Crowdfunding has emerged as a promising channel to fostering entrepreneurship in various fields. Crowdfunding, generally seen as external finance (i.e., crowd) that raise a small amount monetary contribution from a larger number of people, (Belleflamme et al. 2011), has two advantages over the traditional way of funding practice. First, crowdfunding platforms can reduce investment efforts for organizations that are excluded from the traditional investment options. Another advantage is that entrepreneurs / organizations are able to initially finance their creative ideas with much less restrictions or interference from investors (Manchanda & Muralidharan, 2014). In sport industry, Green Bay Packers (NFL in the U.S.) and F.C. Barcelona (La Liga in Spain) are examples of publicly owned professional sports teams to show they can thrive and succeed as privately owned teams (Fallone, 2014). However, most of existing studies of crowdfunding are rather based on practical fund raising technique itself despite of the two advantages. Past studies with marketing point of view have tended to establish ground theory through qualitative study. It therefore appears that research of how crowdfunding can affect customers in a market is needed.

The term crowdfunding has derived from crowdsourcing meaning the transfer of one organization’s task to another. The same basic idea of reaching a large group of individuals, or the crowd that collaboratively works together in on a common goal applies to crowdfunding (Wieck et al. 2013). Crowdfunding is one creative financing channel which “involves an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights” (Ordanini et al. 2011). Such investment in crowdfunding can take the form of equity-based (Ahlers et al. 2012), debt-based (Lin & Viswanathan, 2013), reward-based (Wieck et al. 2013), and donation-based (Belleflamme et al. 2013). For example, electronic sports (eSports) has already implemented crowdfunding for prize pool and enjoyed the success. In 2016, the International Dota2 World Championships hosted by Valve Corporation surpassed the largest prize pool for a single tournament with $20 million.

Although crowdfunding seems prominent, the practice is still new to many managers and owners and there is a lack of information on the engagement of consumers as investors. There are three types of players involved in crowdfunding (Ordanini et al. 2011): 1) Project initiators who propose ideas/projects to be funded. 2) The crowd decide to financially support projects while expecting a certain payoff. 3) The crowdfunding organization bringing together those who deliver the new initiative and who wish to support such initiatives through their investment efforts. The service marketing literature has a long tradition in providing the customer’s role in service provision and their participation. The customer participation is relevant to crowdfunding in terms of their evaluative decisions and monetary support, which makes customers the key players who make crowdfunding possible with an offering or funding.

Based on the discussion above, the purpose of this study is: 1) to examine how consumers react on different types of crowdfunding for professional sport teams and; 2) to find out efficient methods to apply the concept of crowdfunding into professional sport industry.

To answer our research questions, we conducted experimental study with three different scenarios related to the types of crowdfunding such as equity-base, membership-base and donation-base. Therefore, respondents were randomly selected among college undergraduate students. A total of 134 students were randomly given with the survey questionnaires between one of three types of scenario. Each scenario of different types contains same questionnaires related to the willingness to pay, willingness to pay in dollars (amount), WOM intention and positive WOM intentions. The research employs questionnaires from Goyette (2011) related to WOM.
The results showed willingness to pay for funds has significant differences between groups ($F(2,117) = 7.321, p = .001$). Participants showed largest willingness to pay in membership-base crowd fund ($M = 4.92, S.D. = 1.89$) and pure donation type fund follows ($M = 4.59, S.D. = 1.64$). However, equity-base fund seemed unfamiliar to sports fans ($M = 3.41, S.D. = 2.10$). The amount of money to pay for funds did not have any significant differences between groups. For WOM intention, result showed similar trend with willingness to pay ($F(2, 117)=6.881, p = .001$). The results confirm that membership type fund has largest WOM intention ($M = 4.53, S.D. = 1.55$) and donation ($M = 4.47, S.D. = 1.28$) and equity type ($M = 3.43, S.D. = 1.74$) follows. But, for intention to positive WOM, the differences were insignificant ($F(2, 117)=.264, p = .768$) and for specific value, donation type had the lowest intention ($M = 3.18, S.D. = .83$) and membership type was the largest ($M = 3.31, S.D. = 1.12$).

Our results show sports fans prefer membership-based crowdfunding rather than the other types. In addition, fans intend to speak about fund raising of supporting team when the fund is raised in membership-based. However, sports fans do not want to recommend to others if the fund is raised by pure donation without any membership type affiliation.

The result of this study shows that membership type crowdfunding is the most efficient in the field of traditional sports. Ordanini et al., (2013) maintained that customers transformed into investor in crowdfunding system which eventually makes consumers more involved and interested in the service product. However, this result shows that traditional membership type is still effective for fans rather than new types of funds in professional sports field. Our approach suggests such result of traditional membership type because the traditional sport industry is formed with a tangible structure. It seems that most current sport fans are not yet used to the new types of crowdfunding initiative.

Crowdfunding is still considered as a new type of investment and its volume has grown rapidly. Despite of many cases involving crowdfunding activities, sports industry only has a few successful cases with professional sports teams and eSports. However, it is likely that many different sports properties and investors will implement crowdfunding as a viable alternative.