Your 15 Minutes of Fame: How Public RecognitionBoosts Psychological Ownership in Reward-Based Crowdfunding

Carina Thürridl, Wirtschafts University, Austria
Bernadette Kamleitner, Wirtschafts University, Austria

We investigate the psychological effects of recognition in crowdfunding. Across three studies we show that in particular public recognition increases psychological ownership, which subsequently elicits approach behavior. Moreover, we uncover conditions under which recognition is most effective as a strategy in crowdfunding.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1019007/volumes/v43/NA-43

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
**EXTENDED ABSTRACT**

Managers of crowdfunding projects often use public (e.g., public appreciation on the project initiator’s website) or private recognition (e.g., personal thank you by the initiator) as a way to turn consumers into investors (Gerber, Hui, and Kuo 2012; Ordanini et al. 2011). This form of appreciation generates a “we’re all in this together”-mentality among supporters and may make them feel as though the project is also “theirs”, i.e., elicit psychological ownership (PO), which is a powerful concept that has been associated with a number of desirable consumer-related outcomes (Feuchtl and Kamleitner 2009; Fuchs, Prandelli, and Schreier 2010; Peck and Shu 2009; Pierce, Kostova, and Dirks 2003). While it seems intuitive to use recognition as a strategy to increase PO and encourage positive crowdfunding behavior, evidence in the field of charitable giving implies otherwise (Winterich, Mittal, and Aquino 2013; Wymers and Samu 2002).

Across three studies, we therefore look at how different levels of recognition in crowdfunding (either chosen or randomly assigned) influence PO and consumers’ behavioral intentions and uncover conditions under which recognition is most effective.

In study 1, 160 participants were first exposed to two crowdfunding projects and subsequently shown six potential crowdfunding rewards from which they had to choose one in exchange for their support. Rewards were tangible and intangible merchandise items such as concert tickets and included either public (public listing of the name on the website) or private (personal thank-you note) recognition as a bonus. As in all future studies, we measured PO for the project with three items from Van Dyne and Pierce (2004). We further assessed participants’ willingness to pay (WTP) and their word-of-mouth intentions (WOM). We find evidence that choosing public over private recognition increases PO (\(M_{\text{private}}=3.90, M_{\text{public}}=4.37, F(1,156)=6.458, p=.012\)) and WTP (\(M_{\text{private}}=29.30, M_{\text{public}}=41.14, F(1,156)=10.952, p=.001\)) but fails to impact WOM. We then tested whether PO mediates the relationship between public recognition and our behavioral outcomes and as expected find a positive indirect effect on WOM (\(R^2=0.163, b=0.471, CI_{95\%}=(0.0920, 0.4232)\)) and WTP (\(R^2=0.076, b=0.204, CI_{95\%}=(0.8959, 9.0702)\)).

In study 2 we focused on PO as the crucial outcome variable and show that the effect of public recognition on PO is not universal but contingent on an individual’s level of public self-consciousness, i.e., how occupied a person is with his public persona. Prior to the actual study, we thus measured individuals’ public self-consciousness with seven items taken from Scheier and Carver (1985) (\(a=.73\)). 256 participants were then provided with detailed descriptions of three pretested crowdfunding projects and had to indicate which of these they were most likely to fund. Subsequent questions addressed their preferred project. They were then asked to pick a reward with either public, private or no recognition or alternatively opt-out of funding at all. We measured PO both before and after choice. Prior to choice, there was no significant difference in perceptions of ownership. After the choice has been made we do, however, find a direct positive effect of public and private recognition (\(M_{\text{no recognition}}=3.90, M_{\text{private}}=3.64, M_{\text{public}}=4.38, F(2,188)=7.497, p=.001\)), which supports our hypothesis that public recognition (and to a lesser extent private recognition) indeed boosts PO rather than vice versa. Further, our results reveal a two-way interaction and we find that those high in public self-consciousness receive an additional ownership boost exclusively from public recognition (\(M_{\text{no recognition}}=3.60, M_{\text{private}}=3.51, M_{\text{public}}=4.58, F(2,110)=3.901, p=.023\)), while those low in public self-consciousness are equally affected by public and private recognition relative to no recognition (\(M_{\text{no recognition}}=2.29, M_{\text{private}}=3.84, M_{\text{public}}=4.05, F(2,75)=7.631, p=.001\)).

Study 3 was identical to study 2 except that instead of choosing between different types of recognition, participants were randomly assigned to either the public, private or no recognition condition. In addition to PO, and to once more demonstrate its behavioral relevance, we measured WOM, loyalty and intentions to support future projects, all of which are consumer responses of particular interest in crowdfunding. Again, we find a highly significant two-way interaction (\(F(2,109)=5.333, p=.006\)). For individuals who are low in public self-consciousness, neither public nor private recognition causes a boost in PO. However, those who rated high on public self-consciousness and were given public recognition as a bonus, experience a boost in PO even if they had nothing to compare it with. In the private recognition condition no such boost compared to the no recognition condition was observed (\(M_{\text{no recognition}}=3.12, M_{\text{private}}=3.55, M_{\text{public}}=4.46, F(2,56)=3.533, p=.036\)). Further, we find a significant interaction effect on loyalty (\(F(2,109)=3.380, p=.038\)) and future support (\(F(2,109)=3.149, p=.047\)), but not on WOM. Moderated mediation using bootstrapping, however, reveals a significant conditional indirect effect of public recognition on WOM intentions (\(R^2=0.240, b=0.447, CI_{95\%}=(0.0430, 0.8784)\)), loyalty, (\(R^2=0.185, b=0.388, CI_{95\%}=(0.0335, 0.7071)\)) and future support (\(R^2=0.139, b=0.346, CI_{95\%}=(0.0442, 0.7038)\)), i.e., the indirect effect of public recognition via PO is only significant at high levels of public self-consciousness.

In sum, our paper contributes to a better understanding of recognition and its role in crowdfunding. We show that in particular public recognition increases psychological ownership, which subsequently elicits approach behavior. We find evidence that choosing public over private recognition elevates consumers’ sense of ownership, their WTP as well as their WOM intentions. We further uncover the contingent nature of public and private recognition as a boost of PO and positive consumer responses - once if self-chosen, once if assigned. We introduce public self-consciousness as a moderator of the effect and show that public recognition boosts PO only for individuals who rate high on public self-consciousness, i.e. those who attach great importance to their public self (Scheier and Carver 1985). Finally, we demonstrate that the direct comparison (vs. isolated evaluation) of recognition levels may magnify this boost, because the perceived additional benefit that individuals derive from public recognition becomes more salient.

**REFERENCES**


Carina Thürridl, Wirtschafts University, Austria
Bernadette Kamleitner, Wirtschafts University, Austria


