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Effects of Crowdfunding Status Cue Designs on Crowdfunding Success

TREO Talk Paper

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Abstract

Despite the critical role of a campaign page on rewards-based crowdfunding success, a limited number of studies have devoted to test and validate desired effects of the webpage design alternatives to attract potential backers for soliciting contributions. This study specifically focuses on the funding progress status information, one of the critical design components of a crowdfunding platform and proposes its design alternatives to induce perceived information diagnosticity and reduce perceived uncertainty, triggering willingness to back a project. To the best of our knowledge, there have been no scientific studies to examine how different amount, order, and presentation formats of the status information affect potential backers' perceptions. We developed our research model from two theoretical lens. First, the construal level theory (CLT) explains the relation between psychological distance (specially, temporal distance) and the extent to which people's thinking (e.g., about crowdfunding campaign) is abstract or concrete (Trope and Liberman, 2010). The more distant (vs. closer) a crowdfunding campaign deadline is, the more abstract (vs. concrete) information will be thought of and sought by a potential backer. Second, the cognitive-experiential self-theory (CEST) posits that a human's experiential system encodes information as concrete representations and absolute numbers are more concrete than ratios or percentages. In addition, individuals have a tendency to evaluate probabilities manifested as ratios of large numbers (e.g., large numerator, disregarding the denominator) as more likely than the same or greater probabilities expressed as a ratio of small numbers (called "ratio bias") (Kirkpatrick and Epstein, 1992).

Based on these theories, we manipulate the funding progress status information with respect to its amount, presentation format, and order to develop and test hypotheses by conducting a series of controlled experiments to validate their effects. Specifically, we manipulate:

- Amount of Progress Information: small (money pledged, number of backers) vs. large (last donation, money pledged, % of the goal achieved, number of backers, days to go (or left))
- Presentation Format: (1) abstract (\$20,000) vs. concrete (\$20,000 out of \$50,000 goal); (2) detailed (500 backers / 250 backers increased / 200% more backers / 43.56% funded) vs. concise (500 backers / 43% funded); (3) large number format (\$60,000/\$100,000) vs. small number format (\$60k/\$100k); (4) percent (45% funded) vs. numeric format (45/100 funded); and (5) days to go vs. days passed
- Presentation Order: large number first (\$60,000 money pledged, 500 backers, 45% funded, and 5 days left) vs. small number first (5 days left, 45% funded, 500 backers, \$60,000 money pledged)

Temporal distance (near (25% of days left) vs. long-term future (75% of days left)) is adopted as moderating variables and project familiarity, gender, and age are used as control variables. This study expects contributing to (1) advance CRT and CEST, (2) provide researchers with a solid theoretical foundation to further investigate the effects of design alternatives in crowdfunding sites, and (3) inform practitioners with a guideline to develop a campaign page to enhance the likelihood to succeed in their crowdfunding efforts.

References

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- Trope, Y. and Liberman, N. 2010. "Construal-level Theory of Psychological Distance," *Psychological Review* (117:2), 440–463.