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Huaxin Wang

Taekyung Kim

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# CHINESE-STYLE OF REWARD-BASED CROWD-FUNDING: FINANCIAL APPROACHES OR MARKETING TOOLS?

Huaxin Wang, The University of Suwon, South Korea, Shandong Institute of Commerce and Technology, China, wanghx112@163.com

Taekyung Kim, Department of Business Administration, The University of Suwon, South Korea, kimtk@suwon.ac.kr

## ABSTRACT

Crowd-funding is an emerging industry in China. However, Chinese crowd-funding market has some different characteristics to its US-based or Europe-based predecessors. Some of Chinese founders regard reward-based crowd-funding as a funding approach, while others highlight its marketing functions. Thus, which play more important role at present? This paper investigates the reason for the special performance of reward-based crowd-funding in China from multiple perspectives. The results indicate that the special institutional environments of China---lack of perfect social credit systems and legal systems, not granting legal definition and status for crowd-funding, leads to an inevitable result that Chinese founders make heavy use of the marketing functions of crowd-funding but make light use of the funding function at the present stage. With the perfecting of the institutional and legal environment, many small-and-medium-enterprises and individual entrepreneurs are expected to pay more attention on the funding function of crowd-funding than today.

*Keywords:* Reward-based crowd-funding, institutional environment, legal fundraising, pre-selling

## INTRODUCTION

Recently, crowd-funding is quickly becoming one of the most fashionable words and a novel Internet-based finance mode throughout the world. One of main reasons for the explosive growth of crowd-funding industry may be due to its providing of a new viable option for entrepreneurial and small business to raise money from the crowd. That is, crowd-funding is a low cost and open source of capital to the small and growing businesses by allowing them to leverage the power of the Internet and online social media. According to [23], more than 30% of all small and growing businesses in the world (the percentage may be much higher in some developing countries or countries with strict financial controls, such as in China) are facing the difficulty to access finance under traditional financial systems such as banks and venture capitalists (VCs). Therefore, when crowd-funding presents its powerful financing function, hundreds of thousands of entrepreneurs are attracted and flooding into this emerging field.

The term “Crowd-funding” was coined by Michael Sullivan back in 2006 with the launch of fundavlog, a failed video-blog-related website including a simple funding functionality. However, the mass usage of the term crowd-funding became available a few years later with the advent and success of the platform Kickstarter since 2009. Thus, as an evaluating concept, there is not a popular and academic definition for crowd-funding by far. Some scholars defined crowd-funding from a perspective of Internet-based finance (i.e., [18][19]), and some others draws inspiration from concept of “crowd-sourcing” (i.e., [3][12]); nevertheless, most extant definitions of crowd-funding highlight the financing function for entrepreneurial individuals and groups. Some studies also shed light on the marketing purposes of crowd-funding for innovative products or services which are in the early stages of development (i.e., [18][19]). Additionally, for the crowd-funding industry itself, new patterns or systems are being created one after another. At the time of this writing, there are four main settings in which individuals can fund projects [18]: reward-based, equity-based, loan-based, and donation crowd-funding. This study focuses on reward-based crowd-funding, in which funders receive a non-monetary reward for backing a project [18].

### Crowd-Funding in China

Compared with the prosperity of crowd-funding systems in North America and Europe since 2009, it's a little late for China to enter the crowd-funding market, as Chinese first crowd-funding platform “Demohour” launched in May 2011. It's a Kickstarter-like reward-based crowd-funding site and opening to several types of projects such as design, technology, music, cinema, games, etc. Some projects in Demohour had raised over ¥1 million (about, \$170,000), for example, a smart Wi-Fi plus socket called Smart Plug successfully solicited 3,754 backers with total funds at ¥1.7 million (about, \$280,000); and the animated film One Hundred Thousand Bad Jokes raised ¥1.37 million (about, \$200,000) from 5,534 investors. It looks like a successful crowd-funding platform; however, it's transforming itself into an intellectual hardware-related e-commerce website rather than a pure crowd-funding intermediary. To some extent, it might be concluded that a Kickstarter or Indiegogo-like crowd-funding platform is difficult to achieve success in China. Nevertheless, Demohour seems a spark of China's crowd-funding, dozens of crowd-funding websites emerging since its launch in 2011.

In line with [11], China had more than 110 crowd-funding platforms (excluding those for nonprofits) as of the end of 2014, up from 78 a year ago; 75 of the exerting sites are reward-based and 27 of them are equity-based. Among them, Taobao Crowd-funding and JD Crowd-funding are established by Taobao and JD, who are the two largest e-commerce companies in China, respectively. A total of ¥915 million (about \$148 million) was raised through crowd-funding sites in 2014, ¥440 million (about \$71 million) derived from reward-based projects. Certainly, \$71 million is really a pretty small number in the

huge market (i.e., Kickstarter's volume in 2014 reached more than \$444 million), but the fantastic growth rate is notable that the funding volume of Chinese reward-based projects had reached ¥800 (about \$130 million) only in the first half of 2015.

At present, most reward-based crowd-funding sites look like Kickstarter or Indiegogo, however, they have different envisions. For instance, both Kickstarter and Indiegogo highlight their role as financing approaches. Specifically, Kickstarter declares that it's a new way to fund creative projects; while Indiegogo is the way ideas get funded and realized across the globe. By contrary, many Chinese project founders use crowd-funding for marketing. In other words, if we accept that the "Crowd" and the "Funding" are two essential elements in defining crowd-funding as an activity, the entrepreneurs in the U.S. prefer the "Funding" function, while the Chinese entrepreneurs tend to gather the "Crowd". In terms of the Chinese-style reward-based crowd-funding, there's a prime example features Feng Wang, a very famous Chinese rock star, who pledged a campaign in July 2014 for his upcoming Beijing concert. His funding goal was a very low number---¥3,000 (less than, \$500), it is clear that the rock star had greater goals (i.e., to advertise his concert) than funding, albeit his project got successful fundraised with the actual amount of money raised almost ¥30,000 (about \$5,000), ten times higher than the funding goal. Additionally, large numbers of Chinese scholars and entrepreneurs argue that crowd-funding is a novel pre-selling channel rather than a financing approach, although they admit the strong financing function of crowd-funding for entrepreneurial and small businesses. That is, to some extent, the foundation of crowd-funding---soliciting funds from the individuals to support founder's entrepreneurial ideal, is weakened in China. Therefore, we question: Is this a rational and transformational trajectory for crowd-funding in China? In terms of the two elements "Crowd" and "Funding" in reward-based crowd-funding, which is more important for Chinese crowd-founders: as a financing approach to gather funds or as a marketing tool to gather the potential consumers?

### **Crowd-Funding is not the Solely IT-Related Thing Coming From Abroad**

Crowd-funding is not the first IT-artifact that coming from outside of China, some other Internet-based business models or applications such as e-commerce and social network service (SNS) are not original. However, nearly all of the Internet-based products, which were derived from advanced economies, experienced hard processes to survive and develop in Chinese market. In the case of e-commerce, TaoBao (www.taobao.com), launched in 2003, is the largest and most successful e-commerce platform in China by far. In fact, TaoBao is an imitator of eBay (www.ebay.com), which launched in 1995 and was a US-based pioneer of e-commerce in the world. EBay entered China in 2003, when TaoBao was in its infancy, and directly copied its formula from the United States such as charging multiple fees from sellers, credit-card-based Paypal payment systems, and so on. However, when the first online sellers were facing difficulties to earn money from the early bird in Chinese e-market, eBay's charge-strategy came into being a large barrier. Thus, most sellers of eBay were attracted and migrated to TaoBao when the newly launched website declared a strategy of free-of-charge in 2003. Furthermore, Paypal was destined to fail in China, because China's lack of personal credit systems made the credit-card-based person-to-person payment system being impracticable.

As a result, just three years after, eBay was defeated by its imitator TaoBao and pulled out of China in 2006. Many scholars explored the reasons of eBay's failure in Chinese market and revealed that the poor localization strategy, lack of cultural sensitivity, and the incompatibility of institutional environment were significant influencing factors (i.e., [10] [15] [20] and [24]). Similar situations and conclusions could be used to analyze the failure of MSN Messenger, Google, and many other IT artifacts in China in recent years [15].

On the contrary, the success of TaoBao in China mainly due to it has a deep understanding of the culture and institution what enables it to provide correct response in the indigenous market. For example, TaoBao provided free-of-charge platform for users to help them benefits from selling online in the early days; it provides an instant messaging system (namely, AliWangWang) to help developing swift guanxi ([20][21]) between buyers and sellers; and the most important strategy is that it successfully developed an amazing third party payment system, Alipay, which provides escrow between the buyer and the seller.

It should be mentioned that e-commerce, as an exotic IT-artifact, is modified significantly by Chinese culture, policies, and institutional environment, etc. Similarly, crowd-funding systems may need to be acclimatized to the China-based unique cultural, political, and institutional environments.

### **POSITION 1: CROWDFUNDING IS BECOMING A GLOBAL PHENOMENON**

Crowd-funding is becoming a global phenomenon. The advanced Internet technologies and mature social network services fertilize the online crowd-funding industry. According to [16], in 2014 global crowd-funding experienced astounding growth and the volume had reached \$16.2 billion with a 167% up from \$6.1 billion in 2013; furthermore, the crowd-funding volume is expected to be climbing to \$34.4 billion in 2015. The accelerated growth in 2014 was due in part to the rise of Asia as a major crowd-funding region with a fabulous growth rate 320% and a raised volume \$3.2 billion (being the second-biggest region by crowd-funding volume, compared with \$9.46 billion in North America and \$3.26 billion in Europe). Among the figure, Chinese crowd-funding market made a substantial contribution.

Theoretically, other than the traditionally-funded project, which is often highly constrained by geography [5], Internet-based crowd-funding systems have the potential to mitigate the distance effects [1], everyone who want to participate crowd-funding

projects could be involved in. An amazing but not a unique example occurred in 2014, when “Sociedad Deportiva Eibar”, a Spanish football team, successful fund-raised €1.98 million from more than 8000 fans from 48 countries including more than 300 Chinese fans. That is, crowd-funding is an excellent funding approach without national boundaries. Therefore, crowd-funding will open a new window for the large number of Chinese Small and Medium Enterprises (SMEs) and start-ups who are facing increasingly difficulties to obtain necessary capital from banks or other traditional financial systems because of strict financial regulations and restrictions.

According to the statistic of China Association of Small and Medium Enterprises (CASME) (2015), China has more than 10 million SMEs by far, which contribute to more than 60% of Chinese Gross Domestic Product (GDP), more than 50% of internal revenue, and create more than 80% employment positions for urban people. In addition, China also has a large number of individual entrepreneurs who contribute to national economy. Therefore, China is a potential huge crowd-funding market, like the prediction of [23] that Chinese crowd-funding volume could grow to \$50 billion in the next decade.

Furthermore, from a perspective of academic research, some scholars also indicated that crowd-funding projects could solicit distant contributors via the Internet. For example, the study of [1] draw on a dataset from Sellaband, a Germany-based musical crowd-funding intermediary, examined the geographic decentralization of funders and found some evidence that crowd-funding relaxes geographic constraints among funders. Similarly, based on the data from Kickstarter, [13] investigated the effect of geography on crowd-funding, the findings revealed that technology-related projects tend to attract a vast majority of funds outside of their home regions. Another study conducted by Althoff & Leskovec in 2015 [2] also provided evidence that both local and distant backers contributed to school-related projects via DonorsChoose.org, and distant backers were found to be with high loyalty. Certainly, there're also inconsistent findings. For instance, the study [4] analyzed the data of Kiva and revealed that crowd-funding websites could not eliminate the effects of geography and cultures; they indicated that funders still prefer culturally similar and geographically proximate entrepreneurs. The findings approximated the results of [8], in which the negative effects of distance on online transactions were revealed; meanwhile, culture was regarded as one key influencing factor that leads to the geographic biases of trade online.

Increasingly scholars are being attracted by the novel crowd-funding modes and being dedicate to relevant research work. However, most extant research on crowd-funding employed US-based or Europe-based examples/dataset (see, Table 1), which may not be fully applicable to China because of different economical, cultural, or institutional environments between China and Western countries. Hence, we will discuss some unique features of crowd-funding in China in the following section.

Table 1. Summary of Crowd-funding Related Academic Articles (Part)

Topic	Data Source	Location of Data Source Website	Reference
Dynamics of crowd-funding	Kickstarter	The United States	[16]
Influence of offline social relation and distance on crowd-funding	Sellaband	Germany	[1]
Influence of internal social capital on crowd-funding	Kickstarter	The United States	[6]
Influence of social capital on crowd-funding in cross-cultural context	Kickstarter / Demohour	The United States / China	[22]
Antecedents of Crowd-funding Project Success	Demohour	China	[9]
Effect of founder's completing bias on crowd-funding	DonorsChoose	The United States	[20]
Types of crowd-funding	Indiegogo	The United States	[7]
Crowd-Funded Journalism	Spot.us	The United States	[12]

## POSITION 2: THE PHENOMENA OF REWARDED-BASED CROWDFUNDING IN CHINA

As mentioned above, crowd-funding was introduced to China by Demohour four years ago. Given its nascent nature, China's crowd-funding has not been granted legal definition and status. Thus, it's easily associated with illegal fundraising which would lead to negative perceptions; even so, many SMEs and individual entrepreneurs express enthusiasm for the crowd-funding modes. Some entrepreneurs prefer crowd-funding as an additional funding approach, but some others consider its marketing functions more.

### **Soliciting Funds Is Important, But It Is Risky and Difficult via Crowd-funding Platform in China.**

First, crowd-funding is regarded as an innovative financial tool in China, but it is not easy to distinguish from illegal fundraising without a legal define by far. Lots of Chinese people are suffering or suffered illegal fundraising cases, which also financing from the public like crowd-funding, involving many industries such as agriculture, real estate, technology, and equity investment, and a huge amount of money. Thus, the government has grown increasingly concerned with illegal fundraising. An institution named the Interagency Anti-Illegal Fundraising Taskforce (IAIFT) was created in 2008, and harsh punishment came into action. To avoid being associated with illegal fundraising, most Chinese reward-based crowd-funding platforms employ strict risk control measures; furthermore, some administrators of crowd-funding platforms declare finance-disrelated operation rules to keep far away from the risk of illegal fundraising. The transformation of Demohour from a typical crowd-funding platform to a pre-sell e-commerce website may be such a case. Institutional environment has a significant effect on the development of crowd-funding in China.

Second, different with founders in US-based crowd-funding platforms such as Kickstarter or Indiegogo, who can solicit funds from foreign investors freely, Chinese crowd-founders face more difficulty in obtaining foreign investment via the Internet. At present, the RenMinBi (RMB) is the only currency and trade settlement instrument in China. All foreign capital flows in and out of China are still tightly controlled, and any incoming capital will be strict monitored. Therefore, Chinese crowd-funding platforms can not attract foreign participants easily; most projects in China can only be supported by domestic backers. It's also the institutional environment that constrained the capacity of Chinese crowd-funding projects.

Third, compared with English-based platforms, the commonality of Chinese-based crowd-funding websites are lower. English is regarded as a world language, while Chinese is only available within Chinese-circle. As a subsequence, most participants of Chinese-based crowd-funding projects are still Chinese. From both the goals of fundraising and marketing, language is a significant limiting factor.

### **Founders Prefer Pre-selling Mature Products via Reward-Based Crowd-funding Projects.**

Pre-selling used in Chinese crowd-funding projects is different with it in the US or Europe market. In line with [18], founders could “pre-sell” products or services to backers, who play the role of early consumers, in reward-based projects; [3] also suggested entrepreneurs inviting early consumers to “pre-order” the product to collect the initial capital for launching production. At least, the meaning of “pre-sell” is different in the context of crowd-funding with which in the traditional marketing settings. Further, in terms of traditional pre-sell, the procedure starts from production, next is sales (including pre-selling) and return of money; while the “pre-sell” in crowd-funding starts from fundraising, in other words, collecting money is the first step, and then is pilot production and normal production. Many Chinese crowd-founders utilize the traditional concept of “pre-sell” in their projects, namely, they pre-sell produced products via crowd-funding projects. However, in both Chinese-style and US-based crowd-funding projects, a common target is to obtain timely market feedback and precise consumer targeting for the “pre-selling” products [18]. Some reasons may be able to explain the special phenomena in China.

First, according to [11], China had more than 70 reward-based crowd-funding platforms at the end of 2014. Some of them do not have a clear provision for banning mature product and service, or admitting mature items directly. For example, many founders in TaoBao Crowd-funding are sellers of TaoBao stores, who can pledge the “pre-selling” product to the crowd-funding webpage, which is linked with the online store. In this case, crowd-funding project seems a warm-up of the subsequent sales for the product, regardless of the project is successful or not. Another type of platform may target to improve the website traffic by admitting “pre-sell” produced items in the early period of the website launch.

Second, from the perspective of founders, pre-sell mature items may be helpful for improving the success rate. [11] provided relevant evidence that the success rate of Chinese reward-based projects was 77.2% in 2014, which was much higher than the number of Kickstarter, about 40%. In addition, the high success rate may have positive effect on the subsequent projects pitched by the same founders. The findings of [22] examined a similar issue and indicated that completing a project could indeed lead to contributors' larger future contributions.

Third, many founders may attempt to avoid divulging their original works in online. Plagiarism is still a serious social issue, which is unseldom in China today. If detailed descriptions of the immature but innovative items are pledged to the crowd-funding campaigns, nobody can ensure that the ideas will not be copied or plagiarized. Therefore, many founders would rather to pre-sell the mature products. It seems like a forced choice of founders due to the lack of perfect social-credit-systems and copyright-protection-systems.

### **Backers Confuse Group-Purchase with Reward-based Crowd-funding.**

At present, crowd-funding is still a new concept for ordinary consumers, who are attracted by crowd-funding just because they can get novel products from such websites. They spend money and receive relevant products some time later, like an online group-purchase transaction. Furthermore, most Chinese reward-based crowd-funding projects have similar appearance and operational process with a famous group-purchase website, namely, JuHuaSuan (<http://ju.taobao.com>). Thus, it's understandable why many backers confuse group-purchase with reward-based crowd-funding.

## DISCUSSION

As aforementioned, the reward-based crowd-funding in China presents some different features with Kickstarter, a typical American-style crowd-funding model. The 15 largest reward-based platforms were demonstrated in Table 2, and they were employed to have a restricted view of Chinese reward-based crowd-funding.

Firstly, more crowd-funding platforms and projects are Kickstarter-liked in China. As can be seen from Table 2, more than half (8 of 15) of Chinese largest reward-based platforms are Kickstarter-liked both in the appearance and in the operational process, although some of them mix “Charity” in the categories, which is opposed by Kickstarter. In reality, except TaoBao crowd-funding, the other four of the five largest platforms are Kickstarter-liked. All of the four platforms (including, JD Crowd-funding, Zhongchou, SuNing Crowd-funding, QingJu) open to multiple categories of projects such as Technology, Design, Film & Video, Publishing, Charity, and so on; all of them attempt to provide a viable way for inventors to fund their creative items; and they also encourage backers acting as co-producers or co-inventors by contributing their thoughts and wisdom.

Secondly, some nominal crowd-funding websites are providing traditional “pre-selling” services. Five of all the 15 platforms (including, TaoBao Crowd-funding, ARTIPO, Legongxiang, Changxianzhongchou, and 5sing) are more like pre-selling websites than crowd-funding intermediaries, albeit part of projects on them are creative and Kickstarter-liked. TaobBao crowd-funding is a comprehensive platform which opens to almost every item that can be funded or pre-sold via the Internet, while other four websites are vertical platforms which concentrate on limited categories of items. For example, ARTIPO focuses on funding for paintings and calligraphy, while Changxianzhongchou provides services for farmers and helps pre-selling agricultural products.

Thirdly, small innovation for crowd-funding system is revealed. Among the 15 platforms, Dreamore and Tmeng have some features of social network service (SNS). Specifically, Dreamore focuses on providing services and a virtual community for youth who have creative ideas. Launched in 2012 with a Kickstarter-style appearance, it is transforming from a PC-based platform to a concise mobile application to better satisfy young people. In addition, Dreamore will adopt a “Keep-it-All” model, which is different with most of the others who are using an “All-or-Nothing” model. Draw on the dataset from Indiegogo, [7] revealed that “Keep-it-All” projects are being less successful fundraising than “All-or-Nothing” projects. But, nobody could predict its fate in Dreamore, because China has different environments. Another innovation presented by Tmeng, which focuses on film and video project. Founders could present projects on Tmeng to solicit funds for their films and videos; meanwhile, founders could pledge projects to collect movie scripts but not to collect money.

Additionally, Musikid is another art-related platform which in the top 15 list of Chinese crowd-funding websites, it focuses on musical project and looks more like the Germany-based musicalplatform, Sellaband.

Hence, as an exotic IT-artifact in China, Chinese reward-based crowd-funding remains some original characteristics; meanwhile, the special cultural and institutional environments of China have impacted it and made it transformed to fit the emerging market as well. The result would be supported by the Institutional Theory, that crowd-funding need to be changed to conform to the institutional pressures and gain legitimacy in China [17].

ID	Name	URL	Launch Year	Sponsor	Category	Trade Volume* (Unit: ¥1000)	Style			
							Kickstarter-like	Pre-sell	SNS	Others
1	JD Crowd-funding	<a href="http://z.jd.com/">http://z.jd.com/</a>	2014	JD.com, the second-largest e-commerce company in China	Smart hardware, Cultural product, Household product; Charity.	450,100	√			
2	TaoBao Crowd-funding	<a href="https://hi.taobao.com/">https://hi.taobao.com/</a>	2013	TaoBao, the largest ecommerce company	Technology, Agriculture, Comics, Design, Charity, Film & Video, Publishing, Games	238,670		√		
3	Zhongchou	<a href="http://www.zhongchou.com/">http://www.zhongchou.com/</a>	2013	ncfgroup.com	Technology, Publishing, Entertainment, Art, Agriculture	34,630	√			
4	SuNing Crowd-funding	<a href="http://zc.suning.com/">http://zc.suning.com/</a>	2015	SuNing Commerce Group	Technology, Design, Charity. Agriculture, Cultural product, Entertainment	21,870	√			
5	QingJu	<a href="http://www.qingju.com/">http://www.qingju.com/</a>	2013	No	Publishing, Music, Film & Video, Design, Games, Technology, Charity, Comics	19,310	√			
6	GuanZhongChou	<a href="http://www.guanzhongchou.com/">http://www.guanzhongchou.com/</a>	2014	No	Music, Film & Video	7,450	√			
7	Kaistart	<a href="http://www.kaistart.com/">http://www.kaistart.com/</a>	2014	No	Any creative project	5,020	√			
8	ARTIPO	<a href="http://www.artipo.cn/">http://www.artipo.cn/</a>	2012	No	Art	4,980		√		
9	MoDian	<a href="http://www.modian.com/">http://www.modian.com/</a>	2014	No	Games, Comics, Publishing,	4,060	√			
10	Dreamore <sup>①</sup>	<a href="http://www.dreamore.com/">http://www.dreamore.com/</a>	2012	No	Design, Technology, Film & Video, Music, Publishing	3,500			√	√

11	Musikid <sup>②</sup>	<a href="http://www.musikid.com/projects/discover">http://www.musikid.com/projects/discover</a>	2012	No	Music	1,910		√
12	Legongxiang	<a href="http://www.lgxzc.com/">http://www.lgxzc.com/</a>	2015	No	Food, Charity, Publishing	1,500		√
13	Changxianzhongchou	<a href="http://www.changxianzhongchou.com/">http://www.changxianzhongchou.com/</a>	2014	No	Agriculture	1,220		√
14	5sing	<a href="http://5sing.kugou.com/zc/">http://5sing.kugou.com/zc/</a>	2013	No	Music	1,030		√
15	Tmeng <sup>③</sup>	<a href="http://www.tmeng.cn/">http://www.tmeng.cn/</a>	2012	No	Film & Video	1,010	√	√

**Notes:**

\* : Data source is 01caijing.

①: Dreamore is transforming from a Kickstarter-liked platform to a mobile application, which based on its APP products. Meanwhile, it's a SNS for youth.

②: Musikid focuses on musical project, it looks like the Germany-based musical platform Sellaband.

③: Tmeng focuses on film and video project, in which founders not only could present projects to solicit funds but also could solicit wisdom; thus, it's a crowd-funding platform and a SNS site as well.

## CONCLUSION

In summary, at present, Chinese crowd-funding has some different characteristics with its US-based or Europe-based predecessors. Some of Chinese founders regard reward-based crowd-funding as a funding approach, while others highlight its marketing functions. The result may be due to the special institutional environments of China---lack of perfect social credit systems and legal systems, which are blocks for the finance-related crowd-funding mode. Thus, the trajectory of crowd-funding in China should conform to the environments. It becomes an inevitable result that Chinese founders make heavy use of the marketing functions of crowd-funding but make light use of the funding function at the present stage.

However, innovation and entrepreneurship are becoming new engines for China's economic development. In this way, crowd-funding is one of the potential driving forces by providing an innovative funding approach for SMEs and individual entrepreneurs on that account. Selling products is only a secondary component of crowd-funding, because the substance of crowd-funding is serving for innovation and entrepreneurship. China is perfecting the institutional and legal environment. When crowd-funding obtains a legal definition and status, many SEMs and individual entrepreneurs are expected to pay more attention on the funding function than today.

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