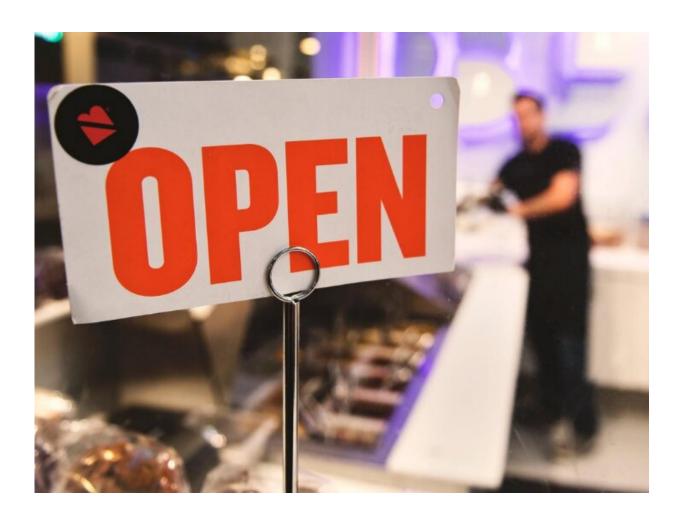# Study identifies effective linguistic styles for restaurant crowdfunding

September 1 2020, by Chris Stipes

For restaurateurs hoping to open a new concept, linguistic style could be the key to online crowdfunding. Credit: University of Houston

Online crowdfunding is a multibillion dollar industry, but crafting a compelling pitch that stands out among thousands of projects and lands investors is challenging. This is especially true for small-scale independent restaurant concepts where, due to intense industry competition, risk is high. Kickstarter's food category can have about 30,000 active pitches at any given time, but only about 25% achieve their fundraising goals. In other words, three out of four come up short and fail.

In text analysis of 500 crowdfunding restaurant campaigns on Kickstarter, one of the most popular crowdfunding platforms, researchers at the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston identified linguistic styles that could tip the scales for restaurateurs seeking financial backing online.

Project descriptions that are concrete in style and deliver stories with fewer usage of first person pronouns, such as "I" and "my," are more likely to succeed, according to the findings published in the *International Journal of Contemporary Hospitality Management*.

Lead study author Yoon Koh, associate professor at UH's Hilton College, said concrete words allow faster processing and effectively reduces uncertainty about and strengthens confidence in anticipated business performance. According to previous research in the field of linguistics, three cues to concreteness are use of articles ("a," "an" and "the"), prepositions ("at," "since" and "for") and quantifiers ("few," "many" and "most").

"Concrete language uses specifics so investors can actually picture the idea and what this restaurant is all about. It brings more concrete images to their minds," said Koh. "For example, when discussing the location of the proposed restaurant don't say 'it's in this area.' Instead, be specific and give the exact street. Or don't say you 'have a lot of experience.' Say

you've 'operated restaurants since 1995.'"

An interactive pitch that poses questions to potential investors such as: "Do you want to be part of a great new restaurant concept?" had a negative impact, according to Koh. She notes there are other ways to be interactive such as posting more updates to your project pitch (e.g. "We have reached 50% of our goal!"). Successful projects approximately tripled the number of updates of unsuccessful projects.

"The restaurant industry is ultra-competitive so getting any kind of advantage through data is big. You can know everything about your concept and industry, but if you can't use the right language to communicate it, then you may not succeed," said Koh. "A simple tweak in language style could mean the difference between achieving success, or joining the thousands of restaurant concepts that never get a chance."

Provided by University of Houston