

Catching Fire and Spreading It: A Glimpse Into Displayed Entrepreneurial Passion in Crowdfunding Campaigns

Junchao (Jason) Li
Tulane University

Xiao-Ping Chen and Suresh Kotha
University of Washington

Greg Fisher
Indiana University

Crowdfunding is an emerging phenomenon that enables entrepreneurs to solicit financial contributions for new projects from mass audiences. Drawing on the elaboration likelihood model of persuasion and emotional contagion theory, the authors examined the importance of displayed entrepreneurial passion when seeking resources in a crowdfunding context. They proposed that entrepreneurs' displayed passion in the introductory video for a crowdfunding project increases viewers' experienced enthusiasm about the project (i.e., passion contagion), which then prompts them to contribute financially and to share campaign information via social-media channels. Such sharing further facilitates campaign success. In addition, the authors proposed that perceived project innovativeness strengthens the positive effect of displayed passion on social-media exposure and the funding amount a project garners. They first tested their hypotheses in 2 studies using a combination of survey and archival data from the world's 2 most popular crowdfunding platforms: Indiegogo (Study 1) and Kickstarter (Study 2). They then conducted an experiment (Study 3) to validate the proposed passion contagion process, and the effect of displayed entrepreneurial passion at the individual level. Findings from these 3 studies significantly supported their hypotheses. The authors discuss the theoretical and practical implications of their findings.

Keywords: crowdfunding, passion, decision making, entrepreneurship, emotional contagion

Crowdfunding is “the practice of soliciting financial contributions from a large number of people especially from the online community” (Merriam Webster Dictionary). To solicit financial contributions for creative projects, individuals or teams present their projects on crowdfunding platforms such as Kickstarter and Indiegogo. Potential backers can view these projects and decide to financially support them in return for specified rewards. Barnett (2015) reported that entrepreneurs raised about \$16 billion via crowdfunding in 2014, with estimates that \$34 billion would be reached by 2016; exceeding the roughly \$30 billion invested by U.S. venture capitalists (VCs) annually. As of March 2016, more than 100,000 projects (35.38% of total projects launched) have been successfully funded via Kickstarter—the world's largest crowdfunding platform—with a total funding amount of more than \$2.3 billion from over 10 million backers (3.3 million of which are repeat backers).¹

For many early stage entrepreneurs, crowdfunding provides an opportunity to access critical seed capital for projects that may not yet appeal to more traditional investors such as VCs or angel investors (Schwienbacher & Larralde, 2010).² Crowdfunding differs from targeting traditional investors in three major ways. First, VCs and angel investors are informed, professional investors typically with investment expertise (Heeley, Matusik, & Jain, 2007), whereas crowdfunding backers are mostly novices who lack the expertise to fully evaluate a project's quality, growth or investment potential. Second, although traditional investors invest fairly large amounts of money in exchange for venture equity, and focus on maximizing financial returns, crowdfunding backers often support a project with small amounts of money to assist entrepreneurs and gain early access to a product. Third, the growing popularity of social media platforms such as Facebook and Twitter has fueled

¹ Data for this platform is available at https://www.kickstarter.com/help/stats?ref=about_subnav.

² VCs are individuals who operate in a partnership, to raise funds for investment in entrepreneurial ventures, in return for equity stake in those ventures. Most VCs have entrepreneurial experience, investment experience or both. Angel investors are individuals who invest their own personal funds into an entrepreneurial venture in return for an equity stake in that venture. To do so they must meet the definition of an accredited investor (as defined by the Securities Act of 1933: a natural person whose net worth exceeds \$1,000,000 and/or who has had an individual income in excess of \$200,000 per annum). VCs and angel investors invest in ventures to generate economic returns; they therefore look for ventures that demonstrate significant growth potential to maximize the likelihood of generating good financial returns.

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Junchao (Jason) Li, Department of Management, Freeman School of Business, Tulane University; Xiao-Ping Chen and Suresh Kotha, Department of Management & Organization, Foster School of Business, University of Washington; Greg Fisher, Department of Management & Entrepreneurship, Kelley School of Business, Indiana University.

Correspondence concerning this article should be addressed to Junchao (Jason) Li, Department of Management, Freeman School of Business, Tulane University, 7 McAlister Drive, New Orleans, LA 70118. E-mail: junchli@uw.edu

the rise of crowdfunding, and social-media engagement is an integral part of the crowdfunding process, which is not the case for VC or angel investments. Given the dramatic rise of crowdfunding, and the changing nature of the venture funding process, the time is ripe to examine the unique dynamics of resource acquisition in crowdfunding settings.

Emerging crowdfunding research provides a descriptive understanding of how and when entrepreneurs raise financial resources via crowdfunding platforms (Belleflamme, Lambert, & Schwienbacher, 2012; Matusik, 2014; Schwienbacher & Larralde, 2010) and how investor support varies depending on project success and timing (Kuppuswamy & Bayus, 2013). Recently, Mollick (2014), drawing from a large dataset of Kickstarter projects, offered the first empirical understanding of the dynamics of crowdfunding, and identified three factors related to successful fundraising—project creators' networks, locational origins of the project, and proxies for project quality (i.e., having a video or not, number of quick updates, and number of spelling errors). However, current crowdfunding research stops short of scrutinizing the introductory videos attached to campaigns, despite practitioner descriptions suggesting that project videos are vital for crowdfunding success (e.g., Steinberg, 2012; Spierer, 2013) because they are an effective way to "communicate the emotions, motivations, and character of a project, and the sincerity and seriousness of the creator" (Strickler, 2009). To date, theoretical explanations or empirical validations to support such claims are limited.

To explore the factors that impact crowdfunding success, we draw from the elaboration likelihood model of persuasion (ELM; Petty & Cacioppo, 1981, 1986) and highlight that entrepreneurs' passion displayed in a crowdfunding video plays a vital role in resource solicitation, and interacts with perceived project innovativeness to impact a crowdfunding campaign's success. ELM posits that, when being persuaded, individuals with lower motivation or ability in evaluating issue-related arguments tend to be swayed by simple, issue-irrelevant cues such as positive and negative affect, appearance, and/or the voice of the persuader, whereas individuals with higher motivation and ability focus more on the true merits of the information presented in support of a proposal. In a crowdfunding context, potential backers would want their money to be contributed to the right campaigns; either the invested campaign eventually provides them with an appealing product, and/or the entrepreneurial venture succeeds and makes a positive impact. Nonetheless, as they are usually supporting a project with a relatively small financial contribution and such investment is not their main source of employment or income, they may invest their time elsewhere rather than grappling with the projects details. More importantly, potential backers often lack the expertise and knowledge to evaluate a new venture's viability or potential. In other words, they have—relative to professional investors—lower motivation and less expertise to undertake serious due diligence. We thus expect that potential crowdfunding backers will pay substantial attention to simple cues such as the entrepreneurs' displayed passion, which is easily observable via a video, and believed to be a key ingredient for venture success (Baron, 2008; Cardon, Wincent, Singh, & Drnovsek, 2009).

We draw on the emotional contagion theory (e.g., Barsade, 2002; Hatfield, Cacioppo, & Rapson, 1994; Pugh, 2001) to propose that the passion shown in the project introduction video will arouse viewers' enthusiasm³ through "passion contagion" (i.e.,

catching the fire). As a result of the aroused enthusiasm, viewers will not only financially support a project but also express their enthusiasm via social-media channels (i.e., spreading the fire). ELM further suggests that the extent to which individuals rely on issue-relevant information versus peripheral cues falls on a continuum. Although potential backers are significantly swayed by simple cues such as displayed passion, they do not completely overlook product-related information such as innovativeness, which captures the novelty and usefulness of a product, and is a distinguishing characteristic of successful crowdfunding projects. In particular, we argue that the effects of displayed passion on social media sharing, and the funding amount raised, tend to be more positive when entrepreneurs' displayed passion is coupled with high perceived project innovativeness. We present our theoretical model in Figure 1.

The Crowdfunding Context

Crowdfunding websites (e.g., Kickstarter) provide a web page for each project featuring a title, an introductory video, and the current funding progress—including the number of backers, amount pledged, and number of campaign days remaining. Potential backers can also read about the project creator(s), product specifics, updates, comments from other backers and different support options (varying in amount and rewards). The introductory video, if present, is the central focus of a project web page. Mollick (2014) showed that campaigns that use an introductory video are more likely to succeed. Yet, the reasons behind this assertion remain unexplored. Also, because almost all current crowdfunding projects now have a video, its mere presence is a poor predictor of project success. There is, however, variability in how entrepreneurs present their project in a video, which should impact campaign success and thus merits more scrutiny. This article thus explores whether or not, and why, the passion conveyed through an introductory video influences crowdfunding outcomes.

Theory and Hypotheses

Displayed Entrepreneurial Passion in Crowdfunding: A Passion Contagion Process

Passion refers to a "psychological state characterized by intense positive emotional arousal, internal drive, and full engagement with personally meaningful activities" (Perttula, 2003, p. 15). In a crowdfunding context, project creators convey their passion for their projects primarily through videos. As an intensive affective state, entrepreneurial passion is manifested verbally through words and phrases, and nonverbally via facial expressions, varied tones, and rich body language (Chen, Yao, & Kotha, 2009). Crowdfunding backers generally lack expertise in venture evaluation and commit relatively small contribution amounts. Hence, they typically have relatively lower motivation and ability to make stringent and rigorous decisions about whether or not to support a campaign. According to ELM, they should pay substantial attention to simple,

³ In this article, we use passion to account for the positive affect displayed by the entrepreneurs and we use enthusiasm to refer to the positive affect that backers experience when watching that presentation.

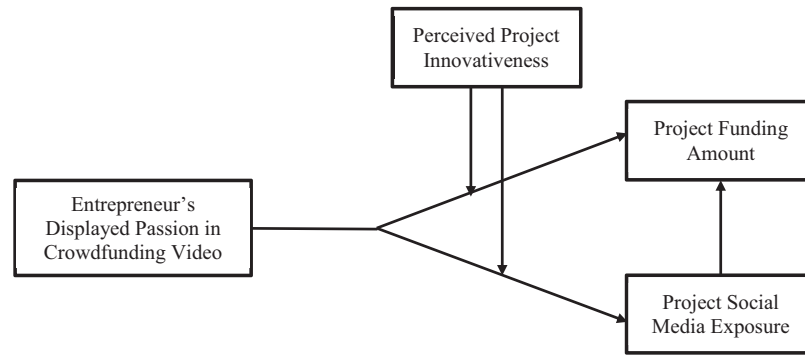


Figure 1. Theoretical model of entrepreneurial passion in crowdfunding.

emotional cues, rather than engage in-depth analytical deliberations (Petty & Cacioppo, 1986). As such, entrepreneurial passion revealed in an introductory video should significantly influence viewers' likelihood of making a financial contribution through a process we call passion contagion.

A large body of literature suggests that emotions are contagious (e.g., Barger & Grandey, 2006; Barsade, 2002; Pugh, 2001). When exposed to others expressing certain emotions, individuals may have a corresponding change in their own emotional state. This is because individuals tend to "automatically mimic and synchronize facial expressions, vocalizations, postures, and movements with those of another person and, consequently, converge emotionally" (Hatfield et al., 1994, p. 5). Mimicking and emotional convergence occur in an automatic and subconscious manner (Neumann & Strack, 2000). Research shows that once people engage in mimicking behavior, they experience the emotion itself through physiological feedback from their muscular, visceral, and glandular responses. Although the focal individual may eventually become aware of this reflective emotion, the initial processes that produce it are automatic and subconscious (see Hatfield et al., 1994 for a review).

As potential backers watch an introductory video, they are likely to automatically mimic passion-related nonverbal cues (e.g., expressions in the eyes, smile, etc.), as well as to respond to verbal expressions (e.g., "we are so excited about this project"). This induces their passion for the idea through physiological feedback (i.e., catching fire). Such passion contagion has been described in prior entrepreneurship research. Cardon (2008), for instance, has theorized that passionate entrepreneurs transfer their passion to their employees through the contagion process of emotional mimicry. Breugst, Domurath, Patzelt, and Klaukien (2012) found that employees of an entrepreneurial venture, who perceive entrepreneurial passion in their supervisors, tended to experience more positive affect at work, which increased their commitment to the venture.

The aroused enthusiasm in potential backers is associated with feelings such as joy, zeal, and desire (e.g., Cardon, Zietsma, Saporito, Matherne, & Davis, 2005; Smilor, 1997). Based on ELM, we argue that because potential backers tend to be swayed by peripheral cues, their experienced enthusiasm serves as a critical cue, and influences their support for a product idea. Also, because crowdfunding websites host numerous projects, potential backers need to make quick decisions about whether to explore project

details, or move on to examine another project. In such cases, they tend to make rapid, automatic, effortless, and associative decisions and act on content that is affective, concrete, and prototypical (Evans & Stanovich, 2013; Kahneman & Frederick, 2002). Hence, the enthusiasm experienced by potential backers should increase their inclination to fund a project in one of two distinct ways.

First, the experienced enthusiasm toward a proposed venture may prompt the potential backers to spend more time on the project page to learn about its details. As they do so, their evaluation of the project is likely to "remain anchored on initial impressions" (Kahneman & Frederick, 2002, p. 3). This is because individuals tend to seek information that supports their initial position, and discount information that does not (i.e., confirmation bias). Second, driven by their experienced enthusiasm for the product idea, they might decide to fund the project without further scrutiny. Studies have shown that when an appraiser is making rapid judgments that have less personal relevance, a positive mood is associated with less critical thinking (Forgas, 1995) and increases favorable appraisals (Barger & Grandey, 2006; Pugh, 2001; Sinclair & Mark, 1995). In either case—whether it results in confirmation bias or prompts a rapid favorable decision—the passion caught from watching a passionate pitch-video will increase the potential backers' willingness to fund a project. Therefore, we propose,

Hypothesis 1: In a crowdfunding context, displayed entrepreneurial passion in a project's introductory video will be positively related to the funding amount raised.

The Mediating Role of Social-Media Exposure

The popular press emphasizes that crowdfunding depends heavily on social media to publicize information about projects (e.g., Lawton & Marom, 2010; Steinberg, 2012). The social-media exposure of crowdfunding projects often involves distributing information via Facebook, Google+, and/or Twitter. Individuals viewing product information on a crowdfunding website can share this information using built-in sharing mechanisms available on the project page.

As articulated earlier, entrepreneurial passion revealed in an introductory video arouses potential backers' enthusiasm through a primitive contagion process. Although this may persuade them to invest directly, it may also prompt them to share project informa-

tion via social-media channels for three reasons. First, it is another important yet costless way to support a project. Sharing project information on social-media networks means that the project is broadcast to a broader audience via a known and trustworthy intermediary (i.e., a personal social-media connection), which can help boost the number of viewers (Bakshy, Rosenn, Marlow, & Adamic, 2012). Second, individuals are inclined to share content and experiences that are emotionally charged, because the sharing of emotion enables them to relive the experience (Rimé, Mesquita, Phillipot, & Boca, 1991). Third and finally, it allows them to deepen their social connection with others through a shared emotional experience (Peters & Kashima, 2007). Research shows that people are more likely to pass along stories that elicit strong emotions, even after controlling for whether the content is surprising, interesting, or practically useful (Berger & Milkman, 2012; Heath, Bell, & Sternberg, 2001).

Increased social-media exposure will in turn impact project funding. Social-media exposure is critical for a crowdfunding project because competition for the attention of potential backers is rife. For example, on Kickstarter there are about 700 live projects in the technology category alone at any given moment. Because most potential backers are unable to view every project, they rely on other sources to decide which ones to look at. Information from a known and recognizable source more likely draws attention and garners a response, compared to information from an unknown source (Starr & Macmillan, 1990).

In addition, information on social-media platforms is often positively framed. When sharing a project on social media, potential backers may attach enthusiastic notes such as "This is great!". Such expressions catch people's attention as they sift through Facebook posts and tweets, help frame the contents in a positive light, and trigger a positive impression (Baron, 2008; Pollock & Rindova, 2003). Marketing research suggests that positive word-of-mouth communication significantly increases product adoption and sales (Chevalier & Mayzlin, 2006; Codes & Mayzlin, 2004). Taken together, these arguments suggest that social media facilitates the sharing of positive information about crowdfunding projects, which in turn increases the pool of potential backers and results in more funding for the project. As such, we propose,

Hypothesis 2a: Displayed entrepreneurial passion in a crowdfunding project's introductory video will be positively related to the project's social-media exposure.

Hypothesis 2b: The social-media exposure a crowdfunding project receives will be positively related to the funding amount it garners.

Hypothesis 2c: Social-media exposure will partially mediate the relationship between displayed entrepreneurial passion and the funding amount raised for the project.

Perceived Project Innovativeness as a Moderator

So far we have argued that displayed entrepreneurial passion in an introductory video can, through a contagion process, arouse viewers' enthusiasm, which induces them to fund a crowdfunding project, and/or share it on social-media platforms. That said, the likelihood that backers are susceptible to emotional cues does not mean that they overlook product-related information entirely. In

fact, the extent to which individuals make decisions based on issue-relevant information or peripheral cues is a matter of degree, as opposed to a question of either-or (Petty & Cacioppo, 1986). More often than not, individuals process both issue-related arguments and peripheral cues, whereas the relative weight depends on the motivation and ability of the individual to scrutinize issue-related arguments. Moreover, researchers suggest that issue-related arguments and peripheral cues may interactively influence attitudes; in particular, in the presence of weak issue-related arguments, the effect of positive peripheral cues might be reduced, or a seemingly positive peripheral cue may even become detrimental for persuasion (Petty & Cacioppo, 1984; Puckett, Petty, Cacioppo, & Fischer, 1983). Across two studies where participants were exposed to persuasive material on a new school policy and asked to indicate their agreement, researchers found that social attractiveness and expertise of the source enhanced persuasion only when the arguments presented were compelling, whereas attractiveness and expertise decreased agreement when the arguments were weak and specious.

In the crowdfunding context, although potential backers in general do not scrutinize the technical and marketing details of a crowdfunding campaign (because they are typically making relatively small financial contributions and they do not have the expertise to do so), they certainly want their money to go to campaigns that provide appealing products and/or have the potential to make a positive impact. Thus, although they pay substantial attention to peripheral cues, they do not completely ignore the central merits of a crowdfunding campaign. The purpose of crowdfunding campaigns, especially technology- and design-related ones, is to introduce novel and valuable product ideas to the market. Therefore, we argue that product innovativeness likely impacts a backer's attitude toward a project, and along with perceived entrepreneurial passion, it influences their funding decision.

Innovativeness captures the extent to which a product is meaningfully unique, highlighting whether it is "different from competing alternatives in a way that is valued by customers" (Sethi, Smith, & Park, 2001: 74). This definition builds on ideas from social psychological research on creativity, and suggests that, for something to be innovative in a business context, it must be novel and useful (Amabile, 1983; Jackson & Messick, 1965). *Novelty* refers to the extent to which a concept, idea, or object differs from conventional practice, and *usefulness* is the extent to which a given output is viewed as beneficial to an audience (Jackson & Messick, 1965).

Innovativeness is especially important for entrepreneurs attempting to bring new technologies or product ideas to market; it captures the intrinsic value such a technology or product might hold for a potential user (Swink, 2000; Shane, 2001; Utterback, 1975). Although the enthusiasm experienced by potential backers (peripheral cues) likely leads them to fund and share a project, the perceived innovativeness of the project (issue-related information) also plays an important role in persuading them to back the project. Consistent with previous findings in ELM (Petty & Cacioppo, 1984; Puckett et al., 1983), we argue that when perceived innovativeness is high, issue-relevant information corroborates peripheral cues (i.e., experienced enthusiasm) and the effects of an entrepreneur's displayed passion on funding and sharing decisions are likely to be more positive. In contrast, when perceived innovative-

ness is low, potential backers' inclination to support a project due to experienced enthusiasm, is likely to be countered by the negative, more objective assessment of the project. Therefore, we propose,

Hypothesis 3a and 3b: The positive relationship between displayed entrepreneurial passion and (a) funding amount, and (b) social-media exposure will be moderated by perceived project innovativeness, such that the relationship becomes stronger when perceived project innovativeness is higher.

Individual Level Hypotheses on the Effects of Passion

We stipulated that the passion displayed by entrepreneurs would influence potential backers through a passion contagion process, where potential backers catch the passion displayed by entrepreneurs, and experience enthusiasm for the project for themselves. This motivates them to fund, and/or publicize a campaign to friends and family. Moreover, the effect of experienced enthusiasm on a backer's decision to fund and share will be more positive when perceived project innovativeness is high. To empirically test these assertions, we propose the following individual-level hypotheses (see Figure 2):

Hypothesis 4a and 4b: Entrepreneurs' displayed passion has a positive indirect effect, via viewers' experienced enthusiasm, on (a) viewers' intended funding amount for the project and (b) viewers' willingness to share project information.

Hypothesis 5a and 5b: The positive indirect effect of entrepreneurs' displayed passion on (a) viewers' intended funding amount and (b) viewers' willingness to share project information, via viewers' experienced enthusiasm, are moderated by perceived project innovativeness, such that the indirect effect is more positive when perceived innovativeness is higher.

Studies Overview

We conducted three studies to test the above theoretical assertions. In Studies 1 and 2, we used a combination of survey and archival data from two crowdfunding platforms—Indiegogo and Kickstarter, respectively—to test Hypotheses 1–3. We selected projects from the two crowdfunding platforms and asked respondents to watch the introductory videos (each respondent watched three videos) and assess entrepreneurs' displayed passion and project innovativeness. We then analyzed their assessments in relation to actual project outcomes from archival data (social media sharing and funding amount). In Study 3, we tested the passion contagion process (H4 and H5) with an experiment, where we hired an actor and used standardized materials to create our own videos to manipulate entrepreneurial passion and project innovativeness.⁴

STUDY 1: The Indiegogo Platform

Procedure and Data

Archival data. Our initial sample included all technology-related crowdfunding projects on Indiegogo's website from April 2010 through September 2013. We focused on the technology

category because these projects serve as the genesis for new ventures rather than as once-off creative endeavors, which is often the case for other categories such as film, dance, theater, and art projects. We had a total of 1,135 technology projects at the time of data collection. To decrease sample heterogeneity, we followed Mollick (2014) and (a) focused only on U.S.-based projects because foreign projects are atypical compared with one in the United States and (b) focused on projects seeking more than \$5,000 because at this funding level, crowdfunding projects begin to represent serious efforts in raising funds for entrepreneurial endeavors (Mollick, 2014). We dropped 210 projects, as these did not have a project video on their crowdfunding web page at the time of data collection. We sorted the remaining 399 projects in ascending order based on the funding amount, and randomly selected one project out of every four for inclusion in our study. This maximized the variance in the dependent variable, although not compromising the principle of random sampling. Our final sample consisted of 100 projects.⁵

Firsthand survey data. To assess the entrepreneurial passion and project innovativeness, we presented the videos to 170 undergraduate business students at a large West Coast university. We extracted the video from the crowdfunding website and then embedded it into our online survey. That is, we presented only the project video to the participants without any other corresponding project information provided on the project web page (Studies 2 and 3 also used the same approach). Each student was randomly assigned three videos. To increase reliability and validity, we ensured that each project was rated by at least three participants. After watching each video, they were asked to report on the passion displayed by the project creators and on the project's innovativeness. The survey was set up to (a) ensure that the participants were unable to skip the video and (b) identify "irresponsible" responses with a time stamp function to track the time participants spent on the video page. If the actual time spent was longer than the video's length by 30 s or more, we assumed there was a high probability that the participant was distracted, so we excluded the data from further analyses (69 out of 510 ratings, i.e., 13.5%). In the end, we had 10 projects rated by six participants, 36 projects rated by five, 39 projects rated by four, and 15 projects rated by three. On average, each project was rated by 4.4 participants.

Measures

Displayed entrepreneurial passion. Chen et al. (2009) provided a scale to capture the perceived entrepreneurial passion based on presenters' body gestures, tone, and facial expression in the context of live on-site entrepreneurship presentations. The way crowdfunding project creators present their idea in an introductory video differs somewhat from a live, on-site presentation. Vallerand et al. (2003) provided scales for harmonious and obsessive passion. However, the items in their scales center on the deep-level

⁴ Our studies were approved by the University of Washington IRB Subcommittee EJ, with the IRB protocol of #46553 entitled "Emotion and Entrepreneurship."

⁵ Although we wanted to include more projects in our analysis, we are restricted by the number of students available to evaluate the projects. The same restriction applies to Study 2.

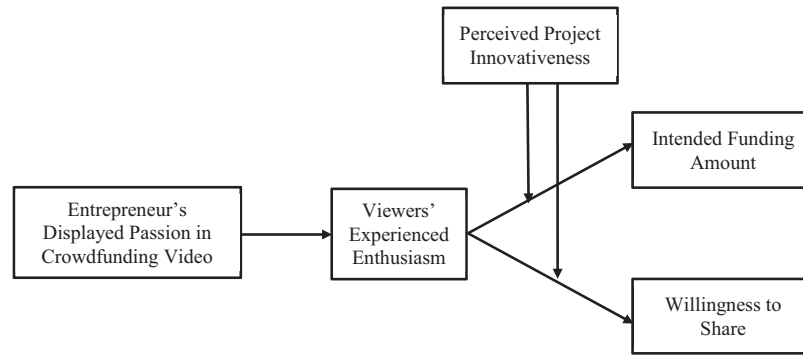


Figure 2. Individual level theoretical model on passion contagion.

psychological activities related to passion, which are difficult for cursory onlookers to assess in our context. Hence, we integrated and modified the items developed by these authors to form a 6-item scale. The project team/creator: (a) appear(s) excited about the project idea; (b) convey(s) an obsession about the project idea; (c) appear(s) enthusiastic about the project idea; (d) is able to convey(s) his or her enthusiasm for the project idea; (e) appear(s) to be passionate about the project idea; and (f) display(s) an urge to complete the project. Participants were asked to indicate the degree to which they agreed with the above statements on a 5-point Likert scale ($\alpha = .94$). We aggregated the evaluations from multiple raters, and obtained a score of displayed passion for each crowdfunding project. The indices on between-project-variance, intraclass correlation (ICC)(1) = .35, ICC(2) = .71, and within-project-agreement (Median Rwg = .81) indicate high variance across projects and high agreement within projects, suggesting the aggregation to project level is justified.

Perceived project innovativeness. To assess project innovativeness, we adapted the scale used by Sethi, Smith, and Park (2001). The participants rated the extent to which they felt the product/project idea in the video was (a) novel, (b) original, (c) creative, (d) unique, (e) useful, (f) meaningful, (g) appropriate, and (h) value-adding. The first four items assessed project novelty, and the rest captured appropriateness. Sethi et al. (2001) reported that a principal component factor analysis confirmed the two-dimension structure of innovativeness—novelty and appropriateness. Yet they stressed that these two dimensions are an integral part of the overall concept of innovativeness and thus should be combined to form a single scale (Andrews & Smith, 1996; Sethi et al., 2001).⁶ Participants responded on a 7-point Likert scale ranging from 1 (*not at all*) to 7 (*extremely*) ($\alpha = .92$). Again, we aggregated the scores from different participants to obtain the innovativeness score for each project. Aggregation indices provided support for our aggregation, ICC(1) = .25; ICC(2) = .59; Median Rwg = .79.

Funding amount. Our dependent variable, the actual amount of money raised by each project, was collected from the Indiegogo website. Because this variable is highly skewed ($M = \$85,486$, $SD = \$268,447$), we natural-log transformed it. The transformed variable was close to a normal distribution with $M = 9.50$, and $SD = 1.90$.

Social-media exposure. To measure a project's social-media exposure, we combined three numbers: (a) the number of Face-

book likes, (b) the number of Google + shares, and (c) the number of tweets a project garnered. The distribution of this composite social-media exposure variable was highly skewed ($M = 1,105$, $SD = 2,818$), so we natural-log transformed it. The transformed variable was normally distributed with $M = 5.58$ and $SD = 1.74$.

Control variables. We used a number of control variables that could potentially impact funding amounts. Following the empirical findings in Mollick (2014), we first controlled for (a) the goal amount of funding that projects sought; (b) whether the project was featured on the Indiegogo homepage; (c) the number of updates, which reflects entrepreneurs' preparedness; and (d) the location of the project—whether the project was based in California. Second, we controlled for (a) the media mentions of a project (such publicity is important yet different from social media exposure), and (b) the number of frequently asked questions (FAQs) available on the project's homepage which also reflect entrepreneur's preparedness. Third, we controlled for several characteristics of the project creator(s), including referrals (the number of social media referrals made by friends of the creator(s)), the number of comments that the creator(s) made on other crowdfunding projects, the number of contributions that the creator(s) made to other Indiegogo projects, and the number of other campaigns that the creator(s) had been involved in. These factors speak to the creator(s) involvement in the Indiegogo community, and Mollick (2014) suggested that a creator(s) network should impact the campaign outcome.

Results

In Table 1, we provide the means, standard deviations, and correlations among the variables. As expected, many of the independent variables are correlated with the amount raised. In our regression analyses, the variance inflation factors among the covariates are less than 3, suggesting no multicollinearity concerns (Cohen, Cohen, West, & Aiken, 2002). Table 2 presents the results of confirmatory factors analyses, showing that displayed entrepreneurial passion is empirically different from the dimensions of project innovativeness, as the three-factor model (passion-novelty-appropriateness: $\chi^2[df = 74] = 227.8$, comparative fit index =

⁶ Consistent with the principal component analysis from Sethi et al. (2001), the confirmatory factor analyses throughout our three studies corroborate the two-dimension structure of innovativeness.

Table 1
Mean, Standard Deviation, and Correlations of Variables in Study 1

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Goal amount ^a	10.80	.92	—												
2. Location ^b	.37	.49	-.01	—											
3. FAQs	2.42	4.20	-.01	.09	—										
4. Updates ^a	1.81	1.12	-.14	.04	.18	—									
5. Media mention ^a	.46	1.00	.12	.04	.43**	.40**	—								
6. Featured in blog ^b	.33	.47	-.08	.26*	.10	.44**	.23*	—							
7. Team comments ^a	2.06	1.55	-.01	.04	.43**	.60**	.46**	.20*	—						
8. Team referrals ^a	6.30	2.21	-.24*	.04	.21*	.52**	.34**	.28**	.56**	—					
9. Team contribution ^a	1.28	.97	-.08	.00	.17	.25*	.32**	.21*	.30**	.32**	—				
10. Team campaign ^a	1.35	.59	-.12	-.02	.05	-.03	.10	.04	-.02	.18	.53**	—			
11. Entrepreneurs' passion	3.56	.65	-.02	.14	.06	.27**	.19	.14	.26**	.39**	.16	.11	(.94)		
12. Perceived innovativeness	4.17	.82	.03	.04	.21	.22*	.24*	.33**	.15	.28**	.28**	.10	.46**	(.92)	
13. Social media exposure ^a	5.58	1.74	-.02	.14	.29**	.48**	.51*	.36**	.53**	.48**	.29**	.08	.44**	.39**	—
14. Funding amount ^a	9.50	1.90	.06	.21*	.35**	.64**	.53*	.37**	.66**	.53**	.34**	.06	.50**	.39**	.78**

Note. *n* = 100.

^a Variables that are natural-logged. ^b Dummy variable. Location in California = 1, not = 0; featured in blog = 1, not = 0.

* *p* < .05. ** *p* < .01. All tests are two-tailed tests.

.98, Tucker-Lewis index = .98, incremental fit index = .95, root mean square error of approximation = .06, standardized root mean square residual = .03) fits the data significantly better than the two-factor models.

We tested our hypotheses using hierarchical ordinary least squares (OLS) regressions, together with tests of moderated mediation from Hayes (2013). We first entered the control variables and innovativeness into the regression, with the funding amount as a dependent variable (Model 1 in Table 2). Four variables stood out as significant predictors of the funding amount, explaining 60.2% of variance in total: (a) location, (b) the number of updates, (c) the number of comments made on other campaigns, and (d) perceived project innovativeness. To retain degrees of freedom with our small sample size, we only controlled for the significant variables in further analyses.⁷

Hypotheses Testing

Model 2 in Table 3 shows that creator/team passion was significantly and positively related to the funding amount ($B = .653$, $t_{(100)} = 3.142$, $p < .01$), explaining 3.6% of variance beyond control variables and innovativeness. Specifically, a one-standard-deviation increase in displayed passion ($SD = .65$) leads to a 53% (calculated by $e^{.653 \times .65} - 1$) increase in funding amount. Therefore, H1 is strongly supported. Model 6 in Table 3 shows that displayed entrepreneurial passion is significantly and positively related to a project's social-media exposure ($B = .548$, $t_{(100)} = 2.28$, $p < .01$), explaining 3.1% of variance of social media exposure beyond control variables and innovativeness (Model 5). This suggests that a one-standard-deviation increase in displayed passion leads to a 43% (calculated by $e^{.548 \times .65} - 1$) increase in social-media exposure. Therefore, H2a is supported.

Social-media exposure is significantly and positively related to the funding amount raised (Model 3 in Table 3, $B = .484$, $t_{(100)} = 6.512$, $p < .01$, $\Delta R^2 = .108$); thus, H2b is supported. Moreover, the effect of displayed entrepreneurial passion ($B = .388$, $t_{(100)} = 2.180$, $p < .05$) decreases significantly in comparison to Model 2 ($B = .653$, $t_{(100)} = 3.142$, $p < .01$). A Sobel test (Sobel, 1982)

confirmed the mediation effect ($B = .265$, $z = 2.13$, $p < .05$). A bias corrected bootstrapping procedure (Hayes, 2013) further corroborates the significant indirect effect, as the 95% confidence interval (CI) excludes zero (Boot *SE* = .13, 95% CI = [.06, .56]). H2c is supported.

Model 4 in Table 3 shows that the interactive effects of passion and innovativeness on funding amount is significant ($B = .399$, $t_{(100)} = 2.088$, $p < .05$, $\Delta R^2 = .015$). A simple slope test confirms that the variation of the effect is in the expected direction (see Figure 3). When perceived innovativeness is higher (1 *SD* above average), the effect of displayed passion on funding amount is more positive ($B = 1.07$, $t_{(100)} = 3.75$, $p < .01$); a one-standard-deviation increase in displayed passion leads to a 100% (calculated by $e^{1.07 \times .65} - 1$) increase in funding amount for more innovative projects. In contrast, when perceived innovativeness is low (one *SD* below average), the effect is insignificant ($B = .42$, $t_{(100)} = 1.79$, $p > .05$). H3a is supported.

Finally, Model 7 in Table 3 presents the interactive effect of passion and innovativeness on social media exposure ($B = .385$, $t_{(100)} = 1.728$, $p = .08$, $\Delta R^2 = .017$). Although H3b is not supported at the conventional .05 level, we believe this result is still worth reporting given our small sample size. We found that when perceived innovativeness is low (one *SD* below average), the indirect effect of passion through social media exposure is insignificant ($B = .16$, Boot *SE* = .14, 95% CI = [-.08, .45]). However, when perceived innovativeness is high (1 *SD* above average), the indirect effect becomes significant ($B = .48$, Boot *SE* = .21, 95% CI = [.14, .96]). These results are consistent with H3b.

⁷ When our analysis was repeated with all control variables, passion was still significantly related to amount of funds raised, and the variance explained was similar (3.5%). The *p* value of the interaction term of passion and innovativeness became .07, although it is smaller than .05 when insignificant control variables were excluded.

Table 2
Confirmatory Factor Analyses for Studies 1, 2, and 3

Model	Factors	χ^2	df	RMSEA	TLI	CFI	SRMR
Study 1							
Model 1	3-factor: PAS, NOV, APP	227.78	74	.06	.98	.98	.03
Model 2	2-factor: PAS + NOV, APP	2375.73	76	.23	.66	.71	.21
Model 3	2 factor: PAS + APP, NOV	2263.44	76	.23	.68	.73	.22
Study 2							
Model 4	3-factor: PAS, NOV, APP	129.50	74	.05	.99	.99	.04
Model 5	2-factor: PAS + NOV, APP	1533.42	76	.23	.66	.71	.22
Model 6	2 factor: PAS + APP, NOV	1520.10	76	.23	.66	.72	.22
Study 3							
Model 7	4-factor: PAS, ENT, NOV, APP	362.54	183	.09	.93	.94	.06
Model 8	3-factor: PAS + ENT, NOV, APP	769.48	186	.16	.76	.79	.21
Model 9	3 factor: PAS, ENT + NOV, APP	671.90	186	.15	.80	.83	.12
Model 10	3-factor: PAS, ENT + APP, NOV	615.47	186	.14	.83	.85	.12

Note. PAS = displayed passion; NOV = novelty; APP = appropriateness; ENT = 3xperienced enthusiasm; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; SRMR = standardized root mean square residual.

Novelty and appropriateness are treated as separate dimensions of innovativeness in CFAs, which is consistent with the conceptual framework and existing principal component analysis from Sethi et al. (2001).

Discussion of Study 1

Study 1's findings strongly support our hypotheses. However, the generalizability of these findings merits examination. First, undergraduate students—young and inexperienced in assessing ventures—may only reflect part of the crowdfunding community (some potential backers may be slightly more sophisticated). Second, further empirical tests are warranted to establish the generalizability beyond the technology category examined. Third, this study focused on projects in the early stage of the crowdfunding phenomenon. Over the last 2 years, crowdfunding platforms and the level of competition among projects have grown dramatically. Also, people who fund crowdfunding projects may have gained more experience in assessing projects. Given these changes, it is an open question whether entrepreneurial passion continues to play a significant role. As such, we conducted a second study, similar in design to Study 1 with a few modifications. First, we used MBA students to evaluate displayed entrepreneurial passion and project innovativeness. These students may represent a slightly more sophisticated group relative to the general crowdfunding audience. Second, we used Kickstarter, the world's largest crowdfunding site. Third, we extended the categories to include both design and technology. Last, we examined more recent projects that concluded in July and August 2014.

Study 2: The Kickstarter Platform

Procedure and Data

Archival data. Our initial sample amounted to 499 crowdfunding projects that launched in July and August of 2014 and concluded by the end of August, 2014 on Kickstarter. Again, we excluded (a) non-U.S. based projects, (b) projects that sought amounts below \$5,000, and (c) projects without introductory videos. This left us with 238 usable projects, which we sorted in ascending order of funding amount and then randomly chose 135 projects for analyses.

Firsthand survey data. A total of 180 MBA students⁸ at a large university in the U.S. Midwest participated in our online

survey as a learning exercise for an entrepreneurship course. Each student watched three randomly assigned project videos, and then reported their perceptions of the entrepreneurial passion and project innovativeness. As such, each video was initially rated by four MBA students. Again, the survey was set up to (a) ensure that the participants were unable to skip the video and (b) identify “irresponsible” responses with a time stamp function (116 out of 540 ratings were excluded, i.e., 30.7%)⁹. As a result, 13 projects were excluded from analysis because they were left with zero or only one valid evaluation. In the end, we had 122 analyzable projects, with 27 projects rated by four participants, 76 projects rated by three, and 19 projects rated by two. The average number of raters on each project was 3.07.

Measures

Displayed entrepreneurial passion. We used the same measures as Study 1 to capture displayed entrepreneurial passion. Participants indicated the extent to which they agreed with the statements based on a 7-point Likert scale ($\alpha = .93$). We aggregated the ratings from participants to represent the project's final score on entrepreneurial passion, and found sufficient between-groups variance and within-group consistencies to justify project level aggregation (ICC[1] = .65; ICC[2] = .85; Median Rwg = .83).

Perceived project innovativeness. We used Study 1's scale to assess innovativeness ($\alpha = .93$) and aggregated the scores from different participants. The relevant indices (ICC[1] = .33;

⁸ The MBA students that participated in Study 2 were all participating in an online MBA program at a large University. They visit the campus twice a year (one week each time). Study 2 was conducted during their visit to the campus. The same situation applied to our MBA sample in Study 3. The two MBA samples do not overlap.

⁹ The invalid ratings for Study 2 (30.7%) are substantially more than those of Study 1 (13.5%). We speculate the MBA students were generally less engaged in our task because they were busy during their visit at the campus, and may also because they needed to attend to their job responsibilities during the campus visit.

Table 3
Hierarchical Regression Predicting Funding Amount and Social Media Exposure (Study 1)

Variables	DV: Funding amount ^a				DV: Social media exposure ^a		
	Model 1 ^b	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Constant	4.227* (.1720)	7.375** (.249)	5.340** (.375)	7.288** (.249)	4.062** (.288)	4.208** (.289)	4.124** (.290)
Goal amount ^a	.229 (.140)						
Location ^c	.642* (.255)	.558* (.240)	.409* (.201)	.504* (.237)	.392 (.282)	.308 (.278)	.256 (.277)
FAQs	.007 (.034)						
Updates ^a	.500** (.153)	.512** (.131)	.385** (.111)	.510** (.129)	.290 (.155)	.263 (.152)	.262 (.150)
Media mention ^a	.282 (.149)						
Featured in blog ^c	.036 (.303)						
Team comments ^a	.376** (.119)	.480** (.094)	.297** (.083)	.487** (.092)	.409** (.110)	.377** (.109)	.384** (.108)
Team referrals ^a	.084 (.074)						
Team contribution ^a	.073 (.161)						
Team campaign ^a	.069 (.250)						
Innovativeness	.447** (.165)	.375* (.160)	.160 (.137)	.385* (.157)	.625** (.171)	.445* (.185)	.454* (.183)
Displayed entrepreneurs' passion		.653** (.208)	.388* (.178)	.744** (.209)		.548* (.240)	.636** (.243)
Social media exposure ^a			.484** (.074)				
Passion × Innovativeness				.399* (.191)			.385 ^d (.223)
Adjusted R ²	.602	.636	.747	.649	.414	.386	.427
F Change	38.43**	9.87**	42.40**	4.36**	16.78**	5.20*	2.99
ΔR ²		.036	.108	.015 ^e		.031	.017

Note. $n = 100$. Unstandardized coefficients are reported, with standard errors in parentheses.

^a Variables that are natural-logged. ^b With a small sample size, we drop the control variables that are not significant at .05 level from further analysis. ^c Dummy variable (DV). Location in California = 1, not = 0; featured in blog = 1, not = 0. ^d $p = .08$. ^e The R square change is compared to Model 2.

* $p < .05$. ** $p < .01$. All tests are two-tailed tests.

ICC[2] = .60; Median Rwg = .83) provided support for our aggregation.

Funding amount. The data on the funding amount of each project came from the project websites. Because this variable was highly skewed ($M = \$181,094$, $SD = \$1,204,948$), we natural-log transformed it to a normally distributed variable with $M = 9.85$ and $SD = 2.08$.

Social media exposure. In Study 2, we only used the number of Facebook likes as a proxy of the social media exposure of a project, because the Google + sharing function does not exist on the Kickstarter website, and data about sharing via Twitter was not available. Because this variable was also highly skewed ($M = 4,052$, $SD = 34,965$), we natural-log transformed it to a normal distributed variable with $M = 5.89$ and $SD = 1.71$.

Control variables. Similar to Study 1, we used a number of control variables, including (a) goal amount, (b) location—

whether or not based in California, (c) the number of project updates, (d) the number of creator(s), (e) the number of other projects creator(s) backed in Kickstarter, and (f) and the number of comments made on other Kickstarter campaigns.

Results

Table 4 presents the means, standard deviations, and correlations between the variables. As expected, many of the independent variables are correlated with the dependent variable. Again, confirmatory factor analysis (see Table 2) shows that the measure of displayed passion is different from project innovativeness. Again, we used hierarchical OLS regression procedure and moderated mediation analysis (Hayes, 2013). Among the control variables we included, goal amount, project updates, comments made by project creator(s), and project innovativeness were significantly related to the funding amount, explaining 61% of the total variance. We only controlled for these variables in further analyses.

Model 2 in Table 5 shows that displayed entrepreneurial passion is significantly and positively related to funding amount ($B = .552$, $t_{(122)} = 4.325$, $p < .01$, $\Delta R^2 = .052$). A one-standard-deviation increase in displayed passion ($SD = 1.06$) leads to a 80% (calculated by $e^{.552 \times 1.06} - 1$) increase in funding amount. These results support H1.

Model 6 in Table 5 corroborates our finding that displayed entrepreneurial passion is also positively related to the social media exposure ($B = .502$, $t_{(122)} = 3.307$, $p < .01$, $\Delta R^2 = .064$). A 1 SD increase in displayed passion leads to a 70% (calculated by $e^{.502 \times 1.06} - 1$) increase in social media exposure, thus supporting H2a. We then entered social-media exposure into the regression (Model 3) and found that it was positively related to funding amount ($B = .541$, $t_{(122)} = 9.035$, $p < .01$, $\Delta R^2 = .135$), thus

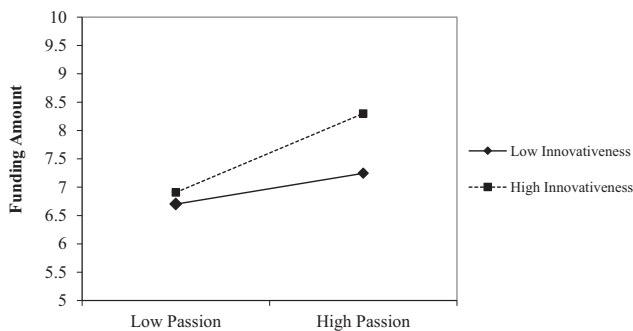


Figure 3. Interactive effect of passion and innovativeness on funding amount (Study 1).

Table 4
Mean, Standard Deviation, and Correlations of Variables in Study 2

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10
1. Goal amount ^a	10.25	.98	—									
2. Location ^b	.31	.47	.05	—								
3. Updates	6.23	5.07	.07	.00	—							
4. Number of creator(s)	1.38	1.04	-.15	-.14	-.01	—						
5. Creator(s) comments ^a	2.39	1.75	.11	-.00	.57**	.36**	—					
6. Creator(s) projects backed ^a	1.28	1.09	.01	-.04	.26**	.29**	.41**	—				
7. Displayed entrepreneurs' passion	5.18	1.06	.10	.01	.39**	-.02	.41**	.14	(.93)			
8. Perceived innovativeness	4.58	.99	.29**	.00	.26**	.01	.36**	.15	.50**	(.93)		
9. Social media exposure ^a	5.89	1.71	.21*	.02	.37**	-.02	.41**	.31**	.48**	.26**	—	
10. Funding amount ^a	9.85	2.08	.23*	.00	.60**	.09	.73**	.38**	.58**	.42**	.75**	—

Note. *n* = 122.

^a Variables that are natural-logged. ^b Dummy variable. Location in California = 1, not = 0.

* *p* < .05. ** *p* < .01. All tests are two-tailed tests.

supporting H2b. Moreover, the effect of displayed entrepreneurial passion ($B = .280$, $t_{(122)} = 2.731$, $p < .01$) dropped in comparison to Model 2 ($B = .552$, $t_{(122)} = 4.325$, $p < .01$). A Sobel test ($B = .27$, $z = 3.09$, $p < .01$), and a bias corrected bootstrapping procedure (Boot *SE* = .10, 95% CI = [.09, .49]) corroborates the indirect effect. Thus, H2c is again supported. However, the moderating effect of perceived innovativeness on the relationship between passion and funding amount is not statistically significant ($B = -.103$, *ns*, in Model 4), nor is the moderating effect on the relationship between passion and social media exposure ($B = -.053$, *ns*). Thus, H3 is not supported.

In Kickstarter, project creator(s) can receive the funds pledged to them only if the pledge funds exceed the goal amount by the end of its funding period; the campaign is then deemed successful. If not, the pledged funds are returned to the backers. Success/failure is thus another important metric that practitioners and researchers value in Kickstarter (Mollick, 2014).¹⁰ We therefore retested our model with success/failure of each campaign (success = 1; failure = 0) as the dependent variable (there were 72 successful campaigns and 50 failed ones in our sample of 122 campaigns). We found that passion is positively related to campaign success ($B = 1.05$, Wald = 9.90, $p < .01$, Exp[B] = 2.85). In addition, social-media exposure is positively related to campaign success ($B = 1.43$, Wald = 15.47, $p < .01$, Exp[B] = 4.19). A bootstrapping procedure ($B = .79$, Boot *SE* = .40, 95% CI = [.23, 1.74]) also confirmed the mediating role of social-media exposure. However, the moderating effect of innovativeness on the relationship between passion and success was statistically insignificant.

Discussion of Study 2

Study 2 further substantiated the importance of displayed entrepreneurial passion in the crowdfunding context and provided strong support for our partial mediation model through social-media exposure. Regarding the insignificant moderating effects of innovativeness, we speculate that it is because the innovativeness evaluations from the MBA participants may not precisely reflect how the general crowdfunding audience view project innovativeness. Project innovativeness captures the extent to which a product is different from competing alternatives in a way that is valuable to customers. Thus, individual evaluation of a certain project—being novel and value-adding—is somewhat dependent on his or her

knowledge about technology as well as the available alternatives. The majority of the MBA participants were engineers, or worked in technology-related fields. Thus, when evaluating project innovativeness, their understanding of engineering and technology may have led them to draw different conclusions from those of the general crowdfunding audience. It is possible that some innovative products in the eyes of the general crowdfunding audiences may become mundane in the eyes of the technology MBA students, although it is also possible that the technology MBAs may see unique value in some projects that the general crowdfunding audiences do not see. As a result, when relating their evaluation of innovativeness to archival funding outcomes generated by a general crowdfunding audience, the effects of innovativeness do not play out as expected.

Study 3: Experimental Study on the Passion Contagion Process

Sample and Procedure

We conducted a 2 (high vs. low displayed entrepreneurial passion) \times 2 (high vs. low project innovativeness) between-subjects experiment to test our theoretical model on the passion contagion process. A total of 120 MBA students from a large Midwest university participated in this experiment. Students were randomly assigned into one of the four conditions and watched an introductory video for a crowdfunding project.

Experimental Conditions

We manipulated project innovativeness by using two existing campaigns on Kickstarter. We chose a laptop-stand to represent a low-innovativeness project, and a reusable paper notebook that can automatically store notes into the cloud to represent a high-

¹⁰ We did not conduct the success/failure analysis for the Indiegogo study because, as of August, 2014, 95.6% of Indiegogo campaigns use flexible funding—that is, project creators can keep the money pledged to them no matter whether the goal amount is exceeded or not (<https://www.shopify.com/guides/crowdfunding/crowdfunding-infographic>). Therefore, success/failure has little practical meaning for Indiegogo projects. Flexible funding is not available in Kickstarter.

Table 5
Hierarchical Regression Predicting Funding Amount and Social Media Exposure (Study 2)

Variables	DV: Funding amount ^a				DV: Social media exposure ^a		
	Model 1 ^c	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Constant	5.577** (1.357)	5.087** (1.225)	3.543** (.956)	5.113** (1.225)	2.856 (1.519)	2.854 (1.459)	2.868 (1.464)
Goal amount ^a	.219 ^d (.127)	.280* (.118)	.155 (.092)	.281* (.118)	.208 (.146)	.232 (.140)	.232 (.141)
Location ^b	-.097 (.255)						
Updates	.091** (.029)	.086** (.027)	.065** (.021)	.085** (.027)	.059 ^d (.033)	.040 (.032)	.039 (.032)
Number of creator(s)	-.240 (.132)						
Creator(s) comments ^a	.654** (.097)	.567** (.080)	.473** (.063)	.576** (.081)	.226* (.098)	.175 ^d (.096)	.179 (.097)
Creator(s) projects backed ^a	.206 (.119)						
Innovativeness	.250 ^d (.132)	.030 (.135)	-.035 (.104)	.053 (.137)	.334* (.153)	.120 (.161)	.132 (.163)
Displayed entrepreneurs' passion		.552** (.128)	.280** (.103)	.515** (.133)		.502** (.152)	.483** (.159)
Social media exposure ^a			.541** (.060)				
Passion × Innovativeness				-.103 (.104)			-.053 (.124)
Adjusted R ²	.610	.661	.800	.661	.229	.289	.284
F change	48.28**	18.71**	81.64**	.97	9.98**	10.93**	.18
ΔR ²		.052	.135	.003		.064	.001

Note. $n = 122$. Unstandardized coefficients are reported, with standard errors in parentheses.

^a Variables that are natural-logged. ^b Dummy variable (DV). Location in California = 1, not = 0. ^c With a small sample size, we drop the control variables that are not significant at .05 level from further analysis. ^d $p < .10$.

* $p < .05$. ** $p < .01$. All tests are two-tailed tests.

innovativeness project. We retrieved the two original introductory videos from Kickstarter, both were about 2 min long and similar in video quality. To manipulate entrepreneurial passion, we recreated elements of the videos by hiring a professional actor to pitch the product either with high passion (e.g., animated facial expressions, body movements, varied pitch and tones) or with little passion. The four recreated videos all started with the actor pitching with the product showing in a side window. Thereafter, a full-screen product demonstration followed with the actor's voice describing the product. The videos ended with the entrepreneur (i.e., actor) asking for support from Kickstarter backers. All four videos were approximately 2 min long, showed the entrepreneur (i.e., actor) for approximately 45 s and had the same background music. Participants were required to watch the entire video, and then to report their experienced enthusiasm, their willingness to share the project, the funding amount they would provide to the project, the displayed entrepreneurial passion, and their perceived project innovativeness.

Measures

Crowdfunder's experienced enthusiasm. Lacking an established scale to capture individual experienced enthusiasm when watching the introductory video, we referred to the "enthusiasm" element in the positive affect scale (e.g., excited, curious, and enthusiastic; Watson, Clark, & Tellegen, 1988). We adapted these items and included three reverse-coded items: bored, tired, and

annoyed. Specifically, participants indicated the extent to which they agree/disagree (7-point Likert scale) with the following items: When I was watching the video, (a) I felt excited; (b) I became curious; (c) I felt happy; (d) I couldn't help smiling; (e) I felt bored; (f) I felt tired; and (g) I became annoyed ($\alpha = .91$).

Intended funding amount. We assessed participants' intended funding amount by asking "how much will you fund this project if you have extra cash in hand?" Participants could choose from (a) \$0, (b) \$1, (c) \$5, (d) \$30 (get one laptop stand/paper notebook), (e) \$50 (get two), (f) \$70 (get three), (g) \$100 (get five), and (h) \$200 (get 10). These funding options are similar to the pledge option structure that most crowdfunding projects employ.

Willingness to share. We measured participants' willingness to share information about the project using three items. Participants indicated the extent to which they agree/disagree with the items on a 7-point Likert scale: "I would share this project idea on Facebook and/or Google+ (assuming I have an active account);" "I would tweet about this product idea (assuming I have an active account);" and "I would recommend this product idea to friends or family" ($\alpha = .88$).

Results

Manipulation check. We used the same 6-item scale of displayed entrepreneurial passion ($\alpha = .97$) and the 8-item scale of project innovativeness ($\alpha = .92$) used in Studies 1 and 2 to conduct manipulation checks. Table 6 presents the means and standard deviations of displayed passion and project innovativeness across

Table 6
Manipulation Check for Study 3

Experimental conditions	Displayed passion	Project innovativeness
High passion, high innovativeness ($n = 30$)	($M = 5.33$, $SD = .95$)	($M = 4.89$, $SD = 1.05$)
Low passion, high innovativeness ($n = 31$)	($M = 2.19$, $SD = 1.25$)	($M = 4.68$, $SD = 1.21$)
High passion, low innovativeness ($n = 29$)	($M = 4.85$, $SD = .94$)	($M = 3.60$, $SD = 1.17$)
Low passion, low innovativeness ($n = 30$)	($M = 2.03$, $SD = 1.13$)	($M = 3.36$, $SD = 1.00$)

the four experimental conditions. A two-way analysis of variance (ANOVA) on displayed passion shows that the group observing high-passion pitches ($M = 5.09$, $SD = .97$) reported higher displayed passion than the low-passion group ($M = 2.11$, $SD = 1.18$), $F_{1, 116} = 229.29$, $p < .01$, Cohen's $d = 2.76$. Moreover, the manipulation of innovativeness did not influence participants' evaluation of entrepreneurial passion, $F_{1, 116} = 2.77$, $p = .10$, nor did it interfere with the manipulation of passion as the interaction term was insignificant, $F_{1, 116} = .67$, $p = .41$. Similarly, a two-way ANOVA on innovativeness shows that the high-innovativeness group ($M = 4.78$, $SD = 1.13$) reported higher innovativeness than the low-innovativeness group ($M = 3.48$, $SD = 1.08$), $F_{1, 116} = 41.17$, $p < .01$, Cohen's $d = 1.18$. The manipulation of passion did not influence participants' evaluation of project innovativeness, $F_{1, 161} = 1.26$, $p = .26$, nor did it interfere with the manipulation of innovativeness as the interaction term is insignificant, $F_{1, 161} = .01$, $p = .95$. Therefore, our manipulation of both the displayed passion and project innovativeness was effective.

Hypothesis testing. Table 7 presents the means, standard deviations, and correlations of the variables. We used the PROCESS macro in SPSS (Hayes, 2013) to test the moderated indirect effects of displayed entrepreneurial passion on viewers' intended funding amount and willingness to share (see Table 8), as per H4 and H5. Model 1 in Table 8 shows that the displayed passion is positively related to viewers' experienced enthusiasm ($B = .93$, $p < .01$), which in turn positively relates to intended funding amount (Model 2, $B = .51$, $p < .01$) and willingness to share (Model 5, $B = .67$, $p < .01$). A bias corrected bootstrapping procedure shows that the displayed entrepreneurs' passion has a positive indirect effect on intended funding amount ($B = .30$, $Boot SE = .09$, 95% CI = [.14, .51]) and willingness to share ($B = .30$, $Boot SE = .09$, 95% CI = [.14, .51]). These results provide strong support for H4a and H4b.

Further, perceived project innovativeness moderates the effect of viewers' experienced enthusiasm on their intended funding amount (Model 3, $B = .38$, $p < .05$) and willingness to share (Model 5, $B = .38$, $p < .05$). Bootstrapping-based analysis (Hayes, 2013) shows that displayed entrepreneurial passion has a more positive indirect effect, via experienced enthusiasm, on viewers' willingness to share when project innovativeness is higher ($B = .62$, $Boot SE = .23$, 95% CI = [.23, 1.13]), rather than lower ($B = .26$, $Boot SE = .10$, 95% CI = [.11, .49]). The moderated mediation index ($z = .36$, $Boot SE = .21$, 95% CI = [.04, .85]) indicates that the indirect effects are unequal across the high versus low innovativeness group. These results strongly support H5a.

Similarly, displayed entrepreneurial passion has a more positive indirect effect, via viewers' experienced enthusiasm, on willingness to share on social media when the perceived project innovativeness is higher ($B = .73$, $Boot SE = .22$, 95% CI = [.36, 1.20]), rather than lower ($B = .37$, $Boot SE = .13$, 95% CI = [.18, .70]). The moderated mediation index ($z = .36$, $Boot SE = .18$, 95% CI = [.05, .72]) indicates that the indirect effects are unequal across the high versus low innovativeness group. These results support H5b.

Discussion of Study 3

Study 3 provides important support for our assertion that the passion entrepreneurs display in a project video can arouse viewers' enthusiasm through a passion contagion process, which in turn leads them to fund, and share information about the project. With experimental manipulation, we were able to establish the causal effect of displayed passion on potential backers' intended funding amounts and willingness to share, and thus provide a more robust test of the causal connections between displayed passion, innovativeness, and crowdfunding success.

General Discussion

This study is the first to explicitly examine the impact of displayed entrepreneurial passion in crowdfunding, an emerging context that is vital for entrepreneurs to obtain initial financial resources. Resource providers in this context have relatively low expertise and low-vested interest in the new ventures they seek to support, and are thus more likely to follow a peripheral route to persuasion, and rely on simple cues in their decision making. In support of the contention that crowdfunding backers use a peripheral route to persuasion, we find that displayed passion (a simple cue) serves to substantially increase the funding amount given to crowdfunding projects beyond a wide array of other project characteristics including innovativeness.

Given our study design, our findings are robust and generalizable. First, we examined crowdfunding projects on two distinct platforms and across two different time periods—earlier projects on Indiegogo in Study 1, and later projects on Kickstarter in Study 2. We complemented this approach with two different participant groups—undergraduate and MBA students—to assess displayed entrepreneurial passion. The two samples represented younger, less experienced participants, and

Table 7
Mean, Standard Deviation, and Correlations of Variables in Study 3

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5
1. Displayed passion ^a	.49	.50	—				
2. Innovativeness ^b	.51	.50	.00	—			
3. Experienced enthusiasm	3.65	1.31	.36**	.33**	(.91)		
4. Willingness to share	3.26	1.44	.05	.39**	.54**	(.88)	
5. Intended funding amount	1.85	1.30	.05	.30**	.47**	.58**	—

Note. $n = 120$.

^a Dummy variable, 0 = low passion, 1 = high passion. ^b Dummy variable, 0 = low innovativeness, 1 = high innovativeness.

Table 8
Regressions of Study 3

Variables	DV: Experienced enthusiasm	DV: Intended funding amount		DV: Willingness to share	
	Model 1	Model 2	Model 3	Model 5	Model 6
Constant	3.19** (.16)	.15 (.31)	.56 (.40)	1.06** (.33)	1.55** (.41)
Displayed passion ^a	.93** (.22)	-.35 (.22)	-.01 (.32)	-.47 (.24)	-.27 (.32)
Experienced enthusiasm		.51** (.09)	.28* (.12)	.67** (.05)	.40** (.13)
Project innovativeness ^b			-.73 (.65)		-.65 (.67)
Passion × Innovativeness			-.60 (.44)		-.26 (.46)
Enthusiasm × Innovativeness			.38* (.18)		.38* (.19)
R ²	.129	.234	.283	.319	.383

Note. $n = 120$. Unstandardized coefficients are reported, with standard errors in parentheses.

^a Dummy variable, 0 = low passion, 1 = high passion. ^b Dummy variable, 0 = low innovativeness, 1 = high innovativeness.

* $p < .05$. ** $p < .01$. All tests are two-tailed tests.

more mature and experienced ones respectively. Second, survey and archival data used in combination, provided two important advantages: (a) the social media sharing data and the amount-of-funds-raised data—both collected from archival sources—represented actual behavioral outcomes; and (b) because our dependent variables used objective data, we avoided common-source-common-method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Third, to assess entrepreneurial passion for projects, we used evaluations from multiple participants, and ensured that they had a significant degree of within project agreement. Fourth, we validated the passion-contagion process in a rigorously designed experiment, and showed the effects of displayed entrepreneurial passion at the individual level.

Theoretical Implications

Our research makes three distinct contributions to understanding the emerging crowdfunding phenomenon. First, recent crowdfunding research has identified the factors contributing to crowdfunding success using a large sample of projects (e.g., Mollick, 2014), yet this research does not fully explore the important role of crowdfunding campaign videos in campaign success. In contrast, practitioner descriptions of the crowdfunding process (e.g., Steinberg, 2012; Spirer, 2013) suggest that project videos are vital for influencing viewers' impressions, and thereby impacting their decision to fund a project. We view the introductory video as a "pitch"—a persuasion effort that entrepreneurs employ to influence potential novice resource providers, and we highlight the important role of displayed passion using ELM as our theoretical anchor. Second, by examining passion displayed in videos, we underscore the important individual-level behavioral factors, and microlevel dynamics that impact funding outcomes. Third, we show that passion displayed in a video has a direct relationship with funding outcomes, and the extent to which campaign information is shared via social-media channels, which in turn influences funds raised. These efforts help move the extant crowdfunding research beyond an examination of direct relationships (e.g., Mollick, 2014) to testing important mediating mechanisms—a useful step toward developing and testing more intricate process models (McMullen & Dimov, 2013) to account for the microprocesses underlying crowdfunding campaigns.

We also contribute to the entrepreneurial passion literature. By examining when and where entrepreneurial passion matters, we respond to specific calls to open the "black box" linking entrepreneurial solicitations of resources to investor perceptions (e.g., Grégoire, Koning, & Oviatt, 2008). Specifically, drawing on the ELM of persuasion (Petty & Cacioppo, 1986), we synthesize research and provide additional evidence to answer the important question: "Does entrepreneurial passion matter in resource acquisition?" Chen and colleagues (2009) found that entrepreneurs' affective passion did not influence VCs' investment decisions. We attribute this to the fact that VCs have high levels of expertise and high vested interests, as such they focus more on objective venture fundamentals and are less influenced by emotional cues from entrepreneurs. Based on ELM, we theorized and found that displayed entrepreneurial passion has a strong effect on resource acquisition in the crowdfunding context. This is because crowdfunding backers likely have low expertise and low vested interest, and thereby rely more on simple cues than on objective fundamentals, when making funding decisions. Taken together, we believe that ELM is a valuable model for understanding the link between investor perceptions and entrepreneurial resource acquisition across different contexts.

Limitations and Future Research

Our study is not without limitations. First, we used a relatively small sample of crowdfunding projects to validate our hypotheses, which may be partially responsible for the lack of strong support for the moderating effect of perceived project innovativeness. Studies using a larger sample of projects are thus needed to examine the importance of project innovativeness more closely. Second, although we captured entrepreneurial passion revealed in introductory videos, we did not identify the specific verbal and nonverbal manifestations of passion. Future research could incorporate surveys with opening questions such as "What is it about the entrepreneurs that make you think or feel they are passionate/impassionate about their project?". By systematically coding and categorizing such information, researchers could develop a list of passion-related cues. Third, given the wealth of information on crowdfunding sites, other elements that could impact crowdfunding success, in

conjunction with passion, could be examined. For example, it may be worth considering whether humor (Avolio, Howell, & Sosik, 1999), storytelling (Lounsbury & Glynn, 2001), background music (Park & Young, 1986), physical attractiveness, and/or gender of the presenters (Brooks, Huang, Kearney, & Murray, 2014) account for campaign success in conjunction with passion. Fourth, we excluded some evaluation data from our analyses if the actual time spent on the video page was longer than the video's length by 30 s or more. This approach is justified by the fact that, when we included the participants who spent greater than 30 s after watching the video on the page, many projects ended up with very low within-project agreement and the median Rwg dropped substantially in both Studies 1 and 2. Nonetheless, we cannot know for sure that we did not exclude responsible evaluations with this approach. Therefore, we recommend future research to have participants perform evaluations of crowdfunding campaigns in laboratory settings, where researchers can better control whether participants are paying appropriate attention.

Practical Implications

Our findings also have important practical implications. We find that a one-point increase in displayed passion generally leads to a 74% (Study 2) to 92% (Study 1) increase in funding amount. Hence, we suggest that entrepreneurs launching a crowdfunding project should invest time and effort in developing a campaign video that clearly demonstrates their passion for their project. It should contain an upbeat and positive voice tone and bold hand gestures (Chen et al., 2009) and should be edited to ensure that the entrepreneur's passion for the project is appropriately conveyed.

For potential backers in the crowdfunding context, this research suggests that they are at risk of being drawn to support a campaign because of the displayed entrepreneurial passion. This can cause such individuals to overlook other important factors, such as whether the entrepreneur has the ability to deliver the promised rewards. Hence, a practical recommendation for individuals that spend time browsing crowdfunding websites, is to avoid impulsively contributing to a campaign without first objectively considering the projects rewards and whether the risks involved are worthwhile. If they see a video of a product or service that appeals to them, they could bookmark the URL and return later to assess whether or not to fund the project. They can thus avoid being swayed merely by the displayed passion.

Conclusion

This article investigates the microdynamics of the emerging phenomenon of crowdfunding. We draw from the ELM of persuasion and the passion contagion perspective to explore the vital role of displayed entrepreneurial passion in crowdfunding campaigns, and how it interacts with project innovativeness to impact crowdfunding success. We encourage future research to further unveil the unique mechanisms and characteristics of crowdfunding.

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