

## STUDY PURPOSE

Crowdfunding emerges as an alternative to startup capital. However, funding success of food-related projects (25.72%) are significantly lower than overall projects (38.97%) (Kickstarter, 2021). This study argues the familiarity of the existing concepts is key to crowdfunding success because they are deemed as more reliable to successful to backers.

The purpose of this study is to investigate if the introduction of a new concept to a community outperforms traditional restaurant concepts in restaurant crowdfunding. This paper further investigate two moderating effects on the relationship between a new concept and funding success: (1) existing supporter community, and (2) prior F&B experience of the founders.



## CONCEPTUAL BACKGROUND

Crowdfunding is a process of inviting community members to be a part of a fundraiser for the proposed project in exchange for an incentive, reward, or simply the satisfaction of helping the founder reach their goal (Mollick, 2014). Research has found when the community saw a proposed concept as a potential benefit to their environment the project was more likely to be funded (Josefy et. Al., 2017). There still exists a lack of research on restaurant crowdfunding, and currently no literature on the relationship between existing and new restaurant concepts in crowdfunding.

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## HYPOTHESES DEVELOPMENT

H1: New restaurant concept are more likely to raise funds through crowdfunding than traditional restaurant crowdfunding projects.

H2: Existing supporter community positively moderates the relationship between newness of a restaurant project and crowdfunding success.

H3: Founder's prior F&B experience positively moderates the relationship between the newness of a restaurant project and crowdfunding success.

## METHODOLOGY

- 2,431 entire U.S. restaurant projects on the Kickstater .com platform from 2010 through 2021.
- A series of regression analysis was conducted to examine the hypotheses.

- Model for H1:

*Funding Success*

$$= \beta_0 + \beta_1 NewConcept_i + \beta_2 StaffPicked_i + \beta_3 Duration_i + \beta_4 Comments_i + \beta_5 Updates_i + \beta_6 Images_i + \beta_7 Videos_i + \beta_8 PledgeLevels_i + \epsilon_i$$

- Model for H2:

*Funding Success*

$$= \beta_0 + \beta_1 NewConcept_i + \beta_2 SupporterCommunity_i + \beta_3 NewConcept * SupporterCommunity_i + \beta_4 StaffPicked_i + \beta_5 Duration_i + \beta_6 Comments_i + \beta_7 Updates_i + \beta_8 Images_i + \beta_9 Videos_i + \beta_{10} PledgeLevels_i + \epsilon_i$$

- Model for H3:

*Funding Success*

$$= \beta_0 + \beta_1 NewConcept_i + \beta_2 F\&BExp_i + \beta_3 NewConcept * F\&BExp_i + \beta_4 StaffPicked_i + \beta_5 Duration_i + \beta_6 Comments_i + \beta_7 Updates_i + \beta_8 Images_i + \beta_9 Videos_i + \beta_{10} PledgeLevels_i + \epsilon_i$$

Table 1: Variable Description and Descriptive Analysis

Variable	Operationalization	Mean	SD	Min	Max
Success	1 = successful project; 0 = unsuccessful project	0.22	0.01	0	1
New Concept	New options for menu offerings, delivery method, theme, price point, employees, and the hours of operation (Goldman, 1993; Lelo de Larrea, et. al, 2019).	0.40	0.01	0	1
Staff Pick	1 = "Project We Love" project; 0 = non-"Project We Love" project	0.10	0.01	0	1
Duration	Length of time of projects	35.32	0.26	1	60
Comments Count Reply Included	Number of comments including replies	2.09	0.22	0	342
Update Count	Number of updates	2.34	0.10	0	84
Story Image Conut	Number of images posted per project	3.26	0.11	0	71
Story Video Count	Number of videos posted per project	0.05	0.11	0	5
Pledge Count	Number of reward types available	7.65	0.12	0	62

## RESULTS

### Preliminary Analysis:

Of the 2,431 projects analyzed in this study, 1,454, were existing concepts with 345 (23.73%) successfully funded and 977 were new concepts with 195 (19.96%) successfully funded.

### Results:

- Newness of restaurant concept does not significantly affect crowdfunding success.
- Having a supporter community significantly lead to crowdfunding success while no moderating effect was found on the relationship between newness of restaurant concept and funding success.
- F&B experience significantly leads to crowdfunding success while no moderating effect was found on the relationship between newness of restaurant concept and funding success.

Table 2: Regression Analysis Results

Variable	Base Model		Supporter Community		F&B Experience	
	Coefficients	t Stat	Coefficients	t Stat	Coefficients	t Stat
Intercept	0.134***	6.223	0.061***	3.001	0.080**	3.034
NewConcept	-0.020	-1.558	0.002	0.137	0.001	0.056
SupporterCommunity			0.360***	19.425		
NewConcept*SupporterCommunity			-0.047	-1.903		
F&BExp					0.073***	3.589
NewConcept*F&BExp					-0.013	-0.468
StaffPicked	0.284***	12.016	0.187***	8.478	0.276***	11.716
Duration	-0.003***	-6.199	-0.002***	-4.297	-0.003***	-5.869
Comments	0.000	-0.581	0.001	0.814	0.000	-0.523
Updates	0.036***	22.744	0.027***	18.046	0.036***	22.453
Images	0.000	0.184	-0.002	-1.631	0.000	0.176
Videos	-0.015	-0.650	-0.014	-0.644	-0.014	-0.577
PledgeLevels	0.012***	9.463	0.002	1.608	0.011***	8.853

Notes: \*\*\* if < 0.001, \*\* if < 0.01

## CONCLUSION

This study contributes to a better understanding of what leads towards crowdfunding success. This is significant because the restaurant industry faces difficulty finding loans and start-up capital.

This research helps founders understand how and what to communicate with their prospective backers: have a supporter community before starting funding project and communicate prior F&B experience.

## REFERENCE

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