Researcher says use less jargon when crowdfunding

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Assistant Professor of Management Yuchen Zhang says the amount of tech jargon included in a Kickstarter project’s description could affect its success raising funds. (Photo by Sabree Hill)

Today's innovators turn to platforms like Kickstarter to crowdfund their imaginative products. And a new study conducted by Yuchen Zhang, assistant professor of management at the A. B. Freeman School of Business, suggests that a Kickstarter campaign's worst enemy is the overuse of tech jargon in its project's description.

"My interest in the crowdfunding phenomenon started during the third year of my PhD program. I realized that it's a modern way of gathering entrepreneurial and financial resources," said Zhang. "The logic behind crowdfunding is very different from traditional venture financing."

Zhang's research focuses on technological crowdfunding projects, whose backers tend to make funding decisions based on the description of the quality and viability of the product.

Through an agent-based simulation model, Zhang replicated a crowdfunding community of 10 projects and 1,000 contributors.

"I simulated them interacting with the environment to see how the funding performance would go," said Zhang. "I designed these crowdfunder agents to see whether they would understand these projects."

Zhang counted the use of technical terms in each project's description and compared the funding performance with the number of technical terms they featured.

The results showed an inverted U-shaped relationship between project descriptions and product funding, meaning that two extremes would decrease a project's financing performance.

If a proposal uses too many technical terms, potential funders may have difficulty understanding the product's description. However, if a project lacks enough technical terms in its description, then backers cannot properly evaluate the project.

"People want to 'buy' a novel product, but they also want to make a rational evaluation of how good that product is before they buy it," said Zhang.

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