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CROWDFUNDING PRACTICES IN AND OUTSIDE THE US

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Abstract

By analyzing the whole population of Kickstarter projects till December 2013 we find that a significantly higher likelihood of a project success is determined by the presence of a video presentation, a higher number of reward levels, a shorter duration of the project campaign and a smaller class of the goal size. A longer *Description*, *About* and *FAQs* sections are also found to significantly increase the probability of funding until they not become too long. When we elaborate the donation-component embedded in Kickstarter projects we find that it accounts, on average, for almost 30% of total project financing and significantly increases the likelihood of successful funding. The paper also offers the first analysis of the global distribution of non-US projects, and their categories concentration in the top 10 non-US countries for project location. We find that projects' categories are more concentrated in some countries, echoing the cultural features of the country and confirming previous US evidence on an international basis. We further check if the determinants of successful crowdfunding are the same across countries and find that they substantially are, with exceptional similar results for US and UK located projects.

JEL classification: G32; G34.

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1. Introduction

In few years crowdfunding has become a widespread and effective alternative for raising capital to support new business ideas and ventures. The crowdfunding market has grown at triple digit rates in recent years. An industry report (Massolution, 2013) indicates that around $5.1 billion total transactions occurred globally in 2013 (rising from $2.6 billion in 2012), while a recent World Bank Report expects the market to skyrocket and reach about $300 billion in 2025. Such a growing market has garnered the attention of policy makers, which have legalized equity crowdfunding in the US (through the 2011 JOBS Act), UK, Finland, Australia, and Italy, and now accounts for about 5% of 2013 total transactions (Massolution, 2013). There are several types of crowdfunding models and platforms: donation-based, where no rewards are given; lending-based, in which funds are offered as a loan carrying an expected interest; equity-based, where funds are provided in exchange of shares in the new ventures; and reward-based, where financiers receive a tangible (but not financial) reward for backing the project. Reward-based crowdfunding is the biggest and fastest growing form of crowdfunding, and the main popular platforms are *Kickstarter* and *Indiegogo*.

Being a very recent phenomenon, the existing literature on crowdfunding is scarce, mostly made by working papers, but expected to represent an important field of research for new business financing in the near future (Chemmanur and Fulghieri, 2014). In fact, crowdfunding has been increasingly used to gather entrepreneurial seed capital (Shwienbacher and Larralde, 2012), so much that about 90% of successful crowdfunding projects originate new ventures (Mollick and Kuppuswamy, 2014). Agrawal et al. (2011) find that crowdfunding eliminates most distance-related economic frictions, as the average distance between music-artist-entrepreneur and investors is about 3,000 miles in *Sellaband* projects, although co-located family and friends seem to play an important role in the first financing stages. The entrepreneur's choice to have the project financed either through pre-ordering in a reward-based approach, or through equity sales in an equity-based platform, is modeled by Belleflamme et al. (2014).

The theoretical model predicts the adoption of a reward-based model if the required financing is small relative to the potential market size. Other studies point out that female founders are more likely to propose successful project than male founders (Greenberg and Mollick, 2014; Marom et al., 2014), though they are predominantly financed by women (Marom et al., 2014). Mollick (2014) finds that projects signaling their higher quality are more likely to be successful on *Kickstarter*, though overfunded projects seem to be more exposed to delaying their obligations. Other scholars have examined the dynamics of backer's support either on *Kickstarter* (Kuppuswamy and Bayus, 2014), or in a crowd-funded marketplace for online journalism projects (Burtch et al., 2012).

This paper adds to the limited extant empirical literature on crowdfunding by investigating additional determinants of success and the geography of non-US projects on *Kickstarter*, the world biggest reward-based platform. In so doing, we analyze the whole population of *Kickstarter* projects from the first initiative on April, 28th, 2009, till the end of 2013, for a total of 123,467 projects and combined funding of over $902 million. By analyzing the broadest crowdfunding dataset up until now, the paper offers several contributions to the literature. The extension of our database allows to analyze the project's characteristics and the likelihood to reach successful funding for goal classes of different size, finding that the percentage of successfully funded projects monotonically decreases the higher the goal, starting from 75.7 percent for a goal below $100, till 16.8 percent for goals exceeding $50,000. As far as the dynamics of successful funding are concerned, we find that the presence of a video presentation of the project, the shorter the campaign, the higher the number of reward levels, and the smaller the funding goal, significantly increase the probability of a successful campaign, as also reported in the previous literature (Mollick, 2014; Kuppuswamy and Bayus, 2013). However, some new determinants are elaborated and tested, as the length (in characters) of the project's *Title*, *Description*, *About*, and *FAQ* sections. A more extensive *Description*, *About* and *FAQ* sections significantly increases the likelihood of successful funding, but only up to a given point, as if too prolix they are detrimental in achieving backer's support.

Using the information in our database on backers and rewards, we also elaborate the donation component embedded in *Kickstarter* reward-based projects, as some crowdfunders donate without any reward or in excess of the reward they choose. Such donation-component accounts, on average, for almost 30 percent of total financing, and appears to significantly increase the likelihood of successful funding. We then analyze, for the first time, the geographic distribution of non-US located projects, and the concentration of their categories in the top 10 countries. We find that project categories are more concentrated in some countries, echoing the cultural country-specific characteristics, thus confirming on an international basis what Mollick (2014) finds for US areas or cities. In terms of the likelihood of successful crowdfunding in other-than-US countries, results show that the determinants found for all projects and for US-located projects (which account for 91 percent of total) are confirmed in top other single countries, with UK mirroring US results in every aspect.

The reminder of the paper is organized as follows. The next section reports a brief review of the related literature. Section 3 describes the research methodology. Section 4 reports our main findings. Finally, Section 5 concludes the study.

2. Recent Literature on Crowdfunding

Crowdfunding is a relatively novel phenomenon, as the earliest recorded use of the word "crowdfunding" dates back to 2006, and *Kickstarter* began its operations in April 2009. Consequently, most of the academic research is still in working paper format, but it is growing at an impressive pace. The available results from published and unpublished papers highlight some important theoretical and empirical findings, which in turn are useful in identifying further areas of investigation related to the crowdfunding phenomenon.

One of the recurrent empirical finding is that an important determinant of success lies in the

quality of the project, signaled in different ways, depending on the adopted crowdfunding model. Mollick (2014) finds that in an award-based platform such as *Kickstarter* the preparedness of the project (measured by the presence of a video, frequent project updates, and no spelling errors in the project description) significantly enhances the funding propensity of the crowd. Still using *Kickstarter* data, Kuppuswamy and Bayus (2013) report that projects endowed with a video presentation are more often successfully funded, as the video is interpreted as a measure of the project quality. The proponent's reputation also seems to play a significant role. In a sample of 1,403 *Kickstarter* project, Li and Martin (2014) find that project creators who have accumulated a positive reputation through previously successful funded projects are 20 percent more likely to be funded, and 90 percent more likely to receive funding if they have received all positive comments on previously funded projects. In a sample of 493 projects presented on a Swiss reward-based platform, Beier and Wagner (2014) also find that the presence of a video and the numbers of project updates increases the fundraising success. A study on equity crowdfunding conducted on a sample of 104 offerings on an Australian platform provides evidence on that the quality of the new venture, signaled through the experience of the board, a clear financial roadmap, and disclosed risk factors, significantly favors investor's commitment to provide financial resources (Ahlers et al., 2013). Lin et al. (2013) analyze a peer-to-peer ending marketplace (*Prosper*), and find that borrower's quality, signaled by online friendship networks, increases the probability of being financed.

Several studies try to investigate the importance of the proponent's social capital (typically measured through social networks, like *Facebook* and *Twitter*) in the dynamics of successful funding. Using a subsample of projects, in his detailed study on *Kickstarter* projects, Mollick (2014) finds a greater chance of success for those founders having a larger number of *Facebook* friends. Similarly, based on 461 projects posted on 11 Italian crowdfunding platforms, Giudici et al. (2013) find that individual social capital (measured by the founder's number of *Facebook* contacts) significantly increases the

probability to reach the funding goal, while geolocalized social capital has no significant effect. However, a simple link from the project webpage to an external project homepage, a *Facebook* profile, or a *Twitter* account does not appear to affect crowdfunding success in the study of Beier and Wagner (2015) on a Swiss crowdfunding platform.

Another investigated area in crowdfunding relates to social influence theory (Cialdini, 2001), and tries to examine whether crowdfunder's behavior is influenced by previous contributors. Here the evidence is mixed. Burtch et al. (2013) note a sort of "crowding-out effect," i.e. subsequent crowdfunders are less prone to finance the project if they realize that previous funding has decreased the marginal utility of their contribution for the success of the project. Similarly, Kuppuswamy and Bayus (2013) find that crowdfunder's support is negatively correlated with previous investor's support in *Kickstarter*. Interpreted as a "diffusion of responsibility effect," backers do not contribute to projects that have already obtained a lot of support, as they assume that others will provide the necessary funds required. Contributor's support over time is therefore found to be bathtub shaped, as projects typically get a lot of financial support in the early and last weeks of their funding cycle, consistent with bystander effects. In contrast to such evidence found for reward-based platforms, herding patterns are found in lending-based and profit-sharing platforms. In a peer-to-peer lending platform (*Prosper*), Zhang and Liu (2012) observe that well-funded borrowers tend to attract more funding thanks to herding behavior among lenders. Similarly, Agrawal et al. (2011) find that crowdfunders are more likely to invest if the funding goal is almost reached, studying a profit-sharing platform in the recording industry (*Sellaband*).

Other studies concentrate on the differences between crowdfunders and regular investors or consumers, as well as on the heterogeneity among them. According to Belleflamme et al. (2014), money is contributed not only for a momentary compensation, but also to enjoy some community benefits that can be tied to a consumption experience in reward-based models, or to an investment experience in profit-

sharing models. Their theoretical model further predicts that the entrepreneur will choose to finance the project by adopting a reward-based model if the required financing is relatively small compared with the potential market size. According to Lin et al. (2014), crowdfunders are highly heterogeneous, even on the same platform. They employ a sample of technology projects on *Kickstarter*, and identify four distinct types of backers, i.e. active backers, trend followers, the altruistic, and the crowd, with different motivations, strategies, and behavior.

As well summarized by Belleflamme and Lambert (2014) in their review, funding is highly skewed, fraud is rare, but delays are not. A skewed distribution of the dollar amount exceeding the project funding goal is observed by Mollick (2014) on *Kickstarter*, but also by Belleflamme et al. (2013) in their sample of individually crowdfunded projects, and by Agrawal et al. (2011) for the *Sellaband* music platform. In terms of frauds, Mollick (2014) reports that only 14 out of 381 projects (3.6 percent) issued a refund or stopped responding to backers, accounting for less than 0.5 percent of total pledges. Delays in the delivery of initial promises, instead, affects most projects, especially the large ones, those involving products rather than giveaways, and those resulting in overfunding, as manufacturing and shipping problems may unexpectedly hit successful projects (Mollick, 2014).

A recent growing stream of literature is devoted to study gender differences in project proposition and success. On *Kickstarter*, after controlling for other variables, female founders are more likely to propose successful project than male founders are (Greenberg and Mollick, 2014; Marom et al., 2014). Marom et al. (2014) document different participation rates of men and women across the different *Kickstarter* categories, with men accounting for 85-90 percent of comics, games and technology, while women accounting for 74 percent of dance, and more than 50 percent of fashion and food. A "taste-based discrimination" is therefore indicated as the likely reason for the significant correlation between the gender of the project leader and the percentage of investors of the same gender.

A preliminary study by Mollick and Kuppuswamy (2014) looks at what happened to successful projects in the *Kickstarter* design, technology, and video games categories, which are more likely associated to the rise of new ventures. From their survey, it emerges that over 90 percent of successful projects have remained ongoing ventures, 32 percent have reported yearly revenues of over $100,000 one year after the *Kickstarter* campaign, and have created an average of new 2.2 jobs per successful project.

A final field of exploration relates to geography of crowdfunding and its effects. One major piece of evidence is that crowdfunding relaxes geographical constraints. In a music platform based in Amsterdam (*Sellaband*), Agrawal et al. (2011) find that the average distance between music-artist-entrepreneur and investors is about 3,000 miles, though co-located "family and friends" seem to play an important role in the first financing stages. Another issue relates to the effect of geography on entrepreneurs. In this respect, Mollick (2014) reports evidence that projects are not evenly distributed across the US, but are more concentrated in some areas. Even more geographical concentration seems to characterize some categories, as projects tend to echo the cultural features of the city where they are located (e.g., music in Nashville, movies in Los Angeles, technology and games in San Francisco). He also finds that a greater proportion of creative individuals in the city where the founder is located is associated to a greater chance of successful funding.

3. Data and Variable Description

3.1 Kickstarter

Our analysis is based on crowdfunding projects on *Kickstarter*, a reward-based platform. Projects can be posted in 15 different macro-categories: art, comics, dance, design, fashion, film & video, food, games, journalism, music, photography, publishing, technology, and theater. The creator of a project has to specify a monetary goal, i.e. the amount of money that the project seeks to raise,

the duration of the funding campaign (ranging from 1 day to 3 months), and several reward levels for different funding contributions (which can range from a minimum of 1 dollar to a maximum of 10,000 dollars). The project carries a title, a short "description" of the project, a "FAQ" section, and an "about" section, where the project is extensively described using text, enriched with pictures, hyperlinks, and often a video. Crowdfunders (called "backers" in *Kickstarter*) have access to all project information, as well as the funds raised since the launch, the number of backers, and the number of days remaining for the campaign. *Kickstarter* works on the so-called "all or nothing" mechanism, i.e. if the project does not reach the indicated goal amount, the proponent gets nothing and the money is returned to crowdfunders. If the project reaches its funding goal within the pre-specified deadline, the project receives the total amount pledged (even if above the funding goal), after *Kickstarter* deducts a 5 percent fee and another 3-5 percent is charged by Amazon Payments through which pledges are paid. Until October 2012, the creator of a *Kickstarter* project had to be based in the US, i.e. being a US resident, with a US address, a US bank account and credit card, though the project could refer to a non-US location (as, for example, for restructuring a church abroad). However, since October 31st, 2012, Kickstarter opened to projects based in UK, then in Canada (on Sept. 9th, 2013), in Australia and New Zealand (on Nov. 13th, 2013) and in Norway (on Sept. 15th, 2014).

3.2 Sample and Variable Description

Our analysis is carried out over the entire population of *Kickstarter* projects launched and terminated within December 31st, 2013. Since the maximum observed project duration is 92 days, we dropped the last quarter of 2013, as projects launched in that period could not have reached their conclusion in 2013, and therefore could not be classified as funded or unfunded. The initial population is

made of 123,467 projects. We then drop projects which have been cancelled (by the creator or *Kickstarter*), or suspended by *Kickstarter* (for anomalies or possible frauds). The final sample is composed of 105,997 projects. For each project we have collected several potential explanatory variables of funding success, and built some new variables yet not used in the previous literature. Our variables are defined as follows. *Goal* is the target funding amount specified by the creator; *Pledged* is the amount of money pledged by financiers; *Funding Ratio* is the ratio between *Pledged* and *Goal* multiplied by 100; *Backers* is the number of crowdfunders supporting the projects; *Pledge per Backer* is the ratio between *Pledged* and *Backers* (when *Backers* is non-zero, otherwise the variable *Pledge per Backer* takes the value of zero); *Duration* is the number of the project campaign taken as a difference between the launch date and the end date; *Reward Levels* is the number of reward levels proposed to backers: *Slope Reward Levels* is the difference between the maximum and the minimum reward level amounts divided by the number of reward levels; *Reputation Dummy* is a variable taking 1 if the project's creator had a previous successfully funded project on *Kickstarter*; *Donation Dummy* is a variable taking 1 if there are backers pledging money without requesting any reward or donating in excess of the reward amount; *Donation* is the difference between the total amount pledged by financiers and the total amount of rewards requested, divided by 1 plus the total amount pledged; *Video Dummy* is a variable taking 1 if a video is present in the project's description; *Title Length*, *Description Length*, *About Length*, *FAQ Length*, count the number of characters of the project's title, short description, extensive description and FAQs, respectively; *USA Dummy* is a variable taking 1 if the location of the project is the United States, while *USD Dummy* is a variable taking 1 if the currency of the project is the US dollar. Both the *Goal* and *Pledged* amounts of non-USD-denominated projects have been converted to USD figures using the corresponding exchange rate prevailing at the project starting-day. The following section describes the descriptive statistics of our sample, the determinants of project success, and the geography and dynamics of non-US projects.

4. Sample Statistics and Empirical Results

4.1. Descriptive Statistics

The evolution of the number of *Kickstarter* projects by quarter, from the opening of the platform and up to the third quarter of 2013 is reported in Figure 1, along with the fraction of funded projects and the average amount pledged per single project. We immediately note that the number of projects has dramatically risen from few hundreds in 2009 to about ten thousands in the last quarters of 2013. On average, the amount pledged per single project has also increased over time, from about $2,000 in 2009 to about $11,000 in 2013,[1] while the average fraction of funded project over the whole period is equal to 48.18 percent, similar to the 49.4 percent found by Mollick (2014) in his sample of 48,000 observations.

Insert Figure 1 about here

In Table 1 the whole sample is partitioned among the 15 *Kickstarter* macro-categories, for which we also report the percentage of funded projects, the average goal, the average pledge, and the average number of backers, both for funded and unfunded initiatives. The "film and video" category displays the highest number of projects (26,802), accounting for more than 25 percent of our total sample. The "music" category ranks second, and also represent a big fraction (23,194 projects, about 22 percent of the total number of projects). The "publishing" category ranks third, containing almost half of the projects of the music category (11,686 projects), followed by the other categories with "Journalism" resulting the least numerous. The average percentage of successful projects varies across categories, with a minimum value of 34.8 percent (reported in the "Publishing" category), and a more than double percentage of

[1] Both the funding goal and the pledged amount of non-USD-denominated projects have been converted to USD figure using the corresponding exchange rate prevailing at the project starting day.

funded projects in the "Dance" category (73.8 percent). When funded and unfunded projects are contrasted over the whole sample, we observe that the average successful project sets a less ambitious financing goal ($7,936 *vs*. $26,000), is much more pledged ($14,351 *vs*. a modest $1,444), and much more supported in terms of number of backers (193 *vs*. 19). When the same figures are analyzed across categories, we find that the average project belonging to the categories "technology" and "games," though setting greater funding goals ($24,671 and $23,004, respectively), are able to collect the highest average pledged amount ($76,698 and $66,384, respectively). The average number of backers still reports the same two categories in the first two positions, with games resulting in the most supported (1,058 backers per funded project), and followed by technology (695 backers).

Insert Table 1 about here

In Table 2, the whole sample is partitioned in eight goal classes. The smallest class includes projects with a funding goal between $0 and $100, while the largest contains projects seeking more than $50,000. The most frequent funding goal belongs to the class ranging from $2,000 to 5,000, which accounts for 28.8 percent of the total number of projects. Project's goals ranging between $5,000 and $10,000, and between $10,000 and $50,000, also account for relevant fractions of total projects (19.1 percent and 20.1 percent, respectively). Both the smallest and the biggest goal classes are the least employed (0.6 percent and 4.1 percent, respectively), very likely for opposite reasons. The first class, i.e. from $0 to $100, is little used because probably it makes no sense to spend time in structuring a project on *Kickstarter* when less than $100 is sought. However, these low-goal projects could either belong to creators who want to test the crowdfunding potential for their first time, or to creators who want to make sure that their project will be successfully funded, as the negligible amount can be easily provided by

family and friends. On the opposite side, projects seeking more than $50,000 are not frequent, both because it is more difficult to raise big amounts, and because *Kickstarter* works in a "all or nothing" mechanism. In fact, the percentage of successfully funded projects reported in Table 2 shows an inverse and monotonic relationship across goal classes. Smallest projects are fully funded 75.7 percent of the times, but such percentage diminishes as the goal size increases, and equals to 52.5 in the $2,000 to $5,000 goal class, up to a modest 16.8 percent for the projects seeking more than $50,000. The funding ratio, i.e. the ratio of the pledged amount over the funding goal, reports an anomalous large value for the smallest goal class when considering funded projects (about 244 times), as some projects have raised substantial amount despite the negligible goal set. The funding ratio for funded projects sharply decreases to 2.53 times in the next goal class ($100 to $500), keeps decreasing as the funding goal increases, and then it increases again around a goal of $5,000, i.e. for the most ambitious projects.

Insert Table 2 about here

In Table 3 we report the descriptive statistics of the projects in our sample. The average goal amount equals to $7,935, with a minimum of just 1 dollar, and a maximum of 2 million dollars. The average amount raised is $14,351, with a minimum value still equal to 1 dollar, but a maximum amount equal to about $10.3 million, corresponding to the most successful *Kickstarter* campaign, i.e. the famous Pebble watch, a customizable watch for iPhone and Android. Even the statistics for unfunded projects reveal some information, and anticipate that the likely reason for project failure lies in setting an exaggerated goal. In fact, the maximum goal for failed projects is $31 million (more than 15 times the maximum of funded projects), with a median of $6,000 (*vis-à-vis* $3,300 for funded projects), and a project has resulted unsuccessful notwithstanding it raised $721,036, while another one has failed even if

it had 6,287 backers. The maximum amount of the funding ratio for unfunded projects reports an unexpected value, equal to 108 percent, as values above 100 percent indicate that the pledged amount has exceeded the goal amount and consequently the project should have been successfully funded. As a matter of fact, 4 unfunded projects report a ratio slightly above 100 percent, probably because some pledged amounts could not be finally charged on backer's credit cards.[2] Comparing the other statistics between funded and unfunded projects, we observe that funded projects are characterized by a higher number of backers (193 *vs*. 19), higher pledge per backer ($82.2 *vs*. $51.9), shorter duration (34.3 days *vs*. 38.1 days), higher number of reward levels (9.5 *vs*. 7.8), lower slope of the reward level, i.e. the difference between the maximum and minimum reward amount, scaled by number of rewards (177 times *vs*. 251 times). The two following variables deserve separate comments. Since backers can also pledge without asking a reward, or they can decide to pledge an amount greater than the amount indicated in the reward, in a reward-based platform as *Kickstarter* there is still a donation component which may play a role. We try to identify this component in the following way. For each project we multiply each award amount for the number of backers who chose that award level. We sum up all the funding amounts for each single reward level to obtain the total funding from the rewards. We then compare it with the total amount pledged, and if the latter is larger than the former we interpret the difference as money that were donated to the project (without a reward, or in excess of the reward value). About 96.1 percent of funded projects have a (even minimum) donation component (*vs*. 58.2 percent of unfunded projects). When the donated amount is scaled over the amount pledged, we note that, on average, it accounts for a relevant 29.7 percent of the total money raised by the funded projects, and this figure is higher (both in mean and in median) than for unfunded projects (29.7 percent and 25.1 percent *vs*. 20.6 percent and 9.4 percent, respectively). A video presentation is quite common and more frequently discriminates between

[2] For example, one of these 4 cases in which the pledged amount has exceeded the goal amount but the project has been declared as unsuccessful can be checked at https://www.kickstarter.com/projects/1755876060/music-empowers-a-day-with-the-accende-ensemble.

successful and unsuccessful projects (86.9 percent of funded projects *vs*. 76.2 percent of unfunded projects). As far as the length of the project's *Title*, *Description*, *About* and *FAQ* is concerned (in characters, including spaces), funded projects are characterized by more extensive *About* and *FAQ* sections relative to unfunded projects (7,109 *vs*. 6,295 characters, and 1,055 *vs*. 765 characters, respectively). Since a *Kickstarter* project also indicates its location, using reverse geocoding we assign to each project its geographic coordinates so that we can associate it to a specific country and point it in the world map. Projects located in the US accounts for 91.4 percent of our sample, while the US dollar is used as the project currency in 96.8 percent of observations.

Insert Table 3 about here

In Table 4 the characteristics of US-based projects are contrasted with projects located outside the US, both for funded and unfunded initiatives. With one minor exception, our results show that the differences between US and non-US project have the same signs and statistical significances for all variables both for funded and unfunded projects. We therefore limit our comments to successful projects. Compared to US-located projects, non-US funded projects present significantly higher average funding goals ($11,238 *vs*. $7,624), and collect significantly higher average pledges ($20,187 *vs*. $13,802). These results are confirmed when considering median differences. The average funding ratio for funded initiatives is significantly greater for US projects, but this figure is affected by some extremely successful projects, as it significantly reduces in median terms. On average (but also in median terms), non-US funded projects are also characterized by a significantly higher number of backers (292 *vs*. 184), smaller pledge per backer ($80.1 *vs*. $82.4), shorter duration (33.7 days *vs*. 34.4 days), smoother slope of the reward levels (170.6 *vs*. 177.7), higher donation component (31.1 percent *vs*. 29.6 percent of total amount

pledged), higher frequency of a video presentation (87.9 percent *vs*. 86.7 percent), and longer length of project *Description*, *About* and *FAQ* sections.

Insert Table 4 about here

4.3. Determinants of Successful Funding

To study the determinants of project success we run some logit regressions of *Successful*, i.e. a dummy variable taking the value of 1 for funded projects, on a set of explanatory variables. Results are reported in Table 5. As in the previous (scarce) empirical literature (Kuppuswamy and Bayus, 2013; Mollick, 2014; Li and Martin, 2014), the presence of a video presentation signals a higher project quality, and significantly increases the likelihood of successful funding in all reported models. Differently from Mollick (2014), but in accordance with the results found by Li and Martin (2014), we find that projects with longer durations have significantly lower probabilities of being funded in all models. A significantly higher likelihood of success is achieved also for higher numbers of reward levels, as they are likely to meet the desires of a segmented population of backers. The previously unexplored donation component of reward-based projects also seems to play a significant role in explaining the crowdfunding success. In fact, both our new *Donation Dummy* and *Donation* variables significantly increase the likelihood to successfully reach the funding goal. These results are not surprising, as we observed in Table 3 that the amount donated in excess of the total reward value accounts for almost 30 percent of total funding. US projects seem not to have a different probability to be funded compared to non-US projects. Regarding the length of the project information fields reported on the *Kickstarter* page, except for the length of the title, which does not play a role, a significantly greater probability of success is achieved for projects displaying a more extensive *Description*, *FAQ*, and *About* section (the latter being the full description of

the project). However, all variables report a negative sign when squared (statistically significant for the D*escription* and *FAQ* sections), indicating that excessively long *Description*, *FAQ* and *About* sections are detrimental in achieving backer's support, and are likely interpreted as lack of conciseness. The last model incorporates also the goal-size classes as potential explanatory variables, setting the intermediate class (between $2,000 and $5,000) as the base case. As already anticipated in Table 2, projects with low goal size and up to $5,000 have a greater chance to reach the funding goal, while the reverse is true for projects displaying higher goal. The size of the coefficients replicate the monotonic relationship found in Table 2, as coefficients with positive sign decrease as goal increase. The sign of the goal class becomes negative after $5,000 (the $5,000 to $10,000 class contains 44.1 percent of funded projects, almost the same as the corresponding figure for the total sample, i.e. 48.2 percent), and the magnitude of the negative coefficient increases afterward, indicating a lower likelihood of success.

The same signs and patterns of the size classes regression coefficients are reported when a tobit model is run between the funding ratio and a set of explanatory variables, indicating that the size class similarly affect the probability of success and the funding ratio.

Insert Table 5 about here

4.4. Kickstarter Campaigns Outside the US

In Table 6 we report the top 10 countries in terms of number of projects, excluding the US. Since during our sample period *Kickstarter* opened in the UK (on October 31st, 2012), and in Canada (on September 9th, 2013), UK-based creators and Canada-located creators could present a project without having to provide a US residence, a bank account, etc. This should have favored the presentation of more projects based in UK and Canada promoted by UK and Canadian creators since the single country

opening. As a matter of fact, the number of UK located projects rose from 80 projects in the third 2012 quarter, to 550 project in the fourth 2012 quarter (the one with the UK opening) up to 1022 in first 2013 quarter. In order to have homogenous comparisons of *Kickstarter* penetration, cross-country diffusion of non-USA located projects are analyzed either without UK and Canada (left panel of Table 6) or in all non-US countries before the UK opening (right panel of Table 6). In this latter panel we observe that Canada was the first non-US country till October 31st, 2012, followed by UK, Germany, France, Mexico and Italy. The whole world geographical representation till October 31, 2012, of non-US projects is reported in Figure 3.

Insert Figure 3 about here

The number of projects in Canada and UK grew even further after the new openings, and when these two countries are excluded from our total sample ending in September 2013, the top 10 countries result to be Germany, France, Italy, Japan and Mexico.

Insert Table 6 about here

The whole world geographical representation of non-US projects, UK and Canada Excluded, till September 30, 2013, is reported in Figure 4.

Insert Figure 4 about here

In Table 7 we report the percentage distribution of *Kickstarter* projects along its 15 categories both in US and in the top 10 countries for project location. As it can be easily noticed, some categories appear to be more concentrated in some countries, echoing the cultural features of the country and confirming, on an international basis, what Mollick (2014) found for US areas and cities. In fact, Italian projects are more concentrated in the "Art" and "Fashion" categories, Japanese projects in the "Technology" and "Comics" categories, German projects in the "Design" and "Art" categories, French projects in the "Photography" and "Art" categories, Canadian projects in the "Games" and "Technology" categories, Indian project in the "Film and video" and "Photography" categories, and so on.

Insert Table 7 about here

In order to test if the determinants of successful campaigns are the same in a cross-country comparison, we run Model 6 of Table 5 also on the first top 6 countries in the whole period of our sample, i.e. UK, Canada, Germany, France, Italy and Japan. Results are reported in Table 8. In the model referred to projects located in UK the determinants of project success show the same signs, the same statistical significances and almost the same coefficients of the model run on US-located projects. As far as the other countries, the *Duration* of the project campaign presents an apposite and positive sign in Canada and Italy. However, the other determinant variables, and, specifically, the video presentation, the number of reward levels, the *Donation* dummy and the goal classes show the same signs of both the US sample and our whole sample reported in Table 5, and are often statistically significant, especially in countries with a higher number of observations.

Insert Table 8 about here

5. Conclusions

Crowdfunding has experienced an exponential growth in in recent years, and it is expected to become one of the major sources for financing new ventures and projects in the next few years. Among the several crowdfunding models, the reward-based is the most popular, and *Kickstarter* is the main platform, with a total amount raised of $1,478 million in January 15, 2015, and with 77,262 successful projects. This paper analyzes the whole population of *Kickstarter* projects from the opening of the platform, in April 2009, until the end of September 2013, for a total sample of 123,467 projects (105,363 projects after data screens), and a total funding of about $902 million. A significantly higher likelihood of a project success is determined by the presence of a video presentation, higher number of reward levels, shorter duration of the project campaign, and smaller funding goal,greatly confirming previous literature on less numerous samples (Mollick, 2014; Kuppuswamy and Bayus, 2013).

One of the paper contributions lies in testing some new determinants, as the length (in characters) of the project's *Title*, *Description*, *About* and *FAQ* sections. We find that more extensive *Description*, *About* and *FAQ* sections are found to significantly increase the probability of funding, but up until a given length, after which they are detrimental to the success of the project. As a second contribution, we elaborate the donation component embedded in *Kickstarter* reward-based projects, as some backers donate without any reward, or in excess of the reward value. Such donation-component accounts, on average, for almost 30 percent of total project financing, and significantly increases the likelihood of successful funding. Our last contribution is to offer the first analysis of the global distribution of non-US projects, and their category concentration in the top 10 non-US countries in terms of project location. We find that project categories are more concentrated in some countries, echoing the cultural features of the country, and confirming what Mollick (2014) has found in the US. We further check if the determinants

of successful crowdfunding are the same across countries, and we find that it is substantially the case, with exceptional similar results for US- and UK-located projects.

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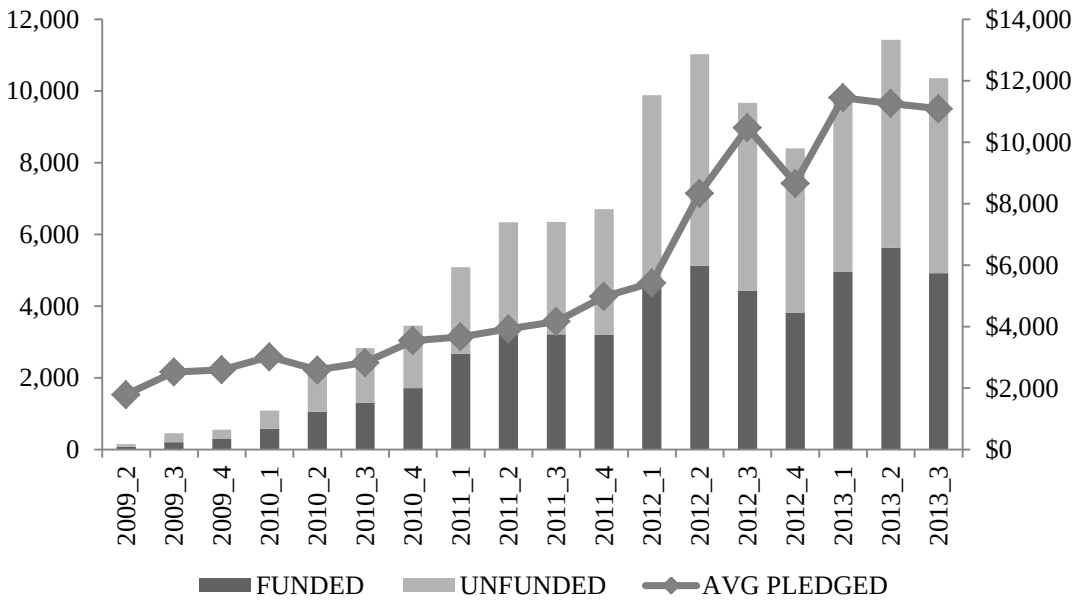

Figure 1 – *Number of project and average amount over time*. The figure shows the number of projects (rectangles, left axis), divided into successfully funded (dark grey) and unfunded (light grey), and their average amount pledged (solid line, right axis, USD), from 2009 second quarter (2009_2), to 2013 third quarter (2013_3). The total number of projects in the considered time period is 105,997. 48.18 percent has been successfully funded, while 51.82 percent have not reached the funding goal. (The average amount of non-USD-denominated projects has been converted to USD figure using the corresponding exchange rate prevailing at the project starting day.)

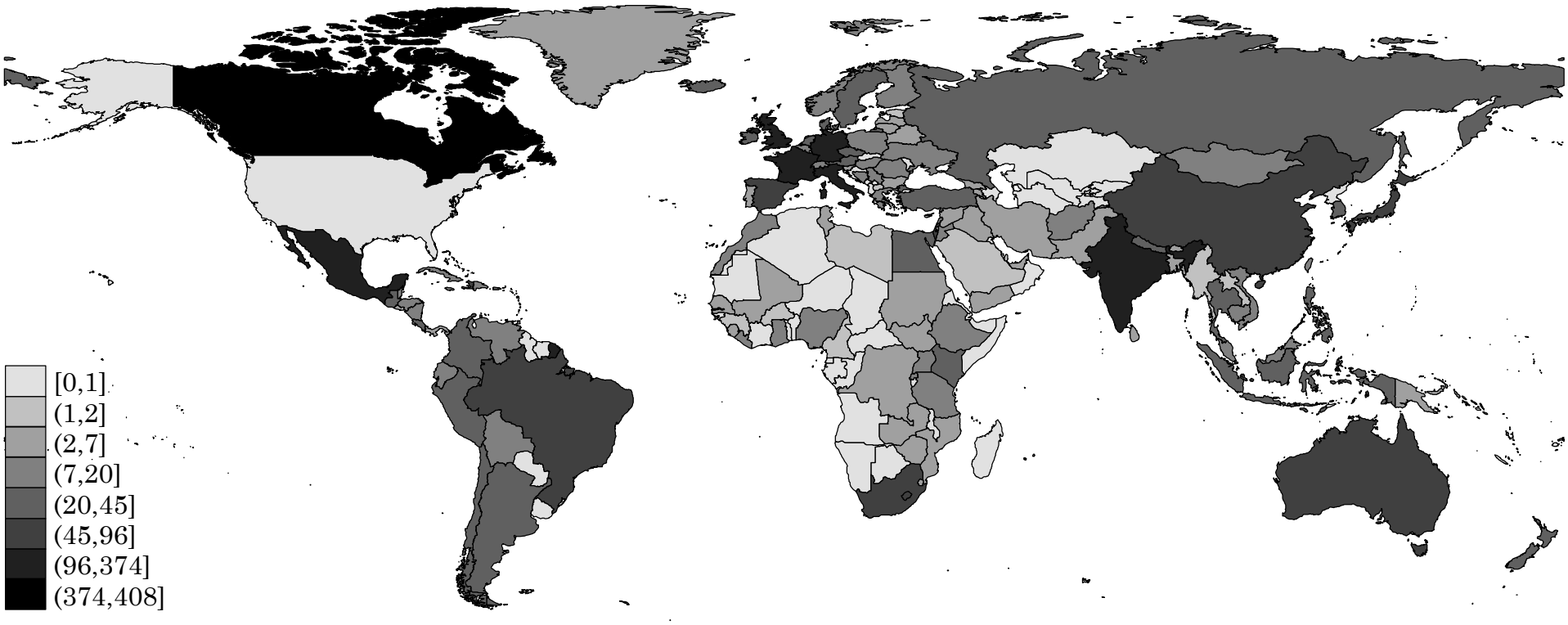

Figure 2 – *Number of non-US projects until October 31, 2012*. The figure shows the number of non-US located projects from April 28, 2009 to October 31, 2012 (date when Kickstarter opens in the UK). The 8 classes contains the following numbers of countries: [0, 1] = 113, (1, 2] = 13, (2, 7] = 37, (7, 20] = 39, (20, 45] = 24, (45, 96] = 8, (96, 374] = 6, (374, 408] = 1.

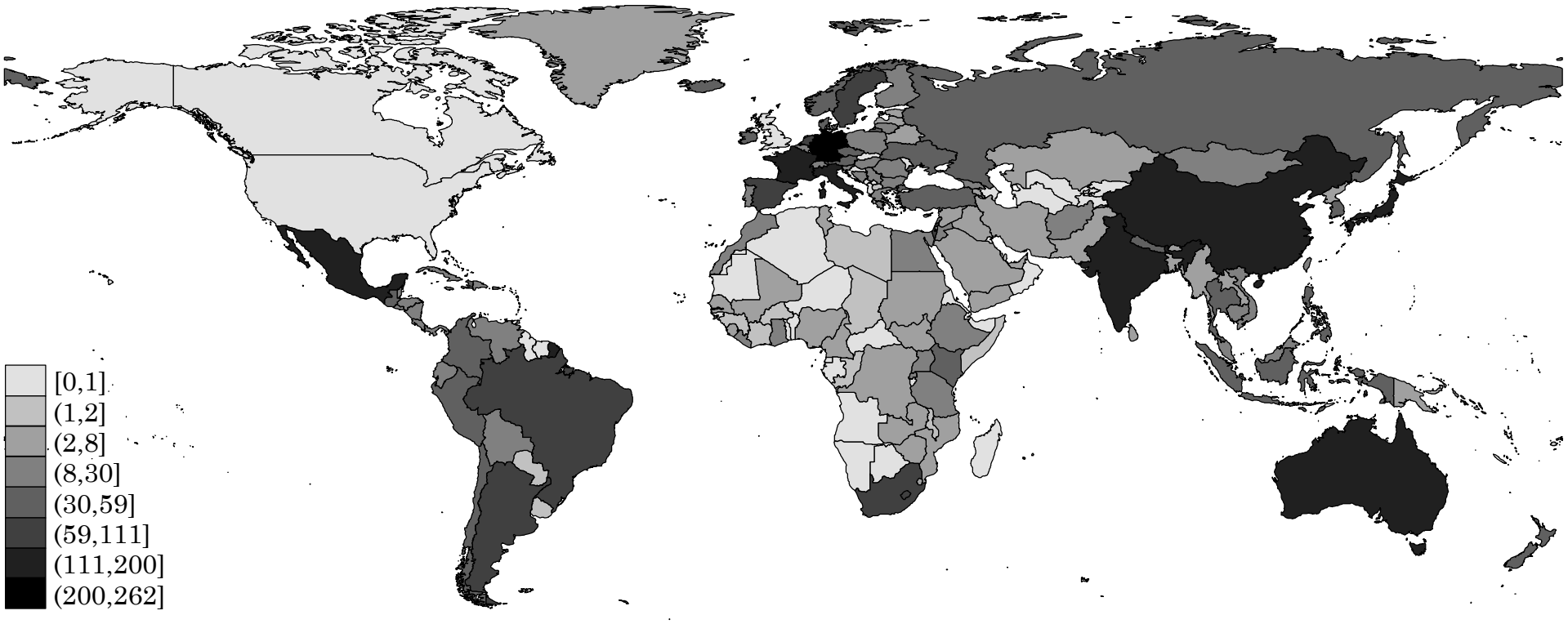

Figure 3 – *Number of non-US projects excluding Canada and United Kingdom*. The figure shows the number of non-US located projects from April 28, 2009 to September 30, 2013 (end of our sample), excluding Canada- and United Kingdom-located projects. The 8 classes contains the following numbers of countries: [0, 1] = 103, (1, 2] = 17, (2, 8] = 40, (8, 30] = 44, (30, 59] = 22, (59, 111] = 7, (111, 200] = 7, (200, 262] = 1.

Category	N	N, %	Success, %	Avg. Goal, USD		Avg. Pledged, USD		Avg. Backers, No.	
				Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Film & Video	26,802	25.3	44.5	9,823	42,931	12,246	1,548	140.5	16.1
Music	23,194	21.9	59.2	4,878	11,657	6,174	716	91.3	11.3
Publishing	11,686	11.0	34.8	4,952	11,152	7,076	650	119.8	10.9
Art	8,912	8.4	53.3	4,085	16,214	5,264	763	75.4	11.5
Games	5,910	5.6	41.5	23,004	39,299	66,384	3,288	1,058.3	59.4
Design	4,764	4.5	43.8	15,736	31,170	49,877	3,496	620.1	42.4
Theater	4,933	4.7	67.8	4,671	26,239	5,325	1,092	68.5	13.5
Food	4,123	3.9	43.8	10,455	21,967	14,300	1,904	169.3	24.3
Fashion	3,771	3.6	32.5	7,464	12,349	15,704	976	205.0	12.9
Photography	3,303	3.1	40.1	5,636	8,580	7,337	735	97.5	11.7
Comics	2,940	2.8	52.9	5,518	11,894	13,314	1,057	262.0	20.2
Technology	2,571	2.4	39.8	24,671	87,361	76,698	5,303	695.4	48.8
Dance	1,469	1.4	73.8	3,757	11,929	4,270	804	57.8	12.8
Crafts	830	0.8	44.6	2,504	7,715	3,991	564	71.8	10.1
Journalism	789	0.7	41.7	7,690	13,121	11,647	654	224.3	9.9
Average			48.2	7,936	26,000	14,351	1,444	193.0	19.1

Table 1 – *Funding characteristics of projects by category*. The table shows the basic funding characteristics of projects by category. *N* is the number of projects per category (total number is 105,997), also in relative terms, *Success* gives the percentage of projects which reached successful funding, *Goal* is the average target funding amount specified by the creator, *Pledged* is the average amount of money pledged by financiers, *Backers* is the average number of financiers supporting the projects. Both *Goal* and *Pledged* amount of non-USD-denominated projects has been converted to USD figure using the corresponding exchange rate prevailing at the project starting day. The 15 considered project categories are those indicated by Kickstarter.

Goal, USD		Projects		Funded Projects		Funding Ratio, %	
>	≤	N	N, %	N, Funded	Success, %	Funded	Unfunded
0	100	634	0.6	480	75.7	24,434.3	11.6
100	500	6281	5.9	4,208	67.0	253.9	15.1
500	1,000	9,593	9.1	5,842	60.9	181.8	14.4
1,000	2,000	13,084	12.3	7,794	59.6	147.7	13.0
2,000	5,000	30,572	28.8	16,062	52.5	148.2	11.6
5,000	10,000	20,199	19.1	8,914	44.1	151.4	10.9
10,000	50,000	21,263	20.1	7,034	33.1	177.8	9.7
50,000	→	4,371	4.1	733	16.8	214.2	6.1
Total		105,997	100.0	51,067	48.2	394.5	11.1

Table 2 – *Funding characteristics of projects by goal classes*. The table shows the basic funding characteristics of projects by goal thresholds. *N* is the number of projects, and *N, %* denotes the weight (in terms of number of projects) of each goal class relative to the total sample; *N, Funded* denotes the number of projects which reached successful funding, and *Success, %* gives the percentage of projects which reached successful funding within each goal class; *Funding Ratio, %* is the ratio between the amount pledged and the goal multiplied by 100. Both *Goal* and *Pledged* amount of non-USD-denominated projects has been converted to USD figure using the corresponding exchange rate prevailing at the project starting day.

		Funded							Unfunded						
Variable	**N**	**Mean**	**SD**	**Min**	**Q1**	**Median**	**Q3**	**Max**	**Mean**	**SD**	**Min**	**Q1**	**Median**	**Q3**	**Max**
Goal, USD	105,997	7,935.6	29,863.1	1.0	1,500.0	3,300.0	7,500.0	2,000,000.0	25,999.7	308,796.6	1.0	2,600.0	6,000.0	15,000.0	31,485,058.0
Pledged, USD	105,997	14,351.0	98,010.1	1.0	1,917.0	4,150.0	9,772.0	10,266,845.0	1,443.9	7,147.4	0.0	25.0	210.0	950.0	721,036.4
Funding Ratio, %	105,997	394.5	22,263.3	100.0	103.8	112.5	138.7	4,153,501.2	11.1	15.6	0.0	0.4	4.0	15.8	108.0
Backers, No.	105,997	193.0	1,231.4	1.0	32.0	61.0	123.0	91,585.0	19.1	80.3	0.0	1.0	5.0	17.0	6,287.0
Pledge per Backer, USD	105,997	82.2	101.4	1.0	42.2	61.8	94.3	9,606.0	51.9	117.9	0.0	12.8	33.1	60.0	10,000.0
Duration, Days	105,997	34.3	14.0	1.0	30.0	30.0	40.0	92.0	38.1	15.8	1.0	30.0	30.0	45.0	92.0
Reward Levels, No.	105,997	9.5	5.7	1.0	6.0	8.0	11.0	125.0	7.8	4.6	1.0	5.0	7.0	10.0	138.0
Slope Reward Levels	105,997	177.0	232.2	0.0	35.6	93.7	199.8	4,995.0	251.5	363.6	0.0	30.0	110.0	311.9	4,999.5
Donation Dummy, %	105,997	96.1	19.4	.	.	.	.	.	58.2	49.3	.	.	.	.	.
Donation, %	105,997	29.7	21.1	0.0	12.7	25.1	42.6	100.0	20.6	26.2	0.0	0.0	9.4	32.4	100.0
Video Dummy, %	105,997	86.9	33.8	.	.	.	.	.	76.2	42.6	.	.	.	.	.
Title Length, No.	105,997	36.1	15.7	2.0	24.0	36.0	49.0	85.0	34.8	16.2	1.0	21.0	34.0	48.0	85.0
Description Length, No.	105,997	115.5	24.3	1.0	106.0	125.0	132.0	150.0	114.5	26.0	1.0	104.0	125.0	133.0	150.0
About Length, No.	105,997	7,109.4	5,567.9	1,459.0	3,730.0	5,331.0	8,440.0	154,366.0	6,295.2	4,928.0	1,423.0	3,324.0	4,778.0	7,512.0	203,173.0
FAQ Length, No.	105,997	1,054.9	1,745.8	383.0	456.0	490.0	558.0	58,515.0	765.3	1,229.4	377.0	447.0	482.0	517.0	96,528.0
USA Dummy, %	105,997	91.4	28.0	.	.	.	.	.	91.1	28.4	.	.	.	.	.
USD Dummy, %	105,997	96.8	17.6	.	.	.	.	.	95.4	21.0	.	.	.	.	.

Table 3 – *Descriptive statistics of projects*. The table shows the descriptive statistics of our sample of 105,997 funded and unfunded projects. *Goal* is the target funding amount specified by the creator, *Pledged* is the amount of money pledged by financiers, *Funding Ratio* is the ratio between *Pledged* and *Goal* multiplied by 100, *Backers* is the number of financiers supporting the projects, *Pledge per Backer* is the ratio between *Pledged* and *Backers* (when *Backers* is non-zero, otherwise the variable *Pledge per Backer* takes the value of zero), *Duration* is the number of days the project is allowed to be financed, *Reward Levels* is the number of reward levels that financiers can choose among, *Slope Reward Levels* is the difference between the maximum and the minimum reward level amounts divided by the number of reward levels, *Reputation Dummy* is a variable taking 1 if the project's creator has ever had a previous successfully funded project, *Donation Dummy* is a variable taking 1 if there are backers pledging money without requesting any reward, or donating in excess of the reward amount, *Donation* is the difference between the total amount pledged by financiers and the total amount of rewards requested, divided by 1 plus the the total amount pledged, *Video Dummy* is a variable taking 1 if a video is present, *Title Length*, *Description Length*, *About Length*, *FAQ Length*, count the number of characters of the project's title, short description, extensive description and FAQ, respectively, *USA Dummy* is a variable taking 1 if the location of the project is the United States, *USD Dummy* is a variable taking 1 if the currency of the project is the US Dollar. Both *Goal* and *Pledged* amount of non-USD-denominated projects has been converted to USD figure using the corresponding exchange rate prevailing at the project starting day.

	Funded Projects						Unfunded Projects					
	USA		non-USA		Difference		USA		non-USA		Difference	
Variable	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Goal, USD	7,624.7	3,100.0	11,237.9	4,000.0	-3,613.2 ***	-900.0 ***	24,937.6	6,000.0	36,924.2	8,000.0	-11,986.5 *	-2,000.0 ***
Pledged, USD	13,801.6	4,085.0	20,187.0	5,041.0	-6,385.5 ***	-956.0 ***	1,332.0	203.0	2,594.8	272.3	-1,262.9 ***	-69.3 ***
Funding Ratio, %	413.9	112.5	188.6	114.4	225.3 **	-1.9 ***	11.0	4.0	11.3	4.3	-0.3	-0.3 **
Backers, No.	183.7	61.0	292.3	67.0	-108.6 ***	-6.0 ***	18.0	5.0	29.6	6.0	-11.6 ***	-1.0 ***
Pledge per Backer, USD	82.4	62.0	80.1	59.4	2.3 *	2.5 ***	51.8	33.4	53.8	29.5	-2.0	3.9 ***
Duration, Days	34.4	30.0	33.7	30.0	0.6 ***	0.0 ***	38.3	30.0	35.5	30.0	2.8 ***	0.0 ***
Reward Levels, No.	9.5	8.0	9.4	8.0	0.1	0.0	7.8	7.0	8.1	7.0	-0.3 ***	0.0 **
Slope Reward Levels	177.7	95.2	170.6	83.1	7.1 *	12.0 ***	252.9	110.0	236.7	99.8	16.2 ***	10.2 **
Donation Dummy, %	96.1	.	96.3	.	-0.3	.	57.9	.	61.0	.	-3.1 ***	.
Donation, %	29.6	25.0	31.1	26.4	-1.5 ***	-1.3 **	20.5	9.2	21.4	10.9	-0.8 **	-1.7 ***
Video Dummy, %	86.7	.	87.9	.	-1.2 **	.	76.1	.	77.8	.	-1.7 ***	.
Title Length, No.	36.1	36.0	36.4	37.0	-0.3	-1.0 **	34.8	34.0	34.8	34.0	0.0	0.0
Description Length, No.	115.3	125.0	116.8	125.0	-1.5 ***	0.0	114.5	125.0	115.5	125.0	-1.0 ***	0.0
About Length, No.	6,878.6	5,184.0	9,561.5	7,364.0	-2,682.9 ***	-2,180.0 ***	6,080.9	4,636.0	8,499.4	6,479.0	-2,418.4 ***	-1,843.0 ***
FAQ Length, No.	1,032.9	489.0	1,288.3	502.0	-255.4 ***	-13.0 ***	758.0	480.0	840.2	492.0	-82.2 ***	-12.0 ***

Table 4 – *Descriptive statistics of US-based* vs. *non-US-based funded and unfunded projects*. The table shows the descriptive statistics of our sample of 105,997 funded and unfunded projects, compared across their location (i.e., USA located project *vs*. non-USA located projects). *Goal* is the target funding amount specified by the creator, *Pledged* is the amount of money pledged by financiers, *Funding Ratio* is the ratio between *Pledged* and *Goal* multiplied by 100, *Backers* is the number of financiers supporting the projects, *Pledge per Backer* is the ratio between *Pledged* and *Backers* (when *Backers* is non-zero, otherwise the variable *Pledge per Backer* takes the value of zero), *Duration* is the number of days the project is allowed to be financed, *Reward Levels* is the number of reward levels that financiers can choose among, *Slope Reward Levels* is the difference between the maximum and the minimum reward level amounts divided by the number of reward levels, *Reputation Dummy* is a variable taking 1 if the project's creator has ever had a previous successfully funded project, *Donation Dummy* is a variable taking 1 if there are backers pledging money without requesting any reward, or donating in excess of the reward amount, *Donation* is the difference between the total amount pledged by financiers and the total amount of rewards requested, divided by 1 plus the total amount pledged, *Video Dummy* is a variable taking 1 if a video is present, *Title Length*, *Description Length*, *About Length*, *FAQ Length*, count the number of characters of the project's title, short description, extensive description and FAQ, respectively. Both *Goal* and *Pledged* amount of non-USD-denominated projects has been converted to USD figure using the corresponding exchange rate prevailing at the project starting day. T-tests of equality of means, and non-parametric chi-square test of equality of medians are reported using the common significance levels (***, **, * = significant at 1, 5, and 10 percent level, respectively).

Varables	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model
Duration	-0.0042***	-0.0043***	-0.0042***	-0.0043***	-0.0050***	-0.0023***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)
Video Dummy	0.0455***	0.0378***	0.0455***	0.0411***	0.1071***	0.1048***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Reward Levels	0.0089***	0.0073***	0.0090***	0.0074***	0.0138***	0.0183***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)
Donation Dummy	0.4813***	0.4739***	0.4813***	0.4716***		0.5293***
	(0.016)	(0.016)	(0.017)	(0.020)		(0.011)
Donation					0.3580***	
					(0.017)	
USA Dummy	-0.0018	0.0048	-0.0022	-0.0001	0.0141	-0.0221
	(0.012)	(0.012)	(0.012)	(0.011)	(0.020)	(0.018)
Ln(Title Length)	0.0160					0.0106***
	(0.022)					(0.003)
Squared Ln(Title Length)	-0.0016					
	(0.003)					
Ln(About Length)		0.3259*			0.0979***	
		(0.149)			(0.014)	
Squared Ln(About Length)		-0.0159				
		(0.009)				
Ln(Description Length)			0.2933***			
			(0.031)			
Squared Ln(Description Length)			-0.0344***			
			(0.003)			
Ln(FAQ Length)				0.2438***		
				(0.039)		
Squared Ln(FAQ Length)				-0.0120**		
				(0.003)		
$0.1k < Goal <= $0.5k						0.3097***
						(0.009)
$0.5k < Goal <= $1k						0.1576***
						(0.005)
$1k < Goal <= $2k						0.0966***
						(0.002)
$5k < Goal <= $10k						-0.0936***
						(0.006)
$10k < Goal <= $50k						-0.2080***
						(0.008)
Goal > $50k						-0.4026***
						(0.005)
Observations	105,363	105,363	105,363	105,363	105,363	105,363
Pseudo R-squared	0.249	0.251	0.249	0.257	0.105	0.287

Table 5 – *Likelihood of a project being funded*. The table reports the average marginal effects (AMEs) of a logit regression of *Successful*, i.e. a dummy taking 1 if the project has reached successful funding, on the chosen explanatory variables. *Duration* is the number of days the project is allowed to be financed, *Video Dummy* is a variable taking 1 if a video is present, *Reward Levels* is the number of reward levels that financiers can choose among, *Donation Dummy* is a variable taking 1 if there are backers pledging money without requesting any reward, or donating in excess of the reward amount, *Donation* is the difference between the total amount pledged by financiers and the total amount of rewards requested, divided by 1 plus the total amount pledged, *USA Dummy* is a variable taking 1 if the location of the project is the United States, *Ln(Title Length)*, *Ln(Description Length)*, *Ln(About Length)*, *Ln(FAQ Length)*, count the (log-) number of characters of the project's title, short description, extensive description and FAQ, respectively, while *Squared Ln(Title Length)*, *Squared Ln(Description Length)*, *Squared Ln(About Length)*, *Squared Ln(FAQ Length)* are their squared counterparties, *a* < *Goal* <= *b* is a variable taking 1 if the project goal belong to the dollar interval (*a*, *b*] (the baseline *Goal* class is (USD 2,000, USD 5,000], and projects with *Goal* <= USD 100 are excluded from the analysis). Robust standard errors are reported in parentheses. ***, **, * indicate statistical significance at 1, 5 and 10 percent level, respectively.

2009 - 2013 (excluding Canada and UK)			2009 - Oct. 31, 2012 (all Countries)		
Country	**N**	**N, %**	**Country**	**N**	**N, %**
Germany	262	17.0	Canada	408	24.4
France	200	13.0	United Kingdom	374	22.4
Italy	170	11.1	Germany	174	10.4
Japan	150	9.8	France	124	7.4
Mexico	146	9.5	Mexico	111	6.6
Australia	137	8.9	Italy	106	6.3
China	135	8.8	India	98	5.9
India	128	8.3	Australia	96	5.7
Israel	111	7.2	China	92	5.5
Spain	99	6.4	Japan	87	5.2
First 10 Countries	1,538	100.0	First 10 Countries	1,670	100.0

Table 6 – *Distribution of non-USA located projects (first 10 Countries)*. The table shows the number of projects by Country, excluding US-located projects. The first 10 Countries are reported. The first panel (left) reports the number of projects for the total sample covering the period April 28, 2009 – September 30, 2013, excluding Canada and United Kingdom. The second panel (right) reports the number of projects for the subsample from April 28, 2009 to October 31, 2012, when Kickstarter was opened to UK-located projects.

	Number of Projects, %										
Category	**USA**	**UK**	**Canada**	**Germany**	**France**	**Italy**	**Japan**	**Mexico**	**Australia**	**China**	**India**
Art	8.2	7.8	8.1	17.2	13.5	23.5	14.7	22.6	6.6	17.8	9.4
Comics	2.8	2.8	4.1	1.9	1.5	0.6	4.7	0.7	0.7	0.7	0.0
Crafts	0.8	1.3	0.5	0.4	0.0	0.0	0.7	0.0	0.0	0.7	0.8
Dance	1.4	0.9	0.8	0.8	2.0	4.7	2.7	1.4	1.5	3.0	3.1
Design	4.4	6.4	7.1	7.6	4.0	4.7	4.0	3.4	14.6	6.7	1.6
Fashion	3.6	4.4	1.9	1.9	2.0	4.7	2.0	0.0	2.2	0.7	0.0
Film & Video	25.0	24.7	25.1	18.7	28.0	24.7	30.0	34.3	27.7	32.6	45.3
Food	4.1	2.6	1.5	1.5	1.0	3.5	0.0	2.7	0.7	1.5	1.6
Games	5.2	11.1	16.0	9.2	7.5	4.7	6.7	1.4	10.2	5.2	0.8
Journalism	0.7	1.0	0.5	2.3	0.5	1.2	0.0	0.7	1.5	3.0	7.0
Music	22.9	12.5	14.3	16.0	15.0	12.4	10.0	6.9	11.7	3.7	6.3
Photography	2.8	3.2	3.4	4.6	12.0	6.5	10.7	15.1	5.1	11.9	11.7
Publishing	11.1	11.9	8.9	8.8	8.5	4.7	8.7	9.6	9.5	8.2	9.4
Technology	2.3	3.6	5.3	5.3	3.0	1.8	4.7	1.4	5.8	3.7	2.3
Theater	4.7	5.8	2.5	3.8	1.5	2.4	0.7	0.0	2.2	0.7	0.8
Number of Projects	96,736	4,426	789	262	200	170	150	146	137	135	128

Table 7 – *Distribution of projects by category for USA and first 10 Countries by number of projects*. The table shows the number of projects per category by Country. USA and the first 10 Countries are reported (the overall sample is considered, i.e. from April 28, 2009 to September 30, 2013).

Varables	(1) USA	(2) UK	(3) Canada	(4) Germany	(5) France	(6) Italy
Duration	-0.0023***	-0.0014***	0.0005	-0.0027*	-0.0014	0.0015*
	(0.000)	(0.000)	(0.000)	(0.002)	(0.001)	(0.001)
Video Dummy	0.1039***	0.1086***	0.1527**	0.3213***	0.0594	0.0910
	(0.007)	(0.010)	(0.073)	(0.090)	(0.072)	(0.100)
Reward Levels	0.0158***	0.0109***	0.0185***	0.0155	-0.0028	0.0085
	(0.000)	(0.001)	(0.002)	(0.012)	(0.002)	(0.006)
Donation Dummy	0.5369***	0.4835***	0.4700***	0.8114***	0.6414***	2.8489***
	(0.008)	(0.017)	(0.054)	(0.142)	(0.015)	(0.212)
Ln(About Length)	0.0821***	0.1270***	0.1214***	0.0857***	0.1182	0.0353
	(0.012)	(0.007)	(0.039)	(0.032)	(0.105)	(0.108)
$0.1k < Goal <= $0.5k	0.3145***	0.3885***	0.2383***	0.6421***	0.1682	2.6396***
	(0.009)	(0.017)	(0.079)	(0.223)	(0.116)	(0.332)
$0.5k < Goal <= $1k	0.1665***	0.1806***	0.2006**	0.1683	0.2948*	0.0682
	(0.004)	(0.003)	(0.096)	(0.129)	(0.151)	(0.153)
$1k < Goal <= $2k	0.1076***	0.1102***	0.0613	0.0717	0.0820	0.1324**
	(0.003)	(0.022)	(0.084)	(0.048)	(0.097)	(0.057)
$5k < Goal <= $10k	-0.1084***	-0.1068***	-0.1490**	-0.2084***	-0.2348**	-0.0442
	(0.005)	(0.008)	(0.072)	(0.079)	(0.101)	(0.046)
$10k < Goal <= $50k	-0.2398***	-0.2422***	-0.2488***	-0.3370***	-0.1735**	-0.3008***
	(0.006)	(0.004)	(0.019)	(0.026)	(0.069)	(0.115)
Goal > $50k	-0.4530***	-0.4322***	-0.4911***	-0.5311***	-0.6294**	
	(0.006)	(0.004)	(0.038)	(0.021)	(0.278)	
Observations	96,148	4,395	789	261	199	164
Pseudo R-squared	0.2851	0.3022	0.2327	0.2956	0.2358	0.3181

Table 8 – *Likelihood of a project being funded for different countries*. The table reports the average marginal effects (AMEs) of a logit regression of *Successful*, i.e. a dummy taking 1 if the project has reached successful funding, on the chosen explanatory variables. *Duration* is the number of days the project is allowed to be financed, *Video Dummy* is a variable taking 1 if a video is present, *Reward Levels* is the number of reward levels that financiers can choose among, *Donation Dummy* is a variable taking 1 if there are backers pledging money without requesting any reward, or donating in excess of the reward amount, *Ln(About Length)* counts the (log-) number of characters of the project's extensive description, *a < Goal <= b* is a variable taking 1 if the project goal belong to the dollar interval (*a*, *b*] (the baseline *Goal* class is (USD 2,000, USD 5,000], and projects with *Goal* <= USD 100 are excluded from the analysis). Robust standard errors are reported in parentheses. ***, **, * indicate statistical significance at 1, 5 and 10 percent level, respectively.