Crowdfunding Analysis

The proliferation of projects using crowdfunding as monetary backing is relatively commonplace today. This dataset focused primarily on the finances collected relative to the initial goal for projects within specific categories. A project’s success or failure was determined by measuring whether crowdfunding met or exceeded the financial goal. Through the analysis of this data, one can draw a few conclusions on the process of crowdfunding, primarily with respect to campaigns in specific categories and countries.

The first conclusion drawn from the analysis of this dataset indicates crowdfunding as a marketing strategy is more popular for some categories compared to others. For instance, there is a much higher occurrence of crowdfunding campaigns for theater projects and film/video projects. The two of these categories represent slightly over half of all the campaigns for this dataset, however the campaign success rate seems to be a 60/40 split. Music campaigns are the third highest category and are more popular crowdfunding campaigns in both China and Great Britian, yet even in these countries their success seems to be a 50/50 shot. Concurrently, the use of crowdfunding for journalism, food, or gaming projects tends to be less popular across the seven countries sampled, however all journalism campaigns were successful with monetary goals under $10,000. Further analysis of categorical data by country shows that the success of a crowdfunding project by category varies from country to country. For instance, in Italy technology projects are successful, while in Denmark all technology projects failed. Moreover, crowdfunding in Denmark and China is not a strategy employed across all categories and may not a popular fundraising strategy in general. The prevalence of categories within the arts shows that crowdfunding is a very popular avenue for fundraising, specifically plays, however from this dataset it is difficult to pinpoint what attributes make a campaign successful or not throughout all the countries sampled. The final conclusions taken from this dataset indicate that having a large monetary goal doesn’t inhibit a project’s success. Projects with goals ranging from $15,000 to just under $50,000 were positively successful. But after the $50,000 goal they drop drastically. Additionally, crowdfunding projects are more successful during late spring/ early summer months (May to July).

Although this dataset provides categorical information and fiduciary data, there are some limitations that hinder the ability to understand the trick of successful crowdfunding campaigns. One of the vital pieces of information missing is the marketing platform used for each project. Understanding the marketing strategy, particularly which social media platforms and outreach plans, used for each campaign would provide a better understanding of why a project was successful. It would have been interesting to know if a project relied entirely on social media such as Facebook or Instagram, or if there was an email campaign sent out. In Borrero-Dominguez et al. (2020) the researchers analyze crowdfunding using a variety of variables such as gender owned projects, ecological connections, experience level of those running projects, and whether a project is reward based. This article found that successful campaigns depend on the experience level of those running projects, as well as location and if it is reward based. This type of data could have significantly aided in the analysis of this dataset, especially with respect to the experience level of the project creators with crowdfunding. To greatly assist in the evaluation of how a crowdfunding project will be successful or not, it would be helpful to have a table displaying the number of backers by subcategory and the outcome of a project. Additionally, an analysis of the average donation of a project with respect to the outcome could provide more insight into a project’s crowdfunding success. Finally, there were two columns of data that were not used at all in the analysis, staff\_pick and spotlight. More investigation of these two attributes with respect to categorical data and outcome could have possibly shed light on crowdfunding success.

Through the statistical analysis of this data set it is apparent that for both successful and failed projects there is a right skew in the data. This would point to the median as being a better summation of the data. The variance for both successful and failed campaigns is quite high, however the successful campaigns have a higher variance compared to failed campaigns. This statistical outcome does make sense since there are more successful campaigns compared to failed, approximately 1000 more backers for successful campaigns, and a wider variety in categories of projects for successful campaigns.

References Cited

Borrero-Domínguez, C., Lagares, E. C., & Hernández-Garrido, R. (2020). Analysis of success factors in crowdfunding projects based on rewards: A way to obtain financing for socially committed projects. *Heliyon*, *6*(4), e03744. https://doi.org/10.1016/j.heliyon.2020.e03744