

ISSS616 Applied Statistical Analysis with R Final Report

Group Project: Understanding and Predicting Success of Kickstarter Projects Across Top 15 Countries

G2 Group 6

Archie Quiambao DOLIT

MIN Xiaoqi

Kevin Magic Rialubin SUNGA

WANG Zhifei

Lynette WONG Yik Lynn

WONG Sook Xian Sophia

6th April 2021

ISSS616 ASAR: Final Report Page 1 of 22

Table of Contents

Ta	ble of	f Contents	2
1.	Ba	ckground	3
2.	Ov	verall Concept	3
	2.1.	Objective	3
	2.2.	Literature Review	3
	2.3.	Analysis Process	4
3.	Da	ata Source and Preparation	5
	3.1.	Dataset Used	5
	3.2.	Data Cleansing	5
	Mis	ssing Values	5
	Ou	utliers	6
	3.3.	Feature Engineering to obtain new variables	6
4.	Da	ata Analysis Descriptive and Inferential Statistics	7
	4.1.	Country of Origin	7
	4.2.	Main Category	7
	4.3.	Campaign Duration	8
	4.4.	Staff Pick	9
	4.5.	Number of projects by creator	10
	4.6.	Correlation study on numerical variables	10
	4.7.	Final Dataset	11
5.	Da	ata Analysis - Predictive Modelling	12
	5.1.	Multiple Linear Regression	12
	5.1	1.1 Final Model and Result	13
	5.1	1.2 Parameter Estimates	13
	5.1	1.3 Model Interpretation	14
	5.2.	Logistic Regression	15
	5.2	2.1 Staff Pick	15
	5.2	2.2 Campaign State	17
6.	Co	onclusion and Future Work	18
7.	Re	eferences:	19
8.		pendix	
		Preparation Change Log	
		re Engineering – Derived Variables	
		quare test details	

1. Background

Kickstarter, which was launched in 2009, provides tools and a platform to help creative projects become reality by linking artists and creators with backers who are willing to support their projects. As of April 2021, Kickstarter has launched 513,806 projects with 38.4% of the projects becoming successful and raising US\$5.7 billion in total¹.

As a Benefit Corporation, Kickstarter is committed to make a "positive impact on society" and a core part of Kickstarter is its "all-or-nothing" model. Under this model, the funds placed by backers are not released unless a project meets its goals. In this regard, the artists and creators decide on the financial goal and fundraising deadline for their project and unless the project is successfully funded, Kickstarter does not collect any fees.

2. Overall Concept

2.1. Objective

Currently, statistics on Kickstarter projects need to be accessed from different websites with limited data analysis that project creators could rely on for a holistic view of the past projects' performances. To ensure successful fundraising, it is important for creators to understand the underlying variables contributing to a successful project. With this information, they can make more informed decisions when designing the different aspects of their Kickstarter projects. In our preliminary studies, we found that staff picked projects are more likely to be successful. Hence, this study aims to help creators to design a winning project from the following aspects:

- To have a holistic dashboard where creators can assess the performance of past projects providing both overview and detailed campaign metrics
- 2. To determine a suitable goal from historical pledged amount
- 3. To understand the contributing factors of a staff-picked project
- 4. To fine tune the variables to simulate the possible outcome of their project: successful or failed

2.2. Literature Review

Existing research on predicting the success of Kickstarter or crowdfunding projects have utilized logistic analysis, decision trees and regression analysis as the three main methods for predictive modelling. The inputs to these models are mainly focused on basic project variables, such as goal funding amount, duration of campaign and project category to predict the outcome of the project.

There are researchers who have focused on other factors that are less common project properties. Zhou et al. (2018) used a unimodal theory of persuasion and the results show that the length, readability and tone in the project description are important in predicting the success of the projects. Greenberg et al. (2013) have shown that the quality of the project introduction is one of the contributing factors to successful projects. If a project introduction has included images, videos or other visualization tools, there will be a higher likelihood of funding success. Studies have also shown that the influential power of the project owner can affect the success of the funding, for instance the project owners' influence on social media (Mollick, 2014) and the project's geographic influence where creators are likely to propose ideas that relates to the cultural products of their regions (Agrawal et al., 2011). Another factor, researched by Zvilichovsky et al. (2015), is reciprocity: the phenomenon whereby projects owners who have backed other projects are more likely to succeed with their own projects.

ISSS616 ASAR: Final Report Page 3 of 22

¹ Kickstarter Stats — Kickstarter

² Charter — Kickstarter

Ullah et al. (2020) used univariate analysis to compare the means and medians of the variables and then proceed with logistical and regression analysis. The results showed that projects with longer project descriptions, longer campaign durations and higher goal amounts are less likely to succeed. Furthermore, they factored in demographic data about creators which led to their finding that female project creators are more likely to succeed in non-traditional project categories such as comics, film, and technology. However, a limitation with their study is their model does not consider dynamic factors and the data timeframe is only 6 months long. Kuppuswamy and Bayus (2018) showed that there is a high correlation of success rate with the project timeline where backers are likely to pledge with higher amounts at the earlier stage of a project.

As an extension of existing research, our model encompasses a data timeframe of 5 years with both common project properties as well as alternative variables such as staff pick, project and blurb word length and project locations for our predictive modelling. We have integrated these into a R Shiny App for effective visualization of the contributing factors to a successful project as well as the suitable pledge amount. Moreover, our analysis will consolidate different variables into one and emphasize on pledged amount and staff pick prediction, which offers further flexibility on our modelling as compared to other studies.

As an extension of existing research, our model encompasses a data timeframe of 5 years with both common project properties as well as alternative variables such as staff pick, project and blurb word length and project locations for our predictive modelling. We have integrated these into a R Shiny App for effective visualization of the contributing factors to a successful project as well as the suitable pledge amount.

2.3. Analysis Process

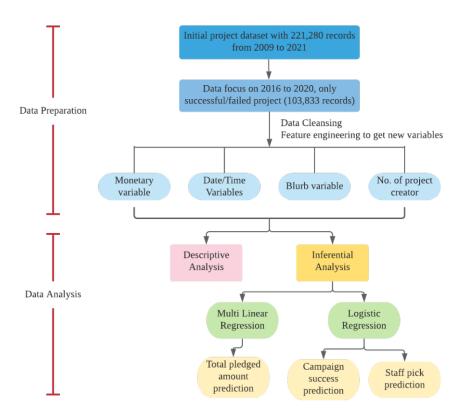


Figure 1 Process Flow of Data Preparation and Data Analysis

ISSS616 ASAR: Final Report Page 4 of 22

3. Data Source and Preparation

3.1. Dataset Used

Our project dataset, taken from webrobots³, contains monthly Kickstarter projects from 2014 to 2021. The data was processed and combined to create an initial dataset that contains 221,280 records of projects launched from 25 Apr 2009 to 14 Jan 2021, including projects that are successful, failed, cancelled and live (i.e., projects that are still within the funding period as of the date on which the data was scraped).

3.2. Data Cleansing

At the data cleansing stage, Microsoft Excel and JMP Pro were used as the main tools for table merging, JSON reformatting, epoch timestamp transformation and data cleansing. Monthly data extracted from webrobots were combined and filtered for projects that have reached either "successful" or "failed" state with country of origin from one of the top 15 countries. "Live" and "Cancelled" projects are indeterministic in understanding the traits that contribute to a successful project and hence irrelevant to our analysis. Our final dataset contains 103,833 records which accounts for 94.87% of the total completed projects launched during the period.

Standard cleansing steps were carried out to identify variables with a high proportion of missing values and possible outliers.

Missing Values

Table 1 Summary statistics of variables with missing values

Columns	N	N Missing	% Missing	N Categories	Min	Max	Mean	Std Dev
category_parent_id	98,331	5,502	5%		1.0000	26.0000	11.6495	5.5630
category_parent_name	98,331	5,502	5%	15				-
creator_slug	54,592	49,241	47%	43,258				
friends	15	103,818	100%	1				-
is_backing	15	103,818	100%	1				-
is_starred	15	103,818	100%	1				
permissions	15	103,818	100%	1				

Summary statistics shown that column *friends*, *is_backing*, *is_starred* and *permissions* have close to 100% missing values and *creator_slug* has half of its values missing. Hence, these 5 columns were removed and will not be considered in the subsequent study.

Column category_parent_id and category_parent_name have 5% of the values missing. Upon closer investigation, category_parent_name was omitted when it has the same name as category_name, the granular classification of category_parent_name. Hence, we recoded category_parent_name into category_parent_name_recoded whereby we replaced the missing values with category_name.

ISSS616 ASAR: Final Report Page 5 of 22

³ <u>Kickstarter Datasets – Web Scraping Service (webrobots.io)</u>

Outliers

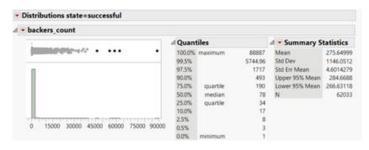


Figure 2 backers_count distribution of successful projects

In graphing the distribution of <code>backers_count</code>, we see there are 5 successful projects with more than 450,000 <code>backers_count</code>. Most of them are in the Video Game and Product Design categories. We investigated a sample of these projects, and found that they are projects launched by relatively sophisticated start-ups. As such, they remain a crucial part of the study in helping us understand what factors contribute to their success. Hence, they are kept in subsequent analysis and not removed as outliers.

3.3. Feature Engineering to obtain new variables

Since the dataset is a crawling of the Kickstarter website, many of the fields needed to be processed before they can be used in our analysis. New fields derived can be broadly classified into date/time variable, monetary variable, blurb variable and others.

Date/Time Variables: After converting *launch_at* from epoch format to a more readable UTC format, it was broken down into the corresponding year, month, and day to give us *launch_year*, *launch_month* and *launch_day*. Campaign_duration was derived by calculating the number of days between *launch_at* and *deadline*.

Monetary Variable: Since the projects have different country of origin, some of the goals were set in a local currency instead of a standardised currency. To facilitate easier comparison among projects of different origin and currency, we standardised all variables that are monetary in nature to US dollars.

Title/Blurb Variable: Since sentiment study of text content is not in the scope of this analysis, the content of the blurb is excluded in this study. Instead, length of project name and length of blurb were derived because we have the hypothesis that it might affect the outreach of the campaign and in turn affect the backing. We have also used Google API to detect the language of the project title and description. However, the detected language variables were excluded in the final model since 95% of the blurbs and 91% of the title names were in English.

Others: num_project_creator was derived from counting the number of projects from the same creator_id. We use this field to proxy the experience level and how sophisticated the creators are. A limitation with the way we calculated num_project_creator variable is that we assumed that the creators have not created projects prior to 2016. However, it is possible for a creator to have created projects in prior years.

The complete list of derived variables, description and calculations can be found in <u>Appendix</u>. <u>Feature Engineering</u>.

ISSS616 ASAR: Final Report Page 6 of 22

4. Data Analysis Descriptive and Inferential Statistics

4.1. Country of Origin

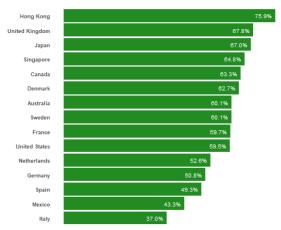


Figure 3 Descriptive Analysis - Success Rate by Country of Origin

We have analysed the past 5 years of data for each of the selected 15 countries. Figure 3 shows the success rate by their origin. It is noted that from 2016 to 2020, the top 3 countries in terms of success rate are Hong Kong (75.9%), United Kingdom (67.8%) and Japan (67.0%). Most of the countries with high success rate during this period are from Asia, such as Hong Kong, Japan, and Singapore.

4.2. Main Category

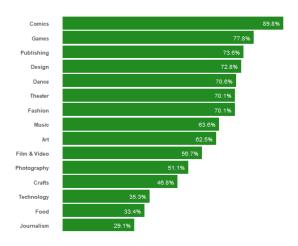


Figure 4 Descriptive Analysis - Success Rate by Category

In terms of projects' parent categories, we note that comics, games, publishing, design and dance have the top 5 success rate. On the other hand, technology, food and journalism are at the bottom with the lowest success rate.

ISSS616 ASAR: Final Report Page 7 of 22

4.3. Campaign Duration

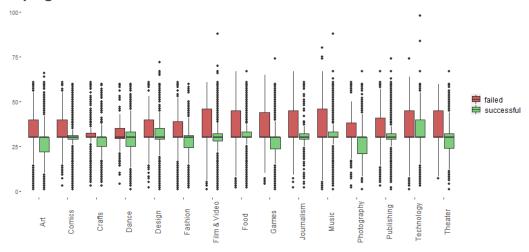


Figure 5 Descriptive Analysis - Boxplot of Campaign Duration by Category

Campaign duration appears to be a factor in determining the success of projects. From the boxplots, we noticed that the majority of the successful projects have a median and 75% quantile duration around 30 days while projects that exceeded 30 days are more likely to fail than projects with shorter durations (Figure 5).

To test for association, we grouped the projects into two groups: projects with campaign duration less than or equal to the median of 30 days and more than 30 days. We then conducted a Chi-Square Test on campaign duration and state of project.

```
> R1 <- c(43031, 25072)
> R2 <- c(19002, 16728)
> rows <- 2
> Matriz <- matrix(c(R1,R2),nrow=rows,byrow=TRUE)</pre>
 rownames(Matriz) <- c("<= 30d", "> 30d")
colnames(Matriz) <- c("Success", "Fail")</pre>
> Matriz
       Success Fail
  30d
          43031 25072
> 30d
         19002 16728
 Result <- chisq.test(Matriz.correct=FALSE)
> Result
        Pearson's Chi-squared test
data: Matriz
X-squared = 974.98, df = 1, p-value < 2.2e-16
> Result$observed - Result$expected
                        Fail
<= 30d 2344.191 -2344.191
> 30d -2344.191 2344.191
```

Figure 6 Chi-Square Test Result of Campaign Duration by Project Success State

The null hypothesis for this test is there is no association between campaign duration and success or fail while the alternative hypothesis states that there is an association between campaign duration and success or fail. Since the p-value is less than 0.05, we reject the null hypothesis at 5% significance level and conclude that there is an association between campaign duration and success or failure of the project. Furthermore, we find that campaigns with less than or equal to 30 days duration tend to be more successful while campaigns with longer than 30 days duration tend to fail more.

ISSS616 ASAR: Final Report Page 8 of 22

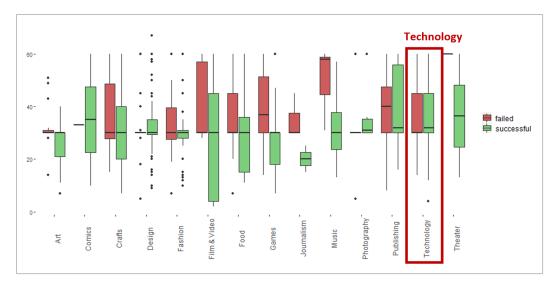


Figure 7 Boxplot of Campaign Duration By project state for Hong Kong

However, this association may not hold for all project categories across the countries. In **Error! Reference source not found.**, campaign duration of Technology projects in Hong Kong showed equal probability of success and failure.

4.4. Staff Pick



Figure 8 Descriptive Analysis - Project state by Staff Pick

The proportion of successful projects is higher if it was picked by staff (Staff pick = TRUE) across all project categories.

ISSS616 ASAR: Final Report Page 9 of 22

```
Australia Canada Denmark France Germany Hong Kong Italy Japan Mexico Netherlands Singapore Spain Sweden United Kingdom
Art - Staff Pick
Comics - Staff Pick
Crafts - Staff Pick
Dance - Staff Pick
Design - Staff Pick
Fashion - Staff Pick
                                                                                                                                  21
7
4
                                                                              11
25
                                                                                            18
135
                                                                                                                                                                                           15
18
                                                                                                                                                                                                         11
                                                                                                                                                                                                                                                                                            11
                                                                                                                                                                                                                                                                                                                                                                              1148
                                                                                                                                                      10
                                                                                                                                                                                                                                                                                                                                                                                 189
                                                                                                                                                                                                                                                                                            13
Fashfon - Staff Pick
Film & Video - Staff Pick
Food - Staff Pick
Games - Staff Pick
Journalism - Staff Pick
Music - Staff Pick
Photography - Staff Pick
Publishing - Staff Pick
Technology - Staff Pick
Theater - Staff Pick
                                                                                                                                                                                                                                                                                                                                                                                  238
                                                                                               31
35
31
72
16
32
                                                                                                                                   14
34
6
57
6
22
24
52
35
                                   Staff Pick
                                                                                                                                                                                                          32
                                                                                                                                                                                                                       209
                                                                                                                                                                                                                                                                                                                                                                                649
502
192
845
                                                                                                                                                      12
52
8
                                                                                                                                                                                           22
                                                                                                                                                      31
38
57
52
2
   Result <- chisq.test(Matriz,correct=FALSE)
warning message:
In chisq.test(Matriz, correct = FALSE) :
Chi-squared approximation may be incorrect
> print(Result)
                  Pearson's Chi-squared test
 data: Matriz
X-squared = 1962.4, df = 196, p-value < 2.2e-16
                                                                                                                                                                                                                     9.8790930

-6.3036126

18.4083013

-3.8642583

-6.0616449

2.2299001

-15.0849347

21.5802460

-4.5608762
                                                                                                                                                                                                                                            -11
```

Figure 9 Chi-Square Test Result of Main Category by Country of Origin for Staff Picked Projects

From EDA, we observed that the Kickstarter staff appears to exhibit preferences for projects in certain countries for some categories. Conducting a Chi-Square Test, we found that there is significant statistical proof that there association exists between Main Category and Country of Origin for Staff Picked Projects. From the contingency table of observed minus expected number of Staff Picked projects for each Main Category by Country of Origin, we observed that staff tend to pick proportionately more Film & Video projects from Japan and Mexico, and Technology projects from Germany, Hong Kong and Japan.

4.5. Number of projects by creator

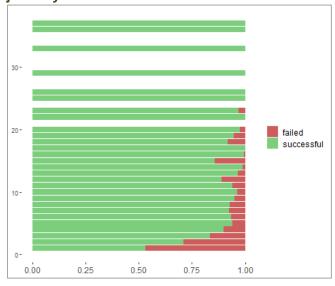


Figure 10 Number of Projects by Creator

The proportion of failure decreases with more projects created by the creator. Creators with higher number of projects created have a higher proportion of successful projects which could be attributed to their track record and reputation and this can be observed in all countries.

ISSS616 ASAR: Final Report Page 10 of 22

4.6. Correlation study on numerical variables

A correlation study was performed on continuous variables to identify variables that have strong linear correlation with one another. We observed a strong linear correlation in the following 4 groups of variables see Figure 11. Within the groups, many of the variables can be derived from one another. Hence, it is not necessary to keep all of them.

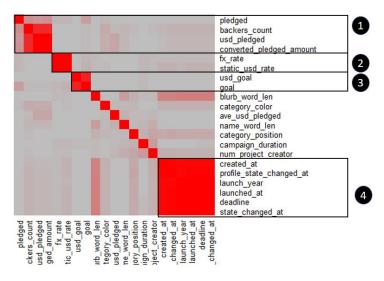


Figure 11 Correlation Study on numerical variables

4.7. Final Dataset

Our final dataset used for predictive modelling consists of the following variables.

For the MLR model on predicting total pledged amount, the model contained the variables seen in Table 2.

	Variable	Description
Dependent Variable	usd_pledged	
Independent Variable	category_parent_name_recode	Main Category of the Project
	location_country / location_expanded_country	Country Code of Country of Origin / Country Name
	campaign_duration	Duration of Project in days
	launch_month	Month on which the project was launched
	launch_day	Day of the week on which the project was launched
	backers_count	Number of Backers at campaign completion
	name_word_len	Number of words in the Project Name
	blurb_word_len	Number of words in the Blurb
	staff_pick	True - Someone on the Kickstarter team likes the project and the project is being featured at "Staff Picks" and "New & Noteworthy" projects False – Project is not picked by the Kickstarter team to be featured
	num_project_creator	Number of Projects created by the Creator

Table 2 Final Dataset to predict total pledged amount

ISSS616 ASAR: Final Report Page 11 of 22

For the Logistic Regression model predicting success, the model contained the variables seen in Table 3. For the staff_pick model, the same variables were used with the exception of staff_pick as the independent variable.

	Variable	Description			
Dependent Variable	State	Successful – Pledged Amount has reached or exceeded the Goal upon the End of Funding Period Failed – Pledged Amount does not meet the Goal			
Independent Variable	category_parent_name_recode	Main Category of the Project			
	location_country / location_expanded_country	Country Code of Country of Origin			
	campaign_duration	Duration of Project in days			
	launch_month	Month on which the project was launched			
	launch_day	Day of the week on which the project was launched			
	num_project_creator	Number of Projects created by the Creator			
	name_word_len	Number of words in the Project Name			
	blurb_word_len	Number of words in the Blurb			
	staff_pick	True - Someone on the Kickstarter team likes the project and the project is being featured at "Staff Picks" and "New & Noteworthy" projects False – Project is not picked by the Kickstarter team to be featured			
	usd_goal	Goal Amount converted to USD			

Table 3 Final dataset to predict success state and staff pick

5. Data Analysis - Predictive Modelling

After performing Exploratory Descriptive Analysis on the dataset, regression models were built to run our predictive modelling. In this analysis, we predict the pledged amount using multiple linear regression while we predict the probability of a project being Staff Picked and probability of campaign success using logistic regression. This helps to address the key concern of creators at different stages of their Kickstarter projects. The success rate model can also be useful to backers who may want to assess the likelihood of a project succeeding before becoming too invested in the project.

- 1. MLR to predict total pledged amount (can be used as a proxy for fundraising goal)
- 2. Logit to predict Staff Pick
- Logit
- 4. to predict Success Rate

5.1. Multiple Linear Regression

Before campaign launch, creators need to decide on the optimal amount of money to set for as their goal. This needs to cover the expenses needed to execute the project and at the same time should be as realistic as possible because Kickstarter will release the funds only when goal has been met. Creators may select variables that they have visibility into as inputs to generate a MLR model to predict total pledged amount based on historical project data. After the launch of the campaign, when creators have more information on ongoing variables such as the number of backers and staff pick, the same approach can be adopted to derive a new prediction model with such variables as additional inputs. This would help creators decide if they should continue with the campaign, cancel their campaign or finetune certain aspects to save or increase their project's likelihood of success.

ISSS616 ASAR: Final Report Page 12 of 22

We derived our model for predicting total pledged amount by first fitting the explanatory variables to ordinary least square MLR model. Next, we ran stepwise regression and the model with smallest AIC is chosen as the best model.

5.1.1 Final Model and Result

```
lm(formula = usd_pledged ~ backers_count + category_parent_name_recode +
    staff_pick + campaign_duration + name_word_len + location_country +
    num_project_creator + launch_day + launch_month, data = mlr_data)
```

Figure 12 MLR model to predict total pledged amount

```
Residual standard error: 71450 on 103782 degrees of freedom
Multiple R-squared: 0.6033, Adjusted R-squared: 0.6031
F-statistic: 3156 on 50 and 103782 DF, p-value: < 2.2e-16
```

Figure 13 MLR Model Result

5.1.2 Parameter Estimates

ISSS616 ASAR: Final Report Page 13 of 22

* * * * * * * * * * * * * * * * * * * *		Std. Error			
Intercept)	-1.300e+04	1.941e+03			
ackers_count	9.781e+01	2.556e-01		< 2e-16	
ategory parent name recodeComics	-1.019e+04 3.088e+02	1.189e+03 1.389e+03		0.824024	
ategory_parent_name_recodeCrafts					
ategory_parent_name_recodeDance	4.280e+02	2.322e+03		0.853782	
ategory parent name recodeDesign	5.802e+03 2.158e+03	1.327e+03 1.112e+03		1.23e-05 0.052237	
ategory_parent_name_recodeFashion ategory parent name recodeFilm & Video	1.639e+03	9.503e+02		0.052237	
ategory_parent_name_recoderiim & video ategory_parent_name_recodeFood	1.039e+03	1.055e+02		0.106419	*
	-1.543e+04	1.082e+03		< 2e-16	***
ategory parent name recodeGames ategory parent name recodeJournalism	-1.543e+04 -5.764e+02	1.784e+03		0.746556	
ategory_parent_name_recodeJournalism ategory_parent_name_recodeMusic	-5.764e+02	1.784e+03 1.000e+03		0.740550	
		1.499e+03		0.112773	
ategory_parent_name_recodePhotography ategory_parent_name_recodePublishing	2.377e+03 -4.191e+03	1.499e+03		2.78e-05	
ategory_parent_name_recoderublishing ategory_parent_name_recodeTechnology	1.380e+04	9.696e+02		< 2e-16	
ategory_parent_name_recodelectnology ategory_parent_name_recodeTheater	1.051e+03	1.518e+03		0.488553	
taff pickTRUE	5.522e+03	6.954e+02		2.03e-15	
tatt_pickikUE ampaign_duration	1.018e+02			5.64e-08	
	5.033e+02	8.446e+01		2.54e-09	
ame_word_len ocation_countryCA		1.688e+03		0.893837	
ocation_countryDE	2.160e+03	1.969e+03		0.272771	
ocation_countryDK	-1.134e+03	3.243e+03		0.726493	
ocation_countryES	8.498e+02			0.695159	
ocation_countryEs ocation_countryFR	1.243e+03			0.544210	
ocation_countryFR ocation_countryGB	5.644e+01			0.970246	
ocation_countryGB ocation_countryHK	4.705e+03			0.069071	
ocation_countryIT	1.4120+03			0.503216	*
ocation_countryJP	4.120e+02			0.894483	
ocation_countryMX	8.119e+02			0.679258	
ocation_countryNL	7.672e+02	2.704e+03		0.776664	
ocation_countrySE	1.510e+03			0.566449	
ocation_countrySG	1.195e+01	3.082e+03		0.996908	
ocation_countryUS	3.312e+03	1.408e+03		0.018628	
um project creator	-3.124e+02			0.010020	
aunch dayTue	2.850e+03	7.208e+02		7.67e-05	
aunch_dayNed	1.280e+03	7.630e+02		0.093359	
aunch_dayThu	1.460e+03	7.880e+02		0.063817	
aunch_dayFri	8.150e+02	7.921e+02		0.303542	*
aunch_daySat	1.577e+03	9.474e+02		0.095892	
aunch_daySun	2.072e+03	1.007e+03		0.039703	
aunch_monchFeb	-4.876E+00	1.0070+03		0.995428	
aunch_monthMar	1.205e+03	1.065e+03		0.258592	
aunch_monthApr	1.591e+03	1.000e+03		0.143506	
aunch_monthMay	2.748e+03	1.064e+03		0.009791	
aunch_monthJun	1.012e+03	1.004e+03		0.348507	
aunch_monthJul	8.551e+02	1.088e+03		0.431991	
aunch_monthAug	2.657e+02	1.082e+03		0.431991	
	1.970e+03	1.082e+03		0.067507	
aunch_monthSep aunch monthOct	1.970e+03 3.135e+03	1.077e+03 1.046e+03		0.002715	
	3.135e+03 1.907e+03	1.046e+03		0.002715	
aunch_monthNov					*
aunch_monthDec	5.078e+01	1.251e+03	0.041	0.967633	

Figure 14 MLR Model Result Parameter Estimation

5.1.3 Model Interpretation

Our MLR model has an adjusted R-square of 0.6031 which we consider to be moderately good at explaining the total pledged amount given the above set of independent variables. Other than Description Length (*blurb_word_len*), the rest of the variables are significant and went into the model.

A closer look at the granular level of categorical variables, we noticed that not all values are significant at a 5% significance level. For example, within Main Category (category_parent_name_recode), Comics, Design, Games, Publishing and Technology have p-value < 0.05, and have a significant impact on total pledged amount whereas the other categories are not statistically significant at an alpha of 0.05.

Our base pledged amount is a negative value of -13,000.

Number of Backers (*backers_count*): +9.781, each additional backer count contributes \$9.78 increment to pledged amount. Intuitively, a creator receives more funds with increasing number of backers.

Main Category: Among the significant categories, Design and Technology have positive coefficients, indicating a positive relationship with total pledged amount. Projects in these two categories are likely to receive more funding. In addition, from the descriptive study, we observed that they are more likely to get staff picked, contributing to their likelihood of success. On the other hand, Comics, Games and Publishing have negative coefficients, indicating a negative relationship with total pledged amount. Creators might

ISSS616 ASAR: Final Report Page 14 of 22

want to review their project thoroughly and decide on a realistic goal should they decide to launch project in these categories.

Staff Pick: +5,522, when a project is Staff Pick, it brings around an additional value of \$5k to total pledged amount. Staff pick is an important element that creators should strike to achieve. Being featured by staff helps the project to gain higher visibility from potential backers. This may be contributing to the higher pledged amount and higher likelihood of success.

Campaign Duration: +100, as campaign duration gets longer, the number of days the creator has to gather funds increases. Hence, resulting in a positive relationship. However, the boxplot from our descriptive analysis indicated that the impact diminishes beyond 30 days. This indicates that a positive linear relationship might not be the best model to proxy the impact for campaign period beyond 30 days.

Launch Month and Launch Day: launching the campaign during May or Oct appears to bring around a higher pledged amount. Campaigns launched on Tuesday and Sunday are favored. We link this to preholiday and weekend effect. However, to understand the cause behind this, more data-points are required to conduct tests for various hypotheses before a more conclusive result can be obtained.

With the help of our Shiny App, creators can indicate preset values for certain variables, as well as finetune the threshold for variables that allows changes and receive instant feedback on the predicted result of total pledged amount.

5.2. Logistic Regression

In the Logit model, project main category has been preset under the assumption that creators have decided on the project content. We will use projects in the Arts category for the past 5 years as an example to illustrate the regression results for both staff pick and success state prediction models.

5.2.1 Staff Pick

The logistic regression model for predicting the probability of being picked by staff uses the following independent variables with a fixed main category.

```
Country of Origin Duration (in days) USD Goal Name Length (no. of words)

Description Length (no. of words) Launch Month Launch Day

Number of Projects by Creator
```

Figure 15 Explanatory Variables of Logistic Model – Staff Pick

Depending on the available information that the creator has, independent variables can be adjusted accordingly. After fitting in the independent variables, the model is run and generates a result summary as shown below.

ISSS616 ASAR: Final Report Page 15 of 22



Figure 16 Logistic Model - Parameter Estimates Staff Pick

The coefficients estimate and respective p-value at the last column indicates the direction of the change in predicted outcome and whether the variable is significant in determining the target variable. Positive coefficients indicate a one unit increase in the variable will lead to an increase in the probability of being staff picked or success rate. If the respective p-value is less than 0.05, this variable is a significant determinant in the prediction. The difference between null deviance and residual deviance (seen at the bottom of summary) indicates how good the model fit is. The bigger the difference, the better the model is. Finally, lower AIC values also indicate a better-fit model.

From the regression summary above, we can see that only Japan, Mexico, blurb word length, launched on Saturday and number of projects by creators are the variables that are significant in contributing to the probability of being staff picked within the Art category.

By running logistic regression on all the main categories and identifying the significant variables as shown in the Table 4, we have several observations. Firstly, countries like Japan and Mexico have a higher chance of being picked by the staff across most of the categories. Secondly, variables such as campaign duration, name length of the project and number of projects by creator are the top 3 variables that are significant in determining the probability of being staff picked. Lastly, projects launched during Friday and Saturday are generally more likely to be picked by the staff across all categories.

ISSS616 ASAR: Final Report Page 16 of 22

		comics	games	publishing	design	dance	theater	fashion	music	art	film&video	photography	crafts	technology	food	journalism
	CA	٧						٧			٧			0,		
	DE		V		٧			٧	٧		٧					
	DK		-		٧			V	٧		-				٧	
	ES								•					٧		
	FR		٧	٧	٧			٧			٧	٧		•		
	GB	٧		٧				V	٧		٧	•			٧	
	НК	· ·	٧	٧				· •	V		٧					
location_country	IT		· ·	V							v			٧		
	JP		٧	٧				٧	٧	٧	٧		٧	V ✓	٧	
	MX	٧	V V	V				V	V √	٧	V V		V V	V V	V	
		V	V					V	V	V			V	V	-1	
	NL SE		V	٧				٧	٧		٧ ٧				٧	
	SG		V	V				V	٧		V					
	US						,		٧		,					
		٧	٧	,			٧	٧	,		٧		,		٧	,
campaign_duration		٧	٧	٧			٧		٧		٧	٧	٧		٧	٧
	usd_goal		٧												٧	
	_word_len	٧		٧				٧	٧		٧	√	٧	٧	٧	٧
blurb	_word_len		٧	٧					٧	٧		٧			٧	٧
	feb										٧					
	mar		٧						٧		٧		٧			
	apr															
	may	٧									٧		٧			
	jun								٧							
launch_month	jul															
	aug						٧									
	sep															
	oct		٧					٧								
	nov		٧	٧												
	dec		٧		٧	٧										
	tue		٧	٧							٧			٧	٧	
	wed															٧
launch_day	thu	٧														
laulicii_uay	fri	٧	٧	٧	٧		٧				٧			٧		٧
	sat	٧	٧	٧	٧		٧		٧	٧	٧		٧	٧		٧
	sun	٧	٧	٧		٧			٧		٧			٧		
num_project_creator		٧	٧	٧	٧	٧		٧	٧	٧		٧		٧		

Table 4 Significant variables (with dummy for categorical variables levels) - Staff Pick

5.2.2 Campaign State

The logistic regression model for predicting campaign state (success or failure) uses the following independent variables with a fixed main category.

Country of Origin Duration (in days) USD Goal Name Length (no. of words)

Description Length (no. of words) Launch Month Launch Day Number of Projects by Creator

Figure 17 Explanatory Variables of Logistic Model - Campaign State

Depending on the available information that the creator has, the independent variables will be adjusted. After fitting in the independent variables, the model is run and will give the regression summary as shown below.

ISSS616 ASAR: Final Report Page 17 of 22

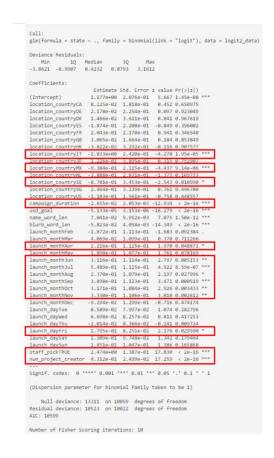


Figure 18 Logistic Model - Parameter Estimates - Campaign State

Similar to the approach used in interpretation for staff pick, different project categories yield different regression results. Again, we run logistic regression on all the main categories and identify the significant variables as shown in the Table 5 below.

ISSS616 ASAR: Final Report Page 18 of 22

comics games publishing design dance theater fashion music art film&video photography crafts technology food journalism DE DK FS V GB V V V нк location_country MX NL V V SE SG US campaign_duration usd_goal name_word_len V blurb_word_len feb mai apr may iun launch_month iul aug sep oct nov dec V V tue wed thu launch_day v v fri sat sun staff_pickTRUE num_project_creator

Table 5 Significant variables (with dummy for categorical variables levels) - Campaign State

We observe that countries like Italy and Mexico have higher significance level across most of the project categories, however the coefficient for the different categories are negative for these two countries as shown in the example in Figure 18. Moreover, factors such as campaign duration, goal amount, word length of the project name, blurb word length, number of projects per creator and whether the project is picked by the staff are significant variables in determining the success of the project. These are consistent with our initial exploratory data analysis mentioned in "Descriptive Analysis". Lastly, projects launched in October and November has higher probability of success.

6. Conclusion and Future Work

Through our study, we have developed an app which can help Kickstarter creators by providing a holistic dashboard to assess the performance of past projects, support in determining their suitable goal by predicting the pledge amount using multiple linear regression and finally deeper understanding of different factors of staff-picked and successful projects using logistics regression.

The input variables we used in our models are mainly quantitative. However, from our literature review, we acknowledge that qualitative factors are also critical to campaign success. This is an area of improvement for our study to increase accuracy of the models.

ISSS616 ASAR: Final Report Page 19 of 22

Some of the future works that can be done are:

- Text Analytics or text data mining to derive additional information from project name and project description
- For the variable 'Number of Projects created by the Creator', we should have taken into account the total number of Kickstarter projects launched by a creator instead of counting the number of projects the creator created during the 5-year period of the dataset. Further study should also be undertaken on certain project categories (e.g. games) to analyse its impact on success if a project has a successive series of projects.
- Need to consider training, validation and testing data

Additional information could be gathered:

- Social analytics to consider the impact of online ads particularly targeted and hyper personalized marketing campaigns on different social media platforms
- Backers' demographics including age, spending behaviour, gender, location, socioeconomic income which can be used for clustering and profiling
- Results of search engine optimization for the Kickstarter campaign webpage including layout, UI/UX design, backlinks and use of videos and images to entice possible backers

7. References:

- Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 29(1), 1–16. https://doi.org/10.1016/j.jbusvent.2013.06.005
- Agrawal, D., Bernstein, P., Bertino, E., Davidson, S., Dayal, U., Franklin, M.,...Han, J. (2011).
 Challenges and Opportunities with Big Data 2011–1. http://docs.lib.purdue.edu/cctech/1/.
- Greenberg, M. D., Pardo, B., Hariharan, K., & Gerber, E. (2013). Crowdfunding support tools: predicting success & failure. In
- CHI'13 Extended Abstracts on Human Factors in Computing Systems (pp. 1815–1820). http://dl.acm.org/citation.cfm?id=2468682
- Zvilichovsky, D., Inbar, Y., & Barzilay, O. (2015). Playing both sides of the market: success and reciprocity on crowdfunding platforms. http://papers.ssrn.com/abstract=2304101.
- Kuppuswamy, Venkat, and Barry L. Bayus. 2018. Crowdfunding creative ideas: The dynamics of project backers. In The Economics of Crowdfunding. Cham: Palgrave Macmillan, pp. 151–82.
- Ullah, S., & Zhou, Y. (2020). Gender, Anonymity and Team: What Determines Crowdfunding Success on Kickstarter. *Journal of Risk and Financial Management*, 13(4), 80–. https://doi.org/10.3390/jrfm13040080
- Zhou, M., Lu, B., Fan, W., & Wang, G. (2018). Project description and crowdfunding success: an exploratory study. *Information Systems Frontiers*, 20(2), 259–274. https://doi.org/10.1007/s10796-016-9723-1

ISSS616 ASAR: Final Report Page 20 of 22

8. Appendix

Data Preparation Change Log

No	Name	Issue Identified	Action
1	Unexpected JSON fields in csv file	There are columns remain embedded in JSON format	JSON transformation on fields encoded in JSON format
2	Timestamps are in epoch format	Epoch timestamp are not interpretable directly	Convert timestamp to UTC
3	Recode parent category	Missing parent category	Fill up with category name
4	Currency fields	Base to a standardised currency - USD	Multiply the amount by FX
5	New Fields	Existing fields cannot be used directly	Derive new fields

Feature Engineering – Derived Variables

Teditate Engineering Derived Variables								
Derived Variables	Description	Calculations						
campaign_duration	Duration of Project in days	'deadline_utc' less 'launched_at_utc'						
num_project_creator	Number of Projects created by the Creator	Count of number of projects attributed to the same 'creator_id'						
ave_usd_pledged	Average Amount pledged by each Backer (as a proxy)	'usd_pledged' / 'backers_count'						
launch_year	Year on which the project was launched	Year based on 'launched_at_utc'						
launch_month	Month on which the project was launched	Month based on 'launched_at_utc'						
launch_day	Day of the week on which the project was launched	Day based on 'launched_at_utc'						
name_word_len	Number of words in the Project Name	Count of number of words in 'name'						
name_detected_lang uage	A guess of the language of the Project Name. NA if the language could not reliably be determined							
blurb_word_len	Number of words in the Blurb	Count of number of words in 'blurb'						
blurb_detected_lang uage	A guess of the language of the Blurb. NA if the language could not reliably be determined							
usd_goal	Goal Amount converted to USD	'goal' * 'static_usd_rate'						

ISSS616 ASAR: Final Report Page 21 of 22

Chi-square test details

Chi-Square Test of Association between Country of Origin and Parent Category for Staff Picked Projects

```
> # Chi-Square Test of Association
                # HO: no association exists between Country of Origin and Parent Category for Staff Picked Projects # H1: association exists between Country of Origin and Parent Category for Staff Picked Projects
         ** #11: association exists between Country or origin and r. 
**R1 <- c(11,18,4,21,13,2,15,11,42,3,1,11,4,118,460)
**R2 <- c(25,135,4,7,13,2,18,7,25,2,3,6,6,199,1148)
**R3 <- c(6,8,3,4,10,0,1,8,37,1,4,0,1,39,120)
**R4 <- c(0,2,0,2,1,0,1,0,4,0,0,2,1,20,189)
**R5 <- c(14,30,15,35,35,17,10,3,4,8,3,13,8,85,314)
**R6 <- c(7,31,9,14,22,2,6,5,13,9,3,5,9,56,238)
**R7 <- c(12,35,5,34,27,3,7,32,209,6,2,10,12,229,1060)
**R8 <- c(7,31,6,6,12,3,4,5,15,11,4,3,6,98,649)
**R9 <- c(24,72,3,57,52,1,22,31,21,11,5,37,18,102,502)
**R10 <- c(4,16,0,6,8,10,0,12,4,0,0,5,46,192)
**R11 <- c(10,32,9,22,31,2,13,10,35,9,4,8,24,168,845)
**R12 <- c(4,16,0,6,8,10,0,12,4,0,0,5,12,19,10,12,190)
**R13 <- c(68,104,8,52,57,9,2,2,16,42,12,16,20,19,405,1525)
**R14 <- c(29,46,10,35,52,32,17,35,6,20,6,11,13,103,606)
**R15 <- c(1,6,0,0,2,0,1,0,13,1,0,1,0,74,248)
                  Matriz <- matrix(c(R1.R2.R3.R4.R5.R6.R7.R8.R9.R10.R11.R12.R13.R14.R15).nrow=rows.bvrow=TRUE)
                  rownames(Matriz) <- c("Art - Staff Pick",
"Comics - Staff Pick",
"Crafts - Staff Pick",
 + "Crafts - Staff Pick",

+ "Dance - Staff Pick",

- "Design - Staff Pick",

+ "Foshion - Staff Pick",

+ "Food - Staff Pick",

- "Games - Staff Pick",

- "Journalism - Staff Pick",

- "Music - Staff Pick",

- "Publishing - Staff Pick",

- "Publishing - Staff Pick",

- "Technology - Staff Pick",

- "Mexico", "Netherlands", "Canada",

"Mexico", "Netherlands", "Singapore",
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    "France",
"Sweden",
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    "Germany", "Hong Kong", "Italy",
"United Kingdom", "United States")
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    "Japan",
   "Mexico",
> Matriz
                                                                                                                                                                                                                                                                                                                                                                                                                     "Spain",
                                                                                                                              Australia Canada Denmark France Germany Hong Kong Italy Japan II 18 4 21 13 2 15 11 25 135 4 7 13 2 18 7 7 6 8 8 3 4 10 0 1 8 8 6 0 2 0 2 1 0 1 0 1 0 0 1 8 8 10 14 30 15 35 35 17 10 3 7 31 9 14 22 2 6 6 8 17 7 31 9 14 22 2 2 6 7 7 31 6 6 6 12 3 4 5 5
 Art - Staff Pick
Comics - Staff Pick
Comics - Staff Pick
Dance - Staff Pick
Dance - Staff Pick
Dance - Staff Pick
Fashion - Staff Pick
Fashion - Staff Pick
Food - Staff Pick
Music - Staff Pick
Music - Staff Pick
Music - Staff Pick
Publishing - Staff Pick
Technology - Staff Pick
Theater - Staff Pick
Theater - Staff Pick
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                11
11
4
9
                                                                                                                                                                                                                                                                                                                                                                                                    22
0
13
9
22
17
 > Result <- chisq.test(Matriz,correct=FALSE) 
Warning message:
In chisq.test(Matriz, correct = FALSE) :
chi-squared approximation may be incorrect
> print(Result)
                                Pearson's Chi-squared test
    data: Matriz
x-squared = 1962.4, df = 196, p-value < 2.2e-16
                                                                                                                                                                                                                                                                                                             rmany Hong Kong Italy Japan Mexico Netherlands Singapore
113 2 115 17 42 3 3 11 13 13 2 115 17 42 3 3 1 11 13 13 2 11 14 12 13 10 2 14 14 15 11 14 14 15 11 14 15 11 14 15 11 14 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 11 15 
   > Result$observed
> ResultSobserved
Art - Staff Pick
Comics - Staff Pick
Comics - Staff Pick
Dance - Staff Pick
Dance - Staff Pick
Dance - Staff Pick
Dance - Staff Pick
Find Brown - Staff Pick
Games - Staff Pick
Journalism Staff Pick
Journalism Staff Pick
Technology - Staff Pick
Technology - Staff Pick
NesultSexpected
                                                                                                              Australia Canada Denmark France
11 18 4 21
25 135 4 7
6 8 3 4
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           13
5
10
3
37
0
8
6
20
11
                                                                                                                                                            12
3pan Mexico
1-3524981 14.22752
1-4.0299769 -35.5073021
4.8192160 27.8482706
-2.9170039 -4.9353882
-4.8073789 -18.4633339
9.8790930 145.3238816
-6.3036126 -17.5226749
18.4083013 -15.2287471
-3.8642583 0.8817832
-6.051649 1-1.2124250
2.2299001 -2.012511
-4.5608762 -0.1225211
                                                                                                                                                                                                                                                                                                                                                                      Germany
-8.0439652
-32.8724058
3.0617986
-5.3647963
17.9698693
9.7004612
-221.2520369
-12.6564181
-4.0350500
25.4137586
-10.8051499
22.7276710
-7.9485780
                                                                                                                                                                                                                                                                                                                                                                                                                                  Hong Kong
-2.2877786
-7.3465564
-1.4136818
-1.2968486
13.5300538
-0.5060723
-6.8315142
-2.0238278
-4.5963105
-0.7174481
-5.1385088
-0.5644889
-0.5644889
-2.0270561
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    Spain
3.4963874
-10.3566487
-2.4739431
-0.2694850
6.9275942
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           Netherlands
-2.8674865
-10.7901614
-0.9345119
                                                                                                                                                                                                                                                                                                                  France
3.002613
-32.231360
-1.933743
-3.443351
20.433557
3.481091
-7.266487
-15.086856
33.510223
-1.208762
-7.962952
13.235895
-5.988855
9.965488
-8.508301
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             sweden
-3. 503613
-10. 356649
-1. 473943
-1. 269485
1. 927594
4. 614374
-5. 205150
-2. 791699
8. 206457
1. 994466
11. 507610
2. 512145
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        -2.4739431

-0.2694850

6.9275942

0.6143736

-7.2051499

-5.7916987

27.2064566

-3.0055342

-4.4923905

1.5121445

-4.171714

0.5624135

-2.5473482
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          3.33405073
1.18570331
-11.88685626
-5.65103766
11.24919293
-3.29930822
-0.71345119
4.07348194
-4.54033357
5.54219831
-2.89408148
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  -7.4536510
4.1252882
3.3418909
1.6498078
-0.7684858
3.4906995
-6.9054573
11.8382782
-1.7738663
```

ISSS616 ASAR: Final Report Page 22 of 22