Guerilla Marketing Using Social Media as a Success Strategy in Crowdfunding Campaigns: Towards a Research Model

Full Paper

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Abstract

Crowdfunding enables project initiators to obtain money from unknown supporters worldwide to finance their business ideas. To receive funding, an adequate and effective communication between project initiators and supporters is very important. However, traditional marketing activities' high costs are often unaffordable. Therefore, guerrilla marketing represents an unconventional and inexpensive way to gain reach and popularity, especially if done via social media. Research has largely neglected the ways different marketing activities and social media influence crowdfunding success. The contribution of our work-in-progress is that we provide a theoretical and integrative understanding of how guerrilla marketing has an influence on crowdfunding success via social media. We derive a preliminary model on crowdfunding success from literature and test it against seven cases of crowdfunding campaigns which employed guerrilla marketing in their social media campaigns. Subsequently, using inductive case analysis, we extend the current understanding of crowdfunding success to an initial research model.

Keywords

Crowdfunding, Guerilla marketing, Social media, Case study research.

Introduction

Entrepreneurs and other creative minds increasingly use crowdfunding platforms in order to collect money to finance new business projects. The concept of crowdfunding (CF) is specifically appealing to entrepreneurs due to "the combination of democracy and free market capitalism" (Leonhardt 2012). CF enables companies and creative individuals to not only obtain money from banks, investors, and friends, but also from unknown supporters across the world – CF pledgers (also known as supporters or funders) – to finance their business ideas. CF is therefore the procurement of financial resources on the Internet to implement innovations of any kind (Perlstein 2013). Since one of CF's main features is its interaction with a heterogeneous, indeterminate crowd via an open call, it can be used for crowdsourcing (CS) (Brabham 2013). The simplicity of CF allows project initiators to free-market test and fund an idea quickly, cheaply and with little complexity (Leonhardt, 2012). In return for CF pledgers' participation, various monetary and non-monetary incentives are offered (Kirschner & Gothe 2014), for instance, prototype products, vouchers for products, or social acceptance. Besides the offered incentives and the project idea quality, there are two important CF campaign success factors: trust-building communication with the pledgers and the legal basis that protects the CF participants from fraud (Gerber et al. 2013; Riedl 2013).

From a legal perspective, all the different legal systems of all the participating countries have to be considered, because the CF process transcends geographical borders. The U.S. Senate adopted the Crowdfund Act (Cunningham 2012) in March 2012, which removed the hurdles preventing startups and small companies from seeking to raise funds via CF and offers clear guidelines for the financing of

enterprises via CF. Conversely, European companies still need to overcome a variety of national regulations in order to apply CF; a uniform law is not yet within sight. In March 2014, the EU Commission published proposals for common rules for cooperation between national regulatory authorities, which are aimed at overcoming legal differences (European Commission 2014). The EU proposals are also aimed at enabling CF initiators and pledgers to make informed decisions and to establish trust in each other. In a CF context, trust can be defined as the project initiators' and the CF pledgers' intention to swap transactions (Mayer et al. 1995). However, the CF legal basis is still in an early stage, which makes adequate and effective communication between a CF initiator and pledgers very important. This communication is the main driver of our study. In this context, entrepreneurs are required to implement marketing activities promoting their campaigns. However, traditional marketing activities' high costs are often unaffordable. Consequently, and due to the continuously declining efficiency of classical marketing instruments, interest in unconventional marketing is growing (Hutter & Hoffmann 2011). An alternative to traditional marketing can be found in the guerilla marketing (GM) approach. Creativity, emotional appeal, and an element of surprise often characterize GM activities, which encourage potential customers to talk to others about the product, thus achieving high awareness with comparatively few resources (Patalas 2006). CF project initiators try to engage as many multipliers for their message as possible in order to trigger a viral effect (Schmiedgen 2014, p. 132). Employed media include the CF platform (typically implemented as an online community and therefore attributable to social media (SM)), as well as other online channels such as e-mail, SM, and websites (Gerber et al. 2014, p. 1095).

Research has largely neglected the ways different marketing activities influence CF success and the role information systems (IS) play in this context (Hui et al. 2013; Koch & Siering 2015). However, according to the largest international CF platform, Kickstarter, less than 50% of projects were successfully funded in 2013 (Kickstarter 2014), indicating a need to examine CF success in more detail. In this paper, we seek to understand successful GM activities via SM and their effects on CF success. As discussed above, research has already suggested a few CF success factors such as trust and effective communication. Nevertheless, the findings are still anecdotal and may not be complete. We approach our research goal in two steps. First, we derive a preliminary model on CF success from literature and test it against seven cases of CF campaigns which employed GM in their SM campaigns. Second, using inductive case analysis, we extend the current understanding of CF success in terms of using GM on SM by refining our propositions, as well as by adding new constructs and propositions to our preliminary model leading to the initial model. Deductive-inductive approaches (Patton 2002) give a particularly good and new perspective on an existing phenomenon by allowing "contradictory observations to change what we know" (Gilgun 2001, p. 3). Hence, our contribution to research is a theoretical and integrative understanding of GM's influence on CF success via SM.

Theoretical Foundations and Initial Research Model

Crowdfunding Success

CF is derived from the broader crowdsourcing concept. Coined in 2006, crowdsourcing is defined as a way of harnessing the creative solutions of a distributed network of individuals (Howe 2008). In these networks, users can contribute to the creation of products and services. Companies can involve users in a project to solve different problems by incorporating their opinions and ideas (Holland & Hoffmann 2013). Hence, CF is a mixture of entrepreneurship and social collaboration (Lu et al. 2014). Specifically, CF seeks to benefit from the power of the crowd to fund projects that traditional means of financing are unlikely to fund (Gerber et al. 2013). Supporters of a CF campaign offer financial assistance and, in return, receive rewards, such as monetary and material rewards, social contacts, or reputational gains (Leimeister 2012). By choosing to pledge funds in support of a project, pledgers implicitly evaluate and select that project (Burtch et al. 2013). CF pledgers are therefore simultaneously reviewers, promoters, and investors.

Leimeister (2012) distinguishes four types of CF, depending on the nature of the reward: crowd sponsorship (non-monetary), crowd investing (equity shares), crowd donating (non-profit output), and crowd lending (return on interest). The communication needed to draw a crowd to reach the CF goal is increasingly done via SM (Hammon & Hippner 2012). Reaching a CF audience via SM is relatively inexpensive and thus suited for organizations without large marketing budgets (Naroditskiy et al. 2014). We focused on non-monetary crowd sponsorship for a manageable time span for our observations, since we concentrate on marketing measures within CF campaigns via SM. A CF campaign is typically considered successful when it "results in

successful product development" (Mollick 2014, p. 2). However, this common understanding of CF success disregards contractual obligations towards pledgers, which is why we argue that a more comprehensive definition of CF success is required. We extend the above-mentioned definition by stating that a *CF campaign is successful if project initiators manage to collect the requested funding and fulfill their contractual obligations with supporters to the best of their judgment and conscience.*

A key concept underlying all forms of CF is trust. Project initiators seek to build emotional relationships with potential pledgers and, thus, encourage supporters to participate in the process of product development, enhancement, and dissemination (Etgar 2007). The resulting need for trust arises only in situations where "a party [is willing] to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer et al. 1995, p. 712). With respect to CF, trust relates to the act of funding a CF campaign despite the risk that the project initiator will not use the funding appropriately. Thus, trust is an important antecedent to a CF campaign's success, i.e. it contributes to a higher amount of obtained funding and a higher fulfillment rate of contractual obligations towards the pledgers (Baron & Kenny 1986). We derive:

P1: High trust in a CF campaign will contribute positively to CF success.

Guerilla Marketing in Crowdfunding Campaigns

According to Kotler & Armstrong (2012) solid marketing is vital for any company's success and builds on the fundament of social engagement with the customer to strengthen the company-customer relationship. CF frequently uses marketing instruments that allow to easily reach the crowd of potential pledgers (the customers in CF) and, thus, to improve this company-customer relationship. It also intends to benefit from viral effects, networking, the exchange of ideas and the opportunity to get an inexpensive indication of product marketability. At the same time, CF marketing activities should be as cheap as possible. Hence, CF marketing targets the same goals as GM. Levinson (1989), who could not afford traditional promotional activities, was the first to mention GM as a marketing alternative. Patalas (2006) characterizes GM activities as "unconventional, surprising, flexible and cost effective" (p. 48-52) activities aimed at making observers talk about a product. By implementing GM activities, entrepreneurs seek to apply creative marketing skills in order to save resources and to boost the reach within the estimated target group (Kaplan & Haenlein 2011) over the campaign's duration. A further characteristic of GM is the shift from a passive to an active marketing recipient. GM stronger triggers the recipients' emotions, and, as a consequence, makes them more curious and involved (Krieger 2012). The recipients in turn are then more eager to promote the marketing messages, thus leading to a diffusion effect (Hutter & Hoffmann 2011). From a CF perspective, maximizing the reach of GM activities increases the number of potential pledgers reached. As a result, we hold that also the amount of actually gained funding will increase, which not only increases the probability of successful product development, but also the probability of better fulfilling the contractual obligations towards the pledgers. Our second proposition is therefore:

P2: A wide GM activity reach will contribute positively to CF success.

Social Media's Role in Guerilla Marketing

The process of building trust toward to a CF campaign requires an authentic and project-related interaction with pledgers (Pedersen et al. 2013). Only by establishing such an interaction, also the intended viral effects of GM activities will unfold their full potential. Our central argument in this paper is that GM communication via SM influences the pledger's trust in CF campaigns, and increases the reach of the GM activities. SM's significance for marketing purposes is also highlighted by Hettler (2010), who emphasizes that SM link different aspects of technology, content, and design through communicative exchange processes in virtual communities. For example, SM provide an often cost-free communication channel – a major requirement in GM. Furthermore, GM activities build on the idea of active recipients – and SM platforms "have allowed customers to become more active parties in marketing exchange (Castronovo & Huang 2012, p. 119). In light of CF, a positive effect of this more active involvement is that project initiators and pledgers can establish more intense exchange with each other, thus reducing uncertainties on the pledgers' side. Accordingly, pledgers may be more willing to take the risk of funding a specific CF campaign, although they are not necessarily able to control and monitor the product development process, thus,

increasing the trust. However, since SM provide a convenient way of keeping pledgers up to date, again, the pledgers' uncertainties may be reduced. We derive:

P3: GM communication via SM will elicit higher trust in a CF campaign.

A GM marketing campaign can attain a higher reach, when the marketing message is able to appeal to a group's motivations for sharing information (Castronovo & Huang 2012). Given the features of SM to form interest groups, we argue that SM are well suited to support GM in this regard. Furthermore, Ho & Dempsey (2008) argue that consumers who are more individualistic (in that they want to differentiate themselves from others) and more altruistic tend to be those who are also most likely to forward online content. SM provide CF project initiators with opportunities to identify individualistic and altruistic pledgers, thus, allowing to more effectively manage their communication, and, accordingly, increasing the reach of their campaign. Hence:

P4: GM communication via SM will increase the GM marketing message's reach.

These four propositions form our initial model for CF success. We presume that various factors, such as the project initiator's personality and charisma, the intensity and quality of the communication with pledgers and SM use (Rishika et al. 2013), the incentives offered, and the project idea's attractiveness, could influence CF success as well (Gerber et al. 2013; Wright et al. 2010), but the available evidence in the literature does not allow for formulating clear propositions. Consequently, in our inductive case analysis, we focused on these aspects and attempted to link these to the initial model.

Research Method

To address our research aim, we employed a deductive-inductive case research setup involving seven CF campaigns. Such a case study approach has been suggested when the research objective is both, theory testing and revision (Gilgun 2001; Patton 2002). We started by deductively deriving our initial model, which we then tested and inductively refined by using the insights from our cases (Gilgun 2001; Lapointe & Rivard 2011; Patton 2002). We relied on guidelines for conducting rigorous case research to assure our findings' validity and reliability (Dubé & Paré 2003; Gibbert et al. 2008). To obtain our cases, we contacted 23 project initiators from three different CF platforms – Kickstarter, Indiegogo, and Startnext – to ascertain whether they employed GM activities to promote their campaigns. We selected these projects based on their funding time (between 2013 and 2014). In addition, we intended to select projects with sufficiently different campaign contents, funding goals, and pledger incentives. We selected the three CF platforms, because they employ the rewards principle, i.e., the creators offer CF pledgers non-monetary incentives for their funding. In addition, we contacted successful project initiators, who had managed to collect the required monetary funds and to fulfill their contractual obligations, as well as unsuccessful project initiators, who had not managed to reach the required funding target, as this would allow the falsification of our findings (Gilgun 2001). The contacted campaigns allow the theoretical replication of our findings (Yin 2009), since they have commonalities, but differ in their success, product class, GM approach, and use of SM. Such cases help ensure that our proposed model is not idiosyncratic of a specific CF campaign type. Table 1 presents brief profiles of the seven CF campaigns that responded to our inquiry (the company Hoefats initiated the two CF campaigns Johnny Catch and Johnny Catch Magnet, which is why we refer to seven CF campaigns in total, but only to six cases).

We collected data on each CF campaign, using observations, analyses of the various marketing activities, and interviews with the project initiators, which lasted between 30 and 90 minutes. We used semi-structured interview guidelines and avoided GM-specific vocabulary in order to not bias the responses (Schultze & Avital 2011). One of the authors coded the collected empirical materials (Miles & Huberman 1994) by means of the qualitative data analysis software Atlas.ti (version 7.5). Two of the authors then thoroughly discussed codes that left room for interpretation in a workshop. We operationalized our initial constructs and propositions, prepared an initial code list, including, for example trust and reach[1], and undertook a deductive analysis, using selective coding based on these codes. We examined our initial model by critically reflecting whether the theory could explain the case phenomena and characteristics. If

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[1] We measured trust by analyzing comments and posts from followers and by the reports of the project initiators. We measured reach by the number of persons that followed the crowdfunding initiative.

necessary, we refined the existing constructs and propositions to better fit the data (Patton 2002). We then undertook an inductive analysis, using open coding and pattern coding. By means of pattern coding, emergent themes were grouped together into synthesizing categories. We used network displays (Miles & Huberman 1994), which foster the building of logical chains of evidence, to determine high-level code categories and the relationships between them (Yin 2009).

CF campaign	Instabeat	Peter Licht	Johnny Catch	Johnny Catch Magnet	KAFC	Black Neck, Yellow Teeth3	reMIND
CF platform	Indiegogo	Startnext	Startnext	Kickstarter	Startnext	Startnext	Kickstarter
Funding time	04/20/13 – 05/17/13	02/18/14 – 04/20/14	12/12/13 – 02/24/14	05/02/14 – 06/17/14	12/13/13 – 03/11/14	01/29/14 – 04/14/14	05/15/14 – 06/14/14
Employed SM platforms	Facebook, YouTube, Twitter, Vimeo	Facebook	Facebook, YouTube, Twitter	Facebook, YouTube, Twitter	Facebook	Facebook	-
Other online media used	Blog, forums, webpage, online mags.	-	-	Blog, forums, online mags.	-	Online mags., mailings	Blog, forums, online mags.
Followers/ up-dates/comts.	- / 18 / 114	577 / 17 / 101	346 / 26 / 51	- / 6 / 58	107 / 3 / 9	513 / 21 / 131	- / 4 / 9
Required funds	USD 35,000	EUR 19,500	EUR 10,000	USD 5,000	EUR 5,000	EUR 33,000	USD 20,000
Obtained funds	USD 56,374	EUR 26,730	EUR 15,995	USD 17,714	EUR 5,235	EUR 37,790	USD 10,938
CF success	Yes	Yes	Yes	Yes	Yes	Yes	No

Table 1. Crowdfunding Campaigns

Case Descriptions

In this section, we present the CF projects we examined and provide background information and insights gained directly from the project initiators. For reasons of space, these insights constitute only a small part of the generated data. Table 1 presents other basic information on the campaigns. In the case descriptions, we added "P1", "P2", "P3", or "P4" in brackets wherever the quote, observation or description provides evidence confirming our initial propositions.

Instabeat is a sports technology start-up founded by Hind Hobeika in 2011 and based in Lebanon. The technical knowledge she obtained during her biotechnology studies and through her personal experience as a competitive swimmer, gave her the idea to develop a heart-rate tracking device for swimmers called Instabeat. This device is a swimming monitor mounted on goggles that tracks, stores, and displays instant feedback of the heart-rate. A team of four specialists developed and improved the product within a year, which left no financial resources for marketing, production, and market entry. Hobeika and her team therefore launched a CF campaign. According to Hobeika, her team tried to attract as much attention as possible through SM communication: "We used social media a lot; we relied a lot on word of mouth [...]. All of these combined contributed to our crowdfunding success [...]. We relied on the network and talking to people to whom the product made sense" (P2, P4). Further, she states: "I think the pledgers perceived us as trustworthy: There is a video [on Youtube, Vimeo] behind us, there is a team [presented on Facebook], there is a mission [shown on Twitter], that's all a part of the presenting the product as it can be (…)" (P3). Commenters on YouTube also stated: "Great product. Do you have a kickstarter? I'd like to support ☺" or "Just send money on Indiegogo. Awesome ☺" (P2).

Peter Licht is an artist in the indie cultural scene in Germany. He presents his works in various forms: Primarily as indie pop music, but also in the form of stories, poems, diary scraps, slogans, lyrics, and plays. His CF campaign's goal was to finance a live album. According to Licht's manager, Tobias Philippen, the realization of this successful project via CF was the only way to produce the album, since Licht's record label was not interested in releasing a live album, nor did Licht have the financial liquidity to self-fund the project. Philippen emphasized: "Facebook incentives had been very helpful with increasing the campaign's visibility and allowed us to reach more followers" (P4). He added that Licht's good reputation had helped with raising funds (P1) and stressed that the campaign marketing had been "a mix of digital and classical measures." He also stressed the relevance of SM in GM activities: "It offers not only an almost risk-free pre-order option for the album, it also guarantees artistic freedom, and – what could be seen from the followers' reaction – also created strong ties to the fans" (P3).

Johnny Catch is a crown cork bottle opener that Thomas Kaiser and Christian Wassermann designed and developed. The two men are German engineers and designers who run the company Hoefats, which undertakes integrated product development. The Johnny Catch product is an adjustable wall-mounted bottle opener that captures the crown cork during the opening of a bottle and comes in two variations. Both were implemented using a CF campaign. Kaiser stressed that they had had to reach the target groups in different ways in the two campaigns: "We always wanted to be perceived as friendly and down-to-earth. (…) We thus strongly relied on local networks to achieve awareness, but Facebook was instrumental in presenting ourselves" (P3). Their experience had taught them that reaching out to local networks through network marketing was critical for a successful CF campaign (P2). A follower on Kickstarter posted: "I find it cool that somebody who lives so close to me is doing something that nice" (P1). According to Kaiser: "With openness and transparency, it can work […] You are often supported by people who are close to you, such as friends, acquaintances, and friends of friends" (P1).

The **Karlsruhe Academic Film Club (KAFC)** is a non-profit group at the Karlsruhe Institute of Technology (KIT) that voluntarily operates one of the oldest student film clubs on the campus. When the renting of analogue film prints was no longer possible, the club needed a digital projector to continue its operations. In addition to collecting donations from other academic organizations, the board decided to create a CF campaign to cover the remaining amount of EUR 5,000. Julien Kipp, the KAFC CF campaign representative, stated that "100% of the marketing measures came from the GM domain. (…) We did a lot using the Internet, especially Facebook, it was essential for a good reach [P4]. Not so much happened at Startnext. (…) However, most pledgers were local – they knew us and trusted in us and our concept" (P1).

Black Neck, Yellow Teeth 3 ("Schwarzer Hals, gelbe Zaehne 3") is the third book in Veit Paetzug's trilogy. Paetzug is a German graphic designer and freelance journalist. By means of a self-published collection of interviews, his book presents the different backgrounds of Dynamo Dresden football club's fan cultures. He describes CF campaigns as "democratic and fair," which is why he relied strongly on word of mouth during his successful campaign to raise money for his publications. Being part of the football fan scene and his previous publications allowed Paetzug to mobilize enough pledgers – mainly through Facebook and the CF platform (P4): "I write good books, have a reputation, a good name, and people were waiting for this book" (P1). Furthermore, he stated: "I am not a journalist, but I asked very honest questions – and the interviewees were allowed to edit and comment the book's content afterwards. I made this fair process transparent throughout the whole campaign [on Facebook and Startnext]. Thus, I was able to capture a lot of trust" (P3).

reMIND is a web comic by American author Jason Brubaker, who successfully financed its print version via CF in the U.S. The project "reMIND: German edition" aimed to fund a German translation and publication of the book in Germany. Inspired by the American campaign's success, the German indie book author Katharina Gerlach started an (unsuccessful) CF campaign. Gerlach advertised the campaign on various German comic blogs and discussion boards. Gerlach said: "The pledgers perceived the project as phenomenal. (…) I had very clearly shown at any time what has been done and how far it would be to make the project successful. (…) People reacted very positive on that. (…) I also spent a lot time and care in producing the video – and tried to make transparent how much effort I invested in it. This way, I wanted to show that I am serious regarding the campaign and trustworthy" (P1, P3). When being asked why the campaign was not successful, she answered: "I wrote a couple of blog posts and did not do more […] I had no own website for this campaign. I relied only on Kickstarter" (P4).

Findings

After having analyzed our data, we were able to confirm most of our initial propositions (see previous section for exemplary quotes and evidence). For instance, all the successful cases showed a meaningful degree of trust in the CF campaign, thus confirming P1. Besides trust, CF campaign success depends on the project initiators' approach to reach broader masses. In our cases, the number of followers was a good indication of campaign success, thus confirming P2 (see Table 1). The project initiators hoped to attract more pledgers by reaching out to as many people as possible using different SM and online media channels, thus confirming P4. In addition, we found that GM communication using SM was positively related to higher degrees of trust in the CF campaign (confirming P3). Due to space restrictions, we cannot discuss the results of the initial model confirmation in more detail here. Instead, we will focus on relevant adjustments of the initial model.

Having a more detailed look at the cases revealed further insights. The approaches to GM were different and resulted in different levels of success. For instance, the project initiator of the reMIND case did not use SM communication at all, but only other online media. The small number of followers of this case reflects that GM communication using SM has a higher viral effect than communication using other channels. In addition, we observed in the case of Peter Licht that trust (as shown by different posts) and success in his campaign was relatively high (both in terms of followers and obtained funds) compared to other campaigns, although he was not involved in many SM platforms. Posts by followers indicated that the *way* he communicated seemed to have an important effect on the trust in the CF campaign. Also, the reach seemed to be different dependent upon the variety of employed SM channels and the nature of incentives offered.

In this section, we present our adjusted research model aiming at explaining GM's influence via SM on CF success (see Figure 1). With respect to the previously presented propositions, the insights from the cases led us to refine the preliminary model. In the following subsections, we discuss the implications of our refinement and present additional propositions that will guide our future research on CF success.
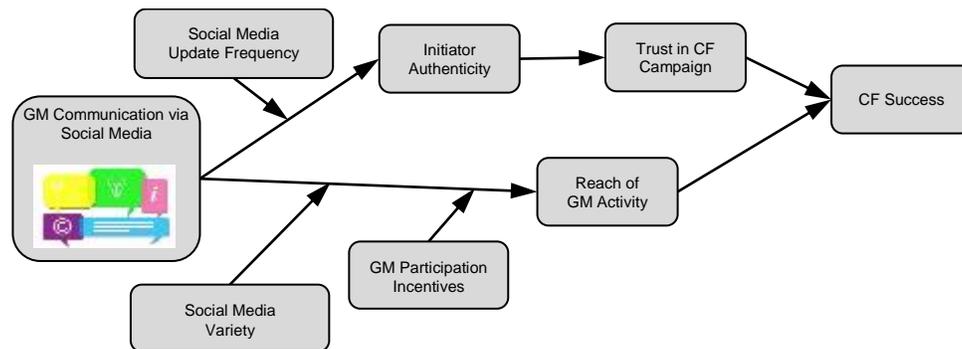
Figure 1. Research Model Based on Data Analysis

Initiator Authenticity

Spreading the message and relying on people who find a project interesting and exciting enough to share the content with friends and relatives result in inexpensive publicity. To this end, all our project initiators performed some kind of GM and used different SM platforms for their communication. Hence, we were able to confirm P3. However, inductive analysis of our data revealed a more fine-grained relationship between GM Communication via SM and trust in the CF campaign. For instance, recognition of his artistic value, which ultimately led to a successful CF campaign, gratified Peter Licht. When being asked to characterize their communication, our project initiators reported that they sought to offer the public solid and credible information about their projects and personalities. The resulting authenticity triggers emotions, allowing the public to feel affiliated with a project (Liu-Thompkins 2013). The openness and accountability of the shared content played a decisive role in creating trust among the pledgers. Direct interaction on Facebook created social proximity between the project initiators and the pledgers, which allowed familiarity, honesty, and openness. Friendly discussions on Facebook thus seemed to contribute to trust in the project initiators: "I think the users have been really good at communicating their concerns, what they like, what they don't" (Hind Hobeika, Instabeat). Admiration for the projects' innovation or creativity also played a part in inducing trust in some of them: "People were just totally euphoric [...] They had high expectations and wished me all the best" (Veit Paetzug, Black Neck, Yellow Teeth 3). In successful campaigns, the combination of visual depiction and interaction between the parties evoked the pledgers' emotions, which in turn enhanced the project initiators' reputation and authenticity, leading to recognition, popularity, and trustworthiness. To this end, project initiators largely relied on triggering positive emotions with regard to their person in order to win public trust. We, therefore, introduce *initiator authenticity* as new construct impacting the trust in the CF campaign to our initial model: Initiator authenticity refers to the openness, accountability, and credibility of the project initiator. Further, we split P3:

P3a (new from P3): Open and honest GM communication via SM positively impact initiator authenticity.

P3b (new from P3): High initiator authenticity will contribute positively to trust in the CF campaign.

Social Media Update Frequency

As indicated in P3a, open and authentic communication via SM increases the probability of active interaction with potential pledgers. In respect of the CF platform presentation and the communication with users via the CF platform, we recognized the following trend: Most of the project initiators relied largely on communication by means of the CF platform and used it to post updates during the CF campaign's duration. Generally, the more updates that were posted, the more agile the discussions were. In particular, it showed in the discussions that the perceived initiator authenticity was higher the more updates were posted ("The project initiator really believes in the project and is proud of the progress"). GM is often about funding innovative ideas that require rapid market positioning to utilize the advantages of a pioneer strategy (Schmiedgen 2014). To move fast, a high SM update frequency can accelerate recognition for the project initiators and their credibility, which is why we propose:

P4: High SM update frequency increases the impact of GM communication via SM on initiator authenticity.

Social Media Variety

Our successful cases reveal that the campaign goal could only be reached when an already established online community in a SM context took over the task of spreading the campaign information and messages, thus providing a satisfactory project reach – an aspect which Gerlach (reMIND) claims to have missed for her unsuccessful campaign. In respect of the SM variety, we ascertained that Facebook, Twitter, YouTube, and blogs were the most commonly used SM platforms during the CF period. The interview statements indicate that most of the project initiators achieved popularity by linking their campaign to Facebook, which is currently the largest social network. The interviewees support the importance of participation in forums and blogs for a campaign. As Belleflamme et al. (2014) also suggest, campaign coverage through specialized blogs and forums proved to be an efficient way of approaching the desired target group directly, but – as shown in the reMIND case – are alone not sufficient to obtain a meaningful campaign reach. Thus, SM variety positively impact the relationship between GM communication and a campaign's reach. We add the following moderation effect to our model:

P5: High social media variety will positively impact the relationship between GM communication using SM and the GM activity's reach.

GM Participation Incentives

The project participants saw a strong connection between word of mouth and SM, as suggested in P4. They wanted to incentivize spreading the campaign in order to gain as many pledgers as possible. Word of mouth had a direct impact on their campaign reach. As suggested by Mollick (2014), online communities were a prerequisite for effective communication. An attractive and project-relevant reward system had to be in place to attract the attention of many campaign multipliers and to achieve high effectivity before incentives could be promoted (Naroditskiy et al. 2014). Thus, the interviewees all stressed the importance of having an active SM network in place, but simultaneously providing additional incentives (e.g. prototype products, vouchers for products, or additional PR measures to increase social acceptance of pledgers) to keep the community interested in and excited about the project. We propose the following moderation effect:

P6: If GM participation incentives are offered, the GM communication using SM will lead to a broader GM activity's reach.

Summary and Next Steps

Overall, the results of this study show that using SM in GM activities positively impacts CF success, since it fosters trust in the CF campaign and the GM activity's reach. While the number of SM updates and initiator authenticity drive trust in the CF campaign strongly, GM activity's reach depends on the SM variety and GM participation incentives. The more viral a marketing message is, the more likely it is to gain sufficient reach in a CF campaign. Thus, a successful CF campaign relies on building trust in this campaign, while generating a wide GM activity reach via SM. While some research has been conducted on the effects of GM activities (Naroditskiy et al. 2014) and the impact of online communities (Mollick 2014) on CF success

factors and factors of viral reach (Liu-Thompkins 2013), our paper is the first to provide an integrative view of these separate streams of CF success research. Given the remarkable failure rate of CF campaigns, the model we propose is a first step towards a more holistic understanding of CF success. While the seven cases analyzed for this paper are not a representative sample, their unique characteristics and commonalities provide interesting insights. For instance, while previous studies identified a few success factors, the role of potential moderating factors has been omitted so far. Furthermore, our case selection is somewhat biased in that it includes only one case of a failed CF project. In addition, our sample does not include a case that collected the relevant funding, but did not fulfill the obligations toward the pledgers. However, the results presented here should be regarded as intermediate results, since we collected data from more than 30 CF campaigns that have not as yet been completely analyzed. We focused this paper on the seven cases that showed the most striking effects and kept the more nuanced and fine-grained analyses for future developments of our research project. For example, a few cases indicate that update frequency could potentiate the reach of a campaign (there is more content to spread), but further analyses are necessary to validate this assumption. In addition, we focused this paper on a general GM perspective. Our future analyses will be more differentiated regarding the different types of GM activities. The first results, for example, indicate that the choice of a specific GM approach requires specific SM platforms and particular communication strategies. Furthermore, not all types of GM activities seem to be successful when used on SM. In addition, we also intend to further explore in more detail the impact of different types of social media (e.g. Facebook, based on friendship, might be more reliable and trustworthy than Youtube to build up the trust for CF campaign but might also be less influential in reaching potential pledgers) and the role of ex-ante popularity of CF campaigns (i.e. how well-known some campaigns or campaign initiators are).

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