

Empowered: The Psychological Effect of Empowerment Messages on Consumers' Behavioral Intentions in Crowdfunding

ABSTRACT

We explore how project initiators in crowdfunding may use empowerment messages to turn consumers into investors. A 2x5 mixed factorial experiment reveals that empowerment increases psychological ownership, which in turn positively impacts consumers' willingness to fund. Our findings are equally important for theory and practice and may inspire further research.

How effective are empowerment messages in crowdfunding in eliciting psychological ownership and subsequent positive consumer responses?

BACKGROUND

- Crowdfunding (CF) empowers consumers to actively contribute to the success of new ventures (Ordanini et al. 2011)
- This "feeling of having an impact" (Füller et al. 2009) may trigger psychological ownership (PO) (Pierce et al. 2003) and lead to favorable consumer behaviors (Fuchs et al. 2010, Fuchs & Schreier 2011)
- Project initiators have started to use empowerment messages to stimulate perceived impact
- The effectiveness of verbally empowering consumers in CF is, however, largely unknown

RESEARCH DESIGN

- 2 (empowerment vs. no empowerment) x 5 (project 1-5) mixed factorial design
- Each participant was exposed to five projects: two with & three without empowerment claim

Manipulation

Empowerment

No Empowerment

Projects 1-5

Manipulation Check ($\alpha=.79$)
As a supporter, one actively contributes to the success of the project
As a supporter, one is an active part of the project

Measures

- Mediator: Psychological ownership (3 items, Van Dyne & Pierce 2004, $\alpha=.83$)
- DV: Willingness to fund the project (WTF)

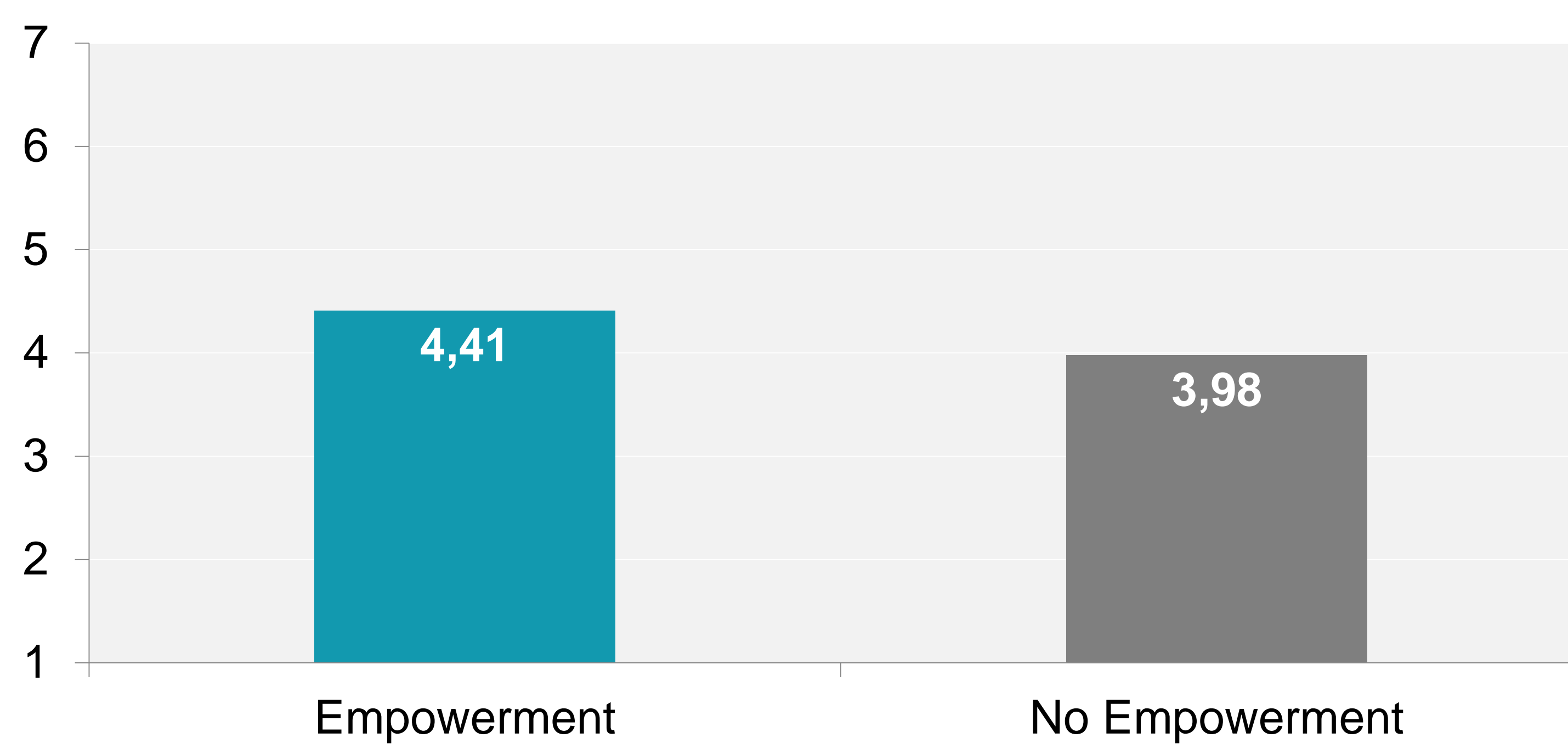
YES
NO
DON'T KNOW

- Control variables: liking, interest, originality & identity fit (Escalas & Bettman 2003; Fuchs et al. 2010; Koslow et al. 2003; Zaichowsky 1994)
- 7-point scales

RESULTS

Manipulation Check
successful

n = 76
(42% female)
Age: M = 25.30
SD = 5.93

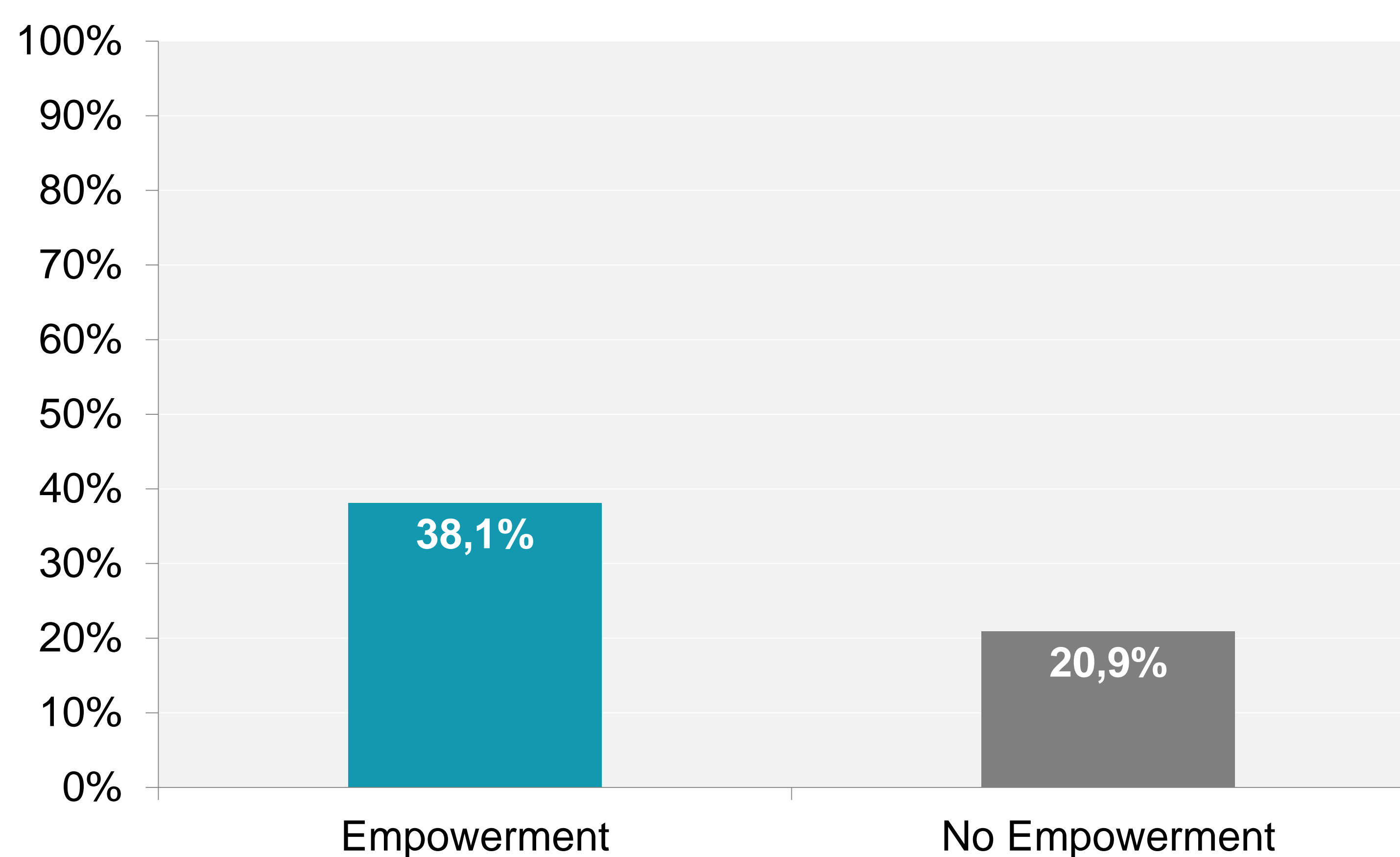


$F(1,261)=4.742, p=.03$

Figure 1: Manipulation check

Willingness to Fund

increases when consumers are verbally empowered



$b=-.904, \text{Wald } \chi^2(1)=7.392, p=.007$

Figure 2: Willingness to fund per condition

Psychological Ownership as a Mediator

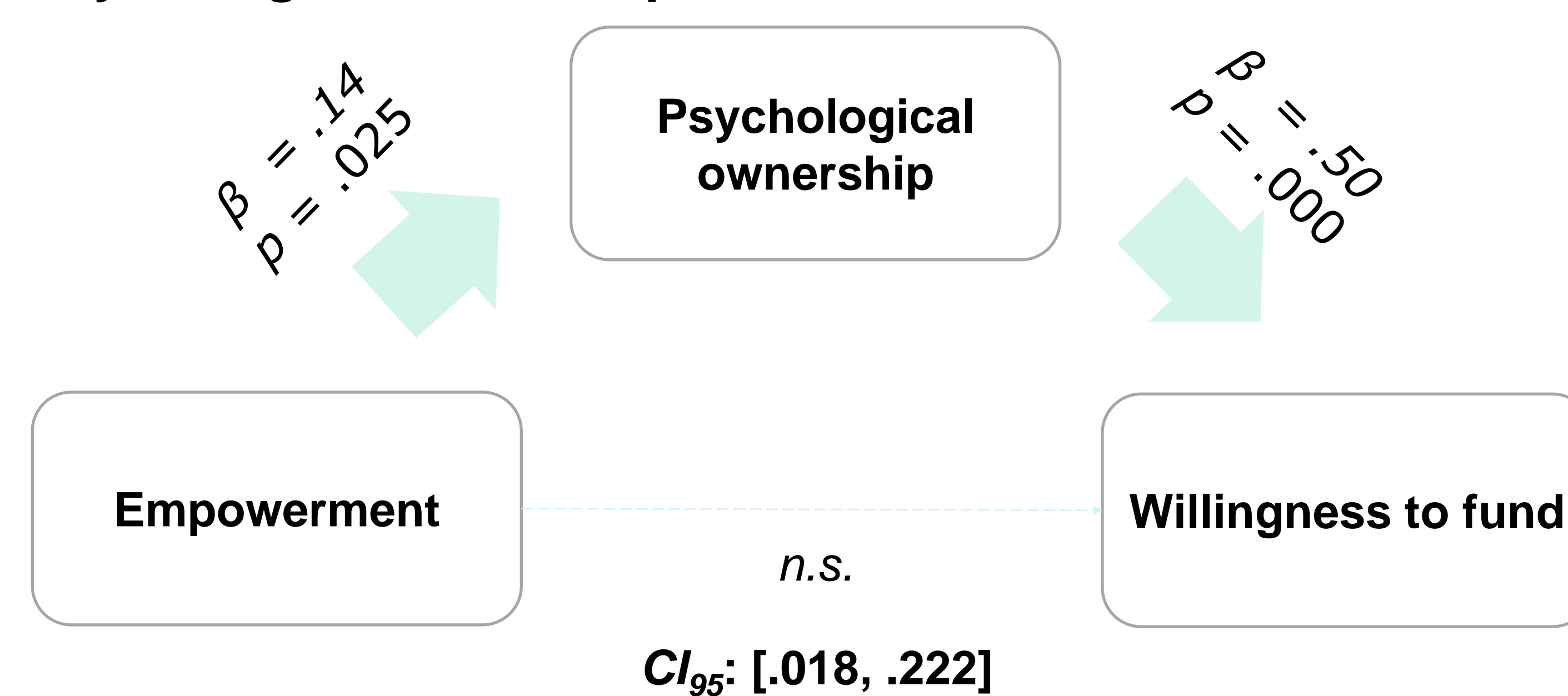


Figure 3: Mediation model (Preacher & Hayes 2004)

DISCUSSION

- Empowerment and its favorable results can be strengthened through communication
- Stressing empowerment increases individuals' feeling that the project is also „theirs“, i.e. PO, and leads to a higher WTF projects in CF
- The relationship between empowerment and WTF is partly explained through PO
- Both researchers and entrepreneurs may benefit from these findings theoretically as well as practically
- Insights may be relevant beyond the CF context

REFERENCES

- Fuchs, Christoph, Emanuela Prandelli, and Martin Schreier (2010), "The Psychological Effects of Empowerment Strategies on Consumers' Product Demand," *Journal of Marketing*, 74 (1), 65-79.
- Fuchs, Christoph and Martin Schreier (2011), "Customer Empowerment in New Product Development," *Journal of Product Innovation Management*, 28 (1), 17-32.
- Füller, Johann, Hans Mühlbacher, Kurt Matzler, and Gregor Jaweck (2009), "Consumer Empowerment through Internet-Based Co-Creation," *Journal of Management Information Systems*, 26 (3), 71-102.
- Koslow, S., S. Sasser, and E. Riordan (2003), "What Is Creative to Whom and Why? Perceptions in Advertising Agencies," *Journal of Advertising*, 43 (1), 96-110.
- Ordanini, Andrea, Lucia Miceli, Marta Pizzetti, and A. Parasuraman (2011), "Crowd-Funding: Transforming Customers into Investors through Innovative Service Platforms," *Journal of Service Management*, 22 (4), 443-70.
- Pierce, Jon L., Tatiana Kostova, and Kurt T. Dirks (2003), "The State of Psychological Ownership: Integrating and Extending a Century of Research," *Review of General Psychology*, 7 (1), 84-107.
- Preacher, Kristopher J. and Andrew F. Hayes (2004), "Spss and Sas Procedures for Estimating Indirect Effects in Multiple Mediator Models," *Behavior Research Methods Instruments & Computers*, 36 (4), 717-31.
- Van Dyne, Linn and Jon L. Pierce (2004), "Psychological Ownership and Feelings of Possession: Three Field Studies Predicting Employee Attitudes and Organizational Citizenship Behavior," *Journal of Organizational Behavior*, 25 (4), 439-59.
- Zaichowsky, J. (1994), "The Personal Involvement Inventory: Reducing, Revision, and Application to Advertising," *Journal of Advertising*, 23 (4), 59-70.