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# PREDICTING CROWDFUNDING CAMPAIGN SUCCESS ON THE BASIS OF FIRST IMPRESSIONS (SUMMARY)

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❧  SUMMARY  ❧

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**Principal Topic**

Crowdfunding enables individuals and companies to raise money from large numbers of small-scale investors to finance their projects and ventures. Founders of projects and ventures advertise their ideas on crowdfunding platforms: websites that provide a single webpage enabling founders to explain ideas and entice potential investors to make an investment. A financial target is set as well as one or more rewards or repayment methods.

The information stemming from the current study adds to the body of research on crowdfunding by studying the decision-making processes of the crowd. The focus lies on the role of first impressions in arriving at an estimate of the eventual success of the campaign. We apply an experimental methodology to investigate the hypothesis that people predict the success of a crowdfunding campaign equally well, whether given little or unlimited time to study the project's website. We compare the accuracy of predictions of campaign success and failure made by 8 experienced crowdfunding investors and 8 individuals without crowdfunding experience, for initiatives in the technology and the creative sector.

**Method**

A total of 96 crowdfunding projects were selected from Kickstarter, half of these were successful in reaching the monetary goal, half were not, half were projects of a technological nature and half were creative initiatives. To study the importance of first impressions, two conditions reflecting time allowance were created. In the short condition, raters studied the project's website for a maximum of one minute (and the first 20 seconds of the video); in the long condition, participants took as long as they wanted. In total, each rater judges three projects in each cell (successful/unsuccessful; short/long condition; creative/technological), creating a (8x2)x3x(2x2x2) design, which results in 384 observations.

**Results and Implications**

The results show that predictions are equally accurate, when given limited or ample time to study a crowdfunding website. These results hold for creative as well as technological initiatives. Our findings suggest that the assessment of whether a particular campaign will be successful is made quickly, and subsequent processing of additional information does not add predictive value. Furthermore, experienced crowdfunders do not predict more accurately than those without experience, whether given limited or unlimited time to study the campaign. Overall, our study signals the importance of making a good first impression, for example by making use of a pitch video and displaying vivid information on the project page.

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