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STUDYING CROWDFUNDING THROUGH EXTREME CASES

Cursory reflections on the social value creation process of a potato salad project

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A very popular error: having the courage of one's convictions; rather it is a matter of having the courage for an attack on one's convictions!!

—Friedrich Nietzsche (Beyond Good and Evil)

Crowdfunding is a fairly novel phenomenon, both in taxonomic as well as in technological terms. Whilst at first mainly used to finance projects in the arts and the broader field of the creative industries (Bradford, 2012), political campaigns (Belleflamme, Lambert, & Schwienbacher, 2010) as well as entrepreneurial start-ups and SMEs (de Buyser, Gajda, Kleverlaan, & Marom, 2012), crowdfunding has been increasingly employed as a vehicle for financing social and sustainable ventures or projects (Lehner, 2013; Thorpe, 2012)—which forms the focal attention of this chapter.

In general, so-called social purpose crowdfunding forms an alternative means of financing the overall operation of social ventures, or isolated projects or programs (Lehner, 2013, 2014; Lehner & Nicholls, 2014; Lehner, Grabmann, & Ennsgraber, 2014). The main assumption is that social purpose crowdfunding offers project initiators or Social Entrepreneurs a financial remedy under conditions of increasing restrictions on traditional means of funding (Meyskens & Bird, 2015). Simultaneously, social purpose crowdfunding offers attractive investment opportunities to those investors who are more interested in producing social value than in earning a profit (Meyskens & Bird, 2015).

The basic contention the present chapter makes is that, despite the almost univocally accepted promise of crowdfunding as an innovative tool for social value creation, relatively little is known about how this emergent technology works, and what kind of contingent effects it produces. This chapter argues that substantially new insights about crowdfunding in general and its relationship to social value creation more specifically can be derived from the investigation of queer cases—particular types of investigation which does not simply deviate from, but largely upsets and potentially changes the very essence of the phenomena under consideration. To attain this goal, we follow a potato salad crowdfunding campaign, which started as a fairly modest initiative before turning into one of the most prominent crowdfunding projects in the US. The project in question, which was perceived by many as a blatant hoax, challenges the linear "cause and effect" model underlying many conceptualizations of crowdfunding. It also makes us aware that
social value creation is not necessarily attributable to the ingenuity of the project initiator or located in the proclaimed goal of a campaign; instead, social value in the case of the analyzed project forms a contingent effect emerging from the specific relations between an initial idea, the distinct agency of the crowdfunding platform, and the backers’ staging of an event.

The chapter proceeds as follows. First, we offer a tentative overview of crowdfunding research, placing particular heed on how the crowdfunding process is framed in normative terms. Second, we introduce the concept of “queer cases” and draw on speech act theory to develop a provisional framework to analyze the infelicitous usages of crowdfunding. This is followed, third, by the introduction of our empirical vignette, a Kickstarter project by Zack Brown aimed at producing a potato salad. Fourth, Brown’s potato salad project is analyzed in terms of how it breaches existing conditions of felicity. Fifth, we reflect on a more general level of how attentiveness to ostensible misfires and abuses of crowdfunding through such queer cases puts an opportunity in front of us to experiment with new perspectives on the matter.

The chapter concludes by calling for prospective research that invokes queer crowdfunding projects and ventures to uproot our dearly held convictions about how and where social value gets created.

The crowdfunding process: A very brief introduction

The core concept of crowdfunding as a mobilization of financial resources via a large amount of small-scale investors is anything but new. Crowdfunding found its antecedents several centuries ago—yet its proliferation and prominence coincides with the invention of new social media technologies in the most recent years (Frydrych, Bock, Kinder, & Koeck, 2014). The first studies have largely been conducted from disciplinary angles such as entrepreneurship and new venture research (Belleflamme, Lambert, & Schwienbacher, 2013) or legal studies (Bradford, 2012). Different theoretical approaches, such as signaling theory (Ahlens, Cuming, Günther, & Schweizer, 2015), institutionalism (Kshetri, 2015), or Bourdieu’s (social) capital theory (Lehner, 2014), have been used to explain the subject. Apart from definitional work, a significant part of this nascent body of research has focused on the motivation and behavior of the funders, or the geographic proximity and the quality of social networks (Agrawal, Catalini, & Goldfarb, 2015). Other studies exhibit an interest in the transformative effect crowdfunding has on traditional financing practices in particular (Hollas, 2013) or established capital-demanding industries (Sorensen, 2012).

While many scholars describe crowdfunding as a process (e.g., Mollick, 2014), few have made the processual dimension of the phenomenon the focal object of their study. Notable exceptions do exist, such as Macht and Weatherston (2015), who, from the point of view of the project initiator, suggest that the funding process can be differentiated into two main phases: a pre-investment phase and a post-investment phase. One of the most comprehensive crowdfunding (investment) process models, however, has been put forward by Tomczak and Brem (2013). Based on a literature review, the crowdfunding-based investment process is delineated as a linear decision tree path proceeding along a series of decisions, which the project initiator must take. These decisions are typologized into five broad phases, among others comprising the type of crowdfunding choice, the funding model, and reward modes. However, such models advance a very particular type of normative framework, which prescribes how the crowdfunding process should ideally unfold (if looked at from the perspective of the project initiator).

Even though Tomczak and Brem’s process model was not related to crowdfunding campaigns with a social focus, its root premises are clearly compatible with the extant literature on social purpose crowdfunding. Social purpose crowdfunding ostensibly starts with an idea, which
is then molded by the project initiator or social entrepreneur into a crowdfunding campaign (cf. Figure 19.1). Unlike traditional crowdfunding projects, the project goal in social purpose crowdfunding is less directly related to the potential reward for investors (e.g., receiving pre-funded and thus a pre-purchased music album, or taking part in an aesthetic experience such as a concert), but more to tackling a particular social problem such as education, malnutrition, or inequality. During the translation of the idea into a proper campaign, the project initiator or social entrepreneur selects the crowdfunding platform most conducive to the social purpose he/she seeks to pursue. Once the campaign has been approved by the respective crowdfunding platform, the project initiator or social entrepreneur pitches his/her idea by communicating the purpose of the campaign, the duration of the fundraising, and the incentives to the backers. If successful, the project initiator or social entrepreneur pays the money towards realizing his/her campaign. The ideal outcome of the crowdfunding process is social value, which essentially consists of effectively solving the identified social problem. Depending on the campaign, the project initiator or social entrepreneur completes the process by giving rewards to the backers. Unlike commercial campaigns whose rewards often include direct and indirect monetary contributions, social purpose campaigns often deliver rewards that hold value for the backers but are still relatively “low cost,” such as the recognition of all backers supporting a given project (Larralde & Schwienbacher, 2012).

We are reluctant to embrace the normative model in Figure 19.1 uncritically, for it tends to misconceive crowdfunding as a linear process moving effortlessly through a set of stages towards a predefined end. Feeling ill at ease with the model, not least due to the kind of omnipotence it attributes to the project initiator, we now aim at provoking its normative assumption through a “queer case.”

**Going against the norm with “queer cases”**

Studying a new phenomenon such as crowdfunding usually entails defining and circumscribing its apparent essence with an eye towards demarcating it from related phenomena. It is not uncommon in academic work to use illustrative cases or anecdotal evidence to shed
light on the defining features of a phenomenon such as crowdfunding. Such typical cases are used primarily to sketch out the very essence of crowdfunding by making distinctions between what crowdfunding is and what it is not, with the effect of rendering the subject matter into an object of knowledge. Typical cases, thus, help make crowdfunding intelligible and discussable.

The pertinence of typical cases notwithstanding, we must not forget that the attribute "typical" is a semi-fiction, which effectively masks how these cases exclude other ways of knowing. In other words, typical cases—by establishing an authoritative account of what crowdfunding "really is"—exclude alternative ways of knowing crowdfunding by labeling them as unintelligible and vulgar. Hence, although typical cases permit us to get a grip on our phenomenon, the "matter-of-factness" such cases engender comes at the cost of prematurely stifling the potential of crowdfunding to take on very different meanings. This is where extreme cases gain relevance.

Extreme cases are—per the etymological meaning of "extreme" as the "opposite end of anything"—cases that largely deviate from prevailing rules and traditions. As Eisenhardt and Graebner (2007) convincingly argue, scholars tend to "make the faulty assumption that the cases should be representative of some population" (p. 27). Case selection in this logic, as they clarify, simply means to identify cases that are "particularly suitable for illuminating and extending relationships and logic among constructs" (2007, p. 27). Where Eisenhardt and Graebner commend, among other things, "single-case research" as a means to "explore a significant phenomenon under rare or extreme circumstances" (2007, p. 27), what ultimately makes a case "extreme" remains fairly elusive, leaving considerable scope for different, and potentially incompatible, interpretations. For the sake of clarity and precision, we suggest "queer cases" as our sensitizing concept to properly heed the experimental and inventive dimension of extreme cases. The prefix "queer" designates cases that deviate from what is deemed normal. More specifically, apart from alluding to phenomena that are odd, eccentric, or unconventional, the attribute queer has for quite some time formed a derogatory term for describing lesbians and gays (Turner, 2000). However, starting in the 1980s, "queer" was less and less seen merely as a homophobic slur and has been increasingly used as a reference point for lesbians and gays (as well as bisexuals and transgender people). The term has also become popular in academia through what is commonly referred to as "queer theory."

The lynchpin of queer theory is the attempt to counteract heteronormative belief systems (i.e., dominant representations conditioned by heterosexual ideologies), with an eye toward revealing that gender and sex are not essential features of the self, but socially constructed realities and identities.

"Queer" is used here to denote extreme cases, which are at odds with and thereby tend to problematize that which is deemed normal or dominant (Green, 2007). Thus, in line with Halperin (1995), we define queer cases not through their positive content but through their "positionality vis-à-vis the normative" (p. 62). This essentially means that queer cases, which might be quite heterogeneous in terms of their stated objectives, focus, or reason for being, are united by how they upset and potentially suspend the field of normalization in which they are located. Consider, as an example, a recent article by Farnel (2014) that looked at the crowdfunding of gender and sexual reassignment surgeries. A key insight from Farnel's sagacious investigation is that queer cases spark controversy around normative beliefs informing both the perception and practice of crowdfunding. For instance, one of the three campaigns that were analyzed by Farnel was critiqued directly by the CEO of the crowdfunding platform who issued a statement saying that he disapproved of how his platform was (mis)used to finance gender and sexual reassignment surgeries. Framed in terms of speech act theory, the CEO flagged the reassignment campaign as abuse of crowdfunding.

However, although what might appear as a "natural" reaction of a CEO should be born in mind in performing the converse action of John Austin's, suggesting the "bounds of the felicity conditions" and effects produced by one's "discourses of distinction." While we are limitations, in this case, the limitations are not as clear. Instead, we use the new from the feticial and infelicity, crowdfunding work to produce truly unexpected at of estrangement and estrangement. At this decisive period, we can use to fundamentally re-cleanse our view of social value by producing a potato...
reassignment campaign in question as an act of "infelicity" (Austin, 1975), that is, as a failure or abuse of crowdfunding, something which, in his eyes, should not have happened.

However, although queer cases such as gender and sexual reassignment surgery campaigns might appear as a failure if viewed from the standpoint of dominant perception, it should be borne in mind that the infelicity such cases epitomize always bears the potential of transforming the conventions it violates. More poignantly, Judith Butler, whose work builds on John Austin's, suggested that the ostensible failure of infelicitous cases essentially exposes the "bounds of the felicitous and the normal" (Medina, 2007), thus "disrupting and subverting the effects produced by such [felicitous] speech, a fault line exposed that leads to the undoing of this process of discursive constitution" (Butler, 1997, p. 19).

While we are largely supportive of queer theory's theoretical premises and political ambitions, we in this chapter, we do not focus on issues explicitly related to gender and sexuality. Instead, we use the term "queer" to denote cases which disrupt the boundaries between felicitous and infelicitous uses of crowdfunding, thus kindling profound questions over how crowdfunding works. Queer cases bear the unique potential of discovering something new and truly unexpected about crowdfunding, even if these discoveries might stir feelings of unease and estrangement. Revealing normative structures of meaning making, queer cases open the field of signification so that inventive propositions can be uttered, propositions which challenge orthodoxies by dint of surprise and evocation.

At this decisive point in our argument, we would like to demonstrate how queer cases can be used to fundamentally rethink what else crowdfunding is and how it participates in the creation of social value by introducing our empirical vignette, a Kickstarter campaign geared towards producing a potato salad.

Zack Brown's potato salad project

The crowdfunding campaign in question was started by Zack "Danger" Brown on July 3, 2014. Brown pitched his campaign on the crowdfunding platform Kickstarter by saying: "I'm making a potato salad, and for a few bucks, I'll give you a bite." Described by a journalist as a pitch written in a "hilarious, deadpan style" (Forbes Magazine, 2014), Brown's plan to make a potato salad was ostensibly triggered by a discussion with friends about his favorite side dish being served on the impending 4th of July barbecue. Although he had eaten a lot of potato salad in the course of time, he had never made one. Brown's Kickstarter campaign was anything but pious, comprising a picture of him as well as of a potato salad (which was not his own creation). His financial requirements were modest, to say the least, as he only requested $10 to realize his campaign. Already on day one of his pitch, the accumulated funds exceeded Brown's aim by a factor of twenty. Thirty days after placing his pledge, he ended up receiving an astounding $35,000 from approximately 7,000 backers. Brown repeatedly admitted that he was dumbstruck by the success of his project. For instance, three days after his campaign was initiated, Brown expressed on a local TV news channel his amazement at how successful his idea was in attracting money (at the time he had fewer than 200 backers). Only a few days later, the potato salad project hit the big stage as Brown's campaign was simultaneously picked up by Yahoo! News, Slate, and the Huffington Post. On July 7, Brown was invited to talk about his campaign on ABC's nationally televised "Good Morning America" (ABC News, 2014). At the time, the idea had gathered $35,000, and Brown kept no secret that the project was "crazy" and might have been blown out of proportion.

Nevertheless, Brown obviously enjoyed his overnight stardom. At one point, he called television channels to ask whether they would offer him a job as a comedian. Although his wish
did not come true, Brown mentioned on several occasions that the experiences gathered during his campaign were worthwhile, and that he was having fun throughout. Indeed, fun was a key element of his project. For instance, in an interview, Brown jokingly said that the “thing that drew me to crowdfunding is what draws a lot of people: I am risk-averse […] I needed to be supported in my venture and know that I was not going alone” (The Columbus Dispatch, 2014). The irony is obvious here, as the risk involved in Brown’s campaign was literally nonexistent, for neither did the making of the potato salad form a particularly risky task, nor were the negative ramifications of potential failure particularly certain. Further, Brown used, if unintentionally, irony to suggest that the success of his potato salad campaign was largely beyond his own control. He did so by stating that the critical lesson he had learned from his campaign is that project initiators must communicate their ideas clearly (read “I’m making a potato salad”; YouTube, 2014a).

Despite his apparent sense of humor, Brown did not treat his financial success lightly. On the contrary, he immediately embraced the responsibility that came with the amount of money his project had raised. On “Good Morning America” Brown was quick to suggest that he planned to do as much good as possible with the money. “Doing good,” according to Brown, involved continuously adding further incentives for backers. While the campaign was initially predicated on the idea that every backer contributing $3 would get a portion of potato salad, Brown kept adding further stretch goals as the funds exceeded his original financial goals. In a first step, Brown started producing hats (for backers contributing at least $25) and T-shirts (for backers contributing at least $35), stating that the project was backed. Later on, he promised to recognize backers by reading their names on camera while doing his first potato salad. His honorary recognition (Larralde & Schwienbacher, 2012) of almost 7,000 backers, from over 74 countries, took Brown nearly 4 hours (YouTube, 2014b).

Brown’s financial success was not without its obstacles. Most notably, Kickstarter’s regulations prevented Brown from donating the money earned during his campaign to a good cause in Columbus, Ohio, where he lived. As the “Rules” section of Kickstarter stipulates: “We’re all in favor of charity […] but they’re not permitted on Kickstarter. Projects can’t promise to donate funds raised to a charity or cause” ( Kickstarter, 2015a). This stipulation obviously put Brown’s promise of using the money for a good cause in jeopardy. But Brown eventually found a way to simultaneously spend the money in accordance with Kickstarter’s rules, while serving a good cause. This consisted of setting up a music festival called PotatoStock 2014 (cf. thepotatostock.com) comprising cooking demonstrations for kids, radio DJs, and different local bands. According to Brown, approximately 1,500 people attended the festival, where he and his team distributed 450 lbs of potato salad. Admitting that he had hoped for a bigger turn-out, Brown noted that he nevertheless “felt like everyone in attendance was really happy to be there celebrating something so silly” (Interviewly, 2014). While the organization of the festival cost $28,492, Brown spent roughly $20,000 on the incentives backer, $2,000 on taxes, and $5,000 to set up a for-profit limited liability company which he and some friends planned to use for producing further content such as funny movies (Columbus Monthly, 2014). Brown’s vision was to match the costs of the festival through corporate sponsorships, and to give the money to the Columbus Foundation, a local charity fighting hunger and homelessness in Central Ohio. It only took Brown and his team an hour to sell out their 300 festival T-shirts, $10 from each going to the Columbus Foundation.

Together with $18,000 from sponsorship, Brown was able to donate over $20,000 to the Columbus Foundation to support the fight against hunger and homelessness in Central Ohio. As Lisa Jolley, the Columbus Foundation’s director of donors and development, mentioned, the funds “will have potential way after this potato salad is forgotten” ( CBS News, 2014).

As we write this one, crowdfunding has become an ever-present phenomenon in the digital world (9. As of 2015, a total of 275 projects raised over $100,000). However we can also observe the emergence of new crowdfunding platforms, such as “Jasmin Jennings” feared copycat, “You can get your exclusive Taylor,” in turn, a Python of crowdfunding becoming a “trash.” Some common attention of Kickstarter has been to use rules. At the time of the procedural rules, Kickstarter is a relatively new phenomenon within the crowdfunding world. It was founded in 2009 and has become one of the most popular platforms. Kafka is a distributed messaging system designed to handle high volumes of real-time data. It is a streaming data processing engine that can be used for real-time processing of large amounts of data. It can handle real-time data streams and can be used to process, store, and analyze data in real-time. Kafka is a scalable and fault-tolerant system that can handle large amounts of data. It supports both batch and real-time processing of data and can be used for a wide range of applications, such as log aggregation, real-time analytics, and event streaming. Kafka is a distributed messaging system designed to handle high volumes of real-time data. It is a streaming data processing engine that can be used for real-time processing of large amounts of data. It can handle real-time data streams and can be used to process, store, and analyze data in real-time. It is a scalable and fault-tolerant system that can handle large amounts of data. It supports both batch and real-time processing of data and can be used for a wide range of applications, such as log aggregation, real-time analytics, and event streaming. Kafka is a distributed messaging system designed to handle high volumes of real-time data. It is a streaming data processing engine that can be used for real-time processing of large amounts of data. It can handle real-time data streams and can be used to process, store, and analyze data in real-time. It is a scalable and fault-tolerant system that can handle large amounts of data. It supports both batch and real-time processing of data and can be used for a wide range of applications, such as log aggregation, real-time analytics, and event streaming. Kafka is a distributed messaging system designed to handle high volumes of real-time data. It is a streaming data processing engine that can be used for real-time processing of large amounts of data. It can handle real-time data streams and can be used to process, store, and analyze data in real-time. It is a scalable and fault-tolerant system that can handle large amounts of data. It supports both batch and real-time processing of data and can be used for a wide range of applications, such as log aggregation, real-time analytics, and event streaming.
How a potato salad upsets normative assumptions about crowdfunding

Meeting opposition: The critique of Brown’s campaign

As we write this chapter, Brown’s project is listed as the fourth most visited site on Kickstarter, outweighed only by a well-known games console (backed with more than $8.5 million), a watch (backed with more than $10 million), and a major feature film (backed with more than $5.5 million). However, regardless of the fact that Brown’s campaign was touted as an economic exemplar which conveys serious lessons about the factors success—defining crowdfunding, such as the right timing (the project was launched right before the 4th of July) or the brevity and simplicity of the campaign description (Forbes Magazine, 2014), other commentators earmarked the campaign as “spoof,” “nonsense,” or “hoax.” Hence, unlike those who regarded the potato salad campaign as original or simply a “good laugh,” Brown’s project was attacked, at times fiercely, for mocking the cause of crowdfunding by misusing it for largely illegitimate ends. For instance, on July 8, the New York Magazine (2014) described Brown’s campaign as an “incredibly stupid” project whose only opportunity consisted of having “a stranger flush your money down the toilet so you don’t have to.” It was also mentioned that the campaign might be dangerous since Brown had never made a potato salad before (Forbes Magazine, 2014). Considerably harsher critiques were posted in the comments section of the Kickstarter homepage, such as “Jason Kreiger” who complained that Brown’s campaign was “a slap in the face for any serious creators out there and muddles up the credibility of having a Kickstarter.” “Andy Jennings” feared that Brown’s project would inspire “hundreds, if not thousands, of stupid copycat projects” with the effect of sapping Kickstarter’s reputation as a serious platform “where you can get your great idea funded by the people who want to see it brought to life.” “Dale Taylor,” in turn, insisted that Kickstarter had destroyed its brand by becoming the “Monty Python of crowdfunding.” And “Terrance Grace” added that Kickstarter was well on its way to becoming a “trash sourcing platform.”

Some commentators pointed out that Brown’s campaign might have simply slipped the attention of Kickstarter, as the platform had recently changed from evaluating each project individually to using an algorithm to check whether a given project was in line with its general rules. At the time, a Kickstarter spokesperson insisted that quality would not suffer as a result of the procedural change. However, the critique triggered by the potato salad campaign compelled Kickstarter to account for its laissez-faire approach. Kickstarter maintained on its “Trust and Safety” page that “Kickstarter doesn’t evaluate a project’s claims […]—backers decide what’s worth funding and what’s not” (Kickstarter, 2015b; emphasis in original). On its company blog, Kickstarter tried to divert attention from Brown’s campaign by pointing at what it deemed a more representative Kickstarter project that tried to raise money to produce virtual reality headsets: “It’s funny to think that more people have seen the potato salad project than Oculus Rift, but hey, the internet is a crazy place.”

What these tentative comments are bound to show is that Brown’s campaign upset the felicity conditions delineating the proper usage of crowdfunding. While crowdfunding campaigns, to become recognizable as pertinent or sound, need to meet certain “felicity conditions” (Austin, 1975), these conditions are not necessarily obvious. Given the elusiveness of felicity conditions, we would like to throw some light on the precise ways in which Brown’s potato salad campaign violates prevailing understandings of crowdfunding. Out of all the breaches Brown’s campaign precipitates, we selectively focus on three violations we deem most illuminative.
Felicity condition 1: Capital is in short supply

The significance of crowdfunding largely derives from its ability to raise capital to finance ventures and projects otherwise barely financed (Harrison, 2016). In the particular case of social projects and ventures, crowdfunding offers an alternative means of financing under conditions of declining public funds, private donations, or the mere non-existence of traditional means of capital investment more generally. The attentive reader will understand that crowdfunding campaigns are predicated on the idea that capital is a scarce resource. If we now turn toward the potato salad campaign, which asked for only $10, it becomes difficult to believe that Brown was not able to finance the project through his own resources (or those of his friends and family). Hence, if it gets accepted that Brown, a co-owner of a successful tech company focusing on building web and mobile applications, was not using Kickstarter out of economic necessity, as he would have been able to finance the potato salad without any difficulties, this suggests that the potato salad project formed an infelicitous use of Kickstarter, since its success did in no way depend on the monetary contributions of the crowd.

Felicity condition 2: Crowdfunding campaigns get financed if they convey a compelling idea

What is crucially at stake in social purpose crowdfunding is that the project initiator or social entrepreneur offers a compelling account of why backers should finance their idea or venture. A crowdfunding project will only receive financial support if backers are able to recognize its value, potential, and, importantly, legitimacy (Lehner, 2013). Given the competitive nature of crowdfunding, this implies that the idea of a project or campaign must be communicated in a persuasive manner so that backers eventually deem it “worthy and needed” (Lehner, 2013, p. 6). While it is said that backers who are passionate about a project or idea will “easily invest small amounts of capital” (Meyksens & Bird, 2015, p. 155), we wonder what triggered the passion of those who invested in Brown’s campaign. It is thereby fairly uncontroversial to suggest that the potato salad project did not rest upon a particularly good idea or opportunity (Görling & Rehni, 2008). Even Brown admitted the profundity of his campaign by ironically claiming that the aim of his campaign was to revolutionize the making of potato salad: “We set out to redefine what a side dish could be and together we are building a movement” (YouTube, 2014c). Brown’s campaign can be regarded as infelicitous insofar as it contradicts the idea that backers will only support an idea if they perceive it as innovative and legitimate (Lehner, 2013).

Felicity condition 3: Crowdfunding campaigns need to offer backers attractive rewards

Crowdfunding campaigns offer different forms of incentives (i.e., donations and passive and active investments) (Rubinstein, 2011) to garner the interest of potential backers. The traditional literature on commercial crowdfunding purports that backers are mostly driven by financial rewards as well as the prospect of active participation (Rubinstein, 2011). There is the belief that if a given project bears utility from the backer’s point of view (e.g., expected returns in the form of, for instance, delivery of a copy of the physical good, access to services, or free admission to special events), then he/she will invest money to support the project. While Brown in the early stages of his campaign promised to deliver a portion of the potato salad to each backer, it is hard to believe that this prospect was a significant driver of backers’ monetary support. At any rate, even if one accepts that backers might invest their money for irrational reasons, their investment behavior nevertheless remains a material or symbolic form of expressing value.

While these three conditions are clearly necessary for Brown’s campaign to be seen as a success, they do not fully outweigh our subjectivity.

As tangentially mentioned in earlier literature as a vehicle for idea generation, innovation, and mobilizing social capital, the idea of a social purpose project may eventually be assessed as financially successful if it delivers a social value by financial means.

As revealed in the preceding sections (and as proceeds along a social value chain) it is difficult for us to understand how entrepreneurship actually at reinterpreting Brown’s co-emergent (and relatively) innovative, socially valuable and compelling idea tells us how social entrepreneurs are using crowdfunding platforms to disseminate their ideas.

Let us begin our re-examination of Brown’s campaign. Judging from the absence of a clear or ambiguous purpose to begin with, it is difficult to understand what actually motivates backers to act on vulnerabilities that Brown’s funding strategy seems to exploit. The transformation of Brown’s potato salad—‘as visible when Brown is able to make is as possible’ (ABC News, 2014)—is transformed into a social good, with Brown as the originator of value. To say it without hesitation, Brown’s campaign was a failure.
behavior nevertheless appears infelicitous, as it is not brought into equipoise by a corresponding material or symbolic reward.

While these three brief reflections convey the realization that the potato salad project breaches existing conditions of felicity on different levels, we will now turn our attention towards how Brown's seeming abuse of crowdfunding allows us to experiment with fresh ways of thinking about our subject matter, notably as concerns the process of social value creation.

Experimenting with novel understandings of crowdfunding

As tangentially mentioned at the outset, crowdfunding is increasingly discussed in the academic literature as a vehicle for social value creation. The idea of social value, which remains a notoriously ill-defined term (a point already stressed by Schumpeter (1908) more than a century ago), is based on the assumption that project initiators or social entrepreneurs use crowdfunding to access capital as a missing factor of production, which then allows them to solve their identified social problem. In this schema, social value gets conceived as teleology (the targeted end goal of social purpose crowdfunding), against which the actual outcome of a given project can eventually be assessed. The project initiator thereby defines what kind of social value the respective project should produce (e.g., decreasing rates of illiteracy or juvenile delinquency), and by which means social value is being realized. Backers, in turn, operate as facilitators who enable social value by financing the respective project goals defined by the project initiator.

As revealed in the previous section dealing with how Brown's campaign violates crowdfunding's conditions of felicity, the normative understanding of crowdfunding as a linear process that proceeds along a series of predefined steps geared toward unleashing social value is utopic. This fantasy, however, is productive in the sense that it invites us to reconsider the ways in which we understand how crowdfunding and social value intersect. In the remainder of this chapter, we aim at reinterpreting Brown's project as indicative of how social value results from a contingent and co-emergent (and not from a linear) process. The main objective is to demonstrate, if only tangentially, how the social value produced by the potato salad project was less the "logical" outcome of a compelling idea than of the unique interplay between a rather peculiar idea, the technology of the crowdfunding platform, the backers, and an entrepreneur in-the-making.

The project initiator and the contingency of social value creation

Let us begin our reflection with the project initiator, Zack Brown; and his potato salad campaign. Judging from publicly available information, Brown's project never pursued a social purpose to begin with. Indeed, Brown, at the outset of this journey, was not in the least trying to act on vulnerable people by solving a specific social problem, and he was overtly surprised by the role he came to play in helping eradicate hunger and homelessness in his home town. The transformation of the potato salad campaign into a project with a social purpose became visible when Brown proclaimed that he would use the attracted funding to do "as much good as possible" (ABC News, 2014). To properly understand how Brown's mockery project was transformed into a social purpose campaign, we move away from the idea of the project initiator as the originator of social value.

To say it without hesitation, even if the potato salad project eventually helped create social value, this was definitively not the result of Brown's visionary foresight and entrepreneurial
imagination. Truly, the way in which Brown eventually created social value was, from his point of view, purely random, a success by accident (Görling & Rehn, 2008). This interpretation is inter alia supported by a Twitter comment of a follower of Brown’s campaign, saying: “Nice to see that what initially seemed like the dumbest idea turned into a great thing. Congrats!” However, once we have agreed that social value, if looked at from the perspective of the project initiator, is a product of arbitrariness, this immediately suggests a need to make palpable the complex processes from which social value emerged.

Soon after the pitch of his campaign, Zack Brown rather quickly acted as a comedian entrepreneur by respectively making fun of or acting surprised about the epic funds his project had attracted. His celebrity status helped him, wittingly or unwittingly, to make his project palatable for a broader audience, which in turn led to even more excess capital. An important turning point occurred when Brown promised to use the funds to do good. By organizing a festival whose proceeds were donated to the Columbus Foundation, Brown found a way to transform his capital from being mere excess to being an input for creating social value. At the same time as Brown transformed the meaning of his funds and of his project at large (from mockery project to social purpose campaign), he too went through a metamorphosis of becoming a social entrepreneur.

Obviously enough, the unfolding of Brown’s campaign explodes any pretensions of a linear “cause and effect” sequence between the project’s initial idea and the creation of social value (see Figure 19.1 above). Social value rather emerged from how the project initiator was able to adapt his role (from comedian to social entrepreneur) to his polymorphous project, which changed as a result of the funders’ excessive investing (cf. below). On this read, social value in the case of Brown’s campaign can be regarded as contingent in the best sense of the term, as it was not intended but nevertheless occurred as an emergent possibility (Harmeling & Sarasvathy, 2013). Contending that social value is a contingent effect, we are thereby not suggesting, as Castoriadis (1997) reminds us elsewhere, that social value merely emerges “out of blue sky” (or cum nihil, with nothing; 1997, p. 404). Instead, what is crucially at stake in Brown’s campaign is that social value did not already exist as a possibility of the initial idea of the campaign, but rather emerged from the distributed agency (Korsgaard, 2011) of an emerging set of specific relations between an apparently nonsensical idea, the project initiator, the technology, that is, the Kickstarter platform, and the crowd. The idea of contingency further suggests that the notion of agency needs to be understood in a broader sense. As Latour once proposed: “An actor is what is made to act by many others […] not the source of action but the moving target of a vast array of entities swarming toward it” (Latour, 2005, p. 46). Hence, Brown’s agency in creating social value is an effect of both the resources already put to work with his campaign as much as his clever use of the contingent possibilities that emerged from it, such as the surplus of funding, the prohibition of donations by Kickstarter, and the publicity of “his” project. We thus seem well advised to replace the linear causation logic which informs normative understandings of crowdfunding with an effectuation logic (Sarasvathy, 2001), which acknowledges that the outcome of crowdfunding campaigns, although not predictable at the outset, can nevertheless be shaped by taking advantage of the contingent effects emerging throughout the venture process (Harmeling & Sarasvathy, 2013).

**Technology and co-emergence**

Crowdfunding platforms are suggestive of how web 2.0 technologies open up new possibilities of social value creation. Common wisdom tells us that technology is the medium which enables communication between project initiator and members of the crowd, as well as exchange of resources. The question that lingers here is how technology, the initiator, and the project are actually related. To put it differently, technology enhances ways in which technology shapes human behavior, such as the project initiator can communicate effectively with investors in a project but to what extent does the technology enable new ways of interacting with the crowds and the network.

The second point of this chapter is that the technology is not a given object but that it remains largely open to consumers. A technology is thus a platform of functionalities for which technologies are a reflection of the choices that have been made.

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Concurring with the notion of technology as a platform of functionalities for which consumers are a reflection of the choices that have been made.

Having argued that the technology is not a given object but that it remains largely open to consumers. A technology is thus a platform of functionalities for which consumers are a reflection of the choices that have been made. We would like to coin the term “co-emergence” to describe the process through which technologies and social values emerge together.
actually related. To address this question, it is important to first have a look at the two dominant ways in which technology is interpreted, which can then be used to make sense of Brown’s campaign. Following Orlikowski (1992), the first portrayal can be paraphrased as the “technological imperative position.” For our context, this view would imply that the crowdfunding technology shapes human behavior in a more or less deterministic manner by defining, for instance, what the project initiator must do so that his or her project becomes eligible for funding, or how the initiator can communicate his or her project. Conjuring up an imagery in which technology barely offers the individual any room for maneuver, the “technological imperative position” essentially implies that the agency of project initiators ends when they decide to pitch their project on a particular platform. Perhaps surprisingly, this position holds true in our case to the extent that Brown’s behavior was indeed shaped by the pre-specified options of Kickstarter, from the early project presentation to the definition of his stretch goals, Brown’s behavior was always a reflection of Kickstarter’s formal rules.

The second portrayal of technology derived from Orlikowski can be labeled as a “strategic choice position.” Diametrically opposed to the first position, technology is no longer conceived of as a given object. Rather, how technologies are used, and what they eventually signify, remains largely open to its users, from defining the interpretive schemes to designing their functionalities for the predefined ends. This position too seems to have explanatory value for our case, as Brown was at no point in time “forced” by technology to operate his campaign in a predetermined way. Indeed, Brown would not only have been able to stop the project, opt for another funding channel, or ask the crowd to stop backing his project with further capital. Rather, the “strategic choice position” advances an image of the individual who possesses the agency to deliberately and continuously redefine the appropriate interpretive schemes through which other actors would re-read his campaign in a favorable way.

Concurring with Orlikowski, both approaches are inapt for acknowledging the duality of technology. While the deterministic perspective denies project initiators any agency (beyond the submission of their project to a pre-specified structure), the strategic choice perspective tends to overestimate the autonomy of individuals. Judging from our queer case, we believe that a more nuanced position is needed to strike a balance between these two views so as to recognize the relation of the crowdfunding technology and the projects in terms of co-emergence. Since not only did the crowdfunding technology shape the form and content of Brown’s campaign; the campaign too had an effect on the politics of the technology in terms of its project valuation and admission. Specifically, the respective platform started to foreground the more “conventional” or desired projects to attenuate the publicity the potato salad project had garnered. In other words, the newness (or strangeness) of Brown’s campaign turned into a liability of newness for the platform. This corresponds with the sexual reassignment project mentioned earlier (Farnel, 2014); while positioning itself as a neutral “enabler” of projects, the platform in question eventually tried to bar sexual surgeries from being financed through its technology. Together this shows that the fate of a crowdfunding project is not solely determined by the acts of its initiator or the causal effect of technology; instead, the initiator and the technology are related in such a way as to establish the project as a co-emergent effect.

Backers and the appropriating of the potato salad campaign as event

Having argued that technology shapes the reality of crowdfunding projects (and vice versa), we would like to expand on this argument by taking a closer look at the agency of backers. To
put it bluntly, available research conjures an image of backers of social purpose campaigns as opportunistic individuals who invest their money in anticipation that the campaign will create social value somewhere in the future. The general thinking is that backers systematically trade off the expected charitable outcomes of a social purpose campaign against potential risks. As research shows, enthusiasm about the anticipated outcome of a social venture or project is a better predictor of backers’ willingness to invest than particular monetary rewards (Lehner, 2013). However, Brown’s campaign casts a different light on how social purpose crowdfunding works by raising intriguing questions around why almost 7,000 backers came to commit themselves to a nonsensical project in ways that only the “higher potential” projects seem capable of doing.

Now, a first point to be raised here is that the erratic behavior of the backers of Brown’s campaign is perhaps less surprising than initially assumed. As Lehner (2013) insightfully comments, crowds might act in a largely unforeseen way since individuals are not entirely rational when assessing their investment opportunities. Evidence has it that backers often spend their money on what they expect will give them most satisfaction. This hedonistic imagery of backers receives anecdotal support from a Kickstarter project which offered backers fancy pens as a reward. One of the backers offered revealing insights while reflecting on the value of this reward:

> It’s five inches of machined metal with a pen in it. It’s nice, I guess, but I’m still using a $2 roller ball to sketch notes in my Moleskine. Yet the Pen Type A is more than a $100 metal pen that never gets used, it’s a memento of the excitement I felt after first seeing the product. (Bogost, 2012; emphasis added)

The message conveyed here is that backers engage in crowdfunding not so much because they expect the project to engender a particular outcome but because of the novel experiences their participation in crowdfunding enable. As Bogost (2012) remarks in this context: “We’re paying for the sensation of a hypothetical idea, not the experience of a realized product. […] For the experience of watching it succeed beyond expectations or to fail dramatically.”

Bogost’s remark has an intuitive ring to it, as backers of Brown’s campaign were arguably less interested in the prospect of a bite of potato salad but in how the project could be transformed into something entirely different, that is, an experience which offers satisfaction by eliciting desires. What we are suggesting here is that backers endowed Brown’s campaign with a particular type of value which is not so much related to utility of “use value” than to the release of new experiences. Thus, in contrast to Marx (1990) who famously said that nothing can have value which does not have utility, the potato salad project reveals how backers, by dint of their ongoing and excessive investments, created a spectacle whose social value resides precisely in the satisfaction they received from participating in it.

That the crowd kept investing in Brown’s campaign even after it had reached its official funding goal is not a sign of backers’ approval, but an attempt to enact the social value of the project after their own image. In light of what we know about the campaign, one can surmise that backers reenacted the potato salad project as what in philosophical parlance is called an event. This event into which the potato salad project was transformed forms a creative and active movement, which affected everyone who participated in it (Lundborg, 2012). Obviously enough, there is a ruptural element to the event (Robinson, 2015), as the excessive financing of the potato salad project indicated that another use of Brown’s campaign was possible. Whereas backers reshaped the locus and meaning of “social value” by refusing to interpret Brown’s campaign literally but as a tool that could be used for any purpose it suited them, backers of Brown’s campaign created an ephemeral movement of PotatoStock 2020 that was enacted by the crowd as a spectacle that could be used in any way that fit their interests. In conclusion, even if the result of this movement was dispersed in time, it was created by mobilities of individuals who connected their diverse interests through consumer behavior and the financial system.
campaign literally (read “I’m making a potato salad, and for a few bucks, I’ll give you a bite”), the event subverts many of the root assumptions of social purpose crowdfunding, such as that only the best ideas will receive funding, that backers will finance a project or venture only if its (social) value proposition appears compelling, or that the likelihood of receiving funding is correlated with the backers’ rewards (cf. above).

On the other hand, even though Brown’s campaign brings into focus how backers used crowdfunding to enact social value in largely novel ways, experience shows that the event remained unrepeatable and inimitable. For instance, although copy cats were quick in emulating the example put forward by the backers of Brown’s campaign, they were not in the least able to mobilize similar experiences. That the event enacted by backers necessarily remained an ephemeral moment is also evident from Brown’s attempt to repeat it through his music festival Potatosock 2014. The relatively low attendance at the festival is indicative of how the event enacted by the backers of the potato salad project was already over when Brown tried to actualize it into a “real” encounter between “real” people.

In conclusion, it should be borne in mind that the event enacted by backers was by no means the result of backers’ strategic choice. Backers never met in person, and it is highly unlikely that the event they enacted formed an orchestrated endeavor. Instead, the event “happened” as dispersed individuals simultaneously watched how their accumulated micro contributions collapsed existing expectations around how crowdfunding ideally works. Even more, backers’ infelicitous use of crowdfunding redefined what else crowdfunding can be. It is this iconoclastic experience that constituted the crowd of backers as a “common people” of disparate but connected individuals.

**Concluding thoughts**

The basic contention advanced in this chapter is that research on (social purpose) crowdfunding has much to learn from the investigation of queer cases. During a time where empirical research on crowdfunding is rapidly growing, we have tried to intervene in this still nascent endeavor by introducing a crowdfunding campaign that occupies a position outside the realm of normative thinking. Unsurprisingly, challenging notions pertaining to linearity, the atomistic agency of the project initiator, or the predictability (and hence mere functionality) of technology, which typify normative renditions of crowdfunding, the potato salad project is notable by the level of critique it has evoked, all sharing a common message: that Brown’s campaign represents an infelicitous abuse of crowdfunding. We have put this sweeping pretension into perspective by arguing that what gives Zack Brown’s campaign its acute significance is how it permits us to ask important questions about how crowdfunding operates, and especially how it engenders social value.

Hence, while Brown’s campaign at first sight makes it difficult to say with any sense of certainty if this is still crowdfunding or not, it is precisely this sense of uncertainty and estrangement which eventually prompts intriguing debates around what else crowdfunding could be(come). As such, we have used the potato salad campaign to suggest that any attempt at understanding necessarily demands a holistic view of the intermingling of the various actors involved in it. A key contribution of our chapter was to cultivate sensitivity for the contingency of crowdfunding by pinpointing the unforeseeable effects it precipitates. On the most general level, we have established the heterodox contention that the social value produced by the potato salad project in the form of a charitable donation to the Columbus Foundation does not emanate “naturally” from a good idea developed by an ingenious (already existing) social entrepreneur. Rather, the potato salad project’s contribution to fighting hunger and
homelessness in Central Ohio forms a contingent and therefore largely unpredictable effect resulting from the co-emergent relationship between a ridiculous idea, the technology of the Kickstarter platform, the community of backers, and an entrepreneur in-the-making. More specifically, our musings have thrown into sharp relief that the agency of crowdfunding is best thought of in collective rather than in individual terms. For instance, Brown’s campaign helped us bring into focus that the outcome of crowdfunding projects is strongly conditioned by the backers that participate in it. In the end, backers do not simply provide the requisite money to support a specific cause or idea; instead, Brown’s campaign has offered a paradigmatic example of the formative power of backers who actively shape rather than only finance the reality of the project with which they interact. Lastly, we have argued that technology plays a constitutive role in the crowdfunding process. Rather than only supporting the exchange of information between project initiators or social entrepreneurs and the crowd, technology, via its rules, regulations, project categories, etc.—helps to enact—while recursively being shaped by—reality in particular ways.

It hardly goes without saying that our conceptual exercise formed a tentative thought experiment rather than a self-contained treatise. Notwithstanding this caveat, the key lesson to be gleaned from this chapter is that queer cases such as Brown’s potato salad project revitalize thinking by throwing our convictions of crowdfunding into crisis. Such crises are productive in making palpable the felicity conditions that determine our self-evidences and convictions about crowdfunding in general and social value creation more specifically. Shedding light on the separation of felicitous and infelicitous uses of crowdfunding, queer cases cultivate sensitivity that the empirical cases we invoke in our research on crowdfunding largely condition what can be known about our subject matter. Queer cases intervene in this situation by revealing the other against which the norm gets defined, and, on the other hand, by creating opportunities for new and different (potentially horrifying) understandings. Succinctly put, queer cases offer possibilities, but they also threaten what is known. Evidently then, queer cases have critical purchase; not so much to question the legitimacy of crowdfunding in toto or by asking whether crowdfunding merits its current hype, but by suggesting an injunction to take a look at the sort of knowledge our empirical cases eventually enact. If it is accepted that the empirical cases we use in our research beget our understanding of what crowdfunding is, then this implies the need to forego, at least occasionally, our beloved assumptions and to engage with cases that are counter-intuitive (if viewed from a canonical perspective).

Indeed, queer cases are still mostly excluded from academic and public debate precisely because they endanger existing convictions (Farnel, 2014). But if it is true, as Nietzsche (1986) tells us, that prevailing “convictions are more dangerous enemies of truth than lies” (p. 483), then it becomes exigent to keep a vigilant eye on how our choice of empirical cases determine what can eventually be known about our subject. To fulfill the promise heralded by queer cases, we need to work up the courage to swim against the canon of common wisdom by refusing to compromise our curiosity and will to know. This is no small postulation, for sure; but the potential danger involved in this endeavor does not absolve us from the responsibility to ask questions which might be uncomfortable yet necessary to prevent trite conventions to conceal into scholarly certainties. To keep knowledge about crowdfunding moving, we must not shy away from using empirical cases which repel normative assumptions about crowdfunding to their core. Despite forming a dangerous endeavor which potentially yields stigma or expulsion from the scholarly community, in our estimate it remains important to embrace what Michel Foucault (2001) elsewhere called the ethos of parthésis or “fearless speech,” that is, the unrelenting will to tell potentially disturbing truths (about crowdfunding) regardless of any negative consequences that might otherwise result (instead of reposing it) (2001, p. 17).
Studying crowdfunding through extreme cases

consequences that might ensue. Metaphorically speaking, let us “risk death to tell the truth instead of reposing in the security of a lie where the [Other] truth goes unspoken” (Foucault, 2001, p. 17).

Notes

1 To be fair, one could argue that Brown’s campaign always had a social purpose, as it aimed at producing a potato salad in the context of an official holiday, the 4th of July. Also, the making of the potato salad was a social happening from the outset, as it was made public through an online campaign. But although these observations are relevant in their own right, they do not form the focus of this chapter.

2 It has to be noted that the reading of the strategic choice position in Orlikowski’s paper potentially exaggerates the agency of managers (not the users) in shaping a technology to achieve a particular goal or behavior of users or how shared meaning emerges from the use of a technology unalloying the material-structural conditions.

References


