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ABSTRACT

Crowdfunding is a modern alternative of financing and fund seeking. To the knowledge of the author, the following study is the first one that investigates crowdfunding related issues in Thailand and is therefore very unique. The purpose of the study is to find out which factors do have an impact on the success of crowdfunding projects in Thailand. Thus, several methods and analyses were conducted. Data of 174 crowdfunding projects based in Thailand and extracted from the world’s largest crowdfunding platform www.kickstarter.com was examined. Several factors were found to have an impact on the outcome of a crowdfunding campaign such as the funding goal or the number of updates, which is the main communication tool between the campaign initiator and the backers. Since crowdfunding has not grown popularity in Thailand yet, future research will be needed in order to get a clearer understanding about this industry. However, this study sheds light on different success factors and provides useful insights on how to run a crowdfunding campaign successfully and which mistakes should be avoided.
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CHAPTER I   INTRODUCTION

For an entrepreneur one of the biggest challenges is to get his project successfully funded. Over the past few years, crowdfunding has become an accepted alternative compared to other traditional financing models such as banks, venture capital firms or angel investors (Crosetto & Regner, 2014). Crowdfunding differs from these traditional financing channels along three main dimensions: the interaction medium, the types of investors and the motivation for investing (Gorbatai & Nelson, 2015).

Unlike the traditional financing, crowdfunding allows individuals to fund the entrepreneur’s project directly and even with small amounts, whereby this connection between crowd (the mass of individuals) and entrepreneur is often facilitated by an online platform, where the projects are presented and potential funders are able to inform themselves about these projects (Crosetto & Regner, 2014). Having this kind of online platform as an interaction medium, investors make decisions in the absence of face-to-face interaction or other visual clues and the need to be in the same location as the crowdfunding campaign initiator (Gorbatai & Nelson, 2015). Due to the absence of intermediaries like financial institutions, which could refuse a project idea, the successful project funding only depends on how many people can be encouraged in contributing money directly. Moreover, the initiators of a crowdfunding campaign receive a direct feedback from the crowd regarding their project and may thus better estimate their market potential (Joenssen et al., 2014). Comparing traditional financing models with crowdfunding, the types of investors are different as well: While traditional investors are typically specialized in business and finance and consist only of a small number of individuals or institutions, crowdfunding projects target the general population, not necessarily professional investors and institutions, and they seek small amounts of money from a large number of people (Gorbatai & Nelson, 2015). In return for their financial contributions to the entrepreneur, the crowd receives equity stakes, interest payments, the future product/service or a non-monetary
reward (Crosetto & Regner, 2014). The incentives of funders differ across the different types of crowdfunding, as well as the incentives of the fundraisers who propose a certain project (Belleflamme et al., 2015).

CHAPTER II CROWDFUNDING DEFINITIONS

According to Joenssen et al. (2014) crowdfunding “is a process where commercial or non-commercial projects are initiated in a public announcement by organizations or individuals to receive funding, assess the market potential and build customer relationships. Pledgers may then contribute individual amounts of monetary or non-monetary resources, during a specified time-frame, using offline or online campaign platforms that utilize different payout schemes, in exchange for a product specific or unspecific, material or immaterial reward.”

There are basically four different types of crowdfunding existing and are as follows:

2.1 Equity-based crowdfunding

In equity-based crowdfunding fundraisers offer equity stakes for the funding of their crowdfunding campaign (Belleflamme et al., 2015). Other rewards could be dividends or voting rights (Hemer, 2011). One of the biggest concerns regarding equity crowdfunding remains whether the crowd can deal with the high levels of uncertainty and information asymmetry in this kind of early stage equity financing (Ralcheva & Roosenboom, 2016). The funders often lack in expertise in order to estimate the value of the crowdfunding project properly since everyone, including non-professional investors, is able to join a crowdfunding platform (Wilson & Testoni, 2014).
2.2 Donation-based crowdfunding

In the donation-based crowdfunding model investors give money to a crowdfunding project and receive usually nothing in return for their contribution. Thereby, the motivation of the contributors is often charitable (Marom et al., 2016). Even though a donation is normally an altruistic act without any obligation for the recipient to give anything in return, in donation-based crowdfunding, the donors can be given some rewards, in most of the cases immaterial acknowledgements such as thank-you-emails (Hemer, 2011).

2.3 Lending-based crowdfunding

The lending-based crowdfunding model is based on a loan, where contributors only provide the funds temporarily and expect a repayment of the amount they have contributed. Investors sometimes receive interest on their loan; in other cases they just get their principal back (Marom et al., 2016). Another alternative is a long-term loan based on the revenue sharing principle. The contributors do not get interest but receive, at the end of the lending period, an amount including an agreed share of the earning of the venture, which could be either a multiple of the initial loan or even nothing, depending on the performance (Hemer, 2011).

2.4 Reward-based crowdfunding

In reward-based crowdfunding, the investor receives something in return for the contribution, but neither interest nor part of the earnings of the business (Marom et al., 2016). In most of the cases, the contributor receives the final product or service, developed with the help of the raised funds. The funders can therefore prepurchase the product on the crowdfunding platform.
2.5 Types of crowdfunding platforms

Two main types of crowdfunding platforms are dominant: “All-Or-Nothing” (AON) and “Keep-It-All” (KIA). In the AON model the crowdfunding campaign initiator does not keep any funds collected, unless he has fully reached his funding goal. If the funding goal cannot be achieved, the crowd does not get any rewards either and their financial contributions will be paid back (Cumming et al., 2014). In the KIA model on the other hand, the crowdfunding campaign initiator can keep all of the collected amount, regardless of whether the aimed funding target is reached or not (Cumming et al., 2014).

CHAPTER III CROWDFUNDING INDUSTRY

3.1 Overview

Within 2016, the crowdfunding industry is likely to account for more funding than venture capital and by 2020 the World Bank estimates that crowdfunding would reach US$ 90 billion in investment, but if the trend of doubling year after year continues, this number will already be reached by 2017 (Barnett, 2015). The following chart shows that since 2012 the total funding volume of crowdfunding has more than doubled every year and has reached its peak in 2015 with approximately US$ 35 billion. Lending-based crowdfunding accounts thereby for almost 75% of the total industry funding, followed by donation- and reward-based crowdfunding accounting for about 16% combined.
Figure 1: Total Crowdfunding Volume (Zeoli, 2015).

When comparing the crowdfunding industry growth separated by region, the United States still account for largest amount with almost 50% of the total funding volume in 2015 (US$ 17.25 billion). However, Asia is ranked second in terms of worldwide total funding volume for crowdfunding (US$ 10.54 billion) with the highest growth rate (210%) of all regions worldwide as the following figure shows:

Figure 2: Total Crowdfunding Volume and Growth Rates per Region in 2015 (Zeoli, 2015).
3.2 Crowdfunding in Thailand

The crowdfunding industry in Thailand is yet very underdeveloped in comparison to other countries. There are only a few platforms existing and most of them are reward- or donation-based. However, crowdfunding can be seen as an alternative source of funding for small and medium enterprises (SMEs), since the banks in Thailand have tightened the criteria for lending in the recent years (Santos, 2015). The importance of these SMEs for the Thai economy is vast as they carry about 78% of the total employment market in the country and represent 37% of Thailand’s GDP as well (Santos, 2015). As of 2016, the transaction value in crowdfunding amounts to just US$ 1 million. Nevertheless, until 2020 the transaction value is expected to show an annual growth rate of approximately 53%, which leads to the total amount of US$ 8 million in 2020 (Statista, 2015). Therefore, crowdfunding in Thailand might gain in importance within the next couple of years in order to ensure proper financing of the drivers of growth in the Thai economy, which are the SMEs.

CHAPTER IV RESEARCH QUESTIONS

As shown before, crowdfunding is a unique research area that differs from traditional financing models and due to its high growth rates and expansion into many countries around the globe it should be paid more attention. However, little is known about what leads to success in this field, especially in Asia because most of the existing studies come from the United States and other western countries, which is quite remarkable, considering the high amount of total crowdfunding volume and the enormous growth rates of crowdfunding in Asia. To the author’s knowledge, there are no existing studies investigating crowdfunding related issues in Thailand. Therefore, the following work investigates and detects potential success factors for crowdfunding campaigns in Thailand. Most of the existing literature has investigated reward-based crowdfunding, because the majority of studies conducted are based on data extracted from the world’s largest crowdfunding platform Kickstarter (reward-based). In order to compare the
existing findings regarding crowdfunding success properly, the focus of this work will also be on reward-based crowdfunding. Furthermore, as of 2012, reward-based crowdfunding was the most common form of crowdfunding with a market share of 43% (Stadler et al., 2015). Moreover, reward-based crowdfunding has the largest number of online platforms (Kuppuswamy & Bayus, 2015a) and additionally, as of 2014, the share of newly created crowdfunding platforms that are reward-based accounted for 40%, followed by donation- and lending-based crowdfunding platforms with approximately 20% each (Belleflamme et al., 2015). These findings emphasize the importance of reward-based crowdfunding. For the purpose of this study only AON platforms are taken into consideration. Firstly, because AON campaigns seem to be more successful (54%) than KIA campaigns (32%) and secondly, AON campaigns attract almost three times more backers (Cumming et al., 2014) and might therefore deliver more reliable information.

In summary, the purpose of this work is to answer two main questions that can be defined as follows:

1. **What are the factors that do have an impact on the success of crowdfunding projects in Thailand?**

2. **Are the success factors from the literature review also relevant for crowdfunding projects in Thailand?**

**CHAPTER V LITERATURE REVIEW OF CROWDFUNDING SUCCESS FACTORS**

In this chapter, several crowdfunding related studies from the existing literature will be investigated and compared with each other. Based on these results, different success factors of crowdfunding will be identified and illustrated. Subsequently within the next chapter, an analysis will be conducted in order to examine, whether these
success factors also hold true for crowdfunding in Thailand. 23 factors that might have an impact on crowdfunding success were identified. Crowdfunding success in the context of this work means thereby to get a crowdfunding campaign successfully funded. Because crowdfunding is a relatively new phenomenon, only studies from 2010 onwards were considered in this work. However, the majority of articles used in this paper come from the years 2013 - 2016. Moreover, due to crowdfunding’s unique characteristics, studies about other financing models were not included in this work. Besides scientific articles, recommendations from crowdfunding platforms, as well as blogs, interviews with experts and other crowdfunding related websites were taken into consideration.

5.1 Campaign duration

The campaign duration is defined as “the number of days for which a project accepts funding” (Mollick, 2014). Usually, each crowdfunding platform offers different options regarding how long a campaign should last. When comparing different crowdfunding platforms, projects can usually last between 1 – 60 days.

Mollick (2014) found that duration decreases the chances of success because a longer duration is possibly a sign for lack of confidence. Frydrych et al. (2014) came to a similar conclusion, suggesting that shorter campaign durations seem to be related to a higher success rate. In line with these results, Cumming et al. (2014) and Crosetto & Regner (2014) claimed that duration is negatively associated with success. Kuppuswamy & Bayus (2015b) found that successful crowdfunding projects tend to be shorter in duration. Ward and Ramachandran (2010) found out that in dynamic communities such as crowdfunding platforms, attention for certain projects seems to diminish with time and therefore it is more efficient to implement a shorter campaign duration. Furthermore, Joenssen et al. (2014) found out that crowdfunding projects, which are executed closer to their estimated delivery date, have a higher probability of successful funding. Again, this finding leads to the conclusion that crowdfunding campaigns with a shorter duration are more likely to be successful.
These results of scientific studies are supported by recommendations and findings from practical appliances: Crowdfunding platforms themselves recommend a shorter campaign duration that lasts 30 days or even less since it gives potential investors more confidence in investing in a project (Kickstarter, 2016a). Indiegogo.com claims that 40-day campaigns are most successful and the longer the campaign, the harder it is to build a sense of urgency and maintaining funding momentum (Indiegogo, 2016a). Statistics from the world’s largest crowdfunding platform Kickstarter revealed that projects that gave themselves the most amount of time to reach their funding goal actually accomplished their goal less often than any other projects on Kickstarter (Strickler, 2011). For one, a longer duration period does not create more urgency necessarily and it might also make it easier for potential investors to procrastinate. Sometimes they might forget to come back at all (Strickler, 2011). The following figure showing the relation between project duration and success rate of crowdfunding campaigns on Kickstarter:

Figure 3: Kickstarter Project Duration vs. Success Rate (Strickler, 2011).
Similar results are provided by the crowdfunding platform Indiegogo.com that investigated 100,000 campaigns in order to gain insights what factors influence the success or failure of a campaign. Most successful campaigns run a duration of 30 - 39 days. For any longer lasting campaigns, the probability of meeting their funding goals decreases. However, if the duration is less than 30 – 39 days, investors might not have enough time to recognize the project and their interest cannot be aroused (Yeh, 2015). The following chart shows the research results as mentioned above:

![Campaign Duration](image)

**Figure 4: Most successful Campaign Duration (Yeh, 2015).**

However, two articles claimed that a longer campaign duration leads to more success. Cordova et al. (2015) investigated more than one thousand technology crowdfunding projects and came to the conclusion that the longer the campaign duration, the higher the likelihood contributions will add up to an amount equal or above the one originally requested by the founder. Burtch et al. (2013a) also came to the conclusion that a longer crowdfunding campaign duration for online journalism projects leads to a greater level of consumption and are associated with a higher performance. Colombo et al. (2015) claimed that campaign duration is not associated with success.

As shown above, the majority of articles and crowdfunding platform recommendations suggest that a longer crowdfunding campaign duration leads to less success in crowdfunding.
**Research finding 1:** The crowdfunding campaign duration is negatively correlated with crowdfunding success.

**5.2 Funding goal**

The funding goal or project goal is the amount founders try to collect using crowdfunding (Mollick, 2014). Many of the crowdfunding platforms offer the previously discussed “All-Or-Nothing”-model, where investors will get back their investment in case the funding goal cannot be reached. Hence, a realistic goal setting is recommendable also to ensure keeping promises to the crowd and realizing the different stages of the funding cycle. Therefore, costs for rewards and fees for the platform need to be considered and included in the cost calculation as well (Harms, 2015). Increasing goal size is associated with less success (Antonenko et al., 2014; Balboni et al., 2014; Burch et al., 2013b; Colombo et al., 2015; Cordova et al., 2015; Crosetto & Regner, 2014; Cumming et al., 2014; Giudici et al., 2013; Koch & Siering, 2015; Marom & Sade, 2013; Marom et al., 2016; Mollick, 2014). Frydrich et al. (2014) argues that successful projects tend to have a much lower funding goal than unsuccessful projects. Kuppuswamy & Bayus (2015b) observed that unsuccessful projects have a funding goal four times as large as successful projects but receive less than half of the amount contributed to successful projects.

**Research finding 2:** Increasing funding goal size is negatively correlated with crowdfunding success.

**5.3 Timing of crowdfunding campaign launch**

No evidence was found that the starting day of the crowdfunding campaign has an impact on the success since the distribution of successful and unsuccessful projects is relatively similar. On the other hand, the highest number of donations could be found on Mondays and Tuesdays, decreasing in the course of the week (Beier & Wagner, 2014). In accordance with the latter, Kuppuswamy & Bayus (2015b) argued that crowdfunding projects are more likely to receive contributions on weekdays.
compared to weekends. An increasing activity could be found from Sunday to a peak on Wednesday and after that decreasing activity to its lowest point on Saturday. In addition, the blog Art of the Kickstart (2016) suggests that Wednesday is the most successful day of the week, whereas Sunday is the least popular day for contributing to crowdfunding projects.

But Kim et al. (2015) found that potential donors arrive more on Fridays, Saturdays and Sundays than on other days. Moreover, crowdfunding projects that were started on Mondays or Tuesdays achieved between 40-45% of the funding goal within the first 10 days (Beier & Wagner, 2014). Nevertheless, the highest donation amounts could be collected on less frequented days such as Fridays and Saturdays. For unsuccessful projects it is not relevant when to start as 62% of all unsuccessful projects achieved less than 5% of the target sum (Beier & Wagner, 2014).

In addition, the exact time of the crowdfunding campaign launch might play a role. As Beier & Wagner (2014) found out, donations on weekdays are made noticeably earlier than on weekends with the first 20 donations between 6 – 7 a.m. Additionally, there are peaks between 9 -10 a.m. as well as 9 p.m. from Mondays to Thursdays. Art of the Kickstart (2016) suggests to launch a crowdfunding campaign between 12 – 2 p.m. because lunch time seems to be the time when most of the backers are active.

**Research finding 3:** Crowdfunding campaigns receive a higher number of contributions on weekdays compared to weekends.

**Research finding 4:** Crowdfunding campaigns collect the highest donation amounts on weekends.

**Research finding 5:** There are peaks where contributions occur more often than during other times of the day.
5.4 Funding stage

A study of Beier & Wagner (2014) showed that successful crowdfunding campaigns collect on average almost 10% of the funding goal on the first day. The unsuccessful campaigns are only able to collect not more than 2% on average. Therefore, it seems like the tendency whether a crowdfunding project will be successful or not can be seen after a short period of time. Colombo et al. (2015) found that early contributions are strongly associated with the final success of a crowdfunding project and both the number of early backers and the percentage of reached funding goal in the early stage are positive predictors of crowdfunding success. Stadler et al. (2015) confirmed these findings by demonstrating that crowdfunding campaigns, which had received more than 25% of funding in the early stage (first 7 days after campaign launch) of the campaign duration, had a significant higher success probability than campaigns that had not achieved this goal. The impact of the early and the late stage was thereby more important for all-or-nothing crowdfunding than for the keep-it-all crowdfunding (Stadler et al., 2015). Furthermore, they could detect a significantly higher funding volume per time in the early and late stage of the campaign duration compared to the middle stage of the campaign duration. These findings are also supported by Kuppuswamy & Bayus (2015b) who claimed that potential backers are more likely to contribute to a crowdfunding project in the first and the last week of the campaign duration compared to the middle period of the duration. This U-shaped pattern of contributions is pervasive across successful and unsuccessful projects, those with large and small funding goals and among projects in different categories (Kuppuswamy & Bayus, 2015b). Additionally, these findings are confirmed by actual data from Kickstarter as shown in Figure 3, where the previously mentioned U-shaped pattern is illustrated. This graph represents every pledge ever made on Kickstarter in relation to when in the campaign duration it occurred (Strickler, 2011). Strickler explained this pattern with the excitement of the most fervent fans at the beginning of the campaign duration who contribute in order to show their support. As the deadline approaches, potential investors, who have been procrastinating, finally take the action, whereas in the middle stage support slows down. This might be due to the missing excitement of the new or the missing looming deadline to call for action (Strickler, 2011).
Research finding 6: Crowdfunding projects that have received early funding have a higher success probability than projects, which have not.

Possible reasons for the failure of not raising early funds are insufficient marketing efforts, an unattractive project or a lack of the so-called “social proof” (Beier & Wagner, 2014), which basically describes the phenomenon of people behaving in ways that they see others behave, meaning that people engage in crowdfunding when they see other people doing it as well (Gerber et al., 2012). Cordova et al. (2015) gave a similar explanation for their results showing that the higher the amount, which each of the investors contributed and the higher the number of funders, the more likely the project will succeed as this could be seen as a sign of higher quality for new potential investors.
On the other hand, Crosetto & Regner (2014) argued that crowdfunding success tends to come at a relatively late stage of the project duration. According to their study, the majority of projects that eventually get funded (approximately 60%) were not on a successful track (based on the percentage of their funding goal they achieved divided by the campaign duration) when already two thirds of the campaign duration had passed. But among the 280 investigated projects that were on track in the middle period, 265 projects reached their funding goal in the end, showing that success probability is very high if a crowdfunding project is on track. However, their results also indicate that 25% of all pledges were made within the first 10 days of the campaign duration (with an average campaign duration of 60 days). The spike towards the end of the project is due to projects that could already be successfully funded and not in order to make still unfunded projects succeed. In other words, approximately 19% of all pledges were made when the funding goal was already reached, basically due to pre-selling (Crosetto & Regner, 2014). Contradicting, Kuppuswamy & Bayus (2015b) argued that contribution probability to a crowdfunding project decreases once it has reached its goal.

Considering opportunity costs, investors are often reluctant to projects with a low funding success probability (Li & Duan, 2014). Therefore, investors are more likely to invest in a project that has already reached a critical mass of funding in a timely manner (positive network externalities). When only little time is left to achieve the funding goal, investors are less likely to back that project as the perceived success probability of the crowdfunding campaign decreases as well (negative time effect). If the negative time effect exceeds the positive network externalities, investors become less likely to contribute in later periods. If it is vice versa (the positive network externalities exceed the negative time effect), investors are more likely to contribute in later periods. These findings suggest the existence of a critical mass for crowdfunding campaigns (Li & Duan, 2014). Kuppuswamy & Bayus (2015b) also found positive effects linked to how much has already been pledged. In other words, as the funding goal gets closer to be reached, project support increases. In accordance with these findings, Kim et al. (2015) showed that the funding stage plays an important role in crowdfunding campaign success as potential donors are more likely to contribute to
projects, which are already close to achieve their funding goals. This is probably also
due to the fact that updates are more likely to be posted during the first week and the
last days of campaign duration as compared to the middle period of the crowdfunding
campaign and project initiators tend to post updates as their project nears its goal
(Kuppuswamy & Bayus, 2015b).

Agrawal et al. (2011) documented that the investor’s propensity to contribute to a
crowdfunding project increases as the crowdfunding campaign initiator accumulates
capital for distant investors. However, local investors do not follow this pattern. This
difference can be explained by a certain type of investor that can be classified as
“Friends and Family” (Agrawal et al., 2011). Nevertheless, both local and distant
investors show similar behavior, conditional on “Friends and Family”: Non-“Family
and Friends” investors, both local and distant, increase their propensity to invest as the
crowdfunding campaign initiator accumulates capital whereas “Family and Friends”
investors tend to invest early in the funding stage. As a consequence, there is no
systematic difference between local and distant investors, except to the extent that
“Friends and Family” are disproportionally local (Agrawal et al., 2011). Kuppuswamy
& Bayus (2015b) supports these results claiming that family members tend to
contribute in the first week of the crowdfunding campaign and just before it ends.

Contradicting with the results of Li & Duan (2014), Burtch et al. (2013a) found a
partial “crowding-out effect”, where contributors become less likely to contribute to a
popular project, as additional donations are less important to the recipient. As
investors observe other contributors donating more frequently, the amount they
intended to contribute falls (Burtch et al., 2013a). The authors claim that this effect
can be explained by the anonymity of contributors since they use user names or
pseudonyms and are not connected to each other through a social network, neither
could a contributor obtain much of a reputational gain from the contribution.

**Research finding 7: Crowdfunding projects that have already reached a critical
mass and are close to their funding goals are more likely to succeed.**
### 5.5 Updates

Crowdfunding project initiators are asked to post information, called updates, regarding their projects during and after the crowdfunding campaign (Mollick, 2014). Project updates are the main tool for communication between project initiator and backer. They are sent to backers’ email addresses and are also displayed on the project page. Reminding existing backers to increase their advertising effort, updates can have an indirect advertising effect (Qiu, 2013).

Balboni et al. (2014), Crosetto & Regner (2014), Joenssen et al. (2014), Koch & Siering (2015), Kuppuswamy & Bayus (2015b), Schulte et al. (2014), Xiao et al. (2014) and Xu et al. (2014) found out that an increased amount of project updates positively influences the project success. According to Joenssen et al. (2014), adding one meaningful update can increase the probability of a successful crowdfunding by 7%. In a study of Antonenko et al. (2014) all high performing crowdfunding projects posted status updates, such as videos and photos, to inform their backers about the progress. Furthermore, project updates in the final week of the crowdfunding campaign led to a higher uptake of backers and pledges compared to project updates in earlier funding stages (Qiu, 2013). However, updates within the first days of launch also need to be taken into consideration, as Mollick (2014) detected a 13% decrease in the chance of success for a lack of early updates. Li & Duan (2014) suggest that it is more effective to advertise in early periods of the crowdfunding campaign. According to their study, this result is due to the direct and indirect effect of the so-called “seeding”. Firstly, seeding informs a larger number of potential backers and therefore more contributions, which is the direct effect. Secondly, once a critical mass of funding is reached, investor’s expectations on the prospect of the project improve and therefore increase their backing propensity, which is the indirect effect (Li & Duan, 2014). However, as shown by Crosetto & Regner (2014) crowdfunding projects can get boosted at virtually any point of time.

A study of Cordova et al. (2015) came to a contradicting result as the above. They found that a higher number of updates does not give investors a reason to pledge more money and therefore has no positive effect on crowdfunding success.
However, famous crowdfunding platforms like Indiegogo.com highly recommend to update the crowdfunding campaign in order to keep the backers up to date with the progress. According to Yeh (2015), successful campaigns post at least four campaign updates.

![Figure 6: Campaign Updates (Yeh, 2015).](image)

**Research finding 8:** The number of updates is positively correlated with crowdfunding success.

### 5.6 Quality indicators

Unsurprisingly, the expected quality of a crowdfunding project has a positive impact on the expected probability of success (Hobbs et al., 2016; Kim et al., 2015). After reviewing the existing literature, several indicators that can be seen as a sign of quality and might have an impact on the crowdfunding project success could be identified and are as follows:

#### 5.6.1 Number of backers

The number of backers is not seen as a signal of project quality for potential investors according to Kim et al. (2015). On the other hand, Cordova et al. (2015)
found that the higher the amount, which each of the investors contributed and the higher the number of funders, the more likely the project will succeed as this could be seen as a sign of higher quality for new potential investors. Furthermore, Colombo et al. (2015) found that the number of early backers is a positive predictor of crowdfunding success. Hobbs et al. (2016) suggest that the number of backers should be equal to approximately 1% or 2% of the funding goal. For example, a funding goal of US$ 4,000 would require 40 – 80 backers in order to reach this goal.

**Research finding 9: The number of backers is positively correlated with crowdfunding success.**

### 5.6.2 Initiator experience

Initiator experience refers to the extent to which the initiators of the crowdfunding campaign have the relevant experience and skills to perform the crowdfunding project related tasks. In crowdfunding, projects with high initiator experiences, especially with successfully completed campaigns in the past, are more likely to be successfully funded (Zheng et al., 2014). Additionally, Mollick (2013) found evidence that crowdfunding campaign initiators who have successfully run crowdfunding projects are more likely to be crowdfunded.

However, Kim et al. (2015) argues that the number of previous projects backed and created by the project creator seems to lower the expected quality of a project, which indicates that investors prefer first time creators. Posegga et al. (2015) also came to the conclusion that experienced project creators are not more likely to be supported by other project initiators than are inexperienced project initiators. Marom & Sade (2013) showed that being a serial entrepreneur who already had a successful crowdfunding project on Kickstarter does not increase the success probability compared with novice entrepreneurs, which may be related to the level of new goal that is usually set higher due to the past success. But if the previous crowdfunding project failed, a 50% drop in success probability occurred (Marom & Sade, 2013). Koch & Siering (2015) did not find any influence of the number of crowdfunding campaigns that the initiators had previously started.
Research finding 10: Initiator experience in crowdfunding is not a predictor of crowdfunding success.

5.6.3 Social media mentions

Mentions on Twitter have a significant, but small positive influence on attracting new pledges and backers (Qiu, 2013). Facebook postings are twice as effective as tweets (Li & Duan, 2014), but Balboni et al. (2014) claimed that a presence on Facebook and the “likes” for the crowdfunding campaign seem to be less relevant, probably because it does not allow to discriminate engaged backers from people who only support the project. However, Hobbs et al. (2016) detected a higher number of Facebook shares for successful campaigns than for unsuccessful campaigns, so there might be a connection and Thies et al. (2014) found that especially Facebook shares positively influences the success of crowdfunding campaigns. Additionally, Mollick (2013) found that mentions by journalists or in blogs also increase the success chances of crowdfunding projects.

Research finding 11: Social media mentions such as in Facebook or Twitter are positively correlated with crowdfunding success.

5.6.4 Social network size

The size of social networks, such as the number of Facebook friends, has been found to have a positive relationship with crowdfunding campaign success, basically because of two reasons: Firstly, it can increase the attention to the project and secondly, a larger social network can be a signal for credibility and legitimacy to a potential backer (Burtch et al., 2013b). Large networks are associated with successful crowdfunding, but having no Facebook account is better than having only a few online connections (Mollick, 2014; Mollick, 2013). Balboni et al. (2014) showed a positive relationship between the crowdfunding initiators’ Twitter followers and the funding success.
Koch & Siering (2015) on the other hand showed that the number of Facebook friends of the crowdfunding initiator does not have an influence on the project’s success. Belleflamme et al. (2013) could not find a positive impact of the use of social networks on the amount of funds raised.

_Research finding 12: The size of social networks (Facebook friends) is positively correlated to crowdfunding success._

### 5.6.5 Crowdfunding platform mentions

Being featured by the crowdfunding platform has a significant positive influence on attracting new pledges and backers (Mollick, 2014; Xiao et al., 2014; Qiu, 2013).

_Research finding 13: Being featured by the crowdfunding platform is positively correlated with crowdfunding success._

### 5.6.6 Images

Crosetto & Regner (2014) and Koch & Siering (2015) found that the number of images is positively correlated with crowdfunding success. Furthermore, Cumming et al. (2014) showed that successful campaigns tend to provide more pictures than unsuccessful campaigns. In contrast, Joenssen et al. (2014) found that the provision of more images presenting the crowdfunding project does not increase the project success probability.

_Research finding 14: The number of images is positively correlated with crowdfunding success._

### 5.6.7 Video

Videos introducing the crowdfunding project are associated with higher quality projects (Greenberg & Mollick, 2014). Including a video, presenting the crowdfunding project increases the likelihood of success (Koch & Siering, 2015; Marom & Sade, 2013; Mollick, 2014; Mollick, 2013). Xiao et al. (2014) as well as
Crosetto & Regner (2014) found that the number of videos is also positively correlated with crowdfunding success. Cumming et al. (2014) showed that successful campaigns tend to provide more video pitches than unsuccessful campaigns. Moreover, leading crowdfunding platforms like Indiegogo.com suggest pitching a video since it raises four times more funds than campaigns without a video pitch (Yeh, 2015).

![Figure 7: Pitch Video (Yeh, 2015).](image)

On the other hand, Cordova et al. (2015) could not find a positive relationship between video pitch and project success and Frydrych et al. (2014) argued that a video pitch has become a standard and is no predictor of crowdfunding success.

*Research finding 15: Including a video in the crowdfunding project description is positively correlated with crowdfunding success.*

*Research finding 16: The number of videos is positively correlated with crowdfunding success.*

5.6.8 Unique project website

A unique project website does not have an effect on the success probability.
Research finding 17: A unique project website is not a predictor of crowdfunding success.

5.6.9 Close estimated delivery date
A close estimated delivery date of the reward has a positive effect on the project success (Joenssen et al., 2014).

Research finding 18: A close estimated delivery date is positively correlated with crowdfunding success.

5.6.10 Spelling errors
Since spelling errors might be a signal of unpreparedness and lower quality, they are associated with a lower probability of crowdfunding campaign success (Mollick, 2014).

Research finding 19: Spelling errors are negatively correlated with crowdfunding success.

5.6.11 Patents
Marom & Sade (2013) found that holding a patent for a technology crowdfunding project does not increase the chances of success, possibly due to the fact that the funding goals were much higher in this case. However, the number of investors was significantly higher when a patent was mentioned.

Research finding 20: Patents are not a predictor of crowdfunding success.

5.6.12 Category
Crowdfunding projects from the artistic category are significantly more likely to reach their funding goal compared to technology projects, while the success chances of gaming projects are situated in between the two other categories. These
results can be partially explained by the higher funding goal for projects from the technology category. However, the number of investors is significantly higher for this category (Marom & Sade, 2013). Actual data from Kickstarter confirms these findings: As of October 2016, the categories with the highest success rates are “Dance” (62%) and “Theater” (60%) and both artificial categories, while “Technology” has the lowest success rate of all categories with only 19% (Kickstarter, 2016c).

**Research finding 21: Certain crowdfunding categories are more successful than others.**

### 5.7 Gender specific differences in crowdfunding

Economic and social arrangements in markets and organizations have been shown to disadvantage women in many different business outcomes such as hiring, performance evaluations, rewards and promotion in the labor market or financial support in the capital market. The market disadvantages, women experience compared to men with similar skills and experience, have been resulting in less funding and mentorship for female entrepreneurs (Gorbatai & Nelson, 2015).

However, many existing studies have shown that women are more successful than men in raising capital through crowdfunding. Thus, crowdfunding might be an exception compared to other traditional funding forms. Furthermore, Marom et al. (2016) detected a significantly higher participation level of female investors (44%) compared to angel investment (22%) or venture capital (6%) on Kickstarter.

Gorbatai & Nelson (2015) investigated the linguistic differences between men and women and their effects on the crowdfunding success. They found out that the gender specific language of women leads to a reversal in gender inequality and has a positive impact on fundraising outcomes. Women use comparably less business language than male entrepreneurs and are more likely to use language related to positive emotion, which leads to a better performance in crowdfunding campaigns than men. Projects
founded only by a woman (or women) have 40% greater odds of a successful fundraising (Greenberg & Mollick, 2014), which is in accordance with the results of Frydrych et al. (2014), who detected a higher success rate for projects created by females than by males. In the study of Marom et al. (2016) women also had higher success rates than men, even though men raised more capital than women on average. Moreover, females sought less funding than males. It seems like women and men are also subject to different motives with regard to investing in crowdfunding projects. While more than half of the men contributed for the reward they would receive, only 30% of the female investors participated due to this motivation. Finally, Colombo et al. (2015) detected lower success rates for individuals who were male than for companies or females.

Merely one study did not find a gender bias related to crowdfunding success (Mollick, 2013).

**Research finding 22: Crowdfunding projects that are created by female initiators are more successful than projects created by men.**

According to the study of Greenberg & Mollick (2014), individuals are more likely to support those whom they perceive to be like them, which is supported for both genders. Furthermore, women tend to support someone of the same gender. This finding is mediated by the supporter’s belief that this person faces constraints related to their common gender coupled with a belief that it is important to see such individuals overcome it. The same result could not be found for men. In accordance with these results, the more the female is dominant in the project, the share of female investors rises (Marom et al., 2016). In another study, conducted by Posegga et al. (2015), female project creators were less likely to support other project creators than male project creators and were more likely to receive support than male project creators as well. On the other hand, there was no evidence found supporting homophobic behavior, since neither female nor male project creators were more likely to support creators from the same gender.
Research finding 23: Female investors tend to support crowdfunding project creators of the same gender.

The study of Greenberg & Mollick (2014) also surprisingly revealed that women were more likely to have a crowdfunding campaign successfully funded in an industry category in which they are traditionally underrepresented as both funders and founders (e.g. technology), which is in contradiction to the findings of Marom et al. (2016): They came to the conclusion that women were more successful in categories, where they had a higher than-average-share compared to other categories. Since these results are both contradicting, no general conclusion can be drawn.

The following chart summarizes the research findings from the literature review.

<table>
<thead>
<tr>
<th>Research findings</th>
<th>Impact on crowdfunding success</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>Campaign duration</td>
<td></td>
</tr>
<tr>
<td>Funding goal</td>
<td></td>
</tr>
<tr>
<td>Higher number of contributions on weekdays than on weekends</td>
<td></td>
</tr>
<tr>
<td>Highest donation amounts collected on weekends</td>
<td></td>
</tr>
<tr>
<td>Peaks where contributions occur more often than during other times of the day</td>
<td></td>
</tr>
<tr>
<td>Early funding</td>
<td>✓</td>
</tr>
<tr>
<td>Project has reached critical mass of funding and is close to reach its funding goal</td>
<td>✓</td>
</tr>
<tr>
<td>Number of updates</td>
<td>✓</td>
</tr>
<tr>
<td>Number of backers</td>
<td>✓</td>
</tr>
<tr>
<td>Initiator experience</td>
<td></td>
</tr>
<tr>
<td>Social media mentions</td>
<td>✓</td>
</tr>
<tr>
<td>Social network size (Facebook friends)</td>
<td>✓</td>
</tr>
<tr>
<td>Crowdfunding platform mentions</td>
<td>✓</td>
</tr>
</tbody>
</table>
CHAPTER VI  METHODOLOGY

Down to the present day, there is practically no literature existing regarding crowdfunding success factors in Thailand. However, potential data for an analysis does exist, wherefore a descriptive research design was chosen for this study. With regard to the previous chapter, the existing research findings will be investigated relating to crowdfunding in Thailand. The goal of this study is therefore to ascertain different factors that do have an impact on the success or failure of crowdfunding campaigns in Thailand.

6.1 Data sourcing

Although the popularity of crowdfunding in Asia is significantly increasing, there is still a lack of crowdfunding platforms in Thailand. After thorough research, seven different crowdfunding platforms in Thailand could be identified: www.asiola.co.th; www.taejai.com; www.dreamaker.co.th; www.dreamakerequity.com; www.meefund.com; https://social.sinwattana.com;
www.crowdemy.org. Out of these seven crowdfunding platforms, merely one was chosen to be applicable for further investigations (www.asiola.co.th). The other ones were not suitable, either due to the type of crowdfunding they offer, which was not reward-based, or due to the lack of number of projects in order to receive an appropriate sample size for further analyses. However, after contacting the operators of the platform, it turned out that asiola.co.th has only had less than one hundred crowdfunding projects in total wherefore an appropriate sample size for investigations could not be obtained either. As a result, the world’s largest crowdfunding platform www.kickstarter.com, based in the United States, was considered as an adequate source for data collection. As of October 2016, there have been far more than three hundred thousand crowdfunding campaigns launched on Kickstarter worldwide (Kickstarter, 2016c). Furthermore, the website design of www.kickstarter.com allows to search for crowdfunding projects by certain criteria such as the location and category among others. Therefore, projects can be distinguished and explicitly allocated to Thailand. Furthermore, a lot of project related information is publicly available, even for expired crowdfunding campaigns, which implies that it is theoretically possible to search for any project that has ever been published on Kickstarter.

6.2 Sample size

As of October 2016, data of 207 Kickstarter projects from Thailand is available on the website. Out of those, 28 projects were cancelled before the campaign actually ended and 5 were still running during the data collection and therefore not considered for the data analysis. Finally, a total sample size of 174 projects remained and will be used for the analysis. The total sample size consists of 107 failed and 67 successful crowdfunding campaigns. This sample size is promising and a reasonable number to obtain statistically significant results.
6.3 Analysis method

The following variables for each project can be extracted from the Kickstarter website and will be collected manually and finally used for the data analysis:

- Year of campaign launch
- Category
- Campaign duration in days
- Funding goal in US$
- Funding received in US$
- Campaign outcome
- Funding rate
- Number of updates
- Number of backers
- Video existence
- Number of videos
- Number of pictures
- Initiator characteristics (Single vs. Team)
- Initiator experience (First time initiator vs. Experienced initiator)
- Gender of initiator
- Facebook friends

For the data analysis a linear regression will be used, respectively a logistic regression for the binary variables. The dependent variable for the linear regression is thereby the funding rate, while the dependent variable for the logistic regression is the campaign outcome. The regressions will be run with the statistics and analytics software SPSS.
CHAPTER VII  RESULTS

In addition to the regression analyses and in order to receive more reliable results, different approaches, consisting of general data analysis, a correlation matrix, a t-test and a qualitative analysis will be conducted to get results from different perspectives. Before discussing the results of the data analysis, several assumptions and procedures need to be explained:

- Foreign currencies were converted to US$ at the current market price.

- If more than one picture was contained in one file, it was counted as a single picture. Pictures were only counted separately if they were distinguishable files.

- If a project initiator had created more than one project, he was only considered as a first-time initiator for his first project.

- Updates were only counted if they occurred before the campaign end.

- Linking the initiator’s Facebook account to the Kickstarter campaign is not compulsory and was therefore not always accessible.

- Crowdfunding projects on Kickstarter are classified into 15 different categories with 150 subcategories. Therefore, similar categories were pooled together in order to conduct a regression analysis, suitable with the sample size of the data.
7.1 Data description and general findings

7.1.1 Funding goal

The funding goal had an extremely widespread range from 50 US$ to 1,110,000 US$. Thus, the mean is also high with approximately 31,000 US$ per project but the extremely high standard deviation of almost 105,000 US$ suggests that this value is biased due to some projects asking for an abnormally high funding goal. A more reliable measurement detects that 51% had a funding goal of 5,000 US$ or less and almost 72% of all projects had a funding goal of 10,000 US$ or less. 5,000 US$ (16 times) and 10,000 US$ (10 times) were thereby also the most common funding goals. However, almost 10% of all projects asked for a funding goal of at least 50,000 US$.

While the highest achieved funding goal was 166,000 US$, the average project received only 6,500 US$. Comparing the means of funding goal and funding received suggests that crowdfunding campaign initiators tended to ask for unrealistic funding goals, which led to a higher number of failed projects than successful projects.

7.1.2 Funding received

The most occurring frequency of funding received was 0 US$ with 19 occurrences, accounting for approximately 11% of all projects. There is also evidence that most of the projects performed quite poor as 30% of the campaigns were not able to collect more than 80 US$ and 50% collected less than 764 US$. However, interpreting the results from the other angle, 50% were consequently able to collect more than this amount and 20% of all projects collected even more than 6,296 US$, while 10% reached at goal of at least 15,000 US$. There were also a few outstanding successful projects with a received funding more than 50,000 US$ accounting for 2.3% of all projects. It seems as there were many poor projects existing compared to high performers on the other side. Noticeably, there were not many projects in the middle range.
### 7.1.3 Funding rate

Among the 174 investigated projects, 19 did not receive any funding at all, which is also the most frequent occurring value. In other words, 11% of all projects could not attract one single backer. Exactly 50% of the projects collected only 13.5% or less of their funding goal, suggesting that half of the projects was not attractive at all for potential investors. 61.5% of all projects failed to collect their funding goal, consequently 38.5% of the projects succeeded, which is slightly higher than the average success rate of Kickstarter, which is 35.8% as of November 2016 (Kickstarter 2016c). Remarkably, the highest funding rate of a failed project was 65%. There was no other project that got any closer to its funding goal, supporting the findings of Mollick (2014) who found that projects generally succeed by small margins or fail by large ones. In consistency with this statement, 15% of all projects had funding rates in the range of 100%-116%, which indicates that a majority of projects succeeded only by very small margins. Considering only the 67 successful projects, this number accounts for 43.3% of all successful projects clearly confirming Mollick’s findings. It is also noteworthy that 10% of all projects have received 200% or more of their total funding goal. This is almost the same number as the ones that did not receive any funding at all. The highest funding rate accounted for 3,330%.
7.1.4 Year

Kickstarter was founded in 2009 and within the first 2 years after the website went online, only one campaign per year was launched in Thailand. Since 2011 crowdfunding has increasingly grown in popularity with a small disruption in 2013. In 2015, crowdfunding reached its peak in Thailand with 59 campaigns accounting for 34% of all crowdfunding projects ever created in Thailand. As the data was collected, the year 2016 was still ongoing, wherefore the comparatively small number of projects compared to the previous year seems to be reasonable. It is very likely to be much higher by the end of the year. These findings confirm the trend discussed in chapter 3.2, where an expected increase of crowdfunding transaction value until 2020 with an annual growth rate of approximately 53% was predicted (Statista, 2015).

![Crowdfunding projects per year](chart)

Figure 9: Crowdfunding projects per year (Author’s own chart)

7.1.5 Campaign duration

The campaign duration of the 174 analyzed crowdfunding campaigns ranged from 1 – 90 days. However, it needs to be mentioned that Kickstarter dropped the option for 90 days duration in 2011 (Strickler, 2011), wherefore the maximum length became 60 days afterwards. The predominant campaign duration was 30 days (70 times) followed by 60 days (20 times). The average campaign lasted 35.3 days and
is therefore still in the recommended range by crowdfunding platforms themselves as stated in chapter 5, which is 30 – 39 days (Yeh, 2015). The data also shows that crowdfunding campaign initiators tend to set rather a longer than average duration than a shorter than average duration: While only 19.5% of the projects had a duration less than 30 days, 40.2% chose exactly 30 days and 40.2% chose a longer duration. Despite the recommendations of Yeh (2015) and also the findings of several studies illustrated in chapter 5.1, there seems to be still the misleading assumption that a longer campaign duration leads to more attention and success, even though the opposite effect has been proven to be true (Cumming et al., 2014; Crosetto & Regner, 2014; Frydrych et al., 2014; Joenssen et al., 2014; Kuppuswamy & Bayus, 2015b; Mollick, 2014; Ward & Ramachandran, 2010). This observation is quite surprising as Kickstarter itself recommends a crowdfunding campaign duration of 30 days or less on their website (Kickstarter, 2016b). 11.5% of all projects had the longest possible duration of 60 days. If the previous duration maximum of 90 days is considered as well then this number accounts for even 13.2%.

7.1.6 Number of updates

Based on the recommendations made by Yeh (2015), successful crowdfunding campaigns post at least 4 campaign updates on average. Within this dataset, the average accounts just for 2.3 updates per project and is therefore almost half as much as the recommendation suggests. Only 22.4% acted according to the recommendation and posted at least 4 updates during the whole cycle of the crowdfunding campaign. As it can be seen from Figure 10, the majority of project initiators did not provide any updates at all (44%). In view of the fact that updates are the main communication tool for campaign initiators with their backers, it seems to be very careless to ignore such an option, especially with regard to attracting new backers who want to know what the current status of the campaign is. At least, 27.5% of all projects published 1 or 2 updates.
7.1.7 Number of backers

Regarding the number of backers, the range is widespread and the standard deviation is very high as well. Nevertheless, the most common frequencies could be found between 0 and 5 backers, accounting for 38% of all projects. Of those 38% of projects that fell into this range, 56% had only 0 or 1 backer (21% of total number of projects). On the other hand, 50% of all projects had more than 13 backers. 4 projects (1.7%) were able to collect funds from more than 1,000 backers.

7.1.8 Video existence and number of videos

On average, projects provided almost exactly one video, which is also highly recommended by leading crowdfunding platforms and sometimes even seen as a standard. But as it can be concluded from Figure 11, it is also quite common not to include a video in the project description, as 27% of the campaign initiators did. Together, having 0 or 1 video accounts for 86% of all projects. One single project had the highest number of videos (9).
Figures 11: Number of videos frequency (Author’s own chart)

7.1.9 Number of images

Images were even more popular than videos. The average is 6.5 pictures per project, but there were also projects that could reach the maximum of 43 pictures in the project description. Nevertheless, 46.6% did not provide any picture in the project description. The distribution of the frequencies between 1 and 43 pictures is very balanced and has no abnormal outliers.

7.1.10 Initiator characteristics

The majority of projects was initiated by single persons compared to teams, as it can be concluded from the following chart:
7.1.11 Initiator experience

Most of the analyzed crowdfunding campaigns were initiated by first-time creators. Only 17% of the initiators have already had experience in creating a crowdfunding campaign.
7.1.12 Gender of initiator

As in other traditional financing models like banks or venture capital, the share of males was significantly higher than the share of female crowdfunding campaign initiators. 55% of all crowdfunding projects were launched by a single male initiator. Single female initiators accounted only for 20%. However, this is almost the same number as for mixed teams (25%).

Figure 14: Gender of initiators (Author’s own chart)

7.1.13 Facebook friends

Due to the fact that the project initiators did not always connect their Facebook account with Kickstarter, the number of Facebook friends was merely accessible in approximately half of the investigated project. Reliable conclusions could not be drawn and the variable was not taken into consideration for further analyses.

7.1.14 Category

Projects were classified into three different categories: Fashion, which implies categories such as apparel and clothing; Design, which also implies categories such as product design or architecture. And film, video & photography, which implies categories such as photo books and documentaries. In order to conduct a regression analysis and due to the lack of number of crowdfunding campaigns in Thailand, the
categories Fashion and Design were finally pooled together. Film & photography is Kickstarter’s most common category worldwide. In this data analysis, even photography projects were included in this category. However, it is only ranked 2nd behind design. Crowdfunding campaigns from the design category on the other hand seem to be more important in Thailand than in other countries, as it is only ranked 7 out of 15 categories in Kickstarter’s transnational statistics (Kickstarter, 2016c).

Figure 15: Category of crowdfunding campaigns (Author’s own chart)

7.2 Correlation of variables

For the data analysis a correlation matrix was created. Pearson’s correlation coefficient is a statistical measure of the strength of a linear association between pairs of variables. The correlation coefficient can either be negative or positive and embrace any value from -1 to +1. The correlation matrix can be found in the appendix.

7.2.1 Variable correlation with crowdfunding success

The following figure shows the variables that were found to have a positive or negative correlation with the success of the investigated crowdfunding campaigns.
As many researchers have found out already, in this analysis the funding goal was also negatively correlated with the success of the crowdfunding campaign, but had no significant impact on funding received and funding rate. Additionally, there was a positive relationship between funding goal and year. The more recent campaigns seem to have higher funding goals. In accordance with this finding, the year also had a negative correlation with success. Thus, it is assumed that the more recent campaigns obviously asked for higher funding goals than campaigns in previous years and therefore, they were less successful since it seems to be quite unlikely that only the year could have an impact on the campaign outcome. Another factor that might have led to the poorer performance of more recent campaigns than previous ones is the fact that they were less likely to provide a video in the project description, which is often seen as the most important source of information for potential backers and has been proven to have an impact on the success of crowdfunding projects. As illustrated in Figure 16, providing a video is positively correlated with crowdfunding success as well.
Additionally, recent campaigns provided less updates than older ones but more images. Due to the negative correlation of year and success, it seems to be likely that the effect of providing less updates had a stronger effect on success outcome than providing more images. In the existing literature, updates have also been proven to positively influence the campaign outcome. The number of updates had a positive moderate correlation with the funding rate, funding received and as well as with the success of the crowdfunding campaign. However, imaging that each update increases the success chances of a crowdfunding campaign by 35-45% seems to be a bit high. It can be assumed that the relationship is not linear and updates lose their effect when a certain number of updates is reached. With regard to this finding, further analysis will be conducted in the regression analysis in the next chapter.

Projects with higher funding goals tended to be more likely to not include a video. While reading through the analyzed campaigns, many of the ones with an unusually high funding goal did not provide any videos or other project related information. Possibly, they were rather created for fun and without serious intentions than thoroughly considered. In conclusion, the more recent crowdfunding campaigns provided less updates, asked for higher funding goals and were less likely to include a video in the project description. As shown in Figure 16, all these factors did have a correlation with crowdfunding success and probably caused the poor performance of projects from the more recent years. Even though updates had the strongest correlation with crowdfunding success, it is still not clear which variable was the strongest driver that led to the failure of those projects, because a correlation does not measure the impact of different independent variables simultaneously. The number of backers is highly positively correlated with funding rate and funding received with a significant level of less than 0.01 and has a low correlation with success as well. This fact is not really surprising because usually the more backers a project has, the higher the funds that can be collected. However, the causality remains unclear. If an increasing number of backers occurs, due to the previously explained social proof, then the number of backers would influence the success probability. On the other hand, successful projects tend to have more backers because this is what makes them succeed finally. In contradiction to most of the existing studies, it seems to be an advantage to have
experience in launching a crowdfunding campaign, which is indicated by the positive correlation of initiator experience and crowdfunding success. Although teams seem to be more successful than singles, the vast majority of crowdfunding campaign initiators consisted only of a single person (68%) as shown before.

Unlike the results from the literature review, genders as well as the campaign duration do not seem to have an impact neither on funding received, funding rate nor on the success probability.

7.2.2 Other variables with high correlation

All pairs of variables that were at least significant at the 0.05 level and had a Pearson correlation coefficient of at least $r \geq 0.75$ or $r \leq -0.75$ are considered as highly correlated.

Mixed gender and team had a Pearson correlation coefficient of 0.816 at a very high significance level. In other words, if a team of crowdfunding campaign initiators exists, it is mostly a team consisting of both males and females.

7.2.3 Other variables with moderate correlation

All pairs of variables that were at least significant at the 0.05 level and had a Pearson correlation coefficient of $0.25 \leq r \leq 0.75$ or $-0.25 \geq r \geq -0.75$ are considered as moderately correlated.

A positive correlation of number of updates and number of backers was found, whereby the causality is not clear. It is either possible that a higher number of updates led to more backers, but also possible that an increasing number of backers encouraged the initiators to post more updates in order to keep them informed. However, the former seems to be more logical. Number of updates was also highly significant, positively correlated with the number of images and the initiator experience. This seems to be reasonable, because updates can be made in form of images. Furthermore, experienced initiators might know of the importance of updates.
The number of backers was additionally positively correlated with the number of images, wherefore a well explained project description with lots of images might increase the chances of additional backer support. However, the same effect could not be found for the number of videos. Number of backers and initiator experience were also positively correlated, which might be an indicator that backers rather support experienced crowdfunding campaign initiators than first time creators.

The number of videos was positively correlated with the number of images and it is reasonable since both of the variables are visual means of expression. Due to the positive correlation of number of videos and teams/mixed gender respectively the negative correlation of number of videos and male project initiators, it is very likely that the higher the share of females in the project initiator composition, the more likely is a higher number of videos in the project description. The same correlation could be found for images and team/mixed gender. As mentioned in chapter 5.7, women are more likely to use language related to positive emotion than business language. Videos and images could surely communicate positive emotions rather than business language, wherefore these findings appear to be consistent with the existing literature. However, as mentioned before, being a female project initiator was not found to increase the success probability of the crowdfunding project.

A bit confusing is the finding that projects from the film, video & photography category had a negative correlation with the number of images. Especially projects that contain photography should actually contain images in the project description since this is what the whole project is about.

### 7.2.4 Other variables with low correlation

All pairs of variables that were at least significant at the 0.05 level and had a Pearson correlation coefficient of $0.25 \geq r \geq -0.25$ are considered as lowly correlated.

Teams and number of updates had a positive correlation, probably due to the fact that teams usually consist also of females and they again are more likely to post videos or
images that could also be used as an update. The number of updates is furthermore negatively correlated with the year of the crowdfunding campaign launch. In the recent campaigns, less updates were provided.

7.3 T-Test between failed and successful crowdfunding campaigns

In order to analyze how successful crowdfunding campaigns differ from those that failed, a t-test was conducted. As mentioned and discussed before, more recent projects seem to be less likely to succeed due to different possible reasons. Moreover, the funding goal was significantly higher for failed projects than for those that succeeded on average (46,244 US$ vs. 6,452 US$). There was no correlation found between campaign success and campaign duration in the previous chapter. In accordance with that, the average campaign duration was exactly the same for failed and successful crowdfunding campaigns with 35 days. The successful campaigns provided 4.3 updates compared to only 1 update for the failed ones, which is consistent with the findings of Yeh (2015) who also detected 4 updates on average for successfully funded crowdfunding projects. Moreover, they provided more images on average, but only one video, which was similar for both failed and successful projects. Teams and experienced initiators were more successful than singles respectively first-time initiators. Single males initiators had the highest share of campaign initiators but a only 40% chance of success, while female’s success probability was higher than 50%. Mixed gender teams had the highest success rate. Lastly, 88% of all successful campaigns provided at least one video, which indicates that video existence does not necessarily increase the success probability but however, if it is not provided this might noticeably decrease the chances of reaching the funding goal.

7.4 Comparison of the most and the least successful projects

In order to receive additional information, what distinguishes extremely successful crowdfunding campaigns from extremely unsuccessful ones, the 10 most successful campaigns were compared with the 10 least successful campaigns based on their funding rates.
As it can be seen from the table, the majority of both successful and failed projects came from the design category. Like in the previous analyses, no evidence is found that crowdfunding campaigns from certain categories perform better than projects from other categories. The duration is almost similar for both kind of campaigns as it was also found out in the previous chapters. Apparently, the most successful projects had a comparatively really low funding goal compared to the weakest performing ones. Comparing the two medians of both groups, the least successful projects had a funding goal, which was 30 times as high as the funding goal of the successful crowdfunding campaigns. When comparing the average values of both groups, the funding goals were still 20 times higher for the weak performers than for the most successful campaigns. The successful projects could collect funds 8 times higher than their actual funding goal, while the failed ones did not collect any funds at all. The number of updates even exceeded the previously measured average of 4.3 updates for all successful projects with now even 5.2 updates. On average the successful projects provided almost exactly one video, while the failed ones only in 70% of the cases. The number of images was also significantly higher with 15.3 compared to 0. All of the extremely low performing projects were created by single persons, while 40% of the successful ones were team work. Surprisingly and contradicting with previous results, 80% of the failed campaigns were created by an experienced initiator. It seems like they did not learn from previous projects or if they had succeeded previously it might also be possible that they simply asked for a higher funding goal than before, due to their past success. Marom & Sade (2013) came to a similar conclusion and this would also partially explain the very high funding goals of these projects. Lastly, 40% of the successful projects were created by mixed gender, compared to 0% for the failed ones. Remarkable is the high share of 80% for men when the project had failed. This analysis combined with the findings in earlier chapters leads to the conclusion that
females are more successful in crowdfunding since they had higher success rates and also a much lower share in the extremely failed projects. A sample of three of the most successful crowdfunding projects can be found in Appendix B and a sample of three of the least successful crowdfunding projects in Appendix C in order to give the reader a better and clearer understanding how successful campaigns differ from those that failed.

7.5 Linear regression analysis

A linear regression analysis with the following variables was conducted in order to investigate whether they have an impact on the success of a crowdfunding campaign or not. To avoid the issue of a small number of outliers (for instance, the top funding rate was over 3,000%) disproportionately driving the results, a filter was set to screen out all projects with a funding rate of >=300%. Consequently, out of the 174 initial projects, 163 projects remained for the analysis.

**Dependent variable:** Funding rate

**Independent variables:** Year, campaign duration, number of updates, number of videos, number of images, funding goal, initiator=team, initiator=experienced, category= film, video & photography and gender=male

Out of the independent variables, only one was clearly significant at the 0.00 level, which was the number of updates. The number of updates was also shown to influence the outcome of crowdfunding campaigns in the previous sections of this work. Based on the results of this regression, each update increases the funding rate by 9%. However, as already mentioned earlier, it cannot be assumed that this number increases with any update, but only to a certain point when additional updates will not have an impact anymore. Although only marginally significant at a level of 0.08, the funding goal as well as the initiator experience seems to influence the campaign outcome, whereby an increasing funding goal lowers the success probability, even though only slightly, and initiator experience increases it. These findings are
consistent with the results of the correlation matrix. Additionally, most studies regarding crowdfunding have found a negative relationship between funding goal and project outcome. However, the impact of initiator experience on the success of the project is so small that it almost equals zero and can therefore be neglected for this regression analysis. Thus, the result is similar to the findings of Koch & Siering (2015) who could not find any impact of the initiator experience on the final success of the crowdfunding project.

7.6 Logistic regression analysis

For the logistic regression the same filter as for the linear regression was used. Therefore, the sample size of 163 projects remained the same. Out of these projects, 107 failed, while 56 succeeded.

*Dependent variable:* Campaign outcome

*Independent variables:* Year, campaign duration, number of updates, number of videos, number of images funding goal, initiator=team, initiator=experienced, category dummy, gender dummy 1 and gender dummy 2

The results from the logistic regression are in accordance with the results of the linear regression. In this regression the number of updates were also highly significant at the 0.00 level, now even increasing the success probability by 39% with each update. Additionally, the funding goal was also significant at the 0.01 level but again with only a really small impact on the project success probability. For the initiator experience, no significant results could be found in this regression analysis. The year of the crowdfunding campaign launch was marginally significant and decreases the success probability. As explained earlier in this work, there is no reasonable explanation why the year should have an impact on the campaign outcome. Other factors such as the lower number of updates in more recent campaigns are more likely to have caused this result.
CHAPTER VIII  CONCLUSIONS

8.1 Managerial implications

The purpose of this study was to find out which factors do have an impact on the success of crowdfunding campaigns in Thailand and whether the already investigated factors from the literature review also hold true for crowdfunding campaigns in Thailand. Several methods were applied in order to gain insights from different perspectives and with different approaches to achieve more precise and reliable results. Many of the existing findings could be confirmed, while others remain unclear or were not supported by the data in this work. Some could not be investigated due to the lack of information. However, there is a certain pattern observable that clearly distinguishes successful crowdfunding campaigns from failed ones. First of all, realistic goal setting turned out to be of high importance as it was proven to be relevant in the already existing literature, but within the scope of this study as well. Setting an unrealistically high funding goal deters potential supporters from making contributions. It is potentially a sign of lack of credibility. Kuppuswamy & Bayus (2015b) observed that unsuccessful projects have a funding goal four times as large as successful projects. In this study the weakest performing projects asked for goals that were even 20 times higher than the funding goals of the most successful projects. However, they were not able to collect a single dollar, while the most successful projects collected funds 8 times higher than their actual funding goal. Crowdfunding campaign initiators should therefore keep in mind that calculating all the project relevant costs is important, but needs to be reasonable as well. Investors seem to have a good feeling whether the funding goal is appropriate or not. If a project is promising and good, people will invest regardless of a low funding goal. A study of Crosetto & Regner (2014) revealed that people even donate when the funding goal has already been reached in order to purchase the final product. Therefore, a low funding goal is certainly not a limitation for collecting funds. With regard to these insights about the funding goal, crowdfunding platforms should also emphasize the importance of a realistic goal setting. Most of the existing platforms finance themselves by getting
commissions. Kickstarter and Indiegogo for example collect 5% of the total funds raised (Kickstarter, 2016d; Indiegogo, 2016b). If their users set too high goals, they will have a lower success probability as well and thus, the platforms will not earn any money either. Kickstarter suggests stretching goals, in case the old goal has already been reached (Kickstarter 2016a). However, there is no recommendation for the opposite case. An implementation of a maximum funding goal or at least a recommendation, based on an analysis of the huge existing dataset of Kickstarter, for example for different crowdfunding campaign categories, would be a possible solution in order to become more effective. The funding goals could still be stretched once they are fully reached.

In contradiction to previous studies, the campaign duration does not seem to play an important role for the success of crowdfunding campaigns. None of the used methods revealed a relation between the campaign duration and the project outcome. The majority of campaign initiators acted along the guidelines and recommendations of crowdfunding platforms that recommend a duration of roughly 30 days. Successful and failed projects had only slightly different campaign durations on average. Another dataset might deliver different results. Additionally, among the 10 most successful investigated projects, there was only one project with a longer duration than 34 days. Since Kickstarter also recommends a duration of 30 days or less (Kickstarter 2016b), it would make sense to eliminate the 60 days option and shorten the maximum campaign length. As it was shown, crowdfunding campaign initiators tend to set rather a longer than average campaign duration than a shorter than average one.

The number of updates was found to be the most significant factor regarding crowdfunding success, as it had the highest percentage of correlation with crowdfunding success and was also the most significant factor in both regression analyses. When comparing the most successful with the weakest crowdfunding campaigns, the impact of updates becomes quite obvious as the successful campaigns provided on average 5.2 updates compared to 0 for the failed ones. Therefore it is quite surprising that 44% of the investigated projects did not provide any update at all, although updating is an easy process, which does not take much time. Furthermore
crowdfunding platforms highly recommend to update the projects. Experienced crowdfunding campaign initiators seem to be aware of this as their positive correlation with the number of updates suggests. Therefore, it would possibly be useful for first-time initiators and in general to receive, for example, an update alert in the form of an email after every couple of days in order to be reminded to update their projects.

Initiator experience was positively correlated with crowdfunding success and also had a positive impact on success in the regression analysis, even thought it was very small. Additionally there were positive results in the t-test. The same could be found for teams compared to single campaign initiators. Apparently, experienced campaign initiators learn from their previous projects and are able to imply the knowledge they have gained in future projects. Teams seem to combine different characters with different skills in one project, making them more likely to cover all different aspects that need to be considered for a successful crowdfunding campaign. In contradiction to the results of the other analyses, 80% of the least successful projects were founded by experienced initiators, which might have to do with the extremely high goals that were set for these projects. It is also possible that the projects did not differ much from their previous projects and could therefore not arouse any excitement.

Nevertheless, experienced initiators founded only 17% of all projects and only 32% of the projects were a result of teamwork. Since crowdfunding is mostly used for very unique and individualized business ideas, it is reasonable that most of the initiators do not have any experience with crowdfunding. If they fail in collecting funds for their first project, they should not give up and try to learn from their mistakes. Many of the experienced initiators failed in their first try and succeeded in the second one. It is also advisable to have at least one other team member. If your work on a project alone, you might overlook faults. Other people could bring in other ideas and suggestions into the project and enhance competencies.

Including a video in the project description is an important part for a running a successful crowdfunding campaign. Although no evidence supporting this hypothesis could be found in the regression analyses, the correlation of video existence and
Crowdfunding success was positive. Furthermore, the least successful projects provided less than one video on average while the most successful projects provided slightly more than one video on average. If the initiator team consists of women, the likelihood of implementing a video in the project description tends to increase. The majority of projects offered a video, but there is also still a large number of projects that did not. People who want to launch a crowdfunding project should consider that the video provides the most information and often says much more than just pictures and text. Additionally, it is also a good way to equalize the missing face-to-face interaction with potential investors. The initiators can introduce themselves and explain each step of their project or the motivation behind it.

Comparing the number of crowdfunding projects over the past years there is a noticeable increasing trend in accordance with the predicted growth rates for crowdfunding in Thailand. However, during the research for potential data sourcing it became quite obvious that this is still a very novel industry, which is not very popular yet. The existing Thai crowdfunding platforms should take this opportunity by advertising and promoting crowdfunding. There is still no predominant market leader and the market for crowdfunding is likely to have a positive future development.

8.2 Limitations and future research

To the author’s knowledge, this work was the first one that has investigated crowdfunding success factors in Thailand. Since there has not been any research conducted and the crowdfunding industry is still very underdeveloped compared to other countries, there was hardly any data available for an analysis and therefore the remaining sample size was quite small. Thus, precise and clear results, especially from the regression analyses, were hard to achieve. Additionally, the number of successful and failed projects was not even in volume, wherefore some characteristics occurred more often than others. The relatively small sample size caused a partial data distortion due to some really high or low outliers for certain variables. Another limitation is that the actual dataset consisted of far more than only two different categories but had to be combined into just two categories for the regression analyses and might therefore not always be that accurate in this issue.
Possibly, this led to the fact that no conclusions could be drawn about the impact of different project categories on the crowdfunding success.

Due to the lack of available data, future research could rather focus on qualitative research, for example by interviewing crowdfunding platforms or people who invest in crowdfunding projects, related to what makes a crowdfunding project successful in their own opinion. Most of the existing studies have investigated reward-based crowdfunding with data extracted from Kickstarter. There are many other types of crowdfunding and crowdfunding platforms where researchers might obtain different results and come to different conclusions. Since Kickstarter is a US-based website, it would be interesting to investigate crowdfunding projects from platforms within Thailand, for example www.asiola.co.th. Another interesting field of study would be to analyze the differences between professional investors or firms and inexperienced individual investors in terms of evaluation and investing in a crowdfunding project.
REFERENCES


