

AmazonSmile's end is alarming, say nonprofits that benefited

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In this Feb. 14, 2019 file photo, people stand in the lobby for Amazon offices in New York. Amazon is ending a charity donation program it ran for a decade in its latest cost-cutting move. In a blog post on Wednesday, Jan. 18, 2023, the company said the program, called AmazonSmile, will shut down by February 20. Credit: AP Photo/Mark Lennihan, File

Amazon's surprise decision to [shut down its AmazonSmile donation program](#) has left thousands of its nonprofit beneficiaries disappointed and concerned about finding ways to replace the funding.

The e-commerce giant had launched AmazonSmile in 2013, contributing 0.5% of every purchase made by participating customers to the charity of their choosing. As of 2022, the company said it has donated \$449 million to various charities.

Before it ends the program next month, Amazon says, it will provide a final donation to each of the 1 million-plus nonprofits that used AmazonSmile, equivalent to 25% of what the charity received from the program in 2022.

Some of the e-commerce giant's competitors, including Walmart and Target, have their own community donation programs that somewhat resemble AmazonSmile.

But nonprofits say they feel let down.

Tenisha Taylor says she felt Amazon insulted her Chicago nonprofit's work by saying its program hadn't provided enough of an impact for its charitable beneficiaries.

"You haven't talked to me," said Taylor, who founded the Ezekiel Taylor Foundation, which provides scholarships to young Black men from Chicago whose lives have been affected by gun violence. "You haven't seen my bottom line of impact of these brilliant young men that I have walking on campuses across this country."

Taylor noted the huge disparity between the wealth of Amazon's founder, Jeff Bezos, and the small amounts that nonprofits use to try to make their communities healthier and safer.

"We are making this company (Amazon) rich—we are," said Taylor referring to communities of color like hers. "At the very least, they can be good corporate citizens to pay it forward in the communities that are patronizing them."

Amazon's decision to end the program was part of a strategic shift to support initiatives that work on a larger scale, like its \$2 billion contribution to build affordable housing, said Patrick Malone, a company spokesperson. After 10 years, he said, it was time to reevaluate the program. He said the move is not a criticism of the nonprofits it supported.

The company also recently announced that it would lay off 18,000 employees and cut other [less profitable parts of its business](#).

Taylor and other nonprofit founders say they are angry that Amazon didn't give them an earlier warning about the program's end. Many nonprofits had promoted AmazonSmile in their own fundraising appeals because the program provided them with a passive revenue stream from Amazon customers.

Lauren Wagner, executive director of the Long Island Arts Alliance, based in Patchogue, New York, said she had encouraged the nonprofits she supports to sign up for AmazonSmile. Now, she's concerned that her organization doesn't know the identity of those customers and wants Amazon to seek permission to share that information with nonprofits.

Malone said Amazon had notified customers of the program's end and has no plans to share customer information with nonprofits.

Wagner said she contacted Amazon many times over the years to suggest improvements to the program. Among her suggestions were allowing users to donate without specifically going to smile.amazon.com and

providing the option to donate when shopping on the Amazon app, something the company eventually allowed.

"They certainly never listened to any of the emails that were sent or they never surveyed us," she said. "They never got our input on how to make it more impactful."

A former Amazon employee, Adam Goldstein, said he, too, doubts how interested the company was in improving the program. For three years at Amazon, Goldstein said, he helped nonprofits claim donations, which he said felt was personally rewarding. But he didn't get the impression that the company cared deeply about giving back to the community.

"I only ever got the sense that it was really just about Amazon's bottom line, and the charitable giving was marketing fodder," Goldstein said.

Goldstein, who went on to become a grant writer and now works for a jobs initiative in Seattle, said he was told by a senior marketing manager that the program had been created to encourage customers to buy directly from Amazon rather than clicking through from a Google search for the product. That saved Amazon from having to pay a fee to Google.

Malone said that was not true. He said AmazonSmile was launched to allow customers to direct donations to a charity of their choosing, in what he called a win-win.

Kari Niedfeldt-Thomas, a managing director of Chief Executives for Corporate Purpose, a business coalition that advises companies on social responsibility issues, said she was not surprised by Amazon's decision to eliminate the program.

"A lot of companies start out their corporate community investment programs with what we would refer to as a 'confetti approach'—they

give to everyone and everyone's really excited," Niedfeldt-Thomas said. "Then, over time, we see companies moving their strategic pillars to what we would refer to as a more 'concentrated approach.' "

In its letter to customers, Amazon said it would "pursue and invest in other areas where we've seen we can make meaningful change—from building affordable housing to providing access to computer science education for students in underserved communities."

Niedfeldt-Thomas said her coalition considers companies that donate more than 1% of their pre-tax profits to be "good corporate citizens." According to Amazon's 2021 financials, it donates much more than that. Malone said the company wants to focus its philanthropic work around its strengths—by, for example, mobilizing large responses during disasters or distributing food aid.

The business coalition's research for 2021 shows that corporate donations were down slightly compared to 2020, when companies accelerated contributions to combat the COVID-19 pandemic, Niedfeldt-Thomas said. She noted that the current economic climate, with inflation and recession concerns, may also cause further decline.

Though some corporations were "leveling off" in their giving, Niedfeldt-Thomas said her coalition found that 58% of the companies surveyed increased their total community investment between 2019 and 2021 and 35% of companies increased their budgets by more than 25%.

Walmart last year launched a community donation program called Spark Good, in addition to its existing philanthropic efforts that are directed through its store managers. The new program, Spark Good, like AmazonSmile, allows customers to select the nonprofit they want to support when they shop online with Walmart, and lets them buy goods from a nonprofit's registry.

Unlike AmazonSmile, Spark Good does not donate a percentage of a customer's sale. Rather, it allows them to round up their payment to the nearest dollar.

Julie Gehrki, Walmart's vice president of philanthropy, said that Spark Good was designed with input from nonprofits and that it lets them engage with customers in the ways that feel relevant to their organization.

"We started with this idea that we could help connect customers to issues they care about," she said. "We could make their daily shopping experience one that allows them to give back to who they want to and that, in aggregate, that would make a big difference."

Wagner and Taylor said they hoped Amazon would reinstate the program. The small donations they received from customers, they said, were always helpful.

While working at Amazon, Goldstein said, he frequently saw how valuable even the smallest donations were to nonprofits.

"When Amazon says it wasn't the impact that we really wanted, I think the big question is: what was the impact that you wanted?" he said. "And what I hear is, the impact on Amazon's bottom line isn't what they wanted."

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