

I Give, Therefore I Have: Giving and Subjective Wealth

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Contribution Statement

Our research contributes to the growing literature on the benefits of prosocial behavior—outcomes including health (Ironson, et al. 2002), happiness (Boehm, Lyubomirsky, and Sheldon, 2008), and longevity (Musick, Herzog, and House, 1999). For the first time, we show that giving away money or spending it on others confers the ironic psychological benefit of increasing the giver’s sense of wealth. Subjective feelings of wealth (or lack thereof) likely play an important role in purchase decisions, but marketing researchers have not yet begun to explore either the drivers or outcomes of subjective wealth from a consumption perspective. This article introduces discussion of subjective wealth to the field of marketing, documenting one cause (charitable giving) and exploring one consequence for consumer behavior (brand choices).

Abstract

We document a surprising strategy for feeling wealthier: giving money away. We suggest that just as acts of conspicuous generosity signal wealth and power to others, they trigger feelings of subjective wealth and power in those who give—despite decreasing their objective wealth. Five studies explore the relationship between giving and subjective wealth, demonstrating that (a) donating can increase feelings of subjective wealth as much as actually receiving windfall gains does, (b) feelings of power that result from acts of giving drive the relationship between giving and subjective wealth, and (c) by fulfilling one of the goals of conspicuous consumption—signaling wealth—donating diminishes the need to signal status in other ways such as consuming brand-name products.

Can giving money away make people wealthy? Reverend Creflo Dollar, one of the greatest marketers alive, owes his mansions, Rolls Royces, and private jet to the notion that it can. Passionately quoting Bible verses such as “Give, and you will receive” (Luke 6:38, New Living Translation), Dollar has persuaded thousands of people to give him money in exchange for nothing more than a promise that God will pay them back, with interest. Although this promise might sound hollow to nonbelievers, it may contain a nugget of psychological truth. While making charitable donations is unlikely to increase givers’ objective wealth (as Reverend Dollar claims), we suggest that the act of giving enhances their feelings about their subjective wealth. In short, although giving money away decreases objective wealth, this act may ironically cause donors to *feel* wealthier.

Signaling Wealth and Power to Others—and to the Self

Excessive consumption by humans and other animals demonstrates a surplus of the expended resource, which may range from money and health to energy and willpower (Grafen 1990; Hamilton & Zuk 1982; Johnstone 1995; Zahavi 1975). Because wasteful consumption would be too costly for individuals with scarce resources, it sends a strong signal of abundance (Miller 2009). In the context of consumers, Veblen (1899) coined the term “conspicuous consumption” to describe how members of the upper class demonstrate their wealth through profligate spending on luxuries, in order to signal their power and status. Of course, purchasing luxury goods is not the only way to demonstrate wealth; indeed, conspicuous acts of generosity can also serve as evidence of wealth. As historians have noted, conspicuous consumption and public philanthropy developed simultaneously in the United States (Harris 1962), with the elite flaunting their affluence not only through consumption but also by financing projects for the

public good, such as the eponymous Carnegie Hall. The link between acts of generosity and perceptions of the giver's wealth or social status seems to be common across cultures (Boone 1998). For example, through the nineteenth century, Native Americans in the Pacific Northwest hosted potlatches to earn social capital: at these gatherings, families competed with one another by giving away nearly all their possessions, and those who parted with the most goods experienced the greatest boost in perceived status (Barnett 1938; Griskevicius et al. 2007).

Empirical data confirm the claim that the desire for social recognition is a powerful motivator for giving. Anonymous giving would be common if givers were indifferent to publicity; however, research suggests that fewer than 1% of all donations in the United States are made anonymously (Glazer & Konrad 1996). When Harbaugh (1998) analyzed a set of university donations for which recognition varied according to the amount donated, he found that a high proportion of donations were made at the very bottom of each publicized tier, representing a status-maximizing donation strategy: social signals were being purchased for the lowest possible price. The link between the desire for recognition and acts of generosity has also been demonstrated experimentally. Ariely, Bracha, and Meier (2009) found that people worked twice as hard for charity when their efforts could be observed by others. Taken together, these studies show that donors are decidedly interested in the potential that their charitable behavior will influence the views of others concerning their wealth and status.

We suggest that acts of generosity can also signal wealth to the givers themselves, making them feel subjectively wealthier even as money leaves their pockets. This prediction is grounded in the large body of literature on the theory of self-perception, which proposes that individuals come to know themselves in much the same way that they come to understand others, that is, by observing their own behavior (Bem 1967, 1972; Lepper, Greene, & Nisbett 1973).

Fundraisers sometimes apply self-perception theory via the “foot-in-the-door” technique, in which they induce potential donors to agree to a small request—such as asking them to wear a Cancer Society lapel pin—before asking them for donations (Pliner et al. 1974). Pliner’s study shows that just as people assume that others who wear Cancer Society pins must be strong supporters of the cause, pin-wearers also make parallel but unconscious assumptions about themselves. They infer their own support for the cause, and this makes them more likely to agree to the fundraiser’s subsequent request for a donation. In short, social signals to others can simultaneously function as signals to the self. When individuals observe others donating money, they believe the donors possess abundant resources. We propose that when individuals observe *themselves* making donations, they may link these acts of giving to feelings of their own financial abundance—despite their superior “insider” information (that their wallets are emptier).

Conspicuous consumption and conspicuous generosity both signal not merely the specific construct of wealth, but also a more global construct of power. For this reason, we predicted that increased feelings of power arising from acts of giving would mediate the impact of these acts on feelings of subjective wealth. Indeed, volunteers describe experiencing a “helper’s high”—a boost of energy—when they help needy individuals (Luks 1988). Recent evidence suggests that giving can even make people feel and act more powerful physically. In one study, donations appeared to improve stamina: after donating money to UNICEF, the donors were able to hold a 10-pound weight at arm’s length longer than members of a control group could (Gray 2010), perhaps because acts of altruism can elevate testosterone levels (Dabbs and Dabbs 2001). Given this link between giving and power, and the strong association between power and wealth, we explored the role that feelings of power might have in driving the relationship between acts of giving and subjective wealth.

Overview of the Studies

Five studies tested the hypothesis that when individuals observe themselves giving money away or spending it on other people, they feel wealthier. Study 1 used data from the Gallup Poll and the General Social Survey to examine the correlation between subjective wealth and charitable giving. Study 2 experimentally manipulated acts of giving to demonstrate the causal impact of these acts on feelings of subjective wealth. Study 3 used a gift-giving context—men buying gifts on Valentine’s Day—to explore whether giving has a greater impact on feelings of subjective wealth for those who have stronger motives for signaling their wealth. Study 4 explored the downstream impact of giving on consumption, examining whether increased feelings of subjective wealth reduce the subsequent need to signal status through conspicuous consumption. Finally, Study 5 assessed our proposed mechanism for the link between giving and subjective wealth by measuring whether increased feelings of subjective wealth due to acts of giving are mediated by increased feelings of power.

Study 1

Our goal in Study 1 was to demonstrate a correlational link between giving and feelings of subjective wealth – even when controlling for the positive relationship between income (i.e., objective wealth) and subjective wealth. We used two data sources to document this relationship: survey data from the 2008 Gallup World Poll in which participants were asked to report how they had spent a windfall gain of money in the past year (including any percentage used for charitable giving), and from the General Social Survey (GSS), which in 1998 measured household charitable giving during the past year.

We assessed two additional variables in order to isolate the relationship between giving and subjective wealth. First, because we expected objective wealth to predict subjective wealth, we control for size of windfall gain (Gallup) and total income (Gallup and GSS) to show that giving exerts an influence on subjective wealth over and above the relationship between income and subjective wealth. Second, previous research has demonstrated a link between happiness and charitable giving (Dunn, Aknin, & Norton, 2008); we control for happiness in the GSS data to demonstrate a unique link between giving and subjective wealth.

Method

Gallup World Poll. We used data from the financial well-being module of the 2008 Gallup World Poll. Two thousand seventy-eight respondents in the United States participated in the online survey. The median household annual income was approximately \$60,000, slightly above the U.S. median of \$52,000 (Census Bureau 2009). Respondents reported whether they had received a windfall gain (“extra money you didn’t expect to earn”) during the previous year, and if so, how they had spent it. Five hundred fifty-nine respondents ($M_{age} = 55.8$, $SD = 11.9$) – 27% of the full sample – reported experiencing a windfall gain. Excluding three outliers who had received more than \$1 million, the median windfall was \$1,500 ($M = \$19,898$; $SD = \$68,172$). Ninety-nine respondents reported donating some of the windfall to charity; the overall donation rate of windfall gains was 2.9% of total windfalls (for the 559 respondents who received one – comparable to the 3.1% national average rate of donations as a percent of income (Independent Sector 2001) .

We assessed subjective wealth by responses to four statements (see Appendix), such as “I have more than enough money to do what I want to do,” and “I have no worries about my

financial future” on 7-point scales (1: *strongly disagree* to 7: *strongly agree*); responses were averaged to create a composite measure of subjective wealth (Cronbach’s $\alpha = .86$).

General Social Survey. We also used data from the 1998 General Social Survey (GSS), a probability sample assessing charitable donations and financial well-being for 1,445 English-speaking U.S. households ($M_{age} = 45.6$, $SD = 17.1$). The median household income was approximately \$33,000, slightly below the U.S. median of \$39,000 that year (Census Bureau, 1999).

Four questions assessed respondents’ feelings of subjective wealth, such as “So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation, more or less satisfied, or not satisfied at all?” (Cronbach’s $\alpha = .70$; see Appendix). General happiness was measured with the question, “Taken all together, how would you say things are these days—would you say that you are very happy, pretty happy, or not too happy?”

Results and Discussion

Gallup World Poll. For respondents who reported receiving windfall gains, we regressed subjective wealth on donation amount while controlling for the effects of windfall amount and income. Donations predicted subjective wealth ($\beta = .10$, $p = .01$), even when controlling for the positive effects of income ($\beta = .42$; $p < .001$) and windfall size ($\beta = .12$, $p = .002$). Not surprisingly, increases in objective wealth – in the form of income and windfalls – were predictive of subjective wealth; more importantly, controlling for these variables, we observed the expected positive relationship between giving and feelings of subjective wealth – even though donations involve giving rather than getting money. To put these effects into perspective,

we calculated that for the typical windfall recipient (reporting median levels of regular and windfall income) donating \$500 has the same effect on subjective wealth as earning an additional \$10,000 in income.

General Social Survey. Replicating the pattern of results from the Gallup data, the GSS results showed that donations predicted subjective wealth ($\beta = .06, p < .01$), after controlling for income ($\beta = .37, p < .001$), and happiness ($\beta = .31, p < .001$). We performed a similar comparison calculation on this sample as described above, finding that even after controlling for the significant effect of happiness, donating \$500 had the same impact on subjective wealth as earning an additional \$1,600 in income.

In sum, two datasets using different measures of subjective wealth both show that over and above its effect on happiness and its relation to income, philanthropy predicted subjective wealth, and that the effects giving on subjective wealth are substantial, relative to the effect of receiving money.

Study 2

Our results from Study 1 document a correlational link between reports of giving and feelings of subjective wealth. Of course, as with all correlational data, it is possible that feeling wealthy leads people to give more – an unsurprising effect – whereas our account is directional: giving causes increases in subjective wealth. In Study 2, therefore, we experimentally manipulated giving by inviting participants to pledge lottery winnings to charity. Some participants were invited to pledge a portion of their winnings to help a sick child, while others were not; we assessed the impact of pledges on participants' reports of subjective wealth.

Method

Four hundred sixty-eight members of an online subject pool ($M_{age} = 36.2$, $SD = 12.54$, 64% female) participated in exchange for a 1/25 chance to win a \$25 gift certificate for www.Amazon.com.

Participants first viewed photographs and profiles of two ill children, one in need of expensive medical treatment and one in need of a specially trained seizure alert dog. Next, participants answered open-ended questions about the children, including “If you could do something to help one of these two children, which one would you help?” All participants were then reminded that they could win a \$25 gift certificate for participating in the study. Participants in the donation condition were directed to a page soliciting a donation to the child for whom they had indicated a preference, and were asked to pledge \$5 of their potential study winnings to help that child. Participants in the control group were not asked to make a donation. (In Study 4, we remove the probabilistic component to donations.)

All participants then answered questions assessing their subjective wealth (see Appendix), adapted from the items used in the 2008 Gallup World Poll (Cronbach’s $\alpha = .87$), and reported their monthly income.

Results and Discussion

As predicted, donations increased subjective wealth. Participants in the donation condition reported higher feelings of subjective wealth ($M = 4.02$) compared to the control condition ($M = 3.70$; $F(1, 467) = 6.06$, $p = .01$). The vast majority of participants in the donation condition (218/256) did agree to donate, and the difference in subjective wealth between donors

($M = 4.06$) and non-donors ($M = 3.80$) in the donation condition was not significant ($t(254) = 1.07, p = .29$). (Note that in Study 4 we make giving mandatory to eliminate any influence of self-selection.)

Similar to results for Study 1, the positive effect of the donation request on subjective wealth remained significant ($F(1, 395) = 5.54, p = .02$) even after controlling for the positive effect of income on subjective wealth ($F(1, 395) = 58.49, p < .001$). In sum, Study 2 offers evidence for the causal impact of giving on feelings of subjective wealth.

Study 3

Studies 1 and 2 offer support for both a correlational and causal link between giving and subjective wealth; Study 3 explores the influence of a possible moderating variable: motivation. We predicted that contexts in which people are particularly motivated to signal their objective wealth to others would also be contexts that engendered the most pronounced impact of giving on people's perceptions of their own subjective wealth.

In every known culture, women are attracted to wealthier men (Buss 1989; Buss and Schmitt 1993; Kenrick et al. 2001; Townsend and Levy 1990), providing an incentive for men to signal their wealth to desirable females through lavish gifts or conspicuous consumption (Griskevicius et al. 2007; Saad and Gill 2003). Courtship gifts serve a similar wealth-signaling purpose as charitable giving, albeit intended for a specific mate. While the motives may be less altruistic, we suggest the process is similar: by displaying wealth through generosity, the suitor signals his wealth to a sweetheart, and thereby – incidentally – to himself.

We surveyed men and women on February 15, 2010 about their gift-giving on the previous day: Valentine's Day. We predicted that spending more money on a partner would be

associated with greater subjective wealth, replicating the general association between giving and subjective wealth observed in the previous studies. In addition, we predicted that this effect would be most pronounced in single men, due to their relatively stronger motivation for resource signaling than single women, married women, and married men.

Method

On February 15, 2010, members of an online subject pool completed a survey in exchange for a 1 in 50 chance to win a \$25 Amazon.com gift certificate. Screening for those who had celebrated Valentine's Day with a partner on the previous day yielded a sample size of 91 ($M_{age} = 38.0$, $SD 13.75$, 62% female).

Respondents first described how they had celebrated Valentine's Day and estimated how much money they and their partner had spent on one another. They then reported their subjective wealth (Cronbach's $\alpha = .89$; see Appendix), and completed Hendrick's (1988) relationship satisfaction scale (e.g., "How well does your partner meet your needs?"). Finally, participants reported their monthly income, marital status, and gender.

Results and Discussion

Consistent with research on signaling in mating, single men reported having spent more on their Valentines (\$81) than the other groups (married men, \$51; single women, \$32; married women, \$20). While an ANOVA comparing the spending of all groups to each other was not significant ($F(3, 90) = 2.10$, $p = .11$), the planned comparison between single men and the other groups was significant, $t(87) = 1.96$, $p = .05$.

More relevant for our account, we observed the predicted relationship between Valentine's Day spending and subjective wealth. Spending more on a Valentine was associated with feeling wealthier ($\beta = .27, p = .01$), after controlling for the effect of income ($\beta = .26, p = .02$) and the marginally significant effect of relationship satisfaction ($\beta = .21, p = .06$). Estimated partner spending did not predict subjective wealth ($\beta = -.07, p = .55$). Again, an objective measure of wealth – income – predicted subjective wealth, but giving exerted an independent positive effect.

Most interestingly, when this regression was run on each of the four demographic groups separately, single men were the clear driver of this overall relationship between giving and subjective wealth ($\beta = .70, p < .01$), with the relationship not significant – though still positive – for the other three groups: married men ($\beta = .24; p = .43$); single women ($\beta = .19, p = .70$); married women ($\beta = .26, p = .15$).

Taken together, these results suggest that the overall relationship between giving and subjective wealth is moderated by the motivation of the giver. While even people not as motivated to signal show a positive relationship between giving and subjective wealth, instances of giving in which givers are most motivated to signal objective wealth to others are also those occasions that are most likely to cause them to signal subjective wealth to themselves.

Study 4: Downstream Consequences for Conspicuous Consumption

As outlined in the introduction, giving is only one means by which people signal wealth and power to others; indeed, in consumer-oriented societies, individuals most frequently signal their resources via their purchases. Diamond earrings, for example, serve as positional goods, being rare, desirable, and functionally useless; therefore, possession of diamond earrings

indicates dominance in the socioeconomic hierarchy (Hirsch 1977) . In Study 4, we explore whether the increase in subjective wealth that accompanies giving might serve to decrease people's need to engage in other forms of wealth signaling – such as conspicuous consumption. Indeed, previous research suggests that it is feeling needy rather than feeling affluent which motivates conspicuous consumption: relative to their wealthier neighbors, poor individuals tend to spend a higher proportion of their income on “visible” goods such as clothing, jewelry and cars (Charles, Hurst, and Roussanov 2009) , and consumers high in need for status demonstrate a preference for more prominent brands (Han, Nunes, and Dreze 2010). In order to demonstrate the ameliorative impact of giving on subsequent desires to engage in conspicuous consumption, we asked participants to make a series of choices between store brand and national brand products – a classic example of the “Veblen effect,” in which people are willing to pay a premium for functionally-equivalent goods (Bagwell and Bernheim 1996; SymphonyIRI Group 2009).

In addition, we introduce two new conditions against which we benchmark the relationship between giving and subjective wealth. Whereas in Study 2 we compared the subjective wealth of people asked to give to the subjective wealth of those in a control group, in Study 4 we compared the impact of giving to two new conditions: losing money and winning money. We expected that winning money would increase subjective wealth (as income and windfall gains did in the previous studies), and compared the impact of winning money to both losing the same amount and giving the same amount away. While one view would be that giving and losing are most similar – in each case, one ends up with less money – we predicted that giving and winning would be most similar, such that both would increase perceptions of subjective wealth.

As a result, we also predicted that winners and givers would subsequently be less interested in higher-end brands – due to the buttressing effect of their increased subjective wealth – compared to losers, whom we expected to be attracted to higher-end brands (as in Han et al. 2010).

Method

One hundred nineteen student members of the subject pool at a private university in the northeast ($M_{age} = 20.0$, SD 2.04, 59% female) completed the study as part of a larger set of unrelated studies for \$15.

First, all participants read about and evaluated two classroom projects from the www.DonorsChoose.org charity website. Then, each opened an envelope containing \$1 in cash before continuing to the next screen, which randomly assigned them to one of three conditions. Participants in the donation condition chose which of the two classroom projects they would like to support. They were told to put the money back in the envelope, write the name of the project on the envelope, and hand the envelope to the experimenter. (In contrast to Study 2, donations were mandatory). Other participants were told that some (“the winners”) would get to keep the money, but others (“the losers”) would have to return it. They then learned whether they had won or lost, wrote either LOSE or KEEP on the envelope, and handed it back to the experimenter – with the money inside if they lost, or without it if they won. All participants in the donation condition group complied with the donation request, and only one participant in the lose condition failed to return the money. After handing their envelope to the experimenter, participants completed items assessing their subjective wealth (Cronbach’s $\alpha = .77$; see Appendix).

Next, as part of an ostensibly unrelated study, they examined 20 pairs of products and indicated which product in each pair they would be more likely to buy. One item in each pair was a lower-priced, generic or store brand product (e.g., a 40-pack of Rite Aid bandages for \$2.69), and the other was a similar, but higher-priced, national brand product (e.g., a 30-pack of Band-Aid bandages for \$3.29). The products were selected based on gender-neutral purchase categories relevant to college students (see Table 1 for a complete list).

Results and Discussion

Subjective Wealth. An ANOVA revealed a main effect of condition on subjective wealth ($F(2, 118) = 3.07, p = .05$). As predicted, givers ($M = 3.83$) felt wealthier than losers ($M = 3.27$; $t(76) = 2.39, p = .02$); most importantly for our account, there was no difference in subjective wealth between givers and winners ($M = 3.73$; $t(78) = .41, p = .69$). Thus despite the fact that losers and givers both ended up with \$1 less than winners, givers reported feelings of subjective wealth not only higher than losers, but as high as winners.

Brand Preferences. Moreover, as predicted, givers and winners were less likely to prefer national brands over generic brands than losers did (Figure 1). As with feelings of subjective wealth, givers – who chose national brand products 41% of the time – behaved similarly to winners, who chose national brand products 39% of the time. Losers, on the other hand, showed a stronger preference for brands, making this choice 50% of the time. While the one-way ANOVA was only marginally significant, ($F(2, 118) = 2.24, p = .11$), the planned contrast comparing givers and winners to losers was significant, ($F(2, 116) = 4.16, p = .04$).

These results offer evidence that the feelings of subjective wealth that accompany giving can be similar to those that accompany actually receiving money, and that both means of

increasing subjective wealth provide a buffer against the need to engage in further conspicuous consumption.

Study 5

Study 4 suggests that the feelings of subjective wealth arising from giving serve as a kind of “status buffer.” In Study 5, we assess our proposed mechanism underlying the impact of giving on subjective wealth: power. In particular, we suggest that just as charitable behavior signals one’s power and wealth to others (Glazer and Konrad 1996; Wolfenbarger 2001), giving similarly signals power and wealth to the self. As noted earlier, previous research has associated giving with power, with charitable giving elevating testosterone levels (Dabbs and Dabbs 2001) and even improving physical stamina (Gray 2010); we predicted that the feelings of power that arise from giving would mediate the effect of giving on subjective wealth.

Study 4 compared the impact of giving on subjective wealth to two standards: winning and losing money. In Study 5, we compared the impact of giving on subjective wealth to another relevant standard: spending money. We expected that both giving money to charity and buying products would lead to similar increases in feelings of subjective wealth.

Method

One hundred thirty members of the subject pool at a private university in the northeast ($M_{age} = 21.1$, $SD = 3.63$, 52% female) participated in this and other unrelated studies for \$20.

As in Study 4, all participants read about and evaluated two classroom projects from the www.DonorsChoose.org charity website. Each participant was then randomly assigned to one of three conditions: donate (receive \$1 cash to donate to one of the two classroom projects), buy

(receive \$1 cash to spend on one of two packs of batteries), or a control condition in which no money was exchanged.

All participants then completed an 8-item generalized sense of power scale (Anderson and Galinsky 2006) assessing their agreement with statements such as “I can get others to do what I want” and “I think I have a great deal of power” on a 7-point scale (1: *disagree strongly* to 7: *agree strongly*). They then completed the subjective wealth items used in Study 4 (Cronbach’s $\alpha = .77$), as well as an additional measure of perceived relative wealth: “There are about 100 people participating in this study today. Compared to them, how wealthy do you think you are?” on a 10-point scale (1: *bottom 10%* to 10: *top 10%*).

Results and Discussion

Subjective wealth. Subjective wealth differed between conditions ($F(2, 127) = 3.04, p = .05$). As predicted, givers ($M = 3.99$) reported feeling wealthier than the control group ($M = 3.07; t(93) = 2.22, p = .03$), as did buyers ($M = 3.94; t(92) = 1.97, p = .05$). Givers and buyers did not differ in feelings of subjective wealth ($t(125) = .10, p = .92$). Our additional measure of subjective wealth –perceived relative wealth – also differed between conditions ($F(2, 127) = 3.12, p < .05$). Again, givers ($M = 67^{\text{th}}$ percentile) reported feeling wealthier than the control group ($M = 55^{\text{th}}$ percentile; $t(93) = 2.45, p = .02$); for buyers, the difference was marginal ($M = 64^{\text{th}}$ percentile; $t(92) = 1.65, p = .10$). Givers and buyers again did not differ ($t(125) = .55, p = .58$).

Power. An ANOVA comparing sense of power between the three groups revealed a marginally significant effect of condition ($F(2, 125) = 2.53, p = .08$). Most importantly for our account, givers ($M = 4.88$) reported feeling more powerful than the control group ($M = 4.62$;

$t(91) = 2.10, p = .04$). Buyers reported feeling marginally more powerful than the control ($M = 4.83; t(90) = 1.54, p = .13$, while givers and buyers again did not differ ($t(123) = .37, p = .71$).

Mediation. We expected that making a donation would enhance feelings of power, which would in turn increase subjective wealth. Comparing donors to the control condition, donations significantly predicted subjective wealth ($\beta = .24, p = .02$), and also predicted the mediator, power ($\beta = .21, p = .04$), while power in turn predicted subjective wealth ($\beta = .36, p < .001$). When power and donation were entered simultaneously, the effect of condition on subjective wealth was reduced ($\beta = .17, p = .09$), while sense of power remained significant ($\beta = .32, p < .01$). A bias-corrected bootstrap method (Preacher and Hayes 2004; Shrout and Bolger 2002) showed that the indirect mediation model 95% CI [.01, .32] did not cross zero, demonstrating that power mediated the impact of giving on subjective wealth.

For robustness, we repeated the mediation analysis using perceived relative wealth as the dependent variable, comparing donors to the control group. Again, donations significantly predicted perceived wealth ($\beta = .27, p = .01$), and power predicted relative wealth ($\beta = .26, p < .01$). When power and condition were entered simultaneously, the effect of condition on relative wealth was reduced ($\beta = .22, p = .04$), and power remained a significant predictor ($\beta = .22, p = .04$). The indirect mediation model 95% CI [.001, .03] did not cross zero, offering further support for our contention that increases in feelings of power at least in part undergird the relationship between giving and feeling wealthy.

In sum, Study 5 shows that subjective wealth and perceived relative wealth –two indices of people’s feelings about their wealth – both increase after giving to the same extent that spending money increases subjective wealth. Most importantly for our conceptual account, we showed that the effect of giving on subjective wealth was mediated by the increased feelings of

power that giving engenders. While the fact that the relationship between our manipulations and subjective wealth remained marginally significant or significant in the mediation analyses suggests that there are likely additional factors that contribute to the giving-subjective wealth link, these results offer support for our prediction that the impact of giving on perceived prosperity is related to feeling powerful.

General Discussion

Subjective and objective wealth do not always go hand-in-hand. For example, some of the most bitter and frequent conflicts in marriages involve fights over money – even among the very affluent: no matter how high one’s objective wealth, worries about subjective wealth can induce stress and conflict (Papp, Cummings, and Goeke-Morey 2009) . Similarly, research suggests that *subjective* socioeconomic status can have a greater effect than *objective* socioeconomic status on health outcomes such as obesity, depression, stress, sleep – and even mortality (Adler et al. 2000; Goodman et al. 2003; Singh-Manoux, Marmot, and Adler 2005). While much of this research is correlational in nature – begging the question of whether changes in people’s subjective wealth have a causal impact on these metrics – our studies offer evidence for one simple and counterintuitive means through which people can increase their feelings of subjective wealth: giving money away.

Using data from the 2008 Gallup World Poll and the General Social Survey, Study 1 demonstrated a correlational relationship between philanthropy and subjective wealth. Study 2 demonstrated that the impact of giving on subjective wealth is causal, while Study 3 demonstrated an important moderator of the link between giving and subjective wealth: motivation. Single men, who are most likely to want to signal wealth to a partner, were also

those who experienced the biggest impact of giving on their own feelings of subjective wealth. Study 4 showed that giving money leads to feelings of subjective wealth on par with winning money, and demonstrated that the need for conspicuous consumption decreases after charitable donations. Finally, Study 5 offers support for our proposed mechanism: charitable giving increased feelings of power, which ultimately increased feelings of subjective wealth.

The increase in subjective wealth associated with charitable giving provides one possible explanation for why poor individuals tend to give away a higher fraction of their income than members of the middle class do: Americans earning less than \$20,000 a year give a higher percentage of their income to charity than others earning up to \$300,000 a year (Singer 2009). In addition, experimentally induced feelings of poverty lead participants to believe that they should donate more (Piff et al. 2010). Our results suggest when the poor give money away, that very act might mitigate their feelings of poverty. More broadly than this specific benefit, our investigation contributes to the growing body of research documenting the benefits of prosocial behavior. Helpers enjoy greater happiness, reduced mortality rates (Musick, Herzog, and House 1999; Oman, Thoresen and McMahon 1999), less depression (Musick and Wilson 2003); better immune function (Post and Neimark 2007), and a “helper’s high” (Luks 1988). Our studies document another important benefit of giving: feeling wealthy and powerful.

Giving in Studies 2 and 3 was volitional – people chose whether to donate to charity and how much to spend on their significant others – while both Studies 4 and 5 made giving mandatory. Despite these differences, we observed a consistent positive impact of giving on subjective wealth across these two types of giving. At the same time, while being induced to give away small sum of money made participants feel wealthier, it is not clear that forcing participants to give larger sums would yield the same benefits. Donation size and the extent to

which donations are mandatory or voluntary offer two interesting moderators worthy of future investigation.

From a marketing standpoint, further research exploring the impact of subjective wealth on consumption is clearly needed. For example, a company that donated a percentage of its profits to charity might increase the subjective wealth of its customers – who give via their product purchases – but these feelings could have unanticipated consequences on their purchase behavior. Study 4 demonstrated that feelings of subjective wealth can *decrease* people's subsequent desire to engage in consumption: People who lost money had a greater desire to purchase branded products than people who gave or received money. Thus more generally, these results suggest that one common strategy for encouraging purchasing – inducing feelings of wealth in potential customers – is not always desirable. Because subjective wealth both affects consumer decisions and can be manipulated (unlike objective wealth), research on the triggers and consequences of subjective wealth offer an interesting opportunity for future investigation.

Appendix: Subjective Wealth Assessments

Study 1 (Gallup Poll)

1. Compared to the people I spend time with, I am satisfied with my standard of living.
2. I have more than enough money to do what I want to do.
3. I have no worries about my financial future.
4. I am very well-off financially.

Study 1 (General Social Survey)

1. If you were asked to use one of four names for your social class, which would you say you belong in: the lower class, the working class, the middle class, or the upper class?
2. We are interested in how people are getting along financially these days. So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation, more or less satisfied, or not satisfied at all?
3. Compared with American families in general, would you say your family income is far below average, below average, average, above average, or far above average?
4. During the last few years, has your financial situation been getting better, worse, or has it stayed the same?

Studies 2-5

1. Compared to the people I spend time with, I am satisfied with my standard of living.
2. I have enough money to do what I want to do.
3. I have no worries about my financial future.
4. I am well-off.
5. I feel wealthy right now.

Study 5

There are about 100 people participating in this study today. Compared to them, how wealthy do you think you are? (1 *bottom 10%*; 10 *top 10%*)

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Table 1 (Study 4): National brand and generic product pairs

Directions: “The following questions will ask about your product preferences. As you look at the pairs of options, think about which products you might buy at some point in the future. If you would never buy a certain type of product, we'd like to know that too.” (Which would you be more likely to buy? *A*; *B*; *neither*.)

Product Category	National Brand	Generic Alternative
Antacid	Prilosec	Good Sense
Bandages	Band-Aid	Rite-Aid
Batteries	Duracell	Smart Living
Cold medicine	Vicks	Good sense
Cough drops	Halls	Care One
Granola bars	Quaker	Stop N Shop
Ibuprofen	Advil	Rite-Aid
Latte	Starbucks	McDonald's
Laundry detergent	Tide	Rite-Aid
Lip balm	Banana Boat	Rx Suncare
Microwave popcorn	Orville Redenbacher	Stop N Shop KaPop
Mints	Altoids	Icebreakers
Mouthwash	Listerine	Care One
Mouthwash	Scope	Care One
Pens	Pentel,	Paper mate,
Pencils	Pentel,	Ticonderoga
Plastic bags	Ziploc	Rite-Aid
Sunscreen	Banana Boat	Ocean Potion
Toothbrush	Oral-B	Care One
Vitamins	Centrum	Rite-Aid

Figure 1: Givers and Keepers more willing to substitute generics for national brands than Losers are (Study 4)

Number of times, out of 20, that participants chose national brands and generic brands (remainder were abstentions).

