

SHIKSHA SAMVAD

International Open Access Peer-Reviewed & Refereed
Journal of Multidisciplinary Research

ISSN: 2584-0983 (Online)

Volume-02, Issue-02, December- 2024

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“Impact of Social Media on Donation-Based Crowdfunding Success: An Analysis of Key Influencing Factors”

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Abstract:

The rise of crowdfunding as a popular fundraising method has been significantly bolstered by the integration of social media, enabling individuals and organizations to reach larger audiences with minimal costs. This study aims to analyze the relationship between social media engagement and donation behaviours in crowdfunding campaigns. Utilizing a quantitative methodology, data were collected from 56 participants through a structured questionnaire that assessed demographic characteristics, social media usage patterns, and factors influencing donation decisions. The findings reveal a skew towards younger adults with higher educational attainment engaging in crowdfunding, with a significant association between increased social media usage and greater exposure to crowdfunding campaigns. However, the frequency of social media usage was not found to significantly affect the likelihood of donations. Key motivators for donations included endorsements by influencers, community engagement, and effective storytelling, highlighting the importance of strategic social media integration in crowdfunding initiatives. This study contributes to the understanding of how social media dynamics influence crowdfunding success and provides implications for campaigners seeking to enhance donor engagement and increase funding outcomes.

Keywords: Social Media, Donation, Crowdfunding, Factors.

Introduction:

In recent years, donation-based crowdfunding has emerged as a powerful tool for fundraising, leveraging the reach and connectivity of social media platforms to mobilize support for various causes, from personal medical expenses and disaster relief to community projects and charitable initiatives. Social media's role in this transformation cannot be overstated, as it provides an accessible and cost-effective means of reaching large audiences quickly. The rise of digital platforms has democratized fundraising, enabling individuals and organizations to tap into networks of potential donors worldwide.

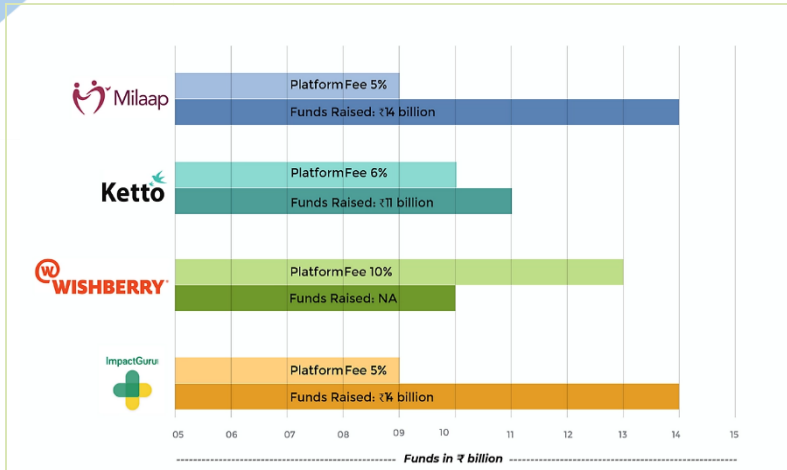
Global Trends

Globally, crowdfunding has grown significantly, with platforms such as GoFundMe, JustGiving, and others raising billions of dollars annually. In 2022, GoFundMe alone facilitated over \$15 billion in donations globally since its inception, illustrating the scale and potential of social media-driven crowdfunding. Social media platforms like Facebook, Instagram, and Twitter have become integral to these campaigns, providing tools for sharing, engagement, and amplification of fundraising efforts. A report by Statista estimated that the global crowdfunding market was valued at \$13.9 billion in 2022, with expectations of continued growth driven by the increasing integration of crowdfunding with social media strategies.

Crowdfunding in India

India has witnessed rapid growth in the crowdfunding sector, fueled by the proliferation of internet access and the increasing popularity of social media. Platforms like Milaap, Ketto, and ImpactGuru have become prominent players in the Indian market, collectively raising hundreds of millions of rupees annually. For instance, during the COVID-19 pandemic, Ketto raised over INR 500 crores (approximately \$60 million USD) for various health-related causes, largely driven by social media campaigns.

A study by ResearchAndMarkets.com reported that the crowdfunding market in India is expected to grow at a CAGR of over 20% between 2023 and 2028, highlighting the increasing reliance on digital platforms for fundraising. Social media's role in this growth is crucial; a survey by Statista in 2021 indicated that 76% of Indian internet users regularly engage with social media platforms, making them a critical avenue for reaching potential donors.



Source: Based on data from company websites

The chart shows the platform fee percentage and the amount of funds raised in billions of rupees for each platform. The X-axis represents the funds in billions of rupees (₹), ranging from 5 to 15 billion. The chart visually shows that Milaap and ImpactGuru have raised the most funds at ₹14 billion, while Ketto follows with ₹11 billion. Wishberry's funds raised are not provided. In terms of platform fees, Wishberry charges the highest at 10%, while Milaap and ImpactGuru charge the lowest at 5%.

The Role of Social Media in Crowdfunding Success

Social media's influence on donation-based crowdfunding success lies in its ability to create viral campaigns, foster community engagement, and build trust through transparency and continuous updates. Campaigns that leverage compelling storytelling, frequent updates, and interactive content, such as videos and live streams, often perform better in terms of reaching funding goals. Moreover, social media algorithms can amplify content, allowing campaigns with high engagement to reach even larger audiences.

However, despite its potential, the effectiveness of social media in crowdfunding also faces challenges, including market saturation, donor fatigue, and concerns about the authenticity of campaigns. Platforms have responded by enhancing security features, offering verification badges, and providing more analytics to help campaigners optimize their efforts.

This study aims to explore the specific factors that influence the success of donation-based crowdfunding campaigns on social media, analyzing both global and Indian contexts. By understanding these dynamics, campaigners can better leverage social media to maximize their fundraising potential, and donors can make more informed decisions about where to direct their support. The findings will provide valuable insights into the strategies that lead to successful crowdfunding outcomes in the digital age.

Literature Review:

1. The Rise of Crowdfunding and Social Media Integration

Crowdfunding has rapidly evolved as a preferred fundraising method in the digital era, allowing individuals and organizations to raise funds from a large number of people,

primarily via online platforms. Social media integration has been a critical factor in this growth, enabling campaigners to reach wider audiences with minimal cost. Studies suggest that the use of social media is closely linked to the success of crowdfunding campaigns, as platforms like Facebook, Twitter, and Instagram provide a means for campaigns to go viral, engaging donors through shares, likes, and comments (**Mollick, 2014**).

2. Factors Influencing Crowdfunding Success

Social media engagement, including the frequency of posts, the quality of content, and the presence of endorsements, significantly affects the success rates of crowdfunding campaigns. A study by Xu et al. (2016) highlighted that campaigns that frequently update their progress and interact with potential donors on social media tend to have higher success rates. Visual content, such as videos and images, was found to be more engaging than text-only posts, significantly boosting donations (**Xu et al., 2016**).

3. Social Proof and Donor Behaviour

Social proof, or the influence of others' actions on individual behaviour, plays a crucial role in donation-based crowdfunding. According to **Gerber and Hui (2013)**, social media amplifies social proof by showing how many others have supported a cause, thus encouraging more people to donate. The visibility of donations and comments can create a sense of community and shared purpose, which is particularly motivating for potential donors (**Gerber & Hui, 2013**).

4. Challenges of Social Media in Crowdfunding

Despite its advantages, social media also presents challenges for crowdfunding. High competition, donor fatigue, and concerns about campaign authenticity are significant barriers. **Koch and Siering (2019)** noted that the overwhelming number of campaigns on social media could lead to donor fatigue, where potential donors feel overwhelmed and disengage. Furthermore, issues of trust and transparency can affect donor confidence, as the ease of setting up campaigns can sometimes lead to fraudulent activities (**Koch & Siering, 2019**).

5. The Indian Context

In India, the integration of social media with crowdfunding platforms has seen exponential growth, driven by increased internet penetration and smartphone usage. Research by **Banerjee et al. (2020)** shows that Indian platforms like Milap and Ketto leverage social media effectively to drive donations, particularly during crises like the COVID-19 pandemic. These platforms utilize social media for storytelling, frequent updates, and engaging visuals, which significantly impact campaign visibility and donor engagement (**Banerjee et al., 2020**).

6. Impact of Campaign Storytelling

Storytelling is another powerful tool in social media-based crowdfunding. Campaigns that tell compelling personal stories or clearly outline the impact of donations are more likely to resonate with donors. A study by **Greenberg et al. (2013)** found that narratives that evoke empathy and connect on an emotional level are particularly effective in driving donations through social media. This effect is amplified when stories are shared by influencers or go viral, reaching audiences beyond the immediate network of the campaigner (**Greenberg et al., 2013**).

7. Future Directions

The future of donation-based crowdfunding is likely to see deeper integration with advanced technologies such as artificial intelligence and blockchain, enhancing the transparency and efficiency of campaigns. Social media will continue to play a pivotal role, but as platforms evolve, campaigners will need to adapt their strategies to overcome challenges like algorithm changes and increased competition (**Mollick, 2020**).

Research Gap:

The research gap lies in the limited understanding of how specific social media elements such as platform choice, content strategies, engagement metrics, and influencer endorsements impact the success of crowdfunding campaigns. While existing studies have explored crowdfunding and social media separately, there is a lack of comprehensive research that connects the two, specifically in identifying which factors most effectively drive donations and which barriers (e.g., trust, visibility) hinder success. This research aims to bridge the gap by providing data-driven insights into how social media behaviour influences crowdfunding outcomes.

Statement of the Problem:

The problem this research addresses is the lack of understanding of how social media usage and behaviour influence the success of crowdfunding campaigns, particularly in terms of which platforms, content types, and factors (e.g., social proof, influencer endorsements, update frequency) most effectively drive donations. Additionally, the research seeks to identify the key barriers preventing crowdfunding campaigns from reaching their potential on social media, such as low engagement, visibility, and trust issues.

Objectives of the Study:

1. To identify demographic characteristics of individuals who engage with crowdfunding campaigns on social media
2. To analyze social media usage frequency and the most popular platforms among users exposed to crowdfunding campaigns
3. To evaluate the influence of social media on users' decisions to donate to crowdfunding campaigns

4. To determine the key factors that motivate donations on social media

These objectives provide a clear focus for analyzing the data collected through the questionnaire.

Research Methodology:

The research methodology employed in this study is a quantitative approach, utilizing a structured questionnaire to collect data from participants engaged with crowdfunding campaigns on social media. The questionnaire was designed to capture various demographic characteristics, social media usage patterns, and factors influencing donation behaviours. A convenience sampling method was employed to select respondents, focusing on individuals who actively participate in crowdfunding campaigns through platforms like Facebook, Twitter, and Instagram. Data collection involved administering the questionnaire online to ensure a wider reach and ease of access for participants. The collected data were analysed using statistical techniques, including descriptive statistics to summarize demographic information and inferential statistics such as ANOVA and Chi-Square tests to assess relationships between variables. This methodology allows for a comprehensive understanding of the interplay between social media engagement and crowdfunding success, providing valuable insights into user behaviours and motivations within this context.

Data Analysis and Results:

Objective 1: To identify demographic characteristics of individuals who engage with crowdfunding campaigns on social media

Following table shows the demographic characteristics (such as age group, gender and level of education) of respondents who engage with crowdfunding campaign on social media.

Table 1: Showing Demographic Variables of Respondents

Demographic Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Age Group	Under 18	2	3.6	3.6	3.6
	18-24	17	30.4	30.4	33.9
	25-34	9	16.1	16.1	50.0
	35-44	5	8.9	8.9	58.9
	55-64	15	26.8	26.8	85.7
	65 and above	8	14.3	14.3	100.0
	Total	56	100.0	100.0	
Gender	Male	47	83.9	83.9	83.9
	Female	9	16.1	16.1	100.0
	Total	56	100.0	100.0	
Level of Education	Undergraduate	35	62.5	62.5	62.5
	Postgraduate	11	19.6	19.6	82.1
	Doctorate	10	17.9	17.9	100.0
	Total	56	100.0	100.0	

Source: Primary Data

The table provides the breakdown of demographic variables for age group, gender, and level of education among 56 respondents.

Age Group:

The largest group is **18-24 years old** (30.4%), followed by **55-64 years old** (26.8%). **Under 18** represents the smallest portion (3.6%). **Cumulative Percent** indicates that by 33.9%, respondents are under 24, and by 85.7%, they are under 65, with **65 and above** representing 14.3%.

Gender:

A significant majority of respondents are **male** (83.9%), while **females** make up 16.1%.

Level of Education:

The majority have an **undergraduate degree** (62.5%), followed by **postgraduate** (19.6%) and **doctorate** (17.9%).

The above data show a skew toward younger adults and higher educational attainment, with a male-dominated sample.

Objective 2: To analyze social media usage frequency and the most popular platforms among users exposed to crowdfunding campaigns

To study the above objectives, following null and alternative hypotheses were framed.

H₀: "There is no association between the frequency of social media usage and exposure to crowdfunding campaigns"

H₁: "There is an association between the frequency of social media usage and exposure to crowdfunding campaigns"

To test the above hypotheses, ANOVA and regression analysis were employed and the results are shown below.

Table 2: Showing ANOVA test of Social Media Frequency and Crowdfund Campaign

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.971	1	.971	4.076	.048^b
	Residual	12.868	54	.238		
	Total	13.839	55			
a. Dependent Variable: Crowdfunding Campaign						
b. Predictors: (Constant), Frequency social media						

Source: Primary Data

The ANOVA and regression results support the hypothesis that **increased social media usage frequency is associated with greater exposure to crowdfunding campaigns**. While the relationship is statistically significant ($p = 0.048$), the F-value (4.076) indicates a

moderate strength of association. Further analysis of the regression coefficients would be needed to quantify how much an increase in social media usage impacts exposure to crowdfunding campaigns.

Table 3: Showing Coefficients of Social Media Frequency and Crowdfund Campaign

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	2.660	.887		2.999	.004
	Frequency Social Media	.585	.290	.265	2.019	.048

a. Dependent Variable: Crowd funding Campaign

Source: Primary Data

The regression results suggest that **increased frequency of social media usage is significantly associated with greater exposure to crowdfunding campaigns**. For every unit increase in social media usage, exposure to crowdfunding campaigns increases by 0.585 units. Although the effect is statistically significant, the **Beta value (0.265)** indicates that the relationship is **moderate in strength**.

This provides evidence in support of the hypothesis that **higher social media usage frequency leads to greater exposure to crowdfunding campaigns**.

Objective 3: To evaluate the influence of social media on users' decisions to donate to crowdfunding campaigns

To study the above objectives, following null and alternative hypotheses were framed.

H₀: "The frequency of social media usage does not significantly affect the likelihood of donating to crowdfunding campaigns"

H₁: "The frequency of social media usage significantly affects the likelihood of donating to crowdfunding campaigns"

To test these hypotheses, Chi-Square test and co-relation analysis were employed and the results are depicted below.

Table 4: Showing Chi-Square test of Social Media Usage and Donation to Crowdfunding Campaign

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.160 ^a	1	.282		
Continuity Correction ^b	.166	1	.684		
Likelihood Ratio	1.932	1	.165		
Fisher's Exact Test				.556	.385
Linear-by-Linear Association	1.139	1	.286		
N of Valid Cases	56				
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .80.					
b. Computed only for a 2x2 table					

Source: Primary Data

The Pearson Chi-Square test checks if there is a statistically significant association between two categorical variables (in this case, social media usage and donation likelihood). A p-value of 0.282 means the relationship is **not statistically significant** at the common alpha levels (0.05 or 0.01). This suggests that the *frequency of social media usage does not have a statistically significant effect on the likelihood of donating to crowdfunding campaigns.*

Table 5: Showing Correlation of Social Media Usage and Donation to Crowdfunding Campaign

Symmetric Measures						
			Value	Asymp. Std. Error^a	Approx. T^b	Approx. Sig.
Interval	by	Pearson's R	-.144	.045	-1.069	.290 ^c
Interval						
Ordinal	by	Spearman Correlation	-.144	.045	-1.069	.290 ^c
Ordinal						
N of Valid Cases			56			
a. Not assuming the null hypothesis.						
b. Using the asymptotic standard error assuming the null hypothesis.						
c. Based on normal approximation.						

Source: Primary Data

Pearson's R measures the linear correlation between two variables. The value of -0.144 indicates a weak, negative correlation between social media usage and the likelihood of donating. However, the p-value of 0.290 suggests that this correlation is **not statistically significant**, meaning there's no strong evidence to suggest that higher social media usage leads to a decrease in donations or vice versa.

Objective 4: To determine the key factors that motivate donations on social media

Table 6: Showing Key Factors that motivate donations on social media

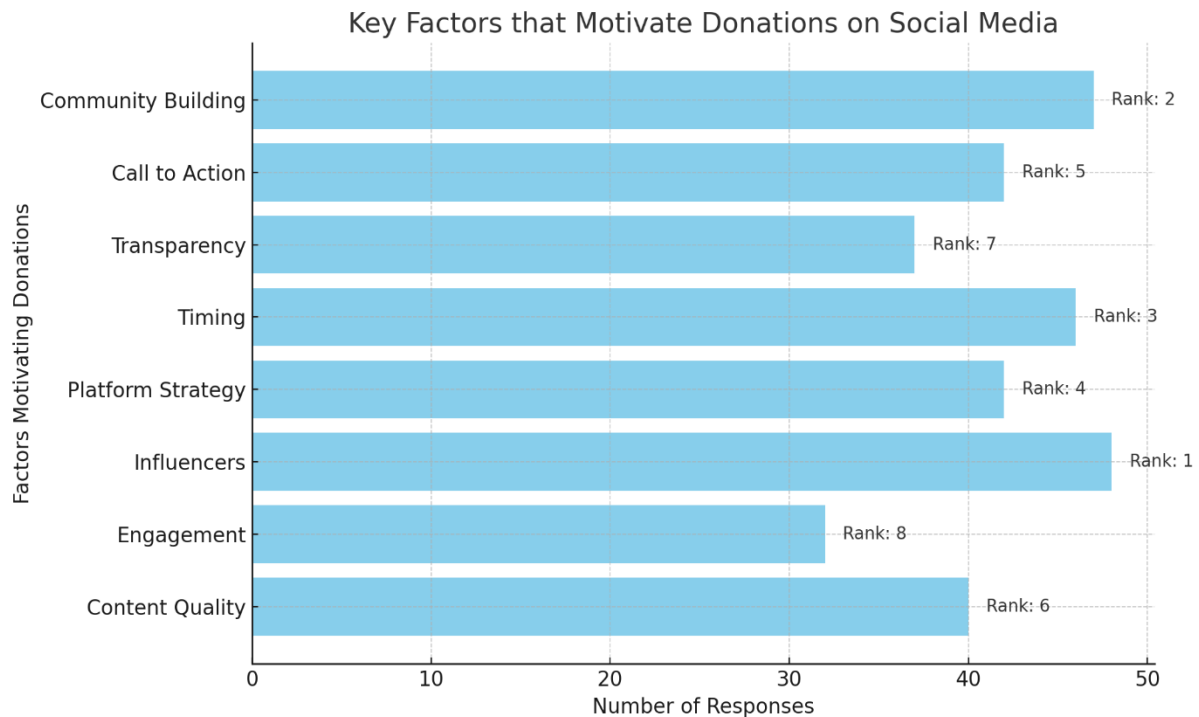
Factors that motivate donations on social media	Number	Ranks
Content Quality - High-quality images, videos, and storytelling- Interaction through likes, comments, and shares	40	6
Engagement - Endorsements by social media influencers or celebrities	32	8
Influencers - Endorsements by social media influencers or celebrities	48	1
Platform Strategy - Using the right social media platforms for the target audience	42	4
Timing - Posting at optimal times to reach more audience	46	3
Transparency - Regular updates and transparent use of funds	37	7
Call to Action - Clear and compelling calls to action for donations	42	5
Community Building - Engaging with a community that supports the cause	47	2

Source: Primary Data

Donations on social media are motivated by several key factors, with some playing a larger role than others. Endorsements from **influencers** or **celebrities** are the strongest motivator, as their followers are more likely to donate when they see a trusted public figure supporting the cause. Similarly, **community building**, where people feel part of a larger group working toward a shared goal, is a powerful driver. Posting at the right **time** is also important, as it increases the chances of reaching a larger audience. Choosing the appropriate **social media platforms** for the target audience and including a clear **call to action** are crucial for maximizing engagement and turning interest into actual donations. While **content quality** (like high-quality images and videos) and **transparency** about how the donations will be used are important, they rank lower in their ability to motivate people to donate. General

engagement (such as likes and comments) has the least influence compared to factors driven by direct endorsements or community support.

Graph 1: Showing Key Factors that motivate donations on social media



The graph highlights that **influencers** (Rank 1) are the most impactful factor in motivating social media donations, with endorsements from celebrities and influencers significantly driving contributions. **Community building** (Rank 2) follows closely, showing that donors are more inclined to give when they feel part of a collective effort. **Timing** (Rank 3) also plays a critical role, with posts made at optimal times boosting visibility and engagement. Both **platform strategy** and **calls to action** (Ranks 4 and 5) are equally important, ensuring the right audience is reached and that the messaging encourages donations. **Content quality** (Rank 6) enhances attention through high-quality images, videos, and storytelling, though it ranks lower than emotionally driven factors. **Transparency** (Rank 7) builds trust through regular updates and clear use of funds, but it is less critical than engagement or community support. Lastly, **general social engagement** (Rank 8), like likes and comments, has the least influence, suggesting that while useful, it is not as powerful as influencers or community-driven approaches. Overall, the findings underscore the importance of a comprehensive strategy involving influencers, community-building, and strategic posting to maximize donations.

Major Findings of the Study:

1. **Demographic Characteristics:** The majority of individuals engaging with crowdfunding campaigns on social media are younger adults aged between 18-24

(30.4%) and 55-64 (26.8%). The sample is predominantly male (83.9%) and well-educated, with 62.5% holding undergraduate degrees. This suggests that younger, educated, and male users are more active in crowdfunding engagement.

2. **Social Media Usage and Exposure:** The ANOVA results show a significant association between the frequency of social media usage and exposure to crowdfunding campaigns ($p = 0.048$). Increased social media usage leads to greater exposure, indicating that more frequent users are more likely to come across and interact with crowdfunding efforts.
3. **Influence of social media on Donations:** Despite increased social media usage leading to more exposure, the Chi-Square test reveals no statistically significant relationship between the frequency of social media usage and the likelihood of donating ($p = 0.282$). Similarly, the correlation (Pearson's $R = -0.144$) is weak and not significant, indicating that high social media usage does not necessarily translate into higher donation rates.
4. **Key Motivators for Donations:** Endorsements by **influencers and celebrities** are the strongest motivators for donations, followed by **community building** and **timing** of posts. Factors like **platform strategy** and **calls to action** are also significant, while **content quality** and **transparency** are important but rank lower. General social media **engagement** (likes and comments) has the least impact on motivating donations. This highlights the importance of targeted strategies involving trusted influencers, a strong community, and timely communication to maximize donations.

The study found that while social media frequency increases exposure to crowdfunding campaigns, the key drivers of actual donations are endorsements by influencers, community involvement, and strategic timing.

Conclusion:

The study provides valuable insights into the demographic characteristics of individuals engaging with crowdfunding campaigns on social media and the factors that motivate them to donate. It concludes that **influencer endorsements**, **community building**, and **strategic timing** are the most significant factors driving donations. While increased social media usage leads to more exposure to crowdfunding campaigns, it does not necessarily translate into higher donation rates. The study also reveals that content quality and transparency, though important, rank lower in their ability to drive donations. Overall, the findings suggest that a strategic, emotionally-driven approach, leveraging trusted influencers and community engagement, is critical for successful fundraising on social media.

Limitations of the study:

The study has several limitations. The cross-sectional design captures data at a single point in time, making it difficult to infer causal relationships. The focus on limited demographic variables—primarily age, gender, and education—may overlook other relevant factors like income or location. Furthermore, the analysis of social media usage was conducted generally, without considering platform-specific behaviours. The study also did not account for external influences, such as economic conditions or current events, which could affect donation behaviours. While key motivational factors were identified, the complexity of donor motivations may not be fully captured. The findings may be time-sensitive due to the rapid evolution of social media trends. Moreover, the analysis focused on the frequency of social media usage without delving into the quality of engagement, and it utilized quantitative methods exclusively, missing out on richer qualitative insights that could enhance understanding of user motivations.

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SHIKSHA SAMVAD



An Online Quarterly Multi-Disciplinary
Peer-Reviewed or Refereed Research Journal

ISSN: 2584-0983 (Online) Impact-Factor, RPRI-3.87

Volume-02, Issue-02, Dec.- 2024

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Certificate Number-Dec-2024/20

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This Certificate is proudly presented to

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For publication of research paper title

**“Impact of Social Media on Donation-Based Crowdfunding
Success: An Analysis of Key Influencing Factors”**

Published in ‘Shiksha Samvad’ Peer-Reviewed and Refereed Research
Journal and E-ISSN: 2584-0983(Online), Volume-02, Issue-02, Month
December, Year- 2024, Impact-Factor, RPRI-3.87.

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