1. INTRODUCTION

Crowdfunding is radically changing how people raise funds by allowing people to use social media to request small amounts of funds to support a project. Last year, people raised over $1.6 billion dollars to realize more than 1 million new ventures and this year, they are expected to earn more [Crowdfunding.org]. Despite the rapid growth, our understanding of what motivates people to participate is limited. Our in depth qualitative study of the crowdfunding community examines what drives people to launch and support crowdfunding campaigns and what deters participation. Beyond the financial backing, we find that people enjoy the rich social interactions provided by the crowdfunding – reporting motivations to expand awareness of their work with others, learn new skills, maintain control and gain approval for their work. Deterrents to participation include, among creators, fear of failure, and, for supporters, lack of trust.

1.1 Crowdfunding

Since the first crowdfunding platform was launched in 2001, crowdfunding has supported a wide range of collective ventures and fundraising goals: from video game designers who raised more than $1,000,000 from 60,000 supporters to create a game console to an architect who raised $4,000 from 100 people to improve a local park [Kickstarter.com]. Unlike traditional fundraising methods, such as applying for funds from banks or foundations, crowdfunding allows creators, people who request resources, to appeal for funds directly from supporters, people who contribute funds. Crowdfunding platforms, such as Kickstarter, provide dedicated project pages structured around a project with well-defined goals, fundraising campaign dates, and completion criteria. Project creators rely on existing social media and payment technologies to pitch their project and receive financial payments online. To launch a crowdfunding campaign on an online platform, creators must first prepare the campaign material. Preparation involves creating a project profile, which typically includes a title, video, description of planned use of funds, funding goal, campaign duration, and reward descriptions [Hui, Greenberg, & Gerber, 2014]. Initial research suggests that the language people use to describe their projects influences whether they reach their goal or not [Mitra & Gilbert, 2014]. After filling out the required fields on a project description page, the creator submits the page to the site. The site’s administrators then either accept or reject the proposal. If accepted, the platform presents their work in a pre-formatted page where visitors can choose to donate. Next, creators test their campaign material. In this stage, they solicit feedback on their video and campaign description and may engage their audience in deciding the project’s direction. Then they publicize the project, reaching out to potential supporters to request support during the live campaign [Hui, Greenberg, & Gerber, 2014].

Creators use a variety of means to identify and engage potential supporters through social networks [Hui, Gerber, & Gergle, 2014], including the crowdfunding platform itself, email, and online social media [Wash et al, 2013], as well as offline advertisements and demonstrations [Muller et al, 2013, Gerber & Hui, 2014]. Once the campaign is over, they produce and deliver the promised rewards. Rewards range from having one’s name acknowledged in the movie credits, to getting the new crowdfunded product, to receiving a simple “thank you” email from the creators [Hui, Greenberg, & Gerber, 2014]. Many creators contribute back to the community after their campaigns end, providing advice and funding to other projects [Hui, Greenberg, & Gerber, 2014]. While initial research reveals the day-to-day work and strategies creators use to achieve their goals, we know little about what motivates and deters people from participating in the first place. By understanding this, we can better design crowdfunding systems and support tools to help to realize the full potential of crowdfunding.
2. Study Design

Our study was framed around a broad research question: What motivates and deters creators and supporters from participating in crowdfunding? Following a grounded theory approach [Corbin & Straus, 2008] we began with open qualitative data collection, interviewing a representative sample of 83 US-based participants (21 women) over an eleven-month period. Two participants had exclusively created projects; 10 participants had exclusively funded projects; 48 participants had both created and funded projects. We also interviewed 20 participants who considered participating in crowdfunding (as a creator or supporter) but decided against it. Creators launched projects across categories on the crowdfunding platforms that we observed [Kickstarter, RocketHub, and IndieGoGo]. Creator ages ranged from 20 to 52 years old and raised between $71 and $313,371. Supporter ages ranged from 20 to 59, donating between $5 and $250 dollars with a mode of $10. Fifty percent of participants were recruited through random sampling and 50% through snowball sampling, which allowed us to identify both typical and unique members of the community. We used semi-structured interviews to collect data, first asking participants about their professional background and the project with which they were involved, then asking them to describe their introduction to crowdfunding platforms and current involvement, and finally asking them their motivations to make the choices they made and to share any additional comments. The average length of the interview was 30 minutes. All interviews were audio-recorded and transcribed for analysis immediately following the interviews. Interviews were conducted at different stages of the crowdfunding process (before, during, and after their campaign) to understand if motivations differed over time. We then employed selective coding and analysis. Simultaneously, we researched pertinent literature to understand existing theory and uncover related phenomena. We reviewed all relevant data and evaluated the strength of our evidence to inform whether inferences should be modified or abandoned based on insubstantial evidence.

3. Crowdfunding Motivations and Deterrents

Motivations to become a creator including a desire to raise funds, expand awareness of work, connect with others, gain approval, maintain control, and to learn new skills. Motivations for supporters include a desire to collect rewards, help others, support causes and be part of a community. Deterrents include inability to attract supporters, fear of failure, time and resource commitment, and a lack of trust [Gerber & Hui, 2014]. While we categorize motivations and deterrents as distinct from each other, in reality, they are inter-related. We present the findings in the order of prevalence for creators and supporters.

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Table 1. Motivations and deterrents to crowdfunding for creators and supporters.

3.1 Motivations for Creators

Creators are motivated to use crowdfunding platforms because it provides an easy, efficient, organized way to solicit and collect financial support from many people in a distributed network. By using web-based technologies, such as online payment systems and social media, creators are able to market and solicit resources safely and easily through crowdfunding platforms. In addition to raising financial resources, creators are motivated to expand awareness of their work by publicizing their crowdfunding
project. Unlike traditional fundraising methods in which only the reviewers read the project proposal, crowdfunding provides an avenue for anyone on the Internet to view one's project through a brief video and written description. Creators expand awareness by posting links to their project in social media and sending emails about their campaign to friends, family, and news media outlets.

Beyond raising funds and expanding awareness of work, creators are motivated to engage in crowdfunding to connect with people through a long-term interaction that extends well beyond a single financial transaction. Because crowdfunding platforms store supporter contacts and provide online messaging services, creators are able to easily communicate with supporters in answering questions and giving project updates. Additionally, creators are motivated to satisfy a desire for approval—both for the self and for their work. The number of supporters and amount of dollars raised is often seen as a quantification of the value of one’s project.

Furthermore, we find that creators are motivated to participate in crowdfunding to maintain control over their work rather than forfeiting control to the investor. Unlike many traditional fundraising methods, funding is not contingent upon a select group of people's preferences, such as those of an angel investor or venture capitalist. Having control over a crowdfunding campaign forces creators to gain experience in areas outside their professional expertise such as manufacturing and marketing. Although creators did not initially report being motivated to learn, those who had completed campaigns, both successes and failures, were motivated to participate again to improve skills to fundraise effectively, including marketing, communication, management, risk-taking, and financial planning.

3.2 Motivations to Become A Supporter
Some supporters are motivated to collect external rewards such as an acknowledgment, a tangible artifact, or an experience. An acknowledgment may come in the form of a telephone call, while a tangible artifact may be a CD or gadget. An experience may involve, for instance, meeting with the creator. Others are motivated to “give.” Supporters express a strong desire to help creators with whom they have a personal or extended connection or to support causes analogous with their personal beliefs. In addition to supporting individual creators, crowdfunding also provides a way to feel part of a community of like-minded people.

3.3 Deterrents to Become A Creator or Supporter
Informants indicated several factors that significantly reduced their likelihood to solicit resources and contribute. In interviews with people who considered crowdfunding, but decided to use an alternative funding method for their projects, they were hesitant to publically solicit funding for their particular project; they were concerned about the time commitment relative to other funding mechanisms; they feared public failure if they didn’t reach their goal and had concerns about privacy and plagiarism. Supporters were mainly concerned about waiting for and not receiving rewards and ineffective use of funds.

3.0 Conclusion
Crowdfunding is fundamentally changing the way people solicit resources from the crowd to realize new ideas. The crowd contributes hundreds of dollars every minute to creators throughout the world. Continued participation can have a profound influence on the creative economy by influencing how, why, and which ideas are brought into existence. Designers have a large unrealized opportunity to design the interactions between the creators, supporters, and the technology that connects them, to insure alignment of motivation among the diverse participants.

This paper is based on Gerber, E. & Hui, J., Crowdfunding: Motivations and Deterrents for Participation, Transactions on Computer Human Interaction, 2013.
REFERENCES