



JÖNKÖPING UNIVERSITY

*Jönköping International  
Business School*

Doctoral Thesis

# **Backers' crowdfunding Journey – An Engagement Perspective**

Nadia Arshad

Jönköping University  
Jönköping International Business School  
JIBS Dissertation Series No. 147 • 2021





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*In the memory of my mother  
who taught me how to read and write*

*To my father  
who gave me the wings when I wanted to fly*

*To my siblings  
without whose support I would not be anywhere on this journey*

*To my husband  
who consistently comforted and encouraged me*

*To my daughter  
who fills me with energy and adds sparkle to my life*



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Jönköping, November 1, 2021

Nadia Arshad



# Abstract

Crowdfunding refers to accumulating small sums of money from the general public through the Internet for a collective larger amount to fund small or medium-sized ventures in exchange of some benefit. The contribution can be as a donation (for no material reward), a purchase (for getting a reward in return), debt (to get money returned), or equity (for sharing future profit). Crowdfunding is a global phenomenon, facilitated by online crowdfunding service organisations as intermediaries between the venturers and the crowd that not only brings financing, but also the marketing benefits for these ventures. The three main actors in crowdfunding are the initiators (the venturers), the backers (the crowd members who fund), and the crowdfunding platforms (the intermediaries). The crowdfunding campaign's survival and success depends on engagement from the crowd.

Using a qualitative research method, this dissertation aimed to understand the backers' engagement with four crowdfunding campaigns selected from the leading crowdfunding platform, Kickstarter, through processual analysis. Building on the integrative framework of service-dominant logic, engagement, and customer journey, the underlying mechanism of the backers' engagement at the personal (micro) and interpersonal (meso) levels was explored. The backers' engagement with a crowdfunding campaign is regarded as crowdfunding journey mapped with the phases of awareness, consideration, action, reward, and post-reward. It also identified the influencers of the journey, such as social triggering, engagement positive valence/urgency, anticipation, and experience, which made the backers move from one phase to another. Based on the motivation and contribution pattern, the backers were segmented into four engagement roles: benefactors, patrons, shoppers, and utilisers. A deeper analysis showed how the engagement intensity, duration, valence, and engagement properties shaped over time across these roles.

This dissertation contributes to service-dominant logic by bridging multiple theoretical perspectives, such as the customer journey, engagement, and crowdfunding theories, for understanding the actors' behaviour at micro and meso levels. Furthermore, it contributed to engagement literature by advancing engagement research through exploring backers' different engagement roles, multiple engagement objects, and engagement properties in a collective context of crowdfunding. Another contribution is made to customer journey literature by mapping backers' crowdfunding journey and adding crowdfunding contextual elements. Moreover, this study contributed to crowdfunding literature by developing crowdfunding fundamental propositions and the backers' taxonomy. The dissertation also has managerial and policy implications.

# Keywords

engagement, customer journey, crowdfunding, service dominant logic

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# 1. Introduction

## 1.1 The Financial Benefits of Crowdfunding

Eric Migicovsky, a Canadian engineer, could not convince venture capitalists to invest US\$100 000 in his hardware project to make 1 000 smartwatches with the brand name Pebble that could show smartphone data on a person's wrist. As a last resort, he planned to get support from the public and launched a crowdfunding campaign to raise the required US\$100 000. His proposed idea, launched through the Internet, attracted many people and on 11 April 2012, within just two hours of its launch, his campaign hit the funding goal. The engineer, who could not convince traditional funding sources to give him a US\$100 000 investment, raised US\$10.3 million from 68 929 funders during his campaign. His crowdfunding campaign made him an Internet sensation and created a world record for the most funded project by a crowd to that date (Dingman, 2013). Similarly, the Travel Jackets with 15 features by BauBax campaign had 44 949 funders from the crowd, who provided almost US\$9.2 million to materialise the project idea (BauBax LLC, 2016). Numerous other campaigns raised funds through crowdfunding, such as Altered Nozzle, Freedrum, Chip, and Earin, which had thousands of funders to support their projects.

Crowdfunding is an open call for funding through the Internet that draws on a large crowd for a relatively small contribution, without geographical boundaries (Mollick, 2014). Funding from a crowd can be in the form of a donation (just to help) for a reward (some kind of return), as a debt (with a promise to return money), or as equity (sharing future profit) (Belleflamme et al., 2014; Kuppuswamy & Bayus, 2015; Mollick, 2014). By drawing on a large crowd for money, crowdfunding has democratised access to capital and reduced the role of (often) biased intermediaries (Mollick & Robb, 2016) by including potentially several individuals for funding.

Crowdfunding is a collective context (Ordanini et al., 2011) referring to an aggregate setting that engages a group of people in the process. Ordanini et al. (2011) noted that the crowdfunding model has three main parties: the initiator (person who pitches the idea), the crowdfunding platform (service website that is an intermediary between the initiators and the funders), and the backers in the crowd (the individuals who fund the ideas proposed by initiators). Since there is no formal application and approval for crowdfunding, it is an easy and less time-intensive procedure for raising money, compared to traditional sources (Brown et al., 2017).

The ideas launched on the crowdfunding platforms have set funding goals. These ideas are communicated through pictures or videos, and the news of the project spreads to get the attention of the most approachable people by electronic word of mouth (eWOM) using various means of communication, such as email, Facebook, and Twitter (Anderson, 2012; Kromidha & Robson, 2016). The

backers contribute money to fund the project they like and if the project reaches the funding goal, it is considered as a result of the campaign's success. Crowdfunding does not depend on the crowd's knowledge, creative energies, or judgements, but rather tries to attract the spare money they have (Howe, 2008).

## 1.2 The Marketing Benefits of Crowdfunding

Though funding has been the prominent feature of crowdfunding, there are other certain marketing benefits attached to it, other than raising money (Brown et al., 2017; Mollick, 2014; Ordanini et al., 2011). In the case of Pebble 1 (the first campaign), crowdfunding enabled the founder to validate his product idea and demonstrate market demand for it (Mollick, 2014). Brown et al. (2017) noted several other examples where, instead of fundraising, crowdfunding has primarily been used as a marketing tool. For instance, Pebble 2 used crowdfunding for direct sales. For its Opal campaign (icemaker), FirstBuild used crowdfunding as a research tool to test its idea and get instant market feedback. Hasbro (a game manufacturer) used crowdfunding for crowdsourcing (generating) the ideas. Shock Top (a beer brand) used its crowdfunding campaign "Shock the Drought" by associating its brand with a cause (i.e., to eliminate the drought).

The previous examples illustrate that crowdfunding is used to generate, test or validate product ideas; create and demonstrate market demand; promote a product; facilitate direct sales; form connections/build networks; and for branding (Brown et al., 2017; Burtch et al., 2013; Gerber & Hui, 2013; Schwienbacher & Larralde, 2012). Moreover, it helps the ventures "fail quickly" if the initiators at the early stage are aware that there is no interest in the project, and they should not waste time and money on that project (Mollick, 2014, p. 3). Thus, crowdfunding can serve as a low-cost marketing research tool for nascent ventures.

## 1.3 Growth of the Crowdfunding Industry

The global crowdfunding industry has shown high volume growth, as measured by funding raised and its increasing importance (Shneor & Vik, 2020). The industry raised US\$371 billion in 2017, with a growth of 42% from 2016, 185% from 2015, and 1 024% from 2014 (Ziegler et al., 2019). This growth trend shows that crowdfunding has increased in popularity among the public and has attracted numerous people to invest their resources in different projects. Seeing the public's positive response towards crowdfunding, several countries have now regulated crowdfunding to reduce the risks attached to it (Dushnitsky et al., 2016; Stemler, 2013).

Currently, over 1 677 active crowdfunding platforms are operating online across the world (Shneor & Vik, 2020), including Kickstarter, Indiegogo, GoFundMe, and Kiva. In 2017, there were more than 321 service platforms in

European countries (Ziegler et al., 2019); more than 782 in China and over 340 platforms operating in other Asia Pacific states (Ziegler, Johanson, Zhang et al., 2018); and more than 234 platforms across America (Ziegler, Johanson, King et al., 2018). Through these crowdfunding platforms, millions of people contribute money to help (support) ventures start or grow, hence transforming the simple idea of crowdfunding into a global phenomenon (Yip, 2014). For instance, Kickstarter, one of the most popular crowdfunding platforms, claims to have 20 million people funding US\$6.2 billion to 210 771 projects since its launch on 28 April 2009 (Kickstarter, 2020).

## 1.4 Call for Processual Analysis for Crowdfunding Journey

Owing to the growing popularity of crowdfunding, the phenomenon has received attention in academia and scholars have used various perspectives in an attempt to more clearly understand it. Research has focused on the nature and use of crowdfunding by initiators and the factors not only influencing its use, but also its short-term and long-term success (Belleflamme et al., 2013; Mollick, 2014; Mollick & Kuppuswamy, 2014; Schwienbacher & Larralde, 2012). Other researchers (Allison et al., 2015; Belleflamme et al., 2014; Bretschneider et al., 2014; Gerber & Hui, 2013; Ryu & Kim, 2016; Shneor & Munim, 2019; Shneor, Munim et al., 2021; Steigenberger, 2017) have investigated the crowd's motivation for investing in various projects. However, the extant research on crowdfunding is limited (Short et al., 2017), and there is potential for further development (McKenny et al., 2017; Moritz & Block, 2016) due to the wide spectrum of funding models and geographical dispersion of crowdfunding actors (Shneor & Vik, 2020).

Crowdfunding is a complex phenomenon and is not simply a series of decision-making activities during the crowdfunding process (Lehner & Harrer, 2019). It is an interaction between the crowdfunding actors and their surroundings, influenced by several social, economic, cultural, and geographical factors that have a systematic interplay (Lehner & Harrer, 2019; Ruutu et al., 2017), which calls for a processual analysis. This analysis would enable one to dig deeper into the underlying mechanism of the phenomenon and enhance its understanding. Crowdfunding research to date has not yet attempted the processual analysis of crowdfunding. A processual research strategy does not only provide details of how a process evolved and its outcomes, but also captures the dynamics that led to those outcomes (Pettigrew, 1997; Van de Ven, 1992). It does not consider a process as a linear, ordered, and sequential mechanical or altruistic action towards an outcome, but rather explores the complexity of the phenomenon and underlying logic of those processes with actors' differential behaviour, which are meaningful and significant to the process (Pettigrew, 1997).

A processual analysis of crowdfunding can be made from the perspective of different actors, such as the initiators, the backers, and the crowdfunding platform.

Since the core function of a crowdfunding campaign is to get money from the crowd and to do this the initiators must become visible among the crowd of backers (Ordanini et al., 2011), it is highly relevant to understand the process from the backers' perspective. A customer journey model can be a useful tool to understand how crowdfunding evolves. The model is not only useful for the processual aspect, but also the experiential aspect of the backers' crowdfunding journey, which can highlight the repeated interactions of the backers with crowdfunding and reveal their "engaging story" (Følstad & Kvale, 2018, p. 197).

A customer journey model comprises different phases a customer goes through, from knowing about the offering to post-purchase (Court et al., 2009; Lemon & Verhoef, 2016). Building on the customer journey model, a successful crowdfunding campaign can be considered a journey. As the customer journey model covers all the routes a customer goes through, a backer's journey model also needs to map all the possible stages or phases a backer goes through. To capture the entire journey in-depth, five phases are suggested for the backers' crowdfunding journey: awareness, consideration, action, reward, and post-reward. These are based on the potential phases of the routes the backers take during crowdfunding (see sections 4.1 and 4.2).

In the *awareness* phase, the backers get the news of the project through any of the multiple sources used by the initiators (Hossain & Oparaocha, 2017). The *consideration* phase consists of research and evaluation of the project (Kuppuswamy & Bayus, 2015). The *action* phase involves financial contribution or feedback/promotion through social media (Jussila et al., 2016). The *reward* phase is when the backers receive the offering, while the *post-reward* phase is when the backers experience the offering delivered.

## 1.5 Engagement in Crowdfunding

Human beings possess different social and economic resources that they exchange or integrate for mutual benefits, which may not necessarily be a traditional buyer-seller relationship (Vargo & Lusch, 2004). This broader role of humans has been widely recognised in marketing literature as service-dominant (S-D) logic, which considers all human beings as social and/or economic actors who interact to integrate their resources for value creation (Vargo et al., 2008). The resource integration of these actors is enabled by institutions (rules, norms, practices) and institutional arrangements (interdependence of institutions) (Vargo & Lusch, 2016). Based on S-D logic, all parties (humans and organisations) participating in crowdfunding are actors (social and/or economic) who interact to integrate their resources, resulting in value co-creation for mutual benefits, which Shneor et al. (2020, p. 3) consider a "win-win" game for all parties involved. Moreover, crowdfunding platforms facilitate resource integration in multiple settings using institutions and institutional arrangements.

As crowdfunding is an *interaction* of these social and/or economic actors with its surroundings (Lehner & Harrer, 2019; Ordanini et al., 2011), it can be viewed



## 1. Introduction

as actors' engagement during their crowdfunding journey. Engagement refers to actors' cognitive, emotional, social and/or behavioural investment (the dimensions of engagement) of resources into their interaction(s) with a focal object/agent in a specific context (Conduit et al., 2019; Hollebeek et al., 2019). As actors do not operate/function in isolation, but rather in a specific context, they can engage with multiple objects instantaneously (Brodie et al., 2011). Although the customer journey model helps in understanding the crowdfunding journey process and outcomes, for a thorough processual analysis and capturing of the underlying logic and mechanism of this journey, customer/actor engagement theory can be beneficial as it can help in exploring different levels and dimensions of engagement reflected by backers.

### 1.5.1 Engagement Levels in Crowdfunding

Looking at the crowdfunding journey, the backers engage in different activities and at different levels during the crowdfunding process. To understand the backers' activities comprehensively, these must be viewed at various levels by zooming in or out (Vargo & Lusch, 2017). Moreover, actor engagement is always embedded in a context rather than isolated. Therefore, along with micro-level dyadic engagement (subject-object interaction), it is important and beneficial to study multiple aggregated levels of engagement – namely micro, meso, macro, and meta (Alexander et al., 2018).

During the crowdfunding journey, backers can be identified at all four levels: personal engagement (micro level); interpersonal engagement (meso level); engagement with industry (i.e., with multiple projects) (macro level); and engagement other than with crowdfunding (meta level). For example, a backer exploring the project and making funding decisions is at an individual level (micro), while participating in feedback with other backers or promotion is at an interpersonal level (meso). Furthermore, participating in multiple campaigns can be seen as being at the industry level (macro) and, besides crowdfunding, they have other things or activities to engage with (meta). However, to make a processual analysis of engagement in the collective context given a single campaign/project, micro and meso levels are important as they enable the backers to closely follow their engagement relevant to a particular project. Though the relevance of engagement at macro and meta levels cannot be denied, for the processual analysis given, the nature of study micro and meso levels needs to be explored.

### 1.5.2 Engagement Dimensions in Crowdfunding

Conduit et al. (2019), Hollebeek (2013), and Vivek et al. (2014) explained how, for both micro and macro levels of engagement, all dimensions of engagement (i.e., cognitive, emotional, behavioural, social) are illustrated in marketing literature. Cognitive engagement refers to mental concentration and focus (Scott & Craig-Lees, 2010) and involves enduring and active mental processing (Mollen

& Wilson, 2010), attention (Higgins & Scholer, 2009), and immersion (Hollebeek, 2011b) in a subject-object interaction. For instance, backers become aware of the project and it gets their attention. They also evaluate and try to understand the idea and make a decision based on their mental processing.

Emotional engagement represents emotions like intrinsic enjoyment (Calder et al., 2009), enthusiasm (Vivek et al., 2012), and passion (Hollebeek, 2011b), while an actor interacts with engagement objects. For the backers, this can be illustrated when they admire the idea and get excited to help the initiator or see an opportunity to get the suggested offering. If the ideas that backers funded become successful, it can serve as a sense of accomplishment or pride for them.

Behavioural engagement consists of participation (Vivek et al., 2012), vigour (Patterson et al., 2006), and activation (Hollebeek, 2011b), showing individuals' acts – for instance, backers' financial contribution, feedback or suggestions during the crowdfunding journey. Immersion, passion, and activation dimensions of actor engagement with an object can be either way – that is, positively valenced or negatively valenced (Hollebeek & Chen, 2014).

Social engagement is responding to social stimuli and being part of social activities or interacting with people (Achterberg et al., 2003). It involves socialising and participating in online interactions (Vivek et al., 2014), particularly by using social media in the context of crowdfunding. Sharing and promoting crowdfunding projects can be examples of backers' social engagement.

## 1.6 Problematisation

A unique feature of crowdfunding is that while the contributions made by individual backers might be very small (US\$1), the collective contribution from the crowd (consisting of these individual backers) is a large amount that can be used to start or expand a venture. Through crowdfunding, the backers interact in a collective context where the outcome depends upon the group – namely the crowd, not the individual (Ordanini et al., 2011). Embedded in the aggregated setting, there are different ways – at personal (micro) and interpersonal (meso) levels – in which the backers can invest their cognitive, emotional, social, and behavioural resources into their interactions during different phases of their crowdfunding journey. In marketing literature, a single customer or consumer has primarily been the engagement subject (Hollebeek, 2011a), which does not reflect on engagement as a “group or crowd”.

### 1.6.1 Problem 1 (*Engagement Levels*)

Existing marketing literature does not explain backers' engagement in a collective context/setting of crowdfunding, which hinders a deeper understanding of engagement. To understand backers' engagement in this collective context, its constituents (individual backers' engagement) need to be examined (Felin & Foss,

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2005) with interpersonal engagement to uncover the underlying mechanism during their crowdfunding journey.

Engagement in marketing literature is primarily studied with single subject-object interaction, though actors can simultaneously engage with multiple objects (Brodie et al., 2011). This multiplicity of engagement objects can be illustrated during backers' crowdfunding journey. For instance, the crowdfunding project for Altered Nozzle attracted more than 7 000 funders for different reasons. It was a creative *idea* with a social *cause* (to save 98% of household water), which would not only benefit the user of the *product/offering*, but also society. The musical band De La Soul (*initiators*) raised money to recording a new album through their more than 11 000 fans. Several people are registered members of crowdfunding *platforms* and consider themselves a part of a creative and helping *community* (i.e., the crowd) (Gerber & Hui, 2013). This implies that in the context of crowdfunding, there can be several engagement objects with which the backers can be engaged concurrently during their crowdfunding journey: a proposed project *cause, idea, initiator, offering, service platforms, other backers* from the crowd, or crowdfunding *community*.

### 1.6.2 Problem 2 (Multiple Objects)

Existing marketing literature has not paid sufficient attention to simultaneous engagement. For an in-depth analysis of the crowdfunding journey, it is necessary to study simultaneous engagement with multiple objects, as focusing on one engagement object while ignoring other engagement objects cannot produce reliable results for advancing knowledge (Dessart et al., 2016).

Based on the type of contribution (donation, pre-buying, loan, equity) made, backers may adopt different and multiple roles during their crowdfunding journey, such as philanthropist, buyer, lender or investor (Mollick, 2014). The backers who provided funds for the Potato Salad project on Kickstarter without seeking any reward can be seen as philanthropists. The ones who contributed to Pebble Smartwatch were mainly buyers. The backers who fund on Kivs.org or Prosper.com are the lenders, who will get their money back in the future with or without a return. The backers who provided money for the goHenry (a banking solution) project on Crowdcube are investors with an equity stake in the company. Similarly, Ordanini et al. (2011) mentioned these roles of engagement subjects as participant, promoter, advisor, donor, buyer, shareholder, and integrator, which are roles that can overlap. For instance, a donor (philanthropist) can be a promoter at the same time, and a buyer can be an advisor simultaneously. A person with no financial contribution may be a promoter and integrator. This illustrates that backers can manifest different types of behaviour in varying or multiple engagement roles in their interactions with crowdfunding.

### 1.6.3 Problem 3 (Roles)

Since engagement is resource integration (Hollebeek et al., 2019) and actors do not integrate resources in isolation (Vargo et al., 2008), it needs to be examined from a broader perspective by investigating focal engagement actors, such as backers' roles and activities across different contexts (Hollebeek, Conduit, Sweeney et al., 2016) individually as well as in the crowd.

Theoretically, studying the backers' crowdfunding journey and their engagement with crowdfunding is highly relevant, as they complement each other to advance knowledge thereon. *For crowdfunding*, the backers' engagement is indispensable, without which crowdfunding campaigns cannot survive (Ordanini et al., 2011). It is important to have insight into how and why the backers *participate* and *interact (engage)* in a collective context where a small contribution makes a substantial effect when put in a larger context. *For engagement research*, crowdfunding offers a rich context for: a) exploring actors' simultaneous engagement with multiple *engagement objects*; b) exploring *engagement* in a collective context; and c) understanding actors' *multiple engagement roles* shaping their *engagement activities*.

## 1.7 Purpose of Study and Research Questions

The purpose of this study is to explore the nature of backers' engagement during the crowdfunding journey through a processual analysis. It aims to look at *how* the crowdfunding process unfolds over time, *why* and *how* backers *engage* with various engagement objects in the crowdfunding context, and *how* this engagement affects the roles. The following research questions will be addressed:

1. How does the backers' crowdfunding journey unfold?
2. (a) Why do backers engage with crowdfunding? What motivates them to take a crowdfunding journey in a collective context? (b) In what ways do backers engage with crowdfunding?
3. How do the various or multiple roles of backers shape their engagement (engagement properties) during their crowdfunding journey?

## 1.8 Delimitation

There are several types of crowdfunding and it is not possible to cover all of them in one paper. The focus of this dissertation was to study reward-based crowdfunding (a combination of donation and pre-selling). Other types of crowdfunding, such as sponsoring, royalty, lending or equity crowdfunding, are not covered in this research. Reward-based crowdfunding is unique to understand how the backers choose between donating and buying when both options are possible.

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In addition, there are several actors in the crowdfunding journey. This study has centred on understanding backers' engagement with crowdfunding during their crowdfunding journey. Therefore, initiators' or service platforms' engagement are not evaluated under the scope of this study.

## 2. Crowdfunding

This chapter aims to give an understanding of the study context. It provides several crowdfunding definitions with key characteristics, distinguishing it from other similar concepts. It includes various types of crowdfunding and multiple business models used for crowdfunding. Moreover, this section includes crowdfunding actors, particularly the backers, their motivation to participate in crowdfunding, and their decision-making process.

### 2.1 Understanding the Context

#### 2.1.1 Defining Crowdfunding

Coined by Michael Sullivan in 2006, crowdfunding refers to the process through which individuals or organisations seek external funding from a large crowd to fund their projects in the form of a small contribution of money (Belleflamme et al., 2014). It is an open call through the Internet with the purpose of financing and marketing new ventures. The funding can be by way of a donation, pre-purchase, loan or equity (Mollick, 2014).

The crowdfunding phenomenon has been defined in practitioner publications (i.e., *The Wall Street Journal*) and academic journals. Owing to the complexity of the phenomenon, because of its different types and models, it is difficult to have a single comprehensive definition of crowdfunding (Jovanović, 2019). The definitions of crowdfunding have varying yet overlapping key characteristics due to multiple authors' perspectives, such as the crowdfunding process, crowdfunding purpose and benefits, resources used in the process, and the actors involved. The definitions reflect upon *what it is* and *how it works*.

Highlighting customers as investors in *The Wall Street Journal*, Ordanini (2009) described crowdfunding as an initiative undertaken by individuals (actors) for financing new proposed ventures (purpose) by several people through small and medium-sized investments (resources). The key characteristic of crowdfunding in this definition is small and medium-sized investments – that is, resources from numerous people (actors).

Lambert and Schwiendbacher (2010) provided a conceptual pioneering of crowdfunding in academic literature. Building on the concept of crowdsourcing (outsourcing the task through the Internet from the general public, rather than professional parties) by Kleemann et al. (2008), Lambert and Schwiendbacher (2010) defined the process of crowdfunding and highlighted key aspects of crowdfunding – namely open call, through the Internet, in exchange for a reward. The Lambert and Schwiendbacher (2010) added the key element of crowdfunding (i.e., the Internet) and highlighted what benefits the crowd may receive from the crowdfunding, such as rewards or voting rights.

## 2. Crowdfunding

Although Lambert and Schvienbacher (2010) covered key characteristics of crowdfunding, Belleflamme et al. (2014) refined it further and included the terms “future product or reward” to make the time horizon clearer, as crowdfunding rewards are always future-orientated. They posited that crowdfunding helps in seeking finance directly from the crowd without any intermediaries, which undermines the crowdfunding mechanism by excluding the role of crowdfunding platforms. Though there are no professional parties involved in the process of crowdfunding, there are service platforms that connect the initiators with the crowd, thus working as an intermediary.

The definitions discussed thus far did not include one of the crucial actors of crowdfunding, namely the crowdfunding platforms that connect the initiators with the crowd. In his definition, Mollick (2014, p. 2) included all key actors, types of ventures, and forms of contribution. The author noted that there is no standard financial intermediary, but mentioned the role of the service platform in the process of crowdfunding as an intermediary. Nevertheless, Mollick (2014) did not reflect on the open call through the Internet, which is one of the integral components of modern crowdfunding. Table 1 gives an overview of widely used definitions of crowdfunding and their key characteristics.

Table 1. Overview of crowdfunding definitions

Author	Definition	Key characteristics
Ordanini (2009, p. 444)	“An initiative undertaken to raise money for a new project proposed by someone, by collecting small to medium-size investments from several other people (i.e. a crowd)”.	<ul style="list-style-type: none"> <li>• Financing new projects</li> <li>• Small to medium-size investment</li> <li>• From several people</li> </ul>
Lambert and Schvienbacher (2010, p. 5)	“An open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes.”	<ul style="list-style-type: none"> <li>• Providing financial resources to support initiatives for the specific purpose</li> <li>• A donation, for reward or voting right</li> <li>• Open call</li> <li>• Through the Internet</li> </ul>
Belleflamme et al. (2014, p. 588)	“Crowdfunding involves an open call, mostly through the Internet, for the provision of financial resources either in the form of donation or in exchange for the future	<ul style="list-style-type: none"> <li>• Providing financial resources to support initiatives for the specific purpose</li> </ul>

	product or some form of reward to support initiatives for specific purposes.”	<ul style="list-style-type: none"> <li>• A donation, for future reward or voting right</li> <li>• Open call</li> <li>• Through the Internet</li> </ul>
Mollick (2014, p. 2)	“Crowdfunding refers to the efforts by entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries.”	<ul style="list-style-type: none"> <li>• Funding entrepreneurial ventures</li> <li>• A small contribution for future value</li> <li>• From a large crowd</li> <li>• Through the Internet</li> <li>• Without a standard financial intermediary</li> </ul>
In this thesis	Crowdfunding is an open call through the Internet to support the ventures in the form of small financial contributions from a large crowd via intermediary service platforms in exchange for some future value.	<ul style="list-style-type: none"> <li>• Open call</li> <li>• Through the Internet,</li> <li>• A small contribution from a large crowd</li> <li>• Future value</li> <li>• Intermediary service platform</li> </ul>

Drawing on literature and including all its key characteristics, crowdfunding for this thesis is defined as an open call through the Internet to support the ventures in the form of small financial contributions from a large crowd via intermediary service platforms in exchange for some future value. This definition covers all aspects of crowdfunding as well as all actors engaged in the crowdfunding process that are not fully covered in existing definitions.

### 2.1.2 Types of Crowdfunding

Based on the contribution patterns and returns associated with the contributions on the current crowdfunding platforms, there are six types of crowdfunding (Beaulieu et al., 2015; Hemer, 2011): donation-based crowdfunding, crowd sponsoring, crowd pre-selling, crowd lending (microfinancing and peer-to-peer lending), royalty-based crowdfunding, and equity/investment-based crowdfunding.

- In *donation-based* crowdfunding, the backer does not seek any material reward. It can be purely charitable or include some non-material reward in the form of a thank-you note, a dinner with the initiator, or an invitation



## 2. Crowdfunding

to the premiere of the movie, for example (Mollick, 2014). Here, the backer primarily has an altruistic motive to help the initiator of the project (Belleflamme et al., 2014). Kickstarter is one of the platforms dealing with this type of crowdfunding.

- In *sponsoring*, the initiator often provides the promised reward, such as public relations or marketing, to the backer (sponsor) in return for the funding made, as is the case with Sponsorise.me (Hemer, 2011).
- In *pre-selling/order*, the backer buys the product before it is produced, ultimately meeting an initial capital requirement of the initiators.
- *Lending* in crowdfunding can be regarded as *microfinancing* or *peer-to-peer* lending. Different platforms, such as Kiva or Seed Out, provide *microfinancing* to people of low-income countries to alleviate poverty. In *peer-to-peer lending*, backers offer small loans to initiators on platforms like Zopa or Prosper (Burtch et al., 2014; Paravisini et al., 2017).
- *Royalty-based crowdfunding* provides backers with a percentage of the royalties of futures sales and service platforms. SellABand, SellanApp, and Appsfinder are examples of this form of crowdfunding.
- In *equity-based crowdfunding*, the backers get a share of future profits or royalties, equity, dividends and/or voting rights. Platforms like ArtistShare, Wefunder, and SellABand provide this type of crowdfunding (Hemer, 2011).

Table 2 summarises the crowdfunding types based on contribution and reward.

Table 2. Types of crowdfunding based on contribution and return

Type	Contribution	Reward	Examples
Donation	Donation	Thank-you note, autograph, dinner with the initiator	Kickstarter Experiment DonorsChoose
Sponsoring	Donation	Marketing to the sponsor	Sponsorise.me
Pre-selling	Purchase	Product or service	Kickstarter
Lending a. Microfinancing	Loan	Pay back loan	Kiva Seed Out
b. Peer-to-peer		Pay back of loan with interest	Zopa Prosper
Royalty	Investment	Percentage of sales	SellABand SellanApp AppsFunder
Equity/Investment	Capital/Investment	Share is profit/loss	ArtistShare SellABand

Service platforms may offer a combination of the various types of crowdfunding. For example, on Kickstarter, individuals can donate money just to support the idea or they can pre-order (buy) the initial product. This combination of donation and pre-selling model is called reward-based crowdfunding, where the reward can be hedonic (a thank-you note) or utilitarian (getting the actual product).

Reward-based crowdfunding, which is the most prevalent form of crowdfunding, is the focus of this study. Other types of crowdfunding, such as equity or lending, can be compared with existing literature, such as venture investment and microfinancing, but reward-based crowdfunding is the most complex to compare with existing literature and needs novel approaches to understand it deeper (Lehner & Harrer, 2019). It is a unique combination where individuals choose between giving a donation for an innovative idea or pre-buying the offering, with both options being possible. As reward-based crowdfunding does not raise country-specific regulatory issues and limitations as peer-to-peer lending and equity crowdfunding do, its prospects are broader for initiators and backers around the globe (Troost et al., 2017).

### 2.1.3 What Makes Crowdfunding Unique?

History is full of traditions where individuals have donated money to organisations like the Red Cross or non-governmental organisations seeking funds for social causes or non-profit projects (Hemer, 2011). The Statue of Liberty, *Oxford Dictionary*, and Barack Obama's political campaign are also examples of public funding for a project (Kuppuswamy & Bayus, 2013). Microfinancing has been used in developing countries to alleviate poverty. This implies that raising money from the public for certain projects or causes is not new.

Similarly, over the decade, with the advent of Web 2.0, individuals can interact and share information through the Internet (Kaplan & Haenlein, 2010) and human activities, habitats, and interactions have changed considerably due to web-based platforms facilitating online social behaviour. Real-world relationships have shifted to digital worlds to a great extent, resulting in the formation of online communities bringing people together in the digital world (Tiago & Verissimo, 2014). In such an environment, individuals continually influence one another mainly due to digitalisation and globalisation, overcoming time and space constraints for engagement purposes (Chandler & Lusch, 2015).

Individuals in a digital environment, being highly interconnected and more empowered than ever before, are not passive recipients of information, but rather active observers, initiators, participants, and co-creators in their interactive experiences with others in these online communities embedded in the social network (Maslowska et al., 2016). These empowered individuals of the contemporary era use their intellectual resources and participate in community-based collaborative tasks, such as open innovation (Chesbrough et al., 2006), peer production (Benkler & Nissenbaum, 2006), and crowdsourcing (Kleemann et al., 2008).

Since there is a tradition of financing projects by individuals, such as the Statue of Liberty, and individuals have been using technology to interact in their social networks, and for participation in collaborative in innovative projects, what makes crowdfunding unique? Crowdfunding is unique because:

- It is an innovative way for individuals using technology to promote and finance a project (Ordanini et al., 2011), enhancing the relevance of online communities and social networks with crowdfunding (Mollick, 2014).
- It is a way through which the creative initiators have used the potential of online communities and social networks to solve the problem of many new ventures; to remain unfunded due to their inability to convince traditional sources of finance (Belleflamme et al., 2014).
- It is a democratic way of raising capital and, instead of relying on traditional intermediaries (Mollick & Robb, 2016), it calls for the general public's evaluation and decision for financing.
- It is a setting where the participants not only invest time and ideas, but also money to participate (Gleasure & Feller, 2016).

#### **2.1.4 Distinction of Crowdfunding from Other Similar Concepts**

Reward-based crowdfunding shares similarities with several existing concepts in literature (Colombo et al., 2015; Ordanini et al., 2011), yet it has some distinct characteristics (Gleasure & Feller, 2016). Therefore, it is better to understand crowdfunding as a stand-alone concept (Brabham, 2013) to avoid putting “new wine in old bottles”. Since there are several theoretical types of crowdfunding and the study relates to reward-based crowdfunding, this section will distinguish reward-based crowdfunding from relevant concepts in general that share some similarities with crowdfunding.

Literature concerning charitable donation suggests that people give money to charitable causes for self-esteem, for self and public recognition, to be sympathetic to others, to fulfil a moral obligation, to show gratitude for one’s well-being, and as a source of relief from guilt (Haggberg, 1992; Kotler & Andreasen, 1987; White & Pelozo, 2009). Similarly, backers contribute to reward-based crowdfunding projects for self-esteem, for pleasure, and to help others (Allison et al., 2015; Gerber & Hui, 2013). However, backers who donate in crowdfunding are mainly motivated to contribute towards innovative ideas to be materialised (Zvilichovsky et al., 2018), rather than for charity reasons (Hossain & Oparaocha, 2017). Furthermore, people who donate to charitable causes do not get any reward, whereas in the case of reward-based crowdfunding, there is a material/non-material reward, such as a thank-you note or a dinner (Mollick, 2014).

Reward-based crowdfunding shares some similarities with the concept of sponsorship. Sponsorship is “an investment, in cash or kind, in an activity, person or event (sponsee), in return for access to the exploitable commercial potential associated with that activity, person or event by the investor (sponsor)” (Quester & Thompson, 2001, p. 34). Sponsorship literature posits that a sponsor pays for all or part of the costs associated with a programme, event or project. In line with this, in crowdfunding, the backers pay for the cost of the project and help the initiators in their initial financing. What distinguishes sponsorship from reward-based crowdfunding is the “payer”. In corporate sponsorship, this is the company paying for the cost to get marketing benefits; while in reward-based crowdfunding, it is the crowd who pays for the cost and the initiator derives the marketing benefits.

Another relevant concept of reward-based crowdfunding is microfinancing – that is, small bank loans, primarily for the alleviation of poverty in low-income countries (Morduch, 1999). Similar to microfinancing, crowdfunding occurs via small contributions, although the projects on traditional reward-based crowdfunding platforms are not supported primarily for their poverty, but rather their creativity and innovation. In addition, in the case of reward-based crowdfunding, the initiators may deliver some reward, but unlike microfinancing, they do not need to return the money raised through small contributions.

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Reward-based crowdfunding shares some characteristics with crowd-related concepts, such as crowdsourcing (Kleemann et al., 2008), open-source (Asiri, 2003), open innovation (Chesbrough et al., 2006; Freund, 2010), and peer production (Benkler & Nissenbaum, 2006). The aforementioned concepts, along with crowdfunding, have removed the organisational boundaries and involve collaboration outside these boundaries globally. However, the unique feature of crowdfunding is that it does not require intellectual input, mainly financial inputs. Although a crowd can, to some extent, become part of the innovation of the product, the primary purpose of reward-based crowdfunding is to raise money, not to use the “wisdom of the crowd”.

Finally, online brand communities share similarities with crowdfunding. Online brand communities can be used for collective value creation (Schau et al., 2009, p. 30), where the admirers of a brand can develop a common understanding of their shared identity because of the symbolic benefits they get from the brand (Muniz & O’Guinn, 2001, p. 413). Backers in reward-based crowdfunding also have collective value creation and develop a common understanding of their shared identity (Gerber & Hui, 2013). The distinguishing feature is that online brand communities have deeply involved consumers after using the brand, whereas, in the case of reward-based crowdfunding, the backers become part of the community before using the brand (offering) (Ordanini et al., 2011). The members of the online brand community do not make a monetary contribution to be a part of the community, while with reward-based crowdfunding, it is indispensable for joining the community. Table 3 summarises the different concepts that share some similarities yet are different from reward-based crowdfunding.

Table 3. Distinction of crowdfunding from concepts sharing similarities

	<b>Similarities</b>	<b>Difference</b>
Donation	A donation is for self-esteem, pleasure, helping others or charity.	A donation is mainly to support innovation and creativity; it is a non-material reward.
Sponsorship	Sponsors pay for the cost of the project for the marketing benefits.	Instead of the payment made by the business for its marketing, the crowd pays for the initiators' marketing benefits.
Microfinancing	A small amount of loans to help a business start or expand.	The loan is primarily to support innovative ideas. There is no requirement from the initiator to return the money.
Crowdsourcing; open source; open innovation	Involves outsourcing of the tasks beyond organisational boundaries.	Financial support is the primary focus instead of only intellectual input from outsiders.
Online brand community	The members have collective value creation and collective shared identity.	The monetary support is provided by the crowd.

### 2.1.5 *Triad of Actors in Crowdfunding*

There are three main actors exchanging value in the context of crowdfunding, thus it is not a simple dyadic relationship like a traditional purchase (Zvilichovsky et al., 2018). During the crowdfunding process, initiators have a simultaneous twofold role of customer and supplier (Valančienė & Jegelevičiūtė, 2014). The initiators are the suppliers of the crowdfunding platforms, as they provide the ideas to be launched for a call for funding. At the same time, they are the customers of crowdfunding platforms and, if the fundraising is successful, they pay a service fee to the crowdfunding platforms. Usually, the service providers charge commission for the services, but crowdfunding initiators are uniquely the suppliers for service providers.

Similarly, crowdfunding platforms serve as initiators' customers for new ideas, which are a source to make their platform operate. Traditional service providers do not seek input from their customers. Besides providing services to

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initiators, the service providers for the crowd serve as intermediaries for both crowdfunding and initiators.

The backers from the crowd also have a multifold role. They provide financial services (i.e., capital in any form) as investors, but are also the customers who get a range of rewards (Ordanini et al., 2011) that may include the actual product. Moreover, the crowd comprises the customers of crowdfunding platforms, although they get this service for free. Due to this triadic relationship, crowdfunding has multiple beneficiaries in a single transaction.

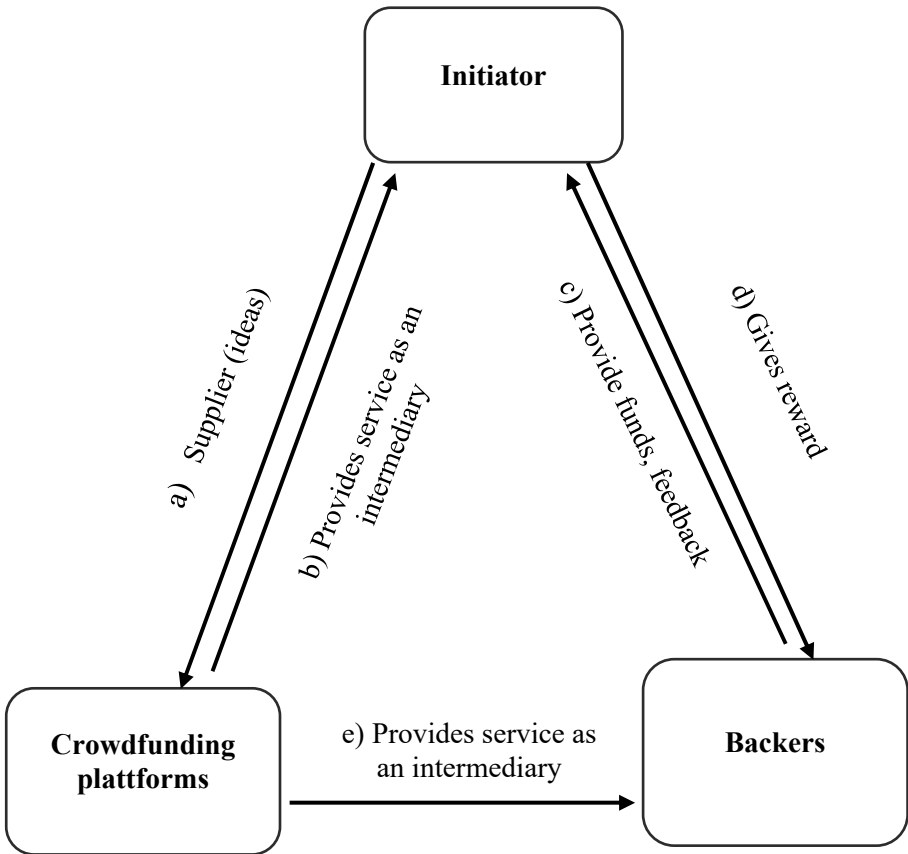


Figure 1. Relationship among crowdfunding's main actors (Adapted from Valančienė & Jegelevičiūtė, 2014)

### 2.1.6 Business Models of Crowdfunding Platforms

The crowdfunding service platforms operate through their website using features of Web 2.0 for real-time interaction between the initiator and crowds around the globe. These platforms also have a payment gateway to manage the fund gathered

for the calls. Two prevalent business models of crowdfunding platforms are threshold and keep it all.

- In threshold (all or nothing), the initiators have a funding goal with a deadline (Cumming et al., 2020). The initiators can only receive the money if they meet the funding goal. In the case of a successful campaign, the service platform charges a 3–15% fee.
- In “keep it all”, some platforms provide whatever the initiators have raised, instead of all or nothing (Burtch et al., 2018; Cumming et al., 2020). A percentage of the funds raised is charged as a fee.

Table 4. Business models of crowdfunding platforms

Category	Characteristics
Threshold	Initiator either gets all the funds raised or nothing.
Keep it all	Initiator gets whatever funds were raised.

The “all or nothing” (threshold) model has challenges for both the initiators and the crowdfunding platforms. For the initiators, there is a risk of losing the money raised in case they do not reach a certain level of funds given a fixed period. Similarly, crowdfunding platforms can only earn the commission in the form of a percentage of the amount raised if the initiators reach their funding goal. However, this is very useful for validation of the idea proposed by the initiator and also mitigates the risk for the backers and crowdfunding platforms. Consequently, it brings legitimacy for the initiator as well as the crowdfunding platforms.

On the other hand, the “keep it all” model is safer for crowdfunding platforms and the initiator as both are guaranteed money. However, this model comes with more risk for the backers compared to the threshold model, as it is comparatively difficult for the initiators to convince the backers to fund the projects. Moreover, it can adversely affect the legitimacy of crowdfunding platforms in case of some fraudulent projects by the initiators.

## 2.2 Risk and Challenges for Crowdfunding Actors

The success rate of crowdfunding projects is quite low, With Kickstarter reporting a success rate of just 36%. Crowdfunding does not come without risks and challenges and since it is a triad of actors, the risk can be ascribed to all three. The project quality, trustworthiness of initiators, and commitment of the backers are important for a positive campaign outcome (Zhao et al., 2017).

From the initiators’ perspective, despite the idea pitched being convincing and exciting, they may risk not getting trust from the crowd due to information asymmetry about the project (Belleflamme et al., 2015). Since the projects are



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mostly works in progress (Gerber & Hui, 2013), it is hard to prove initiators' credibility and capacity, which means the campaign carries the risk of failure. These problems can be mitigated by the quality signal of the project, and third-party endorsement of the product quality and the founders' credibility (Burtch et al., 2013; Courtney et al., 2016; Tang, 2016). Although most projects on crowdfunding platforms are intellectual property, since the ideas are yet to be tested, the initiators do not spend money to get their trademarks, patents or copyrights registered (Wells, 2013).

From the crowd's perspective, crowdfunding presents the challenge of information asymmetry and uncertainty about the product quality, credibility, and capacity of the founder (Belleflamme et al., 2014), meaning that backers may need to base their decision on extrinsic cues (Allison et al., 2015). There has been evidence of disappointed backers. For instance, 75% of initiators on Kickstarter delayed delivery and 4% did not deliver at all (Mollick, 2014), which might be as a result of inexperience or incompetence. There has been fake information about the projects (Wessel et al., 2016), fraudulent campaigns (Siering et al., 2016), and misuse of the funds raised (Snyder et al., 2016), hence there is a risk of losing money by supporting a misjudged project. In the case of reward-based crowdfunding, there is no legal protection against such fraudulent activities and the funders agree to these terms and conditions before contributing.

From the platform's perspective, there is a risk of losing legitimacy among the crowd. Crowdfunding platforms are a source of creating trust by working as an intermediary (Klaebe & Laycock, 2012). Since the crowdfunding platforms are working as an institution, they have some guidelines and rules that control fraud or fake information to some extent. However, once the money is raised and given to the initiators, the platforms do not have any control over the abuse of funds. Repeated fraudulent or fake campaigns, delayed deliveries, and misappropriation of funds can destroy the image of the crowdfunding platforms.

### 2.3 Backers' Motivation for Crowdfunding

Backers must be motivated to participate in crowdfunding campaigns. Therefore, initiators can promote different types of motivation to increase the likelihood of backers' participation through financial contribution (Ryu et al., 2020) and information sharing (Shneor & Munim, 2019).

Multiple studies have explored psychological theories to find what motivates backers to be a part of crowdfunding campaigns (Bretschneider & Leimeister, 2017; Bruton et al., 2015; Cholakova & Clarysse, 2015; Schwiembacher & Larralde, 2012; Shneor & Munim, 2019; Shneor, Munim et al., 2021). There are different motivations and drivers for backers to contribute to crowdfunding projects – namely intrinsic and extrinsic (Ryu & Kim, 2016). Extrinsically motivated backers are motivated to get the external rewards, which are most likely material rewards (Cholakova & Clarysse, 2015; Gerber & Hui, 2013; Steigenberger, 2017) or social recognition (Bretschneider & Leimeister, 2017).

Intrinsically motivated backers are motivated by non-material rewards by participating to support the innovative idea, engage, and contribute to a helping and trusting community (Gerber & Hui, 2013; Ordanini et al., 2011), and to bring ideas to life (Bretschneider & Leimeister, 2017). Moreover, there has been evidence that personal interest in the project, alignment of the backers' value with the fund seeking organisational values or cultural responsibility (Pitts et al., 2020), social trust, empathy, and beliefs (Shneor, Mrzygłód et al., 2021; Shneor, Munim et al., 2021; Xiao & Yue, 2021) are intrinsic motivators of the backers to fund the project.

A recent development in crowdfunding research has further investigated intrinsic motivation and provided two examples as *self-orientation* and *other-orientation* (Zhang & Chen, 2019). It was found that backers who participate in crowdfunding for their satisfaction, happiness or self-esteem are self-orientated, whereas backers who participate to help others are other-orientated.

## 2.4 Backers' Decision-Making

There are certain project-, initiator-, and crowd-related factors that influence backers' behaviour and decisions during the crowdfunding journey (Lehner & Harrer, 2019). These are outlined below.

*Project-related factors:* Reward-based crowdfunding projects are either social or commercial, and the narratives used by initiators about information and communication of the project are key to making the project successful (Kim et al., 2016). Non-profit projects are more likely to be successful than for-profit projects (Belleflamme et al., 2014). The narrative used for pitching the idea on crowdfunding platforms should be well formed and understandable (Paravisini et al., 2017). A general trend is that if the narrative highlights the project as helping others, it has more chances of being successful, rather than the project narrated as a business opportunity (Allison et al., 2015).

Project quality signals (preparedness, quality video), number of words to explain the projects, and project creativity lead a project to be successful (Aprilia & Wibowo, 2017; Burtch et al., 2013; Davis et al., 2017; Mollick, 2014). Project quality can be signalled through the technical feasibility and market viability of the project's offering (Courtney et al., 2016). Thus, a project with incremental innovation is more likely to succeed than a project with radical innovation (Chan & Parhankangas, 2016). Furthermore, it is important to have realistic funding goals to create trust in projects (Mollick, 2014).

*Initiator-related factors:* The initiator's credibility and internal and external social capital are crucial (Courtney et al., 2016; Skirnevskiy et al., 2017). External social capital constitutes both offline (e.g., friends and family and professional contacts) and online relationships (e.g., social networks through Facebook, Twitter) (Zheng et al., 2014). Internal social capital is developed within the crowdfunding platforms through different interactions (e.g., discussion forums, online messengers, backers' profiles and groupings) (Skirnevskiy et al., 2017).

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Usually, the initial funding comes from initiators' personal networks, including friends and family (Kuppuswamy & Bayus, 2015; Mollick, 2014; Ordanini et al., 2011) – that is, external social capital. However, at a later stage, a personal network does not have any significant effect (Agrawal et al., 2015). Therefore, internal social capital plays a significant role at a later stage of the campaign. Social network ties, number of Facebook friends, the obligation to fund other initiators, and showing passion about the project may result in successful fundraising (Aprilia & Wibowo, 2017; Li et al., 2016; Mollick, 2014; Zheng et al., 2014).

*Crowd-related factors:* The crowdfunding crowd is diverse and has complex motivation and decision-making processes (Alegre & Moleskis, 2021). Several factors impact backers' decision-making, such as their motivation, social influence, geographical location, and national culture, which ultimately influence their behaviour.

Scholars have noted the impact of backers' intrinsic and extrinsic motivation on their behaviour. Allison et al. (2015) investigated the timing of the backers' funding and found that individuals donate money if they have dominant intrinsic motives (satisfaction, self-esteem, pleasure) or pre-order if they have extrinsic motives (material reward). Steigenberger (2017) also confirmed that intrinsic motives, such as philanthropy, lead to donation; whereas extrinsic motives like a plan to purchase lead to pre-ordering the product. Cholakova and Clarysse (2015) noted that backers may donate to support the cause, but at the same time they are interested in the reward. Furthermore, Ryu et al. (2020) discovered that intrinsic motives, such as altruism, lead to early funding; while extrinsic motives, such as funding for reward, lead to delayed funding. Crosetto and Regner (2018) proved that both early and late fundings can be crucial for the campaign, as they found evidence that several projects reach their funding goals by the deadline.

There is social influence on the decision-making process of backers (Burtch et al., 2013; Kuppuswamy & Bayus, 2015; Xiao & Yue, 2021). This social influence comes from social interaction, which Thies et al. (2016) identified as two critical factors – eWOM (opinion-based social interaction) and popularity information (action-based interaction). With eWOM, backers consider others' statements/opinions about the project; whereas with popularity information, they consider others' actions in a similar situation. Information about other backers, their timing of contribution, and the amount contributed influence potential backers' decisions (Burtch et al., 2013). The number of shares on Facebook and question-answer sessions and comments bring more social legitimacy to the project (Kromidha & Robson, 2016; Lechtenbörger et al., 2015; Wessel et al., 2016).

The social influence tends to start backers' herding behaviour (i.e., imitating others' behaviour) during crowdfunding campaigns (Burtch et al., 2013; Lee & Lee, 2012), which leads them to fund projects, particularly those already funded (Zaggl & Block, 2019). Belleflamme et al. (2015) termed those backers as “free riders” in the crowdfunding crowd, who follow other backers' contributions/investment decisions in their social groups. The herding behaviour

brings more funding from the existing backers' social circle and helps the projects reach their funding goals.

The backers fund the project if they believe their contributions can impact the project goal (Kuppuswamy & Bayus, 2017). The early days of project campaigns are critical, because if a good percentage of the target amount of project is funded, it can encourage others to contribute (Colombo et al., 2015). Nevertheless, failing to get early funding does not hinder the success and several projects get funded when they reach their deadline (Zaggl & Block, 2019).

There are some negative tendencies among backers to funding crowdfunding projects. If a project has already received sufficient funding, the potential backers may not support the project, assuming that others have already helped enough in the project (Burtch et al., 2013). Similarly, if a project is quite close to its funding goal, the potential backer may not choose to fund it, leaving it to others to fund the project (diffusion of responsibility) (Kuppuswamy & Bayus, 2015). Backers who fund projects have an option not to reveal their identity and funded amount in public, which can have a negative influence on future contributions (Burtch et al., 2015, 2016).

Crowdfunding campaigns are likely to have social biases (Alegre & Moleskis, 2021) due to fake social buzz (Wessel et al., 2016) and herding behaviour (Burtch et al., 2013). Though these factors positively impact funding, they can hurt it, too. For instance, if the project is recruiting more backers, but the contributions are small amounts (almost no contribution), there is reverse herding, providing negative feedback. This means no follow-up contributions are made and the crowd starts to disperse (Zaggl & Block, 2019). Moreover, the crowd can stop supporting if they find that the campaign has social misinformation.

Another important aspect of crowdfunding is geography and the national culture of backers (Shneor, Munim et al., 2021). Although backers are dispersed around the globe and reward crowdfunding seems to facilitate the process without any geographical boundaries (Mollick, 2014), it has been found that local funders contribute early on in the project campaign, compared to the distant backers (Agrawal et al., 2015). Lin and Viswanathan (2015) also observed that crowdfunding transactions mostly take place in the same geographical area, but could not explain what drives this behaviour.

Literature exploring cultural impact shows that the social capital of the initiator is more influential for the campaign performance in China than in the United States (US) (Zheng et al., 2014). Shneor and Munim (2019) explored the crowdfunding behaviour of low trust (low social trust) and high trust societies (medium to high social trust) and found that in high trust societies, it is easier for the initiators to convince the crowd, while for the low trust societies, the initiators have a more critical evaluation of the project from the crowd and it is harder to win the trust. Zhao and Vinig (2020), explored a unique aspect of Chinese culture, *guanxi* (interpersonal trust), and identified it had a positive influence between the backers and the initiator as well as among backers.

Building on Hofstede's (2001) cultural model, some studies explored the crowd's behaviour in the context of crowdfunding (Cho & Kim, 2017; Shneor,

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Munim et al., 2021). Cho and Kim (2017) looked at the dimension of individualism versus collectivism, power distance (e.g., the relationship between high- and low-ranked individuals), and uncertainty avoidance, and found that in the Korean crowd (collectivist), the uncertainty avoidance was higher compared to the US crowd (individualistic), yet no difference was found in the power distance among both. Shneor, Munim et al. (2021) explored the individualistic versus collectivistic dimension and concluded that backers were influenced by subjective norms (how others would like to see them) in collectivist societies, such as China, compared to individualistic societies like Finland. Moreover, they found that backers in individualistic societies prefer to have individual control over their information sharing, rather than doing it for a social pressure, as in a collectivistic society.

### 2.5 Summary

Crowdfunding is a process of using the Internet for financing and marketing projects. It has several types and involves a variety of actors having a unique relationship. It is a journey of the actors over a period, which constitutes multiple phases. For backers, the crowdfunding journey constitutes activities like evaluation, funding, endorsing, promoting and advocating the project, advising the initiator, and influencing the crowd (Burtch et al., 2013; Kang et al., 2017; Ordanini et al., 2011). Participation in the crowdfunding journey is motivated by different intrinsic and extrinsic motivations, and their funding decision differs from that of ordinary purchases, as crowdfunding comes with different risks and challenges. In crowdfunding, the backers interact collectively, where the service outcome depends on a large group, not the individual.

## 3. Engagement

This chapter develops a theoretical framework of the study. It explains how the theoretical perspective is relevant to the context of the study to collect evidence. It briefly gives an overview of S-D logic and its axioms, and discusses how this informed the fundamental propositions (FPs) of engagement. Moreover, this chapter provides a detailed background of engagement research in social sciences in general and marketing in particular. This covers all aspects of engagement, conceptualisation, dimensionality, actors and their roles, objects, outcomes, and contexts. It also distinguishes it from related concepts, such as involvement and participation.

In this chapter, theoretical perspectives (i.e., S-D logic and engagement) and their linkage to the context of this study (i.e., crowdfunding) are expounded. Furthermore, this section elaborates on how is it useful to make the processual analysis of the backers' crowdfunding journey.

### 3.1 S-D Logic

S-D logic was introduced by Vargo and Lusch (2004), where the traditional exchange systems of goods for goods or money as marketing activities were challenged and the idea of service for service exchange was presented. It was argued that service exchange does not occur in isolation, rather the actors are part of an interrelated larger network where service is exchanged by individual, dyad, triad, and complex networks called "service ecosystems" (Chandler & Vargo, 2011). Service ecosystems are defined in S-D logic as "relatively self-contained, self-adjusting systems of resource-integrating actors connected by shared institutional arrangements and mutual value creation through service exchange" (Lusch & Vargo, 2014, p. 161; Vargo & Lusch, 2016, p. 11).

Actors can be human or collections of humans, such as organisations involved in human exchange systems (Lusch & Vargo, 2014, p. 102). The actors integrate their resources with other actors for their survival (Vargo et al., 2008, p. 149). This resource integration is a response to the value proposition, which is an invitation from actors to other actors to interact in a service exchange, hence all actors interact similarly in the resource integration process (Chandler & Lusch, 2015).

The core framework evolved by consolidation and elaboration of the foundational premises (Vargo et al., 2008). Vargo and Lusch's (2004) initial paper had 10 fundamental premises and the evolved framework had two additional premises. The original perspective was more of a dyadic nature and focused on customer-firm interaction. A recent modification of the perspective has adopted an actor-to-actor perspective, and five out of 11 fundamental premises have the status of axioms.

### 3. Engagement

The S-D logic framework has impacted multiple marketing trajectories, such as branding, consumer culture theory, international marketing, and social marketing. It has been used to enhance knowledge within marketing as well as transdisciplinary research, such as education, engineering, health, and tourism. Within marketing, the framework has a strong influence on engagement research and widely accepted engagement FPs are informed by S-D logic's five axioms, which are well established and accepted widely among marketing scholars. A brief description of these axioms follows.

#### **3.1.1 Axiom 1/FP1: Service Is the Fundamental Basis of Exchange**

The first axiom refers to the exchange in the value creation process. In the traditional view of marketing activity, goods were exchanged for goods (barter) or money. In addition, services were distinguished from goods as being intangible. S-D logic views every exchange basis as a service, a resource application to benefit others, and posits that goods are just a medium to transmit service without carrying value in them (i.e., indirect service) (Vargo et al., 2008).

#### **3.1.2 Axiom 2/FP6: Value Is Co-Created by Multiple Actors, Always Including the Beneficiary**

In marketing, the customer has been considered as a co-producer (Vargo & Lusch, 2004) and as a co-creator (Vargo et al., 2008). The term "actor" was introduced in the recent modification of the S-D logic (Vargo & Lusch, 2016). In the service for service exchange process, value is co-created by multiple actors, where the beneficiary of the created value is one/some of the actors involved in the value creating process.

#### **3.1.3 Axiom 3/FP9: All Social and Economic Actors Are Resource Integrators**

S-D logic considers all human beings as social and economic actors who integrate their resources to co-create value (Vargo et al., 2008). An exchange can be an economic exchange, a social exchange, or even both. Actors possess multiple operant resources (knowledge, skills) and operand resources (equipment, money), and by integrating these, they create value for themselves and for others.

#### **3.1.4 Axiom 4/FP10: Value Is Always Uniquely and Phenomenologically Determined by the Beneficiary**

From an S-D logic perspective, actors cannot deliver value, but only be part of value proposition and value creation. Since each actor is unique and value is subjective – that is, "idiosyncratic, experiential, contextual, and meaning-laden"

– each actor is likely to evaluate the proposed value differently (Vargo & Lusch, 2008, p. 7). The actors only accept value propositions they consider beneficial for themselves.

### **3.1.5 Axiom 5/FP11: Value Co-Creation Is Coordinated through Actor-Generated Institutions and Institutional Arrangements**

Vargo and Lusch (2016) posited that value co-creation is facilitated by institutions and institutional arrangements. Institutions are “rules, norms and beliefs” (Vargo & Lusch, 2016) that enable or restrict action (Scott, 2001) as “rules of the game” (North, 1991, p. 98). These institutions can be formal or informal. Institutional arrangements refer to interrelated institutions, which are also called “institutional logic”. This brief overview of the S-D logic will guide how engagement research has been informed by this perspective.

## **3.2 Engagement Research in Social Sciences**

The *engagement* concept has been used in academia in different social sciences, such as sociology, psychology, political science, and organisational behaviour, before marketing literature. Brodie et al. (2011) reviewed the relevant literature in social sciences and noted that: in sociology, scholars Jennings and Zeitner (2003) explored “civic engagement” (behaviours and attitudes towards political processes and institutions); in psychology, Achterberg et al. (2003) explored “social engagement” (participating in social activities and interacting with others); and in the educational field, Fredricks et al. (2004) studied “students’ engagement” (their willingness to master skills). Furthermore, political scientists studied “engagement of nation and states” (Kane, 2008), and organisational behaviourists explored “occupational engagement” as a means of maintaining a sense of self and well-being (Bejerholm & Eklund, 2006), “employee engagement” (positive work-related mindset) (Schaufeli et al., 2002), and “stakeholders engagement” (corporations interacting with stakeholders) (Greenwood, 2007). This reveals that there are varying perspectives in different disciplines about the concept of engagement.

Various terms capture engagement in academic literature in the social sciences, and it has been conceptualised across different contexts. Hollebeek (2011b) noted three main common elements in *engagement* conceptualisation in the social sciences: a positive expression towards engagement object; interactivity (a two-way relationship between subject and object); and tripartite dimensionality (cognitive, emotional, and behavioural components). For example, a positive expression may come via employees who enjoy their work and feel the work atmosphere to be relaxed and supportive. Two-way interaction can be students’ interaction with the books and attempting to master a skill or their social interaction with peers in groups for learning. The tripartite dimensionality can be



observed when people have a civic engagement using knowledge (cognitive) to clean the vicinity (behavioural) to make a difference in the community (emotional).

### 3.3 Relevance of Engagement Research in Marketing Literature

The *engagement* concept is of great relevance for academia, practitioners, and consultants in marketing in this contemporary dynamic environment (Hollebeek et al., 2019). Engagement research has developed in marketing literature over the past decade. It has been a research priority of the Marketing Science Institute (MSI) from 2006 to date (MSI, 2020). In marketing literature, the term engagement was not widely used before 2005, but due to the increasing relevance and importance of the concept in business practice, academia felt a need to understand it in this highly interactive world (Brodie et al., 2011). Constructs, such as *engagement* (Mollen & Wilson, 2010), *customer engagement* (Brodie et al., 2011), *customer engagement value* (Kumar et al., 2013), *consumer engagement* (Brodie et al., 2011; Verhoef et al., 2010), *brand engagement in self-concept* (Sprrott et al., 2009), *consumer brand engagement* (Hollebeek, 2011a, 2011b), *customer engagement behaviour* (Jaakkola & Alexander, 2014), *brand community engagement* (Algesheimer et al., 2005), *online brand community engagement* (Wirtz et al., 2013), *audience engagement* (Scott & Craig-Lees, 2010), *actor engagement* (Storbacka et al., 2016), and *volunteer engagement*, have been introduced and used in academic research.

The first special issue on engagement was in the *Journal of Consumer Psychology* (2009). Moreover, there was a special issue on conceptualising and measuring engagement in the *Journal of Service Research*, which was published in 2010. This was followed up by another issue in the same journal in 2011, which contained an article from Brodie et al. (2011) comprehensively discussing the concept from a different perspective and reflecting on the papers in the 2010 issue and other relevant research in the social sciences. Brodie et al.'s (2011) paper is a landmark review article in marketing and communication literature, which conceptualised *engagement* based on *S-D logic* and *relationship marketing* research (Hollebeek et al., 2019; Maslowska et al., 2016).

A stream of conceptual and empirical literature conceptualising, theorising, and operationalising the concept with varying objects and contexts soon followed in the *Journal of Product & Brand Management* (2014), the *Journal of the Academy of Marketing Science* (2017), the *Journal of Service Management* (2018), the *Journal of Business Research* (2020), the *International Journal of Research in Marketing* (2021), and the *Journal of Service Research* (2021). From a publishing perspective, the attention given to engagement highlights that it is an important and contemporary concept in marketing.

Since there is growing interest in engagement research, several studies have reviewed marketing literature to map the field. Srivastava and Sivaramakrishnan

(2021) performed a bibliometric analysis and identified six research themes: (1) modelling customer engagement (CE); (2) CE theory and empirical validation; (3) CE and S-D logic; (4) CE and social media; (5) CE and brand platforms; and (6) engagement in other contexts. Through a meta-analysis of CE, Barari et al. (2021) identified two pathways of the concept – the organic pathway and the promoted pathway. The former focuses on relationships and relates to service with hedonic value, while the latter relates more to utilitarian products, focusing on their functionality and experience. Moreover, de Oliveira Santini et al. (2020) performed a meta-analysis of CE in social media and found its drivers (satisfaction, positive emotions and trust) and consequences (behavioural intention and word of mouth [WOM]). Hollebeek et al. (2021) took a holistic view of literature and identified five themes of CE research: CE (1) measurement/methods; (2) online CE; (3) CE's value co-creating capacity; (4) CE conceptualisation; and (5) customer/consumer brand engagement.

### 3.4 Engagement Conceptualisation

Engagement research in marketing literature is predominantly informed by S-D logic and relationship marketing. Despite extant literature in marketing on *engagement*, there are quite a few deviations in the conceptualisation and operationalisation of the concept. The initial debate of the conceptualisation was whether engagement is a process, state or behaviour. In other words, there was a lack of agreement on whether engagement is a means or an end. Bowden (2009) argued that engagement is a psychological process over time that drives customer loyalty. Some scholars consider engagement a psychological state (Brodie et al., 2011; Calder et al., 2009; Higgins & Scholer, 2009; Hollebeek, 2011a, 2011b; Mollen & Wilson, 2010), while others view engagement as a behavioural manifestation (Kumar et al., 2010; Van Doorn et al., 2010; Verhoef et al., 2010). The debate in the conceptualisation can be viewed in Table 5.

Table 5. Engagement conceptualisation in marketing

Author	Definition	Key aspects	Engagement outcomes
Patterson et al. (2006)	“Customer engagement describes the level of a customer’s various ‘presence’ in their relationship with the organization. The presences include physical presence, emotional presence, and cognitive presence.”	Level of physical, emotional, and cognitive presence	<ul style="list-style-type: none"> <li>• Post-failure satisfaction</li> <li>• Repurchase intention</li> <li>• Decrease negative WOM</li> <li>• Relationship closeness</li> </ul>
Higgins and Scholer (2009, p. 102)	“Engagement is a state of being involved, occupied, fully absorbed, or engrossed in something – sustained attention.”	Sustained attention	
Bowden (2009, p. 65)	“A psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand.”	Psychological process; driving loyalty	<ul style="list-style-type: none"> <li>• Loyalty for new and old customers</li> <li>• Satisfaction</li> </ul>
Calder et al. (2009, p. 322)	“In the language of measurement models, experiences are first-order constructs while engagement is a second-order construct. We shall use the term <i>experience</i> whenever we refer to a specific set of consumer beliefs about a vehicle such as utilitarian or intrinsic enjoyment, and the term	Overall customer experience	<ul style="list-style-type: none"> <li>• Usage and attentiveness</li> <li>• Affective response</li> <li>• Reaction to ad</li> </ul>

	<p><i>engagement</i> whenever we refer to the overall experiences of a vehicle.”</p>		
<p>Mollen and Wilson (2010, p. 923)</p>	<p>“Online engagement is a cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value. It is characterized by the dimensions of dynamic and sustained cognitive processing and the satisfying of instrumental value (utility and relevance) and experiential value (emotional congruence with the narrative schema encountered in computer-mediated entities).”</p>	<p>Cognitive and affective commitment in customer-brand relationship</p>	<p>Optimal consumer attitudes and behaviour</p>
<p>Kumar et al. (2010, p. 297)</p>	<p>“Firms are now recognizing the imminent need to focus on building personal two-way relationships with customers that foster interactions. Such active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or nontransactional in nature, can be defined as ‘Customer Engagement’.”</p>	<p>Transactional and non-transactional, customer-firm, other customer prospect, other customer interaction</p>	<p>Purchase, referral, influence, feedback</p>

<p>Van Doorn et al. (2010)</p>	<p>“Customers’ behavioral manifestation toward a brand or firm, beyond purchase, that results from motivational drivers ... [such as] word-of-mouth activity, recommendations, helping other customers, blogging, writing reviews.”</p>	<p>Behavioural manifestation beyond purchase</p>	<ul style="list-style-type: none"> <li>• Customer: cognitive, attitudinal, emotional, physical/time, identity</li> <li>• Firm: financial, reputational, regulatory, competitive, employee, product</li> <li>• Others: consumer welfare, economic surplus, social surplus, regulation, cross-brand</li> </ul>
<p>Brodie et al. (2011, p. 260)</p>	<p>“Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value. CE plays a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or</p>	<ul style="list-style-type: none"> <li>• Psychological state and dynamic iterative process</li> <li>• Context-dependent</li> <li>• Multidimensional customer-focal object/agent interactive, co-creative experience</li> </ul>	<p>Satisfaction, trust, commitment, connection, emotional attachment, loyalty</p>

<p>Hollebeek (2011a, p. 790)</p>	<p>consequences in iterative CE processes. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavior dimensions.”</p> <p>“The level of an individual customer’s motivational, brand-related, and context-dependent state of mind characterised by specific levels of cognitive, emotional, and behavioural activity in direct brand interactions.”</p>	<p>Motivational state with specific level of multidimensional activity</p>	<p>Rapport, co-created value, brand experience, perceived quality, customer satisfaction (new and/or existing customers), trust (new and/or existing customers), commitment (new and/or existing customers), customer value, brand loyalty</p>
<p>Hollebeek (2011b)</p>	<p>CE is the level of perceived cognitive, emotional and behavioral investment in, and ensuring perceived returns extracted from, a customer’s interactive brand experience.</p>	<p>Multidimensional investment for ensuring perceived returns</p>	<p>CE returns: erudition, gratification, activation</p>
<p>Vivek et al. (2012, p. 133)</p>	<p>“The intensity of an individual’s participation and connection with an organization’s offerings or organizational activities, which either the customer or the organization initiates.”</p>	<p>Intensity of participation and connection organisational offering and activities</p>	<p>Value (antecedent of involvement and customer participation), trust, affective commitment, WOM, loyalty,</p>

Hollebeek et al. (2014, p. 154)	“A consumer’s positively valenced brand-related cognitive, emotional, and behavioral activity during or related to focal consumer/brand interactions.”	Positively valenced brand-related multidimensional activity	brand involvement (antecedent of customer participation and involvement) Self-brand connection, brand usage intent
Calder et al. (2016)	“Engagement is a multilevel construct that emerges from the thoughts and feelings about one or more rich experiences involved in reaching a personal goal.”	Thoughts and feelings about experience in reaching personal goal	Consumption behaviour, purchase intention, attitude towards the ad
Pansari and Kumar (2017, p. 295)	“The mechanics of a customer’s value addition to the firm, either through direct and/or indirect contribution.”	Mechanics of customer value addition to the firm through contribution	Engagement as an outcome
Hollebeek et al. (2019, p. 166)	“A customer’s motivationally driven, volitional investment of focal operand resources (including cognitive, emotional, behavioral, and social knowledge and skills), and operand resources (e.g., equipment) into brand interactions in service systems.”	Motivational and volitional investment of resources into brand interactions	Customer individual – operand resource development and co-creation

It is important to understand whether engagement is a “means or an end”, or both. Those who are the proponents of engagement as a means (a process) argue that engagement is a process that drives the customers’ emotional state (i.e., satisfaction, loyalty, commitment, trust, attachment, gratification) (Bowden, 2009; Hollebeek, 2011a; Vivek et al., 2012) or behaviour (i.e., purchase/repeat purchase, influence, referral, feedback, ad reaction, value co-creation) (Calder et al., 2009; Hollebeek et al., 2019; Kumar et al., 2010). Moreover, they believe that engagement can reduce negative WOM and strengthen the customer-firm relationship (Patterson et al., 2006). However, Pansari and Kumar (2017) consider engagement as a means and regard engagement as an outcome of a satisfied customer-firm relationship that adds value to the firm. Some scholars note that engagement is both a “means” and an “end”. Brodie et al. (2011) explained that engagement is “a psychological state within iterative dynamic engagement processes”. Thus, engagement is both a state and a process, where aggregated psychological states contribute to an accumulated engagement process (Hollebeek et al., 2019) and engagement sub-processes (Brodie et al., 2013). Since engagement drives emotional states, such as satisfaction, loyalty, commitment, and trust, these driven states work as antecedents for the continued iterative future engagement processes of customers (Brodie et al., 2011; Brodie et al., 2013; Hollebeek, 2011b). Based on literature, Figures 2, 3, and 4 explain engagement conceptualisation in marketing literature.

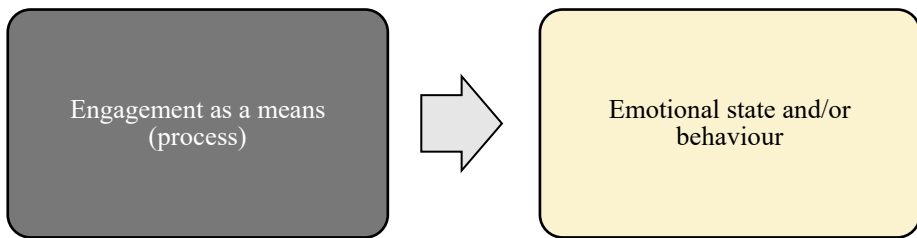


Figure 2. Perspective 1: Engagement as a means/process

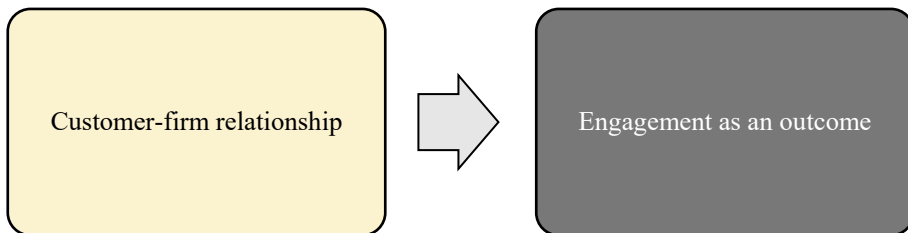


Figure 3. Perspective 2: Engagement as an end/outcome



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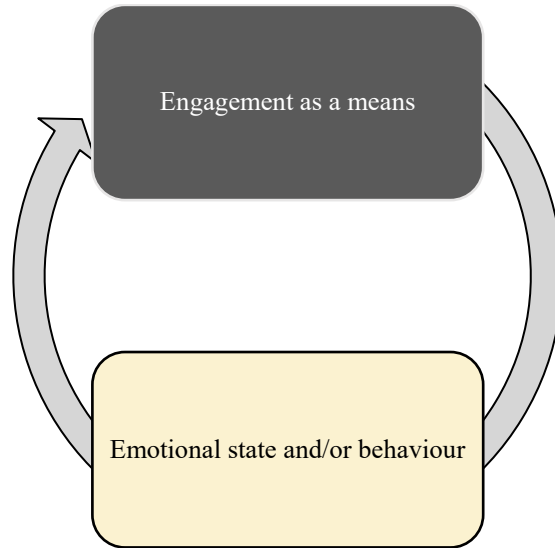


Figure 4. Perspective 3: Engagement as a means and as an end

Moreover, there are conflicting opinions about the inclusion of the activities for the behavioural manifestation of the engagement process. Van Doorn et al. (2010) argued that engagement includes activities that constitute non-transactional interaction (beyond purchase) of a customer with a brand or firm. Other scholars argue to include both transactional and non-transactional interaction of customers (Kumar et al., 2010; Verhoef et al., 2010).

Despite conflicting opinions of scholars about engagement conceptualisation, the conceptualisation by Brodie et al. (2011) has the most widespread acceptance. Based on Brodie et al.'s (2011) work and informed by S-D logic, Hollebeek et al. (2019) defined engagement as “a customer’s motivationally driven, volitional investment of focal operant resources (including cognitive, emotional, behavioral, and social knowledge and skills), and operand resources (e.g., equipment) into brand interactions in service systems”.

Though there is agreement that engagement is a motivational process where actors voluntarily integrate their resources for co-creating value (Hollebeek et al., 2019), the differing opinions among scholars relates to the resources to be integrated. Some view it as is an investment of cognitive, emotional, and behavioural resources into an interactive experience (Brodie et al., 2011; Calder et al., 2009; Hollebeek, Conduit, Sweeney et al., 2016), while others argue that it is an investment of cognitive, emotional, temporal, and monetary resources into a behaviour (Martí et al., 2014). Holistically, it can be concluded that engagement is the integration of operand and operant resource integration during interactions (Hollebeek et al., 2019), and this perspective is adopted in this thesis.

Although the definition by Hollebeek et al. (2019) that engagement is both a means and an end seems quite comprehensive, it has been narrowed down to customer-brand interaction. For a broader coverage of the definition, especially

in the context of this study, a modified version of the engagement definition will be, “[an *actors*] motivationally driven, volitional investment of focal operant resources (including cognitive, emotional, behavioral, and social, knowledge and skills), and operand resources (e.g., equipment) into actor/object interactions in service systems”. Instead of the customer, the notion of the actor is used so that it is not restricted to a customer, and instead of the brand, the notion of object is used so that it covers any engagement object in the context that may not be a brand per se.

### **3.5 Engagement Fundamental Proposition**

Building on S-D logic, FPs of engagement were first developed by Brodie et al. (2011). These FPs were later refined by Hollebeek et al. (2019).

#### ***3.5.1 FP1: Customer Engagement as Volitional Resource Investment in Brand Interactions***

“CE reflects a customer’s motivationally driven, volitional investment of specific operant and operand resources into brand interactions in service systems” (Hollebeek et al., 2019, p. 171). Resource integration is one of the main concepts in S-D logic, which has informed CE’s FPs. Only once the actors have accepted the value proposition can engagement in resource integration begin, which explains that engagement is a motivational and voluntary process in nature (Hollebeek et al., 2019).

#### ***3.5.2 FP2: Customer Engagement Benefits***

“The CE benefits of customer individual and interpersonal operant resource development and co-creation result from CE within service systems” (Hollebeek et al., 2019, p. 171). CE is an iterative dynamic process to co-create value. Customer co-creation can be positive, negative or neutral (Hollebeek & Chen, 2014). However, customers’ positive valence is considered the benefit from their resource development, be it personal or interpersonal.

#### ***3.5.3 FP3: Customer Engagement Foundational Processes***

“The CE foundational processes of customer resource integration, knowledge sharing and learning represent either necessary (i.e., for customer resource integration), or conducive (i.e., for customer knowledge sharing/learning) factors for the development of CE in service systems” (Hollebeek et al., 2019, p. 171). Customer resource integration is deemed necessary for engagement. Although knowledge sharing and learning are not required, they can be favourable to the engagement process (Hollebeek et al., 2019).

### 3.5.4 *FP4: Customer Engagement Multidimensional*

“CE reflects a customer’s investment of focal cognitive, emotional, behavioral and social resources during, or related to, specific brand interactions in service systems” (Hollebeek et al., 2019, p. 171). The four engagement dimensions can be manifested in an engagement process, but depending on the interaction, some may be dominant while others may not.

### 3.5.5 *FP5: Customer Engagement Context-Specific*

“CE is contingent on focal context-specific characteristics in service systems. Customer manifestations (including intensity, valence) of CE, the CE foundational processes and CE benefits may thus vary across contextual contingencies” (Hollebeek et al., 2019, p. 173). Engagement varies from context to context. Therefore, engagement’s key characteristics differ across contexts.

## 3.6 Engagement Context

Engagement is context-dependent and varies (Brodie et al., 2011; Hollebeek, 2011a). Several marketing studies have captured engagement across different online and offline contexts, such as social media (Hollebeek et al., 2014), online communities (Brodie et al., 2013), public transport (Jaakkola & Alexander, 2014), tourism (So et al., 2014), nursing homes (Verleye et al., 2014), newspapers, live jazz music, and television programmes (Malthouse et al., 2016). Though majority of scholars agree that engagement is context-dependent, there is a problem in the operationalisation of the context across contexts. The diversity of the terms used in the operationalisation of engagement dimensions across different contexts has caused the fragmentation of engagement research in marketing literature. Consequently, engagement research is disparate due to isolated insights within contexts that lack generalisability (Hollebeek et al., 2019).

Calder et al. (2016) and Malthouse et al. (2016) argued that there should not be an attempt to make a “one-size-fits-all” scale for capturing engagement in all contexts, as there cannot be a single scale generalisable in all contexts. However, Hollebeek, Conduit, Sweeney et al. (2016) encouraged scholars to explore the extent and manifestation of engagement aspects that are transferable across contexts as well as those that are more context-specific and examine key scholarly and managerial implications arising from their analysis. Since the fragmented literature is a problem for the theoretical advancement of engagement research, mic-macro integrated theoretical frameworks should be used to generate findings that are generalisable (Hollebeek et al., 2019).

### 3.7 Engagement Dimensions

While there is no consensus about the definition of engagement, scholars agree about its tripartite dimensionality – that is, cognitive, emotional, and behavioural (Dessart et al., 2016; Hollebeek, Conduit, & Brodie, 2016) – and the incorporation of social (Hollebeek et al., 2019; Vivek et al., 2014) and spiritual dimensions (Conduit et al., 2019). Some previous studies have explored engagement as a unidimensional construct, focusing on one component like the behavioural dimension (Van Doorn et al., 2010; Verhoef et al., 2010). Others have studied it as bidimensional, focusing on the affective and cognitive components (Mollen & Wilson, 2010) or the behavioural and emotional components (Kumar et al., 2013).

Despite unanimity about the dimensions of engagement, scholars use diverse terms for the operationalisation of engagement in different online and offline settings. For instance, in an online setting, Brodie et al. (2013) explained these cognitive, emotional, and behavioural dimensions of customers engaged in the online brand community using the terms learning, sharing, advocating, socialising, and co-developing. While exploring positively versus negatively-valenced brand engagement in the context of social media, Hollebeek and Chen (2014) termed them as immersion, passion, and activation. Shao (2009) conceptualised engagement with user-generated content as consuming, participating, and producing. Malthouse et al. (2013) called these dimensions acquisition, retention, and termination when conceptualising engagement with social media.

In an offline setting, Jaakkola and Alexander (2014) utilised the terms augmenting, co-developing, influencing, and mobilising while exploring engagement with public transport. To study engagement with the firm, Algesheimer et al. (2005) used dimensions like utilitarian, hedonic, and social, and So et al. (2014) described engagement by labelling them as attention, absorption, interaction, and identification when testing the model comprising these dimensions in a tourism context. The primary reason for the discrepancy seems to be the operationalisation of engagement in varying contexts, as each context has used a different perspective in understanding engagement in the given setting. Table 6 provides some examples of how online and offline settings have captured engagement dimensions.

Table 6. Engagement dimension captured in marketing research

Author	Setting	Context	Dimension	Second-order
Brodie et al. (2013)	Online	Online brand community	Learning, sharing, advocating, socialising, co-developing	Cognitive, emotional, behavioural, social
Hollebeek and Chen (2014)		Social media	Immersion, passion, activation	Cognitive, emotional, behavioural
Shao (2009)		User-generated contents	Consuming, participating, producing	Cognitive, emotional, behavioural
Malthouse et al. (2013)		Social media	Acquisition, retention, termination	Cognitive, emotional, behavioural
Jaakkola and Alexander (2014)	Offline	Public transport	Augmenting, co-developing, influencing, and mobilising	Cognitive, emotional, behavioural
Algesheimer et al. (2005)		Firm	Utilitarian, hedonic, and social	Cognitive, emotional, behavioural, social
So et al. (2014)		Tourism	Attention, absorption, interaction, identification	Cognitive, emotional, behavioural

### 3.8 Engagement Actors

In marketing, the engagement concept is applied as “*who* subject, e.g. customer *engages with what* object, e.g. brand”, following the approach of other disciplines (Hollebeek, 2011a, p. 789). Most studies in marketing literature considered a single subject, namely a customer who engages with a focal object or agent. In a collective engagement context, a community engagement (Algesheimer et al., 2005), the “community” is used as an engagement object (Hollebeek, 2011a).

The old dyadic customer-object interaction view of engagement has been challenged in some recent studies (Chandler & Lusch, 2015; Li et al., 2017; Storbacka et al., 2016). Scholars highlighted the need for network-based exploration of engagement (Hollebeek, Conduit, Sweeney et al., 2016; Li et al., 2017) and advise to include other actors, such as suppliers, manufacturers, and retailers, to understand engagement (Chandler & Lusch, 2015). Informed by S-D logic, recently the terms actors (Prior & Marcos-Cuevas, 2016; Storbacka et al., 2016) and stakeholders (Hollebeek, Conduit, Sweeney et al., 2016) have been used to denote engagement subjects.

Storbacka et al. (2016) argued that limiting engagement to human actors ignores the technological impact as human actors also engage with technologies. They challenged the view of *psychological presence* in engagement and included technology in the network of engagement actors. The authors identified seven contexts where human actors interact with another human or non-human actor. However, in this study, the term actor is used exclusively for human actors and engagement is conceptualised to have the psychological state of a human actor. Since non-human actors are termed as objects, engagement is interactivity between actor-actor/object.

Actors adopt different social role(s) in their engagement networks based on their practices to connect within their networks (Akaka & Chandler, 2011). These connections can be temporal or relational (Chandler & Lusch, 2015) created by social positions, and guide actors on what to expect from each other in a service exchange (Solomon et al., 1985). According to S-D logic, all human beings are social and economic actors (Vargo et al., 2008) and have exchange relationships based on economic exchange, social exchange, or both (Cropanzano & Mitchell, 2005). For example, actors may assume the customer-seller (economic exchange), friend-friend (social exchange), or teacher-student (economic and social exchange) roles. Therefore, all social and economic exchange activities are part of engagement (Kumar et al., 2010; Verhoef et al., 2010). Besides this, the actors can simultaneously adopt social roles, such as parent, spouse, scholar and friend, while practising their social roles (Chandler & Lusch, 2015).

### 3.9 Engagement Object(s)

In an old dyadic concept of subject-object interaction in marketing, various objects have been examined with which the actors engage. The primary reason for discrepancies in the conceptualisation and dimensions of the engagement concept is due to varying engagement object(s) (Dessart et al., 2016). Most studies on engagement have focused on actors' interaction with one object, such as a brand (Hollebeek & Chen, 2014; Sprott et al., 2009), service brand (Bowden, 2009), service firm (Van Doorn et al., 2010), brand community (Algesheimer et al., 2005), online brand community (Hollebeek & Chen, 2014; Wirtz et al., 2013), websites (Calder et al., 2009), advertising (Phillips & McQuarrie, 2010),

### 3. Engagement

entertainment piece (Malthouse et al., 2016; Scott & Craig-Lees, 2010), product and service (Calder et al., 2013), or newspaper (Malthouse et al., 2016).

Though research highlights actors' concurrent engagement with multiple objects (Brodie et al., 2011; Dessart et al., 2015; Vivek et al., 2012), very few studies have focused on multiple engagement objects, such as engagement with multiple entities (Gambetti & Graffigna, 2010), organisational offerings and activities (Vivek et al., 2012), organisational activities or events (Vivek et al., 2014), and brand and/or community members (Brodie et al., 2011; Brodie et al., 2013).

## 3.10 Engagement Properties

Marketing literature suggests some properties of engagement based on time and space, which are either external and internal to the actors (Chandler & Lusch, 2015). External properties of engagement are temporal and relational connections based on experience in the case of temporal connection, and emergent based on relational connection. Storbacka et al. (2016) posited that engagement properties are observable engagement activities and suggested properties of engagement as co-productive versus value in use, temporal, relational, and informational.

Co-production involves active resource integration by the actors' resources, whereas value in use is for creating value by integrating resources of other actors (Storbacka et al., 2016). For instance, if a designer is engaged with another designer in the actual design process, it is a co-production, as both have actively used their knowledge and skills. However, a person who lends equipment to facilitate this designing and does not actively take part in the process is engaged in the value creation process.

Temporal properties of engagement are duration, frequency, and regularity (Storbacka et al., 2016). This captures how long an actor is engaged with an object, how many times, and how often the engagement process occurs. Chandler and Lusch (2015) argued that temporal connections are based on past experience and determine future orientation, although an actor may engage in resource integration without any experience to establish a current connection that can be future-orientated.

Relational properties of engagement are intensity and valence in a given space (Storbacka et al., 2016) and relational connections are subject to actors' social and institutional roles (Chandler & Lusch, 2015). Besides this, engagement can be positively or negatively valenced (Hollebeek & Chen, 2014) or be neutral (Hollebeek et al., 2019). For example, an actor may have simultaneous roles, such as that of nurse, mother, and friend. The actor has to integrate resources for these multiple roles and have different practices for each. Engaging in one role may influence or hinder her engagement with another role. It may be the birthday of her child and, concurrently, an emergency in hospital has forced her to stay longer on duty. Her engagement may be beneficial for the person in need (positive valence), but unpleasant for her child (negative valence).

Engagement is an ongoing and ever-changing process (Storbacka et al., 2016). Combining temporal and relational connection, engagement states can be described over a continuum with varying intensity levels, such as *non-engaged* (before engagement or terminated engagement), *marginally engaged*, and *engaged*. Moreover, engagement can have a dormancy period, where an actor may be temporarily non-engaged (Brodie et al., 2011). Engagement as a state has varying and fluctuating intensity levels at different points in time (Brodie et al., 2011; Hollebeek, 2011b; Patterson et al., 2006) and varying durations as a cumulative process over time (Bowden, 2009; Hollebeek et al., 2019).

Informational property of engagement refers to the information that can be exchanged during resource integration (Storbacka et al., 2016). Sharing information by one actor can be influential for other actors for decision-making, or it may facilitate resource integration. For example, a seller at the checkout counter informs the customer of the benefits of becoming a member, resulting in the customer signing up for the membership.

Internal properties of engagement are actors' disposition (past, present, future) towards integrating connection (Chandler & Lusch, 2015). It is how actors adjust their connections towards a specific future. For instance, two actors receive a gift card to be used in 30 days where they can shop for the item they like. One actor considers the gift card a burden, as they have a very busy schedule and cannot spare any time for shopping and would have preferred to have the cash. At the same time, the other actor gets excited as they had planned to go shopping over the weekend to buy an outfit for an upcoming event. Thus, the temporal connection of both actors influences their future disposition.

Similarly, actors have been raised in an environment that influences their attitude and they may have a prior experience that influences past disposition. An actor who bought an item in a country where customer laws are not very strict to implement a return policy may be hesitant to make a purchase even in a country where the law is implemented thoroughly.

Both past and future disposition can be significant in a person's current disposition. For example, an actor dining at a restaurant during a business trip enjoyed the meal (past disposition). Now that same person is planning a return visit there with the family and making a reservation for a dinner table (current disposition) when they come for holiday (future disposition). It is noteworthy that the temporal and relational connections change over time, thus the actors' disposition can also change.



### 3.11 Engagement-Related Concepts

There are several concepts related to engagement in marketing literature (Hollebeek, 2011a), but two that are very similar and often considered to be used interchangeably are *involvement* and *participation*. This section briefly reflects how they differ from engagement.

Involvement is perceived as the relevance of an object based on values, needs, and interests (Zaichkowsky, 1985). While differentiating involvement from engagement, Mollen and Wilson (2010) noted that involvement only requires mental or cognitive resources, whereas engagement goes beyond that as it requires an active relationship of the subject with the focal object. Involvement does not require any interaction or two-way relationship, but engagement is a two-way interactive relationship (Brodie et al., 2011). Involvement is only satisfying instrumental value, while engagement provides both instrumental value and experiential value (Mollen & Wilson, 2010).

Participation is an individual's voluntary performance in a customer to firm behaviour (Leckie et al., 2016). It involves the degree by which a customer is involved in the production and delivery of a service (Bolton & Saxena-Iyer, 2009), and does not require interactivity (Marbach et al., 2016). What mainly differentiates engagement from relational concepts is "interactivity" between the subject and the focal object, which involvement and participation do not require. These two relational concepts are antecedents to engagement and individuals' involvement and/or participation lead to engagement (Brodie et al., 2011; Hollebeek & Chen, 2014).

### 3.12 Recursive Research Process to Explore Backers' Engagement

From an S-D logic perspective, all social and economic actors are resource integrators and interact in a service system for value co-creation (Vargo et al., 2008). CE posits that customers integrate their resources into their interaction with a focal engagement object in a service system to co-create value (Brodie et al., 2011; Hollebeek et al., 2019). The crowdfunding context refers to a service ecosystem (Quero et al., 2017), where actors interact socially and economically to bring ideas to life (i.e., co-create value) (Thies et al., 2016). At the crux of S-D logic, engagement, and crowdfunding is "interactivity", which refers to reciprocity (i.e., two-way relationship for value co-creation).

Vargo and Lusch (2017) argued that research is a recursive process consisting of three interrelated and iterative processes for the development: meta-level theories, mid-range theories, and evidence-based research. An analysis of existing paradigms, lens, and general theories at a meta level leads to metatheoretical development. Mid-range theories, frameworks, and models are developed at macro, meso, and micro levels of analysis. Collecting evidence and applying meta

and mid-range theories is another part of the recursive research process. All three processes are linked. For instance, meta-level theories guide mid-range theories and evidence-based research. Similarly, evidence-based research, practices, observation, and existing literature are what meta-level theories are built on.

Using the recursive research process suggested by Vargo and Lusch (2017) as a guiding framework, S-D logic, CE, and crowdfunding can be considered three components of the iterative process of this research. S-D logic is at the macro level primarily to understand the aggregate level of society. CE is a mid-range theory that focuses on the micro-level interaction of a subject with the focal object. Crowdfunding is the context to collect evidence and apply the theories for a deeper understanding. CE theory has a bridging role to connect theory with practice in this study. The overall frame is useful to make a processual analysis of the backers' crowdfunding journey and dig deeper into the underlying logic and mechanism of this journey.

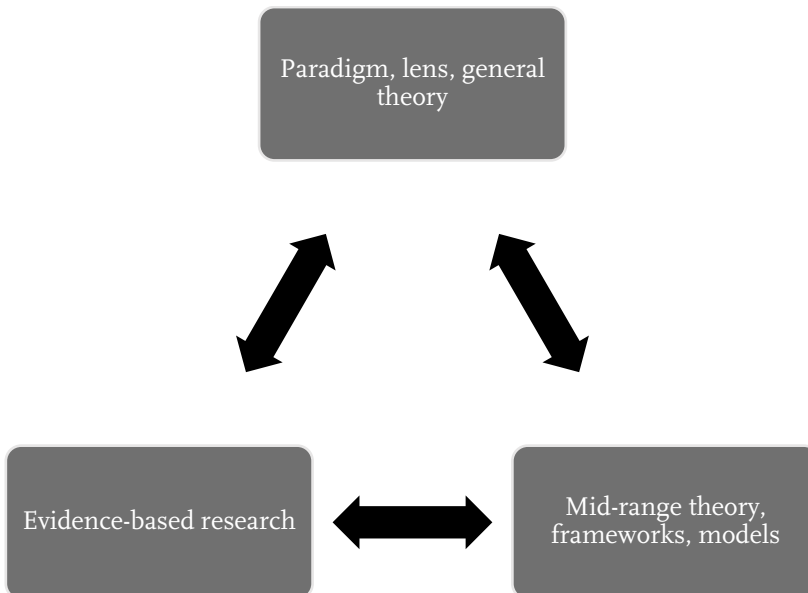


Figure 5. The recursive research process (Vargo & Lusch, 2017)

Based on the discussion of the main aspects of crowdfunding in Chapter 2 and the theoretical discussion of S-D logic and engagement in the current chapter, it is evident that a recursive framework can be very useful for understanding the backers' engagement with crowdfunding. The framework covers all potential aspects of backers' interaction, resources to be integrated, and the underlying mechanism of this engagement.

### 3.13 Summary

Crowdfunding research can benefit from S-D logic and engagement research. S-D logic is a macro-level theory that enables the understanding of a phenomenon from a broader perspective, and engagement theory is a bridge between the empirical setting and macro level. Engagement is a contemporary phenomenon and research priority of academics, practitioners, and consultants (Hollebeek et al., 2019) that has been informed by S-D logic. Engagement is an interaction between an actor and actors/objects in a context. It is a multidimensional concept with cognitive, emotional, behavioural, and social components. Engagement does not occur in isolation, as the actors have various social roles and actors can simultaneously engage with multiple objects. The engagement has different properties – external (temporal, relational, informational) and internal (present, past, future). Engagement is different from other related concepts, such as involvement and participation.

## 4. Backers' Crowdfunding Journey

Chapter 2 helped the reader to understand the overall context of crowdfunding, while this chapter elaborates how the backers' crowdfunding journey evolves. It also details how the backers engage with multiple touchpoints during their crowdfunding journey. Finally, crowdfunding FPs are developed.

### 4.1 Customer Journey

In marketing literature, some classical theories and models were developed to understand customers' decision-making process (purchase process) (Stankevich, 2017). One of the most influential theories was that of buyer behaviour (Howard & Sheth, 1969), which elaborates how customers' purchase decisions are influenced by several internal and external factors. Another useful model clarifying the events and the process was AIDA, which helped in understanding how, based on advertising, customers go through certain stages of decision-making, such as attention, interest, desire, and action (Lavidge & Steiner, 1961).

While the classical decision-making theories were limited in their scope, they have been very influential and served as a foundation in developing advanced theories and models for a deeper understanding of processual and experiential aspects of customers' decision-making process. Building on the work of Howard and Sheth (1969), Neslin et al. (2006) developed a conceptual model constituting a process that included problem recognition, search, purchase, and after-sale phases. Furthermore, Verhoef et al. (2009) and Schmit (2003) highlighted the experiential aspect of the purchase journey to capture the customer experience throughout the customer decision-making process as well as the actual purchase. These all create the basis for the customer journey, which views a customer purchase journey as the process, path or sequence a customer goes through (Følstad & Kvale, 2018; Lemon & Verhoef, 2016).

The customer journey has been used differently by marketing scholars. For some, it is a journey with a fixed start and an end (Whittle & Foster, 1989), whereas for others it is flexible and unrestricted, and includes a transition from non-customer to customer (Nichita et al., 2013). Marketing literature contains specific terminology used to describe customer journeys, such as touchpoints, stages, and periods. Some scholars consider touchpoints as the building blocks of customer journeys set in a sequence, while others view them as the points of interaction and communication (Følstad & Kvale, 2018). For this thesis, the touchpoints are viewed as a point of interaction, whether direct (physical) or indirect (advertising, WOM) contacts (Meyer & Schwager, 2007), and a customer journey is considered "a customer journey", meaning the sequence of events – whether designed or not – that customers go through to learn about, purchase, and

interact with company offerings, including commodities, goods, services or experiences (Norton & Pine, 2013, p. 12).

It is important to understand what value customers try to create through their purchase decisions and process. Customers undertake the journey to reach their higher- and lower-order goals (Hamilton & Price, 2019). For example, with a higher-order goal of fitness, a customer may join a fitness club (a lower-level goal), where buying the gym membership is not the customer's main goal, but a means to reach that goal. Becker et al. (2020) believe that the goal-orientated view of the customer journey can provide insights into customer purchase processes that require the interaction of several actors to achieve the customers' high- and low-order goals. At a broader level, a customer journey can be viewed as a service system composed of a network of agents and interactions that integrate resources for value co-creation (Ng et al., 2012).

An important aspect of the customer journey is mapping, which is a visualisation of the process and sequence of events (Meroni & Sangiorgi, 2011; Stickdorn & Schneider, 2010). The customer journey is a visualisation technique through abstracts or diagrams to capture the temporal unfolding of the customer journey process. Følstad and Kvale (2018) noted different perspectives about mapping the journey, such as analysis of a process of one channel (i.e., engaging within an e-commerce website) (Mangiaracina et al., 2009) or using multiple channels for disabled individuals for service (Crosier & Handford, 2012). Some scholars mapped multiple touchpoints in a single channel, such as online (Lee, 2010) or in amusement parks (Trischler & Zehrer, 2012), and others visualised multiple channels with numerous touchpoints (Patrício et al., 2011). Hence, mapping the customer journey has been adjusted across different contexts.

Although customer journey primarily provides a temporal visualisation of direct or indirect interaction as a linear process, each interaction in the journey may have a non-linear complexity, making the customer journey a complex system (Varnali, 2019). Non-linear, complex systems are responsive to change by attempting to retain their original state, but transform to a new state when a change is triggered (Kernick, 2006). Similarly, customer journeys are emergent, thus non-linear, complex systems that are sensitive to small changes and the environment (Varnali, 2019).

## 4.2 Crowdfunding Journey

“Crowdfunding is not a quick or short-term activity and involves a process with multiple stages, requiring different activities and focus” (Shneor et al., 2020, p. 5). All actors engaged in crowdfunding, interact across multiple touchpoints during the crowdfunding process and go through a sequence of events, which can be termed as the “crowdfunding journey”. The crowdfunding journey is a sequence of events that a backer goes through before, during, and after contributing to the crowdfunding initiatives/projects. The crowdfunding journey covers both aspects of the customer journey and cannot be considered merely as

a journey with a fixed start and end for a campaign, but also a person's transition from non-backer to backer.

Like all actors participating in a reward-based crowdfunding campaign, backers interact across many touchpoints during the crowdfunding process, thus taking a unique journey. Collectively, the higher-order goal of backers' crowdfunding journey can be the success of the crowdfunding campaign, for which they engage in financial contribution and information sharing. The backers' journey mapping can be used to visualise the path they go through while interacting via multiple touchpoints. The mapping of the journey in a sequence of events does not reflect that it is a linear process, but rather a visualisation that makes it easy to understand the underlying complexity of the emergent interactions a backer has.

Based on the processual view of the customer journey, Court et al. (2009) visualized the customer journey phases along a timeline as awareness, familiarity, consideration, purchase, and loyalty; whereas Lemon and Verhoef (2016) mapped the "customer journey" as pre-purchase, purchase, and post-purchase phases, where the customer interacts with the brand and its environment over time. Building on these, a crowdfunding journey has five phases – namely awareness, consideration, action, reward, and post-reward. As the duration of a crowdfunding campaign can range from 30 to 60 days and, instead of an immediate purchase, the reward may be delivered six to nine months after the campaign, the purchase stage is split into action and reward for a deeper understanding.

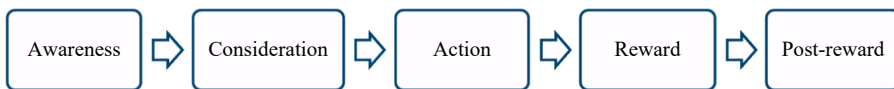


Figure 6. The crowdfunding journey model (Adapted from Court et al., 2009; Lemon & Verhoef, 2016)

*Awareness* consists of getting to know the project; *consideration* concerns learning more about the project to take a decision (Troll et al., 2016); the *action* is when the actor contributes funds and/or promotes the idea/product; and the *reward* is received for the contribution made. The post-reward phase is when the backers have experienced the reward received. The crowdfunding journey can be interrupted or discontinued at any time.

### 4.3 Backers' Engagement during Crowdfunding Journey

The previous section helped to visualise the backers' journey based on the customer journey model. This section explores how the backers' engagement is

manifested over the entire crowdfunding journey through the S-D logic and engagement lens.

### 4.3.1 Awareness

The backers' crowdfunding journey begins when individuals from the crowd get the news of the project through any channel, which is the foremost touchpoint. The project is launched for a call with a funding goal and duration after meeting the guidelines of the intermediary service platforms. This call is usually made through a video, picture, and text, where the initiators explain the cost, benefits, and relevance of the project to the prospective backers (Hossain & Oparaocha, 2017; Ryu & Kim, 2016).

The call is open for contribution from the crowd, who usually includes every person around the globe. Since the project is marketed through personal and social networks (friends and family), emails, eWOM like Twitter, Facebook, Instagram, and Myspace (Hossain & Oparaocha, 2017; Stanko & Henard, 2017), individuals are made aware of the project through one of these channels as the first step of their journey.

Drawing on the theoretical framework, in the crowdfunding service system (Quero et al., 2017), awareness is the first phase of the value creation process in the network of actors – that is, initiators, crowdfunding platforms, and backers from the crowd (Vargo et al., 2008). Thus, to invite the crowd to engage in a service (Chandler & Lusch, 2015), the initiators propose the value by launching their project idea via online engagement platforms (e.g., crowdfunding platform and social media) (Hossain & Oparaocha, 2017; Ryu & Kim, 2016; Stanko & Henard, 2017).

The primary type of backers' crowdfunding journey is their social engagement (i.e., online interaction) (Vivek et al., 2014), as they are more likely to learn about the project through social media. Since backers are exposed to numerous crowdfunding calls, they are only able to reply to a few that are relevant to them (Chandler & Lusch, 2015, p. 8). Seeing as the intensity of the value proposition directs the level of engagement of the backers, the intensity should be high enough to make a backer think about the project (i.e., cognitive engagement).

There are two types of projects launched on crowdfunding platforms – the ideas that are already developed and need help for production, and the ideas that are yet to be developed. The initiators use storytelling about the journey for the development of already developed ideas or share future steps for the development of the ideas for the idea yet to be developed for engaging the crowd (Manning & Bejarano, 2017).

It is important to note that the news of the project does not only come directly from the initiators. Seeing as the crowdfunding platform is also one of the beneficiaries of a crowdfunding campaign, it also invites other actors for value creation through project marketing. As the projects are primarily marketed through initiators' personal and social networks (Mollick, 2014; Zheng et al., 2014), the backers may get the news from other personal and social networks.

This implies that multiple actors, such as initiators, crowdfunding platforms, and other backers, can invite other individuals to engage in the value creation process (i.e., constellation of other actors) (Chandler & Lusch, 2015).

Backers who find the project relevant and share the information with others, engage in sharing knowledge (a foundational engagement process) with others in their networks to create value for themselves and/or other actors (initiators, crowdfunding platforms, other backers) (Hollebeek et al., 2019; Vargo et al., 2008). The size of social and personal networks of the initiators (Mollick, 2014; Zheng et al., 2014) and the knowledge sharing backers is crucial (Courtney et al., 2016; Skirnevskiy et al., 2017). The bigger the network, the more widely the knowledge is shared, and the more influential it becomes to increase backers' engagement (Hollebeek et al., 2019).

If a project succeeds in getting backers' attention, only then does their crowdfunding journey begin. The initiators' inability to generate engagement in the value creation process of crowdfunding causes the death of the crowdfunding project (Ordanini et al., 2011), meaning the backers' journey does not begin.

### **4.3.2 Consideration**

In this phase, the individuals conduct research to evaluate the project. The individuals explore audio, visual, and textual information about the project (Hossain & Oparaocha, 2017; Mollick, 2014). The individuals usually visit the active project's web page and find relevant details about the project and the rewards available (Kuppuswamy & Bayus, 2015; Ryu & Kim, 2016). Moreover, they may read blogs and articles in media, if available, to find out more about the project. Based on the available information, these individuals evaluate the project quality and the team involved, and assess the likelihood of success of the project (Bi et al., 2017; Mollick & Robb, 2016).

Besides their judgement, the individuals are influenced by others' evaluation and behaviour, which makes it a collective evaluation. Though the crowd of people does not consist of financial experts (e.g., venture capitalist, business angels) and does not use its creative energies for evaluating the project (Howe, 2008), the crowd's decision was noted as not differing much from the experts' decision (Mollick & Robb, 2016). In the case of the projects where the individuals from the crowd are interested in some art project, they might evaluate it differently from the experts (Mollick & Nanda, 2016).

Since value is phenomenologically and uniquely determined by the beneficiary (Vargo et al., 2008), each individual from the crowd who interacts with the news of the project can potentially evaluate the same project differently. While evaluating the projects, the individuals integrate their knowledge, reading, browsing, and evaluating skills (i.e., operant resources) with the information received through multiple media (i.e., operand resource) (Brodie et al., 2011), thus reflecting cognitive and behavioural resource investment into their interactions (Hollebeek & Chen, 2014) to co-create value (Vargo et al., 2008).



If the value seems high enough to accept the invitation to engage in service exchange (Chandler & Lusch, 2015), after evaluating, the individual may develop a valence of engagement (Hollebeek & Chen, 2014), which can be positive, negative or neutral (Hollebeek et al., 2019). For engagement's valence, it is important to see from whose perspective it is considered. An engagement can be seen as positive or negative concurrently for two actors if they have contradictory dispositions (Li et al., 2017). A customer with anti-brand activity may have a negative valence of engagement for the company, but not for herself.

From an initiator's perspective, positive valence will lead towards sharing the project with others for support, giving constructive feedback/comments (Jussila et al., 2016), and endorsing and advocating the project (Kang et al., 2017). On the contrary, the negative valence of engagement can induce anti-project behaviour, such as negative WOM, criticism, and fraud detection (Hossain & Oparaocha, 2017; Siering et al., 2016).

It is crucial to have positive valence for an individual to be a backer. Therefore, this paper focuses on the positively valenced engagement during the evaluation phase. Negatively valenced engaged individuals can invest their operant resources (i.e., cognitive, emotional, temporal), but not their operand resources (money), which are fundamental to a crowdfunding backer. The role of negatively valenced engagement on the evaluation of others cannot be denied, but owing to the focus of this study, negatively valenced engagement during the evaluation phase is not explored here.

Unlike ordinary online purchases where individuals mostly evaluate the offering alone, in crowdfunding, the individuals evaluate not only by themselves, but also collectively with others (Mollick & Robb, 2016). The evaluation is influenced by social information, which can be guiding or misleading (Burtch et al., 2014; Kang et al., 2017; Thies et al., 2016; Wessel et al., 2016). By sharing social information and evaluating collectively, the backers integrate their resources, acquire and share knowledge, and learn from each other, resulting in personal and interpersonal resource development (Hollebeek et al., 2019). Backers' engagement creates value not only for themselves, but also for others engaged in the service exchange process (Vargo et al., 2008).

After getting sufficient information and evaluating the project, the individuals proceed to the *action* phase where they make a decision. They may just follow the project till the end of the campaign out of curiosity and consume the process for personal entertainment or they might take an action. The individuals can give feedback by hitting "like" (showing different emotions), posting a comment or/and sharing with friends through social media, thus promoting the project (Jussila et al., 2016). The feedback or advice can also be via a message from a service platform website or an email to the creator.

### 4.3.3 Action

The most crucial action is a financial contribution, which makes an individual from the crowd a backer. Decision-making for a financial contribution is not like

an ordinary purchase, rather it is more likely “making it happen” and bringing an idea to life (Zvilichovsky et al., 2018). This is not something “existing in the market” that can be purchased in-store or ordered online; it is just to believe in an idea and support it. If individuals believe in the project and want it to materialise (Burtch et al., 2013), they contribute money or pre-purchase the product (Belleflamme et al., 2014).

If the collective contribution equals or exceeds the funding goal, only then can the crowdfunding campaign be considered successful (in the all or nothing model). The contribution is motivated by the offered rewards. The initiators offer rewards based on availability rather than business strategy (Thürridl & Kamleitner, 2016). There is a positive relationship between funding contribution and expected reward, and the crowd seems to be demanding more than what the initiators offer (Troost et al., 2017).

Even though in the crowdfunding ecosystem actors create different types of value for each other, the financial value seems to be dominant (Quero et al., 2017). For a successful crowdfunding campaign, the backers must invest their financial resources, otherwise the campaign will fail on the crowdfunding platform. Individuals who believe in the project and want it to materialise (Burtch et al., 2013) either engage by adopting the role of a financing consumer (Ordanini, 2011) or a donor based on their motives behind their contribution (Belleflamme et al., 2014). Backers may adopt several roles (see chapter 1) and create value for themselves and other actors in the ecosystem. After financial contribution, backers may become advocates of the project and invite other actors for value creation in their network (Kang et al., 2017).

Backers contribute money only if they believe that they make a difference with their contribution, thus the value for backers does not only lie in purchasing something like an ordinary purchase, but also in “making it happen” (Zvilichovsky et al., 2018). This implies that engaging with crowdfunding is a motivational and voluntary process for backers (Hollebeek et al., 2019). In line with this, the value for initiators does not only lie in getting monetary resources (utilitarian value), but also in the recognition of appreciation of their creative and innovative ideas (hedonic value) (Gerber & Hui, 2013).

As backers contribute money for both altruistic and purchasing motives, there is a lower trend of investing financial resources if the project has already received sufficient funding (Kuppuswamy & Bayus, 2015). It is less valuable or motivational to connect with the projects where the backers’ support does not add significant value or is of great help to bring the idea to life (Kuppuswamy & Bayus, 2017). In this case, the actors cannot take on their desired social roles (i.e., helper) that can benefit both parties, thus avoiding the practice of financing (Akaka & Chandler, 2011). Therefore, the relational connection cannot be established to continue engagement, as the actors’ future disposition changes, which decreases value intensity that was high in their past disposition during the evaluation phase (Chandler & Lusch, 2015).

Backers seem to engage within their geographical areas. For a successful campaign, it is crucial to engage backers to invest their financial resources in the

early days of a campaign (Colombo et al., 2015). Agrawal et al. (2015) noted that those who contribute early are mostly local backers, though they could not explain why (Lin & Viswanathan, 2015). This might be a temporal connection that stemmed from the experience of engaging with an actor (Chandler & Lusch, 2015) within their own network.

#### 4.3.4 Reward

As a result of this journey with favourable outcomes (i.e., successful fundraising), the backers receive the promised reward and may feel happy and satisfied, and have a high self-esteem being part of a supportive and helping community (Gerber & Hui, 2013). Rewards are based on the contribution made. For reward-based crowdfunding, the reward can range from a thank-you note to the actual offering. Unlike an ordinary purchase, the offerings are yet to be developed, hence the backers will have to wait six to nine months to receive their rewards.

The initiators provide a timeline of production and delivery when launching the project idea. However, the backers may not get a timely delivery, accurate product or completely lack the reward owing to the initiators' incompetence to (timely) develop and deliver the reward (Schiafone, 2017). Moreover, there are fraudulent campaigns where the initiators deceive their funders and do not execute the project (Siering et al., 2016).

Navigating the awareness and the contribution phases, the backers reach the reward phase. The duration of the crowdfunding campaign can be 30 to 60 days and the delivery of the projects can take six to nine months. Consequently, the engagement process spreads over the entire crowdfunding journey. Engagement throughout the crowdfunding journey may vary, since every experience occurs in time and space and may contribute to framing the backers' disposition (Chandler & Vargo, 2011).

The backers may have certain queries and questions related to the development of the project or the delivery of their reward. Responding to each query and question is necessary to keep the desired engagement valence (i.e., positive). The initiators have an opportunity for dynamic interaction with their backers through comments, direct questions, and frequently asked questions (Siering et al., 2016), which can be used to keep the backers engaged with a positive valence. Responses to queries and questions and updates about the progress of the project can create value for backers, as they see their engagement goal getting fulfilled.

Backers may not get timely delivery as the nascent inexperienced entrepreneurs may miscalculate the expected production and delivery time, which can result in no delivery or delayed delivery (Mollick, 2014; Schiafone, 2017). Despite a very engaging idea being highly supported by the public, the initiators may completely fail to create value for their backers, which can result in no delivery. In general, more than 75% of crowdfunding projects had delayed delivery and 4% did not deliver at all (Mollick, 2014). There may be issues related to global distribution owing to the globality of the backers. These issues are undesirable for all parties (i.e., initiators, crowdfunding platform, and backers),

but they are beyond the control of the initiators, who may lack the resources or cannot effectively integrate them.

Regular updates about the progress of the project, any relevant problems, and possible delays in production or delivery may keep the engagement valence positive. Nevertheless, if initiators do not interact with their backers, it can create a negatively valenced engagement from initiators' and crowdfunding platforms' perspectives. In such cases, the present disposition of backers changes from the past disposition (Chandler & Lusch, 2015; Li et al., 2017) and the backers who needed to have a positive engagement to adopt their "supporter" role may interact against the initiators. The negative valence may result in backers' dissatisfaction, distrustfulness, frustration, and negative eWOM, which affect the initiators and question the legitimacy of crowdfunding platforms.

#### **4.3.5 Post-Reward**

After receiving the reward, the backers use or experience the product. This is an important phase of the crowdfunding journey that shapes backers' future behaviour. Crowdfunding initiators are both good and bad quality and the challenge is that a low-quality initiator may pitch the idea quite well, but cannot deliver the exaggerated quality of the project (Isenberg, 2012; Tomboc, 2013). Therefore, based on the positive experience of taking a crowdfunding journey with a particular campaign, the backers may feel happy and satisfied and continue with their journey on another campaign or may become loyal customers of the existing campaign initiator or product. Otherwise, the backers may feel anxiety and regret and lose trust in the initiator and are likely to not participate in future crowdfunding campaigns.

The post-reward period begins after the backers' experience with the product. It is a crucial phase, where the backers realise the actual value created for them after their overtime crowdfunding journey. There are certain challenges faced by the initiators, hence post-reward duration can differ for different projects. If the backers find the projects satisfactory, they may become loyal future customers, thus engagement brings loyalty (Hollebeek, 2011b) and all parties may benefit from this process. However, in the case of a bad experience, such as wrong product (size, colour) or poor quality, the backers may be dissatisfied. This phase sets the future dispositions of the backers based on their present experience (Storbacka et al., 2016). Usually, the initiators struggle to provide the promised products due to their inability to understand the actual market, production process, low budget and global distribution, and a bad experience can induce negative WOM (Hollebeek & Chen, 2014), with the backers using the comments section on the platform to express their emotions.

## 4.4 Crowdfunding Fundamental Propositions

Based on the previous sections and guided by the recursive research process framework (Vargo & Lusch, 2017) provides a conceptual domain of crowdfunding that defines and delineates it from other concepts (Jarvis et al., 2003). Crowdfunding literature can be informed by the relevant S-D logic axiom (2, 4, and 5) and engagement FP (1, 2, and 5). In the crowdfunding service system, several actors and multiple beneficiaries integrate their resources and co-create value. Drawing on the available S-D logic, engagement, and crowdfunding literature, five FPs of crowdfunding are developed that help answer the research questions by understanding the actor's crowdfunding journey. These FPs are also a foundation for further inquiry and analysis.

### 4.4.1 *FP1: Open Call for Funding*

In crowdfunding, the initiators have an open call for funding through a service platform (value propositions) to the general public (Belleflamme et al., 2014). The foremost unique feature of crowdfunding is the open call for funding from a large number of people in the form of small contributions. The funding call can be made by an individual or a team to start a project or grow an existing project. The first FP can be formulated as:

FP1: Crowdfunding is an open call by individuals or organisations for funding for an idea or project by drawing on a large number of individuals (crowd) for relatively small contributions in exchange for some future reward.

### 4.4.2 *FP2: Motivational and Voluntary Resource Integration*

The response to this call (value proposition) is at the discretion of the individuals from the crowd, who evaluate and decide whether they would like to evaluate, fund (economic), or promote (social) the project (integrate their resources) (Belleflamme et al., 2014; Burtch et al., 2013). The crowdfunding journey consists of actors' motivational and voluntary social and/or economic interaction (Thies et al., 2016). These interactions, where the social and economic actors integrate their operant and operand resources (Hollebeek et al., 2019; Vargo et al., 2008), are driven by altruistic or purchasing motives in the context of the reward-based journey (Mollick, 2014; Steigenberger, 2017). The second FP of crowdfunding can be:

FP2: Multiple social and economic actors (e.g., initiator, crowd, crowdfunding platforms) voluntarily and motivationally interact and integrate their operand (e.g., knowledge, skills, time) and operant (e.g., money) resources in the crowdfunding ecosystem.

### **4.4.3 FP3: Engagement Platforms**

The fundamental function of crowdfunding is the interaction of backers and initiators for value exchange. This interaction is enabled by online intermediary platforms that facilitate value exchange. Ramaswamy (2009) stated that physical or virtual touchpoints designed to provide structural support for the exchange and integration of resources are called engagement platforms. In the context of crowdfunding, there are two types of engagement platforms – crowdfunding service platforms (e.g., Kickstarter, Indiegogo) and social media platforms (e.g., Facebook, Twitter). The crowdfunding platforms are operating platforms that enable financial transactions, but the social media platforms are more likely to be used as a marketing communication tool for spreading the news of the project.

Engagement via these crowdfunding engagement platforms allows the actors to create economic, social, and financial value. The crowdfunding platforms are the primary institutions to connect the initiators and backers and set the “rules of the game”. The institutional arrangement for crowdfunding can be crowdfunding platforms, banks, and other regulatory institutions. The third FP can be:

FP3: Actors’ engagement (interactions) and resource integration during the crowdfunding journey (e.g., awareness, consideration, action, reward, post-reward) are enabled by engagement platforms (e.g., crowdfunding platforms, social media) by using the Internet. Crowdfunding platforms primarily enable and regulate crowdfunding, whereas social media platforms support crowdfunding engagement.

### **4.4.4 FP4: Multiple Beneficiaries**

Crowdfunding is a service ecosystem where actors integrate resources to co-create value (Quero et al., 2017). The primary benefit of engagement is the co-creation of value, which can result in individual and interpersonal resource development. The value is co-created by multiple actors (Ordanini et al., 2011), which can be positive in the case of accurate reward and timely delivery (Mollick, 2014) or negative when there is delayed or failed delivery (Schiafone, 2017) or fraud or abuse of raised funds (Siering et al., 2016; Snyder et al., 2016). During this co-creation process in crowdfunding, all actors can develop their operant resources – that is, their knowledge and skills (Paschen, 2017).

Value is created by multiple actors, including the beneficiary (Vargo & Lusch, 2016). In the crowdfunding journey, value creation takes place for multiple beneficiaries who are exposed to multiple legal, operational, and financial risks. Consequently, the fourth FP of crowdfunding can be:

FP4: Value (e.g., funding, fee, reward) is co-created by multiple actors, including multiple beneficiaries (e.g., initiator, crowd, crowdfunding platform), in a single project in the crowdfunding ecosystem, and all crowdfunding beneficiaries carry risk (e.g., legal, operational, financial).

#### **4.4.5 FP5: Engagement Contingencies**

FP5: Actors' crowdfunding journey evolves over time, and actors' engagement characteristics (i.e., intensity, valence, duration) are contingent on their engagement roles (e.g., donor, buyer, promoter) and engagement objects (e.g., idea, cause, offering, initiator) in the crowdfunding ecosystem.

Table 7 elaborates how the relevant S-D logic axioms and engagement FPs along with crowdfunding literature contributed to the FPs of crowdfunding.

Table 7. Crowdfunding fundamental propositions

<b>S-D logic axioms/ FPs Meta level</b>	<b>CE FPs Mid-range level</b>	<b>Crowdfunding FPs Micro level</b>
		FP1: Crowdfunding is an open call by individuals or organisations for funding for an idea or project by drawing on a large number of individuals (crowd) for relatively small contributions in exchange of some future reward.
Axiom 3: All social and economic actors are resource integrators.	FP1: CE reflects a customer's motivationally driven, volitional investment of specific operand and operand resources into brand interactions in service systems.	FP2: Multiple social and economic actors (e.g., initiator, crowd, crowdfunding platforms) voluntarily and motivationally interact and integrate their operand (e.g., knowledge, skills, time) and operand (e.g., money) resources in the crowdfunding ecosystem.
Axiom 5: Value co-creation is coordinated through actor-generated institutions and institutional arrangements.		FP3: Actors' engagement (interactions) and resource integration during the crowdfunding journey (e.g., awareness, consideration, action, reward, post-reward) are enabled by engagement platforms (e.g., crowdfunding platforms, social media) by using the Internet. Crowdfunding platforms primarily enable and regulate crowdfunding, whereas social media platforms support crowdfunding engagement.



4. Backers' Crowdfunding Journey

<p>Axiom 2: Value is co-created by multiple actors, always including the beneficiary.</p>	<p>FP2: The CE benefits of customer individual and interpersonal operant resource development and co-creation result from CE within service systems.</p>	<p>FP4: Value (e.g., funding, fee, reward) is co-created by multiple actors, including multiple beneficiaries (e.g., initiator, crowd, crowdfunding platform), in a single project in the crowdfunding ecosystem, and all crowdfunding beneficiaries carry risk (e.g., legal, operational, financial).</p>
	<p>FP5: CE is contingent on focal context-specific characteristics in service systems. Customer manifestations (including intensity, valence) of CE, the CE foundational processes and CE benefits may thus vary across contextual contingencies.</p>	<p>FP5: Actors' crowdfunding journey evolves over time, and actors' engagement characteristics (intensity, valence, duration) are contingent on their engagement roles (e.g., donor, buyer, promoter) and engagement objects (e.g., idea, cause, offering, initiator) in the crowdfunding ecosystem.</p>

## 4.5 Empirical Investigation

Based on literature and using theoretical lenses, an overarching picture of backers' engagement during the crowdfunding journey is elaborated (Figure 6). Moreover, crowdfunding FPs development was the first step towards answering the research questions. To explore the several levels of backers' activity (Vargo & Lusch, 2017), there can be four levels of the backers' engagement. Figure 7 includes all levels the backers engage in during the crowdfunding journey. However, just two levels – micro (personal engagement) and meso (interpersonal engagement) – are explored in this study. Thus, two levels from the framework in Figure 7 were carried further for empirical investigation.

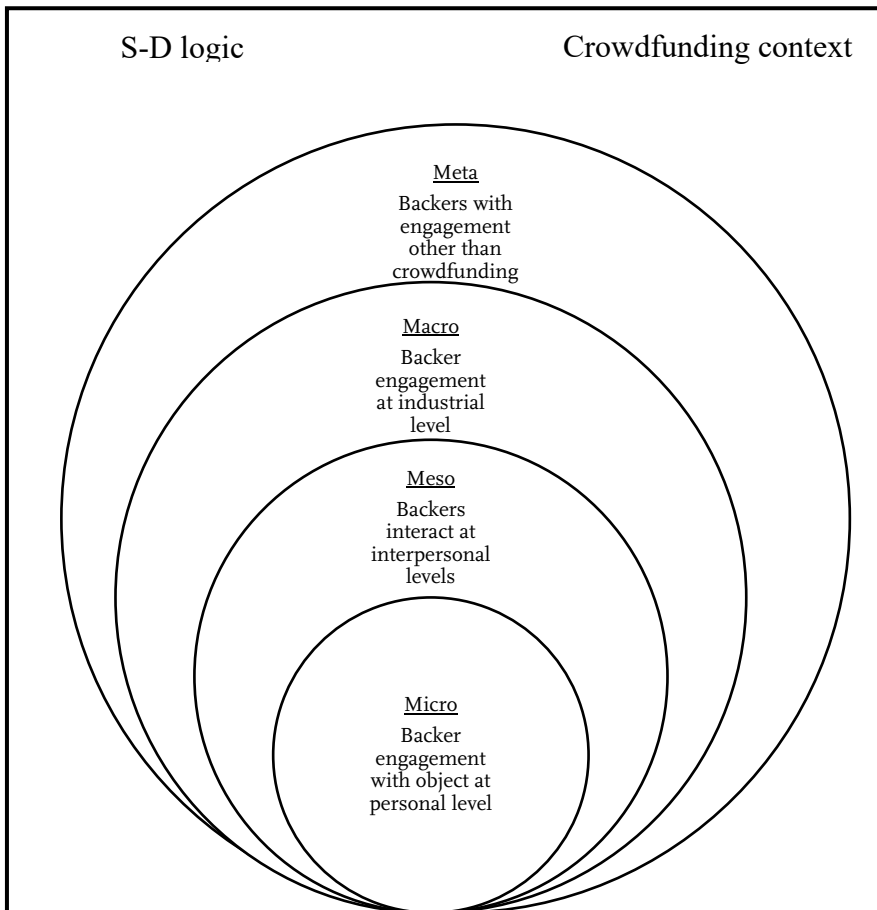


Figure 7. Theoretical framework

## 4.6 Summary

Traditional marketing theories and models were not sufficient to understand a customer's processual and experiential aspects of the decision-making process. Inspired by those classic theories and models, the customer journey framework was developed to make a processual analysis of customers' decision-making and purchase journey. Guided by customer journey backers, the crowdfunding journey can be mapped. Furthermore, informed by S-D logic axioms and engagement FPs, the crowdfunding FPs helped in understanding the backers' crowdfunding journey and advanced conceptual development. For a deeper understanding of the backers' journey, the framework based on both theories was used to looking at engagement at personal (micro) and interpersonal (meso) levels.

## 5. Methodology

This chapter explains the methodology employed for this thesis. It includes the philosophical position, research approach, and research methods undertaken in this study. Drawing on interpretive philosophy, a qualitative research approach was utilised in this study to understand a socially constructed world. A case study was used as a method, and interviews and public documents were used for data collection, and content analysis was used for data analysis. Moreover, this section includes the study's ethical considerations.

### 5.1 Philosophical Stance

Philosophy of science informs the underlying ontology (nature of phenomenon examined) and epistemology (method to understand it) of any research (Van de Ven, 2007, p. 36). There are different philosophical schools of thought and Morgan and Smircich (1980) argued that there are various assumptions for the choice of any research method. Table 8 shows these assumptions about the ontology, human nature, and epistemology of research. The basic assumptions about the ontology and human nature lie on a continuum. On one end lies the objectivist approach to social science and on other end lies the subjectivist approach (Morgan & Smircich, 1980).

On the objectivist extreme are people who belong to the philosophy of positivism and believe in an objective ontology and epistemology (Van de Ven, 2007). The term positivism was coined by Auguste Comte in the 19th century (Fisher, 2010). Positivism rejects metaphysics and believes only tangible, value-free knowledge of the social world. In the 20th century, the positivism philosophy was replaced by logical empiricism or logical positivism (Alvesson & Sköldbberg, 2009). The intention of this school of thought was to produce lawlike generalisation by deduction or induction and refutation. At the core of this philosophy was the building of the impersonal image of reality, which is not possible by only relying on common sense (Bunge, 1967, p. 4). For this perspective, reality is a concrete structure independent of the researcher (Morgan & Smircich, 1980).

Table 8. Network of basic assumptions characterising the subjective-objective debate within social science

		Subjectivist approach to social sciences <span style="float: right;">                         Objectivist approach to social sciences  </span>					
<b>Core ontological assumptions</b>	Reality as a projection of human imagination	Reality as a social construction	Reality as a realm of symbolic discourse	Reality as a contextual field of information	Reality as a concrete process	Reality as a concrete structure	
<b>Assumptions about humans</b>	Man as a pure spirit, consciousness, being	Man as a social construction; the symbol creator	Man as an actor; the symbol user	Man as an information processor	Man as an adaptor	Man as a responder	
<b>Basic epistemological stance</b>	To obtain phenomenological insights, revelation	To understand how social reality is created	To understand the meanings of symbolic discourse	To map contexts	To study system, process, change	To construct a positivist science	
<b>Some favoured metaphors</b>	Transcendental	Language game, accomplishment, text	Theatre, culture	Cybernetic	Organism	Machine	
<b>Research methods</b>	Exploration of pure subjectivity	Hermeneutics	Symbolic analysis	Contextual analysis of gestation	Historical analysis	Lab experiments, surveys	

Source: Morgan and Smircich (1980)

The main critics of positivism were Kuhn and Feyerabend. Kuhn (1962) believed that knowledge is modified gradually in the research community, and scientists cannot be independent of their prior beliefs, values and assumptions, and the theories of the existing paradigm of a scientific community to which they belong. Feyerabend (1973) also challenged positivism and asserted that there is no fixed epistemology for conducting research and suggested that researchers violate the methods one time or another. Feyerabend (1973) believed in challenging existing theories to create new knowledge, rather than testing hypotheses to confirm them. The author argued that a mismatch between existing theories and facts can be viewed as evidence of knowledge advancement.

On the other side of the spectrum presented by Morgan and Smircich (1980) is the philosophy of postmodernism, which is on the other extreme of subjectivism, believing that reality is socially constructed. This school of philosophy, led by Berger and Luckmann (1966), has its roots in phenomenology or interpretivism (Alvesson & Sköldberg, 2009; Fisher, 2010). For social constructionism, reality lies in the process of creation (Morgan & Smircich, 1980) and when human beings interact with their environment, giving sense to it through their interpretation of events and the meaning they attach to it (Saunders, 2011, p. 111).

Alvesson and Sköldberg (2009, p. 40) pointed out that Bhaskar (1975), a proponent of critical realism, found his way between these extreme ends of positivism and social constructionism. He believed in objective ontology but subjective epistemology and in the generalisation of scientific inquiry not to predict patterns, but to understand underlying mechanisms (Alvesson & Sköldberg, 2009, p. 40).

Another American school of thought is pragmatism, whose followers believe that the research question leads to ontology and epistemology. The leader of this school, Peirce, believed in the mind-independent existence of reality. For him, doing and being were indivisibly part of the same process, and he introduced abduction and retrodution as a mode of discovery, rejecting the use of induction and deduction (Van de Ven, 2007, p. 55).

A general familiarity with some of the philosophical issues and arguments about the process of research is called methodology (Fisher, 2010). Setting a philosophical stance for a research question and justifying the methods adopted to answer it are often problematic for researchers (Melia, 1997), and referring to the philosophical ideas without efficiently utilising those ideas is worthless and wastes the readers' and the researchers' time (Alvesson & Sköldberg, 2009, p. 10).

Being inclined towards pragmatism, Tashakkori and Teddlie (2010) suggested that researchers should not take an extreme position (positivist-subjectivist), but rather think of a philosophical continuum to move on, where they can avoid useless debates of ontology and epistemology. They advised to avoid wasting time on pointless debates of truth and reality and rather study what interests and gives value to the research and the researcher.

## 5. Methodology

Most academics are practitioners of science, not philosophers of science (Van de Ven, 2007, p. 36). Fisher (2010) noted that a general familiarity with the philosophical issues and arguments about the research is not to become a philosopher, but to acquire sufficient knowledge of methodology to avoid inappropriate methods incapable of answering the research questions. Mentioning my philosophical stance just refers to my familiarity with these philosophical thoughts, and I do not proclaim to understand them completely.

I identify myself with the followers of the postmodern philosophy of interpretivism, and believe that reality and knowledge are constructed and reproduced through interaction and communication of social actors (Tracy, 2010). Over the past seven years, I have changed how I view reality and knowledge. The major difference came from the change in the context in which I am living, which resulted in the interaction with international colleagues, university guest researchers, students, and people outside work in varying social settings. If I were not in my current context, I would reflect on things differently. My reality has been reconstructed. This personal transformation and self-analysis have made me realise how social actors are embedded in the context and how it impacts one's philosophy. I would not have the same understanding or position on the data collected for my thesis (backers' stories) if I were not at my current residence.

Like Kuhn (1962), I believe that the scientific community influences academic knowledge creation. Through my PhD studies, I have at times seen "group thinking", where people collaborating with each other (co-authors) tend to share a similar stance by critical reasoning. There are a few different views of scholars on engagement concept, and while reviewing literature regarding the "engagement" concept used in social science, I could see how previous academic work (knowledge) and the academic school of thought one belongs to impact new research, especially within a community. One of the reasons for identifying my philosophical stance is the context of my inquiry. It is not just about myself or my understanding, but also the backers and the initiators.

Under this study, backers engaged with crowdfunding and followed their unique path during their crowdfunding journey, and thus had a unique story to share. Previous studies about backers' motives to participate in crowdfunding revealed a mix of intrinsic (to help and feel satisfaction) and extrinsic (to get material benefit) motives, but intrinsic motivation dominated in reward-based crowdfunding (Galuszka & Bystrov, 2014; Gerber & Hui, 2013; Hemer, 2011; Jian & Shin, 2015; Liu et al., 2014). All backers had their own meaning of reality and interpretation of the phenomenon and motivation to undertake the crowdfunding journey. An interpretivist stance seemed a suitable choice to enable the exploration of how these actors were socially constructing their reality through interactions and assign meanings to it.

## 5.2 Research Approach

The choice of research methods has mostly been a debate about whether qualitative or quantitative research methods are best suited for a study. The proponents of quantitative methods assume that social reality is concrete and measurable. They adopt the natural science model (quantitative model) and associate it with successful outcomes. Their focus is on reliability, validity, and accuracy of the data for the research outcomes to contribute towards new knowledge. The proponents of qualitative methods believe in the meaning, rather than in the measurement of a phenomenon (Daft & Weick, 1984). This dichotomy of the qualitative and the quantitative research is oversimplified, though both qualitative and quantitative research can be used side by side, and a range of techniques can be used to conduct research (Daft & Weick, 1984; Morgan & Smircich, 1980).

The qualitative research approach was chosen for this dissertation for several reasons. A qualitative study is useful for answering questions that need explanation, for understanding a social phenomenon happening in a context or exploring issues with some complexity (Ormston et al., 2013, p. 5). Qualitative research is relevant for this study because the crowdfunding phenomenon is complex and embedded in a social and economic context. A qualitative approach provides researchers with an opportunity to dig deeper into the issues under study (Tracy, 2010) and show the readers the informants' captured experiences through the researchers' eyes (Bansal & Corley, 2011, p. 235).

This dissertation had a processual approach to explore how the crowdfunding journey unfolds and understand the underlying mechanism of backers' engagement along the path. This study aimed to answer both exploratory (i.e., "how") and explanatory (i.e., "why") questions in a context (i.e., crowdfunding). Qualitative research seemed to fit well with my philosophical stance, the processual approach, the research purpose, and to find the answer to the questions posed. My approach to understanding and explaining the social phenomenon in this study was abductive, which started from an empirical basis like induction, but was concurrently influenced by theories that I already knew and would use as a lens, such as deduction (Alvesson & Sköldbberg, 2009, p. 4).

Qualitative research is challenging, as there is no "boilerplate" (Pratt, 2009; Tracy, 2010) – that is, a set procedure – but the beauty of qualitative research is that it helps in fitting in different paradigms (Bansal & Corley, 2011). Qualitative research provided the opportunity and flexibility to get deep into the data and explore it. There was no fixed set of interview questions to ask in a sequence, thus I was quite flexible in asking the questions about the backers' journey. There were several questions raised during the interview based on the turns the backers' unique stories took. Furthermore, I had the opportunity to ask post-interview questions if something from the interview needed more explanation. Though it was not easy to anticipate how each journey story would unfold, the flexibility in qualitative research was quite helpful in exploring each journey as needed.



### 5.3. Research Method

There was no preset method to solve the research problem in this dissertation, and the main focus was the research purpose and the questions arising therefrom (Patton, 1990; Tashakkori & Teddlie, 2010). The research problem and research approach guided my research method, which was a case study, and was in line with interpretivist philosophy. A case study method can provide a detailed in-depth understanding of the phenomenon under investigation. It is rooted in the multiplicity of perspectives in a context and, therefore, is flexible to multiple data collection methods (Lewis & Nicholls, 2013, p. 52). A case study is a research strategy for the empirical investigation of a contemporary phenomenon in a real-life context (Stake, 1995; Yin, 1994). A case study has been used as a synonym for qualitative research (Lewis & Nicholls, 2013, p. 51). However, Stake (2003) argued that a case can be studied analytically or holistically, entirely by repeated measures or hermeneutically, organically or culturally, and by mixed methods. The most important element in a case study is the case, and the researcher should focus on that first.

A case study can be intrinsic (to understand a particular case), instrumental (to understand a general question by exploring a particular case) or collective (various cases to understand a general phenomenon) (Stake, 1995, p. 3). It can be exploratory to answer “how a phenomenon occurs” or explanatory to uncover why a phenomenon occurs (De Massis & Kotlar, 2014), which is what this thesis sets out to answer – namely how and why backers engage with crowdfunding. This qualitative case study enabled me to appreciate the uniqueness and complexity of the case, its embeddedness, and interaction with context (Stake, 1995, p. 16).

#### 5.3.1 *The Case*

After choosing the case study as a method, the case and unit of analysis must be defined (Stake, 1995; Yin, 1994). A case is a complex concept, it is “a bounded and integrated system, having functional parts and purpose” (Stake, 1995, p. 2). Certain features are within its boundaries and others are outside the system. A case has a patterned behaviour, and a prominent sequence and coherence (Stake, 2003, p. 135). A case should be specific, not general. A person or a programme can be a case, but a relationship or policy is less likely to be the case as they lack specificity (Stake, 1995, p. 3). For this thesis, a crowdfunding project was the case, and the aim was to explore how the backers engaged with the case project take the crowdfunding journey, which could provide an opportunity to explore the whole process (journey) and the phenomenon of backers’ engagement.

#### 5.3.2 *Selection of the Cases (Case Sampling)*

The selection of the case is crucial for the case study researcher, and the first criterion for selection of the case is to maximise learning, not representation

(Stake, 1995, p. 4). Qualitative samples are usually small in size for several reasons – qualitative data should be deeply analysed, it does not aim to provide generalisability, and it needs rich detail (Webster et al., 2013, p. 83). There are multiple sampling techniques, but for this thesis, purposive sampling was used. In purposive sampling, the sample units are chosen because of particular characteristics and features to enable detailed exploration and understanding of central themes and puzzles to be studied (Webster et al., 2013, p. 78). The samples are not chosen for replicating and extending the emerging theories, as suggested by Glaser and Strauss (1967) and Eisenhardt (1989).

A case study can be a single case or multiple cases based on the research question to be addressed (Stake, 1995; Yin, 1994). Researchers have conflicting opinions about the number of cases to be included in a single study. Stake (1995) believed that a case study method is used to understand a specific case and not primarily other cases, which provides a poor basis for generalisation. Based on the work of Yin (1994), Eisenhardt (1989) encouraged scholars to adopt theoretical sampling. Eisenhardt (1989) argued that there should be four to 10 cases to generate a powerful theory and generalisation. Dyer and Wilkins (1991) viewed Eisenhardt's stance to get close to generalisable findings as a threat to the theoretical progress of the management field. They noted that there are several case studies with one or two cases that have advanced knowledge in the fields of management and social science. Furthermore, they argued that Eisenhardt's approach will distract researchers from focus and will give them merely a surface understanding and thin description, which is not very useful for theory building. To get rich insights and a deeper understanding of the phenomenon to build strong theory, the researchers must have one or very few in-depth cases.

For this dissertation, two matching pairs of cases (crowdfunding projects) were selected – namely one pair of projects with a large crowd, and one pair of projects with a comparatively small crowd. This choice was made to see if any differences exist in the backers' engagement whether they are part of small or large crowds. However, it is important to not compare the campaigns as the focus of the study is an individual backer's journey. Within purposive sampling for the cases, criterion sampling was used for case selection, which refers to the setting of the predetermined criterion of the cases to be examined (Patton, 1990, p. 176). The first criterion for case selection was the number of people constituting the crowd. For the large crowd, the number was 4 000–7 000 people; and for a small group, it was 100–900 individuals.

The second criterion was the funding goal (based upon my judgement) range of US\$25 000–US\$150 000, as this has the potential to create sufficient engagement. It has been shown that there is “crowding out” when people think that their contribution is less important for the project and the project has already received a lot of help (Burtch et al., 2013). Building on the social psychology theory of the bystander effect, Kuppuswamy and Bayus (2015) found that there is a diffusion of responsibility during the crowdfunding contribution process. When potential backers see that others have already helped sufficiently, they may not contribute any money, assuming that those individuals will fulfil this

## 5. Methodology

responsibility. With a low funding goal, there is less chance of many people being engaged and both bystander effect and crowding out can occur very soon. Very few medium or large donations to support the project can make the initiator get close to the funding goal. The funding goal should be large enough so that few people could not cover it and there is a need from the public to support, ultimately opening the doors for a large group to interact. Similarly, a very high funding goal could seem unrealistic and people may avoid engaging in such projects.

Several project initiators whose projects met the criteria were contacted for this study. All the cases of the initiators contacted had rich details for exploration, providing an opportunity for deep analysis and a rich description of the selected cases. Many of the initiators contacted did not respond at all and among those who responded, majority refused to participate. Though the purpose of the study was to understand the backers' crowdfunding journey, I ensured that the selected cases' initiators also participated in the study so that the data could be triangulated. Based on the positive response for participating in the research and providing help in connecting to the backers, the cases outlined in Table 9 were selected for the study.

Table 9. Cases selected for the study

	Cases	Goal	Total raised	Funders	Average per person
<b>Large crowd</b>	Case 1: Altered Nozzle (Stockholm, Sweden)	Approx. US\$28 500 (SEK 250 000)	US\$564 600 (SEK 4 961 032)	6 935	US\$81
	Case 2: Freedrum (Malmö, Sweden)	US\$150 000	US\$622 877	4 054	US\$154
<b>Small crowd</b>	Case 3: Persu bag (Los Angeles, CA, US)	US\$30 000	US\$90 000	697	US\$129
	Case 4: EQ Wear (Tulsa, OK, US)	US\$25 000	US\$33 386	125	US\$267

The selected cases belonged to two countries, Sweden and the US. The first two cases selected earlier were by chance from the US. A reason for this could be that Kickstarter was very popular in the US at that time (2015) and most of the cases came from there. The subsequent two cases selected were from Sweden. One of the reasons for this selection was the proximity to the initiator companies and an expectation to reach the local backers within Sweden to conduct face-to-face interviews, which was not possible for the backers around the globe.

The role of the geographical location of the initiator could not be denied in crowdfunding, as local backers contribute to the campaign earlier (Agrawal et al., 2015), which may impact the campaign's success (Colombo et al., 2015). However, both countries of the initiators can be considered a similar context for crowdfunding. Using Hofstede's (2001) cultural dimensions, both countries are individualistic societies where individuals are more concerned with themselves or their immediate family than with taking care of other relationships. Moreover, both countries have rule-based governance systems and score positively on the Governance Environment Index against five dimensions – namely political rights, rule of law, free flow of information, quality of accounting standards, and generalised public trust (Li, 2009). Therefore, the business environment is similar for crowdfunding campaigns. Besides this, none of the cases have cultural products, which could impact the crowd behaviour (Mollick, 2014). Consequently, the products of all cases are comparable.

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Case 1 is a project called Altered Nozzle for a water-saving nozzle that can be attached to existing taps. The founders claim that by atomising water, the users can save 98% of water and only use the amount of water needed. The company is located in Stockholm, Sweden, and the project created a high level of engagement. The founders aimed to raised SEK 250 000 (approx. US\$28 500), but ended up raising 20 times that from the campaign. Case 2 is a Swedish company called Freedrum with offices in Malmö. Freedrum is a virtual drum kit that fits in a pocket. The company wanted to bring the drumming experience from soundproof studios to any place where the drummers have access to a smartphone. Case 3, Persu, is a project where the founder had redefined the gym bag. Due to the non-existence of highly functional and attractive athletic bags on the market, the founder attempted to fill this space in the fitness and bag industry. Despite being a high-priced bag, the project succeeded by 300%. Case 4 is EQ Wear's high-performance riding pants for equestrians. The founder introduced these stylish performance pants because, after trying a lot of jeans and yoga pants, she could not find anything comfortable and durable to wear to the barn. The project was successful in raising the required funds, but could not generate a lot of engagement.

All cases have high-involvement products that reflect a person's personality, status, and lifestyle. These products are mostly high-priced products and they not only carried financial risk, but also emotional consequences if the wrong decision was made. For high-involvement products, individuals engage in extensive information search (Mathwick & Rigdon, 2004; Schiffman et al., 2008) to minimise perceived risk (Crane et al., 2006; Zaichkowsky, 1986). For example, the backers of the Altered Nozzle could identify with those who are socially responsible. EQ Wear reflected equestrians who needed high-performance, but elegant pants. The Persu bag represented yogis with a modern and stylish bag. Freedrum represented drum lovers who would like a mobile drumming experience. The backers paid a high price to be the first users of the product and get rewards, and therefore got additional benefits over regular customers (Belleflamme et al., 2014; Gerber & Hui, 2013).

All projects were launched on Kickstarter, which is the most popular reward-based crowdfunding platform based on Internet traffic and only allows projects with creative ideas, not a social cause. Kickstarter follows the business model of "all or nothing", which enabled me to see how people behave in a time-bound campaign, not a typical ordinary purchase. If the backers on the Kickstarter do not support a project within the given time, the project may not succeed and will close. There is no future chance of buying the product if the funding goal is not reached, as the project will not materialise.

After the cases were selected, the backers were contacted through different means. First, there was a request from the initiators to their backers asking if they wanted to participate in the research. This was helpful to start the process, but was not sufficient. Moreover, the Kickstarter page shows the names and pictures of the backers. These names were searched through Facebook and an attempt was made to contact the backers via Facebook Messenger. Another source was from

the review on the company's Facebook page. Furthermore, the snowball sampling technique was employed if the respondents knew of other backers who could be respondents for this study.

During the process, I got a warning from Kickstarter that I should not use the platform to contact the backers. They did not facilitate the research and shared that their platform does not support it. Moreover, many backers did not reply at all, regardless of the channel I adopted to contact them. Several backers refused to participate, while a few committed to participate but never showed up. This process was quite challenging, beginning in January 2015 and continuing until August 2018.

### **5.3.3 Units of Analysis**

The entities (individuals, collectives, or objects) being studied are referred to as the units of analysis (Van de Ven, 2007, p. 164). For this case study, the unit of analysis was the backer, whose engagement was explored under this study. Stake (1995, p. 1) argued that a case study can be used to understand individuals who have commonalities but are simultaneously unique from one other. I maintain that the backers engaged with crowdfunding fit this description of being concurrently common and unique. It was a homogeneous sampling of the unit of analysis, where the sample was chosen to give an in-depth understanding of individuals who belong to a subgroup (the crowd) (Patton, 1990, p. 173).

## **5.4 Data Collection**

Data gathering is not an easy job, as it is done “in somebody's ‘home grounds’ invading privacy” (Stake, 1995, p. 57). This process starts at the beginning of the study. The advantage of a case study is its flexibility with multiple data collection methods (Lewis & Nicholls, 2013). Data gathered from multiple sources is good for case study and triangulation (Tracy, 2012). Multiple tools of data collection were selected that seemed suitable to answer the research questions (Creswell, 2014) and to check what worked well to find the solution (Patton, 1990). Tools used for data collection were interviews and public documents.

### **5.4.1 Interviews**

Data gathering begins at the start, from the backgrounding on and acquaintance with the case. There are different views of the case, and a case study enables researchers to gather description and interpretation of others (Stake, 1995). Identifying myself with interpretivism, my main source of data collection was in-depth qualitative interviews. “Qualitative interviews provide opportunities for mutual discovery, understanding, reflection, and explanation via a path that is organic, adaptive, and oftentimes energizing” (Tracy, 2012, p. 132).

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Interviews helped in understanding the engagement dimensions of backers during their crowdfunding journey. This turned out to be a rich tool to capture all four dimensions (cognitive, emotional, behavioural, and social) while talking to the backers about their interactions and how they viewed and interpreted the crowdfunding journey. The interviews were challenging, as it was not easy to cover all the required aspects of the data. Therefore, a list of themes or questions to be asked (i.e., an interview guide) was prepared (see Appendix 1). The interview guide had semi-structured questions to be asked during the interview. This is because there cannot be fixed questions in the qualitative case study, as every respondent has unique experiences and stories to tell (Stake, 1995).

The initial plan was to interview 20 backers from each case, but the saturation (i.e., the point where the researcher can predict the answers and additional data help a little) was also considered (Guest et al., 2006). Despite the significant difference in the number of people engaged with each case project, the same number of backers from each case was the aim to get a balanced understanding of each case. The proportional figure was not taken because the purpose was not the generalisability. As the crowd was global, the interviewees were from multiple countries, resulting in different modes of interviews being used, such as face-to-face, Skype, and telephone. In addition, a variety of backers, such as a relative, friend, friend of friend, and stranger to the initiators, was maintained across all cases. The purpose was to get rich insights from the various respondents.

A total of 37 interviews were conducted among the backers, and the saturation point of each case was reached. Moreover, seven interviews were conducted with the initiators of all projects, which enabled further understanding of the backers' interviews and also triangulation of the collected data. In total, 44 interviews were conducted, each ranging from 40 to 65 minutes. Table 10 shows the interview distribution across the cases.

Table 10. Distribution of interviews across cases

Case	Number of interviews
Altered Nozzle	13
Freedrum	10
EQ Wear	11
Persu bag	10
Total	44

### 5.4.2 Public Documents

Public documents like websites, advertisements, and technological objects communicate the group's publicly exposed values and images, which might differ from its actual practice (Tracy, 2012, p. 83). For this dissertation, data from public documents of the project companies were also gathered. It included the project's private website, project page on the crowdfunding platform, social media

(Facebook, Instagram, Twitter), and blogs, as these were some of the sources through which the crowd engaged with crowdfunding. Public documents were able to capture emotional, behavioural, and social dimensions, but the cognitive dimension could not be well explored through these. Public documents were very helpful for making more sense of the data collected through the interviews.

## 5.5 Data Analysis

Pratt (2009) suggested that qualitative researchers keep a balance between showing and interpreting data. The author also mentioned Lofland and Lofland's (1995) viewpoint that there is no rule for keeping this balance between showing and interpreting data. Qualitative data must tell a compelling story, so qualitative researchers have to attempt to create a narrative from data and theory (Bansal & Corley, 2012, p. 511). This is challenging, as there is an exact procedure for doing that (Pratt, 2009), and writing and researching go simultaneously with unclear boundaries (Bansal & Corley, 2012, p. 512).

The analysis of the case study is an ongoing process beginning from the first impression of the data and continuing until the compilation of the results (Stake, 1995). Miles and Huberman (1994) suggested three components of qualitative data analysis: data reduction, data display, and drawing conclusions.

In this study, two types of case analysis were conducted – within-case analysis was done for rich insights, and cross-case analysis was done for finding key similarities and differences (Eisenhardt, 1989). I reflected on each interview within a few hours of conducting it, which helped me later in the process of analysis. Once all data were gathered, a step-by-step analysis was performed, as outlined in the sections that follow.

### 5.5.1 Data Organisation

Data organisation was the first step towards data analysis. All interview audio recordings were stored in a separate folder in a computer for each case. A reflection of each interview was made the same day it was conducted. All interviews were transcribed case by case and stored on a computer. The respondents were requested to give feedback on the reflection and transcription, but the response rate was less than 20%.

Afterwards, the transcribed interviews were imported into NVivo 12, each in a separate folder. In addition, textual data from the public documents, especially comments and updates from Kickstarter, were stored with the interview transcriptions on the computer and imported into NVivo. Furthermore, pictures and videos from each project's Kickstarter page were included in the analysis.



## 5.5.2 Content Analysis

Content analysis was used as a strategy for systemising the collected data from the in-depth interviews and public documents. The content analysis helped understand the cases, examine key similarities and differences in the narrative, and understand the key issues in the stories told (Flick, 2014).

There are three types of content analysis in qualitative research: conventional content analysis, directed content analysis, and summative contents analysis (Hsieh & Shannon, 2005). Conventional content analysis focuses on coding the data without any preconceived categories creating first-order concepts followed by second-order themes and aggregate dimensions (Gioia et al., 2013). Directed content analysis is a structured approach, compared to conventional content analysis (Hickey & Kipping, 1996). It is a deductive approach to qualitative research, where the coding is based on existing theories (Potter & Levine-Donnerstein, 1999). The summative approach is used when the researchers are interested in certain words utilised in a given context, thus identifying and quantifying those words for latent analysis (Hsieh & Shannon, 2005).

This study employed the content analysis approach with an iterative analysis approach. The iterative analysis approach, suggested by Tracy (2012), includes both *etic* (emerging from data) and *emic* (use of existing theories, explanations and model) analysis. An iterative analysis not only focuses on emergent data, but also “encourages reflection upon active interest, current literature, granted priorities and various theories the researcher brings to the data” (Tracy, 2012, p. 184). With an iterative analysis approach adopted in this thesis, two content analysis approaches – conventional analysis and directed analysis – were used.

The content analysis was conducted in two rounds. The first round of the analysis helped to understand the backers’ crowdfunding journey over time and looking at the journey within-case and cross-case (see Chapter 6). A subsequent analysis was made to look at the nature of backers’ engagement during the crowdfunding journey (see Chapter 7). A step-by-step detail of the process is outlined below.

### 5.5.2.1 First Round of Coding

#### 5.5.2.1.1 Open Coding

Open coding is the first move towards systemising raw data (Price, 2010). As suggested by Glaser and Strauss (1967), open coding is a process comprising purely inductive research, in which the researcher intuitively questions and works on the raw data. However, it must be acknowledged that I was not a grounded theory researcher working from scratch. Besides grounded theory, in open coding, the researchers are looking for something of interest in their data collection, which is to some extent guided by theory. Similarly, my interviews were aimed at unfolding the backers’ crowdfunding journey, which is why in my first analysis I was trying to look at their journey. Consequently, in this study, open coding refers to the process where I used conventional content analysis and all interviews were

coded without any preconceived categories. The approach was inductive and the coding was emergent within the boundaries of the phases in the crowdfunding journey. This was to ensure that nothing important or relevant was missed. Open coding helped me identify the relevant information and reduce the data.

It is important to note that the process of open coding was repeated three times to ensure none of the important aspects of the data were overlooked. After ensuring the inclusion of relevant data and emergent coding, based on similarities, data were grouped and the first-order concepts developed. The quotes below give an example of how the text was coded into the relevant concepts. All three quotes represent the first-order concept “concerned with the environment”.

- “I wanted to be a part of this kind of project that considers the effect of human actions on the earth and making it more sustainable.”
- “I think the idea which is innovative with a good cause. It does not only solve the issue of the water shortage as an environmental issue, it is also cost efficient.”
- “Because mainly the water saving has been something I am always concerned about, I think we use way too much water and I always say to my friends ‘well, you use so much water. You should use less water.’ So, I have always been caught saying about that, so when I saw that I was like it was an amazing idea, so let [me] buy one and see. Yes, I was very enthusiastic about the project.”

The concept “effort on the presentation” was coded from the following statements:

- “Well, it was quite obvious that people in the video trying Freedrum weren’t real drummers. So, you could see well, they could fiddle around with the thing but couldn’t creatively play all that well.”
- “Her video was very compelling for me because she showed pictures of the product and she described what was different about it. Yeah, the video was pretty important in this case, sure.”

#### 5.5.2.1.2 Axial Coding

The next step was axial coding, which was to reassemble the first-order concepts or categories based on similarities (Wicks, 2010). The approach was deductive with directed content analysis, and the coding was based on some theoretical explanation relevant to crowdfunding literature. For example, “viability of the idea”, “credibility of the initiator”, and “stage of development” were grouped as “Capacity of the team and stage of development”. Thus, based on the theoretical explanation, second-order themes were created. The codes were arranged in chronological order based on the unfolding of the backers’ journey. A benefit of using the conventional analysis is to ensuring that important aspects of the data are not lost due to a preconceived category. Thereafter, using the directed analysis made the analysis more structured.

#### 5.5.2.1.3 Selective Coding

The final step in the coding process was selective coding and aggregated dimensions were developed to find a core category from the second-order themes (Price, 2010). The core categories were theoretically developed through a deductive approach, and the theoretical framework for the dissertation – the customer journey was guiding theory for developing aggregate codes. For example, the second-order themes of “Capacity of the team and stage of development”, “risk”, and “price” were grouped in a core category of “Consideration”, which is one of the phases of the backers’ crowdfunding journey. Moreover, a cross-case analysis was conducted based on the coding of the crowdfunding journey. Figure 8 shows the data organisation and analysis process for understanding the crowdfunding journey. Table 11 shows the first round of coding.

Table 11. Data structure – first round

First-order concepts	Second-order themes	Aggregate	Engagement journey
<ul style="list-style-type: none"> <li>• Familiarity with crowdfunding phenomenon through social media</li> <li>• News of the project (through social media or emails)</li> </ul>	EWOM	Awareness	
<ul style="list-style-type: none"> <li>• Initiator’s pitch</li> <li>• Initiator’s effort in the presentation</li> <li>• Narratives used in the pitch</li> </ul>	Presentation		
<ul style="list-style-type: none"> <li>• Viability of the idea</li> <li>• Credibility of the initiator</li> <li>• Stage of development</li> </ul>	Capacity of the team and stage of development	Consideration	
<ul style="list-style-type: none"> <li>• Initiator-related risk</li> <li>• Product-related risk</li> <li>• Price-related risk</li> <li>• Backers’ previous experience with crowdfunding</li> <li>• Geographical location of the initiator</li> </ul>	Risk		
<ul style="list-style-type: none"> <li>• Opinion about price</li> <li>• Price in similar industry</li> </ul>	Price		
<ul style="list-style-type: none"> <li>• Supporting a friend or family</li> <li>• Supporting a creative idea</li> <li>• Supporting entrepreneur(ship)</li> <li>• Concerned with the environment</li> <li>• Time of backing</li> </ul>	Motivation	Action	
<ul style="list-style-type: none"> <li>• Sharing the project with others</li> <li>• Advocating the project</li> </ul>	Promotion		
<ul style="list-style-type: none"> <li>• Comments and updates</li> <li>• Transparency of communication</li> </ul>	Follow-up after campaign	Reward	
<ul style="list-style-type: none"> <li>• Understanding the delay</li> <li>• Complaining about the delay</li> <li>• Communication about the delay from the initiator</li> </ul>	Delivery		

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<ul style="list-style-type: none"> <li>• Understanding crowdfunding</li> <li>• Expectations from the initiator</li> <li>• Expectations from the product</li> </ul>	Expectations	Post-reward	
<ul style="list-style-type: none"> <li>• Use of the product</li> <li>• Quality of the product</li> <li>• Issues with the product</li> <li>• Addressing the issues</li> <li>• Future orientation</li> </ul>	Experience		

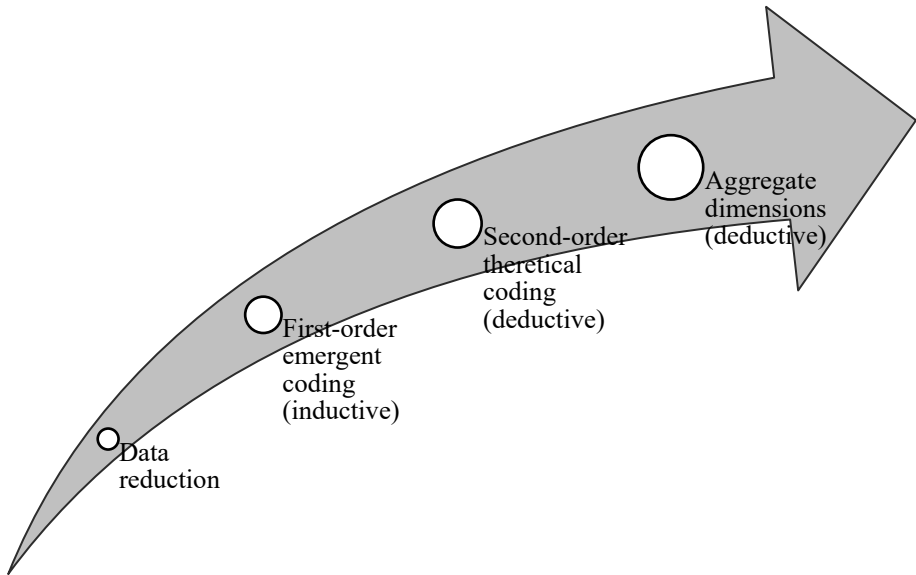


Figure 8. Data analysis process (Author's own conceptualisation)

5.5.2.2 Second Round of Coding

In the subsequent analysis, the temporal view of engagement was made throughout the phases of the journey. By using the engagement theory, how the engagement dimensions vary/fluctuate across each phase of the journey was analysed. The analysis also assisted in understanding how the influencers/moderators moved backers from one phase to another. Figure 9 shows the coding of engagement dimensions and their moderators throughout the crowdfunding journey (for details, see section 7.2.1).

Engagement Journey	Engagement phase	Engagement intensity		
	Awareness	Cognitive – Moderate Emotional – Low Social – Low Behavioural – Low	}	Social Triggering
	Consideration	Cognitive – High Emotional – Moderate Social – Moderate Behavioural – Moderate		
	Action	Cognitive – Moderate Emotional – High Social – High Behavioural – High	}	Positive engagement valence/Urgency
	Reward	Cognitive – Low Emotional – High Social – Moderate Behavioural – Low		
	Post-reward	Cognitive – Low Emotional – Moderate Social – Moderate Behavioural – Low	}	Experience

} Moderators

Figure 9. Data structure – second round

After the temporal view of engagement during backers’ crowdfunding journey, drawing on crowdfunding literature, the backers were categorised based on the contribution pattern, and two main concepts – the *donors* and the *buyers* – were developed. Later, following an axial coding, the concepts were further disaggregated into four categories of donors (D1–D4) and seven categories of buyers (B1–B7) based on their motivation and engagement object. This was a deductive approach and the themes were guided by crowdfunding literature and engagement theory. A deeper analysis led the backers to be segmented into four core aggregated dimensions of backers’ engagement roles: *benefactors*, *patrons*, *shoppers*, and *utilisers* (for details, see section 7.3).

After the backers’ segmentation and identifying the engagement roles, a further analysis was performed to look at the engagement dimensions at micro and meso levels. Table 12 shows how the coding was done for the second round of the analysis.

Table 12. Data structure – second round

Engagement journey			Engagement roles	Prominent engagement at micro level	Prominent engagement at meso level
	Donors	Donor 1	Benefactors	Cognitive – low Emotional – high	Emotional – high Social – high
		Donor 2			
		Donor 3			
		Donor 4	Utilisers	Cognitive – high Emotional – low	Emotional – low Social – low
	Buyers	Buyer 1	Patrons	Cognitive – moderate Emotional – moderate	Emotional – moderate Social – moderate
		Buyer 2			
		Buyer 3	Shoppers	Cognitive – high Emotional – low	Emotional – low Social – moderate
		Buyer 4			
		Buyer 5			
Buyer 6					
Buyer 7					

## 5.6 Peer Consultation

Peer consultation was an ongoing activity throughout the compilation of this dissertation. From selecting the topic of the study, research questions, proposed methodology and data analysis to the conclusion, I have benefitted from the expertise of colleagues at different levels. These colleagues included my supervisors, senior faculty at Jönköping International Business School, my course instructors at multiple universities, fellow PhD candidates, and other international researchers who I met during my international conferences and research visits. Having feedback from people of diverse cultural backgrounds from different parts of the world provided me with a rich experience and helped in improving and having deeper insights of the data from multiple views.

## 5.7 Quality Evaluation

There are several ways to enhance the trustworthiness of qualitative research. Some of the widely used and accepted criteria suggested by the researcher and followed in this study are credibility, transferability, dependability, confirmability

(Guba & Lincoln, 1989), integrity, and transparency (Bansal & Corley, 2011; Bluhm et al., 2011).

Credibility refers to the extent to which the respondents and research have the same interpretation of the stories told during the research process. The use of multiple sources for data collection, such as interviews with backers, follow-up interactions through emails or social media, and public documents (comments, updates, websites), was a way to bring credibility to the study. To make the interpretation credible, the initiators – and not just the backers – were interviewed to attain a better understanding of the context. By doing this, I could compare how the initiators looked at their backers' journey and vice versa. Moreover, a formal codebook of the data was used to give credibility to the study (Liao & Hitchcock, 2018).

Transferability refers to the extent to which the findings of a study in a given context can be applied in another context. Though the purpose of the study was not generalisability, a rich amount of data gathered for the study made it applicable in other contexts. Moreover, a detailed description of the cases studied added to the transferability of the study.

Dependability refers to the extent to which a method used for data collection is described and can be followed by someone else. All sources of data collection and the process have been documented and reported in detail. The interviews were recorded and transcribed, and all other textual information, pictures, and videos were stored in NVivo, meaning every possible effort was made to maintain the dependability of the study.

Confirmability refers to an explanation of how the conclusions were made from the given data. The data collection and analysis have been detailed. Furthermore, the details about the iterative analysis were provided to meet the criteria of confirmability.

In contemporary times, another important aspect of research is transparency in qualitative research (Bansal & Corley, 2011; Bluhm et al., 2011). As there is no template for qualitative research and there is no single truth/reality, it is imperative that the research is transparent about the whole research process by providing as many rich details as possible (Bansal & Corley, 2011). This not only includes the data collection, but also how the interpretations were made that led to the findings and conclusions. The purpose is to guide the reader on what logic and arguments the researcher used (Bluhm et al., 2011). The whole research process has been documented transparently and all the details – from choosing the research topic and guiding theories to case selection, data collection, data analysis, and conclusions – have been provided in as much detail as possible.

## 5.8 Ethical Considerations

Certain ethical considerations were to ensure that the guidelines for qualitative researchers were followed to make the research ethical. The primary consideration was *procedural ethics*, namely to do no harm, avoid deception, get informed



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consent, and ensure privacy and confidentiality (Tracy, 2012, p. 243). I have been very transparent with my respondents in terms of providing them with the clear purpose of the study and guaranteeing them that the data is confidential and their identity will not be disclosed. The initiators indicated that they did not mind if their identities were revealed, as they were interested in more people knowing their stories. All respondents have given their free and informed consent to participate in this study.

I was very careful in following *situational ethics* which, as Tracy (2012, p. 243) notes, concerns the “greater good”. I made sure that the benefit I get from research would not cost more. I concur that a researcher should “constantly have to consider which questions to ask, which secrets to keep, and which truths are worth telling” (Ellis, 2007, p. 26).

Furthermore, I took care of relational ethics and viewed my respondents as people, not mere subjects. I was aware of my role and its impact on the relationship with my responses (Tracy, 2012). I truly “recognized and valued mutual respect, dignity, and connectedness between researcher and researched, and between researchers and the communities in which they live and work” (Ellis, 2007, p. 4).

# 6. Findings – Case Description and Backers’ Crowdfunding Journey

This chapter introduces all four cases selected for the study. To give the reader an understanding of each case, a brief description of each proposed offering, project team, prototype development, and the actual campaign is included. Thereafter, a processual view of the backers’ crowdfunding answers how the backers’ crowdfunding unfolds. After looking at the journey for each campaign, cross-case analysis at the campaign level is presented.

For the presentation of findings, each case is presented followed by an elaboration on what steps the backers have taken during their crowdfunding engagement journey of the respective case. The presentation is based on the first-round data structure (see Table 11) and guided by customer journey theory (Court et al., 2009; Lemon & Verhoef, 2016). A cross-case analysis is presented to see what differences and similarities exist among the backers’ engagement across cases. While doing so, the data from the founders’ interview have also been used to provide better insights into the backers’ engagement. Figure 10 shows how the findings are presented.

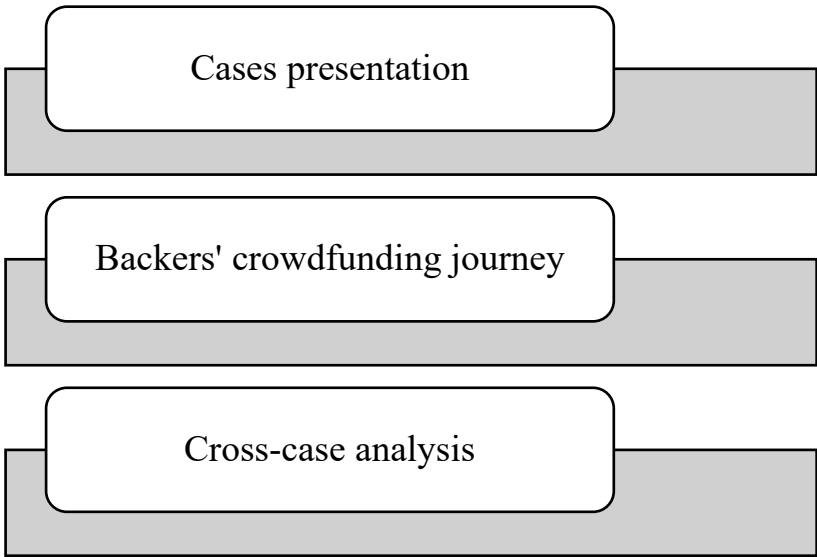


Figure 10. Presentation of empirical data

## 6.1 Case 1: Altered Nozzle

### 6.1.1 The Offering

Altered Nozzle is a water-saving nozzle that can be installed in 30 seconds to existing taps. The nozzle uses the concept of atomising that creates mist rather than allowing water to flow steadily from the tap. With this approach, the full functionality of the tap is maintained through two different nozzle modes – mist mode and regular saving flow. Both modes allow users to minimise water usage at different degrees, depending on the function being performed. The initiators claimed that the nozzle saves 98% more water than ordinary taps when in mist mode, since the water is broken down into millions of droplets that maximise contact with the surface it touches (e.g., hands, pots) and minimise excess water escaping unused. If more water is needed, the nozzle can be adjusted to saving mode, which will still save up to 75% water compared to the regular taps. The Altered Nozzle is suggested for use in the kitchen, bathroom or wherever there is a tap and water to be saved. The nozzle is made of lead-free eco brass and comes in multiple sizes to fit the different sizes of taps.



Figure 11. Regular mode (Altered, 2018a)



Figure 12. Mist mode (Altered, 2018b)

### **6.1.2 The Team**

The company is located in Stockholm, Sweden. The project team consists of three initiators holding different positions – a professor in innovation techniques, a design engineer, and a marketing and communication manager. Professor Kaj Mickos is the inventor and head of research and development. He is the mind behind Altered Nozzle, owing to his years of experience and completing 30 patents in his career. Johan Nihlén is the chief executive officer (CEO) of the project, with a background in marketing and communication from a Swedish online bank, Avanza. Mikael Abbhagen is the design director responsible for the nozzle design. In addition to the founder team, there were 15 members working with the company when the idea was launched.

### **6.1.3 The Initiators' Motivation**

The project idea was motivated by the state of drought. The initiator team highlighted a global issue of water stress, which is affecting over a billion people today and was estimated to reach three billion by 2020. The team researched the water shortages in major cities of the world like Los Angeles, Rio de Janeiro, Tokyo, and Shanghai. They shared their finding of how millions of gallons of unused water are drained every day.

Kaj thought of different ways of atomising the water in taps, believing that ordinary taps release water in larger quantities than needed. Through this idea, the entire team focused on a water-saving mechanism and a decision to prepare a prototype for a water-saving nozzle. The aim was to develop a water-saving approach that would allow households to save 75–98% of water used daily.

The development of the nozzle prototype was initiated in 2014, and the process continued over time based on the goals set by the team. The primary objective of the project was to help solve the water shortage issue through a water-saving mechanism. Though the project was mainly for the solution of a social problem and to be kind to the environment, the team did not ignore its design and the financial benefits attached to it. The design and orientation of the project primarily focused on cost-effective, environmentally friendly, and user-customised nozzles. The team decided to keep the design simple but attractive so that it looked good and did not end up in a drawer.

After a few years, the idea became a reality in the form of a successful prototype. The company developed different sizes of nozzles so that they can fit in a variety of taps worldwide. However, the team was well aware that the idea was of little help towards water-saving approaches. By September 2016, the nozzle idea was ready to be launched in a Kickstarter campaign to seek funds for mass production.

#### 6.1.4 *The Campaign*

The Altered Nozzles team took a different approach to the crowdfunding that did not require direct donations from the public. The campaign focused on winning over people concerned with water-saving mechanisms and persuading them to pre-buy the nozzles. As the prototype of the product had already been developed and tested, it was easier for the team to accumulate the needed funds between September and November 2016 before starting production. The smallest pre-buying contribution began from SEK 249, which would allow the contributor to get the finished product later. This category attracted 500 backers. The highest pledge was SEK 3 244, which guaranteed the contributor 10 nozzles and attracted 64 backers. The funding period for the project was from 6 September 2016 to 6 October 2016 (30 days). The initiators raised 20 times more funds from the campaign than what they had expected. In total, 6 935 supporters contributed SEK 4 961 032 to Altered Nozzle's funding goal of SEK 250 000. Through their win-win approach for both the project initiators and the backers, the project was successfully completed and production and shipping to the backer commenced in December 2016.

#### 6.1.5 *The Video*

The project message was communicated through a video on Kickstarter, which showed how millions of gallons of water are wasted every day while bouncing the surface of our hands or plates and going straight into the drain. Furthermore,

they showed drought-prone areas with significant water stress across the world. The video was meant to communicate the severity of the water shortage issue worldwide and the need to save the available water in households. The team encouraged people not to be “drainers” and to rather “tap out” drought by using Altered Nozzle. They invited all people across the globe to partake in the solution to this problem, calling their product a small, simple contribution to assist in solving the complex issue of water stress.

The team targeted the global market in general and the market in water-stressed cities in the world in particular – namely Tokyo, Shanghai, Los Angeles, and Rio de Janeiro. Furthermore, the project aimed to reduce water stress from the estimated three billion people to a manageable number by 2020.



Figure 13. Save mode test. Water flow and appearance (Altered, 2016)

The video detailed the design and function of the nozzle, and educated viewers on how the actual nozzle would work. It showed how the nozzle reduced the amount of water used, but retained full functionality of water. In the video, the initiators claimed that by atomising water (breaking it into millions of tiny droplets) and creating a high-speed mist, all water coming out of the tap can come into contact (of body or object) because of the increased surface area. They also explained how the nozzle could be cost-efficient for users by decreasing water and energy

## *6. Findings – Case description and Backers’ Crowdfunding Journey*

bills. The users need not install a full new tap, but rather install the nozzle to their existing taps.

In addition to their main video on Kickstarter, the initiators had a gallery with pictures and videos of details of product development and the installation procedure in household taps. Therefore, the message that users could save 98% of water and only use the needed amount was effectively communicated. By December 2016, the project was complete and quality testing, assembly, and shipping of the nozzles were initiated.



Figure 14. Demonstration of handwashing with the mist mode (Altered, 2018c)

### **6.1.6 Challenges and Risks Involved**

The primary challenge the team faced was launching a new product to the market and using a prototype to convince potential backers to contribute to the cause. There was a risk of not getting the final product right, but with the expertise of the team and with the help of technology, they were able to navigate the process

successfully. Since the team had to contract the production of the Altered Nozzles, there was a risk of delays in production. Essentially, the contractor took five to six weeks to produce the nozzles ordered. In cases of inflated demand or orders, there was a chance of delay in the production of the products. Additionally, a challenge of the production going wrong pended, since the manufacturer was not the inventor of the product. However, the team successfully countered this challenge by following standard technology and processes to produce the nozzles according to the desired sizes and demand on the market.

## **6.1.7 Backers' Crowdfunding Journey**

### **6.1.7.1 Awareness**

Prior to the launch of the Kickstarter campaign, the initiators prepared for a tech-fair in Stockholm. It was a two-day fair in which innovative tech projects were presented by several companies. The second day of the fair was dedicated to the presentation of the projects that supported the United Nations' Sustainable Development Goals. While the team was presenting Altered Nozzle at the fair, the date for the launch of the Kickstarter campaign was set and the team could not promote the launch adequately due to insufficient time. As Founder 1 explained, "We didn't really focus on the actual campaign and the stuff to promote it around."

Contrary to the initiators' high expectations from the crowd, the first few days of the campaign were not great. The initiators were unable to receive sufficient attention, which caused frustration and disappointment. However, on the sixth day of the project, the trend changed, and the project received high attention in social media. This change was enigmatic for the initiators and when they traced how it happened, they discovered it was from social media.

*It was a Facebook page called "Now This Future". They're pretty huge in the US and they have put up the video, the Kickstarter video we made, a remix on it with graphics and stuff like that, and that had received like 600 000 views in like 24 hours ... one million views ... two million views and now it's up to 12 million views on that page, so we got so many requests on other media as well, tagging along, so it just took off from there.*

*Founder 1*

Moreover, the founder team's video went viral in India through WhatsApp, resulting in several emails from Indian nationals inquiring about the product. The news of the project reached the backers through their personal and social networks. Social media was the primary source for communication about the project for all the backers who were friends with the initiators, their friends of friends or strangers to the initiators' team. Oscar, one of the participants, shared how he became involved in the crowdfunding process: I am a friend of one of



those involved in them or the company ... It was from the friend, from his Instagram.” While Lucas stated:

*I think it was truly like just an ad popped up to my Facebook ads page, then I clicked on it, and I was on the Kickstarter page. I looked at it on that page, and I found that very interesting!*

Kickstarter also helps promote the projects launched by the initiators, and one way of doing this is to list them in the category “projects we loved”. The projects in this category are recommended by the Kickstarter team, which shows that the team believes that the project is innovative and feasible. Altered Nozzle was one of the projects recommended by Kickstarter. One of the backers who was already familiar with Kickstarter and was browsing the platform for some interesting projects stated, “I was on Kickstarter, and it was one of the projects they loved. It seemed an interesting idea, and I was curious to learn more about it” (Harry).

It is important to get attention and visibility in social media, and to reach out to the right audience for who the project is relevant. Only once the backers received the news of the project from social media and found it relevant would they be interested in learning more about the project. One backer reacted to Altered Nozzle idea: “When I saw it on Facebook and then I went in and read about it ... yeah I liked it immediately!” (Maja).

Another backer shared how he came across several crowdfunding projects and looked in a little more detail into them. The only project he found interesting was the Altered Nozzle, so he stopped looking for other projects: “I’ve been looking in a few others [crowdfunding projects], but there was nothing really what I searched deeply, ... those are not of the interest what I saw” (Oliver).

Besides being an attractive idea, the Altered Nozzle idea was effectively presented, which was crucial to get the attention of the crowd among several other projects launched simultaneously on Kickstarter. Maja believes that there are numerous great ideas, but the innovative idea alone is not enough; how it is presented is of great importance.

*It’s all about how you present it ... everyone has a great idea, but if you spend energy on a good introduction and good images ... and a good video, like you actually show what the product does and what it is and how it works and everything. I think you can easily get it up.*

Maja

Overall, majority of backers highlighted the quality of the video and the communication as an essential ingredient for getting noticed.

#### 6.1.7.2 Consideration

The relevance of the project led the backers to move further in the journey to the evaluation phase. The backers were more concerned about the feasibility of the project and in the capacity of the team. The main criteria to evaluate the project were: initiator team’s capacity and professional background, stage of

development of the product, risk attached, and price. Additionally, the geographical location of the backers, quality of presentation and communication, and appreciation in the social media added value to the project for the initiators.

*I think it was the way they [the initiators] communicated the idea, especially through their video ... they had relevant experience and background ... also how they demonstrated the stage of development to the backers ... they could convince the audience that they could do it, and [the] only barrier they had was funding.*

Harry

Another participant explained that, “The most important is to show the customers that they have done their research pretty well, that they are convinced that this product will work, this product can be manufactured and that there is a market for it” (Oliver). Since the team consisted of professionals with relevant experience and background, and the prototype of the project was developed, more legitimacy was given to the initiators. In another case, one of the Altered Nozzle backers shared how he considered another project (i.e., a smartwatch), but restrained himself from funding it based on its complexity and development stage:

*A smartwatch, it is a very complex product... the Altered Nozzle is also very complex, but a smartwatch is definitely more complex.... They [the smartwatch team] are actually at the first stage of their prototype. They were not as far as the Altered Nozzle [team].*

Lucas

The projects were also evaluated based on the risk attached to them. One backer mentioned that he found Kickstarter risky, especially with his limited financial means. Nevertheless, in the case of Altered Nozzle, the backer felt that he could trust the initiators and expected that the product would pay him back by reducing his utility bill (i.e., water).

*I don't go there [Kickstarter] to just find a product and to buy something. ... It's a big risk to just browse around. ... I didn't have so much money then. ... This was like a one time, like I like the product ... I would say save the water. So, in the long run it will pay for itself.*

Oliver

*It was not just a fake project that will just die or not deliver. You could see that it was something that was already in a very good state, and also they say they have actually sold some in Sweden in supermarket.... I knew that I will receive it and it should be working, because they already had the*

## 6. Findings – Case description and Backers' Crowdfunding Journey

*prototype and everything was working. They just needed money to go for mass production.*

*Lucas*

Most backers seemed to understand that crowdfunding was different and riskier than an ordinary purchase, primarily due to the initiators' inexperience. Moreover, they believed that backing a hardware project is riskier than a software project.

*I think that it [crowdfunding] is not really for anyone ... you have never seen the product, you don't really know if it is going to exist according to the timeline that they present, will it have a good finish? Will it feel like it is high quality? All of those things that you usually consider when you go to store. You are like I am going to buy this new phone, then you want to hold it in your hand. You might talk to someone in the store. Perhaps you have a friend that has a similar kind of phone or so, you can compare it and you could talk to that person. But here it's like, it is just a wild idea and sketches that people have put on the site so that you say "I want one of those". I don't think it is for everyone.*

*Ulf*

In addition to the inherent risk of failure, initiators usually struggle due to their inability to win the trust of the backers living across borders. However, it seemed that the geographical location of the initiators of the Altered Nozzle played in their favour, contributing to their credibility and success. Oliver said, "Well, I was happy that they were from Sweden.... I mean I wouldn't put that much money, you know, in a new product from China". While the following statement illustrates how geography influenced the evaluation of the crowd; the location of the company signalled a quality product manufactured in an environment where the working conditions of the labour were decent:

*I don't know if it's a preconception ... it's a Swedish invention, ... it feels like the quality-wise would be better ... they're not manufactured in Sweden ... but I like to keep it where I know that the people that manufacture it have good salaries.... It's not people that work for slave labour.*

*Maja*

The price for the project was viewed in various ways. Some backers regarded it as cheap, while others thought it was expensive. Maja believed that the Altered Nozzle team had a brilliant idea, but exaggerated the discount: "For me, the price was ... kind of cheap. So, I decided to go just back and see what happens"

One of the backers believed in the product and contributed money to get the reward, but was not convinced that he paid a discounted price. Moreover, he was sceptical if the initiators would be able to sell it for a higher price in the market than the Kickstarter price. "Here, I see they say it is 50% off the retail price, but I

mean, come on, it is like €30 for [the] nozzle. I mean, nobody will buy that at €60, that is ridiculous” (Lucas).

A super backer, and also a close relative to the founder team, anticipated that the price would be less in the future owing to the expected mass production of the nozzle. For him, the price was on a break-even point for the project to survive.

*They have to find out the price level where the project will survive, or the project will be efficient enough to make some money to continue ... once you have started to manufacture and you produce millions then of course you could get a better price to the consumer, maybe that's what you are going to see in a year's time, it might be another cost range or price range for the nozzle.*

*Ulf*

The project received wide recognition on social media and started large conversations, which seemed to have a lot of social influence on the backers. “I was impressed with the number of views that the video had got... I was impressed reading a lot of comments that different people leave. They believed in the product and the project” (Oscar).

In conclusion, the backers were convinced that the team had the capacity and required knowledge, and were trustworthy. The initiators were successfully able to communicate the desired message with an educational video that was helpful in understanding the product and development of its prototype.

### 6.1.7.3 Action

After evaluating its feasibility and viability, the backers decided to contribute money to the project and some of them decided to promote it. To understand an action, it is important to look for its motivation. Several motivations for funding the project were the underlying cause or issue to be addressed, the local invention, and the interest in the reward. All backers mentioned that they wanted to support the cause underlying the project. They were concerned with their role as contributors to the environment and the future of the planet.

*I, as a consumer have the ability to buy into things that are environmentally friendly. And if it doesn't work, it doesn't work but at least I've tried. So, I actually backed [the project] in the matter of an hour after I saw it.*

*Maja*

Individuals from the initiators' personal networks supported the project, although the primary motivation for some of them contributing was the issue the product addressed, and not only that they were helping a friend. Oscar claimed, “It seems like a good product. It is an important issue.... Also, because I am a friend of them”, while Ulf stated:

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*No, I think it is not really because I know Kaj and Johan, it is more of the fact that Altered as a project is really well-needed. If you consider the amount of water we are used to flushing without even needing to ... whatever we could do today as grown-ups to be able to help the planet, to leave the planet in a better shape, for the future or for my kids, other kids, the more I think that we should do.*

Altered Nozzle's idea enabled the backers to not only fund an innovative idea and contribute to a better environment, but also to support the innovation in their country. The backers acknowledged that the geographical position of the company brought more legitimacy to the project idea.

*One of the things that made me back the Altered Nozzle was that it was a Swedish invention.... I just like the thought of supporting a Swedish innovation ... but it wouldn't have made any difference if it actually was an American invention. I would still have probably bought into it.*

Maja

There was interest in the reward, too. The following statement represents how some backers found the idea so interesting that they wanted to bring it to life: "Well, I think the product itself was what was making me interested and that I wanted to have the product. This is what I wanted" (Lucas). In addition to contributing money, the backers' actions included the promotion and endorsement of the projects. In the beginning, the project was promoted to raise funding. The backers' friends and close circle helped in spreading the message of their own accord or upon request of their friends (e.g., initiators).

*I did share [on social media] because my friend asked if I could share, because that will be some kind of effect if more people check.... It was interesting how in this social media where you can take off and grow many times bigger than expected because of visibility, such things and the chances that make it, probably, I guess it makes it a lot easier for them, so they can grow exponentially.*

Oscar

Another participant added: "Oh yeah! I told my girlfriend, she was enthusiastic about it, and she said, 'Oh you should have bought one for me too!' But it was too late!" (Lucas). One backer abstained from sharing the project on social media as he believed the project was irrelevant for his social circle. "I didn't think of any of my friends that would be interested in this. If I would know anyone directly, I could share it, that wouldn't be a problem" (Oliver).

As the project went viral over social media and got overfunded in the earlier phase of the campaign, the backers shared it with others to spread the underlying message in the project. "Actually, they quite quickly reached to their goal, so there was no need to convince somebody to fund their project. And I believe that sharing on Facebook was a way of getting the message around" (Hena). The

primary motivation for backers was to create awareness about the project as well as to stimulate thinking about the environment:

*You're my friend, then you didn't know about it, [but you] do know about it now, even if you don't back it. I think [when] you talk about the environment ... they [people] will eventually start thinking about those things and start acting on those things.*

Maja

One backer had a threefold role. First, he financially backed the project; second, he helped in spreading the news; and third, he endorsed the project by answering the questions raised as a result of promoting the project.

*I don't think many of my friends have contributed, they probably asked the questions about it: What is it? How does it work? Is it really true that you could save so much water? Could you really wash your hand in that mist?*

Ulf

#### 6.1.7.4 Reward

After the conclusion of the crowdfunding campaign, the backers moved to the reward phase of the journey. The backers had to wait for the reward, which is different from an ordinary purchase. The initiators were unable to deliver on time, because of the higher demand than they had anticipated. “Yes, it was later than they promised to deliver, a few months late” (Sameer).

Though the reward delivery was late, the backers could understand the potential problems the initiators faced. The backers were supportive and understanding of the challenge faced by the initiator team.

*I had to work with start-ups, so I know how it is, it is not easy to deliver on time, so I wasn't mad at them ... as long as I was receiving the product some time. I saw that some of the other people were really mad and I can understand.*

Lucas

The backers reported that updates from the initiators are important. Lack of communication caused anxiety among a few. However, whenever the initiators shared updates about the project, the backers were peaceful.

*I tried to keep myself updated [about] how it is going and they continuously sent emails. They promised to deliver in December 2016 and then ... February 2017 ... it was a big silence almost four months... I wrote an email to them and then they reacted, and they sent the product.*

Oliver

*This is what Kickstarter and crowdfunding are. They say it is estimated delivery. As long as the company updates and explains the reason for the*

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*delay, I don't mind it. They are Kickstarter, they are not already established companies. They need help not only for getting money, but also for understanding the other issues which they might face because of certain uncontrollable factors or maybe because of their inexperience.*

*Harry*

The backers had familiarity with how the crowdfunding process worked and tried to understand the issues of the initiators. Continuous updates and honesty from the initiators made the backers wait for the reward peacefully.

### 6.1.7.5 Post-Reward

After the slight delay, the backers received the reward for their contribution. In the case of Altered Nozzle, the reward was the actual product. The backers shared their expectations and what the actual experience was.

*Yeah, I was looking forward to, to get this product because I wanted to use in the home and in my working place.... I had great expectations ... I like it, I am little bit kind of not satisfied with the product, but I still think the product is really good.*

*Oliver*

Another participant shared: “Yeah, I was really eager to receive the product and use it at home. My expectations were high but when I got the product, I was a little disappointed, but, overall, the product is not a bad one” (William). The initial disappointment was due to the functionality of the product. The major problem was the time consumed on the mist mode, and the backers complained about the splash the nozzle made. Another problem was regarding fitting the nozzle to existing taps.

*It is working well, it does what it was supposed to do, it is not perfect.... The mist was the thing that they most advertised. It is really cool because you save definitely more than 90% of water, but it takes like two minutes just to wash your hands, that's really annoying. So, we are not using it so much.*

*Lucas*

*It makes it splash a bit ... at an angle in my sink, which makes my shirt wet. I can't use it in the kitchen because it's just not good for me.... I still have it in the bathroom and I'll probably buy a new one as soon as I move and have one in that kitchen, so probably work there.*

*Maja*

The backers had self-made solutions to avoid problems in the functionality of the project. This backer could not find the right sized nozzle for his taps and tried to find a solution by himself:

*I was expecting something that will be easier to install, but I actually had a lot of difficulty to install it.... One of the joints that was in my old tap ... wasn't the nut size, so it wasn't fitting so well. I thought like a week to find a good size one and to install it ... at the end I could install it, so it was fine.*

Lucas

The backers spread positive WOM and shared their experience of the product even after the reward. They were promoting the underlying message of the Altered Nozzle and could survive with its flaws.

*A lot of people ask about it because they don't understand what it is, and first they're like "Oh, there is something wrong with the tap"... Eventually, I tell them about what it is and why I have it. If they would complain that it splashes ... it's not a problem in the bathroom at all. But if they complain about it taking longer, then I try to explain, well, ... it takes a few seconds, but it also saves a lot of water, so it's what do you want to prioritise your seconds or, you know, your future life, and your children's environment and the way they grow up and then what do we do with where we live?*

Maja

The backers had suggestions about how the product could be improved in future versions. Despite the problems in the product, they seemed to understand the unintended problems and not to doubt the honesty of the team.

*It feels they made the pressure higher. So, the water's flowing with a higher pressure that's why it's splashing. If you could somehow turn it down a little bit, ... I would like to have like maybe a third version, or something in between that's kind of like not as much of a pressure.*

Maja

*It is not like they lied ... they were honest, ... the mist function is totally new ... It was totally impossible for them to show us how exactly it works ... without having us to try it, ... a video or a photo or whatever we do is different than when you feel it ... put your hand you feel the mist, ... it is different from what you see in the video, but I didn't feel they can explain it more.*

Lucas

#### 6.1.7.6 Summary

The backers generally received the news of the project through social media. The projects were evaluated on their feasibility, the team involved, prototype, risk, and price. Social media visibility added value to the project. The backers were motivated to back the project not only for their interest in the project, but also to



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contribute positively to the environment. The product had anticipated flaws and delays inherent to crowdfunding campaigns, and the backers were able to understand the problems of the initiators and supported them throughout the journey due to their transparency and honesty in their communication.

Table 13. Summary of backers' journey with the Altered Nozzle

Awareness	eWOM	<p>“All of this is word of mouth as long as someone found it. It's like someone picked it ... shares it on all Facebook or Instagram or anything. Then it'll take off because it is some kind of social thing you back, a lot of people spend a little bit of money together” (Maja).</p> <p>“If it's a crappy presentation ... I would feel this person has no clue what they're doing if they cannot put together a presentation ... they can't spend money on reasonable images.... I don't want to spend my money or give my money to people that don't know what they're doing” (Maja).</p>
Consideration	Capacity of the team and stage of development	<p>“Their video was amazing ... they were smart enough to show that there is an issue, they had the ability to address it and they had the market for their product.... I didn't doubt even for a moment that they would not be able to do it, I mean, they had already made and tested the product” (Hena).</p>
Risk	<p>“You have to keep in mind that the product you are going to receive ... it is going to have flaws, because you are going to receive the first product.... If you order a software ... if you order a game on Kickstarter ... it is not so much of a problem because you can update the game later, and you will receive the update and so you can actual sort the problems you have as the first backer. But when you are ordering like a hardware like here, [you] cannot update it right, then they are not going to send you a second version that actually resolves the problem I have” (Lucas).</p>	
Price	<p>“It might seem a good price for people in Sweden or other countries ... for the people of my country it's super expensive but well needed ... we have many taps in household ... perhaps elite class can afford it” (Sameer).</p>	

Action	Motivation	Support	<p>“If I wouldn't support them and it would be hard for them to produce it, and then we wouldn't see it on the market later” (Oliver).</p> <p>“Water saving has been something I am always concerned about. I think we use way too much water ... so when I saw that ... it was an amazing idea.... Let's buy one and see ... I was very enthusiastic about the project” (Lucas).</p> <ul style="list-style-type: none"> <li>• “I have been promoting it ... I think that I was [the] number two or number three [backer], so I actually was one of those who really tried first backing the project, and of course I tried to help spread it as much as possible” (Ulf).</li> <li>• “I just liked it being shown ... I just like it being, hello here's something interesting, look at it, think about it, take one minute out of your day to think about what do you with water” (Maja).</li> </ul>
		Reward	<p>“I was really wondering what's going on because I don't have time to care ... I mean, if I order something I expect it to come. I don't want to go writing any email. It takes time. It's just frustrating. Mostly, I just I mean I forget about it [the orders], I don't care” (Oliver).</p>
Reward	Delayed delivery	Complaining	<p>“It is a project ... and it takes a lot of time and a lot of effort to create something like that, and all the engineering that goes into it, and making a realistic timeline for someone doesn't work” (Maja).</p>
		Understanding	<p>“They were showing us how the production was going forward, ... they were explaining to us what was happening and why there was a delay, so they were very honest about that</p>
		Transparency and communication	

		and I could totally understand.... I knew how the delays are not easy to manage, but at the same time you cannot do anything about it, so I was actually a bit sad for them" (Lucas).
Post-reward	Expectations	"It was a bit of a bet. I am happy I did it, but I was not 100% convinced" (Lucas).
	Issues	"The sink in the bathroom isn't the typical one.... The stuff included with the Altered didn't fit" (Harry). "I don't know what I should do. Should I just stand there and save the water, or should I waste my time?" (Oliver). "I was legitimately OK with this, but my parents, especially Dad, didn't like how much water was being sprayed at them due to the high pressure of water being shot down.... they didn't like it so much that my dad removed it without telling me" (Harry). "I had to buy some rubber washer, cut it out, and only then did it work. I think this product has potential if they address these problems in version 2, maybe just do 90% water savings instead of 98%" (Harry).
	Self-made solution	

## 6.2 Case 2: EQ Wear

### 6.2.1 The Offering

EQ Wear sells premium apparel that combines function with fashion for equestrians or Western fashionistas. The initial offering were high-performance riding pants to be worn to barns that were versatile enough for life away from a barn setting as well. Primarily, EQ Wear was designed to provide comfort to horse riders and at the same time shield them from sliding off the saddle while riding. There are different types and styles of pants – jeans, practice pants, boot pants, and custom pants. The jeans were designed to provide comfort to horse riders as well as ordinary people who may wish to wear them. The practice pants, which are made from Ultrasuede and super stretch knits, were mainly suggested for everyday horse riding – they are easy to wear, wash, maintain, and match. The boot pants were designed to show elegance and style when worn with boots. The custom pants could be designed according to customers’ needs and desire. The customisation was mainly done on colour and barn logos aimed at satisfying individual desires or uniqueness and elegance that matches the theme of the barn or location the pants are to be used in.

EQ Wear comes in four styles:

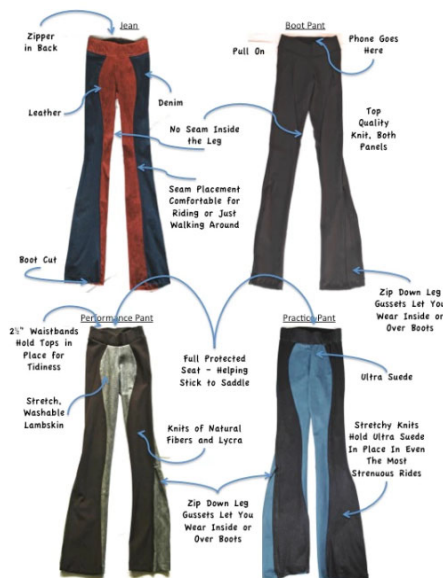


Figure 15. Colour combinations for summer 2015 (EQ Wear, 2015a)



Figure 16. EQ Wear performance pants (EQ Wear, 2015a)

### **6.2.2 The Team**

The company is located in Tulsa, Oklahoma, and the project was handled by a single member, Beverly Anderson. An engineer and consultant by trade, Anderson enjoys horse riding and wanted to design something that would seem luxurious, comfortable, and appealing to horse riders in and outside the barn. She

designed the EQ Wear riding pants with assistance from other people. Being both the founder and CEO of EQ Wear, she started by drawing the patterns of the demo pants to try different designs. Although the project was exclusively managed and run by her, Anderson sought the help of a designer in Oklahoma City who helped her develop the pants with the side panel. However, she was the ultimate decision-maker of the material to be used to complete the pants.

### 6.2.3 *The Initiator’s Motivation*

The founder and CEO of the project was self-inspired after undergoing challenges while riding on horses wearing jeans, tights and other clothing. In essence, the founder was a horse rider who returned to the sport after many years. After trying almost “everything”, such as jeans, Anderson did not find anything comfortable. Although she found yoga pants to be comfortable, they also caused problems like twisting, making her feel as if she was sliding out of the saddle. Other equestrian-style pants either “looked too English”, were not meant for riding among cattle or brush, or were unattractive and not performance-enhancing. The founder wanted something that not only worked when she was riding, but that she could also integrate into her everyday life away from the barn.

She opted to develop clothing that would look elegant and provide a sense of comfort for those riding horses as well as wearing them outside the barn. This marked the beginning of the project in which she tried different materials.

### 6.2.4 *The Campaign*

The project was launched on Kickstarter for fundraising and to create market demand. Both pure donations and pre-buying were the mechanisms used in the campaign to raise the capital needed to complete the project and ship the final product to the backers. However, pure donations were limited to a maximum of US\$10, which attracted a total of 24 backers for the US\$1 and US\$10 pledge categories. The funding period was 4 February 2015 to 6 March 2015 (30 days). The minimum donation was US\$1 and the first material reward began from US\$50. Funding from the project was intended to be used to finance a full production run, set up dedicated manufacturing in Oklahoma, sponsor key athletes in their sport, and get the product into retail and event locations. The project was successful and raised US\$33 386 from 125 backers. The initial funding goal was US\$25 000, which was surpassed by over US\$8 000, thus illustrating the attractiveness of the project to horse-riding fanatics and people wanting elegant attire that worked inside and outside barns.

### 6.2.5 *The Video*

The idea was communicated through a video on Kickstarter, supplemented by a rich photo gallery. The founder used the video to convey the benefits and style of

the pants as well as the philosophy underlying the pants' design, colour, and name. Equestrian models were used to visualise how designs and material enhance performance and make the riders look stylish.

The initiator described EQ Wear as her F5 pants: "Function First, Flattering, and Fashion Forward". Concerning function first, the initiator showed and explained that precise panel design placed seams where they would be comfortable both on and off the horse. The inside leg seam between the horse and the rider, an age-old problem causing chafing and saddle sores, was eliminated and placed where it works. On the inside of the leg panels, where the rider meets the horse, the finest available leather and Ultrasuede were used to make the riders feel more confident and secure in the saddle. The highest-grade knits and woven fabric with breathability and stretchability were used for the outside leg panels, which worked to hold the inside panels firmly in place. The founder shared her belief that colour choices and fabric combinations, being both traditional and timely, created tones and reflections that flattered a figure. For instance, the use of stretch lambskin from France and thick knits from Italy combined perfectly to create a pair of pants that was glamorous but hardy. Furthermore, the initiator claimed that the EQ Wear pants would take the rider from the barn to a night on the town, looking fabulous every step of the way.

The video explained the material used and the designs created, and tried to show through equestrian models how these designs and material enhanced performance and made the rider look stylish. Different designs and styles of the EQ Wear pants were displayed and briefly described. Other than the functions the range of different pants were designed to fulfil, they were also used to indicate the different themes of the skyline and the names of horses. The founder shared that the pants are named after the horses and horses' field – Sugarfoot, Pollyanna, and Roxy. The colour combination of the first pair of pants matched the red dirt and blue sky of Western Oklahoma and named "Queenie". Native American art at Tulsa's Gilcrease and Philbrook museums inspired the EQ Wear designers to bring Western colours and graphics to the designs. This made the project not only a symbol of luxury and comfort, but also a representation of the cultures associated with horse riding in different parts of the US.

The photo gallery gave a snippet of the pants collection that the project sought to develop for use on different occasions other than riding. Particularly, the photos illustrated that pants were offered in different styles and designs. Finally, the founder called for support from backers and shared that the money would be used for setting up the manufacturing unit.



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Figure 17. EQ Wear colour combo “Caroline” practice pants (EQ Wear, 2015b)

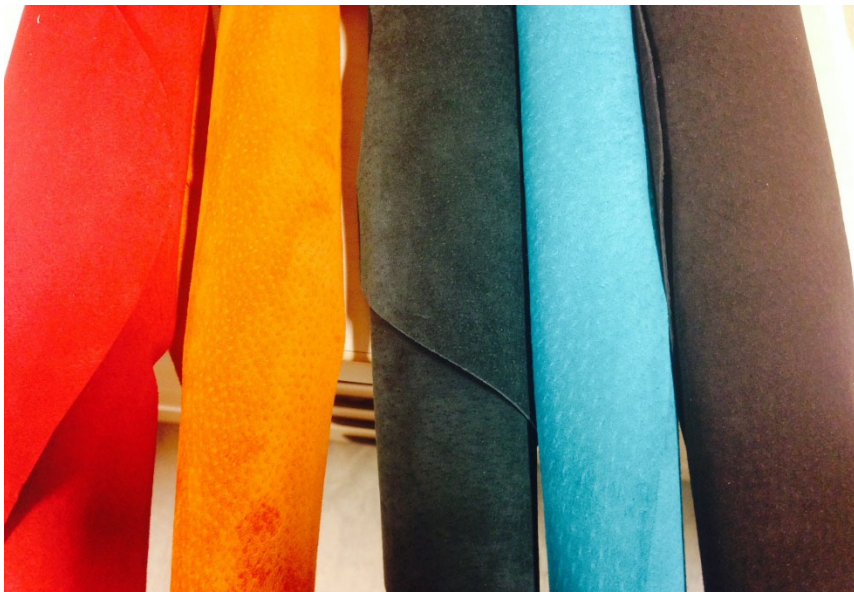


Figure 18. Available leather colours (EQ Wear, 2015c)

## 6.2.6 Challenges and Risks Involved

The main challenge the project faced was delays in production due to late delivery of source materials imported from Italy. Furthermore, the lack of a backup manufacturer in cases of large orders from customers posed a challenge to the company. The founder has made it a routine to sacrifice schedule for the sake of maintaining the quality needed, rather than using substitute materials in production whenever there were delays in the delivery of the materials from Italy. To mitigate this challenge and avert outrage from the backers, any delays were immediately communicated through updates and individually for those who had ordered the EQ Wear riding pants. Another risk was weak spots in the leather, thus making the pants “blow out” during riding. This risk could not be completely avoided, since there were production errors that were inevitable. However, the designer had created routine testing of every pair of pants produced through the “Three Gorilla Program”. This included testing the pants on riding by crazy riders, who jumped on and off the horses, over the fences and other areas of the barn to test their resistance to easy wear and tear.

## 6.2.7 Backers’ Crowdfunding Journey

After the launch on Kickstarter, the project attracted several backers who supported the project, which called for funding for the scaling of the early-stage business. The interview data unfold the journey that the backers had over the campaign and later.

### 6.2.7.1 Awareness

The initiator of the project was in the initial stage of her business and wanted to scale her business through crowdfunding. The backers from her own social circle were part of her promotional campaign even before the launch of the project on Kickstarter.

*At one point she had one kind of ... it was a party that was sort of, I don't know what you call it, wasn't asking for money or anything ... just to introduce a company and she had a video about her company, ... that came first and then she sent the email and then I decided to help her and donate.*

*Sophie*

The crowdfunding idea came from one of the initiator’s friends and she then started to prepare for the campaign. The founder primarily used email for creating awareness of her project, although this was supplemented by social media. Most of the backers got the news of the project through email, whether directly from the initiator or a mutual friend of the initiator and the backer – “I got an email from the founder of the project” (James); “My friend who was in graduate school with her [the founder] sent me an email and told me about her company and some product.... I went to the site and found it out myself” (Christina).

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The video was regarded as a huge strength for the founder, and the backers believed that it communicated the desired message to the audience very well. It helped the initiator win the trust of the backers. The photo gallery also added value. “Her video was very compelling for me, because she showed pictures of the product and she described what was different about it. Yeah, the video was pretty important in this case, sure” (Sophie).

One backer questioned the positioning of the project and believed that the project had more potential and could have targeted a broader market, rather than targeting equestrians or yoga women:

*I think it could be understood by the ones who are familiar with horse riding culture, they may or may not ride ... it seemed to get their attention. Though the project was relevant for those who are interested in the performance wear, but I think the video didn't communicate that.*

*Emma*

From watching the video, another backer believed that the target market was Western women interested in fashionable performance wear. “Their target market was loosely Western women who may or may not ride or do yoga” (Noah).

It was important for the backers to be able to see the viability of the project, and they thought it was the initiator’s responsibility to market the project in a way that would grab their attention. They believed that the crowd would be more interested in the surface information rather getting into minor details.

*If you can market your product to this potential investor in a way that makes it seem attractive as well as viable ... I don't imagine that anybody goes to Kickstarter to look at business and plans or hear somebody talk about the detail of financial proposition, and maybe they do, I am understanding it ... how we put together something that impresses.*

*Emily*

The email was considered the main source of project awareness and the video as the main object to maintain the backers’ attention. This made them enter in the consideration phase.

### 6.2.7.2 Consideration

The next step of the journey involved having a close look at the project and evaluating it. The primary aspect of the evaluation was the viability of the project and the capacity of the initiator. For backers, the idea needs be unique, and the initiator should be able to convince them of her capacity to carry out the project. “Is the idea interesting and do I think they can actually do it? That’s all I care about” (Noah).

Since the founder of EQ Wear was an oil and gas engineer, her shift in professions – from engineering to business – made backers a bit sceptical. One of

her friends who supported her seemed unconvinced about the outcome of the project:

*There was big doubt. Beverley doesn't know anything about fashion or retail or marketing really. She is an engineer primarily in the oil and gas business, so it was like untested water for someone like her.... It's not as if she has been in clothing in retail ... found a niche.... I don't know how she came up with this, but it is a big departure from her professional past. I had huge doubt, I thought for sure there is no way this could work.*

Emily

The initiator had prior experience of another business that did not succeed. Therefore, the backers' doubt was not only about the initiator's profession change, but also her past business experience. However, this uncertainty was overcome by the personality of the founder and her presentation of the project prior to Kickstarter, and for the Kickstarter campaign.

*I know she's had her master's in business, ... I know she started one business and she didn't make it. Yes, so that was always coming in the back of your mind, so I think it was kind of a contracting business, it was totally different. But in her presentation, when she talked about loving to go horse-back riding, that she couldn't find the right kind of pants that she liked, so she has started to develop her own, that was convincing! You know, that is the way I thought some companies get started, create something that they want.*

Sophie

Another backer viewed her limited knowledge about the business world as a weakness, but considered that her other skills would outweigh this weakness, which could give her a competitive advantage.

*Maybe her not knowing so much about it, but just being a smart and resourceful person and a good planner, maybe that compensates for other people that are just actually knowing a bit more about what they are doing but not as disciplined in their evaluation and in their skills set to pull it off.*

Emily

A further aspect considered was the risk evaluation of the project. The backers believed that crowdfunding is always risky, so if an initiator asked for a reasonable amount of money, they could risk it to bring an idea to life, but if a big amount was requested, there was less probability of the project succeeding.

*The amount of money if somebody asks me, I think I could place \$175. If somebody asks me for a \$1 750, I will not do it, and \$175 is okay, I will do*

## 6. Findings – Case description and Backers' Crowdfunding Journey

*that. I think for me there are price points that are okay, I am willing to gamble that amount of money, and that is basically what I did.*

*Christina*

The apparel belonged to a luxury brand (product). Therefore, the price evaluation was done on the basis of the target market and the industry of the project. All the backers were linked to horse riding directly or indirectly. One English rider evaluated the price in this way:

*There is English riding and there is Western riding. In Western, it is ... moving ... dangling and they have the big horn in front of the saddle. Well, I ride English and that is fast turning ... jumping over things, ... [they are] about as different as soccer and cricket. They are very different worlds and I am in the English riding world. So, in the English world, a pair of show riding pants may go up to \$300, ... a jacket may be \$700. So, those prices are inflated as opposed to a pair of jeans you will wear to the mall. I will normally pay for a pair of pants just to ride around in at my barn, it might be \$90–\$120. These [EQ Wear riding pant] were a little higher than the everyday riding pants, but they were not out of line with a pair of show riding pants.*

*Christina*

Overall, it seemed to be the trust of the close circle of friends in the initiator's ability, an attractive video, and personal relationships that played a key role in the evaluation of the project EQ Wear.

### 6.2.7.3 Action

After a satisfactory evaluation, the backers contributed money to support the project. The motivation was either to support the founder due to a personal relationship, an equestrian product or a community of local entrepreneurs. Majority of respondents understood the product, but were not interested in a reward. Some backers supported because they were long-term friends and the product was not the primary motivation for them to support. These backers shared their motivation for contribution as: “Well, because she is a friend, a long-time friend” (Sophie); and “I know her and want her to be successful. I tried to be supportive” (Liam).

One backer supported another project alongside EQ Wear, as the other initiator was also a friend. “I am not a professional investor. I never evaluated the business prospects either of the two small investments [EQ Wear and other friend's project]. I just wanted to support my friends” (Emily).

However, there was a contradictory motivation where the following backer would avoid supporting a friend, and rather support an unknown:

*Investing in the company that was friend zone, I have a different attitude from such people. I am probably more likely to invest in something that I*

*don't know the people, ... your friendship is based on just who they are in the setting, it may not be based on their business, it may not be based on their ability to focus on getting a product or to do something. In my experience, the biggest disappointment I have had in business have been when I try to do business with someone who was a friend first and I didn't know how good they were at their job. The better experience for me is to work with someone in a business setting and then become a friend with them.... I have become friends with a number of people here who I met through working with them in business, so for me a friend asking me to invest in something is something I am less likely to do.*

Christina

Familiarity with horse riding and an interest in fitness attracted some backers to the project. The statement below is from a backer who was raised by a horse-riding mother and was personally interested in yoga, admired the project, and wanted to support it.

*My mom is a horsewoman ... I grew up riding western and English, and I grew up around horses and, you know, when you combine that with I tried to invest in yoga number of years ... I was a big believer in that sort of the adoption of that and the ancillary clothing associated with that, so I've really thought that business best for business Western wear.... I thought that was interesting and I can feel like my mom or my sister or someone buying it.*

Liam

Geography played a role in motivating backers to support the project, in terms of supporting entrepreneurship in their local community. The backers were also entrepreneurs and wanted other entrepreneurs in their local community to be successful. The following backer, and a friend, moved to Tulsa with their companies and tried to support the community's entrepreneurs:

*He [his friend] wants to see the entrepreneurial community in Tulsa to be successful, you know. He moved to Tulsa, we worked together and that's our goal. Part of our goal is building a community in Tulsa I moved [my] company to Tulsa – my company, and part of my goal and my doing that is I wanted to make Tulsa ... I want to build that ecosystem in Tulsa, I think that we were both supportive of that ecosystem in Tulsa.*

Liam

People had different attitudes regarding promoting the project. Some backers shared it on social media because they wanted others to know about the project. "I shared [the project] on Facebook. I definitely talked about it and a friend of mine became a backer as well because of that" (Liam). However, some backers thought the project was not relevant for everyone, and they did not share because they thought of it as niche and something specific to horse riders. "I remember

she asked if anybody has a friend that was kind of in the horseback riding, you know, the area and I didn't know people that did horseback riding, you know that was in the beginning" (Sophie).

Mainly, the backers were interested in helping the initiator to scale up her business. There were quite a few high donations from some backers who were not expecting anything in return, except for the success of the initiator.

#### 6.2.7.4 Reward

The backers were happy to support the project, but they did not follow the result of the campaign. The primary reason for not following the project's outcome was that the backers were busy with their personal and professional lives and were not actively engaged.

*I followed it loosely, it's not the top of my list. I have young children and I run a company, so I'm busy a lot. It's not like the most important thing in my life, but I follow it the best that I can, but like I said I think I got well.*

*Liam*

Though the backers didn't actively follow the project, the news of its success made them feel happy. One backer shared, "Yeah, it was great, I thought it showed a sign of support and success" (Noah), while another stated:

*Well, it was, I was happy for her, even though I didn't know her, I was happy for her. She was doing anything, creating a product that was different from, it was a pair of riding pants and I thought this will be great if they fit better than the common riding pants.*

*Christina*

EQ Wear managed to deliver on time. When inquired about the delivery time, the backers were unsure. The main reason being that the backers were not interested in the reward or were preoccupied with other matters. "It was actually a surprise. I wasn't expecting it you know, I wasn't expecting, you know, getting anything" (Sophie).

Another backer shared that she might have got them on time, but she did not know when the pants should arrive, so she was not very concerned about the time they arrived.

*I believe it did [get delivered on time] ... I was out of town or even, if shows were local, I was working so much that I didn't put it on my calendar that I was looking for them on a certain day.*

*Christina*

Although the project was a luxury brand, the recognition of the idea and its support were more important than the actual product reward.

#### 6.2.7.5 Post-Reward

The backers who received the reward believed that the quality was as promised by the initiator. However, there was a problem with size. “The fabric was great, the design was good ... they are way too long from the crotch to the waist, it was way too long for me and it was really not a fit for me (Christina). Some backers did not find the pants of their size and so gave them away:

*They will fit a lot better on somebody three or four inches taller than I am, so what I did was, I took them to my barn where I ride. Occasionally people would do this, people would take something they bought and they will leave a note which says, “free to a new home” and somebody who wants to use it will take it, that is what I do.*

Christina

Another backer explained that she gave her item to a friend: “They sent them [the pants] to me, I diverted them to a friend because I do not ride horses any more, this friend does” (Emily). A different backer was not interested in the reward and just donated it. He felt that he still invests in the company in a different way:

*I still, like, get updates from it, you know, I would call probably like just from hearing about it, so I still care about it. But it’s, you know, Kickstarter takes a few years to move along and hopefully, I am waiting for it and I still invest in it emotionally.*

Noah

The backers had a positive view of the product and, despite finding problems (i.e., with the size), they did not complain. Instead, they appreciated the quality and design of the product and were satisfied with their funding decision.

#### 6.2.7.6 Summary

The project was mainly marketed through emails, but social media was also used as a promotional tool. Most of the backers were part of the journey because they were familiar with the horse-riding industry or culture. There was vast support for the founder because of her personality, skills, and geographical location. The initiator was successful in delivering the item on time and the backers were convinced by the quality of the product. The only issue was the size, although the backers did not seem to complain about it.



Table 14. Summary of backers' journey with EQ Wear

Awareness	Email	<ul style="list-style-type: none"> <li>• "I was aware of her project even before the Kickstarter. However, I came to know about the official launch through her email" (Emma).</li> <li>• "I don't use any social media.... I do not have time to do it. I got an email from Beverly" (Caroline).</li> </ul>
	Presentation	<p>"Her video was awesome. She had an excellent presentation of the project. The photos were great. She could convincingly show to the crowd what she can really do it, and I think that is an essential part of the crowdfunding. It is not only showing how good the concept is, it is also how could you make the crowd believe that you have the access to all other required resources except the money" (Tom).</p>
Consideration	Capacity of the team and stage of development	<p>"When she introduced herself as an engineer, I wondered why is she doing these horse-riding pants, but when I watched the whole video, I was convinced that she could do it. I mean, she had a thorough understanding of what she was doing, and more than that how she was able to communicate that so impressively" (Annette).</p>
	Risk	<p>"Well, you know, I am not a gambler. There are people who like to go to Las Vegas and play the slot machine, do gambling, this was kind of, OK this my gamble, I would put the money in and wish her well and maybe, maybe I get a good pair of pants out of it" (Christina).</p>
	Price	<p>"She claims that it was ... suede from Italy, ... really high level, probably the price might have been fair from probably what it was, but I just don't know if there was a market for that in horse industry for that high level" (Sophia).</p>

Action	Motivation	Support	<p>“The most important, here is someone that I know a little bit, we’re connected, and I know she was trying to build a company in Tulsa, and then ... of course, the product, ... that I understand the product” (Liam).</p>
		Reward	<p>“Her presentation looked really good and I felt like she will reach her goal, and I will get at least a pair of pants and if I like that pair of pants, I will buy other pants” (Christina).</p>
	Promotion		<p>“Yes, I sent it out in an email form to other people who were riders, but I think I sent it to people who I know who ride Western and the ones I knew better were riding instructors they don’t make much money so I knew this they will not really I thought it was unlikely, they will be able to put any money into it. But I did send it to some other people, friends of mine who ride” (Christina).</p>
Reward	Update		<p>“So, I am probably, they are not your most typical investor, I was mildly interested in whether how successful the campaign will be but not really because, honestly, I work full-time and I travel every week and I just don’t have a lot of time to spare to follow up on things that are not crucial to my everyday environment” (Emily).</p>
	Delivery		<p>“Yes, it was on time she promised. I did not face any problem. Perhaps people outside the US had some issues, but for me it was kind of an online purchase which came as expected” (Emma).</p>
Post-reward	Expectations		<p>“Her presentation looked really good and I felt like she will reach her goal, and I will get at least a pair of pants and if I like that pair of pants, I will buy other pants” (Christina).</p>
	Experience		<ul style="list-style-type: none"> <li>● “I gave them away, they did not fit me at all” (Christina).</li> <li>● “It was amazing, I love them. They are real high quality” (Emma).</li> </ul>

## 6.3 Case 3: Freedrum

### 6.3.1 *The Offering*

Freedrum is a virtual drum kit that fits in a person’s pocket. The kit is placed onto drumsticks and paired with a smartphone. It comes in four pieces, two for the drumsticks and two for a person’s feet to balance the beats. The Freedrum kit uses sensor technology to virtually act as if real drums are being used. It does not require any Internet connection for it to work with smartphones. Rather, it uses Bluetooth MIDI to connect to smartphones and runs on a battery that lasts up to one week or seven hours if in constant use. The Freedrum kit was designed to have an interchangeability property that allows the drumsticks drum kit to be used on the feet and vice versa. The designers intended to use the drum kit to bring the drumming experience from soundproof studios to the outdoors, or any other place one could access a smartphone. The team claimed that Freedrum was designed to create an immersive experience for drummers of any skill level, whether they are aspiring drummers or have extensive drumming experience.



Figure 19. The virtual drumkit (Freedrum, 2018a)

### 6.3.2 *The Team*

The team consists of the inventor and founder of the project, August Bering, and two other members, Philip and Rasmus. Additional to the team is design and technology studio Block Zero in Malmö, Sweden, who partnered in designing and producing the drum kit as well as providing consultations to team members on the best approaches for developing the new product. The team members provided

different experiences and expertise in their fields of practice to make the entire process a success. The team worked with a mechanical engineer, industrial designer, and professional drummers to provide the best drumming experience possible. Although the inventor of the Freedrum is a musician, he moved forward with the idea and with the help of other team members to bring the project a reality. The whole project was supported by the three team members with assistance from Block Zero for testing and producing the prototype and final product designs.

### **6.3.3 *The Initiators' Motivation***

The idea for the project was inspired by a true event that necessitated the founder to look for viable solutions to reduce the weight and size of ordinary drums. A year prior to the crowdfunding campaign, the founder's son wanted to learn how to play the drums, but there was no drum kit available at their home. Bering brought his son's grandfather's drum kit home to allow him to practice, but it took up so much space and was loud. Being a musician, the founder looked for an alternative. There were digital drum kits, but they were not silent and were as large as the ordinary drums. This challenge propelled Bering to think about making a portable, silent, and light drum kit that would be appealing. He used his son's drumsticks and started building the drum kit. With the help of other team members who comprised of a mechanical engineer, an industrial designer, and a professional drummer, the idea was set in motion and a prototype was developed and tested for efficiency, with a campaign being initiated.

Based on the initial idea of the inventor, the Freedrum kit was primarily designed to provide a convenient way for musicians to practise drumming at their convenience. However, this would require the person practising to have a compatible smartphone to support the drum kit. With the design, the project sought to give users of the kit an exceptional drumming experience and practice, without having to visit a specific location to play the instrument. Furthermore, the project solved the problem of space requirement for the drums. With the design of the drum kit, the users were able to have a natural drumming experience, without the drums on site. This product function made the kit convenient, space-conscious, portable, and admirable to drummers who want to carry their kits wherever they go. Finally, the project was designed to offer people intending to practise drumming a chance to do it at their own convenience and place, while at the same time not disturbing others. This is enabled using headphones as an output device for the drum kit. Therefore, the kit could be used in a crowded place without others being disturbed by the drumming sounds.

### **6.3.4 *The Campaign***

The campaign of the project took a rather mixed approach that involved either a pure donation or a contribution that acted as pre-booking guaranteeing the contributors a product in return. The project was launched for fundraising and pre-

selling on Kickstarter in November 2016, so that the team could finance the initial product run. For instance, the campaign called for a pure donation of US\$1 that did not guarantee anything in return other than gratitude. This pledge attracted 118 backers. Backers who pledged US\$10 were given a process booklet with exclusive information on and pictures of Freedrum, while those who pledged US\$69 or more received a Freedrum kit and the booklet at discounted rates. The minimum donation was US\$1 and the product was sold for a discounted price of US\$69. The project's goal was US\$150 000, but it received extensive support from the public and raised US\$622 877 from 4 054 supporters. The project was live on Kickstarter from 7 November 2016 to 6 December 2016 (29 days). Over this period, the project was able to collect more than four times the targeted amount, making the whole fundraising process a success. In the long run, the idea came to life after attracting more supporters than it had anticipated.

### 6.3.5 *The Video*

The Freedrum message was communicated through a series of videos and photos showing the product and how to use it. The main video of the project had the founders and team members explaining the reasoning, design, and usability of Freedrum as well as a call for donations that would act as pre-booking for the complete version of the drum kit. Other videos on the Freedrum Kickstarter page showed different people using the kit. The company shared that Freedrum was designed to give musicians the most natural drumming experience, which was claimed to have been achieved by making it small, lightweight, and easy to set up. The Freedrum kit is adaptable to any size drumstick and could be placed anywhere on the stick to suit one's drumming style. When Freedom is off the drumstick, it easily fits into a pocket. Freedrum works with Bluetooth MIDI standard, which provides very low latency and makes it compatible with most iOS and macOS music software. Freedrum is powered by a tiny, high-capacity LiPo-battery, which can be fully charged in just under an hour, providing enough power to keep Freedrum running for a week or seven hours of constant drumming. Finally, the photos on Kickstarter showed the final appearances of the drumstick fitted with the Freedrum kits. Moreover, the final boxing to ready the product for shipping was shown to illustrate what the buyers should expect to reach them.

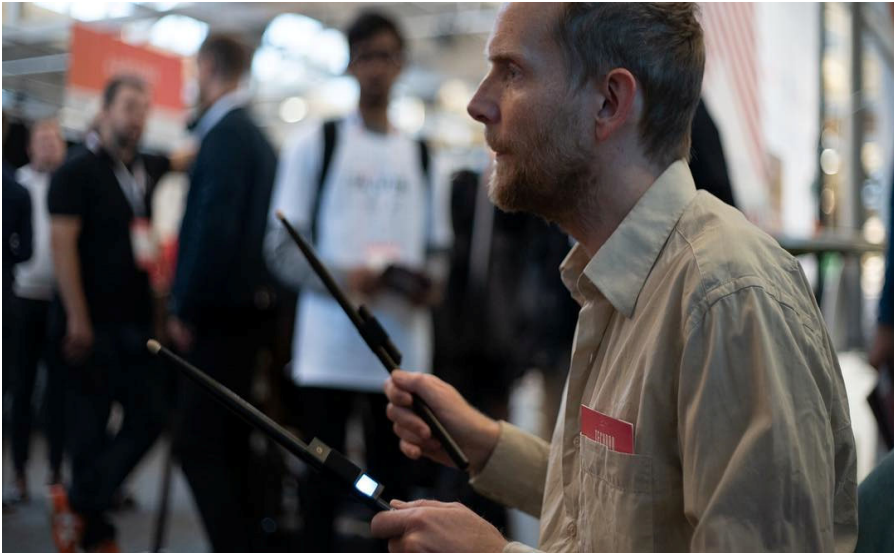


Figure 20. A man drumming in a public place (Freedrum, 2018b)



Figure 21. A man drumming in a park (Freedrum, 2017)

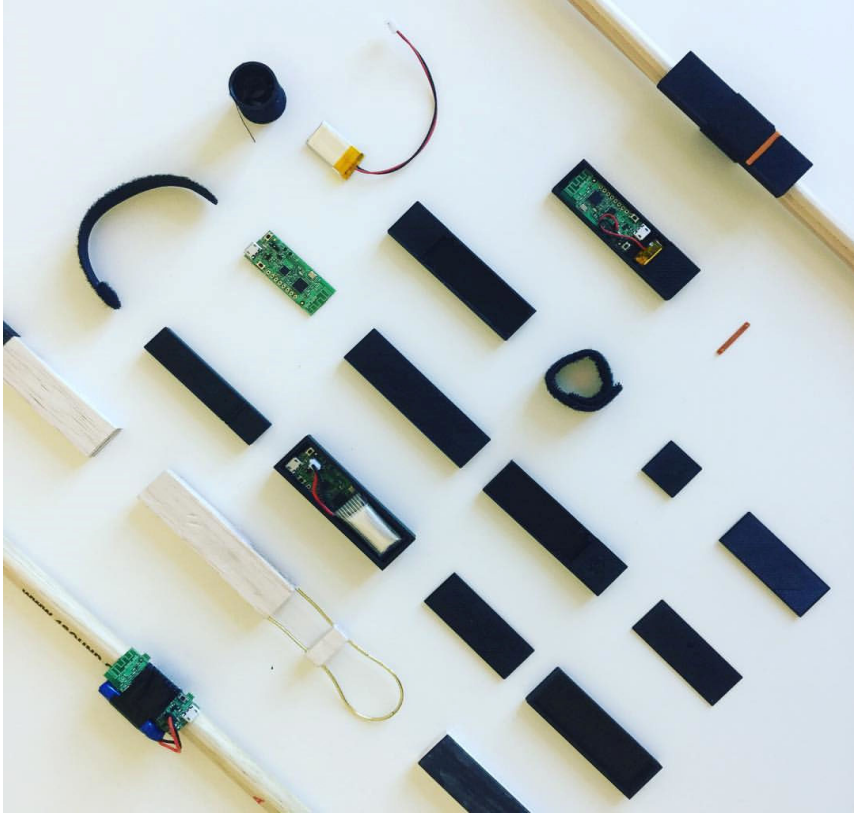


Figure 22. Freedrum prototype (Freedrum, 2016)

### 6.3.6 Challenges and Risks Involved

Producing a portable, light, and silent digital Freedrum kit for the first time proved to be a challenge for the team. The product was in continuous development to give it ultimate compatibility with a variety of devices and operating systems without limitations. This procedure posed a challenge to the project, as it could interfere with the functionality of the Freedrum kit in the long run. However, the team members were confident that this challenge would not affect the project according to their set timelines of improving and updating their product. The possible risks of the project lay in the production process. The product required customised components and entirely new products. Consequently, a factory line was required to conform to the materials used. This procedure was likely to delay the product production and shipping to the pre-buyers on time, while at the same time maintaining the quality of the product described in Freedrum's Kickstarter campaign. Despite this risk, the project team were ready to face the issue in case it happened. Nonetheless, they were confident that production and shipment would continue without disruptions from the factory.

### 6.3.7 Backers' Crowdfunding Journey

Soon after Freedrum's launch on Kickstarter, the project received attention from the crowd. There were a lot of conversations – both supportive and critical – and the initiators were able to reach their goal quite quickly, and were overfunded by a large margin. The section that follows describes these backers' crowdfunding journey.

#### 6.3.7.1 Awareness

Freedrum had a working prototype and the founders arranged a party, inviting their friends and acquaintances to try the product. This was one of the ways they developed legitimacy for their project in their close social circle. Getting to try the product and learning about the progress of the project made it easy for the guests to trust the founders, some of whom turned out to be the backers to the project. One respondent stated, "That makes a difference in the way that I got to know it in its early stage, well, it was easier to ask questions about the project" (Elias); while another said:

*I would trust it actually finish or to deliver on what they promise perhaps basically also because I knew the guy who made this, and I have seen their early phase so I kind of had, I knew that they were on to something, it was real.*

Gustav

Furthermore, the news of the launch of the project came to the public through social media, whether they were friends of the initiators or not. "Well, a few of the people behind this project like Baring and Philip are former colleagues of mine, so I read about it in their Facebook status updates" (Leif).

The backers believed that social media was the primary medium to get the message out about crowdfunding projects. For them, there was a high chance of the crowd browsing the project on Kickstarter if it was first seen on social media. "When I see something in my social media and go into Kickstarter, then maybe I look around a bit more while I'm in there, but it's not something that I have in my weekly or daily routine" (Leif).

A video was of utmost importance for the backers, emphasising the initiators' transparency about the undertaken project. Moreover, their honesty was stressed. The uniqueness of the idea was a core for the backers to contract their attention.

*I guess you need something unique, otherwise if it already exists, it is kind of pointless. I think I like honesty, you know, transparency to show what you are doing and talk about why you are doing it and that is all.*

Gustav

The backers seemed to believe that the initiators must put effort into advertising the project so that the message reaches a larger audience. They considered social media a powerful tool. "You [the initiator] need to spread the word, you need to



advertise it, get people to write about it and get people to share it and like” (Gustav). Furthermore, another backer shared that, “social media, of course, can be a powerful tool to spread it [information on the project]. If a company creates a powerful video, has a big network that it can use to spread it, that can snowball hopefully” (Magnus).

Even though the project had many admirers, it garnered extensive negative WOM. This was primarily from drummers and musicians who were unhappy with the project and questioned its viability. However, the backers who were friends of the initiators considered this negative feedback a success factor. They viewed this as a signal of recognition of their work, whether the critics were happy with it or not.

*Usually when you have a good or successful product, I find that the successful product I see on the Internet is usually also measured by the amount of negative feedback that the project gets. So, because it is like drumming and a musical instrument and there is a lot of curious drummers out there, the project itself got a lot of negative attention as well, which is actually a fantastic thing because it means that you are doing something that people are caring about. So it's haters. He developed a lot of haters and I remember speaking to him [and telling him] that it is a really good thing, don't look at that criticism. I think it isn't something that is very bad, it is very good.*

*George*

Since the project received attention from several people, the next phase was the consideration thereof.

#### 6.3.7.2 Consideration

As the Freedrum kit successfully captured the attention of the crowd, the backers evaluated the project around different aspects. The criteria were the team's ability and reliability, the risk of failure, and the price. Some backers could trust the project, as it was launched by their friend or colleague. Otherwise, it would have been hard for them to believe whether the goal was achievable.

*I know that Philip is not a person who would connect himself to a project unless he believes 100% that he can exactly provide what he says he can provide. So, I do believe the product is going to do what he says.... If Philip was not in this project, I would be kind of honest with you, I probably would not have backed the project. I might have bought the product like this in future, like I say for my music room. Instead of having an actual drum set, I would have a digital drum set, and this is something I thought was really cool.*

*George*

Though an acquaintance with the team was important for some backers to trust the initiators, the original product idea was more important. “I have met, and then we worked with one of the founders ... of course, it is irrelevant that we live close.... I mean the idea of the product is more important” (Elias). Another backer, who is also a musician, was not very convinced that the team would be able to do it, but he wanted to give them an opportunity to try it – “I was sceptical that [it] could work but I trusted them” (Francesco).

The video was evaluated differently by various backers. Some backers regarded the video as a powerful tool to convince the audience and appreciated it – “Well, it’s up to them [the team] to prove, I guess, but I thought they did a good job in proving it in the videos that they have the competence to do it, and the product really exists” (Casper). However, another backer felt there was a lack of real realisation of the full potential of marketing. He believed that drummers would not consider Freedrum’s video as a serious work when the video showed amateur drummers playing around. In his opinion the video should have had real drummers playing the kit.

*I think they’ve missed a bit in the beginning when it came to market the product. I don’t think they really showed its true potential.... It was quite obvious what people in the video who were trying Freedrum weren’t real drummers. So, you could see well, they could fiddle around with the thing, but couldn’t creatively play all that well.... But later on, the project, I think they had a video two with somebody who knew what they were doing. More serious work*

*Elias*

Having the public’s confidence was another important dimension of success. The backers believed that the company could win this confidence by showing their homework:

*The initiators must be like, “we have a decent team, we know what we are doing, we have got a different thing over marketing, we have got a product developing done, we have got software developing done, we have got industrial design done that we are going to use, the manufacturing is already line up, all the team is working together and everything is in place, all we need is your funding our goal. And the product will be ready by the X time or date”. If the company is able to transmit that confidence, or if a group is able to transmit that confidence ... you can see that [it is] going to be successful.*

*George*

The risk of failure could be seen by the backers, although the team was seen as having legitimacy. It would be hard for backers to trust any team without the background the Freedrum team has.

## 6. Findings – Case description and Backers' Crowdfunding Journey

*If it was the same product, but another team was behind it, I think I would be interested in the product, but I would want to find out more before backing it because I wouldn't have the same trust in the team as I have now since it's not a lot of money but it's some money. And I'd like to make sure that it's a good product that comes out of it, that I buy for that amount of money.*

*Leif*

Being from Sweden, the project was considered to carry less risk. One backer commented that they would be more careful if the project was from another country, such as China or France:

*Well, if it would belong to somebody in China ... That you know wouldn't make a difference for me. ... I would research the people a bit better. To see their background, have they done similar things in the past? What kind of assurance do I have to know that they're going to deliver what that said? ... I would say the same thing [if] it was for somebody in France.*

*Elias*

Since it was a technological project, the backers believed that the price was fair. It was hard for the backers to comment on price. "I am not sure how to say it. It is a tech project and you really can't say much about the price, but to me it seems fair" (Casper). The team was successful in being considered positively by the crowd, which led the backers to the action desired by the initiators.

### 6.3.7.3 Action

After the evaluation of different aspects of the project, the backers moved towards funding the project. They were motivated to support a creative idea and their friends or colleagues, and to receive a reward. Though this backer did not get any reward (only donated) but was interested in the product, he believed that he would simply help the friend and provide clean capital, and later buy the product:

*I will say, in this case, [it] was a combination of two things, one thing I did want to support my friend but secondly was also because I thought it was a really brilliant idea. The execution was really good, the video he did was good, the entire design on the back of the project was also really good. ... I like to look at projects on Kickstarter, but not to support anything necessarily. I mean, there have been projects that I wanted to support, but I decided not to, but in this case, it was because he was just a friend and because it was a really good execution of the type of project*

*George*

Another backer expressed that it was easy to trust and support a friend and that he usually would not do this with other project initiators. "I am a little bit sceptical about supporting a start-up project, but in this case, I was pretty much comfortable

that Philip will be able to make a success out of it, I was pretty confident to support him” (Leif).

A different backer was motivated to support the project for a friend, but he was mainly interested in the product – not merely to help – and wanted to be among the first users of the product.

*I wouldn't back it. I still wouldn't like to support a thing that I didn't have any use for myself ... I wouldn't buy it just because it was his product. ... I wouldn't like to support a thing that I didn't have any use for myself. ... I would back this product from some other maker, if they were the first ones on the market, I will also support that as well.*

*Elias*

This sentiment was shared by another backer: “I was interested in the possibility of playing drums without owning a kit.... I’m excited to be the first one to try a new type of product” (Francesco). All the backers had some background with music, which may or may not be related to drumming.

*Well, I'm a musician myself, so I found it very exciting. I'm not a drummer but I'd like to [be]. I'm a guitarist and a saxophone player, but I like to work with rhythm. I think this is a good way for me to be able to have a drum kit without having to buy one, you know.*

*Leif*

Furthermore, the backers were motivated and excited to support a project from their home country. They were looking forward to the success of the campaign after contributing money. “Yeah, it’s good. I [would] really like it that they succeed, since it is a local project for this part of Sweden, my home town” (Elias).

In addition to the financial support, the backers were involved in marketing the project and promoting the campaign. As a result, some of them could recruit more backers and the other backers were not sure if their promotional activities had any fruitful results. Some of the responses were: “I spread the word.... The word was already spread within a week. It’s interesting that many people thought it was a cool idea, but I don’t know if my word of mouth contributed to more backers” (Elias); “After I funded the project, I showed the Kickstarter page to some friends and they were excited, but none of them pledged” (Francesco); and

*I play music in a band. I talked to my fellow musicians about it. I recommended them to take a look at it, and also of course with my colleagues here in studio. ... I'm not sure, I think one of my friends also backed it, if any of my colleagues did, actually, I don't know that.*

*Leif*

In the end, the project was overfunded by a large margin, as there was a huge market for the virtual drum kit.

#### 6.3.7.4 Reward

The backers patiently awaited their reward. The team could partially deliver the reward on time, although some backers experienced a delay. Some of the feedback included: “It had kind of gone out of my mind for a while. I was not contacted by them. I hadn't really read about it for a couple of months, but soon after that I got it” (Leif); and “I got the product perfectly on time in August 2017” (Francesco).

The experienced delay was due to packaging issues, where the company could not manage the desired packaging for the reward. But the backers were understanding and did not have any problem with the delay.

*I think it was a little bit delayed and I had some issues with packaging. The plan was to have like a nice print on the package ... there was some problem with that, the first batch that was sent out just had a plain box instead just to get the product out instead of waiting for that fancy box. ... I was fine with it and it didn't cause any worry to me.*

Gustav

There was an understanding among the backers that the crowdfunding process carries the risk of delay. Nevertheless, they emphasised the importance of updates and transparency if there were any delays:

*It's [the delay] part of the process of the whole crowdfunding, so you just have to accept that. I mean otherwise it would just be buying the product that already had been developed.... Different products take different amounts of time to get to the market.*

Leif

*Since they were very transparent with what was going on, so now we have this thing going off the production factory, they were correcting the actual drum sticks and small devices and they are boxing everything you have got update from them for paying, what was going on all the time.*

Gustav

The following comment from a backer shows how the team was helpful, despite there being many issues with the delivery address.

*I just received my kit last month and I really appreciate the service from the team since they first sent it in September and for some reason (on my end) it couldn't be delivered then they emailed me when it got returned to them, I missed that one, then they chased me, but I wasn't around, and months later in December I got back to them with a new address and they sent it again. Did I mention this was all for free and nice of them? High five, kudos, thx.*

Lilly

Overall, the team was able to make a positive impression by delivering the reward on time.

#### 6.3.7.5 Post-Reward

The backers were excited about the reward and had expected the product to fulfil the promise. The reward turned out better than they expected. “I was expecting to get the product I backed, fully functional and not a ‘beta hardware’. When I got the Freedrum, I was surprised! It worked better than I expected!” (Francesco). The backers described the drum kit as a way for them to relax and as being convenient to use.

*Yeah, I think it's such a portable product, you can use it anywhere and it's easy to use. I think it will help if you feel stressed or if you are frustrated about something, I think it would be a good tool for that, similar to other things like exercise or things like that to get rid of some stressful frustration and put your mind to something other than what's stressing you out.*

*Leif*

While the feedback was mostly positive, with one backer commenting, “I think it is actually a little bit better than expected” (Casper), others posted their complaints on the Kickstarter page. However, the company responded to these issues quickly, which changed the scene. “The calibration sucks on these things! Can’t even get it to last one song without messing up! Plus, the Tom doesn’t work on the app” (Casper). The team referred these backers to the tutorial, which solved the issue. The backers were apologetic and appreciated the team.

*That fixed it. Thank you so much. I apologise for my aggravated comment the other day. I couldn't use it during a worship event at church because it was messing up on me, so I was a little annoyed. My apologies and thank you for the fix!”*

*Casper*

Despite several risks, the initiators were able to deliver the project successfully, and that met the expectations of the crowd.

#### 6.3.7.6 Summary

The project received extensive attention from the crowd – both positive and negative WOM. It was overfunded by a large margin and it was easy for the team to convince the crowd to trust in their capacity to deliver what they had promised, mainly due to their professional background. The product was mostly delivered after a bit delay, but the backers were cooperative and understanding. The product had some flaws, but these were not serious. Overall, the project provided a positive experience to the backers.

Table 15. Summary of backers' journey with Freedrum

Awareness	eWOM	<p>“I think it [social media] has an impact in the beginning to get the project going on, and the word of mouth going, and, in that sense, it is crucial for the project to make it to really take off and to attract as many people as possible” (Magnus).</p>
	Presentation	<p>“I think it could have been a good video, a good video describing what the product does and how it stands out from other similar products and like. A catchy video I think is the quickest way to grab one's attention. It's much more difficult to make people realise what a product does by just writing about it or showing pictures of it, video is kind of in a much better way explains the potential of an idea” (Leif).</p>
Consideration	Capacity of the team and stage of development	<p>“I remember my initial feeling when I watched what he was doing [in the video]. I was like, that is a simple solution with some complicated technology in the background, but it is such a simple solution in the form of an instrument that is understood by everyone in the entire world, this is something that could catch fire. I knew from the start that this project must be successful” (George).</p>
	Risk	<p>“I wonder if anyone involved in crowdfunding is not aware of the risk it carries. It is simply uncertain, it's a kind of gamble ... you need a passion to be part of this process and of course always be ready that you may not get anything at the end, or it might not function as promised” (Candy).</p>
	Price	<ul style="list-style-type: none"> <li>• “It was a great invention, a replacement for a huge drum set and, in a way lower price” (Casper).</li> </ul>

		<ul style="list-style-type: none"> <li>• “It is a product which is very accessible, the product itself is within a price range that is extremely reasonable” (Magnus).</li> </ul>
Action	Motivation	<p>“Well, it was kind of both, I like the product and I wanted them to succeed, so both of those both aspects ... I wanted to have this product and if they didn't get financing maybe it wouldn't get to markets, but also of course because these were my friends and I wanted to help them out” (Gustav).</p>
	Reward	<p>“I think, if you are not a drummer, you wouldn't buy this product. I think all these backers have some form of, either they are singers, they like music or they may be into some recording, or they play in a band, and maybe they are not directly a drummer they do have musical hobby. I will say that is a really profile of people that you are selling to obviously people that have access to that kind of stuff” (George).</p>
	Promotion	<p>“I was so happy to back the project, and I asked my friends too to have a look. Since I am a musician and I have many friends that do music professionally or as a hobby, I shared with them. I know at least one of them who backed, but everyone admired the idea” (Magnus).</p>



Reward	Delayed delivery	Complaining	“I could see people were receiving their rewards, and I did not get mine even after a month. It was really frustrating for me, so I contacted them again” (Lilly).
		Understanding	“That was a big issue for me, that it was a bit delayed. It is crowdfunding and can be possibly delayed as they can only give tentative time” (Candy).
		Transparency and communication	“There was a delay, which could be unpleasant ... these guys were continuously updating us, the backers, about each step they took after the Kickstarter fundraising. That made me feel comfortable and I was not doubtful that I wouldn't get the product” (Magnus).
Post-reward	Expectations		“I was expecting that the product would have some bugs from the software or even hardware, and there were some too, however, I must say I found the drum kit better than I expected. I am very happy with it” (Leif).
	Experience		“Freedrum works fine. They might not replace real drums any time soon, but they are fun to play and the kids love them” (Elia).

## 6.4 Case 4: Persu

### 6.4.1 The Offering

Persu bags are redefined gym bags for individuals who are modern and lead an active lifestyle. The founder claimed it to be one of the most highly functional gym bags. The Persu bags are made out of high-quality, durable nylon that is water-resilient and lightweight. The bags are easy to clean, thanks to the removable and washable interior. In addition, these bags are more attractive and practical than other athletic bags on the market. The functionalities of the Persu bags have been designed to redefine ordinary gym bags to accommodate all gym clothing and materials in different sections of the same bag. From boxing clothes to yoga-related accessories and mats, the bag was designed to accommodate all these items. To make the bag more unique and durable, it has 360-degree swivels and the entire outside of the bag is made of polyurethane (PU) leather, which is a water-resilient material. Moreover, the bag comes with a drawstring shoe bag and a machine-washable zip-up bag for storing sweaty clothes. The project was launched from Los Angeles.



Figure 23. Persu gym bags (Su, 2017)

### 6.4.2 The Team

The Persu project was entirely carried out by a single person, founder and designer Stephanie Su. Since the project did not require much expertise from different professions, it was possible for it to be carried out comfortably by the inventor to the end. However, she had assistance from friends, family, colleagues, and

mentors who made it possible to develop the project through its different phases. Louie Heredia from B-Rolling Inc. and Vinny Pereira assisted with photography and video respectively, while Lasers helped the founder incorporate music into the video. Furthermore, participants like Devin Scott, Brooke Tjarks, Savanna Hogan, Emily Wu, Meredith Richman, Tamara Hovespian, Erika Fisher, and Ronald Ellis were used as characters in the Persu video, despite not taking part in the project design. Lastly, the founder’s family, friends, colleagues, and mentors were useful in providing feedback and inspirational support. The project was mainly undertaken by the founder, with the help of friends and family in completing the advertising and illustration aspects of the final product.

### 6.4.3 Initiator’s Motivation

The idea behind the project was based on the founder’s experience, which inspired her to develop a more fashionable and all-inclusive carrier bag for gym lovers and athletes. Although there were already gym bags on the market, the idea to develop a new design was further fuelled by the designer being an athlete and wanting an all-in-one bag for her changing fitness classes, including pole dancing and boxing. The founder noted that the recent movement towards a healthy and active lifestyle had created a big market for fashionable women’s fitness apparel, exercise classes, and sports luxe. However, no highly functional and attractive athletic bags existed. The founder tried to fill this gap in the bag and fashion industry by offering a highly functional, but stylish gym bag. Particularly, the founder wanted a gym bag with an interior design that had a pocket for users to store their phone, tablet, and tech accessories, and mesh water bottle holder. Furthermore, the design allows the users to carry their keys on special key holders and has a removable and washable liner. The idea came to light and the Kickstarter campaign was successfully undertaken.

### 6.4.4 The Campaign

The Kickstarter campaign for the project was initiated once the preliminary stages of the project development were completed. The prototype of the product was already developed. The whole manufacturing plan also seemed to be well planned and the company had secured quality manufacturers abroad (outside the US). The additional stretched goal after the funding goal was set to use it to create more designs based on the supporters’ feedback. Along with fundraising, the Kickstarter campaign was mainly used to test the idea and for pre-sales. In total, 694 supporters contributed US\$90 938 to help bring this project to life, when the initial funding goal was US\$30 000. The minimum donation was US\$1, meaning the project was open to any small donation. Just 24 people contributed US\$1 and six contributed US\$10 to help the founder, while the rest of the supporters were all pre-buyers. This combined approach made it possible for the project to collect three times its initial target. However, almost 98% of the funding was in terms of pre-buying the Persu bags with some booking with US\$10 000 that included a

future bag that would be named after the backer and a trip to Los Angeles as a personal thank-you from the founder.

### **6.4.5 The Video**

Communication and illustration of the desired product were primarily shown using a video and a set of photos. The video on Kickstarter showed the prototype of the bags – Jessica and Tom. It showed how women could carry this bag anywhere, including the office, gym or restaurant, due to its stylish look, which was not possible with ordinary gym bags. Additionally, the video explained the high functionality and durability of the bag, which is made of high-quality nylon that is durable, washable, and water-resilient. The hardware on the bags is heavy-duty with 360-degree swivels, and the PU leather is water-resilient and easy to clean. The interior of the bags is completely removable and machine washable. The bag can hold a range of fitness gear for various classes, due to its flexible bungee straps. Each bag comes with a drawstring shoe bag and an additional machine-washable zipper bag that can be used to store sweaty clothes. The photos also illustrated the different items the Persu bag can carry, its interior design, and its exterior parts.



Figure 24. The Jessica bag (Persu, 2015)





Figure 26. Capacity for yoga items (Su, 2017)

#### 6.4.6 Challenges and Risks Involved

The greatest challenge of the project was relying on the overseas manufacturer to complete the assigned orders on schedule. This also created a risk of losing backers in case of an extended delay in the production and shipment of the bags to buyers. Furthermore, the skill level of the manufacturer might interfere with the needed quality, forcing the founder to explain this to the backers. However, the inventor devised a mechanism to counter this challenge and adequately avert the risk before it happened. In doing this, she either went or sent one of her partners to oversee the production of the Persu bags that were already pre-ordered. In addition, seeking an alternative or back-up manufacturer was part of her plan to manage the challenges and risks. Such measures were to be taken when there were delays in production processes from the contracted manufacturer. All the production of the bags was based in the US, with the bags later being shipped to the various backers.

#### 6.4.7 Backers' Crowdfunding Journey

The founder had worked hard with limited resources to attract backers and win their trust. The section below describes how the backers took their crowdfunding journey.

#### 6.4.7.1 Awareness

The founder initially planned to use social media to market the project before the launch of the project on Kickstarter and created accounts on Facebook, Twitter, Instagram, and Pinterest. However, the initiator avoided posting pictures of the project on these platforms because she did not want to attract attention without people knowing where to buy the product from. Therefore, the project awareness started right from the launch of the campaign. The primary source of getting information about the project was social media. The news of the project came from friends and also through common friends of the backers and the initiator: “One of my friends from growing up, one of my friends from high school went to college with the person who created it [Persu], and he shared the project on his Facebook” (Jessica); “One of my friends from gym shared it on her Facebook and tagged me as well” (Linda).

In addition to social media, some backers learnt about the project through the Kickstarter website. The backers shared that they were browsing the Kickstarter website, looking at multiple projects, when the Persu bag got their attention. From Kickstarter, it was noticed by those who were into fitness exercises or yoga:

*I was surfing the Kickstarter website, and I just happened to come across it... I actually got it as a gift for my friend because she’s a big yoga boss. And she’s always been looking for a nice sports bag, so I thought that would make a great gift.*

Kimberly

*Yeah, just from Kickstarter, just from kind of browsing through the different categories and then seeing like, you know, different things that I was like OK that looks nice... Just kind of browsing through looking at different things that I saw on lifestyle and I found that project from there.*

Nicole

The backers acknowledged that the video explains the features, benefits, and uniqueness of the bag, which maintained the attention of the viewers and could ultimately make them have a closer look at the project.

*I think a really detailed explanation of the feature and benefit of the product and including pictures and videos as you have video ... if she did something new and I saw it, I would at least definitely take a look at it and if I like the product I would probably donate.*

Jessica

The title “redefining gym bag” made gym users curious to, at least, have a look at the project. One backer believed that the title of the video was relevant to her and watched it. By the end of the video, she reached the Kickstarter page.

*I saw it in my Facebook feed, and the title was so attractive. When I started watching the video, it was so engaging and the way she put her*

*presentation that was awesome. I could see some bag which I had wanted to have for a long ... I clicked on it, and I was on the Kickstarter page.*

*Kylie*

The initiator found it difficult to manage quality video and photos. However, she could communicate with the backers in an effective manner and got admiration from them. The backers shared that they found it impressive how the initiator visualised every part and feature of the bag.

*One could see the real hard work she has done. I am an entrepreneur and I was impressed by how she managed to present such a nice video. The way the video describes the features and visualises it, ... and creates interest, I bet one would watch the full video if not actually backing the project, I think so.*

*Melinda*

#### 6.4.7.2 Consideration

Several project aspects were evaluated by the backers when they had a closer look at the Persu bag. The backers believed that it was crucial for them to see if the initiator had the ability to fulfil the promise she made. Having a unique idea was not sufficient for them, as they thought there were several people with good ideas and it was not practically possible to bring all these to life. They evaluated whether the initiator had the relevant skills and resources, and they were also curious to see how she would combine all those things to make the bag and deliver it around the globe.

*Yeah exactly. Do they have the skills? Because, you know, a lot of people have good ideas and that's great, but it takes more than that to be able to deliver. You need to understand, how am I going to be able to manufacture it? Who is going to build it for me? How do I get the parts? Am I going to ship it? It seems that people don't necessarily always think of it at the very beginning. Those are some of the hardest things to get right. That's what can sometimes mean you can't deliver on something that was otherwise a good idea.*

*Nicole*

The backers shared that they were aware of the risk attached to the crowdfunding projects. For them it was not easy to believe in the initiator unless they saw a working prototype. Through the video, the backers could discern that the initiator of the Persu bag did not only have the theoretical knowledge of putting the idea together, but also the practicality to put everything together in the form of her working prototype.

*It seems like a good product to me. It seems like something that I would use. I think when you're looking at all the different ones ... if you don't*



## 6. Findings – Case description and Backers' Crowdfunding Journey

*have a working prototype, I don't really want to back it because you know there is so much risk involved. Having a good idea is one thing, but having the business knowledge to actually translate that into a product is a completely different thing.*

*Kimberly*

It was easier for backers who were recommended by the common friends of the backers and initiators to trust the founder, which might be difficult and riskier for a complete stranger.

*Watching the video, I just really liked all of the different features of the item, so I trusted her first because of him but then after the second I really just liked what she was making. ... If I didn't know him but if I still found the page I probably would still have invested but maybe less money, like I will have done one of the lower levels.*

*Jessica*

There was also price evaluation for the bag, and it was considered expensive compared to similar bags available in the market. However, the backers supported the project because it was a Kickstarter project. Despite being a little more expensive than the market price of similar bags, the backers contributed money to bring the idea to life.

*It is an expensive bag ... this kind of bag has the design of actually being able to remove the inside and wash it. But you could get probably a similar sized bag in a relatively similar type of design, but I thought that there was the Kickstarter thing ... I didn't really mind actually putting a little bit more cash for that.*

*Kimberly*

Overall, the project was evaluated based on the initiator's capacity and the price of the project. Mostly, the backers did not know the initiator, but they had a positive evaluation of the project, given the uniqueness of the idea and also a journey of the initiator for making the bag shared with them in the pitching video.

### 6.4.7.3 Action

The backers moved on to the action phase of the journey after the evaluation of the project. They were mainly motivated by the reward, but also wanted to support the entrepreneur. The backers put in money into the project because they believed it was a collective effort to support an innovative idea and get a reward. However, a unique feature of the project was that it was not supported by a pure donation. There was no support by family and friends, as the founder wanted backing from public members interested in receiving the product. One backer shared that she contributed money to projects she primarily wanted to support. Concerning the reward, she was only interested in the projects that were not available in the

market, otherwise there was no point in her waiting for a product that was available instantly.

*I think the conclusion that I come to and this is probably why I don't do it as much any more is that, if it's something that I can go to the store, go for it by tomorrow, I don't want to wait for a year to receive it. So, if it's a project that's a really unique, or something that I think is really good, or when you're doing it for the community or something like that, I would still back it. But I feel like if I'm going to go buy a T-shirt on Kickstarter that I would [have to] wait for eight months, I will go to the store and buy a T-shirt.*

Nicole

As desired by the founder, the backers were interested in the reward. This would give her more recognition of her product.

*I actually really wanted the bag ... yeah, actually mostly I just wanted a new bag, so I think the primary was I wanted to buy the item and the secondary motivation was [I] wanted to bring it alive ... I have seen a lot of what is out there so I certainly knew if I was going to buy one it will be from something like from Lululemon, but Lululemon is also already expensive and so I thought I might as well spend the money to invest in something new and get a similar bag.*

Jessica

On Kickstarter, some backers were first-time funders, while others were returning funders. This backer, who had backed several projects at the time of the interview, had the Persu bag as the first project:

*It was one of my first few Kickstarter campaigns, so I think that that was a lot more excitement involved. You are kind of helping to bring an idea to life. A bag, such as the Persu bag, wasn't on the market yet. So, I kind of genuinely felt like I was contributing in the small part by putting in the pledge. So that was exciting.*

Kimberly

A lack of practical and functional bags was one of the reasons why backers were interested in the Persu bag. One of the backers was interested in the bag because of its functionality. She had tried different bags but was not satisfied, while the Persu bag seemed very practical to her. "There's not that many or they're not very practical. You know what I mean is the linen that you can take it out or you can wash it things like that. It's really functional" (Nicole).

Some backers contributed money because by contributing even just a small donation, such as US\$5, a person could be listed among the project backers who received all the updates related to the project from campaign to reward and even post-reward. These backers contributed to following on the journey from the

Kickstarter campaign to the final reward delivery. One of them wanted to get insights for her own campaign, and the other was just curious to follow the initiator. “Actually, I didn’t pledge for a bag. I just donated a little bit because I was interested in the entrepreneur’s journey, which was happening there that is why I backed the project” (Masooma). The following backer wanted the bag, but was also curious to track what was happening:

*Yeah, sort of just to kind of to kind just to be part of this in a small way. ... Yeah, I like, you know, actually kind of seeing the process. How they conceptualise the product. Especially when they take feedback like what colours, what sizes, what do you intend to use a particular product for.*

*Kimberly*

The backers were also involved in promoting the project. They shared the project on their Facebook pages and, as a result, in some cases were able to recruit some more backers for the bag. For instance, one backer explained, “I shared it on my Facebook. I showed it to my friends and she also backed it” (Nicole), while another stated:

*I think I sent it to a lot of people to still look at, but I don't think they invested or anything [...] I don't think anybody has gone and bought anything yet, so I think for now they are just complementing.*

*Jessica*

The backers contributed money to get the product and also to be part of a helping community. In addition to supporting the project financially, they assisted the initiator by promoting and endorsing the project.

#### 6.4.7.4 Reward

The backers had to wait for the bag for over nine months. The backers shared that they were excited to see the bag and were eager to use it. Even though the delivery was later than promised, this did not seem to bother the backers. “It came a little bit late, but for the most parts it was pretty well on time.... It wasn’t late enough but it was like really, you know, not bad a thing” (Nicole).

One of the backers contributed money to gift the bag to her friend. The backer was aware of how the Kickstarter worked, but the friend was not understanding.

*She didn't really understand the concept of the Kickstarter. So, she was kind of like asking me, how come I have to wait so long. ... I had to explain right about how we're kind of backing an idea right now only after the successful campaign the money goes and the creators basically do what they need to do in order to manufacture the item and then engage in delivery, then you will get your item. So, she was a little impatient in the*

*beginning, but then after that when she got the bag, she didn't mind waiting for it.*

*Kimberly*

The following backer explained how she mixed up the delivery dates and received the bag as a surprise: "I must have overlooked my tracking email, so I had the *best* surprise waiting for me when I got home! I thought it was just some toilet paper I ordered from Amazon at first. It's so beautiful!" (Clarence). This backer saw another person carrying the bag during her waiting period and had mixed feelings:

*When I invested, and I was waiting for the bag, I actually saw somebody else around New York City with the bag, so that was pretty funny and pretty cool. Well, I was sort of like that is weird. I am still waiting for mine. I think I waited almost another month after I saw her, so I think I followed up with Stephanie and I think that actually she had sent one, but it didn't get there [and] she had to send another one but I forgot.*

*Jessica*

#### 6.4.7.5 Post-Reward

The project seemed to meet the backers' expectations and they were quite satisfied with the bag. Some of the positive feedback from the backers included: "I actually use the bag once a week so am really happy with it. And it is also just really real high quality for what it is. I am really happy to have supported it" (Jessica); and "It's been really good. I use it all the time" (Nicole).

The backers shared that they were complimented on their bag, and people talked about the bag. The backers referred them to the company page, which could recruit more buyers for the initiator. Therefore, the backers were a source of promotion not only during the campaign, but afterwards as well.

*Yesterday, I brought it [the bag] to work and two of my co-workers were asking about it, but I actually get complimented on it all the time.... I love that and usually I tell them the whole story [of how I] got it through Kickstarter.*

*Linda*

The backer who got two bags – one for her and one for her friend – not only liked it herself, but her friend was very much satisfied with it, too.

*Oh, yeah, she [the friend] loves it.... I like the bag because of the feature and the fact that it actually provided like this whole laundry bag. So that we could put our dirty clothing in it. And the fact that we could actually remove the interior and wash it. Because you don't get that with a lot of sports bags these days. You kind of just stuck with the bag in itself. And, unfortunately, it just winds up making the other bags stinky or else if you*

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*wash it, it will lose its shape, so this was actually more utilitarian, I would say.*

*Kimberly*

Therefore, a successful crowdfunding backing experience can lead to customer loyalty. “I mean the product is really good. I think it’s really well, kind of thing that you need to have so but if I needed another one, I would look at buying another bag” (Nicole).

### 6.4.7.6 Summary

The Persu bag has been a successful project where the majority of the backers discovered it through Kickstarter or social media. The video describing the initiator’s journey was helpful in convincing people that the initiator would deliver the project/product. There was a slight delay in the delivery, but the backers were not concerned. The backers appreciated the bag and how the initiator tried her best to deliver everything as promised.

Table 16. Summary of backers' journey with Persu

Awareness	eWOM	<p>"It's really more like, it's really more I see something in my social feeds or something like that, ... I don't have time to do that [go on Kickstarter], I felt like something, ... someone telling me on Twitter there's a cool thing someone is doing on Kickstarter or so, maybe I'll like to look at that, through other promoters or something like that" (Melinda).</p>
	Presentation	<p>"Her presentation was so compelling for me. Though it is a long video ... to engage the viewer for more than four minutes, but I must say she had done it successfully" (Lawrence).</p>
Consideration	Capacity of the team and stage of development	<p>"Well, I think for me to back it, I will need to believe that the people will be able to deliver. I think that's the biggest thing, I would want to believe that they will do well with the product" (Nicole).</p>
	Risk	<p>"And I think a lot of the times when the people on there, they have good ideas, maybe they don't necessarily have the skill to translate it into a product, or at least for me as a backer I have no assurance. I see whether they have that or not. So, unless they have a working prototype, it's just too much of a risk. It will reduce stranger that really, you know, so I think that was probably, the kind of things that I will look for and I think that she had those things. So, it made for [a] credible product" (Nicole).</p>
	Price	<p>"It is expensive, but at the same time it is [a] very unique and creative idea, so I didn't mind paying a price which was [a] bit higher. Perhaps the price is set for the start-up to get off and in a later purchase it could go down" (Linda).</p>
Action	Motivation	<p>"When I came across it, I backed. I thought it's a public effort, so I helped that way" (Nicole).</p>
	Support	

	Reward	<p>“I think I was actually pretty excited to be carrying a bag that nobody else had and I also didn’t want to shop that Lululemon because everyone has those bags in New York and I actually wanted to have something kind of different” (Jessica).</p> <p>“I was really impressed, I backed the project and shared on my Facebook to show it to my friends and colleagues, so that they might also be interested” (Kylie).</p> <ul style="list-style-type: none"> <li>• “I was mostly checking back to see if there is any update on the page only when I was waiting for was mine to come” (Jessica).</li> <li>• “I think having frequent project updates is interesting. Depending on the product it’s always nice to know about how the item is progressing even if it is bad news. To inform that there is a delay maybe in production in you the manufacturing or some issues are there” (Kimberly).</li> </ul>
	Promotion	<p>“I know she delivered everything. I read all the updates that they sent I remember everything that she wrote about that. She got the shipment, and she packed and she went to the airport with her dad’s car and then took all that packages, came back home store it on the basement and send it even I think she went and even gave it to her backer herself, if I remember correctly, she is based in LA” (Masooma).</p> <p>“I expected it to be a really high-quality product and it definitely was and I sort of expected it to start seeing it for sale in more places, am surprised that it hasn’t gotten more popular” (Jessica).</p> <p>“It’s amazing, I love it. It is exactly as she described. It is the best gym bag I ever had, a perfect combination of style and function” (Kylie).</p>
Reward	Update	
	Delivery	
Post-reward	Expectations	
	Experience	

## 6.5 Cross-Case Analysis

Prior to this chapter, the within-case analysis across four cases was presented. The backers of these cases shared similarities as well as differences in their engagement during the crowdfunding journey. This next section presents a cross-case analysis of the backers' engagement with different projects.

### 6.5.1 Awareness

The backers across all four cases received the news of the project primarily through social media, where the Kickstarter project was shared by some of their friends on Facebook or Twitter. However, in the case of EQ Wear, the news of the project was mainly received through an email from the initiator, rather than from social media. This shows that the founder's age can be a factor in choosing the primary medium of communication. Most of the EQ Wear founder's friends and previous colleagues were baby boomers (born before 1964) and, therefore, it was more common for them to connect through email, as opposed to Facebook or other social media. The Altered Nozzle team consisted of members of different age groups, but the news of the project reached the public mainly through social media, because the marketing task was the responsibility of comparatively younger members of the team, including a marketing expert who primarily relied on social media.

Another element is the manpower of the team. A solo initiator had comparatively less coverage on social media, as the news primarily spreads from the personal and social networks of one person. In the case of larger teams, the social networks of multiple members give a broader coverage.

Besides the news of the project, backers across all cases had emphasised the quality of the presentation and shared that a strong, convincing video is a powerful tool to retain attention. What made it different across all cases was the important element of the video. For Altered Nozzle, the important aspect of the presentation was the way the initiators highlighted the social issue of a world water shortage. First, a social problem was explained and, later, a solution to address the problem was presented. Although water shortage is a well-known problem, it was vital to present the audience with the latest facts and figures. Since it was a tech project, the video also focused on the information of the team's professional background and experience so that the backers could trust in the viability of the project.

In line with this, the Freedrum product – which was also a tech project – technology and functionality was demonstrated in the video. It was also made clear how the professional background of the founders and organisational support to the project could bring more legitimacy to the project. Therefore, it was imperative that the team not only presented a creative idea, but also had relevant experience and background to execute the idea.



For EQ Wear and Persu, the features and functionality of the products were demonstrated in the video presentation. Since they were not high-tech projects, the founders did not emphasise their personal capacity to carry out the project. However, there was a clear demonstration of how the prototype was developed and what steps the initiator has taken to develop that prototype, which seemed to be a means of winning the backers’ trust. Table 17 shows the similarities and differences among different aspects during the awareness phase.

Table 17. Cross-case analysis during the awareness phase

	eWOM		Presentation			
	Social media	Email	Features and functionality	Emphasis on team’s professional background	Problem / Issue (personal)	Problem / Issue (social)
<b>Altered Nozzle</b>	X		X	X	X	X
<b>EQ Wear</b>		X	X		X	
<b>Freedrum</b>	X		X	X	X	
<b>Persu bag</b>	X		X		X	

### 6.5.2 Consideration

Different aspects were considered for each project’s evaluation. There were working prototypes of the proposed projects for all the cases, which brought legitimacy to the projects in terms of the founders’ capacity to carry out the projects. The number of people involved in the project made the capacity of the team higher.

Altered Nozzle and Freedrum were both tech projects and had teams of three members in each. As the team members had a professional background and experience of the projects, it was easier for the backers to trust in the founder team’s capacity. However, with EQ Wear and Persu, they were one-person projects that outsourced several tasks and the trust in the capacity of the team was not high. For Persu bag, the trust seemed moderate as the project already had a prototype, but for EQ Wear, it was comparatively low due to the founder’s professional background as an engineer. Nevertheless, the personal capacity of the founder of EQ Wear helped make the backers trust the project.

Though Altered Nozzle and Freedrum were tech projects, their teams’ professional background and experience made them seem low risk for their backers. Moreover, the geographical location of the companies (i.e., Sweden)

played a role in the backers deciding in favour of funding their projects. For the EQ Wear and Persu bag projects, the risk seemed moderate to the backers, as these were new initiatives with a single founder. However, since they were not high-tech projects, the backers did not see funding these as high risk. For EQ Wear, the local community was very supportive, while in the case of Persu, the founder’s geographical location did not seem relevant for the backers to consider the project.

Price was an important aspect of consideration for all the projects. The Altered Nozzle was not a high-priced product, so the backers were ready to risk their money. The Freedrum and EQ Wear projects were high-priced products (i.e., more than US\$50), but the backers considered this reasonable, based on the type of products that would be delivered. The backers considered the price fair given the projects’ industry – namely the music industry for Freedrum and equestrian industry for EQ Wear. Hence, the price corresponding to the relevant industry is acceptable to the backers even if it is an expensive item. Table 18 shows the similarities and differences across cases during the consideration phase.

Table 18. Cross-case analysis during the consideration phase

	<b>The capacity of the team</b>	<b>Stage of development</b>	<b>Risk</b>	<b>Influence of company location</b>	<b>Price</b>
<b>Altered Nozzle</b>	High	Prototype	Low	Yes	Low
<b>EQ Wear</b>	Low	Prototype	Moderate	Yes	High
<b>Freedrum</b>	High	Prototype	Low	Yes	High
<b>Persu bag</b>	Moderate	Prototype	Moderate	No	High

### 6.5.3 *Action*

The temporal and financial contribution of the backers varied across the projects. Majority of the backers across all cases were motivated to help a project idea be realised. The motivation behind the support varied though the cases, but consisted of supporting family and friends, a project idea, an initiator, a local entrepreneur or a social issue. Along with the support, the motivation to get the reward was found across all cases. Concerning small contributions like US\$10, the backers across all the cases were not interested in getting any material reward, while in the case of EQ Wear the backers were not interested in reward even after contributing between US\$500–US\$2 500. Some backers were surprised by the reward they received, as their intention was merely to support the project.

The backers’ temporal contribution was mainly promoting the proposed projects through social media. The Altered Nozzle project was very well received by the crowd and was overfunded in the first week. Therefore, the promotion was not aimed at making the project successful, but rather creating awareness of the

issue and a solution available for it. In the case of Freedrum, the backers’ promotion helped at the beginning of the crowdfunding campaign, but the project reached its funding goal early in the campaign, meaning the promotional activities by backers were not very high. For Persu bag and EQ Wear, the backers had to promote the projects so that they could reach their funding goals. Consequently, the amount of funds to be raised is linked to the backers’ effort and temporal contribution in promoting the project.

In all cases, other than Altered Nozzle, the promotions were aimed at specific groups or audiences that would be interested in the projects. For example, the backers of Freedrum shared the project with friends or colleagues interested in music. For EQ Wear, the backers shared it with others involved in the horse-riding industry in some way; and for Persu bag, the backers shared the project with individuals who enjoy fitness and lead a healthy lifestyle. Thus, the promotion is audience-specific if the proposed projects are relevant for a particular group of people.

Table 19. Cross-case analysis during the action phase

	Motivation		Promotion	
	Support	Reward	Activity	Target audience
<b>Altered Nozzle</b>	Cause	Product	Low	General
<b>EQ Wear</b>	Initiator	Success	High	Specific (equestrian industry)
<b>Freedrum</b>	Idea	Product	Moderate	Specific (music industry)
<b>Persu bag</b>	Idea	Product	High	Specific (fitness industry)

#### 6.5.4 Reward

The projects under study had varying reward waiting periods. The founders updated their backers on the development of the project through Kickstarter updates. For the Altered Nozzle project, there were regular updates, but the backers felt more communication was needed when there was a delay in the delivery. As they had a comparatively big crowd to send rewards to, any update about shipment to one group caused anxiety in the remaining groups. The bigger the crowd is, the more resources are needed to keep them updated. This also surfaces the challenge of keeping all the backers happy with the transparent information communication.

For Freedrum, the backers also got regular updates. There was a bit of a delay in the delivery, but the founders communicated this to their backers. The Persu bag backers were interested in knowing the stage of progress of the project. However, the EQ Wear backers were different, as majority were not interested in

the reward and were not very concerned about the progress of the project. Moreover, they claimed to be too busy to follow the project and were satisfied already when the Kickstarter fundraising was successful. Thus, the backers awaiting reward were more interested in staying up to date, compared to those less interested in the reward.

The backers across all cases experienced delayed delivery, but did not complain. They understood that as the projects were listed on Kickstarter, problems faced by the new start-ups could be expected/anticipated and these were unlike ordinary purchases. The backers acknowledged the initiators' efforts and were very supportive of them. None of the backers showed any concerns or doubts while awaiting delivery.

Table 20. Cross-case analysis during the reward phase

	<b>Update</b>	<b>Reward delivery</b>
<b>Altered Nozzle</b>	Interested	Delayed
<b>EQ Wear</b>	Not interested/concerned	Delayed
<b>Freedrum</b>	Interested	Delayed
<b>Persu bag</b>	Highly interested	Delayed

### **6.5.5 Post-Reward**

After receiving the reward, the backers experienced the product by using it. The backers across all cases expected to have a quality product with the promised features and functionality. However, the backers of the tech projects seemed a bit sceptical about the functionality of the reward. With Altered Nozzle, the backers were optimistic that the product would provide the desired benefit, but had some uncertainties that the nozzle may not save the percentage of water promised. They were aware that it was not a software project and any defects could not be fixed by an update, yet they still wanted to try the product and had optimistic expectations.

The Freedrum backers expected to have some bugs in the initial products and anticipated that the later versions would be more efficient and perform better. The backers of Freedrum and EQ Wear did not have any doubts about the functionality of the products. Thus, the backers' expectations of a flawless reward concerned non-tech projects mostly, whereas they were expecting some issues with tech projects.

When it came to the actual experience, the backers of Altered Nozzle had some issues relating to the installation of the product and its functioning. Even though the initiator team claimed that the nozzle would fit every tap, some backers had installation difficulties. Furthermore, the backers complained about the splashing in the regular mode. Another issue related to the nozzle was the time-consuming process of hand-washing using the mist mode. Despite the issues, the initiator team and their customer service were quick to respond to the backers' complaints

6. Findings – Case description and Backers’ Crowdfunding Journey

and tried their best to solve or reduce their problems. Therefore, the backers were happy that they supported the project and did not complain or get angry about the product flaws. Consequently, if the initiators were in communication and tried to solve the problem, the backers were not unhappy.

Despite being a high-tech project, Freedrum met the expectations of the backers, who appreciated the actual product. Some backers found the end product better than what they had expected. The backers of the Persu bag were happy with the reward and started using it immediately. For EQ Wear, the backers appreciated the material, design, and quality, but had concerns about the size of the product. There was a problem with the length of the pants, which were comparatively longer than ordinary sizes. Nevertheless, the backers were not upset about this.

Table 21. Cross-case analysis during the post-reward phase

	<b>Expectation</b>	<b>Issues with experience</b>
<b>Altered Nozzle</b>	Sceptical but optimistic about quality	Installation, splash
<b>EQ Wear</b>	High quality	Length of pants
<b>Freedrum</b>	Bugs	Nil (better than expected)
<b>Persu bag</b>	High quality	Nil

Overall, all cases reflected some similarities as well as differences among the backers’ crowdfunding journey across all cases.

## 7. Analysis and Discussion

This chapter analyses and discusses the findings of the study. First, it provides an understanding of the overall macro context, describing crowdfunding institutions and institutional arrangements. Later, it provides a temporal view of the backers' engagement during their crowdfunding journey. Moreover, this chapter shows the reader, through theoretical analysis, why and in what ways the backers engage with crowdfunding at micro and meso levels. Furthermore, it explores how the engagement properties were during the crowdfunding journey at micro and meso levels.

This study aimed to explore backers' engagement during their crowdfunding journey – from becoming aware of the product to the experience of using the reward, if any. The theoretical framework guided the processual analysis of backers' engagement during their crowdfunding journey. Chapter 6 answered the first research question on how the backers' journey unfolded and what happened during each phase, followed by a cross-case analysis. To answer other research questions and explore “why” and “in what ways” the backers engage in a crowdfunding journey, this section makes a deeper analysis of the backers' engagement during the crowdfunding journey within and across all four cases, followed by a discussion. This analysis is based on the mapped journey of the backers in the previous chapter.

Owing to the embeddedness of the backers in the collective context of crowdfunding and their interdependence on each other for the outcome of the campaign, their activities and motivations were analysed at multiple levels (Vargo & Lusch, 2017). First, an overview of the context of the crowdfunding journey is presented to facilitate the reader, so that the further analysis is easy to follow. Later, to serve the purpose of this study and answer the research questions, two levels of backers' engagement – micro and meso – were considered (Alexander et al., 2018). Micro-level engagement reflected engagement at an individual level, whereas meso-level engagement represented engagement at an interpersonal level and with the immediate context. The engagement properties were also evaluated at micro and meso levels.

The processual analysis of the backers' crowdfunding journey was guided by customer journey theory. As the analysis was iterative, the motivation theories were used to gain a deeper understanding at micro level. S-D logic and engagement theory were used throughout the analysis. Figure 27 illustrates how the chapter is structured by analysing the engagement at multiple levels.

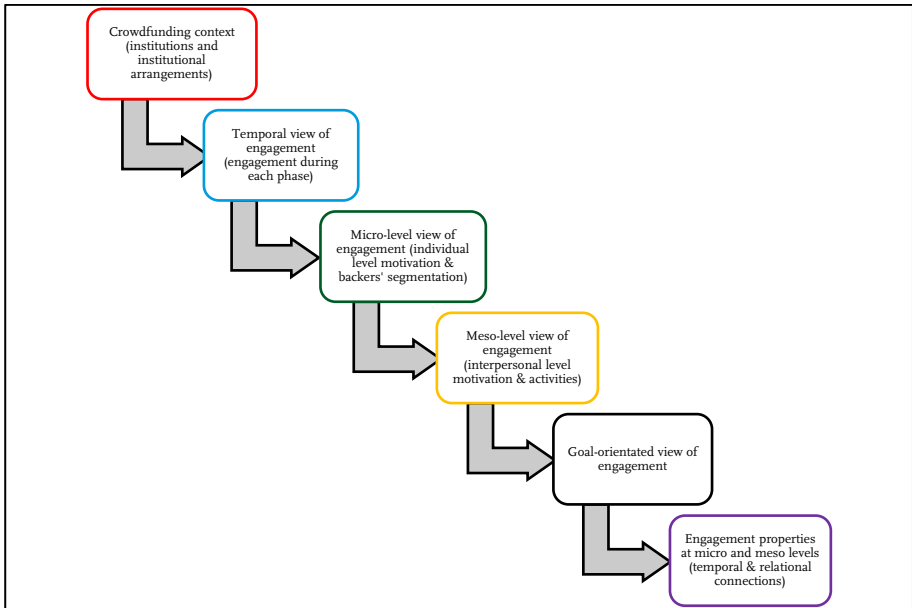


Figure 27. Structure of analysis and discussion (Author's own conceptualisation)

## 7.1 Crowdfunding Context

Engagement is context-dependent. Therefore, understanding the crowdfunding journey context is crucial for any value creation process that comprises specific institutions (i.e., rules of the game) and institutional arrangements (i.e., set of interlocked intuitions) (Chandler & Lusch, 2015).

### 7.1.1 Crowdfunding Institutions – Rules of the Game

Formal and informal institutions play a vital role and are interlocked in the value creation process (Vargo & Lusch, 2016) through crowdfunding (Cai et al., 2020; Ingram et al., 2014). Crowdfunding platforms make their own rules and guidelines based on their business model and the crowdfunding type in which they operate. Crowdfunding is an innovative way of financing projects via small contributions, so some guidance comes from microfinancing and, instead of a large amount of capital from one source, money is raised from small contributions (Mollick, 2014).

As the cases in this study are from Kickstarter, the institutions and institutional arrangements are analysed from this platform's perspective. Kickstarter requires the idea to be unique and innovative (Berndt, 2016), rather than launching any ordinary project just to get money. The proposed projects were evaluated by Kickstarter employees prior to their launch on the platform. After approval by the

Kickstarter team, the initiator launches the project via the crowdfunding platform with a funding goal and deadline (Cumming et al., 2020). The crowd evaluates and funds, and if the campaign is successful by reaching its financial goal, a reward is delivered after several months (Hossain & Oparaocha, 2017). Unlike an ordinary purchase where a buyer can simply get a product after making a payment, in Kickstarter projects, the initiator needs to reach the funding goal in order to give rewards to the backers.

With successful campaigns, Kickstarter keeps a percentage of money raised as its commission for the service (Cumming et al., 2020). Another unique feature of crowdfunding is the expected reward rather than a definitive reward. A failure in the project execution would not result in any legal right for the backers (Schwienbacher & Larralde, 2012). The same applies to the delivery date, which is always tentative and never confirmed (Mollick, 2014).

### ***7.1.2 Institutional Arrangements for Crowdfunding***

Crowdfunding does not only have institutions (rules of the game) for crowdfunding platforms, but engagement during the crowdfunding journey is also facilitated by a set of interlocking institutions or institutional arrangements (Vargo & Lusch, 2016). These institutional arrangements comprise the banking system, logistics, industry relevant to the product type, and government policies and regulations for the type of crowdfunding. These not only include the entities, but their rules, behaviour and norms to facilitate the process. Figure 28 describes how these institutions are linked.



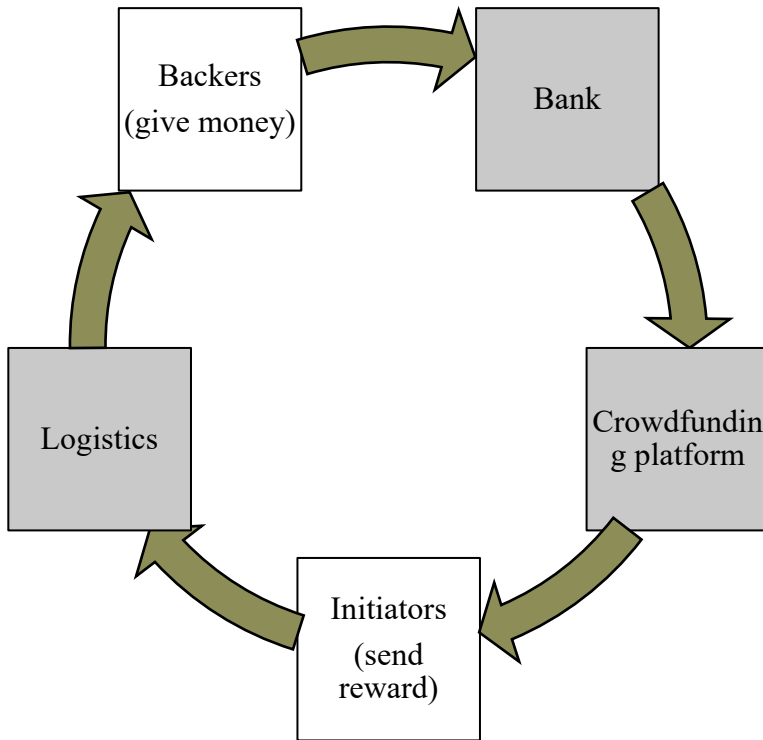


Figure 28. Interlocking institutions in the crowdfunding journey

#### 7.1.2.1 Crowdfunding Platform

An engagement platform providing an Internet-based environment is required for a traditional crowdfunding campaign (Ordanini et al., 2011). The crowdfunding platform as an intermediary was identified as important by all the backers. The platforms bring legitimacy to the projects launched through them (Ingram et al., 2019) and the backers reported that the crowdfunding platforms have made it convenient for them to trust the initiators. Most of the backers across all cases shared that they would not fund the project if Kickstarter was not an intermediary. Even in the case of friends and family, where trust was not an issue, the crowdfunding platform added value and simplified the process of helping their family and friends, which might not be so comfortable in personal transactions. Thus, crowdfunding platforms enable resource integration (Breibach et al., 2014; Hollebeck, 2019), otherwise it would not be possible for the backers to have a simple and reliable process of engaging with the crowdfunding.

### 7.1.2.2 Online Banking System

An efficient online banking system is required for crowdfunding. Moreover, the platform needs to be supported by an online payment system making it possible to do financial transactions. When the backers make a payment, the amount is reserved on their credit cards, and the cards are charged when the funding period is over with a successful campaign.

The backers shared that due to the presence of crowdfunding platforms and their process, they were able to trust (Shneor & Munim, 2019) and give their credit card information. Following the “all or nothing” model, the backers’ contributions were reserved on their credit cards, which were charged after the campaign successfully reached its funding goal. The backers could trust the mechanism only through the presence of the crowdfunding platform, or else they would avoid funding as the models did not seem practical at a personal level.

Moreover, the backers shared that there was a post-campaign period of three weeks where they could still decide to withdraw their contributions for any reason. Having these options made crowdfunding less risky for them, and they had sufficient time to withdraw their contributions if they changed their minds. However, none of the backers withdrew their contributions in the three weeks post-campaign.

### 7.1.2.3 Logistics

Another important institutional aspect of crowdfunding is logistics, without which none of the backers would be able to reach the post-reward phase of a crowdfunding journey after contributing their resources. The backers viewed the possibility of being a backer from anywhere around the globe as a strength and as a challenge. The strength was the ability to choose any project around the globe, but the challenge was the logistics. International shipment seemed to be problematic for international backers. Even in the case of the Persu bag, the shipment cost was higher than the cost of the bag for the backers. As the initiator was also nascent and at that time crowdfunding was a relatively new phenomenon, both parties did not consider earlier in the campaign how complicated international shipping could be.

## 7.2 Zooming Out: Multiple Levels of Backers’ Engagement

Engagement is a reciprocal relationship predominantly seen as a micro-level concept in marketing literature, although there is a broader view of engagement to be explored (Alexander et al., 2018). Engagement is a series of engagement states in a broader engagement process (Brodie et al., 2011). Therefore, to understand the individual backer’s engagement in a collective context during the crowdfunding journey, a multiple levels’ view of engagement gave a better and deeper understanding.

## 7. Analysis and Discussion

To look at why and how the backers undertake crowdfunding journey, in the further analysis the temporal relevance of engagement during crowdfunding journey is first presented collectively at micro and meso level. Furthermore, it is analysed separately at the micro level and the meso level.

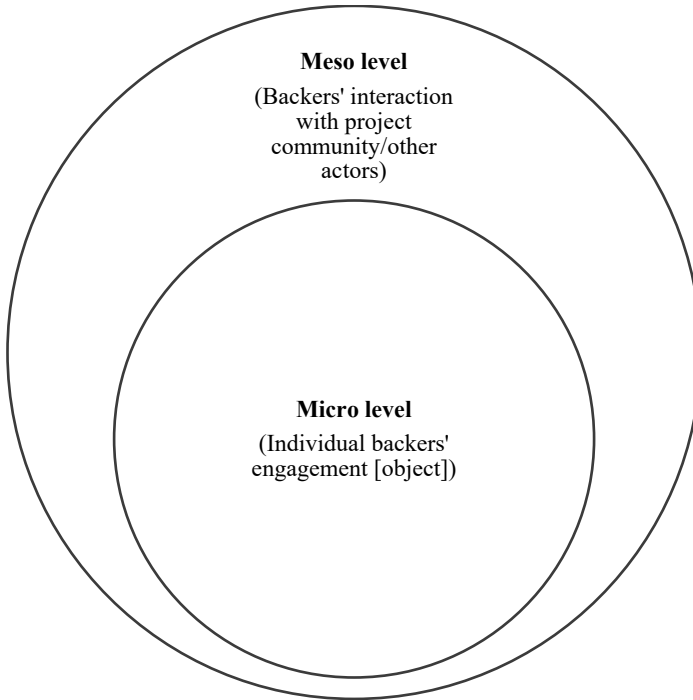


Figure 29. Multiple levels of backers' engagement during crowdfunding journey

### 7.2.1 Temporal View of Crowdfunding Journey

The analysis provided an understanding of the underlying mechanism of the crowdfunding engagement journey. Drawing on the empirical data (see Figure 9), this section highlights the relevance of the prominent engagement dimension at the personal and the interpersonal levels during each phase of the crowdfunding journey. This temporal view of engagement during the backers' crowdfunding journey applies to all the cases. It covers engagement at both micro and meso levels. Although each phase of the journey could take different times for different backers, the engagement dimensions across phases were similar.

#### 7.2.1.1 Awareness

In the awareness phase, the project got the backers' attention who were curious to learn more about it. For some backers, it was even learning crowdfunding as a phenomenon, and it was the first time they came across a crowdfunding campaign.

Even being within the personal and social network of the backers, the project information reached the backers through social media. Therefore, sustaining attention and curiosity to learn more about it induced cognitive engagement, whereas knowledge about the project comprised social engagement.

Through the relevance of the project to the backers, the cognitive engagement began during the awareness phase at a moderate level, which was the result of a moderate social engagement through social interaction (Kromidha & Robson, 2016). At this phase, emotional and behavioural engagement was low, as the backers only learnt about the project and did not engage in financial contribution or information sharing yet. Moreover, the emotional engagement was quite low during this phase, as the backers did not develop any strong emotions.

#### 7.2.1.2 Consideration

After the awareness, the next phase was the evaluation of the project. Consideration required a lot of mental processing (Shneor & Munim, 2019), with cognitive engagement being very high at this stage, as the backers analysed the projects based on their knowledge and understanding. Additionally, they not only evaluated the project, but also the initiator or their team and their capacity to carry on the project.

If the project initiator was a friend or family of the backer, there was already an emotion. Some backers got attached to the proposed idea or the initiator after becoming aware. The others were just curious about how the project would turn out after the crowdfunding campaign. Consequently, the backers developed some emotional engagement, such as attachment with the initiator or the project or just curiosity, meaning emotional engagement was moderate during the consideration phase.

An important aspect of the evaluation during consideration was a social influence (Stankevich, 2017; Zhao et al., 2017). Social information through social media was very influential for moving from the awareness to the consideration phase (Ryu & Kim, 2016), thus social engagement at this stage was moderate. Though social influence can be biased (Zaggl & Block, 2019), in this study it seemed to influence all the backers and push them further towards a positive engagement valence (Hollebeek & Chen, 2014). Hence, during the consideration phase, cognitive engagement had an impact on social engagement. The backers' activity during this stage was just to learn more about the project and the behavioural engagement was moderate.

#### 7.2.1.3 Action

During the action phase, cognitive engagement was moderate, as most of the cognitive processing was done during the consideration phase. After the consideration, if the backers believed in the project, they developed a positive valence towards it (Hollebeek & Chen, 2014; Shneor & Munim, 2019; Shneor,

Munim et al., 2021). They wanted the campaign to have high social reach and achieve its funding goal, which resulted in high emotional engagement.

Having developed a positive valence, the backers moved towards the action, which is financial contribution and information sharing. Since the crowdfunding campaign was time-bound (Berndt, 2016), there was always a time pressure on the backers to decide and act. The backers' behavioural action was a financial contribution to the campaign. As all the backers funded the project during the action phase, they had a high behavioural engagement.

Since crowdfunding is a collective effort and individual action or funding was not sufficient, the backers shared the project with others. They wanted to increase the project's social reach and for others to know that an interesting project is out there for support. Their non-financial actions were social media promotion, advocacy and endorsement, which showed that the social engagement was very high during the action phase.

#### 7.2.1.4 Reward

This is the longest phase in a crowdfunding journey, so the engagement dimension and intensity fluctuated (Bowden et al., 2017). The reward phase was unique and some of the backers even moved back to the consideration phase, rethinking the decisions they had made earlier (Stankevich, 2017), although these could not be altered. This move back to the consideration stage shows that crowdfunding is not a linear process, and it can move back and forth to different phases.

Unless the backers went back to the consideration phase, the cognitive engagement during the reward phase was low. As the backers were waiting for the reward, their emotional engagement was high. Mostly, the backers were excited, curious, and eager about their contribution and expected reward, but sometimes they were anxious and angry if there was any delay in communication from the initiator. The backers' behavioural engagement was low during this phase, as there was not much to do other than updating addresses, for instance.

During the reward phase, the backers interacted with the relevant project's crowdfunding community (i.e., the backers of the project they backed). They were engaged in asking questions, giving feedback or writing comments on the crowdfunding page of their campaigns. The backers also received updates from the initiators about the progress and delivery of the reward. Thus, social engagement was moderate, as the backers participated from time to time, although not as efficiently as in the action phase, which was comparatively shorter than the reward phase.

#### 7.2.1.5 Post-Reward

One of the crucial phases of the crowdfunding journey, during the post-reward phase, the backers re-evaluated the project and compared reality with expectations. At this stage, their cognitive engagement was low as they could only

evaluate their decisions, instead of looking actively for the information to make a decision.

Their emotional engagement was moderate as the wait for the reward was over and the backers had experienced the actual reward. The backers were happy or satisfied, although some were a bit unsure about their reward. The behavioural engagement was low at this stage and mainly concerned installing or using the product or writing emails with enquiries related to the usage of the product. The social engagement was moderate and mainly constituted sharing the experience with other backers and initiators. Figure 30 captures the engagement dimension and varying intensity across each phase.

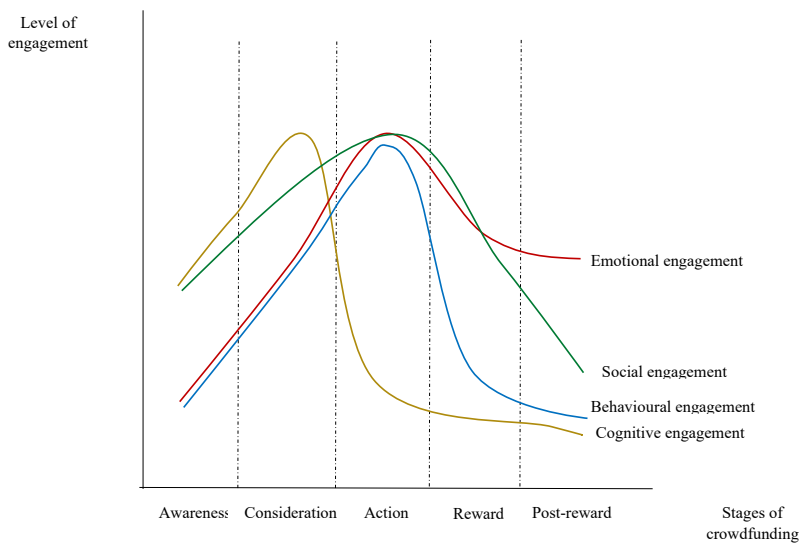


Figure 30. Temporal view of the backers' engagement journey

A temporal view of engagement during the backers' crowdfunding journey revealed that some influencers led the backers to move from one phase to another. From the awareness to the consideration, social media and social information mainly triggered engagement. Once the backers reached the consideration phase and developed an engagement valence (positive valence for all the backers under study), the time-bound campaign brought some urgency to take prompt action. The support of the campaign was only possible within a limited time frame.

Once the contribution was made, the expected reward sustained the backers' engagement, though with fluctuating intensity owing to the longer wait, compared to ordinary purchases. After receiving the reward, the actual experience

influenced the post-reward engagement. Based on the empirical analysis, the proposed crowdfunding model (Figure 6) has been updated in Figure 31.

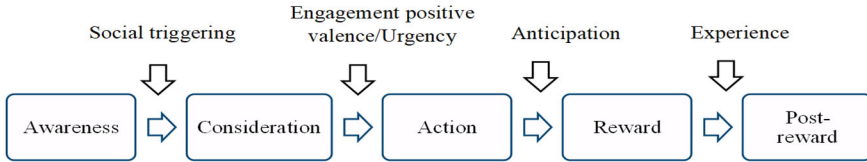


Figure 31. Revised backers' crowdfunding journey

### 7.3 Micro-Level View of Backers' Engagement – Individual Level

What motivated the backers to take a crowdfunding journey was explored by having a micro-level look at their engagement at an individual level. This would include all the engagement activities a backer had for a particular campaign and the characteristics of engagement at an individual level.

#### 7.3.1 Why Engage in a Crowdfunding Journey through Financial Contribution?

As engagement is a voluntary and motivational process (Hollebeek et al., 2019). The backers across all cases had varying motivations to engage in a crowdfunding journey, thus value differed for each actor (Vargo & Lusch, 2017; Vargo et al., 2008) based on what they wanted out of their journey. Different aspects of the journey led the backers to make a financial contribution to the projects they backed. There were some similarities as well as some differences among the backers' motivation across all cases.

The common engagement motivation (i.e., the desired value) (Vargo et al., 2008) the backers had across all cases was to support the project so that the campaign would be successful and the project idea would materialise. Specifically, the motivation was to support family, friends, colleagues, initiators, the project idea, a cause, (local) innovation, or (local) entrepreneurship. Additionally, the motivation was to follow the initiator for self-learning or out of curiosity. As the support was for various purposes, the engagement object differed for the backers within and across the cases, which led to behavioural manifestation (i.e., action) (Hollebeek, 2011b). Theoretically, the engagement object was the same as what the backers wanted to support – for instance, a backer motivated to support a friend had the *friend* as an engagement object.

It is important to note that the backers' engagement was not limited to one object, and they were simultaneously engaged with multiple objects, even within the same campaign, during their crowdfunding journey (Dessart et al., 2016). For example, a backer of Altered Nozzle was engaged with the idea as well as being a friend of a member from the initiator team. An EQ Wear backer was engaged with the idea as well as a local entrepreneur.

### 7.3.1.1 To Support Family, Friends or Colleagues

Among most of the cases, the backers were engaged in a crowdfunding journey to fund the projects launched by their family, friends or colleagues by simply donating or pre-ordering the product. This supports earlier research that family and friends are important to the success of a crowdfunding campaign (Mollick, 2014). However, in the case of the Persu project, none of the family members donated to the project during the campaign. The initiator of the Persu bag was not mainly interested in getting help from her family or friends, rather she wanted to get pre-orders, which would mean recognition of her project and testing the market (Gerber & Hui, 2013). The following quote from Persu's founder helps in understanding how the initiator's motivation impacts the engagement of the backers:

*I didn't ask people to buy my product, I just asked them to share. I did ask my family to share it ... I didn't want people to buy it for the sake of buying, I wanted them to buy if they actually might want it ... that was a kind of test for me to see whether the product was something people actually wanted. That's why I was so happy to see people I knew buying it.*

This finding suggests that the backers' motivation to engage may be influenced by the initiator's motivation. Since getting help from family would not reveal what the actual market for the product was, the initiator of the Persu bag did not invite family members or friends who would have no use for the product to buy it. While some of the backers were friends, they were interested in getting the product.

Similar to Gerber and Hui (2013), this study also found that the backers who wanted to support their friends and families reported that they felt emotional satisfaction (value) by backing their loved ones. Moreover, the backers shared that they supported the project in a very early phase, which is in line with what Colombo et al. (2015) noted that early contributions/capital come from friends and family. However, a backer of EQ Wear had a contrasting opinion. Though this particular backer was happy to support the project, she shared that she would not get involved in any crowdfunding or business activity related to friends and would see it as a compromise over quality or skills, based on her past experience. This suggests that friends and family may avoid supporting a project if they are interested in reward but doubt the outcome of the project. Consequently, a backer from a close circle who is engaged to support the initiator with financial resources would not engage in integration of resources if the engagement object is the actual reward or product, instead of the friend or family member.



### 7.3.1.2 To Support Idea/Initiator

Besides helping the known initiators, backers were motivated to assist unknown initiators. The main reason to engage with a financial contribution was to support the idea, and the value lay in having the project materialise. This confirms previous research that backers participate in crowdfunding projects to make it happen (Zvilichovsky et al., 2018). The initiators of the project received support and recognition for their ideas from those who found it relevant – Persu bag from backers undertaking fitness activities; EQ Wear from people who belonged to or understood the horse-riding industry; Freedrum by backers who were interested in music; and Altered Nozzle by individuals who wanted to support the idea of solving a social issue.

The backers supported the initiators because they were convinced that the project idea was innovative and should be materialised and available on the market in the future. The backers were convinced by the powerful video presentation and storytelling of the initiators about their journey to reach that stage of their project to launch for the crowdfunding campaign and wanted to support them to go further in their journey.

### 7.3.1.3 To Support a Cause

A further motivation of the backers was to support the cause underlying the crowdfunding project. This motivation was limited to Altered Nozzle, as the project was related to an environmental issue – namely water shortage and wastage. The project's video cognitively engaged the audience by educating them on the world's drought problem and they considered it a responsibility to have their contribution to the project not only for themselves but for future generations. While most backers from this study were not from the water-scarce countries, they believed in saving water as a responsible action. They saw it as an opportunity to be part of the solution to an environmental issue. The backers felt empowered, as the project enabled them to engage in a practice that positively impacted the environment. This finding confirms previous research that the backers can feel empowered by playing their role in a crowdfunding campaign (Gerber & Hui, 2013).

Every Altered Nozzle backer reflected upon the sustainability aspect of the project and seemed to understand the cause and wanted to help the initiators succeed. This supports previous work that found sustainability orientation of the projects adds to a project's success (Calic & Mosakowski, 2016). Since the other three cases did not concern any social or environmental issue, none of the backers of those projects reflected upon the sustainability issue related to the projects. This reflects that the backers would consider the sustainability aspect of the projects if the initiators conversed about it.

### 7.3.1.4 To Support a National/Local Initiator

The geographical location of the initiators seemed an important aspect to motivate the backers to take a crowdfunding journey. In three of the cases, the backers

mentioned that the initiators' geographical location encouraged them to support the project. In the Altered Nozzle case, the backers were supportive of the project because they could easily trust the founding team being located in Sweden. Moreover, along with Altered Nozzle, local backers of Freedrum mentioned that an important aspect to motivate the backers to fund the project was to support Swedish innovation – that is, to support a national project. In the case of EQ Wear, the backers supported the project mainly because they wanted to encourage a local entrepreneur and strengthen entrepreneurship in Tulsa, Oklahoma, thus primarily supporting the project based on the geographical location of the initiator.

Crowdfunding researchers present contradictory findings of the role of geographical location for the backers. Previous research (Agrawal et al., 2015) claims that geographical proximity plays no role, although it has been argued that geographical proximity has an effect when it comes to cultural products (Mollick, 2014). Burtch et al. (2014) found that cultural differences and geography influence the backers' decisions. However, this study revealed that the geographical location of the initiators motivated the backers, though none of the projects were cultural projects. The backers were more comfortable in their resource integration if their contribution would help the initiators located in a country/location (i.e., Sweden for Altered Nozzle and Freedrum; or Tulsa, Oklahoma in the US for EQ Wear), where the backers' trust level was high, or where the backers would find value in seeing local entrepreneurship grow.

#### **7.3.1.5 To Get a Reward/Product**

Another motivation for backers funding a campaign was their interest in the proposed project. Crowdfunding literature extensively mentions that the backers are engaged with the actual product and want to get the product reward (Gerber & Hui, 2013; Hossain & Oparaocha, 2017; Mollick, 2014). As the project ideas on Kickstarter are generally innovative (Berndt, 2016), these unique products are not likely to be in the market. Therefore, the backers who contributed to the product included those who wanted to be the first to use it.

Contributing to get a reward was a dominating motivation in all cases, except EQ Wear, where most of the backers examined for this study were not interested in a reward. In the Altered Nozzle project, the backers were interested in the reward because only by using the nozzles on their taps would they be able to contribute towards the environment. In the Freedrum case, the backers were interested in the product because they had a passion for music and wanted to own and use the virtual drum kit. With the Persu bag, the backers were interested in using a “redefined” gym bag aligned to their lifestyle. Concerning EQ Wear, the value for most backers was not in the product reward, as only horse riders or fashionistas were interested in getting the product to use.

#### **7.3.1.6 To Follow the Initiator's Crowdfunding Journey**

A further motivation to backing the projects was because the backers wanted to follow the journey of the initiators. These backers were engaged for two different

purposes. The first purpose was curiosity to see what happens in the project. They either donated a small amount to see what happens with the project and planned to buy the product when it entered the market, or they pre-purchased the product but were also curious to see how things would happen. The latter had two engagement objects – the actual reward and the path of the initiator. For example, a backer of Freedrum wanted the product but was curious about the whole process as well. The second purpose was to learn from the initiator's journey. This was the case with the Persu bag campaign, where a backer supported the project to observe how the process unfolded. This backer engaged to learn about the campaign and there was no interest in the reward.

### 7.3.2 Backers' Segmentation

The previous section discussed how engagement objects motivated and led the backers to contribute financially. In reward-based crowdfunding, the backers are either donors or buyers based on contribution patterns and rewards (Belleflamme et al., 2014; Mollick, 2014; Ordanini et al., 2011) or on their motivation to engage with crowdfunding (Allison et al., 2015; Steigenberger, 2017). Based on their motivation, engagement object and behaviour, the backers can be segmented into two main categories – donors and buyers. These buyers and donors were further divided into subcategories based on their engagement objects (Dessart et al., 2015) – 11 sub-categories comprising four subcategories for the donors (labelled D1–D4) and seven subcategories for the buyers (labelled B1–B7).

Table 22 summarises the backers' engagement objects based on their voluntary motivation to engage in resource integration during their crowdfunding journey. It also includes backers' categories, subcategories, and frequency of the backers in each category and the relevant case.

Table 22. Summary of backers' engagement object(s) based on their motivation

Engagement object	Backers' category	Support family and friends/colleague	Support initiator or idea	Support cause	Support local	Reward	Follow initiator	Respondent number	Frequency	Case
Donor 2	X		X					B211, B317	2	Freedrum, EQ Wear
Donor 3					X			B311, B313	2	EQ Wear
Donor 4							X	B214, B414	2	Freedrum, Persu
Buyer 1	X					X		B212, B213, B217, B417	3	Freedrum, Persu
Buyer 2	X			X		X		B111, B113,	2	Altered Nozzle
Buyer 3						X	X	B218, B411, B414	3	Freedrum, Persu
Buyer 4			X			X		B215, B219, B220, B316, B318, B412, B413, B416	8	Freedrum, EQ Wear, Persu
Buyer 5				X		X		B112, B114, B115, B117, B118, B119, B120	7	Altered Nozzle
Buyer 6					X	X		B219, B220	2	Freedrum
Buyer 7				X	X	X		B116, B121	2	Altered Nozzle

## 7. Analysis and Discussion

The D1 category consisted of donors from the immediate social network of the initiators who simply wanted to support the initiator due to personal ties. Their only engagement object was the initiator. D2 contained donors who were like D1, but were also supportive of the product idea and acknowledged the innovative products. Thus, the engagement object was the initiator as well as the project idea.

D3 encompassed the donors who were not friends and family, but from the local community, and their main motivation was to support the local entrepreneur. Their principal attraction was that the project was local.

*There have been other ones in Tulsa, ... one that this guy George did, I think which was ... like stand for your phone or your iPad, that was interesting.... I heard about it after it was done ... I've bought this product [later from the market] ... it's my goal to build the community here, so I want to be supportive of these entrepreneurs.*

Liam

D4 comprised the donors who were part of the campaign to follow the initiators. They either wanted to learn from the campaign or to follow the initiator out of curiosity. The reason for not buying (i.e., rather donating) the product was twofold. One of the motives was to understand and learn from the experience of other initiators. Previous research found that donors have mostly intrinsic motives (Allison et al., 2015), but the donors under the study also had extrinsic motivations, as they wanted other benefits, such as learning.

*I wasn't interested in that product and I have never backed any fashion product on Kickstarter.... If you see any pledge for fashion, it means that for some reason I was interested in that founder. I wanted to know what is happening.... I just donated and wanted to be involved in the project.*

Masooma

The second motive was a risk-averse strategy. Therefore, the backers followed the initiator until the product went onto the market. They were willing to pay a higher price in the market, rather than risking the whole amount in case the crowdfunding campaign failed. These backers were simply engaged with the project.

In the buyers' category, B1 consisted of the backers who not only wanted to support friends and family, but were also interested in the reward. They would not be part of the campaign by making a financial contribution just because of their personal relationship; the project must be something beneficial to them. For these backers, the engagement objects were both the reward and the initiator.

B2 was composed of backers who wanted to help their friends and wanted to get a reward, but also wanted to make a societal contribution. Thus, they were concerned with the underlying cause of the project. Hence, the engagement was with the project, the initiator, and the cause. B3 involved the backers who were interested in rewards and were curious about the projects. They backed the project for the reward, but were also curious about the crowdfunding reward development process.

*Most people I will say are more of, they want to go to the store, and they want to grab one litre of milk and pay for it at the cashier and then leave the store. But I am more interested in what actually happens, before that litre of milk is in the store. For me, crowdfunding is the perfect tool. Most of the projects that I backed, I might use the product, but it is also part of the journey, following those founders of the team, how they work with it.*

*Ulf*

B4 included the backers who wanted to support the initiators who they found through the Kickstarter campaigns, yet they were also interested in the reward. They were the closest to ordinary purchasers, but none of the backers reported that they just pre-purchased a product like an ordinary product without any sense of helping others. Their motivation included helping the initiator as being altruistic or supportive for innovation along with reward, thus both engagement objects, the initiator and the reward. What differentiates B1 from B4 is prior acquaintance or relationship with the initiator, as the initiators were unknown to the backers in the latter category.

B5 contained the backers who were interested in the reward, viewing it as an ordinary purchase, although they were also concerned with the cause related to the project. The backers in B6 had a place identity and were also interested in the reward. For both B5 and B6, the primary motivation was the reward, but the main difference was their secondary motivation, which was to support the cause (with B5) and support the local project (with B6). Finally, B7 comprised backers who wanted to support causes, place identity, and were also interested in the reward. It can be said that they had characteristics from both B5 and B6.

### 7.3.2.1 Engagement Roles

The cognitive, emotional, and behavioural engagement dimensions are relevant in the crowdfunding journey at the micro level. An actor's behavioural manifestation of engagement depends on cognitive and emotional engagement (Alexander et al., 2018). A discussion of the social dimension of engagement is not included at the personal, individual level as it requires interaction at the interpersonal level, whereas here the focus is on a deeper analysis of an individual backer.

There are several ways the backers engage during the crowdfunding journey, thus creating value (Vargo et al., 2008). However, at the micro level, this interaction was mainly making the financial contribution. Since all the backers under study made a financial contribution, behavioural engagement (Verhoef et al., 2010) at the individual micro level was the same. However, cognitive and emotional dimensions varied across their engagement roles.

In the previous sections, looking at individual engagement at the micro level revealed that backers could be placed into several categories based on their motivation (i.e., intrinsic or extrinsic) and financial behaviour (i.e., donation or purchase). Prior research suggests that the donors have intrinsic motivation and buyers have extrinsic motivation (Allison et al., 2015; Steigenberger, 2017).

Nevertheless, this study found that it is not a simple dichotomous motivation among the backers. Some donors were extrinsically motivated and some of the buyers were intrinsically motivated in the context of crowdfunding. Based on the aforementioned criteria, the backers adopted four engagement roles – benefactors, patrons, shoppers, and utilisers – each of which had a different expected value through their resource integration. Table 23 shows backers’ engagement roles based on their dominant motivation and behaviour.

Table 23. Backers’ engagement role

Behaviour		Dominant motivation	
		Intrinsic	Extrinsic
Behaviour	<b>Donors</b>	D1, D2, D3 Benefactors	D4 Utilisers
	<b>Buyers</b>	B1, B2 Patrons	B3–B7 Shoppers

A discussion on the cognitive and emotional dimensions of engagement within engagement roles at the micro level is presented below. It is important to note that engagement intensity of engagement dimensions is not measured through a quantitative approach based on engagement intensity levels at a continuum from low to high (Brodie et al., 2011). It is based on judgement grounded on my theoretical knowledge and personal interaction with the backers. The backers’ engagement was placed on a continuum of low to high.

### 7.3.2.1.1 Benefactors

Benefactors are backers who donated purely for altruistic motivation (Steigenberger, 2017). They were less concerned with the evaluation of the project and did not actively look for its viability, thus they had a low cognitive engagement for D1 and D3, as their priority was to support a friend for the former and to support a local entrepreneur for the latter. For D2, the cognitive engagement was moderate as they were also interested in the idea.

The benefactors’ emotional engagement was high because they wanted their friends or family or a local initiator to succeed. This group of backers was very quick to back the project in the earlier phase of the campaign and played a role in the success of the campaign.

### 7.3.2.1.2 Patrons

Patrons resembled more ordinary buyers. However, they were not mere buyers, as they also wanted to support the project. Patrons had cognitive engagement while evaluating the project, but they did not use rigorous standards in their evaluation due to their personal relations with the initiators and/or their willingness to support the cause, thus they had a moderate cognitive engagement. The patrons also manifested moderate emotional engagement. Even though they

were motivated to support their family or friends, they wanted the material reward in the form of the actual product.

#### **7.3.2.1.3 Shoppers**

Shoppers consisted of backers with the primary purpose of getting the reward. Their cognitive engagement was quite high as they had a critical evaluation of the project. They wanted to be sure of the viability of the project and wanted to take minimum risk. Moreover, their emotional engagement to the project was low. Although they primarily wanted the material reward, shoppers also wanted to support the initiator or the cause or local project.

#### **7.3.2.1.4 Utilisers**

Utilisers comprised the donors who did not aim to receive any material reward. Contrary to existing crowdfunding research showing that donors are intrinsically motivated (Allison et al., 2015; Mollick, 2014; Steigenberger, 2017), the utilisers are the donors with extrinsic motivation. Their purpose was not to help, though they donated to the project. They had high cognitive engagement as their purpose was learning from the project, satisfying their curiosity, and avoiding risk. Utilisers had a very low emotional engagement in terms of the outcome of the campaign and were not primarily concerned with the results. Figure 32 shows backers' cognitive and emotional engagement on a continuum of low to high.



## 7. Analysis and Discussion

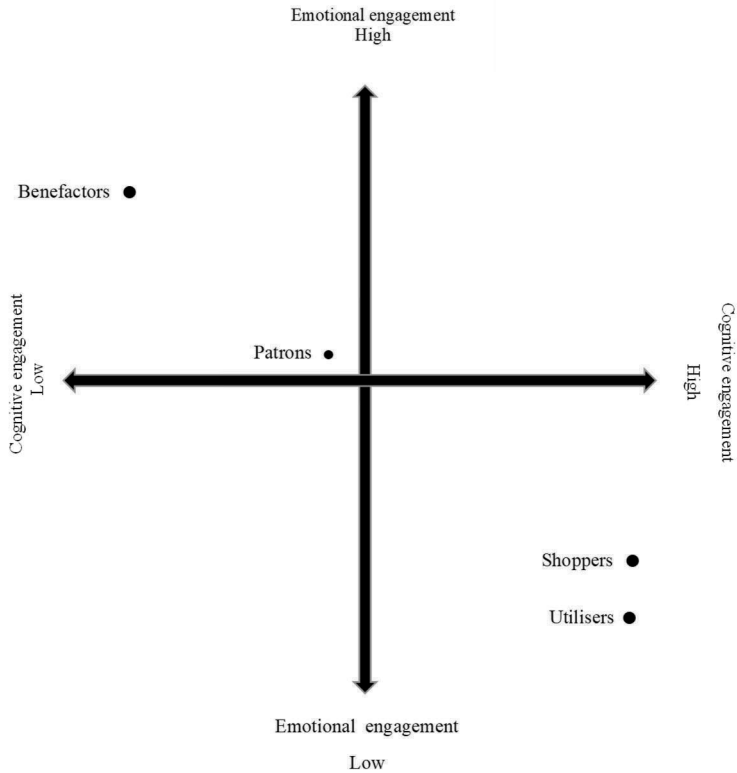


Figure 32. Backers' cognitive and emotional engagement at micro level

The analysis at micro level shows that engagement motivation is influenced by engagement objects, which shapes the engagement role and behaviour during the crowdfunding journey.

### 7.4 Meso-Level View – Interpersonal Level

The previous section expanded backers' crowdfunding journey by viewing different roles at a micro-level view of engagement. However, it is crucial to have a broader view of the engagement context, as it is context-dependent (Brodie et al., 2011). Considering the immediate context of engagement gives a meso-level view of engagement that comprises other actors (i.e., interpersonal interaction).

### **7.4.1 Why Engage in Crowdfunding Journey through Non-Financial Contributions?**

The backers had several activities during the crowdfunding journey through a set of interlocking institutions. Section 7.3 explored the backers' motivation to participate in crowdfunding through a financial contribution. Further analysis would guide the reader on how the backers engaged at meso level in the crowdfunding context through non-financial contributions. As crowdfunding is a collective context, there is a high interdependence of the individuals in the collective context (Ordanini et al., 2011) due to Kickstarter's "all or nothing" model. Individual action is not sufficient to support the campaign and depends on how others from the crowd behave. A meso-level view of backers' engagement is highly relevant, as the crowdfunding backers were situated in a highly interactive social and digital environment (Quero et al., 2017). Based on the roles identified earlier in the study, the backers had their engagement activities at the meso level (Hollebeek et al., 2017).

#### **7.4.1.1 Interaction between the Backers and Their Social Networks**

The crowdfunding interactions across all cases were primarily online and eWOM seemed to play a crucial role. The backers learnt about the projects through social media, even if it was from their personal or social networks. Owing to the importance of social media, the social engagement dimension along the emotional dimension of the backers is highly relevant in this context. Section 7.3 elaborated on the cognitive and emotional engagement dimensions relevant at the micro level. To understand the social interaction at the interpersonal level, this section expounds on backers' emotional and social engagement within their engagement roles (i.e., benefactors, patrons, shoppers, and utilisers).

The benefactors and patrons shared the projects with their friends and encouraged others to support the project, too. However, due to high emotional engagement, the benefactors had a high social engagement. The only motivation they had to participate was to make it happen regardless of active evaluation of the project, so they shared it as much as possible with their social networks. As the patrons had a moderate emotional engagement, their social engagement was also moderate. They had the hybrid motivation to support the initiator and get the reward. Therefore, they shared the project with others, but were less enthusiastic than the benefactors. Both groups endorsed and advocated the projects. Furthermore, shoppers showed moderate social engagement and shared the project within their circle, but their purpose was to receive their rewards in successful campaigns. Moreover, they wanted to get recognition for the idea they supported. The utilisers were not interested in whether the campaign succeeded or not, and did not have any motivation to actively share the project with others.

These findings are in line with previous research that the project is marketed through the Internet and social media by the initiators of their internal and external networks (Aprilia & Wibowo, 2017; Colombo et al., 2015). Personal and social networks recruited more backers (Mollick, 2014), and eWOM through personal

## 7. Analysis and Discussion

and social networks brought internal social capital (Colombo et al., 2015). In addition, the backers shared the projects with the relevant audience, as the project they backed was not for their entire social circle. This finding suggests that those backers mainly promote the project with others who are interested in the success of the project, but they make sure that the project is relevant for the audience they are sharing it with. Since the utilisers were not interested in the reward, they did not engage socially with the project, even if it was relevant for others.

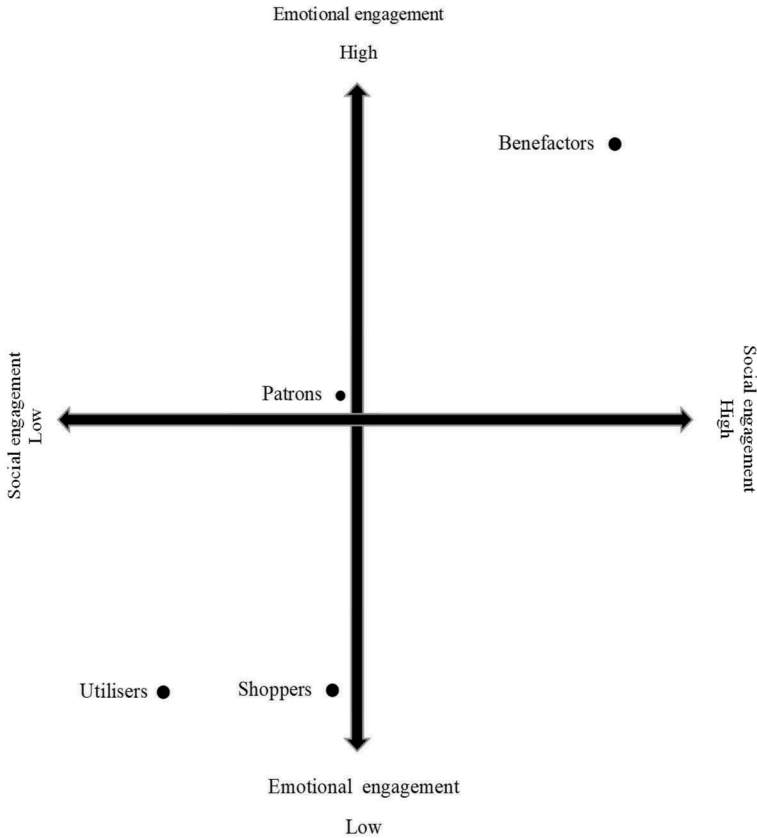


Figure 33. Backers' social and emotional engagement at meso level

### 7.4.1.2 Interaction between the Backers and the Crowdfunding Community

The backers of each project seemed to belong to a community around a project with a common objective and a shared interest (Schau et al., 2009). Along with eWOM, comments and updates triggered backers' engagement within their crowdfunding community during and post the campaign. The common objective of these backers was to "make it happen", and it was also linked to the project of

their common interest. For example, the Altered Nozzle backers wanted to contribute towards addressing an environmental issue. For Freedrum, the backers were from a community of music lovers who wanted to have a unique experience with an innovative instrument. The EQ Wear community consisted of backers linked to horse riding and fashionistas. Persu bag's backers were interested in a healthy lifestyle. Interdependence is at the heart of the crowdfunding campaign and all actors were dependent on each other, with a successful crowdfunding campaign engaging multiple actors.

These findings support previous research that crowdfunding backers can be considered a temporary community and have social categorisation (i.e., shared criteria and interdependence) (Burtch et al., 2016). At the community level (i.e., meso-level), crowdfunding backers followed the social norms of the crowdfunding community. A common understanding was that the backers understood crowdfunding was different from an ordinary purchase, and they might end up without a product or reward. Majority of backers across all cases further understood that the delivery date was tentative. The backers seemed to realise that the initiators faced many challenges before being able to deliver the promised rewards. Nevertheless, the backers highlighted the importance of transparency and communication from the initiators.

The major touchpoint of interaction among the community was comments from the backers. Although the backers could interact with each other through different social media platforms, the backers in the study used the comments section on the Kickstarter page so that they could share the information with other backers, too. The comment function was used for various purposes during and after the campaign. It was commonly used by the backers to show appreciation for the project, to offer further suggestions for improvement, to give feedback or to ask relevant questions. After the reward, the backers used the comments section to share their experience of the reward. The initiators usually responded to the backers' comments and answered their questions. The comments section was mostly used during the campaign and then towards the delivery date. In between, there was limited interaction (i.e., dormancy) (Brodie et al., 2011), though there seemed to be higher engagement by the end of the campaign and around the delivery date.

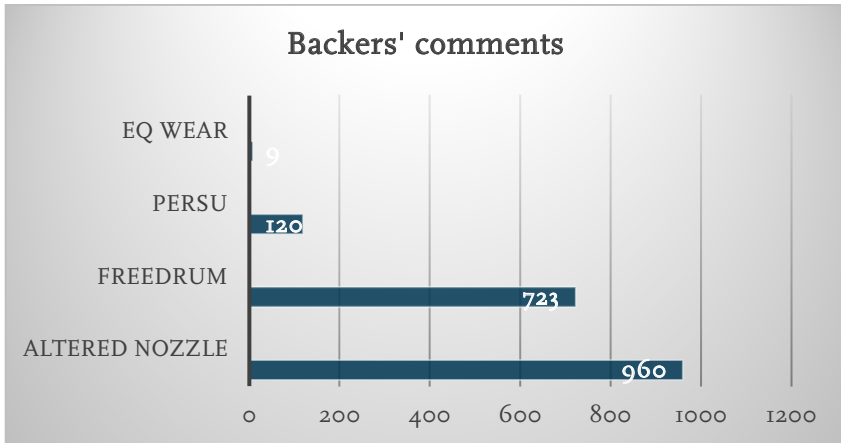


Figure 34. Backers' comments (Based on the project's page on Kickstarter)

An actor may have a positive or negative valence when engaged (Hollebeek & Chen, 2014). In the Kickstarter page's comments section, the backers mostly had a positive valence, although some of the backers' engagement valence seemed to change if something made them uncomfortable. For example, a lack of updates over time from the initiators, a delayed delivery, a late response to the email asking about reward or seeing other backers getting their deliveries before them. Nevertheless, in all cases, the engagement valence ended positively after the problem was resolved by getting more information from the initiators. All the backers admired the sincerity and transparency of the initiators in providing the information, even if they faced difficulty with the product use.

Some backers shared the joy of receiving their rewards by posting in the comments section. A few also reviewed the projects on the initiators' social media pages. Altered Nozzle and Freedrum received a lot of comments from their backers. The backers reported, regardless of whether they personally wrote a comment, they would read the comments from other backers. The backers of these two cases were more active in sharing their experiences with others in the community. The backers of Altered Nozzle had to face some difficulties in the initial product, and they shared or read about others' personalised solutions to get the most out of their rewards. Moreover, the company was engaged in responding to the comments and sending them on-page or email solutions. Similarly, the Freedrum initiators sometimes intervened and solved backers' problems by answering their questions. This reveals that the projects that require engineering can face higher problems, compared to apparel or bags.

#### 7.4.1.3 Interaction between the Backers and the Initiators

Another crucial aspect of interaction among the community was the project updates from the initiators. These were not posted on the Kickstarter page of the project, but the community was also notified through automatic emails from the

initiators. Therefore, it was not necessary for backers to visit Kickstarter to follow the updates.

The initiators mostly updated their progress and important steps during and after the campaign. Regular updates create complacency among the backers' community. The updates enabled the backers to closely follow the process and update their information. Regular updates from the initiators kept the backers' engagement positively valenced. Sometimes, updates about the reward delivery caused problems, as the people who did not get their reward and saw others receiving it felt uncomfortable. These updates sometimes induced more comments. The backers could read the updates through their emails as well.

As the cases in this study were from small and large groups of backers, the engagement at the meso, community level could show this effect in the comments section. The larger groups had more comments compared to the small groups. However, in the case of the updates, the size of the group did not seem to matter, as the updates were from the initiators only. The chart in Figure 35 is presented to visualise the engagement with updates.

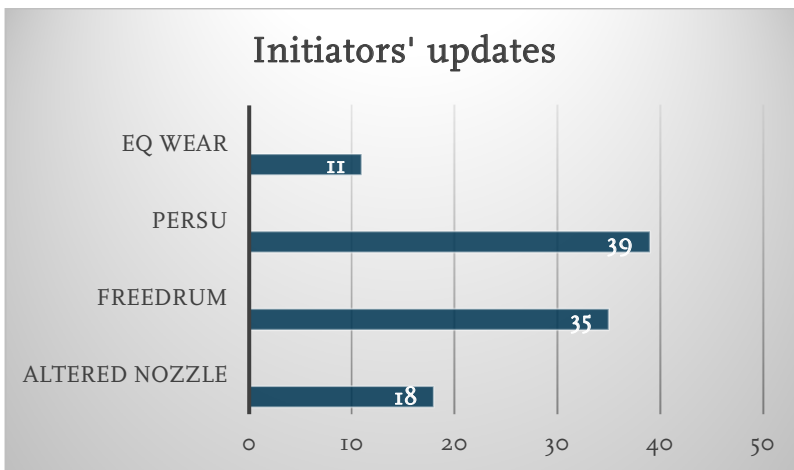


Figure 35. Initiators' update (Based on the project's page on Kickstarter)

The backers' engagement at the micro and meso levels revealed how they engaged and what activities they undertook during their crowdfunding journey. Table 24 summarises each activity and their motivation to make financial or non-financial contributions.

Table 24. Backers’ motivation for financial and non-financial engagement

Ways to engage	Motivation
Financial contribution	<ul style="list-style-type: none"> <li>• To support family, friend and colleague</li> <li>• To support idea/initiator</li> <li>• To support a cause</li> <li>• To support national/local project</li> <li>• To get reward/product</li> <li>• To follow the initiator’s crowdfunding journey</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>• To spread the news</li> <li>• To recruit more backers</li> </ul>
Advocacy	<ul style="list-style-type: none"> <li>• To convince the backers</li> <li>• To recruit more backers</li> </ul>
Endorsement	<ul style="list-style-type: none"> <li>• To support the project</li> <li>• To recruit more backers</li> <li>• To get recognition of their action</li> </ul>
Comments	<ul style="list-style-type: none"> <li>• To ask questions</li> <li>• To participate in the crowdfunding community of a specific campaign</li> <li>• To remove confusion</li> <li>• To share experience</li> </ul>
Updates	<ul style="list-style-type: none"> <li>• To get updates about the project</li> <li>• To have an answer to the questions</li> </ul>

## 7.5 Goal-Orientated View of Backers’ Crowdfunding Journey

Becker et al. (2020) emphasised the goal-orientated view of the customer journey, which provides a hierarchy of higher-order and lower-order goals. It was argued that the backers’ crowdfunding journey is collectively towards a goal – that is, the success of the campaign (refer to section 4.2). However, it is important to note that the processual analysis of the crowdfunding journey through empirical data provided a goal-orientated view of the backers’ journey at individual and interpersonal levels. It elaborated what the higher-order and lower-order goals of the backers’ journey were and what each activity’s aim was. These goals of the crowdfunding journey were mainly linked to the backers’ roles they adopt during their crowdfunding journey, namely benefactors, patrons, shoppers, and utilisers.

The main goal of the benefactors was the success of the initiator, and they provided every possible support to help the initiator be successful. Some backers assisted the initiator, regardless of the project.

*Honestly, it was less important about what it [the project] was ... so I am not a professional investor. I never evaluated the business prospects either of the two small [crowdfunding] investments. I just wanted to support my friend.*

*Emily*

Patrons had a hybrid goal to support the initiator, but also to get the product reward, whereas the shoppers' higher-order goal was to get the product reward. Even though during the customer purchase journey making a purchase is usually not the customer's goal, in the crowdfunding journey, the higher-order goal could be to get the reward. The utilisers' main goal was learning from the campaign.

For benefactors, patrons, and shoppers the lower-order goal was the success of the campaign, which would only enable them to reach their higher-order goal. Owing to the Kickstarter "all or nothing" model, the success of the campaign was crucial, otherwise the backers would not be able to reach their higher-order goals. Regardless of the individual contributions, a collective effort to reach the campaign funding goal was indispensable. All types of backers had two ways of engaging – funding and interaction.

For the success of the campaign (i.e., a common goal), the backers' engagement activities differed across their engagement roles, as their higher-order goals were different. All three types of actors were engaged in financial contribution and promotion. Moreover, the benefactors were advocates of the projects and tried to convince others to support the projects, and the patrons were endorsers of the campaigns along funding and promotion.

Interestingly, the utilisers were indifferent about the success of the campaign and their higher-order goal was learning from the campaign whether to plan their personal future campaign or simply out of curiosity. They had to contribute financially to become part of the campaign's crowdfunding community. Moreover, their activity was as a lurker, where they passively participated in non-financial activities.

*I would be glad if it reached the goal but I honestly did not share it with anyone.... If I am not buying it myself it looks bit odd to ask others to buy ... I just wanted to follow the project.*

*Ned*

This finding suggests that despite making financial contributions, the backers may not be concerned with the success of the campaign. They showed a positive feeling towards the success of the campaign, but this is not what they were looking for. Despite being in a collective context, the backers may pursue different goals. Figure 36 explains the hierarchy of the goals of backers' crowdfunding journey and outlines how it influenced their engagement activities.



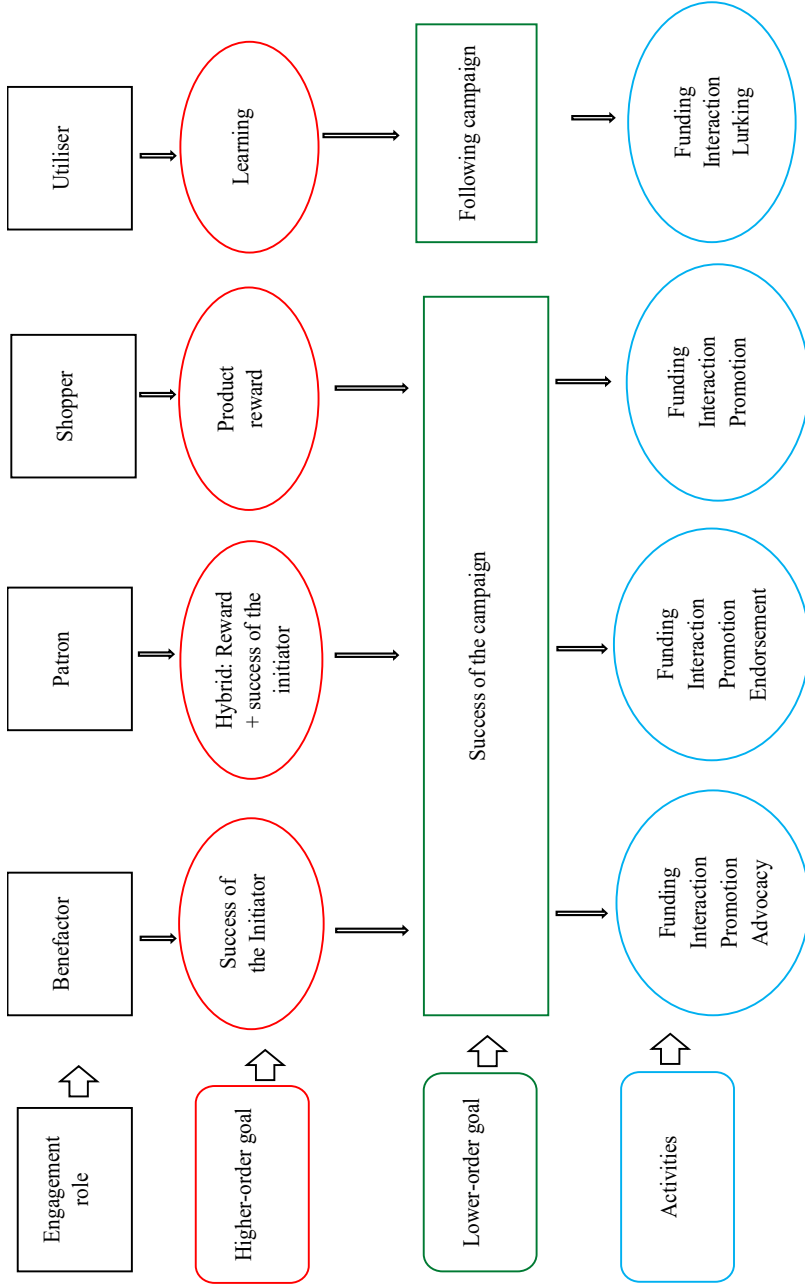


Figure 36. Goal-orientated view of backers' crowdfunding journey (Based on Becker et al., 2020)

## 7.6 Engagement Properties during the Crowdfunding Journey

This section explains how engagement properties were during the crowdfunding journey, including micro and macro levels. As noted earlier, engagement properties in marketing literature are based on time and space (refer to section 3.4 for details). “Engagement is an alignment of past present and future dispositions, along with the temporal and relational connections” (Chandler & Lusch, 2015, p. 12). During the crowdfunding journey, the backers reflected varying engagement properties.

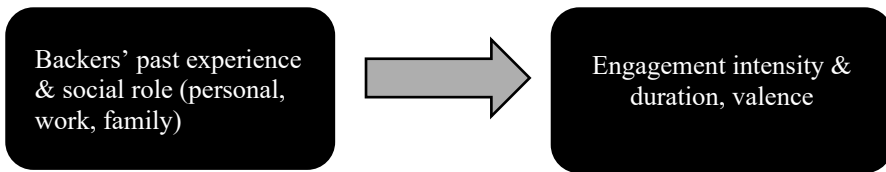


Figure 37. Social roles and engagement

### 7.6.1 Temporal Connections

Having an analysis based on *temporal connections* (in relation to past experience), there were variations among the backers. The backers across all the cases had different past experiences with crowdfunding and quite different familiarisations with it. Some backers were funding for the first time, while others had backed several projects and some even claimed to have backed more than 100 projects. For some backers, the project they contributed to was their main source of familiarisation with the crowdfunding industry or phenomenon. To provide financial backing on Kickstarter, the backers had to register and become part of the large Kickstarter community and learnt about numerous other projects within the industry.

Moreover, some backers had past experience with other projects, which were positive, negative or both. The backers' past experience was either direct or indirect (e.g., looking at other projects and reading comments about them). Their past disposition shaped their current disposition and, similarly, their present disposition shaped their future disposition (Chandler & Lusch, 2015). For example, the backers with a good past experience of backing another project were more positive towards their current project journey, while the backers who had a bad past experience were more conscious and careful with the current projects.

The backers shared the nature of their past experience. Some backers loved helping others and were excited to assist more people in the future. Others were amazed by the crowdfunding process and enjoyed helping others, so they were enthusiastic about more projects. Different backers reported that they were excited in the earlier phase of familiarity but it was no longer fun for them.

Furthermore, the backers had some negative past experience. For instance, some initiators from successful campaigns did not deliver at all and had no communication with the backers or a number of products were not of the quality that had been promised. The negative experience from the industry made the backers more careful and they were trained to conduct a better evaluation.

Emotional engagement based on past or current projects shapes the future. Usually, a positive experience promotes repetition, while a negative experience promotes disengagement. However, this study found that a positive crowdfunding experience may not necessarily make backers engage with more projects. For some backers, it was exciting in the beginning to back different projects, but later they got bored with the crowdfunding journey. Similarly, backers who helped others shared that they may or may not help in the future as they just became part of the campaign due to close ties with the initiators. Interestingly, the backers did not favour serial crowdfunding (i.e., giving money to the same person), as they did not see the crowdfunding platform as e-commerce to sell online, rather as a platform to initiate a venture. “I wouldn’t feel obligated to support someone over and over again” (Sophia).

### 7.6.2 Relational Connections

Engagement does not happen in isolation, rather it is in relation to the social roles, namely *relational connection*. As noted earlier based on the engagement role, the backers could be classified as benefactors, patrons, shoppers, and utilisers. Nevertheless, these backers had multiple other social roles simultaneously, such as a family role (mother, father, children) or a work role (an employee at work, entrepreneur). There are several roles that human beings can adopt (Akaka & Chandler, 2011) and there are numerous objects with which they can engage in their daily life (Dessart et al., 2015), and the backers’ journey depicted this. In general, the backers showed a higher level of engagement during the campaign and by the end of the campaign. In between the conclusion of the campaign and the delivery of the reward, most backers were in a dormant state predominantly due to their other social roles or engagement objects.

Majority of backers reported that they were busy with their professional lives and jobs, thus were not actively following the projects. Besides work, they had their own circle of friends with whom they socialise. Moreover, some of them had to take care of their personal lives and families. Their routines due to personal, family, social and work factors had impacted their engagement. The engagement role within crowdfunding also affected the intensity of engagement.

The benefactors were highly engaged during the campaign, but not later once they saw the funding goal had been reached. Some were found to be completely disengaged as they were not waiting for any reward and they regarded their purpose as fulfilled (i.e., to bring the idea to life). Patrons and shoppers were more engaged, even after the campaign, and were interested in the updates as they wanted the reward. However, their dormancy was evident as they had other things engaging them besides this crowdfunding project. Utilisers were not highly

engaged, but they reported being engaged with the updates as they wanted to know what happened after the successful fundraising. These findings are in line with previous research that relational connections due to actors' social roles influence engagement (Chandler & Lusch, 2015) and engagement intensity varies (Patterson et al., 2006), which may result in dormancy as other engagement interactions in personal and social life take precedence (Brodie et al., 2011).

## 8. Conclusion

This dissertation aimed to explore the nature of the backers' engagement during their crowdfunding journey. The finding and analysis advanced knowledge in engagement and crowdfunding literature. Theoretically, it developed five crowdfunding FPs informed by S-D logic, engagement, and crowdfunding research. Based on the existing knowledge, crowdfunding is acknowledged as a motivational and voluntary resource integration of the actors (beneficiaries) as a response to an open call for funding via engagement platforms contingent on time and space. Crowdfunding FPs served as a foundation to advance understanding of backers' engagement during the crowdfunding journey. Below follows a detailed description of how each research question has been addressed.

### 8.1 RQ1: How Does the Backers' Crowdfunding Journey Unfold?

A processual analysis through empirical data was conducted by looking at how the backers' crowdfunding journey evolved and how the backers engaged during that period to create value with other actors (i.e., other backers and initiators). The evidence supported crowdfunding FP1, which states that: Crowdfunding is an open call by individuals or organisations for funding for an idea or project by drawing on a large number of individuals (crowd) for relatively small contributions in exchange of some future reward.

Based on empirical data and guided by customer journey theory, the crowdfunding journey was mapped, which consisted of five phases: awareness, consideration, action, reward, and post-reward. These phases included the period from the awareness about the crowdfunding project to the post-reward phase, where the backers had experience with the product/reward. The awareness for all the projects was primarily provided through social media, except for EQ Wear, where an email was the primary source of information for the backers. Moreover, a convincing presentation was an integral element for the backers to notice a project. The backers' attention remained piqued when shown the features and functionality of the proposed projects. The initiators of the tech projects – Altered Nozzle and Freedrum – had to indicate their relevant experience and professional backgrounds in their video presentations, otherwise they would have been overlooked.

During the evaluation phase, the backers looked for certain aspects. All four projects had working prototypes, which made the backers trust the capacity of initiator teams to fulfil their commitments. For the tech projects (i.e., Altered Nozzle and Freedrum), the teams comprised a minimum of three people and the members' diverse professional backgrounds brought legitimacy to the campaigns for the backers. The lifestyle projects (i.e., EQ Wear, Persu) were one-person

companies, but the backers could trust them because, compared to the tech projects, the process was less complex.

For the action phase, the core action was contribution, which was either a donation or a pre-purchase. The backers were motivated to support so that the project materialised and/or to get a product reward. The promotional aspect of the project was linked to reaching the funding goal. For example, Altered Nozzle reached its funding goal so quickly that its backers were merely engaged in promoting the project. Freedrum's backers engaged in promoting the project in the early stage of the campaign, but later were not very active as the project had raised sufficient funds to meet the funding goal. However, the EQ Wear and Persu backers had promotional activities in the latter phases of their campaigns so that the projects could reach their goals.

During the reward phase of the journey, the backers awaited their rewards. While waiting, they received updates from the initiators and were able to post comments on the relevant Kickstarter pages. The backers of the Persu bag were eager to get updates. While the Altered Nozzle and Freedrum backers were interested in the updates, it was comparatively less than the Persu bag backers, who were interested in following the journey of a single initiator outsourcing many tasks. With EQ Wear, the backers did not appear to be very concerned with the project updates. The transparency in the updates mitigated uncertainty across all cases.

Uncertainty is part of crowdfunding campaigns. It involves trusting the idea, capacity, and integrity of the initiators. All four projects had delayed deliveries due to several factors (e.g., overfunded campaign requiring mass production, suppliers' issues), yet the backers reported no problems if there were regular and transparent updates. For the Altered Nozzle and Freedrum campaigns, the geographical location of the companies served as a source of legitimacy, and the backers did not suspect the delay as fraudulent activity.

In the post-reward phase, the expectation and experience were examined. Tech projects were more likely to have problems due to installation or usage. However, they could be easily sorted out by the initiator teams. The issues for EQ Wear (i.e., the length of the pants) could not be solved via online advice from the initiator. The Persu bag reported no issues that could be linked to the type of product, as it was a simple-to-use item and did not have to be a specific size to be worn or installed.

In the theoretical background non-linearity of crowdfunding journey was acknowledged. The study advanced the theory by providing a temporal view of engagement across mapped phases. The temporal view highlighted that during each phase, cognitive, emotional, behavioural, and social engagement vary. The empirical data helped identify the influencers that triggered the transition from one phase to another. From awareness to consideration, the social engagement was the main trigger that made the backers go a step further. During consideration, the positive engagement valence and time pressure led the backers to the action of funding and information sharing. The anticipation of the reward influenced the

backers to move from action to reward phase, whereas the post-reward phase was influenced by the experience of the reward.

After having a look at the crowdfunding journey, for further advancement, the overall context of a crowdfunding campaign was explored so that the underlying mechanism of the crowdfunding journey is understood in the context. Crowdfunding FP3 was: Actors' engagement (interactions) and resource integration during the crowdfunding journey (e.g., awareness, consideration, action, reward, post-reward) are enabled by engagement platforms (e.g., crowdfunding platforms, social media) by using the Internet. Crowdfunding platforms primarily enable and regulate crowdfunding, whereas social media platforms support crowdfunding engagement.

The findings explained how institutions and institutional arrangements enabled and facilitated engagement for the backers. The crowdfunding journey was enabled by crowdfunding platforms to connect the initiators with the backers, the banking systems, and the logistics companies. Moreover, social media platforms enabled the social engagement of the backers.

## 8.2 RQ2: (a) Why Do Backers Engage with Crowdfunding? What Motivates Them to Take a Crowdfunding Journey in a Collective Context? (b) In What Way Do Backers Engage During the Crowdfunding Journey?

After exploring the process of the crowdfunding journey, the dissertation investigated why the backers engaged with crowdfunding, specifically looking at what motivated the backers to take the crowdfunding journey. The crowdfunding context is a rich context not only for multiple engagement objects, but also for collective engagement. Using an integrative framework of recursive research comprising S-D logic, engagement, and crowdfunding, the backers' engagement was analysed at the micro and meso levels. This analysis enhanced understanding of crowdfunding FP2, namely: Multiple social and economic actors (e.g., initiator, crowd, crowdfunding platforms) voluntarily and motivationally interact and integrate their operand (e.g., knowledge, skills, time) and operant (e.g., money) resources in crowdfunding ecosystem.

The micro-level view revealed that the backers have several motivations to engage with crowdfunding – for instance, to support (friends, family, initiator, idea, cause, local entrepreneur), to get a reward, or to follow the initiator's journey. The backers were concerned with the environment if the initiators, such as Altered Nozzle, had highlighted that aspect. Moreover, the geographical location of the company seemed important to backers. The Sweden-based projects were supported for promoting entrepreneurship, which is generally encouraged in Sweden. The EQ Wear initiator was also supported by the local community, although that was primarily limited to the city level, where entrepreneurs wanted

to support other local entrepreneurs. The Altered Nozzle and Freedrum campaigns had international general coverage, whereas EQ Wear targeted a narrower audience.

Based on the motivation, the backers adopted different engagement roles and were categorised as benefactors, patrons, shoppers, or utilisers. A deeper analysis revealed that at the micro-level, the behavioural dimension (i.e., a financial contribution) was the same for all the backers, although there was a variation in their cognitive and emotional engagement.

After understanding the crowdfunding journey process, the backers' motivation, and their roles, a broader view of backers' engagement was analysed at the meso level, including the immediate context, interpersonal level of engagement activities. At the meso level, the backers' activities comprised promotion, advocacy, and endorsement of their backed projects on social media, as well as leaving comments on the Kickstarter page. The backers engaged in promotional activities to spread the news. They advocated the projects to convince more backers to trust and endorsed the project to get recognition for their support. All these activities were aimed at recruiting more backers.

In addition, the backers used comments to ask questions and participate in the crowdfunding community of the particular campaign, remove confusion or just share their experience with the reward. Through updates, they got answers to their questions or any project-related updates from the initiators. The backers' activities were shaped by the engagement roles the backers adopted during their crowdfunding journey. At the meso level, there were variations in emotional and social dimensions that manifested in the backers' behaviour.

Once the micro-level and meso-level activities and motivations were understood, the study moved a step further to gain a goal-orientated view of the backers' crowdfunding journey. Since there are numerous actors in crowdfunding, there are multiple beneficiaries of the crowdfunding resource integration. As FP4 states: Value (e.g., funding, fee, reward) is co-created by multiple actors, including multiple beneficiaries (e.g., initiator, crowd, crowdfunding platform), in a single project in the crowdfunding ecosystem, and all crowdfunding beneficiaries carry risk (e.g., legal, operational, financial).

A goal-orientated view of the backers' crowdfunding journey enabled an understanding of the hierarchy of the goals. The backers had varying higher-order goals based on their engagement roles. The benefactors' higher-order goal was to support the initiator, as they were primarily friends or family of the initiators. The patrons had a hybrid goal, where they wanted to support the initiator, but also wanted the reward. For shoppers, the higher-order goal was to get product rewards. The utilisers mainly aimed to learn, whether out of curiosity or personal development. Consequently, the backers had value in getting the reward (intrinsic, extrinsic, or both). For example, the benefactors had backed initiators for intrinsic value, whereas the shoppers did it mainly for an extrinsic reward (i.e., the actual product). Similarly, the patrons had a hybrid value of support and reward (both intrinsic and extrinsic) and the utilisers had value in learning from the project (extrinsic value).



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At the lower level, the goals of benefactors, patrons, and shoppers were aimed at the success of the campaigns, which explained why they participated in the crowdfunding journey towards a common goal. Contrastingly, the shoppers seemed indifferent about the success of the campaign. This is a unique finding that not all backers in crowdfunding are interested in the success of the campaign, even if they made a financial contribution.

### 8.3 RQ3: How Do the Various or Multiple Roles of Backers Shape Their Engagement (Engagement Properties) during Their Crowdfunding Journey?

Finally, a closer look at the engagement in relation to time and space was undertaken by exploring the engagement properties. The empirical evidence supported crowdfunding FP5: Actors' crowdfunding journey evolves over time, and actors' engagement characteristics (intensity, valence, duration) are contingent on their engagement roles (e.g., donor, buyer, promoter) and engagement objects (e.g., idea, cause, offering, initiator) in the crowdfunding ecosystem.

The backers' engagement properties varied and were based on their relational and temporal connections, which resulted in different engagement intensity levels, duration, and valence. For instance, in temporal connections, the backers' past experiences influenced their backing decisions. Similarly, the willingness and desire to engage with crowdfunding in the future was relevant for the backers' future disposition of crowdfunding.

Furthermore, backers' engagement roles had an impact on their other social roles. The backers' personal, family, and professional lives affected how much time they could engage with crowdfunding, thus impacting the duration and intensity of engagement. Overall, crowdfunding has been found to be a highly interactive and interdependent context. Multiple social and economic actors integrated their resources in the crowdfunding context and co-created value.

### 8.4 Contribution

This study has contributed to academia, practice, and society by advancing knowledge in the marketing and entrepreneurship disciplines.

#### 8.4.1 *Theoretical Contribution*

Academic research has benefited from the theories borrowed from multiple disciplines (Zahra & Sharma, 2004). However, it is important to give back to the

theories borrowed, rather than just drawing upon them. In line with this thinking, this study benefited from several marketing theories and overlapping marketing and entrepreneurial context, thus it should preferably give back to these theories. The theoretical framework of this dissertation comprised of S-D logic, engagement, customer journey, and crowdfunding. Figure 38 encapsulates how this dissertation attempted to contribute to the theory through further theoretical development or application in another context.

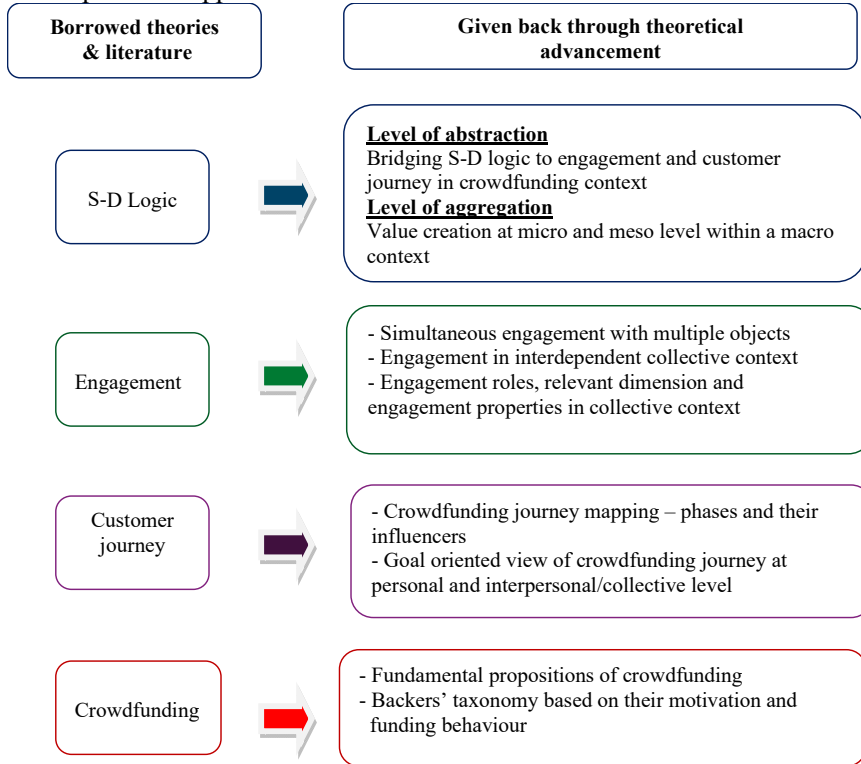


Figure 38. Theoretical borrowing and giving back

#### 8.4.1.1 S-D Logic

Vargo and Lusch (2017) argued that there are levels of abstraction and aggregation for theoretical development. This study has made theoretical developments at both these levels. At different levels of abstraction, the theories can help in theoretical development at multiple levels, which means one level theory can benefit from the other level. A metatheory can inform the mid-range theory, and vice versa. At the abstraction level, this dissertation used the bridging theory of engagement informed by metatheory of S-D logic to extend micro-level customer journey theory through evidence-based research in the crowdfunding context. The approach in the study was zooming in on a microfoundational theory level development.

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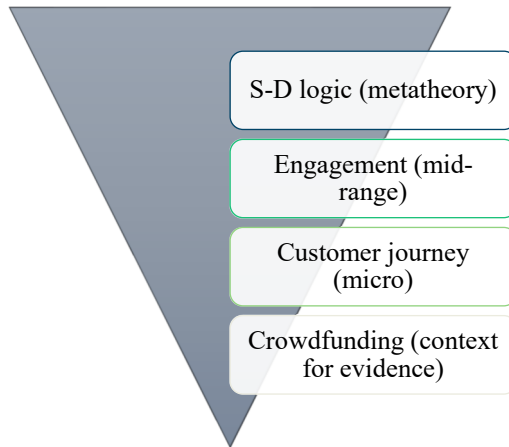


Figure 39. Theoretical level of abstraction

At the level of aggregation, the approach is zooming in and out at different levels. Specifically, it has looked at the micro level (e.g., transactional relationships at personal dyadic level) and the meso level (e.g., sharing relationships at the interpersonal level). S-D logic has been used across multiple contexts in multidisciplinary and interdisciplinary research. In this dissertation, it was contextualised in crowdfunding, specifically at the multiple levels of the value creation process through resource integration by multiple actors.

Moreover, S-D logic research emphasises evaluating how institutions and institutional arrangements enable a service system to work. To answer the research questions, it was important to understand the macro context. Consequently, although not the focus of the study, the dissertation looked at how institutions and institutional arrangements make the crowdfunding ecosystem stay together and functional. It also elaborated how crowdfunding-related institutions, such as crowdfunding platforms, online banking systems, logistics and their interlock, are pertinent to digital platforms.

### 8.4.1.2 Engagement Literature

Another contribution this thesis made to marketing engagement literature was through theoretical advancement in engagement research by having deep insight of backers' varying engagement roles with multiple engagement objects based on their motivation and the effect thereof on backers' behaviour. Besides this, the study has advanced knowledge about the engagement in an interdependent collective context of crowdfunding. Moreover, it has considered the backers' simultaneous engagement with multiple objects. Engagement studies to date have not paid sufficient attention to simultaneous engagement. Though some crowdfunding studies have reflected on the backers' interdependence and their social context (Alegre & Moleskis, 2021; Ryu & Kim, 2016; Shneor & Munim,

2019; Steigenberger, 2017; Zhang & Chen, 2019), they have not used engagement theory or looked at the underlying mechanism of engaging in the collective context.

Furthermore, the study provided insight by segmenting engagement roles, such as benefactors, patrons, shoppers, and utilisers. The research theoretically explained how the cognitive, emotional, and social dimensions are reflected in specific behaviour, the relevance of these dimensions to each phase of the crowdfunding journey, and their pertinence to each engagement role. Figure 40 encapsulates the backers' engagement at micro and macro levels. Benefactors manifested low cognitive but high emotional and social engagement, and their funding decision was based on emotions. Their high social engagement was the result of their emotional engagement. Patrons' three engagement dimensions were in moderation, thus they were engaged with no dimension dominating other. Shoppers had high cognitive but low emotional engagement, and their funding decision was cognitive. Their social engagement was moderate as a result of their cognitive engagement. Lastly, the utilisers had high cognitive, but low social and emotional engagement.

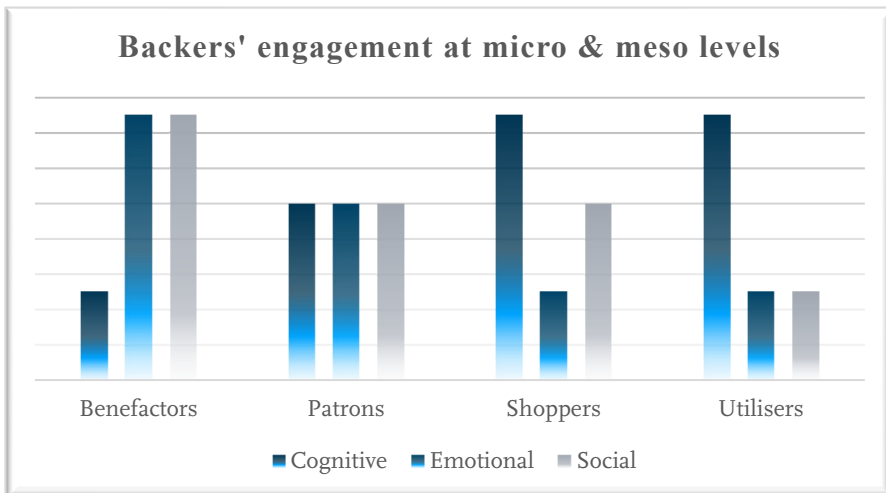


Figure 40. Backers' engagement intensity at micro and macro levels

#### 8.4.1.3 Customer Journey

This study developed a more comprehensive model, compared to the classic AIDA model (Lavidge & Steiner, 1961) or recent customer journey models regarding the customer purchase decision process (Becker et al., 2020; Lemon & Verhoef, 2016). The AIDA model – comprising the attention, interest, desire, and action steps – provides a linear process of customer decision-making that ends with the purchase. It looks at how the purchase process works, but overlooks an important aspect of post-purchase. The customer journey model encompassing

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the pre-purchase, purchase, and post-purchase phases (Lemon & Verhoef, 2016) acknowledges the post-purchase phase, but does not express the key characteristics of these phases (Følstad & Kvale, 2018). Moreover, the focus of this journey is the purchase of a particular offering (Becker et al., 2020).

A recent development in the customer journey is a goal-orientated customer journey model (Becker et al., 2020) that enables readers to take a more holistic view and explore what the customers would want to achieve through the purchase journey, which is not merely a purchase of an offering. Even though the model (Becker et al., 2020) discusses how the environment and social influencer shape customers' cognitive and behavioural process towards a goal, it does not explicitly explain the underlying mechanism of moving to each phase of journey.

The crowdfunding journey model developed in this dissertation facilitates a processual analysis of the backers' crowdfunding journey. It provides the temporal mapping of the journey, while also considering the context of the journey. It enables one to look at the journey in a highly interactive interdependent collective context. It not only provides a temporal view of the journey, but also an experiential view through an engagement lens by exploring the value creation process at the multiple aggregation levels during each phase of the journey. Moreover, the model extends the theoretical understanding of a goal-orientated view of the journey and elaborates the goal hierarchy at multiple levels of aggregation. It highlights that individual-level and group-level goals can be different and at different levels of goal hierarchy.

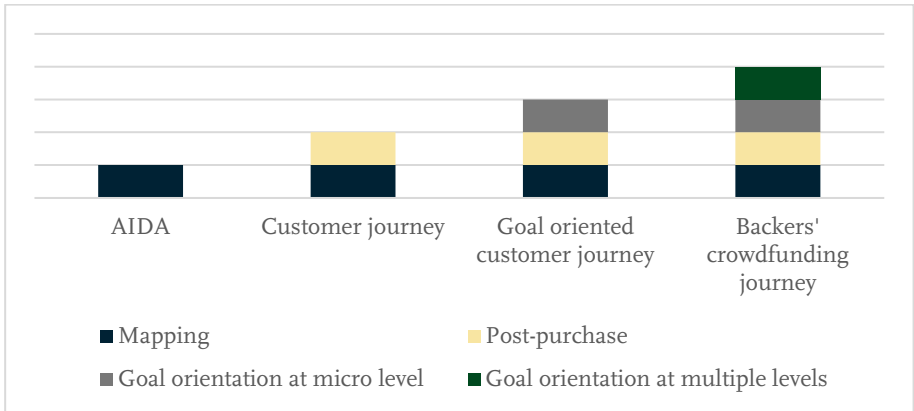


Figure 41. Comparison of crowdfunding journey model with other models

### 8.4.1.4 Crowdfunding

This study also advanced crowdfunding literature by developing FPs of crowdfunding informed by S-D logic and engagement research. Ryu and Kim (2016) developed a taxonomy, such as angelic backers, reward hunters, avid fans, and tasteful hermits, through quantitative measures of the backers' motivation, behaviour, and personality traits. This study provided insights by segmenting

engagement based on a deeper qualitative analysis of backers' motivation, funding behaviour, and engagement object, and developed taxonomy, such as benefactors, patrons, shoppers, and utilisers. A comparison of both taxonomies shares some similarities and differences.

Benefactors and angelic backers are similar as they have philanthropic motivations and fund for no material reward. However, unlike angelic backers doing charity in Ryu and Kim's (2016) segmentation, the benefactors among the backers under this qualitative study were mainly helping family and friends. Angelic backers contributed small sums of money, while the benefactors contributed comparatively larger sums so that their friends and family could get impactful support for their campaign.

Patrons and avid fans are similar due to their hybrid motivation of supporting the initiator or idea and receiving a reward; they are passionate about the project. Shoppers and reward hunters are comparable and want the material value of the contribution made just like an ordinary purchase. Being passionate about the project but with a lower other orientation, tasteful hermits lie at the nexus of patrons and shoppers. Utilisers were not covered in Ryu's taxonomy, though they are an important segment of backers. They seem to support the project, but their intention is not to help the initiator. This shows that financial contribution in crowdfunding campaign should always be considered a support of the proposed idea, cause, or initiator.

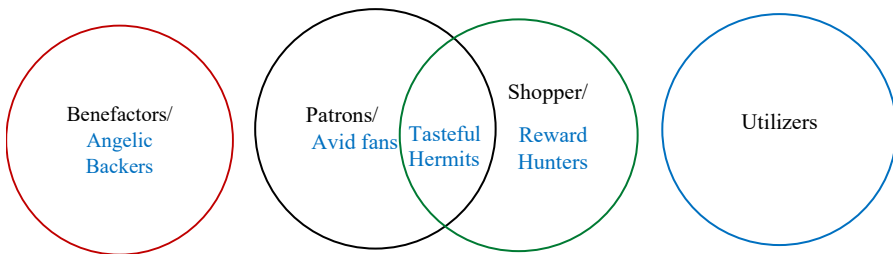


Figure 42. Comparison of the backers' taxonomy

### 8.4.2 Practical Contribution

The study has practical guidelines for practitioners (i.e., marketers), crowdfunding platforms, and initiators. *For marketers*, this study serves as a guideline for how they can use crowdfunding as a low-cost research and marketing tool. It also guides them on how to consider actors' social roles when trying to engage them with any brand/object. This study is not only useful in the crowdfunding context, but in other (collective) contexts, too.

*For crowdfunding platforms*, the study can guide them with what type of projects should be accepted to be launched and what measures could be taken to mitigate risk and bring legitimacy to the crowdfunding platforms and the

## 8. Conclusion

initiators. It also guides the crowdfunding platforms on how they can facilitate engagement among the parties involved – specifically the initiator and the backers – by highlighting the importance of transparency and communication, which could reduce anxiety among backers. Furthermore, the study guides the crowdfunding platforms to understand what aspects of the platform the backers consider and helps them in selecting the projects to be launched.

*For initiators (entrepreneurs) who are planning to launch their crowdfunding campaign, this study may help to understand and plan how to generate attention and engage the crowd for their proposed projects among many other projects proposed. It highlights important factors, such as a convincing video, transparency, and frequency of communication, which the initiators may consider when launching their campaign. It also highlights how an unexpected response, such as overfunded campaigns, can bring about additional challenges and wider coverage for logistics.*

Another important contribution for the backers is the engagement roles. They could plan which of the segments they should target as backers and plan their campaign considering their engagement dimensions.

### 8.4.3 Social Contribution

This thesis has policy implications, too. It can guide the government on how to regulate crowdfunding to minimise the risk the backers may have due to geographically dispersed initiator and backers. Moreover, it is a source of information for society about the phenomenon of crowdfunding, which has become global, although a vast number of people may not be aware of this financing form. This would enable the realisation of the potential the phenomenon has for social development. Thus, the study helps society to understand how they could contribute towards a better world by empowering entrepreneurs through their support.

## 8.5 Future Research

### 8.5.1 S-D Logic-Related Future Research

This thesis has explored backers' value creation through resource integration, focusing on the micro and meso levels. Future research may enlarge the scope and look at backers' macro- or meta-level engagement during the crowdfunding journey.

S-D logic research emphasises how institutions and institutional arrangements hold the service system together. Future research could specifically look at how crowdfunding-related institutions and institutional arrangements function in the ecosystem. Moreover, it could analyse if these differ across other collective contexts, such as crowdsourcing platforms.

### **8.5.2 Engagement-Related Future Research**

This dissertation developed five FPs of crowdfunding based on the integrative framework of S-D logic and engagement. Future research could expand on these five FPs and test those propositions in other types of crowdfunding. Additionally, other countries, apart from Sweden and the US, may offer different contexts in which to test these propositions.

This study has looked at the engagement dimensions based on the engagement roles of the backers. The engagement intensity ranging from low to high is for a campaign as a whole. A further investigation may seek how each dimension fluctuates during every phase of the journey.

This thesis focused on lifestyle products, such as a tap nozzle, clothing, a gym bag, and a drum. Another possible area of exploration is variation in the type of projects (e.g., food and craft or publishing) under study, which could impact the engagement intensity and roles. Crowdfunding is a collective context to study engagement, especially with multiple objects, and future research could look at another collective context, such as consumers attending musical concerts, participants of a marathon or Tough Mudders, with multiple engagement objects.

### **8.5.3 Customer Journey-Related Future Research**

This study looked at the backers' goal-orientated crowdfunding journey, specifically reward-based crowdfunding, and added influencers to each phase of the journey. Future research could use the revised model to test it with others types of crowdfunding.

### **8.5.4 Crowdfunding-Related Future Research**

There are various types of crowdfunding and the nature of engagement with these may differ. This dissertation focused on the reward-based crowdfunding journey of the backers, thus future research may look at the journey with other forms of crowdfunding.

While there are three main actors in crowdfunding, this thesis specifically looked at one of the three main actors, namely the backers. Future studies could look at the other actors, especially the initiators' crowdfunding journey or it may look at the nature of engagement of crowdfunding platforms.

There are several types of projects on Kickstarter, such as those related to technology, games, food, art. Moreover, future research could look at other types of projects launched on Kickstarter, other than those used in this study, which would give better insights into how the process of crowdfunding and backers' activities may differ.



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# Appendix I Interview Guide

1. How did you come to know about crowdfunding?
2. How long have you been familiar with crowdfunding?
3. How did you know about this project?
4. How did you learn more about the project or team?
5. Is it your first crowdfunding project as a backer?
6. Why did you support the project?
7. When did you fund the project (in the beginning, after meeting the funding goal from crowd)?
8. Did you only fund the project or did you promote it as well (e.g., sharing on Facebook, Twitter or talking about it)?
9. What was the result of your promotion (e.g., more backers)?
10. What were your expectations about the project?
11. What actually happened?
12. How (actively) did you follow the campaign?
13. Did you get the product/reward?
14. Was the product/reward on time?
15. Was the product/reward as you expected?
16. What other projects have you backed? Why?
17. What was the platform? Why?
18. What is the most important thing that grabs your attention in a crowdfunding campaign?
19. Do you plan to launch your own campaign?
20. What do you think is the best way to grab the attention of the public (crowd)?
21. Where do you see crowdfunding in the future?

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## **Backers' Crowdfunding Journey – An Engagement Perspective**

Crowdfunding refers to accumulating small sums of money from the general public through the Internet for a collective larger amount to fund small or medium-sized ventures in exchange of some benefit. The contribution can be as a donation (for no material reward), a purchase (for getting a reward in return), debt (to get money returned), or equity (for sharing future profit). The three main actors in crowdfunding are the initiators (the venturers), the backers (the crowd members who fund), and the crowdfunding platforms (the intermediaries). The crowdfunding campaign's survival and success depends on engagement from the crowd. Using a qualitative research method, this dissertation aimed to understand the backers' engagement with four crowdfunding campaigns selected from the leading crowdfunding platform, Kickstarter, through processual analysis. Building on the integrative framework of service-dominant logic, engagement, and customer journey, the underlying mechanism of the backers' engagement at the personal (micro) and interpersonal (meso) levels was explored. Based on the motivation and contribution pattern, the backers were segmented into four engagement roles: benefactors, patrons, shoppers, and utilisers. A deeper analysis showed how the engagement intensity, duration, valence, and engagement properties shaped over time across these roles. The insights from the findings in the dissertation carry managerial and policy implications.



NADIA ARSHAD is a doctoral candidate in Business Administration at Jönköping International Business School and affiliate to Media, Management and Transformation Centre. Her research interest includes consumer engagement, crowdfunding, sustainability, and entrepreneurship. She has presented her academic research at international conferences and published it in academic journal and books. She has been serving in higher education for over a decade. Besides academia, due to her passion for entrepreneurship, she has developed her consultancy business.