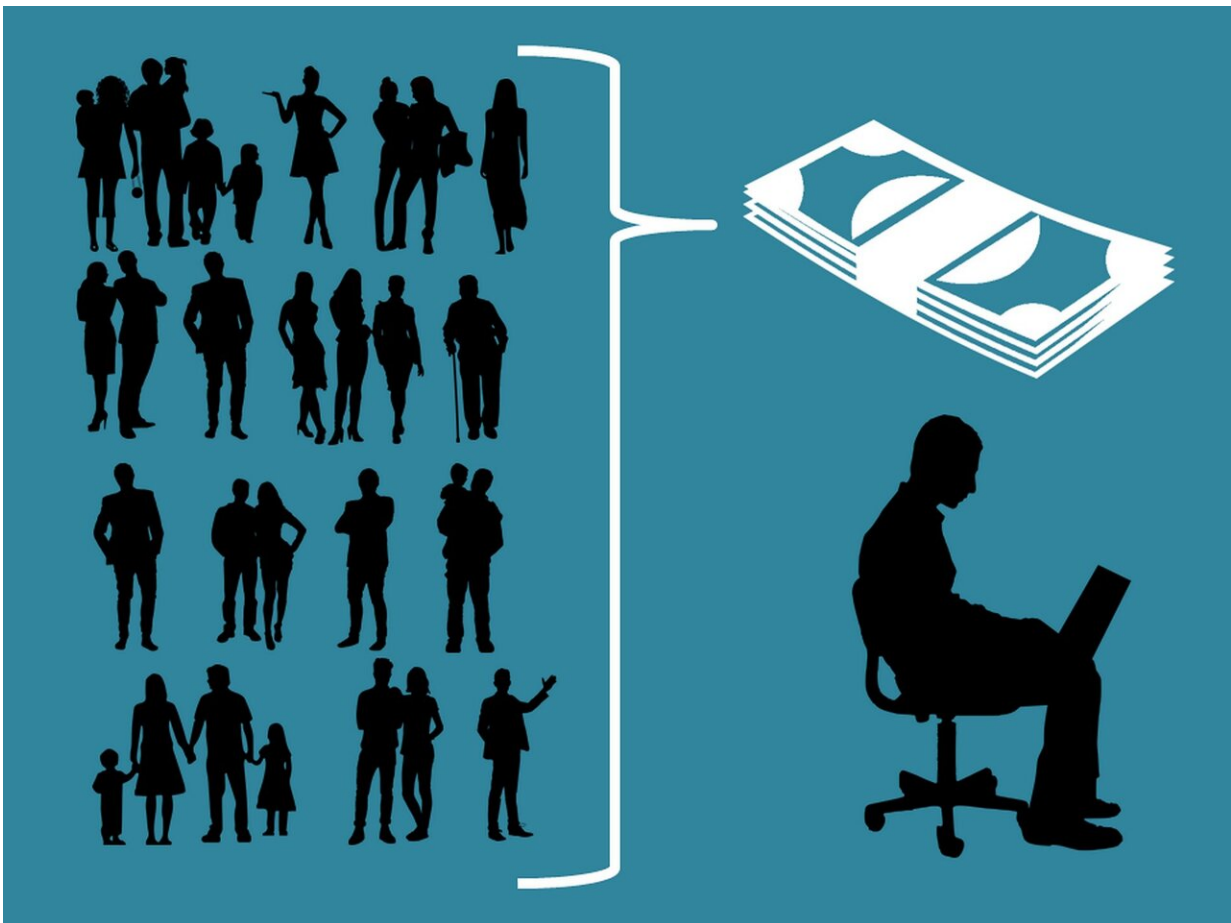


# Consumers will pay more for crowdfunded products to boost equality in marketplace

April 19 2021, by Luke Lambert

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New research has revealed that shoppers are significantly more likely to

purchase crowdfunded products than items that use an alternative funding source, as they want to see less inequality in the marketplace.

The report in the Journal of Marketing Research, which is co-authored by Dr. Oguz A. Acar, Associate Professor of Marketing at the Business School (formerly Cass), explores how the knowledge that a product is crowdfunded influences consumer behavior.

Findings show that consumers are willing to pay 21 percent more for the same product when it is crowdfunded—a venture funded through contributions from individuals, without conventional funding sources.

The studies—of which there were 13 in total including contributions from 6,495 people—identified that up to 52 percent stronger preference for the same product when it was a crowdfunded product versus when it was a [venture capital](#) funded product, wanting to level the playing field for the 'underdog', who consumers consider to be relatively disadvantaged in terms of their power, influence, or [financial resources](#).

Further findings from the studies revealed that:

- Participants felt significantly more strongly that purchasing the same product would reduce inequality in the marketplace when it was described as crowdfunded versus venture capital funded (68 percent higher)
- Participants perceived the quality of a product as significantly higher when it was described as crowdfunded (13 percent higher)
- When identified as 'high risk' (e.g. medical [products](#), safety equipment), consumers were significantly less likely to want to purchase a crowdfunded product as opposed to a venture capital product (11 percent lower). Shoppers also deemed crowdfunded products to be of lower quality when described as high risk
- Consumers who are less accepting of [social inequality](#)

demonstrated a stronger preference for the product when described as crowdfunded. Those with a high preference for social equality had a 46 percent stronger preference to the same product when it was described as crowdfunded product versus when it is described as venture capital funded.

Dr. Acar believes the findings could lay the foundation as to whether firms label their products as crowdfunded in future, as they look to access the financial capital needed to bring their products to life.

"This report shows that crowdfunding is more than just money—it also has a marketing value.

Consumers are genuinely concerned about the inequality they perceive in the marketplace and see purchasing crowdfunded products as a way to remedy this. Our results suggest that marketing a product as crowdfunded might positively impact both [start-ups](#)' and retailers' bottom lines.

"As it is currently rare to see crowdfunded labelling in the marketplace, this study could be the spark that sees communicating crowdfunding practices become more commonplace."

'The Signal Value of Crowdfunded Products' by Dr. Oguz A. Acar, Professor Darren Dahl, Professor Christoph Fuchs, & Professor Martin Schreier is published in the *Journal of Marketing Research*.

**More information:** Oguz A. Acar et al. EXPRESS: The Signal Value of Crowdfunded Products, *Journal of Marketing Research* (2021). [DOI: 10.1177/00222437211012451](https://doi.org/10.1177/00222437211012451)

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