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Sometimes You Win, Sometimes You Learn – Success Factors in Reward-Based Crowdfunding

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Abstract

Crowdfunding has enabled various entrepreneurs, artists and other individuals and organisations to bring projects to life. Despite all success stories, 63% of all projects initiated on the biggest crowdfunding platform kickstarter.com and 46% of all projects initiated on the biggest German crowdfunding platform startnext.com, do not raise enough money to be realised. This study investigates which factors beyond project quality and personal network impact the success of a crowdfunding campaign. Using data collected from startnext.com, we analyse the impact of six factors on the probability of success and provide practical recommendations for initiators. The six factors we analyse are: inclusion of a video, length of project description, communication with backers, curation by a third party, crowdfunding activity of the project initiator and number of rewards. In particular, we show that the inclusion of a video, an intensive communication with backers via blog posts, a history in supporting projects and the creation of a variety of rewards can significantly increase the likelihood that a project succeeds.

1 Introduction

Sometimes you win, sometimes you learn – the title of this study reflects the spirit of our approach. By drawing on crowdfunding literature as well as current practices, we identify six factors that potentially influence the probability of success of a crowdfunding campaign. Based on data collected from the reward-based crowdfunding platform startnext.com, we then analyse empirically whether the identified factors influence the likelihood that a crowdfunding campaign succeeds. We use our findings to identify implications for research and practice.

Crowdfunding has been defined as “an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights” (Belleflamme et al. 2014, 4). As an alternative or additional source of financing for a variety of different projects, crowdfunding has gained a lot of attention in recent years (Agrawal et al. 2010). The basic principle of crowdfunding is to pool relatively small amounts of money from a large number of supporters (Leimeister 2015). Crowdfunding essentially involves three

stakeholders: a project initiator who seeks funds for a project; the crowd of supporters (or backers) who support a project through a financial contribution; a crowdfunding platform that serves as an intermediary between initiators and supporters (Belleflamme et al. 2013).

Crowdfunding can take very different forms. Based on the return supporters receive for their contribution, a common classification differentiates four categories of crowdfunding (Hemer 2011). In reward-based crowdfunding, supporters receive a non-financial reward (e.g. an early version of a product) in return for their support. In equity-based crowdfunding, supporters (or rather crowdfunders) receive a financial return, such as a share in the company. In lending-based crowdfunding, supporters also receive a financial return (e.g. interest on the money invested). In donation-based crowdfunding, supporters do not receive any material or financial reward.

Our study analyses data from startnext.com, a German reward-based crowdfunding platform that also created a platform for the Austrian and the Swiss market. With €22.8m raised up until September 2015, startnext.com is the most successful German crowdfunding platform. Startnext.com uses a fan-function during the starting phase of a project. Depending on the defined funding threshold, initiators need to acquire a certain number of fans (e.g. 25 fans for funding thresholds between €501 and €2,500) to be able to move to the funding stage. Startnext.com (just like kickstarter.com) operates on an all-or-nothing basis, meaning that project initiators have to define a funding threshold for their project. If they reach the threshold, they receive the money to realise their project. If they do not reach the threshold, the money will be returned to the backers. For the purposes of this research, we consider a project that reached its funding target a successful project and a project that has not reached its funding target an unsuccessful project. On startnext.com, the share of unsuccessful projects is at 46% (Startnext 2015). When regarding the market leader, kickstarter.com, an even higher rate of failure – 63% – (Kickstarter 2015) can be found. It goes without saying that not all projects that are created have the potential to succeed. As the crowd evaluates whether to support a project, to a certain extent bad projects and incompetent initiators are refused funding for a good reason. After all, the wisdom of the crowd can help to decide which projects deserve to be funded and which do not. However, during the preparation of this research, we found that many innovative projects that were created by motivated and competent initiators, still failed to reach their funding threshold. This subjective observation sparked our interest for the present study. By analysing success factors in reward-based crowdfunding, we intend to give recommendations to project initiators on how to improve their crowdfunding campaign to increase the probability of success.

While some studies already started to address success factors in reward-based crowdfunding and to create lists of success factors (see for instance Mollick 2014, Lim et al. 2013, Leite and Moutinho 2012), research is still in a relatively early state. The high share of unsuccessful projects indicates that more research is desirable. Where a project fails because of a lack of quality, such failure is part of the selection inherent in economic processes. Where, however, a project that would otherwise have sufficient quality to succeed, fails due to ineffective presentation, the failure is inefficient. Most studies so far focussed on the market leader, kickstarter.com. The main contribution of our research relates to the fact that we generate our data from another crowdfunding platform, startnext.com. Startnext.com has thus far not received much attention in the relevant literature with respect to empirical studies. Our results thereby help to confirm or rebut findings in the existing literature. While kickstarter.com and startnext.com are similar platforms, we still consider it important to extend the body of literature by data collected from another crowdfunding platform. This appears to be of particular importance when comparing the diverging success rates

between kickstarter.com (37%) and startnext.com (54%). These diverging success rates imply that findings from kickstarter.com are not necessarily applicable for project initiators on startnext.com. Further, as the two platforms primarily address different geographical markets, it is important to assess whether findings from one geographical market can be maintained in a market with different cultural particularities. As our analysis focuses on reward-based crowdfunding, parallels to e-commerce research can be found. In many cases, project initiators actually provide the product they intend to create as a reward. In such cases, reward-based crowdfunding is a form of pre-selling (Ahlers et al. 2015) and its dynamics are similar to e-commerce transactions (Bradford 2012). Our findings are therefore of importance beyond the context of crowdfunding. As many of the factors we analyse are relevant in the context of e-commerce transactions, our study also adds to e-commerce literature, in particular in the field of online product presentation.

In the following chapter, we will develop our hypotheses based on the relevant literature and actual practices in the field of reward-based crowdfunding. Chapter 3 will explain our methodology. In chapter 4, we outline our findings. Based on these findings, we discuss implications for research and practice in chapter 5. Chapter 6 provides a summary of our approach and outlines the limitations this study is subject to.

2 Theoretical Background and Development of Hypotheses

The success of a crowdfunding campaign depends on a large variety of factors. Based on data collected on kickstarter.com, Mollick (2014) suggests that project quality and the network of the project initiator are of crucial importance. A number of studies have investigated in more detail how certain factors influence the probability of success of a crowdfunding campaign. Intuitively, some of these factors would appear to be of rather marginal importance and would therefore not necessarily receive as much attention by project initiators as deserved. At the same time, in many cases project initiators can modify the respective factors with relatively small costs. Such factors include, for instance, project updates (Carr 2013; Kuppuswamy and Bayus 2014; Leite and Moutinho 2012; Mollick 2014; Qiu 2013; Xu et al. 2014), campaign duration (Colombo et al. 2015; Cordova et al. 2013; Frydrych et al. 2014; Hahn and Lee 2013) and video message by project initiators (Frydrych et al. 2014; Marom and Sade 2013; Mollick 2014). It appears that research into success factors is of particular importance as it has a great potential to give indication to project initiators on how to efficiently improve their campaign. Due to the identified lack of research and the importance of improving the understanding of success factors, our study will investigate the impact of selected success factors. We have selected the following success factors: project presentation, communication with backers, curated projects, project initiator profile and reward structure. While there is a large amount of potential success factors to be analysed, we had to restrict our research to a limited number of factors to ensure a sufficiently focussed research design. We based our selection on the availability of data, the existence of previous research and the costs for modification. When choosing these success factors, we considered it important to cover various aspects and stakeholders of a crowdfunding campaign. Our factors therefore cover the communication with the general public (project presentation), the communication with backers, the involvement of external entities as a quality signal (curated projects), characteristics of the project initiator (project initiator profile) and incentives to backers (reward structures).

2.1 Project Presentation

Every project page on startnext.com is based on the same template. Project initiators can fill the template with information and embed pictures and videos. The template contains a section for project description, in which initiators can provide detailed information on their project. To ensure comprehensiveness of information and to increase comparability, startnext.com implemented default headlines which project initiators use to describe their project. Despite these default settings, project initiators retain a large amount of freedom regarding the presentation of their project. This shows, firstly, with respect to the elaborateness of the information provided. While, to a certain extent, due to the relatively small sums usually contributed, backers might be reluctant to read extensive information, we still assume that a more detailed description contributes to a successful campaign. This assumption is based on the consideration that an elaborate description signals expertise and diligence, reduces information asymmetries and thereby increases trust and decreases perceived risks. We hypothesise:

H1a: As the elaborateness of a project description increases, the probability of success of a crowdfunding campaign increases.

The freedom of project initiators, secondly, shows with respect to the choice of whether to embed media files. Mollick (2014) found that project initiators who include videos into their description are more likely to succeed. This finding may be explained by the consideration that a video signals quality as it communicates that the project initiator is confident to show the respective product (Mollick 2014). Moreover, videos can transport further information and thereby reduce information asymmetries (Yao and Zhang 2014). In addition, it has been established in e-commerce research that videos can generate trust (Aldiri et al. 2008), a factor that can be of crucial importance in crowdfunding. We hypothesise:

H1b: Embedding a video into the project description increases the probability of success of a crowdfunding campaign.

2.2 Communication with the Crowd

Startnext.com offers three ways in which project initiators can communicate with the crowd. Firstly, a messaging system allows initiators to contact backers and fans directly, either individually or in groups. Secondly, initiators can post updates regarding their project description which will be displayed above the project description. This function is necessary as the project description cannot be altered once the project is running. Thirdly, a blog integrated into the project page allows initiators to inform the crowd about the progress of the crowdfunding campaign. Initiators can choose to distribute their blog post via e-mail directly among registered fans and backers. In addition, startnext.com provides a wall on which individuals can ask questions and provide feedback. Such posts can then be commented by the project initiator.

To investigate how the communication with the crowd influences the success of a project, we will focus on blog posts as they present a relatively efficient way for initiators to communicate with the crowd and, from a research perspective, are relatively easy to compare from project to project. Previous research indicates that increased communication with the crowd via blog posts increases the likelihood of a successful campaign (Mollick 2014; Xu et al. 2014). Xu et al. (2014) analysed this success factor in more detail. They identified seven different categories of blog posts, including posts that announce new rewards, posts that answer questions and posts that announce new contents. Xu et al. 2014 found that (with different levels of significance) all blog posts had a positive influence

on the probability of success. We therefore decided to regard all blog posts together and hypothesise:

H2: As the number of blog posts increases, the probability of success of a crowdfunding project increases.

2.3 Curated projects

With the feature „curated pages“, startnext.com allows third party organisations to help certain projects with their funding. Such organisations include cities, universities and companies. A similar feature exists on kickstarter.com. Curating organisations usually select projects based on content-related or geographical criteria. Often, curating organisations link to the project page from their own website to increase web traffic. In addition, the curating organisation’s logo is displayed on the project page which can serve as a quality signal. We hypothesise:

H3: The probability of success of a curated project is higher than the probability of success of a non-curated project.

2.4 Initiator Profile

The project initiator’s profile is not project specific. It sums up the user’s history on the platform by indicating how many projects the initiator has already created, supported and favorited. Further, initiators can introduce themselves and provide a profile picture. In this context, it needs to be remembered that whenever backers pledge to a project, they take the risk of losing their money. In the case of e-commerce, a certain reputation of an online shop or a vendor usually creates trust that decreases a buyer’s perceived risk. In crowdfunding, where initiators usually do not have a reputation and products are often innovative, such trust needs to be created by other means. The first contact point between an initiator and a potential backer is usually the project description. However, once an initial interest has been created, the initiator’s profile can serve as an important tool to generate trust. Blass and Ketchen (2014) argue that it is important for project initiators to avoid the impression that they are pursuing a hobby rather than a serious business project. Research on an Australian equity crowdfunding website showed that higher business degrees lead to a more successful project outcome (Ahlers et al. 2015). It follows that project initiators should try to communicate their expertise and competence to complete the project. In this context, the project page can be seen as a selling point for their crowdfunding activities (Aldiri et al. 2008). An indication of previous crowdfunding activities signals knowledge with respect to the dynamics of crowdfunding. We hypothesise:

H4: As the number of previously supported projects increases, the probability of success of a crowdfunding campaign increases.

2.5 Reward Structure

The provision of a non-financial reward is the key feature of reward-based crowdfunding. Project initiators can choose the type of rewards they offer, the amount of money backers need to pledge to receive a reward and whether to limit the quantity of a reward. Agrawal et al. (2014) points out that backers have a variety of incentives to contribute to crowdfunding projects. Such incentives include immaterial factors, such as community participation and the support of a product, service or idea. However, it appears obvious that rewards (in particular in pre-purchase crowdfunding) also provide an important incentive. It has been argued above that crowdfunding is very much based on the idea

of collecting a large number of relatively small funding amounts. Small funding sums enable backers to participate without exposing themselves to high risks (Kuppuswamy and Bayus 2014). Research in the context of reward-based crowdfunding for film projects showed that projects that require a higher minimum pledge attract fewer backers (Buttice et al. 2015). It therefore appears reasonable to provide rewards for a variety of different funding sums and to start at a relatively low price. Moreover, the large amount of backers usually involved in a crowdfunding project also entails that the crowd of backers has very diverse interests and motivations (Rakesh et al. 2015). Due to different financial resources and interests, we assume that a wider range of rewards offered will help to attract more backers. We hypothesise:

H5: As the number of rewards offered increases, the probability of success of a crowdfunding campaign increases.

3 Methodology

Using a web crawler, we collected data from startnext.com. We consider projects that started on 4 October 2010 or later and ended on 4 May 2015 the latest. These criteria left us with an initial data set of 3991 projects. We then excluded 146 projects due to data inconsistencies. The remaining 3845 projects had a success rate of 63.7%, where a successful project is a project that reaches or exceeds the funding threshold. We applied logistic regression for the validation of hypotheses. To carry out our calculations, we used IBM SPSS Version 23.

The success of a project is reflected by a dichotomous variable. The variable is „1“ where the funding amount equals or exceeds the funding threshold (successful project) and „0“ where the funding amount is below the funding threshold (unsuccessful project). Table 1 shows the different variables we crawled. It contains the name of the variable, a short description, the associated hypothesis and an indication of whether the respective variable is a dummy variable. Every dummy variable is dichotomous. A value „1“ for a dummy variable indicates that the respective characteristic exists, a value „0“ indicates that it does not exist.

| Dummy | Variable | Description | Associated hypothesis |
|-------|-----------------------------|--|-----------------------|
| | description word count | Word count in project description | H1a |
| X | media_video_dummy | Project description includes a video | H1b |
| | communication blog posts | Number of blog posts by initiator | H2 |
| X | curated_dummy | Project is curated | H3 |
| | fprofile_projects_supported | Number of projects the initiator has supported | H4 |
| | reward count | Number of different rewards offered | H5 |

Table 1: List of variables crawled

4 Findings

Table 2 shows the descriptive statistics of the data set. In 508 cases, the respective project initiator did not have a profile. We have excluded these cases from our analysis with respect to the variable fprofile_projects_supported. In such cases, the remaining data set consisted of 3337 projects.

| Variable | N | Min | Max | Mean | Std. Deviation |
|-----------------------------|------|------|--------|---------|----------------|
| description_word_count | 3845 | 91.0 | 3728.0 | 636.910 | 326.3328 |
| media_video_dummy | 3845 | .0 | 1.0 | .810 | .3922 |
| communication_blog_posts | 3845 | .0 | 348.0 | 9.047 | 10.7120 |
| curated_dummy | 3845 | .0 | 1.0 | .014 | .1177 |
| fprofile_projects_supported | 3337 | .0 | 90.0 | 1.484 | 4.1130 |
| reward_count | 3845 | 1.0 | 115.0 | 10.421 | 6.1111 |

Table 2: Descriptive statistics

In order to validate a hypothesis, it needs to be determined whether the respective result of the regression analysis rejects the null hypothesis. In order to assume significance, the Sig. value of our regression analysis needs to be below the significance level of $\alpha = 0.05$. If a variable has a significant influence, it needs to be established whether this effect is positive or negative. Such determination is based on the coefficient B. A positive B indicates a positive impact on the dependent variable (i.e. an increased probability of success) and a negative B indicates a negative impact on the dependent variable (i.e. a decreased probability of success). Table 3 indicates the results of our regression analysis.

| Variable | B | S.E. | Wald | df | Sig. | Exp(B) |
|-----------------------------|--------|------|--------|----|------|--------|
| description_word_count | .099 | .110 | .816 | 1 | .366 | 1.104 |
| media_video_dummy | .763 | .152 | 25.019 | 1 | .000 | 2.144 |
| communication_blog_posts | .049 | .008 | 37.136 | 1 | .000 | 1.050 |
| curated_dummy | -1.105 | .423 | 6.830 | 1 | .009 | .331 |
| fprofile_projects_supported | .135 | .023 | 32.977 | 1 | .000 | 1.144 |
| reward_count | .093 | .013 | 50.816 | 1 | .000 | 1.098 |

Table 3: Results of regression analysis

Based on the values indicated above, hypotheses H1b, H2, H4 and H5 can be accepted. H1a (not significant) and H3 (significant, but negative B) need to be rejected.

5 Discussion

While it appears logical that the project quality and the personal network are of crucial importance for the success of a project, our research implies that various other variables can significantly increase the probability of success in reward-based crowdfunding. The success factors we identified are relatively easy to implement. In the following, we will outline the implications of our research.

With respect to the project description, we could not establish a significant impact of the word count on the success of a project. This finding, however, should not be misinterpreted as meaning that the project description is not relevant for a project's success. To the contrary, Harzer (2013) found that 89% of the surveyed in her study, considered the description to be very important or important. Our results rather indicate that the length of a project description is not the decisive factor in this respect. Instead, qualitative factors, such as the relevance of information and the style of writing might be more important. Harzer (2013) provides some recommendations on how to design a project description. Future research in this context could generate more insights on the factors that are of particular importance when it comes to the project description. In this context, we encourage future research to identify certain patterns in project descriptions of successful as well as unsuccessful projects by using tools such as text mining and linear discriminant analysis.

Further, we found that the inclusion of a video has a positive effect on the success of a project. Out of the 3845 projects regarded, 3115 (89%) displayed a project video. 68.6% of initiators who included a video in their project description succeeded, while only 42.7% of projects without a video managed to reach their funding threshold. From a research perspective, these results confirm findings of previous studies, such as Mollick (2014) and Zvilichovsky et al. (2013). From a practical point of view, it follows that it is strongly advisable to support the textual components of the project description with a video message. When creating such a video, initiators should try to generate trust. Showing the project initiator in the video will help to create a personal connection. In addition, if possible, a prototype, a model, the project team etc. can be shown to transmit visual information. While this finding appears relatively straight-forward, we consider it necessary to emphasise that the creation of trust through a video message can have a great impact on the probability of success of a project and should therefore not be neglected.

Our results indicate that 1,721 projects published five or less blog posts. In this category, 47.5% of the projects succeeded. As the number of blog posts increased, the rate of successful projects increased significantly. We found that 280 initiators published 16-20 blog posts. The success rate in this category was 88.5%. In this context it is important to emphasise that this variable contains a potential endogeneity as also higher success rates may lead project initiators to publish more blog posts. Our results therefore need to be interpreted with caution. From a research perspective our results confirm the findings of previous studies (such as Mollick 2014, Leite and Moutinho 2012, Kuppuswamy and Bayus 2014 and Qiu 2013) who also found a positive influence of updates regarding the progress of a project on probability of success. From a practical point of view, our findings indicate that project initiators are well advised to invest some of their time in communication while the project is running. Regular progress reports, comments on new developments, replies to questions and comments etc. transmit expertise and convey the initiator's commitment to the project. Previous research showed that most of the funding activity takes place either in the beginning or towards the end of the project (Kuppuswamy and Bayus 2014). Communication via blog posts is a useful way to keep up the tension in the meantime and to increase the funding activity in this period. While we analysed blog posts based on the number of posts published, we also encourage future studies to look into blogging behaviour in more detail and from a more content-based perspective to derive actionable advice for project initiators.

With respect to curation, we found that out of 54 curated projects, only 21 were successful. While we hypothesised that curation would increase the probability of success of a crowdfunding project, our results indicate a decreased probability of success. This finding appears counter-intuitive at first. It should, however, not be interpreted as meaning that the curation itself decreased the likelihood of success. Rather, we presume that many of the projects that received a curation, had a lower probability of success to begin with. In many cases, the decision of a third party to curate a project is based on geographical or categorical criteria and not on aspects of quality. In particular, with respect to regional projects that are supported by a city or another regional organisation, a lower probability of success may be presumed as a smaller crowd of potential backers exists. Our results therefore do not imply that curation has a negative effect. At the same time, the fact that a positive effect could not be found, suggests that organisations curating a project should put more effort into supporting the project. For future research, it would be useful to compare projects of a similar kind, some curated, some not, in order to establish the real effects of curation as a quality signal. Due to the relatively small number of projects considered for this variable, our findings need to be considered with caution.

When looking at the projects that initiators had previously supported, we found that 1638 project initiators did not indicate a previous funding. In this category, 48.5% of projects were successful. In contrast, 64 initiators indicated that they previously funded five projects. In these cases, 81.3% of projects were successful. We consider it important to highlight that due to the relatively small number of initiators who funded more than five projects, our results need to be interpreted with caution. Further, it cannot be excluded that unobserved characteristics distinguish people who previously funded crowdfunding projects from the general population and that these characteristics make such initiators more likely to run a successful crowdfunding campaign. From a research perspective our results confirm the findings of Colombo et al. (2015). From a practical perspective, our results indicate that it is important for project initiators to back a few projects before they start to run their own. Such experience is important for two reasons. Firstly, previous crowdfunding activity sends a signal to the crowd. It indicates that a project initiator understands the dynamics of crowdfunding, believes in the idea of crowdfunding (i.e. is not just there to get the money) and understands himself as part of the crowdfunding community. Secondly, initiators can learn from their own experience as a backer. Funding other projects will help them to understand which factors are relevant to generate trust and which needs potential backers and actual backers have throughout the course of a crowdfunding campaign. In addition, initiators can learn from other initiators' solutions to problems that may occur throughout the course of a crowdfunding campaign. In this context, we consider it important to point out that our findings are not meant to indicate that simply clicking on the "support"-button for various projects will greatly improve the probability of success. Rather, we advise project initiators to actually collect experience in other crowdfunding campaigns before and while running their own campaign. In addition to supporting other projects, it is, of course, important to communicate this activity. In our analysis, we found that in 508 cases, project initiators did not create a profile. Based on the findings from our analysis, we would highly advise initiators to create a profile and to communicate their previous crowdfunding activities there.

Among the projects regarded in our study, the number of different rewards ranged from 1 to 115. We found a mean number of different rewards of 10. The mean price for the first reward was €6.20, with a range from €1 to €69. Our analysis shows that a higher number of different rewards increases the likelihood of success of a crowdfunding project. Our results in this respect differ from the findings in the relevant literature. While Frydrych et al. (2014) did not find a clear relation between the number of rewards and the project success, Leite and Moutinho (2012) even established a negative influence of an increased number of reward stages on probability of success. When combining our results with those in the previous literature, it appears advisable for project initiators to create a variety of rewards while not implementing too many price categories. To find appropriate rewards, we advise project initiators to reflect, depending on the type of project, which rewards may fit to potential funders' interests. To do so, initiators can draw inspiration from other projects. They may also ask potential backers (e.g. from their circle of friends and family) which rewards they would find attractive. Our results indicate that a thoroughly selected reward structure that respects the different financial resources and interests of individuals in the crowd will benefit a project's probability of success.

6 Conclusion

Intending to learn from the characteristics of successful and unsuccessful reward-based crowdfunding campaigns, we first analyse different potential success factors. Such factors have been chosen based on the relevant literature and actual practices in crowdfunding. We selected

factors that can be modified by project initiators with relatively little costs. As a next step, we investigated based on data collected from startnext.com whether such factors had a significant influence on the success of a project. Based on our results, we derived theoretical and practical implications. The specific implications have been outlined in the discussion above. For academics, our research extends the results of previous studies, especially by considering a crowdfunding market that has thus far not been the subject of many empirical studies. Using data from the crowdfunding platform startnext.com, our research confirms previous findings regarding the influence of video messages, communication with backers and initiators' funding activity. With respect to the word count of the project description and the effect of curation we found somewhat counterintuitive results. Regarding the reward structure, we posed and accepted a hypothesis that can thus far not be found in the literature. We provide a variety of interesting starting points for future research. From a practical perspective, our results are of interest to both, project initiators and intermediaries. Project initiators can derive approaches on how to efficiently design their crowdfunding campaign. Intermediaries can, in particular, derive insights on how to advise project initiators.

Our analysis is subject to limitations in three dimensions. Firstly, all projects regarded have been selected from one platform. We have selected this approach to add another perspective to the current literature that predominantly focuses on US platforms (Kuppuswamy and Bayus 2014; Mollick 2014; Xu et al. 2014). For future research, however, it would be interesting to conduct a similar analysis with respect to further platforms from different countries. Such insights would help to create a more comprehensive picture of success factors. Secondly, our analysis does not take into account controlling variables that may explain certain relationships. The most important controlling variables would relate to project quality and the size of a network of a project initiator. Such variables are, however, difficult to quantify and would therefore necessarily add a subjective element to the analysis. To avoid such subjective influence, we decided not to include such controlling variables. Instead, we opted for a long time span for our analysis, in order to benefit from the correcting effects of a large sample size. Thirdly, it is obvious that a great number of factors can have an influence on the success of a campaign. Our research only regards a few of those factors. Future research that takes into account further factors would greatly benefit the understanding of success factors.

It needs to be remembered that project quality and acquisition of backers are the two most important factors when intending to design a successful crowdfunding campaign. Both of these factors require hard work by project initiators and are inevitable for the success of a project. In order to ensure that such hard work yields the results it deserves, project initiators should keep in mind that some relatively small changes can make a great difference with respect to a project's success. Our study identified and analysed some of these details, helping to ensure the long-term efficiency and sustainability of crowdfunding. By providing specific recommendations, we hope to help project initiators to harvest the fruits of their hard work.

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