"The Impact of Crowdfunding and its Ability to facilitate the Liability of Newness: A Case Study on New Ventures within the Product Design Industry"

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Abstract: Crowdfunding is often considered as a financial source to close the early stage financial gap of new ventures. However, there is little research on its impact regarding other liabilities new ventures face. The aim of this study is to find evidence on how crowdfunding can provide new ventures with additional value apart from financial resources. For this purpose, the concept of *liability of newness* is used as a framework to understand the specific impact of crowdfunding in different areas. This article uses a qualitative approach with three new ventures within the product design industry that used the crowdfunding platform *Kickstarter*. The findings showed that new ventures in this particular kind of industry use crowdfunding only as a marketing and sales channel rather than as a financial resource. It turned out that crowdfunding especially helps to facilitate external liabilities that are visible to the crowd, whereas internal liabilities that are not visible to the crowd are not affected.

Keywords: Crowdfunding, Crowdsourcing, Web 2.0, Wisdom of the crowd, Liability of newness, New ventures, Product design industry.

1. Introduction

It has been perceived that new ventures face difficulties in attracting external finance in terms of debt or equity capital in order to initially start up their business. These classical sources of finance for new firms are normally available in the form of business angels, venture capitalists or bank loans (Berger and Udell, 1998; Cassar, 2004). However, most new ventures do not have access to these financial resources due to their unstable cash flows, short business history and small collaterals (Cosh et al., 2009; Berger and Udell, 1998). Therefore, new firms are often restricted to loans from family and friends or own savings and make exhaustive use of bootstrapping methods in order to deal with their constrained financial situation while focusing on cash flow generation (Wingborg and Landström, 2001; Ebben and Johnson, 2006).

The fact that new ventures encounter difficulties in attracting external capital can be traced back to the specific characteristics they exhibit. These unique traits in turn lead to different liabilities being faced by such firms in their early stage. According to Stinchcombe (1965) new ventures have a higher propensity to fail because they suffer from a *liability of newness* and therefore have a greater risk of mortality. It is argued by several authors that these constraints can be derived from both internal and external factors to the organization (see, e.g., Stinchcombe, 1965; Aldrich and Auster, 1986; Singh et al., 1986; Kale and Arditi, 1998; Choi and Shepherd, 2005).

In order to circumvent these challenges and restrictions, more and more entrepreneurs and new business owners make use of *Crowdfunding* by seeking financial support from the crowd instead of trying to obtain money from traditional investors such as business angels or venture capitalists (Lambert and Schwienbacher, 2010). The concept of Crowdfunding is embedded in the broader concept of *Crowdsourcing* that employs the crowd to outsource different tasks that were traditionally created internally by the company (Kleeman et al., 2008; Howe, 2006b). Herein, the use of Web 2.0. and *wisdom of the crowd* have to be regarded as essential characteristics of both concepts that are able to impact new ventures and therefore might bear the potential to facilitate their *liability of newness* (Lee et al., 2008; Surowiecki, 2004). Web 2.0 enables new firms to communicate and collaborate with potential customers via online platforms in a faster and simpler way, the *wisdom of the crowd* might provide access to helpful feedback and valuable input from potential customers (Lee et al., 2008; Brabham, 2008). This fact supports an argumentation that would set crowdfunding apart from mainly raising funds while arguing that crowdfunders get further involved in the product development process.

Even though a number of studies on crowdfunding have been undertaken more recently (see, e.g. Ordanini et al., 2011; Larralde and Schwienbacher, 2010; Tomczak and Brem, 2013), it is still questionable whether crowdfunding bears the potential to provide new ventures with additional value apart from purely raising funds. Particularly the product design industry has emerged to an upcoming business topic and new fruitful area of research since companies have developed products in collaboration with users and potential customers with increased regularity (Luchs and Swan, 2011; Von Hippel, 2005). Such new firms seem to offer a great potential for crowdfunders to become interrelated with the firm and provide valuable resources in terms of expertise, knowledge and external networks. Therefore, the purpose of this study is to shed light on how crowdfunding impacts new ventures within the product design industry and enables the facilitation of their internal and external liabilities.

The remainder of this thesis proceeds in the following way. We first offer a theoretical framework that encompasses the concept *liability of newness* in order to understand the various characteristics and constraints of new ventures more comprehensively. Thereafter, we will present the phenomenon of crowdfunding as a subcategory of crowdsourcing and describe the underlying characteristics of both concepts that might help to facilitate or overcome the liabilities of new firms. We then illustrate our cases of this particular study and discuss its results leading to a conceptual model, conclusion and implications for entrepreneurs and new business owners.

2. Literature Review and Theoretical Framework

2.1. The Concept "Liability of Newness"

The concept *liability of newness* was first presented and coined by Stinchcombe (1965) in order to describe the liabilities of new organizations. According to his findings, newly founded organizations have a higher propensity to fail because they feature different characteristics that result in a greater risk of mortality for them. Furthermore, Stinchcombe (1965) argues that organizational structures stabilize in the course of time and become more interrelated with the environment. Thus, it can be stated that especially new organizations of a new form suffer from the *liability of newness* and have a greater risk of failure than new organizations with an established form of internal structure. Hannan and Freeman (1984) observe that older organizations are characterised by higher structural inertia and are therefore considered to be more stable than immature organizations. This can be seen as a reason why older organizations seem to be preferred in the external selection process and have lower death rates than younger firms (Hannan and Freeman, 1984; Aldrich and Auster, 1986).

2.1.1. Internal Liabilities of New Ventures

Several authors point out that the *liability of newness* can be derived from both internal and external factors to the organization (Stinchcombe, 1965; Aldrich and Auster, 1986; Singh et al., 1986; Kale and Arditi, 1998; Choi and Shepherd, 2005). At first, we draw attention to the internal constraints of new ventures. As a result of their immaturity, newly established firms are characterised by an absence of formal organizational routines which can lead to conflicts in terms of new organizational roles for their participants (Aldrich and Auster, 1986; Choi and Shepherd, 2005). This is based on the fact that there might evolve some gaps or overlaps in terms of new roles and responsibilities. Many times, due to the lack of knowledge, new roles have to be learned or even invented and this may take time to train the employees' skills to the new tasks. Furthermore, this aspect is associated with higher costs for the new venture since customised training for the new employees may be required (Aldrich and Auster, 1986; Singh et al., 1986). The development of trust and team play among the new members of the organization is considered to be another obstacle that new ventures face in their early stages (Kale and Arditi, 1998). Usually, most of the new employees within new ventures are not familiar with each other and therefore at first have to get used to each other and build up a relationship of trust and collaboration.

On the contrary, some authors argue that internal liabilities of newness can be transformed into internal assets of newness (Aldrich and Auster, 1986; Nagy et al., 2012). They point out that especially new ventures feature organizational flexibility that enables them to quickly react and adapt to environmental changes, whereas mature organizations suffer from higher structural inertia. Furthermore, new firms have advantages in terms of learning new knowledge since they do not have to unlearn old knowledge and habits and are characterised by a lean organizational structure that facilitates this learning process (Nagy et al., 2012). Moreover, Nagy et al. (2012) state that members or employees of a new venture seem to feature a higher passion and motivation for their current project and therefore tend to work more enthusiastically than members of old organizations.

2.1.2. External Liabilities of New Ventures

Secondly, we draw attention to the external liabilities of new ventures. Given the fact that new ventures are typically characterised by a short operating history, they usually possess impermanent relationships to suppliers, customers, distributors and investors (Berger and Udell, 1998; Kale and Arditi, 1998; Choi and Shepherd, 2005). In order to gain access to these resources, new ventures first have to demonstrate that they are able to meet the customer´s and supplier´s expectations in multiple operations. In addition to that, most of the new ventures are characterised by a lack of external legitimacy which makes it even more difficult for them to operate in their environment and gain access to external stakeholders (Singh et al., 1986; Kale and Arditi, 1998). Furthermore, new firms face external barriers to entry in terms of brand recognition and market acceptance of established corporate companies (Aldrich and Auster, 1986). In order to overcome this obstacle, a large investment in advertising is necessary to attract new customers whereas established corporate companies only have to invest a moderate amount on marketing to maintain their regular customers (Aldrich and Auster, 1986).

Moreover, as a result of these external liabilities, new ventures suffer from their attempts to request external debt and equity capital. The fact that new firms face challenges to obtain capital from equity or debt markets can be attributed to the increased information asymmetries between potential borrowers and lenders (Berger and Udell, 1998; Coleman and Cohn, 2000). As a result, lenders oftentimes deny credit or only make it acquirable at higher interest rates for new ventures due to the exposure of a higher risk in terms of incomplete information and non-payment (Ang, 1991; Stiglitz and Weiss, 1981; Weinberg, 1994). For this reason, newly established firms are frequently restricted to initial insider finance (loans provided by the management team, family and friends), trade credit or angel finance (Berger and Udell, 1998).

This restriction seems to be the reason why more and more entrepreneurs and new business owners make use of crowdfunding by seeking financial support over the internet instead of trying to obtain money from traditional investors such as business angels or venture capitalists (Lambert and Schwienbacher, 2010) or from family and friends. Crowdfunding bears the potential for new ventures to overcome the problems of attracting external capital in their early stage. But is it also a possible avenue to overcome the other aforementioned internal and external liabilities that new ventures face? In order to get insights into this particular research question, at first a look will be taken upon how Crowdfunding is defined.

2.2. Crowdsourcing and Crowdfunding

2.2.1. Crowdsourcing

The term *Crowdfunding* can be derived from the term *Crowdsourcing* which originates from a combination of the words *crowd* and *outsourcing* (Schenk, 2009). Regarding to Surowiecki (2004) a crowd can be defined as a large composition of heterogeneous individuals who cannot be identified individually due to their anonymity. Outsourcing can be specified as the act or process of acquiring products or services that were traditionally created internally (Dolgui and Proth, 2013). The name *Crowdsourcing* was coined and popularized by Mark Robinson and Jeff Howe in Wired Magazine 2006 (Howe, 2006a), an American magazine for emerging technologies.

Several days before the publication of the magazine, Howe (2006b, p. 5) proposes the following definition of crowdsourcing in a weblog:

”Simply defined, crowdsourcing represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call. This can take the form of peer-production (when the job is performed collaboratively), but is also often undertaken by sole individuals. The crucial prerequisite is the use of the open call format and the wide network of potential laborers.”

2.2.2. Definition and Process of Crowdfunding

Crowdfunding has to be regarded as a specific type of *Crowdsourcing*, which acts as the broader concept (Larralde and Schwienbacher, 2010; Belleflamme et al., 2013). It is defined by Lambert and Schwienbacher (2010, p. 6) as “(...) an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes”.

Typically, there are three actors involved into the crowdfunding-process: The crowd that is acting as an investor and provides money for the new ventures. They are willing to support the new venture´s projects by making monetary contributions while expecting a payoff but at the same time also taking the risk of the loss (Ordanini et al., 2011). The other group consists of new ventures, entrepreneurs, fundraisers or other individuals that are seeking for capital from the crowd (Tomczak and Brem, 2013). Those two groups are pooled together by the third party involved into the crowdfunding process who takes the role of a mediator. They do mainly exist in the form of platforms that act as matchmakers between the crowd who wants to invest money and the ventures and entrepreneurs who seek for funding (Burkett, 2011). Typical examples for these platforms are Kickstarter, Fundable, Sandawe, Kiva or Sellaband (Lambert and Schwienbacher, 2010).

2.2.3. Forms of Crowdfunding

Belleflamme et al. (2013) identify existing types of crowdfunding: Equity-based, pre-ordered-based (reward-based) or donation-based. Equity-based crowdfunding is hereby defined as a system in which the crowdfunder receives a financial compensation in the form of revenue, equity or profit-shares. In this case, crowdfunders acquire voting rights and shares of the company. Having relatively small investment amounts, the funder's primary focus is not earning money but rather supporting a product idea and development (Belleflamme et al., 2013). Pre-ordered-based crowdfunding is a model that compensates the crowdfunders with nonfinancial benefits, e.g. pre-ordering of products or receiving credits. Commonly, there are several pre-ordering options the funder can choose, it is a system of price discrimination. The more funding the funder provides, the larger the package of his pre-ordered product gets. In most cases, the funder pays a higher price for the product than he normally would do after the product is officially released. Donation-based crowdfunding enables the crowdfunders the opportunity to donate money to projects they believe in without getting any compensation (Belleflamme et al., 2013).

2.3. Characteristics of Crowdfunding and its Impact on the Liability of Newness

As seen, the definitions of *Crowdsourcing* and *Crowdfunding* share common traits. Tomczak and Brem (2013) go even further and argue that crowdfunding is defined by high similarity to crowdsourcing. According to them, the only difference lies in the outsourced task (funding instead of job) but the underlying characteristic traits still remain the same. The following paragraph will examine these specific characteristics and figure out to what extent the existing literature provides indication on how to facilitate the *liability of newness*.

2.3.1. Impact of Web 2.0

Brabham (2008) and Kleeman et al. (2008) point out that the development of Web 2.0 facilitates the dynamic interaction between users and therefore can be regarded as an essential component of the development of crowdsourcing. Indeed, they highlight that the structure was decisive for small businesses in order to be able to reach networks of consumers easily. Lee et al. (2008) investigate opportunities for small businesses in the Web 2.0 era and provide guidelines for such firms on how to leverage and use Web 2.0. They describe Web 2.0 from a technological, sociological, economical and legal perspective. Based on these different perspectives, Lee et al. (2008) identify collaboration, openness and participation as the three main properties of the Web 2.0. Particularly for crowdfunding, Web 2.0 inherits the crucial role of an accelerator because it builds the foundation for online platforms that allow people to join crowdfunding initiatives independent from their location.

New ventures face the problem that early stage investors tend to invest their money locally. This is due to the fact that investors need to gather information, monitor the progress and also constantly provide input. Therefore, investors choose to be in close proximity to ventures they fund (Agrawal et al., 2011; Mason, 2007; Zook, 2002). The study by Agrawal et al. (2011) points out that crowdfunding helps new ventures to overcome most of these issues. Herein, the new technologies related to the internet and Web 2.0 play an important role. It lowers the geographical limitations by connecting investors and new ventures through online social media platforms that also give them the opportunity to interact with each other. Thus, crowdfunding could have the possibility to lower the external constraints of newness in terms of providing access to new financial sources and lower the dependency on traditional investment forms that act locally.

2.3.2. Impact of the Wisdom of the Crowd

Another crucial component in the crowdsourcing and crowdfunding process is the crowd itself. The concept *wisdom of the crowd* is described by Surowiecki (2004) and explains that a lot of people aggregate each other and therefore are able to complement each other´s skills. The more diverse the crowd is, the more efficient it acts by finding possible solutions and creating knowledge for the existing product or service idea (Brabham, 2008). For this reason, crowds are frequently considered to be more efficient than single experts or small teams. Moreover, Kleeman et al. (2008) argue that the significant change in the relations between firms and their customers can be seen as another driver for the rise of crowdsourcing and crowdfunding. They emphasize the emergence of a new consumer type called the *working consumer* which is affected by the transformation from a traditional and more passive role of the consumer to a role in which consumers act more like co-workers, take part in the production process and finally create value for the firm. The *working* *consumer* can be characterised as a person that is integrated into the corporate structure of the firm where he is perceived as a valuable asset and actively takes part in the production process (Kleeman et al., 2008).

Particularly new ventures are usually characterised by a lack of knowledge due to their short operating history in their early stages wherefore the crowd might facilitate help in providing valuable input. Crowdfunding could herein initiate people to participate and give feedback to product or service ideas and get in interaction with the new ventures. In this case, crowdfunders would also be considered as *working consumers* who deliver value for the production process and are considered as highly valuable for the new venture. This would set crowdfunding apart from mainly raising funds and could provide the new venture with non-financial value in terms of knowledge creation, which might help in overcoming an internal part of their liability. Belleflamme et al. (2013, p. 2) provide a first indication that the "crowd gets more closely involved in these firms, as active consumers, investors, or both." This would support an argumentation that the crowdfunders get further involved than only providing money to the new venture, but the authors do not go deeper into this topic and it remains unclear in the existing literature to what extent the crowdfunders get involved in the firms.

Moreover, the *wisdom of the crowd* might also entail the potential to overcome the information asymmetries between potential investors and new ventures. Whereas traditional single investors are exposed to a high risk due to less information, short operating history and small collaterals of new firms (Berger and Udell, 1998), investors in the crowd ("crowdfunders") are many and only invest a small amount of money and therefore bear a much lower portion of risk. For this reason, it could be assumed that new ventures might be able to lower their dependency on traditional investors in the early stages by the use of crowdfunding and therefore be able to overcome their external liability in terms of information asymmetries to traditional investors.

Apart from giving feedback and supporting the internal knowledge creation, Lambert and Schwienbacher (2010) point out that the crowd can also help in creating valuable signals to the market and might indicate whether there will be a potential for the product or not. There is the potential of a hype that can be created by a crowdfunding campaign for a new product. Thereby, Web 2.0 and the funding platforms serve as accelerators to increase the possibility of creating this hype. People who are fascinated by a project can easily participate and share it over their social networks. Crowdfunding could herein also act as an inexpensive form to raise awareness for the product and thus might bear potential to help overcoming external liabilities in terms of market acceptance and brand recognition, whereas traditionally large amounts of money have to be put into advertising to raise similar attention. Through the public attention generated by a crowdfunding campaign, the new venture might also be able to gain external legitimacy to other stakeholders but there is no clear evidence in the literature so far.

In summary, it can be stated that the *wisdom of the crowd* and the rapid development of Web 2.0 are essential characteristics of crowdfunding that bear the potential to create an impact on new ventures and therefore help to facilitate or overcome part of the liabilities being confronted by such firms in their early stages. Especially by achieving the main goal of raising funds through the crowd, irrespective of traditional financing sources and its preference for local proximity, crowdfunding can help to overcome the difficulties in attracting external debt or equity capital. Furthermore, the existing literature gives indication that the awareness for a product can be lifted by the use of crowdfunding. Even though, Belleflamme et al. (2013) and Tomczak and Brem (2013) point out that crowdfunders are involved in the process as active consumers, it still remains unclear and arguable to what extent they take part in the product development process and therefore are able to provide the new venture with beneficial value apart from purely raising funds.

3. Research Methodology

3.1. Research-design

According to Nachmias and Nachmias (1992, pp. 77-78) a research design can be described as a plan that "guides the investigator in the process of collecting, analyzing, and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation." For this reason, our theoretical framework provides basic information in terms of previously developed theory about the *liability of newness*. Additionally, the underlying characteristics of crowdsourcing and crowdfunding are illustrated in order to examine the potential of these characteristics to get over the internal and external constraints of new ventures. The concept *liability of newness* is considered as a lense to understand the characteristics and burdens of new ventures more comprehensively and to investigate how crowdfunding can impact new ventures and facilitate the aforementioned liability. The results of this framework serve as a template to compare the outcomes discovered in our examined cases.

Our research methodology encompasses the following steps: Case study, case selection, case presentation, data collection, interview procedure and data analysis.

3.2. Qualitative Case Study

In order to receive deeper insights to the research question formulated in the previous section, we employ a qualitative case-based approach. Regarding to Yin (2003), a case study is helpful to investigate a current phenomenon in its real-life context by the use of multiple methods and tools for data collection. Case studies can imply either single or multiple cases in order to entirely understand the phenomenon being examined (Eisenhardt, 1989). According to Meredith (1998), a case-study approach is beneficial when the variables of a novel phenomenon are still unknown and a lack of previous theory is predominant. Furthermore, this approach is especially adequate to research studies that include "how" and "why" questions (Meredith, 1998; Yin, 2003).

Given the fact that crowdfunding is still a relatively new phenomenon that has not received sufficient coverage in the existing literature, a qualitative case-based approach is suitable in order to investigate whether crowdfunding bears the potential to facilitate the liabilities of new ventures. In our study, we use a multiple-case design since this could prevent to put "all your eggs in one basket" and therefore the evidence is often considered as being more substantial and robust compared to single-case designs (Yin, 2003, p. 53; Herriot and Firestone, 1983).

3.3. Case Selection

We thoroughly chose cases using the "literal replication logic" in order to produce similar results (Yin, 2003). Consistent with our theoretical framework and the purpose of this study, the company had to meet the criteria of being a new venture. Given the fact that definitions of new ventures are characterised by high disparity, it was challenging to determine whether a company was considered to be "new" depending on the years of operating their business (Chrisman et al., 1998; Li, 2001). Hence, it was important to choose companies where the decision making and management process was still controlled by the entrepreneur or founding team (Nowinski and Rialp, 2013). Furthermore, we only chose cases that are still relatively small regarding their turnover and can therefore still be considered a new venture. Investigating these young and still small ventures is especially interesting for our research since it is more likely that they are still highly confronted with their *liability of newness* and therefore can give stronger indication on how crowdfunding could possibly facilitate them in contrast to bigger sized new ventures.

In the particular study, three new ventures within the product design industry were chosen that used crowdfunding. Regarding to Kotler and Rath (1984, p. 17) product design can be described as "the process of seeking to optimize consumer satisfaction and company profitability through the creative use of major design elements (…)." Furthermore, product design has developed to an upcoming business topic (Luchs and Swan, 2011). Regarding to Bloch (1995) product aesthetics are considered to be the main reason for companies in order to establish product differentiation or gain competitive advantage. Whereas professional designers were traditionally accountable for designing products, it has recently been perceived that various companies have developed products in collaboration with users themselves instead of exclusively relying on product designers (Von Hippel, 2005). Therefore, it would be interesting to find out whether crowdfunders can provide such firms with additional value and knowledge. In accordance with the nascency of this trend and the rising managerial relevance of this industry, product design has emerged to a new fruitful area of research (Cox and Cox, 2002; Hoegg, Alba and Dahl, 2010; Landwehr, McGill and Herrmann, 2011).

Moreover, we decided to only choose crowdfunding projects that adopted a pre-ordering approach where crowdfunders receive a compensation with nonfinancial benefits. This decision was based on the fact that the vast majority of crowdfunding campaigns by new ventures within the product design industry employed the pre-ordering model. In contrast, donation-based crowdfunding campaigns are mostly executed by single artists or not-for-profit organizations that are inappropriate in order to investigate our particular research question (Glaeser and Shleifer, 2001).

In order to handpick the cases, we searched on the crowdfunding platform *Kickstarter* since it is the biggest platform in the area of pre-ordering crowdfunding and therefore consists of a lot of successfully funded projects in the area of product design. We chose the cases by investigating whether the entrepreneurs are still in charge of the company and therefore if the company could be considered as a new venture. Furthermore, ventures with a maximum funding target up to $30.000 were chosen since the majority of new ventures within the product design industry typically raise funds up to this amount.

3.4. Case Presentation

	Frankly Development	**FACO CPH**	**Maxem Trading**
Foundation	2011	2011	2013
Number of employees	7	2	4
Product	Surfears - earplug for surfers	Pluk - hanging fruit basket	Wallum - compact wallet
Funded capital	$ 26.177	£ 11.198	£10.619
Duration of product development	2 years	2 years	1 year

Table 1: Examined New Ventures

Frankly Development is a product creation agency based in Malmö, Sweden. The venture was founded in March 2011 and since then has grown in size. It is managed by a CEO, four partners and a sales manager and one intern. The novel idea for the project *SurfEars* was evolved as one of the inventors once again suffered from a serious ear infection during a surf trip in Morocco. Especially for these athletes it is highly important that earplugs do not affect hearing or balancing which can be regarded as important aspects during surfing or doing other types of water sports. Hence, the aim of the project was to develop a comfortable product that protects the ear from external influences in the water but at the same time allows people to maintain normal conversations on and off the water. The project *SurfEars* was launched on *Kickstarter* on 7th of March 2014 and the funding period lasted for thirty days in total. The crowdfunding campaign offered different type of pledges, ranging from $1 (simple donation) till $8.000 (full day creative workshop with the management-team). The goal of funding was determined to be $17.500 which was exceeded by a total funding of $26.177 that was achieved.

FACO CPH is a product design company that is based in Copenhagen, Denmark. It was founded in 2011 and has already developed furniture, industrial and jewelry designs for Danish and international manufacturers. The venture is managed by its two founders and partners Kare Frandsen and Nicolas Aagaard. Both of them have backgrounds in design and studied at the Royal Danish Academy of Fine Arts. The project *Pluk* started off in the beginning of 2012. It can be described as a hanging basket that is designed to be suspended from the ceiling and being a beneficial storage device for fruits, vegetables and many other things. The production development of this project lasted approximately two years since the right choice of materials turned out to be a big challenge. The crowdfunding campaign for *Pluk* was launched on *Kickstarter* on March 17th and ended on April 12th, 2014 successfully. **FACO CPH** used the pre-order model, offering different types of pledges, ranging from £6 (simple donation) till £107 (handcrafted wood pluk). The goal of funding was determined to be £4.000 which was exceeded by a total funding of £11.198 that was achieved.

Maxem Trading is a company located in Vienna (Austria) that has specialized in the development of small wallets made out of resistance aluminium. The venture was founded in 2013 by Maximilian Mueller who is also managing the firm besides doing his bachelor's degree in Business Administration at University of Vienna. In addition, the company consists of an accountant and a graphic designer who work part-time. The idea for the product *Wallum* was developed as Maximilian himself recognized that the size and weight of his wallet was disturbing him. After talking to his friends and relatives, he noticed that there seems to be a demand for something new, simple and practical. Therefore, he developed a product that replaces the traditional big wallet and is consisting of two aluminium plates that are hold together tightly by four O-rings. The product *Wallum* was launched on *Kickstarter* on 4th of November and ran until 9th of December 2013. The crowdfunding campaign offered different types of pledges in order to pre-order the product, varying from £16 to £36. The goal of funding was determined to be £3.500 which was exceeded by a total funding of £10.619.

3.5. Data Collection

We based our data collection on different types of data sources. Using multiple data sources can be extremely synergetic and is considered as a reasonable approach to reinforce interview data (Eisenhardt, 1989; Yin, 2003). The data analysed include both primary and secondary data. Primary data was gathered through in-depth, semi-structured interviews with key respondents of the new ventures. This type of data reflected the significant amount in our particular study. Secondary data was used from company websites, press reports and other published resources that we detected on social media channels. The number of interviews was sufficient to converge a saturation of information since similar answers have been received from the respondents (Glaeser & Strauss, 1967). Hence, it can be assumed that the collection of more data would not have led to more insights about the investigated topic and would not have added anything new to the results of the study at hand (Mason, 2010).

3.6. Interview Procedure

Regarding to Yin (2003), interviews represent an important source of evidence for case study research. In this particular study we chose to conduct semi-structured interviews with one key actor of the new venture that used crowdfunding. Semi-structured interviews can be specified as interviews in which general questions are set in the beginning but in which new questions can be added or old questions can be rephrased during the interview process (Bryman, 2008). By using this technique, interviewees are able to answer with more flexibility and get the chance to emphasize certain points. Furthermore, there is more space to enlarge discussions to unexpected issues and therefore obtain more and new information we may have not thought about otherwise (Bryman, 2008). Given the fact that a qualitative investigation is an iterative process, the style and phraseology of our questions have slightly changed over the time since new insights have naturally emerged during discussions in the first interview (Fontana & Frey, 2000).

Each participant in the interview was offered the possibility of anonymity, but they declined and consented to be cited under their proper name. The interviews were conducted both personally and by telephone (via Skype) and lasted on average forty-five minutes, varying from thirty minutes to one hour. In order to minimize the data loss, the interviews were recorded via voice recorder. Beforehand, the interviewees were asked for permission to record their statements. Afterwards, the recordings were used to instantly transcribe the data for content analysis. Interviews were conducted with Tobias Mårtensson (Frankly Development), Nicolas Aagaard (FACO CPH) and Maximilian Mueller (Maxem Trading). The interviewees were handpicked based on their high involvement and knowledge in the underlying crowdfunding campaign. After we finished the first round of interviews with all three new ventures, we conducted a second round in order to get deeper insights into specific questions that emerged during the transcription process.

3.7. Data Analysis

Analysing the large amount of data can be regarded as the core process of qualitative case study research (Eisenhardt, 1989). We spent a lot of time with explicit write-ups in form of pure descriptions of the cases in order to deal with the large amount of data gathered mainly through in-depth interviews with key respondents of each new venture but also through websites, press reports and social media channels being used by the new firms to promote their campaign (Gersick, 1988; Pettigrew, 1990). The defined goal of this procedure is to break down the data into interpretable units and to obtain a rich familiarity with each case while treating them simultaneously as separate units (Eisenhardt, 1989). In the next step, we adopted a thematic content analysis following the steps suggested by Spiggle (1994) and progressed from categorization to comparison and integration. Accordingly, we selected categories that are both in line with our research question formulated in the particular study as well as with the existing literature in our conceptual framework (Eisenhardt, 1989). For this reason, we selected the dimensions internal and external liabilities according to the concept of *liability of newness* and the research question proposed in the particular study. The categorized data was used to search for within-group similarities combined with intergroup dissimilarities among the three new ventures that used crowdfunding (Yin, 2003). The results of this cross-case analysis finally led us to the conclusions that were drawn from this study.

4. Empirical Results

In this particular section, we construct the findings from the interviews following the categorization of the "liability of newness" that are divided into internal and external liabilities and show how the new ventures perceived crowdfunding in this regard.

4.1. Findings regarding internal Liabilities

Absence of formal organizational routines

According to our findings in the interviews, the new ventures indeed faced the absence of formal organizational routines to some degree. According to Tobias from Frankly Development, they have meetings on a regular basis, but not as many as in larger organizations:

> *"I feel like we are more flexible here and can act faster and more efficient because we are a small firm. We can always go to each other and directly figure things out. It doesn't take us as much time as if we were a huge company where you don't know each other."* - Tobias Mårtensson

FACO, which only consists of its two founders, explicitly expressed that they do not possess any established formal organizational routines:

> *"We know when we need to do things, but we don't have anything like regular meetings, we just discuss things when we need to."* - Nicolas Aagaard

Similar results turned out in the interview with Maxem Trading GmbH that has no regular meeting structure. However, we could not find any evidence that the crowdfunding campaign had any kind of impact regarding their internal structures or regular routines.

Lack of knowledge

Although the new ventures possessed specific knowledge within the product design industry, the product development stage took all three new ventures a longer time than initially expected.

Nicolas from FACO explained that they were working on the hanging fruit basket for around two years. While the actual design was done in a short period of time based on their own knowledge of industrial design, the majority of time was needed to find the right plastic that would possess all qualities needed for the product.

Maximilian, founder of Maxem Trading, also mentioned that the design process did not take the majority of the product development time but it was rather the sourcing of the right materials that showed to be a time consuming and challenging issue:

> *"We worked on the product for a long time, I think it was almost one year until we found all the right materials. Especially the O-rings for the wallet and the materials were extremely hard to find and that took us a long time! But at the end we found a supplier on the Chinese market."* - Maximilian Mueller

Frankly Development faced similar problems in their production phase and needed approximately two years for the development of the earplugs even though they explained they worked on several projects at the same time.

All three new ventures reported that the crowdfunding campaign did not help them in regards to these specific issues within the production phase. However, it turned out that additional knowledge was generated by the use of the crowdfunding campaign. This was particularly expressed by all three respondents in the following way:

> *"The crowdfunders were able to give us some advice on how to make our product more practical and also had suggestions for colours and materials."* - Nicolas Aagaard

"They gave us some small things that we improved, for example the size of the earplugs, but it's not like they reinvented the product. They only gave little input on how to twist small things, or finetune it." - Tobias Mårtensson

"We got feedback from some crowdfunders. Some wanted other colours or materials, or their name engraved into the aluminium of the wallet." - Maximilian Mueller

All new ventures mentioned that some crowdfunders provided suggestions for minor product changes but nothing of such an importance that it would really alter the product. The vast majority of the product design and creation was done by the venture and the customers were only involved by giving feedback in order to refine little details of the product.

Missing trust among the new members of the venture

Even though the ventures itself are young, in all three interviews it was revealed that the partners knew each other from previous experience before starting the ventures together. Maximilian, founder of Maxem Trading, expressed:

"I have a very close connection to all people I work with on the project. Most of them are friends who joined the project in the beginning." - Maximilian Mueller

Particularly due to the small size of the new ventures in terms of employees or partners, they felt a familiarity between the team members. In this context, Nicolas from FACO explained:

"We have known and worked with each other for such a long time now. We have been together to university and he (Kare Frandsen - co-founder) became a really good friend over all these years." - Nicolas Aagaard

A similar finding was revealed in the interview with Frankly Development. Even though not all of the team members were friends before, the majority of partners knew each other from previous work experience or established friendships quickly.

Another finding was that all respondents rated their trust in their new venture much higher as in comparison to situations where they worked before in larger companies. Furthermore, all three new ventures did not note that crowdfunding altered the relationships and trust between team members in any way.

4.2. Findings regarding external Liabilities

Barriers of market acceptance and brand recognition

By the use of crowdfunding all investigated new ventures had been able to raise awareness for their product and build up a strong campaign for it on the crowdfunding platform. The examined new ventures insisted that getting money to develop and produce the product - which is often conceived as the reason for a crowdfunding campaign - was not the main reason for using crowdfunding. FACO expressed:

"For us crowdfunding is mainly a sales-channel. We don't need the money from the crowdfunding campaign to produce the product." - Nicolas Aagaard

This statement goes along with our findings in the other interviews. Crowdfunding is seen as a sales-channel rather than a source of finance to initially start up the production of a product. Frankly Development explained:

"The financial aspect only plays a role in the storytelling of the project." - Tobias Mårtensson

He emphasized that they would have produced the product in any case and really do not need the money to be able to launch it. We received similar feedback by the founders of FACO that already worked on the hanging fruit basket for more than two years and would have even released it without a successful crowdfunding campaign.

Furthermore, all three new ventures reported that they regard the crowdfunding platform also as a test market to see how customers would perceive and react to their product. Nicolas from FACO and Maximilian from Maxem Trading expressed:

"You only see what people are willing to pay for your product when they really pay for it." - Nicolas Aagaard

"It was amazing to see that so many people really wanted to buy the wallet. We did not expect this in the beginning. It gave us a big push for our motivation!" - Maximilian Mueller

Apart from providing indications whether the product will be successful on the market (by the use of pre-orders), the crowdfunding campaign also increased their popularity in general. This was for instance shown in a significant increase of Facebook fans for the product. For this purpose, Nicolas from FACO expressed:

"After we launched the crowdfunding campaign and gained popularity on Kickstarter, our Facebook-Fanpage gained an increase in likes and shares as well." - Nicolas Aagaard

Even though all three ventures noted the successful outcome of the crowdfunding campaign and the gained publicity through it, they also highlighted the importance of setting up a fan base and starting with marketing efforts before the crowdfunding campaign is started off. Maximilian from Maxem Trading reflected on his actions as follows:

"We started with the advertisement on Facebook one month before starting the campaign itself. We raised some awareness with it and also some credibility for crowdfunders that see our Facebook fan-page. It went quite well over Facebook, but now I would even say that one month of marketing beforehand was the minimum, two or more would have been better." - Maximilian Mueller

Frankly Development and FACO also focused on marketing efforts for the product before the start of the actual campaign. Both ventures emphasized that this marketing phase before the crowdfunding campaign was really important in order to raise enough awareness to have a successful crowdfunding campaign.

Lack of external legitimacy

All three new ventures mentioned that they were able to increase their trustworthiness to their customers by the use of the crowdfunding campaign. Tobias from Frankly Development mentioned:

"One of our main aims with the crowdfunding campaign was that we wanted people to see our

company as more trustworthy and build up some sort of a personal connection to the customer." - Tobias Mårtensson

Furthermore, Maximilian, the founder of Maxem Trading, believes that the crowdfunding campaign is able to enhance the professional image of the company. He expressed:

"I think overall the campaign was good because I have the feeling that it gave the people more trust in us and we are seen as a more professional company than before." - Maximilian Mueller

Impermanent relationships to external stakeholders

In our interviews all three ventures stated that they were able to increase their relationships with their external stakeholders. However, it turned out that only the relationships to specific stakeholders have changed during and after the crowdfunding campaign. Nicolas from FACO expressed:

"(...) and after the start of the crowdfunding campaign many distributors and online shops contacted us because they want to sell our product." - Nicolas Aagaard

This outcome is in line with Maximilian's experience. He was contacted by an online flash-sale distributor who wanted to sell his product. In contrast, Tobias from Frankly Development did not mention that they have been contacted by any distributors so far.

Apart from expanding their network to new distributors, FACO told us that they have been also able to enhance their relationship to customers by the crowdfunding campaign:

"I am sure that crowdfunding helped our relationship to our customers. The people wrote us or commented on our product and we replied to them of course, so it is kind of a conversation happening there." - Nicolas Aagaard

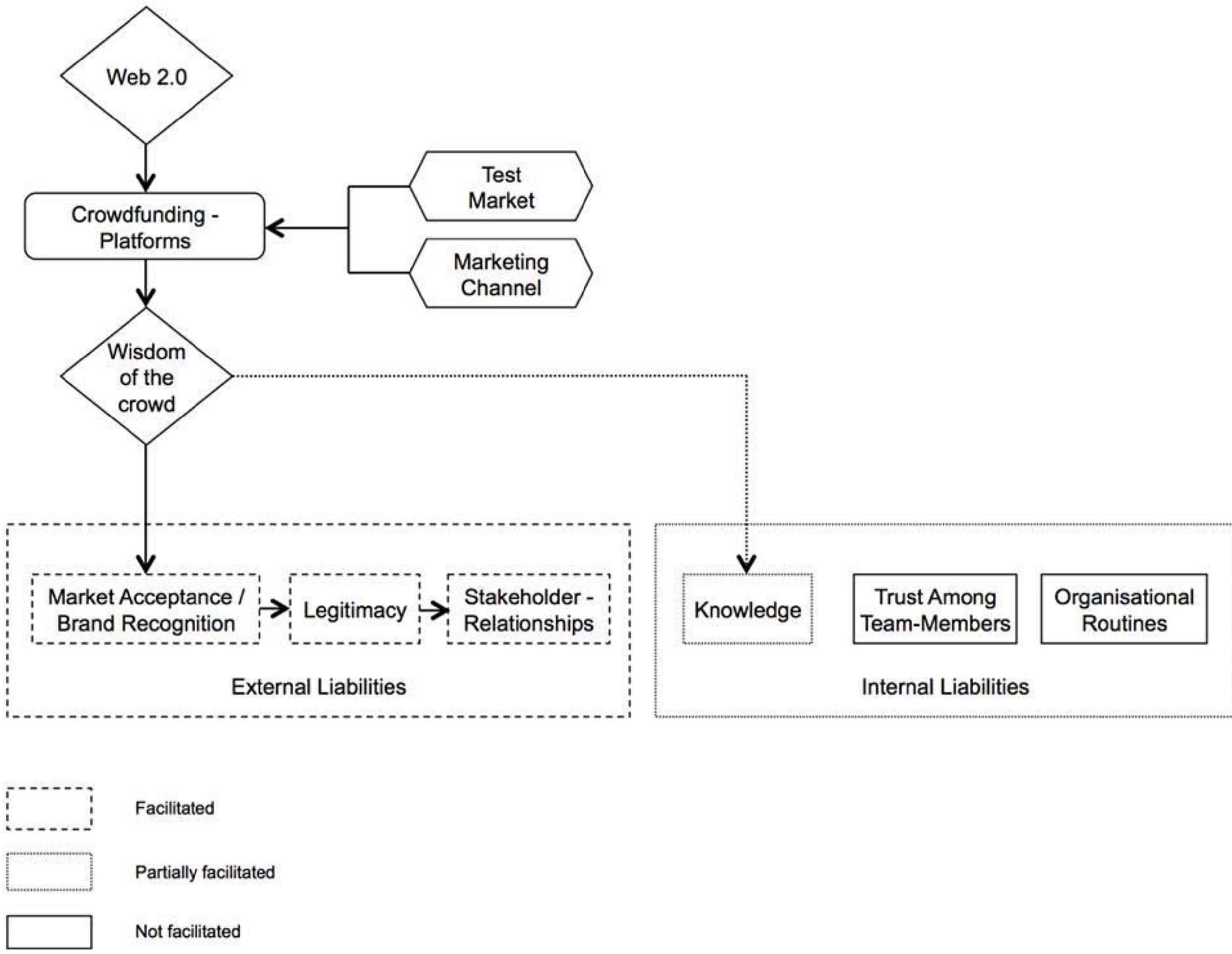
Similar results were seen in the interview with Frankly Development. Tobias mentioned that he feels like the feedback and discussion with crowdfunders on the platform can lead to a good relationship with those customers. The overall notion was, that crowdfunding platforms offer a more personal atmosphere and might therefore have positive influence on the customer relationship. This goes along with the outcomes of the interview with Maximilian from Maxem Trading as well. He stated that through the crowdfunding platform he established contact with many engaged customers who send him e-mails and he answers all of them personally. Therefore he feels like that he is very “close to the customer”.

The examined ventures did tell us that they have not been approached by external investors or banks during or after their crowdfunding campaign. However, the ventures mentioned that they did not try to attract investors or raise their attractiveness for banks since they possess sufficient liquidity within their venture and are not dependent on external capital.

Furthermore, no evidence was found in the interviews on how crowdfunding could have altered the external relationships to suppliers. According to FACO, Maxem Trading and Frankly Development, the crowdfunding campaign did not expand their network to potential new suppliers.

5. Discussion of Empirical Results

Based on our case results we developed a conceptual model that illustrates how crowdfunding impacts the new ventures and facilitates the different liabilities being confronted by them.



Model 1: Conceptual Model of how Crowdfunding impacts the internal and external Liabilities

The underlying concept Web 2.0 is the foundation for crowdfunding platforms. It allows participation, collaboration and communication between customers and new ventures and thus an exchange of knowledge. Based on this composition, the *wisdom of the crowd* can unfold and impact the new venture. Thus, the pre-ordering concept of crowdfunding is of high importance since the crowd acts as customers and therefore gives indications on whether there is a market for a product.

The conceptual models illustrates that the external liabilities are facilitated by the use of crowdfunding, whereas the internal liabilities are solely partially facilitated in the form of knowledge generation.

Our findings show that new ventures in the product design industry use crowdfunding only as a marketing channel and test market. But the use of crowdfunding also bears the potential to generate additional knowledge for the new venture. The interrelation between the use of crowdfunding and its impact on the new venture is shown below.

5.1. Marketing and Sales Channel

Contradictory to the notion that new ventures use crowdfunding as a financial resource to overcome an early stage financial gap (Lambert and Schwienbacher, 2010; Hemer, 2011), we could not find any evidence that new ventures within the product design industry use it as such a resource. Even though Berger and Udell (1998) and Coleman and Cohn (2000) argue that particularly new ventures face challenges to obtain external capital, our cases revealed that new ventures within the product design industry that raised small amounts of capital have not sought for financial resources to initially start their product development. In the examined ventures, it turned out that they were able to start the development of the product without the need of additional capital from external investors.

The particular study indicates that new ventures within the product design industry use crowdfunding mainly as a sales-channel and as a cost-efficient marketing tool rather than a source of capital to initially start up the product development. Our interviews indicate that the brand recognition and awareness for their products have been enhanced during and after their crowdfunding campaign. The emergence of Web 2.0 increases the dynamic interaction between users and therefore makes it possible to spread information among customers more easily (Brabham, 2008). Regarding to Lee (2008), especially collaboration, openness and participation are seen as the three main characteristics of Web 2.0. Those are likely to enhance the interaction between new ventures and its customers as well as the interaction between customers and potential customers themselves. Crowdfunders inherit these characteristics and are willing to share projects that attract their attentions or meet their interests within their social network. Thereby, crowdfunding platforms and social networks play a crucial role in raising awareness for a product and in attracting other individuals to take part in the crowdfunding process. Thus, they serve as accelerators for the popularity and brand recognition of a crowdfunded product, which goes along with the notion of Lambert and Schwienbacher (2010) who argue that crowdfunding acts as an inexpensive form to raise awareness. Based on this behaviour by crowdfunders and the involvement of Web 2.0, it can be reasoned that crowdfunding can help new ventures within the product design industry to facilitate their brand recognition**.**

By the use of a crowdfunding platform as a marketing and sales channel, Web 2.0 creates the opportunity for new ventures to interact with their customers on a more personal level independently from their geographical location (Lee et al., 2008). Herein, the crowdfunding platform acts as a mediator between the crowd and the new venture (Burkett, 2011). In the case of pre-ordering based crowdfunding as described by Belleflamme et al. (2013), the crowdfunders act as customers themselves. Therefore, it can be reasoned that the relationship between the new venture and its customers created through the crowdfunding campaign is of a relatively permanent nature due to a high personal interaction on these platforms.

5.2. Test Market

Another goal of new ventures using crowdfunding seems to be the use of the platform as a *test market*. The concept of *wisdom of the crowd* that describes the aggregation and compensation of people´s knowledge and skills (Surowiecki, 2004) herein possesses the ability to indicate whether a product will be accepted by customers or not. In this sense the crowd might be able to give indications and reduce the uncertainty for new ventures regarding the market acceptance of a specific product. According to Gulati and Higgins (2003) new ventures normally gain market knowledge and legitimacy to exploit their new products by hiring individuals that are experienced in marketing and management related areas. However, our cases indicated that a successful crowdfunding campaign is able to facilitate this need of legitimacy by showing that there is an existing market for the particular product without the hiring of external individuals.

This increase in legitimacy can be seen in an enhanced relationship to external stakeholders. Our findings reinforce the fact that the relationships to distributors were increased as the new ventures have been approached by distributors due to the crowdfunding campaign. The ability of the crowdfunding campaign to provide indication whether there is demand for the product is particularly for distributors of high importance. They seem to acknowledge the market-proof generated by the *wisdom of the crowd* within a crowdfunding campaign (Surowiecki, 2004). This behaviour of distributors goes along with the statement of Li and Calantone (1998) who argue that a greater market insight - generated by the use of the crowdfunding as a test market - leads to a higher success rate of new products.

However, the results showed that all new ventures put a lot of effort into marketing before the initial start of the crowdfunding campaign. The ventures pointed out that this marketing was crucial in order to generate awareness for the product and gain a big customer base for the start of the crowdfunding campaign. According to our interviews, it seems to be not sufficient to only rely on the crowdfunders on the platforms without attracting specific customers beforehand. Therefore, it is questionable if the crowdfunding platform still can be regarded as a neutral test market if new ventures rely on marketing activities before the campaign is started. However, the pre-ordering concept of crowdfunding platforms can still give strong indication on whether customers are willing to pay for a specific product.

5.3. Knowledge Generation

Crowdfunding bears the potential to provide new ventures to some degree with knowledge that they are lacking. Our study reveals that the crowd is likely to give actively feedback to the product and make suggestions for improvements within the product design industry. Thus, crowdfunders are able to increase the venture's knowledge mainly about customer behaviour and preferences through the feedback provided by them. In this sense, new ventures can take advantage of the *wisdom of the crowd* by the use of crowdfunding (Surowiecki, 2004). To some degree the crowdfunder can be perceived as a *working consumer* since he possesses the ability to alter the product by his feedback and is therefore able to deliver value for the venture (Kleeman et al., 2008). This notion goes along with Von Hippel (2005) who argues that companies recently develop products in collaboration with their users instead of only relying on product designers. However, the knowledge provided by crowdfunders is restricted to objects and characteristics the new venture is willing to show to them. Therefore, the *wisdom of the crowd* and the impact of the *working consumer* are bounded where the new ventures closure their activities. Specific internal lacks of knowledge cannot be decreased by the use of crowdfunding if they are not revealed to the crowd. Furthermore, the internal organizational structures and trust relations between members of new ventures using crowdfunding are still highly hidden from the crowd since such information is not available on these platforms. Hence, our study implicates that crowdfunding does not bear the potential to facilitate the internal organizational routines or trustworthiness among the new members of new ventures. New ventures are apparently not influenced or altered by the crowdfunding campaign in regards to their organizational routines and their trust among new members.

However, one big opportunity the *wisdom of the crowd* might offer new ventures is not being taken charge of: The possibility to involve the crowd into the development and production process of the product in the early stage. Since nearly finished products are presented to the crowd in the current form of use of crowdfunding, the crowd is only offered the opportunity to give feedback and provide suggestions for minor improvements. However, the *wisdom of the crowd* could help new ventures on a deeper level. They could be involved into the development and production phase in order to facilitate their lack of knowledge in specific areas. Particularly the long sourcing processes could be facilitated by a crowd that is involved into the development phase. Therefore however, the crowd would need to have experience in the particular industry in order provide valuable input. The crowdfunder could hereby not only act as a buyer (in form of a pre-order customer) but furthermore as a co-creator of the product. Making use of *wisdom of the crowd* in this sense might take the current form of crowdfunding to a new level that could help new ventures to facilitate their lack of knowledge.

6. Conclusion and Implications

The aim of this particular study was to shed light on how crowdfunding can impact and facilitate the internal and external liabilities of new ventures within the product design industry. This industry notably seems to offer a large potential for crowdfunders to become interrelated with the new venture since it has been perceived that companies regularly produce products in collaboration with users and potential customers (Von Hippel, 2005). In order to investigate this topic we conducted semi-structured interviews with three new ventures within the product design industry that used the crowdfunding platform *Kickstarter*. For this purpose, we analysed how the crowdfunding campaign was able to impact the different internal and external liabilities of those new ventures.

Our study demonstrates that parts of the liabilities of new ventures are impacted by the use of crowdfunding whereas other liabilities are not influenced. It turned out that crowdfunding has particularly a positive impact on the external liabilities of barriers of market acceptance and brand recognition, lack of external legitimacy and impermanent relationships to external stakeholders. Furthermore, the internal liability in terms of lack of knowledge is also partially reduced. Our findings revealed that crowdfunding helps new ventures within the product design industry to facilitate those liabilities that are visible and accessible to the open crowd. Thereby, it has become apparent that the *wisdom of the crowd* and the emergence of Web 2.0 play an important underlying role that facilitates the impact of crowdfunding. Since crowdfunders act as customers within the pre-ordering crowdfunding concept, the success of a crowdfunding campaign gives indications whether there is demand for a product. This indication is based on the *wisdom of the crowd* and thus increases the legitimacy of the new venture and its relationships to external stakeholders. In contrast, it was shown that crowdfunding could not alter any liabilities that were hidden from the crowd.

Crowdfunding is frequently perceived as an interrelated branch of bootstrapping and new source of seed finance that entrepreneurs or new business owners can make use of in order to overcome their problem of attracting capital from traditional investors (Lambert and Schwienbacher, 2010; Hemer, 2011). Contradictory to this notion that characterises crowdfunding as a financial source to initially start up a business, our study revealed that new ventures within the product design industry do not use crowdfunding as a financing alternative to close an early stage financial gap. They already possess the necessary capital to develop and produce the product themselves. Instead, the main goal for using crowdfunding lies in having it as a cheap and effective marketing and sales channel. Our cases show that the use as such is very effective.

However, it is also seen that new ventures in the product industry only make limited use of the *wisdom of the crowd* since they already present finished products on the crowdfunding platforms. Especially the internal lack of knowledge might be facilitated if the crowd could be involved in an earlier stage to become a co-creator of the product and therefore act as a *working consumer*. Implementing the *wisdom of the crowd* in this sense might take the use of crowdfunding in the product design industry to a new level.

6.1. Managerial Implications

In our particular study a number of important aspects on how crowdfunding can facilitate the liabilities of new ventures in their early stage have been pointed out. Those aspects can be of high use for entrepreneurs or new business owners when taking the use of crowdfunding into consideration. First of all, it is important to emphasise the necessity of setting up a fan base through marketing efforts before the initial start of the crowdfunding campaign. This seems to be the most vital aspect to keep in mind for new ventures in order to raise awareness for the campaign and to increase the likelihood of the success of the particular crowdfunding campaign.

The second issue we want to address is the opportunity for entrepreneurs and new business owners to use the crowdfunding campaign as a test market. All of our respondents explicitly expressed that they conceived the crowdfunding campaign as a test market to see whether there is a demand for their product or not. A campaign with a successfully achieved funding-goal can therefore show that there is demand on the market. This market-proof can be of high value for new ventures in order to generate legitimacy and to establish new relationships to distributors and customers.

6.2. Limitations and Future Research

The results of this thesis has to be perceived in consideration of the exploratory and qualitative nature of our particular study. Even though we provide a clear reasoning for our sample and data collection efforts, our results can only be viewed in the light of an inductive discussion (Ordanini et al., 2011). In this respect, our research is context dependent since our findings are based on new ventures within the product design industry that used crowdfunding on the crowdfunding platform *Kickstarter* and only raised small amounts of capital. Therefore, the results of our study should not be generalised and might not be relevant to other industries. A further limitation can be seen in the fact that we conducted interviews with the new ventures within the product design directly after they successfully completed their crowdfunding campaign. Therefore it could be possible that long-term impacts of the crowdfunding campaign have not been considered in our particular study. Regarding the future research of this topic, it could be helpful to enlarge these insights in a quantitative inquiry based on a larger sample size. Additionally, other industries could be investigated in order to find out whether crowdfunders act differently towards the new ventures and to draw a comparison to the product design industry.

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