

The Effect of Brand Elements on the Success of a Crowdfunding Campaign

Master's Thesis

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Abstract

This research study investigates whether developing good primary brand elements can benefit start-up companies to increase the success of their crowdfunding campaign. More specifically, it looks at the brand elements that affect the word of mouth and the willingness to fund of each project, and if those factors further influence the success of a campaign in reward-based crowdfunding platform. Moreover, the findings would suggest whether developing the brand elements could help increasing the awareness and whether they would increase the money obtained from crowdfunding platform. The study was conducted by collecting real project information from 6 projects obtained from Indiegogo.com website and presenting them through an online questionnaire. Another part of analysis required investigating real project data from 55 projects. The results suggest that it is relevant to develop primary brand elements for reward-based crowdfunding platform campaign as some factor are increasing the likelihood of sharing the project to friends and some factors are increasing the willingness to fund of each project. Furthermore, both models suggest that word of mouth and the amount funded increases the success of a project. Therefore, brand building through crowdfunding platforms is a great method that can substitute traditional funding methods as it build awareness and increases the amount of money people donate. However, there are few limitations and a lot of room of further research that could explain other relevant factors that affect building awareness and increasing the size of donations. Moreover, the further research should go forwards by measuring how all of the findings and other possible factors affect the brand equity.

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1. Introduction

This chapter provides introduction to the study. It describes the background and provides some information about the existing research in branding and crowdfunding. Moreover, it gives insights about the aim and the objectives of the paper and presents the research question.

1.1 Background

Branding has very important role in developing company's awareness and getting more and more attention from customers in the market. It is relevant for each company to have well-built brand elements; start-up firms struggle a lot in developing them as they have a lot of things to pay attention to in improving their firm. According to Harvard Business School, 75% of start-up companies fail (Blank, 2013). There are many reasons why start-up firms often struggle to become successful, however, the one of the main reasons is because of poor marketing plan (Griffith, 2014), which also includes brand building. Moreover, enterprisers state that even bigger concern is that new companies do not have much available money and they often run out of it all (Griffith, 2014). So, as they do not have any resources or power, but as they are willing to take risks and look for great ideas for rapid growth (Weiblen & Chesbrough, 2015), it is necessary to find new methods that would help them to build their brand, earn capital and reach wide audiences while not spending their small budget. One of the methods that a start-up company could use, is to focus on an online marketing campaign. Even though, new companies have also large failure rate in the internet – 90% of all internet start-ups fail (Ducker), it is still more efficient method as it allows firms to create promotional activities, use effective channels while having low budget (Bresciani & Eppler, 2010), if managers create good plan, follow it, work hard and analyse the results. Therefore, crowdfunding is a perfect method for start-ups to build awareness, which also increases the capital of the company as the crowdfunding platforms are convenient to use, it reduces risk, provides real-time feedback and it is an excellent marketing tool (Hendricks, 2014).

Crowdfunding is an online platform that helps active people and companies to fund their projects that have been previously launched or projects that they want to launch, by receiving small contributions from wide audiences (Freedman & Nutting, 2015). The very first

crowdfunding website was launched in 2001 (Gerber & Hui, 2014), however this method did not become very popular at the beginning. It took few years for crowdfunding to start attracting people, so the first platform that gained much traction was the ArtistShare, which was launched in 2003 in the United States (Freedman & Nutting, 2013). This platform was mainly aimed for musicians to gain donations for producing digital albums. From there on, crowdfunding gained more popularity in wide range of categories – for example video game design, product design, and architecture (Gerber & Hui, 2014). The Crowdfunding Industry Report introduced in April 2012 estimated that by that time, there were 452 active crowdfunding platforms available in the world, whereas the funding volume was enormous – almost \$2.8 billion (Hall, 2012). By 2014, there were at least 1250 active crowdfunding platforms in the world with funding volume of \$16.2 billion (Hobey, 2015). Furthermore, in 2015, the total funding volume reached \$34.4 billion (Massolution, 2015). Therefore, the crowdfunding market is growing very fast and becoming more and more popular each year.

The monetary donations on crowdfunding websites are mostly given in exchange for a service, reward or future product (Belleflamme et al, 2014). However, there are many different types of crowdfunding platforms, in some of them, people do not receive anything in return as people donate money. The crowdfunding industry report (Massolution, 2015) suggests that there are 6 types of models currently available – donation, reward, lending, equity, royalty and hybrid based crowdfunding platforms, from which each offers different incentives for people to fund the campaigns. Moreover, it suggests that the most popular model based on total funding volume is the lending based technique with \$25.1 billion, followed by donation, reward, equity and royalty based funding with \$2.85bn, \$2.68bn, \$2.56bn and \$405m respectively. The lending or debt-based crowdfunding allows borrowing money from funders, which will be paid back with relatively high interest rates, it is useful as it is much cheaper to use this method compared to borrowing from a bank, however, only small percentage of applications are being approved (Freedman & Nutting, 2015). The least used, royalty based crowdfunding offers funders small percentage of the revenue of the project, which allows funders to earn regular income from revenues as soon as the project makes a sale in the future, this method is mainly used in technology related businesses or service providers, because of higher margins (Silchenko, 2015). In equity crowdfunding, investors receive ownership of a small part of the company they fund, this method is largely regulated by the government, however seems to be as popular as other methods (Freedman & Nutting, 2015). All crowdfunding methods combined have already passed the overall funding volume of Angel investors, which used to be very popular funding

method of start-up companies. Moreover, if the equity-based funding keeps doubling every year, it is estimated that by 2020 the equity-based funding method annual volume will become \$36 billion, which exceeds the venture capital that currently is the leading source of start-up companies funding (Barnett, 2015). Therefore, start-up companies have so many different possibilities that can be undertaken to receive the capital. All of them become more and more popular and take the position to replace the traditional funding methods (Conner, 2013).

This research, however, focuses on reward-based crowdfunding platform, where people receive the product or service or any other incentive or reward in return for the donation (Freedman & Nutting, 2015). One of the most successful platform that follows this method, is the Indiegogo website, which was launched in 2008 and that provided early success to the crowdfunding in the world (Miller, 2016; Indiegogo Website). Moreover, this website is the one of the most successful based on website traffic and ranking (Alexa Website, 2016).

As it was previously discussed, start-up companies need to pay much attention to building a strong brand. Therefore, each new firm needs to know how to create value for the company. The brand value chain proposes an approach that helps companies to understand how to create value (Keller & Lehmann, 2003). This framework starts with company's marketing activity, which influences the customer decision making process, which then affects the company's performance in the market and the financial value. In addition, between each stage is a multiplier that affects the extent of transfer between different stages. It is important framework for each company to focus on, more specifically, for start-up companies to focus on, as it allows managers to make correct decision to become more successful. Moreover, the customer-based brand equity pyramid suggests that companies need to establish brand identity, create appropriate meaning for brand, develop positive reactions towards the brand and build relationships (Keller, 2001). Therefore, by using the previously named frameworks, understanding how to create value and building customer-based brand equity model for the company, crowdfunding could be one of the best methods to use as it combines building awareness, attracting wide audiences and building early relationships that also provide capital (Barbara, 2015).

The awareness of a brand can be built by using correct brand building tools, such as primary brand elements and secondary associations (Keller, 2005). The secondary associations suggest that each brand is connected to other brands, places, things and people, which helps creating

new knowledge towards brand or affects the existing knowledge, which in turn creates strong, favourable and unique associations for brands that helps building the awareness. Moreover, Keller (2005) suggests that each company should carefully choose the primary brand elements such as name, logo, symbols, slogans, design, which develops special identity for each brand. It is important to use effective brand building tools as it reinforces brand equity, creates distinctive identity and higher awareness by making customers recall and recognise the brand more (Farhana, 2012). Therefore, in addition to making companies more successful, the brand building tools should also be important in influencing the project success in any crowdfunding platform.

1.2 Aim of the research

There are several studies that suggest how different factors affect the success of crowdfunding projects (Mollick, 2013; Evers 2012; Kuppusvamy & Bayus 2013; Hu et al, 2015; Swart, 2014, Mosarrat, 2013). Moreover, there are several studies that determine the importance of brand building (Keller, 2001; Keller, 2005; Keller & Lehmann, 2003; Inskip, 2004; Juntunen, 2012; Farhana, 2012). However, there is no research conducted on how brand elements actually affect the funding of different projects in crowdfunding platforms, the likelihood of sharing interesting projects to friends and how it all affects the success of a crowdfunding campaign.

This research study aims to contribute towards the branding literature by investigating the primary brand elements. Moreover, it contributes towards the relatively new, but very rapidly developing subject of crowdfunding as a tool of brand building and marketing. In order to find interesting and relevant results to these topics, it was necessary to conduct an online survey to investigate, how the main contributors' or customer's motivations are affected. Furthermore, actual data was investigated to compare the motivations of funders with the perceived ideas.

This research study was directed by the following questions:

Can start-up companies increase the success of their crowdfunding campaign by developing primary brand elements?

If yes, which brand elements are most important?

2. Literature Background and Theory Development

This chapter explains the start-up companies' characteristics and gives insights why new companies are emerging. Moreover, it provides information about why brand building and word of mouth are important, and which methods or tools firms could use in order to build their brand. It proposes the factors that affect the funding and success of different crowdfunding campaigns, explains why this research study is important and provides model and hypotheses.

2.1 Characteristics of a Start-Up Company

New start-up companies are emerging every day, whereas the Kaufman Index of Entrepreneurial activity suggests that the rate of entrepreneurship is above the website boom 15 years ago (Zwilling, 2013). Robehmed (2013) defines that start-up companies cease being start-ups after about three years, once they have been acquired by a larger company, have revenues larger than \$20m, employ at least 80 people and/or become profitable. However, many companies do not cease being a start-ups at all, as they often fail to become successful due to poor marketing plan, even though they have great ideas and willingness to take risks (Blank, 2013; Griffith, 2014, Weiblen & Chesbrough, 2015). It is difficult for a start-up company to create expensive marketing plans to actually enforce innovative ideas, because new firms often face restrictions in the available budget and they have lack of available resources (Abimbola & Vallaster, 2007). Yet, the start-up companies' activity is increasing faster than ever before and the valuations of successful new firms is all-time high (Zwilling, 2013). Moreover, Zwilling (2013) proposes the following reasons why start-ups emerge. Large corporations are often unable to innovate and provide new technologies, social media platforms can help new firms to build a brand and interaction between customers, which also increases the word of mouth. There is also very low cost entry, a lot of supporters and funding is relatively easy to find because of Angel investors and Venture capital funding. In addition, as crowdfunding has become great substitute for Venture capital funding and Angel investors, the funding of start-ups becomes more and more simple (Barnett, 2015). Therefore, it often seems that building a new company is very difficult and it does not pay off due to large failure rate, however, the new technologies and approaches to build a firm are easy to use and very effective.

2.2 Branding and Brand Building

New companies' failure rate is relatively high (Blank, 2013; Ducker), which is often the reason of poor brand building (Griffith, 2014). Start-up companies, however, show signs that the likelihood to face a failure decreases as the age of a firm increases (Carroll & Khessina, 2015), thus, new companies are more likely to survive when they become older and more advanced and get rid of the status of a start-up company (Robehmed, 2013). Moreover, Carroll & Khestina (2015) state that it is important to establish positional advantages and higher market power by developing new set of skills or routines. The prior experience of the managers and employees is very important, because it has an effect on solving different problems and it provides higher capabilities for a company when more experience is acquired (Munoz-Bullon et al, 2015). Therefore, it is necessary to invest in self-education to leverage the company and increase the success rate. On the other hand, companies differ as each company has unique set of skills and ideas; simply producing new product or offering new service does not help surviving in the long-run, something else is needed – keeping up with innovation and finding new methodologies (Nelson, 1991). Moreover, Barney (1991) adds that the decision-making should be based on the firm's unique skills and capabilities, rather than analysing competitors. Therefore, start-up companies could use their unique knowledge and previous experience to focus on their company and to develop high-quality brand, which will help them to become successful in the market.

Brand building is necessary for new companies, because it builds long-term value for a firm; however, many companies are not aware of this fact (Inskip, 2004). In addition, it is suggested, that it is relevant to start thinking about brand building even before launching the product or service (Juntunen, 2012). Therefore, start-ups need to understand the requirements and methods of the brand value chain and customer-based brand equity pyramid in order to start with brand building (Keller & Lehmann, 2003; Keller, 2001). Keller (2005) proposes the following brand building tools for building awareness and therefore, increasing the brand equity and value. Companies must develop brand elements and leverage the associations, build a strong network for all associations. The secondary associations can be linked to other people, brands, places and things, which more specifically, links brands to specific regions, characters, events, other companies, and distribution channels (Keller, 2005). However, the initial focus of start-up firms should be on the primary brand elements. Those elements can establish a visual identity and differentiate them from others, which are both essential for positioning the company in the

market and developing distinct image of a new company (Mosarrat, 2012). All of the primary brand elements have different advantages, so it would be necessary to focus on developing more than one type of brand element (Keller et al, 2008). The primary brand elements are for example name, logo, slogan and design, which all have similar criteria for building a strong brand (Keller, 2005). Therefore, Keller (2005) suggests that all elements have offensive and defensive criteria. The defensive criteria proposes that each element must be transferable, which means that it should be able to use the elements in different geographical locations and for different product categories. Moreover, the elements must be adaptable, which states that they must be flexible and easy to upgrade; and legally protectable. On the other hand, the offensive criteria focuses on building the customer-based brand equity proposed by Keller (2001). Firstly, the elements must be memorable, easily recalled and recognised; secondly, they should be meaningful and finally, people should like them, people should find them appealing, fun and interesting. Therefore, start-up companies should follow the techniques to create high-quality brand elements, which helps increasing the overall value of a new company.

These primary brand elements should also have an effect on the crowdfunding campaigns as it is suggested (Brand Base Website, 2015) that crowdfunding can be very effectively used as a brand building tool as it creates awareness through social media channels. Social media is effective as it provides possibility to receive effective, low-cost customer insights and have the possibility to interact with people (Barwise & Meehn, 2010). Moreover, social media provides insights for effective word of mouth, which is believed to be superior and more valuable method compared to other marketing methods (Whitler, 2014). Therefore, building a connection with audience through social media can make a company more successful, which could help brand building through crowdfunding platforms. It is found that if a social media post has received more likes and more attention, the overall amount of money gained of the crowdfunding project will significantly be higher (Mosarrat, 2013). Innovative companies are realising that crowdfunding platforms provide unique marketing opportunity, which helps strengthening the connections with customers (Swart, 2014). Swart also suggests that it is the reason why crowdfunding has become high volume global industry that offers different types of funding opportunities for new companies, large corporations and communities. So, as the more liked social media posts receive more attention, as the word of mouth is considered to be one of the most effective methods in marketing and as the crowdfunding is good for brand building, it might be possible that combination of all these methods lead to very effective results for different crowdfunding projects.

2.3 Crowdfunding Characteristics

Crowdfunding has become very considerable alternative for other traditional funding methods (Conner, 2013). So what are the factors that have an effect on the success of crowdfunding campaigns? Mollick (2013) discussed that there is lots of uncertainty about crowdfunding and very small amount of factors that affect the success of a crowdfunding project is known and therefore, a lot projects do not achieve their goals and fail largely. Indiegogo platform recently had only 34% success rate, and many campaigns failed to raise even \$500 (Etherington, 2013), whereas the average crowdfunding industry success rate was only 50% at the same period (Massolution 2013). Thus, Mollick (2013) proposed that project success on crowdfunding is linked with the number of social media followers and quality of the project, high-quality campaigns will more likely receive more funding. Moreover, Evers (2012) found that project managers needs to focus on project pitch, textual description, video, gallery and determining the goal, because these factors are most important in determining whether project becomes successful and reaches its' goal. Therefore, we can assume that quality of different pictures and texts should be very high in order for a project to become successful, however, as these studies provide an excellent starting point for understanding how people perceive different projects and how the amount of money donated could be increased, nothing is mentioned about brand specific elements. So, it would be important to understand whether the quality of specific brand elements have effect of receiving more money, improving engagement with the brand and whether they affect reaching the company's goals. The goals, however, need to be to be chosen carefully, as Kuppusvamy & Bayus (2013) found that people do not donate after the goal has been reached and most funding takes place are the beginning and the end of the project lifetime.

Crowdfunding is more than just for receiving money, it is an excellent method for connecting with the audience and spreading the word about new product or service; it helps establishing relationships as people are often expecting to receive a reward for their donation (Gerber et al, 2012). Therefore, it is a perfect way to build a brand and increase the brand equity. However, it is important to decide which crowdfunding platform should be used – either the websites that allows pre-ordering the products or where the future profit is shared with donators (Belleflame et al, 2014). We will focus on the reward-based crowdfunding platform, because start-up companies are often not very appealing for earning high profits in the early stages, however, as new companies are often innovative and have great ideas (Weiblen & Chesbrough, 2015), customers might find it more relevant to receive a product or service that offers new technology

or life easing approach. When companies have reached the goal of their crowdfunding campaign and move towards large-scale production, companies need to evolve (Hu et al, 2015). Therefore, it would be interesting to examine the technology category as technological equipment is being constantly upgraded and a lot of start-up companies are emerging in this category.

2.4 Model

In order to investigate whether start-up companies could increase the success of their crowdfunding campaigns by developing good primary brand elements, it was necessary to develop unified conceptual model that can be tested through perceived data model and the actual data model.

The first model (perceived, questionnaire data model) investigates whether the primary brand elements such as name, logo, design, slogan and feature benefit of a product of different reward-based crowdfunding campaigns are appealing, meaningful and memorable. Further on, we measure if the previously named factors are more appealing, more meaningful and more memorable, which will be considered as high-quality elements, will have an effect on whether people are willing to fund more money and whether people are more willing to share the project to their friends through social media or through regular conversation. In the next step, it is explored, if people are willing to fund more and willing to share the campaigns to their friends more, do respondents actually feel that the project will be more successful. The second model that uses the actual product data obtained from reward-based crowdfunding platform, investigates whether the projects that have been shared more in social media and that have received higher amount of actual funding, have higher project success rate. This allows comparing the actual data with perceived data and therefore, it allows understanding whether people perceive the crowdfunding projects similarly to the actual situation in the crowdfunding platforms.

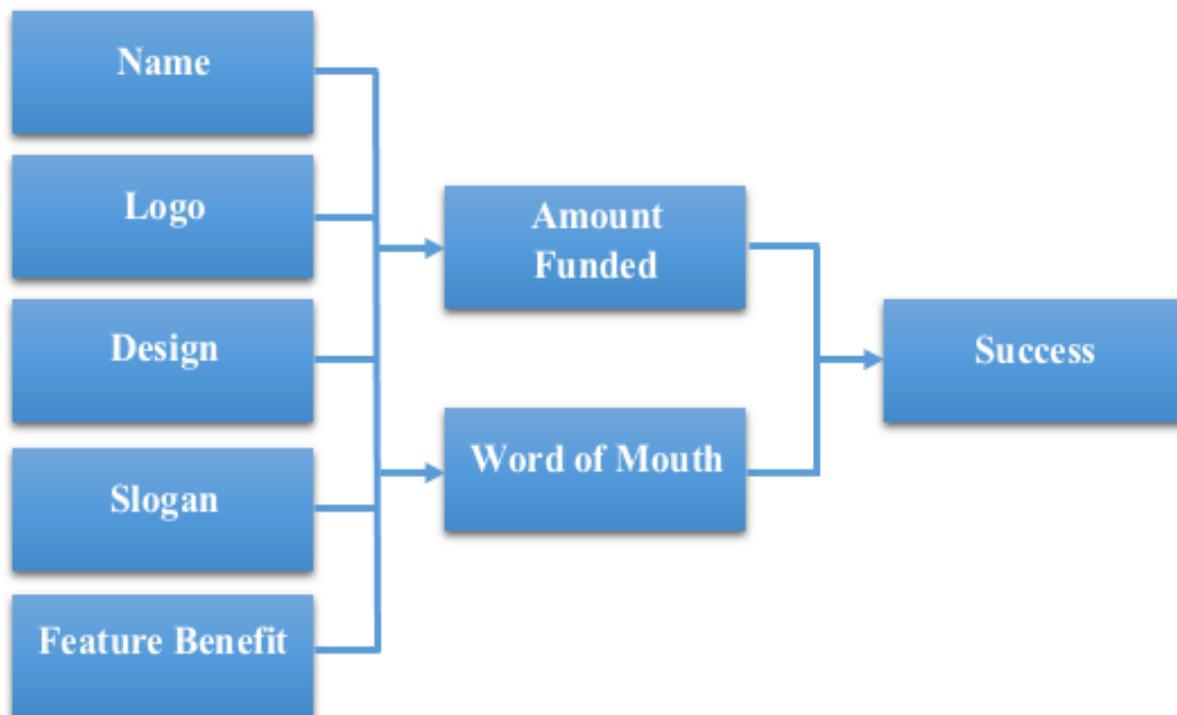
2.4.1 Conceptual Model

The conceptual model that is empirically tested using perceived data and actual data is presented in the figure 1. The perceived model investigates the data obtained from 6 different projects from Indiegogo.com website, which further on, was researched through an online questionnaire. In addition to the Name, Logo, Design, Slogan and Feature Benefit, it is also measured whether

gender, age and if someone has previously funded a project, will have any effect on the willingness to fund and on the word of mouth. The actual data model uses the real data of 55 different projects obtained from Indiegogo.com website.

Figure 1: Conceptual Model

The relationship between independent and dependent variables in the conceptual model, which is empirically tested using perceived data and actual data



2.4.2 Hypotheses

The hypotheses provide a starting point to the analysis of this research study. It provides insights to what this research study is trying to find out. Therefore, the conceptual model aims to explain the following three hypotheses by using statistical tests. So, this analysis will explore whether the following hypotheses can be accepted or rejected.

The hypothesis 1 investigates whether brand element affect the Willingness to Fund and Word of Mouth of different projects through perceived data. The brand elements are expected to have positive effect on the previously named dependent variables as a reason of signalling theory (Wernerfelt, 1988). The theory suggests that new products that have unknown quality can actually signal high quality for consumers by presenting advanced and good brand elements;

therefore, good name, logo, design, slogan and feature benefit might affect creating more favourable perception towards the new crowdfunding products and campaigns. So, the high-quality brand elements could therefore increase the relationship and involvement between customers and a crowdfunding project, which could imply higher word of mouth and willingness to donate more money. Moreover, Vincent et al (2013) suggests that having attractive symbols and good phrases as brand elements will drive attitude towards the brand and create more value. So, the attitude and value could be increased by having more and more people speak about the new crowdfunding project and having more and more money donated.

Hypothesis 1

High-quality primary brand elements (such as name, logo, design, slogan and feature benefit of the product) will significantly increase the amount funded and word of mouth of each project

The hypothesis 2 investigates both the perceived and the actual data models, where the higher amount funded is expected to increase the success of a crowdfunding campaign. It is expected that companies that receive more donations, will have the possibility to reach the goal of a campaign. Moreover, Resource Based theory that focuses on firms' internal resources suggests that it is important for a firm to generate competitive advantage (Barney, 1991). More investments allows firms to leverage their internal resources and therefore, they will be in a better situation compared to the competitors and the crowdfunding campaign will more likely be successful. In addition, Porter's five force framework (1979) that focuses on the external environment suggests that it is also important for a firm to focus on the market situation and competition. So that when companies are more favoured, they will more likely receive more donations that creates even more competitive advantage and therefore, the project of a start-up company will be more successful. Therefore, it is expected that higher amount funded will increase the success of a crowdfunding project.

Hypothesis 2

Higher amount funded leads projects to become significantly more successful compared to the projects that have lower amount funded.

The hypothesis 3 investigates both the perceived and the actual model, where the higher word of mouth is expected to increase the success of a crowdfunding campaign. A study concludes that word of mouth of a customer affects purchasing behaviour; more specifically, online reviews generate more sales (Chevalier & Mayzlin, 2006). Therefore, it is expected that word of mouth should increase the sales of a crowdfunding campaign and so, the campaigns should be more successful. Moreover, Doherty suggests that marketing increases revenue by generating new leads. In addition, word of mouth marketing is believed to be the superior method of different marketing approaches (Whitler, 2014). Thus, the hypothesis 3 was formed as it is expected that this marketing method will increase the revenue of a project, which in turn, will lead the crowdfunding campaign to reach the funding goal, which is essential for creating successful campaign.

Hypothesis 3

When people are more likely to share the campaigns to their friends, then the campaigns will be significantly more successful.

3. Methodology

This chapter proposes the methodology of the research study. It starts by explaining the data collection procedure, followed by describing the sample used and its' representativeness. Moreover, it explains how the data was analysed – the methods used and approach (e.g. creating new variables and explaining them)

3.1 Data Collection

The data collection procedure started by choosing a well-known and highly used reward-based crowdfunding website. There are a lot of crowdfunding websites available from which the most successful ones are Kickstarter, GoFundMe and Indiegogo based on traffic and Alexa ranking (Alexa Website, 2016; Barnett, 2013). Therefore, the selection was made as Indiegogo.com provided most relevant information for all the variables investigated in this study and it had many relevant projects created in the technology category.

Therefore, 6 projects from Indiegogo.com website technology category were chosen. The criteria for selecting projects was that the projects needed to be designed by start-up companies. Moreover, the start-up companies needed to have developed primary brand elements for their company, which needed to be represented in the crowdfunding campaigns. The 6 projects were divided into three separate groups. The first group consisted of 2 randomly selected very successful projects that had received a lot of funding, projects that made much more money compared to the initial goal. The projects chosen for this group were the following: Walli Smart Wallet and Axent Wear Headphones (Appendix 2). The second group consisted of 2 randomly selected projects that were most funded, however, in terms of receiving the most money from the range on 50% - 75% goal reached. Therefore, the 2 unsuccessful projects were the following: Mask Interactive Headphones and Kidsport GPS (Appendix 2). Finally, the third group consisted of 2 projects that were also randomly selected but had received very small amount of funding. Therefore, the projects in this group were Ola Smart Lock and Meeba Doorbell (Appendix 2).

The questionnaire was conducted using the previously selected 6 projects. The sample for this research analysis was collected through an online questionnaire (Appendix 1), which was conducted on the Qualtrics platform. Survey was posted in social media, Amazon MTurk and in online student forums and the data was collected within two weeks. The questionnaire was divided into three parts. Firstly, it contained the information sheet for all participants. It was necessary to include the description of the survey as it is ethical and every respondent should know what to expect from the survey. Secondly, the questionnaire contained the part of main analysis. Each participant was shown one campaign out of the selected projects in questionnaire that appeared randomly. Therefore, each participant was asked series of questions, how appealing, meaningful and memorable the primary brand elements were of randomly selected start-up companies' campaigns. Moreover, the questions included finding out how successful the respondents think the campaigns will be, how likely were they willing to share the project to their friends and how much were they willing to fund to the project. The last part of the questionnaire contained the classification criteria that included questions such as gender, age, if they have previously funded any project and in that case how much have they spent. This information allowed us to investigate whether the hypothesis were true and determine if primary brand elements are really affecting the dependent variables in the perceived data model.

It was also necessary to compare the actual data with the perceived data. Therefore, data of 55 projects from Indiegogo.com website was chosen. The projects were chosen similarly as for the questionnaire, 20 selected projects received big amount of funding, which was in most cases more than 1000% higher from the initial goal. Another 20 projects were chosen that received around 50% of the funding and the remaining projects were rather very unsuccessful. The data obtained from the website included social media shares – how many people did share the project in Facebook. Moreover, another variable was the total amount funded and the dependent variable looked at how successful was the project – the percentage of funding goal. So, this information allowed us to analyse the actual data and later compare it with the results obtained from questionnaire.

3.2 Sample Description

As the sample of the perceived data model was collected through a Qualtrics online questionnaire platform, we needed many respondents. In total, the survey received 314 respondents, which were gathered mainly from Amazon Mturk, however, also from social media and student forums. As the data is gathered from many independent sources, is the sample representative?

The demographics of crowdfunders imply very interesting results that are obtained from Quantcast platform (Ward, 2014). Platform that measures accurately the demographics of website visitors for all devices at all time. Therefore, the demographics of Indiegogo.com website suggest that people in our sample are representative of the overall population of crowdfunding website users (Appendix 3). More specifically, the data obtained is representative of the overall population in the Indiegogo.com website. The results (Table 1) imply that most funders are in the age group 25 – 34. Moreover, there are also a lot of funders similarly in the age groups 18 – 24 and 35 – 44. The demographics data obtained from Quantcast suggest that the older group is slightly more active in Indiegogo website and in our data, the results are the same. In addition, the demographics of people who are in age group 45 – 54, 55 – 64 or 65 (or above), are very similar compared to the overall population. As the data in our questionnaire is collected only from 314 respondents, it is possible to conclude that the age of respondents is accurately representative of the overall population of funders in Indiegogo.com website.

Table 1 – Demographics (Age Group)

The age group of questionnaire respondents (sample) compared to the demographics of Indiegogo.com website (overall population).

Age group	Questionnaire data	Indiegogo.com website
18 – 24	19,1 %	18 %
25 – 34	44,6 %	26 %
35 – 44	19,1 %	19 %
45 – 54	11,5 %	13 %
55 – 64	4,1 %	6 %
65 or above	1,6 %	2 %

Model statistics obtained from Appendix 3 and Quantcast platform.

It is also suggested (Ward, 2014) that there are slightly more men funders in the population of Indiegogo.com website, however there were slightly more women in the sample collected (Table 2). This, however, can still be counted as representative sample as the data of 314 respondents is very small compared to the overall population. Therefore, we can also conclude that the sample collected for the questionnaire is representative of the whole population of the Indiegogo.com website.

Table 2 – Demographics (Gender)

The gender of questionnaire respondents (sample) compared to the demographics of Indiegogo.com website (overall population).

Gender	Questionnaire data	Indiegogo.com website
Male	44,9 %	58 %
Female	55,1 %	42 %

Model statistics obtained from Appendix 3 and Quantcast platform.

The sample of our respondents (Appendix 3) suggest that 27,4 % of people had previously funded at least one project through a crowdfunding website. More accurately, 21,3 % of people had previously funded projects more than once. Therefore, people had funded different campaigns with the following percentages: once (6,1 %), twice (9,2 %), three times (6,4 %), four times (1,3 %) and five or more times (4,5 %). This data suggests that people actually know about crowdfunding and they are actively supporting start-up companies or individuals with innovative ideas. Moreover, the amount of money that people have previously spent is the following (Appendix 3): 0 – 25 € (10,8 %), 26 – 50 € (8,3 %), 51 – 100 € (4,8 %) and 101 € or above (3,5 %), which implies very relevant amount of money is offered for supporting start-up companies. There are many reasons why people fund these projects. Firstly, people do want to get the innovative product from start-up companies, however, Gerber (2013) also suggests that donating even a small amount of money gives people the acknowledgement and it gives sense of being part of some group, which is relevant for start-up companies to build long-lasting relationships with the customers.

3.3 Data Analysis

Data was analysed using the IBM SPSS Statistics program. It was necessary to use several research techniques to test the previously conducted hypotheses. Firstly, it was necessary to modify the Excel file provided by Qualtrics platform. However, the analysis began by using the principal component analysis, followed by conducting the Cronbach's Alpha reliability test. Moreover, the main analysis required running several linear regression models to find the effects of independent variables on dependent variables and to test whether the hypothesis were true (Chapter 4. Results).

3.3.1 Principal Component Analysis

As the questionnaire included a lot of variables that were obtained from the branding literature (Keller, 2005), which suggested that each primary brand element has an offensive criteria. It means that each brand element must be appealing, meaningful and memorable, which is also the criteria used in the questionnaire (Appendix 1). Therefore, it was necessary to combine similar variables and principal component analysis is effective method of reducing correlated variables to a set of smaller important independent variables (Appendix 4).

Firstly, the starting point of the principal component analysis requires investigating the correlation matrix, which indicates that all variables are correlated to each other, however, none of the variables have very high correlations between each other. The correlation matrix suggests that the highest correlation between variables is 0.758, while the lowest correlation between variables is 0.256. Further on, the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.880, which is higher than 0.5, which suggests that the sample used in the analysis is big enough and it is adequate (Field, 2000; UCLA: Statistical Consulting Group). The Bartlett's test of sphericity is significant, which means that the null hypothesis that the correlation matrix is an identity matrix can be rejected (Field, 2000; UCLA: Statistical Consulting Group). Therefore, as the correlation matrix and KMO and Bartlett's Test can be passed, it is possible to continue analysing the principal component analysis.

The analysis suggests creating 4 factors, which suggests that these 4 factors would account for 74,651% of the total variance, with eigenvalue above 1. Therefore, the rotated component matrix suggests creating 4 factors, which loads the following variables very well:

$$Design = \frac{Design\ Appealing + Design\ Meaningful + Design\ Memorable}{3}$$

$$Slogan = \frac{Slogan\ Appealing + Slogan\ Meaningful + Slogan\ Memorable}{3}$$

$$Logo = \frac{Logo\ Appealing + Logo\ Meaningful + Logo\ Memorable}{3}$$

The last component suggests that variables Name and Feature Benefit load very well together, so that variables as Name Appealing, Name Unique, Feature Benefit Appealing, Feature Benefit Meaningful and Feature Benefit Memorable should be combined. However, this research study considers them as two separate variables, so it would be necessary to conduct the Cronbach's Alpha reliability test to see if it would be possible to use them as separate variables.

3.3.2 Cronbach's Alpha

Cronbach's Alpha measures the internal consistency of a set of variables in a group (UCLA: Statistical Consulting Group). Therefore, the research conducted three separate tests to understand whether Name and Feature Benefit can be used as separate variables or should they be united as it is suggested in by the principal component analysis (Table 3).

Table 3 – Cronbach's Alpha

The Cronbach's Alpha reliability test results for separate results, which is also compared to the combined results

Variable	Cronbach's Alpha	Cronbach's Alpha
Feature Benefit Appealing	0.782	0.846
Feature Benefit Unique		
Name Appealing	0.865	
Name Memorable		
Name Meaningful		

Model statistics obtained from Appendix 5.

The test results suggest that all variables combined have very high internal consistency, which is 0.846, however, the results for using Name (Appealing, Memorable, Meaningful) separately gives even higher consistency level, 0.865. For the Feature Benefit (Appealing, Unique), the reliability level is 0,782, which is above the acceptable level of 0.7 (UCLA: Statistical Consulting Group). Therefore, it is possible to use two separate variables instead of the one, which was suggested earlier. So, it is possible to conduct the following variables to further run the linear regression.

$$Name = \frac{Name\ Appealing + Name\ Meaningful + Name\ Memorable}{3}$$

$$Feature\ Benefit = \frac{Feature\ Benefit\ Appealing + Feature\ Benefit\ Unique}{2}$$

3.4 Variables in the Conceptual Model

The principal component analysis (3.3.1) and the Cronbach's Alpha (3.3.2) created new variables for the brand elements, however there are more variables in the research study that have previously been presented in the conceptual model. The variables such as Name, Logo, Design, Slogan, Feature Benefit, Gender, Age, Willingness to Fund, Word of Mouth and Perceived Success investigate the perceived data model that is obtained by the questionnaire provided in Appendix 1. Moreover, Appendix 1 gives information on the scales used for each variable. The variables such as Amount Funded, Social Media Shares and Actual Success investigate the actual data model obtained from the website data.

Name – Independent variable that explains whether the name of a start-up companies' project (brand) obtained from Indiegogo.com website is appealing, memorable and meaningful. This variable combines (takes average of) three separate variables that used Likert scale, where 1 shows that the name is worst (least appealing, least memorable and least meaningful) and 5 indicates that it is a high-quality name (most appealing, most memorable and most meaningful).

Logo – Independent variable that describes whether the logo of the project (brand) obtained from Indiegogo.com website is appealing, memorable and meaningful. Similarly, this variable is a combination of three separate (appealing logo, meaningful logo and memorable logo) variables and uses the same scale.

Design – Independent variable of the study that explains whether the design of the product obtained from Indiegogo.com website is appealing, memorable and meaningful. This variable uses similar Likert scale as does the previous variable and takes the average of variables appealing design, memorable design and meaningful design.

Slogan – Independent variable that describes whether the slogan of the project obtained from Indiegogo.com website is appealing, memorable and meaningful. This variable uses similar Likert scale as does the previous variable. (Takes also average of variable from appealing slogan, memorability of slogan and meaningfulness of slogan)

Feature Benefit – Independent variable that explains whether the feature benefit of the project obtained from Indiegogo.com website is unique and appealing. Uses Likert-Scale and average is taken from the following variables: uniqueness of feature benefit and appealing feature benefit, where 1 indicates that the variable is worst (least unique and least appealing) and 5 indicates that the feature benefit is very good (most unique and most appealing).

Gender – Independent, dummy variable that takes value 1 for men and 0 for women.

Age – Independent variable that describes how old a respondent is, where the larger value means that the respondent belongs to larger age group.

Previously Funded – Independent, dummy variable take takes value 1 when a respondent has previously funded any project on any crowdfunding website and takes value of 0 when a respondent has not previously funded any project.

Willingness to Fund – This variable is identified as both, independent and dependent variable. This variable is used as a dependent variable when investigating whether primary brand elements (and characteristics of respondents) affects the amount of money people are willing to donate for different projects. On the other hand, the variable is used as an independent variable when investigating whether it has an effect on the Perceived Success of a project. Uses a continuous scale, in which, the larger the value, the more people are willing to fund.

Word of Mouth – Variable is used as an independent and dependent variable in the study. It is considered to be a dependent variable when investigating whether brand elements (and classification of respondents) have an effect on the Word of Mouth. In second scenario, it is used as an independent variable when investigating whether Word of Mouth has an effect on the Perceived Success. This variable uses a Likert scale, where 1 indicates that people would very unlikely and 5 indicates that people would very likely share the projects to their friends.

Perceived Success – Dependent variable of the model that represents how successful the project will be. Similarly, uses continuous scale, where the larger the value of Perceived Success, the more successful the project will be in respondents point of view.

Amount Funded – Independent continuous variable, which uses the actual data. The data was collected from 55 projects from Indiegogo platform and the variable defines the total amount of funding that a project has received, whereas the lowest amount of funding was \$7511 and highest amount of funding received was \$12.5m.

Social Media Shares – Independent continuous variable that uses the actual data. The data was collected from same projects and it defines how many times the campaign was shared in Facebook. The lowest amount of shares was 24 while one project was shared 255000 times.

Actual Success – Dependent continuous variable that also uses the actual data collected from same projects. It describes the percentage of funding received by a project (the goal compared to the actual amount of money received). The worst project in this dataset was only funded 2% of the goal, however the best received 17385% of the initial goal.

4. Results

This chapter provides the coefficients of the different linear regression models. Furthermore, it highlights the regression equations for each model and interprets the outcomes.

4.1 Model Equations

It was important to run 4 separate linear regressions to analyse the data. The first and second model measures how the brand elements and demographics affect the Willingness to Fund and Word of Mouth of a crowdfunding campaign. The third model measures how the Willingness to Fund and Word of Mouth affect the Perceived Success of a crowdfunding campaign. The fourth model measures whether the Amount Funded and (Social Media) Shares affect the Actual Success of a crowdfunding campaign. Therefore, the results of a perceived data model brand elements are presented in the table 4, the results of measuring the perceived success are presented in the table 5 and the results of measuring the actual success are presented in table 6.

The following model equations of linear regression are testing the previously formed hypotheses (Chapter 2.4.2). The first three equations (with dependent variables Willingness to Fund, Word of Mouth and Perceived Success) are investigating the perceived data model (questionnaire data) and the last equation (Actual Success) measures the effect of the actual data model obtained from a crowdfunding website.

Willingness to Fund

$$\begin{aligned}
 &= \beta_0 + \beta_1 \textit{Name} + \beta_2 \textit{Logo} + \beta_3 \textit{Design} + \beta_4 \textit{Slogan} \\
 &+ \beta_5 \textit{Feature Benefit} + \beta_6 \textit{Gender} + \beta_7 \textit{Age} + \beta_8 \textit{Previously Funded} \\
 &+ \varepsilon
 \end{aligned}$$

Word of Mouth

$$\begin{aligned}
 &= \beta_0 + \beta_1 \textit{Name} + \beta_2 \textit{Logo} + \beta_3 \textit{Design} + \beta_4 \textit{Slogan} \\
 &+ \beta_5 \textit{Feature Benefit} + \beta_6 \textit{Gender} + \beta_7 \textit{Age} + \beta_8 \textit{Previously Funded} \\
 &+ \varepsilon
 \end{aligned}$$

$$\textit{Perceived Success} = \beta_0 + \beta_1 \textit{Willingness to Fund} + \beta_2 \textit{Word of Mouth} + \varepsilon$$

$$\textit{Actual Success} = \beta_0 + \beta_1 \textit{Amount Funded} + \beta_2 \textit{Social Media Shares} + \varepsilon$$

4.2 Findings

Table 4 – Linear Regression

The regressions coefficients for brand elements and demographics variables on the Willingness to Fund and Word of Mouth.

Variable	Willingness to Fund	Word of Mouth
Constant	1,077 ***	0,638 **
Name	- 0,10	0,052
Logo	0,77	0,159 **
Design	0,144 *	0,329 ***
Slogan	0,137 *	0,088
Feature Benefit	0,106	0,243 ***
Gender	- 0,79	- 0,251 **
Age	- 1,14 *	-0,066
Previously Funded	0,250	0,168

*, ** and *** represent 10%, 5% and 1% significance level respectively.

$R^2 = 0,107$ for Willingness to Fund and $R^2 = 0,404$ for Word of Mouth.

Model statistics obtained from Appendix 6 and Appendix 7.

The results imply (Table 4) that Willingness to Fund is affected by the Design, Slogan and Age of the respondents at 10% significance level and the constant is at 1% significance level. Name, Logo, Feature Benefit, Gender and whether people have previously funded the project does not have a significant effect on the Willingness to Fund. The Word of Mouth (Table 4) is affected by Logo and Gender and Constant at 5% significance level and affected by Design and Feature Benefit at 1% significance level. However, the Name, Slogan, Age and Previously Funded does not have a significant effect on the Word of Mouth. Therefore, the following equations estimate how the Willingness to Fund and Word of Mouth are affected by the independent variables.

$$\textit{Willingness to Fund} = 1,077 + 0,144 \textit{Design} + 0,137 \textit{Slogan} - 1,14 \textit{Age}$$

Word of Mouth

$$= 0,638 + 0,159 \textit{ Logo} + 0,329 \textit{ Design} + 0,243 \textit{ Feature Benefit} \\ - 0,251 \textit{ Gender}$$

When the project on a crowdfunding platform has no brand elements present, then people are still willing to fund the project, when all independent variables are equal to 0, then the Willingness to Fund equals to 1,077. However, an enthralling slogan does increase the willingness of funders to more likely donate money to a project. When the quality of a slogan increases by 1 unit, then people are willing to fund 0,137 times more. Moreover, the design of the product is also very important. When the design of a product is more appealing, memorable and meaningful or in other words, when the design of a product has higher quality and interest people more, then individuals are willing to fund 0,144 times more. It is also important to notice that younger people are willing to fund slightly more compared to older people as the coefficient is -1,14. The Willingness to Fund would decrease by smaller amount when the age of a respondent was lower, however, the Willingness to Fund would decrease by larger amount when the age of the respondents was higher.

On the other hand, when a campaign on a crowdfunding platform has no primary brand elements represented, then people are still willing to share the project to their friends through social media or through regular conversation. When all independent variables are equal to 0, then the Word of Mouth equals to 0,638, which implies slightly smaller effect compared to the Willingness to Fund. The design of a product is also the most important factor in this case. When the design of a product is valued 1 unit higher by different people, then the Word of Mouth increases by 0,329. However, also Feature Benefit is necessary, when people find that the Feature Benefit is more relevant and better, they are more likely going to share the campaign to their friends. The Word of Mouth would increase by 0,243 when the quality of Feature Benefit is 1 unit higher. When the logo is considered to be 1 unit higher, in terms of being more appealing, more memorable and more meaningful, then the Word of Mouth is likely to increase by 0,159. Women are more likely sharing the project to their friends compared to men. The results imply that when gender equals to 1 (1 takes the value for men), then the Word of mouth decreases by 0,251, however, the gender takes the value of 0 and all the other variables remain constant, then the Word of Mouth equals still to 0,638.

The standardised coefficients for measuring the Willingness to Fund imply the following results. Design and Slogan are both similarly relevant for increasing the Willingness to Fund as the standardised coefficient for Design is 0,124 and for slogan 0,123 (Appendix 6). The coefficient for design is slightly larger, however, the difference is very small. From the significant variables in the Word of Mouth model, the standardised coefficient for Design equals to 0,309, for Logo 0,151 and for Feature Benefit 0.219 (Appendix 7). Therefore, similarly to previous model, the Design is most important factor in determining the Word of Mouth. However, the difference between variables is much larger compared to the previous model. The Feature Benefit is the second most important variable in determining the level of spreading the word about the project. Logo is the least important factor, however, it is still significantly important variable for determining the Word of Mouth.

Table 5 – Linear Regression (Perceived Success)

The coefficients of regression for Willingness to Fund and Word of Mouth on the Perceived Success of a crowdfunding campaign

Variable	Perceived Success
Constant	0,987 ***
Willingness to Fund	0,122 ***
Word of Mouth	0,369 ***

, ** and * represent 10%, 5% and 1% significance level respectively. $R^2 = 0,272$.*

Model statistics obtained from Appendix 8.

Table 5 suggests that Constant, Willingness to Fund and Word of Mouth all affect the Perceived Success of a crowdfunding campaign at 1% significance level. Therefore, the Perceived Success of a crowdfunding project can be explained by the following equation.

$$\text{Perceived Success} = 0,987 + 0,122 \text{ Willingness to Fund} + 0,369 \text{ Word of Mouth}$$

This equation implies that when people are not willing to fund the project or not willing to share the project to their friends, the campaign is still perceived to be relatively successful. When all the variables are kept constant, then the Perceived Success would increase by 0,987. The campaign would be considered even more successful when the project would be shared by people and when people are actually willing to donate more money for the project. Therefore, when the Willingness to Fund increases by 1 unit, then people believe that the success of a

project will increase by 0,122. However, Word of Mouth increases the success even more, when Word of Mouth increases by 1 unit, then the crowdfunding campaign success will increase by 0,369 and it will be perceived to be even more successful. The standardised coefficients for measuring the Perceived Success imply that the coefficient for Willingness to Fund equals to 0,157 and for Word of Mouth 0,436 (Appendix 8). It suggests that even though, the Willingness to Fund is very important for determining the success of a project, the Word of Mouth has actually much larger impact of the level of success.

Table 6 – Linear Regression (Actual Success)

The regressions coefficients for Shares and Amount Funded on the Actual Success of a crowdfunding campaign.

Variable	Actual Success
Constant	- 70,047
(Social Media) Shares	0,040 ***
Amount Funded	0,001 ***

, ** and * represent 10%, 5% and 1% significance level respectively. $R^2 = 0,927$.*

Model statistics obtained from Appendix 9

Table 6, suggests that the Constant does not have an effect on the Actual Success of a project. When people are not funding the project, and when people are not sharing the project in social media, then the project will not become more successful. The variables (Social Media) Shares and Amount funded, both have significant effect on the Actual Success of a crowdfunding project at 1% significance level. Therefore, the equation that would measure how the Actual Success can be affected, is the following.

$$\text{Actual Success} = 0,040 \text{ Shares} + 0,001 \text{ Amount Funded}$$

The constant is not significant, which implies much more truthful results compared to results obtained from the Perceived Success (Table 5). When people have shared the project in social media, then the Actual Success becomes much larger, when Shares of the project in social media increases by 1 unit, then the Actual Success increases by 0,040. On the other hand, when everything else stays constant, and the Amount Funded increases by 1 unit, then the Actual Success of a project increases by 0,001. The standardised coefficients in this model imply that the coefficient for Social Media Shares is 0.558 and for Amount Funded 0,429 (Appendix 9).

So, sharing the project to friends has larger effect on the success of a project compared to the amount of money funded.

4.3 Summary of Results

Therefore, the actual data model and the questionnaire data model suggest similar results with only difference that the constant in actual model implies no effect on the success *ceteris paribus*, however, the perceived model implies that success increases *ceteris paribus*.

In both models, the Word of Mouth (Shares) have larger effect on the success compared to the Willingness to Fund (Amount Funded) based on standardised coefficients (Appendix 8; Appendix 9). Therefore, it is important to increase the awareness of the project, so that more and more people could fund the project. The Word of Mouth could be increased by developing very appealing, meaningful and memorable logo for the new brand, have excellent design for the product and offer innovative, unique feature benefit of the product. Even though, women are more likely sharing the project to their friends, it would still be important to spend budget on targeting also men as the technological equipment appeal men much more and demographics of Indiegogo website imply larger amount of male visitors (Table 2; Ward 2014).

On the other hand, the Willingness to Fund could be increased by developing excellent design for the product and creating very appealing, meaningful and memorable slogan for the brand and for the crowdfunding campaign. However, even though the other brand elements do not have significant effect on the Willingness to Fund, it would still be helpful to develop all brand elements well. Moreover, younger people are willing to spend slightly more compared to older people.

5. Conclusions

This chapter responds to the hypotheses and research questions through the summary of the research study. Moreover, it gives insights to managers, how would it be possible to make their crowdfunding campaign more successful. Finally, it looks at limitations and develops suggestions for researchers by proposing opportunities for further research.

5.1 Summary

This research study was aimed to investigate whether start-up companies could make their reward-based crowdfunding platform campaigns more successful by introducing high-quality primary brand elements. Further on, it investigated, which elements are most important for increasing the word of mouth of the projects and which elements are important for increasing the willingness to fund.

It is necessary for start-up companies to start with their brand building as early as possible, because the findings suggest that the brand elements are important factors for determining the success of a crowdfunding campaign. New companies are relatively unknown when they are launched, so, creating the brand elements, launching a crowdfunding campaign and asking help from friends and family can be very helpful for increasing the brand awareness. Hypothesis 1 can be partially accepted as high quality brand elements (such as design and slogan) will significantly increase the willingness to fund for each project. Moreover, high quality brand elements (such as logo, design and feature benefit) have a significant effect on the word of mouth of each project. The name is not significant variable for any of the dependent variables, however, it is something that differs the brands and therefore, it is also important. So, all brand elements (such as name, logo, slogan, design and feature benefit) should be developed by a start-up company before they launch their crowdfunding campaign. Moreover, hypothesis 1 suggests that the crowdfunding campaign can be a great tool for building the brand and increasing awareness. It is because logo, design and the feature benefit can increase the word of mouth and therefore, more people could find the project and so, more and more people could share the crowdfunding campaign due to good brand elements. Sharing the project in social

media also increases the interaction between people and the company, which is suggested (Keller, 2001) to be very important in forming brand relationships.

The hypotheses 2 and 3 can also be accepted as higher willingness to fund leads projects to become significantly more successful compared to projects that have lower willingness to fund. Moreover, when people are more likely to share a campaign to their friends, then the campaign will be significantly more successful. Therefore, respondents believe that new companies brand building does increase the success of a campaign in crowdfunding platform by introducing good brand elements that have an effect on the willingness to fund and on the word of mouth, which determines the level of success of a project. This is also supported by the actual project data, so that the hypotheses 2 and 3 can be accepted. So, projects that have been shared more in social media will be significantly more successful compared to the projects that have been shared less in social media. Furthermore, the projects that have received higher amount of funding will be significantly more successful compared to the projects that received lower amount of funding. So, more popular projects tend to become more successful, which helps companies to receive even more starting capital.

The difference between the actual model and the perceived (questionnaire) model is that the perceived model suggests that the success of a crowdfunding campaign increases even when people do not share the project to their friends and when people are not willing to fund the project. Whereas, the actual model suggests that the success does not increase when people are not sharing the project or when they have not funded the project. It might be because the actual data takes into account the actual success ratio of a project as a dependent variable and therefore, the project cannot be successful when it had received very low amount of funding and shares. The actual model did not take into account the quality of brand elements as it is difficult to measure, which element is actually good or bad. However, in the perceived model, the dependent variable is the perceived success of a project and therefore, there might be other variables that actually affect the decision making in believing that the proposed 6 projects might be successful. Perhaps, people might have believed that the design or feature benefit (or any other brand element) is relevant and very good, and therefore, they might have believed that those factors also directly affect the success of a project. Therefore, there is a lot of room for further research.

To sum up, we can conclude that primary brand elements are important for start-up companies to develop as they increase the success of a crowdfunding project. Different elements affect different things, but overall, every element (except name) is important for determining the success of a reward-based crowdfunding website campaign. So, the brand elements are important for building the brand and receiving capital for building a bigger and better company. It gives a good foundation for a new company to be successful, which means that the new company will very unlikely fail as Blank (2013) and Ducker suggest that 75% of start-up companies and 90% of internet companies fail in very short time. So, crowdfunding method is very effective for brand building and receiving starting money next to other traditional funding methods.

5.2 Managerial Implications

The findings suggest several methods, which would help start-up companies that focus on producing innovative technological equipment to increase the success of their crowdfunding campaign through developing good brand elements. On the other hand, the following methods should be also effective for other innovative product categories besides technological equipment as brand elements are important to develop for each company. Even though using the data from technological campaigns, the research did not focus on measuring whether people like some aspect more as the campaigns were from specific category. However, the results imply using reward based crowdfunding platform.

Start-up companies must develop very appealing, memorable and meaningful logo, design and slogan. Moreover, the feature benefit of a product must be considered very appealing and unique. It is important to create these previously named factors with high-quality as they contribute towards the success of a crowdfunding campaign. Even though, the name did not have any significant effect either on the Willingness to Fund or Word of Mouth, the name is still important, it is something that builds the foundation to the new firm, it identifies the company and distinguishes from the competitors.

The Word of Mouth and Willingness to Fund, both have significant effect on the success of a crowdfunding campaign, which was explained by the actual data model and questionnaire data model. Both models suggests that word of mouth have larger effect on the success of a project compared to the willingness to fund. Companies could increase the word of mouth in social

media or through regular conversations by implementing very high-quality and good logo, design and feature benefit of a product, whereas design has highest impact on the word of mouth, followed by feature benefit and then logo. Even though, the results suggest that women are more willing to share the campaign to their friends, the marketing budget should be aimed to target both, men and women. It is because women are more likely to share, however, the demographics of crowdfunding website suggest that the actual visitors are mostly men. The word of mouth increases awareness of the crowdfunding campaign as it is the best marketing tool available and therefore, more people are actually finding the project, which makes the project more likely to receive donations from people and so, the project will become more successful. The Willingness to Fund could be increased by developing very good and high-quality design and slogan. Similarly, the design has highest impact on the amount of money funded, followed by slogan. Moreover, the marketing budget should be spent on targeting younger audience, although there is still potential that older people fund the projects. Most crowdfunding audience is in the age group 25 – 34, however the following groups imply also high numbers: 18 – 24 and 35 – 44.

5.3 Further Research Suggestions

This research study did not take into account all the primary brand elements and the defensive criteria of the elements. Keller (2005) suggests that in addition to name, logo, slogan and design, there are also elements such as the Web URL, symbols, characters, jingles and packaging. Even though, start-up companies in crowdfunding platforms rarely develop some of those factors, they might also have an effect on the word of mouth and on the the willingness to fund. Moreover, the study only investigated the offensive criteria that is linked to the building customer-based brand equity pyramid. However, the defensive or strategic criteria (transferability, adaptability and protectability) is also important for further leveraging the brand that is very important for determining the quality of a brand element.

Another important tool for brand building is developing the secondary brand elements. Building a good associative network that is explained by linking a company to other brands, placed, people or things (Keller, 2005). So, it would also be interesting to investigate whether, for example, employees, endorsers, country of origin, different channels or other extensions affect the word of mouth and willingness to fund. All of these factors are building more awareness

and building greater brand image, which could affect the funding through a crowdfunding platform.

Furthermore, it would be interesting to investigate whether the success of a crowdfunding project can be linked back to the brand equity building. As some of the brand elements increase the word of mouth and some increase the likelihood of funding the project, it builds more relationships between people and the brand. So, it would be necessary to understand, how much does the brand equity increase by introducing high-quality elements and receiving higher amount of funding.

Reward-based crowdfunding platform builds a relationship between a funder and the company as people are expecting to receive something in return months or years after the funding. This crowdfunding platform only gives out the product only once, however other types of crowdfunding platforms (such as lending or royalty) offer constant returns for customers, which might be even better for actually building the brand and the relationship between customer and a company. Moreover, does donation-based crowdfunding platform even form any relationships? So it would be interesting to find, how different types of crowdfunding platforms affect the amount of funding, word of mouth, perhaps speed of funding and how they all affect building the brand equity.

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Appendix 1 – Questionnaire

As part of my master thesis, I am conducting a marketing research on crowdfunding and branding. I will be giving out 2 €25 amazon vouchers at random to respondents once the questionnaire is closed. If you would like to enter for these prizes, please insert your email address into the field at the end of the questionnaire.

This is a voluntary questionnaire. There is no risk involved in the completion of this questionnaire. All data received will be treated as anonymous and will not be published. Please note, by ticking the box below you are indicating that you have read and understood the Information above and that you agree to take part in this research study.

I have read and understood the Information above and agree to take part in this study.

Questions

How appealing is the feature benefit of a product?

Very appealing, Appealing, Indifferent, Slightly appealing, Not appealing at all

How unique is the feature benefit of a product?

Very unique, Unique, Indifferent, Slightly unique, Not unique at all

How appealing is the name?

Very appealing, Appealing, Indifferent, Slightly appealing, Not appealing at all

How memorable is the name?

Very memorable, Memorable, Indifferent, Slightly memorable, Not memorable at all

How meaningful is the name?

Very meaningful, Meaningful, Indifferent, Slightly meaningful, Not meaningful at all

How appealing is the logo?

Very appealing, Appealing, Indifferent, Slightly appealing, Not appealing at all

How memorable is the logo?

Very memorable, Memorable, Indifferent, Slightly memorable, Not memorable at all

How meaningful is the logo?

Very meaningful, Meaningful, Indifferent, Slightly meaningful, Not meaningful at all

How appealing is the slogan?

Very appealing, Appealing, Indifferent, Slightly appealing, Not appealing at all

How memorable is the slogan?

Very memorable, Memorable, Indifferent, Slightly memorable, Not memorable at all

How meaningful is the slogan?

Very meaningful, Meaningful, Indifferent, Slightly meaningful, Not meaningful at all

How appealing is the design?

Very appealing, Appealing, Indifferent, Slightly appealing, Not appealing at all

How memorable is the design?

Very memorable, Memorable, Indifferent, Slightly memorable, Not memorable at all

How meaningful is the design?

Very meaningful, Meaningful, Indifferent, Slightly meaningful, Not meaningful at all

How much would you be willing to fund?

€0, €1 – 25, €26 – 50, €51 – 100, €101 – 200, €201 – 300, €301+

How successful will the project be?

0% - 33%, 34% - 66%, 67% - 99%, 100% - 133%, 133% - 166%

How likely would you share this project to your friends?

Very likely, likely, Indifferent, Unlikely, Very unlikely

What is your gender?

Male, Female

How old are you?

18 – 24, 25 – 34, 35 – 44, 45 – 54, 55 – 64, 65+

Have you ever funded a project through any crowdfunding website?

Yes, No

If yes, how many times have you funded a project through any crowdfunding website?

Once, twice, three times, four times, five or more times

If yes, how much have you spent (on average)?

€0 – 25, €26 – 50, €51 – 100, €101 – 200, €201 – 300, €301+

Thank you for your participation in this questionnaire. In order to take part in the prize draw to give you a chance to win €25 Amazon voucher, please provide your email in the box below.

Appendix 2 – Projects from Indiegogo website

Name – **Walli**

Feature Benefit – Smartest wallet that tracks its content and much more. It connects with the smartphone and sends notifications when the wallet or any card inside is left behind.

Slogan – “Your wallet is evolving”

Logo and Design



Name – **Axent Wear**

Feature Benefit – Glowing headphones let everyone blast their music and express their style. It combines fashion and functionality with external cat ear speakers and LED lights.

Slogan – “The perfect way to enjoy your music – or share with friends”

Logo and Design



Name – **Mask**

Feature Benefit – A movie theatre in headphones. It is a wearable device that combines high-quality virtual projection with audio headphones

Slogan – “Play for your eyes and ears only”

Logo and Design



Name – **Kidsport GPS**

Feature Benefit – Coolest, most fun, waterproof and colourful GPS tracking sports band for children. It connects with the smartphone and allows locating kids.

Slogan – “Creating safer neighbourhoods and stress-free vacations”

Logo and Design



Name – **Ola (Smart Lock)**

Feature Benefit – Smart lock operated by fingerprint

Slogan – “Not only keyless, but phoneless”

Logo and Design



Name – **Meeba (Doorbell)**

Feature Benefit – Smart and fun doorbell, which can be monitored from mobile device application. It guarantees a huge smile when any person is passing through the doorway.

Slogan – “It just sounds great”

Logo and Design



Appendix 3 – Demographics

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	173	55,1	55,1	55,1
Male	141	44,9	44,9	100,0
Total	314	100,0	100,0	

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 - 24	60	19,1	19,1	19,1
25 - 34	140	44,6	44,6	63,7
35 - 44	60	19,1	19,1	82,8
45 - 54	36	11,5	11,5	94,3
55 - 64	13	4,1	4,1	98,4
65 +	5	1,6	1,6	100,0
Total	314	100,0	100,0	

Previously funded

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	228	72,6	72,6	72,6
Yes	86	27,4	27,4	100,0
Total	314	100,0	100,0	

Times funded

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Once	19	6,1	22,1	22,1
Twice	29	9,2	33,7	55,8
Three times	20	6,4	23,3	79,1
Four times	4	1,3	4,7	83,7
Fiver or more times	14	4,5	16,3	100,0
Total	86	27,4	100,0	
Missing System	228	72,6		
Total	314	100,0		

Average Spent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid € 0 - 25	34	10,8	39,5	39,5
€ 26 - 50	26	8,3	30,2	69,8
€ 51 - 100	15	4,8	17,4	87,2
€ 101 - 200	6	1,9	7,0	94,2
€ 201 - 300	2	,6	2,3	96,5
€ 301 +	3	1,0	3,5	100,0
Total	86	27,4	100,0	
Missing System	228	72,6		
Total	314	100,0		

Appendix 4 – Principal Component Analysis

Correlation Matrix

	Feature Benefit Appealing	Feature Benefit Unique	Name Appealing	Name Memorable	Name Meaningful	Logo Appealing	Logo Memorable	Logo Meaningful	Slogan Appealing	Slogan Memorable	Slogan Meaningful	Desgin Appealing	Design Memorable	Design Meaningful
Feature Benefit Appealing	1,000	,644	,449	,416	,374	,355	,329	,325	,353	,390	,393	,352	,329	,342
Feature Benefit Unique	,644	1,000	,438	,452	,410	,332	,353	,403	,401	,397	,377	,372	,278	,343
Name Appealing	,449	,438	1,000	,677	,684	,431	,454	,443	,436	,355	,383	,401	,324	,400
Name Memorable	,416	,452	,677	1,000	,680	,413	,475	,489	,361	,379	,379	,398	,368	,411
Name Meaningful	,374	,410	,684	,680	1,000	,419	,451	,508	,471	,422	,461	,346	,264	,388
Logo Appealing	,355	,332	,431	,413	,419	1,000	,738	,625	,482	,480	,481	,358	,333	,381
Logo Memorable	,329	,353	,454	,475	,451	,738	1,000	,732	,470	,552	,491	,345	,341	,389
Logo Meaningful	,325	,403	,443	,489	,508	,625	,732	1,000	,453	,447	,509	,304	,329	,419
Slogan Appealing	,353	,401	,436	,361	,471	,482	,470	,453	1,000	,758	,755	,332	,279	,341
Slogan Memorable	,390	,397	,355	,379	,422	,480	,552	,447	,758	1,000	,740	,324	,256	,357
Slogan Meaningful	,393	,377	,383	,379	,461	,481	,491	,509	,755	,740	1,000	,337	,296	,401
Desgin Appealing	,352	,372	,401	,398	,346	,358	,345	,304	,332	,324	,337	1,000	,599	,737
Design Memorable	,329	,278	,324	,368	,264	,333	,341	,329	,279	,256	,296	,599	1,000	,659
Design Meaningful	,342	,343	,400	,411	,388	,381	,389	,419	,341	,357	,401	,737	,659	1,000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6,677	47,694	47,694	6,677	47,694	47,694	2,741	19,578	19,578
2	1,510	10,782	58,476	1,510	10,782	58,476	2,667	19,051	38,629
3	1,201	8,580	67,056	1,201	8,580	67,056	2,616	18,688	57,317
4	1,063	7,594	74,651	1,063	7,594	74,651	2,427	17,333	74,651
5	,836	5,969	80,619						
6	,443	3,161	83,780						
7	,428	3,055	86,835						
8	,353	2,523	89,358						
9	,336	2,399	91,757						
10	,288	2,057	93,814						
11	,264	1,884	95,698						
12	,233	1,662	97,359						
13	,206	1,468	98,828						
14	,164	1,172	100,000						

Extraction Method: Principal Component Analysis.

KMO and Bartlett's Test

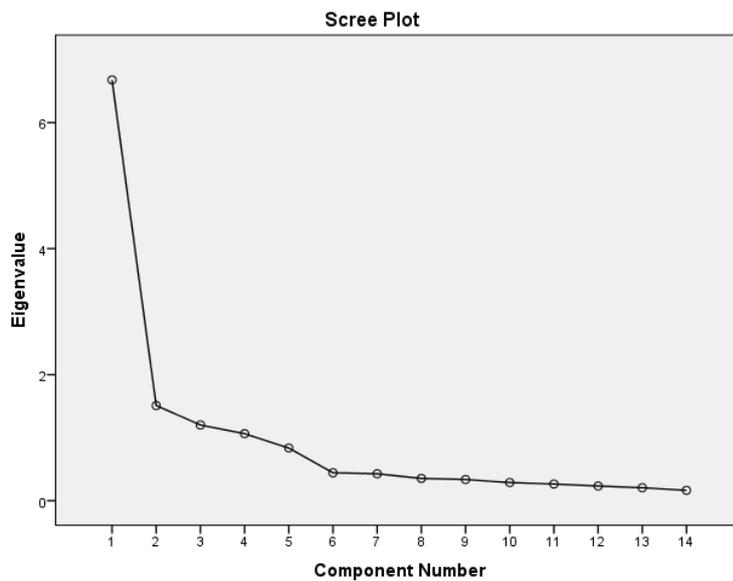
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,880
Bartlett's Test of Sphericity	Approx. Chi-Square	2720,154
	df	91
	Sig.	,000

Rotated Component Matrix^a

	Component			
	1	2	3	4
Feature Benefit Appealing	,678	-,062	,369	,240
Feature Benefit Unique	,696	-,012	,366	,202
Name Appealing	,725	,410	,074	,177
Name Memorable	,703	,451	,031	,208
Name Meaningful	,666	,471	,152	,096
Logo Appealing	,139	,727	,326	,217
Logo Memorable	,160	,795	,319	,193
Logo Meaningful	,239	,752	,265	,177
Slogan Appealing	,223	,275	,809	,125
Slogan Memorable	,182	,289	,827	,130
Slogan Meaningful	,193	,299	,800	,171
Design Appealing	,240	,123	,152	,826
Design Memorable	,134	,172	,090	,828
Design Meaningful	,193	,224	,166	,837

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.



Appendix 5 – Cronbach’s Alpha

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,846	,845	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Feature Benefit Appealing	13,28	17,677	,568	,451	,837
Feature Benefit Unique	13,11	18,119	,597	,462	,829
Name Appealing	13,71	16,206	,718	,573	,796
Name Memorable	13,49	16,385	,708	,563	,799
Name Meaningful	13,93	16,315	,679	,558	,807

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,865	,865	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Name Appealing	6,34	5,848	,743	,552	,809
Name Memorable	6,12	5,925	,739	,547	,812
Name Meaningful	6,56	5,685	,745	,555	,808

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,782	,784	2

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Feature Benefit Appealing	3,77	1,387	,644	,415	.
Feature Benefit Unique	3,60	1,659	,644	,415	.

Appendix 6 – Linear Regression (Willingness to Fund?)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,326 ^a	,107	,083	1,294

a. Predictors: (Constant), Previously funded, Name, Gender, Age, Design, Slogan, Feature Benefit, Logo

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60,861	8	7,608	4,546	,000 ^b
	Residual	510,378	305	1,673		
	Total	571,239	313			

a. Dependent Variable: Willingness to Fund

b. Predictors: (Constant), Previously funded, Name, Gender, Age, Design, Slogan, Feature Benefit, Logo

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,077	,349		3,088	,002
	Design	,144	,075	,124	1,915	,056
	Slogan	,137	,080	,123	1,724	,086
	Logo	,077	,087	,067	,884	,377
	Feature Benefit	,106	,082	,088	1,297	,196
	Name	-,010	,086	-,008	-,111	,912
	Gender	-,079	,149	-,029	-,535	,593
	Age	-,114	,067	-,096	-1,695	,091
	Previously funded	,250	,170	,083	1,469	,143

a. Dependent Variable: Willingness to Fund

Appendix 7 – Linear Regression (Word of Mouth?)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,635 ^a	,404	,388	,970

a. Predictors: (Constant), Previously funded, Name, Gender, Age, Design, Slogan, Feature Benefit, Logo

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	194,177	8	24,272	25,802	,000 ^b
	Residual	286,918	305	,941		
	Total	481,096	313			

a. Dependent Variable: Word of Mouth

b. Predictors: (Constant), Previously funded, Name, Gender, Age, Design, Slogan, Feature Benefit, Logo

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,638	,262		2,440	,015
	Design	,329	,056	,309	5,835	,000
	Slogan	,088	,060	,086	1,469	,143
	Logo	,159	,066	,151	2,428	,016
	Feature Benefit	,243	,061	,219	3,970	,000
	Name	,052	,064	,049	,806	,421
	Gender	-,251	,111	-,101	-2,256	,025
	Age	-,066	,051	-,061	-1,307	,192
	Previously funded	,168	,127	,060	1,316	,189

a. Dependent Variable: Word of Mouth

Appendix 8 – Linear Regression (Perceived Success?)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,521 ^a	,272	,267	,897

a. Predictors: (Constant), Word of Mouth, Willingness to Fund

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93,463	2	46,732	58,038	,000 ^b
	Residual	250,413	311	,805		
	Total	343,876	313			

a. Dependent Variable: Success of Project

b. Predictors: (Constant), Word of Mouth, Willingness to Fund

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,987	,153		6,435	,000
	Willingness to Fund	,122	,041	,157	2,952	,003
	Word of Mouth	,369	,045	,436	8,198	,000

a. Dependent Variable: Success of Project

Appendix 9 – Linear Regression (Actual Success?)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,963 ^a	,927	,924	714,720

a. Predictors: (Constant), Amount Funded, Social Media Shares

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	336736136,1	2	168368068,1	329,600	,000 ^b
	Residual	26562888,61	52	510824,781		
	Total	363299024,7	54			

a. Dependent Variable: Actual Success

b. Predictors: (Constant), Amount Funded, Social Media Shares

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-70,047	111,683		-,627	,533
	Social Media Shares	,040	,006	,558	6,470	,000
	Amount Funded	,001	,000	,429	4,973	,000

a. Dependent Variable: Actual Success