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Identifying the key motives to pursue equity crowdfunding and their implications on the outcome

An explanatory study with funded and non-funded companies

Elin Beijar (22743) and Johanna Lundgren (22639)

Abstract. In this study, we aim to identify the key motives for companies to pursue equity crowdfunding and analyse if there are any differences in motives of funded companies compared to non-funded companies. We further contrast potential implications of differences in motives on the outcome of an equity crowdfunding campaign. To do so, we conduct a qualitative multiple case study based on interviews with fourteen Swedish funded and non-funded companies that have conducted such a campaign. We find that raising capital and obtaining crowd investors as ambassadors are the two primary motives to pursue equity crowdfunding. Funded companies tend to have a more holistic view on the decision to pursue equity crowdfunding and desire for the ambassadors to be more involved in their business compared to the non-funded companies. This seems to have had a substantial influence on campaign execution, thereby potentially impacting the chances of success of an equity crowdfunding campaign.

Key words: equity crowdfunding, key motives, financing, ambassadors, success factors

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Wordlist and definitions

Angel investor - An investor who provides financial backing for small start-ups or entrepreneurs. The capital they provide can be a one-time injection of seed money or ongoing support to carry the company through difficult times. (Investopedia, 2015)

Crowdfunding - "the practice of funding a project or venture by raising money from a large number of people who each contribute a relatively small amount, typically via the Internet" (www.oxforddictionaries.com, 2015).

Crowd investor - a private individual who invests in equity crowdfunding.

Equity crowdfunding - a particular form of crowdfunding where existing or intended companies offer shares in the company in exchange for financing (Almerud et al, 2013).

First-time investor - a private individual who has never invested via equity crowdfunding before, i.e. this individual may previously have pursued other forms of investments.

Funded company - the classification *funded company* is only based on that the company closed an equity crowdfunding round where they reached the funding target or reached enough funding for the round to be closed successfully with shares being issued. It does not refer to a company's overall performance as a business or its other funding activities.

Non-funded company - the classification *non-funded company* is only based on that the company closed an equity crowdfunding round where they did not reach the funding target or enough funding for the round to be closed successfully with shares being issued. It does not refer to a company's overall performance as a business or its other funding activities.

Pre-round - a round for advance notification prior to a share offering, where investors can see what an enterprise offers and show their interest in buying shares through advance notification. A pre-round is conducted via a crowdfunding platform that works as an intermediary with permission to deal with securities (Almerud et al., 2013). This setup enables non-public enterprises to market shares to a broad range of investors, which would otherwise not be possible due to legal restrictions.

Non-funded [equity crowdfunding] round - a *non-funded round* means that a company closed its equity crowdfunding campaign without reaching enough of its funding target for the funding to be realised, i.e. no shares were issued to investors and no capital was raised.

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1. Introduction

1.1 Background

Crowdfunding is a financing method of increasing importance (Belleflamme et al., 2014), where companies or private individuals turn to a big group of both more and less sophisticated investors to finance a new business or project. In 2014, worldwide crowdfunding reached 14.2 billion Euro and more than doubled the 5.4 billion Euro that was raised globally in the previous year (Xconomy, 2015). To a large extent the concept of crowdfunding originates from the broader phenomenon of crowdsourcing (Poetz and Schreier, 2012), which refers to "using the crowd to obtain ideas, feedback, and solutions to develop corporate activities" (Belleflamme et al., 2014, p. 586). Crowdfunding is not in itself an entirely new approach to financing, but what can be considered new is that the Internet has enabled the launch of online crowdfunding platforms that in turn have sped up fund transfers and facilitated small investments to be easily made by big and geographically dispersed crowds (Entreprenörskapsforum, 2014). These online platforms have brought crowdfunding into new light as an alternative source of financing.

Equity crowdfunding is a particular form of crowdfunding where companies offer shares in exchange for financing (Almerud et al, 2013). According to Almerud et al. (2013), equity crowdfunding is the type of crowdfunding that generates the greatest amount of financing per project or business, and it can be especially valuable as a source of financing for start-ups, as such enterprises often do not have access to capital from venture capital investors or angel investors in the very early stages of their business.

Apart from financing, there are often several non-commercial benefits connected to crowdfunding, where benefits such as marketing, market research, and access to expertise, exist for most types of crowdfunding (Almerud et al., 2013). However, it has not yet been thoroughly researched whether it is the capital itself or these non-commercial benefits, or something else entirely, that make up the key motives for companies to seek capital through equity crowdfunding. Ahlers et al. (2012, p. 28) state that "we know very little about what drives entrepreneurs to use equity crowdfunding over other financing sources" and consider it a promising research topic. Further, with regards to the outcome of an equity crowdfunding round, Mollick (2014) states that there is still very little knowledge among scholars about the dynamics of successful crowdfunding, and that we do not yet know whether existing theories on how enterprises raise capital and achieve success are applicable to crowdfunding. To gain a better understanding of the dynamics of successful crowdfunding, Ordanini et al. (2011, p.

31) suggest that "researchers could analyse and compare funded vs. non-funded initiatives so as to identify factors that distinguish between the two types".

Equity crowdfunding grows at a rapid pace (Belleflamme et al., 2014), especially in Europe and Sweden due to more permissive legislation (Crowd Valley, 2014). However, this financing source is still only on its way to become legal in some other countries (Valančienė and Jegelevičiūtė, 2014). We hope that an improved conceptual understanding about Swedish companies' motives to pursue equity crowdfunding can help other regions in their evaluation of this financing source. Thus, by identifying the key motives for Swedish companies to pursue equity crowdfunding, as well as potential differences in motives among funded vs. non-funded companies, we aim to establish a better understanding of the phenomenon itself and its role as a source of financing among stakeholders in equity crowdfunding. Such knowledge and understanding can also strengthen companies' ability to succeed with equity crowdfunding campaigns and help to ensure a healthy development of the equity crowdfunding market in Sweden. Furthermore, given the prevailing finance gap for start-ups and small sized businesses (Collins and Pierrakis, 2012; De Buysere et al., 2012; Ibrahim, 2014), and that 99.3% of all businesses in Sweden are currently small sized enterprises (<49 employees, SCB, 2014), a deeper conceptual and empirical understanding of why companies pursue equity crowdfunding can contribute to the evaluation of the phenomenon as a financing method and potential growth tool for small Swedish companies. Considering that the majority of new job creation in Sweden is supplied by small enterprises, an opportunity to bridge the finance gap for such companies could contribute to overall economic growth and job creation (Almerud et al., 2013). Further, the financing of new businesses in Sweden is an important factor with regards to future innovation levels and competitiveness (Cassar, 2004).

1.2 Purpose and formulation of research question

The purpose of this study is to explain why Swedish companies choose to raise capital by issuing shares through equity crowdfunding, and to identify if there are any differences in the key motives of companies that succeed with their equity crowdfunding round compared to companies that do not. We aim to improve the understanding of the phenomenon itself and its role as a source of financing among stakeholders in equity crowdfunding. To gain a comprehensive understanding of potential implications of differences in motives on the outcome of an equity crowdfunding campaign, the main research question is supported by a sub-question. Considering that we seek to identify the key motives, the aim of this study is not to provide an exhaustive list of all existing motives, but rather to highlight the primary ones and their impact on the outcome of an equity crowdfunding campaign. With regards to the background and purpose of this study, our research question reads as following:

What are the key motives for Swedish companies to pursue equity crowdfunding, and are there any differences in the motives of funded companies compared to non-funded companies?

- *What implications could differences in motives have on the outcome of an equity crowdfunding campaign?*

1.3 Disposition

Following this introductory chapter and statement of research question, Section 2 consists of a comprehensive account of existing research, where we start with crowdfunding in general and then focus on equity crowdfunding in particular. Considering the delimitations of this study, we account for existing research based on relevance. The following section, Section 3, presents a detailed description of the method. Thereafter, Section 4 presents the empirical findings from the interviews with companies that have pursued equity crowdfunding. Section 5 includes an analysis of the empirical findings, where the main focus lies on motives, and the differences in motives and their implications on the outcome of the equity crowdfunding round, among funded and non-funded companies. The analysis includes both theoretical and empirical comparisons. Section 6 and 7 concludes and provides suggestions for future research on the topic.

2. Existing research

This section presents existing research relevant to the topic of the research question. Given that existing research on equity crowdfunding alone is limited, Section 2.1 includes research on crowdfunding in general that is relevant to the topic of this study. This section also introduces existing research on benefits and success factors in crowdfunding. The following section, Section 2.2, introduces market information, benefits, and success factors that are more specific to equity crowdfunding alone. This section also includes existing research on the execution of an equity crowdfunding campaign to improve the interpretation of the information presented in empirical findings. Section 2.3 concludes existing research and presents recommended research areas identified in existing research.

2.1 Crowdfunding

2.1.1 Definition and development of the market for crowdfunding

Crowdfunding is a growing financing method (Belleflamme et al., 2014), where companies or private individuals turn to a big group of both more and less sophisticated investors to finance a new business or project. In 2014, worldwide crowdfunding reached 14.2 billion Euro and more than doubled the 5.4 billion Euro that was raised globally in the previous year (Xconomy, 2015). To a large extent the concept of crowdfunding originates from the broader phenomenon of crowdsourcing (Poetz and Schreier, 2012), which refers to "using the crowd to obtain ideas, feedback, and solutions to develop corporate activities" (Belleflamme et al., 2014, p. 586). Crowdfunding is not in itself an entirely new approach to financing, as opposed to how it is sometimes featured in media and venture forums. However, what can be considered new about crowdfunding is that the Internet has enabled the launch of online crowdfunding platforms that in turn have sped up fund transfers and facilitated small investments to be easily made by big and geographically dispersed crowds (Entreprenörskapsforum, 2014). These online platforms have brought crowdfunding into new light as an alternative source of financing. According to De Buysere et al. (2012, p. 9), crowdfunding can be defined as "a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organizations. This is usually done via or with the help of the Internet." Crowdfunding investments can take the form of an equity purchase, a loan issuance, a donation, or a reward such as pre-ordering of the product (Belleflamme et al., 2014). Out of these four types, equity based crowdfunding is the main focus of this study.

2.1.2 Motives and benefits of crowdfunding

With regards to motives to engage in crowdfunding, Almerud et al. (2013) state that important aspects of financing via crowdfunding are that it is quick, can be done on a small scale, and does not require as much collateral as other financing sources. The authors also state that drivers in the form of non-financial benefits exist for most types of crowdfunding, whereof the three main ones are market research, marketing, and access to expertise and competence to develop the company or product. These benefits are also mentioned in an earlier report by De Buysere et al. (2012, p. 9), who in addition suggest that the greatest advantage is that "the funders are also ambassadors of the project or business they support and that they will help to market and promote it through their own networks". De Buysere et al. (2012) further state in their report that especially for SMEs (Small-to-Medium sized Enterprises) and entrepreneurs, crowdfunding encompasses important market related non-financial benefits, such as validation of product features, market segmentation, price and demand, and customer feedback. Such benefits could influence companies' motives to engage in crowdfunding. With regards to the decision to use crowdfunding, Schwienbacher and Larralde (2010) further discuss various factors likely to influence the financing choice, such as risk spreading, support competences, information asymmetry, control preferences, amount of capital needed, and the knowledge of the crowd.

2.1.3 Success factors in crowdfunding

According to Mollick's (2014) study of projects on the platform Kickstarter, the success of a crowdfunding campaign is strongly correlated to the quality of the campaign project, number of friends on online social networks, and also the geographical location, despite the fact that campaigns are run over the Internet. Geographic proximity to founders is strongly linked to the received funding, and intense proximity has previously been found to also mitigate investor risk both pre- and post-investment in traditional entrepreneurial financing (Ibrahim, 2014). This phenomenon is sometimes referred to as the *big city effect*, where companies located in big cities more often receive funding due to geographic proximity (Ahlers et al. 2012). The importance of geographic proximity is also supported in a study by Agrawal et al. (2011, p. 4), where the authors state that, "communications technologies enable entrepreneurs from anywhere to access capital globally, but in reality only those entrepreneurs with a sufficient base of offline support may be able to do so".

With regards to the motives of the crowd investors, instead of companies' motives, Hemer (2011) suggests that there can be several reasons for funders to invest their money through crowdfunding, whereof many of them are intrinsic motives. Some of the intrinsic motives mentioned by Hemer (2011) are enjoyment in engaging and interacting with the company, contributing to an innovation, expanding one's personal network, identifying with a company's goals and mission, and being a part of a community with similar priorities. Fulfilling such intrinsic motives could likely improve the probability to succeed with one's crowdfunding campaign.

2.2 Equity crowdfunding

2.2.1 Definition and development of the market for equity crowdfunding

Equity crowdfunding is a particular form of crowdfunding where existing or intended companies offer shares in the company in exchange for financing (Almerud et al, 2013). Out of all crowdfunding investments, equity crowdfunding makes up less than 5% worldwide (Mollick, 2014). The majority of growth in equity crowdfunding worldwide is generated in

Europe due to more permissive legislation (Crowd Valley, 2014), and the total amount of capital raised in equity crowdfunding has grown exponentially in Europe since it was introduced in 2007 (Hornuf and Schwienbacher, 2014). However, according to Almerud et al. (2013), one main factor that might hold back volume growth is that most enterprises that search for external financing are in need of investments that are too big to be generated through equity crowdfunding. The amount of capital companies need to raise might therefore have an impact on the decision whether to pursue equity crowdfunding or not.

2.2.2 The finance gap

The current financing situation for start-ups and SMEs is that many of these companies often struggle to raise external capital from traditional capital sources, such as banks and angel investors (Berger and Udell, 1995; Cassar, 2004; Cosh et al., 2009; Vos et al. 2007), and many new ventures never reach sufficient funding (Belleflamme et al., 2014). For example, only around 20% of all business proposals that are at the seed stage of a venture capital investment round make it through the initial evaluation by the investors (Vogel et al., 2014), and in a report by EY (2012) it was established that the greatest obstacle for start-ups is to gain access to funding. Without previous experience, good financial merits and an already-developed business, it is hard to convince financiers to invest by only presenting an idea (Almerud et al., 2013).

In addition, in the wake of the 2008 financial crisis, it has become increasingly difficult for new ventures to receive enough funds from traditional financing sources (De Buysere et al., 2012). According to a report by the European Commission (2013), crowdfunding could help ventures bridge this finance gap, and Ibrahim (2014) specifically states that start-ups that cannot attract other financing, or are too early in their life cycles to attract angel investors and venture capitalists, can fill their financing gap via crowdfunding. Further, since equity crowdfunding is the type of crowdfunding that generates the greatest amount of financing per project or business (Almerud et al., 2013), this type of crowdfunding can prove especially valuable to bridge the gap. Collins and Pierrakis (2012) describe a similar gap as an equity gap for companies that are too risky for business angels and too small for venture capitalists. They suggest that "non–financial benefits of investment such as rewards and intangible benefits from being part of an entrepreneurial venture may mean some crowd investors will be willing to accept more risk or less return than traditional risk capital investors" (Collins and Pierrakis, 2012, p. 18). Companies that struggle to raise capital elsewhere might therefore turn to equity crowdfunding to bridge their finance gap.

2.2.3 Execution of an equity crowdfunding campaign

In Sweden, an online crowdfunding platform dedicated to equity crowdfunding works as an intermediary that has applied for permission to deal with securities (Almerud et al., 2013). The permission enables non-public enterprises to market shares to a broad range of investors (more than 200), which is otherwise illegal in Sweden, through a pre-round where investors can see what an enterprise offers and show their interest in buying shares through an advance notification (Almerud et al., 2013). The pre-round is an equity crowdfunding campaign published on one of the crowdfunding platforms, where data such as the business idea, financial information, a pitch-video, a presentation of the team, and a business plan is made available for potential investors. The campaign also includes information on how much funding the company has currently received and the number of investors. During an equity crowdfunding campaign, companies have the possibility to interact and communicate with potential investors, and usually attend pitch-nights or similar investor events arranged by the crowdfunding platform. After the pre-round, shares will only be offered to the investors that signed up for advance notification, which means that it is the potential investors who first contact the enterprise and thereby no legal difficulties are implied (Almerud et al., 2013). The companies that pursue an equity crowdfunding campaign also have the opportunity to screen all interested investors before the share issue, and can choose to only issue shares to investors of their choice. Currently, there is no structured second hand market, such as the stock exchange for shares of listed companies, where shares sold via equity crowdfunding can be bought and sold after the initial issuance.

2.2.4 Investment phases in equity crowdfunding

In an article by Ordanini et al. (2011), a model of the three different investment phases during a crowdfunding round is described. This investment model is developed based on crowdfunding in general, but the model's investment patterns have also been observed for equity crowdfunding alone (Ordanini et al., 2011). The three investment phases included in the model are displayed in Figure 1 in the appendix, Section 9.2, which shows the cumulative amount invested over time in a crowdfunding campaign. Phase one, the *friend funding phase*, involves investors that are close to the founder, or founders, and in this phase a substantial amount is raised fairly rapidly. The early investors are usually local investors geographically close to where the company is based (Agrawal et al., 2011). In the next phase, *getting the crowd*, the investments come in more slowly, and this phase is considered more delicate given that it requires the founder to trigger the crowd by motivating existing crowd investors to involve their networks through word-of-mouth. Failing to do so is the primary reason for failure of crowdfunding projects. The companies that succeed to create what is called an *engagement moment* will trigger a chain reaction and enter the third phase, *race to be "in"*, where investors usually have no connection to the founder. In this phase, investors will race to invest because they do not want to miss out on the opportunity. These investment patterns can partly be explained by the findings of Kuppuswamy and Bayus (2013) that suggest a herding behaviour among investors. (Ordanini et al., 2011)

2.2.5 Motives and benefits of equity crowdfunding

According to Almerud et al. (2013), when comparing equity crowdfunding to traditional venture capital financing, the most apparent difference primarily lies in the number of investors. While the typical venture capital investor is often made up of one company or a few private individuals, who individually contribute with large amounts, an equity crowdfunding crowd consists of many more private individuals that each contribute with a small part of the total investment. For an enterprise in search of funds, one advantage of the setup in equity crowdfunding compared to that of traditional venture capital is that the enterprise is likely to have greater chances of retaining control of the business, given that none of the equity crowd investors are expected to become a major shareholder in the company (Almerud et al., 2013). Such an advantage could be of particular interest to owner-managers, who might even reject traditional capital in order to retain control of their business (Hutchinson, 1995). Thus, control aversion may be a motive to engage in equity crowdfunding instead of traditional venture capital. In addition to stay in control, Almerud et al. (2013) argue that equity crowdfunding can be a suitable method for non-public companies to get shareholders who do not only contribute with capital, but also knowledge and competence about a specific industry or how to achieve growth.

Landälv and Svedberg (2014) performed a case study with three companies that had received capital through equity crowdfunding, in order to map advantages and disadvantages with equity crowdfunding as a source of financing in Sweden. The authors find that benefits were an extended network, increased awareness of the company, and active shareholders, while a drawback was found to be time consuming work related to the administration of the campaign. In another qualitative study, by Roggan (2015), motives for companies to engage in equity crowdfunding are investigated. The author finds that the main motives are financing and marketing effects (both direct and indirect), or a combination of these motives together with other benefits, such as keeping decision power or the possibility to combine crowdfunding with other sources of capital. Secondary motives are to involve future consumers as investors, and simply to attract financing from more risk-willing investors, since crowd investors invest at a lower threshold than angel investors or venture capitalists and also share the risk among several other crowd investors. Further, some entrepreneurs considered a successful crowdfunding round to improve the chances of receiving future investments (Roggan, 2015). However, this study is limited to companies that had succeeded with their equity crowdfunding campaign and were located in Germany.

2.2.6 Success factors in equity crowdfunding

In a survey by Schwienbacher and Larralde (2010, p. 16) among shareholders of an equity crowdfunded company, all respondents agree that they "want to be part of an entrepreneurial project". According to the study, investors do not primarily have financial motives, but instead intrinsic ones, where the two main motives are to be part of building a start-up and to extend their own network. Schwienbacher and Larralde (2010) therefore advise entrepreneurs running an equity crowdfunding campaign to use their extended network, communicate efficiently, look for useful skills among potential investors, motivate shareholders to be active participants in the company, and make the project look fancy. In addition, Dan Marom, the co-author of *The Crowdfunding Revolution*, states in an interview with Dushnitsky (2013) that the most important success factor in crowdfunding is the marketing campaign.

With regards to investor behaviour, Hornuf and Schwienbacher (2014) made a quantitative study of successful and unsuccessful equity crowdfunding campaigns in Germany based on contract and portal characteristics. They find that increasing the minimum investment reduced the number of investors and the amount of capital raised. Other findings are that a more experienced platform increases the amount raised and that younger start-ups have a higher probability to run a successful campaign (Hornuf and Schwienbacher, 2014). In another quantitative study, Kim and Viswanathan (2014) conclude that the crowd are likely to follow early investors, especially if they are experts. Considering motives more specifically, Almerud et al. (2013) argue that the investors usually have a mix of financial and non-financial motives to engage in equity crowdfunding.

2.3 Concluding comments

As presented above, there is some existing research on success factors. However, there is still little knowledge about what distinguishes companies that succeed with their equity crowdfunding campaign from the ones that do not, and Ordanini et al. (2011, p. 31) suggest that, "researchers could analyse and compare funded vs. non-funded initiatives so as to identify factors that distinguish between the two types". Further, with regards to motives, Ahlers et al. (2012, p. 28) state that, "we know very little about what drives entrepreneurs to use equity crowdfunding over other financing sources". In conclusion, considering the lack of knowledge about motives for Swedish companies to engage in equity crowdfunding, the combination of identifying key motives and investigating if there are any differences in the motives of funded companies compared to non-funded ones provides an interesting research topic and is what this study aims to investigate.

3. Method

The choice of research method originates from the formulation of our research question: we seek to explain *why* companies engage in equity crowdfunding. A qualitative method is therefore deemed most appropriate (Lee et al. 1999; Yin, 2014). In order to attain validity, a holistic, multiple-case study was conducted (Yin, 2014) by interviewing founders, or other key individuals, of 14 Swedish companies that had run an equity crowdfunding campaign. Our analysis is therefore based on primary data, which we analysed through an inductive approach. Eight funded and six non-funded companies are included in this explanatory study to enable us to answer the research question. To a great extent, the methodology follows the recommendations of Yin (2014) and Lee et al. (1999), and specifically Yin's (2014) criteria are used to judge the quality of the research design.

3.1 Delimitations and selection of cases

The study is limited to Swedish companies that have tried to raise capital through equity crowdfunding between January 2013 and March 2015. Thus, reward-based, loan-based, and donation-based crowdfunding are not considered, and neither are companies that only issue loans or issue equity to angel investors, venture capitalists, or other investors. The chosen time frame ensures that the empirical findings sufficiently reflect the current business situation and that the companies had similar conditions in terms of macroeconomic aspects, such as borrowing rates, at the time of their equity crowdfunding. Further, since equity crowdfunding was not introduced in Sweden until September 2012 (Ingram et al., 2012), this study captures the greater part of the time span when equity crowdfunding has been available for Swedish companies.

Within these limits, the objective was to include companies from different industries and of different sizes to ensure a sufficient diversity in the selection. Since equity crowdfunding is relatively new in Sweden, the number of companies to choose from was limited. To ensure comparability across interviews, we chose to only include companies from one of the largest equity crowdfunding platforms in Sweden. In a screening process, basic information about the companies that had run an equity crowdfunding campaign via this platform was collected from external official databases. Such information included the following six data points; industry, turnover, amount raised, number of shares issued in the equity crowdfunding round, ending date of the campaign, and whether the company reached its funding target or not. This information was complemented with information offered about the companies through their campaigns on the crowdfunding platform. The companies for which information could be collected on all six data points were then ranked based on the amount and quality of the information. In total, 29 companies could be ranked. Because rival explanations might exist, the target was to interview at least half of these companies to make the analytical conclusions powerful and increase the internal validity of the study (Yin, 2014).

In total, 22 companies were contacted, whereof four did not want to participate in the study and four were never interviewed because the data collection was closed after having conducted interviews with 14 different companies. The reason for closing the data collection was due to redundant information and to make room for analysing the details in each interview. Out of the 14 interviewed companies, eight had closed a successful equity crowdfunding round and six had not reached their funding target. All companies except one offer consumer goods or services, where the excepted company is a non-funded company that operates in the industry of raw materials. To protect the integrity of the interviewees, given the limited number of Swedish companies engaged in equity crowdfunding hitherto, no additional details regarding the interviewed companies or the chosen platform are disclosed.

A majority of the interviewed companies had closed their equity crowdfunding round within four months from the time of the interview. We hypothesise the recentness to increase the likeliness of capturing the initial motives to pursue equity crowdfunding, instead of benefits that might have been discovered by the interviewees later on. The objective was to interview the individuals involved in the financing decision, and since most of the companies are still quite small, this in most cases meant the founder. Some of the companies had more than one individual who was involved in the financing decision. However, in accordance with how to conduct a holistic multiple-case study by Yin (2014), only one person was interviewed at each company, with one exception where an additional interview was held when the first interviewee could not answer all questions. Thus, in total, 15 interviews were conducted with founders or key employees of companies that had run an equity crowdfunding campaign. In order to gain a better understanding of the technicalities of equity crowdfunding and the role of a crowdfunding platform, one additional interview was held with an employee of the chosen platform who works in business development.

3.2 Study design and conduction of interviews

In order to enable an in-depth and holistic analysis of the companies' motives, three areas of interest were identified to understand the context in which the motives were first developed. These were:

1. The situation of the company prior to the equity crowdfunding campaign.
2. The decision process and key motives to pursue equity crowdfunding.
3. Subsequent reflections on equity crowdfunding and expectations towards the future.

Based on the three areas of interest, an interview guide with more specific questions was created to help conduct the interviews. To separate initial motives from benefits of equity crowdfunding discovered at a later stage, each interview was conducted in a chronological manner. To make the interviews comparable (Gibbert et al., 2008), but allow for elaborate and detailed answers, the interviews were semi-structured. This choice is also linked to the nature of the research question and the aspiration to *explain why* Swedish companies choose to pursue equity crowdfunding. The interview guide also included guidance on how to conduct the interviews. This guidance was developed based on the recommendations of Yin (2014). In order to help the interviewees separate ingoing motives and expectations from later developed insights, the design and structure of the interview guide was aimed to emphasise different time periods; prior, during, and after the crowdfunding campaign. The interview questions included in the guide are presented in the appendix, Section 9.1. However, since all interviews were semi-structured, the questions asked during the interviews, and the order of those questions, sometimes differed from the structure and phrasing of questions in the interview guide. The interview guide was primarily used as a tool to frame and support the interviews.

Before conducting any interviews, a pilot interview was held to ensure that the questions and interview guidance fulfilled the purpose of answering the intended research question. The questions asked during the interviews were direct and sometimes naïve in the sense that the answers might already be known to the interviewers, but asked anyway to hear them in the interviewees own words. In addition, follow-up and clarifying questions were asked to ensure thick interview data. No leading questions were asked based on pre-existing information about a company. All interview questions were asked to each interviewee, independent of position or if they indirectly answered it earlier in the interview. The risk of reflexivity, i.e. to influence the answers or colour the interpretations, is thereby reduced (Yin, 2014).

All interviews were held after the companies had closed their equity crowdfunding round. The interviewees were guaranteed anonymity to minimise the risk of dishonest or adjusted answers. We aimed to conduct the interviews in person to increase the comparability of findings (Gibbert et al., 2008). However, six interviewees were located too far away to enable a physical meeting, and one interviewee preferred to have the interview via Skype. Four of the interviews not conducted in person were carried out via Skype, both audio and video, in an attempt to copy the situation of a live interview, and the remaining three interviews via phone. All interviews were held in Swedish and were audio recorded. Each interview lasted between 30 and 60 minutes.

3.3 Analysis of the answers

Within three days of conducting an interview the interview was transcribed. To ensure validity of the interviewees' answers, information given by the interviewees was verified by comparing statements with available information from the companies' webpages, crowdfunding campaigns, and final accounts, to the greatest extent possible. Since no significant contradictions were found during these cross checks, no such results are presented in the empirical findings. In addition, all quotes included in empirical findings were translated from Swedish to English and approved by the interviewees to ensure credibility. To avoid a subjective analysis, the interviews were analysed based on a systematic approach that included four different steps:

1. *Coding of key words and creation of summaries*. Once an interview had been transcribed, the interview was read through twice to mark key words mentioned by the interviewee. These key words were then used to create a short summary of the interview to facilitate the coming steps of processing and analysing the interviews. Both authors did this independently of one another for all interviews.
2. *Identification of recurring themes*. In the second step, the interviews were analysed with support from the previously identified key words to identify recurring themes relevant for the research question and find the underlying theme of the information given by the interviewee. Two separate approaches were used to find such themes:
    a. Systematic analysis of the answers to each interview question, using the research question as a starting point.
    b. Impartially searching through the interview with a holistic approach, in order to find linkages between key words and observe whether an interview question has been answered in a context different from in which it was originally asked.

3. *Separation of themes into subcategories and reliability control*. In the next step, all identified themes were applied on each interview and quotes from the interviews were allocated to occurring themes. If the interviewees touched upon a theme differently, the quotes allocated to a specific theme were divided into subcategories of that theme. A reliability control for internal validity was also performed as an integrated part of this step to ensure that the allocation of quotes conformed to the definition of each theme. We conducted this reliability control by initially performing the allocation of quotes, for each interview, independently and separately from one another. The conclusions of our separate analyses were then compared and discussed until a satisfying level of consistence (>85%) was reached in our individual categorisations.
4. *Pattern matching*. In the last step, we looked for patterns and linkages in how the interviewees described their experience of equity crowdfunding and their initial motives to pursue equity crowdfunding. The purpose was to see how the different themes and subcategories were connected to each other and gain a better and more holistic understanding of the motives to answer the research question. Using pattern matching increases the internal validity of the study.

This study can be complemented with other research methods, since there is a risk of capturing a limited image of the motives to engage in equity crowdfunding when only using interviews. Another limitation of this study is the restriction to companies from one crowdfunding platform. Due to the study's qualitative nature, no statistical generalisation can be derived from the results; however, the use of an explanatory research question is helpful when striving for external validity. To increase the reliability of our study, we have carefully developed a well-structured case study database during the study. This database contains all notes, transcripts, company specific information, contact information, and existing research. Based on the overall design and structure of our case study, we feel confident to have described the motives for companies to pursue equity crowdfunding in an objective manner.

4. Empirical findings

This section presents the empirical findings of this study. Section 4.1 and 4.2 introduce the development phases and capital structures of the companies in order to create an initial understanding of the context in which the companies decided to pursue equity crowdfunding. These sections are followed by Section 4.3 and 4.4, which present of the main financial and non-financial motives respectively. The last section, Section 4.5, presents differences in the companies' perception of an equity crowdfunding campaign, since perception could impact the companies' motives to pursue equity crowdfunding, and their execution of the campaign.

4.1 Development phase at the time of the equity crowdfunding

At the time of the crowdfunding campaign, the interviewed companies differed greatly in their development phase. Some of the companies were established, but small, businesses with ongoing sales since several years back, and wanted to raise capital in order to fund an expansion of their business. However, only two companies, one funded and one non-funded, had a significant turnover, more than one million Euro, at the time of the equity crowdfunding campaign. The initial amount asked for was expected to be sufficient to fulfil the intended purpose for all except three companies. Some of the funded companies' campaigns were heavily overfunded, since they chose to not close their campaign immediately upon reaching their funding target. No company raised more than 1.1 million EUR.

Many of the funded companies had a finished product, but had not yet launched it on the market, or were at the final steps in their product development. However, two of the funded companies had operated their businesses for more than five years at the time of their equity crowdfunding campaign. Most of the funded companies needed capital in order to increase production and sales, market their business, or launch their new product. A few of the funded companies had no turnover at the time of their equity crowdfunding campaign and were still in an ideation phase where they needed capital to realise their idea.

The development phases among non-funded companies were within a similar range to those of the funded companies, and three of the non-funded companies were established with ongoing sales since more than five years back. The non-funded companies aimed to raise capital intended for product development, increased production, marketing, and expansion. None of the non-funded companies were registered in Stockholm at the time of their equity crowdfunding round, while a majority of the funded companies were located in the capital.

Half of the funded companies would not consider pursuing another equity crowdfunding campaign with their current company. The main argument is that in the next round their companies will be in a more advanced development phase, where they will need to raise significantly larger amounts of capital. The interviewees do not believe such large amounts can be raised through equity crowdfunding. Further, some state that in addition to more capital, they will also need investors with more specific industry knowledge and networks.

4.2 Capital structure and importance of the equity crowdfunding round

Some of the funded companies had been granted traditional bank loans prior to their equity crowdfunding round, or had received subsidies from institutions specialised in start-up financing. It was also quite common that they had existing external investors from previous rounds. Most of the funded companies had an alternative financing option, sometimes several and most often angel investors, upon the launch of their equity crowdfunding campaign, but still preferred to raise capital through equity crowdfunding. On the topic of having other financing sources, an interviewee of a funded company states:

"If you can't find financing in any other way, you should not use crowdfunding either. That is quite an important principle; it can't be a source to finance poor ideas. [...] We're very careful to not end up in the trap where no one else wants to finance us, because if no one else wants to finance us, then it's the business that needs changing. If no angel investor wants to invest in us, it's because we offer a bad deal, not because there's something wrong with the angel investors."

On the topic of whether it was critical for the company to succeed with the crowdfunding campaign, only one of the funded companies states that it was and that it would have been difficult to continue with the business without funding. A few funded companies state that it was not absolutely critical for the survival of the business, but that a non-funded campaign could cause negative publicity and thus be harmful for the business in that sense.

With regards to the non-funded companies, only one had received a bank loan, while others had not even considered getting a bank loan due to the high risk and undeveloped nature of their business. A few of these companies had received grants from their municipality or had existing external investors, but the majority of the non-funded companies were funded with private capital prior to the equity crowdfunding round. However, several had previously tried to raise capital through traditional financing sources by contacting angel investors, but had found it difficult to secure any funding. An interviewee of a non-funded company states that a main reason to pursue equity crowdfunding instead of angel investors was that the company had come too far in its development to be of interest for angel investors. One interviewee of a non-funded company states that equity crowdfunding was the last resort, and that they would not have launched an equity crowdfunding campaign if they had had another alternative.

Overall, non-funded companies tended to have fewer financing options than the funded companies at the time of their equity crowdfunding campaign. However, the interviewees of non-funded companies still state that they did not consider a non-funded campaign critical for going concern, with one exception. The deviating interviewee states that they had to put everything on hold and could not continue with their business due to a lack of funding. Another interviewee of a non-funded company says that their development is delayed for a year, but that they will still be able to continue with the business.

4.3 Financial motives

4.3.1 Need for capital

All funded and non-funded companies state that the main reason for them to pursue an equity crowdfunding round was their need for capital. However, an interviewee of a non-funded company is the only one who states that raising capital was the sole reason to engage in equity crowdfunding. As mentioned in Section 4.1, the companies had several different purposes with the capital they aimed to raise through equity crowdfunding. In general, the capital was intended to develop and expand the business, while more specific purposes were dependent on the companies' development phases at the time of the campaign. A few interviewees state that they had an agreement with a bank or an angel investor to receive additional funding if they succeeded to raise capital through their equity crowdfunding campaign. The companies' need for capital is also emphasised by the interviewed employee of the crowdfunding platform, who states the following:

"For all companies that do equity, they need funding, and while there are benefits of using crowdfunding as an alternative to venture capital, I think the goal is still to get funding and high quality investors."

Many interviewees of funded companies say that through equity crowdfunding, they gain access to investors that they would not reach through traditional funding sources. Further, a few interviewees of both funded and non-funded companies underline that equity crowdfunding enables small companies to gain access to capital that they would not be able to raise from angel investors or investment companies. An interviewee of a funded company states that:

"It feels like us smaller companies don't have anywhere to turn. No matter how interesting something is or the potential it has, you get a no, because the investment is too small and you fall between the chairs. That is why crowdfunding has exploded and everything is going really well. All of a sudden, there is a target group in need of capital, but who previously did not really know where to turn."

4.3.2 Risk aversion

When the interviewees compare equity crowdfunding to bank loans, many interviewees of both funded and non-funded companies express the difficulties of receiving a bank loan during the early phases of a business. An interviewee of a funded company mentions the obstacle of banks being too risk averse, and another interviewee, of a non-funded company, makes a similar statement that also includes the risk aversion of angel investors. The two quotes respectively read as following:

"The bank is extremely risk averse. That is the main reason why we did this, because the bank is not interested in lending out money. In my opinion, it is a problem for the growth in Sweden that they are so risk averse."

"I have been in contact with angel investors and others, but in essence, everyone has been careful not to invest in something without a turnover. It was too risky for them. I have not even considered contacting the bank, because without numbers you don't get a loan."

4.3.3 Control aversion

Many interviewees mention the risk of losing control of the business when raising capital from angel investors. Several also emphasise that angel investors can be very demanding and usually offer to contribute with an amount of capital that is disproportionate to the share of the company and the influence that they require in return, and a few interviewees mention that they had previously declined offers from angel investors due to such reasons. Some interviewees consider that raising small amounts of capital from several shareholders, through equity crowdfunding, is preferable to having a few angel investors that individually contribute with larger amounts, since this ownership structure enables them to stay in control of their business. An interviewee of a funded company explains that by investing through equity crowdfunding, the investors per se agree to have less insight and influence over the business, since most only buy a few shares. On this topic, an interviewee of a funded company states:

"It is quite nice that it is still [Co-founder] and I who are in charge. It would feel troublesome if we already would have to leave room for, or take into account, a third party's opinion."

4.3.4 Valuation

Some of the interviewees elaborate on the valuation in equity crowdfunding compared to other sources of capital. Two interviewees of funded companies mention that in equity crowdfunding, the valuation is not questioned to the same extent as when seeking funding through traditional sources, which can be seen as a benefit of equity crowdfunding. These interviewees state that:

"The valuation becomes much higher with crowdfunding […], some companies that have not even launched, and don't have one single customer, raise eight million [SEK, ~0.86 million EUR] through crowdfunding. […] If you go to angel investors, they usually look at the financials a lot more."

"A crowdfunding campaign, once it's decided no one can really say anything about the valuation, it is what it is. No matter whether it is reasonable or absurd, that is what you have and you have a deadline to consider, and if you don't join you are simply out."

4.4 Non-financial motives

4.4.1 Ambassadors

The most frequent non-financial motive to pursue equity crowdfunding among both funded and non-funded companies was the opportunity to obtain many shareholders who can act as ambassadors for the company. Several interviewees mention this as the most important reason for them to choose equity crowdfunding over other sources of financing. Some also mention that they wished for the ambassadors to have quite specific roles, and sometimes several, within the company. These roles could involve engaging in rather specific activities, and often varied both within one company and between different companies. The most common activities that the interviewees mention were to spread information about the company, advise on business decisions, share knowledge, expertise, and networks, advertise the product or service, contribute with more capital in the future, conduct market research, and consume the product or service. With regards to the activities the ambassadors were expected to engage in, two interviewees of funded companies make the two statements below. On a follow-up question regarding whether the interviewees had these expectations prior to their equity crowdfunding campaign, both interviewees underline that they did.

"They speak well of the brand and help us to spread information. We can ask a simple question such as; does anyone have any ideas about which colour we should have in 2016? We get a lot of feedback, and it can be both high and low. There are also some people in the group who have really impressive networks and tell us that 'the next time you need money, in two or three years, send me an email, I want to invest some larger amounts of money'. They are a huge bank of knowledge and contacts for us. […] we're not five employees, but almost 230 employees when you think about it."

"What we mostly thought about was that we could have representatives who, on the one hand, can check the [Location] where we have our [Product], so that it looks good, and keep an eye on it. And on the other hand, try to influence their [Locations] to stock our [Product] if it's not there already. […] I'm also considering to choose a few locations for market investments and let the ambassadors host [Product] trials."

There is a difference among interviewees in how active they describe that they expected the crowd investors to be in their role as ambassadors. Most interviewees of non-funded companies mainly talk about potential function areas of ambassadors in broad strokes, while almost all interviewees of funded companies are very detailed in their descriptions of potential ambassador activities, as illustrated in the two quotes above. Further, some interviewees of non-funded companies use the word "passive" to describe the role they expected new shareholders to have, and one interviewee says that it would have been a bonus if the crowd investors would be active. Three of the non-funded companies give the following three descriptions about the roles that they had expected new shareholders to have:

"Since they would be minority shareholders and are mainly interested in the return, we did not consider that part as any problem with regards to influence. Instead, we considered it positive that we could spread the ownership, so that more people would be advertising the concept together."

"The purpose was partly that... I realised that those who invest through equity crowdfunding are most often early adopters who are interested in the product itself […]. It is good to get more ambassadors for the product you are working with in the company and the business idea, and that there are more people who know more people so you build a network."

"The thought was also to get a larger network […], people who were interested and thought what you did was good and could help with different parts. […] A quite passive role."

One interviewee of a non-funded company speculates that it could be a disadvantage to have many active shareholders:

"It is easier to handle a smaller owner group when it comes to shareholder meetings and similar. The disadvantage with this, that people should be active, could be that many interfere and that it doesn't become efficient."

With regards to the importance of ambassadorship, which is mentioned by several interviewees, one interviewee of a funded company explains that crowd investors in their role as ambassadors will contribute to the success of their entire business. For some of the funded companies, obtaining a lot of shareholders was so important to them that they denied offers from angel investors, or similar private investors, who wanted to buy all shares offered in the equity crowdfunding round. Two interviewees of funded companies elaborate on this topic, after they had described ambassadors as a key feature of equity crowdfunding:

"The same day we launched our campaign, a person called and said 'I want to buy everything, I mean, all of it.' I said we can't do that, because then we'll miss out on the whole concept. We really want to do this because we believe in the entire concept and the strategy behind it."

"We had the opportunity to raise capital through fewer [investors], we probably have that network, so we could have covered our capital needs... But, like I said before, the marketing value of going out and putting your foot down in the investment world and saying 'we are here and we are the original', there is great value in that. And also to have these ambassadors."

4.4.2 Marketing effects

With regards to less frequently mentioned non-financial motives, two interviewees of funded companies are the only ones who mention that marketing was a motive for them to use equity crowdfunding instead of other capital sources. One of these interviewees mentions that the campaign could be considered as a market test, and that it offered an early proof of concept:

"It is proof of whether people believe in your idea or not, and if there is an interest for the company in the long run. Since crowdfunding reaches so many, it felt important."

Most of the other interviewees of funded companies mention that, even though marketing was not a motive for them to pursue equity crowdfunding, they were positively surprised over the media attention they received upon reaching the funding target, especially if the campaign became overfunded or the target was reached very rapidly. On the topic of whether marketing was a key motive to choose equity crowdfunding, one of these interviewees states that:

"We did not have too high expectations on that [marketing], you could say that it is a positive side effect that we get attention, but that is far from why we did it. […] Of course the platform offers the crowd that they have, but one that is quite different from the customers we are looking for. It drives the wrong type of strategy in order for us to grow, it drives the business side and support to build the business more than it drives end consumers."

Several of the interviewees of both funded and non-funded companies mention the importance of having an interesting product or service when pursuing equity crowdfunding. Some specifically state that consumer products are particularly suitable for equity crowdfunding and that such products could be a key to the success of a campaign. A few interviewees also mention that it is equally important that the product, or business idea, is interesting, cool, trendy, or hyped in itself. On this topic, an interviewee of a non-funded company compares equity crowdfunding to angel investors by stating that:

"Angel investors primarily look at the team. The products and business plan come second because those you can always adjust, but the team is what you have. But the crowd don't care about that; they primarily look at the product. That is quite a big difference, and it means that with equity crowdfunding, it is much more about the advertisement."

4.4.3 Access to expertise and knowledge

When considering the benefit of getting access to expertise and knowledge, only a few interviewees of all companies state that this was something they had thought of as a benefit prior to their equity crowdfunding round. Further, several of the interviewees of funded companies mention that it was not until after closing their equity crowdfunding campaign that they realised the knowledge that existed among their new shareholders:

"We are discovering that there is a lot of smart people who have invested, who might previously have sold some bigger company. Some work in the venture capital industry, and enter to keep an eye on us as a company in case we would bring in capital one more time. There is some competence that we have to map out."

In addition, one interviewee who mentions access to knowledge as a benefit, also states that it could be hard to utilise the shattered competences of an entire crowd:

"You can search for experience in a different way when you use angel investors. That is like a benefit of angel investors, and a disadvantage of crowdfunding [...] it's not that easy to replace one person's firm know-how with 100 persons' fragmented knowledge. On the other hand, crowdfunding is a benefit in terms of that you get many more ideas."

4.4.4 Closure of investments from angel investors

Since the equity crowdfunding round has a start date and an end date, one interviewee of a funded company and one interviewee of a non-funded company state that the equity crowdfunding round was a good way to put pressure on angel investors and private investors to decide whether they wanted to invest or not, and that this was a motive for them to run an equity crowdfunding campaign. The interviewee of the funded company also states that equity crowdfunding made it easier for some angel investors to dare to invest since they would share the risk with a hundred other people.

4.5 Execution of the equity crowdfunding campaign

4.5.1 Preparation of potential investors

Most of the funded companies had a plan on how to execute and market their campaign. In order to get investments immediately upon the launch of the campaign, a majority of the interviewees of funded companies had talked to and met with potential crowd investors before they launched the campaign. Some of the funded companies knew that some investors would invest immediately upon the launch of their equity crowdfunding campaign. One interviewee of a funded company explains that they knew from the beginning that their funding target would be reached, because they had talked to investors for almost one year. Several interviewees of funded companies also state that receiving immediate investments was important for the overall success of the campaign. Further, they state that preparing the market and potential investors for the launch of the campaign was an important part of the equity crowdfunding round. To a large extent, the funded companies received investments from their own networks, both from friends and family, but also from rather distant connections. The preparations of potential crowd investors are illustrated in the quotes of two interviewees of funded companies:

"We had warmed up the investors a bit, and had the feeling that two, three, maybe four were interested, simply because it's important to get a good start, and I think that's super important. If you put yourself out there, you want to start at something, you don't want to start at zero."

"To run a really successful crowdfunding campaign, you should process the market one month before you even tell the market that you are going to run a crowdfunding campaign. You have to prepare the market."

Many interviewees speak about the investors' herd-like behaviour and that a snowball effect could be observed in the investment pace. Some of the interviewees of funded companies describe this phenomenon as upon reaching a certain level of funding, investments started to come in very quickly and the funding target was reached within a couple of days. In addition, two funded companies that had spent a lot of time on interacting with potential investors prior to the launch of their campaign, describe that investments came in very quickly immediately upon the launch of their campaign and that they reached their funding target in less than four days. On some occasions, when the companies did not close their rounds upon reaching their funding targets, the campaigns were overfunded. Several of the companies with an overfunded campaign reflect on the marketing value of an overfunded campaign. An interviewee of a non-funded company mentions that strategically, it might be better to start with a low funding target and let the campaign become overfunded.

In contrast to the funded companies, most non-funded companies had not prepared potential crowd investors prior to the launch of their campaign. Some of these companies say that they wish they had received the advice to interact with investors before they launched their campaign. An interviewee of a non-funded company reflects on that the companies that succeeded with their equity crowdfunding campaign seem to be the ones who had prepared their investors prior to the launch of their campaigns. In addition, a common statement among non-funded companies is that if they would run another equity crowdfunding campaign, they would advertise it more themselves, instead of relying on the platform to do so. A few of the non-funded companies state that they did not search for potential crowd investors in their own networks to a significant extent. One interviewee hoped that they would be able to raise the capital from investors that were already registered on the crowdfunding platform:

"One had kind of maybe hoped that it would be enough to launch it on this website and then it will probably, that now this will work out quite fine either way. But we can sort of put it like this; it required more work not only from us but from the others [platform] as well."

Some of the interviewees, of both funded and non-funded companies, state that the timing of their equity crowdfunding campaign, in terms of seasonal or business readiness, had an effect on the success of the campaign. The interviewed employee of the crowdfunding platform states that some funded companies had planned to run a campaign for over a year, but waited for the right development phase of the company before they launched their campaign. An interviewee of a non-funded company, who had ran the business for more than five years, believes equity crowdfunding to be more suitable for younger firms. An additional insight of an interviewee of a non-funded company is that if they would run another crowdfunding campaign, they would wait until they have a larger customer base and more financials to show investors. A third reflection of a non-funded company is that their bad financial track record at the time of their campaign likely had a negative impact on the outcome.

4.5.2 Investment of time and resources

All but one of the interviewees of funded companies state that they spent a lot of time and resources on the preparations and execution of their campaign. Most interviewees describe similar preparations in terms of that they arranged all required documents, prepared presentations and videos, translated material, and designed the campaign, as well as some similar activities performed during the campaign with regards to that they handed out flyers, used social media to advertise the campaign, and attended pitch events. However, when asked about how much time the interviewees spent on their equity crowdfunding round, most interviewees of non-funded companies mainly speak about the preparations, of which several were compulsory, rather than the execution of the campaign. In contrast, interviewees of funded companies mention that they spent time on compulsory preparations, but primarily speak about preparing potential crowd investors, as described in Section 4.5.1. Compared to the non-funded companies, the interviewees of funded companies elaborate significantly more on how they ran their campaign and interacted with potential investors in order to reach their funding target. Two interviewees of funded companies make the following statements:

"If you are going to succeed, I think you have to account for one person working full time for maybe four months. […] it is time consuming, it is resource intense, in terms of being there. You have to be prepared to travel around, show your things, and speak at events, you must dare to pick up the phone and call journalists, […] and produce information material, it is super important that you have good information material and such available."

"You should have seen me, I became an expert on crowdfunding. At 10.40 pm on a Thursday evening I sat in a sofa in the home of a man I had never met before and oversaw that he made his investment of 50 000 [SEK, ~5 400 EUR]. It was hard [for him] to know how to do it, so I went to his place and showed him."

Several interviewees of both funded and non-funded companies state that the amount of work required by them to run their equity crowdfunding campaign was higher than what they had initially expected. On this topic, one interviewee of a non-funded company states that the campaign took too much time from the core business:

"It takes too much time and effort and it means that you, as an owner of a small business, lose your focus on the core business. You don't have the energy to handle the core business at the same time as you're hunting capital."

Many of the interviewees of funded companies also comment on the substantial amount of unexpected administrative work to prepare and execute the share issue, which some had believed that the platform would manage. In addition, some interviewees mention the concern of incurring large costs by tending to crowd investors, due to the lack of a structured market for shares of private companies. One interviewee of a funded company states that:

"The great fear is, how large will the cost be in terms of time, which indirectly is money, to manage someone who's an owner, since there is no structure like the one existing on the smaller stock exchanges or something like that. You do not get listed anywhere in connection with this, so you really handle everything yourself when it comes to ownership."

Most of the non-funded companies state that they first thought of running an equity crowdfunding campaign because it was new, sounded interesting, or that they just wanted to try it. One interviewee of a non-funded company says that equity crowdfunding seemed relatively simple, except for the material one had to produce. Some of these interviewees also refer to the equity crowdfunding round as "the project" on some occasions during the interview. Most interviewees of funded companies instead speak about that they considered equity crowdfunding to be a suitable next step to develop their business.

4.5.3 Expectations on the equity crowdfunding process

Many of the interviewees of both funded and non-funded companies mention that they were in contact with employees of the equity crowdfunding platform prior to their decision to pursue equity crowdfunding. Even though some of the interviewees of funded companies express that they had expected the crowdfunding platform to contribute with slightly more advertisement and support, several at the same time state that they were given sufficient help during the crowdfunding campaign. Such help most commonly consisted of advice on how to succeed with the campaign, which legal aspects to consider, access to valuable networks other than the main crowd offered by the platform, and additional advertisement of the campaign. On the other hand, several of the interviewees of non-funded companies state that they had expected a better cooperation with the platform in running the campaign. Some interviewees specifically state that they initially believed that the platform would contribute more in terms of advertising the campaign through their own channels and networks. Two interviewees of non-funded companies state the following with regards to time spent on advertising:

"We thought we would raise one or two million [SEK, ~0.1-0.2 million EUR], now we didn't, but that is partly due to this advertising issue. We believed that [Platform] would be significantly more active in their networks."

"I feel that we could have done more when it comes to advertising the process and the crowdfunding and the campaign. We advertised a bit, but I noticed that I did not get any help from that supplier, the equity crowdfunding platform that we used [...]. You can follow the statistics on how many that have been looking at the campaign, and the only time that people had looked at the campaign was when we had advertised the campaign ourselves."

On the topic of campaign success factors and how much help the platform offers to companies, the interviewed employee of the chosen crowdfunding platform states that:

"I think it really depends on how much time you put into your campaign and what you do, if you pitch live, come to all the events you can, and really work the community, [...] with crowdfunding it is up to you to make sure that the crowd is there. You can't just sit back and hope that people will google 'interesting companies selling equity' and arrive at your page, so I think it is about how much you put into it. [...] We have pitch evenings and events with investors so the companies that are on the platform can come and meet people that might invest. This is just one way that they can get more involved."

4.5.4 Investors of funded companies

Several interviewees of funded companies mention that they expected that their group of crowd investors to a large extent would consist of the crowd initially offered by the platform, and that they were surprised when they realised that the most of their crowd investors were actually individuals from their own network. Some were friends and family and some more distant contacts, and many were first-time crowd investors. This is illustrated in a quote from an interviewee of a funded company:

"It is 80% [of the investors] that I recognise, even though I far from know everyone, or that I have found via advertising, and maybe 20% that comes from [Platform] […]. Considering that 80% originated from other than [Platform's] contacts, potentially I could have carried this out on my own, but I'm not sure if people would have found that a bit weird. It becomes more legitimate on [Platform], even if one does not know what it is."

The benefit of gaining a more credible image by using an established crowdfunding platform for the equity crowdfunding campaign is mentioned by two of the interviewees of funded companies, whereof one reflects that it is this credibility, and not the crowd, that might be the main service offered by an equity crowdfunding platform:

"That is what you pay for. Partly that you can run your campaign via their site, which turns into some sort of trustworthiness, and also that they have their network of investors. But as we found out later, most of the investors came from our own network. [...] I see the platform almost as a real estate broker. Most often you do not sell your house by yourself, you sell it through a broker. Why do you do that, you could just sell it yourself? But it is about the credibility, that people feel there is an unbiased person who somehow runs the campaign and verifies that everything is carried out correctly."

5. Analysis

This section analyses the empirical findings with the aim to answer the research question. Throughout the analysis, we conduct a theoretical comparison with existing research from Section 2 to establish similarities and discrepancies. The analysis identifies the key motives to pursue equity crowdfunding among the companies, and we perform an empirical comparison between funded and non-funded companies to uncover the differences in motives. On the basis of existing research on success factors in equity crowdfunding, we elaborate on the potential implications on the outcome of a campaign due to differences in motives. Lastly, a discussion of potential biases finalises this section.

5.1 Financial motives

From the interviews it is clear that one of the most prominent motives for the companies to engage in equity crowdfunding is the financial motive to raise capital in order to develop and expand their business. This seems to be a primary motive for both funded and non-funded companies, since all interviewees express that raising capital was the main reason for them to launch an equity crowdfunding campaign. Further, most companies say that they would have been able to cover their capital needs with the amount asked for in the crowdfunding round. However, half of the funded companies would not consider to pursue another equity crowdfunding campaign, since they expect to have significantly greater capital needs in the future. Thus, we find that equity crowdfunding also seems to be perceived as a suitable financing source based on the size of the needed capital, and not only based on the need for capital in itself.

The struggles of raising capital via traditional sources, such as banks, angel investors, and venture capitalists, as the empirical findings in Section 4.3.2 describe, are to a great extent in accordance with the finance gap discovered by existing research (Collins and Pierrakis, 2012; De Buysere et al., 2012; Ibrahim, 2014). Given that several of the interviewees mention such struggles, we find this finance gap to be a potential pushing factor and motive for the companies to use equity crowdfunding instead. One interviewee of a non-funded company even states that they had engaged in equity crowdfunding as a last resort. In addition to these struggles, some of the interviewees also mention that the crowd investors questioned the valuation and financials less than traditional investors. This could indeed indicate that crowd investors are less risk averse, perhaps because investment thresholds are low and they share the risk among several other investors, and that they base their investments on intrinsic values rather than financial ones, as found in existing research. We believe that such crowd investor characteristics could be one of the main reasons why equity crowdfunding can help bridge the finance gap for companies that do not yet have sufficient financial information to satisfy traditional investors. The possibility to carry through a higher valuation may also in itself be a motive for the companies to use equity crowdfunding instead of other capital sources.

As found in the report by Collins and Pierrakis (2012), the equity gap is not exclusive to young businesses or start-ups, but also includes established enterprises. Since five of the interviewed companies had operated their business for more than five years at the time of their crowdfunding campaign, whereof two companies were funded, we also find that equity crowdfunding may help bridge the finance gap for established companies. In addition, a few interviewees of both funded and non-funded companies explicitly mention the possibility for established, but small, companies to finance their business via equity crowdfunding if struggling to raise capital elsewhere.

However, we find that equity crowdfunding might not only be motivated in order to bridge a finance gap, since most of the funded companies had other financing options at the time of their equity crowdfunding round. As the empirical findings in Section 4.2 illustrate, one interviewee of a funded company even states that if you cannot find financing elsewhere, you should not try equity crowdfunding either, because then you offer a bad deal. Given that half of the non-funded companies had not managed to raise capital elsewhere and did not reach sufficient funding through equity crowdfunding either, we want to highlight that equity crowdfunding does not seem to be a solution for all companies that struggle to raise capital; the companies still have to offer a good deal and convince the crowd to invest. We elaborate on the interaction with the crowd in Section 5.2 and 5.3, as well as in future research in Section 7. Another interesting finding regarding the finance gap is that even though the non-funded companies tend to have less other financing options than the funded ones, they still did not consider a non-funded campaign critical for the survival of their business, with one exception. This could indicate that the prevailing finance gap limit the possibilities for an enterprise to grow, but does not necessarily prevent the continuation of its current business.

An interesting aspect of the causes of the finance gap is the companies' perception of investments from angel investors. While some interviewees mention the difficulties of receiving funding from angel investors due to their risk aversion, there also seems to be another sort of aversion among the companies themselves, which is control aversion. In line with existing research (Almerud et al, 2013; Hutchinson, 1995; Schwienbacher and Larralde, 2010), many interviewees mention the risk of losing control when raising capital from angel investors. Some of the interviewees specifically mention that they declined offers from angel investors, and that it is preferable to raise capital through a crowd, in order to retain control of their business. Thus, we find that control aversion can be an additional pushing factor and motive for companies to use equity crowdfunding instead of other financing sources.

To derive more deeply from where the financial motivation stems, we analyse the interviewees' answers with regards to the purpose of the capital asked for in their equity crowdfunding round. The most common areas that the capital was intended for are marketing, increased production, product development, and increased sales, which indicates that the financial motive is mainly driven by the need to fund business development and growth. Unsurprisingly, the purpose of the raised capital was often linked to the development phase of the company. The development phase also seems to have had an impact on the timing of the equity crowdfunding, where some of the funded companies waited to launch their campaign until their businesses had reached a certain level of development. Many interviewees of funded companies explicitly mention that they considered equity crowdfunding as a suitable next step to develop their business. In contrast, some of the non-funded companies state that, in retrospect, the timing of their campaign was not optimal and likely had a negative impact on the outcome of their equity crowdfunding round. This suggests that the funded companies view the equity crowdfunding campaign in relation to their overall business development, while the non-funded companies seem to view the campaign in a more disconnected way. The statement of a non-funded company, that crowdfunding took time from the core business, further supports our finding that non-funded companies might view equity crowdfunding as a rather detached financing decision.

5.2 Non-financial motives

Existing research (Almerud et al., 2013) suggests that access to the crowd's expertise and knowledge could be a non-financial driver for companies to engage in crowdfunding. Thus, to have access to the knowledge of an entire crowd, instead of for example only a few angel investors, could then potentially be a determining factor when companies choose between equity crowdfunding and capital from angel investors. However, several of the interviewees had not realised that access to expertise and knowledge was a benefit prior to their equity crowdfunding round. One interviewee also indicates that this benefit might be hard to utilise due to the fragmented competencies of an entire crowd, compared to one angel investor. Given that most of the interviewees were not aware of the benefit of access to expertise and knowledge prior to their equity crowdfunding round, we find that this attribute of crowdfunding does not seem to be an key motive to engage in equity crowdfunding.

Marketing is also commonly referred to as a benefit of equity crowdfunding in existing research (Roggan, 2015). However, only two of the funded companies mention that this was a motive for them to pursue equity crowdfunding, whereof one of the interviewees explains that equity crowdfunding offered an early proof of concept. Given that the crowd investors are private individuals, such an opportunity for market testing might be especially valuable for companies that offer consumer products. Some interviewees also specifically mention the suitability of consumer products for equity crowdfunding. However, this might be due to the fact that all interviewed companies except one pursue a business model based on consumer goods or services. In addition, an interviewee of a funded company states that the crowd offered by the platform does not necessarily consist of a company's target group, and the crowdfunding campaign might therefore not reach the desired end consumers. Thus, we find that marketing does not seem to be a key motive for the companies to pursue equity crowdfunding.

What we instead find to be the main pulling factor and key non-financial motive for companies to pursue equity crowdfunding is the opportunity and desire to attain ambassadors. The possibility to do so is classified as the greatest advantage of equity crowdfunding by De Buysere et al. (2012). However, other authors of existing research also mention several alternative benefits and potential motives, and it is not clearly established that attaining ambassadors alone is the determining non-financial motive for companies to pursue equity crowdfunding. In our study, almost all interviewees specifically mention ambassadors as their key motive to use equity crowdfunding instead of other sources of capital, and some of the interviewees of funded companies even mention that they had declined offers from angel investors in order to obtain crowd ambassadors via equity crowdfunding. We find that the importance that companies attach to obtaining ambassadors is remarkable in comparison with existing research, in particular for the funded companies.

Further, we find that there is an especially interesting difference in how the interviewees of funded companies describe the crowd investors in their role as ambassadors compared to the interviewees of non-funded companies. The interviewees of funded companies are very detailed in their descriptions and the quotes in empirical findings in Section 4.4.1 imply that they consider the ambassadors to be an integrated part of the business. Funded companies seem to have desired for the ambassadors to be engaged in both internal and external business activities, and one of the funded companies states that crowd investors in their role as ambassadors will contribute to the success of the entire business. In contrast, most interviewees of non-funded companies appear to have envisioned the investors in their role as ambassadors to be rather passive and mainly contribute with external business services, such as promoting the company and sharing their network. One interviewee of a non-funded company even mentions that it would be a disadvantage if the investors would be active. Thus, we find that the funded companies' motive to attain ambassadors through equity crowdfunding seems to originate from their underlying desire to have active and engaged shareholders that contribute to the business as a whole. In contrast, we also find that the non-funded companies rather seem to search for investors that can operate externally and more distant from the core business.

Existing research (Hemer, 2011; Schwienbacher and Larralde, 2010) suggests that crowd investors are mainly driven by intrinsic motives, such as to be engaged in the company and contribute to an innovation. If investors do not mainly seek a high return on their investment, a good investment opportunity in terms of financial aspects might not be enough to motivate crowd investors to invest. Thus, offering something that addresses the intrinsic need of crowd investors is likely to be an important factor to consider when running an equity crowdfunding campaign. This is the topic of the following section.

5.3 Implications of differences in motives

Based on the fact that the funded companies clearly emphasise the importance of having active shareholders, and give detailed descriptions of their expectations on the crowd investors' ambassadorship, it is reasonable to assume that this desire for investor engagement was communicated to potential investors prior to, or during, the equity crowdfunding campaign. In addition, the funded companies stand out in terms of spending more time on, and attaching a higher value to, interacting with potential investors, both during the preparations of the campaign and while running the campaign itself, compared to the non-funded companies. For example, one interviewee had travelled to an investor's home to ensure that the investment was completed, and another interviewee had talked to investors for more than one year and therefore knew from the beginning that they would reach their funding target. Considering the funded companies' motive and desire to get active and engaged shareholders through equity crowdfunding, in combination with their frequent interaction with potential crowd investors, it is plausible that the funded companies succeeded to address the intrinsic needs of the crowd investors. We reflect upon that this could have an impact of the outcome of a campaign and might be a potential reason why funded companies succeeded to raise capital and non-funded companies did not. An interviewee of a non-funded company also explicitly mentions the lack of sufficient interaction with potential investors as a possible explanation for not receiving any funding. In addition, the interviewee from the platform also states that the companies themselves need to build a crowd who wants to invest, in order to succeed with their campaign.

In addition, by frequently interacting with potential investors, many of the funded companies likely managed to trigger the important *engagement moment,* and therefore succeeded in to reach phase 3; the *race to be "in"* phase (Ordanini et al., 2011). To have reached such a phase is explicitly described by some of the funded companies, and many also mention the crowd investors' herding behaviour, which is in accordance with existing research (Kuppuswamy and Bayus, 2013). Further, two of the funded companies that had spent a lot of time on preparing and interacting with potential investors had investments coming in very quickly immediately upon the launch of their campaign, and reached their funding targets in less than four days. We find that one potential explanation for this instant move into what seemed to be the *race to be "in"* phase among crowd investors could be that, by interacting with investors early on, these companies succeeded to build, or trigger, an engagement moment before they even launched their campaign.

That the non-funded companies did not engage with investors to the same extent as funded companies might partly be explained by their perception of the role of crowd investors. The non-funded companies seem to have envisioned a rather passive role, compared to funded companies, which is quite different from the engaged and active role desired by crowd investors according to existing research (Hemer, 2011). This discrepancy could likely have been one of the reasons why non-funded companies did not interact with potential investors to the same extent as funded companies. In addition, it might also be important to consider that none of the non-funded companies were registered in the capital, while a majority of the funded companies were. Since companies more often receive funding due to geographic proximity to investors (Ahlers et al., 2011), the *big city effect*, this could have been an explanation as to why it was more difficult for the non-funded companies to interact with investors. In accordance with existing research (Agrawal et al., 2011), our empirical findings indicate that to physically meet and engage with potential investors is important to succeed with the crowdfunding campaign, even though it is conducted via the Internet.

Another reason why the non-funded companies interacted less with investors than the funded companies might be due to their ingoing expectations on the role of the crowdfunding platform. Most of the funded companies express that they were given sufficient help by the platform, while the majority of non-funded companies express that they had expected more help to advertise and run the campaign. Expectations towards such support could for example explain why two interviewees of non-funded companies state that equity crowdfunding initially seemed relatively simple, and that they had hoped it would be sufficient to launch the campaign on the platform. Several of the non-funded companies seem to have relied too much on the platform to communicate and advertise the campaign to the crowd, and state that, in retrospect, they wish that they had advertised the campaign more themselves. One interviewee of a non-funded company for example states that according to the statistics provided by the platform, the only time investors even visited the campaign site was when the company had advertised the campaign themselves. In addition, the greatest part of the funded companies' investors were individuals from the their own network, and not included in the initial crowd provided by the platform, which likely increases the importance for companies to interact with potential investors themselves and not rely on the platform to do so. Thus, given the importance of engaging investors and that non-funded companies did not interact with potential crowd investors to the same extent as funded companies did, we find that this could be one of the main reasons why non-funded companies seem to have struggled to trigger the *engagement moment* and reach sufficient funding.

5.4 Potential biases

We are aware of the potential biases that could arise when comparing how funded versus non-funded companies perceive equity crowd investors due to subsequent events. For example, funded companies have new shareholders and might therefore perceive those as more important at the time of the interviews, than what was their initial view prior to the closing of the equity crowdfunding round. However, when conducting the interviews, emphasis was put on companies' ingoing expectations towards equity crowd investors, and since each interview was conducted in a chronological manner, the questions aimed to lead the interviewees through the times prior, during and after the equity crowdfunding. Some additional questions related to how the companies' motives might have changed during and after the equity crowdfunding, and questions with regards to unexpected benefits or drawbacks, were also asked to ensure a separation of ingoing motives from later developed insights about benefits. In addition, a majority of the interviewed companies had closed their equity crowdfunding round within four months from the time of the interview. Due to the interview structure and recentness of a majority of all interviews, we feel confident to have captured the interviewees' initial view of the investors' role as ambassadors.

Another aspect we want to reflect upon is that many of the interviewed companies were in contact with employees of the crowdfunding platform prior to their decision to pursue equity crowdfunding, which could have had an effect on the companies' initial motives to run an equity crowdfunding campaign. Considering that equity crowdfunding is still quite new in Sweden, platforms that offer such services are likely to advertise the benefits of equity crowdfunding and have well-practiced sales pitches to attract companies. Such advertised benefits could then enforce or weaken, or be added to, the companies' initial motives to run an equity crowdfunding campaign and perhaps cause a bias. However, during the interviews, by chronologically going through the decision to run an equity crowdfunding campaign and specifically asking about the cooperation with the platform, we believe to have captured a fair view of the companies' ingoing motives to pursue an equity crowdfunding campaign.

6. Conclusions

In conclusion, all interviewees express that raising capital to fund business development and growth was the main motive for them to pursue equity crowdfunding. This type of crowdfunding also seems to be perceived as a suitable financing source based on the size of the needed capital. Further, several interviewees mention the finance gap and their desire to retain control of the company, and these could likely be pushing factors to pursue equity crowdfunding. The possibility to carry through a higher valuation, given the risk-profile of crowd investors, may also in itself be a motive to use equity crowdfunding instead of other capital sources. We find that the greatest difference in the companies' financial motive to pursue equity crowdfunding, is that the funded companies seems to view the equity crowdfunding campaign in relation to, and as a part of, their overall business development, while the non-funded companies perceive it as a more detached financing decision.

With regards to non-financial motives, attaining ambassadors alone seems to be the determining motive for the companies to use equity crowdfunding over other sources of capital. The importance attached to obtaining ambassadors in this study is remarkable in comparison with existing research, particularly for the funded companies. Some interviewees of funded companies even declined offers from angel investors in favour of equity crowdfunding in order to obtain ambassadors. There is one particularly interesting difference in how interviewees describe the role of the ambassadors, where almost all funded companies state that the ambassadors were expected to be an active and integrated part of their business and its development, while most non-funded companies state that they expected the ambassadors to be more passive. We find that the funded companies' motive to attain ambassadors through equity crowdfunding seems to originate from their underlying desire to have active and engaged shareholders that contribute to the business as a whole. Since existing research suggests that crowd investors are mainly driven by intrinsic motives, such as to be engaged in the company and contribute to an innovation, addressing such motives is likely important to consider when running an equity crowdfunding campaign. Considering the funded companies' motive and desire to get active and engaged shareholders through equity crowdfunding and their frequent interaction with potential crowd investors, we find that it is plausible that funded companies succeed to address such intrinsic needs of crowd investors and therefore reach their funding targets.

In conclusion, the funded companies seem to have a more holistic approach to the decision to pursue equity crowdfunding and the role of ambassadors. These companies seem to plan and conduct their crowdfunding campaign as a conscious and integrated part of their business development in order to obtain funding and ambassadors. In contrast, non-funded companies seem to consider their crowdfunding campaign as an activity more distant from their core business. For funded companies, the crowd investors' role as capital contributors sometimes even seems to be overshadowed by the importance of their role as ambassadors, and one of the funded companies states that crowd investors in their role as ambassadors will contribute to the success of the entire business. We find that the funded companies' holistic approach to financing via equity crowdfunding and desire to obtain active ambassadors seem to be determining factors for the execution, and thereby potentially contributing to the successful outcome, of their equity crowdfunding campaign.

We hope our findings contribute to increase the understanding of equity crowdfunding and its role as a source of financing among stakeholders in crowdfunding. By increasing the knowledge about Swedish companies' key motives to pursue equity crowdfunding, and the potential implications of such motives, the conceptual understanding of equity crowdfunding can be improved among companies that aspire to pursue this financing method. Even though differences in motives are not the only factor that affects the outcome of an equity crowdfunding campaign, our findings still indicate that an understanding of such differences could strengthen companies' ability to succeed with their campaign. Such knowledge could also help to ensure a healthy development and understanding of the equity crowdfunding market in Sweden. Further, since equity crowdfunding grows at a rapid pace (Belleflamme et al., 2014) and is only on its way to become legal in some other countries (Valančienė and Jegelevičiūtė, 2014), an improved understanding about Swedish companies' motives to pursue equity crowdfunding might help other regions in their evaluation of this financing source. We want to highlight that our findings are likely to have a rather low external validity, and hence are generalizable only to a limited extent. However, given the explanatory nature of this study, our findings can, in addition to the above, still provide important insights for future research studies from which generalizable conclusions can be drawn. Suggestions on such studies are presented in Section 7.

7. Future research areas of interest

There are still many interesting topics to be researched with regards to equity crowdfunding. Based on the findings of our study, it would be very interesting to conduct a qualitative study that thoroughly investigates the motives of equity crowdfunding investors. In addition, by comparing such crowd investors' motives to the motives of companies, this could contribute to an increased understanding of why some companies reach their funding targets and some do not. Further, a quantitative study on the correlation between the motives this study emphasises and the outcome of an equity crowdfunding campaign would enable a generalization of certain findings in this study. Another suggestion is to perform an exhaustive study of the characteristics of non-funded companies, such as product offering, track record, team, and location, in order to establish which characteristics have the strongest effect on the outcome of an equity crowdfunding campaign. Finally, given that one interviewee mentions the obstacle for shareholders to subsequently buy and sell their shares due to the lack of a structured market, it would be interesting to explore how and when the return of an equity crowdfunding investment is realised and whether second-hand markets will arise to deal with the current absence of a structured market.

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9. Appendix

9.1 Interview questions

Background

How developed was your company at the time of the equity crowdfunding? Did you have any turnover?

What was the ownership structure and capital structure of the company like before pursuing equity crowdfunding?

What other sources of financing have you used before? Both with this company [subject for the equity crowdfunding] and in your earlier ventures.

What is your view on other sources of financing? (E.g. bank loan, angel investors, venture capital, other crowdfunding, private individuals, foundations or start-up subsidiaries)

The decision

Why did you choose to pursue equity crowdfunding?

How did you first get the idea to pursue equity crowdfunding?

What was the purpose of the equity crowdfunding campaign?

Who made the financing decision? How did you decide to run a campaign?

How did you plan to use the capital? Did you ask for enough money to fulfil the purpose?

What other alternatives did you have instead of equity crowdfunding?

What role did you want the new crowd investors to have in your company?

Did you have any fears or thought about any negative aspects with equity crowdfunding?

How crucial was it for your company to succeed with the equity crowdfunding?

How much time did you spend on the equity crowdfunding process?

How much help did you get from the crowdfunding platform?

What kind of information did you make available to the investors during the equity crowdfunding? How important do you think this information was to the investors?

Future

Would you consider another round of equity crowdfunding?

Did you have any exit strategy for your equity crowdfunding investors?

Did you discover any unexpected pros or cons with equity crowdfunding?

Did your motives to pursue equity crowdfunding change during or after your equity crowdfunding?

9.2 Figures

Figure 1 - Typical Path of Consumer Investment via Crowdfunding Platform (Ordanini et al., 2011)