

Abstract

Crowdfunding has enabled large crowds to fund innovative projects. This type of funding might tap into the wisdom of crowds who were previously disconnected from the funding process. We distinguish between in-crowd and out-crowd funders (with and without ties to project creators) in order to test for heterogeneity in their information use. Based on the analysis of a large-scale survey amongst project funders, this paper shows that in-crowd investors rely more on information about the project creator than out-crowd investors. Out-crowd investors do not seem to attach more importance to information about the project itself than in-crowd investors, except in the case of donation-based crowdfunding. For financial-return crowdfunding, financial information becomes less important once a strong relationship with the project creator is established. Our study allows project creators to target information to specific audiences based on their relationship strength across different types of crowdfunding projects.