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Crowdfunding Social Entrepreneurship

*The Influential Factors in Crowdfunding Success for
Social Entrepreneurs*

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Abstract

Crowdfunding has emerged as an increasingly important and popular alternative to traditional funding, as entrepreneurs often face difficulties in receiving funding from the traditional channels in the vital early stages of a new venture or project. In its simplest form, crowdfunding is the attempts by entrepreneurial individuals or groups to fund a venture or project by tapping a large network of people through the internet for relatively small monetary contributions, without standard financial intermediaries. In addition, social entrepreneurs have been found to face difficulties in securing financing to their ventures as traditional investors often consider them to have unclear or dichotomous objectives, where they are torn between the social and commercial. Hence, previous research has reported about the importance of crowdfunding in a social entrepreneurship context, for its multidimensional potential in successfully raising money for a good cause. This paper investigates what factors influence the success of social entrepreneurial crowdfunding campaigns, to provide social entrepreneurs with indications of what factors to include in a crowdfunding campaign to increase the likelihood of success. This is done by analyzing 101 ended crowdfunding campaigns, posted on the social crowdfunding platform StartSomeGood. A binary logistic regression is used on the collected observations to examine what factors are significantly influencing the successful outcome of a campaign. The findings suggest that the social entrepreneurs should include a front page picture, calls for urgency, and a high amount of reward categories in the campaign to positively influence the success. It was also found, in contradiction to suggestions in previous literature, that the location of the campaign can have a significantly negative impact on the outcome of the campaign. However, the researchers argue that the social aspect of the campaign outweigh many of the success factors found in previous crowdfunding literature regarding traditional entrepreneurs, as backers are more prone to invest in the idea and core value of a venture rather than the collaterals or business plan offered. Conclusively, the researchers suggest that the most important factor for social entrepreneurs in order to successfully reach their funding goal is to effectively communicate the unique value of their social contribution, and a social goal that the backers can relate to, in order to appeal to the altruistic and philanthropic incentives for backers to fund. The practical implications in this paper offer valuable insights for social entrepreneurs considering to engage in crowdfunding, by deepening the understanding of what factors to include in the campaign in order to influence the likelihood of success. Also, the intermediary platforms, and especially StartSomeGood, can benefit from this study as it provides indications of how to improve the outline of the platform to further facilitate for the campaigns to succeed.

Key words: Social entrepreneurship, Crowdfunding, Reward-based crowdfunding, Success factors.

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1. Introduction

In this chapter, the reader will get introduced to the subject of this study, as well as the scope of the research, the detected gap in current literature, and the overarching research question. Furthermore, the researchers will present the delimitations of the study, and what the expected contributions and managerial importance of the study are.

1.1. Background

Today, entrepreneurship is considered to be a key driver of innovation and economic growth in emerging and developing economies as well as industrialized countries (Cassar 2004; Veeraraghavan 2009). Research has shown that small and medium sized enterprises (SMEs) lies behind most job creation in Europe and that, in order to enable both growth and stability, it is a necessity for new firms to have access to considerable capital in the early stages of their development (Cassar 2004; De Buysere et al. 2012; Mollick 2014). However, entrepreneurial start-up firms are facing difficulties in securing financing from the traditional financial providers, such as e.g. banks or venture capitalists (Belleflamme et al. 2014; Cassar 2004; Cosh et al. 2009). Crowdfunding has emerged as a new type of financing as a response, where the entrepreneurs have the opportunity to turn to the general public to raise capital instead (Belleflamme et al. 2014; Mollick 2014). Crowdfunding is a way of raising capital by tapping into the larger audience, or “crowd”, through online communities and social networks, where the crowd can donate and invest money in ideas and projects created by the entrepreneurs (Belleflamme et al. 2014; Kleemann et al. 2008). In addition, there are different types of crowdfunding available, i.e. donation-based, reward-based, lending-based, and equity-based crowdfunding. The difference between the various crowdfunding types is the value they offer to the crowd in exchange for funding the campaign (Belleflamme et al. 2014; Bretschneider 2014). Furthermore, crowdfunding platforms offer a variety of different compositions of crowdfunding, but most commonly either fixed or flexible funding schemes, also referred to as the “all or nothing” (fixed) approach or “keep what you get” (flexible) approach (Harrison 2013).

In recent years, crowdfunding has become increasingly important as it has revolutionized the ways entrepreneurs can receive funding for new and innovative ideas (Lawton & Marom 2013). Also, Beaulieu et al. (2015) predict crowdfunding to alter the institutionalized process of raising capital, as it is an innovation that will democratize entrepreneurial funding. In addition, there has been a massive growth in the crowdfunding market since 2012, and it is expected to continue to grow as an alternative to traditional funding in the near future, particularly in developing countries (Kim & Hann 2013; Massolution 2015). Aside from eased legislations in the United States in 2012 (i.e. through the Jumpstart Our Business Startups Act (JOBS) Act¹), the growth in the crowdfunding market can be explained by the growing public interest as well as the development of new and more advanced online platforms designed for the cause (Kim & Hann 2013; Mitra 2012). Since 2012, the total crowdfunding volume has more than doubled each year, and the trend suggests that if the crowdfunding market continues to grow at this speed, it will reach a total of \$90 billion before 2020 on a global level (Barnett 2015). Making it an important alternative financing system in receiving capital for start-ups, creative new ideas, and social and entrepreneurial ventures (Burtch et al. 2013; Kim & Hann 2013). Moreover, Gerber and Hui (2013) argue that the

¹ The Jumpstart Our Business Startups Act allows private offerings to non-accredited investors and takes away the ban on public solicitation of offerings. Other countries are drafting similar legislation in order to find the right balance for disclosure and funding limits that suit the founders, backers, and the online platforms (Beaulieu et al. 2015; Cumming & Johan 2013)

crowdfunding trend is changing how, why and which ideas are brought into existence, as the general public now are able to enter the market as investors by visiting online crowdfunding platforms and thus having a greater power in deciding which new products and services should become available on the market. Using the crowd as a source of capital also brings the benefits of being able to use the crowdfunding investors for ideas, feedback and word of mouth (Stanko & Henard 2016). Hence, crowdfunding allows innovating entrepreneurs to receive capital while still in the product development process, meanwhile building brand awareness and reaching out to additional investors and consumers through the different platforms (Stanko & Henard 2016).

The research within the field of crowdfunding is still fairly limited despite its growing popularity (Belleflamme et al. 2014; Mollick, 2014; Stiver et al. 2015), and the implications for social entrepreneurship within the context of crowdfunding has been little academically written about (Agrawal et al. 2010; Belleflamme et al. 2010; Lehner 2013; Ward & Ramachandran 2010). Deepening the understanding of crowdfunding is considered particularly important for social entrepreneurship, where traditional providers of financing have proven to be below average or sometimes even insufficient, in starting and sustaining growth in the various forms of social entrepreneurship (Agrawal et al. 2010; Brown & Murphy 2003; Fedele & Miniaci 2010; Ridley-Duff 2008). Social entrepreneurship refers to the use of the techniques by e.g. start-up companies and entrepreneurs to innovate, develop, fund and apply solutions to environmental or social issues (Van Slyke & Newman 2006). The reason social entrepreneurship often has a harder time receiving funding than other types of entrepreneurship is because the traditional investors consider them to have unclear and sometimes dichotomous objectives, torn between the social and commercial (Dacin et al. 2010; Moss et al. 2011). Also, social entrepreneurship is considered to have unfamiliar organizational structures, which is difficult for the traditional lenders and investors to understand, as well as other barriers of e.g. the management lacking business experience, hindering the communication between the investors and social entrepreneurs (Brown & Murphy 2003). Furthermore, as backers are keener to look at the ideas and core values of the firm, rather than the collaterals or business plans more commonly sought after by traditional investors, crowdfunding may be the ultimate answer to the financing needs of social ventures (Lehner 2013). Conclusively, previous research has considered crowdfunding an alternative financing method in general, and suggested potential factors that are important to make a crowdfunding campaign successful (Belleflamme et al. 2010; Belleflamme et al. 2014; Mollick 2014; Schwienbacher & Larralde 2010).

1.2. Scope of research and research question

Previous research has reported the importance of crowdfunding in a social entrepreneurship context, for its multidimensional potential in successfully raising money for a good cause (Lehner 2013). However, most research done within this field is concerned with donation-based crowdfunding (Lehner 2013), hence leaving e.g. reward-based crowdfunding in the context of social entrepreneurship sphere unexplored. In addition, crowdfunding may offer a solution to the need for an alternative method of funding and financing the social entrepreneurship, as it innovatively combines the existing factors of e.g. social media platforms, the opinions and values of the general public, as well as alternative reward systems (Drury & Stott 2011; Reyes & Finken 2012). Thus, with crowdfunding possibly being the ultimate solution to the financing need for social entrepreneurship, it is important to deepen the understanding of what the influential success factors for a social crowdfunding campaign are. The aim of this study is to contribute to the gap in current literature by investigating success factors for reward-based social entrepreneurial crowdfunding campaigns. The

overarching research question for this study is derived from the detected gap in current literature and stated as:

What factors influence the success of social entrepreneurial crowdfunding campaigns?

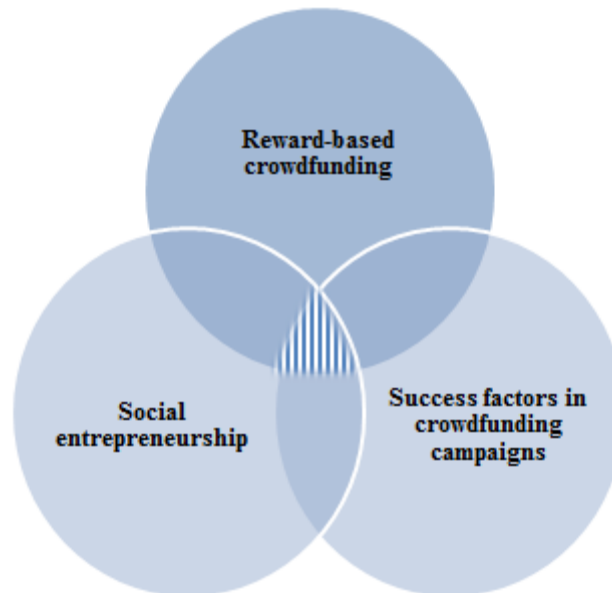


Figure 1 - Detected gap in current literature

1.3. Delimitations

Crowdfunding exists in different forms, i.e. reward-based, donation-based, equity-based, and lending-based, and the authors found it necessary to delimitate the study to one type of crowdfunding as different value outcomes for the investors might be included in the motives for backing that particular project. Research has stated that the diverse forms of crowdfunding are different in terms of e.g. minimum amount of money invested, investors' demography, and the return of the investment. Thus, the authors of this thesis choose to focus on reward-based crowdfunding for social entrepreneurship, although previous research has suggested that donation-based crowdfunding is the most common for social ventures (Lehner, 2013). Hence, the aim of the thesis will be to investigate what the success factors are for reward-based social crowdfunding campaigns.

Additionally, crowdfunding platforms worldwide offer a variety of different compositions of crowdfunding, e.g. fixed or flexible funding, and the researchers found it necessary to delimitate the study in this aspect as well. Hence, the collected data will be limited to campaigns offering the same value to the investors, i.e. reward-based and fixed crowdfunding. Moreover, as there are numerous crowdfunding websites and platforms that are active internationally, the researchers have chosen to collect data from one platform focusing on social entrepreneurship only. Consequently, the data was collected from the StartSomeGood platform which made it possible for researchers to control for e.g. website traffic, so that the coherence in data quality was established across the observations. In addition, StartSomeGood has certain social criteria that a campaign must meet for it to be posted on their website, therefore, this site seemed particularly suiting for the purpose of this study. Moreover, the platform offers only reward-based and fixed form of crowdfunding which further supported the choice.

Furthermore, since the researchers of this study want to identify what factors to include in a social crowdfunding campaign in order to increase the likelihood of success, the focus is on factors that are under the fund-seekers' control (Hekman & Brussee 2013). For example, campaign factors such as *tipping point goal* is under the fund-seekers' control, while *number of backers* and *shares on social media* lies under the control of the backers (Hekman & Brussee 2013).

1.4. Expected contributions and managerial importance

As Beaulieu et al. (2015) predict crowdfunding to alter the institutionalized process of raising capital, and estimate it to be an innovation that will democratize entrepreneurial funding, the aim of this study is to contribute to the research field of social entrepreneurship in the context of crowdfunding where the researchers found a gap in current literature. The researchers saw the importance in deepening the understanding of this alternate form of funding for social entrepreneurs, as they have been found to face difficulties in receiving funding from the traditional financial providers. This research will primarily contribute to the field of reward-based and fixed forms of social crowdfunding, and the researchers hope to provide knowledge and insights about important success factors to consider when designing and launching a reward-based and fixed social entrepreneurial crowdfunding campaign, in order to facilitate for the social entrepreneurs to receive this alternate type of funding. In addition, the intermediary platforms, and especially StartSomeGood, can benefit from this study as it provides indications of how to improve the outline of the platform to further facilitate for the campaigns to succeed. However, the researchers are aware that influential factors for the success of a social campaign can vary with e.g. what industry it belongs to, what type of crowdfunding it has, and from where it originates. Thus, the researchers believe that this study can work as a springboard for further research within this area as well.

2. Literature review

The literature review of this thesis is presented in accordance with Figure 2 below, where the reader gets acquainted with the various theories from a general to a specific point of view. Firstly, theory about social entrepreneurship will be introduced and the definition it has been appointed throughout this thesis will be communicated. Secondly, crowdfunding and its various forms will be explained as well as the background to its existence. In addition, the reader will get familiarized with the crowdfunding ecosystem where, among others, the role of backers and fund-seekers is explained to give a wider understanding of the different actors operating in the crowdfunding context. Lastly, there will be an overview of the different success factors written about in previous literature which have been used in this thesis to build the ten propositions. The literature review ends with an explanation of the ten propositions that have been developed for this study.

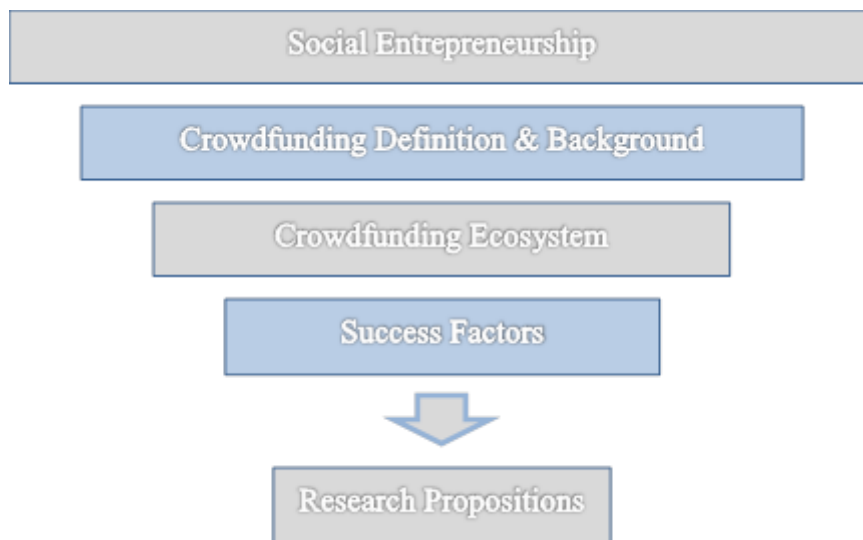


Figure 2 - Literature review funnel

2.1. Social entrepreneurship

Social entrepreneurship is gaining in popularity as it is attracting attention, investments and a growing amount of talents, but still there is ambiguity to its meaning (Bornstein 2004; Dees 1998; Light 2006; Martin & Osberg 2007). Many associate social entrepreneurship with non-profit organizations starting a for-profit venture, while others define business owners who integrate corporate social responsibility into their business as social entrepreneurs (Dees 1998; Light 2006). Hence there is wide span of definitions for the same term. In order to grasp the concept of social entrepreneurship it is important to understand the realm in which it exists, and in order to give a definition of the concept, one can start by looking into the roots of the concepts “social economy” and “entrepreneurship”.

Probably the greatest difficulty in understanding social entrepreneurship is to define the boundaries of what is meant by *social*. The social economy is mostly described as a third sector existing between the private and public sector where non-profit organizations, cooperatives, social enterprises and charities exist. However, the meaning of the term social economy has been disputed and authors use different definitions such as citizen sector, third sector, independent sector and non-profit sector to name a few (Bornstein 2004). Leadbeater (1997) and Palmås (2003), however, refrain from using terms such as social economy and non-profit organizations when discussing the context of social entrepreneurship, and merely point out that social entrepreneurs work somewhere between three fundamental pillars

(Leadbeater 1997; Palmås 2003). Emami (2012), also, adds to that classification by defining social economy, where social entrepreneurs exist, as:

“the complex intersectional of markets, governments and communities” (p.402).

Leadbeater (1997) further explains that the private sector is the first pillar, with its profit sharing and limited owner responsibility, and it is the pillar that produces and creates the most value. The second pillar is the public organization which takes stakeholders into account, regulates and is managed politically. The third pillar is the voluntary sector which motivates people and communities to engage in various activities. Leadbeater (1997) illustrates how social entrepreneurs can operate across the three different pillars, something business entrepreneurs cannot.

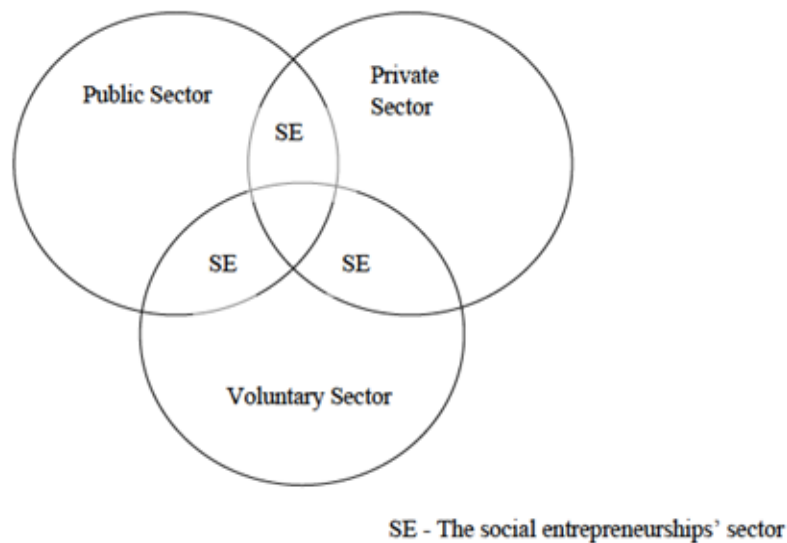


Figure 3 – Sources of social entrepreneurship (Leadbeater 1997, p.10)

Moreover, the origin of the word entrepreneur comes from the French word “Entreprendre” which means to undertake in the sense of undertaking e.g. a project (Dees 1998). The French economist Jean- Baptiste Say described an entrepreneur, in the early 19th century, as one who moves economic resources out of an area of lower productivity and into an area of higher productivity (Martin & Osberg 2007). More specifically, it identifies the individuals who, by finding new and innovative ways of doing things, stimulate progress in the economy (Baron 2006; Dees 1998). In other words, the entrepreneur creates value for himself and the economy as he finds opportunities that emerge from a complex pattern of changing conditions and create value out of that confluence of conditions (Baron 2006).

A difference between social entrepreneurship and business entrepreneurship lies within the value proposition itself (Martin & Osberg 2007). Both are motivated by the opportunity of pursuing a vision and realizing their idea, which in turn results in value for different sectors of the society. The business entrepreneur wants to serve markets and has a value proposition that creates financial profit for shareholders. His value creation is linked to his market success or failure as he is constantly subject to market disciplines, consequently, if he does not create value within the market, he will be driven out of business (Dees 1998). The social entrepreneur, in comparison, has a social mission which aims at gaining transformational benefit for the society and wealth is often just a means to an end (Martin & Osberg 2007; Dees 1998). Hence, a controversial issue in literature is whether social entrepreneurship is an independent field of research or if it is a subcategory of entrepreneurship (Dees 1998). Many

of the terminology and concept used have their roots in entrepreneurial literature which could be interpreted as if the social context only provides a new and unusual setting to already existing entrepreneurial activities (Bornstein 2004; Dees 1998). However, many consider it very difficult, if not impossible, to quantify the socio-economic, environmental and social effects the social entrepreneurs have on society, and as such, it can be argued that a comparison with the business entrepreneurs' value creation cannot be done. Authors have, previously, emphasized the non-profit nature of social entrepreneurial activities as a feature of social entrepreneurship (Austin et al. 2003; Light 2006) but it can be argued that social entrepreneurship can take place equally well on a non-profit basis as on a for-profit basis. Whether social entrepreneurs choose either or depends on the business model and the specific social needs addressed (Martin & Osberg 2007).

Light (2006) mentions that social entrepreneurs are often defined as pattern-breaking individuals who are risk-takers and who, against all odds, create value for the society. The problem with such exclusive definition is that it leaves out many of the existing non-profit ventures and non-profit organizations that already exist and who are engaged in pattern-breaking changes, e.g. reduction of poverty and disease control, and already create value for the society. In this study, the authors want to cover a larger spectrum of social entrepreneurship and will therefore follow Light's (2006) definition of social entrepreneurs as it incorporates many different aspects of what a social entrepreneur can be. In this study, the social entrepreneur is:

“An individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, non-profits, and businesses do to address significant social problems” (Light 2006, p.17).

In this definition, there are basic assumptions as to what defines a social entrepreneur which are directly important for the scope of this research (Light 2006). Firstly, a social entrepreneur is not always an individual but can also be a smaller group (Light 2006). This aspect is important since many of the fund-seekers on StartSomeGood are two or more. Also, it takes the focus from the individual and directs it towards the idea rather than the process (Light 2006). In addition, it entails that the level of social entrepreneurial activity varies greatly which is an important aspect when discussing crowdfunding as the amount asked and pledged varies greatly one project to another. Also, the intensity of social entrepreneurship can ebb and flow over time (Light 2006). Meaning that changes in the political, social, economic setting might create pauses or stops in the entrepreneurial activity, which is also applicable on the crowdfunding environment. Lastly, it entails that social entrepreneurial business or projects sometimes fails which crowdfunding projects evidently can do as well (Light 2006). This definition is in line with the criteria all social campaigns on StartSomeGood must meet in order to launch their campaign.

2.2. Crowdfunding

2.2.1. Definition and background

As previously mentioned, entrepreneurial start-up firms are facing difficulties in securing financing from the traditional financial providers, such as e.g. banks or venture capitalists (Berger & Udell 1995; Cassar 2004; Cosh et al. 2009). The main reasons for this is the fact that entrepreneurs of new ventures often lack cash flow guarantees, has little or no collateral and that there is information asymmetry between the entrepreneurs and the potential investors (Belleflamme et al. 2014; Cosh et al. 2009; Schwienbacher & Larralde 2010). Consequently, new ventures often remain unfunded (Belleflamme et al. 2014). A new type of financing has emerged as a response to the difficulties in receiving funding from the traditional financial

providers, i.e. *crowdfunding*, where the entrepreneurs have the opportunity to turn to the crowd to raise capital instead (Belleflamme et al. 2014; Mollick 2014). Crowdfunding originates from the broader concepts of *crowdsourcing*, where the general public is used to receive feedback, obtain ideas, and solutions to develop organizational activities, and *microfinance* where individuals considered to be socially or economically disadvantaged and unable to secure traditional financing are lent small amounts (Belleflamme et al. 2014; Gerber & Hui 2013; Kleemann et al. 2008; Mollick 2014; Morduch 1999). Instead of using the crowd merely as a source of new ideas, crowdfunding aims to raise capital by tapping into the larger audience through online communities and social networks (Belleflamme et al. 2014; Kleemann et al. 2008). Meaning that the large and widespread audience, referred to as “the crowd”, is encouraged to give (generally) small sums of money to fund a new project or venture (Lehner 2013). As mentioned earlier, crowdfunding exists in different forms and can be divided into four types, i.e. reward-based, donation-based, equity-based, or lending-based, and the difference between the various forms of crowdfunding is that they offer different value outcomes to the investors in exchange for campaign funding (Belleflamme et al. 2014; Bretschneider 2014). The different types of crowdfunding are providing alternatives to the traditional sources of capital and are argued to provide the advantages of customer loyalty, faster access to the requested capital, and most importantly the ability to test the concept with the future consumers as judges (Karish & Muralidharan 2014; Valanciene & Jegeleviciute 2013).

Furthermore, the availability of internet and the technological development are important factors facilitating the access to the crowd, as it enables entrepreneurs to encourage individuals all over the world to provide capital and financing towards their projects (Belleflamme et al. 2014; De Buysere et al. 2012; Schwienbacher & Larralde 2010). There are an increasing number of so called crowdfunding platforms available worldwide, which are internet-based websites designed to connect fund-seekers to backers with the aim to enable the funding of a specific campaign (Belleflamme et al. 2015). In addition, the raising of capital through such intermediary platform is referred to as “indirect crowdfunding”, while using other means in order to directly request financial support from a specific crowd without using an intermediary crowdfunding platform is referred to as “direct crowdfunding” (Schwienbacher & Larralde 2010). One of the most commonly used definition of crowdfunding is an extension of the definition of crowdsourcing that was provided by Kleemann et al. (2008), and is described as:

“an open call, mostly through the Internet, for the provision of financial resources either in form of donation or in exchange for the future product or some form of reward to support initiatives for specific purposes.” (Belleflamme et al. 2014, p.588; Schwienbacher & Larralde 2010, p.371).

However, this extensive definition of crowdfunding is potentially leaving out examples that researchers in various fields have categorized as crowdfunding, including e.g. fundraising efforts started by fans of a music group (Burkett 2011) and peer-to-peer lending over the internet (Lin & Viswanathan 2015). Furthermore, crowdfunding can be described as the financing of a venture or a project by a group of individuals instead of professional parties such as business angels and venture capitalists (Schwienbacher & Larralde 2010). Although, banks theoretically already act as intermediaries between people who have and who need money, thus individuals do already finance investment indirectly through their savings in the banks. As a contrast, crowdfunding is a way to raise money directly from individuals, without any intermediary except from a potential crowdfunding platform if not conducted directly through e.g. internet (Schwienbacher & Larralde 2010). In line with this discussion, Mollick (2014, p.2) defines crowdfunding as:

“...the efforts by entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries”.

This paper chooses to define crowdfunding in accordance with Mollick (2014), based on the discussion in the previous paragraph.

2.2.2. Types of crowdfunding

Reward-based crowdfunding

In reward-based crowdfunding, the backers of a campaign get offered a variety of different rewards in exchange for their support. The rewards are not financial but tangible and include both products and services that are provided normally at a later stage of the campaign (European Commission 2015). In this model, the fund-seekers are characterized as the creators or campaign founders, and backers are regarded as early customers or co-creators rather than investors (Frydrych et al. 2014). Also, the rewards normally include “pre selling” of the product or service similar to pre-ordering a product from traditional e-commerce marketplaces, which allows the fund-seekers to gather their potential consumers prior to the actual launch of the product, and develop a zero-cost capital management technique which permits growth in the early stages of the business (Frydrych et al. 2014; Mollick 2014). The difference however, is that the backers usually pay more than they would on a traditional online pre-order marketplace and take on a higher risk (Belleflamme et al. 2014).

Donation-based crowdfunding

Donation-based crowdfunding refers to the type of funding where the investor supports an initiative or project without receiving any form of monetary return on the investment (Harrison 2013; Mollick 2014). Fund-seekers of donation-based campaigns rely on the social and intrinsic goals of the investors to support the e.g. social good of the project (Beaulieu et al. 2015). The types of campaigns aiming to receive donation-based funding are often art or humanitarian projects, where the non-profit and charitable sectors are most commonly targeted (Harrison 2013). This type of crowdfunding put the fund-seeker in a philanthropist position with little similarity to the traditional rational investor’s way of behaving (Mollick 2014; Schwiendbacher & Larralde 2010). Barack Obama’s presidential campaign in 2008 is a popular example of a successful donation-based crowdfunding campaign (Dushnitsky & Marom 2013).

Equity-based crowdfunding

Equity-based crowdfunding is when the backers of a project gets offered a share of the project’s future earning or a stake in the future business in exchange for capital (Harrison 2013). This type of crowdfunding is similar to the traditional methods of venture capital, private equity and business angel investing (European Commission 2015). Hence, this type of crowdfunding is highly regulated, in the same way as the traditional financial instruments as it encompasses the sale of a security, financial product or an interest brought about by an investment scheme (Mollick 2014). The equity-based crowdfunding has had a rapid growth in recent years and is expected to continue this positive development, mainly due to the new legislations in the US through the JOBS Act of 2012 (Beaulieu et al. 2015). In addition, the additional regulations of this kind of crowdfunding results in the backers of an equity-based crowdfunding campaign getting closer ties to the future business in form of e.g. the right to information or voting rights.

Lending-based crowdfunding

In lending-based crowdfunding the fund-seeker of a campaign gets the alternative to raise funds in forms of a loan agreement, which are supposed to be repaid in the future either interest free or in addition to a potential interest rate (European Banking Authority 2015). As

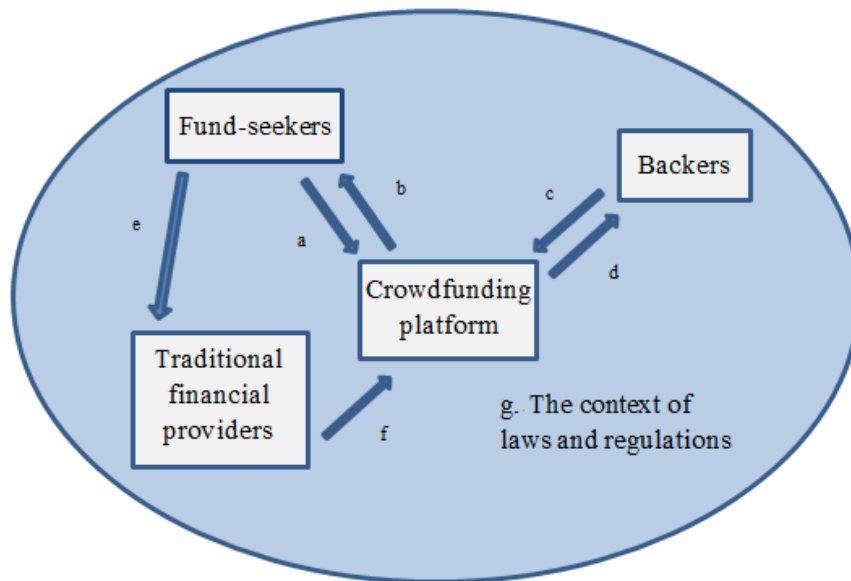
the method is similar to the traditional financing through a bank loan, the lending-based crowdfunding is considered a direct alternative to such funding (European Commission 2015). Furthermore, lending-based crowdfunding is considered to focus more on the business development rather than product development (Harrison 2013). The backers commonly expect a return on the investment but, as mentioned previously, whether it is interest bearing or not depends on the variant of the model (Harrison 2013). Moreover, this kind of crowdfunding has the closest similarities to the previously discussed concept of microfinancing, as the campaigners often have had difficulties in receiving capital from the more conventional channels (Armendáriz & Morduch, 2010; Morduch, 1999).

2.2.3. Crowdfunding schemes

As mentioned in the introduction, crowdfunding platforms offer a variety of different compositions of crowdfunding, e.g. fixed or flexible funding. Meaning that there are usually two different funding schemes offered by the crowdfunding platforms, i.e. the “all or nothing” (fixed) approach or “keep what you get” (flexible) approach (Harrison 2013). The “all or nothing” scheme is the most popular approach and means that the crowdfunding goal must be reached or surpassed; otherwise the pledged capital is not transferred to the fund-seeker, and goes back to the backers (Harrison 2013). Some platforms offer the “keep what you get” scheme, meaning that the fund-seeker gets whatever amount is pledged when the campaign ends, even if the goal is not reached (Harrison 2013).

2.3. The crowdfunding ecosystem

In order to understand how crowdfunding works, it is important to get to know the different actors in the crowdfunding landscape (Beaulieu et al. 2015). The actors, or stakeholders, can be described as individuals or a group that is affected by, or can affect, the ecosystem (Laplume et al. 2008). By utilizing a stakeholder approach, there will be a review of the major participants in the crowdfunding ecosystem and what they contribute to and expect from the system, as seen in *Figure 4* (Beaulieu et al. 2015). In addition, the objectives for engaging in crowdfunding will be explained for the three directly involved actors, i.e. the online crowdfunding platforms, the fund-seeker and the backers (Agrawal et al. 2014).



- a: A fund-seeker posts their idea/project on a crowdfunding website.
- b: The crowdfunding platform provides space to describe the project and features such as the ability to post a video, communicate with backers, tools to analyze traffic to the project page, and integration with third party payment processing systems to distribute funds to fund-seekers.
- c: Backers use the crowdfunding website to explore projects and decide whether to contribute.
- d: The website providers allow communication between the backers and the fund-seekers and provide secure payment processing system to collect the funds from the backers
- e: Fund-seekers will continue to use the traditional capital markets for some projects.
- f: Traditional financial providers will turn to crowdfunding websites in some instances: for example, to validate whether a market exists and explore different price points
- g: All crowdfunding activity occurs in the context of laws, regulations, and ethics.

Figure 4 – Crowdfunding Ecosystem (Beaulieu et al. 2015, p. 6).

2.3.1. Online crowdfunding platforms

As mentioned previously, online crowdfunding platforms are internet-based websites that allow campaigners to reach out to numerous funders, i.e. backers, to receive financial support for their projects (Belleflamme et al. 2015). Aside from providing a platform where the fund-seekers and backers can meet, the crowdfunding platforms facilitate the communication between the different parties through e.g. comment sections. There are also links to social network websites available, most commonly Facebook and Twitter, so that backers can easily promote projects on their social media accounts. In addition, the crowdfunding platforms provide secure payment processing to its backers, and act as an intermediary, rule enforcer and distribution channel (Gelfond & Foti 2012; Gerber & Hui 2013; Ordanini et al. 2011). Hence, they are both controllers and creators in the crowdfunding process and work to ensure that the process is efficient for the fund-seekers and the backers, as well as all interaction

between the different actors in the crowdfunding ecosystem (Agrawal et al. 2014; Beaulieu et al. 2015). Furthermore, crowdfunding platforms are principally for-profit businesses, and most of them use a revenue model that is based on a percentage transaction fee of the total funding amount for successful projects (Agrawal et al. 2014). Thus, the objective of a crowdfunding platform is to maximize the size and number of successful crowdfunding campaigns (Agrawal et al. 2014). Aside from attracting a large community of fund-seekers and backers, and facilitating the matching between the projects and financing, the crowdfunding platforms also have an incentive to attract campaigns that can generate substantial media attention as it expands the existing community of backers, and allows the platform to grow into new categories (Agrawal et al. 2014).

2.3.2. Fund-seekers

The crowdfunding literature today uses a variety of terms to describe the individuals who campaign on a crowdfunding platform to receive financial support, e.g. creator, entrepreneur, firm, founder, and startup, to name a few. In this paper, the term “fund-seeker” is used as a collective name to describe these individuals or group of individuals. The fund-seeker’s role in the crowdfunding ecosystem is to promote and raise awareness of the campaign to attract financing from the crowd (Beaulieu et al. 2015). According to Agrawal et al. (2014), there are two main incentives for fund-seekers to choose crowdfunding as a mean to raise capital, i.e. the lower cost of capital and the access to more information. Traditionally, fund-seekers get the early-stage investments to their campaigns and ventures from sources such as e.g. personal credit cards, home equity loans, personal savings, friends, family, angel investors, and venture capitalists (Agrawal et al. 2014). Crowdfunding may enable the fund-seeker to gain access to capital at a lower cost as the crowdfunding platform provides better matches where individuals who have the highest willingness to pay for e.g. pre-ordering of the future product are available at a global rather than local scale (Agrawal et al. 2014). It also allows the fund-seekers to bundle the sale of equity with other rewards they wish to offer instead, as they can sell goods that are otherwise difficult to get early-stage funding for in the traditional markets. Also, crowdfunding is argued to generate more information than traditional sources of early-stage funding, and this information can increase the backers’ willingness to pay, and in turn lower the cost of capital for the fund-seekers. In addition to the effect the availability of information might have on the cost of capital, there are other benefits in the availability of more information for the fund-seekers. For example, crowdfunding can be considered a particularly informative kind of marketing research as backers in e.g. reward-based crowdfunding get early access to the product and serve as an informative signal of post launch demand (Agrawal et al. 2014). This can lead to a higher rate of success among launched products as the quality of the market signal increases (Ding 2007). Also, crowdfunding provides the fund-seekers with a platform where they can receive input and feedback on their product or business idea from investors and backers (Agrawal et al. 2014).

2.3.3. Backers

In literature, the individuals who invest in and contribute with money to the different crowdfunding projects are referred to as e.g. crowdfunders, funders, investors, backers, lenders, and consumers, to name a few. This paper is going to refer to them as backers, since they do not only contribute with money to the crowdfunding campaigns, they also play a role in providing feedback, testing the market and distribute information about the projects through e.g. their social media accounts (Beaulieu et al. 2015). The motives for individuals supporting a project financially through crowdfunding have been studied and backers are considered to be fairly heterogeneous in their incentives. As it exists different types of crowdfunding, the incentives may vary but most commonly it comes down to intrinsic

motives, social status and access to investment opportunities (Agrawal et al. 2014; Lin et al. 2013). Some backers might pledge money to get access to new products while others have altruistic or philanthropic motives in supporting projects that give them a sense of self-affirmation, or simply to be able to take part in the social network of backers (Agrawal et al. 2014; Gerber et al. 2012; Ordanini et al. 2011).

2.3.4. The traditional sources of capital

The existing literature on traditional funding methods today focuses primarily on four different types of funding for entrepreneurial startups, i.e. bank loans, venture capital, angel investors, and public grants (e.g. Berger & Udell 1995; Kleemann et al. 2008; Lambert & Schwienbacher 2010). As mentioned earlier, it is known to be difficult for entrepreneurial startup firms to receive funding from these traditional financial providers (Berger & Udell 1995; Cassar 2004; Cosh et al. 2009). Beaulieu et al. (2015) predict crowdfunding to alter the institutionalized process of raising capital as it is an innovation that will democratize entrepreneurial funding. However, there is still a question of what the impact of crowdfunding will be on the traditional funding stakeholders, whether it will replace or be embraced by this group. So far, the latter seems to be the case as many projects that are considered not appropriate for traditional funding get the capital they need from crowdfunding (Levin et al. 2013; Macht & Weatherston 2014; Manchanda & Muralidharan 2014). Traditional funding was never an option for these projects and crowdfunding does enlarge the market rather than replacing the traditional sources of capital. In addition, crowdfunding can be considered a value-added step in the eyes of traditional sources of financing, and a tool in finding new markets. For example, according to Burns (2013), business angels or venture capitalists can use successful crowdfunding projects as an indication of potentially important investment opportunities.

2.3.5. The context of laws and regulations

To conclude the ecosystem seen in *Figure 4*, Beaulieu et al. (2015) discusses the regulations and ethical aspects encompassing the crowdfunding landscape and its stakeholders. Some unique regulatory and ethical situations are bound to occur due to the global reach of crowdfunding, where the platform can be in one country, the fund-seeker in a different country, and the backers in a third country. When traditional sources of funding such as e.g. venture capitalists are responsible for the investments, the legal and ethical issues would normally be addressed as a part of the selection process. However, with the crowd as financial providers, this is not feasible in the same way, consequently leading to internal control being bypassed (Beaulieu et al. 2015).

2.4. Success factors in crowdfunding campaigns

The factors that influence the success of a crowdfunding campaign, and the level of funding a campaign will receive, have been explored by previous researchers and can be read about in crowdfunding literature (e.g. Mollick 2014). These factors of success mostly explore how the fund-seeker's skills, location, and network can influence the fund-seeker's ability to receive funding, and even if there are a few aspects that are out of the fund-seeker's control, many can be managed by the fund-seeker to reach maximum success (Mollick 2014).

Previous researchers has found that a longer crowdfunding campaign, does not perform better than a shorter campaign in relation to how much funding is received (Frydrych et al. 2014 & Mollick 2014), among others. The longer the campaign is running, the more likely it is to experience an extended stagnation in the middle of the run-time, which can be damaging to any momentum the campaign has picked up by that point (Simonton 2017). It is also said to be less likely for a crowdfunding campaign to succeed with a high funding goal (Marelli &

Ordanini 2016; Mollick 2014). Furthermore, previous researchers have investigated what role the rewards play in a campaign's success, and found that successful campaigns are generally more likely to have a higher number of reward categories than unsuccessful ones (An et al. 2014; Kuppuswamy & Bayus 2014). In addition, Wechsler (2013) suggests that the most popular rewards are products rather than services or gestures, and even though rewards are common, they are not always the highest incentives for the backers to invest. Also, when a fund-seeker is providing backers with updates about the campaign's advancements, especially in the last week of the campaign, it tends to increase the likelihood of reaching the funding goal (Kuppuswamy & Bayus 2014; Qui 2013). Moreover, many of the studies on success factors in crowdfunding look at the correlation between belonging to a certain category and success. Crosetto and Regner (2014) for instance, found that categories related to technology and games were often successful to a greater extent, and that campaigns within the categories of music and film were more often unsuccessful.

The prominence of having a large network and portraying trust has been highlighted by researchers such as Agrawal et al. (2010), Kuppuswamy and Bayus (2014) as well as Mollick (2014), who state that having back-up from friends and family, as well as building trust with the crowd, is essential to succeed with the funding. Ordanini et al. (2011) further mention that the first investor is often a friend, family member or a relative, and Conti et al. (2013) argue that such given investments can signal to the backers that there is an entrepreneurial commitment to the venture. In addition to family and friends, the fund-seeker's social networks, e.g. Twitter, play a big role in the success of the campaign, as the fund-seeker can easily share information. This is argued to create a snowball effect, and thus increasing the project's likelihood of success (Lin et al. 2013; Mitra & Gilbert 2014; Mollick 2014). Also, it makes it easier to reach out to potential unknown backers through e.g. the Facebook sharing option (Bechter et al. 2011; Mollick 2014). Such networks are especially important to have at the beginning of the campaign due to the positive relationship between early contributions and success (Colombo et al. 2015). If, however, the fund-seeker does not have a large network to share the campaign with, it is important to actively invest in various campaigns on the crowdfunding platform as backers react positively to fund-seekers who are crowdfunding other campaigns themselves. It sends out a message of reciprocity which signals a willingness to give back to the community (Althoff et al. 2014; Colombo et al. 2015).

Agrawal et al. (2011) further emphasize the difference existing between traditionally-funded entrepreneurs and crowd-funded entrepreneurs when discussing the impact geography has on their success. Crowdfunding platforms have removed many of the distance-related economic friction that can normally be seen in early stage entrepreneurial projects, such as monitoring progress, providing input, or acquiring information. However, crowdfunding has not removed the friction regarding the entrepreneur's characteristics such as tendency to persevere or ability to recover from setbacks (Agrawal et al. 2011). This creates information asymmetry between the backers and the fund-seeker, which pushes the backers to find information elsewhere. Hence, backers tend to take on a herding behavior where they base their investment decision on what other backers have done before, making the first pledges done by friends and family especially vital (Belleflamme et al. 2013; Burtch et al. 2013; Colombo et al. 2015; Herzenstein et al. 2011; Smith et al. 2015).

Previous research argues that there is a need for efficient and clear communication from the fund-seekers with the crowd (Schwienbacher & Larralde 2010). Such communication is done in the overall presentation of the campaign via images, videos, layout, language techniques, and rhetoric used in the campaign, making it central to have a campaign that displays quality in these areas (Allison et al. 2015; Lins et al. 2016; Mitra & Gilbert 2014; Mollick 2014; Segelmark & Ociczek 2014). Consequently, common errors such as spelling errors or

grammar mistakes should be avoided to a maximum as it will reduce the quality of the campaign (Mollick 2014). Research has also stressed the significance of including a video when launching a crowdfunding campaign. Segelmark and Ociecek (2014) emphasize the importance of using the right rhetoric and filming strategies, enhancing the video quality to attract potential backers. In addition, in the preparatory material for fund-seekers, StartSomeGood describes the video as “the single best way for [fund-seekers] to make a human connection with [their] supporters” and have therefore made the video a prerequisite on their website (StartSomeGood 2017a).

Moreover, prepared fund-seekers with a concrete plan for their campaign tend to provide a campaign of higher quality which is appreciated by website visitors and results in higher funding targets and success (Mollick 2014; Schwienbacher & Larralde 2010; Segelmark & Ociecek 2014). Lins et al. (2016) also highlight the possibility of self-promotion by incorporating positive language in the campaign. The results in their study show that the use of positive language in the campaign description has a significant effect on the likelihood of success, and on the number of backers. The positive language promotes revolutionary ideas and expresses the fund-seeker’s enthusiasm, which has found to be appealing to backers who are receptive to such positive language patterns. It is especially interesting when compared to traditional financiers who only react to positive language patterns up to a certain point due to their financial and industry experience (Lins et al. 2016). In addition, Stuart et al. (1999) discuss how endorsements from external sources, or recommendations from friends, family and acquaintances, can increase an entrepreneur’s trustworthiness. The same is applicable in the context of crowdfunding, and when a campaign is getting endorsed by a trusted third-party, the fund-seeker can reduce uncertainties and signal quality and commitment towards the backers (Lin et al. 2013; Qui 2013).

Additionally, Huili and Zhang (2014) found that a campaign’s success in term of how much money had been raised at the end of the funding period was influenced by trust, information quality, and social network as backers are more prone to invest in fund-seekers they trust or have a personal relationship with, even if, the relationship is geographically distant (Gerber & Hui 2013). Further psychological studies suggest that people of high status receive help more often than people of lower status, which is a statement sometimes applicable on crowdfunding theory (Althoff et al. 2014). Also, Marom et al. (2015) state that female fund-seekers generally enjoy higher rates of success in crowdfunding than their male counterparts, due to females being more risk averse and setting their funding goals lower than men (Marom et al. 2015). Furthermore, Althoff et al. (2014) investigated the impact a sense of urgency had on the success of a project. Psychological theory suggests that urgent requests are met more frequently than non-urgent requests, and the authors thus examined whether it could be applied on altruistic requests. The results of their study showed that clearly expressed needs are more likely to succeed, and that including additional support in form of e.g. images to emphasize the urgency further influences the chances of success (Althoff et al. 2014).

2.5. Research propositions

This study investigates a range of factors affecting the success of a crowdfunding project, in accordance with the overarching research question:

What factors influence the success of social entrepreneurial crowdfunding campaigns?

The aim of the study is as mentioned before to add to the current literature gap and provide social fund-seekers with indications of how to successfully crowdfund a campaign. By looking at the previous literature concerning the success factors in crowdfunding campaigns,

the researchers could identify two main themes of factors that might contribute to the success of social crowdfunding campaigns, i.e. campaign and quality factors. Consequently, ten success factors were derived from previous research, and provided the basis for the propositions the researchers want to investigate in this study. The ten success factors found in literature were thereafter translated into independent variables that were collected from the chosen crowdfunding platform. *Figure 5* below depicts what factors are included under the two main themes found in previous studies. The following outline of the propositions will provide the reader with an overview of the underlying previous research and how it is associated with each proposition.

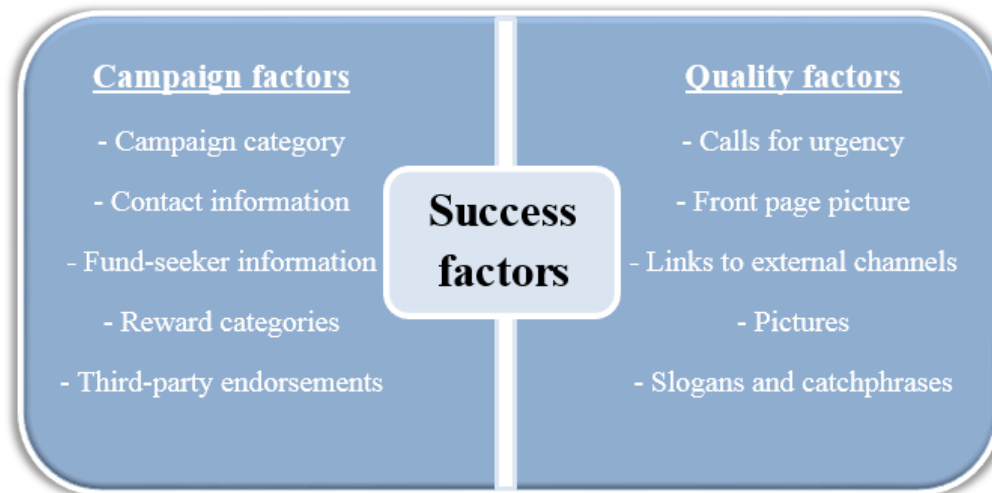


Figure 5 - Success factors and proposition framework

2.5.1. Campaign factors [P1] - [P5]

Most previous research has looked at the correlation between belonging to a certain category and success (Crosetto & Regner 2014). The proposition regarding *campaign category* was developed by the researchers themselves and concerned the StartSomeGood website's alternative of letting social fund-seekers choose up to three categories for their campaign to belong to. The researchers thought that belonging to more than one category would have a significantly positive impact on the outcome of the social campaign, as it broadens the campaign's target audience and backers can access the campaign from many different directions. The proposition regarding *campaign category* will thus be included to expand on existing literature, and the following proposition was constructed;

[P1] Belonging to two or more *campaign categories* significantly influences the success of a social crowdfunding campaign

Furthermore, the literature suggests that having efficient and clear communication with the crowd, and building trust with the crowd, is essential to succeed with the campaign (Ordanini et al. 2011; Schwienbacher & Larralde 2010). The proposition regarding *contact information* adds to this existing literature by testing whether backers are keener on investing in a campaign where the fund-seekers can be contacted directly through e.g an email address listed in the project's description page. Hence, the researchers believe that adding a channel where the backer can contact the fund-seeker will significantly influence the success of the campaign and the following proposition was constructed;

[P2] Including *contact information* in the campaign significantly influences the success of a social crowdfunding campaign.

Previous research argues that there is information asymmetry between the backers and fund-seekers where *fund-seeker information* in crowdfunding is lacking, and backers tend to look for such information elsewhere through e.g. taking on a herding behaviours and base their investment decisions on what previous backers have done before them (Belleflamme et al. 2013; Burtch et al. 2013; Colombo et al. 2015; Herzenstein et al. 2011; Smith et al. 2015). Before investing in a project or venture, traditional investors lay much weight on finding the right entrepreneurial characteristics. Backers, on the other hand, rely more heavily on information revealed in the investment decisions of others, which also lays ground for the herding behavior theory (Agrawal et al. 2011). The researchers in this study believe that having fund-seeker information available will positively influence the success of the campaign, as the backers will not have to look for such information elsewhere, hence leading to the following proposition;

[P3] Having *fund-seeker information* in the campaign significantly influences the success of a social crowdfunding campaign.

In addition, according to previous studies, having a higher number of different *reward categories* increases the likelihood of success, as it brings the possibility of attracting more level of backers - from small-scale hobby investors to large-scale investors (An et al. 2014; Kuppuswamy & Bayus 2013). The proposition concerning *reward categories* follows previous studies, and the researchers believe that having a high number of reward categories is a significant contributor to the success of social crowdfunding campaigns. Thus, leading to the following proposition;

[P4] Having a higher number of *reward categories* significantly influences the success of a social crowdfunding campaign.

The proposition regarding *third-party endorsements* investigates the effect a third-party endorsement can have on the success of a social crowdfunding campaign. When a venture is faced with quality uncertainty, endorsements from an external source or recommendations from experts, friends, family and acquaintances can increase the campaign's trustworthiness and quality perception (Lin et al. 2013; Mollick 2014; Qui 2013). Consequently, the following proposition was constructed;

[P5] Including *third-party endorsements* in the campaign significantly influences the success of a social crowdfunding campaign.

2.5.2. Quality factors [P6] - [P10]

In accordance with previous studies, when fund-seekers emphasize a sense of urgency through either images or expressions in the campaign, their chances of success increases (Althoff et al. 2014). In line with this, the researchers of this study want to investigate if *calls for urgency* significantly influence the success of a social crowdfunding campaign. Thus, the following proposition was constructed;

[P6] Including *calls for urgency* in the campaign significantly influences the success of a social crowdfunding campaign.

To expand on existing literature regarding the pictures' impact on campaign quality, the variable *front-page picture* has been added to this research. The importance of having pictures within the campaign has been discussed in past studies, concluding that they improve quality and facilitate communication between the fund-seeker and the backers (Mollick 2014; Schwienbacher & Larralde 2010). However, on the StartSomeGood platform the front-page picture is not an obliged feature. When backers access the exploring page of the platform,

they see the front-page picture, the end date, the percentage funded and the amount pledged. Consequently, if the front-page picture is missing it may impact the backer's first impression negatively and reduce the overall quality of the campaign, preventing the backer from continuing to the campaign's main page. The aim of this proposition is to investigate whether there is a distinction between the campaigns that have a front-page picture and those that do not, leading to the following proposition construction;

[P7] Including a *front-page picture* significantly influences the success of a social crowdfunding campaign.

As previously discussed, there are no comment section on the StartSomeGood website to facilitate the communication between backers and fund-seekers. Nor are there automatically included links to the fund-seekers' external channels. Such factors have been considered important in previous studies so that the backers can get more information regarding the fund-seekers, the campaign-shares and comments (Mollick, 2014; Mitra & Gilbert 2014; Lin et al. 2013). The researchers believe that including *links to external channels* in a social campaign significantly influence the success of the campaign. Hence, the proposition regarding *links to external channels* is adding to existing literature and was constructed as seen below;

[P8] Having *links to external channels* in the campaign significantly influences the success of a social crowdfunding campaign.

The proposition regarding *pictures* in the campaign has been chosen in line with previous literature, where e.g. Mollick (2014) finds the number of pictures positively correlated with a campaign's success. As stated previously, there is a need for clear communication between the fund-seekers and the crowd (Schwienbacher & Larralde 2010), and such communication can be done with the help of images and pictures portrayed throughout the campaign (Allison et al. 2015; Lins et al. 2016; Mitra & Gilbert 2014; Mollick 2014; Segelmark & Ociecek 2014). Hence, the researchers of this study believe pictures to be a success factor for social crowdfunding campaigns as well, and have constructed the following proposition;

[P9] Including *pictures* in the campaign significantly influences the success of a social crowdfunding campaign.

The variable *slogans and catchphrases* is partially grounded in theory written by Lins et al. (2016), who suggest that the fund-seeker's enthusiasm is important to portray in the campaign. As backers find enthusiasm appealing and are boosted by excessive use of positive language patterns, it increases the number of backers which in turn increases the chances of success. By having bold and fortified words, and slogans and catchphrases, in the campaign, the backers can more easily understand on which parts to focus, the purpose of the campaign, and sense the fund-seeker's enthusiasm. Hence, the proposition regarding *slogans and catchphrases* was constructed as seen below;

[P10] Having *slogans and catchphrases* in the campaign significantly influences the success of a social crowdfunding campaign.

Table of propositions
Campaign factors
[P1] Belonging to two or more <i>campaign categories</i> significantly influences the success of a social crowdfunding campaign.
[P2] Including <i>contact information</i> in the campaign significantly influences the success of a social crowdfunding campaign.
[P3] Having <i>fund-seeker information</i> in the campaign significantly influences the success of a social crowdfunding campaign.
[P4] Having a higher number of <i>reward categories</i> significantly influences the success of a social crowdfunding campaign.
[P5] Including <i>third-party endorsements</i> in the campaign significantly influences the success of a social crowdfunding campaign.
Table of propositions
Quality factors
[P6] Including <i>calls for urgency</i> in the campaign significantly influences the success of a social crowdfunding campaign.
[P7] Having a <i>front page picture</i> significantly influences the success of a social crowdfunding campaign.
[P8] Having <i>links to external channels</i> in the campaign significantly influences the success of a social crowdfunding campaign.
[P9] Including <i>pictures</i> in the campaign significantly influences the success of a social crowdfunding campaign.
[P10] Having <i>slogans and catchphrases</i> significantly influences the success of a social crowdfunding campaign.

Table 1 - Table of propositions

3. Methodology and data

In this chapter, the research strategy will be introduced, along with the data collection process and the sources of data. In addition, the data sample and data quality aspects will be presented and justified. The reader will get further understanding of how the dependent, independent, and control variables have been constructed, and thereafter, the statistical method is presented. Lastly, the limitations are conveyed.

3.1. Research strategy

The researchers choose a quantitative research strategy for the study as it was found suitable when looking at the connection between research and theory. Quantitative research is often characterized by a deductive approach, where theory is put forward at the start of the study (Bahari 2010; Bryman & Bell 2011). As the researchers started by reviewing existing literature and gathered relevant theory to find a potential gap in existing research that required further investigation, a deductive study was conducted (Bahari 2010; Bryman & Bell 2011). As mentioned earlier, a gap regarding crowdfunding and social entrepreneurship was identified, from which the research question was formulated. The propositions were then formulated based on what is known about the subject of crowdfunding and of theoretical considerations in relation to success factors within crowdfunding. Additionally, to make further contributions to existing theory, the researchers built propositions by identifying potentially important success factors based on own observations made when investigating social entrepreneurial crowdfunding campaigns on the chosen crowdfunding platform StartSomeGood.

3.2. Data collection

The primary data used for the statistical analysis was manually extracted observations from the online social crowdfunding platform StartSomeGood as well as a survey that was sent out to the sample's fund-seekers. In its raw form, the data consisted of 1350 campaigns present on the StartSomeGood website at the beginning of the data collection process. Secondary data was collected in form of e.g. peer-reviewed academic articles, reports and books. This data will later provide the basis for the analysis and complement the primary data when discussing the importance for a successful crowdfunding campaign. All secondary sources can be found in the literature review and the references chapter of the report.

3.2.1. The selection of data source

In order to have a high level of comparability between the social crowdfunding campaigns included in the study, the data was collected with certain selection criteria in mind, further described in the following paragraph.

The crowdfunding platform chosen for the data collection is as previously mentioned StartSomeGood.com. This particular platform was chosen mainly due to its social focus, its business model, and its reward-based system. Starting with its social focus, it is listed as one of the largest social crowdfunding websites and home to projects from various categories such as animal rights, education, and environment to name a few. The platform reviews every campaign before launch to certify that all are in pursuit of a social good. If not, they fail the first step of the launching process and will not be posted (StartSomeGood 2017b). Hence, the researchers established that all campaigns on this crowdfunding platform can be considered social entrepreneurial in line with the definition stated in Chapter 2.1., and thus relevant for the study.

Moreover, StartSomeGood has been chosen due to its business model, which sets the standard

for how fund-seekers ought to set up their campaign when asking the crowd for funding. The platform has a business model called the “Tipping Point”-model, which entails that the fund-seekers need to reach or exceed their target goal in order to keep the investments. The fund-seekers decide on a tipping point goal to reach before the campaign’s end date, and if the project does not reach at least 100 % of the funding target at the end of the funding period, the money will be given back to the backers (StartSomeGood 2017c). However, if the tipping point goal is reached or exceeded when the funding period is over, the fund-seekers can keep the money that have been pledged up until that point (StartSomeGood 2017c). Hence, the chosen crowdfunding platform has what can be referred to as an all-or-nothing (fixed) approach, making the determination of what constitutes a successful campaign easier where success can be measured as a campaign successfully reaching or exceeding its tipping point goal.

Lastly, as the researchers had found a potential gap in existing literature regarding reward-based crowdfunding in the context of social entrepreneurship, it was important to find a platform with this crowdfunding type. The StartSomeGood platform is using a reward-based system where backers get a reward for investing money in the projects (StartSomeGood 2017b). This allowed the researchers to collect data from all the campaigns posted on the website as they fulfilled the criteria of reward-based crowdfunding, which was of interest for this study. Rewards can be anything from a written thank you note, a t-shirt, to an invitation to meet the fund-seeker.

3.2.2. Data from crowdfunding platform

As previously mentioned, primary data has been collected manually from the reward-based, social crowdfunding platform StartSomeGood. Before choosing to collect the data manually, the researchers contacted the platform asking for secondary data in form of statistical information, but got a negative response. As many of the variables in this study required human accuracy in order to be collected, data web extraction tools were ruled out. Thus, the researchers in this study decided to gather all information by hand to guarantee that the sample adequately represents the population and that no important variables were missing from the dataset. In addition, the time and energy it would have taken to set up an automated process of data extraction would have been significantly higher than with manual extraction which is an additional reason for the chosen tactic.

All finished projects that have been launched since the platform’s start in 2011 are available on the platform which leaves a complete population for analysis. In addition, the platform had posted on the start page how many campaigns that had been successfully funded so far, allowing the researchers to estimate the success rate of the campaigns posted which was of importance when choosing which platform to collect data from (see *Appendix 8.1.* for the aesthetics and layout of the chosen platform).

Before commencing the data collection process, the researchers made a test collection of ten campaigns where the platform and its campaigns were scanned for all possible variables that could be extracted. In this phase, the researchers extracted all possible variables available through observations on the chosen platform. Thereafter, the extracted variables were compared to success factors mentioned in previous research and categorized accordingly. Additional variables that had not been identified as success factors in previous research were kept and helped formulate additional propositions that could be of relevance for the success of the campaigns, in order make additional contributions to theory (e.g. the campaign categories proposition). Also, the researchers detected variables that could not be extracted through observations on the platform, which only could be collected with the help of the fund-seekers through a survey.

When the variables that could be collected through observations on the StartSomeGood platform were established, the first round of data collection was set up as a test to see how long the collection of all variables would take. The researchers estimated that to collect all identified variables from one campaign - it would take an average of 15 minutes per campaign. The data was collected in the middle of March 2017 and it took an estimate of two weeks to collect all variables for the random sample. See *Appendix 8.2.* for illustration of the how the platform variables were identified and collected.

3.2.3. Data from survey

When the researchers did the initial data collection test, they noticed that some of the variables such as the number of updates made, and the duration of the campaign, was not possible to gather from the website (see *Table 2* below for all variables missing from the platform). Such information would only be possible to collect with the help of the fund-seekers. Hence, a survey was developed to collect additional data to be able to provide a more holistic view of potential success factors for social entrepreneurial crowdfunding campaigns. The ten campaigns selected for the test collection of variables were also the ten campaigns used for the pilot survey where a response rate of 40 % was achieved (see *Appendix 8.3.* for survey questions, survey blog, and aesthetics). However, the response rate for the published survey were below expectations as only 17 out the 101 campaigns selected for the survey responded, resulting in a response rate of 17 %. The data collected from the survey was still considered valuable in order to provide interesting descriptive statistics, but for the regression analysis, there were too few observations.

Survey Variables	Description
Age	The age of the fund-seeker
Backed other campaigns	Did the fund-seeker back other campaigns
Duration	The length of the campaign in amount of days
Education	The fund-seeker's educational background
Gender	The gender of the fund-seeker
Marketing services	Hiring of a professional marketing firm
Number of fund-seekers	The number of fund-seekers starting the campaign
Professional background	The professional background of the fund-seeker
Type of backers	The kinds of backers that funded the campaign
Updates	The number of updates made in the campaign's lifetime
Video quality	Hiring of a professional to create the campaign video

Table 2 - Variables missing from the platform

3.2.4. Data sample

The data collected through observations from the crowdfunding platform StartSomeGood had to undergo certain steps to arrive at the final sample used in the analysis. Each step is presented in *Figure 6* below and is explained more thoroughly in the next paragraph.

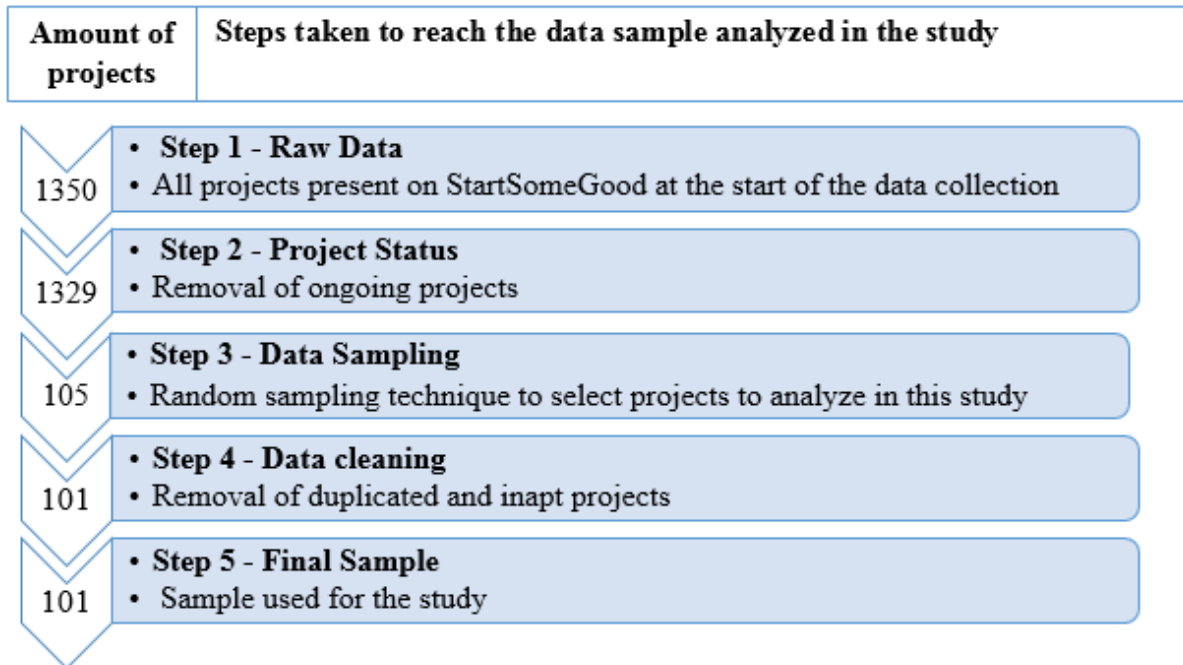


Figure 6 - Data Collection Steps

In step one, the population and raw data was identified and found to be represented by 1350 social projects launched on the StartSomeGood's website since the start of the platform in 2011. To determine the success of the campaigns and satisfy the needs of a binary logistic regression, the researchers had to remove ongoing projects where the outcome was not yet known. Consequently, 21 ongoing projects were removed in Step two and left the researchers with a population of $N = 1329$ ended projects. Out of the 1329 ended campaigns available for analysis, 740 were successful, resulting in a success rate of 55 %. Thereafter, the researchers choose to do a simple random sampling of the population as it gives each unit of the population an equal probability to be included in the sample, thus giving a good indication for the entire population (Bryman & Bell 2011). The data from the 1329 ended social projects were collected and entered manually in Excel (.xlsx), which was found to be a suitable tool for the random sampling. The data entered from the population were restricted to the name of the project and link to the campaign in order to be able to identify which campaign was assigned which data sampling number. The campaigns were assigned numbers from 1 to N , and by letting excel produce a table of $n = 105$ random numbers between 1 and N , a random sample of 105 campaigns was produced (Bryman & Bell 2011). The researchers were aware that the predictive power of a model increases with the sample size, and to find the satisfactory amount of observations needed to give good indications for the entire population, the researchers made sure to have a minimum of 10 observations per explanatory variable in line with the suggestions from Peduzzi et al. (1996). Also, the sample size was determined based on time restriction, as well as the awareness that StartSomeGood is a platform that encourages unsuccessful projects to run again with or without alterations (StartSomeGood 2017d). Hence, there could be duplicated as well as inapt projects that had to be cleaned from the sample and the researchers collected additional campaigns so that the sample size would not diminish too much after the data cleaning step. After Step four, when the duplicated and

inapt projects had been removed from the sample, 101 campaigns were left as a final sample to manually collect data from.

Additionally, as StartSomeGood allows for social entrepreneurs worldwide to launch a campaign, with no restrictions in terms of what currency to use, different currencies have been used for some of the selected campaigns. The currency differences regard the pledged amount and the funding requested which are sometimes shown in currencies other than US dollars, most commonly Australian dollars. To harmonize the monetary variables, the values in Australian dollars and other currencies have been transformed to US dollars to match the other projects in the sample, by using an online currency converter tool.

3.3. Data quality

In this section, the quality of the data has been assessed. Since the data sample had been examined and found complete and consistent in terms of no discrepancies in the coding of the variables, and no missing values, it was tested for potential outliers. Literature suggests in many cases that the use of the median absolute deviation identifier (MAD) instead of the extreme studentized deviation identifier (ESD) to detect outliers is better (Pearson 2003). However, recent research has shown better results with the ESD identifier over the MAD method when conducting logistic regression (Tiwari et al. 2007), which the researchers in this study are aiming to do. Thus, the ESD method was used to detect univariate outliers in the data sample, more commonly known as the sigma-approach (Davies & Gather 1993). By identifying any value outside of plus and minus z^* standard deviations of the mean, the sigma-approach determines outliers. Hence, the ESD identifier method uses the following nominal range:

$$[\mu - z^* \sigma, \mu + z^* \sigma]$$

The ESD identifier method then removes all the values from X_i where;

$$|X_i - \mu| > \sigma_i z^*$$

Where the parameter z^* indicates the maximum allowed z-score for any given value (Roller et al. 2013). In this study, the researchers followed the three-sigma approach in accordance with Wheeler and Chambers (1992), identifying all values outside three (z^*) standard deviations (σ) of the mean (μ), leaving over 99 % of the observations within the interval. If the z-score were greater than the absolute value of 3.29 for any of the variables, it was considered an extreme outlier and recoded into a missing variable for the descriptive statistics (Field 2013). For the logistic regression analysis, the data sample was cleaned for significant outliers using the three-sigma approach, resulting in an elimination of zero campaigns. Thus, the final sample used for the logistic regression consisted of a total of 101 campaigns.

3.3.1. Data reliability, replicability and validity

Aspects that are of importance when conducting a quantitative research are reliability, replicability, and validity since they are three of the most prominent criteria when evaluating business management research (Bryman & Bell 2011). Reliability examines the consistency of the different measures used in the research, and thus, if repeated under the same condition and with the same subjects, the research measures should be the same (Bryman & Bell 2011). In this research, a binary logistic regression model has been used which has been established as reliable by various previous researchers in the crowdfunding field (e.g. Mollick 2014; Zvilichovsky et al. 2015). Moreover, all data used in the analysis is strictly quantifiable leaving no room for ambiguity when conducting the data analysis, and therefore ensuring a reliable research strategy. As measures need to be constant over time, ongoing campaigns have been removed from the sample (Bryman & Bell 2011). Another important aspect is

replicability which is closely related to reliability as it examines the degree to which the research can be replicated by someone else (Bryman & Bell 2011). If the values are not reliable and the process is not clearly stated, the research cannot be replicated and will thus have a negative impact on the study. This research is targeting a sample of crowdfunded projects that, if still available on the StartSomeGood website, can be analyzed throughout time and the method is spelled out in detail to make replication possible.

Finally, there is the concept of validity which asks the question of whether the measures used in the study examines what the study is intended for (Bryman & Bell 2011). Validity can further be divided into two sub-categories; internal and external validity. Internal validity relates mainly to the issue of causality and the relationship present between the dependent and the independent variables (Bryman & Bell 2011). In this study, the independent variables derive mostly from previous research and, consequently, the researchers could establish some causality between the different variables and success within the context of crowdfunding. External validity, on the other hand, relates to whether the results can represent the target population (Bryman & Bell 2011). To assure external validity of the results, the sample of 105 projects was selected as a random sample from the population of 1329 projects. In addition, the analysis of the descriptive patterns in the sample and population show of similar values in terms of success rate, category inherency, and tipping point goals, pointing towards the external validity of the results. Also, the data taken into consideration has a temporal scope of six years which minimizes the influences of short term effects on the analysis, further ensuring the results' external validity.

3.4. Variable construction

3.4.1. Dependent variable construction

The researchers have identified the dependent variable as the success of a social crowdfunding campaign. Previous research has used various approaches to quantify success because of various platforms' different business models. If a platform has a "keep what you get" (flexible) policy, the rate of success is often measured as a percentage of the total amount asked for (Cumming et al. 2014). As the chosen crowdfunding platform StartSomeGood has adopted an all-or-nothing (fixed) approach for the campaigns posted on the website, the success of a campaign is measured by the realization or surpassing of the stated tipping point goal. Hence, the dependent variable is dichotomous, meaning that it only translates into two values where 1 is equivalent to the success of the campaign and 0 is equivalent to the failure of the campaign (Bryman & Bell 2011). By defining the success of a campaign as a dichotomous variable, the extent to which the campaign was successful is not accounted for in terms of how much funds were received relatively to the tipping point goal. Instead, it defines all projects reaching or exceeding 100 % of the requested tipping point goal as successful. Thus, the dependent variable was coded 1 for success and 0 for failure, in line with previous research in the field of crowdfunding where a logistic regression model was used to identify the success factors in crowdfunding campaigns (e.g. Mollick 2014; Zvilichovsky et al. 2015). *Table 3* in the following section provides an overview of all variables included in this study, their construction, type, coding, and expected impact on success.

3.4.2. Independent variable construction

The independent variables in the analysis are corresponding to the propositions developed in Chapter 2.5., and visually presented in *Table 3*, to give the reader an overview. The independent variables have been selected to assess whether they have an impact on the success of the campaign or not, to be able to reject or not reject the propositions. All variables used in the analysis are either interval/ratio, dichotomous, or nominal (Bryman & Bell 2011),

as seen in *Table 3*. In addition, when the researchers collected data from the platform, it was of essence to have clearly stated definitions of what characterized the different variables and how to code the data in order to make sure that all the data was uniformly assembled. Therefore, all variables are visually presented in *Appendix 8.2.*, and explained in *Table 3*, to provide the reader with a better understanding.

Aside from the independent variables, there are variables representing additional factors that can be related to the crowdfunding campaign such as the number of *backers*, the *category inherency*, the *percentage of funding* received and *pledged amount*. The factors *backers*, *percentage of funding*, and *pledged amount* are beyond the control of the fund-seeker and therefore just included to provide descriptive patterns on what characterized successful and unsuccessful campaign. The *category inherency*-variable was collected to control for what category the campaign belonged to, but since one campaign could belong to multiple categories, the researchers were unable to assign a specific category to a campaign without bias, and this variable was thus just included to provide indications of category inherency in the descriptive patterns. Also, the control variables are presented where the *location* of the campaign was collected as a nominal variable and then recoded in order to be included in the logistic regression analysis in SPSS, and the *tipping point goal* was collected in accordance with the stated goal on the campaign page. The construction of the control variables will be further explained in the next section.

3.4.3. Control variables

In previous studies, the funding goal and duration of a crowdfunding campaign has been suggested to show legitimacy if the goal is modest and the duration is over a shorter period (Frydrych et al. 2014). It is also said to be less likely for a crowdfunding campaign to succeed with a high funding goal (Marelli & Ordanini 2016; Mollick 2014). To check for similar trends in this research, the variables measuring the tipping point goal of the campaign will be controlled for in the analysis. The researchers had the aim to control for the duration of the campaign as well, but since the data regarding this could not be extracted from the platform, and the survey response rate was low, the data on the duration of the campaign was insufficient in terms of amount of observations, and this variable was analyzed in the descriptive statistics instead.

In addition, the researchers control for the location of the campaign as it seemed to be a factor influencing the success of the campaign when running the descriptive statistics. The researchers had seen that previous studies argued that crowdfunding was not as affected by geography as traditional investments, and found it interesting to see whether it did have an impact on the success of the campaigns collected in this study (e.g. Mollick 2014). However, as the aim of this study is to provide success factors that can be controlled by the fund-seeker, this variable was not considered of particular interest for the purpose of this study, but yet important to include. Furthermore, the numbers of fund-seekers were also supposed to be a control variable as more fund-seekers most likely create a networking effect and have a positive impact on the success of the campaign. Most funding seems to come from the existing network of the people working on the campaign when looking at previous studies (Ordanini et al. 2011). However, this variable was only to be collected through the survey, and due to the insufficient response rate, there was not enough data to control for this variable.

Variable	Variable construction	Variable coding	Expected outcome
Dependent Variable			
Success	The funding goal is met or exceeded	1 = Success 0 = Failure	
Independent Variables			
Platform variables			
Calls for urgency	Requesting for the backers to fund the project, creating a sense of urgency	1 = Yes 0 = No	Positive
Campaign category	Belonging to two or more campaign categories	1 = Two or more 0 = One	Positive
Contact information	Contact details available for direct contact with the fund-seeker	1 = Yes 0 = No	Positive
Front page picture	Having a front page picture in the exploratory view	1 = Yes 0 = No	Positive
Fund-seeker information	Information about the fund-seeker's background and vision	1 = Yes 0 = No	Positive
Links to external channels	Having available links to external channels	1 = Yes 0 = No	Positive
Pictures	Including pictures in the campaign	1 = Yes 0 = No	Positive
Reward categories	Amount of different rewards	n/a	Positive
Slogans and catchphrases	Having slogans and catchphrases in the campaign	1 = Yes 0 = No	Positive
Third-party endorsements	Third-party endorsements and acknowledgements	1 = Yes 0 = No	Positive
Control Variables			
Location	The location from where the campaign originates	n/a	Not significant
Tipping point goal	The stated funding goal of the campaign (USD)	n/a	Negative
Additional variables			
Backers	The amount of backers that funded the campaign	n/a	Positive
Category inherency	The category (ies) the campaign belongs to	n/a	Not significant
Percentage of funding	The percentage of funding received	n/a	Positive
Pledged amount	The amount of money the campaign received in total	n/a	Positive
Survey variables			
Age	The age of the fund-seeker	n/a	Negative
Backed other campaigns	Did the fund-seeker back other campaigns	1 = Yes 0 = No	Positive
Duration	The length of the campaign in amount of days	n/a	Negative
Education	The fund-seeker's educational background	n/a	Not significant
Gender	The gender of the fund-seeker	1 = Female 0 = Male	Positive
Marketing services	Hiring of a professional marketing firm	1 = Yes 0 = No	Positive
Number of fund-seekers	The amount of fund-seekers starting the campaign	n/a	Positive
Professional background	The professional background of the fund-seeker	n/a	Not significant
Type of backers	The kinds of backers that funded the campaign	n/a	Positive
Updates	The number of updates made in the campaign's lifetime	n/a	Positive
Video quality	Hiring of a professional to create the campaign video	1 = Yes 0 = No	Positive

Table 3 - Variable overview

3.5. Statistical method

To analyze the data and provide answers to the propositions, a statistical analysis was performed using the statistical software SPSS. For the purpose of this study, a logistic regression method was used to predict the outcome of the dependent variable which is defined as dichotomous or binary (Field 2013). The same method has been widely used in past research within crowdfunding (e.g. Cordova et al. 2015; Marelli & Ordanini 2016; Mollick 2014; Zvilichovsky et al. 2015). It has been used for modelling the probability of success where success has been coded as 1 and failure as 0 (Menard, 2002). The logistic regression is more flexible in comparison to a multiple regression analysis, as there are no assumptions regarding the linearity between the independent variables or the distributional form that need to be met (Tabachnick & Fidell 2009). Also, the logistic regression cannot produce negative predicted probabilities as opposed to the more traditional multiple regression, which makes the interpretation of the results easier (Field 2013). In addition, the included variables for this analysis consists of a mix of categorical and continuous variables which further supports the choice of a logistic regression as a suitable method to apply. The researchers will be able to determine the extent to which the independent variables affect the dependent variable, and to rank the relative importance of the independent variables for the outcome of the dependent variable. Also, the interaction effects can be assessed in order to understand the influence of the control variables on the results as well (Garson 2014).

3.5.1. Logistic regression

In short, the logistic regression model evaluates the likelihood of a certain outcome for a binary or dichotomous variable based on a set of categorical or continuous independent variables (Garson 2014). Since one of the assumptions for linear regression is that the relationship between variables is linear, it cannot be applied when having a categorical outcome variable. In logistic regression, the probability of (Y) occurring is predicted given known values of X_1 (or X_s), as opposed to the linear regression where (Y) is predicted from a predictor variable X_1 or several predictor variables (X_s). The *logistic regression equation* has many similarities to the linear regression equation, and is given by:

$$P(Y) = \frac{1}{1 + e^{-(b_0 + b_1 X_{1i})}}$$

Equation 1 - Logistic regression equation

Where $P(Y)$ is the probability of (Y) occurring, e is the base of natural logarithms, and the other coefficients form a linear combination b_0 is a constant, X_1 is a predictor variable and b_1 is a weight or coefficient attached to that predictor (Field 2013). With several predictors, as this study has, the equation becomes:

$$P(Y) = \frac{1}{1 + e^{-(b_0 + b_1 X_{1i} + b_2 X_{2i} + \dots + b_n X_{ni})}}$$

Equation 2 - Logistic regression equation with several predictors

The resulting value from the equation varies between 0 and 1, and a (Y) close to zero indicates that the event is unlikely to have occurred while a (Y) close to one indicates that the event most likely occurred. To estimate the parameter b_i , the maximum-likelihood estimation is used. This estimation method selects the coefficients that make the observed values most likely to have occurred. Basically, the parameters are estimated through fitting models, based on the available predictors, to the observed data. Consequently, the chosen estimated b -values will have the result in values of (Y) closest to the observed values, when the values of the predictor variables are placed in the equation (Field 2013).

In order to enhance and establish the predictive power of the logistic regression, the researchers tested the main assumptions regarding the data that needed to be met. The assumptions are listed below and further explained in the next paragraph.

Assumption 1: Extreme outliers need to be removed from the dataset.

Assumption 2: There should be no multicollinearity between the independent variables.

Assumption 3: There should be a linear relationship between the continuous independent variables and the logit transformation of the dependent variable.

Assumption 4: There should be independence of errors in the dataset.

Assumption 5: There should be a sufficient ratio of observations to variables.

Assumption 6: A zero cells check should be conducted.

Firstly, the data was tested for outliers as extreme outliers can affect the model's power in explaining the studied phenomenon (Tabachnick & Fidell 2009). As previously mentioned, the data was checked for outliers using the *ESD* identifier. As no extreme outliers were detected in the data sample, it was considered suitable to analyze without bias. Secondly, the independent variables were tested for multicollinearity as the standard errors for the parameter estimates gets exceedingly large, which can cause a too small value of the particular variables and lead to misinterpretation (Tabachnick & Fidell 2009). If two independent variables have a correlation value that is greater than 0.7, the researchers should consider combining the two variables or removing one of them. As seen in the correlation matrix in *Appendix 8.4.*, the independent variables show no multicollinearity and the data satisfies this assumption as well. Thirdly, there should be a linear relationship between the continuous independent variables and the logit transformation of the dependent variable (Tabachnick & Fidell 2009). There are several different methods available in order to test this assumption, and the researchers choose the Box-Tidwell approach as it is argued to be among the simplest (Hosmer & Lemeshow 2000). The assumption of linearity is violated if one or more of the added interaction terms are statistically significant, i.e. $p < 0.05$. If violated, the variables showing non-linear relationship should be log-transformed. After running the Box-Tidwell test, it was established that no variables violated this assumption. Furthermore, the fourth assumption concerns the independence of errors (Tabachnick & Fidell 2009), i.e. that the error terms are independent between the different campaigns. This assumption was tested using the Durbin-Watson test (Field 2013), and found to be satisfied.

The fifth assumption concerns if there are too few observations relative to the number of explanatory variables in the regression. If this assumption is violated, the model might yield huge standard errors and parameter estimates, and by so doing cause misinterpretations (Tabachnick & Fidell 2009). The predictive power of a model increases with the sample size, and to find the satisfactory amount of observations needed not to violate this assumption, the researchers had a minimum of 10 observations per variable (Peduzzi et al. 1996). Hence, a total of 10 explanatory independent variables were included in the model with corresponding 101 observations. To conclude the assumption testing, the data was checked for spare or zero cells to satisfy the sixth assumption, which is of concern if the model includes discrete independent variables (Hosmer & Lemeshow 2000). If there would be zero cells when cross-tabulating the discrete variables, it might result in high standard errors and parameter estimates. When cross-tabulating the discrete variables, there were no zero cells found and the sixth and last assumption was satisfied, and the data was ready for the logistic regression analysis.

In order to assess whether the model fit the data, i.e. *the goodness of fit*, the researchers used the deviance instead of the log-likelihood test due to its chi-square distribution that makes it possible to calculate the significance of the value (Field 2013). The goodness of fit is usually

based on how well the data predicted by the model are corresponding to the data that was collected (Field 2013). By having a categorical outcome, the baseline used to compare the regression model was the frequency with which the outcome occurred, i.e. the $-2LL$ value. Furthermore, when assessing the contribution of the predictors or independent variables, the z-statistics was used as it tells whether the b -coefficient for that predictor is significantly different from zero. If so, the researchers can assume that the predictor is making a significant contribution to the prediction of the outcome (Y). See the z-statistic equation below;

$$z = \frac{b}{SE_b}$$

Equation 3 - z statistic equation

This equation is also known as the Wald statistic, and in SPSS the Wald statistic is transformed so that it has a chi-square distribution, i.e. SPSS reports the Wald statistic as z^2 . It is used to make sure that a variable is a significant predictor of the outcome, but it should be used with caution as, when the regression coefficient (b) is large, the standard error becomes inflated which results in the z-statistic being underestimated (Menard 1995). In addition, when establishing which variables were significant for the outcome of the statistical model, the researchers choose an alpha significance level of 0.05. This means that there is a 5 % risk of concluding that there is a relationship between a variable and the outcome when there is not. The significance level of 0.05 is widely used in academic research, even if there is relatively little justification why to use a significance level of 0.05 instead of e.g. 0.10 or 0.01. When using the significance level of 0.05, the risk of making a Type I error increases, meaning that the null hypothesis gets rejected when it should in fact be confirmed. On the other hand, if using a significance level of 0.01, the risk of making a Type II error increase where the null hypothesis gets accepted when it should in fact be rejected (Bryman & Bell 2011). In statistical hypothesis testing, there is a p-value or probability value given in the statistical model outcomes for the different variables, and when the p -value of a variable is less than or equal to the significance level, the hypothesis can be rejected or not rejected.

3.6. Limitations

One limitation to the data collection was the low response rate to the survey, as it was an essential aspect in the data collection in order to be able to provide a more holistic and in-depth response to the research question. Yet, the responses received are interesting and considered important for the end results, even if the survey data will not be used in the logistic regression analysis. The survey data will be analyzed for descriptive patterns, and the results will contribute to a more in-depth analysis than it would be with only the observations from the crowdfunding platform. In addition, the ten observations from the platform used in the logistic regression model might only account for a small part of the factors influencing the success of a campaign, and there might be other variables not considered in this study that would help explain the model more accurately. However, the predictive power of the statistical model is substantiated by the careful data collection process and the high data quality, which supports the conclusions drawn from the analysis.

4. Results

In this chapter, the descriptive patterns of the observations and survey responses will be presented. There will be descriptive statistics both from the data collected from the sample of 101 ended projects from the platform StartSomeGood, and on the 17 survey responses. In the dataset, there are 52 successful and 49 unsuccessful campaigns constituting the sample of 101 campaigns. In the survey answered by 17 fund-seekers; there were 10 successful and 7 unsuccessful campaigns. Table 5 gives an overview of all variables analyzed in this study, and in the following sections, each variable is described in more detail. Lastly, the logistic regression analysis will be presented.

4.1. Descriptive patterns

4.1.1. Sample and population

As previously mentioned, the population in this study consisted of 1329 ended campaigns from the StartSomeGood platform. When the researchers collected the data, 740 projects had been successfully funded in total, resulting in a success rate of 55 % for the population. This success rate was found similar to the success rate of the collected sample of 52 % (see *Table 4* below). Furthermore, the website stated that the ended projects had collectively raised \$7 174 930 in total, resulting in an average amount pledged of \$5 399, also similar to the average pledged amount of the sample at \$6 838. In addition, the sample showed similar category inherency as the population as seen in *Table 4*. Since the values in success rate, category inherency, and average amount pledged are fairly similar, the researchers are confident that the sample has a strong predictive power for the population.

Campaign characteristics:	Population	Sample
Successful Campaigns	740	52
Unsuccessful Campaigns	589	49
Total	1329	101
Success rate	55%	52%
Total amount pledged	\$7 174 930	\$683 761
Average amount pledged	\$5 399	\$6 838
Category inherency:		
Community	19,3%	22,8%
Education	15,0%	10,9%
Children & Youth	12,9%	15,8%
Economic development	8,3%	9,9%
Health	8,2%	5,0%
Arts & Culture	7,9%	8,9%
Environment	7,9%	8,9%
Social Enterprise	6,4%	5,9%
Human rights	6,0%	6,9%
Food	3,6%	4,0%
Indigenous	1,1%	0,0%
Media	1,1%	0,0%
Civic	0,8%	0,0%
Disaster Response	0,7%	0,0%
Politics	0,4%	0,0%
Animal rights	0,4%	1,0%

Table 4 - Descriptive patterns in sample and population

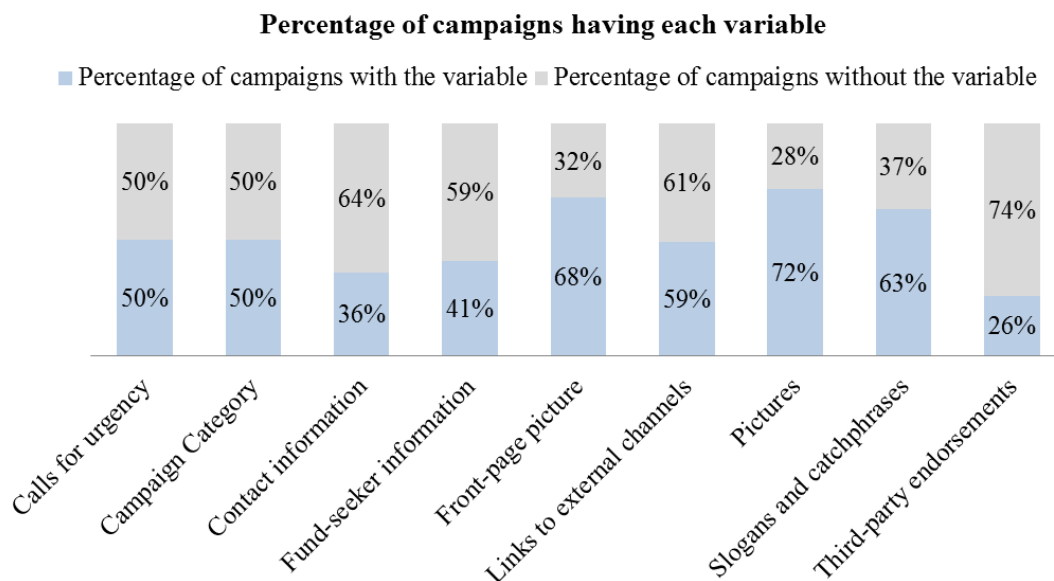
4.1.2. Descriptive statistics from the platform

The descriptive statistics from the platform are presented and delineated in *Table 5* below, and as seen, there are some missing values for some variables in the collected sample. There are 101 observations of each variable, but for *Tipping point goal*, *Pledged amount*, *Backers*, and *Percentage of funding*, the data has been cleaned of two campaigns that had extreme values to give more accurate values of the mean and standard deviation. Hence, the table presents the mean value and standard deviation for all variables included in this study. For example, when considering the observations for the full sample, the mean gives the average amount of campaigns that have included the variable, and the standard deviation gives how concentrated the data is around the mean, i.e. a smaller standard deviation gives more concentrated data. However, a high standard deviation in this case is not necessarily a bad thing, as the data has been observed and recorded as a sample from a manifold population. Subsequently, the mean value and standard deviation for the successful and unsuccessful campaigns were included in the table to give the reader an overview of what the descriptive statistics indicated for each variable in the successful and unsuccessful share of the sample. The mean and standard deviation for the successful and unsuccessful campaigns are read in the same way as for the full sample, and the variables are described more thoroughly in the next section.

Descriptive statistics									
	All N = 101 (17)			Successful N = 52 (10)			Failed N = 49 (7)		
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
Dependent Variable									
Success	101	0,52	0,502	52	1	0	49	0	0
Independent Variables									
Platform variables	N	N			N				
Calls for urgency	101	0,50	0,502	52	0,71	0,457	49	0,29	0,456
Campaign category	101	0,50	0,502	52	0,50	0,505	49	0,49	0,505
Contact information	101	0,36	0,481	52	0,40	0,495	49	0,31	0,466
Fund-seeker information	101	0,41	0,494	52	0,46	0,503	49	0,35	0,481
Front page picture	101	0,68	0,468	52	0,94	0,235	49	0,41	0,497
Links to external channels	101	0,59	0,494	52	0,73	0,448	49	0,45	0,503
Pictures	101	0,72	0,450	52	0,75	0,437	49	0,69	0,466
Reward categories	101	7,48	3,300	52	8,10	3,790	49	6,82	2,563
Slogans and catchphrases	101	0,63	0,484	52	0,79	0,412	49	0,47	0,504
Third-party endorsements	101	0,26	0,439	52	0,31	0,466	49	0,20	0,407
Control Variables									
Location	101	n/a	n/a	52	n/a	n/a	49	n/a	n/a
Tipping point goal	99	8401,13	8875,823	51	7775,92	9060,321	48	9065,42	8721,307
Additional Variables									
Backers	99	49,25	65,810	50	79,40	78,331	49	18,49	25,808
Category inherency	101	n/a	n/a	52	n/a	n/a	49	n/a	n/a
Percentage of funding	99	72,83%	59,627%	50	126,52%	27,327%	49	18,04%	20,724%
Pledged amount	100	5819,80	9734,552	51	10101,63	12051,493	49	1363,20	2097,755
Survey variables									
Age	17	40,12	11,478	10	35,80	8,011	7	46,29	13,4
Backed other campaigns	17	0,94	0,243	10	0,90	0,316	7	1,00	0,00
Duration	17	29,59	14,706	10	25,60	10,222	7	35,29	18,857
Education	17	n/a	n/a	10	n/a	n/a	7	n/a	n/a
Gender	17	0,76	0,437	10	0,62	0,506	7	0,5	0,577
Marketing services	17	0,12	0,332	10	0,00	0,000	7	0,29	0,49
Number of fund-seekers	17	2,00	1,000	10	2,10	0,876	7	1,86	1,215
Professional background	17	n/a	n/a	10	n/a	n/a	7	n/a	n/a
Type of backers	17	n/a	n/a	10	n/a	n/a	7	n/a	n/a
Updates	17	19,71	18,894	10	19,70	18,703	7	19,71	20,670
Video quality	17	0,24	0,437	10	0,20	0,422	7	0,29	0,488

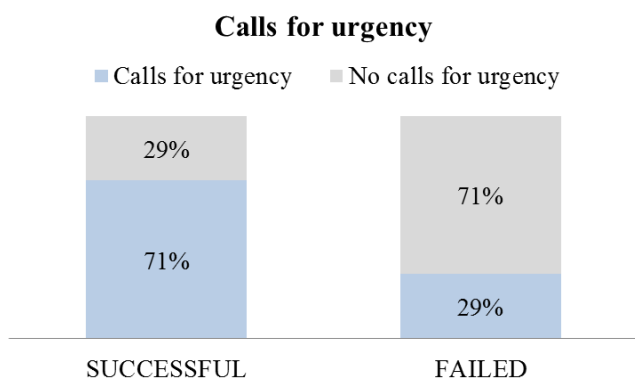
Table 5 - Descriptive statistics of all variables

Graph 1 below gives an overview of how many campaigns within the sample had included each of the independent dichotomous variables in their campaign. For instance, as shown below, 50 % of all the campaigns in the dataset had included calls for urgency.

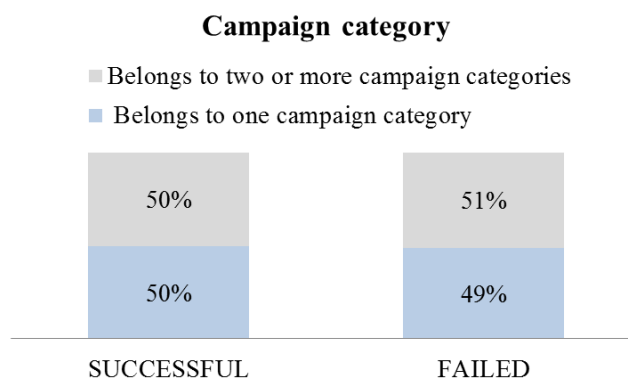


Graph 1 - Percentage of campaigns having each variable

Running descriptive statistics on the variable *calls for urgency* shows that out of the successful campaigns, 71 % had included calls for urgency, while 29 % of the unsuccessful campaigns had done the same. As seen in Graph 2 below, the data shows that more successful than unsuccessful campaigns had included this feature in the campaign. Hence, indicating that calls for urgency are more common within the successful campaigns. For the variable *campaign categories*, 50 % of the successful, and 49 % of the unsuccessful campaigns belonged to two or more categories. As there is almost an equal spread between successful and unsuccessful campaigns, it does not seem important for the success of the campaign to belong to two or more categories.

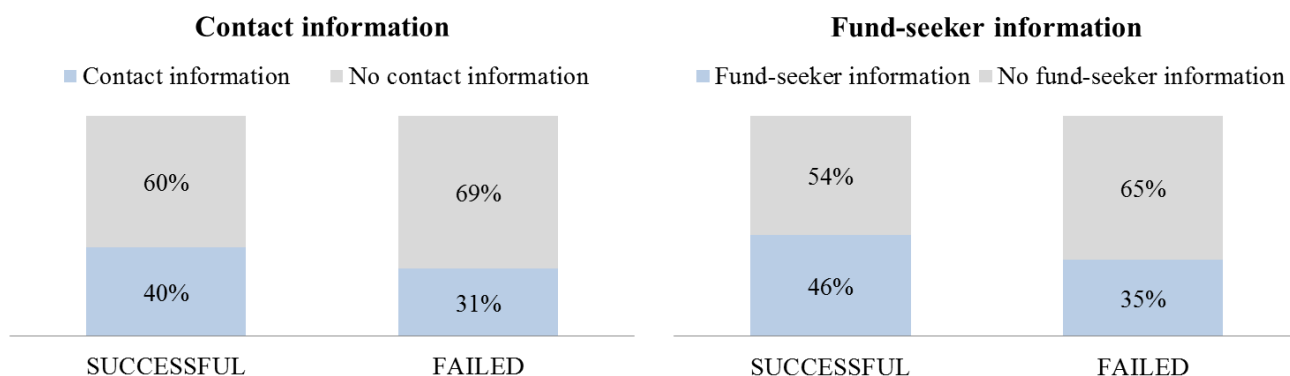


Graph 2 – Calls for urgency in successful and failed campaigns



Graph 3 - Campaign categories in successful and failed campaigns

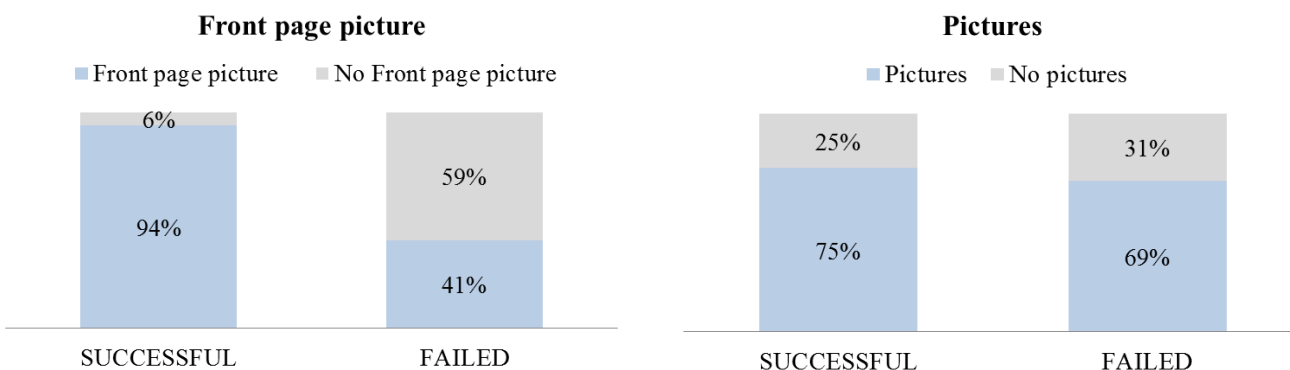
Furthermore, when looking at the descriptive information about the variable *contact information*, it can be seen that 40 % of all successful and 31 % of all the unsuccessful campaigns had included contact information. Hence, the data indicate that there are more successful than unsuccessful campaigns that had included this feature in the campaign. When looking at the *fund-seeker information* variable, 46 % of the successful campaigns and 35 % of the unsuccessful campaigns had fund-seeker information available. Hence, there seems to be a correlation between having fund-seeker information included in the campaign and the success of the campaign.



Graph 4 – Contact information to fund-seekers in successful and failed campaigns

Graph 5 - Fund-seeker information in successful and failed campaigns

Another factor under investigation was the *front-page picture* variable and 94 % of the successful campaigns had included a front-page picture, while the unsuccessful campaigns had included a front-page picture in 41 % of the cases. Hence, indicating that successful campaigns included a front-page picture nearly every time and to a much greater extent than the unsuccessful campaigns. Moreover, this study examined the impact *pictures* could have on the success of the campaign. In the sample, 75 % of the successful campaigns and 69 % of the unsuccessful campaigns had pictures. As can be seen in *Graph 7* below, successful campaigns used pictures more often than the unsuccessful campaigns, but both successful and unsuccessful campaigns used pictures to a large extent.

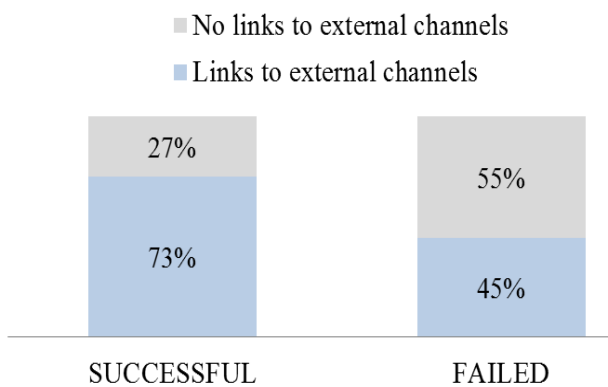


Graph 6 – Front-page picture in successful and failed campaigns

Graph 7 - Pictures in successful and failed campaigns

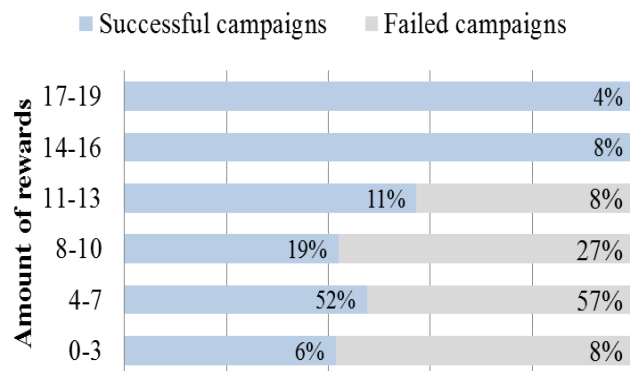
When looking at the descriptives for the variable *links to external channels*, 73 % of all successful campaigns had external channels, and out of the unsuccessful campaigns, 45 % had included them. Hence indicating that successful projects had included links to external channels more often than unsuccessful campaigns. As seen in table 5 above, all campaigns included in the study had an average of eight *reward categories*. The successful campaigns had a mean of nine reward categories and the unsuccessful campaigns a mean of seven. As there cannot be e.g. seven and a half rewards, any value above zero was rounded up to the next integer. Also, when looking at *Graph 9* below, it can be seen that only successful campaigns had included over 13 reward categories, while there was a higher concentration of unsuccessful campaigns having included 0-3 and 8-10 reward categories, indicating that having a higher amount of reward categories has a correlation with the success of the campaign. Moreover, *Graph 10* below shows that, out of the 52 successful campaigns, 79 % incorporated *slogans and catchphrases*, while 47 % of the unsuccessful campaign had done the same. Hence, more successful than unsuccessful campaigns used positive language patterns in form of slogans and catchphrases. In addition, 31 % of successful campaigns had *third-party endorsements*, while 20 % of the unsuccessful campaigns had them included. Ergo, the successful campaigns had third-party endorsements to a greater extent than the unsuccessful campaigns (*Graph 11*).

Links to external channels



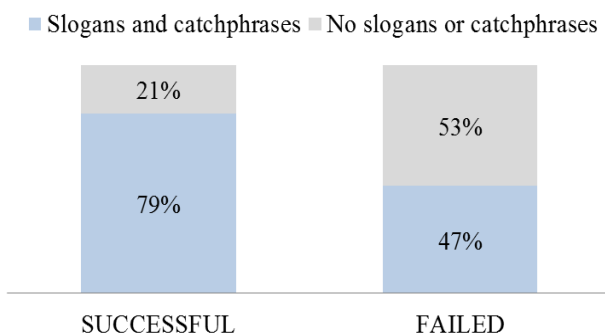
Graph 8 – Links to external channels in successful and failed campaigns

Rewards



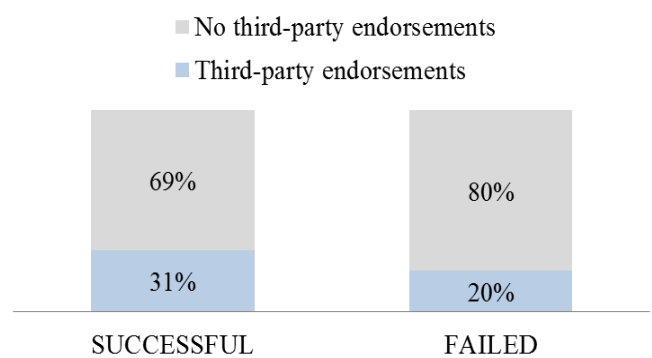
Graph 9 - Reward categories in successful and failed campaigns

Slogans and catchphrases



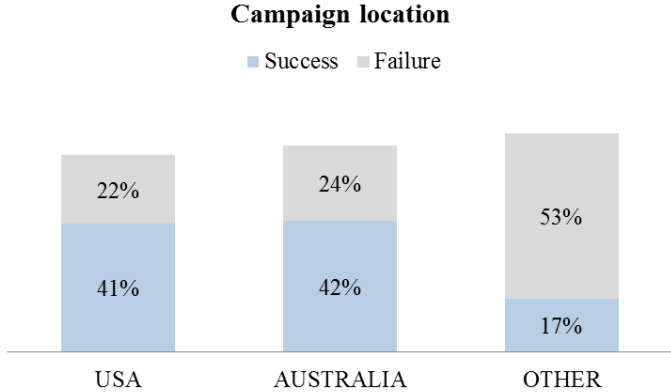
Graph 10 – Slogans and catchphrases in successful and failed projects

Third-party endorsements



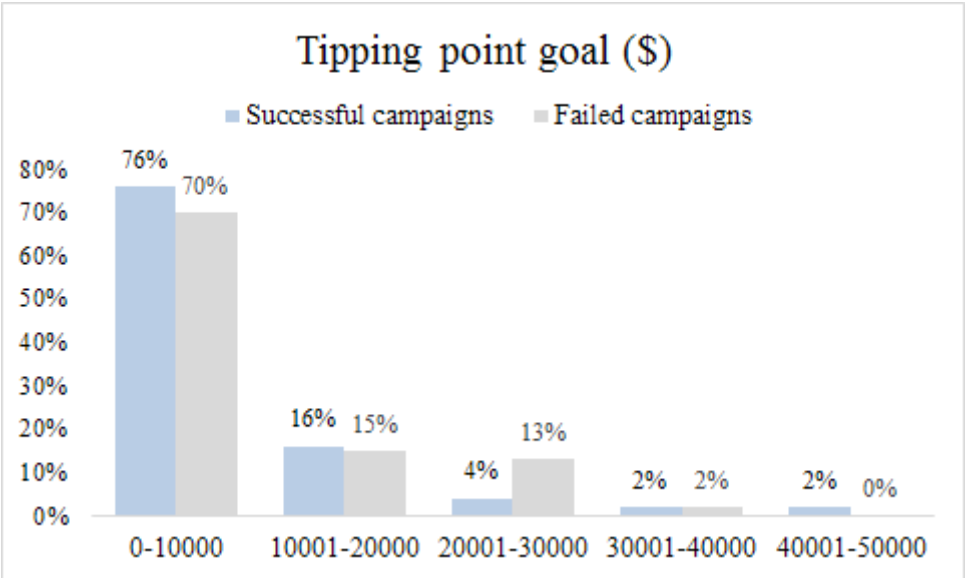
Graph 11 – Third-party endorsements in successful and failed campaigns

In *Graph 12* below, the *location* of the campaigns are represented and there is a difference regarding the success rate within every location since 83 % of all successful campaigns are located in either *USA* or *Australia*, and 53 % of all unsuccessful campaigns are within the *Other* location category. Hence, indicating that campaigns outside of USA and Australia tend to fail to a greater extent.



Graph 12 - Location of the campaigns

In *Graph 13* below, the *tipping point goal* is represented for both successful and unsuccessful campaigns. As seen, 76 % of the successful campaigns and 70 % of the unsuccessful campaigns have a tipping point goal up until \$10 000. The average tipping point goal for the successful campaigns is \$7 775, while the average goal for the unsuccessful campaigns is \$9 065. Hence, the tipping point goal for unsuccessful campaigns tended to be higher than for the successful ones.



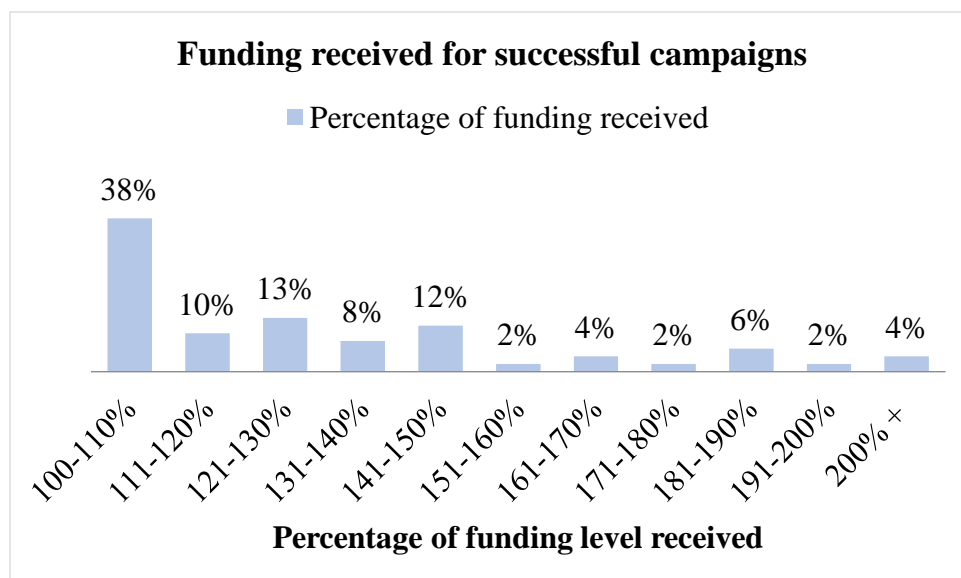
Graph 13 – Tipping point goal for successful and failed campaigns

In addition, *Table 6* below is presenting the *category inherency* of the campaigns and indicates that most campaigns belong to the category community, while the least are belonging to the category animal rights. The amount of campaigns in each category is fairly evenly distributed between successful and unsuccessful, but the categories Food, Arts & culture, and Education have more successful campaigns, while the Social enterprise and Environment categories have more unsuccessful campaigns.

		Campaign Success		Total
		Failure	Success	
Category	Animal Rights	1	0	1
	Food	1	3	4
	Human rights	4	3	7
	Social enterprise	4	2	6
	Environment	6	3	9
	Arts & Culture	2	7	9
	Health	2	3	5
	Economic development	5	5	10
	Children & Youth	8	8	16
	Education	4	7	11
	Community	12	11	23
Total	49	52	101	

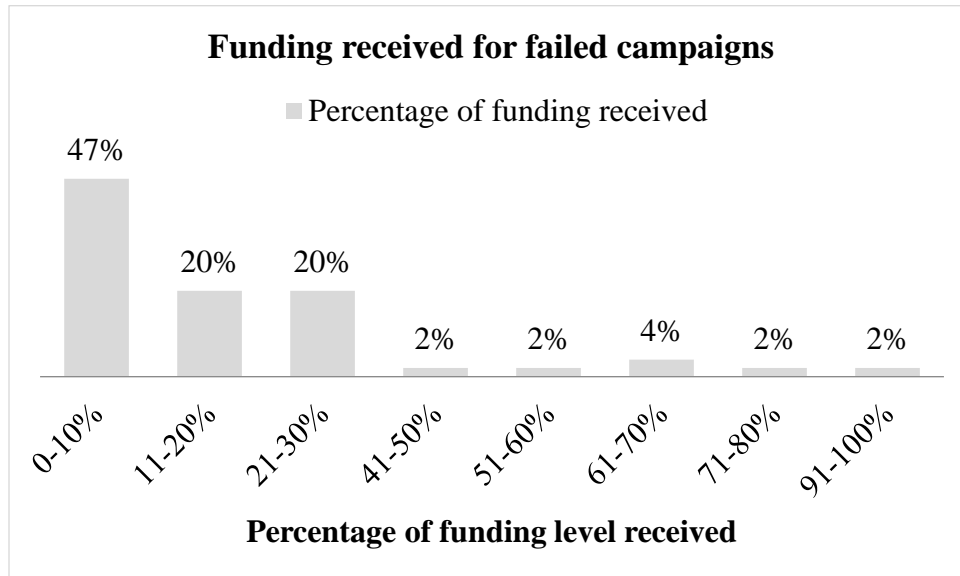
Table 6 - Category inherency of the campaign

Furthermore, the successful campaigns had 80 backers on average while the unsuccessful campaigns had a mean of 18 backers per campaign, showing correlation between the amount of backers and the success of the campaign. In addition, the *pledged amount* for successful campaigns was on average \$10 101, while unsuccessful campaigns received \$1 363 on average. *Graph 14* and *15* seen below depict the *percentage of funding* that both successful and unsuccessful campaigns from the sample have received. It is presented as percentages and as accumulated percentages of the sample, constituting of 52 successful campaigns and 49 unsuccessful campaigns. *Graph 14* provides an overview of the funding levels achieved for the successful campaigns within the sample. It is noticeable that there is especially one large cluster, i.e. most of the campaigns seem to succeed by small margins as 38 % of them are represented in the first cluster; 100-110 % of funding achieved. The next four clusters combined represent 42 % of the total campaigns and show that some still succeed at reaching funding levels 11 % to 50 % higher than their tipping point goal. On average, the successful campaigns in the sample received 1,36 times their funding goal (136 %).



Graph 14 - Funding level of successful campaigns

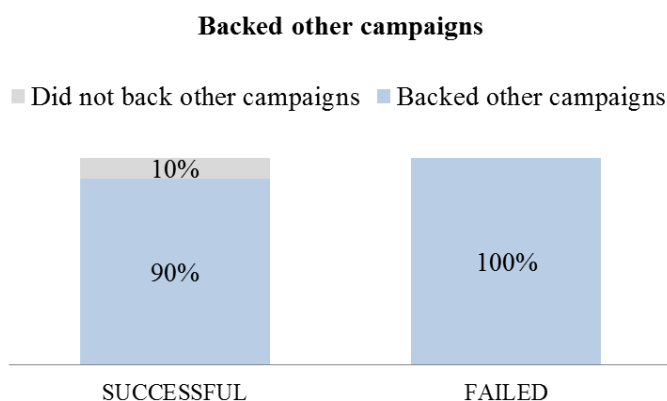
Graph 15 provides an overview of the funding levels achieved for unsuccessful campaigns, and, as shown, most campaigns fail by large amounts. The three first clusters represent 87 % of the sample showing that a large part does not exceed 30 % of their funding goal. In addition, only 10 % receive more than half of their asked tipping goal, while only 4 % achieve funding above 70 %. However, these finding might be more relevant for campaigns having a flexible scheme where the total amount pledged can be kept regardless of the tipping point goal.



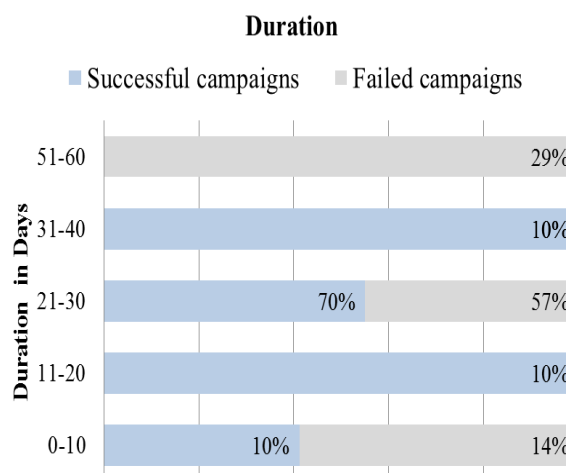
Graph 15 - Funding level of failed campaigns

4.1.3. Descriptive statistics from the survey

As previously mentioned, the observations collected through the survey consisted of 17 responses of which ten were successful and seven were unsuccessful. The descriptive patterns regarding the *age* of the fund-seekers show that successful fund-seekers had an average age of 36 years while unsuccessful fund-seekers had an average age of 47 years old. Hence, older fund-seekers seemed less successful (no graphic representation regarding this variable). Additionally, when looking at whether the fund-seekers had *backed other campaigns*, it showed that 100 % of the unsuccessful respondents had backed other campaigns while 90 % successful respondents had done the same (see *Graph 16* below). Hence, most fund-seekers seemed to be active and giving back to the crowdfunding community regardless if the own campaign was successful or unsuccessful. In addition, the descriptive patterns regarding the *duration* of the campaigns in days showed that the average duration of a campaign for the full survey group was 30 days, the average for a successful campaign was 26 days and the average amount of days for an unsuccessful campaign was 35 days (as seen in table 5). What is noteworthy in *Graph 17* below is that only the unsuccessful campaigns had a duration of 51 to 60 days, while none of the successful campaigns had such long duration.

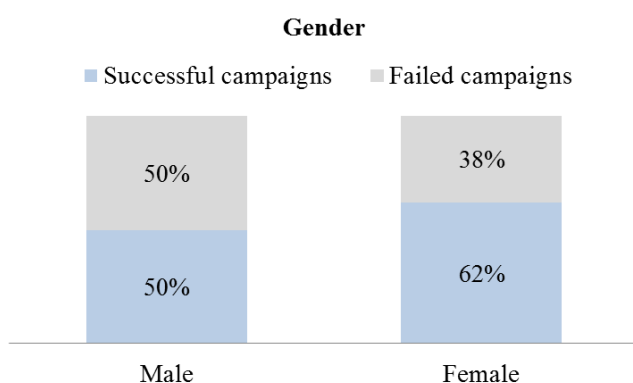


Graph 16 - The fund-seeker has backed other campaigns

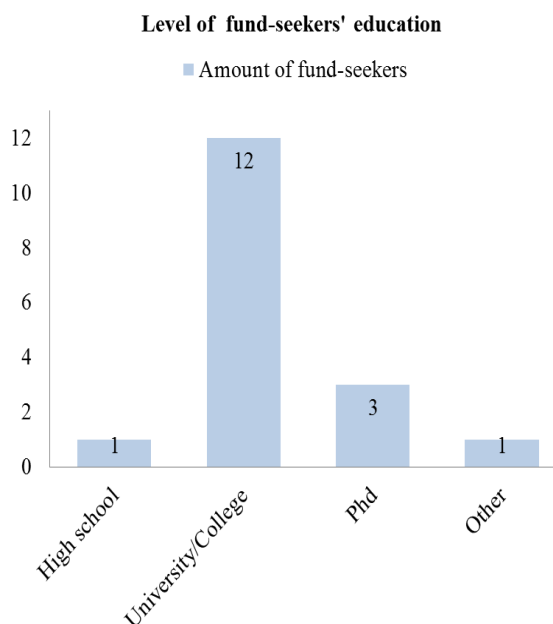


Graph 17 – Duration of the successful and unsuccessful campaigns

Furthermore, when looking at the *gender* of the fund-seekers, 76 % of the survey respondents were female. As seen in *Graph 18*, out of the thirteen female respondents, eight had a successful campaign (62 %), and out of the four male respondents, two had a successful campaign (50 %). Hence, female fund-seekers seemed to be successful to a greater extent. In addition, regarding *the number of fund-seekers*, most the successful campaigns had three fund-seekers, while many the unsuccessful campaigns had one fund-seeker. The campaigns that had more than three fund-seekers were equally spread among successful and unsuccessful campaigns (no graphic representation regarding this variable). Hence, successful campaigns seemed to have a higher number of fund-seekers working with the campaign. Additionally, when considering the *level of education* of the survey respondents, represented in *Graph 19*, most respondents had a university or college degree or higher.

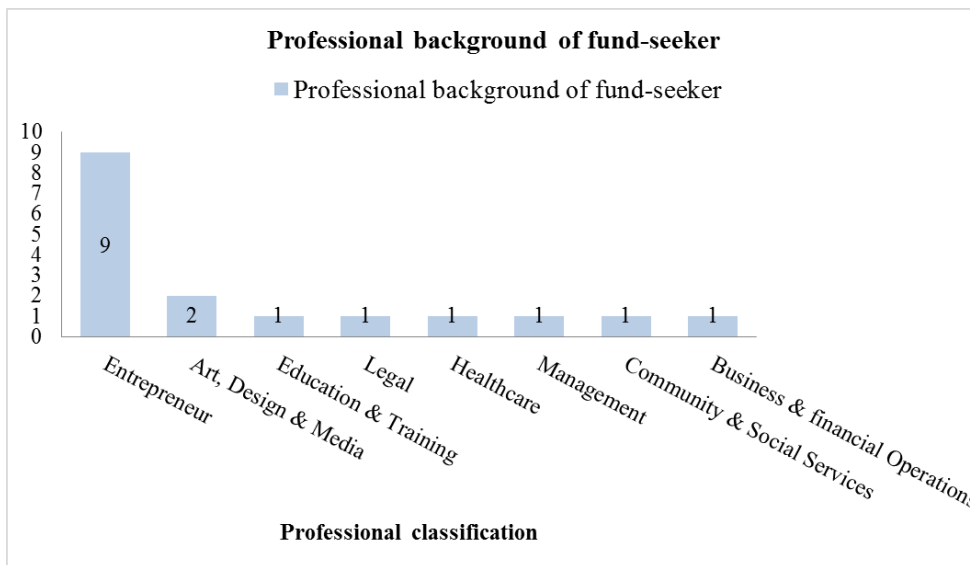


Graph 18 - Gender of survey respondents

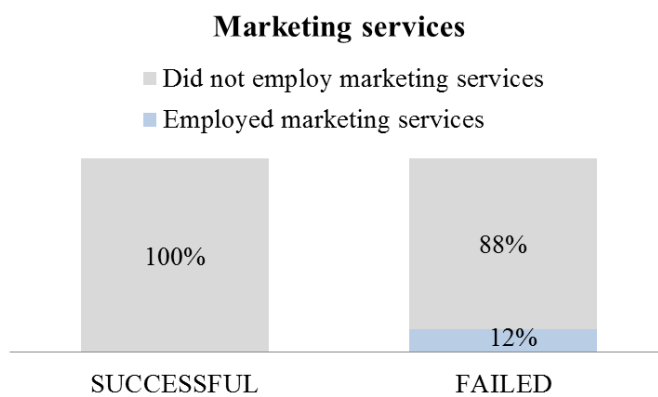


Graph 19 - Level of education of the fund-seekers

In addition, the survey respondents were asked about their *professional background* and the descriptive patterns on this variable showed that many of them had an entrepreneurial background. *Graph 20* shows how respondents are assembled within the entrepreneurial profession, and the rest are spread equally among the remaining seven professions. Moreover, the researchers wanted to know whether the social entrepreneurs on StartSomeGood used professional marketing in their campaigns and asked if they had employed a *marketing firm* for their crowdfunding campaign. As seen in *Graph 21*, none of the successful campaigns had hired a marketing firm while only 12 % of the unsuccessful campaigns had. Hence, it did not seem to have a positive influence on the success of the campaign.

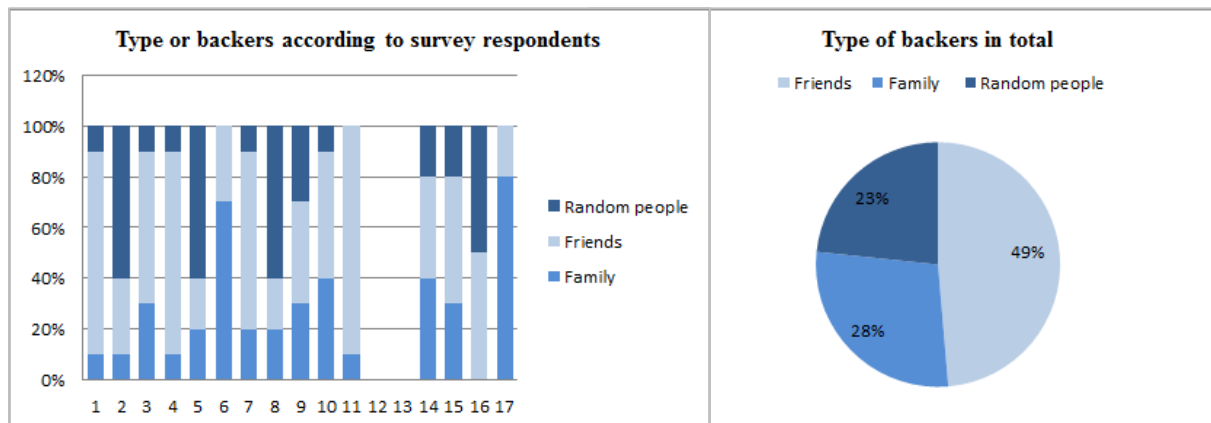


Graph 20 - Professional background of fund-seeker



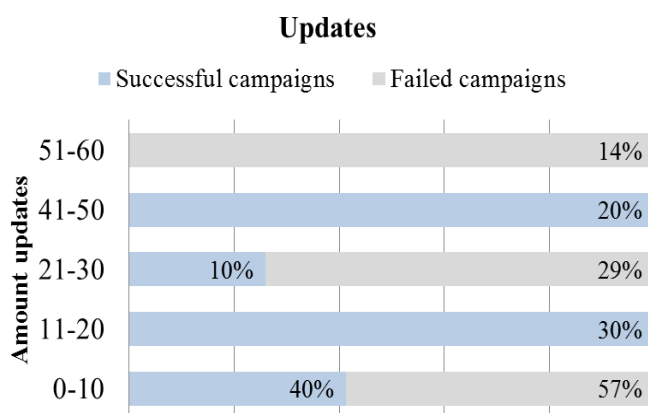
Graph 21 - Professional marketing services through hiring marketing firm

In the survey, the researchers asked the fund-seekers what *type of backers* had contributed with funding to the campaign. When looking at the descriptive statistics patterns of this variable, it can be seen in *Graph 22* below that the survey respondents stated that most funding came from friends and family rather than from random people that are outside of the fund-seeker's existing network. Respondent 12 and 13 were unsuccessful and did not receive any funding, hence having a value of 0 % from the different type of backers.

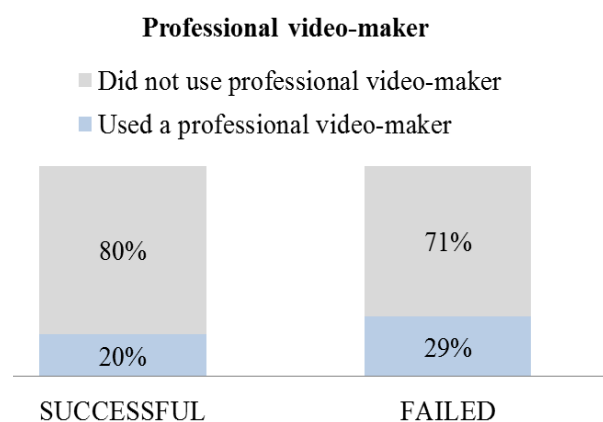


Graph 22 - Type of backers according to survey respondents

When looking at the number of *updates* done by the fund-seekers, there is wide spread between the amounts of updates done throughout the lifespan of the campaign. Out of the successful campaigns included in the survey data, the updates ranged from 0 to 50 updates. Out of the seven unsuccessful campaigns, the updates ranged from 3 updates to 60 updates. When looking at the mean, however, both successful and unsuccessful campaigns had an average of 20 updates per campaign. Lastly, in the data related to *video quality*, most of the total survey respondents had not used a professional filmmaker to do the video, and out of the ones that did, 20% were successful and 29% were unsuccessful. Hence not indicating that hiring a professional videomaker would significantly influence the success of the campaign.



Graph 23 - Updates in successful and failed campaigns



Graph 24 - Used a professional video-maker for the campaign video

4.2. Logistic Regression

When running the regression analysis, the first part of the result called Block 0 describes the model before the independent variables are included. Thereafter, the results in Block 1 describe the model *after* the independent variables are included. Hence, Block 1 is the main result of interest in the study. However, there are one main area of interest in Block 0 that are used in order to determine *the goodness of fit* of the model, which is the Iteration History-table below, where the initial $-(-2LL)$ is presented which provides the baseline value included in the *goodness of fit* test. As seen, the baseline value ($-2LL$) is 139,927. Moreover, the next interesting part of the results is in Block 1, where *Table 8* below gives the chi-square statistics of the model, showing that the chi-square is 69,102 and highly significant as $p = 0.000$ (Field 2013). The chi-square of the model shows the difference between the current ($-2LL$) (i.e. 70,824 as seen in the model summary in *Table 9* below) and the baseline ($-2LL$) (i.e. 139,927). Hence, the model is a good fit as the chi-square is significantly different from the baseline value (Field 2013).

Block 0: Beginning block

Iteration	-2 Log likelihood	Coefficients
		Constant
Step 0	1	139,927
	2	139,927
		,059
		,059

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 139,927

c. Estimation terminated at iteration number 2 because parameter estimates changed by less than ,001.

Table 7 - Iteration History table

Block 1: Results

	Chi-square	df	Sig.
Step 1	69,102	12	,000
Block	69,102	12	,000
Model	69,102	12	,000

Table 8 - Omnibus Tests of Model Coefficients

Furthermore, the *model summary* of the regression analysis is consulted to understand how much of the variation in the dependent variable can be explained by the model (see *Table 9* below). This table contains both the Nagelkerke R Square and Cox & Snell R Square values, which are methods in calculating the explained variation. They are interpreted in the same manner as for the R^2 values in multiple regression, but with more restraint (Field 2013). Here, the explained variation in the dependent variable is ranging between 49,5 % to 66,1 %, but in this study the Nagelkerke R Square is preferable to report as the Cox & Snell R square has the problem of not being able to reach its maximum value (Field 2013). Hence, the independent and control variables in the model explain the variation in the dependent variable to 66,1 %.

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	70,824 ^a	,495	,661

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

Table 9 - Model summary

Moreover, the *Classification-table* seen below is consulted to assess the effectiveness of the predicted classification against the actual classification, i.e. whether the success of a crowdfunding campaign can be predicted from the independent variables in this study. The cut value in the subscript states that if the estimated probability of the campaign being successful is equal to or greater than 0,5, SPSS classifies the campaign to be successful. If the probability is less than 0.5, on the other hand, SPSS classifies the campaign to be unsuccessful. The observed values indicate the number of 1's and 0's that are observed in the dependent variable. The predicted table shows how many cases are correctly predicted; 41 observations are predicted to be failures, and 45 observations are predicted to be successful. While eight observations are observed to be failures but predicted to be successful, and seven are observed to be successful but predicted to be failures. The overall percentage gives the percentage of observations that are correctly predicted by the model, i.e. 85,1 %. This percentage has increased from 51.5 % in the Block 0 Classification-table before the independent variables were added to the model (*Appendix 8.5.1.*), to 85,1 % in the full model. Meaning that with the inclusion of the independent and control variables, the model predicts the outcome more accurately.

Classification Table^a

Observed			Predicted		
			Success of the campaign		Percentage Correct
			Failure	Success	
Step 1	Success of the campaign	Failure	41	8	83,7
		Success	7	45	86,5
	Overall Percentage				85,1

a. The cut value is ,500

Table 10 - Classification table

In addition, the most important table is consulted, i.e. the *Variables in the Equation-table* below that shows the contribution of each independent and control variable to the model and its statistical significance. It tells the estimates for the coefficients for the predictors included in the model. The B-values are the values that need to be replaced in the logistic regression equation (*Equation 2*) in order to establish the probability of that observation falling into a certain category. The interpretation of the B-coefficient in logistic regression is similar to the one in linear regression as it represents the change in the logit outcome of the dependent variable associated with a one unit change in the independent variable (Field 2013). Furthermore, the Wald statistics is represented which tells us whether the B-coefficient for that predictor is significantly different from zero. If it is, the assumption can be done that the predictor is making a significant contribution to the prediction of the outcome (Y), i.e. the Wald statistic indicates if the independent variables included in a crowdfunding campaign is significant predictors of whether the campaign is successful or not. The level of significance for the Wald statistic is 0.05 in this study. The statistical significance of the test can be seen in the Sig. column, and the results show that *Calls_for_Urgency* ($p = 0.023$), *Frontpagepicture* ($p= 0.000$), *Reward_categories* ($p=0.045$), and *Location_1* ($p= 0.049$) were significantly adding to the outcome of the dependent variable. But the rest of the variables were not significantly adding to the model.

		Variables in the Equation						95% C.I. for EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1 ^a	Calls_for_Urgency(1)	1,563	,689	5,146	1	,023	4,771	1,237	18,406
	Slogan_catchphrases(1)	,374	,761	,241	1	,624	1,453	,327	6,461
	Campaign_categories(1)	-1,170	,781	2,244	1	,134	,310	,067	1,435
	Contact_information(1)	-,524	,813	,416	1	,519	,592	,120	2,910
	Third_party_endorsements(1)	-,654	,901	,526	1	,468	,520	,089	3,043
	Links_to_external_channels(1)	1,348	,867	2,418	1	,120	3,849	,704	21,046
	Fundseeker_information(1)	-,086	,641	,018	1	,894	,918	,261	3,227
	Frontpagepicture(1)	4,301	1,081	15,825	1	,000	73,753	8,862	613,787
	Pictures(1)	-1,162	,786	2,186	1	,139	,313	,067	1,460
	Reward_categories	,251	,125	4,007	1	,045	1,285	1,005	1,643
	Location_1	-,885	,449	3,890	1	,049	,413	,171	,995
	Tipping_point_goal	,000	,000	2,426	1	,119	1,000	1,000	1,000
	Constant	-2,722	1,539	3,128	1	,077	,066		

a. Variable(s) entered on step 1: Calls_for_Urgency, Slogan_catchphrases, Campaign_categories, Contact_information, Third_party_endorsements, Links_to_external_channels, Fundseeker_information, Frontpagepicture, Pictures, Reward_categories, Location_1, Tipping_point_goal.

Table 11 - Variables in the Equation

Moreover, the information in *Table 11* can be used to predict the probability of an event occurring based on a one unit change in an independent variable when all other independent variables are kept constant. For example, the Exp(B) column of the table shows that the odds of having a successful campaign is 73,753 times greater when adding a front-page picture, as opposed to not having one. The Exp(B) column is the exponentiation of the B coefficient, which is an odds ratio. This value is easier to interpret than the coefficient which is in log-odds units (Field 2013). See *Appendix 8.5*. for regression analysis before control variables were added, where it can be seen that by adding the control variables, the explanatory power and accuracy in which the model predicted the outcome increased.

To summarize, the significant independent variables in predicting the outcome of the dependent variable were the Calls_for_Urgency, Frontpagepicture, Reward_categories, and Location-variables. In addition, the logistic regression model was statistically significant, $X^2 = 69.102$, $p = 0.000$. The model explained 66.1 % of the variance in the dependent variable *success of campaign*, and correctly classified 85.1 % of the observations.

5. Discussions

In this chapter, the descriptive patterns and regression analysis from the result chapter will be discussed and linked to findings in previous studies to determine and explain the effects on success. The campaign factors and quality factors with corresponding propositions will be assessed in order to answer and discuss the outcome and these will also be shown in tables for better understanding. Thereafter, the descriptive patterns seen in the survey responses will be discussed.

5.1. Discussion of findings related to the propositions

5.1.1. Campaign factors

When investigating the campaign factors in social crowdfunding campaigns, the researchers focused on the variables campaign category, contact information, fund-seeker information, reward categories and third-party endorsements.

Table of propositions	Outcome
Campaign factors	
[P1] Belonging to two or more <i>campaign categories</i> significantly influences the success of a social crowdfunding campaign.	Rejected
[P2] Including <i>contact information</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Rejected
[P3] Having <i>fund-seeker information</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Rejected
[P4] Having a higher number of <i>reward categories</i> significantly influences the success of a social crowdfunding campaign.	Not rejected
[P5] Including <i>third-party endorsements</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Rejected

Table 12 - Overview of proposition outcome for campaign factors

When looking at the *campaign category* variable, most previous research has looked at the correlation between belonging to a certain category and success (Crosetto & Regner 2014). The proposition regarding campaign category was developed by the researchers themselves and concerned the StartSomeGood website's alternative of letting fund-seekers choose up to three categories for their campaign to belong to. The researchers thought that belonging to two or more categories would have a significantly positive impact on the outcome of the campaign, as it would broaden the campaign's target audience and backers could access the campaign from many different directions. However, the descriptive patterns showed that there was a similar spread between successful and unsuccessful campaigns in belonging to two or more categories, and the regression analysis showed that belonging to two or more categories was not significant ($p = 0.137$), and this proposition could be rejected. The researchers still believe that it is beneficial for the fund-seeker to be visible in multiple categories, as the exploratory view on the StartSomeGood website, as seen in *Appendix 8.1.1*, let the backers choose which category to explore, and being in multiple categories increases the likelihood to

be noticed by the backer. However, as seen in *Graph 22*, most respondents stated that people within the existing network of the fund-seeker tended to invest rather than random people, and therefore the campaign category variable might not have been significant as the backers already had their mind set on a certain campaign regardless of category. Thus, this might explain why this variable was not found a significant contributor to the success of the campaign in the regression analysis.

Platforms that have been investigated in previous studies do generally comprise a way for backers and fund-seekers to communicate, e.g. through a comment section (Beaulieu et al. 2015). Such function shows the value of having information that flows between the fund-seeker and the backers which is further emphasized by Schwienbacher and Larralde (2010), who state that there is a need for efficient and clear communication between the fund-seekers and the backers. On the StartSomeGood platform, however, there is no comment section, leading the researchers in this study to investigate whether contact information to the fund-seeker is an important aspect to include in line with previous studies. When looking at the descriptive patterns, 40 % of the successful campaigns had included this characteristic, and 31 % of the failed campaigns had done the same. It indicated no obvious correlation between a successful campaign and *contact information* to the fund-seeker, but as more successful campaigns had included contact information, it could still be an influential factor. When running the regression analysis, the variable was found not significant ($p = 0.519$), and the proposition could be rejected. However, many campaigns provided alternate communication paths, such as through Facebook pages and external contact forms. This could be an explanatory factor to the backer not having the need for a more direct contact way to the fund-seeker.

Research suggests that, in contrast to traditional funding, backers do not rely as much on the entrepreneurial characteristics of the fund-seekers, instead they rely more heavily on what investment decisions other backers within the sub-community have made before (Agrawal et al. 2011). This is however dubious in research since Huili and Zhang (2014) mention that the funding received is highly influenced by trust and the quality of the information available to the backers, as they tend to invest in fund-seekers they trust or have a relationship with, meaning that backers do indeed rely on available *fund-seeker information*. The researchers in this study suggest that having information regarding the fund-seeker(s) included in the campaign has a significant impact on the success of the campaign in line with Huili and Zhang (2014), as it increases the amount of information available to backers and could create a sense of trust between the fund-seeker and the backers. Hence, having information about the fund-seeker included could increase the chances of getting funded by random people outside of the fund-seeker's network. When looking at the descriptive statistics, it could be seen that 58 % of the successful campaigns, and 42 % of the unsuccessful campaigns, had incorporated this feature. Indicating that having fund-seeker information could be an important factor in order to succeed. However, the fund-seeker information variable did not show significance in the regression analysis ($p = 0.894$), and the proposition regarding this variable was thus rejected. The researchers believe that since most funding came from the existing network of the fund-seeker as previously discussed, it is still advisable to include fund-seeker information to attract the random backers.

The proposition regarding *reward categories* follows previous theory suggesting that successful campaigns are generally more likely to have a higher number of reward categories for the backers to choose from than unsuccessful ones (An et al. 2014; Kuppaswamy & Bayus 2014). The idea with an increased amount of rewards is to include an attractive offer at an attractive price to reach out to a wider set of backers and thus, increase the chances of success. By giving the backers a lot of different alternatives to choose from, they can contribute a

small share to support a cause they believe in, which in turn can result in snowball effects (e.g. Mollick, 2014) and herding behavior mentioned in previous literature (e.g. Belleflamme et al. 2013). However, Wechsler (2013) mentions that even though rewards are common, they are not always the highest incentives for backers to invest. The researchers believe that this is in line with previous research, where the idea and core values of the ventures are most likely the most influential factors behind the incentives for the backers to fund (Lehner 2013). In this study, when looking at the descriptive patterns, the results showed that the successful campaigns had a higher amount of reward categories on average. When running the regression analysis, the proposition regarding the amount of reward categories could not be rejected as the variable shows a significant influence on the outcome of the campaign ($p = 0.045$). Meaning that having a higher amount of reward categories significantly adds to the successful outcome of the campaign, in line with previous studies. The researchers believe that it is not the type of rewards in the different reward levels that brings the backers to fund. It is rather the possibility of having a wider range of sums to choose from which is important, as backers wanting to donate large amounts as well as small amounts can find suitable reward levels. As the StartSomeGood website does not offer the backers the possibility of contributing whatever amount they like, they must choose from the different reward categories, and a wider range of alternatives facilitates for the backer to find an amount they feel comfortable with.

Previous research reports that having *third-party endorsements* in the campaign sets that campaign aside from others and provides it with a quality boost (Lin et al. 2013). Also, theory suggests that a person of higher status within a sub-community will receive help more often than a person with lower status (Althoff et al. 2014), and that backers tend to take on a herding behavior where they base their investment decision on what other backers have done before (Belleflamme et al. 2013; Burtch et al. 2013; Colombo et al. 2015; Herzenstein et al. 2011; Smith et al. 2015). In the descriptive patterns, it was noted that only a small part of the studied campaigns in the dataset had this characteristic, and out of those that did, a larger part was successful. Hence, suggesting that third-party endorsements might contribute to the successful outcome of a campaign. However, when running the regression analysis, having third-party endorsements in the campaign was not significantly contributing to the outcome of the campaign ($p = 0.468$), and the proposition could therefore be rejected. The researchers believe that the overall low rate of campaigns that had included this feature was due to the fact that many campaigns are in the initial phase of the project process where few third-parties have acknowledged the product or service yet. Also, in social entrepreneurship, there are not always a product or service the fund-seeker wants to develop but rather a social cause that are sought funding for. Therefore, having third-party endorsements might give the quality boost discussed in previous literature, but it might not be a feature sought after by the backers as they are not future buyers of a product or service, rather philanthropists, giving the third-party endorsement no real purpose. Yet, the third-party endorsement might still be considered a sign of higher status and contribute somewhat to successful campaigns as more successful campaigns had this feature. However, it might not have been a main factor in commencing the herding behaviour as the crowd rely more heavily on signals from peers rather than professionals and is therefore not an important success factor in the context of social crowdfunding.

To summarize, the regression analysis found the amount of rewards to be significant for the success of a social crowdfunding campaign while the rest of the propositions were rejected. The researchers believe that a higher number of reward sums is beneficial to attract a larger set of backers while the type of reward is not as important. However, the rest of the success factors are still to be taken under consideration while undergoing a social crowdfunding

campaign as they did show indication of success in the descriptive patterns and they could help communicate the social aim of the campaign more efficiently. Also, fund-seekers should keep in mind that their social capital, measured by social network ties, is a very important aspect within the crowdfunding context. Hence, they should be prepared to share the campaign to a maximum amount of people and thus include aspects in the campaign that facilitates such sharing.

5.1.3. Quality factors

When considering the quality factors investigated in the social campaigns, the researchers included five variables, i.e. calls for urgency, front-page picture, links to external channels, pictures in the campaign and slogans and catchphrases.

Table of propositions	Outcome
Quality factors	
[P6] Including <i>calls for urgency</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Not rejected
[P7] Having a <i>front page picture</i> significantly influences the success of a social crowdfunding campaign.	Not rejected
[P8] Having <i>links to external channels</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Rejected
[P9] Including <i>pictures</i> in the campaign significantly influences the success of a social crowdfunding campaign.	Rejected
[P10] Having <i>slogans and catchphrases</i> significantly influences the success of a social crowdfunding campaign.	Rejected

Table 13 - Overview of proposition outcome for quality factors

In line with Althoff et al. (2014), the researchers investigated whether the sense of urgency had a significant impact on the success of a social crowdfunding campaign. When considering the descriptive statistics, the researchers found that more successful than unsuccessful campaigns had *calls for urgency* included, i.e. 71 % of the successful and 29 % of the unsuccessful. When running the regression analysis, the result showed that the calls for urgency-variable significantly added to the outcome of the model ($p = 0.023$). This is in line with previous research stating that when fund-seekers portray a sense of urgency, backers feel more urged to invest (Althoff et al. 2014). Thus, the calls for urgency in a social crowdfunding campaign significantly add to the success of the campaign and the proposition could not be rejected. The researchers believe this feature to be especially effective for social entrepreneurs as the aim is to achieve a social cause, and bringing a sense of urgency to the backers underbuild the importance of their help in achieving the goal, as it appeals to the altruistic incentives in the backer.

Previous studies have considered having pictures included in the campaign as an important factor to increase the likelihood of success (e.g. Mollick 2014). Schwienbacher and Larralde (2010) also emphasize the value of communication which is done, among other things, with the help of pictures of good quality incorporated in the campaign. Consequently, the researchers choose to include the *front-page picture-variable* in order to expand on existing

literature that have mainly concerned pictures within the campaign page and not on the front page of the campaign (see Appendix 8.1.1 for example of what the front-page picture looks like). When considering the descriptive patterns for this variable, the researchers saw that 94 % of all successful campaigns had included a front-page picture, while only 41 % of the unsuccessful campaign had done the same. Giving the indication that including a front-page picture contributes to the success of the campaign. In the regression analysis, this variable was shown to be the most significant feature in the positive outcome of the campaigns ($p = 0.000$). Thus, by including a front-page picture in the campaign, the fund-seekers are more likely to succeed in receiving their funding goal, and the proposition was not rejected. The researchers believe that having a front-page picture gives a first impression and signal quality to the backers as they are looking for campaigns on the explorer page on StartSomeGood. Hence, the researchers think a front-page picture might be the most important feature to include in a campaign as it gives the crucial first impression for the backers, which should make them eager to know more.

As previously discussed, there are no comment section on the StartSomeGood website to facilitate the communication between backers and fund-seekers. There are however links to social media such as Facebook and Twitter to facilitate for the backers to share the campaign on their social media websites, but no direct links automatically included that brings the backers directly to the fund-seekers' external channels. The variable *links to external channels* investigated if the fund-seekers had included links to their external channels (e.g. website or Facebook-page), so that the backers could get more information regarding the fund-seekers, the campaign-shares, and comments. This is found to be important contributing factors to the success of crowdfunding campaigns in previous studies (Mollick, 2014; Mitra & Gilbert 2014; Lin et al. 2013). In the descriptive patterns, the researchers saw that links to external channels seemed to be included in the successful campaigns to a greater extent, where 73 % of the successful had it and 45 % of the failed campaigns had it. However, when conducting the regression analysis, the variable did not significantly add to the outcome of the model ($p = 0.120$). Thus, the proposition could be rejected, and having external channels did not significantly add to the success of a social crowdfunding campaign. The researchers believe that this is because the campaign has a social aim, and that backers might be less prone to question or need additional information regarding the projects due to the conviction that the invested money goes to a good cause. If, for example, backing a crowdfunding campaign in order to get a product or service, the backers might be more interested in having additional security to know that the product is of good quality. In the social campaigns, the researchers have observed that there are normally many small sum reward categories, hence indicating that it is not of importance to the backers to have external assertanties of the project behind the campaign, as it is not high amounts of money on the table. However, including links to external channels gives the backers the possibility to easily obtain additional information and the researchers believe that it is still an important feature to include in order to increase the chances of success, as indicated by the descriptive statistics.

In line with previous paragraph, the researchers had seen from previous studies that *pictures* were considered important to include in order for campaigns to be successful. For example, Mollick (2014) found the number of pictures included in a campaign to be positively correlated with the campaign's chances of success (Mollick 2014). When considering the descriptive patterns regarding this variable, it could be seen that 75 % of the successful campaigns, and 69 % of the unsuccessful campaigns had included pictures, showing that successful campaigns had included pictures to a greater extent. However, both successful and unsuccessful campaigns had included this feature in a high amount of the observations. When running the regression analysis, the pictures-variable was found to not significantly add to the

outcome of the model ($p = 0.139$), and the proposition could be rejected. Although the proposition is rejected according to the result of the regression analysis, the researchers believe that this might be because the pictures-variable was coded as a binary variable where it only considered whether pictures were included in the campaign or not, and not the total number of pictures. In addition, in social campaigns, pictures might not be as important as the backers might be more attracted to the social cause of the campaign rather than the pictures included. Also, as all campaigns were obliged to include a video in the campaign due to the policy of the platform, pictures might not have been as important as the backers already got some sort of image and visual representation of the campaign. Thus, the researchers would still advise social entrepreneurs to include pictures as it brings more life to the campaign.

The proposition regarding *slogans and catchphrases* in social campaigns is built from the theory of Lins et al. (2016), suggesting that positive language and enthusiasm makes it easier for backers to identify the key aspects and benefits of the campaign. Due to the positive tone and connotations within the campaign backers get motivated to fund. However, traditional financiers only respond to positive language to a certain extent, and put more focus on the business model and management characteristics in their investment decision (Lins et al. 2016). When looking at the descriptive patterns, the successful campaigns used slogans and catchphrases to a higher extent, where 79 % of the successful campaigns had it and 47 % of the unsuccessful campaigns had it. Yet, when running the regression analysis, this variable did not significantly add to the outcome of the model ($p = 0.624$). Thus, the proposition regarding having slogans and catchphrases could be rejected. This indicates that quality in these areas is not as important for social campaigns as for campaigns studied in previous research (e.g. Lins et al. 2016). Yet, since a higher share of the successful campaigns had included it, the researchers believe that it is still beneficial to include positive language patterns in order to influence the success of the campaign, although not being the most important factor for social entrepreneurs in order to succeed. Also, having slogans and catchphrases adds to the overall impression of the campaign and facilitates for the backer to identify key aspects and communicates the core message of the campaign more efficiently.

In summary, having calls for urgency and a front-page picture have a significant impact on the success of a social crowdfunding campaign. The fact that the fund-seeker provides the backers with a sense of urgency seems especially important for social crowdfunding campaigns as it creates an urge for the backers to invest in something meaningful and make a difference. Also, the front-page picture is an important quality feature that guide the backers from the explorative view to the campaign's descriptive page and, if missing, leaves the website's visitors without the vital first visual impression of the campaign. The remaining factors should also be considered in order to more efficiently communicate the social aim of the campaign towards the backers.

5.2. Discussion of findings related to the control and additional variables

When considering the *location* of the campaigns, according to literature, crowdfunding has removed the impact geography has on the success for the entrepreneurs (Agrawal et al. 2011; Gerber & Hui 2013). However, in the descriptive statistics, it was noted that campaigns originating from countries outside the US and Australia seemed to fail to a larger extent. To control for this variable, it was included in the regression analysis where it was found to be significant ($p = 0.049$) and affecting the success of the crowdfunding campaigns negatively. Hence, location in this case was a significant contributor to the outcome of the campaign, contradicting the suggestions of Agrawal et al. (2011) and Gerber and Hui (2012). The researchers do not know why locations outside of the US and Australia failed to a greater extent, they had expected campaigns in for example third-world countries to have a benefit in

a social context, as it is widely known that there is a need for social change in such countries. One suggestion is that it could be because social crowdfunding communities are more extensively established in Australia and USA or that the Startsomegood platform is better known in those countries.

Furthermore, regarding the *tipping point goal* variable, previous studies have stated that a low tipping point goal is more likely to lead to a successful campaign (Marelli & Ordanini 2016; Mollick 2014). However, many consider it very difficult, if not impossible, to quantify the socio-economic, environmental and social effects the social entrepreneurs have on society, and as such, it can be argued that a comparison with the business entrepreneurs' value creation cannot be done (Austin et al. 2003; Light 2006). The descriptive statistics regarding the tipping point goal show that the successful campaigns have an average tipping point goal of \$7775 while the unsuccessful campaign have an average of \$9065, indicating a more modest attitude by successful fund-seekers. When looking at the result from the regression analysis, it can be noted that the tipping point goal showed no significant effect on the outcome of the model ($p = 0.119$). The researchers believe that the tipping point goal in social crowdfunding campaigns might not be as important as for other campaigns, as the social aim of the campaign attracts funding to a larger extent. Also, the researchers believe that it can be difficult to choose a specific tipping point goal on social causes, in line with previous studies, as it is hard to quantify the social effects of the investments which could be a reason why some campaigns fail to provide a tipping point goal leading to success.

The variable *backers* that had funded the campaign was showing a strong correlation between success and the number of backers, which makes sense since a higher number of people contributing with capital should lead to a higher amount pledged and result in a more successful campaign. In line with this discussion, the average *pledged amount* was higher for the successful campaigns. Additionally, previous research has looked at the correlation between belonging to a certain category and success (Crosetto & Regner 2014), rather than the number of categories the campaign belongs to and success investigated in this study. The previous research concerning *category inherency* and success showed that categories related to technology and games contained successful campaigns to a greater extent than categories of music and film which contained more unsuccessful projects (Crosetto & Regner 2014). From the descriptive patterns in this study the researchers could not draw any conclusions regarding which categories were more likely to bring the campaign to success. Yet, some categories contained more successful than unsuccessful campaigns, i.e. Food, Arts & culture, and Education. However, many campaigns had multiple category inherencies, and it was difficult to weigh the different categories in terms of which is the most valuable. Furthermore, the category inherency was not of particular interest in this study as the researchers know different platforms have different types of categories, and the result were not included in the regression analysis.

When looking at the *percentage of funding* received, *Graphs 14* (see Chapter 4) showed that on average, the successful campaigns in the sample received 1.36 times their funding goal. The low margin of success has been presented in previous literature and states that successful campaigns tend to succeed with their goal by small margins (Mollick 2014). Furthermore, Mollick (2014) found that only 10 % of the successful campaigns achieve more than double of their goal, which is higher than in this sample where only 3,85 % doubled their tipping point goal. The fact that the funding is met by small margins puts extra pressure on the fund-seekers to provide a tipping point goal that is representative of the campaign goal as there will be no marginal profits. Also, one reason why many failed campaigns raise little or low levels of funding could be explained by these campaigns being less successful in activating their network and consequently miss out on the initial capital inflow from the local community

within that network. Since the first inflow of capital is important to create the herding behavior mentioned earlier, there needs to be an early activation of the network so that investors can promote the campaign early on.

In summary, campaigns that originated from USA or Australia were more successful than campaigns from other countries. One reason for that could be the well-established crowdfunding communities within those two countries. Also, the tipping point goal did not seem significant for the outcome of a social campaign, but could still be an issue when starting a campaign, as a social cause is often difficult to quantify. In line with previous studies, it might be advisable to have a more modest tipping point goal as it is easier to justify. Lastly, the percentage of funding showed that successful campaigns often succeeded by small margins, and that failed campaign failed by large margins. The researchers believe that since the first inflow of capital is crucial, fund-seekers need to activate their network at an early stage to attract investors.

5.3. Discussion of findings related to the survey variables

When looking at the *age* of the fund-seekers that responded to the survey, it could be noted that the successful campaigns had a lower average age of 36 years instead of the 47 years for the unsuccessful respondents. The researchers believe that younger fund-seekers might have better technical abilities, and greater awareness of what is sought after by the backers in the crowdfunding community, and how to implement such factors in practice. However, many conclusions can be drawn from the age difference between successful and unsuccessful campaigns, but because of the low response rate, the researchers withhold from drawing any further conclusions. Previous research suggests that, if fund-seekers do not have a large network, they should be investing in various crowdfunding campaigns in order to increase their presence within the sub-community and signal willingness to give back to the community (Althoff et al. 2014; Colombo et al. 2015). Regarding the variable *backed other campaigns*, the descriptive patterns show that 94 % of all survey respondents had backed other campaigns. All the unsuccessful respondents and nine out of the ten successful campaigns had backed other campaigns. This indicates that even if a fund-seeker has backed other campaigns, it might not positively influence the success of the own social campaign. However, this is most likely due to the fact that fund-seekers on the StartSomeGood website are unable to show how many campaigns they have backed themselves, thus being unable to signal the willingness to give back to the social crowdfunding community.

Furthermore, previous literature states that posting the campaign for a longer period is not likely to increase the success of the campaign (Mollick 2014). The descriptive statistics regarding the *duration*, exhibited that the mean duration of a campaign is 30 days, based on the survey results. Furthermore, the successful campaigns had a length of 26 days on average, while the unsuccessful campaigns had a length of 35 days on average. Indicating that the successful campaigns had a shorter duration in line with previous studies. This was also supported by the StartSomeGood platform itself, as a representative stated that the most successful campaigns normally did not have a longer duration than 30 days, as longer campaigns only extended the lull-time in the middle (Simonton 2017). Noteworthy in the descriptive statistics was also that only failed campaigns had a campaign duration of 51 to 60 days, further indicating support to the literature regarding this matter. In addition, when looking at the level of *education* for the fund-seekers, 15 out of 17 respondents had a university/college degree or higher. When the researchers collected the initial data from the StartSomeGood website, a variable regarding language and grammar was used to control for the quality of the language, as discussed in previous literature (Mollick 2014). However, all campaigns in the data sample had high quality in the use of language, lacking e.g. spelling

mistakes and grammar errors, and the researchers believe the fact that most fund-seekers were highly educated to be a contributing factor to the high-quality language used in all of the campaigns in the sample. Furthermore, regarding the *professional background* of the fund-seekers, the survey results showed that more over half of the respondents had an entrepreneurial background. The researchers believe that this can be explained by the difficulties e.g. start-ups and social entrepreneurs are facing in receiving funding from traditional investors, mentioned in previous literature. Hence, entrepreneurs might be more drawn to crowdfunding than other professions, and crowdfunding might be wider known in an entrepreneurial context.

Moreover, when looking at the *gender* of the fund-seekers in the descriptive statistics, 76 % of the survey respondents were female. Of the thirteen female respondents, eight had a successful campaign, and out of the four male respondents, two had a successful campaign. Previous research has stated that female fund-seekers generally enjoy higher rates of success in funding their projects than their male counterparts, suggesting that females sometimes set their funding goals lower than men as they are more risk averse (Marom et al. 2015). Consequently, the results in this study are in line with previous research as more female fund-seekers were successful. However, it can be noted that there is a much larger number of female respondents which could show misrepresented results. When considering whether the fund-seekers used professional *marketing services* the descriptive statistics showed that none of the successful campaigns had hired a marketing firm while two of the unsuccessful campaigns had. It did not seem to positively influence the success of the campaign, but the researchers believe that even if only unsuccessful campaigns had hired a marketing firm, the results gave indications that engaging in crowdfunding itself can be a marketing tool, in line with previous literature.

In addition, when considering the *number of fund-seekers* of a campaign, previous literature has stressed the importance of having a large network of e.g. friends and family to receive funding in the early stages of the campaign to create a herding effect and bring the campaign to success (Agrawal et al. 2010; Kuppuswamy & Bayus 2014; Mollick 2014; Ordanini et al. 2011; Conti et al. 2013). In line with previous studies, the researchers believed that campaigns with more than one fund-seeker would be more successful due to the networking effects. When considering the descriptive statistics, the successful campaigns had three fund-seekers on average while the unsuccessful campaigns had one fund-seeker on average. Campaigns with more than three fund-seekers had an equal amount of successful and unsuccessful campaigns. Thus, the results give some indications that campaigns with more fund-seekers were successful to a greater extent, and the researchers believe that this is due to the previously mentioned networking effect. When there are more fund-seekers, there are also more networks incorporated to support the campaign.

Considering the *type of backer* of the campaign, previous crowdfunding literature have stated the importance of having back-up from friends and family in order to create a networking effect and build trust with the crowd (i.e. Mollick 2014; Agrawal et al. 2010; Kuppuswamy & Bayus 2014). It was also stated by Ordanini et al. (2011) that the first backers are often someone within the existing network of the fund-seeker. When running descriptive statistics on the type of backers the 17 respondents of the survey had, it was found that most funding came from people within the existing network of the fund-seeker rather than from random people which only constituted of 23 %, as seen in *Graph 22* in Chapter 4. Hence, the descriptive statistics showed that friends and family stood for most of the funding. The researchers believe a contributing factor to the low rate of random backers to be that the StartSomeGood platform is less familiar to the general crowd than the bigger platforms such as Kickstarter. In line with previous literature, the benefit of the networking effect might not

be that high on StartSomeGood as most funding is coming from the fund-seekers' existing network, rather than from random people. In addition, the researchers suggest that marketing factors such as a front-page picture and other quality measurements are especially important for fund-seekers without a large existing network as they must attract the relatively small share of random people backing projects on the crowdfunding platform.

Moreover, theory suggests that when fund-seekers provide the backers with *updates* about the campaign's advancements, especially in the last week of the running period, the likelihood of reaching the funding goal is increased (Kuppuswamy and Bayus 2014; Qui 2013). It also shows that the fund-seeker is engaged and prepared which is appreciated by website visitors (Schwienbacher & Larralde 2010; Segelmark & Ociecek 2014). As shown in the descriptive patterns, most fund-seekers in the survey dataset had done between 0 to 10 updates. In addition, there was a wide spread between the number of updates done throughout the lifespan of the campaign for both successful and unsuccessful campaigns. Some unsuccessful campaigns did many updates and still failed, and some successful did no updates and still succeeded. Thus, the researchers could not pinpoint any specific number of updates that could influence the success of the campaigns. However, the researchers believe that the more updates regarding the campaign the better, as it keeps up the backers' awareness of the campaign, sends a signal of readiness and increases the possibility of capturing backers that are less active on social media, in line with previous studies.

Regarding *video quality*, previous studies have stressed the significance of including a video in the crowdfunding campaign to increase the probability of a successful outcome (Segelmark & Ociecek 2014). The StartSomeGood platform has made it mandatory to include a video in all social campaigns, hence the researchers tried to control for video quality by asking the fund-seekers in the survey whether they hired a professional to do the campaign video. As seen in the descriptive patterns for the survey variables, an equal amount of successful and unsuccessful campaigns used a professional video-maker. Hence giving the researchers little indications of the influence of this factor on the success of the campaign. Yet, since video have been mentioned as important in previous studies, the researchers believe that high video quality, even if the fund-seeker has not used a professional, influences the success of the campaign as it adds to the overall quality of the campaign. Though, this belief could not be supported in this study.

To summarize, the descriptive statistics from the survey variables showed that younger fund-seekers and female fund-seekers more often succeeded with their campaigns, and that campaigns with an average duration of 26 days were successful while the failed campaigns had a longer average duration of 35 days. It also provided the researchers with some insight about the backer type, and it was more backers from the existing network or community of the fund-seeker that had funded the social crowdfunding campaigns. Hence, when there are many fund-seekers, the network effect becomes greater and the campaign can reach more backers, increasing the likelihood of success. If, however, the fund-seeker's network is small, it is more important to focus on the campaign and quality factors to attract the small share of random backers visiting the platform. Moreover, backing other campaigns has also been discussed in previous research as a success factor but was not recognized as one in this research as all failed fund-seekers had backed other campaigns and were still unsuccessful. However, one requirement for it to be a success factor is for the backers to see what campaigns the fund-seeker has backed, which is not possible on the StartSomeGood platform, and the researchers did not draw any conclusions from this observation.

6. Concluding remarks

6.1. Conclusions

This study aimed to identify success factors that could be beneficial for social entrepreneurs to include in a crowdfunding campaign. The overarching research question the researchers sought answer to was;

What factors influence the success of social entrepreneurial crowdfunding campaigns?

The idea of the research topic came to life as the researchers studied ways in which entrepreneurs in general can receive funding for new ideas and projects. They discovered the crowdfunding context and realized that entrepreneurs have a hard time receiving funding from traditional investors, leading to crowdfunding being a possible solution to this problem. Also, since the researchers have a great interest in social entrepreneurship and ways to fund ideas with a social aim, it was noticed that social entrepreneurs are underrepresented in the crowdfunding literature, which further intrigued the researchers to study this particular setting. Consequently, when investigating the influential factors in crowdfunding success for social entrepreneurs, the researchers started by looking through current crowdfunding literature, and the success factors brought up in previous studies. Thereafter, the researchers set out to investigate ended social campaigns on the crowdfunding platform StartSomeGood, to see what factors were included in the successful campaigns, and missing in the unsuccessful ones, to identify potentially influential factors. Success factors from previous literature and from observations made by the researchers on the platform, were translated into propositions to investigate further in the continuance of the report. In addition, the researchers could see that observations regarding some success factors brought up in previous crowdfunding literature could not be collected through the platform, and the researchers created a survey to send to the fund-seekers in the sample to investigate the importance of these factors as well. The researchers ran descriptive statistics on all observed variables from the platform and survey, and then included the most interesting findings in the report. Additionally, a logistic regression analysis was performed on the platform variables to test the ten propositions, and it showed that the ten variables in the propositions explained the outcome of the campaigns to 66,1 %, and that three of the variables were found significant, i.e. calls for urgency, front-page picture, and reward categories. However, the researchers argue that only to suggest these three factors as important to include in a social crowdfunding campaign would be a too simplistic answer to the research question, as will be further discussed in the following section.

The campaign factor significantly influencing the successful outcome of a social crowdfunding campaign was having a higher number of reward categories. The researchers believe this is due to the fact that it enables fund-seekers to reach out to a wider range of backers, i.e. backers that are able to contribute small amounts as well as backers willing to give extensive contributions. The altruistic and philanthropic incentives for backers to give and invest money in social causes might outweigh the other campaign factors of third-party endorsements, campaign category, fund-seeker information, and contact information. Hence, if the social goal is inspiring and eye-catching enough, the campaign does not need more than the factor of reward categories for the backers to choose from, so that they can contribute with as much money as they are willing to give. As the backers are unable to donate the exact amount they want, and must choose from the different reward categories, a wider range of alternatives facilitates for the backer to find an amount they feel comfortable with. The remaining campaign factors of campaign category, third-party endorsements, fund-seeker

information, and contact information were not found to be significantly adding to the successful outcome of the campaign, but the researchers still believe that social entrepreneurs should include these factors when launching a social crowdfunding campaign, as they contribute in communicating the social aim of the campaign more clearly.

In addition, the two quality factors that significantly influenced the successful outcome of the campaign were front-page picture and calls for urgency. The researchers believe that the front-page picture is a way to communicate with the backers and provide them with an overview of the campaign and convey a sense of quality at first glance. The fact that many failed campaigns did not have a front-page picture and most of the successful did, further emphasized the importance of that first quality signal. In addition, the researchers believe this to be in line with previous studies stressing the importance of including pictures in the campaign. It is widely known that a picture is worth a thousand words and thus a valuable communicative tool to include to attract the backers' attention (e.g. Mollick 2014). The second variable that showed significance in influencing the successful outcome of the campaign was calls for urgency, which can be linked to the social aim of the campaign. Literature suggests that "the crowd" is, in contrast to traditional investors, more interested in the core values rather than the business plan (Lehner 2013). Thus, the researchers believe that a call for urgency within a social campaign has a larger impact on the backers than within an entrepreneurial business for instance. This is due to the previously discussed altruistic and philanthropic incentives for the backers to engage. It creates a sense of urgency to help with a social cause, which might seem more important than supporting a traditional product or a service created for profit. The remaining quality factors of pictures, links to external channels, and slogan and catchphrases did not show significance in influencing the successful outcome of a social campaign, but the researchers still believe them to be important to consider for fund-seekers in the context of social crowdfunding, to more efficiently communicate the social aim towards the backers in a way they can relate to.

The remaining platform variables investigated in the descriptive statistics indicated that location was significant and negatively influencing the success of the campaign. Yet, this is beyond the control of the fund-seekers, but noteworthy if there would be an option not to mention the country of origin in a campaign. Furthermore, tipping point goal was not significantly adding to the outcome of the campaign but it could be seen that successful campaigns had a lower average tipping point goal than the unsuccessful campaigns, suggesting that previous studies regarding this matter could be supported. Having a modest approach regarding the funding goal could therefore be advised to fund-seekers. In addition, the correlation between category inherency and success was hard to establish, as it was difficult to weigh the different categories accurately when establish which main category the campaign should belong to. However, some categories seemed to inherit more unsuccessful campaigns and vice versa, supporting literature stating that category inherency is important. Yet, the researchers believe that it is of less importance for the social fund-seekers what kind of category to choose for the campaign, it is rather advised to find a suiting category supporting the type of campaign to facilitate for the backers to locate it. The variables number of backers, pledged amount and funding received, are beyond the fund-seekers control, and therefore just described to provide the reader with an overview of how these factors can differ between the successful and unsuccessful campaigns.

In addition, the researchers made some interesting findings in the descriptive statistics from the survey, where the most noteworthy factors were the duration of the campaign, which was 26 days on average for the successful campaigns, and the type of backers, which showed that only 23 % of the backing came from random people. Thus, fund-seekers should keep the campaign open for funding for a duration of approximately 26 days, and make sure to make

their existing network aware of the campaign as more friends and family backing the campaign in the initial phase can lead to snowball effects and herding behavior, and attract the random people visiting the platform (in line with e.g. Mollick 2014; Mitra & Gilbert 2014; Lin et al. 2013). The finding that successful campaigns seemed to have more fund-seekers on average supports this further, as more people are likely to have a greater existing network to ask for backing. Furthermore, even if there was little indication that a campaign would be more successful with a professional video-maker, the researchers believe that video quality is important for a successful campaign, as there are more ways to control for video-quality not brought up in this study. In line with this discussion, the researchers believe that having more updates regarding the campaign is beneficial as it increases the likelihood of being discovered by additional backers, even if the descriptive results showed that there was an equal average number of updates in the successful and failed campaigns. Also, the observation regarding if the fund-seekers had backed other campaigns did not show to be a success factor based on the survey responses. However, the researchers believe that since the amount of backed campaigns is not visible on the StartSomeGood platform, it becomes hard for the fund-seekers to show their commitment, and is therefore a success factor that could have been lost in translation. The researchers also wanted to know whether hiring a professional marketing firm would bring the campaign to success but found that only two of the respondents had hired a marketing firm, and both were unsuccessful. The researchers believe that having someone with marketing knowledge to work on the campaign still is beneficial, but since crowdfunding itself can be seen as a marketing tool, it might not be relevant to pay for such additional services. Lastly, it could be noted that some characteristics describing the fund-seekers that responded to the survey showed that there were more female fund-seekers, almost all fund-seekers had a university degree or higher, many had an entrepreneurial background, and the fund-seekers of higher age seemed less successful. Female fund-seekers were also found to be successful to a greater extent, in line with previous literature (Marom et al. 2015).

Conclusively, the researchers have found that it is difficult to make a comparison between business and social entrepreneurs. When not being driven by economic wealth, which is much easier to quantify, it is difficult to establish what can be considered a factor of success for a social entrepreneur, as it can be the social aim itself that are the most important success factor. Hence, the researchers believe that for social crowdfunding campaigns, the backers are more prone to look at the social aim of the campaign rather than the more traditional success factors brought up in previous studies. Furthermore, the researchers argue that it is of essence for social crowdfunding campaigns to communicate the importance of their social cause, and have a social goal that the backers can relate to, in order to appeal to the altruistic and philanthropic incentives for backers to fund. This can be done through including calls for urgency, a powerful front-page picture, and a lot of different reward categories. Also, the researchers believe that all factors that were investigated in this study, and under the control of the fund-seeker, should be considered to increase the probability of success in a social crowdfunding campaign, and to make sure that the social aim of the campaign is communicated efficiently. Thus, the factors influencing the success of social entrepreneurial crowdfunding campaigns are; efficient communication of the importance of the social aim towards the backers, through including calls for urgency, a front page picture, many reward categories, and the various factors brought up in this study.

6.2. Contributions and managerial importance

The aim of this study was to contribute to the research field of social entrepreneurship in the context of crowdfunding, where the researchers had found a gap in current literature. The researchers believe to have identified influential factors for the success in social

crowdfunding campaigns, and deepened the understanding of what to include in order to increase the likelihood of success. When social entrepreneurs have read this report, the researchers believe to have contributed with important tools they can use in their crowdfunding campaigns. Thus, the researchers are confident that this study have contributed to the gap in existing literature and yielded interesting theoretical and managerial contributions. Evidently, further investigation about this topic is of value and essential as the crowdfunding landscape is constantly changing and evolving, and this study can work as a springboard for further research. Also, the StartSomeGood platform and other social crowdfunding platforms can gain insights on how to adjust the outline of their platform to increase the success of future crowdfunding campaigns.

6.3. Limitations of the study

The conclusions drawn in this study must be considered within the scope of this research. As previously mentioned, the success factors identified have been taken from reward-based campaigns. Hence, the findings are specific to this platform, which makes it difficult to predict whether a similar study on another platform would produce the same results since the fund-seekers could have other factors to choose from. In addition, the crowdfunding setting is due to change and evolve in the coming years, which implies that a similar study made later in time could result in a different outcome. Lastly, the researchers believe that the philanthropic and altruistic incentives for backers to fund might have been an important factor influencing the success of a social campaign. However, this factor is hard to control for and might be one aspect that makes it hard to establish the significant contributors to a successful outcome of a social crowdfunding campaign.

Even though the test survey yielded very good results, the researchers, unfortunately, received a low response rate to the actual survey sent out to the sample. Having more responses would have increased the accuracy of our descriptive patterns and produced better results. Another limitation related to the survey variables is the time aspect. Since the sample included campaigns that had run between 2011 and 2017, some of the respondents could not respond to some of the enquiries on the survey as they did not remember. However, the researchers were still confident that the descriptive patterns in the results from the survey would be of value in the study and decided to include some of the data in the discussion.

Also, the model likely entails some bias within the research as not all variables were included in the analysis. Researchers identified success factors related to previous literature in order to produce a study that would be beneficial for social fund-seekers within the crowdfunding context. Consequently, there might be other factors that could influence the success of a social crowdfunding campaign that were not included because the descriptive statistics in this sample did not show a remarkable outcome.

6.4. Suggestions for future research

Since the context of crowdfunding is constantly evolving, and still seen as a relatively new phenomenon, the researchers believe that numerous other studies can be made to contribute to the social crowdfunding context. Future researchers can for instance analyze different crowdfunding platforms as this study was limited to one. It would bring significant additional value to fund-seekers with a social aim. When doing so, the researchers would be able to pick up on different variables than those used in this study e.g. how belonging to a certain category influences the success or how the timing of the updates influences the success. To improve the generalizability of the findings, it could also be interesting to perform a similar study on different kinds of crowdfunding schemes and models. By doing so, a comparative study could be made where the future researchers explore which scheme or model is the most beneficial

for social entrepreneurs. Another aspect which would increase the knowledge of the social crowdfunding environment is a study taking on the backers' perspective. Such study would most likely provide a qualitative point of view of the other side of the spectrum, where various backers could be interviewed in regard to why they decide to fund social crowdfunding campaigns. This approach would enable researchers to get a more nuanced insight into the investor' behaviour and consequently progress the research within social crowdfunding.

Also, since this study uses a binary variable when examining success, it would be interesting for future researchers to account for the magnitude of a campaign's funding success as well. Such research could identify success factors explaining why some campaigns get more than the requested funding, and why some campaigns get very limited funding. Moreover, further research could shed light upon how well the successful social crowdfunded campaigns have performed after the crowdfunding period. Such research would benefit fund-seekers when deciding which funding strategy to move forward with and would contribute to the social crowdfunding literature.

7. References

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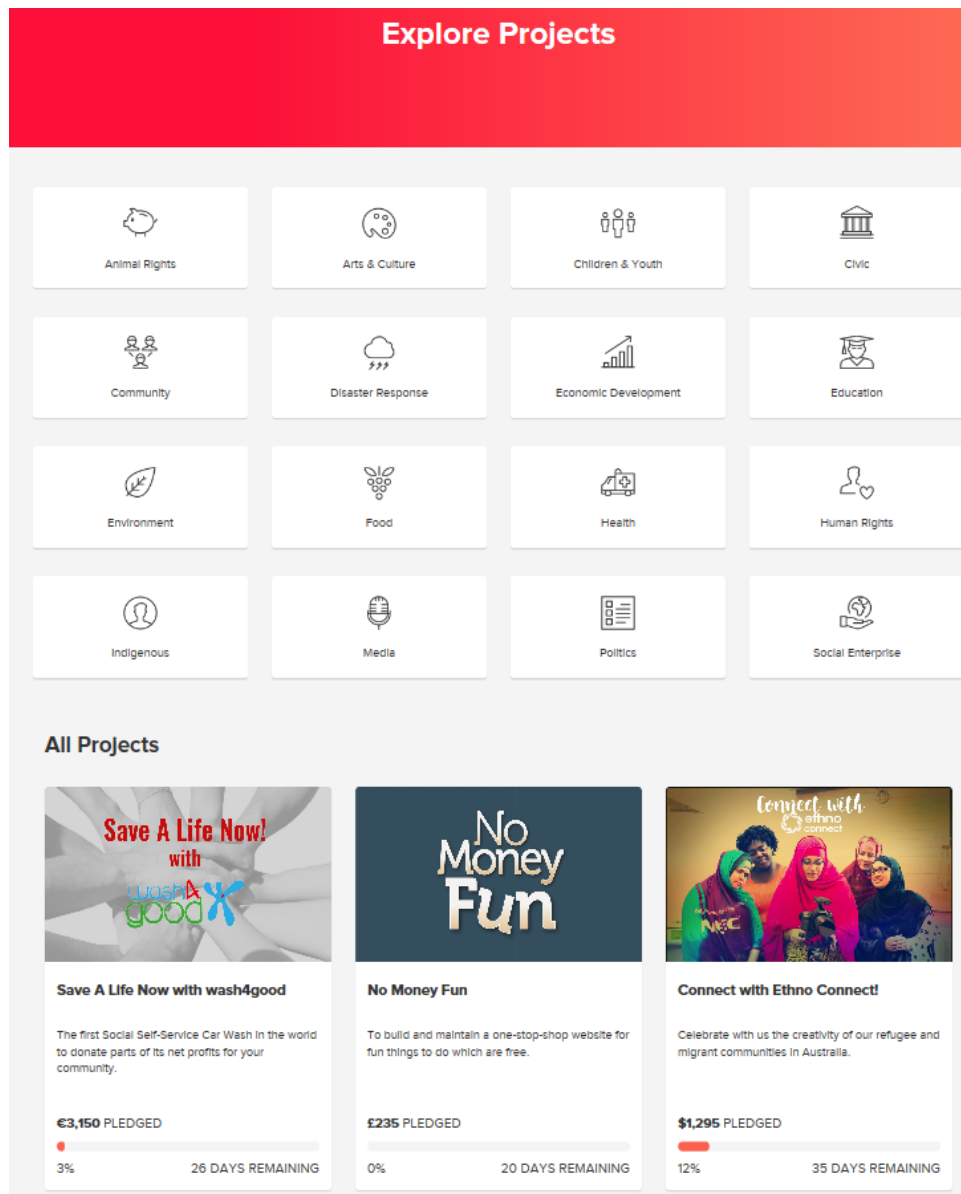
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8. Appendix

8.1. Crowdfunding platform StartSomeGood aesthetics and layout


In the explorative view of the Startsomegood website, the visitor can first get an overview of the ongoing projects where one can see the title, a relevant front-page picture (if any), a brief description of the project, the amount that has already been pledged and the amount of days remaining. The visitors can then click their way from the overview into a more specific and explicative page of the chosen project as seen in *Appendix 8.1.2*.




Appendix 8.1.1. - Exploratory view

The Good On You Ethical Shopping Assistant

Sydney Good On You



GOOD ON YOU



\$20,225

Raised of \$15,000 AUD

Successfully funded on Jul 03, 2015

285 supporters

COMMUNITY
ENVIRONMENT

EMBED WIDGET
↑ ↓ ↻

About Supporters

About This Project

We're Taking Ethical Shopping Mainstream. Join the Fashion Revolution.

It's not easy to make shopping choices that meet your everyday needs while also doing good on the issues you care about.

Great news! The Good On You App changes that. It makes it easier than ever before to find brands and companies that do better by their workers, the environment and animals.

By using the Good On You app, you and millions of others will turn your shopping choices into votes for a better world. Your votes will force brands to:

- get serious about **climate change**
- avoid **toxic chemicals** that harm people and the planet
- avoid **child labour** and forced labour in their supply chain
- commit to fair treatment of workers including a **living wage**
- refuse to use or sell products created through the **inhumane treatment of animals**.

Rewards

\$10.00

GOOD ON YOU CHAMPION – Personalised thank you email and project updates. Like all supporters you'll get the app before its public release and keep it forever free.

928 left

\$25.00

THE GOOD ON YOU ETHICAL CLOTHING eBook + PICK A BRAND TO RATE – A new, easy-to-use guide to the ethical issues affecting your clothing choices + we'll make sure the brand of your choice is rated in the first version of the app. (includes GST on eBook at \$5. balance donation).

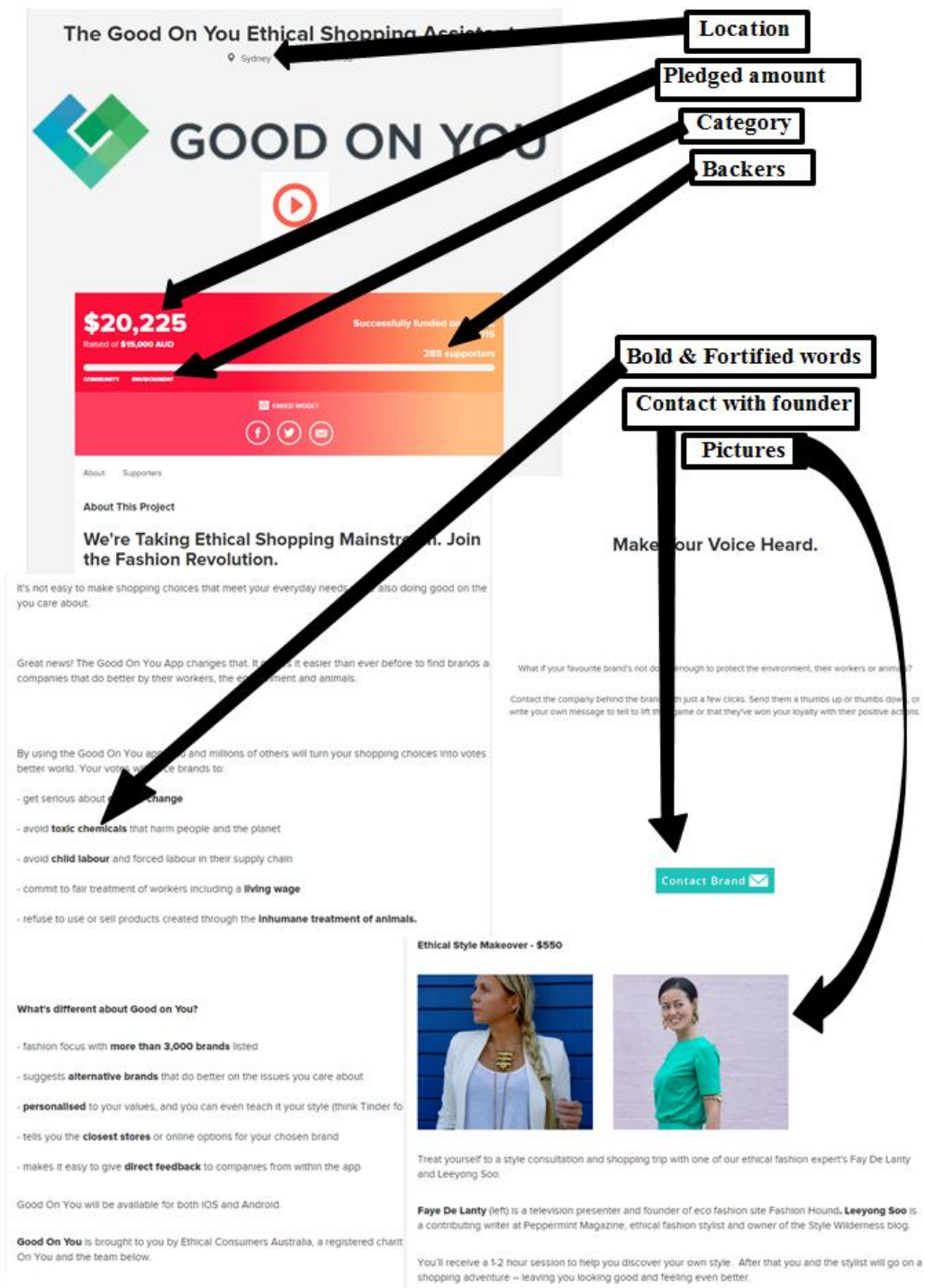
423 left

\$50.00


THE GOOD ON YOU TOTE BAG – With the app in one hand and our Fairtrade, organic tote in the other, you're all set for ethical shopping. Made by our "Excellent" rated friends at Linnal, our tote is decorated with the most ethical brands on our list.

Appendix 8.1.2. - Campaign page view

8.2. Illustration of platform variables



The Good On You Team



The Good On You team includes:

- Gordon Renouf**, co-founder and CEO. Gordon has worked for nearly 30 years in social justice organisations, like community legal centres and Aboriginal Legal Aid. He was Head of Campaigns for Australia's leading consumer organisation CHOICE for 5 years.
- Faycal Fassal**, Development Director has more than 20 years experience building and supporting products in startups and major companies.
- Bethany Noble**, Communications Director has a background in social justice and has worked in marketing and comms roles for major charities. Last year she founded her own ethical bag label.
- All Misredogli**, CTO, is an experienced software engineer currently completing a PhD at UNSW.

Together with our colleagues **Celine Massa** and **Will Farrler** we've been helping consumers make ethically aligned purchases for the last two years. We've got the experience and expertise to ensure that Good On You succeeds.

Founder information

Rewards

Call for urgency

Endorsements


Please pledge now!
 Pick your reward from the list on the right


The True Cost of Our Fashion Choices.

Clothing and footwear is the second most polluting industry in the world—after oil—and makes the third biggest contribution to climate change. The world consumes a staggering 80 billion pieces of clothing per year. No matter how often we take our old clothes to charity and second hand stores, at least 25% of what's sold each year ends in landfill where it won't biodegrade!

Around 1 in 6 people work in the global fashion industry, a majority of them women and a majority earning less than \$3 per day – far less than a living wage in the countries where they work.

Fast fashion may be cheap. But the True Cost of fashion – fast or otherwise – is enormous!

"One of the most innovative start-ups in Australia... Good On You offers you a new way to shop for your favourite brands knowing their ethical and eco impact."
 

As seen in


Use Of Funds

Tipping point

Rewards	Price
GOOD ON YOU CHAMPION – Personalized thank you email and project updates. Like all supporters you'll get the app before its public release and keep it forever free.	\$30.00 128 left
THE GOOD ON YOU ETHICAL CLOTHING eBook + PICK A BRAND TO RATE – A new, easy-to-use guide to the ethical issues affecting your clothing choices + we'll make sure the brand of your choice is rated in the first version of the app. (includes GST on eBook at \$5, balance donation)	\$25.00 423 left
THE GOOD ON YOU TOTE BAG – With the app in one hand and our Fairtrade, organic tote in the other, you're all set for ethical shopping. Made by our 'Excellent' rated friends at Unnini, our tote is decorated with an exclusive print from up and coming textile house Meador. Shipping to Australia/NZ included. (includes GST on Tote at \$10, balance donation)	\$50.00 148 left
SENDEE PREMIUM FOR A YEAR – Sendee is Australia's 100% carbon neutral delivery service, with flat rate door-to-door parcel delivery in the same city. Sendee Premium for one year is valued at \$120 and gives you discounts on every delivery, as well as other benefits like free Signature on Delivery.	\$60.00 44 left
ETHICAL SUPERANNUATION MAKEOVER – Get your super fund reviewed by an accredited ethical financial planner at Ethical Investment Advisers. You'll receive a report on which investments line up with your ethical priorities and which ones don't. General Advice Only - see below for more.	\$70.00 12 left

\$15,000 TIPPING POINT GOAL

Tipping Point: Our first goal - 100 malls, 100 stores, more than 3,000 brands

The first version of the Good On You app lists most of the clothing brands you can find in the 100 largest malls and 100 of the largest high street stores—more than 3,000 brands. We'll also include additional brands from a good range of online only stores and specialist ethical retailers.

When we reach our tipping point of \$15,000 we will build the iOS and Android versions of the app with all the features and the brand ratings listed above.

8.3. Survey questions, survey blog, and survey aesthetics.

8.3.1. Survey questions

1. What was the name of your campaign running on StartSomeGood.com? *
2. Your gender: *
3. Your age: *
4. What is your level of education? *
5. What is your professional background? *
6. Was your project successful? *
7. How many crowdfunding campaigns have you backed, if any? *
8. How many founders of the campaign are there? *
9. How many days was the campaign running on Startsomegood? *
10. Have you employed a marketing firm for the campaign? *
11. Did you hire a professional to do the campaign video? *
12. How many updates regarding the startsomegood-campaign did you approximately post on e.g. social media/website during the campaign? *
13. (In percent) How much money was approximately contributed to the campaign by... *
... Family, ... Friends, ... Random people

8.3.2. Survey Blog

†]

	<u>Date and Time</u>	Actions taken
Pilot survey	25.02.2017	The pilot survey was created, made public and sent out to 10 fund-seekers
	26.02.2017	The 10 fund-seekers received a first reminder after 24 hours
	04.03.2017	The 10 fund-seekers received a second reminder after the 7th day
	06.03.2017	The 10 fund-seekers received the last reminder after the 9th day
	07.03.2017	Pilot survey was retrieved the 10th day with a 40% response rate
Published Survey	14.03.2017	The survey was adjusted according to the pilot survey and made public through a sharable link. It was then sent out to the fund-seekers of the 101 campaigns within the sample.
	15.03.2017	The fund-seekers received a reminder after 24 hours
	21.03.2017	The fund-seekers received a second reminder after the 7th day.
	23.03.2017	The fund-seekers received one last reminder after two 9th day.
	24.03.2017	The survey was retrieved the 10th day with a response rate of 17%

8.3.3 Survey aesthetics

Crowdfunding campaign on StartSomeGood.com

We are two swedish students currently writing a thesis within the field of crowdfunding social entrepreneurship. Since you have founded a project on the crowdfunding platform StartSomeGood, you have been chosen to respond to this short survey regarding your project.

Your participation will be very valuable to us and we thank you so much in advance for helping us!

1. What was the name of your campaign running on StartSomeGood.com? *

2. Your gender: *

Male
 Female
 Other

3. Your age: *

4. What is your level of education? *

No schooling
 High school education
 University/College education
 Phd
 Other

8.4. Correlation matrix

Correlation Matrix												
Pearson correlation	1	2	3	4	5	6	7	8	9	10	11	12
Call for urgency (1)	1	-,089	,199	,220	,133	,190	,227	,228	,316**	,130	-,353**	-,012
Campaign categories (2)	-,089	1	,131	,334**	,230*	,133	,038	,110	,177	,051	,183	,149
Contact information (3)	,199*	,131	1	,107	,185	,531**	,276**	,182	,351**	,224*	,024	,169
Front page picture (4)	,220*	,334**	,107	1	,260**	,304**	,054	,047	,277**	,158	-,132	,068
Fund-seeker information (5)	,133	,230*	,185	,260**	1	,191	,017	,071	,168	,159	-,129	,143
Links to external channels (6)	,190	,133	,531**	,304**	,191	1	,389**	,120	,376**	,348**	-,069	,130
Pictures (7)	,227*	,038	,276**	,054	,017	,389**	1	,265**	,264**	,314**	-,168	,055
Reward categories (8)	,228*	,110	,182	,047	,071	,120	,265**	1	,066	,142	-,116	,164
Slogans and catchphrases (9)	,316**	,177	,351**	,277**	,168	,376**	,264**	,066	1	,354**	-,250*	-,064
Third-party endorsements (10)	,130	,051	,224*	,158	,159	,348**	,314**	,142	,354**	1	-,077	,230*
Location (11)	-,353**	,183	,024	-,132	-,129	-,069	-,168	-,116	-,250*	-,077	1	-,154
Tipping point goal (12)	-,012	,149	,169	,068	,143	,130	,055	,164	-,064	,230*	-,154	1

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix table as found in SPSS, no strong multicollinearity in the independent variables as no values are above 0,7.

8.5. Results before adding the control variables

Additionally, when running the initial regression analysis for the ten independent variables, with the control variables excluded, the results showed that the data was a good fit for the model (chi-square 63,172, $p = 0.000$), and that the variables predicted the outcome of the model to 83,2 %. In addition, the ten independent variables had a Nagelkerke R Square value of 0,62, meaning that they explained the variation in the dependent variable to 62 %. Hence, adding the control variables to the model increased the accuracy in which the model predicted the outcome, i.e. to 85,1 %. Also, the explanatory power of the model increased to 66,1 %, showing that the control variables of *Tipping point goal* and *Location* were adding to the variation in the outcome of the dependent variable and important to include. When looking at what variables were significant before adding the control variables, it could be seen that *Calls_for_Urgency* ($p = 0,016$), *Campaign_categories* ($p = 0.037$), and *Frontpagepicture* ($p = 0.000$) were significantly adding to the outcome of the campaigns. The *Campaign_categories* variable had a negative effect on the outcome, and the other two variables a positive effect on the outcome. The rest of the variables were not significantly adding to the model.

Block 0 - classification table

Classification Table^{a,b}

Observed			Predicted		
			Success of the campaign		Percentage Correct
			Failure	Success	
Step 0	Success of the campaign	Failure	0	49	,0
		Success	0	52	100,0
Overall Percentage					51,5

a. Constant is included in the model.

b. The cut value is ,500

Table 8.5.1 - Classification table

Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step 1 Step	63,172	10	,000
Block	63,172	10	,000
Model	63,172	10	,000

Table 8.5.2 - Omnibus Tests of Model Coefficients before adding control variables

Classification Table^a

Observed			Predicted		
			Success of the campaign		Percentage Correct
			Failure	Success	
Step 1	Success of the campaign	Failure	40	9	81,6
		Success	8	44	84,6
Overall Percentage					83,2

a. The cut value is ,500

Table 8.5.3 - Classification Table before adding the control variables

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	76,755 ^a	,465	,620

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

Table 8.5.4 - Model summary before adding the control variables

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a Calls_for_Urgency(1)	1,555	,644	5,821	1	,016	4,734	1,339	16,742
Slogan_catchphrases(1)	,966	,691	1,952	1	,162	2,627	,678	10,183
Campaign_categories(1)	-1,523	,729	4,369	1	,037	,218	,052	,909
Contact_information(1)	-,683	,773	,782	1	,377	,505	,111	2,297
Third_party_endorsements(1)	-,751	,828	,824	1	,364	,472	,093	2,389
Links_to_external_channels(1)	1,175	,817	2,070	1	,150	3,238	,653	16,045
Fundseeker_information(1)	-,075	,625	,014	1	,904	,928	,273	3,157
Frontpagepicture(1)	3,878	,905	18,355	1	,000	48,348	8,200	285,065
Pictures(1)	-,839	,747	1,261	1	,262	,432	,100	1,870
Reward_categories	,215	,114	3,570	1	,059	1,239	,992	1,548
Constant	-4,549	1,194	14,514	1	,000	,011		

a. Variable(s) entered on step 1: Calls_for_Urgency, Slogan_catchphrases, Campaign_categories, Contact_information, Third_party_endorsements, Links_to_external_channels, Fundseeker_information, Frontpagepicture, Pictures, Reward_categories.

Table 8.5.5 - Variables in the equation table before adding the control variables

To summarize, before adding the control variables to the regression analysis, the significant independent variables in predicting the outcome of the dependent variable were the Calls_for_Urgency, Campaign_categories, and Frontpagepicture-variables. In addition, the logistic regression model was statistically significant, $X^2 = 63.172$, $p = 0.000$. The model explained 62 % of the variance is the dependent variable success of campaign and correctly classified 83.2 % of the observations. Campaigns with a front-page picture were 48.348 times more likely to succeed than campaigns without one.