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Impact of Target Amounts on Donation Behavior: Insights from GoFundMe Data

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Abstract

This field study explores how varying target amounts influence donation behavior using real-world data from the online fundraising platform GoFundMe. We analyzed donation data across four different target amounts and found significant differences in donation patterns. Lower target amounts were found to encourage higher individual donations, while excessively high targets were less effective. The data revealed that donors tend to be more responsive to campaigns with achievable goals, possibly due to a perceived higher impact of their contributions. Conversely, campaigns with unrealistically high targets often struggled to gain traction, suggesting a potential donor deterrent effect. We believe these findings provide practical insights for non-profits on setting realistic and achievable target amounts to maximize donations. Our study underscores the importance of strategic target setting in enhancing fundraising outcomes. We conclude that this insight has significant implications for how non-profit organizations approach their fundraising strategies, potentially improving the effectiveness of online charitable campaigns.

1. INTRODUCTION

Charitable giving is essential for the revenue streams of many non-profit organizations, playing a crucial role in sustaining their operations and enabling them to fulfill their missions. In 2023 alone, charitable donations in the United States amounted to $484.85 billion, with individual donors contributing 69% of this total [1]. Despite this significant contribution, non-profit organizations face continuous challenges in fundraising, particularly in an increasingly competitive landscape. One of the main difficulties lies in determining how to set fundraising targets and solicitations that maximize donor contributions without deterring potential donors.

To address these challenges, non-profit organizations employ various message strategies to encourage donations. Common approaches include suggesting small, manageable amounts to lower the perceived barrier to giving—such as the 'Penny a Day (PAD)' or 'Dollar a Day (DAD)' strategies. These methods aim to increase

donor participation by making donations appear more accessible. Additionally, fundraising campaigns often display an overall target amount, such as $1,000 or $5,000, hoping to motivate donors by showing progress towards a specific goal. Both suggested amounts and target amounts serve as critical components of these message strategies, potentially influencing donor behavior in significant ways.

Previous research has extensively explored the effects of suggested amounts and target amounts on donation behavior. Some studies have shown that smaller suggested amounts can lead to increased compliance by lowering the perceived entry barrier, while larger suggested amounts can lead to higher individual donation amounts [2, 3, 5]. There have also been studies examining the effects of target amounts, with the goal gradient effect suggesting that donors increase their motivation for participation as a fundraising goal nears completion [6, 7].

Despite these valuable insights, there is a significant gap in understanding how target amounts influence donation behavior, particularly in terms of setting the target amount range. Target amounts can be set within a somewhat manageable range, but they can also be perceived as unrealistic or irrelevant, failing to serve as effective anchors. This situation can arise when target amounts are set too high, causing potential donors to disregard them as reference points for their contributions. Understanding the conditions under which target amounts become nondiagnostic and how this affects donation behavior is crucial for designing effective fundraising strategies.

This study aims to fill this research gap by investigating the effects of increasing target amounts on donation behavior and examining the conditions under which target amounts may become nondiagnostic. By focusing on the impact of target amounts, this research provides practical insights for non-profits and fundraisers. It will help them calibrate their fundraising goals more effectively to enhance both participation rates and total donations. This knowledge is essential for developing robust and adaptable fundraising strategies in a competitive charitable landscape, ultimately aiding non-profits in achieving their financial and mission-oriented objectives.

2. LITERATURE REVIEW

2.1 Donation Amount Solicitation Strategies

Extensive research has been conducted on how to set donation amounts effectively [2, 3, 8]. One common technique to encourage more people to donate is the PAD or DAD strategy, which suggests small, manageable donation amounts such as a penny or a dollar [9]. This approach, known as penny solicitation, PAD, is frequently used in marketing promotions to increase compliance with donation requests [2, 10, 11]. The primary goal of such strategies is to increase the number of donors by making the act of donating seem less daunting.

However, increasing the total donation amount is also a critical strategy. Research indicates that higher suggested amounts can lead to higher donations [3–5]. While higher suggested amounts tend to increase the average donation per person, they often result in fewer total donors compared to smaller suggested amounts. This creates a strategic trade-off between maximizing the number of donors and maximizing the total donation amount. Both strategies have their merits, but achieving an optimal combination of high donor participation and high donation amounts is challenging. Moreover, the effectiveness of higher suggested amounts varies across different contexts, making it difficult to generalize the results.

Research has also explored the impact of different types of donation messages, particularly those that include target amounts. This approach is commonly seen on online crowdfunding platforms like Kickstarter and GoFundMe, where a specific fundraising goal is displayed. While there is limited research focusing exclusively on the message content regarding target amounts, related studies have examined the effects of goal setting on donation behavior. These studies suggest that the presence of a goal progress bar can significantly motivate donors, as the goal gradient effect implies that people feel a greater sense of impact as the goal nears completion [6, 7]. Consequently, donation intentions increase as the goal progresses closer to achievement.

Kuppuswamy and Bayus specifically analyzed the effect of goal progress on different target amounts. For example, they compared scenarios where a fundraising goal was set at $50,000 with 60% progress versus a smaller goal of $2,000 with the same progress rate. Their findings indicated that excessively high target amounts can hinder goal achievement due to the perceived difficulty in reaching the goal, thereby weakening the goal gradient effect. Conversely, setting the target amount too low can lead to early cessation of donations once the goal is met. Their research underscores the importance of setting an appropriate target amount that balances motivational benefits with achievable goals [7].

The importance of solicitation amount setting in charitable giving contexts has also led to investigations into the interactive effects between suggested amount and target amount. Park and Yoon examined these interactive effects when both types of amounts were presented simultaneously. Their research found that while both amount types serve as reference points and their influence can vary based on their relative sizes and the context. Specifically, they discovered that when suggested amount and targe amount were presented simultaneously, donors tended to rely more on the suggested amount than the target amount as it was perceived as more directly relevant (diagnostic) to their decision-making. However, when either suggested amount or target amount was soley presented, each amount influence as an anchor. They used anchoring effect and the accessibility-diagnosticity framework to explain the complex relationship between the two types of amounts [12].

2.2 Anchoring Effects in Donation Decisions

The anchoring effect, a cognitive bias where individuals rely heavily on the first piece of information encountered (the "anchor") when making decisions, is well-documented across various domains, including charitable giving [13]. In charitable giving contexts, suggested amounts and target amounts serve as anchors that influence donation decisions. Research by Park and Yoon found that consumers do not have a fixed donation amount in mind but rather base their donation on the amounts suggested by the organization. Thus, smaller suggested amounts like a DAD or PAD resulted in donations closely matching the suggested amount [12].

Anchoring effects have been shown to influence decisions in many other areas. For instance, Epley and Gilovich demonstrated that anchoring can affect judgments even when the anchor is arbitrary [14]. In consumer behavior, Ariely, Loewenstein, and Prelec found that initial price offers can serve as anchors, affecting willingness to pay [15]. Similarly, in legal contexts, Englich and Mussweiler found that sentencing decisions can be influenced by initial sentencing demands [16]. These examples illustrate the pervasive influence of anchoring on decision-making processes.

Soliciting smaller suggested amounts as PAD or larger suggested amounts stem from anchoring effect that consumers would follow the presented amount unconsciously. Park and Yoon argued that target amounts, such as $1000 or $5000, can also serve an anchor for consumers just like suggested amounts [12]. Since the target amount is an aggregated format of individual donations, it provides indirect information about appropriate donation amounts. According to the selective accessibility model by Strack and Mussweiler, an anchor activates thoughts compatible with it. For example, a high target amount can activate the concept of higher donations [17]. Selective accessibility theory posits that once an anchor is presented, it makes certain information more accessible in memory, thereby influencing subsequent judgments. For instance, when individuals are presented with a high target amount, it increases the accessibility of higher monetary values, which then serve as a reference for their donation decisions. Through series of studies, Park and Yoon demonstrated that giving amounts increased with higher target amounts, especially in the absence of suggested amounts [12].

2.3 The Accessibility-Diagnosticity Framework: Diagnosticity and Non-Diagnostic Anchors

The accessibility-diagnosticity framework proposed by Feldman and Lynch suggests that the likelihood of information being used in decision-making depends on its accessibility and diagnosticity [18]. Accessibility refers to how easily information can be retrieved from memory, while diagnosticity refers to the relevance of the information for the decision at hand. In settings where all information is externally provided, such as suggested and target amounts in donation solicitations, accessibility can be interpreted as the ease with which information captures attention. Therefore, Park and Yoon argued that accessibility does not differ under circumstances when both types of amounts are presented at the same time as no difference in the visual presentation of suggested and target amounts exist. However, consumers often find the suggested amount more diagnostic than the target amount, as it is directly relevant to their donation decision [12].

However, the situation changed when larger suggested amounts, such as $50 or $100, are presented along with target amount. They found that when suggested amounts fall outside consumers' internal reference range (e.g., too large), they were perceived as non-diagnostic for their relevant anchor for their decision making. Instead of using target amount as their secondary anchor, consumers did not use neither large suggested amount nor any target amount as their anchor but relied on their internal reference amounts for their decision.

Based on this finding, we hypothesize that large target amounts may also lose their anchoring effect if perceived as too high to be diagnostic. This could be due to the consistency of the goal gradient effect, as argued by Kuppuswamy and Bayus, where consumers would no longer feel they can contribute significantly to the charity if the target amount is too large [7]. Alternatively, it could be due to the accessibility and diagnosticity framework, where the large target amount does not seem relevant or realistic to their specific needs as much as their internal reference for deciding their donation amount [18]. When a target amount is set too high, it can be perceived as unattainable, causing potential donors to feel that their contribution would be insignificant in the context of such a large goal. This perception reduces the motivational impact of the target amount, making it less effective as an anchor. As a result, donors may disregard the target amount and instead rely on their personal benchmarks or internal reference points when deciding how much to donate. This highlights the importance of setting target amounts that are perceived as both challenging and achievable, ensuring that they remain diagnostic and effective in guiding donation behavior.

Based on the reviewed literature, the following hypotheses are proposed:

H1: If the target amount is considered diagnostic, the donation amount will increase as the target amount increases.

H2: If the target amount is perceived as too high and considered non-diagnostic, the donation amount will not be affected regardless of changes in the target amount.

3. METHODOLOGY

3.1 Study Sample and Design

We analyzed actual giving data from the online fundraising platform, GoFundMe, to investigate donation amount patterns. The study focused on four independent charitable causes, each setting a target amount of $3600, $5000, $10000, $27000. The causes and their respective sample sizes for each group were as follows: $3600 target group (covering brain surgery, N = 638), $5000 target group (aiding a bereaved family, N = 266), $10000 target group (supporting a child in NICU, N = 267), and $27000 target group (memorial of loved one, N = 398). The total number of donations analyzed was 1,569.

3.2 Study Procedure

To collect the data, we utilized the Instant Data Scraper program, a crawling tool, to systematically extract individual donation amounts, which were publicly accessible on the GoFundMe platform. The scraping process involved several key steps:

1. **Identification of Causes:** We selected four diverse causes that have availability of detailed donation records. The causes we chose had different target amounts (i.e., $3600, $5000, $10000, $27000), however, were in a similar category (i.e., supporting individuals in grief or providing aids for disease)
2. **Data Extraction:** The Instant Data Scraper, a crawling tool, was configured to capture all relevant donation information, including the donation amount, date, and any accompanying donor comments. This automated tool ensured a comprehensive and unbiased collection of data.
3. **Verification:** After scraping, we manually verified a subset of the data to ensure accuracy and completeness. Any discrepancies found were resolved by cross-referencing with the GoFundMe pages.
4. **Data Integrity:** We chose not to cleanse the data by excluding outliers to preserve the authenticity and variability inherent in real-world donation patterns. The primary dependent variable for this study was the individual donation amount.

4. RESULTS

To investigate the donation patterns, we conducted a detailed analysis of the donation data. The analysis aimed to understand how varying target amounts influence donation behavior. The primary dependent variable in this study was the individual donation amount. Given the significant difference in sample sizes among the groups, we employed Welch's ANOVA using SPSS to account for the unequal sample sizes among the groups. The Welch's ANOVA revealed significant differences in donation amounts among the four groups, $F(3, 1565) = 3.73$, $p < .01$. The analysis indicated that the average donation amount varied significantly depending on the group, with the following mean donation amounts: $3600 group, $111.16 (SD = 231.77); $5000 group, $151.96 (SD = 280.64); $10000 group, $170.12 (SD = 408.03); $27000 group, $125.80 (SD = 164.19).

As seen in the figure 1, post-hoc comparisons using the Games-Howell test further showed that $3600 group's average donation amount was significantly different from the other groups, including $5000 and $10000 group, aligning with the H1 that the donation amount will increase as the target amount increases if the target amount is considered diagnostic. However, interesting result indicates that there was no significant mean difference among $5000, $10000, and $27000 groups. Consistent to H2 that donation amount will not be affected if the target amount is perceived as non-diagnostic regardless of changes in the target amount. The $27000 group even showed decreased donation amount than the $5000 and $10000 group, eliciting nonsignificant differences between $3600 group.
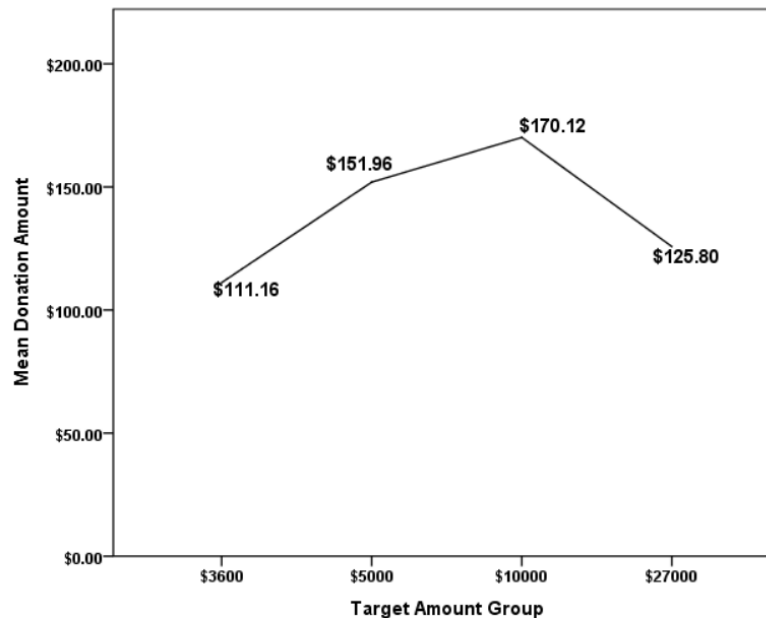
Figure 1. Donation amount per target amount group

5. DISCUSSION

5.1 General Discussion

This field study investigated how varying target amounts influence donation behaviors using real data from the online fundraising platform GoFundMe. The use of actual donation data enhances the study's ecological validity and provides valuable insights into real-world donation patterns. The results revealed significant differences in the mean donation amounts among the four groups with different target amounts ($3600, $5000, $10000, and $27000). The findings showed that the $3600 group's average donation amount was significantly different from the other groups, specifically the $5000 and $10000 groups, supporting H1, which posited that the donation amount would increase as the target amount increases if the target amount is considered diagnostic. Furthermore, the analysis indicated no significant mean difference among the $5000, $10000, and $27000 groups. This result aligns with H2, suggesting that if the target amount is perceived as too high and considered nondiagnostic, the donation amount will not be affected regardless of changes in the target amount. The decreased donation amount in the $27000 group compared to the $5000 and $10000 groups supports the idea that excessively high target amounts may lose their effectiveness as anchors and become nondiagnostic.

These findings not only support both hypotheses but also extend the previous research by Park and Yoon, which demonstrated the same pattern with nondiagnostic suggested amount in consumer's donation decision [12]. This study expands on their work by providing empirical evidence from real-world donation data, specifically highlighting proper strategy for target amount setting besides suggested amount strategy in fundraising campaigns. When target amounts are set within a realistic and achievable range, they can effectively serve as anchors and motivate higher donations. Conversely, when target amounts are perceived as unrealistic or unattainable, they may lose their motivational impact and fail to guide donor behavior effectively. These insights are critical for non-profit organizations as they design their donation amount messaging strategies to enhance fundraising outcomes. The results also demonstrate how target amounts can act as a subtle nudge, influencing donors' decision-making without restricting their choices. This aligns with the concept of nudging in behavioral economics, where the anchoring effect leads donors to unconsciously adjust their giving amounts based on the presented target [19].

5.2 Limitations and Future Research

While this field study provides valuable insights, it is not without limitations. One limitation is the reliance on data from a single online fundraising platform, GoFundMe. This may limit the generalizability of the findings to other fundraising contexts or platforms with different user bases and donation behaviors. Future research should consider replicating this study across multiple platforms to enhance the generalizability of the results. Another limitation is the potential influence of confounding variables, such as the emotional appeal of the campaign descriptions, the presence of images or videos, and the social proof provided by visible donation amounts from other contributors. Although these factors were not the focus of this study, they could significantly impact donation behaviors and should be controlled or accounted for in future research.

Additionally, while this study used real-world data, future research could benefit from additional lab studies to replicate and validate the findings under controlled conditions. Such studies could help isolate specific variables and further elucidate the psychological mechanisms underlying the observed effects.

5.3 Conclusion

In conclusion, our field study underscores the critical role of target amounts in influencing donation behaviors in online fundraising campaigns. We have found that appropriately set target amounts can effectively serve as anchors, motivating higher donations. However, our research also reveals that excessively high target amounts may lose their diagnosticity and fail to influence donation behaviors as intended. Based on these findings, we strongly recommend that non-profit organizations carefully calibrate their fundraising goals to ensure they are perceived as both challenging and achievable. We believe this approach will significantly enhance the effectiveness of these goals in guiding donor contributions.

Through our study, we have provided empirical evidence on the impact of target amounts and their diagnosticity in donation decisions. We are confident that these insights offer practical value for fundraisers and non-profits alike. By applying our findings, we believe organizations can design more effective fundraising strategies that maximize both participation rates and total donations. Furthermore, we argue that implementing these strategies can help non-profits not only achieve their financial objectives more efficiently but also better align their fundraising practices with their mission-oriented goals. Ultimately, we conclude that strategic target setting is a powerful tool that can enhance non-profits' capacity to create successful fundraising campaigns and make positive impacts in their respective fields.

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