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Geographic Tradability and Political Ideology in Crowdfunding

by

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A THESIS

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Abstract

Despite the promise of digital technologies such as crowdfunding platforms to remove geographic barriers to trade, distance and local bias effects persist on these platforms, and an active program of research is aiming to identify the drivers and mechanisms of these local bias effects. Using two novel measures of tradability in the context of crowdfunding, we show that crowdfunding campaigns in highly tradable product sectors set higher goals for their campaigns on average. However, correlational analysis suggests that the extent to which tradability can be leveraged can depend on other factors such as political context. We find that political ideology context may act as a barrier to trade such that campaigns located in blue states set higher goals than campaigns located in red states, and also show a stronger association between tradability and goal level compared to campaigns in red states. This thesis is the first ever study on tradability as well as the first ever study on political ideology in the context of reward-based crowdfunding.

Keywords: Crowdfunding, Geographic Tradability, International Tradability, Political Ideology

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1. Introduction

One of the most transformative social and digital technologies of entrepreneurship in the past decade has been the rise of a new model of marketing, selling, and fundraising enabled by crowdfunding platforms (Short, Ketchen, McKenny, Allison, & Ireland, 2017). Crowdfunding platforms have been instrumental in democratizing access to entrepreneurship (Bannerman, 2013; Galuszka & Brzozowska, 2016), supporting small-scale arts and crafts projects that struggled to raise funds through traditional means, and fueling innovative products, especially when they are desired by consumers but fall through the cracks of traditional investment channels (Mollick, 2014; Scott, 2014). The technology reduces transaction costs, removes barriers and intermediaries, and thus makes it easier for entrepreneurs to reach larger audiences across broader distances. Crowdfunding has attracted the interest of many scholars, with a flurry of publications and special issues in top journals coming out in recent years (e.g., Short et al., 2017).

Geographic distance is probably the most obvious barrier that is overcome by digital technologies like crowdfunding platforms. It is certainly much easier for many entrepreneurs to defy distance and do business across borders with digital technologies. Yet there is considerable evidence that even in online transactions distance still matters, and there are significant home bias and local bias effects (Blum & Goldfarb, 2006; Cornaggia, Cornaggia, & Israelsen, 2020; Cowgill & Dorobantu, 2017). Crowdfunding scholars have found this to be a fascinating topic, and a line of research has begun to flourish specifically around measuring local bias in crowdfunding platforms and identifying its drivers (Agrawal, Catalini, & Goldfarb, 2015; Bade & Walther, 2021; Guenther, Johan, & Schweizer, 2018; Lin & Viswanathan, 2016; Senney, 2019).

This research program is important for multiple reasons: First, it can help entrepreneurs and creators think more strategically about their location choices and outreach or marketing strategies. Second, it can help policy makers identify the barriers to international and intranational trade and investment in digital commerce, and possibly address any barriers that may be policy-driven or possible to influence through policy levers. Third, it can help shed light on the broader literature on the geographic barriers to trade, and

especially their enigmatic persistence in the digital age, by providing insights from a unique context that provides rich data to researchers.

This thesis contributes to the literature by building on two insights from two different disciplines in order to shed light on mechanisms of local bias in the context of crowdfunding that have not been previously appreciated in the crowdfunding literature. First, we build on a line of work in the economic trade literature that moves beyond the dichotomy of traded vs. non-traded goods and identifies various goods on a heterogeneous continuum of tradability (Atolia, 2019; Bergin & Glick, 2007, 2009; Betts & Kehoe, 2001; Dornbusch, Fischer, & Samuelson, 1977). This paper for the first time investigates the impact of tradability on crowdfunding campaigns and provides a geographic tradability index and an international tradability index for various sectors (subcategories) in crowdfunding campaigns. These measures are calculated based on the percentage of campaigns in each subcategory for which the top city or top country of its backers is different from the campaign's own location. However, tradability by itself is something outside the scope of the agency of the creator or entrepreneur, so it is interesting to ask if tradability can potentially be leveraged more or less depending on other contingencies relating more to the agency of the entrepreneur.

We argue that some aspects relating to how some entrepreneurs may take better advantage of tradability may be related to political ideology. We build on a vast literature in political psychology that has found a number of consistent psychological asymmetries between people with "liberal" vs. "conservative" political ideologies (Carney, Jost, Gosling, & Potter, 2008; Hibbing, Smith, & Alford, 2014; Jost, Federico, & Napier, 2009; Rentfrow, Jost, Gosling, & Potter, 2009; Sibley, Osborne, & Duckitt, 2012). Political ideology is an important part of the institutional context associated with the location of a crowdfunding campaign, but has remained almost completely absent from the crowdfunding literature, despite a number of previous studies that have shown the importance of political ideology for various economic and business outcomes (Karlan & List, 2007; Keita & Mandon, 2018; O'Connor, 2012; Pe'Er & Gottschalg, 2011). Most recently, Maldonado-Bautista, Klein, and Artz (2021) found that the political

ideology of entrepreneurs impacts their ability to raise funding with different stakeholder orientations. In this study, we show not only that political ideology has a direct association with goal levels in crowdfunding, but also that it has an interaction effect with tradability.

Based on a large dataset of 288,703 US-based campaigns on the Kickstarter.com platform, we find that geographic tradability is strongly and positively linked with higher goal levels. We also find that campaigns located in “blue” states (typically voting for Democratic presidential candidates as opposed to Republican candidates) set higher goals than campaigns located in “red” states, although the effect size is relatively small. Furthermore, we find a positive interaction effect between political ideology and tradability, indicating that campaigns located in “blue” states, set goal levels indicating that they may aspire to take greater advantage of the geographic reach afforded to them by more highly tradable goods. Our theoretical perspective attributes these results to characteristics of openness (Van Hiel, Kossowska, & Mervielde, 2000) and cosmopolitanism (Cleveland, Erdoğan, Arıkan, & Poyraz, 2011), although we do not provide any tests of mechanism. Our results are mainly correlational rather than causal, but are highly robust to both a different measure of tradability (specifically international tradability) and a different measure of goal levels (the probability of setting moonshot goals defined as goals above \$200,000 USD). Our findings suggest a political psychological aspect to the geography of crowdfunding, and geographic trade barriers in general that merits further study.

2. Theory and Hypotheses

2.1. Geographic Barriers to Trade

The extent to which markets can be reached by any business depends on the extent to which economic transactions can cross geographic boundaries. An extensive literature has documented the existence of geographic barriers to trade stemming from a variety of trade costs at both international and intranational levels. Anderson and Van Wincoop (2004, pp. 691-692) define trade costs broadly as “all costs incurred in getting a good to a final user other than the marginal cost of producing the good itself: transportation costs (both freight costs and time costs), policy barriers (tariffs and nontariff barriers), information costs, contract enforcement costs, costs associated with the use of different currencies, legal and regulatory costs, and local distribution costs (wholesale and retail).”

Trade costs have been identified as a key driver of the “home bias” phenomenon, famously documented by McCallum (1995) who measured the trade among Canadian provinces in 1988 was twenty times higher than trade between Canadian provinces and US states. While more recent measurements indicate a smaller size for the home bias effect, it has generally been a well documented phenomenon around the world. Murray (2018, p. 72) defines home bias as “a tendency for transactions to occur between parties in proximal rather than distal geographic areas,” a tendency that is observed both at international and intranational levels (Hillberry & Hummels, 2003)¹. Furthermore, many studies have shown that geographic barriers to trade are not just a matter of physical distance, and that state and country-level political borders also impose a “border effect” due to tariffs, regulatory requirements, cultural differences, language barriers, and even political identity (Tam Cho & Nicley, 2008). Ishise and Matsuo (2015) have found a border effect between red states and blue states in the United States that has been increasing over time as the political environment of the US becomes increasingly polarized.

¹ Home bias is sometimes referred to as “local bias” at the intranational level (Bade & Walther, 2021).

While digital technologies are able to overcome certain geographical barriers to trade, researchers have found a “puzzling persistence” of distance effects in international trade (Disdier & Head, 2008), even for digital goods with close to zero trading costs (Blum & Goldfarb, 2006). Hortaçsu, Martínez-Jerez, and Douglas (2009) found that distance acted as a trade barrier even in online transactions on eBay and MecadoLibre, and measured a home bias effect at the city level. A recent study based on a large proprietary dataset of search, advertising and ecommerce activity from Google found a large statistically significant US-Canada border effect (Cowgill & Dorobantu, 2017), although the effect was highest for services with a more local nature and goods that face larger regulatory red tape. Similarly, Blum and Goldfarb (2006) find that distance does matter in the case of digital goods that are consumed over the Internet and have no trading costs. They find that Americans are more likely to visit websites from countries that are physically close than from countries that are far, even after controlling for country-level Internet expertise, language, income, immigrant stock, and many other factors. However, they also find that this distance effect only holds for digital products that depend on taste.

Particularly relevant to the crowdfunding context is that geographic trade barriers and home bias effects are well documented in the context of venture financing, both in venture capital firms (Sorenson & Stuart, 2001) and private (angel) investors (Sohl, 1999). Similar to general trade barriers, the barriers to venture financing across locations are not just a matter of physical distance, and encompass issues such as policy and regulatory differences across locations. For example, Jia, Jin, and Wagman (2021) found that after the rollout of the General Data Protection Regulation (GDPR) policy in the European Union, the number of monthly venture finance deals by EU ventures was reduced by 26.1% compared to US ventures.

2.2. Local bias and distance effects in crowdfunding

Crowdfunding platforms can be expected to mitigate many distance-related economic frictions, such as monitoring progress, providing input, and gathering information. Lin and Viswanathan (2016) argue that many characteristics of crowdfunding transactions including small stakes of backers and their lack of legal recourse to enforce contracts should be expected to reduce home bias effects, but they find that these

effects nevertheless persist in data from the prosper.com peer-to-peer lending network. Their results indicate that both economic and behavioral reasons such as sentimental biases toward proximal locations drive this effect. Agrawal et al. (2015) find evidence of broad geographic dispersion of crowdfunding investors in small, early-stage projects. They find that distance is less important for crowdfunding, but that distance still plays a role. They argue that this geography, or gravity effect is driven by investors who likely have a personal connection with the artist-entrepreneur ("family and friends"). Senney's (2019) study of the prosper.com P2P lending site found that geographic frictions were driven more by information frictions rather than home bias or "family and friends."

Burtch, Ghose, and Wattal (2014) empirically examine the patterns of transaction between entrepreneurs and investors using data from Kiva.org, a global online crowdfunding platform that facilitates pro-social, peer-to-peer lending. They examine the impact of geographic distance and cultural differences on lenders' decisions about which borrowers to support. They find that lenders prefer culturally similar and geographically proximate borrowers and that there is a substitution effect between cultural differences and physical distance, such that a 50% increase in physical distance is associated with an approximate 30% decline in the effect of cultural differences. Another study by Josefy, Dean, Albert, and Fitza (2017) focusing specifically on "save the local theater" crowdfunding campaigns found that a match between the campaign and the cultural values of its community was a strong predictor of success (Burtch et al., 2014; Josefy et al., 2017).

Bade and Walther (2021) confirm the existence of local preferences in the German equity-based crowdfunding platform "Companisto" and attribute this finding to limits on information processing and attention allocation. Guenther et al.'s (2018) study of the ASSOB equity crowdfunding platform finds that within the home country of a campaign, geographically proximal investors are more likely to invest, whereas foreign investors are not sensitive to distance. Johan and Taylor (2019) look to agglomeration economies, knowledge spillovers and entrepreneurial clusters to explain local bias effects in art crowdfunding on the Kickstarter and IndieGoGo platforms.

Notwithstanding the above studies, research on the extent to which crowdfunding platforms reduce geographic constraints remains sparse, and only a handful of the drivers of local bias in crowdfunding have been investigated.

2.3. Tradability of Goods in Crowdfunding

Some types of campaigns on crowdfunding platforms are highly local in nature. For example, “save the local theater” type campaigns are targeted almost purely to a local audience (Josefy et al., 2017; Keyhani, Mohaghegh Neyshabouri, & Hosseini Amereii, 2020), whereas campaigns for web-based software products are typically much less limited by geographic constraints. In other words, the nature of the goods at the center of a crowdfunding campaign will be associated with a certain level of geographic tradability that can in turn impact the geographic reach of the campaign.

The international trade literature often makes a distinction between tradable goods such as manufactured products that can be transferred across borders, and non-tradable goods such as most services that are consumed locally and not imported or exported. Liu, Whalley, and Xin (2010) found that accounting for non-tradable goods reduces the measured border effect in the Canada-US trade relationship substantially. However, a simple dichotomy of tradable and non-tradable goods does not capture the full range of location-constraining characteristics among various goods. That is why a line of work in the economic trade literature has preferred to open up this dichotomy of tradable and non-tradable goods into a continuum of degrees of “tradability” (Atolia, 2019; Bergin & Glick, 2007, 2009; Betts & Kehoe, 2001; Dornbusch et al., 1977).

To the best of our knowledge, the concept of tradable vs. non-tradable goods has so far not been employed in the crowdfunding literature, let alone the notion of degrees of tradability across types of goods. The Kickstarter crowdfunding platform categorizes its campaigns into multiple categories each with multiple subcategories. In this paper, we calculate a geographical tradability index for all subcategories of campaigns on Kickstarter. While this geographic tradability index is measured based on city-level trade,

we also provide an international tradability index for robustness checks that is based on trade across countries.

Given the various barriers to trade across locations, we would expect that *ceteris paribus*, crowdfunding campaign creators that can better reach a broader range of users across a broader range of locations could expect to raise more funds and thus set higher goal levels for their campaigns. It is here that the degree of tradability associated with the subcategory of goods at the center of a campaign can act as a proxy for geographic reach. Thus, we hypothesize the following:

H1: The degree of tradability of a crowdfunding campaign's subcategory will be positively associated with its goal level.

2.4. Political Ideology and Goal Setting in Crowdfunding Campaigns

Political ideology is an important part of the institutional context associated with the location of a crowdfunding campaign, but has remained almost completely absent from the crowdfunding literature. A vast literature in political psychology has found a number of consistent psychological asymmetries between individuals espousing “liberal” vs. “conservative” political ideologies (Carney et al., 2008; Hibbing et al., 2014; Jost et al., 2009; Rentfrow et al., 2009; Sibley et al., 2012), and there is evidence that the psychological clustering of individuals across geographies aligns relatively well with the distinction between red and blue states as measured by voting patterns in presidential elections (Rentfrow et al., 2013). Rentfrow et al. (2009) suggest that regional clustering of liberals and conservatives persist due to the effects of self-selection, social influence, and environmental influence. Furthermore, there is evidence that the population of the United States has become increasingly polarized in their political ideologies over time (Evans, 2003; Gelman, 2014; Ishise & Matsuo, 2015).

Studies have shown that the political ideology context has significant implications for business and economic outcomes. Pe'Er and Gottschalg (2011) conjectured that red states provide a more suitable environment for leveraged buyout investments compared to blue states, and indeed found that both the

number of leveraged buyout transactions and their performance was significantly higher in red states. O'Connor (2012) found that the red/blue duality may be a reliable and consistent indicator of environmental inequality in the US, more so than income, race and other demographic variables. Keita and Mandon (2018) found that immigrants are more likely to get out of poverty in states with Democratic governors compared to states with Republican governors. In a recent study, Maldonado-Bautista et al. (2021) found that the political ideology of entrepreneurs is associated with their ability to raise funds with different stakeholder orientations. In what is likely the only study to date to investigate the role of political ideology context in a crowdfunding-like setting, Karlan and List (2007) found that donation campaigns experienced higher levels of giving in blue states, and that the level of giving was positively responsive to donation-matching policies only in red states.

Our main question here is how might the political ideology context impact crowdfunding campaigns? The literature on the psychological differences between liberals and conservatives is suggestive of multiple mechanisms that may result in asymmetries among crowdfunding campaigns between those located in red states and blue states. We outline three of these mechanisms here that specifically impact goal-setting behavior in crowdfunding campaigns: openness, tolerance for uncertainty, and negativity bias. Importantly, we believe that such micro-level analysis based on psychological characteristics is more relevant to the crowdfunding context than a more macro level analysis of institutional differences between red states and blue states.

Perhaps the largest and most consistently observed psychological difference between liberals and conservatives, and the one most likely to predict voting behavior, is with regards to the openness dimension in the Big Five personality traits (Rentfrow et al., 2009). People who describe themselves as politically liberal typically score higher than conservatives on various aspects of openness including measures of stimulus-seeking as well as preferences for creativity, novelty, imaginativeness, curiosity, and broad-mindedness (Carney et al., 2008; Jost, Glaser, Kruglanski, & Sulloway, 2003; Van Hiel et al., 2000). Given that many crowdfunding campaigns aim to attract funding and customers for the provision of creative

products and new experiences, it could reasonably be expected that being more proximal to a pool of potential backers with higher openness attributes provides a more munificent environment for crowdfunding. Anticipating this munificence, we should expect to see crowdfunding campaigns in blue states set comparatively higher goals on average.

Openness is closely related to another important aspect of difference between liberals and conservatives, which relates to tolerance for uncertainty and ambiguity. As stated by Jost (2017a, p. 169):

“The style and substance of conservative ideology—which includes the maintenance of what is traditional and familiar and the justification of hierarchical, unequal forms of social organization—promise certainty, simplicity, order, security, and orthodoxy in a way that liberal (or progressive) ideology seldom does. To embrace the vicissitudes of liberal ideology—which emphasizes equality, progress, diversity, and tolerance of differences—one must be willing to accept, psychologically speaking, some degree of uncertainty, complexity, novelty, and ambiguity.”

Indeed, in Jost et al.’s (2003) meta-analysis, the aggregate results of 10 studies that specifically measured “uncertainty tolerance” was that liberals scored significantly higher on this measure than conservatives. This is particularly relevant to the context of goal-setting in the Kickstarter reward-based crowdfunding platform that has an all-or-nothing policy where the campaign creator gets nothing from backer pledges unless the goal level set for the campaign from the beginning is achieved. Setting a higher goal level would significantly increase the uncertainty of success in such a context. Previous studies (as well as our own data) have confirmed a strong negative relationship between goal level and the chances of success in crowdfunding campaigns (Lagazio & Querci, 2018).

Hibbing et al. (2014) argue that much of the differences between liberals and conservatives can be traced back to the notion of “negativity bias” defined as the principle that “negative events are more salient, potent, dominant in combinations, and generally efficacious than positive events” (Rozin & Royzman, 2001, p. 297). Although negativity bias is a basic evolutionary adaptation present in all humans underlying

a variety of psychological phenomena such as loss aversion (Hochman & Yechiam, 2011), Hibbing et al. argue that conservatives experience more severe physiological responses and devote more cognitive resources to features of the environment that are negative. Confirming this, Joel, Burton, and Plaks (2014) find that more conservative individuals both anticipate feeling stronger negative emotions and actually do feel stronger negative emotions following negative outcomes such as lower-than-desired exam grades and negative outcomes in romantic relationships. Given this pattern, it can be expected that conservative individuals would tend to lower their chances of failure in crowdfunding campaigns by setting lower goal levels. Overall, the evidence outlined above suggests the following hypothesis:

H2: Crowdfunding campaigns located in blue states set higher goal levels than crowdfunding campaigns located in red states.

2.5. Political Ideology Context and Geographic Barriers in Crowdfunding

There are particular psychological characteristics of liberals compared to conservatives that could be expected to impact their perceived ability and desire to target a broader geographic range of backers for their crowdfunding campaigns when the tradability of their campaigns makes it possible to do so.

Connecting to backers across farther geographic distances involves higher levels of uncertainty and ambiguity given that a creator would be reaching out to people with whom they may have greater cultural, linguistic, institutional and cognitive distance (Anderson & Van Wincoop, 2004). Thus, it would be natural to expect that individuals with higher levels of openness and uncertainty tolerance would be more willing and able to do so. Given the substantial evidence that liberals exhibit these openness characteristics to a greater degree than conservatives (Carney et al., 2008; Jost, 2017a, 2017b; Jost et al., 2009; Jost et al., 2003; Sibley et al., 2012; Van Hiel et al., 2000), it follows that crowdfunding campaigns launched by liberals (proxied in this study by being located in a “blue” state) can be expected to better take advantage of the geographic tradability of their campaigns.

This hypothesis is further supported by studies that have investigated the relationship between political ideology and cosmopolitanism. Cleveland et al. (2011) point out that a consensus has not yet been achieved around the precise definition of cosmopolitanism, but convergence is occurring:

Social scientists now agree that COS [cosmopolitanism], having been loosely applied to describe people that move about in the world, should instead be used to refer to a specific set of attitudes, beliefs and traits, most of all, “an ethos of cultural openness” (Kurasawa, 2004, p. 240). COS consists of “a willingness to engage with the other, an intellectual and aesthetic stance of openness towards divergent cultural experiences” (Hannerz, 1992, p. 252). Combined with this attitude is a sense of competence towards the alternative culture(s) ... Cosmopolitans hold universal aspirations and are less apt to hold allegiance to any particular community (Yeğenoğlu, 2005). As the world integrates, it is conceivable that some individuals are more global than local in their orientation and identity. (Cleveland et al., 2011, p. 935)

Conservative values have been found to correlate negatively with cosmopolitanism (Cleveland et al., 2011). In a study of representative adult samples from 19 countries, Liu et al. (2020) found that political liberalism correlates positively with all three components of cosmopolitan orientation defined by Leung, Koh, and Tam (2015): cultural openness, global prosociality, and respect for cultural diversity. The study also found that liberalism correlates negatively with xenophobia (measured as negative attitudes and feelings of threat from immigrants). As would be expected, cosmopolitanism also correlates negatively with ethnocentrism (Cleveland, Laroche, & Papadopoulos, 2009), defined as “the universal proclivity for people to view their own group as the center of the universe, to interpret other social units from the perspective of their own group, and to reject persons who are culturally dissimilar while blindly accepting those who are culturally like themselves” (Shimp & Sharma, 1987, p. 280).

As pointed out by Cleveland et al. (2011), cosmopolitanism captures not just an attitude of openness, but also “competence” in terms of being able to “draw upon varying cultural lenses” (Cleveland et al., 2011, p. 940). Given that liberals are statistically more likely to exhibit both the openness and competence of

cosmopolitanism, they could be expected to both aim for and expect to achieve broader geographic range in their crowdfunding campaigns. This can be expected to be most starkly manifested in their goal setting when it comes to campaigns with highly tradable goods. In other words, we expect to observe an interaction effect of political ideology and tradability on goal level:

H3: Political ideology context moderates the relationship between tradability and goal level in crowdfunding campaigns, such that campaigns located in blue states set higher goals in more tradable subcategories than campaigns located in red states.

3. Data and Methodology

3.1. Data Description

The main dataset used in this research is a comprehensive set of variables collected from the publicly available pages of Kickstarter campaigns using web scraping by Keyhani et al. (2020). The set of campaigns were narrowed down to those launched in the US between 2008 and 2018². Other variables come from publicly accessible online resources all described in Table 1.

The following refinements were made to the Kickstarter data. First, Campaigns with missing data in the fields of location, creator ID, or launched year were removed from the dataset. Second, we ignore campaigns from Saint Croix, Saint John, and Saint Thomas islands because they have limited population and small number of campaigns that is likely to cause estimation bias. Third, all campaigns with “live” status were removed to retain comparability among completed campaigns. The dataset after pruning includes 288,703 campaigns³.

3.2. Variables Description

There are 3 groups of variables used in the study. First, the dependent variable which is the goal amount set for the campaign by the creator at the beginning of the campaign⁴. Second, our independent variables among which the most important variable is state’s political color of the campaign that is defined according to Altig et al. (2019). There are two other explaining variables per sub-category of the crowdfunding platform that we define them in this research for the first time. “geographic tradability” shows the extent to which backers come from cities other than the campaign’s city and “international tradability” is measured as the percentage of backers from foreign countries. Both variables act as moderator in the regression. We use sub-category geographic tradability in the main model and sub-category international tradability in the robustness check. Third, control variables include state-level characteristics

² The dataset does not include all campaigns of 2018 as it was collected early in that year.

³ In total, 21,776 campaigns were removed.

⁴ To be successful, the pledged funds need to surpass the goal amount within the 60 days of time allowed for a Kickstarter campaign.

that aim to capture demand conditions, supply conditions, and the economic institutional context of each state, and campaign-level features which are related to the campaign design and quality as well as the experience of the campaign's creator. For state-level controls, we include macroeconomic indicators like real gross domestic products (Real GDP), unemployment rate, economic freedom, and the percentage of population below poverty, and for the campaign-level controls, we consider the length of the campaign description (number of characters), the number of visual elements used in the campaign page, and the crowdfunding experience of the creators. All the above-mentioned variables with the description including their source are presented in Table 1.

Table 1: List of Variables, with Description and Source

Group	Name	Description	Source
Dependent Variable	Goal	Base 10 logarithm of the goal amount set for the campaign in US dollars.	Kickstarter Dataset
	Moonshot	Binary variable that equals 1 if the goal amount set for the campaign is greater than 200,000 USD and zero otherwise.	Kickstarter Dataset
Explaining Variable	State Color	Major political affiliation of the state based on most votes in the recent presidential elections (since 1990) in which the creator resides in.	Altig et al (2019)
	Geographic Tradability	Percentage of campaigns in a campaign's sub-category where the top city of backers is not the campaign's city	Kickstarter Dataset
	International Tradability	Average percentage of backers from foreign countries in a campaign's sub-category	Kickstarter Dataset
	Unemployment Rate	Share of the labor force that is jobless.	Bureau of Labor Statistics
Control Variable	Economic Freedom	Cato Institute Economic Freedom Index	https://www.freedominthe50states.org/economic
	Percent Below Poverty	The percentage of population below poverty line	Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey
	Real GDP	Real Gross Domestic Product by state (Chained 2012 USD)	Bureau of Economic Analysis
	Description Length	The length of campaign description (No. of characters)	Kickstarter Dataset
	Visuals Count	Number of visual elements (images and videos) used on the campaign page	Kickstarter Dataset
	Crowdfunding Experience	The number of campaigns previously launched by this campaign's creator, plus one	Kickstarter Dataset

3.3. Methodology

Figure 1 summarizes the conceptual relationships hypothesized and tested in this thesis. We use ordinary least squares (OLS) regression for models where the dependent variable is the logarithm of goal level, and logistic regression for models where the dependent variable is whether or not the campaign has a moonshot goal.

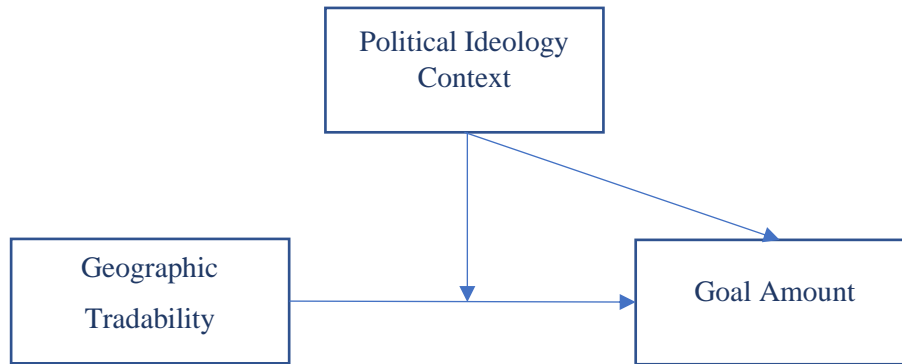


Figure 1: Moderation effect of political view over the relationship of geographic tradability and goal

In order to capture the pure effect of explaining variables on the dependent variable, we need to identify the remaining effective factors. We believe, there are two main factors that affect the goal setting of campaigns. First, state socio-economic factors that define market size, specially demand for the campaign's products, and the supply side of the crowdfunding market. Moreover, these factors differentiate states considering their underlying institutional context which affect the entrepreneurship environment. Second, campaign-level controls that are related to the campaign's design quality or show the creator's experience.

The control variables, as explained above, can be expected to influence the goal levels of crowdfunding campaigns. Therefore, the absence of them in the model potentially causes endogeneity. We add real GDP and percent below poverty to control for local market demand for crowdfunding products. Economic freedom controls the underlying institutional context and competitiveness of the market. To control for the supply side of the crowdfunding market we consider unemployment rate. Lower

unemployment rate may be an indication of higher opportunity cost of the creators, thereby prompting them to aim for higher goal levels. To control for campaign design, we add two variables capturing the campaign's textual description length and the number of visual elements. Finally, to capture a creator-level quality indicator, we consider the campaign creator's crowdfunding experience which is the number of campaigns by the same creator launched before this campaign, plus one⁵. Choosing correct control variables is sometimes a delicate act since some variables may have high correlation and cause collinearity in the model.

We estimate the OLS regression in Eq (1), to test H1.

$$Lgoal_i = \alpha + \sum \beta_j Control_{ji} + \gamma GeoTradability_i + \varepsilon_i \quad Eq (1)$$

In Eq (1), $Lgoal_i$ stands for logarithm of the goal amount of campaign i,⁶ $Control_{ji}$ accounts for the jth control for campaign i, and $GeoTradability_i$ represents the geographic tradability of campaign i's sub-category.

To test H2, we regress logarithm of the goal over the campaign's color as in Eq (2).

$$Lgoal_i = \alpha + \sum \beta_j Control_{ji} + \gamma Color_i + \varepsilon_i \quad Eq (2)$$

In Eq (2), the dependent variable and the controls are same as Eq (1), and $Color_i$ represents political affiliation of the state that the campaign launched in.

The last hypothesis (H3) postulates that the project's color moderates the relationship between goal amount and geographic tradability. Using the approach of Baron and Kenny (1986 REF), we estimate Eq (3) to test the moderation effect.

⁵ More previously launched campaigns mean more experience and skills

⁶ Due to the large variation of goal amount among campaigns, we use the log transformation of goal in all regression models.

$$Lgoal_i = \alpha + \sum \beta_j Control_{ji} + \gamma GeoTradability_i + \theta Color_i + \rho(Color_i * GeoTradability_i) + \varepsilon_i \quad Eq (3)$$

The last term in Eq (3) (in parentheses) accounts for the moderation effect which incorporates interaction of the color and the project's geographic tradability.

3.4. Robustness Check

We check robustness of results by testing an alternative dependent variable and an alternative tradability variable. One concern with goal amount as the dependent variable is that average goal levels in general are relatively low (median = \$5000), and so we wanted to see if the hypothesized patterns affect campaigns at high goal levels in particular as those are likely to be more large-scale and high impact projects. We classified campaigns into moonshots (campaigns with goal amounts greater than \$200,000) and non-moonshots. With this new dependent variable, equations 4, 5 and 6 are the updated versions of the equations 1, 2 and 3, in order. Since the dependent variable is a binary, we estimate logistic regressions and get the odd ratios from the results.

$$l = \log\left(\frac{P(Moonshot = 1)}{1 - P(Moonshot = 1)}\right) = \alpha + \sum \beta_j Control_{ji} + \gamma GeoTradability_i + \varepsilon_i \quad Eq (4)$$

$$l = \log\left(\frac{P(Moonshot = 1)}{1 - P(Moonshot = 1)}\right) = \alpha + \sum \beta_j Control_{ji} + \gamma Color_i + \varepsilon_i \quad Eq (5)$$

$$l = \log\left(\frac{P(Moonshot = 1)}{1 - P(Moonshot = 1)}\right) = \alpha + \sum \beta_j Control_{ji} + \gamma GeoTradability_i + \theta Color_i + \rho(Color_i * GeoTradability_i) + \varepsilon_i \quad Eq (6)$$

Second, we test an alternative tradability variable specifically measuring international tradability. The literature suggests that international trade barriers involve factors that are different from intranational trade barriers. For example, language barriers (Sauter, 2012), technical barriers (Bao & Qiu, 2012), exchange rate uncertainty (Chit, Rizov, & Willenbockel, 2010), as well as more pronounced cultural and greater geographic distance are likely to be at play at the international level in ways that are either not present or less severe at the intranational level.

We define sub-category international tradability as the average percentage of foreign backers among all campaigns in the campaign's sub-category. Then we re-estimate Eq (1) and Eq (3) using international tradability instead of geographic tradability. In fact, this extra test tries to support findings from testing the first and third hypotheses and check sensitivity of results to our choice of tradability measure. The regression equations for the robustness check are as follows.

$$Lgoal_i = \alpha + \sum \beta_j Control_{ji} + \gamma IntlTradability_i + \varepsilon_i \quad Eq (7)$$

$$Lgoal_i = \alpha + \sum \beta_j Control_{ji} + \gamma IntlTradability_i + \theta Color_i + \rho(Color_i * IntlTradability_i) + \varepsilon_i \quad Eq (8)$$

Finally, we combine the newly defined variables in one regression; replacing probability of moonshot with logarithm of goal and international tradability with the geographic tradability in Eq (1) and Eq (3) which are presented in Eq (9) and Eq (10).

$$l = \log\left(\frac{P(Moonshot = 1)}{1 - P(Moonshot = 1)}\right) = \alpha + \sum \beta_j Control_{ji} + \gamma IntlTradability_i + \varepsilon_i \quad Eq (9)$$

$$l = \log\left(\frac{P(Moonshot = 1)}{1 - P(Moonshot = 1)}\right) = \alpha + \sum \beta_j Control_{ji} + \gamma IntlTradability_i + \theta Color_i + \rho(Color_i * IntlTradability_i) + \varepsilon_i \quad Eq (10)$$

4. Results

4.1. Descriptive Statistics

Table 2 shows summary statistics of key variables (including dependent, independent, and control variables). The mean amount of goal is \$42,717 while median of goal is \$5,000 which shows distribution of goal is highly right skewed with a wide range of variability. Most of the campaigns have a non-moonshot goal. Total number of non-moonshot campaigns is 284,294 (%98.5) while 4,367 (% 1.5) campaigns can be classified as moonshots.

Values of Geographic Tradability (GeoTradability) range from %40 to %95 and International Tradability (IntlTradability) varies between %13 and %83. The mean value of IntlTradability is about %50 and the mean value of GeoTradability is %74. This is interesting in that it shows that Kickstarter is generally an effective tool for reaching geographic areas beyond the campaign's city, but that in some subcategories reaching an international audience is quite difficult. The appendix provides detailed tables of the geographic tradability and international tradability indices for all subcategories on Kickstarter.

States have diverse economy size, as Real GDP per capita has minimum of 26 billion dollars and maximum of 2,677 billion dollars. The unemployment rate varies from %2.7 to %13.5 with average %6.8. Economic freedom at min is -0.83 and at max equals to 0.44. Percent below poverty varies considerably among states. It is between %7.3 and %24.2 with average %15.1.

Table 2: Summary statistics of variables

Variable	Mean	Median	Std. Dev.	Min	Max
Goal (\$)	42,716.99	5,000	1,061,122.61	.01	100,000,000
GeoTradability (%)	74.08	75.88	10.25	40.48	94.92
IntlTradability (%)	49.79	46.46	11.19	12.94	83.39
RealGDP (Billion USD)	945.26	577.28	792.60	26.99	2677.93
Unemployment Rate (%)	6.83	6.30	1.96	2.70	13.50
Economic Freedom	-.17	-.06	.34	-.83	.44
Percent Below Poverty	15.15	15.70	2.36	7.29	24.19
Description Length	3,066.15	2,093	3,139.45	0	192,102
Visuals Count	6.07	1	9.97	0	204
Crowdfunding Experience	1.49	1	2.55	1	111

Table 3 provides descriptive statistics separately for red, blue, and purple states of the key variables: goal amount, GeoTradability, and IntlTradability.

Table 3: Summary statistics of goal amount by state color

Variable	State Color	Mean	Median	Std. Dev.	Min	Max
Goal (USD)	Red	39,723.73	5,000	967,672.42	1	100,000,000
	Blue	41,649.07	5,500	1,044,275.72	.01	100,000,000
	Purple	45,791.11	5,000	1,170,506.07	.01	100,000,000
GeoTradability (%)	Red	74.80	76.48	10.13	40.48	94.92
	Blue	73.27	75.48	10.37	40.48	94.92
	Purple	75.34	76.48	9.89	40.48	94.92
IntlTradability (%)	Red	50.24	48.82	11.52	12.94	83.39
	Blue	49.24	46.41	10.93	12.94	83.39
	Purple	50.78	49.28	11.37	12.94	83.39

Table 4 displays the correlation matrix of all variables used in the research. Based on the correlations, among independent variables we cannot find any two variables with very high correlation coefficient. A high correlation between independent variables causes collinearity in the model which decreases efficiency of the estimator.

Table 4: Correlation Matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Log (goal)	1.00										
2. Geographic Tradability	0.08*	1.00									
3. International Tradability	0.07*	0.85*	1.00								
4. Moonshot	0.35*	0.05*	0.06*	1.00							
5. Real GDP	0.08*	-0.03*	-0.00*	0.01*	1.00						
6. Unemployment Rate	-0.03*	-0.28*	-0.17*	-0.03*	0.25*	1.00					
7. Economic Freedom	-0.05*	0.10*	0.06*	0.01*	-0.60*	-0.25*	1.00				
8. Percent Below Poverty	0.00*	-0.11*	-0.05*	0.00	0.23*	0.50*	-0.01*	1.00			
9. Description Length	0.24*	0.07*	-0.03*	0.05*	0.04*	-0.01*	-0.06*	-0.01*	1.00		
10. Visuals Count	0.20*	0.15*	-0.04*	0.01*	0.08*	-0.16*	-0.05*	-0.07*	0.54*	1.00	
11. Crowdfunding Experience	-0.09*	0.01*	-0.07*	-0.01*	-0.02*	-0.06*	0.02*	-0.03*	0.05*	0.11*	1.00

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

4.2. Hypothesis Tests

Estimation results for the main models where the dependent variable is goal amount are presented in Table 5. The first model only includes control variables. H1 evaluates the effect of geographic tradability on the campaign's goal. Based on the results in Model 2, we find that geographic tradability has a significant positive association with goal amount (Model 2: $\beta = 0.330$, $p = 0.000$ For geographic tradability). More specifically, a %1 increase in geographic tradability is associated with an increase in goal amount by %0.33.

H2 evaluates the relationship between the campaign state's color (i.e., political ideology context) and goal amount. The results show that campaigns located in red states set lower goal levels on average (Model 3: $\beta = -0.029$, $p = 0.000$ for red). Creators of campaigns in red states, on average, set %0.03 lower goal levels than creators of campaigns in blue states.

Model 4 adds the interaction of the campaign's state color and the geographic tradability of the campaign's subcategory. The estimated coefficient indicates that for campaigns in a red state (versus blue state) a 1% increase in tradability is associated with a goal amount decrease of %0.11 on average (Model 4: $\beta = -0.114$, $p = 0.000$ for interaction of red and geographic tradability). Although the interaction

between geographic tradability and color is statistically meaningful, it is not obvious. We neither know whether the interaction effects are large enough to matter nor what form they take. To better visualize the interaction, we plot the predicted average of the logarithm of goal within %95 confidence interval for each color simultaneously over geographic tradability at specific intervals to show the form of interaction as well as the significance of it (Figure 2). These visualizations are known as margins plots in Stata and are calculated from predictions of the previously fit regression models (Model 4 in the case of Figure 2) at fixed values of the x-axis variable, and mean values of other covariates (Graubard & Korn, 1999; Williams, 2012). Based on the interaction plot, we see goal level increases linearly with geographic tradability. Nonetheless, campaigns in blue states divergent significantly from campaigns in red states in terms of goal setting such that campaigns from blue states set higher goal amount in highly tradable sub-categories in comparison to campaigns from red states.

Table 5: Estimation Results

Exp Var \ Dep Var	Model (1)	Model (2)	Model (3)	Model (4)
	Log (Goal)	Log (Goal)	Log (Goal)	Log (Goal)
Real GDP	0.0000699*** (0.000)	0.0000664*** (0.000)	0.0000681*** (0.000)	0.0000650*** (0.000)
Percent Below Poverty	0.00613*** (0.000)	0.00588*** (0.000)	0.00860*** (0.000)	0.00764*** (0.000)
Unemployment Rate	-0.0236*** (0.000)	-0.0189*** (0.000)	-0.0255*** (0.000)	-0.0203*** (0.000)
Economic Freedom	-0.00573 (0.256)	-0.0139** (0.006)	0.0162* (0.022)	0.00241 (0.736)
Crowdfunding Experience	-0.0311*** (0.000)	-0.0309*** (0.000)	-0.0312*** (0.000)	-0.0309*** (0.000)
Description Length	0.0000460*** (0.000)	0.0000458*** (0.000)	0.0000460*** (0.000)	0.0000457*** (0.000)
Visuals Count	0.00768*** (0.000)	0.00729*** (0.000)	0.00765*** (0.000)	0.00727*** (0.000)
GeoTradability		0.330*** (0.000)		0.345*** (0.000)
Purple			-0.0158** (0.003)	-0.0650* (0.015)

Red			-0.0297***	0.0620**
			(0.000)	(0.008)
Purple # GeoTradability				0.0698
				(0.052)
Red # GeoTradability				-0.114***
				(0.000)
Constant	3.609***	3.342***	3.601***	3.326***
	(0.000)	(0.000)	(0.000)	(0.000)
Observations	250490	250490	250490	250490

1. p -values in parentheses, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, 2. Blue is the base model

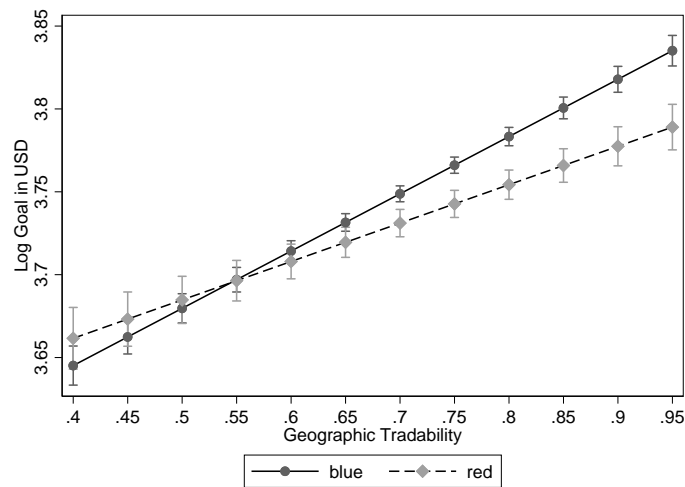


Figure 2: Marginal prediction of logarithm of goal over geographic tradability by campaign's state color (with 95% confidence intervals)

4.3. Robustness Check Results

Estimation results for equations (7) and (8) are displayed in Table 6 and the results of equations (4), (5), (6), (9), and (10) are shown in Table 7. From Table 5, results of models 5 and 6, we find additional support for H1 and H3. Substituting international tradability of the campaign's subcategory for city-level geographic tradability of the campaign's subcategory produces similar results. A 1% increase in the international tradability of a campaign's subcategory is associated with a goal level increase of %0.43 (Model 5: $\beta = 0.393$, $p = 0.000$ for international tradability). The interaction effect of international tradability and state color is also significant (Model 6: $\beta = -0.077$, $p = 0.008$ for interaction of red and

international tradability). The interaction plot in Figure 3 visualizes the goal-geographic tradability relationship between campaigns from blue states and campaigns from red states which is similar to the pattern we observe from Figure 2. The interaction plot is produced based on estimated coefficients of equation 8 (model 6 in Table 6) like Figure 2.

Table 6: Estimation results of the robustness check models with logarithm of goal as dependent variable

Exp Var \ Dep Var	Model (5)	Model (6)
	Log (Goal)	Log (Goal)
Real GDP	0.0000652*** (0.000)	0.0000638*** (0.000)
Percent Below Poverty	0.00576*** (0.000)	0.00753*** (0.000)
Unemployment Rate	-0.0189*** (0.000)	-0.0203*** (0.000)
Economic Freedom	-0.0124* (0.014)	0.00471 (0.507)
Crowdfunding Experience	-0.0299*** (0.000)	-0.0299*** (0.000)
Description Length	0.0000458*** (0.000)	0.0000458*** (0.000)
Visuals Count	0.00793*** (0.000)	0.00791*** (0.000)
IntlTradability	0.393*** (0.000)	0.401*** (0.000)
Purple		-0.0442* (0.011)
Red		0.0161 (0.293)
Purple # IntlTradability		0.0611 (0.075)
Red # IntlTradability		-0.0774** (0.008)
Constant	3.388*** (0.000)	3.380*** (0.000)
Observations	250490	250490

1. p -values in parentheses, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, 2. Blue is the base model

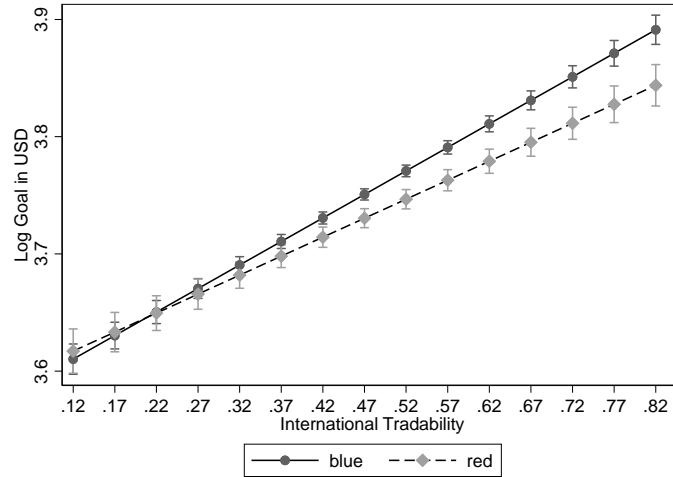


Figure 3: Marginal prediction of logarithm of goal over international tradability by campaign's state color (with 95% confidence intervals)

In Table 7 given that the dependent variable is binary (whether or not the campaign had a “moonshot” goal), coefficients are reported as odds ratios. Results indicate that previous findings are relatively robust to alternative specifications of the dependent variable and tradability. The probability of moonshot has a strong positive association with tradability such that a % 1 increase in geographic tradability is associated with a 26-fold increase in the probability of moonshots (Model 8: $OR = 26.12$, $p = 0.000$ for geographic tradability). The probability of moonshots is %38 lower in red states relative to blue states (Model 9: $OR = 0.622$, $p = 0.000$ for red).

The robustness results for interaction effects are more mixed. In Model 10, the interaction of red and geographic tradability is only significant at the 10% level (Model 10: $OR = 0.496$, $p = 0.085$ for interaction of red and geographic tradability), but the effect size is considerable. The margin’s plot in Figure 3 visualizes the results and supports the presence of an interaction effect. The results of models 11 and 12 demonstrate that international tradability is associated with a very large increase in the probability of moonshots (Model 11: $OR = 35.37$, $p = 0.000$ for international tradability) although the interaction of international tradability and state color does not produce a statistically meaningful coefficient at the 5% level (Model 12: $OR = 0.611$, $p = 0.135$ for interaction of red and international tradability). However,

interaction effects in regression models with binary dependent variables are not necessarily reliable tests and require additional inspection through visualization (Hoetker, 2007; Zelner, 2009). Margins plots are considered a valuable tool in such circumstances (Buis, 2010). The interaction plots in Figure 4 and Figure 5 indicate support for the existence of an interaction effect.⁷

Table 7: Estimation results of the robustness check models with probability of moonshot as dependent variable

Exp Var \ Dep Var	Model (7)	Model (8)	Model (9)	Model (10)	Model (11)	Model (12)
	P(moonshot)	P(moonshot)	P(moonshot)	P(moonshot)	P(moonshot)	P(moonshot)
Real GDP	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)
Percent Below Poverty	1.050*** (0.000)	1.047*** (0.000)	1.103*** (0.000)	1.092*** (0.000)	1.045*** (0.000)	1.090*** (0.000)
Unemployment Rate	0.788*** (0.000)	0.825*** (0.000)	0.757*** (0.000)	0.797*** (0.000)	0.829*** (0.000)	0.801*** (0.000)
Economic Freedom	1.309*** (0.000)	1.233*** (0.001)	1.704*** (0.000)	1.521*** (0.000)	1.247*** (0.000)	1.542*** (0.000)
Crowdfunding Experience	0.709*** (0.000)	0.716*** (0.000)	0.707*** (0.000)	0.715*** (0.000)	0.744*** (0.000)	0.743*** (0.000)
Description Length	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)	1.000*** (0.000)
Visuals Count	0.993*** (0.000)	0.991*** (0.000)	0.992*** (0.000)	0.990*** (0.000)	0.996* (0.014)	0.995** (0.008)
GeoTradability		26.12*** (0.000)		33.86*** (0.000)		
purple			0.904 (0.113)	1.582 (0.201)		1.317 (0.185)
red			0.622*** (0.000)	1.153 (0.663)		0.880 (0.515)
Purple # GeoTradability				0.506 (0.131)		
Red # GeoTradability				0.496 (0.085)		
IntlTradability					35.37*** (0.000)	44.20*** (0.000)
Purple # IntlTradability						0.528 (0.074)

⁷ The interaction plots are graphed like Figure 2

Red # IntlTradability

0.611

(0.135)

Observations	250490	250490	250490	250490	250490	250490
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1. p -values in parentheses, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, 2. coefficients are odd ratio, 3. Blue is the base model

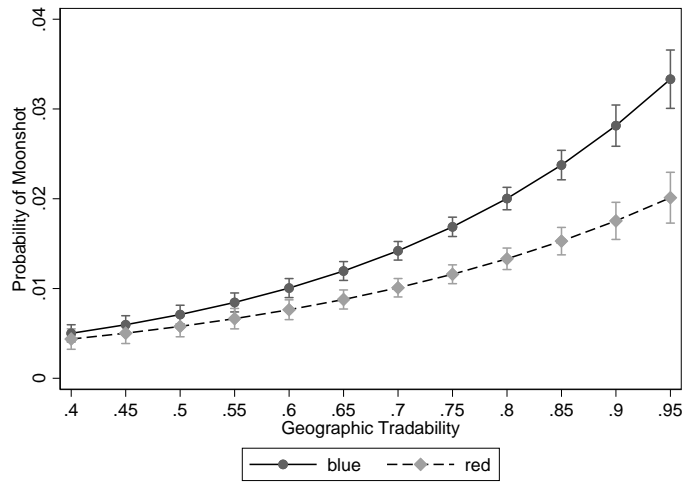


Figure 4: Marginal prediction of probability of moonshot over Geographic Tradability by campaign's state color (with 95% confidence intervals)

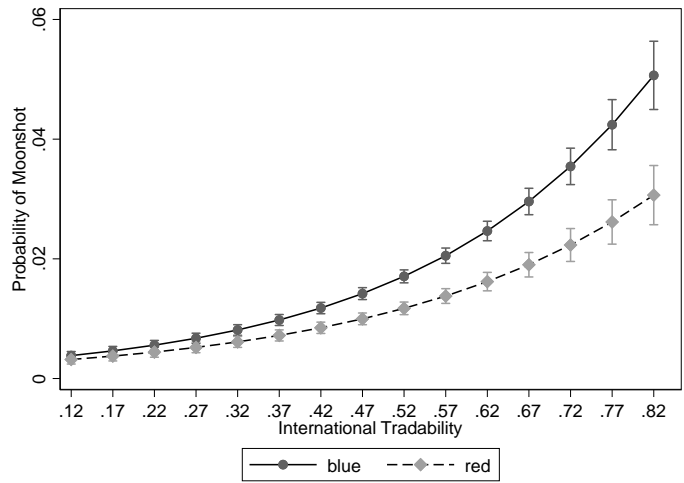


Figure 5: Marginal prediction of probability of moonshot over international tradability by campaign's state color (with 95% confidence intervals)

5. Discussion and Conclusion

Like many digital technologies, crowdfunding platforms hold the promise of removing barriers to economic transactions, especially when it comes to geographic distance. The fact that distance effects seem to persist in such online environments has fascinated researchers and has spawned a research program trying to identify the extent of distance-related local bias effects that persist in digital platforms and the drivers of these effects (Agrawal et al., 2015; Bade & Walther, 2021; Guenther et al., 2018; Josefy et al., 2017; Lin & Viswanathan, 2016; Murray, 2018; Senney, 2019).

In this thesis, we have identified two factors associated with distance barriers previously not studied in the crowdfunding literature. These include the extent of tradability associated with the nature of the goods at the heart of a crowdfunding effect, and the political ideology context of the campaign's home location. We have borrowed from two distinct literatures in two different disciplines to identify the mechanisms through which these distance effects may occur, namely, trade economics and political psychology. In traversing this interdisciplinary bridge, we highlight the role of psychological and political ideology-based barriers to economic trade, which have generally been understudied in the broader literature on geographical barriers to trade. In addition, we demonstrate an interaction between political ideology and the tradability of goods which suggests that tradability can be leveraged more or less depending on other contingencies such as political context.

While some researchers are skeptical about findings of asymmetry between red states and blue states or between conservatives and liberals (Bakker, Schumacher, Gothreau, & Arceneaux, 2020; Levendusky & Pope, 2011), quite a lot of evidence has accumulated in the field of political psychology that finds consistent asymmetries between people with differing political ideologies (Carney et al., 2008; Hibbing et al., 2014; Jost et al., 2003; Sibley et al., 2012). This is especially so in relation to the concept of openness (Van Hiel et al., 2000). Given the importance of openness for entrepreneurship, innovation, and crowd-based tools and business models (Tajedin, Madhok, & Keyhani, 2019), it is somewhat surprising

that political ideology is not very often studied as a variable in the fields of entrepreneurship and innovation, and specifically in studies of crowdsourcing and crowdfunding.

Our novel indices of geographic and international tradability (provided in full detail in the appendix), will allow crowdfunding researchers using Kickstarter data to add new tools to their research toolbox. While we highlighted the role of tradability in geographic reach as materialized in goal amounts, other aspects of crowdfunding may also be impacted by tradability that can be identified by future research. Furthermore, the tradability indices provided in this thesis merit a closer look by future researchers. While the data indicates tradability of most categories to be at a level that would be intuitively expected (for example physical spaces are among the lowest and web technologies are among the highest on the tradability indices), there are some categories for which their level of tradability as indicated by the data is not intuitively obvious. Food trucks for example, have a surprisingly high level of international tradability and even city-level geographic tradability. Further study is needed to better understand what makes each sector more or less tradable in the context of crowdfunding.

Lastly, there are of course shortcomings to this study and various aspects that can be improved in future research. First, this study has been mostly correlational employing a simple linear regression analysis that is vulnerable to endogeneity and omitted variable bias. Future studies could employ more sophisticated causal identification strategies. Furthermore, while our main dependent variable was goal level (and probability of moonshots), other key performance indicators of crowdfunding campaigns such as probability of reaching the goal amount, the amount of money pledged, and the number of backers who pledged money are important variables that need to be studied in future research. A deeper analysis of backer locations in addition to campaign locations and the extent to which these are matched may also help improve the location-based analysis. Furthermore, political ideology could be measured directly by surveying creators and backers in future research.

6. References

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7. Appendix

Table 8: Sub-Categories by Geographic Tradability

Rank	Top category	Subcategory	Geographic Tradability (%)
1	Crafts	Crochet	94.92
2	Crafts	Quilts	94.59
3	Crafts	Embroidery	94.59
4	Crafts	Woodworking	93.10
5	Technology	Web	92.89
6	Fashion	Couture	92.77
7	Crafts	Diy	92.56
8	Journalism	Photo	92.38
9	Crafts	Candles	92.18
10	Photography	Nature	92.05
11	Games	Gaming Hardware	91.38
12	Photography	Places	90.69
13	Technology	Apps	90.62
14	Crafts	Printing	90.13
15	Journalism	Video	90.04
16	Crafts	Crafts General	89.96
17	Crafts	Weaving	89.80
18	Technology	Diy Electronics	89.59
19	Publishing	Academic	89.18
20	Food	Bacon	89.02
21	Technology	Software	88.98
22	Journalism	Web Journalism	88.94
23	Music	Hip-Hop	88.86
24	Food	Farms	88.46
25	Crafts	Glass	88.43
26	Games	Live Games	88.22
27	Fashion	Jewelry	88.18
28	Food	Food Events	88.15
29	Technology	Fabrication Tools	87.82
30	Photography	People	87.63
31	Fashion	Pet Fashion	87.50
32	Games	Mobile Games	87.25
33	Technology	Gadgets	87.17
34	Journalism	Print	86.92
35	Publishing	Fiction	86.55

36	Art	Digital Art	86.30
37	Publishing	Translations	86.30
38	Technology	Flight	86.12
39	Technology	3D Printing	86.08
40	Fashion	Ready-To-Wear	85.87
41	Games	Puzzles	85.79
42	Journalism	Audio	85.54
43	Film & Video	Action	85.33
44	Photography	Animals	85.26
45	Film & Video	Family	85.11
46	Film & Video	Experimental	84.99
47	Photography	Fine Art	84.63
48	Games	Playing Cards	84.62
49	Games	Games General	84.51
50	Fashion	Apparel	84.46
51	Publishing	Young Adult	84.31
52	Technology	Camera Equipment	84.28
53	Food	Farmer'S Markets	84.21
54	Technology	Technology General	83.99
55	Games	Video Games	83.91
56	Crafts	Knitting	83.46
57	Technology	Sound	83.29
58	Art	Textiles	83.24
59	Design	Interactive Design	83.09
60	Food	Food Trucks	83.09
61	Technology	Wearables	82.68
62	Art	Video Art	82.44
63	Technology	Hardware	82.28
64	Art	Painting	82.13
65	Technology	Space Exploration	81.60
66	Film & Video	Television	81.32
67	Fashion	Childrenswear	81.25
68	Publishing	Nonfiction	81.25
69	Fashion	Accessories	80.71
70	Technology	Robots	80.62
71	Food	Community Gardens	80.43
72	Publishing	Publishing General	80.40
73	Music	Metal	80.00
74	Art	Sculpture	79.78
75	Design	Architecture	79.76
76	Journalism	Journalism General	79.25

77	Comics	Webcomics	78.82
78	Music	R&B	78.62
79	Food	Cookbooks	78.33
80	Design	Design General	78.23
81	Games	Tabletop Games	78.09
82	Food	Small Batch	78.01
83	Crafts	Stationery	77.78
84	Film & Video	Thrillers	77.71
85	Design	Graphic Design	77.64
86	Fashion	Fashion General	77.40
87	Art	Mixed Media	77.27
88	Publishing	Poetry	77.06
89	Art	Ceramics	77.05
90	Film & Video	Music Videos	77.03
91	Fashion	Footwear	76.94
92	Art	Conceptual Art	76.89
93	Crafts	Pottery	76.79
94	Film & Video	Animation	76.70
95	Food	Restaurants	76.67
96	Publishing	Literary Journals	76.67
97	Design	Product Design	76.49
98	Art	Illustration	76.27
99	Photography	Photography General	75.88
100	Film & Video	Drama	75.79
101	Publishing	Radio & Podcasts	75.72
102	Publishing	Children'S Books	75.49
103	Music	Electronic Music	75.42
104	Publishing	Anthologies	75.27
105	Music	Faith	74.87
106	Film & Video	Horror	74.41
107	Art	Art General	74.17
108	Dance	Workshops	74.07
109	Film & Video	Film & Video General	73.61
110	Music	Latin	73.08
111	Film & Video	Romance	72.66
112	Art	Installations	72.45
113	Publishing	Calendars	72.10
114	Photography	Photobooks	72.08
115	Music	Punk	72.03
116	Comics	Comic Books	71.91
117	Food	Drinks	71.84

118	Film & Video	Fantasy	71.56
119	Comics	Graphic Novels	71.07
120	Publishing	Zines	71.05
121	Film & Video	Science Fiction	70.70
122	Comics	Comics General	70.23
123	Film & Video	Movie Theaters	69.65
124	Food	Food General	69.59
125	Dance	Dance Spaces	68.82
126	Publishing	Periodicals	68.78
127	Film & Video	Webseries	68.55
128	Music	Blues	68.18
129	Comics	Comics Events	68.10
130	Film & Video	Documentary	67.65
131	Music	Kids	66.98
132	Art	Performance Art	66.30
133	Music	World Music	66.17
134	Food	Vegan	65.71
135	Comics	Comics Anthologies	65.53
136	Music	Pop	64.90
137	Theater	Comedy	64.83
138	Publishing	Comedy	64.83
139	Music	Comedy	64.83
140	Film & Video	Comedy	64.83
141	Publishing	Art Books	64.80
142	Food	Food Spaces	64.80
143	Theater	Immersive	63.88
144	Theater	Theater Festivals	63.38
145	Music	Rock	63.24
146	Film & Video	Festivals	63.18
147	Music	Music General	62.98
148	Crafts	Taxidermy	62.50
149	Art	Public Art	61.79
150	Film & Video	Shorts	61.47
151	Film & Video	Narrative Film	61.41
152	Design	Typography	61.11
153	Technology	Makerspaces	60.39
154	Theater	Musical	59.75
155	Theater	Plays	58.64
156	Music	Country & Folk	58.54
157	Design	Civic Design	56.31
158	Music	Chiptune	56.00

159	Music	Indie Rock	55.17
160	Theater	Theater Spaces	55.15
161	Dance	Performances	54.66
162	Music	Classical Music	54.50
163	Music	Jazz	54.03
164	Theater	Experimental Theater	52.96
165	Crafts	Letterpress	50.00
166	Theater	Theater General	49.90
167	Dance	Dance General	49.42
168	Dance	Residencies	47.06
169	Publishing	Literary Spaces	40.48

Table 9: Sub-Categories by International Tradability

Rank	Top category	Subcategory	International Tradability (%)
1	Crafts	Crochet	83.39
2	Crafts	Embroidery	81.12
3	Technology	Web	77.96
4	Crafts	Candles	77.55
5	Fashion	Couture	77.46
6	Photography	Places	76.54
7	Crafts	Diy	76.01
8	Technology	Apps	75.33
9	Photography	Nature	74.62
10	Music	Hip-Hop	72.66
11	Journalism	Web Journalism	72.30
12	Crafts	Printing	72.13
13	Journalism	Video	71.87
14	Food	Food Events	71.65
15	Film & Video	Action	71.54
16	Journalism	Photo	70.89
17	Food	Bacon	70.27
18	Photography	People	69.71
19	Technology	Software	69.06
20	Publishing	Academic	68.93
21	Crafts	Quilts	68.79
22	Food	Food Trucks	68.74
23	Games	Mobile Games	68.20
24	Fashion	Pet Fashion	68.16
25	Games	Live Games	67.91

26	Journalism	Audio	67.84
27	Fashion	Ready-To-Wear	67.06
28	Crafts	Woodworking	66.70
29	Photography	Animals	66.53
30	Food	Farmer'S Markets	66.52
31	Crafts	Weaving	66.49
32	Journalism	Print	66.27
33	Publishing	Translations	64.99
34	Technology	Flight	64.77
35	Music	R&B	63.68
36	Publishing	Fiction	63.46
37	Film & Video	Experimental	63.44
38	Crafts	Crafts General	63.37
39	Fashion	Apparel	63.27
40	Food	Community Gardens	62.79
41	Publishing	Young Adult	62.39
42	Art	Digital Art	62.36
43	Fashion	Jewelry	62.22
44	Food	Farms	62.10
45	Film & Video	Television	61.96
46	Journalism	Journalism General	61.90
47	Games	Video Games	61.82
48	Technology	Fabrication Tools	61.60
49	Crafts	Glass	61.22
50	Art	Video Art	60.79
51	Design	Interactive Design	60.58
52	Technology	Technology General	60.41
53	Music	Latin	60.28
54	Art	Textiles	59.28
55	Crafts	Stationery	59.25
56	Art	Painting	58.94
57	Music	Metal	58.72
58	Food	Restaurants	58.40
59	Publishing	Publishing General	58.22
60	Dance	Workshops	58.01
61	Music	Electronic Music	58.00
62	Design	Architecture	57.60
63	Photography	Fine Art	57.22
64	Publishing	Nonfiction	57.11
65	Fashion	Childrenswear	57.04
66	Games	Gaming Hardware	56.68

67	Film & Video	Music Videos	56.52
68	Film & Video	Animation	56.33
69	Technology	Diy Electronics	56.13
70	Film & Video	Family	55.87
71	Technology	Gadgets	55.60
72	Photography	Photography General	55.59
73	Technology	Wearables	55.51
74	Technology	3D Printing	55.46
75	Film & Video	Thrillers	55.23
76	Film & Video	Film & Video General	55.15
77	Games	Games General	55.03
78	Food	Cookbooks	54.80
79	Fashion	Fashion General	54.50
80	Film & Video	Fantasy	54.29
81	Art	Conceptual Art	54.24
82	Art	Mixed Media	53.83
83	Technology	Space Exploration	53.73
84	Film & Video	Horror	53.67
85	Technology	Robots	53.57
86	Technology	Camera Equipment	53.48
87	Publishing	Poetry	53.41
88	Film & Video	Drama	53.16
89	Art	Sculpture	53.01
90	Technology	Sound	52.54
91	Film & Video	Webseries	51.63
92	Design	Graphic Design	51.36
93	Fashion	Accessories	51.01
94	Design	Design General	50.68
95	Fashion	Footwear	50.68
96	Publishing	Radio & Podcasts	49.98
97	Food	Small Batch	49.57
98	Technology	Hardware	49.28
99	Art	Art General	48.82
100	Film & Video	Science Fiction	48.38
101	Games	Puzzles	48.08
102	Music	Punk	47.69
103	Photography	Photobooks	47.26
104	Comics	Comics Events	47.18
105	Publishing	Calendars	46.86
106	Food	Drinks	46.46
107	Publishing	Children'S Books	46.41

108	Art	Performance Art	46.40
109	Crafts	Knitting	45.92
110	Art	Illustration	45.21
111	Film & Video	Documentary	45.11
112	Design	Product Design	44.87
113	Comics	Webcomics	44.79
114	Music	Faith	44.70
115	Film & Video	Romance	44.65
116	Theater	Comedy	44.15
117	Publishing	Comedy	44.15
118	Music	Comedy	44.15
119	Film & Video	Comedy	44.15
120	Games	Playing Cards	44.10
121	Food	Food General	43.86
122	Publishing	Zines	43.84
123	Dance	Dance Spaces	43.60
124	Music	World Music	43.38
125	Publishing	Literary Journals	43.33
126	Crafts	Pottery	43.28
127	Food	Food Spaces	42.61
128	Film & Video	Shorts	42.59
129	Music	Pop	42.57
130	Publishing	Periodicals	42.45
131	Food	Vegan	42.08
132	Film & Video	Narrative Film	41.98
133	Technology	Makerspaces	41.97
134	Music	Chiptune	41.53
135	Comics	Comics General	41.32
136	Art	Ceramics	41.16
137	Design	Typography	40.66
138	Design	Civic Design	40.65
139	Music	Rock	40.59
140	Film & Video	Festivals	40.54
141	Music	Blues	39.81
142	Comics	Graphic Novels	39.39
143	Music	Kids	39.32
144	Publishing	Anthologies	38.42
145	Music	Music General	38.19
146	Theater	Theater Festivals	37.87
147	Theater	Plays	37.69
148	Comics	Comic Books	37.63

149	Publishing	Art Books	37.17
150	Theater	Immersive	37.06
151	Art	Public Art	36.79
152	Games	Tabletop Games	36.53
153	Crafts	Taxidermy	36.23
154	Art	Installations	35.84
155	Theater	Experimental Theater	34.99
156	Theater	Theater General	34.69
157	Theater	Musical	34.56
158	Film & Video	Movie Theaters	34.17
159	Music	Jazz	33.80
160	Theater	Theater Spaces	33.68
161	Music	Indie Rock	33.54
162	Dance	Dance General	31.25
163	Dance	Performances	31.10
164	Music	Country & Folk	31.05
165	Music	Classical Music	30.73
166	Comics	Comics Anthologies	26.59
167	Publishing	Literary Spaces	24.77
168	Dance	Residencies	21.25
169	Crafts	Letterpress	12.94
