ONLINE APPENDIX: INTERNAL SOCIAL CAPITAL AND THE ATTRACTION OF EARLY CONTRIBUTIONS IN CROWDFUNDING

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I. Robustness to selection into sampling

Table A1 provides a robustness check to the model reported in the article at Table 4. Column 1 of Table A1 shows the reference model performed on 502 observations still at risk of failure. Column 2 of Table A1 replicates the estimates by means of a Heckman-Probit model on 669 observations, taking into account selection into censoring. The selection equation was set to depend on the project class, the amount of target capital, the average and minimum pledges, plus a dummy that records project updates. Results are not substantially altered. The only exception is the negative coefficient of the control variable *D_Ego_Boosing* that becomes no longer significant.

II. Robustness to the choice of measure of external social capital

In our paper, we use Linkedin connections as a measure of the social capital that a project proponent has externally to the crowdfunding platform. We used LinkedIn connections because they are primarily based on professional relationships. As such, they appear more in line with the commercial orientation of the platform and they are more similar by construction to our measure of internal social capital, which accounts for relationships established among project proponents. We now wish to check the robustness of our estimates to this methodological choice, by looking in addition to Facebook connections. In order to model Facebook connections, we adopt a specification of the variable similar to those adopted by Mollick (2013). We build a dummy variable *D_No_Facebook* that takes the value of 1 if the project proponent does not have a Facebook account and 0 if it does. We then build a second variable (*Facebook_100*), which is the natural log of the count of Facebook friends (measured in hundreds) plus 1, conditional to having a Facebook account (it is zero if the proponent does not have a Facebook account).

In Table A2 we show a set of estimates comparable to those reported in Table 5 of the paper. The model in column 1 is the reference model estimate of *Ln_Early_Backers* shown in the paper (Col. I, Table 5). In Column 2 we show the estimate of the same model in which the external social capital variable proxied by LinkedIn connections was replaced by the alternative proxy of Facebook friends, in the specification of Mollick (2013). In Column 3, both variables are included at the same time. Columns 4 of Table A2 reports the reference model estimate of *Early_Capital* shown in the paper (Col III, Table 5). In Column 5 the metric of *External_Social_Capital* based on LinkedIn connections was replaced by the variables based on Facebook friends and in Column 6 both variables are included at the same time.

In all cases the results hold unchanged, showing that our findings are robust to the choice of variable metric and variable specification for the control variable of external social capital. Incidentally, the number of Facebook friends, conditional to having a Facebook account, is

positively correlated to attracting more backers and raising a larger percent of target capital in the early days of the campaign. Similarly to Mollick's results, not having a Facebook account is also positively associated to early backers and early capital raised, suggesting that many individuals can be well connected socially, despite not having a Facebook account.

When we re-estimate the mediation models reported in Table 6 of the paper with the alternative measures of external social capital, we find no impact of the latter on the chances that a project will succeed, consistently to our prior estimates. These results are reported in Table A3.

III. Robustness to controlling for prior experience

Our measure of internal social capital is the number of projects that a proponent has backed prior to launching a campaign. Ideally, this measure should capture the social capital that a proponent has built internally to the platform and should be independent from the prior experience of project campaigns that a proponent may have gathered. In order to control for this potential confound, we collected data on the number of projects that a proponent has already launched in Kickstarter, prior to launching the focal project. Our variable *Prior_Experience* is built as the logarithm of the number of projects launched in the platform plus one. This variable is uncorrelated to our *Internal_Social Capital* variable (corr=0.072).

Table A4 reports the estimates of the Tobit models comparable to those reported in Table 5 of the paper, with the additional control variable of prior experience. The results hold unchanged. Incidentally, having prior experience of projects is negatively correlated to raising backers and capital in the early days of a project campaign. This counterintuitive result may be due to the fact that many failed projects tend to be resubmitted multiple times in the platform.

When we run the mediation model (Table A5) comparable to that reported in Table 6 in the paper, all the results hold and *Prior_Experience* is not correlated to the likelihood of project success.

Table A1 – Success of crowdfunding campaigns: Heckman-Probit estimates

	Reference model of Table 4	Heckprobit
Ln_Early_Backers	0.248***	0.313***
	(0.114)	(0.106)
Early_Capital	7.364***	4.969***
	(1.486)	(1.437)
D_Individual_Male	-0.499***	-0.477***
	(0.191)	(0.164)
D_Individual_Female	0.139	0.127
	(0.339)	(0.296)
Duration	-0.000	0.002
	(0.012)	(0.010)
D_Ego_Boosting	-0.361*	-0.289
	(0.208)	(0.185)
D_Community_Belonging	0.577***	0.455***
	(0.178)	(0.156)
D_Customized	0.100	0.066
	(0.177)	(0.154)
Ln_Visuals	0.110	0.112
	(0.135)	(0.120)
More_Information	-0.022	-0.022
	(0.051)	(0.046)
D_USA	0.791**	0.806***
	(0.347)	(0.307)
Ln_Target_Capital	-0.327***	-0.307***
	(0.094)	(0.083)
Class Dummies	Yes	Yes
Constant	-2.551***	-2.817***
	(0.674)	(0.584)
Ath_Rho		1.285***
		(0.446)
Observations	502	669
Uncensored		502
Censored		167
Wald test ($\chi^2(2)$) of independent equations: $\rho=0$		8.42***

Dependent variable: *D_Success*. Observations at low risk of failure are censored.
Robust St. Err. In parentheses. *** p<0.01, ** p<0.05, * p<0.10.

Table A2 – Antecedents of early contributions with alternative measures of external social capital: Tobit estimates

	Ln_Early_Backers			*Early_Capital*		
	Reference model (Table 5, Col.1)	With Facebook	With Facebook and LinkedIn	Reference model (Table 5, Col.3)	With Facebook	With Facebook and LinkedIn
Internal_Social_Capital	0.094***	0.092***	0.090***	0.004***	0.004***	0.004***
	(0.017)	(0.018)	(0.017)	(0.001)	(0.001)	(0.001)
External_Linkedin	0.141***		0.117**	0.007**		0.007**
	(0.045)		(0.047)	(0.003)		(0.003)
Facebook_100		0.329***	0.284**		0.014**	0.011*
		(0.110)	(0.114)		(0.007)	(0.007)
D_No_Facebook		0.407**	0.381*		0.027**	0.026**
		(0.202)	(0.203)		(0.011)	(0.011)
D_Individual_Male	-0.552***	-0.402***	-0.518***	-0.025***	-0.016**	-0.023***
	(0.136)	(0.130)	(0.138)	(0.008)	(0.007)	(0.008)
D_Individual_Female	-0.161	0.023	-0.130	-0.003	0.010	0.001
	(0.292)	(0.288)	(0.294)	(0.024)	(0.024)	(0.024)
More_Information	0.057	0.063*	0.054	0.005**	0.006**	0.005**
	(0.037)	(0.038)	(0.038)	(0.002)	(0.002)	(0.002)
Ln_Visuals	0.313***	0.277***	0.291***	0.016***	0.015***	0.016***
	(0.084)	(0.084)	(0.084)	(0.005)	(0.005)	(0.005)
D_USA	-0.394***	-0.448***	-0.428***	0.005	0.002	0.003
	(0.148)	(0.148)	(0.149)	(0.007)	(0.007)	(0.007)
Ln_Target_Capital	0.360***	0.374***	0.364***	-0.008***	-0.008***	-0.008***
	(0.041)	(0.041)	(0.041)	(0.002)	(0.002)	(0.002)
Class dummies	Yes	Yes	Yes	Yes	Yes	Yes
Constant	1.173***	0.8110**	0.862***	0.043***	0.020	0.023
	(0.228)	(0.326)	(0.324)	(0.016)	(0.017)	(0.017)
Observations	502	502	502	502	502	502
Uncensored	451	451	451	451	451	451
Left-censored	51	51	51	51	51	51
Sigma	1.245	1.243	1.237	0.073	0.073	0.073
	(0.047)	(0.045)	(0.045)	(0.003)	(0.003)	(0.003)

Table A3 - Mediation model with alternative measures of external social capital: Probit estimates

	Model I	Model II	Model III	Model IV
Internal_Social_Capital	0.051**	0.020	0.030	0.0230
	(0.022)	(0.024)	(0.027)	(0.027)
Ln_Early_Backers		0.666***		0.232*
		(0.097)		(0.119)
Early_Capital			9.823***	7.845***
			(1.156)	(1.534)
External_Linkedin	-0.001	-0.053	-0.092	-0.093
	(0.080)	(0.092)	(0.098)	(0.099)
Facebook	0.092	0.003	0.041	0.020
	(0.148)	(0.155)	(0.157)	(0.158)
D_No_Facebook	0.113	-0.077	-0.183	-0.209
	(0.259)	(0.283)	(0.285)	(0.289)
D_Individual_Male	-0.612***	-0.415**	-0.516***	-0.467**
	(0.182)	(0.206)	(0.193)	(0.200)
D_Individual_Female	0.083	0.144	0.183	0.172
	(0.352)	(0.333)	(0.360)	(0.355)
Duration	-0.002	-0.006	0.002	0.000
	(0.011)	(0.012)	(0.012)	(0.012)
D_Ego_Boosting	-0.414**	-0.404**	-0.450**	-0.436**
	(0.175)	(0.197)	(0.207)	(0.209)
D_Community_Belonging	0.408**	0.548***	0.586***	0.600***
	(0.163)	(0.176)	(0.183)	(0.184)
D_Customized	0.259	0.169	0.089	0.083
	(0.159)	(0.173)	(0.177)	(0.179)
Ln_Visuals	0.150	0.112	0.059	0.062
	(0.115)	(0.130)	(0.135)	(0.136)
More_Information	0.025	0.010	-0.027	-0.021
	(0.048)	(0.050)	(0.051)	(0.051)
D_USA	0.681***	0.985***	0.605*	0.729**
	(0.256)	(0.324)	(0.326)	(0.344)
Ln_Target_Capital	-0.222***	-0.580***	-0.188***	-0.317***
	(0.055)	(0.084)	(0.068)	(0.094)
Class dummies	Yes	Yes	Yes	Yes
Constant	-1.560**	-2.480***	-2.133***	-2.332***
	(0.608)	(0.692)	(0.680)	(0.686)
Observations	502	502	502	502
McFadden's Pseudo R^2	0.191	0.327	0.381	0.392

Table A4 - Antecedents of early contributions with controls of prior experience: Tobit estimates

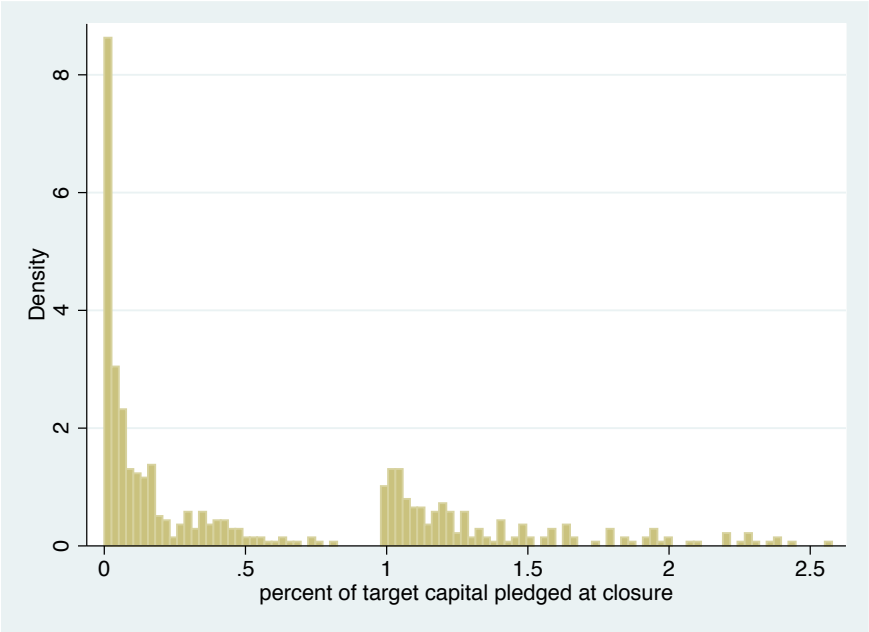
	Ln_ Early_Backers		*Early_Capital*	
	Reference model (Table 5, Col.1)	With prior experience	Reference model (Table 5, Col.3)	With prior experience
Internal_Social_Capital	0.094***	0.099***	0.004***	0.004***
	(0.017)	(0.017)	(0.001)	(0.001)
External_Linkedin	0.141***	0.129***	0.007**	0.007**
	(0.045)	(0.046)	(0.003)	(0.003)
Prior experience		-0.596***		-0.032**
		(0.205)		(0.015)
D_Individual_Male	-0.552***	-0.544***	-0.025***	-0.025***
	(0.136)	(0.133)	(0.008)	(0.008)
D_Individual_Female	-0.161	-0.201	-0.003	-0.006
	(0.292)	(0.296)	(0.024)	(0.025)
More_Information	0.057	0.073*	0.005**	0.006**
	(0.037)	(0.037)	(0.002)	(0.002)
Ln_Visuals	0.313***	0.319***	0.016***	0.017***
	(0.084)	(0.083)	(0.005)	(0.005)
D_USA	-0.394***	-0.355**	0.005	0.007
	(0.148)	(0.147)	(0.007)	(0.007)
Ln_Target_Capital	0.360***	0.334***	-0.008***	-0.009***
	(0.041)	(0.043)	(0.002)	(0.002)
Class dummies	Yes	Yes	Yes	Yes
Constant	1.173***	1.218***	0.043***	0.045***
	(0.228)	(0.291)	(0.016)	(0.016)
Observations	502	502	502	502
Uncensored	451	451	451	451
Left-censored	51	51	51	51
Sigma	1.245	1.238***	0.073	0.0727***
	(0.047)	(0.047)	(0.003)	(0.003)

Table A5 - Mediation model with controls for prior experience: Probit estimates

	Model I	Model II	Model III	Model IV
Internal_Social_Capital	0.054**	0.021	0.032	0.024
	(0.022)	(0.024)	(0.026)	(0.026)
Ln_Early_Backers		0.662***		0.235**
		(0.095)		(0.116)
Early_Capital			9.631***	7.604***
			(1.103)	(1.472)
External_Linkedin	0.007	-0.049	-0.0731	-0.0771
	(0.081)	(0.093)	(0.099)	(0.100)
Prior_experience	-0.129	0.012	0.095	0.102
	(0.263)	(0.275)	(0.273)	(0.271)
D_Individual_Male	-0.618***	-0.400**	-0.483**	-0.429**
	(0.180)	(0.203)	(0.192)	(0.199)
D_Individual_Female	0.063	0.174	0.260	0.253
	(0.354)	(0.331)	(0.366)	(0.360)
Duration	-0.002	-0.006	0.004	0.002
	(0.011)	(0.012)	(0.012)	(0.012)
D_Ego_Boosting	-0.409**	-0.393**	-0.411*	-0.400*
	(0.175)	(0.197)	(0.210)	(0.211)
D_Community_Belonging	0.412***	0.559***	0.623***	0.635***
	(0.159)	(0.173)	(0.183)	(0.184)
D_Customized	0.252	0.180	0.133	0.127
	(0.158)	(0.171)	(0.177)	(0.179)
Ln_Visuals	0.164	0.114	0.067	0.067
	(0.115)	(0.129)	(0.132)	(0.134)
More_Information	0.028	0.009	-0.026	-0.021
	(0.048)	(0.050)	(0.051)	(0.051)
Ln_Target_Capital	-0.231***	-0.581***	-0.196***	-0.325***
	(0.060)	(0.087)	(0.071)	(0.095)
D_USA	0.708***	0.983***	0.618*	0.736**
	(0.261)	(0.323)	(0.330)	(0.345)
Class dummies	Yes	Yes	Yes	Yes
Constant	-1.457***	-2.546***	-2.326***	-2.540***
	(0.558)	(0.659)	(0.671)	(0.678)
Observations	502	502	502	502
McFadden's Pseudo R^2	0.190	0.326	0.378	0.386

IV Bimodality

Figure A1 - Distribution of percent of target capital pledged at closure*



*Right-tail truncated to 90th percentile.