

How to Convince the Crowd: An Impression Management Approach

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Abstract

Crowdfunding allows entrepreneurs to fund their business projects by attracting crowd investors to provide relatively small financial amounts via a standardized internet-based platform. Research on this topic is still limited, especially considering determinants that actually “convince the crowd” to fund someone else’s business idea. This study examines impression management strategies as drivers for crowdfunding success. Based on a sample of 264 crowdfunding campaigns from Kickstarter, we develop and test hypotheses concerning linguistic behaviors affecting the likelihood of raising funds and the number of project backers. We find that crowd investors prefer high levels of positive language patterns and moderate levels of promoting innovativeness.

1. Introduction

In recent years, crowdfunding emerged as a new funding channel for entrepreneurial firms and now serves as an alternative financing source besides traditional financial intermediaries, such as banks or venture capitalists in early lifecycle stages of ventures. In contrast to traditional intermediaries, crowdfunding allows individuals to fund business projects directly, even with small amounts in return for equity stakes, interest and/or a non-monetary reward. Entrepreneurs present their projects on online platforms where users can gather information about the business ideas and the entrepreneurs. Thus, the information on these crowdfunding platforms appears to be a main driver to transmit relevant aspects about projects, which then affect the crowd’s funding decision. However, research on how impressions made on entrepreneurs are formed by crowd investors is scarce. In particular, little evidence exists to date on how patterns in project descriptions shape the evaluation by potential crowd investors.

Previous literature shows that the information on crowdfunding platforms is a major determinant for successful outcomes. Moritz, Block and Lutz [1] find that information on platforms, particularly pseudo-

personalized communication via videos and chats, increases the trustworthiness perceived by investors and affects the funding decision to the benefit of the entrepreneur. Additionally, Mitra and Gilbert [2] examine phrase structures that are used in project descriptions and find correlations with the success of crowdfunding projects. We extend this study by applying the impression management approach, as a theoretical and empirically reliable construct, to investigate conceptualized language patterns that indicate certain behaviors and may impact the success of a crowdfunding campaign.

We use data about 264 Kickstarter projects closed between January and March 2015 retrieved from the Kickstarter and Kickspy websites. We expand this sample with information from secondary sources, particularly entrepreneur specific information from LinkedIn, Facebook and company websites. The results of our study indicate that impression management behaviors have indeed a significant effect on the outcome of a crowdfunding campaign. We analyze the impact of using positive language patterns, promoting innovativeness and supplication on two indicators of funding success: the likelihood of reaching the funding target and the number of crowd investors providing capital. Our results show that the use of positive language patterns has a positive effect on the likelihood of reaching the funding goal and the number of crowd investors. Furthermore, we find that the promotion of the project’s innovative and creative aspects has, up to a certain point, a positive impact on the likelihood to raise the targeted amount and the number of project backers. However, particularly high levels of promoting innovativeness lead to a reverse effect.

Our results are based on the impression management theory [3, 4]. This theoretical approach is appropriate for explaining determinants of investment decisions in entrepreneurial finance [5], since previous literature has found impression management tactics to be particularly relevant in situations in which entrepreneurs try to convince a powerful audience in order to gain their approval [6], and when uncertainty

makes it challenging to assess entrepreneurial project. Thus, we focus on the examination of language in impression management theory and the related success for crowdfunding campaigns, i.e. the funding probability and the number of crowd investors.

Our study contributes to previous literature in two main ways: first, we add to entrepreneurial finance literature by examining the behavior of crowd investors and their reactions to language patterns, which helps to gain a deeper understanding of investor decision making processes. A promising research strand has begun to examine success factors of crowdfunding campaigns, but there has been no comprehensive discussion on differences between crowd investors and traditional financiers, e.g. business angels and venture capitalists, which might help to understand how crowd investors behave compared to traditional investors. Previous literature emphasizes that traditional financiers have developed conceptual abilities and evaluate uncertain business models, whereas crowd investors usually have less detailed financial and market-related experience. Nonetheless, the crowd is able to select and fund successful entrepreneurial projects. A comparison of crowd investors and traditional financiers with regard to their reactions on impression management tactics will help to gain a better understanding of how to make investment decisions. And second, this study will add to previous literature by testing the effect of specific words that are related to certain management impression tactics. In this context, our study differs from those that have examined the reactions of investors evoked by phrase structures in project descriptions [2], since we are rather interested in the effect of impressions of competence, innovativeness and vulnerability created by the entrepreneur's language to the benefit of crowdfunding success. In line with this, we also contribute to literature on management impression theory by exposing how entrepreneurs can effectively communicate and show their confidence, while simultaneously providing relevant information about the entrepreneurial project and personal characteristics. Therefore, we operationalize management impression strategies and, thereby, focus on the role of positive language, the promotion of innovativeness and supplication behavior as relevant factors for crowdfunding success.

2. Theoretical background and hypotheses development

2.1 Crowdfunding and funding criteria

Crowdfunding has recently emerged as an opportunity to raise funds for entrepreneurial firms. There are numerous definitions of crowdfunding, which might –in the best sense– be described as raising

funds provided by a general public, essentially through the Internet, in form of a donation or in exchange for some type of reward or voting rights. Moreover, crowdfunding can be distinguished between crowd lending, crowd equity, crowd donations and crowd pre-selling [7]. Crowd lending and crowd equity can be compared to traditional financing instruments of bank loans and venture capital, while crowd donations are unconditional payment pledges of funders given to the entrepreneur with no repayment obligations. Crowd pre-selling implies that the entrepreneur commits to provide the funders with early products or services for a previously stipulated price. Our study uses data from Kickstarter, a large and well known reward-based crowdfunding platform that operates worldwide and is currently the largest crowdfunding platform in terms of money raised [8]. Kickstarter employs a reward-based business model, which means that crowd investors pledge money in exchange for a reward chosen from various rewards offered by the entrepreneur [9].

Recent empirical investigations on crowdfunding focus on heterogeneous investment determinants. First, studies highlight the relevance of network aspects. Mollick [10] uses data from the Kickstarter platform to examine the effects of network connections and quality signals of the project for the funding decision of the crowd and is indeed able to show the relevance of both factors. Furthermore, Moritz, Block and Lutz [1] use semi-structured interviews of 23 market participants to show that the perceived sympathy and trustworthiness by investors is able to reduce information asymmetries between the entrepreneur and equity investors, and, thus, affect the crowds' funding decision to the benefit of the entrepreneur. In particular, they highlight that pseudo-personal communication by the entrepreneur, e.g. via video presentation and chats, is important to convince the crowd. We add to this research by delving deeper into how entrepreneurs can communicate effectively to promote their projects.

We focus on the language that entrepreneurs use to manage the impressions that investors have of them. Furthermore, we shed light on the description of the entrepreneur's project on the crowdfunding platform, as this is the main channel from which the investors are able to obtain information. We also contribute to previous literature by taking into account the characteristics of crowd investors and compare them to traditional financiers in order to gain a manifold understanding of different investors' reactions of certain language patterns.

2.2. Impression management

Impression management is a process through which people aim to reach a goal by altering the perceived image others have of them [3-5]. Impression

management literature has been conducted at individual and intra-organizational level, as well as between an organization and its key stakeholders [5, 11], for which researchers have proposed different frameworks of impression management. For this study, we use the approach by Jones and Pittman [12] to examine the use of impression management tactics in crowdfunding. Their approach is suitable for our purposes for two main reasons. First, their taxonomy is the only model that has been empirically validated [3]. Therefore, we suggest that their approach is well-founded and corresponds accurately to reality. And second, Jones and Pittman [12] propose five different tactics encompassing behaviors that might arise when trying to get funding through crowdfunding.

According to Jones and Pittman [12], individuals typically use five different tactics: First, self-promotion, which describes the intent of individuals to be viewed as competent by presenting their capabilities. Second, supplication, which indicates that individuals want to be viewed as indigent and in need of support by showing their weaknesses. Third, exemplification, meaning that individuals want to be perceived as dedicated. Fourth, ingratiation, whereby individuals intend to be viewed as honorable and, fifth, intimidation, which describes individuals seeking to be viewed as intimidating by threatening other individuals.

Previous studies have identified particularly two impression management strategies that entrepreneurs are likely to use when trying to convince investors: Entrepreneurs have to convince investors of the competitiveness and innovativeness of their business ideas and convince them of being vulnerable and dependent on external support [5, 12, 13]. Hence, we will focus on self-promotion and supplication, since we believe that those tactics are appropriate to illustrate the mostly applied impression management strategies in crowdfunding [14].

We adapt the theory of impression management in the field of entrepreneurial finance with a focus on crowdfunding. We believe that crowd investors have unique characteristics compared to traditional financiers, e.g. business angels [5], which is why a separate and profound analysis of this recently emerged type of investors should be conducted in the context of impression management tactics. Mostly, previous studies have ignored the language as an important factor in impression management. Instead, they focused on manifestations of impression management approaches, or the content of communication between individuals [5]. By following the approach of Parhankangas and Ehrlich [5], this study will address this gap by testing the effect of specific words that refer to different impression

management tactics for crowdfunding and distinguish itself from previous research on traditional financiers.

2.3 Hypotheses on impression management in crowdfunding

Self-promotion through positive language

The promotion of a business project can be described as the behavior of the entrepreneur to present his or her idea as being successful and effective [15]. Hence, the promotion of a business project might become visible through the use of a positive language that is applied when presenting an idea on a crowdfunding platform referring to one's strength and capabilities [3, 16]. The promotion of a business project is particularly useful when the entrepreneur is not well known or when he or she is competing with other entrepreneurs for funding resources [5, 17]. This situation is applicable to business founders describing their ideas on crowdfunding platforms and trying to convince platform users to provide funding to their rather than to other projects listed on the platform.

Entrepreneurs are usually aware of the fact that many users of crowdfunding platforms are perceived as "early adopters," a group that is risk-taking and supportive of revolutionary ideas [18]. The use of a positive language might particularly promote these factors and therefore affect the investment decision of the platform users to the benefit of the entrepreneur. This suggestion is in line with previous studies on the taxonomy of impression management approaches, which have shown that promotional impression strategies by using positive language patterns have a positive effect on the likelihood to hire or promote someone [5, 19, 20].

Taking crowdfunding from a general entrepreneurial perspective, we can also distinguish between crowd investors and traditional financiers regarding different perceptions of language. When considering solely the reaction of crowdfunding investors on positive language, they are likely to lack the financial experience of venture capital firms or angel investors, who are highly proficient about assessing entrepreneurial projects and entrepreneurs [21, 22]. Crowd investors might have –unlike traditional financiers– less detailed knowledge about industry specifics [21], which is why they might be more easily convinced through positive promotional speech by entrepreneurs. Further, we believe that crowd investors are more receptive to boasting through excessive use of positive language patterns, boasting has an investment-repellent effect for traditional financiers [23]. In line with this aspect, Parhankangas and Ehrlich [5] find for traditional financiers, e.g. business angels, that they react only up to a certain point of the use of

positive language to the benefit of the entrepreneur. We therefore hypothesize:

H1: Using positive language to describe a crowdfunding project has a positive effect on crowdfunding success.

Self-promotion through emphasizing innovativeness

Crowdfunding allows innovative ventures in particular to receive funding, which is why this financing instrument can be described as a catalyst for innovation [24]. Further, this instrument is a relevant tool to raise funds for visionary small ventures but also for pioneering high-growth ventures that are typically financed by venture capitalists [25]. Previous literature has found that venture capitalist and business angels indeed focus on the innovativeness of a business project, particularly with regard to product uniqueness [26]. The promotion of innovation might be an appeal for crowd investors looking to access new and untapped markets [5].

Crowd investors are able to determine what innovative products consumers will prefer, since crowd investors are likely to contain a similar population as consumers. Thus, crowdfunding enforces the wisdom of the crowd to choose innovative entrepreneurial projects that consumers will embrace [27]. Similarly, traditional financiers also prefer investing in innovative projects from high-tech industries and are able to determine promising ventures due to their conceptual abilities and extensive experience to evaluate uncertain business models. Parhankangas and Ehrlich [5] find for business angels, that they react only up to a certain point of promoting innovativeness to the benefit of the entrepreneur. They perceive very high levels of innovativeness might appear unfamiliar and evoke reluctance among potential consumers [28, 29].

Due to the similarities between crowd investors and traditional financiers with regard to innovative products, we believe that in the context of crowdfunding the promotion of innovativeness is also likely to be only beneficial up to a certain point. High levels of innovativeness might also be associated with radical new products or services, which may violate accepted conventions and create resistance [28, 29]. Hence, the crowd might perceive a highly innovative business project as too risky due to the related challenges associated with the commercialization process and capital appropriation [5, 30]. The entrepreneurs' goal to strike a balance between the emphasis of the projects innovativeness and its appeal to convention is therefore likely to be an important factor for impression management tactics and the applicability to crowdfunding. We therefore hypothesize:

H2: Promoting the innovativeness of a crowdfunding project has a curvilinear relationship with the success of receiving funds, with both high levels and low levels of promoting the innovativeness with lower funding success.

Supplication

An entrepreneur uses supplication tactics to create an impression of neediness by presenting the business project's weaknesses and limitations [31]. Supplication stresses certain characteristics of the entrepreneur or the business project to create sympathy and enhance the willingness of others to be supportive [12, 32]. In the context of entrepreneurial finance, supplication might address a lack of human resources, particularly insufficient capabilities with regard to industry experience of the founding team, inadequate R&D funding, or deficient administrative capacity to establish distribution channels for products or services [5].

Supplication impression management strategies aim to present a business as being incapable of being successful without support and, therefore, opposes the management tactics previously discussed in this study [15]. Literature on this topic has not been able to agree on a common understanding on the success of this strategy. On the one hand, some studies find evidence for unfavorable effect of supplication, since the business project or the entrepreneur might be perceived as desperate with regard to lacking individual capabilities [12, 31, 33]. Further, supplication might also weaken the bargaining position of the entrepreneur or a new business [5]. On the other hand, entrepreneurs take the view that it could be advantageous to appear limited and/or weak under certain circumstances. By emphasizing their limitations and pointing out that they need assistance, the supplicating entrepreneur or business project might generate feelings of obligation and social responsibility [3, 12]. Thus, supplication impression management strategies might evoke sympathy for the entrepreneur or the business project.

Traditional financiers of entrepreneurial projects, i.e. venture capitalists and business angels, are often described as proactive and hands-on who aim to compensate for any missing capabilities of the entrepreneurs [5]. They also aim proactively to get involved in the startups they invest in [26], which is why they therefore react positively to supplications strategies due to the feeling of being needed [5]. We suggest that this strategy is also applicable to crowdfunding. Crowd investors aim to fund projects that are innovative and are able to create a social return [18]. They easily feel committed to needy entrepreneurs' projects aiming to promote the common

good and connected to a community with similar interests and ideals [34].

However, we suggest that supplication tactics are beneficial up to a certain point until this behavior leads to the perception of being incompetent particularly with regard to developing a business project [12, 35]. Since there are limits of the crowd's willingness to support entrepreneurs, who are needy or limited, investors tend to perceive high levels of supplication as a sign for desperate behavior and a lack of managerial acumen [36]. Hence, we hypothesize:

H3: The use of supplication strategies for crowdfunding has a curvilinear relationship with the success of receiving funds, with both high levels and low levels of supplication with lower funding success.

3. Methods

3.1. Data

Our dataset consists of data collected from Kickstarter.com and Kickspy.com between February and March 2015 until Kickspy was shut down on 31st March 2015. Kickspy was a website that collected all available information about Kickstarter projects and publicly provided data for both successful and failed crowdfunding projects. Our dataset consists of 264 campaigns that have reached their end date of funding between January and March 2015. Since we use data from a certain period of time, changes of the market situation during the narrow observation time are unlikely so that we are able to avoid bias. We enrich our sample with data from secondary sources, particularly personal information about previous work experience of the entrepreneurs via LinkedIn, Facebook profiles and company websites. After elimination of incomplete records, our final sample consists of 203 crowdfunding projects.

We consider two complementary econometric approaches. First, we use logistic regression models to examine the effect of the language used for project descriptions on the probability of being funded. And second, we use multiple linear regression models to investigate the language effect on the number of backers to gain a detailed insight into the relevance of impression management strategies.

To analyze the language in the descriptions of crowdfunding projects, the texts of all observed projects were read into the text analysis tool TextSTAT, a program to calculate the frequency of words used in a certain text document [37].

3.2. Variables

Our dependent variables serve to present a manifold picture of the success of a crowdfunding project. Most studies focus on whether a project has

reached its funding goal in order to be considered as successful [10, 38]. However, recent studies on this topic tend to focus on the role of the backers of crowdfunding projects, such as Kuppuswamy and Bayus [8]. They examine how crowd investors' support varies based on timing issues and project success. Therefore, our aim is twofold: our first dependent variable Funding takes the value 1 for a business project that has reached or even exceeded funding target and 0 otherwise. We use this variable as a proxy to determine how the crowd's investment determinants affect the probability of being successfully funded. On average, 31% of the observed crowdfunding projects have successfully been funded.

And second, we use the variable Backers to investigate not only the monetary effect of crowdfunding success, but also whether certain behaviors affect the number of supporters that provide funds and maybe also promote crowdfunding project in their social/business networks [10]. Table 1 compares the means of our dependent variables with prior studies on crowdfunding based on Kickstarter data. There are fluctuations in the probability of funding success in a range between 16 % [9] and 54% [39], indicating that there might be changes over the time. Nonetheless, the mean for funding success with 31% is somewhat in the middle of the range, which is why we believe that our sample and particularly this variables is appropriate to illustrate a valid measure.

Table 1 about here

In order to examine language patterns as our main explanatory effects, we operationalize self-promoting activities by distinguishing between the uses of positive language and promoting innovativeness, as well as investigating the effect of supplication. The variable Positiveness indicates the number of positive words used in the project description. This variable is a count measure and uses the number of positive words or word combinations that contain any positive words based on the list presented by Henry [40]. This list includes the number of words, such as positive, strong, great and others, which have been collected from research that examined the behavior towards written communication addressed to stakeholders [41, 42].

The variable Innovativeness implies counting the words used to describe innovativeness and creativity of the crowdfunding project, and is based on the assumptions of Michalisin [43]. Words that refer to the innovativeness are, for instance, new products, high progress and significant improvements or word combinations that contain any of those words referring to innovativeness. Our operationalization includes both market- and technology-based aspects of a certain

project's innovativeness, to illustrate how the entrepreneurs present innovative and creative characteristics, but not to capture the actual innovativeness of the business project.

The independent variable Supplication was operationalized by counting the words that indicate the entrepreneur's or the crowdfunding project's vulnerability, for instance, the lack of resources and the weakness of being able to properly compete with others. We use the negative word list of Henry [40], which contains a number of negative words, such as failure, disappointment and less in order to count these words or word combinations that contain any negative words referring to Supplication tactics.

We include a set of control variables. Moritz, Block and Lutz [1] show for equity-based crowdfunding that pseudo-personal communication through presentation videos and visualizations in social media channels appear to be a main aspect to transmit relevant information. Thus, we add the variable Picture, which takes the value 1 for crowdfunding descriptions with illustrations and/or photos and 0 otherwise, and also the variable Video, which takes the value 1 for the use of a promotional video.

Previous studies have examined gender-based differences in financing and have indeed found that women are disadvantaged when trying to access external funding sources [44-46]. Therefore, we imply the variable Male, which takes the value 1 for a male entrepreneur or a male entrepreneurial team.

We also include a control variable for team projects. If an entrepreneur aims to raise external funding, he or she needs to convince the investors not only with the business idea, but also with his or her capabilities to react well to risk, being familiar with the target market and having staying power [47]. Those characteristics might increase the likelihood for funding of entrepreneurial teams. Therefore, we add the variable Team, which indicates whether a project is carried out by two or more individuals, or not.

Furthermore, we control for the entrepreneur's working experience (WorkExp), since this variable could increase the probability of receiving external funding from investors [48]. In some cases, the working experience of the entrepreneur has been stated on the Kickstarter website. However, in most cases, we had to screen social business networks, such as LinkedIn, their Facebook profiles or company websites to collect relevant information. Overall, we find that 91% of all initiators of crowdfunding projects have gained previous working experience. This dummy variable takes the value 1 for any previous working experience.

One of the most analyzed entrepreneurial variables for founder characteristics is the entrepreneurs'

educational background. This variable serves as a proxy for underlying factors that may influence how a crowdfunding project is organized or managed. Hence, we include the variable university, which takes 1 for entrepreneurs with a university degree and 0 otherwise.

Table 2 about here

Crowdfunding projects are highly different, which is why the amount of funding as well as the number of backers might differ. Therefore, we include 10 dummy variables for different project categories based on the categorization of Kickstarter to control for project heterogeneity. An overview of all variables we use for our study is provided in Table 2.

We tested for multicollinearity problems by calculating the correlations among the main variables (results upon request). No correlation exceeds the threshold of 0.7, which indicates that there are no multicollinearity issues for our study. In line with that, we calculate the variance inflation factors and all values are below the threshold of 10.

4. Results

The logistic regression models in Table 3 show that certain impression management tactics have indeed an effect on the likelihood of success. When considering the results for Positiveness in Model 2, we find that the use of positive language patterns in project descriptions has a significant effect on the likelihood to reach the targeted funding amount. We expected this results, since the use of a positive language might particularly promote revolutionary ideas, be directly addressed to the crowd investors' enthusiasm, and therefore affect the investment decision of the platform users to the benefit of the entrepreneur. Furthermore, it might not only be of interest whether a project has successfully been funded, but also how many investors are providing funds. Hence, we also find a similar and significant effect for the use of positive language patterns in Model 5, indicating that positive words associated with the crowdfunding project have a positive effect on the number of project backers. Thus, the results in Model 2 and 5 are able to show that the use of optimistic and positive speech is able to convince crowd investors, which is why we verify H1.

This result is particularly interesting when comparing it with the perception of positive language patterns of traditional financiers. Parhankangas and Ehrlich [5] have shown that they react only up to a certain point of the use of positive language to the benefit of the entrepreneur, due to valuable financial and industry experience. They are highly proficient about assessing entrepreneurial projects and entrepreneurs [21, 22] and are not so easily enticed

though positive language to invest compared to crowd investors. We believe that our results serve as evidence that crowd investors are more receptive to boasting through excessive use of positive language patterns and are therefore more easily falling projects that are promoted to these kinds of language patterns.

Table 3 about here

When considering the results for Innovativeness in Model 3, we find that the use of innovative words to describe a research project is advantageous up to a certain point, but turns negative when emphasizing the innovativeness of a crowdfunding project too much. We have expected this results since crowd investors are particularly interested to proactively support innovative ideas. However, very high levels of innovative potential might violate accepted conventions and create resistance. We have plotted our findings on Figure 1 and the results are significant on the 5%-level. Figure 1 illustrates the u-shaped relation between the level of using language to promote innovativeness and the probability of successful funding. A turning point can be found at a word count of 2, which appears low at first sight. Only on second glance, we realize that two words referring to innovativeness is actually the quadruple value of the average value in the project descriptions (see Section 3.2. or Table 2). Furthermore, Parhankangas and Ehrlich [5] find a similar turning point at the word count of 2.8, which is why we believe results is an appropriate but simplified empirical illustration of reality.

Figure 1 about here

To gain detailed insight into the effect of management impression strategies, we also examined the effect of language patterns on the number of backers. Considering Model 6, we find similar results compared to the result in Model 3. For Innovativeness, the results exhibit again an inverted u-shaped relationship (see also Figure 1). Since the u-shaped relationship between Innovativeness and funding success can be found in each model, we can verify H2.

The results for the examination of supplication behavior does not provide any significant outcomes, since we use a small dataset of 203 crowdfunding campaigns for our econometric approaches, which might hamper our efforts to gain significant outcomes. Particularly, when reconsidering Table 1 we can see that our sample is the smallest in comparison with other significant studies based on Kickstarter data. An examination of language patterns by focusing on

supplication behaviors with a large data set might be a promising direction for future research.

5. Discussion

Internet-based crowdfunding, as an alternative financing source, has recently emerged to raise funds for entrepreneurial projects. Crowdfunding projects are presented on funding platforms where investors are able to provide funding. However, only little is known about how entrepreneurs can effectively promote their projects in order to convince the crowd to invest. This study extends the previous research in several aspects. First, it contributes to impression management literature, because our study differs from those that have examined the reactions of investors evoked by phrase structures in project descriptions [2], since we are rather interested in the receptivity of impressions of competence, innovativeness and vulnerability created by the entrepreneur's language the in the project descriptions of crowdfunding campaigns. Second, we add to previous entrepreneurial finance theory by examining the behavior of crowd investors. Little is known about the decision making process of crowd investors and how they can be distinguished from traditional financiers, such as business angels and venture capitals. The extant literature suggests that these traditional financiers have developed exceptional skills to assess entrepreneurial projects, whereas crowd investors usually have less detailed financial and industry-related experience. Nonetheless, the crowd is able to select and fund promising entrepreneurial projects, which is why a comparison of crowd investors and traditional financiers with regard to their reactions on impression management tactics will help to gain insights into the behavior of recently emerged crowd investors add to previous literature in this context.

We used data of 264 Kickstarter projects and were able to find evidence that positive language patterns have a positive effect on the likelihood to reach the funding goal and the number of crowd investors. We further find strong evidence that the promotion of a project's innovative aspects increase the likelihood of convincing the crowd to provide funding. This finding works up to a certain point where this promotional effect will reverse and decreases the likelihood of funding success. This is due to the fact that the crowd aims to particularly support innovative ideas, but fears high levels of innovative potential, which might violate accepted conventions and create resistance. Overall, we were able to establish that certain language patterns, operationalized by management impression strategies, are a determinant for crowdfunding success. From a practical perspective, our results help entrepreneurs to effectively communicate their

determination in the success of their entrepreneurial project by striking a balance between the emphasis of the projects innovativeness and its appeal to convention is therefore likely to be an important factor for impression management tactics and the applicability to crowdfunding.

This study has certain limitations, which is why we encourage further research on the following topics. We do not have information about the investors. It might be interesting to know how our results vary for investors with different characteristics, such as gender, education and investment experience. Additionally, our study is limited on the analysis of written descriptions of crowdfunding projects. This restricts the applicability of impression management tactics, since an examination of the language used in videos presenting the crowdfunding projects, might be particularly beneficial for further research.

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Table 1 Comparison of data sets on Kickstarter campaigns

	This study	Kuppuswamy & Bayus (2014)	Mollick (2014)	Colombo et al. (2015)	Zvilichovsky et al. (2014)
N	203	14,704	48,034	502	68,057
Time period	Jan 2015 - Mar 2015	May 2009 - Feb 2012	May 2009 - Jul 2012	Oct 2012 - Jan 2013	May 2009 - Mar 2013
Funding success	0.31	0.41	0.49	0.16	0.54
Number of backers	115.47	28.63	66.66	-	84.08

Table 2 Variables of the econometric models

Variable	Mean	Min	Max
<i>Dependent variables</i>			
Funding	0.31	0.00	1.00
Backers	115.47	1.00	4765.00
<i>Language variables</i>			
Positiveness	8.33	0.00	38.00
Innovativeness	0.52	0.00	7.00
Supplication	5.25	0.00	16.00
<i>Control variables</i>			
Pictures	0.79	0.00	1.00
Video	0.67	0.00	1.00
Male	0.76	0.00	1.00
Team	0.47	0.00	1.00
WorkExp	0.91	0.00	1.00
University	0.69	0.00	1.00
<i>Category dummies</i>			
DCat_Art	0.20	0.00	1.00
DCat_Comis	0.01	0.00	1.00
DCat_Crafts	0.15	0.00	1.00
DCat_Design	0.01	0.00	1.00
DCat_Film	0.03	0.00	1.00
DCat_Food	0.01	0.00	1.00
DCat_Games	0.12	0.00	1.00
DCat_Journalism	0.03	0.00	1.00
DCat_Music	0.17	0.00	1.00
DCat_Publishing	0.05	0.00	1.00

Table 3 Regression analysis

VARIABLES	Logit	Logit	Logit	OLS	OLS	OLS
	Model 1: Funding	Model 2: Funding	Model 3: Funding	Model 4: Backers	Model 5: Backers	Model 6: Backers
<i>Control variables</i>						
Pictures	0.836 (0.549)	0.641 (0.581)	0.600 (0.598)	208.8* (120.1)	140.4 (125.0)	164.1 (124.5)
Video	0.766 (0.483)	0.706 (0.511)	0.757 (0.529)	186.1* (100.5)	133.2 (104.2)	144.4 (102.8)
Male	-0.0435 (0.408)	-0.0550 (0.412)	-0.121 (0.434)	71.18 (91.86)	74.32 (91.23)	101.2 (91.93)
Team	-0.00278 (0.381)	-0.00128 (0.388)	-0.0343 (0.405)	100.2 (80.87)	88.26 (80.60)	49.37 (80.58)
WorkExp	0.682 (0.659)	0.654 (0.662)	0.558 (0.679)	58.02 (127.3)	27.39 (127.0)	26.58 (125.5)
University	0.350 (0.413)	0.383 (0.418)	0.426 (0.439)	52.35 (87.88)	37.30 (87.82)	67.95 (88.06)
<i>Language variables</i>						
Positiveness		0.0568* (0.0335)	-0.00343 (0.0860)		14.22** (7.101)	-21.56 (17.45)
Positiveness2			0.00217 (0.00278)			1.241** (0.563)
Innovativeness		-0.0640 (0.172)	1.025** (0.479)		22.03 (35.73)	166.7** (76.05)
Innovativeness2			-0.295** (0.145)			-32.26** (15.37)
Supplication		-0.117 (0.0842)	-0.414 (0.253)		-10.59 (17.70)	3.555 (51.07)
Supplication2			0.0207 (0.0169)			-0.584 (3.357)
Constant	-3.168*** (1.104)	-2.795** (1.129)	-1.870 (1.298)	-337.6 (221.7)	-296.3 (226.6)	-304.3 (263.7)
Observations	203	203	203	203	203	203
R-squared	0.1154	0.1284	0.1621	0.083	0.111	0.151

Figure 1 Plots of significant impression management variables

