

What is key for crowdfunding success and how can we explain it?

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Against the backdrop of accelerated digitisation of fundraising, exploration of the key features of crowdfunding is well underway. Crowdfunding is a way to collect funds online. This paper categorises key mechanisms to create a framework to analyse the impact of such features on online donor behaviour.

Understanding the role of these mechanisms will aid fundraisers to positively influence donation behaviour to enhance the success of projects and campaigns.

By delving into themes surrounding credibility, proximity, narratives, rewards & social influences, the authors offer valuable guidance on approaches to optimise crowdfunding to collect funds. Seven influencing mechanisms are proposed, categorised into three themes: social influence, tangible rewards and quality signals.

[#Crowdfunding](#) [#Giving](#) [#Donor](#) [#Online](#) [#Digitalisation](#)

Background

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Context



- Crowdfunding is an **online marketplace** for fundraising appeals involving **four actors**: crowdfunding project, initiator, donor, and crowdfunding platform.
- Despite its increasing popularity among private individuals and charitable organizations, **crowdfunding projects often struggle to collect enough funding**. A clear **explanation** to interpret the online giving behaviour is **missing**. Also, making it hard to predict online giving behaviour.
- The article is based on a comprehensive review of 198 studies from **philanthropy, social psychology, behavioural economics and consumer behaviour**, forming a solid foundation of insights. Amongst the ever-growing proliferation of online fundraising platforms, events and campaigns, the authors present **practical guidance on best practices for both charities and individuals** when creating and promoting crowdfunding projects.
- Several **mechanisms impacting traditional giving behaviour**, e.g. altruism, solicitation, and psychological benefits exist. However, the article's focus is to **understand general mechanisms affecting online giving behaviour**, and thus provides a framework through which fundraisers can **increase conversion, donor growth & average gift** to optimise income generation.

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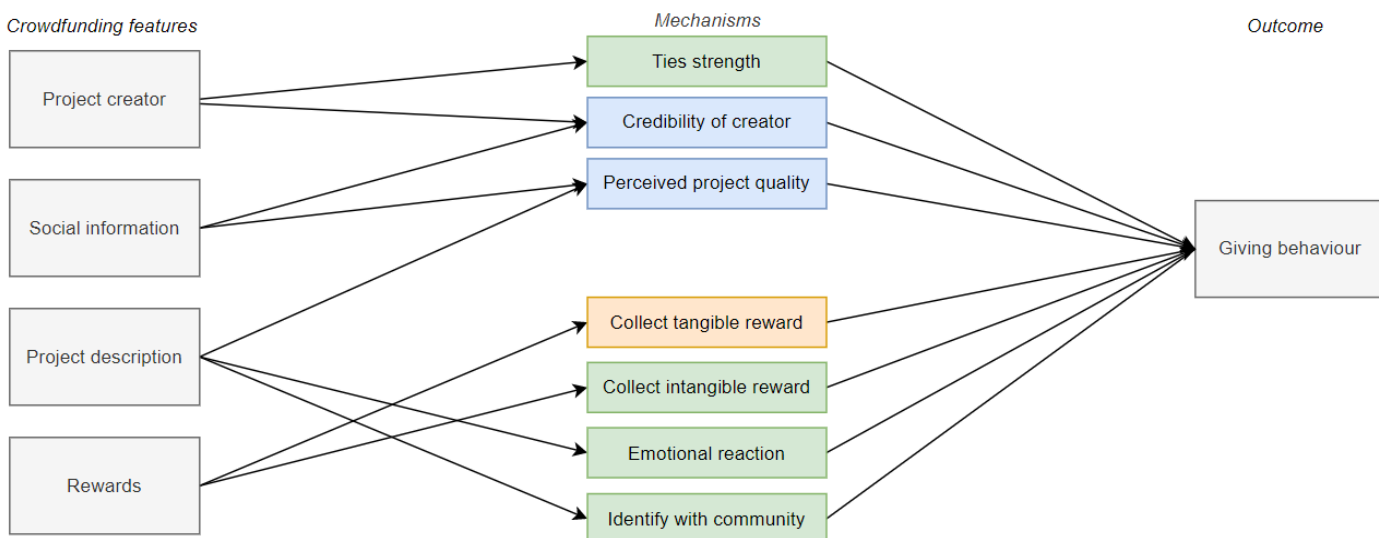
Academic articles on philanthropy through a practitioner lens

Take aways & Learnings



- Projects with an **officially recognised non-profit status** performed more strongly than those without – particularly those connected with international organisations or governments. **Social media play a key role**, but motivations for giving can vary across platforms. **Facebook** is the leading platform and relies on connections & social norms, while Twitter focuses on objective information & quality signals.
- Trust is a central theme** in terms of the credibility of the fundraiser or ‘initiator’ and a well-written project description. The **critical role of social proof** from other donors is also demonstrated – not merely for credibility, but also in influencing average gift sizes through precedent.
- Narratives should emphasise reassurance, reliability and credibility. **Transparency** can support project credibility, but in general the amount of information given represents a U-shaped curve, suggesting a tipping point. And the closer donors are to the initiator, the less information is required.
- While the strength of influence of different mechanism influences can be explored further, **social aspects** appear strong. Emphasis on **community and emotional content** e.g. highlighting the impact a project will have positively impacts donation behaviour.

Visual summary: The authors identified **four features impacting giving**: (1) project creator, (2) social information, (3) rewards, and (4) project description. Next, they explain that these features impact giving because of **seven underlying mechanisms** (see Figure below). The influences can be summarized in **three themes**: social influence (green), tangible rewards (orange) and quality signals (blue).



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