *always* benefits with CM, with the objective of making consumers and public policy officials think a little before embracing CM at every opportunity. This is especially important given the number of highly opaque CM campaigns that are run -- for instance, many do not report what portion of proceeds are given to the cause, some have limits on their donation and keep the excess monies raised (e.g., the notorious Yoplait campaign -- see Boston Globe, October 4, 2009), some report the donation as a part of unreported profits.

CM purchasing substituting for charitable giving is also consistent with people choosing the less costly altruistic option. However, the laboratory studies show that the less

empathetic altruism option of CM purchase chosen by consumers leads to lower contentment. It is as if people know intrinsically when they have done selfless charitable acts. The egoistic nature of cause marketing purchases is evidenced in open-ended responses focused on self-utility, or selfish reasons. It is also seen as being more selfish and less empathetic in third-party ratings of “purchasing and donating behavior” as being more caring, helpful and sacrificing. Our results are in line with work showing happiness to be a function of donation amount. However, our research adds another dimension to research linking charitable giving and happiness -- *selfish versus selfless altruism can have different effects on happiness.*

There are many limitations of our research that need to be pointed out. We intentionally made CM costless in our laboratory studies to see if donation decreases even when CM is costless. However, purchasing CM products need not be costless when people buy items they do not want (e.g., Red Bull in our field study may not be desired by some buyers) – in this case, empathetic altruism may actually be higher and happiness need not decrease with the purchase of CM products. This needs further research.

The pilot field study is very small scale and needs to be replicated before any generalizations can be drawn from it. Additional treatments can also try and tease out how much the sales of Red Bull are affected by CM, and more explicitly separate the donation from the purchase.

There are many opportunities for studying larger issues of altruism and happiness that have not been explored as yet. For instance, what would result in greater happiness: giving to a charity related to a personal cause or being more selfless and giving to a charity unrelated to a personal cause or?; buying a product one likes or doing a selfless act by purchasing less preferred product because it is on CM? Another interesting avenue for future

research is to see to what extent different forms of giving (including CM purchases) affect subsequent giving. We leave the reader with these important questions to ponder.









APPENDIX 1: EXPERIMENTAL STIMULI FOR STUDY 1

| Item | Price of the item. | Your utility | Firm's contribution to charity -- No CM | Firm's contribution to charity -- CM on pdt. B | Firm's contribution to charity -- CM on pdt. E | Firm's contribution to charity -- CM on pdt. G |
|-----------------|--------------------|--------------|---|--|--|--|
| A (jacket) | \$100 | 100 | \$0 | \$0 | \$0 | \$0 |
| B (jacket) | \$90 | 90 | \$0 | \$10 | \$0 | \$0 |
| C (jacket) | \$80 | 80 | \$0 | \$0 | \$0 | \$0 |
| D (trousers) | \$70 | 70 | \$0 | \$0 | \$0 | \$0 |
| E (trousers) | \$60 | 60 | \$0 | \$0 | \$7 | \$0 |
| F (dress-shirt) | \$50 | 50 | \$0 | \$0 | \$0 | \$0 |
| G (T-shirt) | \$20 | 20 | \$0 | \$0 | \$0 | \$3 |
| H (T-shirt) | \$10 | 10 | \$0 | \$0 | \$0 | \$0 |
| I (T-shirt) | \$5 | 5 | \$0 | \$0 | \$0 | \$0 |
| J (socks) | \$2 | 2 | \$0 | \$0 | \$0 | \$0 |
| K (socks) | \$1 | 1 | \$0 | \$0 | \$0 | \$0 |

APPENDIX 2: Pages 2 and 3 of Questionnaire used for Study 2

The numbers below reflect what the price of the product is, and what the firm contributes to charity from the sale of this item, if anything.

Please spend your \$100 by circling the items you want to buy and by writing in your donation to the charity. Make sure to check that your “Total spending on products + donation to charity” = \$100.

| Item | Description | Price | Firm's Contribution to AIDS in Africa | Qty. of each product you wish to buy | Total price for this item |
|---|----------------------------|-------|---------------------------------------|--------------------------------------|---------------------------|
|  | Zen headphones | \$100 | \$15 | | |
|  | TomTom Portable GPS | \$100 | \$0 | | |
| ⋮ | | | | | |
|  | Cross Sable Ball-Point Pen | \$80 | \$9 | | |
|  | Logitech Wireless Mouse | \$70 | \$7 | | |
| ⋮ | | | | | |
|  | Sony Non-Slip Headphones | \$10 | \$0 | | |
| ⋮ | | | | | |
|  | 2009 Pocket Calendar | \$2 | \$0.25 | | |
|  | Movie Theater Milk-Duds | \$1 | \$0 | | |
|  | Movie Theater Raisinets | \$1 | \$0 | | |
| | | | | Total spent on products: | |
| | | | | My donation to the AIDS charity is: | |
| | | | | Total money to spend and donate: | \$100 |

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TABLE 1: RESULTS FOR STUDY 1

| | No CM | CM on product C, E or G |
|------------------------------------|--------------------|-------------------------|
| Individual Donation | \$23.13 (32.36) | \$9.70 (22.35) |
| Expenditure on CM products | \$27.67 (35.49) | \$42.67 (40.13) |
| Total donation (individual + firm) | \$23.12 (32.36) | \$13.51 (22.09) |
| Contentment | 6.50 (1.33) | 6.38(1.60) |
| Mention of charity | 0.40 | 0.36 |
| Mention of own utility | 0.23 | 0.55 |
| n | 30 | 86 |

*Standard Deviation is given in parentheses.

TABLE 2: RESULTS OF STUDY 2

| | No CM | CM |
|---|--------------------|---------------------|
| Individual donation to charity | \$43.30 (35.90) | \$19.69 (29.20)* |
| Consumer expenditure on CM products | \$0 | \$43.95 (43.07) |
| Total donation (individual + firm) | 43.30 (35.90) | 24.98 (28.03) |
| Contentment | 7.25(1.42) | 6.97(1.21) |
| Mentions of own utility | 0.14 | 0.56 |
| Mentions of charity | 0.21 | 0.28 |
| Third-party-rated empathetic altruism scale | 5.7 | 3.2 |
| n | 30 | 62 |

*Standard Deviation is given in parentheses.