

# **The success of non-profit crowdfunding: first evidences from the Italian web-platforms**

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## **Abstract**

In several developed countries the actual financial crisis has left a significant gap in public resources to address social policies of welfare. This fact, together with an evident change in the most pressing social needs, is leading to a redefinition of the way in which public services are organized and delivered. In this scenario, the non-profit sector is achieving a more and more innovative role, also adopting attitudes that are typical of the profit sector. Web-based crowdfunding platforms, in particular, are more and more used for financing programs fostered by third sector actors. However, despite its increasing success, the adoption of crowdfunding by the non-profit sector is a poorly investigated issue. In particular, the factors and dynamics at the basis of successful funding campaigns still remain largely obscure.

## **1. Introduction<sup>1</sup>**

In several developed countries, the actual financial crisis has left a significant gap in public resources to address social policies of welfare. In Italy, it is estimated to be about 20 billion during the next 7 years (Cassa Depositi e Prestiti, 2013). This fact, together with an evident change in the most pressing social needs (as young unemployment, ageing of society, renewable sources of energy), is leading to a redefinition of the way in which public services are organized and delivered. In this scenario, the third sector is achieving a more and more innovative key role, offering new solutions to deliver social services in a more efficient way than the public or philanthropic manner (Moulaert et al., 2013), and reducing the effects of the gap in public finance (Komninos et al., 2011). In doing that, the third sector is also innovating its organization and management models, eventually adopting attitudes that are typical of the profit sector. This is evident, for instance, in the financial schemes adopted to sustain its initiatives. During the last years, the third sector has in fact shifted from traditional charity fundraising

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<sup>1</sup>The study presented in this paper is part of a larger project developed in cooperation with the *Italian Observatory on Crowdfunding* developed by the MIP Politecnico di Milano research group. Sections 1 and 4 of this article have been written by Francesca Silvia Rota; sections 2 and 3 by Fania Valeria Michelucci.

to other types of financing solutions and channels. In particular, web-based crowdfunding platforms offering a diversified set of funding schemes (also including loans and equity) are more and more used by the not-for profit organisations (Phan et al., 2014), which consider it a vital tool to support their projects. Compared to other funding schemes, in fact, this form of financing allows to attract large groups of small investors willing to support ventures and projects, to which they adhere ideologically or emotionally (Burtch et al., 2013; Gerber et al., 2012). But this is a condition that typically occurs with non-profit projects with a social, humanitarian or charitable scope (Castrataro et al., 2012), i.e. the type of projects that have been hit most by the shrinkage of public funds determined by the crisis.

As a result, in the recent years crowdfunding has largely increased its importance both in practical and theoretical terms. In Italy, for instance, the Italian Ministry of Education, University and Research (MIUR) has recently launched the document “La via Italiana alla Social Innovation”, in which crowdfunding is recommended as an alternative financial form, both as equity and debt, to support the start up of social initiatives and ventures (MIUR, 2013). Analogously, the number of academic studies on crowdfunding has increased greatly (Rossi, 2014), covering a wide range of aspects that include: motivations for funders (Gerber et al., 2012), theoretical models (Colombo et al., 2013; De Buysere et al., 2012; Hardy, 2013; Schwienbacher et al., 2013), intrinsic dynamics (Mollick, 2013), and geography (Agrawal et al., 2011).

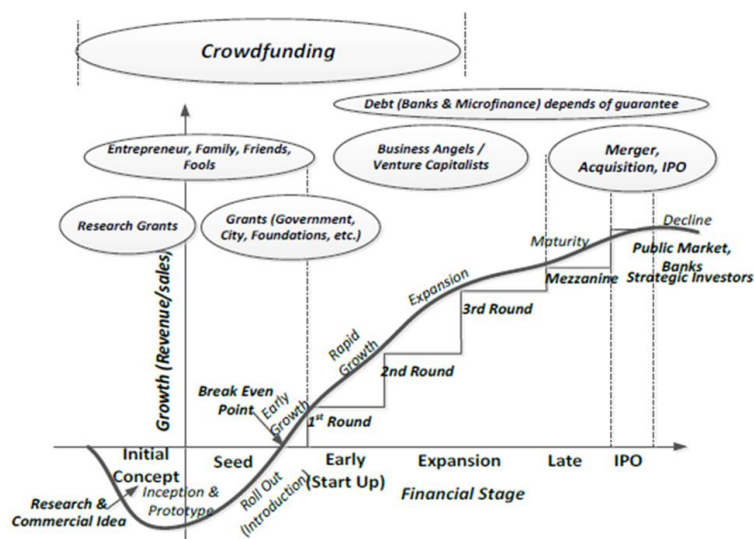
Despite this increasing success, however, the comprehension of the phenomenon remains relatively weak. On the one hand, there is a lack of studies that analyse crowdfunding in terms of success (or failure) of the funding campaign. On the other hand, crowdfunding by the non-profit sector emerges as a poorly investigated issue. For these reasons, the paper presents an exploratory study on crowdfunding web-platforms that support non-profit projects with the aim of investigating the main factors for the successful funding of this kind of initiatives. The hypothesis of this work is that there is a correlation between the rate of success of the crowdfunding campaigns (here intended as campaigns that succeed in gathering the expected target capital in the budgeted timespan) and some main variables that describe the projects and the proponents.

After exploring the existing literature in search for relevant dimensions and explanatory factors potentially relevant for successful crowdfunding (section 2), the paper thus focuses on the case of the Italian web-platforms of crowdfunding describing their state of the art (section 3). As a next step, the paper explains the methodology adopted for the construction of the database and its analysis, with a description of both the model and the variables involved in the estimates (section 4). The obtained

empirical evidences and their implications are then discussed in search of some emerging explanations of the rate of success of non-profit crowdfunding campaigns (section 5).

## 2. Crowdfunding in the profit and non-profit sector: theoretical insights and relevant dimensions

In the literature, there have been several attempts at understanding crowdfunding (Adler and Kwon, 2002). In very general terms, crowdfunding can be defined as the practice of funding by raising a lot of small quantities of money from a huge number of people (Rossi, 2014). It is a form of money collection that follows a bottom-up approach, as many people voluntarily contribute to a project or a venture they believe in (Castrataro et al., 2012). The economic principle at the basis of crowdfunding is Anderson’s concept of “long tail” (Anderson, 2004). According to the “long tail” principle, there is a population at high frequency that is less profitable than a population at lower frequency. The latter represents the tail of a statistical distribution. It means that, compared to traditional forms of financing (business angels, venture capitalists, debt market actors such as banks and other financial institutions, etc.) in which few actors mobilise great deals of money per capita, crowdfunding involves a higher number of people, often non institutional ones, that contribute with a small amount of money provided either for donation or in exchange for shares of the revenues or rewards. Compared to other forms of financing, it is thus adopted to support above all the early stages of the creation of a new business: from the original concept to its expansion (see figure 1).



**Figure 1. New venture financing lifecycle**

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

The advantages deriving from the use of crowdfunding are several (Boudreau and Lakhani, 2013). First of all, in a period of financial shrinkage that affects large public investors (such as national Governments and Ministries) as well as private ones (such as banks and other credit institutions), it allows for a decentralized and diffused funding from private small investors. Secondly, it responds to a different type of incentives: not only economic opportunity but also intrinsic motivation, passion, interest, curiosity, and reputation, which allow for a stronger reciprocal commitment between the funder and the funded. For it crowdfunding is also described in the literature as a complex anthropological phenomenon, both economic and social (Calveri and Esposito, 2013). Thirdly, when pursued via Ict and network technology (as in the case of crowdfunding web-based platforms), it amplifies the role of the crowd: although geographically distant, crowdfunders can in fact easily contribute with donations and investments, but also with ideas and feedbacks. In this sense, crowdfunding establishes a strict link between the funded project and its sponsors, who are often also potential beneficiaries of the project itself (De Buysere et al., 2012).

Indeed, there are at least four different models of crowdfunding (Castrataro et al., 2012):

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

The last type, in particular, represents a novelty in many national legal frameworks. In the USA, for instance, it has been regularized in 2012 with the “JOBS Act” (Stemler, 2013). In the same year, in Italy, the equity crowdfunding has been legally established by the Act “Decreto Legge 12/178 c.d. Crescita 2.0” (Cassa Depositi e Prestiti, 2013).

As a consequence of its many advantages, crowdfunding has been adopted by an increasing number of ventures and actors, both from the profit and the non-profit sector. Coherently, also the number of contributions by practitioners that focus on the advantages and disadvantages of crowdfunding channels has increased greatly. However, as we have already anticipated, very few contributions explore the main factors related to the success of the crowdfunding campaigns, and even fewer

distinguish them according to their profit or non-profit nature. As a result, the comprehension of the phenomenon and its intrinsic dynamics remains relatively weak.

Among the others, Mollick's work entitled *The dynamics of crowdfunding: an exploratory study* (2013) is probably one of the first examples of exploratory study addressed at detecting the relevant dimensions connected to the success of a project funded by crowdfunding. In this analysis, in fact, Mollick uses the data of a large amount of projects over a time period of 3 years to set a correlation between the quality of the project, its social networks and geography and the success of the crowdfunding campaign. However, as the study is based on just one platform, the US Kickstarter, there is no evidence about the validity of the correlations in other countries. As to the Italian case, the studies of the group of scholars working for the Italian Observatory on Crowdfunding represent a consistent and updated source of information, shedding some light on the role of social capital variables (Giudici, Guerini and Rossi Lamastra, 2013b). Interestingly, these authors distinguish between *individual* social capital, measured considering the number of the proponent's contacts on Facebook and LinkedIn, and *territorial* social capital, measured referring to the municipality of residence of the proponent. They find that the former is positively and significantly correlated with the probability of succeed of a crowdfunding project, while no significant correlation exists in case of the latter. From a different point of view, Ahlers et al. (2012) find out that financial roadmaps (such as exit strategies), risk factors, board experience and the number of the board members are key variables for the success of an equity crowdfunding campaign, while external certification (including patents and government grants) has little or no significant impact. Kuppuswamy and Bayus (2013) link the success of the crowdfunding campaign to social information and its impact on the behaviour of funders. Indeed, they find out that many potential backers do not contribute to a project that has already received a lot of support because they assume that others will provide the necessary funding. As in the case of Mollick, however, these authors too focus exclusively on reward-based projects posted on the Kickstarter platform. Finally, Burtch et al. (2013) demonstrate that a link exists between marketing effort (mainly intended as pitch exposure) and the success of crowd-funded projects.

Summarising, the main variables proposed by the literature as relevant to the success (or failure) of a crowdfunding campaign refer to social capital, project quality, geography, financial roadmaps and risk, project board features, social information, and marketing. However, the vast majority of these studies considers almost exclusively reward-based profit projects posted on just one platform, while few of them analyse different types of projects from multiple platforms. Also, very little efforts have been

spent in order to investigate the dimensions that influence successful crowdfunding in the case of non-profit initiatives.

Yet, this is a key aspect of any study on crowdfunding, since non-profit projects tend to follow specific dynamics and rationales (Lewis, 2013), which means that variables relevant for successful crowdfunding might be different too. For instance, in non-profit campaigns the most diffused models of crowdfunding are the donation-based type and the lending-based type (De Buysere et al., 2012). The former “helps not-for profit organisations to fund projects and core costs, but it can also help to fund creative activities and common purpose activities” (p.18). The latter helps to get funds for business expansion, production, and other activities. Usually, it is implemented through platforms sponsored by banks, that allow the raising of small financial contributions and guarantee for the reimbursement, with the application of a subsidized interest rate. Conversely, in not-for profit organisations reward-based crowdfunding is less diffused – but present. This is the case of project owners offering small non-financial rewards of a symbolic value in return for donations. In addition, most of the not-for-profit funders are satisfied when they see that the project can be realised: the only return they are interested in is *social return*.

A main study in this sense has been conducted by Pitschner and Pitschner-Finn (2014), who explore the differences in terms of rate of success between profit and non-profit crowdfunding campaigns. They point out that non-profit projects receive more money per funding provider and are more likely to reach the minimum set goal, but they have fewer funding providers and receive a lower total amount. Schwienbacher et al. (2012) too investigate the differences between profit and non-profit crowdfunding concluding that non-profit projects tend to be significantly more successful than other ones.

In both the cases, however, the emphasis is on the differences between profit and non-profit projects with no clear evidence about the determinants that explain these differences. Moreover, Schwienbacher et al. (2012) consider only projects that are launched by individuals not using common crowdfunding platforms as intermediaries.

### **3. Italian web-platforms of crowdfunding**

In order to investigate successful crowdfunding in the non-profit sector, the paper considers the case of Italian web-platforms of crowdfunding (Giudici, Guerini and Rossi-Lamastra, 2013b). In doing that, we have considered both contributions by scholars and the data provided by the *Italian Observatory on*

*Crowdfunding* that collects information on the main Italian web-based platforms of crowdfunding since 2013<sup>2</sup>.

Considering the literature, although the debate on crowdfunding is in ferment, in Italy there are few surveys that investigate of the national crowdfunding market (Giudici, Guerini and Rossi-Lamastra, 2013a). Indeed, the scarcity of peer-reviewed works is a condition that affects other national markets too (Weinstein, 2013) because of the heterogeneity of the sources of information – usually constituted by a rapidly increasing number of platforms managed by private operators who are not interested in providing comparable series of data – and the difficulties in collecting and monitoring them.

In Italy, a recent report registers the existence of 41 crowdfunding platforms, more than half proactively acting on the market (Castrataro and Pais, 2013). The most common form of funding is the reward-based one, which is adopted by 15 web portals. Other 9 platforms adopt the donation-based form, whereas the lending-based form is adopted by 3 platforms and the equity-based by only one. Indeed, after the introduction in the Italian regulation, 3 equity-based platforms have been listed in the ordinary section of the Register of Portals of equity crowdfunding managed by CONSOB<sup>3</sup>, and one has been listed in the No-ordinary section dedicated to banks and financial intermediaries. However, just one is active on the Italian market and has launched its first campaign (Politecnico di Torino).

As to the Italian active platforms (28 according to the 2013 Report and CONSOB), the most adopted form of crowdfunding in Italy is the reward-based, which is chosen by more than half of them. Reward-based and donation-based platforms cover approximately 90% of the Italian market. The majority of these platforms have appeared on the market during the last year, demonstrating that crowdfunding is a growing phenomenon in Italy (Castrataro and Pais, 2013). Since the end of 2013, more than 50.000 projects have been submitted to Italian crowdfunding platforms, about 30% of them have been published and more than 30% of the published projects have been financed. Namely, 24% of reward-based project have succeeded, 44% of donation-based and 54% of lending based projects. The total amount financed through crowdfunding in Italy is about 23 million €, of which lending-based account for about 80% of the total value, while reward-based and donation-based only for respectively 14,6% and 5,1%. On average, funding rounds for lending-based campaigns is around €7,900, €1,500 in the case of donation-based and about €1,600 in the case of reward-based.

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<sup>2</sup> The Italian Observatory on Crowdfunding is managed by a research group at the Department of Management, Economics and Industrial Engineering of the Politecnico di Milano).

<sup>3</sup> See Consob website at [http://www.consob.it/main/intermediari/cf\\_gestori/index.html](http://www.consob.it/main/intermediari/cf_gestori/index.html) (last access: April, 2014).

Other information on the Italian crowdfunding market can be derived from the *Italian Observatory on Crowdfunding*, which regularly monitors a varied sample of information from 23 platforms: BOOM Starter, BuonaCausa, Com-Unity, Commoon, Crowdfunding-Italia, DeRev, Eppela, Finanziami il tuo future, Ginger, H2RAISE, Iodono, Kendoo, MusicRaiser, Oboli, Prestiamoci, Produzioni Dal Basso, PubblicoBene, Retedeldono, Shinynote, SiamoSoci, Starteed, Takeoff Crowdfunding, Terzo Valore. These platforms host both profit and non-profit projects and include different forms of crowdfunding, namely reward, lending and donation based. For instance, Iodono is specialised in donation. SiamoSoci in reward-based campaigns. While the only platforms that apply lending-based crowdfunding are Terzo Valore and Prestiamoci. More specifically, at the time the paper has been written, the database provided by the Observatory consisted of 3,767 projects presented by 2,846 proponents, of which 1,248 are organizations (firms or associations), 779 are individuals, 829 are team groups.

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

Unsurprisingly, in recent years the Observatory has already been used to develop some preliminary studies on the main features and dynamics of the Italian crowdfunding market, including also studies on the success of this type of funding. Giudici, Guerini and Rossi Lamastra (2013b), in particular, moved from this source of information to shed some light on the importance of social capital variables such as projects and proponents' social networks. However, the abovementioned difficulties in the collection of data have determined a relevant amount of missing values. Moreover, these studies do not distinguish between profit and non-profit projects.

## **4. Methodology**

### *4.1 The model*



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

In the paper, the likelihood of the success of the funding campaign [success] has thus been tested by Probit estimates, ran on the following variables:

- geographical proximity [proximity]. It is measured via a dummy variable indicating co-localisation between the proponent and the project;
- territorial social capital [tsc]. Following Giudici, Guerini and Rossi-Lamastra (2013b), it is measured considering some traditional metrics measuring the social capital of proponents' cities of residence;
- project's social capital [pjsc]. It is measured via the number of likes posted on the projects' Facebook page;
- proponent's social capital [ppsc]. Following Giudici, Guerini and Rossi-Lamastra (2013b), it is measured via the number of proponents' LinkedIn contacts and Facebook friends;
- social scale and scope [sss]. It is measured via a dummy variable indicating whether the project aims at delivering social or humanitarian services to persons different from the proponent;
- target capital [target]. It is measured considering the target capital of the project;
- minimum size of contributions [minimum]. It is measured considering the minimum size of contributions accepted by the project;

- offered reward [reward]. It is measured considering the maximum amount of money offered as reward by the project;
- quality of the project [quality]. It is measured considering the number of different information provided to describe the project (contacts, business plan, videos, photos, additional docs);
- past experience [experience]. It is measured via a dummy variable accounting for “multiple bidders”, i.e. proponents launching more than one campaign or proponents of projects that have been postponed.

In our model, increases in the variables PROXIMITY, TSC, PJSC, PPSC, SSS and EXPERIENCE were assumed to be factors that would augment the likelihood of successful crowdfunding. In the cases of TARGET and MINIMUM high values of the variable were supposed to decrease the likelihood of success; whereas QUALITY and REWARD were thought not to be very influential. As to the database, we used an extraction<sup>4</sup> of the database managed by the *Italian Observatory on Crowdfunding* (see section 3). Considering exclusively concluded non-profit projects, we obtained a sample of 1,051 projects, posted on the 23 platforms monitored by the Observatory. However, more than 82% of the projects belong to just 5 platforms: Produzioni Dal Basso, Retedeldono, BuonaCausa, Eppela, and Iodono. As expected (see section 3 on the difficulties of crowdfunding data collection), missing values were particularly frequent. So, as a first step of our analysis, we tried – unfortunately with limited success, at the moment – to fill them in. As far as it was practicably possible, we used web-based search engines to find the missing information. In some cases, however, we also assumed some arbitrary assignments. For instance, whenever available, missing data about the project’s municipality have been replaced by the localisation of the proponent of the project.

#### 4.2 *The sample of analysis*

The resulting sample was characterised as it follows.

As to the projects, the large majority of them (74%) is referred to just three sectors: social non-residential assistance (47%), recreational, artistic, leisure activities (14%), movie, video, television, music making (12%). The municipalities where the projects are localised are several, with an evident concentration of proposals from the north of the country (36%) and a slight predominance of the cities of Milan (9%), Rome (8%), Turin (3%), and Naples (3%).

As to the proponents, they are above all organisations (46%, of which 40% associations and 6% firms) followed by individuals (19%) and teams (6%), mainly localised in the cities of Milan (100, 10%),

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<sup>4</sup> Date of the extraction: April 14, 2014.

Roma (7%), Naples (2%), Turin (2%), and Bologna (2%). Many proponents, however, have not been attributed to a specific type (28%) or city (41%).

As to the crowdfunding campaign, most of the projects (85%) have a target capital between €1,000 and €10,000 – 24% between €1,000 and €2,500; 21% between €2,500 and €5,000; 20% between €5,000 and €10,000. Small projects with target capital lower than €1,000 are 12%. Large ones are 23%. Minimum contributions ranges between 0 and €5,000. However, consistent with the nature of crowdfunding (see definition in section 2), small quotas are the most frequent<sup>5</sup>: 45% of the projects ask for less than of €10 euros; 24% for quotas between €10 and €50; 4% for more than €50. Analogously, only 42% of the projects envisage one or more levels of reward<sup>6</sup> – even reduced (19% of the reward based projects offer between 10 and 50 euros at most) – in change for the funding. 43% of them do not envisage any monetary compensation. The interpretation of this data, however, has to be cautious, as the projects with missing data are 15%, and the database does not account for non-monetary rewards, such as gadgets, tickets etc. Finally, consistent again with the very nature of crowdfunding, the number of total funders in projects that reached the target capital (218, i.e. 21%) is almost equally distributed into two classes of frequencies: from 1 to 39; from 40 to 608.

#### *4.3 The explanatory variables*

Respect to the database of the Osservatorio, we constructed some new variables, also using other databases, and elaborated estimates on 10 variables (see Table 1) relevant – on the basis of empirical evidence and literature – for explaining the likelihood of successful crowdfunding (SUCCESS).

Table 1 – The variables of the model

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<sup>5</sup> Missing values are 19% and 8% the cases that do not have a minimum contribution.

<sup>6</sup> 43% of the proposals do not have rewards. 29% offer just one level of reward. 21% offer from 2 up to 10 levels. 2% offer more than 10 levels. 5% are missing.

Variable	Obs	Mean	Std. Dev.	Min	Max
success	1051	.2074215	.405653	0	1
proximity	785	.5630573	.4963241	0	1
tsc	684	385.0308	76.06135	183.35	561.71
pjsc	776	115.3853	251.6836	0	2924
ppsc	519	5296.52	42322.45	0	753019
sss	916	.5425764	.4984561	0	1
target	1051	15346.71	86873.32	0	2000000
minimum	767	21.10812	187.7884	.38	5000
reward	442	167.7425	601.0124	.38	10000
quality	1051	.4700285	1.661269	0	23
experience	1051	.0532826	.2247033	0	1

As stated in 4.1, the likelihood of the success of the funding campaign success has been tested by Probit estimates, ran on the variables: PROXIMITY, TSC, PJSC, PPSC, SSS, TARGET, MINIMUM, REWARD, QUALITY, EXPERIENCE. Before doing that, however, we calculated correlation indexes between the variables in order to exclude the risk of collinearity and redundancy. As we did not find any relevant correlation (the most relevant were: 0.4533 between SUCCESS e PJSC, and 0.4732 between TARGET e MINIMUM), none of the variables was dropped.

The following step, before running the Probit, has been the calculation of Pearson(chi2) indexes between the dependent variable SUCCESS and the explanatory variables. The aim was to use the computation of the expected frequencies to detect the variables that are significantly associated with the probability of projects to get the target capital.

The results showed that only the variables PJSC (chi2 = 79.9406; Pr = 0.000), TARGET (chi2 = 38.9100; Pr = 0.000), MINIMUM (Pearson chi2 = 17.8223 Pr = 0.000), REWARD (chi2 = 31.3054; Pr = 0.000) and QUALITY (chi2 = 37.7848 Pr = 0.000) were statistically relevant. Pearson(chi2) indexes for PPSC (chi2 = 8.5464; Pr = 0.129) were weakly relevant; whereas PROXIMITY (chi2 = 1.2988; Pr = 0.254), TSC (chi2= 4.2387; Pr = 0.237) and SSS (chi2 = 0.0002; Pr = 0.989) and EXPERIENCE (chi2 = 0.0435; Pr = 0.835) resulted not relevant at all. Ideally, non-relevant variables should be then excluded from further elaborations. Nevertheless, as the presence of several missings makes these findings not clear in

meaning, we decided to run the Probit regression considering all the variables. Table 2 summarises the results of the Probit.

Table 2 – Probit regression indexes

	Coeff.	Std.Err.	
proximity	-0.362	0.318	
tsc	0.002	0.002	
pjsc	0.003	0.001	***
ppsc	-3.54e-06	0.000	
sss	0.494	0.281	
target	-0.001	0.000	***
minimum	-0.009	0.024	
reward	0.000	0.000	
quality	0.055	0.044	
experience	-0.655	0.713	
_cons	-1.180	0.750	

Probit estimates

Observation	<b>175</b>
Prob > chi2	0.000
Log-likelihood	-55.9999
Pseudo R2	0.380

Note: Asterisks denote the significance of the coefficients estimates: \*\*\*p<0.01

As a result, the only factors that resulted relevant were PJSC and TARGET.

## 5. Discussion and Implications

Consistent with the idea that non-profit projects follows specific crowdfunding patterns respect to profit ones, the data from Italian platforms of crowdfunding put in evidence that the social capital of the project (pjsc) is positively and significantly correlated with the probability of success of the funding campaign. On the contrary, the study does not find any significant correlation with other variables that the literature and the empirical evidence would indicate as important, i.e. the social capital of the proponent, the territorial social capital, the geographical proximity between the project and the proponent, the social nature of the project.

Moreover, a second factor that results important is reward, which is typical of funding schemes in the profit sector.

As to practical implications, whether confirmed by further investigations, these results will have interesting implications above all in the perspective of public policies willing to improve crowdfunding as an alternative to decreasing public funds. However, as it has already highlighted in the paper, the

presence in the database of several missings make the results unclear in meaning. As a further step, we are thus eager to consolidate the database as well as test other types of statistical analysis. At the same time an interesting passage would be the consideration of the factors that determine the likelihood of success of social projects, both profit and non-profit.

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