



Crowdfunding in Dutch Small and Medium Enterprises:
**An empirical analysis of factors influencing the
intention to invest in a crowdfunding initiative**

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UNIVERSITY OF TWENTE.



Master Thesis

MSc. Business Administration - Financial Management

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This report is written as Master Thesis for the study Business Administration – specialization Financial Management from the University of Twente Enschede. It is about crowdfunding in Dutch Small and Medium Enterprises (SMEs). More concrete about the factors which are important for the intention to invest in a crowdfunding initiative in Dutch SMEs.

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Hopefully one will enjoy reading this Master Thesis.

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Abstract

Small and Medium Enterprises face difficulties in getting financial help. More recently some entrepreneurs try to use the internet to seek financial help from the general public (“the crowd”). This initiative is called crowdfunding and is “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” (Schwienbacher & Larralde, 2010). This study contributes to the emerging stream of research on crowdfunding by exploring crowdfunding in Dutch SMEs with an empirical analysis of factors influencing the intention to invest in a crowdfunding initiative. Future crowdfunding projects can take these factors into account and hopefully be more successful in their initiatives.

According to the literature study, eight factors may be important for the intention to invest in a crowdfunding initiative. These eight factors are quality of the project, amount of money, rewards, geography, network involvement, shared values, trust, and duration. According both the literature study and the case study, quality of the project, rewards, network involvement, shared values and trust are positively related to the intention to invest in a crowdfunding initiative. Amount of money and duration are negatively related to the intention to invest in a crowdfunding initiative. According the literature review the factor geographic location is negatively related to the intention to invest in a crowdfunding initiative, but in the case studies the projects were on the biggest scale of geography (namely national or international) and thus positively related.

When looking at the results of the questionnaire, some significant relationships are found. The factors quality of the project and network involvement both have a significant relation with the intention to invest in a crowdfunding initiative. Shared values and trust also both have a positive significant relationship to the intention to invest in a relationship. Duration seems to have a negative significant relationship to the intention to invest in a crowdfunding initiative, but this result should have some caution because it can also depend on time. Amount of money and geography both seem to depend on other factors (respectively depends on the reward and geographically independent). Rewards seems to have a positive relationship to the intention to invest in a crowdfunding initiative, but this relationship is not significant in both tests.

Overall, the intention to invest will be higher if an entrepreneur who wants to make use of crowdfunding takes the factors quality of the project, network involvement, trust and shared values into account when starting an initiative.

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Introduction

Who does not want to have his or her own part of a windmill and have 16 years of free electricity? That was also the thought of the members of 5500 households in the Netherlands who bought a part of a windmill for 350 Euros and received 16 years of free electricity. This successful crowdfunding initiative in the Netherlands, called 'De Windcentrale', of Harm Reitsma and his team has funded a total of 7 million Euros, and is therewith the biggest crowdfunding project in Europe (Douw & Koren, 2013).

Because of the difficulties of getting financial help faced by Small and Medium Enterprises (SMEs), more recently some entrepreneurs try to use the internet to seek financial help from the general public ("the crowd"). This initiative, called crowdfunding, is "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" (Schwienbacher & Larralde, 2010). Crowdfunding has made it possible to seek capital for project-specific investments and for the starting up of new ventures.

While several models exist about what factors influence financing options in different kind of companies, the factors that influence investments in crowdfunding initiatives are still lacking attention in the academic literature. Are there factors which come across with other financing possibilities, or do crowdfunding initiatives follow other rules for determining the intention to invest. To investigate these issues, the research question of this study will be: *What factors influence the intention to invest in a crowdfunding initiative within Dutch small and medium enterprises?*

This study contributes to the emerging stream of research on crowdfunding by exploring crowdfunding in Dutch SMEs with an empirical analysis of factors influencing the intention to invest in a crowdfunding initiative. With the outcome of this study, it will be obvious what factors are important for the intention to invest in a crowdfunding initiative according to (potential) crowdfunders. Knowing this, future crowdfunding projects can take these factors into account and hopefully be more successful in their initiatives.

This section will be followed by chapter 2, a theoretical review of the different theories on crowdfunding initiatives and will conceptualize the terms of the research question. In chapter 3 the research method can be found, followed by chapter 4 and 5, with the results of the case studies and questionnaire. Eventually the summary and conclusions are mentioned.

Literature review

In this literature review the information about the most important concepts, namely small and medium sized enterprises, financing options for SMEs in relation to crowdfunding, crowdfunding and success factors in crowdfunding will be given first. The concepts of the research questions will be further defined, followed by the conclusion of the literature review with the corresponding hypotheses. Eventually, the directions of the hypotheses will be presented in a table.

2.1 Small and Medium Sized Enterprises

Before diving deeper into the concepts of financing options of SMEs and crowdfunding, it is important to know what characterizes the subject of this master thesis: Dutch small and medium sized enterprises and their possibilities to acquire money for their entrepreneurial firms. In the last twenty years of the previous century, the importance of SMEs is more and more acknowledged. SMEs are important for the continuance of entrepreneurship and they play a role in the innovativeness and competitiveness of industries, regions and countries (Audretsch & Thurik, 2000). Entrepreneurship of SMEs is good for growth in the economy and logically, firm performance of small businesses and entrepreneurship is the most important criterion in empirical studies (Barkham, 1994, Box et al., 1994, Dyke et al., 1992, Ibrahim and Goodwin, 1986 and Learner et al., 1997) and theoretical models (Herron and Robinson, 1993, Keats and Bracker, 1987, and Hofer and Sandberg, 1987). From these studies turns out that the characteristics of the entrepreneur, like demographic, psychological and behavioral characteristics, together with the managerial skills and technical capabilities are the influential factors that are related the most to the performance of SMEs.

Next to this, SMEs are important because most companies belong to the SME group. In the Netherlands, more than 99% of the companies is an SME. More specific: when looking at the number of employees in Dutch small and medium sized enterprises, 70% is independent entrepreneur, 25% has 2-10 employees, 4% has 10-49 employees and 0,8% has 49-250 employees. This means only 0,2% of the companies has 250 employees or more (MKB Nederland, 2013). Medium sized enterprises are defined as enterprises with a maximum of 250 employees, a maximum annual revenue of 50 million Euros or an annual balance sheet worth the same or less than 43 million Euros in assets. A small enterprise has a maximum of 50 employees, a maximum net turnover of 10 million Euros or an annual balance sheet worth the same or less than 10 million Euros. A micro enterprise has less than 10 employees, a maximum annual turnover of 2 million Euros or an annual balance sheet worth the same or less than 2 million Euros (MKB Nederland, 2013). Although there is only a small percentage of companies which does not belong to the SME group, they have a strong competitive advantage above the SME. Disadvantages of being a SME are the relatively smaller resources in the case of a conflict with a larger firm according to Etemad (2004) and the defenselessness of SMEs against the

larger firms, for example in competing market territories. But also important, and more related to this study, is the disadvantage of gaining money to start the entrepreneurial venture.

2.2 Different financing methods in relation to crowdfunding

In this paragraph financing methods are described for the start-up of enterprises and why they are most of the time so difficult to acquire for SMEs. After having treated this, the concept crowdfunding will be explained and why this may be a good opportunity for SMEs.

Often, own money of entrepreneurs or that of family and friends is used to start up a business. These are called informal investors, and are defined as the 4Fs: founders, family, friends and foolhardy investors (Bygrave, Hay, Ng & Reynolds, 2003). Basu & Parker (2001) state that the largest single source of financing/funding is self-finance; entrepreneur's assets or savings. Most of the time, entrepreneurs do not have another choice rather than self-financing (Bygrave, Hay, Ng & Reynolds, 2003). Inc. 500 found that the most common source for financing SMEs after the founder and perhaps the cofounder themselves are family and friends. (Inc. Magazine, 2000). The money of family and friends is used to augment to entrepreneurs own investments. The group 'family and friends' exists of family members, friends, neighbors, colleagues and other relatives. Because own money and family and friends financing will not always deliver enough start capital, other possible opportunities are trying to approach business angels, venture capitalists, strategic partners or in some cases, banks. This is professional/formal venture capital (most of the time combined with the 4Fs).

In contrast to bankers, venture capitalists (and business angels) emphasize both market and finance issues. Venture capital organizations invest in early-stage businesses which offer high risk, but also high potential. The money venture capital organizations use is from individuals and institutions who want to invest (Sahlman, 1990). So venture capitalist organizations have contacts with both the investors and the entrepreneurs. Venture capitalists rely on their own beliefs and theories when deciding which projects / enterprises are potential successful businesses. Selection criteria are developed to assess the new business proposals (Riquelme & Watson, 2002). There is consensus between different venture capitalist organizations about the importance of the different decision criteria. The most important one is the managerial team (Riquelme & Watson, 2002). An enterprise should have a managerial team with experience and skills, ensuring a multi-disciplinary and balanced team. After the managerial team, the two most important criteria for venture capitalists are the estimated financial outcomes and the characteristics of the product and market (Manigart et al., 1992). Often these characteristics and outcomes are treated in the business plan of the entrepreneur (MacMillan, Siegel & Narasimha, 1986). The plan may convince venture capitalists if the entrepreneur is familiar with the target market, has staying power, has a track record and can react to risk well. So the business plan also makes clear if the most important criteria – the entrepreneurial skills – are there. Table 1 shows the results of the research of Riquelme & Watson (2002) about attributes which lead to success in a SME, it is a short overview what is mentioned about venture capitalists. Off course, there is some disparity between the different venture capitalist organizations in what they think is important.

Table 1: Comparing attributes associated for success within SMEs (Riquelme & Watson, 2002).

<i>Empirical SME Reviews</i>	<i>UK VCs' Beliefs</i>
<p>Four key factors found to be associated with success:</p> <ul style="list-style-type: none"> • managerial attributes (e.g. experience, ability, complete team, hard working, motivated) {52%}; • marketing practices (e.g. responsive to markets, market niche, broad market, build company image) {29%}; • product-related factors (e.g. a product with a competitive advantage) {16%}; and • financial resources {3%}. 	<p>A business which will provide long-term capital appreciation, that is, a business that has:</p> <ul style="list-style-type: none"> • a balanced, determined and committed managerial team with a track record (most important in terms of number of linkages); • a growing protected market; and • a product with a better-than-average chance of success in the market place (with a patent or using difficult to copy technology).

Another opportunity are business angels. Most of the time business angels are private individuals, who have had their own successful firm in the past and now want to invest some money and experience gained into small entrepreneurial firms (Van Osnabrugge, 2000). They still consider themselves as entrepreneurs and do not only want to invest money, but they also want to invest time (Aernoudt, 1999). Business angels often invest in industries related to their knowledge or previous activities, with not only the goal of getting a return for their investment, but also facing the challenge of succeeding in another project. But, business angels are not philanthropists. They hope for long term return on their investments in money and time, with a desired IRR (internal rate of return) of 20% (NEBIB, 1998). Most of the time, business angels invest not far away from their home town (Aernoudt, 1999). They want to see how their investments grow and want to be seen by the entrepreneurs. But, although the business angel is important for an enterprise, the quality of the entrepreneur is the most important for success. (Nederlandse Beurs voor Investeren in Bedrijven, NEBIB, 1998). In the eyes of business angels, the entrepreneur should have ability to lead an enterprise, competence, loyalty, charisma and reliability. Nowadays, business angels are the only investors who invest most of the time in entrepreneurial firms with money needed beneath \$500,000 (Van Osnabrugge, 2000). Next to this, formal investors want an return of 30 to 35 per cent, while business angels are satisfied with around the 20 per cent (NEBIB, 1998). The importance of business angels has become even greater because venture capitalists for example shift their focus away from start-ups and early-stage financing.

Other options for SMEs is to finance by strategic partners, bootstrapping, banks, lease and contracts with buyers and suppliers. Although strategic partners are not used much, some companies contact them to become financed. If strategic partners provide financing for an enterprise, they often are interested in the innovative capabilities of the venture (Feindt, Jeffcoate & Chappell, 2002). Bootstrapping is a variety of financing methods to satisfy the financial needs of ventures. Examples of bootstrapping are minimizing financial transactions, getting the best possible terms from suppliers, refraining from salary withdrawals, purchasing used rather than new equipment, bartering for goods and services and sharing equipment (Neeley, 2004). Enterprises manage their growth to conserve cash. Therefore bootstrapping

does not allow businesses to grow fast, because their focus is on cash generation. Bank financing often depends upon the tangible assets (collateral) of a venture (Storey, 1994 and Berger & Udell, 1998). For bankers the financial aspects of the plan are the most important. They give little attention to the market, entrepreneur or other issues (Mason & Stark, 2004). Because of the lack of tangible assets within startups, bank financing is not common to use when starting a venture. One can lease, to make the costs of buying assets lower. A possible example may be providing equipments and office space to the entrepreneur which in turn makes lease payments. Some other entrepreneurs make use of subsidies from the government to financing their enterprise. Another option may be contracts with customers or suppliers. But these options are all resources to gain some money, but not to finance a whole business (Schwienbacher & Larralde, 2010).

Factors for the choice of financing a certain enterprise

As can be seen in this paragraph, there are different factors which lead to the decision which enterprise to support for an investor (whether it is a venture capitalist, friend, business angel or someone else). The factor which has support from most of the different investors and is treated extensively in the literature are the entrepreneurial skills. Both venture capitalists and business angels argue that the skills of the entrepreneur are an important factor choosing to finance a certain enterprise (Riquelme & Watson, 2002, Aernoudt, 1999). For venture capitalists are the estimated financial outcomes and the characteristics of the product and market also an important factor choosing to finance a certain enterprise (Maen nigart et al., 1992). Business angels often do not invest far away from their hometown. When strategic partners invest in an enterprise, the innovate capability is the most important factor to choose a certain company. Family and friends want to help the entrepreneur and may receive something back in the future. Although all these financing methods are viable for SMEs, it is not always easy to become financed.

Table 2: Important factors for an investor to invest per financing method.

Financing method	Important factors for the investor to invest
4F	Support for the entrepreneur
Banks	Tangible assets, financial aspects of the plan.
Venture Capitalists	Market and finance issues (entrepreneurial skills, estimated financial outcomes, market and product characteristics). Move their shift from startups.
Business Angels	Market and finance issues (entrepreneurial skills, estimated financial outcomes, market and product characteristics). A bit less interested in a huge return, but also want to book success in their own area. Invest not far away from their hometown.
Strategic Partnerships	Innovative capability

Table 2 shows important factors for investors to invest in a certain enterprise, per financing method. Except from family and friends financing, the financing opportunities mentioned above are often out of the reach of SMEs (Gelfond & Foti, 2012). The problem with family and friends

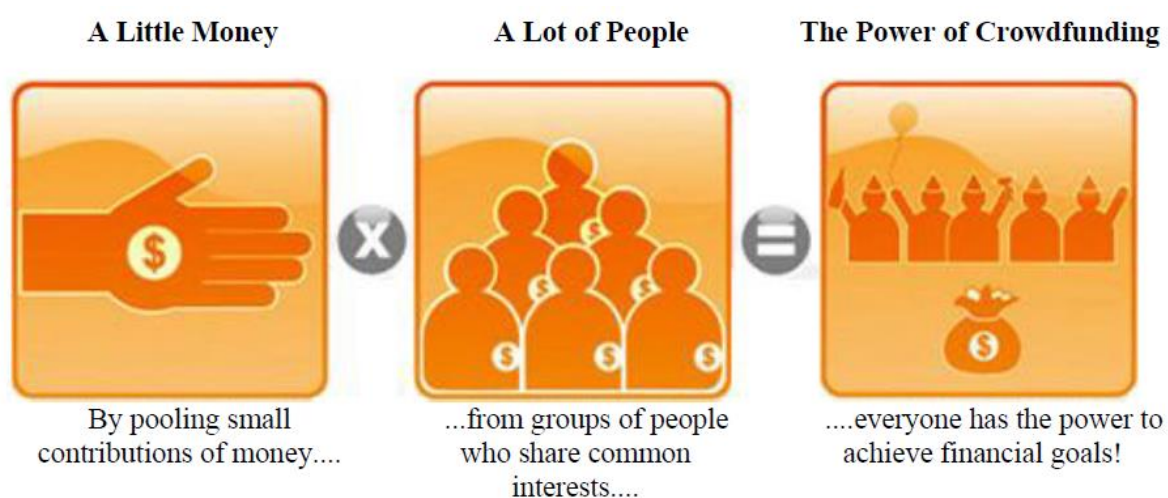
financing is that it will not deliver enough money to finance the whole enterprise. Bank financing is hard, SMEs often do not have tangible assets to make bank financing an option, next to this, funding is difficult for SMEs because of their size and lack of available historical data. Venture capitalists moved to the bigger companies, not investing beneath \$500,000 (Van Osnabrugge, 2000), and therefore not suitable to SMEs anymore. Business angels are scarce and you should have the luck to find one. Strategic partnerships often have a disadvantage for SMEs; the larger company knows how to ‘use’ the SME for their innovative capability, but the SME often cannot benefit from the larger company.

As may be obvious, it can be difficult for Small and Medium sized Enterprises (SMEs) to get access to financial help. All these disadvantages to finance SMEs are described as the ‘funding gap’ in early stages of new firm development by Ley & Weaven (2011). More recently, some entrepreneurs try to use the internet to seek financial help from the general public (“the crowd”), which is called “crowdfunding” (Schwienbacher & Larralde, 2010). The more specific definition of crowdfunding is:

“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” (Schwienbacher & Larralde, 2010).

Freund (2010) calls it a bottom-up approach of financing and a combination of sociology (social aspects) and economy (capitalism). Crowdfunding has made it possible to seek capital for as well project-specific investments as for the starting up of new ventures which is the focus of the research question treated in this review. Crowdfunding does not require any business plan or hard pitches to acquire money, but a good idea can make the crowd enthusiastic and they may give the entrepreneur an opportunity to start up its business! The concept of crowdfunding will be further explained in the following paragraph.

Figure 1: Crowdfunding: How it works (Singapore Entrepreneur, 2008).



2.3 Crowdfunding

In this paragraph, crowdfunding will be further explained. The concept of crowdfunding, how it works, the features of crowdfunders and crowdfunding firms, and crowdfunding around the world will pass by.

2.3.1 Concept of crowdfunding

Crowdfunding is developed out of the broader concept crowdsourcing (Schwienbacher & Larralde, 2010), defined as for-profit companies creating value by using consumers as volunteers. It takes place when a for-profit company outsources specific tasks, which are essential for the making or sale of the product to the crowd. It is in the form of an open call, usually via the internet, with the goal of individuals making a voluntary contribution to the production process of the company for free or less than it is worth to the firm. Ordanini, Mieli, Pizzetti & Parasuraman (2011) argue that the crowd already had the role of target, information source, co-producer and value co-creators (the last two correspond with crowdsourcing), and that crowdfunders now reveal a new (potential) role, as investor. Ordanini et al. (2011) mention that crowdfunders are the key players in activating the process and influencing the final value of the outcomes of the process of starting up a new SME.

Crowdfunders:

- Act as agents, through selecting and promoting the SMEs / projects they believe in.
- Are donor; providing help on social projects.
- May become shareholders, contributing to growth and development.

But, crowdfunders are not only important for investing. After they have chosen which company / product to support financially, crowdfunders (Ordanini, et al, 2011):

- Disperse information in online communities to gain further support.
- Become integrators of talent of others.
- Promote through social networks.

A lot of definitions of crowdfunding exist, all with some link to internet, financing and support. As Lawton and Marom (2010) argue; “the true social vibrance of crowdfunding is difficult to capture in a definition, the crowdfunding space is quite diverse, comprised of many niches, and shares a lot of social networking’s energy”. Based on 51 examples reviewed by Belleflamme (2011), the following definition of crowdfunding is used in this research (also used by for example Schwienbacher & Larralde, 2010, and Lambert & Schwienbacher, 2010):

“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”

2.3.2 Crowdfunding: how it works

To bring crowdfunders and individuals with a project / start-up together, several platforms developed to intermediate (Schwienbacher & Larralde, 2010). A couple of examples are www.kickstarter.com and www.oneplanetcrowd.com. Initiatives are offered at those platforms and crowdfunders may decide to fund a certain initiative. When enough money is gathered, the

initiative to gain money is succeeded and the entrepreneur can perform his or her idea. Another option than platforms of bringing crowdfunders and entrepreneurs together may be to promote and gain money at a certain event or occasion.

To communicate with their crowdfunders, entrepreneurs use interactive methods on the internet, such as specialized blogs, Facebook and Twitter, because this allows communicating personally and directly (Schwienbacher & Larralde, 2010). These interactive methods on the internet are called social networking sites. Ordanini et al. (2011) argue that the network between crowdfunders is a unique type of network, because the group of crowdfunders is the key activator, and not the company itself. Next to this, the main difference in networks of crowdfunding and traditional cooperation's is that a crowdfunded network can assemble and disassemble at any time, where a traditional cooperation network cannot (Freund, 2010). Schwienbacher & Larralde (2010) mention that the network of crowdfunders may be a strong one, which may be due to the fact that crowdfunders are there because they want to, and not because they have to. They share the same interests and passions, have informal relationships and do it most of the time for fun. Contradicting, the results of the study of Brabham (2008b) reveal that networking and peer recognitions are not very important.

2.3.3 Features of crowdfunders

Next to fun, Ordanini et al. (2011) reveal distinct traits of crowdfunders. Crowdfunders may have innovative orientation, the desire of trying new ways of interacting with other crowdfunders and companies. They may have social identification, with the subject selected for funding and therefore they want to be part of the initiative and/or they may have monetary exploitation, expecting a payoff from their support. These traits are not mutually exclusive, but the importance of these traits may vary across crowdfunders and types of crowdfunding initiatives. Schwienbacher & Larralde (2010) mention another characteristic of crowdfunders; they are not professional financiers and therefore have less requirements for the source or quality information given by the entrepreneur.

Schwienbacher & Larralde (2010) argue that around 80% of the fundraising events appear to have some kind of reward for the crowdfunders, thinking of issuance of shares, direct (cash) payments, a simple credit on the product or a free copy of the product. Some other initiatives are based on donations. The study of Schwienbacher & Larralde (2010) makes a difference between donations, active and passive investments. Where donations speak for themselves, passive investments are investments with some kind of reward mentioned above. Active investments add to this rewards by some kind of involvement in the initiative, thinking of for example voting for characteristics of the product. Although requiring money returns seem to be an important motivation for crowdfunding, crowdfunders also declare that other reasons may be important, like public attention and validation for their product before bringing it to the market. As may be obvious, the results of the different studies are contradicting. Where Lambert and Schwienbacher argue that many projects do not have any reward to their investors (and live from donations), Schwienbacher & Larralde argue that 80% have some sort of reward from their fundraising events. Kleemann (2008) argues that participants in crowdsourcing projects may have either intrinsic or extrinsic motivations. Intrinsic motivations is the fun of doing

things or tasks, whereas extrinsic motivations have an external reward, such as money and goods, career benefits, recognition, dissatisfaction with current products or learning. Brabham (2008b) finds reward/money as first motivation, followed by the willingness to improve skills and have fun. Franke & Klausberger (2008) argue that the perceived fairness of crowdsourcing is important. Consumers more likely participate when a project is fair to them and this is linked to the business model with rewards (tangible or not), have their vote/say in decisions and intellectual rights.

2.3.4 Features of crowdfunded firms

Just having treated the characteristics of crowdfunders, now the characteristics of SMEs who want to make use of crowdfunding are mentioned. According to Schwienbacher & Larralde (2010) it makes sense for SMEs to use crowdfunding when a company has some of the following main characteristics of ventures; the company needs to raise a low amount of capital with a low number of investors, have an interesting project, should be willing to use the skills of the crowdfunders, and they need to know how to work with Web 2.0. It may be obvious that crowdfunding seems appropriate because the amount of capital is lower for SMEs than for bigger companies. Gelfond & Foti (2012) argue that crowdfunding will be appealing to two certain categories of SMEs. The start-up issuers, where crowdfunding helps in financing early stages and the strategy issuers, where crowdfunding should be of interest to companies looking for a certain person which has strong affiliation with Twitter, Facebook, and is entrepreneurial and youthful.

Schwienbacher & Larralde (2010) argue that certain factors are important for the use of crowdfunding, mentioned below. The first one is pre-existing resources of the entrepreneur; does the entrepreneur have the required skills to make the project/investments to a success. Second is risk, information asymmetry and moral hazard; how much risk an entrepreneur is willing to take, does everyone has access to the same level of information and is dealt with moral hazard through staging in several financial rounds. This is really a choice of the entrepreneur, for example if he or she is willing to bear the risk alone. Third is the organizational form; the organizational form can be a driver of the crowdfunding success, according to Lambert & Schwienbacher (2010), not-for-profit organizations are more successful than for-profit in achieving their fundraising targets. Fourth are control preferences; agency problems, the question is if crowdfunders may have a vote. Fifth are amounts required by entrepreneurs; crowdfunders all have different amounts they want to invest. The sixth one is legal issues regarding equity issuance and multiple investors; it may be that regulation limits the extent to which crowdfunding is a viable source of financing, as it can be perceived as a general solicitation of public saving. In for example the United States, the Securities and Exchange Commission (SEC) has broad rulemaking authority with regard to crowdfunding (Gelfond & Foti, 2012). And last, but not least: the “wisdom of the crowd” argument; a crowd may be more efficient than teams or individuals in solving corporate problems. Ley and Weaven (2011) mention a couple of characteristics a startup SME should *not* have in order to be able to use crowdfunding. High information sensitivity, long duration before an available exit and complex due diligence requirements are not appropriate for start-up financing with crowdfunding. Start-up financing has a relational character (Ley & Weaven, 2011). Crowdfunders find it important

to trust the entrepreneur, therefore there is more human contact than with other financing options (Schwienbacher & Larralde, 2010). Because of this importance, there may be agency dynamics which are relevant in crowdfunding and there should be attention on the principle (crowdfunders) agent (entrepreneurs) problems (Ley & Weaven, 2011).

2.3.5 Crowdfunding around the world

Three countries lead the development of crowdfunding worldwide; the United States, the United Kingdom and the Netherlands (Douw & Koren, 2013). Most crowdfunding platforms are found in these countries and the countries are leading the market. The Netherlands is the country used in this research. Regarding to legal issues, crowdfunding is legal in the Netherlands (Douw & Koren, 2013). Though, current finance laws and regulations should be taken into account, which makes it hard sometimes.

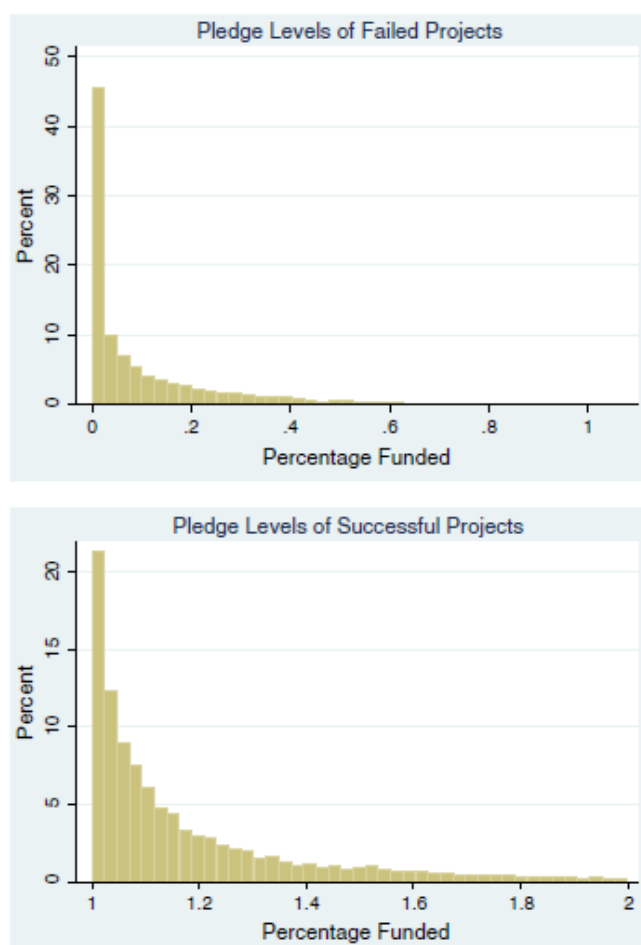
2.4 Success factors in crowdfunding

A successful crowdfunding project is an initiative that reaches 100% or more of the amount it is striving for. Many crowdfunding projects fail and only a few are successful and reach their target amount goal (Mollick, 2012). Failing projects tend to fail by large margins, they collect 10.3% of their goal on average. 10% raises 30% of their goal and only 3% raises 50% of their goal. Projects which are successful do this by relatively small margins. 25% of the initiatives that succeed are funded over 3% or less than their goal and less than half reaches more than 10% over their goal. Figure 3 presents these percentages.

But what determines the successes of the crowdfunding initiatives. This paragraph sheds a light on what is written in the literature about success factors within crowdfunding. Mollick (2012) states that underlying project quality is associated with the success of a crowdfunding initiative.

Projects with a higher quality level are more likely to be funded. Projects of high quality may be identifiable to funders, seeing it from this perspective, funders act like business angels or venture capitalists. They may evaluate the quality of the product, team and likelihood of success. Because some projects have better quality than others, they are funded, whereas lower quality projects

Figure 2: Funding levels (Mollick, 2012)



receive almost nothing. Quality signals may be further magnified through a Matthew Effect (Merton, 1957) which multiplies the impact of project quality. The crowdfunding initiative may be further promoted by the crowdfunders to other crowdfunders or maybe even to external media, increasing the draw of the initiative. This social concept is important for the use of crowdfunding. If project quality is important to crowdfunders and the corresponding Matthew Effect, it predicts project success (Mollick, 2012). Whereas for example venture capitalists and business angels have certain quality measures, crowdfunders also have some requirements for quality, although different than 'professional financiers'. Schwienbacher & Larralde (2010) mention that crowdfunders are not professional financiers and therefore have less requirements for the source or quality information given by the entrepreneur. According to Kickstarter, one of the biggest crowdfunding platforms, there are two important quality signals for crowdfunders:

- Making a video about your project. According to Kickstarter not having a video will have a serious disadvantage for your project. Producing a video is a clear signal of at least minimum preparation, and thus a higher quality project.
- Giving updates about a project after launching them is another signal of a high quality initiative according to Kickstarter. Updating speeds indicates a prepared founder.

86% of the crowdfunding initiatives has videos, whereas 17% provided rapid updates (Mollick, 2012). Another measure of quality may be the spellings errors in initiative pitches. Researches on online auctions speculated that spelling errors may decrease value (Cabral, 2012). In the research of Mollick (2012), almost all had at least one single error. In a setting where amateurs in the field of financing are making the decision about which projects to finance (as is the case within crowdfunding) and taking into account social networks, the effect of the signals of quality and preparedness is enormous. More traditional funders also pay attention to signs of quality and preparedness, so this feature may come across.

According to Mollick (2012), personal networks are important for the success of a crowdfunding initiative. Large numbers of friends on online social networks are associated with success. It provides connections to funders and it sheds light on the project quality. Within crowdfunding, the social network of entrepreneurs who seek to use crowdfunding is the initial source of significant funding. The same as is friends and family financing within other ways of financing. Next to this, the group of crowdfunders may become the key activator of the project (Ordanini et al, 2011), by promoting the initiative. The entrepreneur should be willing to use the skills of the crowdfunders, being featured (by other crowdfunders) is strongly associated with success (Mollick, 2012). There can be thought of support by promoting through social media or by integrating talent of others or by dispersing information in online communities to gain further support. Thus, social network size plays a role in the success of a crowdfunding initiative. Related to network, shared values also seem important. Schwienbacher & Larralde (2010) argue that crowdfunders often have the same interests and passions as the entrepreneur of the crowdfunding initiative and with other crowdfunders.

Next to this, geography is stated to influence the success of a crowdfunding initiative. Founders proposing initiatives of products in their geographic area, are found to be more successful (Mollick, 2012). Proximity to funders is strongly linked to receiving funding from the crowd (Agrawal et al, 2010). An example may be that country music is well supported in the American State Tennessee. The nature of the population in which founders operate is thus related to the success of a crowdfunding initiative.

According to Schwienbacher & Larralde (2010) it makes sense for SMEs to use crowdfunding when a company needs to raise a low amount of capital. Mollick (2012) states that increasing goal size is negatively related to success in a crowdfunding initiative and confirms with this statement the statement made by Schwienbacher & Larralde. As regards rewards, raising money seems to be an important reason for crowdfunding (Schwienbacher & Larralde, 2010). But crowdfunders also declare that other reasons may be important, like public attention and before bringing it to the market, validation for their product. Where Lambert and Schwienbacher argue that many projects do not have any reward to their investors (and live from donations), Schwienbacher & Larralde argue that 80% have some sort of reward from their fundraising events. Brabham (2008b) finds reward/money as first motivation, followed by the willingness to improve skills and have fun.

Ley & Weaven state that a long duration before an available exit is negatively related to the use of crowdfunding. Also Mollick (2012), found that duration decreases the change of success. A possible explanation can be that longer duration is a sign of lack of confidence.

2.5 Hypotheses development

Before going further with the conclusion including the hypotheses, it is important to operationalize the different concepts of the research question; *What factors influence the intention to invest in a crowdfunding initiative within starting Dutch small and medium enterprises?* This to make the concepts used in the hypotheses more clear. In the research question, two concepts are mentioned: crowdfunding and Dutch small and medium sized enterprises. Crowdfunding is already operationalized at the beginning of this literature review 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” (Schwienbacher & Larralde, 2010). Dutch small and medium sized enterprises are operationalized as: enterprises with a maximum of 250 employees, an maximum annual revenue of 50 million Euros and an annual balance sheet worth the same or less than 43 million Euros (MKB Nederland, 2013).

From the last paragraphs it became obvious that crowdfunding is not that formal as for example financing by venture capitalists, but also not that informal as financing by family and friends. Business plans are not widely used when taking crowdfunding as the financing option, but financing solely on trust also seems to be a bit over the top. Having treated the characteristics of small and medium sized enterprises, crowdfunding related to other financing methods, crowdfunding itself and its success factors, these are now combined into factors which may

influence the decision of crowdfunders which enterprise to finance and therefore the intention to invest in a crowdfunding initiative.

Quality of the project

Professional financiers like business angels, venture capitalists or banks screen the project or start-up on certain points. The quality of the project is important in deciding if it is worth their money (Riquelme & Watson, 2002, Aernoudt, 1999). The entrepreneurial skills should be good, there should be likelihood of success and they evaluate the characteristics of the product or service. These screens for the quality of the project may also be important for crowdfunders, but according to Mollick (2012) they also screen if the project has a video, if it is giving updates after launching the project and if it has many spelling errors. In a setting where amateurs in the field of financing are making the decision about which projects to finance (as is the case within crowdfunding) and taking into account social networks, the effect of the signals of quality and preparedness is enormous. To be more specific, quality of the project is an umbrella term for the following characteristics of the project: entrepreneurial skills, likelihood of success, characteristics of the product, a promoting video, updates after launching the product and amount of spelling errors. If this all looks good to the potential crowdfunder, they think the quality of the project is good and have more intention to invest. Therefore, quality of the project seems to be an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 1: Quality of the project is positively related to the intention to invest in a crowdfunding initiative.

Amount of money

How much money is needed for a crowdfunding initiative is a factor that may be important for the intention to invest. Investors all have different amounts they are willing to invest (Bhidé, 1992). Venture capitalists have high minimum investments, where smaller amounts are most of the time financed by for example business angels. Nowadays, business angels are the only investors who invest most of the time in entrepreneurial firms with money needed beneath \$500,000 (Van Osnabrugge, 2000), which is approximately €382,000. Schwienbacher & Larralde (2010) say that it makes sense for SMEs to use crowdfunding when an enterprise needs to raise a low amount of capital. Also Mollick states that increasing goal size is negatively related to success in a crowdfunding initiative. Therefore, amount of money seems to be an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 2: The amount of money needed is negatively related to the intention to invest in a crowdfunding initiative.

Rewards

One of the main findings of Lambert and Schwienbacher (2010) is that not-for-profit organizations are more successful in reaching the amount of money they need for their crowdfunding initiative than for-profit organizations. Argued is that the reason may be that not-for-profit organizations focus more on quality, where for-profit organizations will have a quantity-quality mix that maximizes their profits. But looking at family and friends, venture

capitalists, business angels and banks, they all hope to get the best return for their investments. As already mentioned, formal investors analyze the business, focus on the product and market, invest when the enterprise is in the development phase and expect a return of 35 to 45%. (Aernoudt, 1999). Informal investors believe in the entrepreneur, focus also on the entrepreneur, invest in the seed or early stage phase and expect some challenge and a return around the 20 per cent (Aernoudt, 1999). When focusing on crowdfunding, some argue that investors do expect a rate of return, and this is their reason to choose a certain crowdfunding initiative. But a monetary reward is not the only reward which can be expected within the case of crowdfunding. Crowdfunders may also get a free copy or a discount of/on the product. Reward can also come in the form of career benefits, learning, recognition or even dissatisfaction with current products. Although some projects are based on donations, 80% of the fundraising events appear to have some kind of reward for the crowdfunders. Therefore is expected that rewards is an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 3: Rewards are positively related to the intention to invest in a crowdfunding initiative.

Geography

Most of the time, business angels invest not far away from their home town (Aernoudt, 1999). They want to see how their investments grow and want to be seen by the entrepreneurs. Mollick (2012) states that geography influences the success of a crowdfunding initiative. Founders proposing initiatives of products in their geographic area, are found to be more successful (Mollick, 2012). Proximity to funders is strongly linked to receiving funding from the crowd (Agrawal et al, 2010). An example may be that country music is well supported in the American State Tennessee. The nature of the population in which founders operate is thus related to the success of a crowdfunding initiative. Therefore is expected that geography is an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 4: The geographic location is negatively related to the intention to invest in a crowdfunding initiative.

Network involvement

Within crowdfunding, the social network of entrepreneurs who seek to use crowdfunding is the initial source of significant funding. The same as is friends and family financing within other ways of financing. According to Mollick (2012), personal networks are important for the success of a crowdfunding initiative. Large numbers of friends on online social networks are associated with success (Mollick, 2012). It provides connections to funders and it sheds light on the project quality. The group of crowdfunders may become the key activator of the project (Ordanini et al, 2011), by promoting the initiative. They contribute to the success by dispersing information in online communities to gain further support, become integrators of talent of others and promote through social networks. The entrepreneur thus should be willing to use the skills of the crowdfunders. Schwienbacher & Larralde (2010) argue that crowdfunders seek projects where they can participate in and be useful for the project. Therefore is expected that network involvement is an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 5: Network involvement is positively related to the intention to invest in a crowdfunding initiative.

Shared values

Schwienbacher & Larralde (2010) argue that crowdfunders often have the same interests and passions as the entrepreneur of the crowdfunding initiative and with other crowdfunders. The network of crowdfunders may be strong, because they are there because they want to. A characteristic of business angels is that they invest in industries related to their knowledge or previous activities. Crowdfunders may also have experience in a certain industry, but only interest in the industry may also be enough. For them, it may be a kind of social identification (Ordanini et al., 2011) with the subject selected for funding. Therefore they want to be part of that initiative. For these reasons, shared values seem to be an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 6: Shared values are positively related to the intention to invest in a crowdfunding initiative.

Trust

According to Ley & Weaven (2011), start-up financing has a relational character. For family and friends financing, trust and credit are important factors. But first, what is trust. According to Hosmer (1995) trust is the connecting link between organizational theory and philosophical ethics. Trust can be an important factor for the intention to invest in a crowdfunding initiative. Schwienbacher & Larralde state that in crowdfunding trust is important, especially the trust in the entrepreneur of the initiative. Crowdfunders want to trust the entrepreneur (his skills and expertise based on field record) and the contact with the entrepreneur is also important for the trust in the entrepreneur (how is their relationship) (Schwienbacher & Larralde, 2010). Because trust seems to be an important factor for crowdfunders, it is also expected that it is an important factor for the intention to invest in a crowdfunding initiative.

Hypothesis 7: Trust is positively related to the intention to invest in a crowdfunding initiative.

Duration

Formal investors do not invest for a short period of time. They want to see their investment grow and succeed and get the returns from this growth. Freund (2010) mentions that the main difference in networks of crowdfunding and traditional cooperation's is that a crowdfunded network can assemble and disassemble at any time, where a traditional cooperation cannot. Crowdfunders do want to have the possibility to step out the project at any time for whatever reason. Long duration before an available exit thus will have a negative impact on the intention to invest in a crowdfunding project. Therefore is expected that duration is an important factor for the intention to success in a crowdfunding project.

Hypothesis 8: Duration is negatively related to the intention to invest in a crowdfunding initiative.

To make a clear overview of the hypotheses, table gives the relationships between the different independent variables (quality of the project, amount of money, rewards, geography, network involvement, shared values, trust and duration) and the dependent variable; the intention to invest in a crowdfunding initiative.

Table 3: expected relationships between variables¹

Factor	The intention to invest in a crowdfunding initiative
Quality of the project	+
Amount of money	-
Rewards	+
Geography	-
Network involvement	+
Shared values	+
Trust	+
Duration	-

¹ A ‘+’ indicates that the relationship between the two variables is positive. A ‘-’ indicates that the relationship between the two variables is negative. The dependent variable is the successful crowdfunding initiative. The independent variables are entrepreneurial skills, amount of money, etc.

Research method

Based on the already existing literature about crowdfunding, factors associated with crowdfunding are identified and will be empirically tested. The research will be exploratory and will contribute to the emerging stream of research about crowdfunding.

3.1 Method

Different steps are taken to determine the factors which influence the intention to invest in a crowdfunding initiative.

This thesis has started with the literature study. This study has made clear which factors can be important for the intention to invest in a crowdfunding initiative according to previous studies and related with other, different possibilities of financing SMEs. Characteristics of SMEs and their financing options are treated and crowdfunding researches are extensively explored. In the conclusion of the literature study these outcomes are linked and have delivered eight factors which may influence the intention to invest in a crowdfunding initiative. The factors are developed into hypotheses and positively or negatively related to the intention to invest in a crowdfunding initiative.

To explore the factors which may influence the intention to invest in a crowdfunding initiative more, descriptive case studies about a couple of crowdfunding projects are done. It gains more understanding from the subject crowdfunding and it dives into its real life context. A case study is described as a research approach, situated between methodological paradigms and concrete data techniques (Lamnek, 2005). It builds on the development of theoretical propositions. In other words; it is an empirical inquiry which investigates a phenomenon within its real-life context. For this research, there is chosen to do multiple case studies because the concept of crowdfunding is new and it is important to see how it takes form in practice. In the case studies, the factors quality of the project, amount of money, rewards, geography, network involvement, shared values, trust, and duration are discussed. Is their relationship to the intention to invest in a crowdfunding initiative the same as proposed in the hypotheses, or are they different. There is also sought for other factors which can be important, but did not reveal in the literature study. Case selection is done based on the 'typical case study method', which is defined as one or more cases which are typical examples from a particular relationship (Seawright & Gerring, 2008): in this case crowdfunding and its success. The choice for the particular case studies is based on the results of Douw&Koren (2013), who mention the 15 most leading crowdfunding initiatives per year. Three of those leading initiatives who collected their amount goal (and were thus successful) are used for the case studies in this research. To compare successful with unsuccessful projects, also one unsuccessful initiative is studied. The typical case study is confirmatory; it probes causal mechanisms (between the factors and the intention to invest in a crowdfunding initiative) that either confirm or disconfirm a certain theory/relationship (Seawright & Gerring, 2008) (are the factors positively/negatively related to the intention to

invest). The advantages of a case study are flexibility and the fact that insights of many disciplines can be used, with diving deeper into the subject, more information is revealed. Although diving deeper into the subject crowdfunding is valuable for this research, it will not be enough to answer the research question. Disadvantages of case studies are that it is difficult to make generalization and there is lack of academic vigor. It often treats how or why questions in an explanation setting. Because this research has a what question and explorative nature, the following step is taken to make the outcomes from this research more valuable.

To validate the results from the literature study and descriptive case study, a questionnaire will be used. A questionnaire is described as a formalized set of questions, all with the goal of obtaining information from respondents (Malhotra, 2004). The objective is to translate information needs into specific questions. Because the 'crowd' is one of the most important stakeholders within the concept of crowdfunding (Schwienbacher & Larralde, 2010), it is important to know what they think is important so they will invest in a crowdfunding initiative. On the basis of the literature study and the qualitative case studies, this questionnaire gives some or none (extra) evidence about the factors found. The factors are operationalized on the basis of the literature review.

The questionnaire, which can be found in the appendix, contains items about the eight factors which are discussed previously. Most of the questions about the factors can be answered with a five point Likert scale, scaling from totally disagree to totally agree. The respondent is asked for his or her level of agreement with the statements made. Some other factors have dichotomous or nominal answer possibilities. The first factor, quality of the project, is operationalized in six different concepts which describe the quality of the project according to the literature review. These six concepts are: entrepreneurial skills, likelihood of success, characteristics of the product or service, having a video, updates after launching and making spelling errors. These concepts are rough, but it goes beyond the scope of this research to refine and elaborate them more. Amount of money is questioned by six different amounts of money, starting with a question with a low amount, raising to a high amount in the last questions. The options 'depends on the reward' and 'does not matter' are also added. The question is if the potential crowdfunders will invest in an initiative with that specific amount of money. This way can be tested which amounts will be invested in. In the literature review, some argue a reward is important (Schwienbacher & Larralde, 2010) and some don't (Lambert and Schwienbacher, 2010). If it is important, eight different rewards are mentioned why crowdfunders invest; money, product/service, challenge, pleasure, pursuing certain goals, career possibilities, learning and dissatisfaction with current products. First there is the question if rewards are important for the potential crowdfunder and afterwards the eight different potential rewards are tested. Geography is measured as the different geographic areas a person can be in. Varying from their own hometown to outside the Netherlands. Next to this it can also be independent on geography. Network involvement is measured as the size of the network and the participation in the crowdfunders network in the first place and being actively involved in the second place. Active involvement is measured as dispersing information in online communities, becoming integrators of talent of others, promote through social networks and thinking about subsequent steps. Schwienbacher & Larralde (2010) and Ordanini et al. (2011) mention that shared values

are important for crowdfunders and argue that interest, passion, knowledge, experience, and social identification may be important for the shared values, which are all included in the questionnaire. Trust is the way the crowdfunders feel; contact is important (Schwienbacher & Larralde, 2010), as well as a good fit with one's partner, an entrepreneur which is fair, just and consistent (Shephard & Zacharakis, 2010). Of course, trust in entrepreneurial capabilities based on field records is important also. Trust is thus measured by contact moments, fairness, justness, consistency and trust based on field record. The duration is tested from results within a half year until results in more than 10 years. Next to this the option independent on time is added. Of course, also some basic socio-demographics are taken into account. Respondents are asked about their gender, age, knowledge of crowdfunding, history in crowdfunding and interest in investing in a crowdfunding initiative. This intention to invest in a crowdfunding initiative is the dependent variable in this thesis and is tested with the question: "Would you consider to invest in a crowdfunding initiative?" This dichotomous question has the answer possibilities "yes" or "no" and gives insight in the intention to invest of potential crowdfunders. To test the relationship between the factors and the intention to invest in a crowdfunding initiative, one has chosen to use a one sample t-test and a simple logistic regression model. This model is a probabilistic statistical classification model. This model is used because the dependent variable, intention to invest, is dichotomous (yes or no).

The questionnaire will be online, having the advantage that it will be anonymous. It is pretested before sending the definitive version, to remove potential ambiguities. Some spelling errors are taken out and some questions are somewhat differently defined. The data are analyzed with the use of SPSS. Descriptive statistics are computed and a one sample t-test and logistic regression analysis are done. Descriptive statistics like the mean and frequencies are used to tell something about the sign of the relationship. Is a factor positively or negatively related to the intention to invest in a crowdfunding initiative. To test the relationship between the factors (independent variables) and the intention to invest in a crowdfunding initiative, one has chosen to use a one sample t-test. A t-test is a parametric statistical test which can be used to determine whether the population mean of a normally distributed random variable deviates from a specific value. This specific value is 3 (the Likert scale is from 1 to 5). The logistic regression analysis is used to see if a relationship between a factor and the intention to invest is significant. Logistic regression analysis should be used by one dependent variable that is dichotomous and more independent variables (Allison, 1999) which is the case in this research. Although the logistic regression analysis has some methodological limitations (like the lack of reliability of the dependent variable), it is the most appropriate test to use in this research. The logistic regression analysis is a binomial model, where there is a linear combination of explaining variables. In the multiple logistic regression analysis the quantitative explaining variables (the independent variables; quality, amount of money, rewards, geography, network involvement, shared values, trust and duration) which are measured on a Likert-scale, are used as indicators to predict the dependent variable intention to invest. This dependent variable is operationalized as a dichotomous variable (investing or not investing). More practically, the questions belonging to a variable (for example the six questions of the factor quality) are set off against the question 'would you consider to invest in a crowdfunding initiative?' in a multiple logistic regression model'. This way you test a (causal) link between the independent and dependent variable.

As already mentioned, there is chosen to do two statistical tests; the one sample t-test and the logistic regression model. The one sample t-test measures all respondents (eventually willing to invest or not) and gives a positive or negative relationship. Someone who does not want to invest in a crowdfunding initiative (and will answer the question would you consider to invest in a crowdfunding initiative with no), will fill in this questionnaire with the thought of wanting to invest (although this is not the case) and thinking about the characteristics of the initiative. With adding the logistic regression model, the relationship between actually wanting to invest and the different factors are measured. The t-test alone would then not be sufficient.

3.2 Method of sampling

To explain the choice for the sample of this research, take the definition of crowdfunding: *“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”* (Schwienbacher & Larralde, 2010). Simply speaking: trying to use the internet to seek financial help from the general public (“the crowd”). There is no gender, age or salary which means that someone does not belong to that crowd. For this research, there are two features where someone should have to belong to this sample, namely: they should be Dutch and be active on the internet. The framework of this research is the Netherlands (Dutch small and medium enterprises) and therefore we will use only Dutch respondents. Of course it is also possible that foreigners may invest in Dutch SMEs, but that is not much the case at this moment and also outside the scope of this research. The second feature is that someone should be active on the internet. Crowdfunders and individuals with a project / start-up are brought together via several online platforms who intermediate most of the time. Also communicating with crowdfunders occurs online. Therefore it is important that a respondent of this study knows how to use the internet. This is secured in this research by the online survey which is going to be used. It is obvious that people who can fill in an online survey, also know how to work with the internet and thus belong to the sample. To distribute the questionnaire, there is cooperated with five Dutch Crowdfunding platforms. These platforms are Cinecrowd, Doneer De Zon, Leapfunder, Greencrowd, and EU1TV. They have spread the questionnaire in their crowdfunder network. Next to this it is also spread in online media, like crowdfunding pages on the internet.

Results case studies

Predictions about the size of crowdfunding and their growth the coming years become better and better, some even say the growth will be explosive. To recognize where this growth comes from and what successful projects in the Netherlands have been, Douw & Koren presented the most leading projects in 2012 (as they did in 2011). In this descriptive case study, three of these projects are chosen to dive into and will be treated in this chapter. The choice for the particular case studies is based on the results of Douw&Koren, the three who collected their 'amount goal' and are the most recent (2012) are used for the case studies in this research (further information of the case selection can be found in the chapter research method). Also one unsuccessful projects is mentioned, to see the differences between succesfull and unsucesfull ones. A short overview of the leading crowdfunding projects will be given, followed by their characteristics. Special attention will be given on the factors that seem important for the intention to invest in a crowdfunding initiative according the literature, namely: quality of the project, amount of money, rewards, geography, network involvement, shared values, trust and duration.

4.1 De Windcentrale

The introduction of this thesis started with a short note about 'De Windcentrale' (Wind Power Station): *"Who does not want to have his or her own part of a windmill and have 16 years of free electricity? That was also the thought of the members of 5500 households in the Netherlands who bought a part of a windmill for 350 Euros and received 16 years of free electricity. This successful crowdfunding initiative in the Netherlands, called 'De Windcentrale', of Harm Reitsma and his team has funded a total of 7 million Euros, and is therewith the biggest crowdfunding project in Europe (Douw & Koren, 2013)."*

Thus, 'De Windcentrale' is the biggest crowdfunding project of Europe. With a well prepared campaign, the team bought two windmills from their collected money. Important partners who support 'De Windcentrale' are the Rabobank (Dutch Bank), Stichting Doen (charity fund) and Greenchoice (charity fund). According to the Rabobank, De Windcentrale has given a modern look to cooperative organizational forms and shows that there is broad support for these initiatives. The success of this crowdfunding initiative is paying off, there are already plan to buy more windmills (De Windcentrale, 2013)!

'De Windcentrale' works as follows: a windmill is divided in thousands of pieces named wind parts. Crowdfunders can buy one or more wind parts to generate their own power/electricity. As long as the windmill runs (average is 12 to 20 years), free electricity is received from the crowdfunders own part of the wind mill. If the windmill is not running (because there is no wind) crowdfunders will receive green energy against the regular tariff. Harm Reitsma and his team say crowdfunders should join them because it is beneficial (because of the free electricity, your overall energy costs will be lower), because of the fixed price, because it is 100% green (so durable) and because the fact that crowdfunders do not have to do all the paperwork (that is

done by De Windcentrale). The team realized a success of two windmills and are now looking to buy more (De Windcentrale, 2013).

- *Quality of the project*

Entrepreneurial skills: After graduating economics at the University of Amsterdam, Harm Reitsma worked at different companies. In 2005 he became business development manager at the Energie Data Maatschappij. In 2007 he became Investment Manager at Ecoventures Innovations. Before starting in 2010 with 'De Windcentrale', he thus had a lot of experience in the industry. Next to this, his tenacity helped him a lot. Two years it looked like the project 'De Windcentrale' would fail, but do to Harm Reitsmas' tenacity (and that of his companion Anne Janssens) it became a success eventually. Likelihood of success: the project turned out to be a success. Characteristics of the product: windmill, electricity, sustainability. Promotion video: yes. Updates after launching: still busy doing updates for their second project. Spelling errors: based on their homepage: 0.

- *Amount of money*

With this crowdfunding, a total of 7 million Euros is collected. 5500 households invested and received a part of Windmill. The amount they invested is 350 euro per investors/household. Therefore they received a so called wind part of the windmill.

- *Rewards*

The reward for the crowdfunders in this project is that they receive 16 years of free electricity from their own part of the windmill. Off course this will not cover all their electricity costs, but their bill will become lower than normal. Other projects in green energy gave an interest of around the 4% per year (a not succesfull project) or gift vouchers to spend on sustainable products or sustainable products itself (successful projects) (oneplanetcrowd.com, 2014).

- *Geography*

The project is focused on Dutch inhabitants. Actual numbers about the geography of crowdfunders buying parts of the windmill are not available.

- *Network involvement*

'De Windcentrale' promotes the fact that crowdfunders do not have to do the work, all the paperwork and other activities are done by the employees of 'De Windcentrale'. The only thing the crowdfunders have to do is to enroll. The network of famous people is used, they are ambassadors of the project. 80 tweets about the Windcentrale are placed on Twitter in 24 hours (date: 24-9-2013) and it has 2969 likes on Facebook.

- *Shared Values*

The ambassadors of 'De Windcentrale' all have the same values of why they support this initiative. Sustainability seems the most important one. Just a couple examples to mention:

“Steeds meer burgers nemen samen het heft in eigen handen en bouwen mee aan een duurzame energievoorziening. Samen sneller duurzaam!!!” Marjan Minnesma–Director Urgenda, Number 1 of the Trouw Durable top 100.

“Met de Windcentrale wek ik net als duizenden anderen mijn eigen groene energie op en dragen we samen concreet bij aan een duurzamer Nederland” Jan Terlouw–Physicist, writer, former deputy prime minister and politic leader of D66.

“De Windcentrale is een fantastisch initiatief omdat het burgers faciliteert om zelf een stap te zetten in de richting van een duurzamere samenleving”. Dat ondersteun ik van harte.” Daan Dijk–Managing Director Sustainable Business Development Rabobank Nederland

- *Trust*

Trust is a factor which cannot be seen/measured within a descriptive case study. There is no information available on the internet. So trust will be solely tested with the use of a survey, in the next chapter.

- *Duration*

The investment of 350 Euros is a onetime investment. The reward, the free electricity of the crowdfunders own part of the windmill, will last as long as the wind mill is running. This is a period of 12 to 20 years, with an average of 16 years of free electricity.

Conclusion

In this conclusion a table is made which gives a short overview of the most important factors for the intention to invest in a crowdfunding initiative, applied to ‘De Windcentrale’.

Table 4: Overview of factors which may influence the intention to invest in crowdfunding initiatives applied to ‘De Windcentrale’

<u>Factor</u>	<u>‘De Windcentrale’</u>
Quality of the project	Entrepreneurial experience, successful, sustainable, video, still updating and no spelling errors.
Amount of money	350 euro per investor/household
Rewards	16 years of free electricity of your own wind part
Geography	Focus on the Netherlands
Network involvement	2969 likes on Facebook
Shared values	Most important shared value: sustainability
Trust	-
Duration	Onetime investment, average of 16 years reward

4.2 Waka Waka Power

Waka Waka Power is the most efficient phone charger and LED light on solar energy in the world. It is made possible through the solar cell technology from the Dutch Company Intivation. The Waka Waka Power is up to 200 per cent more efficient than competitors, especially in ‘Dutch’ weather; even on a rainy day, Waka Waka power will still load. After two successful crowdfunding campaigns via Kickstarter and Symbid, Camille van Gestel and Maurits Groen used crowdfunding again for Waka Waka power. They collected 213,766.90 euro via Oneplanetcrowd, a platform for crowdfunders. Next to Oneplanetcrowd, they simultaneously had a campaign on Kickstarter (which is also a platform), and collected an amount of \$419,472 (324,100.55 Euro). Via those two campaigns, 7050 investors (5622 via Kickstarter and 1428 via Oneplanetcrowd) already crowdfund the plan of Waka Waka. This is a record for a Dutch company (Douw en Koren, 2013).

The team of Waka Waka is able to tie a community to their company and mission. Sustainability is their core and they want to be open to a community of supporters. Their sustainability comes back in their so called Waka Waka Foundation. When investing in WakaWaka, some of the money goes to Haiti. With 370.000 people still living in tents without electricity or light, Waka Waka can solve a little part of this problem with their Solar Lights. Next to this, the packing of the Waka Waka's in their package can be done in Haiti. Although these activities seem simple, it means something for the employment in this country. UNHCR, the charity fund of the United Nations, will help Waka Waka with the distribution of the lights (Waka Waka, 2013).

The Waka Waka power will be sold in stores for a price of €54,95. Crowdfunders will receive it for the price of €49.95 (their investment in the project) and early birds for €44.95. How many Waka Waka Power stations they receive depends on their investment (the greater the investment, the more Waka Waka Powers). The prices include the donation of one Waka Waka light to Haiti. The Waka Waka power will be delivered around May 2013 (Waka Waka, 2013).

- *Quality of the project*

Entrepreneurial skills: the company which makes the Waka Waka products is the Dutch Off-Grid Solutions. The team exists of professionals and young (innovative) people. The common feature of the team is their passion for sustainability and Waka Waka. The two founders, Camille van Gestel and Maurits Groen, both have a lot of experience. Camille van Gestel has worked 7 years as general manager at Invention Promotion and was 10 years the owner of Share Networking. Maurits Groen is already 30 years director of his own company in environmental communication. Likelihood of success: the project turned out to be a success. Characteristics of the product: solar energy, light, sustainability. Promotion video: yes. Updates after launching: still busy updating Facebook and Twitter. Spelling errors: based on their homepage: 0.

- *Amount of money/Rewards*

There are different amounts of money a crowdfunder can invest with different corresponding rewards. It depends on what the crowdfunder wants. All categories will be mentioned from a low to a high amount. The first one is the so called Friend of Haiti, the investment is €24.95 and a crowdfunder will donate two lights to a family in Haiti. The crowdfunder self will receive no reward. The second option is the early bird, the crowdfunder will invest €44.95 (as one of the first investors), will receive an solar charger and light and will donate one light to Haiti. The third option is the investment Waka Waka Power of €49.95, it is the same as the second option, only those crowdfunders do not invest immediately, but somewhat later (when more money is already gained). The fourth option is the early bird limited trio, an investment of €129.95. The crowdfunder will receive three times the solar charger & light and will thereby donate three lights to Haiti. The fifth option is the Waka Waka Power Trio, the crowdfunder will invest €135.00 and will receive three times the solar charger & light and will donate three lights to Haiti. The sixth option is to invest €250.00 against an interest rate of 4,5 per cent annually. It will be paid back not later than January 11, 2015. The seventh option is the so called retail pack. Retailers can invest €725.00 and receive 24 items of WakaWaka Power. Next to this Waka Waka will reveal the retailers shop to their community. The eighth option is an investment of €2,500.00, which will be paid back against an interest rate of 4.5 per cent annually. It will be

paid back not later than January 11, 2015. The ninth option is called corporate power. A company can invest €5,000.00 and will receive 165 Waka Waka Powers with their own company logo. Next to this, Haiti will receive 165 lights. The tenth option is to invest €10,000.00, which will be paid back no later than January 11, 2015. The interest is 12 Waka Waka Powers per year and a total of 25 Waka Waka lights to Haiti. The last option is to invest €10,000.00 against an interest rate of 5 per cent annually. It will be paid back not later than January 11, 2015. As one can see, there are a lot of different amounts and rewards which a crowdfunder can choose. Other sustainable initiatives also gave sustainable products as a rewards (successful), or some interest on a loan (not successful) (oneplanetcrowd.com, 2014).

- *Geography*

Sold around the world and crowdfunded around the world.

- *Network involvement*

Waka Waka wants to be open to a community of supporters. They can give their ideas, innovations or ask questions. The network is very open. Waka Waka Power has 4761 likes on Facebook (24-9-2013).

- *Shared Values*

The mission of WakaWaka is as follows: “We make the world's most efficient solar powered lamps and chargers. High-tech low-cost solutions for those without electricity, in the developing world and in the West.” They want to be sustainable and help the world with their solutions. Crowdfunders who invest will think sustainability is important and also want to make the world a little bit better. The crowdfunders who lend the money may also be interested in making money, because of the interest rate varying from 4.5 to 5%.

- *Trust*

Trust is a factor which cannot be seen/measured within a descriptive case study. There is no information available on the internet. So trust will be solely tested with the use of a survey, in the next chapter.

- *Duration*

The investments are made from 2012 until January 10, 2013. The crowdfunders who have chosen to buy Waka Waka Powers have received them in May 2013. The crowdfunders who have chosen to lend money will receive their money back no later than January 11, 2015.

Conclusion

In this conclusion a table is made which gives a short overview of the most important factors for the intention to invest in a crowdfunding initiative, applied to ‘Waka Waka Power’.

Table 5: Overview of factors which may influence the intention to invest in crowdfunding initiatives applied to ‘Waka Waka Power’

<u>Factor</u>	<u>‘Waka Waka Power’</u>
Quality of the project	Passion and experience
Amount of money	Varies from €24.95 to €10,000
Rewards	Varies from receiving the product(s) to interest to retail help.
Geography	Around the world.
Network involvement	Open network + 4761 likes on Facebook

Shared values	Sustainability and helping the world.
Trust	-
Duration	Buying Waka Waka Power: < 1 year Lending money to Waka Waka: 2-3 years

4.3 Restaurant Blauw

‘Restaurant Blauw’ is a concept of Stefan Vreugdenburg. It is an restaurant with traditional Indonesian food in a modern entourage without being ‘hip’. According to the press, the Blauw Restaurants succeed in this mission. Blauw Restaurants is a private holding with two restaurants in Amsterdam and Utrecht and two restaurants to go in Bilthoven and Houten. Stefan Vreugdenburg now wants to open another Restaurant in The Hague, and after using crowdfunding for his location in Amsterdam, he chose to do this kind of finance again. Stefan Vreugdenburg expected to make a annual turnover of €800,000.00, with a potential to grow to about €1,200,000.00 based on his experiences in Amsterdam and Utrecht. It looks like this success in other locations was a reason that people believed this location would also be a success. He needed an investment of €125,000.00, which was needed for the renovation and decoration of the restaurant. Within two weeks, he collected an amount of €125,000.00 via the platform www.geldvoorelkaar.nl (2013). According to the employees of this website the campaign of Restaurant Blauw had a good basis, a build-in discount offer, a good pitch with a little movie, a professional accountant and promotion via their own website (Douw en Koren, 2013).

- *Quality of the project*

Entrepreneurial skills: Stefan Vreugdenburg has been employed in various catering companies and is already seven years the owner of Restaurant Blauw in Utrecht en Amsterdam and Blauw To Go in Bilthoven and Houten. So, he has a lot of experience in the industry and is known with the concept he wants to use. The other four restaurants are a success, so he knows how to start a company from the bottom. For the accountancy part of the business he hired an external office, to bring financial knowledge into the business part of the restaurants. Likelihood of success: the project turned out to be a success. Characteristics of the product: restaurant, food, SME. Promotion video: yes. Updates after launching: still busy updating Facebook, each location on its own. Spelling errors: based on their homepage: 0.

- *Amount of money*

The total amount of money which is collected is 125,000.00 Euro. Investors had the possibility to decide which amount they wanted to invest. The invested amounts vary from 100.00 Euro to an outlier of 40,000.00 Euro. All amounts are a plurality of 100. The total number of investors is 78.

- *Rewards*

The investors will receive an interest rate of 10 per cent annually over the life of the project – which is three years. Next to this, they will be culinary rewarded. An investment of €1,500.00 or lower will be rewarded with a discount of 10 per cent for every visit at one of the locations of Blauw Restaurants. Investments between €1,500.00 and €2,000.00 will receive a discount of 15 per cent, investments between €2,000.00 and €2,500.00 a discount of 20 per cent.

Investments between €2,500.00 and €3,000.00 receive a discount of 25 per cent. An investment between €3,000.00 and €4,000.00 30 per cent and between the €4,000.000 and €5,000.00 40 per cent. When investors invest more than €5,000.00 they will get a discount of 50 per cent every time they visit one of the locations of Blauw Restaurants. When an investor comes to one of the restaurants every week and will have a meal of at least €100.00 per person, the rate of return will rise to 100 per cent (off course, this is a bit over the top for an average income). Other projects most of the time give the possibility to eat in their restaurant as a reward (oneplanetcrowd.com, 2014).

- *Geography*

Unknown. Locations in the west and middle of the Netherlands.

- *Network involvement*

Guests are the middle point within the formula of Blauw Restaurants. Involvement of guests at the start-up of this new restaurant is important. This way Blauw Restaurants will build a tie with its customers/investors from the beginning. According to Stefan Vreugdenburg, owner of Blauw Restaurants, crowdfunding is a ‘warm’ way of financing, whereas bank finance is more ‘cold’ without any personal relationship. There are 1679 likes on Facebook in total (of all the locations).

- *Shared values*

Although Stefan Vreugdenburg hopes crowdfunders invest in Blauw Restaurant The Hague because of its concept, it looks like the interest rate is an important reason to invest. He tries to tie a relationship with his investors by giving them a discount when coming to one of the restaurants. It may be a possibility that the crowdfunders become the ‘business card’ of the company.

- *Trust*

Trust is a factor which cannot be seen/measured within a descriptive case study. There is no information available on the internet. So trust will be solely tested with the use of a survey, in the next chapter.

- *Duration*

The interest of loan will be paid back within 36 months (3 years). The money was collected in the period from September 25, 2012 until October 5, 2012.

Conclusion

In this conclusion a table is made which gives a short overview of the most important factors for the intention to invest in a crowdfunding initiative, applied to ‘Restaurant Blauw’.

Table 6: Overview of factors which may influence the intention to invest in crowdfunding initiatives to ‘Restaurant Blauw’

<u>Factor</u>	<u>‘Restaurant Blauw’</u>
Quality of the project	Experience in the industry/concept – hiring an accountant
Amount of money	A plurality of €100.00. The minimum invested was €100.00, the maximum €40,000.00
Rewards	An interest rate of 10 per cent annually + a culinary discount in one of the Blauw Restaurants

Geography	Unknown, locations in the west and middle of the Netherlands.
Network involvement	‘Warm’ financing and 1679 likes on Facebook.
Shared values	Building a relationship
Trust	-
Duration	36 months

4.4 Unsuccessful project: Plant E-world

A houseplant is for decoration, but also can give electricity by its roots. The plant E-world is project which wants to develop the technology of making electricity from living plants. An investment in this product is thus a contribution to a more sustainable world. If one invests in this project, it gets a gadget as thank. If you connect the gadget with the plant, it is possible to see how much electricity a houseplant gives and you can use this electricity. A symbolic way to tell what a plant can do. Plant-e is founded by David Strik en Marjolein Helder, who are both researchers. Plant-e wants to attract crowdfunders who want to contribute to an innovative technology that ultimately can provide large scale green electricity. Eventually this project achieved 47% of its amount goal, not enough to be successful.

- *Quality of the project*

Entrepreneurial skills: David Strik en Marjolein are both researchers in new sustainable technologies. They have never started a project like this before, neither used crowdfunding in a earlier stage. Likelihood of success: 47% of the amount goal was reached. Characteristics of the product: sustainability, houseplant, new technologies. Promotion video: yes. Updates after launching: no launch. Spelling errors: based on their homepage: 0.

- *Amount of money*

The total amount of money which should have been collected is 100,000.00 Euro. Investors had the possibility to decide which amount they wanted to invest. The invested amounts were 80 euros, 1000, 2500, 5000 and 10000 Euros. The number of investors who wanted to invest was 42.

- *Rewards*

The investors will receive one plant if they invest 80 Euros. If they invest more, they will receive their money back after three years, and get a plurality of plants as interest (the plurality depends on the amount of money invested). No monetary reward is connected to this initiative. Some projects do have monetary rewards, but some also give sustainable products like this project (oneplanetcrowd.com, 2014).

- *Geography*

Netherlands.

- *Network involvement*

No network involvement

- *Shared values*

A mission of Plant E-world is to make a more sustainable world with large scale green electricity. Investors who did want to support this initiative all think a sustainable world is important. This seems like a shared value.

- *Trust*

Trust is a factor which cannot be seen/measured within a descriptive case study. There is no information available on the internet. So trust will be solely tested with the use of a survey, in the next chapter.

- *Duration*

Investing 80 euros, one will receive a plant directly. Investing more, the money amount will be paid back after three years.

Conclusion

In this conclusion a table is made which gives a short overview of the most important factors for the intention to invest in a crowdfunding initiative, applied to 'Plant E-World'.

Table 7: Overview of factors which may influence the intention to invest in crowdfunding initiatives to 'Plant E-World'

<u>Factor</u>	<u>'Plant E-World'</u>
Quality of the project	Experience in the industry, no entrepreneurial experience. Video and zero spelling errors.
Amount of money	80 Euros of 1000, 2500, 5000 or 10.000 Euros.
Rewards	A plant if invested 80 Euros, money back after three years investing 1000 or more, with an interest of plants (depending on the amount of money invested)
Geography	Netherlands.
Network involvement	None
Shared values	A more sustainable world.
Trust	-
Duration	36 months

4.5 Conclusion case studies

After having treated three successful different cases and one unsuccessful one in the field of crowdfunding, in this conclusion the different factors which may be important for the intention to invest in a crowdfunding initiative will be treated. What are their similarities and differences. These answers will be taken into account at the conclusions of this research.

Quality of the project

All three successful cases involve entrepreneurs with experience in the industry. Passion, tenacity and drive are characteristics of the entrepreneur who uses crowdfunding. The knowledge which they do not have (in the case of Blauw Restaurants) is covered by hiring someone else to bring this knowledge into the company. All three projects were successes, and had some different characteristics (although with both 'De Windcentrale' and 'Waka Waka' sustainability is important). They all had a video and are still updating after launching. Spelling errors were minimal. Although the unsuccessful project Plant E-World had a video and a minimum of spelling errors, the entrepreneurs did not have any entrepreneurial experience.

Amount of money

The amount of money varies a lot, where at the Windcentrale there is a fixed price per wind part, at Waka Waka (varying from €24.95 to €10,000.00), Blauw Restaurants (a plurality of €100.00), Plant E-World (varying from €80.00 to €10,000.00 one can choose what he or she wants to invest).

Rewards

The rewards also vary a lot, at 'De Windcentrale' a crowdfunder will receive its own part of the windmill and the power which comes from that part of the Windmill. At Waka Waka Power it depends on the packet the crowdfunder has chosen. Crowdfunders may receive the product of Waka Waka for their investment or receive interest for their loan. But at all packets they do something to support Haiti, a reward in the form of feeling helpful. At Blauw Restaurants, the investors receive their interest rate on the loan. But to keep the relationship warm, they also receive a discount in the restaurants. With Plant E-world the investor receives a plurality of plants. What may become obvious is that at all projects in this case study, investors receive some kind of reward for their investment. It may be a monetary rewards, a product or a discount, none of them receives nothing. As also stated in many studies, rewards have a positive relationship to the intention to invest, and it may be that because of this knowledge all these projects give some kind of rewards.

Geography

Whereas the project of 'De Windcentrale', 'Blauw Restaurants' and 'Plant E-World) really focus on the Netherlands and will receive money from Dutch crowdfunders, Waka Waka is worldwide.

Network involvement

The factor network involvement is very different in the three projects when it comes to the involvement in the projects. Within 'De Windcentrale' and 'Plant E-World) the entrepreneurs do everything, at Waka Waka they try to create an open network and within Blauw Restaurants they try to keep the relationship warm. What they do have in common is that the projects are active on social media and all have a network above 1500 likes on Facebook and all use Twitter as a medium.

Shared values

Sustainability seems an important shared value in the first, second and unsuccessful project, the second project also has the shared value that it wants to help the world (Haiti in this case). In the third project there is no real shared value, but the relationship between the crowdfunders and entrepreneur seems important.

Trust

Trust is a factor which cannot be seen/measured within a descriptive case study. There is no information available on the internet. So trust will be solely tested with the use of a survey, in the next chapter.

Duration

Where for the second, third and unsuccessful project the maximum duration is three years, the first project has a duration of 16 years at average.

Overall

The factors quality of the project, amount of money, rewards, network involvement, shared values and duration all (partly) come across with what was expected from the hypotheses from the literature review. Only the factor geography was different. Whereas stated in the hypothesis that geography is negatively related to the intention to invest in a crowdfunding initiative, the projects here were on the biggest scale of geography (namely national or international). The case study and literature review contradict each other on this point, so the questionnaire may point out if geography is negatively or positively related to the intention to invest. Another comment which should be mentioned is that the unsuccessful project partly comes across with the succesfull projects (for example: they all had a video), but also differs a bit on some points. It for example has less entrepreneurial experience (and may therefore be unsuccessful). Case is also that is was not completely unsuccessful, Plant E-World received 47% of its amount goal, so there were investors who did see something in this project. No other common factors are recognized in the three different case studies, so no factors will be added to table. The table will remain as follows, with a slight doubt about the geography factor:

Table 8: expected relationships between variables

Factor	The intention to invest in a crowdfunding initiative
Quality of the project	+
Amount of money	-
Rewards	+
Geography	-
Network involvement	+
Shared values	+
Trust	+
Duration	-

In the next chapter these different relationships between the factors and the success of a crowdfunding initiative will be tested on the basis of a questionnaire.

Results survey

With the designed questionnaire, which can be found in the appendix, the factors quality of the project, amount of money, rewards, geography, network involvement, shared values, trust, and duration are tested. In this chapter the respondent characteristics, reliability of the results and the relationship between these factors and their influence on the intention to invest in a crowdfunding initiative are analyzed. Further explanation about the research method can be found in the corresponding chapter. The results are presented in this chapter.

5.1 Respondent characteristics

First the different characteristics of the respondents will be given. The questionnaire is distributed among five platforms; Cinecrowd, Doneer De Zon, Leapfunder, Greencrowd, and EU1TV. They have spread the questionnaire in their crowdfunder network. Next to this it is also spread in online media, like crowdfunding pages on the internet. A total of 140 respondents filled in the questionnaire. Only 89 respondents completed the questionnaire (n=89) and thus are taken into account in analyzing the data. Two different demographic variables are measured: gender and age. These variables are given in table 9.

Table 9: Demographic characteristics of the respondents

<u>Gender</u>	<u>N = 89</u>	<u>%</u>
Woman	47	52,8
Man	42	47,2

<u>Age</u>	<u>N = 89</u>	<u>%</u>
0-20	14	15,7
21-40	43	48,3
41-60	28	31,5
61-80	3	3,4
80+	1	1,1

The result on the variable ‘intention to invest’ is given in table 10. This table gives the respondents who consider to invest in a crowdfunding initiative. Intention to invest is the dependent variable in our research question, and therefore important to mention. This question is also used as the dependent, dichotomous variable in the multiple logistic regression.

Table 10: Intention to invest in a crowdfunding initiative

<u>Intention to invest</u>	<u>N = 89</u>	<u>%</u>
No	28	31,5
Yes	58	65,2
No answer	3	3,4

5.2 Reliability

The factors quality of the project, rewards, network involvement, shared values and trust are measured with different questions, which together form a factor (construct). To test the reliability of the different constructs the Cronbach's Alpha is used. A general guideline for the Cronbach's Alpha is that a result above .700 is an acceptable Cronbach's Alpha (Gliem & Gliem, 2003). Quality of the project with its five questions gave a Cronbach's Alpha of .669. If the last question is removed, a Cronbach's Alpha of .766 is realized. Therefore is chosen to delete the question "I would invest in a crowdfunding initiative if there are spelling errors in the proposition". The results of the Cronbach Alpha test for all the variables can be found in table 11. As can be seen, all of the factors have a Cronbach's Alpha above .700. This confirms that the results are reliable.

Table 11: Reliability of the different constructs

Factor	Cronbach's Alpha	N of items
Quality of the project	.766	4
Rewards	.749	9
Network involvement	.708	6
Shared values	.855	5
Trust	.842	5

5.3 Relationship between factors and intention to invest in a crowdfunding initiative

To test the relationship between the factors (independent variables) and the intention to invest in a crowdfunding initiative, one has chosen to use a one sample t-test. A t-test is a parametric statistical test which can be used to determine whether the population mean of a normally distributed random variable deviates from a specific value. This specific value is 3 (the Likert scale if from 1 to 5). Next to this, a multiple logistic regression model is used. This model is a probabilistic statistical classification model. This model is used since the dependent variable, intention to invest, is dichotomous (yes or no). The logistic regression analysis is a binominal model, where a linear combination of independent variables (the Likert-scale from 1 to 5) is used. In the multiple logistic regression analysis the quantitative explaining variables (the independent variables; quality, amount of money, rewards, geography, network involvement, shared values, trust and duration) are used as indicators to predict the dependent variable intention to invest. This dependent variable is operationalized as a dichotomous variable (investing or not investing). More practically, the questions belonging to a variable (for example the six questions of the factor quality) are set off against the question 'would you consider to invest in a crowdfunding initiative? in a multiple logistic regression model'. This way you test a causal link between the independent and dependent variable.

As already mentioned, there is chosen to do two statistical tests; the one sample t-test and the logistic regression model. The one sample t-test measures all respondents (eventually willing to invest or not) and gives a positive or negative relationship. Someone who does not want to invest in a crowdfunding initiative (and will answer the question would you consider to invest in a crowdfunding initiative with no), will fill in this questionnaire with the thought of wanting to invest (although this is not the case) and thinking about the characteristics of the initiative.

With adding the logistic regression model, the relationship between actually wanting to invest and the different factors are measured. The t-test alone would then not be sufficient.

Quality of the project

The first factor which is analysed is the independent variable quality of the project. As already mentioned in the paragraph above, spelling error (question 5) is removed from the analysis in order to improve the reliability. By using the one sample t-test and logistic regression model, the following hypothesis is tested: “*Hypothesis 1: Quality of the project is positively related to the intention to invest in a crowdfunding initiative*”.

First the mean is calculated. Based on the Likert Scale from 1 to 5, the mean of quality of the project is 3,5881, which can be seen in table 12. This means the mean is above the average of the Likert Scale (which is from 1 till 5). This above average 3.5881 indicates a positive relationship between quality of the project and the intention to invest in a crowdfunding relationship. To test this positive relationship a one sample t-test is conducted and gives a value of .000, which means it is significant (see table 13). A logistic regression model also has been conducted. This test gives a p-value of ,000. The relationship is therefore significant. The intention to invest is more than 8 times as big (Exp (B)=8.591) if the quality of the project is good. This can be seen in table 14.

Table 12: Constructs: mean and standard deviation

	<u>Mean</u>	<u>Standard Deviation</u>
<u>Quality</u>	3,5881	,64107
<u>Rewards</u>	3,2622	,51964
<u>Network involvement</u>	3,1726	,55505
<u>Shared values</u>	3,7888	,61597
<u>Trust</u>	4,0337	,55778

Table 13: One sample t-test

	<u>t</u>	<u>df</u>	<u>Sig. (2-tailed)</u>
<u>Quality</u>	8.605	89	.000
<u>Rewards</u>	4.760	89	.000
<u>Network involvement</u>	2.913	89	.005
<u>Shared values</u>	12.080	89	.000
<u>Trust</u>	17.483	89	.000

Table 14: Logistic regression model intention to invest

	<u>B</u>	<u>S.E.</u>	<u>Wald</u>	<u>Df</u>	<u>Sig.</u>	<u>Exp(B)</u>
<u>Quality</u>	2,151	.554	15.044	1	.000	8.591
<u>Rewards</u>	.363	.437	.692	1	.405	1.438
<u>Network involvement</u>	1.473	.495	8.848	1	.003	4.364
<u>Shared values</u>	1.136	.467	3.994	1	.015	3.114

<u>Trust</u>	1.076	.509	4.476	1	.034	2.933
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Amount of money

The second factor which is analysed is the independent variable amount of money. By looking at the descriptive values (frequencies) of this factor the hypothesis 2 “*The amount of money needed is negatively related to the intention to invest in a crowdfunding initiative*” is tested.

Table 15: Factor amount of money: frequencies

<u>Amount of money</u>	<u>Frequeny</u>	<u>%</u>
<u>0 - 25 Euro</u>	20	22,5
<u>25 – 50 Euro</u>	12	13,5
<u>50 – 100 Euro</u>	9	10,1
<u>100 – 150 Euro</u>	6	6,7
<u>250 – 500 Euro</u>	3	3,4
<u>>500 Euro</u>	1	1,1
<u>Depends on the reward</u>	37	41,6
<u>Does not matter</u>	1	1,1

Stating that the amount is negatively related to the intention to invest means that the lower the money spend on the crowdfunding initiative the more people will be likely to invest. Looking at the above frequencies in table 15, it seems that the reward is the most important factor for determining the amount to invest and not the amount itself. Only looking at the amounts, the lower amounts in the table have higher percentages then the higher amounts. This indicates that respondents prefer a low amount more and indicates a negative relationship. Because it looks like that the amount of money spendend may depend on the reward there cannot be stated this hypothesis is true.

Rewards

The third factor which is analysed is the independent variable rewards. By using the one sample t-test and the logistic regression model, the following hypothesis is tested: “*Hypothesis 3: Rewards are positively related to the intention to invest in a crowdfunding initiative*”.

The mean was calculated first. Based on the Likert Scale from 1 to 5, the mean of the factor rewards is 3,2622, which can be seen in table 12. This indicates a positive relationship (because 3.2622 is higher than the average of the Likert Scale from 1 to 5, the sign is positive) between rewards and the intention to invest in a crowdfunding initiative. Conducting the one sample t-test, it gives a value of .000, which means this is significant. Using the logistics regression model, the test gives a p-value of .405, which means the relationship is not significant (see table 14). Although the relationship seems positive, the outcomes of the tests are different. Therefore, we cannot say this hypothesis is true.

Geography

The fourth factor which is analysed is the independent variable geography. The following hypothesis is tested: *“The geographic location of a crowdfunder is negatively related to the intention to invest in a crowdfunding initiative”*. This means that the further away (geographic location) the crowdfunding initiative is, the less likely it is that potential crowdfunders invest.

Table 16: Factor geography: frequencies

<u>Geography</u>	<u>Frequeny</u>	<u>%</u>
<u>Within my own village</u>	18	19,8
<u>Within my own region</u>	19	20,9
<u>Within my own province</u>	6	6,6
<u>Within my own country</u>	10	13,2
<u>Outside my own country</u>	2	2,2
<u>Geographiccally independent</u>	34	37,4

Looking at the above frequencies in table 16, most of the respondents think it does not matter where the crowdfunding initiative is. Therefore we cannot state this hypothesis is true. When leaving the option geographically independent out, there is a higher percentage on the answer within my own village / region than at the answers within my province / country / outside my country. This indicates a negative relationship.

Network involvement

The fifth factor which is analysed is the independent variable network involvement. By using the one sample t-test and logistic regression model, the following hypothesis is tested: *“Hypothesis 5: Network involvement is positively related to the intention to invest in a crowdfunding initiative”*.

First the mean is calculated. Based on the Likert Scale from 1 to 5, the mean of network involvement is 3,1726, which can be seen in table 12. This indicates a positive relationship (because 3.1726 is higher than the average of the Likert Scale from 1 to 5, the sign is positive) between network involvement and the intention to invest in a crowdfunding initiative.. To test this positive relationship a one sample t-test is conducted which gives a value of .005, which indicates a significant value. Next to this a logistic regression model has been conducted. This test gives a p-value of ,003. The relationship is therefore significant. The intention to invest is more than 4 times as big if the network involvement is good. This can be seen in table 14. On both test there can be said the relationship is significant.

Shared values

The sixth factor which is analysed is the independent variable shared values. By using the one sample t-test and simple logistic regression model, the following hypothesis is tested: *“Hypothesis 6: Shared values are positively related to the intention to invest in a crowdfunding initiative”*.

The mean was calculated first. Based on the Likert Scale from 1 to 5, the mean of the factor shared values is 3,7888, which can be seen in table 12. This indicates a positive relationship

(because 3.7888 is higher than the average of the Likert Scale from 1 to 5, the sign is positive) between shared values and the intention to invest in a crowdfunding relationship. Conducting the one sample t-test, this gives a value of .000, which is significant. Using the logistics regression model, the test gives a p-value of .015, which means the relationship is significant on a 95% level (see table 14). The intention to invest is more than 3 times as big if there are shared values.

Trust

The seventh factor which is analysed is the independent variable geography. By using the one sample t-test and simple logistic regression model, the following hypothesis is tested: “*Hypothesis 7: Trust is positively related to the intention to invest in a crowdfunding initiative*”.

First, the mean is calculated. Based on the Likert Scale from 1 to 5, the mean of the factor trust is 4,0337, which can be seen in table 12. This indicates a positive relationship (because 4,0337 is higher than the average of the Likert Scale from 1 to 5, the sign is positive) trust and the intention to invest in a crowdfunding relationship. . Conducting the one sample t-test, this gives a value of .000, which is significant. Using the logistics regression model, the test gives a p-value of .034, which means this is significant on 95% level (see table 14). The intention to invest is almost 3 times as big if there is trust.

Duration

The eighth and last factor which is analysed is the independent variable duration. By looking at the descriptive values (frequencies) of this factor the hypothesis 8 “*Duration is negatively related to the intention to invest in a crowdfunding initiative*” is tested.

Table 17: Factor duration: frequencies²

<u>Duration</u>	<u>Frequency</u>	<u>%</u>
Within a half year	9	10,1
Within a year	29	32,6
Within two years	27	30,3
Within five years	9	10,1
No matter time	12	13,5
Missing	3	3,4

Three respondents did not fill in this question, which lowers the ‘n’ from 89 to 86. When looking at the frequencies in table 17, the answers within a year and within two years are most popular, these are at the ‘bottom side’ of the answer possibilities, which gives the sign that the relationship between duration and intention to invest is negative. Because 12 respondents also think time does not matter, there cannot be said the hypothesis is true. Time may not matter, which indicates neither a positive or negative relationship.

² The possible answers ‘within 5 to 10 years’ and ‘10 years or longer’ are not taken into account in this analysis because no respondent has given these answers.

Summary and Conclusions

In this chapter, first a summary of the main findings is given. This is followed by the conclusions, where the hypotheses and research question are answered by combining the results from the literature review, case studies and questionnaire. Eventually the importance, relevance and limitations will be given, together with options for future research.

Summary of the thesis findings

The goal of this research was to find factors which influence the intention to invest in a crowdfunding initiative. This goal was formulated in a research question; *What factors influence the intention to invest in a crowdfunding initiative within Dutch small and medium enterprises?* To investigate this issue, a literature study, case studies and a questionnaire under potential crowdfunders are done.

According the literature study, eight factors may be important for the intention to invest in a crowdfunding initiative. These eight factors are quality of the project, amount of money, rewards, geography, network involvement, shared values, trust, and duration. According this literature study, quality of the project, rewards, network involvement, shared values and trust are positively related to the intention to invest in a crowdfunding initiative. Amount of money, geography and duration are negatively related to the intention to invest in a crowdfunding initiative. To test these literature findings, first some case studies were done.

According the results of the case studies, the factors all (partly) come across with what was expected from the hypotheses from the literature review. Only the factor geography was different. Whereas stated in the hypothesis that geography is negatively related to the intention to invest in a crowdfunding initiative, the projects here were on the biggest scale of geography (namely national or international). Because case studies alone are not as reliable as wished for, a questionnaire was developed to test the different factors/hypotheses more.

When looking at the results of the survey, some significant relationships are found on the basis of the one sample t-test and a a logistic regression analysis. The factors quality of the project, network involvement, shared values and trust have a significant relation with the intention to invest in a crowdfunding initiative. Rewards has no significant relation in both tests with the intention to invest in a crowdfunding initiative, although the sign that was expected according the literature review and case studies was also confirmed here. Amount of money and geography both seem to depend on other factors (respectively depends on the reward and geographically independent). There cannot be stated this is the case because of other factors with high frequencies. Duration seems to have a negative sign, but a statistical test is not applied here. To show the results more clear, the following table is made (Table 18).

Table 18: relationships between variables

<u>Factor</u>	<u>Sign</u>	<u>One sample t-test</u>	<u>P-value logistic regression model</u>
<u>Quality of the project</u>	+	.000*	.000*
<u>Amount of money</u>	-	n.a.	n.a.
<u>Rewards</u>	+	.000*	.405
<u>Geography</u>	-	n.a.	n.a.
<u>Network involvement</u>	+	.005**	.003*
<u>Shared values</u>	+	.000*	.015**
<u>Trust</u>	+	.000*	.034**
<u>Duration</u>	-	n.a.	n.a.

*statistically significant on a 99% level, **statistically significant on a 95% level

Conclusions

To give the conclusions of this research the different hypotheses will be answered. After all these hypotheses are answered the overall conclusion is given by answering the research question.

Hypothesis 1: Quality of the project is positively related to the intention to invest in a crowdfunding initiative.

Based on as well the literature review as the case studies, quality of the project is positively related to the intention to invest in a crowdfunding initiative. The respondents in the questionnaire gave a mean of 3.5881 on the Likert Scale from 1 to 5. The one sample t-test and logistic regression model had a p-value of .000 and gave that the intention to invest is more than 8 times as big if the quality of the project is good. Overall, this means that quality of the project is positively related to the intention to invest in a crowdfunding initiative.

Hypothesis 2: The amount of money needed is negatively related to the intention to invest in a crowdfunding initiative.

According to the literature review and the case studies, amount of money needed is negatively related to the intention to invest in a crowdfunding initiative. Looking at the frequencies, not the amount of money itself, but the factor 'depends on the reward' seems the most important ('depends on the reward' has the mode). On this outcome alone, there cannot be said this is a reliable result. Thus, although it seems a negative relationship, there cannot be stated this hypothesis is true.

Hypothesis 3: Rewards are positively related to the intention to invest in a crowdfunding initiative.

In the literature review and case studies is researched that rewards are positively related to the intention to invest in a crowdfunding initiative. In the statistical analysis, the one sample t-test gives a significant result with a value of .000, but the logistic regression analysis gives turned out not to be statistically significant with a p-value of .405. The mean on a Likert Scale from

1 to 5 gave a 3.2622. Thus, although the sign may be positive, there is not found a significant result in both tests.

Hypothesis 4: The geographic location is negatively related to the intention to invest in a crowdfunding initiative.

Whereas the literature review stated there is a negative relationship between intention to invest in a crowdfunding initiative and the geographic location, the case studies gave that this relationship may be positive (a more national or international scope instead of a local or regional scope). Looking at the above frequencies in table 16, most of the respondents think it does not matter where the crowdfunding initiative is. Although based on the other results the sign looks negative, there cannot be said this is a reliable result. Thus there cannot be stated this hypothesis is true.

Hypothesis 5: Network involvement is positively related to the intention to invest in a crowdfunding initiative.

Both the literature review as the case studies had a positive sign between network involvement and the intention to invest in a crowdfunding initiative. The mean based on the questionnaire is 3.1726 (Likert Scale 1-5). The one sample t-test gives a value of .005, where the logistic regression model gives a p-value of .003, which means that the relationship is significant. The intention to invest is more than 4 times as big if the network involvement is good. Therefore can be stated that network involvement is positively related to the intention to invest in a crowdfunding initiative.

Hypothesis 6: Shared values are positively related to the intention to invest in a crowdfunding initiative.

In the literature review and the case studies is confirmed that the relationship between shared values and the intention to invest is positive. The mean of 3.7888 on a Likert Scale of 1-5 also confirms the sign of this relationship. The one sample t-test gives a value of .000, which means the relationship is significant on a 99% level. The logistic regression model gives a .015, which means the relationship is significant on a 95% level. The intention to invest is more than 3 times as big if there are shared values. There can be stated that shared values are positively related to the intention to invest.

Hypothesis 7: Trust is positively related to the intention to invest in a crowdfunding initiative.

The mean of 4.0337 in the questionnaire and the outcomes of the literature review and case studies indicate a positive relationship between trust and the intention to invest in a crowdfunding initiative. The one sample t-test gives a significant value of .000 and using the logistics regression model, the test gives a p-value of .034, which means this is significant on 95% level. The intention to invest is almost 3 times as big if there is trust. Thus, trust is positively related to the intention to invest in a crowdfunding initiative.

Hypothesis 8: Duration is negatively related to the intention to invest in a crowdfunding initiative.

Both the literature review and the case studies assume a negative relationship between the duration (the time when the crowdfunder is receiving its reward) and the intention to invest in a crowdfunding initiative. Also the questionnaire gives this sign, but also some people say time does not matter. So it looks like the relationship is negative, but we cannot say the hypothesis is true because it may be that duration does not matter at all.

What factors influence the intention to invest in a crowdfunding initiative within Dutch small and medium enterprises?

Quality of the project, network involvement, shared values and trust all have a positive significant relationship to the intention to invest in a crowdfunding initiative.

The intention to invest will be higher if an entrepreneur who wants to make use of crowdfunding takes the factors quality of the project, network involvement, trust and shared values into account when starting an initiative.

Importance, relevance & limitations

The importance of crowdfunding may be clear; it has made possible to seek capital for project-specific investments and for the starting up of new ventures. With the difficulties of getting financial help for SMEs, it is a good option for start-up financing. This study contributes to the emerging stream of research on crowdfunding by exploring crowdfunding in Dutch SMEs with an empirical analysis of factors influencing the intention to invest in a crowdfunding initiative.

For a potential SME that wants to use crowdfunding, it is useful to know that quality of the project, network involvement, shared values and trust are positively related to the intention to invest in a crowdfunding initiative and duration are negatively related to the intention to invest in a crowdfunding initiative. It may give a SME that wants to use crowdfunding a potential direction; what should he take into account when starting up a crowdfunding initiative. The chance of a successful initiative will be higher taking these factors into account.

Crowdfunding is a relatively new way of financing and not much researched yet; this study was therefore exploratory. Conclusions of an exploratory research should always have some caution, although it gives insight in the situation, it may not be directly generalizable to the larger population (Stebbins, 2001). Next to this general limitation of an exploratory research, this study brings some other limitations. First, it may be possible that other factors than used in this study influence the intention to invest in a crowdfunding initiative. The list of factors used in this research is not exhaustive, other researchers may find other factors to be important. Second, due to the limited data, interaction among the different independent variables in this research are not considered. Correlation can be measured with this dataset (for example; network involvement and shared values are significantly related with a correlation of .544 and quality of the project and network involvement are significantly related with a correlation of .612), but it would have made this research too exhaustive to mention all the correlations between the different variables. In future research there may be the possibility to measure intention to invest on a larger scale than only dichotomous question used in this regression analysis. This would make the results more reliable. Next to this, future research may specify the different

factors more and may also measure the interaction between the different independent variables and the difference between industries.

Although there are some limitations and options for future reseach, this research gives a good first indication in factors that influence the intention to invest in a crowdfunding iniative and will therefore be usefull for SMEs that want to use crowdfunding as their way of financing.

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Appendices

Appendix 1: Questionnaire Dutch

Appendix 2: Questionnaire English

Appendix 1

Vragenlijst: Factoren die de intentie om te investeren in een crowdfunding initiatief beïnvloeden

Veertien miljoen euro, dat is het bedrag dat in Nederland in 2012 via crowdfunding* werd binnengehaald. Sommige initiatieven slaagden, andere niet. Hoe komt dit verschil in succes? Het doel van dit onderzoek is het achterhalen van de factoren die van invloed zijn op de intentie om te investeren in crowdfunding initiatief. Aangezien ‘de crowd’ de doelgroep is van ondernemers die crowdfunding willen gebruiken als hun financieringsmethode, heb ik voor deze vragenlijst u, als (potentiële) crowdfunder, nodig. Het invullen van de vragenlijst zal ongeveer tien minuten van uw tijd in beslag nemen. Uiteraard blijft u anoniem. Alvast bedankt voor uw medewerking!

Met vriendelijke groet,
Mariska Reimink
Universiteit Twente

**Crowdfunding is een middel om via het internet verstrekking van financiële middelen te bewerkstelligen, hetzij in de vorm van een schenking of in ruil voor een of andere vorm van beloning en/of stemrechten, met als doel specifieke doeleinden te ondersteunen. (Schwienbacher & Larralde, 2010). Een crowdfunder leent of doneert dus zijn of haar geld om een specifiek doel te ondersteunen. Een voorbeeld hiervan is ‘De Windcentrale’, crowdfunders konden een deel van een windmolen kopen voor 350 euro, in ruil voor gemiddeld 16 jaar gratis elektriciteit van dit deel van de windmolen. Op deze manier hebben crowdfunders gemiddeld een lagere energierekening dan anderen.*

Inhoudelijke vragen

De volgende vragen gaan over het belang van verschillende factoren voor het succes van een crowdfunding initiatief. De vragen worden beantwoord met de zogenoemde Likert-scale. De antwoorden variëren van helemaal oneens (uiterst links), naar helemaal eens (uiterst rechts).

Vraag 1. Kwaliteit van het project

Ik zou investeren in een crowdfunding initiatief als de ondernemer goede ondernemingsvaardigheden heeft (hierbij valt te denken aan ervaring, reputatie, persoonlijke/interpersoonlijke/proces vaardigheden).

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een crowdfunding initiatief na het evalueren van de eigenschappen van het product of de service.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een crowdfunding initiatief als het project een (promotie)video heeft.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een crowdfunding initiatief als er updates over het project worden gegeven na de start van het project.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een crowdfunding initiatief als het plan spelfouten bevat.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Vraag 2. Hoeveelheid geld

Ik zou investeren als het gaat om een bedrag van:

- 0-25 Euro
- 25-50 Euro
- 50-100 Euro
- 100-150 Euro
- 250-500 Euro
- >500 Euro
- Het hangt af van de beloning
- Het maakt niet uit

Vraag 3. Beloning

Een beloning voor mijn investering is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van geld is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van een product en/of dienst is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van een uitdaging is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van plezier in het investeren is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van het nastreven van bepaalde doelen is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van carrièremogelijkheden is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een beloning voor mijn investering in de vorm van leren is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Een belonging voor mijn investring in de vorm van het oplossen van mijn ontevredenheid over huidige producten is belangrijk voor mij.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Vraag 4: Geografie

Ik zou investeren in een crowdfunding initiatief...

0 binnen mijn eigen dorp/gemeente. .

0 binnen mijn eigen regio (bijvoorbeeld Twente, de Achterhoek, etcetera).

0 binnen mijn eigen provincie.

0 binnen mijn eigen land.

0 buiten mijn eigen land.

0 maar dit is geografisch onafhankelijk

Vraag 5: Betrokkenheid van het netwerk

Ik zou investeren in een initiatief als het network van de entrepreneur groot is.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief als er mensen van mijn eigen netwerk investeren in het initiatief.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarin ik kan helpen met het verspreiden van informatie via sociale media om zo verdere ondersteuning te genereren.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarbij ik een integrator van talent van anderen kan worden.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarin ik zelf het product of de dienst kan promoten via sociale media.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarin ik zelf kan meedenken over vervolgstappen van het bedrijf.

0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Vraag 6. Shared values

Ik zou investeren in een initiatief dat in mijn eigen interessegebied ligt.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarvoor ik passie heb.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief dat in mijn eigen kennisgebied ligt.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief dat in mijn eigen ervaringsgebied ligt.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief waarmee ik sociale identificatie heb.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Vraag 7. Vertrouwen

Ik zou investeren in een initiatief als ik contact heb met de ondernemer.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief als de ondernemer eerlijk is.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief als de ondernemer rechtvaardig is.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief als de ondernemer consistent is.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Ik zou investeren in een initiatief als ik vertrouwen heb in de capaciteiten van de ondernemer gebaseerd op de praktijk.
0 Helemaal oneens 0 Oneens 0 Niet oneens, niet eens 0 Eens 0 Helemaal eens

Vraag 8. Duur

Ik zou investeren in een initiatief waarin ik resultaat zie (hetzij in de vorm van terugbetaling, beloning, productontwikkeling, etc.)....:

- 0 binnen een half jaar*
- 0 binnen een jaar*
- 0 binnen twee jaar*
- 0 binnen vijf jaar*
- 0 binnen vijf tot tien jaar*
- 0 na tien jaar of langer*
- 0 ongeacht tijd*

Vraag 9. Algemene vragen

Wat is uw geslacht?

0 Vrouw

0 Man

Wat is uw leeftijd?

0 0 - 20

0 21 - 40

0 41 – 60

0 61 – 80

0 > 80

Zou u overwegen zelf ook te investeren in een crowdfunding initiatief?

0 Ja

0 Nee

Was u bekend met het fenomeen crowdfunding voor het invullen van deze vragenlijst?

0 Ja

0 Nee

Heeft u al eens in een initiatief geïnvesteerd door middel van crowdfunding?

0 Ja

0 Nee

Zo ja, was dit initiatief succesvol? (een initiatief wordt gezien als succesvol als het bedrag wordt gehaald dat nodig is om te beginnen met het initiatief)

0 Ja

0 Nee

Bedankt voor het invullen van deze vragenlijst!

Voor meer informatie of de resultaten kunt u contact opnemen met Mariska Reimink, via m.b.g.reimink@student.utwente.nl

Appendix 2

Questionnaire: Factors influencing the intention to invest in a crowdfunding initiative.

Fourteen million Euros, that is the amount that is collected via crowdfunding* in 2012 in the Netherlands. Some initiatives were a success, others not. How does this difference in success occur? The goal of this research is to recognize the factors that influence the intention to invest in a crowdfunding initiative. Because ‘the crowd’ is the target group from the entrepreneurs using crowdfunding as their financing method, I need your help for this questionnaire as potential crowdfunder. Filling in the questionnaire will take about ten minutes of your time. Of course you will stay anonymous. Thanks in advance!

Kind regards,
Mariska Reimink
University of Twente

**Crowdfunding is “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” (Schwienbacher & Larralde, 2010). A crowdfunder is lending or donating his or her money to support a specific goals. An example is ‘De Windcentrale’, crowdfunders could buy a part of a windmill for 350 Euros, where they received an average of 16 years of free electricity from that part of the windmill. This way, crowdfunders will have a lower energy bill than others.*

Content questions

The following questions are about the importance of various factors for the success of a crowdfunding initiative. The questions are answered with the so-called Likert scale. The answers range from strongly disagree (far left) to strongly agree (far right).

Question 1. Quality of the project

I would invest in a crowdfunding initiative if the entrepreneur has good entrepreneurial skills (thinking about experience, reputation and process/personal/interpersonal skills).

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in a crowdfunding initiative after evaluating the characteristics of the product or service .

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in a crowdfunding initiative if the project has a (promotion) video.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in a crowdfunding initiative if it is giving updates after launching the project.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in a crowdfunding initiative if there are spelling errors in the proposition.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

Question 2. Amount of money

I would like to invest:

- 0-25 Euros
- 25-50 Euros
- 50-100 Euros
- 100-150 Euros
- 250-500 Euros
- >500 Euros
- It depends on the reward
- It does not matter

Question 3. Rewards

A rewards for my investment is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of money is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of a product or service is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of a challenge is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of pleasure in investing is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of pursuing certain goals is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of career opportunities is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of learning is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

A reward in the form of solving my dissatisfaction about current products is important to me.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

Question 4: Geography

I would invest in a crowdfunding initiative...:

0 within my own town.

0 within my own region (for example Twente, de Achterhoek, etcetera).

0 within my own province.

0 within my own country.

0 outside my own country.

0 but this is geographically indepent.

Question 5: Network involvement

I would invest in an initiative if the network of the entrepreneur is huge.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative if people from my own network invest in the initiative.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative in which I can help spreading information via social media to gain further support for the project.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative when I can become an integrator of talent of others.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative in which I can promote the product or service via social media.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative in which I can think about next steps of the project/company.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

Question 6. Shared values

I would invest in an initiative which is in my own interest area.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative which is (part of) my passion.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative which is in my own knowledge area.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative which is in my own experience area.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative with which I have social identification.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

Question 7. Trust

I would invest in an initiative if I have contact with the entrepreneur.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative if the entrepreneur is honest.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative if the entrepreneur is righteous.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative if the entrepreneur is consistent.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

I would invest in an initiative if I have trust in the capabilities of the entrepreneur based on field record.

0 Strongly disagree 0 Disagree 0 Neither agree nor disagree 0 Agree 0 Strongly agree

Question 8. Duration

I would invest in an initiative when there is a result (either in the form of repayment, or in the form of rewards or product development, etc.)....:

0 within a half year

0 within a year

0 within two years

0 within five years

0 within ten years

0 with ten years or longer

0 no matter time

Question 9. General questions

What is your gender?

0 Woman

0 Man

What is your age?

0 0 - 20

0 21 - 40

0 41 – 60

0 61 – 80

0 > 80

Would you consider to invest in a crowdfunding initiative?

0 Yes

0 No

Did you ever invested in a crowdfunding initiative (if yes, please answer the following question, if no, you finished the questionnaire)?

0 Yes

0 No

If yes, was this a successful initiative? (an initiative is seen as successful if the amount goal for starting is achieved)

0 Ja

0 Nee

Thank you for filling in this questionnaire!

For more information or the results of this thesis, it is possible to contact Mariska Reimink, via m.b.g.reimink@student.utwente.nl