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Why Amazon Is Smiling and Charities May Be Losing

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[Amazon recently launched a new initiative](#), just in time for the holidays, called [AmazonSmile](#) where a percentage of what you purchase can go to a charity of your choice. Awesome for charities right? Wrong.

Because people aren't actually giving anything to charity. Amazon is. But consumers still get that good feeling as if they did give to charity.

That's a problem because it heavily skews and distorts the consumer's decision making process at charity's expense. [Social exchange theory](#), which has underpinnings in economics, psychology, sociology and philanthropy, proposes that in any transaction there is an exchange between two parties and parties will only enter into that transaction or exchange if the reward outweighs the cost. In the charity world these come into play around what charities can offer back to the donor in exchange for their gift which, absent some nominal "perks," is in the form a tax receipt and a good feeling or ["warm glow"](#).

And it's a pretty good feeling at that. [Some studies that look at brain activity when people are giving](#), show similar pleasure circuit patterns to when we eat chocolate, have orgasms or do drugs. Sex, drugs and... philanthropy? Doesn't quite have that same ring to it.

But it's those positive feelings that programs like AmazonSmile are now tapping into as people can buy products, feel good about giving to charity and move on with their lives when in reality only 0.5 percent of their purchase is being given to their cause. So if you wanted to give \$50 to a charity you'd have to spend \$10,000 through AmazonSmile. **\$10,000 to Amazon. \$50 to charity.** It's pretty clear who wins here and I'll give you a hint: It's not the charity.

The problem in this exchange equation isn't necessarily in the reward to the customer, good on you Amazon, but rather in the cost to the consumer. As in there is none. Amazon even says so

itself in [their description of AmazonSmile](#):"AmazonSmile is a simple and automatic way for you to support your favorite charitable organization every time you shop, at no cost to you."

At no cost to you.

Without a cost there is no actual exchange with the charity. Yet the charitable reward exists. So the question is **if you've already received a reward, at no cost to you, are you more or less likely to give to a charity when the time comes?**

If we can apply some of what we are learning from the ["slacktivism" debate](#) to the AmazonSmile case we'd have to say less likely. For instance, a [new study](#) revealed that people who publicly take an action, such as "Liking" an organization on Facebook, are less likely to make a donation later on. This is because the charitable reward has been felt already so they don't need to give to get another one.

So while AmazonSmile is helping people be more charitable in theory, they may actually be making people less charitable in reality.

Now I don't want to knock AmazonSmile or similar initiatives too much as it's not Amazon's job or duty to support the charitable sector or charities themselves and this is a smart marketing move for them. Plus it's great that they actually state what percentage of the purchase goes to charity and allows you to choose the charity it goes to. I'm not asking you to avoid AmazonSmile or participate in some other similar initiative.

I am asking you to recognize that by doing so you may not be as charitable as you'll most likely feel and the big loser in that equation are the very charities you care about and want to support. And I am asking charities to [treat their donors as heroes](#) and make them feel so good that the little "high" people get through AmazonSmile pales in comparison to the feeling they get from doing the real thing.

So shop until you drop and if you can add a charitable component to it, great. **Just make sure your charitable shopping adds to your overall charitable contribution and doesn't replace it.**