FUNDAÇÃO GETULIO VARGAS

ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

RICARDO FELIPE FERREIRA RODRIGUES

FACTORS INFLUENCING CONSUMER DECISION IN CROWDFUNDING

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RESUMO

Crowdfunding é um método recente e emergente de captar dinheiro para desenvolvimento de projetos (tanto orientados a lucro ou não) sem a intermediação tradicional de instituições financeiras, liberando empreendedores de custos, regulações e burocracia associada a essa prática. Além disso, também é um método de pré-testar novos produtos com um público selecionado e entusiasmado.

O objetivo dessa dissertação é entender que fatores estão influenciando a decisão do consumidor de investir em projetos. A literatura contribui com: (1) fatores intrínsecos, como desejo de patronagem; (2) fatores extrínsecos, como a apresentação do projeto; e (3) pressão social. Há ainda fatores associados com o nível atual de captação e número de investidores, assim como tipo de projeto envolvido, sendo ele de caridade ou não. Além disso, atitudes também possuem um papel em afetar a decisão de compra.

Para responder a pergunta de pesquisa, uma metodologia de duas fases foi usada: uma entrevista de profundidade para capturar intenção de investir e motivação, de forma a construir um processo de decisão que englobasse todas as possibilidades descritas pela literatura. Após essa pesquisa qualitativa, uma pesquisa quantitativa foi feita para validar as informações coletadas pela fase anterior e coletar dados adicionais para gerar uma associação entre intenção de investir e comportamento.

Dentre as informações geradas pela fase qualitativa, temos o fato que a maioria dos investidores tiveram como principal motivação a compra do produto sendo oferecido como se eles estivessem participando de uma pré-venda. Entretanto, essa não foi a principal razão para o investidor de caridade. Além disso, os respondentes que pré-compraram os produtos o fizeram para única razão que esses produtos satisfizeram desejos que tinham. Esses desejos variavam, sendo desde saudade de jogos antigos como resolver um problema de organização da carteira. Outra característica da pré-compra foi que eles não investiam valores simbólicos, pela razão que se o fizessem não receberiam o produto em troca.

Recompensas tiveram um grande papel em atrair os respondentes para investimento em valores maiores que consideravam anteriormente. Também é verdade para o investidor em caridade, que também doou mais.

A fase quantitativa confirmou as informações acima e gerou informação extra sobre as categorias de produto. Projetos de caridade e arte concentraram a maioria dos respondentes que disseram que a principal razão para investir foi basicamente ajudar a desenvolver o projeto sem demandar um produto em retorno. Entretanto, outros projetos como Música também apresentaram altos números de comportamento caridoso, possivelmente por causa do envolvimento emocional com o artista. Outras categorias apresentaram um mix de razões para investir ou enviesado a comprar o produto apenas, o que pode ser explicado pelo efeito de recompensas e pelo fato que essas categorias estão simplesmente pré-vendendo

produtos. Essa pesquisa também confirmou as principais fontes usadas para conhecer mais sobre os projetos: recomendação pessoal e blogs e fóruns.

Outro resultado dessa fase foi o desenvolvimento de fatores a partir de frases atitudinais que puderam explicar intenção de investir. Seis fatores foram criados: Entusiasmo (por crowdfunding), Exclusividade (compra de recompensas), Caridade (doações pequenas para ajudar o desenvolvimento do projeto), Cautela (similar à difusão de responsabilidade, isto é, espera por mais investidores para dar o primeiro passo), Intimidade (projeto foi recomendado ou há ligação emocional com o criador) e Compartilhamento (compartilhar para ajudar a trazer mais investidores para o projeto).

Categorias com alto envolvimento emocional apresentaram associação com Intimidade, como música, filme e tecnologia. Dado o fato que a amostra não continha muitos entusiastas por crowdfunding, esse fator não apresentou qualquer associação com as categorias. Categorias que não entregam produtos em troca, como comida e fotografia, apresentaram altos níveis de associação com o fator caridade. Compartilhamento é altamente associado com tecnologia, dado o fato que essa categoria concentra os respondentes que são mais orientados à inovação e entusiastas sobre o produto, então precisam compartilhar e gerar boca-a-boca para ajudar a atingir a meta de investimento.

ABSTRACT

Crowdfunding is a recent and emerging method of raising capital for the development of projects (both profit and non-profit oriented) without traditional intermediation of financial institutions, freeing entrepreneurs from the costs, regulation and paperwork associated with it. Besides, it is also a method of pre-testing new products to a selected and enthusiastic audience.

The objective of this dissertation is to understand what factors are influencing the consumer decision to fund projects. The literature review contributes with: (1) intrinsic factors, like desire for patronage; (2) extrinsic factors, like presentation of the project; and (3) social pressure. There are also factors associated with current level of funding and number of funders, as well as type of project involved, being it charity or not. Moreover, attitudes also play a role into affecting the decision to fund.

To answer the research question, a two phase methodology was used: a qualitative survey that captured intention to fund and motivations from different interviewees, in order to build up a decision process that encompassed all possibilities described by the literature. After the qualitative survey, a quantitative research was employed to validate the insights generated by the qualitative phase and collect further data in order to generate the association between intention to fund and behaviors.

Among the insights generated by the qualitative phase were the fact that most funders had the primary motivation to buy the product being offered as if they were pre-ordering. However, this was not the main reason for the charity funder. Additionally, the respondents that pre-ordered products did so for the single reason that these products sufficed needs that they had. These needs greatly varied, from missing traditional old games to solving a wallet organization problem. Another characteristic of the pre-orders is that they would not give small pledges, for the sole reason that they would not receive the product in exchange.

Rewards played a big role into luring the respondents in funding more than they previously considered. This was also true for the charity donor respondent, who also donated more.

The quantitative phase confirmed the insights above and generated extra information on association and categories. Charity and Art projects concentrated the majority of respondents saying that the reason to invest was basically helping to develop the project without demanding material reward in exchange. However, other projects such as Music also presented high numbers of donation-like behavior, possible given the emotional involvement between funder and artist. Other categories presented a mix of reasons to fund or skewed towards buying the product only, which can be explained by rewards effects and the fact that the categories involved are basically selling products. The quantitative survey also confirmed the main sources used to get to know the projects: recommendation and forums and blogs were also in this survey the main sources used.

Another outcome of this phase was the development of factors through attitudinal statements that could explain the intention to fund. Six factors were created, namely Enthusiasm (for crowdfunding), Exclusivity (buying rewards), Charitable (small pledges to help funding), Caution (similar to the diffusion of responsibility, that is, waiting for more funders to give the first step), Intimacy (project was recommended or emotional attachment to the creator) and Sharing (actively sharing in order to also help bring more funders to finish the project).

Categories that have high emotional involvement presented association also with intimacy, like music, film and technology. Given the fact that the sample did not have many enthusiastic for crowdfunding, this factor did not show any association with any categories. Categories that do not provide products in return, such as food and photography, presented high levels of association with the charitable factor. Sharing is highly associated with technology, given the fact that this category concentrates respondents that are more innovation-driven and enthusiastic about the product, so they need to share and generate word of mouth in order to help reach the funding goal.

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1. INTRODUCTION

1.1 Definition of Crowdfunding

Crowdfunding is a relatively new subject of study and business model, and differ to other traditional financing by funders that do relatively small contributions over a fixed time limit, with the entire community being able to see past level of support to the project (Kuppuswamy & Bayus, 2014).

The Crowdfunders Association in UK describes crowdfunding as "democratic finance", given the potential of business and projects of all sizes and forms to access money without intermediation from banks, freeing them from costs and regulations from third parties, effectively being a new source of capitalization for entrepreneurs.

According to Kleemann, Voss and Rieder (2008), crowdfunding is "an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes". In essence, crowdfunding is a specific branch of crowdsourcing designed to raise funds from the crowds.

Despite the similar definitions of the concept, in practice crowdfunding can be organized in different ways, regarding types of rewards, forms of participation and more. Hemer (2011) expands Kleemann, Voss and Rieder's definition by defining crowdfunding categories based on how complex is the process to provide capital:

The simplest provision is the *crowd donation*, which is not similar to the altruistic act of giving without expecting some reward in return. In the crowdfunding context, a funder requires some immaterial reward in exchange, such as acknowledgement or gifts of low value.

The *crowd sponsoring* differs from the *donation* because the funder and the entrepreneur agree on a defined reward, usually being services.

Crowd pre-selling is a provision for helping produce the product, in exchange for an early version of it.

Crowd lending is a provision that is paid with interest or revenue shares, and the most complex provision is the *crowd equity*, in which the provision is made in exchange for the venture shares, dividends or voting rights.

Hemer's definitions are similar to Schwienbacher & Larralde's (2010) categories, but these are qualified by the entrepreneurs' value propositions:

Donations are characterized by having no offer of rewards (incentives, products or services) in exchange for it.

Passive investments have incentives in place. In general, the greater the incentive the greater the investment required, but there is no share of equity, profits or

involvement from funders. *Active investments*, in the other hand, offer an active role in exchange for equity, shares or voting rights.

Despite the naming and number of categories differences, both definitions have the same logic regarding progression from one category to the next: categories on the top of the list have simple rewards for the funders, while categories on the bottom have more complex rewards, often involving participation and royalties.

PROCESS TO PROVIDE CAPITAL (HEMER)

Simple Rewards

Crowd Donation

Crowd Sponsoring

Crowd Pre-selling

Crowd Lending

Complex Rewards

Crowd Equity

VALUE PROPOSITIONS (SCHWIENBACHER & LARRALDE)

Simple Rewards

Donations

Passive investments

Complex Rewards

Active investments

Figure 1: Differences in crowdfunding definitions. Source: Hemer (2011) and Schwienbacher & Larralde (2010). Figure by the author.

Moreover, given the rewards offered and the different ways to provide capital, it is possible to qualify the funder. Ordanini et al. (2011) investigated in its literature review the different roles that the funder could have when participating in crowdfunding initiatives. Among the different streams of literature, the ones that touch the qualification of funder regarding the desire of reward are: (1) Donor Behavior, where people are motivated by non-economic benefits and are clearly participating in the Crowd Donation initiatives; (2) Customer Perspective, where people behave as customers and decide on the product to purchase given risks and uncertainties, and they participate in the Crowd Pre-Selling initiatives; (3) Private Equity, where funders are actually investors acting as business angels and weighting risk and return when deciding what to invest on, and in case of Crowdfunding, on the Crowd Equity initiatives.

Hemer (2011) also qualifies the different business models of the crowdfunding platforms:

The *All-or-nothing model* is an agreement in which the entrepreneur has a definite period to reach the funding goal. The funds are not sent to the entrepreneur if the goal is not met. In other words, the funders pledge for a donation, and they are only charged if the goal is met.

The *micro-lending model* regulates credit relationship between individuals. Debtors and creditors are anonymous, and the platform is responsible for releasing funds and collecting the repayment installments. Smava, a German platform, operates this model.

The *equity model* was first used in the music business (e.g. by the Dutch platform Sellaband). The musicians defined funding goals and divided them in equal parts (shares) which were offered via the platform.

Besides offering the possibility for entrepreneurs to raise cheaper and faster funds from a community, crowdfunding also allows for customer participation during the production of the product, in which they may improve the experience and help shape the final design. In other words, it is also an opportunity to market test the concept before manufacturing the final product. Levy (1997) shed light to this "collective intelligence" interpretation with his sentence "no one knows everything, everyone knows something, [and] all knowledge resides in humanity".

However, not all start-ups or projects can benefit from the crowd's wisdoms and funds. An exploratory study to identify how crowdfunding can be used to fund start-ups conducted by Ley & Weaven (2011) concluded that start-ups with high information sensitivity, complex due diligence requirements and long duration before an available exit would not benefit from crowdfunding initiatives, since they would require crowds that would be willing to do follow-up funding and be highly specialized. This does not mean that the model is flawed and cannot be used, though. The difficulties arise from the type of industries that would be seeking crowdfunding and how to organize governance.

The origin of this concept can be traced back to the development and adoption of Web 2.0 technologies, which provided platforms where project developers and project funders could interact, collaborate, share ideas and combine resources to achieve a common goal (Agrawal, Catalini, & Goldfarb, 2011). Online Social networks are also part of Web 2.0 and an important aspect of crowdfunding, since it is through this platform that project owners and especially funders can communicate and spread the word about the project they are developing. One of these platforms, Kickstarter (founded in 2009), is one of the biggest crowdfunding platforms in the world.

1.2 Scope of this dissertation

Following Hemer's definition of crowdfunding on process to provide capital, this dissertation works on Crowd Donation, Crowd Sponsoring and Crowd Pre-Selling initiatives. Therefore, Crowd Lending and Crowd Equity are not covered by it, given the fact that the funder role is different between these cases.

Moreover, given this choice, the crowdfunder is treated as a consumer, following Ordanini's definition, and therefore the literature and role of investors is also not covered.

The crowdfunding community names the crowdfunder in different ways across its platforms. They may be funder, crowdfunder, backer, consumer, investor and donor. For the purposes of this dissertation, the names funder, crowdfunder, backer and

consumer are used from now on interchangeably and always referring to the concept defined by Ordanini of consumer. The literature review also covers the definition and motivations behind the consumer decision.

1.3 Crowdfunding numbers and its impact

Several projects were successfully launched via the crowdfunding platform Kickstarter. *The Guardian*, in 2014, compiled a list with 20 of the most significant ones, and among them there are: (1) Pebble, a smart watch that raised US$ 10.3 million and sold over 400 thousand units after the release; (2) Oculus Rift, a virtual reality device that raised over US$ 2.4 million and was purchased by Facebook for US$ 2 billion; (3) Ouya, an indie videogame that raised over US$ 8.5 million; (4) a new album by musician Amanda Palmer, who raised over US$ 1.2 million and (5) a feature film of Veronica Mars, by writer Rob Thomas, who raised US$ 5.7 million.

Nevertheless, not only for-profit entrepreneurs or consumers benefit from this system. Cultural projects like Art and Dance are also featured in many crowdfunding platforms, and in Kickstarter, the largest, they represented 10% of the number of projects launched in 2013.

Kickstarter also released data for the 2011-2013 period and confirms the trend of the growing importance of this industry, according to Table 1.

TABLE 1		
KICKSTARTER STATISTICS		
2013	**2012**	**2011**
Total Funded (US$)	480,000,000	319,786,629	144,699,832
Total Funders	3,000,000	2,241,475	941,796
Funded 2 or More	807,733	570,672	N/A
Funded 10 or More	81,090	50,047	N/A
Funded 100 or More	975	452	N/A
Projects Funded	19,911	18,109	N/A

Source: Kickstarter (2014)

Notwithstanding the positive impact brought by crowdfunding, there are some reasons of concern. There is no guarantee (and explicitly mentioned on crowdfunding platforms) that the products may be released on time and as expected, or even released at all. A CNN examination found that 84% of the top-50 funded projects on Kickstarter missed their target delivery rates, while a list compiled by Redditors show over 21 funded projects that were later cancelled or not fulfilled. These cases were not fraudulent, however.

As an emergent industry, crowdfunding is still developing controls to prevent fraud and scams. Arstechnica reported that Kickstarter pulled, in 2014, a Tor-enabled router after allegations of fraud being shown on Reddit. After another cancellation of

a funded project, they also updated the terms of use, demanding that creators refund their backers in case of cancellation.

Given the growing importance of this subject, this dissertation's objective is to understand what factors are driving the consumer decision to fund projects. It is known that many factors influence the traditional behavior of a consumer to buy a product, such as price, availability, quality, recommendation from friends, among others. However, it is not completely clear why people are funding projects that solely use resources from crowds, nor why some of these funders voluntarily participate in the development of the product.

This dissertation is organized as follows: the next section presents the literature and the latest contributions from the academic world. The section after discusses methodology and data collection process and treatment section. Subsequently, data analysis results are discussed and the final section summarizes the conclusions.

1.4 Research Question

Building on the different angles of research from the literature, the research question of this dissertation is: "what are the factors influencing consumer decision in crowdfunding?"

The relevance of the research question lies in the relevance of the crowdfunding itself. In 2012, crowdfunding platforms raised US$ 2.7 billion in funds, 81% more than in 2011, according to Massolution.

Besides the market relevance, the academic relevance is also important to point out. Crowdfunding also opens an opportunity to consumers to shape and provide feedback to entrepreneurs before the product is released. According to Ordanini et al. (2011), over time, different theoretical approaches portrayed consumers as "targets", "information sources", "co-producers" and "value co-creators".

1.5 Objectives

The general objective of this dissertation is to uncover, describe and validate which factors affect the decision of funders to participate in crowdfunding projects, more specifically, what is the motivation behind the decision to fund.

The specific objectives are: (1) investigate through in-depth interviews with selected funders that decided for different reasons to participate in crowdfunding, to discover common behaviors but also what distinguished them during the decision process; (2) describe intrinsic, extrinsic and social pressure factors that affect the motivation; (3) use a quantitative study to validate the assumptions made from the case study; (4) descriptive analysis of the quantitative study to understand who are the funders, what

and how many projects have they funded and in which categories, reasons for funding and sources used to get to know the projects; (5) question the sample on attitudes to create factors using factorial analysis that can explain the behavior; and (6) do an association analysis between the factors and the categories to understand if there are major differences and if they impact the behavior.

2. LITERATURE REVIEW

2.1 On motivation to purchase

Solomon (2011) defines motivation as the process that people have to behave as they do, and occurs when the person is in need of something and need to satisfy it. This need can be either biogenic, psychogenic, utilitarian, or hedonic, and all of them generate a state of tension that forces the person to act, or drive them to perform an action to ease the tension. The biogenic need is basically elements necessary to maintain life; the psychogenic need reflect the culture of a person and includes needs for status and power; utilitarian need is described as a desire to achieve a practical benefit, while the hedonic need is something more experiential, which involves emotions.

Some authors extended the definition of needs. Maslow (1943) defined that we may classify needs in 5 different categories: Physiological, Safety, Belongingness, Ego Needs and Self-Actualization. However, these needs are organized in a hierarchical order, from the lower-level needs to the upper-level needs. The implication from these theory is that we first must satisfy the lower-level needs before the upper-level ones, consequently each category brings a different value. This of course may change from culture to culture.

The expectancy theory, developed by Vroom (1964) and complemented by Porter & Lawler (1968) suggests that it is the expectation from an outcome that motivate our behavior. Choice, therefore, is made for a product over another if it for instance brings more positive consequences. It does not imply that the decision is the same for every individual, but rather the way we choose depends on past history, experiences, culture. The consequence does not necessarily need to be positive either. A person can choose between two negatives, in a way that it will choose the least worse of them.

Solomon (2011) also points out that motivation is affected by raw emotions, which is why marketers often appeal to emotional involvement to drive a behavior, or even try to create a relationship between a brand and a consumer. Social media is a key example of how brands are trying to be closer to consumers.

Not all choices are made between a completely good option and a completely bad one though. That is why Festinger (1957) proposed the theory of cognitive dissonance, where he outlines the premise that people need order and a state of tension (dissonance) happens when there is a conflict between behaviors, for instance when choosing between two products that both have or bring good and bad qualities. We reduce this tension by finding weighing the good and bad qualities or even by rationalizing after the decision that our choice was the best one, even if we change the previous weights.

Another branch of the study of motivation studied the role of incentives in modifying or motivate a behavior. As Solomon (2011) concludes, there is a difference between drivers of behavior (that are innate) and incentives (that are learned).

The study of incentives divide motivation in extrinsic, when we behave to achieve a reward or avoid a punishment, and intrinsic, when we behave solely because of an internal desire to participate regardless of receiving a reward (Ryan & Deci, 2000). The implication from this division is that extrinsic incentives to people that are already intrinsically motivated can in turn decrease their motivation, rather than increasing it.

The first authors to investigate motivation for crowdfunding simply adopted the broad definition of motivation and defined that funders have either intrinsic or extrinsic motivations.

External factors include all variables present in the project page, such as the reward offers for different funding offers, visual presentation of the project, textual explanation and stretch goals (i.e. entrepreneurs may create higher goals on top of the main funding objective, with extra rewards and features included in the project).

Intrinsic motivations include desire for patronage, pleasure or fun of participating, innovative orientation and personal identification with the project.

These aforementioned factors were first defined to crowdfunding by Hemer (2011) building on the conclusions made by Sommeregger (2010) and Harms (2007).

2.2 On attitudes

Another important concept for the study of motivation is the study of attitude, which is defined as a general evaluation towards an object, including people. The study of attitude builds on the definitions explored in the previous paragraphs, and summarize them in a model called ABC model of attitudes, where A stands for affect, which is how the consumer feels about an attitude object, B stands for behavior, the intention to take action, and C stands for cognition that is what the consumer believes to be true about the object (Solomon, 2011).

Ray (1973) developed the hierarchy of effects theory where he defines the order of knowing, feeling and doing. The first category, named Standard Learning Hierarchy, assumes that a customer first forms a belief about a product, once he or she had contact or gathered information on it. Then, there is the evaluation part, where a belief is formed about it. It is only after that a behavior is started, like the purchase. In a nutshell, this category assumes that a person is highly involved with the decision process and actively search for information in order to form a belief about the product. Naturally, there are purchase decisions that are impulsive. That is the description of the second category, described as Low-involvement Hierarchy, where the person simply forms the belief after the purchase, and only bought the product based on limited information.

Other researchers like Aylesworth & MacKenzie (1998) and Lee & Sternthal (1999) talk about another hierarchical category, the Experiential Hierarchy, where intangible product attributes like packaging and design, which are not exactly related to functionality, also impact attitudes.

There are different commitment levels to attitudes though. Priester, Nayakankuppan, Fleming et al. (2004) discuss in their article three levels of commitment to attitudes: (1) the compliance level, the lowest in the ranking, is characterized by the formation of very superficial attitudes in response to gain a reward or avoid a punishment, and it is likely to change as soon as the trigger of attitude disappears; (2) the identification level, where we only form attitude in response to a social pressure; and (3) the internalization level, the highest in the ranking, where attitudes become hard-wired to our system and therefore will be very hard to change.

A myriad of theories use attitudes to explain consumer behavior. Both the theory of cognitive consistency and theory of cognitive dissonance say that people desire order and harmony for their thoughts, wishes and behaviors, and if there is a dissonance between an attitude and the object considered, the consumer must act to remove it. The magnitude of dissonance depends on how important is this object of dissonance to the consumer, as well how many objects are impacting on it (Insko & Schopler, 1972). Consumers, however, do not always change the attitude to eliminate the dissonance. Sometimes they do not know the attitude in the first place, so they start from the object to understand what actually the attitude that generated the behavior is, and this is called self-perception theory (Bem, 1972).

Consumers may find dissonance not only between attitudes and objects, but also from an object to the other. The balance theory (Heider, 1958) describes the process by a triad, where the consumer evaluates the relationship between himself or herself, the object, and another person or object.

There are models that reduce the complexity of attitudes to multiattribute models. Most of them associate beliefs (the extent to if brand has the attribute) with importance given to these beliefs, to form attitudes. One example is the Fishbein Model (Solomon, 2011).

The theory of reasoned action builds on the Fishbein model by adding important variables that were not considered before. Namely, it improves the concept of behavior that the previous models tried to measure to the concept of behavioral intention, which in practice means that there is a recognition that there are uncontrollable factors, and the result of the equation is not necessarily written in stone (Solomon, 2011).

Another important addition from the theory of reasoned action is the inclusion of a variable representing social pressure, which may positively or negatively influence a shopper to buy a product in order to comply with the opinion of others (Solomon, 2011).

The literature on crowdfunding attitudes is incomplete. Van Wingerden & Ryan (2011) explored 18 attitudes and grouped them qualitatively into 3 factors: Motivation,

Peer Influence and Funder Characteristics. Through a quantitative questionnaire, they concluded that crowdfunders can be divided into two groups according to their motivation of either funding the project only for intrinsic reasons or for extrinsic reasons. However, they have not explored other attitudes such as risk aversion.

2.3 On the effect of type of projects

One of the types of crowdfunding projects involve typical charity projects, that offer no material rewards in return and operate asking funders for donations. Hibbert & Horne (1996) delved in the subject of donor behavior and used behavioral theory to conclude that donors do not actively search for information and therefore it is a low-involvement decision process, given the limited timespan to answer for a donation request and the low perceived risk of the transaction. The authors conclude that donors engage in charitable actions given the perceived benefits for feelings of self-esteem, public recognition, satisfaction of expressing gratitude for one's own wellbeing and relief from feelings of guilt and obligation, but they also mention that donation seems to be largely a response to a social learning and conditioning, therefore it is also context-dependent.

Belleflamme, Lambert, and Schwienbacher (2010) researched the pre-sale crowdfunding type. They outlined that for this type of crowdfunding the entrepreneurs are able to practice second-degree price discrimination because funders are willing to pay more than regular consumers, given the fact that they want to enjoy, in addition to the product itself, non-monetary community benefits.

Ordanini, Miceli, Pizzetti and Parasuraman (2011) conducted an exploratory study with the objective of understanding if motivation could vary depending on the type of project being offered. They researched entrepreneurs that engaged in three types of projects: (1) charitable initiatives; (2) projects that needed funds to complete or develop new products, in a similar logic to the crowd pre-sale model mentioned by Hemer; (3) projects with financial return for the funders. Their study stated that there is a visible difference in motivation patterns for the three projects outlined above, with varying levels of desire for patronage, need to be part of a communal social initiative and seeking a payoff from monetary contributions. The authors also pointed out that in general, funders display needs to interact and engage in innovative behavior and have a strong sense of identification either with the entrepreneurs or with the projects being funded, being motivated by learning, fun, and better status in the community.

2.4 On social influence

Burtch, Ghose & Wattal (2011) investigated philanthropic funding but gave more emphasis on how aspects of social influence affected the funders' motivations. Starting from the assumptions that consumers follow others during decision making

behavior (herding) and that they are influenced by the level of current investment in the project (signals funders' commitment and therefore act as recommendation), the authors used data from past projects funded and concluded that funders indeed perceive their investments as substitutes, and more referrals are direct proportional to more contributions.

Kuppuswamy & Bayus (2014) also investigated social influences to understand certain characteristics of funders' support. From the social psychology theory on bystander effects, they also concluded that the decision to fund is negatively related to past support, that is, given diffusion of responsibility, funders perceive their contributions as substitutes. The original contribution from the authors is that they concluded that this bystander effect diminishes when the project funding deadline is getting closer.

2.5 On the effect of funding phase

There might be different motivations depending not only on the crowdfunding process but also on the funding phase. Ordanini et al (2011) divided the funding phase in 3 stages: (1) the "friend funding" stage, where about 50% of the target funding is reached by the network of the entrepreneur, (2) the "getting the crowd" stage, where the fund raising reduces its pace and recommendations by funders need to kick in and (3) the "race to be in", where funders that were not initially part of the network got to know the project and decided to participate.

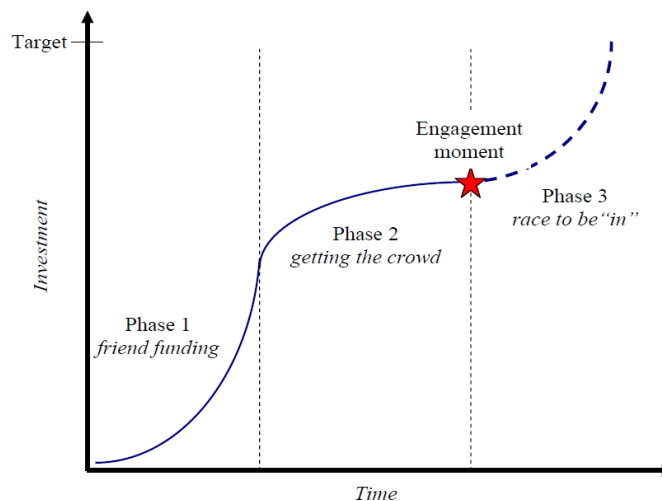**Figure 2:** Crowdfunding phases. Source: Ordanini, Miceli, Pizzetti & Parasuraman (2011)

A study conducted by Agrawal, Catalini & Goldfarb (2011) also confirmed that there are different phases in crowdfunding. Building the conclusions on data collected from Sellaband for music projects, the authors showed that the likelihood to fund a project is higher the more the project accumulates capital. In addition, local funders, most

likely friends and family, deviate from this pattern and are more likely to invest in the early stages of the request for funding.

2.6 Conclusion from the literature

The literature in general is still conducting exploratory studies. No causality studies were performed so far, and the authors focused on either collecting hard data via scripting crowdfunding websites or interviewing entrepreneurs. However, the academics are clearly identifying different variables that affect the decision to fund: (a) intrinsic and extrinsic motivation, with varying degrees of influence depending on the type of crowdfunding process, and (b) the social pressure effect, not only described as recommendations but also herding effects.
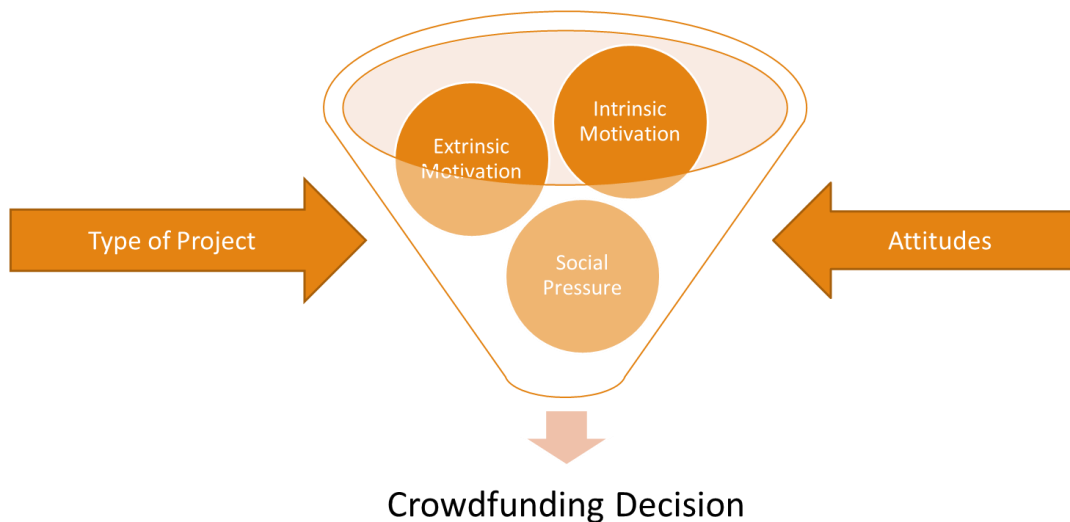

Figure 3: Model of Crowdfunding Decision.

There are a few gaps on the literature as well, mostly related to attitudes and factors. The studies conducted so far barely scratched the surface of this issue, especially because there are factors uncovered by some authors that were not connected with attitudes per se, such as enthusiasm for the participation and risk aversion.

3. METHODOLOGY

Keele (2012) provides the framework for the decision to which methodology to use. In order to have a proper match between research design and research question, it is necessary to understand what is the aim of the research question. For that, a framework is provided with four categories:

Table 2: Categories of Research Design

Characteristics	Level One	Level Two	Level Three	Level Four
Main question	"What are the factors that influence..."	"What is the relationship between..."	"Will... Increase..."	"How can... be used to..."
Design to be used	Descriptive Design	Correlational Design	Quasi-experimental design	Experimental design
Objective	Describe characteristics, opinions, attitudes or behaviors, or explore in depth participants or events. No causality can be inferred	Evaluation of strength and direction of relationship, provide a basis for lab studies. No causality can be inferred	Possible to infer causality, but not definitely conclude due to lack of randomization	Causality of the event, bnut for that must have random selection and control groups, can can infer causality

Source: Adapted from Keele (2012)

Given the fact that the current literature concluded descriptive studies on crowdfunding (level one), the next step for a research would be to perform a correlational study to evaluate the strength and direction of the relationships between variables, providing a basis for causality studies (Keele, 2012).

A mixed method design was chosen for this dissertation because it combines the strengths of both qualitative and quantitative methods. The literature recognizes four different mixed methods designs:
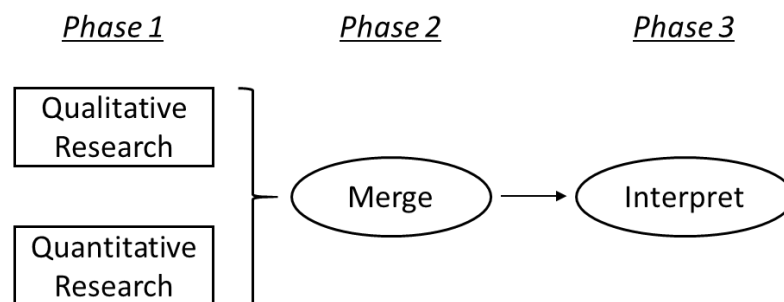

Figure 4: Convergent Parallel Design. Adapted from Keele (2012)

According to Creswell & Plano Clark (2010), the Convergent Parallel Design is characterized as having the qualitative and quantitative research done at the same time, independent of each other. Once they are finished, the datasets are merged and interpreted.
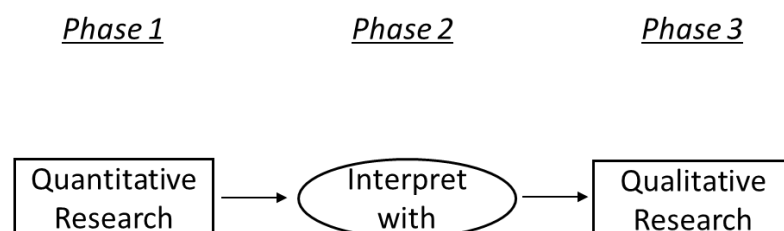
Figure 5: Explanatory Sequential Design. Adapted from Keele (2012)

The Explanatory Sequential Design also has two researches, but they are done in different time phases. Firstly, a quantitative phase is made followed by a qualitative phase that will help to interpret the findings of the quantitative phase (Creswell & Plano Clark, 2010).
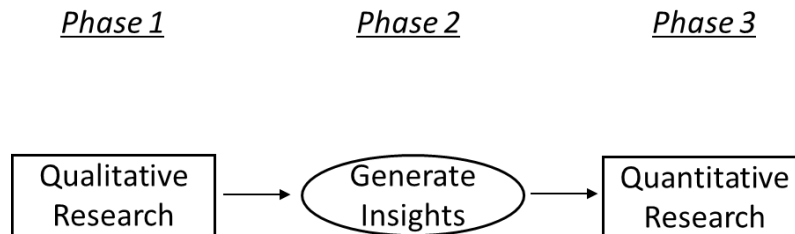
Phase 1　　　　　*Phase 2*　　　　　*Phase 3*

Qualitative Research → Generate Insights → Quantitative Research

Figure 6: Exploratory Sequential Design. Adapted from Keele (2012)

The Exploratory Sequential Design is similar to the previous one, but the order is different. First, a qualitative research is done to generate insights that will be confirmed or not by a subsequent quantitative research, as mentioned by Creswell & Plano Clark (2010).

Phase 1　　　　　*Phase 2*

Qualitative Research [Quantitative Research] → Interpret
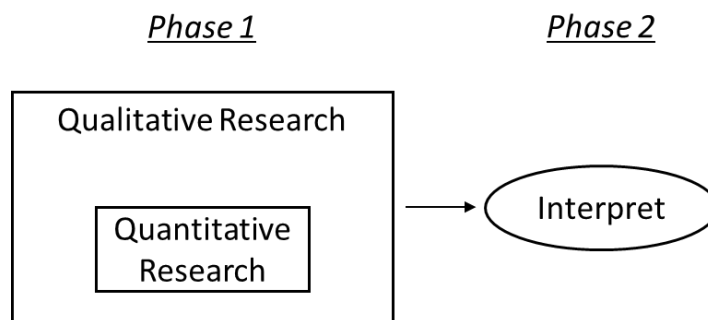
Figure 7: Embedded Design. Adapted from Keele (2012)

The last basic mixed method design is the Embedded Design, which also has a simultaneous qualitative and quantitative research. But the difference is that they are part of each other, not separate streams, according to Creswell & Plano Clark (2010).

This dissertation applies the exploratory sequential design, divided in two phases: a qualitative phase, comprising semi-structured interviews with funders to come up with individual motivations for funding projects, and a quantitative phase, where the resulting variables from the previous phase are administered to a larger sample to test for instrument validity and reliability, followed by a correlation study to generalize the qualitative results to different groups. (Creswell & Plano Clark, 2010)

This mixed method design was chosen to test the theory built by other crowdfunding researchers, while exploring this phenomenon from the point of view of funders, in order to measure and explain how the variables relate to the act of funding.

A mixed method design also has the advantage of combining qualitative and quantitative data to triangulate findings and be mutually corroborated, offsetting

weaknesses of both methods in order to build a more comprehensive conclusion of the crowdfunding area of study. (Bryman, 2006)

3.1 Qualitative Phase

The qualitative research can be broadly defined as a methodology to understand a phenomenon of interest via direct observations of people, places or processes (Creswell & Plano Clark, 2010). The phenomenon of interest of this dissertation is crowdfunding, more specifically the participation of consumers and their decision processes.

The methodology for the qualitative phase are summarized in the figure below.
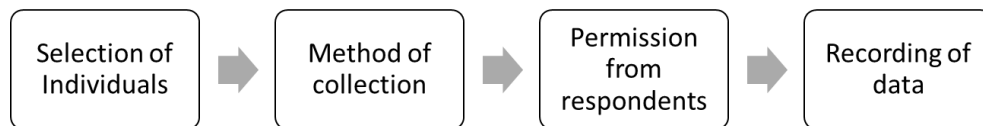
Figure 8: Qualitative Phase Steps. Adapted from Creswell & Plano Clark (2010)

The first step, selection of individuals, followed the purposeful sampling logic: funders were intentionally selected based on the experience that they had with the crowdfunding activity. The intention was to select different number of cases based on the number of projects and type of categories funded, from different crowdfunding platforms, in order to have a variation of cases (Creswell & Plano Clark, 2010).

The number of cases was fixed in 4. The logic behind this phase is to have an in-depth knowledge of cases that will subsidize the quantitative phase, so a large number of respondents is not required. Also, 4 already covers most of the combinations of types of funders. The cases are: (1) Single category funder, more than one project funded in this category, category is not charity; (2) Multiple category funder; (3) Single or multiple category funder, one of the categories should be charity-related; and (4) Respondent aware of crowdfunding, but has not participated in any funding projects.

According to Creswell & Plano Clark (2010), the second step is related to how the information is collected, and for this research, it was interviews via skype with selected funders.

The third step involves having permissions from the respondents. Since this research is not invasive and this phase consists only of interviews with selected funders, the only permission required is from the respondent being interviewed (Creswell & Plano Clark, 2010).

The last step is the recording of data. This investigation taped the interviews and transcribed them after they ended (Creswell & Plano Clark, 2010).

A rigorous qualitative collection method has four characteristics as described by Keele (2012). The first one, truth-value, needs a faithful description so people that had the experience can identify with it. The four selected respondents were recruited after a careful selection via the crowdfunding platform Kickstarter, according to the categories they funded.

The second one, applicability, is described as a randomized and sufficient sample size that do not suffer from elite or holistic bias. Each of the selected respondents has a different behavior and funding purpose. There is no need for bigger sample size because the insights generated during this phase will be checked in the next one (Keele, 2012).

According to Keele (2012), the third one is consistency and it is characterized as having a clear decision trail that can be reproduced by another researcher. All the details for this phase were shared here, including the purpose and the usage in the next phase.

The last one, neutrality, is the sum of the three above, that is, one qualitative collection method is neutral if the above characteristics are covered (Keele, 2012).

After the data is collected, the interviews were analyzed using the Content Analysis method, a methodology characterized by being useful to describe and interpret the content of documents and texts, helping to understand the messages in a better way than just reading the interviews. All in all, it is a technique used to produce inferences from a text to a social context in an objective way (Moraes, 1999).

Moraes (1999) defined 5 steps to conduct a Content Analysis:
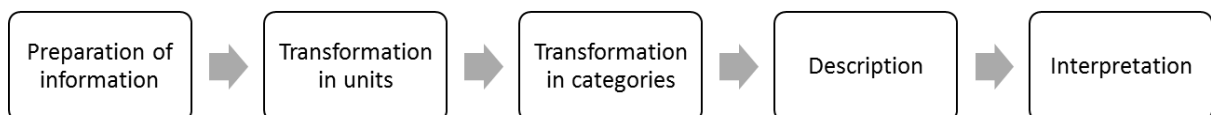
Figure 9: Content Analysis steps. Adapted from Moraes (1999)

The first step, Preparation of Information, consists of: (1) reading all the material available to identify if they are in line with the objective and (2) codifying every element of the sample, in order to be useful to refer to the specific code later on (Moraes, 1999).

The second step, Transformation in Units, can be broadly defined as breaking down the codes defined in the previous step into smaller Units of Analysis, which can be either words, sentences, themes or even entire documents. The decision depends solely on the nature of the problem, objectives of research and type of materials available. These Units will be later on categorized (Moraes, 1999).

The third step, Transformation in Categories, is the process of reducing the data to a common denominator, which can be defined from the data or a priori. This reduction of the data must follow some criteria, like different semantics and therefore theme-

based. Each category must be (1) valid, which is, each category must be pertinent to the objectives of the research, to the nature of the material and to the questions that need to be answered; (2) exhaustive, or every unit of analysis must be included in a category; (3) homogeneous, that is, every unit inside the category is similar to each other; (4) mutually exclusive, which is, each category is different to each other (Moraes, 1999).

The fourth step, Description, comprises of the characterization and summary of each category and the description of each unit of analysis (Moraes, 1999).

The last step, Interpretation, either connects the meanings explored in the qualitative research with the literature review or creates a new theoretical framework (Moraes, 1999).

It is expected that this phase will generate insights on the motivations and behaviors of the respondents that led to the funding decision. More specifically, the following aspects will be covered: (1) Average amount invested; (2) Steps taken before the funding decision: did the respondent change the decision given the rewards being offered? Did he or she increase the amount invested given the rewards offered?; (3) Objective of the funding: charity (donation without explicitly demanding anything in return) or pre-ordering (helping the entrepreneur develop the product but effectively pre-ordering the product); (4) Sources used to be aware of the funding campaign for the project; (5) Degree of participation in the development of the product; and (6) Sharing behavior: did the respondent share the investment he made or not.

The aspects aforementioned are covered by the questionnaire. Questions 1 to 3 were designed to provide descriptive information on the respondent, in order to qualify him or her for the four types of categories of the target. Questions 4 to 8 were based on the findings of the literature, specifically on social pressure – Burtch, Ghose & Wattal (2011) and Kuppuswamy & Bayus (2014) – definition of crowdfunding – Schwienbacher & Larralde (2010) and Hemer (2011) – and effects of the funding phase – Ordanini et al (2011) and Agrawal, Catalini & Goldfarb (2011) –. Questions 9 to 14 are a mix of the partial Literature on attitudes – Van Wingerden & Ryan (2011) – and the author's experience. Refer to the Appendix for the questionnaire used in this phase.

These set of topics will also be used to investigate possible differences of motivation among different product categories.

3.2 Quantitative Phase

The objective of this phase is to check the insights generated by the qualitative phase with a larger sample size. The qualitative analysis will provide insights from the respondents that will be turned into questionnaire items and variables.

Note that this phase will use cross-sectional data, therefore the data collected will be from a specific point in time. This will directly impact the purpose of the study: no

conclusions for causality will be made, only relationship between the variables. The sampling method will not allow for generalization to the population or randomization, as it will be collected from social networks and forums on crowdfunding. Data will then be analyzed using descriptive statistics and correlation.

The questionnaire will cover two sets of questions designed to answer the research question. The first set contains questions on the number of projects funded, type of categories funded, motivations to fund the each of the projects, how the investor heard about the project and what is the average amount invested. The answer categories will be derived from the qualitative questionnaire. The second set of questions is designed to create variables that describe the different expected behaviors from the literature review through attitudinal statements.

The development of the questionnaire undertook the steps provided by DeVellis (1991) and adapted by Creswell & Plano Clark (2010) and are described below.
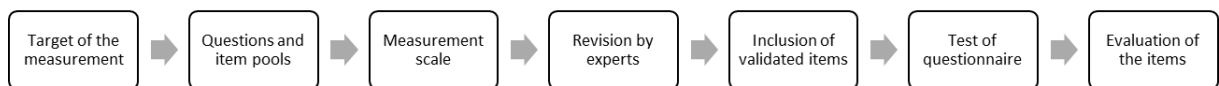
Figure 10: Quantitative Phase Steps. Adapted from Creswell & Plano Clark (2010)

The first step is the determination of what is going to be measured, grounded in theory, as well the constructs to be addressed. The questionnaire will capture descriptive information to help analyze the data, like number of projects funded, type of projects funded, average amount invested, and sources used to get to know the project. The main section will capture data on reasons to invest in the chosen project categories, and the last section will be responsible for the constructs donation, passive and active investments described in the literature review.

The second step is the creation of questions and item pools. The questionnaire is divided in 4 sections: (1) Screening, to which belongs question 1, where respondents that are not aware of crowdfunding are dropped; (2) Descriptive, to which belong questions 2, 3, 6, 7. These questions are described in the previous step; (3) Intention to fund, to which belong questions 5 and 6, are the direct result of the qualitative surveys and (4) Attitudes, to which belongs question 8, contains 18 statements from where factors were built to explain the behavior collected from section 3. Refer to the appendix for the questionnaire used in this phase.

The attitudes are a mix of previous statements explored by van Wingerden & Ryan (2011) and of those created by the author. A gap in the literature was found, as there are no studies that connect attitudes with behavior, with the sole exception of the aforementioned study. The author's contribution, still, are based on the pillars given by the literature, which are social pressure and intrinsic and extrinsic motivation, observed by personal experience with crowdfunding. Table 3 explains in detail the source of attitudes and where they connect with the Literature.

TABLE 3 Attitudes Statements Sources			
Statements	**van Wingerden & Ryan**	**Author**	**Connection to Literature**
I always read the updates that the entrepreneurs post		X	Hemer (2011)
I actively search for new projects on the crowdfunding platforms		X	Hemer (2011)
I always participate in the project's forums	X		Hemer (2011)
I always contribute more than I thought after reading the rewards list		X	Hemer (2011)
I always fund projects to help entrepreneurs create the products regardless of receiving them in return	X		Hibbert & Horne (1996)
I only fund projects if they offer the product in return	X		Hemer (2011)
Stretch goals make me fund more than I funded before		X	Hemer (2011)
I always share the projects that I funded to attract more people		X	Hemer (2011)
Good text, videos and project description increase my likelihood to fund		X	Hemer (2011)
I only find projects to fund after being recommended by the press or by friends and family	X		Agrawal, Catalini & Goldfarb (2011)
I do not fund a project If it is far from reaching the funding goal	X		Burtch, Ghose & Wattal (2011)
I prefer to wait for a large number of funders backing a project before giving my pledge	X		Burtch, Ghose & Wattal (2011)
I am always afraid that I will not receive my product		X	Hemer (2011)
I always choose reward tiers that give exclusive content		X	Hemer (2011)
I often pledge small values just to help the entrepreneur	X		Hibbert & Horne (1996)
When considering a pledge, trusting the creator of project is more important for me than the project/product itself		X	Hemer (2011)
I think crowdfunding is a great way to make innovative products happen		X	Ordanini et al (2011)
I think crowdfunding is a great way to support projects that positively impact the society		X	Hibbert & Horne (1996)

The third step is the determination of the measurement scale for the items. The attitudinal statements will have a 5-point Likert scale, from completely disagree to completely agree including a mid-point "neutral". The reason for this choice is that a shorter scale will impair variability of the data, and a longer one is not recommended by the literature. Additionally, there are no previous studies that investigated funders, so the choice of the scale was purely for better statistical analysis. The reasons for investing question will be split in two parts. The idea of the first part is to capture the primary motive of investing in the project with three options of choice that measure the donation, passive and active investment behavior. The second part is designed to understand if rewards played a role in the decision, that is, if the offer of an exclusive reward or a higher tier reward triggered the respondent's investment decision.

The fourth step is a revision step by experts. The experts as defined by this study are entrepreneurs that created projects and hardcore crowdfunders.

The fifth step is optional and it is the inclusion of validated items from other scales or instruments. This step will be skipped given the fact that none of the studies from the literature review made any of these instruments.

The sixth step is a test of the questionnaire with a sample for validation. Ten respondents will be chosen to test the questionnaire and the routing.

The last two steps comprise the evaluation of the items via item-scale correlations, variance and reliability and possible optimization. These steps will be covered in the next chapter, Data Description and Analysis.

This study will collect data from respondents that participated in crowdfunding projects and from those that are only aware of it. The respondents will be approached via social networks, crowdfunding platforms like Kickstarter and Indiegogo and crowdfunding discussion forums.

In the case of Kickstarter, this online crowdfunding platform divides the projects into 13 categories like Art, Dance, Film, Games and Technology.

TABLE 4 NUMBERS PER CATEGORY						
Category	Launched	Successful	Successful Rate	Pledged	Pledges	Average Pledge
Art	3,783	1,837	49%	$10,477,939	155,782	$67.26
Comics	1,170	542	46%	$9,242,233	177,070	$52.20
Dance	512	381	74%	$1,773,304	23,807	$74.49
Design	1,882	759	40%	$50,124,041	536,469	$93.43
Fashion	1,659	434	26%	$6,317,799	83,067	$76.06
Film & Video	9,600	3,891	41%	$57,951,876	647,361	$89.52
Food	1,828	688	38%	$11,117,486	138,204	$80.44
Games	2,796	911	33%	$83,144,565	1,378,143	$60.33
Music	9,086	5,067	56%	$34,953,600	522,441	$66.90
Photography	1,197	427	36%	$3,283,635	46,550	$70.54
Publishing	5,634	1,666	30%	$15,311,251	262,738	$58.28
Technology	831	312	38%	$29,003,932	270,912	$107.06
Theater	1,787	1,194	67%	$7,084,968	95,225	$74.40

Source: Kickstarter 2012

This study will use these project categories in the questionnaire.

As it is possible to see in table 4, there are around 2.2 million active users only on Kickstarter that pledged more than US$ 300 million. Besides, around 600 thousand of these backers funded more than one project.

Once the data is collected, it will be subject to treatment to remove inconsistent answers such as straight-line answers or too fast answers for the duration of the questionnaire, in order to reduce the presence of specific type of outliers that do not fill out questionnaires properly.

The data analysis will have three steps. The first step is a descriptive analysis of the data through percentages in order to summarize important characteristics of the sample. Data to be summarizes include categories, number of projects backed, types of projects backed and sources used to be aware of the project.

The second step involves a factor analysis to reduce the dimensionality of the attitude statements and facilitate interpretation. These factors will be in turned used in the third step, which will investigate if there is association between these factors and intention to fund.

4. DATA DESCRIPTION AND ANALYSIS

4.1 Qualitative Study - Content Analysis Summary

First, second, and third steps of the content analysis as described by Moraes (1999) are described in Table 5.

The content analysis of the qualitative survey unveiled 4 different categories, namely Platforms, Source, Purpose of Funding and Attitudes. Note that this choice of division in these categories had two influences: the Literature, but also emerged from the process of analysis itself.

Categories	Elements	Units
TABLE 5 **SUMMARY OF CONTENT ANALYSIS**		
A. Platforms	1. Crowdfunding platforms	1. Kickstarter
		2. Own platform
		3. Indiegogo
		4. Catarse
		5. None
B. Source	2, Source of information on Crowdfunding and projects funded	1. Specialized website
		2. Family & Friends
		3. Blogs
		4. Forums
		5. Event
C. Purpose of Funding	3. Symbolic contribution	1. Affection for the idea
		2. Desire to help
	4. Product they offered	1. Wants the product, suffices needs
		2. Innovative and useful product
		3. Fan of the entrepreneur
		4. Non-explored niche
	5. Extra rewards	1. Exclusive items
		2. Extra items
		3. Spent Gastei mais do que pensava
D. Attitudes	6.Participation in forums	1. Never participated but read posts
		2. Never participated and never read posts
	7. Actively search projects	1. Yes, on crowdfunding platforms
		2. No, only through recommendation
	8. Shared project	1. Yes
		2. Yes, and actively looked for more funders
	9. Fear of not receiving the product	1. Only invested in projects closed to completion
		2. Did not think on it
		3. Had a bit but the risk was low
	10. Funding goal effect	1. Little, I wanted to contribute
		2. Depends on the project
		3. I always waited for more funders

The first category, Platforms, comprise information on the different types of crowdfunding platforms used by the respondents. Of note, there are big crowdfunding platforms like Kickstarter and Indiegogo, small and country-specific like Catarse, and funding websites created by the entrepreneur of the project to collect funding directly on his or her website.

The second category, Source, comprises information on which sources were used by the respondents to get to know, either for the first time or looking for more

information, on the projects funded. All of the respondents used websites and recommendation from friends & family.

The third category, Purpose of Funding, is the major contribution of this phase. There was a clear separation of justifications for buying each of the projects, in: (1) Symbolic contribution, which is basically the funding without requiring the product in return. Reasons for that were affection for the idea as well as the simple desire to help. Of note, the products were not necessarily related to charity projects; (2) Product per se, the great majority of the respondents have this purpose; (3) Extra rewards, especially for the desire of having either extra or exclusive items.

The last category, Attitudes, contains a myriad of attitudes that were uncovered. For instance, if the funder actively participated in the development of the product via feedbacks on forums, if they searched for more projects, if shared the project funded and if fear of herding effects were present during the decision. It is possible to see that the respondents show different attitudes, from the more enthusiastic to the more cautious approach.

4.2 Qualitative Study – Description of Interviews

The first respondent is a single category funder, with more than one project funded in the category games. The respondent funded five different games in total (Wasteland 2, Divinity: Original Sin, Planescape Torment, Shadowrun Returns and Starbound), but four of them were via the Kickstarter crowdfunding platform and one via the game's own platform on the internet, paid via Paypal.

The respondent used different sources to get to know the projects and the funding opportunity. Regarding Wasteland 2, it was via an online gaming forum called Non-Mutants Allowed, a fan-made forum for games made by the creators of Wasteland. There, he read the news that the old developers of Fallout 1 and 2 were forming a new company to release the next installment of the Wasteland series. On Starbound, the source used was Kotaku, a website specialized in the gaming industry. Shadowrun Returns was found via Kickstarter, after looking for other games that asked for funding. The rest of the games were via friends referrals.

There were different reasons for why the interviewed chose to fund these specific games. Note that now the reasons are for why these games, not for why the specific funding chosen. In the case of Starbound, the respondent found it very similar to a game called Terraria, which he was a fan. This game had only the first impressions and no footage, so basically he bought the idea, not something already in development. In the case of Wasteland 2, he used to play Fallout 1 and 2, games released almost 20 years ago. He found out that the developers were forming a new company to release the next installment of the 30 years old game Wasteland 1. The respondent also mentioned that he was sure that the game was going to happen, because the developers were close to reaching the funding goal. So his main reason

for funding was to buy the game. Other reasons he mentioned were the appeal that the developers made for bringing back old school games.

On the reasons for funding, he had no previous inclination to how much he would spend. For instance, to Wasteland 2, the expectation was to spend maximum 15 U.S. dollars, and in the end he spent 135 U.S. dollars, especially because he chose exclusive T-shirts and other items.

The respondent looked for other projects in Kickstarter, not related to games. He had a mild interest in projects from the categories technology and design, but did not decide to fund in the end. All that he bought were games.

Despite the fact that Kickstarter offer forums for funders to participate in the development of the projects, he chose not to. He said that he tried but noticed that the type of people that do participate are aficionados, arrogant and dominate all the discussions, so he found the silent tracking a better solution.

Before taking the decision to fund the projects, the respondent mentioned that he had full confidence that the games were going to be finalized and released at the estimated time. He said that this confidence was strengthened by the fact that the number of funders was raising constantly and it was reaching the funding goal. Moreover, the developers are famous. He also concludes that his behavior is definitely a cautious one: before funding a certain project, he would wait for the market reaction to it, despite the fact that he admires some of the developers. His goal is to have the end product.

The second respondent relates to a respondent aware of the crowdfunding concept, but has not funded any. This respondent mentions that he heard for the first time about crowdfunding from his brother, who tracks down several projects on the crowdfunding platforms. He mentioned that he was interested in a couple of projects from a diverse range of categories.

The interviewed also mentions that he never funded any projects due to lack of funds and to the fact that none of the projects were a "must-have" for the moment. He mentions a few projects that he was interested in, among them: Oculus Rift, a virtual reality device recently acquired by Facebook; and Myo, a movement-capture armband. Moreover, he was interested in technology-related projects like a Nasa project to take pictures of the space, but it was not a project that he would invest money.

His conclusion regarding his behavior analyzing crowdfunding projects is that he would basically buy the product online. He is not interested in helping the creator finish the project without asking for anything in exchange.

The third respondent entails a multi-category funder. This respondent funded projects in the design, books and comics categories, namely an intelligent-designed wallet to better store items together with a mobile phone, a comic book and a book from a rising author.

He funded these projects via Kickstarter and via a blog for authors (Mecenato), the latter before the advent of the online crowdfunding platforms, in 2007. The respondent first heard about Kickstarter via blogs on business and trends, and about Mecenato via a forum of discussions for crowdfunding in Brazil. He also used blogs to be aware for the first time of the wallet. The comics, he heard through the author, Kevin Kelly, who he follows for years. In fact, he never looks for other projects on its own, he only reads about news and trends on blogs and decide to buy or not.

The respondent chose the products for its usefulness and for enjoyment of previous work from the author. Once he decided to purchase the products, he then chose the rewards: his main reason was to choose a reward level that he could afford. In the case of comics, he decided to pay a bit more to get exclusive items.

Regarding participation on forums, the respondent was clear: he did not participate, and have not checked the forums once.

The interviewed concluded that his main motivation to participate in crowdfunding is to purchase the products. Moreover, he would still give money to his favorite author to finish the comic book, but he would demand the product in exchange. This would not be true for the wallet: another reason for his investment decision was the fact that the product was already funded, so he would not lose his funds, especially because he never considered not receiving the products for which he funded. This happened with the wallet, whose product development delayed and was eventually canceled.

The last respondent is a multi-category funder who invested at least once in a charitable-related project. This respondent has heard about crowdfunding in an ImpactHub meeting, where the funder of the Amsterdam Hub recommended to him the platform Indiegogo. After that Kickstarter was introduced to him by a friend who was looking for funds to finish his project. He heard of other crowdfunding platforms via a social entrepreneurship event.

The non-charitable project he funded is from the design category, a new kind of light fixture. This is the project that the funder was approached by the entrepreneur (a friend) to help fund it. The respondent was interested in helping them but then he noticed that he could receive the fixture if he invested a bit more. Then he ended buying two fixtures, and concluded that these different level of rewards lured him into funding more than he anticipated.

The charitable project was called Prosperitas Microfinance, on Indiegogo, and it was referred to him by contacts. The objective of the project was to raise seed capital for an ImpactHub in the universities of Colombia, but the project did not reach its goal. He concluded that this type of initiative did not attract much attention from crowdfunders because it is a charitable project.

He did not consider the risk that both of the projects above might not be delivered even if the funding goal was reached. His main intention was to help the entrepreneurs to develop the projects. Moreover, given this fact, he did not pay attention to the percentage of the goal reached or the number of funders. He already was motivated to fund.

The respondent does not currently look for other projects to support on the crowdfunding platforms given the lack of funds, but he wants to resume it once his financial situation becomes stable.

His conclusion is that he likes innovation and to support entrepreneurs to develop its projects as long as he also likes the idea. His views on the reward levels are that they are basically secondary to him, but helps the entrepreneur to raise more funds if the backer wants to have the final product.

Of note, the respondent mentioned that the crowdfunding platforms are becoming a great place to release products and test the reaction of the consumers.

4.3 Qualitative Study - Conclusions

The majority of the cases, including the respondent aware of crowdfunding but who has not invested in projects yet, is characterized by having the primary motivation to fund the purchase of the product, as if the funders were pre-ordering it. The exception is the charity-oriented respondent, who invested in the projects without having the main reason to buy them.

The reason for pre-ordering the products was also clear and similar to the respondents, regardless of product category: they enjoyed the idea, the product solves a need that they have or they miss a previous version (the case of old-school games).

No one of the respondents that pre-order would actually just fund a small amount of money without receiving the product in exchange.

The role of rewards was the same for all four cases, regardless of product category again. The rewards lured the respondents into investing more than they expected, often because they wanted exclusive rewards that would not be available in the retail.

There are a few differences regarding the behavior towards number of funders and percentage of funding goal reached. Some cases do wait for a higher market acceptance, while others do not. Although this might be not important for Kickstarter, that only charges the pledge after the end of the campaign, some other crowdfunding platforms like Indiegogo transfer the funds even if the funding goal is not reached.

The last insight from the qualitative phase is that the sources used to get to know the projects are either friends/family or internet-based. The internet sources range from blogs and forums to news websites.

Given the summary above, the following conclusions are made: (1) Like the Literature mentioned, there is indeed a difference between donor investments and passive investments (Schwienbacher & Larralde, 2010), as depicted by the reasons given for funding. What is not clear yet is if there are differences in attitudes, although the qualitative data points in that direction; (2) There is a strong component of social pressure, presented by the fact that funders get to know projects through

recommendation, and some of them are affected by the funding phase of the project; (3) Rewards indeed make people contribute more, and it is a form of extrinsic incentive. Data so far validates this fact; (4) There is not a clear association between charitable behavior and charitable projects only. There is an example on the qualitative survey that the respondent presented donor behavior towards other categories.

Therefore, the assumptions of the model presented in section 2.6, figure 3, are still valid.

4.4 Quantitative Study Data Description and Analysis

The data analysis comprises three steps, as summarized in Figure 11.
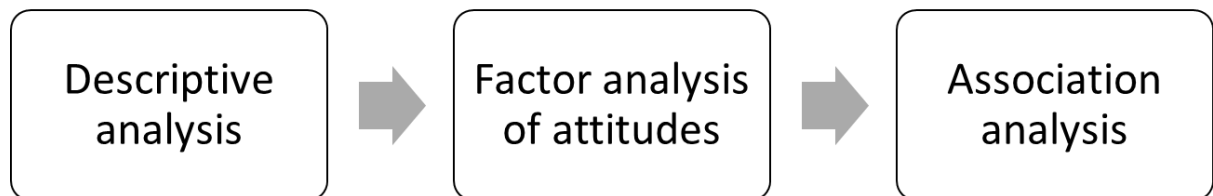
Figure 11: Data Analysis steps

The first step, Descriptive analysis, focus on summarizing information about the sample in order to have a basis for subsequent analysis, as well as to understand if the sample is at least in line with numbers published by major crowdfunding platforms.

The second step, Factor analysis of attitudes, focus on verifying if the attitudes asked on the questionnaire can be reduced to relevant factors that can explain behavior. The logic behind this step is to emulate the rationale behind the Theory of Reasoned Action as explained in the Literature Review: attitudes can affect behavior, and different dimensions can affect attitudes, such as social pressure and importance of the attribute.

The last step, Association analysis, uses the factors created in the previous step in a statistical analysis to verify if there is significant association between factors and categories, in order to understand if there are similarities and differences in attitudes towards different categories.

The final and clean sample size for this phase is 71 respondents, all of them that participated are not bound to a platform, country or category. This represents a response rate of 0.01%, as 9,380 questionnaires were sent.

On table 6, it is possible to see that the majority of crowdfunders participated in one or two projects so far, with three or more having a weight of one-third. Around 20% of the sample did not participate yet in any project but has an intention to do so.

These numbers are in line with Kickstarter's from Table 1, which also have the great majority investing into one or two projects.

Table 6: Distribution by projects funded

Number of projects funded	Percentage
0	21%
1-2	52%
3-4	10%
5-6	7%
7-8	3%
9-10	0%
11+	6%

Table 7 summarizes the distribution of categories funded by the sample. Approximately half of the projects funded were related to community or charity, with the rest being spread mostly in Technology, Games, Music and Film & Video. These data resembles Kickstarter's, but it is not possible to compare Community or Charitable projects because Kickstarter does not fund those. Other major crowdfunding platforms like Indiegogo do not publish any data for further comparison.

Table 7: Distribution by category

Category	N	Percentage
Art	14	20%
Comics	2	3%
CommunityCharity	31	44%
Dance	3	4%
Design	11	15%
Fashion	7	10%
FilmVideo	21	30%
Food	7	10%
Games	18	25%
Music	18	25%
Photography	5	7%
Publishing	11	15%
Technology	27	38%
Theater	9	13%

Investigation of the reasons to participate in crowdfunding showed that both pre-ordering and charitable contribution divide the main reasons, although rewards are also present but on a 25% basis. This may be due to the fact that having exclusive rewards implies investing more, which is a major restraint for a purchase decision. This data is presented in Table 8 below.

Table 8: Distribution by reason to fund

Reasons	Percentage
Symbolic contribution to help fund the project, without anything in return in mind	37%
Product they offered	38%
Product they offered plus exclusive rewards	25%

Going further to see if the reason is associated with categories, table 9 shows a cross-tabulation between the two variables. It is possible to see that Charity/Community projects and Art greatly concentrate the "symbolic contribution" (charitable) reason to invest. Technology, Design and Fashion are the least related to charity, because they usually offer a product to cover a specific need, which is not necessarily valid for categories like Film & Video, where the product could be a documentary, or Music, where the project is run by an artist with an emotional involvement with the funder.

Exclusive Rewards has the lowest number for Art projects, followed by Games, Music and Community/Charity. There may be a myriad of reasons for it, ranging from the amount necessary to buy the rewards are too high to there is no need for people to buy rewards when all they want are either the product or contribute for the development of the project.

The Chi-Square test rejected H0 (Chi Square = 45.472, p = 0.01), which means that there is a relationship between Category and Reasons to Fund. The Cramer's V, however, shows that the relationship is weak (Cramer's V = 0.292, p = 0.01). In fact, there are only few categories that seems to have different reasons to invest on, as aforementioned.

Table 9: Distribution of reason by category

Category	Symbolic contribution to help fund the project, without anything in return in mind		Product they offered		Product they offered plus exclusive rewards		Total Projects
	N	%	N	%	N	%	
Art	13	59%	7	32%	2	9%	22
Comics	3	43%	2	29%	2	29%	7
CommunityCharity	27	73%	3	8%	7	19%	37
Dance	4	33%	3	25%	5	42%	12
Design	3	18%	9	53%	5	29%	17
Fashion	2	17%	6	50%	4	33%	12
FilmVideo	9	33%	10	37%	8	30%	27
Food	4	31%	6	46%	3	23%	13
Games	6	27%	12	55%	4	18%	22
Music	9	38%	11	46%	4	17%	24
Photography	4	31%	5	38%	4	31%	13
Publishing	6	35%	7	41%	4	24%	17
Technology	5	16%	16	52%	10	32%	31
Theater	4	31%	5	38%	4	31%	13
Chi-Square	value = 45.472	sig. = 0.01					
Cramer's V	value = 0.292	sig. = 0.01					

The next table depicts possible intention to fund compared to the offer of rewards. The difference to the previous table is that here the idea is to understand if the person would invest without the offer of rewards. As expected, the great majority of those that invested in community/charity did so without expecting return in exchange. However, there is 22% that did for the rewards. Note that this number is lower than

the number of table 9, which implies that people invested a bit more just to get rewards, so even charity can benefit from offering something in exchange.

Like mentioned before, Film & Video can include the creation of documentaries or non-profit projects, which is why 50% of the funders in this category invested money there. The other 50% are basically buying the film in advance.

Most categories are only associated with rewards, possible because that is where products are offered which catch the attention of people that pre-order. Note, however, that there is still an important percentage of people that would fund regardless of rewards, but they eventually only increased their pledge because of the rewards offered.

Similarly to the previous table, the Chi-Square test showed that there is a relationship between categories and intention to fund depending on rewards (Chi Square = 60.694, p = 0), and this relationship is weak according to Cramer's V test (Cramer's V = 0.363, p = 0).

The sum per row is not the same to Table 9 because Table 10 includes also respondents that had the intention to fund, while the previous table has only those that effectively funded.

Table 10: Intention to fund regardless of rewards

Category	Intended to fund regardless of the rewards		Funded because of the rewards	
	N	%	N	%
Art	14	41%	20	59%
Comics	5	17%	24	83%
CommunityCharity	32	78%	9	22%
Dance	3	12%	23	88%
Design	11	33%	22	67%
Fashion	5	18%	23	82%
FilmVideo	19	50%	19	50%
Food	5	19%	22	81%
Games	12	30%	28	70%
Music	13	35%	24	65%
Photography	6	21%	23	79%
Publishing	8	27%	22	73%
Technology	12	30%	28	70%
Theater	8	29%	20	71%
Chi-Square	*value = 60.694*	*sig. = 0*		
Cramer's V	*value = 0.363*	*sig. = 0*		

Table 11 depicts the different sources that funders had contact with and made them aware of the project they funded for the first time. There are not many respondents for this section, so data is unstable.

For the categories with enough respondents, like Art, Charity, Film & Video, Games, Music and Technology, the sources mainly used are Recommendation, Blogs/Forums and Crowdfunding Platform. This evidences that few people are really

active in crowdfunding and therefore enthusiastic. The overwhelming majority access web 2.0 tools like blogs and forums or receives recommendation from friends and family.

There is no significant relationship between categories and sources, however, as depicted by the Chi-Square test, which accepts H0 (Chi Square = 45.450, p = 0.728. Cramer's V is not relevant for this case because H0 is not rejected.

Table 11: Sources used to be aware of the project

Category	Recommendation		Blogs/Forums		Crowdfunding		Entrepreneur		Press	
	N	%	N	%	N	%	N	%	N	%
Art	4	40%	5	50%	0	0%	0	0%	1	10%
Comics	1	50%	1	50%	0	0%	0	0%	0	0%
Community/Charity	9	43%	10	48%	0	0%	1	5%	1	5%
Dance	0	0%	1	100%	0	0%	0	0%	0	0%
Design	3	43%	2	29%	1	14%	1	14%	0	0%
Fashion	0	0%	2	67%	1	33%	0	0%	0	0%
Film & Video	2	13%	6	38%	2	13%	3	19%	3	19%
Food	0	0%	1	100%	0	0%	0	0%	0	0%
Games	6	27%	7	32%	5	23%	0	0%	4	18%
Music	3	20%	7	47%	3	20%	1	7%	1	7%
Photography	0	0%	3	60%	1	20%	1	20%	0	0%
Publishing	2	29%	5	71%	0	0%	0	0%	0	0%
Technology	5	24%	8	38%	4	19%	0	0%	4	19%
Theater	1	20%	4	80%	0	0%	0	0%	0	0%
Chi-Square	*value = 45.450*		*sig. = 0.728*							
Cramer's V	*value = 0.289*		*sig. = 0.728*							

The next set of information from this phase was designed to produce a factor analysis with constructs that may explain the reasons to fund. The factor analysis reduce the 17 dimensions to 6 underlying factors, while minimizing the loss of information.

The factor analysis was an appropriate method used for the data, as shown by the Bartlett's Test of Sphericity, which rejected H0, (Chi Square = 284.125, p = 0) being possible to conclude that the correlation matrix is different than the identity matrix and therefore there are possible common factors. A second test, Kaiser-Meyer-Olkin (KMO) showed that there are enough albeit not high partial correlations among variables (KMO = 0.510).

The method of extraction used was the "Principal Component Analysis", and the number of factors chosen were those which Eigenvalue were greater than 1, yielding a total variance explained of nearly 70%.

No one of the items had communality under 0.30, so no one of them had low correlation with other items, not being necessary its removal from the Factor Analysis.

The Varimax method was used to rotate the initial solution for proper interpretation. Each item had one single factor with high loading, so each item correlates with just a single factor. The factor loadings were used to interpret the factors, and the interpretation is described in the next paragraphs.

There were 6 factors generated in total, from 18 attitude statements.

Table 12: Corresponding Attitudes to Factors

Factor 1 Enthusiasm	Factor 2 Caution	Factor 3 Exclusivity	Factor 4 Charitable	Factor 5 Intimacy	Factor 6 Sharing
I actively search for new projects on the crowdfunding platforms	I do not fund a project If it is far from reaching the funding goal	I always contribute more than I thought after reading the rewards list	I always fund projects to help entrepreneurs create the products regardless of receiving them in return	I only find projects to fund after being recommended by the press or by friends and family	I always read the updates that the entrepreneurs post
Good text, videos and project description increase my likelihood to fund	I prefer to wait for a large number of funders backing a project before giving my pledge	Stretch goals make me fund more than I funded before	I only fund projects if they offer the product in return (negative factor loading)	When considering a pledge, trusting the creator of project is more important for me than the project/product itself	I always participate in the project's forums
I think crowdfunding is a great way to make innovative products happen		I am always afraid that I will not receive my product	I often pledge small values just to help the entrepreneur		I always share the projects that I funded to attract more people
I think crowdfunding is a great way to support projects that positively impact the society		I always choose reward tiers that give exclusive content			

The first factor, Enthusiasm, show on one hand that the behavior is associated with active search for new projects and analysis of new projects (good text and video). This implies that this person is actually similar to an early adopter. On the other hand, they also are enthusiastic about the crowdfunding concept, since they believe that crowdfunding are both good for innovation and charitable projects.

The second factor, Caution, have items that resemble a profile that simply wait before purchasing, or something similar to a follower.

The third factor, Exclusivity, contains a majority of items that describe a behavior that buys extra, or fund more in exchange for more items. The items also are related to a person whose behavior is driven by rewards.

The fourth factor, Charitable, have a behavior associated that is similar to a donation behavior. The person is more interested in helping the entrepreneur to finish the project, without thinking solely on what he/she will gain in return.

The fifth factor, Intimacy, has two items related to trust and recommendation. Having the product or being interested in the rewards are not the major behaviors shown, but if trust in the entrepreneur or if recommendation are present.

And the last factor, Sharing, has items related to following what the entrepreneur is posting (perhaps to contribute to the development or just to be aware of what is happening) but also sharing that fact that he/she funded a project to attract more people. It is a behavior associated with helping the development of the project, but not necessarily by funding more. The name chosen for this factor is "Sharing". The sharing happens not only passively, but the main reason is to help the project to be finished through sharing.

All factors were also subject to a reliability analysis using Cronbach's alpha. Caution had high figures and therefore is reliable. The three other factors, Enthusiasm, Exclusivity and Charitable had numbers close to the 70% threshold, which is acceptable. Two factors, Intimacy and Sharing, had low figures, suggesting that the item components need refinement.

Table 13 summarizes all the information described before for Factor Analysis and its conclusions.

Table 13: Summary of Factor Analysis (only factor loadings > .30 are presented)

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Communality
I always read the updates that the entrepreneurs post	--	--	--	--	--	0.80	0.72
I actively search for new projects on the crowdfunding platforms	0.57	--	--	--	--	--	0.64
I always participate in the project's forums	--	--	--	--	--	0.63	0.68
I always contribute more than I thought after reading the rewards list	--	--	0.79	--	--	--	0.69
I always fund to help entrepreneurs create the products regardless of receiving them	--	--	--	0.86	--	--	0.77
I only fund projects if they offer the product in return	--	--	--	-0.71	--	--	0.73
Stretch goals make me fund more than I funded before	--	--	0.54	--	--	--	0.51
I always share the projects that I funded to attract more people	--	--	--	--	--	0.39	0.58
Good text, videos and project description increase my likelihood to fund	0.72	--	--	--	--	--	0.58
I only find projects to fund after being recommended by the press or by friends and family	--	--	--	--	0.60	--	0.79
I do not fund a project If it is far from reaching the funding goal	--	0.90	--	--	--	--	0.86
I prefer to wait for a large number of funders backing a project before giving my pledge	--	0.90	--	--	--	--	0.82
I am always afraid that I will not receive my product	--	--	0.72	--	--	--	0.55
I always choose reward tiers that give exclusive content	--	--	0.52	--	--	--	0.65
I often pledge small values just to help the entrepreneur	--	--	--	0.65	--	--	0.75
Trusting the creator of project is more important than the product itself	--	--	--	--	0.82	--	0.75
I think crowdfunding is a great way to make innovative products happen	0.84	--	--	--	--	--	0.72
I think crowdfunding is a great way to support projects that positively impact the society	0.70	--	--	--	--	--	0.76
Factor Name	Enthusiasm	Caution	Exclusivity	Charitable	Intimacy	Sharing	
Reliability (Cronbach's α)	α = .69	α = .86	α = .68	α = .69	α = .50	α = .55	
% Variance Explained	20.32%	15.01%	13.34%	7.86%	7.27%	5.93%	69.75%

Note: Principal components anlysis with Varimax rotation

The last subject of this section is the association of the factors calculated above with intention to fund categories. The ANOVA was used to calculate this association, and the conclusions are described in the next paragraphs. The ANOVA tests the null hypothesis that the compared variables have the same mean values, and therefore no relationship among them. If we reject the null hypothesis, that is an indication that one variable is influencing the mean of the other and therefore there is association.

Note that the ANOVA assumes causality between the evaluated variables, which is not yet the case. The violation of this assumption was deliberate, as interesting results could be discovered and in further researches be properly tested.

The ANOVA was used for every combination of category and the factors, totaling 14 runs. Not all categories showed association with the factors. The reasons for that are twofold: (1) some categories had low respondents, rendering unstable results, and (2) there are other factors that are influencing the decision to fund and were not measured.

Table 14 summarizes the categories with association to which factors and the strength of this association.

Perhaps as a consequence of the fact that most people find and fund projects through recommendation, the factor intimacy has a high association with four categories, charity, film, music, and technology. It is expected that categories like film and music, which often involves an emotional bond between the artist and the consumer, have association with the factor intimacy. Technology may be associated with intimacy because this category often involves big amounts of pledges, therefore trust and recommendation are variables that are more important.

The factor enthusiasm has no association with any of the categories, but this can be explained by the fact that there is no incidence of enthusiastic people for crowdfunding in this sample as evidenced by the low number of people that actively

search for projects on the crowdfunding platform but also by the low number of people that funded many projects.

The factor exclusivity also has almost no association with the categories except for publishing. This may be due to the fact that funders are considering other factors as priority for their decision, perhaps intimacy and caution. If these factors are present, than exclusivity can function as something extra, but not as a trigger for the decision.

The charitable factor is associated with design. Most projects in this category do not offer a final product in exchange, which explains why a factor that is described as not demanding rewards in return is present.

The last factor, sharing, is associated with technology. There are some explanations for that, for instance the fact that technology projects need a higher amount of funding to be completed, and therefore the funder will only receive a product if enough funders are participating. Other reason may be that funders of technology are more innovation-driven and enthusiastic about the product, so they need to share and generate word of mouth in order to help reach the funding goal.

Table 14: Association of Categories and Factors

Categories	Enthusiasm				Caution				Exclusivity				Charitable				Intimacy				Sharing			
	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound	Mean Diff.	p-value	Interval for Diff. Lower Bound	Upper Bound
Art	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Comics	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
CommunityCharity	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-0.74	0.03	-1.42	-0.06	--	--	--	--
Dance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Design	--	--	--	--	--	--	--	--	--	--	--	--	-0.77	0.08	-1.64	0.09	--	--	--	--	--	--	--	--
Fashion	--	--	--	--	1.12	0.03	0.10	2.13	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
FilmVideo	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-0.56	0.09	-1.21	0.08	--	--	--	--
Food	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Games	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Music	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-0.81	0.02	-1.48	-0.14	--	--	--	--
Photography	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Publishing	--	--	--	--	--	--	--	--	1.25	0.01	0.36	2.14	--	--	--	--	--	--	--	--	--	--	--	--
Technology	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.57	0.09	-0.09	1.23	-0.55	0.08	-1.18	0.07
Theater	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

5. FINAL CONSIDERATIONS

The objective of this dissertation was to uncover, describe and validate which factors affect the decision of funders to participate in crowdfunding projects, more specifically, what is the motivation behind the decision to fund.

The literature review so far explained the origins and the consolidation of the crowdfunding concept: the development of Web 2.0 technology is one of the key variables that explain the conception of crowdfunding, as it approached funders and entrepreneurs in a cost efficient way without the barriers imposed by other sources of funding like banks.

The literature also explored the motives for funding from the perspective of entrepreneurs: intrinsic motivations, extrinsic motivations and social pressure were all mentioned by both entrepreneurs but also by qualitative research. Aspects of the funding phase also have influence in the decision, as low number of funders and low funding may trigger diffusion of responsibility, making funders cautions of investing in a project that may not come to reality.

Other authors also pointed the fact that the crowdfunding process may resemble other forms of purchasing or donation, such as pre-ordering and charity, each one with different behaviors associated and different reasons to fund.

Building up from the literature, this dissertation focused on capturing perceptions from the funders themselves, in order to validate previous assumptions but also understand if certain behaviors are indeed associated with intention to fund and certain crowdfunding categories.

In order to reach the objective, a two phase methodology was employed: a qualitative survey that captured intention to fund and motivations from different cases, in order to build up a decision process that encompassed all possibilities described by the literature. After the qualitative survey, a quantitative research was employed to validate the insights generated by the qualitative phase and collect further data in order to generate the association between intention to fund and behaviors.

The qualitative phase investigated four different funders in order to create a global picture. The first respondent was described as a games category funder, with more than one project funded. The second respondent was a respondent aware of crowdfunding but with no projects funded until the date of the interview. The third was described as a multi-category funder and the fourth one as a funder that also donated to a charity project via crowdfunding.

Among the insights generated by the qualitative phase were the fact that most funders had the primary motivation to buy the product being offered as if they were pre-ordering. However, this was not the main reason for the charity funder.

One of the respondents had the primary motivation to help the entrepreneur finish the project, even considering a small pledge without the demand of the product in

exchange. However, this was the same respondent that funded charity projects, evidencing a connection between charity and helping.

The respondents that pre-ordered products did so for the single reason that these products sufficed needs that had. These needs greatly varied, from missing traditional old games to solving a wallet organization problem. Another characteristic of the pre-orders is that they would not give small pledges, for the sole reason that they would not receive the product in exchange.

Rewards played a big role into luring the respondents in funding more than they previously considered. This was also true for the charity donor respondent, who also donated more.

A cautions approach of waiting for more funders to step in or to wait for the funding goal to be reached was not used by all respondents, and it was not related to pre-orders or charity. Some of the respondents mentioned not even noticing these variables, although one of them paid special attention to it.

The last insight from the qualitative phase is that the main sources used to be aware of the projects are either friends/family or blogs and forums.

In summary, the qualitative phase is in line with the conclusions of the literature, more specifically the fact that there are a myriad of intrinsic and extrinsic factors as well as social influences affecting the decision. Moreover, attitudes and categories also played a role.

The quantitative phase confirmed the insights above and generated extra information on association and categories. The survey was in line with Kickstarter numbers of number of projects backed per respondent. The majority funded only 1 or 2 projects, while only 9% funded more than 7 projects and could be considered enthusiastic for crowdfunding.

Half of the sample funded charity projects, followed by technology, games, music and video projects. This is also in line with Kickstarter.

Charity and Art projects concentrated the majority of respondents saying that the reason to invest was basically helping to develop the project without demanding material reward in exchange. However, other projects such as Music also presented high numbers of donation-like behavior, possible given the emotional involvement between funder and artist. Other categories presented a mix of reasons to fund or skewed towards buying the product only, which can be explained by rewards effects and the fact that the categories involved are basically selling products.

The quantitative survey also confirmed the main sources used to get to know the projects: recommendation and forums and blogs were also in this survey the main sources used.

Another outcome of this phase was the development of factors through attitudinal statements that could explain the intention to fund. Six factors were created, namely Enthusiasm (for crowdfunding), Exclusivity (buying rewards), Charitable (small pledges to help funding), Caution (similar to the diffusion of responsibility, that is,

waiting for more funders to give the first step), Intimacy (project was recommended or emotional attachment to the creator) and Sharing (actively sharing in order to also help bring more funders to finish the project).

The ANOVA was then used to measure the level of association of the aforementioned factors with intention to fund. Not all categories had association with factors. Among those that had association, it is important to mention intimacy with several categories, given the fact that one of the main sources used is recommendation. Categories that have high emotional involvement presented association also with intimacy, like music, film and technology.

Given the fact that the sample did not have many enthusiastic people for crowdfunding, this factor did not show any association with any categories. Categories that do not provide products in return, such design, presented high levels of association with the charitable factor.

Sharing is highly associated with technology, given the fact that this category concentrates respondents that are more innovation-driven and enthusiastic about the product, so they need to share and generate word of mouth in order to help reach the funding goal.

This dissertation contributed to the literature by confirming the fact that there are extrinsic and intrinsic factors and social influence playing a role in the decision to fund, like the fact that most respondents were aware of the projects they funded via recommendation from friends and family and internet blogs and forums.

Moreover, this dissertation expanded the knowledge on this field by using attitudes to summarize motivations and connecting these attitudes with the decision to fund. More specifically, 6 factors were created from a pool of 18 attitudes statements that summarized insights from the Literature and the author's experience, and these factors also showed that they play a role in the decision to fund.

A limitation of this study was the sample size of the quantitative phase, which prevented some extra conclusions from being developed given instability of the results. Additionally, the quantitative results cannot be extrapolated to the population, given the lack of randomization. However, given the fact that the main objective of the quantitative survey was to confirm insights from the qualitative, this limitation did not impair the results of the study. Another limitation may be the fact that certain factors were not measured in both surveys and may be also influencing the decision to fund.

This study built up on previous descriptive knowledge of the literature and contributed to it by adding the perception of funders and association between behaviors and intention to fund in categories. It also came up with factors that can be used in further studies, that should investigate more factors that are influencing the decision but also test the current factors using confirmatory factorial analysis.

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APPENDIX I – Qualitative Questionnaire

1) Which crowdfunding platforms do you participate in?

2) How have you heard of these platforms in the first time?

3) How many projects have you funded so far, and how much in average?

4) You have funded the following projects [cite some projects funded by the respondent]. How have you heard of these projects in the first time?

5) Why have you chosen to fund the [cite some of the projects the respondent funded]?

6) What were you thinking before taking the decision of funding the project? Were you interested in buying the product, or did you only want to contribute for the development of it?

7) Have you considered not funding the project because the number of funders was low? Or because the deadline was too near at the same time that the goal was too far?

8) When you saw the rewards offered, did you invest more than you considered funding before? Why?

9) Did you participate in this project forums?

10) Do you often look for other products to fund in the crowdfunding platforms?

11) Have you had second thoughts when you noticed the amount of money you have invested?

12) Did you think your funding would be lost and the product you bought never would be finished?

13) Did you share with friends the funding opportunity?

14) Have you received your products?

APPENDIX II – Quantitative Questionnaire

1) Have you ever heard of crowdfunding?

   a) Yes
   b) No

2) How many projects have you funded? (you can include projects that are not on crowdfunding platforms)

   a) 0
   b) 1-2
   c) 3-4
   d) 5-6
   e) 7-8
   f) 9-10
   g) 11+

3) Of the funded projects, which of the following categories they belong to?

a) Art

b) Comics

c) Community/Charity

d) Dance

e) Design

f) Fashion

g) Film & Video

h) Food

i) Games

j) Music

k) Photography

l) Publishing

m) Technology

n) Theater

4) Please select, for each of the categories below, what was the main purpose of your funding (If more than one funded project belongs to a single category, choose the most relevant one according to you).

a) Symbolic contribution to help fund the project, without anything in return in mind

b) Product they offered

c) Product they offered plus exclusive rewards

5) For the categories below, did you intend to fund it regardless of the rewards?

    a) Yes

    b) No

6) For the categories below, how have you heard of the projects you funded?

    a) It was recommended to me by friends and/or family

    b) I read about it on industry blogs and/or forums

    c) I found it while browsing on the crowdfunding platform

    d) The project creator approached me

    e) I read about in on the press

7) What is the average amount you invest on a project?

    a) $1-$10

    b) $11-$25

    c) $26-$35

    d) $36-$55

    e) $56-$80

    f) $81-100

    g) $101-150

    h) $151-250

i) $250+

Attitudes

8) Please select to what extent you agree or disagree with the following statements

Statements	Completely Disagree	Disagree	Neither agree nor disagree	Agree	Completely agree
I always read the updates that the entrepreneurs post	☐	☐	☐	☐	☐
I actively search for new projects on the crowdfunding platforms	☐	☐	☐	☐	☐
I always participate in the project's forums	☐	☐	☐	☐	☐
I always contribute more than I thought after reading the rewards list	☐	☐	☐	☐	☐
I always fund projects to help entrepreneurs create the products regardless of receiving them in return	☐	☐	☐	☐	☐
I only fund projects if they offer the product in return	☐	☐	☐	☐	☐
Stretch goals make me fund more than I funded before	☐	☐	☐	☐	☐
I always share the projects that I funded to attract more people	☐	☐	☐	☐	☐
Good text, videos and project description increase my likelihood to fund	☐	☐	☐	☐	☐

I only find projects to fund after being recommended by the press or by friends and family	☐	☐	☐	☐	☐
I do not fund a project If it is far from reaching the funding goal	☐	☐	☐	☐	☐
I prefer to wait for a large number of funders backing a project before giving my pledge	☐	☐	☐	☐	☐
I am always afraid that I will not receive my product	☐	☐	☐	☐	☐
I always choose reward tiers that give exclusive content	☐	☐	☐	☐	☐
I often pledge small values just to help the entrepreneur	☐	☐	☐	☐	☐
When considering a pledge, trusting the creator of project is more important for me than the project/product itself	☐	☐	☐	☐	☐
I think crowdfunding is a great way to make innovative products happen	☐	☐	☐	☐	☐
I think crowdfunding is a great way to support projects that positively impact the society	☐	☐	☐	☐	☐