

Social Aspects and Successfully Funding a Crowd-Funding Project: The Impact of Social Information

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Abstract : Recently, philanthropic crowd-funding -the raising of external funding from a large audience via social networks or social media- emerged as a new funding instrument for the Dutch cultural sector. However, such philanthropic crowdfunding in the US and the Netherlands is less successful than any other form of crowdfunding. We argue that social aspects are an important stimulus in philanthropic crowd-funding since previous research has shown that crowdfunding is stimulated by something beyond financial merits. Put simply, crowd-funding seems to be a socially motivated activity. In this paper we focus on the effect of social information, described as information about the donation behavior of previous donors. Using a classroom experiment we demonstrated a positive effect of social information on the donation behavior in crowdfunding campaigns. Our study extends previous research by showing who is affected by social information and why, and highlights how social information can be used to stimulate individuals to donate more to crowdfunding projects.

Keywords : online donation behavior, philanthropic crowdfunding, social information, social influence, social motivation

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