

**The Determinants of the Success of Crowdfunding**

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## **Abstract**

Crowdfunding allows the crowd to donate small amounts of money to entrepreneurs through online platforms. Comparing with traditional financial institutions, this new method facilitates the financing process through direct and easy online contact between initiators and investors. Based on the data obtained from Kickstarter, the largest crowdfunding platform, I investigated 27,117 crowdfunding projects from Jan 1<sup>st</sup> 2015 to Jun 30<sup>th</sup> 2015, and I find that a crowd funding campaign with a realistic funding goal, a suitable funding period, and more updates and interactions with investors, is much likely to be successfully funded. In addition, the different types of founders are very influential in crowdfunding outcomes. For example, females tend to collect funds more successfully than males do. Founders in the form of teams, companies or a specific project are also beneficial to funding outcomes.

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## 1. Introduction

The funding resources are crucial to businesses, especially to new and small firms. Crowdfunding -- raising money online from a large number of people – has become a new external source of financing besides angel investments, venture capital and banking. Howe (2006) created the term crowdsourcing, the antecedent of crowdfunding, to indicate the process that a network uses for obtaining resources such as ideas, solutions or contributions related to economic activities. Based on this, Lambert and Schwienbacher (2010) first used “crowdfunding” for small-scale projects in the music and movie industries. They also first time defined crowdfunding as “an open call, essentially through the Internet, for the provision of financial resources either in the form of donations or in exchange for some form of reward and/or voting rights. (Page 5)” They clarify this process as an exchange of resources from the Internet. Later, Mollick (2014) provides a definition of crowdfunding as “the efforts by entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their ventures by drawing individuals by using the Internet, without standard financial intermediaries. (Page 2)” In this process initiators post their projects, products, or ideas online. In contrast to traditional financing methods, crowdfunding attracts numbers of individuals investing their money directly to entrepreneurs in small amounts. In return, the crowd can get equity shares, interests, final products/services or a non-monetary reward (Crosetto and Regner, 2014). The most common start-up crowdfunding is reward-based: funders receive rewards, such as early access to products or services, for backing projects.

The Internet facilitates information sharing, projects’ owners can express their ideas in a more efficient way and investors can get informed faster. Taking advantage of online platforms, people can get their products and ideas advertised much faster and with a lower cost. Backers could also evaluate better and participate more in the projects they donated. Ergo, the increasing number of entrepreneurs would seek financing through this novel, direct, and informal way of capital for new ventures. With the growth of application of crowdfunding, many online platforms spring up, such as Kickstarter, Indiegogo and Circleup. Currently, there are more than 50 online platforms in the US. Kickstarter, which was launched in 2009, is one of the most well known and most active crowdfunding platforms. Over \$3.2 billion has been pledged to Kickstarter projects and over 10 million people have backed its projects since 2009 (based on data retrieved on 20

September 2017). The model applied by Kickstarter is called “All-or-Nothing (AON)” which means entrepreneurs can only get the funds once the pledges exceed the capital-raising goal, otherwise, they keep nothing of their pledges and the backers do not get rewards. Compared to AON model, the “Keep-it-All” is one in which entrepreneurs can keep the entire pledged money regardless of whether the capital-raising goal is achieved (Cumming et al., 2015).

Although the application of crowdfunding is expanding, there is not sufficient amount of the empirical research in this field. Mollick (2014) gives a sound explanation of crowdfunding dynamics based on the data from Kickstarter. Some scholars have examined the geographic effect in crowdfunding and found that the birthing location of projects really affects the funding outcomes (Agrawal et al., 2011; Muller et al., 2014; Mollick, 2014; Agrawal et al., 2015 etc.). Other researchers analyzed the factors of crowdfunding success from one specific aspect, such as from the description of projects e.g. on individual point of view or only taking a look at non-profit organizations. This paper covers three main aspects of crowdfunding appeals, including projects’ general characteristics, founders’ types and geographic effect. Overall, I separate the dataset into the US dataset and the non-US dataset. I use the ordinary linear regression analysis on the whole dataset to analyze the impact of projects’ general characteristics, including the number of words in projects’ descriptions, the length of time a project lasts, the target amount to be raised, the number of backers of each project, updates the initiator made, the number of comments on the homepage, and the number of projects created by the same initiator. In the US dataset, I control for the population of projects’ original location. To analyze how the types of initiators will affect the funding outcomes, I use the logistical regression analysis to investigate whether founders in the form of individuals, or a team, or a company, and or a specific project have a significant impact. Especially, I investigate the effect of gender from the individual dataset, the effect of anonymity of the initiator and the effect of non-profit organizations from the company dataset. Then I compare the US dataset and non-US dataset to investigate the geographic effect on the final outcomes of these campaigns.

The rest of paper is organized as follows. In section 2, I describe the related literature. Section 3 is my hypotheses. Section 4 describes and summaries the data. Section 5 introduces research methodology. Section 6 provides a detailed analysis of results and Section 7 concludes.

## 2. Literature Review

Although more and more attention is being paid to crowdfunding, the literature in this newly emerging area is still embryonic, especially the empirical research. In recent years, a number of scholars have studied this field to discover the mechanism of crowdfunding. Most of the empirical analysis that has been done so far is about the general characteristics and dynamics of crowdfunding projects.

Belleflamme et al. (2014) first offered a theoretical study of crowdfunding, comparing two models of crowdfunding: pre-ordering (reward-based) and profit sharing (equity-based). The pre-ordering form of crowdfunding means backers can pre-order the product and the price discriminations are allowed between customers. In the profit sharing model, entrepreneurs call for individuals to invest money in order to have a share of future profits or equity securities. They found that people are more willing to apply the pre-ordering scheme if the initial capital requirement is relatively small, otherwise they prefer the profit sharing scheme. However, they analyzed the two models as mutually exclusive. In fact, the initiators can combine the two approaches, seeking finance simultaneously on different platforms. So, they suggest the direction of future study as establishing a model that allows entrepreneurs to choose an optimal combination of equity-based and reward-based crowdfunding. According to Mollick (2014), currently the reward-based model is the most popular one and is mostly frequently applied by online platforms.

Belleflamme et al. (2013) investigates characteristics of individual crowdfunding practices and determinants of their success. They thought that on crowdfunding platforms, the funding process is standardized, and the individuals cannot customize their campaign by their specific needs and it has already received great attentions in literature. Therefore, they hand-collect the data that excluded initiatives launched on structured crowdfunding platforms, only 44 initiatives. However, in my study I collect data from Kickstarter, including 27,117 projects covering 15 industries. The amount of total money raised in my data is 293,338,289 dollars while only 4,482,183 euros in their paper thereby it is worthier to analyze projects on these publicly known platforms and more projects could be studied. Frydrych et al. (2014) Suggested that lower funding targets and shorter duration signal legitimacy by setting modest, achievable expectations. Mollick (2014) offers a general insight into the underlying dynamics of

crowdfunding's success and failure, based on Kickstarter—one of the biggest crowdfunding platforms. In his study, he gave an introduction of crowdfunding characteristics, such as the definition of crowdfunding, the goals of founders and funders, and models of projects. He uses the preparedness as the signal of quality, such as whether a video is included, whether updates are often provided, and how many spelling errors exist in project pitches. He also measured the network size by the log of the number of Facebook friends of founders. Their results show that the success possibility is positively related to both the *quality of projects and the personal networks*. For the factor of social networks, Agrawal et al. (2011) indicates that the internet cannot eliminate the influence of highly connected individual i.e. personal social networks, which is consistent with Nanda and Khanna (2010), who report that cross-border social networks play a vital role for entrepreneurs in developing countries. Their results further emphasize the importance of the role of family and friends. Robertson and Wooster (2015) also provide evidence that shares on Facebook could be marginally helpful to projects.

Some scholars had taken a view with very specific samples to find out the determinants to the crowdfunding success. Crosetto and Regner (2014) base their study on the biggest crowdfunding platform in Germany – Startnext to investigate dynamics of funding and determinants to success. Their research focuses on the types of projects. As in my paper, funding duration, target amount and word count are included. Besides, they also focus on video count, image count and blog entries, as Xu et al. (2014), and find that the uses of patterns are highly related to the success of campaigns and projects updates is also a significant factor in predicting success. However, the characteristics of the initiators are not controlled for in their research. They also track the momentum going of projects and find that the eventual success can be predicted during the relative early time of a crowdfunding campaign. Cordova et al. (2015) focus on technology projects on four distinct crowdfunding platforms to find out what determinates the success of campaigns. They find that a higher funding goal and a longer duration are related to a lower success rate. Additionally, the dollar amount contributed per day also increases the probability of success. They also investigated how these factors affect the successful projects' overfunding rate. Beier and Wagner (2015) analyzed the success of tourism projects by crowdfunding in Switzerland. Their results show that the number of project initiators increases the chance of funding success. That means if initiators are a group or a team then it could be helpful with the campaign. They also report that the use of photos and videos in the project



presentation on online platforms has no effect on the result. But there is a significant effect from the use of Twitter for tourism projects. Hörisch (2015) studied whether the categories (environmental orientation) of crowdfunding projects influence outcomes. Their analysis confirms that the categories that create a tangible product, like books or videos, and with an officially recognized non-profit title are more likely to succeed. However, he did not find a positive relationship between environmental orientation and likelihood of projects' success. Zhou et al. (2016) considers the crowdfunding process as a persuasion reaction through projects descriptions and identified five exemplary antecedents, including length, readability, tone, past experience and past expertise, from projects descriptions and investigates their impacts on funding success. The results showed that these antecedents are significantly correlated with success. They also looked into the effect of timeliness and found that old data of projects is becoming less and less relevant and loses predictive power to newly created projects.

Time is also an important factor that can affect the result of funding. When to be invested and how much money has been already collected can significantly affect projects' probability of success. Kuppuswamy and Bayus (2015) report findings high correlation of success rate with time line. During the first and last week of a campaign, the supporters are more likely to pledge and there is a strong deadline effect. And this pattern is also consistent with the one of support from family members, which tends to happen in the beginning and end of projects. The money that has already been pledged also affects potential backers. The donation is positively correlated to updates, which are also mostly posted during the first and last week of funding cycle. Robertson and Wooster (2015) focus on the characteristics on the first day of campaigns and find that the more money raised on the first day the more successful the campaign is in the end. However, there appears a contradiction that when total backers are controlled, the more people back the campaign on the first day, the less possible to success in the end. Li, Rakesh and Reddy (2016) conclude that the temporal features, which are obtained during the first three days of the process, can dramatically improve the performance prediction. They use a censored regression model which incorporates both successful and failed projects for prediction. It is indicated that, compared to the model that only using successful projects, the model that includes failed as well as successful projects provides better predictive power.

There are some empirical studies that have investigated the role geography plays in determining success in crowdfunding campaigns. Agrawal et al. (2011) thoroughly investigate the relationship between geographic distance and willingness to invest. Their results indicate that online crowdfunding provides advantages to small and early-stage projects, and this finding contrasts with empirical theories that early ventures and investors are sensitive to geography and distance (Mason, 2007). The geographic dispersion of investment is beneficial to traditional ventures which have distance-related economic friction. In fact, the online platform provides early-stage entrepreneurs with an environment where they can show their ideas and proposals. However, their research implies that distance plays a role in financing and the average distance between initiators and investors over the Internet is about 5000 km. Mollick (2014) also reports that the *geographic* factor also plays a vital role in crowdfunding outcomes because projects proposed by founders could reflect the underlying cultural products of that location.

However, in the existing research, only few studies have reached to the non-profit-oriented crowdfunding projects. Belleflamme et al. (2013) pointed out that nonprofit organizations may be more successful in using crowdfunding, which is in line with the contract failure theory. The contract failure theory gives a reason for the existence of nonprofit organizations and states that nonprofits can raise more funds because they pay more attention to the protection of consumers and the social outcomes rather than to more monetary gains. Read (2013) shows that non-profit status can benefit projects and it can attract higher potential funding. With some physical rewards, such as a “thank you” letter, not like returns for profitable projects, could produce greater benefits because such rewards are regarded as a signal of trustworthiness. The action of donating could increase supporters’ feelings of social benefits and these physical rewards could better indicate how the money was allocated. Lambert and Schwienbacher (2010) noted that crowdfunding initiatives structured as non-profit organizations tend to be significantly more successful than other crowdfunding platforms. Carvajal et al. (2012) provides an insight into the nature of crowdfunding and its impact on non-profit media. They investigate the growing impact of crowdfunding on journalism by giving the explanation of the context where it is taking place. The study of Song et al. (2015) is based on Korean largest non-profit crowdfunding platform—HAPPYNEAN. They analyze donor behavior on this platform. They found that donations of small amount of money and only a few times by the same donors have great impact on the success of projects. McGowan indicate that the trust between

non-profit organizations and crowdfunding platforms, between donors and crowdfunding platforms and between donors and non-profit organizations need to be developed.

There are only two papers that investigate the gender factor in crowdfunding area, whether the initiator is a woman can affect the final funding result. Greenberg and Mollick (2015) study the gender homophily effects in crowdfunding, women willing to support other women, and concluded that female founders receive less funding capital because less proportion of women are involved in decision-making. Gorbatai and Nelson (2015) proposed that women's success rate is systematically higher than men's, and this is due to the different linguistic style and terms of language used by women and men. They use a sample of Technology and Small Business categories on the crowdfunding platform—Indiegogo---- to verify their conjecture:" the institution of crowdfunding may reduce gender inequalities in the fundraising arena by benefitting the communication style of women. (Page 1)" They mainly focus on the impact of holistic qualities of the text, such as lexical diversity, a measure of writing and speech proficiency, readability and concreteness. This paper analyzed how the communication style of initiators influence the campaign outcomes. However, they do not control for many basic characteristics. The inclusion of these variables in my study makes it more comprehensive. I also investigate the role anonymity plays in the success of different campaigns.

### **3. Hypothesis**

Compared with individual initiators, a team or a company seems more formal. Members in a group could supervise each other, which gain more trust from strangers.

*H1: Team and company could increase the success odds compared with individuals.*

Indicating a specific product in the title could help investors know projects more quickly and clearly in case they do not have patience to read all details.

*H2: Indicating a specific product in the title enhances the funding outcomes.*

Since female individuals are more trustworthy than male individuals (Chaudhuri et al., 2013) and women as a group show more benevolence, integrity and cultural similarity (Golesorkhi, 2006), the funding results are supposed to be positively related to female.

*H3: Female initiators have higher success odds and can raise more money than male initiators in crowdfunding.*

According to Ba (2001), initiators with real name could win more trust through the internet and some nick names will raise the concern that “on the Internet, no one knows you are a dog”, which increases risks and uncertainty. I expect that the initiators in anonymous has lower success odds and raise less money compared to the initiators in their real name. In meanwhile, the online platform provides the opportunity that strangers could donate their money to interesting and prospective projects, so who creates the projects does not real matter in the process.

*H4a: Real name initiators have higher success odds and can raise more money.*

*H4b: Anonymous initiators have higher success odds and can raise more money.*

According to the contract failure theory and former research in the effect of non-profit organizations in crowdfunding, I expect that organizations with non-profit orientations, such as some institutes or schools, are more successful in online crowdfunding.

*H5: Non-profit organizations have higher success odds and can raise more money.*

#### **4. Data summary**

This research uses a dataset containing 27,117 cases, launched from Jan 1<sup>st</sup> 2015 to Jun 30<sup>th</sup> 2015, from Kickstarter, one of the largest and most popular online crowdfunding websites. In all the projects during this period, the total amount of raising targets is 1,845,572,724 dollars and the total pledged amount is 293,338,289 dollars. According to the threshold pledge model is applied (Crosetto and Regner, 2014), also known as “All-or-Nothing” model (Cumming et al., 2015), only projects for which the goal is reached are classified as successful campaigns. Failed, suspended and canceled projects are classified as failure ones. In 27,117 projects, 8,832 cases are successful funded (32.57%) and 18,285 cases are failed (67.43%).

The projects in this dataset covers 15 industries, including art, comics, crafts, dance, design, fashion, film & video, food, games, journalism, music, photography, publishing, technology and theatre, set by Kickstarter originally. From the descriptive data of individual

projects (Table 1), one can find that some similarities and differences in characteristics among these industries. Film & video, food, games, music, publishing and technology are very prevalent nowadays and many people come up with creative ideas in these areas and hope to start their own businesses. According to Table 1, I find that the majority of funds seekers in online platforms are male, and the number of male founders is significantly higher than that of female founders in all the industries, except dance. In the most popular industries, the number of projects created by male is more than three times that of the ones initiated by female. Especially in games and technology field, the number of projects initiated by women is only about one-tenth of those of the men. The average success rate is around 30%. Except Crafts and Design industries, women are more successful in raising funds than men in all the industries. This is in contrast with the number of projects created. Besides, in Comics, Film & video and music industries, the mean difference of success rate between male and female is huge, more than 15 percent, which means in these industries, people could take advantage of gender diversity to increase their probability of success in funding. The complete analysis of the gender effect will be shown in a later part. Another point worth being noticed is that in Comics industry the probability of success exceeds 50 percent and in Dance, Film & video, Music and Theatre industries, around half of all the projects are successful in getting eventually funded. This provides us with a guide to the trend in different industries that most appeals to the public. Table 2 also indicates that men are more easily and likely to create a campaign (more than twice the number of women's campaign) but women are systematically more successful than men, which may be a contrary to offline gender inequality (Gorbatai and Nelson, 2015).

*Table 1 is inserted here.*

*Table 2 is inserted here.*

Key variables in the data are considered from various aspects, including the explanatory characteristics of the project itself, the types and traits of founders and geographic features. The projects' characteristics consist of the fund target, the amount of money raised and margin amount (To eliminate the outliers' effect, the logarithm form is used), the number of words in projects' descriptions, the number of backers who support the project, the number of comments on the project, the projects created by the same initiator, the updates made by initiators and projects' duration. In the types and traits of founders, I create several dummies, including gender,

team, project, company and non-profit. And the city population of the place where the project originated is also included. I also investigate whether the geographical location is inside the United States or not. The definitions and features of these variables are summarized in Table 3.

*Table 3 is inserted here.*

*Table 4 is inserted here.*

## 5. Methodology

I use well-established methodology to investigate all the questions. I examine factors that influence the funding outcomes by using univariate analysis, logistical regression analysis and linear regression analysis. Industry effects are controlled in all of these tests.

In univariate analysis, I mainly look insight the means and medians of variables. This descriptive method can demonstrate a direct and brief feature of how different variables distribute.

In the second part, the determinants to the probability of projects' success are investigated. Dummy variables are created to estimate the logistical regression model. In this part, I use a separate dataset for individuals and company to figure out whether the categories of projects' creator affect results.

For the whole dataset, the category of initiators is investigated. I divide all initiators into four categories: individual, company, team and project. My model is illustrated in Equation (1)

$$P(\text{success} = 1) = \beta_1 * D_{\text{individual}} + \beta_2 D_{\text{company}} + \beta_3 D_{\text{team}} + \beta_4 D_{\text{project}} + \beta_i * X_i + \varepsilon_i \quad (1)$$

where  $X_i$  are control variables including words number, updates, log amount, backers, pieces of comments, projects number and log city population and  $\varepsilon_i$  is standard errors. This model shows perspicuous results of how the investors' first impression from the initiators' name influences the outcome of funding.

For the sub-dataset that includes only individuals, I try to identify whether male or female, real name or anonymous will affect funding outcomes. The following two logistical regression models are created to estimate projects' likelihood of being funded:

$$P(\text{success} = 1) = \beta_1 * D_{\text{female}} + \beta_i * X_i + \varepsilon_i \quad (2)$$

$$P(\text{success} = 1) = \beta_1 * D_{\text{anonymous}} + \beta_i * X_i + \varepsilon_i \quad (3)$$

where  $X_i$  are control variables including words number, updates, log amount, backers, pieces of comments, projects number and log city population and  $\varepsilon_i$  is standard errors.  $D_{\text{female}}$  is the dummy of female and  $D_{\text{anonymous}}$  is the dummy of anonymous.

For the separate company dataset, I split it into two parts: profitable companies and non-profit organizations. Organizations such as charitable associations, schools, centers and committees are considered as non-profit.

$$P(\text{success} = 1) = \beta_1 * D_{\text{organization}} + \beta_i * X_i + \varepsilon_i \quad (4)$$

where  $X_i$  and  $\varepsilon_i$  are same as the former equations and  $D_{\text{organization}}$  is the dummy of non-profit organization.

In OLS regression analysis, I try to discover the quantitative relationship between variables and the actual money raised and the duration. The variables that affect the margin percent of money funded to the target and the actual money funded are analyzed in the following models:

$$Y(\text{log amount}) = \beta_i * X_i + \varepsilon_i \quad (5)$$

$$Y(\text{duration}) = \beta_i * X_i + \varepsilon_i \quad (6)$$

$$Y(\text{margin percent funded}) = \beta_i * X_i + \varepsilon_i \quad (7)$$

## 6. Empirical Results

### 6.1 Univariate analysis

Table 5 reports summary statistics of two groups, successful projects and failed projects. The differences of means and medians between successful and failed crowdfunding are significantly different from 0, except the female category.

In terms of campaigns' characteristics, no important differences in the number of description words and the length of time projects last can be found between the two groups. It seems that the fund target matters a lot. From Table 5, successful projects tend to have more realistic goals compared to failing projects. The mean aim of failed projects is 95,333 dollars, which means that initiators have to collect almost hundred thousand dollars from other people, but successful projects just request, on average, 11,616.1 dollars for each project. An inflated target can scare investors away and this finding is also consistent with the result of latter regression. In this case, actual funds raised in the end by successful projects (30,993 dollars) are substantially more than failed projects (1,072.5 dollars). Almost 30-time gap in funds raised and 10-time gap in targets implies a tremendous margin which means that projects with lower target are much more likely to be fully funded. I also further investigate some extreme observations, with the margin of millions and percent more than 5000%. I find that these campaigns mostly have very tiny target such as one dollar or below hundred. Consequently, the mean percent of amount funded to its goal is also largely distinguished. 7.5% for failed projects and 775% for successful projects, which means projects that fails tend to fail by large margins and projects that succeed also tend to success by large margins (Mollick, 2014). Besides, the number of updates of successful projects is ten times of failed ones. More updates give more information to investors and show the feasibility of the project, which could be a character of high quality. Furthermore, comparing failed projects and successful projects, the gap between backers and pieces of comments of two groups is substantially huge: average for each project, 12 backers and one comment for failed projects but 342 backers and 126 comments for successful ones.

Comparing fundraising results among different types of initiators, some direct characteristics could be summarized. According to Table 5, on part of individual initiators, there are no big differences between the probability of success and failure for women, while men are more likely to fail than succeed when they are trying to raise a fund. Compared to projects founded by individual initiators, projects raised by companies or by organizations are more likely



to be funded successfully. This phenomenon is also consistent with those by team and of which campaign name is a specific project.

*Table 5 is inserted here.*

From Table 5, the higher success possibility of females' projects leads to my research of gender effect in later part. Projects' funding outcomes by different types of initiators are also investigated latterly.

## **6.2 OLS Regressions**

Table 7 exhibits Ordinary Least Square (OLS) regressions and Logistic regressions of general characteristics of crowdfunding projects. As the high correlation between number of backers and number of comments, I only use backers in regressions. The results of all independent variables can be found in Table 7.

*Table 6 and 7 is inserted here.*

According to Table 7, the results showed that the number of word is detrimental to funding outcomes. For each one more word in description, the log amount finally collected will significantly decreases by 0.009. However, in the project description, total number of words does not have a significant impact on funding's success odds. Gorbatai and Nelson (2015) deeply studied the relationship between linguistic content and funding outcomes, including micro-level and macro-level. Zhou et al. (2016) found that the log odds rises with increases with length as it captures "the amount of information project owner provided". However, the length of the description affects the first impression of the project, shorter ones are more straight and direct to investors. If it is too long, people may not have enough patience to finish reading. In summary, the longer description is, the lower chance to collect enough money.

Another factor I would like to investigate is timing. Intuitively, the longer time projects last the more money could be raised. We should expect a positive correlation between project duration and money raised. However, coefficient of duration in Column (1) is negative (-0.025), which indicates the longer the duration of a project the less chance the project will succeed. The coefficients in Column (2) and (3) both indicate that less money will be donated to the projects with longer funding period. I believe that behavioral procrastination could be one of the

explanation. When donors see a long duration of one project, they may delay their action as enough time they have after a period, they could possibly forget to donate. According to Solomon et al. (2015), the early donating signal will encourage later investors to donate as well, accordingly improve chances of successfully funding. This indicates that a short period will centralize investors inputting their money more efficiently.

Another first sight when we see a project online is the aim amount initiator expects. Many scholars have found a negative relationship between project goals and success possibilities (Mollick, 2014; Crosetto and Regner, 2014; Beier and Wagner, 2015; etc.). The influence of funding target is consistent with former studies, shown in Table 7. With one increase in log goal, the odds of funding success drop by 82.92% ( $\exp(0.604)$ ). That means projects with smaller funding goal are more likely to success in attracting donations as investors are rational to choose realistic project goals. Column (3) also shows that founders who set higher funding goal will usually set a longer funding period. Then in vicious cycle, longer duration also cuts down the success rate.

Regarding to the number of backers, I found that the more individuals support project the more possible projects can reach their goal. Table 7 shows that the number of backers could significantly increase the success odds and the margin percentage. With 1 more backer support the project, the success likelihood will increase by 4.6% and the margin of percentage will increase by 0.3%. One needs to be noted here is, the number of backers is the total backers that support a project. However, when an individual browses a project, he/she cannot predict how many people will support this project, so this means the variable, number of backers, does not necessary to have a causality to success odds. Kuppuswamy and Bayus (2015) studied this problem and found a typical U-shape pattern of supporters—“backers are more likely to contribute to a project in the first and last week as compared to the middle period of the funding cycle”, which also supports the conclusion of duration above.

Additionally, updates are crucial to outcomes as this behavior keeps backers informed of a project’s process, which could show founder’s consistency and attentiveness. How many updates a project has indicates how actively and frequently the initiator interacts with “audience”. Xu et al. (2014) concluded that projects using specific updates has stronger associations with funding success than those ones only with the description. This is also

consistent with my results. Projects with 1 more updates will have 51.3% more possibility to succeed and can finally raise 1.19 more dollars. Apparently, if founders add more updates on their homepage, the project tends to attract more funds and trusts, then has higher likelihood of crowdfunding success.

The variable, number projects, represents the quantity of projects created by the same initiator. From Table 7, the coefficients of all models are significant, but the absolute value is extreme small (0.000), as I only keep three decimals, they are shown almost zero. However, the sign of coefficients could tell some stories. The odds of success and the final raised amount are positively correlated with the number of projects created by the same founder. One possible explanation is that someone with many projects will give the public an impression that the initiator is productive and active in this field. The founder who come up with many interesting ideas can convey more information to the public, consequently the public can recognize this person more thoroughly to donate their money. Furthermore, the negative correlation between duration and number of projects that indicates time horizon of each project will be shortened with the increase of projects created by the same initiator. They probably would like to get more preparation time for the next projects if their original project failed. To conclude, the number of projects created by the same initiator is favorable for crowdfunding.

### **6.3 Logistic analysis**

As the name of creator is will be at first glance to visitors, I try to figure out the specific relationship between their name types and their crowdfunding outcomes.

In Kickstarter, projects can only be funded by US dollar, but initiators could choose their original location, not necessarily in the United States. In the whole dataset, there are 26170 projects from the US out of 27115 projects. Only 945 projects come from other regions, so I mainly analyzed the US sample.

#### **6.3.1 Whole US sample**

I divide the initiators into four groups: individual, team, company and specific project.

*Table 8-11 is inserted here.*

From Table 8, I observed that individual status would not benefit online funding raising. The significant negative correlation (-0.429) between individual and success possibility shows that with one-unit increase in individual status, the funding success possibility will decrease by 53.6%. In addition, negative coefficients of log amount (-0.211) and margin percentage (-4.138) both demonstrate that if a project is settled by an individual, it will raise less money than expected and have larger negative gap with target. Table 9 gives the result of how team initiators would influence the consequence. The significant parameters indicate that adding 1-unit of team position leads to 1.015 increase in log amount pledged and 6.757 increase in margin percentage respectively. The probable reason is that, in a team, team members will collaborate with and supervise each other, much easier sharing ideas and producing final products. This is also consistent with company status, the log amount of final pledges increases by 0.251 (Table 10) with one-unit increase in company status, statistically significant. This indicates that this title is beneficial to attracting more funds and could eventually improve funding outcomes. I also find that companies usually set a longer duration may be due to the higher demand of capital to run an enterprise. This evidence can be also verified by later analysis of non-profit organizations. The last category is a specific project. Some initiators put their concrete product or content as their name instead of themselves. This action could make investors clear and well informed about their ideas without click in when they browse all other projects. Table 11 shows putting specific project name in title could largely increase the margin percentage by 11.938 at 99% significant level. If someone is interested in your campaign from the first sight of the title, they would definitely enter your homepage, which accordingly attracting more donations. It is also showed that campaigns appearing as a specific one tends to set less days for raising, leading to higher possibility of success.

To conclude, the name of founder could affect final funding consequences to some extent. The nature of group and company status could win more trust from the public and specific projects could catch visitors eyes quickly, both enhancing the funding consequence.

### **6.3.2 Individual sample**

I look insight the individual data to find out whether the gender of founder and whether the founder uses his/her real name could increase the success probability. In this analysis, the number of comments is controlled instead of backers. And the results show that the more

comments left on the projects' pages, the higher possible the project will succeed, and also the higher pledged amount in the project. Comments indicate how many attentions browsers pay on the project, which also increase the activeness of the homepage. According to cluster effect, the increasing comments will attract more investors to participate in the project, thereby improving the funding outcomes.

*Table 12 is inserted here.*

Table 12 shows distinctions between the genders in funding outcomes. In column (1), as expected, there is a positive correlation between female and success, which means that with one unit increase in female, log-odds of success is expected to increase 0.430. Holding all other independent variables at a fixed value, the odds of success of female is 53.7% higher than that odds of male. Column (2) also shows that on average female initiators raise more funds than men (0.311). These results are consistent with Gorbatai and Nelson (2015), in which this outcome is partially explained by linguistic differences. They proved that positive emotion and inclusive language could lead to fundraising success, meanwhile, women are inclined to use language more positive, more vivid and more inclusive. So this finding gives an explanation of more crowdfunding success in women group. Greenberg and Mollick (2014) also found that women outperform men in crowdfunding maybe because women tend to support other women in the industry--homophily. As is already proved that men are more likely to engage in unethical behavior (Betz et al., 1989) and women are more ethical than men in business ethical situations (Ruegger and King, 1992), in online crowdfunding, women could probably gain more trust from investors through the Internet. The predictor (-0.228) in Column (3) illustrates that projects created by women usually have shorter funding period than men, indicating women set less time to raise money and reach their goal much faster, although this predictor is not statistically significant enough.

*Table 13 is inserted here.*

Table 13 presents the impact of using real name or anonymous on crowdfunding. Surprisingly, it is showed that funding result is positively correlated with anonymous at 99% confidence level, which means projects' creators using a nick name could significantly increase the likelihood of final success in crowdfunding by 22.4%. Additionally, this table exhibits that using anonymous tend to attract larger amount of money than using real names. Column (2) and

Column (4) both give significant positive and significant coefficients, which states that compared with using real names, using anonymous could obtain more funding and exceeds their goal by a larger gap. One possible explanation is that rational investors may be more concerned with the proposal itself, whether the proposal is interesting, worth-investing and rewarded or not. This result justifies that the online crowdfunding seems fairer with the comparison to traditional financing. Moreover, people don't know initiators personally so whether using their real names could matter less than the proposal itself.

To summarize, I examined two dimensions of individual data: gender dummy and anonymous dummy. Results confirmed that women can raise money faster and more successful than men through the Internet. Using anonymous could also help increase the odds of funding success and the total pledged amount, the reason behind this phenomenon needs further study.

### **6.3.3 Company sample**

For the company data, the sample consists of all projects whose creator is in the form of a company, we focus on the relationship between the non-profit organization and crowdfunding consequences. In this data sample of 1837 company projects, there are only 105 projects that are launched by non-profitable organizations. Belleflamme et al. (2010) pointed out that “non-profit organizations tend to be more successful in using crowdfunding” as non-monetary incentives win more trust. So, I expect to find the positive impact from the status of nonprofit. In this regression, the number of comments is also used instead of backers.

*Table 14 is inserted here.*

Table 14 summarizes the comparison between non-profit organizations and general profitable companies. Column (1) illustrates that non-profit organizational form significantly lifts the probability of funding success than other company forms (0.692). Non-profit organizations are 99.8% ( $\exp(0.692)$ ) more likely to achieve their goal than profitable companies at 99% significant confidence. According to Column (2), with one unit increase in non-profit organizations, the logarithm of total amount being raised is expected to increase 0.415. The limited monetary incentives of NPOs appeal to donations more easily. These results are consistent with contract failure theory, which is first proposed by Henry Hansmann (1980), that non-profit enterprises could gain more trust for their focus on public benefit rather than monetary

profits, thereby absorbing more outside funds. However, Column (3) and (4) show that this form will set a longer time than other forms of founders to reach the fundraising goal and there is a negative gap from the setting goal. This phenomenon is possibly accounted by their big monetary demand to operate the whole organization, so the target amount is set large, then causing longer duration and negative margin percentage.

#### **6.4 Location problem (Table 15-18)**

Lots of literature has justified the geographic effect on entrepreneurial ventures as investors can monitor progress, provide input and gather information (Agrawal, 2011). From tables above, when I controlled the population of projects' original city in US, it is shown that the coefficients of funding results and pledged amount are significant at 99% confidence level almost in all models. This indicates local population does have a substantial impact on funding outcomes, in other words, distance plays a role Agrawal et al. (2011), which is probably due to when people see projects from the same city as themselves they would like to pay more attention and provide more supports. Geographic homophily theory is proved by the experimental research by Muller et al. (2014). They confirmed that investments are associated with geographic similarity, which could predict my conclusion. This result can also be explained by Mollick's (2014) findings: crowdfunding projects are not evenly distributed across the country. He also tested one geographic effect that "underlying talent of an area's population can affect the relative creative productivity of a geographic area" (Florida, 2002) and proved that when controlling city size, the greater creative population the greater chance of funding success. Accordingly, a larger city population is associated with a higher success possibility, which is consisted with my results.

Then I applied the same model to the whole data sample to figure out whether country (especially US) has an influence on the results. From tables in Appendix, country does have a significant effect in the odds of success and pledged amount, however, the effect of country is totally different with that of population. Tables present a negative correlation between US-project and success odds, indicating projects from US have lower chance of achieving their goals. In addition, negative coefficients of final pledged amount predict that US-projects eventually collect less money compared with non-US projects. One possible reason for this conflict is that there are much more US projects than Non-US ones, which could lead lower success rate.

## 6.5 Robustness Tests (Table 19-20)

My study finds that female initiators are more likely to succeed in raising money for their projects. However, my results could have been driven by traditional industries where women have historically been more successful. To counter this argument, we rerun our baseline gender model for all the fifteen industries. I report these results in Table 19. The coefficient for Female is positive for all the models except Crafts industry. However, it is not significant at conventional levels of significance for this industry. Anna et al. (2002) consider it a traditional industry for women entrepreneurs. This study shows that female entrepreneurs are significantly more successful than men in financing their projects in nontraditional industries such as comics, film/video, publishing and technology. These industries have traditionally been dominated by male entrepreneurs. My study shows that, at least in getting financing online, women are more successful than their male counterparts in these industries.

Insert Table 19 Here

To the best of my knowledge, no study has investigated the relationship between gender and total failure in raising money through crowdsourcing. I report these results in Table 20. The results show that female entrepreneurs are less likely to face the situation where no one contributes towards their projects. This indicates that female entrepreneurs are less likely to ask money for frivolous projects. In Table 20, I also report the results for the relationship between gender and projects that get more funding than asked for. Interestingly, women are less likely to end up with projects that get more funding than asked for. This shows that women set realistic 'Aim' when they ask for financing. It also shows that they set the 'Aim' that meets the expectation of the contributors. As women are less likely to have these two extreme outcomes, my results show that women are more risk averse than men in setting their target amounts.

Insert Table 20 Here

These results show that crowdsourcing has, to some extent, levelled the playing field for women. They also show the reasons behind the success of female entrepreneurs in all industries. Women are less likely to set frivolous and unrealistic goals.



## 7. Conclusion

This paper provides both a broad and detailed analysis of the determinants of crowdfunding success through three main aspects: the general characteristics of crowdfunding campaigns, the classifications of projects' initiators and geographic and country effect. The findings of this paper can give a more empirical method to new entrepreneurs who want to seek financing from online crowdfunding. A realistic funding goal is important to projects' success. A high funding goal will lower projects' success odds. A clear and brief description of project, frequent updates and interactions with donors, and more backers' support will enhance a project's potential for success. Projects that have a longer duration and initiators that have already created many projects will have lower chance to succeed in crowdfunding.

It was found that male founders are more likely to set up a crowdfunding project; the number of projects initiated by male founders is two times that of female founders. However, the odds of success of female founders is significantly higher than male, which indicates the identification of women will raise the rate of success in online crowdfunding. For individual founders, using their real name or not will not increase their success odds; The point really matters is the project itself not who created it. It is also suggested that raising money in a form of a team, a company or directly indicating a specific product is also beneficial to crowdfunding outcomes. In contrary, individual has a lower chance to succeed in crowdfunding. Particularly, when a project is not profit-oriented, people would be more likely to donate money. Finally, consisting with former research, the geographic homophily is also an important factor, a larger city population is in lined with a higher success probability.

This is the first paper to analyze the anonymous problem in crowdfunding. In addition, the type of initiators is also thoroughly analyzed on the first time in the empirical research. And this paper is comprehensive to cover general characteristics and geographic effects.

For further research, some conflicts in my paper need to be studied. For example, using a real name contributes to higher odds of success but lower amounts of final pledges. Another conflict is that projects from a large-population city are more likely to succeed but US-projects have a lower funding likelihood than non-US projects. In addition, this paper only takes static factors in to consideration without dynamic factors. For example, the changes of these factors

with time line could have a more significant impact on funding results. Finally, a longer time period of projects could be studied, other than six months in my paper.

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**Table 1 descriptive of individual projects by gender**

This table provides the success rate by gender in different industries.

<b>Industry</b>	<b>Male</b>	<b>Obs</b>	<b>Mean</b>	<b>Std Dev</b>
Art	0	599	0.3990	0.4901
	1	958	0.2985	0.4579
Comics	0	291	0.6813	0.4685
	1	480	0.5083	0.5005
Crafts	0	488	0.1864	0.3899
	1	480	0.1917	0.3940
Dance	0	136	0.4118	0.4940
	1	59	0.3729	0.4877
Design	0	244	0.3689	0.4835
	1	721	0.3856	0.4871
Fashion	0	549	0.2095	0.4073
	1	865	0.1480	0.3553
Film & video	0	577	0.5009	0.5004
	1	1,989	0.3157	0.4649
Food	0	652	0.2101	0.4077
	1	1,125	0.1636	0.3700
Games	0	137	0.3650	0.4832
	1	1,071	0.3613	0.4806
Journalism	0	156	0.1474	0.3557
	1	387	0.1214	0.3271
Music	0	587	0.5128	0.5003
	1	1,728	0.3559	0.4789
Photography	0	225	0.2444	0.4307
	1	491	0.2200	0.4146
Publishing	0	769	0.3121	0.4636
	1	1,345	0.2684	0.4432
Technology	0	296	0.1622	0.3692
	1	1,927	0.0986	0.2982
Theatre	0	173	0.5376	0.5000
	1	215	0.4651	0.4999

**Table 2**

<b>male</b>	<b>obs</b>	<b>method</b>	<b>mean</b>	<b>95%cl</b>	<b>mean</b>	<b>std deV</b>	<b>95%cl</b>	<b>std dev</b>
<b>0</b>	5679		0.3326	0.3204	0.3449	0.4712	0.4627	0.4800
<b>1</b>	13841		0.2652	0.2578	0.2725	0.4414	0.4363	0.4467
<b>Diff (1-2)</b>		<b>Pooled</b>	0.0675	0.0536	0.0814	0.4503	0.4459	0.4548
<b>Diff (1-2)</b>		<b>Satterthwaite</b>	0.0675	0.0532	0.0818			

### Table 3 descriptions of variables

This table provides the description of different variables used in this study.

Variable name	Descriptions
Result	Dummy =1 if the money raised by the entrepreneur exceeds the target amount, which means success in crowdfunding.
Total Failure	Dummy variable that equals one when no amount is raised, Zero otherwise. Dummy variable that equals one when Amount raised is greater than Aim. , Zero otherwise.
Laim	Logarithmic form of total funds set initially (in USD) from the crowdfunding project by the entrepreneur.
Lamount	Logarithmic form of total funds eventually raised (in USD) by the entrepreneur between the start date, from Jan 1 <sup>st</sup> 2015, until the end date.
Marginp	Equals to logarithmic form of ( <i>funds raised</i> minus <i>funds target</i> ).
Words	The number of words in description of each campaign.
Backers	The number of backers that support the crowdfunding campaign.
Comments	The number of the piece of comments that each campaign has on the home page.
Nprojects	The number of projects that initiator has created in Kickstarter until Jun 30 <sup>th</sup> 2015.
updates	The pieces of updates that initiator adds on its homepage.
Lpop	Logarithmic form of local population of the city where the project originates. This data is based on city level by US Census.
Duration	The time length that projects last.
Gender	Dummy = 1 if the initiator is a man; 0 if a woman.
Team	Dummy = 1 if the initiator is a team or a group; 0 if not.
Project	Dummy =1 if the name of initiator is a specific project; 0 if not.
Company	Dummy = 1 if the crowdfunding initiative is structured as a company; 0 if not.
Nonprofit	Dummy = 1 if the crowdfunding initiative is on behalf of non-for-profit organizations or institutions; 0 if not.
US	Dummy = 1 if the crowdfunding campaign originates inside USA; 0 if from other countries.



**Table 4 descriptive data of variables**

This table provides the descriptive statistics of different variables used in this study. All the variables are as defined in Table 3.

	<b>Mean</b>	<b>Median</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Std dev</b>
Result	0.3257	0	0	1	0.4687
Word	19.3510	20	1	61	5.1779
Aim	68,064.64	6000	1	100,000,000	1,601,207.3
Amount	10,818.3	271	0	20,338,986	158,530.9
Marginp	2.5753	0.0594	0	12,984	101.5547
Duration	33.8780	30	1	73	11.8052
Backers	119.5221	6	0	219,382	1,661.47
Comments	41.7002	0	0	113,219	1,163.73
Nprojects	5.2152	0	0	174	9.6965
updates	4.0057	1	0	140	7.5261
Male	0.5105	1	0	1	0.5000
Female	0.2094	0	0	1	0.4069
Company	0.0677	0	0	1	0.2513
Nonprofit	0.0038	0	0	1	0.0615
Team	0.0556	0	0	1	0.2291
Projects	0.0124	0	0	1	0.1108
US	0.9651	1	0	1	0.1834

**Table 5 univariate analysis**

This table provides the univariate analysis of mean and median difference between variables used in this study. All the variables are as defined in Table 3.

	Mean		t-value	p-value	Median		p-value
	Success	Failure			Success	Failure	
Word	19.274	19.39	1.77	0.077	20	20	<0.001
Aim	11,616.1	95,333.3	5.81	0.001	5,000	7,500	<0.001
Amount	30,993	1,072.5	-10.17	0.001	5,988	30	<0.001
Percent	6.751	0.925	-4.06	0.001	0.17	0.996	<0.001
Duration	31.109	35.217	29.66	0.001	30	30	<0.001
Backers	341.5	12.118	-10.68	0.001	75	2	<0.001
Comments	125.6	1.17	-5.74	0.001	3	0	<0.001
Nprojects	9.137	3.321	-41.22	0.001	5	0	<0.001
Updates	10.029	1.089	-81.387	0.001	7	0	<0.001
Male	0.415	0.556	22	0.001	0	1	<0.001
Female	0.214	0.207	-1.24	0.214	0	0	0.212
Company	0.095	0.055	-11.4	0.001	0	0	<0.001
Org	0.0063	0.0026	-4.08	0.001	0	0	<0.001
Team	0.076	0.046	-9.36	0.001	0	0	<0.001
Project	0.023	0.007	-9.51	0.001	0	0	<0.001
US	0.957	0.969	5.08	0.001	1	1	<0.001

**Table 6 Correlation Matrix:**

This table reports the correlation coefficient and their significance level between different variables used in this study. All the variables are as defined in Table 3.

	Word	Aim	Dresult	Amount	Mpercent	Duration	Backer	Comment	Update	Nproject	Male	Female	Company	Org	Team	Project
Aim	-0.000 (0.974)	1														
Dresult	-0.011 (0.083)	-0.025 (<.0001)	1													
Amount	-0.002 (0.714)	0.004 (0.537)	0.088 (<.0001)	1												
Mpercent	-0.007 (0.271)	-0.001 (0.868)	0.035 (<.0001)	0.025 (<.0001)	1											
Duration	0.018 (0.004)	0.036 (<.0001)	-0.163 (<.0001)	-0.001 (0.812)	-0.021 (0.001)	1										
Backer	-0.007 (0.253)	0.003 (0.658)	0.093 (<.0001)	0.731 (<.0001)	0.049 (<.0001)	-0.005 (0.396)	1									
Comment	-0.006 (0.334)	0.005 (0.372)	0.050 (<.0001)	0.633 (<.0001)	0.030 (<.0001)	-0.010 (0.103)	0.727 (<.0001)	1								
Update	-0.011 (0.072)	-0.013 (0.035)	0.557 (<.0001)	0.172 (<.0001)	0.050 (<.0001)	-0.059 (<.0001)	0.173 (<.0001)	0.172 (<.0001)	1							
Nproject	-0.043 (<.0001)	-0.011 (0.076)	0.281 (<.0001)	0.159 (<.0001)	0.032 (<.0001)	-0.014 (0.017)	0.149 (<.0001)	0.136 (<.0001)	0.480 (<.0001)	1						
Male	0.008 (0.187)	0.016 (0.007)	-0.132 (<.0001)	-0.031 (<.0001)	-0.016 (0.010)	0.011 (0.063)	-0.026 (<.0001)	-0.016 (0.009)	-0.090 (<.0001)	-0.116 (<.0001)	1					
Female	0.010 (0.087)	-0.009 (0.153)	0.008 (0.212)	-0.017 (0.004)	-0.010 (0.131)	-0.024 (<.0001)	-0.010 (0.098)	-0.001 (0.123)	-0.045 (<.0001)	-0.086 (<.0001)	-0.526 (<.0001)	1				
Company	-0.017 (0.006)	-0.005 (0.434)	0.075 (<.0001)	0.054 (<.0001)	-0.001 (0.872)	0.015 (0.014)	0.043 (<.0001)	0.024 (<.0001)	0.112 (<.0001)	0.165 (<.0001)	-0.275 (<.0001)	-0.139 (<.0001)	1			
Org	-0.002 (0.699)	-0.001 (0.850)	0.029 (<.0001)	-0.001 (0.831)	-0.001 (0.854)	0.011 (0.068)	-0.001 (0.816)	-0.002 (0.735)	-0.004 (0.536)	-0.003 (0.668)	-0.063 (<.0001)	-0.031 (<.0001)	0.229 (<.0001)	1		
Team	0.006 (0.292)	-0.007 (0.275)	0.062 (<.0001)	0.003 (0.673)	0.010 (0.093)	-0.001 (0.888)	0.002 (0.759)	-0.006 (0.334)	0.024 (<.0001)	0.028 (<.0001)	-0.248 (<.0001)	-0.125 (<.0001)	-0.065 (<.0001)	-0.015 (0.014)	1	
Project	-0.002 (0.742)	-0.003 (0.594)	0.069 (<.0001)	0.013 (0.102)	0.025 (<.0001)	-0.025 (<.0001)	0.028 (<.0001)	0.026 (<.0001)	0.127 (<.0001)	0.132 (<.0001)	-0.115 (<.0001)	-0.058 (<.0001)	-0.030 (<.0001)	-0.007 (0.253)	-0.027 (<.0001)	1
US	0.015 (0.013)	-0.000 (0.991)	-0.033 (<.0001)	-0.028 (<.0001)	0.002 (0.711)	-0.012 (0.051)	-0.026 (<.0001)	-0.034 (<.0001)	-0.030 (<.0001)	-0.101 (<.0001)	0.028 (<.0001)	-0.006 (0.287)	-0.011 (0.066)	-0.014 (0.0172)	-0.014 (0.017)	-0.024 (<.0001)

**Table 5 OLS regressions**

This table reports results of regression analysis for success, amount raised, duration and margin (%) for the complete sample. We control for different variables. All the variables are as defined in Table 3.

	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Duration	-0.025*** (0.002)	-0.014*** (0.002)		-0.133*** (0.030)
Updates	0.414*** (0.007)	0.172*** (0.002)	-0.088*** (0.011)	0.155*** (0.053)
Laim	-0.604*** (0.015)		1.538*** (0.045)	
Backers	0.045*** (0.003)	0.000 (0.000)	-0.000 (0.000)	0.003*** (0.000)
NProjects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000 (0.000)
Us	-0.283** (0.113)	-0.495*** (0.093)	-0.772* (0.419)	1.019 (1.939)
word	-0.003 (0.005)	-0.009** (0.003)	0.037** (0.015)	0.011 (0.068)
Constant	5.020*** (0.202)	6.781*** (0.163)	19.942*** (0.798)	2.793 (3.402)
Industry Effect	YES	YES	YES	YES
Observations	23,201	18,489	23,194	23,194
R-squared		0.365	0.060	0.006

Standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 6 US individual results**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when a U.S initiator is a team. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Individual	-0.429*** (0.074)	-0.211*** (0.033)	-0.012 (0.231)	-4.138*** (1.064)
Duration	-0.023*** (0.002)	0.031*** (0.001)		-0.129*** (0.032)
Updates	0.295*** (0.009)	-0.002 (0.002)	-0.086*** (0.012)	0.072 (0.057)
Word	-0.003 (0.005)	-0.002 (0.002)	0.040** (0.016)	-0.025 (0.073)
Laim	-0.908*** (0.022)		1.546*** (0.049)	
Backers	0.031*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000* (0.000)
Lpop	0.011 (0.009)	0.020*** (0.004)	-0.003 (0.028)	0.021 (0.127)
Constant	6.555*** (0.261)	7.061*** (0.107)	19.101*** (0.819)	7.423** (3.463)
Industry Effect	YES	YES	YES	YES
Observations	19,849	19,849	19,849	19,849
R-squared		0.172	0.061	0.015

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 7 US team results**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when a U.S initiator is a team. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Team	-0.065 (0.094)	1.015*** (0.072)	0.327 (0.351)	6.757*** (1.541)
Duration	-0.050*** (0.003)	-0.015*** (0.002)		-0.127*** (0.032)
Updates	0.170*** (0.007)	0.171*** (0.003)	-0.017 (0.014)	0.087 (0.057)
Word	-0.003 (0.005)	-0.010*** (0.004)	0.034* (0.018)	-0.029 (0.073)
Laim	-0.860*** (0.021)		0.362*** (0.039)	
Backers	0.000 (0.000)	0.000*** (0.000)	0.000 (0.000)	0.003*** (0.000)
Nprojects	-0.000*** (0.000)	0.000*** (0.000)	0.000* (0.000)	-0.000* (0.000)
Lpop	-0.023*** (0.009)	0.030*** (0.006)	0.043 (0.030)	0.024 (0.127)
Constant	-3.696*** (0.245)	6.030*** (0.161)	32.461*** (0.777)	3.801 (3.360)
Industry Effect	YES	YES	YES	YES
Observations	15,819	15,819	15,819	19,849
R-squared		0.377	0.023	0.015

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 8 US company results**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when a U.S initiator is a company. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Company	0.137 (0.104)	0.251*** (0.044)	0.692** (0.309)	-0.538 (1.425)
Duration	-0.022*** (0.002)	-0.031*** (0.001)		-0.128*** (0.032)
Updates	0.293*** (0.009)	0.002 (0.002)	-0.088*** (0.012)	0.095* (0.057)
Word	-0.004 (0.005)	-0.001 (0.002)	0.040** (0.016)	-0.027 (0.073)
Laim	-0.894*** (0.022)		1.541*** (0.049)	
Backers	0.031*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000 (0.000)
Lpop	0.010 (0.009)	0.021*** (0.004)	-0.004 (0.027)	0.030 (0.127)
Constant	6.129*** (0.248)	6.859*** (0.104)	19.022*** (0.795)	4.224 (3.367)
Observations	19,849	19,849	19,849	19,849
R-squared		0.171	0.061	0.014

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 9 US Project**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when a U.S initiator starts a specific project. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Project	0.016 (0.265)	0.096 (0.103)	-1.569** (0.722)	11.938*** (3.329)
Duration	-0.022*** (0.002)	-0.031*** (0.001)		-0.126*** (0.032)
Updates	0.292*** (0.009)	0.001 (0.002)	-0.084*** (0.012)	0.080 (0.057)
Word	-0.003 (0.005)	-0.002 (0.002)	0.040** (0.016)	-0.027 (0.073)
Laim	-0.890*** (0.022)		1.546*** (0.049)	
Backers	0.031*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000* (0.000)
Lpop	0.010 (0.009)	0.021*** (0.004)	-0.003 (0.027)	0.029 (0.127)
Constant	6.120*** (0.248)	6.892*** (0.104)	19.112*** (0.795)	3.918 (3.360)
Industry Effect	YES	YE	YES	YES
Observations	19,849	19,849	19,849	19,849
R-squared		0.170	0.061	0.015

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1



**Table 10. Gender of Initiators**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when initiator is an individual. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Female	0.430*** (0.056)	0.311*** (0.047)	-0.228 (0.206)	-0.312 (0.297)
Duration	-0.028*** (0.002)	-0.015*** (0.002)		-0.031*** (0.011)
Updates	0.405*** (0.009)	0.186*** (0.003)	-0.093*** (0.015)	0.089*** (0.022)
Laim	-0.630*** (0.019)		1.558*** (0.053)	
Comments	0.089*** (0.007)	0.000*** (0.000)	-0.000 (0.000)	0.010*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000 (0.000)
Lpop	0.009 (0.009)	0.025*** (0.007)	-0.000 (0.030)	0.037 (0.044)
Word	-0.003 (0.005)	-0.007* (0.004)	0.050*** (0.017)	-0.004 (0.025)
Constant	4.608*** (0.228)	5.793*** (0.187)	19.033*** (0.912)	0.328 (1.218)
Industry Effect	YES	YES	YES	YES
Observations	16,723	12,964	16,723	16,723
R-squared		0.357	0.061	0.143

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 11 Anonymous Initiators**

This table reports results of regression analysis for success, amount raised, duration and margin (%) variables when initiator is an anonymous individual. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Anonymous	0.202*** (0.061)	0.490*** (0.050)	0.266 (0.222)	5.855*** (2.001)
Duration	-0.029*** (0.002)	-0.017*** (0.002)		-0.072 (0.062)
Updates	0.416*** (0.008)	0.186*** (0.003)	-0.095*** (0.013)	0.823*** (0.119)
Laim	-0.591*** (0.017)		1.511*** (0.048)	
Comments	0.051*** (0.004)	0.000 (0.000)	-0.000 (0.000)	0.004*** (0.001)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000 (0.000)
Lpop	0.004 (0.008)	0.022*** (0.006)	0.001 (0.028)	0.194 (0.247)
Word	-0.003 (0.005)	-0.006* (0.004)	0.054*** (0.016)	-0.140 (0.141)
Constant	4.623*** (0.202)	5.983*** (0.169)	19.261*** (0.818)	0.189 (6.786)
Observations	20,093	15,811	20,093	20,093
R-squared		0.371	0.060	0.006

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 12 Organization results**

This table reports the relationship between geographical effect and success by of a project. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Org	0.692*** (0.267)	0.415* (0.235)	1.737 (1.136)	-0.802 (2.390)
Duration	-0.021*** (0.007)	-0.014*** (0.005)		-0.097** (0.048)
Updates	0.320*** (0.020)	0.116*** (0.005)	-0.090*** (0.024)	0.090* (0.051)
Word	-0.003 (0.016)	0.011 (0.011)	-0.033 (0.054)	-0.035 (0.113)
Laim	-0.686*** (0.058)		1.393*** (0.165)	
Comments	0.010*** (0.002)	0.000** (0.000)	-0.000 (0.000)	0.001* (0.000)
Nprojects	1.359*** (0.208)	1.842*** (0.143)	-0.665 (0.668)	-2.302* (1.392)
Lpop	-0.004 (0.026)	0.059*** (0.018)	0.044 (0.093)	-0.253 (0.206)
Constant	5.330*** (0.631)	5.551*** (0.357)	19.976*** (2.076)	4.996 (3.663)
Industry effect	YES	YES	YES	YES
Observations	1,835	1,679	1,835	1,835
R-squared		0.397	0.069	0.020

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 13 Geographic effect of individual results**

This table reports the effect of geographical location on different variables when initiator is an individual. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Margin
Individual	-0.420*** (0.068)	-0.203*** (0.030)	0.029 (0.213)	-4.444*** (0.982)
Duration	-0.022*** (0.002)	-0.031*** (0.001)		-0.135*** (0.030)
Updates	0.298*** (0.008)	0.002 (0.002)	-0.088*** (0.011)	0.093* (0.053)
Word	-0.000 (0.005)	-0.001 (0.002)	0.037** (0.015)	0.015 (0.067)
Laim	-0.884*** (0.020)		1.539*** (0.045)	
Backers	0.030*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000** (0.000)
Us	-0.262** (0.127)	-0.182*** (0.060)	-0.767* (0.419)	1.151 (1.933)
Constant	6.579*** (0.257)	7.442*** (0.107)	19.912*** (0.816)	6.208* (3.466)
Industry Effect	YES	YES	YES	YES
Observations	23,194	23,194	23,194	23,194
R-squared		0.170	0.060	0.012

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 14 Geographic effect of team results**

This table reports the effect of geographical location on different variables when initiator is a team. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Team	-0.053 (0.087)	1.018*** (0.066)	0.483 (0.324)	5.622*** (1.419)
Duration	-0.049*** (0.002)	-0.014*** (0.002)		-0.134*** (0.030)
Updates	0.172*** (0.006)	0.169*** (0.002)	-0.026** (0.013)	0.111** (0.053)
Word	-0.003 (0.005)	-0.009** (0.003)	0.029* (0.017)	0.011 (0.067)
Laim	-0.877*** (0.019)		0.340*** (0.036)	
Backers	0.000 (0.000)	0.000*** (0.000)	0.000 (0.000)	0.003*** (0.000)
Nprojects	-0.000*** (0.000)	0.000*** (0.000)	0.000** (0.000)	-0.000* (0.000)
Us	0.049 (0.124)	-0.460*** (0.093)	-1.805*** (0.451)	1.069 (1.932)
Constant	-4.163*** (0.247)	6.688*** (0.162)	34.669*** (0.786)	2.533 (3.393)
Industry Effect	YES	YES	YES	YES
Observations	18,489	18,489	18,489	23,194
R-squared		0.375	0.022	0.012

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 15 Geographic effect of company results**

This table reports the effect of geographical location on different variables when initiator is a company. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Company	0.108 (0.096)	0.244*** (0.041)	0.483* (0.286)	-0.805 (1.320)
Duration	-0.021*** (0.002)	-0.031*** (0.001)		-0.134*** (0.030)
Updates	0.296*** (0.008)	0.001 (0.002)	-0.090*** (0.011)	0.119** (0.053)
Word	-0.000 (0.005)	-0.001 (0.002)	0.037** (0.015)	0.012 (0.067)
Laim	-0.870*** (0.020)		1.535*** (0.045)	
Backers	0.030*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000* (0.000)
Us	-0.267** (0.127)	-0.189*** (0.060)	-0.761* (0.419)	0.922 (1.933)
Constant	6.160*** (0.247)	7.255*** (0.105)	19.878*** (0.799)	3.093 (3.399)
Industry Effect	YES	YES	YES	YES
Observations	23,194	23,194	23,194	23,194
R-squared		0.170	0.060	0.012

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 16 Geographic effect of project result**

This table reports the effect of geographical location on different variables when initiators try to raise money for a specific project. We control for different variables. All the variables are as defined in Table 3.

VARIABLES	(1) Result	(2) Lamount	(3) Duration	(4) Marginp
Project	0.291 (0.235)	0.115 (0.094)	-1.632** (0.658)	20.947*** (3.034)
Duration	-0.021*** (0.002)	-0.031*** (0.001)		-0.131*** (0.030)
Updates	0.296*** (0.008)	0.001 (0.002)	-0.086*** (0.011)	0.091* (0.053)
Word	-0.000 (0.005)	-0.001 (0.002)	0.037** (0.015)	0.014 (0.067)
Laim	-0.868*** (0.020)		1.539*** (0.045)	
Backers	0.030*** (0.001)	0.000*** (0.000)	-0.000 (0.000)	0.003*** (0.000)
Nprojects	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	-0.000** (0.000)
Us	-0.258** (0.127)	-0.190*** (0.060)	-0.788* (0.419)	1.231 (1.931)
Constant	6.151*** (0.247)	7.290*** (0.105)	19.977*** (0.798)	2.269 (3.390)
Industry Effect	YES	YES	YES	YSE
Observations	23,194	23,194	23,194	23,194
R-squared		0.169	0.060	0.014

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 19. Gender, Success and Industry:**

This table reports the relationship between gender and success by industry. We control for different variables. All the variables are as defined in Table 3. \*, \*\*, \*\*\* denote level of significance at 10%, 5% and 1% respectively.

	Art	Comics	Crafts	Dance	Design	Theater	Fashion	Film/Video	Food	Games	Journalism	Music	Photography	Publishing	Technology
Duration	-0.023***	-0.035**	-0.029*	-0.044**	-0.025**	-0.028**	-0.021*	-0.037***	-0.037***	-0.024**	-0.016	-0.023***	-0.023*	-0.021***	0.000
female	-0.007	-0.014	-0.016	-0.018	-0.01	-0.013	-0.011	-0.006	-0.009	-0.012	-0.014	-0.006	-0.012	-0.006	-0.01
updates	0.536***	0.690*	-0.064	0.311	0.312	0.15	0.465**	0.918***	0.198	0.516	0.216	0.278*	0.105	0.290**	0.751***
claim	-0.152	-0.402	-0.294	-0.421	-0.244	-0.295	-0.213	-0.135	-0.19	-0.353	-0.381	-0.151	-0.256	-0.139	-0.285
Comment s	0.454***	0.277***	0.573***	0.408***	0.427***	0.360***	0.431***	0.343***	0.456***	0.280***	0.523***	0.545***	0.283***	0.349***	0.392***
NProjects	-0.032	-0.03	-0.06	-0.101	-0.041	-0.058	-0.039	-0.019	-0.035	-0.027	-0.074	-0.032	-0.039	-0.022	-0.034
Constant	-0.494***	-0.972***	-0.894***	-0.468***	-0.717***	-0.801***	-0.576***	-0.724***	-0.591***	-0.889***	-0.592***	-0.601***	-0.542***	-0.611***	-0.918***
Obs.	-0.05	-0.135	-0.111	-0.147	-0.082	-0.135	-0.075	-0.048	-0.052	-0.087	-0.117	-0.054	-0.087	-0.053	-0.079
Duration	0.137***	0.092***	0.351***	0.605**	0.058***	2.076***	0.223***	0.135***	0.196***	0.053***	0.332**	0.667***	0.391***	0.117***	0.091***
female	-0.035	-0.023	-0.065	-0.253	-0.012	-0.395	-0.041	-0.026	-0.035	-0.008	-0.13	-0.059	-0.082	-0.026	-0.015
updates	0.000***	0	0.000*	0	0	0.000***	0.000**	0.000***	0.000***	0	0.000***	0.000***	0.000**	0	0
claim	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0	0
Comment s	1.800***	6.554***	3.497***	3.279***	4.103***	5.254***	1.744***	4.683***	2.621***	4.359***	1.491*	3.045***	2.261***	3.099***	3.760***
NProjects	-0.375	-1.048	-0.791	-1.177	-0.623	-0.971	-0.615	-0.38	-0.434	-0.649	-0.872	-0.422	-0.683	-0.433	-0.637
Constant	1,556	571	968	195	964	388	1,414	2,564	1,777	1,208	543	2,315	716	2,114	2,222



**Table 20. Relationship Between Gender, Total Failure and More than Aim.**

This table reports the relationship between Total Failure, More than Aim and Gender. .  
All the variables are as defined in Table 3.

	(1) Total Failure	(2) More than Aim
Female	-0.128*** (0.049)	-0.017*** (0.004)
Duration	0.001 (0.002)	-0.001*** (0.000)
Updates	-0.607*** (0.029)	0.011*** (0.000)
Laim	0.069*** (0.012)	
Comments	-2.044*** (0.132)	0.000*** (0.000)
NProjects	-0.000*** (0.000)	0.000 (0.000)
Lpop	0.005 (0.007)	0.001*** (0.001)
Constant	-1.366*** (0.218)	0.019 (0.015)
Observations	16,723	16,723
Adjusted R-squared		0.162