

The Attraction Effect in Reward-Based Crowdfunding

Professor Markus Weinmann, PhD

Research Interests:

Behavioral Economics, Digital Economy, Online Behavior, Online Analytics, Digital Platforms, Online Judgment, Crowdfunding, Crowdsourcing, Online Ratings, E-Commerce, Web-Experiments

Abstract:

Researchers have identified various factors that influence crowdfunding success but have not studied the design of rewards in sufficient depth. This paper presents the results of a series of experiments that test the attraction effect in reward-based crowdfunding. We find that even small changes to reward menus—by manipulating the choice set—can significantly influence backers' decisions by directing them to more attractive rewards. The design of crowdfunding platforms, therefore, makes it possible to increase the success probability of crowdfunding projects. The results have implications for the design of crowdfunding platforms.