

HOW TO COLLECT DONATIONS: CONCEPTUAL REVIEW AND IMPLICATIONS FOR ONLINE NON-PROFIT INFORMATION GOODS PROVIDERS

Darja Leskovec
University of Ljubljana
Faculty of Economics
Slovenia
darja.leskovec@ijs.si

Abstract: The question why some people give to the needy and others not has puzzled researchers from various disciplines for decades. Previous research extends from exploring motivation, donor behavior and donor characteristics to importance of social information and relationship marketing in different contexts of donating. This paper draws together previous scientific work in order to provide a coherent insight into the issue of how non-profit organizations should collect donations. After indicating existing models of donor behavior and supplementary literature, the paper focuses on monetary donations collected in virtual environments. I am especially interested in online non-profit information goods providers collecting donations in order to ensure their existence in the future. The properties that make information goods unsuitable for common market transactions are uncertainty (one must experience information good to know what it is), scarcity (can be reproduced and distributed relatively inexpensively) and public availability (information is non-rival and non-excludable). Besides these dimensions, the facts that price alone cannot signal the quality of the content and that information on the Web is in general perceived to be widely accessible make online non-profit information goods providers hard to survive. In this aspect, I distinguish between voluntary payments and monetary donations. I draw from previous research conducted in the off-line environments and show how findings can be applied to the online world. Finally, implications for marketers of online non-profit organizations and directions for further research are provided.

Key words: donor behavior, online monetary donations, voluntary payments, non-profit organizations, information goods

KAKO ZBIRATI DONACIJE: KONCEPTUALNI PREGLED IN IMPLIKACIJA NA SPLETNE NEPRIDOBITNE PONUDNIKE INFORMACIJSKIH DOBRIN

Povzetek: Vprašanje, zakaj nekateri ljudje dajejo tistim, ki so potrebni pomoči, drugi pa ne, že dlje časa vznemirja raziskovalce na različnih znanstvenih področjih. Prvotne raziskave temeljijo na proučevanju motivacije, obnašanju donatorjev in značilnostih donatorjev, kakor tudi na pomenu družbenih informacij in marketingu odnosov v različnih kontekstih doniranja.

S tem člankom, ki združuje predhodno znanstveno delo na tem področju, želim podati koherenten vpogled v to, kako naj nepridobitne organizacije zbirajo donacije. Za tem, ko predstavim obstoječe modele obnašanja donatorjev in dodatno literaturo, se osredotočim na denarne donacije, ki jih je mogoče zbirati v virtualnem okolju. Posebej me zanimajo spletni nepridobitni ponudniki informacijskih dobrin, ki zbirajo donacije zato, da bi zagotovili svoj obstoj v prihodnosti. Lastnosti, ki naredijo informacijske dobrine neprimerne za tržne transakcije, so negotovost (informacijsko dobrotno je potrebno izkusiti, če jo želimo spoznati), omejenost (dobrotno je mogoče razmeroma preprosto reproducirati in distribuirati) in dostopnost javnosti (informacije med seboj ne tekmujejo in se ne izključujejo). Poleg teh dimenzij pa tudi dejstvo, da cena sama po sebi ne more sporočati kakovosti vsebine ter to, da so informacije na spletu razmeroma lahko dostopne, zmanjšuje zmožnosti za preživetje spletnih nepridobitnih ponudnikov informacijskih dobrin. V tem kontekstu razlikujem med prostovoljnimi plačili in denarnimi donacijami. Pri tem črпам iz predhodnih raziskav, ki so bile opravljene v nespletnih okoljih ter skušam rezultate teh raziskav uporabiti v spletnem okolju. V članku so prav tako podani napotki za trženje spletnih nepridobitnih organizacij ter smernice za nadaljnje raziskave na tem področju.

Ključne besede: obnašanje donatorjev, denarne spletne donacije, prostovoljna plačila, nepridobitne organizacije, informacijske dobrine

1. INTRODUCTION

In this paper, I focus on donor behavior connected with donations to online non-profit organizations. Other forms of donations, such as for example time, organ and blood donations, are not considered since variables influencing and explaining such donations are usually different from variables explaining monetary donations and findings cannot be applied to the online donor behavior. Of special interest are online non-profit providers of information goods (e.g. Wikipedia, OpenCourseWare), non-profit organizations, which provide free of charge information goods in virtual environments. Their existence depends to a large extent on individual donations, yet research on donor behavior in this area is scarce.

2. DONATING AND MODELS OF DONOR BEHAVIOR

The act of donating is best characterized 'as voluntary surrender of resources to a resource starved beneficiary' (Bajde, 2006, p. 75). Donating can take many different forms, but is usually connected with people helping the needy through an intermediary organization, e.g. charitable non-profit organization (Varadarajan & Menon, 1988), which takes two major forms, namely volunteering (donation of time) and monetary donations (Lee & Chang, 2007).

In the literature, many terms are used to discuss voluntary contribution to a charitable non-profit organization, such as pro-social behavior (Burnett & Wood, 1988), charitable giving (Sargeant, 1999), helping behavior (Bendapudi et al., 1996), voluntary payments (Borck et al., 2006), altruism (Guy & Patton, 1989), impure altruism (Andreoni, 1990), warm glow (Mayo & Tinlsey, 2009; Crumpler & Grossman, 2008) and philanthropy (Harbaugh, 1998; Ilchman, Katz & Queen, 1998). Although the authors make certain distinction between these terms, they are often used interchangeably (Bajde, 2006).

Philosophers and economists have been puzzled by the issue why individuals help one another since antiquity (Wispe, 1978). In the past centuries we see contribution to the subject from the fields of economy, clinical psychology, social psychology, anthropology, sociology and as well in the late 20th century from the field of marketing (Sargeant, 1999). When discussing motives behind making donations, authors are usually divided between the ideas of altruism, '*altruistic gene*', and egoism, '*selfish gene*', (Guy & Patton, 1989).

The term 'altruism' was coined by the French philosopher Auguste Comte in the early nineteenth century (Flescher & Worthwn, 2007, p. 8). It was described as social behavior that reflects an unselfish desire to live for others (Flescher & Worthwn, 2007, p. 8). Contemporary authors warn that concept of altruism is still unclear and thus should be studied from perspectives of different disciplines such as psychology, biology, philosophy, sociology, economy, religion and others (see Flescher & Worthen, 2007; Piliavin & Charng, 1990; Krebs, 1970; Khalil, 2004). Piliavin and Charng (1990, p. 27) see altruism as 'acting with the goal of benefitting another', Margolis (1982) as behavior that creates an intrinsic reward from giving for the benefit of others, while Flescher and Worthen (2007, p. 53) state that 'altruism occurs when one acts for the sake of another or others and their wellbeing and welfare become the ultimate object of one's concern'.

However, Andreoni (1990) states that when people make donations to charity, there may be many factors influencing their decision other than altruism, such as social pressure, guilt, sympathy or a desire for a warm glow. Andreoni (1989) supports the concept of warm glow with the statement that people may get some private goods benefit from their gift per se, i.e. receive utility from the act of giving (Crumpler & Grossman, 2008). Combining altruism and the selfish motive for donating, Andreoni (1989) established a concept of 'impure altruism', which also indicates that progressive taxation may actually increase charitable giving.

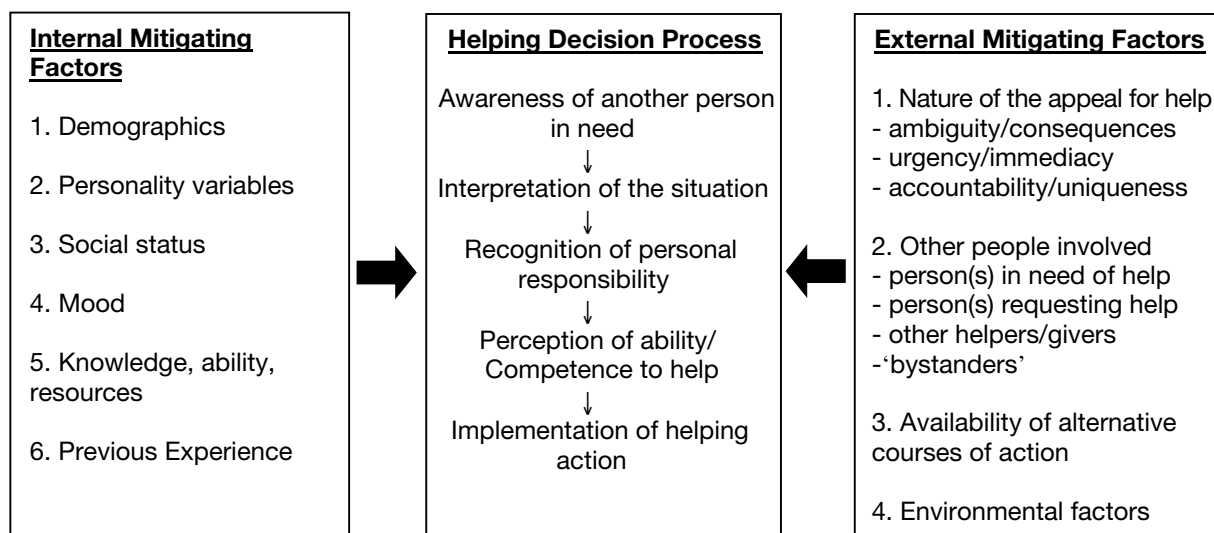
Throughout the past four decades, several attempts were made to understand donor behavior, and to develop a broad perspective of why people may or may not give to charitable non-profit organizations (Sargeant et al., 2006). Especially factors motivating donations were studied thoroughly in disciplines of economics, psychology, social psychology, sociology, anthropology, management and marketing (Sargeant & Woodliffe, 2007).

The existing models of donor behavior offer an integrative insight into donating behavior; thus their detailed presentations are provided. However, Bajde (2006) claims that this is a part of the literature being far from exhaustive.

Guy and Patton (1989) developed a decision process supporting helping behavior. They propose a linear decision process, leading from awareness to implementation, which is however, affected by several internal and external mitigating factors as shown in Figure 1. Authors base their model on the belief that the strongest motive of helping behavior is the 'basic, deep-seated need to help others without expectation of reward other than the joy or pleasure of helping'. Intrinsic motivation is triggered and reinforced by the fact that someone needs help, while it is inhibited when external rewards are offered.

Guy's and Patton's (1989) helping decision process has five stages. First *awareness that another person needs help* should be triggered, which is a result of noticing that one is in a

Figure 1: The helping decision process and potential mitigating factors



Source: Guy & Patton, 1989

situation 'in which undesirable consequences are probable'. The rest of the process depends largely upon *interpretation of the situation* in term of the intensity, urgency, potential consequences, etc. After interpreting the situation, the donor should *recognize his/her personal responsibility* for helping. However, the desire to help and the ability to help are different concepts, thus act of helping depends upon donor's *perception of ability or competence to help*. After all the previous stages are reached, the *implementation of helping action* can occur.

Further on, authors discuss potential factors which may enhance or hinder a donor's progress through the helping decision process. They divide them to internal factors, arising from donor's characteristics, and to external factors, arising from characteristics of the situation. Recognized internal mitigating factors are *demographics* (income, age, place of residence), *personality variables* (other- or self-directed, valuing of intrinsic or extrinsic rewards), *social status* (power, profession), *mood* (good or bad mood), *knowledge, ability, resources* (self perception of capabilities) and *previous experience* (past experience with altruistic cause organization). Moreover, external factors, with a considerably stronger influence, may mitigate donor's decision process. Guy and Patton exposed the *nature of the appeal* (see Figure 1), *other people involved* (see Figure 1), *availability of alternate courses of action* (if no action is considered appropriate

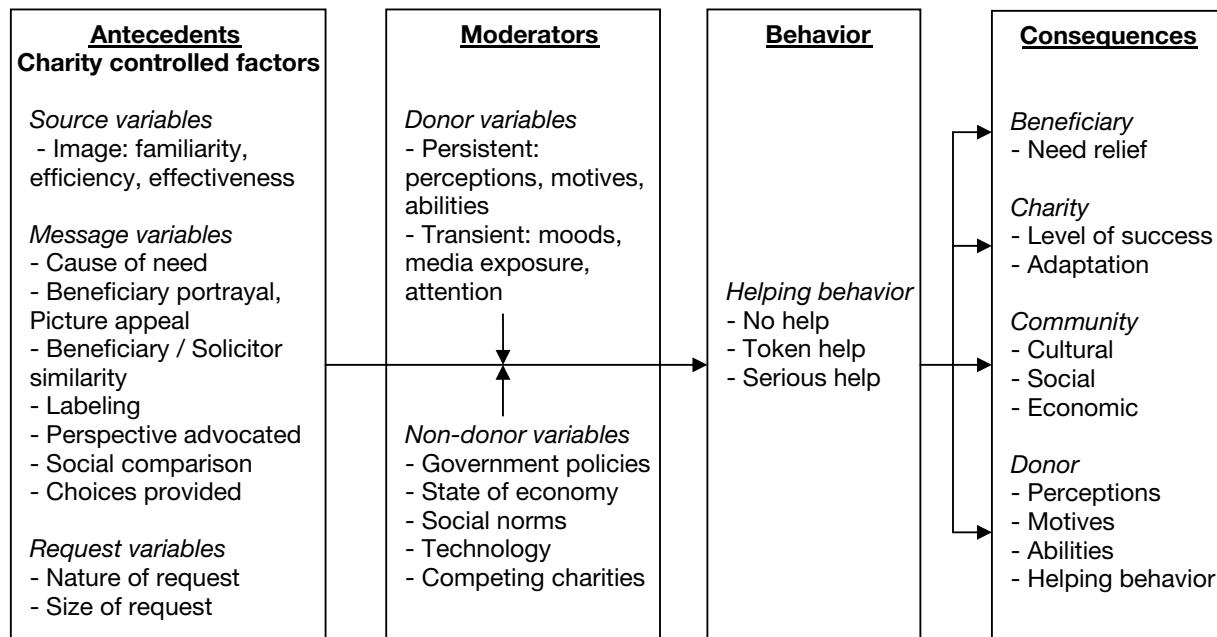
individual will not help) and *environmental factors* (barriers to the act of helping).

Guy's and Patton's research (1989) is pioneering the donor decision process, but it offers little additional insight and fails to address the motivating intrinsic need for helping in detail (Bajde, 2006).

Bajde (2006) categorizes literature on donor behavior into two waves, with the first taking place only at the end of 1980s. Its peak was Burnett's and Wood's (1988) study of donor behavior, with an elaborate model of donor behavior. In the second half of 1990s the second wave of research on donor behavior took place, beginning with Bendapudi's et al. (1996) study on enhancing helping behavior. Their study focuses on enhancing helping behavior with emphasis on marketing communications that influence and motivate donors. Authors propose a conceptual framework with people's helping behavior in a centre, surrounded by its antecedents, moderators and consequences (see Figure 2).

Since helping to charities may be affected by many variables, authors demonstrate controllable promotional variables as antecedents and uncontrollable variables as moderators affecting relationship between antecedent variables and helping behavior. Charity organization may control source, message and request variables

Figure 2: A conceptual framework of people's helping behavior toward charities



Source: Bendapudi et al., 1996.

(*antecedents*), while donor and non-donor variables cannot be controlled (*moderators*). However, both groups of variables affect donor's respond, which may capture one of three different degrees of *helping behavior*. Finally, helping behavior may have several different consequences, which can affect the beneficiary, charity, community or/and the donor. Combining marketing and social psychology research, Bendapudi's et al. (1996) framework adds to the investigation of interaction effects for charity and donor variables on helping behavior.

Sargeant's (1999) model of donor behavior is "managerially inspired" and presents individual giving behavior as an input/output process. Donation decision process mirrors the traditional production process (input-work-output), where charity organizations provide the input and collect the output (Bajde, 2006). Based on thorough literature review, Sargeant (1999) develops a model (see Figure 3) which starts with external *inputs* of decision-making process, such as charity appeals, brands, facets, etc. When a donor is faced with the inputs, several variables affect his *perceptual reaction* to the conveyed message, e.g. portrayal of the individual in need, fit of the charity with a given donor's self image, strength of the stimulus and the degree to which perceptual noise is present. Further on, processing of the giving

decision is impacted (*processing determinants*) by the donor's past experience with a given charity and charitable giving in general, and by the criteria donor might use to evaluate potential organization for support. Finally, the model ends with the *output* of the decision making process, which may be expressed in a variety of different ways, e.g. money, time, etc. Moreover, Sargeant (1999) introduces *intrinsic* and *extrinsic variables* which may affect the manner in which charity appeals are perceived and decision-making process conducted. Within the model, Sargeant (1999) stresses the importance of processing determinants.

Bendapudi et al. (1996, p. 34) were the first to provide a thorough overview of the literature on helping, i.e. donor behavior from the late 1970s up to the year of 1995. Then, only after more than ten years, another extensive review of the field was conducted. Sargeant and Woodliffe (2007) examined existing literature regarding monetary donations up to the year 2005. They formed an extended model of donor behavior (see Figure 4) and provided empirical evidence for each determinant of the model. In continuation the key prepositions of donor behavior the authors identified through the literature review are summarized.

Figure 3: Model of individual charity giving behavior

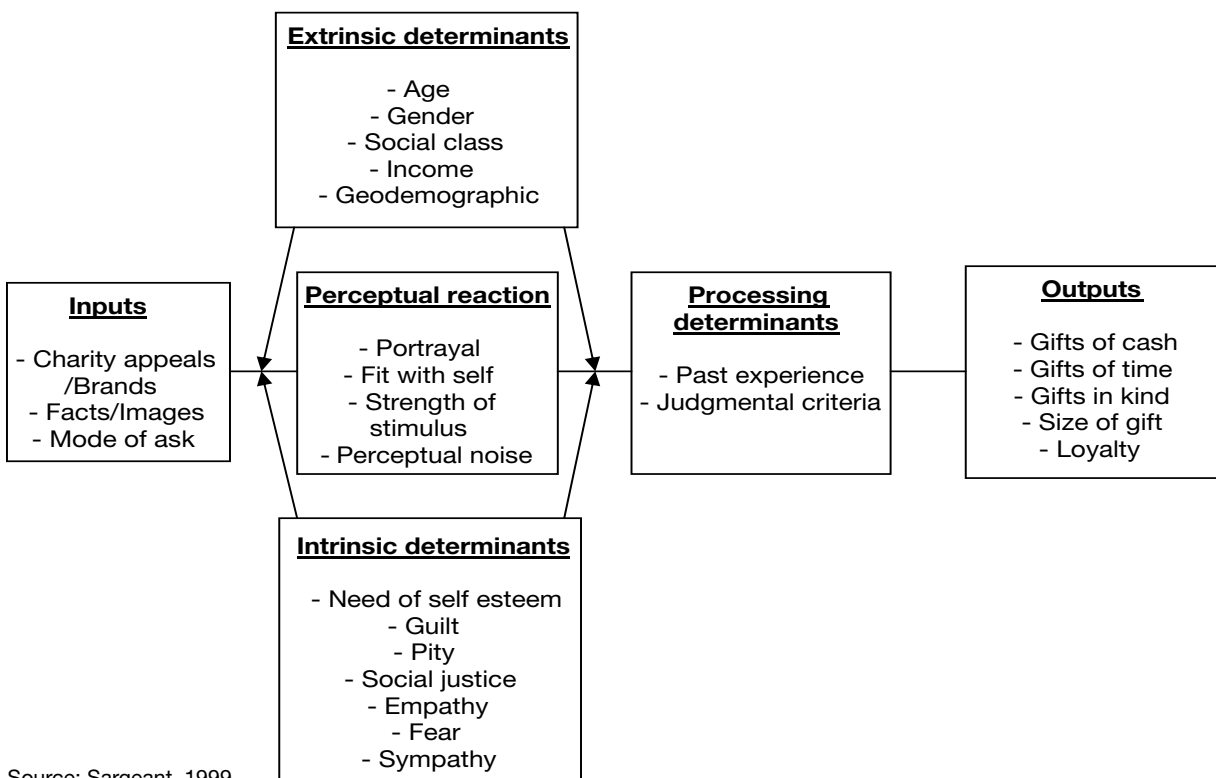
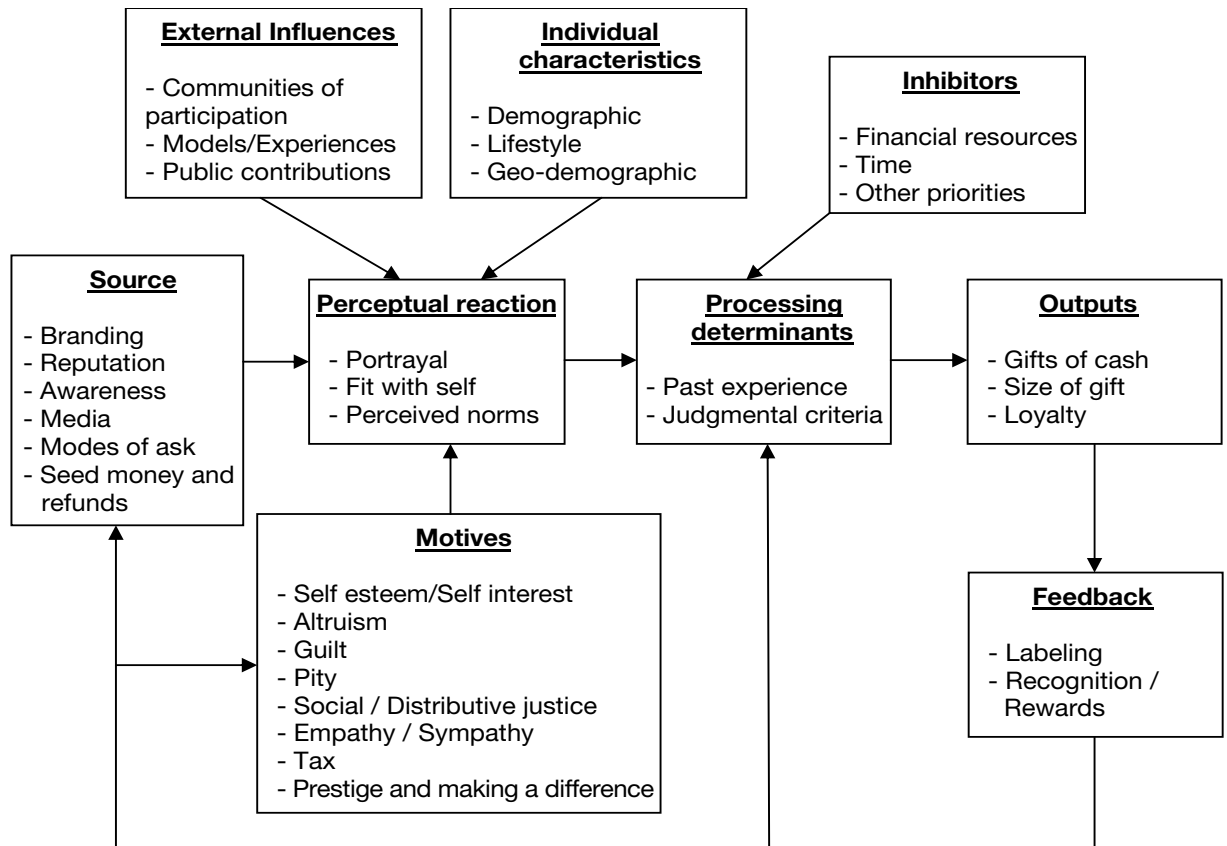


Figure 4: Extended model of donor behavior



Source: Sargeant & Woodliffe, 2007

The model starts at the *source* of fundraising request. Authors propose that performance in fundraising is connected with non-profit brand recognition and understanding, while the perceived differentiation of a charity brand influence the portion of donor’s charity ‘pot’ that will be allocated to a specific organization. Successful performance in fundraising is as well associated with good or positive reputation of the non-profit. However, influence of reputation varies by media context (stronger in impersonal fundraising). Several studies which dealt with the mode of ask suggest that lowering the sum requested and multiple asks will increase donor compliance, and that characteristics of the fundraiser are associated with donor compliance as well (e.g., in face-to-face context female fundraisers generate higher compliance than males). Lastly, bigger proportion of seed money (amount of the total fundraising goal) increases compliance and the level of giving, while offering contributor refunds increases the level of average donation.

Perceptual reaction’s variables impact the donor’s reaction to the message being communicated. The way in which the beneficiaries are presented,

affects the level of compliance achieved (picture of ‘excessive’ need decreases compliance, picture that the needy may be blamed for his/her condition decreases compliance, etc.). If the donor perceive the needy similar to him or her, the compliance is increased, as well as if fundraising requests depicts donors as generous and loving. Lastly, individuals tend to exhibit behavior they believe is normative for their social group.

Processing determinants impact the manner in which the giving decision is processed. Hence, non-profits offering high level of material or emotional utility and non-profits perceived as efficient, effective and professional generate higher levels of compliance and support. Donor’s retention and level of giving is associated with trust, satisfaction and quality of service provided by the organization.

External influences impacting donor behavior are role models (especially in circumstances of social ambiguity), communities of participation (bringing individual in contact with the need) and public contribution (donor’s motivation determines whether public contributions crowd in or crowd out his/her donations).

Table 1: Studies of donation behavior conducted after 2005

Author, Year	Research method	Focus	Findings
Bennett (2007)	Role-playing	Premium incentives for stimulating donations.	Incentives can enhance favorable donor behavior, but are more appropriate for lower-value donations. 'Committed' donors oppose more to the idea of donor incentives; hence incentives might be less relevant for relationship building.
Lee & Chang (2007)	Survey	Determinants affecting donation behavior in the Taiwanese context, using extrinsic (demographic and socio-economic) and intrinsic (psychographic and attitudinal) variables.	Monetary donations are usually determined by extrinsic variables such as gender, age, marital status, family loading and income rather than intrinsic variables. Authors compare their findings with previous research conducted in the Western countries and show for some differences between the Taiwanese and Western cultures.
Smith & McSweeney (2007)	Survey	Revised theory of planned behavior and predicting donation intentions.	Attitudes, perceived behavioral control, injunctive norms, moral norms and past behavior predict charitable giving behavior. This does not hold for descriptive norms.
Basil, Ridgway & Basil (2008)	Experiment	Guilt, empathy, efficacy and consumer response to charity appeals.	Impact of empathy on charitable donation intention is fully, and impact of self-efficacy partially mediated by guilt and maladaptive responses. Both determine whether guilt or maladaptive responses give results.
Crumpler & Grossman (2008)	Experiment	Effect of warm glow on charitable giving behavior (in environment with no motivation for altruistic giving).	Warm glow giving exists and is significant (subjects donated on average 20% of their endowment, and approximately 57% of the participants made a donation).
Das (2008)	Experiment	Effectiveness of fundraising messages.	Abstract information is more effective when combined with a negatively sounded message, while anecdotal information is more effective when combined with a positive message. Messages that address charity goal attainment issues increase donation intentions.
Martin & Randal (2008)	Field experiment	Influence of previous donations of others on the donation behavior.	Provided social information has a significant impact on donation composition, frequency and value.
Ranganathan & Henley (2008)	Survey	Impact of religiosity on individual's charitable donation process.	Religiosity is an important determinant of attitudes towards helping others, attitudes towards charitable organizations, and towards advertisement, and of behavioral intentions.
Sargeant & Hudson (2008)	Survey	Donor retention and recruits.	Lapses donors are younger than active recruits, and have experienced some form of pressure at the point of recruitment.
Sargeant, Ford & Hudson (2008)	Survey	Charity brand personality and donor behavior.	Traits associated with benevolence, progression and conservatism are incapable of distinguishing between brands, while traits associated with emotional engagement, service, voice and tradition can serve as a basis for differentiation and are linked to facets of individual giving behavior.

Mayo & Tinsley (2009)	Theoretical model	Warm glow, households, income and charitable giving.	Biased perceptions of effort and luck (causes of reward distributions) reduce warm glow of high-income households, which explain the essentially flat relationship between income and percentage donations to charity.
Winterich, Mittal & Ross (2009)	Survey	The role of gender and moral identity in differential donations to in-groups and out-groups.	For donors with a feminine gender identity, moral identity importance tends to increase donations to out-group, while for donors with masculine gender identity, moral identity importance increases donations to in-group.

Individual characteristics affecting donor behavior, are age, gender, socio-economic status, lifestyle and geo-demographic variables (distinguishing between donors and non-donors, or donors to one category of cause from another).

Indicated *motives* for donating are altruism (pure altruism or need for material or emotional utility), empathy (higher level of empathy results in higher compliance and giving), sympathy (the level of sympathy in appeals affects compliance and support), feelings of fear, pity and guilt (the stronger these feelings are, the higher compliance and support), need for social justice (motivator in situations where the need is likely to be short and the needy cannot be blamed for his/her condition), prestige (organizations offering higher levels of prestige and impact on the cause generate higher compliance and support) and taxation (donating is price elastic).

Inhibitors of making donations are lack of money, time, risk to individual's ego and doubts over the worthiness of cause. Lastly, *feedback* the non-profit provides to the donor in terms to establish an ongoing relationship can be affected by labeling (positive labels increase donor loyalty and subsequent donations; effective labels are credible, effective, reflect donor's self-image) and recognition and/or rewards (recognition perceived adequate influence donor loyalty and subsequent donations).

The above presented Sargeant's and Woodliffe's (2007) study of donor behavior provides a deep insight into the literature on monetary donations to charitable non-profit organizations. However, their review extends up to the year 2005, thus in the Table 1 a simple overview of the literature on donor behavior, which was identified as published after the year 2005, is presented.

3. DONATING ONLINE

After commercial world has been increasing its focus in the Internet presence in the 90s, non-

profit organizations followed somewhat slower in the 2000s, when a large number of non-profits were establishing Web presence for the first time. The most tempting was the opportunity to reach a large number of potential donors with the organization's message. Despite the fact that presence of the non-profits on the Web is increasing, they are often being criticized for offering nothing more than static representations of their off-line marketing efforts (Sargeant, 2001a). Moreover, contributions collected on the Web still represent a small percentage of charities' overall fundraising, hence not everyone agrees on how important online fundraising as a source of charities' revenue actually is (Wallace et al., 2005).

Although many authors (see for example *Nonprofit World Magazine* and Days, 2009; Hagenbuch, 2007; Carrol, 2003) talk about the importance of the Internet for the charitable fundraising (e.g. 'The Internet has changed the way nonprofits raise funds. And the revolution is far from over.' (Days, 2009, p. 20)), not much scientific research was conducted in the field and there is little information regarding the performance of the online fundraising (Sargeant, 2007; Bennett, 2009). However, in the following paragraphs I present some findings from literature regarding the issue of the donor behavior and collecting donations online. The two key authors of the field are Adrian Sargeant and Roger Bennett, which shows that the focus of prominent researchers of donor behavior has shifted to the online environment and specifics.

In 2001, fundraising on the Internet was perceived to be in its beginnings and considerable opportunities were recognized to improve the quality of the online fundraising, particularly by taking advantage of the unique characteristics of the medium (Sargeant, 2001b). Sargeant (2001b) pointed out some elements of the Internet which create distinct marketing opportunities for the non-profits, such as search engine optimization, one-to-one communication,

online communities, web rings, news groups, e-mail and viral marketing. In accompanying study Sargeant (2001b) ascertained that a high portion of non-profit sites were not yet capitalizing on these opportunities. The majority of studied non-profit's web sites were categorized either ornamental (only to obtain Web presence, no concrete marketing objectives) or informational (provide information to potential or existing customers), while only a few were categorized relational (build and maintain relationships). Almost the same results were found few years later by Kang and Norton (2004), who examined non-profits' use of the Web in fulfilling the organizational goals. Data showed that non-profits are using the Web extensively to present traditional public relations material and to connect with the public. However, they were found to be unsuccessful in making interactive and relational communications.

Similarly, Holt and Horn (2005) offer several reasons for non-profits to move towards acceptance of online donations. First, the Web creates another giving venue and an opportunity for the organization to collect more donations. The number of individuals and families engaged in e-commerce and e-banking increases, hence organization not present on the Web might be seen negative, especially due to the fact that the Web allows donors from outside organization's place-oriented market to give donations. Moreover, Internet tools make it easy for the non-profit to maintain e-business relationship with customers and create lower costs than paper-based transactions do. Lastly, Holt and Horn (2005) identify five factors which motivate giving behavior, namely the organization's mission, community responsibility, financial stability of the organization, quality of volunteer leadership and quality of staff, which are recognized to be as important in the online world as they are in the place-oriented transactions.

Sargeant, West and Jay (2007) examined the relational content of non-profit Web sites (facets of site's design and management) in relationship to the fundraising performance. Based on e-relationship marketing literature review, the authors define eight relational constructs, namely (1) *Accessibility* – does the site make it easy to offer support, (2) *Case for support* – clearly articulated reasons for appealing the support, (3) *Respect* – organization's communication with the donor in appropriate manner, (4) *Accountability* – identification of the way in which donated funds and personal data are used, (5) *Interaction* – variety of ways in which users communicate with

the organization, (6) *Education* – provision of an appropriate facility for the donor to learn about the cause, (7) *Customization* – possibilities for users to tailor the site or the communications received to reflect their own interest, (8) *Empowerment* – degree to which users are allowed to take action or to have an impact on the cause. In the study authors empirically test whether these relational dimensions are related to the fundraising performance of the site. The results suggest that *Case for support* is not associated with any dimension of site's performance, as well as *Respect* and *Customization*, which may however be correlated with a subsequent loyalty. On the other side, *Accessibility*, *Accountability*, *Education*, *Interaction* and *Empowerment* are correlated with the number of new donors the site can attract, while the last construct is also related with the average donation level.

One of the Bennett's (2009) latest studies investigates impulsive donation decisions during online browsing of charity websites. The sample consisted of donors who reported to have donated impulsively and of donors whose gifts were reported to be pre-planned. After providing extensive literature review, Bennett explored both donor groups' socio-demographic characteristics, level of impulsiveness and attitude towards impulsive behavior, charity donation history, prior knowledge of organization's cause and issues, subjective norms and personal involvement with charity giving. The issue was examined in two website scenarios, i.e. one containing informative messages and other containing emotive messages and imagery. Findings suggest that in the case of hospice organization, 15 per cent of the charity's total online income came from impulsive donations and that emotively oriented homepage increased the volume of impulsive donations for 31 per cent, but lowered the value of average donation. A typical impulsive giver is impulsive by nature, does not perceive such behavior as undesirable, possesses prior knowledge of the organization, donates to charities regularly and experiences an emotional uplift when donating. Lastly, author provided three clusters of impulsive donors, i.e. knowledgeable and committed givers, irregular givers and emotive givers. Key implication Bennett (2009) suggests is that charitable web sites can be created in order to encourage impulsive gifts.

4. DONATIONS TO ONLINE INFORMATION GOODS PROVIDERS

Equipped with knowledge from existing studies of online donor behavior I preformed an extensive search for literature on collecting donations in organizations which provide free of charge information goods in virtual environments.

Varian (1998) defines information good as anything that can be digitized. The three most distinctive properties of information goods are: (1) experience – one must experience information before he can know what it is; (2) returns to scale – typically information has a high fixed production cost, but a low cost of reproduction; (3) public – typically information goods are non-rival (one person’s consumption does not diminish the amount available to other people) and non-excludable (other person cannot exclude another person from consuming the good). These properties make information goods difficult for market transactions, especially on the online market (Varian, 1998; Varian 1996). In this context, Bourreau and Lethiais (2007) analyze the incentives of online information goods providers to offer content whether for free or not. They found that low quality provider usually offers no content for free, while high quality content provider offers content freely, particularly to signal the quality of content. Hence, the price alone cannot signal the quality of the content. Rather offering free content separates high quality provider from the low quality one. On the other hand, providing free content diminishes the willingness to pay for the paid content. However, besides a cheap and efficient distribution of information goods, the Web also presents a space for online gathering of like-minded people to develop their common interest. Hence, users of information goods services are rather than for fixed payment often asked for voluntary contributions to support the provider’s development (Borck et al., 2006).

When discussing about providers of information goods collecting voluntary monetary contribution for their provision, I will distinguish two different concepts, i.e. donations and voluntary payments. Voluntary payments are associated with the information content user posses after acquiring it. Such items are for example music, digital newspapers or newsletters, respectively the content which is ‘downloadable’ to user’s computer. On the other hand, donation collecting is sensible in a case where information provided cannot become user’s possession and the organization providing the content is operating on

non-for-profit basis (see for example OpenCourseWare service or Wikipedia). In such a case, beneficiary is the organization providing information goods, which collects donations in return for the benefits, such as for example cultural capital (see Bourdieu, 1986) a user gets from the free-accessible content. Further, discussion on voluntary contributions for information goods is impacted by two other important factors. First, when individuals are asked for voluntary contributions, free riding is easily possible (Borck et al., 2006). Secondly, information goods are also experience goods and their actual value might be unclear prior to the purchase (Regner & Barria, 2009). Sargeant et al. (2007) developed another important thought, which is actually in favor of organization providing information goods. They point out that people are unlikely to search the Web in order to find organizations to give to. However, it is more likely that large number of people will find themselves searching for information. Consequently, Web sites with a high level of information provision and capacity to educate donors about the cause of raising money will be more effective in collecting voluntary monetary contributions. This should be a strong enough motivation for online information goods providers to educate themselves in collecting voluntary monetary contributions in virtual environments.

However, I identified few papers examining donations to online non-profit organizations which provide free of charge information goods in virtual environments.

Borck et al. (2006) conducted a study on voluntary contributions for information public good (newsletter destined to amateur and professional writes) provided via the Internet. Their research model arises from the model of private provision of a public good, which predicts that ‘individuals contribute less if other individuals contribute more’. Moreover, they investigate some additional determinants of willingness to pay for public information good, namely income (wealthier individuals should contribute more), benefit received form information good (relevance of information affects user’s sense of reciprocity; value of information good is a function of user’s needs and interests), age (cooperativeness and generosity increase with age, older users are less likely to free ride, cohort effect) and gender (women behave differently than men, etc.). The results suggest that in the case of voluntary payments for information goods on the Internet, the decision is largely driven by variables related to norms, or the importance attached to norms, namely age (users contribute more the older they are), gender (women tend to be more

cooperative) and (presumed) behavior of others. However, the finding that readers are more likely to contribute the more they expect others to give is not consistent with the simple private provision model, but with more refined private provisions or fairness models.

Krishnamurthy and Tripathi (2009) examined characteristics of monetary donations to an open source software (OSS) platform. This study is somehow specific for donors being an open source community members (factor of personal engagement, i.e. obtaining private benefits while creating a public good, collective action). Two studies were conducted, the first examining factors that cause some community members to donate and not others (subscriber to OSS, longer association with OSS, association with active projects), and the second focusing on factors which drive the level of donation (donating to OS project, openness to financial compensation for OSS development). The results indicate that relation commitment with the OSS platform, accepting donations from others and donation to projects all affect user's decision to donate. The level of donation is impacted by the length of association with the platform and relational commitment. Lastly, authors point out that in the context of providing monetary donations to OS platform, users (i.e. developers) may not be entirely altruistic, since the co-existence of the public and private motives.

The last study is not directly connected with collecting donations, but it offers an insight in voluntary paying for information goods online. Regner and Barria (2009) conducted research on Web portal selling music, where the price of an album is not directly stated. Instead, a price range is provided; letting the consumers to decide individually how much do they believe the album they downloaded is worth. The given price range is \$5 - \$18 for an album, besides seller provides the recommended price, which is \$8 for an album. The empirical analysis of collected payments showed that the average payment for an album was not only significantly higher from the stated minimal price, but was even slightly higher from the recommended one, namely \$8.20. Authors explain the phenomenon of consumers paying voluntary with a sufficiently high level of social preferences, i.e. reciprocity, warm glow and guilt. Despite the fact that this study has several limitations, it pioneers the research of payments for information goods when a price range is present.

5. IMPLICATIONS FOR ONLINE NON-PROFIT INFORMATION GOODS PROVIDERS

From the conceptual review of off-line and online donations presented in the previous sections of the paper, many implications for collecting donations in return for providing free of charge information goods can be derived. First of all, the special features of the Internet as a media should be considered (Sargeant, 2001b). Regarding the acquisition of new donors online Allen (2002) puts emphasis especially on appeals on organization's Web site, appeals in the e-newsletter, and promotions and banner ads on other Web sites. Moreover, high-quality and appropriate use of search engine may be essential for fundraising performance (Sargeant, 2007). In this aspect, previously listed findings about donor characteristics should serve as a base for targeting marketing.

Despite the fact, that majority of existing studies on donor behavior examined off-line charitable environments; their findings, with some adjustments, can be applied to online provision of information goods. However, firstly the roles and relationships in such context should be identified, e.g. organization enabling access and providing information goods is the non-profit organization collecting donations to support its own existence. Thus, in such a case there is no middle party maintaining interaction between the donor and the beneficiary. Rather, the user of the organization's Web site should decide, based on his/her own experience and perceived benefit/utility he or she gets from the organization, whether to become a donor and support the information good provider.

Maybe the most distinctive characteristic of the Internet is its capacity of providing two-way interactions. In this aspect, online non-profits providing information goods should engage extensively in relationship marketing which was indicated to impact donor behavior especially in terms of duration of relationship with the organization and level of donation (Bennett & Barkensjo, 2004). Internet tools provide many opportunities for relationship advertising, database marketing and two-way marketing contacts which enhance organization's relationship building with the users. Relationship marketing in the context of online information goods provision is worth considering as well from the perspective that the value of information goods is usually unclear prior their 'consumption' (we may assume that user will execute voluntary

contribution to the information good provider only after recognizing the value of the service, i.e. after consuming the information good). However, Hart and Johnston (2002) claim that building trust is the key to building relationships online. They divide the trust building to six essential stages, namely ensuring online security with seals of approval, communicating the organization's mission, providing easy site navigation, maintaining stewardship, acknowledging needs and expectations of donors and providing effective technology that enables donors to find the information they need. When the donor trust to the organization, relationship building becomes essential. Above all, organization must provide the donor with immediate customer service, e.g. responding to inquiries, etc.

However, motivation to donate is translated into behavior only after a user has completed a decision process (Guy & Patton, 1989). Since donation to online non-profit information goods providers is not yet a widely recognized concept, the most of all providers should learn about implications for actions that arise from understanding of motivations and donor's helping decision process. First, online non-profit information goods providers should recognize that donor is actually searching for opportunity to help the organization to survive. As well, his action enables other/ensuing users to benefit from the organization's services in the future. Hence, external rewards for giving, e.g. admission to special events, may be counterproductive since they can overshadow the satisfaction of the intrinsic need for helping others. However, it is essential that the organization generates awareness that the need for funds exists. All users should be reached by appeal for help (e.g. via banners, e-mail or newsletter), convincing them that the need is urgent and deserved (e.g. by explaining resources needed for organization's existence and their current level). Besides, donor should embody that he or she as an individual should help. To achieve that, potential donors should be approached as individuals, the best via one-to-one personal contact. Here the organization should take advantage of the Internet as a media, e.g. engage into database or e-mail marketing, and strive to achieve users spreading the word for help. Through the appeals, donors should recognize that they possess the ability to help and that their donation is crucial. Thus, the organization may provide a list explaining how a certain amount of money helps it to operate in the future. Lastly, the organization should make donating as easy as possible, so that the intention can translate into

actual behavior, e.g. make the donating form clear, trustworthy and easy to use (epitomized after Guy & Patton, 1989).

As an example of an online information goods provider, being successful at collecting donation, I would expose Wikipedia. Wikipedia is a non-profit organization, maintaining a site for knowledge and information sharing. It does not engage in advertising and funds itself through donations. Wikimedia, a foundation behind the site, appeals its users to donate in order to ensure the site's survival. A campaign is running yearly and is supported by Wikipedia founder's personal appeal for donations. Enabling users to donate online and via text messages the foundation raised \$6.2 million from 125,000 donors in 2008 and \$7.5 million in 2009. Moreover, Wikimedia encourages donors to spread the word and to share their personal stories about Wikipedia (Wikimedia Foundation 2010; Parfeni, 2009; Lardinois, 2009).

6. FUTURE RESEARCH PREPOSITIONS

Plethora of studies examining donations and donor behavior was identified. However, the vast majority of them apply to the off-line environment, whereas online donation collecting has not been studied extensively yet. Moreover, little application was made to online non-profit information goods providers. These issues need to be addressed in the future.

There is a need for an elaborate model of donor behavior in virtual environments. Besides, it should be tested whether already existing models can be applied to the online context. This is true as well for the studies dealing with donors' characteristics and motivations for donor behavior. There is no empirical evidence that findings from the off-line environment can be addressed to the online environment. Hence, there may be several other, not yet defined variables affecting online donation behavior and should be examined in the future.

Moreover, the context of online non-profit organizations providing information goods opens an array of new research questions. At the time being, we don't know anything about motives and factors of support of such an organization. Hence, personal, demographic and behavioral characteristics of users who donate to an online non-profit organization should be examined. It would be important to analyze individual's perceived value of consumed online information good to define its influence on the decision to

donate to the online provider. Another aspect possibly influencing donor decision and not examined yet is how individual's involvement with the online non-profit organization (dimensions of tenure, virtual community, personal contribution, etc.) influence the decision to donate to the online information goods provider and whether loyal donors promote the donating activity among their peers. Finally, effective marketing practices to enhance voluntary contributions to online non-profit information goods providers should be defined in the future.

ACKNOWLEDGEMENT

The author would like to thank to prof. dr. Vesna Žabkar for her suggestions and very helpful comments on an earlier version of this paper.

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