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The Legitimization Effect of Crowdfunding Success: A Consumer Perspective

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Abstract

Based on legitimacy and consumer inference theory, we examine when, how, and why past crowdfunding success influences the perceptions and behaviors of consumers. Across five studies (four controlled experiments and one field experiment), our findings demonstrate that a young venture's past crowdfunding success enhances consumers' perceptions of its cognitive legitimacy. This "legitimization effect of crowdfunding success" leads to positive outcomes with respect to purchase intentions, brand attitudes, and consumers' willingness to recommend young ventures to others. These effects are robust across different product categories. However, our findings also reveal that these positive effects occur exclusively for young ventures, whereas they disappear or even reverse for established ones.

Keywords

crowdfunding success, legitimacy, marketing, consumer inference theory, consumer perceptions, young ventures, field experiment

Introduction

Young ventures' ability to attract consumers and convince them to purchase their products is crucial to their survival and growth (DeKinder & Kohli, 2008; Reuber & Fischer, 2005; Wiewel & Hunter, 1985). Unfortunately, given the lack of legitimacy of young ventures, consumers tend to doubt their viability and are thus reluctant to engage with them (Shepherd & Zacharakis, 2003; Singh et al., 1986). Consequently, unless entrepreneurs can successfully overcome their "liability of newness" by enhancing consumers' legitimacy perceptions, their young ventures are likely to fail (Aldrich & Fiol, 1994; Stinchcombe, 1965; van Werven et al., 2015).

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Surprisingly, although "one of the keys to understanding a new venture's survival is an investigation of customers' perceptions of a new venture's legitimacy" (Shepherd & Zacharakis, 2003, p. 149), legitimacy research has primarily focused on investigating the perceptions of certain resource-providing stakeholders, such as venture capitalists (e.g., Roma et al., 2021), business angels (e.g., Parhankangas & Ehrlich, 2014), and crowdfunders (e.g., Lewis et al., 2021). By contrast, little attention has been paid to the question of how consumers' legitimacy perceptions develop and how these can be shaped (Fisher, 2020; Überbacher, 2014).

Many legitimacy problems stem from consumers' insufficient understanding and knowledge gaps with respect to young ventures (Aldrich & Fiol, 1994). Accordingly, research indicates that providing consumers with specific informational cues about young ventures and their products may be a promising way to positively influence their legitimacy perceptions (Shepherd & Zacharakis, 2003). However, owing to their liability of newness and lack of market history, young ventures have only limited repertoires of available informational cues that may prove their legitimacy (Reuber & Fischer, 2005; Singh et al., 1986; Zott & Huy, 2007). In other words, young ventures lack objective informational cues, such as track records of successful products or existing customer opinions, to convince consumers of their legitimacy (Wang et al., 2014). Against this background, research so far provides only few answers on which informational cues a young venture can use to "send signals of legitimacy [to consumers] when, by definition, the organization is not yet legitimate" (Rutherford et al., 2009, p. 950).

Scholars have suggested that consumers base their own legitimacy judgments on surrogate indicators that signal the consent that others have already granted (Bitektine & Haack, 2015; Rutherford & Buller, 2007). Based on this notion, this research introduces young ventures' past success in reward-based crowdfunding as an informational cue that enhances consumers' legitimacy perceptions, ultimately resulting in more positive consumer responses.[1] Past crowdfunding success implies that numerous individuals (i.e., the crowd) have financially supported a given venture (Mollick, 2014). Thus, past crowdfunding success may prove to consumers that others have already validated a young venture's legitimacy. This, in turn, may positively influence their own legitimacy perceptions (Hallen & Eisenhardt, 2012).

By focusing on consumers who have not themselves participated in the focal ventures' crowdfunding campaigns, we address a relevant but so far unexplored area in the recent literature that has started to link crowdfunding and legitimacy research (Lewis et al., 2021; Soublière & Gehman, 2020; Taeuscher et al., 2020). Focusing on this particular group is important, given that most potential customers for crowdfunded products do not participate in actual crowdfunding campaigns (Metz, 2016). Against this background, the overarching research question we seek to answer is *"to what extent can young ventures use their past crowdfunding success as an informational cue to influence consumers' legitimacy perceptions, and does this lead to more positive consumer responses toward the young venture and its products?"*

We base our theorization on consumer inference theory (Kardes et al., 2004). According to consumer inference theory, consumers generally make decisions about a venture and its products based on limited information and knowledge. Therefore, consumers go "beyond the information given" (Kardes et al., 2004) by building if–then linkages between the information available and their conclusions (Kardes & Sanbonmatsu, 1993; Kruglanski & Webster, 1996). As most problems regarding consumers' judgments of young ventures' legitimacy occur as a result of their incomplete information and misconceptions about young ventures (Aldrich & Fiol, 1994; Shepherd & Zacharakis, 2003), consumer inference theory helps to explain when, how, and why the informational cue of young ventures' past crowdfunding success will generate more positive legitimacy perceptions and consumer responses.

To probe this empirically, we present five studies (four online experiments and one social media field experiment). We find strong empirical evidence for our main prediction that young ventures' past crowdfunding success positively influences consumers' legitimacy perceptions. Moreover, our findings reveal that the "legitimization effect of crowdfunding success" leads to positive downstream effects with respect to brand attitudes, purchase intentions, and recommendation intentions. These effects are robust across different product categories and consumer groups. The legitimization effect of crowdfunding success, however, appears to exclusively apply to young ventures and is absent for established ones. Our social media field experiment reveals that this effect is also observable in a real-world setting by showing that a young venture's product advertisement on Instagram that referred (vs. did not) to its past crowdfunding success recorded higher click-through rates.

This research contributes to the literature on crowdfunding and legitimacy, as well as to consumer inference theory, by establishing the relationship between young ventures' past crowdfunding success, consumers' legitimacy perceptions, and consumer outcomes through the lens of consumer inference theory. In this way, we advance research on the consequences of crowdfunding by revealing a novel marketing, beyond-funding benefit of crowdfunding success for young ventures. Although research has begun to examine the effects of young ventures' past crowdfunding success on external stakeholders, such as professional investors (e.g., Drover et al., 2017; Roma et al., 2017, 2021), the downstream effects on consumer perceptions, attitudes, and behaviors once a successfully crowdfunded product is released to the market remain poorly understood (Pollack et al., 2021; Simpson et al., 2021). Our research addresses this gap by examining how past crowdfunding success influences consumer legitimacy perceptions and consumer behavior. This is important from a theoretical perspective because it broadens our understanding of the consequences of crowdfunding on consumers. In particular, we show that young ventures can strategically use their past crowdfunding successes to attract customers after a campaign.

Moreover, we also contribute to research on young venture legitimacy by providing new insights into how young ventures can influence consumers' legitimacy judgments (Überbacher, 2014). While existing research has largely focused on examining how entrepreneurs can manage investors' legitimacy judgments of young ventures (e.g., Parhankangas & Ehrlich, 2014; Pollack et al., 2012; Roma et al., 2017), studies investigating how entrepreneurs can achieve legitimacy in the eyes of consumers are limited. We empirically demonstrate that past crowdfunding success influences consumers' legitimacy judgments, which in turn increase their willingness to further engage with a young venture. Therefore, our research helps to better understand why some young ventures survive while others fail (Shepherd & Zacharakis, 2003). More generally, we also contribute to legitimacy research by revealing an important boundary condition: the positive legitimization effect of past crowdfunding success disappears for established ventures.

Finally, by applying consumer inference theory, we respond to recent calls to draw on theories "from fields other than entrepreneurship/management such as marketing" to advance our understanding of crowdfunding (McKenny et al., 2017, p. 295). In particular, we leverage consumer inference theory to explain when, how, and why the informational cue of past crowdfunding success influences consumers' legitimacy perceptions and important consumer outcome variables. In doing so, we also contribute back to consumer inference theory by introducing and verifying a (young) venture's approach to financing as an informational cue that has been previously overlooked but that influences consumers' inference formation.

From a practical perspective, we provide entrepreneurs with another strong incentive to launch crowdfunding campaigns and highlight new marketing possibilities for young ventures that have completed successful crowdfunding campaigns in the past.

Theoretical Background and Hypotheses

Consumer Inference Theory: Limited Information as an Integral Part of Consumers' Decision Making

According to consumer inference theory, consumers make judgments and decisions based on incomplete information and limited knowledge (Kardes et al., 2004). For example, consider a consumer who wants to buy a new product online from an unknown brand. While images of the product and brand descriptions may provide the consumer with general information, high levels of uncertainty persist: Can I trust this company? Can the company deliver the promised quality of the product? How will my peers perceive the brand and the product?

When the information about a product (e.g., product quality and benefits) and the offering company (e.g., reputation) is incomplete, consumers form inferences by going beyond the information given (Bruner, 1957): they generate if–then linkages that connect their available information and knowledge (e.g., cues, heuristics, and arguments) to conclusions in a subjectively logical manner (Kardes et al., 2004; Kardes & Sanbonmatsu, 1993; Kruglanski & Webster, 1996). The price–quality inference demonstrates this formation process (Huber & McCann, 1982): consumers assume that price and quality are highly correlated, whereby a higher price indicates superior quality (i.e., "you get what you pay for"). Another example is the country-of-origin effect, whereby consumers assume that the geographical origin of a product guarantees a certain level of quality (e.g., "Made in the USA"; Elliott & Cameron, 1994).

The lack of reliable information for consumers is particularly noteworthy in the context of young ventures (DeKinder & Kohli, 2008; Wang et al., 2014). Consumers often struggle to evaluate young ventures and their offerings objectively (Shepherd & Zacharakis, 2003), as they cannot rely on informational cues, such as proven track records of past sales or previous customer opinions (Dushnitsky, 2010; Homburg et al., 2014). Therefore, one major challenge for young ventures is to provide informational cues that consumers can use as surrogate quality indicators to guide their decision making. In this context, we posit that consumer inference theory offers valuable theoretical insights into how specific informational cues influence consumers' inference formation with respect to young ventures. In particular, we argue that a young venture's past crowdfunding success is a salient informational cue that positively influences consumers' legitimacy perceptions and leads to more positive consumer responses toward the venture and its products. As consumer inference theory implies that consumers make inferences based on prior personal beliefs, expectations, or implicit theories (Kardes et al., 2004), our theorization below rests on the underlying assumption that consumers have a basic understanding of crowdfunding.

Young Ventures' Past Crowdfunding Success as a Salient Informational Cue

Entrepreneurship research has worked toward a better understanding of the role informational cues play in the context of crowdfunding. Most research in the field has investigated how specific informational cues influence crowdfunding participation and performance (e.g., Anglin et al., 2018; Bi et al., 2017; Courtney et al., 2017). For example, Taeuscher et al. (2020) found that more distinct crowdfunding campaigns generated higher levels of resource acquisition from crowdfunders. Therefore, the integration of informational cues that signal novelty and distinctiveness helps crowdfunders select the most promising projects among the numerous competing campaigns on a given platform.

By contrast, few studies have examined how crowdfunding itself can serve as an important informational cue for external audiences (e.g., investors or consumers) after the end of a campaign (Drover et al., 2017; Roma et al., 2017, 2021; Soublière & Gehman, 2020). Drover et al. (2017), for example, demonstrated that young ventures that have been successfully funded on crowdfunding platforms known for producing high-potential ventures are more likely to be subjected to formal due diligence by professional investors. They argue that a young venture's past crowdfunding success functions as a third-party certification that approves its actions. This finding is remarkable because it shows that financial experts (i.e., venture capitalists) rely on the collective opinions of nonexperts (i.e., regular consumers) when assessing the quality of a venture. In other words, past crowdfunding success may influence how external audiences perceive a young venture, even if they have not been actively involved in the crowdfunding campaign themselves.

The Influence of Young Ventures' Past Crowdfunding Success on Consumers' Cognitive Legitimacy Perceptions

When young ventures are perceived as legitimate, they gain access to important resources and thus increase their chances of survival (Singh et al., 1986; Stinchcombe, 1965). A young venture is perceived as legitimate if others see it as "desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). Delmar and Shane (2004) noted that, for young ventures, legitimacy is a prerequisite for both tangible (e.g., financing) and intangible (e.g., reputational) resources. Transferring these insights to the consumer context, this means that young ventures will only obtain revenue through product purchases (tangible resources) and positive attitudes toward the brand (intangible resources) when consumers perceive the young venture as legitimate (Shepherd & Zacharakis, 2003). Although several typologies of legitimacy have been proposed (e.g., Hunt & Aldrich, 1996; Suchman, 1995), our study focuses on cognitive legitimacy—the degree to which a venture is understandable for its stakeholders (Choi & Shepherd, 2005; Shepherd & Zacharakis, 2003). Cognitive legitimacy has been found to be particularly important for young ventures (Shepherd & Zacharakis, 2003) as it represents the "most subtle and powerful source of legitimacy" (Suchman, 1995, p. 583).

The cognitive legitimacy formation process has two important characteristics. First, it is a stakeholder-driven process (Pollack et al., 2012). Entrepreneurs cannot simply claim legitimacy for themselves; rather, it must be granted by other stakeholders, such as investors, employees, or consumers (Rutherford et al., 2009). Second, the cognitive legitimacy formation process is a stakeholder-specific process that differs across various external audiences and depends on individual standards, expectations, and values (Becker-Blease & Sohl, 2015; Fisher et al., 2016, 2017). Consequently, cognitive legitimacy judgments are the result of a highly subjective evaluation process (Zimmerman & Zeitz, 2002), which is characterized by a complex interplay between the stakeholders' interpretations and judgments (Navis & Glynn, 2011).

How do consumers form their cognitive legitimacy judgments about young ventures, and why and in what ways might crowdfunding success influence this process? In general, young ventures attain cognitive legitimacy from consumers when their actions are comprehensible and taken for granted (Suchman, 1995). However, as noted, one of the key reasons stakeholders (including consumers) struggle to directly evaluate the legitimacy of a young venture is the lack of reliable information and knowledge about the venture in question. In such situations, and in line with consumer inference theory (Kardes et al., 2004), consumers rely on informational cues that are easily accessible and comprehensible to make legitimacy judgments (Reuber & Fischer, 2005). Consumers may use these informational cues as legitimacy indicators that spill over to their overall perception of a young venture (Kates, 2004). More particularly, we argue that consumers will follow a certain logic when making inferences about a young venture's legitimacy based on the informational cue of past crowdfunding success (Soublière & Gehman, 2020).

In uncertain situations, consumers' inference building is influenced by the opinions of others who appear similar to them (Festinger, 1954; Moschis, 1976). That is, when the available objective information is insufficient, consumers tend to base their assumptions and beliefs on the actions of others (Cialdini & Trost, 1998). Similarly, legitimacy research has emphasized the role of social approval in legitimacy formation (Suddaby et al., 2017). More specifically, individual legitimacy judgments are largely influenced by the evaluator's belief as to whether other evaluators also perceive an object to be legitimate (Bitektine & Haack, 2015). Therefore, when making inferences about the legitimacy of a young venture, consumers may likely rely on similar consumers who have previously (explicitly or implicitly) verified its legitimacy through their actions and behaviors.

The notion of social influence can easily be transferred to the crowdfunding context. In crowdfunding, numerous individuals (i.e., the crowd) join forces to fund ideas that they deem worthy of financial support (Bruton et al., 2015; Mollick, 2014). Crowdfunding—like legitimacy formation—is thus a profoundly socially-driven process. In reward-based crowdfunding, crowdfunders are typically part of the general population of potential mainstream customers (Roma et al., 2017; Simpson et al., 2021). As such, the crowd's collective decisions will likely be perceived as social approval by similar individuals, which may subsequently influence other consumers' legitimacy judgments. Consumers may perceive a crowd's social approval as particularly trustworthy, considering that crowdfunders typically invest their own money (Fan et al., 2020). This investment in a product that is often not yet available proves to other consumers that crowdfunders have considerable confidence in the young venture (Roma et al., 2017; Schwienbacher, 2018; Viotto da Cruz, 2018). Successful crowdfunding thus lends legitimacy to a young venture and increases the likelihood that nonparticipating consumers will also perceive it as legitimate.

Crowdfunding success may also alleviate consumers' uncertainty regarding young ventures by increasing their confidence that they are making the "right choice," even when they have no prior experiences with the venture. Many crowdfunding campaigns fail to achieve their funding goals. For example, only 38% of all campaigns launched on the popular crowdfunding platform Kickstarter are successful.[2] Crowdfunding success, therefore, implies that a particular entrepreneurial project has prevailed over other crowdfunding campaigns in a competitive and noisy environment (Taeuscher et al., 2020). This offers consumers observable proof that a young venture may also be able to establish itself successfully in the market in the future (Garud et al., 2014). A young venture's past crowdfunding success thus becomes an easily observable accomplishment that consumers may perceive as an externally validated proof point (Hallen & Eisenhardt, 2012). Thus, similar to other consumer inferences, such as the price–quality inference, consumers may use this proof point to draw a crowdfunding success–legitimacy inference: consumers will infer from a successfully completed crowdfunding campaign that a young venture has a certain level of legitimacy.

In summary, we propose that crowdfunding success symbolizes a collectively approved act of faith in a young venture. In this way, crowdfunding success functions as an observable proof point (i.e., an informational cue) for consumers, allowing them to minimize their uncertainty and boost their confidence that they are choosing a high-quality venture (Rutherford et al., 2009). Formally, we hypothesize the following:

H1: Young ventures' past crowdfunding success positively influences consumers' perceptions of legitimacy (i.e., the legitimization effect of crowdfunding success).

Perceived Cognitive Legitimacy as the Mediating Mechanism Between Young Ventures' Past Crowdfunding Success and Consumer Responses

Legitimacy is pivotal for being perceived as a desirable venture (Navis & Glynn, 2011; Pollack et al., 2012). For Bitektine (2011), legitimacy is the first step in a social judgment formation process that results in more favorable venture evaluations. For example, research has demonstrated that entrepreneurs' preparedness in business pitches positively influences investors' perceptions of cognitive legitimacy, leading to greater funding pledges (Pollack et al., 2012). In other words, being perceived as legitimate is an important precondition for any entrepreneur wishing to convince external audiences of their young venture and its offerings. In the consumer context, this means that consumers must first perceive young ventures as legitimate before they engage with them (i.e., purchasing their products or recommending the venture to others). Drawing on consumer inference theory, we expect that, through cognitive legitimacy, a young venture's past crowdfunding success may be an important informational cue that positively influences consumers' brand attitudes as well as their purchase and recommendation intentions.

Brand attitude refers to consumers' overall positive or negative evaluations of a given brand (e.g., Farquhar, 1990). A positive brand attitude increases consumers' likelihood of engaging with a venture (Kotler & Keller, 2009). Research suggests that legitimacy influences brand attitudes because a brand that lacks legitimacy is unlikely to be favorably evaluated by consumers (Deephouse & Suchman, 2008; Hakala et al., 2017). Consumer attitudes toward a given brand develop over time based on a "series of repeated exchanges between two parties known to each other" (Fournier, 1998, p. 346). However, young ventures are, by definition, new to the market and have thus had insufficient time to establish strong brands. Consequently, they are largely unknown to consumers and are therefore often perceived as "reputationless brands" (DeKinder & Kohli, 2008, p. 84).

In this context, consumer inference theory helps us understand how consumers make their inferences: in the absence of an established relationship with a brand (i.e., insufficient information and lack of repeated exchanges), consumers are obliged to rely on the experiences of others, such as the exchange processes between the brand and prior (other) consumers (e.g., Wang et al., 2014). As exchange processes are a fundamental aspect of crowdfunding (Taeuscher et al., 2020), past crowdfunding success will indicate to consumers that several other individuals not only approved the value of a young venture but also further endorsed the brand by actively engaging with it (Fischer & Reuber, 2007). Therefore, we argue that consumers will use these prior exchange processes between a young venture and its crowdfunders (as attested to by its crowdfunding success) as informational cues from which they draw positive inferences about their own relationship with the venture. As a result, consumers develop more positive attitudes toward the brand.

Consequently, we propose that crowdfunding success increases consumers' legitimacy perceptions, resulting in more positive brand attitudes. Formally, we hypothesize the following:

H2a: Young ventures' crowdfunding success positively influences consumers' brand attitudes through perceived cognitive legitimacy.

Consumer inference theory further illuminates how consumers make purchase decisions based on limited information. As noted, consumers considering engaging with young ventures find themselves in uncertain and risky purchase situations with insufficient information (Dowling & Staelin, 1994; Wang et al., 2014). For example, they may not be able to base their purchase decisions on objective information, such as track records of already launched products (Fischer & Reuber, 2007; Zimmerman & Zeitz, 2002). This places young ventures in a difficult position because prospective consumers often rely on other consumers' purchasing behavior when making their own purchase decisions (Zhu & Zhang, 2010). For example, marketing research has shown that consumers are more likely to purchase a given product if they know that others have already expressed their approval of that product (e.g., Ma et al., 2015; Zhu & Zhang, 2010). Hence, consumer inference theory suggests that in the absence of reliable information about the prior purchase behaviors of others, consumers will seek surrogate indicators to guide their own purchase decisions (Kardes et al., 2004).

Reward-based crowdfunding is similar to classical purchase situations, as crowdfunders typically receive the product that they support as their reward (Brown et al., 2017). Echoing this view, Jiang et al. (2021) regard crowdfunding as a "preselling" situation, as the "pledge-to-reward exchange in the crowdfunding process largely resembles the money-to-product exchange in consumers' purchase decisions" (p. 566). Crowdfunding success thus indicates that a young venture has already succeeded in convincing numerous other consumers by securing their "economic commitment" before having even entered the mass market (Roma et al., 2017, p. 1608). In addition, it also indicates that a young venture might be able to convince an even larger consumer base in the future (Wang et al., 2014). Therefore, crowdfunding success gives consumers an observable record of ready-made close-to-reality purchases, which may influence their inference building (Fisher et al., 2017).

Accordingly, a young venture's past crowdfunding success may send two sequential signals to consumers. First, it shows that other people have already approved the young venture as a legitimate market participant despite its lack of prior noteworthy market transactions (Tornikoski & Newbert, 2007; Wiewel & Hunter, 1985). Second, it indirectly conveys crowdfunders' preferences for a young venture's product in their capacity as consumers through their participation in the crowdfunding campaign (e.g., Jiang et al., 2021). By expressing their preferences as consumers, crowdfunders help alleviate other consumers' uncertainties regarding the quality of a young venture's product. More particularly, crowdfunders make the respective products appear more attractive to consumers by expressing their approval through their participation in the crowdfunding campaign. Crowdfunding success may thus not only increase consumers' perceptions of a venture's legitimacy but may also influence their intentions to purchase the respective product (Shepherd & Zacharakis, 2003).

Consequently, we propose that consumers will develop more favorable purchase intentions toward successfully crowdfunded products based on higher levels of perceived cognitive legitimacy. Formally, we hypothesize the following:

H2b: Young ventures' crowdfunding success positively influences consumers' purchase intentions through perceived cognitive legitimacy.

Young ventures' past crowdfunding success may also positively influence consumers' willingness to recommend a young venture to others through higher levels of perceived cognitive legitimacy. Studies in marketing research have demonstrated that consumers are more willing to recommend a company and its products to others if they have confidence in the company's trustworthiness (e.g., De Matos & Rossi, 2008; Ranaweera & Prabhu, 2003). For young ventures, informational cues—such as online reviews from previous customers that verify their trustworthiness—are often unavailable (Utz et al., 2012; Wang et al., 2014). Consequently, and in line with consumer inference theory, in the absence of accessible information that may help to objectively evaluate a young venture, consumers rely on past crowdfunding success to make inferences about its trustworthiness. This trustworthiness is also reflected in higher levels of perceived cognitive legitimacy (Suchman, 1995). Higher levels of legitimacy imply that consumers expect a young venture to be a reliable and trustworthy partner that will not disappoint them (Shepherd et al., 2000). Therefore, consumers will also have greater confidence and motivation to share their appreciation of the venture with others.

Overall, we predict that consumers perceive a young venture's past crowdfunding success as a signal of quality that enhances their perception of its cognitive legitimacy (including higher levels of trustworthiness), which will subsequently make them more likely to recommend the young venture to others. Formally, we hypothesize the following:

> H2c: Young ventures' crowdfunding success positively influences consumers' recommendation intentions through perceived cognitive legitimacy.

Why the Informational Cue of Past Crowdfunding Success May Not Work for Established Ventures

So far, our argumentation has focused on the legitimization effect of crowdfunding success for young ventures. This is not unexpected, as young ventures in particular use crowdfunding to finance their entrepreneurial ideas. However, established firms have also discovered the marketing potential of crowdfunding (Brown et al., 2017). For example, FirstBuild, a subsidiary of General Electric, ran a successful campaign in July 2015. They used the crowdfunding platform Indiegogo to fund Opal, a countertop nugget ice maker. The project easily reached its funding goal of $150,000. After just 1 month, it raised approximately $2.8 million from over 6,000 crowdfunding supporters (Cowley, 2016). Following the campaign's success, FirstBuild made Opal available for purchase in regular stores. In another case of an established company using crowdfunding, the Japanese multinational Sony launched its own crowdfunding platform, First Flight™, which allows consumers to finance and co-create some of Sony's newest products.[3] The question remains, however, as to whether the positive effects of past crowdfunding success on consumers also work for established firms. While young ventures must strive to attain initial legitimacy, established firms have already passed a "legitimacy threshold" and filled a legitimacy reservoir from which they can draw (Rutherford & Buller, 2007). The goals of attaining initial legitimacy and extending existing legitimacy further demand different strategies and thus different legitimization signals (Suchman, 1995).

Established ventures will benefit only from communicating their crowdfunding success if it increases consumers' perceptions of their legitimacy beyond their existing assumptions. We propose that crowdfunding, as a proof point of critical organizational accomplishment, may not offer the same value to consumers in the case of ventures that have already established themselves in the market and consolidated their legitimacy (Shepherd et al., 2000). Furthermore, more established ventures can draw from multiple observable sources (i.e., informational cues) that validate their legitimacy, including previous product launches or existing ties with other market participants (Fisher et al., 2017). The informational cue of crowdfunding success can get lost amid other legitimizing cues and may have less influence on overall legitimacy evaluations (Taeuscher et al., 2020). This is in line with consumer inference theory, which suggests that informational cues compete with one another; as the predictive power of one informational cue increases, the predictive power of other informational cues declines (Kardes et al., 2004).

Consequently, we expect that when consumers know that the respective firm is an established venture, they may turn to other available informational cues. This, in turn, will diminish the informational value of crowdfunding success with respect to enhancing the firm's legitimacy. In this sense, crowdfunding success may not distinguish established ventures from their competitors. Thus, it may fail to positively influence consumers' inference formation, as consumers simply do not consider it an important accomplishment. Formally, we hypothesize the following:

H3: For established ventures, the positive direct effect of past crowdfunding success on consumers' legitimacy perceptions and, consequently, the positive indirect effects of past crowdfunding success on consumer responses are attenuated.

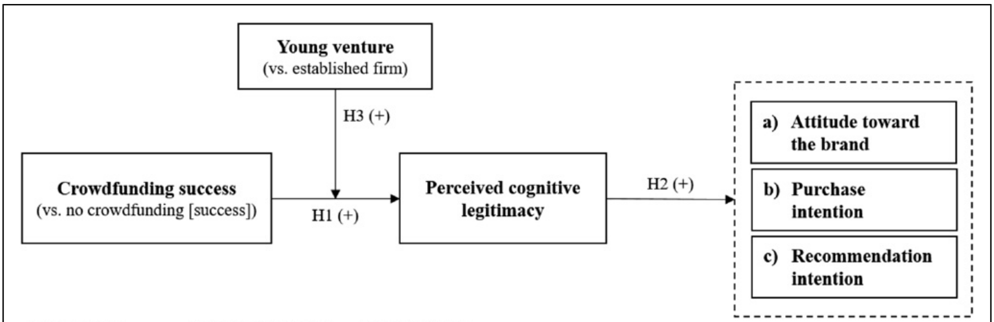
Overview of Experimental Studies

We present five experimental studies (with one additional follow-up study reported in the online Appendix) to examine when, how, and why past crowdfunding success influences consumers' perceptions of ventures and their products. In Study 1, we verify that young ventures' crowdfunding success has a legitimization effect that results in more positive brand attitudes and purchase intentions. In Study 2, we validate these findings by demonstrating that the legitimization effect holds for both low-tech and high-tech products. Study 3 demonstrates that the positive effects of crowdfunding success disappear (and may even be reversed) for established ventures (the additional experiment in the online Appendix replicated and extended these findings using a different established venture manipulation). Study 4 reveals that the legitimization effect only occurs when the crowdfunding campaign was successful, and that past crowdfunding success also enhances consumers' willingness to recommend a young venture to others. Finally, Study 5 comprises a social media field experiment that complements our earlier findings by replicating the positive effect of a young venture's past crowdfunding success on consumers in a real-world setting. By using actual click-through rates as the dependent variable, we verify that the effect is actionable by entrepreneurs. Figure 1 depicts our conceptual model and provides an overview of our five main studies.

Study 1

Method

Overview, Research Design, and Sample. Study 1 has two main aims. First, we aim to examine whether consumers perceive higher levels of cognitive legitimacy for young ventures that label their products as successfully crowdfunded (H1). Second, we test whether higher levels of



Main studies	Test of hypotheses	Main findings
Study 1 (n = 106)	Test of H1, H2a + b	There is a positive legitimization effect of crowdfunding success for young ventures.
Study 2 (n = 468)	Test of H1, H2a + b	The effect works for high-tech and low-tech products.
Study 3 (n = 365)	Test of H3	The effect exists for young ventures but not for established firms.
Study 4 (n = 360)	Test of H1, H2a + c	The effect is exclusive for crowdfunding success but not for crowdfunding failure.
Study 5 (Instagram field test)		Crowdfunding success has a positive effect on consumers' click-through rates.

Figure 1. Conceptual model and overview of studies.

perceived cognitive legitimacy result in more positive brand attitudes (H2a) and purchase intentions (H2b). To test our hypotheses, we performed an online experimental study with a single-factor between-participant design (crowdfunding success vs. control). We recruited 106 US participants over 18 years through Amazon's Mechanical Turk (MTurk)[4] platform in exchange for monetary compensation (50.9% female; M_{age} = 38.87 years, *SD* = 10.74 years). Of these, 44.3% had already participated in a crowdfunding campaign.

Procedure and Stimuli. Guided by practical considerations, we selected a drone as the first product category, as drones have frequently been funded through crowdfunding campaigns.[5] All participants were first introduced to the online questionnaire and informed that the aim of the study was to examine product perceptions. The first page presented background information about a fictitious brand, Tanabo, a new startup that had just released its first product onto the market—a drone called Pro Fly. We used a fictitious brand to ensure that the participants were unfamiliar with the brand. On the same page, we included a picture of the drone and gave all participants the same information about the product. Participants were then randomly assigned to either the crowdfunding condition or the control condition. In the crowdfunding condition ($n_{Crowdfunding}$ = 51), we told the participants that the company "has carried out a successful crowdfunding campaign" to make this first product possible. In the control condition ($n_{No\ crowdfunding}$ = 55), participants received no information about how the young venture had financed the product (see the online Appendix). Next, all participants answered the same questionnaire.

Measures. The questionnaire used established measurement scales from earlier studies to ensure validity (see the online Appendix for an overview of our main constructs). For the multi-item constructs, we randomized the items in the questionnaire.

Dependent Variables. Participants' attitudes toward the brand (α = .916) were measured using a 4-item 7-point differential scale that included the anchors "dislike/like; very bad/very good; negative/positive; not interesting/very interesting" (Bruner et al., 2001). Purchase intention (α = .954) was measured using the 2-item 7-point scale by Bruner et al. (2001) (e.g., "To me, purchasing a product from this company is very unlikely/likely"). To measure consumers' perceived cognitive legitimacy (α = .913), we used a 3-item 7-point scale adapted from Pollack et al.'s (2012) cognitive legitimacy scale, which had been applied in the context of investors. Adapting the scale to the consumer context was necessary because different stakeholders use different criteria to assess legitimacy (Überbacher, 2014). We reviewed the young venture legitimacy literature with a focus on the consumer perspective (e.g., Shepherd & Zacharakis, 2003; Wang et al., 2014). This led us to develop two new items: "I envision [company name] receiving great acceptance in the future" and "I envision [company name] successfully establishing itself in the market in the future." Additionally, we used one original item from Pollack et al.'s (2012) scale that also fits the consumer context: "I envision [company name] receiving favorable press coverage in the future."[6]

Control Variables. We included age, gender, crowdfunding familiarity, and product involvement as control variables. We measured participants' general crowdfunding familiarity using three items that formed an additive index (based on Franke et al., 2006) (e.g., "Have you ever participated in a crowdfunding campaign to support a product idea? (yes/no)"). To measure product involvement (α = .853), we used a 3-item 7-point differential scale based on Zaichkowsky (1994) (e.g., "To me, this product category… is important/unimportant").

Results

Preliminary Analyses. To check for the unidimensionality of our main multi-item constructs, we applied confirmatory factor analysis (CFA). The CFA revealed that all items loaded significantly onto their corresponding constructs. Overall, the fit indices for our latent constructs were very good ($\chi2/df = 1.736$; root mean square error of approximation (RMSEA) = .084; standardized root mean square residual (SRMR) = .043; adjusted goodness of fit index (AGFI) = .829; comparative fit index (CFI) = .967; Tucker-Lewis index (TLI) = .955) (Hu & Bentler, 1999). Moreover, all composite reliabilities exceeded .8 (Bagozzi & Yi, 1988). We further assessed the convergent and discriminant validity of our constructs, following the procedure suggested by Fornell and Larcker (1981). All constructs had average variances extracted (AVE) greater than the recommended cutoff value of .5. Moreover, all AVEs were greater than the squared correlations between each pair of constructs, which confirmed suitable discriminant validity. We repeated these analyses for each of our other main studies. Across all studies, all items loaded sufficiently and significantly on their corresponding constructs. Moreover, the fit indices confirmed that the models fit the data well. All AVEs were greater than .5, and the AVEs were greater than the squared correlations between each pair of constructs. Thus, we have no reason to assume the presence of validity concerns in our studies (for details, please see the online Appendix).

Manipulation Check. To check for our crowdfunding manipulation, we asked participants to respond to the following statement: “Based on the information provided before, the company Tanabo has realized the product…” (0 = “… by itself”; 1 = “I don’t know”; 2 = “… with a successful crowdfunding campaign”). As expected, we observed a significant difference between the crowdfunding condition (M = 1.67; *SD* = .71) and the control condition (M = .29; *SD* = .69; $p <$ .001). Thus, our manipulation was successful.

Tests of Hypotheses. Test of H1. In H1, we hypothesized that crowdfunding success positively influences consumers’ perceptions of legitimacy. We performed a univariate analysis of variance (ANOVA) with perceived cognitive legitimacy as the dependent variable and crowdfunding success (vs. control) as the independent variable. Most importantly, the results showed a significant main effect of crowdfunding success on perceived cognitive legitimacy ($p = .007$, $\eta_p^2 =$ .069; $F(1, 104) = 7.666$). Participants perceived the young venture as significantly more legitimate in the crowdfunding success condition (M = 5.44; *SD* = .97) compared to the control condition (M = 4.87; *SD* = 1.16). The effect remained robust when we added our control variables age ($p = .892$), gender ($p = .010$), product involvement ($p = .001$), and crowdfunding familiarity ($p = .539$) as covariates into the model ($p = .005$, $\eta_p^2 = .076$; $F(1, 100) = 8.236$).[7] Thus, we found support for H1.

Test of H2a. In H2a, we suggested that consumers would develop more positive attitudes toward young ventures that had carried out successful crowdfunding campaigns (as opposed to no crowdfunding) through perceived cognitive legitimacy (mediation effect). In the first step, we performed an ANOVA with brand attitude as the dependent variable. The results showed a significant main effect of crowdfunding success on brand attitude ($p = .006$, $\eta_p^2 = .071$; $F(1, 104) =$ 7.942). Participants in the crowdfunding success condition reported significantly more positive attitudes toward the brand (M = 4.23; *SD* = .59) compared to participants in the control condition (M = 3.85; *SD* = .77). In the second step, we entered perceived cognitive legitimacy as a covariate into the model. The findings showed that the direct effect on brand attitude became insignificant ($p > .2$) and that perceived cognitive legitimacy was a strong predictor of brand attitude ($F(1, 103) =$ 77.618, $p < .001$, $\eta_p^2 = .439$). Bootstrapping analyses (Hayes, 2013, Process Model 4) further supported the mediating effect of perceived cognitive legitimacy on brand attitude ($b = .38$, $SE =$ .13, CI [95%]: .1217 < CI < .6283). The results remained robust when we added our control variables ($b = .33$, $SE = .11$, CI [95%]: .1058 < CI < .5565). In summary, the findings show an indirect positive effect of crowdfunding success on brand attitude through perceived cognitive legitimacy, thus supporting H2a.

Test of H2b. In H2b, we posited that consumers would develop more favorable purchase intentions toward products from young ventures that had carried out successful crowdfunding campaigns (as opposed to no crowdfunding) through perceived cognitive legitimacy (mediation effect). The findings from an ANOVA showed a significant main effect of crowdfunding success on purchase intention (p = .036, η_p^2 = .041; F(1, 104) = 4.498), such that participants in the crowdfunding success condition reported significantly higher purchase intentions (M = 4.65; *SD* = 1.53) than those in the control condition (M = 3.99; *SD* = 1.65). By introducing perceived cognitive legitimacy as a covariate into the model, the findings showed that the direct effect on purchase intention became insignificant ($p > .5$) and that perceived cognitive legitimacy is a strong predictor of purchase intention (F(1, 103) = 47.019, $p < .001$, η_p^2 = .322). Bootstrapping analyses (Hayes, 2013) further supported the mediating effect of perceived cognitive legitimacy on purchase intention (b = .33, *SE* = .12, CI [95%]: .1070 < CI < .5822). Our results were robust when we added our control variables as covariates to the model (b = .29, *SE* = .11, CI [95%]: .0906 < CI < .5265). As expected, the findings showed an indirect positive effect of crowdfunding success on purchase intention through perceived cognitive legitimacy, in support of H2b.

In summary, Study 1 provides initial evidence of the legitimization effect of young ventures' past crowdfunding success. Moreover, we demonstrated the importance of consumers' perceived cognitive legitimacy by verifying that it mediates the positive effects of crowdfunding success on brand attitude and purchase intention. Our findings also reveal that consumers' general familiarity with crowdfunding does not influence their perceptions of legitimacy.

Study 2

Method

Overview, Research Design, and Sample. The aim of Study 2 is to determine whether the legitimization effect of crowdfunding success also holds for low-tech products, extending Study 1's initial findings regarding high-tech products. We performed an experimental study using a 2 (crowdfunding success vs. control) × 2 (low-tech vs. high-tech product) between-participant design. We recruited 468 US participants from MTurk in exchange for monetary compensation to take part in the study (39.3% female; 48.3% had already participated in a crowdfunding campaign; M_{age} = 36.18 years, *SD* = 11.57 years).

Procedure and Stimuli. We followed a similar procedure to that implemented in Study 1. After a brief introduction, the participants were randomly assigned to either the high- or low-tech condition. In both conditions, participants were shown the same picture of the product (a suitcase), but the product's technological complexity was manipulated by giving participants two different product descriptions. In the high-tech condition, we informed participants that Tanabo's first product was the smart suitcase TravelerOne, which was equipped with artificial intelligence (AI) and could roll autonomously alongside the user. In the low-tech condition, we told participants that Tanabo's first product was the robust suitcase TravelerOne, which was equipped with four spinner wheels and could roll smoothly alongside the user (see the online Appendix). On the next page, participants were randomly assigned to either the crowdfunding success condition or the control condition (i.e., the same treatment as in Study 1).

Measures. We measured perceived cognitive legitimacy (α = .885), brand attitude (α = .899), purchase intention (α = .889), and the control variables (age, gender, product involvement (α = .860), and crowdfunding familiarity).

Results

Manipulation Checks. Using the same manipulation check as in Study 1, we found a significant difference between the crowdfunding condition (M = 1.57; *SD* = .82) and the control condition (M = 1.00; *SD* = .94; $p < .001$), indicating that our crowdfunding manipulation was successful.

To check for the technological complexity manipulation, we asked participants to respond to the following statement: "Based on the information provided to you, the suitcase TravelerOne by Tanabo is…" (0 = "a normal suitcase"; 1 = "I don't know"; 2 = "a high-tech suitcase (with AI technology)"). As expected, we found a significant difference between the high-tech (M = 1.77; *SD* = .63) and the low-tech product conditions (M = .66; *SD* = .92; $p < .001$), indicating that our manipulation was successful.

Test of Hypotheses. Test of H1. A 2 × 2 ANOVA on perceived cognitive legitimacy revealed a significant main effect of crowdfunding ($p < .001$, $\eta_p^2 = .040$; $F(1, 464) = 19.463$; $M_{\text{crowdfunding success}} = 5.61$, $SD = 1.07$; $M_{\text{control}} = 5.15$, $SD = 1.24$) and a significant main effect of the product's technological complexity ($p = .010$, $\eta_p^2 = .014$; $F(1, 464) = 6.742$; $M_{\text{high technological}} = 5.52$, $SD = 1.16$; $M_{\text{low technological}} = 5.25$, $SD = 1.18$). However, no interaction effect of crowdfunding success and the product's technological complexity was noted ($p > .5$). The results were robust when we entered the control variables as covariates into the model ($p_{\text{crowdfunding success}} = .001$, $p_{\text{technolocial complexity}} = .019$, $p_{\text{interaction}} > .5$). Decomposing our data by technological complexity of the product revealed that the legitimization effect of crowdfunding success works both for the low-tech ($M_{\text{crowdfunding success}} = 5.46$, $SD = 1.11$; $M_{\text{no crowdfunding}} = 5.03$, $SD = 1.22$; $p = .006$, $\eta_p^2 = .033$; $F(1, 230) = 7.734$) and the high-tech products ($M_{\text{crowdfunding success}} = 5.77$, $SD = 1.00$; $M_{\text{no crowdfunding}} = 5.26$, $SD = 1.25$; $p = .001$, $\eta_p^2 = .049$; $F(1, 234) = 12.051$). Thus, we found support for H1 and extended our findings on high-tech products from Study 1 to low-tech products.

Test of H2a. A 2 × 2 ANOVA on brand attitude showed a significant main effect of crowdfunding ($p = .004$, $\eta_p^2 = .017$; $F(1, 464) = 8.220$; $M_{\text{crowdfunding success}} = 4.29$, $SD = .66$; $M_{\text{control}} = 4.10$, $SD = .79$) and a significant main effect of the product's technological complexity ($p = .024$, $\eta_p^2 = .011$; $F(1, 464) = 5.158$; $M_{\text{low tech}} = 4.12$, $SD = .71$; $M_{\text{high tech}} = 4.27$, $SD = .76$) on brand attitude but revealed no interaction effect of crowdfunding and the product's technological complexity on brand attitude ($p > .5$). To test for mediation, we included perceived cognitive legitimacy as a covariate in the model. We found that the direct effect of crowdfunding on brand attitude became insignificant ($p > .5$) and that perceived cognitive legitimacy was a strong predictor of brand attitude ($F(1, 463) = 552.262$, $p < .001$, $\eta_p^2 = .544$). Next, we performed two separate bootstrapping analyses (Hayes, 2013) to test for the presence of an indirect effect on brand attitude through perceived cognitive legitimacy in the low- and high-tech product conditions. In both cases, the findings revealed a mediating effect of perceived cognitive legitimacy on brand attitude. The results were robust when the control variables were added to the model (see Table 1). Thus, we found support for H2a.

Test of H2b. A 2 × 2 ANOVA with purchase intention as the dependent variable revealed a significant main effect of crowdfunding ($p < .001$, $\eta_p^2 = .034$; $F(1, 464) = 16.349$; $M_{\text{crowdfunding success}} = 5.24$, $SD = 1.31$; $M_{\text{no crowdfunding}} = 4.68$, $SD = 1.66$) but no significant main effect of the product's technological complexity ($p > .71$) and no interaction effect ($p > .18$) on purchase intention. To test for mediation, we included perceived cognitive legitimacy as a covariate. We found that the direct effect of crowdfunding on purchase intention became insignificant ($p > .2$) and that perceived cognitive legitimacy is a strong predictor of purchase intention ($F(1, 463) = 489.413$, $p < .001$, $\eta_p^2 = .514$). Next, we followed the same procedure as that implemented for H2a to test for an indirect effect on purchase intention through perceived cognitive legitimacy in the low- and high-tech product

Table 1. Mediation Effects for Low- and High-Tech Products (Study 2).

		Effect Size (*b*) Standard Error (*SE*)		95% Confidence Interval (CI)	
DV	Technological Complexity	Without Control Variables	With Control Variables	Without Control Variables	With Control Variables
Brand attitude	Low-tech product	*b* = .28, *SE* = .10	*b* = .25, *SE* = .09	[.0859; .3450]	[.0720; .4292]
	High-tech product	*b* = .31, *SE* = .09	*b* = .27, *SE* = .09	[.0286; .4018]	[.0083; .3621]
Purchase intention	Low-tech product	*b* = .27, *SE* = .10	*b* = .23, *SE* = .09	[.0732; .4559]	[.0635; .4033]
	High-tech product	*b* = .31, *SE* = .08	*b* = .27, *SE* = .08	[.0278; .3876]	[.0050; .3500]

conditions. Findings from bootstrapping analyses (Hayes, 2013) reveal the mediating effects of perceived cognitive legitimacy on brand attitude for both low- and high-tech products. The results were robust when the control variables were added to the model (see Table 1). Thus, we found support for H2b.

In summary, Study 2 demonstrates that the positive effects of crowdfunding success on consumers' perceived cognitive legitimacy and brand attitude and purchase intention hold for both low- and high-tech products.

Study 3

Method

Overview, Research Design, and Sample. The aim of Study 3 is to examine whether the legitimization effect of crowdfunding success is attenuated for established ventures (H3). We performed an online experimental study with a 2 (young venture vs. established venture) × 2 (crowdfunding success vs. control) between-participant design. We used MTurk to recruit 365 US participants in exchange for monetary compensation (39.7% female; 44.2% had already participated in a crowdfunding campaign; M_{age} = 40.17 years, *SD* = 10.88 years).

Procedure and Stimuli. We used an experimental setting similar to that implemented in Study 1 with two main changes. First, we used a different product category—virtual reality (VR) glasses—to further generalize our findings. Second, we manipulated venture type in addition to crowdfunding, informing participants that Tanabo was either an established venture or a young venture. Participants were introduced to the questionnaire and randomly assigned to one of the four experimental conditions. On the first page, participants were introduced to the company Tanabo and were exposed to either the established or the young venture condition. In the established venture condition, we told participants that Tanabo is a well-established company that has been active in the VR market for several years. In the young venture condition, we told the participants that Tanabo is a startup that is new to the market. On the second page, participants received the same crowdfunding manipulation as in our previous studies (see the online Appendix).

Measures. We measured perceived cognitive legitimacy ($\alpha = .944$), purchase intention ($\alpha = .945$), and brand attitude ($\alpha = .922$), and included our control variables (age, gender, product involvement ($\alpha = .754$), and crowdfunding familiarity).

Results

Manipulation Checks. Replicating the manipulation check from Study 1, we noted a significant difference between the crowdfunding (M = 1.75; *SD* = .61) and the control conditions (M = .43; *SD* = .71; $p < .001$), indicating a successful manipulation.

To check for venture type manipulation, we asked participants to answer the following statement: "Based on the information provided before, the company Tanabo is…" (0 = "a young startup company"; 1 = "I don't know"; 2 = "an established company"). As expected, we noted a significant difference between the startup (M = .09; *SD* = .38) and the established venture condition (M = 1.53; *SD* = .80; $p < .001$), indicating that the venture type manipulation was also successful.

Test of Hypotheses. Test of H3. In H3, we hypothesized that the legitimization effect of crowdfunding success would be attenuated for established ventures. A 2 (crowdfunding success vs. no crowdfunding) × 2 (established venture vs. young venture) ANOVA with perceived cognitive legitimacy as the dependent variable revealed a significant main effect of venture type ($p < .001$; $M_{\text{established venture}} = 5.30$, $SD = 1.21$; $M_{\text{young venture}} = 4.81$, $SD = 1.18$) but no main effect of crowdfunding ($p = .059$; $M_{\text{crowdfunding success}} = 5.17$, $SD = 1.14$; $M_{\text{control}} = 4.96$, $SD = 1.29$). Most importantly, the findings revealed a significant interaction effect between venture type and crowdfunding ($p = .001$, $\eta_p^2 = .031$; $F(1, 361) = 11.474$; see Figure 2). Decomposing the interaction by venture type confirmed the legitimization effect of crowdfunding success for young ventures hypothesized in H1 ($M_{\text{crowdfunding success}} = 5.13$, $SD = 1.07$; $M_{\text{control}} = 4.48$, $SD = 1.19$; $p < .001$, $\eta_p^2 = .077$; $F(1, 174) = 14.431$) but revealed no significant main effect of crowdfunding success on perceived cognitive legitimacy in the established venture condition ($M_{\text{crowdfunding success}} = 5.21$, $SD = 1.21$; $M_{\text{control}} = 5.39$, $SD = 1.22$; $p = .297$, $\eta_p^2 = .006$; $F(1, 187) = 1.092$). The results were robust when the control variables of age ($p = .021$), gender ($p = .359$), product involvement

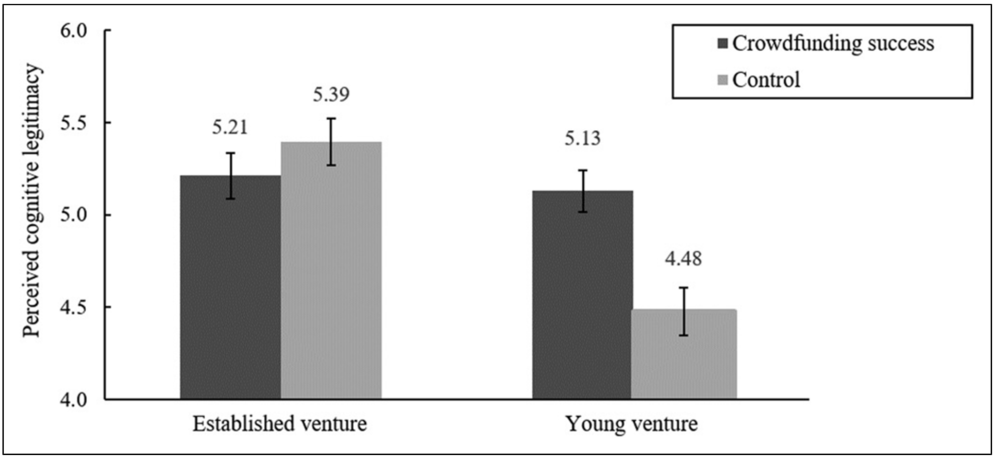


Figure 2. Interaction of crowdfunding success and venture type (Study 3).

Table 2. Moderated Mediation Effects (Study 3).

DV	Company Type	95% Confidence Interval (CI)		Index of Moderated Mediation	
		Without Control Variables	With Control Variables	Without Control Variables	With Control Variables
Purchase intention	Established venture	[−.4775; .1342]	[−.2721; .1800]	[.3262; 1.2162]	[.1304; .8067]
	Young venture	[.2875; .9064]	[.1743; .6736]		
Brand attitude	Established venture	[−.2507; .0742]	[−.1618; .1006]	[.1523; .6155]	[.0704; .4746]
	Young venture	[.1410; .4554]	[.1025; .3811]		

Note. Perceived cognitive legitimacy as mediator.

(p = .000), and crowdfunding familiarity (p = .199) were entered as covariates into the model ($p_{\text{interaction}}$ = .006, $p_{\text{young venture}} < .001$, $p_{\text{established venture}}$ = .690). We thus found support for H3.[8]

To further examine the moderating effect of venture type, we tested for moderated mediation effects (Hayes, 2013) with cognitive legitimacy as the mediator and purchase intention and brand attitude as dependent variables. In both bootstrapping analyses, the findings revealed significant moderated mediation effects. The results were robust when we included the control variables (see Table 2). The findings showed that for young ventures, crowdfunding success had an indirect positive influence on consumers' purchase intentions and brand attitudes through perceived cognitive legitimacy. By contrast, for established ventures, crowdfunding success had no effect on purchase intention or brand attitude through perceived cognitive legitimacy.

In summary, Study 3 replicates the legitimization effect of crowdfunding success in another product category, but more importantly, it also demonstrates that the positive effects occur only for young ventures.[9]

Study 4

Method

Overview, Research Design, and Sample. The aim of Study 4 is to examine whether the legitimization effect of crowdfunding for young ventures exists only for successful crowdfunding campaigns or also for failed crowdfunding campaigns. In the previous studies, we examined how consumers perceived crowdfunding success compared to no crowdfunding at all. Thus, one could argue that the mere fact that a young venture conducted a crowdfunding campaign (no matter the result) may lead to more positive consumer perceptions. To exclude this reasoning, the present study aims to determine whether any crowdfunding campaigns—even those that are unsuccessful—result in more positive consumer perceptions. We performed an experimental study using a three-cell between-participant design (crowdfunding success vs. crowdfunding failure vs. control). We used MTurk to recruit 360 individuals for our study in exchange for monetary compensation (43.3% female; 44.4% had already participated in a crowdfunding campaign; M_{age} = 34.08 years, SD = 11.75 years).

Procedure and stimuli. We used the same procedure and stimuli as those applied in Study 3 and added crowdfunding failure as a third experimental condition (see the online Appendix). Participants were randomly assigned to one of three experimental conditions. As in Study 3, we used VR glasses as our underlying product category.

Measures. We used the same measurement items as those used in the previous studies, with one exception. We included recommendation intent ($\alpha = .893$) instead of purchase intent as the second dependent variable (see, for example, Schreier et al., 2012) using a 2-item 7-point scale (e.g., "I would recommend this firm"; Bruner et al., 2001, see the online Appendix for details). We also included perceived cognitive legitimacy ($\alpha = .912$), brand attitude ($\alpha = .867$), and the control variables (age, gender, product involvement ($\alpha = .822$), and crowdfunding familiarity) in the questionnaire.

Results

Manipulation Check. To check the crowdfunding manipulation, we used a similar manipulation check as that used in the previous studies. Participants were asked to respond to the following statement: "Based on the information provided before, the company Tanabo has realized the product…" (0 = "… by itself"; 1 = "I don't know"; 2 = "… with a crowdfunding campaign"; 3 = "… by itself because the crowdfunding campaign was unsuccessful"). An ANOVA and planned contrast comparisons revealed significant differences between all three conditions (all *p*s < .05), indicating that the manipulation was successful.

Test of Hypotheses. Test of H1. An ANOVA on perceived cognitive legitimacy revealed a significant main effect of crowdfunding ($p < .001$, $\eta_p^2 = .048$; $F(1, 357) = 9.032$). Planned contrast comparisons further indicated that participants in the crowdfunding success condition (M = 5.40; *SD* = .93) considered the young venture to have significantly more cognitive legitimacy than those in the crowdfunding failure condition (M = 4.69; *SD* = 1.66; $p < .001$) or the control (no crowdfunding) condition (M = 4.94; *SD* = 1.18; $p = .023$). No significant difference was observed between the control condition and the crowdfunding failure condition ($p > .3$). The results remained robust when we added our control variables. Thus, we found additional support for H1.

Test of H2a. To test for H2a, we performed an ANOVA on brand attitude and found a significant main effect of crowdfunding ($p = .005$, $\eta_p^2 = .029$; $F(1, 357) = 5.373$). Planned contrast comparisons showed that participants in the crowdfunding success condition reported significantly more positive attitudes toward the brand (M = 4.11; *SD* = .66) than those in the crowdfunding failure condition (M = 3.81; *SD* = .90; $p = .009$) or the control condition (M = 3.84; *SD* = .70; $p = .024$). By including perceived cognitive legitimacy as a covariate in the model, we found that the direct effect on brand attitude became insignificant ($p > .4$) and that perceived cognitive legitimacy was a strong predictor of brand attitude ($F(1, 356) = 364.907$, $p < .001$, $\eta_p^2 = .506$). We next applied bootstrapping analyses (Hayes, 2013) to test for an indirect effect on brand attitude through perceived cognitive legitimacy (mediation). We followed the bootstrapping method for multicategorical causal agents (Preacher & Hayes, 2008). Using dummy coding with the control group (no crowdfunding) as a reference, we ran models for both the crowdfunding success condition and the crowdfunding failure condition. The findings from the bootstrapping analyses (Hayes, 2013) showed that there was a mediating effect of perceived cognitive legitimacy on brand attitude in the case of crowdfunding success ($b = .25$, $SE = .08$, CI [95%]: $.0957 < CI < .4104$) but no mediating effect of perceived cognitive legitimacy on brand attitude in the case of crowdfunding failure ($b = -.04$, $SE = .03$, CI [95%]: $-.1084 < CI < .0192$). The results were robust when we added our control variables (crowdfunding success: $b = .24$, $SE = .08$, CI [95%]: $.0793 < CI < .3904$; crowdfunding failure: $b = -.04$, $SE = .03$, CI [95%]: $-.1101 < CI < .0191$), supporting H2a.

Test of H2c. To test for H2c, we performed an ANOVA on recommendation intent and found a significant main effect of crowdfunding ($p = .007$, $\eta_p^2 = .027$; $F(1, 357) = 5.044$). Planned contrast comparisons showed that participants in the crowdfunding success condition reported significantly higher recommendation intent (M = 5.06; *SD* = 1.26) than those in the crowdfunding failure condition (M = 4.52; $SD = 1.65$; $p = .010$) or the control condition (M = 4.60; $SD = 1.33$; $p = .038$). However, no significant difference was observed between the crowdfunding failure condition and the control condition ($p > 5$). When including perceived cognitive legitimacy as a covariate in the model, we found that the direct effect on recommendation intent became insignificant ($p > .5$) and that perceived cognitive legitimacy was a strong predictor of recommendation intent ($F(1, 356) = 372.277$, $p < .001$, $\eta_p^2 = .511$). Bootstrapping analyses (Hayes, 2013) revealed a mediating effect of perceived cognitive legitimacy on recommendation intent ($b = .25$, $SE = .08$, CI [95%]: $.1194 < \text{CI} < .5366$) in the case of crowdfunding success but no mediating effect on recommendation intent in the case of crowdfunding failure ($b = -.05$, $SE = .03$, CI [95%]: $-.1691 < \text{CI} < .0269$). The results were robust when the control variables (crowdfunding success: $b = .24$, $SE = .07$, CI [95%]: $.0972 < \text{CI} < .5092$; crowdfunding failure: $b = -.04$, $SE = .03$, CI [95%]: $-.1721 < \text{CI} < .0263$) were added, indicating support for H2c.

In summary, Study 4 shows that only crowdfunding success (and not crowdfunding failure) has positive effects on consumers' legitimacy perceptions, brand attitudes, and recommendation intentions. Our findings also highlight the relevance of the focal variable—perceived cognitive legitimacy—in explaining the main effects of crowdfunding success on another important outcome variable—consumers' intentions to recommend the young venture to others.

Study 5

Method

Overview, Research Design, and Sample. Study 5 is a social media field experiment conducted using the photograph- and video-sharing platform Instagram. The aim of Study 5 is to provide additional evidence from the field for our general prediction that consumers react more positively to young ventures' past crowdfunding success, using actual click-through rates (CTR) as the dependent variable. While the strengths of our controlled online experiments (Studies 1–4) lie in their high internal validity (e.g., Paolacci et al., 2010), which allowed us to understand the effect of young ventures' crowdfunding success in detail, their external validity was partially limited by the artificiality of their settings (Schram, 2005). The use of a social media field experiment allows us to overcome these issues and provide empirical evidence that the focal effect also prevails in real-world settings (Inman et al., 2018). Social media field experiments provide high levels of external validity because they use real-world stimuli in the form of advertisements, occur in natural online settings (social media platforms), have high sample representativeness, and use managerially relevant dependent variables (e.g., CTR) (Orazi & Johnston, 2020). Accordingly, Study 5 allows us to provide further evidence that the positive effects of young ventures' past crowdfunding success on consumers obtained in our controlled experiments also apply in the real world and are actionable by entrepreneurs.

The study was conducted on Instagram in cooperation with Jeckybeng, a young venture from Nuremberg (Germany) selling sustainable fashion that had recently successfully crowdfunded its new softshell jacket on Kickstarter.[10] Instagram is a media-sharing social media platform owned by Facebook. Facebook's advertising platform allows advertisers to choose where to run their ads (i.e., Facebook, Instagram, Messenger, etc.).[11] We used a photo from Jeckybeng that showed their recently successfully crowdfunded softshell jacket. While the photo was identical across the two experimental conditions, we created two versions of the text that accompanied the photo. The text was in German, as the brand usually runs its social media campaigns in Germany. In the treatment condition, the text revealed the young venture's past crowdfunding success (i.e., "successfully crowdfunded and now available"). In the control condition, by contrast, the text did not reveal the past crowdfunding success (i.e., "now available"). Significantly, in addition to using the same photo, we used the same post description below the photo in both conditions (see the online Appendix).

To reduce the noise associated with the use of different devices or platforms, we restricted the ads to the Instagram mobile application (vs. Instagram desktop, Facebook, or Audience Network). Moreover, we only published the ads as Instagram feed posts (vs. Instagram stories). Instagram's advertising platform allows advertisers to target users based on their demographic characteristics. In cooperation with Jeckybeng, we selected three restricting characteristics for the target group. In particular, we targeted (1) non-engagers (i.e., users who were not familiar with Jeckybeng prior to the campaign), (2) users aged between 20 and 55 years, and (3) users living in Germany. These restrictions correspond to the targeting variables typically used by the underlying brand in social media campaigns.

We followed recent best practice examples from the marketing literature (Orazi & Johnston, 2020; Paharia, 2020; Paharia & Swaminathan, 2019) and established our campaigns using automatic bidding, whereby Facebook would determine the optimal bid for each 1,000 impressions. The cost per 1,000 impressions (CPM) is based on Facebook's algorithm, which uses an auction mechanism for ad space at any given time. The CPM metric is commonly used by the online advertising industry to compare performances between different ads. Although Facebook's algorithm is not fully transparent, we have no reason to believe it would work differently across experimental conditions. To summarize, we created an A/B test Instagram campaign, resulting in a two-cell between-participant design (crowdfunding success vs. control).

We set up our campaigns to be optimized for link clicks. Importantly, we used unique link clicks (ULC) as our dependent variable. ULC refers to the total number of unique individuals who click on the link provided in the ad. To effectively test whether our manipulations had an effect on the dependent variable, however, it was necessary to take into account how many unique users actually saw the ad; this is referred to as "reach."[12] As noted in earlier studies (Paharia, 2020), the number of individuals reached may vary considerably between conditions owing to variations in marketplace conditions (e.g., different ad competitions).

The rows of our data file thus correspond to the individuals reached by our campaigns (see the online Appendix for precise Instagram statistics). The columns capture the independent and dependent variables. Specifically, the variables are coded as follows: crowdfunding success = 1, control = 0; unique link click: action observed = 1, action not observed = 0. Hence, we can predict the likelihood that the link click will be observed as a function of our experimental manipulations. We can also calculate the share of consumers reached who clicked on the link (i.e., CTR).

Results

We tested our assumption using a binary logistic regression analysis. We found a significant positive main effect of the crowdfunding success (vs. control) manipulation on ULC ($\beta = .34$, $SE = .16$, Wald $\chi^2 = 4.30$, $p = .038$). The CTRs for both conditions are depicted in Figure 3.

In summary, based on a social media field experiment, Study 5 provides further evidence consistent with our general prediction that consumers react more positively to young ventures' past crowdfunding success. In particular, we found that a product advertisement received a higher CTR if the product was portrayed as having been successfully crowdfunded than when the consumers received no such information. Consequently, Study 5 complements our previous findings by replicating the positive effect of young ventures' crowdfunding success on consumers in a real-world setting.

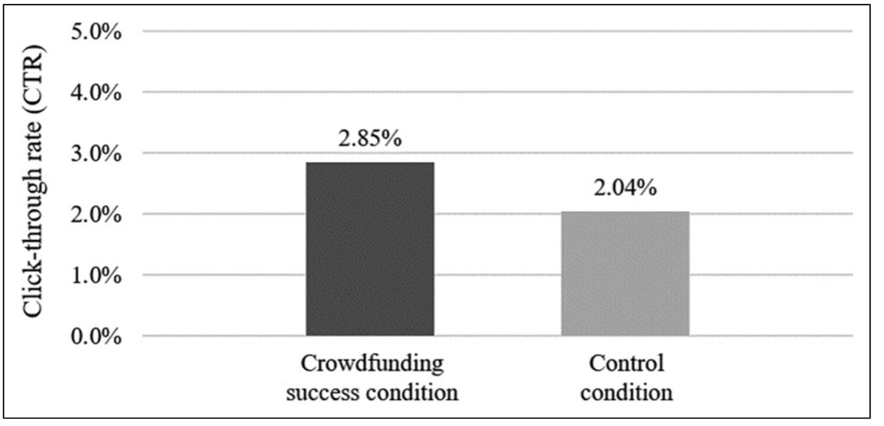


Figure 3. Positive effect of crowdfunding success on CTR (Study 5).

Discussion

By employing consumer inference theory, we aimed to determine whether a young venture's past crowdfunding success serves as an informational cue that enhances consumers' legitimacy perceptions and whether this ultimately results in more positive consumer responses toward the young venture and its products. We predicted that consumers would react differently to the same young venture and its product if they learned that it carried out a successful crowdfunding campaign.

Across five studies (and one follow-up study), we found strong empirical evidence for our prediction. In particular, our findings showed that young ventures' past crowdfunding successes positively influence consumers' perceptions of cognitive legitimacy (H1). More importantly, our findings demonstrated that this legitimization effect of crowdfunding success ultimately results in positive downstream effects (i.e., more positive consumer attitudes toward the brand (H2a) and an increased likelihood that consumers will purchase the crowdfunded product (H2b) and recommend the young venture to others (H2c)). These effects were robust for both low- and high-tech products and work, irrespective of consumers' familiarity with crowdfunding.

Additionally, the findings from our social media field experiment further show that communicating a young venture's past crowdfunding success to consumers might indeed be helpful in triggering consumer interest and purchase decisions. As the social media field experiment revealed, a given social media campaign may generate more website traffic (i.e., higher CTR) if past crowdfunding success is communicated to consumers.

Finally, this research demonstrates that the positive marketing effect of past crowdfunding success applies only to young ventures and not to established ventures. For established ventures, the communication of crowdfunding success to consumers had no positive effects on perceived cognitive legitimacy and purchase intentions. Interestingly, it even had a significant negative effect on consumers' brand attitudes (i.e., the effect fully reverses). Although we predicted that the positive effects of past crowdfunding success might be attenuated for established ventures (H3), it was surprising to note that communicating past crowdfunding success to consumers could even have undesirable outcomes.

Theoretical Contributions

Contributions to Crowdfunding Research

Our findings make several contributions to crowdfunding research. First, by focusing on how nonparticipating consumers react to a young venture's past crowdfunding success, our research addresses one particular research question highlighted by the *Entrepreneurship Theory & Practice* editorial board: "What happens after successful crowdfunding? (Pollack et al., 2021, p. 253)." In particular, we extend our knowledge of the consequences (i.e., the demand side) of crowdfunding success by revealing the positive marketing effect of young ventures' past crowdfunding success for consumers. To date, research on the consequences of crowdfunding has focused on how past crowdfunding success influences innovation (Stanko & Henard, 2017) and subsequent funding from professional investors (Drover et al., 2017; Roma et al., 2017, 2021). By demonstrating that consumers perceive a successfully crowdfunded young venture as more legitimate and subsequently develop more positive brand attitudes and are more likely to purchase the young venture's products and recommend it to others, this research highlights a previously unexplored benefit of crowdfunding success. From a theoretical perspective, this is important, as it advances our understanding of the downstream effects of crowdfunding by showing how past crowdfunding success influences consumer perceptions and behaviors once the successfully crowdfunded product is released to the market (Pollack et al., 2021; Simpson et al., 2021). Our findings further suggest that even consumers who are less familiar with crowdfunding associate young ventures' past crowdfunding successes with higher levels of cognitive legitimacy, resulting in more positive responses toward young ventures and their products. Therefore, the label "successfully crowdfunded" appears to trigger beneficial associations that guide consumers' inference building, regardless of their degree of familiarity with crowdfunding.

Second, in approaching crowdfunding through the lens of consumer inference theory, this research demonstrates "how […] theory from fields other than entrepreneurship/management such as marketing" helps us to further understand crowdfunding (McKenny et al., 2017, p. 289). By applying insights from the consumer inference literature in the context of crowdfunding, this cross-disciplinary work provides a new perspective on crowdfunding. In this way, we also contribute reciprocally to consumer inference theory and reveal an interesting direction for future research (as discussed below).

Third, we contribute to the ongoing discussion on how crowdfunding and the closely related concept of crowdsourcing relate to one another (McKenny et al., 2017; Pollack et al., 2021), revealing several notable differences between the two concepts from a consumer perspective. In contrast to existing research demonstrating that the communication of products as crowdsourced may be beneficial for established ventures (Nishikawa et al., 2017), our study demonstrates that the communication of products as successfully crowdfunded works only in the case of young ventures and can even have negative effects for established ones. Furthermore, our findings show that labeling products as successfully crowdfunded is effective for both high- and low-tech products. By contrast, research on crowdsourcing has highlighted that positive effects on consumers' behavioral intentions are observed only for low-tech products (e.g., Schreier et al., 2012). Therefore, by adopting a consumer perspective, our study provides further theoretical clarity regarding the differences between crowdfunding and crowdsourcing.

Contributions to (Young Venture) Legitimacy Research

Our study also contributes to legitimacy research. First, we contribute to young venture legitimacy research by highlighting crowdfunding success as a so far unexplored informational cue that can help young ventures gain legitimacy in the eyes of consumers. Earlier research offers only few answers to the question of how young ventures can effectively influence consumers' legitimacy judgments (Fisher, 2020; Überbacher, 2014). Here, we introduce crowdfunding success as a concrete mechanism that young ventures can use to enhance consumers' legitimacy perceptions. We also expand research on young venture legitimacy that has already shown that past crowdfunding success might have a legitimizing effect on external stakeholders, such as investors (e.g., Roma et al., 2017, 2021). Although legitimacy formation is an audience-specific process (Fisher, 2020; Navis & Glynn, 2011; Suchman, 1995), our results suggest that the legitimization effect of past crowdfunding success appears to work for different audience groups.

Second, we provide theoretical clarification regarding consumers' underlying decision-making processes to engage with a young venture by highlighting the mediating role of perceived cognitive legitimacy: cognitive legitimacy guides consumers' decisions to purchase from young ventures. With the exception of Pollack et al. (2012), the majority of extant literature either treats legitimacy as an independent (Rao et al., 2008; Wang et al., 2017) or dependent variable (Nagy et al., 2012; van Werven et al., 2015). By contrast, our research adopted a more comprehensive view and explored the explanatory power of young ventures' cognitive legitimacy in the context of consumers. We thereby move beyond the typical focus of the existing young venture legitimacy literature and highlight the importance of perceived cognitive legitimacy as an explaining factor to understand how consumers decide whether to purchase from young ventures.

Third, we contribute to legitimacy research on a more general level by revealing an important boundary condition—that is, the positive legitimization effect of past crowdfunding success disappears for established ventures. Research indicates that established ventures need to find ways to manage, maintain, and extend their existing legitimacy (Suchman, 1995). Our findings show that past crowdfunding success may not help established ventures enhance their existing legitimacy from the consumer's perspective. This finding is particularly noteworthy in light of research suggesting that established firms may successfully use crowdfunding as a marketing tool (Brown et al., 2017). Although established firms might use crowdfunding to obtain early market feedback, our results highlight that communicating past crowdfunding success to nonparticipating (main market) consumers has no positive legitimization effect and even negatively influences consumers' brand attitudes. Importantly, however, this finding is in line with studies that emphasize the importance of the contextual factors of legitimation signals and judgments (DeKinder & Kohli, 2008; Suddaby et al., 2017). Based on this perspective, the value of an informational cue depends on the context in which it is embedded. This means that the properties of both the sender and the receiver can influence the interpretation and effectiveness of a legitimacy signal (Tost, 2011). Thus, our findings empirically confirm that the context of legitimacy signals matter—strategies that help young ventures gain legitimacy differ from strategies that help established ventures maintain or extend their existing legitimacy.

Contributions to Consumer Inference Theory

Finally, our research addresses the recent call to further connect the marketing and entrepreneurship literature by applying consumer inference theory in the crowdfunding context (McKenny et al., 2017). In this way, we also contribute reciprocally to consumer inference theory. Marketing literature has already revealed different informational cues that impact consumers' inference building, such as price (Huber & McCann, 1982) and the ways in which the underlying firm develops its products (Schreier et al., 2012). Our research introduces past crowdfunding success as another informational cue that influences how consumers draw conclusions about a young venture and its products. This research thus contributes to the literature that has demonstrated that even relatively "broad" informational cues can evoke specific associations among consumers that will subsequently guide their inference building. For example, previous research has already demonstrated that consumers infer the quality of a product based on its country of origin (Elliott & Cameron, 1994) and that consumers even make inferences about products based on the size of the producing firm (Scekic & Krishna, 2021). Accordingly, we advance the consumer inference literature by demonstrating that even a young venture's financing approach can function as an important informational cue for consumers.

Practical Implications

Our findings have several implications for entrepreneurs deliberating whether they should launch a crowdfunding campaign. Since crowdfunding not only offers a means of obtaining resources but also promotes a venture's acceptance among consumers, entrepreneurs should consider both the resource-related aspects and the legitimization effects when deciding whether to engage in crowdfunding. In other words, entrepreneurs should take full advantage of crowdfunding and approach it as a strategic option that allows them to overcome their liability of newness by enhancing consumers' perceptions of cognitive legitimacy.

Moreover, our findings have important implications for entrepreneurs and marketing managers of young ventures that have successfully completed crowdfunding campaigns. We suggest that they should strategically use their past crowdfunding success to positively influence future consumer responses for the purpose of better positioning their ventures against competitors and establishing a customer base after the crowdfunding campaign. We recommend that entrepreneurs and marketing managers of young ventures clearly communicate their crowdfunding success to consumers. For example, they could include labels such as "successfully crowdfunded" on their products' packaging and in product descriptions in their online stores. Moreover, they should integrate their past crowdfunding success into their social media advertisements to guide consumers' purchase decisions through higher CTRs. This is an inexpensive yet effective way to increase consumers' likelihood of perceiving ventures and products as desirable. This implication is valid for young ventures marketing both low- and high-tech products across different product categories.

Further, our research is relevant to marketing managers of established firms who may be tempted to jump on the crowdfunding bandwagon. Crowdfunding appears to be a fashionable and cost-efficient way to create a buzz around a new product. At first glance, it appears that even established firms could benefit from this marketing effect. Thus, managers might be tempted to take advantage of the current momentum in crowdfunding. However, our findings indicate that, for established firms, the labeling of products as successfully crowdfunded has no effect on consumers' legitimacy perceptions or purchase intentions and may even lead to negative brand attitudes. Therefore, established firms should pursue more promising marketing strategies.

Finally, our findings provide novel insights for crowdfunding platform operators, as we reveal an additional nonfinancial benefit of crowdfunding success. Crowdfunding platform operators should highlight the legitimization potential of crowdfunding when promoting their services with entrepreneurs.

Limitations and Further Research

Our study of the legitimization effect of crowdfunding success has several limitations that indicate avenues for further research. First, our main aim was to explore the influence of crowdfunding success as a broad informational cue in consumers' perceptions—that is, we focused on crowdfunding success without acknowledging the specificities of actual crowdfunding campaigns. However, we acknowledge that the framing of the informational cue itself or the exposure to specific information might elicit different consumer responses. Thus, our findings indicate the need for further research that adopts a more nuanced perspective. For example, future studies could explore whether and how more detailed information about the crowdfunding campaign itself, such as the number of crowdfunders who participated in the campaign or the amount of funding received, might influence consumer perceptions. In their study of crowdfunding projects on Kickstarter, Soublière and Gehman (2020) demonstrated that the extent to which previous campaigns had succeeded or failed also influenced subsequent crowdfunding campaigns. Accordingly, consumers may associate higher (vs. lower) numbers of crowdfunders or higher (vs. lower) amounts of funding received with higher (vs. lower) levels of legitimacy. Moreover, our research focused on crowdfunding as a way for young ventures to develop their products. Although we assume that regular consumers (as nonfinancial experts) may struggle to distinguish between the subtleties of different crowdfunding types, future research could examine whether the legitimization effect of crowdfunding success differs across different crowdfunding types (e.g., equity-based and reward-based crowdfunding). Future studies on how the legitimization effect of crowdfunding success interacts with young ventures' other legitimacy-building strategies could permit comparisons between crowdfunding success and other informational cues that may also influence consumers' legitimacy judgments (e.g., customer testimonials, patents, or cooperation with external partners).

Second, although our study examined several boundary conditions, such as the effect of crowdfunding success for high- and low-tech products, we recognize the existence of other ways to differentiate between product categories. Further research investigating the effects of crowdfunding success for multiple products in the same category or examining different effect paths for different product categories would help fill this gap. Moreover, research on the differential legitimization effects of crowdfunding success on radical (as opposed to incremental) innovations would contribute to current discussions about the impact of product innovativeness on crowdfunding (Chan & Parhankangas, 2017; Oo et al., 2018).

Although we distinguished between certain consumer characteristics, a third avenue for future research is how specific consumer characteristics more generally influence perceptions of crowdfunding success. Based on the work of Schaninger and Sciglimpaglia (1981), who found that consumers' personality characteristics influence how they acquire and process information, we believe that consumer personality and other contextual factors may play a critical role in consumers' inference building with respect to crowdfunded products. Particularly promising areas for research include the interplay between consumers' political orientation as a proxy for their power distance beliefs (Paharia & Swaminathan, 2019) and how they respond to crowdfunding activities (Lewis et al., 2021). We suggest that consumers with low power distance beliefs might be particularly attracted by young ventures' crowdfunding activities, while individuals with high power distance beliefs might even respond negatively to crowdfunding.

Conclusion

This research introduces the legitimization effect of crowdfunding success from a consumer perspective. Crowdfunding not only constitutes an important financing tool but may also help young ventures to distinguish their products in the market. As scholars, we hope that this work encourages other researchers to study crowdfunding from a consumer perspective. As consumers, we hope to see more "successfully crowdfunded" labels on young ventures' product packaging, in their online stores, and in their social media advertisements.

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Supplemental Material

Supplemental material for this article is available online.

Notes

1. This research focuses on reward-based crowdfunding, which means that crowdfunders receive a reward in return for their financial support (typically, the particular product being supported) (Mollick, 2014). However, for better readability, we use the term "crowdfunding" in this paper.
2. See https://www.kickstarter.com/help/stats?ref=global-footer (retrieved January 18, 2021).
3. See https://www.sony.net/SonyInfo/News/Press/201507/15-061E/ (retrieved July 9, 2020).
4. MTurk is a well-recognized online survey platform that is often used in the social sciences (Buhrmester et al., 2011) and has already been successfully used in entrepreneurship research (e.g., Chan & Parhankangas, 2017; Qin et al., 2020).
5. See, for example, the crowdfunding project "Hover 2 – The 4K Drone that Flies Itself" on Kickstarter (https://www.kickstarter.com/projects/hover2/hover-2-the-4k-drone-that-flies-itself?lang=de retrieved November 11, 2020).
6. To test the construct validity of the three perceived cognitive legitimacy items, we performed a pre-study. The participants comprised 136 students (41.2% female; M_{age} = 23.73 years, *SD* = 3.29 years) from a major European university who participated voluntarily in our study. After being given brief background information about a company and its newest product, participants were asked to provide their opinions on the company by responding to our survey. Based on the data collected, we computed an exploratory factor analysis (EFA) using principal axis factoring and oblimin rotation, with the scree test criterion used to confirm the items related to just one factor. All three items showed high factor loadings (>.66). Importantly, the three-factor solution explains 61% of the variance. We also performed Bartlett's test of sphericity and checked for the Kaiser–Meyer–Olkin (KMO) measure of sampling accuracy. The findings showed that Bartlett's test was significant ($p < .001$) and that the KMO measure for sampling adequacy was .69. The communalities ranged from .37 to .55.
7. Please note that the control variables did not significantly change the main effect of crowdfunding success on perceived cognitive legitimacy across all our studies (i.e., the effect is robust).
8. Findings from additional ANOVAs showed that in the young venture condition, crowdfunding success had positive direct effects on brand attitude ($M_{crowdfunding\ success} = 4.06$, $M_{control} = 3.61$; $p < .001$, $\eta_p^2 = .085$; $F(1, 174) = 16.127$) and purchase intention ($M_{crowdfunding\ success} = 4.31$, $M_{control} = 3.74$; $p = .022$, $\eta_p^2 = .030$; $F(1, 174) = 5.336$). By contrast, in the established venture condition, the findings showed a significant negative effect of crowdfunding success on brand attitude ($M_{crowdfunding\ success} = 3.86$, $M_{control} = 4.10$; $p = .025$, $\eta_p^2 = .012$; $F(1, 187) = 5.135$) and no effect on purchase intention ($M_{crowdfunding\ success} = 4.23$, $M_{control} = 4.39$; $p = .504$, $\eta_p^2 = .027$; $F(1, 187) = .448$).

9. We performed an additional follow-up study (Study S1 in the online Appendix) to further validate our findings from Study 3. In this study, we used the same procedure and stimuli as those used in Study 3 but used Samsung as an existing established company that offers VR glasses to consumers. The results are in line with the findings from Study 3.
10. See https://www.jeckybeng.com/pages/about (retrieved December 29, 2020).
11. See https://www.facebook.com/business/ads (retrieved September 21, 2020).
12. "Reach" is different from "impressions," which includes multiple views of the ad by the same individual (see https://www.facebook.com/business/help/710746785663278?helpref=faq_content (retrieved January 25, 2021). We used individuals reached rather than impressions for our analyses to avoid noise caused by repeated advertising views. However, the results were robust when impressions was used (instead of reach) as the foundation of our analyses.

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