

# The relationship between brand constructs and motivational patterns in crowdfunding decisions

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## **Abstract** (250 words)

Crowdfunding (CF) platforms are emerging as new source of resources to support either business or not-for-profit entrepreneurial projects. This phenomenon has received increasing attention by academic scholars. One of the most important existing streams of literature is the one of backers' motivations. To the best of our knowledge, no study has so far considered the possible role of brand constructs in backers' funding decisions. This is due to the typical CF setting, where project proponents usually don't have a strong brand to rely on and backers have no significant reason to feel emotionally connected to a given CF platform. However, the scenario is changing: companies and other organizations seem to be increasingly intrigued by the idea of using CF as a marketing tool. We aim to deepen our understanding of this very recent phenomenon by analyzing a special empirical setting, which is the one of CF platforms created by Universities to fund (above all) their scientific research projects. These projects have mostly to do with the progress and well-being of society, so we should expect more of other-oriented reasons for funding. Nevertheless, since all the stakeholders of a given University (starting from students) could have strong reasons to conceive themselves as "in-groups" we expect this can affect the CF intention (as a brand supportive behavior) as well as the reasons behind it.

## **Introduction**

Crowdfunding (hereafter CF) platforms are emerging as new source of resources to support either business or not-for-profit entrepreneurial projects. CF has seen a dramatic rise in the last few years and it is still expected to substantially grow in the future. CF involves an open call, mostly through the Internet, for the provision – by a given time period – of financial resources either in the form of donation, or in exchange for the future product or other forms of financial or non-financial rewards to support specific initiatives (Belleflamme et al., 2014). Both project proponents and funders ("backers") are "equal players" (or "peers") who collaborate through the (info)mediation of a digital platform.

CF phenomenon has received increasing attention by academic scholars, who have been engaged in both conceptual and empirical studies, mainly in the for-profit context. One of the most important existing streams of literature is the one of backers' motivations (e.g., Berns et al., 2018) which is strictly connected with the technicalities that project proponents should master (e.g., Block et al., 2018) to better set and enhance their CF campaigns.

The reasons for backers to contribute to CF campaigns vary from context to context (Mollick, 2014). The type of CF scheme matters (donation-based CF is quite the opposite than equity CF) as well as the specific content and goal of each campaign. This is also related to the kind of reward backers are more interested in (Thürridl & Kamleitner, 2016), if any. To the best of our knowledge, no study has so far considered the possible role of brand constructs in backers' funding decisions. This is not

surprising if we consider the typical CF setting, where project proponents usually don't have a strong brand to rely on and backers have no significant reason to feel emotionally connected to a given CF platform. However, the scenario is changing with companies and other organizations which seem to be increasingly intrigued by the idea of using CF as a marketing tool (Brown et al., 2017) even creating their own CF platforms to leverage their "relational circles".

We aim to deepen our understanding of this very recent phenomenon by analyzing a special empirical setting, which is the one of CF platforms created by Universities to fund (above all) their scientific research projects as well as other initiatives related to their mission. These projects have mostly to do with the progress and well-being of society (in general), so, according to the existing body of knowledge on CF (Zhang and Chen, 2018), we should expect to see, here, more of other-oriented reasons for funding. Nevertheless, all the stakeholders of a given University (starting from students) could have strong reasons to conceive themselves as "in-groups" (to a higher or lower degree based on specific factors) and this is expected to affect the CF intention (as a brand supportive behavior) as well as the reasons behind it.

## **Conceptual Background**

### ***Backer Motivations***

The analysis of backers' motivations is crucial to CF campaign success (e.g., Kuppuswamy and Bayus, 2017), above all for campaign content optimization and rewards setting. However, it cannot be seen as an aggregate construct (Zhang and Chen, 2018), because it depends on contextual factors.

Most studies on this topic refer to two main groups of motivators: extrinsic vs intrinsic motivators, on one side, and other vs self-oriented motivators, on the other side. We'll focus here on the latter, which are based, respectively, on altruism and individualism (e.g., White and Peloza, 2009). According to this perspective, people contribute to a CF campaign to help a "generic other" or to achieve a personal gain, either tangible or intangible (Zhang and Chen, 2018).

Most of the prior studies on this topic have assumed that when the backer's funding intention is triggered by a non-financial goal (e.g., Gerber and Hui, 2013), this is automatically rooted in (pure) altruism. However, this can be more (but not necessarily) true for social and prosocial CF contexts and much less true for the others (Zhang and Chen, 2018). Indeed, backers may be egoistically driven by several psychological needs, such as, the need to feel personally fulfilled (Vecina and Fernando, 2013), empowered or acknowledged by others (e.g., Allison et al. 2015) and this can also occur when people are called to support non-commercial CF projects (Kuppuswamy and Bayus, 2017).

The point to focus on is the hybrid motivation structure of CF (e.g., Belleflamme et al. 2014) based on the blending of altruistic and egoistic concerns which are thus likely to coexist (André et al., 2017). This means that no CF decision is totally other or self-oriented although it is logical to expect that other orientation is a salient factor in donation-based and prosocial lending-based CF campaigns (Berns et al., 2018) as well

as self-orientation is crucial in equity (Cholakova and Clarysse, 2015) and pre-sale (Mollick, 2014) CF campaigns.

When dealing with backers' motivations two other factors need to be considered in depth, the feelings of group engagement and backer characteristics.

As for group engagement, taking into account the parallel domain of crowdsourcing, Boons et al. (2015) highlight as in such a context there is no room for people to identify with a group. Nevertheless, several studies in the CF field stress the importance of feelings of belongingness, relatedness, emotional closeness, and embeddedness to backer's supportive behavior (e.g., Josefy et al., 2017), especially in a prosocial context (Hong et al., 2018). This is mainly related to the phenomenon of "seriality" (i.e., the systematic funding of CF campaigns by a given backer on a given platform).

As for backer characteristics, recent studies have shed light on the determinant role of gender. In general, scholars agree that women are more other-oriented than men (e.g., Einolf, 2011), so they are expected to be more supportive than men towards non-commercial CF campaigns. Zhang et al. (2018), in particular, state that the relationship between other-orientation and crowdfunding decision is stronger for women than men, but the relationship for self-orientation is stronger for men than women.

### ***Brand constructs***

#### ***Brand identification***

Social identity theory (Tajfel and Turner, 1979) postulates that people think of themselves as psychologically linked to a groups or organizations to which they belong and consider characteristics of the group or organization relevant for the self (Ellemers et al., 2004). Based on this theory, the identification concept has been applied in the customer-brand relationship (Bhattacharya and Sen, 2003). The brands consumers are identified with, are brands that reflect and reinforce their self-identities. Identification with a brand is characterized by strong emotional attachment with the brand (e.g., Bhattacharya et al., 1995), a sense of belongingness to the brand (Helm et al., 2016) and represents an act motivated by the satisfaction of self-definitional need (Bhattacharya and Sen, 2003). Moreover when consumers are identified with a brand, they aim to maintain close proximity to it (Thomson et al., 2005) and act to support it (Bhattacharya and Sen, 2003). Also in the high-education context, past research demonstrates that the sense of belongingness with the university can be a key-factor for brand advocate behaviours (Stephenson and Yerger, 2014).

#### ***Brand pride***

We suggest that one of the components leading to a customer's identification with a brand is pride. It also affects brand supporting behaviour (Soscia, 2007). Even this is a well-known concept in the managerial literature, in the branding and marketing literature is quite a recent one (e.g., Sierra and Taute, 2019). Brand pride refers to a positive emotion based on the brand's perceived success (Kuppelwieser et al., 2011), the pleasure taken in being associated with the brand (Helm et al., 2016). As Helm et al. (2016), we include this concept because of the context of our study: university students have a formal relationship with the brand they belong to, being defined as "in-group" people.

### *Brand respect*

Much research has focused on social contextual antecedents of collective identification. In the marketing literature, brand respect is a new concept. For example, brand respect has been analysed by Faircloth (2005) in the non-profit organizations as a brand personality dimension. He demonstrated that people provide resources to non-profit organizations when they have respect. Since organizational behaviour literature has been widely used in support to research on identification (Stokburger-Sauer et al., 2012) we based our reasoning on them, to test some relationships on our context. Previous studies mainly based on Tyler & Blader (2000) seminal work, have demonstrated that respect (as well as pride) are crucial for the motivation of individuals in organizations. Moreover respect fosters identification and willingness to act in terms of such identification (Simon and Stürmer, 2003), and can lead to behaviours that support the organization (Tyler & Blader, 2001).

### **Research objectives**

According to the special features of the considered empirical setting and the conceptual background discussed above, our research goals are as follows:

- a) We aim to understand the possible role of brand constructs on crowdfunding intention. In more detail, we expect: *a1) brand identification to positively affect crowdfunding intention as a supportive behavior; a2) brand identification to act as a mediator of brand pride and brand respect towards funding intention;*
- b) we aim to assess backers' motivational patterns in crowdfunding intention. In more detail, we expect: *b1) other-orientation to be positively related to crowdfunding intention; b2) self-orientation to be positively related to crowdfunding intention; b3) women to be more other-oriented than men in crowdfunding decisions.*
- c) we aim to discover the possible interplay between brand-related dynamics and motivational patterns in crowdfunding decisions.

### **Methodology**

#### *Research context*

We collected data from the University of Ferrara student community. An invitation to participate to the online survey was sent in June 2019 to all the University's students. Overall, up to September 2019 we got 1557 valid replies. The average age of the participants was 23.6 years (SD 5.11), 65.32% of the participants were female and the remaining 34.68% were male.

#### *Measures*

All survey measures consisted of existing scales. We used 5-point Likert scales to assess participants' responses to the items used in the survey (see Table 1).

*Table 1: Scales*

Measures	Number of items	Scale development references
other-orientation (Other);	3	Zhang and Chen (2018)
self-orientation (Self)	3	

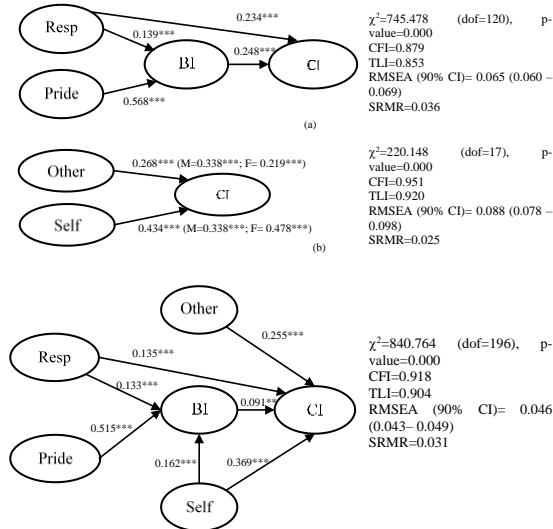
brand respect (Resp)	3	Boons et al. (2015)
brand pride (Pride)	5	Helm et al. (2016)
brand identification (BI)	6	Mael and Ashforth (1992)
Crowdfunding Intention (CI)	2	Zhang and Chen (2018)

### Preliminary Results

We conducted Confirmatory Factor Analyses on a 6-factor measurement model. Standard fit indices are calculated to validate the model showing a good fit with the data:  $\chi^2 = 1033.514$  (dof = 194, p-value = 0.000); Tucker-Lewis index (TLI) = 0.96; comparative fit index (CFI)=0.966; root mean square error of approximation (RMSEA) = 0.053; standardized root mean square residual (SRMR) = 0.036. Moreover, all the principal reliability indices exceeded 0.70, all standardized factor loadings exceeded 0.50, and all average variance extracted (AVE) exceeded 0.50, indicating satisfactory reliability and convergent validity of each measure.

We developed Structural Equation Analyses to test our research hypotheses. First we tested if BI was represented as either a partial or a full mediator of the effects of brand pride and respect on CI. In Fig. 1(a) we report the best estimated model based on standard fit indices. Then we tested if and how other-orientation and self-orientation affect CI (Fig 1(b)). Findings reveal that the former affects CI more than the latter. We also performed a multigroup analysis to evaluate statistically significant differences in the model by gender, achieving that male interviewers seem to be more other-oriented than female respondents.

Figure 1: Selected model results



Last, we tested the possible interplay between brand-related constructs and motivational patterns in crowdfunding decisions, achieving that only self-orientation

motivations are (partially) mediated by BI, whereas other-orientation directly affect the crowdfunding intention without any mediation of brand identification.

### **Conclusion**

Our findings demonstrate that: (1) the more identified with the organization people are the more they will contribute. Identification thus arises as a special concept, which fully mediates the influence of pride on funding intention and partially mediates the influence of respect on funding intention. In this view, nurturing the relationships with users becomes more important than ever; (2) different CF motivational patterns coexist, blending together self and other-oriented factors. However, surprisingly, notwithstanding the CF domain we considered, self-orientation have strong influence on backers' decisions above all for women, who are usually framed as more other-oriented than men; (3) brand identification acts as an individualistic construct which partially mediates the relationship between backer self-orientation and funding intention. This means that bakers who fund CF projects driven by other-orientation do that despite their feeling of belongingness to the brand. Conversely, part of the self-oriented motivation can be explained based on brand identification.

These findings need to be further corroborated with data from other backer profiles and from other empirical settings.

**References available upon request**