Pledging to the Crowd

A Study on Value Constellations within the Crowdfunding Industry

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Abstract

Research: In recent years the concept of crowdfunding, fundraising through social communities, has risen as an alternative for launching new creations and projects. The aim of this study was to explore the non-financial aspects of how interactive value is created through the social networks on a reward-based crowdfunding platform. This was done through investigating how creators on Kickstarter perceive value, approaching the social network from three different levels: the context, structure and practices. This study had a qualitative approach and 13 interviews were performed with key actors on the crowdfunding platform. A secondary study was performed gathering information about Kickstarter through their website.

Findings: The result of this study suggests that there are non-financial benefits of being connected with an innovation network. The findings further indicate that the creators are utilizing the digital platforms to gain attention from the crowd and to connect with other networks. The study concludes that collective value is created through interactions on the crowdfunding platform. Further, the general attitude of authenticity within the crowdfunding context implies that the creators’ personal values and motives might play role for the success rate of new ventures.

Key words: crowdfunding, social network, interactive value creation, innovation network, non-financial values, multifaceted relationships
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Thank you!

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1. Introduction

“There’s more to the picture than meets the eye.”
- Neil Young

The most critical factor in the emergence of new innovations is difficulties in collecting funding for new ventures (Mollick, 2014). Lately, new ways of financing entrepreneurial projects have emerged and in recent years the crowdfunding industry has evolved as an alternative to existing methods of raising capital (World Bank, 2013). Crowdfunding is based on a micro financing concept in which entrepreneurs have the possibility to raise money through a digital social network, where a large set of investors each contributes with small amounts of money (Mollick, 2014). Within the crowdfunding industry, the entrepreneurs and investors are all members of a social network taking on the role as creator or backer with the common goal of realizing new projects. The creator is the individual or team that launches a new venture, interchangeable with the term entrepreneur, whereas the backer supports projects as the role of investor. The digital crowdfunding platform acts as an intermediary, facilitating the interaction between those with an entrepreneurial idea and those that are willing to finance it.

Currently, the global crowdfunding industry is growing exponentially. The total turnover for crowdfunding platforms, worldwide, reached 2.7 billion US-dollar in 2012 and over a million projects became successfully funded (Massolution, 2013). Furthermore, the World Bank (2013) predicts the industry’s potential growth for 2025 to be approximately 90 billion US-dollar. Reward-based crowdfunding, fundraising a new project for rewards as opposed to financial incentives (Mollick, 2014), is a potential game changer since this implies that investing in new ventures is based on non-financial motivation. The investors are willing to support new innovations without receiving any economical return on investment, indicating a creation of non-financial values. Therefore it is a bigger picture to the crowdfunding community.

The constantly changing opportunities, limitations and competition on today’s global market is affecting our view on value creation. Instead of the traditional value chain, based on traditional marketing theories, where value is added in a sequential order, firms need to view business in relation to others as a value-creating constellation. Within these constellations actors are simultaneously co-creating value through a value-creating system, this view enables a firm to focus on how to reinvent value through the design of its business collaborations. (Normann & Ramirez, 1993) The success of launching new ventures, seen through the lens of contemporary entrepreneurial marketing, lies in the firm’s capacity in identifying and managing the value
processes that emerge within these value constellations (Bjerke & Hultman, 2002: 210). This means that, to gain competitive advantage in this new economic era the entrepreneurial firms’ most essential capability is the ability to organize the value processes and reconfigure value constellations, through coordination of relationships (Bjerke & Hultman, 2002: 175). The specific features of the crowdfunding phenomena and the value constellations on these platforms are likely to generate a new context specific value for entrepreneurs.

According to research by Ferrary and Granovetter (2009) the role of venture capital firms within an innovation network has a functional value other than a source of capital. The authors conclude that creators may benefit through venture capital firms’ embeddedness within a network as well as from their market knowledge and experience of business coordination. Being funded by a venture capital firm may also associate the creator with their reputation and trustworthiness. This, along with previous project quality may benefit a new venture in terms of other perceptions of the entrepreneur. Previous research shows that, similar to funding through venture capital firms, there might be other potential benefits with crowdfunding besides raising capital (Mollick, 2014). Three distinctive non-financial benefits have been determined for creators when launching projects through a crowdfunding platform as they provide an opportunity to (1) test the market, (2) attract skills and experiences and (3) create market awareness (Ingram & Teigland, 2013).

Through a social network, creators have the opportunity to receive both attention and financing outside the private network (Ingram & Teigland, 2013). Members of a social network will according to network theories experience benefits from the accessibility to knowledge and skills and the diffusion of these resources (Powell, 1990; Vargo & Lusch, 2004). The structures of the networks on digital crowdfunding platforms facilitate interaction and interconnectedness of multiple actors. Reward-based crowdfunding makes it possible to eliminate the financial incentives when investing in a new venture. Therefore, we argue that each network actor within the crowdfunding context are creating unique possibilities for value creation.

1.1 Research Questions

- How does the network, within a crowdfunding context, facilitate for creators’ non-financial value creation?
- Does the network actors on a crowdfunding platform generate collective value? If so, how?
1.2 Purpose

The purpose of this study is to investigate what non-financial value emerge for the creator within the context of a reward-based crowdfunding platform. In order to accomplish this we strive to identify the non-financial value creation that may emerge within these new structures and through the practices taking place within the crowdfunding context. Our objectives are addressed through a single case study on Kickstarter, the most worldwide established reward-based crowdfunding platform.

1.3 Industry Background

The financial crisis in 2008 gave rise to a need for entrepreneurs and artists to have the ability to raise money through new channels since banks and other financial institutions restrained loans for uncertain projects and ideas. Private social networks of entrepreneurs became increasingly important and social communities became effective ways for collecting support (World Bank, 2013). Crowdfunding platforms gained popularity as they facilitated resource exchange through digital communities. The new phenomena has not yet obtained a general definition, but the concept can be described as generating funds for individual projects by a group of individuals, the crowd, through digital platforms or social networks (Ingram & Teigland, 2013; Mollick, 2014). In general, the crowdfunding platform earns money through a commission percentage of successfully funded capital.

The concept of crowdfunding can be divided into four main tracks: equity-, lending-, reward- and donation-based. The major difference is the motivation of the investor regarding what type of exchange is provided for the capital provided. (Massolution, 2013) Equity-based and lending-based constitutes the two forms in which the investor receives shareholder rights. In these forms the creator gives up some amount of control over the innovation process, which make them comparable with venture capital funding. Donation-based crowdfunding equals fundraising for a social concern, where the investor does not expect anything in return, similar to other forms of charity. (World bank, 2013) Finally, reward-based crowdfunding is unique due to the fact that the investor receives predetermined rewards in exchange for capital. These rewards include a variation of benefits ranging from creative participation in the innovation process, a note of gratitude, to meet the creators of a project, being a pioneer user or receive a specific attribute to a product. It is likely that the value creating processes may differ depending on form, as the incentives and motivation varies. (Mollick, 2014)
2. Theoretical Framework

2.1 An outline of the choice of theoretical framework

The theoretical framework enables an understanding on the subject of value creating on three different levels: contextual, structural and practical. This thesis considers the context as a social construction through sociological theories by Edvardsson, Tronvoll and Gruber (2011) and through network theories of Håkansson and Snihota (2006) and Powell (1990) with a focus on innovation specific networks by Ferrary and Granovetter (2009). The structure of these networks are understood through the concept of value constellations by Normann and Ramirez (1994), the function of resource integration by Vargo (2008) and interactive value creation by Vargo and Lusch (2004, 2006) and Ballantyne and Varey (2006), and finally the innovation focus by Perks, Gruber and Edvardsson (2012). The practices of collective value creation taking place within social communities are conceptualized through the thematically categorized practices defined by Schau, Hope and Jensen (2009).

2.2 Terminology

2.2.1 Actors in Crowdfunding

In this study the term crowdfunding platform refers to the organization that virtually facilitate exchange between members of the social network. This requires coordination through an organizational system in order to provide the conditions for resource integration (Ordanini & Miceli & Pizzeti & Parasuraman, 2001). Newman (2003:174) defines a social network as "a set of people or groups with some pattern of contact or interaction between them". The social network of a crowdfunding platform brings a group of individuals together, either in the function of backer or creator, that through their membership have the possibility to interact on the website (Mollick, 2014). The role of the individual backer, as a part of the crowd, is dynamic and multifaceted due to its several functions of co-producer, investor and consumer. The creator is the subject, who wants to use crowdfunding primarily to get access to financial support from backers. (Ordanini et. al., 2001) In this study we define the creators as founders of an entrepreneurial initiative, project or innovation, launched through a platform in the crowdfunding industry.
2.2.2 Interactive Value Creation through Operant Resources

In the perspective of service-dominant logic, all central functions of a business aim at delivering a value proposition, making resources for value creation available (Normann & Ramírez, 1994). The logic implies that value is co-created through business-consumer interaction, resulting in the notion that the consumer is a part of the production. In this sense, value is created both through interaction and experience and is therefore subjective. (Vargo, 2008; Vargo & Lusch, 2004; 2006) Interactive value creation is the cooperative effort of making resources and activities available for the actors within a value constellation. The relational nature of the process implies that a network of actors determines the creation of value, this leads to the notion of value being specific to context. The final offering is the accumulation of activities by the set of actors involved in the assembly through a value creating system. (Normann & Ramírez, 1994; Vargo & Lusch, 2004)

Each actor will create their own value in relation to actors within their specific network. Operant resources can be defined as the resources that acts upon the operand resources in order to produce an effect, a beneficial combination of operant resources is needed to create value. (Normann & Ramírez, 1994:73-80; Vargo & Lusch, 2004; Vargo, 2008). The operand resources are in general tangible or physical objects, seen as transmitters of value, the most prominent being those embedded within the human capital such as knowledge and skills. Operant resources could also emerge from relationships and be the behaviour and culture of an organization (Edvardsson et. al., 2011). Vargo (2008) argue that since these resources are created by interaction and tacit by nature they are hard to replicate, making them a fundamental source for competitive advantages.

2.3 The Context of Innovation

A network is a set of actors, connected for their own benefit, and through their interactions they are simultaneously performing a set of value creating activities. By interconnectedness and relationships, each actor is individually gaining access to resources and activities that are used to achieve individual goals. Through this perspective, a firm is defined through the perception of others. (Håkansson & Snehota, 2006) The relationships and connections between the actors are context-specific and many times multifaceted (Powell, 1990; Normann & Ramírez, 1994:74; Håkansson & Snehota, 2006). This means that the roles of the network actors are not set in stone but are interchangeable depending on situation and context. As previously mentioned, the value is created in a specific context (Vargo, 2008), the context can be understood as embedded in social systems, shaped by social forces affecting the network actors perception of value. The social context defines the boundaries of how value is perceived as well as how the actors behave and interact. The socially constructed reality enables explanation to how shared understanding shapes
the perception and interaction of individuals (Deighton & Garyson, 1995), as well as how the mutual meaning of symbols and images emerges from the socialization through individuals participating in shared activities (Richins, 1994). A sociological perspective enables a further understanding of value as a social construction (Peñaloza & Venkatesh, 2006), it should therefore be analyzed as a perception being constrained of the social boundaries for each individual. The social system constitutes of actors interacting within the social boundaries according to their specific social positions and roles. Edvarsson et. al. (2011) argue that within the social context the communication is the core of social interaction as the reinforcement of the social system appears in the interaction between actors. Through the understanding of social realities the study maintains that value should be analyzed through the social context (Edvarsson et. al., 2011).

2.4 Benefits of an Innovation Network

If a set of actors is interconnected, sharing the common goal of creating and realizing new innovations and ventures they act within an innovation network (Ferrary & Granovetter, 2009). Since interaction facilitates the transmission of operant resources within a network, an innovation network generates competitive advantages for network actors due to this possibility (Powell, 1990; Håkansson & Snehota, 2006). The embeddedness within a network is beneficial for each actor since it facilitates the speed of information transferred, development of trust between the network actors and provides access to expertise and skills (Powell, 1990). A well-known example of an innovation network is Silicon Valley in California, U.S. Ferrary and Granovetter (2009) claim that the dynamic roles of the networks actors are part of what generates the geographical advantages attracting entrepreneurs to this location. The interchangeable roles of the network actors are generating resources for competitive advantages of belonging to this cluster since they are tied to the location and hard to replicate. The entrepreneurial benefits of being connected to the venture capital firms within an innovation network is due to potential of getting access to market specific knowledge, experience of business coordination and association to reputation. The venture capital firms connect the entrepreneurs with resources and other network actors facilitating the innovation activity. (Ferrary & Granovetter, 2009)

2.5 The Structure of the Network

2.5.1 Value Constellation

The collaborative nature of a network means that production can no longer be described as a traditional value-chain; rather value is reinvented within a value constellation. Actors of a network are simultaneously inventing and reinventing value through a process of co-creation.
(Normann & Ramírez, 1994) The firm will co-create new innovations in an integrated process within their network by including others in the innovation activity. Since the value is created in an interactive process, customer responsiveness becomes central and information provided by the interaction is a valuable resource. (Vargo & Lusch, 2004) Interactive value creation facilitates learning between network actors and the knowledge generated by these interactions is tacit by nature and will be difficult for outsiders to copy (Ballantyne & Varey, 2006:229). This implies that the resources exchanged through these interactions are a source of differentiation. Through a system of interaction, all knowledge dispersed between actors will contribute to extracting value out of the production, interactive value creation within a network implies that all actors are recognized as operant resources in each others value-configuration space (Vargo & Lusch, 2006; Vargo, 2008). The network actors are “resource integrators”, accessing activities and resources through relationships in order to produce a final value proposition. In that way each actor is its own beneficiary, integrating the resources provided by multiple sources in creating their own individual value. (Vargo, 2008) Vargo (2008) defines the sphere of combining resources accessed through interaction with other actors, as a ‘value configuration space’. These interactions are specific to situation, existing only under certain conditions in relation to others, making the value configuration space equal to the previously defined value constellation.

2.5.2 Innovation activity

The interactive creation of innovation can according to Perks et. al. (2012) be divided into frameworks of being either network innovation focused or lead firm innovation focused. Network innovation focus is characterized by enduring interaction effecting routines and behaviour of the actors, or ad-hoc engagement concerned a specific action. These two approaches will both generate innovation activity within the lead-firm and the network actors, but differ in the intensity of interactions. When the innovation activity is taking place within the focal organization, but origins from observing lead-consumers, actively gathering information or responding to initiatives by other network actors the interactive innovation process is lead-firm focused, the process of co-creation is then being upheld by interaction between the actors. (Perks et. al., 2012). Therefore, interactive value creation within a network can be either explicit, effecting routines and/or behavior. More subtle, involving other actors without expecting further engagement.

2.6 Practices of Collective Value Creation

Previous research by Schau et al (2009) has determined of 12 common practices; welcoming, empathizing, governing, evangelizing, justifying, staking, milestoneing, badging, documenting, grooming, customizing and commoditizing through which individuals realize value in relation to
others in brand communities. The practices enable community engagement and thematically organize these according to (1) social networking, (2) impression management, (3) community engagement, and (4) brand use (Shau et. al., 2009). Social networking consists of welcoming, empathizing, and governing other members of the community. These practices include the interaction of members and their emotional bond to the community, which can result in friendships being formed and strengthen the actors' connection to the community. Impression management focuses mainly on ‘external’ focus in which the members evangelize and justify the brand. The justification is likely to create brand ambassadors as the community members openly show their affiliation for the brand. Community engagement consists of staking, milestone, badging, and documenting which are mostly competitive in their nature and gives members a level of social capital often showing community-specific experience. The last theme is ‘brand use’ related to grooming (sharing advice to enhance performance), customizing (creating an additional personal touch) and commoditizing. (Shau et. al., 2009) The total effect of these practices collaborative effort enhances the process of collective value creation. The practices enhance the realization of value as well as contributing to the benefit of the community as a whole. Shau et. al. (2009) concludes that actors within a community create value through the practices of community engagement. These findings encourage a network approach to value creation within a social network, and to look beyond the individual value, to the collective value embedded within a social network.

2.7 Summary of Theoretical Framework

A creator’s interconnectedness within an innovation network (Ferrary & Granovetter, 2009), enables an understanding of how value is created within a specific social context explained by Edvarsson et. al. (2011); which further develops the understanding of value seen as a social construction (Peñaloza & Venkatesh, 2006). The development of relationships within networks are seen as context-specific, multifaceted and providing the project creator with access to operant resources (Ballantyne & Varey, 2006; Håkansson & Snehota, 2006). The operant resources are defined as intangible, embedded within the human capital such as skills and knowledge, and as they produce an effect on the final value proposition they are the fundamental source of competitive advantages (Vargo, 2008). Figure 1. summarizes the structural level of theoretical relevance used in this thesis.
This collaborative production of value proposition can be described as creating value through value constellations (Normann & Ramírez, 1994). Actors within a network will act as resource integrators, combining their own specific constellations and all other actors are regarded as operant resources within the larger context (Vargo, 2008). The reinventing process of interactive value creation can be seen through two different frameworks depending on the type of interaction and where the innovation activity takes place; either network innovation focuses or lead firm innovation focused (Perks et al., 2012). In order to analyze the value creating processes realized as a collective effort, through the behavior and interactions between members of a social network, the thematically categorized practices identified as social networking, impression management, community engagement and brand use are used (Shau et al., 2009).
3. Method

3.1 Research Design

The study followed a deductive approach, enabling comparison between a relatively new subject and well-established theories (Saunders et. al., 2009:124-5). Existing research about the phenomenon of crowdfunding was examined (see e.g. Oradanini et. al., 2001; Ingram & Teigland., 2013; Mollick, 2014), and in line with these the study was exploratory to its character. Since, as far as we know, no one has previously examined the context specific value emerging for creators within a reward-based crowdfunding platform. A single case study strategy was suitable for conducting research on dynamic aspects of a previously unexplored area. This was done since getting close enough to the actual issue provides in depth understanding about this new phenomena. (Saunders et. al., 2009:146) This method is also suitable for answering the questions regarding “how” certain characteristics of a network facilitates value creation.

3.1.1 Case Background

This study addresses only reward-based crowdfunding and the social network connected to Kickstarter was selected as our focal research subject. Currently, Kickstarter is one of the largest internationally established reward-based crowdfunding platforms. The platform was of specific interest as it was made available for Swedish creators to launch projects on the 15th of September 2014, within the time frame as our study was conducted. The entrepreneurs of Sweden is of special interest since the country is known to be the second most innovative in the world (Bloomberg, 2014).

3.1.2 Data Collection

The empirical data consisted of both secondary and primary data, collected over a three-month period by conducting 13 interviews and gathering data from the website of Kickstarter. As our objective was to receive rich answers explaining individual perceptions, we prepared themes and open-ended questions that needed to be covered by the interviews that were non-standardised and semi-structured. We wanted to explore the respondents’ reasoning behind the decision to engage in crowdfunding as well as what meanings they associated with the phenomenon. (Saunders et. al., 2009:324) To fully accomplish this we aimed for flexibility and this research design enabled us to change the order of the questions, as well as adding follow up questions in order to further incorporate the respondents’ subjective opinion (Saunders et. al., 2009:320-1). This design was
made in order to grasp the definition of value by Vargo and Lusch (2004) as subjectively experienced.

To ensure higher credibility of the respondents answers the creators received the themes and main questions before the interview, in order to ensure a relevant level of preparedness. They were also given the option of being anonymous reducing the probability of receiving biased information. (Saunders et. al., 2009:328) The data collection was based on one-on-one telephone interviews, with the exception the crowdfunding consultant who was interviewed through e-mail. The initial contact with the creators was established through Kickstarter’s mailing function and followed by 30-45 minutes interviews. The interviews with the backers and the crowdfunding consultant were conducted with slight modification from those of the creators. They were given the same themes as the main respondents but fewer questions; this resulted in shorter interviews of 15-20 min. All interviews were audio recorded and transcribed due to the conversational nature of the semi-structured approach. (Saunders et. al., 2009: 320-1) The secondary data gathered from the website of Kickstarter were collected through searching for features that enabled interactions, helping tools for creators and evaluation of presentation option. The website also provided us with information regarding the ‘social settings’ as to view the used languages, symbols and graphical layout.

3.1.3 Sampling

The sampling technique for selecting the creators was made with the purpose of achieving a heterogeneous sample, since we strived to select respondents that were informative for our purpose. In order to achieve this the respondents were chosen based on industry, categorization and successfulness. This technique was applied to explore our research questions with the limited resources and within the timeframe of this study. (Saunders et. al., 2009:239) We needed information about different categories in order to explore the value creating activities from different aspects of the network. The main objective was to explore the non-financial value for the creators, therefore our data was not limited to the successfully funded projects or vice versa. Due to these aspects a small sample size was not problematic to our study since a purposeful heterogeneous sample enabled us to observe the particular patterns of interest. (Saunders et. al., 2009:239) The study includes eight creators, as we found that this sample size was enough to see a pattern. In our sampling framework our key interviewees are considered to be the creators, as the purpose of the study is to investigate the creators’ perceived value. Table 1. displays the key informants and the basic facts of participation and our selection criteria.
<table>
<thead>
<tr>
<th>Alias</th>
<th>Project</th>
<th>Creator</th>
<th>Category</th>
<th>Number of backers</th>
<th>Result</th>
<th>Pledged (SEK)</th>
<th>Collected (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johanna</td>
<td>Johanna’s First EP</td>
<td>Jingnert, J.</td>
<td>Music</td>
<td>9</td>
<td>Unsuccessful</td>
<td>40 000</td>
<td>2 200</td>
</tr>
<tr>
<td>Frameworks</td>
<td>Beckman, P.</td>
<td>Frameworks</td>
<td>Design</td>
<td>137</td>
<td>Unsuccessful</td>
<td>1 500 000</td>
<td>134 926</td>
</tr>
<tr>
<td>DVM</td>
<td>Idebro, E.</td>
<td>Din Värsta Mardröm</td>
<td>Painting</td>
<td>62</td>
<td>Successful</td>
<td>8 500</td>
<td>21 714</td>
</tr>
<tr>
<td>Hemmaodlat</td>
<td>Hjelm, N.</td>
<td>Hemmaodlat</td>
<td>Food</td>
<td>31</td>
<td>Successful</td>
<td>14 700</td>
<td>31 336</td>
</tr>
<tr>
<td>SB</td>
<td>Blom, J.</td>
<td>SOSO Brothers</td>
<td>Apparel</td>
<td>166</td>
<td>Successful</td>
<td>45 000</td>
<td>135 428</td>
</tr>
<tr>
<td>Qvackgyver</td>
<td>Norström, D.</td>
<td>Qvackgyver</td>
<td>Video Games</td>
<td>199</td>
<td>Cancelled</td>
<td>500 000</td>
<td>38 936</td>
</tr>
<tr>
<td>Stratosliner</td>
<td>Hernadi, A.</td>
<td>Stratosliner</td>
<td>Design</td>
<td>2</td>
<td>Unsuccessful</td>
<td>400 000</td>
<td>-</td>
</tr>
<tr>
<td>JL</td>
<td>Larsson, J.</td>
<td>Jenny Larsson</td>
<td>Textiles</td>
<td>9</td>
<td>Unsuccessful</td>
<td>17 618</td>
<td>1 404</td>
</tr>
</tbody>
</table>

Table 1. Details on key respondents, data collected from kickstarter.com (2015-01-02)

Triangulation is essential to a case study and according to Saunders et. al. (2009:146) triangulating the case study with different approaches to data collection will help to reduce the misconceptions of our interpretations. To triangulate findings with other independent sources of data we interviewed four backers and a crowdfunding consultant. This was important in order to reduce distortion and measurement bias from only interviewing the key respondents. (Saunders et. al., 2009:277) Members of the staff on Kickstarter’s headquarter were contacted as we wanted to receive their point of view, but they chose not to participate in this study. The sample of four backers, and one consultant was due to the fact that no further information was deemed necessary, the interviews were conducted with the main purpose of triangulate the results to ensure that we measured what we intended to. Table 2. Provides details on the backers’ engagement within Kickstarter. The four backers were purposely chosen through their engagement on Kickstarter, the selection was based on the numbers of projects backed and launched and within what category on Kickstarter they had been active. Therefore, two of the backers have launched and backed whereas the other two only had experienced backing. All of the categories represented by the creators were also represented by the backers. The intention was to capture the multifaceted role experienced through crowdfunding. We also gained a range of 1-45 projects backed, which shows the span from a first time user to an experienced member.
<table>
<thead>
<tr>
<th>Identification of Backers</th>
<th>Number of projects backed</th>
<th>Projects Launched</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>B2</td>
<td>45</td>
<td>2</td>
</tr>
<tr>
<td>B3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>B4</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 2. Details on Backers, data collected from Kickstarter.com (2015-01-02)

A crowdfunding consultant is a network actor within the crowdfunding phenomena as they independently support creators in their marketing strategy, working as advisors in how to maximize the results in terms of raising awareness and capital to the projects. We contacted five consultant companies chosen based on work experience within Kickstarter and the proven expertise in the amount of dollars coached. Kat Jenkins, founder of the crowdfunding consultant company Multitude based in New Zealand, responded and she therefore became our specialist voice. The consultant of our study offers support to creators launching their ventures through various crowdfunding platforms; currently her business has helped to successfully collect 2500 US-dollar. (Multitude, 2014)

3.1.4 Ethical Guidelines of this Study

In order to gain credibility, the respondents were introduced to the research topic, the purpose of the study and a copy of the interview guide (Saunders et. al., 2009:179). They were then informed on how the interview would be conducted as well as how the data would be used. Before the interview they were all asked if they had further questions regarding the study and for permission to audio record the telephone interviews. All of the respondents were given the option of anonymity, but all of them chose to be presented with their full name and company name. As authors we chose to not present the backers, since they are private persons and are not representing an organization. The respondents were all informed about their right to withdraw from the study as well as the limits of confidentiality. In order for them to ask further questions they received our contact details. This, to ensure that the respondent were participating freely and that their decisions were based on full information regarding rights and use of data (Saunders et. al., 2009:190).
3.2 Operationalization

The questions were developed from existing theories and then categorized in three themes according to layers of theoretical relevance: context, structure and practice. This, in order to make a theoretically grounded collection of empirical data and material for our analysis. The majority of the questions were based on determine how the creators used the platform and perceived the community. The questions regarding the practices investigated had a more specific nature, following the research method and definition of previously conducted research by Schau et. al. (2009). The questions were formulated so that the respondent first stated how they felt regarding the subject, they then had to clarify and explain how this took effect. This, in order to incorporate the dynamic approach, that value is subjective and individually experienced.

3.2.1 Context

The theme related to context consisted questions operationalized from theories by Edvarsson et. al. (2011), Håkansson and Snehota (2006), Powell (1990), Normann and Ramirez (1994) and Ferrary and Granovetter (2009). The social context is conceptualized through the respondents’ perception of behaviour and interaction related to Kickstarter. Questions were asked to determine attitudes, communication and symbols associated with the platform and its social network, in order to grasp shared understandings and mutual meanings as described by Deighton and Garyson (1995) and Richins (1994) and investigate similarities of value perception described by Peñaloza and Venkatesh (2006). In order to map out the network as explained by Håkansson and Snehota (2006) and evaluate the likelihood of multifaceted roles (Powell, 1990; Normann & Ramirez, 1994; Håkansson & Snehota, 2006) questions aiming at determine the various types of relationships existing on the platform were asked, as well as how these relationship came to exist. This was followed by questions examine the experienced benefits of the community, with the aim of identifying if the benefits such as development of trust, information-speed and access to experience and experience determined by Powell (1990) appeared. Finally, the theory of innovation network by Ferrary and Granovetter (2009) were conceptualized through understanding why they chose to be associated with Kickstarter, if they considered other fundraising forms and how (if) they were inspired by other creators in their innovation process.

3.2.2 Structure

Ramírez (1994) concerning interactive value creation was operationalized by questions concerning interaction in innovation processes, such as if they received feedback, comments or updated their project due to these events. This was followed by the determining of to what extent learning and knowledge had emerged through interaction, e.g. how they used the helping functions or learned from other actors as theorized by Ballantyne and Varey (2006). In order to map out the value constellations and define the individual’s role as resource integrator, questions were operationalized from the theories of Vargo (2008), Normann and Ramírez (1994). The creators were asked if the platform created access to other networks, to describe the process of categorization as well as how they relate to other within their category and other members. Resource integration was also conceptualized from relationships and organizational behavior through questions as how Kickstarter has affected the relationship to the consumers. Mapping the access to new operant resources were determined by questions such as if the creators got inspiration from other creators, if they received feedback (knowledge and information) from other actors, how their contact with Kickstarter had been and in what way that had been beneficial (skills). In order to determine the type of innovation activity (Perks et. al., 2012) questions to map out innovative behavior were used; such as asking questions of how and why the creators did updates on the projects. The creator was conceptualized as the lead firm in the network.

3.2.3 Practices

The thematically categorized practices ‘social networking’, ‘impression management’, ‘brand use’ and ‘community engagement’ were conceptualized based on previous studies by Schau et. al. (2009) to investigate if collective value creation were realized. ‘Social networking’ was conceptualized in questions regarding sense of relatedness to other members and platform and mapping out communication patterns and participation in interactive activities, as this aimed at determining the members’ emotional bond to the community and their interaction described by Schau et. al. (2009). ‘Impression management’ was investigated through understanding the creator’s role as brand ambassador, if they had recommended other to participate or spread the word about Kickstarter in other ways. In regards to brand use, questions were asked to determine the level of personalization as well as if they had given other members advice or feedback. Concerning community engagement the perception of respect and how social capital is acquired were asked, as well as their attitude towards Kickstarter’s tracking functions. (Shau et. al., 2009).
3.3 Implications of Methodology

The total amount of creators, the population, was limited and there was no intention in making statistical inference from the samples. In contrast to Mollick (2014) we had no specific variable for measuring the size of the network. Our conceptualization of network consists of the relationships that we were able to determine through the interviews, due to lack of resources and time. Furthermore, our conceptualization of network consists of individuals, similar to other crowdfunding research e.g. Mollick (2014), which differs from network theories by Powell (1990) and Håkansson & Snehota (2006). Although, The entrepreneur’s access to resources is considered to be aligned with these theories. The implications of conducting non-standardised interviews through telephone or e-mail are mainly the lack of personal interaction, which may lead to difficulties in establishing trust between the interviewees and respondents. In order to ensure capture the data the telephone interviews were audio recorded and transcribed. (Saunders et. al., 2009:349) The design limited the reliability of our results given the difficulties for future researchers to replicate the study. There was also a risk of the respondents giving us biased information due to the sensitivity of the success of their projects. (Saunders et. al., 2009:326)

4. Kickstarter

Kickstarter is an independent reward-based crowdfunding company based in Brooklyn US. It was founded in 2009 and is operating worldwide. The platform does not offer any form of financial incentives or allow creators to fundraise for charity. The chosen projects are launched as time-restricted campaigns for fundraising on a platform visible to both members and non-members. The creator decides the funding goal, timeline and categorization for the project, if the project meets the goal within that timeframe it is successfully funded. The projects that do not meet the set goal within the timeframe will get nothing and the capital will go back to the backers. Kickstarter offers a range of functions enabling the communication between creator and backer. All projects will be given a project blog, featuring a promotion video, written description and rewards, also including a wall for posting public comments and a private mail function. Kickstarter requires access to a Facebook account and there is an option of connecting links to other social media platforms. Every update made by the creator becomes a part of the project blog allowing the backer to follow the progress from start to finish. Kickstarter have a system for providing extra marketing tools for projects selected by the staff. These are “staff pick” where projects get a certification stamp from the platform; they can also promote projects they like through their own social media channels. For every project Kickstarter also provides a dashboard with statistics on what searches led the backers to their project, these functions enables the project
creator to keep track on the effectiveness of different marketing channels. (Kickstarter.com, 2015-01-02)

5. Results

5.1 The Context of Innovation

The social context was initially defined through the associations the creators had of Kickstarter before the launch of their project. When investigating what attracted the creators to Kickstarter, most of the respondents mentioned the large and active social network. Both backers and creators associated the platform with the color green, the logotype of Kickstarter and the words ‘reward’, ‘pledge’, ‘backer’, ‘crowdfunding’. Hemmaodlat stated that the innovative attitude built on a sense of curiosity, a willingness to try new things and a high level of authenticity was the most essential aspects of the social context. The respondent emphasized that creators on Kickstarter are not simply about selling their product, but are connected to more deeply grounded values. This reasoning was shown in the backers choice of projects as well, the main reason to back a project was due to a genuine personal interest that seemed to present the person’s values. The first time user, B4, felt no connection to the platform, but chose to support a project only because it corresponded with the person’s willingness to strive for equal rights.

“It is so much more than just a product, it is a change of lifestyle. We want to change the world one step at a time, and that is the general way the people communicate on Kickstarter, but that is also very specific to each project and target group.” – Hemmaodlat

DVM explained the attitude as feelings of connectedness to people that have a deeper understanding of why the project is important. Johanna expressed that Kickstarter is a great way of gathering people with a similar interest. Hemmaodlat further explained that the similar interest and base of connectedness lies in the common interest of supporting innovations and entrepreneurship. DVM explained that the interest of crowdfunding origins in the ideological principle of everyone’s ability and right to contribute, both through investment and launching of their project.

5.1.1 Transparency and Trust

Transparency was mentioned as one of the most important factors for the backers when deciding to back a project. They expressed the importance of confidence in the creator's ability of going through with the project, and that this was induced by knowing who is behind the initiative. DVM
stated that the closeness to the end consumer in terms of communication is primarily inspiring, but since there are few barriers between them it can be rather frightening as well. Two of the creators explicitly said, and many touched on the subject, that the functions of documenting members’ activity contributed to trust being established on the platform. Hemmaodlat expressed that the transparency makes it easier to separate a serious project from those that are not. Qvackggyver stated that the entrepreneurs are rather vulnerable and exposed when it comes to pledging for money, he believed that getting a face on those who choose to invest in your creation will induce a trusting community and that it brings comfort in knowing that this person is someone sharing your interests.

5.1.2 The benefits of an Innovation Network

The creators expressed the following arguments for joining Kickstarter: (1) the size of the platform enabled them to reach a large amount of people fast, (2) gave access to a worldwide audience compared to other crowdfunding platforms and (3) use the platform as a market research tool. The creators were under the impression that these aspects had been realized through their engagement. Frameworks stated that it would be too costly for them to conduct market research covering the validation of price and concept, without going through a crowdfunding platform. B4 reached the crowdfunding site through twitter, which got him to back his first project leading him to invest repeatedly. Qvackggyver expressed that even though the platform have provided them with excellent visibility, they do not see crowdfunding as a viable source of seed capital. This insight is confirmed by Kat Jenkins, the crowdfunding consultant, who clearly states that there are easier ways to raise funds than through crowdfunding, the creator therefore needs to be more interested in the crowd than in the money. Stratosliner expressed having hopes for finding new partners that would have knowledge about technology and that would be useful for his innovation. But he explained that no such thing happened, even though he actively contacted people on Kickstarter asking for help.

Besides from receiving feedback from other actors, some actors also provide feedback themselves. All but one of the backers stated that they had commented on projects they had invested in. B2 stated that the comments were often pure compliments, but that he provided feedback when he was disappointed that the product did not live up to expectations. Some of the creators mentioned how the platform provided an opportunity for cross marketing between projects. SB stated that they saw the other creators, within their category on Kickstarter, filling the roles of competition, inspiration and possible future partners. Kat Jenkins further elaborated on the cross marketing and the possibilities for collaborations between actors by stating:
“Post-campaigns, many creators reach out to each other and work for the collective good through cross-promotion and sometimes collaborate on rewards and new products.” - Kat Jenkins

5.1.3 The Communicative Platform

Both creators and backers answered that the character of communication and dialogue is informal on Kickstarter. Several creators have looked at the way other members were writing to make sure they communicated in a similar way to fit into the social network. None of the respondents disagree with the notion that Kickstarter could be of great marketing value. DVM expressed how Kickstarter has “gamified” the reward-based structure on the platform which encourage people to ‘keep backing’. Frameworks explained that even after the expiration of their project, the platform has been a great communication platform facilitating continuous interaction with their backers and customers. B2 confirmed this as after backing a successful project, he felt inclined to continue backing projects in the same category and giving advice.

5.2 Innovation Network

5.2.1 Benefits of an Innovation Network

“If you have an interest in photo, you get connected with the photo community already existing on the web in various forms... It is probably the most important possibility, to get connected to the product’s digital community.” - Frameworks

Frameworks expressed how Kickstarter facilitates access to the right community and the right type of people. This notion is supported by Kat Jenkins, who explains that there has not been established that there is a crowdfunding community instead communities are formed around individual projects. Johanna expressed how she through Kickstarter got in touch with a person wanting to promote her music on a website for publishing new artists. Frameworks realized new opportunities for their product abroad through an increased international demand and started various new collaborations with photographers on Instagram.

5.2.2 Individual Value Constellations

Several of the respondents, especially those that were not successfully funded, expressed the importance of an already established fan-base prior to the launch. In addition, the successfully funded projects expressed how Kickstarter is a great way to assemble fans and customers.
Qvackgyver expressed how valuable Kickstarter as a community becomes, to nourish and assemble fans and customers.

“If a project is successfully funded Kickstarter is a great place for connecting and allowing fans to get engaged. It’s also great for getting people to evangelize and praise our work, and they are very important, they are probably the most important people and customers to reach.”

- Qvackgyver

All creator stated that a social media strategy has been an essential marketing tool. DVM stated that, based on the statistics provided by the platform, only 20% of the backers found the project through Kickstarter. Kickstarter selected four of the respondents as “Staff Pick”, this certification had an initial effect but neither of them experienced a significant raise of the amount of backers.

5.2.3 Knowledge transfer

Although the majority of the products were new innovations, only Quackgyver explicitly stated that they launched through Kickstarter to see if there was a market for their product. The creators with no previous customers were all convinced that Kickstarter had a positive effect on their customer relations. Two of the creators stated that the participation, and interaction alone, was valuable to them in their relations to customers but one of them perceived it to be to early to talk about any definite impact. Two of the creators that gained international attention thought this was flattering, but realized that their production was not equipped to face the international market. Hemmaodlat, realized an international restrain in the shipping of seeds to U.S, stating that this information was new and vital to them as they would have miscalculated the shipping costs otherwise and this insight lead to essential changes in their rewards. DVM realized that his profit was not enough to cover the cost of shipping his rewards to other continents.

5.3 Innovation activity

5.3.1 Inspiration For Innovation

Consultant Kat Jenkins expressed how launching an innovation through crowdfunding opens up to the possibility of gaining access to connections and experiences from hundreds even thousands of people. Quackgyver spent two years studying the concept of crowdfunding, and Kickstarter projects in particular, prior to the launch on the platform. He stated that every creator would benefit from studying the market strategies of successful projects, vigorously, before launching. In fact, all of the creators in this study based their marketing strategy, rewards, choice of category
and updates on inspiration from other successful projects. DVM expressed how he followed a similar project throughout all preparations and the entire funding lifespan. He used this project as inspiration and a form of benchmark for his video and rhetoric, but also for what he hoped to accomplish. SB looked at other denim creators for inspiration and regarded other fashion projects as possible future collaborations. Stratosliner expressed having hopes for finding new partners that would have knowledge about technology and that would be useful for his innovation. But he explained that no such thing happened, even though he actively contacted people on Kickstarter asking for help. The crowdfunding consultant stated that she had seen future collaboration spring up within product categories; these collaborations were more of joint forces for a mutual cause facilitating the innovation in society.

“In New Zealand, we have seen a small community of tech-projects join forces post-campaigns to strengthen the innovation and technology sectors here.” - Kat Jenkins

5.3.2 Freedom of Innovation

Three of the creators stated that one of the most valuable features of Kickstarter as a community is the way that it reduces a middle hand, the financier, from the innovation process. Johanna stated that for her, as a musician, Kickstarter provided a freedom of creation since no record label was involved. DVM expresses how crowdfunding in general removes “the big bad guys”, the people with exclusively financial goals and no innovative ideas of their own, from the creative process. Quackgyver expressed how these features are ideal for already established actors within his industry, for video game developers, since they can avoid being forced into contracts, giving up rights of control to publishing houses. Instead, projects launched through Kickstarter, have the ability to go straight to the final customer and receive financing from them. He further states how he believes the same thing would be of value for the music artists, giving them power and full control.

“Kickstarter removes one parameter that I feel very comfortable in removing when launching a product to the market. That parameter is a rich organization that really does not have any creative ideas if their own.” - DVM

5.4 Practices

5.4.1 Social Networking

Creators expressed feeling to connected to the social network on Kickstarter, due to various aspects. Johanna felt like there were a group of people in similar mind-set on the platform and
several creators felt a connectedness to people choosing Kickstarter due to an entrepreneurial spirit. Frameworks described that he felt culturally connected to the type of people that are participating on Kickstarter, mostly because of the interest in projects that does not yet exist. The creators had a positive outlook on the possibilities on Kickstarter rather than the relationship that they had developed; such as the likelihood of meeting “cool people” that you can feel connected to and develop a more serious business relationship.

“It feels like we are a little gang, even though there are several hundred thousand members. Kickstarter has really succeeded in creating a community, in a very beautiful way” -DVM

5.4.2 Impression Management

The creators expressed how they evangelize and justify their engagement in the projects on Kickstarter, all creators were engaged in the practice of impression management both virtually through social media and in real life. All creators had in common that they openly talked about Kickstarter and their projects in their private networks as well as in their work related networks. The practice took various forms; some tried to reach a wider audience through a press release party, and some by writing to newspapers and paying companies to share their projects. Creators also mentioned that in besides publishing their own projects on other sites than Kickstarter, they also had the role of informing people about Kickstarter and half of the respondents claimed to have actively tried to engage outside people into the community.

5.4.3 Community Engagement

Creators express that there are distinctive ways of earning social capital within the social network of Kickstarter. All of the creators agree that respect is earned through the track record of successful projects. We also saw that creators valued others who seemed serious with their projects, this was in terms of being able to answer all types of questions, a well thought out presentation and a high quality in all visible aspects of the project. Two of the creators also talked about that the type of project matters when it comes to acknowledgement - making a fun sandwich will never get as much respect as an engineered innovation. Several of the creators mentioned that you can earn respect if the projects gets shared, both by the press and in social medias. SB said that respect is earned if the project gets successfully funded, receiving what you were looking for in the beginning. When discussing Kickstarter’s documenting features almost every creator had a positive outlook on the functions that tracks their own and others participation. The respondents have a uniform opinion that this helps to sort out the ‘serious members’ from the rest. The creators agree that the transparency is necessary and that the
community benefits from presenting ‘backing and launching’ history of the members. All backers expressed that the documenting features makes it easy to see if the projects are ‘serious’ and therefore a crucial factor when deciding if the project is worth backing.

5.4.4 Brand Use

Most creators gave feedback or advice to others on the platform. The ones that did not expressed lack of knowledge and time as a reason. Johanna felt the lack of knowledge, but pointed out that she would appreciate if others would share their advice with her. The creators with the highest level of engagement were the ones who did share advice, commented or gave feedback. Not only did they show interest in other projects but they also considered to partner up with some of the founders. The feedback given to others concerned design, budgets or other future plans for the specific product. The creators expressed that they did not aim at personalize their presentation, as they tried to make the projects similar to others. Most commonly, they followed Kickstarter’s templates and looked at others for inspiration. They would then pick their strongest presentation features and make them their own. Only Johanna tried to differentiate her presentation, she chose to make her video presentation longer and more informative than she had seen others do.

6. Analysis

6.1 The Context of Innovation

In this case study of Kickstarter we have found that the platform through their graphical expression and language enables a socialization of the members within the social network. The members share a way of communicating, that have been developed through shared activities on the platform. The findings of shared understandings through symbols is supported by Richins (1994) stating that individuals will perceive mutual meanings of symbols by participating in shared activities. The findings indicated that members of the social network on Kickstarter share a specific attitude of entrepreneurial spirit and a shared interest. The shared interest seem to origin from the ideological idea of everyone’s right to launch and contribute. Finding common ground, such as shared interest that are connected to ideological thoughts, may create stronger relationships within a network enabling easier access to each others resources. The members associate the context of Kickstarter as being a large and active digital community. Our result shows that this entails a social network, as described by Newman (2003) in which the members have similar attitudes such as a willingness to try new things, a sense of curiosity and a high level of authenticity. These attitudes of open-mindedness often characterize early adopters which becomes beneficial when launching a new venture, since this may lower the barriers of scepticism
when introducing an new idea or innovation. This result indicates that members of the platform have a shared understanding and mutual meaning of the participation. This collective view of the context makes it likely that the perception of value is influenced by the social system on the platform, in line with what previously been established by Edvarsson et. al. (2011) the findings are also in line with Deighton and Garyson (1995) who state that individuals’ perception are colored by the social boundaries they interact within. The high level of authenticity is mostly referred to as creating products related to a deeply rooted value congruent with the creators own beliefs. This study therefore indicates that creators launching projects with a well defined value ground are more likely to give the consumer a substantial value proposition. It is likely that value will be created and perceived during communication with an informal character, since this is the socially accepted behaviour within this social context. The result of our study indicates that members of a crowdfunding platform have a specific way of interact and behave, which are directly derived from the established social system that they are communicating within. In all cases of analysing value creation within crowdfunding considerations need to be taken to the concept of value as a social construction defined by Peñaloza & Venkatesh (2006) as members’ subjective perception of value is affected by the social boundaries of the platform.

6.1.1 Transparency and Trust

The transparency is embedded in the social context and perceived as important by members of the platform. Within the social boundaries of Kickstarter interactive value creation is most likely to be perceived in a transparent manner. This reasoning is supported by Edvarsson et. al. (2011) who state that the boundaries of the social context affects the actors’ perception of value. The creators express positive attitudes towards the functions that track their behaviour on Kickstarter, this transparency seems to generate information about the seriousness of each actor inducing trust within the system. This notion, that the network enables the development of trust between network actors has previously been pointed out by Powell (1990). Despite the positive feeling towards functions of documentation, our results suggest that the transparency sometimes causes the creators to feel vulnerable and exposed since the backers have the ability to speak their mind directly to them. Even if this causes feelings of vulnerability, we have found that the high level of transparency is often the most important factor when the backers decide to invest. Therefore, we believe that the value of transparency might be greater than the creators actually perceives it to be. Overall, we have found that the interaction within the social network is to a great extent made in a transparent manner and that this may generate non-financial value in terms of development of trust.
6.1.2 Benefits of an Innovation Network

From our empirical findings it is possible to establish that creators and backers participate in the network of Kickstarter with the common goal of realizing new innovations and ventures. The attraction to the innovation network of Kickstarter when realizing an idea comes from the ability to (1) reach a large amount of people fast, (2) access a worldwide audience and (3) use the platform as a market research tool. This indicates that there are non-financial incentives behind the creators responsiveness to the crowdfunding network. These findings affirm that the creators are drawn to the innovation networks due to network-specific resources. This is a similar attraction to that of venture capital firm’s network in Silicon Valley found in research by Ferrary and Granovetter (2009). It is through the customer interactions facilitated by Kickstarter that the creators use the platform as a market research tool, this enables testing the preferences of a new customer segment simultaneously gaining access to customer involvement. This indicates that the network generates non-financial value through the validation of an idea, as well as making it possible for early adopters to give inputs in the innovation process. These findings are aligned with previous research by Ingram & Teigland (2013) suggesting that one of the benefits of launching through crowdfunding was to test the market for a new product. Our research further suggests that the creators are accessing valuable information by this early stage customer involvement and that they learn through the previous experience of multiple actors. This correlates with the benefits of the relational nature of a network presented by Ballantyne and Varey (2006). The relational nature of the innovation network connected to Kickstarter is likely to generate competitive advantages for the creators, since there is a dynamic aspect of the innovation network on Kickstarter. Within the innovation network actors are taking on multiple roles and are engage in cross marketing. The creators are involved in various projects on the platform, regarding each other as competition, inspiration and potential partners. This is supported by the theories of Ferrary and Granovetter (2009) stating that dynamic aspects of an innovation network is attracting entrepreneurs to specific clusters.

6.1.3 The Communicative Platform

The specific characteristics of Kickstarter as a platform supported the interaction between the project creators and the backers of our study. DVM used the term “gamifying” to explain how the platform encouraged the backer to invest in a larger number of projects. This facilitates the flow of capital into each project, but also generates interaction with a larger number of network actors. Therefore, we assume that there are aspects of Kickstarter that encourage repeated interaction between the creators and other network actors. This is in line with the network specific
advantages, explained by Ferrary and Granovetter (2009) of being connected to a specific innovation cluster. This is also suggested by Håkansson and Snehota (2006) stating that the transmission of operant resources is facilitated through interaction, and that this generates competitive advantages of being tied to a network. In line with this the creators are benefitting through connections to actors that cannot be found within their personal social networks.

6.2 Structure

6.2.1 Accessing New Networks

Through Kickstarter communities are created around individual projects and collaborations outside of Kickstarter often spring up through these relationships. The creators are utilizing the connections they made on Kickstarter, and by that accessing connections to other networks enabling their own integration of interactive value creation. This process is supported by the theories by Vargo (2008): the actors are creating their own individual value from the resources accessed by the relations enabled by conditions and situation. The results also indicates that the creators are reinventing value in collaboration with each other aligned with the theories by Normann and Ramirez (1994). Through the social network on the crowdfunding platform the creators are accessing other social networks relevant for their persistent value creation. Our findings indicate that some creators are continuing to benefit from gaining access to new networks.

6.2.2 Individual Value Constellations

The creators are using the functions of the platform as an extended private social network integrating already established connections with fans and customers with new ones found on Kickstarter. Qvackgyver expressed how Kickstarter provides a base for interaction with the most important people to his innovation. This affirms theories by Vargo (2008) as the creators are utilizing the resources provided by the platform and incorporating them with other connections receiving resources from multiple engagements. Our study indicates that the value of being connected to Kickstarter is in relation to the connections that creators have already established. This study shows that Kickstarter is facilitating for the individual network actors to maximise the value from other social networks. This is used by the creators since they are attracting backers from other social networks through their social media marketing strategy. The creators are utilizing their own personal network, attracting people to support their project on Kickstarter. The above stated is supported by the theories by Vargo (2008) as the creators are combining operant
resources through interaction, available through the specific conditions generated by Kickstarter, while creating their own value constellations.

This study found that creators gained knowledge from the interaction with various actors on Kickstarter that proved to be valuable for their final value proposition. This knowledge included information about new markets, collaborations outside of Kickstarter and costs of production and shipping. The knowledge was provided in relation to other actors on the platform as well as by non-members finding the creators on Kickstarter. Our findings supports the notion that networks actors learn from each other through dialogue and interaction as expressed by Ballantyne & Varey (2006). Further, since the creators are utilizing each other experience developing new knowledge for their final offer they are creating context specific knowledge. Vargo (2008) and Ballantyne and Varey (2006) conclude that learning from each other makes operant resources a source of competitive advantages. Through their membership on Kickstarter the creators gain competitive advantages by developing skills that would not have been possible without the operant resources provided by other network actors.

6.2.3 Innovation activity

6.2.3.1 Inspiration for Innovation

The creators tended to incorporate other actors on Kickstarter in their innovation activity. The respondents were adapting their projects based on of inspiration from other actors. They utilize the experience of successfully funded projects especially those that are closest to their own ideas. Our study shows that creators are following successful projects, not to imitate, but to capture a similar way of communicating. Some actors expressed a willingness to start collaborations with different actors but none of our respondents had preceded to fulfil such aspirations. Aligned with the theories of Perks et. al. (2012) the innovation activity did incorporated multiple actors. The pattern of innovation activity did not follow the concept of network innovation focus as explained by Perks et. al. (2012) since there were no enduring interactions or collaborations that affected the innovation process. On the other hand, there were plenty of findings suggesting co-creation with a lead-firm focus. The innovation activity always occurred by the creator alone, but was constantly triggered by inspiration from backers, other creators and members giving advice. However, our empirical findings show that launching on Kickstarter does not automatically provide the benefits of an innovation network. One of the creator stated that although actively searching for knowledge from experienced members he received no response from any of the network actors.
This indicates that simply being on Kickstarter does not automatically give each project creator access to an innovation network.

6.2.3.2 Freedom of Innovation

This study indicates that to have full creative control is one of the major benefits for the creator of crowdfunding. The creator prefer to stay in control over the innovation process. Therefore, they strive to incorporate only those with an actual interest in the product, as they strive to keep their ideas and values intact by not involving actors with purely financial incentives. The findings affirms the theories from Ferrary & Granovetter (2009) since creators are learning from observation and interaction with different crowdfunding actors. We also found that mutual values kept creators connected after the Kickstarter campaign, creating possibilities for future collaborations. To include other actors within the innovation activity implies that they affect the final value proposition as explained Vargo (2008) or Vargo and Lusch (2004). Incorporating actors with shared values is likely to generate a greater benefit to the creators.

6.3 Practices

This study found indications that members of the crowdfunding platform realized collective value through three of the previously established practices by Shau et. al. (2009). Firstly, the conducted research gave an indication that the practice social networking can be found within the social network of Kickstarter. The evidence of this practice was found in the creators feeling of connectedness to the community, even to the extent as to define it as a large friends group. Secondly, creators practiced impression management in various forms such as acting as brand ambassadors, justifying their engagement and showing their commitment through several marketing channels and in private networks. From our research we found that half of the creators had tried to make others engaged, generating non-financial value not only to themselves but also to the social network as a whole. Thirdly, we found that there are distinctive ways of earning social capital in the practice of community engagement within the crowdfunding community e.g. members striving to be seen as ‘serious members’ through their track record of achieving a high quality on their projects. Finally, we found that the practice of brand use in terms of customizing had an opposite effect in this community in which members were striving for conformity rather than individuality and that grooming seemed to be somewhat limited due to lack of time or knowledge. Funding a venture through a crowdfunding community may enable a collective value creation through the described practices. This may give the creator a possibility to gain an audience that feel both committed and emotionally connected to the community. The findings of this study also indicates that actors within the network reaches out through social media, acting as
brand ambassadors which may lead to synergy effects in terms of marketing value. Given the practice of ‘community engagement’ the creator gains the ability of getting acknowledged, not only by launching a venture, but also through the accomplishments achieved within the social network. This supports previous research by Schau et al (2009) that value creation within social communities should be analyzed as a collective effort, rather than focusing on the individual value creation. Within the social network we have found members create collective value through the practices mentioned above.

7. Conclusion

The social network that the actors of Kickstarter interact within creates a social system built on an attitude of entrepreneurial spirit, a willingness to try new things, a sense of curiosity and a high level of authenticity. This study concludes that these attitudes are likely to generate non-financial value in terms of lowering barriers of scepticism when launching a new venture. Since the actors within the social network share an ideological interest, we argue that this creates a crowdfunding context that will be beneficial for creating strong relationships which in turn ease the sharing of resources and activities. The functions on the platform enable an embedded sense of transparency that improves the development of trust between actors in the network. The transparency has been found paradoxical in its nature, as the actual value for the creator may be greater than what is perceived.

The creators were drawn to the innovation network because of non-financial incentives, the attraction was due to the abilities (1) to reach a wide audience, (2) gain worldwide attention and (3) conduct market research in the initial phase of an innovation. Using the platform as a market research tool enable the creators to receive new knowledge and information from the final consumer. We conclude that the platform as an intermediary facilitates repeated interaction between creator and other network actors and that this will create non-financial value through interaction. Several factors contribute to the creation of competitive advantages within the innovation network. We argue that competitive advantages are created due to the dynamic nature of the innovation network on the platform, as the roles of the actors are interchangeable which enables various forms of co-creation within each others value constellations. Furthermore, we found that the creation of new knowledge in the innovation phase generates non-financial benefits the creator since they gain the possibility to adapt their value proposition to fit the market.

One of the main findings of this study was that creators within the crowdfunding context access other networks through the platform. A common process within the crowdfunding context is that
individual communities develop around projects, connecting people both with members of the platform and with non-members. We argue that the network actors operate as value integrators for their own individual benefit as they maximize their own non-financial value through the social networks reached by Kickstarter. There are benefits within the social network on the crowdfunding platform, but simply launching a project on these platforms is not enough for the creator to be incorporated within these networks.

The innovation activity on the crowdfunding platform incorporated multiple actors but proved to be lead-firm focused in all cases. Essential for the creators in the choice of fundraising was the fact that crowdfunding reduce a middle hand with financial incentives involved, giving them full control and creative freedom in the innovation process. Still, the creators seemed to be intrigued by the advice and inspiration given by other network actors. Indicating that the creators find it important that crowdfunding reduces involvement by factors inflicting with their creative freedom, but perceive non-financial value from the ability to incorporate network actors who share their interests.

Practices of collective value creation are likely to exist within the social communities on crowdfunding platforms. Actors within the crowdfunding network felt a connectedness, acted as brand ambassadors and had distinctive ways of earning social capital. This supports the notion that value creation within social communities should be analysed as a collective effort, rather than focused on the individual’s value creation.

### 8. Academic discussion

Our results indicate that there are several ways that non-financial value emerges for entrepreneurs on a crowdfunding platform. It further points to the social network of the crowdfunding platform being an interconnector of different actors creating possibilities for collective value creation. This might give creators’ indications of value processes related to financing through a social network, and also indicate what level of preparedness is needed prior to launching a project on a crowdfunding platform. A well-informed funding decision is likely to generate a higher success rate for new innovations, which gives the subject of discovering context specific value in crowdfunding both managerial relevance and reasons for future research. The democratization of funding through crowdfunding may lead to a higher rate of citizen initiative and contribution to society. Given this, research on the effects of value creation within social communities on both a macro- and micro-level should be of interest both theoretically and practically.
The findings are likely to widen the scope of effects of launching a new venture through a social network. An implication for further research is how the new social era of customer involvement throughout the creation process puts higher demands on entrepreneurial motives and values. Our study points to that altruistic motives within this new era of transparency and social networks might be an important factor for gaining acknowledgement by investors and other creators. This suggests that future research in the area of social acceptance and altruistic motives for new ventures will be of interest for entrepreneurial research. The size of this study and the fact that the interviews were limited to Swedish creators and backers will have an effect in the generalizability of our results. It is likely to be cultural differences, and even generational differences, on how value is perceived by entrepreneurs. With these limitations in mind it would be interesting to further investigate the value perceived by creators in different cultures, and if the context of crowdfunding is perceived differently over time. One of the major limitations in studying the dynamics of interactive value creation in a specific context is the lack of time, and therefore the inability to include the perspective of long-term effects.
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Appendix 1 ‘Interview Guide for Creators’

1. Context
Why did you choose Kickstarter as a financing method?
Did you consider alternative financing methods?
Did you consider other crowdfunding platforms?
What did you associate Kickstarter with before launching?
Have you been active within reward-based crowdfunding previously? How?
What specific symbols, words or picture do you associate Kickstarter with?
How did you come up with the original idea for your project?

2. Structure
How did you choose to categorize your project?
How do you perceive other projects within your category?
In what way is Kickstarter beneficial as a crowdfunding community?
Have you had any contact with Kickstarter during the projects lifespan? If yes, in what way?
Did Kickstarter help you with the launch of your project? If so, in what way?
In what way do you perceive that Kickstarter affected the relationship to your costumer?
What functions on Kickstarter do you think has been valuable for your project?
Have you through your engagement on Kickstarter created new contacts?
Have you received feedback from other actors within the network? If yes, how?
Have you ever updated your project in response to communication with actors? If so, what have you updated?

3. Practices
How do you perceive Kickstarter’s features that document you engagement?
Do you feel connected to Kickstarter as a community or to other members?
In what way have you used social media in the launch of your project?
Have you shared advice to other members on Kickstarter? In what way?
Is there a way to get acknowledged or respected as a creator by other members on Kickstarter?
Have you chosen to present your project differently compared to other members?
How do you show to other people that you have launched a project on Kickstarter?
Have you actively tried to make others participate on Kickstarter?