



Inland Norway
University of
Applied Sciences



Inland School of Business and Social Sciences

Anders Rykkja

Take a chance on me

**Cultural crowdfunding as a necessary, complementary,
or substitutive business model in the Nordic countries
and in Spain**

PhD Innovation in Services in the Public and Private sectors (INSEPP)
2023



Anders Rykkja

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PhD thesis

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Abstract

Over the last 15 years, online crowdfunding has emerged as a decentralised, alternative micro-patronage platform for raising capital for projects and businesses with for-profit and non-profit goals. Concurrently, a growing body of literature has been published on crowdfunding as a new and innovative funding mechanism. Most of this literature focuses on the success of campaigns, finding that two factors usually determine their performance: firstly, the quality of the campaign's presentation and its communication of the project or venture to potential contributors, and secondly, the choice of service model (investment versus non-investment). Fewer studies investigate what motivates adoption among entrepreneurs as promoters and how crowdfunding is used as a business model at the sector level.

The objective of this thesis is to shed light on which factors motivate or inhibit the use of crowdfunding by artists and cultural entrepreneurs, as well as on how crowdfunding is used as a business model in the cultural and creative industries. A critical realist stance is adopted, and the thesis integrates findings from exploratory, intensive (qualitative), and extensive (quantitative) research designs to address these questions, using the Nordic countries and Spain as an empirical context.

Several empirical and theoretical advances are made in this thesis. The primary contribution of this study's empirical research is that it finds that claims that crowdfunding in the cultural and creative industries (CCI) represents a "viable" alternative or "democratisation" of funding and financing arrangements are not supported by an analysis of cross-sectional campaign data. Instead, the evidence favours "winner-take-all" market structures. Important theoretical progress was made by showing that the micro perspective alone is insufficient for understanding the motivations behind – and the adoption of – cultural crowdfunding. Meso-level (platform environment, industry category, and the configuration of production systems) and macro-level (configuration of institutional environments and arrangements) structures and mechanisms are also relevant in understanding what drives or impedes the adoption and use of crowdfunding.

This thesis makes a significant contribution by considering these contexts in order to unpack differences in motivations that help to explain how crowdfunding is actually being used by artists and cultural entrepreneurs. Most of these promoters adopt crowdfunding out of

necessity due to a lack of alternatives. In a few project- and industry-specific circumstances, crowdfunding serves as either a complementary or substitutive source of funding.

Using longitudinal data, this thesis is one of the few contributions that exist that describe and explain the various forms of cultural crowdfunding. Being aware of and responsive to geographical contexts, institutional settings, and project types demonstrates the value of a focus on object specificity. It also demonstrates the value and benefits of combining methods to unpack crowdfunding as a phenomenon in ways that few other studies of cultural crowdfunding have accomplished.

Sammendrag

I løpet av de siste 15 årene har nettbasert folkefinansiering vokst frem som en desentralisert, alternativ mikrofinansieringsmodell brukt til pengeinnsamling for prosjekter og virksomheter av både allmennyttig og profittbasert karakter. Samtidig har det blitt publisert en voksende litteratur om folkefinansiering som en ny og innovativ tjeneste. Mesteparten av denne litteraturen setter søkelys på kampanjesuksess, og finner at to faktorer vanligvis avgjør utfallet: kampanjens presentasjon og formidling til støttespillere samt valg av tjenestemodell (innhenting av egenkapital versus belønnings- eller donasjonsbasert?). Færre studier undersøker hva som motiverer til adopsjon blant jobbskapere og hvordan folkefinansiering brukes som forretningsmodell på sektornivå.

Målet med avhandlingen er å belyse hva som motiverer eller hemmer bruken av folkefinansiering blant kunstnere og kulturelle jobbskapere, samt hvordan folkefinansiering brukes som forretningsmodell i kulturelle og kreative næringer. Oppgaven inntar en kritisk realistisk metodologisk innfallsvinkel som innpasser funn fra utforskende, intensive (kvalitative) og ekstensive (kvantitative) forskningsdesign for å adressere spørsmålene. De nordiske land og Spania brukes som en empirisk kontekst.

Avhandlingen kommer med flere empiriske og teoretiske bidrag. Det primære empiriske bidraget er at påstander om at folkefinansiering innen de kulturelle og kreative næringer i seg selv representerer et "levedyktig" alternativ eller "demokratisering" av tilgang til finansiering. Dette støttes ikke av en analyse av tverrsnittsdata på kampanjenivå. «Winner-takes-it-all» strukturer favoriseres i stedet. Et teoretisk hovedbidrag er å vise at mikroperspektivet alene er utilstrekkelig for å forstå motivasjonen for å ta i bruk kulturell folkefinansiering. Strukturer og mekanismer på både meso- (plattformmiljø, bransjekategori og konfigurasjon av produksjonssystemer) og makronivå (konfigurasjon av institusjonelle miljøer og ordninger) må også inkluderes for å forstå hva som driver eller hindrer adopsjon og bruk av folkefinansiering.

Avhandlingen bidrar med en kontekstuell analyse som synliggjør forskjeller i motivasjoner som bidrar med forklaring av hvordan folkefinansiering faktisk brukes av kunstnere og kulturelle jobbskapere. Et flertall av disse bruker folkefinansiering av nødvendighet på grunn av mangel på tilgang til alternative finansieringskilder. I noen få prosjekt- og bransjespesifikke omstendigheter fungerer folkefinansiering enten som en komplementær eller substituerende finansieringskilde.

Ved å bruke langsgående data er oppgaven ett av få eksisterende bidrag som beskriver og forklarer de ulike formene for kulturell folkefinansiering. Ved å være sensitiv til forskjeller forårsaket av geografi, institusjonelle rammevilkår og prosjekttyper viser avhandlingen verdien av et søkelys på objektspesifisitet. Den demonstrerer også verdien og fordelene ved å kombinere metoder i studier av folkefinansiering som et fenomen på måter få andre tilsvarende studier har klart å få til.

Preface

Bene fecit id quod bene amat.

Or, as the English translation reads: We can only do well what we know well. This is the motto of the Trelen wine-making family from Beaujolais, France. While I have had the pleasure to enjoy a few good bottles over the years it has taken me to do the empirical research and write up the thesis, I have spent far more hours learning what Howard Becker (Becker, 2008b) refers to as the “tricks of trade”, or how to become a researcher for real.

Like any trade, the hours and the work have to be put in if one wants to succeed. Since I started the journey of transition from being an artist manager and concert promoter to finishing this doctoral thesis, 11 years have gone by. Of those, six have been dedicated to learning how to do research, including thinking, and behaving like an academic. As part of the journey, I have learnt to love the research profession, and I hope that there will be plenty of opportunities over the coming years to practice it.

In short, it is rather simple and elegant. Good research, like producing great art and cultural experiences, is a labour of love and dedication. Hence, logically, this is what this document you are about to read aims to convey: a passion for the topic being researched. Whether I have succeeded or not in bringing forth this passion in my writing is a question I will leave to you, the reader, to evaluate.

Vienna, 26 June 2023.

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Lastly, my family: Emma, Leon, and Tor. To Tor and Leon: may this be an inspiration to you, showing that everything is possible. To Emma: thank you for taking a chance on me and bringing me a life filled with love and cats. This one is dedicated to you.

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Appended Papers

Article I

Rykkja, A., Maehle, N., Munim, Z.H., Shneor, R. (2020). “Crowdfunding in the Cultural Industries.” In: Shneor, R., Zhao, L., Flåten, BT. (eds) *Advances in Crowdfunding*. Palgrave Macmillan. https://doi.org/10.1007/978-3-030-46309-0_18

Article II

Rykkja, A., Munim, Z.H. and Bonet, L. (2020), “Varieties of cultural crowdfunding: The relationship between cultural production types and platform choice”, *Baltic Journal of Management*, Vol. 15 No. 2, pp. 261-280. <https://doi.org/10.1108/BJM-03-2019-0091>

Article III¹

Rykkja, A. & Hauge, A. (2021) Crowdfunding and co-creation of value: The case of the fashion brand Linjer. In Hracs, B.J., Brydges, T., Haisch, T., Hauge, A., Jansson, J., Sjöholm, (eds) *Culture, Creativity and Economy: Collaborative Practices, Value Creation and Spaces of Creativity*. Routledge. <https://doi.org/10.4324/9781003197065-4>

Article IV²

Rykkja, A., & Bonet, L. (2023). Governments matching of cultural crowdfunding: an exploratory comparative analysis of the Spanish and Swedish case. *Debats. Journal on Culture, Power and Society*, 137(1). <https://doi.org/10.28939/iam.debats-137-1.7>.

¹ The article not appended in the published version, due to copyright reasons.

² Published in Spanish (title: Adjudicación de fondos de contrapartida al micromecenazgo cultural por parte de los gobiernos: un análisis comparativo exploratorio de los casos español y sueco) and Catalan (title: Adjudicació de fons de contrapartida al micromecenatge cultural per part dels governs: una anàlisi comparativa exploratòria dels casos espanyol i suec). English version to follow in December 2023. Appended version is the accepted English manuscript.

Chapter 1 Introduction

1.1. Background

This thesis is a study on the use of digital crowdfunding as a business model in the cultural and creative industries (CCI) (Throsby, 2008; Pratt, 2012). Based on the appended studies (Articles 1 - 4), a combined narrative and systematic literature review (appendix 1) and an extensive analysis of 7,653 successfully promoted crowdfunding campaigns (see Chapter 3 and 4), the thesis advances the argument that one may observe three different rationales for adopting crowdfunding as a business model in the CCI in the Nordic countries and in Spain: out of necessity (of the artist or entrepreneur); as a complementary source of funding; and, in exceptional cases, as a substitute for other types of early-stage financing. The remainder of the background section provides discussions and examples to substantiate this position.

In conceptual terms, "crowdfunding" is a relative of "crowdsourcing" (Belleflamme et al., 2014; Hemer, 2011). Crowdsourcing, in the strict sense, is the digital outsourcing of functions and jobs (problem solving, information gathering, co-creation of content, and evaluation) by an organisation for commercial purposes (Brabham, 2008; Estellés-Arolas & González Ladrón de Guevara, 2012; Kleemann et al., 2008) While the goal of crowdsourcing is to foment interaction and cooperation, the aim of crowdfunding is to raise funding for projects and ventures. Michael Sullivan is the person who introduced *crowdfunding* as a term into the English language (Laycock, 2016). Sullivan oversaw the website Fundavlog, which was created to assist videobloggers in obtaining money for content development. According to Sullivan, crowdfunding better communicated Fundavlog's mission than crowdsourcing. Both words recognise the critical role of community development, work, and input from a "crowd". However, Sullivan contended that the term "funding" more accurately conveyed the underlying concern: that everything begins with money. The argument rests on the dependency on access to funding as a means to launch subsequent activities (Bouaïss et al., 2015).

The United Nations Conference on Trade and Development (UNCTAD) defines the creative economy as activities centred on fostering development by combining cultural, social, and tourism goals with the application of technology and the exploitation of intellectual property (UNCTAD, 2008). The backbone of the creative economy is the creative industries, of which the arts and the cultural industries are a subset (Jones et al., 2015). As a collection of heterogeneous, interdependent industries whose objective is to commercialise arts, culture,

and creativity (Jones et al., 2015; Power, 2002; Pratt, 1997a, 1997b)³, the cultural and creative industries (CCI) serve as both the empirical context and the meso-level setting for this study.

Initially, the business model construct may be described as a plan with a corresponding set of actions to be carried out for the purpose of value creation in a broad sense (Carter & Carter, 2020; Chesbrough, 2010; Teece, 2010) Thus, the business model construct explicitly refers to the use of crowdfunding as a funding mechanism to finance the development, production, distribution, and consumption of the outcomes of a project or venture.

A rationale for studying the use of crowdfunding within the creative economy is that the CCI drive innovation and generate spillovers across the wider economy (Cunningham & Potts, 2015; Potts & Cunningham, 2008). It has been argued in the management literature that studying managerial innovation and experimentation in the creative economy (Bonet & González-Piñero, 2021; Lampel & Germain, 2016) may provide templates for the coordination of economic activity in other sectors (Bakhshi & McVittie, 2009; Boix-Domènech & Rausell-Köster, 2018). Crowdfunding adoption in the CCI is one such example, because it was within the CCI that crowdfunding as a practice first emerged (Agrawal et al., 2013; Dalla Chiesa & Handke, 2020). This process of diffusion from the CCI towards the wider economy is also acknowledged in the general literature on crowdfunding. Contributions highlight the usefulness of empirical findings of 'early-stage creative projects' (Agrawal et al., 2015) for better understanding the adoption and use of crowdfunding in '... other, non-artistic projects and business ventures' (Macht & Weatherston, 2015, p. 193). In other words, there is a vetted tradition for utilising findings from studies that use the CCI as an empirical context for understanding the adoption and development of crowdfunding as a business model in general.

However, in the CCI the term *crowdfunding* can refer to many things. As a non-exhaustive example, it could mean its adoption variously by either a visual artist, a museum organisation, a film production company, or a commercially successful author of novels. It is improbable that these individuals and organisations will use crowdfunding in the same way. A comparison of their separate campaigns is likely to yield a taxonomy of qualitatively distinct projects in terms of format, objective, levels of ambition, funding requirements, material, and

³ Chapter 2 provides a review and discussions of possible definitions and operationalisations of the overlapping concepts of the creative economy and the cultural and creative sectors and industries. The attached studies try to combine two points of view: the CCI as production systems (Pratt, 1997a; Pratt 1997b) for cultural and creative products (Jones et al., 2015), and the fact that production processes can be seen as parts of different, interlocking, and mutually dependent activities (Throsby, 2008).

immaterial outcomes. While some advances have been made in construing a typology of crowdfunding promoters, these are still too broad and hence nondescript. As an example, Ryu and Kim's (2018) typology lumps together artistic project promoters under a category of indie producers that includes film, music, and performing arts projects. This is a good starting point, but fails to account for differences both in the motivations to adopt crowdfunding and the projects promoted by these artists or cultural entrepreneurs. One of the main arguments made, based on the research undertaken as part of the work on this thesis, is that it is not possible to treat these crowdfunding initiatives as similar. Hence, additional research is needed to broaden and deepen our understanding of how the use of crowdfunding differs across the various CCI and, from that, across other economic sectors.

The importance of context sensitivity is well established in research on the CCI. Girard noted already in 1982 (p. 33) that the CCI⁴ "...must not then be considered as a single entity but must be broken down by sectors." In a similar vein, Pratt and Jeffcut (2009) describe the CCI as "distinguishable from the 'rest' of the economy in some important ways, but there are also significant variations across particular industries." Finally, the CCI literature emphasises that production systems vary significantly at the industry level, regardless of whether they are "cultural," "creative," or a combination of the two. This is due to differences in technology use, cultural policy, globalisation, and consumer demand (Jones et al., 2015). These differences in methods of production and value creation across industries have subsequently yielded an extensive literature discussing what may be the most 'appropriate' way to conceptually and operationally define the CCI (Bouquillon, 2012; Cunningham & Flew, 2019; Galloway & Dunlop, 2007; Garnham, 2005; Hesmondhalgh, 2002; Lawrence & Phillips, 2002; O'Connor, 2000; Oakley & O'Connor, 2015; Peltoniemi, 2015; Power, 2002; Power & Scott, 2004b; Pratt, 1997b; Pratt, 2012; Throsby, 2008a; Tremblay, 2008)

Consequently, the CCI reveals substantial sub-sectoral diversity in terms of business models and growth rates in their respective temporal and spatial dimensions (Potts & Cunningham, 2008). These arguments are familiar to economists, geographers, management, and organisation scholars who study the CCI. In the general crowdfunding literature, these factors are rarely addressed or discussed. A possible explanation is that these contributions focus more on explaining crowdfunding as an alternative funding mechanism than on the intrasectoral diversity of the CCI or the types of projects and ventures being funded. Some

⁴ Girard's article only talks about the cultural industries because the creative industries as a concept was not introduced in policy circles until the 1990s (Garnham, 2005).

contributions underscore the need for context sensitivity at the campaign (micro) level by emphasising the significance of community benefits as a driver and motivator (e.g., Josefy, 2017). Recent country-level (macro) comparative research (e.g., Cicchiello et al., 2022a, 2022b) reveals that differences in national cultures (i.e., Hofstede, 2001) and cultural policy frameworks explain patterns of adoption and use of cultural crowdfunding in different countries. Nonetheless, studies seeking to elucidate how crowdfunding can be used to fund new ventures (Mollick, 2014), by examining campaign outcomes using the crowdfunding platform environment as a "standardised setting" (Frydrych et al., 2016), remain the primary focus in the literature.

As a result, it should come as no surprise that most of the published crowdfunding research focuses on campaign performance and success factors (Kaartemo, 2017; Shneor & Vik, 2020). Reviewing this literature, Dalla Chiesa (2021, p.56) concludes that these studies are disproportionately based on campaign-level aspects (e.g., presentation text, use of video and social media, number of updates and rewards), with assessments of meso-level characteristics (Shneor & Vik, 2020) being rare⁵. Extending this line of inquiry further reveals a secondary distinction: analysing success factors in relation to the utilisation of crowdfunding models. (Belleflamme et al., 2014; Younkin & Kaskooli, 2016). There is a subset of research that explores success variables in either investment (raising debt or equity financing for a business) (e.g., Lukkarinen et al., 2016) or non-investment crowdfunding (philanthropy, donations, product pre-sales) (e.g., Boeuf et al., 2014). Thus, the broader crowdfunding literature predominantly focuses on two aspects: the way the campaigns present and communicate the project or venture to potential backers and selecting the service model (investment or non-investment?) most likely to result in successful outcomes. Another way to frame it is that the crowdfunding studies predominantly focus on acts of successful fundraising and interactions between promoters and patrons, treating the impact of crowdfunding on production practices as secondary (Gleasure et al., 2017).

Conversely, Brent and Lorah (2019) note that when transferring "lessons learned" from general crowdfunding research to other contexts, it is necessary to consider the purposes for which crowdfunding will be employed. As we have established, the CCI are not a

⁵ *Rare* denotes the existence of major exceptions. Gamble et al. (2017) provide a meso-level study of adopting crowdfunding as a business model in the recording industry. According to Buttice and Colombo (2018), social capital (reputation and community status on a crowdfunding platform; see Colombo et al., 2015) varies across industries. Research on crowdfunding and geography (e.g., Mollick, 2014; Le Bechec et al., 2018) documents how digital crowdfunding reproduces offline-industry-specific patterns of clustering and agglomeration.

standardised setting. However, the issue remains that several success factor studies using data from CCI projects will refer to small-scale campaigns as "business ideas," "investments," and "ventures" (Shneor & Vik, 2020). It is difficult to square these characterisations with empirical analysis (Bonet & Sastre, 2016; Barbi & Bigelli, 2017; De Voldere & Zeqo, 2017; van den Hoogen, 2020) evidencing that successful CCI campaigns, on average, raise less than 10,000 EUR per campaign.

Consequently, a primary objective of this thesis was to identify and explain "differences in crowdfunding between various economic sectors or industries and how these correspond to various economic characteristics" (Dalla Chiesa & Handke, 2020, p. 162). We have generic taxonomic knowledge about crowdfunding models and what they can achieve, but little insight into how the efficacy of campaigns using these models varies by industry.

Accordingly, a reason for selecting this approach is the opportunity to make a research contribution that enhances understanding of the similarities and distinctions between crowdfunding in the CCI and other economic sectors.

The use of crowdfunding as a business model in the CCI is characterised by three mechanisms: usage driven by necessity due to a lack of other options, or because crowdfunding may complement or substitute other sources of funding and financing.

First, necessity. The literature on entrepreneurship defines *necessity entrepreneurship* as entrepreneurship imposed on individuals because paid employment options are either unavailable or unsatisfactory (Galloway & Levie, 2001). An absence of options can be the result of macroeconomic-level (economic recession) or mesoeconomic-level (industry restructuring) impacts. On the one hand, such circumstances may compel employees facing redundancy to become self-employed in order to continue working in the same field. The choice is motivated by a logic of economic necessity (Stanworth & Stanworth, 1997), and the justification for choosing self-employment under these conditions is referred to as an entrepreneurial push (Bögenhold & Staber, 1991). On the other hand, a decision to start a venture to secure employment is an option pursued either voluntarily or reluctantly. In the latter case, a reluctant decision indicates that the alternative was chosen because it was the 'least' unsatisfactory available opportunity (Boyle, 1994; Haynes & Marshall, 2018; Stanworth & Stanworth, 1997; Stiles, 1973).

The case of John-Allison Weiss is an excellent illustration of the necessity-driven adoption of crowdfunding as a business model. In an effort to gather \$2,000 to press 1,000 copies of their

self-released EP, Weiss launched a Kickstarter campaign in December 2009. The campaign reached the goal in less than a day, going on to eventually raise \$7,711 USD from 205 patrons. A video introducing the campaign shows Weiss⁶ playing guitar while sitting at their kitchen table and requesting financial donations from “the internet” to create a run of their EP in an "eco-friendly digipack." Weiss explains that their need for funding arises from their status as an independent artist without a management team, record label, or event staff who could make this possible. Weiss' example highlights how necessity drove enterprise and the wise use of an extroverted personality (cf., Davidson & Poor, 2015). Using crowdfunding, Weiss obtained advance funding (Kappel, 2009), through the pre-sale (Belleflamme et al., 2014) of advance copies (99 of the 205 contributions) and monetary contributions exchanged for expressions of gratitude and updates (Gerber & Hui, 2013). Walker (2011) identifies Weiss's campaign as a blueprint of "how to" effectively utilise crowdfunding by illustrating the way in which it can be leveraged to "reach not only an abstract ‘crowd’, but also a network of friends, peers, and fans."

This thesis does not seek to determine whether necessity leads to reluctant adoption of crowdfunding. What it does is to assume that necessity can crowd out reluctance as a barrier to the adoption of crowdfunding. Its goal is to show how the associated ideas of necessity and reluctance help characterise and explain the usage of crowdfunding among artists and cultural entrepreneurs, on a specific career path and from distinct CCI, when other options are unavailable. In other words, there exists a contingent (neither necessary nor impossible) relationship (Sayer, 2000) in which the mechanism of necessity, somewhat conditioned by reluctance, may explain the use of crowdfunding for certain types of cultural projects.

Artists and cultural entrepreneurs whose use of crowdfunding may be described by the concept of necessity account for the dominant type of crowdfunding initiatives within the CCI⁷. In addition, the largest single category of projects in the empirical datasets analysed as part of the work with the thesis (n = 2,195 out of N = 7,653) is musicians seeking funding to record albums. Further characteristics of the necessity-motivated category of campaigns are that they are primarily orientated toward seeking funds to produce simple creative goods (e.g., production of stage performances, art exhibitions, music recordings and book publishing, see

⁶ Weiss identifies as non-binary, hence *their*.

⁷ Two thirds of the campaigns analysed as part of the empirical work of the thesis (comprising both national and international platforms) (n=5062 out of N=7,653). As I write this, (17.03.2023) one third of the campaigns launched historically on Kickstarter, some 196,000 campaigns out of 587,000, belong to four CCI: music, visual art, publishing, and performing arts (i.e., combining the Kickstarter categories of theatre, and dance).

Caves, 2001, part I) and raise, on average, low amounts (less than 6,000 EUR raised) per campaign. These aspects may, in combination, indicate motivations that signal a lack of access to other funding options or a need to use crowdfunding as a stepping stone for career building and positioning (Dalla Chiesa, 2022; Articles 1 and 4 in this thesis).

The second rationale for adoption is complementarity. Hemer (2011) suggests, in an early contribution, that crowdfunding potentially could complement⁸ the classical forms of early-stage start-up financing. *Complementary* in relation to the funding and financing of goods and services refers to the way in which various sources may be used in combination. One way to establish the complementarity of crowdfunding with traditional sources is through research. Preliminary results indicate that both investment (debt) and non-investment (reward-based) crowdfunding and bank financing are complementary (Cole et al., 2019). Another contribution defines *complementarity* through the notion of participative co-financing (Bock et al., 2022). In this concept, crowdfunding is the participative component in a funding model for a venture, project, or initiative where the other component is a traditional source such as debt financing through a bank. Co-financing thereby implies a need to combine different sources of funding and financing as no traditional or complementary sources will be able to provide all required capital singlehandedly. This is what Article IV, following Schuster (1989), refers to as governments' role as co-financers of the arts, because no cultural-policy-justified grant instruments will finance the entirety of project costs. Therefore, a participatory method of complementary co-financing, if applied to the CCI, would involve the combination of crowdfunded support with 'traditional sources' such as, for example, public grants, sponsorship, endorsement deals and income from the exploitation of intellectual property rights.

Film production financing is one example of a complex process of combining some of these sources. Multiple commercial exploitation windows and funding sources must be combined to fully fund the production. To obtain funding that is frequently capped at a maximum amount of support, producers must satisfy conditions such as minimum budget requirements, the requirement to spend their own funds, and evidence of access to other funding sources (European Audiovisual Observatory, 2019). Crowdfunding is a viable complementary source for this reason, as the case study of the New Zealand film *Boy* demonstrates (Ferrer Roca, 2015). At the time of its release (2010), the film was New Zealand's highest-grossing local

⁸ A simple economic definition of *complements* is goods used in conjunction with others, analogous to how a CD player and a CD album complement each other (Einarsson, 2016).

production. The commercial success on the domestic market, critical acclaim, and numerous awards did not, however, translate into economic success. The causes cited were a combination of unfavourable funding for distribution rights and low revenues due to the small size of domestic markets. With little funding available to distribute the film in the United States and no American distributor interested in acquiring the rights, the producers used a crowdfunding campaign hosted on the platform Kickstarter to raise the necessary funds. This allowed the film to premiere in 18 cities and break even with the distribution costs. It serves as an illustration of how crowdfunding can be used to complement (cover marketing and distribution costs) other funding sources (those used for domestic production and distribution) for complex creative goods (Caves, 2001).

Complementary also outlines what may prompt publicly supported organisations with budgetary constraints (e.g., museums and other cultural heritage organisations), a desire to implement initiatives, and demands to innovate and diversify their funding mix, to adopt crowdfunding (Baeck et al., 2017; Cavalcanti Junqueira, 2021; Riley-Huff et al., 2016). Motivations can often be mixed (van Teunenbroek & Smits, 2022). They range from use of crowdfunding to foster social cohesion and community building to garner resources, to cases where acquisition through traditional sources is competitive and characterised by low success rates (Bump, 2014; Pappmehl-Dufay & Söderström, 2017).

Thus, crowdfunding as a complementary source indicates projects from industries that either depend on complex financing structures or that incorporate benefits in the form of cultural and symbolic value for a community.⁹ These are aspects that point to co-financing and underline the fact that complex cultural projects or the involvement of numerous stakeholders may call for the use of a variety of distinct, overlapping, and hence adaptable, sources of funds to finance the completion of a specific project. Besides film production and museums, other institutions and projects related to cultural heritage are well suited for using crowdfunding in a complementary way. About a quarter of the projects in our campaign

⁹ The use of complementarity as an analytical tool will not consider whether use of a private source (crowdfunding) may crowd out a public source (funding through grants) (Brooks, 2000; Kim & Van Ryzin, 2014; De Wit et al., 2020;). The focus is on the observation that crowdfunding is or can be used in a variety of creative ways, and the way it is combined with other funding sources will be context dependent. However, Article IV does address some of the barriers to and benefits of supporting crowdfunding through matching grants. Matching grants will, in principle, either crowd out or crowd in public funding, with the two case studies showing, respectively, a moderate and weak crowding-in effect. An explanation may be that a public matching grant awarded to a project is a quality signal that increases the overall amount of funding raised.

database (n=1,870 out of N=7,653) may be illustrative of the use of crowdfunding as a complementary source of funding.

Finally, we have crowdfunding as a substitute or "serious alternative" (Hemer, 2011, p.3). Crowdfunding as a business model can be used in lieu of other sources of funding and financing, thereby constituting a serious alternative. This is where we find industry categories and projects that exhibit superstar effects (Adler, 1985; Caves, 2001; Rosen, 1981) pertaining to design-intensive CCI's that use cultural expressions as input for commercial endeavours, frequently to market and sell consumer goods (Throsby, 2008a; Jones et al., 2015), and the production and publishing of apps and video games (Planells, 2017).

The Linjer case study in Article III is an illustration of the rationale for substituting other sources of debt and equity venture capital with crowdfunding. Through six crowdfunding campaigns on Kickstarter and Indiegogo, the two founders, an e-commerce expert and a management consultant, successfully raised nearly \$3 million. Linjer demonstrates that, provided certain conditions are given and in specific contexts, pre-sales of goods via crowdfunding can help a bootstrapped¹⁰ startup achieve the same level of success as a conventional entrepreneurial strategy and pathway. The way in which other major brands have since adopted Linjer's use of a platform-based business model to launch their product lines and interact with customers validates the approach. Established CCI companies such as Lego (Leprince-Ringuet, 2018) and more traditional consumer brands such as Procter & Gamble and Coca Cola (Vizard, 2019) are turning to crowdfunding for product testing and market research.

The introductory chapters (Chapters 1 to 7) will contribute to the unravelling of this three-tiered taxonomy of motivations by providing empirical evidence (Chapter 4) and additional justifications via discussions of the contributions of the appended articles (Chapter 6). First, however, the subsequent sections of Chapter 1 will provide a synopsis of the study's scope, introduce the objectives and research questions, and then conclude with a brief section that provides an overview of the thesis.

¹⁰ The founders took turns working full-time while the other partner coordinated marketing campaigns and oversaw fulfilment.

1.2. The scope of the thesis

In relation to scope, the thesis delimits its focus on the study of crowdfunding to the most common types used within the CCI, a defined geographic area, and analytical frameworks from the literature on innovation and service research. These will be explained in the following paragraphs.

There are at least six distinct types of crowdfunding that are associated with distinct business models, as shown in Table 1. The two primary classifications for these categories are investment-based and non-investment-based crowdfunding (Ziegler et al., 2018). In addition to equity- and loan-based crowdfunding, 'hybrid' crowdfunding also includes profit sharing (Belleflamme et al., 2014). Profit sharing is like equity crowdfunding, in that financial backers receive a portion of the profits generated by the commercial exploitation of the crowd-funded project. The music-focused crowdfunding platform Sellaband helped popularise this model whereby fans, as "believers", were converted into "consumer-investors" (Ordanini et al., 2011).

Table 1

Overview of Crowdfunding Models

Business model	Type of crowdfunding
Investment-based	Equity Crowdfunding
Lending-based	Loan-based Crowdfunding
Invoice-trading	Loan or Equity-based Crowdfunding
Reward-based	Reward-based Crowdfunding
Donation-based	Donation-based Crowdfunding
Hybrid	Variety of types

Source: European Commission (2016)

Crowd patronage (Swords, 2017) may be added to the non-investment types of crowdfunding in addition to donation- and reward-based crowdfunding. The latter concept refers to a business model for crowdfunding that combines philanthropic donations and reward-based forms of exchange. The crowd-patronage model is exemplified by the website Patreon, where patrons pay promoters a monthly retainer without necessarily expecting a return, and promoters are free to use the funds to support ongoing creative activities (Bonifacio et al., 2021).

The use of empirical data in this thesis and other European research (De Voldere & Zeqo, 2017) indicates that reward-based crowdfunding is the most common type of crowdfunding within the CCI¹¹. Therefore, the scope of this research is limited to the adoption of reward-based crowdfunding as a business model to facilitate pre-sales of products and services (Shneor & Munim, 2019). In other words, the term *crowdfunding* refers exclusively to reward-based crowdfunding.

Geographical restrictions are imposed by the empirical data collected. This restricts the scope to reward-based crowdfunding campaigns from the Nordic countries¹² and Spain, promoted on national platforms, Kickstarter (USA) and Indiegogo (USA) between 2010 and 2016. The period coincided with a surge in the use of crowdfunding in the CCI (De Voldere & Zeqo, 2017) and reward-based crowdfunding in general (Ziegler et al., 2018). The rationale is supported by a combination of practical and research-based justifications. A portion of the work for the thesis included the manual collection of platform activity data from the Nordic countries utilising a method and model previously used in Spain. Therefore, the pragmatic justification is that access to these two datasets made it simple to conduct comparative analyses between European nations located in distinct regions. The empirical argument is that most of the research up until now on reward-based crowdfunding uses project-level data from Kickstarter or another larger Anglo-American platform. According to Shneor and Vik (2020), this means that our knowledge of reward-based crowdfunding may not be representative, due to its emphasis on campaigns promoted in a large international market (the United States) using the market-leading platform, Kickstarter. By focusing on the Nordic countries and Spain, it is possible to uncover information and nuances about crowdfunding as a phenomenon that may have been missed by these studies. Finally, as evidenced by the literature review conducted (cf. Article I), there is a lack of cross-country comparative analysis of crowdfunding in the CCI. In other words, there was little reason to change the geographical area when the opportunity to collect additional or distinct campaign data arose.

In relation to innovation and service literature, crowdfunding as a phenomenon represents a new kind of business model (Quero et al., 2019) due to the way in which crowdfunding

¹¹ The European Commission published a detailed report on and analysis of crowdfunding in 2017. (De Voldere & Zeqo, 2017). According to the report's findings, between 2013 and 2016, 88 percent of the 75,000 cultural and creative campaigns in Europe used reward-based crowdfunding to raise 247 million euros. See articles I and II for additional context and details.

¹² The list includes only Denmark, Finland, Iceland, Norway, and Sweden. Although Greenland, the Faeroe Islands, and Aaland (Finland) are all part of the Nordic countries, it was difficult to obtain sufficient fine-grained data to include them, and there were an insufficient number of campaigns to make it worthwhile.

platforms facilitate co-creation of value between consumers and campaign promoters (Quero et al., 2015). The innovative dimension of crowdfunding is in the way crowdfunding, as a service, operates according to a Schumpeterian logic of combining the old with the new (Powell, 2017). Alternatively, it can be argued that what makes crowdfunding an innovation is the new combination of preselling through patronage by subscription, with the potential boundless diffusion of the internet (Article II).

The fourth edition of the Oslo manual (OECD/Eurostat, 2018, p. 68) defines *business innovation* with reference either to an outcome (innovation) or to a process (innovation activities) in the following manner:

Innovation activities include all developmental, financial, and commercial activities undertaken by a firm that are intended to result in an innovation for the firm. A business innovation is a new or improved product or business process (or combination thereof) that differs significantly from the firm's previous products or business processes and that has been introduced on the market or brought into use by the firm.

The manual interprets *product* as either a good or a service, or a combination thereof. Additionally, the generic definition of *product innovation* serving as the basis for defining *business innovation* emphasises significant ‘newness’ compared with previous products, and market introduction as prerequisites (p. 71). Nonetheless, two caveats make it difficult to apply this definition in the present study. First, new products based on custom production, for which the manual cites computer games and film production as relevant, are not counted as innovations. Second, the manual rules out concepts, prototypes, or models for products that can be ‘pre-ordered’ using crowdfunding¹³ as innovations, because they lack the necessary condition of formal market introduction. In other words, potentially innovative cultural and creative products (cf. Stoneman, 2010) financed through crowdfunding fall short of OECD/Eurostat’s formal definitions.

The OECD’s formal definition highlights the somewhat paradoxical position of innovation in the CCI: that innovation is constant and unrecognised by standard measurement (Granados et al., 2017). Conversely, as has been observed (Power, 2010, p.155), orthodox innovation

¹³ The direct citation is ‘... pre-order or make advance payments for the concept, such as a product concept funded by crowdsourcing.’ My interpretation is that the authors meant *crowdfunding*. Other sections of the manual use *crowdfunding* consistently (p. 62 – supporting innovation activities –; p. 100 – other sources of funding for innovations –; p. 128 – support for knowledge flows and network formation –).

theories or standard metrics of measurement alone cannot explain commercial development in the CCI. As a consequence, many authors (Benghozi et al., 2017; Bonet & González-Piñero, 2021; Castañer & Campos, 2002; Hawkins & Davis, 2012; Jones et al., 2015; Miles & Green, 2008; Stoneman, 2010; Wijnberg, 2004) have attempted to conceptualise and explain why and how innovation in the CCI is a distinct undertaking, using a wide range of approaches. A synthesis of their combined approach is that innovation in the CCI is a constant process, with cultural entrepreneurs continuously engaged in producing novel works and content, where it is difficult to distinguish between creativity and innovation, and whose market reception is uncertain and volatile. Uncertainty implies that valuation, to some extent, is only possible ex-post consumption. The reasons for this are the products' stylistic, symbolic, and experiential features, as reflected in their semiotic nature and material base (Jones et al., 2015). Hence, prescriptions, sense making, curation, and intermediation are important elements for creating demand and consumption.

Ergo, it becomes difficult to separate innovation from other tasks and activities in the production systems of the CCI. This is because, with crowdfunding as employed within the context of the CCI, we have two types of 'fringe' innovations, according to standard OECD/Eurostat definitions and measurement procedures, acting in combination. On the one hand, a campaign promoter uses one type of innovation: crowdfunding. On the other, the use of crowdfunding may create and lead to the diffusion of another potential innovation: 'conventional' CCI output. Additionally, these outputs do not adhere to the typical characteristics (intangibility, heterogeneity, inseparability, and perishability) and standards of services. This is because most CCI crowdfunding campaigns analysed as part of the research conducted for this thesis are for funding the production and distribution of material goods: music records, books, board games, fashion goods, watches, and design objects.¹⁴ Thus, from an innovation research perspective, the approach adopted in the work with this thesis is to ***interpret crowdfunding as a digital business model innovation provided as a service, to facilitate the promotion, financing and consumption of what predominantly (> 90 % of campaigns) is material goods and not services.*** Additionally, most of these goods may be

¹⁴ Service research, e.g., Lusch and Vargo (2014), p. 13, postulates that goods should be viewed as 'appliances' that act as intermediaries in service delivery. Critics of this view, e.g., Campbell et al. (2013), argue that the value of the service that goods render is always materially embodied. Further, contrast Campbell et al.'s view with Gil and Pratt's (2008) observation of the pervasiveness of materiality within the knowledge (service) economy: someone somewhere needs to enter the zeros and ones that make up the Internet's codes. Hence, neither goods nor services can be magicked out of thin air; both require material production. Therefore, this thesis adopts Campbell et al.'s view that goods and services are distinct because materiality precedes service.

considered creative variations of existing supply of cultural and creative goods rather than incremental innovations (Becker, 2008a; Bonet, 2021; Caves, 2001). In any case, goods funded through crowdfunding campaigns do not constitute product innovations according to standard definitions of innovation. However, crowdfunding as a process by which new value is added to the process of production, distribution, and creation of exchange and use value (Banet-Weiser & Castells, 2017) do constitute an innovation.

In terms of terminology, the appended articles define and describe the variant of reward-based crowdfunding being studied as cultural crowdfunding. *Cultural crowdfunding* refers to the use of crowdfunding as a funding mechanism for cultural production (Venkatesh & Meamber, 2006; cf. Article I), which encompasses the creation, production, distribution, and consumption of cultural goods and services. The conceptualisation was influenced by early research on the cultural variant of crowdfunding (Kappel, 2009; Hemer, 2011; Bannerman, 2013; Matthews et al., 2014) and the way reward-based crowdfunding, as a form of pre-ordering, can be used as a distribution channel (Belleflamme et al, 2014). In contrast to other forms of non-investment-based crowdfunding, such as the civic (Davies, 2014, 2015a, 2015b; Wenzlaff, 2020) and social (Lehner, 2013; Lehner & Harrer, 2019) variants of crowdfunding, there does not appear to be a consensus on terminology.¹⁵ Recent mappings and reviews of the use of crowdfunding in the CCI (Handke & Dalla Chiesa, 2022; Cicchiello et al., 2022a; Cicchiello et al., 2022b) employ crowdfunding in its original form, with delineation following contextualisation of individual studies. This is the chosen approach here also, in addition to avoiding the use of multiple acronyms (i.e., CCF and CCI). Hence, the terms *crowdfunding* and *cultural crowdfunding* will be used as synonyms throughout the introductory chapters of the thesis. Still, what is being discussed – unless otherwise stated – refers to cultural crowdfunding: a designation of the sectoral practise of crowdfunding as employed by artists and cultural entrepreneurs from the CCI.

Concluding this section, the aim of this thesis is to further our knowledge and understanding of crowdfunding as a business model innovation, through an investigation into the way in which crowdfunding is adopted in the CCI. The emphasis on adoption is to better understand what motivates the uptake of crowdfunding and explain how artists and cultural entrepreneurs may use crowdfunding.

¹⁵ Examples of terminology and definitions are *cultural and creative crowdfunding* (Demattos Guimares & Maehle, 2022), *crowdfunding in the cultural and creative sector* (Lazzaro & Noonan, 2020), and *crowdfunding in the cultural and creative industry* (Tosatto et al., 2019).

1.3. Research questions and appended articles

The objective of this thesis is to provide answers to two research questions. The first question seeks to determine *what benefits or impediments drive and foment crowdfunding's acceptance among artists and cultural entrepreneurs?* Based on the responses to the first question, the second question examines *how do artists and cultural entrepreneurs use crowdfunding as a business model?*

The four appended articles contribute to the overall objective, with distinct research objectives associated with these two primary research questions. The first article proposes a study that combines the contextual framing of crowdfunding as practised within the CCI with a literature review indicating future research directions. Subsequently, some of the identified knowledge gaps and poorly understood aspects of the campaign process and stakeholder interactions were selected for further investigation in separate articles (II to IV). These are, in ascending order, the determinants of platform choice (Article II), the process of value co-creation and negotiation between consumers and project promoters (Article III), and an examination of the various regional and local cultural policy intervention and match-funding schemes that can support the use of crowdfunding (Article IV). These contributions' titles, empirical data, methodologies, use of theories and publication details are found in Table 2.

- The first study seeks to discover *what we know about cultural crowdfunding, and where the knowledge gaps in the literature are*. This study serves the purposes of conceptualising cultural crowdfunding, establishing what we know about crowdfunding as a practice, and establishing an empirical research agenda for the thesis justified by gaps in the literature.
- In the second study, the interest is ascertaining the determinants explaining *why project promoters in the different cultural and creative industries utilise different types of crowdfunding platforms*, something which I relate to industry affiliation, characteristics of the goods and services, and funding requirements.
- Next, the third study considers *how cultural crowdfunding works as a mechanism for value co-creation and production*, as exemplified by a case study of a fashion venture's serial usage of crowdfunding as a business model to establish a brand.
- Finally, the fourth study investigates *how local and regional governments in Europe have responded to the emergence of crowdfunding as an alternative funding*

mechanism to support cultural projects through a conceptual framework and a comparative case-based analysis of different roles and approaches.

In addition, one appendix contains a version of the literature review submitted to a journal for review whose findings (bibliometric analysis) are presented and discussed in Article I. The rationale for including a fifth article as an addendum is to allow the reader the possibility of evaluating the methodological considerations and process of conducting a combined systematic and narrative review. This is because combining methods within a single study has some bearings on the overall methodological approach chosen (see Chapter 3). Overall, the thesis uses a combination of intensive (or qualitative) and extensive (or quantitative) research designs (Sayer, 1992; Sayer, 2000, pp.20 -21; Downward & Mearman, 2007) justified and driven by the empirical context, which require different theoretical perspectives and a combination of methods (Robson, 2002), to answer the research questions.

Table 2

Presentation of Appended Articles and Chapters

Title and number	Research question	Empirical data	Theoretical perspectives	Publishing status
Article I	What do we know about cultural crowdfunding?	114 (metanarrative) and 84 (bibliometric) peer-reviewed articles in English, French, and Spanish	Systematic literature review (Tranfield et al., 2003; Okoli, 2015), Metanarrative synthesis (Greenhalgh et al. 2005), Bibliometric analysis (Zupic & Čater 2015).	Published as a book chapter (2020). In <i>Advances in Crowdfunding: Research and Practice</i> , edited by Rotem Shneor, L. Zhao and B.-T Flåten. Basingstoke: Palgrave MacMillan.
Article II	In what way do the determinants scope and scale explain the project promoters' choice of crowdfunding platform usage?	1,465 successfully funded crowdfunding campaigns from ten local (Nordic countries) and two international (Indiegogo and Kickstarter) crowdfunding platforms	Cultural Enterprise Framework (Colbert, 2007)	Published as an article (2020). In <i>Baltic Journal of Management</i> 15 (2): 261-280.
Article III	How does crowdfunding lend itself to processes of value co-creation?	Secondary data on the fashion company Linjer. Blog posts, podcasts, online articles, social media presence and six crowdfunding campaign pages.	Aspirational class (Currid Halkett, 2017)	Published as a book chapter (2021). In <i>Culture, Creativity and Economy</i> , edited by Brian J. Hraes, Taylor Brydges, Tina Haisch, Atle Hauge, Johan Jansson and Jenny Sjöholm, 43-55. London: Routledge.
Article IV	How have local and regional governments in Europe responded to the emergence of crowdfunding as an alternative funding mechanism to support cultural projects?	Review of literature on match-funding and 37 public-sector-initiated match-funding schemes in Europe (EU + UK). Embedded case studies of the platforms Goteo (ESP) and Crowdculture (SWE).	Paradigms of cultural policy (Bonet & Négrier, 2018); Matching grants (Schuster, 1989)	Published as an article (2023). In <i>Debats – revista de cultura, poder i societat</i> 137 (1)

1.4. Outline of the thesis

This thesis consists of seven introductory chapters, four appended articles, and a paper submitted to a journal in an appendix. The introductory chapters are structured as follows:

Background information is provided in Chapter 1 to justify the research interest and choosing to investigate the adoption of crowdfunding as a business model in the CCI. Initially, three motivations – necessity, complementarity, and substitution – are proposed as explanations for the observed patterns of use. The chapter then empirically, conceptually, and theoretically restricts the area of study (scope) prior to presenting the goals and objectives operationalised as two primary and four secondary research questions.

In Chapter 2, the relevant literature on crowdfunding as it pertains to its use as a business model will be reviewed. The literature review focuses on the CCI, entrepreneurship, and crowdfunding, as well as platforms, the creation of value, and the relationship between crowdfunding and cultural policy instruments. The review concludes by introducing a conceptual framework that converts these theoretical insights into an analytical model that applies them to the process of creating, launching, and managing a crowdfunding campaign in the real world.

The third chapter discusses the methodological considerations and decisions that guided the overall execution of the investigation. This chapter contains individual sections on research designs, data collection techniques, and analysis methods for the thesis and the appended papers. Throughout the text, concrete examples from the investigation are used to justify the choices made during the research.

The fourth chapter proposes a comparative case study of the use of crowdfunding as a business model in the Nordic countries and Spain between 2010 and 2016. The rationale for the case study and use of historical data is that a number of the insights and findings from the analyses justify the three-pronged set of reasons for its adoption. As a result, the case study complements the accompanying articles and expands our understanding of crowdfunding in the CCI, as defined by the study's scope. Additionally, since the case study analysis also uses collected data not included in the appended studies, another rationale is that the case study may further corroborate both the motivational arguments discussed in Chapters 1 and 6 and the findings of the appended articles.

The fifth chapter summarises the appended articles and book chapters.

The sixth chapter provides an overview of the findings from the appended articles and details the theoretical and empirical contributions of the thesis.

Finally, Chapter 7 concludes with a discussion of the research process and suggestions for future research.

Chapter 2 Literature review

The objective of this chapter is to review, discuss, and interpret concepts, theories, and findings from research literature and empirical studies that are pertinent to an analysis of cultural crowdfunding as a business model.

Research into crowdfunding is interdisciplinary. Currently there is no consensus on what the "appropriate" theories for analysis are (Dalla Chiesa, 2021; Kaartemo, 2017; Shneor & Vik, 2020). Each discipline has its own preferences. Differences in approaches do result in distinct findings and insights. Consider the example of conducting an economic analysis of interactions between a promoter and patrons during campaigns. Media scholars (Scott, 2015, as an example) may approach the issue aware of the fact that patrons, as fans, often have a strong emotional attachment to the project being funded. The research objective could be finding out if these affective relations are exploited for financial gain by a promoter aware of the willingness of fans to contribute. Other concerns may be whether fans' participation in financing of media productions through crowdfunding (what Scott refers to as fan-acing) enables the production of different, more diverse content that better caters to their preferences? In both cases, a possible power imbalance between patrons and promoters is a concern. To analyse the issue, the concepts of mutual responsibility and obligation from the theory of moral economy (Thompson, 1971) combined with insights from the literature on fandom (Jenkins, 2006) provide a possible combination of perspectives.

A very different approach to the analysis of promoter-patron relations is economic studies of success and campaign performance. The go-to theoretical framework is to use signalling theory (Courtney et al., 2017; Spence, 1978) to explain how promoters and patrons may overcome asymmetric information (Akerlof, 1970). Here, the concern is not power relations. Promoter and patrons are considered rational actors who, unless there are fraudulent intentions, will get exactly what they bargain for. So, the issue is to understand what kind of behaviour, communication efforts and dissemination of information will more effectively lead to successful outcomes. As an example, a seminal study (Colombo et al., 2015) found that promoters who actively "signal" by building social relations within a platform community, contributing funding, and providing feedback to other campaigns, are more likely to succeed.

These examples illustrate two things. First, while the transitive dimensions (use of theory) may vary across disciplines, the object being studied (crowdfunding) and the reality it is a part of, is the same (Sayer, 2000, pp.10-11). This is a methodological concern we return to in Chapter 3.

Second, crowdfunding research across academic disciplines uses different theories and concepts. These choices will be based on suitability for comprehending research problems and applicability for answering empirical research questions. Sometimes, this implies using an existing theoretical framework. Other times, the framework needs to adapt and combine various theoretical perspectives and concepts from a broad range of literature. The latter strategy has been adopted for this thesis. Thus, in addition to the literature on crowdfunding and the CCI, this includes drawing from literature on management and marketing, economic geography and sociology, entrepreneurship and innovation, platform studies, institutional and cultural economics, valuation studies, and cultural policy.

Two other aspects of the literature review process need comment. First, the review does not provide an examination and discussion of the current state of crowdfunding research. This is because a mixed-methods (systematic with bibliometric analysis and metanarrative analysis) literature review on cultural crowdfunding was conducted as part of the thesis work. Article I (the systematic review), Chapter 3 of the introduction (combining the use of methods and integrating findings from a systematic and narrative review), and Appendix 1 (the narrative review) provides more details. Rather, the review focuses on other strands of literature that are required to construct a conceptual framework for analysing the process of value creation that occurs when adopting crowdfunding as a business model. Evidently, these studies' findings are contrasted with crowdfunding literature. In addition, significant contributions (to name just a few, see Bürger and Kleinert, 2021; Cicchiello et al., 2022a, 2022b; Dalla Chiesa, 2021; Dalla Chiesa & Alexopoulou, 2022; Dalla Chiesa & Dekker, 2021b; Loots et al., 2023) published after the period covered by the review (2019) are discussed.

Second, beyond brief definitions, most of the analysis and discussion of the models or theories used in the appended articles will be found in those articles rather than here. Article II adapts Colbert's (2007) cultural enterprise framework to categorise cultural productions according to their potential geographic reach and production financing requirements. The former became a proxy for 'scope' (potential geographic reach of a campaign) and the latter for 'scale' (financial requirements for production). Basically, what Currid-Halkett's (2017) theory of the aspirational class in Article III suggests is inverting Thorstein Veblen's theory of conspicuous consumption (1992). According to the theory, present patterns of consumption among middle classes are becoming inconspicuous: more subtle, less materialistic. Conversely, production is becoming conspicuous. Buying ecologically grown tomatoes at a local market, or using a Chemex coffee maker, gives status because it signals ecological concerns (origin of produce) or knowledge of

how to make good coffee, i.e., production values. Wearing and displaying a Ralph Lauren polo shirt, gives less (cf. Figure 14). This is because branded clothes do not necessarily signify social status or economic wealth because these items of consumption are widely accessible. As Eckhardt and Bardhi (2020, p.97) suggest in their interpretation of Currid-Halkett's theory: brands are less reliable as signals of status, and knowledge – rather than conspicuousness – is the new currency. Article III uses the theory, in particular the concept of shared knowledge and conspicuous production, to interpret findings from a case study of a fashion and accessory brand (Linjer) establishing a venture through multiple crowdfunding campaigns.

The framework constructed for situating possible regional and local governments' intervention to support crowdfunding in Article IV combines insights from public grant taxonomies (Schuster, 1989), literature on civic crowdfunding (Davies, 2014; Wenzlaff, 2020), cultural policy models (Dubois, 2015; Rius-Ulldemolins et al., 2019), and the paradigmatic values and justifications for supporting culture that underpin them (Bonet & Negrier, 2018).

As for discussing the merits of these choices, it is important to recognise and acknowledge that there are multiple ways to handle these questions from a theoretical and analytical perspective. Platform use (cf. Article II) has been studied using different analytical concepts and theory to the cultural enterprise framework (Cicchello et al., 2022a). The same applies for the study of match-funding in Article IV (Dalla Chiesa and Alexopoulou, 2022; Loots et al., 2023). Studies of crowdfunding, as a tool for valuation and value co-creation, tend to adopt service marketing literature (Foà, 2019; Ordanini et al., 2011; Quero & Ventura, 2019) rather than theory from institutional economics (Currid-Halkett, 2017). To reiterate, the existence of established schools of analysis, like the use of service-dominant logic and ecosystem approaches for Article III, or alternative courses of action, does not imply that the decisions made in articles II-IV are necessarily incorrect. The chosen theories and concepts arguably represent valid approaches to analysing these topics. Differences simply reflect the fact that researchers have different preferences for use of theory.

The literature review is divided into five sections. Each section focuses on relevant theories and concepts as they relate to different aspects of the conceptual framework for the thesis. Section 2.1. reviews literature on definitions of the CCI and possible ways to operationalise the sectoral production systems within which the practice of crowdfunding as studied takes place. The literature on entrepreneurship in the CCI will be discussed in section 2.2 as a background for explaining who the crowdfunding promoter is. The platform is the focus of section 2.3. The analysis here seeks to define what a crowdfunding platform is, as well as to identify the position

of crowdfunding platforms within a broader typology of digital platforms and research into them. Section 2.4 discusses and reviews insights from sociology, marketing, cultural, and institutional economics literature to describe and explain how patrons, promoters, and other actors co-produce and co-create value, in the plural, through crowdfunding campaigns. Finally, in section 2.5, these elements are brought together in a theoretical framework visualised as a business model of adopting crowdfunding within the context of the CCI.

2.1. The Cultural and Creative Industries

Formulating a precise definition of the cultural and creative industries is not a “straightforward question” (Pratt, 2012, p. 318). Primarily, because there is no universally accepted operational statistical definition of the creative economy (Crociata, 2019). This results in a variety of classifications with competing conceptual definitions and operationalisation of industries to be included or not (Jones et al., 2015). The result is that the concepts of cultural and creative industries, or cultural and creative economy, frequently are interpreted as synonyms (Mikić, 2012). This has implications for economic analysis (Throsby, 2008). A way to address the issue is to construct a definition that considers the need for both breadth (the industries to include) and depth (the production activities within the value chain) of the objectives of a given study (Pratt, 2005). The terms *culture industry*, *cultural industries*, *creative industries*, and *cultural and creative economies* will be reviewed and discussed in this section. A conceptual and operational definition of the CCI, as used in the thesis and appended articles, is proposed based on the discussion.

The concept of *culture industry* is the oldest. In their critical article “The Cultural Industry: Enlightenment as Mass Deception,” Max Horkheimer and Theodor Adorno introduced the concept (Segers & Huijgh, 2006) as an analytical construct to discuss and normatively criticise the effects of converting singular works and artistic expressions into commercial entertainment. (Horkheimer & Adorno, (2006) [1944]). Their objective was to protect the arts from the commodification and consumption of mass-produced culture, which led to mass escapism and, consequently, societal control (Banks & O’Connor, 2009). What was at risk was the standardisation and banalisation of aesthetics and works of art on the one hand, and the rationalisation of distribution processes on the other (Tremblay, 2008). As a result, *culture industry* as a concept defines the initial neo-Marxist analysis and critique of the commodification of the arts, which posited that arts and culture under capitalism had become subordinate to an

economic logic, and primarily served to placate and entertain the masses (Horkheimer & Adorno (2006) [1944]). In addition, as Kloosterman et al. (2019) note, these concerns aligned with those intent on maintaining a traditional conservative distinction between ‘high’ and ‘low’ culture. They would be able to point to the culture industry as a defence of the former category by highlighting problems produced by commercial mass production.

In international cultural policy circles (i.e., UNESCO), the dissolution of the distinction between high arts and popular culture was one condition that paved the way for the concepts of cultural industries in the plural form. Girard (1978, 1982) was among the earliest to discuss the transition. The essence of the argument was the observation that government interventions to promote subsidised access to the arts were not aligned with consumers’ actual cultural consumption preferences. Increases in public funding for the arts led to a decline in attendance at the institutions that received these subsidies. Concurrently, the consumption of cultural goods and services was at an all-time high. What was consumed was films, paperback books, recorded music, and television. In essence, as Garnham (1997) argued, most people’s cultural needs and aspirations were being met by the market in the form of goods and services. Since these markets were administered by the very same providers of mass-produced culture (Hesmondhalgh & Pratt, 2005, p. 3), from the 1980s onwards cultural policymakers found it increasingly difficult to disregard them. The concept and terminology of *cultural industries* was developed among others by American (DiMaggio, 1977; Hirsch, 1972; Peterson, 1982), Canadian, (Breton, 1982) French (Girard, 1982; Miège, 1986); and British (Garnham, 1997) organisational sociologists and economists (Segers & Huijgh, 2006). These contributions led to the recognition that the production and distribution of cultural goods and services varied extensively across the heterogeneous industries (Lawrence and Phillips, 2002) and that the private market will be a primary source of cultural products for consumer use (Garnham, 1997; Girard, 1982; Miegé, 1986).

From the 1970s to the present, definitions of *the cultural industries* have been relatively consistent. Hirsch (1972, p. 127) describes profit-seeking firms producing “non-material” goods directed at a public of consumers, generally serving an aesthetic or expressive function rather than a utilitarian one. Four decades later, Moore (2014, p. 744) conceives of the cultural industries as sectors “which combine the creation, production, and commercialisation of creative contents,” which are “intangible and cultural in nature.” Both involve the production of creative or cultural goods and services that rely on technological intervention (reproduction, mass production) and constitute a commercial activity. In addition, these processes involve actors

from either the traditional, publicly funded art fields, or the production of merchandise by organised producer firms distributing content (Khaire, 2017). Film, media (television, radio, and print), recorded music, books, and video game publishing are typical examples.

Even though the term *creative industries* was first used in Australian policy documents in the early 1990s (Galloway & Dunlop, 2007; Howkins, 2002), the creative industries are generally associated with the 1997 UK election that ended 18 years of Conservative leadership by bringing Tony Blair and the British Labour Party to power. According to Pratt (2005), the shift in terminology was motivated by two issues. First, adopting the term *creative industries* was a way for the “New Labour” government to distance itself from the Marxian overtones of the term *cultural industries*. Second, the economic rationale was to embrace an agenda that could situate an expanded cultural sector, rebranded as creative, in a better position within the general economy. Digitisation, technological advancement, the knowledge society, and the rising economic significance of service industries are significant characteristics used to explain the name change (Bouquillon, 2012, p. 5; Flew, 2002; Garnham, 2005). Therefore, a key distinction between the concepts is that the creative industries incorporate the policy area of arts and culture into a much broader realm of creative activity and practises (Cunningham, 2002). Whereas the cultural industries traditionally fell under the purview of cultural policy, the creative industries are driven by a more explicit economic agenda (Galloway & Dunlop, 2007). The rationale was that the creative industries were the growth-potential sectors within the context of an emerging post-industrial knowledge economy¹⁶ based on specialisation and innovation (Lundvall & Johnson, 1994). Thus, while replacing a noun with an adjective and the plural with the singular form (*culture industry* to *cultural industries*) took decades, branding the creative industries was an overnight political change (Garnham, 2005; Pratt, 2005). It is beyond the scope of this thesis to discuss whether a shift in terminology from *cultural* to *creative* industries was a good (Hartley, 2005) or a bad (Oakley & O’Connor, 2015) thing. What should be pointed out, however, is that numerous critics (some examples are De Beukelaer and Spence, 2018; Hesmondhalgh, 2008; Miller, 2009) believed that cultural value lost prominence, caused by expanding the breadth of the cultural field to incorporate adjacent creativity-based economic activities (EU, 2010; Jones et al., 2015). Thus, the criticised aspect is the introduction of a

¹⁶ This was especially the case in the UK and may explain the impetus to change both terminology and rhetoric. Between 1997 and 2002, some 580,000 manufacturing jobs disappeared in the United Kingdom, while in France and Germany, where the same arguments and justifications did not have the same traction, 146,000 and 116,000 new manufacturing jobs were created, respectively (Moeglin & Tremblay, 2012, p. 195).

broader operational definition, which resulted in the subsumption of the cultural industries under the broader creative industries framework.

Consequently, creative industries encompass a wider range of industries and activities than their cultural counterparts. In addition to non-utilitarian, aesthetic, and symbolic goods and services, the creative industries produce goods based on the creative use of product differentiation and innovation (Pareja-Eastaway, 2017) and services that provide experiences (Pine & Gilmore, 1999). The exploitation of intellectual property rights renders these two products and services commercially viable (Caves, 2001). It is the British Department of Culture, Media, and Sport (DCMS), UNCTAD, and the European Union that provide the most frequently cited definitions (Boix-Domènech & Rausell-Köster, 2018). These definitions emphasise the importance of intellectual property, individual talent, skills, and creativity (DCMS, 1998), which are associated with a set of knowledge-based activities at the intersection of the artisanal, service-based, and industrial sectors (UNCTAD, 2008). The generation of innovation, wealth, and employment through the creation of social and economic value, especially from intellectual property, is regarded as an outcome (European Parliament, 2016).

The concept of the *cultural economy* is derived from UNESCO's framework for cultural statistics (2009). The framework is an attempt to propose a way to operationalise economic activities in the cultural and creative sector through a cyclical production framework that includes:

- creation (the originating and authoring of ideas and cultural content)
- production (the reproduction of created content alongside tools, infrastructure, and processes for the reproduction of cultural works)
- dissemination (essentially the physical or digital distribution of mass-produced content),
- exhibition/reception/transmission (live performances, time-restricted activities, and site-specific consumption of culture)

Each of these elements combined constitutes individual production cycles for six categories of cultural goods and services (cultural and natural heritage, performance and celebration, books and press, audio-visual and interactive media, and design and creative services). These six cycles are complemented by two sets of cross-sectional elements. First, the category of intangible cultural heritage. Second, the cross-sectional production elements: education and training, archiving and preservation, equipment, and auxiliary materials. The framework provides a comprehensive conceptual and operational solution for measuring the breadth (as in industries)

and depth (as in a value chain) of the cultural and creative sector overall and at the industry level (Pratt, 2005; Throsby, 2008b).

UNCTAD defines *creative economy* as an evolving concept based on “...creative assets that have the potential to generate economic growth and development.” The benefits (UNCTAD, 2008, p. xx) are that the creative economy can be used as a development tool due to its capacity for income generation through trade and job creation, balanced with social and cultural objectives premised on innovation, knowledge, and creative industries. Thus, *creative economy* (Pratt, 2012) is an international term for what is known in Europe as the *cultural and creative industries* (CCI) (EU, 2010) or *cultural and creative sectors* (Cunningham & Flew, 2019) as they point to the wide range of both non-profit and for-profit industry categories that these sectors encompass.

Accordingly, and as the discussion has demonstrated, it is not simple to create a precise definition of the cultural and creative industries (Pratt, 2012). In addition to the issues illustrated in the preceding section, there are significant overlap and differences between nations. For example, in Sweden and Denmark, the concept of the *experience economy* (Pine & Gilmore, 1999) has historically gained traction. A major distinction between an experience economy and the CCI is the emphasis on consumer experience, demand-side dynamics, and innovation as economic drivers and competitive advantages, as opposed to conditions and methods of production (Power, 2009). From a policy perspective, the definition allowed for the inclusion of film and music alongside important national economic sectors such as tourism and dining, similarly to how the United Kingdom utilised the *creative* prefix to justify an economic agenda and include software development in its initial operationalisation (Garnham, 2005). Norway and Finland tell a different story altogether. In Finland, the economic significance of the cultural sector was acknowledged without formally adopting the concept of creative industries (Power, 2009). In Norway, the Ministry of Finance commissioned mapping reports to determine the value and economic impact of “culture businesses” and their contributions to the experience economy (cf. Power, 2009 – see Haraldsen et al., 2004; Haraldsen et al., 2008), whereas the Arts Council and researchers were hesitant to embrace either concept (Osland, 1996; cf. Røyseng, 2011).¹⁷ In the case of Spain, the national government adopted a modified version of the EU-

¹⁷ Osland’s study is a mapping of what was operationalised (cf. Pratt, 1997a, Pratt, 1997b) as the arts and cultural field in major Norwegian cities. In relation to definition and operationalisation, the study followed UNESCO’s framework (1986) minus the category of sports. Based on Osland’s report, the Arts Council of Norway published a presentation of the findings in an edited volume of proceedings from a conference on the economic impact of culture as a business. Between 1996 and the release of a literature review on definitions and operationalisations of the CCI in 2011 (Røyseng, 2011), the Arts Council produced few reports or studies on the cultural and creative industries. It was first in 2015 that the term *creative industries* shortly followed by the concept of *cultural and creative industries*

operationalisation of the cultural sectors and production phases, with notable regional differences (such as in Andalusia) (Castro-Higueras, 2018). While Spain is closer to the EU's operationalisation and definition, the cases of the United Kingdom (*creative*), France (*cultural*), and Germany (both terms) tell different tales (Castro-Higueras, 2016; Hesmondhalgh & Pratt, 2005; Pratt, 2012). What remains the important consideration is that when employing terms such as *creative economy* (Markusen et al., 2008) or *cultural and creative industries*, it is essential that choices regarding terminology and operational delimitations ensure transparency and clarity with respect to the empirical context (Pratt, 2012).

Possible definitions and operationalisations can be based on creativity, intellectual property (Howkins, 2002; Towse, 2010), symbolic meaning as opposed to use value (Power & Scott, 2004a), and production processes (Pratt, 1997b; Galloway & Dunlop, 2007; Jones et al., 2015). In addition, structural conditions, such as oversupply (Hirsch, 1972), uncertainty (Caves, 2001; Waldfogel, 2018; Kretschmer et al., 1999), networked forms of production and distribution (Potts et al., 2008), and value chains (Thorsby, 2008b) for various types of products (Power, 2002; Lawrence & Phillips, 2002) must be considered. Discussions frequently fall into one out of two possible camps (Cunningham & Flew, 2019). On the one hand, some academics reject the *creative* prefix, because of the way it gives the economic dimension preferential treatment over social concerns (socialisation of products) and production methods (the conditions of workers) and cultural value (Hesmondhalgh, 2002, Oakley & O'Connor, 2015, chpt. 1, Banks & O'Connor, 2009, 2017, as good examples). On the other hand, there is recognition, primarily from the perspective of cultural economics, that at some level we must stop perceiving economic analysis and market orientation as oppositional from within other disciplines of the social sciences (Thorsby, 2001, 2008, 2015; Jones et al., 2015, chpt. 1, as good examples). The latter perspective is possibly closer to Tschmuk's (2006, p. xvii):

“...the simultaneity of the symbolic and economic functions is implicit and hence difficult to eradicate. Cultural commodities must thus be accounted for in their whole functionality—symbolically as well as economically. Their economic function cannot be completely understood without their symbolic function, and vice versa.”

was widely adopted as a concept in cultural policy circles (Gran & Olsen, 2021, p.13). As the case of Norway demonstrates, there are lags and variations in the use of concepts in different geographic contexts. In Norway, it was the Ministry of Trade, Industries and Fisheries that paved the way, while the Ministry of Culture and the Arts Council followed up much later.

As a result, cultural and creative goods and services have differing proprietary levels of symbolic or economic value, which implies that they are “more or less” market-oriented (Pratt, 2012). This is the rationale for operationalising the CCI by determining and differentiating between how the funding and investment into the production of these expressions take place, or the “distinctiveness” of their economic structure, as an attempt to provide some linkage between symbolic and economic worth (Throsby, 2008a, 2008b).

Therefore, the operational definition of the CCI should, in its breadth (Pratt, 2005), include those industries engaged in the organisation of the production and distribution of goods and services derived from creative and artistic activities. These industries encompass the core creative arts, cultural, and related (creative) industries (Throsby, 2008a). Producing a given cultural and creative good and service within these industries requires access to funding and financing for each phase of a production cycle (UNESCO, 2009). Artists and cultural entrepreneurs need funding to buy time (to create), cover costs of production and dissemination (of recorded music, written manuscripts, films, and games to be produced...) or exhibition/reception/transmission by consumers and audiences. By combining a definition that delimits the CCI to specific industries and the question of depth (i.e., their production systems) (Pratt, 1997a; Pratt et al., 2019), it will be possible to operationally single out a group of related industries and stakeholders whose purpose is the creation and conversion of differing degrees of symbolic value into economic value through production activities. The justification is that with any examination of the industrial production of arts, culture, and creativity, it is difficult to establish a firm boundary between symbolic and economic, creative non-profit arts, amateur or consumption activity, and commercial production (Holden, 2015).

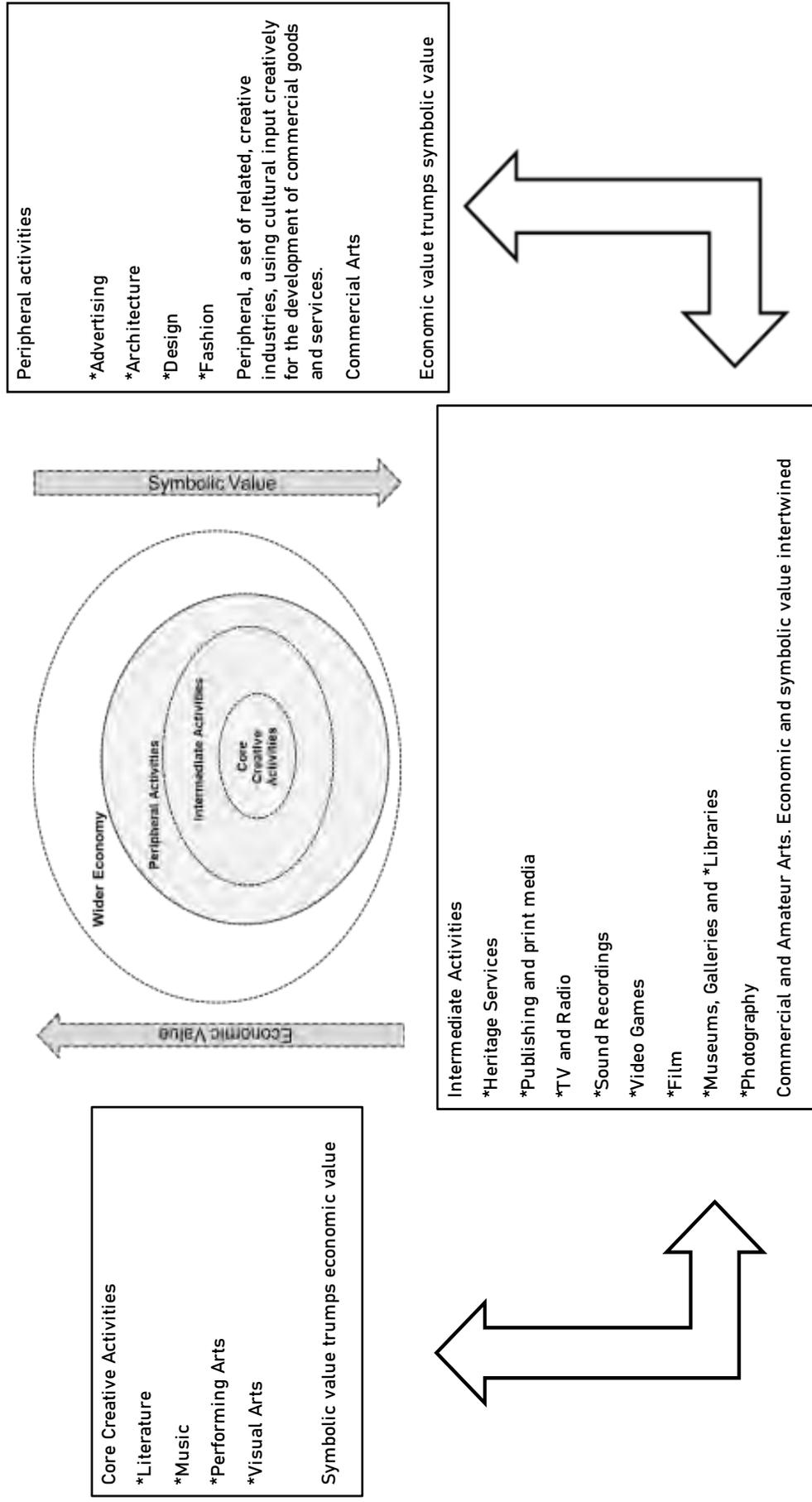
Figure 1 presents the model, which is a slight adaptation of Throsby’s (2008a) concentric circle model. One modification is the conflation of the categories of other core (film, museums, and libraries) and wider cultural industries (heritage services, publishing, sound recording, film and TV, video, and computer games) into a category of intermediate activities. The second is to rename the related industries as *peripheral* activities. One rationale for renaming is the thesis’ concern with the use of crowdfunding as a business model to fund production activities within these chosen industries. Activities signal that a project seeking funding is related to any processes contained within each individual industry specific production cycle. In the case of music, activities funded through crowdfunding may non-exhaustively range from creation (composing) to production (recording, making an instrument or other device needed for the production), dissemination (marketing a recording), and exhibition (funding concerts and live

performances) of a musical work. At the meso-level of industry these cycles can be part of music as a core, creative artistic activity, as industrial production (sound recording) or a peripheral activity (music used in a fashion show).

Additionally, these considerations were guided by another of the model's premises, which is the two main types of value generated by the outcome of production activities: economic and symbolic (Throsby, 2008a, p.148). Different artistic and cultural expressions have a greater or lesser degree of economic or symbolic value. Therefore, at the core, where the symbolic value is highest, we find the creative artistic activities (the classical art forms of literature, music, performing, and visual arts). The higher the commercial (economic) value, the farther out in the outer (intermediate and peripheral) circles we find the industry and its respective cyclical production activities.

In relation to the depth issue, the matching instrument employed in the distinct sequences or processes in the production systems of the individual industries was the cultural and creative industries' production system (or the creative economy) framework, as developed by UNESCO (2009) and the European Union (De Voldere & Zeqo, 2017), and perfected through the CICERONE project (Pratt et al., 2019). The cycle covers five stages: conception (creation), production, distribution, exhibition/transmission/reception, and consumption, in addition to the cross-sectional phases of education and training, archiving and preservation, and equipment and supporting material. The production system approach represents a cyclical view of the sequencing of production processes, rather than a fixed, sequential, and systematic model. This is consistent with UNESCO's (2009) stated preference for a fluid, network-based analytical model that acknowledges the significant overlap and conflation of processes in the different production systems of the individual CCI (Pratt et al., 2019).

Figure 1
A Concentric Circle Model of the Cultural and Creative Industries



Source: Throsby 2008a with some modifications

2.2. The crowdfunding promoter: entrepreneur, artist, or artist-entrepreneur?

There are three parties to an economic transaction in crowdfunding: people who want money (“promoters”), people who give money (“patrons”), and platforms that facilitate exchanges between promoters and patrons.

The economic analysis of crowdfunding (Belleflamme et al., 2014) assumes that a crowdfunding platform is a two-sided market (Rochet & Tirole, 2003). Within this two-sided market, the platform facilitates transactions between promoters and patrons. Thus, transactions internalise external benefits created by one group (a project proposal) for the benefit of another (consumers can experience and consume the project’s outcome) (Evans, 2011). These transactions occur during an average campaign phase duration of 30 days. Whether the transactions result in a successful campaign outcome depends on the platform’s rules. Success formulas are variants of models predicated on either a strict requirement to raise funding equal to or exceeding a predetermined goal (all-or-nothing) or the possibility of retaining all the funds raised (keep-it-all) (Shneor et al., 2020).

One of the market participants usually finances the operation of two-sided markets. In the case of crowdfunding, a promoter pays a predetermined proportion of the patrons’ contributions to the platform to fund its operation. This 3P model (platform, promoter, and patron) encapsulates the essence of how the promoter, who may be one or more artists or entrepreneurs, uses crowdfunding as a business model. Before discussing the role of the crowdfunding platform as an intermediary (section 2.3.) and how interactions between a promoter and patrons on crowdfunding platforms create value (section 2.4), the objective of this section is to define who the crowdfunding promoter is: an entrepreneur, an artist, or perhaps an artist-entrepreneur (Feder & Woronkowicz, 2022)? In the first portion of this section, the literature on artistic labour and entrepreneurship in the CCI is analysed and discussed. This part of the review ends with a proposal for a possible definition of a crowdfunding promoter as an artist or cultural entrepreneur. The second portion discusses some possible differences between cultural entrepreneurs and entrepreneurs in general within the context of crowdfunding.

The first step in defining *cultural entrepreneurship* is to recognise that entrepreneurial behaviour and the concept of entrepreneurship in the CCI, in many cases, are synonymous with self-employment. The notion that artists and other CCI workers revert to self-employment is not novel. Historically, only a small percentage of artists have been salaried employees, while freelance work and multiple job-holding have been the norm (Woronkowicz & Noonan, 2019).

Self-employed artists must reconcile the tensions between a passion for art and the need for commerce as part of their dual identity. Self-employment is one way to achieve the work-life balance between artistic and commercial activities (Eikhof & Haunschild, 2006; Ellmeier, 2003; Throsby, 1994). Despite the fact that *self-employment* and *entrepreneurship* are not synonymous, the idea of a freelance artist stands in for entrepreneurial aspirations here. In a nutshell, this is what the term *artist-entrepreneur* means. (Feder & Woronkiewicz, 2022).

Artist-entrepreneurs are not a homogenous group, however. Peterson (2018, p. 2) suggests that there are artists who are cultural entrepreneurs, artists who behave entrepreneurially without self-identifying as entrepreneurs, and cultural entrepreneurs who are not artists. In addition, artist-entrepreneurs may be differentiated by industry category (cf. Throsby, 2008a), personal preferences for independence (Feder & Woronkiewicz, 2022), experience, and status (Khaire, 2017).

A lack of reputation and status, in the form of insufficient cultural and symbolic capital (Becker, 2008a; Bourdieu, 1984) may lead some artist-entrepreneurs to self-employment. Menger (1999, p. 545) further identifies the characteristics of the latter category by describing them as:

“...occupational groups... on average, younger, better educated, more concentrated in a few metropolitan areas, exhibit higher rates of self-employment, unemployment, and several forms of constrained underemployment (non-voluntary part-time work, intermittent work, fewer hours of work), and are more likely to hold multiple jobs.”

There are also categories of artist-entrepreneurs who, for various reasons, choose to work as independents (Leadbeater & Oakley, 1999) outside the “mainstream” systems of production. When permanent employment is not available, these artist-entrepreneurs frequently find self-employment to be the best compromise among second-best options. There are a number of studies of artist-entrepreneurs from this category in the crowdfunding literature, in particular investigations into the use of crowdfunding among recording artists (D’Amato, 2014, 2016; Kappel, 2009; Leyshon et al., 2016; Scherer & Winter, 2015; Thorley, 2012, 2016). Another category may be nascent entrepreneurs, who have started a new project or venture (< 12 months) and whose operating cash flow is negative, i.e., cannot cover salaries of the owners (Wagner, 2004). A final group are those who are motivated by the benefits of traditional entrepreneurship: to engage in creative disruption through new venture creation (Schumpeter, 2017 [1934]; Shane & Venkataraman, 2000). The case study of the fashion brand Linjer (Article III) exemplifies this proclivity.

Consequently, at least four factors can explain how and why artists decide to become entrepreneurs. First, the necessity of juggling multiple artistic and non-artistic jobs in order to make ends meet. Two, a preference for the lifestyle and autonomy that accompany self-employment. Third, that they are trying to make – but have not yet succeeded in making – a new artistic venture their main source of income. Lastly, the active pursuit of entrepreneurship as a business model for the same reasons that entrepreneurs typically demonstrate. These factors point to overlapping similarities between entrepreneurs and artists. Being an artist-entrepreneur indicates that artists and entrepreneurs share personality traits – such as a preference for independence, non-routine work, and success that is not solely measured by monetary earnings (Schumpeter, 2017 [1934]; Throsby, 1994) – with entrepreneurs in general.

Any resemblance, however, has not translated into a consensus on terminology in the literature on entrepreneurship in the CCI. Hausmann and Heinze's (2016, p.11) review of definitions concludes that “no precise distinction is made between cultural/creative/arts entrepreneurs and other stakeholders in the CCI.” Nonetheless, what makes it possible to differentiate between arts entrepreneurship, on the one side, and cultural or creative entrepreneurship¹⁸, on the other, is the geographic spread and analytical focus. *Arts entrepreneurship* is a term that originated in the USA, whose focus on *entrepreneurship* is shorthand for the skills that professional artists need to acquire to self-manage their careers or the projects they are involved in (Essig, 2017). The use of *cultural* and/or *creative entrepreneurship* is more widespread in Europe. A focus in this literature is to understand the impact of changes in public policy initiatives (e.g., the transition from cultural to creative industries) on working and employment conditions in the CCI as a sector (Ellmeier, 2003). Additionally, the concept of *cultural entrepreneurship* is more inclusive. A cultural entrepreneur can, for example, be either an artist, manager of an organisation, or owner of a small business (DiMaggio, 1982; Rae, 2005; Wilson & Stokes, 2005). Table 3 presents some of the features and characteristics of cultural and arts entrepreneurship.

As can be seen from the comparison, there are aspects where the terms both coincide and differ. Unit of analysis and emphasis on the art-commerce divide are two of the dimensions where interpretation and analytical focus diverge. *Arts entrepreneurship*'s main interest is the micro-level (artists), whereas *cultural entrepreneurship* is equally concerned with meso-level

¹⁸ In the literature, the use of either *cultural* or *creative* is often a question of operationalisation and personal preference. They are frequently synonyms or overlapping terms, e.g., the edited volume by Henry (2007) on *creative entrepreneurship*. Contributions in this book range from studies of cultural industries (music and film production) and the arts (Irish dance and arts education) to creative industries (human language software). All, however, were considered activities falling under the umbrella term *creative entrepreneurship*.

(organisations and industries) characteristics. *Cultural* entrepreneurship takes an interest in describing and assessing the problematic dichotomy of the arts and market concerns, whereas *arts* entrepreneurship implicitly accepts this polarity as a given. European research makes a case that a greater emphasis on instrumental (social and economic) values as opposed to symbolic (artistic) values in cultural policy intervention presupposes a “push” towards entrepreneurial behaviour (Ellmeier, 2003). Since the development of arts entrepreneurship in the United States is primarily driven by the private sector, with economic support from foundations (Essig, 2017), this issue and concern is less prevalent in the literature on arts entrepreneurship.

Table 3

Comparing the Characteristics of Cultural and Arts Entrepreneurship

Aspects	Cultural Entrepreneurship	Arts Entrepreneurship
Where	Primarily Europe	Primarily USA
Purpose	How to succeed on many levels within the CCI	How to commercially exploit own artistic works
Discipline	A context specific subset of management and cultural economic literature	A skills development unit tailor-made for arts education programmes
Orientation and focus	Develop entrepreneurial skills (e.g., creative thinking, strategy, and opportunity recognition,)	“On-the ground” skills needed to self-manage and administer own career.
Examples	Use of and access to entrepreneurial finance, marketing, business models	Build a website, fundraising and funding applications, small business accounting
Department	Management and Business School	Arts and Humanities
Research funding	EU funded research programmes (e.g., Horizon 2020)	No such programmes in the USA

Source: Compiled by the author, based on Essig (2017) and Hausmann and Heinze (2016)

Of the three alternatives (*arts-*, *cultural-* or *creative* entrepreneurship), *cultural entrepreneur* – sometimes in combination with *artist* – is preferred. *Cultural entrepreneurship* signals the adoption of European CCI-aligned terminology. Justifications are that *cultural entrepreneurship* is the oldest term (Dimaggio, 1982), leading to its use first as a concept to describe entrepreneurs and entrepreneurship within the CCI (Dacin et al., 2010; Konrad, 2018), and subsequently promoters of cultural crowdfunding campaigns (Bürger & Kleinert, 2021).

and entrepreneurship within the CCI (Dacin et al., 2010; Konrad, 2018), and subsequently promoters of cultural crowdfunding campaigns (Bürger & Kleinert, 2021).

It is difficult to assume, however, that all cultural crowdfunding campaign promoters are *cultural entrepreneurs*. Self-identification as an entrepreneur is the initial issue. Some artists simply do not see themselves as entrepreneurs (cf., Peterson, 2018). To demonstrate sensitivity to these issues, the appended articles and introductory chapters use the terms *artists and cultural entrepreneurs* (Article IV), *artists* (Article II), and *cultural entrepreneurs* (Article III) as appropriate to the empirical context. Second, *cultural entrepreneur* can refer to numerous individuals, professions, and organisations. Any definition of *cultural entrepreneurs* must acknowledge that they represent a diverse group of individuals. This group includes amateur artists, artists and workers opting for self-employment for personal satisfaction, self-fulfilment, and other non-monetary rewards, non-artists (e.g., managers or promoters), business owners, and public institutions seeking to capitalise on opportunities.

Theoretically, a cultural entrepreneur, like other entrepreneurs, may be alert to an opportunity to combine things in a novel manner. Having discovered such an opportunity, the entrepreneur decides to assume the risk of development costs so as to create something of value that a cultural audience or consumers will appreciate (DiMaggio, 1982; Kirzner, 2015; Shane & Venkataraman, 2000; Swedberg, 2006). This understanding of *cultural entrepreneurship* adheres to conventional thought (Schumpeter, 2017 [1934]). It is an interpretation that suggests how to analyse a particular phenomenon (crowdfunding) and behaviour (cultural entrepreneurship) employing orthodox theories and guiding assumptions. Nonetheless, confining the concept of entrepreneurship to the notion of an opportunity waiting to be discovered and exploited for profit does not provide an accurate description of the working conditions of cultural entrepreneurs.

In general, many cultural entrepreneurs work in environments characterised by scarcity in terms of access to resources, making do with whatever resources they can get their hands on (Baker and Nelson, 2005). In many cases, scarcity implies that astuteness and ingenuity become a precondition for accessing resources (Peterson & Berger, 1971). Constraints are also conditioned by individual preferences and voluntary choice. Research shows evidence that there are both banks willing to provide loans to cultural entrepreneurs and cultural entrepreneurs unwilling to incur debt by accepting loan offers (Borin et al., 2018). That unwillingness may signal that cultural entrepreneurs adopt a form of self-imposed frugality to protect their opportunity to work artistically rather than to put a career at risk by incurring debts (Stinchfield et al., 2013). Choosing this option implies that many cultural entrepreneurs need to combine cultural and

creative work with "...other paid work, within and outside the cultural sector, for they have yet to secure an income from their artistic production." (Scott, 2012, p.238). Thus, one difference between cultural and conventional entrepreneurs is a reluctance to incur debt to acquire resources by opting to combine different types of work to fund a venture. This is because sustainability and longevity of the venture are more important drivers than profitability. Thereby, cultural entrepreneurship becomes a form of imposed self-employment.

Feder and Woronkowicz's (2022) study compares differences in the motivations for choosing self-employment between artists and other professionals. Both groups expressed a desire to have greater control over their working situations. Differences between the groups' rationale to become self-employed was that the artists, more frequently than other professionals, reported external constraints (lack of options) as the underlying motivation. These circumstances mirror what Kate Oakley stresses (in Peterson, 2018, p. 4) as the "necessary adaptation" of cultural and creative working practises to market conditions. Some artists choose to act as cultural entrepreneurs without that necessarily implying that they identify as entrepreneurs, because management duties must be fulfilled (Haynes & Marshall, 2018). So, one distinction between traditional and cultural entrepreneurship is the choice to take on entrepreneurial action voluntarily (Swedberg, 2006) or reluctantly (Haynes and Marshall, 2018).

Choices for becoming self-employed either reluctantly or voluntarily depend on whether motivations are driven by a logic of autonomy (entrepreneurial pull) or by a logic of necessity (entrepreneurial push) (Bögenhold & Staber, 1991). The pull-push framework indicates a position on a continuum where we can situate cultural entrepreneurs: those choosing self-employment to realise an opportunity or seeking independence (pull) and those driven to self-employment by a lack of other employment opportunities, restructuring, or economic recession (push). In the latter case, self-employment becomes a necessary condition: an obligation imposed on individuals for them to be able to do the work they want to do (Boyle, 1994). A definition of an *entrepreneur by necessity* is therefore someone opting to become an entrepreneur because no other employment opportunities are available (Galloway & Levie, 2001).

Necessity entrepreneurship is traditionally explained exclusively by push factors: a lack of either education or the competencies or skills required to find other employment (Block et al., 2015). Studies of the restructuring of the UK publishing industry, where former employees of book publishers were confronted with redundancy or offered to continue to work as self-employed freelancers, is an example of these mechanisms (Stanworth & Stanworth, 1997). However, both the literature on self-employment (Granger et al., 1995) and that on necessity entrepreneurship

(Dencker et al., 2021) find that the push-pull framework does not convey the variety of career-related and individual motivations to become self-employed. Granger et al.'s (1995) study uses empirical data from a survey of self-employed workers in the UK publishing industry. Their sample showed a highly educated profile of respondents: 82 percent had higher education, out of which 27 percent had a post-graduate degree and 8 percent a PhD. Most of them had transitioned from working in-house for a publisher to self-employment status. The largest respondent category (just under half) were “refugees” who decided to become self-employed as an alternative to layoffs and unemployment caused by restructuring at the industry level. They could transition from stable employment to freelancing because they had both the required competencies and skills for the work from their on-the-job training as employees. While some expressed that they would prefer to be employees, if given a choice, others – primarily female respondents – found that self-employment provided a better work-life balance and less of the routine work they came to dislike as full-time employees. Thus, push and pull factors are better seen as opposite poles of a continuum. In the empirical work with this thesis, the industry category, the fundraising ambitions of the promoter, and the choice of platform (Article II) may be used as a proxy for push and pull motives.

Necessity as a concept will obviously not explain the intentions of all campaign promoters in different contexts. However, if we take it as a truth that economic instability at different levels may push people towards choosing entrepreneurship out of necessity, the term can be used to illuminate choices and explain usage patterns in a number of situations. Block et al. (2015) found that the 2008 economic crisis increased the share of start-ups launched by necessity entrepreneurs in the USA from 16.7% (2007) to 24.7% (2009). From a crowdfunding perspective, 2008 and 2009 were the years when two of today's dominant international cultural crowdfunding platforms were launched: Indiegogo and Kickstarter. The crowdfunding literature discusses layoffs and search for new revenue streams (Aitamurto, 2011), changes in media- (Luka, 2012) and art- (Boeuf et al., 2014) funding models, and the impact of the economic crisis as elements and conditions that explain the emergence and development of crowdfunding (Barbieri et al., 2019). What the statistics and these discussions reveal, is at the very least, a contingent relationship between the establishment of crowdfunding platforms and entrepreneurial self-employment.

To conclude this section, the review of the literature on crowdfunding and cultural entrepreneurship stresses that, to understand cultural entrepreneurship as a concept, one needs to understand the circumstances and situations leading to entrepreneurial action. Explaining why

entrepreneurship is adopted implies an understanding of the context within which entrepreneurship occurs (Dencker et al., 2021) to assess whether it is discovery of an opportunity, or necessity, that predicts action (Kautonen et al., 2009). An important contextual consideration is that many cultural entrepreneurs acting as crowdfunding promoters are recording artists (Thorley, 2012), documentary film producers (Sorensen, 2012), videobloggers (Bouaïss et al., 2015), and journalists (Aitamurto, 2011) acting entrepreneurially rather than “typical” entrepreneurs alert to profit-making opportunities (Kirzner, 2015; Schumpeter, 2017 [1934]; Shane & Venkataram, 2000). Their decisions to become cultural entrepreneurs are influenced by a confluence of internal (intrinsic motivation and work preference; see Throsby, 1994) and external (restructuring and recession) factors. Therefore, on many occasions, the concept of necessity as a voluntary or reluctantly chosen form of entrepreneurial self-employment helps to describe and explain the use of cultural crowdfunding as a business model. This is because, as the review has sought to demonstrate, this perspective enhances our comprehension of the factors that may motivate cultural entrepreneurs to adopt and utilise crowdfunding platforms (cf. Dalla Chiesa & Dekker, 2021b; Dalla Chiesa, 2022).

Crowdfunding platforms are technological structures that act as intermediaries by coordinating transactions between seekers (promoters) and providers (patrons) of funding (Davidson, 2019; Younkin & Kashkooli, 2016). The focus of the next section will be these intermediary structures.

2.3. The choices governing platform election and use in crowdfunding

As a starting point, *platform* is a nebulous term. It can refer to shared beliefs and values, a foundation and basis for action, a man-made or naturally occurring structure, or a digital infrastructure that facilitates the development and use of software applications (Gillespie, 2010). The perceptions of platforms as organisations are that they are hybrids (Schüßler et al., 2021), that combine market, hierarchy, and network forms (Powell, 1990) with community components (Langley & Leyshon, 2017). In addition, models of governance (Chen et al., 2022; Stark and Pais, 2020), and academic disciplines (Nieborg and Poell, 2018) influence interpretations and descriptions of digital platforms. Due to this plethora of possible interpretations, academic scholarship has yet to settle on a definitional apparatus.

Nevertheless, a simple typology reveals two broad understandings. These interpretations define platforms based on what can be achieved through their use and how and what kind of value they generate (Cusumano et al., 2019). The first type is *innovation platforms*: platforms as operating

systems that allow third parties to develop software and other complements, enhancing their computational functionality (Andersson Schwarz & Larsson, 2018; Gawer, 2021). The second type is *transaction platforms*: platforms as marketplaces that facilitate interactions between user groups, such as consumers, advertisers, service providers, producers, and suppliers (Schübler et al., 2021; Srnicek, 2017). It is among transaction platforms that we find crowdfunding platforms (Davidson, 2019; Pais & Provasi, 2015) alongside social networking (e.g., Facebook and Twitter), streaming (e.g., Netflix and Spotify), and sharing (e.g., AirBnB and Uber) platforms (Barns, 2020; Hracs and Webster, 2020).

Consequently, the operational logic of crowdfunding platforms is explained by the facilitation of transactions via matchmaking (Langley & Leyshon, 2017). The use of a crowdfunding platform for market-facing transactions can allow cultural entrepreneurs to substitute consumer-facing distribution intermediaries, such as record labels, book publishers, and film distributors (Kappel, 2009; Thorley, 2012; Bonet & Sastre, 2016; Lazzaro & Noonan, 2020). Therefore, crowdfunding platforms both disintermediate (Benghozi & Paris, 2016) and reintermediate by acting as gatekeepers or coordinators for alternative funding and distribution systems (Younkin & Kaskooli, 2016; Davidson, 2019). Coordination, or gatekeeping, creates (cf. Hirsch, 1972) pre-selection markets that are used to assess the worth of cultural and creative goods and services (Bessy & Chauvin, 2013; Dekker, 2015; Vatin, 2013) through valuation mechanisms (Aspers, 2011; Davidson, 2019). Acting as sites of valuation in the plural sense is one of the most important functions of crowdfunding platforms.

The questions of how to create value, and processes of valuation, will be addressed in the next section. In the remainder of the present one, the first part of the review discusses the precondition for the emergence of crowdfunding platforms: digitalisation of the funding and production systems in the CCI. Following that, the review explains how the use of crowdfunding as a business model links with crowdfunding platforms' capacity in solving problems of network coordination and market access through gatekeeping. The second part of the review analyses the functionality of crowdfunding platforms through the way in which they may become new intermediaries in their own rights, through their re-intermediation of access to funding and markets (French & Leyshon, 2004; Leyshon et al., 2016). Thereafter, the review addresses drivers that lead to the emergence, establishment, and use of crowdfunding platforms at the macro (country) level. This part will also address the interaction between crowdfunding platforms and stakeholders at the regional and local level by governments. Finally, the section

ends with remarks about the way in which the platform concept is used in these introductory chapters and the appended studies, before concluding.

The emergence of crowdfunding platforms and their popularity among cultural entrepreneurs are related to the impact of digitalisation on production systems, and subsequent changes in business models and access to public and private funding in the CCI. Digitalisation caused a change in formats (e.g., the demise of the CD), or the imposition of a premium price on certain objects (e.g., the limited-edition vinyl release of an album) and experiences (e.g., access to live performances). Business-model innovations were forced upon organisations by the possibility of supplying tangible goods through service provisioning. A consequence of these developments was that the dominant business models in certain CCI shifted from sales of material goods (e.g., the CD) to providing access to content repositories (e.g., Spotify or Netflix) in exchange for payment of recurring fees. Economic effects of these changes include a reduction in revenue that distributing producer firms¹⁹ derive from commercialisation and can invest in new productions (Khaire, 2017, chp. 1.; Leyshon et al., 2016; Waldfogel, 2018). Additionally, as crowdfunding platforms were emerging, the economic crisis in 2008 caused stagnation or a significant reduction in public funding in many countries in Europe (Bonet & Donato, 2011; IDEA consult, 2013). Reduction of funding and financing from traditional private and public sources created a kind of “venture gap”. Consequences were that a non-trivial number of cultural entrepreneurs were left to using their own devices when it came to funding cultural production (Bonet & Donato, 2011; Fitzgerald, 2015; Leyshon et al., 2016; Waldfogel, 2018).

Another effect of digitalisation that made the use of crowdfunding platforms attractive is that obstacles to producing, self-publishing, and distributing content were lowered. Lowering barriers also led to the unsettling of traditional positions and roles in the CCI production systems, such as *producer*, *distributor*, and *consumer*, opening them up for reinterpretation (Furnari, 2020). An outcome of these processes was the emergence of platforms offering access to a parallel system of production, distribution, and consumption (Pais & Provasi, 2015; Benghozi & Paris, 2016; Leyshon et al., 2016; Schüßler et al., 2021). In other words, digitalisation reshapes the financing, production, and consumption models within the CCI. This entails a process of reintermediation

¹⁹ Khaire (2017, p.129 -130), following White’s (1981) theory of producer markets, distinguishes between two types of producers: 1) those who specialise in acquiring intellectual property rights for cultural and creative productions and exploit them commercially because of their capacity and capabilities for mediation between artists/creators and consumers and 2) creator firms, who bring their productions directly to the market without using a producer firm as an intermediary. According to Khaire, some CCI markets, such as the recording industry and book publishing, are dominated by producer firms. Creator firms are more prevalent in the design, fashion, and food (haute cuisine) industries. Market types are discussed in section 2.4.

whereby the new intermediaries displace and replace the existing ones (Leyshon et al., 2016; Swords, 2017). Among the new intermediaries facilitating these transitions, we find crowdfunding platforms (Kappel, 2009; Benghozi & Paris, 2016).

Digitalisation, therefore, has brought with it platformisation, which Helmond (2015) describes as an ongoing process whereby platforms are becoming the dominant infrastructural and economic model of the (social) web. Whether this is a blessing, or a curse, often depends on the perception of platforms and what they can do. In relation to crowdfunding platforms, some of those assessing the relationships that they engender find that the sociality of the platform environment can be characterised by mutuality (Schüßler et al., 2021). Mutuality, again, may signal a precondition for fostering reciprocity, gift giving and redistribution between different parties (Schüßler et al., 2021; Pais & Provasi, 2015). Further, mutuality can be fostered through identification (e.g., engaging potential contributors in the project idea) or with the possibilities of making advance purchases so as to get early access to the outcomes of the project (Langley & Leyshon, 2017). Seeking to combine affective and material perspectives, Younkin and Kaskooli (2016) provide the most straightforward explanation: the primary functions of cultural crowdfunding platforms (Kickstarter and Verkami are two examples) are coordination (of social relations) and gatekeeping (of intermediary market relations).

Gatekeeping and coordination are closely related functions. The platform infrastructure – a level playing field (cf. Article IV) – acts as an intermediary facilitating interaction between and within the two groups of platform users: campaign promoters and prospective patrons (Ordanini, 2011; Davidson & Poor, 2015; Younkin & Kaskooli, 2016; Viotto Da Cruz, 2018; Dalla Chiesa and Dekker, 2021b). *Coordination* refers to the promoter's use of the crowdfunding platform to raise funding from within existing social networks of patrons. It signals the platform's capacity to depersonalise strong ties between close friends and family to enable monetary transactions otherwise not possible (Dalla Chiesa & Dekker, 2021b). Gatekeeping signifies that crowdfunding platforms can provide access to new networks of patrons unbeknownst to the promoter prior to the campaign (Younkin & Kaskooli, 2016, p.26). The attractiveness of crowdfunding platforms based on a gatekeeping logic is the possibility of building and monetising a more extensive network of relations (Davidson & Poor, 2015). The intermediary roles of platforms as both coordinator and gatekeeper is a form of brokerage geared towards providing promoters and patrons with an attractive platform environment. Balancing these requirements is the essence of what the literature refers to as the platform's role as a relational mediator (Ordanini et al., 2011).

In contrast, interest in the platform's role and function as an intermediary is not reflected in the literature.²⁰ Platforms, depending on their inclusion of industry categories, country of operation, interface language, and geographic reach, may be better at being either a coordinator or gatekeeper. While some promoters of specific campaigns from select CCI adopt crowdfunding because of the gatekeeping functionality that enables outreach to weak ties²¹ (distant, unknown persons), others may prefer platform types that are better at staging an impersonal setting for asking strong ties (friends and family) for contributions (Granovetter, 1973). Few studies investigate how platforms may serve as intermediaries according to the logic of coordination, gatekeeping, or both.

Contributions that do go into detail about functionality and platform mechanisms find that the platform itself may influence outcomes through three mechanisms: promotion, editorial work, and project recommendations. An experimental study involving the distribution of various (researcher-modified) newsletters to subscribers discovered that targeted newsletters by platforms improve campaign success rates by better capturing patrons' attention (Lumeau et al., 2018). A viable recommendation strategy, according to the findings, consists of personalisation based on the patrons' profile and interests, past activity on the platform, and recommending campaigns that have reached a certain level of funding. An empirical study of the effects of a change in editorial policy on Kickstarter in June 2014, when project screening and vetting transitioned from being supervised by employees to algorithm-based clearing, found that revenue (for the platform) increased (71% increase in new projects per day), while funding conditions for promoters deteriorated (Wessel et al. 2017). Lower success rates were explained as a result of increased competition for attention combined with less effort put into campaign presentation due to less control over who could present a campaign on the platform. Finally, Davidson's (2019) qualitative analysis of Kickstarter's corporate blog reveals the struggle of juxtaposing different roles. Here, a duality is revealed in Kickstarter's attempts to position the platform as a democratic alternative to traditional CCI production systems, while simultaneously operating as an intermediary that "differentially promotes" particular projects.

A different set of contributions focuses on what the determinants are of platform creation, to explain how and where they emerge at the country level (Dushnitsky et al., 2016; Cicchiello et al

²⁰ See Article I and Appendix

²¹ Cf. Granovetter, 1973. Granovetter categorises social ties as either strong (close relations), weak (distant relations) or absent. His view is that weak ties are better for transmission of information. E.g., p.1366: "whatever is to be diffused can reach a larger number of people, and traverse greater social distance ... when passed through weak rather than strong ties."

2022a; Cicchiello et al., 2022b). Dushnitsky et al.'s (2016) article, which started this line of research, used analysis of 600 crowdfunding platforms across 15 EU countries to identify factors that condition the launch of platforms and adoption of crowdfunding in a given country. The study found that country specific factors affect the launch of crowdfunding platforms. Notably, it was found that population size, GDP, perception of financial incumbents and entrepreneurial rates impact platform creation. In practice, this means that a well-developed and diverse national crowdfunding market is more likely to be found in countries with a higher population, institutional support from banks and financing institutions, and high rates of new venture creation.

Cicchiello et al. (2022a) took these investigations further by specifically seeking to identify factors and conditions that lead to the emergence and adoption of cultural crowdfunding. By comparing data on Kickstarter campaign performance across 15 different EU countries between 2015 and 2019, they found that national cultural dimensions²² and cultural policy intervention and models explain the adoption and use. In brief, they reveal association between higher volume of cultural crowdfunding campaigns and countries whose national cultural dimensions (Hofstede, 2001) score high on individualism (emphasis on attainment of personal goals), uncertainty avoidance (comfortable with ambiguity and uncertainty), and indulgence (exuberance, enjoyment of life, and pleasure seeking). Additionally, they find a similar association between crowdfunding campaign volumes and cultural policy models of countries. Countries with a top-down architect model with a strong central ministry (Dubois, 2015), liberal models premised on market orientation and private funding (Zimmer & Toepler, 1996) and Southern European models (Rubio Arostegui & Rius-Ulldemolins, 2020) predict higher campaign volumes. The latter model, as described in the case of Spain (Article IV), is characterised by a weak central government within a quasi-federal structure where levels of public funding decreased significantly after the financial crisis of 2008. This allows for

²² Hofstede's research is centred on identifying those cultural dimensions that can explain differences between societies at the country level. The classic framework includes six aspects.

1. power distance (degree to which a society accepts hierarchies with unequal distribution of power),
2. individualism vs. collectivism (orientation towards independence and individual achievements versus community building, we-thinking and in-group benefits),
3. masculinity vs. femininity (emphasis on material achievements, competitiveness and bold behaviour versus well-being, quality of life and social relations),
4. uncertainty avoidance (extent to which members are comfortable in unstructured and ambiguous situations as opposed to preference for order, norms, and conformity),
5. long-term versus short-term orientation (prioritising perseverance and thrift to attain long-term prosperity versus adherence to tradition and focus on immediate results and success in the present),
6. Indulgence versus moderation (permissive in relation to having fun and enjoying life versus preference for rules-based, stricter social order).

significant differentiation in terms of cultural policy intervention at regional and local levels (Bonet & Négrier, 2011). Finally, the article looks at the impact of complementary public funding sources, using EU grants (Creative Europe) as a proxy. Interestingly, past a certain threshold, access to EU grants from applicants in any given country will crowd-out the use of crowdfunding, as evidenced by a decrease in adoption measured as number of campaigns.

A follow-up study drawing on data from 70 platforms that were operational across Europe during December 2020 find similar complementarities between public funding and development of crowdfunding (Cicchello et al., 2022b). Countries with greater government expenditures on culture and private consumption of cultural goods and services have a greater campaign volume. Additionally, platforms that are less specialised in relation to types of projects, more transparent in their communication (e.g., providing statistics on campaign performance) and have a higher footprint on social media are more successful.

While both the latter studies investigate the emergence and popularity of crowdfunding at the country level, none of them differentiate between projects at the meso level. Whether industry category predicts the use of crowdfunding, and the respective choice of which platform will yield the best results, is not considered. Thus, what is missing from these studies is ascertaining which types were promoted on a national (country-level) platform (Cicchello et al., 2022b) as opposed to on Kickstarter (Cicchello et al., 2022a). Neither do these studies consider that the kind of projects will depend on whether the promoter is interested in the function of coordination – creating an impersonal layer between close ties (Dalla Chiesa & Dekker, 2021b) – or gatekeeping – reaching new markets and weak ties (Mollick, 2014). Finally, they do not reflect on the fact that most of the literature on crowdfunding and geography (Agrawal et al., 2015; Le Béhec et al., 2018; Mendes-Da-Silva et al., 2016; Mollick, 2014) or cultural policy intervention (Bonet & Sastre, 2016; Dalla Chiesa & Alexopoulou, 2022; Loots et al., 2023; van den Hoogen, 2020) focus on the regional and local levels of cultural policy intervention to explain emergence, development, and use in specific geographic contexts.

Another issue is the comparison of cultural policy models. As is discussed in one of the appended articles (cf. Article IV) a cultural policy model adheres to a different logic (Bonet and Négrier, 2018) at the national compared to the regional and local level. In most European countries, the emphasis on cultural policy interventions to support the CCI at the national level is weak (Dubois, 2015). The prevailing logic at the state level is to sustain intervention in favour of an arts policy that favours institutions and individual artists working according to a logic of artistic excellence that emphasises quality, professionalism, and artistic freedom (Lindström Sol,

2019). In practice, this restricts support of the CCI to the core creative arts. Cultural policy to support the CCI often is regional or local policy (Evans, 2009; Styhre, 2013) which has less to do with promoting the arts and more to do with regional economic development (Power, 2009). Therefore, studies using national-level variables may miss information on specific regional and local interventions that have a direct impact on use and adoption (cf. Article IV).

In addition, focusing on the national level may miss “glocal” characteristics (Hirsch and Gruber, 2015), e.g., the connection between localised production and international distribution enabled by crowdfunding (cf. Article III) going beyond the national dimension. Finally, Kickstarter is only available to use freely in some European countries and is internationally restricted to only 25 countries.²³ This implies that, in smaller countries excluded from using Kickstarter²⁴, national platforms will, by default, have a strategic advantage. Also, in countries such as Spain, factors such as the larger size of the population (Dushnitsky et al., 2016) means that the likelihood of a national platform emerging as the incumbent is higher. This is what has happened with Verkami, taking the dominant position as the most popular cultural crowdfunding platform in terms of campaign volume and fundraising (Sastre Canelas, 2016).

Thus, a sensitivity to context is important when analysing the evolution and position of crowdfunding platforms at the country level within the EU. While international platforms, e.g., Kickstarter, have been used for financing nearly half of the campaigns in Europe historically (De Voldere & Zeqo, 2017), differences at the country level vary significantly. These differences with regard to patterns of actual adoption and use of crowdfunding are partially determined by institutional conditions (cultural values, models of cultural policy interventions) and platform-specific characteristics. These characteristics pertain to broad or narrow project categories, transparent communication, and social media presence. While there are numerous studies on the influence of cultural, political, and economic variables on the use of crowdfunding in general and in the CCI, few studies investigate meso-level variables, as revealed by this review. Aside from Article II, no studies have examined whether a promoter’s choice of industry category, or a language barrier (Barbi and Bigelli, 2017), can determine whether he or she uses a national or an international platform. This suggests that the emergence and general use of crowdfunding in the CCI can be explained (De Voldere & Zeqo, 2017; Cicchiello et al., 2022a, 2022b), but the

²³ These are Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Singapore, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

²⁴ Until 2014, this would apply to Denmark, Norway, and Sweden. Promoters from Finland and Iceland still need to either set up a subsidiary or partner with individual(s) from approved countries to host a campaign on the platform.

differences between the various CCI remain unexplored. Thus, the review demonstrates the significance of Article II and its contribution to the literature: it is part of the emerging literature and knowledge regarding the country-level determinants of crowdfunding in the CCI (Cicchello et al., 2022a, p. 163).

To conclude the section, the primary functions of crowdfunding platforms are coordination and gatekeeping. As intermediaries and to influence campaign performance, platforms may employ mechanisms of mediation such as editorial curation, additional exposure, and newsletter recommendations. However, the innovative aspects of crowdfunding platforms as intermediaries have more to do with their technology-driven capacity for facilitating transactions rather than fundamental shifts in how and what kinds of values can be created via crowdfunding. Production or creation of value in the plural will be the subject of the subsequent section.

2.4. Crowdfunding and creating value(s): interaction between patrons and promoters

According to Vorre-Hansen (2019), *value* can be either a noun (a value), a verb (to evaluate), or an adjective (something of value). Hernstein (2014) define *value* as either the equivalence-in-exchange of a thing (i.e., price) or in non-economic terms, as an abstract quantity (e.g., utility, purpose, moral, sentimental, symbolic, or aesthetic). These two dimensions are not necessarily commensurable or convertible to one another (Bourdieu, 2011).

Crowdfunding platforms are, as previously defined, transaction platforms. Transactions on these platforms may jointly generate economic and non-economic value to a greater or lesser degree. Economic value generation is the visible representation of these transactions. Basically, what creates economic value is an exchange (based on value as price) between promoters of crowdfunding campaigns, as sellers, and patrons contributing funding, as buyers. In addition, different types of abstract (non-economic) value may be co-present. Further, a patrons' motive to create economic value may be instrumentally (i.e., access to a product), altruistically or emotionally (i.e., affect, cf. Leyshon et al., 2016) motivated. Abstract value, contributed in the form of likes (on social media), commentary, and diffusion, may confer symbolic value on the promoter that helps build legitimacy and status in the future. The way these and other possible forms of transactions between promoters, patrons and other actors create value in the present or the future are aspects of the campaign process that this section seeks to describe and explain.

The point of departure for this part of the literature review is that crowdfunding platforms can be analysed as markets. These markets may be understood and interpreted as social structures, whose digital interface enables competitive exchange (Aspers, 2011) between participants who supply and demand particular types of goods and services (Khaire, 2017). Further, markets can be ordered and interpreted in accordance with the type of merchandise for sale and participants. According to types of goods and services, markets have been classified as either of the standard or of the status type (Aspers, 2007; Aspers, 2011). Standard markets are those in which both sellers and buyers are aware of the quality of the goods or services being offered. Information and knowledge available either within or outside the market becomes an established ordering principle – a standard – used to evaluate and determine exchange prices for goods and services (Aspers, 2011 p. 113). Examples of standard markets include markets for crude oil, diamonds, and pine timber for construction.

Markets in which the quality of goods and services cannot exclusively be determined by reliance on objective evaluation criteria are status markets. What characterises evaluation in status markets is the use of aesthetics and symbolic forms of value (Aspers, 2011, p. 91). This is because goods and services traded in status markets are experience goods that, in themselves, only with difficulty can be qualitatively appraised prior to consumption (Hawkins and Davis, 2012). Additionally, tastes and preferences of individuals are both horizontally differentiated (e.g., infinite variety; Caves, 2001; see Power, 2010) and volatile due to social contagion (Kretschmer et al., 1999). Due to the difficulty of establishing a uniform quality standard for goods and services, a creator or a producer's reputation and standing become more reliable quality indicators. Thus, what determines notions of value in status markets is that it is the perceived reputation and standing of creators and producers that determine notions of value, rather than the goods or services on offer. For practical purposes, this implies that the actual exchange or use value of LPs or books is not determined by the weight of the vinyl or the type of paper used for pressing or printing²⁵. What matters is who performs the music on the recordings or writes the words in the book. Markets in the CCI, therefore, are status markets.

There are many different types of status markets in the CCI. Like in most industries, some are consumer-facing. Others are established to facilitate transactions with either public or private

²⁵ Production qualities, such as the weight of the vinyl, the mastering, and the printing process and material can evidently influence value, but only if and once it has been established that the artistic work is important. Samuel Beckett (Björkegren, 1996), as a writer, and Nick Drake, as a musician, went from being failures to successes from a commercial and economic perspective because a process of revaluation and qualification of their work a posteriori conferred them an improved status. This explains why a second hand first edition vinyl copy of Nick Drake's first album, which hardly sold any copies during his lifetime, is worth up to 3,200 EUR in 2023.

organisations. Depending on contextual factors (i.e., industry category, types of goods and services), these markets serve one or multiple segments of participants: consumers, audiences, peers, and industry professionals (Hirschman, 1983). The literature on arts marketing distinguishes between four types of markets classified according to participants: consumer markets, partner markets, government markets and private markets (Colbert, 2007, pp. 60 – 67).

Consumer markets are goods or industry-specific markets for cultural and creative goods. According to the preferences and tastes of audiences and consumers (Bourdieu, 1984) what differentiates these markets is that some cater for specific segments of consumers characterised by their acquired taste and high cultural capital (Currid-Halkett, 2017; Dalla Chiesa & Dekker, 2021a).

Partner is an all-encompassing term designating individuals or organisations that provide resources, labour, and services in the form of, for example, co-production, distribution, and the media. Co-production can refer to the sharing of costs between multiple partners (Colbert, 2007) or collaborations between two or more organisations in the execution of specific production tasks (Bonet, 2021). In some CCI, “distributors” are de facto producers²⁶ whose responsibility is to identify, sponsor, and distribute goods directly to consumer markets (Becker, 2008a; Hirsch, 1972; White, 1981). Other CCIs are structured differently, which increases the likelihood that cultural entrepreneurs will bring their goods and services directly to the market via their own creator firms (Khaire, 2017, p.130). Linjer, the subject of the case study in Article III, is an example of a creator firm using knowledge and information signals to create a market around their offerings for the latter group. The media engage in sensemaking practices through the dissemination of commentary (Khaire, 2017). The traditional non-economic interpretation of their mediating capacities (Bourdieu, 1984) is that they engage in processes of non-monetary appraisal of market-available goods and services (Lizé, 2016; Negus, 2002, 2004). Lastly, various levels of government (from national to municipal) and private organisations have market-like relationships with artists and cultural entrepreneurs. These relationships relate to their role as providers of project funding through public grants, sponsorships, or philanthropic donations (Colbert, 2007).

²⁶ A feature of industry-level organisational structure within many CCI is the absence of middle-sized companies: a “missing middle” (Leadbeater & Oakley, 1999). From an organisational perspective, this gives a structure within some CCI where financially dominant producer firms (Khaire, 2017) control production and distribution and numerous micro-organizations specialise in content production (Jeffcut & Pratt, 2002). Thus, certain CCI are natural oligopolies (Towse, 2014), which implies the existence of a few, controlling multinational corporations with a sizeable market share (often 75 – 85%). The film industry, book publishing, and sound recording are prominent examples (Waldfoegel, 2018).

Where might crowdfunding platforms, if positioned as markets, fit within these classifications?

As consumer markets for the exchange and valuation of preselection goods and services.

Preselection refers to goods or services that exist as concepts, proposals, or prototypes because they have not yet been identified and selected for funding by the production system of an industry (Hirsch, 1972). In other words, a preselection category denotes goods and services awaiting evaluation and selection, so that the process of their transformation from proposal into a marketable good can take place (Dekker, 2015; Vatin, 2013; Wijnberg & Gemser, 2000).

One prerequisite for that transformation is access to funding. If the valuation result is negative, as a result of a failed crowdfunding campaign, the good or service will continue to be surplus to requirements. Kappel (2009) has described the valuation process that occurs on crowdfunding platforms as an *ex-ante* patronage model: a future consumption option for a cultural good or service, if sufficient payments are made in advance through preorders that can cover the cost of production. Consequently, a crowdfunding platform market can be defined as a status market for ideas, whose purpose is to transform tentative value propositions into exchangeable consumer market commodities, through the combined financial contributions and other valuation efforts of a community of patrons.

Kickstarter disputes this perception of crowdfunding platforms as marketplaces. The contention of Kickstarter's founders is that the platform is not a market or a store, because what it essentially facilitates is "a new way for creators and audiences to work together to make things" (Stickler et al., 2012). This is a claim at odds with other accounts. While not disputing that crowdfunding can foster non-economic values through collaboration and reciprocity (Pais & Provasi, 2015), the literature on platforms nonetheless characterises crowdfunding platforms as markets for selling and buying goods and services (Gillespie, 2018, p. 61). The perception among promoters is that crowdfunding platforms do function as "stores" for selling and buying (Couts, 2014). This notion is further validated by the actions of e-commerce platforms, such as Amazon,²⁷ which sell goods that have been successfully crowdfunded on Kickstarter. Even competing platforms tacitly acknowledge their role as a marketplace. As an example, Indiegogo offers promoters access to the InDemand programme: a solution that enables successful promoters to continue to "raise funds" (i.e., take pre-orders for goods) after the end of the initial campaign (Indiegogo, 2022). In addition, access to InDemand is platform-independent, meaning that any successfully funded project can join the programme by migrating its campaign to

²⁷ In the summer of 2016 Amazon, in collaboration with Kickstarter, launched a dedicated landing page for a store (Made on Kickstarter) that offered over 300 successfully funded goods for sale, see Perez, 2016.

Indiegogo. These examples show that the inherent idealism of Kickstarter's language inaccurately frames transactions that, in their essence, constitute a market relation in non-economic language. Therefore, Kickstarter's vision should be contested.

However, crowdfunding platforms are also "more than" stores selling things. Defining platform transactions purely on the basis of economic market exchanges conceals part of the range of motivations to engage in crowdfunding (Gerber & Hui, 2013; Scott, 2015; Dalla Chiesa & Dekker, 2021b). Frequently, campaigns produce non-economic values in the form of community benefits and an increase in the cultural, social, and symbolic value of the promoter(s) (Murray, 2018; Bürger & Kleinert, 2021; Marchegiani, 2018; Dalla Chiesa & Dekker, 2021b). Thus, the value created through interactions between a promoter and patrons on crowdfunding platforms can, depending on context, be both economic and non-economic (Steigenberger, 2017; Thürridl & Kamleitner, 2016). Additionally, context also implies that exogenous factors such as project category, status and reputation of the promoter, or social network reach and orientation, condition the process (Davidson & Poor, 2015; Gafni et al., 2019). Thus, the value generated through crowdfunding platforms as markets should be considered a plural, context-dependent and contingent construct. Moreover, the production of values depends on processes of co-production or co-creation between a promoter and patrons.

Although some view co-production and co-creation of value as conceptually equivalent (Cova et al., 2013; Payne et al., 2008), there is some purchase in keeping them conceptually distinct. This is because *co-production* and *co-creation* refer to different activities. Gamble (2018) situates *co-production* as consumer participation in the joint elaboration, development, production, and delivery of a product or service. *Co-production* is defined in the literature on service marketing as instances in which consumers purposefully and actively collaborate in the development of specific goods and services (Lusch & Vargo, 2006; Vargo & Lusch, 2008). Similarly, the crowdfunding literature defines *co-production* as the use of crowdfunding in which the promoter intends to facilitate and coordinate direct patron participation in the product development process (Steigenberger, 2017). Co-production can become a form of consumer empowerment comparable to crowdsourcing because, as a process, co-production reflects a collaborative mode of project design and development (Boeuf et al., 2014). So, what distinguishes co-production from co-creation of value is the purpose of the action. Co-production refers exclusively to participation in the production of a given good or service's potential value in and of itself (Marion, 2013).

Co-production is contingent on the industry category and the type of project being sought for funding. The crowdfunding literature on co-production exemplifies the specificity: the majority of contributions within the stream employ video and board game campaigns as empirical contexts. Smith (2015) argues that interactions can result in changes to a project over time, and this can have a variety of tangible effects on the production process. Patrons and the promoter can use the campaign phase to, for example, discuss and negotiate the project's content (e.g. Gegenhuber & Naderer, 2019). Another strategy is to include stretch goals, whereby unlocking additional game features and add-ons is reliant on reaching a predetermined monetary goal (Roedenbeck & Lieb, 2018). In the post-campaign phase, patron communities can provide ongoing feedback and evaluation by participating in product testing (Nucciarelli et al., 2017). In these instances, the patrons' ability to influence the actual features and functionality of the product is an advantage of co-production (Steigenberger, 2017). When this occurs, patrons participate as partners by collectively assuming the role of co-producer, in which their financial contributions can have a direct impact on the content's development (Planells, 2017). In other words, co-production as a method for generating value is optional and highly context-dependent. This has also been recognised in research into cultural and creative production systems (Pratt et al., 2019).

In contrast, co-creation is required due to the need to evaluate and define value in relation to individual use or experience (Marion, 2013). According to Galvagno and Dalli (2014), co-creation is a simultaneous, peer-to-peer process of producing material and symbolic value. The conflation of material production with efforts of valuation through sensemaking is why some proponents nest co-production within the larger concept of co-creation (e.g., Payne et al., 2008). However, co-creation focuses on the value derived from the use or experience of the good or service, as opposed to participation in its development and delivery. The value of the concept is that value generation is a collaborative endeavour between multiple stakeholders. Co-creation embodies the fundamental belief that organisations create value by developing market-facing value propositions (Vargo & Lusch, 2008, 2016). Thus, co-creation as a process entails that a totality of stakeholders upstream and downstream within a given production system may collectively, through appraisals, help define the value and benefits of these propositions (Galvagno & Dalli, 2014).

Recent contributions to the service-marketing literature situates co-creation processes within a service ecosystem. These ecosystems comprise the range of possible relations between all actors (i.e., stakeholders, individuals, or organisations) required to facilitate production, delivery, and

use of a service at the macro, meso, and micro level (Quero & Ventura, 2015). This approach mirrors similar efforts of mapping CCI production systems according to ecological perspectives. Markusen et al. (2011, p.8) define *cultural ecology* as the “... networks of arts and cultural creators, producers, presenters, sponsors, participants, and supporting casts embedded in diverse communities within a networked sphere of production”. In both cases, the essence of the ecosystem perspective on value co-creation is a belief that creating value is a collective and interactive process based on mutuality and adoption of shared conventions (Becker, 2008a).

Therefore, it is logical that the facilitation of co-creation through crowdfunding analyses the practice as a digitally facilitated form of collaborative behaviour and interactions (Quero & Ventura 2015, p.123). These studies situate value co-creation as a systemic activity using crowdfunding platforms as nodes whose purpose it is to connect actors within larger service ecosystems for the purpose of producing, exchanging, and co-creating value (Foà, 2019; Ordanini et al., 2011; Quero & Ventura, 2015; Quero & Ventura, 2019; Quero et al., 2017). Similar to the economic approach to the study of crowdfunding as two-sided markets (Belleflamme et al., 2014; Mollick, 2014), patrons according to the ecosystem perspective act as agents (identification, selection, and promotion) who “co-invest”²⁸ in projects proposed by the promoter while the platforms function as ‘relational mediators’ linking a supply of projects between crowd and market at large (Ordanini et al., 2011). This analytical approach contributes both description and explanation regarding how to adopt crowdfunding as a business model by using the platform as a substitute for a traditional intermediary in a production system.

In a series of articles (Quero and Ventura 2015, 2019; Quero et al. 2017), Ordanini’s model of value co-creation through co-investment was enhanced through the elaboration of an encompassing service ecosystem mapping the actors, their actions, and intentions. This model was subsequently extended by Foà (2019) providing extra segmentation and information on the profiles and characteristics of the actors. This version of the co-creative matrix details possible relationships and interactions between ten different actors in a networked system. Three of these actors (A.4., A.6., and A.10.) are considered the main word-of-mouth (WOM) allies of the promoter, as their co-creative work is primarily targeted at facilitating reach and diffusion of the

²⁸ Sellaband, the platform used to collect data, used a profit-sharing mechanism that resembles equity crowdfunding, hence the concept of *co-investor*. Using *co-investor* was also a way to complement other conceptions of co-creation identified in the literature: co-design, co-production, co-promotion, co-pricing, co-distribution, co-maintenance, co-consumption, co-experiencing, co-creation of meaning, co-disposal and co-outsourcing (Quero & Ventura, 2015).

campaign. The actors of the ecosystem as it relates to crowdfunding (both non-investment and investment types) is presented in Table 4.

Table 4

Co-Creation and Crowdfunding from a Service Ecosystem Perspective

Name of the actor	Description of the actor's actions and intentions	Additional segmentation and information
A.1 – Creative Core	The individual(s) or an organisation in charge of promoting the campaign	Artists Cultural Entrepreneurs Providers of support services to the promoter (e.g., order fulfilment, distribution)
A.2. – Platforms	The crowdfunding platforms as a matchmaker	Crowdfunding platforms Platforms providing at-cost provision of services to the promoter
A.3. – Financing customer	Users of the crowdfunding platform who contribute financially to the campaign	Patrons, those who support non-investment-based crowdfunding campaigns
A.4. – Non-financing customer	Users of the crowdfunding platform who do not contribute financially to the campaign	Community of users of the non-investment-based (i.e., reward- or donation-based) crowdfunding platforms – may provide non-economic support. WoM allies
A.5. - Investors	Financial investors and/or lender who support campaigns expecting a financial return	Amateur and/or professional supporters backing an investment-based (loan- or equity-based) crowdfunding campaign
A.6. – Experts	Provide analysis, commentary, and discussion due to their interest in crowdfunding	Critics Consultants Researchers WoM allies
A.7. – Crowdfunding associations	Associations representing platforms in their relations with public and private institutional partners	National and international associations of platforms
A.8. – Public institutions	Governments at different levels acting as regulators or intervening to support the use of crowdfunding	Different levels of government legislating or supporting crowdfunding

		through match-funding, counselling, grants and promotion
A.9. – Social media platforms	Used as platforms to promote and disseminate information about campaigns free or at cost.	Facebook, Twitter, Instagram and similar platform providing free or at-cost dissemination
A.10. – Traditional Media	Newspapers, Radio, and TV who may provide coverage of crowdfunding as a phenomenon or individual campaigns	Traditional media outlets in their on- and offline guises. WoM allies

Source: Compiled and adapted by the author, based on Quero and Ventura, 2019 and Fóa, 2019

However, by itself, a service-ecosystem perspective does not provide sufficient explanation of co-creation of value. This is because this line of investigation predominantly focuses on the structure of systems combined with the identification of agents and description of prerequisites for creating “... a market-oriented and relationship-based market offering” (Quero & Ventura, 2019, p.59). What is lacking is an explanation of how value co-creation within such ecosystems takes place and the potential mechanisms that trigger these processes. To describe and explain the how of value co-creation, this thesis adopts a valuation approach from the literature on cultural economics (Dekker, 2015).

The article by Dekker (2015) reviews and evaluates economic and sociological approaches to the study of establishing the value of art and culture. A simplified analysis of the findings is identification of the coexistence of three methods of valuation. First is the art and commerce approach, consistent with Adorno and Horkheimer’s analysis of the place of art in society and its value in relation to protection from commodification and mass production.²⁹ The second is synonymous with the economics of culture (Throsby, 2001). Here, valuation methods apply economic theory and principles to the production and consumption of arts and culture. According to Dekker, both these methods for determining value have some shortcomings. The first is sceptical of market mechanisms and primarily concerned with defending high-quality art, regardless of public taste and consumption. In contrast, the second approach frequently relies on market prices to determine value, even if there is a clear acknowledgement that value is a multidimensional construct (e.g., Throsby, 2001). Both of these approaches have some inherent deficiencies. A problem with the first approach is that it seeks to preserve a traditional divide between the arts and popular culture. The issue with the second is a recognition that the use of

²⁹ This perspective is further detailed in Section 2.1.

market prices alone leaves less room for assessing impacts of social, cultural, historical, emotional, and symbolic dimensions on value formation. Dekker's proposal is a synthesis of these viewpoints into a third mode: the valuation approach.

The valuation approach combines the economic sociology of markets (Beckert and Aspers, 2011; Aspers, 2011) with economic processes of valuation (e.g., Hutter & Throsby, 2008). According to Dekker (2015, p.318), studies using the concept of valuation take the starting position that economic value (i.e., price) is just one possible outcome, and not necessarily the most important. The main concern of the valuation studies is to ascertain how cultural value (i.e., non-economic conditions and factors) affect economic value. To an extent, the approach is, on the one hand, a study of how institutions and stakeholders shape and determine processes of value formations through agreement over conventions (e.g., standards of quality) in the face of uncertainty. On the other, since notions of quality are both uncertain and contested, in the latter case due to differences in individual subjectivity, valuation is bound to be a consensual process trying to be commensurate with conflicting perceptions and assessments of value (as worth). As a result, worth, or the value of goods, is established through a negotiation between different parties (cf. Hauge, 2015, Article III) during a market exchange process of valorisation (Vatin, 2013).

Within the context of crowdfunding and value co-creation, this indicates that a platform acts as a market intermediary (Bessy & Chauvin, 2013), coordinating the valuation of projects of uncertain quality between a promoter and patrons by attempting to establish a convention via co-creation. In valuation studies terminology (Aspers, 2018), valuation through a crowdfunding campaign is the combined efforts of patrons' actions (as actors) when attributing value (i.e., contributing funding and other actions of support) during the campaign. Consequently, valuation becomes a process of mutual adjustment among actors during a campaign phase that serves as a "contest where certainty (over value) is fought out" (Aspers, 2018, p. 135). In other words, value as a quality is socially constructed by individuals. Through a process of competitive exchange (i.e., the campaign), individuals, with diverse motivations and expectations, add value by contributing funding or other inputs such as commentary, likes, and recommendations, or diffusion of the campaign. Thereby, the process is reminiscent of Vatin's (2013) concept of *valorisation*: a dynamic process whose purpose is an intention to increase the value of something.³⁰

³⁰ For Vatin, the opposite of *valorisation* is *evaluation*, which starts with a standard or a fixed measure against which to value something. As Aspers (2018) observes, Vatin finds that valorisation and evaluation, in practice, are intertwined processes.

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To understand valorisation as an act of co-creation within the context of crowdfunding requires identification and knowledge of potential mechanisms and concepts that may or not facilitate the process. Several are identified in the crowdfunding literature. They are the prior existence of a community (Josefy et al., 2017; Bürger & Kleinert, 2021; Wang, 2016; Davidson & Poor, 2015), location (Mollick, 2014; Davidson & Poor, 2016; Le Béchec et al., 2018) status and reputation of the promoter (Gafni et al., 2019), the affective empowerment of fans (Ordanini et al., 2011; Leyshon et al., 2016), and their minority interests (Booth, 2015), and knowledge in the form of cultural capital, authenticity, and production values (Article III). These features may be coupled with transparency (Porlezza & Splendore, 2016), fidelity, and communality in communication (Martinez Gallardo et al, 2013; Gegenhuber & Naderer, 2019).

The listing of these mechanisms concludes the overall review of the relevant literature as it relates to crowdfunding as a business model: the use of crowdfunding by an artist or cultural entrepreneur from the CCI to create economic and non-economic value. Value creation is dependent on modes of co-production, and co-creation occurs through dedicated crowdfunding platforms that are also part of industry-level production or ecosystems. Outcomes of interactions on these platforms must be appraised through valuation processes. Valuation as a process is, again, dependent on contributions and collaboration among several actors. Who they are and how many may be determined by the context (geography and industry category), type of project, and the planning, launch and execution of the campaign. The next section will introduce and discuss a model that visualises this stepwise process as a business model.

³⁰ For Vatin, the opposite of *valorisation* is *evaluation*, which starts with a standard or a fixed measure against which to value something. As Aspers (2018) observes, Vatin finds that valorisation and evaluation, in practice, are intertwined processes.

2.5. A theoretical framework for the thesis

In Chapter 1, a business model was swiftly introduced as a planning framework for a venture. The framework was defined as a description of the actions a business needs to take to create value in the broadest sense. This provisional conceptualisation defines a business model as a type of “recipe”. What is missing is information about the steps needed to produce the business model. In other words, details about how to create a business model, adapt the business model to a context, and guidelines for implementing it once it has been formulated. The purpose of this section is to discuss the operational aspects of business modelling by elaborating on the concept’s initial definition. Another goal is to show how the business model construct, as a concept and theoretical approach, can be used as an analytical tool to describe and explain the process of planning and launching a crowdfunding campaign. The section ends with the introduction of a model that serves the dual purpose of visualising the process of executing a cultural crowdfunding campaign, and as an analytical framework for this thesis.

A business model is essentially a plan that describes and illustrates how the production and distribution of goods and services can become economically self-sufficient (Brousseau & Penard, 2007). Thus, regardless of sector, industry category, or venture type, the purpose of a business model is to explain the “how-to” of creating and profitably delivering value to a consumer market (Teece, 2010). A definition more consistent with value creation processes within the CCI would be a “set of assumptions about how an individual entrepreneur or an organisation creates value, delivers value to a customer, captures value, and converts it into economic, social, and/or cultural output.” (Dümcke, 2015). The definition stresses that business model definitions should emphasise value as a multi-layered construct (Li, 2020). This plural conception of value is evident in what is likely the most widely accepted definition of a business model: the rationale behind how an organisation creates, delivers, and captures value (Osterwalder & Pigneur, 2009, p. 14).

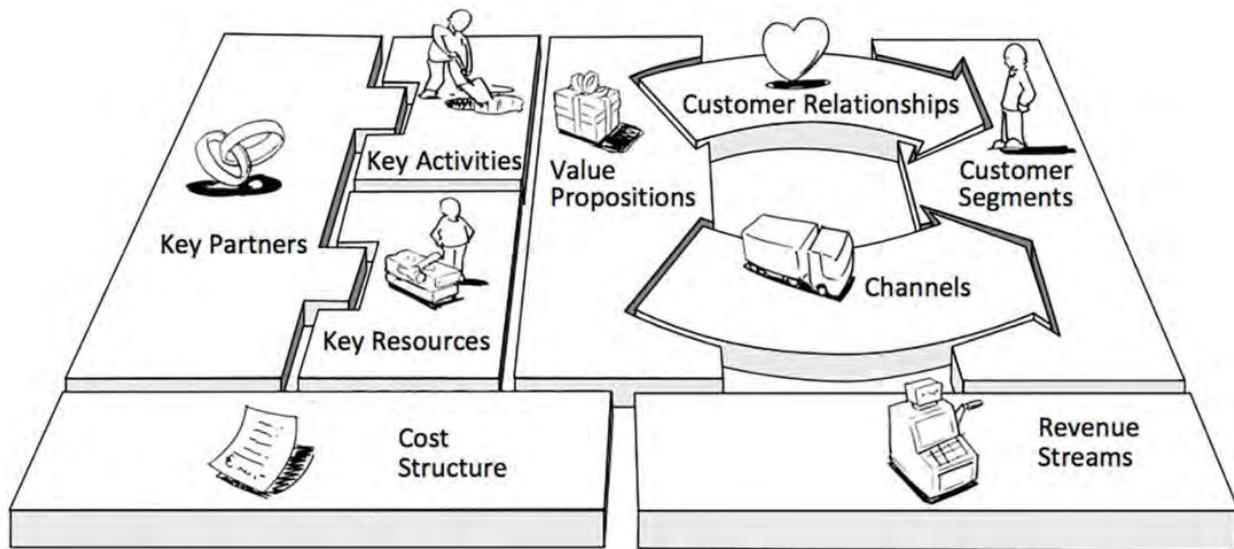
The rationale can be driven by either strategic concerns (e.g., position in the external environment) or as the market introduction of a new good or service. One way to differentiate between strategy and business model is to describe and justify the use of either concept in applied research (Markides, 2015). According to Teece (2018), the way to distinguish between strategy and business model is to determine whether the problems and issues a model seeks to solve is driven by bottom-up or bottom-down concerns. Bottom-down concerns usually equal strategy, because the focus is on competition, which means that a business model becomes the underlabourer for achieving strategic goals. Conversely, a bottom-up approach usually follows

on from the introduction of radical change and innovation in technology (i.e., the use of the internet, digitalisation) that disrupts industries and market positions. In these situations, strategic manoeuvring may facilitate the bottom-up introduction of new and innovative business models (Teece, 2010, 2018). These are precisely the circumstances that facilitated the introduction of crowdfunding as a bottom-up driven business model.

A popular tool used to create business models is the Business Model Canvas (Osterwalder & Pigneur, 2009). The canvas provides a condensed static view of a framework for creating, delivering, and producing value by breaking down business processes into nine blocks (Carter & Carter, 2020). The main block is the goods and services that the venture seeks to commercialise: the value proposition as an aggregation, or bundle, of benefits that a company offers customers (Osterwalder & Pigneur, 2009, p.22). The remaining eight blocks constitute support functions that can be subdivided into business area categories. First, the right-side blocks of customer segments, customer relationships, and channels, are marketing and distribution activities. A second left-side area encompasses business operation and supply chain activities. The key partner, key activities, and key resources blocks describe the capital assets, resources and partners needed to produce the value proposition. The final two bottom blocks represent the area of budget (cost structure) and finance (revenue streams). The entire Business Model Canvas is presented in Figure 2.

Figure 2

Drawing of the Osterwalder-Pigneur Business Model Canvas



 Adapted from "Business Model Generation", Alexander Osterwalder, Wiley 2012.
www.businessmodelgeneration.com
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However, there are two issues with the generic canvas. First, the model is primarily intended for an existing venture that is ready to go into production mode. Therefore, some of the blocks and functions of the generic canvas need some translation for use with cultural crowdfunding. Table 5 provides a comparison of a possible adaptation based on Fóa's (2019) translation of the dimension of the generic canvas to a conversion suitable for use as a template for crowdfunding business models. Second, the generic BMC canvas does not capture fully the dual dimension of value as both economic and symbolic (Carter & Carter, 2020). Basically, the critique is a reiteration of the observation in section 2.4. that value in markets for cultural and creative goods – status markets (cf. Aspers, 2011) – is intrinsically tied to the reputation and identity of the creator/producer. For artists and cultural entrepreneurs, present and future works always embody artistic identity: past professional achievements, personal life, and the artist's reputation and authenticity. In their adaptation, Carter & Carter (2020, pp.152 – 153) suggest dividing the value proposition block into three, so as to differentiate between an artistic identity, cultural goods, and cultural services offered. This is in line with what Fóa (2019) proposes by introducing the team block (see Table 5) using biography and other information on the promoter(s) as a replacement for key partnerships.

Table 5

Comparing Crowdfunding and Generic Business Model Canvas Dimensions.

Business Model Canvas (BMC)	Business Model Canvas Crowdfunding (BMCC)
Key Partnerships (List of partners, resources they provide and activities they take part in)	Team (Biography of the promoter and other members of the campaign team, their skills, previous achievements, role in project)
Key Activities (Set of functions and tasks needed to produce a value proposition)	Motivation (Inspirations and reasons grounded in value delivery as justifications for doing the project)
Key Resources (List of resources, partners, distribution channels, customer relationships and possible revenue streams)	Activities (Tasks in need of funding and completion to produce the project)
Value Propositions (Values of the offer, needs it fulfils, benefits its delivery provides)	Idea (Presenting and explaining a project prototype or concept as an idea for a value proposition)
Customer Relationships (Segments and type of customer relations)	Backers ³¹ (Identifying potential group of contributors the campaign needs to reach)
Customer Segments (Define the most important groups of customers for value co-creation)	Rewards (What the campaign offers backers in exchange for their monetary contributions)
Channels (Descriptions of channels used to reach different customer segments)	Channels (Messaging and channels for diffusion of the campaign to the different groups of backers identified)
Cost Structure (Costs of running the business and delivering on the value proposition)	Budget (Costs of managing and administering the campaign, delivery of rewards and producing the project)
Revenue Stream (Customer habits, willingness to pay, income from each activity as overall contribution to revenue for the venture)	Funding Goal (Minimum monetary goal of the campaign combined with the use of other sources of funding and financing (own financing, match-funding, sponsorship, etc.)

Source: Compiled by the author based on Fóa (2019) and Osterwalder and Pigneur (2009)

Figure 3 presents the theoretical framework in the form of a visual representation of the stepwise process of adopting cultural crowdfunding as a business model. The model takes a micro-level analytical perspective by focusing on visualising the adoption of crowdfunding by artists and cultural entrepreneurs. The framework is intended to describe and explain the actions of micro-organisations, also known as creator firms (Khair, 2017) whose value propositions (benefits and

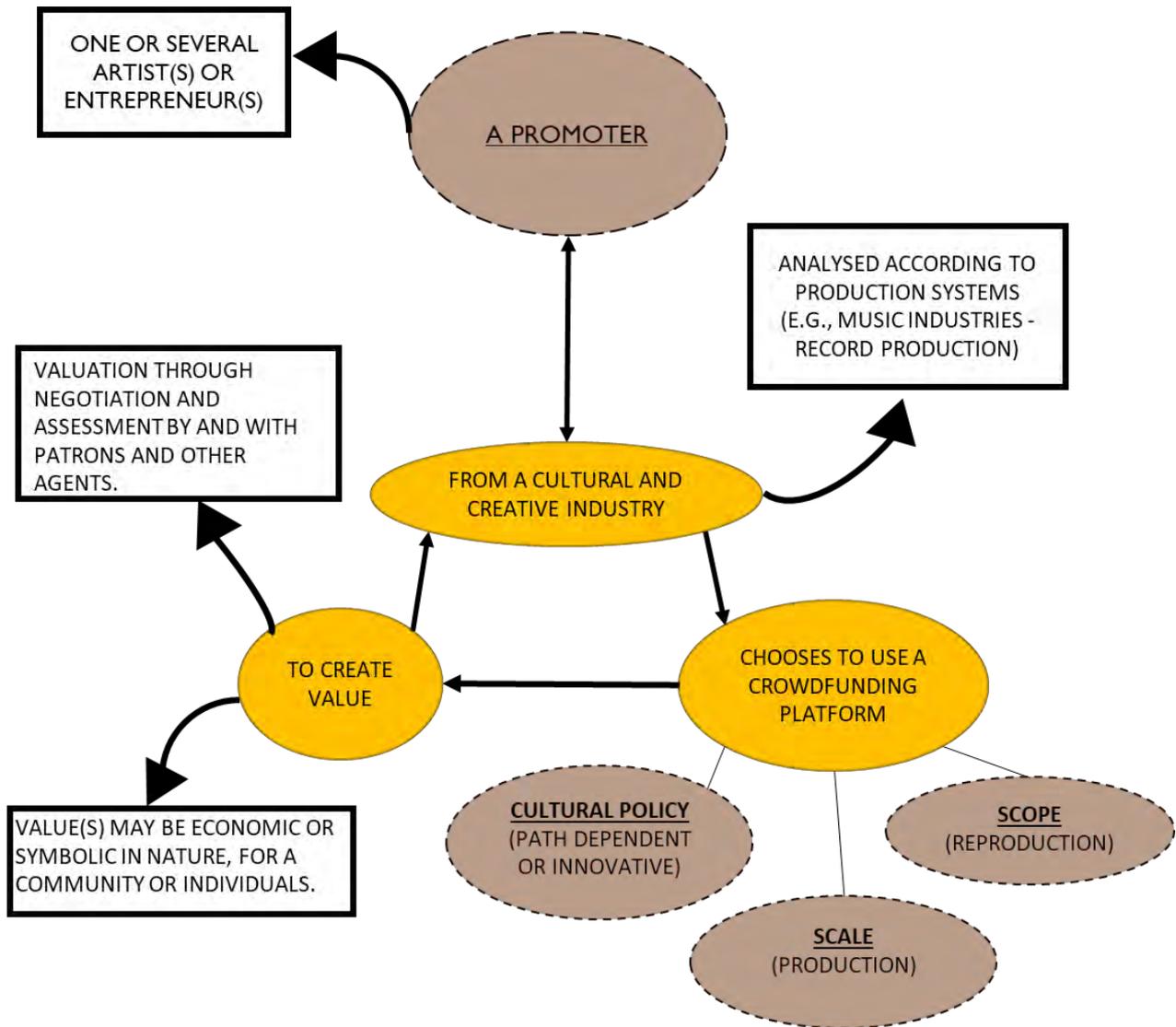
³¹ *Backers* is used in the crowdfunding literature as a neutral designation of campaign contributors. This is because to *back* something by providing financial support can refer to either a financial investment or a monetary donation to a cause. *Patron*, as used in thesis, cannot be used within the context of investment-based crowdfunding.

In terms of its functionality as a business model, a promoter needs to engage at least two other groups of actors (patrons and platform) within this service ecosystem (Fóa, 2019). Successful use of the business model will require conscientious decision-making regarding how to successfully manage a crowdfunding campaign. First, the promoter needs to select the right platform in accordance with the scope (possible reach) and scale (fundraising requirements) of the campaign (cf. Article II). Other considerations that may impact platform choice and performance are the configuration of the institutional environment (cf., Scott, 2008) as constitutive of the attitudes, beliefs, interest in and support of crowdfunding among actors. As an example, cultural policy intervention (or lack thereof) can either support or deter promoters in using crowdfunding (cf. Article IV). Whether an intervention happens is highly contingent on context dependence. Finally, the promoter must succeed with the process of valuation through negotiation. The outcome of these processes may again depend on the possibility to co-produce or co-create value with actors other than patrons through the platform (cf. Article III). Ultimately, effectiveness and performance require that a sufficient number of actors derive value and benefits from the campaign's value proposal so as to make the project socially, symbolically, and economically viable (Bonet & González-Piñero, 2021). Depending on the outcome of the valuation process, crowdfunded goods and services or the cultural entrepreneurs and artists that created them may be selected for sponsorship and promotion by producer firms (Galuszka and Brzozowska, 2017; Gamble et al., 2017). Alternatively, the possibility to repeat the cycle by launching a second or third campaign may be an option (Petit, 2018; Article III).

Implementation and effectuation thereby reflect that, with digitalisation, it is often the process of creating value through economic monetisation (i.e., control of distribution) that is considered the key to business model innovation (Aversa et al., 2019). Innovation in this process becomes detached from the stage of creation (i.e., value propositions as ideas or prototypes) by elevation to a phase where artistic and creative endeavours are integrated with the other stages in the production cycle (UNESCO, 2009), such as distribution/transmission and consumption and value-creation elements (Sutermeister, 2018; Banet-Weiser & Castells, 2017; Bonet, 2021).

Figure 3

A Framework of the Business-Model Approach to Studying Crowdfunding in the CCI



Source: Compiled by the author

To conclude this chapter, an understanding of theoretical framework within the context of this thesis is that, on the one level, it is a visual model that explains the process of crowdfunding as an entrepreneurial financing method (Murray, 2018). On the other, the structure and sequences of this visual representation of cultural crowdfunding as a practice embody selected theories, concepts, and definitions that support thinking about the research problem and analysis of empirical data (Grant & Osanloo, 2014). As a nod to Cluley (2012), the theoretical framework depicts the assumptions and conventions guiding how cultural crowdfunding as a business model works. It does so by using theory to conceptualise the process. In practice, this means that the

choices of theories and concepts that underpin the model will prescribe a certain way to analyse the problem (Sayer, 1992). However, this interpretation can also be fallible, meaning that "... we can never justifiably claim to have discovered the absolute truth" (Sayer, 1992, p. 67).

Nevertheless, we cannot understand, explain, or make claims of research contributions without using a theoretical language of concepts (Danermark et al., 2019). This is where the theoretical framework may be put to action.

In other words, the choice of theory and concepts is an epistemological stance. The concept of epistemology refers to how we may go about producing true, justifiable knowledge about the objects of our research (Moses & Knutsen, 2019). Together with ontology, epistemology is part of the philosophical science that defines, guides, and informs research design, data collection methods, analysis, and validity. Together, these elements are the methodology of a study, to which Chapter 3 is dedicated.

Chapter 3 Methodology

This chapter examines the methodology and intellectual foundations of the thesis.

There are numerous approaches and strategies to studying social phenomena such as crowdfunding. In the introduction to Chapter 2, it was demonstrated that research on crowdfunding is interdisciplinary. This was achieved through examples showing how researchers from different disciplines diverge in their choices and usage of concepts and theories. This is one example illustrating what is meant by the term *relativistic epistemology*: different people will come to know a phenomenon, i.e., crowdfunding in this case, in different ways (Stutchbury, 2022). On a more general level, differences may also be observed in the selection of research topics, research objectives, and methods used to collect and analyse empirical data. These are some of the primary components of a research process, which refers to all the necessary steps, from defining a philosophical stance to interpreting results, that goes into the systematic effort of investigating a given research problem (Creswell & Plano Clark, 2017; Gray, 2018; Robson, 2002). An important part of defining a research process is to ground research as knowledge production in a clearly stated methodological stance. This section discusses these issues as a basis for justifying the methodology chosen for the thesis work.

Although the capacity to provide scientific explanations may necessitate preliminary exploration and description of the topic (Jeppesen, 2005), these factors have no bearing on the act of conducting research. Doing academic research means adopting an attitude and predisposition; it entails ethical behaviour, systematic work, and scepticism regarding the validity of research conclusions (Robson, 2002, p. 18-19). A prerequisite for achieving those objectives in practice is an ability to devise and use a cohesive methodology as a part of the research process (Jeppesen, 2003).

Methodology can be defined as a combination of techniques (methods), the practices we adhere to when applying them, and our interpretation of what we are doing when we do so (Olsen & Morgan, 2005). Working through a set of assumptions is one approach to formulating a methodology. Greene (2006) provides a list of four assumptions in the form of issues to consider. These interrelated issues are a philosophical stance, the research strategy (or methodology), the choice of methods, and a socio-political commitment. Together, these elements constitute the basis for formulating a methodology.

First, the philosophical stance is the researcher's position on whether a social reality exists or not, independent of our knowledge (an ontological belief) and what knowledge we may acquire about this reality (an epistemological approach) (Moses & Knutsen, 2019). A combined ontological and epistemological stance is also known as the paradigm a researcher adheres to (Maxwell & Loomis, 2003).

The second component relates to devising a research strategy, or methodology, as an approach for producing knowledge. As a research strategy, this methodological stance describes a given choice of theories and concepts, methods, modes of analysis of data and justifies their use by demonstrating compatibility with a philosophy of science (Moses & Knutsen, 2019; Bryman, 2012). As will be discussed in Section 3.2, research designs are the operationalisation of a methodology into one or several study-specific configurations.

The third assumption to address is appropriate use of methods as part of a research process (Moses & Knutsen, 2019). Methods are, in general, a designation of various data collection and analysis techniques used in the research process (Robson, 2002; Gray, 2018).

Lastly, we are confronted with the question of social and political commitment, which, according to Greene (2006), is what provides a research process with value-based rationales and meanings. There are various perspectives on questions of value and value freedom (Bryman, 2012). Usually, values and bias are unavoidable components of social research processes. Any explanation is influenced, to some extent, by the researcher's mindset and approach; an appropriate course of action is to act reflexively and recognise their impact and influence (Bryman, 2012). Nonetheless, some approaches (such as feminism or critical theory) acknowledge the presence of values in their analyses and do not necessarily seek to reflexively suppress them (Sayer, 2000). Thus, whether intrusion of values and social commitment is appropriate depends on methodology and research design.

My primary motivation for investigating the adoption of crowdfunding as a business model in the CCI was to address the lack of context in explanations supplied through conventional economic analysis (e.g., Belleflamme et al., 2014). As described in Chapter 1, there are generative mechanisms, i.e., necessity, complementarity, and substitution, that provide an alternative account of the economic rationale for using crowdfunding that are absent from these analyses. However, whether these mechanisms are or will be activated is conditional; it is neither necessary nor impossible (Sayer, 2000). In practice, the contingency of these mechanisms means that observing effects and outcomes of their activation depends on contextual factors, such as

industry category, geographic origin, and the type of funded product or service (Sayer, 1992). Consequently, the notion is that necessity, complementarity, and substitution as generative mechanisms in some context-based combinations or interactions produce empirical events (i.e., crowdfunding campaigns). Observing these events, mechanisms, and structures enables one to explain the (particular) emergence of crowdfunding in given contexts, and not in others. This understanding of generalisation and causality is consistent with a critical realist approach to research (Sayer, 2000; Bryman, 2012). Therefore, the thesis employs a critical realist methodology.

Beginning with Section 3.1, the philosophical stance of critical realism is examined. Section 3.2 discusses possible critical realist research designs and their application as part of the overall research process. The purpose of Section 3.3 is to explain why and how combining diverse research designs and methods is both feasible and desirable from a critical realist perspective. The section also introduces, discusses, and defines the comprehension of causal explanation as well as the actual application of the analytical concepts of triangulation and retroduction. Examples from the attached papers illustrate the actual triangulation of findings and results both within individual studies (such as the systematic literature review on crowdfunding in Article I) and overall, across the various studies and research designs. Before concluding with some views on validity and generalisability, Section 3.4 provides a summary and description of the research designs and methods used in the attached papers.

3.1. Philosophical stance and issues

According to Bhaskar (2008, pp. 11–12), a critical realist perspective starts with dividing research objects into intransitive and transitive categories. Intransitive objects exist in the social world as physical, social, or conceptual objects (Sayer, 2000). Frequently, these objects are entities (Easton, 2010): individuals, organisations, relationships, attitudes, and resources. In contrast, transitive objects are employed to generate knowledge about intransitive objects (Mingers, 2004). Transitive objects include “...established facts, theories, paradigms, models, methods and techniques of inquiry” (Bhaskar, 2008, p.11). A critical realist perspective acknowledges the coexistence of an external world independent of human consciousness (an intransitive dimension of being) and our socially influenced knowledge of said reality (the transitive dimension of our beliefs about reality) (Danermark et al., 2019 pp. 5–6). These

dimensions correspond, respectively, to the ontological and epistemological dimensions of a critical realist methodology.

Ideal typical ontological positions among researchers may be divided into two categories: constructionists and objectivists (Bryman, 2012; Moses & Knutsen, 2019). The constructionist doctrine is that social reality is a subjective concept that people continually (re-)create and revise. Thus, reality only exists in accordance with how individuals perceive it, relate to it, and interpret it. The opposing faction are objectivists. Objectivists, in contrast to interpretivists, hold that reality exists independently of individual perceptions.

Critical realism concurs with objectivists on the existence of an independent reality and disagrees with the notion of limiting this independent reality to what can be observed, sensed, or experienced. A unidimensional conception of reality, according to critical realists, is an epistemic fallacy (Bhaskar, 2008) because it conflates what is observed to what we can know about reality (Danermark et al., 2019, p.25). Critical realists see reality as stratified and hierarchically ordered into three domains: the real, the actual, and the empirical (Sayer, 2000; Danermark et al., 2019). In the realm of the real, we find existing objects, such as a digital infrastructure (Henfridsson & Bygstad, 2013) in the form of a crowdfunding platform. A crowdfunding platform as a structure may have certain innate causal powers to produce events via the activation of mechanisms (Sayer, 2000, pp. 11–12). These mechanisms are activated in the actual domain, leading to events taking place, such as the launch of a crowdfunding campaign. Last but not least, the empirical domain is where we may or may not sense and observe outcomes of events (Fletcher, 2017), for example, whether a crowdfunding campaign was successful, how much money it raised, how many patrons contributed funding, etc. Thus, according to the critical realist position, a comprehensive understanding of the social world necessitates knowledge not only of the observed and experienced results of events, but also of the objects, mechanisms, and structures that generate them.

Understanding what this practically entails can be conveyed by the metaphor of reality as an iceberg (Fletcher, 2017; Stutchbury, 2022). A theory of icebergs based on observation of the visible portion (typically 10%) of the ice bulk is, in critical realist terms, an epistemic fallacy: it reduces knowledge of reality to what can be empirically known through observation or our senses (Bhaskar, 2008; Fletcher, 2017). Rather, a critical realist position is that for a theory of icebergs to have explanatory power, it needs to also consider the inherent properties (i.e., structure) of an iceberg and the mechanisms (e.g., dissolving of ice) that give rise to empirical observations (e.g., change in the perceivable mass, form, and shape of an iceberg). In brief, the

critique is that theorising about icebergs based on empirical observation of events omits to include and account for the invisible part of its structure, which constitutes 90% of the object being analysed. Consequently, a critical realist approach advocates a shift from explanations based on observation and interpretation of empirical events (what the outcome is) to explanations based on mechanisms (what causes the outcome) by attempting to isolate, identify, and explain structures and mechanisms producing events (Danermark et al., 2019, p. 39–43).

This is consistent with Robson's (2002, p. 30–31) account of critical realist ontology, which states that the observed properties of an intransitive object (outcome experienced in the empirical domain) always result from the activation (in the domain of the actual) of a mechanism acting within the specific context of the real. Mechanisms are in this sense structurally embedded devices. A structure refers to a relatively permanent arrangement of elements (Sayer, 1992) and mechanisms as one of the elemental processes within this concrete system that makes it what it is (Bunge, 2004). As necessary internal relationships with causal forces, structures are both facilitating and limiting in relation to mechanisms. Therefore, the activation of mechanisms results in external arbitrary relations that influence the actual outcome. In different contexts, the same structure and causal mechanisms can have distinct effects.

When it comes to epistemology, or the question of what is or can be accepted as valid knowledge (Bryman, 2012), the critical realist position is one of relativism. On the one hand, critical realism can accommodate inductive, deductive, and abductive lines of reasoning (Jeppesen, 2003). This is an acknowledgement that the approach to explaining causation via identifying mechanisms that may (or may not) trigger events, requires different epistemological combinations. On the other hand, critical realism acknowledges that research cannot be considered “bullet-proof” against intrusions of values, cultural properties, and social and historical conditions (Bryman, 2012; Danermark et al., 2019). As a result, it is difficult to regard knowledge production through research as an unbiased and neutral activity. Our perceptions and explanations are always influenced by theories and concepts (Sayer, 1992; Sayer, 2000).

Theorising, or the production of knowledge, typically begins with the exercise completed in Chapter 2: identifying a phenomenon (crowdfunding as a business model in the CCI) before interpreting, defining, and conceptualising its use within a theoretical framework of interest to the researcher (Gong & Hassink, 2020). As a result, elaborating a theoretical framework constitutes a first step that precedes investigations that have either concrete (empirical) or abstract (theoretical) aims (Sayer, 1992). The abstract and concrete research programme within the context of this thesis relates to a research process that involves different concrete studies

seeking to identify mechanisms (e.g., platform selection, value co-creation, and cultural policy intervention) that can inform abstract explanation of the (underlying) causal properties of structures and mechanisms as they relate to adopting crowdfunding as a business model in the context of the CCI. Furthermore, whether the activation of mechanisms may be necessary or contingent conditions of the process need to be established. In summary, an epistemological objective is to explain the mechanisms at work and their activation while acknowledging that the understanding conveyed through our explanation of them may be both partial and fallible (Sayer, 1992; Pratt et al., 2019, p. 4).

To conclude this section, a critical realist approach combines a realist ontology (a stratified and hierarchically structured and ordered world existing independently) with a relativistic epistemology (different people may and will come to know different things in different ways) (Sayer, 1992; Bhaskar, 2008; Stutchbury, 2022). This position has ramifications for structuring a research process and use of specific research designs for the purpose of carrying out empirical research. We turn to these in the next section.

3.2. Research designs as methodology

One way to convey in what way a research design differs from a methodology is to relate the explanation to parts and components of a given research process. A methodology is an overview of the sum of the individual elements, steps, and components of a research process. Research designs explains how these components relate to one another and combine within the context of a particular study. In substance, a design refers to the implementation of a methodology for the purpose of answering research questions.

Typically, critical realist approaches employ two research designs: the intensive or extensive design (Jeppesen, 2005), also known as fixed and flexible designs (Robson, 2002). Whether intensive, extensive or both research designs are utilised depends on the particularities of the research process. Aspects determining the choice may include evaluation of the type of research questions posed, the objects or entities being studied, the context in which a research process is conducted, and the suitability of methods. Given these considerations, Sayer (1992, pp. 240-244) suggests using intensive research designs when a study's objective is to explain mechanisms that trigger events (i.e., causal processes) in a particular case or limited number of cases. On the other hand, extensive research designs are more appropriate if the goal is to identify commonalities, features, and general patterns of a population as a whole. Adopting either or both is a pragmatic

choice that should be dictated by the research process. Both designs are complementary components of a greater whole with their respective strength and weaknesses for doing research from a critical realist perspective (Danermark et al., 2019, p. 177).

However, these considerations do not provide answers to an important question: Which of the intensive or extensive research designs are the best in cases where a phenomenon being studied (i.e., crowdfunding) is novel (Dalla Chiesa, 2021) and the knowledge base is nascent. This is (and has been) the case with crowdfunding research (Cha, 2023; Colombo et al., 2015; Shneur et al., 2020). Here, Jeppesen’s (2003; 2005) recommendations and examples are helpful. In a study of an under-explored topic (environmental management and industrial growth of SMEs in South Africa) using a critical realist approach, Jeppesen suggests that a third type of research design may be appropriate: an explorative design.

Table 6

Overview of Intensive, Extensive and Explorative Research Designs.

	Intensive	Extensive	Explorative
Example	How does a process work in one or a small number of cases?	What are the regularities, patterns, features of a population?	How can we describe the background and context of the objects of our study?
Research questions	What produces a certain change? What did the people actually do?	How widely are certain characteristics or processes distributed or represented in a population?	What are some of the possible and relevant concepts and theories to study these objects?
Relations	Substantial relations	Formal relations	Mapping relations
Type of groups studied	Causal groups (e.g., members relate structurally or causally, may be either similar or different)	Taxonomic groups (similar in formal terms, e.g., attributes, but otherwise unrelated)	Initial identification and definition of groups (e.g., who are they, attributes, how they relate or connect)
Type of account produced	Causal explanation of the production of certain objects or events. Not representative of a population.	Descriptive, representative generalisations of certain objects or events. Not able to explain underlying structures and mechanisms.	Descriptive, contextual information on certain objects or events. Pre-understanding as a basis for further intensive or extensive research.
Typical methods	Predominantly qualitative, e.g., participant	Predominantly quantitative, e.g., questionnaires,	Quantitative or qualitative. Examples include document

	observation, interviews, structural, causal, and interpretive analysis	descriptive and analytical (inferential) statistics	analysis, interviews, analysis of panel data, literature review
Strength and weaknesses	Strong on identification and explanation of structures and mechanisms that trigger events in specific cases and contexts. Unlikely to be representative, average, or generalisable. High (causal and interpretative) explanatory power. Time-consuming	Strong on showing how extensive or pervasive certain phenomena and patterns are in a population. Unlikely to be generalisable to other populations at different times and places. Phenomena and patterns of relations are not necessarily causal relationships. Limited explanatory power.	Strong on providing background information and understanding of an object of study. Identify relevant contextual issues and concepts. Aim is to guide and focus extensive and intensive research. Unlikely to yield findings that can help answer research questions
Appropriate tests	Corroboration studies	Replication studies	Intensive or extensive studies

Source: Compiled by author. Based on Sayer (2000, 2002) and Jeppesen (2003, 2005)

The purpose, then, of an explorative design is “...to establish an understanding of the area investigated, the perceptions of the phenomenon under scrutiny and what constitutes ‘issues or problems in the field’” (Jeppesen, 2005, p.6). This explorative study could consist of a literature review, other document analysis, discussions with experts. Again, the choice of methods, analysis and types of data is secondary to the objective and purpose of understanding a phenomenon in its context. So, as a preamble to the appended studies, the explorative designs utilised for this thesis used a combination of methods and types of analyses. These include compiling and statistically analysing cross-sectional data on crowdfunding campaigns in the Nordic countries and Spain, conducting a survey among Nordic artists and cultural entrepreneurs using crowdfunding, a literature review, participation in expert groups, advisory roles, and counselling of potential promoters.³²

Differences and complementarities between these designs are presented in Table 6, which effectively indicate that choices need to be made in accordance with objectives of a study.

³² I took part in a workshop organised by IDEA Consult in Brussels in the spring of 2017 related to their EU-commissioned report on crowdfunding in the cultural and creative sector (De Voldere & Zeqo, 2017). As part of my work for Knowledge Works, National Knowledge Centre for the Cultural Industries in Norway, I acted as an advisor for cultural organisations and entrepreneurs considering the adoption of crowdfunding. Finally, I was advisor for a professional Norwegian documentary film producer writing an MA thesis on the use of crowdfunding as a source of funding for documentary film production.

Explanation of mechanisms that cause events to happen require intensive designs. Descriptive accounts seeking to provide overviews of the pervasiveness of similar sets of conditions, aspects, or characteristics within populations require extensive designs. Finally, the purpose of explorative designs and research is to provide a pre-understanding in the form of information and description of an object of investigation, its context, and concepts that may be used for analysis and interpretation (Jeppesen, 2003, p. 92). What the explorative design as a concept also provides – most importantly – is a set of working hypotheses that may be further investigated and justified through either replication or corroboration through studies adopting intensive or extensive research designs.

However explorative research is not, as suggested by Sayer (1992, p.244), a research process that uses an intensive design to produce an exploratory account. Neither is it an extensive process that seeks to provide an overview of a phenomenon in its context. According to Jeppesen (2003, p.58) who pioneered the use of explorative designs in critical realist approaches, they are to be used with issues that are little or under-researched. What explorative research involves is a gradual form of “poking and probing”, combining the use of concrete (empirical) and abstract (theorising and defining concepts) analysis. *Gradual* means that the outcome of exploration only becomes clear over time. These results can provide an understanding and sensitivity to what are some of the issues, problems, or interesting aspects and characteristics of objects and phenomena we are studying. As an example, if we are not able to, or are uncertain about prior accounts of the impact of either substantial (socially connected individuals) or formal relations (whether these individuals share similar or dissimilar characteristics) (Sayer, 1992, p.88) we need to start by mapping possible relations. Seen from this angle, the use of exploratory designs is an honest and open acknowledgement of the messiness of social research in that we build a research protocol and processual approach as we learn more about entities we are investigating (Sayer, 1992). Chapter 4 provides a practical example showing how insights and hypotheses about the use of crowdfunding as a business model were produced using an exploratory approach.

To conclude, a choice of research design should be the one that best addresses the aspects and characteristics of the research project. Selection criteria for research designs should therefore be based on what types of analysis and explanation the research process seeks to provide, rather than on data collection methods (Mingers, 2004). That, however, does not imply that the choice of research methods alone, or in combination within a given study, or as a part of the empirical work with the thesis are unimportant considerations. We turn to a discussion on the use of methods in the next section.

3.3. Data collection, analysis, and validity

Methods, the third component of a methodology (Greene, 2006), are techniques used as part of a research process to collect, analyse, and validate data (Bryman, 2012). A methodology in the shape of a research design differs from a method in that the former seeks to explain and justify why one or more methods were used as part of a research process. Methods are the actual individual procedures on their own. Thus, methodology is a discussion of what constitutes an appropriate method selection from a strategic standpoint, whereas methods, their use, and deployment, are located at the operational level (Moses & Knutsen, 2019).

Methods are typically selected using two evaluation criteria. The initial justification is premised on viewing methods as neutral instruments. There is no method that is superior or more effective than another. Selection criteria are based on the type of data to collect and analyse. Some methods are more suited for handling quantitative empirical data, or information that can be quantified through measurement, counting, and categorisation. Text, film, and images whose content may be interpreted constitute qualitative empirical data. Critical realists do concur with justifications premised on matching collection and analysis of data with appropriate methods. This can be inferred from statements that methods should be selected based on practical considerations and utility (Sayer, 1992, p.4), with a suitable choice being a method that is adaptable to the objectives and goals of the empirical study (Danermark et al., 2019, p. 96).

Nevertheless, this is only a part of the picture. The second justification criterion is the method's compatibility with ontological and epistemological positions (Downward et al., 2002). Critical realist positions concur that qualitative methods and intensive research designs are both necessary and valid explanation-generating methods (Sayer, 1992). In contrast, certain quantitative methods, especially inferential or analytical statistical methods, are regarded as incompatible with critical realist approaches (Olsen and Morgan, 2005). The rejection of analytical statistics might be explained by the critical realism view of cause, explanation, and closure.

As stated previously, critical realists consider social reality to be comprised of distinct ontological layers containing structures (the real), mechanisms (the actual), and events (the empirical). The context (structures) and activation of generative processes (mechanisms) determine the occurrence and visibility of events. There is no assurance that events will occur in the empirical domain, as the activation of mechanisms is not a given, but a possibility. (Danermark et al., 2019) Their emergence is therefore viewed as a trend rather than a regular

occurrence. Thus, social events manifest irregularly, with a propensity to emerge as broken patterns (Fletcher, 2017) or demi-regularities (Lawson, 1997). Observation of demi-regularities and their statistical regularity cannot, however, be used as evidence to support a causal explanation (Danermark et al., 2019). The use of analytical statistics presupposes the enclosing of reality, by bracketing off aspects of the studied objects. This approach leads to the epistemic fallacy (Bhaskar, 2008) or invalid explanations of causality by conflating reality (ontology) with knowledge (what has been observed) (Sayer, 1992). Consequently, critical realists who find the use of analytical statistics as methods problematic (Sayer, 1992; Lawson, 1997) advocate using intensive research designs and interpretative (qualitative) methods instead (Jeppesen, 2003). The reasoning is that intensive approaches and qualitative analysis can provide valid, causal explanations for circumstances that may (or may not) trigger and cause events. In contrast, analytical statistics and related extensive designs can only explain the expected (causal) variance in their potential occurrence (Sayer, 1992). In other words, analytical statistics can provide descriptions of (possible) relationships, but not explanations, as methods.

However, an opposing view argues that inferential statistical analysis can produce valid interpretations that may be used to support an explanation of causality (Olsen and Morgan, 2005). The approach draws implicitly upon Danermark et al.'s (2019, p.193) concept of methodological pluralism: combining intensive and extensive research designs, where the different approaches complement one another. Thus, the logic, according to proponents, is that connecting dots between structures, mechanisms, and events, by making causal inferences in the critical realist sense, is possible through a combination of quantitative (statistical) and qualitative (interpretive) analysis (Downward & Mearman, 2007; Olsen, 2004; Olsen & Morgan, 2005)

The ontological justification is that institutions (e.g., norms, beliefs) impose certain mental states of closure on social agents, which condition their proclivity or willingness to act (Downward et al., 2002). In other words, unlike closure in natural science, social reality will never be completely open and will always be in various context-dependent states of quasi-closure. Statistical methods and analysis can be used to uncover “facts” about the structure of these quasi-closed realities, and these fictional accounts of demi-regularities help us understand the mechanisms (relationships) between objects and events (Olsen & Morgan, 2005). This means that statistical analysis can be used, for example, within an extensive or exploratory research design to map or provide an overview of potential relationships between objects, without necessarily making causal claims (Jeppesen, 2003). Furthermore, case examples evidence how

multivariate statistical analysis such as logistic regression can be used for causal explanation if appropriately combined with concurrent interpretative analysis (Olsen & Morgan, 2005).

A research process that combines the use of quantitative and qualitative methods and analysis is referred to as the use of “mixed methods” (Bryman, 2012; Greene, 2008; Maxwell & Mittapalli, 2010; Olsen, 2004; Olsen & Morgan, 2005). This is the choice of methods adopted for the thesis. In addition to combining intensive, extensive, and explorative research designs, different methods for analysing both quantitative and qualitative data have been used within and across these research designs as they are adopted in the appended papers (see Table 9).

Mixed methods are considered part of a range of procedures otherwise known as multiple methods. Multiple methods refer to the use of two or more quantitative methods, qualitative methods or at least one or more quantitative and qualitative methods (Fetters & Molina-Azorin, 2017). It is the latter situation, when quantitative or qualitative methods are combined within a study or programme of inquiry such as research and investigation done as part of work on a doctoral thesis (Tashakkori & Teddlie, 2009), that is recognised as mixed methods.

One initial reason for combining different methods is the analytical flexibility of contrasting general insights from extensive research designs with specific insights from intensive research designs (Greene, 2008). However, the discussion on the use of analytical statistics raises some issues and challenges with mixing methods. Methods differ in terms of paradigmatic (epistemological and ontological) assumptions and the potential for theoretical contributions (Greene et al., 1997; Maxwell & Loomis, 2003; Maxwell & Mittapalli, 2010). Some of the differences, as the discussion revealed, are difficult to reconcile (Maxwell & Loomis, 2003). Thus, what is needed, is adopting a dialectically informed rationale for combining methods (Greene, 2008). A dialectical stance acknowledges that necessary steps should be taken to overcome mutual paradigmatic incompatibilities (Bryman, 2012). If differences are reconciled, the use of mixed methods in a doctoral thesis provides an excellent opportunity from a dialectical perspective to bring together various research traditions and schools of thought (Downward & Mearman, 2007).

Work with the thesis has relied on mixed methods triangulation (MMT) (Downward & Mearman, 2007). In line with previous discussions, MMT sees combining methods as paradigmatically and practically possible to achieve. The practical justification (cf. Table 6) is that different research designs and methods reveal different aspects of objects of analysis. The extensive type of research produces accounts that seek to describe representative generalisations

of certain objects or events. Conversely, intensive designs aim at providing an explanation of what may trigger said objects to behave, emerge, or manifest in a certain way. Both designs and associated methods generate different types of explanations and findings. Bringing these insights together through the combination of data or methods is what is, in practice, referred to as triangulation (Olsen, 2004). Triangulation of methodologies and data, particularly in economic research, can be considered a prerequisite to understanding the phenomena studied (Maxwell & Mittapalli, 2010). Further, triangulation may provide richer, more diverse findings that may support the use of the analytical inferential mode that critical realists refer to as *retroduction*: moving between concrete empirical observations of events and abstract theorising in order to identify and explain the structures and mechanisms capable of producing them (Sayer, 1992, p.107; Downward & Mearman, 2007; Danermark et al., 2019; Ritz, 2020).

Retroduction is very similar to abduction when it comes to making inferences. The difference between the two is that abduction is an attempt to redescribe and contextualise the meaning or significance of events based on a theoretically informed preconception (Danermark et al., 2019; Olsen, 2004; Ritz, 2020). Retroduction is a parallel theorising process in which events are studied in terms of what caused them (McEvoy & Richards, 2006). To put it within a critical realist framework of thought, abduction is concerned with understanding the meaning of events in a specific context (Olsen, 2004), whereas retroduction is concerned with identifying and explaining the structures and mechanisms that cause events to occur in the same setting (McAvoy & Butler, 2018).

Table 7*Retroduction as a Staged Process*

Type of research	Phases of the process of retroduction	Outcomes
Concrete (empirical)	Descriptions	Describe the events, situations, and activities we intend to study and explain
Abstract (theoretical)	Analytical resolutions	Define which elements of an object we intend to study
Abstract (theoretical)	Abduction/theoretical redescription	Interpret objects through comparison, evaluation, and integration of possible concepts, theories, and contextualisation
Abstract (theoretical)	Retroduction	Specify and ascertain from a theoretical perspective whether an abductive interpretation is a likely explanation of what mechanism may have caused an event
Concrete (empirical)	Contextualisation (Retrodiction)	Establish whether and to what extent similar structures and mechanisms are manifest in different contexts

Source: Compiled by the author, based on Danermark et al., 2019, p.130

The process of retroductive analysis, as described by Danermark et al. (2019), is shown in Table 7. Beginning with empirical research, data are gathered and then used to provide context and a description of the objects under study. Then, a three-step theorisation process is initiated to make sense of the observations. The initial step is to establish and define the goal of theorization by identifying the elements and their observable characteristics that need further explanation. This typically consists of defining a possible factor (mechanism) causing an outcome (event) to occur. Using empirical evidence and available conceptual and theoretical knowledge, the second step employs abductive reasoning to develop and formulate a hypothesis that proposes the most probable explanation for factors leading to an outcome. In the third and final step of retroductive analysis, it is determined whether the abductive hypothesis adequately explains the underlying mechanism and causal properties. This three-step process of abstract theorisation permits a systematic transition from empirical observation to hypothesis generation via abduction, followed by an evaluation of the proposed hypothesis via retroduction to ensure that it adequately accounts for the causal properties of structures and mechanisms in the study's context. In the concluding fifth phase, also known as the retrodictive phase, empirical analysis is resumed. This phase focuses on determining how the retroductively identified mechanisms can combine and interact to produce events in various contexts.

However, retroductive analysis does not require that all phases of the process be covered in the exact same order. Depending on what is best for a research project, some sequences may be modified, mixed, or given more weight than others (Danermark et al., 2019). As a consequence, the use of retroduction and retrodiction as analytical approaches was modified as part of the research process. Two of the revisions that apply in the present situation need clarification. First, the retroduction and retrodiction stages were combined, which is common (McAvoy & Butler, 2018). The practical challenges of carrying out retroductive and retrodictive analysis separately or consecutively are the rationale. It is essentially a chicken-and-egg problem (Elder-Vass, 2012). Prior theorisation of retroductive processes is required for retrodictive explanation. In contrast, retroduction of an event-causing mechanism will involve earlier retrodictive analysis that identifies a set of interacting processes that must be explained.

Second, these challenges may explain another common practice in critical realist research: the explicit use of neither term in writing to describe the process of theorisation while adhering to the underlying principles of analysis in practice (McAvoy & Butler, 2018). As examples, Henfridsson and Bygstad (2013) describes their critical realist mode of analysis as a process of moving back and forth between concrete empirical outcomes and abstraction targeted at theoretically describing potential causes for these outcomes to occur. A similar approach is Hauge (2007, p.21) who describes a critical realist mode of inference as a double movement from the abstract (theoretical) to the concrete (empirical) and back. None of the studies use the terms *retroduction* or *retrodiction*, although the analytical procedures and processes described in Table 7 are comparable. The approach is consistent with the analysis processes conducted as part of the thesis work: it is a process of inference that adopts elements of retroduction and retrodiction as a process without explicitly using the terminology in the appended studies.

Retroduction, retrodiction, abduction, induction and deduction are all modes of theorising, that is, describing, explaining, and drawing analytical conclusions (Bryman, 2012; Danermark et al., 2019). To a certain extent, triangulation may be explained as a complementary mode of inference at the operational level of the research process. Olsen (2004) defines triangulation as “the combination of data or methods to shed light on a topic from multiple perspectives.” Triangulating results from multiple sources can achieve completeness (combining diverse outcomes and perspectives), confirmation (improving the reliability and validity of findings), and abductive inspiration (providing contextual meaning and description as the basis for retroduction) (Risjord, 2001, in McEvoy and Richards, 2006). As these processes are utilised in mixed-methods research, it is possible that retroduction shares similarities with triangulation and

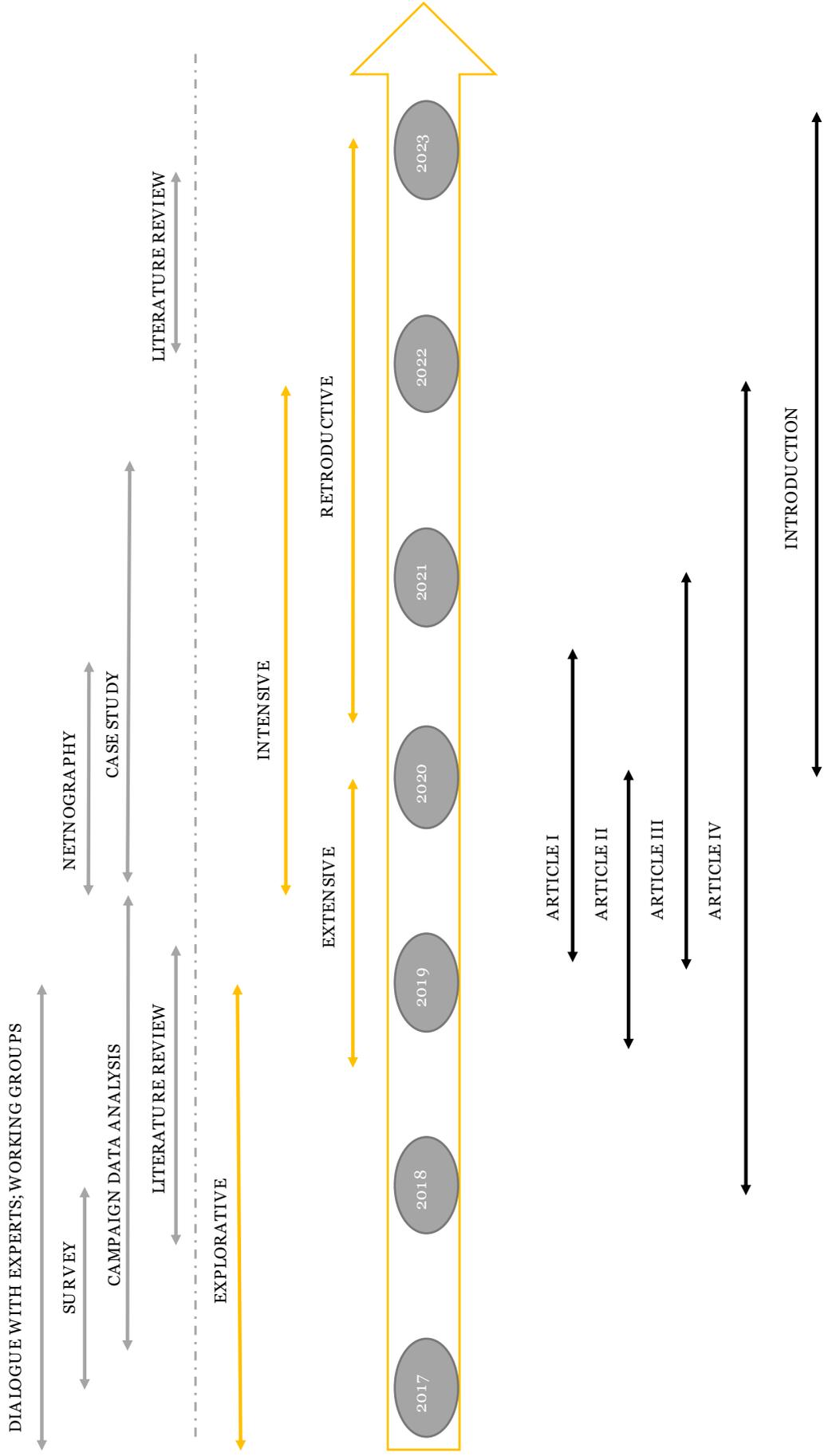
integration. From the perspective of mixed methods, successful triangulation requires the ability to demonstrate how the results and findings of different qualitative and quantitative studies can be successfully combined or integrated (Bryman, 2008). The operational manifestation of retroduction as an inference logic is thus triangulation and integration (Downward and Mearman, 2007). In essence, combining triangulation and retroduction can demonstrate how and why one can combine and mix methods in practice (the possibility for triangulation of results), while the use of retroduction as an analytical process can facilitate the integration of findings from multiple studies.

Figure 4 depicts a timeline-based visualisation of the triangulation and retroduction processes undertaken as part of the work with this thesis. Above the timeline, the figure is divided into two halves. Throughout the six years of work on this doctoral thesis, the first half shows when the various methods for collecting and analysing empirical data were used. The second half includes a timeline for the use of various research designs, as well as a phase for retroduction through MMT of findings. The timeline shows how the research design and associated methods are linked to the various article contributions that comprise the thesis. Overall, the visualisation demonstrates how results from studies using different research designs and methods for empirical analysis, as well as abstract models for interpretation and explanation, were combined in practice. There is then a cumulative dimension (in terms of analysis, from explorative to retroductive), but also a dimension of sequential integration via result triangulation. The results of exploratory and extensive research processes are used to inform and direct the development of intensive research designs and accompanying studies (Articles III and IV). Chapter 4 presents and discusses how the findings from the exploratory phase helped contextualise the use of crowdfunding as a business model in the CCI in Spain and in the Nordic countries. These cumulative results, as findings from cross-sectional data over time, showed how crowdfunding emerged and was adopted at the sectoral level. Concurrently, these findings informed extensive research development (Article II on platform choice), and development of subsequent intensive research and retroductive analysis seeking to answer the main research questions. By means of this, the figure shows evidence of how the concrete and abstract phases of the research procedure have been integrated and combined across research designs and methods.

The present section has attempted to explain how and why methods as techniques for data collection and analysis were combined as part of the overall research process with this thesis. In the next section, the use of methods in the appended studies and the question of whether the methodology chosen for this thesis is a valid approach will be discussed.

Figure 4

Timeline of the Research Process



3.4. Use of methods and epistemological considerations

This section will introduce and discuss the use of research designs/methodology in the appended papers. A subsequent section will use illustrative examples to demonstrate the use of MMT to incorporate results and inform the research process both within and across the appended studies. The section and chapter conclude with some reflections on the generalisability of the findings and the epistemological validity of the chosen methodological approach.

Table 8 presents the methods, theoretical frameworks, and research designs employed in the individual studies appended. Since a case study methodology and associated (intensive) research design have been used in three of the articles, the discussion of methods will begin with an explanation of how the concept of a case study has been defined and how it has been applied in the appended papers (Article I, III, and IV). Methodologically, a case study is an in-depth examination of one or of a small number of intransitive objects or entities (e.g., individuals, organisations, relationships, and attitudes) in their actual real-world context (Robson, 2002; Easton, 2010; Yin, 2018). A single case study is one that collects and analyses data on a single object or unit (Flyvbjerg, 2011). Multiple-unit case studies are referred to as *collective* (Stake, in Creswell, 2013, p.99) or *multiple* case studies (Yin, 2018, p.97). Multiple case studies involve the concurrent analysis of equivalent entities in distinct contexts, sometimes for comparative purposes (Yin, 2018).

Case study methodology allows for the incorporation of qualitative and quantitative methods individually or in combination. Combining methods is essential due to the need for contrasting perspectives. Individual micro-level accounts (e.g., an individual promoter or crowdfunding campaign) may not be representative of the meso-level context (e.g., industry category of the project funded). The converse is also true; it is possible that descriptions and explanations at the meso level fail to convey important individual differences. From a critical-realism stance, however, case studies are better understood as having an intensive rather than an extensive study design. (Easton, 2010; McAvoy & Butler, 2018; Pratt et al., 2019). On the one hand, this is because a case study methodology can be used for producing causal explanations as the research process frequently aims at revealing structures and mechanisms underlying events (Sayer, 1992, p. 246; McAvoy & Butler, 2018). Moreover, many case studies evolve over time (Flyvbjerg, 2011), which, on the other hand, complicates the use of extensive research designs in situations where data collection is ongoing over the course of the research process (Pratt et al., 2019). Consequently, the theoretical objectives and requirements of quasi-closure make it easier to adopt intensive research designs (Robson, 2002).

As part of the work with the appended studies, both multiple and single case studies were used. In Article I, a number of real-world campaigns were examined to illustrate various aspects of crowdfunding campaign promotion. Article III is a single case study chosen on the basis that it may help explain some of the mechanisms underlying value co-creation in crowdfunding. Article IV is a multiple case study that employs embedded cases to highlight paradigmatic features of the objects under consideration (public-private partnerships to support cultural crowdfunding), implying the phenomenon's more general characteristics (Flyvbjerg, 2011).

Aside from the analysis of documents and literature to prepare case examples, the systematic literature review is the other main method used in Article I. Systematic literature reviews are distinguished by commitment to a pre-specified stepwise procedure (Okoli, 2015), which is explicitly stated in the investigation's reporting to improve repeatability (Tranfield et al., 2003). The review model upon which the literature review is based consists of four phases and eight steps (based on Okoli 2015, page 43). These are planning (defining purpose and protocol), selection (establishing a practical screen and literature search procedure), extraction (findings extraction and quality assessment), and execution (reporting and synthesis of findings). In the final phase of execution, when the review is written, a bibliometric and a narrative approach are combined for triangulation and complementarity. Bibliometrics is a method of conducting a literature review that relies on a statistical analysis of published study citations, as well as keywords and sentences within a study's title and abstract (Aria & Cuccurullo, 2017). In Article I, 84 of the 114 references (retrieved from the Web of Science database) were analysed using the bibliometrix package of the R software. The narrative analysis modified Greenhalgh et al.'s (2005) meta-narrative approach to synthesis. A meta-narrative approach involved classifying 114 references according to their themes into a summary, consisting of five emerging, chronological meta-narratives and sub-topics. The bibliometric analysis is reported in Article I, while the narrative review is discussed in the article found in Appendix 1.

Article II uses logistic regression, which is the statistical regression technique used when a dependent variable is categorical. If the dependent variable is binary, with two categories such as yes or no, the logistic regression technique is called binary logistic regression (Field, 2009). Rather than predicting change in a dependent variable a by increasing an independent variable b by one unit, as in linear regression, logistic regression seeks to determine the odds of one event occurring over another when both are mutually exclusive (Mehmetoglu & Jakobsen, 2017). The output of binary logistic regression models are odds ratios, as an expression of the likelihood, or probability of, for example, a defined event a being an outcome over the probability of an event

b happening. Events also need to be mutually exclusive, in that should event a occur, this effectively makes it impossible for event b to happen. In Article II, the binary mutually exclusive events a and b were the choice of platform to promote a crowdfunding campaign: either a national (country specific) or international (Kickstarter or Indiegogo). Thus, the odds ratio produced by the model indicated the likelihood of a promoter choosing a national to the probability of choosing an international crowdfunding platform (Olsen & Morgan, 2005). However, there is more to logistic regression than mathematics. Contextual aspects and qualitative assessments that may reflect some of the causal mechanisms producing an outcome are often used as predictors (independent variables) in the regression model (Olsen & Morgan, 2005). Examples of these within the context of Article II are the hypothetical propositions that choice of platform may be conditioned by contextual issues such as country of origin or industry category, or through characteristics of the project relative to its potential scope (geographic reach), cultural affinity (language), or scale (fundraising needs).

Another qualitative aspect relates to the use of hand-collected campaign data (Hellman & Puri, 2000). One differentiates usually between collecting cross-sectional³³ data through automation, for example using software applications that can harvest data by crawling websites, and hand collection. Hellman and Puri (2000), in a widely cited article about Silicon Valley technology firms' access to venture capital, coined the term *hand collection* to characterise their method of data collection. *Hand collection* is defined as manually scanning, identifying, and recording information about potential variables using a variety of instruments, such as surveys, interviews, commercial databases, and any publicly available information. This definition is an accurate description of how the data used in Article II was collected, with the actual collection procedures described in the method section of Article II. The argument for using manual collection is that automated collection does not always produce the needed information. As evidence from Article II and Chapter 4, understanding the subcategories to which campaigns belong (i.e., music as the primary category, and production of recordings as a subcategory) is crucial for drawing conclusions from data analysis. A sub-categorical classification cannot be generated automatically. This is because these categories do not exist on many crowdfunding platforms³⁴, and therefore must be assigned on a per case basis through human evaluation. So, despite being a

³³ Cross-sectional data is gathered by sampling or collecting information on many entities (such as crowdfunding campaigns and promoters) at one specific time point. Panel data conversely focuses on collecting data from the same sample at numerous time points.

³⁴ As an example, Kickstarter uses these broad categories: Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theatre.

highly time- and resource-consuming process, hand collection is one of the few ways to produce accurate results.

The term *netnography* combines the etymologies of "ethnography" and "internet" (Kozinets et al., 2014). Netnography is a method that aims to facilitate the collection and analysis of social interaction and relationships as they occur in contemporary digital communication situations. Typically, ethnography as a research method requires direct observation and collection of primary data through interaction with participants. The netnographic method does not require interaction or participation. Although it is possible to conduct netnographic research by overtly or covertly observing the online exchanges and communications of individuals, its use is frequently predicated on the collection and analysis of secondary data resulting from online activities. These data may include images and texts generated using apps and digital platforms. Netnography was chosen as a method for collecting and analysing archived communication between a promoter and patrons on crowdfunding platforms, exchanges between members of an online chat forum, and social media activities, to name a few examples. Additionally, the information accessible via platforms and applications is publicly accessible, thereby reducing ethical concerns.

Table 8

Overview of Methods and Research Designs Used in the Appended Studies.

<i>Article</i>	<i>Methods</i>	<i>Research design</i>
Crowdfunding in the cultural industries (Article I)	Case study using document analysis. Systematic literature review using bibliographic coupling combined with meta-narrative analysis of thematic content.	Intensive design
Varieties of cultural crowdfunding: The relationship between cultural production types and platform choice (Article II)	Descriptive and analytical statistics (logistic regression)	Extensive design
Crowdfunded and co-creation of value: the case of the fashion brand Linjer (Article III)	Single case study using netnographic observation and document analysis	Intensive design
Matching the crowd's funding and the limits of cultural policy: an exploratory comparative analysis. (Article IV)	Semi-structured interviews, descriptive statistics, multiple case studies	Intensive design

A second set of concerns involves the use and impact of triangulation on the development of the individual studies and the thesis overall. Basically, the exploratory research phase (cf., Figure 4) consisting of collection and analysis of campaign data, surveying Nordic crowdfunding promoters, a literature review and discussions, provided direction and definition of the subsequent four appended articles. Answering the research questions of the thesis require a process of retroduction. This process of retroduction involves drawing upon empirical insights from these four articles in combination with abstract thinking partially informed and supported by the theoretical framework developed for the thesis (cf. Chapter 2). Outcomes of these

retroductive processes are answers to the research questions in the form of empirical and theoretical contributions. This is a brief description of how, and in what way, triangulation and retroduction was used as a part of the research process overall. Outcomes of the retroductive process, in the form of answers to questions and research contributions, are discussed in Chapter 6.

Possibly the best practical example³⁵ of triangulating results through the integration of findings derived from the use of different methods is the literature review in Article I. Table 9 compares the themes identified by different authors (Ziaul Haque Munim and me) individually synthesising the literature. Four out of the six themes identified are defined in nearly identical terms, with only minor semantic differences. The remaining two, independently identified by bibliometric and narrative analysis respectively, demonstrate complementarity. Here, the systematic review identified a context-specific theme of journalism crowdfunding, suggesting that media research into cultural crowdfunding was more context-sensitive and specific than the narrative review demonstrated. In contrast, the narrative review identified a minor subtheme of contributions investigating the role of crowdfunding platforms. Minor, in this case, is not necessarily a bad thing, as the findings that only four articles (out of 114) investigated the role of platforms was a catalyst for additional extensive research (Article II) on the selection of platforms.

Table 9

Comparison of the Themes Identified by the Systematic and Narrative Literature Review.

Theme	Systematic review	Narrative review
1	Value creation through crowdfunding.	Value creation in the cultural sector via crowdfunding.
2	Role of the community, fans, and network relations.	Impact of ties between fundraisers and patrons.
3	Drivers of crowdfunding campaign success.	Identification of factors impacting campaign success.
4	Industry-specific (journalism) crowdfunding.	-
5	Crowdfunding experience in the culture industry.	Implications of crowdfunding on practical aspects of cultural production.
6	-	Roles of crowdfunding platforms.

Concerning the question of the generalisability of case study findings, it is common practice to differentiate between contributions that are generalisable for empirical, theoretical, and theory

³⁵ Further accounts and examples of how exploratory research informed the definition of research objectives and approaches in the appended studies will be exposed more fully in Chapter 4.

testing purposes. Tsang (2014) makes three suggestions regarding these types of generalisations from a critical realist perspective. First, the critical realist position is that representative case studies (single or multiple) can be generalised because they can explain the characteristics (structures and mechanisms) that lead to events. Although empirical generalisations are possible, they are more akin to theoretical propositions and not necessarily populations or universes (Yin, 2018). Second, given that case studies do provide information regarding the structure and operation of mechanisms under contingent conditions, they are theoretically generalisable via retroduction processes. Thirdly, case studies can be used to test theory by comparing the mechanisms revealed in the case study to those proposed by theory. In essence, the critical realist use of theory testing is comparable to the falsification principle in positivist research (Flyvbjerg, 2011).

Critical realist generalisations consist of attempts to identify and explain processes operating under contingent conditions (Easton, 2010). These generalisations supplement other methods in much the same way that Olsen (2004) refers to this mode in relation to extensive research and generalisation through analytical statistics as “generalisation at the level of columns”, which frequently requires additional analysis at the level of rows (individual cases) for causal explanation. Thus, critical realist inferences frequently take the form of analytical generalisation (Yin, 2018), whereby empirical findings provide generalised understanding serving as a basis for theorising that attempts to establish a logic applicable to other circumstances.

Theorising, in critical realism, produces what is otherwise known as middle-range theory, referring to a “...certain type of theory aiming at bridging the gap between general theories and empirical observation.” (Danermark et al., 2019, p.143). Robert Merton, who came up with the concept, thought of the middle range as a theoretical layer linking the micro level with grander more all-encompassing unified perspectives. Merton situates the middle-range theories somewhere between mundane working hypotheses and the systematic, grand unified theories that explain “...all the observed uniformities of social behaviour, social organisation, and social change” (Merton, 1968, p.39). When Article IV discusses what makes match-funding partnership a success, it refers to the mechanisms of preselection; professional training and mentoring; communication; and outsourcing of work (to the platform). A middle-range theory of match-funding would advocate that investing money in paying a crowdfunding platform to select campaigns and provide promoters with professional training in communication work and campaign management gives better outcomes.

Mechanisms identified as part of the research process overall and which condition the adoption of crowdfunding in the CCI are necessity, complementarity, and substitutability. The middle-range theory of adopting crowdfunding as a business model, which was introduced in Chapter 1 and will be elaborated on in Chapter 6, suggests that these rationales operationalised as mechanisms may explain adoption and usage patterns.

The chapter has described the application of methods and modes of inference in the thesis-related work. A critical realist ontology and epistemology inform the adopted stance. Some might have anticipated a “purer” or more consistent critical realist strategy based on adopting intensive research designs and explicit use of retrodiction or retrodiction. The counterargument to those who hold these views is that defining a methodology should ultimately depend on what a research process intends to accomplish (Moses and Knutsen, 2019; Maxwell and Mittapalli, 2010). Methodologies, including their philosophical positions, are heuristic devices (Abbott, 2004, pp. 78 – 79) derived from an exploration of potential ways to generate novel ideas for addressing research questions. The chapter proposes an adapted heuristic based on the combination of critical realism as a philosophy of science with a more pragmatic approach to applicable and acceptable scientific explanation methods. Thus, the position taken is that different schools of thought, such as positivism or interpretivism, and accompanying methods, can be repurposed and used in contexts outside of a paradigmatic confinement, provided that potential pitfalls are considered. What matters foremost is appropriateness relative to research objectives. Conveying knowledge and awareness of these challenges by formulating and adopting a suitable methodology has been the objective of this chapter.

This concludes a discussion of methodological issues and considerations that has sought to demonstrate a possible way to coherently deploy and use different methods to investigate the adoption of crowdfunding as a business model within the CCI. In the next Chapter, we will consider coherence from a different perspective. The approach which will be taken in Chapter 4 is showing how the exploratory research design contributed to the overall consistency of the research process through presentation and discussions of results.

Chapter 4 Cultural Crowdfunding in the Nordic countries and Spain: an exploratory comparison

The purpose of the chapter is to present and discuss some of the findings related to the use of exploratory research design, or methodology (cf. Figure 4). These conclusions are drawn from a comparative analysis of 7,653 cultural crowdfunding campaigns promoted in Spain (N=6,188) and the Nordic countries (N=1,465) and a survey conducted among some of these promoters (N=795).

The reason for a separate chapter being dedicated to discussing findings and analyses from exploratory background research has an empirical and a methodological justification. An observation made by Dalla Chiesa (2021, pp. 66-67) provides some of the empirical validation. In her view, there are no studies that try to relate the fundraising goals of campaigns with campaign performance at the industry or project category level. The observation mirrors discussions in Chapter 1 which emphasise that cultural crowdfunding is a multifaceted practice that requires contextualisation. It was argued that lumping together artists and cultural entrepreneurs working in film, music, and the performing arts, under the category of indie producers (Ryu & Kim, 2018) may disguise as much as it reveals about cultural crowdfunding as a practice. As will be shown, comparing the goal-setting and hence the cost structure of campaigns promoted by film producers, musicians, and actors, reveals disparities. These differences may further indicate that motivations for adopting crowdfunding as a business model can differ. Findings from the analysis of campaign data discussed in this chapter provide the empirical evidence to make this claim. Therefore, the empirical rationale for its inclusion as a part of the introductory text is that these analyses validate the assertions made throughout the introductory chapters regarding the need for contextualisation.

The methodological argument is that a presentation and discussion of these results helps to situate the exploratory research design into the overall research process (Jeppesen, 2003). From this perspective, including an analysis of campaign data produces an extensive mapping of the evolution of the use of cultural crowdfunding, in particular geographical contexts alongside a typology of campaigns at the project and industry level that are linked to phases of a production system (Pratt et al., 2019). Supplementing this information is an analysis of survey data from crowdfunding promoters in the Nordic countries and Spain, which provides insights into the use of funding sources alone or in combination by industry and project category. Combined, these insights provide, on the one side, the basis for abstract research that led to defining necessity,

complementarity, and substitution as motivations, and on the other, a starting point for concrete extensive and intensive research (see Articles II, III, and IV) (Danermark et al., 2019; Sayer, 1992).

The selection of Spain and the Nordic countries as empirical contexts was motivated by pragmatic and strategic considerations. Since the work with this thesis is financed by a Norwegian higher education institution, it would be reasonable to assume that the focus would be on Norway. However, the uptake of crowdfunding in Norway has been relatively marginal compared with other countries. The collected data on successfully funded campaigns in the Nordic countries evidence that just under 10% (n = 140) of the 1,465 campaigns are located in Norway. Therefore, the low level of crowdfunding activity in Norway and the similarity of the Nordic countries' cultural policy model and institutional context justifies their grouping together. The decision to include Spain was motivated by the wish to employ the same data collection techniques utilised in comparable studies conducted there previously (as reported in Bonet & Sastre, 2016; Sastre Canelas, 2016). Another argument that lends credence to the inclusion of the other Nordic countries and Spain is the findings of Article I's literature review, which found few international comparisons of cultural crowdfunding. Some actual examples of comparative studies include Article II, which examines the platform preferences of Nordic promoters, and Article IV, which examines institutional contexts and support for crowdfunding through match-funding in Spain and Sweden. Thus, the choices are, at the same time, necessary adaptations imposed by constraints (e.g., the lack of Norwegian data) and informed decisions (e.g., the need for more comparative analysis of crowdfunding practices).

The presentation and discussion of results in section 4.1 provides descriptive statistics³⁶ on the patterns of usage of crowdfunding in Spain and the Nordic countries on national and international crowdfunding platforms. The analysis begins with a summary of the number of campaigns organised into broad sectoral categories and their evolution over time. Following that, the analysis presents the most commonly used types of campaigns at the project category level and relates them to production cycle phases for CCI production systems (Pratt et al., 2019; UNESCO, 2009). These findings are thereafter contrasted with the evolution of amounts of funding raised per category of campaigns on the market-leading platform Kickstarter between 2009 and 2021. In the subsequent section 4.2, selected questions from a survey conducted among campaign promoters from the Nordic countries and Spain is presented as a way to profile these

³⁶ Article II provide details on the procedures for data collection and analysis.

promoters and describe their use of crowdfunding alone or in combination with other funding sources. Conclusions drawn from these lines of investigation and how they have provided the overall research process and the appended studies with direction will be discussed in a concluding section 4.3.

4.1. Use of crowdfunding in the Nordic countries, Spain, and on Kickstarter

The section presents data in the form of statistics on successfully promoted crowdfunding campaigns in the Nordic countries and Spain on local (national) and international platforms.³⁷

Figures 5 (the Nordic countries) and 6 (Spain) provide a visual overview of uptake through the number of campaigns per sectoral category and the average amount raised by these between 2010 and 2016. Categorisation of the campaigns does not adhere to the concentric model (Throsby, 2008a), as the data collection and analysis precedes the decision to use the framework. Instead, campaigns are divided into categories with either a cultural (Performing Arts, Music, Visual Arts, Literature, and Cultural Heritage), media production (Film, TV, Radio/Podcast, and Video Games), or creative (Design, and Fashion and Accessories) sectoral orientation. In some instances, these broad categories are equivalent to a CCI industry category. This is particularly true for the creative sectors. Mostly, however, the nine broad cultural and creative categorical sectors do not account for production aspects (unique objects, prototypes for reproduction, delivery of services, production of events), or symbolic and economic dichotomies such as high/popular (art/culture) or economic considerations (commercial/not for profit).

Table 11 shows the breakdown of the campaigns for the Nordic countries and Spain classified according to these nine categories, in numbers and as a percentage of the total volume. The average amount of money raised across all campaigns in Spain is EUR 5,018 ($SD = 10,512$), while in the Nordic countries, the average is EUR 14,771 ($SD = 60,287$). Compared to the Nordic countries ($n = 54$, population 26,86 million), Spain has more campaigns per million people ($n = 133$, population 46,53 million).³⁸ At the general level, a takeaway is that Spain has a higher rate of crowdfunding adoption, and campaigns in the Nordic countries tend to raise more money overall.

³⁷ Nordic platforms are Boomerang (Denmark), Bidra (Norway), Crowdculture (Sweden), Fund You (Finland), Funde (Norway), Fundedbyme (Sweden), Karolinafund (Iceland), Mesenaatti (Finland) and New Jelly (Norway). Data on Spanish campaigns were collected from the platforms COOPFUNDING, Goteo, Indiegogo, Kickstarter, KissKiss BankBank, Lanzanos, Libros.com, Mymajorcompany, Namlebee, Precipita, Projeggt, Que no pare la musica, Siamm, Spaceman Project, Tot suma, Ulule, and Verkami.

³⁸ Data on population was obtained from the Nordic Council: <https://www.norden.org/no/information/fakta-om-de-nordiske-landene>, and the Spanish National Institute for Statistics: <https://www.ine.es/jaxiT3/Tabla.htm?t=31304>

As Figures 5 and 6 show, comparing categories show that there are key similarities and differences. First, a similar proportion of campaigns, as in 80 percent (n=1,196) in the Nordic countries and 90 percent (n=5,635) in Spain, raise under EUR 10,000. Campaign categories that encompass the core creative arts and cultural industries (e.g., performing arts, music, literature, film) raise, on average, amounts closer to the mean sample value for both Nordic and Spanish campaigns. Creative categories and complex productions, as exemplified by design, fashion, and video games, raise on average twice or three times the sample mean. The observations support one of the core assumptions of the concentric circle model (Throsby, 2008a), in that economic value measured by funding raised is higher the further removed a campaign is from a category belonging to the core creative arts. Conversely, crowdfunding adoption measured by number of campaigns per million inhabitants as a proxy for proliferation indicates some dissimilarities that institutional differences may account for. A higher crowdfunding campaign activity in Spain can be explained by a sharp drop in public funding for the arts and culture following the global financial crisis of 2008 (Bonet & Donato, 2011; Čopič et al., 2013). Meanwhile, there were no significant cuts to funding in the Nordic countries. (Kulturanalys Norden, 2020; Mangset et al., 2018). At the category level, cultural heritage is an important category in the Spanish context, while there are just two campaigns identified in the Nordic countries. In contrast, in the Nordic countries, creative categories of campaigns account for nearly one-fifth of the total volume of campaigns (n = 320), while in Spain, they account for just over five percent (n = 401). These results suggest two possibilities. To begin, most cultural crowdfunding campaigns aim to raise a small amount of capital for relatively modest projects, irrespective of geographic context. In addition, these initiatives originate from the CCI's cultural rather than creative industries. Second, while there is some consistency across these settings, the amount of money raised, and the characteristics or presence of certain campaign categories, are influenced by the institutional environment and cultural policy models.

Figure 5

Crowdfunding Usage Patterns in the Nordic Countries 2010 – 2016

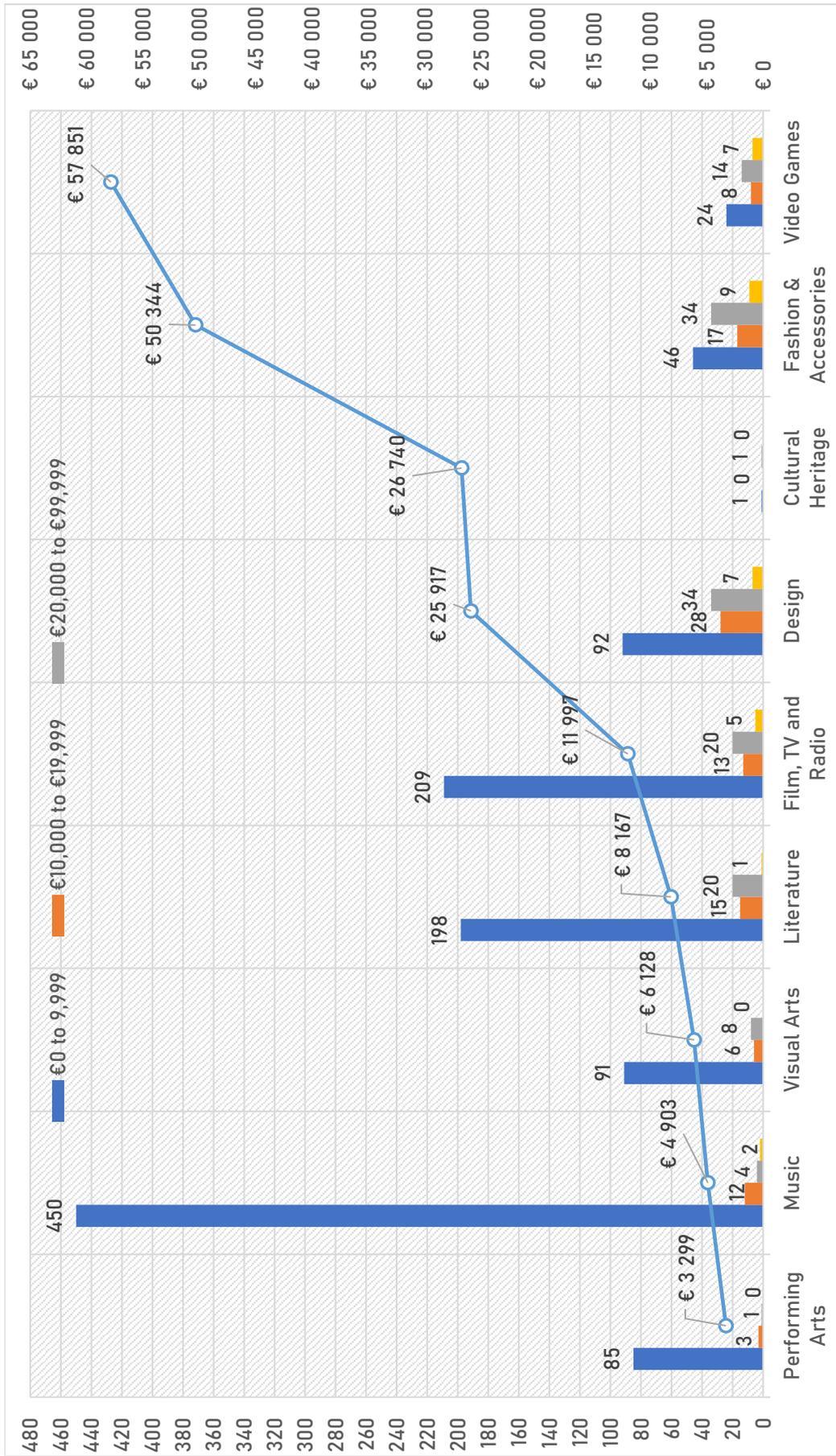
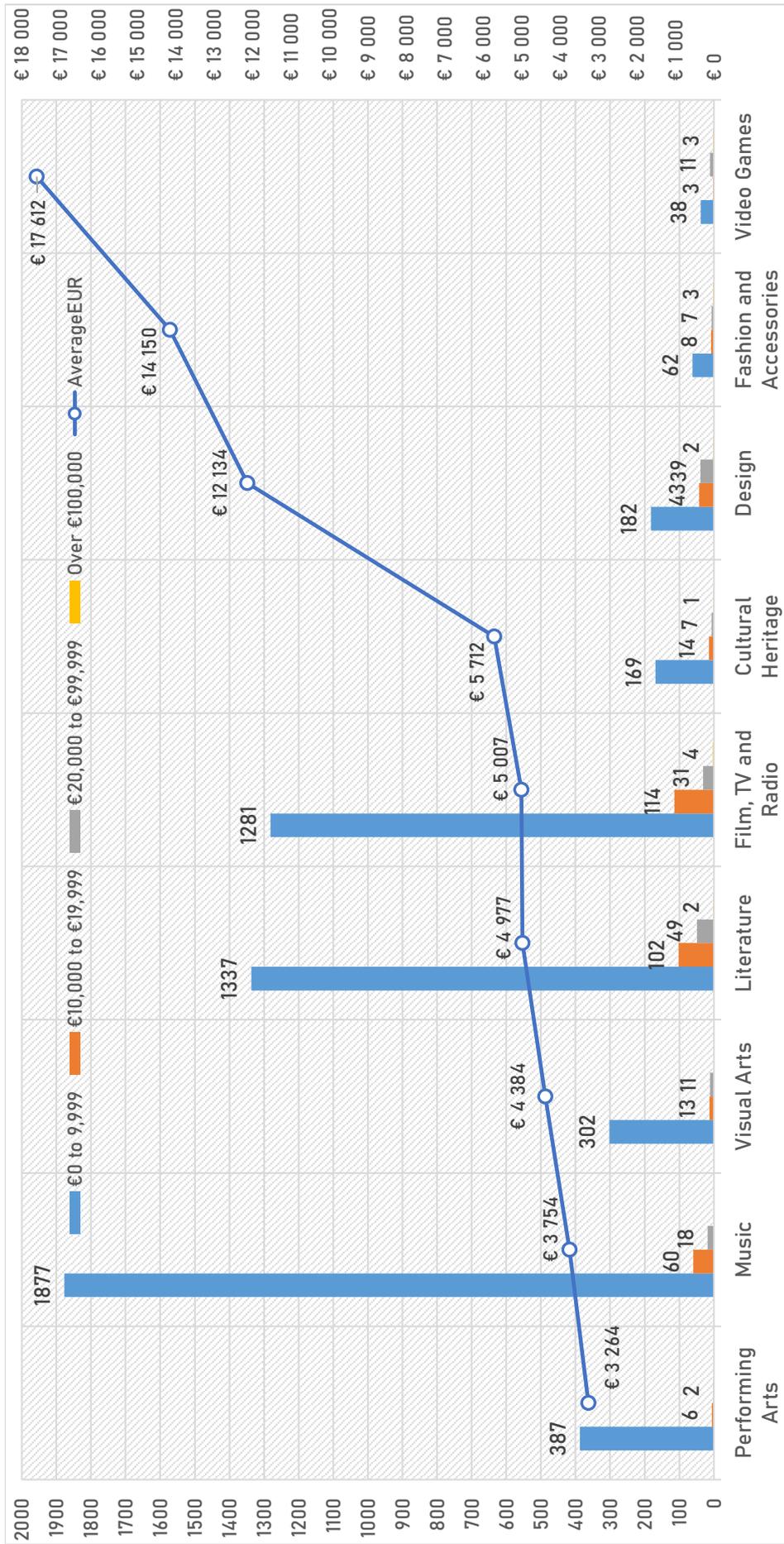


Figure 6
Crowdfunding Usage Patterns in Spain 2010 – 2016



To further specify the subset of the cultural and creative industries for which funding was sought, the figure adds a project-level classification of campaigns at the sub-categorical level. These project categories were assigned inductively and iteratively as part of the hand collection process. Starting with a predefined typology of expected project types within a given category, new and different types of projects not initially accounted for were integrated and added successively based on needs during the phase of collecting and analysing the data. This process generated a sizeable variety of project types, numbering in the vicinity of sixty (56 in total). The final version of the classification matrix is provided in Table 10.

Table 10

Project Categories Used to Classify Campaigns.

Project typology and classifications							
VISUAL ARTS	PERFORMING ARTS	MUSIC	FILM, TV AND RADIO	LITERATURE	CUTURAL HERITAGE	DESIGN	VIDEO GAMES AND APPS
Exhibition	Production	Composer/writer	Film Production	Writing	Archelological campaign	Architecture	Video Games
Artwork production	Theatre exhibition	Record production	TV or web series	Book publishing	Monument resoration	Print design	Digital Apps
Performance events	Festivals	Concert production	Short film/ Music video	Magazine publishing	Artifact restauration	Furniture design	
Catalogue production	Residences	Music festivals	Radio shows	Literatur festivals or events	Production of traditional figures	Board games	
Digital galleries	<i>Research</i>	<i>Music archive and library</i>	Video or podcast	<i>Online libraries</i>	Heritage routes	Craft & manual design	
Touring	<i>Performing arts education</i>	<i>Music education</i>	<i>Exhibition/ Museum</i>		Traditional cuisine	Book-binding	
<i>Photograhny</i>		<i>Musical instrument</i>	<i>Film festivals</i>		<i>Popular and traditional festivals</i>	<i>Fashion and accessories</i>	
		<i>Shops and venues</i>	<i>Cinema</i>		<i>Multidisciplinary events</i>	<i>Watches and luxury goods</i>	
			<i>Documentary production</i>		<i>Cultural Centres</i>	<i>Fashion events</i>	
						<i>Digital marketplaces</i>	

Source: Compiled by the author, initial expected categories in plain formatting, project types in bold italics added as part of the data collection and analysis

These project categories are used in Figure 7 to provide more fine-grained information about the variance of campaigns within a given category which is not provided in Figures 5 and 6. Figure 7 reveals, however, that variance comes in a long-tail format. The data collection and classification of campaigns according to project types revealed that campaign activity concentrates on a limited number of types of projects.³⁹ Further, for all categories – and this holds true for both Spain and the Nordic countries – three project-type categories account for eighty to ninety

³⁹ As an example, art books or exhibition catalogues, book publishing, documentary film production, fashion & accessories, film production, performing arts production, record production, short films/music videos, board games, and video games accounted for nearly 80 percent of the campaign volume in the Nordic countries (n=1,154).

funding record production; literary campaigns are essentially equivalent to funding the publication of a book; and performing arts campaigns are primarily focused on funding the creation of new stage plays (i.e., the project-type production). This implies that the logic behind the categorisation of campaigns on crowdfunding platforms does not convey in a precise manner the specificity of activities and projects seeking funding. As an example, Kickstarter classifies the category of music according to sub-categories based on music genres such as hip-hop or indie rock. This approach to categorisation makes sense from an artistic perspective because it enables establishing and defining the work's place in the canon. From a consumption and use value perspective, these categories may also make the process of finding projects and campaigns to support more straightforward. However, from the current research perspective and concern with production phases and business models, it is more logical to use record production as the primary category with other music-related projects as secondary. What may be needed, in addition, is to contemplate what functions within a production cycle the crowdfunding income will cover. In brief, do these campaigns seek to fund creation of new works, production, distribution, or exchange?

The position of these project types in relation to the stages of production systems at category level is also assessed in Figure 7. In categories where simple production is valued over complex processes and where individual work time is a significant input factor (Caves, 2001), such as visual arts and literature, the majority of campaigns aim to fund presentation and circulation activities. Relative to music, literature, and media production, crowdfunding has largely supplanted traditional producer companies. A successful campaign means that the promoter must assume assorted producer duties and functions, as discussed in the broader literature (Ferrer-Roca, 2015; Leyshon et al., 2016; Thorley, 2012). Crowdfunding may be used to finance the production of new works in the performing arts because traditional sources of funding, such as government grants and institutional funding, are unavailable. Cultural heritage project types reflect what are considered core sectoral objectives: archiving and exchange. Creative industries like design, fashion, accessories, and video games tend to combine and integrate more stages of the cycles.

Figure 7
Campaign Volume According to Project Type and Position in Production Systems.

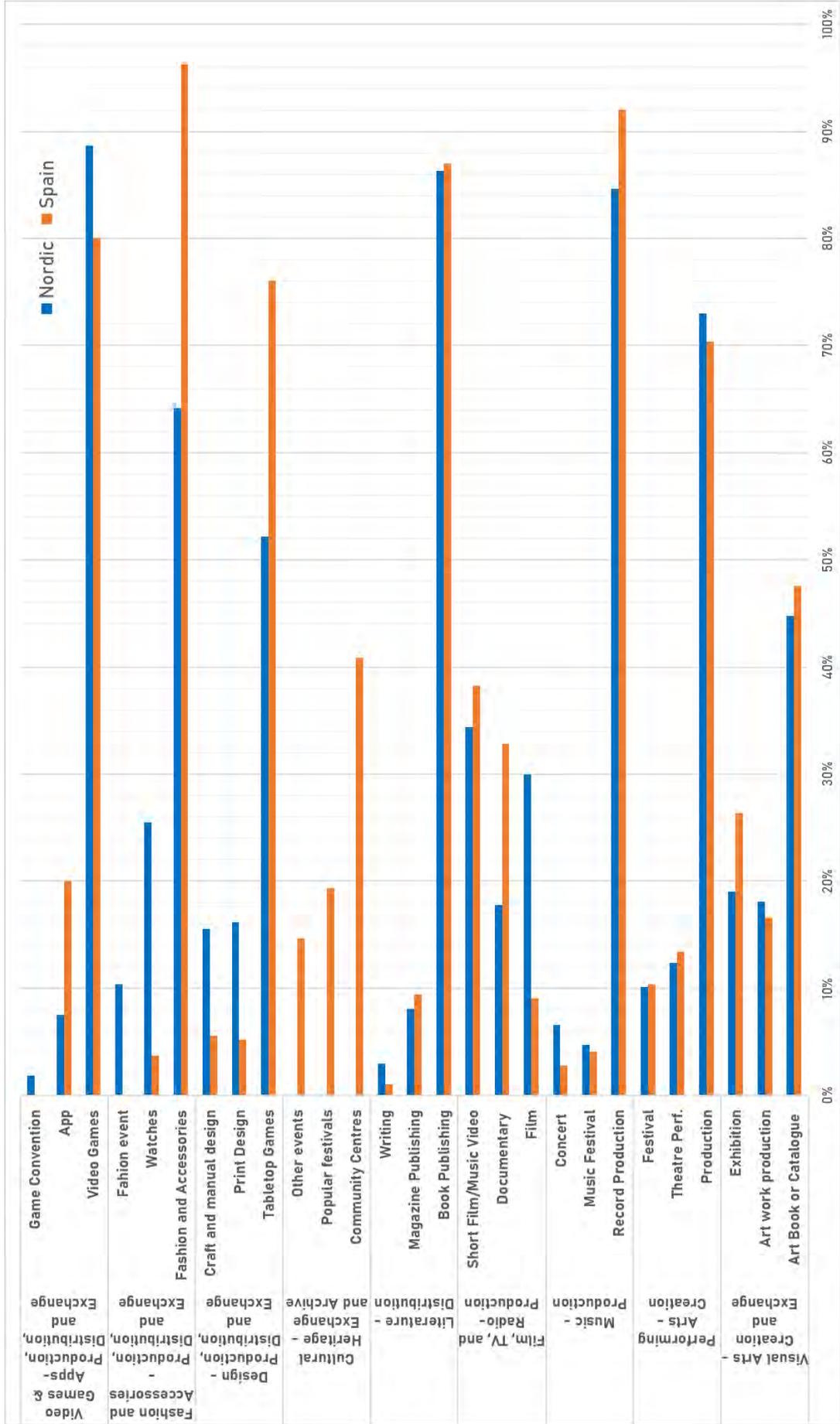


Table 11*Projects per Industry Category*

Category	Spain		Nordic Countries	
	No. of Projects	Percentage	No. of Projects	Percentage
Music	1955	32 %	468	32 %
Literature	1490	24 %	234	16 %
Film, TV, and Radio	1430	23 %	247	17 %
Performing Arts	395	6 %	89	6 %
Visual Arts	326	5 %	105	7 %
Design	266	4 %	161	11 %
Cultural Heritage	191	3 %	2	0 %
Fashion and Accessories	80	1 %	106	7 %
Video Games and Apps	55	1 %	53	4 %
	6188	100,0%	1465	100,00 %

As discussed in Section 2.4, this may be due to the prevalence of co-production and co-creation of values during the campaign or subsequent development phases (such as game beta testing), or to the fact that promoters, as creator firms (Khaire, 2017), handle sales and distribution directly.

Going forward, it is also interesting to look at whether projects in terms of volume and presence on platforms experience either growth, decline or stability over time. Three rationales support the worth of such an analysis. First, analysing this information is a way to understand towards which direction the overall cultural crowdfunding market is headed and its level of concentration.

Second, another motivation is the possibility of learning what were the dominant types of projects on crowdfunding platforms in the Nordic countries and Spain at a given moment in time (year) and whether this position would be consistent (over multiple years). Hence, an analysis that provides more information than a static, snapshot of the situation at a fixed point in time.

The final aspect was to understand whether these projects were more likely to be observed on international or national (Nordic or Spanish) platforms. Figures 8 and 9 provides a descriptive overview of this evolution through a representation of the campaign volume for the ten most populous project categories within three defined time-periods: 2010- 2014, 2015, and 2016.

Figure 8
Evolution of Campaigns for the Ten Project Categories with the Highest Frequency, 2010 – 2016, in the Nordic Countries

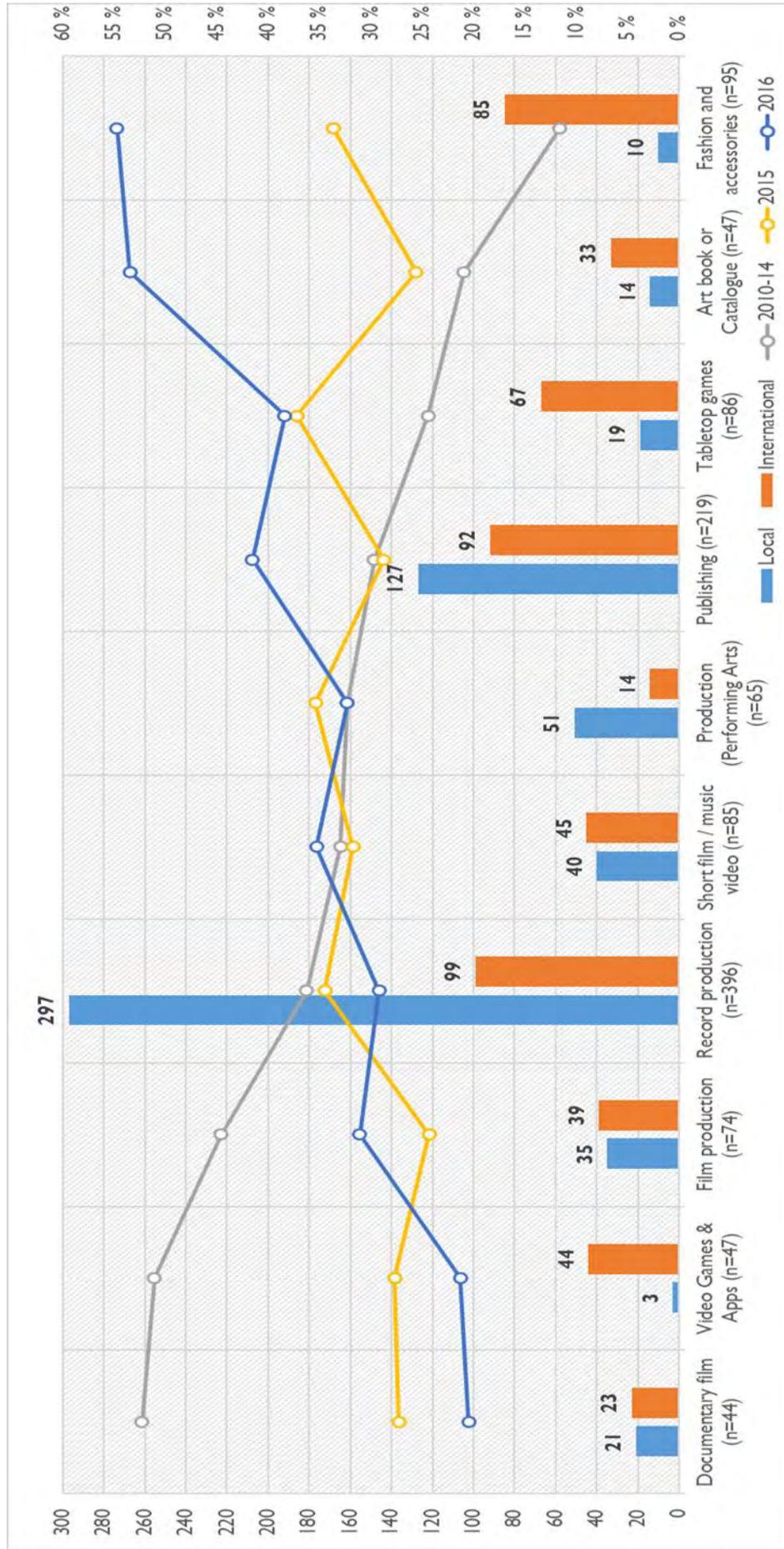
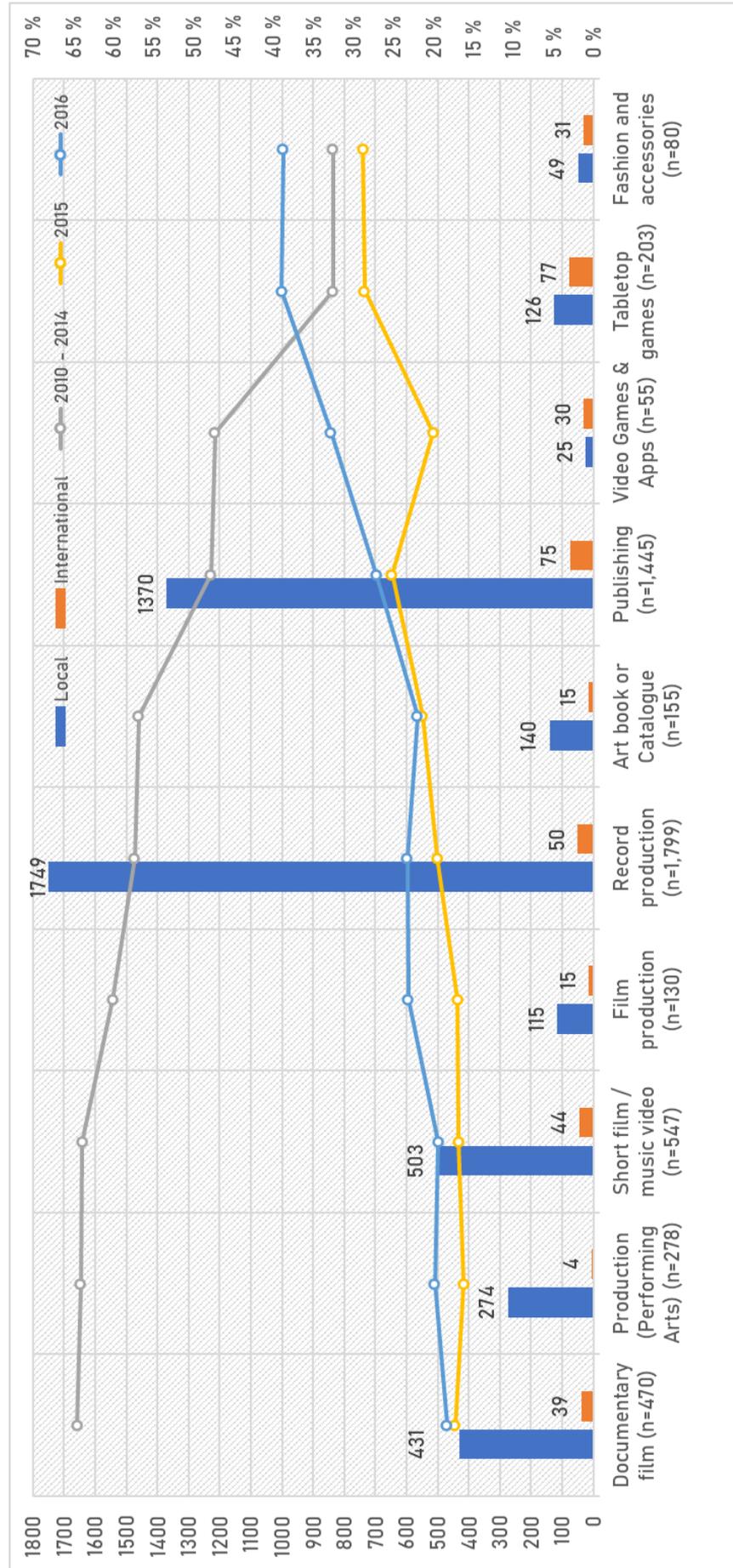


Figure 9

Evolution of Campaigns for the Ten Project Categories with the Highest Frequency, 2010 – 2016, in Spain



Overall, one of the most significant findings is that these ten project categories could be defined as the quintessence of cultural crowdfunding. They represent around 80 percent of all Nordic (n=1,158) and Spanish (n=5,162) campaigns respectively. Another observation is that the findings are consistent with some of those found in the general literature on platform evolution and usage patterns. Fewer campaigns in Spain are promoted on international platforms. This has to do with a higher population density than the Nordic countries individually and as a bloc, which further implies that the national crowdfunding platform infrastructure will be more developed and stronger (Dushnitsky et al., 2016). Concerning project typology, the results confirm that film as a sector was an early adopter in both geographical contexts. An explanation is that film production and crowdfunding have a similar historical connection (Gold, 2017) as music and crowdfunding (D'Amato, 2014; Kappel, 2009; Thorley, 2012). The launch of Indiegogo during the Sundance Film Festival in 2008, and the film category being the second most successfully funded on Kickstarter after music in 2014, are two examples of this affinity (Gold, 2017). A final cross-cutting trend is the gradual shift from cultural crowdfunding as a practice with high campaign volumes within project categories related to media production and artistic works to an increase in volume among creative sectors. The latter trend is intriguing, because it suggests an evolutionary path whereby cultural crowdfunding emerges as an alternative for funding the works of artists and cultural entrepreneurs, premised on disintermediation to a model where crowdfunding platforms are becoming professional intermediaries in and of themselves through reintermediation.

How Kickstarter emerged in a dominant position as a market-leading platform is a good case example to illustrate and substantiate reintermediation tendencies. Over time, market share has evidenced that the platform has gradually managed to corner the market for cultural crowdfunding. Global market statistics for reward-based crowdfunding – which by and large is cultural crowdfunding – was in 2018 estimated to be 877 million dollars (Ziegler et al., 2020). Six hundred and seven million dollars was Kickstarter's revenue that same year, which is roughly 70% of the world's volume (Kickstarter, 2021a).

The positioning can be explained by changes in project vetting, which over time has proven financially beneficial for the platform and less so for promoters. As discussed in Section 2.3, Kickstarter updated their project vetting policies in 2014. On one hand, these modifications simplified the onboarding process for promoters. However, as a result, achieving the campaign's objectives became more challenging (Wessel et al., 2017). Therefore, the platform was able to play a more significant role as an intermediary by allowing editorial curation of content, such as

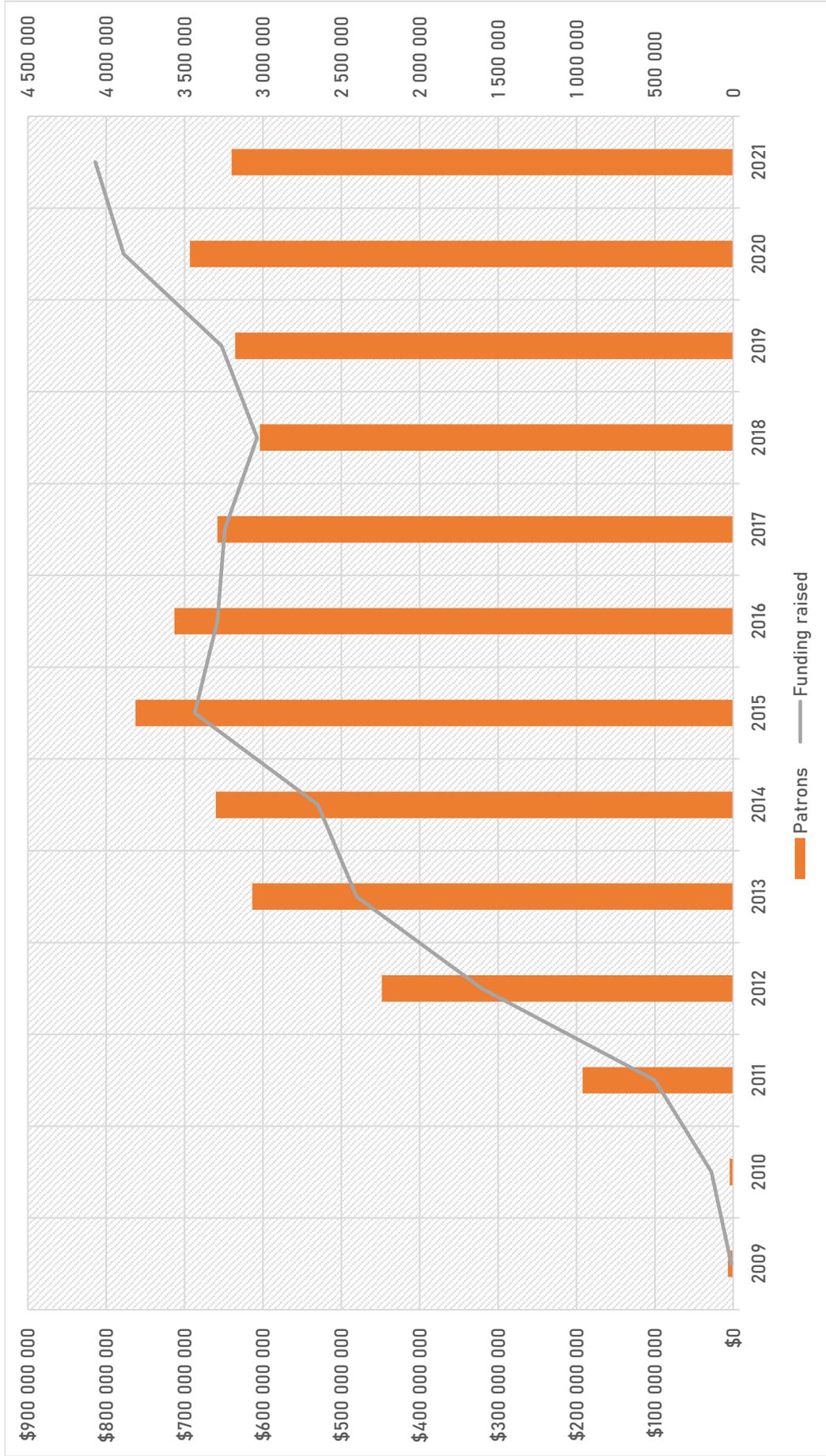
by giving some campaigns more prominence than others as a form of differentiated marketing (Davidson, 2019). Analysis of usage data, campaign success rates, and revenue numbers from Kickstarter's corporate benefit statements can shed light on the effects of these changes (Kickstarter, 2021a, 2022). Figure 10 provides an aggregate view of all campaigns across all project types, including the total amount raised and the number of unique contributions. The overview reveals a steady increase in turnover (the total amount of money raised through campaigns) even as the number of individual contributions declines after 2015. Yet, the total number of successfully funded campaigns has dropped from a high of 22,343 in 2014 to 19,560 in 2021. This means that while the total amount raised by campaigns increased by nearly fifty percent, or about 284 million dollars, the number of successful campaigns fell by slightly more than ten percent, or 2,783. When viewed as a whole, these results point to a slant toward concentration and changes more beneficial for the platform than for the average campaign promoter.

Which promoters have benefitted can be partly ascertained by studying the breakdown of Kickstarter campaigns for the most recent year for which data is available (2021). Figure 11 depicts the volume of campaigns in each Kickstarter category, as well as the average amount of funding raised. In terms of both the total number of successful campaigns ($n = 7,925$ out of $N = 19,560$) and the average amount of funding raised per campaign (99,979 USD, compared to 31,748 USD, $SD = 38,875$ for the entire sample), the fields of design, games, and technology stand out. Despite the passage of time, the average amount raised for art and cultural projects, as exemplified by the categories of theatre, arts, dance, and music, remains close to the levels identified in the datasets for Nordic countries and Spain. So, the number of campaigns launched, and the average amount of funding raised over time, are not directly proportional to the variations in the number of projects and patrons, and the categories of games⁴⁰ and technology have become the most popular categories over time. Further, these findings reinforce the impression of a shift in campaign and project typology towards the creative end of the cultural and creative industries.

⁴⁰ Kickstarter's "games" category includes both video and tabletop/board games.

Figure 10

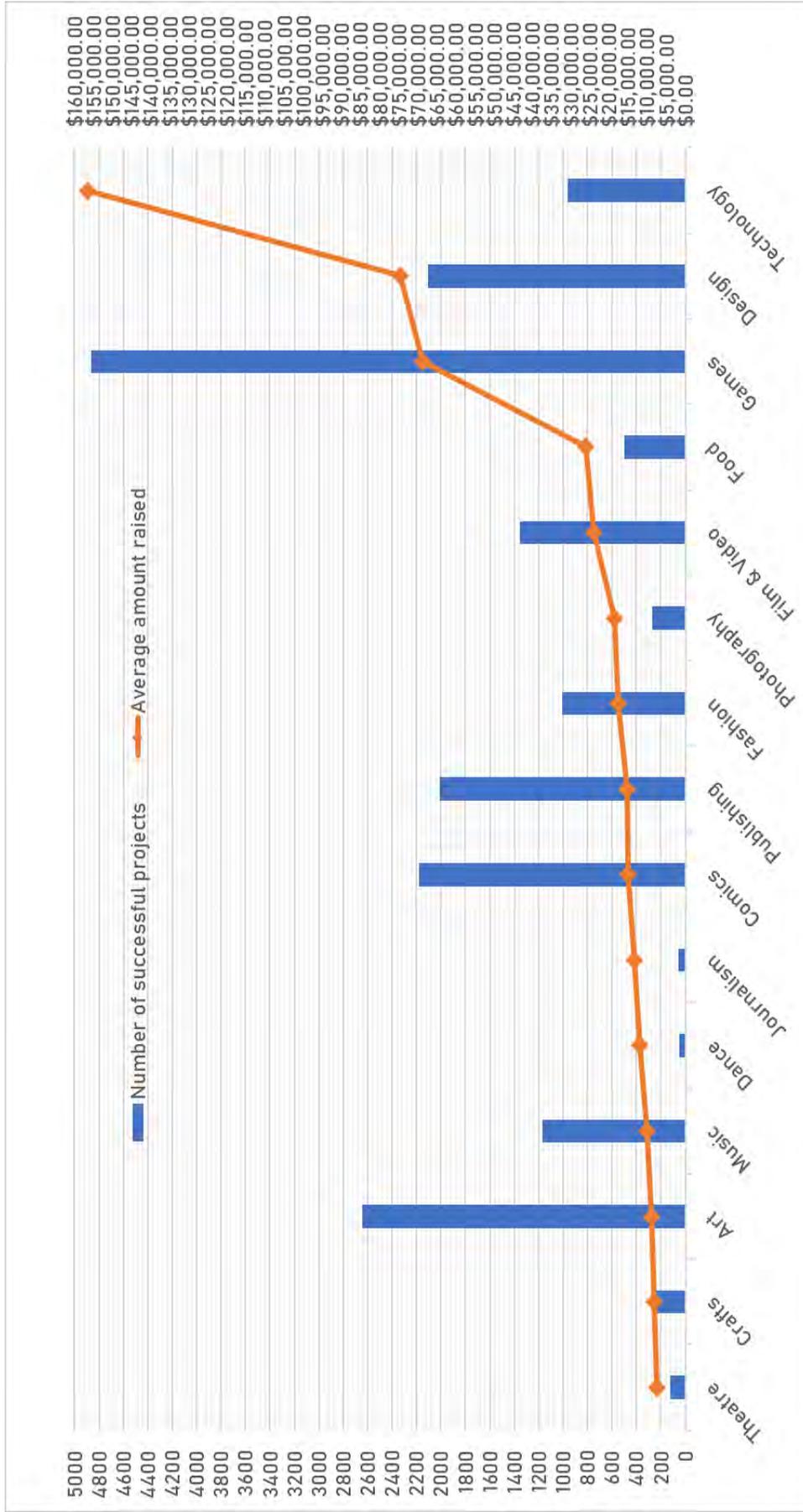
Number of Contributions and Total Funding Raised per Year on Kickstarter 2009 - 2021



Source: Compiled by the author, data taken from Kickstarter PBC 2020 and 2021 Benefit Statement

Figure 11

Overview of Successful Campaigns and Average Amount of Funding Raised Per Project Category on Kickstarter in 2021.



Source: Compiled by the author, data taken from Kickstarter PBC 2021 Benefit Statement

Figures 5, 6, and 7 summed up the types of campaigns, the average amount raised, and the assessment of which stages in the production systems of various industries crowdfunding income would finance, respectively. Figures 10 and 11 compared the different kinds of campaigns and the total amounts of funding raised via Kickstarter, providing some interesting contrasts in the process. The following section analyses how different promoters in these same categories and projects make use of different funding sources.

4.2. Cultural entrepreneurs and usage of funding sources

The second part of the analysis is based on analysis of survey responses collected from crowdfunding campaign promoters in the Nordic countries and Spain. Data was collected over two time periods, first in Spain (sent to 2,368 respondents, 691 answers), then in the Nordic countries (sent to 853 respondents, 104 answers).⁴¹ There were 795 responses in total, for a response rate of 24.7 percent, of which 789 were complete and could be used for analysis.

This section presents analysis of some of these data. The analysis covers the characteristics of the promoter, and the crowdfunding campaign projects, and answers the multiple response question: *In addition to crowdfunding, did you raise funding from other sources? If yes, which – you may indicate more than one option.* Only crowdfunding, personal savings, family or friends, public funding and private funding are the possible funding sources. Banks, financial institutions, and producer company advances (e.g., record labels, book publishers, film distributors and video game publishers) fall under the latter category of private funding. Categorisation of promoters and their campaign adheres to the same logic as in the preceding section, with one major difference: the merged audiovisual category which covers film and TV production, radio/podcast, and video games.

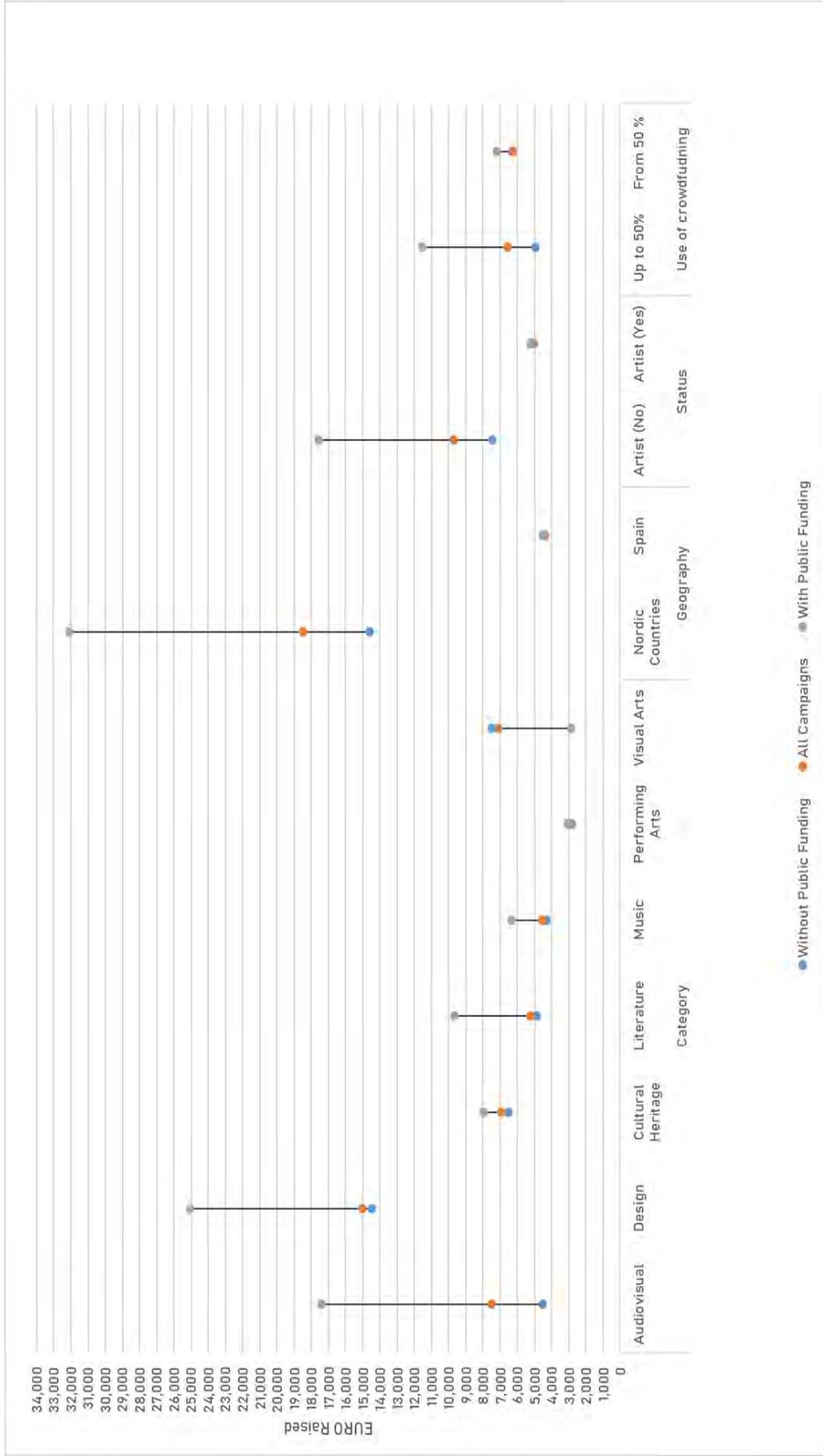
Figure 12 shows a comparison of the mean amount of Euros raised by all promoters, including those who received public funding, and those who did not, broken down by characteristics of the campaigns, the promoter, and the percentage of crowdfunding as a part of the overall funding mix. The overall mean is 6,259 Euros ($SD = 14,399$), while the mean for promoters receiving public funding is 10,334 Euros ($SD = 26,346$) ($n=109$), and the mean for promoters not receiving public funding is 5,606 Euros ($SD = 11,274$) ($n=680$). Campaigns in the audiovisual, design, and literature categories that receive public funding have a mean value that is 283, 73 and 100

⁴¹ The Spanish dataset is analysed and discussed in greater depth in Sastre Canelas' report (2016).

percent higher than campaigns in the same category that do not. Promoters either from the Nordic countries or with a crowdfunding percentage of funding below 50 percent see a doubling of the mean value raised by their campaigns once they gain access to public funding. Non-artists, meaning cultural entrepreneurs in general, or individuals whose main occupation is the provision of support in the form of career or project management services to artists, also raises higher amounts than those promoters identifying as artists.

Figure 12

Descriptive Statistics of Respondents by Project Category, Geography, Professional Status, and Use of Crowdfunding as a Source of Funding



Correspondence analysis (CA) of results examining the relationship between campaign categories and use of funding sources is shown in Figure 13. CA is an exploratory bivariate analysis (Greenacre, 2007). *Exploratory* means in this context that the analysis is not used to test hypotheses. The purpose is to uncover patterns and associations between categorical data variables (with three or more categories) that might not be apparent using descriptive analysis alone (Lam, 2014). Consider a contingency table in which the columns represent different types of campaigns (literature, music, etc.) and the rows represent different types of funding (only crowdfunding, public funding, etc.). A correspondence analysis can be used to identify and visualise eventual relationships between promoters in different categories and the individual or combined funding sources they employ.

The formal requirements for a CA analysis are: 1) the existence of a significant relationship between the variables (in this case, funding sources and project category) as determined by a chi-square test, and 2) the ability of this relationship to explain some of the variance in an overall model. If the data meets these requirements, a 2D biplot can be created to compare the values across rows and columns. In the present context, the Chi-square test indicates that there is a statistically significant relationship between these two sets of variables: $\chi^2(24, N = 789) = 138,571, p.0001$. Explanatory power, measured by the inertia value of the model, is 15.6% (94.7% of the total inertia), with the first two dimensions accounting for 14.7%. The first dimension (x-axis) accounts for 77.7% and the second (y-axis) accounts for 17.7% of the inertia value. These results meet the formal requirements for conducting the analysis.

Threshold values are used to determine which rows (funding sources) and columns (categories) to meaningfully interpret (Lam, 2016). In practice, meaningful interpretation means that we may only make inferences using column and row values with a score greater than or equal to a predetermined threshold. This is because it is these values that contribute to the significance of the model and hence the validity of the analysis. For the analysis these values were calculated as 20 percent for rows and 14 percent for columns. Only crowdfunding (79 percent) on dimension 1, and personal savings (36 percent) and public funding (42 percent) on dimension 2 contribute to row values that are greater than the threshold. In relation to columns, audiovisual media (31.1%) and literature (54%) contribute along dimension 1 (horizontal). For dimension 2 (vertical), design (23.5%), cultural heritage (15.8%), music (24.2%), and performing arts (25.2%) all provide a value greater than the threshold.

The biplot displays some clustering of points we may interpret in general terms. Along the x-axis, the literature category is situated close only to crowdfunding as a source of funding. The

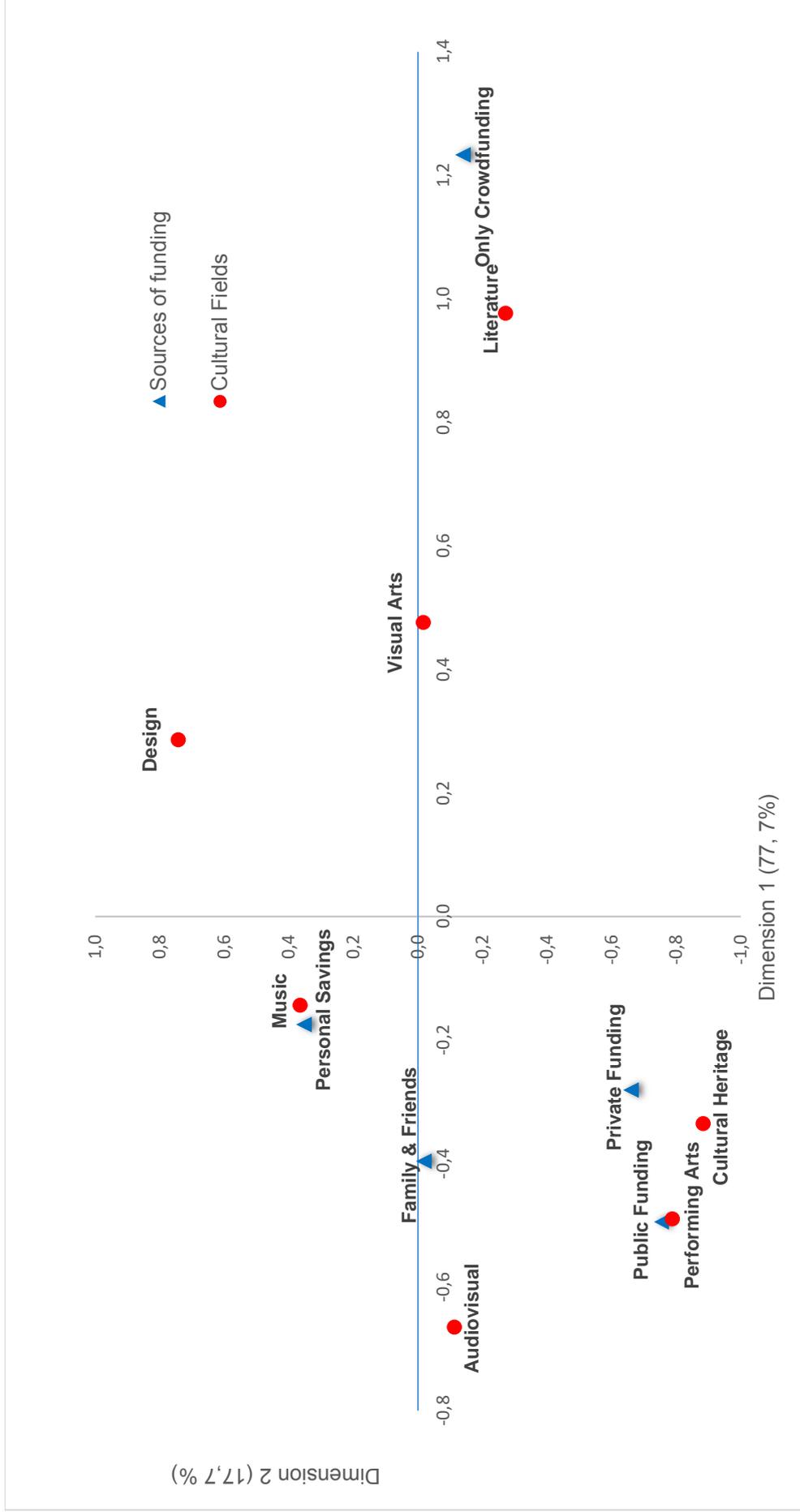
audiovisual media category is situated at the opposite end of the continuum. This can be interpreted as meaning that, on the one hand, promoters of literature crowdfunding campaigns are associated with using crowdfunding as their only source of funding. On the other hand, the promoter of a film crowdfunding campaign is associated with using other funding sources besides crowdfunding. A simple mathematical explanation is that only 3% of the surveyed promoters in the audiovisual category use only crowdfunding as a source of funding, compared with 40% of the promoters of literature campaigns. Looking at dimension 2 (y-axis), promoters of music, and to lesser extent those of design crowdfunding campaigns, are situated closest to personal savings. An interpretation could be that promoters of design and music crowdfunding campaigns are more likely to use personal savings in combination with crowdfunding, as reflected by the high percentages (60 and 56 respectively) of promoters in these categories using personal savings. In the lower left quadrant, the column variables performing arts and cultural heritage converge around public funding. This implies that these are the two categories of promoters most likely to use public funding in addition to crowdfunding. Furthermore, these are the only categories (performing arts, 25 percent, and cultural heritage, 23.5 percent) with a public funding incidence above the threshold.

Overall, reading the graph from left to right indicates that the further we move to the right, the more likely it is that a category will rely solely on crowdfunding for funding. Audiovisual campaigns, for example, are the most likely to combine funding sources, with family and friends (16%), personal savings (50%), and public funding (21%), all scoring above the threshold value. Literature, visual arts, and design promoters, as shown on the left, are more likely to rely solely on crowdfunding. To summarise the analysis, what may well be the most significant result is likely to be what was insignificant: the use of private funding sources other than crowdfunding.

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Figure 13

Correspondence Analysis of Cultural Category and Sources of Funding Used.



4.3. Summary and discussion of the findings

Exploratory research designs are integrated into research processes to help researchers better understand entities being studied (as discussed in Chapter 3). By combining empirical analysis and theorising in the form of concept developments, exploratory research yields descriptive knowledge or pre-understanding of characteristics of the intransitive research objects akin to working hypotheses (Jeppesen, 2003). In this chapter, some of these have been presented and discussed. In combination with findings of the literature review, these initial assessments and characterisations provide ideas and direction for the appended studies. So, what are they?

The main contribution of the exploratory phase was a description and a mapping of the actual use of cultural crowdfunding across the CCI. The results then suggest potential reasons and justifications for application. The research essentially shows that the variety of campaign types, the variations in the amounts of funding they raise, the production phases that crowdfunding finances, and their evolution over time, mirror the diversity of the CCI in terms of business models and economic performance. (Potts & Cunningham, 2008).

Patterns of variations point to the existence of a long tail of campaigns (Anderson, 2006; Waldfogel, 2018) in combination with superstar effects (Rosen, 1981) and winner-take-all tendencies (Caves, 2001). Furthermore, ten types of projects represent around 80 percent of the campaign volume in both the Nordic countries and Spain. While a key finding in the literature on cultural crowdfunding is that most campaigns succeed by a small margin (Mollick, 2014), they raise, in addition, relatively small amounts of funding. Between 80 to 90 percent of the campaigns, depending on geographic context and institutional environment, raise less than 10,000 EUR. While the data collection identified over fifty different project types across nine categories, three project types account for between 80-90% of the volume within each individual broad category of cultural and creative production (such as literature). These can again be related to specific phases of an industry-specific production system (Pratt et al., 2019). Here, industries, such as recording of music, publishing of books and exhibition of arts, based on simple production models (Caves, 2001) use fundraising through crowdfunding to cover costs of production and distribution. It is only in the case of performing arts that the majority of the campaigns seek to raise funding for the creation of new works. Additionally, moving into the creative sectors of design and fashion, and complex productions such as films and video games, are usually more encompassing in that projects become more ambitious by adding additional phases of production cycles.

This may explain why, in terms of evolution over time, the campaign data see a shift towards creative categories and project types. Data gathered from Kickstarter five years (2021) after the last observation in the Nordic countries and Spain corroborate the impression: a concentration of ‘larger’ creative projects in the categories of games, design, and technology (Kickstarter, 2022). For example, Kickstarter’s public benefit statements show that the number (volume) of first-time promoters decreased by 10 percent in 2018, while the success rate for this group rose to 37 percent. While the number of campaigns in 2019 successfully funded was 19,408, the figure for 2020 was 18,744. In other words, a concentration of ‘larger’ projects can be observed, with the consequence that there will be stronger competition for contributions from patrons, lower growth of ‘new’ promoters and fewer but larger projects being funded. Changes to project vetting has also impacted communication on the platform, with less platform-based communication (updates and comments) and more extensive use of other SoMe platforms (e.g., Facebook), because changing criteria (easier access to the platform) reduced the value of gaining access to the platform (Wessel et al., 2017, p.356).

Finally, the survey partially confirms prior knowledge regarding the CCI’s utilisation of funding sources. The data show a correlation between the amounts of funding raised and the sources of funding used. Notable observations are the complementary use of different sources in the case of film and video game production, and the reliance of specific sources in addition to crowdfunding. In the latter case, the categories of music and design are associated with the use of personal savings, while a similar pattern may be observed in relation to public funding and the campaign categories of performing arts and cultural heritage. This is partly expected, as public funding is often more accessible to the core creative arts than the cultural and creative industries as a whole (HKU, 2010, p. 9). The takeaway, then, is that offline patterns are, in other words, replicated online. Possibly the most intriguing takeaway from analysis of the survey data, however, is the effect on campaign performance of having access to public funding. Grants improved fundraising, in most cases, regardless of other variables (campaign type, location, promoter type, and crowdfunding’s share of total funding) used for comparison.

These results provide theoretical and conceptual fodder in two ways. On the one hand, they show that cultural crowdfunding is not an especially innovative or varied practice. Figures 5, 6, and 11 show that, with a few exceptions in filmmaking, video games, design, and the fashion industry, most campaigns aim low and have little commercial potential. Given that the majority of the campaigns raise modest sums of 10,000 euros or less, the motivation for using

crowdfunding indicates a lack of other options besides using personal savings. It is difficult to consider these efforts as part of a larger business model that seeks to raise complementary funds or to rely solely on crowdfunding as a substitute for other sources.

Crowdfunding is used to finance a relatively small number of distinct types of projects. These include, but are not limited to, the production, distribution, and consumption of board games, video games, fashion goods, and accessories, as well as the production of films and music recordings. Somewhat erroneous conclusions can be drawn about these project types if they are compared to the classifications used by platforms to label campaigns. Since most campaigns aim to cover the commercial costs of producing and/or distributing works that have already been created, equating crowdfunding with attempts to fund creative endeavours could result if these categories are taken at face value. It makes more sense to describe and explain these campaigns as the efforts of enterprising artists to fund the costs of producing exhibitions and sound recordings, rather than classifying them as “music” or “visual arts,” for example.

On the other hand, the research design of articles II (platform selection) and III (a case study of a fashion and accessory start-up’s use of crowdfunding for branding purposes through co-creation of value) was informed by the historical analysis of the crowdfunding market in the Nordic countries. The analysis showed that large numbers of campaigns (film, recorded music) individually or collectively (as a fraction of the sample) are more likely to show a declining or stable trend, while smaller volumes and less focus in the literature (fashion and design, visual arts, and tabletop games) are more likely to show an increasing trend. Based on an analysis of success rates at the industry level (Kickstarter statistics on performance), this dataset disproved claims in the literature, such as that the fashion industry could learn from the experiences of music campaigns (Strähle & Lang, 2018). Fashion, accessories, and watches saw increased adoption and usage, and their respective campaigns raised significantly more money than music-related projects.

By demonstrating that similar structures (such as a crowdfunding platform) can lead to the activation of mechanisms in contingent ways at the geographical and industry levels, the discovery also substantiates the selection of critical realism as a methodology. One of the thesis’s overarching claims, outlined in Section 2.3, that institutional conditions (cultural values, models of cultural policy interventions) play a role in determining the use of crowdfunding at the macro (country) level is supported by the research presented in Articles

II and IV. Furthermore, Article IV aims to show that public intervention to support crowdfunding affects its use and campaign performance when it is available.

Consequently, in each country context, these conditions can explain differences in the scale and scope of campaigns across the CCI (meso level) and provide insight into what drives or impedes crowdfunding at the micro level. As an illustration, the insights gained from these analyses help to explain why the determinants of platform choice in Sweden were less significant than in the other Nordic countries. Here, factors such as institutional acceptance of crowdfunding, i.e., the interventions of the city of Stockholm to support crowdfunding through match-funding (Ingram & Teigland, 2013); the endorsement of crowdfunding by the Swedish association of municipalities (Valentin, 2013); interest among policy-makers, academic and media interest (Myndigheten för kulturanalys, 2013); a Nordic hub for many CCI (Power, 2002) in combination with a well-developed platform ecosystem leads to different types of use in the case of Sweden. In line with a critical realist perspective, this is an example showing how emergence of empirical events is conditioned by mechanisms and structural variations that contextual analysis provided by exploratory analysis may help identify and describe.

To summarise this section and chapter, the insights into the use and uptake of crowdfunding in the Nordic countries and Spain, the increasing competition for funding and attention on Kickstarter, and the use of project and industry category levels serve two purposes. First, the exploratory study sheds light on the factors that might lead promoters to employ crowdfunding, with the understanding that the justifications would differ depending on the context and the specifics of the projects. Concrete analysis of the campaign and survey data, coupled with conceptualisation and theorising using the theoretical framework, led to the conclusion that, in the majority of cases, the use of cultural crowdfunding as a business model is motivated by either necessity, complementarity, or substitution. The context, the type of project, and the background of the promoters all play a role in determining which of these three options is most appropriate. Use among certain types of promoters of small projects with mostly unknown qualities and legitimacy suggests necessity as a motivation. Substitution can explain what drives promoters of campaigns seeking to fund fashion goods and video games. The use of crowdfunding as a complementary source will also depend on contextual conditions. In Spain, where a substantial number of cultural heritage campaigns were observed, the institutional environment leads to what may possibly be complementary use of crowdfunding. Conversely, in the Nordic countries crowdfunding was not, at the time data

was collected (2010 – 2016), considered a funding option for cultural heritage institutions. These variations may possibly be explained by differences of knowledge of and perceived legitimacy of crowdfunding at the meso or macro level.

The second reason for conducting exploratory research was to better guide and structure the studies reported in the appended papers. This is the rationale behind the decision to focus the appended studies: the choice of platform and its relationship to different types of cultural productions across the CCI, the potential for co-creating value as seen through the lens of a distinct case of brand-building, and the potential for cultural policy intervention to foster uptake and usage. As well as a literature review showing that these mechanisms either fill gaps (platform choice and cultural policy intervention) or contribute to existing themes (value co-creation), these three studies expand on some of the insights from the exploratory research reported in Chapter 4. Chapter 5 will introduce and present the results of these studies.

Chapter 5 Presentation of the articles

This chapter provides a summary of the four articles added to the thesis. The focus is on providing insights connecting the research questions of the individual articles and chapters and the findings and contributions of the same publications.

All the papers attached to the thesis were co-authored, with me serving as the primary author. The role of primary author indicates that I played a central role in developing the research problems and questions, the design of the studies, and the writing of the initial drafts of each of the papers. All the co-authors contributed to the development, or revision and editing of the initial versions. In addition, as corresponding author, one of the responsibilities was to handle queries from editors and comments from peer-reviewers, communicating with co-authors on how to effectively manage and address any concerns and suggestions.

Research is a collaborative endeavour. The ability to work as a team means that more data can be gathered, different analyses can be conducted, and better results can be achieved. All the articles and chapters have greatly benefited from my co-authors' cooperation and the work of other people assisting with data collection. In brief, the quality and potential of the research contribution would not have been the same without their significant input to the research process.

I was responsible for conducting the literature search, defining the operationalisation of the CCI and the search string, and evaluating the returned results for Article 1. My contribution to the analysis of the results was to conduct a meta-narrative analysis of the findings of 114 articles. One of my co-authors completed the bibliometric analysis of 84 of these studies, which were then compared to the conclusions and thematic areas identified in my literature review, as discussed in Chapter 3. Other co-authors contributed to writing the review's initial draft, editing, case studies, and interpretation. In addition to taking the lead and writing the initial draft for Article II, I was responsible for supervising the data collection effort, writing the literature review, developing the 4C framework for categorising campaigns, and formulating hypotheses. My co-authors contributed to the categorisation of campaigns, formulation of hypotheses, and writing of the methods section. One co-author conducted the statistical tests. My co-author and I collaborated closely throughout the entire process of defining the research topic, questions, data collection, analysis, and interpretation for Article III. In Article IV, a similar collaborative process was used to elaborate the conceptual model of the ways and responsibilities of governments intervening to promote crowdfunding, while I

was responsible for the search and collection of data on the match-funding schemes and interpretation of the case studies. Consequently, I will describe the research reported in these four publications as a collaborative team effort in which all my co-authors made substantial contributions to the articles and chapters.

Sections 5.1 to 5.4 continue with an overview of the results and discussion of articles I through IV, given chronologically.

5.1. Article I

Rykkja A., Maehle N., Munim Z.H., Shneor R. (2020) Crowdfunding in the Cultural Industries. In: Shneor R., Zhao L., Flåten BT. (eds) *Advances in Crowdfunding*. Palgrave Macmillan, Cham.

The first appended publication is a book chapter with three interrelated aims and ambitions. First, it conceptualises and discusses what cultural crowdfunding is. Second, it highlights, through examples drawn from analysis of illustrative example campaigns, what the practice involves. Third, the chapter presents a review of prior research on cultural crowdfunding (Rykkja et.al., 2019; Shneor, ND), outlining the main research themes and topics. Finally, the chapter discusses future research directions and practical implications.

In the analysis, we argue that what differentiates cultural crowdfunding from other sectoral practices is the lack of utilitarian (economically motivated) or rational behaviour of the main stakeholders (patrons and promoters). This is because, in the context of the CCI, originality does a better job than utility at determining market opportunity, while market response is easier to explain through emotive appeal than rational concerns. These are the main characteristics explaining why cultural crowdfunding, defined as the usage of crowdfunding to finance production, distribution, and consumption of cultural expressions, differs from crowdfunding practice in other sectors. The example campaigns emphasise that successful use of crowdfunding involves the need to engage with, and mobilise, existing fans and followers, making sure to strike the right balance between aligning concerns for building and maintaining relationships, making promises, and living up to expectations. Hence, striking a balance between the economic and emotional aspects of engaging in the practice. The core research themes identified are value creation, the impact of fandom, and roles of fan communities supporting cultural crowdfunding, success factors, sector-specific insights and reflections on crowdfunding experiences.

Discussion of the findings emphasises the tensions facing artists engaging in cultural crowdfunding, and the gaps in the literature. First, striking the right balance between their role as artists and creators (freedom of expression, non-commercially driven) and entrepreneurs (strategic intent, making the most of the financial opportunities). Second, maintaining distance and autonomy, while faced with requirements of being interactive extroverts who, under certain circumstances, need to engage actively with and sometimes co-create with patrons. Additionally, the study evidences that a vast number of publications focus on success factors, or look at the relationship between promoters and patrons, while few studies specifically investigate the motivations of artists (why?) to adopt crowdfunding, the role of the platform as intermediary, and the involvement of governments in facilitating cultural crowdfunding. Hence, what the study aims at explaining – what do we know and what we should study next in relation to cultural crowdfunding – serves as a backdrop and starting point for the three other empirical studies of the thesis.

5.2. Article II

Rykkja, A., Munim, Z.H. and Bonet, L. (2020), “Varieties of cultural crowdfunding: The relationship between cultural production types and platform choice”, *Baltic Journal of Management*, Vol. 15 No. 2, pp. 261-280

The second article uses an extensive design and approach to investigate and identify what are some of the possible factors determining the promoter’s platform choice. The initial assumptions are guided by an idea that two considerations determine whether promoters of campaigns choose to use a local platform, defined as a national platform operating out of one of the Nordic countries, or an international platform, understood as the USA-based platforms Kickstarter and Indiegogo. The first consideration is that language, contextual conditions, market, and industry structures may limit the scope, or the potential geographic reach of campaigns. As an example, financing the publishing of a book written in one of the Nordic languages, or the thematic angle of a documentary film, may delimit the interest in supporting the campaign to those who can either understand the language or have an interest in the topic. Similarly, we argue that modest financial campaign goals, as is the case for music campaigns seeking to fund recording costs of albums, indicate that the instigators of these campaigns are musicians trying to enter and establish themselves in a local (Nordic) music market. By contextual conditions, we mean that support mainly comes from patrons able to travel and take part in experience-based cultural productions such as festivals, concerts, or exhibitions.

The second consideration is financing needs. Here, we assume that complex cultural products – in brief those cultural projects which are financially and humanly resource-intensive to produce – often choose an international platform, to increase the probability of succeeding in obtaining sufficient funding. Analogously, we also assume that some combination of composite motives, i.e., some categories of projects with lower production costs not restrained by verbal communication elements (art books), campaigns for cultural productions with established niche markets on international platforms (board games), or design goods (fashion and print design) will choose an international platform, *ceteris paribus*.

We tested these four hypotheses (language and market structure, contextual conditions, complex production, and composite motives) formulated as:

H1. Cultural productions with a high degree of cultural affinity are more likely to use a local platform.

H2. Cultural productions with a contextual element are more likely to use a local platform.

H3. Cultural productions of a complex nature are more likely to use an international platform.

H4. Cultural productions with composite motives are more likely to use an international platform.

The dataset used for analysis consisted of 1,465 campaigns promoted on local (platform operating from one of the Nordic countries and interface in the local language)⁴² and international (location in the US, with the interface and default language being English) platforms. Table 12 shows the categorisation model and hypotheses.

⁴² Denmark, Finland, Iceland, Norway, and Sweden

Table 12*Classification of Campaigns According to Hypotheses*

<i>Cultural Affinity (H1)</i>	<i>Contextual Content (H2)</i>	<i>Complex Production (H3)</i>	<i>Composite Motives (H4)</i>
Book Publishing	Documentary Film	Fashion and Accessories	Art Books or Catalogues
Magazine Publishing	Concert Production	Watches	Tabletop Games
Production (Performing Arts)	Fashion Event	Film Production	Online Marketplace (Design)
Record Production	Festival (Performing Arts)	Video games	Online Libraries (Literature)
Short film / Music video	Film Festival	Digital Apps	Photography
Artwork Production	Game Convention	Craft & Manual design	
Artefact Restauration	Literature festivals or events	Furniture design	
Associations	Music Festivals	Print design	
Composer/Writer	Theatrical Performances (Performing Arts)	Architecture	
Education (Performing Arts)	Touring Exhibitions (Visual Arts)	Musical Instruments	
TV or Web Series	Performance Events (Visual Arts)		
Writing	Exhibitions (Visual Arts)		
	Cinema (Film Production)		
	Shops and Venues		
	Museums (Videogame)		
	Galleries (Visual Arts)		
	Archaeological season		
	Education (Music)		
	Radio shows		
	Performing Arts (Research)		
	Videos or podcasts		

The findings show support and confirmation for H1, H3 and H4 at the Nordic level. Post-hoc tests for the individual Nordic countries show greater variation and gaps. Findings from these analyses find support for H1 and H3 in all countries except Sweden and support for H4 in the case of Sweden and Finland only.

In the discussion, we emphasise the confirmation of our initial assumption that language, industry affiliation, or market structure provide an explanation as to why certain categories of project promoters choose to use a local platform. It helps to nuance our understanding of the importance of geography for platform selection: Not all projects necessarily go from the local to the global level. Depending on the type and category, many remain local, contradicting general recommendations to choose an international platform because of a higher number of registered users and probability of achieving success (Cox & Nguyen, 2018). When relatively modest amounts of funding are required, and a significant number of patrons are local, many

promoters find the competition for attention and contributions on international platforms less appealing. Conversely, campaigns for complex, often technology-based (computer game) productions of prototypes with a high need for funding predominantly choose international platforms. The same choice pattern applies for the project categories of design, visual arts, and fashion. We provide two possible explanations for the rationale. First, international platforms offer the promoter access to existing communities of loyal patrons and niche markets (the case of board games and Kickstarter). Second, since cultural affinity (language) does not restrain these projects' appeal, other promoters may find that the benefits of choosing an international platform with access to new audiences or interlocutors outweigh the downsides of competing for attention in a more crowded environment. In brief, they have composite motives for choosing international over national platforms. An interesting finding is that contextual factors, especially the experience dimension, have no influence on platform choice. We find a weak, nonsignificant preference for international platforms, which nevertheless does not take away from the fact that promoters of campaigns for these types of projects show neither greater nor lesser probability of choosing a local or international platform.

However, at the country-level, we find that availability of crowdfunding platforms, the structure of the CCI at the country-level condition and modify our results. As an example, none of the hypothesis's bar H4 (composite motives) are significant for Sweden. Thus, geography, and the type of institutional environment, have an impact on factors that condition the promoters' platform selection. Knowledge of crowdfunding may influence a decision more in favour of international platforms, since the brand name strength, familiarity, and equity of international platforms, such as 'Kickstarter' in the English-speaking context, or 'Verkami' in the Spanish-speaking one, have often become synonymous with the activity of crowdfunding in more developed markets.

To conclude, the Article identifies mechanisms that influence platform choice using a hand-collected cross-sectional data set. The findings contribute to our understanding of and possibly explains why some projects mainly remain local across CCI and geographical contexts. In addition, it is one of the few (cf, Dalla Chiesa, 2021) cross-country comparative studies of usage of cultural crowdfunding based in non-English-speaking countries.

5.3. Article III

Rykkja, A., Hauge, A. (2021). Crowdfunding and co-creation of value: The case of the fashion brand Linjer. In Hracs, B. J., Brydges, T., Haisch, T., Hauge, A., Jansson, J., and Sjöholm, J. (eds) *Culture, Creativity and Economy. Collaborative Practices, Value Creation and Spaces of Creativity* (pp. 43-55). Routledge, London.

Article III's empirical point of departure is derived from contributions from the exploratory research and Article II. Descriptive analysis revealed a significant disproportion between campaign volume (7.8 of total) and overall share of funding raised in the case of fashion and accessories campaigns (29.6 percent). The divergence between number of campaigns and amounts raised could indicate that campaign promoters from the fashion and accessory industry are better than average at co-creating value with their patrons. Based on this premise, and the scarcity of literature on fashion entrepreneurs' use of crowdfunding, a single case study was conducted to investigate how fashion brands use crowdfunding as a medium for interactive value co-creation and production, with patrons as consumers. The chosen case was the fashion brand Linjer, and its six crowdfunding campaigns launched on Indiegogo and Kickstarter between 2014 and 2017.

The article argues that Linjer's approach contributes to our understanding of how, and in what way, fashion and accessory brands have such success. A pervasive element of all their campaigns is a consistent line of communication emphasising that purchasing their products through the crowdfunding campaign implies accessing quality of materials and workmanship on a par with what the well-known fashion brands offer, but at a fraction of the cost. Linjer argue that achieving this level of quality at a much lower cost is possible because they do not have a cost-intensive infrastructure (online direct to consumer sales without an offline distribution network) and lower mark-up than competitors. In addition, consumers can buy their products during the crowdfunding campaigns at a substantial discount in price.⁴³ In other words, the single case study provides evidence that Linjer succeeds with its strategies and tactics in proposing and negotiations of value with consumers – a shorthand for an interactive process of ascribing and defining quality and value – because its approach, in several ways, corresponds with best practice, as suggested by theory of the aspiring class.

⁴³ One of Linjer's most popular products, the Soft Briefcase, retails at €522 plus €80 shipping costs today (November 2021). During the crowdfunding campaign, the Soft Briefcase, under the name Laptop Bag, could be bought for \$359. See <https://www.linjer.co/products/the-soft-briefcase> and https://www.kickstarter.com/projects/linjerco/minimalist-leather-bags-without-the-luxury-markup?ref=category_location.

Findings substantiate the claim. The analysis draw attention to how Linjer decided to build brand awareness and position by dropping traditional social media platforms (e.g., Instagram, Twitter, Facebook) in favour of using specialised online forums and their members (e.g., Styleforum and members recognised within the community as experts) for product valuation and endorsement. This type of valuation work constitutes a practice known in the literature as curation (Jansson & Hracs, 2018), with the forum's expert members' positive appraisal contributing to the initial success and traction of the crowdfunding campaigns. However, succeeding with crowdfunding and curatorial strategies require careful balancing and alignment between what is offered (the value proposition itself) and the expectations of the curators and consumers. When Linjer decided to break one of the pledges made in their value proposition, by using materials sourced in Italy with production and assembly moved to Turkey, many patrons expressed negative sentiments and value judgements. For some patrons, the breach of promises contributed to changing perceptions of the value of the offer, leading to cancellations of presales.

In the discussion, it is argued that the case of Linjer shows how digital forms of value co-creation between firms and consumers are undergoing a paradigm shift. A traditional interpretation of value co-creation inextricably links these processes to the company or network of enterprises. With crowdfunding, one may observe a move towards a more interactive practice, where consumers validate or negotiate value via context-dependent and unpredictable digital social networks partly in real-time. As a result, the evidence suggests that consumers are becoming a vital part of digital-platform-based valuation processes. Seen from this perspective, crowdfunding becomes a consumer-led brand development strategy. To put it another way, the case exemplifies how crowdfunding as a mechanism can be more than just a fundraising tool.

Nonetheless, the concluding section expresses some reservations regarding the fundamental logic of this method of value negotiation and its generic suitability for cultural crowdfunding campaigns overall. Seen from a different perspective, the case of Linjer illustrates how crowdfunding may devolve into a status market (Aspers, 2011) for the few, in a variety of ways, owing to the funding mechanism showing structural features of superstar economics (Waldfoegel, 2018). Thus, it is argued that Linjer's approach of substituting crowdfunding with other forms of funding should be considered a niche market strategy and an example of the way by which the platform environment in crowdfunding becomes more concentrated.

5.4. Article IV

Rykkja, A., Bonet, L. (2023) Governments' matching of cultural crowdfunding: an exploratory comparative analysis of the Spanish and Swedish case. Published in *Débats – Revista de Cultura, Poder y Sociedad*, Vol.137/1

Article IV examines the responsibilities and strategies of governments in fostering and promoting the use of cultural crowdfunding. The primary empirical purpose was to examine the operation of public-private partnerships between subnational government levels (regional and local) and crowdfunding platforms that provide match-funding to crowdfunding campaigns. In the article, *match-funding* is defined as the coupling of private donations to a crowdfunding campaign with public money, via reverse matching grants (Schuster, 1989), according to a pre-negotiated partnership between a crowdfunding platform and a public partner institution. The article starts with a literature review which is used as input to devise a conceptual model of the possible roles and associated forms of intervention or support that governments can adopt to support the use of crowdfunding. Following that is a multiple case study used to map regional and local European schemes. Two of these, in Spain and Sweden, were thereafter used as embedded cases to explain the roles and types of interventions as experienced from the perspective of the crowdfunding platform. The research question is: how have local and regional governments in Europe responded to the emergence of crowdfunding as an alternative funding mechanism to support cultural projects?

A significant observation is the apparent – and somewhat paradoxical – tension between a desire to innovate and the need to control proceedings. Successful intervention to support crowdfunding through programmes of match-funding – what we define as a *facilitator role* – is conditioned by five mechanisms: a rigorous process of campaign selection, professional training of promoters, mentorship, communication work, and task delegation to the platform.

The discussion seeks to interpret and explain what could be characterised as a hesitant and cautious approach towards supporting crowdfunding on the governments' behalf. The non-prescriptive nature of crowdfunding's capacity for intermediation, the additional workload for the administration, and the uncertain legal status of the projects seeking funding are among the proposed explanations. Additionally, adopting a financing mechanism that departs from the customary method of allocating public cultural funding may cause civil servants, art councils, established artists, and institutions to oppose interventions in support of crowdfunding out of concern about their loss of authority and influence over cultural policy. Therefore, and unsurprisingly, the tried-and-true strategy of providing funding to cultural

projects through application-based allocation mechanisms prevails and does not look likely to change in the short term.

A contradiction is that the embedded case studies evidence that support of crowdfunding through match-funding has a positive impact on participating emerging artists and their projects. This is relevant in consideration of the scarcity of available direct support programmes for this group, and the lack of grant mechanisms to support this group's transition from amateur to professional at the sub-national level. Most of the support schemes for the CCI at the sub-national level are indirect schemes (establishing cultural centres, co-working spaces, and other infrastructures, as well as funding events and festivals) and do not provide emerging artists with the needed support to build their career and portfolio. As a result, these creators often have to adopt crowdfunding and act as 'entrepreneurs by necessity' to fund their project. The article ends by suggesting that these systemic relations are connections that the public administration should consider examining further, and draw upon when attempting to improve their policy measures and support instruments towards crowdfunding.

Chapter 6 Discussion and contributions

The aim of this thesis has been to comprehend how artists and cultural entrepreneurs use crowdfunding as a business model. The aim has been broken down into two research objectives, or questions. First, what benefits or impediments drive and foment crowdfunding's acceptance among artists and cultural entrepreneurs? Second, how do artists and cultural entrepreneurs use crowdfunding as a business model? These questions are interrelated, in that the motivations are informed by expected benefits and possible limitations of outcomes, which make up the contingent conditions (Sayer, 2000) that may help explain the actual use of crowdfunding. In other words, an answer to the 'how' question requires a preliminary discussion that identifies and analyses potential factors that may drive or inhibit adoption. Three of the appended articles and chapters provide empirical insights into these matters. Findings and results of the individual appended studies, and answers to their respective research questions, are detailed in Table 13.

To help answer the research questions, four accompanying studies have been conducted to provide empirical and theoretical understanding of the particularities of cultural crowdfunding as a practice. Article I combines conceptualisation of the phenomenon with a review of the academic knowledge of cultural crowdfunding. The purpose was to help ascertain possible investigations that would be worthwhile because they would help fill empirical or theoretical knowledge gaps. The article also argues for a research approach that is more sensitive to context and open to the possibilities of comparing and contrasting findings across these same contexts when viable. In Article II, it is shown that the orientation (scope) and funding requirements (scale) of a crowdfunding campaign have an impact on the selection of which platform to use and the geographic reach of campaigns. Article III is a case-based analysis of promoters' and patrons' value co-creation. Finally, Article IV explains and evaluates how cultural policy interventions as institutional variables can be either beneficial or detrimental to the use and legitimacy of crowdfunding as a practise. The findings of these articles, interpreted by considering crowdfunding a mechanism of valuation within CCI production systems, serve as the foundation for addressing the 'how' question.

Do the findings support or refute my assumptions and hypotheses now that I have completed the investigations? My research provides some evidence that how – and to what extent – cultural entrepreneurs use crowdfunding as a business model is constantly conditioned by how a range of stakeholders – cultural entrepreneurs, consumers and audiences, governments, organisations, and firms in the CCI – perceive crowdfunding. What I am referring to could

fall under the concept of *poisedness*. This may be defined as the institutional environment's susceptibility and receptivity to reconfiguration by an innovation (crowdfunding as a business model), something that is closely related to the historical and social circumstances of the moment (Johnson & Powell, 2015; Powell, 2017). The context in which crowdfunding is implemented can thus help shed light on 'what' mechanisms may either limit or expand its application. Crowdfunding's *poisedness* as a service innovation may thus be used as the standard against which context-specific usage barriers and drivers can be explained.

Table 13

Overview of the Main Findings of the Appended Studies

Research Questions	Main Findings
<p>Article I</p> <p>What do we know about cultural crowdfunding? Moreover, what should we study next?</p>	<p>Key themes in the research are related to value creation, fan communities, campaign success drivers, experiences and failures with cultural crowdfunding, and journalism-specific insights. Three future research areas are identified: Investigations of drivers and barriers of crowdfunding adoption by artists, platform choices, and macro-level comparative analyses of market conditions conducive to successful crowdfunding development and growth.</p>
<p>Article II</p> <p>In what way do the determinants' scope and scale explain the project promoters' choice of crowdfunding platform usage?</p>	<p>The choice of the platform type (local or international) differs according to each production's classification into one of four categories along two continua: scope (local geographic anchoring vs. international adaptability) and scale (financial requirements – production vs. reproduction). Consequently, the choice of which type of platform to use depends on the project's cultural affinity (language barriers restrict scope), funding requirements (project with higher funding goals chose international platforms) and potential for market creation and outreach (composite, visual types of productions and promoter's motives lead to predilection for international platforms). Differences in the institutional environment may explain why there is different level of support for the hypotheses at the country level in the Nordic region.</p>
<p>Article III</p> <p>How does crowdfunding lend itself to processes of value co-creation?</p>	<p>The case study exemplifies how promoters use crowdfunding as a substitutive business model, gaining market foothold and positioning through processes of value co-creation. The analysis shows the example of a creator firm using knowledge and information signals to</p>

create a market around their offerings based on dissemination of knowledge about production qualities and their goods. This shifts the process of valuation, and its meaning changes from a product- and firm-centric view, with the interface between firm and consumer becoming a locus for value creation, constructed through a process of negotiations between actors.

Article IV

How have local and regional governments in Europe responded to the emergence of crowdfunding as an alternative funding mechanism to support cultural projects?

Crowdfunding predominantly serves as an alternative funding mechanism for cultural projects unable to access other forms of financing. Match-funding programmes shows signs of being successful in providing needed support for these emerging artists and smaller cultural projects. However, governments show reluctance to fully embrace the role of a facilitator to support cultural crowdfunding. The embedded cases evidence that local and regional governments do seek to supervise and control the implementation and execution of the schemes by selection of promoters and projects, training, mentoring and communication work. In some ways, government support of crowdfunding through matched funding is reminiscent of established systems for distribution of grants to artists. However, a mapping exercise of European schemes shows that they are few and far between. This may be a “lost” opportunity for the public sector, as the results show that the facilitation of match-funding does adapt to the real needs of the project promoters they intend to support.

The discussion of the findings in Section 6.1 is organised around three cross-cutting themes. Each of them is central to one of the appended studies. Article III has co-creation of value as a main topic, while Articles II and IV investigate the impact of geography and institutional context on the adoption and outcomes of using crowdfunding as a business model. However, each of the articles deals, in addition, with the other two topics from complementary angles and perspectives, as the discussion will reveal. This is why they were chosen, as they enable transversal discussion of findings and results.

Take the initial subject, interaction and co-creation between promoters and patrons, which can be seen as a sub-topic of a larger discussion about how to overcome potential barriers and drivers for the efficient use of crowdfunding. The strategies and types of negotiations that can result in either positive or negative value co-creation between promoters and patrons are presented and discussed in Article III. However, these types of interactions and the potential

for co-creation are contingent upon whether the platform is country-specific (local) or international (Article II). As discussed in Article IV, value co-creation may also be affected by institutional and interventional differences between countries. These examples are meant to show how additional depth can be added to the discussion of the topic at hand (co-creation) by examining the mechanisms and contextual conditions that may influence it. These include the type of platform used, the type of industry and project, and the models of cultural policy.

In a similar vein, the second transversal topic is platform selection, and how this selection is influenced to some extent by the types of projects and the geographic context. The third issue looks at how different institutional setups in different countries affect the spread and use of crowdfunding in various ways. Thereafter, these results will be synthesised and presented as the empirical contributions of the thesis in Section 6.2, with the theoretical contributions similarly integrated in Section 6.3. Answers to the major research questions of the thesis are presented and discussed in a final Section 6.4.

6.1. Discussing the findings of the appended studies.

In this section, three sub-sections are dedicated to discussing the results and implications of the papers attached hereto, in light of the three defined overarching themes previously introduced. Initially, the discussion centres on co-creation of value between promoters and patrons. Second, the debate turns to how the promoter's platform choice might affect the project's economic performance and reach. Thirdly, the cross-sectional analysis concludes with an examination of how institutional environments may be either receptive to the adoption and use of crowdfunding or hostile to it.

6.1.1. Interaction and co-creation between promoters and patrons

Article I stresses, in its introductory section, the necessity of using non-utilitarian and heterodox viewpoints in analyses of how the structure of market exchanges affects the value of cultural and creative products and services in the plural. In the case of cultural goods and services, originality – which can be understood as the skilful blending of known and unknown elements to produce a novel aesthetic design or expression – plays a more important role in stimulating demand than does utility. Furthermore, the experiential aspect of the products or the consumers' and audiences' affective attachment (Hirsch, 1972; Lawrence & Phillips, 2002; Power, 2002; Throsby, 2001) may have more to do with why and how these goods and

services are consumed. The symbolic value of cultural and creative products and services, rather than their practical value, is what encourages and drives their consumption.

Consumption is, in part, predicated on individual taste and preferences (Caves, 2001; Power, 2010) moulded by a social process that draw upon subjective evaluation, shared experience, commentary and sensemaking by intermediaries, and reduction of search costs (Currid-Halkett, 2015, pp. 177 – 178; Khaire, 2017). Article III draws upon some of these premises by showing that the production and consumption of cultural and creative goods and services depend on symbolic value, primarily generated through network and status market feedback, rather than a set of preferences and price signals.

Therefore, understanding the production of cultural and symbolic value, as well as how it is created and ascribed to cultural goods and services, necessitates an understanding of valuation processes in both market and non-market situations. (Aspers, 2011; Dekker, 2015; Jansson & Hracs, 2018; Wijnberg & Gemser, 2000). First, cultural, and symbolic value needs to emerge and be recognised as such by the market actors (Khaire, 2017). Once it emerges, however, its relative value may fluctuate and be prone to change with time because of fads, fashion, or patterns of social contagion (Hauge & Power, 2013; Hirsch, 1972; Kretschmer et al., 1999). Article III situates crowdfunding as a mechanism for ascribing cultural and symbolic value through a competitive process of market negotiation (Hauge, 2015). The process of ascribing value starts with the consumers, who respond to the promoters' value proposition (the campaign) by adding resources (pre-ordering), and that these transactions, provide other potential customers (patrons in the crowdfunding context) with information and market knowledge (Frydrych et al., 2016) as added value once the information (sales) are processed. This negotiation model of value co-creation also represents a two-sided strategy to mitigate risk. It reduces uncertainty for the promoters (as producers) and provide assurances for the patrons (as consumers) that the proposed goods and services will be delivered if the campaign is successful (Aspers, 2018; Vargo & Lusch, 2016).

If successful, the ascribed symbolic value may – or may not – provided the right conditions, be converted into economic value (Bourdieu, 2011). In the case of Linjer's fashion and accessories goods, the process succeeds. This is partly the result of emphasising a commitment towards a production philosophy more so than the good or service or the brand itself in the value proposition. The explanatory concepts are inconspicuous consumption (cost of information, not the object) and conspicuous production (ethical, artisanal quality and methods). This theoretical perspective inverts Veblen's (Veblen, 1992) concept of conspicuous consumption, by showing that cultural capital (Bourdieu, 2011), or the price of

knowledge, education, and information, may be the driver of this type of consumption. It becomes – from what Dekker (2015, p.322) defines as one of several valuation regimes for cultural goods – a mechanism (Danermark et al., 2019; Sayer, 2000) for certification and validating authenticity.

Figure 14

Valuation of a Ralph Lauren Polo Shirt



However, the context determines the manner and nature of value co-created by promoters and patrons. It is argued in Chapter 4 (the case presentation) and Article I that the CCI's various industries have different value regimes due to differences in who creates value, the nature of the value created, and the ultimate purpose of co-creating value. This depends on several variables, including the nature of the campaign's end goal (how much money is needed) and the promoter's professional standing and credibility in the field. What the discussion aims to convey is that the results of value co-creation processes are conditional on the promoter's goal, industry and project category, and campaign orientation. In essence, these issues represent a combination of the 'what' concerns of the thesis, such as benefits as they relate to

types of campaigns, or ‘varieties’ of cultural productions (Article II) and the interest in ‘how to’ implement and use crowdfunding as a business model. Together, the what-how linkage conditions and structures value creation and forms of co-creation.

To exemplify, patrons of music recordings or film production, may obtain limited-edition versions of music recordings and film productions, tickets to screenings or concerts, or the chance to meet the artists and producers in exchange for contributions. They are seldom rewarded with having the decision-making power of a producer (Luka, 2012), or control over the creative output (Thorley, 2016). As Scott (2015, p.173-179) explains, this is because creative control over production is never truly ceded, being instead carefully managed by the promoter-as-producer. This is also reflected in the underlying conditions supporting an arts-marketing logic (Boorsma, 2006, p. 85), in that “*The art consumer is a co-creator in the total art process, but not a co-designer of the product in terms of its form*” (italics in the original text). Conversely, patrons supporting video games play an active part in the development and form of the final product through crowdfunding. They may help unlock stretch goals with a direct impact on the content produced (Jonasdottir, 2019), e.g., they would be co-producers in the sense that they act as a producer in the classical understanding of the functionality of the role (those who provide investment for the realisation of the production) (Planells, 2017). In the case of the performing arts, acknowledgement of the symbolic value of the contribution as a gift donated towards the production of a ‘greater good’ (the arts) is more important than a material reward (Boeuf et al., 2014). Accessing new markets or ‘presenting’ works to new audiences may be what drives the process in other contexts. Here, crowdfunding may play a role in the context of production and distribution of niche content (e.g., Japanese animé) (Loriguillo-Lopez 2017) and the emergence of new business models and forms of value creation within established industries, e.g., the hybrid model of the publishing platform Unbound and its collaboration with Penguin and Cannongate (Gleasure et al., 2017). Together, these examples show the diversity in forms and types of value co-creation enabled through crowdfunding.

While most crowdfunding campaigns are motivated by necessity, the Linjer case is a clear example of using crowdfunding as a substitute for other funding sources. This makes the case interesting because it illustrates the gulf between the types of campaigns. Symbolic and cultural value of unrecognised small-scale production is legitimised as part of the co-created value in campaigns for projects where a promoter may be driven by necessity. These motivations reflect the use of crowdfunding as a means of breaking into “mainstream”

cultural production systems (Galuszka & Brzozowska, 2017). In other words, a solution to the ‘dilemma of democratisation’ caused by the problem of oversupply (more productions available than audiences may cater for, or traditional investors can fund) (Hracs et al., 2013; Power, 2010). These exchanges and the values created resemble more a form of gift economy thriving on social proximity of strong ties (Dalla Chiesa & Dekker, 2021b). Projects related to the creative end (cf. Chapter 4) of the CCI typically use the commercial presale strategy to build a brand through a single or multiple crowdfunding campaigns, as used by Linjer in Article III. The goal of these campaigns is aligned with the conventional motivations of entrepreneurs using crowdfunding in other sectors of the economy because they serve as a vehicle to access seed and early-stage funding for the purpose of venture creation (Belleflamme et al., 2014). Here, the objective of a successful campaign is converting (through dissemination of knowledge and information) symbolic value into economic value, by using crowdfunding as a substitute for traditional sources of entrepreneurial finance. As we provide evidence of in Article II, these campaigns have an international orientation, larger scale, and are – as exemplified by the case of Linjer – the de facto winners in term of economic value. However, as we discuss and problematise in Article III, these types of campaigns also reinforce the traditional star-system of cultural production and marketing based on a winner-takes-it-all formula (Bannerman, 2013), and may crowd-out smaller initiatives’ potential to successfully fundraise (Wessel et al., 2017). The case of Linjer, in other words, is exceptional rather than the norm.

In any case, an important driver of the co-creation of value (both economic as well as symbolic) is the curatorial work (commentary) by users (Jansson & Hracs, 2018) who help potential campaign patrons make choices in their value negotiations. An overlapping and complementary interpretation of the impact of commentary as a form of curatorial work is information sharing (Shneor & Munim, 2019). The emphasis is that information drives crowdfunding behaviour and triggers financial contributions (increasing economic and symbolic value). One would think that the crowdfunding platform itself would be an important arena for this type of information sharing. However, we find that Linjer predominantly relies on other platforms, notably the online forum Styleforum, to share information and knowledge. This is also a feature of some of the few case studies looking at value co-creation from the perspective of media-studies and fandom. Here, other platforms such as Tumblr, or ‘where’ the fans and followers are, become the arenas where the information is diffused (Baker-Whitelaw, 2015; Scott, 2015). The platform acts predominantly as a place to conduct economic transactions, or as we evidence in Article III, a

social space functioning as a site replacing the functionality of customer service or personalised shopping assistance, usually associated with offline shopping or e-commerce.

6.1.2. The cultural entrepreneurs' choice of platform and its impact on geographic reach and economic performance of campaigns

Numerous crowdfunding studies provide insights into the practice through proxy of data analysis from a specific platform (typically Kickstarter) (Barbi & Bigelli, 2017; Mollick, 2014), typically combined with a limited focus on a single industry and type of projects, commonly music, performing arts, films, or video games (Boeuf et al., 2014; Hobbs et al., 2016; Josefy et al., 2017; Steigenberger, 2017; Wang, 2016). It is not uncommon for these types of studies to omit industry category as a variable (as an example, Giudici et al., 2018). Therefore, it should be of little surprise that studies in the crowdfunding literature cited as examples of the effects of geographic distance on patrons' propensity to contribute or not contribute to campaigns use empirical data from a single country, platform, and industry (music recordings) in Brazil (Mendes-Da-Silva et al., 2016) and the Netherlands (Agrawal et al., 2015) respectively. The interesting question, then, is whether and to what extent specific findings from these studies actually apply more generally.

An initial assumption was that this may not necessarily be the case. One rationale is that the heterogeneous categories of production activities in the CCI cause differences between industries simply because some will be orientated towards the realisation of (predominantly) economic values and others more adapted to the creation of cultural and symbolic values (Throsby, 2008a). Thus, there probably would be variation at the industry (e.g., comparing crowdfunding campaigns for music, video games and fashion projects) and the country level (the Nordic countries in comparison with other countries in Europe). Therefore, Article II's objective was conducting investigation into the use of platform types across countries and industries seeking to determine factors and conditions adding to our capacity to explain the effects of geography on crowdfunding.

Before providing answers, what is known about the effect of geography on campaign management and the outcomes of crowdfunding will be briefly revisited. First, the existence of a link between location of the promoter (city or region) and the variants of cultural productions that the place – or local 'terroir' – is known for. In other words, the types of crowdfunding campaigns we may see emerging from a particular place mirror the offline

patterns and clustering (Le Béhec et al., 2018; Mollick, 2014). These findings are also in line with the literature on economic geography (the case of Sweden, as discussed in Power, 2002, serves as an example). Second, the aforementioned studies of crowdfunding record production find that some but not all distance-related frictions in relation to optimising fundraising are weakened. However, patrons that are located geographically close to a promoter still play an important role in early signalling which may cause more distant interest and support to emerge (Agrawal et al., 2015). Others find that the geographically distant patrons supporting a campaign correlate with the amount of funding coming from friends, family and people known by the promoter (Wang, 2016). Finally, regardless of variations, geographic distance negatively affects contributions from patrons. In the case of Brazil, a strong local bias could be observed, whereas the majority of patrons were located under 50 km in distance away from the promoter (Mendes-Da-Silva et al., 2016). In other words, geographic distance constitutes a barrier that may or not, depending on the type of projects, have an impact on fundraising and the potential outcome of crowdfunding.

The gap in these contributions is that they either do not consider choice of platforms or are single industry studies. This is partly because the central premise in the literature on geography has been establishing whether project promoters may leverage an initial social, close network of funders (referred to as *friends and family*, see Agrawal et al., 2015) to raise contributions from patrons situated at a distance, socially as well as geographically. In Article II, we examine the effects of geographic dispersion by investigating whether platform choice and industry category might provide further information. Our (the co-authors and I) assumption was that the choice of platform might either limit or expand geographic reach, since a local (national) platform will only draw the attention of international patrons on a rare and exceptional basis.⁴⁴

Thus, Article II examines whether content type and project orientation influence platform selection. The findings indicate that promoters of culturally embedded productions are more likely to utilise a local platform (due to language limitations, sectoral categorisation, or other cultural characteristics), while promoters of culturally adaptive works with greater fixed production costs (as examples, film production and video games) are more inclined to use an

⁴⁴ One example of exceptional reach was the campaign by The Parola Tank Museum (Parola, Finland) seeking complementary funding to build a shelter to protect their collection of WW2 tanks exhibited outdoors. This campaign, which launched on the Finnish platform Mesenaatti, ended up being widely diffused internationally. This happened notably in Japan because some of the tank models were known to the Japanese animé community, and because the campaign garnered interest among wargamers and historians. See <https://mesenaatti.me/en/panssarimuseon-tankkikatos/>.

international platform. Another constant motivation for adopting an international platform across countries is to reach niches of fans and customers, by having what Article II refers to as composite motives, which involve market creation as a form of pioneering entrepreneurship (Khaire, 2017). Thus, Article II establishes that industry category does influence the chosen type of platform (see also De Voldere and Zeqo, 2017), and that geographic reach (scope) and scale interact (funding requirement) and condition the choices that promoters make. Several of the most intriguing findings, however, are that contextual factors (site-specific and experiential dimensions) are not significant determinants, and that a given country's institutional arrangements and platform infrastructure affect the generalisability of these findings.

The other contributions advance additional considerations. As we saw in Article IV, Sweden has a special position in the crowdfunding landscape of the Nordic countries. Sweden, within the context of the Nordic countries, is the nation with the best-developed platform infrastructure, the strongest media and academic interest in crowdfunding (Ingram Bogusz et al., 2019; Ingram & Teigland, 2013; Myndigheten för kulturanalys, 2013), and the most experimentation and interest in supporting crowdfunding with cultural policy interventions (Amman, 2016). In hindsight, there is a possibility that collaborations between the City of Stockholm and the platform Crowdculture on a matched funding initiative to support film production had an impact on the choice of platform. This resulted in nearly half of the campaigns in Sweden promoted on a local platform, while in the case of the other Nordic countries, all the campaigns for film productions were promoted on an international platform. This can be explained that by the impact of market size and population of platform development and emergence (Cicchello et al., 2022a, 2022b; Dushnitsky et al., 2016). We must therefore consider not just industry category, but also policy intervention (Dalla Chiesa & Alexopoulou, 2022; Loots et al., 2023; Senabre & Morell, 2018), and potentially other factors, such as regulation (Lazzaro and Noonan, 2020).

Another issue to consider is that the choice of platform depends on strategy or business model, as we found in Article III. Linjer's strategy, on the one hand, may constitute a sustainable business model for larger, more ambitious ventures from distinct CCI competing in a status market (Aspers, 2011) in complying with the logic of the 'winner-takes-it-all' market structuring (Caves, 2001). On the other, projects with more modest funding goals probably would thrive equally well on a local platform. Thus, with modest one-off campaigns where the purpose is accumulating resources for a small-scale time-limited project, a less

competitive platform environment may potentially cater for the promoters' needs equally well. This emphasises that what may drive choice is assessment of the motivations to participate, which range from altruistic (gifting and exchange, participation and membership) to commercial (purchasing) products as the primary motivation of patrons and promoters (Bürger & Kleinert, 2021; Dalla Chiesa & Dekker, 2021b; Gerber et al., 2012; Steigenberger, 2017).

To sum up, these results contribute to the literature on geography and crowdfunding by showing that other variables and factors, besides the effects of physical distance (more or less) and social (strong) ties between promoters and patrons, need consideration. First, the project's specifications and funding requirements, as these influence platform selection and condition the spatial dimension of a campaign's reach. Second, the institutional environment's configuration matters because it influences adoption and usage of crowdfunding more generally within a given country. This includes cultural policy interventions, platform infrastructure, and general interest in crowdfunding. Finally, we need to think about the promoter's business model and the objective of the campaign to understand and assess to what extent projects and campaigns will stay local or reach international audiences or consumers.

6.1.3. How the configuration of the institutional environment and arrangements affect uptake and usage of crowdfunding

Perceptions of crowdfunding depend on a number of contextual factors. Of these, validation, encouragement, or constraints imposed either formally or informally by the institutional environment might be the most significant ones. As discussed in section 2.5., the institutional environment refers to the attitudes and beliefs of individual artists and cultural entrepreneurs, industry organisations, governments, consumers, and audiences (Scott, 2008). These impressions again lead to the creation of either formal or informal drivers and barriers which affect the perception of crowdfunding and subsequent use of crowdfunding platforms (Lehner, 2013; Lehner & Harrer, 2019). Crowdfunding can be formally regulated by laws and regulations (Lazzaro and Noonan, 2020), but the cultural variant is largely unregulated. Exceptions are the possibility of gaining tax credits (Munoz Villarreal, 2018) or protection from fraudulent promoters through consumer protection legislation (Fiskvoll, 2018). Consequently, most of the drivers that encourage and barriers that may impede the use of

crowdfunding are informal and context-dependent, as they emerge and operate contingently depending on structures and mechanisms.

Nonetheless, the informality of certain drivers and constraints makes their identification and subsequent observation and analysis more of a challenge. An example of interactions where informal constraints, in the form of conventions (Becker, 2008a), shape the institutional environment is the discussion in Article IV of the general resistance towards the regionalisation of arts policy in Sweden. Artists' organisations successfully resisted and diluted the impact of the reform, which would have involved transferring the allocation of funding from the national to the subnational level. Why was this possible? Because, as the empirical data from studies (Blomgren, 2012; Henningsen & Blomgren, 2017) evidenced, there was a lack of necessary structural conditions in the form of regional Art Councils that would enable a replication of the national level structures and arrangements. The consequences were that intended changes to how funding to the arts would be allocated could be resisted. Resistance can be explained by a context-specific mechanism: corporatism. Corporatism as a policy development process refers to a model by which cultural policy – predominantly in the form of an arts policy – is formulated and adopted through negotiations between public authorities and interest organisations representing artists (Mangset et al., 2008). What happened with the Swedish attempt to decentralise reform was that a corporatist alliance between the cultural entrepreneurs, institutions, and artists' organisations part of the field of small-scale production (Bourdieu, 1996, p.124), successfully contested implementation of changes because of the possibilities they might reduce autonomy and welfare (Blomgren, 2012). These efforts managed, according to Henningsen and Blomgren (2017), to direct policy formulation and implementation in the direction of “harmless” organisational reforms. Conversely, in the case of Spain, where corporatism or consultative mechanisms are less prevalent, the evolution followed a different trajectory which produced other outcomes. In Spain, the tendency is more towards differentiation (at the subnational level) than standardisation (implementing common reforms decided at the national level) (Bonet & Négrier, 2011). Thus, the regionalisation of arts and cultural policy has less to do with being able to control formulation and implementation of reforms, and more to do with finding solutions to a different mechanism: austerity.

Regardless of setting, and as evidenced by Article IV, a motivation for experimenting with match-funding to support crowdfunding was to change the mechanisms of allocating grants. In essence, this was an attempt at public innovation (De Vries et al., 2016) in order to solve

the problem of access to funding experienced by emerging artists and cultural entrepreneurs (Menger, 1999). As explained in Article IV, one motivation was that many of those receiving public funding via existing schemes were the same ‘usual suspects’, predominantly art institutions, established organisations, and artists. Thus, an important assumption, subsequently confirmed by the embedded case studies of Crowdculture and Goteo, of policy intervention and public-private partnerships to support crowdfunding, is the difficulty in changing the institutional environment and existing arrangements. These challenges are related to problems with reconciling views about who should have the power to determine the allocation of public funding, the set of criteria to be applied to allocation and who should be the potential beneficiaries of these interventions. In brief, what Article IV finds is that reticence to support crowdfunding is a fear of loss of control (quality) and influence over cultural policy. These reservations may have much to do with the intent of established artists and institutions seeking to uphold a status quo relative to the public funding of culture. In brief, we are witnessing resistance to innovation.

Therefore, Article IV adds to the crowdfunding literature by demonstrating tension between those wanting to uphold an administrative tradition of co-financing cultural production (e.g., the established model of application-based grant funding) and experimenting with matched funding of crowdfunding (e.g., reactive grants-awarding based on open, public choice). Research on crowdfunding and the role of governments supporting the mechanism divides the research community. On the one side, we find those who see crowdfunding as promising for certain types of productions and recipients (Bonet & Sastre, 2016). On the other, there are those who are critical, perceiving crowdfunding as a form of volunteerism (compensation for reduction in public funding) (Papadimitriou, 2017) or as a way to substantiate arguments for defunding public support of arts (Brabham, 2017). The nature of crowdfunding as a service innovation is one possible cause for these conflicts, as is the difficulty the institutional environment, as described by Article IV, has in adjusting existing models to the changes brought on by crowdfunding. Not just governments, but also a wide range of other stakeholders, such as producer firms, banks, and foundations, struggle in this area. One concrete example of how these tensions play out is the somewhat paradoxical position of matching grants as a public policy intervention mechanism. Governments find matching grants challenging to implement because having to rely on distributing funding with basis in public choice constitute an innovative approach from an administrative perspective. This is due to the long-standing tradition of reliance on civil servants or expert peers (Art Council models) deciding allocations. Simultaneously, Article IV evidences that, somewhat

incongruously, governments prefer to use matching grants as a support mechanism for crowdfunding, potentially because of the fit with the campaign-based logic.

Article IV finds that the structured (intentional) approaches of governments supporting crowdfunding include two approaches (from expectant to innovative) and four roles of intervening to support: service – ownership – curation – facilitation, as shown in Figure 14.

In practice, as with any typology, these roles and approaches are deeply hybrid. Facilitation involves curation and provision of services, while curation may involve modest prize money. Most facilitation schemes mimic the traditional selection process associated with co-financing through grant applications, e.g., particularly the evaluation and selection of projects for eligibility to participate in schemes, to secure successful outcome of the scheme. What the cultural entrepreneurs gain, however, is training and mentoring tailored for artists and individuals working in the CCI.

Additionally, we find that matched funding mechanisms are more sophisticated than previously established in the literature, where the public partner usually just adds a set percentage of funding to a campaign at specified moments. Those schemes we surveyed often rely on dynamic algorithm-based computations for allocation. Scarce existence of explicit policies to support crowdfunding and little adoption of the facilitator role stands in sharp contrast with how the case examples show the usefulness of crowdfunding as a complementary incentive at the local and regional level for supporting emerging artists. Apprehension towards crowdfunding may have more to do with additional workload and different ways of working administratively, than apprehension towards crowdfunding itself. This is also what Article I evidences, with reference to what the literature establishes.

However, not just matched funding, but availability of other types of grants may play a role in determining the type of cultural productions which dominate in a specific country context.

Take the example of music recordings. Close to half (43%) of these campaigns were promoted in Denmark, while only about 8 percent were promoted in Norway. Why? The way public funding of different types of cultural productions are organised in a country.

Comparing allocations for 2014 from the Danish and Norwegian Art Councils (Statens Kunstfond, 2014; Kulturrådet, 2014) show that, in Denmark, no specific grant schemes for funding production of records was provided, while the Norwegian Art Council's two schemes (funding of production and purchase of recordings) total over €3million.⁴⁵ Evidently, these

⁴⁵ Evidently, there are application-based grants in Denmark that can be used to cover the costs of making records. The Danish PRO, Koda, gives away a set amount of grant money each year from the royalties it collects.

institutional arrangements may condition which specific types of cultural productions are drawn to crowdfunding in the first place. It also helps explain some of the variations in choice of platforms (Article II), as most of the Danish campaigns were promoted by a local platform, and thereby, in terms of potential for value co-creation (Article III) oriented towards reaching a national, and not an international, audience.

To summarise, governments can influence crowdfunding uptake and usage through their ability to respond to questions of crowdfunding regulation (and legitimisation) and power to decide whether to deter or foment uptake (see Bonet et al., 2016 for a list). Those findings in a given context can be used to assess whether an institutional environment is accepting and encouraging or disparaging and discouraging. Crowdfunding as a service innovation will therefore be met with varying degrees and kinds of *poisedness* (Powell, 2017) that depend on the institutional setting of a specific country. This is the premise of the conceptual model in Article IV: a drive towards experimentation (innovative approach) versus an expectant model where the government entity takes a backseat and chooses to observe and assess from distance whether crowdfunding has “something” worth supporting. Nonetheless, it can be argued that governments may act more conservatively (depending on the level) because changes to models (from co-financing to match-funding) pose a threat to artists and institutions with recognised legitimacy. However, conservatism will not bring about the necessary change to address a longstanding problem: namely, how to enable emerging artists and cultural entrepreneurs to gain access to public funding.

6.2. Empirical contributions

One of this thesis’ important contributions is the way in which the uptake and usage of crowdfunding in different parts of Europe (Spain and the Nordic countries) have provided rich information about the practice outside the Anglo-American sphere. Some of the findings worth highlighting as contributions are what may be deduced from their empirical analysis,

In 2014, the total budget allocation was approximately 68 million Danish Krone, or €9 million. This is twice the amount allocated by the Art Council of Norway. It is unlikely, however, that the full amount was spent on record production activities. KODA’s stipends can be used for other professional music-related activities, such as touring, composing, and writing. In addition, if one were to include grants by similar organisations in Norway, including the PROs (TONO and GRAMO) and the FFUK (fund for performing artists), the difference would be substantially less. The main point was to argue that Norway has more funding options available through dedicated grant schemes than other countries’ Art Councils do. This is validated by the evidence discussed.

beyond what was discussed and established in Chapter 4 and Article II. The following paragraphs provide this information.

To begin, we will examine the use of non-investment-based crowdfunding, including how it has evolved over time. This is because adoption varies by industry and model. The reward-based approach linked with cultural crowdfunding – at least in relation to the core creative arts and cultural industries project and campaign categories – appears to be waning in popularity. In addition, there is no indication of a change from non-investment to investment-based crowdfunding within the time for which we have empirical data. Most significantly, it demonstrates that, as the platform environment becomes more competitive, the model's application changes with time. While the number of campaigns turning to crowdfunding out of necessity (see Figure 16) are stalling, the far fewer campaigns, predominantly in the peripheral and wider creative economy, are on the rise. Thus, the study's primary empirical contribution is that the empirical data do not support claims that crowdfunding in the cultural sectors of the CCI represent a 'viable' alternative or 'democratisation' of financing arrangements. Rather, the evidence points toward winner-takes-it-all market structures (Currid-Halkett, 2015).

Second, the study's empirical data are collected from multiple platforms, some operating in very small national markets. As an example, one of the platforms used for collecting data is the Icelandic platform, Karolinafund, which operates in a country with a population of under 400,000 people. At the other extreme, we sampled project information and data from the leading, global, English-language platform Kickstarter. In 2016 alone, projects sought funded on Kickstarter were supported by around 3.5 million patrons, or nine times the population of Iceland (Chan Kim & Mauborgne, 2023).

The thesis establishes that it is quite common in the crowdfunding literature to analyse a singular platform or group of promoters, patrons and projects confined to one industry within the CCI. Many mechanisms that this literature identify are potentially not generalisable outside of the context in which they are analysed. The empirical contribution of the thesis is that any mechanism and its effect need to be explained in relation to context (geography, type of platform and industry). In other words, the act of generalising in causal explanations from empirical evidence from individual contexts need to carefully weigh these interpretations against context, project orientation, geography, and other factors when assessing the potential of crowdfunding as a business model innovation. Some examples include recommendations that the fashion industry should emulate best practices from the music industry (Strähle &

Lang, 2018) or to use Kickstarter in any context because of the size of its patron base and reach (Cox & Nguyen, 2018). Hence, the key empirical insight will be that the practice of crowdfunding and its *poisedness* (Padgett & Powell, 2012) must always be analysed from the perspective of the context where it is practiced, the types and projects, the campaign goals, and the promoter(s) involved in the management of the campaigns.

Finally, the evidence that crowdfunding, at the sector and crowdfunding business model level, needs different approaches and perspectives. Early literature used reward-based crowdfunding as an empirical basis for explaining (Belleflamme et al., 2014) or generalising knowledge about performance (Agrawal et al., 2013) in general. Studying cultural entrepreneurs in the CCI reveal that as promoters, in relation to intrinsic and extrinsic motivations, they differ from entrepreneurs generally in the way they adopt a variant of crowdfunding – the cultural – as a business model innovation. Therefore, whether or not the approach is suitable or appropriate needs to be determined by generalising knowledge from empirical studies on investment-based crowdfunding to non-investment-based crowdfunding, or vice versa. Necessity (Granger et al., 1995; Stanworth & Stanworth, 1997) or reluctance (Haynes & Marshall, 2018) as motivations suggest that this may not be the case. This is because crowdfunding, in many ways, mirrors the general preference for financing (pecking order) in the CCI (Borin et al., 2018; Konrad, 2018), which is distinct from similar rankings in other sectors and industries. These findings substantiate a call to develop sector- and industry-specific interdisciplinary research programmes on crowdfunding, as they are better able to identify, assess, and explain the prevailing mechanisms affecting the practice.

6.3. Theoretical contributions

In addition to the empirical contributions, this thesis makes three theoretical contributions, which I will proceed to discuss.

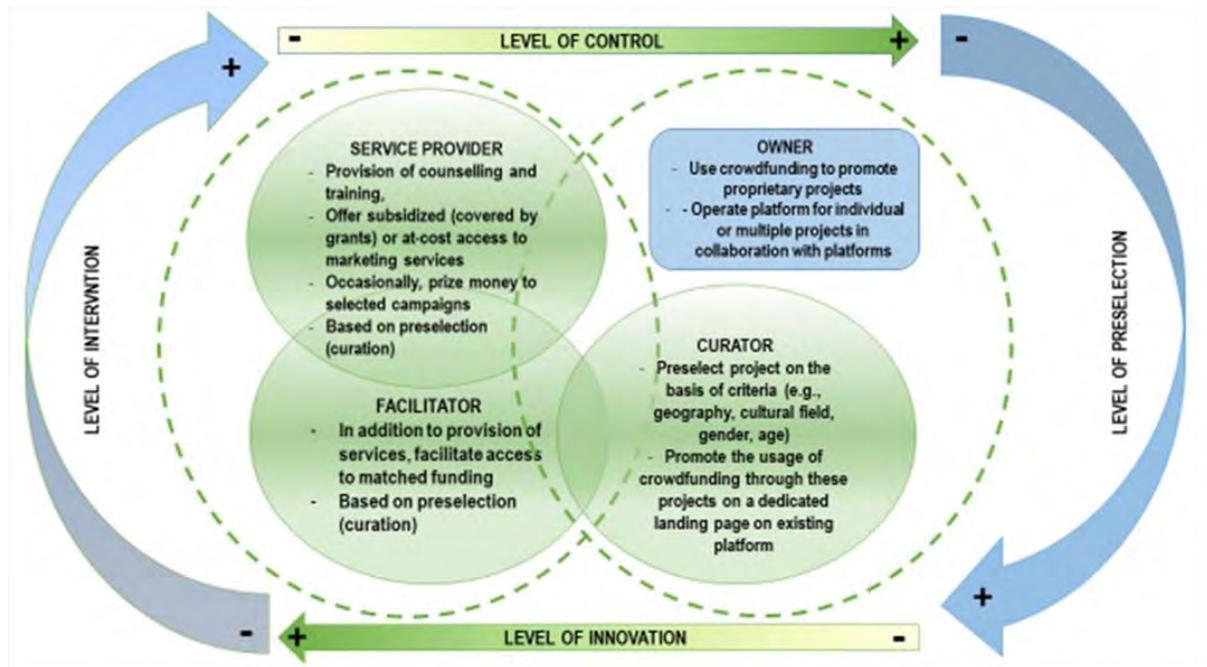
The first of the theoretical contributions is a conceptual model that may be used to analyse and explain the choice of platforms of cultural crowdfunding promoters. Taking Colbert's (2007) enterprise classification framework as a starting point and adopting it to the reality of using crowdfunding as a business model, the 4C model postulates that two variables determine a promoter's choice of platform. Scope, or the capacity of the project to reach distant patrons based on the aspects of the cultural production, may be hindered by certain mechanisms, primarily related to language and industry category. Scale, or the requirement

for funding and the project orientation (reliance on visual rather than verbal components), predicate choice of platform. The study is the first of its kind in explaining and defining what some of the mechanisms are that may drive choice of platform. The proposition made in the conclusion of the investigation relates the answer to the question of platform choice to two factors. First, the breadth factor, as defined by categorisation of the project within a given cultural or creative industry category. Second, once the issue of breadth is settled, the depth factor as it relates to a campaign's potential for dissemination, fundraising, and position within the proprietary production system of the industry category in question.

The second theoretical contribution focuses on the interplaying dynamics and tensions that influence cultural policy initiatives that aim to support the use of cultural crowdfunding. The theory is presented as a conceptual model that illustrates the various logics of potential involvement and engagement. The foundation of this model is studies conducted on civic crowdfunding. (Davies, 2014, 2015a; Wenzlaff, 2020). The central claim is that there are four "ideal" roles or modes of intervention: service supply, ownership, curation, and facilitation. Governmental responses can range from reactive (expectant) to proactive (creative) to varied degrees and extents. The model, which is shown in Figure 15, is the first of its sort in terms of study into the cultural variant of crowdfunding. It also makes a theoretical contribution to the literature on crowdfunding by helping to establish taxonomies for public participation and cooperation.

Figure 15

The Tensions and Forces in Match-funding: Ownership, Curation, Facilitation, and Service Provision.



Finally, my third and last contribution is a proposition to expand the service-dominant ecosystem perspective of crowdfunding (Foà, 2019; Quero and Ventura, 2015; Quero et al., 2017). The current model comprises ten actors (Creative core, platforms, financing and non-financing customers, investors, experts, crowdfunding associations, public institutions, social media, and traditional online and offline media outlets) (Foà, 2019, p.251), in addition to a description of their intentions and actions, and segmentation. My contribution here, which is logically derived from work with the thesis and the appended studies, is based on the proposition that the ecosystem lacks an actor to complement it. Previous iteration of the ecosystem, by taking a firm-centric and generic approach, has failed to consider the structure of markets and organisation of production in the CCI, whereby in most industries, a few producer firms (White, 1981), de facto, control access to distribution and commercialisation. Another reason for why the producer firm as an actor was not included in previous iterations is that the project sought funding through crowdfunding, or the cultural entrepreneurs promoting the campaigns were considered “start-ups” or even “firms” in the typical economic sense. However, they are neither. Predominantly, they constitute temporary projects that mirror the way in which work in the CCI tends to be organised (Pratt, 2012). Thus, the service ecosystem should acknowledge and reflect the strong interdependence between those who produce content, and those who create value by commercialising content, within the context

of the CCI (e.g., Khaire, 2017 and the distinction between creator and producer firms). As a result, the suggestion is to include the producer firm which, based on the promoter's campaign effort (success) or on the promoter's initiative, creates value(s) by entering into agreements on commercialisation, production, or distribution as a result of the outcome of the crowdfunding campaign and the growing reputation and legitimacy of the promoter. The proposition reads as follows:

Table 14

Contribution to the Crowdfunding Service Ecosystem

Actor	Actions/Intentions	Segmentation
A11: Producer firm	Producer firms uses the initial valuation of propositions on crowdfunding platforms to select promoters for future collaborations and value co-creation	Record companies Book publishers Video Game publishers Producers of hardware Galleries Fashion firms Film producers and distributors Festivals Performing arts venues

6.4. Answers to the research questions

It is now timely to provide answers to the thesis' research questions. I will start with the first of the two interrelated questions that are asked: ***what potential benefits or impediments condition crowdfunding's acceptance and use as a service innovation?***

Crowdfunding is an alternative form of funding. Determining how crowdfunding functions in a given empirical environment is necessary for understanding the factors that promote or inhibit its use. This entails breaking down the full range of factors that could facilitate or thwart its adoption. Studying the factors that may encourage or discourage the use of crowdfunding could shed light on the method's viability from the perspective of its proponents.

A widely cited taxonomy (Gerber & Hui, 2013) lists raising funds, expanding awareness of work, forming connections, gaining approval, maintaining control, and learning new

fundraising skills as drivers. The barriers are inability to attract supporters, fear of public failure and exposure, and time and resource commitment, according to Gerber & Hui's taxonomy. Furthermore, contributions by Thorley (2012, 2016) and Leyshon et al. (2016), add mercantile abilities and the capacity to perform downstream activities that typically are the preserve of producer firms and intermediaries as barriers. These are significant discoveries. They do not, however, provide much insight into the significance of the two issues that this thesis focuses on. First, there are context-specific differences in what can be considered drivers and barriers. The position and status of the promoter within various CCI-specific production systems, as well as the specifics of the project itself, play a role in determining these variations. These factors can restrict both the fundraising potential and the effectiveness of crowdfunding as a business model and practice (see also Dalla Chiesa, 2021; Dalla Chiesa & Dekker, 2021b for additional insights into these issues). This implies that there are varying sets of drivers and barriers at the (industry or project) meso level that activate at the (campaign) micro level. Second, structures and mechanisms emerge and activate differently across geographic contexts. The make-up of the institutional environments and context-specific conventions lead to different types of usage across countries. Here, cultural policy interventions can help incentivise the adoption of crowdfunding and legitimise the practice. Conversely, the opposition of art institutions, established artists, experts, and civil servants can stifle interest. Whether the use of crowdfunding is accepted and encouraged, or met with disapproval and discouragement, is far from uniform. Neither is it a question of "either-or", as the latter positions should be seen as extreme on a continuum where the actual perception is always highly hybrid.

Thus, the conclusion will be that it is not enough to understand benefits or impediments from the micro perspective. An understanding of what drives or impedes uptake and usage of crowdfunding additionally needs to also consider meso level (platform environment, industry category, and the configuration of production systems) and macro level (configuration of the institutional environments and arrangements) structures and mechanisms. Therefore, and consequently, to understand what drives or impedes crowdfunding usage, the analysis and explanations need to expand from discussions of crowdfunding as a largely homogenous individual practice at the micro level to a practice embedded in meso-level production systems at the industry level and consider the impact of macro-level mechanisms at the meso and micro level. Table 15 provides an overview of some of the issues and mechanisms such an analysis may consider. The ability of crowdfunding platforms to foster alternative production and business models through disintermediation is in tension with the reintermediation of major platforms (such as Kickstarter or Verkami) that favours

projects with scale over scope at the meso level. A similar conflict can be observed at the macro level in terms of institutional acceptance or rejection. In the latter case, a preference for conventional funding models predicated on co-financing may indicate a lack of knowledge and acceptance, which in turn may indicate a tendency toward lock-in and path dependence.

Table 15

Drivers and Barriers of Crowdfunding Usage

Level	Drivers	Barriers
Micro	Digitalisation	Having to perform unfamiliar downstream activities
	Potential for audience development, community engagement and mobilisation of 'strong' ties	Challenges to make it a sustainable business model due to lack of an audience or consumer base.
	Reduction in public funding	Competition from other platforms adopting crowdfunding technology
Meso	Disintermediation of production systems in the CCI	Scope (potential reach) of the project
	Increased competition for access to traditional sources of funding, and growth of the cultural and creative workforce	Scale (financial requirements)
	The crowdfunding platform as a selection and value co-creation mechanism	Reintermediation (major crowdfunding platforms becoming new industry-level gatekeepers)
Macro	Incentives to take up the practice	Resistance from existing institutions and lack of legitimacy among artists
	Favourable regulation and institutional arrangements	Reactiveness and expectancy in the public administration
	Access to training and education	Lack of either knowledge about or acceptance of crowdfunding among institutional actors.

Source: Micro-level factors adopted from Thorley (2016), Gerber and Hui (2016) and Leyshon et al. (2016). Meso and Macro levels compiled by the author.

In relation to the second question, how cultural entrepreneurs adopt and use crowdfunding as a business model, we need to build on the insights and answers to the “what” question by considering the specific expectations that individual promoters objectively hope to achieve by adopting crowdfunding as a business model. In the same way as the meso and macro level determine micro-level drivers and barriers, the actual “how to” of using crowdfunding as a business model can only be understood by the motivation behind its adoption. The reason for

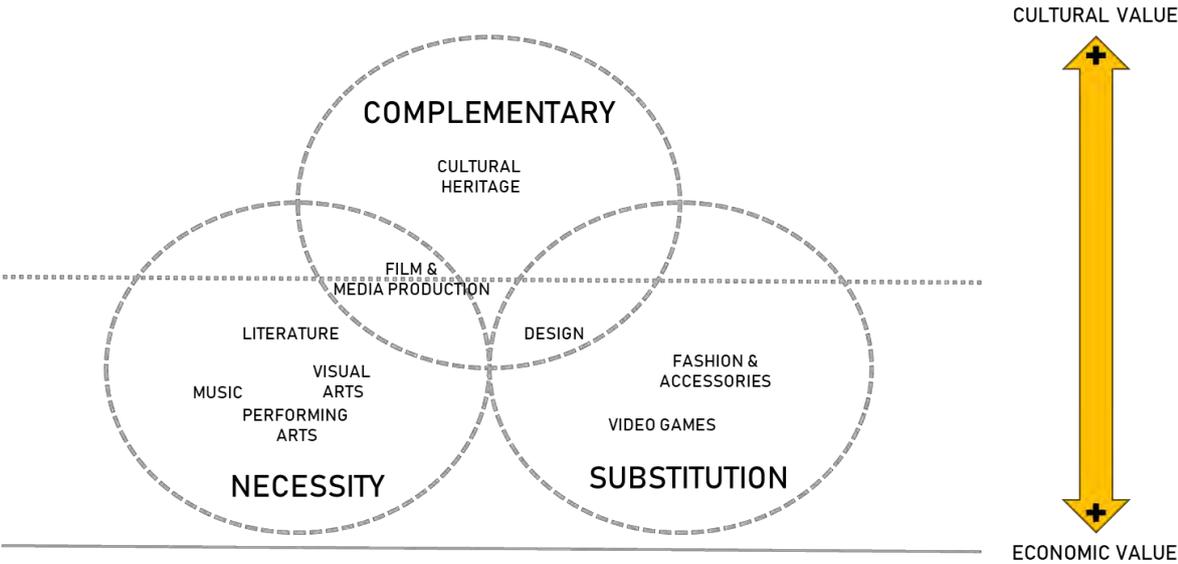
seeking funding through crowdfunding can, in relation to overarching intent, be explained as: resulting from a necessity (only option), complementary use (alongside other sources) or as substitution (for other sources). How crowdfunding is practised can be related to this, and this would mean that there are three different models of how to use cultural crowdfunding:

- First, there are those who use crowdfunding out of necessity, meaning emerging artists and creators acting as cultural entrepreneurs. This category of promoters adopts crowdfunding because they have no other options to access funding or investment to finance cultural productions. One major driver for this group is securing funding for a project that may lead to positive valuation by audiences, consumers, experts and peers.
- Second, those who perceive crowdfunding as a complementary source of funding, meaning artists, cultural entrepreneurs, and organisations who may have some access to other public or private sources of funding. Promoters motivated by complementarity perceive crowdfunding as a business model they may use for community building, audience development, and as a leverage to release other sources of public and private financing. The latter is particularly the case with film production. A major driver for this group of promoters is producing cultural and symbolic value.
- Third, those who decide to adopt crowdfunding as a substitute, meaning foregoing other sources of entrepreneurial finance in the hope that, through crowdfunding, they can develop a venture and gain brand acceptance, which will enable them structural stability as an ongoing concern. Promoters of these types of campaigns see crowdfunding as a viable substitute that can provide necessary financing and information about market potential through value co-creation.

These motivations are expressions of a valuation regime that varies between market testing (what gets successfully funded is of economic value) and certification and acceptance by a wider range of consumers, peers, and experts (Dekker, 2015). They reflect, in other words, crowdfunding as fundamentally being a process of *valorisation* that encompasses both “assessment of value” (evaluation and selection) and “production of value” (selection through valorisation) (Vatin, 2013). The value in plural can have an economic or symbolic orientation (Throsby, 2001). Different types of projects lie on a spectrum, with some leaning more towards the economic end than others; for example, the necessity and substitution models are closer to the economic end, while the complementary use model leans more towards the symbolic end. Despite the foregoing discussion, the actual justifications and placement of

promoters and campaigns will be hybrid (as the model seeks to visualise) and project-specific. Figure 16 depicts the proposed typology.

Figure 16
Rationales for How Promoters Adopt and Use Crowdfunding



What the figure additionally seeks to convey – which is not evident – is that substituting crowdfunding as a business model for other funding and financing options is only viable because consumers in the digital economy can partake in platform-based valuation processes. This means that cultural crowdfunding may be used as a consumer-led brand development strategy (cf. Article III) in a few cases. A desire for independence, community building, and audience development may lead to the adoption of crowdfunding as a complementary source of funding and a platform to create symbolic value. In most cases, however, crowdfunding represents the only viable external funding option. Most campaigns fall into this category, making the adoption of cultural crowdfunding as a business model a necessity rather than a choice.

Chapter 7 Concluding remarks

Reaching the end of the road on a journey investigating the emergence of cultural crowdfunding as a practice has been interesting and inspiring. While drivers and barriers that enable or impede adoption and use have been identified, and the question of how artists and cultural entrepreneurs use crowdfunding is addressed, there are still many aspects and characteristics of the practice of which we have no clear assessment. As an example, it is still not possible to determine whether the expectations of Bannerman (2013), who lauded crowdfunding as a mechanism that could potentially shift mindsets, or those of Powell (2017), who saw in crowdfunding the innovative combination of charitable giving and a venture-capital mindset as a path to a 'better' future, have come to fruition.

This thesis has helped establish that crowdfunding may be a viable option for promoters attempting to break into established cultural production systems. Many of these are de facto amateurs or professional artists with no reputation, coming from as far afield as outside the outside of the mainstream. Crowdfunding provides a way for this group, who are primarily motivated by necessity, to finance projects that produce value in the form of attention, whether that be from audiences, other potential funders, consumers, or new fans. Sixty percent of respondents were motivated by the potential for increased visibility, with forty-nine percent seeking new investors (public or private), and thirty-five percent attempting to reach new audiences, according to survey results from the Nordic countries (analysed in Chapter 4). Eighty-plus percent of Spanish promoters said they thought crowdfunding was a good way to publicise and gain support for their projects (Sastre Canelas, 2016). These findings convey intent, or the hopes and expectations associated with crowdfunding.

A recent article in *Harvard Business Review* correctly classifies crowdfunding as a nondisruptive innovation (Chan Kim & Mauborgne, 2023). By "non-disruptive," the authors mean that Kickstarter did not lead to the loss of any jobs or the closure of any businesses (p. 79). Further, in the United States alone, Kickstarter has helped to create over 300,000 part-time jobs, 8,800 new businesses, and \$5.3 billion in economic activity in the cultural and creative sectors (Mollick & Kuppuswamy, 2014). The characterisation and statistics clearly illustrate some of the positive sides of crowdfunding.

However, as Article III reminds us, cultural crowdfunding is also maturing. Crowdfunding markets are becoming more concentrated. By 2021, the average pledge for projects is highest in the design category, while 2015 was the peak year for funding arts and cultural projects on

Kickstarter (Chen & Noonan, 2023). These findings are consistent with the Kickstarter data from 2021 discussed in Chapter 4, which showed that the average amount of money raised in the gaming, design, and technology categories was six times that of the cultural end of the project typology. What maturity implies then, is that there are incentives and gains to be made from crowdfunding, but not all promoters and projects receive the same share of them.

Maturity also means that crowdfunding technology is becoming more pervasive and is often included in other platforms models. Wikipedia is integrating donation crowdfunding into its crowdsourced operations. *The Guardian* newspaper avoids having a paywall through donations from 655,000 regular monthly supporters across both print and digital (Waterson, 2019). An additional 300,000 people made one-time contributions in 2018 alone. The Guggenheim Museum in Bilbao are over halfway towards raising 100,000 Euros to fund the restoration of *Puppy* by Jeff Koons (Guggenheim Bilbao, 2021) Even Spotify has a donation button for individual artists integrated into its app.

However, pervasiveness remains context dependent. In contrast with the Arts Councils in the Nordic countries, Creative Scotland has established a fund of 50,000 GBP to support the Kickstarter campaigns of Scottish artists and creators (Kickstarter, 2023). The Swedish platform Crowdculture, an early innovator in the fields of match funding and public-private partnerships, has shut down, bringing match-funding in Sweden to a temporary end. This also exemplifies how public-private partnerships, which are common in many English-speaking countries (for example, encouraging private donations by providing matching grants in exchange for tax exemptions), are not widely adopted in the rest of Europe. The thesis argues that established norms and customs within a particular institutional setting can either facilitate or restrict the spread and application of a given idea. However, as shown by the case studies, with the right kind of intervention to support crowdfunding, the scope and potential to aid new groups of cultural entrepreneurs and to bolster funding opportunities for those outside the "public" system trying to break in can be greatly expanded.

To conclude, having success with crowdfunding as a business model requires the ability to mobilise fans and followers, engage in co-creation, and manage to foster a sense of belonging and loyalty to the funded projects. Successful outcomes therefore require meticulous alignment and balancing of the hopes of the promoters with the expectations of the patrons. The value propositions for the campaign should align with the promoter's visions and give the promoter some control over the project's deliverables and timetable. Simultaneously, the

proposition should strive – depending on the structure and objectives of the project – to instil a sense of ownership in contributors regarding the project's conception and implementation, while also providing patrons with opportunities to participate actively in the project's implementation or creation. These considerations go beyond whether the motivation with adopting crowdfunding is necessity, complementarity, or substitution,

The difficulties may be that projects looking for funding from the crowd represent value proposition in its pure form: without the potential audience or consumer's involvement, these goods and services will not see the light of day. An important takeaway, however, from Article I, which I would like to reiterate, is that crowdfunding challenges project creators to balance economic and socio-cultural values, and the requirements of individual, independent aesthetic practice and craft production with co-creating with others. This is because crowdfunding blurs the distinction between production and consumption, as consumers take part not just in fundraising activities but also in the production of symbolic value and legitimacy.

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Appendix

Cultural Crowdfunding — What do we know and what should we research?

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Abstract

Musicians and film producers pioneered crowdfunding by reaching out to their fans via online crowdfunding channels to fundraise their artistic endeavours. Considering the unique characteristics of the cultural and creative industries (CCI) and cuts in public arts funding there is a need for a systematic analysis of research on cultural crowdfunding (CCF), as an alternative funding source. Accordingly, we combine a qualitatively-anchored narrative-based literature review and bibliometric analysis of CCF literature encompassing 115 journal articles and book chapters. While both reveal key themes in current CCF research, the former is based on citation analyses, while the latter is based on qualitative content coding and analysis. Based on these complimentary approaches, we outline current CCF research trends, identify relevant gaps, and propose avenues for future CCF research.

Keywords: *culture; fan funding; crowdfunding; systematic literature review; bibliometric analysis; arts funding.*

1. Introduction

Cultural production, capturing the system of creation, production, distribution, and consumption of cultural products and services (Venkatesh and Meamber, 2006), has faced severe pressures during the last two decades. Actors in the cultural sector were required to adapt to cuts or stagnation in public funding in many Western countries (Boeuf, Darveau, and Legoux, 2014, Papadimitriou, 2017), as those struggled to recover from the outcomes of the 2008 financial crisis throughout the following decade (Inkei, 2019). In addition, the growing intensity of digitization of commerce and services has reshuffled structures and value chains towards a more artist-centred economy (Betzler and Leuschen, 2020, Matulionyte et al., 2017, Peltoniemi, 2015). In such an economy artists enjoy greater aesthetic freedoms and more direct contact with their fans, but also have to assume greater economic and managerial responsibilities (D'Amato, 2016). As a direct result, cultural actors face growing pressures towards commercialization (Salder, 2020), need to become more proactive in fundraising their own endeavours (Lee, Fraser, and Fillis, 2017), and tackle increased competition for donors and sponsors (Boeuf, Darveau, and Legoux, 2014).

These conditions coupled with historical traditions of cultural funding via offline patronage agreements, as well as pre-sales through subscription arrangements, made it necessary for artists to adopt crowdfunding as an online fundraising channel (Rykkja, Munim, and Bonet, 2020, Swords, 2017). Crowdfunding is an umbrella term capturing a variety of models enabling online fundraising from the public, where each individual provides a small amount, instead of raising large sums from a small group of large contributors (Belleflamme, Lambert, and Schwienbacher, 2014), over the internet, and often without traditional financial intermediaries (Mollick, 2014).

Crowdfunding encompasses both investment and non-investment models (Belleflamme and Lambert, 2016). Investment models include equity investments (sale of ownership stakes

in organizations or future income/profit streams) and lending (repayment of principal with interest), while non-investment models are associated with rewards (pre-sales or offers of other non-monetary tokens of appreciation), and donations (primarily philanthropic, civic, and religious gift giving). While investment models cover up to 99.5% of total global volumes raised in 2018, non-investment models represent less than 0.5% (Ziegler et al., 2020). However, in the context of cultural crowdfunding, early research shows that fundraising activity tends to concentrate around non-investment models, with 88% of cultural crowdfunding campaigns following the reward crowdfunding model, 8% following the donation model, and only 4% using investment models (De Voldere and Zeqo, 2017).

Broadly defined, we label ‘Cultural Crowdfunding’ (hereafter ‘CCF’) as crowdfunding practice for the purpose of funding any component of production in the cultural and creative industries (hereafter ‘CCIs’). Moreover, for brevity, we will use the term ‘cultural’ as encompassing both the cultural and creative when referring to production, products, and services in CCIs. Here, as CCF patterns diverge from purely commercial crowdfunding practice, it represents a unique research context. Research interest is further enhanced by the potential of crowdfunding to both challenge and reinforce models of organizing cultural and creative production (Bannerman, 2012), while reducing social and economic entry barriers for wider groups of creative people (Shaw, 2020).

At the macro-level, while cultural productions have direct economic value creation in terms of employment and earnings, they also create value indirectly through enhancing innovation and creativity, as well as in improving quality of life (Hansen, 1995). At the micro-level, the higher experiential, symbolic, and aesthetic value of cultural and creative products and services, implies that their valorisation is based on affective and experiential value (Lampel, Shamsie, and Lant, 2006), while enhancing consumers’ subjective well-being (Wheatley and Bickerton, 2019) and happiness (Hand, 2018). These characteristics of goods

and services may translate into a different set of dynamics when engaging in crowdfunding. More specifically, CCF forces cultural and creative actors to re-examine and manage the balance between commercial and non-commercial value creation, popular and alternative creative expression, as well as between offline and online aesthetic practices.

More than fifteen years since the launch of the first crowdfunding platform - ArtistShare (dedicated to fan-funding of music projects), it is high time to take stock of *what we know about CCF?*, while outlining *what should we further research in the future?*

For this purpose, we conduct a literature review of carefully selected 115 journal publications and book chapters at the intersection of cultural production and crowdfunding. The systematic review (Tranfield, Denyer, and Smart, 2003) is based on two complimentary methods. First, we run a quantitatively-anchored bibliometric analysis (Garfield, 1979) highlighting key themes in current CCF research based on citation clusters. Second, we conduct a more qualitatively-anchored narrative-based literature review (Greenhalgh et al., 2005) outlining such themes based on content analysis. This methodological triangulation allows us refining the most substantial of earlier insights, while identifying gaps and opportunities for future research.

In the next section, we outline the methodological underpinnings of the analyses conducted. This is followed by a summary of findings from both the bibliometric analysis and the narrative-based literature review. These insights are then discussed in a comparative manner fleshing out common themes and concrete gaps in existing literature. We conclude by outlining opportunities for future research, while highlighting key contributions.

2. Methodology

The current study follows a systematic review approach by adhering to a defined set of stepwise procedural guidelines that are transparently communicated, and hence possible to reproduce (Tranfield, Denyer, and Smart, 2003).

2.1. Search and selection

To answer our research questions, we build on several frameworks capturing the variety of CCIs' productions and online crowdfunding practices. We adopt Throsby's (2001) view of cultural activities as those involving some form of creativity, generating and communicating a symbolic meaning, and creating some form of intellectual capital. More concretely, we use the concentric circles framework (Throsby, 2008), to define, operationalise, and distinguish between sectors based on their relative intensity of creative vs. commercial production value. Here, the closer a sector is to the core, the higher its creative value is, and the more distant it is from the core, the higher its commercial value is. Core creative arts include literature, music, performing arts, and visual arts. Other core industries include film, museums, galleries, libraries, and photography. Wider cultural and creative industries include heritage service, publishing and print media, television and radio, sound recording, video, and computer games. And, finally, related industries are advertising, architecture, design, and fashion.

For capturing online crowdfunding practices, we use the generic typology of crowdfunding models including – equity-, lending-, reward-, and donation-based crowdfunding (Shneor, Zhao, and Flåten, 2020). Equity crowdfunding refers to backers buying an ownership stake in an organization or future monetary streams. Crowd-lending relates to loan provision by individual and/or institutional backers to borrowers based on predefined repayment schedule and conditions. Reward crowdfunding means that backers provide funding in exchange for non-monetary rewards in the form of pre-sales of products or services, as well

as other non-monetary tokens of gratitude. Donation crowdfunding involves provision of funding based on philanthropic or civic motivations without expectation of material rewards.

Accordingly, to identify relevant publications, we used a search protocol including terms reflecting both cultural productions and crowdfunding practices. Keywords capturing cultural activities included: Architecture, Arts, Audiovisual (Film, Movie, Cinema, TV, Radio, Podcast, Video Game), Cultural Industries, Creative Industries, Design (Furniture, Craft), Event, Fashion, Festival, Heritage (Museum), Literature (Publishing, Book, Magazine, Comic, Newspaper), Music, Performing Arts (Theatre/Theater, Dance), and Visual Arts (Exhibition, Residence, Catalogue, Photography). A search string for crowdfunding related search terms: [crowdfund OR crowd-fund OR crowd fund OR crowdfunding OR crowd-funding OR crowd funding OR crowdfunders OR crowd-funders OR crowd fund]. Thus, by combining two sets of keywords, one for crowdfunding and another for cultural terms, we achieved a coherent, systematic, and reproducible keyword search procedure.

Search was conducted using the Web of Science database including peer-reviewed articles, book chapters, and books, in English, French, and Spanish. Here, we used the crowdfunding search string for the years 1997- (March) 2019, and categorically restricted the search to include any of the following terms: architecture, archaeology, art, economics, business, management, business finance, communication, humanities, multidisciplinary, public administration, sociology, philosophy, and film, radio, and television. The process of narrowing search query and subsequent evaluation of the results, which included a review of title, abstract, and keywords, led to retaining 114 publications. However, after a more detailed review of these sources 30 were removed as they included key terms in a way that did not relate to the purpose of the current study. As a result, 84 publications were chosen for further analysis. However, to ensure exhaustiveness, we also applied snowballing to trace references in the identified sources, as well as consulted with experts to identify additional sources. These efforts

resulted in 31 additional publications. Of these, fourteen were chapters in edited volumes, and one was a book in French. In total, 115 studies form the basis for our review.

2.2.Data extraction and coding

Since our analysis is based on two complimentary methods, a bibliometric analysis (Garfield, 1979) and a narrative-based literature review (Greenhalgh et al., 2005), each required a separate database. While the narrative analysis was based on all 115 sources, the bibliometric analysis relied on the access to electronic bibliography data, which was only available for the 84 studies identified in the Web of Science database.

Bibliometrics is a literature review technique relying on a statistical analysis of citations in published studies that brings objectivity and reliability (Garfield, 1979), often challenging to achieve in traditional literature reviews. Recent developments in bibliometric analysis tools allow analysing keywords and texts within the title and abstract of a study (Aria and Cuccurullo, 2017). In this study, we used the bibliometrix package created in the R software (Ibid.).

For the narrative analysis, we manually coded the studies through an iterative process. The coding categories included cultural sector, crowdfunding model, unit of analysis (crowdfunding platform, project, patron, or a combination), publication year, research methods, and findings. These codes informed a meta-narrative approach (Greenhalgh et al., 2005) for synthesising common themes emerging across sources.

Using two approaches as discussed above allows for triangulation of findings across methods. While the bibliometric analysis relies on interpretation of quantitative cluster analysis of citation patterns, the narrative approach provides a qualitative analysis of the actual content of the reviewed papers. Hence, we employ two data types for answering the same research questions, which strengthens the validity of our findings. To ensure that each of the analysis

approaches does not influence interpretation of findings in the other one, different researchers conducted them. Later in this paper, we will compare the results of the two separate analyses, while highlighting commonalities, differences, and their associated thematic streams and research gaps.

3. Findings

3.1. Bibliometric analysis

The 84 publications included in the analysis were published in 58 different outlets indicating the wide relevance and cross-disciplinary nature of CCF, as well as its emergent status. Nevertheless, some journals stand out as more influential than others. Table 1 presents the top ten journals based on the number of published CCF related studies. Cultural studies and media management journals like *New Media & Society*, *Historia Y Comunicacion Social*, and *Jmm-International Journal* top the list. However, business- and management-oriented journals, like *Journal of Business Research* and *Journal of Information Technology* also appear on the leading positions in the list.

Table 1 comes about here

At the article level, number of citations is used as indicator of impact. Total Citations (TC) refer to the number of citations of an article's citations by all other publications indexed in the Web of Science database. Total Local Citations (TLC) refer to the number of an article's citations among the specific 84 articles in our sample. Table 2 presents the ranking of the most influential articles based on both total citations and total local citations. Six out of the top ten studies (Agrawal, Catalini, and Goldfarb, 2015, Jian and Usher, 2014, Mollick, 2014, Ordanini et al., 2011, Scott, 2015, Sørensen, 2012) are common in both rankings.

Table 2 comes about here

A deeper examination reveals that the most cited articles are those that use CCF as a contextual backdrop for testing generic theoretical assumptions across sectors (i.e. Agrawal, Catalini, and Goldfarb, 2015, Mollick, 2014, Ordanini et al., 2011), rather than studying the unique aspects of CCF. Exceptions here are the articles dedicated to journalistic work (Jian and Usher, 2014) and documentary film production (Sørensen, 2012), as well as several articles on the unique aspects of managing fandoms (Booth, 2015, Hills, 2015, Scott, 2015).

To identify the underlying research clusters within the CCF domain, we used the bibliographic coupling technique. *Bibliographic coupling* refers to the citation of at least one common article among two or more articles (Kessler, 1963). Bibliographically coupled articles are likely to have a common research theme. Thus, bibliographically coupled articles are likely to have a common research theme. As shown in Aria and Cuccurullo (2017), a bibliographic coupling network uses the following generic formula:

$$B_{coup} = A \times A' \quad (1)$$

Here, A is a *document* \times *cited reference* matrix, B_{coup} consist of the matrix b_{ij} which reflects the number of common references between articles i and j . To normalise the bibliographic coupling data, we used the ‘association’ measure (Van Eck and Waltman, 2009). Moreover, we used the Louvain clustering algorithm (Blondel et al., 2008) for the research theme mapping.

Figure 1 visualises the results of bibliographic coupling with articles in different colours representing different themes. After in-depth reading the studies in each cluster, we identified five themes. These include the following with key references under each: (1) value creation

through crowdfunding (i.e. Nucciarelli et al., 2017, Quero and Ventura, 2015); (2) role of the community, fans and network relations (i.e. Booth, 2015, Swords, 2017); (3) drivers of campaign success (i.e. Agrawal, Catalini, and Goldfarb, 2015, Bi, Liu, and Usman, 2017, Mendes-Da-Silva et al., 2015); (4) industry specific insights about crowdfunding in journalism (i.e. Jian and Usher, 2014, Ladson and Lee, 2017) and (5) reflections on specific crowdfunding experiences in the cultural and creative industries (i.e. Papadimitriou, 2017, Riley-Huff et al., 2016).

Figure 1 comes about here

3.2. Meta-narrative analysis

The 115 publications included in the analysis were thoroughly read and coded along narrative themes and sub-topics, methods used, unit of analysis, and the sub-sectoral affiliation within the cultural and creative industries. Table 3 summarizes key findings with respect to each.

Table 3 comes about here

First, thematically, the analysis uncovered five meta-narratives each divided into the two main sub-topics underlying current CCF research. These included the following: (1) impact of ties between fundraisers and backers/patrons on CCF campaign outcomes, with two main sub-streams related to either the role of geography and sociology (i.e. Agrawal, Catalini, and Goldfarb, 2015, Mendes-Da-Silva et al., 2015), or to affective aspects in the relationship with fans (i.e. Booth, 2015, Hills, 2015); (2) aspects of broad value creation in the cultural sector via CCF, either in the form of participatory peer production (i.e. Nucciarelli et al., 2017, Smith, 2015), or in terms of co-investments (i.e. Ordanini et al., 2011, Quero and Ventura, 2015); (3)

implications of CCF for practical aspects of cultural production, mostly in terms of CCF as a solution to fundraising challenges vis-a-vis traditional financing models (i.e. Bonet and Sastre, 2016, Papadimitriou, 2017), or in terms of CCF as a new solution for production and distribution vis-à-vis traditional channels (i.e. Barbieri et al., 2019); (4) identification of factors influencing campaign success, either having a direct impact on campaign success (i.e. Bi, Liu, and Usman, 2017, Davidson and Poor, 2016), or focusing on backer motivations as a way to encourage their participation (i.e. Marchegiani, 2018, Steigenberger, 2017) and, hence, improve chances of success; and finally, (5) intermediation roles of crowdfunding platforms (i.e. Ladson and Lee, 2017, Wessel, Thies, and Benlian, 2017).

Second, in terms of methods, our findings indicate that methodological choices are aligned with thematic considerations. Here, while research on factors influencing campaign success, and the role of network relations are predominantly quantitative, studies on value creation and practical implications of CCF uptake are mostly qualitative. The former group of studies is dominated by statistical analyses of campaign level data from crowdfunding platforms, while the latter group involves case analyses at the campaign/project and platform level. Research seems to largely ignore campaign creators, with very few exceptions (i.e. Davidson and Poor, 2015), despite the importance of these actors.

Third, in terms sectoral affiliations, a quarter of the studies (n=30) do not identify a specific sub-sector within the cultural and creative industries, and often lump together all sub-sectors (we label these studies as ‘general’). Four main sectors dominate current CCF research – film production (n=26), music and record production (n=21), publishing and media print (n=13), and journalism (n=10). The least studied sectors, with two publications or less on each, include the performing arts, fashion design, archaeology, and architecture.

Furthermore, when divided by crowdfunding model, most studies make use of the reward-based model (n=72, 63%). Of those, two-thirds are clearly classified as reward

crowdfunding, while the remaining third have been classified as such by the authors, based on the content of each paper, as the original publications do not explicitly define the crowdfunding model. Specifically, in the music sector, we see more diversity than in other sub-sectors, where most studies explore either campaigns using the reward-based model (n=14) or the equity-based model (n=6), especially in its revenue sharing format. Interestingly, and unlike other sectors, the donation-based model dominates research into crowdfunding journalistic work.

While these findings seem to correspond well with actual usage patterns (De Voldere and Zeqo, 2017) in terms of the dominance of reward crowdfunding, much room remains for analysing the use of other crowdfunding models. For instance, it can be interesting to consider investment crowdfunding models, as they may both involve larger amounts and have greater implications on creative practices and artists' independence. Furthermore, more research is needed for understanding manifestations of the patronage model (Swords, 2017), which has been largely ignored despite its unique relevance for the cultural sector.

4. Discussion

Bringing together the results of the two analyses enhances our ability to capture what is known and remains to be explored in CCF research. Table 4 presents the key themes emerging from both analyses. Four themes have been identified in both analyses, although labelled differently, while the fifth theme relates to different topics. However, while the themes are presented as independent, the boundaries between them are rather fuzzy, with several studies covering more than one clear stream (for example, relational aspects also serve as predictors of campaign success, as well as the basis for crowd engagement in co-creation activities). Nevertheless, for clarity and consistency in the current discussion, we summarize the key insights emerging under each theme, while highlighting the gaps for further exploration.

Table 4 comes about here

4.1. Theme 1 – value creation through CCF

Research concerned with value creation through CCF acknowledges that crowdfunding opens opportunities for value creation going beyond co-financing. Indeed, a study analysing Spanish CCF has identified seven types of value co-creation through crowdfunding practice, namely – co-ideation, co-design, co-evaluation (of ideas), co-financing, co-testing, co-launch, and co-consumption (Quero, Ventura, and Kelleher, 2017). Accordingly, this stream of research incorporates studies exploring the shift towards user-centred innovation in a variety of sectors from game development (Nucciarelli et al., 2017) to music production (Gamble, Brennan, and McAdam, 2017), with interactions going on beyond the campaign and include backers' involvement in testing, feedback, and evaluation of ongoing product development (Smith, 2015). Even, when considering financial aspects, backers are not only financial contributors, but also proactive relational mediators, encouraging others to engage in co-investments (Ordanini et al., 2011).

4.2. Theme 2 – community, fans, and network relations in CCF

Taking a step back from value co-creation, a second stream of research focuses on the relational aspects that must be in place for enabling such activities. This stream stresses that artists' investment in social relations and informal collaborations substitutes traditional financial resources and organizational models (D'Amato, 2016). Several studies highlight the importance of family and friends as initial supporters, whose contributions help building up momentum for engagement of more distant contacts and previously unfamiliar backers (Agrawal, Catalini, and Goldfarb, 2015, Wang, 2016). This is further supported by the efforts to mobilize existing fans of established artists (Booth, 2015) or form a fanbase for emerging

artists (Galuszka and Brzozowska, 2016). In such instances, fans voluntarily engage in a CCF campaign by providing funding in return for access to new content, proximity to the creator, as well as access to communities and exclusive merchandise (Hills, 2015). While greater geographic distance is negatively associated with backing behaviour in some studies (Bernard and Gazel, 2018, Mendes-Da-Silva et al., 2015), it has a positive effect in others (Agrawal, Catalini, and Goldfarb, 2015), possibly explained by ability to signal quality and tap into affective aspects in artist-fan relations (Leyshon et al., 2016).

4.3. Theme 3 – drivers of CCF campaign success

Identifying factors both driving and inhibiting campaign success has been a key theme in crowdfunding research regardless of sectoral affiliation and across a multitude of models (Shneor and Vik, 2020). In CCF, this stream merges insights from the research on backer motivations, mobilization of social capital, as well as a role of campaign features as quality signals. First, research suggests that success depends on tapping into backers' motivations, which are mostly intrinsic (e.g. participation, recognition, emotional involvement, etc.) (Marchegiani, 2018), and include both purchasing and more altruistic motives (Steigenberger, 2017). Second, campaign success is positively associated with the extent and intensity of social capital mobilization to spread campaign information (i.e. Bao and Huang, 2017, Bi, Liu, and Usman, 2017). And, third, there is evidence for positive association between campaign success and the quantity and quality of campaign content and media features (e.g. text length, availability of images and videos, number of rewards, etc.) (i.e. Bi, Liu, and Usman, 2017, Cha, 2017, Ladson and Lee, 2017, Mollick, 2014).

4.4. Theme 4 – Implications of CCF for practical aspects of cultural production

The fourth stream includes mostly conceptual papers presenting reflections and speculations on the possible implications of CCF practices for cultural production at an industry level, without empirical testing. Here, discussions highlight the potential of CCF to negate market uncertainties (Galuszka and Bystrov, 2014), especially those linked to reductions in public funding (Bonet and Sastre, 2016). Some studies call for a gradual process rather than an abrupt disruption of ties between creators and traditional funders to reduce instability in cultural work conditions (Bannerman, 2012). In this respect, a suggested solution is to match crowd-based funding with traditional funding, and thus empowering both creators and public authorities in setting cultural agendas that are supported by the crowds (Bonet and Sastre, 2016). This development can be further encouraged by research showing broad agreement between experts and the crowd on which projects should receive support (Bernard and Gazel, 2018, Mollick and Nanda, 2015). Nevertheless, one should be careful, especially when facing pressures towards commercial considerations of consumer value at the expense of socio-cultural non-commercial, creative and artistic considerations (Papadimitriou, 2017).

4.5. Minor themes in current CCF research

The advantages and weaknesses of the two analytical approaches become apparent when we explore the final minor themes. Here, a bibliometric analysis identified a cluster of publications specific to journalism. This research highlights that dependence on crowdfunding can challenge the balance between objective reporting and agenda advocacy (Hunter, 2015), while setting boundaries for external engagement in co-creation processes (Porlezza and Splendore, 2016). Furthermore, reliance on donation crowdfunding impacts the types of reporting that gets funded. Here, public tends to favour reports on practical guidance for everyday life, instead of journalistic coverage of social and political affairs (Jian and Usher, 2014). However, in this

cluster, intensive co-citations result from a combination of a focus on journalism as well as the fact that this specific stream is dominated by donation crowdfunding. More careful reading of the actual content and research questions addressed in these studies, reveals that most can be thematically classified under one of the other identified themes.

At the same time, the narrative analysis uncovered a stream focused on the role of platforms and their influences on CCF dynamics and outcomes. This stream involves only a few studies and hence was not identified in the bibliometric analysis as a separate cluster. In terms of the role of intermediaries, research suggests that platform interventions affect campaign dynamics. Specifically, a shift from manual screening of campaigns by employees to an algorithm-based filtering has increased revenues for platforms but deteriorated funding conditions for campaign creators and backers (Wessel, Thies, and Benlian, 2017). Moreover, targeted newsletters sent by platforms improve campaign success rates by captivating the attention of prospective backers (Lumeau, Mahé, and Viotto da Cruz, 2018).

4.6. Gaps in existing research

There are several research gaps common to all the themes; those include absence of comparative research across different crowdfunding models, types of cultural productions, as well as different national and institutional settings.

First, it may be valuable to understand whether using investment crowdfunding models enhances quality and intensity of backers' engagement in co-creation activities compared to non-investment models. Here, it is also important to explore which factors lead to successful crowdfunding regardless of model, and which factors exert greater effects in investment versus non-investment models, when backers serve as investors versus when they serve as consumers.

Second, it is interesting to examine the boundaries and manifestations of backer engagements in different cultural sectors, as well as the extent to which cultural actors

accommodate them. In this context, research can examine whether some cultural productions involve more backer engagement than others do, and whether certain engagements are more common in certain types of cultural productions.

Third, different national institutions provide different conditions with respect to availability of public funding, legal protection, and national cultural orientations (e.g. social trust, individualism, etc.). Therefore, it may be valuable to investigate the involvement of backers in co-creation and co-financing processes under such differing conditions. Similarly, the impact of CCF may be experienced differently under different institutional settings, which may allow for identification of more and less CCF-friendly environments and their characteristics.

Fourth, as more cultural actors employ crowdfunding in their fundraising efforts it is important to evaluate the effects such development has on the roles and strategies of traditional financial sources in the cultural and creative industries. Here, research is needed to measure the extent to which crowdfunding supplements versus substitutes traditional sources of finance, as well as explore synergies between them. Some synergies may emerge in terms of crowdfunding as pre-qualification condition for accessing other sources of funding, while others may manifest in schemes where crowdfunding is matched with public funding for greater impact and reach.

4.7.Future themes for CCF research

As mentioned earlier, much of earlier research has focused on the project/campaign and backer/patron levels of analysis while largely ignoring the creators of campaigns. Future research can focus more on the cultural actors behind the campaigns while attempting to understand the drivers and barriers for their adoption of crowdfunding as a fundraising channel, as well as the short- and long-term impacts resulting from such decisions.

First, in terms of adoption, earlier research suggests that cultural actors may be uncomfortable with crowdfunding dynamics forcing them to engage in activities they may feel less skilled at, such as marketing and sales (Leyshon et al., 2016). In this context, though earlier research shows that having business competent people on boards is associated with greater success in fundraising of cultural institutions (Betzler, 2015), many artists express no interest in developing commercial skills and even develop an anti-entrepreneurial mindset (Lee, Fraser, and Fillis, 2018). Other concerns may involve the need to control and set boundaries for exposure to and influence by fans (Davidson and Poor, 2015), as well as fears of reputational damage in case of failed campaigns (Gleasure, 2015).

Helpful theoretical frameworks here may include the Theory of Planned Behaviour (Ajzen, 1991) as well as the Technology Acceptance Model (Venkatesh and Davis, 2000). Both frameworks can serve as a first steppingstone for further tailoring of such generic models to the unique circumstances of cultural production while accounting for perceptions of both artistic and business self-efficacy, boundaries to engagement, and reputational concerns.

Second, in terms of impact, research is largely absent except for one study providing first insights on how at macro-level crowdfunding challenges traditional players to accommodate a more user-centric innovation approach in the music industry (Gamble, Brennan, and McAdam, 2017). As micro-level impacts remain unclear, future research can focus on analysing post-campaign realities and experienced impacts in terms of cultural actors' economic, reputational, and creative development. Here, research can separate and compare between creative individuals (e.g. musicians, illustrators, authors, etc.) and cultural organizations (e.g. theatres, museums, libraries, etc.), as well as straddling the continuum of the concentric circle model, comparing projects with either respective high or low cultural and economic value.

5. Conclusion

Cultural crowdfunding (CCF) is an increasingly important funding channel for creative and artistic works, as well as the institutions that support them. Therefore, there is a need to consolidate the existing knowledge about the CCF phenomenon and encourage its further investigation. The current study contributes to the field by presenting a systematic review of what is currently known, as well as identifying the knowledge gaps that require further research. Our findings thus provide important implications for both CCF research and practice. Researchers can use the current study as a background for further investigation while addressing the highlighted research gaps. Practitioners can draw on the consolidated knowledge presented when developing their own strategies and activities, as well as identify relevant sources pertaining information on concrete efforts they are considering.

Overall, our analysis identifies several important characteristics of current CCF research. First, it predominantly focuses on non-investment models of crowdfunding, specifically on reward crowdfunding, while largely ignoring the equity and lending forms of crowd finance. Second, while the use of crowdfunding for film, music, and printed media production receives ample attention, other sub-sectors of the cultural and creative industries are largely ignored (e.g. performing arts, fashion, architecture, etc.). Third, most research focuses on the campaign/project or the backer/patron level of analysis while overlooking the campaign creator. Fourth, most impactful research in the field (in terms of citations) tends to be quantitative and related to the aspects of campaign success and network relations. The existing qualitative studies often present anecdotal evidence in a descriptive manner instead of attempting a full-fledged theoretical development that can be further tested and refined in follow-up studies.

Furthermore, in terms of thematic focus, the literature concentrates on four key themes and two more minor ones. The dominant themes include – aspects of value creation via CCF,

drivers of campaign success, the role of community and network relations in CCF, and reflections on CCF-specific practices and their macro-level implications. The two minor themes focus on the roles of crowdfunding platforms, and specific insights into crowdfunding in journalism.

Some of the main gaps in the literature include the need for treating cultural activity as the focus of the study rather than a contextual backdrop for understanding crowdfunding in general. Here, several understudied themes hold great promise for the development of the field while examining processes before and after the campaign. First, explorations of barriers and drivers for adoption of crowdfunding by artists, cultural producers, and cultural organizations in general, and in different crowdfunding models, is of great importance. Similarly, research capturing the short- and long-term impact of crowdfunding experiences on this group of practitioners will serve as an important benchmark for how crowdfunding delivers its promises to solve public funding gaps and enhance creators' economic, professional, and creative development. Both themes imply a shift of focus towards the creators of campaigns instead of the project or backers that have dominated earlier research.

Finally, despite impressive growth and interest in the past decade, it is important to stress that online crowdfunding remains a relatively novel phenomenon at its early stages. Therefore, it is subjected to regulatory changes, educational challenges of potential users, as well as unclear economic viability of platform operations. Hence, as the industry matures and the concept becomes more widely known, it is relevant to examine all aspects from a longitudinal perspective, highlighting the unique outcomes of the birth of a new industry, and the outcomes of its gradual maturation with respect to all involved stakeholders.

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Table 1. Ranking of the most influential journals

Rank	Journal	NP	TC	h_index
1	New Media & Society	10	122	7
2	Historia Y Comunicacion Social	4	12	2
3	Jmm-International Journal On Media Management	4	4	1
4	Journal of Business Research	3	69	3
5	Arbor-Ciencia Pensamiento Y Cultura	2	0	0
6	International Journal of Arts Management	2	30	2
7	Journal of Cultural Economics	2	19	2
8	Journal of Information Technology	2	8	1
9	Journalism Practice	2	15	2
10	Media Culture & Society	2	29	1

NP. The number of publications. TC. Total citations. H_index: Number of papers published by the journal, each of which received at least the same number of citations.

Table 2. Ranking of the most influential articles

Ranking based on total citations				Ranking based on total local citations		
Rank	Article	TC	TC/Year	Article	TLC	TLC/year
1	Mollick (2014)	673	134.6	Mollick (2014)	31	6.2
2	Ordanini et al. (2011)	241	30.13	Ordanini et al. (2011)	21	2.63
3	Agrawal et al. (2015)	140	35	Jian and Usher (2014)	8	1.6
4	Mollick and Nanda (2015)	67	22.33	Agrawal et al. (2015)	8	2
5	Bi et al. (2017)	38	19	Sørensen (2012)	7	1
6	Hobbs et al. (2016)	28	9.33	Scott (2015)	7	1.75
7	Boeuf et al. (2014)	28	5.6	Jian and Shin (2015)	5	1.25
8	Sørensen (2012)	28	4	Booth (2015)	5	1.25
9	Scott (2015)	20	5	Hills (2015)	4	1
10	Jian and Usher (2014)	20	4	Smith (2015)	4	1

TC. Total Citations. TLC. Total Local Citations.

Table 3. Concept matrix with meta-narrative along sub-topic lines

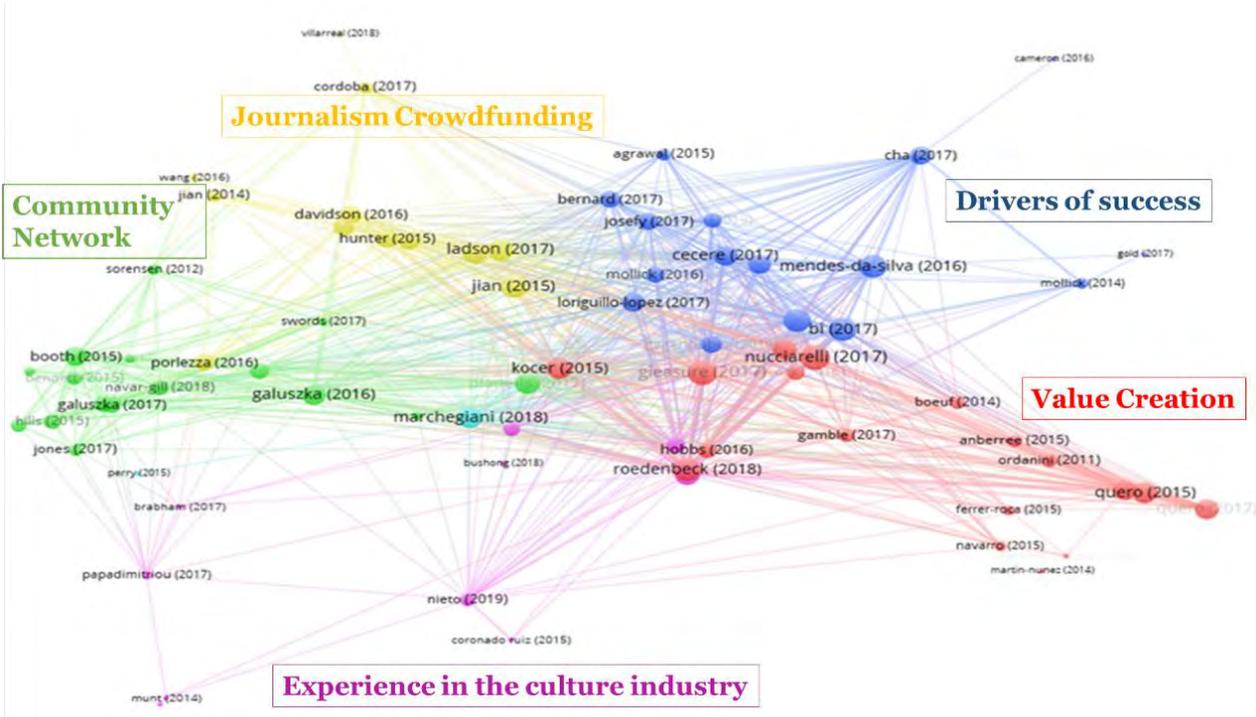
Meta-narrative	Along with sub-topics		General (n=30)	Core Creative Arts (n=2)	Core Cultural Industries (n=32)	Wider Cultural and Creative Industries (n=48)	Related Industries (n=3)
The impact of affective and geographical ties between promoters and patrons on campaign outcomes (N=20)	<i>The role of geography and social ties - A (n=7)</i> Method: Quantitative Unit: Patron (4); Project (2); Patron and Patron (1).	<i>Fandom and affective economics - B (n=13)</i> Method: Qualitative (11), Conceptual (1), Review, (1). Unit: Patron (4), Project (4), Project & Patron (4), All (1).	<i>Sub-Topic A: (3)</i> <i>Sub-Topic B: (2)</i>	N/A	<i>Sub-Topic B:</i> Film (3)	<i>Sub-Topic A:</i> Sound Recordings (4) <i>Sub-Topic B:</i> Sound Recordings (7); Publishing (Comic) (1)	N/A
Interpreting CCF as an enabler of broad value creation in the cultural sector (N=22)	<i>CCF, as a collaborative common peer-production and participatory production model - C (n=13)</i> Method: Qualitative (13). Unit: Project (9), Project & Platform (4).	<i>CCF as part of the service economy: co-investment and co-creation of value between actors - D (n=9)</i> Method: Qualitative (7), Quantitative (1), Conceptual (1). Unit: Project (4), Platform (1), Platform & Patron (1), Project & Platform (1), All (2)	<i>Sub-Topic D: (5)</i>	N/A	<i>Sub-Topic C:</i> Film (3), Museums/galleries/libraries (Museums) (2)	<i>Sub-Topic C:</i> Publishing (Journalism) (1), Heritage Services (Archaeology) (2), Radio (1), Video Games (3) <i>Sub-Topic D:</i> Sound Recording (1), Video Game (1), Publishing (Journalism) (2)	<i>Sub-Topic C:</i> Architecture (1)
The sectoral, ethical, practical, or legal consequences for artistic or creative production caused by the emergence, uptake and usage of CCF (N=44)	<i>Structural impact at macro-level on traditional models of private financing and public intervention - E (n=25)</i> Method: Qualitative (17), Quantitative (4), Legal review (2), Conceptual (1), General Review (1).	<i>Consequences of adopting CCF by creators and producers for production and distribution - F (n=19)</i> Method: Qualitative (17), Conceptual (1), Legal Review (1). Unit: Project (12), Platform (3), Project & Platform (3), All (1).	<i>Sub-Topic E: (5)</i> <i>Sub-Topic F: (3)</i>	<i>Sub-Topic E:</i> Performing Arts (1)	<i>Sub-Topic E:</i> Film(Animé, Screen Writing, Documentary and Feature)(11); Museums/galleries/libraries (Library)(1) <i>Sub-Topic F:</i> Film (3); Museums/galleri	<i>Sub-Topic E:</i> Sound Recordings (4); Heritage Services (Archaeology) (2); Publishing (Journalism) (1) <i>Sub-Topic F:</i> Sound Recordings (6);	N/A

An assessment of factors and key drivers of successful CCF (N=25)	Unit: Project (19), Patron (2), Project & Patron (2), Project & Platform (1), All (1). The identification and analysis of success factors associated with CCF - G (n=15) Method: Quantitative (11), Qualitative (3), Conceptual (1). Unit: Project (13), Patron (1), Platform (1).	Motivational aspects as driver for crowdfunding - H (n=10) Method: Quantitative (9), Qualitative (1). Unit: Patron (6), Project & Patron (2).	Sub-Topic G: (6) Sub-Topic H: (4)	Sub-Topic H: Performing Arts (1)	es/li-braries (3) (Library - 2)	Publishing (4) (Book - 2, and Journalism - 2); Video Game (1)	
The role of industry and platform as a cultural intermediary in the CCF ecosystem - I (N=4) Method: Quantitative (4). Unit: Platform (4).			Sub-Topic I: (3)	N/A	N/A	Sub-Topic G: Video Game (1), Publishing (Journalism) (1) Sub-Topic H: Publishing (Journalism) (2); Heritage Services (1); Video Game (1)	Sub-Topic G: Design (Board Games) (1); Fashion (1)

Table 4: CCF themes

Theme	Bibliographic coupling	Meta-narratives
1	Value creation through crowdfunding.	Value creation in the cultural sector via CCF.
2	Role of the community, fans, and network relations.	Impact of ties between fundraisers and backers/patrons.
3	Drivers of crowdfunding campaign success.	Identification of factors impacting campaign success.
4	Industry specific (journalism) crowdfunding.	-
5	Crowdfunding experience in the culture industry.	Implications of CCF on practical aspects of cultural production.
6	-	Roles of crowdfunding platforms.

Figure 1 – Research themes within the CCF domain



Note: the figure presents bibliographic coupling of 75 articles as 9 were not linked to the others through referencing. The bibliometrix code used: (1) NetMatrix <- biblioNetwork(M, analysis = "coupling", network = "references", sep = ";") (2) net=networkPlot(NetMatrix, type="vosviewer",normalize = "association", cluster="louvain", n = 84).

Thesis articles

Rykkja, A., Maehle, N., Munim, Z.H., Shneor, R. (2020).
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18

Crowdfunding in the Cultural Industries

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Introduction

Cultural production in general, and music in particular, has stood at the forefront of crowdfunding adoption (Moritz and Block 2016; Agrawal et al. 2014), with ArtistShare active from 2003 as a fan-funding platform for music projects being one of the first platforms ever established (Bannerman 2012). This trend is globally driven by challenges faced by

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cultural organizations such as the cuts in public funding and increased competition for donors and sponsors (Boeuf et al. 2014; Papadimitriou 2017), as well as the advent of digitalization (Hesmondhalgh 2013; Nordgård 2018; Peltoniemi 2015). Both challenges are profoundly affecting the conditions and framework for creating, producing, distributing, and consuming cultural expressions.

Changes in traditional models for investments in cultural production, as well as structures and value chains, create alternative pathways and circumvention of traditional intermediaries (Peltoniemi 2015). For example, in the music sector, there is a shift away from a label-centred economy to an artist-centred economy (Tschmuck 2016), in which the artist holds more aesthetic freedom, and also bigger economic and management responsibilities. Thus, in times with increasing possibilities for self-production of artistic content, crowdfunding represents a pathway towards a more open and diverse sectoral structure, with the potential for realizing a broad spectre of cultural productions.

While a variety of types of crowdfunding models are available, crowdfunding in the cultural sector is predominantly of the reward-based type, mostly mirroring the presale of a product or service. A recent European report found that 88% of the estimated 75,000 campaigns launched by stakeholders in the cultural sector are reward-based (De Voldere and Zeqo 2017). In addition, crowd patronage (Swords 2017) has also been identified as a model allowing subscription-like payments to individuals to fund their ongoing occupation or career, which is often regarded as of particular relevance for artists in line with historical tradition.

Despite the critical role played by artists as first adopters of crowdfunding, research dedicated to the role and impact of crowdfunding on stakeholders in the cultural sector remains limited. This is surprising as crowdfunding may have critical influence on the balance between the commercial and the non-commercial value, the popular and the alternative artistic expression, aesthetic practices both online and offline, as well as the very structure of cultural funding. Indeed some claim that the significance of crowdfunding is in that it 'shift mindsets and realities around organizational possibility, potentially reinforcing and extending, or even altering, the traditional organization of cultural production' (Bannerman 2012, p. 7).

In this chapter we review earlier research on crowdfunding in the cultural sector, while highlighting key research themes and related studies. Next, we outline opportunities for future research development and suggest some implications for practice.

Cultural Crowdfunding

Cultural production refers to creation, production, distribution, and consumption of cultural products and services (Venkatesh and Meamber 2006). Cultural crowdfunding (hereafter ‘CCF’) refers to the use of crowdfunding for the financing of production, distribution, and consumption of cultural expressions. The distinctive aspects of CCF are anchored in the unique nature of the projects seeking funding. Such projects involve ideas and artistic expressions, which are often characterized as having higher experiential (Power 2002), symbolic (Throsby 2001), and aesthetic value (Hirsch 1972), as well as non-utilitarian nature (Lawrence and Phillips 2002).

Accordingly, originality may play a greater role in assessing market opportunities than utility, and emotional appeal may have greater impact on patterns of consumption than rational considerations. However, what constitutes originality and emotional appeal may differ significantly between individual consumers (Lampel et al. 2006), as it depends on individual taste, preference, and aesthetic opinions (Bourdieu 1984). Thus, neither the producers nor the consumers know *ex-ante* if the originality dimension of the cultural expression will be in line with the personal preferences of consumers (Kappel 2009).

Like crowdfunding in other sectors, CCF has multiple objectives and benefits that go beyond funding. A recent large-scale study of crowdfunding in the European cultural and creative sectors (De Voldere and Zeqo 2017) found that 80% of surveyed campaigners experienced their crowdfunding campaigns as serving purposes beyond finance, such as audience development, community engagement, skills development, promotion, and market research. Nevertheless, it can be argued that dependence on fans as well as a long tradition of patronage and subscription-based pre-selling have been important precursors of funding

cultural projects well before the digital age, and to a greater extent than in other sectors.

Regardless of the objectives of a crowdfunding campaign, the cultural work itself may have both economic and cultural values to a greater or lesser extent. Hence, in order to define what constitutes a cultural project we use Throsby's concentric circles model of the cultural industries (Throsby 2008). Industries closer to the core have greater cultural than economic value, and the further away a sector is positioned from the core, the heavier is its focus on commercial and economic value. Consequently, in the inner circle, where cultural value is perceived as highest, we find the 'core' creative artistic activities such as literature, music, performing arts, and visual arts. Its surrounding layer includes other 'core' industries such as film, photography, museums, galleries, and libraries. The wider circle of cultural and creative industries includes heritage services, publishing and print media, television and radio, sound recording, as well as video and computer games. Finally, the last layer includes related industries with a heavy cultural component including advertising, architecture, design, and fashion.

Industry figures and statistics specific to CCF are limited. Nevertheless, some findings from a study of the European CCF industry (De Voldere and Zeqo 2017) are illustrative. This study revealed that between 2013 and 2016 there were 75,000 CCF campaigns raising a total of EUR 247 million. When broken into sub-industries, data showed the following distribution of campaigns: Film and Audiovisual (33% of campaigns and 29% of transaction volume), Music (22% of campaigns and 17% of transaction volume), Performing Arts (13% of campaigns and 9% of transaction volume), Design (11% of campaigns and 15% of transaction volume), Visual Arts (10% of campaigns and 6% of transaction volume), Literature and Press (8% of campaigns and 13% of transaction volume), Gaming (2% of campaigns and 5% of transaction volume), Architecture (2% of campaigns and 5% of transaction volume), and Heritage (less than 1% in terms of both number of campaigns and transaction volume).

The numerous campaigns and their public records reflect the complexity of CCF realities. For illustration purposes, one can highlight certain cases that have attracted attention from both academics and practitioners. First, in the music sector, musician, singer, and songwriter *Amanda*

Palmer successfully and wholeheartedly embraced crowdfunding when raising USD 1.2 million on Kickstarter from close to 25,000 backers on Kickstarter in 2012. She continued her success via the Patreon platform grossing an additional USD 1.6 million by 2018 from some 15,000 patrons. The reasons behind this success are Palmer's investment in building a community of loyal fans, as well actively engaging with them both online via social media and offline in the physical world (Williams and Wilson 2016). In this respect, Palmer embraced a relationship with her fans by responding to their messages, empathizing with their stories, and talking about all of it in an authentic way on her own channels (Conditt 2019).

A different example from the music sector is the crowdfunding experience of *Public Enemy*, a highly successful million-selling hip-hop group. In 2009, the group launched their crowdfunding campaign on the platform Sellaband. The initial target of the campaign was USD 250,000, but upon reaching only 28% of the goal after two months, they had to lower the objective to USD 75,000 and relaunch the campaign in 2010. Eventually, by October 2010, they succeeded in raising USD 81,950 from 1453 contributors. In this case, the initial failure, despite the group's prominent position and established fanbase, can be explained by the lack of interaction between the group members and their followers, as well as the misalignment between their commercial interests and their followers' price sensitivity (Williams and Wilson 2016). The latter point can be exemplified by the fact that the group was charging USD 100 for two CDs or USD 250 for two CDs and a T-shirt, which may be perceived as either unfairly priced or outside financial capacities of many potential fans.

Other examples from the film industry present additional interesting insights. The following two successful crowdfunding efforts exhibited masterful mobilization of a fanbase, while resulting in different market outcomes at the end of the process.

On the one hand, there is *Iron Sky*, a Finnish-Austrian-Australian cult sci-fi movie franchise. The first movie *Iron Sky* premiered in 2012, with the follow-up *Iron Sky: The Coming Race* distributed to cinemas in 2019. Production and financing of both films relied on a combination of crowd-sourcing, crowdfunding, and crowd investment. *Iron Sky* was partly

co-created by a community of 2000 fans covering part of the costs by buying ‘war bonds’ at 50 euros. The fans also contributed to a variety of production tasks and duties including script and score writing, special effects, subtitling, and acting (Kirsner 2009), and even going to the length of setting up their own ‘Wreck-a-movie’ platform to facilitate participation (Tryon 2015). The funding of production of the sequel came via four different crowdfunding campaigns. Indiegogo hosted three of them, one for script development and promotion (EUR 166,652 from 3517 patrons), one for production (EUR 600,138 from 9408 patrons), and one for post-production (EUR 34,801 from 415 patrons) between July 2013 and November 2016. The fourth campaign on the equity platform Invesdor raised 268,500 euros from 421 investors, with a target set at 50,000–150,000 euros.

Here despite impressive engagement of followers in co-creative participation and fundraising, the case highlights the fragility of crowdfunding in the face of inability to live up to promises. This leads to an imbalance in the relations between promoter and patrons, as fans may feel that their efforts as prosumers and co-creators are taken for granted. While it is difficult to predict the reception of a cultural production financially ex-ante, *Iron Sky* was well off the mark. The second movie only grossed USD 400,000 out of a production cost of some USD 21 million (IMDB 2019), leading the production company to file for bankruptcy. And while that may have been a possibility all along, inadequate communication with supporters throughout the process might have further tarnished the professional reputation of the people behind the campaign.

On the other hand, the crowdfunding success of the *Veronica Mars* movie initiative was supported by over 90,000 fans of the *Veronica Mars* TV show, which aired from 2004 to 2007. The fans contributing over USD 5.7 million to make the film a reality, almost tripling the original target amount of USD 2 million (Booth 2015). Despite much controversy based on criticism of fan exploitation for funding rich studios, the people behind the campaign needed the money as a symbol of their fandom to convince Warner Bros. that the movie was viable, and hence get them engaged in its production (Chin et al. 2014). Eventually, the film grossed USD 3.5 million internationally and made an additional USD 5.3 million from Blu-ray and DVD sales in the US (The Numbers 2020).

Parallel to CCF practice, as illustrated above, CCF research has emerged to better understand its antecedents, characteristics, patterns, and success while accounting for related complexities and sub-sectoral particularities.

A Review of Research on Cultural Crowdfunding

Research into crowdfunding in the cultural sector has grown considerably in recent years. A bibliometric analysis conducted by Rykkja et al. (2019) of 84 studies on crowdfunding in a wide variety of cultural industries has identified five core themes. These themes address aspects of value creation, roles of the fan community, drivers of campaign success, journalism-specific insights, and reflections on crowdfunding experiences. In this section we present each theme while providing highlights from its key studies.

First, in terms of value creation, several studies have examined how CCF creates value beyond funding. Most studies in this context focus on aspects of value co-creation (Payne et al. 2008) through interaction between campaign creators and the public of prospective fans and backers. Here, a study by Quero et al. (2017) identifies the following seven forms of value co-creation when analysing cases of CCF in Spain: co-ideation, co-design, co-evaluation of ideas, co-financing, co-testing, co-launch, and co-consumption. Nucciarelli et al. (2017) provide similar insights claiming that co-creative interactions between gamers and developers via crowdfunding platforms may offer new value chain configurations involving the user community. More specifically, in the music industry, evidence suggests that crowdfunding is affecting the major labels in terms of adaptation of their marketing model to become more creative, resilient, and artist-friendly while tapping into opportunities of user-centred innovation (Gamble et al. 2017). In addition, when consumption is intertwined with social missions and ideology, crowdfunding may serve as a tool to accomplish social and political ends such as creating communities of support, attracting media attention, and building a reputation for an independent voice, as demonstrated in the analysis of the

use of crowdfunding for production of documentary films in Turkey (Koçer 2015).

Second, another strand of studies focuses on the types and roles of fan communities in supporting CCF. Here, some research identifies the criticality of mobilization of existing fan communities for funding cultural productions of established artists (Booth 2015), as well as the importance of investing in building up fan communities as part of the crowdfunding process for supporting new artists (Galuszka and Brzozowska 2016). Members in such fan communities may either take a patron's stance allowing artists to create 'authentic' rather than 'commercially driven' artistic production (Swords 2017) or a prosumer-investor stance influencing the design and production processes (José Planells 2015). In both cases, the support of both affirmational (non-creatively engaged) and transformational (co-creatively engaged) fans has symbolic value that goes beyond their actual financial contributions, as it boosts the artistic credibility of a creator, while enhancing her perceived economic power and value vis-à-vis industry decision-makers and funders (Navar-Gill 2018).

The third research stream examines the drivers of successful CCF campaigning in particular and can be seen as a sector-specific subset of a wider research stream into crowdfunding success in general (e.g. Shneor and Vik 2020). Here, since the majority of CCF has employed the reward crowdfunding model (De Voldere and Zeqo 2017), related research has mostly identified success indicators that are relevant for reward crowdfunding campaigns. Some of the most prevalent findings across studies seem to suggest that success of CCF campaigns is positively associated with (1) project quality signals captured by campaign text length, as well as media richness in terms of the number of images, videos, and graphics included in the campaign (e.g. Bi et al. 2017; Cha 2017); (2) the mobilization and extension of social capital as evident through different levels of social media interaction and spread of e-word-of-mouth in terms of 'likes', comments, and shares (e.g. Bao and Huang 2017; Bi et al. 2017); and (3) the campaigners' human capital in terms of prior professional experience (e.g. Cha 2017; Steigenberger 2017) and prior crowdfunding experience (e.g. Boeuf et al. 2014).

The fourth theme identified includes a series of articles addressing unique aspects of journalism crowdfunding. Journalism may represent a unique context for crowdfunding for several reasons. First, journalism uses donation rather than reward crowdfunding as its main model of choice, in line with the concept of creating public goods rather than products and services for individual consumption. Second, the reliance on crowdfunding creates unique ethical challenges where journalists need to balance their journalistic work between objectivism and agenda advocacy (Hunter 2015) and setting boundaries to co-creation (Porlezza and Splendore 2016). Such problems are potentially conflated by the fact that donors seem to be more motivated by fun and family relations than by ideals of freedom, altruism, and community engagement (Jian and Shin 2015), and therefore tend to support stories focusing on practical guidance for daily living rather than stories on public affairs such as those covering cultural diversity or government and politics (Jian and Usher 2014; Ladson and Lee 2017).

Finally, the fifth group is a collection of case studies about crowdfunding experiences with respect to two sectoral contexts—film producers and GLAM (Galleries, Libraries, Archives, and Museums) organizations. Common across them is the reflection on failure in addition to success, the importance of tapping the right niche crowds, and the development of communities around projects with a sense of belonging. The studies examining film production reflect on experiences of limited success or outright failure, and criticize the extent to which crowdfunding democratizes cultural productions, as it tends to follow capitalistic considerations of consumer value and demand rather than sociocultural considerations (e.g. Papadimitriou 2017; Sheppard 2017). The studies examining GLAM organizations also reflect on experiences of limited success and failure; however, they conclude with pragmatic advice on strong outreach efforts and constant communication with the community (e.g. Bushong et al. 2018; Riley-Huff et al. 2016).

Beyond these five main thematic clusters, one may identify a few smaller groups of studies around some additional themes of interest. For example, two studies examine to what extent crowd evaluations of campaigns differ from those of experts in the context of the performing arts (Mollick and Nanda 2015) and in the context of the music recording

industry (Bernard and Gazel 2018). Both studies find that, overall, the crowd and experts tend to agree on project quality; however, experts may be more supportive of innovative projects, while the crowd tends to support less risky and 'mainstream' campaigns.

Another group of studies investigates the implications of CCF at times of cuts and changes in public funding of the arts. The authors with critical approach perceive crowdfunding either as a solution in which crowd volunteerism makes up for the reduction in traditional funding (Perry and Beale 2015) or as a form of political argumentation for defunding public intervention (Brabham 2016). Others, such as Binimelis (2016), highlight that government agencies along with private finance intermediaries (e.g. banks and companies) are still struggling to adapt their strategies to these market developments and shifts.

Opportunities for Future Research on Cultural Crowdfunding

In addition to the themes discussed above, one can also identify potential new themes that future research may follow. While multiple opportunities exist, in the current section we outline three specific areas for further investigation.

First, few studies have investigated barriers and drivers for artists' use and adoption of crowdfunding. The earlier research in this area is limited and has mostly focused on the barriers. Thorley (2012) suggest that crowdfunding force artists to perform unfamiliar downstream activities such as sales and marketing, and hence may not benefit creators who could make important cultural contributions but have neither the inclination to expose themselves nor an already existing community of admirers (Davidson and Poor 2015). More research is necessary for understanding drivers of crowdfunding adoption. Here, creation of a typology of CCF fundraisers based on their fit with CCF practice requirements may be helpful. Moreover, further studies are invited to address the strategies for mitigating crowdfunding adoption barriers for each type of fundraiser, as well as to evaluate the extent to which current and future platform services cater to their needs.

An additional theme for future research may relate to artists' choice of platforms. The limited available research has focused on the choice between international and local platforms. For example, De Voldere and Zeqo (2017) show that although Europe was home to some 600 crowdfunding platforms, almost half of European CCF campaigns (47%) between 2013 and 2017 were hosted on global US-based platform. In an attempt to explain such choice, a recent study by Rykkja et al. (2020) analysing CCF campaigns from the Nordic countries has found that cultural productions with a higher degree of production complexity and those characterized as incorporating composite motives are more likely to use an international platform, while projects with high degree of cultural affinity opt for using local platforms. Additionally, they show that the higher the funding goal, the more fundraisers are likely to opt for using international platforms rather than local ones. Such work may be replicated in different contexts, as well as extended to the choice among different types of platforms such as generalist (e.g. Kickstarter, Indiegogo) versus sector-specific platforms (e.g. ArtFund, DigVentures, Unbound).

Furthermore, since ample evidence exists that countries differ in terms of geographical spread of cultural activity, cultural sector specializations, consumption patterns, and cultural policies (e.g. Bekhuis et al. 2012; Boix et al. 2014; van Hek and Kraaykamp 2013), as well as in terms of crowdfunding volumes, model composition, and platform availability (Ziegler et al. 2020), it is surprising that cross-country comparisons of CCF remain mostly absent. Future studies are encouraged to examine how national level characteristics such as availability of public funding, availability of public-private match-funding schemes, nationalistic tendencies, agglomeration of cultural sectors, regulatory environment, freedom indicators, as well as cultural dimensions may all impact CCF in different environments. Such efforts may help identify macro-level indicators that support or inhibit the development of CFF in different country contexts, while shifting the focus away from micro-level analyses to macro-level ones.

Conclusions

Digitalization has had a pronounced impact on the cultural industries, from reconfigurations of traditional value chains to the opening of new channels for financing and co-production of cultural projects. Unlike in many other industries, the cultural industries have a long history of project financing via patronage and public fundraising initiatives (Swords 2017). Hence, it is not surprising that cultural production has stood at the forefront of adopting crowdfunding as a modern digital format for financing its projects. Nevertheless, CCF seems to rely heavily on non-investment models of crowdfunding (De Voldere and Zeqo 2017; Rykkja et al. 2020) and has not yet ventured into investment finance. Hence, the use of this channel is expected to further evolve and expand. While CCF represents an emerging source of funding, it does not yet substitute traditional funding sources in most cases (Laycock 2016; Navar-Gill 2018; Papadimitriou 2017).

The study of crowdfunding in the specific context of the cultural industries is of interest, as it challenges project creators to strike a balance between the economic and socio-cultural values, as well as between independent expression and co-creation with others. This chapter contributes to the field by identifying key themes in the earlier research related to value creation, fan communities, campaign success drivers, experiences and failures, as well as journalism-specific insights. Besides, we highlight opportunities for future research such as further investigations of drivers and barriers of crowdfunding adoption by artists, platform choices, and macro-level comparative analyses of market conditions that are more or less conducive to successful CCF development and growth.

Furthermore, this chapter suggests some implications for practitioners. First, insights emerging from the research on success and failure of CCF campaigns may inform future fundraisers in their efforts in campaign development, help platforms design their services for campaigners, as well as provide educational content to consultants and trainers advising prospective fundraisers. Here, some of the most prevalent factors in this regard is the importance of social capital build up and mobilization in the form of fan and follower communities offering members opportunities

for enhancing their sense of belonging and co-creation. Also, the use of quality materials in campaign information as well as signalling fundraiser credibility and experience, are of critical importance for enhancing success.

Second, beyond a general need for more crowdfunding-oriented education, there is a specific need for programmes tailored for artists and individuals working in the cultural industries. Such programmes should cover fundamental crowdfunding themes (e.g. crowdfunding models, campaign development, platform choice) in addition to specialized units for CCF. Here, units should cover themes that enhance the sense of self-efficacy and skills in marketing and sales. In addition, programmes should incorporate reflective discussion on dilemmas involving the balance between commercial and non-commercial value creation, independent creation versus co-creation with others, as well as authenticity versus popular demand.

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Varieties of cultural crowdfunding

The relationship between cultural production types and platform choice

Varieties of
cultural
crowdfunding

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Abstract

Purpose – Due to the unique nature of the Cultural and Creative Industries (CCIs), the impact of crowdfunding on them is more significant than on other industries. This study investigates the association between crowdfunding campaigns in four different categories of cultural production and each campaign promoter's decision regarding platform choice.

Design/methodology/approach – We classified cultural productions according to the Cultural Enterprise Framework. We collected data from 1,465 successful, reward-based, culture crowdfunding campaigns from five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). We used binary logistic regression for estimation purposes.

Findings – We find that cultural productions with a high degree of cultural affinity are more likely to use a local platform, while cultural productions with a higher degree of complexity in production or with composite motives are more likely to use an international platform. Additionally, the funding goal and the platform's financing model affect the probability of using an international platform.

Originality/value – Our finding is that there is a relationship between cultural production type and crowdfunding platform choice, and that these choices can be crucial for campaign promoters. Based on the findings and empirical setting, there is evidence that campaign promoters of cultural productions with a cultural affinity orientation may choose to use local platforms, while promoters of projects with complex production requirements or composite motives for using crowdfunding similarly may tend to opt for international platforms. We also propose a framework for the categorisation of cultural productions.

Keywords Cultural and creative industries, Cultural enterprise framework, Reward-based crowdfunding, Cultural economics, Logistic regression

Paper type Research paper

Introduction

Crowdfunding in the cultural and creative industries (CCIs) has two distinctive attributes. Firstly, artists and creatives, in particular musicians, are early adopters. As an example, one of the first crowdfunding platforms, launched in 2003, was the 'fan-funding' platform ArtistShare (Younkin and Kashkooli, 2016, p. 37). ArtistShare was connecting recording artists looking for financing with prospective fans three years before Michael Sullivan coined the term *crowdfunding* (Laycock, 2016) for describing the usage of Internet platforms to raise small contributions from a large number of individuals for the realisation of projects (Thorley, 2012; Mollick, 2014; Laycock, 2016). Secondly, there is a predilection for the



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reward-based crowdfunding model – an exchange of funding for non-monetary rewards, products, or services (Shneor and Munim, 2019). Within the context of the European cultural and creative sector, 88 per cent of the 75,000 crowdfunding campaigns promoted between 2013 and 2016 used a reward-based platform (De Voldere and Zeqo, 2017, p. 9). Hence, many cultural producers are familiar with reward-based crowdfunding and perceive this funding model as a viable option for financing cultural productions, i.e. the production, distribution and consumption of artistic and creative activity (Venkatesh and Meamber, 2006).

Using reward-based crowdfunding for financing cultural production reconfigures the roles and responsibilities of the stakeholders in the production system, e.g. artists, market intermediaries, audiences and consumers. An artist or creator using crowdfunding can test the social response and financial viability of a project outside the traditional cultural production system (Bonet *et al.*, 2016) and, in the process, retain a larger share of income through ownership and control of intellectual property (Kappel, 2009; Davidson and Poor, 2015). Crowdfunding also implies side-lining market intermediaries, like record companies, book and videogame publishers, and film producers, in favour of building a direct relationship between artists and audiences (Thorley, 2012; Swords, 2017). Audiences' and consumers' motivations to partake lie in their role as potential participants in the creative production, the construction of affective bonds with producers and personal control over cultural consumption (Scott, 2015; Leyshon *et al.*, 2016; Steigenberger, 2017). In the words of Kappel (2009, p. 376) crowdfunding is becoming a "... *method of capital formation increasingly used in the entertainment industry by independent filmmakers, artists, writers, and performers to bypass the traditional keepers of the purse*".

Kappel's words describe the concept of *cultural crowdfunding* (CCF). We define CCF as *a comprehensive process whereby artists or creatives utilise crowdfunding as a distribution channel for their artistic and creative works, to increase their professional reputations, market visibility, and recognition, as well as to obtain supplementary financial capital*. This definition reflects more precisely the fact that, within the context of the CCIs, there are more benefits associated with successful crowdfunding than simply financing the realisation of a single project. It opens possibilities for career development as it increases the potential for attracting attention and investment from market selectors, i.e. record companies, film distributors, videogame publishers (Ebbers and Wijnberg, 2012). Therefore, the notion of *distribution channel* better reflects the multiple potential benefits derived from the process beyond fundraising, such as increased social standing and cultural capital. It achieves this by incorporating and emphasising the value derived from the potential benefits and externalities of successful crowdfunding beyond funding a project (Mollick and Kuppuswamy, 2014). With *supplementary* we suggest that, for many artists, crowdfunding is not, *per se*, a replacement for other sources of financing. Nor is it a rolling, on-going financing model, partly because there are social constraints built into asking the same crowd for support multiple times (Davidson and Poor, 2015, pp. 301–302).

The existing literature on reward-based crowdfunding explores facets and aspects of CCF, predominantly the model's potential for artists and creators (Mollick, 2014; Bannerman, 2013) and the patrons' motivations for supporting campaigns (Boeuf *et al.*, 2014; Jian and Shin, 2015). There is less attention given to the role of the crowdfunding platform as a 'relational mediator' (Ordanini *et al.*, 2011) between cultural producers and crowds. To the best of the authors' knowledge, there are no existing studies on the relationship between a cultural production's type and the promoter's choice of platform to host the campaign. For many promoters in non-English-speaking countries, the choice of which platform to use is a dichotomous option between a local or an international one. A local platform predominantly caters to a country-specific market, with its interface, presentation and contributions set to local language and currency. International platforms, with Kickstarter and Indiegogo as principal exponents, have English as their default language and the USA as the country of

provenance. A differential factor is that the default language of an international platform expands the global reach of a campaign by increasing the number of potential connections between the promoters and the patrons beyond the scope a local platform may provide.

Platform usage by CCF promoters within the EU (excluding Norway and Iceland) points to a near equal overall division of usage between local (53 per cent) and international platforms (47 per cent) (De Voldere and Zeqo, 2017). Variations first become visible when comparing platform usage at the sectoral level – as examples, performing arts campaigns used 223 different platforms (out of a potential 380), while videogame projects, in comparison, used 61 platforms (De Voldere and Zeqo, 2017, p. 77). A higher number of different platforms in use in the former sector indicate a local bias, while in the latter context, less variation and diversity indicate a preference for an international platform. Although De Voldere and Zeqo (2017) provide information on local and international platform usage overall and by sectors, the determinants of these variations are not fully established (p. 78–86).

Therefore, we investigate the factors that may determine the choice of the type of platform are, using a sample of platforms and successful CCF campaigns in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). Our finding is that productions that are, culturally speaking, ‘rooted’, or anchored, because of language barriers, sectoral category and other cultural traits, are more likely to use a local platform – their *cultural affinity* predicts the likelihood of choosing a local platform. In the case of complex cultural productions that are culturally adaptable because their language and cultural traits are no obstacle to wider diffusion, then the promoters are more likely to use an international platform.

In the next section, we present a review of the literature and formulate hypotheses. Following this, we present the research methodology, including the data collection procedure and analysis. Next, we present the findings, which is followed by a discussion of the results. In the last section, we conclude with a summary, limitations and future research directions.

Literature review

Historical funding channels for the CCIs

The cultural industries are those sectors of the economy engaged in the production and distribution of cultural commodities (goods and services), usually differentiated from other economic activity by their output’s higher cultural (symbolic, aesthetic and experiential) rather than utilitarian value, irrespective of commercial value (Throsby, 2001, p. 112; Power, 2002, p. 105; European Commission, 2010, p. 5). The cultural industries are also a subset of the creative industries (Jones *et al.*, 2015, p. 5; UNCTAD, 2010, p. 5). The latter is a broader sectoral class of activities reliant on individual creativity and skills for producing goods and services, and whose economic value resides in some form of intellectual property (Throsby, 2008). Within the European context, these two closely allied groups of industries make up the Cultural and Creative Industries (Pratt, 2012).

CCF is, in relation to funding ventures and projects in the CCIs, a digital development of a historical model of arts funding, the subscription-based patronage model of funding (Williams, 1981; Swords, 2017). The logic of subscription-based patronage is to collect individual payments, from people subscribing, to underwrite the production costs of artistic works, such as publishing a book or producing a concert. The contributor (patron) receives a copy of the book or a concert ticket in exchange for their contribution, while the artist or producer reduces financial risk. Notable examples of subscription-based patronage are the publishing of the books of Mark Twain (Hill, 1963), the musical works of Mozart (Link, 2003) and the drawings of naturalist and painter Jean Jacques Audubon (Cummings, 2015).

The main difference between CCF and subscription-based patronage is the limits in terms of reach and uptake of the latter. The basic subscription-based patronage model depended on agents, such as salespeople, to reach the potential subscribers on a one-to-one basis (Hill, 1963,

p. 26). Later, the adoption of a variety of successive media and communication platforms to disseminate calls on a one-to-many basis exponentially increased the potential reach. Some prominent examples of campaigns are Joseph Pulitzer using his newspapers to fund the construction costs of the pedestal for the Statue of Liberty (Bannerman, 2013) and film director John Cassavettes employing a radio programme to finance his directorial film debut *Shadows* (Matthews *et al.*, 2014). With the emergence of the Internet, and before the advent of specialised platforms, the band Marillion used their website to finance a tour of the USA in 1997 (Leyshon *et al.*, 2016). Thus, patronage by subscription serves as a model for CCF, and CCF provides a historical funding model with traction by merging a classic model of preselling with the potential boundless diffusion provided by the Internet.

The unique aspects of CCIs in the crowdfunding context

Artists or creatives as entrepreneurs in the CCIs differ from entrepreneurs in other sectors relative to their ambitions, financing challenges and preferences. Many artists acting as ‘cultural entrepreneurs’ do not perceive moneymaking as a primary goal of their activities. They often appreciate other values, such as professional recognition as an artist or creator above economic incentives (Swedberg, 2006). Therefore, they tacitly accept working under resource-constrained conditions, relying on heuristic schemes, such as ‘bricolage’, or ‘making do’ with whatever resources are available for the production of works (Stinchfield *et al.*, 2013). Accessing finance is generally considered challenging for entrepreneurs because of the difficulties of evaluating a project’s or venture’s economic potential or performance, often explained as the effect of uncertainty, caused by asymmetric information between the provider and the receiver of funding (Andreoli, 2018, p. 151). However, in the CCIs, uncertainty and subsequent rejection is primarily a result of symmetrical ignorance (Caves, 2001, p. 3). The effect of this type of mutual ignorance, e.g. the producer knows the qualities of the output and the process, yet the audiences and consumers may show their appreciation individually or collectively in unpredictable ways, goes beyond missing, lack of, or unequal distribution of information. The fact is that neither party knows the other’s intentions, or more succinctly, *nobody knows* (Caves, 2001). Some of the reasons explaining this situation are differentiated output qualities, such as novel, innovative product characteristics and demand fluctuation because of social contagion, like the perceived notions of trends and fashion that change suddenly (Caves, 2001, p. 6; Kretschmer *et al.*, 1999, pp. 64–66; Throsby, 1994, p. 4). The result is a market with an oversupply of available potential ‘candidates’ for commercialisation. From a financing perspective, this leads to a selection problem for incumbent firms (Kretschmer *et al.*, 1999), while the artists’ and creators’ willingness to work regardless of financial gain under uncertain conditions in densely populated markets bias their financing preferences towards ‘free money’ over financial risk-taking. Adversity towards risk manifests itself in a predilection for public funding or private investments in the form of non-returnable advances (Fleming, 2007; Wilson and Stokes, 2005) over models with personal obligations, such as debt financing (Borin *et al.*, 2018). The combined effects of these aspects are reasons why many consider the CCIs as sectors with small-scale and project-based producer organisations finding it challenging to demonstrate the growth potential necessary for attracting the interest and money of traditional investors (Fleming, 2007).

CCF can remedy some of these issues because it alleviates uncertainties and addresses aesthetic and professional contradictions by a reversal of the market selection process (Andreoli, 2018, p. 49). In the CCI, market selection typically implies that an artist or creative must search, identify and make several customised pitches and presentations to potential companies or public institutions who may (or not) accept to provide funding. With CCF, the publication of the project takes place on a public platform, and the patrons decide whether they want to provide support. Individually, the patrons may not provide as much financing as

a traditional intermediary, but the sum of all the small contributions, often presales, enables the promoter to demonstrate market validation and potential. A successful CCF campaign becomes one of several potential ways to gain visibility by demonstrating a demand for a product or the existence of a potential audience. Success through CCF effectively mitigates issues of uncertain demand and symmetrical ignorance. Interpreted this way, CCF becomes a conduit for breaking into the 'mainstream' system of cultural production (Galuszka and Brzozowska, 2017).

CCF creates opportunities, increases diversity, provides better access to funding and leads to a higher level of consumer and audience engagement through participatory processes (Bannerman, 2013; Rykkja *et al.*, 2019). However, in real terms, success is volatile, hinging on a range of factors related to the type of cultural production, leading to situations where most projects either succeed by a small margin or fail by a large one (Mollick, 2014). Culture as a contextual variable and the project's match with the communities of patrons are crucial factors for determining the success of specific types of campaigns (Josefy *et al.*, 2017, p. 176). For example, even if a project is thriving locally, there are no guarantees it will flourish elsewhere. Platforms may help promoters overcome geographical distance (Agrawal *et al.*, 2015), but that is not always the case, as others find that contributors are people living close to the promoter or are part of his/her inner social circle of friends (Mendes-Da-Silva *et al.*, 2016).

In relation to motivations behind contributing, specific projects have aspects of gifting and exchange of commodities built into them (Galuszka and Brzozowska, 2016), making participation and the ability to influence processes as necessary as the gifting of the product itself. There are also cases where being a member of a community has higher potential value for the contributor than the material rewards offered (Boeuf *et al.*, 2014). However, social ties might produce negative connotations, as patrons may feel that contributing becomes a pro-social obligation (Bernard and Gazel, 2017). Conversely, other campaigns feature projects with a clear commercial orientation, where pre-purchasing a specific product is the primary motivation and most frequently used type of reward (Steigenberger, 2017; Thürridl and Kamleitner, 2016). In these cases, CCF favours projects and promoters with a pre-existing network of supporters (Davidson and Poor, 2015; D'Amato, 2016).

Hypotheses development

Defining typologies of cultural productions, particularly if the purpose is differentiating territorial embeddedness, e.g. the local, national or international scale, is a complicated matter to which statistical agencies supporting or mapping the economic impact of the cultural sector have dedicated considerable efforts and time (Eurostat, 2018; KEA, 2006; Throsby, 2008). Such efforts have often used criteria helpful in determining the origin of finished and standardised products (like when determining the nationality of a film production or a literary work). Hence, using such criteria is more challenging in categorising heterogeneous and often unfinished production activities, such as different types of cultural productions looking for financing through CCF. Our approach in this study is to adopt some of the abovementioned criteria to the field of crowdfunding by proposing a specific framework for classification. The framework itself is one of the contributions of this study.

Two crucial factors concerning the choice of a platform are scope and scale. The reach, or scope, of a given production, may limit its potential geographic reach. As an example, if a cultural production relies on language as an essential nonmaterial component and the language in question is not a world language, then the ability to appreciate the output is limited linguistically and geographically to those able to understand the language. The effect is a limit to the potential scope of the cultural production. It becomes, culturally speaking, 'anchored' to a geographical zone where the language concerned is spoken and understood. The same applies to productions with contextual elements – if a production requires personal attendance, or has an orientation towards a specific, local community, then content and

delivery may also limit interest geographically, and consequently the production's reach relative to the interest of potential patrons.

The second factor is that financial needs and production requirements dictate the scale of production, implying that cultural productions vary in complexity, ranging from developing complex, unique and resource-demanding prototypes to the reproduction, distribution and marketing of existing commodities. The level of complexity may also indicate degrees of cultural adaptability, e.g. complexity in relation to financial requirements may translate into less reliance on linguistic components in the delivery. The more expensive or unique the cultural production is, the more adaptable it becomes to attracting the interest of a non-national patron.

Our essential argument is that cultural productions differ in respect to their scope and scale and these differences dictate their potential geographic reach (scope) and financial requirements for production (scale). If we want to assess whether scope, scale, or a combination of both are determinants guiding platform choice, the different types of cultural productions need categorisation, so that their influence and effect on determining platform may be measured and accounted for.

The literature on arts marketing provides a model, the Cultural Enterprise Framework (Colbert, 2007, pp. 8–10). The model has four quadrants and two continuums. The horizontal continuum is the enterprise's market orientation with 'market' (for-profit) and 'product' (not-for-profit, artistic values) at the extremes. The vertical continuum has activity, in the form of the production of a prototype or reproduction (of an existing work) at the extremes. Along with factors such as the size of the operation and legal status, the model enables differentiation between prototype production and distribution of reproduced content, by commercial, for-profit enterprises in the CCIs and organisations and institutions in the not-for-profit art sector (Colbert, 2007, p. 9).

In this study, we adapt the Cultural Enterprise Framework (see Figure 1) by defining the horizontal continuum as the cultural scope of the product (local anchoring to international adaptability) to classify cultural productions according to how restricted the specific project, or sector, would be relative to market reach. The vertical continuum indicates the type of production according to its level of complexity. The extremes indicate at one end the production of an expensive, complex prototype and, at the other, the reproduction and distribution of already existing works. There are four quadrants in the model, each corresponding to a distinct category of cultural productions, with the lower two predominantly featuring productions oriented towards reproduction, and the upper two towards production.

In the lower-left quadrant of Figure 1, we have the category of cultural affinity. Cultural productions with cultural affinity are productions relying on a common linguistic or cultural

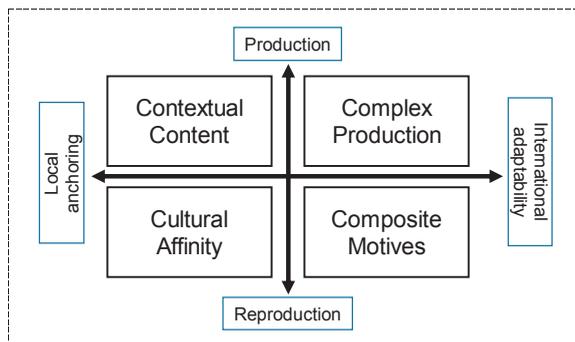


Figure 1.
Model for the
categorisation of
cultural productions

understanding of the project for appreciation, and they have an orientation towards reproduction. The essential premise is that these cultural projects have a built-in language or other cultural component acting as a barrier for export and international reach. The literature on international trade in cultural goods provides some evidence for this proposition. Variables related to a common language and cultural proximity predict the potential for the bilateral flow of cultural goods (Disdier *et al.*, 2010), with a common language increasing bilateral trade by as much as 56 per cent (DEPS, 2007, p. 19). Language also acts as a stronger barrier for uptake than cultural distance in import markets (Fu, 2013, p. 810). One reason may be that many consumers have to invest more time and mental effort to familiarise themselves with a cultural expression with a different origin than the local one, a phenomenon referred to as cultural learning (Park, 2015). As an example, nearly three-quarters of book sales in the Nordic countries are works published in a local language[1], even if the inhabitants of the Nordic countries are among the most proficient users of English as a foreign language in the world (EF, 2019). We also assume that a lower average CCF campaign goal, as is the case with music and sound recordings (Davidson and Poor, 2016) may indicate that music artists use CCF as a channel primarily to enter and position themselves in the local market. Statistics on Scandinavian music exports reveal that besides Sweden (export share of turnover of 19 per cent), the share for the other two countries (Denmark and Norway) is 5–6 per cent (Portnoff, 2017, p. 23). Thus, we hypothesise that:

H1. Cultural productions with a high degree of cultural affinity are more likely to use a local platform.

Cultural productions with contextual content are productions with an output that has geographic limitations to its broader dissemination in addition to linguistic or cultural barriers, e.g. projects that do not travel because of an experiential component that requires personal attendance such as visits to festivals, performances and venues. Most of these productions also have an individual uniqueness to them, pointing towards prototype-like orientation and higher costs of delivery. We know from the literature that geography, local infrastructure and cultural offering all condition crowdfunding (Le B chet *et al.*, 2018), and that contextual elements predict community interest (Josefy *et al.*, 2017). Many cultural productions and producers are said to have scalable, international growth opportunities (Fleming, 2007, p. 116), but in reality, cultural capital, or name and brand recognition, may affect wider online interest and hence what is being funded (Sorensen, 2012). In itself, this would not limit interest were it not that the only difference between these types of productions and those with cultural affinity is their production orientation and hence delivery costs. Linguistic or culturally non-adaptable content may still feature prominently, providing geographic restrictions that limit the scope. Thus, we hypothesise that:

H2. Cultural productions with a contextual element are more likely to use a local platform.

We define complex cultural productions as those where the aim and outcome are of producing complex, resource- and design-intensive commodities. Provided that the content of the project overcomes limitations imposed by scope (cultural reach), the assumption is that these campaigns are more likely to use an international platform. All sectors within the CCIs have much higher costs of production (fixed and sunk) for prototypes with marginal costs of delivery (Towse, 2014, p. 8; Caves, 2001), and thus benefit greatly from economies of scales. These fixed and sunk costs are significantly higher for cultural productions in certain sectors compared with others. In practical CCF terms, it means that campaigns from specific sectors must raise a higher amount of funding, and may achieve their goals by successfully reaching out to platform users beyond the members of the promoter's inner social circle of friends. For instance, while the overall amount raised by reward-based campaigns was  6,211 in 2016,

videogame campaigns managed to raise €43,897 and design campaigns €11,000 (De Voldere and Zeqo, 2017, pp. 88 and 90). Campaigns from these sectors used an international platform in respectively 59 per cent (design) and 87 per cent (videogames) of cases (De Voldere and Zeqo, 2017, pp. 79, 86). Consequently, we assume that the probability of successfully financing a cultural production requiring substantial funding to cover fixed production costs is higher on an international platform. Therefore, we hypothesise that:

H3. Cultural productions of a complex nature are more likely to use an international platform.

The composite motives category includes cultural productions of commodities with content reliant on composite, visual semiotic language coupled with an orientation towards presentation and distribution. If the campaigns have a production-based orientation, the financial requirements for prototypes are medium to low. Promoters of these productions might additionally have composite motives to use CCF. What binds these productions and promoters together is a process of ‘market creation’, also referred to as pioneering entrepreneurship (Khaire, 2017, p. 16). Thus, the primary objective for the promoter(s) is to create value or demand for new artistic expressions and products that in themselves may have a composite nature, in particular arts and design goods. For other types of productions, such as tabletop games, international platforms provide an established market of patrons, as exemplified by the volume (over a third – 37.4 per cent) of the game campaigns on Kickstarter that are board games (Roedenbeck and Lieb, 2018). Considering their primarily visual aesthetics which make these productions culturally adaptable for international markets and the existence of an established user base of patrons with interest in some of these types of productions on international platforms, we hypothesise that:

H4. Cultural productions with composite motives are more likely to use an international platform.

Methodology

Data

We collected data from successfully funded crowdfunding campaigns for cultural productions, promoted by a national or resident of one of the five Nordic countries, on either a local or an international platform, with a start date after 1 January 2010 or an end-date before 31 December 2016.

There are several reasons for choosing the Nordic countries as a setting for the study. Primarily, several of these countries were early adopters of CCF. In 2013, Iceland registered the highest number of projects per million inhabitants on Kickstarter (176), with Denmark and Sweden positioned among the top twelve European countries (Barbi and Bigelli, 2017). Secondly, government funding for culture is stable and suffered no drastic cutbacks after the financial crisis in 2008 (Nordicstatistics, 2018). Thirdly, the Nordic countries present a different cultural and geographical setting compared with other CCF studies which have frequently used data from a single global platform (Kickstarter, e.g. Mollick, 2014; Josefy *et al.*, 2017) and language (English, like Cox and Nguyen, 2018). Finally, the Nordic region is a large and growing crowdfunding market in the European context. In 2017 they were the third-largest market, with 449 million euros of funding raised across the different models and an average annual growth rate of 67 per cent between 2012 and 2017 (Ziegler *et al.*, 2019, pp. 74–75). Nonetheless, there are distinct differences between countries in relation to uptake, regulatory frameworks, public intervention and prevalence of crowdfunding business models.

The names of local platforms come from an iterative online and offline search strategy guided by a snowball sampling approach (Creswell, 2013). By reading reports (such as Myndigheten för Kulturanalys, 2013), checking the websites of industry associations (Nordic

Crowdfunding Alliance, 2014) and dialoguing with platform operators, we drew up an initial list of 52 platforms. Of these, 32 did not have any projects of interest for this study (i.e. none of the campaigns was actively engaged in CCF), five had relevant campaigns with all starting and ending after 31 December 2016, and five had non-searchable campaign archives (they folded, or stopped operating). Ten local platforms: Boomerang (Denmark), Bidra (Norway), Crowdculture (Sweden), Fund You (Finland), Funde (Norway), Fundedbyme (Sweden), Invesdor (Finland), Karolinafund (Iceland), Mesenaatti (Finland) and New Jelly (Norway), and two international platforms (Kickstarter and Indiegogo), were used for data collection.

We devised a project evaluation matrix with eight pre-defined cultural fields (Literature, Music, Performing Arts, Visual Arts, Film, TV and Radio, Heritage, Videogames and Design) supplemented by the operational definition of industrial sectors from the concentric circles model of the CCIs (Throsby, 2001, 2008, p. 150). This tool serves to identify, categorise and classify cultural productions according to their sectoral affiliation. The identification of campaigns relied on manual searches using the platform's proprietary search engines, with the filtering of results by project categories and geographic location where possible. Returned results went through a qualitative assessment for inclusion using our evaluation tool. If the campaign passed the test, for each campaign, we manually coded the name of the platform, crowdfunding model, sectoral classes, financial information, year and demographic information about the promoter (country, city, contact details).

We adopted two distinct approaches to the manual coding of data. Primarily, in some cases, we classified and categorised the campaigns differently from the classification systems used by individual platforms. The rationale was to ensure unity of categories by classifying all campaigns according to one typology when collecting data across multiple platforms. Secondly, our definition of success was the platform's criterion. Thus, for a reward-based platform operating on an 'all-or-nothing' basis, only the campaigns raising finance above the defined goal were recorded. Analogously, if the platform operated on a 'keep-it-all' or 'minimum amount' basis, successful campaigns were those raising an amount above the stated minimum, or indicating that the promoters had opted for a model allowing them to 'keep all' financing, regardless of the amount raised.

Iterative searches collecting, evaluating and classifying campaigns took place over two time-periods (May–September 2016 and September–October 2017) and were conducted by a research assistant with previous academic and working knowledge of cultural and creative projects. The authors subsequently reviewed and checked the compiled data independently. Checks included control of categorisation accuracy, consistency with inclusion criteria, data completeness (missing values), and checks for significant omissions of projects by repeating some of the same searches on the same platforms. For a few platforms, the owners corroborated geographic information and data for the exact year of the end of the campaign.

Post-collection, and before running analyses, and using the adapted Cultural Enterprise Framework, we classified all campaigns into one of the four quadrants of the 4C model of cultural productions. The assignment of each campaign observation into one of the types was a qualitative exercise guided by the arguments and assumptions underlying our hypotheses. Table I displays the categorisation according to the adapted 4C model of cultural productions.

We initially identified 1,665 campaigns. Upon review, we discarded 179 from the analysis (were not successful on closer review, lacking cultural dimension, equity crowdfunding, and cases where the promoter is not from, or based in, a Nordic country). The final dataset comprises 1,465 successful campaigns meeting all criteria for further analysis, spread over 48 sectors.

Operationalisation of variables

Before testing the formulated hypotheses, we needed to operationalise the dependent, independent and relevant control variables. Our dependent variable is platform choice, and

Cultural affinity	Contextual content	Complex production	Composite motives
Book publishing	Documentary film	Fashion and accessories	Art book or catalogue
Magazine publishing Production (Performing arts)	Concert production Fashion event	Watches Film production	Tabletop games Online marketplace (Design)
Record production	Festival (Performing arts)	Videogame	Online library (Literature) Photography
Short film/music video Artwork production	Film festival Game convention	Digital app Craft and manual design	
Artefact restoration Associations Composer/writer	Literature festival or event Music festival Theatrical performance (Performing arts)	Furniture design Print design Architecture	
Education (Performing arts) TV or web series Writing	Touring exhibition (Visual arts)	Music instrument	
	Performance event (Visual arts) Exhibition (Visual arts) Cinema (Film production) Shops and Venues Museum (Videogame) Gallery (Visual arts) Archaeological season Education (Music) Radio shows Performing arts (Research) Video or podcast		

Table I.
Final categorisation of
cultural productions

the independent variable is cultural production types, which is divided into four categories (see Figure 1). As we can associate a campaign's financial goal, the promoter's country of residence or origin and the platform's financing model with platform choice, we controlled for these three variables.

To measure *platform choice* by means of distinguishing campaign promoter choice between international or local platforms, we dummy-coded a binary variable with 1 for international (US-based) platforms and 0 for local, where local is a national platform from any of the Nordic countries. The four different categories of *cultural production types*, i.e. cultural affinity, contextual content, complex production and composite motives were also dummy-coded as binary variables. For example, among the 1,465 campaigns, we dummy-coded 1 for the 818 cultural affinity campaigns and 0 for the others. Likewise, we operationalised the other three cultural production types. We used the financial target amount set by the campaign promoter to represent the *financial goal*. To reduce skewness in the data, we took the natural log of the financial goal. Note that we converted all values to euros using appropriate exchange rates (yearly average) before the log transformation, where applicable. For each of the five *countries*, we used a dummy-coded variable to control for a country effect. For example, 140 campaigns were coded 1, indicating Norway as the country of origin or residence of the promoter of the campaign, and 0 otherwise. Lastly, we created a dummy variable for the *platform-financing model*. CCF campaigns using platforms with 'All or Nothing models' are coded with 1, and 'flexible models' are coded with 0.

Table II presents descriptive statistics of all the variables used in the analysis. Concerning the variable financing model, the majority fall in the all-or-nothing (90.5 per cent, $n = 1,327$)

Variable	Categories	Frequency	Percentage
Ln (goal)	Min = -0.10 Max = 13.37 Mean = 7.91 Stdv = 1.36		
Financing model	All or nothing (1) Flexible (0)	1,327 138	90.580 9.420
Country	Norway (1) Denmark (2) Sweden (3) Finland (4) Iceland (5)	140 542 443 120 220	9.556 36.997 30.239 8.191 15.017
Cultural sectors	Cultural affinity (1) Contextual content (2) Complex production (3) Composite motives (4)	818 201 300 146	55.836 13.720 20.478 9.966
Platform choice	International (1) Local (0)	710 755	48.500 51.500

Table II.
Descriptive statistics
for variables

group with a minority of campaigns (9.4 per cent, $n = 138$) using the ‘keep-it-all’ model. The number of campaigns per country as a percentage of the total shows that three-quarters of the campaigns are based in Denmark or Sweden (77 per cent, $n = 985$). Compared against population figures from 2016, Iceland has the highest rate of successful campaigns, with 67 campaigns per 100,000 inhabitants. Denmark, in comparison, has nine campaigns, while Finland has two[2].

Results

As the dependent variable is a binary variable, and independent variables include both binary and continuous variables, logistic regression estimation is the most appropriate method for hypothesis testing (Glonck and McCullagh, 1995). We estimate five models, of which the first one is only a control variable model. Models 2–5 include one type of cultural production as an independent variable, in addition to the control variables. The models are expressed in equation (1) to (5) as follows:

$$(M1) \text{ Platform} = \alpha + \beta_1 * \ln(\text{goal}) + \beta_2 * \text{Model} + \beta_3 * \text{Country} + \epsilon \quad (1)$$

$$(M2) \text{ Platform} = \alpha + \beta_1 * \ln(\text{goal}) + \beta_2 * \text{Model} + \beta_3 * \text{Country} + \beta_4 * \text{Affinity} + \epsilon \quad (2)$$

$$(M3) \text{ Platform} = \alpha + \beta_1 * \ln(\text{goal}) + \beta_2 * \text{Model} + \beta_3 * \text{Country} + \beta_5 * \text{Contextual} + \epsilon \quad (3)$$

$$(M4) \text{ Platform} = \alpha + \beta_1 * \ln(\text{goal}) + \beta_2 * \text{Model} + \beta_3 * \text{Country} + \beta_6 * \text{Complex} + \epsilon \quad (4)$$

$$(M5) \text{ Platform} = \alpha + \beta_1 * \ln(\text{goal}) + \beta_2 * \text{Model} + \beta_3 * \text{Country} + \beta_7 * \text{Composite} + \epsilon \quad (5)$$

Table III presents the estimation results of the binary logistic regression. All the Variance Inflation Factor (VIF) values of the five estimated models are below

Variable	M1	M2	M3	M4	M5
<i>Control variable</i>					
Ln (goal)	1.294***	1.251***	1.286***	1.196***	1.294***
Model dummy	6.302***	5.666***	6.291***	7.108***	5.474***
Country dummy	Yes***	Yes***	Yes***	Yes***	Yes***
<i>Independent variable</i>					
Cultural affinity (H1)		0.331***			
Contextual content (H2)			0.782		
Complex production (H3)				4.736***	
Composite motives (H4)					2.232**
Constant	0.001***	0.003***	0.001***	0.001***	0.001***
<i>Model diagnostics</i>					
N	1,465	1,465	1,465	1,465	1,465
-2log likelihood	1,508.720	1,437.052	1,507.016	1,425.328	1,496.495
Cox and Snell R ²	0.299	0.333	0.300	0.338	0.305
Nagelkerke R ²	0.399	0.444	0.400	0.451	0.407
Percentage correct	76.90	78.00	77.00	79.00	76.60
Hypothesis	N/A	Supported	Rejected	Supported	Supported
Note(s): * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. The dependent variable is the platform choice dummy (1 for international platform and 0 for local). Coefficients represent exponential betas, that is, odds ratios. M1. Only control variables model. M2. Model with control variables plus cultural affinity dummy. M3. Model with control variables plus contextual content dummy. M4. Model with control variables plus complex production. M5. Model with control variables plus composite motives dummy					

Table III.
Logistic regression
estimation results

3, under the recommended cut-off value of 10 (Hair et al., 2009), which confirms the non-existence of any multicollinearity problem. The correct average percentage of predicted platform choice is 77.5 per cent. As for explanatory power, the pseudo-R-square values indicate that the model explains between 30 and 45 per cent of the promoters' platform choices.

The interpretation of regression estimates in logistics regression is different from linear regression. In Table III, we report the exponential betas, which represent the odds ratios. An odds ratio is the probability of one event over another when both events are mutually exclusive. The odds-ratio of platform choice in this context can be expressed as follows:

$$\text{Odds(Platform choice)} = \frac{P(\text{International platform})}{P(\text{Local platform})} \quad (6)$$

Based on equation (6), equal probability of two mutually exclusive events yields an odds ratio value of 1. Hence, an odds ratio higher than 1 indicates that the probability of choosing an international platform is higher than that of choosing a local platform, and lower than 1 indicates the opposite (Hair et al., 2009). Thus, based on Table III, the probability of using a local platform is 3 times (exp β of 0.33 ~ 0.25/0.75) higher for cultural affinity productions and about 1.29 times (exp β of 0.78 ~ 0.44/0.56) higher for contextual content productions (although the latter is not statistically significant). Similarly, the probability of using an international platform is 4.74 and 2.23 times higher for campaigns with complex production and composite motives, respectively.

To summarise, we find support for H1, that is, campaigns with a high degree of cultural affinity, are more likely to choose a local platform (exp $\beta = 0.331$, $p < 0.001$). H2, which predicts that campaigns with a contextual element are more likely to choose a local platform, is not supported (exp $\beta = 0.782$, $p = 0.192$). H3 is supported, indicating that a campaign

with complex production is more likely to choose an international platform over a local one (exp $\beta = 4.736, p < 0.001$). Furthermore, H4 is also supported, as campaigns that contain a composite motive are more likely to choose an international platform (exp $\beta = 2.232, p < 0.001$). Overall, the three control variables have a significant effect on platform choice ($p < 0.001$).

As a post-hoc test, we investigated whether the results of the hypothesis testing also hold at the national level. We estimated the same regression models at an individual country level. Table IV presents a summary indicating some degree of country-to-country divergence. H1 and H3 are supported in four of the countries, but not Sweden. Identical to the original result, H2 is rejected for all countries. H4 is supported in the context of Sweden and Finland but not for Norway, Denmark and Iceland.

Discussion

The support for H1 is in line with the argument that cultural productions with a linguistic element, such as the publishing of a book, or production of a theatrical play, require some level of cultural affinity for appreciation and consumption, and are subsequently more likely to choose a local platform. In addition, the support for H3 is in line with the argument that complex cultural productions that require a high level of funding to cover fixed costs of production are more likely to choose an international platform. Moreover, in line with H4, projects where the promoter might have composite motives, meaning that there are no potential linguistic or cultural barriers for choosing a local over an international platform, are more likely to choose an international platform.

In contrast to previous studies, we find that the choice of platform is conditional on the content type and orientation of the project. A general recommendation to use Kickstarter due to the higher level of success that cultural productions experience on the platform (Cox and Nguyen, 2018) may not apply in all contexts. Our study provides evidence that content language is a linguistic barrier relative to potential reach and scope for CCF campaigns from non-English speaking countries with small domestic markets for cultural commodities, with the practical consequence that promoters are more likely to choose a local platform. In cases of cultural productions facing other cultural barriers because of fragmented and competitive market conditions, as is the case with recorded music, the campaigns are more vulnerable to geography and distance than was demonstrated by a previous study (Agrawal *et al.*, 2015). Our results are more in line with findings related to the effects of distance in other non-English-speaking countries, like the case of Brazil (Mendes-Da-Silva *et al.*, 2016). An explanation might be that those musicians resorting to CCF are predominantly in an early career phase, and use their campaigns to target family, friends and people in their core social network. Musicians have, on average, less demand for capital to produce an album than a complex production, such as a film or a videogame (Davidson and Poor, 2016; Barbi and Bigelli, 2017). Therefore, they are less incentivised to compete for space, attention and contributions on an international platform.

Country/hypothesis	Norway	Denmark	Sweden	Finland	Iceland
Cultural affinity (H1)	Supported	Supported	Rejected	Supported	Supported
Contextual content (H2)	Rejected	Rejected	Rejected	Rejected	Rejected
Complex production (H3)	Supported	Supported	Rejected	Supported	Supported
Composite motives (H4)	Rejected	Rejected	Supported	Supported	Rejected

Table IV.
Country-level
hypothesis testing

Surprisingly, we find that contextual elements, content that is site-specific and requires personal attendance, are not a determinant of platform choice. These cultural productions are neither more nor less likely to choose a local or international platform. It might be the case that culture and its corresponding local community is an important contextual variable for success (Josefy *et al.*, 2017), but not as a factor determining the choice of platform. Nor do the findings provide any link between local infrastructure and campaigns, as was evidenced in a study set in France (Le Béchech *et al.*, 2018).

At the opposite end of both continuums, we have the category of complex productions. Relative to reach, their symbolic value and aesthetic form are visual. Hence they are less impeded by linguistic barriers, and thus they compete for attention on an equal footing with productions from English-speaking countries. We provide evidence in favour of the hypothesis that promoters of these productions are more likely to choose an international platform. The financial requirements, and added reach, might explain the preference. Successfully funded campaigns on Kickstarter in the categories of fashion, film and games have average goals that are 53 per cent, 101 per cent and 371 per cent higher, respectively, than the average goal of music projects – the typical campaign in the cultural affinity category (Barbi and Bigelli, 2017). Complex productions greatly benefit from the network effects of a large international platform and the extra user base; this is reflected in the promoters' choice of platform.

One of the values generated through CCF is online presence and attention. Online visibility is something that major firms in many CCI sectors (record companies, book publishers, or film producers), monitor to identify new artists, creators and products to market and exploit (Waldfoegel, 2018, pp. 184–185). Projects with a composite motive use CCF to gain a marketing push. Thus, with the added reach of an international platform, all things being equal, cultural productions with composite motives are as likely to thrive in an international environment as much as in a local one.

In relation to the post-hoc analysis, in the case of Sweden, public intervention and facilitation may explain why we find no support for the hypotheses except H4. Sweden functions as the Nordic hub for many CCI's, such as fashion and the music industries. Besides, public authorities acknowledged the potential of CCF and financed testing of match funding models. The platforms Fundedbyme and Crowdculture both received funding from Sweden's innovation agency Vinnova in 2010[3]. Besides, there were more articles on crowdfunding published in Swedish media in 2010 than in the international press (Myndigheten för Kulturanalys, 2013, p. 11). These factors provide some explanation to general uptake and a stronger local platform structure for CCF in Sweden than in other Nordic countries.

One theoretical contribution of our study is the 4C typology of cultural productions, which may be of value as a framework for differentiating cultural productions according to their potential for geographical spread and diffusion and their requirements concerning funding. The study adds to the literature on geography and crowdfunding by implying that not all distance can be automatically circumvented via crowdfunding (Agrawal *et al.*, 2015) while also explaining some of the motives and reasons as to why certain types of cultural productions remain predominantly local (Mendes-da-Silva *et al.*, 2016). Linguistic barriers, market access, attention and industry structure are additional factors that play a role in determining the choice of platform.

In terms of managerial implications, we evidence that if the cultural affinity (local anchoring) is strong and the financial requirements are limited, due to a reproduction orientation of the production, a local platform may be sufficient in achieving campaign goals without incurring costs of international campaigning. Conversely, if the international orientation is stronger, and the financial requirements higher because of a production orientation, an international platform may prove more effective thanks to wider potential

exposure. For the platforms, the findings are of interest as they evidence that there may be strategic benefits of specialising in promoting certain types of cultural productions, as delineated by the 4C model.

Conclusion

This study investigates whether the choice of the platform used for cultural crowdfunding campaigns differs by the degree of scope (local anchoring vs. international adaptability) and scale (production vs. reproduction). We used a sample of 1,465 successfully funded CCF campaigns for cultural productions promoted on reward-based crowdfunding platforms over six years, from 2010 to 2016. The promoters of these campaigns are artists and creatives from the five Nordic countries. We model platform choice as a binary option between using a local or an international platform. Cultural productions are classified into four categories – cultural affinity, contextual content, complex productions and composite motive, adapting a model for classifying cultural organisations taken from literature on arts marketing. Each category exhibits a different set of barriers or potential, guiding our assumption as to which type of platform the promoter is more likely to choose. We find that the choice and type of platform used depends on the orientation of a given project and that, in particular, linguistic barriers, the complexity of the project, and marketing potential, all condition the choice of platform, with different levels of support and prominence between countries.

Meanwhile, as is the case with most studies, this study has certain limitations. First, we included only successfully funded projects. Including both successful and unsuccessful campaigns might have given a different result. Secondly, the categorisation of cultural productions is a subjective assessment, and there could be other ways to conduct this exercise. Thirdly, our study samples projects from five small Nordic countries, but repeating the same comparative study based on cultural productions in other parts of Europe or in countries from a different continent, might give different results. Finally, there are several variables, such as brand name strength, familiarity and equity, that may also influence decisions towards international platforms, since the name of platforms in larger markets, such as ‘Kickstarter’ in the English-speaking context, or ‘Verkami’ in the Spanish-speaking one, have often become synonymous with the activity of crowdfunding. This may explain the lack of significant effect concerning contextual content, as promoters potentially are torn between the local relevance of the production and the brand appeal of international platforms (i.e. festival or event participants in an experience with international attraction).

Furthermore, in addition to studies examining the generalizability of our findings in new national contexts and time periods, future research may also benefit from studies utilising qualitative research design. Interviewing artists would potentially reveal some additional variables and factors predicting choice of platform. There are also numerous variables related to the promoter not included as control variables in this study, such as gender (Gafni *et al.*, 2019), and personality type (Davidson and Poor, 2015), which may be used in future research. In any case, predicting choice depends on a preceding classification of cultural productions, and we believe that our 4C model can be useful for similar studies in the future.

Notes

1. Own computations, Sources: Statistics Finland, Denmark and Iceland, MedieNorge/UiB, Svänska Förläggerforeningen. Web URL for non-governmental national statistical authorities: <https://www.forlaggare.se/den-totala-bokutgivningen-i-sverige>, and <http://www.medienorge.uib.no/statistikk/medium/boker/293>
2. See <https://www.populationpyramid.net/finland/2016/> for population figures.

3. Innovativ Kultur's mission, active between 2008 and 2014, was to support cultural and artistic renewal and to develop cooperation between culture, business and research: https://www.facebook.com/pg/InnovativKultur/about?ref=page_internal, interview and email exchange Max valentin, founder.

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Governments matching of cultural crowdfunding: an exploratory comparative analysis of the Spanish and Swedish case.

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Abstract

Over the last decade, crowdfunding has emerged as an important alternative and supplementary mechanism for funding, legitimising, and developing creative projects. In many European countries, several regional governments have started to support this practice, incorporating platforms as technological providers. Different types of governmental interventions exist, among them the provision of match-funding, or matching grants, effectively supplementing the crowdfunding campaign's private contributions with public funding. However, few academic studies on CCI crowdfunding or cultural policy investigate these emerging forms of public-private partnerships and collaborations. Using a qualitative methodology, the article proposes a conceptual model for the different types of governmental support and collaborations with cultural crowdfunding platforms, alongside two case studies of public-private partnerships to support CCI crowdfunding at a regional level in Spain and Sweden. The absence of support and intervention mechanisms may indicate that regional and local governments have thus far largely viewed crowdfunding as a marginal financing mechanism used by cultural projects unable to access other sources of funding.

Keywords:

crowdfunding; match-funding; regional cultural policy; platform economy,

Introduction

Since the end of the first decade of the 21st century, artists and cultural entrepreneurs have used crowdfunding in its digital form to acquire project funding. Most European cultural policies have given little attention to this new model of funding and citizen participation (Binimelis, 2016). Why is this the case, and where does crowdfunding fit into the major European cultural policy paradigms? During the second half of the 20th century, four overlapping paradigms have been used to justify European cultural policies and interventions. These four paradigms are: (aesthetic) excellence, cultural democratisation, cultural democracy, and the creative economy (Bonet and Négrier, 2018). Excellence and cultural democratisation emphasise autonomy (excellence) and access (democratisation) to the high arts (Rius-Ulldemolins, Pizzi, et al., 2019). Conversely, values driving the cultural democracy paradigm are openness towards amateur culture and popular expression (Lindström Sol, 2019), with instrumental values, or the capacity of culture and accompanying policy to serve as tools to accomplish extrinsic social or economic goals (Vestheim, 2008), sustaining the creative economy paradigm. According to Bonet and Négrier (2018, p. 67), crowdfunding, without gaining much prominence, is at the intersection of three of the paradigms: cultural democratization, cultural democracy, and the creative economy.

Why is crowdfunding at the intersection? First, in terms of cultural democratisation, crowdfunding facilitates the diffusion of cultural creation and expression to a broader audience. Second, in terms of cultural democracy, crowdfunding provides a bottom-up conduit that enables citizens and audiences to support "small-scale" cultural entrepreneurs in their work to become self-sustaining. Finally, relative to the creative economy paradigm, crowdfunding as a business model offers new ways to organise

creative work and production, which situates the funding mechanism as a solution to problems associated with access to financing in the cultural and creative industries (EU, 2010; De Voldere and Zeqo, 2017).

However, our review of existing cultural policy interventions to support crowdfunding shows (see Table 1) that they are few and far between. This may be because the governing logic of public funding of the cultural and creative sector in Europe is still oriented towards the work of established institutions, legitimate artists, and expressions linked to the traditional paradigms of excellence and cultural democratisation (Vestheim, 2008; Dubois, 2015; Rius-Ulldemolins, Pizzi, et al., 2019). Conversely, the incentive to support the creative economy and its workforce may be greater at the regional and city levels. (Menger, 2010; Styhre, 2013). Furthermore, artists and creative workers, who comprise the majority of the workforce in the creative economy, are frequently trapped in limbo between education, precarious project work, and attempting to launch a professional career. (Menger, 1999). Therefore, many of these "entrepreneurs by necessity" may find accessing public funding both challenging and competitive (Dalla Chiesa and Dekker, 2021). In contrast, promoting a crowdfunding campaign to raise funds may not be a worthwhile endeavour for well-known institutions and artists from a financial and marketing standpoint.

The main research question is *how have local and regional governments in Europe responded to the emergence of crowdfunding as an alternative funding mechanism to support cultural projects?* The study aims to investigate governmental support of cultural crowdfunding, as experienced from the perspective of crowdfunding platforms, with an emphasis on intervening through match-funding. We interpret "match-funding" as the pairing of a crowdfunding campaign's private contributions with public funding through reverse matching grants.

Government intervention and match-funding have been studied in a pre-digital context (Schuster, 1989). General reports and policy documents analyse these forms of public-private partnerships as used on online crowdfunding platforms (Myndigheten för kulturanalys, 2013; Baeck et al., 2017; De Voldere and Zeqo, 2017). However, review articles (McKenny et al., 2017; Lenart-Gansiniec, 2021) and contributions on crowdfunding in the cultural and creative sector (Moreau and Nicolas, 2018; Rykkja et al., 2020) draw attention to a lack of academic analysis of these models of interventions.

Using case study design as methodology and document analysis and semi-structured interviews as methods, we complement the gap by proposing a model of intervention for cultural crowdfunding based on the literature on civic crowdfunding (Davies, 2014, 2015; Wenzlaff, 2020a) and analysis of actual schemes implemented at the regional and local level to support crowdfunding for cultural projects (Wenzlaff, 2020b). Thereafter, we explore one of the intervention forms in the model – facilitating match-funding - through cross-country comparative case studies of public-private partnership built on the role in Spain (Goteo) and Sweden (CrowdCulture).

The theoretical framework is outlined in the following section, along with a model illustrating some of the current approaches and roles taken by regional governments seeking to support cultural crowdfunding. This framework is based on a review of recent literature on civic crowdfunding as well as government strategies and interventions to support public-private partnerships in the context of European cultural policies. Following that, we detail our methodology, data collection and analysis procedures, and case studies in the following sections. The article concludes with a discussion of the implications of our findings and some recommendations for further research.

Theoretical Framework

The cultural variant of crowdfunding

Crowdfunding is the use of a digital platform for fundraising projects or ventures through the collection of small amounts of money from a large crowd of dispersed individuals (Belleflamme et al., 2014). The organising principle mirrors distributed, community-enabled financing without the involvement of financial intermediaries (Macht and Weatherston, 2015; Shneor and Munim, 2019). The term "platform" refers metaphorically to a level playing field that facilitates interaction between seekers (promoters) and providers (patrons) of funding (Davidson, 2019). These 3P's (promoter, patron, platform) make up the crowdfunding stakeholder ecosystem. Within these ecosystems, investment-based (raising equity or securing loans for business ventures) or non-investment (encompassing philanthropic donations, funding in exchange for rewards or "pre-ordering" of products, and subscription-like forms of digital patronage) forms of crowdfunding occur (Swords, 2017; Ziegler et al., 2019).

What became the conventional approach to studying crowdfunding (Belleflamme et al., 2014) begins with the premise that a crowdfunding platform constitutes a two-sided market (Rochet and Tirole, 2003): two groups (promoters and patrons) use an intermediary (a platform) for ease of coordination to internalise external benefits created by one group (promoters proposing projects) for the other (patrons who may want to experience these projects) (Evans and Schmalensee, 2016). One group finances the operation of two-sided markets for the other group's benefit. In the case of crowdfunding, a portion of the funds raised by promoters are used to maintain the platform.

Alongside the conventional method, sectoral approaches—of which there are several—discuss and seek to explain contextual issues related to these two-sided markets. Some examples are the cultural (Rykkja et al., 2020; Dalla Chiesa and Dekker, 2021), civic (Hong and Ryu, 2019) and social venture (Lehner, 2013) approaches. In this article, we adopt a cultural approach.

Two interrelated features characterise the cultural approach. First, an acknowledgement that the type of campaigns promoted are predominantly small-scale efforts spearheaded by aspiring artists and creators acting as cultural entrepreneurs using the reward-based crowdfunding model (Bonet and Sastre, 2016; van den Hoogen, 2020). Second, a reason why many projects are relatively modest in size and ambitions is because the same promoters lack access to other funding options and opportunities (Dalla Chiesa and Dekker, 2021). The average amount of funding raised per campaign, the profile of the patrons, and the local bias of projects further substantiate the claim. First, the average amount of funding raised by successful campaigns in Europe between 2010 and 2016 range from around EUR 3,000 in Spain (Bonet and Sastre, 2016) to EUR 6,200 (the EU average) (De Voldere and Zeqo, 2017). Second, the majority of patrons supporting the campaigns are "strong ties" (friends, family, or fans) of the promoter (Dalla Chiesa and Dekker 2021). As a result, Cameron (2016) and Mendes-Da-Silva et al. (2016) have compared the cultural variant to a "welfare tool" that depends on localism (of the promoter) or "glocalism" (diverse, mostly local communities of patrons).

Moreover, while advancing one's own career or reputation can motivate artists and cultural entrepreneurs to engage in cultural crowdfunding, the common good can also serve as an incentive (Dalla Chiesa, 2020). When a cultural common participates in crowdfunding, this objective is pursued. Cultural commons are communities of practise that are more or less formally organised to share the management of public goods by

adhering to a set of institutional norms and conventions (Barbieri et al., 2019). The "... low entry barrier, low transaction costs, and crowd validation that it is proportionate" provide a rationale for cultural commons to engage in cultural crowdfunding in situations where "... collective action is required or traditional funding routes appear inaccessible" (Dalla Chiesa, 2020, p. 184). Thus, if there is a vested community interest and a shared governance system exists for a given project or initiative at the regional or local level, it can empower citizens to curate and create their own cultural offerings and values in collaboration with cultural project promoters (Borchi, 2020). The realisation of these community-based cultural projects could be funded by adopting cultural crowdfunding as a bottom-up, participatory initiative, to continue this line of thought (Bonet and Négrier, 2018).

Thus, the relationship between artists, agents, citizens, cultural commons, and cultural crowdfunding has implications for cultural policy at both the individual (artists and cultural entrepreneurs) and community (cultural commons) levels. This is especially true for cultural commons projects that adhere to the cultural democracy paradigm. How should government support be provided for these initiatives? This topic is discussed and analysed in the subsequent subsection.

The relation between cultural crowdfunding and cultural policy

Given its regulatory and competitive role in cultural finance, the public sector's involvement in supporting crowdfunding appears ambiguous and complex. From a civic crowdfunding perspective, empirical evidence suggests that government intervention acts as a validation mechanism by lowering information asymmetry and raising confidence in the project's worth and quality (Hong and Ryu, 2019). This is an excellent

starting point. From an economic and welfare perspective, projects that civic crowdfunding initiatives seek to fund are commensurable with cultural crowdfunding campaigns since both types of projects are essentially (semi-)public goods that are non-rivalrous in consumption (see Wenzlaff, 2020a, pp. 447-452)). However, specific to any variant of crowdfunding, successful intervention must account for factors affecting different governmental deliverables within a given policy area. Bonet and Sastre (2016) identify some of these for the cultural variant:

- Selection and evaluation of grants (outsourcing or direct supply);
- Quality control (who decides);
- Investing in producing cultural expressions (power to determine what to produce, how and by whom), and
- Access to and dissemination of cultural content.

Supporting crowdfunding offers governments a chance to provide grants and support to artists failing to secure funding through traditional grant programmes while avoiding bureaucratic procedures (Loots, 2020). The critical question, however, is whether outsourcing selection and evaluation by supporting crowdfunding to the platforms and crowds leads to a potential loss of quality and excellence. Two experimental studies evaluating performing arts and music projects provide some initial guidance. They find that crowds and expert evaluators reach similar conclusions as to what constitutes "artistic quality" in crowdfunding projects (Bernard and Gazel, 2018; Mollick and Nanda, 2016). Another polemical issue is whether the power shift in who decides what to produce will have broader repercussions for who gets to decide the beneficiaries of funding for arts and culture. An argument against public support of crowdfunding argues that the celebratory media discourse framing crowdfunding as a

"democratisation" of financing has its parallel use by people arguing against public funding of culture (Brabham, 2017). Additionally, government support for crowdfunding might be interpreted as evidence that governments have effectively abandoned attempts to encourage or support certain cultural projects as a result of budget cuts and reductions in public funding (Barbieri et al., 2019).

From a cultural democracy perspective, citizens and civil society achieve more power of decision and responsibility, representing a shift in line with an accentuation of participatory practises and philanthropy (Bonet and Sastre, 2016; Cejudo Cordoba, 2017). However, one empirical study (performing arts in the Netherlands) shows that crowdfunding initiatives predominantly engage existing audiences, raising questions about whether the funding mechanism helps establish new ones (van den Hoogen, 2020). Additionally, the campaign-based model gives communicative and outgoing artists with sizeable social networks an advantage (Davidson and Poor, 2015).

Technologically competent promoters or those with strong economic networks can gain from match-funding by "gaming" the system and buying out the public funding (Myndigheten för kulturanalys, 2013). From a creative economy perspective, it may be that a variety of stakeholders—the public sector, audiences, banks, and private companies—struggle with the potential changes brought by crowdfunding and the implementation of strategies to meet these (Binimelis, 2016). The legal status of crowdfunding serves as an example. While regulation of investment-based crowdfunding has been approved by the European Parliament ("EU Regulation 2020/1503 on European Crowdfunding Service Providers for Business," 2020) specific legislative measures for the predominantly reward-based cultural crowdfunding models are non-existent (Lazzaro and Noonan, 2020). Often, we see blurry boundaries between

pure donation and presale with different levels and types of consumer rights protection and taxation in Spain (Munoz Villarreal, 2018) and Sweden (SOU, 2018:20).

Interventions by the government to promote crowdfunding

Prior to discussing interventions to promote crowdfunding, it is necessary to briefly discuss two aspects of contemporary cultural policy. To begin with, differing attitudes towards and significance of public-private models for co-financing art and cultural projects across Europe. Most of today's cultural policy regimes give different weight to the value of these public-private partnerships.(Chartrand and McCaughey, 1989; Dubois, 2015). In many English-speaking countries, the model of supporting private donations through matching grants in exchange for tax exemptions is well-established (Cummings and Schuster, 1989). Regimes in other European countries prefer a more interventionist and less consumer-driven liberal cultural policy model (Rius-Ulldemolins, Pizzi, et al., 2019), despite the fact that public-private partnerships are encouraged (Klamer et al., 2006, pp. 63-64). As a result, neither of the countries in which our case studies take place (Sweden or Spain) has a long history of private cultural financing (Stenström, 2008; Bustamente, 2013) However, at the institutional level, some evidence suggests that this might be changing in the case of Spain. The claim is based on empirical evidence that private patronage and philanthropic donations to certain prominent performing arts institutions and museums have increased over the last decade (Rubio-Arostegui and Villarroya, 2021).

Second, an observation that justifications for grant giving and allocation of funding to the arts and culture rely on different paradigms (Bonet and Négrier, 2018) at the national and regional level, respectively. In Sweden, the national level shifts towards

the paradigms of excellence and cultural democratisation (quality, professionalism, and artistic freedom) (Lindström Sol 2019). The aesthetic and intrinsic values of state cultural policy – autonomy, quality, and professionalism – guide regional and municipal arts policy (Blomgren, 2012). This arts policy coexists alongside a cultural policy tilted towards cultural democracy (inclusion, welfare, and popular forms of culture) (Henningsen and Blomgren, 2017). Besides, as in many other countries (Menger, 2010) and cities in Europe (Evans, 2009; Holden, 2015), we find schemes to support goals aligned with the creative economy paradigm: developing creative industries, cultural entrepreneurship, and cultural tourism (Styhre, 2013).

In the case of Spain, the paradigm of cultural democratisation is the dominant rationale of cultural policies, followed at some distance by the paradigm of the creative economy and marginally by that of cultural democratisation (Rius-Ulldemolins and Rubio Aróstegui, 2016). However, the preceding statement is more of a general rule with some deviations. Those exceptions would be the result of tensions between the quasi-federal state, autonomous regions, provinces, and municipalities, which result in differentiation rather than standardisation of cultural policies (Bonet and Négrier, 2011). Without standardisation, it becomes difficult to assign intervention responsibilities at various levels of government (who does what?). The general effect of the state's difficulties of coordination with the regions in matters of cultural policy are differentiating models and approaches. An explanation for why this is the case is that the autonomous regions make every effort to resist national and cultural assimilation (Zamorano, 2017). As a result of this tendency towards differentiation, each region will to some extent define and implement policies specific to their own devices and local needs (Rubio Arostegui and Rius-Ulldemolins, 2020). Additionally, these regional disparities may

occasionally foster nepotistic behaviour and cronyism, as evidenced by studies of the funding and operations of several major institutions in Valencia (Rius-Ulldemolins, Flor Moreno, et al., 2019) or the way cultural budget fluctuations are related to electoral cycles (Sanjuán et al., 2020).

In other words, to understand how regional governments might choose to support digital crowdfunding as a novel method of fundraising, we need to consider what are the contextual factors conditioning the type of intervention. Some of these factors are the traditions and experience associated with private funding of culture, the various paradigms and rationales justifying policy intervention, and the types of grants that may be used to support cultural crowdfunding monetarily.

According to Schuster (1989), governments use three types of public grants: co-financing, challenge grants, and reverse matching grants. Co-financing refers to the government's role as co-financers of the arts, acknowledging that the public sector rarely finances the entirety of project costs. In the European context, co-financing is the dominant grant mechanism within both the Nordic and Southern (Rius-Ulldemolins, Pizzi, et al., 2019; Rubio Arostegui and Rius-Ulldemolins, 2020) cultural policy models. Statutes enshrine the principle in Sweden. SFS 2012:516 on subsidies to the performing arts and music states that the Swedish Art Council or other state agencies will not fully finance projects. A challenge grant resembles a "carrot-and-stick" grant. The government challenges specific cultural institutions or individuals to raise "new" money from private sources in exchange for promises of an additional "challenge" grant rewarding success (Schuster, 1989, p.65). Reverse matching grants' underlying principle is a governmental undertaking to match, more or less automatically, private fundraising with a set proportion (for example, from 1:1 to 1:4) of public funding. The term "reverse" follows from the "reactive" modus operandi of the grant mechanism:

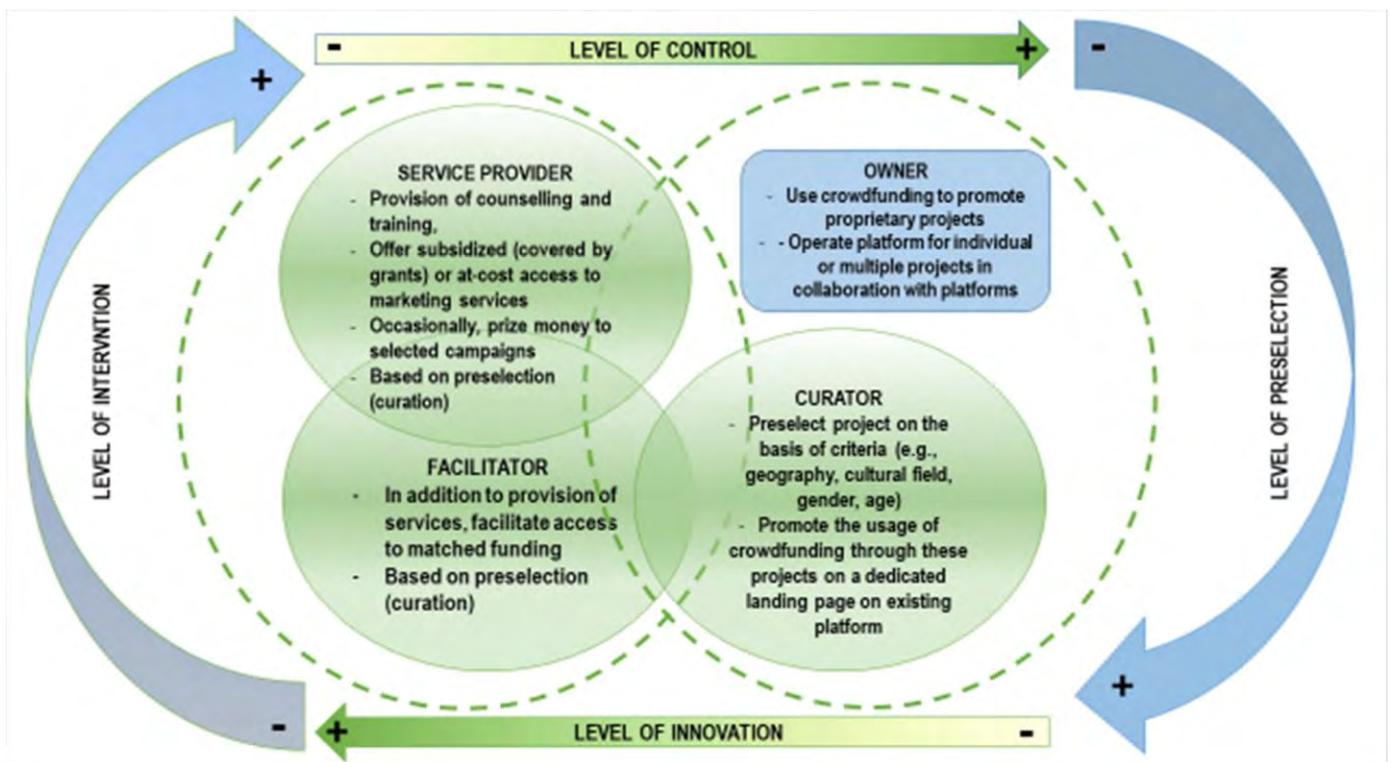
public subsidy follows private choice. Governments may find reverse matching grants challenging to implement because distributing funding by relying on public choice does constitute an innovative approach (Senabre and Morell, 2018). Conversely, and because reverse matching grants foment participation and work well with campaign-based fundraising logic, governments see reverse matching grants as a viable form of intervention to support crowdfunding (Loots, 2020).

The grey literature (Baeck et al., 2017; De Voldere and Zeqo, 2017; Eurocrowd, 2021) describes four types of match-funding based on reverse matching grants: in first, top-up, bridging, and real-time. “In first” is allocating a preordained percentage of the project costs as public match-funding before the start of the crowdfunding campaign. Conversely, a “top-up” adds a similar percentage or set sum after the end of the campaign. “Bridging” seeks to strengthen the success potential of the campaign through a single contribution to the campaign once it reaches a pre-set threshold (e.g., from 30 to 50 percent). “Real time” consists of “matching” the value of any contributions, effectively multiplying the value of any pledge. Thus, the public partner’s contributions effectively double the value of the amount of funding pledged to the projects by private patrons. In any case, the overall outcome and effect is that available funding for cultural projects increases (Barbieri et al., 2019).

However, how governments may combine match-funding with other types of interventions to support crowdfunding remains undefined in the context of cultural crowdfunding. The literature on civic crowdfunding (Davies, 2015; Wenzlaff, 2020a) first theorised a taxonomy of intervention schemes, which provide guidance. Wenzlaff (2020a p.457–458), building on the work of Davies (2014), describes five roles regional governments may adopt in the context of civic crowdfunding:

- Owner models: the government take ownership of crowdfunding by promoting a campaign.
- Facilitator model: the government, through the provision of economic support, co-funds campaigns promoted by private citizens or organizations.
- (Selling)-service models: the government offer services (due diligence of projects, education, training, or mentoring) free or at cost.
- Curator models: the government selects and promotes campaigns through the public institution's official communication channels.
- Platform models: the government own a crowdfunding platform.

Figure 1 The tensions and forces in CF match-funding: ownership, curation, facilitation and services.



Using the work of Wenzlaff and Davies and analysis of existing partnerships to support crowdfunding (see section 3), Figure 1 proposes an operational model of possible interventions to support cultural crowdfunding.

We situate the forms of interventions (different roles) along four (two vertical and two horizontal) continuums (approaches). The horizontal continuum at the bottom indicates the interventions' position relative to the degree of innovation. The rationale is that innovating administrative procedures (facilitation) may represent the most challenging aspect of intervening. By this, we mean changing the model of allocating grants from reliance on either experts (e.g., civil servants) or peers (e.g., Art Council committees) to popular (crowd) decisions. The horizontal continuum at the top indicates the degree to which the public partner intends to control and manage the partnership. This means setting up and administering a platform to promote proprietary (in the sense of self-elected) projects as the owner. The left vertical continuum shows a position on a scale indicating commitment (from low to high). Thus, the service model of intervention would involve a distinct *laissez-faire*, or passive attitude, by limiting involvement to indirect support of the promoter's effort by giving discretionary grants to cover their marketing and promotional costs. The right vertical continuum indicates the degree of openness of the intervention scheme. By "openness," we mean the work that goes into vetting projects for participation. These may range from the inclusion of any potential project solely at the discretion of the public partner, via compliance with criteria (geography, industry category, age, gender, and professional status), to selection based on formal applications that are like the ones associated with grant allocation in co-financing models of intervention.

Due to the fluid nature of the boundary transitions between the various roles, they are highly hybrid and will frequently contain parts of one another in their respective positions. The exception is the platform ownership position, in which regional and local governments act as promoters in direct collaboration with a platform. This means that, in most cases, the facilitator role entails curation (pre-selection of projects) and service provision (training, follow-up, aid with communication, and marketing). Additionally, some forms of service provision include project support in the form of cash prizes, while others require application processing in order to access a subsidised provision. Curation involves communication and marketing efforts without the promoter necessarily gaining specific benefits from a proprietary campaign. Without regard for the owner role, the value of intervention for artists and cultural entrepreneurs can be summarised as follows: curation-services-facilitation.

Methodology

We examined local and regional government initiatives to boost cultural crowdfunding using a case study research design and methodology (Creswell, 2013; Yin , 2018, p. 97). Stake's taxonomy (in Creswell, 2013, p. 99) classifies our case study as a collective (or multiple) case study. The goal was to gain a better understanding of these programmes, their implementation, and functionality by analysing and evaluating existing operational schemes.

Two steps of data collection proceeded concurrently. One phase centred on the development of a framework to aid our interpretation and understanding of the many roles that local and regional governments adopt to support cultural crowdfunding through match-funding and other sorts of involvement throughout Europe. Using

document analysis (De Voldere and Zeqo, 2017; Baeck et al., 2017; European Crowdfunding Network, 2018; Senabre and Morrell, 2018; Myndigheten for Kulturanalys, 2013) and web searches (the websites crowdfunding4culture.org, eurocrowd.org, and nordic-crowdfunding.org), 77 distinct programmes from across Europe's various countries were identified. We eliminated 40 of them (no regional or local government, n = 5; predominantly civic crowdfunding, n = 22; and corporate partners, such as a bank, n = 13). For the remaining, selected schemes (n = 37), a data collection matrix in which we collected information on location (country), year of launch, collaborating crowdfunding platform, public partner, and crowdfunding business model. After evaluating the schemes, we wrote a synopsis of how they worked (abbreviated version in column “description”, table 1). In a few instances, we contacted the public administration, engaging in an email dialogue with civil servants to ascertain and verify information we had difficulty understanding or interpreting. As a final stage of the process, a crowdsourced initiative to map existing initiatives conducted on the LinkedIn platform was consulted to ensure that our searches were complete (Wenzlaff, 2020b).

After plotting the basic information, we delved into analyses of roles and types of involvement of public partners, developing a model (see Figure 1) based on our findings while using the literature on civic crowdfunding as guidance. Thereafter, the model was used to determine the type of intervention for each of the initiatives by assigning a role to each of them. The information can be found in Table 1

Table 1 Overview of analysed partnerships

Country	Year started	Platforms collaborating	Regions/Cities	Role	Description	Crowdfunding model
Austria	2016	Wemakeit, Conda, Kickstarter,	Graz	Service	Grants to fund creative services (> 50% of costs, capped at €5,000)	Lending, Equity, Reward
		Startnext, Zmartup, Greenrocket, 1000x1000, Companisto, Firstcap			required for a campaign (video production, graphic design and communication).	
France	2015	Proartis	Rennes	Curation and Service	Starts with curation (preselection) followed by training programme and counselling. Two rounds of campaigns. Prize money of €1,000 (most liked and most money raised) and €500 (special award by the city)	Reward

Germany	2016 (Berlin),	Startnext	Berlin, Kassel	Service	Offers free consultation services to aspiring promoters (Berlin).	Lending, Equity, Reward (Berlin)
	2017 (Kassel)	Startnext	Berlin, Kassel	Service	Advises on campaign development and promoting promotional services (Kassel). Occasionally, prize money to selected campaigns.	Reward only (Kassel)
Germany	2019 (Rheinland-Palantine),	Startnext	Rheinland-Palantine,	Curation	A channel on the platform promotes crowdfunding projects from the area	Reward
	2020 (Dresden)	Startnext	Dresden	Curation	Application based selection, coaching, and access to grants to pay for services, and match-funding (cap €5,000 per campaign). Top-up (München and Hamburg) or real-time model (Frankfurt)	Reward
Germany	2013 (Frankfurt), 2014 (Münich), 2011 (Hamburg)	Startnext	Frankfurt, München, and Hamburg	Facilitation	Application based selection, coaching, and access to grants to pay for services, and match-funding (cap €5,000 per campaign). Top-up (München and Hamburg) or real-time model (Frankfurt)	Reward

Italy	2013	Idea Ginger	Bologna	Platform	The city funded part of the restoration of a cultural heritage site using a crowdfunding platform set up by Idea Ginger. Over 7,000 citizens donated €339,000.	Donation
					The regional government, in collaboration with an innovation agency and crowdfunding experts, offer counselling, PR and communication services.	Reward
Italy	2015	Idea Ginger and Kickstarter	Emilio Romagna	Service	The Platform manages partnerships with the government partners, hosts workshops and consultations, and facilitate match-funding for selected projects. Matching funds typically represent 25–30% of	Reward and Donation
			Groningen, Gelderland, Limburg, Rotterdam, Amsterdam, Den Hague, and Amersfort	Facilitation		
Netherlands	2010	Voordekunst				

Spain	2011	Goteo	Andalucía,, Gipuzkoa, Barcelona, Zaragoza	Facilitation	campaign goals as in-first, bridging, or top-up funds.	Reward and Donation	
					See case study		
Spain	2016	Verkami	Gijon	Facilitation	Verkami responsible for counselling and hosting campaigns.	Reward	
					Matching doubles the amount collected if the target is met, up to a maximum of €2,000 per campaign.		
Sweden	2010	CrowdCulture	Kronoberg,Stockholm, Sörmland, Västra Götaland, Dalarna	Facilitation	See case study	Reward	
							Blekinge, Filmbasen, Gävleborg, Jönköping,
							Launch of a regional channel for Kanton Basel. The region covered
Switzerland	2012	Wemakeit	Basel	Curation		Reward	

				costs of programming, hosting and manpower to promote crowdfunding and possibility for inclusion on the channel to the local artist community.
UK	2011	Crowdfunder	Newcastle, Cornwall, Plymouth, Birmingham	Based on meeting criteria and fundraising targets, prospective projects may access match-funding (+Extra funding). Reward

Own desk research and elaboration, based on Wenzlaff (2020b), De Voldere and Zeqo (2017), Loots (2020)

Concurrently with the mapping historic and existing European initiatives, we sought to identify embedded case studies to be used to further examine and validate the facilitator role we ultimately defined. These cases were chosen based on their paradigmatic relevance (Flyvbjerg, 2011). In this instance, "paradigmatic" cases highlight the more general characteristics of the studied object or phenomenon. Thus, the rationale for choosing them is that they help us understand some of the issues and challenges inherent in collaborations between public (regional governments) and private (crowdfunding platforms) entities that aim to increase the adoption and use of the cultural crowdfunding variant. Consequently, they were selected because they clearly illustrate how regional governments, as facilitators, and crowdfunding platforms collaborate.

The rationale is supported by three justifications. First, in both instances, the launches of the platforms and their collaborations with regional governments were among the earliest in Europe. The claim is supported by the timeline of launch years, as shown in Table 1. Second, both cases demonstrate distinct values that determined how the collaboration was implemented in practice: Goteo's strong commitment to creative commons and CrowdCulture's participatory model for providing public support to culture based on the impact of digitization, respectively. Some may question why we chose Goteo as the Spanish case instead of Verkami. Verkami is a platform with more campaigns and some experience in the facilitator role (see Table 1). However, Goteo was ultimately selected due to the platform's much more extensive experience in developing and operating facilitator-like public-private partnerships. Thirdly, the selected schemes may help us understand which effect the 2008 financial crisis and different cultural policy models have on the performance of these schemes. Other empirical studies (Rius-Ulldemolins et al., 2019) have confirmed that crisis-related

structural problems in Sweden and Spain are vastly different. This is due to the fact that their social, political, economic, and geographical environments are located at opposite ends of western Europe.

From a methodological standpoint, the development of these embedded cases follows the same path as elaboration of the intervention model. This implies that we started by conducting desk research by reviewing case-specific literature. Examples of key sources, in addition to the platform's websites, are published case studies (Amman, 2016, Zeqo, 2016), reports (European Crowdfunding Network, 2018; Myndigheten for Kulturanalys, 2013; De Voldere and Zeqo, 2017), and peer-reviewed articles (Senabre and Morrel, 2018; Loots, 2020). We also compiled and analysed information regarding the financial performance of the match-funding programmes.

On the basis of a preliminary analysis of the documents and campaign data, we composed (Maxwell, 2009) descriptive texts outlining our understanding of the schemes' rationale, the functionality of the platforms, and the underlying business models of the platforms. We developed a set of questionnaires for semi-structured interviews based on these "memos." Then, we conducted separate interviews with the respective founders of the two platforms (Oliver Schulbaum, Goteo, and Max Valentin, CrowdCulture). The purpose of the interviews was to gain knowledge about three issues we believed to be central for answering the research question: the value(s) underpinning the platform's operation, the functionality of the schemes (including match-funding mechanism) and collaboration between partners, and the economic results and performance of the schemes, measured as a multiplier effect.

The length of both interviews was between 90 and 120 minutes. We chose to conduct interviews for the same reason we mapped the schemes: comprehensiveness.

Thus, the interviews provided the last opportunity to validate our understanding of the platform's operations, match-funding schemes, and financial data accuracy.

After transcribing the interviews, the case studies were completed, which included updating the financial performance data and calculating the multiplier effect for each scheme. The case reports are presented in the following section.

Case studies

Goteo

Goteo's crowdfunding platform aims to foster public-private partnerships and collaborations based on a commitment to the creative commons as a philosophical principle. A platform project inspired by Flattr, a micro-donation subscription service for creative work, in response to the financial crisis's impact on project funding. A conceptual model for Goteo emerged through co-design workshops with affected stakeholders – citizens who support cultural or social projects, government employees, and investors. Transparency and shared responsibility are the central values that all stakeholders share. Citizens value transparency because it enables them to understand how funds are spent on funded projects. The public sector has a general obligation to transparency in government, whereas the Goteo model simplifies and resolves reporting issues. Investors appreciated the transparency provided by the signalling system – a red light flashing when projects fail to deliver on their promises.

However, these values turn operating a crowdfunding platform into a more complex procedure in the case of Goteo compared with commercial platforms like Verkami or Kickstarter. There was uncertainty about whether a model with offline antecedents – collecting funds by appealing to solidarity – would transcend online. Goteo resolved the challenge through innovation and transparency. The platform operates as a foundation whose initial capitalisation (€28,000) comes from valuing the platform's open-source code. Another "transparent" innovation was establishing legally and fiscally valid models of collaboration in partnership with the Extremadura regional government. However, because of transparency, the template was made public, and everyone could use it. Consequently, during the public procurement process to award a new contract to operate the scheme, Goteo lost the job of organising the match-funding to other companies.

Thus, managing a platform as a foundation provides both advantages: surplus work and limitations. Fiscally, a contribution to a campaign represents a gift to the foundation, which subsequently distributes funds to the respective promoters. Therefore, all patrons must verify their identity and become eligible for tax benefits. These legal safeguards represent advantageous features for the public administration in their role as facilitators. However, getting the right tax certificates sent to all contributors represents surplus work and requires special software for communication with the tax authorities. Hence, considering the uncertain legal status of reward-based crowdfunding, Goteo's model provides a legitimate framework that commercial platforms cannot offer. Concurrently, "transparency," adherence to creative commons, social compromise, and a rigorous and realistic vetting process limit the type and number of projects on the platform.

Commercial music projects chose different platforms because of requirements to release the crowdfunded recordings under a creative commons licence. An example of social

compromise is that promoters must declare how their projects can contribute to gender equality. Realism signifies looking at the campaign's funding goals and a requirement that the contributions from family and friends equal 20 percent of the first week of the campaign. As a result, most projects wanting to raise €20,000 in funding from 1,500 contributors are rejected by the platform because of unrealistic ambitions.

Between 2011 and 2020, Goteo has launched 18 different match-funding programmes with 11 different public and private sector partners (City, Provincial, and Regional Governments, Universities).

Our analysis focuses on META!, Goteo's most stable and longest-running collaboration in partnership with the Provincial Government of Gipuzkoa (Basque Country region in Spain) and the city of San Sebastian as its capital. The collaboration came about due to the connection and affinity between the platform and the department of culture, who saw match-funding as a way to provide more resources to the cultural sector in the province. The Goteo foundation receives a nominal yearly grant whereby the council contributes €70,000 annually in match-funding and approximately €65,000 in support, communication, training in campaign management and advice to promoters. All the projects go through a formal selection process (curation) assessing the viability of each project and its consistency with public policy objectives (e.g., helping strengthen the region's cultural ecosystem) and Goteo's values. Selected promoters receive training, access to personalised advice, and participation in a joint communication campaign, something explaining the extremely high success rate of the projects (set in percentages). Campaigns run over two rounds, each lasting forty days. Match-funding in the first round follows the "Real Time" principle, adding one euro from the council for every euro raised by a promoter. In the second round, a dynamic algorithm

multiplies matched contributions by two or three on pre-established days, linked to marketing activity, campaign performance, and success rates, with the aim of promoting solidarity and cooperation. The algorithm also limits the maximum contribution of each patron and the public match allocated to each project.

Table 2 presents descriptive statistics of META!’s first four editions. The average amount raised per campaign was €9,921, of which €4,327 represented the average public allocation (with a 2.22-multiplier effect). Citizen contributions average €55, higher than the €49.60 overall for regular Goteo campaigns.

Table 2 Descriptive statistics META!

Variables	Match-funding Campaigns				Total
	Meta 2016.	Meta 2017.	Meta 2018.	Meta 2019.	
Match-funding Budget	€70,000	€70,000	€70,000	€70,000	€280,000
Allocation used	€70,000	€62,631	€70,000	€70,000	€272,631
Applications	37	33	46	38	154
Selected Projects	20	16	15	14	65
Successfully funded	20	15	14	14	63
Contributions Patrons	€84,450	€94,080	€77,619	€76,708	€332,857
DFG contributions ¹	€66,572	€63,722	€59,641	<i>MD</i>	€189,935
Participants	1,556	1,333	1,441	1,322	5,652
Average Contributions (M)	€54	€71	€54	€58	
Average Campaign (M)	€7,723	€10,939	€10,544	€10,479	
Multiplier Effect	2.21	2.50	2.11	2.10	2.22

1. DFG = Contributions to cover costs of administration, training, counselling and communication

CrowdCulture

In 2006, Max Valentin, founder of CrowdCulture, was confident that e-commerce and the impact of digitalisation on other sectors would eventually affect the cultural sector. Inspired by precursors to today's crowdfunding platforms, like the closed, members-only website Underfund, used to pitch and fundraise creative projects, Max Valentin sought to transpose participatory forms of organisations from the cultural sector to an entrepreneurial, digital environment. The building block of the new structural model was democratic participation based on the organising principle of a hybrid economy. "Hybrid" refers to the meeting of public and private interests to realise a project, and "economy" refers to a digital co-financing solution where the number of participants, not the capital involved, has prominence. Thus, the point of entry was not crowdfunding per se, but an attempt to facilitate democratic participation in the allocation of public funding through digitalisation.

However, a public-private partnership between the platform and regional governments has as much to do with a need for other income streams as commissions from crowdfunding contributions alone. CrowdCulture initially lobbied the Swedish Internet Foundation for financial support, arguing that the benefits of the platform project included increasing government usage of digital web-based services. Responses ranged from negative (too commercial; the internet should not be about money) via lukewarm (complicated) to positive (we want match-funding). Eventually, CrowdCulture declined to participate in the public procurement processes to operate the pilot scheme because the match-funding scheme would need to apply the real-time principle. Real-time models contradict Max Valentin's personal belief that match-funding schemes should be based on the number of participants rather than the quantity of funding raised.

Otherwise, the risk of fraud or misuse is too great because a person with available capital may buy out public funds. In the end, CrowdCulture settled on a business model based on software licensing to use the platform, consultancy fees to manage partnerships with the regional funds, and service provisioning (e.g., workshops and training in running campaigns for promoters).

Simultaneously, a newly elected councillor in the city government of Stockholm was interested in changing the way the city allocated cultural funding. Some institutions had received regular money from the city for 30 years, while the list of others wanting support was long. To work on solutions, the city set up a semi-autonomous agency called Innovativ Kultur. The agency's objectives were to promote cooperation between the cultural sector, businesses, and research, provide funding for innovative cultural projects, stimulate cultural entrepreneurship, and most importantly, work on method development for funding the cultural sector. "An agency to challenge the status quo." According to Max Valentin's words, CrowdCulture, with funding from and VINNOVA, successfully ran two pilot programmes with match-funding for Innovativ Kultur in 2010 before officially launching in 2011, with the first regional match-funding scheme outside Stockholm launched in 2012. Valentin cites these partnerships and having SKL's (the organisation for Swedish Municipal and Regional governments) legal department validate CrowdCulture's match-funding model as enabling partnerships with regional authorities. However, challenging the status quo is not the only impetus behind the drive to operate public-private partnerships. As Max Valentin points out: "We couldn't survive financially with a business-to-consumer model. That is why we must also work with the public sector. It's not just ideology'

Match-funding comes from a designated fund where the public partner sets aside a fractional percentage of its cultural budget specifically for projects promoted on the

platform meeting the criteria to access these funds. The platform uses an algorithm to calculate public support based on the number of active projects at any given time targeting a specific public fund and their respective donations from people. Accessing match-funding requires at least five private patrons to support the project (SOU, 2018:20) and that the project reaches its predetermined funding goal. The government's motives for collaboration vary, ranging from showing the capacity to innovate and strengthen democratic participation to following political signals emphasising a need to externalise activities through digitalisation. What Valentin finds most challenging is the temporality of the partnerships (lasting for one year, with exceptions) and that crowdfunding requires more and different ways of working from the administration. Loss of control and power is usually not the issue. The challenge is the administrative implementation and management of programmes, including training, education, and most importantly, getting people enthused.

Table 3 provides descriptive statistics of selected match-funding programmes. They have a smaller multiplier effect than in the Spanish case.

Table 3 Descriptive statistics CrowdCulture 2010 - 2016

Regions	Successful	All projects		Match-funding		Private Funding		Multiplier Effect
	Campaigns	Total	M	Total	M	Total	M	
	N							
Blekinge	21	38 260	1 822	32 917	1 567	5 343	254	0,16
Dalarna	4	10 588	2 647	9 119	2 280	1 469	367	0,16
Filmbasen	12	27 189	2 266	15 802	1 317	11 387	949	0,72
Gävleborg	9	38 615	4 291	30 344	3 372	8 271	919	0,27
Jönköping	1	7 022	7 022	4 616	4 616	2 406	2 406	0,52
Kronoberg	13	43 422	3 340	33 666	2 590	9 756	750	0,29
Sörmland	13	26 530	2 041	21 546	1 657	2 728	210	0,13
Västra Götaland	21	54 278	2 585	35 034	1 668	19 244	916	0,55

Discussions and Implications

The paper focuses on one main research question: how have local and regional governments in Europe responded to the emergence of crowdfunding as an alternative funding mechanism to support cultural projects?

Our conceptual model shows that at the regional level of government, available roles depend on choosing between expectant or innovative approaches. The expectant approach refers to governments supporting the efforts of promoters running campaigns by indirectly promoting or encouraging the uptake of crowdfunding. The approach signals an interest in crowdfunding as "out there" and available but does not indicate an extensive commitment towards engaging with the mechanism. Conversely, the

innovative approach refers to direct facilitation of crowdfunding through match-funding or using crowdfunding to promote campaigns for projects considered strategically or artistically important. As with most typologies, hybridisation is common. Facilitation usually involves curation and the provision of services, while curating a special "season" of campaigns or service provision may include some modest facilitation through prize money. In any circumstance, we observe tensions between the drive to innovate and the desire to maintain control. Most schemes facilitating match-funding have in place a selection process mimicking the traditional model of project application in the cultural sector. Depending on the chosen approach, the successful application of policies depends on four mechanisms: a rigorous process of preselection; professional training and mentoring; communication; and outsourcing of work (to the platform).

Some of the difference in the multiplier effect between the schemes may be explained by the type of organisation, the financial and operational involvement of the public partner, and existence of common values. "In match-funding rounds, we do more assessment work; we are paid to be more thorough," says Oliver Schulbaum.

Furthermore, "marketing and communication work, training, and education programmes" are linked to success. Therefore, the type of partnership and level of involvement indicate that the platform and public partner are close collaborators.

Furthermore, both partners value that their collaboration is premised on openness and transparency.

CrowdCulture, on the other hand, operates as a business, primarily licencing usage rights and, on occasion, providing services as part of the agreement. CrowdCulture also plays no significant role in curating and vetting projects, other than ensuring that the platform's and partners' rules are followed (i.e., number of backers, geographic origin, and type of project). Because of the chosen business model, public partners become

clients and are less involved in the operation of scheme. This exemplifies a less intensive, less demanding type of collaboration.

By comparing the platform's values, a possible explanation for the differences in the multiplier effect can be found. One advocate (Goteo) advocates for transparency and the commons, while the other advocates for the democratisation of the funding allocation process (CrowdCulture). Based on economic performance, the former appears to produce better results. As a result, in addition to platform values, variables that influence the multiplier effect of these schemes include the partnership's inherent level of commitment, dedicated marketing investment, and, finally, curation.

Additionally, match-funding mechanisms appear more complex than simply topping up the private contributions with public funding. The platforms use dynamic, algorithm-driven models to avoid the free rider problem (promoters benefiting without contributing) by incentivising promoters to work during key moments of the campaigns. Therefore, we propose a fifth model, dynamic multiplication, to complement the four previously described by Baeck et al. (2017). We define dynamic multiplication as an algorithm-based matching model, computing the public commitment to campaigns using a formula considering participating projects, contributions, campaign phases, and general objectives of the scheme.

Still, these findings do not explain the regional and local governments' cautious and ambivalent embrace of crowdfunding. Has low pressure or little demand from the professional arts sector and cultural heritage institutions something to do with this? In both of the cases individuals representing the government, in Stockholm and Gipuzkoa, drove the process based on a rationale that to increase and change the allocation of funding, governments need to innovate. Crowdfunding, as our research has shown,

represents a departure from the traditional model of co-financing, which is based on experts in arts councils and public administrations making decisions for audiences and consumers (Bonet and Sastre, 2016). Most cultural expressions and objects financed through cultural crowdfunding skew, in cultural policy terms, towards the popular and commercial end of the high – low arts continuum. They are not part of the cultural establishment (Rius-Ulldemolins et al., 2019), such as heritage, performing arts, or classical music (Menger, 2010), leading to difficulties in justifying their support as merit goods. Nonetheless, use of match-funding represents an endogenous outcome of cultural policies' participatory turn (Bonet and Négrier, 2018). It could help legitimise governmental support of culture for those projects adhering to the paradigms of cultural democracy and creative economy. This is of particular importance when faced with the perennial problem of precarity and difficulties in accessing funding and paid work for artists and cultural entrepreneurs (Menger, 1999).

However, the emergence of crowdfunding evidence some level of disconnect between regional, reiterative political discourses and the economy of the creative city (Menger, 2010). This is part of an ongoing issue of connecting the intrinsic values of cultural policy with instrumental ambitions relative to economic growth and social cohesion through the adoption of a broader, more socially relevant, and inclusive cultural agenda (Styhre, 2013). Despite the fact that they share the same criteria and mechanisms that underpin arts policy in general (e.g., aesthetic quality, professionalism) (Pratt, 2005), there is a lack of inherent financial mechanisms tailored to the actual practises and needs of emerging artists. A majority of interventions are indirect schemes (Evans, 2009; Menger, 2010; Holden, 2015), including building new cultural centres and infrastructure, or funding festivals, events, and spaces for co-working. Another reason for limited involvement may be the ambiguous legal status of many projects benefiting

from crowdfunding: some are presales that would generate VAT payments; others have the character of philanthropic donations and gift economics, with a third in an unclear position between these two poles.

Another, more prosaic explanation of the hesitancy is the non-prescriptive nature of crowdfunding's capacity for intermediation compared to the existing dominant selection models. Under co-financing models, the government, foundations, or private companies provide financing based on selecting between any number of "submitted" projects, often relying on instrumental criteria, such as capacity to meet stated intrinsic requirements and external objectives. The same mechanisms are implemented under the facilitator role in some match-funding programmes, e.g., the case of META! This evidences a certain intent on behalf of governments to adapt support for crowdfunding to the preselection model used for allocation of co-financing grants. In CrowdCulture's case, the impression of founder Max Valentin is that the government's apprehensions towards supporting crowdfunding and match-funding may have more to do with the additional workload involved. Besides workload, the costs of taking on a facilitator role are also quite high, due in part to governments' replicating preselection mechanisms on the one hand, and on the other hand, the costs associated with training, mentoring, and communication of schemes and campaigns to the public. In the case of META! these costs equalled nearly as much as the amounts set aside for match-funding for the campaigns. What are the drivers and barriers to supporting cultural crowdfunding from the perspective of local and regional public administration? This could be an interesting topic for future investigation.

To conclude, most regional and local governments perceive crowdfunding as a marginal financing mechanism used by cultural projects unable to access other sources of funding. Thus, our research indicates no widespread adoption of the role of facilitator,

service provider, or curator of crowdfunding support. One reason may be that support implies allocating funding through different grant mechanisms and models of intervention. Civil servants, art councils, established artists, and institutions might resist these changes out of fear of losing control and influence over cultural policy. Failure to address the uncomfortable legal and fiscal debate of whether crowdfunding income constitutes gifts or sales of production provides another explanation for reticence (Lazzaro and Noonan, 2020). Public support of crowdfunding involves outsourcing of grant giving through collaborations with private organisations (platforms). Lack of control over proceedings can lead to misuse of funds and failed partnerships, causing reputational loss for the public partner. Nevertheless, due to the predominantly local or regional orientation of match-funding schemes, legal and fiscal obstacles should be easy to address given the ease of controlling proceedings. Research in France demonstrates a geographic link between the cultural "terroir" and crowdfunded initiatives (Le Béchech et al., 2018). Thus, governments may use support for crowdfunding as a method to augment reduced or stagnant public finances and benefit from the dynamism and complementarity between crowdfunding and the local and regional cultural ecosystem. Who may the beneficiaries be? Emerging artists and projects falling under the cultural democracy and creative economy paradigms.

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Over the last 15 years, online crowdfunding has emerged as a decentralised, alternative micro-patronage platform for raising capital for for-profit and non-profit projects and businesses. Concurrently, a growing body of literature on crowdfunding, mainly focusing on campaign success factors, has been published. Fewer studies investigate what motivates the adoption of crowdfunding and how it is used as a business model at the sector level.

The goal of the thesis is to explain how artists and cultural entrepreneurs use crowdfunding as a business model in the cultural and creative industries (CCI). Using longitudinal cross-sectional campaign data from the Nordic countries and Spain, the thesis provides empirical and theoretical answers. One empirical contribution is that the data do not support claims that crowdfunding in the CCI represents a “viable” alternative or “democratization” of funding and financing arrangements. Instead, the evidence suggests that “winner-take-all” market structures prevail. A theoretical insight highlights that studies of adoption and usage should combine micro-level perspectives with meso-level (platform environment, industry category, and production system configuration) and macro-level (configuration of institutional environments and arrangements) structures and mechanisms.

The importance of being aware of and responsive to geographical contexts, institutional settings, and project types is demonstrated by a focus on object specificity. It also demonstrates the value and benefits of combining methods to unpack crowdfunding as a phenomenon in ways that few other cultural crowdfunding studies have.