

ITALIAN WEB-BASED CROWDFUNDING: THE DETERMINANTS OF SUCCESS

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ABSTRACT

The paper presents an exploratory study on web-platforms supporting non-profit crowdfunding with the aim of investigating the main success factors of these initiatives. The hypothesis is that there is a correlation between the success of the crowdfunding campaigns and some main variables that describe the projects and the proponents. The main success variables proposed by the literature commonly refer to social capital, project quality, geography, financial roadmaps and risk, project board features, social information, and marketing. However, the vast majority of these studies considers almost exclusively reward-based profit projects and it focuses on just one platform. Very few analyse different types of projects from multiple platforms. Also, very little efforts have been spent to investigate the dimensions that influence successful crowdfunding in the case of non-profit initiatives.

Parole chiave: crowdfunding, social capital, social innovation

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1. INTRODUCTION ¹

In several developed countries the on-going financial crisis has left a significant gap in public resources to social policies of welfare. This fact, together with an evident change in the most pressing social needs, is leading to a redefinition of the way in which public services are organized and delivered. In this scenario, the non-profit sector is achieving a more and more innovative role, also adopting attitudes that are typical of the profit sector. Web-based crowdfunding platforms, in particular, are more and more used for financing programs fostered by actors of the third sector (NGOs, associations with a social, humanitarian or charitable mission, etc.).

Despite its increasing success, crowdfunding by the non-profit sector is a poorly investigated issue. In particular, the factors and dynamics at the basis of successful funding campaigns still remain largely obscure.

Moving from these assumptions, the paper presents an exploratory study on web-platforms supporting non-profit crowdfunding with the aim of investigating the main success factors of these initiatives. The hypothesis is that there is a correlation between the success of the crowdfunding campaigns (campaigns that succeed in gathering the expected target capital in the budgeted timespan) and some main variables that describe the projects and the proponents. The main success (or failure) variables proposed by the literature commonly refer to social capital, project quality, geography, financial roadmaps and risk, project board features, social information, and marketing. Yet, the vast majority of these studies considers almost exclusively reward-based profit projects and it focuses on just one platform. Very few analyse different types of projects from multiple platforms. Also, very little efforts have been spent to investigate the dimensions that influence successful crowdfunding in the case of non-profit initiatives. After exploring the existing literature in search for these explanatory factors, the paper focuses on the case of the Italian web-platforms of crowdfunding describing their state of the art. In Italy, indeed, the Italian Ministry of Education, University and Research (MIUR) has recently launched the document “La via Italiana alla Social Innovation”, in which crowdfunding is strongly recommended as an alternative to both equity and debt to support the start up of social initiatives and ventures. Moreover, we had the possibility to get access to the data of the Italian Observatory on Crowdfunding, that collects information on the main Italian web-based platforms of crowdfunding since 2013.

As a next step, the paper explains the methodology adopted for the construction of the database and its analysis, with a description of both the model and the variables involved in the estimates.

¹ The study presented in this paper - also presented one year ago in the EuSPRI Conference 2014, Ancona, May 23-25 – is part of a larger project developed in cooperation with the Italian Observatory on Crowdfunding developed by the MIP Politecnico di Milano research group. Sections 1, 4, 5, 6, 7 of the paper have been written by Francesca Silvia Rota; sections 2 and 3 by Fania Valeria Michelucci.

Finally, the obtained empirical evidences and their implications are discussed in search of some emerging explanations of the rate of success of non-profit crowdfunding campaigns.

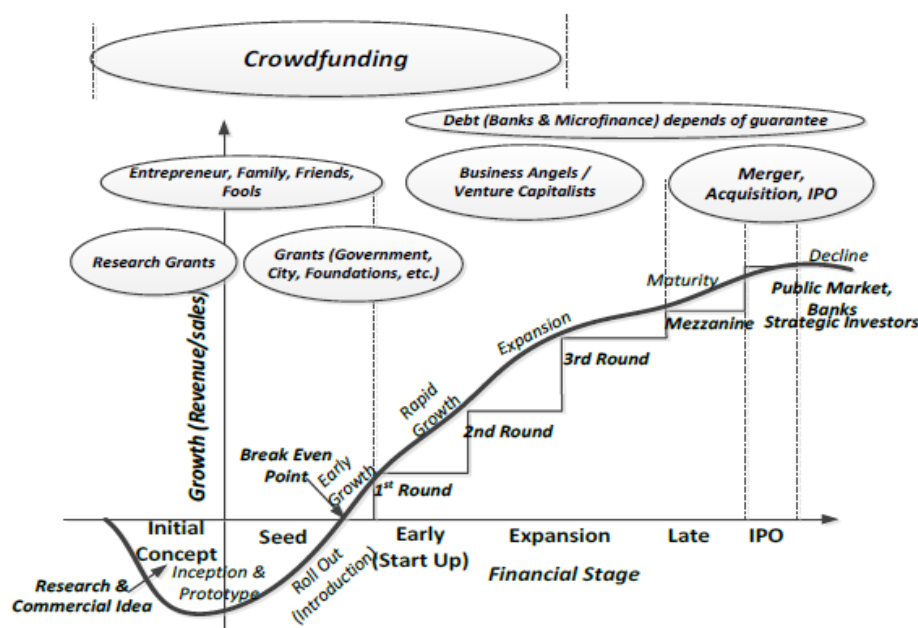
2. CROWDFUNDING IN THE PROFIT AND NON-PROFIT SECTORS: THEORETICAL INSIGHTS AND RELEVANT DIMENSIONS

In the literature, there have been several attempts at understanding crowdfunding (Adler and Kwon, 2002). In very general terms, crowdfunding can be defined as the practice of funding by raising a lot of small quantities of money from a huge number of people (Rossi, 2014). It is a form of money collection that follows a bottom-up approach. In crowdfunding, in fact, large groups of people voluntarily contribute to a project or a venture they believe in (Castrataro, Pais, 2014). The economic principle at the basis of crowdfunding is Anderson's concept of the *long tail* (Anderson, 2004). According to this principle, in the statistical distribution of demand/sales the population with the highest frequency is less profitable than the population with lowest frequency.

Compared to traditional financing, usually based on a relatively small group of actors mobilising great deals of money (business angels, venture capitalists, debt market actors such as banks and other financial institutions, etc.), crowdfunding involves a higher number of actors, often private citizens, providing small contributions.

Coherently, crowdfunding is adopted to support above all the early stages of a business or a project, from the original concept to its expansion (see figure 1).

Figure 1. New venture financing lifecycle



Source: Lasrado, 2013 (quoted in Rossi, 2014: 8)

There are at least four different models of crowdfunding (Castrataro, Pais, 2014):

- a. Donation-based. In this case, financial contributions are in the form of donations given “for free”;
- b. Reward-based. Funders receive tangible or intangible rewards in return for their contributions. Reward-based campaigns can be in the form of:
all-or-nothing: the project is considered failed if the target amount is not achieved;
take-it-all: all contributions are delivered to the proponent regardless the target and the actual realisation of the project;
- c. Lending-based: contributions are in the form of small loans from firms and persons (B2B or B2P or P2P) to be reimbursed with a convenient interest rate;
- d. Equity-based: contributions are in the form of equity investments.

The last type, in particular, represents a novelty in many national legal frameworks. In the USA, for instance, it has been regularized in 2012 with the “JOBS Act” (Stemler, 2013). In the same year, in Italy, the equity crowdfunding has been legally established by the Act “Decreto Legge 12/178 c.d. Crescita 2.0” (Cassa Depositi e Prestiti, 2013). As a consequence of its many advantages, crowdfunding has been adopted by an increasing number of ventures and actors, both from the profit and the non-profit sector.

In a period of financial shrinkage that affects both private credit institutions and governments, which are typically large investors, there are relevant advantages in the use of crowdfunding (Boudreau and Lakhani, 2013).

First of all, crowdfunding allows for a small-scale and diffused model of fundraising, which increases the likelihood of finding the needed financial sponsors and reduces the risks of large investors’ exit strategies. Often, the fact that crowdfunders themselves are beneficiaries of the project they decide to support (De Buysere et al., 2012) also helps the process of fundraising. Secondly, it mobilises not only economic rationale but also personal motivation, passion, interest, curiosity, and reputation, which allows for a stronger reciprocal commitment between the funder and the funded and makes opportunistic/unfair behaviour less frequent. In fact, trust is a key component of crowdfunding, which is also described as a complex anthropological phenomenon (Calveri and Esposito, 2013).

Certainly, crowdfunding also has some disadvantages. For instance, the involvement of a large crowd of funders usually implies high transaction costs in order to find the potential sponsors, to come into contact with them, to discuss and convince them, to receive and manage the donations, give feedbacks. However, as empirical evidence demonstrate, this problems can be easily overcome with the use of ICT solutions. Web based platforms, in particular, reduce the costs of the fundraising campaign and amplify the role of the crowd: although geographically distant, web crowdfunders can contribute with money transfer as

well as with ideas and feedbacks. In this sense, web crowdfunding can establish a close link between the project and its sponsors (De Buysere et al., 2012).

Recently crowdfunding platforms have attracted the attention of an increasing number of scholars and practitioners, interested in understanding the advantages and disadvantages of such an innovative financial tool. However, as we have already anticipated, contributions that explore the main factors related to the success of web crowdfunding campaigns are few. And those that distinguish them according to their nature – profit or non-profit – are even fewer. The comprehension of the phenomenon remains relatively weak. Among the others, Mollick's *The dynamics of crowdfunding: an exploratory study* (2013) is probably one of the first attempts at detecting the dimensions that explain successful web crowdfunding. In his analysis, Mollick uses the data of a large amount of projects, published over a time period of three years on the US platform Kickstarter, to demonstrate the correlation between the success of the crowdfunding campaign and some main variables such as: the quality of the project, its social networks and its geography. However, as the study is based on just one platform, there is no evidence about the general validity of this correlation. As to the Italian case, the studies of the *Italian Observatory on Crowdfunding* represent a consistent and updated source of information, shedding some light on the role of social capital in successful web crowdfunding (Giudici, Guerini and Rossi Lamastra, 2013b). Interestingly, these studies distinguish between *individual social capital*, measured considering the number of the proponent's contacts on Facebook and LinkedIn, and *territorial social capital*, measured referring to the municipality of residence of the proponent. In doing that, they found that only the former is positively and significantly correlated with the probability of success. Quite surprisingly, *territorial social capital* is not influential. From a different point of view, Ahlers et al. (2012) found out that financial roadmaps (e.g. exit strategies), risk factors, board experience and the number of the board members are key variables for the success of equity crowdfunding campaigns, while external certification (including patents and government grants) has little or no impact. Kuppuswamy and Bayus (2013) link the success of the crowdfunding campaign to social information and its impact on the behaviour of funders. For instance, they found out that potential backers tend not to contribute to projects that have already received a lot of support, because they assume that others will provide the necessary funding. However, as in Mollick (2013), Kuppuswamy and Bayus focus exclusively on Kickstarter reward-based projects. Finally, Burtch et al. (2013) have demonstrated a positive correlation with marketing effort, mainly intended as pitch exposure.

Summarising, the main variables the literature associate to the success (or failure) of fundraising based on web crowdfunding refer to social capital, project quality, geography, financial roadmaps and risk, project board features, social information, and marketing. However, most of the studies tend to consider almost exclusively reward-based projects posted on just one platform, while few of them analyse the different types of projects (profit

vs non profit; reward vs donation, lending or equity) on different platforms. Also, very little efforts have been spent in order to investigate the dimensions of successful crowdfunding in the case of non-profit ventures or initiatives. Yet, this is a key aspect, since non-profit projects follow specific rationales that are intrinsically different from those in the profit sector (Lewis, 2013). Although more and more similar in the set of tools and models they adopt, the profit sector and non profit sectors continue to be characterised by different logics and dynamics.

For instance, in non-profit campaigns the most diffused models of crowdfunding are donation-based and lending-based (De Buysere et al., 2012). The donation-based model “helps not-for profit organisations to fund projects and core costs, but it can also help to fund creative activities and common purpose activities” (p.18). The lending-based model helps to get funds for business expansion, production, and other activities. Usually, it is implemented through platforms sponsored by banks that allow the raising of small financial contributions and guarantee for the reimbursement, with the application of a subsidized interest rate.

Conversely, in non profit organisations reward-based crowdfunding is less diffused. For instance, this is the case of proponents offering small non-financial rewards of a symbolic value in return for donations. In addition, most of the funders of non profit projects just want the project to be realised. The only return they are interested in is social/personal return.

Moving from these difference, the variables that are relevant for profit and non profit web crowdfunding might be different too. A main study in this sense has been conducted by Pitschner and Pitschner-Finn (2014), who explored their differences in terms of rate of success. They pointed out that non-profit projects tend to receive larger amounts of money per sponsor and are more likely to reach the target funding. however, they have fewer sponsors and receive a lower total amount of funding. Schwienbacher et al. (2012) too investigate the differences between profit and non-profit crowdfunding concluding that the latter tend to be significantly more successful than the former.

In both the studies, however, there is no clear evidence about the determinants of sectoral differences. Moreover, Schwienbacher et al. (2012) consider only projects that are launched by individuals not using common crowdfunding platforms as intermediaries.

3. ITALIAN PLATFORMS OF WEB-BASED CROWDFUNFING

In order to investigate web crowdfunding² in the non-profit sector, the paper considers the case of Italian platforms. In doing that, it analyses both contributions by scholars and the data provided by the *Italian Observatory on Crowdfunding*³.

² To distinguish it from general crowdfunding processes, which are very traditional in the third sector, above all in religious projects and opras.

³ The Italian Observatory on Crowdfunding is managed by a research group at the Department of Management, Economics and Industrial Engineering of the Politecnico di Milano). Since 2013 it collects information on the main Italian web-based platforms of crowdfunding.

As to the literature, a first evidence is the scarcity of studies and surveys on the national crowdfunding market (Giudici, Guerini, Rossi-Lamastra, 2013a). However, this is a condition that affects also other countries, because of (Weinstein, 2013): i) the heterogeneity of the platforms, usually managed by operators who are not interested in collecting data that are comparable with other platforms; and ii) their rapid evolution (Weinstein, 2013).

In Italy, a recent report accounts for 41 crowdfunding platforms, more than a half (28 platforms) active (Castrataro, Pais, 2014). Among these platforms, the most common form of funding is the reward-based (15; 54%), followed by donation-based (9; 32%) lending-based (3; 11%) and the equity-based (1; 3%)⁴. Thus, reward-based and donation-based platforms cover the vast majority (86%) of the Italian market. Also, most of the platforms appeared on the market during the last year, which demonstrates that web crowdfunding is a growing phenomenon (Castrataro, Pais, 2014). Since the end of 2013, more than 50.000 projects have been submitted to Italian platforms. About 30% of them have been published on the web; and more than 30% of the published projects have been financed. Namely, 24% of reward-based project have succeeded, 44% of donation-based and 54% of lending based projects. The total amount financed through crowdfunding in Italy is about 23 million €, of which lending-based account for about 80% of the total value, while reward-based and donation-based only for respectively 14,6% and 5,1%. On average, funding rounds for lending-based campaigns is around €7,900, €1,500 in the case of donation-based and about €1,600 in the case of reward-based.

Other information on the Italian crowdfunding market are provided by the Italian Observatory on Crowdfunding, which regularly monitors a varied sample of information from 23 platforms: BOOM Starter, BuonaCausa, Com-Unity, Commoon, Crowdfunding-Italia, DeRev, Eppela, Finanziarmi il tuo future, Ginger, H2RAISE, Iodono, Kendoo, MusicRaiser, Oboli, Prestiamoci, Produzioni Dal Basso, PubblicoBene, Retedeldono, Shinynote, SiamoSoci, Starteed, Takeoff Crowdfunding, Terzo Valore. These platforms host both profit and non-profit projects and include different forms of crowdfunding, namely reward, lending and donation based. For instance, Iodono is specialised in donation. SiamoSoci in reward-based campaigns. While the only platforms that apply lending-based crowdfunding are Terzo Valore and Prestiamoci. More specifically, at the time the paper has been written, the database provided by the Observatory consisted of 3,767 projects presented by 2,846 proponents, of which 1,248 are organizations (firms or associations), 779 are individuals, 829 are team groups. Projects are mainly small scale projects collecting small contributions from sponsors that are not always numerous. The average number of funders per project is 20 (but moda is 3): among the projects with at least one sponsor, half of them have 12 or less

⁴ After their introduction in the Italian regulation, three equity-based platforms have been listed in the ordinary section of the Register of portals of equity crowdfunding managed by CONSOB and one has been listed in the no-ordinary section dedicated to banks and financial intermediaries. However, just one is active, i.e. it hosts funding campaigns. See CONSOB website at http://www.consob.it/main/intermediari/cf_gestori/index.html (last access: April, 2014).

sponsors.

Compared to sectorial market reports, the Observatory provides a relevant and updated amount of data, which include qualitative information as well as quantitative and financial metrics. Also, it considers not only the characteristics of the projects, but also the proponents' ones. As to the projects, the information collected by the Observatory include a description of the project's aim, type of project (profit or non-profit), type of proponent (association, individual, team), localisation (city, region, state), status (on going, successful, failure, postponed) type of documentation provided (video, photos, etc.), target amount and total amount received, reward provided, Facebook contacts. As to the proponents, the collected data include: contacts of the proponent (name, nickname, email etc.), localisation (city, region, state), social capital (Facebook, LinkedIn contacts).

Unsurprisingly, in recent years the Observatory has already been used to develop some preliminary studies on the main features and dynamics of the Italian crowdfunding market, including also studies on the success of this type of funding. Giudici, Guerini, Rossi Lamastra (2013b), in particular, moved from this source of information to shed some light on the importance of social capital variables such as projects and proponents' social networks. However, the abovementioned difficulties in the collection of data have determined a relevant amount of missing values.

4. METHODOLOGY

The paper aims at investigating what determines the probability that a non-profit project posted on a web-based crowdfunding platform will reach its target funding in the budgeted timespan. In doing that, we assume from both the literature (see section 2) and the empirical evidence on the Italian crowdfunding market (see section 3) that relevant easily measurable variables include the geographical proximity between the proponents and the projects, the localisation of projects and proponents in territorial contexts characterised by a dense localized social capital, the pursuing of projects with a social scale and scope, and the presence of proponents with large social networks. All these conditions, in fact, are supposed to favour the strong non-financial commitment of the funders, which is specific aspect of non-profit projects (see section 2). Conversely, other factors that have proved to be relevant for successful crowdfunding in the profit sector – this is the case of the presence of large rewards, high-quality projects or proponents with multiple experience of web-based crowdfunding – might not to be so important. In fact, independently from the type of the project (profit or non-profit) excessive requests for funding and proposals with scarce information are unlikely to attract large amounts of funders, whereas past experience of crowdfunding platforms is supposed to raise the rate of success of the funding campaign.

In the paper, the likelihood of the success of the funding campaign [*SUCCESS*] has thus been

tested by Probit estimates⁵, ran on the following variables:

- *social scale and scope* [*SSS*]. It is measured via a dummy variable indicating whether the project aims at delivering social or humanitarian services to persons different from the proponent;
- *territorial social capital* [*TSC*]. Following Giudici, Guerini, Rossi-Lamastra (2013b), it is measured considering some traditional metrics measuring the social capital of proponents' cities of residence. More specifically data of the 2013 icitylab survey has been used⁶;
- *project's social capital* [*PJSC*]. It is measured via the number of likes posted on the projects' Facebook page;
- *proponent's social capital* [*PPSC*]. Following Giudici, Guerini, Rossi-Lamastra (2013b), it is measured via the number of proponents' LinkedIn contacts and Facebook friends;
- *geographical proximity* [*PROXIMITY*]. It is measured via a dummy variable indicating co-localisation between the proponent and the project;
- *target capital* [*TARGET*]. It is measured considering the target capital of the project;
- *minimum size of contributions* [*MINIMUM*]. It is measured considering the minimum size of contributions accepted by the project;
- *offered reward* [*REWARD*]. It is measured considering the maximum amount of money offered as reward by the project;
- *quality of the project* [*QUALITY*]. It is measured considering the number of different information provided to describe the project (contacts, business plan, videos, photos, additional docs);
- *past experience* [*EXPERIENCE*]. It is measured via a dummy variable accounting for "multiple bidders", i.e. proponents launching more than one campaign or proponents of projects that have been postponed.

According to the literature on crowdfunding and the financing of third sector initiatives, increases in the variables *SSS*, *TSC*, *PJSC*, *PPSC*, *PROXIMITY* were assumed to be factors that augment the likelihood of success. In the cases of *TARGET* and *MINIMUM* high values of the variable were supposed to decrease the likelihood of *SUCCESS*; as regard to *QUALITY*, *REWARD*, *EXPERIENCE*, we did not find specific streams of literature explaining their role in third sector crowdfunding, but we assumed they are not very influential.

The database has been created from an extraction⁷ of the data managed by the Italian

⁵ A probit model is a type of regression where the dependent takes two values: yes/no (in this case: example successful or not successful). The purpose of the model is to estimate the probability that an observation with particular characteristics will fall into a specific one of the categories; moreover, if estimated probabilities greater than 1/2 are treated as classifying an observation into a predicted category, the probit model is a type of binary classification model. In our study, the model takes the form of a probit regression, as it is estimated using the standard maximum likelihood procedure.

⁶ <http://www.icitylab.it/il-rapporto-icityrate/edizione-2013/datoni-2013/>

⁷ Date of the extraction: April 14, 2014.

Observatory on Crowdfunding (see section 3), to which we added some new variables. Considering exclusively concluded non-profit projects, we obtained a sample of 1,051 projects, posted on the 23 platforms monitored by the Observatory. However, more than 82% of the projects belong to just 5 platforms: Produzioni Dal Basso, Retedeldono, BuonaCausa, Eppela, and Iodono.

As expected (see section 3), missing values were frequent. So, as a first step of our analysis, we tried – unfortunately with limited success – to fill them in. As far as it was possible, we used web-based search engines to find the missing information. In some cases, however, we also assumed some arbitrary assignments. For instance, whenever available, missing data about the project’s municipality have been replaced by the localisation of the proponent of the project.

5. THE SAMPLE OF ANALYSIS

The resulting sample was characterised as it follows. As to the projects, the large majority of them (74%) is referred to just three sectors: social non-residential assistance (47%), recreational, artistic, leisure activities (14%), movie, video, television, music making (12%). The municipalities where the projects are localised are several, with an evident concentration of proposals from the north of the country (36%) and a slight predominance of the cities of Milan (9%), Rome (8%), Turin (3%), and Naples (3%). As to the proponents, they are above all organisations (46%, of which 40% associations and 6% firms) followed by individuals (19%) and teams (6%), mainly localised in the cities of Milan (100, 10%), Roma (7%), Naples (2%), Turin (2%), and Bologna (2%). Many proponents, however, have not been attributed to a specific type (28%) or city (41%).

As to the crowdfunding campaign, most of the projects (85%) have a target capital between €1,000 and €10,000 – 24% between €1,000 and €2,500; 21% between €2,500 and €5,000; 20% between €5,000 and €10,000. Small projects with target capital lower than €1,000 are 12%. Large ones are 23%. Minimum contributions ranges between 0 and €5,000. However, consistent with the nature of crowdfunding (section 2), small quotas are the most frequent⁸: 45% of the projects ask for less than of €10 euros; 24% for quotas between €10 and €50; 4% for more than €50. Analogously, only 42% of the projects envisage one or more levels of reward⁹ – even reduced (19% of the reward based projects offer between 10 and 50 euros at most). The 43% of them does not envisage any monetary compensation. The interpretation of this data, however, has to be cautious, as a relevant quota of data is missing (18%), and the database does not account for non-monetary rewards, such as gadgets, tickets etc. Finally,

⁸ Missing values are 19% and 8% the cases that do not have a minimum contribution.

⁹ 43% of the proposals do not have rewards. 29% offer just one level of reward. 21% offer from 2 up to 10 levels. 2% offer more than 10 levels. 5% are missing.

consistent again with the very nature of crowdfunding, the number of total funders is almost equally distributed into two classes of frequencies: from 1 to 39; from 40 to 608.

6. THE EXPLANATORY VARIABLES

Respect to the Italian Observatory on Crowdfunding's database of, we used empirical evidence and literature to construct some new variables and elaborate estimates (see Table 1) relevant — for explaining the likelihood of successful crowdfunding (*SUCCESS*).

To partly fill the several missings, in the case of foreign projects with no indication of the city/province of reference, TSC has been put equal to the minimum TSC of Italian provinces in the 2013 Icitylab survey. in the case of Italian project, TSC has been put equal to the mean value of the Icitylab survey¹⁰.

Table 1 – The variables of the model

Variable	Obs	Mean	Std. Dev.	Min	Max
success	1051	.2074215	.405653	0	1
proximity	965	.5160622	.5000011	0	1
tsc	1038	361.0519	82.94736	183.35	561.71
pjsc	776	115.3853	251.6836	0	2924
ppsc	726	3903.986	35841.93	0	753019
sss	916	.5425764	.4984561	0	1
target	1051	15346.71	86873.32	0	2000000
minimum	767	21.10812	187.7884	.38	5000
reward	442	167.7425	601.0124	.38	10000
quality	1051	.4700285	1.661269	0	23
experience	1051	.0532826	.2247033	0	1

As stated in 4, the likelihood of the success of the funding campaign success has been tested by Probit estimates, ran on the variables: *PROXIMITY*, *TSC*, *PJSC*, *PPSC*, *SSS*, *TARGET*, *MINIMUM*, *REWARD*, *QUALITY*, *EXPERIENCE*.

Before doing that, however, we calculated correlation indexes between the variables in order to exclude the risk of collinearity or redundancy. With 244 observations we did not find any relevant correlation (cfr. Table), so none of the variables was dropped.

¹⁰ As a consequence of this, the variables PPSC and TSC gained relevance.

	success	proxim~y	tsc	pjsc	ppsc	sss	target
success	1.0000						
proximity	-0.0337	1.0000					
tsc	0.0979	0.0810	1.0000				
pjsc	0.4725	-0.0670	-0.0013	1.0000			
ppsc	0.0601	-0.1398	0.1045	0.0329	1.0000		
sss	0.1154	-0.0608	-0.0846	0.1036	0.0086	1.0000	
target	-0.0531	-0.0867	0.0607	-0.0382	-0.0198	0.0794	1.0000
minimum	-0.1073	-0.0766	-0.0087	-0.0677	-0.0120	0.1132	0.4184
reward	0.1380	-0.0031	0.0041	0.0901	-0.0241	-0.0034	0.0556
quality	0.2799	-0.0059	-0.0498	0.1007	-0.0251	0.0971	-0.0346
experience	-0.0380	-0.0055	0.1572	0.0407	0.0023	0.0451	0.0123
	minimum	reward	quality	experie~e			
minimum	1.0000						
reward	0.0987	1.0000					
quality	-0.0987	0.2937	1.0000				
experience	0.1017	-0.0244	0.0109	1.0000			

Then, we calculated Pearson(chi2) indexes between the dependent variable *SUCCESS* and the explanatory variables. The aim was to use the computation of the expected frequencies to detect the variables that are significantly associated with the probability of projects to get the target capital. As a result, *PJSC*, *PPSC*, *QUALITY*, *TARGET*, *REWARD* and *MINIMUM* resulted statistically relevant. On the other hand, *PROXIMITY*, *TSC*, *SSS* and *EXPERIENCE* resulted either weakly or not at all relevant. Ideally, non-relevant variables should have been excluded from further elaborations. Nevertheless, considering the presence of several missings that could have influenced the *tabulate* procedure (cfr. Stata© command), we decided to run the Probit regression considering all the variables. Table 2 summarises the results of the Probit.

Table 2 – Probit regression indexes

Probit regression	Number of obs	=	244
	LR chi2(10)	=	97.98
	Prob > chi2	=	0.0000
Log likelihood = -76.095982	Pseudo R2	=	0.3917

success	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
proximity	-.1949152	.2547257	-0.77	0.444	-.6941684	.304338
tsc	.0023883	.0013766	1.73	0.083	-.0003097	.0050863
pjsc	.0030242	.0005641	5.36	0.000	.0019186	.0041298
ppsc	9.17e-07	.0000171	0.05	0.957	-.0000326	.0000345
sss	.3158116	.2408736	1.31	0.190	-.156292	.7879153
target	-.0002476	.000071	-3.49	0.000	-.0003868	-.0001084
minimum	-.0032053	.008826	-0.36	0.716	-.0205041	.0140934
reward	.0002048	.0004055	0.50	0.614	-.0005901	.0009996
quality	.1069499	.0365483	2.93	0.003	.0353166	.1785832
experience	-.6616973	.7148321	-0.93	0.355	-2.062743	.7393479
_cons	-1.497855	.5761895	-2.60	0.009	-2.627165	-.3685439

Note: 18 failures and 0 successes completely determined.

As a result, the model explains quite well the analysed phenomenon (as demonstrated by the Pseudo R2 value). However, the total number of observations is very low: 244.

7. DISCUSSION AND IMPLICATIONS

Consistent with the idea that crowdfunding of non-profit projects follows specific patterns, our analysis put in evidence that the social capital of the project (PJSC) is positively and significantly correlated with the probability of success of the funding campaign, whereas the target capital (TARGET) is negatively correlated.

On the contrary, our study does not find any significant correlation with other variables that the literature and the empirical evidence would indicate as important, i.e. the social capital of the proponent, the territorial social capital, the geographical proximity between the project and the proponent, the social nature of the project. At the same time, another variable that seems to have an important role in determining the success of crowdfunding is the quality of the project/campaign, here measured with the number of information/data associated to the project.

We interpret these findings as the hints that non-profit crowdfunding is successful as far as it is pursued for small scale projects (needing reduced sums of money) and it effectively

exploits the potentialities of social web platforms (both crowdfunding platforms and social media platforms such as Facebook and LinkedIn) to widespread the knowledge of the proposed project.

As to practical implications, whether confirmed by further investigations (indeed, the presence in the database of several missings requires cautious interpretation), the results of our study have interesting implications above all in the perspective of public policies supporting crowdfunding as an alternative source of funding social welfare in a context of shrinking public funds.

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