THE CHARTING IMPACT QUESTIONS: HOW DONORS INTERPRET ANSWERS

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INTRODUCTION AND SUMMARY
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Several Web services that provide donors with information about nonprofits invite the organizations to report on their goals, strategies, and accomplishments by answering five "Charting Impact" questions. But do donors understand and make appropriate use of these answers when assessing the nonprofits and allocating funds to them?

To answer these questions, the Effective Philanthropy Learning Initiative (EPLI) at the Stanford Center on Philanthropy and Civil Society[1] (PACS) conducted experiments with two different groups: (1) high net worth (HNW) donors, mainly from the San Francisco Bay Area; and (2) "everyday" donors from a nationally-representative sample of individuals whose households earned more than $150k annually. Based on actual answers to the Charting Impact questions we created profiles for hypothetical organizations. The most fundamental variable in the profiles was the quality of the organization, but we also varied the profiles based on the presence of quantitative data or narratives in the form of personalized success stories.

We learned that **HNW donors** were readily able to discern good quality profiles from bad ones, preferring organizations with good profiles and allocating more hypothetical dollars to them. HNW donors allocated more to organizations whose profiles made use of quantitative data only when those profiles were of good overall quality. But they allocated less to organizations that told stories regardless of profile quality.

In contrast, **everyday donors** were not able to distinguish between good and bad quality profiles, donating comparable amounts to both. They donated more hypothetical dollars to organizations whose profiles used quantitative data regardless of quality, in essence being unable to distinguish relevant quantitative data from "numbers for numbers' sake." Everyday donors responded neither positively nor negatively to the presence of stories within the profiles.

We were particularly interested in the findings with respect to HNW donors, who we believe are more likely to spend time critically assessing charitable

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1. pacscenter.stanford.edu

organizations' profiles than everyday donors. These findings have implications for how organizations answer the Charting Impact questions, for how platforms advise those organizations, and perhaps for the nature and form of the questions themselves.

However, the findings are subject to some caveats: the size of the sample was small and not necessarily representative of all HNW donors, and some of the profiles may have had characteristics that could have unintentionally influenced the participants' decisions.

To improve our methodology and the robustness of our conclusions, we would like to conduct a further experiment with a considerably larger sample of HNW donors, with a particular emphasis on donors from Silicon Valley.

Charting Impact Questions: Background

The Charting Impact questions are a set of five questions developed by GuideStar[2], Independent Sector, and the BBB Wise Giving Alliance, intended to create a common framework for nonprofits to report on their work. These questions provide an opportunity for organizations to succinctly share their goals, strategies, accomplishments, and challenges. The Charting Impact questions are:

1. What is your organization aiming to accomplish?
2. What are your strategies for making this happen?
3. What are your organization's capabilities for doing this?
4. How will your organization know if you are making progress?
5. What have and haven't you accomplished so far?

Ultimately, GuideStar, which continues to play a major role in promoting the questions, would like to see thousands of nonprofits answer the questions. According to Dan Moore of GuideStar, "we know from research that a significant number of philanthropic donors are looking for this information. The challenge is to create a standard to convey data about an organization's impact. That's where the potential is to improve giving . . . And, if this framework doesn't become the standard, it will advance us toward one."

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2. Note that Foundation Center and GuideStar joined forces to become Candid, a 501(c)(3) nonprofit organization, in early 2019.

METHODOLOGY

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Overview

Participants identified which profile they viewed as the best choice and decided how to allocate a hypothetical philanthropic budget across four organizations with virtually identical goals as a percentage of total funds (e.g., a donor could allocate 70% to the first organization they read about, 20% to the second, 0% to the third, and 10% to the fourth). They then rated each profile on their perceptions of its content (e.g., clarity, use of quantitative data).

Participants subsequently answered questions about their demographics and giving history. A subset of the HNW donors also participated in interviews to share their thoughts on their allocation strategies.

Profile Design

The profiles of hypothetical nonprofit organizations that donors evaluated were based on actual nonprofits' Charting Impact responses. We reviewed the responses of over 50 California nonprofits, focusing locally because of both the local nature of our participants' grantmaking and our funder's interest in the local implications of this project.

We created two sets of profiles, concerned with clean water and homelessness, respectively. These subjects are relatively nonpartisan and relevant to the Bay Area.[3]

Within each set, we created profiles of four organizations. Two were designed to be of high quality and two of low quality (hereafter, "Good" or "Bad" respectively). Each profile also varied with respect to a second element. In the clean water set, profiles either relied heavily on quantitative data or only qualitative data. In the homelessness set, profiles either employed client success stories or did not. In each set of four profiles, there was one profile for each combination of good and bad quality and these secondary characteristics.

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3. See Appendix A for more details.

Variations in Quality

We characterized these quality levels based on the EPLI team's and other Stanford PACS staff members' consensus about the elements that were indicative of good or bad quality in the Charting Impact responses of the California nonprofits we had surveyed.[4] Good profiles were characterized by:

- Highly specific, relevant information
- Metrics that were relevant to strategies and outcomes
- All claims supported by concrete data as necessary

Bad or low-quality profiles were the opposite: they used vague language, lacked clearly evaluable metrics, and tended to be incomplete or off-topic in their responses.

Variations in Profile Information based on Secondary Variable

Profiles systematically varied in either their emphasis on quantitative or qualitative information (for the clean water set), or the use of success story narratives (hereafter No Story or Story, for the homelessness set).

The quantitative (clean water) profiles were categorized by the percentage of words in the profile that conveyed numerical information, with quantitative profiles using roughly 6 times as many numerical words as qualitative ones.[5] We say "numerical words" rather than "numbers" to include percentages, proportions, or open-ended terms like *dozens*. Within categories, the percentage was similar.

The homelessness (narrative) profiles varied in the presence of client success stories. The success stories were specific anecdotes about an individual or family who benefited from the nonprofit's services, often including direct quotes.

We standardized all other variation among the profiles in each set, maintaining a similar length, with each set of nonprofits having similar strategies, budgets, and scopes.

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4. Stanford PACS staff in general, and EPLI staff in particular, have considerable expertise in philanthropy and the nonprofit sector. See Appendix B for more details on characteristics of quality.

5. See Appendix C for more details See Appendix B for more details on characteristics of quality.

Profile Overview

	Clean Water Set	Homelessness Set
Organization 1	Good, Quantitative	Good, Story
Organization 2	Good, Qualitative	Good, No Story
Organization 3	Bad, Quantitative	Bad, Story
Organization 4	Bad, Qualitative	Bad, No Story

Validation Via Focus Groups

Profiles systematically varied in either their emphasis on quantitative or qualitative information (for the clean water set), or the use of success story narratives (hereafter No Story or Story, for the homelessness set).

To validate our own assessment of whether a profile was Good or Bad, Quantitative or Qualitative, or had a Story or No Story, we vetted our profile design with focus groups. We held three focus groups of 3-8 individuals associated with Stanford PACS, chosen for their general expertise and knowledge about the philanthropic sector. For brevity, we will hereafter refer to the collective group of Stanford PACS researchers and focus group participants as the "experts."

Survey Design

The survey consisted of the following components:

- Introduction, instructions, consent form
- A set of four organizational profiles
- 2 outcomes questions:
    - Which profile was viewed as the best choice
    - How participants would allocate funds (as a % of total philanthropic budget) across the four organizations
- Ratings questions for each profile related to content (e.g., clarity, length, use of quantitative and narrative information) and motivations for funding allocation[6]

The order that the four profiles were presented in was also randomized for each subject, to control for order effects.

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6. Three early participants in the HNW donor group repeated this process for 2 sets of profiles. However, after experiencing low completion rates due to fatigue, subsequent participants were tested on only one randomly-assigned set.

Outreach/ Recruitment

HNW Donors

For recruitment, we emailed approximately 400 individuals who had previously attended at least one PACS Philanthropy Innovation Summit event (a conference for individual philanthropists currently making or considering annual gifts in the six figures), inviting them to participate in the study. These were high net worth individuals primarily from the Bay Area who already practiced philanthropy. Fifty-two responded with interest and 24 ultimately completed the study.

"Everyday" Donors

Because our sample size for the high net worth philanthropist group was small (24), we recruited a larger national sample more representative of everyday donors. The national sample of everyday donors was recruited through the survey company Qualtrics. Ninety-nine participants with annual household incomes equal to or exceeding $150,000 were selected to match the U.S. census in terms of gender and geographic representation across the United States. We will refer to this group as everyday "donors" even though we did not require that participants be philanthropists.[7]

Demographic Overview

Of our 24 HNW participants, 18 elected to provide us with optional demographic information. All of the national sample provided this information. See the details in the figures below:
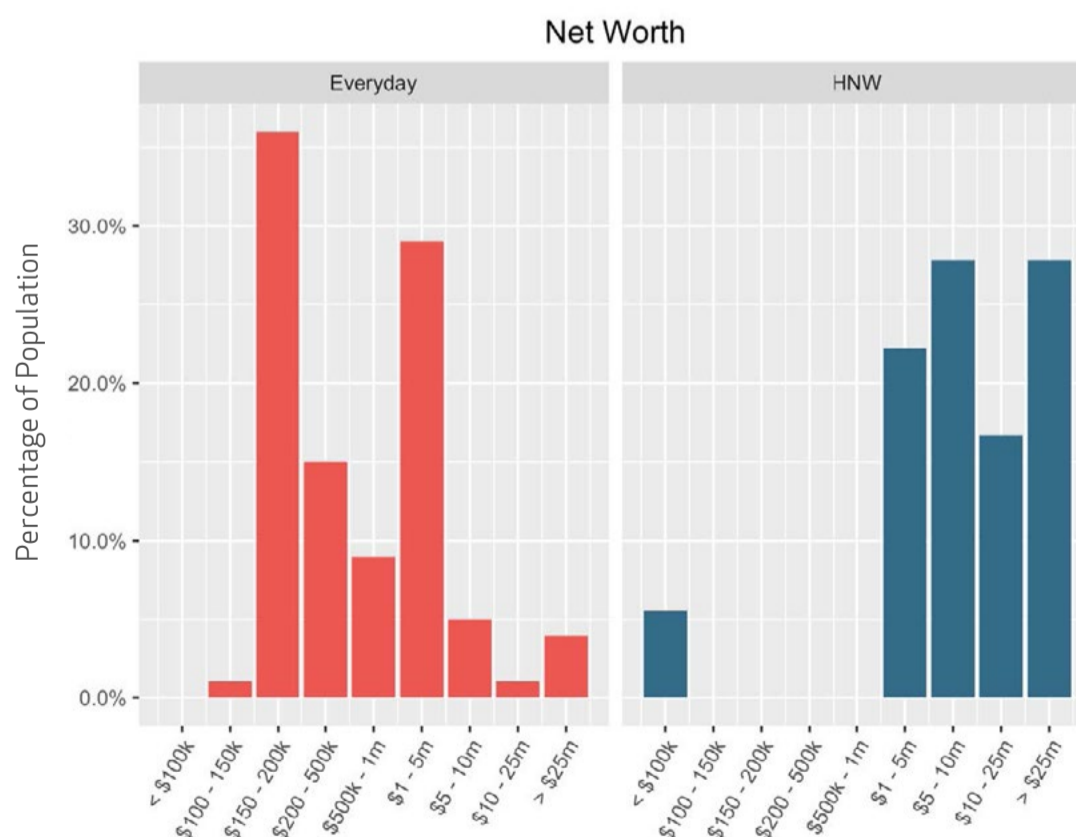

Figure 1. Bar graph of the net worth of both participant groups

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7. Despite us not controlling for donations during recruitment, 95% of this group reported some annual donations and 57% reported giving over $1000 last year, so the term "everyday donor" is not a misnomer.
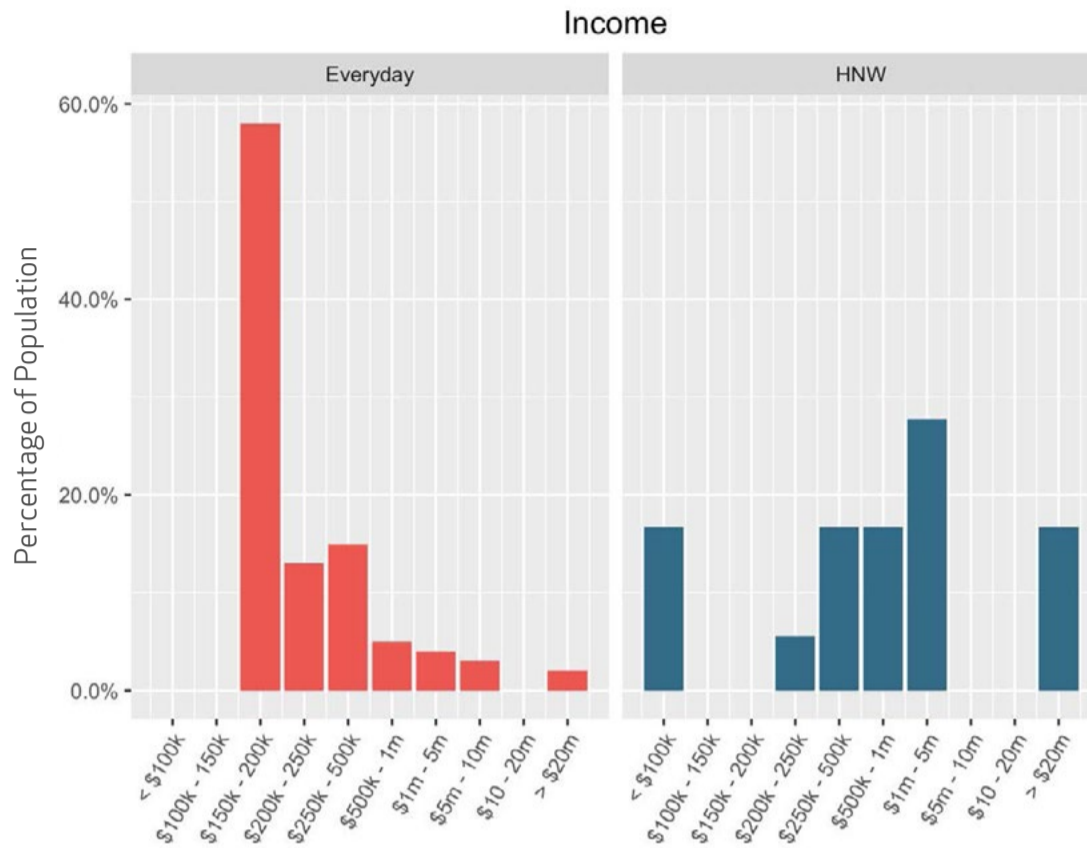
Figure 2. Bar graph of the incomes of both participant groups

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Table 1. Participant demographics

	HNW Sample	**National Sample a**
Sample Size	24	99
Gender	65% female	52% female
Age (average)	53	48
Education	22% Bachelor's Degree 70% Master's Degree 8% Professional Degree	6% High School 7% Associate's Degree 39% Bachelor's Degree 35% Master's Degree 13% Professional/ Doctoral Degree
Ethnicity	100% Caucasian	88% Caucasian 4% Asian 5% Black 3% Other

See Appendix D for more demographic information.

Data Collection

The experiment was conducted through an online survey and an optional follow-up phone interview.[8]

Participants had the option of completing the survey independently at their own pace or scheduling a time with us to complete the survey.[9]

Follow-up interviews were informal and had three primary goals:

- Obtain more details on participants' preferences, beliefs, and knowledge that would help explain behavior in the experiment

- Understand the participant's background in philanthropy and set context for their real-life grantmaking process

- Get feedback on the structure of the study for possible improvements

Interviews were conducted over the phone and usually took around 30 minutes.

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8. Everyday donors were not interviewed.

9. For those who chose the latter option, our research team remained on the phone with them while they completed the survey, and then immediately followed up their survey completion with the interview. These sessions took one hour. Fifteen of our 24 participants completed the survey on their own. Fourteen of them opted in for a follow-up interview, including those who preferred the scheduled time option.

PRIMARY FINDINGS

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Findings Overview

The following tables illustrate the preferences of our HNW donor participants. As a reminder, participants saw four profiles, chose one as the "best" and then decided how they would allocate 100% of some arbitrary amount of funds among the four.

Narrative Set

Table 2. HNW Donor Choices for Narrative Set

	Organization 1	Organization 2	Organization 3	Organization 4
EPLI Categorization	Good, Story	Good, No Story	Bad, Story	Bad, No Story
Best Choice Frequency	17%	83%	0%	0%
Allocation % (Mean)	25.67	49.50	7.00	16.75

Quantitative Set

Table 3. HNW Donor Choices for Quantitative Set

	Organization 1	Organization 2	Organization 3	Organization 4
EPLI Categorization	Good, Quantitative	Good, Qualitative	Bad, Quantitative	Bad, Qualitative
Best Choice Frequency	53%	13%	7%	27%
Allocation % (Mean)	36.67	14.00	12.67	30.00

Quality

High net worth donors prefer Good profiles to Bad ones

The results indicate that HNW donors prefer higher-quality responses to the Charting Impact questions. If we look at both sets combined, HNW donors chose a good quality profile as "best" 83% of the time. They allocated significantly more funds to good quality profiles.[10]

In contrast, the sample of everyday donors did not significantly discriminate between profiles based on quality,[11] suggesting that they are potentially less able than HNW donors to discern the markers that generally indicate good profiles when critically evaluating organizations.

Figure 3. Average allocations made to Bad vs. Good quality profiles

The interviews gave us insights about why some donors preferred a Bad profile to the Good ones. For example, one HNW donor was given the set on clean water (quantitative), a subject about which she had no prior knowledge. Due to her lack of expertise, this donor chose to "channel a colleague" with experience

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10. (Welch's t-test, T=2.58, p=0.01)
11. (Welch's t-test, T=0.84, p<0.4)

and thereby determined that legal work was likely an effective strategy. This led to her selection of a Bad profile as best because that profile emphasized a legal victory as one of the organization's accomplishments. Even though we tried to ensure that each of the four organizations employed similar overall strategies, this legal outcome may have stood out on the Bad profile due to a lack of other clear outcomes, which was a memorable signal of quality to the donor: "I remember something about legal action and that was more compelling to me than how many kids went to their programs, for example."

Another donor we interviewed chose the same Bad profile as best, citing a government partnership as compelling. It is worth noting, however, that she said, "I think that the four different orgs that were described were so similar … I found it difficult. I would've had to go back with a lot of questions for all of them. I have to say, I think I finally just made a decision namely because one of them seemed to have a more overarching, wider goal." For this donor, and perhaps others like her, the selection of a Bad profile was made unenthusiastically because no profile was able to clearly distinguish itself from the others on the basis of these questions alone.

Narrative Information
High net worth donors prefer No Story to Story
We hypothesized that HNW donors would respond positively to the use of success stories. Success stories of individuals who have been beneficiaries of nonprofit programs might either be highly beneficial to nonprofits and positively impact their fundraising by appealing to the emotions of philanthropists, or might be seen as potentially exploitative, tangential, or distracting. It appears that the latter may be the case for HNW donors, who chose good profiles without stories instead of those with stories 83% of the time and allocated significantly fewer funds[12] to profiles with stories – approximately 1/3 as much than to organizations that did not utilize stories.

Everyday donors did not exhibit a preference for profiles with or without stories,[13] allocating a similar amount to each. The narrative elements which may have been aversive to HNW donors do not appear to exert a strong influence on the everyday donor group.

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12. (Welch's t-test, $T=-2.17$, $p<0.04$)

13. (Welch's t-test, $T=-0.56$, $p=0.57$)
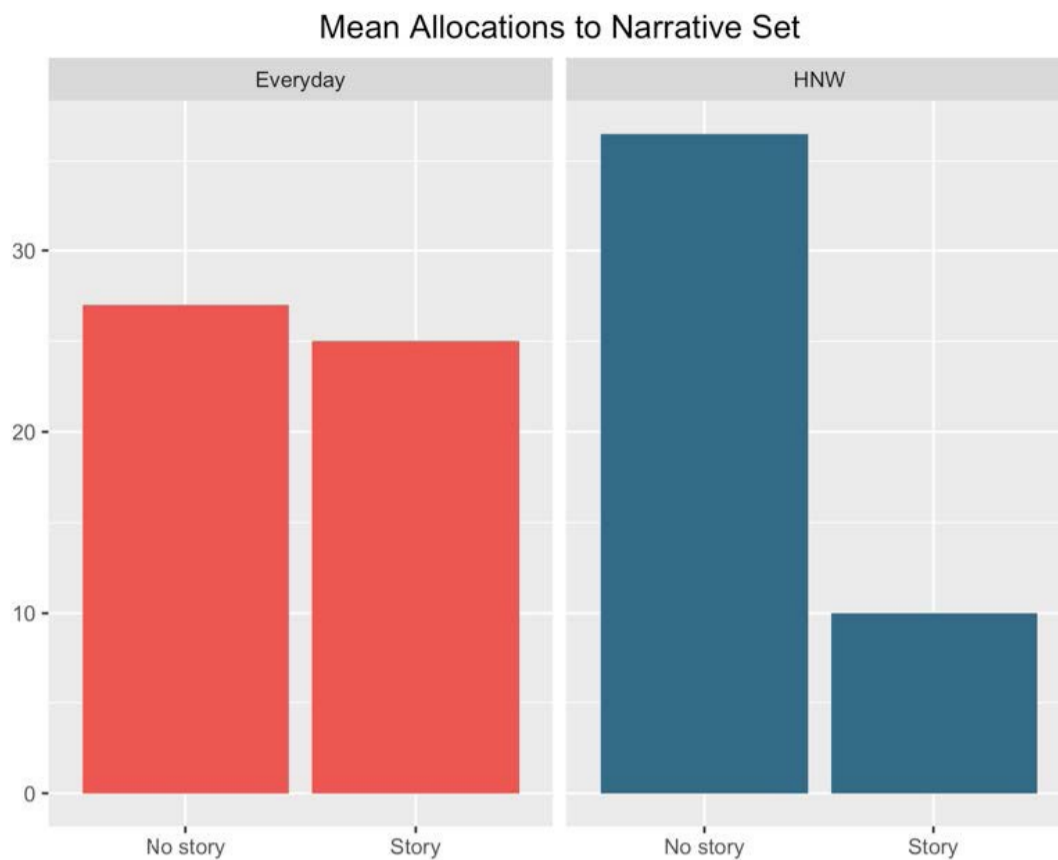
Mean Allocations to Narrative Set

Figure 4. Average allocations made to Story/No Story profiles

Curiously, the HNW donors we interviewed did not mention any aversion to the use of personal stories. Some even claimed a fondness for them, for example: "I tend to be a narrative person more than quantitative. Real people, real stories are so much more valuable. There is so much you cannot see in data." Donor ratings of how strongly different profile elements motivated their choices also revealed no conscious recognition of the importance of stories to allocation decisions.

Why would we see a strong anti-narrative bent in the survey data but no mention of it in the interviews? One explanation is that stories affect some donors more negatively than they consciously realize, or that they were hesitant to share aversive responses to personal stories. They might also subconsciously have been primed through the research to be doing something "strategic" and have been taught that stories aren't necessarily a strategic way to evaluate an organization.

Quantitative Information
High net worth donors are not susceptible to "numbers for numbers' sake," but everyday donors are

HNW donors did not donate significantly more to profiles that used a large amount of quantitative data compared to qualitative profiles.[14] However, when comparing two heavily quantitative profiles, HNW donors *did* donate significantly more to the good quality one,[15] which was also chosen as the best

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14. (Welch's t-test, T=0.36, p=0.72)
15. (Welch's t-test, T=2.35, p<0.03)

profile in the set the majority of the time (53%). This indicates that numbers for numbers' sake are not motivating to HNW donors; if the data provided is irrelevant or unconvincing, they are able to accurately discriminate and avoid low quality organizations. In fact, HNW donors allocated the least to the bad quality quantitative profile and chose it as the best option only 7% of the time.

In contrast, everyday donors prefer quantitative over qualitative profiles, independent of profile quality (**Table A2**).[16] This may indicate that "numbers for numbers' sake" can influence everyday donors more readily than HNW donors.

Both groups chose the bad qualitative profile as their second choice after the good quantitative profile (**Figure 5**).[17] This may be an idiosyncrasy due to some compelling details within the profile, as both groups rated the bad qualitative profile highest or second-highest on use of narratives, organizational competence, emotional appeal, and use of outcome measures. The everyday donor group even rated it 2nd-highest on quantitative data, despite it being a qualitative profile. Thus, this "bad qualitative" profile may have been substantively more compelling than our early focus groups indicated, possibly due to the legal victory that several interviewees cited as a reason for donating to the organization.[18] Further research with a greater variety of profiles would resolve this open question.
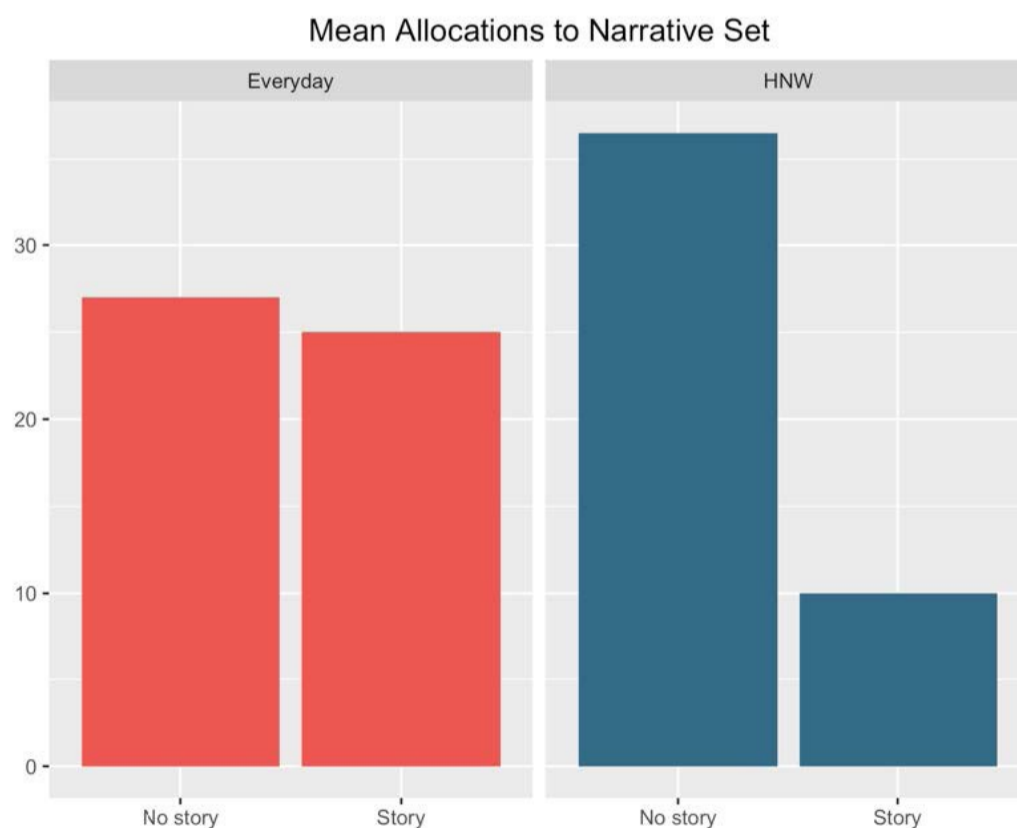

Figure 5. Average allocations made to all profiles in the Quantitative set.

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16. See Appendix E.
17. See tables A7 and A9 in the supplement for more details.
18. There is another possible interpretation: that vague, flowery language can actually be more effective than specific, matter-of-fact language in the absence of quantitative data. Vague numbers are transparently unsatisfactory, but vague prose may sometimes be stylistically compelling. We cannot claim validity to this interpretation since we had only one "bad qualitative" profile, but we are curious about the possibility.

BROADER FINDINGS

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Everyday donors: indiscriminate donations or naïve diversification?

Everyday donors appear to be far more undiscriminating than HNW donors in their donations, allocating their charitable funds more evenly across the available options. This practice is often seen in investment decision-making and termed the 1/N portfolio strategy,[19] a form of naïve diversification that makes sense when the returns on one's investment appear highly ambiguous. We speculate that everyday donors' apparent reduced ability to differentiate between high- and low-quality profiles may lead them to diversify their funds accordingly.
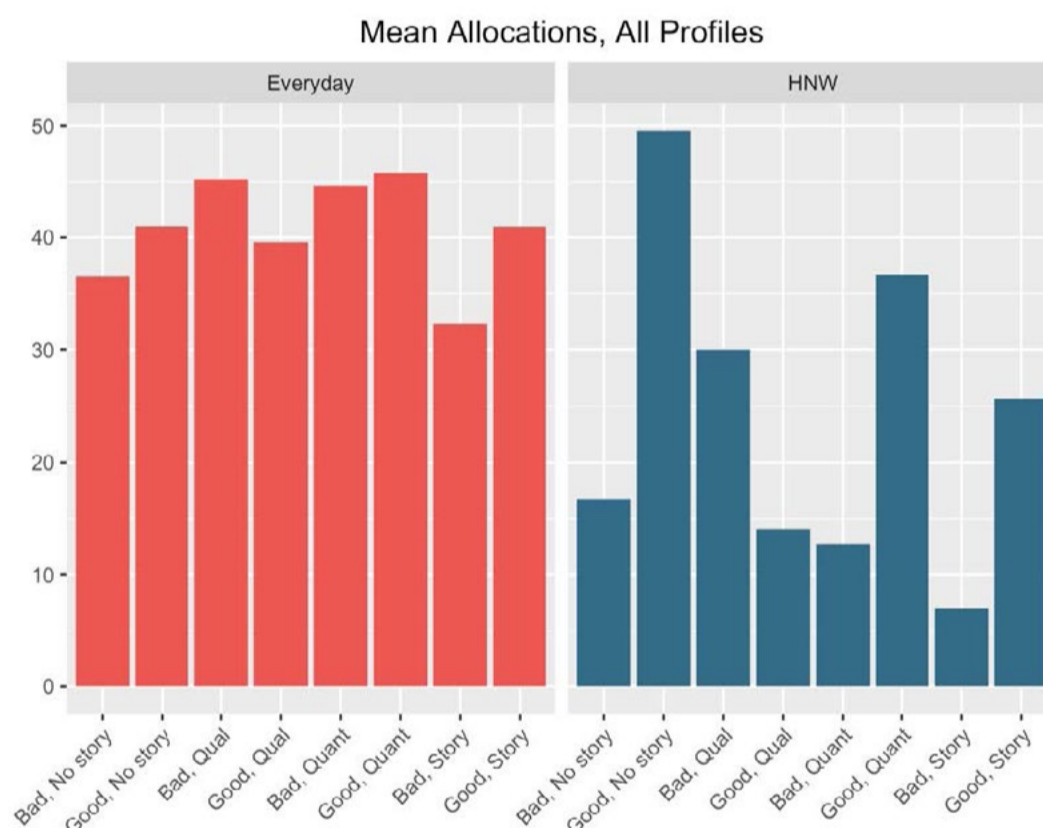

Figure 6. Average allocations across all profiles.[20]

Everyday donors' *perceptions* of how profiles use quantitative data and narratives are associated with their allocations

While both everyday donors' and HNW donors' ratings of profiles' use of quantitative and narrative elements are (statistically significantly) correlated with EPLI's categorizations, HNW donors' ratings are much more highly correlated.[21] This means that everyday donors perceive profile content

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19. https://www.investopedia.com/articles/stocks/11/naive-diversification-vs-optimization.asp
20. Participants were asked to make sure their allocations to the 4 profiles they saw added up to 100%. All of our HNW donors did so, but only about half of the everyday donors did, which is why we see average allocations that exceed 100 within a set. We still chose to treat this data as reliable at least as indicators of ranking between the 4 (e.g., allocations of 100, 90, 50, and 20 still reflect a valid ranking despite not adding up to 100).
21. Pearson correlations between participant ratings and EPLI categorizations: Narrative: r=0.8 (HNW) vs r=0.3 (Everyday); Quantitative: r=0.57 (HNW) vs r=0.14 (Everyday)

differently and more unpredictably than HNW donors, whose judgment is more aligned with philanthropic experts.

If we assess everyday donors' allocation of funds to profiles *they* perceive as using a high degree of quantitative data or narrative data compared to profiles they perceive as using a low degree of such data,[22] everyday donors donate significantly more to the former than the latter (narrative: 44.6% (high) vs 23.3% (low);[23] quantitative: 45.9% (high) vs 16% (low)[24]). Recall that neither difference exists when we use EPLI categorizations rather than participant ratings.[25]

Everyday donors rely on emotion more heavily when evaluating quantitative set profiles

We asked donors to rate the positive or negative nature of their emotional responses to each profile. For everyday donors, emotional response became a significant predictor of decision making when evaluating the quantitative set (clean water). The more positive the emotional response, the more likely they were to allocate a greater percentage of their funds and to choose the profile as the best option **(Table A2)**. Interestingly, this may indicate that the everyday donors, when faced with data-intensive information, rely on "the affect heuristic," with their choices governed by emotion rather than analytical processes. There was a trend[26] toward this reliance on emotions for HNW donors evaluating the quantitative set as well, though not statistically significant,[27] implying that both groups tend to fall back on emotion to different degrees.

Everyday donors self-report higher knowledge levels than HNW donors of the issue area

Participants were asked to rate how knowledgeable they were about the subject they saw (homelessness or clean water). The median level of knowledge reported by HNW donors was 3 (on a scale of 1-7). The median level of knowledge reported by everyday donors was 5, signaling that everyday donors had higher confidence in their own knowledge than HNW donors. However, these higher

22. On a 1-7 Likert scale, high = 5-7 and low=1-3
23. (Welch's T-test, T=7.21, p<0.001)
24. (Welch's T-test, T=14.01, p<0.001)
25. If we run the same comparisons for HNW donors, we find greater consistency with their EPLIcategorized results. Profiles they perceived as making good use of quantitative data received greater funding (34.8% (high) vs 13.7% (low)[25]), and those perceived as making good use of narrative did not significantly influence funding (23.9% (high) vs 21.9% (low)[25]).
26. When findings are mentioned as trends in this document, it means that their p-value is between 0.05 and 0.10. This means that the likelihood of the finding being a "false positive" and not a real effect is under 10%, but more than 5%. In keeping with statistical conventions, p-values lower than 0.05 are viewed as statistically significant.
27. (Hierarchical linear regression model (Table A2), T=1.65, p<0.10)

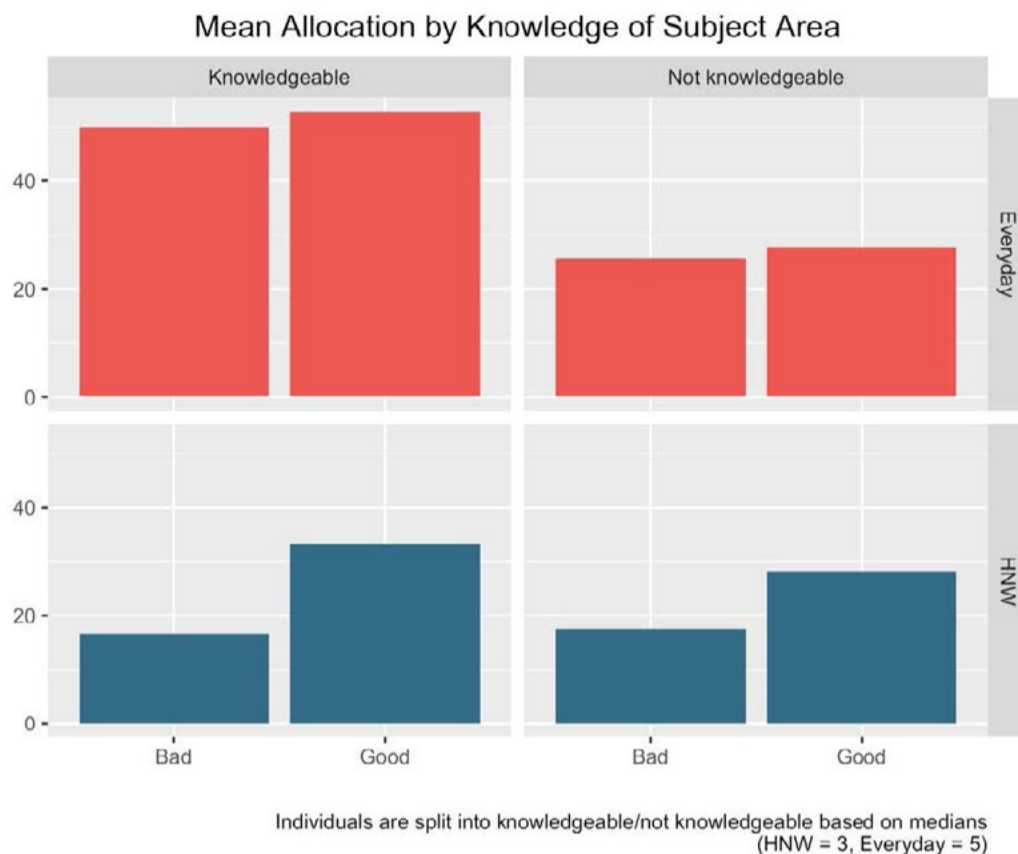overall confidence levels did not correspond with greater ability to distinguish good profiles from bad ones:

Figure 7. Allocations to Bad/Good profiles based on self-reported knowledge of subject area.

Figure 7 splits each population into groups of knowledgeable or not-knowledgeable, based on that population's median knowledge score (HNW = 3, Everyday = 5).

Notice that both groups of HNW donors made larger allocations to good profiles than bad ones, whereas everyday donors had trouble distinguishing on quality regardless of knowledge level.

Disliked profiles are perceived as lengthier

For both HNW and Everyday Donors, participants' assessment that a profile was lengthier predicted strongly that they would *not* choose the profile as the best option and that they would allocate less funds toward it.[28] Why might perceptions of profile length vary, when the profiles themselves were nearly the same length? We speculate that ratings of length may serve as a proxy for how tiring or attentionally draining, or even boring, the profiles were to evaluate.

28. (Tables A2, A3, A4, A5)

What people *think* motivates their donation behavior doesn't always do so

Participants were also asked, for each profile, how much each of the factors they had rated (e.g., profile clarity) had actually influenced their funding allocation. They were given a 7-point scale which ranged from "strongly motivated not funding" to "strongly motivated funding" for each factor. We examined the degree to which these self-reported motivations influenced donation decisions.[29]

HNW donors' perceptions that the organization was highly competent and used appropriate outcome measures were the two self-reported motivations that significantly aligned with their actual decisions.[30] As noted above, we found that profile length and use of narrative content does significantly affect HNW donors, but these donors did not report them as significant motivating factors. This implies that HNW donors were *not* aware of the extent to which these factors influenced their decisions.

Everyday donors' perception that the organization was competent significantly aligned with their actual decisions.[31] There was a trend toward everyday donors' assessment of the importance of their positive emotional response and profile clarity as significant factors influencing their allocation decisions.[32]

These findings have several implications:

1. Unlike HNW donors, everyday donors' self-reported prioritization of profiles with appropriate outcome measures did not align with their donation behavior. This may relate to their difficulty discerning between high- and low-quality profiles.

2. Everyday donors correctly perceived that profile clarity significantly influenced their donation behavior.

3. Everyday donors trend toward being aware of the importance that emotional response plays in their allocation decisions.

4. Like HNW donors, everyday donors appear unaware of the extent to which their perception of profile length influences their funding allocation.

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29. Using hierarchical linear regression models
30. Competency: T=1.72, p<0.09; appropriate outcomes: T=2.88, p<0.004
31. T=2.22, p<0.03
32. Emotional response: T=1.78, p<0.08; clarity: T=1.88, p<0.06

Order matters: HNW donors favor later profiles, everyday donors favor earlier ones

In statistical models that incorporated the order in which organizations were shown,[33] we found that order was statistically significant in influencing the identification of the "best" profile for everyday donors in the quantitative (clean water) set[34] as well as the narrative (homelessness) set.[35] HNW donors were marginally influenced in their choice of the best profile for the narrative set[36] as well as how much they allocated to these organizations,[37] but choices in the quantitative set were unaffected by order.

Interestingly, order effects worked differently across groups: everyday donors favored earlier profiles, while high net worth donors favored later profiles.

These results have several possible explanations:

1. Everyday donors may have less time or attention to devote to evaluating profiles and may pay less attention to those presented later in the search process.[38]

2. High net worth donors may focus more on later profiles if they are spending longer on evaluation, forgetting information about the earlier entries.

3. High net worth donors may be more susceptible to order effects in instances where there are not clearly identifiable quantitative outcome metrics to evaluate.

4. Order effects on everyday donors only appear to influence what is picked as the best profile, but not how individuals allocate across profiles. This may be because everyday donors allocate funds more evenly across their options.

Perceptions about an organization can change relatively quickly

During the interviews, several HNW participants mentioned that they had changed their minds about how they would allocate between the beginning of the experiment (when they were asked to provide their allocations) and the end, after they had reviewed all the organizations in more detail. We were unable

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33. Hierarchical linear regression models were used for the following findings.
34. (T=-2.84, p<0.005)
35. (T=-2.78, p<0.006)
36. (T=1.66, p<0.10)
37. (T=2.26, p=0.02)
38. The everyday donors in our study may have had less incentive to pay attention since, unlike the HNW donors we recruited, they had no previous relationship with EPLI and were being paid by Qualtrics to complete surveys for which they qualified. This possible attentional difference likely contributed in other ways to our comparative results.

to interview the everyday donor group, so we were unable to ask questions to explore this effect for this group.

Recall the format: participants first read through all four profiles, immediately made allocation decisions, and then were asked to re-evaluate each profile individually when they were asked targeted questions about their perceptions. It appears that these questions helped some participants realize new information.

> *"Big difference between reading a pitch and answering your questions about a pitch, which in my case changed my priorities."*

> *"The part where you 'take apart' different organizations really makes you think, 'Hmm, would I still give to these organizations?'"*

The takeaway here is that individuals can obtain very different impressions from the same profile — to the extent of choosing whether or not to fund — depending on the level of attention they read it with, and the elements they attend to during that process.

SUMMARY

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Takeaways for nonprofit organizations: Knowing your audience

This study aimed to systematically analyze some of the major influences on philanthropic giving in HNW and everyday donors, assessing how each group evaluates different elements of nonprofit organization profiles. We found a number of crucial differences between the groups that suggest different approaches for appealing to HNW or everyday donor audiences for funding.

HNW donors are better able to identify high quality profiles, and their assessments of profile content more closely align with evaluations performed by experts from Stanford PACS than those of everyday donors. Additionally, quantitative data-driven profiles are only preferred by HNW donors when they are of high quality; HNW donors are easily able to spot bad profiles glutted with irrelevant data. Narrative elements also played a largely aversive role for HNW donors, although they did not appear consciously aware of this aversive influence.[39]

Nonprofits ought to keep in mind that donors go through different evaluation processes for different types and sizes of gifts. The majority of our HNW interviewees distinguished between "small" and "significant" gifts. This group agreed that small gifts require little thought and are often made as one-off favors to friends or family. However, for more significant gifts, which these donors viewed as their primary grantmaking, our interviewees agreed that they would need more information than these profiles offer before making a donation. These profiles provided helpful information, but only as a first step. These HNW donors named two further steps as integral to their grantmaking process: learning about the leadership and board and establishing a relationship with the nonprofit in order to have their questions answered.

Since our study used percentage allocations of an unspecified donation budget, we do not know how donation magnitude may change donors' weighting of different factors during decision-making. As these scale effects could be very large and may explain some of the differences between HNW and everyday donors, further study on how donation magnitude influences the decision process could be a fruitful direction for future research.

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39. Profile sets with less quantitative data also appeared to make HNW donors vulnerable to order effects during their search, where they preferred later profiles; quantitative data may serve as an evaluation benchmark that helps focus attention for these individuals.

Takeaways for Messaging HNW Donors:

1. HNW donors focus on appropriate outcome measures as a sign of organizational competency and are likely to be aligned in judgment with philanthropic experts.

2. The inclusion of quantitative data only aids organizational profiles when highly pertinent; "numbers for numbers' sake" are unconvincing.

3. Personal stories can be highly polarizing for HNW donors and run the risk of being aversive. Focusing on the bigger picture may be more beneficial for these donors.

4. Our interviews suggest that in order to secure larger donations, organizations must be prepared to offer more information than a profile can provide, with emphasis on direct personal relationships.

Everyday donors, in contrast, are much less able to distinguish among organizations based on quality, and their evaluations of which profiles involve strong quantitative and narrative elements are less aligned with EPLI evaluations than the HNW donor group. This lack of discernment prompts them to employ a balanced diversification strategy, spreading their donations more evenly across the available options. They are more likely to allocate funds to organizations that use quantitative data, regardless of the quality of that data. When evaluating profile sets that use a large amount of quantitative data, emotional response plays a significant role in their allocation, signifying that they may fall back on emotional cues when faced with choices that require critical analysis. Their attention appears to wane on later profiles in a set, creating a preference for earlier (and likely more closely-evaluated) profiles.[40]

Takeaways for messaging Everyday Donors:

1. Everyday donors' own perceptions of profile quality and use of quantitative data and narrative elements do not align with the evaluations of experts or HNW donors, but heavily influence their decisions. This makes their behavior, and the details they will cue to within a profile, less predictable.

2. Everyday donors tend to allocate more evenly across their charitable giving options. Getting a larger share of an individual's annual donations may be more challenging, especially in a competitive environment.

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40. In general, everyday donors appeared to invest less attention in the experiment and are less likely to use the Charting Impact question framework in their own actual grantmaking.

3. Quantitative data, regardless of quality, is more motivating for everyday donors.

4. Everyday donors' decisions are more emotional than HNW donors when faced with quantitative profiles; they are also more aware that emotion motivates their allocation decisions. Organizations should strike a balance between quantitative and emotional appeals when approaching everyday donors.

5. Everyday donors appear to weigh early (first-seen) profiles more heavily in terms of their allocation decisions. This may indicate that they are more susceptible to demands on their attention and to choice fatigue. In environments where there are many competing demands on donor attention and funds, being seen early in the search process may give organizations a more pronounced competitive edge with this group.

Perhaps troublingly, some of our findings suggest strategies for lower quality nonprofit organizations to conceal their weaknesses. In particular, targeting everyday donors and using a high volume of numerical data – even when it is of little significance to organizational outcomes – may successfully garner donations. This high volume of numerical data may also pressure everyday donors into leaning more heavily on emotion when making decisions, rendering them more vulnerable to heartfelt appeals. These results reveal a potential vulnerability in everyday donors' decision-making that cannot be easily addressed, given the lack of feasibility of a large-scale education program.

Takeaways for high net worth donors: Assessing your reactions
Our findings have several implications for donors who want to evaluate their own donation habits. HNW donors appear to evaluate profiles critically and carefully and are able to discern between meaningful and valueless quantitative data. However, HNW donors respond to personal stories in ways that can be highly negative, even when a profile's overall quality is high—and they are not aware that this narrative content is significantly impacting their decision-making. Ideally, HNW donors should be able to prevent deficits in storytelling from negatively influencing their assessment of an otherwise high-quality profile. HNW donors should pay extra attention when evaluating profiles with substantial narrative content and should look for the markers of organizational quality that are independent from storytelling.

HNW donors also tend to favor last-seen profiles. For individuals who are performing lengthy searches across multiple organizations before deciding how to allocate donations, care should be taken to mitigate this effect, whether by note-taking while browsing to easily evaluate pros and cons or revisiting earlier profiles before making a final decision.

Experimental setting vs. real life

When assessing takeaways from the experiment, one must remember that the experiment does not mimic the real-life search process. Responses to the Charting Impact questions may be weighed differently in the context of other details available on GuideStar profiles (e.g., comprehensive financial information). Evaluating organizations in sets of four creates an explicit comparison which our interview participants did not feel represented real life; HNW donors mentioned that they more often evaluated organizations individually.

Hypothetical instead of real donation choices lower the stakes during decision-making, potentially adversely affecting the attention with which donors evaluate their options. Broadly speaking, this adds more noise or randomness to our results, reducing the statistical significance of potential findings. Therefore, the results we found to still be statistically significant ought to be even more pronounced when studied in a real donation context. The main difference is that participants are likely to be more generous in a hypothetical context, but our experiment mitigates this by asking for percent allocations of an arbitrary philanthropic budget rather than actual dollar amounts. We would not expect any motivations or preferences to change in an actual giving context vs. our hypothetical context.

Additionally, while HNW donors may not view organizations in a fashion akin to comparison shopping, the motivating factors are still valid whether assessed in isolation or direct comparison. When viewing organizations individually, donors still evaluate for quality, outcomes, and data, implicitly comparing against organizations seen in the past. Future research can examine whether the evaluation process changes in isolated, noncompetitive donation settings when compared with the competitive allocation percentage approach in our experiment.

It remains an open question whether the addition of other organizational details beyond the Charting Impact questions can change the questions' influence when

making donation decisions. This is best answered experimentally, in a similar but more complex study design that incorporates common organizational details such as the financial information and management practices that GuideStar publishes.

The journey forward: Future research directions

Our experimental approach to understanding the allocation choices of HNW and everyday donors enabled us to identify differences in the way they assessed profile quality as well as the use of narratives and quantitative data. However, these initial findings raise a number of open questions. What types of quantitative data are most compelling to HNW donors? What elements of personal success stories drive HNW donors' aversion toward them, and which aspects can be emphasized to inspire philanthropy? Are the differences between HNW and everyday donors driven by everyday donors' reduced attention, a reduced sense of personal efficacy regarding the impact of their own donations, an unfamiliarity with common benchmarks of organization quality, or something else entirely?

The next step toward answering these questions in greater detail is to provide a greater variety of organizational profiles and collect responses from a larger sample of donors. With more systematic variation in the offered profiles, idiosyncratic elements of particular profiles (like the example of legislative action in one of our low-quality profiles that appeared compelling to many donors) will have less of an effect on study findings, increasing the robustness and generalizability of the work.

When enough data exists to form a sufficiently complex model of how profile elements influence allocation, this model could then be used to assess the funding success of actual organizations' profiles. Thus, the ultimate aim is to move beyond the experimental and hypothetical choice context, and to use the lessons learned to assess actual success.