

Development of a Theory That Explains Why Funders of Reward-Based Crowdfunding Campaigns Cancel or Decrease Previously Made Pledges

By

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Crowdfunding research has primarily been composed of attempts to identify crowdfunding performance and success factors. A research gap exists concerning funder motivations and behaviors as well as the dynamics that occur with pledge changes during crowdfunding campaigns. Therefore, understanding funder motivations and pledging behaviors during reward-based crowdfunding campaigns was the focus of this inquiry. Using a grounded theory design, I conducted 18 individual semi-structured interviews with funders to understand why they canceled or decreased their already-made pledges to reward-based crowdfunding campaigns. A constant-comparative analysis of the interviews yielded a novel theory describing the factors that motivate and deter funders as well as the contexts in which they

occur. The identified funder motivations are reward hunting, financial hardship, purchase later, cost, risk, competition in category, ethical concerns, satisfy others, and goal proximity. Deterrents include rarity and fear of missing out, impact, small company size, trust, and investment. An analysis of these motivations and deterrents in light of recognized crowdfunding success factors is shared, and implications for future reward-based crowdfunding research into funder motivations, behavior, and campaign dynamics are presented. Lastly, I present design principles that fundraisers can use to design and conduct their campaigns in a manner likely to decrease the number of funders canceling and decreasing their pledges while maintaining a plan likely to lead to campaign success or increased performance.

This paper attempts to form a grounded theory concerning funder pledging behavior, or more specifically, why funders cancel or decrease an already made pledge during a reward-based crowdfunding campaign. It also concludes with design principles for entrepreneurs on how they might conduct their campaigns to decrease the chances of their funders decreasing or canceling their pledges.

Keywords: Entrepreneurship, Crowdfunding, Motivation, Qualitative, Grounded Theory, Cancel, Decrease

Financing new or established ventures is one of the many challenges entrepreneurs face. Traditionally, accessing loans as well as seeking venture capital or an angel investor have been some of the options considered (Bonini & Capizzi, 2019). The recent explosive growth of alternative finance channels (Ziegler et al., 2021) has changed the financing landscape considerably. Currently, entrepreneurs have the option of using alternative finance channels to avoid traditional financial intermediaries. Crowdfunding (CF) is one such channel.

Several CF models have become apparent based on how fundraisers seek funds; these models include investment CF, further comprised of equity CF and lending CF, and non-investment CF, comprised of donation CF and reward-based CF (Belleflamme et al., 2015). In most situations, restricting the study to one of these classes or types of CF is best as key differences between funders and fundraisers in each group have been discovered already (Belleflamme et al., 2013, 2014; Mollick, 2014).

The first of the non-investment CF models, donation CF, entails fundraisers seeking funds in support of community or social causes (Thapa, 2020). The other non-investment CF model is reward-based crowdfunding (RBCF), where funders can contribute funds towards a campaign in return for non-monetary rewards (Kunz et al., 2017). RBCF is one of the most studied types of crowdfunding (Böckel et al., 2021; Shneor & Vik, 2020). It allows fundraisers to reach a large number of individual investors through a crowdfunding platform (CFP), often securing many smaller contributions (Mollick, 2014).

The emergence of CFPs - such as Kickstarter, which is one of the most popular RBCF platforms (Zheng et al., 2014) - post Web 2.0 has allowed fundraisers to more easily launch RBCF campaigns and reach large audiences (Belleflamme et al., 2010). The modern RBCF landscape, composed of these funders, fundraisers, platforms, and campaigns, is being studied with much interest. A review of the literature examining CF performance and success factors reveals the number of publications continues to grow, especially regarding RBCF (Shneor & Vik, 2020); this growth indicates that CF is not only worthy of study, but it is also an important evolving research topic.

Identifying the factors impacting RBCF campaign performance and success is one of the main focuses in academic CF literature (Böckel et al., 2021; Moritz & Block, 2016; Shneor & Vik, 2020; Short et al., 2017). Identifying these factors also allows practitioners to create campaigns in a way that maximizes the chances of success, or further their campaign's performance past success, such as raising funds past their initial funding goal with the use of stretch goals (Steigenberger, 2017). But these factors also seem to vary in important ways across the various CFPs, impressing upon researchers the need to use a variety

of methods and data to increase the generalizability of findings (Dushnitsky & Fitza, 2018).

It has already been acknowledged that funder motivations in CF may change as a campaign progresses, in particular after the campaign's goal is attained (Kuppuswamy & Bayus, 2017; Zvilichovsky et al., 2018). In a study of equity CF on the CFP Seedrs, that also allows funders to cancel their pledges, canceled pledges data were omitted from the final analysis (Astebro et al., 2019). In a related context, a study was done on Patreon, a platform that allows fundraisers to crowdfund a monthly income in an ongoing manner, but where cancellations can occur anytime, are very common, and account for possibly more than a quarter of pledges. In this study, Regner (2021) found reason to suspect that funders react to a creator's campaign, and cancellations in funding are related partially to failure to deliver promised or perceived rewards.

Kuppuswamy and Bayus (2017), who acknowledged that specific funding amounts from specific backers are not publicly known on popular CFPs, proposed further study of the dynamics of funding with other types of data besides campaign-level data and how funders might decrease earlier contributions in certain contexts. This article focuses on funders of RBCF campaigns and the dynamics of funder pledging behavior occurring during the campaign. A paucity of knowledge exists regarding why funders alter pledges once they have been made in the RBCF context, in particular, the black box during the typical 30-day to 60-day window of active fundraising. Although I have found no evidence that academics have posited a theory or conducted in-depth research explaining decreasing and canceling in the RBCF context, such behavior is well known to practitioners who watch the daily "ups" and "downs" of their campaign's funding levels with trepidation.

Since it remains unclear why funders display this pledging behavior, this study avoids predetermined hypotheses, allowing a grounded theory to emerge through the collection and coding of the data using grounded theory methodology (Glaser & Strauss, 1967), similar to several other CF works (Gerber & Hui, 2013; Gleasure & Feller, 2016; Greenberg & Gerber, 2014; Hui et al., 2012). Toward that effort, this research is guided by the following questions:

RQ1: What are the motivations and deterrents for funders of reward-based crowdfunding campaigns to cancel or decrease an already made pledge to a crowdfunding campaign?

RQ2: How are these motivations and deterrents similar to recognized success factors for crowdfunding campaigns?

RQ3: In what context do funders receive information during the campaign that is relevant to deciding to cancel or decrease their pledge?

RQ4: How long do funders consider their pledges before canceling or decreasing?

I examined these questions by conducting 18 semi-structured interviews with funders of reward-based crowdfunding campaigns that had at least once previously canceled or decreased an already-made pledge to a reward-based crowdfunding campaign. By doing so, several contributions were made. The following funder motivations were uncovered: reward hunting, financial hardship, purchase later, cost, risk, competition in category, ethical concerns, satisfy others, and goal proximity. In particular, ethical motivations for canceling and decreasing, funder desire to satisfy others with gifts and joint purchases, and the option of purchasing rewards later stand out as the three least understood in the broader RBCF literature. In comparison, the deterrents were: rarity and fear of missing out, impact, small company size, trust, and investment. Additionally, this study revealed that during the active duration of the campaign, these factors were considered, reconsidered, and decided upon in as quickly as a single day or, in other cases, pondered for up to several weeks and, in the context of new information, from a variety of sources. These sources included comments, updates, social media, external websites, and direct messages.

By examining the motivations and deterrents of funder pledging behavior and seeking to explain their relationship to lost pledges, I contribute to RBCF research by proposing a grounded, novel model that opens a new space to explore funders, their motivations, and campaign dynamics. As a broader contribution, these findings move the field away from large web scraped datasets primarily focused on final campaign performance.

This article is organized as follows. First, I present a literature review that details the extant RBCF success and performance literature, including some of the more important theories employed. Second, the grounded theory methodology and protocol are outlined, including interview details. This section is followed by the formation of the grounded theory, its major themes and interconnections, and a discussion of the findings. The discussion occurs in light of existing CF performance literature with a focus on exploring contradictions and similarities between motivations and deterrents to recognized success factors. Furthermore, design principles and advice for practitioners are presented. I conclude with limitations and contributions to research and practice.

Literature Review

RBCF Success and Performance

Extant RBCF research has largely paid attention to performance and success factors. In one of the earliest works with a large dataset of projects from

Kickstarter, Mollick (2014) proposed that personal social networks, campaign quality, and geographic location are associated with success. In many ways, Mollick's exploratory study was partially responsible for the myriad attempts across disciplines to study the key levers of RBCF.

Using affective events theory, research indicates that funders' perceptions of product creativity directly impact performance as well as indirectly when funders perceive a fundraiser as being passionate about a product (Davis et al., 2017). A passionate entrepreneur with a creative idea is also sure to attract attention in traditional financing. User entrepreneurs are individuals who create and commercialize products developed to overcome obstacles and solve issues facing them in their lives (Shah & Tripsas, 2007). They seek capital through traditional channels and on RBCF platforms with initial indications that product innovativeness, perceived passion, and need similarity with funders mediate RBCF success and user entrepreneurship (Oo et al., 2019).

In a thread that has yet to be untangled, the impact of language-related factors in RBCF has been mixed. In one of the largest replication studies to date, Short and Anglin (2019) found that the general popular measures of language had little generalizability and the impact of language on RBCF success might best apply within specific contexts. Although word choice in project pitches and videos likely matters, more research is needed. Certainly, the communication of information from a fundraiser through the campaign to funders is important to demonstrating legitimacy and reducing information asymmetry. But, such communications have a curvilinear relationship with funding success. Too much information can be detrimental, especially later in a campaign (Thapa, 2020).

The Human Side of Reward-Based Crowdfunding Campaigns

Minimal research has been conducted on funders or their motivations. Shneor and Vik (2020) found that when examining CF success factors by the unit of analysis for articles published between 2010-2017, only a small number (.5%) were funder factors. The human side of RBCF campaigns is considerably less understood; in many instances, information about funder motivations is gleaned indirectly from campaign factors. There are exceptions. Recently, major efforts have been taken to rectify the lack of funder-based research. Gerber and Hui (2013) made one of the first attempts to understand funder motivations by undertaking a cross-platform qualitative study of fundraisers' and funders' motivations for choosing to participate in CF. There have been developments linking funder motivations to intention and then to subsequent behavior, also revealing that funders contributing large sums had higher levels of atti-

tudes, self-efficacy, financial contribution intention, and information-sharing intention than funders contributing smaller sums (Shneor & Munim, 2019).

Motivations

Even prior to the explosion of CF research, there was an interest in studying motivations for contributing to online communities (Kraut & Resnick, 2011). This interest can be seen in CF literature regarding tourism CF, where motivations were found to impact trust and then CF participation (Kim et al., 2020) or in sports club campaigns, where funder motivations included possibly helping family, engaging with the club, and being altruistic, obtaining rewards, causative agency, and community belonging (Kościółek, 2021).

The desire to collect rewards is one recognized reason for participating in RBCF (Gerber & Hui, 2013; Ryu & Kim, 2016). It is also perhaps the most self-evident reason. Some funders participate in RBCF primarily for the rewards. Backers of RBCF campaigns seem to be more likely enticed by the prospect of price discounts compared to funders of cultural CF campaigns (Bürger & Kleinert, 2021).

However, rewards are not the only reason that funders might choose to participate in RBCF. Simply, some funders participate in RBCF to give in a way that is similar to philanthropy, to help others (Gerber & Hui, 2013). This reason might be good for RBCF fundraisers as early CF research into campaigns launched not on CFPs, but rather held directly by the fundraiser, indicated that nonprofit organizations outperformed other types of campaigns (Belleflamme et al., 2013). RBCF seems to represent an interesting and unique intersection of funders interested in helping themselves and helping others. Some research shows that funders' gender also matters in this regard. Female funders seem to display stronger associations between early funding and altruistic motivation in the early stages of a campaign (Ryu et al., 2020). Other reasons to fund a campaign besides rewards include being part of a community and supporting special causes (Gerber & Hui, 2013). In fact, a study of reward, equity, and lending CF found that some backers, even in these incentive-based models, funded a project for prosocial motives (Bretschneider & Leimeister, 2017).

Creating a typology of fundraisers (Ryu & Kim, 2018) and funders (Ryu & Kim, 2016) based on individual motivations has been a particularly promising direction. By combining self-determination theory and self vs. others orientation, Ryu and Kim (2016) created a 2x2 typology that produces a funder they term "angelic backer," who is similar to the traditional donor they source the name from; "reward hunters" are, in many ways, the commonly conceived notion of a RBCF funder who is highly motivated by the reward; "avid fans" are passionate and

interested in community while "tasteful hermits" are self-oriented and not as interested in relationship building rewards, focusing less on extrinsic recognition. In conclusion, it seems strategically sound for entrepreneurs to target different motivations and demographic groups by funding stage (Ryu et al., 2020) while targeting different funder motivation types by funding stage as well (Ryu & Kim, 2016).

Trust

Online trust is a recognized component of e-business, in business-to-business and business-to-consumer contexts (Shankar et al., 2002). Due to the clustering of fundraisers near the cultural products of major cities, funders and fundraisers can be located at a distance from one another (Mollick, 2014). Given the distance involved in online CF, it is not surprising that funders may value trust. In fact, there is evidence that funder intention to back a campaign is impacted by perceived trust (Moon & Hwang, 2018). Additionally, funders self-report being motivated to help those they trust (Gerber & Hui, 2013). Entrepreneurs often need to work within the constraints of the CFP on which they choose to host their campaign, relying on their CFP's tools to improve trust with funders. Fortunately in this regard, project updates, a common feature of most CFPs, appear to increase funder trust (Li et al., 2018). Trust, along with risk, is a major factor influencing motivation to contribute financially to RBCF projects in the tourism and hospitality industry (Salem et al., 2022). Similarly, fundraisers can carefully craft their product pitches to build trust with funders. As an example, perceived fundraiser expertise, reputation, and value similarity with potential funders as well as project quality appear to improve funder trust (Liang et al., 2019). Project descriptions on most CFPs can include detailed team descriptions that include team expertise. On Kickstarter, a fundraiser's profile shows a variety of information that can conceivably impact trust. Among the potentially relevant information, a summary of the fundraiser's profile is displayed on a campaign's homepage that contains the number of campaigns launched and backed. Navigating to the profile with a single click shows potential funders the company location, last login, connected social media, and companies collaborating with the fundraiser on the project.

CFPs commonly allow fundraisers to upload photos. Doing so allows the fundraiser to communicate important information, such as design progress, a photo of the project team, lead designer, or primary fundraiser. Fundraiser profiles may also contain an image. The presence of fundraisers' headshots displayed in a profile was analyzed using facial detection and facial trustworthiness, where it was shown that trustworthy-looking entrepreneurs received higher levels of funding and more funders, with the impact heightened in the case of female fundraisers

(Duan et al., 2020). Fundraisers can also be funders of RBCF campaigns. Being a fan of and supporting other campaigns on the Chinese CFP Zhongchou was shown to increase interpersonal trust with potential future funders later when a new campaign was launched (Zhao & Vinig, 2020).

Risk

Undoubtedly, risk plays a role in RBCF. Mollick (2014) found that 75% of RBCF campaigns have delayed delivery of the final product or do not fulfill at all. Counterintuitively, some researchers have found that RBCF perceived risk positively impacts some funders' intention to fund a campaign, possibly explained in part by funders who consider their pledges to be an investment and that greater risks bring greater rewards (Zhao et al., 2017). In contrast, other research has found that risk was negatively associated with financial contribution intention, specifically in tourism CF (Salem et al., 2022). When there is uncertainty regarding an investment and possible negative consequences, such as a poor-quality product or late or non-delivery of a reward, as in the case of RBCF, then there is risk.

Similar to e-commerce risk sources, some initial RBCF research has suggested that of fundraiser risk, or distrust of the campaign creator, campaign risk, such as inherent business failure and platform risk, or loss due to failure of the platform, only platform risk is a significant factor (San Martín et al., 2021). However, there is evidence that due to an absence of rules and enforcement to punish fundraiser potential behavior, two types of risk are present that may dissuade funders: misappropriation of funds and a lack of transparency around rewards or products (Belavina et al., 2020). Lastly, more recent research has focused on how fundraisers can set optimal prices dependent on factors such as backer risk aversion (Xu et al., 2022). While examining risk in the context of RBCF using the Theory of Planned Behavior, other authors state that individuals are not taking part in RBCF without preliminary consideration (Shneor & Munim, 2019). In this study, I ask what happens to individuals who do not make those considerations or later change their minds.

Campaign Dynamics

An initial examination of CF literature might lead a practitioner to believe that the pre-campaign period matters more than the campaign. Though a large amount of CF literature describes the impact of factors such as funding goal, campaign preparation time, or the number of images and videos uploaded to a campaign at launch, the inner dynamics of an in-progress campaign also matter. Overall, there is relatively little research on various dynamics that occur over the course of a campaign. Exceptions include comments, updates, co-creation, and curvilinear dynamics.

Curvilinear Dynamics

In one of the most well-known studies in RBCF dynamics, Kuppuswamy and Bayus (2017) discovered that due to goal proximity and the perception of a funding decision's impact, campaigns see an increase in funding when the total funding nears the established funding goal; similarly, once a funding goal is attained, funders anticipate less of an impact and funding decelerates. Relatedly, RBCF platforms can allow funders to see campaign funding and support received from other funders; thus, funders have information on other funders' pledging decisions while making their own. Likely, a crowding-out effect exists in RBCF pledging dynamics. Funders appear to perceive a decrease in marginal utility as their potential funding would decrease in importance (Burtch et al., 2013), resulting in a decrease in contribution frequency over time. Funder support appears to be not only impacted by goal proximity but also negatively related to past funder support, which is explained by a diffusion of responsibility for the funder in the CF context (Kuppuswamy & Bayus, 2018). Curvilinear relationships between prior funding and subsequent funding throughout the campaign have been observed. Further support was found for a U-shaped relationship between prior and subsequent funding, depending on total funds collected in a study that also indicates that funders do not mimic others' behaviors, but rather they incorporate signals of campaign quality, such as from video quality, passion, and preparedness into pledging decisions (Chan et al., 2020).

Comments and Updates

Two of the more recognized dynamic CF factors are campaign updates and funder comments. On Kickstarter, for example, fundraisers can provide additional information to funders of a campaign by providing an update, often on campaign progress; however, unexpected complications or new stretch goals are also a reason to update funders. Not only have updates been shown to be important predictors of campaign performance (Chan et al., 2020; Yang et al., 2020), but project updates provided soon after a campaign launch seem to have an additional positive impact (Mollick, 2014). Updates conceivably allow potential funders to evaluate a project further to determine if they would like to fund a campaign; conversely, updates could reveal an aspect of the campaign that an existing funder overlooked or was unaware of, potentially motivating the funder to subsequently alter their pledge.

It is also possible that updates would be of inferior quality, such as containing spelling errors. One estimate is that 2% of campaigns contain a common spelling error in their product pitches, potentially reducing their chances of success as compared to projects without spelling errors by an estimated 13% (Mollick, 2014). Other studies have confirmed that

spelling errors can negatively impact success (Courtney et al., 2017), and although there is a paucity of research on spelling errors in product updates, spelling errors on websites are considered a signal of poor quality. Despite the chance of ever harming a campaign with a poor-quality update, for campaigns that seem “doomed to fail” most of the way through their campaign, updates can serve as vital communication activities that allow even massively undertrack projects to eventually succeed (Crosetto & Regner, 2018).

Many RBCF platforms allow funders to post feedback on a campaign’s page. In many ways, comments are similar to the updates that fundraisers can post on their campaign but allow communication primarily in the opposite direction. Funder comments could be something as simple as requests for more images or to be more involved or demanding, such as requests for detailed timetables of the design and construction of a product. Lastly, they also allow funders to complain about the campaign. Such feedback can determine the success of a campaign and can be positive or negative, with campaigns enjoying higher success rates if there is a high intensity of positive sentiment in funder comments (Courtney et al., 2017).

Innovative RBCF experiments have shown that positive opinions of peers signal other funders about likely campaign success and increase contributions (Comeig et al., 2020). Additionally, not only is the total number of comments impactful (Kromidha & Robson, 2016), but the fundraiser’s reply length and speed are important determinants of success (Wang et al, 2018). Moreover, recent research has shown that not all comments are created equal, and semantic features contribute to predictive performance (Bao et al., 2022). Finally, not only do updates and comments have powerful predictive power, but campaign updates and funder comments also display a particularly powerful interaction effect, resulting in increased performance (Lagazio & Querci, 2018).

Co-Creation

Funders have a plethora of choices when selecting which campaigns to support. Fortunately for fundraisers and thanks to most CFPs, funders are able to interact directly with fundraisers. In general, when a consumer interacts with a consumer community and a firm, co-creation and value creation can occur (Prahalad & Ramaswamy, 2004). CFPs allow for funder engagement, for example, with functionality allowing comments, which allows the funder to easily suggest improvements or express a want or need about a product during the campaign. Attempts have been made to elaborate upon the types of co-creation that occur in CF, with some research revealing seven types of value co-creation: co-evaluation, co-ideation, co-design, co-testing, co-launch, co-consumption, and co-financing (Quero et al.,

2017). Co-creation can inspire significant change in attitudes and behavior toward funding a campaign (Kim & Hall, 2019). Funders who are incorporated into fundraiser product decisions would likely be significantly more likely to fund a campaign (Lipusch et al., 2020).

Protocol

This paper followed a grounded theory methodology (GTM) approach as defined originally by Glaser and Strauss in their seminal work *The Discovery of Grounded Theory: Strategies for Qualitative Research* (1967) and later elaborated upon by Glaser (1978). However, in contrast to the recent constructivist approaches to grounded theory (Charmaz, 2014), this paper assumes a realist philosophy and employs a post-positivist paradigm. Thus, the focus is identifying generalizable motivations and deterrents to decreasing or canceling pledges during a CF campaign. It is assumed that what is discovered are real motivations, deterrents, and processes that other researchers may use to build a further understanding. Furthermore, practitioners may note the findings to better conduct their campaigns to avoid their funders decreasing or canceling their pledges. To reiterate, GTM is the preferred approach for this study because it is an established set of procedures that allows for the emergence of a theory that is ideal for studying specific aspects of a particular social phenomenon. In this case, the particular social phenomenon is why individuals choose to alter their RBCF pledge.

Grounded theory was chosen for its ability to use a set of formally developed procedures to produce a theory of phenomena “grounded” in empirical evidence. Grounded theory research has the rigor and strength of well-designed and implemented quantitative research and the benefit of a thoroughly developed method (Walker & Myrick, 2006). Grounded theory employs a constant comparative method to form a rich and textual theory (Glaser & Strauss, 1967). Although a brief description of GTM is presented below; in general, the constant comparative method can be described as a nonlinear process of data collection, analysis, and conceptualizing that attempts to explain all of the data obtained to eventually arrive at a comprehensive theory, often from some initial set of ideas that were inductively formed and later validated (McGhee et al., 2007). Across researchers, the constant comparative analysis can be viewed as one of the most consistently applied strategies in grounded theory research (Boychuk Duchscher & Morgan, 2004).

Towards a Grounded Theory

While previous research has focused on identifying RBCF performance and success factors, it has provided limited insight into how and why funders change their pledges. Although progress has been made in understanding funders' motivations and the dynamics that occur during campaigns, there has not specifically been a full examination of funder pledge decreases or cancellations that accounts for the wide variety of factors that might influence such decisions. There is an assumptive risk underlying studies that overlook the possibility of changes in funder pledges during a campaign. That is, funding models based on existing studies may wrongly presuppose that every funder's decision is final and will remain unaltered until the conclusion of a campaign.

In summary, I have identified interrelated questions vital to advancing the state of RBCF research. These questions guide the research into a grounded theory that adds substantially to the argument that funder decisions matter. The exact protocol to build the grounded theory is discussed next.

The Constant Comparative Method of Grounded Theory

The four-step method below is the original one outlined in *The Discovery of Grounded Theory: Strategies for Qualitative Research* (Glaser & Strauss, 1967, p. 105):

“(1) Comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory, and (4) writing the theory.”

The first step was to code the data, in this case, transcripts. There was no attempt to limit the number of codes; instead, the codes emerged without restriction. While coding, the data calling for a code was compared to all previously examined data. This was also done by comparing the code to memos as necessary. This first step allowed categories, their dimensions, and consequences to emerge. During this step, the most memoing occurred. Second, generalizations and abstractions were identified as the coding continued. The categories were integrated by their properties. Delimiting occurred as the theory concretized. At this stage, non-relevancies were removed, and the remaining details of properties and categories were given a final outline. This simplification allowed the use of a smaller number of higher-level abstractions; that is, the parsimony of variables. In this case, it allowed for the beginning of the formation of a generalizable theory with the discovered themes and their interrelations expressed.

Theoretical Sampling

I began not a tabula rasa, but with a partial understanding of the matters at hand concerning the potential processes and factors involved when a funder

cancels or lowers a previously made pledge to a RBCF campaign. Therefore, I initially cast a wide net; as the interviews progressed, I chose my participants purposefully to inform the developing theory. Although there was an initial plan for data collection, I continued interviewing until saturation was reached. I concluded with 18 participants. Participants varied from one another in several ways. First, they had a variety of experiences funding campaigns on different CFPs. Second, they backed projects across various categories representing different product types. Third, some were new to CF, while some had been using CFPs since their inception.

2-Pronged Sampling Approach

1. I sent a request for participants via email from a local company where I am a partner and director. This company's customers are, in general, frequent internet users who are familiar with RBCF and have funded one or more campaigns. Participants were voluntary, paid, and familiar with CF. Furthermore, they had participated in a CF campaign previously and had at least once canceled or decreased a previously made pledge to a RBCF campaign. All participants were invited to participate in a semi-structured interview using Google Voice.

2. I sourced participants from my personal network. Similarly, participants were voluntary, paid, and familiar with CF; also, they had participated in a CF campaign previously where they had at least once canceled or decreased a previously made pledge to a RBCF campaign.

These participants also chose to participate in the semi-structured interview using Google Voice.

Inclusion Criteria

Participants met the following study criteria: (a) 18 years of age or older, (b) a U.S. citizen or resident, (c) speaks and understands English well, (d) agrees to participate in the teleconference while within the U.S. (e) familiar with reward-based crowdfunding and participated in a reward-based crowdfunding campaign previously where they canceled or downgraded a previously made pledge to a crowdfunding campaign.

Credibility

Grounded theory posits that the ability of the newly developed theory to “fit” and “work” while being “relevant” is paramount (Glaser & Strauss, 1967). That is, the theory must not be forced into categories, or codes, and must work in the substantive area where it was developed. Newly developed categories must be abstract enough to permit them to apply in general to changing daily situations while remaining concrete enough to be readily understood. The primary means of developing such a theory, which is also grounded in empirical data, is the use of the constant comparative method as outlined above. In

addition, a credible, quality theory should be readily understandable. Laypeople and academics are expected to be able to understand the categories that have been developed. Next, the theory must be general enough to apply to many diverse situations. Lastly, the theory must allow for control of the described properties and situations in a way that someone might be able to describe, explain, and predict using the theory.

Memoing

Memoing is essential for grounded theory (Boychuk Duchscher & Morgan, 2004). Towards that effort, I kept extensive electronic memos. These memos were instrumental in allowing me to consider the phenomena under investigation. New ideas and interpretations that allowed for the construction of codes and their properties, as well as my thoughts and observations on developing themes and relationships, were placed in a memo as they became apparent. Memos were also used to create summaries and provide insights into my theory generation. Memoing occurred throughout the data collection and analysis. Glaser, Strauss, and Corbin, who all worked to develop GTM, placed emphasis on memoing, in their own ways, as a means of adding interpretive elements into the shared strategy of constant comparison (Piantanida et al., 2004). Furthermore, these memos served as a detailed chronology of each process and research activity, essentially forming an audit trail.

Interviews

Initially, I conducted a brief pilot to test the semi-structured interview questions. After incorporating feedback from participants, data collection occurred. Interview durations ranged from approximately 19 to 59 minutes. The average interview length was 42 minutes and 9 seconds.

I began coding immediately. To answer the proposed RQs, I paid special attention to any motivations or deterrents, to canceling a pledge or decreasing a pledge, the contexts they occurred in, and the entire temporal process the participants experienced during the CF campaign period. This process was performed inductively using the constant comparative method as proposed by Glaser and Strauss (1967). I carefully recorded memos on any emergent themes. Throughout the interview, I asked for clarity or restated participant statements to check for understanding. Lastly, I gave the participants a chance to clarify or change statements at the end of the interview.

Recognition of Existing CF Campaign Performance and Success Factors

Categories inspired by and adapted from CF success factors from previous CF literature were used

to subsume relevant substantive initial coding when possible. This process is in line with not forcing the collected data into a predefined category, but allowing the data to form new codes when necessary and employing the predefined codes when they are obvious, fit, and best explain the data (Glaser & Strauss, 1967). The similarities and differences between these categories and how they relate to the broader CF literature are explored in the discussion section of this article.

Analysis and Findings

I present evidence for motivations and deterrents from the semi-structured interviews with funders of RBCF campaigns who canceled or decreased a previously made pledge. To begin, I present the motivations to cancel or decrease a pledge. Deterrents to canceling and decreasing a pledge during a RBCF campaign are presented afterward. The resulting framework from the analysis is presented in **Figure 1** and **Table 1**. These motivations and deterrents go beyond describing and explaining the phenomena; they allow prediction and manipulation by fundraisers during a RBCF campaign.

Additionally, a model outlining the grounded processes of participants is presented in **Figure 2**. The final theory contains theoretical codes belonging to the coding family known as “The Six C’s: Causes, Contexts, Contingencies, Consequences, Covariances, and Conditions” as described by Glaser in his seminal work *Theoretical Sensitivity* (1978, p. 74). The final model was as parsimonious as possible in that it is not logically elaborated with all possibilities; rather, it emerged from the experiences of the participants as suggested by Glaser (1978). The grounded theory that was formed satisfies strict interpretation of techniques, including joint data collection and analysis, constant comparison, theoretical sampling, theoretical saturation, development of properties, and theory generation, which are sometimes missing in business research (Jones & Noble, 2007).

Motivations to Cancel or Decrease a Pledge

Reward Hunting

Unsurprisingly, funders of RBCF campaigns are interested in collecting rewards. These can take many forms, such as tangible products or experiences. Clothes, movies, video games, books, or being listed in the credits section of a product, either physically or electronically, are all examples of rewards. Rewards such as these differentiate RBCF from other types of CF, such as donation CF. What emerges from the participant data is that participants are acting in such a way as to satisfy their desire to hunt out and collect rewards. One participant described hunting for the right mix of rewards:

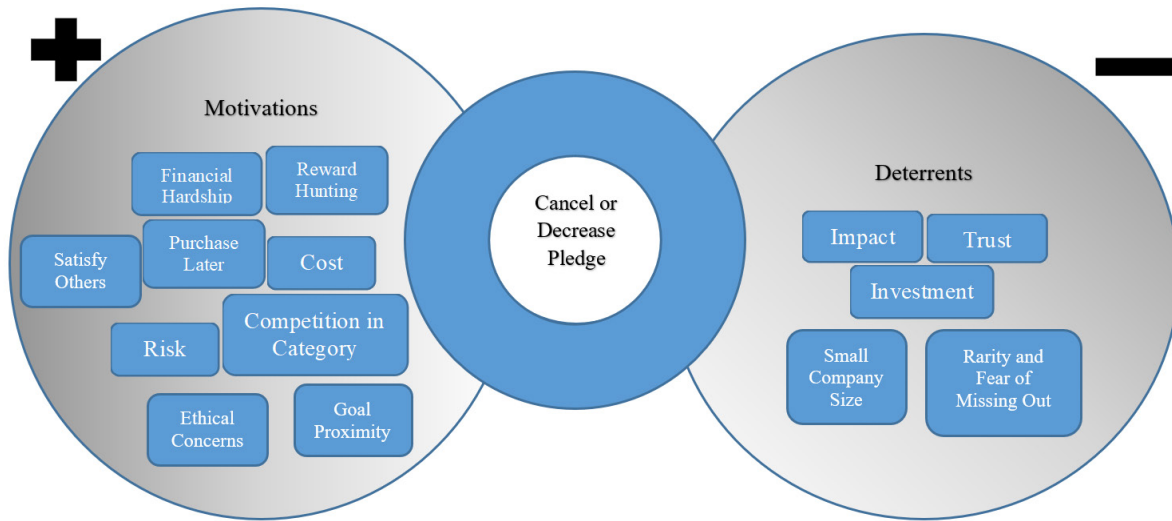


Figure 1: Conceptual scheme of motivations and deterrents to cancelling or decreasing a RBCF pledge

Motivations	Deterrents
Reward Hunting	Rarity and Fear of Missing Out
Purchase Later	Impact
Financial Hardship	Small Company Size
Cost	Trust
Risk	Investment
Competition in Category	
Ethical Concerns	
Satisfy Others	
Goal Proximity	

“And I found I was missing some books, but I bid at that level because when I did the math on it, originally, in my head, it was a good deal for the things I was missing. And went back and revisited and realized huh... I had them all from the first Kickstarter project that I backed...”

Two other participants focused on considering the value of the reward in question. Funders made references such as “get more” or wanting “extra goodies” and seem to be keenly aware of what they will get out of the transaction. In fact, both were reconsidering calculations they had made when pledging initially:

“And there were a couple other times where I didn’t flat out cancel; I decreased the pledge amount because we thought that we were going to be able to, you know, get more.”

“I’m sure there was that was probably it’s always

about the price point for me of how much am I going to get out of it. What I’m actually getting for product...”

Fundraisers need to be aware of reward tiers when designing their campaigns. Another participant remarked on a game they had purchased that they were actively weighing the rewards offered in the tiers. They were a single user and purchaser, and two copies of the reward were less desirable:

“But it did just come with like one copy of the game. And then, if you jumped up one more tier, you got a million goodies, but also two copies of the game. And I was like, I don’t need a second copy. I really do just need like the first copy. But I do want all these extra goodies. You know, all these digital texts and the extra outfit and my name on the wall in the game.”

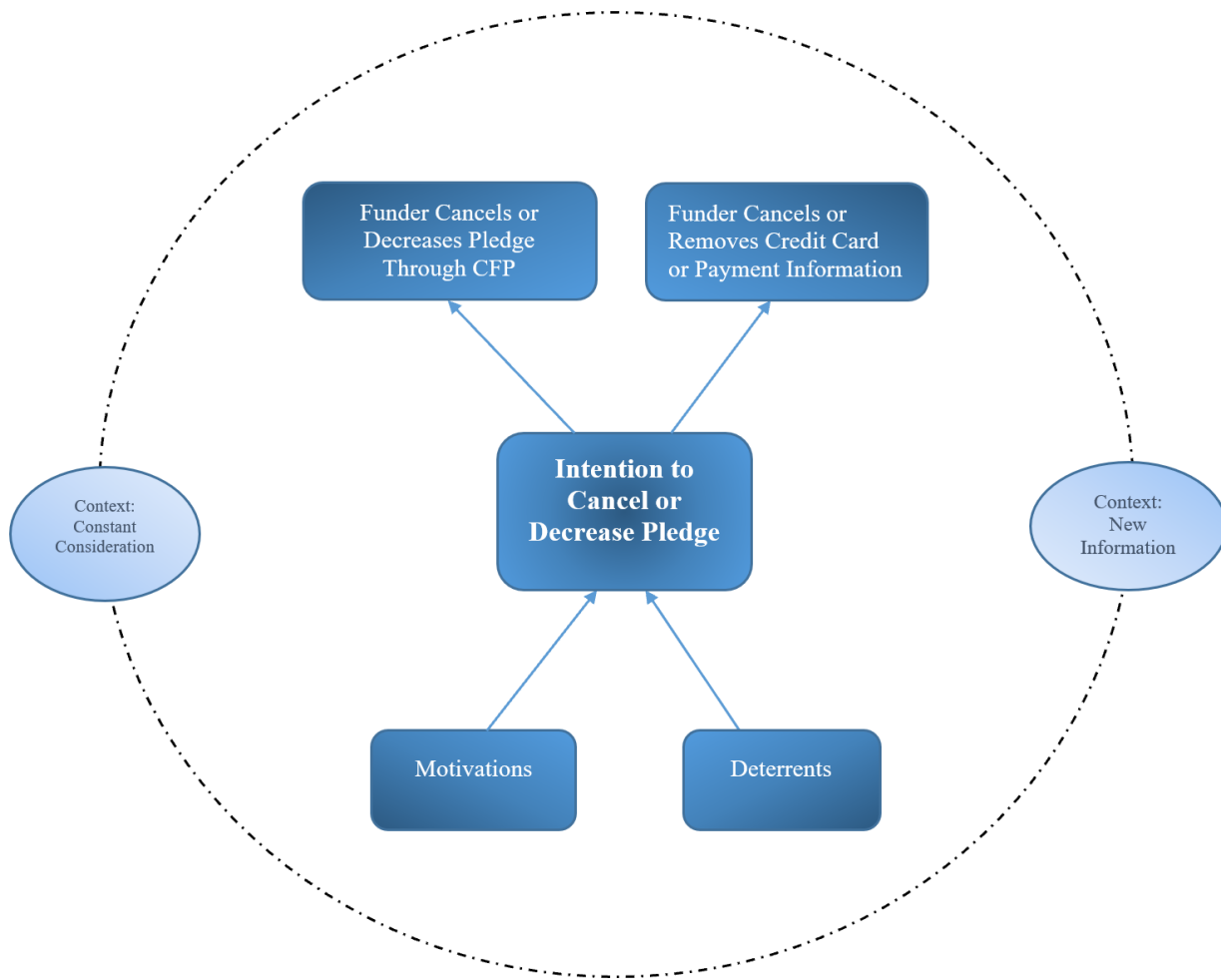


Figure 2: Grounded theory outlining the process of canceled and decreased pledges. The dashed line represents the contexts of new information and constant consideration during the campaign period.

Funders are also able to consider their ability to use the product, including temporal aspects. Offering products that do not last or are meant for one-time use impacted one participant who was looking in the design category for solutions to driving on snow in a state that did not allow chains on tires:

“I just when I got looking at it like, why am I buying something that’s temporary?”

Buyers are self-aware of their actions to attempt to maximize their rewards but also cognizant of being impulsive and pledging on a whim:

“Or if it’s a really big thing, then it’s like the bigger it is, the more likely I do wait to buy, but I mean, if it’s a big thing, I’ll spend like 20, 30, minutes digging through everything and be like, okay, is this worth it? This cost division; is there anything similar out there already? That’s cheaper? What, you know, what makes this item special? And then I’m like, okay, you know what, this seems cool. I want to get it and then later just be like, oh, that was that silly impulsive idea. I shouldn’t waste my money on that.”

Another participant described their “Buyer’s Remorse”:

“Specifically, that reward doesn’t make sense to me after I give it some thought and like the buyer’s remorse situation.”

Purchase Later

When backers know they have the possibility of purchasing items after a campaign, they are often motivated to cancel or decrease their pledge to do so. Several years after some of the first RBCFPs launched, platforms designed to fill a niche by supporting fundraisers in the post-campaign period came into being. These platforms are sometimes called pledge managers. One of the most popular pledge managers is known as BackerKit. This platform is one avenue funders can take to support a project after they have canceled or decreased their pledge during the campaign.

One participant remarked they had spent more (\$200) on BackerKit at once than they had ever spent on one project on Kickstarter (\$120). In addition to

spending larger sums on BackerKit, they explained their frequent use of the platform:

“I’ve used backer kit fairly routinely to sort of adjust my pledge amounts, especially if I have to reduce a plan pledge due to available finances.”

Gaining access to the pledge manager, if the fundraiser is using that option and has declared it during their campaign, is usually achieved by pledging an amount stated by the fundraiser during their campaign. Participating later can come with reduced rewards, such as not getting access to stretch goals rewards, which can be unlocked when funders overfund a campaign. According to one participant, that amount varies somewhat:

“So, \$1, Most Kickstarters, usually somewhere between \$1 and \$5 or \$10 price will get you access to their BackerKit, which will allow you to then participate late in the pledge, but usually without stretch goals.”

Pledge managers are not the only means of buying a product later. When considering backing a campaign that was designing a physical good, one participant noted that in addition to their reward needs, they knew the campaign reward would be available later at retail:

“Another example of that was for the mythic coins... where there were just these coins that were minted ... I don’t need all these coins. I just only need, there’s only the one I really like, and they’ll be available for sale at retail later on.”

Financial Hardship

All CF involves one or more entities spending money, whether that is buying equity, providing a loan, or donating funds to a cause. RBCF is no different and similarly impacted by financial hardships. Participants are particularly vulnerable to the timing of future income. One participant remarked that their financial hardship was due to transitioning from one job to another:

“I was, at the time, in between jobs. And had just gotten my last paycheck between my last job and my newer one.”

Career changes are not the only circumstance that can impact financial timing. Even in the absence of a notable external event, the reallocation of funds is a driving reason for canceling and decreasing pledges as evidenced by the remarks of another participant who was reconsidering not only the reward but primarily their financial circumstances:

“Usually, though, it’s mainly because I’ve reassessed my financial situation or the thing that I was, that I was contributing towards. Specifically, that reward doesn’t make sense to me after I give it some thought...”

Similarly, another participant, who was backing a games publisher that they were familiar with and

described as having a notable presence as a creator, decreased a sizable pledge:

“On Kickstarter, I initially set up for \$100 pledge. I had reduced my pledge due to fund availability and timing.”

Another participant placed the blame for their change on themselves, stating their ability to manage their funds led directly to their financial situation:

“And I think it’s mostly because it wasn’t anything to do with the team. So, I didn’t want them to feel discouraged or shamed in any way because it’s nothing they did. It’s literally just me and my money management skills.”

One participant had a career as a freelance writer and was extremely familiar with the CF process. They also frequently took advantage of the pledge manager BackerKit if fundraisers made it available after a campaign ended. Despite their unsteady work, the participant sometimes pledged at an amount determined by how much they initially want to support a campaign, only to later realize they need to adjust downward, but hoping to purchase it after the campaign:

“I’ve worked in freelance, so my income is not necessarily steadily predictable. So, I will, if I know that a place is using BackerKit, I often pledge for the amount that I wish to support it at and then adjust it downward if the need arises. If money doesn’t come in as planned, things like that.”

Sudden and unexpected financial emergencies impacted one participant in the study. They spoke about canceling a pledge after an accident:

“I actually canceled my pledge on this because, at the time, because I had just been in a car wreck and again had to reallocate funds.”

Another participant who had experienced several instances of financial hardship discussed unsteady work and financial emergencies:

“I reallocated the money to something else. Usually, I know that for several of them, I had an unexpected family emergency that I had to leave town for, that I had to leave state for. And that there were several that I had to change because of that. I had to reallocate the money. At the time, for some of the other ones, I didn’t have a steady job. I was not a 40-hour a week, I was as as needed each week. Those are the two main reasons.”

Cost

Cost is a natural consideration when purchasing an item. For some participants, a high-ticket price seems to be part of the casual circumstances leading to decreasing or canceling a pledge later. Take, for example, one participant who did not cancel but decreased from an amount they considered too large:

“I didn’t cancel it. I just decreased my pledge from

like, super high to like a little bit.”

Other times, participants seem to realize exactly how much they are about to spend:

“The reason that I dropped it was because it was \$350, plus shipping for a board game that I had never played. And after thinking about it for like two weeks, I just couldn’t justify spending that on it. There was not a transfer, like a lower cost of it, it was just literally 350 or nothing.”

Receiving a physical reward is a reason some funders contribute to RBCF campaigns. Shipping costs and associated concerns were mentioned by more than a third of the interview participants. One participant directly compared the cost of shipping to what they were already spending:

“I don’t want to pay \$50 for a \$200 game in shipping.”

Another participant’s calculus was similar:

“So, it kind of becomes more cutthroat, where it’s like, Okay, I like eight of these, and they’re only 10 bucks apiece... and each one is \$5 shipping, and all of a sudden I’m spending \$120 on less, it’s less pages that I’m getting, you know, paying more than \$1 a page.”

Though some had already accepted a shipping cost for their physical product, they were unprepared for the impact that the COVID-19 pandemic had on shipping. One participant commented on the cost of the product and the pandemic-related shipping increases that were responsible for the cancellation of their pledge:

“Yeah, I did a, in the past year, there was a Kick-starter for a printing of terrain for miniatures by a company Acid House Terrain. I ended up ultimately dropping from that because it just wasn’t, the pricing had gone up so significantly because of COVID. That I just completely dropped off of the project because it was partially because the shipping rates have gone through the roof.”

Shipping was also a concern for campaigns conducted overseas that would have physical rewards shipped to the United States of America. Participants actively note overseas shipping cost-related concerns:

“No, no, no. Not spending \$100 on it because they’re also in Germany. And I think it will come out to around \$100, and \$60 of those dollars would have been for shipping.”

Another participant stated:

“Sometimes yes, but not as much unless they’re coming from overseas, in which case, I’m a little more leery about the shipping because it can be quite a bit if it’s physical.”

Sometimes, a lack of consistent shipping across tiers or reconsideration of the intervals between price jumps in shipping is responsible for funders cancel-

ing and decreasing their pledges. Fundraisers should take note of such jumps and inconsistencies in an effort to better distribute costs. The exception would be if the fundraiser is purposefully directing funders toward certain reward tiers for margin purposes.

One participant expressed their desire for standardized shipping rates or to have the shipping cost built into their purchase:

“To have the same shipping rate. Or, if they had just incorporated the extra shipping in the initial cost, I would have never done the higher rate and then just got the lower one. So, I would have never decreased because I never would have gotten it.”

Funders decide to minimize costs, including switching to similar products or electronic products to avoid extra shipping costs for physical products:

“From \$45 to \$35. And then, there was shipping involved with the art book, and I was like, I just want the digital goodies because that way, I don’t have to also pay for the shipping.”

Risk

As with most entrepreneurial ventures, RBCF contains an element of risk. Funders are concerned that a project might not deliver while fundraisers are concerned that they might fail to develop a product, experience delays, or funders will change their minds and reduce or cancel their pledges, causing their campaign to fail. A majority, in fact 11, of the participants were motivated, in part, to cancel or decrease their funding due to perceived risk.

For example, one participant complained about a disorganized campaign with little progress that made them uncomfortable, despite knowing one of the members of the campaign’s team who was designing a movie:

“And I almost felt like they would, they said they were doing something and then they just weren’t filming. I personally felt like that they were just not filming and using the money for something else.”

Sometimes, the risk created worry, so canceling the pledge allowed one participant to finally experience peace of mind:

“So, I canceled the pledge, so I didn’t have to worry about it later on. And I don’t remember exactly what the program was. But they came out and said they didn’t believe they would make it about halfway through the campaign.”

A fundraiser’s failure to deliver on previous CF campaign promises can also create the perception of risks for future campaigns. For example, one participant had been waiting years to receive rewards from a creator’s previous CF campaign:

“Yeah, as I backed a game ... And that was actually part of why I canceled the... pledge was that I still haven’t received that game. I put, that campaign was

two and a half, maybe three years ago, and I still have not received the damn game. So, I definitely pledged and thought you know what? Yeah, no...you prove to me you've actually shipped something."

Ultimately, funders must protect themselves from making investments into projects that may never come to life. A large number of RBCF projects fail to fund; of those that do, failure to deliver is a possibility. Even for campaigns that have reached their fundraising goal and designed a product on time, late delivery is frequent. Once the campaign ends and funds are collected, the fundraiser is often given a wide berth on when the product delivers. Additionally, some fundraisers experience pitfalls that funders are aware of; specifically, funders are on the lookout for scams. One participant doubted that the technology for a new video game console existed or was possible given the funding goal the campaign listed:

"Oh, yeah. I just, I did not think that the money didn't make sense. The money didn't make sense for what they were going to be able to do with the technology. It just if someone's like, I'm gonna sell you a \$1,000 diamond for 20 bucks. You know, it's a lie. It just doesn't make sense."

Another participant provided a detailed accounting of their thought process that led them to call a fashion project for a jacket a scam later in the interview:

"And I feel pretty lucky actually that I ended up canceling this pledge because that product funded and never went out. But it was like a travel jacket. So, it was designed with like a bunch of specific pockets, security stuff for your like, passport, it was waterproof. It was supposed to be good for like, temperatures under 30 degrees, but still be comfortable when it's hot out. So, I think, for me, it was a lot of, the creator was like, so, I think, over the top about like, how great the product was, and how great it was going to be. And saying like all the stuff that it could do, and it ended up like, it seems great at first, and I backed it. But, then like, I kept seeing, like, the updates, and they were all updates that were like: this product is going to be so great. And not a lot of this is how we're going to get the product done."

Competition in Category

Startup competitions, where fundraisers can pitch a startup, idea, or invention to investors, are one tried and true method of obtaining financing for new ventures. Although competition can inspire entrepreneurs to move forward with an idea and competitors can learn from one another as they are competing, competition can also trouble entrepreneurs who view their competitors as taking a potentially limited resource away from them. In the context of RBCF, that means funds and funders. Those fundraiser concerns were justified by the opinions of funders in this study. Consider what one funder said about a

"cluster" of projects in a category and being last:

"Just constant updates all the time, about like, all the progress they were making, which is kind of why I didn't stop backing them because of anything they did. It really is just they were the last Kickstarter in that cluster that I was backing. So, they kind of just got the short end of the stick on that one."

The same participant explained they had to decrease their pledge with some possible regret:

"So, I was like, well... I already have three other farming sims. Uh, sorry, babe, I gotta decrease ya because I already have other things. But that's it."

One participant described an event with many creators in the category participating; of particular note is their vivid description of it being "cutthroat":

"Another one, an indie zine game \$10, called the Vast in the Dark. Backed it. Canceled because at the time, I had been taking a lot of small Kickstarters like that, to back. And then I realized I just had too many, and I had to eliminate a couple. And that one just wasn't as good as the others. That was during Zine Quest. During February, on Kickstarter, they kind of do a special thing for people who do small role-playing game books. So, like small, I mean, like 20 pages or less, sometimes a little bit more, but so there'll be like, you know, three or four months, and then during February, there'll be like 50. So, it kind of becomes more cutthroat..."

One participant described their struggle with simultaneous campaigns. When creators they followed in the games category launched new campaigns at the same time, they had to make a decision:

"I would say that, yes, there was a point where there was a bunch of D&D creators that I follow that were doing their Kickstarter is like, the same time. And I would have to gauge of like, okay, well, this one's giving me a GM screen. You know, do I really need the one from this group? You know, things like that."

Ethical Concerns

Funders also have ethical concerns that impact their pledges to a campaign. The concerns revolved around sponsoring an unethical campaign or concerns about the human capital behind a project. That human capital can be a fundraiser, company, writer, designer, or partner. Regardless, funders watch these individuals and sometimes experience ethical considerations that motivate them to cancel or decrease their pledges. Some of the interviewed funders expressed concerns not limited to sexual assault, harassment, racism, greed, theft, gender representation, geo-political concerns, cultural appropriation, and fetishization. Sometimes, the concern involved a scandal; sometimes, it did not. One participant, who frequented the social media platform Discord and had backed campaigns on multiple platforms such as Kickstarter, IndieGoGo, and Itch.io, revisit-

ed comments they made earlier in the interview to clarify and note what would instantly turn them off a campaign:

“I guess my only thing that would turn me off as if the creator or someone on the team is known to be like a Nazi sympathizer or some sort of a supremacist that’s just that would get me instantly turned off...”

Sexual harassment was mentioned as a direct reason for cancellation by one funder who had backed upwards of 300 projects. On Kickstarter, the funder had earned the title “Superbacker,” a recognition and loyalty program offered by the CFP. This backer had also used a variety of other CFPs, including Gamefound and IndieGoGo. In addition, they also pledged to more than a dozen campaigns concurrently and have followed up with campaigns during the post-campaign period on pledge managers such as BackerKit. They spoke of gaining new information from the news about a company’s misdeeds:

“Because through a news broadcast, I learned that some of the high upper echelon were not really good people. And so, I pulled my support because I didn’t want to support someone like that... Yep. Gonna see where the article was. But apparently, there was sexual harassment.”

Gender and sexual orientation issues were paramount for one participant, who was backing several video games:

“But if I can’t be like, gay, in your games, the most basic of like, even if you don’t have like a gender-neutral option for me to play as, that’s fine. I’ll play like whatever. But if you, if I, play as what you consider the male main protagonist, and you don’t let me date the other male characters because just because you didn’t think that that was a thing you want to put in your game. Like, I won’t back your game.”

They continued to state that one of the games they were backing at the time provided an update in their FAQ that assuaged them:

“Yeah, they’re updating like, all the time as well. I mean, I’m getting emails from everybody. But like, oh, yeah, I’ve actually just looked at the FAQ. The first question is, will there be same sex marriage? And the only answer is, yes, exclamation point with a happy smiley face.”

Sometimes, funders are more concerned with the impact of the campaign. In the most striking case, I interviewed one funder who had been backing projects on Kickstarter since its inception and had used multiple platforms but tended to follow creators, not platforms. The participant had canceled five projects due to ethical concerns. In the first tragic example, they related canceling a video game about corrupt police due to the Ferguson, Missouri, shooting and unrest in America:

“... I canceled that because, I think, Ferguson happened.”

They continued with another example of a canceled pledge. Their motivation for canceling their pledge to a Japanese-inspired webcomic was the sexual fetishization of the female characters:

“It started coming dangerously close to a fandom called ‘Lolicon.’ It’s a decade of animation fandom saying that, and I’m gonna shower after saying it, over, all about fetishizing underage girls. And, like I said, not comfortable with it. So dropped.”

They stated that they also were not willing to support any company, including the video game designer behind a video game they were backing at the time, that had ties to a questionable foreign government. Despite the fact the video game was a revival of a series that had never concluded properly, and they enjoyed the two previous titles when they were younger, they drew the line as follows:

“...oh, hey, this is a country that again, I don’t want to be associated with.”

Satisfy Others

Participants had a strong desire to satisfy others. They told stories of unappreciated gifts and negative feedback from significant others, friends, and family. One participant, who noted their enjoyment of CF to support creators’ visions and had pledged to more than 40 campaigns, noted canceling a previously made pledge directly after their husband expressed distaste:

“One, in particular, that I remember specifically, canceling my pledge was a was a tabletop organizational system, where you can actually raise your board game above the level of the table... I backed it as a gift for my husband... It’s a gift for you. And he hated it... he’s like, we don’t need those. And I’m like, like, Oh, okay. Well, good. I could still cancel it.”

Another participant was active in the military and enjoyed pledging to Kickstarter campaigns. They liked to show off their RBCF rewards to others and related a story about buying an item to share with their wife:

“That’s all I can think of. I mean, except for the one exception, where I was looking to get a one part of Kickstarter for my wife. And then, I eventually showed it to her. And she’s like, I’m not that interested in like, okay, and then that caused me to lower my bid or lower my pledge.”

One participant noted they had a group of friends who would come together for a shared purpose and play tabletop games together. After backing a fundraiser’s second campaign for accessories useful for their group, the participant dropped the pledge after feedback:

“And what he’s making are physical scrolls that are artistic ...got ... odd drawings on them, things like

that. They're really very beautiful... Now, by that point, I had already signed up for the second level ones. Again, well, it'll be great; they're beautiful. People didn't like them, which caused me to drop them."

Goal Proximity

Some funders are keenly aware of the progress of a campaign and keep note of it. Most CFPs display a campaign's current fundraising goal. Even the rare campaign being self-hosted on a company's own website is likely to include a funds tracker; doing so creates the impression of a CF campaign and not merely a preorder on an e-commerce site. One funder who struggled to remember much about a campaign did clearly remember their primary motivation for canceling their pledge. The campaign was simply, in their estimation, going to end up failing to raise enough funds to succeed in the time it had left: "There was no way that they were going to meet their goal in the timeframe. So, I canceled the pledge."

One funder was given reason to believe that a campaign they were funding was having various issues, and it would not get off the ground. The warning an acquaintance on Twitter provided them spurred them to action and validated their concern because the project was canceled in the end:

"Because I remember with this one, too, I want to say there were actually some posts that somebody forwarded to me on Twitter, basically saying, you know, hey, this looks like it's gonna be really problematic game and, you know, debating whether or not it was actually going to get off the ground. And I think at the end, it actually did get canceled. But, I'm pretty sure I ended up pulling my pledge before them getting canceled."

Very few actions can doom a campaign to failure like the fundraiser announcing its impending failure. One funder spoke of such an event where the creator announced their likely failure to raise enough funds from the campaign:

"But they came out and said they didn't believe they would make it about halfway through the campaign. Because the technology just wasn't quite as readily available as they'd hoped. And they weren't getting nearly enough pledges to try to get through it."

Deterrents to Cancel or Decrease a Pledge

Rarity and Fear of Missing Out

RBCF campaigns offer funders exclusivity and instigate the fear of missing out by offering several strategies, such as early birds, limited reward tiers, exclusive items, credits on a project, discounts, or stretch goals. One participant noted stretch goals as a reason to remain pledged to a campaign:

"Yeah, stretch goals were something I've considered, and stretch goals are definitely like there's been a lot

of, there's been a number of them, that you know, the reason for maintaining a pledge as opposed to just dropping off of the Kickstarter, and coming back later for BackerKit, was to hang on to those stretch goals."

Another participant, after describing a number of projects where they had canceled or decreased their pledge, later remembered backing a board game based on a popular video game. They mentioned, similar to some other participants, that stretch goals and exclusives were responsible for them maintaining their pledge:

"I was going to just get the base game initially, which was 75 sterling pounds for the original pledge. I was just going to get the basic campaign. And then, I ended up going all in on the to the all-in pledge, which was 364 pounds, and the reason for that was that half of the stuff that was included in it was Kickstarter exclusive. And because of the secondary market that, as previously mentioned, that occurs with Kickstarter games, I knew it would be essentially impossible to be able to collect it at this price via the secondary market if I wanted to complete the collection of games."

One participant who used Kickstarter's own recommendations for new projects to find new campaigns noted the impact that early birds had on them:

"I never canceled on early bird. Because they are man. Those are, in my opinion, probably the best incentives."

Another participant who had backed more than 100 projects and had canceled or decreased their pledge on dozens of campaigns over a period of 8 years repeatedly used the term "bail" for canceling a pledge. They described the allure of early bird specials and described themselves as being aware of the draw of unlocking rewards:

"I'm, I'm a, I'm a sucker for unlock, like when you're unlocking things and more things get added."

A different funder, when comparing a campaign they canceled to another they did not because of fear of missing out and limited rewards, remembered:

"And one of the things they talked about in the campaign, is that, you know, other than describing it, they say that they only do a limited print run of these. And once they're gone, they're gone. And they even have like, a website where you can go to and you can actually see previous campaigns that it now says out of print. That really made me think, okay, if I want this printed, this is my only chance to do it. Like you can buy the PDF on their website. But if you want it in print, it has to be now."

Impact

Funders can enjoy contributing to a campaign as much as they enjoy receiving a reward from a pledge.

Sometimes, that comes in the form of contributing ideas or providing suggestions for improvement. Other times, feeling as if their pledge is important, their pledge matters, and they have had an impact on the campaign they are a part of, deters them from canceling or decreasing their pledge. The following funder, who used different terms such as “help” and “donate” during the interview, said:

“I would say that, again. It’s something as simple as making the people that are pledging to your project, making them feel important, making them feel like their pledge actually matters.”

Another participant was excited to explain that having an impact can mean the funder is important up to the final minutes of a campaign:

“Oh, I mean, if it was like, we need 20 more dollars, and it’s the last night of kick, like if the final minutes of the Kickstarter, I would probably reload the page a few times. And then, I might even increase my pledge if I see it’s right on the cusp.”

Similarly, another funder stated that they would be deterred, creating a vivid image of the funding goal as an obstacle to be overcome:

“So yeah, that’s one of those things, where if, if I did have something where I pledged and it looked like they were close to being backed, or they had just barely gotten over the hump, then I wouldn’t have decreased it.”

Small Company Size

RBCF has allowed creators with large dreams to overcome rejection from traditional financial institutions. Minority business owners have been able to test their products with the “crowd” and have found success. Female fundraisers, in particular, have found a home, with success rates surpassing male fundraisers. Whether a creator was a small company, an indie developer, or as one participant put it, “...just one dude cranking things out,” funders were sympathetic to the difficulty of being a small business owner and launching a campaign. One participant summoned a vivid description of throwing money into a void, despite the risk:

“Or maybe I’ve thrown, you know, 20 bucks into the void. But that’s the kind of a risk I’m willing to take when I, you know, really want to support indie developers.”

Another individual spoke of awareness and financial planning when supporting indie developers to avoid canceling or decreasing their pledge:

“But it’s a smaller, you know, it’s very indie. So, companies like that I tried to be as, I guess, I try to be as aware as I can going in when I make a pledge, like, you know, I try to make sure I’m gonna have the money on hand before I drop a big amount.”

One participant harkened back to some of their earliest days of CF when they could support interest-

ing and unique projects created by small businesses. They even lamented a bit about corporations finding their way into the RBCF space:

“And because it was small, like I felt not like not beholden to this idea. But that I wanted to support, like a small business like that was something that I do think that Kickstarter uses too, not as much anymore because I think there’s a lot more corporations that have found ways to make use of crowdfunding. But I think I funded my first thing in like 2013, 2012, like, a long time ago. And it was mostly small creators who were looking to do something interesting or unique. And so, I definitely wanted to remain a part of it if I could.”

Trust

Funders pledge to campaigns where they trust the fundraiser to use their pledged funds wisely. Although it varies across CFPs, the most popular CFPs use an All-Or-Nothing (AON) mechanism where funds are only kept if a campaign achieves its fundraising goal, a Keep-It-All mechanism (KIA) where any funds raised are kept, or a choice between the two. Regardless, funders respond better when the fundraiser is transparent with their expenses:

“But transparency is a big thing for me. Not feeling like I’m being used as a cash cow is a big thing.”

Having known intellectual property can also aid in developing trust with funders. One funder of games and technology products noted:

“Which is sometimes, it’s usually a deterrent to myself, if I know what the stretch goals are and the history of that company doing Kickstarters as well as, they generally, the IP, or the general product that’s coming into play here.”

Being reliable is important to funders. Fundraisers who can prove themselves again and again are more likely to secure funds from backers:

“Those are tried and true companies that I trust that I back with and will be looking forward to backing games of theirs or products in the future.”

Knowing, or even meeting, a fundraiser or the development team for a campaign can influence funders. One funder spoke emphatically about having faith:

“I’ll probably say if it wasn’t for the fact that I knew somebody working on that project, I might have just pulled all of my contribution out. But I was holding on to having faith in that that person that I knew and that’s why I at least wanted to give them something to let them know I supported them.”

Investment

RBCF has many similarities to investment CF. In fact, some rewards are valuable as investments or alternative investments, such as collectibles and specialty products. Enjoying a reward and investing in a project to have the potential to reap a monetary

benefit later are not mutually exclusive. In fact, some secondary markets have formed for CF products. One participant who enjoyed toy miniatures stated succinctly:

“But if, if it’s Kickstarter exclusive, there’s a secondary market for it. It doesn’t matter what it is, essentially, in the marketplace, it could be a sticker. And it’s gonna go for some absurd price on eBay because somebody’s gonna want it, and you can’t get it anywhere else.”

Another funder spoke of the collectibles market that has formed around rewards from campaigns in the games category:

“...especially in the gaming market there, these are, these can be collectible, they can be trash, they can be worth money. And if a Kickstarter does very, very well, they can easily be worth money.”

Context: New Information

Campaign Updates

CFPs allow fundraisers to quickly update funders of a campaign through project updates. These updates are crafted by the fundraiser and displayed on the campaign page. CFPs also allow messaging services, so funders can be notified via email or by app notifications if enabled. Fundraisers commonly post updates on their funding status or a campaign achieving the stated funding goal, but the updates can also provide funders with key information, such as product specification changes, additional business partners, or creative team changes. Fundraisers can also directly address common questions funders have in the form of a question-and-answer update.

One funder considered updates ubiquitous and made frequent use of them:

“I read the updates frequently.”

Another remarked that they preferred to receive updates from the CFP app notifications, and afterward, they would read the comments section of the project page for additional information:

“And then I think I also for Kickstarter, get the pop-ups on my phone, that do the little mini notifications about, hey, there’s a new update from the writer. So again, go in and check those and then usually read the comment section at the same time just to sort of see what the state of things are.”

Campaign Comments

Many CFPs allow everyone or those who have funded a campaign to post comments and ask questions. Due to their nature, funder comments can be far more common than project updates from the project creator. Fundraisers can answer comments or watch for common themes or sentiments and address comments during later campaign updates. Commenters can ask difficult questions or propose solutions. They can even co-create and contribute to the devel-

opment of a project. One funder used comments to help them make decisions around campaigns:

“But then as people have commented, or there’s been dialogue with the creator, or sometimes, it’s the publishers involved, that it starts to look like that particular project is going to be questionable, like, the initial one that I mentioned was, and so sometimes, I’ll cancel for that particular reason.”

Another participant noted that they looked for answers to questions they had, but tried not to let negativity in the comments section impact their decisions:

“I will check them to look for answers to questions I have... I usually find the answers out in the comments, and I try not to let other people’s negativity change my decision.”

Websites

Some funders use the CFP primarily for funding activity and prefer to use outside sources for information about an ongoing project. When asked about the primary source of information during the campaign, one participant replied:

“I believe it was just the overall creator’s website.”

Another noted their use of the Kickstarter CFP, social media, and a general company website they frequented:

“It was primarily Kickstarter. Um, they did have a company website that I went to a few times when I was wondering what was going on with the project. They did have a social media site that they updated, but not with things on the project.”

Social Media

A variety of social media was used by participants in this study. Twitter, Discord, Facebook, Reddit, YouTube, and Instagram were mentioned. In addition, some participants remarked on advertisements through social media, particularly on Instagram. One Instagram user noted their taste in memes allowed “the algorithm” to identify their interests. Another participant noted their use of Discord and went so far as to say how they do not use Kickstarter notifications:

“Definitely. Discord. I got all of my updates usually there first. And I heard all about hey, we just made another dev diary. You know, you can check it out on Kickstarter because I don’t have like Kickstarter notifications turned on.”

Funders follow fundraisers they trust. In addition to being able to follow creators on CFPs like Kickstarter, one user commented on their use of Reddit, which is presented much like a forum, to keep in touch with publishers, brands, and writers:

“So probably, the primary place that I get a lot of information is going to be from Reddit. So, I’m on a number of different subreddits for either different

publishers, different content lines. I follow a few, like actual users on Reddit that are writers, that use their, that have an account as the writer that they are.”

Nearly a quarter of the participants were Instagram users. One participant who frequented Instagram and had encountered RBCF advertisements there, noted:

“As far as social media, for the most part, it’s mainly Instagram.”

Some backers mentioned using Instagram for fan artwork, which can help to create or strengthen a brand. If a creator decides to use the art, then it is also an example of co-creation. It can also act as a catalyst for increased word-of-mouth. While noting their preference for Discord, one participant remarked on their use of Instagram:

“And just for you know, Instagram updates, and just for fan art.”

One participant described themselves vividly using YouTube to glean information on a project, a project they later decreased their pledge to:

“I was pretty aggressively looking at the game online through YouTube and other social media venues.”

Another participant mentioned websites covering reviews, but in addition, identified YouTube as a source of information for reviews of previous products that a creative team has developed:

“YouTubers or also just reviews on websites where they talk about how good their stuff is.”

Direct Messages

Sometimes, fundraisers will contact funders directly to petition them to change their minds. In the case of one participant, a fundraiser messaged them directly through the CFP messaging service to notify them of a discount:

“And they said thank you so much for getting back to me. Also thank you for your honest feedback. That is fair enough. Please let us know if there’s anything we can do for you. We are happy to offer you a discount so you can join us aboard.”

Other times, the funder will reach out to the fundraiser or a member of the creative team to gain additional information in the process, which in the following case, reinforced the funder’s decision:

“I did, the person who initially referred me, I did reach out to him. I let him know that I was having second thoughts about my pledge. And I still wanted to help, but didn’t think that I would be able to help as much, and I was very diplomatic about it. And the only thing that I got back really was I believe he said he was having an argument with one of the other people in the project and that he understood.”

Context: Constant Consideration

Participants considered and reconsidered their ex-

isting pledges. One way this occurred was when funders discovered new information, or during the reconsideration of existing information. The time it took to consider the pledge varied dramatically between participants. Some considered their pledges over the course of a day. However, some took weeks to consider their pledge. Interestingly, some participants who had canceled or decreased multiple pledges across campaigns indicated there was no standard for how quickly they made their decision. One participant stated:

“I think that one had actually gone quite a while before I actually decided if this looks like it’s spiraling a little bit and pulled, so I don’t know if there’s necessarily a standard.”

Canceling or Decreasing Quickly

Some participants consider their pledge only briefly before changing their minds. One participant who noted issues with a campaign stated:

“... I think it started to unravel within the first few hours of the whole thing coming together.”

Whereas another, upon considering the implications of the campaign offering a pledge manager later, decided to decrease their pledge to the minimum amount required to gain access the very next day:

“...I put it in at the top amount, and then I think the next day, once I realized that I didn’t have to immediately drop the \$79 on it. And I could pick whatever I wanted.”

Canceling or Decreasing Slowly

In contrast, the process of consideration for some is a slower, more deliberate one. Commonly, slower considerations seem to take a few weeks. Consider the following three participants, who all indicated that it took them a week or two to decide after pledging. The first noted when they decreased an extremely high pledge:

“I think it was... a week or two.”

The second remarked:

“So, I decided to, after about two weeks, I bailed out.”

The third, a participant who was never involved with RBCF for the community aspects, recollected:

“And after thinking about it for like two weeks, I just couldn’t justify spending that on it.”

One participant indicated they were actively considering the remaining time while weighing their options:

“And during the time that it took for the Kickstarter to initially start, and the end, I thought about it, I thought about what I would get from a higher-level pledge where I would get multiple sets of the dice and like, you know, don’t really need extra sets... So, I started out like big, but then like downgrade a little bit later be like, No, I only need the one set of dice. And, let’s see, that’s pretty much things like

that, where it's like, I might start big. And then over time, think about it, you know, slip out of it and be like, I've got some time before it ends to change my mind. And then be like, oh, you know, maybe I don't need it quite as high."

Canceling or Removing Credit Card or Payment Information

In response to being asked about purposefully canceling a credit card to effectively cancel their pledge, one participant replied:

"I, yeah, it was very early on in Kickstarter. I do not remember what the campaign was. And like they made, for whatever reason, it really hard to find the cancel..."

Fundraisers must contend with this type of behavior from what appears to be a small minority of funders. Another funder canceled their credit card immediately post-campaign in response to shipping increases:

"... I Kickstarted it, paid like \$120. And then, they sent out the money for the later fee for shipping and it was like \$50 or something stupid. And actually, I'm not, I'm not doing this. I'm not paying this."

Discussion

RBCF presents entrepreneurs with an alternative to traditional financing, giving them another option for accessing capital for new ventures. While overall campaign success factors have been studied, this paper contributes by offering exploratory analysis into the inner dynamics of campaigns, funder motivations, and the contexts in which they occur. This exploration contributes to the broader literature by being one of the first extensive qualitative appraisals of RBCF and funder behavior. By interviewing funders of RBCF campaigns who have canceled or decreased their pledge, the discussion around funder motivations and what occurs during a RBCF campaign is furthered. To begin, how funders gain new information during a campaign and the timing of their decision to cancel or decrease their pledge is examined in light of relevant research. Then, the primary discussion concerning each of the discovered motivations and deterrents in light of recognized RBCF campaign performance and success factors as well as the broader literature are presented.

Although many of these topics have been discussed in the extant literature, these factors have not been studied in this exact context. Despite that, I synthesize the findings of this paper and the extant RBCF research in this section. Then, I present three relatively unexamined subjects in the RBCF space. I examine ethical considerations funders make that appear to motivate cancellation, and which present unique obstacles to RBCF fundraisers and campaigns. The focus then becomes the funder motiva-

tion to satisfy others, such as friends and family, and the willingness funders display to cancel their pledge to do so. Finally, that examination is followed by further scrutiny of funder behavior and the impact on active campaigns when presented with the possibility of purchasing rewards past the end of a campaign, from a pledge manager such as BackerKit or at retail.

Information and Consideration Contexts

My study validates previous findings from researchers concerning funders' social media use and its importance. Participants frequently mentioned using campaign updates, comments, and social media to gain initial and new knowledge about a campaign. This result agrees with previous findings where funders and fundraisers relied on social media during RBCF campaigns (Gerber & Hui, 2013). Furthermore, recent findings indicate that the percentage of funds raised relative to a campaign's stated goal correlates to social media utilization on the part of the fundraiser (Clauss et al., 2020). Integration of social networks as a means of interaction with funders can be viewed as pivotal to the success of campaigns (Belleflamme et al., 2014). Regarding other sources of information during a campaign, Mollick's (2014) seminal study found that updates and comments were positively predictive of a project's success. Updates as a signaling factor to funders in RBCF also generalize to campaigns from Japan and Taiwan as project update frequency improves campaign success (Yeh et al., 2019). Similarly, in China, updates are also antecedents to success (Shahab et al., 2019, 2020).

Some participants in this study also checked external websites, that is, outside of the CFP, directly. Such usage has been discussed in previous literature and can include sites such as forums or a fundraiser's website (Gerber & Hui, 2013). It is likely that funders will continue to use company websites in addition to CFPs to research products and companies. In fact, some large, established firms with established brands are beginning to attract attention for their use of RBCF as a marketing tool (Brown et al., 2017). In addition to a fundraiser's ability to communicate using the update or comment features of CFPs, communication using direct messaging services within a CFP, direct messages within a social media platform, or email if provided, allow funders and fundraisers to communicate in an one-on-one manner. An example of a creator's utilization of direct email solicitation has been documented in previous research (Hui et al., 2012). This paper contributes by providing evidence of direct messaging instigated by funders.

Lastly, more research is needed concerning the consideration and timing of funders altering their pledges. Participants expressed clearly that they

decreased or canceled their pledges at any point in the campaign and after any length of consideration. Participants pondered their pledge in light of new information or during the reconsideration of existing information. Researchers could attempt to gain access to pledge data direct from CFPs to answer this open question but would need to be cognizant of local laws and privacy concerns.

Comparison of Motivations and Deterrents to Existing Literature

Motivations

This study also found support for a portion of the typology developed by Ryu and Kim (2016) indicating that some funders, or “reward hunters,” were focused on seeking high-value rewards. Funders frequently mentioned reward-related motivations, such as reward mix, but also nuanced aspects of rewards, such as seeking campaigns offering physical or electronic options for reward tiers. They also experienced buyer’s remorse. The well-replicated positive relationship between the number of reward offerings and success (Shneor & Vik, 2020) lends support to the prospect that campaigns offering a variety of rewards that appeal to funders seeking the right reward will do better than those that do not. In fact, Bürger and Kleinert (2021) describe certain funders as being motivated primarily by attractive rewards for their pledges. The motivation to collect rewards was also found in sports clubs RBCF (Kościółek, 2021) and for funders of projects on the CFP Fundovino, which specializes in wines (Mariani et al., 2017).

Since relatively little literature exists concerning how funders make decisions, there is limited information on funder financial hardship. Although there is limited evidence that funders will sometimes prioritize fundraiser needs above theirs (Gerber & Hui, 2013), this study presents a more balanced view. It can be argued that in the majority of situations, funders recognize their financial limitations, and should the need occur, they are willing to cancel or decrease their pledge, particularly in situations involving financial emergencies. In addition, regarding financial difficulty, in a similar context on Patreon, it has been hypothesized that funders across all campaigns routinely cancel pledges due to budget constraints (Regner, 2021).

The study of reward costs in RBCF has been popular among researchers. Some researchers have tested fundraiser optimal pricing strategies with game theory models that attempt to account for funder perceptions (Du et al., 2020). Other game theory papers focus on developing pricing strategies, such as margin or volume, among others, and optimizing profit with regard to the strategy (Guan et al., 2020). Yet others consider pricing and packaging sizes together (Peng et al., 2020). Lastly, some test their theoretical

conclusions empirically (Chen et al., 2020). The results of these theoretical games are highly dependent on the particulars of how the CFP functions, including if the CFP uses an AON or KIA approach and what information is public or private. Regner (2021) noted that regarding cancellations of monthly subscriptions on Patreon, a different fundraising model, the possibility of canceling the recurring monthly pledge serves as a possible feedback mechanism.

Creators display various types of incompetence that impact backers, among them improperly forecasting costs or not preparing for the shipping of products (Leone et al., 2018). This incompetence primarily impacts campaigns after the fundraising period has ended. However, there are several ways that funders can be motivated to cancel or decrease their pledge during the campaign. Sometimes fundraisers will add new tiers while the campaign is live. In such cases, they might add an electronic or physical product that contrasts starkly with an already available tier. Other times, updates or responses to comments will indicate some additional cost, such as a more accurate shipping cost, to the funder that is new or of which the funder was simply unaware. In that sense, information asymmetry can impact cancellations and decreases. It also presents an opportunity for CFPs to integrate multiple methods of calculating shipping similar to the services offered after a campaign ends by pledge managers such as BackerKit.

Additionally, my study aligns with previous findings that risk is a performance factor for RBCF, one that negatively impacts a campaign. Participants expressed concerns and were willing to cancel or decrease their previously made pledges over concerns of fundraiser scams, betrayal over campaign promises, disorganization, fundraiser progress, and discomfort regarding how a campaign was progressing. These perceptions of risk in RBCF are in line with previous research that has found performance risk negatively impacted the intention to purchase (Li et al., 2019). Similarly, results agree with RBCF research that has shown in the Middle East and North Africa, perceived risk and motivation toward financial contribution are negatively related (Salem et al., 2022).

Several RBCF studies have investigated the relationship between competition intensity and performance (Shneor & Vik, 2020). A vein of research shows that competition negatively impacts campaign success (Janků & Kučerová, 2018). The findings from this study validate that relationship. This investigation’s participants strongly suggested that competition between a campaign and other similar campaigns led to decreased or canceled pledges.

Concerning a campaign’s proximity to the funding goal, I found that participants were motivated to cancel or decrease their pledge when the campaign was far from the goal and likely would not succeed,

especially so for situations where it seemed the creator was discussing failure or the campaign might be canceled. Although the target sum determination as a success and performance factor is still debated due to inconsistent findings from multiple studies (Shneor & Vik, 2020), this study lends support to the principle of setting realistic and smaller goals, which is in line with previous research on goal proximity (Kuppuswamy & Bayus, 2017). Although early funding is a determinant of success, later pledges can lead campaigns to succeed at a rate higher than previously thought (Crosetto & Regner, 2018). In fact, there is evidence that as a campaign nears the determined goal, there is an increase in backers and social media sharing, thought to be instigated by a prosocial motive (Li & Wang, 2019). Practitioners should take notice of such findings.

Deterrents

Some of the most important deterrents for funders were early stretch goals, early birds, limited rewards, unique and exclusive rewards, discounts, random rewards, and being in the credits of a project, all of which inspired a sense of rarity and possibly created a fear of missing out. This result largely agrees with extant research. For example, some game theory research in RBCF literature indicates that early bird pricing strategies outperform versioning pricing for total funds raised in some situations (Chen et al., 2020). Similarly, backers of RBCF campaigns seem to be more likely to be enticed by the prospect of price discounts, particularly if they are backers of commercially oriented campaigns, as compared to funders of cultural campaigns, such as the arts (Bürger & Kleinert, 2021). Finally, previous research has examined stretch goals and their positive impact on RBCF performance (Yasar et al., 2022).

Participants were deterred from canceling or decreasing their pledges when they felt they had an impact. This perceived impact took several forms, including contributing ideas, making suggestions, feeling as if their pledge mattered, feeling important, and helping a campaign achieve its declared goals. This finding largely corroborates extant literature. Making a meaningful impact with regard to the fundraiser's funding goal has been a recognized motivation for initially contributing to a campaign (Gerber & Hui, 2013). Additionally, Kuppuswamy and Bayus (2017) proposed and found evidence that funders fund campaigns when they believe they will make an impact.

Kaartemo (2017), in a study of all CF types, noted that there is only preliminary evidence that teams are positively related to success, and more study is needed on composition, size, and other relevant team characteristics. According to Shneor and Vik (2020), between 2010 and 2017, team size has been studied a dozen times in RBCF or Donation CF and was found to be significant approximately half of

the time. Contrary to some findings indicating that larger teams were a success factor (Dikaputra et al., 2019), this study found the opposite in terms of team size impacting already-made pledges during a campaign. Smaller teams deterred funders from canceling or decreasing their pledge. Further investigation concerning team size is warranted.

There has been a general call to further study funder trust in CF (Alegre & Moleskis, 2019). Towards that goal, the findings of this paper are in line with the still-developing RBCF trust literature. Trust seemingly counteracts uncertainty and funders' perceived risks and is a direct antecedent of investment intention (Liang et al., 2019). Furthermore, signals of trust seem to enhance performance across RBCF studies (Shneor & Vik, 2020). Trust deterred the funders in this study from canceling or decreasing their pledges. Being transparent, meeting funders, sharing progress, and inspiring faith, confidence, and goodwill are important to fostering trust with funders.

There is mixed evidence regarding the financial, or utility, motivations of RBCF funders or the extent they view their rewards as an investment. Some have claimed that RBCF funders were motivated to pledge for social and intrinsic motivation as well as the reward (Collins & Pierrakis, 2012). Others have stated that funders respond more positively to a fundraiser's campaign when narratives frame the campaign as an opportunity to help others and less due to extrinsic motivations (Allison et al., 2015). In fact, some CF studies do not specify if they are RBCF or Donation CF on CFPs that allow reward and donation CF to occur (Shneor & Vik, 2020). Cholakova and Clarysse (2015) found instead, while investigating equity CF and RBCF, financial rewards were a primary motivation for funders to pledge to a campaign, more so than nonfinancial motivations. Evidence from this study's participants supports this later interpretation. Rewards that are an investment, collectible, resalable, or have a more financial component, are deterrents to canceling or decreasing a previously made pledge for certain funders.

Ethical Considerations and Concerns

It can be argued that one of the major contributions of this research is the discovery of ethical decision-making and behavior by funders, specifically with regard to canceling or decreasing previously made pledges. In this study, it was discovered that participants would, over the course of days or weeks, consider new information, for example, shared from others, updates, or comments, to weigh the hazard of contributing to or continuing to contribute to an unethical campaign, or a campaign containing a team member accused of unethical behavior. The discovery that participants experienced ethically based motivations over the course of an active campaign strongly suggests that this line of inquiry warrants

further study and replication.

To date, there have been few extensive explorations into the ethics of CF. The most comprehensive is the work of Shneor and Torjesen (2020), which considers pitfalls from the perspectives of funders, fundraisers, CFPs, and regulators and mentions two ethical pitfalls that seem relevant to our discussion here: funding campaigns with unethical objectives or unethical outcomes. To begin, it seems that there are some examples participants provided that do fit into one of these pitfalls, for example, producing a game that fetishizes underage girls, as one participant discussed.

Shneor and Torjesen (2020) mention some mechanisms that can ensure proper ethical practices beyond simple adherence to local laws and regulations, such as the creation and use of CFP ethics checklists for fundraisers or easy ways to report unethical campaigns, fundraisers, or funders. As an example of a CFP that has taken such steps, Kickstarter has enabled the ability to report campaigns that violate laws or terms of use. However, other participant examples do not fit so clearly into these pitfalls. Many examples included allegations against specific team members and seemingly had less to do with the objectives or proposed outcomes of the campaign. Fundraisers can and should take action to prevent members of the project team from having a negative impact on their campaign. Such actions could include vetting all team members or hiring crisis management assistance. In conclusion, what has not been examined in depth to date is the extent that funders are not pledging to campaigns or altering their already made pledges when they perceive ethical violations. This paper's findings represent pioneering work into this emerging line of inquiry.

Satisfying Others

One opportunity for researchers and practitioners is to better understand funders' desire to satisfy others, specifically the friends and family in their life. I believe that this motivation funders display to cancel and decrease their pledges in order to satisfy others is an important contribution to the RBCF literature. That participants seek to satisfy others with a campaign reward has implications for practitioners as well. Although not fully controllable, one suggestion would be for campaigns to consider offering group rewards or bundles that target pairs and groups of individuals. One vein of CF research has been to conduct large-scale observational studies that examine performance and success factors; some researchers have even attempted to find an optimal reward count in such large datasets (Cai et al., 2020). A reasonable next step would be to replicate such a study analyzing campaign success factors and code the campaigns as either having giftable rewards that target funders who are thinking of gifting rewards

to friends and family or containing bundles usable by a group, or not. Such a study could build on research that would go beyond a count of reward tiers or considerations of reward pricing and could provide valuable insights.

Purchasing After the Campaign

Another contribution is in further elaborating on purchases that occur after a campaign ends, and the impact that reward availability later motivates participants to alter their pledges during the campaign. Participants indicated that they purchase items after a campaign has ended through retail and e-commerce channels, as add-ons in future RBCF campaigns by a fundraiser, or through pledge managers such as BackerKit. That RBCF allows project creators the option of essentially pre-selling their in-development products to customers has been recognized previously (Mollick & Kuppaswamy, 2014).

Thus far, pledge managers such as BackerKit have received relatively little attention from researchers. The existing discussion has been in several areas. First, in the context of how it is a useful tool for entrepreneurs that helps organize rewards and funder information to facilitate fulfillment after the campaign (Hui et al., 2014). Second, in the context of case studies of uses by small businesses (Leone et al., 2023). Third, as a limitation of existing CFPs to scale, including their ability to assist fundraisers with delivering such a breadth of different products across all product categories (Younkin & Kashkooli, 2016).

There has been limited study in the context of the impact that pledge manager availability and use have on funders of active campaigns. Similarly, how a pledge manager being available later impacts campaign performance has not been studied in depth. Participants in this study indicate that the use of a pledge manager, such as BackerKit, encourages them to lower their pledge and often to the minimum amount required to gain access to the pledge manager post-campaign, with the knowledge that they will be able to purchase the item at a later point. It is possible to speculate that while the funders may decrease their pledge during the campaign, they will purchase the reward later. For those who do not, but still decrease their pledge, the funds they pledge during the campaign amount to a small donation, albeit one that does not typically cost the fundraiser because the lowest level tiers are, on some CFPs, allowed to be token or symbolic rewards such as a "thank you." What is unknown is if such decreases impact herding. It is believed that herding likely influences funders and impacts RBCF performance (Comeig Ramírez et al., 2020). It is possible to speculate that funders canceling and decreasing pledges might have a deleterious impact.

Table 2: RBCF Campaign Design Principles and Advice for Fundraisers	
Motivations	RBCF Campaign Design Principles and Advice for Fundraisers
Reward Hunting	Increase value in any provided updates. Differentiate rewards and reward mixes for tiers containing multiple rewards, providing images when possible. Provide a physical and electronic reward option, if applicable. If the campaign can deliver rewards quickly, then use rapid delivery as a selling point. Specify any eminent manufacturing partners.
Ethical Concerns	Establish a vetting process that is adhered to for all creators, staff, partners, and contractors. Hire a sensitivity or other specialized consultant, especially for creative projects. Prepare a plan to use a crisis management company. The objectives of the campaign should be ethical. Ensure the campaign is not associated with unethical parties or entities. Be considerate of many types of offenses including, but not limited to, harassment and violence.
Cost	Consider breaking apart tiers with high total costs unless they specifically appeal to a targeted group. If higher price tiers are bundles, consider splitting them apart into add-ons. Temper extensive reward options with consideration that although more tiers are beneficial, too many will likely be detrimental and prove hard to manage. Consider shipping intervals and consider distributing the cost of certain tiers' shipping across all tiers. Plan for some funders to decrease rewards with physical products if there is a comparable electronic version. It is therefore wise to consider the margin on any electronic reward tiers. Consider test shipping the proposed physical reward bundles to get a more accurate estimate on shipping. Estimate shipping to all countries that the campaign is serving. If the shipping is daunting, consider using a pledge manager that will allow you to charge by the weight of the finished product, or more granularly, by tier and add-on, or delay estimating shipping costs until closer to fulfillment, which in some cases can be years later.
Competition in category	Create the campaign in advance and launch when competition within the campaign's same category is low. Track possible competitors' social media accounts during planning to anticipate competing CF campaigns.
Financial hardship	Send a personalized direct message to each funder that cancels or decreases a pledge asking them to repledge or increase their pledge. If a funder replies and indicates they are experiencing financial hardship, if you are using a pledge manager, an e-commerce site, or a retail option post-campaign, notify the customer with a second message to attempt to recapture the purchase. Towards the end of the campaign, consider offering a discount, either during or post-campaign, if margin permits, and doing so does not violate CFP terms of service.
Purchase Later	Make a Strategic consideration of using a pledge manager such as BackerKit. Although CFPs lose revenue on any purchase made after a campaign ends, the fundraiser will not. However, there is a possible impact on herding. Pledges that come after the campaign ends are, by their nature, unable to spur others to pledge during the campaign. If it is important for the campaign to succeed quickly, then consider that there could be a loss of urgency during the campaign period.
Risk	Keep public promises. Do not radically change the campaign's direction unless the new direction will result in more funds raised than lost. Ensure all of your campaigns deliver on time and as promised so that your previous failures do not impact your future campaigns. Create a structure, such as regular updates, and show progress during those updates. Don't over-promise.
Goal Proximity	Fundraisers should refrain from stating that a campaign is failing or falling behind. Instead, proceeding with confidence and focusing on the impact of each pledge towards the campaign funding goal is the preferred messaging with regard to retaining already pledged funders. Consider sending a funding update out as certain thresholds are achieved. Towards the end of the campaign, continue sharing the project on social media and promoting prosocial motives, if applicable.
Satisfy Others	Consider offering a tier, or add-on, that specifically highlights a reward as a gift. Also, consider a tier that offers two or more products that can be used by a group. Clearly label it as a partner or group tier. Targeting funders that are making a decision involving others will help direct them to the proper reward tier.

Deterrents	RBCF Campaign Design Principles and Advice for Fundraisers
Rarity and Fear of Missing Out	Consider offering some products that are unique or exclusive. Stretch goals should be presented in advance and can ensure that overfunding can occur unrestricted.
Impact	Release an update within the first week indicating the impact that each funder can have on the campaign's success. In personal interactions, comments, and updates, thank funders for their pledge.
Trust	Consider how the product can appeal to sentimental needs of funders. Consider licensing a known intellectual property. Be transparent in updates, explaining decisions in addition to progress. Release progress updates on a regular schedule. Consider not offering a new prototype, rendering, or artwork of the final product until the product is at a comparable or higher quality than initially indicated at the beginning of a campaign. Attend events such as conventions to meet potential funders in person. Follow through on campaign commitments.
Small Company Size	Small or indie creators should be transparent in their team size and the scope of the project. Fundraisers can promote the size of their team as a selling point. It is possible to bring attention to a small project team subtly as well. Consider an update several days after launch that contains a production schedule, developer diary, or similar information detailing what each team member will be working on post-campaign.
Investment	Consider offering at least one reward tier that comes with something collectible that displays well or is easily resold.

The Impact of Canceling or Removing Credit Card or Payment Information

Fundraisers must be aware that once funders intend to cancel or decrease their pledge, they have two readily available avenues to do so. First, they can cancel through proper channels if the CFP in question permits, with several clicks, or by contacting customer service. Second, funders can cancel or remove their credit card or other payment information. Interestingly, funders can conceivably do so even on CFPs that do not permit pledges to be altered. It is also not immediately evident how platforms could prevent this second option, outside of immediately charging when a pledge is made. Fundraisers should be aware that funds raised at the completion of a campaign may not be final and could be substantially less. One way to mitigate this possible impact, and again only if the CFP permits, is by directly messaging funders at the completion of a campaign to try to collect on pledges that did not process.

Campaign Design Principles and Advice for Fundraisers

Entrepreneurs are most interested in practical insights into how to conduct their RBCF campaigns. Campaign design principles and advice for fundraisers based on the discovered motivations and deterrents are presented in **Table 2**. This advice allows practitioners to go beyond description or explanation, make predictions, and alter their campaign to minimize funders from canceling or decreasing their pledge; that is, to motivate them to sustain their initial pledge.

Conclusions

This study examines funders' pledging decisions and behavior during RBCF campaigns. A number of factors that motivate funders to decrease or cancel their pledges, as well as deterrents to doing so, were discovered. Reward hunting, financial hardship, purchase later, cost, risk, competition in category, ethical concerns, satisfy others, and goal proximity were the discovered motivations. Rarity and fear of missing out, impact, small company size, trust, and investment were the discovered deterrents. Three of the uncovered motivations were particularly noteworthy contributions. First, funders' desire to satisfy others with purchased rewards. Second, funders' ethical concerns with RBCF campaigns and creators. Third, funders' inclination to purchase campaign rewards later, after a campaign has concluded, if they are going to be made available from a pledge manager or other sources.

Another contribution was the examination of the temporal aspects of funder decision-making. Funders consider and reconsider their pledges, sometimes for weeks, before decreasing or canceling, often while being presented with new information from a variety of sources, such as comments, updates, social media, or direct messages with fundraisers. Lastly, it was revealed that once funders decide to cancel their pledge, they do not always do so through the CFP. Funders will also cancel their credit cards or remove their payment information from the CFP. The developed theory explaining why funders choose to decrease or cancel previously made pledges has important practical and theoret-

ical implications for funders, fundraisers, and CFPs.

Limitations

This study has several limitations. Although theoretical sampling was employed, there remains the possibility that the interviewees were too homogeneous. Future studies could confirm these findings with purposeful stratified sampling to satisfy doubts about the applicability of the findings to particular groups. In addition, all participants were English language speakers who were interviewed within the United States; residents of other countries could have different motivations. These dynamics might be absent in other countries. Thus, future research could undertake similar studies in other locations.

Funders of RBCF campaigns were the focus of this study. Care should be taken in applying the findings to other CF business models. Despite funders across CF models having some similarities in motivation (Agrawal et al., 2015), there are likely differences as well (Mollick, 2014). It is possible that these findings apply nearly as well to funders of donation CF campaigns. GoFundMe, for example, allows donors to contact customer service through the platform and request a refund. Some early research into donation and reward-based crowdfunding showed similar feelings of well-being for funders of donation and reward-based CF campaigns (Efrat et al., 2020).

This study used self-reported data about campaign contributions, amounts pledges, and changes to those pledges, thus weakening the reliability. This limitation was overcome somewhat by asking participants detailed questions about the campaigns they participated in and to identify campaign names and platforms when possible. However, due to some RBCF platform limitations, at least in the United States, many funder pledging details are, in general, not public. Additionally, although fundraisers often have access to detailed reporting containing each individual's funding behavior, including pledge increases, decreases, and cancellations, Kickstarter, for example, forbids fundraisers from using the data for any other reason than fulfilling campaign promises, such as the delivery of a reward. That represents a serious obstacle to data reliability for future studies. One option to overcome such a limitation would be to work directly with a CFP and seek permission to access the funder pledging details, perhaps with sensitive and private information removed. Such an attempt would need to be taken with care and strict adherence to local laws in addition to respecting privacy concerns. Additionally, future research could validate interview participants' use of social media during the duration of the RBCF campaign's duration.

Practical Implications

My advice to practitioners is to use **Table 2** as need-

ed to minimize pledge cancellations and decreases during a campaign. Doing so would likely improve consistency in funds raised and prevent backtracking in the middle of the campaign. In some cases, the campaign can conduct itself in such a way to minimize events that would trigger some motivations. An example would be vetting all staff prior to launching a campaign. Doing so would ensure there is less chance of cancellations or decreases related to ethical motivations. Yet, campaigners must keep in mind overall RBCF campaign success factors as well. For practitioners, I recommend Gerber and Hui's (2013) work on why funders participate in CF campaigns. For practitioners who are quantitatively minded, I suggest Shneor and Vik's (2020) integrative RBCF model. Their focus is on positive or negative associations and repeated effects with the same directionality (Shneor & Vik, 2020).

Theoretical Implications

The theoretical implications of these findings are important. The results contribute significantly to several areas of RBCF literature, including understanding funders of RBCF campaigns and better understanding the dynamics of campaigns. In addition, the results of this research contribute towards the broader RBCF literature by presenting a grounded theory specifically examining funder motivations to cancel or lower previously made pledges to RBCF campaigns. Additionally, this study provides the context surrounding such decisions, both with regard to information sources and timing. Furthermore, it presents a partial attempt to create an integrated framework for understanding the funder, fundraiser, and platform relationship with the intent to make progress toward a more integrated framework, possibly even a unified theory of CF. In closing, this study sheds light on why and how funders make certain pledging decisions between the launch and conclusion of campaigns.

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Review

This article was accepted under the **constructive peer review** option. For further details, see the descriptions at:

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