

# HOMER SIMPSON FOR NONPROFITS:

The Truth About How  
People Really Think &  
What It Means for  
Promoting Your Cause

A Guide to Behavioral  
Economics for  
Nonprofit Leaders

*Katya Andresen,  
Alia McKee, and  
Mark Rovner*

A free eBook  
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This eBook was written by Katya Andresen and Alia McKee Scott with help from Mark Rovner.  
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## About Network for Good

*The Home of Easy & Affordable Online Fundraising*

At Network for Good, we don't just give you a DonateNow button—we help you make sure people click on it. And we don't just give you an email tool—we help you run a great campaign. We help you become an online fundraising and marketing superhero without superhuman effort or a big budget.

Here are a few of the ways how we can help nonprofits succeed online:

1. Easy, affordable fundraising solutions: Get donations on your website with [DonateNow](#)
2. Email campaign and newsletter tools: [EmailNow](#) powered by Emma for sending and tracking mass emails and telling you which messages work best
3. Free weekly fundraising and marketing tips: [Sign up here](#) for great advice in your inbox each week
4. [Fundraising123.org](#): Our free online learning center is filled with ideas and best practices on what it takes to be an online fundraising superhero

We're biased, but we think there are many good reasons to work with us:

- ☑ **Kinship.** We understand you because we're a nonprofit too
- ☑ **Value.** We handle the tough parts of fundraising for you
- ☑ **ROI.** Our customers raise \$25 for every dollar they spend
- ☑ **Support.** We provide lots of training and support via phone, email and chat

## About Sea Change Strategies

Sea Change Strategies is a boutique strategic marketing and fundraising group specializing in high intensity partnerships with remarkable causes.

Our product is sea changes. What's a sea change? It might be a new way of working. Or a new way of talking about your work. It might be turning a one-way conversation into a two-way conversation. Or activating a cadre of super-volunteers eager to take you to the next level.

Every project is custom crafted to meet the needs of our partner organizations. Every group needs its own sea changes.

Clients include the Monterey Bay Aquarium, International Rescue Committee, Conservation International and Environmental Defense Fund.

Visit us at [SeaChangeStrategies.com](#) and get more ideas and resources including our study, *The Wired Wealthy: Using the Internet to Connect with Your Middle and Major Donors*.



## About Event 360

Event 360 helps nonprofits manage the art and science of event fundraising. Visit [www.event360.com](#) to learn more.

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when you subscribe to both Custom DonateNow and EmailNow together



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- When you **subscribe to Custom DonateNow** for online donation processing with the discount code **FEBBOOK25** before March 31, 2010, you'll get 25% off your set-up fees — an instant \$50 savings!
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## INTRODUCTION:

# What is behavioral economics and why does it matter to you?

“There’s definitely no logic to human behavior.

And there’s no map and a compass wouldn’t help at all.”

— Bjork

In her song “Human Behavior,” Bjork has one part of the equation right: There is definitely no logic to human behavior.

People make illogical choices all the time. We cave to social norms. We make choices that aren’t good for us. We buckle to authority, even when it doesn’t make sense. We opt for a small, immediate satisfaction instead of big, long-term gain. The list of illogic is long. And it adds up to people making decisions that are often contrary to their own best interests.

*But while we may be irrational, we are not unpredictable. Bjork is wrong on this point. We do have a map.*

Over the past few years, there has been a revolution in the understanding of how people make decisions — including decisions about charitable giving and public engagement. Books like the aptly named *Predictably Irrational* and *Nudge* reveal radical insights into human behavior that turn many of our cherished assumptions as marketers, fundraisers and fellow human beings — yes, marketers are human beings! — on their heads.

We think that anyone promoting a good cause can benefit from these insights, which is why we wrote this eBook. Think of it as your map to the mysteries of the

human mind — a framework of eight guiding principles gleaned from recent behavioral economics research that should change the way we approach nonprofit marketing and fundraising. These principles will help you explore the psychology behind decision-making so you can craft more effective messages that will win the hearts and minds of your audience.

## What is behavioral economics and why does it matter to you?



For too long, nonprofit marketers and fundraisers have decided how to communicate based on thinking grounded in direct marketing and economics. The problem with this approach is that it assumes people are coolly logical and make their decisions about supporting a cause based on a rational, linear thought process. We’ve laid out the cases for why our causes matter based on facts and numbers.

The problem is most people don’t think like Alan Greenspan. They are more like Homer Simpson — limited in attention, over-endowed with impulse, and ruled by emotion.

Enter behavioral economics.

Behavioral economics is a reaction to this truth. It rejects “rational choice theory” or “rationality” — the dominant theoretical paradigm in economics. When we say rationality, we mean the idea that a person balances the costs against benefits before taking an action and will make the decision that is in his or her best interests (*Allingham, 2002*).

Behavioral economics challenges the notion that people will choose the best action or the most logically presented choice and explores the bounds of rationality — identifying social, cognitive and emotional factors that can influence the decisions people make.

The big takeaway? People don't arrive at most decisions through a process of weighing costs against benefits. We are irrational. In their book *Nudge*, Richard Thaler and Cass Sunstein put it simply: Real people make decisions like Homer Simpson, not Spock. (Or Alan Greenspan, for that matter.)

So why is behavioral economics important to nonprofit organizations?

For us, these irrational decisions have high stakes. We're not asking people to buy a Coke. We're asking them to protect our environment, to safeguard our children, to fight for human rights. We're asking them to change the world.

Their individual decisions — which often don't take into account one's own best interest let alone the interest of the greater good — matter a lot. We need to be sure we're asking people in the right way, or their Homer brains might undo our Spock arguments. Why?

- For fundraisers, donation-making decisions can make or break our bottom lines and affect our ability to grow our reach and services.
- For program staff, decisions can lift or sink an advocacy call-in campaign directly affecting policy.
- For politicians, decisions eventually determine who wins and who loses.

So what is a nonprofit marketer or fundraiser to do? Well, you might be surprised at how small shifts in messaging can have a significant impact. By understanding how people really think and applying some key principles from behavioral economics, you can do a far better job at compelling people to do the right thing.

For instance, the following messages all use principles of behavioral economics to influence their audiences' decisions.

- Frances Osborne's *The Bolter* is an Oprah Winfrey Book Club selection. Buy it now.
- A majority of guests who stay in this hotel reuse their towels. Join them and reuse your towel to help save the environment.
- Any money you donate will go to Rokia, a seven-year-old girl who lives in Mali, Africa.

This eBook identifies why messages like these work and focuses on takeaway lessons you can put into practice immediately.

We provide tips and checklists in each section to help you think of ways you might apply the principles in your work. And as always, we urge you to test those ideas so that you can determine if and how behavioral economics works for you.

We hope you enjoy this — and we encourage you to share your reactions. Visit us at [www.Fundraising123.org](http://www.Fundraising123.org) (and join us at our session at the 2010 Nonprofit Technology Conference) to continue the conversation. We welcome your inner Homers, your inner Spocks and your passion to do good — all of which we share. ●

**Happy Reading,**  
Katya, Alia and Mark

# PRINCIPLE 1: Understand Homer, but don't use his ethics.

We're going to assume that readers of this eBook aren't in the business of hawking bacon cheeseburgers, unfiltered cigarettes or bad mortgage loans. But regardless of a product's benefit or detriment, it is important to note that there is a line between using principles of behavioral economics to manipulate rather than persuade.

In *Nudge*, Sunstein and Thaler refer to this concept as "Libertarian Paternalism." Libertarian in this context means people should be allowed to do what they like — even if it is eating junk food, using plastic grocery bags, driving Hummers or not saving a dime. Paternalism means it is legitimate to try to influence people's behavior in order to make their lives better and guide them to choices that benefit the greater good.

When combining libertarianism and paternalism, choices are never blocked off. People may continue to do as they please. However, the choices are designed to influence a particular outcome that will make the choosers better off.

## So how does this work in the real world?





Americans continue to struggle with saving money. Our personal savings rate — which exceeded 10% during the 1960s through the 1980s — dropped dangerously close to zero in 2005 (*Cramer, November 9, 2009*).

That year, Bank of America introduced Keep the Change. This savings tool is designed to help customers save while spending on everyday purchases. Keep the Change rounds up all purchase amounts to the nearest dollar and transfers the difference from a checking account to a saving account.

They also match all savings account for the first three months and 5% of savings account each year.

Since the program launched, in October 2005, Bank of America customers have saved more than \$2.2 billion by removing the "felt losses" people perceive from saving on their own (*PR Newswire, May 6, 2009*).

Bank of America does not require its customers to sign up for Keep the Change (libertarian). But it makes it very easy to do so, providing it as a default when signing up for a new account (paternalism).

How it works			
	You spend with your Check Card:	We round up the difference and transfer to your savings:	Amount charged to your checking account:
	\$3.43	\$0.57	<b>\$4.00</b>
	\$4.50	\$0.50	<b>\$5.00</b>
	\$14.83	\$0.17	<b>\$15.00</b>
<b>Savings: \$1.24</b>			

## How might this work in your organization?

Each time you have the luxury of designing a choice for your audiences, consider the concept of libertarian paternalism. Design the choice not to block off options, but to influence a certain outcome.

A simple example of this in action would be a pre-checked opt-in box for your online communications subscription. Or even holding your fundraising auction *before* your gala dinner.

We find it easy to start with a question. What are the barriers that might prevent my audience from doing what it is I want them to do? Then, think about ways you can lift those barriers, without removing options.

For example, we might ask ourselves, “How can we persuade online activists to make a big engagement leap and call their elected official?”

The answer: Ask the official to call the activist.

Ok, so that might not be possible. But a good alternative exists. New tools make the leap easier by allowing activists to enter their phone number online so that they

receive a call connecting them to the official you need contacted. This nudge takes the responsibility of actually calling off your constituent, while still getting them to pick up the phone.

Your checklist in designing libertarian paternalistic choices:

- Ask yourself, “What is it I want my audience to do?”
- Identify potential barriers that might prevent them from doing it.
- Lift those barriers, not by blocking off choices, but by making it easy for your constituents to make the decision that is in their (and your) best interest.
- Remember, small details count. Sunstein and Thaler outline a terrific example of the devil in the behavioral details:

“In The Schiphol Airport in Amsterdam, authorities have etched the image of a black housefly into each urinal. It seems that men usually do not pay much attention to where they aim, which can create a mess. But if they see a target, attention and therefore accuracy increase. Staff conducted fly-in urinal trials and found that etchings reduced spillage by 80%” (2008).

Now how’s that for persuasion? ●

## HEY CONGRESS:

### Which side are you on?

**HEALTH CARE  
FOR AMERICA  
NOW!**

President Obama has said again and again that to fix our economy, we must fix health care, and we must do it in 2009.

And the budget President Obama has proposed does just that, making a \$634 billion down payment on health care reform, a significant upfront investment that signals his historic commitment to quality, affordable health care for all.

If President Obama's budget doesn't pass with this investment in health care intact, it is unlikely we will see health care reform become a reality.

**Submit your information**

**Your email:**

**Your name:**

**Your callback number: \***

Enter a 10 digit phone number where you can be reached so that we can connect you directly. Please do not include spaces or dashes.

## PRINCIPLE 2: The left brain need not apply.

It's really hard to change organizations, communities, people and ourselves. We all know that. But why?

Because of the way our brain works. We are literally of two minds: the rational mind and the emotional mind. Both sides compete for control, and the emotional mind typically wins.

In their book *Switch*, Chip and Dan Heath explain the rational mind wants a great beach body; the emotional mind wants that Oreo cookie. Or as we think of it, the rational mind is the one that sets the alarm for 5 a.m. to write this eBook. The emotional mind is the one that hits snooze when morning comes.

Getting people to do things means we have to understand how the emotional and rational minds work together. To give you a better picture of this, your rational mind is like the wee little driver perched atop a gigantic, emotional, recalcitrant elephant of emotion.

The Heath brothers have a three-part framework that provides a great way to get an elephant moving. It says we need to give people's rational minds quick orders, then focus on tapping into people's emotion and putting them in a place where it's easy for them to make the right choices.

**1. Direct the rider:** The Heaths say you deal with the rational rider quite simply: you provide crystal-clear direction. You may think you're encountering resistance to your call to action when in fact you're encountering confusion. So much of nonprofit work stumbles due to poor, unclear or overly complex calls to action. We tell people to stop global warming when we should ask them to switch light bulbs.

**2. Motivate the elephant:** Engage people's emotional sides so they cooperate. Self-control is exhausting, and people need emotional energy to embrace and adopt change. More tips on that to follow.

**3. Shape the path:** Getting people to change is easier if you make it easy. Too often, we blame Homer rather than making Homer's choices easy with a little libertarian paternalism. A "people" problem is often simply a situation problem. Put people in a different situation if you want them to change.

### Now let's get back to that elephant.

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Some nonprofit folks will choke a bit on the idea of how important it is to engage people's emotional sides, but when it comes to charity, it's where all the action happens. *People take action because they care.*

Some may worry emotion will make a cause appear less serious or knowledgeable. To compensate, organizations often create a marketing hybrid of emotion mixed with statistics and facts. With one message, they try to lecture the rider and at the same time whisper to the elephant. When that happens, nothing happens. Feelings are what inspire people to give and engage with causes they care about.

Deborah Small, a Wharton marketing professor, argues that if organizations want to raise money for their cause, they better appeal to emotions and feeling rather than analytical thinking. In other words, get the elephant's attention and then tell the rider what to do!

In her research, Small’s team found that people are twice as likely to give a charitable gift when presented with an emotion-inducing personal story of one victim that focuses exclusively on his or her plight — rather than a group of “unnamed statistical victims.” We’ll get to why the individual is so much more important than the masses in a few pages, but the key point for now is people are using their emotional (not rational) minds most of the time and especially when they give.

Because people do give from an emotional place, giving literally *feels good*. The economist James Andreoni has called this the “warm glow” theory. People give money to save the whales not just because they want to protect the Shamus of the world; they are also giving money to feel the glow that comes with being the kind of person that helps save whales.

David Leonhardt in his *New York Times Magazine* article, “What Makes People Give?” points out that this is good news because it means philanthropy is not a zero-sum game. If giving were rational, we’d give less when we heard other big donations were happening. Instead, we have an urge to join forces with a cause. We’ll soon cover how that feeling is linked to another principle — that of social norms.

## So how can we appeal to the elephant?

One of the best ways to convey emotion is through story. Andy Goodman says, “For one idea to pass from one person to another it must be contained in something that can be easily transmitted. When was the last time someone sidled up to you and said, ‘I’ve got a juicy statistic to tell you?’”

Our jobs as marketers and fundraisers are to find stories that can be easily told and re-told, but that are sufficiently compelling to get a response. Good stories have three key elements — a character you care about, escalating conflicts and a payoff.

The nonprofit world is steeped in drama. Good guys, bad guys and conflicts abound. Stories are all around us. But finding and telling them takes skill. Learning to tell a good nonprofit story could be its own eBook (which we are working on now). But in the meantime, we encourage you to find three or four stories in your organization that are emblematic of your work and can help spur on the elephant.

Yes — lot of people are talking about storytelling, but few groups are doing it well. Organizations like Charity:Water and Kiva not only tell stories but they create a more personal and direct emotional connection between their donors and the beneficiary of the gift. By connecting John Donor to a specific person or a specific well, these groups have shifted donors from “passive bystanders giving a drop to fill an ocean” to “on-the-ground partners making a difference in one person’s life.”



## How can you make that shift?

It's tricky for fundraisers to grapple with restricted versus unrestricted giving. How can we tell an individual's story and connect our donors to that individual while still raising money for a larger cause?

This isn't easy, but organizations must work hard to transform their fundraising model to meet donors' emotional needs. It's the only way you'll get that elephant moving.

## Checklist

- Find and tell three or four stories that exemplify the work of your organization, without using statistics.
- Incorporate these stories into your fundraising and marketing channels.
- Be clear these stories are emblematic of your work, but don't create an impression the donor's contribution was specifically earmarked for that individual — unless it is. (Kiva ran into a little hot water over this and has since made their messaging more clear).
- Consider ways you can connect your donors to the individual beneficiaries of your work. If you can't do restricted fundraising, think of other creative ways to do this. Can your beneficiaries call new donors and thank them for their support? Can you feature donor and beneficiary profiles in your monthly cultivation message?
- Make sure you're putting people in an environment where it's easy for them to take action — and make that action crystal clear.
- Don't be afraid of emotion. It's not sappy; it's what makes people care. ●

## PRINCIPLE 3: Stick to social norms, not market norms.

Here's a true story, as related by behavioral economist Dan Ariely. There was a daycare center. Every day, a dozen or more parents would be late picking up their kids. That perturbed the staff, who had to stay late as well. So in order to discourage parents from being late, the center instituted a fine — per minute — for tardy pickups. Know what happened?

Tardiness went up.

Why? The answer lies in recognition that humans have two distinct decision making rulebooks. By instituting the fine, the daycare center inadvertently switched rulebooks, from **social norms**, which are governed by values of community selflessness and altruism, to **market norms**, which are governed by calculated self-interest. Once the daycare conversation shifted from social to market, parents stopped feeling guilty about making the teachers stay late, and made a self-interested calculation — that coming a few minutes late was worth a few bucks.

Social norms are stronger motivators than market norms. In experiments, under many circumstances people will work harder for free than they will for money. Not long ago, AARP asked lawyers to offer services to the elderly at a reduced rate (market norms). The response was dismal. Then they asked for lawyers to provide FREE services (social norms). Lawyers tripped over one another to volunteer.

But there's a catch. When you try to mix norms, the social values of cooperation, community and altruism diminish. Market norms eclipse social norms.

Back to the daycare center. Once the late fines were removed, tardiness remained high — because once you introduce the market conversation, it may not be possible to put the self-interest genie back in the bottle.

### How does all this affect us?



If you are a manager, your organization may have taken up the lingo of social norms in order to motivate workers — we're all a family or we're in it for the greater good. Social norms motivate higher output, but they also create reciprocal expectations. In a true family, no one gets laid off. No one has their benefits reduced. No one loses their window office. By promoting a social norm mentality, you have less flexibility to make arms-length business decisions without provoking a powerful sense of rage and betrayal.

If you are a fundraiser, you live every day on the razor's edge between norms. Major donor fundraising operates primarily on social values. Direct marketing-based fundraising operates on a weird hybrid.

What does a major donor get for his or her support?: a sense of camaraderie with like-minded philanthropists; influence and access to organizational leaders (which makes them feel even more a part of things); and the potent psychological rewards of knowing they have made a difference in making the world a better place.

What does a low-dollar donor get? Tote bags. Water bottles. Calendars. Certificates of adoption. It's a largely market exchange. However, the language of the direct mail appeals and emails, imply a more community-

based relationship. The failure of most low-dollar donors to give loyally for many years or to graduate to higher levels of giving may in part be due to the predominance of market norms in their stewardship.

If you are a marketer, do you have cause-related relationships with corporations? How is that affecting your relationships with consumers? Is it possible that a reason cause-related product purchasers fail to become donors is that the consumer conversation is inherently a market conversation?

Here's the bottom line: Social norms — values of sharing, community and altruism — are enormously powerful motivators and have an important role to play in social enterprises like yours. Market norms — emphasizing calculated self-interest, individualism and equal exchange — have a place too. But when you mix the rulebooks, the benefits of social norms quickly disappear.

A fascinating last example of how this plays out relates to matching gifts. Matching gifts are very effective in getting people to donate money. But why? It's the social norm, not the market norm. We like the idea someone wants to join us in supporting a cause. What's so interesting is that research shows the SIZE of the match makes no difference in giving. It's simply the presence of a match.

According to a study by John List and Dean Karlan that is described in Leonhardt's *New York Times Magazine* article, donors who received an offer of a one-to-one match gave as often and as much as those with a three-to-one offer. It's easy to determine the reason — people were acting from social norms, not market norms.

## Checklist

- Scrutinize your appeals: Are you emphasizing social norms or market exchanges? Make sure you are focused on the emotional rewards of giving.
- Segment to avoid the hybrid. Some non-donors and low-dollar donors will solely be motivated to give because of market norms — they want the certificate or the calendar. But others are looking for that emotional connection. Identify who in your file responds to what — and give them that.
- If you must engage in marketplace rewards, ensure they are highly tied to your cause. If you are saving the whales, think plush toy whales, not coffee mugs. ●

## PRINCIPLE 4: Small, not big.

Here are some very human truths:

**When it comes to problems, the bigger the numbers, the smaller our concern.**

**The more who die, the less we care.**

**And one girl in need matters more than millions.**

Don't believe us? Believe the research and a brilliant man named Paul Slovic.

Once upon a time, some clever academics conducted a research study around a charitable appeal. Deborah Small, George Lowenstein and Paul Slovic asked different people to help a cause. The people were given one of three appeals:

- 1 To help a seven-year-old girl named Rokia, in the country of Mali, who “is desperately poor and faces a threat of severe hunger or even starvation”
- 2 To help millions of hungry children
- 3 To help Rokia, but this time the appeal included statistical information that gave a larger context for her hunger

### What happened?

People responded to the first appeal — which was focused solely on Rokia — most generously. That appeal brought in twice the amount of as the request to help millions of children. And the third appeal? The data actually had a negative effect, and the gift size was less than that for just Rokia.

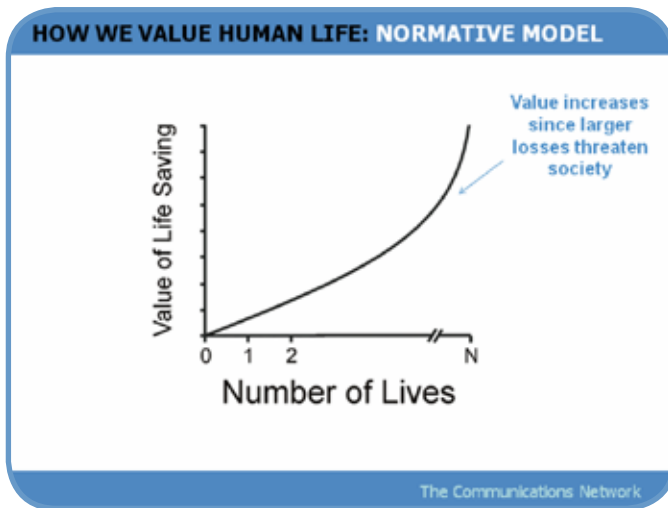
What about adding just one more person? In another test, people were asked to donate to Rokia and a boy named Moussa. The result? If asked to donate to just one of them, the research subjects were generous. When they were put together, the donations went down.

We heard Paul Slovic recently describe this experiment, and he concluded that humans simply can't act in the face of massive numbers — a phenomenon called psychic numbing. But the issue isn't just an inability to handle a large scale. Once you get past one person — or animal, for that matter — empathy declines.

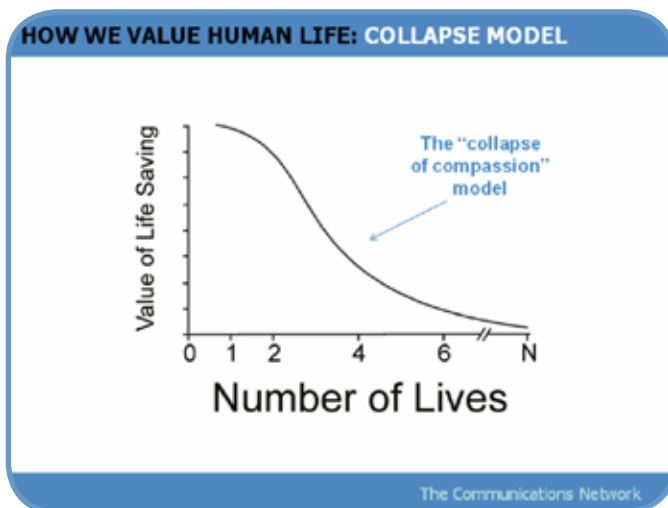
He said: “The more who die, the less we care.”

He drove the point home in a conversation with Andy Goodman during a webinar for the Communications Network, which you can [view here](#).

If we were rational people who wanted to save as many lives as possible, we'd look at the world this way:



But we don't. Instead, the more the lives at stake, the lower our emotional engagement level. Slovic calls this "compassion collapse":



Does this make us horrible?



We are not horrible, or we would not care at all. But we're human, and we find one person more relatable and more compelling — especially if we have an image of that person. We believe we can help that one person. And we want to act.

On the other hand, if we said to you, "Malnutrition, in the form of iodine deficiency, is the most common cause of mental impairment, reducing the world's IQ by an estimated billion points," you would not run to donate to UNICEF. You would think "Wow, that's depressing. Life stinks for a lot of people." And, most likely, you'd move on with your day.

When you are telling stories, asking people to take action or raising money, remember that small beats big. Always.

The bigger the scale of what you're communicating, the smaller the impact on your audience. Do not overwhelm people with numbers and statistics. They shift people into an analytical frame of mind, which disconnects them from the emotion of an individual story.

If you want to communicate with your audience on the scale they comprehend — a human scale — then take the big issue your organization addresses and communicate it through stories about one person, one whale, one tree. Make that individual relatable — less than perfect.

Small — NOT big! — is what evokes feeling, and feeling is what prompts action.

### Checklist



- Stay away from numbers, or stick to only one.
- Are you telling a good story about one individual in every form of outreach? ●

## PRINCIPLE 5: Hope, not hopeless.

Here's another experiment for you from Dr. Paul Slovic. Soon after the genocide in Rwanda, Slovic asked some research subjects whether they were willing to give money to deliver desperately needed water to a refugee camp in Zaire (now Congo) to save 4,500 lives. Some of the people were told the refugee camp had 11,000 people in it. Others were told it had 100,000 people in it. Either way, the number of lives that could be saved was 4,500. But guess what? People gave less when they thought the camp was bigger.

**EMPATHY STUDIES**

**"Mass Suffering and Why We Look the Other Way"**  
The Washington Post • January 5, 2009

SAVE LIVES	IN CAMP
4,500	11,000

SAVE LIVES	IN CAMP
4,500	250,000

**LESS LIKELY TO SEND WATER**

The Communications Network

In another experiment, Slovic asked people to play the role of foundation program officer and to consider grants. They could give \$10 million to fight a disease that claimed 20,000 lives a year — and save 10,000 of those lives. Or they could give \$10 million to fight a disease that claimed 290,000 lives a year — and this investment would save 20,000 lives.

The first scenario won.

### Why?

This isn't just that small-big phenomenon we discussed in the previous principle. What we're seeing here is the way we as humans gauge impact. We view things in relationship to each other. In behavioral economics, we see that contrasts matter more than absolutes and the value of everything is relative. When people thought the refugee camp was bigger and the number of people dying of disease was greater, their gift looked less effective. We don't want to fail to save a bigger percentage of people — even if the absolute number of victims saved is bigger!

As any psychologist or behavioral economist worth her salt will tell you, people don't like to feel they are losing out on something. Fear of loss often weighs heavier than hope of gain. When you're fundraising, do not ask people to give up something for your cause — focus on what people can gain. Humans don't act because of how bad things are. We act because of the good we think we can do.

Remember Deborah Small? She's the one who studied how a single story trumps the masses. She also notes why the positive side of impact is so important. As she puts it, "The mind responds to proportions, not absolute values. This is why we gasp when we see a 50%-off sale, regardless of whether the original price is \$5 or \$500. Similarly, saving 10 lives out of a group of 100 is a high proportion and thus evokes a greater emotional response than saving 10 lives out of one million" (2007).

Another great example is from a study by List and David Reiley, which is described in Leonhardt’s article. Donors were sent a letter saying a university wanted to buy computers for a new environmental-research center. Some letters said \$2,000 of a needed \$3,000 had been raised. Others said only \$300 had been raised and \$2,700 more was needed. The letters showing that \$2,000 had been raised were far more successful. Donors like to feel they can carry you over a finish line — not that they are facing an uphill fundraising battle.

What does this mean to you? You need to show what impact you CAN achieve. Demonstrate your end goal is realistic — and in sight. Do not highlight who you cannot help or what you cannot do. If your problem seems intractable, enormous and endless, people won’t be motivated to help. They want to know there is something — anything — that they can fix.

In other words, we need less of this type of gloom and doom messaging — which sends people into the fetal position:

**25,000 will die from hunger this Thanksgiving**

**care** MAKE A GIFT >

Dear Katya,

As you prepare to spend Thanksgiving with your loved ones this week, please remember the 1 billion people throughout the world suffering every day from chronic hunger.

25,000 women, men and children die from malnutrition and hunger-related causes every single day. This tragedy will be repeated again on Thanksgiving Day.

But CARE is working to turn things around. Through our emergency relief efforts, sustainable farming assistance and maternal and child health programs, we help prevent hunger-related deaths and improve the lives of millions of families suffering from poor diet and lack of food.

So, please, share the spirit of Thanksgiving with those living on the brink of disaster caused by hunger and poverty by making a gift to CARE today.

We thank you and wish you and your loved ones a Happy Thanksgiving.

Sincerely,  
*Holone D. Bayle*  
 Holone D. Bayle, MD, MPH

**Help those suffering from chronic hunger and poverty this Thanksgiving**

DONATE TODAY >

And more of this:

**MercyCorps**  
Be the change

WHO we are | WHAT we do | WHERE we work | take

Put the “giving” back in Thanksgiving

This year, put the giving back in Thanksgiving by donating the cost of your holiday meal to fighting hunger around the world.

**\$15** provides a family in Zimbabwe with access to a communal garden space, including tools, seeds and water access.

**\$20** provides 10 acres worth of rice seed for a Sri Lankan farmer — and training to double their typical yield.

**\$40** trains 20 apple farmers in Kyrgyzstan how to increase their yields and sales.

Donate \$15 • Donate \$20 • Donate \$40

Environmentalists, take heed: We feel the same way about apocalyptic messages about global warming. Go negative with extreme caution. You must give people the feeling that they have the power to help, not the feeling they are helpless or that your issue is intractable. If you go hopeless, your supporters will lose hope. If you scare with scale, you’ll lose. But if you empower with feasible steps, you’ll make social change.

### Checklist

- Give supporters something they can fix! Are you focused on what impact your supporter CAN achieve? Do not highlight who you cannot help or what you cannot do.
- If you have set a fundraising goal, show it is in sight. Make donors feel they can take you over the finish line. They want to win. ●

## PRINCIPLE 6: Peer pressure still works.

It may have been some time since someone double-dog-dared you to lick a metal pole in the middle of January or shunned you because you weren't wearing the same brand-name jacket. But adult behavior is still vulnerable to peer pressure and social norms.

One such instance is called the bystander effect. Demonstrated in a laboratory by John Darley and Bibb Latane in 1968 and replicated since, the bystander effect is a social phenomenon in which a person is less likely to assist someone in need when other people are around.

Further, the research shows that most people will wait to see what others do before offering help. When ambiguous events occur, people are considerably influenced by the ways other people are reacting.

People are programmed to pay attention to what other people do and emulate it. While it might be worrisome that our unique individualism can fall prey to groupthink, the good news is that by understanding social norms, you can help leverage this vulnerability for good.

Everyone is doing it.

Weeks before Election Day, Barack Obama's campaign was busy finalizing their get-out-the-vote messaging. Michael Grunwald reports that a world-renowned team of the nation's leading behaviorists advised them on the best technique for their GOTV (that's "get out the vote") script.

The key guideline was a simple message: "A Record Turnout Is Expected." This behavioral team knew that people are more likely to do something if they know that other people are doing it.

Take for instance those hotel placards that implore us to help save the environment by reusing our towels. They work better with peer pressure.

In a study by psychologist Robert Cialdini, various placard messages were tested in several hotels. The messages included:

**Message 1** "Reuse your towel to save the environment."

**Message 2** "A majority of guests in this hotel have reused their towels. Join them and help save the environment."

**Message 3** "A majority of guests *in this room* have reused their towels. Join them and help save the environment."

When made aware of the social norm, hotel guests adhered to it.

Message 2 was 18% more effective than the first. Message 3 was 33% more effective than the first — demonstrating that a deeper connection — albeit a completely arbitrary one — has an even greater impact.

Okay, but what about when people follow each other's undesirable behavior? Can we influence them in a more positive direction? Another study by Cialdini suggests that specific framing of an issue or problem can have a strong effect on outcomes.

Park officials at the Petrified Forest National Park in Arizona were frustrated because tourists were taking souvenir petrified wood samples with them at an alarming rate. Signs throughout the park informed visitors of the problem and asked them not to take the samples, but to no avail.



## PRINCIPLE 7: We listen to authority.

Albert Einstein once said, “To punish me for my contempt for authority, fate made me an authority myself.”

While Einstein had contempt for authority, most people are more than willing to follow the directions of someone they deem to have relevant expertise or influence.

In fact, people tend to obey authority figures, even if they are asked to perform objectionable acts. Stanley Milgram exemplified this when he measured the willingness of study participants to obey an authority figure instructing them to give an electric shock to an unseen but heard “confederate” participant in the experiment. In Milgram’s first set of experiments, 65 percent of participants administered the experiment’s final massive 450-volt shock. Talk about being wired to follow orders!

In another less disconcerting experiment, researchers arranged for a 31-year-old man to cross a street against a red light and into traffic. They found that three times as many pedestrians were willing to follow the man when he was dressed in a business suit and tie — showing that just an appearance of authority can influence behavior.

How can you put authority into practice in your organization?

You probably need to do more than go suit shopping.

First, it is important for all nonprofit leaders and spokespeople to showcase authority by showing credentials and experience in action. You can do this by:

- Distinguishing your CEO and other prominent program staff as experts. Give them a voice in your donor communications. Make them a prominent voice in your

media outreach through op-ed and other placements.

**Julie Packard**  
Executive Director of the Monterey Bay Aquarium  
Posted: August 18, 2009 04:47 PM

**Fish For Our Future**

Read More: Bill Monning, Boris Worm, Fisheries, Fishing, Marine Protected Areas, Monterey Bay Aquarium, Ocean, Ocean-Animals, Oceans, Over-Fishing, Overfishing, Ray Hilborn, Seafood Watch, Sustainable Fishing, Sustainable Seafood, Green News

WHAT'S YOUR REACTION? Inspiring Enlightening Infuriating Scary Helpful Amazing Innovative Adorable

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There were major developments in the past few weeks that hold great promise for restoring the health of our oceans, and bringing back an abundance of ocean wildlife. At a time when there's no shortage of bad news about the state of the oceans, it's heartening to have big things to celebrate.

First, respected scientists from two often antagonistic camps -- fisheries management experts and marine ecologists -- reached consensus about how best to bring back the world's ocean fish populations. In a significant paper published in the journal *Science*, they agreed that while overfishing and environmental change still threaten wild fish populations around the world, there are signs of progress in many places.

- Developing a group of spokespeople in line with your brand who can give testimonials about your work. The Dalai Lama would be ideal. Jessica Simpson — not so much.
- Showcasing your history or specific milestones that make you unique. Did your organization help bring the bald eagle back from the brink of extinction by helping eradicate DDT? Were you founded at the suggestion of Albert Einstein to assist refugees fleeing Hitler? Tell us!
- Providing an easy-to-understand snapshot of your organization’s impact.

Remember, it is also important to showcase yourself as a *credible* authority. Credibility consists of both knowledge *and* trustworthiness. To gain trust, it’s important that you be authentic. Don’t sugarcoat issues. Be explicit about the challenges you face, while remembering to be hopeful. Your audiences will thank and follow you for it. ●

## PRINCIPLE 8: The more you ask for, the more you get.

In his book *Priceless*, William Poundstone recounts that crazy story about Stella Liebeck. Remember her? We bet you do: She's the woman who sued McDonald's for burns on her thighs when her very hot coffee spilled in her lap at the drive-through. She was awarded \$2.9 million in damages from a jury in Albuquerque in 1994.

Kramer tried the same lawsuit once on *Seinfeld*.

How on earth did a jury conclude this was a \$2.9 million case?

Before we get to Poundstone's answer, let's hit you with another puzzle. When Skippy wanted to raise the price of a jar of peanut butter, they didn't mark it up. They redesigned the jar with a dimple in the bottom so they could charge the same price for less peanut butter, which worked out to a 10% price increase that no one noticed. (You may notice cereal boxes are getting thinner, too.)

Behavioral economists call what is going on with Ms. Liebeck and Skippy, "coherent arbitrariness," which reminds us of the title of Dan Ariely's book, *Predictably Irrational*. Whatever words you choose, the principle is this: No one really knows what anything should cost. There are no absolute values or prices. So we look for clues and comparisons to figure out what to pay. If Skippy jacked up their price, we might have chosen Jif, unless Jif was also charging more.

So let's go back to the jury. Here are a couple of important facts. First, Ms. Liebeck did hurt herself — she needed burn treatment and skin grafts and ran up \$11,000 in medical expenses, which indicated that the coffee was hot.

She originally asked for \$20,000. McDonald's countered with \$800. Ms. Liebeck's lawyer knew that would create a sense of outrage. But how did he get to \$2.9 million?

Answer: something called anchoring. He asked jurors to penalize McDonald's in the amount of one or two days of their worldwide sales of coffee, or about \$1.35 million a day. Was this a relevant figure? Not really, but guess what? People are predictably irrational in accepting anchors. Think of anchors as mental benchmarks or starting points for estimating a quantity. And the bigger the anchor, the bigger the estimation. The more you ask for, the more you get.

People are very susceptible to anchors. Crazy so. Poundstone, Ariely and Richard Thaler in his book, *Nudge* all cite many experiments in which giving people any random number will immediately affect their approximation of the value or price of something. The legendary Israeli psychologists Amos Tversky and Daniel Kahneman once did an experiment where they had a carnival wheel with numbers 1 to 100. They had college students spin a random number. Then they asked them to estimate the percentage of African nations in the United Nations as higher or lower than the number they'd spun. The number — the anchor — drastically affected their guesses as to the correct percentage. (It's 23%, if you're wondering.)

So that \$1.35 million anchor had a huge effect on the Liebeck jury. And interestingly, there seems to be no backlash effect. Experiments show outlandishly high anchors always raise the end amount. A notable exception, though, is with giving. We'll get to that in a minute, so don't start drafting your \$1.35 million appeal just yet.

In case you're wondering how the coffee saga ended, the \$2.9 million in damages didn't last from a legal standpoint. But Ms. Liebeck did well in the end. The judge slashed the jury's award to \$480,000 — still a lot of money. McDonald's settled eventually for somewhere south of \$600,000.

Once again, the lesson here is we don't know what anything should really cost and so we look for an anchor or a comparison for clues. An added finding from other studies is that in so doing, we'll often choose a middle option. Williams-Sonoma wasn't selling very many \$279 bread machines until they offered a bigger one for \$429. Suddenly, the midrange model looked like a bargain and they flew off the shelves.

So what does this mean to us? When you're setting suggested donation amounts, set one amount that's significantly higher than you think you'll get. Then, set a generous middle amount. You'll likely edge people up from their past gift amounts to the mid-range gift.

Rachel Croson, an economist at the University of Texas at Dallas, has studied pledge drives, and her findings add some helpful nuance to these ideas. She and a colleague Jen Shang conducted an experiment in which callers to a station were told another caller had made a gift. The station told some callers the other gift was \$75 (which happened to be the median gift for that station). Others were told the gift was \$300. The people who heard about the \$300 gift gave 12 percent more.

But interestingly, when they changed the experiment and instead mentioned \$600 and \$1,000 gifts, the \$600 group gave MORE than the \$1,000 group. Why? The \$1,000 level was a sum the average caller couldn't fathom.

That's why you need to think in terms of ranges and anchors. And unlike jury awards, with giving, it seems you CAN go too high.

## Checklist

- Ask for bigger gifts, but don't ask for the moon.
- Set a three-level range, knowing most donors will choose the middle option.
- Test, test, test. It's the only way to know the sweet spots for gift sizes.

A final caveat: We recommend anchors in your suggested gift amounts. But in your overall messaging, don't get too wrapped up in too many numbers. As we've said earlier, when people are primed to think in terms of dollars, they focus less on emotion.

Always, always: Keep the human face front and center. That is the one thing that predictably moves our irrational minds. ●

If you find this eBook has you eager to delve deeper into behavior economics, we highly recommend the following reading:

## Reading List

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Dan Ariely's *Predictably Irrational*  
Cass Sunstein and Robert Thaler's *Nudge: Improving Decisions and Health, Wealth and Happiness*  
William Poundstone's *Priceless*  
Ori and Rom Brafman's *Sway: The Irresistible Pull of Irrational Behavior*  
Chip and Dan Heath's *Switch: How to Change Things When Change is Hard*  
Robert Cialdini's *Influence: The Psychology of Persuasion*  
James Surowiecki's *The Wisdom of Crowds*  
David Leonhardt's March 9, 2008 *New York Times Magazine* article, *What Makes People Give?*

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