

Empirical Evidence Why Football Fans Invest Money into Their Club Via Crowdlending and Crowdinvesting

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Aim and Research Question

Given recent developments in German professional football - first and foremost the continuation with the 50+1 rule - football clubs are investigating the advantages and disadvantages of financial alternatives such as crowdlending and crowdinvesting. The idea behind this approach is to benefit together and create a win-win situation. The club benefits by financing projects more independently of banks or capital market-oriented investors and the fan will be able to generate a higher financial return than it would be the case in the low-interest phase of alternative savings options and will be rewarded for his or her commitment to the club. The study should verify or refute these assumptions.

Therefore, the research objective is to make recommendations to German professional football clubs concerning the use of crowdlending and crowdinvesting by providing insights into the perception held by the fans regarding the attractiveness of those alternatives and their own willingness to participate. The research question should clarify to what extent a high fan loyalty of the potential (fan) investor is decisive for participation in a campaign, or whether financial considerations, e.g. the level of interest or even participation, are more important.

Theoretical Background

A study by Huth et al. (2014) highlighted that most fan bond subscribers regard themselves as supporters of the club. It seems that emotions and the possibility to support their favourite club were more important than personal financial goals in investment decisions. Derived from the literature on crowdfunding (Moritz & Block, 2016), analyses on fan bonds (Bezold & Lurk, 2016; Huth et al., 2014) and fan loyalty as well as fan behaviour (Bauer et al., 2008), it can be conceptualized that football clubs could probably use their strong ties to fans to raise financial resources (Fox, 2016). Within the conceptual model for this study, approaches from Behavioral Finance Theory (Aspara & Tikkanen, 2008), Commitment-Trust Theory and Self-Determination Theory, were combined and hypothesised in order to make the best possible statement on fan investor behaviour. For this purpose, the following factors of fan investor behaviour were identified:

- Perceived meaningful contribution (= *intrinsic and other-oriented*)
- Attractiveness of return (= *extrinsic and self-oriented*)
- Desired involvement (= *intrinsic and self-oriented*)
- Social Motivation (= *extrinsic and other-oriented*)
- Trust
- Fan Loyalty
- Control Variables such as Risk Affinity and Experience, Demographics

Methodology

For this quantitative study an online survey was conducted. The data collection was finished in March 2018 using fan clubs, fan forums as well as Facebook groups and distribution channels by football clubs itself. In total, 1.213 football fans took part, whereby 712 were fully completed. This represents a 59 % full completion rate. This data is analysed using

confirmatory factor analysis and SEM within a multi-model approach, while using the software packages SPSS and AMOS. Some initial analysis has already been done, and will be completed and enlarged by July and therefore, before the EASM conference.

Results and Discussion

So far it can be confirmed from the results of the pre-test and the initial data analysis of the actual survey, that the motivation to support a crowdfunding campaign is rather intrinsically based, either to support the club or to gain new experiences with the financial instrument for oneself - but only on the basis of fan loyalty and trust within the relationship with the club. The topic of trust was a major component in the responses of the fans, often indicating a difference between trust into the club and trust into the management. It seems that the theoretical assumptions derived from Behavioural Finance Theory, SDT and Commitment-Trust Theory could be potentially confirmed within this setting. Within the pre-test some exploratory factor analysis (EFA) was conducted and fan loyalty was identified as a major factor. Some mediating effects of fan loyalty on the willingness to invest could be found. The path analysis within the following SEM analysis will investigate this further.

Conclusion

Crowdfunding can be seen as a modern form of fan bonds or profit participation certificates. It seems that the findings on why fans invest into those campaigns are comparable among all different forms of fan financing. The strong emotional relationships between fans and clubs could be a success factor for crowdfunding campaigns, since it is probably easier for a football club to mobilise supporters than for start-ups, where crowdfunding was originally developed in.

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