

INVESTIGATING TRANSACTIONAL PHILANTHROPY IN THE HOSPITALITY INDUSTRY: AN EXPLORATORY STUDY STUDYING “HOTELS THAT HELP” GUEST DONATION PROGRAM

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ABSTRACT: There are new forms of donating to charities and organizations being known as “micro-donations” or “transactional philanthropy.” A number of guest donation programs adds a nominal amount to the customer’s bill, then that is distributed to charities. “Hotels that Help” is one such organization that facilitates micro-donations in different hotel chains and independent hotels. This paper discusses the impact of this new type of charitable giving on hospitality enterprises. This is an exploratory study attempting to quantify the impact of a particular guest donation program from the viewpoint of guests. On site questionnaires were conducted with the guests at participating properties; basic descriptive of the resulting data was analyzed which could provide examples of best practice in related sectors. **Key words:** micro donations, transactional philanthropy, hotel donation programs

RESUMEN: Hay nuevas formas de hacer donaciones a organizaciones de caridad, designadas “micro- donaciones” o “filantropía transaccional”. Algunos programas de donaciones funcionan añadiendo un valor a la cuenta del cliente que después será distribuido por las varias instituciones de caridad. “Hotels that Help” es una de esas organizaciones que facilita las micro- donaciones en distintas cadenas de hoteles y hoteles independientes. Este estudio analiza el impacto de este nuevo tipo de donación en empresas de hospitalidad. Se trata de un estudio exploratorio que buscar cuantificar el impacto de un programa específico de donación proveniente de clientes del punto de vista de los huéspedes. Hemos aplicado cuestionarios junto de los huéspedes en los hoteles participantes y hemos analizado un descriptivo básico de los resultados, que podrá providenciar ejemplos de mejores prácticas en sectores relacionados. **Palabras-clave:** micro-donaciones, filantropía transaccional, programas de donación en hoteles.

RESUMO: Estão a surgir novas formas de fazer doações a organizações de caridade, designadas “micro- doações” ou “filantropia transaccional”. Alguns programas de doação funcionam acrescentando um valor à conta do cliente que depois será distribuído pelas várias instituições de caridade. “Hotels that Help” é uma dessas organizações que facilita as micro- doações em diferentes cadeias de hotéis e hotéis independentes. Este estudo analisa o impacto deste novo tipo de doação em empresas de hospitalidade. Trata-se de um estudo exploratório que procura quantificar o impacto de um programa específico de doação proveniente de clientes do ponto de vista dos hóspedes. Aplicámos questionários junto dos hóspedes nos hotéis partici-

pantes e analisámos um descritivo básico dos resultados, que poderá providenciar exemplos de melhores práticas em setores relacionados. **Palavras-chave:** micro-doações, filantropia transacional, programas de doação em hotéis.

INTRODUCTION

Philanthropy in context

One definition of American philanthropy is of “private giving for public purposes”. (Curti 1961, p.146), Philanthropy in the United States has a long tradition originating in a Judeo-Christian religious tradition, combined with elements from the English common-law legal system and experience. Philanthropy in the US has some unique characteristics and has evolved in a very different form than philanthropy in other countries across the world (ibid). The sheer scale of giving in the US is one major difference: according to the Center on Philanthropy of the Indiana University, despite the effects of the recent severe economic recession, contributions from American individuals, corporations and foundations amounted to \$303.75 billion in 2009. Although of course smaller in size of population, according to the UK government Giving White paper in 2011, the UK raises “more than \$10 billion each year.”

Much of the credit for the difference in giving between the two countries may be attributed to the exempting of gifts from taxation in the US; this was especially important after 1913 which then further encouraged giving for acceptable philanthropic purposes. It was not until the 1950s that other countries enacted similar measures, as in the introduction of this provision into tax legislation in the then German Federal Republic, for example. The recent UK white paper, previously discussed, seeks to improve the tax legislation thereby improving philanthropic contributions.

Living in the USA, it is hard to find any aspect of life that has not been touched upon by philanthropic efforts. Early bequests for school, libraries, colleges, orphanages, assistance for the disabled and widow, hospitals were supplemented by later efforts into liberal and music arts, research (especially for basic medical research) adult education and civic life in general. The philanthropists were seeking to do something that had not been done before and meeting a need that was not currently being met (Curti, 1961).

Much attention has been given to the large donations from wealthy, powerful benefactors of the day, with the names of Rockefeller, Carnegie, and Kellogg. This parallels media attention given to modern philanthropists such as Bill and Melinda Gates, whose foundation has donated almost \$24 billion in grants since 1994 and by other celebrity givers such as Warren Buffet who gave away 85 percent of his fortune, or about \$37.4 billion (O'Brien & Saul, 2006). Popular media reported

that in recent years, many Americans gave gifts up to a \$100 million to charities. Other famous names connected specifically to hospitality include the Marriot foundation and the Conrad Hilton Foundation which recently received a \$1.2 billion donation from W. B. Hilton, the founder's son (De Mento, 2008)

In addition to individual and foundation giving, hospitality corporations are displaying greater awareness of their role in the community and pursuing some aspects of philanthropy and or social involvement. Accor (a major European hotel chain) stresses its commitment to people and the environment; Starwood hotels has recently appointed a vice president for Corporate Social Responsibility; Kimpton Hotels (a US national chain based in San Francisco) for several years has stressed environmental and community contributions; Wyndham in 2006 developed its core values and sees corporate social responsibilities not as a program, but "as a way of living, working and playing" that embodies their vision and values (Bohdanowicz and Zientra, 2008). Also at Scandic and Rezidor Groups, vice presidents responsible for sustainable business are members of the executive team (ibid).

Holcomb, Upchurch and Okumus (2007) presented information that 8 out of the top 10 hotel companies reported socially responsible activities relating to some form of charitable donation. The authors also noted that hotel corporations reported in five major areas: community, environment, marketplace, vision and values, and workforce (ibid). Direct ways that hospitality companies can benefit local communities include donating unwanted linen, furniture and food to local charity organizations, serving food to various youth and parent organizations, coaching youths and offering entertainment facilities for the immediate communities. Wider aspects of Corporate Social Responsibility include focusing on free trade products and adopting environmental initiatives that may improve the quality of life of workers down the supply chain, and reduce the hotel's impact on the environment. (Bohdanowicz and Zientra, 2008).

New Trends in Giving

It is asserted that within the US, the level of philanthropy is greater than in other countries, and certainly the UK (Cowton, 1987). Indeed the UK government, seeking to harness this potential published a number of initiatives in a recent white paper. The ultimate aim was to make charitable donations and volunteering a "social norm".

There is a myth, however, that the majority of charitable giving comes from companies and major foundations: less than 20% of annual income comes from companies and major foundations (5% and

13% respectively). The remaining 82% derives from individual donations (Gose, 2009).

Again in recognition of this the UK government encouraged individual donations through various schemes including “rounding-up” schemes, whereby electronic charity boxes are developed that allow donors to round up their bill to the nearest pound, and donate the pennies to their charity of choice. Domino’s Pizza, Travelodge and Zizzi have all implemented the program. Once going live in November 2010, more than 420,000 consumers donated, totaling more than 100,000 GBP according to p. 15 of the white paper.

The effective use of online fund-raising was also demonstrated in disaster relief for Haiti where the US Red Cross raised more than \$3 million through text-message donations within 31 hours. This was more than one-third of the \$10 million in total donations collected by the organization in the early hours of the disaster (Pollick, 2010). An example analyzed by www.businesswire.com exemplifies other derivations of micro-financing include the organization “small can be big” which stresses that, in contrast to major charities, 100% of every dollar donated is applied directly to the needy families that it collects for.

In addition to the “round up” program, there are a number of guest donation programs that add a small amount to the customer’s bill that is then collected and the aggregate amount passed on to local and national charities.

According to a hospitality industry specific guide www.hotelmags.com in 2011, a hybrid of this is the scheme operated by the Gaylord Hotel Company who recently announced the launch of a promotion called “Rooms for Good” in which 10% of the revenue from packages booked under the promotion will be donated to a designated charity.

Another, wider, umbrella organization is the “Hotels That Help” guest donation program. The Hotels that Help program started in 2003. There are currently 25 hotels participating in the scheme. Guests that stay in the participating properties automatically have an additional \$1.00 per night added to the bill. The donated money is given to local charities that are chosen by the property management and employees. In this study, Hotels that Help guest donation program was selected in terms of understanding the hotel guests’ awareness.

Purpose of the study

The overall purpose of the study is to investigate the effects of hotel guest donation programs and to quantify the added value on lodging properties in the first hand. One should also consider that, this is an exploratory study designed simply to analyze the impacts of guest donation programs in lodging properties which could then lead to knowing the guests’ viewpoint including several aspects. Some poten-

tial aspects within the scope of this study could include increased guest loyalty and improved social image of the hotel in the community. This information then could be useful in strengthening and positioning the brands for hotel companies for gaining future competitive advantages.

METHODOLOGY

For the investigation about the potential impacts of the guest donation programs and in measuring guests' attitudes towards such donation programs, a basic questionnaire was developed to survey hotel guests. The survey instrument included 16 questions. Also helping the research team in conducting basic descriptive statistical analysis. Many hotels participating in the Hotels that Help program in Northern California were contacted in advance and their approval was asked to conduct field visits to complete the on-site surveys with the hotel guests. As a result of this process, similar to convenience sampling procedures, a total of 4 hotels properties and their guests who are participating in the Hotels that Help program were selected and reviewed in this study. Within this group, only one property did not belong to a corporate chain and all of the properties were at the AAA three diamond rating level. The surveys were carried out between February 2011 and June 2011. During random times of a given day by the hotel administration, members of the research team tried to conduct on-site surveys with the hotels guests. A total of 43 exploitable copies were analyzed to discuss the preliminary findings of this research project.

Discussion of Findings

As mentioned earlier, respondents were recruited from the 4 donation program participating properties ($N = 43$). Males represented in the group ($n = 21$) are a little less than the females ($n = 22$). For the 82% of the respondents, it was their first time stay at that particular hotel property. The majority of the respondents surveyed were from California (58%) and from Canada (12%), other US States (16%), Europe / Other (14%) respectively.

Leisure traveler guests (60.5%; $n = 26$) were more than the business traveler guests (39.5%; $n = 17$). Figure 1 also illustrates the exact distribution. 52.5% stay on average less than 4 days (not including weekend), followed by 27.5% staying between 4-6 days, 12.5% stay only the weekend and only 7.5% stay a week or more.

Do you stay at the hotel for:		
	Freq.	% cit.
Business	17	39.50%
Leisure	26	60.50%
Total	43	100.00%

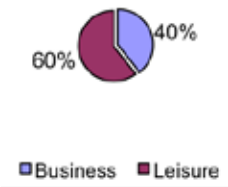


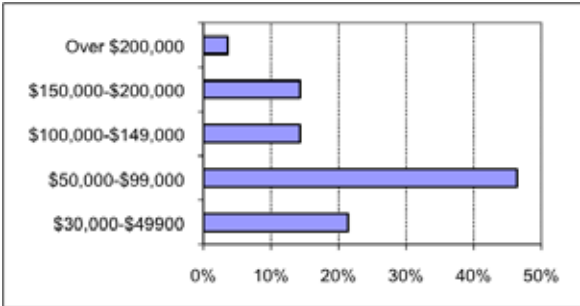
Figure 1. Purpose of Travel for the Respondents

Participants were asked regarding their salary levels. Many were willing to disclose the current salary level (65.1%; n = 28) and within this segment 46.4% of the respondents were on a yearly income level \$50,000 - \$99,000. Figure 2 illustrates the distribution in detail.

Awareness of the donation program

The majority of the customers (88%) were not aware of the guest donation program while they were making their hotel reservations. From the ones that were aware, more than a half (53.3%) knows that the \$1 per night donation goes to the local charity programs. Almost all of the participants (98%) were not aware that how much has been donated to local charities in total through the particular guest donation program.

Are you willing to disclose your current salary level?		
	Freq.	% cit.
Yes	28	65.10%
No	15	34.90%
Total	43	100.00%



How much is the Salary Level?		
In thousand	Freq.	% cit.
\$30-\$49.9	6	21.40%
\$50-\$99	13	46.40%
\$100-\$149	4	14.30%
\$150-\$200	4	0.143
Over \$200	1	3.60%
Total	28	100.00%

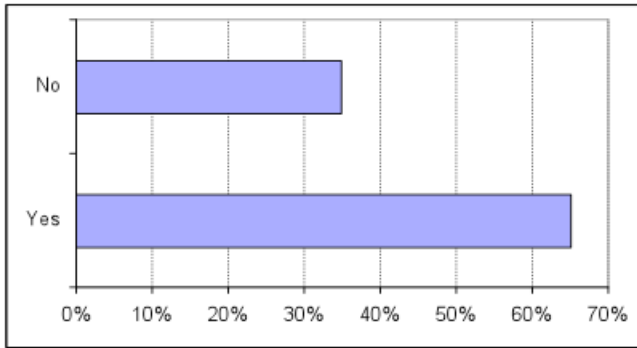


Figure 2. Willingness to Disclose Salary Level and Salary Dispersion

Trust on the hotel, perception about the program and potential impact on choice

The guest donation program seems to have an impact on customers' trust. Almost a half (46.5%) of the respondents reported that such a program would be seen "very favorable" in shaping their trust towards the hotel. Figure 3 illustrates the dispersion in detail.

More than half of the participants (54.8%) disclosed that their perception is very favorable, 16.7% were mildly favoring this type of guest donation programs. Some of the main reasons why customers listed in favor of the program were listed in relation to representing a positive image of the property, goodness of helping people in need, local charities' needs and hotel brands' sensitivity to community related activities. For the ones who see it as unfavorable (2.4%) and very unfavorable (2.4%), donating to the local charities that they do not know and type of questions being asked in the questionnaire were listed as the reasons of their dissatisfaction.

Considering the nature of this study, it is difficult to comment on the effect of the program on return business of customers. Almost half of the respondents (47.6%) reported that such a program will influence their decisions in return business but the remaining (52.4%) reported

this will not influence their decisions. One other point that should be underlined is the willingness of the participants in spreading the word. The majority of the respondents (80.6%) stated that they would be willing to tell about the guest donation program to their friends.

Does this \$1 per night donation program make you trust the hotel more favorably?		
	Freq.	% cit.
Very Unfavorable	1	2.40%
Unfavorable	1	2.40%
Neutral	10	23.80%
Midly favorable	7	16.70%
Very favorable	23	54.80%
Total	42	100.00%

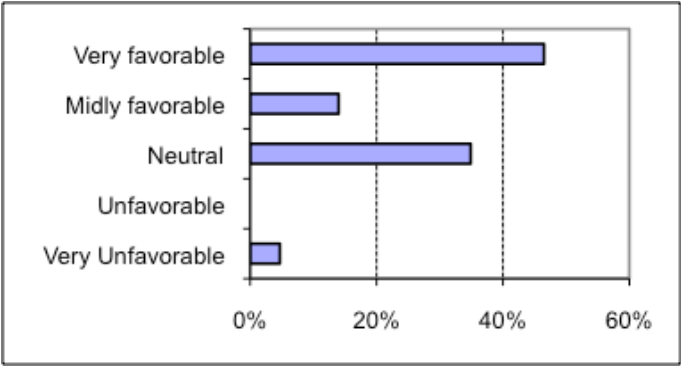


Figure 3. Affect of Guest Donation Program on Customers’ Trust

Customer Opinions on Current Scheme about the Program

Customers who joined the surveys also commented on the guest donation program. Some of the suggestions include: creating more public awareness, mentioning about the program during the booking process, making it more visible at the check-in counter, web-based advertising including online booking sites, in-room advertising and some customers also commented on the transparency of similar programs in general while stating the benefits of such programs should be shared more in detail with the public.

CONCLUSIONS AND IMPLICATIONS

The results from the analysis showed that HtH guest donation program needs to create a greater public awareness. There is a need for more advertising and marketing of the scheme so that customers could

be more aware. Enhancing the visibility of the program by using appropriate marketing techniques will no doubt increase the magnitude of the program. Such scenery could be mutually beneficial for the parties involved. A well-established program may directly influence the donating patterns of the individuals and this would not only impact those in need in a positive way but also would contribute to the bottom line of the lodging companies in many ways

One can also say that there is a need for greater communication of the contributions passed on from the scheme so that customers are aware of the amounts raised and where the money is donated to, thereby alleviating the feeling of "giving to the unknown". In addition it would be useful to buy in customer commitment through the hotel also making a contribution. This may help alleviate some negative guest perceptions that the property is collecting money and making donations off the back of their clients.

This exploratory study attempted to examine the added value of the guest donation programs for hotel properties. The literature in this field of study is limited, therefore comparing the results of this study with similar ones could be a difficult matter.

Limitations of this study are not limited to sample size, generalizability of results and cultural differences. Further research is needed to explore the current situation. After several modifications to the current scene, a more detailed research instrument could be developed and applied to larger samples for more accurate results. Furthermore, a similar instrument could also be applied to the hotel employees in analyzing their opinions.

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