Crowdfunding Campaign Influences on Market Pricing Decisions

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Abstract

As an integral part of the marketing mix, pricing is related to the expected value of the products it supports (Feng et al. 2019, Zhang and Chiang 2020). The adequately set price will therefore result in a higher demand on the market and in maximizing the profit of the firm constrained by the quantity of products or services offered (Feng et al. 2019). Identifying, projecting, and influencing the price sensitivity of customers represents an important strategic marketing task (Graciola et al. 2018, Zhang and Tian 2021). Crowdfunding might be used as a preselling method as it supports the identification of target groups and future demand (Brown et al. 2017).

This article explores the possibility to use crowdfunding as a method to set the price for a subsequent market entry (Popp and Woratschek 2017, Pater and Cristea 2018, Dowling et al. 2019). Recent research highlighted how the pricing mechanisms in crowdfunding campaigns work, leaving out the managerial implications for the time after the campaign (Roma et al. 2018, Peng et al. 2020, Tseng 2021, Konhäusern et al. 2021). Furthermore, the right pricing for shares in an equity-based crowdfunding campaign has been analyzed, but the view has not been expanded outside of the campaign timeline (Krämer and Kalka 2016, Feng et al. 2019).

Therefore, this work discusses theoretically the use of crowdfunding campaigns as a presale method to set the right price when launching the product on the market (Sayedi and Baghaie 2017). By means of case studies focusing on Kickstarter campaigns supported by
data from Amazon using the online Tool Keepa, the article highlights the differences between the pricing strategy of the offered products in the crowdfunding campaigns and in the market after the successful ending of the campaign. It is discussed how crowdfunding campaigns can point customers towards new products and help marketers to set the right price based on the feedback from the crowd.

With the help of the different analyzed use cases, it became evident that the feedback from the crowdfunding users can help the campaign runners to set the pricing of a product. Furthermore, most of the campaign runners used the feedback of the successful campaigns to set even a higher price on the market.

Further research could evaluate unsuccessful crowdfunding campaigns which sell their products. Given more available data the analysis could be broadened to directly observe the difference in pricing between the last day of the campaign and the first day of the product on the market. Additionally, the adapted approach analyzing use cases in this study should be further applied and evaluated.

**Keywords**
Crowdfunding, Marketing, Pricing, Crowdfunding Platforms, Fundraising, Online Crowdfunding Platforms, Financing

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**Conflicts of interest**
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References