

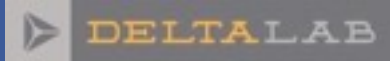
Understanding Trust amid Delays in Crowdfunding

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magnetic adapter charge & sync

▶ PLAY

\$9

ZNAPS
Snap . Charge . Sync

Pledge CA\$ 11 or more

Approx. \$9 USD

+1 x Znaps Connector

+1 x Znaps Adapter

Your Choice of Lightning or Micro-USB

ESTIMATED DELIVERY

Nov 2015

SHIPS TO

Anywhere in the world

11,463 backers

Funding period

Jul 15 2015 - Aug 14 2015 (30 days)

Petitioning [Kickstarter](#) and [1 other](#)

Refund for Znaps



[Jordan Torres](#) North Grosvenor Dale, CT



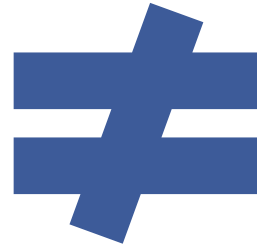
Sign this petition

6,306 supporters



1,194 needed to reach 7,500

Peter Franke signed this petition



- Creating something new
- Purchasing months in advance
- Delaying for months to years

- Purchasing already manufactured products
- Delaying for a few days to a few weeks

Delays negatively affect trust in typical marketplaces

In online marketplaces, delays will lead to less trust in both individual sellers and the community of sellers [Pavlou and Gefen 2005]

In traditional marketplaces, product delays affect brand trust [Herm 2013], market value [Hendricks and Singhal 1997]

Lack of trust can lead to market failure [Granovetter 1985]

How do delays affect trust in Crowdfunding?

Research questions


RQ1: What were backers' expectations when backing projects?


Creators are novice entrepreneurs and sometimes delays are inevitable and can be long

change.org [Start a petition](#) [Browse](#) [Search](#) [Log in](#)

Petitioning [Kickstarter](#) and [1 other](#)

Refund for Znaps


 **Jordan Torres** North Grosvenor Dale, CT



Sign this petition

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 Peter Franke signed this petition

First name

Last name

Email

United States

Research questions

RQ1: What were backers' expectations when backing projects?

RQ2: What were the factors affecting backer trust during delays?

Previous Crowdfunding research mainly focused on predicting successful funding

Predicting successfully funded projects [Etter et al. COSN'13; Mitra and Gilbert, CSCW'14; Xu et al. CHI'14]

A preliminary study shows that funding goal and percent raised are associated with delays [Mollick 2014]

Research questions

RQ1: What were backers' expectations when backing projects?

RQ2: What were the factors affecting their trust during delays?

RQ3: What are the project attributes associated with duration of delays?

Research questions

RQ1: What were backers' expectations when backing projects?

RQ2: What were the factors affecting their trust during delays?

Research Method

Interview study with 14 backers who have experienced delays

Research questions

RQ3: What are the project attributes associated with duration of delays?

Research Method

Regression analysis with 4089 delayed projects from 17,457 successfully funded projects (combined Kickspy, TheKickBackMachine, and Etter et al. COSN'13 dataset)

Core findings

Backers have different initial expectations which influence how they view delays







Regular, rich communication maintains trust during delays

Bigger budget, more reward levels are associated with longer delays










RQ1: What were backers' expectations when backing projects?

**Backers have different initial expectations
which influence how they view delays**

Backer type is related to crowdfunding knowledge and experience

	CF knowledge & experience
 Consumer "purchase, buy"	
 Supporter "Support, help"	
 Investor "Invest"	

CF knowledge and experience inform their awareness of risks and uncertainties in delays

	CF knowledge & experience	Understanding risks and estimating delays
 Consumer "purchase, buy"		
 Supporter "Support, help"		
 Investor "Invest"		



Consumers are less aware of risks and uncertainties in delays

“I guess I thought it was just like more like buy a normal product, right? It’s like, you sign up for it, if enough people do it, then they have the capital to make the product, and you get the product. I didn’t really realize there’s like continual [delays], maybe, I didn’t realize how much risk and uncertainty was it.”



Consumer, backed \$38 for programmable cardboard armor















Supporters and investors are more aware of risks and uncertainties in delays

“...it’s framed as **backer-creator relationship** and I think that’s emotionally really different. Because one it tells you that the creator is creating these things, it doesn’t exist yet. **And you know when someone is creating something that doesn’t exist, there is no guarantee it can or will exist**”















Supporter, backed \$15 for weather prediction mobile app

Awareness of risks and uncertainties in delays is related to their tolerance of delays

	CF knowledge & experience	Understanding risks and estimating delays	Tolerance of delays
 Consumer "purchase, buy"			
 Supporter "Support, help"			
 Investor "Invest"			

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 Supporter "Support, help"			
 Investor "Invest"			

Delaying for a year or more is not acceptable!

**Backers have different initial expectations
which influence how they view delays**

Theoretical implications

**Mismatch in conceptual models due to the
prior expectations**

RQ2: What were the factors affecting their trust during delays?

**Regular, rich communication maintains trust
during delays**

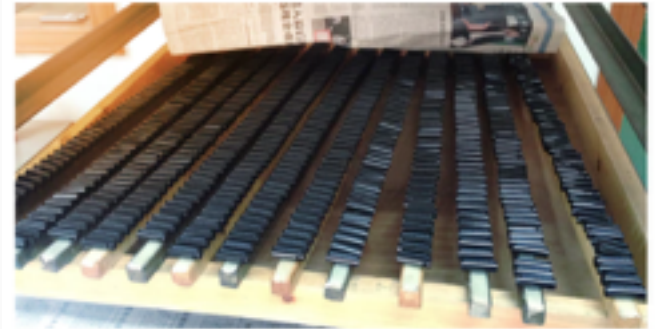


Regular updates and rich communication were perceived as evidence of making progress

"They were very good about keeping the backers informed. They made **a really good [behind-the-scene] videos** and had relatively frequent updates. I thought that was really good, **was a nice way to at least communicate that they care and they were working towards something...**"

Progress Report: Hardware

The Regular Thermodos are almost done and we should receive a sample of them at the Robocat office in Copenhagen any day now. We're affectionately referring to this as the '0-series production', but technically it's a selection of the first major production run, handpicked, packaged and send to us for evaluation. Here's some pictures from China.



A whole slew of black Thermodo housings waiting for assembly.



Supporter, backed \$25 for indoor thermometer

Regular, rich communication maintains trust during delays

Theoretical implications

Transparency and communication is important to resolve information asymmetry throughout

RQ3: What are the project attributes associated with duration of delays?

Bigger budget, more reward levels are associated with longer delays

Regressions

Days of delays ~ # of reward levels + funding goal +

of projects created + project duration + # of backers +

percent raised + project type + # project backed

Regressions

Days of delays ~ # of reward levels

of projects created

Percent raised + p

Pledge \$179 or more

Standard Version of mDrawBot.

\$50.99 off retail price (v.s. retail price \$229.99). Draw your own legend with your own mDrawBot!

ESTIMATED DELIVERY **May 2015** SHIPS TO **Anywhere in the world**

tion + # of backers +

Pledge \$199 or more

mDrawBot with a Bluetooth Module.

Sometimes the USB cable is annoying, for example, when you are trying to reform mCar into a two-wheeled self-balancing vehicle. We provide you with this package so that you could use the bluetooth instead of the USB cable. The bluetooth module is dual mode. Both 2.0 and 4.0 are supported.

ESTIMATED DELIVERY **May 2015** SHIPS TO **Anywhere in the world**

project backed

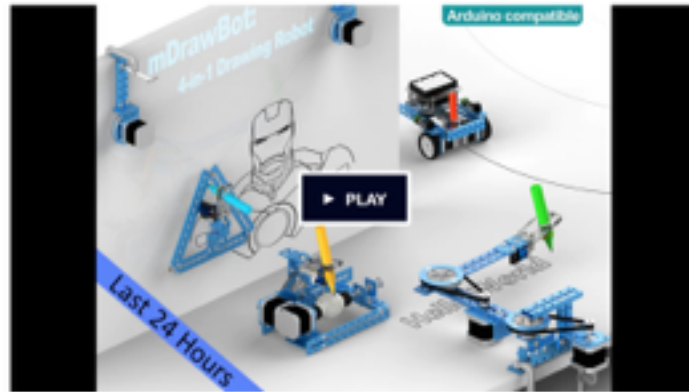
Regressions

Days of delays ~ # of reward levels + funding goal +

of projects created

Percent raised +

makers +



mDrawBot: 4-in-1 Drawing Robot

\$193,937

Shenzhen, China Robots

Pledged of \$50,000 goal

More reward levels are associated with longer delays

	Days of delays
# reward levels	.0067*** (.0025)
Goals (in thousands)	.0015*** (.00028)

p < 0.01 ***

p < 0.05 **

p < 0.1 *

Design projects

6 rewards ~ 198 days

18 rewards ~ 214 days

Bigger budget is associated with longer delays

	Days of delays
# reward levels	.0067*** (.0025)
Goals (in thousands)	.0015*** (.00028)

p < 0.01 ***

p < 0.05 **

p < 0.1 *

Design projects

\$2,176 ~ 200 days

\$55,000 ~ 214 days

Bigger budget, more reward levels are associated with longer delays

Theoretical implications

Prioritizing short-term personal goal over long-term system health

Core findings

Backers have different initial expectations which influence how they view delays

Regular, rich communication maintains trust during delays

Bigger budget, more reward levels are associated with longer delays

Implications

Provide information to backers to set right expectations and make best informed decisions.

Prompt regular, descriptive (causes of delays, remedies for delays, current progress, rich media) communication for maintaining backer trust during delays

help creators effectively acquire funds while setting realistic goals so they can deliver on their promises

Implications

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help creators effectively acquire funds while setting realistic goals so they can deliver on their promises



\$129,247
pledged of \$15,000 goal

1,923
backers

9
days to go



Apr

Sep



Expected delivery
in
April - September



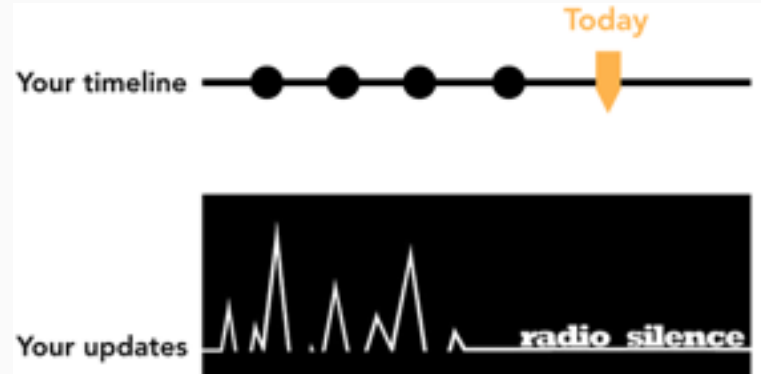
#15 in top delayer
leaderboard

Implications

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Hi backers!

We have our updates on _____!

_____ was supposed to be done by _____, but there was a problem with _____, so it will be delayed for _____.

We'd like to apologize for the delays.

To resolve _____ issue, we are doing _____.

Here is some videos images about our progress in _____.

Send



Implications

Provide information to backers to set right expectations and make best informed decisions.

Prompt regular, descriptive (causes of delays, remedies for delays, current progress, rich media) communication for maintaining backer trust during delays

help creators effectively acquire funds while setting realistic goals so they can deliver on their promises

I have 2 crowdfunding project experience



I will have 4 subsequent projects



I will need at least \$30,000 for this project



I delayed 1 project in the past



Expected delays: 25 days



* These values are based on backer trust you need for subsequent projects

Who should be held accountable?

6. Stuff We Don't Do and Aren't Responsible For

We don't oversee projects' performance, and we don't mediate disputes between users.

Kickstarter isn't liable for any damages or losses related to your use of the Services. We don't become involved in disputes between users, or between users and any third party relating to the

We don't oversee the performance or punctuality of projects,

from claims, damages, and demands of every kind — known or unknown, suspected or unsuspected, disclosed or undisclosed — arising out of or in any way related to such disputes and the Services. All content you access through the Services is at your own risk. You're solely responsible for any resulting damage or loss to any party.

Experienced backers avoid backing on crowdfunding platforms to reduce risks



The image shows a screenshot of the Crafteroo website. At the top, the Crafteroo logo is displayed, featuring a colorful circular icon and the text 'crafteroo crafteroo.com'. Below the logo is a navigation menu with links for Home, About, Story, Shop, Instructions, Blog, Contact, and Login. The main content area features a promotional banner for 'Cardboard + Electronics, a perfect combination for learning fun'. The banner includes a central image of a black and gold cardboard armor set with a red light sensor on the chest. To the left of the armor are three circular inset images showing close-ups of the components: a light sensor, a multi-color LED, and a programmable microcontroller. Text on the left side of the banner reads: 'An electronics kit add glowing light effects.' Below this, the three components are labeled: 'light sensor', 'multi-color LED', and 'programmable microcontroller'. To the right of the armor, the main heading reads 'Cardboard + Electronics, a perfect combination for learning fun'. Below the heading is a paragraph: 'Let's transform your kids into mighty heroes as they build their own armor then light it up by programming the electronics. Unleash your child's inner hero with our Pulsar Helmet and Armor!'. Below this paragraph is another paragraph: 'But before we do that we need your help. For the next 30 days we will be running our Pulsar Armor and Helmet campaign on Kickstarter.' At the bottom right of the banner, there is a green call-to-action button that says 'Support Crafteroo with 3 clicks!'.

crafteroo
crafteroo.com

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An electronics kit add glowing light effects.

light sensor

multi-color LED

programmable microcontroller

Cardboard + Electronics, a perfect combination for learning fun

Let's transform your kids into mighty heroes as they build their own armor then light it up by programming the electronics. Unleash your child's inner hero with our Pulsar Helmet and Armor!

But before we do that we need your help. For the next 30 days we will be running our Pulsar Armor and Helmet campaign on [Kickstarter](#).

Support Crafteroo with 3 clicks!

Creators thrive here.

Kickstarter creators pursue bold ideas on their own terms — and make an impact on the world, too.

[Read their stories](#)

Creators thrive
here
with backers'
trust and support.

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