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**WHAT MAKES A SUCCESSFUL CROWDFUNDING CAMPAIGN?
A Case Study of Success Factors in Reward-Based Crowdfunding of Technology-
Based Campaigns**

Master's Thesis in
Industrial Management

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ABSTRACT:

Crowdfunding has become a popular method for founders of new ventures to acquire funding from individuals all around the world for varied projects. However, the factors influencing crowdfunding success are not well understood. This research aims to identify what makes a successful crowdfunding campaign by determining factors leading to success in crowdfunding campaigns, as well as explaining why and how those proposed factors influence crowdfunding success.

The primary data for this qualitative case study were collected from three reward-based crowdfunding campaign founders in technology-based projects by using semi-structured interviews. Secondary data were gathered through direct observation from the case campaign websites. An inductive approach was used for this research. Thus, the analysis and theory building came during and after the data gathering. The research data were categorized and analyzed within and across the cases, and finally compared with existing research and theories.

The research results indicated that there are at least seven factors influencing crowdfunding success, including product, pre-campaign community, team, presentation, awareness, preparation, and authenticity. Additionally, several explanations were provided to help understand why these factors were considered important. The main implications of this research concern product attributes and pre-campaign communities. The campaign founders considered products and various product attributes as one of the most important factors in crowdfunding success, suggesting further research of their dynamics in different campaign categories in reward-based crowdfunding. In addition, crowdfunding campaigns were found to benefit from pre-campaign communities by allowing crowds to be committed and involved in projects even before they enter a crowdfunding stage, thus increasing attention and the amount of potential funders. Finally, this research argues that more research is required to better understand the crowdfunding phenomenon by gathering data from new and diverse sources.

KEYWORDS: Crowdfunding, success factors, reward-based crowdfunding, technology-based campaigns

VAASAN YLIOPISTO**Teknillinen tiedekunta****Tekijä:**

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Tutkielman nimi:

Mikä johtaa onnistuneeseen joukkorahoitus kampanjaan? Tapaustutkimus teknologiaan perustuvien palkkiopohjaisten joukkorahoituskampanjoiden menestystekijöistä.

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TIIVISTELMÄ:

Joukkorahoituksesta on tullut uusien yritysten perustajille suosittu tapa saada rahoitusta yksilöiltä kaikkialta maailmassa erilaisia projekteja varten. Joukkorahoituksen onnistumiseen vaikuttavia tekijöitä ei kuitenkaan ymmärretä hyvin. Tämä tutkimus pyrkii tunnistamaan sen, mikä johtaa onnistuneeseen joukkorahoituskampanjaan, määrittelemällä joukkorahoituskampanjoiden menestykseen johtavat tekijät. Lisäksi selittäen miksi ja kuinka kyseiset tekijät vaikuttavat joukkorahoituksen menestykseen.

Tämän kvalitatiivisen tapaustutkimuksen data kerättiin ensisijaisesti kolmelta teknologiaan perustuvan palkkiopohjaisen joukkorahoituskampanjan perustajalta käyttäen puolistrukturoituja haastatteluja. Toissijainen data kerättiin havainnoimalla kampanjoiden kotisivuja. Tässä tutkimuksessa käytettiin induktiivista lähestymistapaa. Siten analysointi ja teorian luominen tapahtui dataa kerätessä ja sen jälkeen. Tutkimusdata luokiteltiin ja analysoitiin tapauksittain sekä tapausten kesken, ja lopuksi sitä verrattiin aikaisempiin tutkimuksiin ja teorioihin.

Tutkimustulokset osoittavat, että ainakin seitsemän tekijää vaikuttaa joukkorahoituksen onnistumiseen. Näihin tekijöihin kuuluvat mm. tuote, kampanjaa edeltävä yhteisö, tiimi, esitystapa, huomio, valmistautuminen sekä aitous. Lisäksi monien tekijöiden tärkeyden syitä selitettiin. Tämän tutkimuksen tärkeimmät päätelmät liittyvät tuotteiden ominaisuuksiin sekä kampanjoita edeltäviin yhteisöihin. Kampanjoiden perustajat pitivät tuotteita ja niiden erilaisia ominaisuuksia yhtenä tärkeimpänä tekijänä joukkorahoituksen onnistumisessa, osoittaen jatkotutkimuksen tarpeen niiden dynamiikan ymmärtämiseen erilaisissa palkkiopohjaisissa joukkorahoituskampanjoissa. Lisäksi joukkorahoituskampanjoiden todettiin hyötyvän kampanjoita edeltävistä yhteisöistä, koska niiden kautta ihmisjoukot sitoutuvat ja osallistuvat projekteihin jopa ennen joukkorahoitusvaihetta, lisäten huomiota ja potentiaalisten rahoittajien määrää. Tämä tutkimus osoittaa tarpeen joukkorahoituksen jatkotutkimukselle. Keräämällä uutta ja monipuolista dataa, voidaan joukkorahoituksen ilmiötä ymmärtää paremmin.

AVAINSANAT: Joukkorahoitus, menestystekijät, palkkiopohjainen joukkorahoitus, teknologiaan perustuvat kampanjat

1. INTRODUCTION

1.1. Background

In recent years, crowdfunding has become a significant alternative method for founders of ventures to gather funding from individuals all around the world for various types of for-profit and non-profit projects and campaigns. These projects can vary significantly, but may include e.g. the production of new innovative products, organizing charity initiatives, or even arranging music concerts. Traditionally, founders of new ventures and other organizations seek funding for their projects from banks, other financing institutions, or from private accredited investors. In return, banks and other financiers usually demand interest or equity for their funds. However, crowdfunding gives new ventures and established organizations an unprecedented opportunity to forego the traditional intermediaries of funding and instead interact directly with undetermined crowds of people. The crowds who decide to fund these crowdfunding campaigns are promised rewards, interest, equity, or shares in respect to the amount of money they have pledged. Although, the idea of gathering funds from a large group of people for specific causes is nothing spectacularly new, as the idea has been around for years, even centuries, the rise of the Internet has provided a way for crowdfunding to be much more organized, effective, and above all, a global phenomenon. Today virtually anyone anywhere in the world can log on to a computer and fund a campaign they like, or alternatively found one themselves.

Crowdfunding is rapidly gaining popularity in the world. The amounts of raised funds have increased yearly with impressive numbers and the estimates for future are breathtaking. Global crowdfunding campaigns raised funds from 6.1 billion U.S. dollars in 2013 to 16.2 billion U.S. dollars in 2014, and the estimate for year 2015 was 34.4 billion U.S. dollars (Massolution 2015). Thus, crowdfunding has already likely surpassed angel investing, and the growing trend indicates that crowdfunding is also surpassing venture capital, in total funds raised, which is an impressive milestone for a relatively new funding method (Barnett/Forbes 2015). In addition, it is possible equity-based crowdfunding, especially backed with the recent clarifying legislative acts in US, will see a sharp increase in popularity (SEC 2015).

In recent years, despite the startling ascent and popularity of crowdfunding, public interest, and after several written academic articles on the subject, the dynamics of successful crowdfunding campaigns are still somewhat unknown and disputed (Mollick 2014; Lukkarinen, Teich, Wallenius & Wallenius 2016). Thus far, most of the research conducted on crowdfunding has been quantitative in nature. Also, most of the data for these quantitative studies have been gathered from a rather limited number of popular crowdfunding platforms. The data, although including a large number of samples, could be argued to not be really that rich in explanatory power. As pointed out by Ford (2015), insights from quantitative studies rely largely on correlation, but they might not at all explain the causes of a phenomenon. Correlation may indicate that if one variable is positive, another variable is also positive. However, correlation does not explain why one variable might cause the other. Neither does it explain which one causes which for that matter. It is possible that some of the factors influencing crowdfunding success have not yet been identified in earlier quantitative studies. Especially, in reward-based crowdfunding, variations in campaigns by different categories have been broadly dismissed, although success ratios between them vary widely. For example, according to the statistical data from Kickstarter, a popular crowdfunding platform, campaigns in music category have a success rate of 49.82 %, whereas campaigns in the technology category have a success rate of 19,75 % (Kickstarter 2017a). It seems clear that there are at least some different dynamics influencing these campaigns. Therefore, there is a clear research gap and a need for more qualitative research of success factors in reward-based crowdfunding campaigns in different categories, as well as for crowdfunding and its dynamics in general.

Generally, most crowdfunding campaigns only succeed if they reach their funding target that is defined before the campaign starts. Therefore, it would be highly useful for crowdfunding campaign founders, backers, and platforms to understand which factors influence crowdfunding success. If the dynamics and factors influencing crowdfunding success were known and understood, founders of campaigns could, to a greater degree, focus their efforts and resources to the factors that have the highest impact on success. Likewise, other involved parties could better estimate the outcomes of these campaigns as well. In a grander scale, crowdfunding has the potential to disrupt the traditional way of financing ventures, which in turn should be highly relevant for major policymakers in different parts of the world.

1.2. Research problem and objectives

When starting a research project it is important to define its objectives. One way of approaching this is by specifying a research problem. Thereafter, a logical phase is to define the steps how this problem can be addressed or solved. Presenting exploratory research questions that help solve the research problem can be very helpful by pointing out important variables related to the problem. In addition, by following this pattern it gets clearer what kind of data needs to be gathered and what kind of an overall approach the whole research should have. (Saunders, Lewis & Thornhill 2009: 32–34; Eisenhardt 1989: 536.)

As stated before, for many crowdfunding platforms it is common that only the campaigns that reach their funding goal by the end of the funding deadline are finally funded. If the funding goal is not reached, the project might not commence at all and the crowd might not get their desired rewards. Thus, it should be of great value for crowdfunding campaign founders and campaign backers to understand what makes a successful crowdfunding campaign. This leads us to the research problem.

Research problem: What makes a successful crowdfunding campaign?

In order to find out what makes a successful crowdfunding campaign it is first necessary to define the possible factors influencing the success of a crowdfunding campaign. If the exact elements behind success could be identified and their dynamics understood, then perhaps these elements relating to success could be replicated in future crowdfunding campaigns. This could lead to better results and more crowdfunding campaigns to be successfully funded. Thus, the first research question captivates the essence of the research problem.

RQ1 What are the factors leading to success in crowdfunding campaigns?

Although, coming up with suggestion of possible factors influencing crowdfunding campaign success is crucial in finding an answer to the research problem, maybe even more important is to understand the underlying reasons why and how these factors are influential to the success of crowdfunding campaigns. Accordingly, campaign founders could direct their limited resources better. This leads us to the second research question.

RQ2 Why and how are the proposed factors influencing success?

Therefore, the objective of this study is first, to determine the factors leading to a successful technology-based crowdfunding campaign, and second, to find an explanation to why these factors may be of importance.

In addition, one of the more ambitious objectives of this research is to provide a theoretical contribution to the existing literature about the factors influencing success in technology-based crowdfunding campaigns from a campaign founder and organization point of view. New theories, insights and ideas, that this research presents, are central to the theoretical contribution of this research.

1.3. Research design and approach

A research design turns the research objectives and questions into a research project (Saunders et al. 2009: 160). Thus, in order to ensure that this research follows the proposed pattern, a research design was developed for it. Developing and presenting the research design allows a researcher as well as the reader to follow a clear process pattern. According to Yin (2014: 26), research design is a set of actions that are logically linked to each other. Respectively, the final interpreting should have a clear linkage to the criteria of the relevant data collected, propositions, and research questions. This linkage should be rational and traceable no matter from which end of the research one begins to examine it. The main steps of this research are: 1) empirical data collection, 2) data analysis and 3) the interpretation of the observations. The steps of this research design will be discussed more in depth in the research methods section in Chapter 3.

A part of the research design is to choose an approach for the study. The research approach for this study is inductive. An inductive approach commences from gathering data, analyzing it and developing a theory. Inductive reasoning is in contrast to deductive reasoning. Deductive reasoning begins with a theory and proceeds to data gathering and analyzing. Thus, a deductive approach is often referred to as testing a theory while inductive approach is referred to as developing or building a theory. An inductive approach is also somewhat related to the grounded theory methodology where

a theory is developed systematically after and during the empirical data are gathered and analyzed (Strauss & Corbin 1994: 273; Saunders et al. 2009: 124–129.)

Eisenhardt (1989: 532) states that developing a theory plays an essential role in research. Obviously, if there were no theories presented or data analyzed, the research would only be stating facts. The intention of developing theories is to find explanations to the phenomenon investigated, and to present new insights and new theories (Eisenhardt 1989: 548). Glaser & Strauss (1967: 3–4) explain that a theory should be understandable and logical and it should be relevant with the phenomenon being studied. That means that the empirical data should have a tight connection with the developed theory. Saunders et al. (2009: 503) state that after the theory has been developed it needs to be compared with the existing literature and theories. The theoretical propositions of this research are the result of the observation and analysis of the gathered empirical data. This means that there will be no predetermined theory or framework presented before the data are gathered and analyzed.

Inductive reasoning is particularly effective when trying to understand and describe why something is happening rather than what is happening. An inductive approach emphasizes on understanding the context of the research and the events that are taking place to explain the phenomenon studied. This also means understanding meanings people attach to these events. An inductive approach gives flexibility to the research. Changes are allowed in the structure of the research emphasis according to the findings as the research progresses. A deductive approach with a rigid highly structured research design might not permit alternative explanations to the phenomenon. In addition, the inductive approach is considered an appropriate choice when the topic of the research is new, or where literature about a topic is scarce. The theory building inductive approach is exceptionally suitable if the research of a specific topic is in its early stages. (Eisenhardt 1989: 548; Saunders et al. 2009: 127.)

As explained before, crowdfunding is a rather new phenomenon, which also explains why theories and literature on the subject are somewhat scarce. Therefore, there is no consensus of an exact theory, at least of which the author is aware, that would explain why some crowdfunding campaigns are successful and why some are not or why some campaigns are more successful than others. Still, there are some groundbreaking theories and research done about the subject, which are reviewed more closely in Chapter 5. For the reasons mentioned above, the inductive reasoning seems like a

logical approach to finding answers to the aforementioned research problem and the research questions.

Although, no clearly defined theoretical framework is presented in this research before the gathering of the data, it is helpful to have an understanding of the crowdfunding phenomenon in general before proceeding to the more detailed analysis of the research data. Thus, an overview of crowdfunding with its different aspects and other related topics are introduced in general in Chapter 2.

1.4. Scope and limitations of the research

The scope of this research is to study factors leading to success in crowdfunding by focusing on three technology-based case campaigns in reward-based crowdfunding from a campaign founder and organization point of view. Technology-based crowdfunding campaigns have the lowest success rate, but they are among the highest grossing campaigns, and thus make for an interesting field of research (Kickstarter 2017a). In addition, technology-based crowdfunding campaigns have not been studied extensively as a group before. Although, the scope is somewhat narrow, it allows the research to focus on understanding plenty about something rather than understanding something about plenty. This rather narrow scope inevitably creates limitations to this study.

The first limitation of this research is that success is only measured by whether the crowdfunding campaign reaches the funding goal or not, as it is the most visible indicator of success of a campaign in crowdfunding platforms. Reaching the funding goal is also the prerequisite of the realization of the project that many crowdfunding platforms institute. Setting the funding goal limit is often completely up to the project founders, which may also create an unrealistic picture of the true successfulness of a campaign. There are other ways crowdfunding success could be measured, i.e. researching whether the project founder has kept the promises made in the campaign, or delivered promised rewards to the backers of the campaign, if the final product works, or if the product ever even made it to the production stage.

Another limitation is the focus on only technology-based campaigns. Many crowdfunding platforms have their campaigns assigned to specific categories. There are

many different categories e.g. art, dance, fashion, film, food, games, music, technology, etc. As suggested by Koch & Siering (2015), it seems evident that campaigns in these categories vary widely from each other as well as the attitudes and inclinations of individuals who would potentially fund these campaigns. Because the research is very much oriented to just one field of industry, the results should only add to the existing theory in its own sphere, although many of the same factors of crowdfunding success might also be true in other fields of industry or service.

Another limitation is that this research is only done from the founder or organization perspective. Although, it is true that the founders and organizations gather and receive a great deal of feedback from the crowd, the consumers or campaign backers in the end might have experienced and felt the same things in a very different way. Consequently, the empirical data might have very little to do how things really are. Accordingly, another research perspective could have been done from the backer or consumer point of view. Interesting results might also be found from the facilitator or the crowdfunding platform point of view as they are in the position to more independently monitor both sides of the equation – the project founders and the project backers.

In addition, this study focuses only on reward-based crowdfunding. This means that the research only includes data from reward-based crowdfunding campaigns, and none from the many other popular forms of crowdfunding, such as donation-based, equity-based and lending-based campaigns. The mind and behavior of an altruistic donator might be very different from a high reward-seeking project backer. The same goes with project founders or organizations. The motivation behind creating a project might range from charity, to self-gain, to mutual-gain. Focusing on only one form of crowdfunding should then desirably add more data to the research of that specific phenomenon.

All of these above-mentioned omitted aspects of crowdfunding in this research are broad topics by themselves and it would require additional rigorous study to understand their dynamics in crowdfunding.

1.5. Structure of the thesis

This thesis is structured into six chapters. **Chapter 1** presents the introduction for the research. The chapter starts by introducing the background and the reason and

motivation for the research. Following, the research problem and research questions are presented. After that, the research design and approach are explained. Finally, the scope and limitations as well as the structure of this research are explained.

Chapter 2 introduces a general background overview of crowdsourcing and in particular of crowdfunding. The chapter begins by defining and explaining the meaning of crowdsourcing and crowdfunding. Then, the taxonomy of crowdfunding is explained. After that, the general elements of a crowdfunding campaign are explained. And finally, some of the most common crowdfunding platforms are identified and their operating models explained.

Chapter 3 emphasizes on explaining the research methods in detail. First, the chosen research strategy and the justification for its use is argued. Next, the data collection methods and the related processes are presented. Then, the different analysis methods and procedures used in the research are introduced. Thereafter, the challenges and limitations of the research methods are presented. Lastly, the research reliability and validity are discussed.

Chapter 4 contains the empirical data of this research. First, the chapter begins by giving a short description of the data and briefly introducing the interviewees. Then, the research data are categorized into several factors considered by the interviewees to be influential to crowdfunding success. In addition, the data give some explanations to why these factors were influential according to the interviewees. The chapter consists mainly of direct quotations of the interviewees and several comments by the author for clarity.

Chapter 5 begins by discussing the factors influencing crowdfunding success as presented in the previous chapter. This discussion focuses on reviewing and comparing existing theories with the research data. Also, some additional factors that did not appear in the research data, but which are nevertheless considered to influence crowdfunding success are discussed. Thereafter, the implications of the research are presented. Finally, insights and recommendations for future research are suggested.

Chapter 6 includes a summary of this research. In addition, the significance of this research is discussed.

2. CROWDSOURCING AND ELEMENTS OF CROWDFUNDING

The purpose of this chapter is to provide basic information about crowdsourcing and crowdfunding and other related topics. Covering the main elements of these topics can hopefully aid in understanding the crowdfunding phenomenon in a more general level. This chapter begins by explaining what is crowdsourcing and crowdfunding and how they are related to each other. Afterwards, the incentives and disincentives for crowdfunding are explained. Then, a basic taxonomy of crowdfunding is presented. Finally, this chapter explains the basic elements of a crowdfunding campaign giving a basic description of how these campaigns are usually done.

2.1. Crowdsourcing

The term ‘crowdsourcing’ first appeared to the public in an article authored by Howe in the Wired magazine in 2006 (Wired Magazine 2006). Howe later gave a definition for crowdsourcing: “*Crowdsourcing is the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call*” (Howe 2006). So, when an organization has to undertake a task or to solve a problem, instead of turning to the organizations’ own employees or hiring new part-time or permanent workers the organization can turn to the crowd for help. This means that in crowdsourcing problem solving and task completion is shifted from common employees to the crowd. The people referred to as the crowd can really mean individuals anywhere in the world. The only qualification for the crowd is that they are available to perform the given task and that they meet the requirements designated by the task giver. In order to get a crowd to participate in crowdsourcing they need to be informed of an opportunity to participate through an open call. This open call or proposal is usually transmitted through the Internet and social media (Brabham 2008). Thus, crowdsourcing is carried out especially through a network of some type and the rise of the Internet has definitely played a huge impact on its birth.

The incentive for the crowd to participate in crowdsourcing can vary widely, but usually an incentive of some form exists. The motives for participation may vary from selfish to mutual benefit or to just purely altruistic. The common incentive to participate in crowdsourcing comes from different types of awards or prizes. The types of awards or

prizes can also vary from hard currency, to recognition, or just a feeling of making a difference in the world. From the organization point of view the benefits of crowdsourcing are enormous. An organization has the potential to outperform the standards of the industry by tapping into the minds, talents and resources of the crowd. This can mean e.g. more designs, better quality, more problems solved, and more tasks completed with less money and in a shorter time than with any other ordinary workforce available to a standard organization. The crowd has far greater potential than a handful of people solving various problems or challenges, or just creating something innovative. Crowdsourcing should also be considered distinct from open-source practice. While open-source practice creates publicly accessible knowledge, crowdsourcing results remains within the organization to be used however it sees fit. Interestingly enough the crowds seem to approve this model. (Brabham 2008.)

There are many different types of crowdsourcing identified and also implemented within a range of industries. Some of the most common types include: crowd wisdom, crowd creation, crowd voting, and crowdfunding (Howe 2008; Sivula & Kantola 2014: 224-226). Some researchers define crowd participation in crowdsourcing somewhat differently (cf. Kleeman, Voss & Rieder 2008; Geiger, Seedorf, Schulze, Nickerson & Schader 2011). Although, the terms of crowdsourcing may vary between authors, the identified elements of crowdsourcing are rather uniform. Addressing thoroughly each different crowdsourcing type is not in the agenda of this research. Still, because many of the different types of crowdsourcing share similar characteristics to crowdfunding, presenting the following short descriptions of some of the most common types of crowdsourcing is in place. As Crowdfunding is the main topic of interest in this research it is discussed in detail from Chapter 2.1.4 onward.

2.1.1. Crowd wisdom

The idea behind crowd wisdom is that the collective opinion of a group is more likely better when compared to the opinion of a single person. Thus, according to crowd wisdom, going with the opinion of many yields better results than relying on a single expert. These better results can include faster decisions, new and more reliable processes, and forecasts that are more accurate. Crowd wisdom has been proven especially efficient in decision-making in the right conditions. The power of crowd wisdom lies in the crowds' aggregated answers. When the answers of a crowd are aggregated and averaged the result is thought to be closer to the right answer. Thus, in

order to work, crowd wisdom requires at least diversity of opinions, independent thinking and decentralized decision-making. Crowd wisdom can have many potential benefits to an organization. Crowd wisdom can be utilized e.g. in an organization when discussing about the potential of new products or services. Thus, the crowd can present their opinion and the best ideas can be implemented. (Surowiecki 2004.)

2.1.2. Crowd creation

Crowd creation is a process where the online communities gather together to design and to contribute to various development activities or in solving real world problems. The outcome of crowd creation is to produce user-generated content that is desired and requested by the crowd. Although, the term ‘user-generated content’ might suggest a negative or an amateurish image to some, the truth is that some of the most successful products, services and companies were created as the result of crowdsourcing and crowd creation. There is tremendous power behind crowd creation. Crowd creation can produce new content and solve problems much faster with better quality and with fewer expenses than a traditional team designated to work on the same issue.

A crowd can influence the whole creation process in various ways. This can be seen e.g. from the cases of Linux and iStockphoto. Linux is a widely used operating system today in web servers, mobile devices, and many other platforms. Linux was created by thousands of coders that responded to an open call and wanted to help create a free open-source operating system. iStockphoto is an online stock photography provider. The crowd generates all the photos, vectors, illustrations, videos, and music clips. Anyone with a camera and some skills in photography, coupled with imagination, can add their contribution to the stock. The content from the stock can be purchased by anyone with a determined fee. Every time a purchase is made, the photographer is compensated for the contribution to the stock. Ultimately, these so-called amateur photographers often capture many of the breaking news images around the world. (Howe 2008.)

2.1.3. Crowd voting

Crowd voting is a method for people to rank, filter, and give feedback on various topics and activities (Howe 2008: 223–246). This crowd voting can be done in many ways. One common mechanism is to allow the crowd to rate something with quantifiable

measures. A rating can be presented e.g. with stars. A good rating would receive a maximum of 5 or 10 stars while a bad rating gets only one star or none. Another approach is to allow or ask the crowd to write reviews or comments about the topic or activity at hand. Many of the successful platforms sharing user-generated content, like YouTube, have incorporated the possibility of commenting on the user-uploaded videos.

Netflix and IMDB are also good examples of services that allow users to rate movies and series and write comments and reviews about them. The ability to rank, review, and comment helps filter various topics and activities. Through these activities, the crowd can filter through various content classifying and organizing it in a much more effective way than any single individual could. Thus, the crowd can more effectively find content that interests them and deserves their attention, and avoid content that is considered 'bad'. The trend of the modern production process is to let the consumers decide what they desire to have; and voting is how people can indicate their decision (Howe 2008: 224).

2.1.4. Crowdfunding

Crowdfunding is a method of gathering various amounts of capital from the crowds in order to finance new products, services or projects that have been specified beforehand by entrepreneurs and organizations (Mollick 2014). There are many definitions of crowdfunding given by various authors. Belleflamme, Lambert & Schwienbacher (2014) offer the following definition: "*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 future product or some form of reward to support initiatives for specific purposes*". Mollick (2014: 2) defines crowdfunding as "*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*". Still, crowdfunding with its various types is a rather complex and evolving phenomenon and it might be impossible to capture the whole extent of the phenomenon with just a simple definition. As crowdfunding is a rather new phenomenon it is quite possible the definition of it will still undergo changes in the future.

Just like in other crowdsourcing methods and as stated in the definitions above, in crowdfunding anyone can participate in funding a project or a campaign. Thus, instead of turning for the traditional sources for funding, in crowdfunding the focus is directed to the crowd. The only thing the crowd needs is a connection to the Internet and free capital. In the traditional financing system the challenge for entrepreneurs and organizations to receive funding lies in their ability to convince banks, business angels, venture capitalists, financial institutions, or other organizations of the profitability and future potential of their ventures (Hellman 2007; Cosh, Cumming & Hughes 2009; Kirsch, Goldfarb & Gera 2009). Although, the challenge of convincing possible funders is still present in crowdfunding, the elements differ somewhat from a traditional financing perspective. In crowdfunding, the only audience campaign founders need to convince is the crowd.

A project founder usually begins by presenting a project or a campaign via Internet and social media and determining a funding goal for it. This is usually done through an online service or platform that is specialized in crowdfunding. If the crowds react and the funding goal is reached, the project can be actualized. If the goal is not reached, the funders are not charged the amount of money they have pledged to the campaign (Etter, Grossglauser & Thiran 2013). This is sometimes referred to as the “*all-or-nothing*” model (Cumming, Leboeuf & Schwiendbacher 2015). The people who participate in funding a campaign are often called backers. If the crowdfunding succeeds, the backers usually receive some type of a promised reward. The promise of a specific reward plays an important role in convincing the crowd to participate in funding a crowdfunding campaign. In addition, many people donate funds in crowdfunding campaigns without the expectation of a direct tangible reward (Agrawal, Catalini & Goldfarb 2014; Belleflamme et al. 2014: 587).

Alternatively, some platforms offer founders a possibility of flexible funding, which means the creator may keep the raised money and go ahead with the project even if the funding goal is not reached (e.g. Indiegogo 2017a). This is referred to as the “*keep-it-all*” model (Cumming et al. 2015). In some instances, depending on the platform, campaign backers may have the possibility to be refunded if certain criteria are met (e.g. Indiegogo 2017b). These and other issues in crowdfunding are dependent on the rules and end user license agreements of the various platforms (e.g. Indiegogo 2017a; Kickstarter 2017b). In the end, all crowdfunding activities are more or less based on the same principles, especially on the expectation of a successful outcome of the campaign

(Mollick 2014: 3–4). There are many incentives disincentives for people to be involved in crowdfunding. In addition, there are several different types of crowdfunding. Some of these incentives as well as the different types of crowdfunding are explained in more detail in the following chapters.

2.2. Incentives and disincentives for crowdfunding

Crowdfunding involves three separate actors: creators, funders, and platforms (Agrawal et al. 2014: 9–13; Mollick 2014: 3). Creators or founders are the people who create campaigns. Funders are the people who share their funds to support a campaign. Platforms are the enablers for crowdfunding, providing an organized way for funds to be processed, as well as providing a forum of interaction between the funders and creators. This research focuses on the creator point of view. As there are many different types of crowdfunding, the incentives and disincentives vary accordingly by each actor. Creators and funders may also have multiple reasons for participating in crowdfunding (Mollick 2014: 3). There are also many reasons why different actors might avoid using crowdfunding (e.g. Gerber & Hui 2013: 17). Recognizing the motives and deterrents behind crowdfunding participation of different actors may give a broader perspective to the varying factors influencing crowdfunding campaign success. Thus, some of the incentives and disincentives according to different actors are presented in this chapter.

2.2.1. Creator incentives

From a creator perspective one of the first and elemental incentives to opt crowdfunding is the ability to gather the needed funding for various projects (Agrawal et al. 2014: 70–71). In many cases, funders participate in crowdfunding by pre-ordering a product or service that is not yet available (Belleflamme et al. 2014: 588). Only an early prototype of the future product might exist. Still, funders might not demand any interest on their investment. Neither is there certainty the funders will ever receive the product or service they have pre-ordered. This is without a doubt an ideal situation compared to receiving funding through the traditional funding mechanisms with weaker financing terms and high interest rates, especially for new ventures and start-ups. Thus, this funding can often be accessed with lower capital costs compared to the traditional ways of gathering funds. One of the reasons for the lowered capital costs is that there is a better matchmaking with potential funders (Agrawal et al. 2014: 71). That is partly possible

because there are no geographical boundaries between crowdfunding campaign creators and the potential funders (Mollick 2014).

Crowdfunding is also a terrific way of assessing the demand for a product and gaining approval for the campaign and for the whole project. If it seems like the crowd is active and participating in funding a campaign, it is a clear sign that the project is interesting and potentially successful. This in turn can lead a project to receive other external funding as well. Contrary, if a campaign fails to persuade the crowd it may be a clear and an assuring signal for the founder not to waste more personal efforts and capital on it. Creators can also use crowdfunding for marketing purposes or expanding awareness of their work. Through a crowdfunding campaign a founder can effectively attract potential customers and other interest groups e.g. through the press and social media in different stages of a campaign. Crowdfunding is an excellent way of gaining visibility for a project with the help of social media. (Gerber & Hui 2013: 8–12; Mollick 2014: 3.)

There are also other possible crowdfunding incentives for a creator, including forming connections, maintaining control and learning new fundraising skills. Through crowdfunding, creators can increase the depth, length and number of connections with fans and other like-minded people through online messaging, and other types of communication. Campaign creators can benefit from this interaction far more than they would if the interaction was just a financial transaction or a simple sale process. Also, with crowdfunding creators can maintain the control over their work. This might not always be the case if funding comes through some of the traditional sources, where the financier might have the final say in decisions. Finally, crowdfunding allows creators to learn new skills in fundraising. Many of the creators might not have much experience in gathering funds, especially through a crowdfunding campaign. Thus, running a campaign presents an effective way for a creator to learn the needed skills in many of the basic processes of a business, i.e. financial planning, management, marketing, and communication. (Gerber & Hui 2013: 8–14.)

2.2.2. Funder incentives

There are many incentives for the crowd to participate in crowdfunding campaigns. Improving the consumer status by accessing products with earlier access, opening new investment opportunities, participating in an active and a creative community,

supporting a cause, and helping others are some of the most popular incentives for crowds to participate in crowdfunding. (Gerber, Hui & Kuo 2012; Gerber & Hui 2013; Agrawal et al. 2014; Mollick 2014.)

One of the basic incentives for the crowd to fund a campaign is the chance to receive a reward for the contribution. In a consumer oriented and reward-based crowdfunding a funder benefits by getting access to new products and services before they come available to the wider public (Belleflamme et al. 2014: 586–589). This early access may be highly valued by early birds who enthusiastically want to adopt the newest products and services available. On the other hand, a person does not have to be a technology-enthusiast to see the allure in buying these new and innovative products and services, which can bring assistance and ease into everyday life. These pre-buyers or early customers are also often able to purchase the product with a much lower price than customers who choose to do so after the campaign is over (Mollick 2014:3). Interestingly, early funders are motivated and tend to have a high willingness even to pay higher prices for premium rewards (Gerber et al. 2012: 7–8).

In addition, there are other reward-types that might entice funders. These other reward-types may include different types of public acknowledgement of a funder. A funder e.g. might be given the chance to participate in some creative stage of the development process, or they may be able to meet and spend time with the creators as a reward (Mollick 2014: 3–4).

Another incentive is the possibility to access novel investment opportunities. There are various types of crowdfunding available in different parts of the world that offer funders various forms of profit sharing. This profit sharing can come in the form of equity offerings, shares of profits or royalties, shares of real-estate, interest on bonds or loans (Mollick 2014: 3; Invesdor 2017). While venture capital and start-up financing has traditionally been the scene only for accredited investors, through the rise of crowdfunding and new regulations, funding ventures and start-ups has slowly become more available and popular to the crowds everywhere (Agrawal et al. 2014: 73). Thus, ordinary people even with modest capital can participate in funding an organization and receive some form of equity in exchange, allowing lesser shareholders to benefit and be part of the success of new ventures. As the rules and regulations are being settled in different parts of the world, it is possible we will see even more interest and funds directed to profit sharing crowdfunding.

Many funders participate in crowdfunding because of the community itself. Crowdfunding is a social activity. Thus, people who desire to be socially interactive may join the lively community of people that share similar interests. Many funders value the active and creative community and want to be involved in some way. In a sense, being part of the community may give a funder the feeling that they are also being a part of the entrepreneurial activity. Sometimes community members also have more influence on the outcome of a project. Additionally, some feel that through these communities people are more collaborative and less competitive with each other, which in turn generates more good will between the different actors. (Gerber et al. 2012: 8; Gerber & Hui 2013: 16; Agrawal et al. 2014: 73.)

In some instances, funders can participate in supporting specific causes through donations (Mollick 2014: 3). This philanthropic behavior means that these donations are given without a promise of a tangible reward (Agrawal et al. 2014: 73–74). In this case, the incentive for the funder to donate money can be the positive social impact the donation might have towards a specific cause (Gerber et al. 2012: 8). People who donate in crowdfunding campaigns tend to identify themselves with the values of the campaign (Gerber & Hui 2013: 16–17). Therefore, crowdfunding can be used to address concerns in the society and bring about an initiative to resolve them.

Finally, another driving incentive for crowdfunding can be the desire to just help and support other people. Creators can be friends or family, and thus it is compelling to help them in their entrepreneurial aspirations. However, family relationships or other extended connections are not requirements for helping or receiving help, as complete strangers may sometimes be sympathetic and persuasive enough to receive support by drawing on funds from the crowds. If there are common interests and goals between the creators and the funders there's a greater chance for a successful funding. (Gerber & Hui 2013: 15.)

2.2.3. Platform incentives

The incentives for a platform to offer crowdfunding services are predominantly rather straightforward, i.e. crowdfunding is good business. Most of the platforms collect a fee that is typically around 4–5 % of the total funds gathered by successful campaigns. Thus, it makes sense for a platform to increase the number of users on their platform.

This objective to increase users includes both campaign creators and funders. Platforms naturally also benefit from larger campaigns, as more users and bigger campaigns generate increasing amounts of income for the platform. (Agrawal et al. 2014: 74.)

2.2.4. Creator disincentives

The reason why some creators choose to stay away from crowdfunding is that they believe the crowdfunding platforms are not suited for their needs. Some creators are not convinced they could attract enough support for their campaigns using crowdfunding. Some argue that chances to succeed are smaller for products and services that have a very limited market segment. In more limited customer segments, more personalized approaches are thought to be more effective in attracting customers and funding. In addition, it might be impossible to attract the crowd to fund a campaign if a project is in its early stages or if there is not a working prototype to present to the crowds, whereas e.g. angel investors might be more willing to fund even early stage projects if the idea is good enough. Inability to promise adequate rewards for the crowd is also a deterrent for using crowdfunding. (Gerber & Hui 2013: 17–19.)

Creators may also be fearful of public failure and other types of negative exposure and thus might choose other forms of funding. A failure in a crowdfunding campaign may influence, in a negative way, the decisions of other viable project funders, e.g. angel investors and venture capitalists. In the end, the failure might not be so much related to the product itself but rather to the lack of good marketing skills. In addition, the imprint of a failure might stay with the creator indefinitely making future success harder in crowdfunding. A public failure might also be viewed socially embarrassing if family, friends, and colleagues are witnessing it. Sharing ones creative ideas publicly poses problems as well. For example, there is a chance someone can steal your idea and execute it in a faster schedule than you, most likely decreasing or annulling your efforts to succeed. Disclosing sensitive information about a project may also lead to a disadvantage in future business negotiations e.g. between suppliers and manufacturers. (Gerber & Hui 2013: 19–20; Agrawal et al. 2014: 74–75.)

Some creators argue that crowdfunding campaigns require more time and resources than are available. If campaign backers are numbered e.g. in the thousands it becomes very challenging to maintain a direct line of communication with all of them, which includes advertising, networking, encouraging, answering questions, and going through

feedback. Time spent on communicating with backers might be time taken out from developing the product itself. In these cases, creators might choose a less tedious way of funding. The initial financial commitments of campaigns might also discourage entrepreneurs to choose crowdfunding. For example, most campaigns use a promotional video to present the purpose of the campaign, and good videos may be relatively expensive to make. Also, some creators feel they would not get the level of support and guidance for their project through crowdfunding, as they would through some other types of funding mediums. (Gerber & Hui 2013: 20–22; Agrawal et al. 2014: 75–76.)

2.2.5. Funder disincentives

Funders also face disincentives when determining crowdfunding participation. Some of these disincentives may relate to creator incompetence, ineffective use of funds, project risk, distrusting the creators' use of funds, and fraud. Sometimes funders have a risk of simply having too optimistic expectations of a project outcome. Creator incompetence and lack of experience in business operations may lead to a delayed project outcome or to the complete forfeiture of a project. This in turn may create delays in receiving rewards. Ultimately, funders might not receive promised rewards at all. In addition, there are cases where campaigns have been set up to deceive people in order to get their money. Thus, possible funders have to take into consideration the chance that a crowdfunding campaign is a fraud, which makes people cautious. Funders are also becoming more aware of the possibility that if a campaign attracts large numbers of backers there is a big chance of delays with promised rewards. (Gerber & Hui 2013: 22–23; Agrawal et al. 2014: 76–78.)

2.3. Taxonomy of crowdfunding

There are many different types of crowdfunding. Although, there are many different terms and names for these different types, the fundamentals of these types are quite uniform. These different types include reward-based, donation-based, equity-based, and lending-based crowdfunding (Mollick 2014). Although, this research focuses on reward-based crowdfunding, taxonomy of some of the most popular crowdfunding types are presented in this chapter in order to better understand the crowdfunding phenomenon as a whole in different contexts.

2.3.1. Reward-based crowdfunding

In the reward-based crowdfunding model, people who give money to a campaign are offered some type of a reward. These rewards can be tangible items or e.g. some form of acknowledgement or recognition. If the reward is a product, crowdfunding functions in a sense as a pre-ordering mechanism (Belleflamme et al. 2014: 586). A backer pays upfront for a product that presumably will be delivered at an agreed time in the near future before it is released to the wider public. These early customers can thus get access to the promised product or service at an earlier date and often with a discounted price.

On the other hand, the intangible rewards may include almost anything the backer might value, such as being credited in the campaign, spending exclusive time with the creators of a project, or allowing backers to have the chance to influence the outcome of the project somehow (Mollick 2014). These rewards are also typically categorized depending on the size of the donation (McCoy 2013). For the smallest amount of donations, backers might receive in return e.g. a personal thank you, or a newsletter offering the latest updates. The more exclusive rewards are usually reserved for those who are willing to offer more funds to a campaign.

2.3.2. Donation-based crowdfunding

Donation-based crowdfunding, as the name implies, is a form of crowdfunding where projects are funded through donations from the crowds. Donation-based crowdfunding follows a patronage model, which means that funders in this category donate funds to a project without expecting any direct reward for their generosity (Mollick 2014). These projects, including e.g. humanitarian, community, art, etc., are often created and funded for good social and charitable causes.

Donation-based campaigns attract funders if the cause of the campaign is something they believe in and if funders know that their donated money will be used on something very specific (De Buysere, Gajda, Kleverlaan, Marom, & Klaes 2012). Belleflamme et al. (2014: 587) mention that people are believed to donate because of the assumption that people are altruistic by nature.

2.3.3. Equity-based crowdfunding

In equity-based crowdfunding, backers are considered as investors who, in return for their contribution, receive part ownership in the organization or project, or a promise of future profits in some other way. This ownership may include equity stakes in the organization, shares of future income, royalties, or many other profit sharing options (Mollick 2014). The amount of investment naturally determines the amount of shares or equity received by individuals. In various parts of the world, in the past, only accredited investors with high incomes and a considerable net worth were able to invest in non-public equities. Equity-based crowdfunding could be considered a breakthrough in investment options because through it anyone can now invest in these projects (McCoy 2013).

Although, equity-based crowdfunding is now legal in many parts of the world, still, one of the challenges with equity-based crowdfunding can be the varying regulations and legislation, or lack thereof, in different parts of the world (Mollick 2014). Regulations and legislation without a doubt are necessary with the inherent higher risks in equity investment. Without regulations and legislation individual investors who might not be so familiar with the risks in equity investments, might be subject to greater losses with their investments. In addition, ownership in equities always entails greater business and legal consideration for all parties involved (Sheik 2013). In many parts of the world steps have been taken to do things better and prepare the scene for equity-based crowdfunding through legislative acts, like the *Jumpstart Our Business Startups Act*, which passed in the US in 2012 (Belleflamme et al. 2014: 601).

2.3.4. Lending-based crowdfunding

In lending-based crowdfunding, people offer their funds as loans or bonds to the recipients. Some platforms have set rules on the maturity and interest rates of these loans, but in some cases the different parties can together agree about these loan terms. These loans can be used for all kinds of activities by businesses or by individuals. For example, a crowdfunding platform called Invesdor allows organizations to borrow money from investors worldwide, with interest payments yearly, and loan repayment at the end of the term (Invesdor 2017).

Another example of a well-known platform for offering crowdfunded loans is Lending Club. Lending Club is the world's largest online marketplace for borrowers and investors, which offers people the opportunity to loan to their peers (Lending Club 2017a). These peer-to-peer loans can be sought e.g. for consolidating old debt, paying off credit cards, home improvement, car loans, etc. This peer-to-peer model is rather simple as money is the only instrument that is exchanged. These loans however tend to carry a high risk because there is no guarantee the borrower will or can repay the loan with the interest that was agreed upon. Also, peer-to-peer loans might attract people who are not able to get a loan from a traditional bank due to bad credit history or other reasons, again increasing the risk of the investment. Additionally, peer-to-peer loans might not be guaranteed or insured by any government agency, meaning that borrowers may lose all or most of their investment in the case of a default (Lending Club 2017b). Regardless the risks, peer-to-peer lending has grown to be clearly the most popular type of crowdfunding in the world (Massolution 2015).

2.4. Elements of a crowdfunding campaign

Although, there are many different platforms for crowdfunding and many different ways to crowdfund, many of the elements of a crowdfunding campaign follow a rather similar pattern. These elements can lay the foundation and form some of the basic building blocks of a successful crowdfunding campaign. Many of the crowdfunding platforms also offer guides and handbooks on how to get started with a crowdfunding campaign. Two of these guides and the elements of crowdfunding that they cover are presented in this chapter.

2.4.1. Overview of a generic crowdfunding campaign

A campaign usually has its own website page, which is provided by a platform. The webpage can be customized by the campaign creators according to their desires and according to the framework set by the chosen platform. The main page of a campaign offers the essential information of the campaign. This information usually includes the campaign title, project category, names, and other information about the creators, campaign process, funding progress, and a detailed description of the campaign with promised rewards. These descriptions usually include text but also videos and pictures have proven to be very popular among campaign creators. The content and depth of the

descriptions may also vary according to the desires of the creators. (Koch & Siering 2015.)

2.4.2. The Creator Handbook by Kickstarter

The Creator Handbook, offered by the platform Kickstarter, is a great example of a guide that covers some of the basic elements of a crowdfunding campaign that are regarded as important in terms of succeeding with a campaign. According to the handbook, every campaign should have a webpage that includes a clear explanation of the project with a story behind the project. A campaign should include a video and a text description of the project. People react well to authentic stories behind a project. A great way to convey the story to the crowd can be done by answering questions like: “Who are you?” “What’s the plan?” “Where did the idea come from?” “What’s the schedule?” “How much is the budget?” And, “why is this your passion?” One of the key features is that a creator should always express that they are serious about the project, thus building trust with possible funders. (Kickstarter 2017c.)

Another basic element is promising and presenting rewards, which funders will receive if the campaign is successful. This is important, simply, because backers usually want something in return for their pledge. In addition, an important element for a campaign is setting the funding goal. This funding goal can be anything the creator decides. Kickstarter uses all-or-nothing funding model, which means that if a campaign does not reach the goal, no money is exchanged between funders and creators. Thus, it is important to plan well and set a funding goal that is achievable. Promotion is also an important element of a crowdfunding campaign. Planning, announcing, sharing and pitching are some of the tasks that should be included in promotion efforts. Finally, activity in sharing updates and communicating with the campaign community is recommended so that the backers may follow the project progress. (Kickstarter 2017c.)

2.4.3. The Essential Guide to Crowdfunding by Indiegogo

The Essential Guide to Crowdfunding is another example of a guide, offered by the platform Indiegogo, which explains how to create a successful campaign. The suggestions in this guide also explain some of the basic elements of a crowdfunding campaign. According to the guide, a crowdfunding campaign first needs to have a title and a tagline that draws attention, because they are among the first things possible

backers come across. In addition, a “*campaign card*” image is the way a creator can catch the attention of potential backers. This image is the cover of the campaign. It is among the first things that stand out from the platform homepage and its category pages. This image can be used to share the project idea and the story behind it visually. (Indiegogo 2017c.)

The funding type and goal are necessary elements of any crowdfunding campaign. Indiegogo offers two different types of funding: flexible funding and fixed funding. With flexible funding, the creator can keep the gathered funds even if the goal is not completely reached. With fixed funding, the backers will be refunded if the funding goal is not reached. Each type has its advantages. Flexible funding e.g. can help assess a potential market for an idea that already has other sources of funding secured while fixed funding can signal more confidence to the campaign. (Indiegogo 2017c.)

A deadline and a schedule are vital parts of a campaign. Presenting the campaign deadline and schedule is the only way people know when they need to take action in supporting the campaign. Having a schedule and sticking to it also indicates trustworthiness of the campaign. Pitching the project idea in the form of an enticing video is considered one of the most influential elements of a campaign. Campaigns using a video have shown to raise even four times more funds than campaigns without a video. The pitch video is ideally rather short, only two to three minutes, summarizing the essential information. The main elements of a video pitch consist of introduction, goals, showing the idea in action, and a call to action. (Indiegogo 2017c.)

Offering rewards and perks is way of drawing people to take part in the campaign, and thus it is also a basic element of a reward-based crowdfunding campaign. A fundamental part of a campaign is also telling the story behind the project. Telling the story can be done in many ways, but most rely on sharing meaningful texts, videos and images. (Indiegogo 2017c.)

Finally, when the campaign is launched, running the campaign requires various actions to succeed. The focus is to stay connected with the backers, keeping them engaged and updated. Additionally, the guide offers several suggestions about what a project creator should do even before launching a crowdfunding campaign. The vital thing is planning the campaign well and executing its different stages deliberately. (Indiegogo 2017c.)

3. RESEARCH METHODS

In this chapter, the applied research methods are discussed in detail. First, the chosen research strategy and the reasoning behind the choice is discussed. Additionally, the reasons for choosing the specific data collection methods and analysis methods are explained. Finally, the challenges and the limitations of the research methods as well as the validity and reliability of the research are discussed. The main objective of this chapter is to help the reader to familiarize with the research methods and processes to understand the research results and the discussion in order to evaluate them comprehensively and fairly.

3.1. Research strategy

This research was conducted using a multiple case study research strategy with multiple units of analysis. Three organizations were chosen as the case organizations. Each case organization was chosen from well-known crowdfunding platforms with a focus in the technology category. The selected case organizations were chosen, namely, because they were successful in a crowdfunding campaign. Thus, success is favored as the main criteria of the selected cases from a wide pool of diverse campaigns. The cases were chosen to fill a theoretical category – a successful crowdfunding campaign. The cases were chosen for theoretical reasons, not statistical. This means that the cases were not chosen through random sampling but through theoretical sampling. The focus is merely to find cases that could help describe the phenomenon and help with the formulation of a theory. Several authors support selecting cases this way or doing theoretical sampling for inductive case study research (e.g. Glaser & Strauss 1967: 45–48; Eisenhardt 1989: 536–537; Charmaz 2006: 99–101). Having a small sample of multiple cases is also supported with the inductive research approach. Doing a multiple case research can be useful in trying to discover e.g. whether the reasons for the discovered phenomenon in one case occurs in other cases as well, or to expand the forming theory by doing replications of previous cases (Eisenhardt 1989: 537; Saunders et al. 2009: 126–146).

Although, there are some disadvantages, in the use of multiple case designs, e.g. huge amounts of data, the outcome of a multiple case research is thought to be more compelling. In addition, it is typical for case studies to involve more than just one case with or without multiple levels of analysis. The dimensions of a case design can vary

from a single-case design to a multiple-case design and from holistic single-unit of analysis to embedded multiple units of analysis. (Yin 2014: 50.)

Case study is defined by Eisenhardt (1989: 534) as “*a research strategy which focuses on understanding the dynamics present within single settings*”. Robson (1993: 5) adds the following definition: “*Case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*”. Several authors point out that case study is a strategy to be used especially when investigating dynamics of specific events in time (Eisenhardt 1989; Robson 1993; Saunders et al. 2009; Yin 2014). Yin (2014: 12) proposes that one of the strengths of case studies lie in their ability to deal with diverse types of evidence, which may consist e.g. of documents, interviews, or observations. Case studies can also be influential in challenging existing theories and providing new research questions. Moreover, case studies are an excellent way to find answers to the questions “why?” “what?” and “how?” (Saunders et al. 2009: 146–147). Considering the reasoning mentioned above and because crowdfunding is quite a new phenomenon, a case study is the preferred strategy for this research.

3.2. Data collection

The question of what kind of data should be gathered for this research becomes clearer when one examines the research problem, questions and objectives. In order to find a satisfactory solution and an answer to the research problem, questions, and objectives, the nature of the data needs to be descriptive. Descriptive data are often referred to as qualitative or non-numerical data. The inductive approach is often related to working with qualitative data while trying to form various views of a phenomenon by diverse data collection methods. (Saunders et al. 2009.)

The empirical data for this research were gathered mostly through a single data collection method – semi-structured interviews. Semi-structured interviews were used in order to gain a deeper understanding of the phenomenon being researched, which might not be possible with other data collection methods. Semi-structured interviews are not as formal as structured interviews, which have predetermined interview questions, and conducted in a very systematic way. Semi-structured interviews can begin merely with a set of themes that can vary in order and focus depending on the

research situation. Thus, more focus can be given to the topics that arise during an interview. Additional in-depth inquiring questions are often asked depending on the answers given by the interviewee in order to find better understanding and deeper meaning behind a theme, or a topic, and ultimately the whole phenomenon that is being researched. (Saunders et al. 2009: 320–324.)

These interviews were conducted through online conversations with individuals holding various key roles in the case organizations. In all case organizations, the interviewees were a part of the organizations' crowdfunding campaigns and had in-depth knowledge about them. All of the interviews were recorded and transcribed. Afterwards, all of the interviewees were able to review the transcript, and they had an opportunity to revise their answers if they so desired.

Other empirical data that were gathered for this research were gathered through direct observation from the websites of the crowdfunding case campaigns. There is a considerable amount of data available in the Internet that can be observed about various crowdfunding campaigns. This direct observation and notes that were made before the actual interviews played a significant role in the formation of the themes and the probing questions for each interview, which inevitably led to very specific and comprehensive answers from the interviewees. However, the data gathered through observation played only a supportive role in gathering the main empirical data through interviews.

3.3. Analysis method

Data analysis should not happen only after the data has been gathered. Rather, it is an ongoing process, which should be integrated to the research, from the moment data is being collected, to the final steps of presenting the conclusions (Saunders et al 2009: 488). The pattern and implementation of ongoing data analysis was a major component in this research. This pattern of continuous and simultaneous data analysis helped form many of the research questions and themes during the interviews, as well as direct the research in a general sense. An interim analysis with notes was also done after each interview to identify patterns and relevance in the data.

The main written analysis of the research data was done in parts. The first step was to summarize the transcribed interviews, and categorize, and present the results in detail as suggested by Saunders et al. (2009: 482–486). This way the interview results were more easily understood. This process aided and provided insight into the latter analysis parts of this research. After the results from the case companies were processed, as mentioned before, they were examined one after another. The different cases were also examined for similarities and differences, as proposed by Eisenhardt (1989: 540-541). This way the data were examined within and across cases. In a sense, this is a process that is closely related with the replication logic, where each new case may confirm or disconfirm theories (Yin 2014: 57–58). This is also in line with open coding, which is the process of breaking down, reflecting, conceptualizing, comparing, conceptualizing, and categorizing data, a method described by Corbin & Strauss (2015).

The next part in the analysis section was to build the theory itself from the categorized data. Theory building is a process of shaping hypotheses. The crucial parts in this process are defining constructs or concepts, and building evidence for them. This is done by constantly comparing between the data and diverse hypotheses so that all the empirical evidence can be converged into clearly defined constructs or concepts. In other words, constructs and concepts can be defined as the emergent frame of theory that has been systematically compared with the data for relationships and themes. When constructs and concepts are carefully designed, they can also be measured. Constructs and concepts serve as a necessary foundation for a strong theory. The theoretical model or framework for this research is presented in Chapter 4. (Eisenhardt 1989: 541–544; Corbin & Strauss 2015.)

One part of the theory building process is to consider theories from past literature and comparing it with the empirical data at hand. This comparing of literature consists of finding out and presenting similarities and contradictions between the existing and the new emergent theory. The importance of covering a wide array of essential and related literature, even if it is contradicting to the emerging theory, is vital for the internal validity of the research. In addition, if similar findings are found in different context it leads to higher validity and generalizability of the theory. Thus, a researcher should not shy away from such opportunities but rather embrace the existing literature unprejudiced as it can help create a better understanding of the emergent theory, the conflicting literature, and of the phenomenon as a whole. It is also worth noting that new theory building in case studies need not rely on any existing literature or data,

especially if the phenomenon is not well understood, or if there is a substantial amount of conflicting theories. The further analysis of the theoretical model is presented in Chapter 5. (Eisenhardt 1989: 544–548.)

3.4. Challenges and limitations

There are several challenges and limitations concerning case studies in general that need to be addressed. These challenges and limitations concerning case studies have also led to some criticism of the strategy in question. One of them is researcher bias. Researcher bias occurs when a researcher allows his own views or beliefs affect the outcome of the research. Also, if the person conducting the research is not rigorous in the research, or fair in handling the evidence, the results may end up being biased. Secondly, case studies may be viewed as not providing strong enough basis for scientific generalization of a phenomenon. Thirdly, collecting data for a case study and analyzing it creates masses of documents, which in turn may require excessive amount of research. (Yin 2014: 19–21.)

There are also other obvious weaknesses presented by other authors for theory building from case studies. One of them is overly complex theory. This can occur if the theory tries to cover every little detail of the empirical data. The result is that the theory lacks simplicity and loses focus of the relevant information. In addition, the complete opposite can occur and the theory may end up being too limited or idiosyncratic. (Eisenhardt 1989: 547.)

How are these challenges dealt with in this research? Firstly, Yin (2014: 20) suggests that being thorough and reporting all the evidence fairly is a good start for eliminating the researcher bias. Eisenhardt (1989: 548) holds the same view suggesting that reporting the information thoroughly adds to the validity of the research. Thus, anyone reading this research should be able to assess the fit of the evidence with the theory. Eisenhardt (1989: 546) also claims that a theory building approach has less research bias than deductive studies because with theory building the researcher has to constantly compare the unfolding data and mold the theory accordingly. Secondly, as has been stated before, the purpose of this case study is not to create statistical generalization but rather offer analytical generalization. Therefore, this thesis focuses on expanding, and creating explanatory and exploratory theories of factors leading to success in

crowdfunding campaigns. However, even if the results were poor from a statistical generalization point of view, the presented theory and hypotheses can be easily measured and proven correct or false (Eisenhardt 1989: 547). This adds to the verifiability of the results. Thirdly, this research relied only on two data collection methods – direct observation, and semi-structured interviews. The data, although extensive, was rather organized. The initial notes through observation were only limited to specific factors. The questions and themes were also focused on specific topics, which helped avoid excessive information. In addition, keeping the number of separate cases down to three was important in terms of keeping the data to a necessary minimum. This all helped have manageable amounts of total data for the research. Addressing the challenge of creating an overly complex or idiosyncratic theory, it is the author's belief that by following the research design, as well as the methods that have been explained, the outcome of the emerging theory should be rational, precise and essential. The whole focus of this research is to cover a small portion of the crowdfunding phenomenon. It may be that it will require many more studies of theory building and theory testing with multiple cases, multiple data collection and analysis methods to get a more comprehensive understanding of the crowdfunding phenomenon.

3.5. Research reliability and validity

The trustworthiness of a research relies on how reliable and valid the research results are. In order for a research to be reliable, it should meet certain criteria. First, reliable research should generate the same results if the research was repeated in the exact same context. Consequently, if another researcher would follow the same research design the outcome should be the same. Thus, presenting the research design and methods is essential for the transparency of the research. This transparency allows an outside observer to assess the research data and the derived conclusions with the same criteria than the researcher. (Saunders et al. 2009: 156–157; Easterby-Smith, Thorpe & Jackson 2012: 70.)

In order to ensure the reliability of this research, the research design is presented thoroughly so that anyone wishing to repeat the same research can do it and get the same type of results. In addition, the research data and its various methods are clearly presented and displayed in order to give an outside observer the opportunity to evaluate the results with the same criteria that is used in this research.

The issues of validity in this research can be divided into construct validity and external validity. With construct validity, the concern is of whether or not the chosen research methods produce the type of answers that the researcher was intending to measure. Also, construct validity requires that there is a common understanding of definitions, terms and concepts between everyone involved in the research. Without this common understanding, research results may be regarded as opinions of the researcher only. External validity deals with how the research results are generalizable to the population. Case studies are excellent at providing analytical generalization rather than statistical generalization. Analytical generalization means that the research is aimed at producing answers only to a specific research setting rather than the whole population. Thus, an analytical generalization aims to only expand and generalize theories. Therefore, careful planning of a research design allows the research to withstand scrutiny. (Yin 2014: 45–48.)

To ensure the construct validity of this research, the objective, interview questions and most of the gathered data focuses on ‘why’ something is happening rather than just stating ‘what’ is happening. Semi-structured interviews with themes and questions influenced by direct observations of case campaigns are ideal in understanding the deeper meaning and underlying factors of success in crowdfunding. They also help observe relationships between various factors of success in crowdfunding. Understanding why relationships exist behind the constructs of a theory, helps institute the validity of the conclusions (Eisenhardt 1989: 542–544). Before conducting the interviews, the purpose and objectives, as well as some of the key definitions of the research were discussed with the interviewees in order to avoid misunderstandings, thus increasing construct validity. The external validity of the research is addressed by replicating the case study to confirm and build validity to the created theory, as suggested by Eisenhardt (1989: 542). Three separate cases were chosen and interviews conducted using this replication method. Also, multiple data collection methods were used in the research in order to get a firmer proof to the constructs and theories presented. Even in the opposite situation of cases holding unique data and constructs, which are not related to other cases, they can still provide clarity and extensions to the emerging theory (Eisenhardt 1989: 542).

4. RESEARCH RESULTS OF FACTORS INFLUENCING CROWDFUNDING SUCCESS

This chapter contains the empirical evidence gathered from semi-structured interviews conducted with the founders of three reward-based crowdfunding case campaigns investigated in this research. The research is done from a founder perspective. The term ‘founder’ in this chapter relates to the interviewees who were involved in the case organizations’ crowdfunding campaigns and who held key roles in the case organizations at the time of the interviews. The first founder had started as a marketing assistant, but moved on to become a community manager in their project. The second founder was the marketing operations lead in their organization. The third founder was the product manager for their organization. The founders are correspondingly referred to as 1, 2, and 3 after each comment. All of the campaigns in this research were able to gather funding roughly 0.5 to 1.5 million U.S. dollars each. All of the case campaigns were technology-based. The following chapters contain direct quotations from the transcribed interviews without corrections. Information referring to names of organizations, products or people is withheld in this research. These research results present which factors the founders considered to be influencing success in their crowdfunding campaigns. These factors include 1) product, 2) pre-campaign community, 3) team, 4) presentation, 5) awareness, 6) preparation, and 7) authenticity. Additionally, the results explain why the mentioned factors were considered to influence success as stated by the campaign founders. The results are not presented in any particular order of importance.

4.1. Product

All of the respondents gave strong emphasis to a great product idea in relation to crowdfunding campaign success. Two of the respondents considered the product or the product idea as being the most influential factor in crowdfunding success. The success of a campaign can be related to the differentiation of the product, i.e. having a product that is different from the products of your competitors. It is also important to have a product that the crowds want. Without a good product, a campaign might not attract enough backers to receive the needed funding. One founder who attributed their success to the great product idea described:

“It was a great product. It was related to what the market wanted. People took to this idea of a funky little [product] that was really different from every other [product] that was out there.” – 2

In addition, another founder reported that their success with the product was related to being first on the market with that particular product type:

“We were confident that our product was the first on the market.” – 3

The same founder explained that repeating old ideas is not interesting to people. Their advantage was the uniqueness of their product:

“In order for a product to succeed it needs to stand out. And I think this product did stand out. Because it wasn’t just another charger for a smart phone or another wireless induction charger or another flash card or another something. It was a thing of itself.” – 3

The characteristics of a product play an important role in the attractiveness of the product. One founder explained that some of these characteristics influencing success are related to the appearance of the product or its efficiency:

“It looked different. It was far more efficient than all of the [products] on the market.” – 2

One founder explained that they considered these characteristics to include the price of the product:

“The price of the product is pretty low. A lot of people wouldn’t think twice before supporting this product before making a pledge. It’s a very cheap alternative to what other [companies] are offering.” – 3

Additionally, the same respondent noted that they were offering a product with better characteristics and benefits than their competitors:

“Nobody else would offer something of the kind at the same price with the same functionality in the nearest time. And our nearest competitors ... were in quite a different higher price range.” – 3

If the product is easy to use, its introduction to the market is smoother. The same founder considered a user-friendly characteristic in the product as a key success factor:

“The key was a very simple idea of [the product]. People don’t need to be technical engineers or people who are deep into technology to understand what we’re offering. [We] don’t need to explain twice what [we’re] offering.” – 3

Continuing, the same founder pointed out that there was a big hype around a particular product type in the social media that proved to be beneficial to them. Thus, the market was more prepared for their product:

“The market is ready for this type of product. [It’s] a hot topic right now. More and more manufacturers are producing [these products] and people know about it.” – 3

Additionally, one of the respondents explained that crowdfunding works better than other funding methods if you have a new and an innovative product that has not been introduced to the market before and you are not sure how it will be received:

“Crowdfunding made sense for us because what we’re trying to do is quite futuristic. There’s nothing on the market, it hasn’t even been tested properly. If there’s nothing to measure and put it into a forecast, then Crowdfunding is probably more for you.” – 1

Two of the three founders considered the product or the product idea as the most influential factor in their crowdfunding campaign success. Interestingly, all of the three case companies were rather homogenous in terms of them having a product that was unique. Their products had some completely superior attributes or features compared to any existing products on the market. Likewise, each case company had a product that was easy to use and understand. In addition, each case company had at least a working prototype as well as the proprietary rights for their products. Like most crowdfunding campaigns, the case campaigns also offered various levels of rewards with varying prices. The only factor that clearly separated the case companies in terms of product attributes was the price. Two of the three case companies offered a product with

noticeably higher price than the closest substituting products. One of the case companies offered a product at a significantly lower price than substituting products from rivaling companies.

4.2. Pre-campaign community

The research data indicates that a pre-campaign community can be a huge driver in crowdfunding campaign success. A campaign founder who had been building up a pre-campaign community before the eventual crowdfunding campaign commented on the significance of the pre-campaign community to their success:

“The pre-campaign community, they provided the momentum that drove our campaign through quickly. We raised our target amount ... in an hour. I think about 90 % of that came from the community that were there on the polls to support [us].” – 1

Building a community of supporters and strengthening that relationship allows a founder to find out and estimate how the community members and other possible backers will respond to a campaign call. The same founder explained:

“We have a select group of backers called ... and they paid a deposit a year and a half ago before the campaign, when we first announced the product to the press. So, they have been signed up since then. And, they have always been supportive and we could mesh for a long time. So, we knew that we would make this amount because we knew our key backers. So knowing that, meant that we could send the e-mail on time and know that they would respond.” – 1

One organization had customers from their previous business activities and decided to reach out to them through e-mail, offering them special benefits if they would participate in funding their new crowdfunding campaign. The founder expressed how this was beneficial for both parties:

“At a certain stage during [our campaign] we sent a newsletter to our [previous product] users. Especially for those who are paid users who have bought a [previous product], we told them that: ‘here is a big discount for you so you can get these at an early bird prices because we value your loyalty.’ So this was mutually beneficial. We

were giving something to our users to thank them for the interest towards our project and for paying for our project. And at the same time we were getting their loyalty.” – 3

Determining consequences and understanding potential backer behavior is valuable in anticipating success in crowdfunding campaigns. One of the founders explained that a pre-campaign community is ideal for testing things before launching the eventual main crowdfunding campaign:

“The good thing about testing things out before the campaign, you know how people react to stuff. So, you have certain images or announcements to make, you know which ones people respond to better, based on the promotions you did before because we did a lot of hype management before the campaign. Getting our name out there even before we launched. We knew how people reacted. We knew what questions could be asked.” – 1

One of the case campaigns had built a strong pre-campaign community around their product well in advance before they launched their crowdfunding campaign leading to a very fast and sizeable response from the community. That same community helped the founders reach the campaign funding goal of over 1.5 million U.S. dollars in a matter of hours when the campaign eventually went live. The founders of another case campaign reached out to their family members and friends. Additionally they reached out to their old customers after their crowdfunding campaign had already launched leading them to receive new backers for the campaign. The founders of one of the case campaigns did not have a pre-campaign community or previous customers; instead, they started from scratch reaching out to their initial network of family and friends still managing to secure enough funds from a large number of backers to be successful.

4.3. Team

According to the research data, having a diverse team with mixed capabilities is considered an advantage in crowdfunding campaigns. One founder described why they thought having a diverse team was important for their success:

“We had people with different backgrounds, which helps when you’re promoting yourself over the Internet. We had people from all around the world supporting the

campaign. Because one of the guys spoke French, he was able to get in touch with the French press at hand with some of the other main European outlets. There was this German publisher that generated a lot of traffic and we probably wouldn't have been able to get in touch if we didn't have someone who was familiar with the EU.” – 1

Having a team that is focused on a specific task can help maximize the campaign outcome. The same organization had a focused team in marketing that added to their success. The founder explained:

“If you think about most start-ups, you probably tend to have someone doing multiple roles. But we had a very focused marketing team. We had an analytics guy, we had a growth hacker, we had two all-around marketing guys, we had a Facebook paid-adds guy and we had the PR-guy as well. So we had a strong marketing team focusing on particular areas that allowed us to maximize all the channels simultaneously.” – 1

The same founder explained what they had learned during their campaign and why they considered hiring an internal team was a better choice in general in contrast to outsourcing activities to outsiders:

“We had a lot of agencies that we hired to help that weren't that useful in the end. I would say internal teams are better than an external team. You can hire the best experience in the world but having the team there every day to discuss things and coming up with a plan together is so much better than outsourcing it to an expensive, well-known name to do it for you because they tend to disappoint you when it really matters. That's besides PR, everything else is better to hire internally. Take the time to hire the right people aboard.” – 1

However, good teams do not come cheap. Forming a good team might require the team members to make personal sacrifices as far as wages go. The same founder facing this situation explained:

“With a strong team you need a certain amount of money to pay people. Everyone was on with a minimum wage. Having a 5–6 man ... team is something that a lot of start-ups wouldn't be able to get their hands on.” – 1

In addition, frequent meetings with the project or campaign team are considered important for crowdfunding success because it helps the team stay focused on current endeavors and solve issues with the campaign. The same founder noted:

“We had weekly meetings where we discussed what worked and what didn’t work.” – 1

The case campaigns in this research were not founded by individual entrepreneurs but by teams of entrepreneurs. Additionally, all of the case campaigns had a founding team comprising of no less than three members. Also, the founding members of the teams were quite well educated. Among the founding teams, there was one PhD, at least two PhD students, several MSc and MBA graduates and other experienced people in the fields of biophysics, mechanical engineering, computer science, and product design, etc. All of the teams had backed other crowdfunding campaigns as well. In addition, one team had created a successful campaign before. Only one team had connected a Facebook account to their campaign. One of the founders considered the team being the most influential factor in their campaign success.

4.4. Presentation

According to the research data, the way a project or a campaign is presented to the crowds influence crowdfunding campaign success. The crowd needs to understand what they are being offered. Having a clear vision of the future of a product, campaign or project, and communicating it clearly helps the crowds understand what the motive and reason is behind a crowdfunding campaign. One founder confirmed the usefulness of sharing a vision and delivering it clearly to people:

“A crowdfunding campaign can always benefit from consistent clear communication. One of the things we did ok on at start was communicating the vision for this product.” – 2

Founders can present a product or a campaign through a story. The same founder explained how they had succeeded in conveying a story behind the product to the crowds:

“One of the things that we did ok was to ... tell a story around the [product] and get people imagining the product in their home. So in the video we were really focused on telling a story around the product.” – 2

Telling a story behind a product or a campaign can help potential backers emotionally identify themselves with what is being offered. Helping a customer imagine the purchasing, owning and using a product can eventually lead them to buying it. Thus, telling a story behind a product can help a campaign be more successful. The same founder explained why they thought a product or a campaign works better if there is a story behind it:

“Anytime that you can make your product a little bit more concrete in the lives of the people, who will eventually buy it, you’re ahead of the game. A lot of crowdfunding campaigns just focus on the product, they focus on the specifications, they focus on the details, but they don’t really focus on the emotional side of purchasing and owning and using a product.” – 2

Some campaign founders learn from their mistakes and get better with experience. There may be multiple areas in where to improve in a crowdfunding campaign. However, the same founder expressed that especially the visual presentation of their campaign would be better if they had to do it again.

“If we were to redo a crowdfunding campaign now with the capabilities that we have, it would look remarkably different. We would still have the same elements ... but the way that we would do that visually would be much more slick and much more polished.” – 2

All case campaigns in this research used clear and thorough campaign descriptions to present the campaign to the crowds. Additionally, all of the case campaigns used multiple images as well as videos on their site to tell a story around their products. They also presented the people who were behind those campaigns. Each campaign was also frequently and actively updating the progress of their project as well as responding to feedback from followers, creating a very lively communication between the founders and the followers.

4.5. Awareness

Attracting enough attention to a campaign is necessary to draw enough funders to reach the funding goal for a campaign. Thus, creating awareness for a crowdfunding campaign is necessary in terms of success. There are several ways to create awareness for a crowdfunding campaign. One effective way is to start with personal networks. That includes family and friends. A founder explained how they had used their team members' personal networks to create awareness for their campaign:

“Everybody who was involved tapped their own personal networks to a pretty high degree. So it became this: ‘Hey this is really neat right? Share it with your friend, share it with your family.’ ” – 2

A campaign can benefit from the attention personal networks can bring. Ultimately, this initial attention can reach other networks outside the personal ones. Personal networks can spread the word e.g. through social media. The same founder explained how tapping those personal networks in part helped them succeed in creating attention for their campaign:

“[Personal networks] plus the social media, plus the early PR really was enough of a reach that people started cheering it outside of the initial network.” – 2

Another founder explained how they had only shared the campaign with their friends and not spent any money on advertising in the beginning of their campaign but still, to their surprise, they were successful:

“We didn’t involve any extra advertising for that the first time. At the beginning everything was completely organic. We just shared it with our friends and that’s it. I don’t know how it happened actually.” – 3

All of the interviewees mentioned that social media and public relations played an important role in creating awareness and advertising their campaign. One founder summarized their formula for successfully creating attention for their crowdfunding campaign:

“It was all PR-related. It was all kind of grass-roots, it was all very viral, all through social media.” – 2

Building public relations through the press and other media outlets is part of a crowdfunding campaign and something a founder should consider when creating a campaign. One respondent explained how they had used the press to help them succeed with their campaign:

“A lot of magazines they like to write about [crowdfunding] campaigns and especially about successful [crowdfunding] campaigns. So this was good in terms of public relations in terms of building the image on the Internet.” – 3

A campaign can benefit from a wide reach. Thus, reaching out to as many media outlets as possible can be useful. Another founder described what they thought they should have done better in terms of public relations to reach more attention:

“You raise most of the money in the first week ... so you need to maximize the actual period of time and the best way you can do that is to get the PR in place. So, we had all the main outlets ready in the UK and US, but we didn’t have the other international communities. So, I would say that we should’ve tried harder to get the other European main outlets prepared for the big PR when the campaign launched. I think that would’ve been a good improvement point.” – 1

In addition, the platform can help a campaign get more attention because of the platforms popularity and traffic. One founder simply stated why choosing a platform was a great tool for them to gain attention for their campaign:

“Kickstarter is very popular.” – 3

Using more focused advertising methods can be helpful in creating attention for a campaign by creating more traffic. A founder who had not initially spent money on advertising decided to get help with advertising their campaign:

“In the last week of the campaign ... we got in touch with the guys who offer targeted ads marketing in Facebook. So they helped us a lot in terms of traffic. Sometimes in

the last week of the campaign the attention and the interest of the users towards the campaign is not that high. So we had a little boost and they helped us in that sense.” – 3

Two out of the three campaign founders reached out primarily to their personal networks before the word spread and before the founders themselves reached out to other sources for support. One of the case campaigns had a functioning marketing team focusing both on personal and external networks from the very beginning of the project.

4.6. Preparation

Time spent preparing a crowdfunding campaign can influence the outcome and success of the campaign. One of the founders who felt they did not have enough time to prepare for their campaign explained how they had to learn how to run a crowdfunding campaign the hard way, nevertheless succeeding:

“The team that was there at the time had to figure out as they went, and [we] had to stumble through a little bit. [We] had to do a lot of research, and reading, and ask around, and talk to friends of friends who had done campaigns before. So it was very much of a ‘stumbling through it’ process.” – 2

A team that is prepared and having time to test things out before the actual crowdfunding campaign can be an important factor in crowdfunding success. One founder reported how being able to test things out had helped them succeed with their campaign:

“The team was gathered by [month] and we didn’t launch until [month] which gave us two months to prepare and try things out. ... We had a very test-like philosophy, which allowed us to test a lot of things. So, when we did launch the campaign we had things in place. We knew the important touch points, and we had a strategy in mind and how we can get the most out of our ... efforts.” – 1

Through testing, campaign founders can confirm or disprove their beliefs. The same founder explained why they considered testing was so important for their campaign success:

“We played with the data a lot and we learned a lot from testing things. Things are only assumptions until you actually try them out.” – 1

A campaign preparation can include planning and many other things. One founder described what they had done in terms of preparation:

“We shot videos, we wrote and rewrote texts a lot, we were thinking about rewards. There is not only the reward and its attractiveness that you need to estimate but also the shipping price.” – 3

Two of the respondents stated that they had spent time reviewing other crowdfunding campaigns to help themselves in preparation and to know what they can do better. One of the founders explained how they had overviewed other successful campaigns as part of their preparation:

“Before the launch we had to overview successful Kickstarter campaigns and understand what was good about them. To understand what we can do better. There is a project we like a lot called ... from ... I like their campaign very much and I like how they used materials and how they behaved in social networks. So we had a good example of how we can do it.” – 3

Poor preparation in some campaigns leads to poor execution. The same founder stated that they had also reviewed some bad examples of crowdfunding campaigns to try and learn from them:

“We also had bad examples of crowdfunding campaign that didn’t work. There were poor descriptions, poor videos and poor images. They were frankly just poorly prepared.” – 3

The amount of work in preparation for a crowdfunding campaign should not be taken lightly. The same founder expressed their frustration with trying to prepare for all the possible challenges a campaign might bring:

“You need to be a magician probably to forecast all the possible risks and difficulties and obstacles. Sometimes there are some breaks that you can’t control. So launching ... even a simple project is a very big thing.” – 3

Trying to anticipate everything that can go wrong with a campaign may be impossible but covering at least some of the main potential issues that can arise during a campaign and being prepared to address those issues can be helpful. One founder explained how they thought they could have been even more successful:

“Maybe, if we had prepared more in terms of the possible questions people could ask. Trying to anticipate anything. It’s all about anticipating potential issues during the campaign.” – 1

Launching a crowdfunding campaign is a big task. There are many issues a founder should take into consideration when preparing the campaign. One founder explained how they would prepare and go about if they had to carry out another crowdfunding campaign:

“We’d know the insides of the financial side of it. We’d know how to model with work. We would know how to create the visual assets. First we have to focus on our key messages, we have to get those really polished, really honing on them. We would think a little bit beyond the ... campaign itself. We would think forward too: ‘Ok, we’ve got this ... campaign on the go. How can we publish, and promote, and leverage this a little bit. What channels would we use to extend our audience, so that we can get more people looking at the campaign and get more people converted to a pledge or a sale or whatever?’ ” – 2

4.7. Authenticity

The respondents made several comments regarding authenticity and why it is thought important in crowdfunding campaigns. Belief in the product and in the whole project was considered important. One founder described the type of belief a founder should have in the product and why:

“If you don’t really believe in what you’re doing in the crowdfunding project, like what your product is. If you don’t believe in your product and you’re not willing to put everything into it. That shows through. My sense of the Kickstarter community and the Indiegogo community is that the people who are on there are quite savvy. They’re quite

intelligent. They're not the type of people that you can typically fool. So, if you don't believe in what you're doing, they'll pick up on it." – 2

Founders can attract people to their campaign if they can convince them that the campaign is real and authentic. The same respondent explained how their authenticity was created and how it influenced their crowdfunding campaign:

"The founders didn't go and find a whole bunch of money and hire a marketing firm to produce a real slick looking video. They just put their own passion into it. And, they created all of the content for the crowdfunding campaign themselves, the three of them. None of them are trained marketers or trained designers so they really got to do what they wanted to do and they did it. Because of that, the authenticity, and the passion, and their belief in this product kind of oozed its way into the crowdfunding campaign. I think that was a big part of the success. You can tell that, that was something that three dudes did. It wasn't a really slick polished money-seeking campaign. 'Hey we want to change the world, we want to change this product, this is our idea, we need backups'. It was very authentic. I think people really gravitated towards that." – 2

Authenticity is needed because people are smart. Today information is at everyone's fingertips and people are self-educating themselves in real-time. Some information is transparent and a lot of information about products, people, and companies are publicly available. You cannot fake it and make it with educated customers. The same founder described his feelings towards the crowds:

"It all boils down to – people are smart. Consumers are a lot savvier, today than they would've been in recent history. People have the tools to self-educate at their fingertips in real time. It boils down to that. All of these things matter because people are smart. Somebody who can open Google on their smartphone and look into a product, person, company, a team, can look into pretty much anything and search publicly available information. You can't fake it with those people and why should you?" – 2

Campaign founders should be honest to the backers with incidents and problems in a campaign and trust that the backers will understand and still give their support. One of the founders explained this in his comment:

“People are a lot more understanding than you think. It comes to it with these things. If you’re like ‘we’re going to do this’ then the people will understand if you tell them outright than if you try and stay positive and hide the cracks. The crew learned that as well.” – 1

To be authentic you need to show things that really exist. One founder described why they believe people were drawn to their campaign:

“We showed real things, real streets, and real people reacting to all this stuff.” – 3

Finally, an authentic campaign does better if there is synergy between various elements. If you have good elements in your campaign that support authenticity, then people will have a harder time trying to come up with bad things to say about the campaign. One founder explained how this synergy could lead a campaign to a better outcome:

“You have a much better outcome if you truly believe in the product. You have a much better outcome if you’re open, if you’re authentic, if you’re transparent. You have a much better outcome if you’re fair, if you communicate well, if you’re consistent in what you’re saying, and if all of that consistency ties back into your passion for the product and your belief around why you created it. It’s a synergistic balance that exists. If you have all of those things, if it comes from a good place, people can’t poke holes in it, they can’t self-educate themselves away from it.” – 2

All case campaigns presented at least one video on their campaign website that introduced the founding team members to the public. On the videos, the founders explained their motive, as well as their enthusiasm towards their campaign. Additionally, all case campaigns provided several links to external reviews and commentaries on their campaigns and products.

5. DISCUSSION

This chapter contains discussion of the propositions presented in the previous chapter about factors influencing reward-based crowdfunding success. The focal part of this chapter is to examine the theoretical model presented in this research by comparing and discussing past theories and literature about the same subject. Comparing this new theory with the existing theories of crowdfunding and with other theories in academic literature adds to the validity of this research and gives a deeper understanding of the research results, the whole crowdfunding phenomenon, and factors influencing crowdfunding success. This chapter begins by discussing the factors influencing crowdfunding success, which were identified from the research data. In addition, factors and theories that are identified in other academic literature but which did not appear in the empirical data of this research are discussed. Thereafter, implications, especially, for founders, and for platforms of crowdfunding campaigns are discussed. Finally, suggestions for future research are presented.

5.1. Impact of factors related to crowdfunding success

The growing activity in crowdfunding has brought about much interest and attention to this new entrepreneurial setting. However, the dynamics behind crowdfunding success are largely under-researched (Mollick 2014). Nevertheless, there are numerous studies done about factors leading to successful fundraising e.g. in venture capital and angel investment settings (MacMillan, Siegel & Narasimha 1985; Shane & Stuart 2002; Baum & Silverman 2004; Sudek 2006; Kirsch et al. 2009). Although, the setting is somewhat different between crowdfunding, venture capital, and angel investment, they obviously have similarities. At least, they are all pursuing funding. However, it is not completely clear if the same factors that influence success in venture capital or angel investment settings influence success in crowdfunding as well. In this chapter, crowdfunding related literature is reviewed, discussed, and related to the research data. In instances, where there is no available research on a specific topic in the field of crowdfunding, other related literature in other fields of research is reviewed and discussed. This discussion follows the same pattern as presented in Chapter 4. The factors discussed are: 1) product, 2) pre-campaign community and networks, 3) team, 4) presentation, 5) awareness, 6) preparation, and 7) authenticity.

5.1.1. Product

There is remarkably little academic research done on the importance of the product or the product idea in relation to crowdfunding success. However, the importance of the product in receiving funding for a venture has been studied in many other contexts, e.g. in venture capital and angel investment research (MacMillan et al. 1985; Sudek 2006; Streltzki & Schulte 2013). Although, there may be different factors influencing crowdfunding success than in the more traditional venture settings, likely there are similarities in the underlying reasons why and how the product itself influences crowdfunding success as well.

Lukkarinen et al. (2016) suggest that there might be a relevant link between the success of a crowdfunding campaign and the understandability of the product. Additionally, Hu, Li & Shi (2015) explain that potential funders of crowdfunding campaigns struggle with information asymmetry. Thus, potential funders are more likely to approve and receive products if there is relevant product information available, and if it is understandable. According to Shepherd & Zacharakis (2003), customers foremost prefer to have more information about a product than from e.g. an organization or a management team. If customers understand how a product performs and how it can benefit them, they will be more willing to purchase it (Shepherd & Zacharakis 2003). To ensure there is enough knowledge, and education about a product, a founder should demonstrate how and why the product works, providing necessary documentation and product performance information (Heiman & Muller 1996).

Likewise, patents, proof of concept, innovativeness, and diversity are some of the key factors of success in venture capital (Lukkarinen et al. 2016; Streltzki & Schulte 2013; Chen, Zou & Wang 2009). A venture can influence their funding success if they have a patent, because it can give them protection from competition and added customer value (Schmidt & Riesenhuber 2009). A proof of concept or a functioning prototype can be important in signaling possible funders that the product really exists and functions. In addition, there is a significant positive influence, and a reduced risk of a project failure in those ventures that have a finished prototype (Kakati 2003). Chen et al. (2009) state that increased product diversity leads to greater performance and survivability of a technology-based venture. Thus, with a diversified product range a venture can gain more sales if it can offer customers more value by fulfilling their varying needs. Although, innovation or new product launch is traditionally considered as one of the

main drivers for success of ventures, founders are urged to actively build other capabilities to overcome challenges that might not be solved with innovation alone (Chen et al. 2009).

Zott & Amit (2008) propose that a company's product market strategy affects company performance. According to their research, this increased performance derives from the differentiation, cost leadership and early market entry of a product (Zott & Amit 2008). Crowdfunding and the various platforms available offer companies a novel way to use this type of product market strategy to their benefit. Hu et al. (2015) also offer insight into product line and product price decisions in crowdfunding. According to their research, most campaigns offer more than one product lines, i.e. level of rewards, and varying prices. The same authors argue that as long as potential funders have varying incentives and preferences towards varying product qualities and varying prices, it is in the best interest of an entrepreneur to offer it to them. People are more responsive if they are offered what they desire with prices matching to what they are willing to pay. This all leads to more funding for a crowdfunding campaign influencing its success (Hu et al. 2015).

Shepherd & Zacharakis (2003) argue that if the price of a product is close or equal to the amount of income people have, the buying decision is viewed as relatively important and might thus require more thought and consideration from a customer. On the other hand, if the price of a product is relatively low, compared to the income of potential customers, and the risk of making a bad decision is low, people give less importance to their buying decisions (Shepherd & Zacharakis 2003). Thus, setting lower prices for a product in crowdfunding campaigns may increase potential customers' buying decisions because spending a small amount of money on a campaign even if the campaign fails, will not affect the potential customers' welfare. On the contrary, Belleflamme et al. (2014) propose that crowdfunding campaign founders have the ability to discriminate between pre-ordering crowdfunders and regular customers, by asking a higher price from the crowdfunders as they are likely to pay more for the additional benefits of being part of the crowdfunding community.

5.1.2. Pre-campaign community and networks

As far as the author is aware, there is no research concerning the impact of a pre-campaign community in crowdfunding campaign success. However, there is a growing

consensus among crowdfunding researchers that existing networks influence campaign funding success. Shane & Stuart (2002) suggest that new ventures that have pre-existing relationships with investors are more likely to receive funding for their venture. Agrawal, Catalini & Goldfarb (2015) find that the network likely to first fund a new crowdfunding campaign is the offline social network of friends and family. Kuppuswamy & Bayus (2015) further propose that crowdfunding campaign founders initially receive funding from their closest personal online social networks, which includes family, friends, and followers. Lin, Prabhala & Viswanathan (2013) state that people with large online social networks are more likely to receive funding in lending-based crowdfunding. In addition, founders of campaigns in reward-based crowdfunding are dependent, for the majority of their funding, on their existing social networks and social media followers (Kuppuswamy & Bayus 2015).

Recent research indicates that early contributions to a crowdfunding campaign predict future funding success (Lukkarinen et al. 2016). Agrawal et al. (2015) suggest that high previous cumulative investments by some may influence the inclination of others to invest, thus, increasing the rate of new additional investments. Likewise, Colombo, Franzoni & Rossi-Lamastra (2015) state that the number of early contributors and the amount of early capital raised is considered to create a pattern of growing success, i.e., if a campaign gets enough early backers it will signal quality to others, attracting them to take part too. Additionally, less experienced crowds tend to follow the lead of experts in investment decisions and invest in campaigns afterwards if there is an indication of high early investments by experts (Kim & Viswanathan 2016). Etter et al. (2013) find that the eventual funding success of a crowdfunding campaign can be predicted highly accurately from the early amounts of funding received by a campaign.

5.1.3. Team

What is a good team and why would it be important to have one behind crowdfunding campaigns? Shrader & Siegel (2007) notes that scholars have started to research entrepreneurial teams because typically fast growing firms are founded and developed by entrepreneurial teams rather than just individuals. Regardless of the stage of a project or a crowdfunding campaign, there is always human capital embedded in the founders of ventures. According to Unger, Rauch, Frese & Rosenbusch (2011), this human capital has significant, although small, relationship with entrepreneurial success. There are many studies claiming that human resources, including education, experience,

knowledge, and skills of the individual entrepreneurs and the management team and workers are related to entrepreneurial success and that they are important factors for acquiring financial resources (e.g. Sexton & Bowman 1985; Pfeffer 1994; Florin, Lubatkin & Schulze 2003; Van der Sluis, Van Praag & Vijverberg 2008). Still, some authors believe that human capital is overemphasized in the research of entrepreneurial success (Baum & Silverman 2004). On the other hand, others claim that human capital is the main driver of successful ventures (Haber & Reichel 2007). While most authors agree that human capital is linked with success, the degree of this relationship and the reasons for it are not completely understood (Unger et al. 2011).

Kotha & George (2012) argue that certain characteristics of founders influence the success and survivability of new ventures. These characteristics include industry experience, social relationships and start-up experience (Kotha & George 2012). Zhao, Song & Storm (2013) claim, that new venture success is dependent on many things but especially on the human capital of its founders. They list a few critical skills for a founding team, which includes marketing capabilities, market-linking capabilities, and service design capabilities (Zhao et al. 2013). In venture capital research, the presence of a credible, experienced, and competent founding team with management skills is considered an important factor in the successful accumulation of additional resources (Zacharakis & Meyer 2000; Zimmerman & Zeitz 2002; Baum & Silverman 2004). In addition, Zimmerman (2008) argues that in initial public offerings the top management team heterogeneity, which includes functional and educational background, signals higher quality to potential funders, which in turn increases the amount of funding a firm can receive.

Frydrych, Bock, Kinder & Koeck (2014) state that the founding team composition seems to influence the success rate of crowdfunding campaigns. They propose that investors in reward-based crowdfunding pay attention to the founding team composition and capabilities or the capabilities of single entrepreneurs when evaluating a business idea. According to their research, individual entrepreneurs are behind the majority of crowdfunding projects. However, projects with more than one founder show much higher rates of success in crowdfunding campaigns. In addition, gender seems to favor female founders in terms of crowdfunding campaign success. (Frydrych et al. 2014.)

Some of the other variables that relate to the founding team and crowdfunding success, that are proposed by various authors, include the number of Facebook friends of the

founders, number of previously created projects, and previous backing history (Mollick 2014; Koch & Siering 2015; Zvilichovsky, Inbar & Barzilay 2015). According to Zvilichovsky et al. (2015), previous backing history of founders has a significant effect on the successful funding of their own campaigns. They argue that project founders often back each other, which creates a causal link between crowdfunding backing behavior and crowdfunding success (Zvilichovsky et al. 2015). However, the number of Facebook friends as well as the number of previously created projects was proven insignificant in relation to crowdfunding success (Koch & Siering 2015). Mollick (2014), on the other hand, claims that Facebook linked campaign founders with a greater number of friends seem to have a greater chance of success. Interestingly, the data shows that not having a Facebook account connected to the campaign at all is better than having an account with only a small network of friends (Mollick 2014).

5.1.4. Presentation

There are many ways to present a crowdfunding campaign to people. In a crowdfunding campaign, the common way to deliver a presentation comes in the form of a written project description, graphical information, and video materials. The amount of information given in a written review can positively influence its perceived helpfulness (Mudambi & Schuff 2010). Cheung, Lee & Rabjohn (2008) find that information usefulness, which is comprised of information relevance and comprehensiveness, has a significant influence on consumer decisions. As a result, Koch & Siering (2015) argue that increased amount of information as well as the depth of the campaign description in crowdfunding increases funding success. However, the depth of the information about the project related risks in a campaign description seem not to influence success (Koch & Siering 2015). In addition, Mollick (2014) finds that spelling errors in campaign descriptions have a negative influence on crowdfunding success.

The graphical information provided on a campaign website has the potential to draw the attention of potential backers better than by textual descriptions only (Koch & Siering 2015). Danaher, Mullarkey & Essegai (2006) find that the amount of provided graphical information has a significant correlation with web site visit durations. Glenberg & Langston (1992) add that the comprehension and reminiscence of texts by individuals is significantly increased if pictures are provided.

The perceived quality of a crowdfunding campaign, to a degree, can be measured by the quality of the video pitch (Mollick 2014). Crowdfunding campaigns can benefit from the use of videos by showing functionalities, moving dimensional elements, and providing audio information (Koch & Siering 2015). Park & Hopkins (1992) explain that dynamic visual display is usually more efficient than static pictures in media-based instruction. Additionally, Jiang & Benbasat (2007) analyze that websites with video material are perceived as more useful than ones with only static pictures. Visual communication through video pitches has become increasingly popular in crowdfunding campaigns. Some authors agree that providing video materials in crowdfunding campaigns significantly influences their success (e.g. Mollick 2014; Koch & Siering 2015). However, Frydrych et al. (2014) argue that videos have become so commonplace in crowdfunding campaigns that the relation between video presentations, or the lack thereof, and the probability of success can no longer be taken for granted. Regardless the disagreement between authors, there are many advantageous and possible uses for videos in crowdfunding campaigns. Founders of a campaign can e.g. virtually present themselves in a video, which in turn can reduce the uncertainty potential funders can have towards a campaign and its founders (Koch & Siering 2015).

Presentation of a brand through content marketing has recently become rather popular in business marketing because it is being considered as a fundamental element in attracting and retaining customers (Pulizzi 2012). According to Pulizzi (2012), the idea behind content marketing is that brands present themselves through storytelling, which in turn compels the audience and gives the brand more value and relevance. Additionally, Martens, Jennings & Jennings (2007) find evidence that entrepreneurs acquire more funding if they are effective at storytelling. The same authors further argue that through storytelling entrepreneurs can offer a stronger incentive for people to participate in funding a venture (Martens et al. 2007). In addition, effective storytelling can reduce the perceived uncertainty and level of risk people might have towards the entrepreneurs and their ventures (Martens et al. 2007).

Founders of crowdfunding campaigns in most platforms can post updates on the progress of their projects during and after their campaigns. These updates can be done on campaign homepages through texts, videos and images. These status updates can indicate to the crowd that the founders are actively engaged with the project and working to fulfill their promises to their backers (Koch & Siering 2015). Mollick (2014) investigated a number of campaigns in Kickstarter to find out if updates influenced

funding success, and if prompt updates after campaign launch had any influence. The results showed that both the frequency and early updates to campaigns were associated with greater funding success (Mollick 2014). In addition, Koch & Siering (2015) present similar results from a sample of Kickstarter campaigns indicating that presenting updates of a project progress with the crowd influences campaign success. Updating had the highest correlation with crowdfunding campaign success of all the examined variables in these two studies (see Mollick 2014; Koch & Siering 2015).

5.1.5. Awareness

There are a number of ways a crowdfunding campaign can create awareness, in order to attract people to fund a campaign, increasing chances for success. These methods include the usage of various networks, social media, direct advertising, etc. As discussed previously in the Chapter 5.1.2. The founders' initial personal networks of family, friends, and followers often serve as the first and most important support for crowdfunding initiatives (Agrawal et al. 2015; Kuppuswamy & Bayus 2015).

There are studies indicating a positive relationship between social media networks and crowdfunding success. Zheng, Li, Wu & Xu (2014) find that the social network structure of campaign founders has an effect on crowdfunding performance. The social network structure refers mostly to various social ties, including different social media (Zheng et al. 2014). Etter et al. (2013) monitored the amount of Twitter tweets of reward-based crowdfunding campaigns comparing the results with the success of the corresponding crowdfunding campaigns. The authors found that the number of social media posts indicate higher chance of success (Etter et al. 2013). Thus, the authors suggest that campaigns that are struggling to reach attention could increase their visibility through a social media campaign, using e.g. twitter as the medium (Etter et al. 2013). That same visibility could likely be attained through other well-known mediums in the social media. Lukkarinen et al. (2016) state that a company's ability to leverage social media networks to their benefit significantly increases their likelihood of successful funding. Additionally, it seems platforms, by their actions, can influence the funding success of crowdfunding campaigns. Mollick (2014) discovered that there is a strong association between a platform promoting or featuring a campaign on their website and funding success.

However, some authors claim there is no influence the use of social media has on crowdfunding success. Belleflamme, Lambert & Schwienbacher (2013) concludes from their data set that the use of social media networks, including Facebook, Twitter, blogs, LinkedIn and MySpace, does not influence the amount of funds a crowdfunding campaign raises. Likewise, Cumming et al. (2015) find that the number of links to social media networks is the same for both successful and unsuccessful crowdfunding campaigns.

Direct advertising can help increase traffic to a campaign website, as was noticed by one of the campaign founders. Additionally, direct advertising can help consumers create awareness towards a brand, leading to increased demand for the product (Iyer, Soberman & Villas-Boas (2005). Thus, more attention leads to a higher number of potential funders and the size of their pledges. Finally, through marketing and public relations efforts organizations can manage what kind of awareness crowds receive (Kotler & Mindak 1978).

5.1.6. Preparation

Regardless of the type of platform used, a crowdfunding campaign can benefit from a solid plan, which includes how much money is required for the project to come true and how the received funds will be spent (McCoy 2013). Likewise, careful planning is required to deliver a reward or a product on time (Mollick 2014). In addition, Mollick (2014) states that signaling preparedness to the crowds may be important, because it indicates increased quality of a project. These increased quality signals are considered to lead to a higher chance of funding, at least in the more traditional investment settings (Mollick 2014). Chen, Yao & Kotha (2009) show that preparation, which includes presenting a business plan, positively impacts funding decision making of venture capitalists. Additionally, Cardon, Sudek & Mitteness (2009) suggest that preparedness plays an important role, along with enthusiasm and commitment, in angel investor funding decisions.

Mollick (2014) determines preparedness by how well founders manage their campaign pitches in crowdfunding campaigns. Mollick (2014) considers that the campaign pitch is up to quality standards if at least a video is provided, and additional preparedness is shown if founders provide updates to their projects promptly after the campaign launch. Additionally, a simple way to prepare and signal quality is to make sure the campaign

description and any additional information on the campaign webpage is flawlessly written, because spelling errors are a clear sign of founders not spending enough time and effort to prepare for the campaign (Mollick 2014).

5.1.7. Authenticity

Authenticity in a crowdfunding campaign can mean that whatever the founders are offering is real and that they have no intention to deceive people. Thus, the message of the campaign and the motives of the founders should also be aligned. Peterson (2005) claims that authenticity is socially constructed through various means. Further, he explains that authenticity may be constructed e.g. through cultural or status identity, group membership, or experience (Peterson 2005).

Authenticity could be argued to be related to legitimacy, based on their similar characteristics. Legitimacy is considered by some a factor influencing organizational success (e.g. Suchman 1995; Lounsbury & Glynn 2001). Zimmerman & Zeitz (2002) define legitimacy as “*social judgment of acceptance, appropriateness, and desirability*”. The same authors claim that organizations can access other resources that are required for new venture growth through building legitimacy (Zimmerman & Zeitz 2002). Thus, crowdfunding campaign founders should regard building legitimacy as important. Shepherd & Zacharakis (2003) explain that in entrepreneurial ventures additional information of an organization and the people responsible for its management builds legitimacy towards the organization. In addition, entrepreneurial ventures gain legitimacy through the composition and characteristics of their founders (Kotha & George 2012; Zhao et al. 2013).

Frydrych et al. (2014) suggest that although many of the same rules apply to legitimacy building in crowdfunding as in other more traditional funding scenes, there are some distinctive concerns as well. The authors argue that campaign founders can display excessively positive reputation in an online context, thus exploiting the good will of unsuspecting crowds (Frydrych et al. 2014). Mollick (2014) finds that unsuccessful campaigns fail significantly in gathering funds while successful campaigns exceed their funding goals only by small margins. Frydrych et al. (2014) claim that this indicates the difficulty of achieving legitimacy in crowdfunding settings.

5.2. Additional factors influencing crowdfunding success

Other possible factors influencing crowdfunding success have been investigated in various studies. However, other factors did not turn up in this research directly. Regardless the fact the interview data failed to mention directly any other factors relating to crowdfunding success there may exist other known and unknown factors influencing success. Thus, a few other factors influencing crowdfunding success, as introduced in recent academic literature, are discussed in the following chapters.

5.2.1. Geography

Funding success in traditional funding of entrepreneurial ventures is considered significantly associated with geography (Shane & Cable 2002; Chen, Gompers, Kovner & Lerner 2010). The reason may be that many venture capital firms are concentrated and more active in areas that have a spillover of skill and knowledge in entrepreneurial ventures (Chen et al. 2010). In addition, many entrepreneurs choose to establish their ventures in areas rich with funding sources, skilled workforce, and academic knowledge, thus creating a virtuous cycle of co-location with funding sources (Feldman 2001; Chen et al. 2010). On this basis, it might be reasonable to found a crowdfunding campaign in such a location.

However, Agrawal et al. (2015) suggest that location and geography might not be as important in crowdfunding as in the more traditional funding settings. This can be explained by the online social networks and funding mechanisms of crowdfunding. Although, the Internet reduces many of the geographic constraints and frictions related to distance in crowdfunding, not all of the differences in funding behavior between local and distant funders can be explained by the use of Internet alone. (Agrawal et al. 2015.)

On the other hand, Mollick (2014) finds that there is relation with the location of crowdfunding campaign founders and with the success of campaign funding as well as with the type of projects created. The relation seemed to be stronger in different areas of the US. Likewise, there seems to be a strong concentration of the types of crowdfunding projects clustered into certain areas. Technology category campaigns are by far the most clustered sector in crowdfunding. Mollick (2014) argues that the geographic components of crowdfunding campaigns require more research. (Mollick 2014.)

5.2.2. Funding target

Out of the two basic funding models in crowdfunding, “*all-or-nothing*” or “*keep-it-all*”, as explained in Chapter 2.1.4., the “*all-or-nothing*” model is used most (Mollick 2014). Because of the necessity to reach the funding target in order to keep the funds backers have invested, setting a realistic and an achievable funding target is extremely important. Overly optimistic funding targets are naturally harder to achieve. Likewise, needlessly low funding targets may be easily reached, but the funding might not be sufficient for the project to come true (Mollick 2014). Setting a low funding target might signal insecurity towards the campaign by the founders, which in turn might not seem very attractive to potential backers. Additionally, after a funding goal is reached, people are less likely to participate in funding it (Kuppuswamy & Bayus 2015). Thus, with an unnecessary low funding goal a crowdfunding campaign can lose potential backers.

Several authors find that in reward-based crowdfunding, higher funding goals have a negative impact on campaign funding success (Cumming et al. 2015; Mollick 2014 & Zheng et al. 2014). However, Ahlers, Cumming, Günther & Schweizer (2015) find that in equity-based crowdfunding the funding target has no significant relation to the amount of funders and received funding. Thus, in terms of funding success, the type of crowdfunding model seems to matter when setting the funding target. Belleflamme et al. (2014) also argument that funders in reward-based and equity-based crowdfunding might have different drivers for making investment decisions. Still, reward-based and equity-based crowdfunding should not be regarded mutually exclusive approaches in theory and in practice, as there are many similarities (Belleflamme et al. 2014).

5.2.3. Campaign duration

Depending on the crowdfunding platform, campaign founders can decide how long the funding duration of their campaign will be. Common sense might argue that the more time a campaign has to gather funds, the more funds it will receive. However, longer duration campaigns are found to reduce the chances of success in reward-based crowdfunding (Mollick 2014; Frydrych et al. 2014). Mollick (2014) suspects one reason for the decreased chance of success in longer duration campaigns is that by so doing founders signal a lack of confidence in the campaign. This longer funding duration and

indication of uncertainty by the founders might lead to less support from the crowds (Frydrych et al. 2014).

Contradicting findings have been presented as well. Zheng et al. (2014) find that in a popular reward-based crowdfunding platform in China, campaigns with longer funding durations result in higher crowdfunding success, whereas the same relation for the U.S. based Kickstarter is not found. In addition, Burtch, Ghose & Wattal (2013) find that a crowdfunding campaign can reach more awareness, which they consider a key element in crowdfunding success, the longer the campaign lasts.

5.3. Research implications

This research suggests several implications especially for founders, but also for funders, and platforms of reward-based crowdfunding campaigns. Some of the implications are exclusive to only one party in crowdfunding; some may apply to all parties. Many of the influencing factors in crowdfunding success most likely have a synergistic balance between them, connecting also different actors. Therefore, there is no reason why various goals by various actors in crowdfunding cannot be attained simultaneously. In general, when a crowdfunding campaign succeeds, all parties involved benefit; founders receive the funding to go forward with their project, funders receive their rewards, interest, or equity they have invested in, and platforms receive their commission. The main implications of this research relate to the product and pre-campaign community.

One of the first important implications for crowdfunding founders this research provides concerns the product. Before even delving into other, proven or presumed, factors influencing crowdfunding success, founders should focus on the product they are planning to offer the crowds. If the product is not interesting enough, it will not attract much attention. In addition, priority should be given to increase customers' knowledge and understanding of the product to increase its popularity and attractiveness. A well-known and well-understood product eventually leads to more potential funders. Although, it seems that various product attributes most likely have something to do with crowdfunding success, it is not completely clear which attributes in specific are influential, and why. This research provides at least a few product attributes that can be taken into consideration when trying to attract potential backers for crowdfunding campaigns. In specific, the products should be unique, real, authentic, easy to use,

efficient, meet the market requirements, and in general, have superior attributes to existing products; or inferior in some cases, if that is what the crowds want. These are no doubt just a few of the attributes that can help a product and a campaign gain popularity and give a competitive edge against other products and campaigns in the crowdfunding scene. Considering, people have varying tastes and preferences, it might be that campaigns e.g. in the technology category benefit more from certain product attributes than campaigns e.g. in the music category and vice versa. Thus, it might be beneficial to understand which attributes crowds prefer more in a specific reward-based crowdfunding category and then emphasize on those product attributes when designing the product.

The research results highlight the positive influence of the social networks of campaign founders and pre-campaign communities. Although, family, friends, social networks, number of early backers, and early funding amount are suggested to influence crowdfunding success, moreover the research data suggests that a designated well managed pre-campaign community can have a huge impact on crowdfunding success. If on the one hand campaigns with longer durations have a reduced chance of success, but on the other hand a potential for reaching more attention, which can lead to more potential backers, it would be in the interest of founders to find a way around this problem. A pre-campaign community can do just that. It might be in the founders' interest to start building a pre-campaign community around their upcoming crowdfunding campaign well before they launch their campaign. Thus, founders can have more time to attract potential backers, affiliate with them, get them involved, and above all, get them committed to the project and the eventual crowdfunding campaign. With a committed pre-campaign community, it is possible to maintain an open discussion with potential backers, as well as better estimate the amount of funds that will be pledged, e.g. through polls, and how much more and what is required for the campaign to come true and succeed. With committed community members, there will be more early funders and greater amounts of funds initially invested. Thus, a large committed pre-campaign community, ready to jump in when a campaign launches, can be a big potential driver for success in crowdfunding, because it can create a huge early momentum for the campaign, which is a strong predictor of crowdfunding campaign success. Additionally, one way founders could build a pre-campaign community is to implement other forms of crowdsourcing already in the product design phase to get people more involved and excited about an upcoming crowdfunding project. Interestingly, there does not seem to be many, if any, crowdfunding platforms offering

founders any type of pre-campaign community feature or a way for crowds to browse through upcoming projects. Facilitating for pre-campaign communities and mentoring founders in utilizing them is something platforms could consider in order to help crowdfunding campaigns be more successful. Doubtless, creating, maintaining, or facilitating a pre-campaign community has its own set of challenges that should be discussed more thoroughly.

Further, this study finds that having a strong team is an important part of successful crowdfunding campaigns. Team diversity helps campaigns reach more potential backers because it is easier for a team to interact with different interest groups if they share the same background. In addition, having an internal team that is focused only on a certain aspect of a campaign can maximize the results in that area of a campaign. A team that holds meetings regularly, and discusses, and plans together to overcome campaign issues, contributes to crowdfunding campaign success. A history of backing other crowdfunding projects was popular within the case teams suggesting that by offering help to others founders can also receive help in return from others and be more successful in receiving funding. Additionally, the founders of the case campaigns were quite well educated and skilled, suggesting that education and skills of founders influences crowdfunding success.

The research data suggests that founders should share clearly and consistently their vision of the campaign to help people understand what it is about. Likewise, the data implies that telling a story around a product helps people to connect with the emotional side of buying, having, and using a product, which in turn can boost pledges to a campaign. Founders can effectively present a story through written descriptions, images and videos, persuading people to support them. Additionally, having more graphical information about a crowdfunding campaign can increase the duration possible backers spend on the site and how well possible backers comprehend the message of the campaign. Video materials especially provide richness to the campaign presentation. Founders could pay attention to the technicalities of presenting a campaign by making a campaign video that is skillfully made to attract more interest from the crowds. Furthermore, watching a video is an easy and a comfortable way, not requiring as much effort from a person, to learn about a crowdfunding campaign, allowing even the convenient browser to become a potential campaign funder. In addition, something for founders to consider in presenting a crowdfunding campaign is the frequency and timing of updates. All case campaign founders in this research were active and engaged

in bringing updates to their followers from the very beginning of their campaign. Therefore, their campaign backers and potential backers were informed of the developments concerning the campaigns and projects.

Creating awareness of the crowdfunding campaign should be of high value to campaign founders. The research results indicated that all the case campaigns reached out to their initial network of friends, family, and followers. Attention can easily spread from this initial network to other networks. Thus, it is of great importance that crowdfunding campaign founders exert that asset to its fullest in order to create awareness and receive help in accumulating the required funding. It is also useful to utilize various social media networks in order to create more awareness of a campaign. It is possible that merely the number of social media links as such and their use thereof is not of high value, but instead their structure, and quality, and how those social media networks are used to bring meaningful awareness to a crowdfunding campaign. In addition, it would be highly favorable for a founder to strive to be promoted or featured by a platform. However, the challenge for a founder is that there are no clear mechanics or reasons why a certain platform chooses to promote or feature a specific campaign.

Additionally, the research data suggests that preparation for a crowdfunding campaign influences its success. Poor planning and preparation may ultimately lead to poor execution of a campaign. If the team is prepared and the campaign is planned beforehand, there is less uncertainty and the campaign can run smoother. Likewise, sharing a clear plan in a crowdfunding campaign can signal the crowds that campaign founders are prepared and focused to fulfill their promises. Testing things before launching the campaign can help founders know what to expect from the campaign and have the right elements in place at the launch. Surveying and asking questions from the crowds to know how they would react to specific elements of a campaign, before the campaign launch, can help founders be better prepared. Preparing a campaign can include many things e.g. the preparing of the video material, descriptive texts, various rewards, etc., which are to be presented and offered to the crowds. Although challenging, it is useful to try to anticipate the most likely challenges and be as prepared as possible to address problems promptly if any should arise. In addition, reviewing how and why other campaigns have succeeded or failed can help a founder follow those same patterns to succeed and avoid the obvious pitfalls. As preparedness increases the chance of funding success in the traditional funding of ventures, it is likely it also does

so in the crowdfunding setting. Thus, founders should be prepared and find approaches to signal preparedness.

The research data implies that founders of crowdfunding campaigns need to show authenticity to the crowds in order to be successful. Founders should remember that with easily and publicly accessible information, present-day people are educated and intelligent customers, and often they can tell if you are authentic or not. Authenticity for a crowdfunding campaign comes from the founders' passion and belief in the campaign and in the product. If founders truly believe in the campaign and in the product, they will more likely be motivated to work harder and make the campaign successful. Thus, authenticity helps potential backers establish trust with the founders. In addition, crowdfunding campaign founders, with their personal traits, can construct authenticity for a crowdfunding campaign. Likewise, authenticity could be based on the attributes of a specific crowdfunding campaign or product. Thus, sharing additional information of a crowdfunding campaign and its founders could increase their legitimacy. Moreover, rather than just constructing authenticity for a campaign, founders should actively promote the authenticity of a campaign in order to convince potential backers to take part in its funding. However, the crowd ultimately accepts or rejects the authenticity claim of a crowdfunding campaign. If there are challenges in a campaign that would affect backers and potential backers, founders should be honest about it, and openly address the problems to retain the trust of the backers. In addition, if a campaign is authentic it means it can stand criticism and it is harder for people to shy away from it.

None of the interviewees directly mentioned the location of their campaign operations to be of specific importance. Only one founder mentioned that they focused their marketing efforts to a certain area because they believed most of their customers would come from that area. Still, considering the location of the case campaigns and their founders, it is evident that all case campaigns were founded in an area where all the geographical criteria of successful traditional venture funding were met, as all case campaigns were founded in different country capitals with the availability of large funding institutions, skilled workforce, and prestigious universities nearby.

Additionally, none of the interviewees mentioned their funding target being a factor in their crowdfunding success. However, one of the founders explained that they were certain of the minimum amount of funding they would receive once their campaign was meant to launch because of their well-maintained pre-campaign community. People in

the community were committed and had pledged to back the crowdfunding campaign when it was intended to go live. Interestingly, each case campaign managed to gather more than six times their funding goal during their campaign duration. Consequently, founders could set more appropriate funding goals if they had an educated guess of the response of potential backers, e.g. through a pre-campaign community, before a campaign is launched.

Finally, none of the founders stated that their campaign duration influenced their crowdfunding success. Two of the campaigns were funded within the first 24 hours and one campaign within the first week. Thus, all case campaigns had quite a remarkable early momentum in their funding. Evidently, the campaigns would have been successful even if the campaign durations had been shorter. However, had the campaigns been much shorter they might not have received as much funding as they did. For the cases under research, their crowdfunding campaigns seemed to be more of a publicity achievement and a way for them to attract more potential backers rather than gathering the necessary funds to move the project into production. The campaign durations ranged from approximately one to two months. Although, some research argues that crowdfunding campaigns with longer durations have a lower chance of success, the research data indicate that the duration of the campaign should not be too short either; otherwise a crowdfunding campaign can miss the benefit of reaching more attention and attracting more potential backers. Thus, the optimal campaign duration could depend on the purpose of the crowdfunding campaign. If the intention is to reach a funding target to cover necessary minimum manufacturing costs, the campaign duration could be shorter in order for the founders to signal confidence to potential backers about the project. If on the other hand founders are not so worried about receiving a certain minimum amount of funding but prefer to have the extra time to attract more potential backers, the duration of the campaign could be longer. In addition, as previous academic research shows, there may be differences in how people, with various backgrounds, in different platforms, in different countries, in different types of crowdfunding assess campaigns with longer durations.

5.4. Suggestions for future research

There is a clear need for more qualitative research to get a deeper understanding about crowdfunding. Thus far, most research about crowdfunding have been quantitative in

nature. While not dismissing the value and benefits of quantitative research, a qualitative research might discover broader results while exploring new phenomena. This simple case study has shown that there are other possible factors influencing crowdfunding success that were discovered implementing a qualitative research approach. In addition, most of the research data this far have been gathered from publicly available crowdfunding platform databases. The data, although large in number and very useful, are confined to a rather small set of variables. The easy access of data should not be the only driver behind crowdfunding research. Arguably, there may be other factors that influence crowdfunding success than just the obvious, plain in sight variables and factors, provided from data by various online platforms. Again, more data should be gathered by digging deeper into the crowdfunding phenomenon. Information could be gathered from both online and offline sources from various processes, before, during, and after crowdfunding campaigns. Further, it could be valuable to do a quantitative research using the suggested factors of this research as the key variables to find out which factors are most influential. Thus, founders could focus their efforts and limited resources to the factors that have the biggest impact on crowdfunding campaign success.

A major implication for future research is the apparent contribution pre-campaign communities can have on crowdfunding campaigns. Until now, as far as the author is aware, no one else has researched how pre-campaign communities can contribute to crowdfunding campaigns. First, it would be important to know how many do it. Particularly important would be to see how the existence of pre-campaign communities correlates with the success of crowdfunding campaigns. Additionally, it could be relevant to know how pre-campaign communities are managed, how long they have been active, how much attention was put into them, how active were the community founders, and were the community members participating in the project or not; if they were, how were they participating, or were community members merely observers. Another fruitful area of research would be to investigate how other forms of crowdsourcing could be implemented in these pre-campaign communities, resulting in people contributing and being more committed to these community projects and campaigns. In conclusion, the possible future research approaches on pre-campaign communities are numerous.

As stated before, there is remarkably little academic research done on the influence of the product and its attributes related to crowdfunding success. Nevertheless, according

to this research, the product was recognized as having a strong impact on crowdfunding success. Therefore, a thorough research focusing on various product attributes, reflecting their impact on crowdfunding success is warranted. In addition, these attributes should be researched across crowdfunding types and reward-based crowdfunding categories.

Additionally, researching whether a crowdfunding campaign was successful, when success is solely measured by a binary value; a campaign reaching its funding target or not, might not be the only way to research crowdfunding success. As funding targets can be set literally arbitrarily by campaign founders, the whole idea of researching funding success might seem a bit skewed, e.g. if funding targets are purposely set excessively low by campaign founders. If the binary way of researching success is applied, the results would be more meaningful if campaign founders had similar criteria for setting funding targets. Some other possible variables for measured success could be e.g. the target to the received funding ratio, the total amount of funding received, the amount of funding per campaign backer, or e.g. some combination of the aforementioned variables. In addition, apart from funding, success could be measured by campaign founders fulfilling their promises, or by measuring future growth of the organizations behind the crowdfunding campaigns.

Comparing and investigating various types of crowdfunding as well as various industry dynamics in crowdfunding success could reveal more interesting and useful areas to research. Sometimes the various crowdfunding types are all categorized as one, although there are obvious differences between them. It could be beneficial to do more research on specific crowdfunding types separately, as the attitudes and inclinations of founders and funders vary in various crowdfunding types. In addition, there are significant differences in various branches of industry in different categories in reward-based crowdfunding. Thus, it might be useful to find out if campaigns in different categories in reward-based crowdfunding have variation in factors influencing success.

Finally, more research could be conducted to find out why founders are using crowdfunding in the first place, or to find out if crowdfunding is better suited for gathering funds or creating awareness. Some founders might be participating in the crowdfunding scene just for marketing purposes, if they have acquired funding elsewhere, thus having no additional need to gather funds in order to reach a minimum funding target necessary to move a project into production. On the one hand, if the

purpose is to get more attention the campaign duration might not matter that much. On the other hand, if the intention of founders is solely to get funding, the approach might be different. The best use of crowdfunding might also vary between founders in different industries. These different approaches might provide very different sets of factors influencing success as well as providing new frameworks for measuring success.

6. CONCLUSION

This research focused on crowdfunding and various factors influencing its success. Crowdfunding is a relatively new method of gathering funds from crowds of people through the Internet for various causes. The objective of this research was to understand what makes a successful crowdfunding campaign. This objective was approached through two research questions focusing on determining the factors leading to success in crowdfunding campaigns, and explaining why and how those proposed factors would influence success. The motive for conducting this research lies on one hand in the distinct utility of crowdfunding in new venture funding, and on the other hand in the limited understanding of crowdfunding as a phenomenon, and the dynamics influencing its success.

Because of the relative newness of the crowdfunding phenomenon, the research was conducted using an inductive approach. The main steps of this research included gathering, analyzing, and interpreting empirical data. The main empirical data were gathered from three case campaigns by interviewing campaign founders through semi-structured interviews. Secondary data were gathered by direct observation of the campaign websites. The empirical data were analyzed throughout the research process, directing the course of the research, and ultimately forming the theory. The scope of this research was limited to reward-based crowdfunding and more specifically to reward-based campaigns in the technology category. Considering the time and length constraints of this research, this limitation helped the research focus on understanding plenty about something specific rather than understanding something about plenty. In addition, the research was conducted from a campaign founder perspective, providing firsthand knowledge and experience about managing a crowdfunding campaign.

This research has provided valuable empirical data, shedding some light on the dynamics of reward-based crowdfunding. Direct quotations of the founders were presented, forming the main empirical data of this research. All case campaign founders maintained key roles in their organizations, including a community manager, a marketing operations lead, and a product manager. The founders considered the following factors to be influencing crowdfunding success: 1) product, 2) pre-campaign community, 3) team, 4) presentation, 5) awareness, 6) preparation, and 7) authenticity. In addition, the interview data provided explanations to why the founders considered the aforementioned factors to influence crowdfunding success. The case campaigns were

able to gather considerable amounts of funds, roughly 0.5 to 1.5 million U.S. dollars each, in a relatively short timeframe.

This research described various types of crowdsourcing in order to understand their relation to crowdfunding and to present a broader context for the research. In addition, various forms of crowdfunding were discussed to give a better understanding of the phenomenon in general. Multiple literature sources were used to do a rigorous review of past and present theories about crowdfunding and other related topics. Moreover, the factors arising from the empirical data were thoroughly discussed while comparing them with existing theories. The previous academic literature supports the empirical findings of this research validating the research results. A few other suggested crowdfunding success factors arising from previous research were also discussed in relation to the case campaigns.

This research has many implications for founders of crowdfunding campaigns, and some for potential funders and platforms providing crowdfunding services as well. The main implications of this research concern product attributes and pre-campaign communities in crowdfunding. The founders considered the product and its attributes as one of the most important factors attributing to the case campaigns' success in crowdfunding. The academic literature agrees with the impact a product and factors related to it can have in business ventures. One founder considered pre-campaign communities to be the most influential factor in their crowdfunding success. According to this research, the influence pre-campaign communities can have on crowdfunding campaigns is significant. Campaigns can benefit from a pre-campaign community in many ways. Pre-campaign communities allow crowds to be involved with projects even before projects reach the crowdfunding stage, thus increasing attention and the amount of potential backers. With a large number of potential backers, a campaign can have a powerful momentum in their crowdfunding campaign. Pre-campaign communities can also help founders interact with the crowds and anticipate their potential responses to various decisions. In addition, there were several implications presented for founders about each discussed factor suggested to influence crowdfunding success.

In addition, this research provided several future research suggestions. First, the need for more qualitative studies about crowdfunding was argued. In addition, further research of the factors emerging from this research was reasoned to be of importance. One of the main future research areas considered was the influence and contribution

well-managed pre-campaign communities can have in crowdfunding. The topic has not been discussed before in crowdfunding research. In addition, the need for more research about the influence of products and their attributes in crowdfunding was argued. Further, attention was pointed to the various industries within crowdfunding and the distinct differences in their dynamics, suggesting there should be more research done between and within different crowdfunding types and categories.

In conclusion, the main objectives of this research were met. The research provided valuable new data on factors leading to crowdfunding success especially in the technology category of reward-based crowdfunding campaigns from a founder perspective. In addition, many explanations for the various factors influencing crowdfunding success were discussed. In addition, a clear theoretical contribution was provided by suggesting new theories, insights, and ideas about factors influencing crowdfunding success as well as providing new approaches for future research.

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APPENDICES

APPENDIX 1. Frame for semi-structured interview

INTERVIEW QUESTIONS

- 1. What is your role in the organization and what was your role in the crowdfunding campaign?**
- 2. What were the factors, in your opinion, that led your crowdfunding campaign to be successful?**
- 3. Why do you think the mentioned factors led your crowdfunding campaign to be successful?**
- 4. Were some factors more influential than others? Why?**
- 5. How did you prepare for the crowdfunding campaign?**
- 6. What were you most confident about before starting the crowdfunding campaign?**
- 7. What were your biggest concerns before starting the crowdfunding campaign?**
- 8. Is there something you think you could've done better with your crowdfunding campaign?**
- 9. Why did you choose crowdfunding instead of other funding forms?**