What determines the success of a crowdfunding project

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1. Introduction

1.1 Rising of Crowdfunding

The last years crowdfunding is growing rapidly. In 2012 there was 16 million euro raised by crowdfunding projects, in 2013 doubled this to 32 million euro in the Netherlands alone. Where companies collected 28 million with an average of 75.000 euro. The more creative projects collected 2.9 million with an average of 6000 euro (NU.nl, 2014).

When looking to the first recorded successful crowdfunding it would probably be in 1997, when a British rock band funded their tour by making use of online donations from fans. The first real crowdfunding website is ArtistShare, started in 2000/2001. This site was for music only but it was the start of a new way that people financed their ideas. Shortly thereafter more crowdfunding platforms began to emerge. The crowdfunding industry quickly emerged as a popular way for entrepreneurs to validate their ideas, gain exposure and gain funding. Worldwide the amount of funding in 2009 reached the $530 million and this tripled to $1.5 billion in 2011 (Fundable, 2014). One of the most famous examples of crowdfunding is president Obama. He used the power of the crowd to fund his election campaign in 2008, and collected 137 million dollar for his election campaign.

Most of the crowdfunding websites are used by entrepreneurs. This is because, the first problem entrepreneurs face is attracting capital. New ventures face difficulties in attracting investments at their initial stage from equity capital and bank loans. While venture capitalists and business angels fill the gap for high amount initiatives, smaller amounts ventures mostly rely on internal financial power or support from friends and family (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: An Industrial Organization Perspective, 2010). However, startups always have an huge financial risk, and many entrepreneurs are forced to give up because they cannot attract enough money.

In the recent years entrepreneurs are seeking for new ways to attract investments. Through internet entrepreneurs were able to find financial support from the public or the ‘crowd’ instead of banks, venture capitalists or business angels (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: An Industrial Organization Perspective, 2010).

The crowdfunding roots can be found in crowdsourcing. The term crowdsourcing was first used by Jeff Howe in Wired magazine (Peyankov, 2013). The term crowdsourcing can be defined as (Howe, 2006):

“The act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call. This can take the form of peer-production (when the job is performed collaboratively), but is also often undertaken by sole individuals. The crucial prerequisite is the use of the open call format and the large network of potential laborers.”

The use of crowdsourcing is very helpful, think of Wikipedia or Innocentive a platform where every company can suggest problems, then formulate into a challenge and let the crowd solve this problem. In the end the person with the best solution gets a reward. Another platform is Threadless, here you can upload your t-shirt design, and after seven days of voting, the top 10 designs of that week will be printed on clothing and other products. Which will be sold in their online store. All these

sites use the wisdom/opinion of the crowd to get some results. This means that together all of us know more than one of us does.

1.2 Definition of Crowdfunding

Crowdfunding works similar to crowdsourcing, in a way that not one bank or one person is funding your project, but that the crowd is helping you. Belleflamme defined crowdfunding as *"Crowdfunding involves an open call, essentially through the internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights"* (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: An Industrial Organization Perspective, 2010).

So instead of looking for funds from a relatively small group of investors (banks, venture capitalists), projects can obtain the necessary funds from the crowd, using internet-based platforms. On these platforms individuals can support a project with small amounts of money. In exchange the people who put some money in the project will receive a "reward". This reward varies from a message where the entrepreneurs say thanks for donating to the actual product, or a share of the profit. If we look to the two biggest crowdfunding platforms: Kickstarter and Indiegogo they both use the "All of nothing model" where the people that donate money to a project will get it back when the goal of the project is not reached in time. In this way crowdfunders know what to expect when they give money to a project.

1.3 Relevance

The interest in crowdfunding is growing all the time, with more and more success stories. However the academic research on the topic is limited and published work in recognized journals is almost absent. This makes this field very interesting to look for more underlying mechanisms that drive the forces and success behind the crowdfunding projects. By writing this thesis it will contribute to the knowledge of crowdfunding, and in a social way contribute to the strategy entrepreneurs can use when setting up their project. This paper adopts various academic articles mostly about fundings, the crowd, and reason why people give money to projects on platforms like Kickstarter.

This paper will add up to the research (Peyankov, 2013) which says that there should be further research in the influence of video and picture materials to the success of a project.

1.4 Thesis outline

The first chapter will be an introduction on the phenomenon crowdfunding, the outline of the thesis and the delimitations. The second chapter is about the theoretical background, existing papers about crowdfunding will be discussed and there outcomes will be briefly discussed. Next, is explanation of the research with the concepts and the partial question are presented. Followed by the data collection which will include successful and not successful projects. Measures and testing the partial questions are explained in the next chapters. Followed by the results, discussion on the results and an conclusion is provided. Lastly limitation and directions for future research are pointed out.

1.5 Delimitations

Because of the huge amount of content on Kickstarter and Indiegogo will this thesis only focus on the projects from Kickstarter. The reason for that is that on Indiegogo people can also post charity projects. This kind of projects are different from commercial projects in a way that people give money to charity with another feeling then to commercial projects.

To search for results we type in “Netherlands” then we sorted, by magic. Every category will be analyzed, and sub-categories will be placed under the main category. Because of this there might be some bias to certain categories. All the projects that are analyzed where finished on May 16, 2014.

2. Theoretical Background

2.1 Crowdsourcing to Crowdfunding

The base of Crowdfunding can be found in the development of crowdsourcing. The term Crowdsourcing comes from around 2006 when Jeff Howe wrote an article in Wired Magazine. He shows in this paper an example of a museum that is looking for pictures but doesn’t have the money to buy the rights of a real photographer. The museum discovered iStockphoto, a marketplace for the work of amateur photographers – homemakers, students etc. They put their image on this marketplace and charge between 1 and 5 dollar per basic image. While in the same time the professional photographer charged from 150 till 300 or more per image.

This example shows us that the crowd will make the same but for less money. The years after 2006 the crowd becomes more and more important as popular TV shows ask the people at home to vote for their favorite artist. In 2001 Pharmaceutical maker Eli Lilly funded InnoCentive’s launch. It was a way to connect the brainpower outside the company. People could help develop drugs and speed them to market. After Eli Lilly more companies like Boeing, DuPont and Procter & Gamble now post their problems on InnoCentive’s website. Anyone on the website of InnoCentive can try at cracking them. The companies pay solvers anywhere between $10.000 to $100.000 per solution. These solutions are cheaper than it would have been solved using a traditional, in-house approach. This is because they reach a large group of people even outside their normal network and as Jeff Howe wrote: “*The most efficient networks are those that link to the broadest range of information, knowledge, and experience”* (Howe, 2006).

In a broad sense the concept of crowdfunding can be seen as integral part of crowdsourcing. Crowdsourcing used the crowd as a source of ideas, feedback and find solutions for business activities. The definition of crowdsourcing can provide a key understanding why crowdfunding is embedded into the crowdsourcing (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: An Industrial Organization Perspective, 2010). In the case of crowdfunding the objective is to collect money for the project. This is done by using platforms as Indiegogo or Kickstarter. The crowd-funders can at times also participate in strategic decisions or even have voting right. But the main objective of crowdfunding is to provide entrepreneurs an alternative way of raising funds. However crowdfunding still use crowdsourcing when they raise money, because the crowd can also help firms in testing, promoting and marketing their products, in gaining a better knowledge of their consumer taste. We see this back on the platforms where backers[1] get the product or can join the test team before the product is on the market. The entrepreneurs hope to get feedback on their product, so they can develop it further.

Now let’s take a look to the interest of crowdfunding versus crowdsourcing in the Netherlands as shown in figure 1. The first news header about crowdsourcing comes from May 2006. Crowdfunding

[1] Backers, the people that give money to a project

first time as news header is September 2008. In the period between 2009 and 2012 there is a steady growth in interest for both subjects. The first time that Crowdfunding has more news headers then crowdsourcing is March 2012 (crowdfunding: 27 versus crowdsourcing 24) (Google, 2004 - 2014). After this date is the interest in crowdfunding bigger and still growing well crowdsourcing stays on a constant level, except for February 2014.

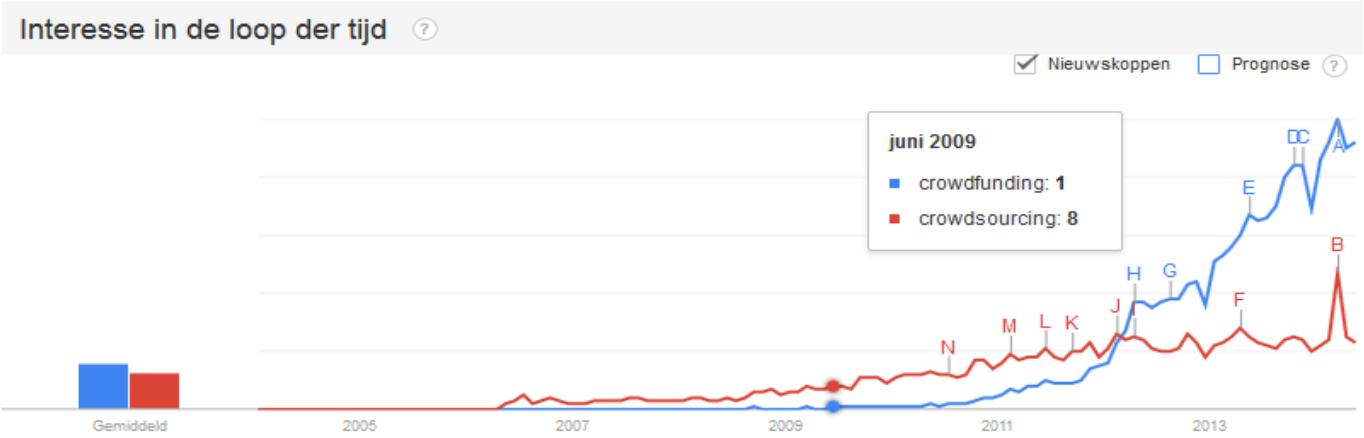

Figure 1

2.2 Crowdfunding literature

Even there is not that much academic literature on the topic of crowdfunding, there is some literature that can help in this research. One of them is "The language that gets people to give: Phrases that predict success on Kickstarter (Mitra & Gilbert, 2014)". The author of this article searched for the keywords that gives a project a better success in reaching the goal on Kickstarter. This work can be used to see if the project creators use these words in their videos and/or pictures.

Also there are articles about motivation of crowdfunders

These can be divided in 5 groups (Zhang, 2012) and (Harms, 2007).
(1) The reward-oriented intentions
(2) The opportunity to support an attractive idea or the producer they know
(3) The altruistic intentions for funding the project
(4) The opportunity to help others realize dreams
(5) Reciprocity and cross investment between project creators and crowdfunders.

These five points are the drive of most crowdfunders to give money to a certain project. Further literature that deal with the topic of crowdfunding are (Kappel, 2009), (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: An Industrial Organization Perspective, 2010), (Schwienbacher & Larralde, 2010), and (Belleflamme, Lambert, & Schwienbacher, Crowdfunding: Tapping the right crowd, 2013). All these works provide insights for understanding the crowd, and their preferences towards crowdfunding. Next to these, works on brand message and viral marketing are used to search for key factors in the success of videos (Dobele, Toleman, & Beverland, 2005).

In the following paragraphs are academic works as mention above briefly discussed.

2.2.1 The language that gets people to give

In this paper they looked to what phrases predict success on Kickstarter. By studying a corpus of 45.000 crowdfunded projects, analyzing 9 million phrases and 59 other variables commonly present on crowdfunding sites. They found that the language used in the project has predictive power accounting for 58.56% of the variance around successful funding.

Theories of persuasion have played an important role. Advertising, marketing, consumer behavior research and persuasive design are the basic principles, that will lead to compliance of people. One of these principles is the rule of reciprocity. This is the sense of obligation to return a favor after receiving one. We see this back on the crowdfunding platforms as most of the requestors offer a gift in return for their requests. The reward varies from a message where the entrepreneurs say thanks for donating to the actual product, or a share of the profit. The outcome of the paper is a list with phrases that are either positive of negative related to the success of a Kickstarter project. Besides a list of phrases they also had some control variables, one of these variables was the present of a video with a β of 0.60. other interesting Beta's where graphic design β 1.35, theater β 0.57, games β 0.33, updates count β 0.25 and Facebook connected β 0.13. All of these control variables have non-zero predictive power to signal that the project will be *funded*, and are significant at the 0.001 level.

There are also some control variables that have non-zero predictive power to signal that the project will be *not funded*. Illustration β -2.55, journalism β -1.12, pop β -0.79, rock β -0.5, performance art β -0.46, and film & video β -0.44. All of these are categories or sub-categories on Kickstarter.

2.2.2 Motivations of crowdfunders

On this topic there is done some more research then on the real incentives but still it gives a good insight in why people give their money to a project of people they don't know most of the time. According to the following three papers:

- *Crowdfunding Motivations and Deterrents for Participation.* (Gerber & Hui, 2013)
- *What Drives Motivation to Participate Financially in a Crowdfunding Community?* (Harms, 2007)
- *An Empirical Study into the Field of Crowdfunding* . (Zhang, 2012)

all of the papers divide the kind of support in five of six groups depending on the motivation of giving. In a general view we can divide it in the following groups:

(1) The reward-oriented intentions.
(2) The opportunity to support an attractive idea or the producer they know.
(3) The altruistic intentions for funding the project.
(4) The opportunity to help others realize dreams.
(5) Reciprocity and cross investment between project creators and crowdfunders.

So the motivation to give to a project can be very different, still most of the funders can be found in the first and second group. As people perceive this as an positive outcome, most of the time with a reward component. We can see the first group more as a give and get component. The economic value on intention is the strongest of all predictors (Harms, 2007). This is also backed by the empirical study of Zhang, where a lot of people in the interviews mentioned that they funded a project because they liked the product or the idea and want to see it finished. Another point mentioned by all the three papers is the altruism, or the social value. People feel in a way connected or responsible

for the world and want to help those people or projects that need it[2]. The last point mentioned in the list is an strange but important one. As people can see if the maker of the project also funded some other projects. One of the answers from the interview of Zhang says: "*[…], also investment for support in the future on my own projects"* this shows that the platforms as Kickstarter and Indiegogo are more than just a platform for a lot of people (Zhang, 2012). It's a community that supports each other in realizing their dreams.

2.2.3 Understanding the crowd

Agrawal explore the role of the geographical distance for crowdfunding projects in the music industry. They found that the average distance between artists and investors is about 3000 miles. But within a single round of financing, local investors (likely friends and family) invest relatively early, and they appear less responsive to decisions by other investors (Agrawal, Catalini, & Goldfarb, 2011).To find these results they set a quantitative research among 34 entrepreneurs in the music industry. Another fact that came up in two papers is that the crowd will fund almost finished projects[3] earlier then projects that just started and only raised 20% of their goal (Agrawal, Catalini, & Goldfarb, 2011). At the same time is their the problem that projects that are eventually successful might slow down in the middle of the process because people have the perception that the target will be reached (Kuppuswamy & Bayus, 2013).

2.3 Problem statement

In this thesis the general question is how to make a crowdfunding project successful? As this would be too broad to find an answer it is narrowed down, and follow the recommendation for future research from Peyankov (Peyankov, 2013). This thesis will focus on the success rate of video and picture materials that are used to promote crowdfunding projects.

The research question is:

How are supporters influenced by the video and picture materials of a project on an crowdfunding platform.

To support this there will be looked to successful and failed projects. The video materials will be analyzed on time, demo yes or no, phrases like: pledgers will receive, or even a dollar short. To analyze the pictures there will be looked if there are pictures or not.

2.4 Partial questions

To support the research question there are some partial questions that will help us find a better understanding of the factors that play a role in how the supporters are influenced by the video and picture materials. The first step in analyzing is checking all the crowdfunding projects if they use a video. Without the video the partial question cannot be answered. If a project make use of a video the following question will be asked.

The first partial question is:
A video with a demo of the project affects the project success.

[2] Kickstarter is not supporting pure charitable projects
[3] More than 80% funded

All the videos will be analyzed to see if there is some demo of the project. With demo we mean a short example of the finished product and also how it works if that is possible.

The second question is:
A longer video affects the project success

Video's will be distributed among different groups, to see how the effect of time is on the success rate of a project. With every group divided in a time frame, in the end we can say a video with x minutes of time will give the best success. After time the video is analyzed for certain words and phrases. So the third question is:

A positive message in videos/pictures affects the project success.

To answer this question we will use the work of "The language that gets people to give" (Mitra & Gilbert, 2014). They analyzed words that contribute to the success of a Kickstarter project. With the help of these words there will be looked if people use the right phrases in their videos/pictures.

Then there will be looked to general information.
General information as who are you, what are you doing in daily life, how did you came up with this idea affects the project success.

To see if the video contains general information, there will be looked if they tell something about themselves, what they are doing in normal life, and how did they came up with the idea for the product. Further why did they choose crowdfunding as a way to finance the project. If a video contains three of the points above it will count as general information is giving.

The last point is picture use.
using pictures affects the project success.

There will be looked if a project use pictures to promote, attract or explain their product. The pictures self will not be analyzed. It only focus on using pictures or not.

3. Methodology

3.1 Explanation of research

In the first part of this thesis, is given a lot of basic information about crowdfunding. In order to understand crowdfunding, we took a look at crowdsourcing. Analyzed how this phenomena developed to crowdfunding as it is today. After this the thesis aims to explain how are supporters influenced by the video and picture materials. Doing this by analyzing Kickstarter for the area "Netherland". The author chose Kickstarter to study in this thesis. The reason for this choice is, that the site contains a large data set, gets a lot of visitors every day and has a relative long history comparing with other smaller platforms. This platform contains various categories so if the data is analyzed the answer is not only for one or two categories but contains a broad spectrum.

3.2 Concepts & methods

Quantitative approach is used when large number of data is needed. With this you explore the relationship between quantitative data and the phenomena. By using quantitative methods, it's possible to give a statistical expression (Franses, 2014).

Qualitative approach aims to the understanding of human behavior and the motivators that drive such behavior. As Qualitative methods can be used to understand the meaning of numbers produced by quantitative methods.

This thesis is using a combination of both, the data set exist of a large number of crowdfunding projects. Within this data set it gives the characteristics of every project. By analyzing this large set of data, there will be looked to a relation between the success rate of a project and the video and pictures used by the same project. The success rate is, the percentage of successful projects. The qualitative approach is used because giving money or the reason to give money can be explained as human behavior.

4. Data collection

4.1 Analysis of Kickstarter

The data of the current thesis is based on the crowdfunding platform Kickstarter.com. Before analyzing the data, there will be a brief introduction of Kickstarter with statistics of 2012 and 2013.

Kickstarter launched on April 28, 2009. Soon they were awarded by 'New York Times' and 'Time' for "Best Inventions of 2010"and "best Websites of 2011" (Snyder, 2010) & (Walker, 2011).

On October 2012 they opened their first projects based in the United Kingdom, followed by Canada in September 2013, Australia and New Zealand on November 2013. The Netherlands followed 4 years after they launched Kickstarter in the United States. On April 29, 2014 the first Dutch based projects were opened (McGregor, 2014).

In figure 2, the years 2012 and 2013 are shortly summarized.

Year	2012	2013
People	2.241.475	3.000.000
Pledged	$ 319.786.629	$ 480.000.000
Successfully funded projects	18.109	19.911
Backers pledged (per minute)	$ 606,76	$ 913,00

Figure 2

The Kickstarter website has its own official statistics. On this moment there are 62.439[4] projects successfully funded since April 2009. The total amount of dollars pledged to Kickstarter projects is, $1.132.092.556[5] (Kickstarter, 2014).

[4] Total projects successfully funded since April 2009 till May 27 2014
[5] Total amount of dollars on May 27 2014

Kickstarter projects are classified in 13 categories: 'Games', 'Film & Video', 'Design', 'Technology', 'Music', 'Publishing', 'Food', 'Art', 'Fashion', 'Comics', 'Theater', 'Photography', and 'Dance'. Within these categories there are over 50 subcategories.

The most projects are launched in the category 'Film & Video' with a total amount of 35.911 projects. The amount funded by pledgers is 217,45 million dollar and a success rate of 40,31%. The category which raised the most money is 'Games' with 10.052 projects and a total amount of 245,23 million dollar, it has a success rate of 35,53%. The most successful category is Dance with 1.918 projects, a total amount of 6,48 million dollar and a success rate of 70,35%. For more detailed information of these categories of others see figure 3.

In figure 3 we also see that the categories which raise the most money are not the most successful. Categories that raise more than 125 million dollar have an success rate between 34 and 41 percent. The reason for this is, that the four categories (Technology, Design, Games and, Film & Video) have projects which need an average a lot more money than other categories. As example look at the table in appendix 1 the category 'Games' have an average goal of 61.374 dollar while the category 'Art' have an average goal of 3.607 dollar.

Category	Launched projects	Total Dollars	Successful Dollars	Unsuccessful Dollars	Success Rate
All	**148.226**	**1 billion**	**971 million**	**132 million**	**43,47%**
Film & Video	35.911	$217,45_M$	$179,62_M$	$33,57_M$	40,31%
Music	29.645	$112,46_M$	$101,77_M$	$9,36_M$	55,21%
Publishing	17.837	$53,69_M$	$44,93_M$	$7,91_M$	32,44%
Art	13.160	$40,35_M$	$34,77_M$	$4,92_M$	47,55%
Games	10.052	$245,23_M$	$217,09_M$	$24,81_M$	35,53%
Design	7.945	$161,33_M$	$139,87_M$	$17,28_M$	38,50%
Food	6.227	$43,98_M$	$34,81_M$	$6,92_M$	39,81%
Theater	6.168	$25,55_M$	$21,35_M$	$2,78_M$	64,25%
Fashion	6.154	$34,82_M$	$29,40_M$	$4,29_M$	29,30%
Technology	4.641	$149,87_M$	$124,23_M$	$15,74_M$	34,54%
Photography	4.512	$13,42_M$	$11,06_M$	$1,99_M$	36,25%
Comics	4.056	$28,47_M$	$25,91_M$	$2,16_M$	49,85%
Dance	1.918	$6,48_M$	$5,94_M$	$434,29_K$	70,35%

Figure 3 (Kickstarter, 2014)

4.2 Data Collection Design

The data is collected from the Kickstarter website, and all of the projects have finished by the time they were included in the sample with last date May 16, 2014. By searching for projects the auteur focus on the Dutch projects of Kickstarter as you can see in appendix 2. Problem here is that Kickstarter put also non-Dutch based projects within the search results. This is because Kickstarter sorts the projects on where they take place. So when the project is based in the USA but wants to perform in the Netherlands and put as place Amsterdam, then Kickstarter sees this as a Dutch based project. This is the reason that there are projects in the data base with starting date 2009 till 2013. This is of course strange as the Dutch Kickstarter page is online since April 2014.

The data sheet exist of 90 finished projects, that are sorted by Kickstarter itself as based in the Netherlands. There are 10 out of 13 categories in the data set. Some of the projects had labels of a subcategory, these were placed under one of the 13 categories. So if there were projects within the category documentary then, they were placed under Film & Video.

In the data set are the goals of all the projects, the total amount collected by the project and if the project was successful or unsuccessful. As some of the projects were cancelled, this is also included in the data set. An extra column is added to see how many people backed a certain project.

The focus of this thesis is on the video and picture materials, so in the data set are eight columns that focus on this aspect see appendix 3. The first step is to see if the project has a video and or pictures. The second step is to analyze all the video's. This is done by multiple steps: (1) time of video, (2) is there a demo of the product/ example of the finale product, (3) is there a positive message in the video. The last point is about general information, this exist of 3 sub points: Who are you, What are you doing in daily life, How did you came up with this idea. If this three points were all in the video then the video contains general information.

Then there are 3 more columns in the data sheet. Project category telling us in which category the project was placed. If the user connected his or her Facebook to their Kickstarter account, and if the project made use of Twitter.

5. Measures

5.1 The Goal

The goal of the project indicates what amount of money the project need to succeed. On a platform like Kickstarter they use the method "all of nothing" what means if you don't reach your goal. The backers will receive their money back and you and your project receive nothing. To give a better answer on the research question the minimum goal is 1000 dollar. Because under this amount it is easy to reach the goal as family and friends can collect 1000 dollar without help of others.

5.1.1 Less than 1000 Dollar

Because of the restriction of the 1000 dollar mark there are four projects that are deleted of the data set. Still we take a quick look at those four projects see appendix 3.

Two of the projects are in the category 'Music', both of them want to record a new album. If you look at the column 'backers' you see that there are quite some backers, so these projects are probably not only funded by family and friends. But if we look to the two other projects with category 'Art' and 'Games' we see there are not more than ten backers. Because of this we can say it's quite certain that they are backed by friends and family.

Because projects under the 1000 dollar are mostly funded by friends and family as we saw above, they will not count in the main research.

5.2 Demo of the product

First of all we take the large data set and split it up in two groups. One group with video and one group without video. Then we split the group with the video again in two different groups. One group

containing video's with a demo and one group with video without a demo. It can be expected that backers want to see what they are backing, this can be more important for certain categories. To see an overview of the different groups see appendix 4.

The data set exist after deleting 4 projects, out 86 different crowdfunding projects. From those 86 projects 79 are using a video, while 7 projects use no video at all. From the 79 projects that are using a video 65 of them showing a demo in their video while 14 projects show no demo.

When the success rate of the projects with video and demo is calculated it gives an outcome of 38,46%. Appendix 5. While the success rate of a project without a demo but with video is 57,14% appendix 6.

The same can be done for projects with 'Video' and without see appendix 7. There are 79 projects that are using a video, 34 of them are successful while 45 are unsuccessful. That gives a success rate of 43,04% for a project with video. There are 7 projects that are using no video, 3 of them are successful and 4 are unsuccessful. Which gives an success rate of 42,86% for projects without an video.

5.3 A longer video affects the project success

In this part only projects with a video are taking in account otherwise the average time will drop because some projects have no video. There were 79 projects that make use of an video. The average time of those 79 projects is 3 minutes 10 seconds.

The shortest video is only 25 seconds, while the longest video is 7 minutes 6 seconds. To see if there is any effect of time on the success rate of a project, the projects are divided in groups. The groups have a range of 30 seconds.

	0-0,5	0,5-1	1-1,5	1,5-2	2-2,5	2,5-3	3-3,5	3,5-4	4-4,5	4,5-5	5-8
projects	2	2	4	8	11	14	11	11	3	3	10
successful	2	1	1	2	4	5	4	7	1	2	5
Success rate (%)	100	50	25	25	36,36	35,71	36,36	63,63	33,33	66,67	50
Total projects (%)	3	5	10	20	34	52	66	80	84	87	100

Figure 4

As we see in figure 4, 52 percent of the projects have a time between 0 and 3 minutes. If we take a time range from zero to four minutes we even see that this covers 80% of the total projects. This indicates that almost all the projects fall between the 1,5 min and 4 minutes. This is also advised by Kickstarter itself and seen in multiple case studies (Crowdfunding Dojo, 2014).

Appendix 8 shows the average time for the different categories. Games, music, and publishing score a higher average time then other projects, while their success rates are between 22,22 and 50 percent. Category Design has 22 projects and an average time of 2:46 with an success rate of 31,82 percent.

5.4 A positive message in videos/pictures affects the project success.

To find an answer on the question, a positive message in videos/ pictures affects the project success. we used the paper "*The language that gets people to give"* (Mitra & Gilbert, 2014). In their results they come up with a word "Tree visualization" see appendix 9 & 10. In all the videos and pictures is looked/listened if the main words were used.

A positive message started with the following word combination:

- Pledgers will ….. 1) receive
  2) be
  3) have
  4) get
  5) also

In some cases the following word combination were possible, Pledgers will receive:

1.1) a 1.2) the 1.3) one 1.4) all or the above 1.5) their 1.6) an exclusive

When one of the above combinations was used in a video or picture, it scored a one for positive message. If these words were missing it received a zero. When one of the negative words was used it also received a zero. So a project only received a one if it had a combination of positive words.

Messages with the following words were seen as negative:

- Even a dollar …. 1) short
  2) will
  3) can
  4) helps
  5) donation
  6) goes a long way
  7) less

Of all the projects from the data set, 24 used a combination of the words as descripted above, scored a positive outcome. From these 24 projects 12 succeed in reaching their goal. So making use of positive words gives a success rate of 50 percent.

The other 62 projects that didn't make use of a word combination that scored positive or used a combination of negative words received an outcome of zero. From these 62 projects, 25 reached their goal, which gives a success rate of 40,32 percent.

Appendix 11 shows how many projects from a certain category used a positive word combination. Also it shows how many projects within the category succeed. One of the outcomes is that in category 'design' 63,63 percent use the right words in their video and/or pictures. In the category 'Games' 7,14 percent makes use of the right word combination, and categories as 'Dance', 'Music', 'Technology' and 'Theatre' is none of the projects using the right combination of words.

5.5 General information as who are you, what are you doing in daily life, how did you came up with this idea affects the project success.

Kickstarter School shows how to make the best project on Kickstarter. Point four of the eight points is making an video. Here they say; *"No matter how creative or bare-bones your video, you'll want to"* (Kickstarter, 2014).

- Tell us who you are.
- Tell us the story behind your project. Where'd you get the idea? What stage is it at now? How are you feeling about it?
- Come out and ask people's support, explaining why you need it and what you'll do with their money.
- Talk about how awesome your rewards are, using any images you can
- Explain that if you don't reach your goal, you'll get nothing, and everyone will be sad.
- Thank everyone!

As described above it is important to tell about yourself, how you came up with the idea, and what are you doing in your daily life. These three points are measured in every video. If in the video all the three points are explained then it scores a one for general information otherwise it scores a zero. As seen in figure 5

Project	Who are you	Daily life	How did you came up with this idea	Total score (1 or 0)
Name of the project	1 or 0	1 or 0	1 or 0	3 points gives a 1 < 3 points gives a 0

Figure 5

Appendix 12 shows the score per category. It shows how many projects of every category scored zero to three points. In the results only projects with a total score of three will be considered as giving general information. In the category 'Design' eight projects score three points, seven projects score two point. In the appendix it is not possible to see on which part they score their points, except for the projects that score three points as they score a point on every part.

Appendix 13 shows the amount of projects that were successful with 3 points, and the total of projects that were successful. Now is it possible to compare the amount of projects with a score of three and the total projects that were successful. As example category 'Art' two projects had a score of three and were successful from a total of nine successful projects within the category 'Art'. The same can be done for all the categories.

Compare the projects that score three points with the successful projects with three points and get a success rate (appendix 13). Art 50%, Design 75%, Fashion 100%, Film & Video 42,86% , Games 75%, Music 40%, Publishing 50%, Technology and Theater 100%. The numbers show us that if a project score 3 points the change on success is high, as most projects have a success rate of 50% or higher.

5.6 pictures

For this thesis is also looked if the projects made use of pictures in their crowdfunding project. If a project made use of a picture can be found in the data set under the group pictures. Where Yes means there were pictures by the project and No means no pictures used in the project.

In total there are 86 projects, 57 of them use pictures while 29 are not making use of pictures. That gives a rate of 66,28 percent that use pictures. In appendix 14 they are divided by category. The table gives the rate of picture use. With this percentage is it clear that most of the projects use picture materials. This does not depends on the category the project is in.

6. Results

The analyzed data set contains 90 crowdfunding projects from Kickstarter Netherlands. 4 projects were scrapped because of their low target goal. That gives 86 crowdfunding projects remaining that are analyzed.

From the 86 projects 79 are using a video and 57 make use of pictures. From the 79 projects that use a video, 34 are successful, which gives a success rate of 43,04%. There are 7 projects that used no video, the success rate here is 42,86%. What leads to the conclusion that with video the success rate is higher than without video.

For projects with pictures the success rate is 42,11%[6]. Projects without pictures have a success rate of 44,83%[7]. So based on this without pictures would be better.

Crowdfunding projects with a video can contain a demo of their product. The success rate of videos with a demo is 38,46% so it can help to put a demo in the video as this also contributes to a better success rate.

The time of a video is an important part of using a video. Because if you use videos that are to long backers lose interest in your product and may not back your product. This can be seen back in the million dollar earning Kickstarter projects; these projects had a median length of only 3 minutes 57 seconds (Crowdfunding Dojo, 2014). Also Kickstarter mentioned the video duration should not be too long but should always remain some key factors (Kickstarter, 2014).

There were 79 projects that make use of a video. The average time of those 79 projects is 3 minutes 10 seconds. The shortest video is 25 seconds, while the longest video is 7 minutes 6 seconds. 80% of the videos is no longer than 4 minutes. As mentioned above the success rate of projects with a video is 43%. Kickstarter self is saying that with a video succeed is at a much higher rate 50% versus 30% success for projects without video. This can also be seen in Appendix 8, as most of the categories score above a success rate of 40%.

With the help of the paper '*The language that gets people to give'* is looked for combination of words that should have a positive influence on the backers, so that the change of success will be higher with

[6] (24/57)*100
[7] (13/29)*100

the right combination of words. In the dataset 24 crowdfunding projects used the right phrases in their video/pictures. From these 24 projects 12 succeeded in reaching their goal. What gives a success rate of 50%. While projects that don't make use of the right phrases only get a success rate of 40,32%. What indicates that making use of the right phrases in your video will contribute to the success rate of funding. Appendix 10 shows that the category 'Design' makes good use of the right phrases as 63,63% use a combination of the right words. Also it shows that from the 14 projects that use the right phrases in the category 'Design' 7 are successful. Other categories are not yet using as much good phrases as the design category but when they use it, 50% of the projects with the right phrases succeed.

The last point is the general information, collected by looking for three sub-parts. All these parts together give a score from 0 till 3. The projects that score a three are seen as projects that tells enough information in the video. Appendix 12 and 13 give more information about the scores. Appendix 13 let us compare the total projects that score 3 points and how many of these projects finally reached their goal. For the category 'Art' is this 50% for 'Design and Games' 75%, 'Fashion', 'Technology', and 'Theater' even score a 100% success if they score 3 points. The lowest rate of success is 40%, this is in the 'Music' category.

7. Discussion on the Results

The discussion is based on the partial questions. First point is removing the four projects with a goal under the thousand dollar. This was needed because projects with a low goal can give people other motives to give money. It is more easy to reach the target just with a couple of friends and family instead of needing a big crowd to succeed.

7.2 Video with Demo

The partial question asked here was if a video with demo has a higher success rate then a video without demo. The outcome is that the success rate with demo is 38,46% well the success rate without demo is 57,14% . That means that a project that makes use of a video better not show a complete demo of the product. What gives us the answer on the question, a video with a demo of the product affect the project success less than a video without a demo.

7.3 Time of the video

The question is, if a longer video affects the project success. The answer is yes, a longer video positive affects the success rate. At the same time a video should not be too long because of losing the attention of the viewer. The average time of all the Dutch Kickstarter projects is 3 minutes 10 seconds. 46% of the projects have a video time between the 2 minutes and 4 minutes. And the videos with a time of 3,5 till 4 minutes have a success rate of 63,63% what proofs that longer videos have a higher success rate then shorter videos.

7.4 Positive message

The results on this question are very clear with use of the right words and phrases the success rate of a project is 50% while projects without these phrases score a success rate of 40,32%. The answer on the partial question, a positive message in de video affects the project success. Can be answered with yes it has a positive outcome on the success rate of a crowdfunding project.

7.5 General information

The partial question asked is, General information as who are you, what are you're doing in daily life, how did you came up with this idea affects the project success. Let take a look at the numbers in appendix 13. Seeing that almost every category score above 50% if the project had three points. What means that if in de video general information is given the success of the video will be greater than without the information.

7.6 Pictures

There is only looked if they were used by a project or not. In appendix 14 all the numbers about pictures are collected. In total 66,28% of the projects makes use of pictures. The success rate of projects with pictures is 42,11%. The success rate without pictures is 44,83%. So by looking to the rates projects without pictures score better.

8. Conclusion

In the last years internet provide us with a lot of new technologies. One of these is using the crowd to solve problems and to raise money. Nowadays, entrepreneurs instead of approaching banks or business angels call in the support of the crowd. This way of collecting money is called crowdfunding. In this study adopted literature and data from Kickstarter gives us the answer if supporters[8] of a crowdfunding project are influenced by the video and picture materials.

The analysis is based on 90 projects from the biggest crowdfunding platform Kickstarter.com. All the projects were based in the Netherlands and finished on May 16 2014. The data set contains 20 columns with different information about every project. The first step before analyzing the data was scrapping four projects that had a goal below thousand dollar. What makes it more reliable that the projects are not purely backed by family and friends.

The result reveal important aspects of the crowdfunding outcome. By knowing what aspects for a video are important, people can reach a higher success rate than the average Kickstarter project. The most important outcome is that using a video is always better than using no video at all. This is also mentioned on the website of Kickstarter itself.
Making use of a demo in the video is not giving a higher success rate then without demo, problem here is that there are only 14 videos without demo, while 65 with a demo. So a clear answer is not possible here.
The time of the video plays an important role in the success rate of a project, with an average time of 3 minutes 10 seconds, and a success rate of 63,63% for videos with a length between 3,5 and 4 minutes. It proves that longer videos are more successful then shorter ones. But the videos do not need to be too long as the success rate is dropping after 5 minutes.
A positive message in your video gives a higher success rate then without these phrases. The success rate within this thesis for projects that made use of the right phrases is 50% against 40% for projects without these phrases. Giving general information in the video gives a higher success rate then not telling this. What means that people are giving money more easy if they can "rely" on a person and get the intention of the project. So building a trust with the backer helps you to succeed.

[8] Supporters also called backers

Most of the projects make use of pictures (66%), if this also helps is hard to say. The success rate of projects with pictures is 42% while projects without a picture score 45%. Problem here is that the data base is too small to give a real outcome.

With all the outcomes, the same problem comes back that is that a combination of factors will make a video more successful. So if people are using the right phrase, using a demo and making use of pictures but the video takes 15 minutes the change on success will drop.
The conclusion is that supporters are influenced by the videos more then by the pictures. That by using the right phrase, time, general information and demo the change on succeeding will be higher than without these factors.

9. Limitations and Future Research

The data set is build out of Dutch based projects. Limitations here are that Kickstarter sorted these projects, and that not all of the projects are really based in the Netherlands. The data set contains 90 projects, for some outcomes this is not enough. So doing this research again with more projects based in the Netherlands can give better outcomes.

Then there is the limitation in category. Some features score higher in a certain category well all the answers and success rates are giving for the entire data set. Which mean that for certain projects some things are more important than for other categories.

Some projects had a goal between 1000 and 2500 dollar. This is an amount that with friends and family still can be collected. For these projects it is less important to have a good video. Pictures were used by most of the projects, still some projects succeed without them, this is possible when they had a good video, so pictures were not necessary.

Future research should be done by comparing 1 project and let all the variables change. Problem here is that doing a research like this is not possible on Kickstarter, because when a project succeed you cannot put the same project again on the website. As Kickstarter is the biggest crowdfunding platform, the results from this research are considered generalizable for other platforms as well. However, Kickstarter does not allow charity projects. For these projects the motivations to back the project would be entirely different. So this study should be interpreted with caution when it comes to charity projects.

In this research is the main focus on video while pictures are used as a variable more research in the direction of pictures can be done. Also supporters can be dedicated to the good cause of the project, or they feel the need to support creativity. Fashion trends might also be important predictors this can be seen, as this moment the 3D printer is a hot item on Kickstarter. All these factors possible interact with each other as well. This leave room for further research to these factors but also to the interaction with each other.

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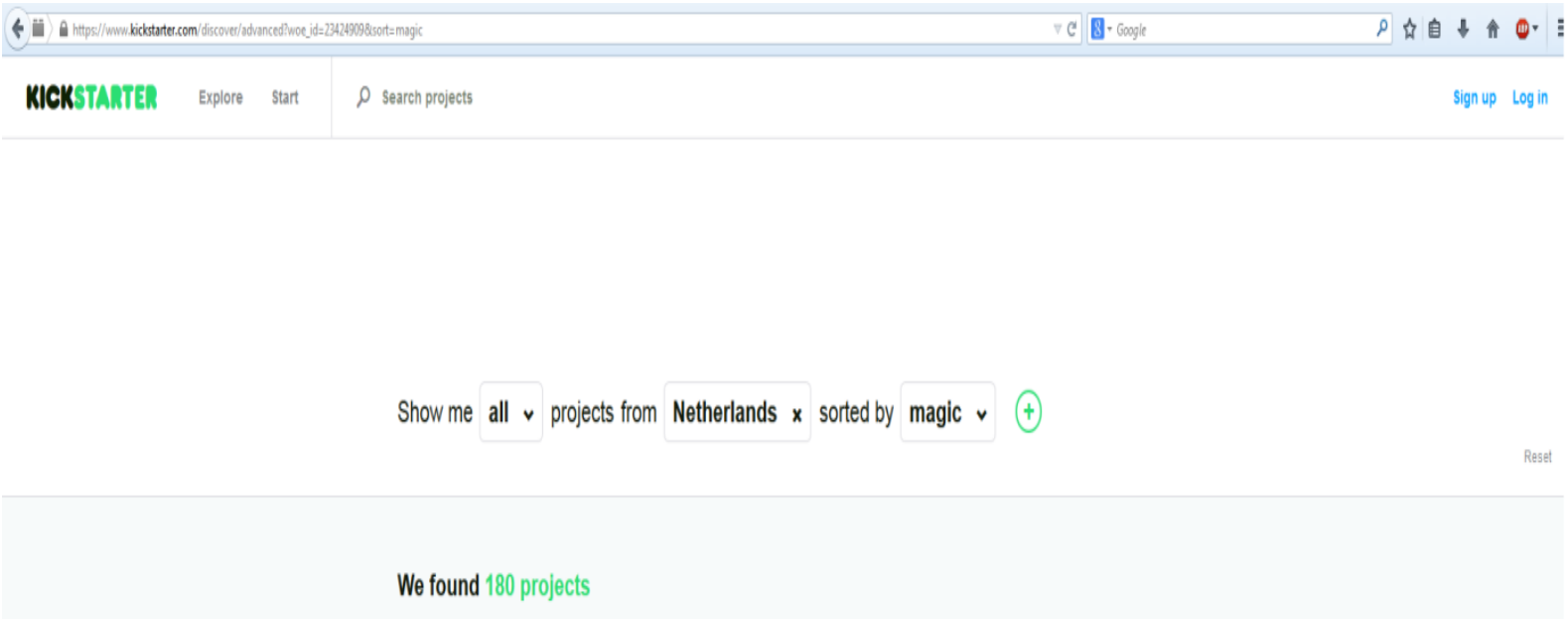
11. Appendix

Appendix 1

Category	Projects	Average goal	Average backers
Art	15	3606,67	29,6
Dance	1	4500	10
Design	22	59869,10	234,82
Fashion	2	2250	69,5
Film & video	14	41454,29	672,93
Games	14	61373,57	161,79
Music	9	35933,33	63,11
Publishing	5	16380	104,2
Technology	3	4337,33	48
Theater	1	5000	74

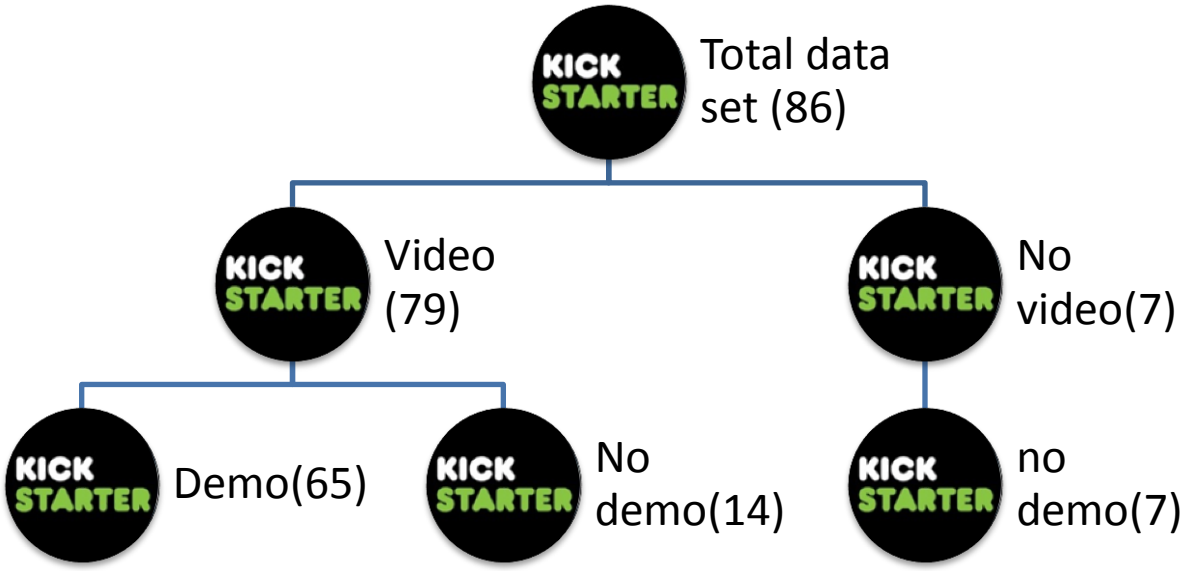
Appendix 2



Appendix 3

Project	category	Goal	successful	Total collected	Backers	Video	Demo	Positive message	General information	Picture
In Your Eyes 7" Record	Music	$600	Yes	682	39	Yes	Yes	No	No	No
Bandwagon artist collaboration seeks exhibition funding	Art	$700	Yes	830	10	Yes	No	No	No	No
Mediated Touch - A Telepresence Study	Music	$950	Yes	1947	144	Yes	Yes	No	No	Yes
Sawena - An indie RPG game	Games	$250	Yes	269	6	Yes	Yes	No	No	No

Appendix 4



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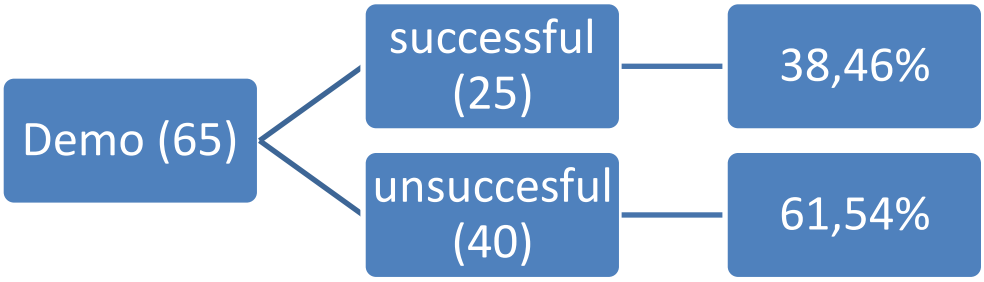

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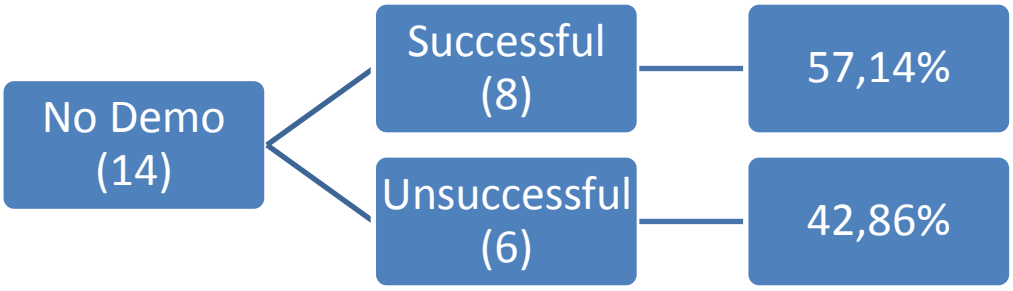

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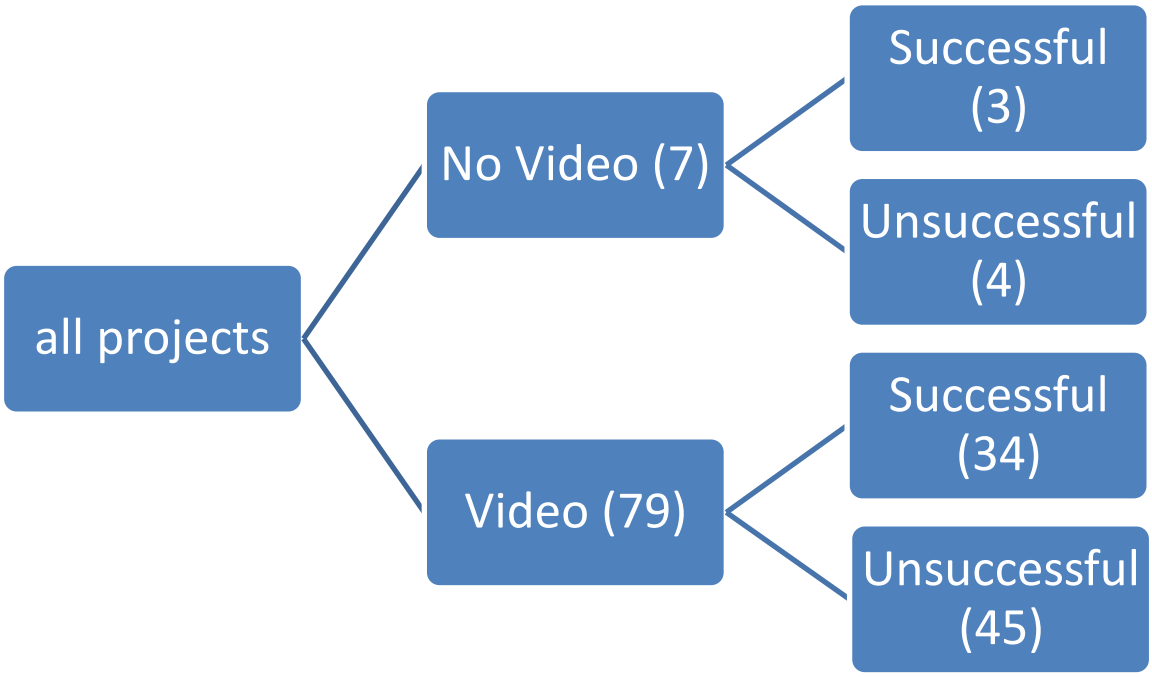
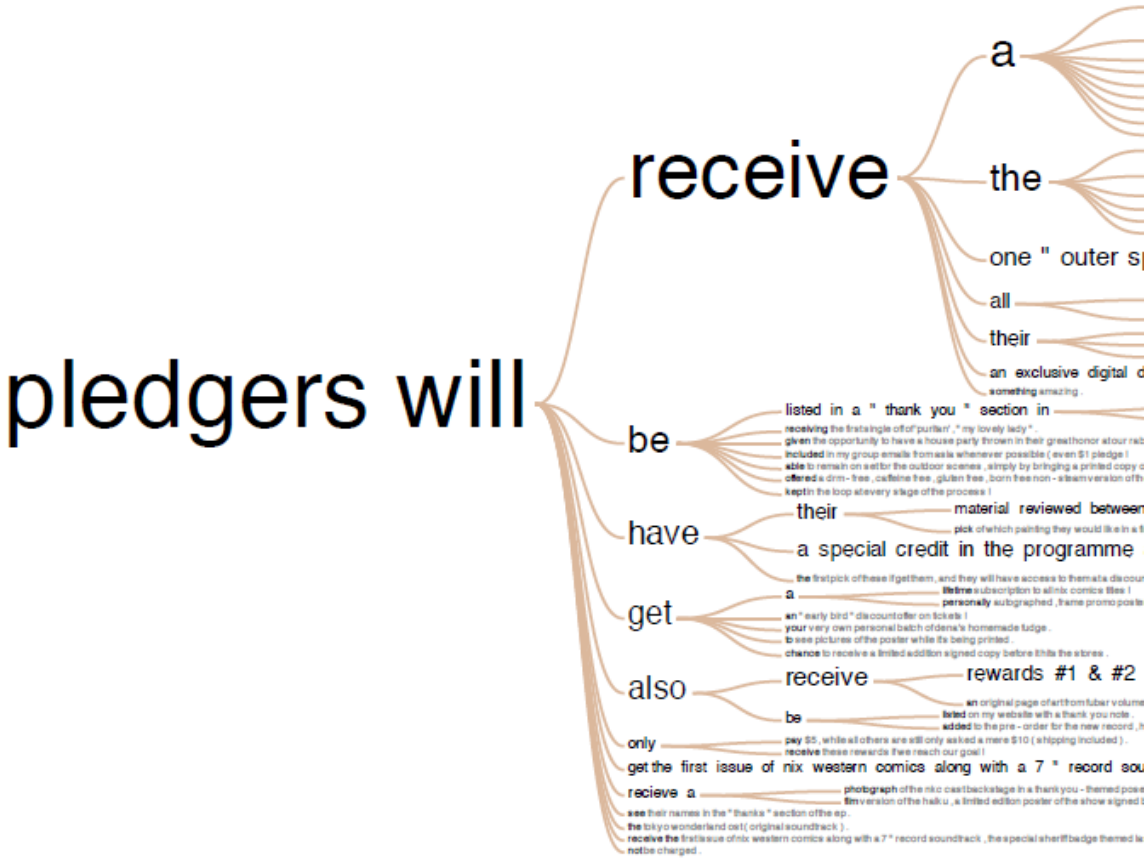


Appendix 8

Category	projects	Projects with no video	Average time (min.)	Longest video (min.)	Shortest video (min.)	Successful	Success rate
Art	15	4	2:54	6:35	0:25	9	81,81%
Dance	1	0	1:22	1:22	1:22	0	0%
Design	22	0	2:46	4:35	0:56	7	31,82%
Fashion	2	0	1:05	1:31	0:40	2	100%
Film & video	14	0	3:12	2:11	5:59	5	35,71%
Games	14	2	3:59	7:06	1:23	7	58,33%
Music	9	0	3:37	5:27	2:12	2	22,22%
Publishing	5	0	4:26	6:59	1:36	2	40%
Technology	3	1	2:25	2:58	1:52	2	100%
Theater	1	0	2:47	2:47	2:47	1	100%
Total	**86**	**7**	**3:10**	**7:06**	**0:25**	**37**	**43,02%**

Appendix 9



Appendix 10

Appendix 11

Category	Percentage of total projects that scored a positive outcome[9]	Succeed
Art	13,3% (2/15)	1
Design	63,63% (14/22)	7
Fashion	50% (1/2)	1
Film & Video	35,71% (5/14)	2
Games	7,14% (1/14)	1
Publishing	20% (1/5)	0

Appendix 12

	Total projects	Projects with a total score (0)	Projects with a total score (1)	Projects with a total score (2)	Projects with a total score (3)
Art	15	8	2	1	4
Dance	1	0	0	1	0
Design	22	4	3	7	8
Fashion	2	1	0	0	1
Film & Video	14	1	2	4	7
Games	14	3	2	5	4
Music	9	1	1	2	5
Publishing	5	1	1	1	2
Technology	3	1	1	0	1
Theater	1	0	0	0	1

[9] An positive outcome means, that the project make use of a right combination of phrases in their video or pictures.

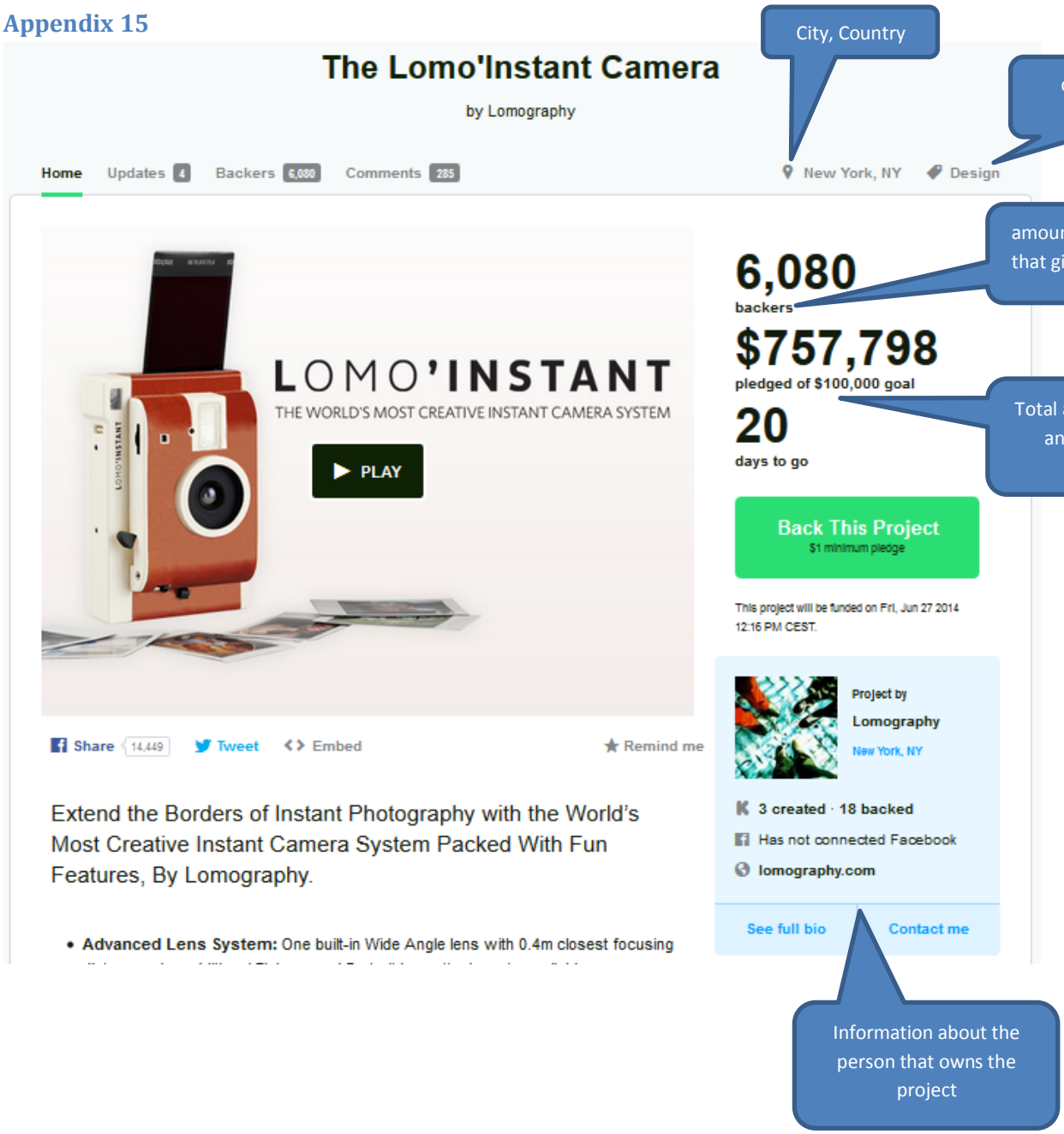
Appendix 13

Category	Total projects	Projects with a total score of (3)	Successful projects with 3 point	Success rate projects with 3 points	Total projects that succeed
Art	15	4	2	50%	9
Dance	1	0	0	0%	0
Design	22	8	6	75%	7
Fashion	2	1	1	100%	2
Film & Video	14	7	3	42,86%	5
Games	14	4	3	75%	7
Music	9	5	2	40%	2
Publishing	5	2	1	50%	2
Technology	3	1	1	100%	2
Theater	1	1	1	100%	1

Appendix 14

Category	Total projects	Project with Pictures	picture use (%)	Success rate with picture (%)
Art	15	9	60	66,67
Dance	1	1	100	0
Design	22	18	81,82	33,33
Fashion	2	0	0	x
Film & Video	14	13	92,86	38,46
Games	14	8	57,14	50
Music	9	6	66,67	33,33
Publishing	5	1	20	100
Technology	3	1	33,33	0
Theater	1	0	0	x
Total	**86**	**57**		**24/57**

Appendix 15


City, Country
category
The Lomo'Instant Camera
by Lomography
Home
Updates 4
Backers 6,080
Comments 285
New York, NY
Design
amount of people that give money
6,080
backers
$757,798
pledged of $100,000 goal
20
days to go
Total amount given and the goal
Back This Project
$1 minimum pledge
This project will be funded on Fri, Jun 27 2014 12:16 PM CEST.
LOMO'INSTANT
THE WORLD'S MOST CREATIVE INSTANT CAMERA SYSTEM
PLAY
Share 14,449
Tweet
Embed
Remind me
Extend the Borders of Instant Photography with the World's Most Creative Instant Camera System Packed With Fun Features, By Lomography.
Advanced Lens System: One built-in Wide Angle lens with 0.4m closest focusing
Project by
Lomography
New York, NY
3 created · 18 backed
Has not connected Facebook
lomography.com
See full bio
Contact me
Information about the person that owns the project