

## Weekly assignment 1

In the article *Click to Success? The Temporal Effects of Facebook Likes on Crowdfunding* Jin et al. (2020) attempted to address the question whether social media activities, such as “likes” in Facebook”, significantly and positively impact the likely success of crowdfunding. This question is nowadays important since businesses and also individuals are more and more utilizing online crowdfunding platforms to raise funds and depend heavily on social networks to publicize their projects. The authors also wanted to find out that if the social media activities did influence the crowdfunding projects, how did they dynamically influence the projects as they progressed. They tested empirically the potential impact using data collected from Facebook and Kickstarter. (Jin et al. 2020)

I think that the main data analytical thinking approach the authors applied to help them understand the question was formula thinking. The formula thinking aims at finding quantitative relationships between different elements and the relationships can be validated with quantitative methods. (Li 2022) This can be found in the study because the way the data has been handled is centered to different formulas and equations such as regressions and only after calculating the results has non-quantitative analysis been utilized. The authors have also found the core elements in the study such as the number of likes and utilize these in the formulas just like the definition of formula thinking says (Li 2022). On the other hand, formula thinking is based on the structured thinking (Li 2022). This thinking can be recognized in the study since as the article proceeds there are following hypothesis made to support the main question defined in the beginning. In the structured thinking there's also always summarizing of the next level of ideas (Li 2022) which has been done since the hypothesis are presented in their own groups. This method also helps to get ideas about what data to use (Li 2022) and that's why this approach has been utilized in the theoretical part of the text.

For the data analytical thinking I think that one of the techniques is the clustering method. In the clustering method similar objects are grouped in a set (Li 2022). This can be recognized in the article since the data variables have been grouped in project characteristics, project outcomes, creator attributes and Facebook activity presented in the table 2 of the article (Jin et al. 2020). Another technique utilized in the article is the logic tree method. This can be validated by the data analytical thinking approaches above. Third technique in the study is the correlation analysis. This analysis measures the strength of the relationship between two variables and the direction of the

relationship (Li 2022). In the study there is a matrix presenting correlations between the dependent variable “success” and all the other variables. The last thinking technique I think has been utilized in the study is the comparison analysis. In this analysis two or more sets of data are compared to identify differences (Li 2022). In the study this can be recognized because the authors have used control variables and tracked the changes in the quantitative variables by the changing variables (Jin 2020).

The data applied in this study was collected from Facebook and Kickstarter. From Kickstarter the authors collected data regarding project characteristics and creator attributes. The project characteristics data tells the basic information of a project including the category of the project and the fundraising goals whereas the creator attributes contain personal characteristics of the creators such as the numbers of their Facebook friends. The project links were also fed into the Facebook API to take on Facebook activities such as numbers of the “likes” or “shares” related to the project. In the data sample there were 7289 projects of which 3262 were successful and 4027 were unsuccessful. The authors collected three sets of variables reflecting the data sources mentioned above. (Jin et al. 2020)

The results from the study revealed that social media activities do have a positive impact on crowdfunding outcomes. The duration model analysis revealed that impact of these activities exhibits a nonlinear J-curve pattern in the temporal space which means that the impact is most notable in the opening and the closing periods of the. The curve can be explained by a quality-signaling effect in the opening period and a herding effect in the closing period. The study also generated some possible implications for both project creators and the crowdfunding platforms. For project creators these implications were that they should recruit friends and family to spread the word on the social media, the creators should provide incentives for users to “share” and “like” the project, they should also create a fan page on Facebook and collect feedback from users and lastly the creators should consider buying “likes”. The implications for platforms were that the platform developers should enable better use of the social buttons for example by embedding them in the source code so that the placement on the page is noticeable for the users. The developers should also create a list of default comments to make it easier for the user to interact with a post. Lastly, the platforms should illustrate the social media impact and allow users to rank projects according to number of button clicks. (Jin et al. 2020)

## References:

Jin, Y., Ding, C., Duan, Y. & Cheng, H. K. (2020) Click to Success? The Temporal Effects of Facebook Likes on Crowdfunding. *Journal of the Association for Information Systems* (2020) 21(5), 1191-1213, doi: 10.17705/1jais.00634

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