

8-16-2024

Measuring Outcomes in Reward Crowdfunding: Exploring Variations within the IS Literature

Tanya Beaulieu
University of Maine, tanya.beaulieu@maine.edu

Shahriar Uddin
University of maine, uddinshahriar887@gmail.com

Follow this and additional works at: https://aisel.aisnet.org/treos_amcis2024

Recommended Citation

Beaulieu, Tanya and Uddin, Shahriar, "Measuring Outcomes in Reward Crowdfunding: Exploring Variations within the IS Literature" (2024). *AMCIS 2024 TREOs*. 76.
https://aisel.aisnet.org/treos_amcis2024/76

This material is brought to you by the AIS TREO Papers at AIS Electronic Library (AISeL). It has been accepted for inclusion in AMCIS 2024 TREOs by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.

Measuring Outcomes in Reward Crowdfunding: Exploring Variations within the IS Literature.

TREO Talk Paper

Tanya Beaulieu
University of Maine
tanya.beaulieu@maine.edu

Shahriar Uddin
University of Maine
shahriar.uddin@maine.edu

Abstract

Rewards crowdfunding is a means for individuals or businesses to raise funds for ventures, such as products or projects for new business ventures or a one-time venture. The IS discipline has shown a keen interest in this topic, with more than 100 articles published in the Basket of 8 journals since 2009 related to crowdfunding, with about half of these related specifically to rewards crowdfunding. Much of the research to date surrounds factors or predictors that lead to a successful campaign. However, a close look at the literature shows that a variety of measures is used to indicate success. Our goal is to explore the variety of outcome measures found within the literature and propose some guidelines for their use.

Studies that focus on the success of a crowdfunding campaign often determine success based on whether the funding goal was met. However, this approach can be problematic in that there is no difference in the measured outcome for a project that exceeds its goal. The use of a binary variable is not able to distinguish between campaigns that just meet their goals versus those campaigns which go viral and wildly exceed their goal. Additionally, this measure is inadequate on platforms such as Indigogo.com, where founders are allowed to keep all they raise, making success much harder to define.

Some studies have sought to remedy this by using the total funded or percent funded to address the above disparity. However, this measure proves challenging, too, especially in all-or-nothing campaigns where founders may purposefully lower the funding goal to maximize their chances of collecting the pledged funds.

Average contribution per backer is yet another dependent variable used in the literature, with the assumption that higher contribution amounts indicate higher success and that backers are more in favor of the campaign. However, due to the variety of projects funded, the price of the reward will impact the total amount raised as well as the average contribution per backer, thus calling into value this measure.

The number of backers is a related measure but again has some difficulties in that the contributions needed for a reward tier can vary widely from some campaigns having plentiful opportunities at a low cost as opposed to other campaigns where the product or set of rewards is more costly, thus discouraging backers from contribution.

While not a direct measure of success, some literature, albeit a minority, has explored the individual contribution behavior of a backer. An advantage of this outcome measure is that it reflects the voice of the individuals involved and is a necessary condition for a successful campaign. Individual backer actions also avoid many of the biases introduced in the above measures; however, this measure relies on the assumption that if one backer is more likely to contribute, then the campaign as a whole is more likely to succeed.

While the research surrounding crowdfunding is rich and varied, in our view, more attention needs to be paid to the selection of the outcome variable, its suitability to the research question at hand, and a recognition of each measure's limitations in order to improve our understanding of the phenomenon.