

Electronic Intervention and Platforms and Their Impacts on Crowdfunding Behavior

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Abstract

Crowdfunding is a method of raising funds for projects, creative pursuits, peer-to-peer lending, and charitable causes. The idea of crowdfunding stems from the more encompassing concept of crowdsourcing, which refers not only to the gathering of funds, but to group participation in the convergence of ideas and content creation. Thus, crowdfunding can be considered to be one type of crowdsourcing. The following study examines the crowdfunding behavior of a sample of business professionals located in the service sector of metropolitan Pittsburgh, PA. In general, the empirical findings suggested that smaller goals tend to have better success ratios, while getting the targets achieved tends to attract more donors, especially when a goal is nearly met. Contrary to findings in some previous literature, there appears to be a weak link between respondents' social networking use and familiarity with crowdfunding. Furthermore, respondents' charitable giving habits did not closely link with crowdfunding solicitation behavior. Finally, there was a weak connection between crowdfunding behavior and income, but age did reveal a significant connection.

Interest in the project can be limiting. Some sites only focus on creative and fun projects. If the creator's project does not catch the attention and interest of donors, then it may receive little to no support. This can be made worse by similar projects competing for the same donors. The pool of donors may be limiting. Depending on the type and scope of the project, the amount and class of people a project will interest will be limited. Some sites only allow each donor to make a donation up to a certain amount so the number of donors would be very important. Other sites may require a minimum donation amount, so the class of donors targeted could be very important. Finally, governments and even organizations may have indirect effects on crowdfunding activities. They may limit the amount and type of support allowed to

be donated along with the incentives and services that are offered in return. Some have strict laws on how donations can be made to a charity and charities may even reject a donation if certain guidelines are not met.

KEY WORDS: *business strategy, case study, crowdfunding, crowdsourcing, project-backer behavior.*

Relevance to Marketing Practitioners: This case study is relevant to marketers and researchers in dealing with qualitative performance incentives for crowding funding initiatives.

TRACK: Business-to-Business Marketing/Supply Chain Management