

# UNIVERSITY OF TWENTE.

**School of Business, Management  
and Social Science**

## **Crowdfunding in the hospitality industry**

**An empirical analysis of the different models  
of crowdfunding**

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## **Abstract**

The main goal of this study was to examine the opportunities for the crowdfunding platforms in the hospitality industry of adopting a hybrid model of the models identified in the literature review. Analysis of the respondents having multiple intrinsic motivations for crowdfunding a project, showed there is interest and curiosity among the respondents for adopting a hybrid model. This research paper set out to identify relationships between intrinsic and extrinsic motivations of crowdfunding and the preferred model of crowdfunding in the hospitality industry. Analysis showed that the lending model was the most preferable model in the hospitality industry and that there were significant relationships between the choice of model and the motivations of the crowdfunder. The data was gathered by means of a web-based Likert scale questionnaire and was analyzed in a cross-sectional quantitative design. Literature review was done in order to identify the different models for crowdfunding. However this research shows strong proof for relationships between crowdfunders with multiple motivations and the preference of a hybrid crowdfunding model, follow-up research needs to be done in other industries and on what the optimal mix would be within a hybrid model. Discussion arises as more than half of the crowdfunding platforms uses a lending based model so crowdfunders have little experience in using alternative models. Further research is desirable on this subject.

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## 1. Introduction

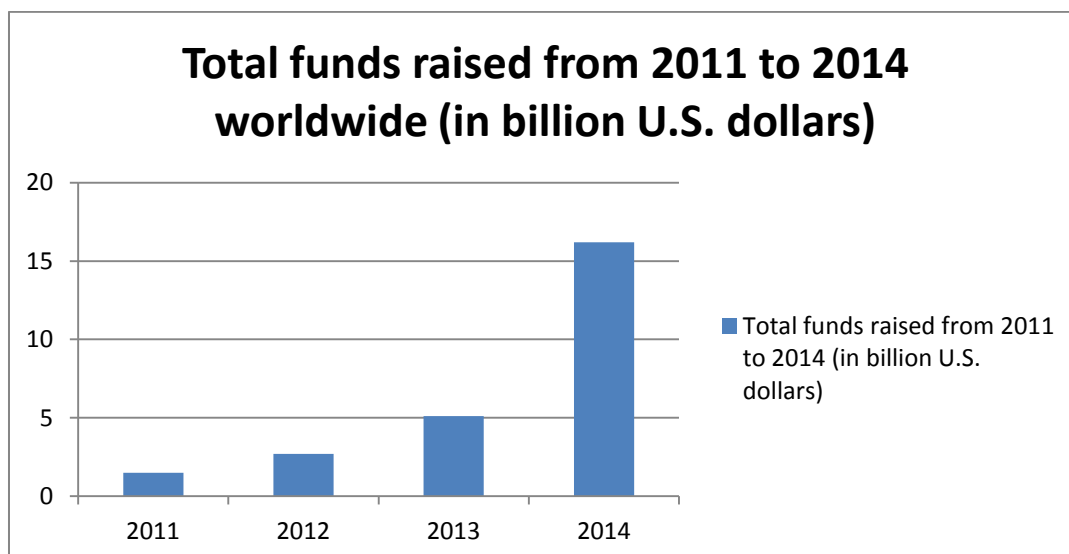
*What does a punk rock band from Norway, recyclable toilet paper, a marching girls team in the UK, a Detroit printing plant, and a person's fight with breast cancer have in common?*

They are all projects pitched on crowdfunding websites in hopes of being funded by individuals from all around the world, so that they may one day become a reality. Crowdfunding is a novel concept both in the common world and academic world. It presents consumers with the opportunity to fund arts and crafts, music, movies, existing businesses, start-ups and charities with amounts varying from 50 cents to \$100.000, making it possible for anyone with internet access to participate. These consumers, or more accurately, consumer-investors going forward, will be referred to as 'crowdfunders'. The current chapter will therefore elaborate on previous research on crowdfunding. Further, the concept of crowdfunding in the hospitality industry will be described. Next to that the different types of crowdfunding will be elaborated on. Based on the literature review the problem statement including the research aim will be presented, followed by the research questions.

### 1.1 Background crowdfunding

Crowdfunding is an umbrella term describing the use of small amounts of money, varying from 50 cents to \$100.000, obtained from a large number of individuals or organizations, to fund a project, a business or personal loan, and other needs through an online web-based platform. Social media and its applications as an instrument of communication has spread heavily in the last five years. High internet usage, smartphones and software provides the user with endless possibilities. In recent years, crowdfunding has emerged as a new way for entrepreneurial ventures to raise capital in order to succeed. Securing funds without having to seek out venture capital or other traditional sources of investment (Belleflamme et al., 2014; Mollick, 2014; Agrawal et al., 2011). The rapid growth of crowdfunding is displayed in figure 1.

Figure 1: the rise of crowdfunding (worldwide and all industries)



The projected funds that will be raised in 2015 is 34.4 billion U.S. dollars, so crowdfunding is becoming more popular each year.

Although crowdfunding is relatively small in the Netherlands, crowdfunding is becoming increasingly popular. In 2011 2,5 million euros is financed via crowdfunding, where in 2012 it is 14 million, in 2013 32 million, in 2014 63 million and in 2015 even 128 million euros. So each year the amount is doubled compared to the year before (Douw en Koren, 2016)

There are various platforms present for crowdfunding for different purposes but the main concept is similar: an entrepreneur presents the idea for the crowd, and the investors can decide for themselves whether to invest in it, lend the entrepreneur money or to contribute otherwise to the realization of the idea. The latter is called crowdsourcing. Crowdsourcing will not be taken in account in this research. There are different types of crowdfunding: donation-based crowdfunding, reward-based crowdfunding, peer-to-peer lending and equity crowdfunding (Arets & Kleverlaan 2014).

## **1.2 Crowdfunding in the hospitality industry**

Crowdfunding is relatively a new venture in the hospitality industry. With platforms like iCrowdHotels, Hospitality Crowdfunding BV and Horeca Crowdfunding Nederland, crowdfunding begins to emerge in the hospitality industry. The hospitality industry is a sector that is subject to laborious funding possibilities via the traditional ways. This often results in a failure to launch an interesting or distinguishing startup. This is why numerous companies, franchisers and startups turn to crowdfunding in order to finance their venture. Except for funding the venture, crowdfunding has other beneficial fortuities, which will be displayed in this section (horecacrowdfunding, 2014). Given the one-sided story from a company that has an interest in ventures embarking in crowdfunding, this statement should be toned down.

Crowdfunding allows companies the chance to market their brand to both old and new consumers. An active crowdfunding campaign will inspire customers to learn more about a new venture. This provides a potential of increase of traffic to both the website and social media outlets. Those who do end up investing will further spread the word by sharing it through their social media outlets and connections.

Crowdfunding allows people who normally would not invest in business ventures such as hotels to participate. When they do, they will want to see a return. Since they have invested in your hotel, it can be expected to see them more frequently than the average visitor. The investor may also feel entitled to use the new venture and bring others with them.

Crowdfunding can provide feedback on how the business should be shaped. In the future, it is expected to see a large number of hospitality ventures being "crowd-designed", bringing a fresh perspective of elements and designs for the new venture from new investors with new thoughts and ideas could build the perfect recipe to grow and improve the business (Santopietro, 2015).

### **1.3 Different types of crowdfunding**

In this section the four main financial models within the crowdfunding sector will be explored and some of the advantages and disadvantages will be displayed. In the next sections there will be elaborated on these various types of crowdfunding models (Arets & Kleverlaan, 2014; Freedman & Nutting, 2015).

#### **The Donation-based model**

Crowdfunding based on donation is the most simple way to fund a project. People give money without a compensation. The 'joy of giving' plays an important part in this, by giving money away people feel better about themselves (Lakhani et al., 2007; van Wingerden & Ryan, 2011). Most of the projects are of a social, societal or cultural nature. In a study by the University of British Colombia in Canada it appears that people are specifically happy if they know that their money is being well spent. That is why crowdfunding is an ideal way, because crowdfunding projects are always aimed at realizing a specific target. Important is that the people behind the project will continue to communicate with their donors. On the one hand to maintain the 'joy of giving', and on the other hand to build trust for potential future projects (Arets & Kleverlaan, 2014).

#### **Reward-based model**

This type of financing is common in financing a product or project which is still being developed. A form of compensation for the financier is the right to pre-order the product or get the product sent when it is finished. An advantage of this form of financing is that it is an alternative market research; if the investors are not willing to invest, they are not interested in the product or project. As an entrepreneur, you may want to change your marketing strategy or even your product. Also, investors that are willing to invest, can sometimes serve as free advisors along the development phase of the product. A disadvantage with physical products is that there are many costs involved in shipping, packaging and production of the product to meet the investors compensation (Arets & Kleverlaan, 2014).

#### **Peer-to-peer lending-based model**

A widely used variant is peer-to-peer lending-based crowdfunding, or more recently known as 'marketplace lending'. This variant, together with the equity-based model, is also called crowdfinancing. Due to the crisis in the banking industry, banks are reluctant to give loans or invest in new ventures. This is why entrepreneurs must seek alternative ways to fund their venture. Peer-to-peer loans are considered debt funding. Small businesses borrow money from their peers through an online platform and pay the capital back with interest over a fixed term of years wherein three to five years is the norm. Crowdfunding based on lending is for both the entrepreneur as for the investor an easily accessible form because the entrepreneur doesn't have to sell equity in his firm or initiative which reduces legal and administrative costs (Penh & Zhang, 2008). The interest is predetermined so the investor knows exactly what to expect, a disadvantage of this is that if the venture becomes very successful, the investor does not partake in this success. Another disadvantage for the entrepreneur is the absence of interaction with investors, which can be of added value to the venture (Arets & Kleverlaan, 2014; Freedman & Nutting, 2015).

## Equity-based model

This fourth variant of crowdfunding and second variant of crowdfinancing is based on obtaining shares. Investors become shareholders and gives them the necessary rights to have a voice in the venture. The advantage of equity financing, is that the investors are involved in the venture and can provide useful advice. After all, a successful venture accommodates the investor (Brabham, 2008). Secondly, the investor is more inclined to use the product, so it creates long term binding with the product and the investor. A disadvantage is the high costs for legal and administrative purposes. Also, the regulations concerning equity-based crowdfunding are not universal, which can result in costs for third-party advisors and perils with the tax authorities (Arets & Kleverlaan 2014).

Method	Advantages	Disadvantages
<b>Donation-based</b>	<ol style="list-style-type: none"> <li>1. Joy of giving</li> <li>2. Proof of money well spent builds trust</li> <li>3. No tax implications</li> <li>4. Limited regulatory restrictions</li> </ol>	<ol style="list-style-type: none"> <li>1. Not suitable for profitable / commercial purposes</li> <li>2. Limited amount of money to be raised</li> <li>3. Difficult to differentiate social projects from others to get attention from the crowd</li> </ol>
<b>Reward-based</b>	<ol style="list-style-type: none"> <li>1. Low fraud rate</li> <li>2. Low cost</li> <li>3. Connection between funder and project</li> <li>4. Feedback from backers</li> <li>5. Limited regulatory restrictions</li> </ol>	<ol style="list-style-type: none"> <li>1. Backers take risk (70% of reward based projects miss their delivery deadlines)</li> <li>2. Not suitable for funding beyond \$100.000</li> <li>3. Not suitable for B2B campaigns</li> </ol>
<b>Peer-to-peer lending</b>	<ol style="list-style-type: none"> <li>1. High returns while low interest rate by cutting out the middle man (banks)</li> <li>2. Investors able to diversify between risky lenders and lenders with a good credit score</li> <li>3. Transparency</li> <li>4. For borrowers: fewer constraints about what to do for the money</li> </ol>	<ol style="list-style-type: none"> <li>1. Higher risk for lenders than fully regulated lending</li> <li>2. In some countries regulatory restrictions</li> <li>3. No real personal connection between backer and product, just make money.</li> </ol>
<b>Equity-based</b>	<ol style="list-style-type: none"> <li>1. Creates long-term binding between backer and product</li> <li>2. Customer is more inclined to use the product</li> </ol>	<ol style="list-style-type: none"> <li>1. Regulatory restrictions are not universal</li> <li>2. High costs for legal and administrative purposes</li> </ol>

Figure 2: the advantages and disadvantages of the different methods of crowdfunding.



## **1.4 Problem statement**

With an increasing number of crowdfunding platforms and amounts of money invested, crowdfunding has become a viable fundraising method obtainable for small entrepreneurial companies or project-based initiatives (Schwienbacher & Larralde, 2010). Also, traditional forms of funding for small entrepreneurial ventures like bank loans, business angels or Venture Capitalists are out of reach. That is why crowdfunding might be a way to close the equity gap and for small investors to invest in an accessible way without losing too much money.

### **1.4.1 Gaps in literature**

According to Schwienbacher and Larralde, 2010, analysis needs to be done on intellectual property rights. Crowdfundees need to disclose some or a part of their ideas to the crowd, leaving the entrepreneur vulnerable to theft of the idea. So knowing that an entrepreneurs idea may be stolen, does that deter financially constrained entrepreneurs from 'tapping the crowd'? Also, research should be done on the optimal remuneration and participation scheme that the crowd is offered so that the crowd has the optimal amount of information about the crowdfunding process. Ward and Ramachandran, 2010 argue that peer effects stimulate crowdfunding, but that it remains to discover how projects can overcome the cold start problem. This is comparable with their second research gap; namely the need for further research on why so many crowdfunding projects seem to lose 'momentum', causing their target funding to remain unobtained. This often results in a total failure, since many crowdfunding platforms operate with an all or nothing strategy, so if the target funding is not obtained, no money will be transferred to the entrepreneur. According to Belleflamme, Lambert and Schwienbacher (2014), understanding the role of crowdfunding platforms like Kickstarter or Indiegogo is still limited; thus further research needs to be done to what extent platforms can increase the chance of success of crowdfunding initiatives. For example, platforms could facilitate learning for crowdfundees, by creating a platform for interaction between entrepreneurs in which they can share best practices. Next to this suggestion for further research, they also argue that research can be done on entrepreneurs who seek financing simultaneously on various platforms and, thereby, combine a mix of approaches (e.g: equity-based and reward-based crowdfunding). An interesting question would be what the optimal mix is for the entrepreneur to attract most financiers. This question raises several challenges for the researcher because individuals are not 'perfect', so the choice for the investors is not an optimum per se. A full rational choice will not be made, because the investors are not equipped with all the information and can sometimes be farsighted.

### **1.4.2 Research purpose**

Given the lack of knowledge on a mix of the different types of crowdfunding in the funding of a venture or project, the aim of this research will be to discover which types of crowdfunding, or a mix of these types, are most likely to succeed. There are many different markets for crowdfunding, like the music industry, book industry, health industry and data analytics. For each of these markets there is a different optimum concerning the ideal type of crowdfunding or mix of crowdfunding. This is why this research is limited to one market: the hospitality market. This market include amongst other things the financing of hotels, restaurants and bars.

## **1.5 Research questions**

The goal is to build on previous conducted studies by Belleflamme, Lambert and Schwienbacher on the subject of combining a mix of approaches and thereby seeking out what the optimal mix is to fund a project. The goal is to identify the different types of crowdfunding in the hospitality industry.

More specifically, the goal is to discover what type of crowdfunding or what mix of different types of crowdfunding are most likely to succeed. The success is determined by the likelihood that funders or future funders will fund projects. These hypothetical projects will use different types of crowdfunding and hybrid types of crowdfunding. Based on the research purpose, the research question can be formulated as follows: *What type or what hybrid type of crowdfunding is most likely to succeed in the hospitality industry for different financing issues?* Specific issues can be addressed through sub questions. These include:

- 1) What (hybrid) types of crowdfunding are to be found in the hospitality industry?
- 2) What role do intrinsic and extrinsic motivators play in the crowdfunders' decision to invest?
- 3) What are the opportunities for the hospitality industry regarding adopting a hybrid type of crowdfunding?

Subquestions	Unit of analysis	Use of:
What (hybrid) types of crowdfunding are to be found in the hospitality industry?	Literature study	Articles, internet, books
What role do intrinsic and extrinsic motivators play in the crowdfunders' decision to invest?	Questionnaire	Thesistools, SPSS
What are the opportunities for the hospitality industry regarding adopting a hybrid type of crowdfunding?	Questionnaire / research / interview	Open-ended questions in questionnaire, in-depth study

Figure 3: The methods of answering the subquestions

## 1.6 Theoretical and practical relevance

In this section the theoretical and practical relevance of this research will be explained. The purpose of this research is to gain a deeper understanding into the several types of crowdfunding and into what drives the motivations of crowdfunders to choose one of the multiple forms of crowdfunding in the hospitality industry.

### 1.6.1 Theoretical relevance

Firstly, there has been little research focused specifically on the multiple forms of crowdfunding and what drives the crowdfunder to choose the kind of crowdfunding that suits his or her needs. This is important for the entrepreneur to know how to stipulate the optimum mix concerning his crowdfunding strategy. Secondly, this research can contribute to the ongoing debate about predictive powers of crowdfunding.

### 1.6.2 Practical relevance

Like many other sectors, the hospitality industry is subject to a market wherein it is difficult to attract financing via the traditional way. In the Netherlands, the granting of a loan through banks for the hospitality, is in danger of being closed down entirely (Ernst & Young report, 2015). This is why entrepreneurs have to find alternative ways of financing their venture. Crowdfunding is on a rapid

rise and more each year the number of projects which are financed through crowdfunding are growing, as at the same time the amount of money to be raised is growing. For entrepreneurs it is important to know how the potential investor decides whether to invest or not and which factors are important to take into account.

### **1.7 Structure of the thesis**

The thesis structure is as follows: this first chapter has set out the context within this thesis is placed. Furthermore, the problem statement is displayed, the research questions are formulated and the relevance of this research were introduced. The next chapter will present the theoretical framework, the third chapter will present the methodology of this research, followed by the fourth chapter in which the results will be discussed and finally the fifth chapter, where the conclusion will be presented as well as the implications of this study.

## **2. Theoretical framework**

This chapter sets out to formulate a theoretical framework in which crowdfunding and related fields are presented. Although the concept of crowdfunding is relatively new and decent literature is quite scarce, from the year 2006 an extensive body of papers are to be found.

In the first section, a brief history of crowdfunding will be presented to provide the reader with a better understanding of the relatively novel concept of crowdfunding. In the second section the role of motivation will be discussed and in the third section, the influence of the different types of crowdfunding will be elaborated on.

### **2.1 A brief history of crowdfunding**

The concept of crowdfunding is derived from the earlier term and broader concept of crowdsourcing. Coined in 2006, crowdsourcing is defined as a way to harness the creative solutions of distributed network of individuals (Howe, 2008). Kleemann et al. (2008) point out that 'crowdsourcing takes place when a profit oriented firm outsources specific tasks essential for the making or sale of its product to the general public (the crowd) in the form of an open call over the internet, with the intention of animating individuals to make a (voluntary) contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm.' The vision of crowdfunding is to harness the power of the crowd to fund small ventures or projects that are unlikely to be funded via traditional means of funding, using crowdfunding platforms or social networks (Gerber et al., 2012). Before computer-mediated crowdfunding, creators often engaged in personal crowdfunding initiatives. While business angels and venture capitalists funds fill gaps for larger amounts, the smallest amounts are provided by entrepreneurs themselves and via the 3Fs (family, friends, fools). The emergence of crowdfunding platforms such as Kickstarter, Indiegogo and Fundable, have made crowdfunding more accessible to entrepreneurs and for investors.

Crowdfunding platforms embrace features that are common on social media websites, thus implying that it is an online community. There has been a wide variance on literature regarding participation patterns in social networks and online communities, which is important for crowdfunding. The success of a community depends on the participation and contributions of its members (Butler 2001). According to Oestreicher-Singer and Zalmanson (2013), users who are more socially involved in a community build around a website, are more likely to pay.

On the legislation side, crowdfunding got a boost with the passing of the JOBS-act, which means 'jumpstart our business startup'. The JOBS-act is a law intended to encourage funding of United States small businesses by easing various securities regulations. Recently, in October 2015, equity crowdfunding was adopted, which liberalized the use of shares in crowdfunding.

### **2.2 Intrinsic and extrinsic drivers of consumer motivation**

According to Ryan and Deci (2000), intrinsic motivation is defined as the inherent tendency to seek out novelty and challenges, to extend and exercise one's capacities, to explore, and to learn. Research reveals that intrinsic motivation must be fed and that threats to intrinsic motivation are luring. Threats such as deadlines, goals, directives and pressured evaluation. In contrast, choice, acknowledgement and opportunities for self-direction were found to be motivators for intrinsic motivation. In the field of crowdfunding, the negative determinants for intrinsic motivation would be minimum donation, minimum targets and the extent to which your donation helps the goal. The

positive determinants would be acknowledgement of the donation and the choice of the cause to donate money to.

Extrinsic motivation is referred to as the performance of an activity in order to attain some separable outcome. Factors such as promised reward, praise, critical feedback or specifications on the how the work is to be done. Although the factor of reward may be based on the work itself, these motivators are external both to the task or job, as well as the individual performing it (Amabile, 1993; Van Wingerden & Ryan, 2011).

Extrinsic motivation is also the biggest threat to intrinsic motivation, some theorists (Deci & Ryan, 2000; Amabile, 1993; Lazenby & Herron, 1996) argue that for task performance, once extrinsic motivators have been placed on a task, intrinsic motivators will decline. So for crowdfunding, once an incentive is given on a project to be funded, investors are more likely to refer to their extrinsic motivation whereas a donation is required for e.g. a well in Africa, people are more likely to consult their intrinsic motivation.

### **2.2.1 Intrinsic drivers of consumer motivation**

Theory on drivers of crowdfunding is in its infant stage. However, theory on drivers of crowdsourcing is well provided for. Lambert and Schwienbacher (2010) as well as Belleflamme et al. (2011), issue that crowdfunding is a subset of crowdsourcing. Although crowdsourcing is often related to open source creation and content when establishing its theoretical foundation, it is reasonable to argue that open source creation and crowdsourcing are not similar because of the absence of monetary rewards in open source development (Brabham, 2008).

Kleeman et al. (2008), investigated the phenomena of crowdsourcing and concluded that we are witnessing a new consumer type: the 'working consumer'. The emergence of crowdsourcing nurtures that consumers are now becoming more like co-workers who take over specific tasks of the production process, whereby this process is ultimately under control of a commercial enterprise. Crowdfunding is also a component of the (production) process, so consumers help to build the product they wish to have. Voss and Rieder (1994) argue that in sum, the primary motivations of working consumers are intrinsic, but also of central importance are characteristics that make tasks fun like autonomy, creativity and importance of the task. Lakhani et al. (2007) identify 'having fun' as the single most important motivator for crowdsourcers. Kleeman et al. (2008) stated that the involvement in and control over what is created is a strong determinant for 'fun'. However, Schwienbacher and Larralde (2010), pointed out that the majority of crowdfunding projects do not offer direct involvement in the decision-making process over a project. Thus suggesting another reward must be offered.

### 2.2.2 Extrinsic drivers of consumer motivation

In an extensive case study, Gerber et al. (2012) identified the key motivators and deterrents for crowdfunders to invest in a venture. In this research the main motivator was to collect rewards, such as acknowledgement, a tangible artifact or an experience. Similarly, Peng & Zhang (2008), find a positive effect of direct compensation on the use of crowdfunding. Although these findings do not fit perfectly with the aforementioned conclusions, there are strong indicators that the effect of monetary rewards are more relevant for the consumers' decision to fund a venture or project (Brabham, 2008).

## 2.3 Influence of the different types of crowdfunding

In the previous chapter the different models of crowdfunding are displayed including the advantages and disadvantages of the different types. In recent literature, little to none is written about the influence of the different types of crowdfunding on the crowdfunders' behavior. However, various papers arose about the implications and secondary conditions of various types of crowdfunding.

### 2.3.1 Donation based crowdfunding

Crowdfunding platforms utilize both the altruist motive and the 'warm glow' motive when it comes to non-profit donations. People find that non-profit signaling produces trust that allows them to increase their utility for both the altruistic motive and the 'warm glow' motive. The altruist will feel comfortable in the fact that the money was probably used wisely because of the lack of the for-profit motive. This means there is a greater chance the donor's money produced a positive benefit that makes the donor feel better. Secondly, the donor is more likely to feel the 'warm glow' effect because they have donated within a crowdfunding community and can take part in the act of donating online (Read, 2013). Next to the factor of altruism and the 'warm glow' motive, it is important to note to maintain the 'joy of giving', by releasing periodical updates about the project in which the crowdfunder invested in (Arets & Kleverlaan, 2014).

### 2.3.2 Reward based crowdfunding

Compared to donations, rewards have an increased complexity and level of uncertainty, as there are a number of conditions that have to be met before backers can eventually receive the reward. A fundamental condition is that sufficient funds are raised within the pre-arranged campaign runtime. And even though if these criteria are met, there is no legal obligation for the project creator to produce and deliver the reward to the backer. In a case study research, Thies et al. (2014) argue that in reward based crowdfunding, social buzz is critical. They were able to identify *'an inversed relationship between social buzz and project support, revealing a positive impact of social buzz on subsequent campaign support in contrast to a negative impact of campaign support on consecutive social buzz. This indicates that potential backers learn about projects from their social network and demand feedback from their peers before investing in a project.'* Thus the more social media coverage a project has, the more likely a possible funder is to invest in a project.

### 2.3.3 Lending based crowdfunding

Lending based crowdfunding, also called peer-to-peer lending (P2P), is the most widely variant used in the hospitality industry. The idea behind this type of crowdfunding, apart from the reluctance of traditional forms of funding, is to cut out the middle man and get cheaper loans or as an investor, get better interest rates. Crowdfunding based on lending is for both the entrepreneur as for the investor an easily accessible form because the entrepreneur doesn't have to sell equity in his firm or initiative

which reduces legal and administrative costs (Penh & Zhang, 2008). The interest is predetermined so the investor knows exactly what to expect, a disadvantage of this is that if the venture becomes very successful, the investor does not partake in this success. Another disadvantage for the entrepreneur is the absence of interaction with investors, which can be of added value to the venture (Arets & Kleverlaan, 2014; Freedman & Nutting, 2015).

#### 2.3.4 Equity crowdfunding

Ahlers et al. (2015) define equity crowdfunding as follows: *“Equity crowdfunding is a method of financing, whereby an entrepreneur sells a specified amount of equity or bond-like shares in a company to a group of (small) investors through an open call for funding on Internet-based platforms.”* Small investors, who are often the primary target of start-ups on equity crowdfunding platforms, do not normally have the ability to extensively research and assess potential investments. In order to successfully raise money, therefore, start-ups will need to find ways to clearly signal their value to small investors (Ahlers et al., 2015). The equity crowdfunding market is substantially influenced by legislative environment of its home country (Bradford, 2012). The paper of Ahlers et al. (2015) highlights the importance of the level of uncertainty to potential investors, such as the amount of equity offered and whether financial projections are provided.

### 3. Methodology and method

Methodology is defined by Prasad (1997, as cited in Mir & Watson, 2000, p. 944) as the “intrinsic set of ontological and epistemological assumptions that a researcher brings to his or her work” whereas Mir and Watson (2000, p.944) define method as the “tools or techniques that are used in the process of inquiry”. Although the differentiation between the two concepts is not necessarily trivial, Machlup (1982) suggests that methodology works to position the thought process and in turn research. Thus, a researcher needs to clearly demonstrate the appropriateness of his or her methodological choice. The following section therefore sets the stage by exploring the ontological and epistemological view on which this thesis is based. Succeeding the methodological choice this chapter describes the design of the study, which includes the data collection method, research sample, questionnaire design, method of analysis, along with the reliability, validity and generalizability of the study.

#### 3.1 Method

Before moving onto the issue of method, it is first important to explicate the methodological position. Therefore a brief definition will be given about the approach to the research, followed by the research sample and questionnaire design.

##### 3.1.1 Exploratory Approach to Research

Exploratory studies usually aim at “developing hypotheses or questions for further research” (Cooper and Schindler, 2006). Thus, the goal is to provide a basis or a starting point for future researchers. Although exploratory research is often associated with qualitative methods, (Cooper and Schindler, 2006; Bryman and Bell, 2007) making use of findings in the aforementioned neighboring fields that are assumed to be relevant to the research task at hand, a quantitative exploratory method is considered more appropriate. Also based on the aforementioned lack of previous theories on crowdfunding would call for the use of exploratory research.

##### 3.1.2 Research Sample

The research sample is the pool of subjects that are fit for the research. Unfortunately, there is no clear overview of the scale on which crowdfunding in the hospitality industry takes place. Thus, the exact size of the population is unknown. However, because of the homogeneity of the research sample, research shows that 80 participants is enough to conduct this research. To construct the research sample, multiple crowdfunding platforms were contacted via email, Twitter and Facebook. Moreover, in order to ensure a more representative sample of the crowdfunding population, both platforms that do and those who do not offer their users the possibility of earning monetary rewards were approached. These crowdfunding platforms form the so-called sampling frame (Easterby-Smith, Strickler, Y. (n.d.). Hence, the sampling process was purposive in nature (Cooper and Schindler, 2006). Furthermore, since media like Twitter and Facebook were used, one could argue that this research intends to make use of a modern-day snowball sampling technique, which according to Cooper and Schindler (2006) occurs when “participants refer researchers to others who have characteristics, experiences or attitudes similar to or different from their own” (p.204).

##### 3.1.3 Questionnaire Design

The questionnaire represents one of the vital parts of the thesis writing process. Without a means to collect accurate and timely responses from crowdfunders in the hospitality industry there would be



no data to use to infer relationships on, nor to draw conclusions from. Thus, the objective of the questionnaire was to collect data which could be used to further explore the research directions presented in the theory section. The design of the questionnaire is set out to meet the needs of several different stakeholders. The primary and most important stakeholder for this study is the researcher, as he has set the objective of the study hoping to contribute academic research to the field of crowdfunding and in order to obtain his bachelor title. Obtaining the most reliable and valid responses that will lead to unique insights into crowdfunding were thus top priorities of the questionnaire design. The platforms that were approached represent another stakeholder in the research as many have requested a copy of the final thesis which will enable them to gain a more accurate understanding of their users in order to better meet their needs. The final stakeholder is the respondents to the questionnaire, who require a questionnaire that “poses them questions they can answer without too much effort, and that maintains their interest, without taking up too much of their time” (Brace, 2004, p.9). This is key since complex and/or long questionnaires can have a detrimental effect on response rates (Cooper and Schindler, 2006).

When creating new questionnaires there is always the risk of lacking theoretical relevance. Therefore, previously used and published academic questionnaires used in different but similar contexts have been utilized as the basis for the questions when preparing the questionnaire. Many problems can be caused by “ambiguity in the question; questions asked inaccurately; failure of the respondents to understand the question” (Brace, 2004, p. 13). By modeling the questions on previous tested questionnaires the goal is to minimize these risks. To maintain a respondent’s attention, which is essential in generating an acceptable completion-rate, the number of questions to include in the questionnaire design is a very important dimension to consider (Cooper and Schindler, 2006). Past research has indicated “the maximum number in one battery is rarely more than about 30 before a respondent’s attention begins to wander” (Brace, 2004, p. 101) therefore, a limited number of questions were included. Moreover, it can aid in operationalizing a concept into variables, which can be measured through the questions (Buckingham and Saunders, 2004).

The questionnaire construction section, as can be seen in Appendix A, is broken down into two sections. The first is motivation oriented relating to theories related to intrinsic and extrinsic motivational factors that have been found relevant in e.g. crowdsourcing and open source software creation and can be answered with a 14-item five-point Likert scale. The second section is built around open questions to clarify and illustrate the choices made in the first section and to measure the degree to which the participant is familiar with the concept of crowdfunding. The quotes obtained from the open questions can be further exploited in this research.

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 different defined so that every participant can understand the questions. 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 gain a deeper understanding about the sign of the relationship. In the next section, the methods of analysis will be elaborated on.

### 3.2 Methods of Analysis

Once the data has been collected several methods of analysis will be performed using the computer statistic software SPSS (Statistical Software for the Social Sciences). The first step consists of the analysis of the response rate and missing values. This is done to narrow down the data set to the cases that are relevant to the research, i.e. those that both complete and display that the respondent previously helped fund a project in the hospitality branch. The second step consists of a descriptive analysis to give an overview of the data in order to determine which model is most preferable and which motivations for crowdfunding are most agreed upon. This mainly consists of calculating frequency, means and standard deviations. Thirdly, the data analysis section will calculate the correlation coefficient of relevant variables. These coefficients “indicate the strength of the association between any two metric variables” (Hair et al., 2005, p171). In the previous chapter, one of the subquestions is already examined. In figure 4 the different methods of analysis are displayed.

Subquestions	Unit of analysis	Use of:
What (hybrid) types of crowdfunding are to be found in the hospitality industry?	Literature study	Articles, internet, books
What role do intrinsic and extrinsic motivators play in the crowdfundees' decision to invest?	Questionnaire	Thesistools, SPSS
What are the opportunities for the hospitality industry regarding adopting a hybrid type of crowdfunding?	Questionnaire / research / interview	Open-ended questions in questionnaire, in-depth study

Figure 4: Methods of analysis

### 3.3 Quality of Research Design

When performing research, it is important to consider the effect of methodological decision in relation to reliability and validity. The research method used in this study consists of a cross-sectional design as data on multiple variables is being collected by questionnaires from a large number of individuals at a single point in time, which will be examined to detect patterns of association (Bryman, 2008). With this type of study the reliability and measurement validity are “primarily matters relating to the quality of the measures that are employed to tap the concepts that the researcher is interested, rather than matters to do with research design” (Bryman, 2008, p. 45). Reliability is concerned with consistency of measurement whilst validity is concerned with whether or not a measurement tool actually measures what it was intending to measure (Hair et al., 2005; Cooper and Schindler, 2006; Bryman and Bell, 2007).

### 3.4 Summary

The research approach has been considered in a broader sense and the conclusion was drawn that the critical realism position would be best suited for the research aim of this thesis. The approach was subsequently narrowed down and it was determined that the research method to be used in this study employs a cross-sectional design which is exploratory in nature. The data is collected by online

questionnaires from a number of individual crowdfunders in the hospitality industry at a single point in time in order to collect data that aims at giving further insight into the directions suggested by the theoretical framework (see Chapter 2). This data will then be examined to detect patterns of association in SPSS. Figure 5 displays the tests that will be conducted in the next chapter.

Steps of analysis	Tool used	Measuring
<b>Response rate analysis</b>	Calculation	Valid questionnaires usable for data analysis
<b>Descriptive statistics</b>	SPSS (frequencies / descriptive statistics)	Preference for model and motivations most agreed upon
<b>Scale reliability</b>	SPSS (Cronbach's alpha)	Directionality of the questions, reliability of the scale
<b>Correlation analysis</b>	SPSS (bivariate correlation)	The relationships between two variables
<b>Non-parametric test</b>	Calculation	Relationship between multiple motivations agreed upon and a hybrid model as preferred model

Figure 5: Analysis of the data.

## 4. Analysis

The goal of this chapter is to present the observations and correlations after analyzing the results of the questionnaires, see Appendix A. Firstly, an analysis is performed about the characteristics of the data, such as a response rate analysis and a set of descriptive statistics of the data. Secondly, correlations analyses are performed to determine if there are relationships between the answers given in the questionnaire. Subsequently a non-parametric test is performed to test a hypothesis. Appendix C is provided as a reference explaining which label corresponds with each question in the questionnaire.

### 4.1 Response rate analysis

The questionnaire, as presented in Appendix A, went live on May 3<sup>rd</sup> of 2016 and was taken offline at June 13. A total of 76 participants clicked on the link to the questionnaire. In total 60 respondents completed the questionnaire of which 5 had to be eliminated because of lack of knowledge in the field of crowdfunding in the hospitality industry. Thus, the conversion rate from URL visitors is 72 percent. In hindsight a question had to be included in the beginning of the questionnaire in order to determine whether or not a person had knowledge of crowdfunding in the hospitality industry. Eventually, open-ended questions had to be examined in order to determine if the respondent had knowledge or experience in this field of crowdfunding. This was rather time-consuming. Altogether there were 55 useful questionnaires to be analyzed. After careful consideration and deliberation with the supervisor, these 55 questionnaires were sufficient for this research.

### 4.2 Descriptive statistics and scale reliability

As can be seen in figure 3, the highest means in intrinsic motivations of crowdfunding in the hospitality industry is to obtain a financial return and to obtain the highest possible financial return. This is in line with the expectations looking at the services that crowdfunding platforms in this industry provides. The highest mean in extrinsic motivations is that the amount of funding a project has received has influence on whether or not the crowdfunder will fund the project (Schipper & Kingma, 2014).

In figure 4, the highest mean in the preferred model is lending based crowdfunding. This indicates that the lending based model is the most preferable model to be used in the hospitality industry. Also this was expected based on the majority of platforms that offer the possibility to crowdfund a project based on a (peer to peer) lending model (Schipper & Kingma, 2014).

Based on the qualitative nature of the study, it is unnecessary to compute the Cronbach Alpha, measuring the scale reliability. Also, because of the diverse directionality of the questions related to the variables, the scale reliability would appear low.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I only fund projects when I expect a non-monetary incentive	55	1,00	5,00	2,5273	1,15237
I prefer funding a project that is close to meeting its funding goal (for example 80 % of the money to be raised)	55	1,00	5,00	3,3818	,97165
When I fund a project, receiving the largest financial return is my most important driver	55	1,00	5,00	3,4727	1,13618
I prefer funding a project where high risk is involved	55	,00	4,00	2,1273	1,08959
Being involved in the creation process through the funding of a project is a reward in itself	55	1,00	5,00	2,9455	1,31118
When I fund a project my most important driver is excitement	55	1,00	5,00	3,0545	1,12905
When I fund a project I find it more important helping someone to reach their goal than receiving a reward in return	55	1,00	5,00	2,8182	1,18776
I only fund projects when I expect to receive a financial return on it	55	1,00	5,00	3,4000	1,31375
The amount of funding a project has received has an influence on my funding decision	55	1,00	5,00	3,4545	,81236
When I fund a project I tend to view it more as a donation than as a way of receiving a return either in the form of money or incentives	55	1,00	5,00	2,7273	1,23909
Valid N (listwise)	55				

Figure 6: Descriptive statistics about motivations of crowdfunding in the hospitality industry

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)	55	1,00	5,00	2,8727	1,24803
I like to fund projects with a lending based model (receive interest)	55	,00	5,00	3,7273	1,14592
I like to fund projects that gets me a stake in the company	55	1,00	5,00	2,8909	1,27181
I like to fund projects that gives me rewards like preordering or premium seats	55	1,00	5,00	3,4545	1,06837
I like to fund projects that give the possibility to make a mix of types of aforementioned types of crowdfunding	55	1,00	5,00	3,3455	1,10919
Valid N (listwise)	55				

Figure 7: Descriptive statistics about the model of crowdfunding in the hospitality industry

### 4.3 Correlation analysis

In this section, the following hypotheses will be tested:

H1: When a respondent wants the highest possible financial return he is more inclined in crowdfunding a project in a lending based model of crowdfunding.

H2: When a respondent is motivated by help he is more inclined to use a donation based model of crowdfunding.

H3: When a respondent is motivated by involvement in the creation process he is more inclined to use a reward based model of crowdfunding.

The first hypothesis will be tested using a bivariate correlation test. This test is useful for analyzing two variables to uncover whether or not there is a significant relation between the two variables. The significance of the correlations is tested two-tailed, since the directionality of the relationship has not yet been established.

Correlations			
		When I fund a project, receiving the largest financial return is my most important driver	I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)
When I fund a project, receiving the largest financial return is my most important driver	Pearson Correlation Sig. (2-tailed) N	1,000  55,000	-,505** ,000 55
I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)	Pearson Correlation Sig. (2-tailed) N	-,505** ,000 55	1,000  55,000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Figure 8: Correlation between the variables FIN\_RTN and LEN\_MDL.

As can be seen in figure 5, there is a significant relation between the variables FIN\_RET, which represents the question 'When I fund a project, receiving the largest financial return is my most important driver' and LEN\_MDL, which represents the question 'I like to fund projects with a lending based model (receive interest)'.

The second hypothesis will be tested by using a bivariate analysis once more.

Correlations			
		I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)	When I fund a project I find it more important helping someone to reach their goal than receiving a reward in return
I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)	Pearson Correlation Sig. (2-tailed) N	1,000  55,000	,771**  55
When I fund a project I find it more important helping someone to reach their goal than receiving a reward in return	Pearson Correlation Sig. (2-tailed) N	,771**  55	1,000  55,000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Figure 9: Correlation between the variables HELP and DON\_MDL.

As can be seen in figure 6 the relation between the variable HELP and the variable DON\_MDL is significant.

Also for the third hypothesis, a bivariate correlation test will be used to determine if there is a significant relation between the two variables.

Correlations			
		I like to fund projects that gives me rewards like preordering or premium seats	Being involved in the creation process through the funding of a project is a reward in itself
I like to fund projects that gives me rewards like preordering or premium seats	Pearson Correlation Sig. (2-tailed) N	1,000  55,000	,494**  55
Being involved in the creation process through the funding of a project is a reward in itself	Pearson Correlation Sig. (2-tailed) N	,494**  55	1,000  55,000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Figure 10: Correlation between the variables INVOLV and REW\_MDL

As can be seen in figure 7, correlation between the variables INVOLV and REW\_MDL is significant.

#### **4.4 Non-parametric test**

The fourth hypothesis, H4: When a respondent is motivated by more than two intrinsic motivators he is more inclined to choose for a hybrid model, will be tested by looking at the cases individually. A score of 4 and higher will be marked as notable. In 28 cases in which the mixed model is marked as preferable or most preferable, 25 cases agreed or strongly agreed with 3 or more intrinsic motivators. So a percentage of 89.3 that scores 4 or 5 on 3 or more of the following variables: NM\_INC, FIN\_RTN, INVOLV, EXCITM, HELP, EXP\_RTN and DONATN, and also scores 4 or 5 on MIX\_MDL.



## 5. Conclusion

This chapter will provide an overview of the findings in the conducted research and will also be the last chapter of this bachelor thesis. The conclusions will be presented in subsections based on the different research questions and the hypotheses that were tested. Subsequently, the conducted research will be reflected on in respectively the discussion and implications section. Finally, a few suggestions for further research will be presented.

### 5.1 Types of crowdfunding in the hospitality industry

Throughout the literature review, which was conducted in February and March, there are four main financial crowdfunding models to be distinguished in the hospitality industry: the donation model, the (P2P) lending model, the reward based model and the equity model. Each of these models have different characteristics. The most widely used variant in the hospitality industry is the lending model, more than half of the hospitality based crowdfunding platforms offers the possibility to invest as a consumer in a project in exchange for interest. On the other hand, there are few platforms that offer the possibility to invest using a donation-, reward- or equity-based approach. One of the purposes of this research was to investigate the opportunity for a hybrid model, combining two or more models of crowdfunding. After analyzing the questionnaires, indications are found that crowdfunders are interested in investing using different models simultaneously in a project. The models that were found in the literature review are still accurate and actual.

### 5.2 Correlations between motivations and model of crowdfunding

In the analysis section, different hypotheses were tested. H1, H2 and H3 were tested using a bivariate correlation test. This test is useful for analyzing two variables to uncover whether or not there is a significant relation between the two variables. The significance of the correlations is tested two-tailed, since the directionality of the relationship has not yet been established. The fourth hypothesis is tested using a non-parametric test, measuring the cases individually. In the discussion section, the consequences of these findings will be elaborated on.

*H1: When a respondent wants the highest possible financial return he is more inclined in crowdfunding a project in a lending based model of crowdfunding.*

This hypothesis is accepted, because the relation between these variables was significant, meaning that indeed when a crowdfunder is examining the highest possible financial return, he will rather crowdfund a project in a lending based model of crowdfunding. To eliminate randomness, the relation between the variable 'highest financial return' was also tested with the other models of crowdfunding and this relation was insignificant.

*H2: When a respondent is motivated by help he is more inclined to use a donation based model of crowdfunding.*

This hypothesis was accepted, meaning that when a crowdfunder is motivated by helping entrepreneurs reach their goal, he is more inclined to use a donation based model of crowdfunding. This is a type of crowdfunding which is not common in the hospitality industry but therefore interesting to examine. In the open answers section of the questionnaire, respondents denoted that 'donation based crowdfunding was used whilst helping out a friend', or 'helping to get a favorite

restaurant come to my town'. This can be important because this gives opportunities for good concepts to partly use a possibility for crowdfunders to donate.

*H3: When a respondent is motivated by involvement in the creation process he is more inclined to use a reward based model of crowdfunding.*

Reward based crowdfunding is often used to let the investor feel more acquainted with the project or product. This variant is widely used in the music- and movie industry. Investors collect in exchange for a predetermined amount the first release of the album or a download link to the movie in question. In the hospitality industry this variant is up and coming. Several platforms emerged that offers the possibility investing in exchange for premium seats in a restaurant or priority booking in hotels. The relation between concept- or product involvement and the use of a reward based model of crowdfunding was deemed significant, meaning that indeed when a person invests in a project using a reward based model, the person is more involved in the project. Also the different way around, when a person is driven by involvement, the person is more inclined to use a reward based model.

*H4: When a respondent is motivated by more than two intrinsic motivators he is more inclined to choose for a hybrid model.*

This hypothesis could only be tested by approximation using an alternate approach, resulting in that the proof the hypothesis is not significant nor is the proof rejected. However, given the compelling score of 89% of the respondents that were driven by more than two intrinsic motivators that were more inclined to use a hybrid model, the arguments rooting for this hypothesis, are saying that there are chances for the hospitality industry. By looking at the cases individually, a more deeper understanding about these chances can be given. In the next section, the most valuable opinions of the participants will be discussed.

### **5.3 Opportunities for a hybrid model in the hospitality industry**

Based on the interest for adopting a hybrid model opportunities arise for such a model in the hospitality industry. In the questionnaire there was a possibility for the respondents to have a go to provide an answer for this issue. Based on the answers provided, there are motivations for a positive attitude towards adopting a hybrid model and motivations for a negative attitude toward a hybrid model. For example, respondents in the questionnaires are interested in the possibility to invest in more than one model of crowdfunding: 'I think there are definitely opportunities. For example reward cf combined with lending cf, so partially reward cf and partly lending cf. Is cheaper for entrepreneur and can be advantageous for consumers'; 'We from horecacrowdfunding are looking for a way to combine crowdfunding via loaning and partially reward based crowdfunding. So please send us your results.'; 'I think equity crowdfunding is suitable for projects that have a high return profile. Hospitality market projects are - I would say - less risky and have a lower upside potential so I think loan/debt crowdfunding suits better. In some cases, convertibles could be an option'. On the other hand, some respondents were reluctant about adopting a hybrid model of crowdfunding: 'don't think that the market is ready yet'; 'no knowledge about this subject'; 'don't believe there are opportunities adopting a mix of crowdfunding models for this industry.'

#### 5.4 Type of crowdfunding most likely to succeed

Based on the preferences from crowdfunders in the hospitality industry, the lending model is the most preferable model to be used. With a mean of 3.73 in the preferences from 55 respondents that completed the questionnaire, lending based crowdfunding is the more popular, followed by reward-based crowdfunding with a mean of 3.45 and the hybrid model of crowdfunding with a mean of 3.35. Two approaches to interpret this outcome emerge. On the one hand, the respondents prefer lending based crowdfunding because in their experience, it is simply the most preferable model in this industry. On the other hand, respondents answered this question based on the experience they had so far with crowdfunding in the hospitality industry. Since lending based crowdfunding is by far the model which is most offered by platforms in the hospitality industry such as horecacfunding, icrowdhoteles and crowdaboutnow, the general consensus is to choose for the model with which the respondent has experience. Surprisingly, the scores of a reward-based model and the scores of a hybrid model are relatively close to a lending based model, indicating that there are opportunities for platforms operating in the hospitality industry to offer more possibilities to invest in a project using a reward-based or a hybrid based model.

#### 5.5 Discussion

In this section, I will reflect on the process of the research. Also, the discrepancy between the expectations in the introduction and the eventual outcome in the analysis section will be discussed. This research was started from scratch, with only the novel and broad concept crowdfunding and the hospitality industry that is relatively new to this concept, gaps in literature were explored. To me, the most interesting and challenging 'gap' was the examination of the introduction of a hybrid model of crowdfunding. Though my research does not give proof to switch to a hybrid model, interesting insights emerged as 28 of the 55 respondents marks a hybrid model as preferable or even as most preferable. I think that further research has to examine ways of setting up such a concept and what the most optimal proportion should be, for example 80% of the funding based on lending and 20% based on reward-based crowdfunding. To me, the biggest surprise was the relatively low interest in equity based crowdfunding, leaving this concept rather underexposed. One of the respondents noted that equity crowdfunding could be suitable for projects that have a high return profile (so where more risk is involved) and that hospitality market projects are relatively less risky, so a loan/debt crowdfunding model suits better. Even though I tried to link crowdfunding models to the hospitality market in general, I found out that the model to be used does not so much depend on the market, but instead on the proposition or project to be financed.

#### 5.6 Implications

In most research papers, the initial expectations of the study to be conducted, do not match with the eventual outcome. The differences can arise in, for example, the gathering of the data, the measurement of the hypothesis, problems with finding the right literature and creating an analytical framework. In this section I will discuss the implications I faced in conducting this research and how I dealt with it. The first implication I faced was the collection of respondents, to have a sufficient research sample, I had to have 80 respondents that were indeed active in crowdfunding in the hospitality industry. In my own network I had just 2 people that fit this description so the rest of the respondents I had to collect via social media, advertising on Facebook, Twitter and via messages on hospitality crowdfunding platforms. This was rather time consuming and left me with a sample of 55 respondents. After careful consideration with my supervisor we decided to deem the 55 respondents

significant enough. Another complication was the measurement of hypothesis 4, it appeared to be impossible to test this hypothesis in SPSS because there were so many variables to take into account. Instead of using a test in SPSS I decided to measure this hypothesis using a non-parametric test and work with the data that I gathered to answer this issue. It proved to be an interesting issue to be discussed and many opportunities arose to dedicate another section on this matter. The third implication was that the time this research took, appeared more than I had anticipated, next to having other obligations like work and endeavoring in a startup. The final implication was an issue best illustrated with the 'chicken and the egg' story; does the type of crowdfunding affect the motivations of a respondent or do the motivations affect the type of crowdfunding to be used? Other research shows that if a person is familiar with a way of doing things, a person's reasoning changes to comply with this particular way of doing things. My solution was to not take a point of view beforehand but to address this matter using different angles. Altogether I think this research can contribute to the academic world and provides it with interesting insights of the different models of crowdfunding.

### **5.7 Suggestions for future research**

My recommendations for further research are ternary. Firstly, I would recommend that multiple industries must be examined on the subject of adopting a hybrid model of crowdfunding. In that way, a more clear resemblance will be created on the needs of crowdfunders in different industries, since crowdfunders in different industries have different preferences. Secondly, I would suggest a research for the most optimal mix in a hybrid construction of crowdfunding. This may differ per industry so research should be done in several branches. Finally, I would recommend research to be done on peer influence. I included some of the extrinsic motivations in my research but due to constraints in the length of this research, I chose to leave these out of account. I suggest these opportunities for further research to build a deeper understanding of the initial research gap that I found with the help of the articles by Brabham, Schwienbacher and Larralde and Belleflamme, Lambert and Schwienbacher.

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## Appendix A: Questionnaire

### Survey

		Strongly Disagree			Strongly Agree	
	Question	1	2	3	4	5
1	I only fund projects when I expect to receive a non-monetary incentive					
2	I prefer funding a project that is close to meeting its funding goal (for example 80 % of the money to be raised)					
3	When I fund a project, receiving the largest financial return is my most important driver					
4	Being involved in the creation process through the funding of a project is a reward in itself					
5	When I fund a project my most important driver is excitement					
6	When I fund a project I find it more important helping someone to reach their goal than receiving a reward in return					
7	I only fund projects when I expect to receive a financial return on it					
8	The amount of funding a project has received has an influence on my funding decision					
9	When I fund a project I tend to view it more as a donation than as a way of receiving a return either in the form of money or incentives					

*Please note the change in scale on the next page*



		Least preferable		Most preferable		
	Question	1	2	3	4	5
10	I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)					
11	I like to fund projects with a lending based model (receive interest)					
12	I like to fund projects that gets me a stake in the company					
13	I like to fund projects that gives me rewards like pre-ordering or premium seats					
14	I like to fund projects that give the possibility to make a mix of types of aforementioned types of crowdfunding					

### Open questions

Welke soorten van crowdfunding kunt u onderscheiden?

*What types of crowdfunding can you distinguish?*

Welke soorten van crowdfunding worden er naar uw weten in de hospitality industrie gebruikt?

*According to you, what types of crowdfunding are used in the hospitality industry?*

Van welke soorten heeft u gebruik gemaakt?

*What types of crowdfunding have you used in the past?*

Heeft u wel eens gebruik gemaakt van een hybride soort crowdfunding (bijvoorbeeld deels gebaseerd op voordelen en deels gebaseerd op een lening)? Zo ja, welke?

*Have you ever used a hybrid type of crowdfunding (for example partly based on equity investment and partly based on debt investment)? If yes, which one?*

Liggen er volgens u kansen in de hospitality markt wat betreft het mixen van types crowdfunding? Zo ja, welke?

*According to you, are there opportunities for the hospitality market regarding adopting a hybrid type of crowdfunding? If yes, what opportunities?*

## Appendix B: Analytical framework

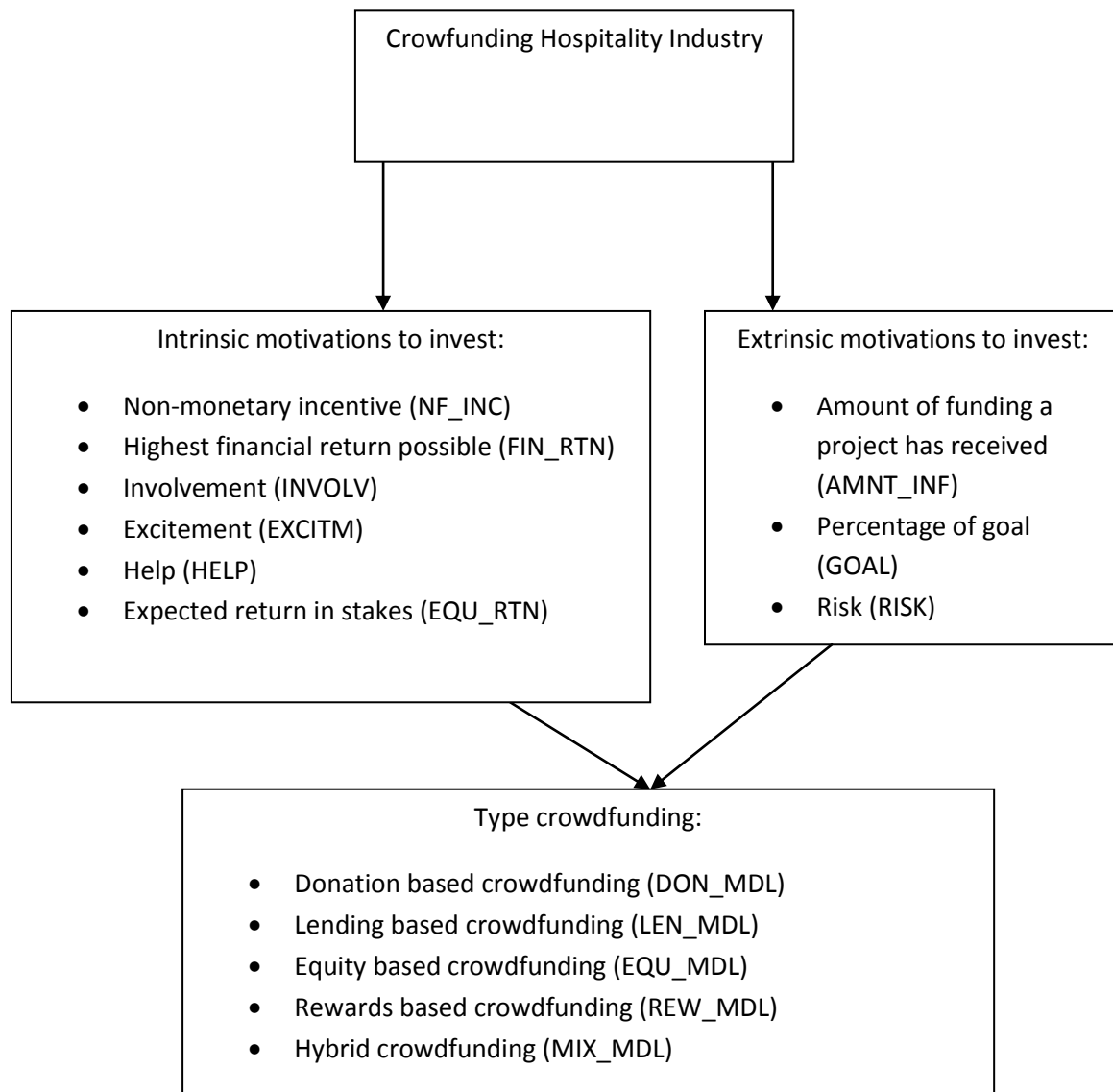


Figure: The intrinsic and extrinsic motivators in relation to the type of crowdfunding.

## Appendix C: Labeling the variables

Measuring	Label	Question	Corresponding #
Intrinsic motivation	NM_INC	I only fund projects when I expect a non-monetary incentive	1
Intrinsic motivation	FIN_RTN	When I fund a project, receiving the largest financial return is my most important driver	3
Intrinsic motivation	INVOLV	Being involved in the creation process through the funding of a project is a reward in itself	5
Intrinsic motivation	EXCITM	When I fund a project my most important driver is excitement	6
Intrinsic motivation	HELP	When I fund a project I find it more important helping someone to reach their goal than receiving a reward in return	7
Intrinsic motivation	EQU_RTN	I only fund projects when I expect to receive a return on it in the form of stakes in the company	8
Intrinsic motivation	DONATN	When I fund a project I tend to view it more as a donation than as a way of receiving a return either in the form of money or incentives	10
Extrinsic motivation	AMNT_INF	The amount of funding a project has received has an influence on my funding decision	9
Type crowdfunding	DON_MDL	I like to fund projects with a donation based model (receiving no financial return, for a good cause for example)	11
Type crowdfunding	LEN_MDL	I like to fund projects with a lending based model (receive interest)	12
Type crowdfunding	EQU_MDL	I like to fund projects that gets me a stake in the company	13

Type crowdfunding	REW_MDL	I like to fund projects that gives me rewards like preordering or premium seats	14
Type crowdfunding	MIX_MDL	I like to fund projects that give the possibility to make a mix of types of aforementioned types of crowdfunding	15
Extrinsic motivation	GOAL	I prefer funding a project that is close to meeting its funding goal (for example 80 % of the money to be raised)	2
Extrinsic motivation	RISK	I prefer funding a project where high risk is involved	4

